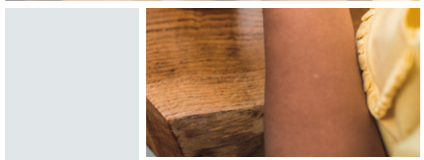
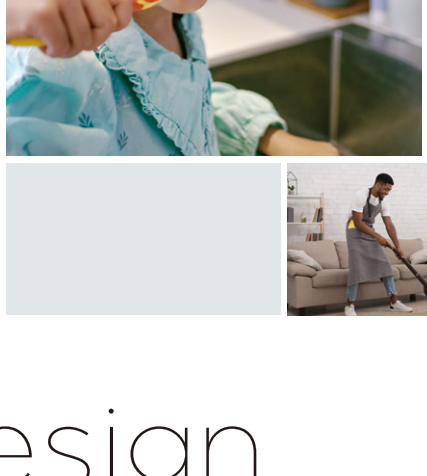
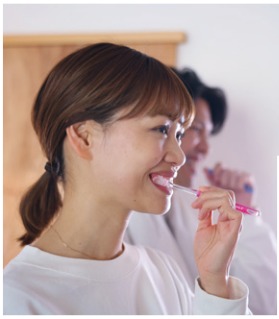
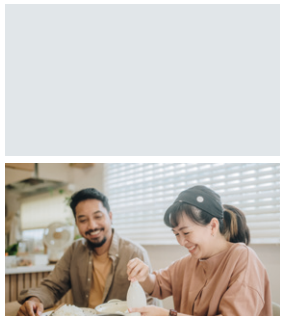


life.love.
LION

LION Integrated Report 2024



Habits have the power to change society. Lion is working for healthy minds and bodies by redesigning habits for more people in more regions and in more aspects of daily living.



ReDesign

Make a difference in everyday lives by redesigning habits



Corporate Philosophy



PURPOSE

Make a difference in everyday lives by redesigning habits: ReDesign

BELIEFS

Our beliefs guide all that we do—our thinking, our actions and our decisions—as we strive to implement our purpose in an ever more diverse world. Based on these beliefs, all of us at Lion strive to find new ways to improve everyday living, bringing passion and professionalism to our work.



The customer determines the value

New habits are valuable only when people make them their own. If society doesn't see the value in a new idea, there is always a reason why. We must ask ourselves, Is the idea really helpful for better living? In adjusting it to be more practical, have we lost its essence? Is the idea competitive enough to stand out? Will society still need it in the future? Being chosen by customers is essential to making a difference in everyday lives. "The customer determines the value" is the business perspective Lion values most.



Believe in yourself and be proactive

There is value in being "just ordinary." Our most ordinary feelings, tastes and thoughts are those that resonate most broadly. Listen to your heart and take the initiative, moving forward with courage and humility. When one person's enthusiasm for an idea spreads to others—that is how we create new habits. Life is too short to do only what others ask of us. Lion values a culture that tolerates failure and celebrates effort.



Speed makes the difference

Better habits can support physical and mental health, so spreading them quickly matters. We squarely face the problem to be solved and strive to find high-quality solutions in less time. Don't rush forward blindly; rather, question convention to find the way forward. Avoid getting bogged down in planning; just give it a try and quickly adjust to get closer and closer to the answer. A true professional not only does good work, but does it quickly. In this time of change, we at Lion believe that we cannot make a difference by arriving on the scene late.



Interact and inspire to create

No ingredient can react with itself to form something new. The same goes for people. True breakthroughs happen when individuals offering different ingredients—skills, knowledge and perspectives—come together under a single goal. At Lion, we always strive for open discussion, regardless of position or age, department or country, and actively work with external partners to develop more creative solutions.



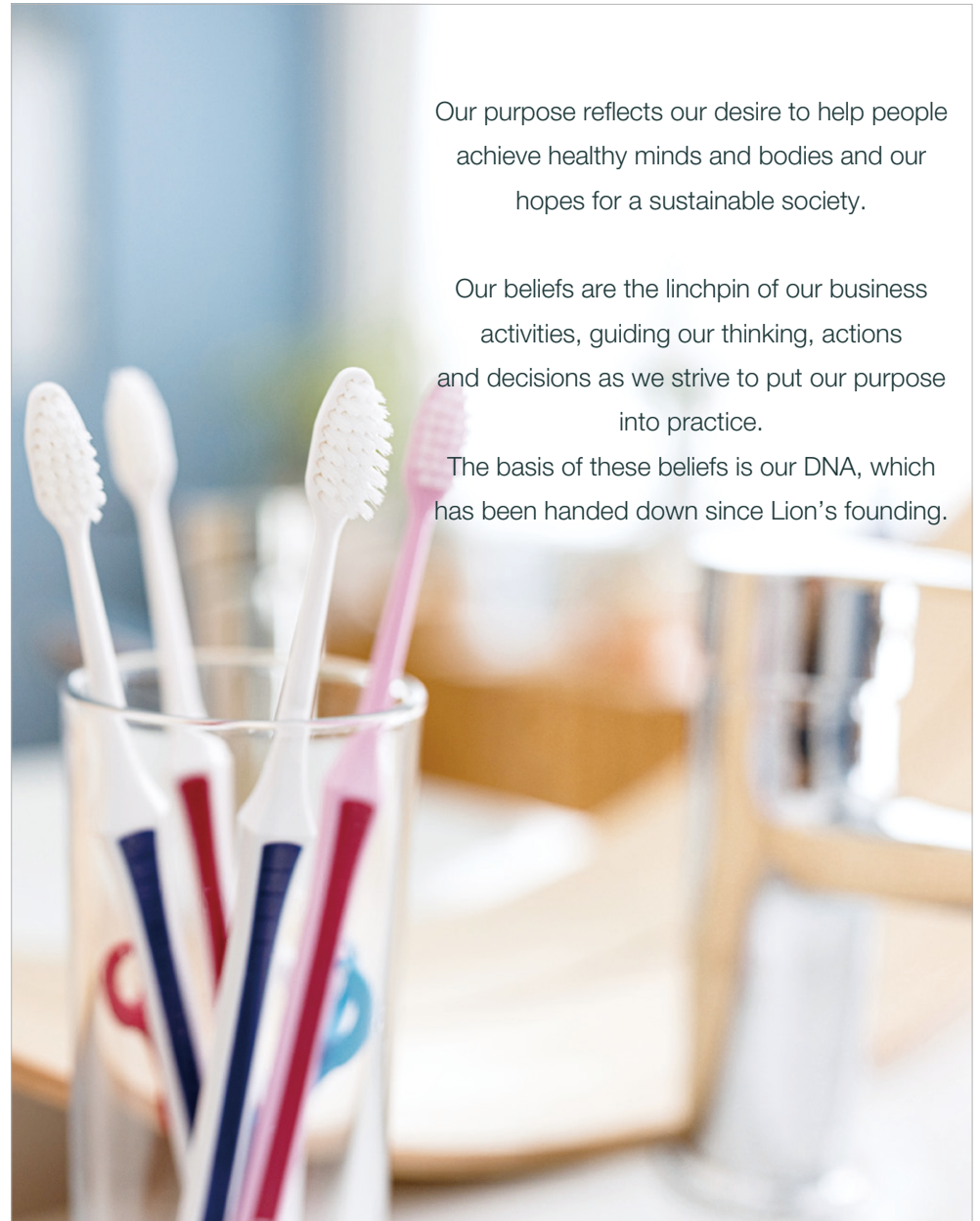
Change moves us forward

The world is changing and changing fast. As technology, lifestyles and society change at a dizzying pace, the appearance of new players can transform markets at any moment. In uncertain and unpredictable times, we must always consider multiple future scenarios and react flexibly. Change can be scary, but it can also be fun. A changing environment is an opportunity to evolve. Since our founding, we have constantly striven to forge new paths in the face of challenges. The courage to change drives Lion's growth.

DNA

Handed down since Lion's founding, our DNA is the cornerstone of all that we do.

Fulfilling a Spirit of Love



Our purpose reflects our desire to help people achieve healthy minds and bodies and our hopes for a sustainable society.

Our beliefs are the linchpin of our business activities, guiding our thinking, actions and decisions as we strive to put our purpose into practice.

The basis of these beliefs is our DNA, which has been handed down since Lion's founding.

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Editorial Policy

Lion Integrated Report 2024 is intended to provide Lion's shareholders, investors and other stakeholders with key information about the Company's initiatives for increasing its corporate value over the medium to long term by fulfilling its purpose of "Make a difference in everyday lives by redesigning habits: ReDesign" and facilitating deeper understanding of the Lion Group.

Reporting Period: From January 1 to December 31, 2023 (fiscal 2023) (Some information covers activities in 2024.)

Scope of Report: Lion Corporation and all of its consolidated subsidiaries, in principle.

Note: Where the scope of coverage of reported activities or data differ from the above, a description is provided.

Accounting Standards Applied: International Financial Reporting Standards (IFRS)

Referenced Guidelines:

- *International Integrated Reporting Framework issued by the IFRS Foundation*
- *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation issued by the Ministry of Economy, Trade and Industry*

Regarding Forward-Looking Statements

This report contains forward-looking statements on subjects that include matters related to future business plans, corporate strategies and forecasts of performance. Such statements were formulated based on information that was available at the time of the preparation of this integrated report and contain uncertainties regarding such factors as economic conditions, market trends and foreign currency risks. Actual results may differ from the information presented in these forward-looking statements.

Lion's Disclosure

	Financial Information	Non-Financial Information
Reports	<ul style="list-style-type: none"> • Securities Report (Japanese only) • Summary of Consolidated Financial Statements • Convocation of the Annual General Meeting of Shareholders • LION LETTER business report (Japanese only) 	<ul style="list-style-type: none"> • Corporate Governance Report • Lion's Sustainability: SDG-Related Initiatives (Japanese only)
Company Website	<p>Investor Relations</p> <p>https://www.lion.co.jp/en/ir/</p>	<p>Sustainability</p> <p>https://www.lion.co.jp/en/sustainability/</p>



Integrated Report 2024 Overview

In fulfilling its purpose, Lion has built up a portfolio of management resources over many years of sincere dedication to manufacturing and redesigning habits for the better. We will make every effort to put these resources to work for even more people, regions and situations in daily life. Our aim is to increase corporate value by helping to make daily living and society better.



Clicking on this icon, which can be found at the top right of every page, will take you back to this *Integrated Report 2024 Overview*. Please use this function to get an overall feel for the content as you read.

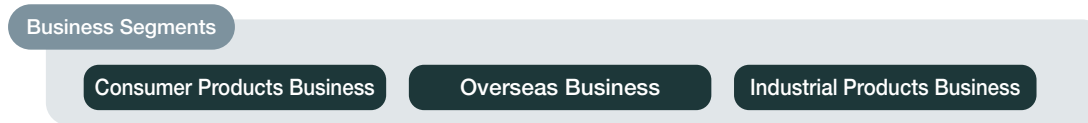
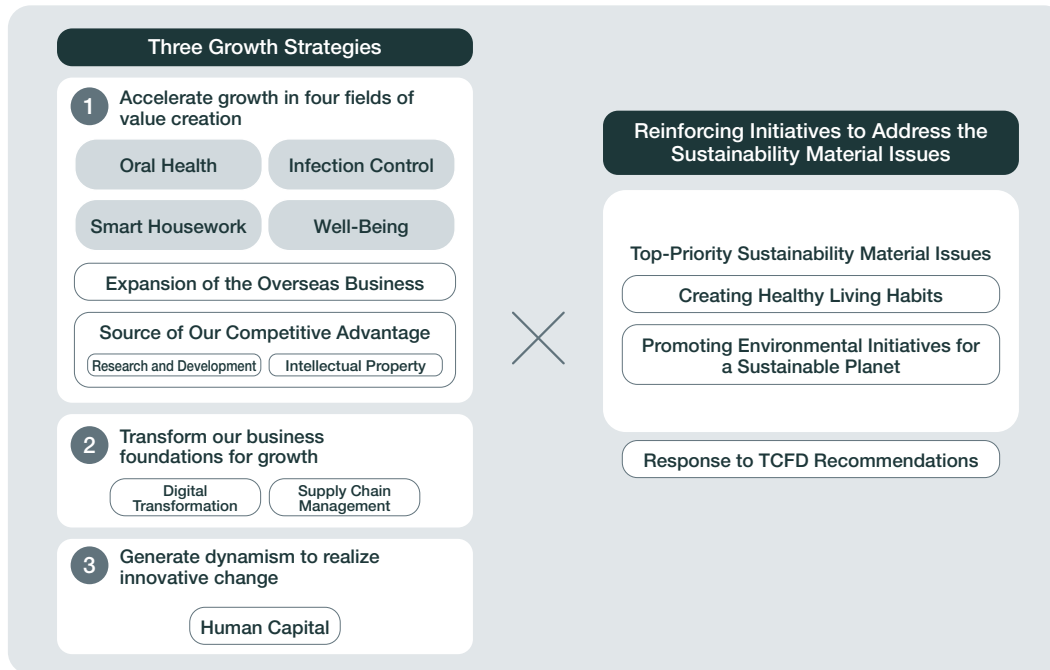
Purpose

ReDesign

Make a difference in everyday lives by redesigning habits

Vision2030 Long-term Strategic Framework

Management Vision **Becoming an advanced daily healthcare company**



Corporate Governance

Our Purpose Pages 5-8

This section describes how we create social and economic value by fulfilling our purpose: Make a difference in everyday lives by redesigning habits: ReDesign, incorporating the history of our business growth and our value creation process.

Our Strategy Pages 9-51

This section examines the medium- to long-term strategies that will enable us to achieve our management vision for 2030 of “Becoming an advanced daily healthcare company.” Centered on two main themes— Three Growth Strategies and Reinforcing Initiatives to Address the Sustainability Material Issues—this section describes our strategic approach and progress.

Corporate Governance Pages 52-66

This section describes our approach, systems and initiatives for corporate governance aimed at improving the transparency of our corporate activities, reinforcing our supervisory functions and expediting decision-making.

Performance/Data Pages 67-74

This section includes information on the market environment for each business segment (risks and opportunities), the progress of our medium- to long-term strategies and the Group's financial and non-financial data.



Lion at a Glance

Net Sales by Segment

Net Sales
¥402.7 billion
(2023)

- Consumer Products Business: 56.8%
- Overseas Business: 33.3%
- Industrial Products Business: 9.5%
- Other Business: 0.4%

Core Operating Income by Segment

Core Operating Income
¥20.1 billion
(2023)

- Overseas Business: 48.3%
- Consumer Products Business: 27.0%
- Industrial Products Business: 17.0%
- Other Business: 7.7%

Employees (consolidated)

7,550

Offices and Other Work Sites

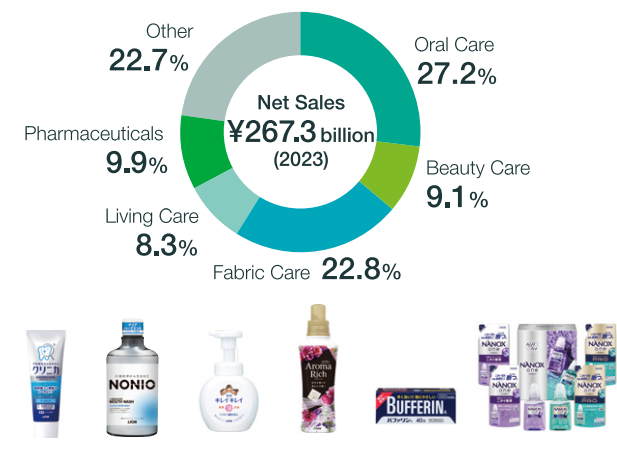
	Domestic	Overseas
Offices and Other	12	11
Offices	6	
Research Centers	2	
Plants	4	
Affiliates		9

Note: Segment sales figures are external sales, net of intersegment sales and adjustments.

▶ Page 67: Results by Business Segment

Consumer Products Business

In Japan, our Consumer Products Business offers a wide range of products and services for total care, from prevention of issues to maintenance and ease-of-use. Products include toothpastes, laundry detergents and over-the-counter (OTC) pharmaceuticals.



Overseas Business

Lion operates businesses in Southeast and South Asia and Northeast Asia, providing products useful for daily living, inclusive of all cultures and languages.



Industrial Products Business

Our Industrial Products Business comprises the Chemical Products Business, which handles surfactants, electro-conductive carbon and other chemicals; the Detergents for Institutional Use Business, which sells detergents and hand soaps for hotels and restaurant kitchens; and Other Business.

Chemical Products

Mobility <ul style="list-style-type: none"> Rubber processing agents Rubber additive agents 	Electronics <ul style="list-style-type: none"> Electro-conductive carbon Pressure-sensitive adhesives 	Eco Chemicals <ul style="list-style-type: none"> Concrete admixtures 	Care Chemicals <ul style="list-style-type: none"> Surfactants Cosmetics ingredients
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Detergents for Institutional Use

Dishwasher detergents 	Alcohol sanitizers 	Hand soaps 	Vegetable-washing detergents
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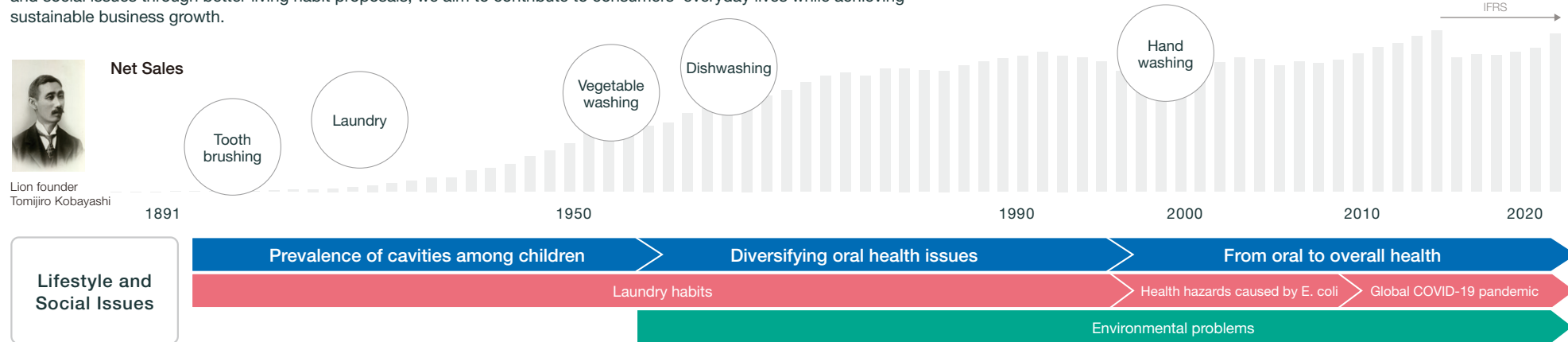
Creating Habits and Achieving Business Growth

Lion's origins lie in soap and toothpaste. "Fulfilling a spirit of love" since our founding, we have sought to support mental and physical health by providing consumers with superior products while engaging in communication and educational activities aimed at promoting better living habits. We recognized long ago that global environmental conservation is an issue that the whole world shares and have continuously worked to develop and propose environmentally friendly products and habits. By addressing lifestyle and social issues through better living habit proposals, we aim to contribute to consumers' everyday lives while achieving sustainable business growth.

ReDesign

Make a difference in everyday lives by redesigning habits

2023
 Net sales: **¥402.7 billion**
 Overseas sites: **11**



Main Initiatives for Creating Habits

Oral Care

Commencement of activities to promote and instill tooth brushing habits	Response to increasingly diverse oral health issues	Promotion of oral healthcare that leads to overall health
<p>Hosting of events to teach children correct tooth brushing techniques (Currently called the Oral Health Event of Tooth Brushing for Children)</p>	<p>Lion F Cream Japan's first toothpaste containing fluoride for the prevention of cavities</p> <p>Dentor Systema Lion Series For the prevention of gum disease</p>	<p>CLINICA Advantage Series For preventive dentistry</p> <p>Activities to spread awareness of and educate people in Asia about oral care habits</p>

Cleanliness and Hygiene

Spreading awareness of and education about correct laundry techniques	Response to diverse consumer needs and rising awareness of cleanliness	Contribution to clean and hygienic lifestyles in Asia
<p>Hosting laundry workshops to teach correct techniques for washing clothes using soap</p>	<p>Mama Lemon Dishwashing soap that is gentle on the hands and can also be used to wash vegetables</p> <p>KireiKirei A hand soap containing antibacterial ingredients</p>	<p>Rollout of KireiKirei across Asia and activities to spread awareness of and educate people about handwashing habits</p>

Environmental Protection

Use of plant-based raw materials	Addressing various environmental issues using advanced technologies	Establishing environmentally friendly habits through products and communication
<p>Plant-derived Lion Laundry Soap Japan's first plant-based household laundry soap</p>	<p>Dash Addressing the issue of foaming, polluted rivers using a highly biodegradable surfactant</p> <p>Murin TOP Addressing the issue of eutrophication with the launch of the industry's first phosphate-free detergent</p>	<p>NANOX one A powerful laundry detergent that cleans thoroughly while extending the lifespan of clothes</p> <p>Promoting refill habits</p>



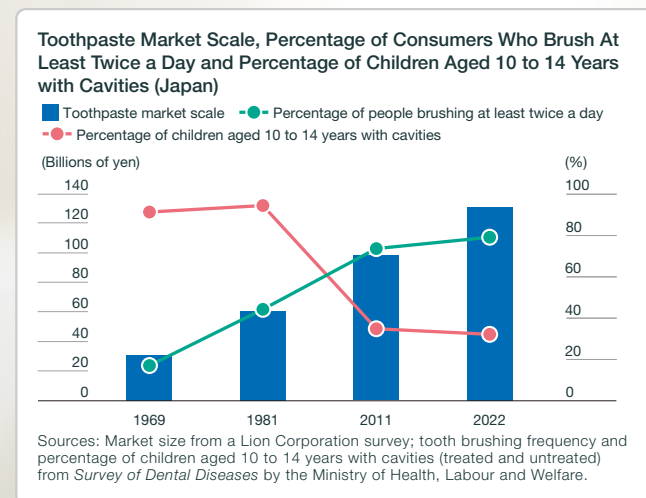
Generating Social and Economic Value through the Creation of Oral Care Habits

Instilling Tooth Brushing Habits

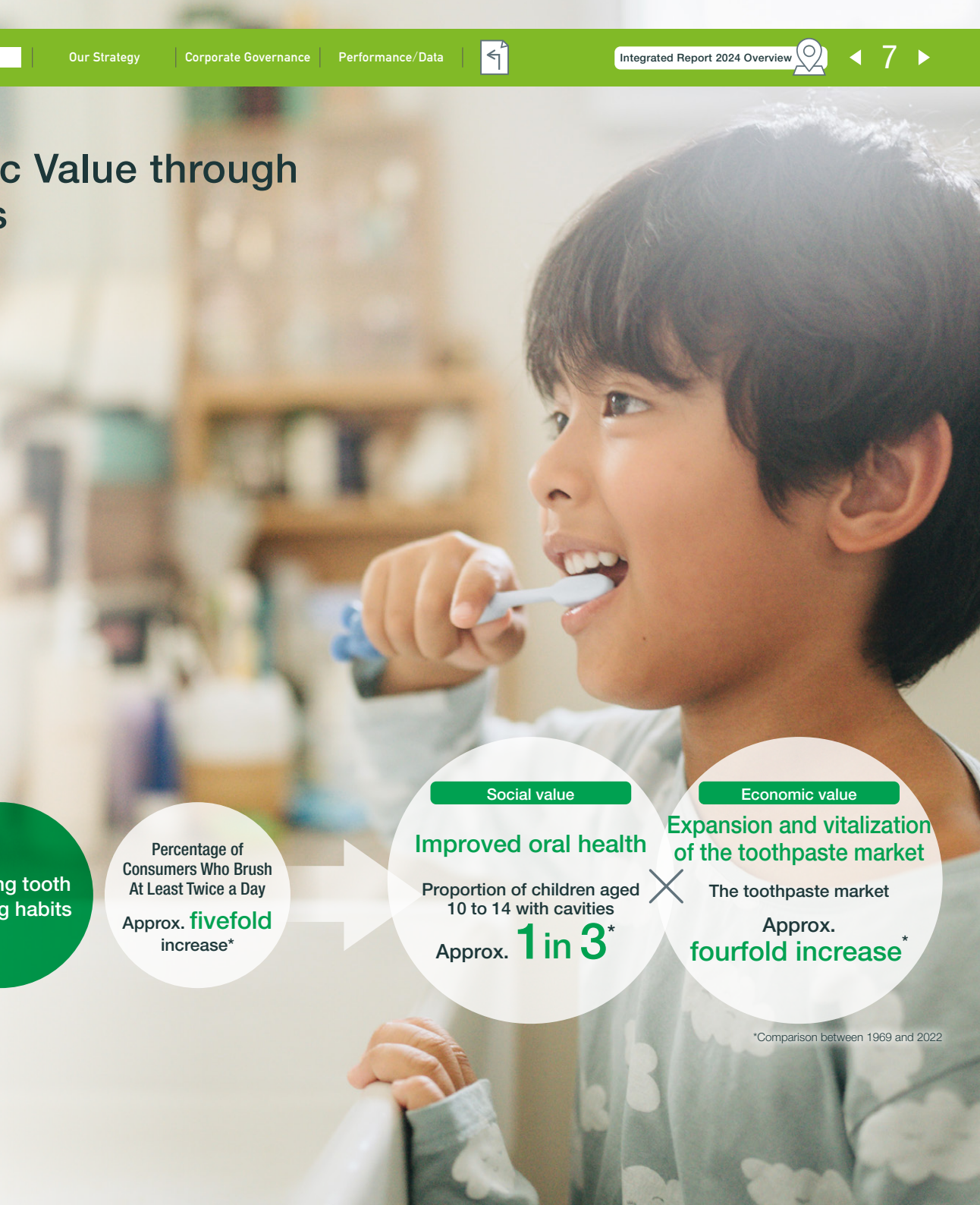
When Lion was founded in the late 1800s, tooth brushing was not yet widely practiced in Japan, and around 96% of children had cavities. Senior management at the time felt that the situation presented a real crisis with regard to the nation's future, so in addition to developing and marketing oral care products, Lion began carrying out activities to spread awareness and educate people about oral health.

Over the years, Lion has continued to conduct activities to firmly instill oral care habits in society. These activities include the Oral Health Event of Tooth Brushing for Children, which has taught children correct tooth brushing methods for more than 80 years; the establishment of the Lion Foundation for Dental Health, which spreads awareness of and educates people about oral health; and the use of advertising to raise awareness of the importance of tooth brushing. As a result, approximately 80% of consumers brush their teeth at least twice a day, a fivefold increase over the past 50 years.

Concurrently, the proportion of elementary school children with cavities—previously an issue—has fallen to around one in three, thus indicating that the establishment of correct oral care habits has significantly helped to improve people's oral health. Meanwhile, the size of the toothpaste market has increased fourfold. In this way, creating habits that contribute to better consumer health while revitalizing product markets has driven the growth of Lion's businesses.



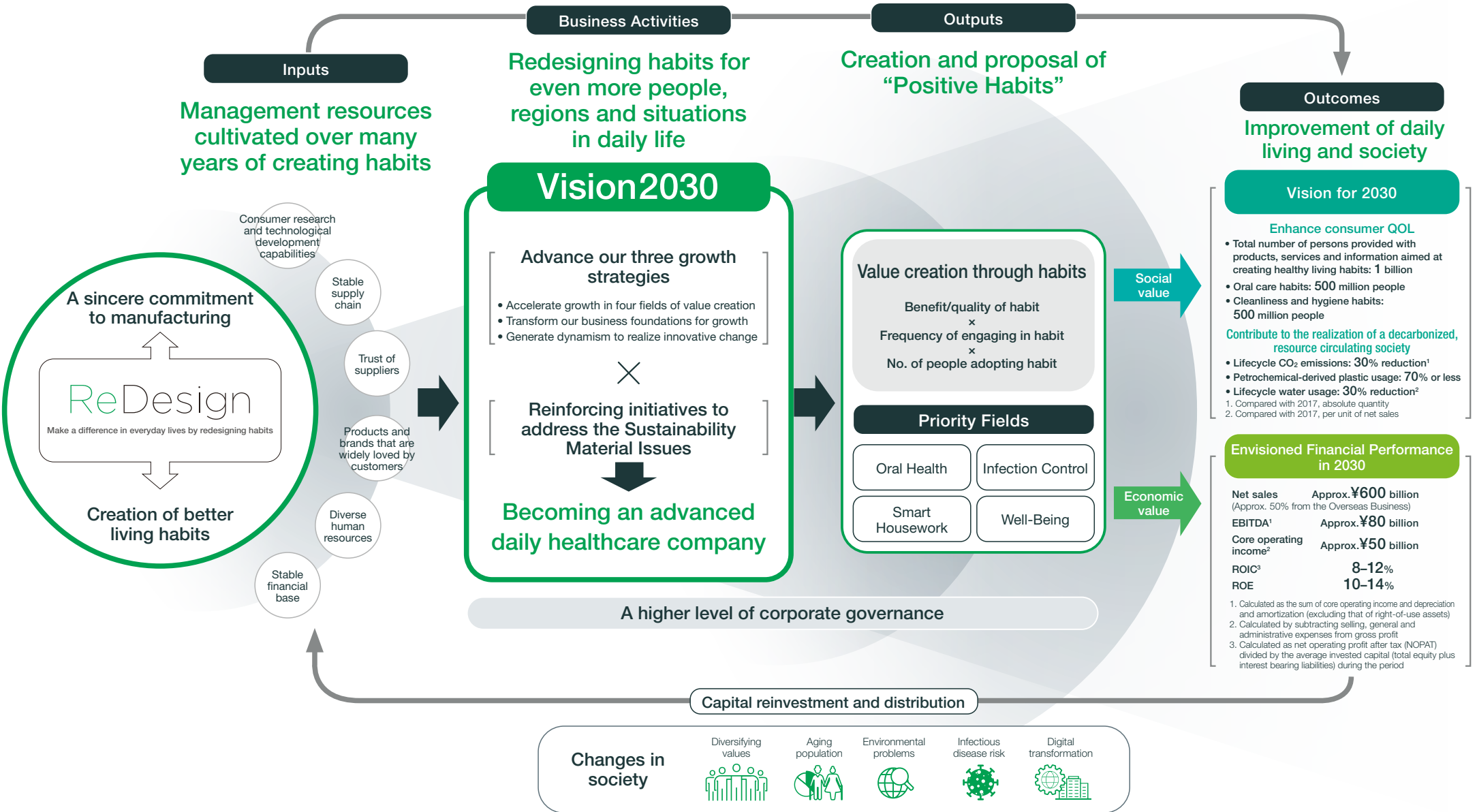
*Comparison between 1969 and 2022





Value Creation Process

In fulfilling its purpose, Lion has built up a portfolio of management resources over many years of sincere dedication to manufacturing and redesigning habits for the better. To achieve our management vision for 2030, “Becoming an advanced daily healthcare company,” we will create “Positive Habits” for even more people, regions and situations in daily life, with a focus on our four fields of value creation, which emphasize such habits. Our aim is to increase corporate value by helping to make daily living and society better.



1. Calculated as the sum of core operating income and depreciation and amortization (excluding that of right-of-use assets)
 2. Calculated by subtracting selling, general and administrative expenses from gross profit
 3. Calculated as net operating profit after tax (NOPAT) divided by the average invested capital (total equity plus interest bearing liabilities) during the period



Message from the President

Evolving into an Organization That Consistently Creates Positive Habits

Contributing to Society through the Creation of Better Habits Is What Makes Lion Unique

At Lion, we have defined our purpose as “Make a difference in everyday lives by redesigning habits: ReDesign.” In the 132 years since our founding, we have helped to enhance people’s physical and mental health by proposing improvements to daily habits such as tooth brushing and laundry. We believe that we can best contribute to society through this unique approach. Moreover, the process of habits formation is very effective for establishing new markets for related products and services, as well as for growing existing markets.

For example, according to a survey conducted in Japan around 100 years ago,¹ only 7% of elementary school students, or less than one in ten, brushed their teeth twice a day. Lion was the first company in Japan to sell toothpaste for children. For more than a century, we have worked tirelessly to spread the habit of brushing twice a day, morning and night. For example, we have created pamphlets to teach children the importance of brushing their teeth before bed and published related newspaper advertisements. Brushing one’s teeth in the morning and before bed has become common practice and is firmly established in Japan. The number of people brushing their teeth has increased over the past 50 years, and the average number of times an individual brushes their teeth each day has risen from once² to 2.2 times,³ resulting in a fourfold increase in the size of the toothpaste market. Developing good habits is at the

heart of Lion’s purpose—in addition to being our way of contributing to society, it helps to create new markets and is directly linked to the enhancement of our economic value.

As populations decline, we can no longer rely on conventional approaches to expand our markets. That said, we believe that creating habits is a highly effective way to achieve sustainable market growth. This approach is applicable not only to Japan, where the population is already falling. It is also a way for us to contribute to society and boost our economic value in Northeast Asia and parts of Southeast and South Asia, where populations will begin to decline in the next few years.

However, creating better habits is more easily said than done. Establishing the habit of nighttime tooth brushing took nearly a century. In today’s society, where new challenges emerge on a daily basis, we must stay ahead of the competition in establishing new habits. Positive Habits is our management strategy for consistently creating new habits. Our strategy is not about simply manufacturing and selling products, but rather, it involves enhancing our social and economic value by making our business the creation and evolution of Positive Habits.

1. Source: 1925 survey of the oral cleaning habits of 27,872 elementary school students in grades 1 through 6 in Japan

(from Okamoto, K. *The State of Tooth Brushing Practice in Schools*)

2. Source: Takeuchi, M. Oral Hygiene, Nagasue Shoten, Inc.

3. Source: 2022 Lion survey of oral care



Masayuki Takemori
Representative Director,
President and Executive Officer

Message from the President

Consistently Creating Positive Habits

Habits can be largely categorized into Positive Habits, which one engages in willingly, actively, optimistically, and eagerly, and “reluctant habits,” which one engages in more out of necessity. The most important thing for us when proposing better habits is whether those proposals make customers feel positive. A positive feeling can transform a habit into something even better, generating both social and economic value.

According to our own research, people who are positive about oral care habits are about 50% more likely to engage in better habits⁴ than those who are reluctant.

If we can make all people feel positive about oral care habits, not only will it benefit society by improving people’s oral health, but each oral care habit has the potential to increase our economic value by ¥10 billion.

Going forward, we will improve the accuracy of our proposals for people throughout Asia by elucidating the benefits of positivity in oral care, as well as hand washing, laundry, cleaning, health maintenance and various other habits.

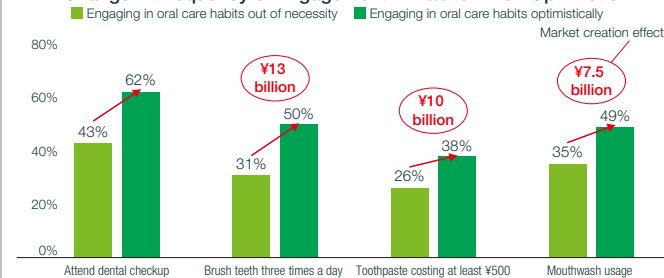
To ensure consistent creation of Positive Habits, we are working to evolve in several ways. First, we will improve our organizational capabilities for creating Positive Habits. In addition to comprehensively promoting the three processes required for habit creation—research, creation and assessment—we will reinforce and evolve expertise and organizational capabilities across all departments, not only marketing and research, to raise the level of these processes, which will lead to the consistent creation of Positive Habits.

4. Regular dental checkups, brushing teeth once a day, using a high-value-added toothpaste costing at least ¥500, using mouthwash in addition to toothpaste and a toothbrush, etc.

The Importance of Positivity

Positivity accelerates the creation of habits. It also leads to market expansion.

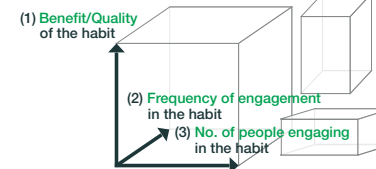
Change in Frequency of Engagement in Habits When Optimistic



Source: Calculated based on a 2023 Lion oral care survey of 1,600 women in Japan by the Japan Dentifrice Manufacturers Association (JDMA). Figures for “Engaging in oral care habits optimistically” are Lion estimates assuming all people engaged in oral care habits optimistically.

As an example, to assess new habits we will present a model representing social and economic value. We believe that by visualizing the formation of habits along three axes—(1) benefits/quality of the habit; (2) frequency of engagement in the habit; and (3) number of people adopting the habit—we can enhance the accuracy of our proposals.

Assessing Value along Three Axes



Clarifying the effectiveness of Positive Habits to improve the accuracy of our proposals



Message from the President

By creating Positive Habits in this way, we will achieve our aims for Vision2030, supporting physical and mental healthcare through better habits and protecting the global environment, and in turn create social value. At the same time, through the evolution and expansion of these habits, by 2030 we aim to have grown the business and achieve approximately ¥600 billion in net sales, EBITDA of roughly ¥80 billion, and about ¥50 billion in core operating income.

Progress in Vision2030 1st STAGE Steady Investments in Foundations for Business Growth

To fulfill Vision2030, we envision three steps, or three medium-term management plans, beginning with 1st STAGE. In 1st STAGE, we are promoting a gear change toward future growth.

As part of these efforts, we are working to strengthen top-line growth in the Overseas Business, and initiatives have progressed largely as expected. Specifically, the overseas sales ratio has increased to 33%, and we have established businesses in Bangladesh and Vietnam. Moreover, we are also working to evolve our existing businesses by proposing new habits, and to create new businesses focused on oral care.

We have also steadily invested in foundations for business

growth. Aimed at enhancing domestic production capacity, our new factory for toothpastes went online in 2021 (Sakaide City, Kagawa Prefecture), and we are building a new factory for over-the-counter drugs (Odawara City, Kanagawa Prefecture), which is scheduled to start operations in 2025.

Moreover, in 2022 we updated our core systems and are using these new systems to speed up management decision-making and enhance operational efficiency. Furthermore, we are proactively implementing and utilizing digital technologies, based on our belief that a greater understanding of society, markets and customers can lead to the creation of new added value.

We have also renewed our corporate philosophy to promote the implementation of purpose-driven management, and generate dynamism in our personnel and organizations. The introduction of a job-focused approach to our new personnel system is also aimed at generating dynamism throughout the organization through the success of autonomous individuals.

As a result of these and other measures, the consolidated net sales growth rate in the current three-year medium-term management plan (1st STAGE) has surpassed the growth rate during the three years prior to the start of the plan, and as such we believe that, to a certain extent, we have successfully promoted a gear change toward future growth.



To a certain extent, we have successfully promoted a gear change toward future growth.

Steps Ahead of 2030

3rd STAGE (2028-2030)

- Create the foundations for subsequent growth

2nd STAGE (2025-2027)

- Accelerate transformation and growth

1st STAGE (2022-2024)

- Get on a growth track and create the foundations for new growth

Vision2030
Becoming an advanced daily healthcare company

Vision2030 Targets	
Social value	
Contribute to the realization of a sustainable society	
<ul style="list-style-type: none"> ▶ Enhance consumer QOL ▶ Contribute to the realization of a decarbonized, resource-circulating society 	
Promote environmentally friendly habits with consumers	
Decarbonized society: Create water- and power-saving habits	
Resource-circulating society: Create refill habits and waste-free habits (Recycling)	
Economic value	
Net sales	Approx. ¥600 billion
<small>(Overseas sales ratio: Approx. 50%)</small>	
EBITDA*	Approx. ¥80 billion
Core operating income	Approx. ¥50 billion
ROIC	8-12%
ROE	10-14%
<small>*EBITDA = Core operating income + Depreciation and amortization (excluding that of right-of-use assets)</small>	



Message from the President

Issues Remaining in Vision2030 1st STAGE Initiatives Aimed at Fulfillment of Vision2030

While we were able to steadily invest in foundations for business growth, we recognize that issues with profitability improvements remain. In 2023, we aimed to increase profits for the first time in three years through measures such as further growing the Overseas Business and enhancing our presence in fabric care, which had long been an issue. However, we were not able to achieve our initial targets, ending the year with a decrease in profit. As president, I take these results very seriously.

Behind these results were various factors, including soaring raw material prices caused by the war in Ukraine, rising manufacturing costs due to labor shortages, a shift among consumers to cheaper products in order to sustain current lifestyles, and a drop in consumers' desire for extra care items such as fabric softener and mouthwash, as well as for new proposals and products.

That said, we remain committed to achieving the performance targets set forth in Vision2030, and we will continue to fine-tune our medium- to long-term strategies in order to get back on track toward our initial targets.

Specifically, for 2nd STAGE, which will cover the period from 2025 through 2027, we decided to switch our focus from our initial theme of accelerating transformation and growth to

strengthening profitability. As the final year of 1st STAGE, 2024 is a crucial year for rebuilding our profit base, thus we have fine-tuned our focus on that goal.

In the Consumer Products Business, our policy over the medium to long term will be to significantly improve both the absolute amount of profit and the ratio of profit to net sales. To do so, we believe that developing a cutting-edge portfolio will be key. We will proactively invest in value-added products and services mainly in the oral care field, while in non-core fields we will enhance profitability by considering brand transfers and allocating management resources to priority areas.

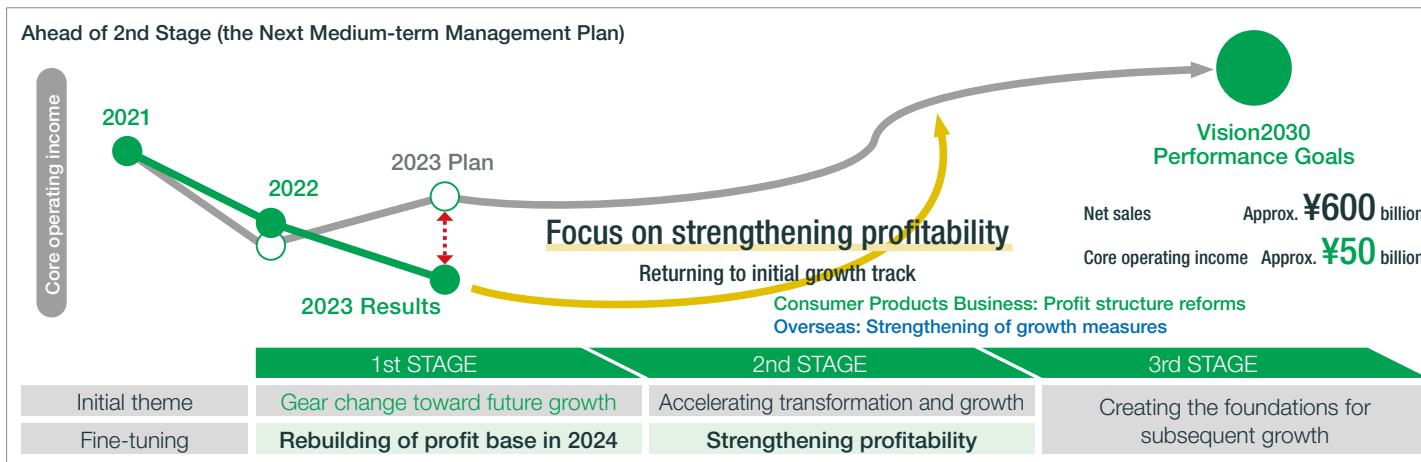
Moreover, to achieve business structure reforms, we have newly established three clear KPIs for the Group to work toward in the four years from now until 2027, the final year of 2nd STAGE: increase net sales by ¥15 billion by adding value to and raising product prices, reduce the number of SKUs⁵ by 30%, and reduce inventory (reduce inventory days by 30%).

We have positioned the strong-performing Overseas Business as a growth driver for the Lion Group, and will continue to strengthen growth measures. Among the countries where we already operate, we will accelerate growth in China, a priority market. With only 2%–3% share of major oral care markets, our presence in the country is still relatively low. We see plenty of

5. Stock keeping unit: Smallest unit measured in inventory management



We will fine-tune our medium- to long-term strategies to get back on track toward our initial targets.





Message from the President

opportunity and room for growth, with limited risks. In Bangladesh and Vietnam, two countries we entered during 1st STAGE with a view to achieving medium- to long-term growth, we are working to quickly bring our businesses up to speed. Our targets are net sales of approximately ¥20 billion in Bangladesh and approximately ¥10 billion in Vietnam by 2030.

Initiatives to Address the Sustainability Material Issues

Based on our purpose, "Make a difference in everyday lives by redesigning habits: ReDesign," our management strategy is to promote synergy between our initiatives to address the Sustainability Material Issues and our three growth strategies.

As part of Vision2030, we have also set forth two top-priority Sustainability Material Issues: "creating healthy living habits" and "promoting environmental initiatives for a sustainable planet." In particular, to address the first issue, which essentially describes

Creating Healthy Living Habits

Total number of persons provided with products, services, and information aimed at creating healthy living habits: 1 billion

Provide opportunities for everyone to practice oral care whenever necessary and foster oral care habits to promote health for all.

Oral care habits (500 million people)

- Provide products and services
- Communicate information
- Conduct educational and awareness activities (Inclusive oral care, etc.)



Promote the establishment of cleanliness and hygiene habits that prevent bacteria and viruses from entering the body across all aspects of daily living, so that everyone can stay healthy.

Cleanliness and hygiene habits (500 million people)

- Provide products and services
- Communicate information
- Educational and awareness activities (Promoting hand washing habits)



what we do in our core business, we aim to provide products, services, and information that can help a total of 1 billion people form healthy living habits—500 million in the area of oral care and 500 million in the area of cleanliness and hygiene. For the second, we intend to make a major contribution through proposals that promote planet-friendly lifestyles.

Moreover, as part of LION Eco Challenge 2050 (a set of long-term environmental objectives we formulated in 2019), we declared our intention to achieve a decarbonized, resource-circulating society through co-creation with all of our stakeholders.

In addition to reducing household CO₂ emissions by promoting water-saving habits in laundry and cleaning, we hope to create a resource-circulating society by promoting the habit of reusing product bottles through the provision of refill pouches, as well as "waste-free" habits through cooperation in post-use collection. We have also set up the Sustainability Promotion Council to ramp up the formulation and promotion of Company-wide measures to pursue these initiatives.

Becoming an Organization That Enjoys Taking On New Challenges

In order to grow while strengthening profitability amid increasing uncertainty in our business environment, we must increase the number of employees who take the initiative to demonstrate their skills, come up with new ideas and take on new challenges that yield results. To generate dynamism in our people and organization as we work to fulfill Vision2030, we have been working to promote a corporate culture that encourages putting our purpose into practice, and to implement professional fulfillment reforms. In 2024, we extended the scope of our new personnel system from only managers to include all employees, creating a performance evaluation system that more clearly sets goals aimed at putting our purpose into practice and fulfilling our vision. We believe that this will help to increase the number of employees who achieve their personal goals, live lives that are rewarding and fulfilling and can achieve personal growth through work. I will manage the business in a way that allows each employee to take on new challenges.



We must increase the number of employees who take on new challenges that yield results.



Message from the President

To Our Stakeholders

Through Positive Habits, our aim is to contribute to the achievement of a sustainable society for consumers across Asia, and for our business clients in the case of our industrial products. To do so, however, we must grow our businesses by taking the lead and successively offering innovative solutions that our competitors cannot imitate. This will help give rise to a virtuous cycle linking the generation of growth drivers to the creation and spread of Positive Habits, and in turn to an increase in customers and the expansion and continuation of production. Among the many transformations underway, we are already seeing noteworthy results. However, we cannot spend 100 years building and establishing a single better habit, like we did for nighttime tooth brushing.

We intend to communicate our thoughts and ideas to the suppliers, wholesalers and retailers who constitute our value chain, and look forward to collaborating with them in various settings to promote the creation of better habits. For

environmental preservation initiatives in particular, benefits are greatest when everyone in the value chain works together. I hope that sharing ideas will enable our operations in Japan to initiate major actions.

Meanwhile, we will continue to create as many opportunities for dialogue as possible with our shareholders and investors. Through this dialogue we will strive to gain understanding and support over the long term, while it will also provide an excellent opportunity for us to discuss issues that we might have overlooked.

Employees are among our most important stakeholders. The renewal of our corporate philosophy, the revision of our personnel system, and the relocation of Lion's head office were all aimed at boosting employee engagement and strengthening the Company's human capital. Going forward, we will continue working to improve and strengthen our measures in this regard.

Lion will continue to evolve as an expert in creating and redesigning habits. We look forward to your continued support.





Message from the Director Responsible for Finance

Working to quickly improve results, and promoting a shift to management that enhances capital efficiency



Moving Quickly to Restore Profitability and Get Back on a Profitable Growth Track

The Lion Group's main focus under its Vision2030 long-term strategic framework is to enhance its presence from various standpoints— including markets, the economy and society— by strengthening its ability to achieve top-line growth while maintaining profitability. We aim to leverage the business growth and associated cash from up-front investments to date in subsequent investments that will yield even further business growth.

In 2023, the second year of Vision2030 1st STAGE, we sought to achieve an increase in both sales and profits for the first time in three years. To do so, we took major action, developing two new fabric care products with the intention of establishing growth pillars. However, we did not reach our sales targets. Consequently, overall results fell short of the targets we set at the start of the year. EBITDA and return on invested capital (ROIC), key management indicators in Vision2030, also fell short of our targets.

Fiscal 2023 Performance Highlights	Outlook for 2024
<p>Net sales: ¥402.7 billion (Up 3.3% year on year; 1.8% below forecast)</p> <p>Achieved double-digit growth in main overseas markets. In the Consumer Products Business, sales of pharmaceuticals increased, but sales of beauty care and living care products decrease compared with the previous year. In fabric care, we had targeted double-digit growth, but sales only increased 1.4% year on year.</p>	<p>Net sales: ¥410.0 billion (Up 1.8% year on year)</p> <p>Overseas, our aim remains continuous growth in each country, particularly China, a priority market. In the Consumer Products Business, we will prioritize profitability improvement and selectively develop highly profitable product categories. We forecast marginal sales increases in the Industrial Products Business.</p>
<p>Core operating income: ¥20.1 billion (Down 14.5% year on year; 19.5% below forecast)</p> <p>Profit fell mainly due to higher expenses related to improving competitiveness and other expenses. Gross profit grew less than expected, as major new products in Japan struggled.</p>	<p>Core operating income: ¥23.0 billion (Up 14.2% year on year)</p> <p>We aim to achieve an increase in profit for the first time in four years through more precise allocation of management resources to priority fields, as well as measures to enhance efficiency, such as adding greater value to and raising the price of products, reducing SKUs, and reviewing the allocation of expenses related to improving competitiveness.</p>

In the Overseas Business, we steadily improved top-line growth, which has been a top priority, while profits were also largely in line with our initial plans. In the Consumer Products Business in Japan, against the backdrop of lingering impacts from soaring raw material prices caused by the weak yen, our analysis indicated that the current decline in profitability was mainly due to subpar performance of major new products. This led to various inefficiencies in assets such as manufacturing

equipment and inventories of both new and existing products, as well as expenses related to improving competitiveness. To achieve our targets for Vision2030, we must quickly improve profitability, mainly in the Consumer Products Business. Doing so will enable us to generate cash for growth investments, resuming a positive upward cycle that increases our corporate value.



Message from the Director Responsible for Finance

Restoring Profitability in the Consumer Products Business through Portfolio Improvements and Business Structure Reforms

As already mentioned, the challenges in the Consumer Products Business are plain to see. It is essential that we restructure the business to make it highly responsive to change and highly profitable.

To do so, we must accelerate efforts to clearly differentiate products in our domestic business portfolio, prioritize them, and allocate management resources accordingly. In oral care, one of our priority fields, we will continue to enhance the presence of our existing businesses and focus on the creation of new markets through new businesses. At the same time, we will look at streamlining businesses and brands in non-priority fields. We will also work to improve the ratio of gross profit to net sales by adding greater value to and raising the price of products. Adding greater value to and raising the price of products is not only a response to soaring raw material prices. As a corporation, we believe that we should be making efforts on a regular basis to ensure we earn an appropriate margin on the value we add.

In terms of business structure reforms, we will work to reduce inventories, streamline and utilize fixed assets, and improve efficiency by consolidating the administrative functions of and improving productivity of Group companies using the shared services of Lion Expert Business, which we launched in 2023.

By improving both business profitability and management resource efficiency in this way, we will

transform the Consumer Products Business into a business with excellent capital efficiency.

Reinforcing Measures in the Overseas Business for Continuous Growth

The Overseas Business is a key segment driving the Lion Group's growth. The three important elements of our strategy for the Overseas Business are as follows.

First, while continuing to promote a high rate of growth in China, which we have positioned as our priority market, we also aim to expand our presence in other key markets. In addition to Japan, a high proportion of the Group's overall sales come from Thailand, Malaysia, and other countries in Asia. Increasing the presence of our business in China to a certain extent will not only help to promote business growth, but will also be an effective way to diversify risk.

Second, we aim to generate steady business results in the two new countries we entered in 1st STAGE. We will ramp up growth investments in these countries to expand the scope of the local business and improve the production and supply system. In this way, we intend to quickly put the businesses on track and have these countries contribute to the Group's overall results.

Third, we will promote portfolio improvements overseas. In Southeast and South Asia, two markets that account for a significant proportion of sales in the fabric care category, we will increase the sales ratio of personal care products,* which have a higher ratio of gross profit to net sales. Our aim is to structure a portfolio for which business growth always leads to an increase in profits.

* Oral care, beauty care and pharmaceutical products

KPIs for 2027 and 2030 (Compared with 2023)

Consumer Products Business	KPIs for 2027
Add high value to and raise the price of products	Around ¥15 billion
Reduce SKUs	No. of SKUs: 30% reduction
Streamline competition-related expenses	Sales-to-marketing expense ratio: -2%
Reduce inventories	Days in inventory: 30% reduction

Overseas Business	KPIs for 2030
Net sales in China	Around ¥100 billion
Net sales in Bangladesh	Around ¥20 billion
Net sales in Vietnam	Around ¥10 billion
Ratio of net sales from personal care products	Approx. 50%

Steadily Implementing Strategic Investments for Medium- to Long-term Growth

In terms of securing profits and generating cash, although we have achieved our initial targets in Vision2030 1st STAGE, I believe that vigorously pushing forward with the above measures for profitability will help us attain profits at the levels we set out as our initial targets. In addition, we will steadily implement the strategic investments required for growth while comprehensively considering return on capital and financial condition.

For the time being, the Sakaide toothpaste factory (already in operation) and the new factory building for pharmaceuticals in Odawara (scheduled to go online in 2025), are the final large-scale investment projects scheduled for increasing production capacity in the



Message from the Director Responsible for Finance

Consumer Products Business. Going forward, we believe it is essential to ensure a reliable return on these investments.

In addition to the above-mentioned production capacity increases and similar projects in the countries we have newly entered, the main goal of our investments for growth is to acquire new capabilities. This includes the acquisition of technologies and expertise from different industries for new business development focused on emerging areas in oral health, and the acquisition of know-how on distribution infrastructure and businesses to further expand our operations in different countries.

Moreover, as we announced in February 2024, in the Industrial Products Business we have joined with a petrochemical company in Thailand to conduct a study regarding increasing production capacity for electro-conductive carbon black, which is used mainly in secondary batteries for electric vehicles. In this way, we are also proactively looking at investment opportunities that will enable us to contribute to addressing the Sustainability Material Issues.

Such investments will help us to create better living habits, support the health of more consumers in Asia, and contribute to a sustainable global environment through our businesses. This in turn will increase our economic value, which is a key strategy in Vision2030.

Further Enhancing Shareholder Returns

The Lion Group prioritizes continuous improvement of corporate value and its subsequent reflection in

shareholder returns. During 1st STAGE, we aim to return more than ¥30 billion to our shareholders through annual dividend increases, flexible buybacks of Company shares, and cancelation of treasury stock. Based on this policy, in the 2022–2023 period, shareholder returns totaled approximately ¥24 billion.

In 2024, the final year of 1st STAGE, we conducted another buyback of Company shares and cancelled a total of around ¥10 billion in treasury stock in February. We also plan to increase dividends for the ninth consecutive term. We anticipate a total return ratio of more than 90% from the combination of stock buybacks and dividend payments.

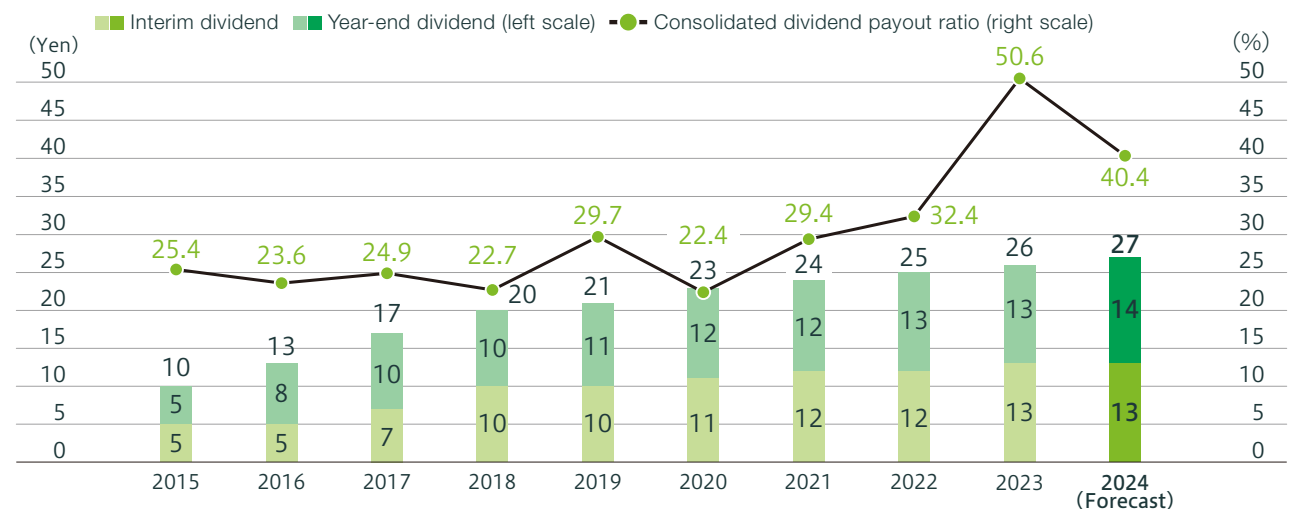
At the same time, to boost our commitment to the stock market, we have recently changed our dividend policy. Specifically, we have decided to implement progressive dividends from 2024. While appropriately

and flexibly implementing our capital policy, we will strive to ensure stable shareholder returns over the long term.

By promoting management of EBITDA and ROIC, two key indicators for Vision2030, the Lion Group aims to transform its business foundations, invest in growth, and enhance shareholder returns. By monitoring ROIC and its individual components in each business, we will determine the course of action for improvement and push forward with efforts to improve profitability and build a financial base with high capital efficiency.

We recognize that 2024 is a key year in achieving the targets of Vision 2030. In addition to rebuilding our profit base to achieve an increase in profit for the first time in four years, we will do everything we can to get back on a growth track. We look forward to your continued support.

Shareholder Returns

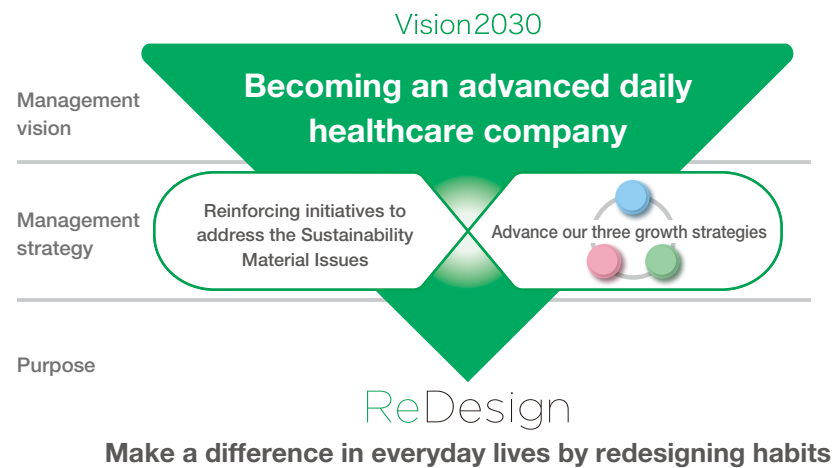




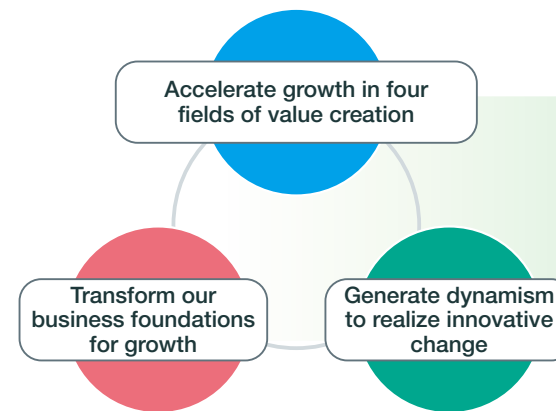
Vision2030 and the Medium-term Management Plans

Lion is reinforcing its management based on its purpose, “Make a difference in everyday lives by redesigning habits: ReDesign” to achieve its management vision for 2030 of “Becoming an advanced daily healthcare company.” By promoting synergy between our Sustainability Material Issues and three growth strategies, we aim to contribute to the realization of a sustainable society and achieve business growth. We will implement Vision2030 in three consecutive 3-year medium-term management plans—1st STAGE, 2nd STAGE and 3rd STAGE—adjusting strategy and policy according to changes in the business environment to enhance precision as we go.

Overview of Vision2030



Three Growth Strategies



Vision2030 Targets

Social Value Contribute to a sustainable society

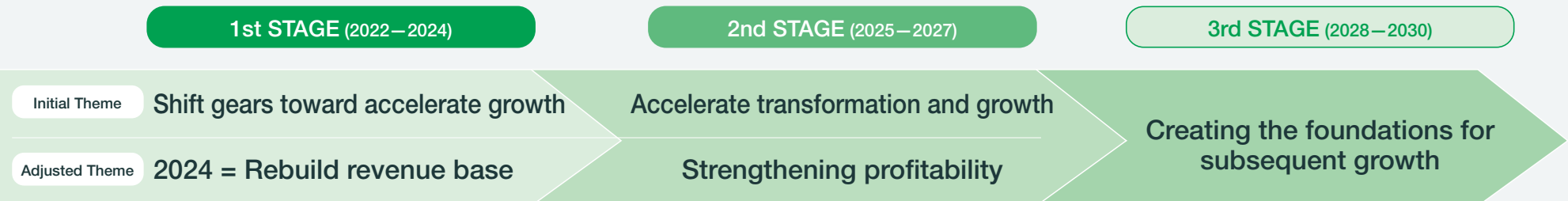
- Enhance consumer QOL
- Total number of persons provided with products, services and information aimed at creating healthy living habits: 1 billion
- Oral care habits: 500 million people
- Cleanliness and hygiene habits: 500 million people
- Contribute to the realization of a decarbonized, resource-circulating society
- Lifecycle CO₂ emissions: 30% reduction (Compared with 2017)
- Petrochemical-derived plastic usage: 70% or less
- Lifecycle water usage: 30% reduction (Compared with 2017)

Economic Value

- Net sales: Approx. ¥600 billion
- EBITDA: Approx. ¥80 billion
- Core operating income: Approx. ¥50 billion
- ROIC: 8–12%
- ROE: 10–14%

Adjusting Strategies Ahead of Vision2030

Although we will continue working to achieve our Vision2030 targets, we have adjusted the themes in the 1st STAGE medium-term management plan in line with the progress we have made. In 2024, which is the final year of 1st STAGE, we aim to rebuild our revenue base, and in 2nd STAGE we will prioritize the strengthening of profitability. In doing so, we will strive to return to the track of our original plan.





Three Growth Strategies: 1. Accelerate Growth in Four Fields of Value Creation

Given increasing awareness of the importance of healthy minds and bodies and growth in related demand from society, we have established four fields of value creation to drive growth as we seek to further evolve better living habits and healthcare services unique to Lion. The creation of new habits and the evolution of existing habits in these four fields of value creation will be essential to future business growth. To accelerate efforts to evolve our businesses and create new value, we are going beyond existing organizational boundaries to engage in cross-organizational investigation and promotion.

Business Development Aimed at the Evolution and Expansion of Habit Redesign

Oral Health



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

Infection Control



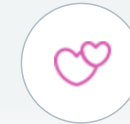
Becoming a hygiene solution provider by addressing all kinds of risk related to infectious disease

Smart Housework



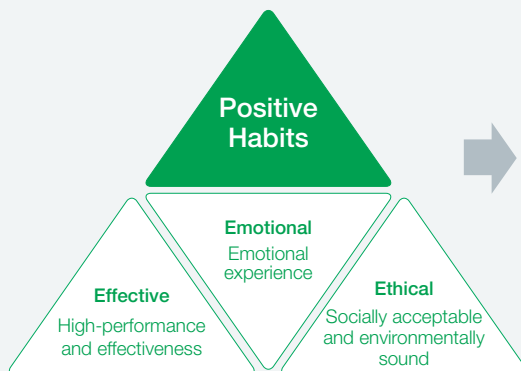
Creating new housework habits for diverse lifestyles

Well-Being



Becoming a total healthcare servicer for the mind and body

Three Essential Elements of Positive Habits



Evolving a Business Model for Providing New Value through the Creation of Positive Habits Starting from the Four Fields of Value Creation

	Until now		Going forward	
Value provided	Products (functional value)	+	Services (experiential value)	▶ Adapt the value we provide through products to services
Target	Households	+	Society (schools and public facilities)	▶ Expand the scope of the social issues we target for solution
Consumer contact	One-time sales	+	Recurring	▶ Accumulate and use customer data
Business type	Manufacturer	+	Service provider	▶ Evolve business from manufacturing to total service provision
Scope of collaboration	Supply chain	+	Ecosystem	▶ Collaborate with various partners in the industrial, government, academic, medical and private sectors

Lion's Habit Creation





Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

Oral Health

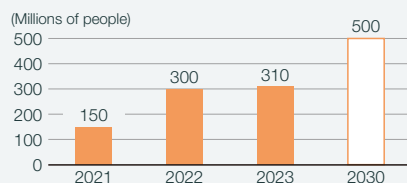
Oral Health

Lion aims to provide oral healthcare that supports overall health and improved quality of life starting from the mouth. We will leverage our strengths as Japan's leading oral care product 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 will expand beyond the bounds of our existing businesses.

The Society We Aim for through Oral Health Activities

The provision of opportunities to engage in oral care to people across Asia will help reduce the risk of tooth loss and create a society in which everyone can comfortably eat, speak, laugh and be themselves throughout their lives.

2030 target: 500 million



▶ Pages 42-43: Reinforcing Initiatives to Address the Sustainability Material Issues

Activity Indicator

Persons provided with oral care products, services and information aimed at creating healthy living habits



Strengths and Features

Extensive knowledge and achievements in preventive dentistry accumulated since the Company's founding in 1891

Connections with governmental bodies, dental specialists and partner companies both in Japan and overseas involved in creating preventive dentistry

More than 20 years of data from medical and dental checkups and know-how in data-based health and productivity management

Output

Products and services that help keep teeth healthy and developing beautifully, control plaque, and support the development and maintenance of healthy oral functions

Education on oral care to ensure that everyone has equal opportunities to access the oral care they need

Mechanisms for using accumulated data on individuals' oral health to promote oral care habits as the starting point for overall health

Impact on Society

Extended healthy life expectancy

Medical cost containment

Improved access to medical care



Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

Oral Health Examples of Impact on Society

The Importance of Dental Checkups

Dental Checkups at Companies and Improved Productivity

Regular dental checkups are important for maintaining oral health, but dental checkups are not conducted at all companies.

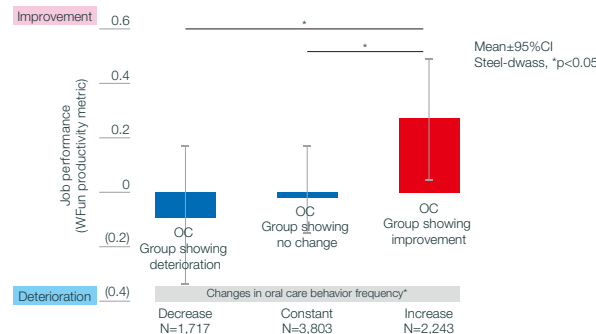
We therefore conducted joint research with the Hitachi Health Care Center to examine the effectiveness of in-house dental checkups for improving employee health and work efficiency. After adding dental checkups to employees' regular health checkups, we observed an increase in the frequency of tooth brushing and other oral care behavior, and that this had a positive impact on both oral and overall health. In addition, the results of an employee questionnaire using WFun, a productivity indicator, showed that dental checkups had a positive impact on job performance. Regardless of other habits impacting health, such as physical exercise or consumption of alcohol, the research showed that introducing dental checkups helped to improve awareness of the importance of oral health and could have a positive impact on job performance.

As understanding of the significance of dental health increases in line with the Japanese government's aim to introduce mandatory dental checkups for all citizens, we expect more companies to introduce dental checkups for their employees.

Note: Announced at the 51st Annual Academic Meeting of the Japan Society of Health Evaluation and Promotion, the 96th Annual Meeting of the Japan Society for Occupational Health, the 72nd Health Meeting of the Japanese Society for Oral Health, and the 66th Spring Meeting of the Japanese Society of Periodontology

1. WFun(Work Functioning Impairment Scale): An index developed at University of Occupational and Environmental Health, Japan to measure the degree of work dysfunction caused by health problems.

Relationship between Changes² in Oral Care Behaviors and Job Performance



2. Changes in tooth brushing frequency, flossing rate of visits to the dentist per year between 2018 and 2019

The Importance of Oral Functions

Oral Function Care from Early Childhood

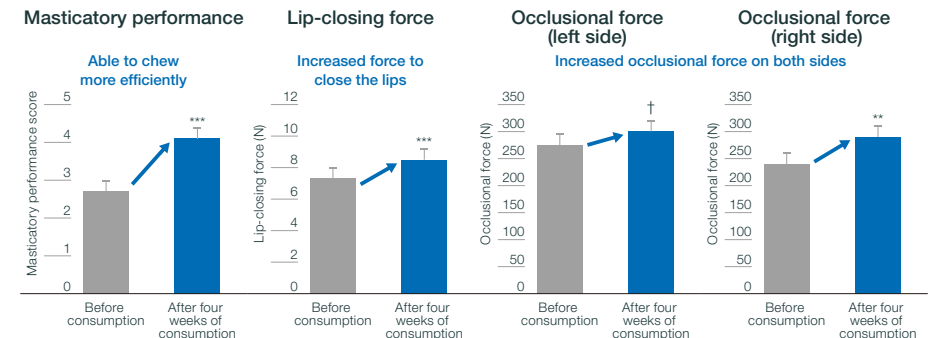
The proper development of oral functions is essential for developing normal dental occlusion and dentition. Oral functions undergo significant development during a child's school years, and delayed or incorrect development can have a negative impact on functions, such as the ability to eat, and to pronounce words.

Chewing is key to developing healthy oral functions. Thorough chewing using various muscles around the mouth is said to promote jaw development during a child's school years, laying the foundation for properly aligned permanent teeth.³ Research conducted in 2023 on children ages 6 to 12 showed that chewing two hard gummies once a day for four weeks improved various oral functions. Specifically, the habit improved masticatory performance (the ability to cut, crush and mix food), lip closure force, and occlusional force molar bite.

While conventional ways to support oral function development include regular visits to an oral care specialist and repetitive oral exercises, for children, chewing hard gummies is a very efficient and simple means to achieve the same result. Chewing gummies promotes well-balanced use of teeth on both sides of the jaw, and is expected to contribute to proper development of children's oral functions.

3. Negishi, Shinichi et al. "Influence of masticatory exercises using hard chewing gum on chewing pattern and first molar of mixed dentition," *Orthodontic Waves – Japanese Edition* 69, no. 3 (2010): 156–162

Oral Function Comparison Pre- and Post-Consumption of Hard Gummies (n=26)



Wilcoxon signed-rank test Mean ± SE ***p < 0.001, **p < 0.01, †p < 0.1

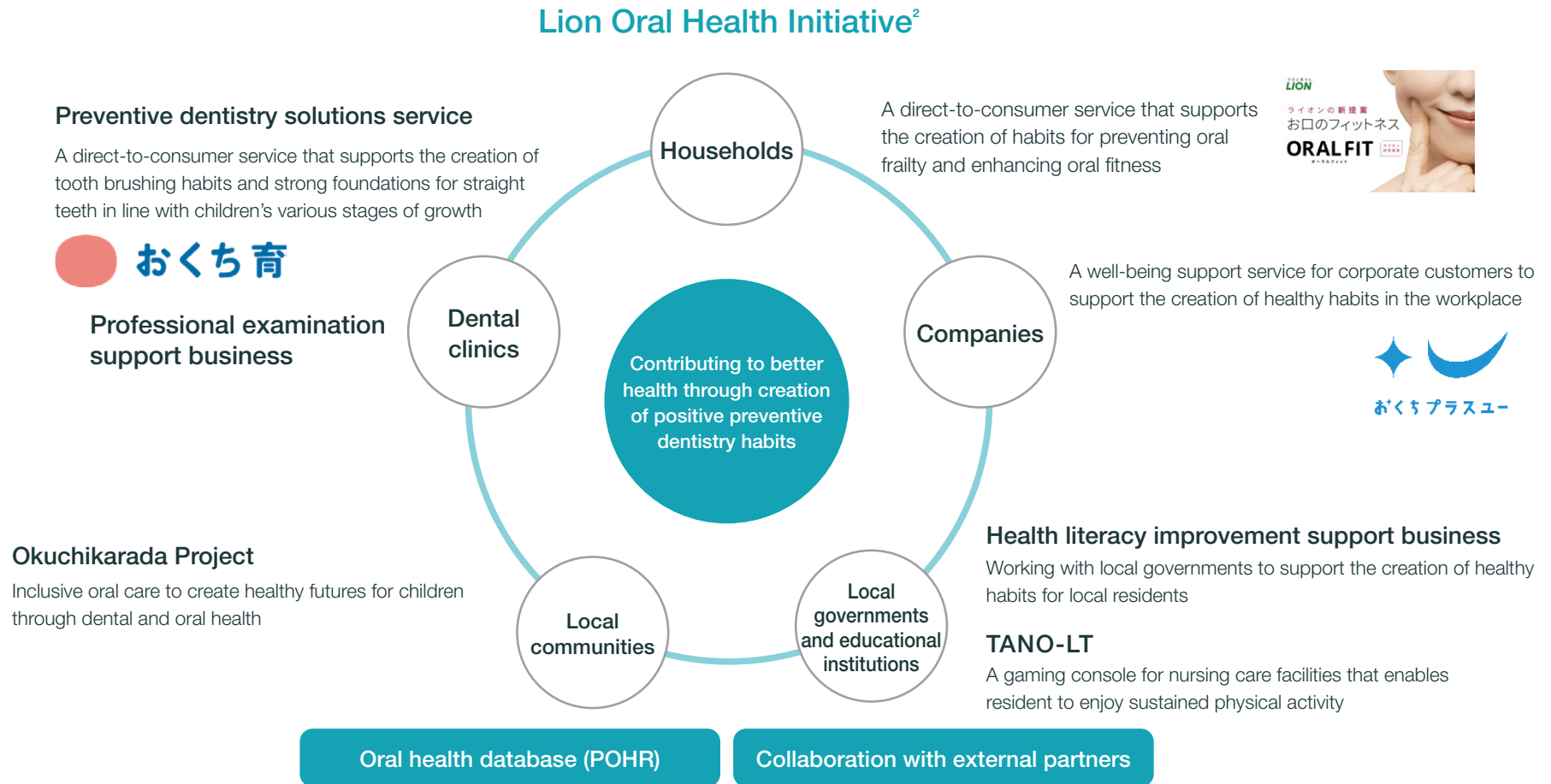


Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

Oral Health Direction of Activities

The Lion Oral Health Initiative is an umbrella term for all of Lion’s activities in the oral health field ahead of 2030. Through this initiative, we aim to help develop healthy minds and bodies by promoting positive preventive dentistry habits suited to people’s lifestyles and physical and mental condition. Our basic idea is to make preventive dentistry a habit by linking all points of contact related to oral health, including households, dental clinics, companies, local governments and local communities. We will work to build a leading-edge initiative through the creation of a Personal Oral Health Record (POHR)¹ database in collaboration with external partners.



1. Personal Oral Health Record: A database containing information on basic health, living habits, oral condition, tooth brushing habits, etc.

2. Corporate activities based on our basic approach to oral health (preventive dentistry)



Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

Oral Health Products and Services That Create and Evolve Habits

Going beyond the supply of high-value-added products that prevent cavities, gum disease and other conditions and symptoms, the Lion Oral Health Initiative also proposes oral care tailored to consumers' personal styles, helps workers maintain healthy habits and supports the creation of new habits at home and at school.



New oral care proposal that lets you choose your own style

OCH-TUNE

OCH-TUNE is a new oral care brand that offers products to match your lifestyle, including your tooth brushing style, mood, and how long you like to brush. The *FAST* lineup of products is for customers who efficiency, while the *SLOW* lineup is for people who prefer taking their time, relaxation and thoroughness. This lineup of toothpastes, toothbrushes and mouthwashes was launched in April 2024. By proposing products tailored to consumers' personal styles, we aim to support the creation of even better habits in the oral care market, which is conventionally focused on promoting products for the prevention of cavities, gum disease and other conditions and symptoms.



Well-being support service for corporate customers

Okuchi Plus You

Given the increasing focus on oral healthcare activities in the workplace, in July 2022 we commenced a well-being support service for corporate customers called *Okuchi Plus You*, which combines oral care seminars by dental hygienists, saliva tests, e-learning and the distribution of Lion products. We have received inquiries mainly from companies engaged in health and productivity management, as well as health insurance associations. In 2023, *Okuchi Plus You* was very well received, with more than 10,000 employees accessing the service. Employees have responded positively, with some deciding to take up dental flossing and attend regular dental checkups. We will continue to encourage positive preventive dentistry habits through workplaces.



Children's Development Support Service

Okuchi-iku

Okuchi-iku Kamotto! is the first step in the *Okuchi-iku* oral care program to support the development of proper tooth brushing habits and the creation of a strong foundation for straight teeth in line with children's stages of growth. In this first step, we provide gummies for daily consumption to develop chewing strength, chewing gum to check chewing strength, and an AI app to check teeth alignment. The program has been very popular since its launch in April 2023. In collaboration with the Yamaguchi Dental Association, last year we conducted the program on a trial basis to teach elementary school students the importance of chewing strength and to provide them with the relevant oral exercises. We will expand the range of activities for boosting children's vitality through the creation of healthy oral and dental habits.





Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

🦠 Infection Control

Infection Control

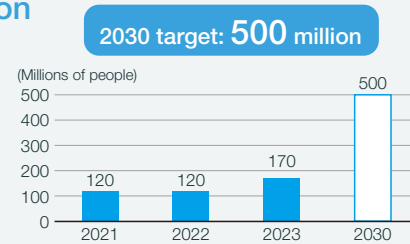
Lion aims to become a hygiene solutions provider that addresses risk related to infectious disease in every setting. As a company with a long history of supporting cleanliness and hygiene, we will transform our businesses with a sense of duty, extending the scope of our operations from living spaces to include public and industrial spaces. In doing so, we will provide hygiene solutions that protect people's lives from bacteria and viruses on all fronts (through contact with other people, objects and spaces).

The Society We Aim for through Infection Control Activities

The propagation of good hygienic behavior as a habit among all people will help to create a society in which there are fewer concerns about infectious diseases, and in which people care for and trust one another, and live with peace of mind.

Activity Indicator

Persons provided with hygiene-related products, services and information aimed at creating healthy living habits



▶ Pages 42-43: Reinforcing Initiatives to Address the Sustainability Material Issues



Strengths and Features

- Various educational activities for hand washing in the *KireiKirei* business
- Initiatives focusing on hygienic facility environments in the Lion Hygiene Co., Ltd. business
- Collaborative initiatives with local governments, companies, and organizations in the gift and channel-specific products business

Output

- Provision of mechanisms to increase the ranks of teachers and promoters of good habits, including consumers themselves
- Promotion of hygiene habits through food hygiene at frequently used facilities and other locations
- Support and solutions for environments with poor hygiene, such as regions with underdeveloped infrastructure and disaster-affected areas

Impact on Society

- Spread of hygiene literacy and education
- Reduced infection incidence and mortality rates
- Extended healthy life expectancy
Reduced burden from medical expenses



Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

Smart Housework

Smart Housework

Lion aims to create new housework habits for diverse lifestyles. As lifestyles and living spaces become increasingly diverse, one-size-fits-all housework proposals are no longer sufficient for meeting consumer needs. Building on the basic idea of smart housework that is enjoyable and efficient, we will establish a unique advantage by reframing the general concept of housework to maximize personal comfort and by cooperating closely with external partners to come up with innovative ideas across a wide range of categories.

The Society We Aim For through Smart Housework Activities

By reducing the burden of housework and creating more personal and enjoyable housework habits, we will help to increase people's free time and peace of mind. In turn, this will improve relationships between people, among family members, and with the local community, thus ensuring more comfortable living.



Proposing New Habits in Smart Housework

NANOX one

—Offering a new way of doing laundry to extend useful clothing life

In September 2023, Lion launched *NANOX one*, a unique line of highly concentrated complete gel detergents that are the only* detergents to combine high detergency and deodorizing power with the ability to protect clothing from discoloration.

A preliminary survey found that although approximately 80% of consumers want to keep clothing for a long time, they discard clothes due to yellowing, darkening, fading or other changes from its original color or other qualities. We developed *NANOX one* to address this issue and latent consumer needs, based on the concept of a highly concentrated complete gel that tackles odors, grime and discoloration better than other *NANOX* products. The technologies that have made this product concept a reality are protected by multiple patents.

We will continue working to make laundry a more positive experience by resolving bothersome issues consumers have become resigned to, one by one.

* Among Lion's laundry detergents

NANOX
one
ナノックスワン



by me

—Proposing a new habit of applying custom fragrances to household goods

With its direct-to-consumer brand *by me*, which proposes a new habit of applying custom fragrances to household goods such as fabric softeners and clothing mist, Lion is working to cultivate Positive Habits through fragrance.

In 2023, our dedicated *by me* e-commerce site began offering scented card sets that allow interested visitors to sample the fragrances recommended by the site's AI diagnostics. In addition to the e-commerce site and social media channels, we also display products at pop-up stores and numerous other venues for people to sample.

• **Limited-time displays (Yurakucho Marui, b8ta Osaka - Hankyu Umeda, b8ta Koshigaya Laketown, one x one Shinjuku MYLORD and others)**

• **Interactive panel discussion events (Kissa Laundry and others)**

By continuing to deepen relationships with consumers through the creation of experiences that combine the digital and physical realms, we aim to make *by me* a fragrance brand that goes beyond fabric care to cover daily living as a whole.



Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

• Expansion of the Overseas Business

One key theme of Vision2030 is the expansion of our Overseas Business. We aim to reinforce our business in countries or regions where we already operate and to raise the share of consolidated net sales from the Overseas Business to around 50% by 2030 through expansion into new countries or regions.

We will work to boost our presence in Asia by promoting better living habits among more people and in more regions and aspects of life.

Vision and Strategies

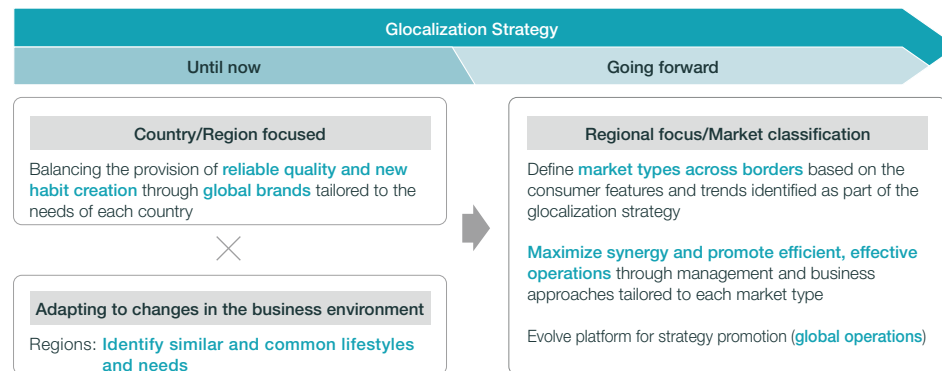
2030 Target

Consolidated net sales: Approx. ¥600 billion
Overseas Business share: Approx. ¥300 billion (Around 50% of consolidated net sales)

Basic Strategies

- 1. Business Development Based on Lion's Purpose**
Combine contributions to resolving social issues with business opportunities
- 2. Glocalization Strategy**
Conduct brand strategies focused on country and region
- 3. Expansion of Customer Contact Points**
Maximize target customers, product categories, and number of countries and regions served

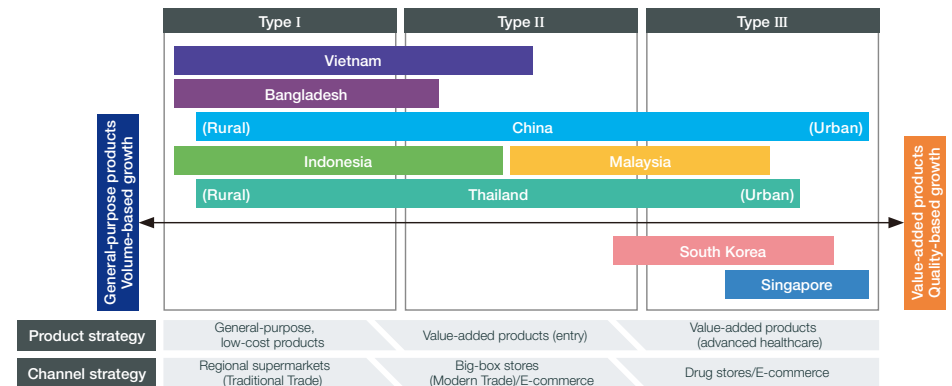
Evolving the Glocalization Strategy



Glocalization Strategy – Pattern-based Marketing

We have divided our sales regions into three major cross-border market types based on shared characteristics (patterns) and are developing a strategy for each. To classify market types, we have used characteristics such as GDP growth rates and income levels, as well as the local features and trends we have identified as part of previous glocalization strategies.

Framework of Market Types (I–III)



Progress

Steady expansion of scale of business

- 2023 net sales (external): ¥134.1 billion (13.6% year-on-year increase)
- Share of consolidated net sales: 33.3% (3% year-on-year increase)

Achieved the Vision2030 1st STAGE target of entering two new countries

- Bangladesh (2022)
- Vietnam (2023)

Key Measures toward 2030

1. Accelerate growth in the Qingdao Lion business (Page 27)
2. Grow the personal care business in Southeast and South Asia (Page 28)
3. Expand into new countries or regions (Page 28)



Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

Expansion of the Overseas Business

Key Measure 1

Accelerate growth in the Qingdao Lion Business

Basic Policy

In the Qingdao Lion business, we have been taking advantage of the appeal of the high quality of Japanese products to enhance our brand image, mainly through the *Systema* and *CLINICA* brands in the oral care category, and developing business through online (e-commerce) sales and offline (brick-and-mortar stores) sales in major cities by generating growth in synergy with local brands.

We will strengthen online sales using SCRM* based on each customer's purchasing data and characteristics, expand the beauty care and fabric care product categories, and begin full-scale sales of pet products. Offline, we will beef up our local sales structure to reach more people and regions in China. We will also reinforce the research infrastructure underpinning the business to accelerate product development locally.

Through these measures, we aim to grow sales in this business to around ¥100 billion by 2030.

* SCRM (Social Customer Relationship Management): A method for improving customer engagement by using social media for customer management

Measures for Expansion and Implementation in the Qingdao Lion Business

	Main sales regions	Target	Sales channel	Products	Business categories
Until now	Mainly large cities	Middle- to high-income earners Fans of Japanese products Quality-oriented consumers	Mainly online (e-commerce)	Mid- to high-price range Made in Japan/ Japanese quality Brand image	Mainly oral care + <i>KireiKirei</i> , etc. ↓ Measures for expansion Beauty care, pet products
	+	+	+	+	+
Measures for expansion	Inland cities	Wider income range	Expand offline sales (brick-and-mortar stores)	Mid-price range Emphasis on local preferences Made in China/ Japanese quality	Gradually expand product range from oral care



Progress

Stepping up efforts in sales channels	Online sales	Implemented SCRM and began full-scale promotion of membership system
	Offline sales	Enhanced sales structure and expanded the range of local toothpaste products (sales +41% year on year)
Expanding business fields	Beauty Care	Strengthened foaming hand soap, including introducing new fragrances (sales +23% year on year)
	Fabric Care	Introduced and strengthened capsule detergent (sales +36% year on year)
	Pet products	Strengthened local development and production, and launched new products
Strengthening product development	Established new innovation center in Shanghai in May 2023 and started full-scale operations in January 2024	

Focus

Strengthening Offline (Brick-and-Mortar Store) Sales

White & White toothpaste, which is produced in Japan, is a familiar product in China. As part of our globalization strategy, we have developed locally produced toothpastes in China that reflect local needs and are expanding rollouts of the lineup. In addition to increasing the number of stores that handle the products, we are expanding sales from metropolitan areas to surrounding areas and ramping up sales through offline channels. We will continue to enhance both our products and our sales structure.

Product made in Japan



Products made in China (launched in July 2023)



+Healthy Gum

+Fresh Breath

Focus

Establishment of an R&D Subsidiary in Shanghai

In May 2023, we established Lion Innovation Center (Shanghai) Co., Ltd., a wholly owned R&D subsidiary in Shanghai, to increase both the capabilities and the pace of the Lion Group's product development in China.

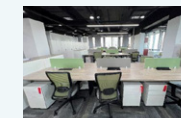
We will use this new subsidiary as a base for ramping up research and development focused on consumer surveys to provide products and services that redesign the living habits of Chinese consumers for the better.



Entrance



Free space



Office area



Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

Expansion of the Overseas Business

Key Measure 2

Grow the Personal Care Business in Southeast and South Asia

Basic Policy

We identify common denominators in changing lifestyles and consumer needs caused by economic development and other factors in each country to implement a glocalization strategy tailored to regional characteristics. In doing so, we aim to expand the scale of our business and help to resolve social issues by anticipating changes and promoting our Positive Habits strategy to help more consumers develop better living habits. Standards of living are improving in the countries of Southeast and South Asia due to economic development, and health consciousness is rising as their populations age. In these countries, we are therefore ramping up our personal care business, including oral care, beauty care and pharmaceutical products.

Progress

We offer added value in the oral care product category through toothbrushes with super-tapered bristles and thin heads. In 2023, we launched *Systema Ultra Dense Gum Protect Toothbrush* in Malaysia.

Issues and Initiatives Going Forward

We aim to expand business by further broadening added value for toothbrushes in the countries of Southeast and South Asia, as well as by offering new value in toothpaste in ways such as meeting needs for treating diseases.

Focus

Systema “Be #GumProud” Campaign

In conjunction with Gum Health Day, we held an event in Malaysia to raise awareness of periodontal disease prevention, inviting dental experts and major media outlets. A director from Malaysia’s Ministry of Health communicated the importance of periodontal disease care, and popular influencers helped to widely promote the use of *Systema* in such care. We will continue to work with the government and dental experts to raise awareness of periodontal disease prevention as we strive to cultivate the *Systema* brand.



Key Measure 3

Expand into New Countries or Regions

Basic Policy

As we work to redesign the habits of more consumers in more countries with the aim of establishing Positive Habits, we expanded into Bangladesh in 2022 and Vietnam in 2023. Aiming for steady business growth, we are promptly assimilating the changing and diversifying consumer needs accompanying rapid economic development as we help to resolve social issues in both countries through our products and services.

Bangladesh (June 2022 Market Entry)

In 2022, we established Lion Kallol Limited, a joint venture in Bangladesh, with local company Kallol Limited. In 2023, Lion Kallol launched a laundry detergent business in 2023, and will construct a new plant in one of Bangladesh’s Special Economic Zones to establish a foundation for further business expansion. As we enhance cost competitiveness through domestic production, we will address the social issues Lion can assist with in Bangladesh, where the market is not yet fully developed. Through steady inroads in product markets where consumer demand is expected to rise, we will achieve quantitative growth.

2030 Target: Approx. ¥20 billion



Vietnam (March 2023 Market Entry)

In Vietnam, after investing in local company MERAP HOLDING CORPORATION in March 2023, we began integration of operations under the slogan “One MERAP;” promoting greater operational efficiency through organizational changes and DX. Based on a doctor recommendation model utilizing the distribution network of hospitals, pharmacies, and other outlets built by MERAP’s OTC pharmaceutical business, the new partnership will expand into oral care and skin care as MerapLion to achieve both quantitative and qualitative growth.

2030 Target: Approx. ¥10 billion





Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

R&D That Leads Value Creation

Becoming an advanced daily healthcare company, we have positioned research and development, which drive innovation, as a source of growth. With consumers' everyday lives in mind, we will make full use of our professionalism and enjoy taking on challenges in uncharted areas, fulfilling our purpose by creating new value.

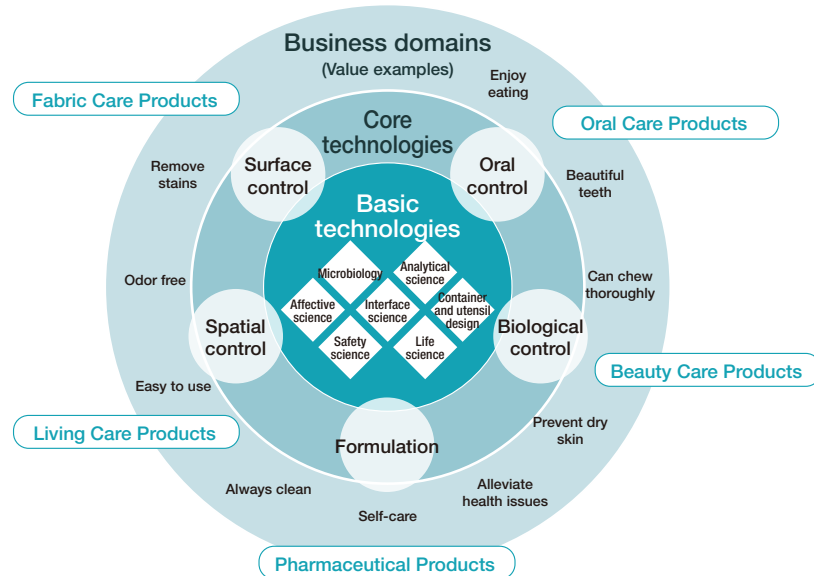
Vision and Strategies

The greatest strength of our research and development is our expertise in consumer research, which we have built up over many years through contact with consumers who use our products and services in a wide range of business domains.

We use the knowledge we gain from thoroughly examining changes and diversifying needs in consumer lifestyles to generate innovative solutions. In this way, we help to create better habits and contribute to physical and mental health.

To create new value, the Research and Development Headquarters is promoting the development of products and technologies centered on seven basic technologies that support all businesses and five core technologies specific to each business.

Moreover, by proactively engaging in open innovation projects with universities, research institutes and corporations, we accelerate development. We will also drive Company-wide innovation through efforts to address environmental issues, social conditions and collaboration with local communities from the perspective of sustainability.



Progress

Co-creation of New Value with External Organizations

To promote health beginning with better oral health, we conducted a joint investigation of the oral microbiome* with Metagen, Inc. and Hiyoshi Oral Health Clinics. (See page 30 for details.) Moreover, to promote improvements in hygienic behavior, we worked with the University of Tsukuba to analyze the spread of viruses at home using a simulation model. The analysis showed that hand washing and hand sanitizing at appropriate times effectively prevents viruses from spreading in the home.

* Groups of bacteria that live in the oral cavity



Development of a simulation model to visualize the risk of viral infection after returning home (Japanese only)
https://doc.lion.co.jp/uploads/tmg_block_page_image/file/8565/20230308_01.pdf

Environmentally Friendly Technologies Developed from the Consumer's Perspective

Aiming to reduce environmental impact from product usage, we focused on using fewer rinse cycles for laundry, which consumes large amounts of water. *Acron Smart Care*, a laundry detergent with fabric-softening ingredients for delicates, uses innovative technology that eliminates the need for running rinse cycles, thereby shortening washing times, limiting clothing damage and boosting environmental performance.



R&D Station
<https://www.lion.co.jp/en/rd/station/articles/4557>

Challenges and Initiatives Going Forward

The creation and evolution of habits first requires a scientific understanding of how a habit is formed. We will therefore continue research on systematizing Positive Habits, with the aim of enhancing interconnectivity between the functions of and information on our products and services, and the sensations and emotions derived from such functions and information. Using this approach, we will work to expand and enhance research for creating better habits.

To create value, we must also enhance the productivity of our research activities. By further incorporating digital technologies we will efficiently accelerate our research activities. Moreover, we will continue to allow researchers to use up to 15% of their working hours to research topics of their own choosing. Generating and promoting research themes originating from researchers' wide-ranging ideas will lead to the creation of further value.

Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

R&D That Leads Value Creation

Focus

R&D That Supports Our Glocalization Strategy

Collaboration between Local Company and Global Development Center

Lion Kallol Limited, our joint venture company in Bangladesh, commenced operations in October 2022, and in August 2023 launched an improved version of powder laundry detergent *Jet*.

Unlike the countries where the Lion Group has expanded its businesses to date, Bangladesh has very few washing machines, and most consumers wash their clothes by hand.

Jet is a powder laundry detergent that features high solubility. Leveraging its strengths in enzyme technologies, Lion improved the product's ability to effectively remove food stains, garnering widespread praise from local buyers attending a product demonstration.

Going forward, we will work to enhance our understanding of consumers in Bangladesh and help create better habits through local product development.



Jet laundry detergent

Acceleration of R&D with the Establishment of Lion Innovation Center (Shanghai)

Expansion of the overseas business is essential to the achievement of Vision2030. We have therefore established Lion Innovation Center (Shanghai) Co., Ltd., a wholly owned R&D subsidiary in Shanghai, to enhance the Group's capability and speed in product development in China, which is one of our most important markets.

Going forward, we aim to use Lion Innovation Center (Shanghai) and our two research centers in Hirai and Odawara, Japan, as hubs for generating Group innovation. By applying the technologies developed at these innovation hubs to product development at our R&D development facilities in each country in Asia, we aim to speed up product development throughout the region.



Lion Innovation Center (Shanghai)



Hirai Research Center



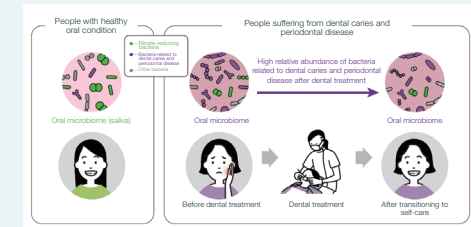
Odawara Research Center

Focus

Creation of New Value through External Collaboration

—Aiming to Propose Preventive Methods That Take into Account the Oral Microbiome*—

We are focusing on research in oral microbiome based on the understanding that development of a beneficial microbiome is the key to good oral health. Working jointly with Metagen, Inc. and Hiyoshi Oral Health Clinics, we have investigated the oral microbiome of people suffering from dental caries and periodontal disease before and after dental treatment. We discovered that there was a difference in oral microbiomes between these patients and people with good oral health before and after treatment. For example, even after treatment for dental caries and periodontal disease, patients exhibited a high abundance ratio of dental caries and periodontal disease related bacteria, as well as fewer bacteria that could potentially contribute to prevention of these conditions. We will further our investigations with the aim of proposing new preventive methods that take into account the oral microbiome.



*Bacterial communities that inhabit the oral cavity.



Lion Discovers That Oral Microbiomes of Those with Dental Caries and Periodontal Disease Differ from Those with Healthy Oral Condition, Even After Dental Treatment.

https://doc.lion.co.jp/uploads/tmg_block_page_image/file/9595/20231109_01.pdf

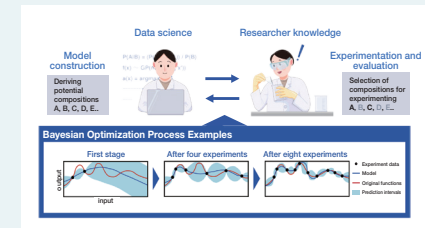
Focus

Advancing Digital Transformation (DX) in R&D

—Data-based Composition Development—

We are currently working to improve productivity in our R&D activities by promoting use of digital technologies such as AI and collaborative robots. Using Bayesian optimization, a machine learning method that enables us to search for product compositions based on known data, we have established a novel experimental design method that can generate compositions that meet multiple targets with fewer rounds of experimentation.

Applying this method to composition development for toothpastes, we were able to complete development in about half the anticipated time. We will promote further use of this method to accelerate R&D.



R&D Digital Transformation

<https://www.lion.co.jp/en/rd/new-activity/digital/>



Three Growth Strategies

1. Accelerate Growth in Four Fields of Value Creation

• An Intellectual Property That Supports Redesigning Habits

Lion's policy regarding intellectual property is set forth in its Behavioral Guidelines, which stipulate that we will strive to create, properly protect and actively utilize intellectual property, and that we will respect the intellectual property rights of others and not seek to improperly acquire or use such rights. Furthermore, our strategic approach to intellectual property guides our intellectual property activities. In addition to patents, trademarks and copyrights, our core value in intellectual property includes manufacturing and evaluation methods (proprietary information) and healthcare data. We are using this intellectual property to increase our corporate value. Intellectual property activities are promoted by a specialized department under the direct control of senior management. This department carries out intellectual property investments and discloses information in line with the Group's overall management strategy under the supervision of the Board of Directors.

Vision, Strategies and Promotional Framework

Strategic Approach to Intellectual Property

1. Contribute to business results from the intellectual property creation stage

We will create intellectual property from the initial research and planning stage to ramp up strategic protection and use of our intellectual property in a way that contributes to our business activities.

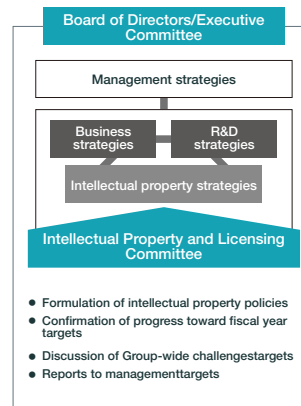
2. Create and protect intangible assets

We will clarify our strengths in intellectual property and other intangible assets and work to create, protect and utilize assets that contribute to corporate growth.

3. Cross-border Group-wide intellectual property activities

To support the creation and use of intellectual property outside of Japan, we will create and utilize strengths across the Group that are effective globally.

Promotional Framework



Progress

At Lion, we use patents to protect the technologies we invent through our research activities, design rights and patent rights to protect the appearance and technical aspects of the unique exterior designs of our products. To protect our brand names and catchphrases, we use sound trademarks and other trademarks, as well as copyrights. By leveraging this multi-layered mix of intellectual property rights, we protect our products and increase brand awareness.

Although the number of counterfeit goods is increasing as our presence grows in markets across China and other countries and regions in Asia, we are working with local subsidiaries and governments to eliminate such goods by quickly discovering, exposing and sending warning letters to the perpetrators, and taking down associated websites.

In this way (through products protected by a mix of intellectual property), we are able to fulfill our purpose worldwide—“Make a difference in everyday lives by redesigning habits: ReDesign”—and to improve our corporate and brand value.

WEB Intellectual Property
<https://www.lion.co.jp/en/company/governance/ip/>

Challenges and Initiatives Going Forward

As Japan's leading oral care product manufacturer for more than a century, Lion has cultivated significant intangible assets such as intellectual property (including technologies and expertise), human capital, and social and relationship capital through consistent product planning, development, purchasing, production and sales.

We consider these assets to be the source of our corporate value, and are currently in the process of identifying and taking stock of the core value in our intellectual property and intangible assets. In concert with these initiatives, the Board of Directors is holding discussions regarding the protection and enhancement of this core value, as well as related investment.

Focus

Building, Protecting and Using Intangible Assets

Lion developed a kids' toothbrush with a flexible neck, allowing it to bend and distribute the impact on the oral cavity in the event of an accidental fall during brushing. This technology was applied to the *CLINICA Kids' Toothbrush* models for children 0 to 2 years old and 3 to 5 years old. The patent for this product (Patent no. 6591988 (JP)) was recognized as an outstanding invention, receiving an invention promotion award at the 2020 Kanto Commendation for Invention organized by the Japan Institute of Invention and Innovation.

Intellectual Capital



Developing Intellectual Property Personnel in Wide-ranging Departments and Awarding Them for Their Activities

Human Capital

In line with our wide-ranging intellectual property activities and patent incentive program, we have established the Contribution Awards for Intellectual Property (held annually) to commend employees who contribute to diverse intellectual property activities. At the 17th Contribution Awards for Intellectual Property held in 2023, five entries from departments and employees were commended for various activities, including activities related to the development of intellectual property personnel and enhancement of intellectual property information disclosure. To help develop personnel who can use intellectual property and related information in creating innovative business models, we also offer support for employees outside the Intellectual Property Department to acquire IP Analyst certification, offered by the Association of Intellectual Property Education.



Contribution Awards for Intellectual Property in 2023



Three Growth Strategies

2. Transform Our Business Foundations for Growth

The Science of Habits – Digital Transformation at Lion

Lion aims for sustainable business growth by fulfilling its purpose in a highly volatile business environment. As such, we believe it is essential to promote Group-wide transformation through the use of digital technologies. The slogan for our digital strategy is "The Science of Habits." It expresses our desire to create value that leads to better habits by taking a scientific approach, applying digital technologies and data science to the behavior and habits of customers, employees and other stakeholders.

Vision and Strategies

We are aiming to achieve greater speed, efficiency, sophistication and new value creation by 2030 through digital transformation.

During Vision2030 1st STAGE we are working to transform our management foundation. We have installed new core systems and are working to inculcate the use of data on a Company-wide basis—both key components of our transformation to digital-driven management—and are focusing on the development of personnel adept in IT and digital technology.

A multi-layered structure of internal and external organizations drives Company-wide digital transformation initiatives. The Digital Strategy Promotion Council, comprising the president and relevant executive officers and heads of departments, oversees the formulation of the Group's overall digital strategy and the promotion of measures based on the strategy. The Digital Strategy Department comprehensively implements measures such as strategic planning for digital technology, business process re-engineering, IT development and maintenance, and data analysis.

Progress

Theme	Progress in 2023
Sophistication of Business Management Capabilities	<ul style="list-style-type: none"> • Gained an understanding of profit structure at the SKU level through data centralization • Improved profit portfolio accuracy at the business/company level and reflected it in decision-making
Expansion and Evolution of Habit ReDesign	<ul style="list-style-type: none"> • Expanded and evolved new businesses using in-house knowledge and oral health data¹ • Acquired ISO/IEC 27001 certification to guarantee safety of services handling medical information² • Began development of an AI-based tool for knowledge transfer utilizing in-house data³ • Promoted electronic data interchange (EDI) initiatives in logistics to address the "2024 problem"⁴
Development of Organizational Culture	<ul style="list-style-type: none"> • Established the Digital Strategy Department to bring together organizations with IT and digital technology functions • Improved IT and digital technology education systems • Provided learning opportunities for all employees through the Lion Digital Summit, e-learning, etc.

WEB Digital Transformation (Japanese only)
<https://www.lion.co.jp/ja/dx/>

Reference
 1. Lion Integrated Report 2024, Page 23, Okuchi Plus You
 2. Press release dated September 19, 2023 (<https://www.lion.co.jp/ja/news/2023/4397>) (Japanese only)
 3. Press release dated December 8, 2023 (<https://www.lion.co.jp/ja/news/2023/4464>) (Japanese only)
 4. Lion Integrated Report 2024, Page 33, Supply Chain Management



Challenges and Initiatives Going Forward

The amount of data we handle has increased significantly due to the installation of new core systems and digitalization initiatives in all areas including store-related activities, marketing, production and logistics. We must process, analyze and utilize this data appropriately.

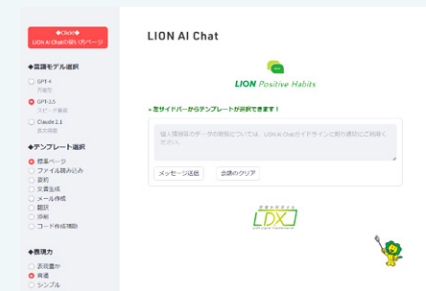
Going forward, in addition to improving profitability through highly accurate demand forecasts based on internal and external data, we will address issues such as the "2024 problem" in through an alliance in which logistics data is shared among different companies. We will also continue to focus on the development of digital personnel who can support these initiatives.

Focus Utilization of Generative AI

Quickly incorporating the latest technologies, in May 2023 we built the in-house generative AI chatbot LION AI Chat and made it available to all Lion employees.

We are leveraging our in-house community to promote initiatives to improve operational efficiency using the generative AI chatbot.

We have also developed a tool with a generative AI/search system for knowledge transfer utilizing in-house data. Initially, we will use the tool in our research activities, focusing on improving productivity and fostering innovation.



Focus Development of 1,000 Digital Personnel

Aiming for autonomous promotion of digital transformation across all of our worksites, we are focusing on the development of digital personnel who can take the lead in digital technology matters in each of our organizations.

We identify the IT and digital skills of our employees, and implement level-based education, ranging from basic knowledge acquisition to advanced utilization. By fiscal 2026, we plan to develop 1,000 digital personnel, which is equivalent to roughly 30% of our total workforce.

WEB Digital Personnel (Japanese only)
<https://www.lion.co.jp/ja/dx/>



Three Growth Strategies: 2. Transform Our Business Foundations for Growth

Supply Chain Management

To ensure that, regardless of conditions, we can continue to deliver quality products that meet the daily needs of consumers, our supply-chain related departments collaborate in building a more robust logistics system and framework for sustainable and stable raw material procurement and product supply. In this way, we are establishing a highly competitive supply chain management system.

Vision and Strategies

To build a more robust logistics system and framework for sustainable and stable raw material procurement and product supply, we will establish a backup system (redundancy) for responding to natural disasters, which in recent years have become increasingly severe.

Moreover, we are working on a universal numbering system¹ for sales and operations planning based on sales forecasts to upgrade our production, sales, and inventory management processes. Through this initiative we will optimize inventory and minimize product stockouts. Further, to address various issues across the supply chain, we will promote the use of electronic data interchange (EDI) in logistics for collaborative distribution across the daily necessities industry. In addition, we will formulate and promote a voluntary action plan for rationalizing logistics and improving productivity in line with the Japanese government's Policy Package for Logistics Innovation.

1. A system for coordinating operations through a single numbering system in production, distribution and sales data

Building a Sustainable Supply Chain Management Platform

Increase the flexibility and resilience of the entire supply chain

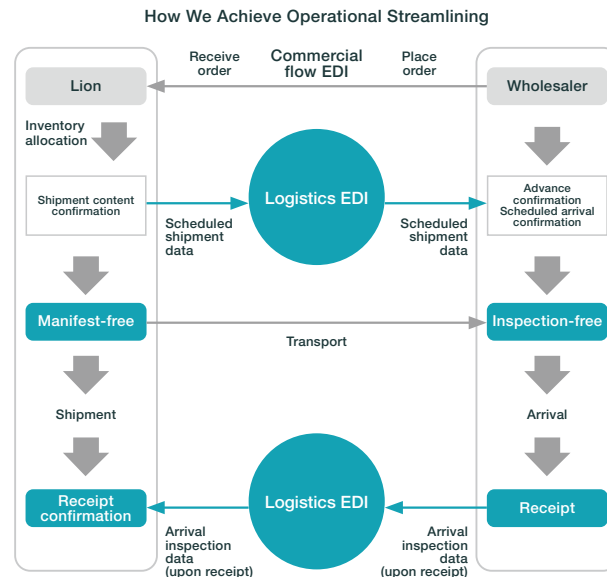
- ▶ Coordinate production, distribution and sales data via a shift to universal numbering to optimize inventories and minimize product stockouts.
- ▶ Upgrade business continuity planning (Procure raw materials from multiple suppliers and create multiple transport and distribution routes).

Continuously ramp up responsible supply chain initiatives

- ▶ Promote logistics using electronic data interchange (EDI) for collaborative distribution with industry peers to achieve operational streamlining and reinforce logistics crisis response capabilities, and to reduce environmental burden through measures such as curbing CO₂ emissions.

Expected effects

1. Improvement in the labor environment for drivers and warehouse workers engaged in loading and unloading
2. Increased labor productivity
3. Reduced environmental burden (reduced CO₂ emissions)



Progress

Established backup system	Installed emergency power equipment at some logistics hubs
Upgraded production, sales, and inventory management processes	Continued discussions on the establishment of a universal numbering system, and reduced product stockouts to 3.8% (0.8 percentage points lower than in fiscal 2023)
Promotion of logistics using electronic data interchange (EDI)	Installed EDI system at some wholesaler sites and began discussions on collaborative logistics with daily necessity manufacturers

Challenges and Initiatives Going Forward

Establishing backup system	Further increase number of hubs with emergency power equipment
Upgrading production, sales, and inventory management processes	In conjunction with the establishment of a universal numbering system for operational processes, use supply chain management functions ² to promote the implementation of short-, medium-, and long-term collaboration functions and predictive and monitoring functions
Promotion of logistics using electronic data interchange (EDI)	Work to increase number of wholesalers using EDI systems and verify effectiveness

2. A function that quickly formulates supply plans that follow changes in demand

Focus

Establishing a Sustainable Logistics System and Reducing Environmental Impact through Cross-industry Collaboration

To address the “2024 problem” in logistics and reduce our environmental impact, we have reassessed our packaging design for logistics resources with four other companies in different industries, and switched to the use of trailers for transportation.

By switching from individual product shipping to palletized transport, we aim to curb loading inefficiencies.

As a result of these efforts, Lion and the other companies jointly received the top MLIT Minister's Award for Green Logistics Partnership in the FY2023 Excellent Logistics Partnership Commendation Program.



Three Growth Strategies

2. Transform Our Business Foundations for Growth

Supply Chain Management

Sustainable Raw Material Procurement

Enhanced Efficiency through Joint Procurement across the Lion Group and Reduced Risk through Use of Multiple Suppliers

To reinforce our foundation for growth, we are working to enhance our efficiency through joint procurement, including with overseas Group companies. To do so, we have implemented a system for the visualization of procurement data from across the Lion Group's global sites. Initially, we will implement a joint procurement system mainly for raw materials, for which such a system can yield significant cost reductions.

Moreover, in line with recent supply chain disruptions caused by the manifestation of geopolitical risks and natural disasters, we are switching to the use of multiple raw material suppliers while ensuring a balance between distinctiveness and stability of supply. Going forward, we will make every effort to strengthen our relationships with suppliers and upgrade our procurement activities.

Promoting Sustainability with Raw Materials Manufacturers and Production Contractors

The palm oil, paper, pulp and other raw materials that Lion uses must be harvested, processed and purchased by our suppliers before they reach us. If issues related to the environment, human rights or labor occur at any of these stages, even if they are not directly related to Lion, we could be held responsible.

In order to ensure sustainable procurement, Lion is working to strengthen risk management by reinforcing coordination with raw materials manufacturers and production contractors to realize more effective supply chain management. Lion's Procurement Principles clearly state the Company's stance of considering regulatory compliance, environmental protection and respect for human rights when selecting business partners.

To help our suppliers understand the importance of sustainability initiatives, we require them to conduct self-checks based on the Lion Group Supplier CSR Guidelines. We only do business with suppliers that meet the standards set according to our key sustainability criteria.

We also ask suppliers to support and comply with the LION Human Rights Policy, and only engage in transactions with suppliers who clearly state their respect for international standards of conduct relating to human rights, including the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

We will continue to coordinate with our suppliers in building and operating a sustainable procurement system.

WEB [LION Human Rights Policy](https://www.lion.co.jp/en/company/governance/policies/human-rights.php)
<https://www.lion.co.jp/en/company/governance/policies/human-rights.php>

WEB [Lion Group Supplier CSR Guidelines](https://www.lion.co.jp/ja/sustainability/businesscustom/valuechain/pdf/eng.pdf)
<https://www.lion.co.jp/ja/sustainability/businesscustom/valuechain/pdf/eng.pdf>

WEB [Sustainable Material Procurement Policy](https://www.lion.co.jp/en/company/governance/policies/material-procurement.php)
<https://www.lion.co.jp/en/company/governance/policies/material-procurement.php>

Building a Sustainable Production and Supply System

Enhancing Production Capacity in Core Categories

Lion is working to build a highly flexible, resilient, and sustainable production and supply system to enable the timely provision of the products customers need.

We are currently moving forward with the construction of a new OTC pharmaceuticals factory on the premises of our Odawara Plant in Odawara City, Kanagawa Prefecture, with operations scheduled to commence in 2025. The aim is to establish a stable production and supply system for the future in line with the growth of the antipyretic analgesics market, which has been boosted by growing health consciousness and the COVID-19 pandemic. The new factory will feature state-of-the-art equipment to save labor, and ensure overall environmental friendliness, including reduced CO₂ emissions.

Overseas, we are working to grow our business in Bangladesh, a market we entered in 2022, by proceeding with plans to build a new factory there for dishwashing detergent, oral care and other products.

Energy-Saving through Internal Carbon Pricing and Labor-Saving with Smart Factories

For sustainability, in 2022 we began utilizing an internal carbon pricing system, a measure that will enable us to accelerate investment in energy-saving measures.

In addition, we are promoting the visualization and utilization of production site data, reinforcing safety by employing cameras to monitor use of protective gear, enhancing quality by using mobile terminals to check the weighing and loading of materials, and improving the efficiency of fixed asset management with RFID tags. In these and other ways, we aim to create smart factories that combine digital technologies and people to maximize efficiency and labor-saving.

Main Production Capacity Increases by 2030

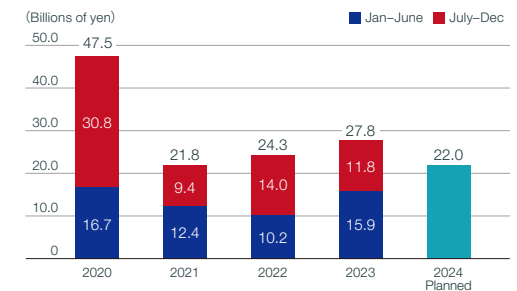
Japan

- New toothpaste factory (Sakaide City): Operations began in 2021
- New OTC pharmaceuticals factory (Odawara City): Operations scheduled to begin in 2025

Overseas

- Laundry detergent facility expansion (Thailand): Operations began in 2022
- New factory for dishwashing detergents and oral care products (Bangladesh): Operations scheduled to begin in 2025

Capital expenditures



Includes intangible assets.



Three Growth Strategies

3. Generating Dynamism to Realize Innovative Change

• Human Capital

One of Lion's growth strategies is to generate dynamism to realize innovative change. We aim to achieve this across the organization by having employees inspire one another and in turn grow and succeed as autonomous individuals. We are working to increase employees' professional fulfillment through self-directed learning opportunities, career development support and the promotion of flexible work styles. We are also striving to enhance our ability to execute strategies by promoting flexible issue-based organizational management, position management to ensure that the right employees are in the right roles, and job group-based human resource management to acquire and develop highly specialized personnel. Doing so will lead to employee growth and improved corporate value.

Governance

Governance in Human Resource Development

Lion recognizes that the enhancement of human capital is an important management issue, and has therefore established the Human Resource Development Committee, which is chaired by a member of senior management. The committee discusses and shares progress on various human capital-related issues and measures, such as the development of outstanding talent, the training of select junior employees and the improvement of employees' language capabilities.

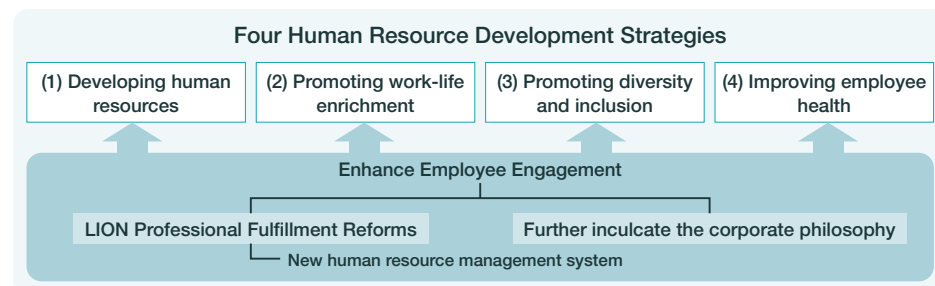
Moreover, to further the development and utilization of professional human resources, we have categorized roles into job groups. In addition to engaging in cross-organizational human resource and career development based on these job groups, we have also set up the Lion Career Village to support employees' autonomous growth through e-learning, case-based discussions and other programs.

Strategies

Four Human Resource Development Strategies

Human resource development at Lion is underpinned by the following four strategies. As a framework to promote the execution of these strategies, since 2019 we have continued to roll out the LION Professional Fulfillment Reforms, and we are aiming to improve productivity and create new value by encouraging employees to act autonomously.

Human Resource Strategies for Generating Dynamism to Realize Innovative Change



Developing Human Resources

In addition to providing support for employees' self-actualization, we are also making efforts to foster a Company-wide culture that promotes employee growth. By strengthening the relationships between supervisors and their subordinates, we are striving to provide conditions in all departments that enable employees to feel secure. Moreover, to enable employees to achieve the careers they have designed for themselves, we provide growth opportunities that facilitate autonomous acquisition of relevant knowledge and experience, thus making use of their diverse talents.

Promoting Work-Life Enrichment

Based on the concept of work-life enrichment, in which professional and private life complement each other, Lion strives to create environments that enable employees to lead fulfilling lives both at work and at home. With a focus on employees' lives outside of work, such as their roles at home and activities outside the office, we offer a wide range of assistance for various lifestyles and life plans, including flexible work style systems, support for childcare and nursing care, and financial planning education measures.

Promoting Diversity and Inclusion

We believe that leveraging the diverse knowledge and experience of our employees will lead to new ideas and innovation that create better habits. Therefore, we are enhancing the diversity of our decision makers and creating an organizational culture in which employees with diverse values and ideas can demonstrate their individuality and abilities and succeed professionally, regardless of nationality, gender or other attributes.

Improving Employee Health

We believe that a healthy workforce is fundamental for sound corporate growth. Based on this mindset, we are working to provide support for the physical and mental health of every employee. The Company, employees and the health insurance association work together through "GENKI" Action activities to foster healthy habits. This includes improving lifestyle habits, health literacy and oral health, as well as activities to prevent cancer, help employees quit smoking, and promote mental health.



Three Growth Strategies

3. Generating Dynamism to Realize Innovative Change

Human Capital

Initiatives to Enhance Employee Engagement

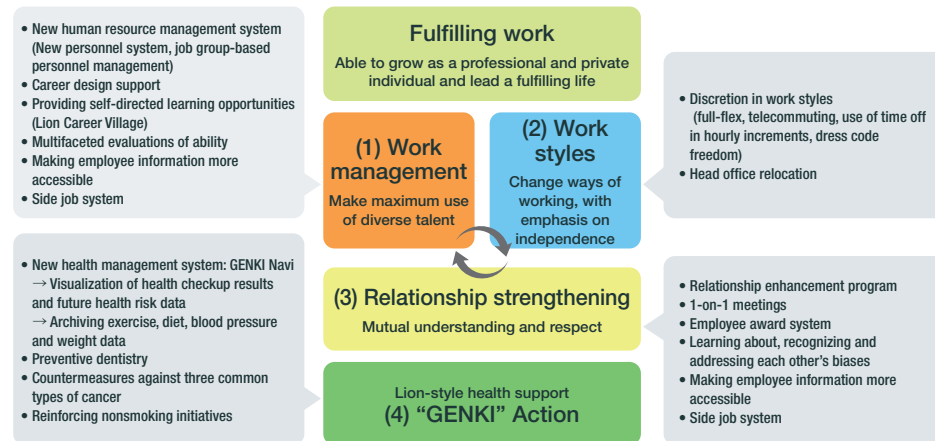
To achieve our vision and put our purpose into practice, we believe that the prioritization of employee engagement enhancement will enable us to increase economic and social value and transform into an organization that stays ahead of the competition. Accordingly, we are promoting the LION Professional Fulfillment Reforms and working to further inculcate our corporate philosophy.

LION Professional Fulfillment Reforms

In addition to our efforts to create employee-friendly workplaces from the perspective of human resource development—in everything from hiring diverse personnel with a rich and varied array of skills, to training, compensation, and the fostering of healthy habits—we also focus on the professional fulfillment of every employee.

Moreover, we broadly define job roles and classify job roles for management posts and other critical positions, appointing the most suitable individual to each position. We are also promoting flexible work styles, diversity and inclusion, and health and productivity management to enhance and activate the human capital supporting our operations.

LION Professional Fulfillment Reform Framework



WEB Together with Employees
<https://www.lion.co.jp/en/sustainability/employee/>

Promoting the Practice of Our Purpose through the New Human Resource Management System

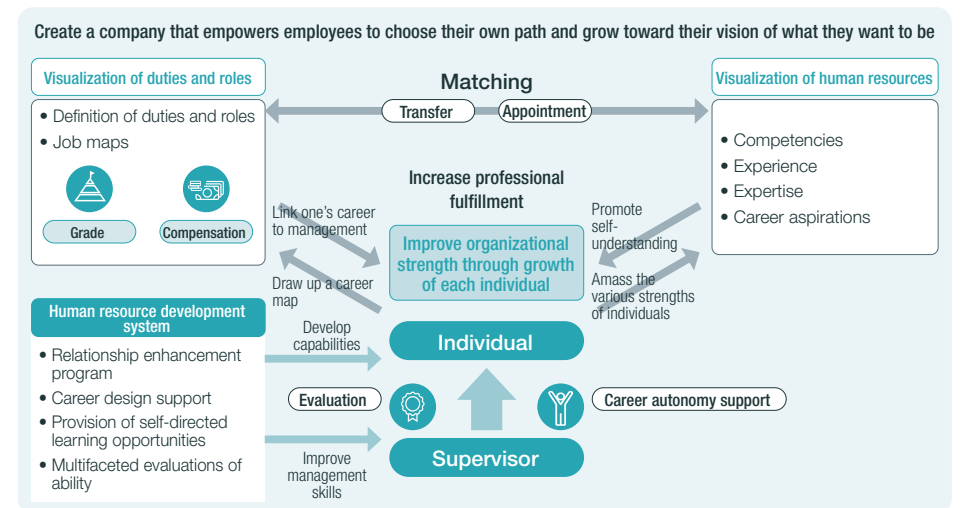
As one initiative, under (1) Work management in the LION Professional Fulfillment Reform Framework (below left), we have established a new human resource management system.

The aim of the new system is to strengthen the relationship of support and contribution between the Company and employees. We believe it is important to use this system to increase the number of employees who achieve their personal goals and realize a life that is rewarding, fulfilling, and allows personal growth through work. The new personnel system at the center of the new human resource management system includes a revised evaluation system in which employees can set goals that are more clearly linked to the Company's vision. This helps to ensure that actions connected to putting our purpose into practice are positively evaluated.

Objectives and Features of the New Human Resource Management System

We launched the new personnel system for management personnel in January 2023, and for non-management personnel in January 2024. We also renewed the human resource development system to ensure seamless functionality among various systems and measures. The aim is to enhance our human resources development capabilities and organizational strengths.

To create a company that empowers employees to choose their own path and grow toward their vision of what they want to be, we are matching jobs to people through the visualization of duties and roles, and supporting employees' efforts to develop their own careers. Promoting individual growth in this way will improve our organizational strength and boost employee fulfillment. In particular, by enabling employees to gauge the gap between their current career and their career aspirations, we are promoting self-directed learning and building relationships in which supervisors support these learning efforts.





Three Growth Strategies

3. Generating Dynamism to Realize Innovative Change

Human Capital

Inculcating Our Corporate Philosophy

Every year we administer the Employee Awareness and Behavior Survey to all domestic employees in Japan to check the level of understanding and practice of our corporate philosophy, which is closely linked to improving employee engagement. Based on the results of this survey and qualitative interviews about the work environment, we make continuous efforts to further inculcate our corporate philosophy throughout the Company.

To commemorate Lion's 132nd anniversary on October 30, 2023, we celebrated Foundation Week, during which we implemented various measures to encourage employees at our work sites and factories in Japan to think about our founding spirit and purpose.

Since 2022 we have held workshops in each department to foster understanding of and build resonance with our purpose and beliefs. In 2023, workshops were held by departments Company-wide. Departments organized and shared their operational issues in a dialogue format to align respective approaches and put the Company's purpose into practice. As a result, employees in each department have begun taking the initiative in engaging in dialogue about the Company's purpose- and beliefs. We also hold workshops on our purpose and beliefs at our overseas Group companies. Our Employee Awareness and Behavior Survey shows that these workshops are helping to increase understanding and practice of our corporate philosophy. We will continue to roll out various activities to heighten every employee's understanding and practice of our corporate philosophy.

Lion's 132nd Anniversary Week activities



Head office



Hirai Research Center

Workshops on Lion's purpose



Japan



Malaysia

Risk Management

Please see "Business Risks" for the specific risks and countermeasures related to human capital. [Page 64](#)

Indicators and Targets

The main indicators and targets related to human capital are as below.

Material Issues	Targets	Indicators	Results (2023)
Developing Human Resources	Foster human resources who generate dynamism to realize innovative change by creating environments that allow all employees to exercise their diverse abilities to the fullest and embrace challenges.	<ul style="list-style-type: none"> Employees who are using diverse educational programs (Lion Career Village) for individualized skill acquisition and ability development ⇒ 100% 	<ul style="list-style-type: none"> 57%
Promoting Work-Life Enrichment	Create an environment that helps employees fulfill their ambitions through synergy between work and private life.	<ul style="list-style-type: none"> Employees who feel that life outside of work (role at home and activities outside the office) has a positive impact on work ⇒ 75% or more 	<ul style="list-style-type: none"> 54%(Japan)
Promoting Diversity and Inclusion	Enable human resources with diverse values and ideas to fully express their individuality and abilities and succeed professionally.	<ul style="list-style-type: none"> Ratio of women in management ⇒ 30% or more Percentage of employees who feel that employees with diverse values are able to succeed professionally ⇒ 80% or more 	<ul style="list-style-type: none"> Ratio of women in management ⇒ 24% Employees who feel so ⇒ 56% (Japan)
Improving Employee Health	Support mental and physical healthcare for employees to reinforce Group human resources and achieve sustainable corporate growth.	<ul style="list-style-type: none"> Employees getting dental checkups ⇒ 100% Absenteeism ⇒ Improve from the 2021 level 	<ul style="list-style-type: none"> Employees getting dental checkups ⇒ 90% (Japan) (Calculation method for overseas under consideration) Absenteeism ⇒ 0.9% (Lion Corporation in Japan; slight increase compared with 2021) (Calculation method for overseas under consideration)



Three Growth Strategies

3. Generating Dynamism to Realize Innovative Change

Human Capital

Main Initiatives

Developing Human Resources

To create new learning opportunities in line with changing modes of learning, we have introduced the Lion Career Village (LCV) platform to support employees' self-directed learning.

LCV features video-centered e-learning and small group discussions. Users can access and learn from approximately 5,000 pieces of online content and discussion-style programs encompassing knowledge from in-house and external sources.

In this way, we are supporting the development of human resources who take the initiative in autonomously acquiring new skills and achieving personal growth.

Indicator	Employees who are using diverse educational programs (Lion Career Village) for individualized skill acquisition and ability development ⇒ 100%
Progress	57%
Issues and Initiatives Going Forward	To help employees gain knowledge that will further expand the breadth and depth of their work and with an eye to accelerating institutional learning, we will promote the sharing of learning content among Group companies and create environments that enable them to teach one another and share what they have learned.

WEB Developing Human Resources
<https://www.lion.co.jp/en/sustainability/employee/development/>



An online lesson via the LCV platform

Promoting Work-Life Enrichment

We have created various systems to facilitate flexible work styles, including full-flex, telecommuting, and the use of time off in hourly increments, paying particular attention to enriching employees' lifestyles. In 2023, we held Family Day at our new head office to acquaint employees' families with the facilities. The event was attended by around 600 people including employees, their families and event staff. To support employees' life plans, we have begun offering education on life planning and financial planning.

Indicator	Employees who feel that life outside of work (role at home and activities outside the office) has a positive impact on work ⇒ 75% or more
Progress	54% (Japan)
Issues and Initiatives Going Forward	We need to revise systems that are based on the traditional family model. To ensure we can cater to the increasingly diverse range of lifestyles, we will revise our existing systems and further enhance our support for childcare and nursing care.



An employee and his son interact with company executives (left) on Family Day



Family members looking around the head office facilities



Three Growth Strategies

3. Generating Dynamism to Realize Innovative Change

Human Capital

Main Initiatives

Promoting Diversity and Inclusion

In 2023, we broadened the scope of participants in the study session on unconscious bias held in 2022 from senior management and department heads to include all managers. The aim of this initiative is to ensure management makes optimal decisions that ensure fairness, and to deepen understanding of the importance of embracing diversity. In addition, 96% of all domestic employees in Japan have attended an e-learning program on diversity and inclusion. We have also conducted selective leadership training for women since 2022. Through mentoring by external experts, building internal and external networks and conducting programs that allow participants to think about their own style of leadership and actively take on challenges, more than 80% of participants have said they feel a positive change in their own attitudes and actions.

Indicator	Ratio of women in management ⇒ 30% or more Percentage of employees who feel that employees with diverse values are able to succeed professionally ⇒ 80% or more
Progress	Ratio of women in management ⇒ 24% Percentage of employees who feel so ⇒ 56% (Japan)
Issues and Initiatives Going Forward	We will create opportunities for discussion to understand the breadth of diversity in the Company and the diverse values of our employees. In doing so, we aim to foster a culture in which diversity becomes an organizational strength.



An empowerment seminar as part of leadership training for women

Improving Employee Health

We believe that a healthy workforce is fundamental for sound corporate growth. Based on this mindset, we are working to provide support for the physical and mental health of every employee. The Company, employees and the health insurance association work together through “GENKI” Action activities to foster healthy habits. This includes improving lifestyle routines, health literacy and oral health, as well as activities to prevent cancer, help employees quit smoking, and promote mental health.

To promote preventive dentistry, we hold dental checkups at 15 work sites. In addition to scheduling checkups at times convenient for night workers, we also encourage employees to get regular checkups at dental clinics. As a result, 90% of employees in Japan got dental checkups in 2023. Another initiative to foster healthy habits in employees’ daily lives involves the use of the health management system GENKI Navi, an app that awards points to each employee based on daily physical data (weight and blood pressure) and lifestyle habits (diet and exercise). A total of more than 3,000 Group and other employees in Japan have begun using this system since its launch. As a result of these activities, in 2024 Lion was once again chosen for inclusion in the Health & Productivity Stock Selection.

Indicator	Employees getting dental checkups ⇒ 100% Absenteeism ⇒ Improve from the 2021 level
Progress	Employees getting dental checkups ⇒ 90% (Japan) (Calculation method for overseas under consideration) Absenteeism* ⇒ 0.9% (Lion Corporation in Japan; slight increase compared with 2021) (Calculation method for overseas under consideration)
Issues and Initiatives Going Forward	We will reinforce and ensure thorough implementation of measures to improve mental health, which is one of the main factors behind absenteeism, and cancer countermeasures. (Mental health training for management, financial support for secondary cancer screenings, etc.)

* Absenteeism refers to the habitual pattern of absence from work or other duties without valid reason.



Improving Employee Health

<https://www.lion.co.jp/en/sustainability/employee/health/>



Message from the Director Responsible for Sustainability

We aim to contribute to society and achieve further business growth through the creation of better habits by integrating sustainability into management strategy.

Director,
Senior Executive Officer
Kenjiro Kobayashi



Integrating Sustainability into Management Strategy

As the urgency of addressing global environmental and social issues rapidly escalates, society as a whole is engaging in various initiatives to build an inclusive, sustainable and resilient future for both people and the planet. The Lion Group needs to implement even more ambitious initiatives. We believe that addressing the issues that society faces will involve creating habits among consumers to reduce CO₂ emissions, save water and electricity, and promote healthy lifestyles. For example, according to the United Nations, on a consumption basis 65% of CO₂ emissions come from households, suggesting that households play a crucial role in achieving significant emission reductions.^{1,2} The key is people's everyday habits. We strongly believe that significant change can be achieved through habits that help lower CO₂ emissions and promote everyday health.

Based on our purpose, "Make a difference in everyday lives by redesigning habits: ReDesign," we set out a management strategy to reinforce initiatives for Sustainability Material Issues and to synergistically advance our three growth strategies. We have identified the Sustainability Material Issues to address by 2030, outlining a roadmap for creating value in businesses in which the Lion Group has a competitive advantage and is fulfilling its responsibilities as a good corporate citizen. In particular, the Company have positioned "creating healthy living habits" and "promoting environmental initiatives for a sustainable planet" as top-priority material issues in which the Company must invest management resources to secure a competitive advantage. To incorporate these material issues into management and in turn our business activities, the Sustainability Promotion Council, which

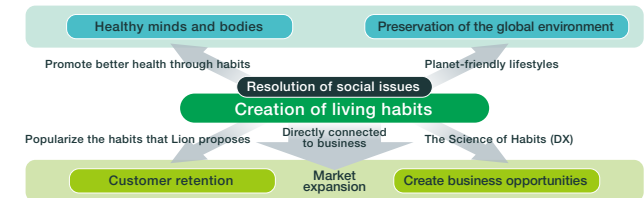
I chair, formulates sustainability strategies related to the environment, society, and governance, makes decisions on specific action plans, and monitors progress toward medium- to long-term goals. I will continue working to fulfill our purpose and leverage our uniqueness, while steering the Group toward sustainability in management to contribute to society and achieve further business growth through the creation of better habits.

Evolving and Expanding the Redesign of Living Habits to Grow Our Businesses and Help Resolve Social Issues

To create healthy living habits, one of our top-priority material issues, we are currently focusing on instilling habits that are directly linked to improved health, such as tooth brushing and hand washing. Our objective is to provide the 1 billion people in Japan and across Asia in the regions that the Lion Group serves with products, services and information that help to create healthy living. Going forward, we will accelerate efforts to achieve this objective by increasing collaboration with overseas Group companies. Moreover, in the field of oral health, an area of expertise for Lion, we have newly established the Oral Health Product Development Department to develop new products and services using IoT, AI, and other technologies, thus creating new markets and further increasing the scope of our business.

To promote environmental initiatives for a sustainable planet, we are collaborating with consumers in the creation of environmentally friendly habits. By proposing planet-friendly lifestyles, we contribute to the achievement of a decarbonized, resource-circulating society. In cooperation with local governments and other companies, we are developing recycling technologies

Creation of Social and Economic Value



and structuring collection systems for refill containers. We will continue to enhance these partnerships with the aim of integrating these technologies and systems into social infrastructure.

In addition, we aim to create new business opportunities by providing experiences that allow people to create habits more enjoyably and proactively, as well as by taking a scientific approach to habits using digital technologies such as data processing to visualize changes in people's behavior.

Furthermore, the Lion Group needs to nurture employees who embody its purpose. In January 2023, we introduced a new personnel system for managers that incorporates a job-focused perspective, replacing the previous system that determined job titles based on seniority. Our goal is for each employee to map out a clear picture of how they should develop themselves to achieve their aspirations, thus increasing motivation on the job, increasing expertise, and maximizing the value they create.

Going forward, the Lion Group will continue to promote sustainability in management, leveraging its uniqueness while balancing the creation of social and economic value to improve corporate value.

Sources: 1. United Nations Environment Programme (2020). *The Emissions Gap Report 2020*. Nairobi.

2. Ivanova, D., Stadler, K., Steen-Olsen, K., Wood, R., Vita, G., Tukker, A. and Hertwich, E. G. *Journal of Industrial Ecology*, 20(3), 526-536 (2016)



Sustainability Initiatives

Reinforcing Initiatives to Address the Sustainability Material Issues

Overview

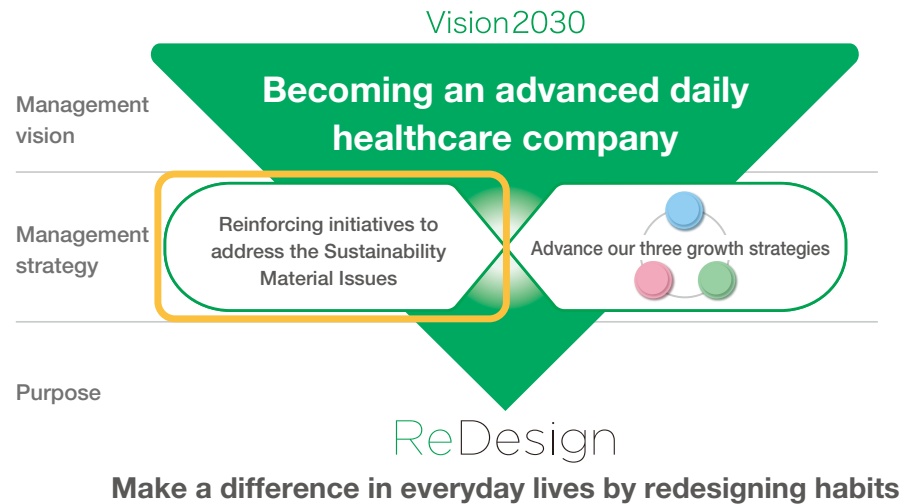
Approach to Sustainability

Upholding its founding spirit of “benefiting society through its business activities,” in addition to pursuing economic development, we have long considered its impact on the environment and society and worked to address environmental and social issues through its businesses.

At present, we are tackling key management issues to reduce risks and achieve our management vision for 2030 of “Becoming an advanced daily healthcare company.” At the same time, we are practicing management driven by our purpose, “Make a difference in everyday lives by redesigning habits: ReDesign.” Based on comprehensive consideration of the entire value chain and stakeholders, we have identified 13 Sustainability Material Issues with regard to both risks and opportunities.

The Lion Group will synergistically promote its Sustainability Material Issues and three growth strategies in order to contribute to the realization of a sustainable society and achieve business growth.

Vision2030 Long-term Strategic Framework



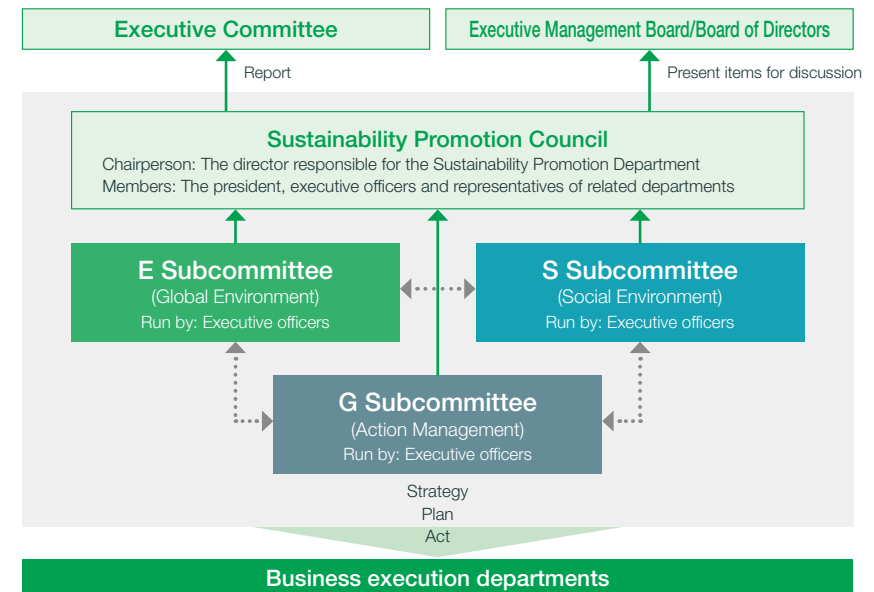
Governance

Sustainability Management Promotion System

In order to promote sustainable management, until 2020 we held the Sustainability Promotion Meeting, comprising all executive directors, including the president, and related departments. In 2021, we revised the Sustainability Promotion Council, convening twice a year.

We have established the E, S and G subcommittees under the council, each headed by an executive officer, to promote and monitor initiatives for the Sustainability Material Issues. Decisions made by the council are shared with the Executive Committee and, as necessary, presented to and discussed by the Executive Management Board and the Board of Directors, before being reflected in the business activities of the business execution departments.

Implementation Framework





Sustainability Initiatives

Reinforcing Initiatives to Address the Sustainability Material Issues

Strategy

Top-priority Sustainability Material Issues

The aim of Vision2030 is to sustainably enhance corporate value by creating both social and economic value through the synergistic promotion of growth strategies in addition to initiatives to address our Sustainability Material Issues. These Sustainability Material Issues are relevant to both business and society at large and, with the goal of helping to realize a healthy future for people and the planet, their selection was informed by broad business, environmental and social sustainability perspectives.

In 2020, we reexamined the Sustainability Material Issues that we need to address ahead of 2030 by backcasting from the vision we have for society in 2030, taking into account factors such as the achievement of our management vision and our contribution to the Sustainable Development Goals (SDGs).^{*} In particular, we have positioned “creating healthy living habits” and “promoting environmental initiatives for a sustainable planet” as top-priority material issues in which we must invest management resources to secure a competitive advantage. In 2021, we revised our indicators and objectives due to the COVID-19 pandemic and drastic changes in the social environment. In addressing the Sustainability Material Issues, we seek to contribute to everyday lives so that we can create a valuable future for all, while helping to achieve the SDGs.

^{*} 17 global goals adopted by the 193 member states of the UN Summit held in September 2015, to be achieved between the years 2016 and 2030 as part of the 2030 Agenda for Sustainable Development (referenced from the United Nations Information Centres website)

WEB Steps for Identifying Sustainability Material Issues
<https://www.lion.co.jp/en/sustainability/management/materiality>

Objectives and Indicators

Creating Healthy Living Habits

Total number of persons provided with products, services and information aimed at creating healthy living habits: **1 billion**

Provide opportunities for everyone to practice oral care whenever necessary and foster oral care habits to promote health for all.

Oral care habits (500 million people)

- Provide products and services
- Communicate information
- Conduct educational and awareness activities (Inclusive oral care, etc.) **Page 45**



Promote the establishment of cleanliness and hygiene habits that prevent bacteria and viruses from entering the body across all aspects of daily living, so that everyone can stay healthy.

Cleanliness and hygiene habits (500 million people)

- Provide products and services
- Communicate information
- Conduct educational and awareness activities (Promotion of hand washing habits) **Page 46**



Related SDGs



Promoting Environmental Initiatives for a Sustainable Planet

Realizing a Decarbonized Society

CO₂ Challenge

Lion will reduce CO₂ emissions to zero throughout its business activities by 2050.

2030 objective: **55%**
 CO₂ emission reduction in comparison with 2017 levels in absolute quantity

Lion will reduce CO₂ emissions by half throughout the lifecycle of its products by 2050.

2030 objective: **30%**
 CO₂ emission reduction in comparison with 2017 levels in absolute quantity

Lion aims to become carbon negative by 2050.

2030 objective: CO₂ emission reduction effect in excess of Lion's own emissions (Japan)

Related SDGs



Realizing a Resource-circulating Society

Plastic Challenge

Lion will optimize use of recirculated plastic by 2050.

2030 objective: Promote the 3Rs (reduce, reuse, and recycle) and the utilization of renewable resources

Reduce petrochemical-derived plastic usage to **70% or less**



Water Challenge

Lion will optimize water usage for sustainability by 2050.

2030 objective: **30%**
 Water usage reduction per unit of net sales across product lifecycles in comparison with 2017 levels



Pages 47-49



Sustainability Initiatives

Reinforcing Initiatives to Address the Sustainability Material Issues

Risk Management

At the Lion Group, we have identified and are carefully managing sustainability-related risks that may seriously impact management as we work to achieve sustainable growth and fulfil our social responsibility by supplying products to our customers. Please see “Business Risks” on page 64 for specific risks and countermeasures.

Objectives and Indicators

Sustainability Material Issues, 2030 Objectives and Indicators, 2023 Results and Measures to 2030

We conducted activities toward achieving the 2030 objectives for each Sustainability Material Issue. We will continue to introduce further initiatives. Going forward, we will boost our efforts to manage and address these risks.

Material Issues	Objectives	Indicators (2030)	Progress (2023 Results)	Globally Common Measures to 2030
E Promoting Environmental Initiatives for a Sustainable Planet Link	Reduce CO ₂ emissions throughout business activities.	<ul style="list-style-type: none"> CO₂ emissions throughout business activities ⇒ Down 55% compared with 2017 levels (Absolute quantity) 	<ul style="list-style-type: none"> Down 39% compared with 2017 (Figure after deducting purchases of carbon credits. 29% reduction if not deducted.) 	<ul style="list-style-type: none"> Reduce energy usage through energy-saving activities. Purchase electricity generated by renewable energy sources.
	Reduce CO ₂ emissions throughout product lifecycles.	<ul style="list-style-type: none"> CO₂ emissions throughout product lifecycles ⇒ Down 30% compared with 2017 levels (Absolute quantity) 	<ul style="list-style-type: none"> Up 3% compared with 2017 	<ul style="list-style-type: none"> Reduce household CO₂ emissions from product use through the provision of environmentally friendly products and services and the promotion of environmentally friendly habits. Reduce CO₂ emissions at the stage of procurement through supplier engagement and the purchase of raw materials that generate low CO₂ emissions.
	Achieve a CO ₂ emissions reduction effect in excess of Lion's own emissions to help society become carbon negative.	<ul style="list-style-type: none"> Contribute to a CO₂ emission reduction effect in excess of Lion's own emissions (Japan) 	<ul style="list-style-type: none"> Plan to formulate actions and KPIs and verify their effectiveness 	<ul style="list-style-type: none"> Reduce society's overall CO₂ emissions through collaboration with other industry actors and companies. Reduce household CO₂ emissions through provision of environmentally friendly products and services.
	Actively promote the 3Rs (reduce, reuse, recycle) and renewable resource activities.	<ul style="list-style-type: none"> Petrochemical-derived plastic use rate ⇒ 70% or less 	<ul style="list-style-type: none"> 96% (Japan) Rate of containers and other packaging using sustainable materials: 3.9% 	<ul style="list-style-type: none"> Reduce usage of petrochemical-derived materials through the increased use of recycled plastic and biomass materials in products, containers and packaging. Continuously promote reduced use and reuse of plastic in products, containers and packaging.
	Reduce water usage throughout product lifecycles.	<ul style="list-style-type: none"> Water usage throughout product lifecycles ⇒ Down 30% compared with 2017 levels (Per unit of net sales) 	<ul style="list-style-type: none"> Down 13% compared with 2017 	<ul style="list-style-type: none"> Reduce water usage by consumers through the provision of water-saving products.
S Top-Priority Material Issues Creating Healthy Living Habits Link	Provide opportunities for everyone to practice oral care whenever necessary and foster oral care habits to promote health for all.	<ul style="list-style-type: none"> Total number of persons provided with products, services and information aimed at creating healthy living habits ⇒ 1 billion (Oral care habits: 500 million people, Cleanliness and hygiene habits: 500 million people) 	Oral care habits: 310 million* Spreading Awareness of Preventive Dentistry Habits (Japan) <ul style="list-style-type: none"> Began services supporting the oral care habits of corporate customers and children (<i>Okuchi Plus You</i> and <i>Okuchi-iku</i> (Overseas)) Conducted educational and awareness activities to promote the formation of good tooth brushing habits among kindergarten and elementary school children (implemented preventive dentistry habits) Putting Preventive Dentistry Habits into Practice (Japan) <ul style="list-style-type: none"> Promoted greater frequency of tooth brushing 37% of population brushed teeth after lunch (target for 2030: 50%) Promoted greater use of products other than toothpastes and toothbrushes 38% of population used dental floss products (target for 2030: 50%) * Source: Lion survey	<ul style="list-style-type: none"> Increase range of products and services that promote the creation of better oral care habits. Reinforce educational and awareness activities aimed at establishing preventive dentistry and better oral care habits. Promote activities to address personal and social challenges through oral care. (Inclusive Oral Care)
	Promote the establishment of cleanliness and hygiene habits that prevent bacteria and viruses from entering the body across all aspects of daily living, so that everyone can stay healthy.		Cleanliness and hygiene habits: 170 million* Promoting and Establishing Cleanliness and Hygiene Habits through Educational Institutions (Lion Group) <ul style="list-style-type: none"> Conducted educational and awareness activities at preschools, kindergartens and elementary schools to promote hand washing habits Conducted hygiene educational and awareness activities through JICA in Bangladesh Conducted the My Bottle Sticker Drawing Contest (Expanded activities in the domain of establishing cleanliness and hygiene habits) (Japan) Conducted the Replay Project for Cleanliness and the My Bottle Campaign * Source: Lion survey	<ul style="list-style-type: none"> Provide products and services that support the establishment of hand cleanliness and hygiene habits in daily living. Provide new customer experiences in all aspects of daily living through the provision of products and services that protect customers from bacteria and viruses. Implement educational and awareness activities to establish cleanliness and hygiene habits in all aspects of daily living.



	Material Issues	Objectives	Indicators (2030)	Progress (2023 Results)	Globally Common Measures to 2030
S	Promoting Diversity and Inclusion Link	Enable human resources with diverse values and ideas to fully express their individuality and abilities and succeed professionally.	<ul style="list-style-type: none"> Ratio of women in management ⇒ 30% or more Employees who feel that employees with diverse values are able to succeed professionally ⇒ 80% or more 	<ul style="list-style-type: none"> Ratio of women in management: 24% Employees who feel so: 56% (Japan) 	<ul style="list-style-type: none"> Provide opportunities for employees to deepen their understanding of diverse values. Create systems and mechanisms for diverse human resources to succeed professionally.
	Promoting Work-Life Enrichment Link	Create an environment that helps employees fulfill their ambitions through synergy between work and private life.	<ul style="list-style-type: none"> Employees who feel that life outside of work (role at home and activities outside the office) has a positive impact on work ⇒ 75% or more 	<ul style="list-style-type: none"> 54% (Japan) 	<ul style="list-style-type: none"> Create an environment that enables employees to fulfill their life ambitions and achieve their ideal lifestyles.
	Developing Human Resources Link	Foster human resources who generate dynamism to realize innovative change by creating environments that enable all employees to exercise their diverse abilities to the fullest and embrace challenges.	<ul style="list-style-type: none"> Employees who are using diverse educational programs (Lion Career Village) for individualized skill acquisition and ability development ⇒ 100% 	<ul style="list-style-type: none"> 57% 	<ul style="list-style-type: none"> Introduce e-learning system and curriculum that meet the needs of overseas Group companies. Create mechanisms that will be used to provide content for learning opportunities on an ongoing basis.
	Improving Employee Health Link	Support mental and physical healthcare for employees to reinforce Group human resources and achieve sustainable corporate growth.	<ul style="list-style-type: none"> Employees getting dental checkups ⇒ 100% Absenteeism ⇒ Improve from the 2021 level 	<ul style="list-style-type: none"> Employees getting dental checkups: 90% (Japan) Note: Calculation method under consideration overseas Absenteeism: 0.9% (Lion Corporation in Japan (Slightly up from 2021) Note: Calculation method under consideration overseas 	<ul style="list-style-type: none"> Use a self-administered daily oral care program and regular dental checkups to create an environment that enables all employees to implement a PDCA cycle and to provide information and learning opportunities regarding oral self-care. Provide opportunities for management to learn about checking the mental health of subordinates and for all employees to learn about caring for their own mental health. Improve health literacy by providing information that helps employees understand their own health conditions and future risks, as well as what preventative actions to take in their daily lives.
	Enhancing the Occupational Safety Management System Link	Enhance systems to ensure compliance with occupational safety and health laws and regulations and to enforce safety awareness thoroughly for the safety and peace of mind of employees and outside partners working on site.	<ul style="list-style-type: none"> Participation in safety education and training ⇒ Implement as planned (100%) at work sites Compliance with occupational safety and health laws and regulations Serious accidents and incidents ⇒ Zero 	<ul style="list-style-type: none"> Participation in training: 100% as planned Serious accidents and incidents: Zero 	<ul style="list-style-type: none"> Provide opportunities to learn about safety and disaster prevention, and implement activities to promote understanding of basic safety activities. Build mechanisms for exchanging safety information, and proactively disclose information on levels of workplace safety based on the management of records of occupational accident frequency.
	Respecting Human Rights Link	Ensure respect for the human rights of all stakeholders affected by Group business activities, in line with the LION Human Rights Policy.	<ul style="list-style-type: none"> Human rights due diligence implementation for material human rights issues ⇒ 100% 	<ul style="list-style-type: none"> Human rights due diligence implementation Lion Group: 100% Suppliers: 87% 	<ul style="list-style-type: none"> Build a mechanism for addressing human rights issues. Identify material human rights risks and verify how those affected are negatively impacted. Execute and monitor measures for addressing human rights risks that have been identified. Proactively disclose status of response to human rights due diligence implementation.
	Building Responsible Supply Chain Management Link	Implement sustainable procurement with zero tolerance for human rights and labor problems (including child labor and forced labor) or environmental destruction in line with the Sustainable Material Procurement Policy and Lion Group Supplier CSR Guidelines.	<ul style="list-style-type: none"> Procurement of third-party certified paper and pulp (FSC, PEFC, etc.) and palm oil, palm kernel oil and their derivatives (RSPO, etc.) ⇒ 100% Procurement of third-party certified paper and pulp (FSC, PEFC, etc.) and palm oil, palm kernel oil and their derivatives (RSPO, etc.) from suppliers that support efforts aimed at zero deforestation ⇒ 100% 	<ul style="list-style-type: none"> Ratio of certified raw materials procurement Japan: Certified paper and pulp: 75% (item ratio) Certified palm oil and palm kernel oil derivatives: 99% (based on key raw materials) Lion Group: Certified paper and pulp: 20% (item ratio) Certified palm oil and palm kernel oil derivatives: 51% (based on key raw materials) Ratio of suppliers supporting zero deforestation Japan: 54%, Lion Group: 41% 	<ul style="list-style-type: none"> Create and promote a sustainable procurement system in cooperation with suppliers.
	Pursuing Customer Satisfaction and Trust Link	Promote and reinforce customer-oriented business activities by improving customer support quality and the value of products and services.	<ul style="list-style-type: none"> Reflection of customer opinions in all products and services so that customers will continue to choose them 	<ul style="list-style-type: none"> Shared <i>International VOC Report (Overseas, June and December 2023)</i> Conducted two sessions of training to deal with online controversy and backlash (Japan, June 2023) Commenced active communication via social media (Japan, October 2023) 	<ul style="list-style-type: none"> Evolve the activities of customer response departments by steadily promoting three steps: Understand the current situation, formulate plans, and promote activities Create an environment for improving customer relationships and expanding the range of problem resolution methods. Create and implement a system for reflecting customer feedback in products and services.
G	Promoting Risk Management Link	Build a comprehensive and exhaustive risk management system for identifying and quickly and appropriately dealing with risks to achieve sustainable corporate growth.	<ul style="list-style-type: none"> Disclosure of the results of monitoring significant business risks and progress in implementing reduction measures ⇒ At least once a year 	<ul style="list-style-type: none"> Disclosed once 	<ul style="list-style-type: none"> Build and raise awareness of a management system that includes overseas Group companies. Use a consistent format for investigating risks and implement countermeasures. Share information on progress of response through reports to the Board of Directors once a year.
	Reinforcing Compliance Link	Reinforce effective initiatives to instill compliance awareness and thus earn and maintain the trust of society.	<ul style="list-style-type: none"> Participation in compliance education and training ⇒ Implement as planned (100%) at work sites Serious compliance violations ⇒ Zero 	<ul style="list-style-type: none"> Participation in training: 100% as planned Serious compliance violations: Zero 	<ul style="list-style-type: none"> Build and enhance a compliance system that includes overseas Group companies. Further inculcate compliance through ongoing implementation of management and employee training and questionnaires, etc. Improve Group-wide risk perception and accelerate risk response by designating compliance managers at overseas Group companies and building a global hotline.
	Enhancing Governance Link	Build a sound, fair, transparent and highly effective governance system to enable sustainable corporate value enhancement.	<ul style="list-style-type: none"> Disclosure of the results of the establishment and operation of the internal control system ⇒ At least once a year Improvement in evaluations from external organizations ⇒ Continuously improve from 2020 onward 	<ul style="list-style-type: none"> Disclosed once Continued activities to maintain or improve evaluation compared with 2022 	<ul style="list-style-type: none"> Evaluate and disclose results of the operation of the current internal control system. Clarify status of establishment of internal control systems at overseas Group companies and evaluate their operation. Continuously and proactively disclose governance-related non-financial information.



Sustainability Initiatives

• Top-Priority Sustainability Material Issues: Creating Healthy Living Habits

Since its founding, the Lion Group has contributed to society by promoting and establishing healthy living habits such as tooth brushing and hand washing. Our purpose is “Make a difference in everyday lives by redesigning habits: ReDesign.” Based on this purpose, by providing healthy living habits to the 1 billion people in our business areas, we will contribute to better everyday lives and expand our businesses.

Lion Group Initiatives for 2030 (Oral Care Habits)

Target

Total number of persons provided with products, services and information aimed at creating healthy living habits: 1 billion

Oral care habits: 500 million people
Cleanliness and hygiene habits: 500 million people

Oral care habits: 500 million people

- Provide products and services
- Communicate information
- Conduct educational and awareness activities (Inclusive Oral Care, etc.)



Approach

Evolve the idea of preventive dentistry habits

Provide products and services that utilize IoT, AI and other technologies



Contribute to reducing health disparities and expand business opportunities by eliminating inequalities in oral care

The Lion Group has been working to establish tooth brushing habits to prevent cavities and gum disease. Ahead of 2030, we will provide products and services using digital technologies and eliminate inequalities in oral care opportunities as part of the evolution toward preventive dentistry habits.

In July 2022, we launched a new corporate well-being support service called *Okuchi Plus You*. As of October 2023, the service had reached more than 10,000 people, and is contributing to better oral health in the workplace, as well as the health and productivity management activities of companies. In April 2024, we began offering the *Okuchi-iku Magic Toothbrush*, an IoT-based oral care solution for children.

At Lion, we are conducting inclusive oral care activities to address social and environmental issues. To ensure that everybody can make preventive dentistry a habit—regardless of living environment, physical limitations, economic circumstances, education, access to information or other factors—we are working with external partners to roll out various initiatives. The Okuchikarada Project, which looks at the correlation between children’s cavities and their family’s financial circumstances, is just one example of our inclusive oral care activities.

Conduct Educational and Awareness Activities: Okuchikarada Project for Inclusive Oral Care

Children of economically disadvantaged families are about two times more likely to have more than five cavities than children of more affluent families.¹ They also have fewer beneficial experiences,² such as healthy habit experiences. To address these disparities, we developed a proprietary experiential program about dental and oral health and improving self-esteem, and are working with NPOs to provide this program mainly through “kodomo shokudo” (children’s cafeterias). Through games and crafts that enable children to learn about oral health in an enjoyable manner, and other tools such as toothbrushing calendars that promote healthy habits in the home, we are working to raise children’s awareness of the importance of oral health. In 2023, we provided Dental and Oral Health Program experience kits to approximately 40,000 children through 941 organizations. We are also providing opportunities for employees to participate in the project, putting our purpose into practice through direct involvement in social issues. In 2023, a total of 44 employees participated in Okuchikarada Project activities.



Children taking part in the experiential program



Toothbrush decoration (craft)

1. Source: Department of Social Medicine, National Center for Child Health and Development, Adachi City and Adachi City Board of Education (Fiscal 2016)

2. Receiving praise from others, communicating with adults, acquiring life skills, etc.



Sustainability Initiatives

Top-Priority Sustainability Material Issues: Creating Healthy Living Habits

Lion Group Initiatives for 2030 (Cleanliness and Hygiene Habits)

Target

Total number of persons provided with products, services and information aimed at creating healthy living habits: 1 billion

Oral care habits: 500 million people
Cleanliness and hygiene habits: 500 million people

Cleanliness and hygiene habits: 500 million people

- Provide products and services
- Communicate information
- Conduct educational and awareness activities (activities to promote the habit of hand washing)



The Lion Group has been providing hand soaps and sanitizers that can be used in a variety of settings and conducting educational and awareness activities at preschools, kindergartens and elementary schools in Japan and elsewhere across Asia to promote the prevention of infection in the home through hand cleanliness and hygiene.

Going forward, we will expand our educational and awareness activities in Southeast and South Asia to include food safety and provide hygiene-related products and services. We will also work with other companies, local governments and other organizations to establish cleanliness and hygiene behavior that protects loved ones from infection.

Educational and Awareness Activities: Hand Washing Habits

Promoting and Establishing Hand Washing Habits through Educational Institutions (Japan and Asia)

As part of our efforts to promote cleanliness and hygiene in Japan and other regions in Asia where we conduct business, we host classes at preschools, kindergartens, elementary schools, and other educational institutions to promote and establish hand washing habits. Through physical activities, storytelling, and other activities, children can have fun learning about the significance of hand washing habits and methods.

Hand washing classes at educational institutions



Japan



Malaysia

Contributing to Food Safety through Cleanliness and Hygiene Habits (Bangladesh)

In Bangladesh, a market we have recently entered, we are working through the Japan International Cooperation Agency (JICA) to contribute to The Project for Strengthening the Inspection, Regulatory and Coordinating Function of the Bangladesh Food Safety Authority. Specifically, we are offering hygiene education related to hand washing and food safety. By training elementary school teachers and having them teach what they have learned at their respective schools, we were able to provide hand washing education not only to children, but also for their parents and local communities. Teachers from 539 elementary schools and 24,233 students in Narayanganj District took part.



Hygiene and habit education at an elementary school in Bangladesh



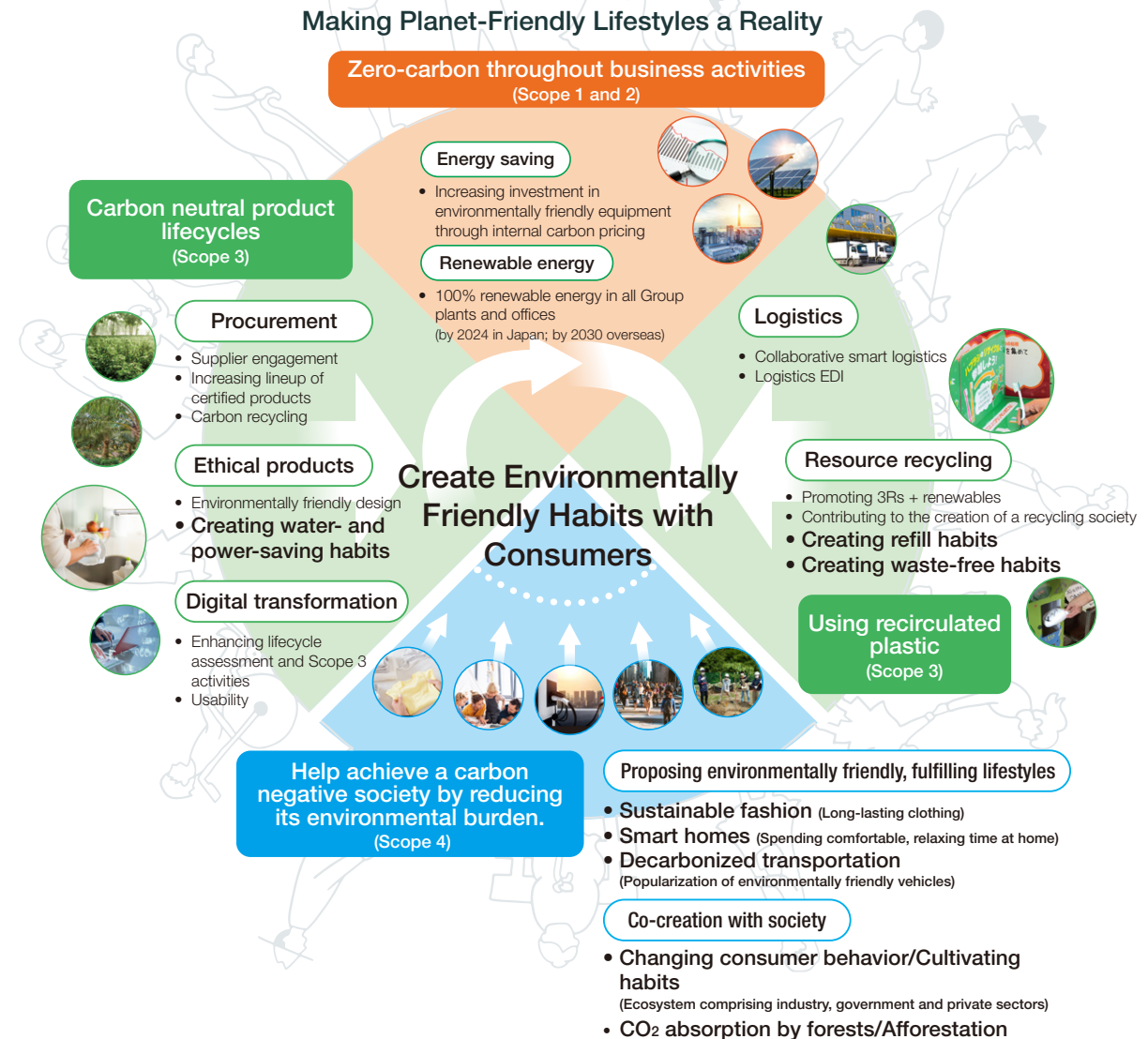
Sustainability Initiatives

• Top-Priority Sustainability Material Issues: Promoting Environmental Initiatives for a Sustainable Planet

In 2019, the Lion Group established the LION Eco Challenge 2050, a set of long-term environmental objectives, with the goal of promoting business activities that help to address global problems, such as those identified in the Paris Agreement and the Sustainable Development Goals (SDGs). We have been working to find solutions for issues related to decarbonization, plastic and water resources. In 2022, we updated our objectives in order to contribute to the achievement of carbon neutrality by 2050, an aim of countries around the world. To realize a decarbonized, resource-circulating society, we will promote environmentally friendly habits (planet-friendly lifestyles) that make sustainable living easy for consumers.

Progress of Initiatives for 2030

Zero-carbon throughout business activities (Scope 1 and 2)	
Indicators	CO ₂ emissions throughout business activities ⇒ 55% reduction in comparison with 2017 (absolute quantity)
Progress	Down 39% compared with 2017
Initiatives going forward	Reduce energy usage through energy-saving activities. Purchase electricity generated by renewable energy sources.
Low environmental burden/and carbon neutrality of our own product life cycle (Scope 3)	
Indicators	CO ₂ emissions throughout product lifecycles ⇒ 30% reduction in comparison with 2017
Progress	Up 3% compared with 2017
Initiatives going forward	Provide environmentally friendly products and promote environmentally friendly habits. Promote decarbonization at the stage of procurement through supplier engagement.
Indicators	Petrochemical-derived plastic use rate ⇒ 70% or less
Progress	96%(Japan), Rate of containers and other packaging using sustainable materials: 3.9%
Initiatives going forward	Increase use of recycled plastic and biomass materials in products and containers. Continuously promote reduced use and reuse of plastic in products and containers.
Indicators	Water usage throughout product lifecycles ⇒ 30% reduction in comparison with 2017 (per unit of net sales)
Progress	Down 13% compared with 2017
Initiatives going forward	Reduce water usage by consumers through the provision of water-saving products.
Help achieve a carbon negative society by reducing its environmental burden (Scope 4)	
Indicators	Contribute to a CO ₂ emission reduction effect in excess of Lion's own emissions. (Japan)
Progress	Plan to formulate actions and KPIs and verify their effectiveness
Initiatives going forward	Reduce society's overall CO ₂ emissions through collaboration with other industry actors and companies. Reduce household CO ₂ emissions through provision of environmentally friendly products.





Sustainability Initiatives

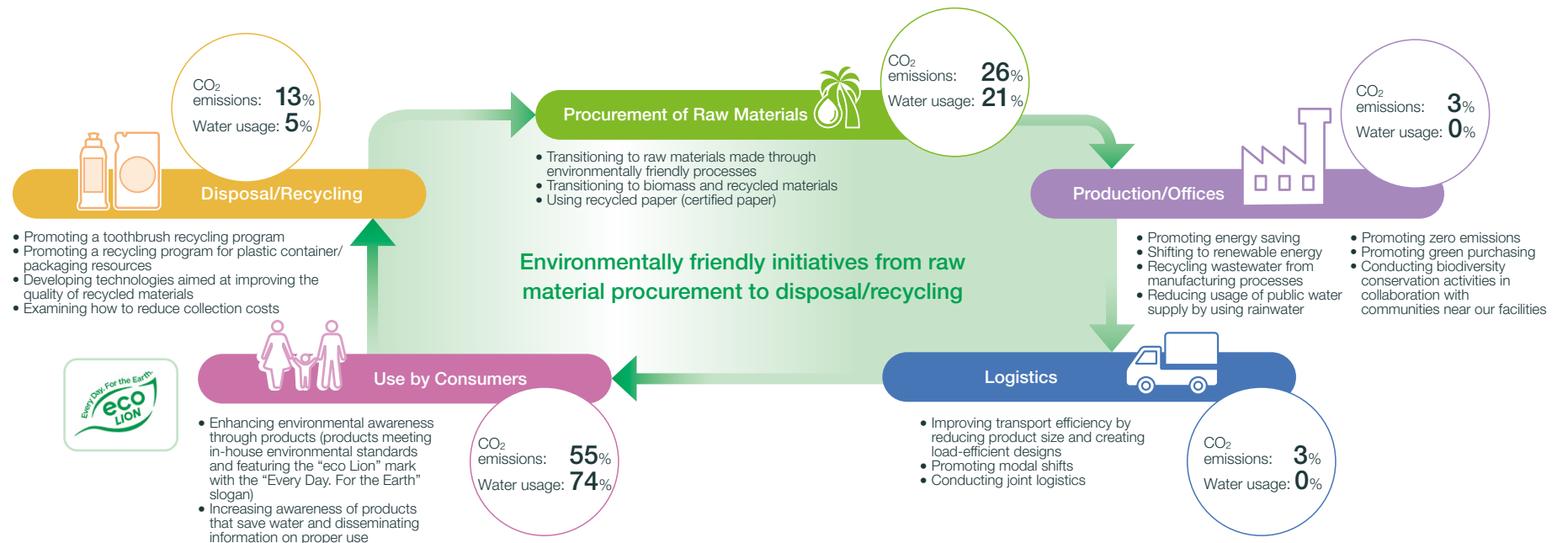
Reinforcing Initiatives to Address the Sustainability Material Issues

As part of its responsibility as a producer, the Lion Group is working to achieve a decarbonized society and to solve plastic and water resource issues in every stage of the product lifecycle, from the procurement of raw materials to use by consumers, disposal and recycling. As laundry and other housework require electricity and water, CO₂ emissions and water usage are at their highest at the stage when consumers use products. Going forward, we will work to reduce the environmental burden of our products at this stage through the provision of environmentally friendly products and services and the creation of environmentally friendly habits for consumers.

R&D Initiatives to Reduce Environmental Burden

- Developing new products that promote environmentally friendly habits for consumers
- Developing concentration technologies that enable reduction of product sizes (product contents)
- Developing technologies for using biomass and recycled materials (product contents, packaging and containers)
- Developing refill products and replaceable components with excellent usability (product packaging and containers)
- Developing products that save water and power during use
- Developing technologies for using raw materials that have been made through environmentally friendly processes (product contents, packaging and containers)
- Developing technologies for reducing plastic use (product packaging and containers)
- Developing products and product containers that are easy to recycle (utensils/product packaging and containers)

The Breakdown of Environmental Burden (CO₂ Emissions and Water Usage) by Activity in the Lion Group's Businesses and Initiatives to Reduce Environmental Burden (2023)





Sustainability Initiatives

Reinforcing Initiatives to Address the Sustainability Material Issues

Activities for Reducing Environmental Burden (2023)

Purchase of Electricity Generated by Renewable Energy Sources

We switched our electricity contracts with power companies to those using 100% renewable energy sources. As a result, we have been using electricity generated by renewable energy sources (partial use of J-Credits) since January 2023 at all our domestic plants and since April 2023 at our head office.

In addition, since May 2023 all electricity used at our offices in Japan is renewable energy-derived, which we have achieved through renewable energy plans and Green Electricity Certificates. At our overseas work sites, we are promoting the gradual shift to renewable energy-derived electricity with the ultimate aim of ensuring that 100% of the electricity we purchase is generated by renewable energy sources.



Start of Toothbrush Recycling Program in Taito-ku

In March 2023, in conjunction with the relocation of the Company's head office to Taito-ku, we signed a comprehensive partnership agreement with the local government.

As one of our environmental initiatives, we started a toothbrush recycling program in April 2023. To promote resource recycling and contribute to the local community, this program combines creating employment opportunities for people with disabilities, attracting tourists, and resource recycling education. The aim is to recycle the used toothbrushes we collect through the program into useful recycled plastic products for local residents.



Lion Forest in Yamanashi – Fifth Forest Maintenance Agreement

We are engaged in forest maintenance activities in Yamanashi City, Yamanashi Prefecture. Our aim is to protect water resources and raise environmental awareness among employees. To further expand these activities, in April 2023 we signed our fifth forest maintenance agreement with Yamanashi City, the Kyoutou Forest Cooperative and NGO OISCA to start activities in a new, larger area. Activities at the Lion Forest in Yamanashi began in 2006, and with this agreement the maintenance area has increased tenfold compared with the previous agreement term. We will continue to focus both on forest maintenance and on environmental education, using this initiative to provide experiences and opportunities for interaction with a wide range of people, including local residents.



Participation in COP28

In December 2023, Lion participated in the COP28 UN Climate Change Conference held in Dubai, United Arab Emirates. Specifically, Kenjiro Kobayashi, Director and Senior Executive Officer Kenjiro Kobayashi gave a presentation in “The Seminar for Net-Zero and Well-Being in Life” hosted by the Ministry of the Environment in the Japan Pavilion. The theme of his presentation was “the significant possibilities of habits in the daily lives of consumers and how to realize them.” He introduced the importance of daily habits, the nature and impacts of the environmentally friendly habits we have been advocating, and the key factors behind the successful creation of habits.





Sustainability Initiatives

Disclosure Based on the TCFD Recommendations

Climate change has become a pressing social issue in recent years, and we recognize that it presents serious risks to corporate management as well as new opportunities for corporate activities. The Lion Group declared its support for the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019, and in 2022 carried out full analyses for both the 1.5°C and 4°C scenarios.

Governance

Climate-related risks and opportunities are reported to the Sustainability Promotion Council (which meets twice a year) by its E Subcommittee and also reported, as needed, to the Executive Management Board, Executive Committee and Board of Directors.

In addition, a working group has been established under the council to swiftly identify business opportunities resulting from changes in external conditions brought about by climate change.

Strategy

The Lion group worked to identify and evaluate short-, medium- and long-term climate-related risks and opportunities for the period from the present to 2050 and to factor them into our businesses, as well as in strategy and financial planning.

We conducted scenario analyses using scenarios in which the average global temperature increases 1.5°C or 4°C from the pre-industrial average by 2100. These analyses, focused on effects in 2030 and 2050, were carried out for the Consumer Products Business (oral care, beauty care, fabric care, living care and pharmaceutical product fields) and the Overseas Business (in China and Thailand). Below is a summary of the results of these analyses.

- Principal scenarios used for analysis of transition risks and opportunities: The International Energy Agency (IEA)'s Net Zero Emissions (NZE) scenario and Stated Policies Scenario (STEPS)
- Principal scenarios used for analysis of physical risks and opportunities: The IPCC's Representative Concentration Pathways (RCP) 1.9 and 8.5 scenarios

The analyses consisted of identifying climate-related risks and opportunities in each scenario, considering their qualitative impacts on businesses and then quantitatively estimating these impacts in financial terms in order to rate them as large, medium or small. See page 51 for a summary of the analysis.

4°C Scenario

- Recognizing the increased cost of fossil fuel-derived raw materials as a major risk, we are advancing efforts to replace such raw materials with plant-based materials and reinforcing other efforts aimed at decarbonization.
- To address rising physical risks, such as floods and water stress, we are advancing efforts such as reinforcing business continuity planning and supply chain data coordination.
- In terms of opportunities, markets for infection prevention and laundry products, among others, are expected to grow, so we are working to develop related products and reinforce related services. Furthermore, we will continue to explore growth opportunities in oral health and infection control—areas of strength for Lion—to address the increased risk of the spread of infectious disease.

1.5°C Scenario

- The increased cost of plastic-, aluminum- and palm oil-derived raw materials and packaging is a major risk, so we are advancing initiatives to reduce such risk, including reducing use of petroleum-derived plastic, and procuring RSPO-certified palm oil and palm kernel oil derivatives.
- In terms of opportunities, we expect substantial expansion in demand for environmentally friendly products, presenting the potential for business expansion by increasing offerings of products that meet the Lion eco-standard. In addition to these efforts, we are exploring other ways of securing opportunities for further growth. These include the development of technologies suited to the growth of sustainable fashion and other lifestyle changes as well as expanding the supply of electro-conductive carbon, which will be necessary for the development of decarbonized transportation, including the spread of electric vehicles.

We have been working to address each scenario, and will focus management efforts to further enhance our ability to respond to change.



Please see our website for more details.

Disclosure based on TCFD recommendations

<https://www.lion.co.jp/en/sustainability/env/tcfd>



Sustainability Initiatives

Disclosure Based on the TCFD Recommendations

The Lion Group’s Main Climate-related Risks and Opportunities

Risks and Opportunities		Impact ¹		
		Description	4°C	1.5°C
Transition	Introduction of a carbon tax (Scope 1, 2 and 3)		Small	Large ²
	Increased cost of raw materials	Fossil fuel-derived	Large	Medium
		Palm oil-derived	Small	Medium
		Plant-derived (from corn, mint, etc.)	Small	Small
	Increased cost of containers and other packaging materials	Plastic-derived	Small	Medium
		Aluminum-derived	Small	Medium
		Forest resource-derived	Small	Small
Expansion of markets for sustainable products		Small	Large	
Physical	Increased average temperature		Small	Small
			Medium	Small
	Changes in precipitation and weather patterns		Medium	Small
	Increased severity of extreme weather events		Small	Small

1. Risks are shown in red, opportunities are shown in blue

2. Impact if the LION Eco Challenge 2050 long-term environmental objectives are not met and CO₂ emissions are not significantly reduced

Risk Management

Please see “Business Risks” on page 64 for climate-related risks that could have a major impact on our businesses, and our respective countermeasures.

Indicators and Targets

The CO₂ emissions (Scope 1, 2 and 3) of Lion and its consolidated subsidiaries are disclosed on Lion’s website. For more information on the LION Eco Challenge 2050 long-term environmental objectives, including our course of action for achieving a decarbonized, resource-circulating society by 2050 and our 2030 objectives for CO₂ emissions, petrochemical -derived plastic usage and water usage, please see “Sustainability Material Issues, 2030 Objectives and Indicators” on pages 43-44.

Focus

Greenhouse Gas Reduction Targets Validated by the SBT Initiative for Being in Line with the 1.5°C Target

In July 2020, the Lion Group obtained SBT validation for being in line with the “well-below 2°C target,” and has continued to promote the reduction of greenhouse gas emissions. In 2022, we raised our 2030 CO₂ emissions reduction objective in the LION Eco Challenge 2050 from 30% to 55% in comparison with 2017. As a result, in March 2023 we obtained updated SBT validation for being in line with the 1.5°C target.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Message from the Chairman of the Board of Directors



Masazumi Kikukawa

Representative Director,
Chairman of the Board of Directors

Ramping Up the Pace of Executive Management under a New Governance System

Reaping the Benefits of Our Transformation

It has been a year since Masayuki Takemori took over from me as president of the Company in March 2023. In line with plans initially put together by the Nomination Advisory Committee, in March 2024 we gave Mr. Takemori the additional role of chief executive officer. As a result, the president has complete control of executive management, allowing me to focus on the supervision of management, as chairman of the Board of Directors.

Over about three years, we have implemented various measures for corporate transformation in quick succession. In 2022, we reorganized our corporate philosophy around our purpose, adding our beliefs. In addition, in 2023 we launched a new human resource management system aimed at

accelerating employees' self-directed growth and opened a new head office building in Kuramae, Taito-ku, to promote work styles that encourage co-creation. Prior to that, in 2022 we began operation of new core systems to increase the level of sophistication in management and enhance efficiency. Moreover, in 2021, we completed construction of a new oral care factory in Sakaide City, Kagawa Prefecture, and from 2022 through 2023 expanded into two new countries, Bangladesh and Vietnam, as part of our efforts to grow the Overseas Business.

All these initiatives are vital for fulfilling Vision2030 and ensuring continued growth beyond 2030, and the necessary reform measures are largely up and running. A key theme for us going forward will be to make sure these reforms are firmly rooted and that they lead to positive outcomes.

To do so, we must ramp up the pace of executive management, responding to the dizzying changes in our management environment in an agile manner and quickly adapting the means through which we implement our reforms. Our new management system, in which the president has complete control over executive management, will enable us to do exactly that.

New Governance System

In line with the launch of our new management system, we have also renewed our governance system. The aim of this new system is also to speed up executive management. We have designed it based on the issues we identified in the annual evaluation



Message from the Chairman

of Board of Directors effectiveness. **Page 58** As part of the new governance system, we have discontinued the Senior Executive Committee and newly established an Executive Management Board. Whereas the Senior Executive Committee was mainly in charge of directing management, the Executive Management Board, chaired by the president and CEO, has assumed some of the Board of Directors' decision-making authority and convenes roughly three times a month, more agile decision-making. In addition to further enhancing discussions on management strategies by the Board of Directors, the new system facilitates strengthening of its supervisory functions.

Moreover, in terms of risk management and risks (management risks) that could have a significant impact on the Company's results and financial position, which are stated in the Company's annual securities report, for example, we have created a system in which the Executive Management Board discusses, identifies and assesses these risks, and works to mitigate them through expert and other committees, and through the heads of each department. The director in charge of risk

Key Enhancements of the Governance System (2024)

Transforming into a company that stays ahead of the competition by enhancing supervisory functions and speeding up business execution

- 1 Establishment of the Executive Management Board for more agile decision-making on business execution
- 2 Further delegation of authority from the Board of Directors to executive units, including the Executive Management Board
- 3 Further expansion of opportunities for external directors to join discussions relating to business strategies and other matters

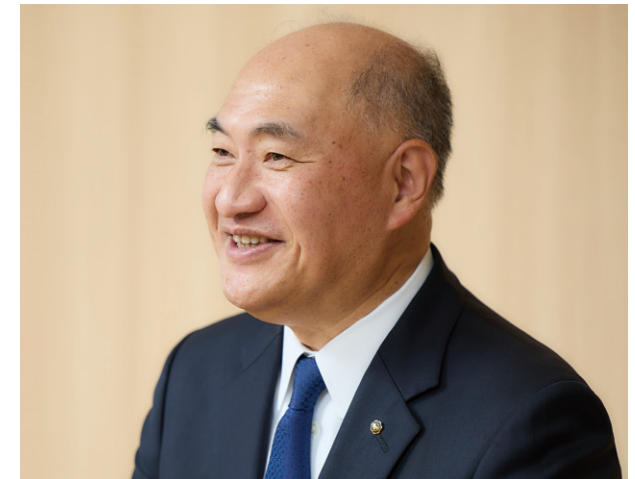
management is responsible for reporting the progress of risk mitigation measures to the Board of Directors, which enables the board to focus on supervision.

In addition, to enhance discussions on management plans and strategies by the Board of Directors, the system we have created allows further expansion of opportunities for external directors to participate in business strategy review and other meetings, when necessary. These changes should further improve the effectiveness of the Board of Directors.

Our Next Themes

Over the past five years, net sales of the Overseas Business have increased by around 40%, and in 2023 the overseas sales ratio reached 33%. One target of Vision2030 is to increase the overseas net sales ratio to 50% by 2030, and the ratio will no doubt continue to increase after that. This signifies a shift away from our current Japan-centric business structure to one in which our sales in the three areas of Japan, Northeast Asia, and Southeast and South Asia are all roughly the same. Consequently, many elements of the Lion Group's governance and business execution systems, which have been designed for the business environment in Japan, must be reformed to better suit an increasingly diverse business landscape. At the same time, diversifying our human resources is likewise essential for responding to such changes. Going forward, the Board of Directors will address changing business structures by deepening discussions on the Company's vision and providing guidance to the executive side of the Company.

We look forward to your continued support as we strive to grow and evolve our main business of creating habits. We would be grateful to receive your candid feedback on the path we should pursue.



The Board of Directors will address changing business structures by deepening discussions on the Company's vision and providing guidance to the executive side of the Company.



Messages from External Directors



Transforming from a good to an excellent company to successfully complete Vision2030

Lion has a warm corporate culture and many earnest and honest employees. The Company was also one of the first in Japan to engage in initiatives for sustainability, a topic of growing relevance. In this regard, Lion is viewed as a good company by society.

Looking objectively at Lion's current business environment and competitive landscape, the Company still has a long way to go if it is to achieve its goals for 2030. Substantial progress is essential. Achieving such progress will require a focus on growth areas—services rather than products, and the Overseas Business rather than businesses in Japan. In particular, the Overseas Business is growing steadily, but considering market potential, there is still room for further expansion.

To navigate the rapid changes going forward, and to successfully compete on the global stage, Lion must transform its workforce—making tough people out of good people. For such a transformation, I think it is crucial for current employees to proactively take on new challenges, and for Lion to hire even more external personnel to provide additional stimulus to the Company. Ultimately, I would like to see the Lion Group brimming with people eager to try new things.

It has now been a year since Masayuki Takemori became president, and he has already implemented various innovative measures. I look forward to him further demonstrating his individuality and accelerating the pace of the Company's transformation. As an external director, I will also play a part in helping transform Lion into an excellent company.



Redesigning habits for the better through management that flexibly adapts to social and market changes

As part of its long-term strategic framework Vision2030, Lion aims to become an advanced daily healthcare company. The Company is accelerating growth in four fields of value creation as it targets approximately ¥600 billion in net sales, and an overseas sales ratio of 50% by 2030. I believe these targets are very achievable, given the growth in net sales of the Overseas Business from ¥129.3 billion in 2022 to ¥148.0 billion in 2023, together with an increase in the overseas sales ratio from 30.3% to 33.3%, as well as the expected expansion of markets in Southeast Asia, South Asia and China ahead of 2030.

Economic growth rate forecasts for the countries and regions of Asia differ. While 5%–7% growth is forecast for countries such as Indonesia, Vietnam, the Philippines and Bangladesh, for others, the growth forecast is limited to 2%–3%. Generally speaking, however, the middle-class will expand mainly in cities in places such as Southeast Asia, South Asia and China, and interest in safe, secure and environmentally friendly lifestyles also is expected to grow. As a result, I would venture that demand for Lion's high-quality products will also grow. Considering the trust that Lion has built in its brands, proposing and implementing better habits will no doubt lead to wider acceptance of Lion products.

However, the Company must pay attention to country risk. China is increasingly tilting toward self-reliance and self-sufficiency. In Southeast Asia, changes in government leaders or a slowdown in economic growth in some countries could lead to political instability. As a specialist, I will provide thorough oversight to ensure that Lion's management can effectively hedge against country risk and flexibly adapt to social and market changes brought about by the rise of the middle class and generational changes in leadership.



Messages from External Directors



Using an external perspective to focus on the sensitivity required for Lion to continue to be a socially relevant company even amid environmental change

Lion is currently implementing various strategies under Vision2030 to achieve its management vision of “Becoming an advanced daily healthcare company.” The year 2024 marks the culmination of medium-term management plan 1st STAGE, which is centered on the theme “gear change toward future growth.” Looking back on the past two years of 1st STAGE, the Company has clearly achieved some impressive successes. The consolidated net sales growth rate has exceeded that of the preceding three-year period. In addition, the Overseas Business, which is expected to be a future growth driver, has proactively taken on new challenges such as expanding into two new countries and increased Lion’s presence in existing markets. On the other hand, the Company needs to work harder to quickly respond to rapid changes in its operating environment, such as increasing geopolitical risks and soaring resource prices worldwide, as well as changes in consumer trends.

For a company to be sustainable regardless of the times, it must be responsive and adaptable to societal needs. Given the current climate of change both at home and abroad, it is essential to enhance sensitivity to change, make optimal choices as situations evolve, and cultivate adaptability. It is also important to be attuned to societal demands, including those relating to human rights and the environment.

My role is to use my perspective as an external director with a focus on the sensitivity required to ensure Lion continues to be a socially relevant company even amid rapid changes in its operating environment. I will also provide support for improving compliance, which is essential to maintaining a sustainable presence in society. I will do everything in my power to ensure Lion can contribute to consumers’ lifestyles as an advanced daily healthcare company, and support its efforts to respond to societal demands such as those relating to human rights and the environment to ensure it continues to be a socially relevant company.



Utilizing the reforms and challenges from 1st STAGE as stepping stones to further growth

The year 2024 marks the conclusion of 1st STAGE, the first medium-term management plan of Vision2030. During 1st STAGE, Lion has sought to accelerate growth in its existing businesses and create new opportunities for growth. To do so, the Company has been transforming its business foundations for growth (infrastructure reforms) and generating dynamism to realize innovative change—in other words, implementing strategies to activate its human resources and organizations (soft reforms). As part of these soft reforms, to promote the Lion Professional Fulfillment Reforms, as well as diversity and open innovation, over the past two years the Company has implemented major system renewals, including for human resources. However, it is only when these new systems take root that the Company will achieve business growth. I also believe it will become even more important to promote diversity, equity and inclusion, using the strength of youth in management.

In terms of infrastructure strategies—reorganizing the foundations to realize innovative change—implementation of Enterprise Resource Planning (ERP) systems and other infrastructure is proceeding Company-wide, and I look forward to seeing it in use. Going forward, it will be essential to improve systems for leveraging digital transformation in R&D.

Over the past two years, the Overseas Business has taken on many challenges aimed at further growth, such as establishing new operations in Bangladesh and Vietnam, and strengthening local R&D activities in China. Lion’s strategy of embracing local cultures and leveraging deeply rooted local customs is a strength of the Company, and reflects its unique identity. I will do everything I can to support Lion’s growth through further expansion of the Overseas Business.

Corporate Governance

Basic Approach

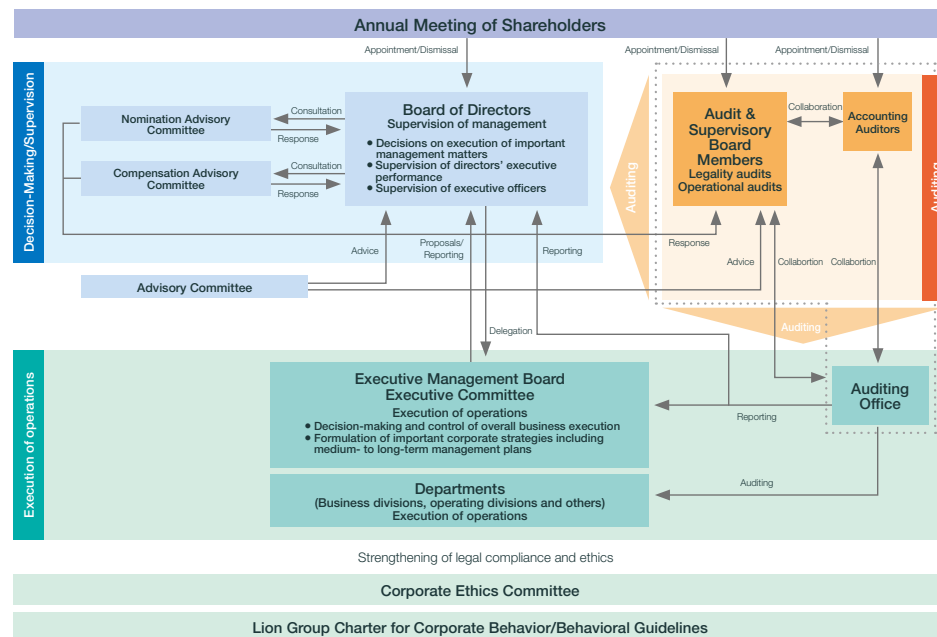
The Lion Group's top priorities for corporate governance are to increase management transparency, strengthen supervisory functions, accelerate decision-making and ensure compliance. By strengthening and enhancing its corporate governance system, Lion aims to increase its corporate value.

WEB ▶ Basic Approach to Corporate Governance
<https://www.lion.co.jp/en/company/governance/approach.php>

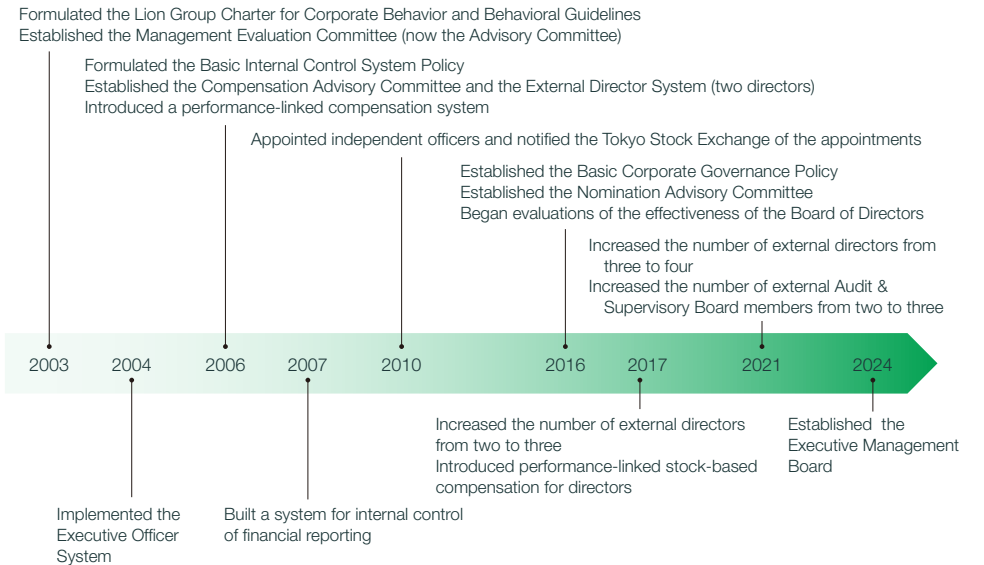
Corporate Governance System

Organizational Structure Overview

- **Has adopted the company with an Audit & Supervisory Board system**
 To ensure that the Board of Directors can fulfill its management supervisory function, and to enable independent Audit & Supervisory Board members to appropriately fulfill their auditing function
- **Has adopted an executive officer system**
 To reinforce the Board of Directors' management supervisory function and accelerate decision-making
- **Has established a voluntary advisory body**
 To enhance management transparency and further improve corporate governance
- **Has established an Advisory Committee consisting of external experts**
 To reflect the opinions and advice of third parties with regard to legal compliance and management policies



Initiatives to Enhance Management Auditing and Supervision



Key Enhancements of the Governance System (2024)

Transforming into a company that stays ahead of the competition by reinforcing supervision functions and speeding up business execution

(1) Establishment of the Executive Management Board for more agile decision-making on business execution

We have established the Executive Management Board to enable more agile decision-making on business execution and the course of action for important matters. The Executive Management Board is chaired by the president and executive officer and comprises executive officers that have been selected by the Board of Directors. In principle, the board meets three times a month, and by speeding up the execution of business the aim is to transform into a company that stays ahead of the competition.

(2) Further delegation of authority from the Board of Directors to executive units, including the Executive Management Board

In addition to enhancing discussions on important matters such as management plans and strategies, which are the basis for exercising the Board of Directors' supervisory functions, to promote the separation of supervision and execution functions we have further transferred authority from the Board of Directors to the Executive Management Board and other business execution departments. In doing so, we aim to both increase the speed of our business execution and at the same time further improve the effectiveness of the Board of Directors.

(3) Further expansion of opportunities for external directors to join discussions relating to business strategies and other matters

To further enhance Board of Director discussions on management plans and strategies, we have created a system that allows external directors to participate in review meetings on business strategies as necessary.



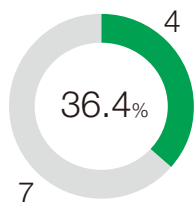
Corporate Governance

Skills, Expertise and Meeting Attendance of Directors and Audit & Supervisory Board Members

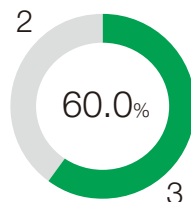
To increase corporate value, the Lion Group has selected directors and Audit & Supervisory Board members with diverse knowledge, experience and capabilities to provide oversight of decision-making and management from the viewpoints of various stakeholders.

	Name	Current Position	Principal Skills and Areas of Expertise									2023 Board of Directors Attendance	Nomination Advisory Committee	Compensation Advisory Committee		
			Corporate management	Global business	Finance/Accounting	Legal/Risk management	Human resources/HR development	Sustainability	IT/DX	Sales/Marketing	R&D/Production					
Directors	Masazumi Kikukawa	Reappointment	Representative Director	●	●							●	●	18/18 meetings (100%)	●	
	Masayuki Takemori	Reappointment	Representative Director, President and Executive Officer	●		●	●					●		13/13 meetings (100%)		
	Hitoshi Suzuki	Reappointment	Director, Vice President and Executive Officer	●	●							●		18/18 meetings (100%)		
	Kenjiro Kobayashi	Reappointment	Director, Senior Executive Officer		●			●	●	●		●		18/18 meetings (100%)		
	Yugo Kume	Reappointment	Director, Senior Executive Officer	●		●	●					●		18/18 meetings (100%)		
	Fumitomo Noritake	Reappointment	Director, Senior Executive Officer							●	●	●		18/18 meetings (100%)		
	Kengo Fukuda	Reappointment	Director, Senior Executive Officer	●		●	●	●				●		18/18 meetings (100%)		
	Kazunari Uchida	Reappointment	External Director	●	●	●				●		●		17/18 meetings (94.4%)	●	●
	Takashi Shiraiishi	Reappointment	External Director		●			●	●				●	18/18 meetings (100%)	●	●
	Takako Sugaya	Reappointment	External Director				●	●						18/18 meetings (100%)	●	●
Reiko Yasue	Reappointment	External Director	●	●					●		●		18/18 meetings (100%)	●	●	
Audit & Supervisory Board Members	Naoki Miidera	Continuing in office	Audit & Supervisory Board Member			●	●					●		13/13 meetings (100%)		
	Yoshitada Ishii	Continuing in office	Audit & Supervisory Board Member			●								13/13 meetings (100%)		
	Atsuko Suzuki	Continuing in office	External Audit & Supervisory Board Member		●					●				16/18 meetings (88.9%)	●	●
	Masatoshi Matsuzaki	Continuing in office	External Audit & Supervisory Board Member	●	●		●	●	●	●		●		12/13 meetings (92.3%)	●	●
	Akemi Sunaga	Continuing in office	External Audit & Supervisory Board Member	●		●								13/13 meetings (100%)	●	●

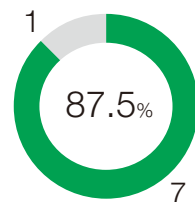
Ratio of external directors



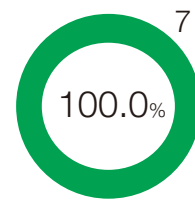
Ratio of external Audit & Supervisory Board members



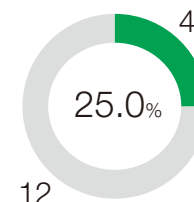
Ratio of external officers in Nomination Advisory Committee



Ratio of external officers in Compensation Advisory Committee



Ratio of female directors and Audit & Supervisory Board members



Notes: 1. For representative director Masayuki Takemori, Audit & Supervisory Board members Naoki Miidera and Yoshitada Ishii, and external Audit & Supervisory Board members Masatoshi Matsuzaki and Akemi Sunaga, attendance shown is the number of times they have attended since their appointment at the 162nd Annual Meeting of Shareholders.
2. The above table does not show all the skills and experience that directors and Audit & Supervisory Board members possess.



Corporate Governance

Board of Directors

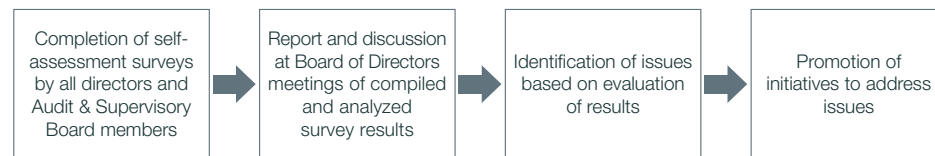
Board of Directors

The Board of Directors is composed of 11 directors. The Board of Directors regularly meets once a month and holds extraordinary meetings, as necessary. In addition to matters stipulated by laws and regulations or the Articles of Incorporation, the Board of Directors determines important matters related to the business execution of the Company and supervises the business execution of directors and executive officers. Resolutions of the Board of Directors may be made at the regular Board of Directors meetings, as well as in writing in accordance with laws and regulations. For important corporate strategies such as the basic policies of medium- to long-term management plans, the current system enables the Board of Directors to make appropriate decisions upon deliberation by the Executive Management Board. Additionally, the Executive Committee discusses and examines, from various angles, measures related to job execution that directly impact businesses.

Evaluation of Board of Directors Effectiveness

To ensure the effectiveness of the Board of Directors, every year the directors evaluate the board's operating methods and the content and status of the proposals it considers, among other matters. This evaluation includes examinations of each director. A summary of the results of the evaluation is disclosed in the Corporate Governance Report.

Evaluation Process



Items Covered by the Survey

- Composition of the Board of Directors
- Status of Proposals Being Deliberated by the Board of Directors
- Status of Operations of the Board of Directors
- Other

2023 Evaluation Results

2023 Evaluation Results Summary
<ul style="list-style-type: none"> • The number of persons on Lion's Board of Directors, including the number and proportion of external directors, is sufficient for deliberations. Board members have the knowledge, experience, capabilities and diversity necessary to enhance corporate value. • The meeting frequency as well as the number of agenda items considered and amount of time allowed for deliberation by the Board of Directors are appropriate. The deliberations comprise open, constructive debate that does not hinder risk taking.

Accordingly, the effectiveness of Lion's Board of Directors was deemed sufficient.

Issues Identified and Initiatives to Address Them

In line with suggestions on how to further enhance discussions at Board of Directors meetings, we will continue with initiatives to enhance the effectiveness of the Board of Directors. Based on the issues identified in 2022, initiatives in 2023 were as follows.

Issues	Initiatives
<ul style="list-style-type: none"> • We must move forward with the transfer of authority to directors and executive officers to enhance the Board of Directors' discussions on important matters such as management plans and strategies, which are essential for exercising supervisory functions. 	<ul style="list-style-type: none"> • We conducted a review of internal rules concerning the operation of officers meetings and decision-making to increase items to be delegated to executive officers, strategically narrow down proposals presented to the Board of Directors, and clearly separate directors' supervisory functions and executive officers' business execution functions.
<ul style="list-style-type: none"> • We must further enhance discussions at Board of Directors meetings 	<ul style="list-style-type: none"> • In addition to examining how to narrow down the number of proposals presented to the Board of Directors through the transfer of authority to directors and executive officers, we have enhanced the provision of information to external directors and external Audit & Supervisory Board members by having internal Audit & Supervisory Board members attend preliminary briefings. Furthermore, we expedited the distribution of meeting materials to allow more time for prior consideration.

Although the evaluation of Board of Directors effectiveness in 2023 included positive feedback about the effectiveness of the early distribution of meeting materials, there were also opinions and suggestions on measures to further enhance the board's effectiveness. Accordingly, in 2024 we will focus on the following initiatives.

Opinions/Suggestions	Initiatives
<ul style="list-style-type: none"> • We must set aside sufficient time to formulate Vision2030 2nd STAGE, our medium-term management plan beginning in 2025, as well as to discuss our response to key contemporary issues such as sustainability and human capital. 	<ul style="list-style-type: none"> • To further enhance the Board of Directors' discussions on management plans, which are essential for the exercise of the board's supervisory functions, as well as on key recent matters such as strategies for sustainability and human capital, we will review the operation of officers' meetings and criteria for decision-making authority. • To further share the status of operations with external officers, we are creating new opportunities for them to take part in meetings of business execution departments, thereby enhancing their understanding.
<ul style="list-style-type: none"> • The Board of Directors must secure time for discussions on important matters by taking a flexible approach to changing meeting times and holding extraordinary meetings as necessary 	<ul style="list-style-type: none"> • In addition to holding informal and extraordinary meetings of the Board of Directors to facilitate the exchange of opinions on important management issues, we will work to enhance efficiency in ways such as simplifying regularly reported items and narrowing down proposals. • Moreover, to energize discussions at Board of Directors' meetings, we have assigned a general manager to help enhance both the quality and quantity of information provided to external officers.



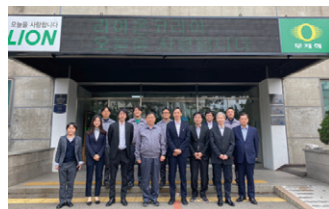
Corporate Governance Audit & Supervisory Board

Audit & Supervisory Board

The Audit & Supervisory Board comprises five members and holds regular meetings once every two months and extraordinary meetings, as necessary. Three of the five members are external Audit & Supervisory Board members (independent officers) and two are internal Audit & Supervisory Board members. One external and one internal Audit & Supervisory Board member are specialists in finance and accounting. Two staff members provide full-time support for Audit & Supervisory Board members and the Audit & Supervisory Board. In accordance with the Audit & Supervisory Board's standards, audit policy, audit plans and other matters stipulated by the Audit & Supervisory Board, each Audit & Supervisory Board member attends Board of Directors meetings and other important meetings, shares information with directors and executive officers, and audits the status of the directors' execution of their duties (including the status of the execution of duties pertaining to the development and operation of internal control of financial reporting), and conducts onsite audits of the head office and major offices and inspections of subsidiaries. In addition, Audit & Supervisory Board members confirm the accounting auditor's audit plans, implementation progress, and reports of results. They also audit the reasonableness of Board of Director resolutions, as well as the lawfulness, appropriateness, and efficiency of directors' execution of their duties. Furthermore, Audit & Supervisory Board members conduct comprehensive themed audits of important management issues. Themes in 2023 were the Corporate Governance Code, risk management, global compliance, IT governance, and sustainability.

Main Auditing Activities in 2023

Details	Frequency (Times)
Share information with directors and audit the status of the execution of their duties	7 (2 times with representative directors)
Share information with executive officers, department heads at Lion's head office, major offices and plants, and audit the status of the execution of their duties	27
Share information with and conduct onsite audits of presidents, directors, Audit & Supervisory Board members and other members of affiliates	4
Total	38

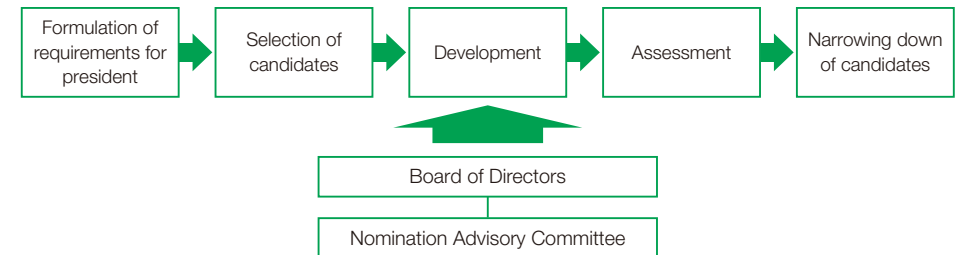


Onsite audit of Lion Corporation (Korea) for the first time in four years in December 2023

Succession Planning

Lion is looking Group-wide, including outside Japan, to secure and develop senior management who can drive the Group toward the achievement of its management vision. The Nomination Advisory Committee discusses potential management successor identification and plans for their development, based on Lion's Basic Corporate Governance Policy. The Board of Directors receives reports from the Nomination Advisory Committee on the above matters and provides ongoing supervision of all related initiatives.

Succession Planning Process



Message from the Chairperson of the Nomination Advisory Committee

High expectations for the new president's energy, leadership and ability to overcome challenges

Taking the timeline into consideration, over the course of a year Nomination Advisory Committee members conducted thorough and frank discussions regarding the reappointment of representative directors Masazumi Kikukawa and Masayuki Takemori, as well as other directors. As a result of these discussions, the Committee determined that Messrs. Kikukawa and Takemori and other directors possess the skills and qualities suitable for their roles, based on their business achievements, decisiveness, leadership, judgement and expertise on corporate governance. Lion is taking a long-term perspective in developing the next two generations of management. The Nomination Advisory Committee occasionally sets up opportunities to speak with individuals who are expected to take over management roles in the future. Committee members know the qualities of these individuals well, and expect their energy, leadership and ability to overcome challenges to contribute to the steady advancement of Lion's long-term strategic framework Vision2030 and achieve the management vision of "Becoming an advanced daily healthcare company."



Takashi Shiraiishi
External Director,
Chairperson of Nomination
Advisory Committee



Corporate Governance

Corporate Officer Compensation

Overview and Details of Basic Policy Regarding Compensation for Directors and Audit & Supervisory Board Members

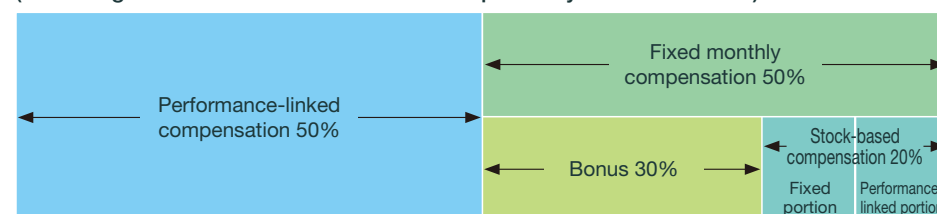
Overview of Basic Policy

Lion has designed a corporate officer compensation system to provide sound and appropriate incentives necessary for retaining outstanding management talent that will achieve the Company's management policies and continuously increase its corporate value over the medium to long term. Director and Audit & Supervisory Board member compensation is decided by the Board of Directors and the Audit & Supervisory Board, respectively, based on consultations with the Compensation Advisory Committee. Compensation is set within the limits decided by resolution of the General Meeting of Shareholders.

Policy Details

Compensation for directors (excluding external directors) consists of fixed monthly compensation and performance-linked compensation (bonuses and stock-based compensation). It is made up of approximately 50% fixed compensation and 50% performance-linked compensation (30% of which is bonus and 20% stock-based compensation) according to the director's rank. The proportion of performance-linked compensation increases according to rank and is revised as needed. Fixed monthly compensation is raised or lowered once per year following an appraisal of the results of each director's management supervision and execution of duties, and the degree to which the director has contributed to addressing the Sustainability Material Issues. Performance-linked compensation is calculated based on the degree to which performance targets have been met in each year and is paid individually at a designated time after the end of the relevant year.

Approximate Composition of Compensation of Executive Corporate Officers (Excluding External Directors and Audit & Supervisory Board Members)



Performance-linked Compensation System

Type	Performance-linked Bonus	Performance-linked Stock-Based Compensation
Indicators	Core operating income An earnings indicator used to measure regular business performance, calculated by subtracting selling, general and administrative expenses from gross profit (one of the most emphasized indicators under the medium-term management plan) Profit for the period attributable to owners of the parent An earnings indicator that expresses final business results and is directly linked to increases and decreases in shareholder value	
Total payment amount	Total payment amount: Sum of (1) and (2) below (1) 50% of 0.5% of core operating income for the relevant year (2) 50% of 0.75% of profit for the period attributable to owners of the parent Note: Rounded down to the nearest ¥10,000. If the result of either calculation is negative, its value is set at 0.	Total number of points (number of shares) assigned Total number of points for individual directors as calculated in "Individual payment amount," below
Individual payment amount	(1) Calculation of payment per point Total payment amount ÷ (Points assigned according to rank × Number of officers) (2) Individual payment amount Payment per point × Points assigned according to rank (3) Points assigned according to rank From 3,000 points for chairman and president and executive officer to 0.900 points for executive officers	(1) Calculation of number of points (Fixed base amount + Performance-linked base amount × Performance-linked coefficient) ÷ Per-share acquisition cost • Fixed base amount and performance-linked base amount: ¥4 million each (multiplied by 1.0–3.625, depending on rank) • Performance-linked coefficient: 0–2.0, depending on achievement rate for each indicator • Per-share acquisition cost: ¥2,078
Time of payment	End of March of each year	In principle, shares are issued to directors upon retirement in a number equivalent to the total number of points they have been assigned
Upper limit	¥250 million per year	¥200 million (per year) Total number of shares: 120,000 (per year)
Malus and clawback clause	No	Yes*

* In the event of a serious violation of internal rules or professional duties, forfeiture of points already granted or return of the amount equivalent to the shares already received

Fixed Monthly Compensation

	Determining Policy	Upper Limit
Overview	<ul style="list-style-type: none"> Flat-rate system Compensation levels are set taking into consideration similar levels at other companies, and once per year fixed monthly compensation is raised or lowered following an appraisal of the results of each director's management supervision and execution of duties, and the degree to which the director has contributed to addressing the Sustainability Material Issues. 	¥300 million (per year)



Corporate Governance

Corporate Officer Compensation

Achievement of Performance-linked Compensation Indicators 2023

Achievement of targets for core operating income and profit for the period attributable to owners of the parent are as below.

Indicator	Target	Achievement	Achievement rate
Core operating income	¥25,000 million	¥20,133 million	81%
Profit for the period attributable to owners of the parent	¥17,500 million	¥14,624 million	84%

Compensation System for External Directors and Audit & Supervisory Board Members

Compensation for external directors and Audit & Supervisory Board members consists solely of fixed monthly compensation. Compensation levels are set taking into consideration similar levels at other companies and are based on individual roles and responsibilities.

Total Compensation for Directors and Audit & Supervisory Board Members 2023

	Number of Corporate Officers	Fixed Compensation (Millions of yen)	Performance-linked Compensation		Total (Millions of yen)
			Bonuses (Millions of yen)	Stock-based Compensation (Millions of yen)	
Directors (External Directors)	12 (4)	285 (48)	105 (-)	56 (-)	448 (48)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members)	9 (5)	96 (36)	- (-)	- (-)	96 (36)
Total (External Officers)	21 (9)	381 (84)	105 (-)	56 (-)	544 (84)

- There are no individuals serving concurrently as employees and corporate officers.
- An upper limit on directors' fixed compensation of ¥300 million per year was set by resolution of the 156th Annual Meeting of Shareholders held on March 30, 2017. There were nine directors at the closing of this meeting.
- An upper limit on Audit & Supervisory Board members' fixed compensation of ¥110 million per year was set by resolution of the 156th Annual Meeting of Shareholders held on March 30, 2017. There were four Audit & Supervisory Board members at the closing of this meeting.
- Within performance-linked compensation, bonus amounts are calculated and determined based on the core operating income and the profit attributable to the owners of the parent for each year, in accordance with the methods described above. An upper limit for bonuses of ¥250 million per year was set by resolution of the 156th Annual Meeting of Shareholders held on March 30, 2017. There were six directors (excluding external directors) at the closing of this meeting.
- Within performance-linked compensation, stock-based compensation is the amount obtained by using the share acquisition price to convert the number of points (shares) granted to eligible individuals under the system, depending on the degree of achievement of the Group's business targets for the year. An upper limit of ¥200 million on the contribution amount of stock-based compensation per year and an upper limit of 120,000 shares on the total number of shares granted per year were set by resolution of the 160th Annual Meeting of Shareholders held on March 30, 2021. There were seven directors (excluding external directors) at the closing of this meeting.
- The amounts shown are rounded down to the nearest million yen.

Cross-shareholdings Policy

Lion may maintain cross-shareholdings with other companies only when it has judged that they are strategically important for such purposes as maintaining and strengthening trade relationships. The Board of Directors examines the economic rationality of cross-shareholdings on an annual basis, checking the investment profitability against cost and other factors for each stockholding. Based on the results of these examinations and such factors as the importance of the relevant trade relationships, shareholdings determined to be unnecessary are then sold, reducing Lion's cross-shareholdings.

The voting rights associated with strategically held shares may be exercised based on comprehensive consideration that includes the improvement of Lion's corporate value over the medium to long term and the common interest of Lion's fellow shareholders.

Cross-shareholdings as of December 31, 2023

	Other companies' stocks held (No. of companies)		Value on the statement of financial position (Millions of yen)
		Year-on-year change	
Unlisted	22	0	316
Other	20	(2)	15,586

Compliance

The Lion Group's strong reputation for trustworthiness has been built through decades of hard work by its employees. The trust the Group enjoys has been a key driver of its growth and development.

Ethics guide individuals along the correct path. We regard ethics to mean, broadly, doing what is right. In concrete terms, we see this as rooted in being honest, observing social mores, not antagonizing others, and thinking of others as we think of ourselves. Based on this understanding, we formulated the Lion Group Charter for Corporate Behavior as a code of conduct and updated it to more clearly define our stance with regard to providing safe, secure products and services, addressing environmental issues and other topics through a set of Behavioral Guidelines. In addition to strict compliance with the Lion Group Charter for Corporate Behavior, the Lion Group is committed to being useful and valuable to society.

To enhance awareness of compliance among corporate officers and employees, the Group promotes measures led by the Corporate Ethics Committee, which is chaired by the director responsible for corporate ethics.

Every year in March, the Group conducts a Compliance Awareness Survey* for all domestic Group employees (including part-time employees). In 2023, approximately 91.9% of all employees responded.

The Group also holds annual compliance training sessions using e-learning platforms. As a compulsory curriculum, compliance content is available on the Lion Career Village (LCV) on-demand media platform. Employees are encouraged to complete the curriculum in a set period of time, and after that they can review the materials at any time.

In 2023, we held regular training sessions on 11 topics including unconscious bias, and at different times we held special sessions on reinforcing compliance awareness and on mental health in the workplace (self-care and line care) as part of our awareness-raising initiatives.

* Anonymous questionnaire survey covering such topics as compliance with the Lion Group Charter for Corporate Behavior, whether there was feedback from the results of the previous Compliance Awareness Survey, and awareness of the All Lion Heart Hotline.

WEB [Lion Group Charter for Corporate Behavior/Behavioral Guidelines](https://www.lion.co.jp/en/company/governance/policies/indicator.php)
<https://www.lion.co.jp/en/company/governance/policies/indicator.php>

WEB [Internal Control System](https://www.lion.co.jp/en/company/governance/system.php)
<https://www.lion.co.jp/en/company/governance/system.php>

WEB [Compliance](https://www.lion.co.jp/en/company/governance/compliance/)
<https://www.lion.co.jp/en/company/governance/compliance/>

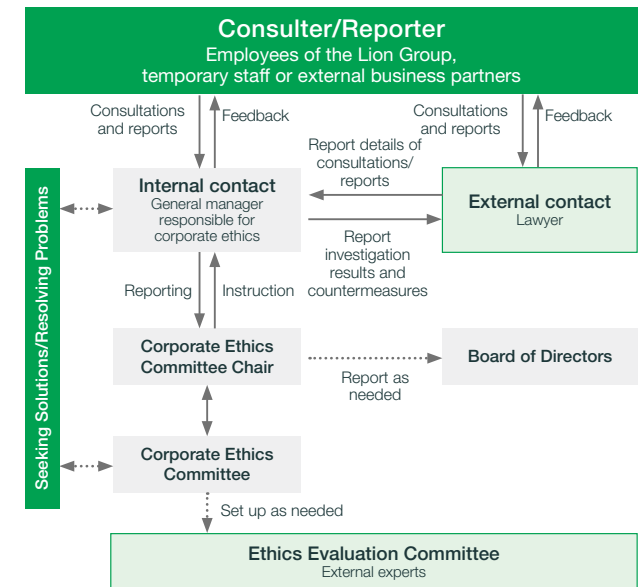
Internal and External Whistle-Blowing System: All Lion (AL) Heart Hotline

The Lion Group has set up an internal and external whistleblowing system (the AL Heart Hotline) as a set of contacts for consultations for use by employees or other stakeholders, including anyone working with the Group, family members, former Group employees or business partners, in the event they learn of a compliance violation (or potential violation) in the workplace that is impossible to report or cannot be handled appropriately through normal workplace channels, or for which the appropriate reporting channel cannot be identified.

Users can select from the system's two reporting hotlines (one internal and the other external), depending on the nature of the issue they are reporting. Users are encouraged to fill out the relevant form to report their findings in writing or to report via email to ensure accurate understanding of the nature of the report or consultation. Once the details of said report or consultation and the response desired by the reporter are confirmed, the general manager responsible for corporate ethics promptly investigates and confirms the relevant facts.

In 2023, 37 consultations and reports were received. Although there was a rise in cases mainly related to relationships in the workplace, none of the cases has been deemed to involve serious misconduct, and each is being properly addressed.

The AL Heart Hotline System



AL Heart Hotline Consultations and Reports

Subject of consultations and reports received	2021	2022	2023
Harassment	12	13	17
Personnel and labor management issues	5	9	7
Other	2	3	13

Employee Awareness of the AL Heart Hotline

2021	2022	2023
99.0%	99.4%	99.5%



Risk Management

Lion's business activities entail a wide range of risks. To avoid and minimize losses caused by the materialization of risks, we have appointed a director responsible for risk management (the director responsible for the Corporate Planning Department) who comprehensively controls and supervises risk for the whole Lion Group.

Basic Policy for Risk Management

- (1) Management and employees strive to prevent the materialization of risks that could harm Group business operations as part of their normal duties based on Lion's Basic Internal Control System Policy.
- (2) In the event that a risk materializes, we strive to minimize losses and harm to employees, shareholders, customers, local communities and other stakeholders.
- (3) We report materialized risks to senior management immediately and promptly take steps to understand the situation, elucidate the events and factors that led to it, develop measures for improvement and strive to prevent recurrences.

Rules and Other Structures Related to the Management of Risk

Response under Normal Conditions

- (1) The director responsible for the Corporate Planning Department has overall responsibility for the risk management of the Group. The Corporate Planning Department comprehensively manages the Group's risk.
- (2) The Executive Management Board identifies and evaluates management risks that have the potential to significantly impact business activities, and the whole Group works to mitigate or otherwise address these risks. For management risks that arise during the fiscal year, the director responsible for the relevant risk area investigates countermeasures, which are deliberated by the Executive Management Board for risk management.
- (3) For the management of risk related to the environment, quality assurance, accidents and disasters, the Sustainability Promotion Council; CS/PL Committee;* and Safety, Hygiene and Disaster Prevention Meeting respectively consider preventive countermeasures, which are deliberated by the Executive Management Board and the Executive Committee as necessary, for risk management.
- (4) Each department identifies and works to mitigate or otherwise address its own risks. In addition, all Group plants have received ISO 9001 and ISO 14001 certification and are actively working on quality management and environmental conservation.
- (5) The director responsible for risk management reports on the progress of risk management to the Executive Committee and the Board of Directors. The Auditing Office audits the status of risk management for each department in the Group and reports its findings to the Executive Committee and the Board of Directors.

* CS/PL Committee: A cross-departmental committee focused on customer satisfaction (CS) and product liability (PL) to promote quality assurance activities

Response in the Event of Emergency

In the case of a physical emergency, such as a natural disaster or accident, in accordance with the Emergency Response System (a system of manuals outlining countermeasures against earthquakes or influenza and other infectious diseases), the relevant facts are reported to the president and Audit & Supervisory Board members. At the same time, the heads of relevant departments collect all pertinent information, formulate response measures, clarify causes, determine countermeasures and submit reports on these actions to the Executive Committee and the Board of Directors.

Business Continuity Plan (BCP)

Lion works to build and maintain systems to minimize damage and to ensure the continuation of business operations so that it can provide products to customers even in the event of a major earthquake, storm or flood damage, an epidemic, an outbreak of infectious disease (pandemic) or other such event. In the event of an emergency, we will discuss how to set in motion business continuity plans based on the Emergency Response System.

Basic Policy

- (1) Secure the safety of employees and their families
- (2) Continue priority businesses and key operations to minimize business damage
- (3) Carry out corporate social responsibilities and contribute to local communities

Key Points of Plan

- (1) Priority business: Consumer Products Business
- (2) Priority operations: Operations necessary for continuation of product supply
- (3) Target timeframes for restoring operations and organizational chains of command

Implementing Risk Management

The Executive Management Board identifies and evaluates risks that have the potential to significantly impact the Lion Group's management performance and financial status, and designates these as "management risks." The whole Group works to mitigate or otherwise address these risks (the 13 risks outlined on page 64) through dedicated committees and systems in each department. For risks specific to individual departments, the relevant departments designate and evaluate them as "individual risks" and investigate countermeasures throughout the year, which they then implement. The director responsible for risk management reports on the progress of risk management to the Executive Committee and the Board of Directors as necessary. The Auditing Office audits the status of risk management for each department in the Group and reports its findings to the Executive Committee and the Board of Directors.





Business Risks

The Lion Group has identified 13 risks that may seriously impact Group management in terms of its ability to carry out its corporate social responsibilities, including achieving sustainable growth and supplying products to customers. We are focusing particular efforts on managing these risks.

Risk	Description	Main Countermeasures
(1) Risks related to market and customer changes	Risk of falling behind competitors and being unable to maintain market share or sales due to delays in responding to changes in customers' consumption and purchasing behavior and other factors	We analyze changes in markets and customers' consumption and purchasing behavior from multiple angles, and work to create and provide new living habits that lead to customer value.
(2) Product quality risks	Risk of problems with products, such as unforeseen product-related accidents, due to unforeseen product defects or mistaken use by customers	We ensure compliance with related laws and regulations and implement product development and other processes in line with our Product Management System based on the JIS Q 9000 family of standards after taking steps prior to release to identify and minimize risks including misuse or abnormal use. We have also acquired ISO 9001 certification and are working to reinforce our organizational management system for quality.
(3) Raw material procurement risks	Risk of supply-chain delays or breaks resulting from factors such as geopolitical risks, accidents at suppliers or rapidly rising purchasing prices due to increasingly fierce competition in procurement resulting from climate change and changes in global demand trends	We ensure stable raw material procurement through the use of interchangeable materials, purchasing from multiple sources and practicing global procurement, and furthermore implement responsible procurement activities based on our Procurement Principles.
(4) Overseas business risks	Risk of incurring costs associated with response measures or limitations on business activities arising from political and economic developments or changes in or the tightening of laws and regulations in the countries and regions where we do business, resulting from changes to the composition of our overseas business, as well as risk of changes to policies and financial measures of major stakeholders that affect our business operations	We closely monitor developments related to political and economic conditions as well as laws and regulations in the counties and regions where we do business, continually gathering information and preparing for changes. In addition, we diversify our countries of operation as well as our portfolio to spread risk.
(5) Human resource risks	Risk of stagnation in corporate growth due to difficulty in securing and developing necessary human resources according to plans as a result of such factors as the shrinking labor force and changes in the employment environment, as well as risk of human resource loss and stagnations of business activities due to inability to foster a corporate culture that respects diverse values and enhances relationships within the organization	We conduct human capital management, centered on the LION Professional Fulfillment Reforms, which encompass measures related to work management and work styles, as well as allocation of human resources within the Group in alignment with management strategies
(6) Information management risks	Risk of information leaks, system paralysis or other incidents due to such unforeseen events such as computer virus infections or improper system access	We have designated countermeasures to system problems in the Information Security Regulations, which are updated as needed, and implement thorough information management, including that of trade secrets, based on the Basic Policy on Information Management.
(7) Compliance risks	Risk of serious legal or regulatory violations due to the unforeseen establishment or abolition of relevant laws or significant regulatory changes or tightening	We have established the Lion Group Charter for Corporate Behavior and Behavioral Guidelines, which serve as a code of conduct, and for which we implement periodic education for all employees.
(8) Reputation risks	Risks of inappropriate comments or messages on social media or other platforms quickly spreading and generating controversy or backlash	We endeavor to quickly discover inappropriate information by continuously monitoring social media and other platforms. We have also formulated a social media risk management manual, establishing a system that enables us to respond promptly, cautiously and appropriately at an early stage.
(9) Exchange rate risks	Risk of impact of exchange rate fluctuations on import/export transactions, such as those related to product supply or raw material procurement, and risk of impact on Group management performance and financial position resulting from foreign currency translation to Japanese yen in the consolidated financial statements	We carefully monitor the exchange rates of key currencies and strive to reduce risks presented by exchange rate fluctuations through hedging and other means.
(10) Major lawsuit risks	Risk of economic impact or damage to the Company's brand image or social credibility resulting from unfavorable decisions for the Group in major lawsuits	We ensure thorough legal compliance, clearly explain and discuss contract terms before forming agreements, appropriately manage intellectual property and take other steps to prevent lawsuits.
(11) Novel influenza and other infectious disease risks	Risk of the emergence and prolongation of novel strains of influenza or other infectious diseases resulting in restrictions on the movement of people and things that could limit business activities	We implement thorough infection prevention measures under normal conditions and have designated response measures in the "Manual on Countermeasures against Novel Influenza and Other Infectious Diseases" in addition to creating a system to enable quick and appropriate action in the event of an outbreak.
(12) Major earthquake, typhoon and other natural disaster risks, and accident risks	Risk of death or injury of employees or others, as well as physical damage, such as damage to manufacturing facilities or warehouses, caused by a major earthquake, major typhoon or other natural disaster, or by insufficient safety activities or equipment malfunction at production facilities, and risk of resulting interruptions of business continuity or product supply	We have prepared a system for implementing organizational responses (including remotely) based on the "Manual on Countermeasures for Earthquake Disasters," conduct periodic drills, and have established a Business Continuity Plan (BCP) Framework to ensure business continuity and rapid recovery in the event of a disaster in order to fulfill our product supply responsibilities.
(13) Climate change and other environmental change risks	Risk related to responding to tightening regulations, rising raw material costs, other cost increases and reputational damage due to delays in responding arising from global temperature increases caused by climate change	Working to realize a sustainable society, we have established LION Eco Challenge 2050, a set of long-term environmental objectives for 2050, and are ambitiously working to realize a decarbonized, resource-circulating society.



Leadership Team Directors, Audit & Supervisory Board Members and Executive Officers (As of April 1, 2024)



Representative Director,
Chairman of the Board of Directors
Masazumi Kikukawa

April 1984 Joined Lion Corporation
March 2012 Director, Executive Officer
March 2016 Executive Director, Executive Officer
March 2017 Director, Managing Executive Officer
March 2018 Representative Director, Senior Managing Executive Officer
January 2019 Representative Director, President and Executive Officer, Chief Operating Officer
March 2022 Representative Director, President and Executive Officer, Chief Executive Officer
January 2023 Representative Director, President and Executive Officer, Chief Executive Officer
March 2023 Representative Director, Chairman of the Board of Directors, Chief Executive Officer
March 2024 Representative Director, Chairman of the Board of Directors



Representative Director,
President and Executive Officer
Masayuki Takemori
Chief Executive Officer

April 1993 Joined Lion Corporation
January 2021 Executive Officer
January 2022 Senior Executive Officer
March 2023 Representative Director, President and Executive Officer, Chief Operating Officer
March 2024 Representative Director, President and Executive Officer, Chief Executive Officer



Director,
Vice President and Executive Officer
Hitoshi Suzuki

April 1985 Joined Lion Corporation
January 2016 Executive Officer
March 2019 Senior Executive Officer
March 2021 Director, Executive Officer
January 2023 Director and Executive Officer
March 2023 Director, Vice President and Executive Officer
Responsible for Northeast Asia Business Division, Southeast and South Asia Business Division and Overall Overseas Businesses



Director,
Senior Executive Officer
Kenjiro Kobayashi

April 1987 Joined Lion Corporation
March 2012 Director, Executive Officer
March 2017 Director, Senior Executive Officer
Responsible for Human Resources Development Center, Corporate Ethics, General Affairs Department, Management Support Department and Sustainability Promotion Department



Director,
Senior Executive Officer
Yugo Kume

April 1984 Joined Lion Corporation
January 2016 Executive Officer
March 2017 Director, Executive Officer
January 2021 Director, Senior Executive Officer
Responsible for Business Development Center, Health & Home Care Products Division, Gift and Channel-Specific Products Division, Direct Marketing Division and Corporate Communication Center



Director,
Senior Executive Officer
Fumitomo Noritake

April 1988 Joined Lion Corporation
January 2016 Executive Officer
March 2019 Director, Executive Officer
March 2023 Director, Senior Executive Officer
Responsible for Manufacturing Innovation Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production and Logistics Headquarters, Overall Chemicals Businesses, Digital Strategy Department, Intellectual Property Department and Safety and Disaster Prevention Department



Director,
Senior Executive Officer
Kengo Fukuda

April 1987 Joined Lion Corporation
January 2017 Executive Officer
January 2022 Senior Executive Officer
March 2022 Director, Executive Officer
March 2023 Director, Senior Executive Officer
Responsible for Finance Department, Risk Management, Corporate Planning Department, Consumer Service Center, Reliability Assurance Department and Legal Department



External Director
Kazunari Uchida

January 1985 Joined Boston Consulting Group
June 2000 Representative for Japan, Boston Consulting Group
March 2006 External Auditor, Suntory Limited (now Suntory Holdings Limited)
April 2006 Professor, Faculty of Commerce, Waseda University
February 2012 External Auditor, Kewpie Corporation
June 2012 External Director, Lifenet Insurance Company
August 2012 External Director, Mitsui-Soko Holdings Co., Ltd.
External Director, Japan ERI Co., Ltd. (now ERI Holdings Co., Ltd.)
February 2015 External Director, Kewpie Corporation
March 2016 External Director, Lion Corporation (current position)
April 2022 Professor Emeritus, Waseda University (current position)



External Director
Takashi Shiraishi

June 1979 Assistant Professor, International Relations, Department of Humanities and Social Science, College of Arts and Sciences, University of Tokyo
January 1996 Professor, Department of Asian Studies and Department of History, College of Arts and Sciences, Cornell University
July 1996 Professor, Center for Southeast Asian Studies, Kyoto University
April 2005 Professor and Vice President, National Graduate Institute for Policy Studies
May 2007 President, Institute of Developing Economies, Japan External Trade Organization
January 2009 Councilor, Council for Science, Technology and Innovation, Cabinet Office
April 2011 President, National Graduate Institute for Policy Studies
January 2013 Member, Management Evaluation Committee (now the Advisory Committee), Lion Corporation
March 2017 External Director, Lion Corporation (current position)
April 2017 Special Visiting Professor, Ritsumeikan University
May 2017 Professor Emeritus, National Graduate Institute for Policy Studies (current position)
April 2018 Chancellor, Prefectural University of Kumamoto



External Director
Takako Sugaya

October 2002 Registered as an attorney at law (Daini Tokyo Bar Association) joined Yamada Hideo Law Office (now the Yamada Ozaki Law Office)
April 2010 Associate Professor, Toin University of Yokohama Graduate School of Law
June 2018 External Director, Haruyama Holdings, Inc.
March 2019 External Director, Lion Corporation (current position)
March 2024 Established SUGAYA PARTNERS LAW OFFICE, Representative Attorney (current position)



External Director
Reiko Yasue

April 1991 Joined Nagoya Research Institute, Panasonic Information Systems Co., Ltd. (now Panasonic Advanced Technology Development Co., Ltd.)
December 1999 Joined Motorola, Inc.
June 2004 Joined SEVEN Networks, Inc.
September 2005 Joined Qualcomm, Inc.
July 2009 Joined FUJISOFT Inc.
April 2015 Managing Executive Officer, FUJISOFT Inc.
January 2018 Joined Cybernet Systems Co., Ltd., Executive Vice President
March 2018 Representative Director, Executive Vice President, Cybernet Systems Co., Ltd.
March 2019 Representative Director, President & CEO, Cybernet Systems Co., Ltd.
January 2020 Representative Director, President and Executive Officer, Cybernet Systems Co., Ltd. (current position)
March 2021 External Director, Lion Corporation (current position)
March 2024 Senior Advisor, JSR Corporation (current position)



Leadership Team



Audit & Supervisory Board Member
Naoki Miidera

April 1986 Joined Lion Corporation
April 2013 General Manager of the Corporate Planning Department for Special Mission
January 2017 General Manager of the Corporate Planning Department for Special Mission of Corporate Strategy Headquarters
January 2019 General Manager of Legal Department and General Manager of the Corporate Planning Department for Special Mission of Corporate Strategy Headquarters
August 2019 General Manager of Legal Department
January 2023 Assistant to the President
March 2023 Audit & Supervisory Board Member



External Audit & Supervisory Board Member
Atsuko Suzuki

April 1986 Joined Matsushita Electric Industrial Co., Ltd. (now Panasonic Corporation)
April 2008 Director and Manager of the CSR Office, Matsushita Electric Industrial Co., Ltd. (resigned in December 2014)
April 2010 External Director and Auditor, Nara Women's University (resigned in December 2012)
January 2015 Joined Asahi Breweries, Ltd.
April 2015 Manager of the Social Environment Department, Asahi Breweries, Ltd.
October 2015 Manager of the Sustainability Promotion Section, Olympic/Paralympic Promotion Headquarters (concurrently held), Asahi Breweries, Ltd.
April 2017 Director and General Manager of the CSR Division of Asahi Group Holdings, Ltd.
March 2021 External Audit & Supervisory Board Member, Lion Corporation (current position)



External Audit & Supervisory Board Member
Akemi Sunaga

October 1989 Joined Aoyama Audit Corporation (now PricewaterhouseCoopers Aarata LLC)
February 1991 Joined Chuo Audit Corporation
August 1993 Acquired Japanese CPA certification
October 1994 Acquired Japanese tax accountant certification
November 1994 Established Sunaga CPA Firm (current position)
November 1996 Established and became representative director of Marunouchi Business Consulting Ltd. (current position)
January 2012 Established and became representative of Marunouchi Business Consulting Tax Co. (current position)
June 2016 External Audit & Supervisory Board Member of Matsumotokiyo Holdings Co., Ltd.
June 2017 Senior Partner/CEO of Marunouchi Audit Corporation
March 2019 Alternate Audit & Supervisory Board Member of Lion Corporation
January 2022 Senior Partner of Marunouchi Audit Corporation (current position)
March 2023 External Audit & Supervisory Board Member, Lion Corporation (current position)



Audit & Supervisory Board Member
Yoshitada Ishii

April 1986 Joined Lion Corporation
August 2020 Acting General Manager of Finance Department
August 2022 Finance Department
January 2023 Assistant to the President
March 2023 Audit & Supervisory Board Member



External Audit & Supervisory Board Member
Masatoshi Matsuzaki

April 1976 Joined Konishiroku Photo Industry Co., Ltd. (now KONICA MINOLTA, INC.)
October 2003 Director, Konica Minolta Business Technologies Co., Ltd.
April 2005 Executive Officer, Konica Minolta Holdings, Inc. (now KONICA MINOLTA, INC.)
April 2006 Representative Director and President, Konica Minolta Business Technology Center Co., Ltd.
June 2006 Senior Executive Officer, Konica Minolta Holdings, Inc. (now KONICA MINOLTA, INC.)
June 2006 Director and Senior Executive Officer, Konica Minolta Holdings, Inc.
April 2009 Director, President and Chief Executive Officer, Representative Executive Officer, Konica Minolta Holdings, Inc.
April 2014 Director, Chairman of the Board, KONICA MINOLTA, INC.
June 2016 Outside Director, Nomura Research Institute, Ltd.
January 2019 Outside Director, Nippon Sheet Glass Co., Ltd.
June 2022 Member, Advisory Committee, Lion Corporation
June 2022 Special Adviser, KONICA MINOLTA, INC. (current position)
March 2023 External Audit & Supervisory Board Member, Lion Corporation (current position)
June 2023 Honorary Adviser, KONICA MINOLTA, INC. (current position)

Senior Executive Officer

Masaharu Mikuni

Executive General Manager of Health and Home Care Products Sales Division, Responsible for Distribution Policy Department

Executive Officer

Yasutsugu Shimizu

Executive General Manager of Production and Logistics Headquarters

Executive Officer

Kei Minamikawa

Executive General Manager of Supply Chain Management Planning Headquarters, Responsible for Human Resources Development Center

Executive Officer

Katsuhiko Chikyu

Executive General Manager of Purchasing Headquarters

Executive Officer

Yasuhiro Urao

Executive General Manager of Health and Home Care Products Division

Executive Officer

Go Ichitani

Executive General Manager of Southeast and South Asia Business Division

Executive Officer

Tomomichi Okano

Responsible for Corporate Environmental Strategy

Executive Officer

Annette Ling

Special Assignment for Thailand Business

Executive Officer

Akihiko Takeo

General Manager of Finance Department

Executive Officer

Ayako Suzuki

Executive General Manager of Research and Development Headquarters

Executive Officer

Yoshihiro Aihara

Executive General Manager of Northeast Asia Business Division

Executive Officer

Norihiko Nakabayashi

Responsible for Digital Strategy, Digital Strategy Department



Leadership Team

<https://www.lion.co.jp/en/company/officer/>

Results by Business Segment

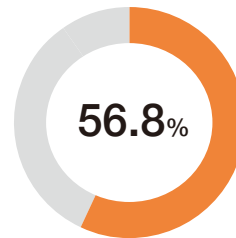
Consolidated Net Sales
¥402.7 billion

Consolidated Core Operating Income
¥20.1 billion

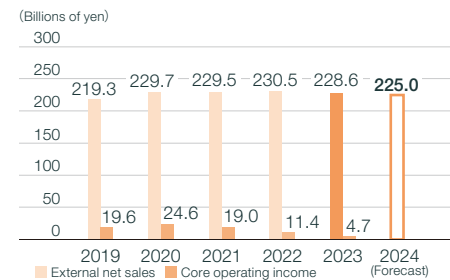
Consumer Products Business (Japan)

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 0.7% compared with the previous fiscal year. Core operating income decreased 58.1% due to factors including the impact of increases in raw material prices.

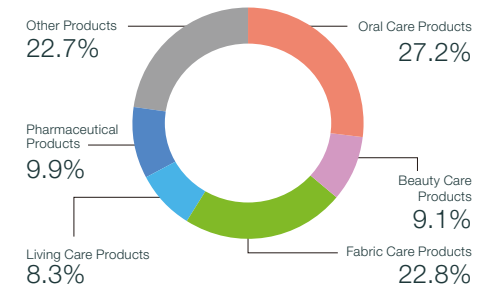
Percentage of Consolidated External Sales



External Net Sales / Core Operating Income



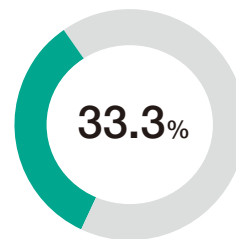
Net Sales by Product Category in 2023



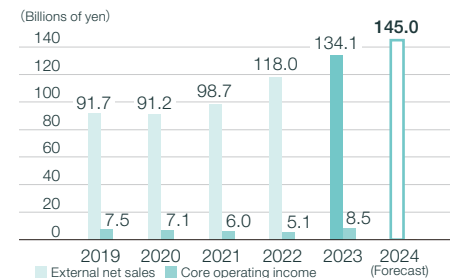
Overseas Business

The Overseas Business segment comprises business operations located in Southeast and South Asia, including Thailand and Malaysia, and in Northeast Asia, including China and South Korea. Segment net sales increased 14.5% year on year (an 8.0% increase at constant currency, excluding exchange rate fluctuations) and Core operating income increased 67.8%.

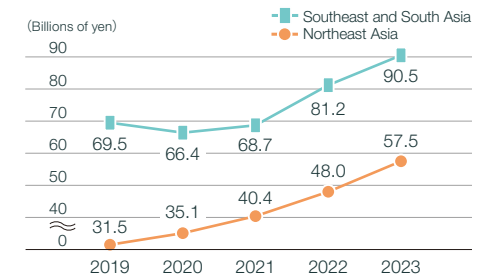
Percentage of Consolidated External Sales



External Net Sales / Core Operating Income



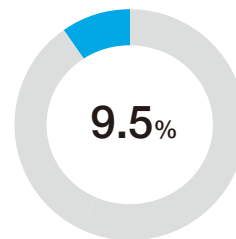
Net Sales of the Overseas Business



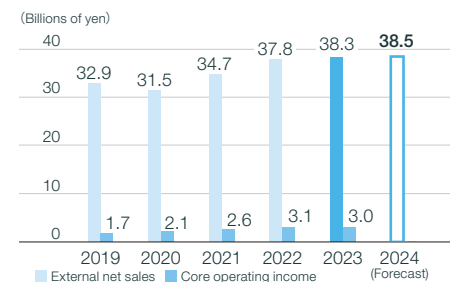
Industrial Products Business

The Industrial Products Business segment includes the mobility, electronics and detergents for institutional use fields. These businesses handle products that include anti-sticking agents for tire rubber, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales decreased 1.5% compared with the previous fiscal year. Core operating income decreased 3.8%.

Percentage of Consolidated External Sales



External Net Sales / Core Operating Income



Note: In Other Business, our subsidiaries are mainly engaged in operations related to Group businesses, with sales comprising 0.4% of consolidated net sales. The main products and services of this business include construction contracting, real estate management and temporary staffing.

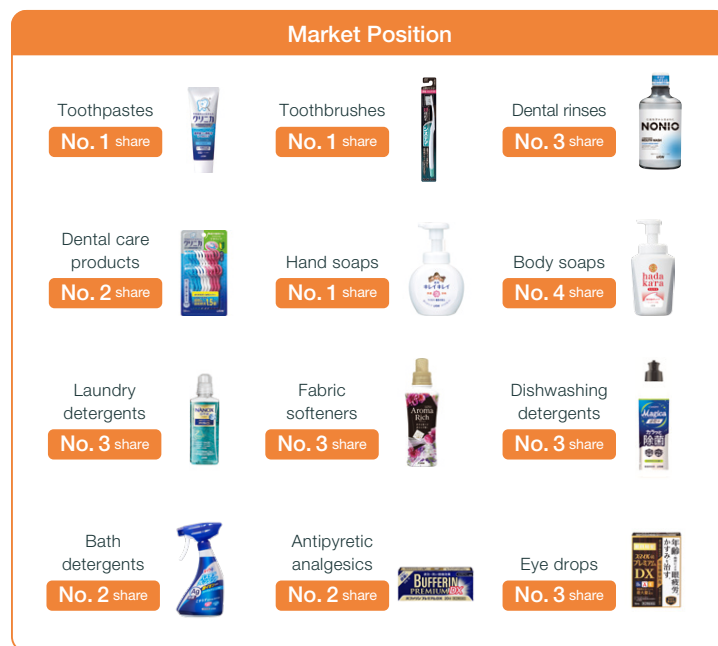


Segment Overview

Consumer Products Business (Japan)



Simultaneously increasing social and economic value through product proposals that create better habits



Note: Market position (market share) in 2023 according to Lion Corporation survey

Market Environment

Opportunities

- Spread of regular dental checkups and rising awareness of oral healthcare
- Rising awareness of the importance of self-care and cleanliness and hygiene for good health
- Rising awareness of environmentally friendly and sustainable consumption

Risks

- Continuously high raw material prices and logistics costs
- Rapid decrease in domestic population/number of households
- Impacts on supply chains from extreme weather events and natural disasters

Vision2030 1st STAGE

Oral Care Products	Strategy	Add value to oral healthcare products and propose new habits in the oral health field
	Progress	We have launched high-added-value products for oral healthcare such as <i>CLINICA PRO</i> and expanded our range of new support services to raise awareness of the importance of oral healthcare.
Beauty Care Products	Strategy	Propose new habits to regularly promote mental and physical health based on cleanliness and hygiene
	Progress	The <i>KireiKirei</i> brand has helped to establish regular hand washing and is the leading hand soap brand in Japan. We continue to propose hygiene-related habits that go beyond hand washing.
Fabric Care Products	Strategy	Propose new laundry methods aiming to create better habits while catering to various changes in lifestyle environments
	Progress	We have launched new products such as <i>SOFLAN Airis</i> and <i>NANOX one</i> in laundry-related fields, and continue to propose more enjoyable daily laundry habits.
Living Care Products	Strategy	Pursue more efficient, labor-saving housework and greater value in cleanliness and hygiene, and propose new housework habits for the next generation
	Progress	We continue to propose habits that transform troublesome housework routines into easier, more positive routines through <i>Magica</i> and <i>LOOK Plus Bath Cleaning</i> .
Pharmaceutical Products	Strategy	Propose self-care habits that enable people to choose the optimal solution based on their own condition
	Progress	Since the reclassification of COVID-19 as a Class 5 infectious disease, we have used <i>BUFFERIN</i> to propose self-care habits and <i>FERZEA</i> as a solution for those with skin worries.



Segment Overview

Overseas Business



Accelerating reforms to grow net sales and increasing our presence in the markets of Asia

Market Position

<p>Lion Corporation (Thailand) Ltd. Location: Bangkok, Thailand</p> <p>Categories in top 3</p> <ul style="list-style-type: none"> Liquid soaps No. 1 share Hand soaps No. 1 share Toothpastes and toothbrushes Laundry detergents Dishwashing detergents 	<p>Southern Lion Sdn. Bhd. Location: Johor Bahru, Malaysia</p> <p>Categories in top 3</p> <ul style="list-style-type: none"> Laundry detergents No. 1 share
<p>Lion Corporation (Korea) Location: Seoul, South Korea</p> <p>Categories in top 3</p> <ul style="list-style-type: none"> Hand soaps No. 1 share Laundry detergents Dishwashing detergents 	<p>Lion Daily Necessities Chemicals (Qingdao) Co., Ltd. Location: Qingdao, China</p> <p>Categories in top 3</p> <ul style="list-style-type: none"> Regular toothbrushes via e-commerce channels

Note: Market position (market share) in 2023 according to Lion Corporation survey

Market Environment

Opportunities

- Expansion of healthcare market in line with rapid rise in health awareness
- Diversification of needs in line with expansion of middle class in emerging countries
- Emergence of common regional needs in predominantly urban areas in each country
- Changes in distribution structures with e-commerce and minimarts, etc.
- Rising needs for environmentally friendly products such as refills
- Increasing demand for hygiene products in line with spread of hygienic habits

Risks

- Disorder caused by political instability mainly in emerging countries
- Difficulties in raw material supplies due to rising geopolitical risks
- Increase in product prices due to continuously high raw material prices
- Increase in training costs due to increasingly tough competitive environments

Vision2030 1st STAGE

Southeast and South Asia	Strategy	<ul style="list-style-type: none"> • Aim for growth in the personal care business in the oral healthcare and other fields field in line with rising health awareness • Steadily move forward with expansion into new countries or regions and contribute to the creation of better habits among more consumers
	Progress	<ul style="list-style-type: none"> • In the oral care field, we have added value to toothbrushes and implemented education and awareness activities with local governments and dental specialists • We have started new businesses in Bangladesh and Vietnam and built organizations and production systems aimed at future growth
Northeast Asia	Strategy	<ul style="list-style-type: none"> • Execute glocalization strategy in line with sophistication of lifestyles (Type III pattern-based marketing) • Stabilize profitability foundation through portfolio reforms in each country and region, and accelerate business growth in China through investments
	Progress	<ul style="list-style-type: none"> • We have implemented SCRM systems and begun full-fledged subscriptions to reinforce e-commerce sales in China • We have reinforced sales systems and increased domestic production of toothbrushes and other products to strengthen in-store sales in China • We have established a new research center in Shanghai to reinforce development. We have worked to improve profitability by increasing range of value-added oral care products, etc.



Segment Overview

Industrial Products Business

Chemical Products Business

Becoming a top global niche company that provides new value to industrial customers' next-generation products

Market Environment

Opportunities

- Growth in the electric vehicle (EV) market as we move toward a decarbonized society and growth in the semiconductor market due to the spread of 5G communications
- Continuous growth in the hygiene-related market

Risks

- Changes in lifestyles and consumer awareness
- Fluctuating raw material and energy prices
- Changes in supply chains due to rising geopolitical risks

Vision2030 1st STAGE

CASE*	Strategy	<ul style="list-style-type: none"> • In the growing secondary battery market, which has been driven by rising demand for electric vehicles (EVs), increase rollout of electro-conductive agent <i>KETJENBLACK</i> carbon black (KB), which has excellent properties, by increasing production capacity • In the anti-sticking agent business, where we hold the top domestic market share for general-use, powder-type anti-sticking agents, enhance customer value through the rollout of liquid polymer anti-sticking agents and aim to capture top global market share for both
	Progress	<ul style="list-style-type: none"> • We have achieved significant increases in sales and profit compared to the previous year through proactive rollout of KB for use in batteries. • We are making steady progress with the launch and overseas rollout of new products in the anti-sticking agent business.
Sanitary	Strategy	<ul style="list-style-type: none"> • Proactively rollout nitrogen derivatives and functional polymers in line with the needs of end customers in the healthcare market, and promote establishment of a raw material procurement system as a key competitive advantage
	Progress	<ul style="list-style-type: none"> • We have achieved steady profit growth by focusing on expansion into markets related to sterilization and healthcare. • We have expanded collaboration with domestic and overseas suppliers and strengthened our production and supply system.

* Markets centered on connected, autonomous, shared, and electric technologies



Lion Specialty Chemicals Co., Ltd.
<https://www.lion-specialty-chem.co.jp/en/>

Detergents for Institutional Use Products Business

Providing unique cleanliness and hygiene solutions to corporate customers and contributing to the resolution of social challenges

Market Environment

Opportunities

- Rising needs for cleanliness, hygiene, and safety
- Recovery of domestic institutional markets
- Expansion of businesses and investments aimed at labor-saving

Risks

- Fluctuating exchange rates and continuously high raw material prices
- Impacts from worsening logistics environment
- Rapid changes among competitors and businesses

Vision2030 1st STAGE

Commercial Vegetable and Food Business	Strategy	<ul style="list-style-type: none"> • Expand food processing business based on vegetable-washing systems that use our proprietary ozone technology 	
	Progress	<ul style="list-style-type: none"> • We continue to expand our launch of new products. We are also enhancing initiatives for our unique product categories and expanding our range of target customers. 	
Restaurant and Hygiene Business	Strategy	<ul style="list-style-type: none"> • Make comprehensive proposals to the restaurant industry using our strengths in hygiene technology and detergents 	
	Progress	<ul style="list-style-type: none"> • We have expanded our business by strategically focusing our products and technologies on growing business fields. In 2024, we will establish a joint venture in China with the aim of further expanding our business. 	
Nursing Care Facility Business	Strategy	<ul style="list-style-type: none"> • Provide our unique products and services using the optimal distribution means to markets where demand continues to grow 	
	Progress	<ul style="list-style-type: none"> • We are currently reviewing our strategies for each field aimed at efficient expansion of products and distribution. 	



Lion Hygiene Co., Ltd.
 (Japanese only)
<https://www.lionhygiene.co.jp/>

Key Financial Data

V-1 Plan
2012-2014

V-2 Plan
2015-2017

LIVE Plan
2018-2020

Vision2030 1st STAGE
2022-2024

Japanese GAAP

(Millions of yen)

	2014	2015	2016	2017
Consolidated Statement of Income				
Net sales	367,396	378,659	395,606	410,484
Cost of sales	160,677	162,435	161,992	171,209
Gross profit	206,718	216,223	233,613	239,275
Gross profit to net sales (%)	56.3	57.1	59.1	58.3
Selling, general and administrative expenses	194,312	199,848	209,110	212,068
Selling, general and administrative expenses to net sales (%)	52.9	52.8	52.9	51.7
Operating income	12,406	16,374	24,502	27,206
Operating income to net sales (%)	3.4	4.3	6.2	6.6
Profit attributable to owners of parent	7,368	10,680	15,951	19,827
Consolidated Balance Sheets				
Total assets	283,352	282,434	298,510	331,751
Property, plant and equipment	79,275	75,060	74,402	80,981
Total noncurrent liabilities	40,380	18,455	17,190	17,511
Total liabilities	155,918	139,703	140,630	144,736
Total net assets	127,434	142,730	157,879	187,015
Other selected data				
Capital expenditures ¹	13,555	8,801	9,407	14,892
R&D expenses	9,439	9,808	10,084	10,474
Depreciation and amortization	10,301	11,166	10,244	9,386
Number of employees	6,343	6,816	6,895	7,075
Per share data (yen)				
Earnings per share – basic	27.47	39.35	55.13	68.23
Earnings per share – diluted	26.16	36.84	55.04	68.15
Dividends per share	10.00	10.00	13.00	17.00
Net assets per share	449.94	469.05	513.76	607.61
Number of shares outstanding (common stock)	299,115,346	299,115,346	299,115,346	299,115,346
Management indicators				
Return on equity (ROE) (%)	6.2	8.5	11.2	12.2

IFRS

(Millions of yen)

	2018	2019	2020	2021	2022	2023
Consolidated Statement of Income						
Net sales	349,403	347,519	355,352	366,234	389,869	402,767
Cost of sales	177,673	175,588	175,479	187,129	215,263	222,168
Gross profit	171,729	171,931	179,872	179,104	174,605	180,598
Gross profit to net sales (%)	49.1	49.5	50.6	48.9	44.8	44.8
Selling, general and administrative expenses	143,353	141,882	143,934	148,181	151,046	160,465
Selling, general and administrative expenses to net sales (%)	41.0	40.8	40.5	40.5	38.7	39.8
Core operating income ²	28,375	30,048	35,937	30,923	23,559	20,133
Core operating income ratio (%)	8.1	8.6	10.1	8.4	6.0	5.0
Operating income	34,196	29,832	44,074	31,178	28,843	20,505
Operating income to net sales (%)	9.8	8.6	12.4	8.5	7.4	5.1
Profit before tax	35,658	31,402	44,494	34,089	31,292	22,375
Profit before tax to net sales (%)	10.2	9.0	12.5	9.3	8.0	5.6
Profit for the period attributable to owners of the parent	25,606	20,559	29,870	23,759	21,939	14,624
Consolidated Balance Sheets						
Total assets	355,365	380,701	435,501	428,025	469,278	486,363
Property, plant and equipment	81,546	90,903	118,379	120,673	130,137	140,671
Total noncurrent liabilities	21,350	23,781	24,016	23,792	48,536	44,896
Total liabilities	151,093	159,499	190,644	163,011	190,110	188,229
Total net assets	204,271	221,201	244,856	265,014	279,168	298,134
Other selected data						
Capital expenditures ¹	16,678	23,644	47,570	21,890	24,314	27,807
R&D expenses	10,969	10,944	10,906	11,180	11,077	11,217
Depreciation and amortization ¹	8,707	10,504	11,732	14,252	17,665	20,201
Number of employees	6,941	7,151	7,452	7,584	7,587	7,550
Per share data (yen)						
Earnings per share – basic	88.11	70.72	102.75	81.73	77.04	51.42
Earnings per share – diluted	87.99	70.63	102.61	81.59	76.91	51.35
Dividends per share	20.00	21.00	23.00	24.00	25.00	26.00
Net assets per share	657.50	716.94	797.08	865.31	929.72	985.43
Number of shares outstanding (common stock)	299,115,346	299,115,346	299,115,346	299,115,346	292,536,446	292,536,446
Management indicators						
EBITDA ³ (Billions of yen)	—	—	47.66	45.17	39.94	38.00
ROIC ⁴ (%)	—	—	10.7	8.8	6.0	4.7
Profit for the period to equity attributable to owners of the parent (ROE) (%)	13.9	10.3	13.6	9.8	8.5	5.4

1. Includes intangible assets.

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

3. It is the sum of core operating profit and depreciation and amortization (excluding right-of-use assets). The calculation method for this indicator changed in 2022. EBITDA is an indicator of profitability on a cash basis.

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



Key Non-Financial Data

Environment

Target	Category	Classification	Unit	2021	2022	2023
Realizing a Decarbonized Society	Greenhouse gas emissions throughout the supply chain	Scope 1 ¹	1,000 t-CO ₂	77	70	63
		Scope 2	1,000 t-CO ₂	74	89	54
		Scope 3	1,000 t-CO ₂	4,770	4,870	4,536
	Non-renewable energy consumption		GWh	546	549	436
	Renewable energy consumption		GWh	42	2	81
	Carbon credits purchased ²		1,000 t-CO ₂	0	16	16
Realizing a Resource-circulating Society	Plastic usage ¹ (household products)		1,000 t	43	38	38
	Water usage throughout product lifecycles		Million m ³	2,291	2,303	2,228

1. Data for previous years has been corrected.

2. Lion Corporation (Thailand) has purchased solar power-derived T-VER carbon credits.
T-VER is a carbon credit system run by a public institution in Thailand.

Employees

Category	Material	Unit	2021	2022	2023
Employees	Lion Corporation (including employees on loan)	Male (No.)	2,347	2,317	2,253
		Female (No.)	1,238	1,270	1,292
New employees (New graduates)	Lion Corporation (including employees on loan)	Male (No.)	46	35	21
		Female (No.)	38	30	38
Ratio of women in management	Lion Corporation (including employees on loan)	%	10.3	11.1	14.2
Re-hired retirees	Lion Corporation (including employees on loan)	(No.)	293	343	462
Employees with disabilities	Lion Corporation (including employees on loan)	%	2.7	2.8	2.9
Average service years (Excluding re-hired retirees)	Lion Corporation (including employees on loan)	Male (Years)	19.5	19.6	18.3
		Female (Years)	14.1	14.2	13.1
Employees who took childcare leave	Lion Corporation (including employees on loan)	Male (No.)	54	55	57
		Female (No.)	84	77	89
Annual paid leave used	Lion Corporation (including employees on loan)	%	65.9	69.2	74.8
Employee Awareness and Behavior Survey: Ratio of employees who take pride in their work	Lion Corporation (excluding employees on loan)	%	80.5	77.1	74.5
Average hours per FTE of training and development	Lion Group	Hours	31	34.9	32.1
Average amount spent per FTE on training and development	Lion Group	Yen	36,700	51,400	43,992

Community

Since its founding, Lion has sought to help consumers enjoy healthy living through the provision of products while carrying out educational and awareness activities and communication aimed at creating healthy living habits.

Category	Unit	2021	2022	2023
Hand washing habit educational and awareness activities: Oral Health Event of Tooth Brushing for Children ¹	No. of participants	Japan and Asia Approx. 252,000	Japan and Asia Approx. 253,000	Japan and Asia Approx. 270,000
Hand washing habit educational and awareness activities: Education in correct hand washing methods ²	No. of participants	Approx. 1,300	Approx. 2,360	Approx. 2,510

1. An event for elementary school students held since 1932 during Dental and Oral Health Week (June 4–10)

2. Fun educational events on hand washing techniques for nursery school students, school students and school teachers alike



ESG Data and Third-party Verification

<https://www.lion.co.jp/en/sustainability/management/data/>



External Evaluations and Participation in External Organizations (As of March 31, 2024)

In addition to financial considerations, the Lion Group works to address environmental, social and governance issues. We have been selected for inclusion in leading socially responsible investing (SRI) indices. Our environmental, logistics and human resources initiatives have been highly evaluated by governmental and other external institutions.

Inclusion in SRI Indices

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
2023 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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.



FTSE4Good



FTSE Blossom Japan



FTSE Blossom Japan Sector Relative Index



S&P/JPX Carbon Efficient Index



MORNINGSTAR GenDi J
Japan ex-REIT Gender Diversity Tilt Index
TOP CONSTITUENT 2023

Participation in External Organizations



WE SUPPORT UN GLOBAL COMPACT



TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



ECO FIRS1



CERTIFIED SUSTAINABLE PALM OIL
RSPO
4-0012-06-100-00



JaSPON
Japan Sustainable Palm Oil Network



Sedex Member



JAPAN CLIMATE INITIATIVE



GX League 2022



Green Green Industrial Alliance



Plastics Smart



Keidanren Initiative for Biodiversity

Evaluations and Certifications

Evaluations and Certifications Related to the Environment



CDP DISCLOSURE INSIGHT ACTION
A LIST 2023
WATER



CDP SUPPLIER ENGAGEMENT LEADER 2023



SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Evaluations and Certifications Related to Human Resources



NIKKEI Smart Work
★★★★ 2024



SPORTS YELL COMPANY 2024



2023 健康経営銘柄
Health and Productivity



2023 健康経営優良法人
Health and Productivity
ホワイト500



グリーフ
環境にやさしい

Evaluations and Certifications Related to Overall CSR



NIKKEI SDGs
Management Survey 2023
★★★★



DX認定

Evaluations and Certifications Related to the Supply Chain



みんなで地球にやさしい物流を
グリーン物流パートナーシップ



環境にやさしい
グリーン物流



グリーン物流



Initiatives and External Evaluations

<https://www.lion.co.jp/en/sustainability/management/investor/>

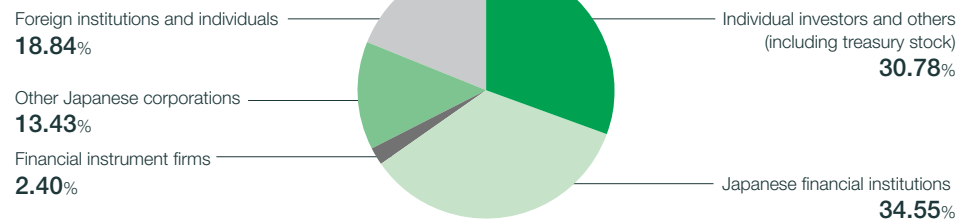


Corporate Overview and Stock Information (As of December 31, 2023)

Corporate Overview

Corporate Name	Lion Corporation
Foundation	October 30, 1891
Establishment	September 1918
Capital	¥34,433,720,000
Address	1-3-28 Kuramae, Taito-ku, Tokyo 111-8644, Japan
Employees	3,132 (Consolidated: 7,550)

Shareholders by Category



Major Shareholders (Top 10)

Shareholders	Number of shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,303	13.78
Custody Bank of Japan, Ltd. (Trust Account)	24,262	8.51
Custody Bank of Japan, Ltd. As trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	8,282	2.90
MUFG Bank, Ltd.	7,076	2.48
STATE STREET BANK AND TRUST COMPANY 505223	5,881	2.06
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,450	1.56
Meiji Yasuda Life Insurance Company	3,690	1.29
Toyota Tsusho Corporation	3,506	1.22
Mitsubishi UFJ Trust and Banking Corporation	3,500	1.22
STATE STREET BANK AND TRUST COMPANY 505103	3,205	1.12

Note: Shareholding ratios are calculated based on a total of 285,071,536 shares, which is the number of shares issued and outstanding less the number of shares of treasury stock, rounded down to the second decimal place.

Stock Information

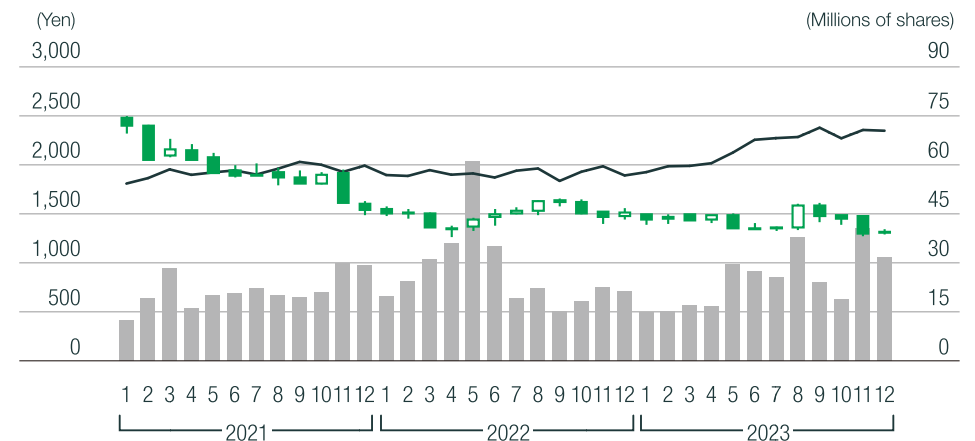
Stock Listing	Prime Market of Tokyo Stock Exchange
Securities Code	4912
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Number of Shares of Common Stock	292,536,446 (Issued and outstanding)
Number of Shareholders	287,776

Share Price and Trading Volume

Total Shareholder Returns

	December 2019	December 2020	December 2021	December 2022	December 2023
Lion	94.5%	112.0%	70.7%	70.8%	62.9%
Reference: TOPIX net total return index	118.1%	126.8%	143.0%	139.5%	178.9%

Lion shares TOPIX Trading volume



life.love.
LION