



LION Integrated Report 2023

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



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Editorial Policy

Lion Integrated Report 2023 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, 2022 (Some information covers activities in 2023.)

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)

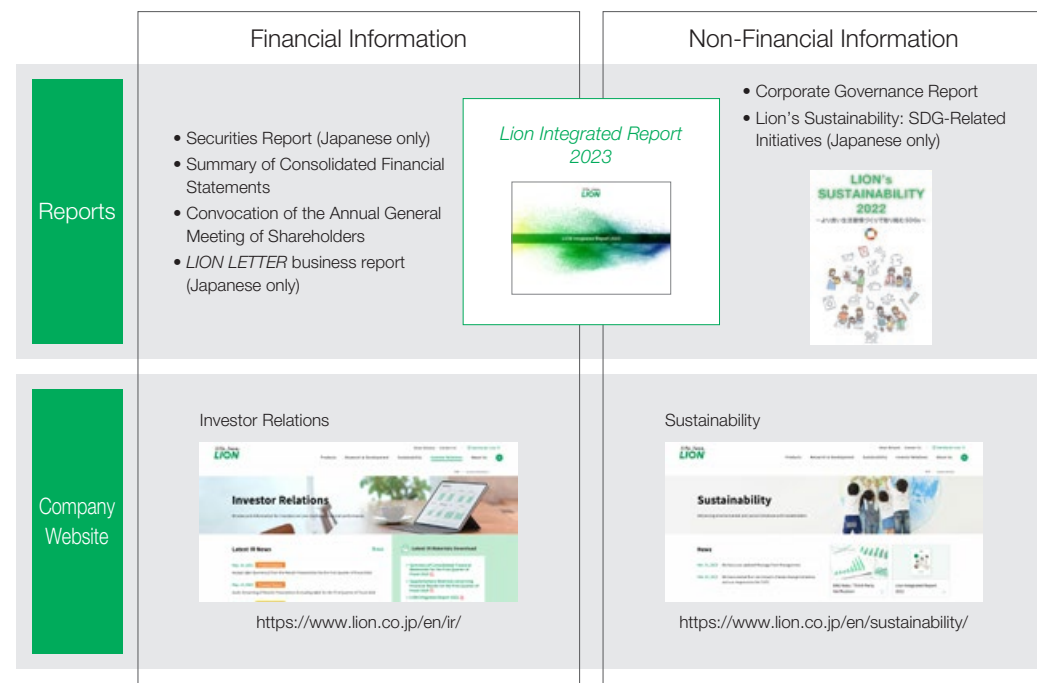
Referenced Guidelines:

- International Integrated Reporting Framework issued by the Value Reporting Foundation (VRF)
- Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues 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





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

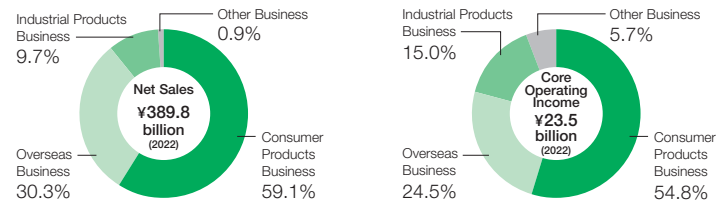
Our purpose reflects our desire to help people achieve healthy minds and bodies and our hopes for a sustainable society.

Our beliefs are the linchpin of our business activities, guiding our daily thoughts, 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.

Lion at a Glance

Net Sales and Core Operating Income by Segment



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

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, including toothpastes, hand soaps, laundry detergents and over-the-counter (OTO) pharmaceuticals.

Oral Care Products

Toothpastes, toothbrushes, dental rinses, etc.



Beauty Care Products

Hand soaps, body soaps, antiperspirants and deodorants, etc.



Fabric Care Products

Laundry detergents, fabric softeners, laundry bleaches, etc.



Living Care Products

Dishwashing detergents, household cleaners, food preparation products, etc.



Pharmaceutical Products

Antipyretic analgesics, eye drops, dermatologic medicines, etc.



Other

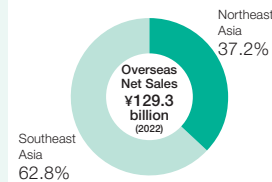
Gifts, pet supplies, etc.



Overseas Business

Lion operates businesses in Southeast and South Asia and Northeast Asia, providing products useful for daily living regardless of culture or language.

Net Sales by Region



Lion Corporation (Thailand) Ltd.

Location: Bangkok

Lion Corporation (Hong Kong) Ltd.

Location: Hong Kong

Southern Lion Sdn. Bhd.

Location: Johor Bahru

Lion Corporation (Korea)

Location: Seoul

Lion Laloll Limited

Location: Dhaka

Lion Corporation (Singapore) Pte Ltd.

Location: Singapore

Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.

Location: Qingdao

Merap Lion Holding Corporation

Location: Ho Chi Minh City
(Equity method subsidiary from March 2023)

PT. Lion Wings

Location: East Jakarta
(Equity method subsidiary)

Lion Home Products (Taiwan) Co., Ltd.

Location: New Taipei

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



Detergents for Institutional Use

- | | | | |
|-----------------------|--------------------|------------|------------------------------|
| Dishwasher detergents | Alcohol sanitizers | Hand soaps | Vegetable-washing detergents |
|-----------------------|--------------------|------------|------------------------------|



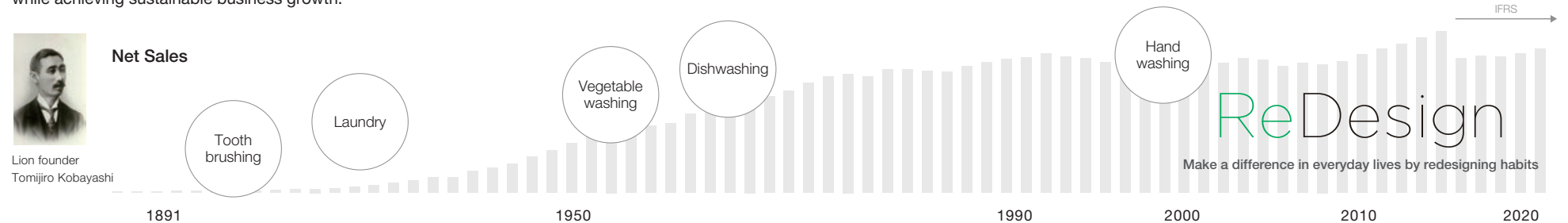
Other Business

In Japan, our subsidiaries are mainly engaged in operations related to Group businesses. The main products and services of this business include construction contracting, real estate management, transport and storage, and temporary staffing.



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.



Lifestyle and Social Issues



Establishing Tooth Brushing Habits

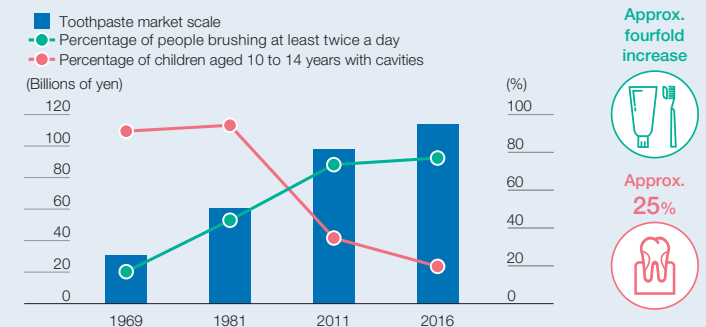
When Lion was founded in the late 1800s, tooth brushing was not yet widely practiced in Japan, and around 96% of children had cavities. Based on Lion founder Tomijiro Kobayashi's feeling that the situation presented a real crisis with regard to the nation's future, Lion began developing and marketing oral care products and carrying out educational activities.

Over the years, Lion has continued to conduct activities to firmly establish 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 sponsorship of TV programs that raise awareness of the importance of nighttime tooth brushing. As a result, approximately 80% of consumers brush their teeth at least twice a day, a fourfold increase over the past 50 years. Concurrently, the percentage of elementary school children with cavities—previously an issue—has fallen to around 25%, 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.



Children being taught correct flossing techniques at the Oral Health Event of Tooth Brushing for Children

Toothpaste Market Scale, Percentage of Consumers Who Brush At Least Twice a Day and Percentage of Elementary School Children with Cavities (Japan)



Sources: Market size from a Lion Corporation survey; tooth brushing frequency and percentage of children aged 10 to 14 years with cavities (treated and untreated) from "Survey of Dental Diseases" by the Ministry of Health, Labour and Welfare.

Establishing tooth brushing habits

Social value:
Improved oral health

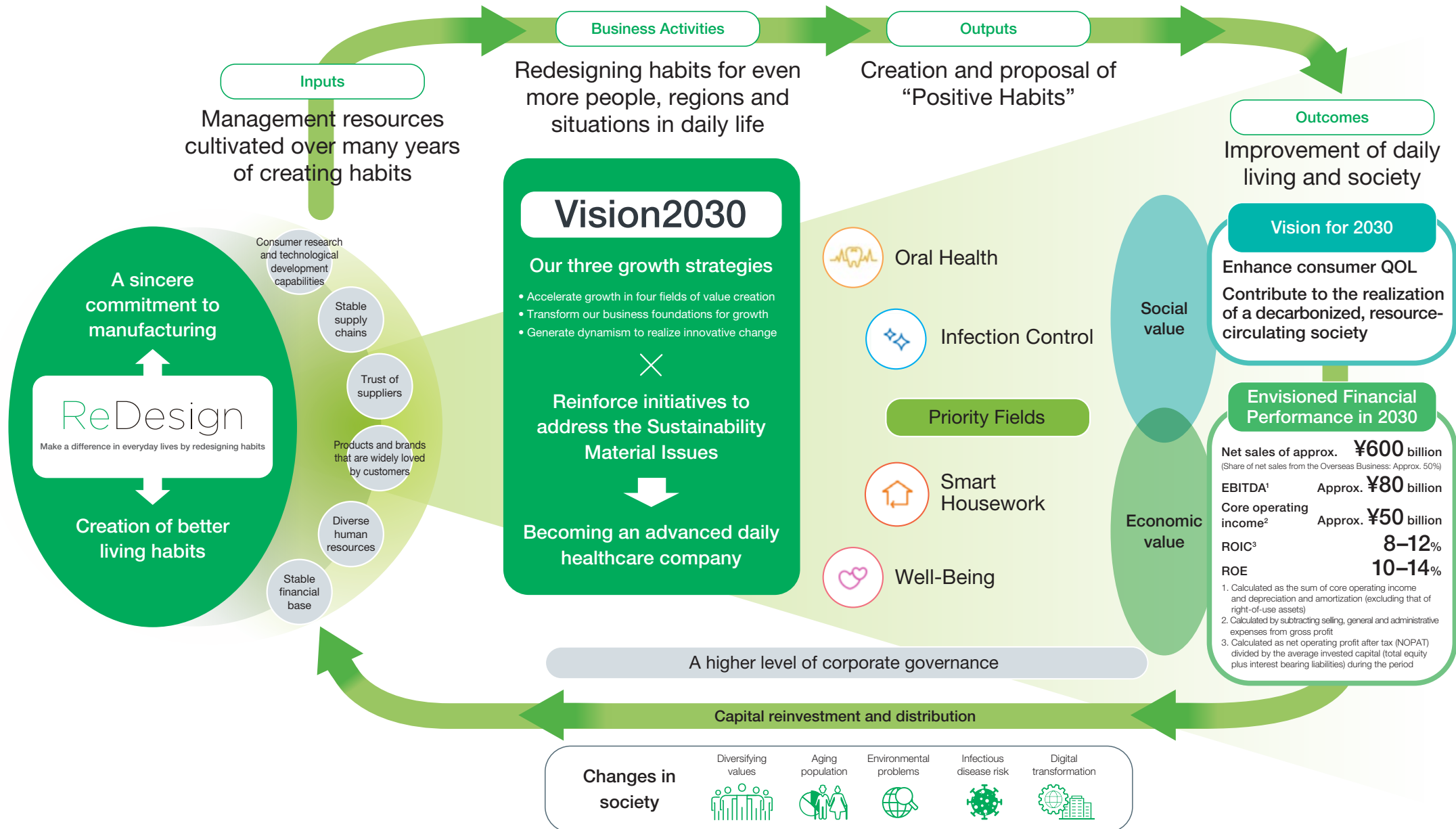
Economic value:
Expansion and vitalization of the toothpaste market

Lion's Initiatives in the Field of Oral Care



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.





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 alongside initiatives to address our Sustainability Material Issues.

These Sustainability Material Issues are relevant to both the Lion Group 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 objectives and other indicators 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

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
- Educational and awareness activities (Inclusive Oral Care, etc.)

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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 (Promotion of hand washing habits)

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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 (the 4th R)

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



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Message from the Chairman



We have started changing gears to accelerate growth and are entering a new stage of management in which we will further drive our growth strategies.

Masazumi Kikukawa

Representative Director,
Chairman of the Board of Directors

“Developing new habits is a highly effective way to achieve sustainable market growth.”

Thoughts on Our Purpose

At Lion, our purpose is to “Make a difference in everyday lives by redesigning habits: ReDesign.” In the 131 years since our founding, we have helped people to achieve healthy minds and bodies by proposing and establishing improvements to daily habits such as tooth brushing and laundry. We believe that we can best contribute to society through this unique approach. Moreover, creating habits is very effective because it creates new markets for our products and grows existing markets. For example, in the past 50 years in Japan the average number of times an individual brushes their teeth each day has increased from once¹ to twice,² resulting in a fourfold increase in the toothpaste market. Developing good habits is the basis of Lion’s

purpose—in addition to being our way of contributing to society, it is directly linked to the enhancement of the Company’s economic value.

As populations decline, we can no longer expect conventional approaches to expand our markets. That said, we believe that developing new habits is a highly effective way to achieve sustainable market growth. This is the case not only for Japan, where the population is already falling, but also for countries in East Asia where populations will begin declining in the next few years.

1. Source: Takeuchi, *Oral Hygiene*, Nagasue Shoten, Inc.

2. Source: 2022 Lion survey of oral care

Vision2030 Long-term Strategic Framework

Based on this, in 2020 we formulated Vision2030, a long term strategic framework covering the 10 years up to 2030. Our aims through Vision2030 are to create social value by supporting physical and mental healthcare and playing our part in global environmental conservation by redesigning habits. In addition, by further evolving and expanding the scope of how we redesign habits, we aim to grow our business, achieving approximately ¥600 billion in net sales, about ¥50 billion in core operating income and EBITDA of roughly ¥80 billion by 2030. These targets will enable us to maintain the ratio of core operating income to net sales at current levels while increasing net sales by approximately 60% compared with 2020. There are two reasons why we are prioritizing growth in net sales over increasing the ratio of core operating income to net sales.

One is that we believe that to achieve further profit growth, we must raise our market presence by restoring growth in net sales, which has slowed in recent years. In the 10 years leading up to 2020, we mainly focused on developing high-added-value products and increasing business efficiency to improve our profitability.



Message from the Chairman



“Net sales growth is an indicator of the growth in the number of consumers adopting and practicing the habits we propose in their daily lives.”

As a result, we were able to improve business profit, which is the ratio of operating profit (core operating income) to net sales from around 2% to 10% in 2020. However, between 2018 and 2020 our average net sales growth rate remained at around 1%. To compete and survive in the growing Asian markets, we must establish a solid presence. As a first step, it is critical that we achieve net sales in the order of ¥600 billion by 2030.

The other reason for prioritizing sales growth relates to our purpose. Net sales growth is an indicator of the growth in the number of consumers adopting and practicing the habits we propose in their daily lives. Increasing the number of people who adopt and practice these habits enables us to increase our contribution to society and expand the scale of our business. We believe that this will boost our presence in markets and among consumers, ultimately improving our profitability.

The Path to Achieving the Goals of Vision2030

To achieve the goals of Vision2030, we will further reinforce and expand our existing businesses, create new businesses that propose new habits, and accelerate growth of the Overseas Business to extend the scope of our habit proposals. By 2030, we aim to generate ¥30 billion in net sales from these new businesses, while expanding the scale of sales from our overseas operations to ¥300 billion from the ¥110 billion we achieved in 2021. We have therefore allocated four priority fields in which we will create value and formed project management offices* for each field to accelerate our plans. To accelerate growth of the Overseas Business, in addition to promoting our unique glocalization strategy, we newly launched the China Business Department to function as a hub, bringing together and leveraging Company-wide resources to accelerate growth in China, where we aim for particularly significant growth. Furthermore, in 2022 we set up a dedicated M&A team under

direct control of the president to speed up efforts to expand into new countries.

* Organizations that provide cross-organizational support for in-house project management.

Progress of Management Strategies

(1) Formulation of a Three-year Medium-term Management Plan

We formulated a three-year medium-term management plan for the period from 2022 to 2024 as the 1st STAGE of our efforts to achieve the goals of Vision2030. The underlying theme for this plan is “gear change toward accelerated growth,” and our aim is to accelerate growth in net sales, something that has slowed in recent years, by achieving CAGR of 4% within this period. At the same time, we decided to transform our foundations in various ways to ensure ongoing business growth.

(2) 2022 Financial Results

As a result of the above, in 2022 we made a good start in changing gears by increasing net sales 6.5% year on year, meeting the target set at the start of the year. We also made progress toward our target of 50% for the overseas sales ratio by exceeding 30% for the first time. On the other hand, core operating income fell significantly, dropping 23.8% from the previous year due to a rapid rise in raw material prices and the impact of fluctuating exchange rates. This outcome is a reminder of the importance of shifting to a business structure that is more resistant to environmental changes.

(3) Development of New Businesses to Evolve Habits

We are beginning to see steady progress in our initiatives for business growth. In the field of oral health, we have launched three new businesses aimed at an evolution in habits from tooth brushing at home to preventive dentistry combining regular visits



Message from the Chairman



“In 2023 we will work to transform our portfolios in each business field to reinforce our profit structure.”

to the dentist with at-home oral care: *Okuchi Plus You*, a well-being support service for corporate customers, *TANO-LT*, an exercise game console for use by nursing care facilities to improve oral and sleep functions, and *ORAL FIT*, an oral function fitness support service. By targeting the employees of corporate customers and senior citizens through various points of contact such as these, we aim to promote the habit of preventive dentistry. We are also making progress with plans for other new businesses and expect to implement them gradually within the next few years.

(4) Measures to Accelerate Growth of the Overseas Business

As part of our activities to accelerate growth of our Overseas Business, in June 2022 we established a joint venture in Bangladesh with local company Kallol Limited, and we are currently preparing for the full-scale launch of business there. Further, in January 2023 we decided to invest in MERAP HOLDING CORPORATION, a Vietnam-based company, and to get ready to launch pharmaceutical and personal care product businesses in Vietnam.

(5) Addressing Our Sustainability Material Issues

As part of Vision2030, we have set forth two top-priority Sustainability Material Issues: “creating healthy living habits” and “promoting environmental initiatives for a sustainable planet.” The former is the basis of our business activities. As for the latter, we hope to make a major contribution to sustainability by influencing people’s living habits. In Japan, activities in households account for 16% of overall CO₂ emissions, with the majority originating from the use of water and sewage. As such, promoting the habit of saving water in laundry and cleaning, for example, can make a notable contribution to reducing CO₂ emissions. For plastics, we are working to reduce usage and

post-use disposal by making the use of refills and refillable bottles and post-use container collection habits. We have set up the Sustainability Promotion Council, which will drive the promotion and implementation of Company-wide measures to pursue these goals. In 2022, we promoted horizontal recycling by working with other companies and local governments to test a system for collecting empty refillable containers (pouches) from customers’ homes and are focusing on development of container recycling technologies.

(6) Transforming Our Foundations to Accelerate Growth

We have made steady progress with transformation aimed at further growth. To reinforce the dynamism of our employees and organizations, in addition to renewing our corporate philosophy, we have changed our personnel system by incorporating job-focused employment options, which we began implementing gradually from January 2023. In terms of our business foundations, we have updated our core systems, which had long been a Company issue, and are using these new systems to speed up management decision-making and enhance operational efficiency. Regarding domestic production facilities, our new factory for oral care products went on line in 2021, and we have also decided to build a new factory for over-the-counter drugs scheduled to go on line in 2025. This largely finalizes our initiatives for improving domestic production facilities ahead of 2030. We believe that in the 2021–2022 period, we made timely progress in fundamental transformation for further growth in personnel, organizations, information systems and production capacity.

Identifying New Challenges

As stated above, in 2022 we were able to make significant progress in transforming our foundations to accelerate growth.



Message from the Chairman



“In addition to serving as the new Company president, Mr. Takemori will oversee overall business promotion as COO, while I steer corporate management as CEO.”

Although we can only judge our progress based on the results for a single year so far, we succeeded in increasing our growth rate and noticed a gear change. However, profits fell significantly due to changes in our business environment, including soaring costs, which are expected to continue over the medium term at the very least. Even if prices temporarily fall, similar spikes are highly likely to recur repeatedly in the future. We will continue with our basic policy of accelerating growth, but with a renewed awareness of the importance of quickly shifting to a profit structure that is more resistant to downturns in the business environment. In light of this, in 2023 we will work to transform our portfolios in each business field to reinforce our profit structure. By focusing management resources on the development of highly profitable products and businesses more than ever, we will transform our overall business so it can withstand soaring prices and other environmental changes.

Transitioning to New Corporate Management

Following approval at the Annual Meeting of Shareholders in March 2023 and resolution of the Board of Directors, Masayuki Takemori assumed the role of representative director, president and executive officer, and I took on the role of representative director, chairman of the Board of Directors.

To date we have made transformations in many areas to create social and economic value as part of Vision2030, while setting in motion strategies for accelerated growth. I believe our management has now entered a new stage in which we can make the most of these transformations to further drive our growth strategies. As senior executive officer, executive general manager of Health and Home Care Products Division, Mr. Takemori oversaw the Consumer Products Business. In this position he led the revitalization of the *LOOK* brand, formulated the recently announced new management strategy Positive Habits and promoted specific strategic measures. He has an

outstanding ability to drive projects forward and is the perfect individual to lead our new stage of management. In addition to serving as the new Company president, Mr. Takemori will oversee overall business promotion as COO, while I steer corporate management as CEO.

To Our Stakeholders

In summary, our activities are founded on our approach of enhancing social and economic value through the creation of habits. With the belief that habits have the power to change society, numerous transformations are under way and beginning to yield results. I will work to thoroughly explain our approach to our suppliers, wholesalers, retailers and other participants in our value chain, collaborating with them in various situations to redesign habits. For environmental conservation initiatives in particular, it is imperative that everyone in the value chain works together toward common goals as this will lead to the greatest benefit. I hope that by sharing ideas, Japan can initiate actions that make a real difference for the world.

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. Stakeholder dialogue is also an excellent opportunity for discussing 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 enhancing the Company's human capital. We will continue to improve and review our measures in this regard.

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



Message from the President



Accelerating the Combination of Products and Services to Cultivate Positive Habits in the Daily Lives of People across Asia

Masayuki Takemori

Representative Director,
President and Executive Officer

“I intend to work with employees to grow Lion into a company that stays ahead of the competition.”

Innovating to Redesign Habits for the Better

My name is Masayuki Takemori, and I became representative director, president and executive officer in March 2023. I feel a huge sense of responsibility in taking over this management role in the Company's 132nd year. At the same time, I am excited about the future we can create together.

I joined Lion Corporation in 1993, making this my 30th year with the Company. I spent much of my career in domestic marketing. Recently I oversaw operations as executive general manager of the Health and Home Care Products Division. During that time, I was constantly working to propose new habits that

would naturally become part of consumers' daily lives. Rather than imitating rival manufacturers, I was strongly focused on innovation.

When I assumed my role as brand manager of the household cleaner brand *LOOK*, it was struggling. Profits were low and market share was dropping. I quickly created a new brand strategy: “Only create products that lead to exciting new cleaning habits.” We worked to propose new value, not imitate our rivals. One new product that arose from these efforts was *LOOK Plus Bath Antimold Fogger*. At that time, mold was something that had to be removed from bathroom surfaces after it appeared, and consumers generally found this task troublesome. Using a technology from a different business department, we were able to propose a completely new and easy cleaning habit using a product that prevents mold growth in the bathroom by simply adding water to the product and placing it in the center of the bathroom. This new mold-prevention habit was welcomed by consumers and the market expanded. Since the product's launch in September 2012, sales have exceeded 600 million units.

Furthermore, I place particular importance on three things in my work. The first is constantly thinking how small can win against big. The second is proactively seeking the expertise of external parties and Group members, always with a completely open mind, to come up with novel, winning ideas. The third is focusing management resources on promising areas to ensure visible successes, which I believe can help make individuals and organizations more aggressive.

By prioritizing these approaches, I believe we will be able to continuously generate innovative ideas that can lead to better living habits.



Message from the President



“I will strive to enhance the quality of our human resources and hone our strategies so that together we can take and maintain the lead.”

The Company We Should Aim to Be

To help make the daily lives of customers and society happy and achieve sustainable growth for the Company, we must be aware of—and outshine—the competition in contributing to our customers and the general public. This is not limited to Lion employees around the world directly involved in the management and sale of consumer and industrial products. In research divisions (including development and basic research), there are researchers at other companies competing with us in the development of new technologies. In production divisions and factory operations, too, there are employees at other companies competing with us in the pursuit of better production processes. Similarly, in procurement and logistics, our competitors are intent upon procuring and supplying the best materials at the lowest price. Nor is it different for corporate divisions. In the back-office departments of other companies, employees are examining ways to create better corporate foundations and environments that will enable them to fully leverage their capabilities.

In every division, we face competitors, visible and unseen. Outshining them is what enables us to gain the trust and raise the expectations of customers and society, and put our purpose into practice. It is very easy to forget this point, so I want all Lion employees to share a common awareness of it. This shared awareness will make it clear that we should aim to be a company that stays ahead of its competitors. Throughout our history, there have been numerous instances in which we have been overtaken by our rivals and unable to contribute to our customers and society. For a long time, these instances hindered our growth. Rolling out outstanding solutions ahead of other companies accelerates the growth of your company. This is one of the truths of business. As president, I intend to work with employees to grow Lion into a company that stays ahead

of the competition. This will require more than mere encouragement. I will strive to enhance the quality of our human resources and hone our strategies so that together we can take and maintain the lead.

Regarding human resources, I feel that Lion’s workforce is full of individuals with great courage—the spirit of a wild lion. However, given current circumstances few have been able to fully display this spirit due to a lack of opportunities. That said, in my work to date I have seen employees from various departments transform into lion-hearted individuals when opportunities to succeed arise. I have also seen how visible successes can build confidence and lead to growth in individuals who go on to inspire a similar spirit in their colleagues. I believe that given the right opportunities, every employee has the potential to embody the “Be Lion” spirit.

As President, one of my roles is to cooperate with senior management and the leaders of each department in providing these opportunities. However, haphazardly creating a flurry of opportunities is not beneficial. Creating appropriate opportunities calls for a strategic approach. In 2022, we announced Positive Habits as a new management strategy to help fulfill our purpose. It is important to note that this is not merely a rallying cry, but a management strategy. It entails sparking change in customer behavior to create new demand—in other words, innovating. Innovation is extremely challenging and will require transforming operational processes to generate added value, as well as appropriate reallocation of the required management resources. By freeing the potential of employees who have discovered their “inner lion,” focusing that power on the formation of positive habits among customers, and allocating management resources as necessary, I intend to stay ahead of the competition and embody the “Be Lion” spirit Company-wide.



Message from the President



“We aim to enhance our social and economic value by making our business the creation and evolution of positive habits.”

My Goals as President

The former president, Masazumi Kikukawa, built the foundations for corporate transformation over four years. I saw this process up close, offering my support as an executive officer, mainly giving shape to the relevant marketing strategies.

I want to use these foundations to the maximum and maintain the lead in combining products and services to increase the speed at which the lives of people across Asia are filled with positive habits.

Our key performance indicator is average annual growth rate, which is evidence of increasing sales and sustainable growth. As stated in Vision2030, we aim to achieve net sales and core operating income in the order of ¥600 billion and ¥50 billion, respectively, by 2030. We will therefore work to increase familiarity and long-term use of our products and services among as many consumers across Asia as possible, and in the case of our industrial products, among as many business clients as possible. At the same time, we will stay ahead of our competitors by successively offering new solutions that they cannot imitate. In this way, we will work to achieve our numerical targets. As president, I will implement the necessary measures to do so.

As I touched on above, management will move quickly to transform and reinforce efforts in the following ways: (1) Accelerate the combining of our products and services (to distinguish ourselves from companies that simply use their capital strength to manufacture and sell products); (2) Promote sustainability initiatives by redesigning habits for the better in Asia (initiatives have mainly been implemented in Japan to date, with almost no expansion into other parts of Asia); and (3) Assess and revise the business portfolio to accelerate growth (promote sustainable growth and increase opportunities for employee success).

Positive Habits as a Strategic Concept

Although quality products and services are essential for achieving sustainable growth, it is clear that they alone are not enough. We are now in an era where continuous product-centered actions alone do not necessarily result in greater business efficiency. Moreover, the recent rush of hikes in raw material prices threatens to make sustainable growth using conventional business methods difficult to achieve. Our solution is the new management strategy Positive Habits we announced in November 2022. Rather than being a manufacturer that simply creates and sells products, through this strategy we aim to enhance our social and economic value by making our business the creation and evolution of positive habits.

I spent around three years with Mr. Kikukawa, other members of senior management and Company employees, examining the ideal definition, strategic design and execution plan for Positive Habits.

In effect, the Positive Habits strategy is Lion's purpose: to "make a difference in everyday lives by redesigning habits." We believe that our role is to propose "positive habits" to customers and society. There are many things in daily life that people reluctantly must do, and some have become "reluctant habits," bothersome tasks that must be repeated daily. We have positioned these reluctant habits as our biggest challenge, and our aim is to transform them all into positive habits.

The elements of the value essential for positive habits when evolved are what we call the three Es: Effective, Emotional and Ethical. "Effective" refers to the performance of the product or service. That is, providing customers with solutions that exceed their expectations, backed by reliable quality. "Emotional" is a key element for ensuring that customers can tackle necessary yet trifling tasks more positively. "Ethical" is the result of an individual's growing collection of better habits. It is a viewpoint essential for bettering society and the natural environment.

Message from the President



“The elements of the value essential for creating positive habits when evolved are what we call the three Es: Effective, Emotional and Ethical.”

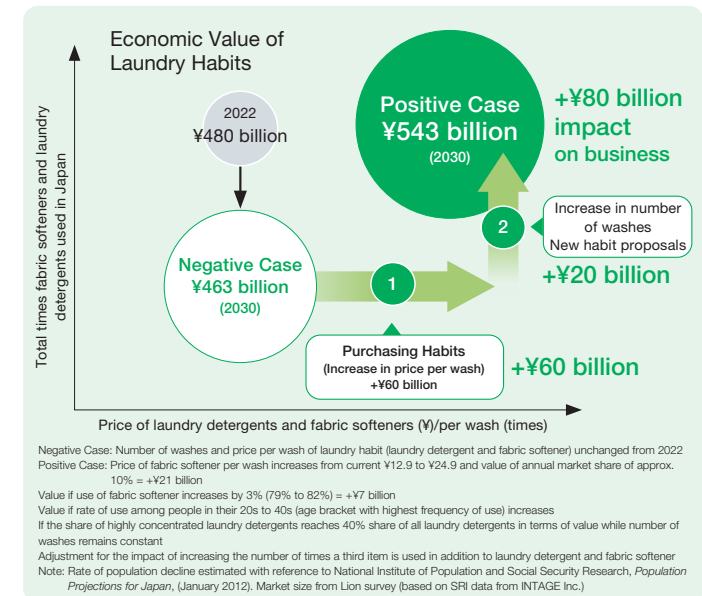
The Three Elements Essential for Positive Habits



We believe that the three Es provide a solution for creating positive habits. Company research has also shown that to create positive habits these three elements must be simultaneously incorporated into products and services, each with the same level of impact. None of the three can be missing, and they must be in balance with each other. Building a solid foundation with these three Es will enable Lion to achieve more positive habits for all.

Not only will our Positive Habits strategy lead to better habits among consumers, the expansion of the market will have a positive impact on the economy and also lead to social and environmental benefits. In the laundry market, for example, positive habits could have a major positive impact. Despite the anticipated negative impact from the drop in the number of households and a falling population in Japan over the eight years between 2022 and 2030, higher detergent and softener prices per wash and other new value creation is expected to add around ¥80 billion to the market sales.

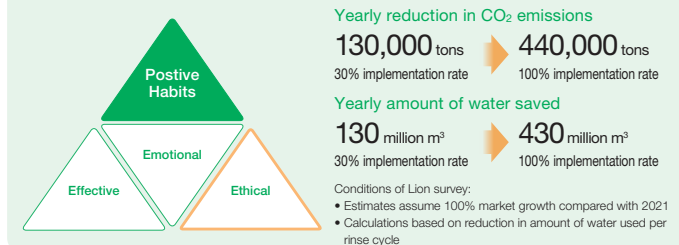
In addition, evolving people's laundry habits will increase our contribution to the natural environment. For example, by stepping up efforts to raise the one-rinse cycle implementation rate, we can reduce CO₂ emissions by 440,000 tons per year compared with the current reduction of 130,000 tons per year, as well as cut water usage.



By pushing forward with the combination of products and services that embody our Positive Habits management strategy, we will help to achieve a sustainable society.

Sustainability through Positive Habits

— Effect of Change in One-rinse Cycle Implementation Rate



Our aim is to fully implement the strategy within Vision2030 1st STAGE (2022–2024) and Vision2030 2nd STAGE (2025–2027). Targeting Asia, we will work to develop and extend positive habits from Japan to other parts of Asia, and vice-versa.



Message from the President



“We will create a virtuous cycle linking the creation of growth drivers to the successful creation and spread of positive habits, and in turn to an increase in customers and the expansion and continuation of production.”

Accelerating Growth of the Overseas Businesses

Another one of our measures is to accelerate growth of our Overseas Business. We are targeting an overseas sales ratio of approximately 50% by 2030 and intend to quickly commercialize habit creation and redesign in various countries and regions.

Demographic trends, levels of economic growth, cultures, customs and standards of living vary among the countries and regions of Northeast, Southeast and South Asia. Southeast and South Asia in particular are expected to experience significant economic growth, and we will seek to exceed the pace of growth by expanding into new countries and regions and by moving forward with M&A. For example, we are moving forward with our announced plan to enter the Vietnamese market. At the same time, in countries and regions where we already do business, we will reinforce our business collaboration with local partner companies while rolling out our Positive Habits strategy in the healthcare domain in particular, with measures to extend healthy life expectancy.

Meanwhile, in Northeast Asia we have positioned our China business as the central pillar for our business activities. While paying attention to geopolitical risks, we aim to increase sales to ¥100 billion by 2030. To do so, we will create even more detailed scenarios describing areas, consumer profiles, lifestyles and other factors that we should prioritize in our customer proposals, reassess our various indicators and create optimal strategies for each of our businesses. Specific measures will include the expansion of the oral healthcare field and entry into the growing pet product market. We will use our assets to launch M&A and will examine new M&A possibilities, while moving forward with plans to set up an R&D subsidiary during fiscal 2023.

To achieve these initiatives, we have also appointed a vice president who will oversee the acceleration of overseas strategies.

Furthermore, we separated Northeast Asia operations from Southeast and South Asia operations to ensure we can implement even more detailed, specific measures.

Reinforcing Profitability

The Positive Habits management strategy entails sparking change in customer behavior with proposals that create new demand—in other words, innovating. Innovation is extremely challenging, and therefore will require transforming operational processes to generate added value, as well as appropriate reallocation of the required management resources.

We will therefore conduct an objective assessment of our current business portfolio during 2023 and reallocate the Lion Group's human capital and investments to areas where there are significant growth opportunities.

In Conclusion

At Lion, by working to increase familiarity and long-term use of our products and services among as many consumers across Asia as possible, and among as many business clients as possible in the case of our industrial products, we will help to achieve a sustainable society. To do so, we will grow our business through innovations that our competitors cannot imitate, quickly gaining the lead and staying ahead. Repeating this process will create a virtuous cycle linking the creation of growth drivers to the successful creation and spread of positive habits, and in turn to an increase in customers and the expansion and continuation of production.

Lion will continue working hard and taking on challenges to grow so that it can contribute even more to its customers and society.



Message from the Director Responsible for Finance



Our objectives are to sustain and accelerate growth and enhance profitability by structurally transforming our businesses.

Lion's main focus under its Vision2030 long-term strategic framework is to enhance its presence from various perspectives—in the market, economically, and with respect to society—by strengthening top-line growth while maintaining profitability. Vision2030 1st STAGE got off to a good start in fiscal 2022, the first year of the plan, with increased sales in the Consumer Products Business in Japan, the Industrial Products Business, and the Overseas Business. As a result, consolidated net sales increased 6.5%, a higher sales growth rate than in the previous fiscal year.

At the same time, foreign exchange fluctuations and price increases for raw materials and energy were significantly greater than our projections at the beginning of fiscal 2022. We therefore increased sales of high-margin products in each of our businesses, raised some shipping prices, optimized sales promotions and advertising and implemented Group-wide programs to reduce overall costs. As a result, we achieved the earnings forecast announced at the beginning of the fiscal year, but earnings were substantially lower compared with the previous fiscal year. We expect the business environment to remain uncertain, and therefore recognize that expanding our presence requires further transformation of our business structure so that it is highly resilient to changes in the business environment.

Fiscal 2022 Performance Highlights	Outlook for Fiscal 2023
Net sales: ¥389.8 billion (Up 6.5% year on year; exceeded forecast by 4.0%) Sales increased in all segments except Other. Oral Care Products and Beauty Care Products drove sales in the Consumer Products Business in Japan. In the Overseas Business, Malaysia and South Korea experienced double-digit sales growth. In the Industrial Products Business, sales increased due to robust sales of carbon for secondary batteries and hygiene-related products.	Net sales: ¥410.0 billion (Up 5.2% year on year) We aim to increase sales in all segments except Other by expanding our markets with a focus on our four fields of value creation through development and growth in sales of products that propose better living habits, increasing sales of high-value-added products and growing the Overseas Business with a focus on China and entering new countries.
Core operating income: ¥23.5 billion (Down 23.8% year on year; exceeded forecast by 2.4%) Core operating income decreased due to the impact of higher raw material prices and an increase in depreciation expenses. We achieved the forecast announced at the beginning of the fiscal year by raising sales prices, controlling sales promotion expenses and promoting overall cost reductions Group-wide to address higher-than-expected increases in raw material prices.	Core operating income: ¥25.0 billion (Up 6.1% year on year) We aim to steadily restore profit growth by increasing the proportion of high-value-added products in our sales mix and by strengthening our presence in the personal care field in Southeast Asia.

Key Financial Indicators

	2021	2022	2023 (Forecast)	2024 (Target*)	2030 (Target)
Net sales	¥366.2 billion	¥389.8 billion	¥410.0 billion	¥420.0 billion	Approx. ¥600.0 billion
Sales growth rate	3.1%	6.5%	5.2%	14.7% (vs. 2021)	—
EBITDA	¥45.1 billion	¥39.9 billion	¥42.0 billion	¥52.0 billion	Approx. ¥80.0 billion
ROIC	8.8%	6.0%	5.5%	Approx. 7.5%	8%–12%

* Targets of medium-term management plan Vision2030 1st STAGE

Financial Strategy Driven by EBITDA and ROIC

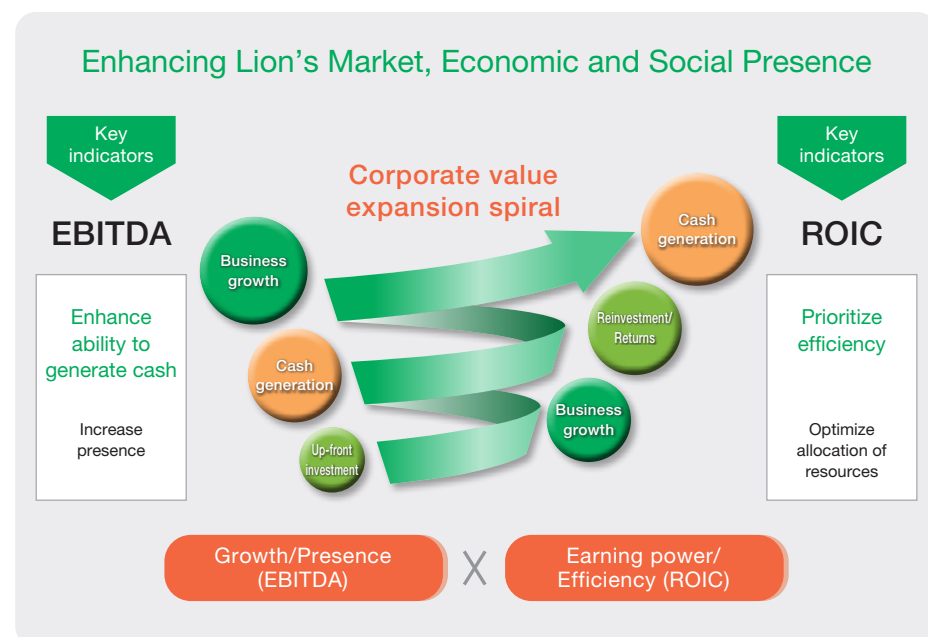
Our top priority over the past decade has been to increase profitability, which we have accomplished. Consequently, we deferred systematic investment for the future to some extent. Recognizing this situation, in 2020 we initiated a phase of up-front investment for sustainable growth. We are emphasizing EBITDA as an indicator for the cycle of increasing corporate value, which involves investing to grow businesses and allocating the cash from this growth to new investments that lead to further business growth. Enhancing our earning power on a cash basis



Message from the Director Responsible for Finance

while appropriately managing the balance between investment for the future and near-term earnings is vital.

In addition to our conventional use of return on equity (ROE), we have adopted return on invested capital (ROIC) as a metric to promote management that emphasizes capital efficiency. By monitoring ROIC and its components for each business, and allocating resources based on factors such as business growth potential and efficient returns on invested capital, we will improve our overall business portfolio and increase capital efficiency. We aim to increase ROIC to the 8%–12% range while consciously expanding the spread between ROIC and weighted average cost of capital (WACC).



Transforming the Business Structure to Make It Resilient to Change

As mentioned earlier, we urgently need to transform our business structure to withstand fluctuations in raw material prices and energy costs. Improving our business portfolio from this perspective is a pressing issue.

Our businesses in Japan are improving their product portfolios by developing and building market share for high-value-added products in their respective markets, and the transition to products with higher prices and margins has already produced notable results, mainly in Oral Care Products. In 2023, we will also endeavor to add new value-added items to our Fabric Care Products lineup to increase profitability across the category and counter the high-cost environment.

Meanwhile, we are improving our business portfolio in the Overseas Business segment by strengthening categories in the personal care field such as oral care, beauty care and pharmaceuticals mainly in Southeast Asia, where fabric care and living care account for a large proportion of our business. Personal care products currently account for about 30% of total sales in Thailand and about 20% in Malaysia, so strengthening our presence in this category will transform our business structure, making it less susceptible to the impact of raw material prices and more resilient to changes in the competitive landscape.

Aggressively Investing for Growth while Monitoring ROIC

During Vision2030 1st STAGE, we expect to generate approximately ¥120 billion in cash flows from operating activities and plan to invest ¥80 billion of that in the creation and acquisition of future growth opportunities, as well as in production and other facility upgrades, labor saving, rationalization, environmental preservation and digital transformation.

In Japan, we have been investing to enhance production capacity as well as to upgrade and increase the efficiency of our IT infrastructure. Investments include a toothpaste factory in Sakaide City, Kagawa Prefecture and the construction of a factory for over-the-counter pharmaceuticals at our Odawara Plant in Odawara City, Kanagawa Prefecture. Large scale investments will likely taper off when the OTC factory starts operations as scheduled in 2025. Going forward, we intend to improve capacity utilization, maximize the benefits of new core systems introduced in 2022 and enhance investment in human capital, among other projects.

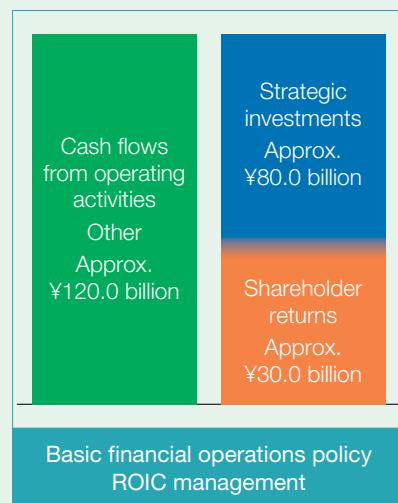


Message from the Director Responsible for Finance

We will also invest to acquire more business opportunities, based on careful consideration of investment efficiency and risk diversification. In Japan, we have broadened scenarios and methodologies in our search for business opportunities and are launching a variety of new businesses centered on the field of oral health.

Furthermore, we aim to create opportunities for growth in more countries and regions. We have already achieved the 1st STAGE goal of expanding into two new countries or regions by establishing operations in Bangladesh and Vietnam. We will explore all opportunities to expand our presence in Japan and overseas and will use M&A and other means to enter new countries or regions and to develop new businesses.

Financial Strategy (Cash Allocation) in Vision2030 1st STAGE



Investment for Growth

- ▶ Creation and acquisition of opportunities for growth
- ▶ Transformation of management base to help accelerate growth (M&A, digital transformation, environmental measures, etc.)
- Investment to create and acquire opportunities for growth
 - Expanded into Bangladesh and Vietnam. Continue to enter new countries or regions and to develop new businesses.
- Large-scale investment to increase production capacity in Japan
 - Planned capital investment is almost complete with the construction of a toothpaste factory in Sakaide City and the construction of a factory for OTC pharmaceuticals in Odawara City.

Continuous and Stable Returns

- ▶ Aim to increase dividends every fiscal year
- ▶ Flexible stock buybacks
- In 2022, we increased the annual per-share dividend by ¥1.00 over the previous fiscal year and acquired and cancelled treasury stock totaling ¥10 billion.
- In 2023, we plan to increase the annual per-share dividend by ¥1.00 over the previous fiscal year.
- Stock buybacks will continue based on comprehensive consideration of capital availability and financial condition.

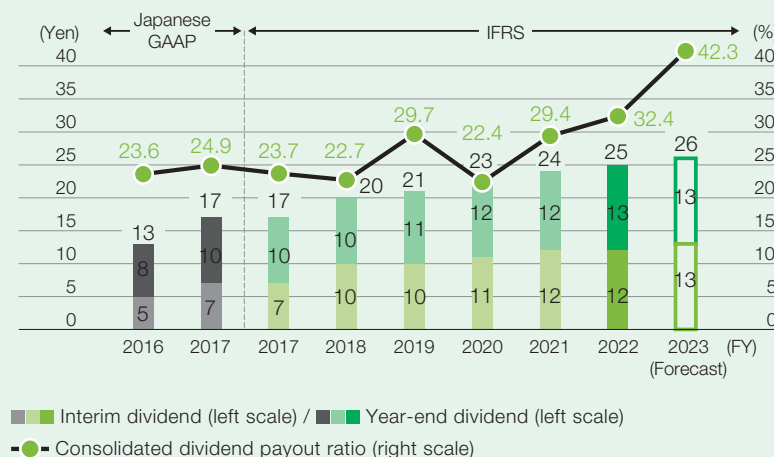
Shareholder Returns

The Lion Group's management prioritizes a sustainable increase in corporate value and continuous reflection of that increase in shareholder returns. Our basic policy is to return profits to shareholders on a continuous and stable basis with a target consolidated dividend payout ratio of 30%, and we aim to continue increasing dividends in Vision2030 1st STAGE. In February 2022, we also acquired and cancelled treasury stock totaling ¥10 billion. We will continue to consider measures such as flexibly conducting stock buybacks based on comprehensive consideration of return on capital, share price, capital availability and financial condition.

The Lion Group is committed to maintaining a sound financial base while accelerating its growth strategies, speeding up the transformation of its earnings structure by improving its business portfolio, and conducting appropriate cash allocation.

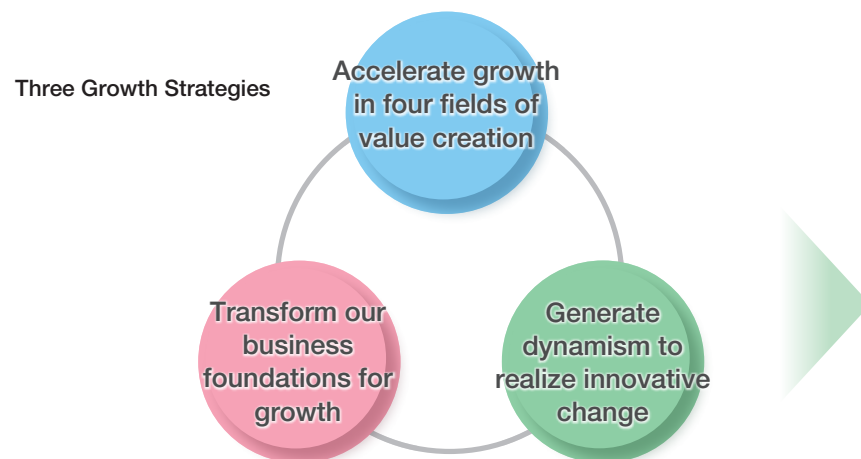
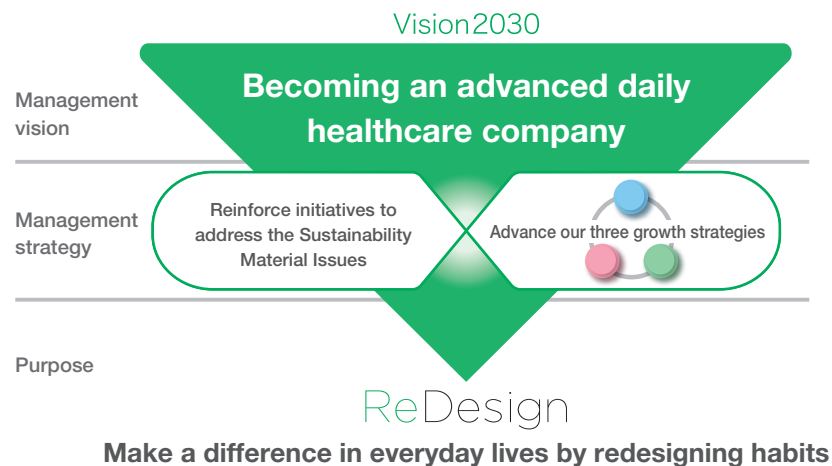
We look forward to your continued support.

Per-share Dividends

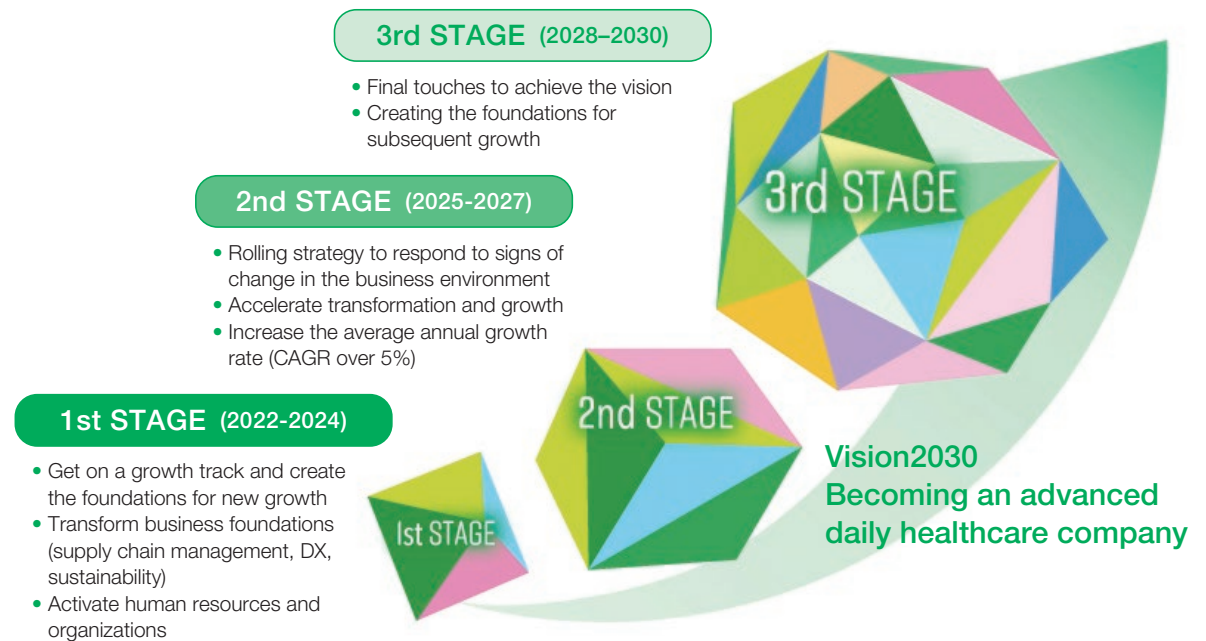


Medium-term Management Plan

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. In 1st STAGE, we will get on a growth track, create the foundations for new growth, transform our business foundations and activate our human resources and organizations.



2022 Results

- Launched new businesses in the oral health field
- Expanded into two new countries
- Launched new core systems
- Began full-scale operations at the toothpaste factory in Sakaide City, Kagawa Prefecture
- Formulated our purpose and beliefs
- Introduced new personnel system for managers to maximize use of human capital

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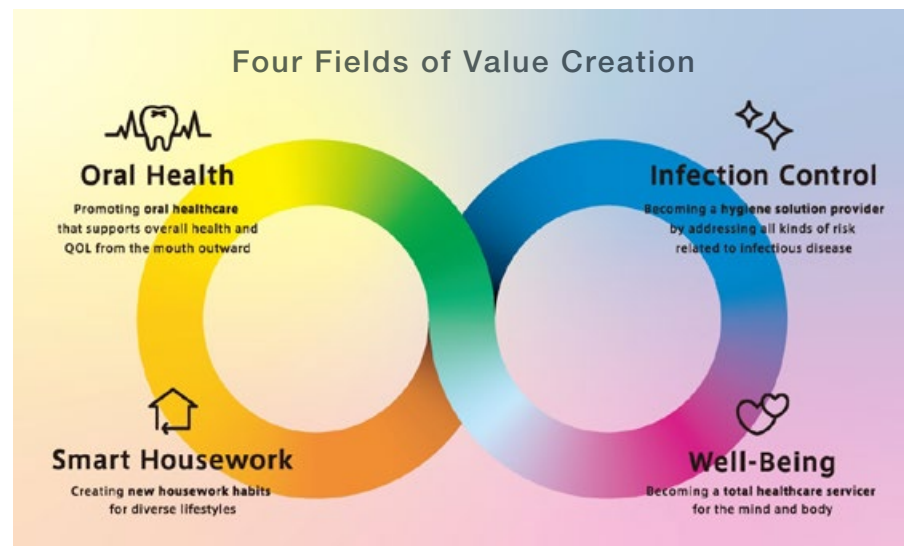
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Accelerate Growth in Four Fields of Value Creation

Business Development Aimed at the Evolution and Expansion of Habit Redesign

Given increasing awareness of the importance of healthy minds and bodies and growth in related social demand, 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. We have therefore created executive officer-led project management offices* for each field and are accelerating efforts to evolve our businesses and create new value beyond existing organizational boundaries through cross-organizational investigation and promotion.

* Organizations that provide cross-organizational support for in-house project management.



Evolving a Business Model for Creating New Value 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

Three Elements Essential for Positive Habits



We are advancing projects in the four fields of value creation that feature the 3Es (Effective, Emotional, Ethical) essential for positive habits

Creation of new habits —Creating entirely new habits	Products	Products/ service combinations	Services
Evolution of existing habits —Making existing habits better	Products	Products/ service combinations	Services



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 seek to expand beyond the bounds of our existing businesses.

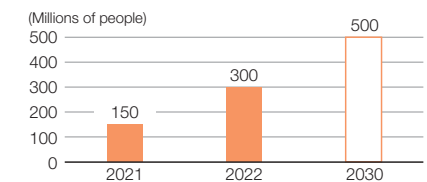
The Society We Aim for through Oral Health Activities

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

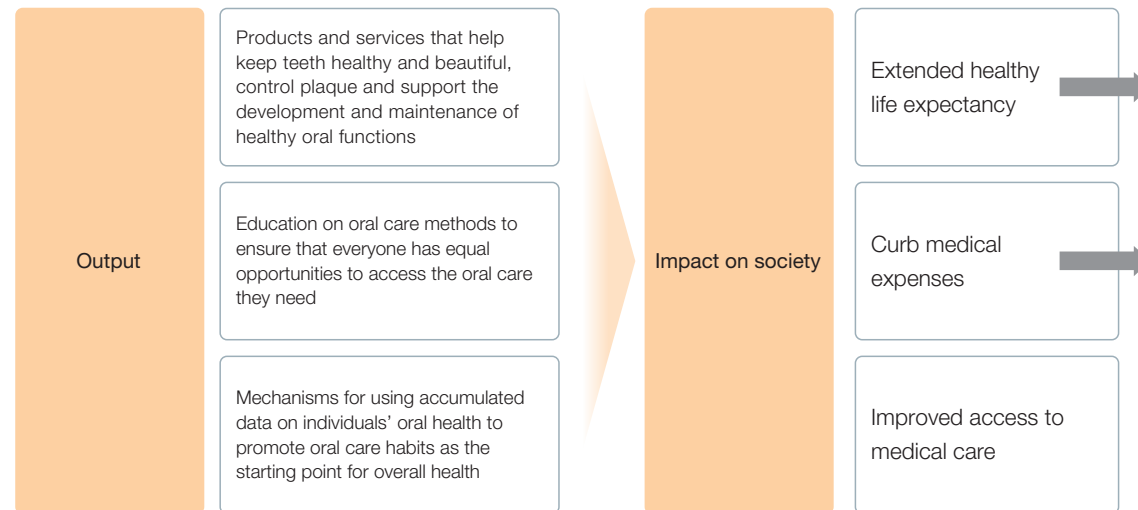
Activity Indicator

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

2030 target: **500 million**



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

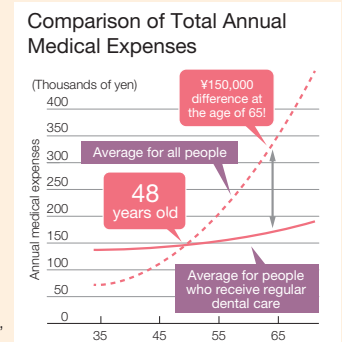


Oral Care and Healthy Life Expectancy

Oral care is seen as a key factor in extending people's healthy life expectancy. For example, the 74th World Health Assembly has adopted a resolution on oral health and the Government of Japan's Basic Policy on Economic and Fiscal Management and Reform outlines plans to enhance oral healthcare and build and strengthen a system for the provision of dental healthcare.

Correlation between Regular Dental Checkups and Medical Expenses

Results of a study show that medical expenses for people who regularly receive dental care are less overall (for all illnesses, including dental conditions) compared with those for people who do not. This shows the impact that oral health has on the body.



Source: Created based on *Dentalism* 2011, No. 9, page 24



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 promote 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 the initiative into a state-of-the-art project through the creation of a Personal Oral Health Record (POHR) database in collaboration with external partners.



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

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

Accelerate Growth in Four Fields of Value Creation

Oral Health New Businesses

In addition to further growth in our existing businesses, through the Lion Oral Health Initiative we aim to roll out new businesses that go beyond the scope of offerings of a manufacturer to include both functional and experiential value to consumers while working to develop positive preventive dentistry habits.

Oral Fitness Service

ORAL FIT

In November 2022, we launched *ORAL FIT*, a service that proposes the new habit of oral fitness. The aim is to maintain and improve oral fitness to prevent the loss of muscle strength around the mouth, which can lead to choking, difficulty speaking, difficulty chewing, and other problems. This app-based service proposes a two-month program with ten minutes of oral exercise a day to prevent deterioration of and improve oral functions.



Children's Development Support Service

Okuchi-iku

In April 2023, we launched the *Okuchi-iku* oral care program via a dedicated e-commerce site. The aim of the program is to support the development of proper tooth brushing habits and the creation of a strong foundation for straight teeth in line with children's varying stages of growth. As the first step, we are offering *Okuchi-iku Kamotto!* for children whose baby teeth are in the process of being replaced by adult teeth, an important period for establishing a foundation for straight teeth. This three-item set includes gummies for daily consumption to develop chewing strength, chewing gum for monthly use to check chewing strength, and an AI app to check teeth alignment via the *Okuchi-iku* members website.

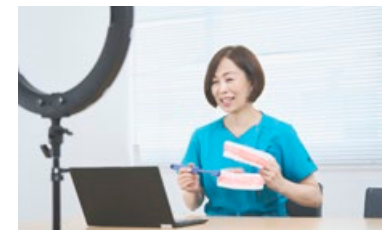


Well-being Support Service for Corporate Customers

Okuchi Plus You

As exemplified by the government of Japan's specific consideration of mandatory dental checkups, the focus on the importance of oral health and the role of companies and local governments in promoting oral health is increasing.

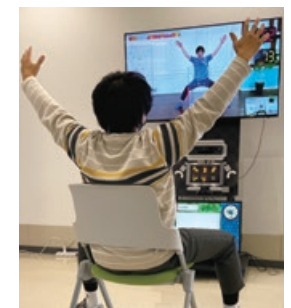
Given these circumstances, in July 2022 we launched *Okuchi Plus You*, a service to support companies' well-being (health and productivity management) activities. The service combines various offerings tailored to the management issues and workstyles of each corporate customer, including easy-to-understand seminars by dental hygienists, saliva tests, e-learning videos and Lion products. This service is helping to promote positive behavior and the creation of new habits in the workplace.



Nursing Care Gaming Console for Improving Oral Health

TANO-LT

Senior citizens begin to face various challenges in their day to day lives as they develop difficulties speaking, eating, sleeping and walking, for example. To address these issues, we jointly developed a motion-based training system with Professor Ko Matsudaira* and others to simultaneously improve oral fitness, sleep and motor functions. Subsequently, we worked with Tanotech Corporation to develop *TANO-LT*, a gaming console that incorporates this training system to enable senior citizens to have fun while continuously improving their oral fitness, sleep and motor functions. We began supplying this console to nursing care facilities in September 2022.



* Affiliation at time of development: 22nd Century Medical and Research Center, The University of Tokyo Hospital



Accelerate Growth in Four Fields of Value Creation

Infection Control



Infection Control

Lion aims to become a hygiene solution 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).

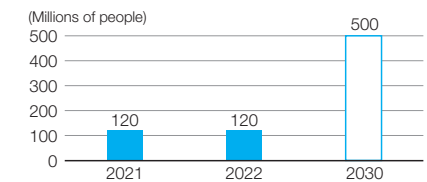
The Society We Aim for through Infection Control Activities

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

2030 target: **500 million**



► Pages 42–43: Initiatives to Address the Sustainability Material Issues

Output

Provision of mechanisms to increase the ranks of teachers and promoters of good habits, including consumers themselves

Promotion of hygiene habits through hygienic design in frequently used public facilities and spaces

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

Promoting and Establishing Cleanliness and Hygiene Habits through Educational Institutions (Japan and Overseas)

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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

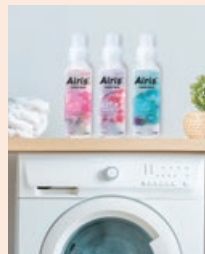
By reducing the burden of housework and creating more personal and enjoyable housework habits, we will help to increase people's free time and peace of mind. In turn, this will improve relationships between people, among family members, and with the local community, thus ensuring more comfortable living.

Proposing New Habits in Smart Housework

SOFLAN Airis

—Experience a fresh, positive and airy fragrance even during the wash cycle

In April 2023, Lion launched SOFLAN Airis, a new genre of clear fabric softener/laundry water. Today around 80%* of homes use fabric softener, but the market has become commoditized with products providing two main functions: odor prevention and sustained fragrance. To provide a new option for the fabric softener market and create even better laundry habits, we used a consumer behavior survey to uncover hidden needs and develop a new product that releases an airy fresh and positive fragrance not just when the laundry is done, but during the wash cycle.



Customer Experience Unique to SOFLAN Airis

New aroma: Transforming the air during and after the wash cycle with a sustained fragrance

New feel: Smooth to the touch and air-like comfort

New look: Refined, transparent container design

SOFLAN Airis transforms your laundry process, leaving you in an airy, positive mood and your laundry with an airy fresh fragrance and feel.

* Lion laundry survey (September 2022; n=2,000)

by me

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

In January 2023, Lion began direct-to-consumer sales of *by me*, a new brand that proposes a new habit: applying custom fragrances to household goods such as fabric softener and clothing mist.

These products are sold via a dedicated e-commerce site. By quickly reflecting customer feedback from our e-commerce site and social media in our products and services, we will share the creation of better customer experiences with them.

Customer Experience Unique to Direct-to-Consumer Sales

- Search for fragrance recipes and select fragrances through AI diagnostics
- Regular deliveries that allow you to choose your desired fragrance each time
- Connect with brand through social media



The aim of *by me* is to build relationships with customers through use of digital tools and create a fragrance brand that goes beyond fabric care to cover daily living as a whole.



Expansion of the Overseas Business

One key theme of Vision2030 is the expansion of our Overseas Business. In addition to reinforcing our businesses in countries or regions where we already operate, we aim to raise the share of consolidated net sales from the Overseas Business sales to 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 as many people and in as many regions and aspects of life as possible.

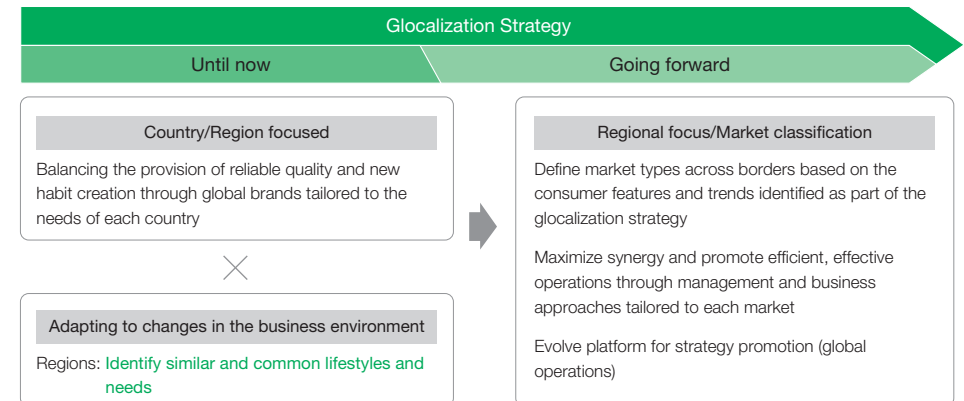
2030 Targets	Consolidated net sales: Approx. ¥600 billion Share of the Overseas Business: Approx. ¥300 billion (50% of total)
Overseas Business Strategy	Evolving the Glocalization Strategy
Key Measures	<ul style="list-style-type: none"> Expand Qingdao Lion business → Expand scale of Overseas Business Strengthen personal care category* mainly in Southeast Asia → Diversify business portfolio, strengthen profitability * Oral care, beauty care and OTC pharmaceuticals Expand into new countries or regions → Diversify regional portfolio

Evolving the Glocalization Strategy

Glocalization is a key element of Lion's Overseas Business strategy, bringing together globalization and localization strategies to create a unique competitive advantage. Not only have we used glocalization to develop detailed marketing strategies that meet the needs of the countries and regions we serve, we have also taken advantage of the appeal of Japanese quality as a means to expand our business into new countries.

However, given the changes in our business environment in recent years, such as increasingly similar and common lifestyles and needs globally, it is essential that we evolve our approach to business. Rather than our conventional approach, in which we addressed specific countries, we must now define market types across borders based on consumer features and trends. Ultimately, we seek to maximize synergy and streamline management based on an optimal approach for each market.

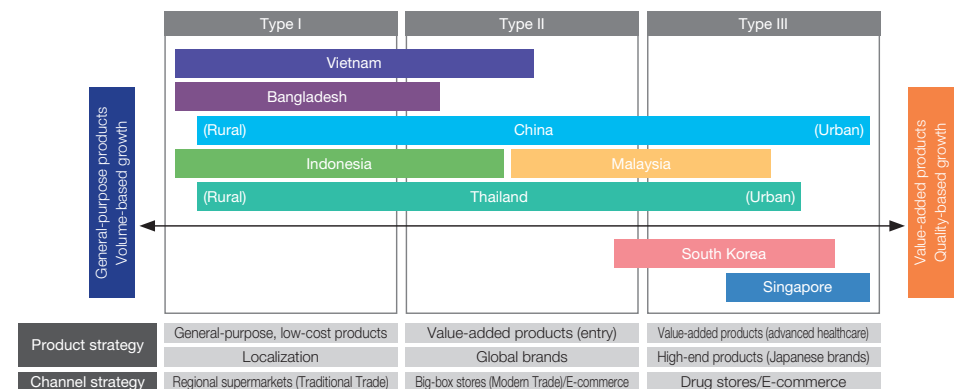
Evolving the Glocalization Strategy



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)



Expansion of the Overseas Business

Expanding the Qingdao Lion Business

— Expanding the Scale of the Overseas Business

In the Qingdao Lion business to date, using our global brands mainly in the oral care field, such as *SYSTEMA* and *CLINICA*, we have enhanced our brand image by taking advantage of the appeal of the high quality of Japanese products and created synergy with local brands to develop a business in brick-and-mortar stores mainly in large cities and through online sales.

To expand business further, for online sales we will extend business into beauty care and begin full-scale sales of pet products in addition to working to reinforce our social customer relationship management (SCRM) based on customer online purchasing data and characteristics. For offline sales, at brick-and-mortar stores we will enhance our local sales structure to reach as many people and regions in China as possible, while accelerating development and boosting sales of locally manufactured products to meet the needs of local consumers. In this way, we aim to achieve net sales in the order of ¥100 billion by 2030 (CAGR of approximately 22%) in the Qingdao Lion business.

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

Measures for implementation

Online (e-commerce) sales:
Use customer data → Establish through social customer relationship management (SCRM)

Offline sales (brick-and-mortar stores):
Enhance sales structure

Thoroughly investigate and identify local needs and establish R&D subsidiary in Shanghai to improve product development speed

Strengthening the Personal Care Category Mainly in Southeast Asia

— Diversifying the Business Portfolio and Strengthening Profitability

In addition to Northeast Asia, certain countries in Southeast Asia (Thailand, Singapore, etc.) are experiencing decreasing birthrates and aging populations. Like in Japan, as average life expectancy grows, increasing awareness of the importance of health is expected to lead to growth of the personal care* market.

The Group's businesses in regions like these, however, are centered on laundry detergents and other home care product categories, which are easily impacted by fluctuations in raw material prices. Going forward, we will transition to a more robust business structure by stepping up efforts in the personal care product category—which is centered on oral care, one of the strengths of the Lion Group.

On the other hand, in Indonesia, Vietnam, Bangladesh and other countries or regions in Southeast and South Asia where populations and income are rising, we aim to boost sales of laundry detergents and other home care products, as well as low-end products such as toothpastes and toothbrushes. At the same time, we will also make preparations in the personal care category to address changing needs stemming from economic development and demographic changes. By implementing these strategies, we aim to grow the scale of the Overseas Business while establishing a robust profit structure.

* Oral care, beauty care and OTC pharmaceuticals

Stepping Up Efforts in the Personal Care Category

— Entering New Markets through Product Development Inspired by Local Insights

In Singapore, the number of consumers with sensitive skin concerns is rising due to increasing urbanization and the ensuing changes in physical environments, diets and lifestyles. As a result, the market for sensitive skincare is growing. Combining this local insight with our expertise in dermatology research, we are working with dermatologists to develop body soaps, lotions and mists, and selling them through Singapore Lion under the *SunoHada* sensitive skincare brand.

We aim to expand sales of these products to other regions and will continue to enter markets such as this, in which we are not currently participating in Japan, and develop them into growth engines.



SunoHada sensitive skincare brand



Expansion of the Overseas Business

Expanding into New Countries or Regions—Diversifying Our Regional Portfolio

Aiming to enter more than two new countries or regions as part of Medium-term Management Plan Vision2030 1st STAGE (2022–2024), we have strengthened our M&A system by setting up a dedicated organization under the direct control of the president and hiring mid-career experts. As a result, in 2022 and 2023 we entered Bangladesh and Vietnam, respectively—two countries in which we expect market growth.

Bangladesh

LION KALLOL LIMITED

Population of 170 million; untapped market

- Aim for quantitative growth
- Roll out mass-produced products—mainly laundry detergents and other home care products—in line with income growth

In June 2022, we established Lion Kallol Limited, a joint venture with Bangladesh-based Kallol Limited. The joint venture commenced operations in October of the same year. Aiming for quantitative growth, in March 2023 we increased our investment to acquire new land for local production.

Kallol owns major fabric care and beauty care brands through its group companies and has a distribution network and sales capabilities covering all of Bangladesh. By combining our strengths in product development and production technology with Kallol's business foundation to generate synergy, we will work to enhance our business in the Bangladesh market.

Vietnam



Population of over 100 million; a market expected to surpass that of Thailand in size

- Roll out OTC pharmaceuticals and other healthcare products to lay a foundation
- Make use of Vietnam's unique business model; have doctors recommend Lion products to patients to develop trust in the company/brand

In January 2023, we decided to acquire a 36% stake in MERAP HOLDING CORPORATION ("MERAP"), a company operating in Vietnam.

In Vietnam, not only do doctors provide prescriptions, they also recommend OTC pharmaceuticals and highly functional non-pharmaceuticals to patients depending on their conditions, and most patients will purchase the recommended products at a pharmacy.

MERAP is well-versed in this unique business model and possesses major brands in the healthcare field, mainly in over-the-counter pharmaceuticals, as well as a distribution network and sales capabilities covering hospitals, clinics and pharmacies throughout Vietnam. Making use of this unique business model, we will lay a foundation in Vietnam with our healthcare products to launch our oral care products and the skincare products and other highly functional products we offer elsewhere in Southeast Asia.



Lion to Establish a Joint Venture Company in Bangladesh

https://doc.lion.co.jp/uploads/tmg_block_page_image/file/8136/20220531.pdf



Notice Concerning the Acquisition of Shares of Vietnam-Based MERAP HOLDING CORPORATION

https://lion-corp.s3.amazonaws.com/uploads/tmg_block_page_image/file/8492/20230116.pdf



Transforming Our Business Foundations for Growth

R&D That Leads Value Creation

R&D Centered on Consumer Research

Through R&D, Lion generates innovation to redesign the living habits of consumers, meeting their diversifying needs and promoting mental and physical health. Our cross-divisional research activities focus on the Lion Group's four fields of value creation,* which drive business growth.

The greatest strength of our Research & Development Headquarters is its expertise in consumer research. Our current research activities are supported by the wide-ranging knowledge we have built up over many years through contact with consumers who use our products in various aspects of their lives. We also engage in open innovation projects with universities, research institutes and corporations to further develop the functional value derived from our core technologies in oral science, interface science, life science and analytical chemistry while simultaneously evolving emotional value that can lead to better living habits and a sustainable perspective that addresses environmental issues, social conditions and cooperation with local communities.

* The four fields in which we provide value: oral health, infection control, smart housework and well-being

Research Fields in Which We Create New Value

Basic Technology Research	R&D	New Research Activities
<ul style="list-style-type: none"> • Oral science • Interface science • Life science • Aroma technology • Analysis technology • Safety science 	<ul style="list-style-type: none"> • Dental and oral care • Body care • Medical care • Home and fabric care • Packaging and containers 	<ul style="list-style-type: none"> • Digital transformation promotion • Open innovation activities
Consumer Research		

Cross-divisional Product Development

SOFLAN Airis is the result of a cross-divisional project involving Lion's R&D, planning and production divisions to redesign laundry habits by tackling everything from concept creation to product design. The project team used an unconventional strategy to come up with the concept and created the new technology to bring the concept to fruition for this new genre of clear fabric softener/"laundry water," which perfumes the air with a pure fragrance like a gentle breeze. *SOFLAN Airis* delivers not only a high-quality finish, but also a relaxing, positive atmosphere encompassing both the user's mood and the air itself.



Specifically, the technology that the team developed instantly releases a fresh fragrance that leaves the user in a light-hearted mood, not just when the laundry is dry, but before that—when the washing machine is opened to remove the laundry and when the laundry is hung up to dry. And, to ensure a smooth, light and airy feel when the clothes are worn, the team developed a new formulation containing proprietary ingredients. Furthermore, to contribute to a sustainable environment, the product container (excluding parts such as the nozzle and cap) is made from biomass PET resin.

Open Innovation Activities

We are promoting open innovation projects with universities, research institutes, corporations and other entities to acquire technologies and information that help create new value. For example, in the field of oral health, we joined with Kuroishi City in Aomori Prefecture and Hirosaki University to investigate dental occlusion in elementary school students and its relationship to living habits. Together with Hitachi Health Care Center, we used data on a subject group of around 10,000 people to confirm the effectiveness of dental checkups in the workplace for improving the general health of employees. By collecting, communicating and linking such data to the development of products and services, we are creating value that leads to better living habits.



Possible Relationships between Dental Occlusion and Living Habits Identified through Joint Study by Lion, Kuroishi City and Hirosaki University

https://doc.lion.co.jp/uploads/tmg_block_page_image/file/8460/20221214.pdf



**Making Dental Checkups More Accessible to More People
Hitachi and Lion Confirm That Workplace Dental Checkups Contribute to Oral and General Health**

https://doc.lion.co.jp/uploads/tmg_block_page_image/file/8696/20230209.pdf



Transforming Our Business Foundations for Growth

R&D That Leads Value Creation

Product Development That Supports Our Glocalization Strategy

To expand the scale of the Overseas Business, the Lion Group is evolving its glocalization strategy to increase its presence in Asia. We are posting researchers overseas to investigate the conditions and needs of local consumers in order to develop new technologies and products.



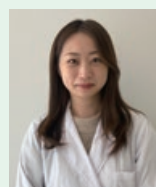
Example of Product Development Following Investigation of Local Needs

In Asia, markets for laundry detergent capsules are growing. In South Korea in particular, demand for highly convenient products is on the rise due to the increase in number of high-income earners and the concentration of people in urban areas. As a result, we expect significant growth of these markets. Although Lion's research laboratories in Japan had limited experience in developing capsule detergents, we built a collaborative system with Lion Korea, a film manufacturer and an equipment manufacturer and used our proprietary cleansing ingredient concentration technology to design a formulation with triple functionality (mite removal, PM2.5 particle removal and color care). Together, we successfully developed a new formulation and began production in a short time. The new brand—*7.Lab*—was launched in April 2022.



Message from a Researcher in Global Product Development

PT. Lion Wings in Indonesia develops and produces a wide range of products centered on beauty care. One of the strengths of its research institute is designing products that accurately grasp consumer preferences. To improve product quality, we are using the extensive formulation and instrumental analysis technologies of our R&D facilities in Japan to develop products in collaboration with PT. Lion Wings. In addition to regularly exchanging information, we also visit PT. Lion Wings to discuss matters directly with local researchers, deepening mutual understanding and speeding up the product development process.



Ms. Matsumoto
Researcher,
Research and Development
Headquarters

Focus: Initiatives to Accelerate Innovation

An Organization That Functions as an Innovation Hub

In 2018, we established the Innovation Lab to further drive transformation of our research activities. Currently functioning as an innovation hub for the entire Company, the Innovation Lab contributes to the creation of a range of amazing new businesses that go beyond the conventional. It provides services ranging from support for the ideation process, such as workshop planning, visualization of past and current ideas and prototyping assistance, to collaboration with the Business Development Center, new idea creation, product demonstrations and feasibility studies for commercialization.

Research for New Value Creation

We have also introduced an initiative under which all of our researchers are allowed to use a maximum of 15% of their working hours to do research on a topic of their own choosing. One theme developed under this initiative is easy-rinse toothpaste. Through a project by the Japan Aerospace Exploration Agency (JAXA) to find solutions to common issues facing life in space and on Earth, an easy-rinse toothpaste developed by Lion was selected for use by astronauts in their daily life on board the International Space Station in 2022. We are currently pursuing further uses for this technology on Earth, in environments that experience water shortages or in similar situations.



Photo courtesy of JAXA/NASA





Transforming Our Business Foundations for Growth

Strategic Investment in Intellectual Property and Intangible Assets for Redesigning Habits

Basic Policy and Promotional Framework for Intellectual Property Strategy

Lion's basic policy regarding intellectual property is set forth in its Behavioral Guidelines. The guidelines stipulate that we will strive to create, properly protect and actively utilize intellectual property, and that we will respect the intellectual property of others and not seek to improperly acquire or use it.

To promote intellectual property initiatives, we have established a dedicated Intellectual Property Department under the supervision of the Board of Directors and the direct control of management. The department executes investments in intellectual property in line with Group-wide management strategies, ensures that intellectual property rights are used appropriately and conducts accurate information disclosure. The Intellectual Property and Licensing Committee chaired by the director responsible for the Intellectual Property Department meets twice yearly to formulate strategies, and to report and discuss progress on key measures. The results of these discussions are reported and deliberated at meetings of the Board of Directors and the Executive Committee.

In addition to patents, trademarks and copyrights, our core strengths in intellectual property include intangible assets such as manufacturing and evaluation methods (proprietary information) and healthcare data. We are using these key management resources to increase corporate value. The Intellectual Property Department also provides specialized intellectual property functions for affiliates in Japan and overseas, managing and utilizing main intellectual property rights and working to eliminate counterfeit goods.

Promotional Framework

Board of Directors/Executive Committee

Management strategies



Intellectual Property and Licensing Committee

- Formulation of intellectual property policies
- Confirmation of progress toward fiscal year targets
- Discussion of Group-wide challenges
- Reports to management

etc.

Approach to Intellectual Property Strategies

Key points for transformation to achieve the targets of Vision2030 1st STAGE

- 1. Contribute to business results from intellectual property creation**
In addition to protecting and using newly created intellectual property, we aim to contribute to business results from the creation of intellectual property at the research/planning stage.
- 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.

Intellectual Property Activities That Support Diverse Capital Creation

Patent Protection of a Technology for Preventing Cavities That Increase with Age

Intellectual Capital

Lion owns the largest number of patents in the field of toothpaste products in Japan* and uses many patented inventions for cavity prevention in its products.

Root surface caries, also known as root cavities, develop due to receding gum tissue linked to old age or gum disease. This exposes dentin at the root of the tooth, which is more vulnerable to tooth decay than tooth enamel. Lion has developed a toothpaste that protects against cavities by coating the dentin on the root surface with pyrrolidone carboxylic acid in addition to fluoride to prevent demineralization and collagen degradation.

We initially applied this technology to the *Check-Up* toothpaste sold at dental clinics and are currently extending its application to commercial toothpastes. The invention of this technology, which is suited to the oral health issues of Japan's aging society, received "The Encouragement Prize for Invention" (Patent no. 6474375) at Local Commendation for Invention of Kanto 2022.

* Number of patents owned as pending applications or valid patents (as of April 2023); search for F-term 4C083CC41 on the Japan Platform for Patent Information.
<https://www.j-platpat.inpit.go.jp/p1101>



Protection of Highly Distinctive Brands

Social and Relationship Capital

Since our founding, our marketing activities have focused on highly distinctive sounds to help consumers create better living habits. As a result of our promotional and advertising activities, we have developed brand names and key phrases that are highly recognizable and identifiable to the ear. We have the highest number of registered sound trademarks of any company in Japan, showing our strength in linking sounds with the consumer's memory in our marketing activities.

The children's website of the Japan Patent Office includes the *KireiKirei* sound (trademark registration no. in Japan: 5842092) as an example of a registered sound trademark.

Furthermore, we have registered the *KireiKirei* Family Character Logo as a trademark in various countries to widely promote enjoyable hand washing habits among children in countries across Asia. Trademarks registered in such countries are also helping to eliminate counterfeit products.



Trademark registration no. in China: 42631419
Trademark registration no. in South Korea: 40-1692459

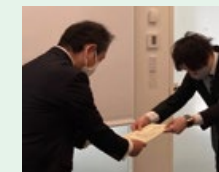
Awarding Employees for Wide-ranging Intellectual Property Activities

Human Capital

In line with our wide-ranging intellectual property activities and patent incentive program, we have established the Contribution Awards for Intellectual Property to commend employees who contribute to diverse intellectual property activities.

At the 16th annual Contribution Awards for Intellectual Property held in fiscal 2022, nine employees from eight different divisions were commended for a diverse range of activities, including collaboration with overseas affiliates on new inventions and enhancement of intellectual property information disclosure.

To increase employee motivation for self-development and help develop personnel who can use intellectual property and related information in creating innovative business models, we also support employees from outside the Intellectual Property Department who wish to take IP Analyst Certification Courses offered by the Association of Intellectual Property Education.



Intellectual Property

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



Transforming Our Business Foundations for Growth

The Science of Habits—Digital Transformation at Lion

Digital Strategy and Promotional Framework


To put our purpose into practice and achieve continuous business growth in a highly volatile business environment, we are adopting a digital strategy that is directly linked to Group-wide transformation.

For internal and external communications, we have adopted the slogan “The Science of Habits” for this strategy of using digital technology and data science in order to develop products and services that help create better living habits. Aiming to achieve greater speed, efficiency, sophistication and new value creation by 2030, during Vision2030 1st STAGE (2022–2024) 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 information technology (IT) and digital technology.

To carry out these initiatives, the Digital Strategy Promotion Council, comprising the president, executive officers and heads of related departments, actively discusses and promotes Group-wide digital strategies and implements various measures based on those strategies. In January 2023, we established the Digital Strategy Department, bringing together strategic planning for information and digital technology, implementation functions such as IT maintenance and data analysis, and business process re-engineering functions that had been split among multiple departments. This has helped to accelerate the implementation of Company-wide digital transformation measures.



Progress of Digital Transformation Measures

Theme	Progress in 2022
Sophistication of Business Management Capabilities	- May 2022: Began operation of new core systems to ensure speedy, data-driven decision-making
Expansion and Evolution of Habit ReDesign	<div> <p>- Launched new businesses in the field of oral health by utilizing Lion's expertise and oral health data Page 23</p> <p>- Promoted digital technology utilization to double research productivity → Began using AI in toothbrush and fragrance development</p> <p>- Promoted electronic data interchange (EDI) initiatives to standardize and streamline logistics systems Page 33</p> </div> <div>  R&D Digitization https://www.lion.co.jp/en/rd/new-activity/digital/ </div>
Development of Organizational Culture	<p>- Developing and educating IT/digital personnel and hybrid personnel</p> <p>- Providing learning opportunities for all employees through the Lion Digital Summit, e-learning, etc.</p>

Vision
2030

Greater speed, efficiency, sophistication and new value creation
Transformation to data-driven management

Sophistication of business management capabilities

Visualization of
management data

Monitoring of KPIs/KGIs

Acceleration of
decision-making

Expansion and evolution of habit redesign

Streamlining of existing businesses

Streamlining of purchasing,
production, logistics and sales

Maximization of
labor productivity

New value creation

Four fields of value
creation (POHR, etc.)

CRM
communication

ESG

Traceability

Development of organizational culture

Creation of data
management foundation

Data governance

Development of IT/
digital personnel

Development and Acquisition of IT and Digital Personnel

To achieve Lion's vision of digital transformation for 2030, it is important to develop IT and digital personnel who can independently promote digital transformation in every situation and to create an organization that can flexibly adapt to technological trends and changes in the business environment. In addition to developing IT and digital personnel with a high level of technological expertise, we are focusing on the enhancement and development of hybrid personnel who can link our businesses with digital technology by planning and executing optimal solutions to various technical issues.

For the acquisition of IT and digital personnel, while we have established a new graduate hiring quota for IT strategy/data scientists, we are also actively hiring mid-career professionals throughout the year. Moreover, we have adopted a system for recruiting people to work side jobs with us to help utilize diverse capabilities and skills from outside the Company.

To promote Company-wide digital transformation, we hosted digital literacy courses for all employees through e-learning platforms (96.5% of eligible Company employees attended in 2022) and hold the Lion Digital Summit to share and discuss various initiatives from inside the Company and advanced case studies from elsewhere. In these and other ways, we are working to improve employees' digital awareness and skills.



Transforming Our Business Foundations for Growth

Supply Chain Management

Improving Flexibility and Resilience across the Supply Chain

To ensure that Lion can continue to deliver quality products for the daily needs of consumers, we have been working to develop highly competitive supply chain management by boosting the resilience of our logistics system and framework for sustainable and stable raw material procurement and product supply. For example, to counter the increase in scale and severity of natural disasters in recent years, we have mapped out a system of alternate delivery routes and backup hubs to ensure continuous product supply. We are also reinforcing efforts to establish a universal numbering system* for sales and operations planning based on sales forecasts as part of our ongoing efforts to upgrade our production, sales and inventory management processes.

Going forward, procurement, production and distribution methods could change drastically as product personalization increases, resulting in demands for greater speed and flexibility throughout the supply chain. Therefore, in addition to our own efforts, we intend to lead the industry in promoting supply chain platform reforms to address issues across the supply chain.

* Improved coordination through universal numbering of production, distribution and sales data

Building a Sustainable Supply Chain Management Platform

Increase the flexibility and resilience of the entire supply chain

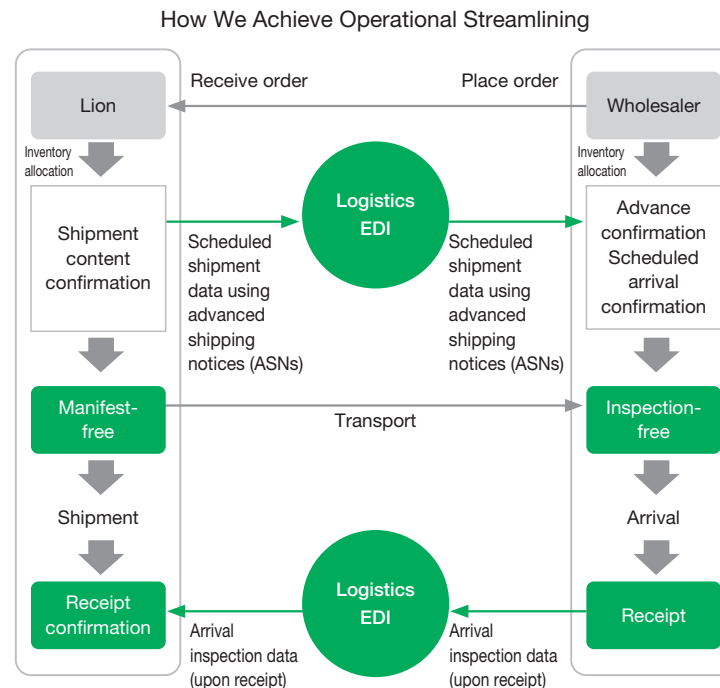
- ▶ Coordinate production, distribution and sales data via a shift to universal numbering to optimize inventories and minimize product shortages
- ▶ Upgrade Lion's business continuity plan by securing multiple raw material suppliers and multiple transport and distribution routes

Continuously step up responsible supply chain initiatives

- ▶ Promote logistics using electronic data interchange (EDI) for collaborative distribution involving industry peers to achieve operational streamlining, reinforce logistics crisis response capabilities and reduce environmental footprint 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 and use of paper)



Industry Collaboration to Digitalize the Logistics Industry

We are taking the initiative in promoting the digitalization of logistics data platforms to solve logistics issues throughout the daily sundries industry. Using the logistics EDI platform of PLANET, INC., which operates such systems for the logistics industry, we conducted demonstration testing by making use of advanced shipping notices (ASNs) to digitalize delivery receipts and simplify inspections, and have commenced gradual expansion of ASN use for individual trucks in the wholesale industry. In mid-2023 we expected to begin full-scale use of ASNs.

■ Background

Given the various problems that have come to the fore in recent years in the logistics industry, including driver shortages and long waiting times for shipment receipt, solutions are required for sustainability in logistics. For manufacturers who make shipments, in addition to lowering logistics costs, ensuring continued stability in logistics is an important management issue.

■ Aim

To digitalize and mutually share logistics information, such as shipment volumes and delivery vehicle details, and to achieve smart logistics, we will send wholesalers ASNs for each truck, simplify delivery inspections and shift from paper to digital manifests. In doing so, we aim to increase labor productivity and optimize logistics resources.

In tandem with this, we are working to streamline and standardize frontline logistics operations as part of the Study Group for Logistics Productivity in the Supply Chain, which is hosted by the Distribution Economics Institute of Japan ("DEIJ"). The DEIJ comprises manufacturers of daily sundries and the logistics companies tasked with delivering their goods. In collaboration with other manufacturers and logistics companies, we are leading efforts to build a standardized supply chain model for the whole industry.

Through these initiatives, we aim to improve labor environments, boost labor productivity, and reduce environmental burden while building a sustainable, resilient supply chain platform for the entire industry.



Transforming Our Business Foundations for Growth

Supply Chain Management

Promoting Sustainability with Materials Manufacturers and Production Contractors

The palm oil, paper, pulp and other raw materials that Lion uses must be harvested, processed and sold to suppliers before they reach the Group. 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 reinforcing coordination with materials manufacturers and production contractors to realize more effective supply chain management. Lion's Procurement Principles clearly state its 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 will continue to coordinate with our suppliers in building and operating a sustainable procurement system.

Procuring Sustainable Raw Materials

Lion uses palm oil and palm kernel oil derivatives—renewable, carbon-neutral plant-based raw materials—in its body soaps, laundry detergents and dishwashing detergents. We also use paper and pulp in product packaging, booklets, pamphlets, copy paper and other office supplies. However, procurement of these materials often involves environmental problems such as deforestation, as well as human rights and labor issues, all of which can negatively impact sustainable development. As such, based on our Sustainable Material Procurement Policy, we are utilizing the frameworks of various certifications to promote sustainable procurement.

Material	Main Initiative
Palm and palm kernel oil derivatives	Procurement of RSPO ¹ -certified oil derivatives
Paper and pulp	Procurement of FSC ² -certified paper

1. Roundtable on Sustainable Palm Oil
2. Forest Stewardship Council

WEB ▶ **Lion Group Supplier CSR Guidelines**
<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>

WEB ▶ **LION Human Rights Policy**
<https://www.lion.co.jp/en/company/governance/policies/human-rights.php>

Building a Sustainable Production and Supply System

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.

The new toothpaste factory that commenced operations at the Lion Chemical Oleochemical Production Site in Sakaide City, Kagawa Prefecture in 2021 is now under full-scale operation as one of our main toothpaste production facilities. Dai Nippon Printing has built a laminated toothpaste tube factory on adjoining land, and together we are using state-of-the-art manufacturing equipment to achieve integrated production of tubes and toothpaste with just a small number of workers. This has increased the efficiency of the procurement and production process and enabled us to meet the diversifying needs of our customers.

Furthermore, in 2025 we plan to launch a new OTC pharmaceuticals factory on the premises of our Odawara Plant in Odawara City, Kanagawa Prefecture. 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, as well as an environmentally friendly design that will reduce CO₂ emissions. Going forward, we will also strengthen our production and supply systems in the fabric care category, in which we have recently released *SOFLAN Airis*, as well as in other core categories.

For sustainability, in 2022 we introduced an internal carbon pricing system, which we will use to accelerate investment in energy-saving measures. We will also apply our expertise in highly efficient production at the new factory to other production facilities, with the ultimate aim of creating smart factories that combine digital technologies and human labor.



The new Sakaide toothpaste factory carries out integrated production of toothpaste products (Sakaide City, Kagawa Prefecture)



Conceptual drawing of the OTC pharmaceuticals factory (Odawara City, Kanagawa Prefecture)



Generating Dynamism to Realize Innovative Change

Human Resource Development



We will generate dynamism in our personnel and organization by putting our purpose into practice and promoting professional fulfillment reforms.

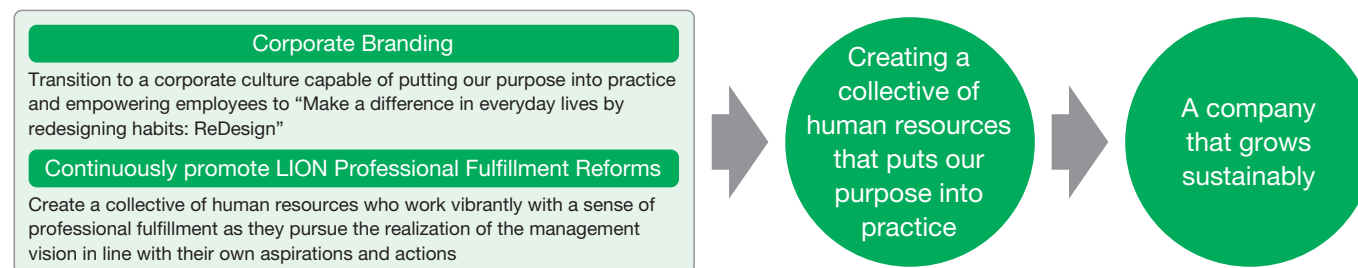
Yoko Koike

Executive Officer,
General Manager of Human Resources Development Center

Human Resource Development Strategy to Realize Our Management Vision

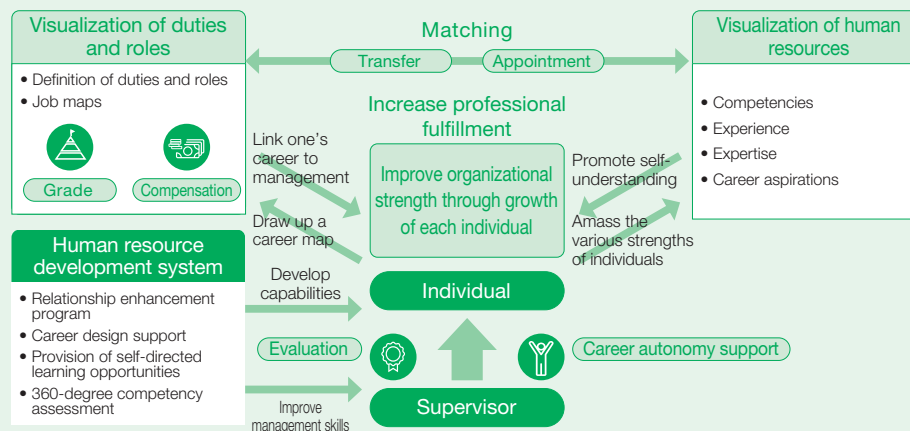
One of the growth strategies of Lion's Vision2030 is "Generate dynamism to realize innovative change." Under this strategy, we aim to have all employees spurring on each other in their respective growth processes and operating as autonomous individuals in order to generate waves of innovative change; that is, dynamism, across the organization as a whole. To do so, we are promoting corporate branding based on understanding of and resonance with our purpose, "Make a difference in everyday lives by redesigning habits: ReDesign," to help employees feel real value in working for Lion, thus improving employee engagement. Furthermore, 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 aim to increase productivity and create new value by instilling a sense of professional fulfillment in every employee.

Through further advancement of corporate branding and LION Professional Fulfillment Reforms, we will help employees fully develop their diverse capabilities to form a collective of human resources that will put our purpose into practice. In this way, we will continue to transform for sustainable growth.



Objectives and Features of the New Human Resource Management System (New Personnel System and New Human Resource Development System)

Create a company that empowers employees to choose their own path and grow toward their vision of what they want to be



We launched our new human resource management system in January 2023. Specifically, we revised the personnel system for managers, and also renewed the human resource development system.

We want to create a company that empowers employees to choose their own path and grow toward their vision of what they want to be. To do this, we will structure the system to

- (1) make it easier for employees to set goals for personal growth and self-actualization,
- (2) create a culture of taking on challenges and personal initiative, and
- (3) enable diverse people to succeed professionally.

In this way, we will empower employees to experience professional fulfillment through personal growth, which will improve organizational strength.

Overview of the New Personnel System

Managerial positions are categorized into management (M) and expert (E) grades in order to evaluate the contributions of both management and expertise.

In addition, management grades are determined by the duties of each position. Expert grades are determined by role. Presented with these definitions, employees throughout the Lion Group can more easily map their careers.

In conjunction with this, we will also revise the evaluation system to encourage employees to take on challenges, and to achieve (1) to (3) at left.

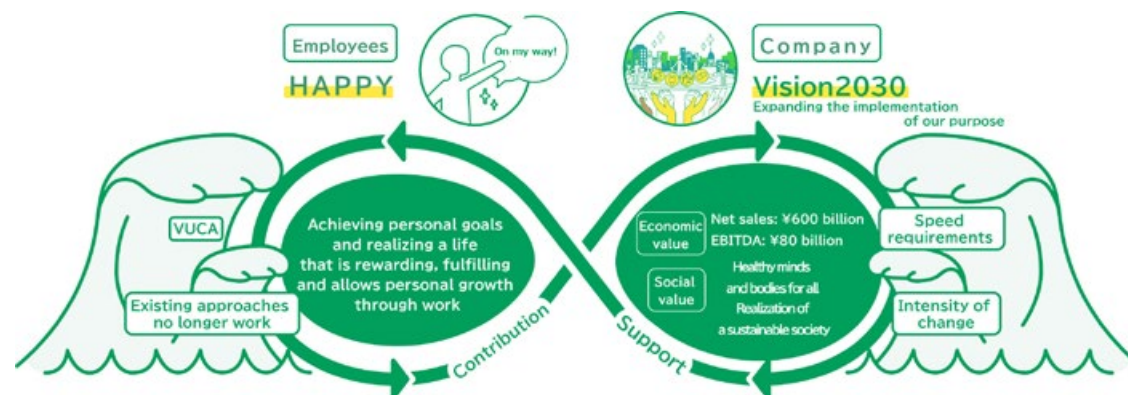
Generating Dynamism to Realize Innovative Change

Putting Our Purpose—“Make a Difference in Everyday Lives by Redesigning Habits: ReDesign”—into Practice

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

The aim of the new human resource management system is to strengthen the relationship of support and contribution between the Company and employees. To achieve our vision and expand the practice of our purpose, we must increase the Lion Group's economic and social value in unison to increase employee engagement. Our new human resource management system must therefore increase the number of employees who achieve their personal goals and realize a life that is rewarding, fulfilling and allows personal growth through work.

In addition, under the new personnel system, we have transitioned to a performance evaluation system that more clearly incorporates goals that are linked to a high-level vision. This helps to ensure that actions putting our purpose into practice are consistently evaluated under the new system.



Linking Employees and Purpose

Approaches to, Measure for and Results of Efforts to Inculcate the Purpose

We have set down our purpose, “Make a difference in everyday lives by redesigning habits: ReDesign,” and our beliefs to guide employee thoughts, actions and decisions in putting the Lion Group's purpose into practice. We have also shared senior executives' discussions of the purpose and beliefs with employees as an opportunity for all employees to reflect and deepen their understanding. In addition, we hold workshops for all employees in Japan, including those of Group companies, to share ideas through dialogue. More than 90% of post-workshop survey respondents gave positive responses regarding their understanding of the purpose and beliefs. We will expand efforts to inculcate our purpose and beliefs at overseas Group companies.

In addition, we conduct a yearly Employee Awareness and Behavior Survey of all Group employees in Japan to verify their level of engagement and gather data for utilization in relevant measures. Currently, we are analyzing the relationship between the degree of inculcation of purpose and beliefs and employee engagement.



Workshops on Lion's purpose

We hold workshops on Lion's purpose and beliefs for each division. Using a dialogue format, these workshops are aimed at deepening employee understanding of the connection between the purpose and their work, and the relationship between the purpose and beliefs.



Employee Awareness and Behavior Survey

https://www.lion.co.jp/en/sustainability/employee/work_life/

Generating Dynamism to Realize Innovative Change

Recruiting, Developing and Supporting the Growth of the Personnel Who Will Drive the Lion Group's Growth

Recruiting Personnel and Supporting Their Growth

Investing in human resources will be essential for advancing our growth strategies. We must bring on global personnel who can help us enhance our presence overseas and boost our overseas sales ratio. At the same time, we are proactively moving forward with measures to develop our existing personnel. For example, using the Lion Career Village (LCV) we will build systems with external training institutes for teaching various curriculums via remote learning. We will focus on measures that balance both corporate and personal growth.

Investment in Human Resources in 2022	Lion Group (Consolidated)	Lion Corporation (including seconded employees)
Average hours of training per FTE* employee	34.9 hours	58.1 hours
Average investment in training per FTE employee	¥51,400	¥94,800

* Full-time equivalent

Stepping Up Development of Global and Digital Personnel

In the Overseas Business, which is key to Lion's growth, developing global personnel is an urgent matter. To accelerate the growth of our Asia business, we are also moving forward with the development of leaders for our glocalization strategies. In 2021, we launched a global personnel development program for posting younger and mid-level employees overseas to gain first-hand experience in our Asia business. Through efforts such as these, we will support the development of employees with outstanding expertise who can be successful in Asia, including Japan.

We will also be required to make up-front investments to drive digital transformation and create new business models. We will work to further improve our overall productivity through the development of personnel who can lead digital transformation that streamlines our business foundation and work processes.



Training in Singapore



Training in Bangladesh

Promoting Diversity and Inclusion

We believe that leveraging the diverse knowledge and experience of our employees will lead to new ideas and innovation aimed at creating 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.

As a new initiative in 2022, we held a study session for senior management and department heads. Participants improved their understanding of diversity and inclusion, learned about commonly held biases and discussed the impacts and challenges caused by these biases. Going forward, we will extend this learning opportunity to all managers and employees to promote the creation of an organization that embraces mutual acceptance and enables diverse personnel to succeed professionally.



Study session about unconscious bias for department heads

Initiatives for Recruiting and Developing Diverse Human Resources

Mid-career hires	Hiring mid-career individuals with the knowledge and experience to be an immediate asset
Side job applicants	Bringing in new ideas by hiring individuals with specialized expertise from outside the Group to work side jobs
Global human resources	Developing and utilizing global human resources, including foreign nationals, as part of efforts to advance business globalization
People with disabilities	Proactively hiring people with disabilities



Generating Dynamism to Realize Innovative Change

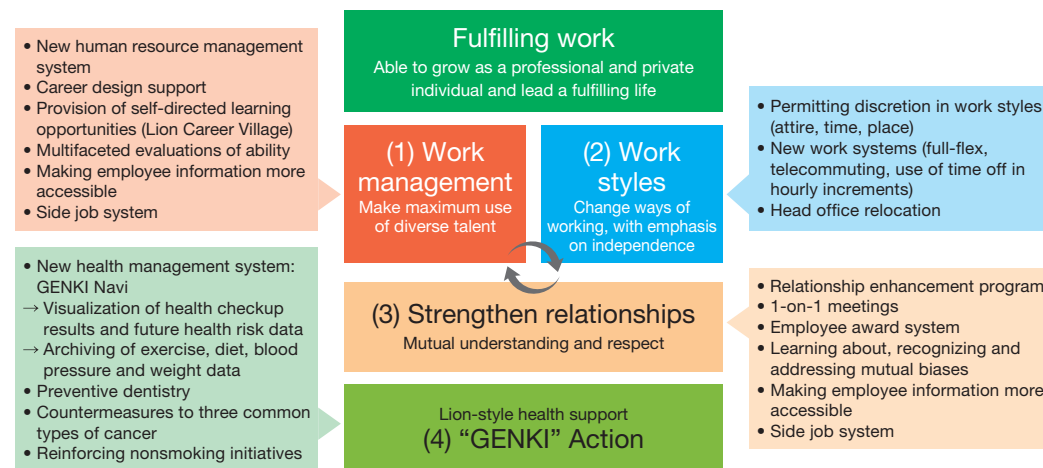
Diversifying Work Styles for the New Normal through the LION Professional Fulfillment Reforms

Overview and Goals of the LION Professional Fulfillment Reforms

Lion aims to ensure that individual employees are able to take total ownership of their roles and exercise their abilities to the fullest. To this end, in 2019, we launched the LION Professional Fulfillment Reforms, four health and productivity management initiatives: Work management, Work styles, Strengthen relationships, and as the foundation supporting the first three initiatives, Lion-style health support, “GENKI” Action.

The COVID-19 pandemic has led to changes in work styles and values for many employees. Amid such changes in the external environment, the Human Resources Development Center is striving to ensure that employees can maintain their sense of professional fulfillment and find the work styles that are best for them by upgrading environments and systems under the framework of the LION Professional Fulfillment Reforms and implementing a variety of measures to address the new normal created by the conditions of the pandemic.

LION Professional Fulfillment Reform Framework

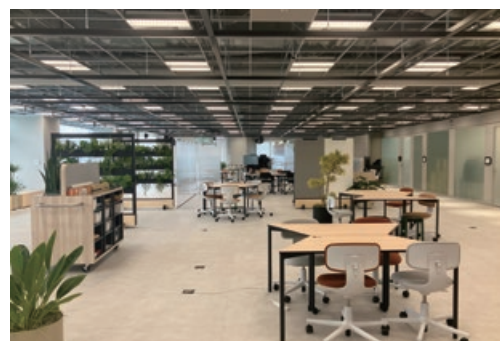


Ongoing Promotion of LION Professional Fulfillment Reforms—Aiming to Improve Productivity and Achieve a High Level of Employee Satisfaction

We see the work and private lives of employees holistically and believe that creating good synergy between the two supports professional fulfillment. We are therefore establishing an environment in which all employees can realize their life plans and individual lifestyles. In addition to the support we provide for various life stages such as childcare and nursing care, we set the stage for more flexible work styles by introducing telecommuting and full-flex systems in 2021. Our goal is an environment in which employees can work vibrantly, be themselves and realize their ambitions in life.

Work Styles—Head Office Relocation

Lion’s head office has transitioned from the traditional work style in which employees commute to the office and sit at assigned desks to a style that allows employees to freely choose the time and place they work—at home or the office—according to the work content and their frame of mind. In addition, to encourage innovation we have created a co-creation floor to strengthen external communication and have established a collaboration area on each floor to enhance internal communication.



Co-creation floor



Collaboration area



Generating Dynamism to Realize Innovative Change

Diversifying Work Styles for the New Normal through the LION Professional Fulfillment Reforms

Strengthen Relationships—Relationship Enhancement Program

A Leadership Skill Enhancement Program That Strengthens Relationships among Employees

We are currently implementing a program for the Lion Group's 600 members of management to help them redefine their relationships with their subordinates. The program will run for a total of three years, with 100 members of management taking part every six months. To achieve true professional fulfillment, it is essential to strengthen relationships among employees. The program brings together management and all members of the Group to achieve this objective under the key concept of psychological safety.

Lion-style Health Support—"GENKI" Action

Foster Healthy Habits among Employees

We held dental checkups at 15 work sites to promote preventive dentistry, following strict measures against COVID-19. We also encouraged regular visits to dental clinics, with 88% of employees in Japan receiving dental checkups. Moreover, we have cancer countermeasures in place and have been recognized as an "Excellent Company Promoting Cancer Control"* for our system of detailed examinations for stomach, colon and lung cancer. Another initiative to foster healthy habits in daily life involves use of the new GENKI Navi health system, which awards points to each employee based on daily physical data (weight and blood pressure) and lifestyle habits (diet and exercise). More than 1,000 employees have begun using this system since its launch. We will continue working through these initiatives to establish habits that promote health.

Lion was chosen for inclusion in the 2023 Health & Productivity Stock Selection in recognition of initiatives such as these.

* Under the Project for Promotion of Cancer Control, commissioned by the Ministry of Health, Labour and Welfare

WEB ▶ Lion-Style Health Support—"GENKI" Action

<https://www.lion.co.jp/en/sustainability/employee/health/#sec05>

Focus: Health & Productivity Stock Selection and Award Received

Lion Chosen for the Health & Productivity Stock Selection

Lion was chosen from among listed companies that implement health and productivity management for inclusion in the 2023 Health & Productivity Stock Selection in recognition of its particularly outstanding initiatives. Inclusion in the Health & Productivity Stock Selection, a program that was inaugurated in 2015, is determined jointly by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.



Lion Chosen for the Health & Productivity Stock Selection

<https://www.lion.co.jp/ja/news/2023/4233> (Japanese only)



Received Women's Health and Productivity Management Promotion Award®

Our Research and Development Headquarters received the Women's Health and Productivity Management Promotion Award® from the Women's Healthcare Awareness & Menopause Network Society, which recognizes the achievements of corporations and organizations that are actively involved in health support, education and health and productivity management for women.

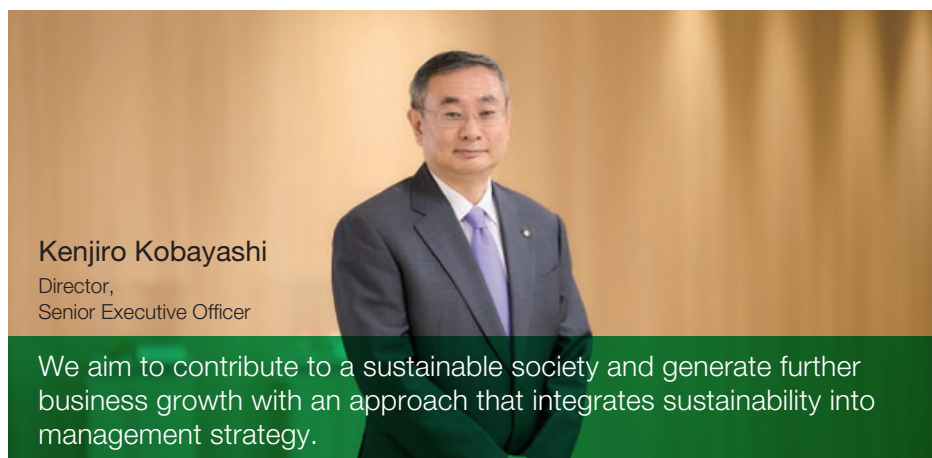


Lion's Research and Development Headquarters Receives the Women's Health and Productivity Management Promotion Award®

https://doc.lion.co.jp/uploads/tmg_block_page_image/file/8597/20230317_01.pdf (Japanese only)



Message from the Director Responsible for Sustainability



Integrating Sustainability into Management Strategy

To remain socially relevant into the future amid the rapid change in its external operating environment, the Lion Group must respond boldly and swiftly to help resolve various social issues. We also recognize that maintaining sustainable growth requires us to meet the expectations of our stakeholders by backcasting—mapping out a route for achieving our goals. The Group used this approach to consider the entire value chain and stakeholders, and to identify the Sustainability Material Issues to be addressed by 2030.

Identifying material issues is merely the first step. The key is how we use these material issues in management and connect them to the actions of each business. 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. Leveraging the strengths of the Group, I will guide sustainability management to concentrate management resources on measures that only we can take.

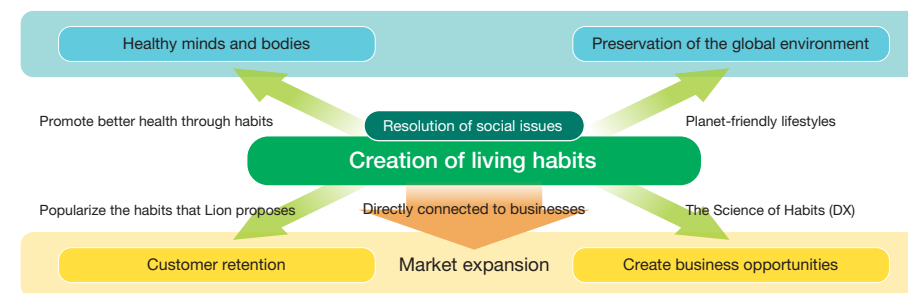
Evolving and Expanding the Redesign of Living Habits to Grow Our Businesses and Help Resolve Social Issues

Creating healthy living habits is a top-priority material issue for the Group. We provide products, services and information that promote living habits that are directly linked to health, such as tooth brushing and hand washing. As we aim to provide 1 billion people around the world with products, services and information that help to create healthy living habits, a key issue going forward will be collaboration with overseas Group companies.

Another top-priority material issue, promoting environmental initiatives for a sustainable planet, involves using environmentally friendly products to further the creation of environmentally friendly habits with consumers, such as saving water and power, using refills and reducing waste. In other words, we will contribute to a decarbonized and resource-circulating society by providing planet-friendly lifestyles and making daily life more sustainable. In cooperation with local governments and competitors, we are developing recycling technologies and structuring collection systems for refill containers. We will continue to enhance these partnerships.

A key feature of the Group is its many contact points with the daily lives of households, so we believe that our approach to resolving social issues should involve providing experiences that redesign everyday routines to become more natural, easy and enjoyable. In addition, we will create further business opportunities by using digital technology and data science under the slogan “The Science of Habits”, for example, to visualize behavioral changes brought about by activities to promote habit formation.

Creation of Social and Economic Value



Furthermore, we also need to nurture employees who embody our purpose, “Make a difference in everyday lives by redesigning habits: ReDesign.” In January 2023, we introduced a new personnel system for managers that incorporates a job-focused perspective and eliminated the previous seniority-based system for determining job titles. Our goal is for each leader to map out a clear picture of how they should develop themselves to achieve their aspirations, thus increasing their motivation and expertise and maximizing the value they create. We will implement various measures that promote long-term job satisfaction and increase employee engagement. [Pages 35-39](#)

Going forward, we will continue to promote sustainability management while enhancing social and economic value to improve corporate value.

Sustainability: Approach and Management

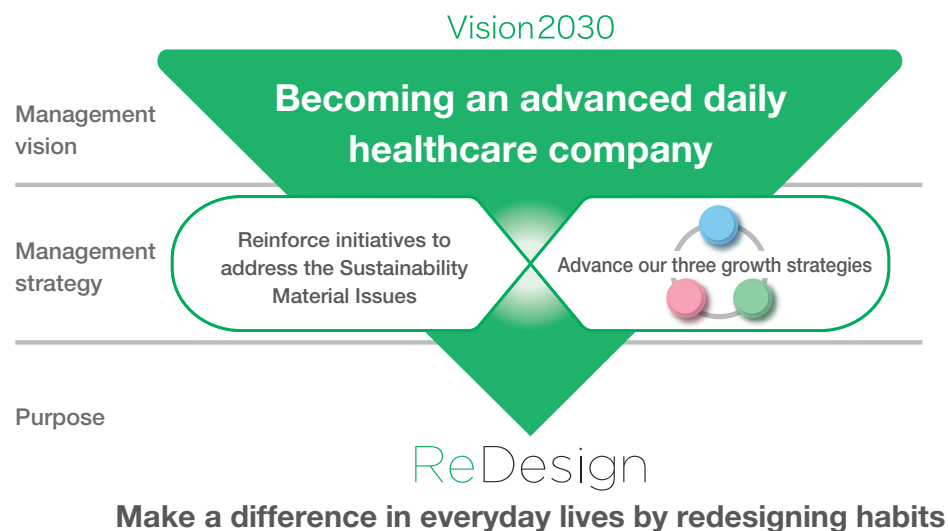
Approach to Sustainability

Upholding its founding spirit of “benefiting society through its business activities,” Lion, in addition to pursuing economic development, has 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 address its Sustainability Material Issues and advance three growth strategies in order to contribute to the realization of a sustainable society and achieve business growth.

Vision2030 Long-term Strategic Framework



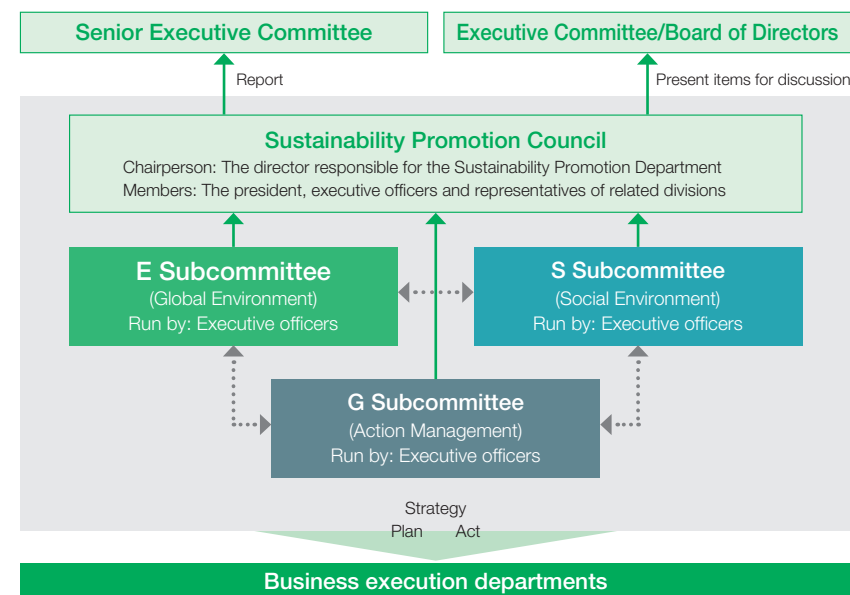
Sustainability Management

Sustainability Promotion Council

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 this system and established the Sustainability Promotion Council, which meets twice a year.

We have established three subcommittees under the council, each headed by an executive officer, more than ever before positioning senior management at the forefront of promoting Sustainability Material issues. Decisions made by the council are reported to the Senior Executive Committee and, as necessary, presented to and discussed by the Executive Committee and the Board of Directors, before being reflected in the business activities of the business execution departments.

Implementation Framework



Lion's Sustainability

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



Initiatives to Address the Sustainability Material Issues

Steps for Identifying Sustainability Material Issues



Sustainability Material Issues, 2030 Objectives and Indicators, 2022 Results and Measures to 2030

We conducted activities toward achieving the 2030 objectives for each Sustainability Material Issue. In particular, under Globally Common Measures each overseas Group company made progress in its activities. We will continue to introduce further initiatives.

Material Issues		Objectives	Indicators (2030)	Progress (2022 Results)	Globally Common Measures to 2030
E	Promoting Environmental Initiatives for a Sustainable Planet	Reduce CO ₂ emissions throughout business activities.	• CO ₂ emissions throughout business activities ⇒ Down 55% compared with 2017 levels (Absolute quantity)	• Down 13% compared with 2017 (Figure after deducting purchases of carbon credits. 4% reduction if not deducted.)	• Reduce energy usage through energy-saving activities. • Purchase electricity generated by renewable energy sources.
		Reduce CO ₂ emissions throughout product lifecycles.	• CO ₂ emissions throughout product lifecycles ⇒ Down 30% compared with 2017 levels (Absolute quantity)	• Up 12% compared with 2017	• Reduce household CO ₂ emissions from product use through the provision of environmentally friendly products and services and the promotion of environmentally friendly habits. • Reduce CO ₂ emissions at the stage of procurement through supplier engagement and the purchase of raw materials that generate low CO ₂ emissions.
		Achieve a CO ₂ emissions reduction effect in excess of Lion's own emissions to help society become carbon negative.	• Contribute to a CO ₂ emission reduction effect in excess of Lion's own emissions (Japan)	• Plan to formulate actions and KPIs and verify their effectiveness	• 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 and services.
		Actively promote the 3Rs (reduce, reuse, recycle) and renewable resource activities.	• Petrochemical-derived plastic use rate ⇒ 70% or less	• 97% (Japan) Rate of containers and other packaging using sustainable materials: 3.2%	• 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.	• Water usage throughout product lifecycles ⇒ Down 30% compared with 2017 levels (Per unit of net sales)	• Down 7% compared with 2017	• Reduce water usage by consumers through the provision of water-saving products.
S	Creating Healthy Living Habits	Provide opportunities for everyone to practice oral care whenever necessary and foster oral care habits to promote health for all.	• 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: 300 million* Spreading Awareness of Preventive Dentistry Habits (Japan) • Began services supporting the oral care habits of corporate customers and senior citizens (<i>Okuchi Plus You</i> and <i>ORAL FIT</i>) (Overseas) • Conducted educational and awareness activities to promote the formation of good tooth brushing habits among kindergarten and elementary school children • Participated in oral care improvement support program sponsored by the Ministry of Economy, Trade and Industry • Conducted educational and awareness activities to promote oral care during pregnancy Putting Preventive Dentistry Habits into Practice (Japan) • Promoted greater frequency of tooth brushing 35% of population brushed teeth after lunch (target for 2030: 50%) • Promoted greater use of products other than toothpastes and toothbrushes 31% of population used dental floss products (target for 2030: 50%) * Source: Lion survey	• 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: 120 million* Promoting and Establishing Cleanliness and Hygiene Habits through Educational Institutions (Lion Group) • Conducted educational and awareness activities at preschools, kindergartens and elementary schools to promote hand washing habits • Received 24,250 entries in the My Bottle Sticker Drawing Contest from 8 countries and regions where we do business Broadening Coverage of Activities to Support the Establishment of Cleanliness and Hygiene Habits (Japan) • Conducted the Relay Project for Cleanliness in collaboration with shopping districts, local governments and elementary schools • Conducted a project to promote "HAND WASH & HYGIENE before meals" at hotels and restaurants * Source: Lion survey	• 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 (2022 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: 20% Employees who feel so: 54% (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"> 53% (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 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% 	<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 contents 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: 88% (Japan) Note: Support for dental checkups is provided (Overseas) Absenteeism: 0.8% (Lion Corporation in Japan; unchanged 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 allows 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: 68% 	<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: 65% (item ratio) Certified palm oil and palm kernel oil derivatives: 99% (based on key raw materials) Lion Group: Certified paper and pulp: 17% (item ratio) Certified palm oil and palm kernel oil derivatives: 48% (based on key raw materials) Ratio of suppliers supporting zero deforestation Japan: 48%, Lion Group: 39% 	<ul style="list-style-type: none"> Create and promote a sustainable procurement system in cooperation with suppliers.
G	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"> To promptly respond to customer comments on social media, we launched a social media risk management manual in January 2022 and conducted training to deal with online flaming in May 2022 (Japan) We improved the accessibility of the corporate website through a site renewal in June 2022 (Japan) 	<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.
	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 As in 2021, we continued activities to improve evaluation results 	<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.

Note: The Sustainability Material Issues and objectives published in 2022 have been partially revised.

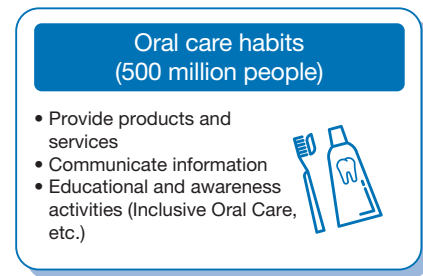
Initiatives for Addressing Sustainability Material Issues

Creating Healthy Living Habits

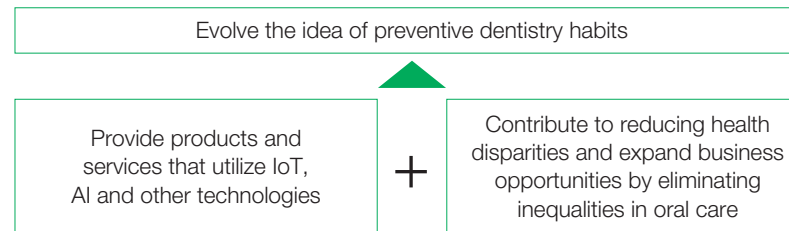
Since its founding, the Lion Group has contributed to society through the promotion and establishment of healthy living habits such as tooth brushing and hand washing. Our purpose is “Make a difference in everyday lives by redesigning habits: ReDesign.” Based on this purpose, by providing healthy living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

Lion Group Initiatives for 2030

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.)



Approach



The Lion Group has worked to establish tooth brushing habits to prevent cavities and gum disease.

In 2022, we used various contacts in our existing businesses to launch two new businesses aimed at encouraging the formation of preventive dentistry habits. One is *Okuchi Plus You*, a corporate well-being support service, and the other is *ORAL FIT*, an oral function fitness support service for senior citizens.

WEB ▶ <https://oral-kenkou.lion.co.jp/> (Japanese only)
<https://oralfit.lion.co.jp/> (Japanese only)

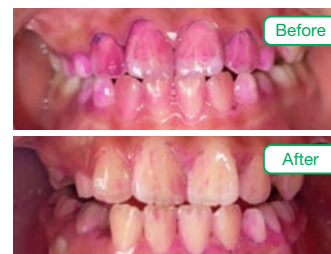
Educational and Awareness Activities to Address Social and Environmental Issues through Inclusive Oral Care

Lion is engaged in activities to address social and environmental issues through inclusive oral care. 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. One example is the Okuchikarada Project, which looks at the correlation between children’s cavities and their family’s financial circumstances. 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 experiences², such as healthy habit experiences. To address these disparities, we developed a proprietary experiential program about dental and oral health and are working with NPOs to provide this program mainly through “children’s cafeterias.” We are also creating opportunities for Lion employees to participate in these activities to experience these social issues directly, thus promoting understanding of the importance of the direction the Group is aiming for and of contributing to putting our purpose into practice. Furthermore, in 2022, we verified the effectiveness of the experiential program conducted in collaboration with partners in industry, government and academia in Okinawa Prefecture, which has the highest percentages of child poverty and children with cavities³ in Japan. Results showed signs that the experiences helped children to form oral care habits and boost self-esteem. We will use the knowledge we gained from this verification to provide even more effective experiential programs.

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

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

3. Source: Ministry of Education, Culture, Sports, Science and Technology, 2020 School Health Survey Statistics



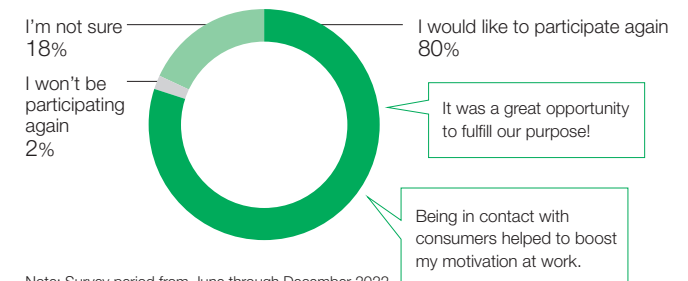
Dental plaque buildup before and after the experiential program

(The dyed areas indicate plaque buildup.)

Okuchikarada Project	
Total no. of experience kits provided	Total no. of employees participating
1,112 organizations in total (for approx. 60,000 children)	129 in total (at 39 children’s cafeterias in total)

Employee Feedback

Approx. 80% said they would like to participate again.



Note: Survey period from June through December 2022

Initiatives for Addressing Sustainability Material Issues

Creating Healthy Living Habits

Lion Group Initiatives for 2030

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
- Educational and awareness activities (Promoting hand washing habits)



Educational and Awareness Activities to Promote the Habit of Hand Washing

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

Going forward, we will expand the scope of our activities to include the prevention of infection outside the home and supply hygiene products and services. In our educational and awareness activities as well, we will work with other companies, local governments and other organizations to establish cleanliness and hygienic behavior that protects loved ones from infection.

Educational and Awareness Activities: Promoting Hand Washing Habits

Promoting and Establishing Cleanliness and Hygiene Habits through Educational Institutions (Japan and Overseas)

At the Lion Group, as one part of our activities to create cleanliness and hygiene habits in countries and regions in Asia where we have newly started business, such as Taiwan and Malaysia, we are working to promote and establish hand washing habits through preschools, kindergartens and elementary schools. In Bangladesh, another market we have recently entered, we are working through the Japan International Cooperation Agency (JICA) to provide teaching materials to support children's health education, and in turn contribute to the creation of cleanliness and hygiene habits.

Hand washing classes by employees and others at educational institutions



Japan



Malaysia

Expanding Areas of Activity to Establish Cleanliness and Hygiene Habits

To prevent infection outside the home, the Lion Group collaborated with shopping districts and local governments to promote the habits of cleanliness and hygiene through the Relay Project for Cleanliness, and conducted a project to promote "HAND WASH & HYGIENE before meals at hotels and restaurants." Moreover, in support of Global Handwashing Day on October 15, we hosted the Global My Bottle Sticker Drawing Contest, with the aim of establishing fun hand washing habits for the whole family. For the contest, children created their one-and-only KireiKirei bottles with their own drawings. We received more than 24,000 entries from children in Japan and seven other countries and regions in Asia.



Installation of automatic soap dispensers in toilets at Kakogawa City Hall in 2021
(Relay Project for Cleanliness)



Entries for the Global My Bottle Sticker Drawing Contest

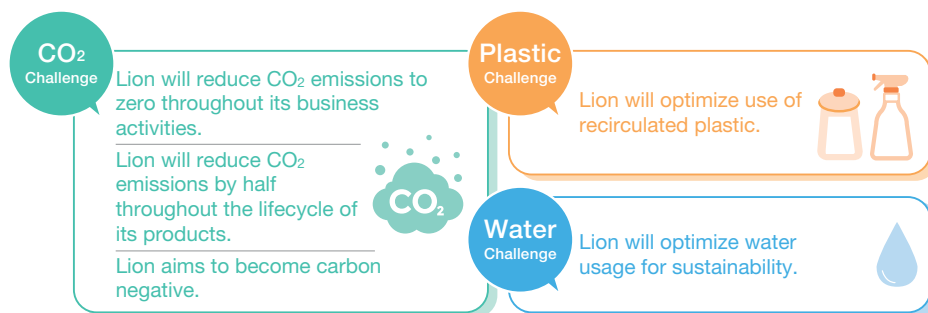


Initiatives for Addressing Sustainability Material Issues

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 with consumers to continuously provide planet-friendly lifestyles that make sustainable living easy.

LION Eco Challenge 2050 and Vision for 2050



Initiatives for Achieving Objectives by 2030

To promote environmentally friendly habits with consumers, the Group is reducing the environmental burden throughout its product lifecycles and working to help reduce society's environmental burden overall.

The diagram on the right gives an overall picture of our initiatives. Those in bold font are the initiatives through which we hope to contribute highly to realizing our aim of promoting environmentally friendly habits.

1. Zero-carbon throughout business activities (Scope 1 and 2) / Shift to smart energy

Reduce absolute quantity of Scope 1 and 2 CO₂ emissions by 55% in comparison with 2017 by 2030
⇒ KPI: Conversion of all electricity used in-house to renewable energy by 2030 (by 2024 in Japan)

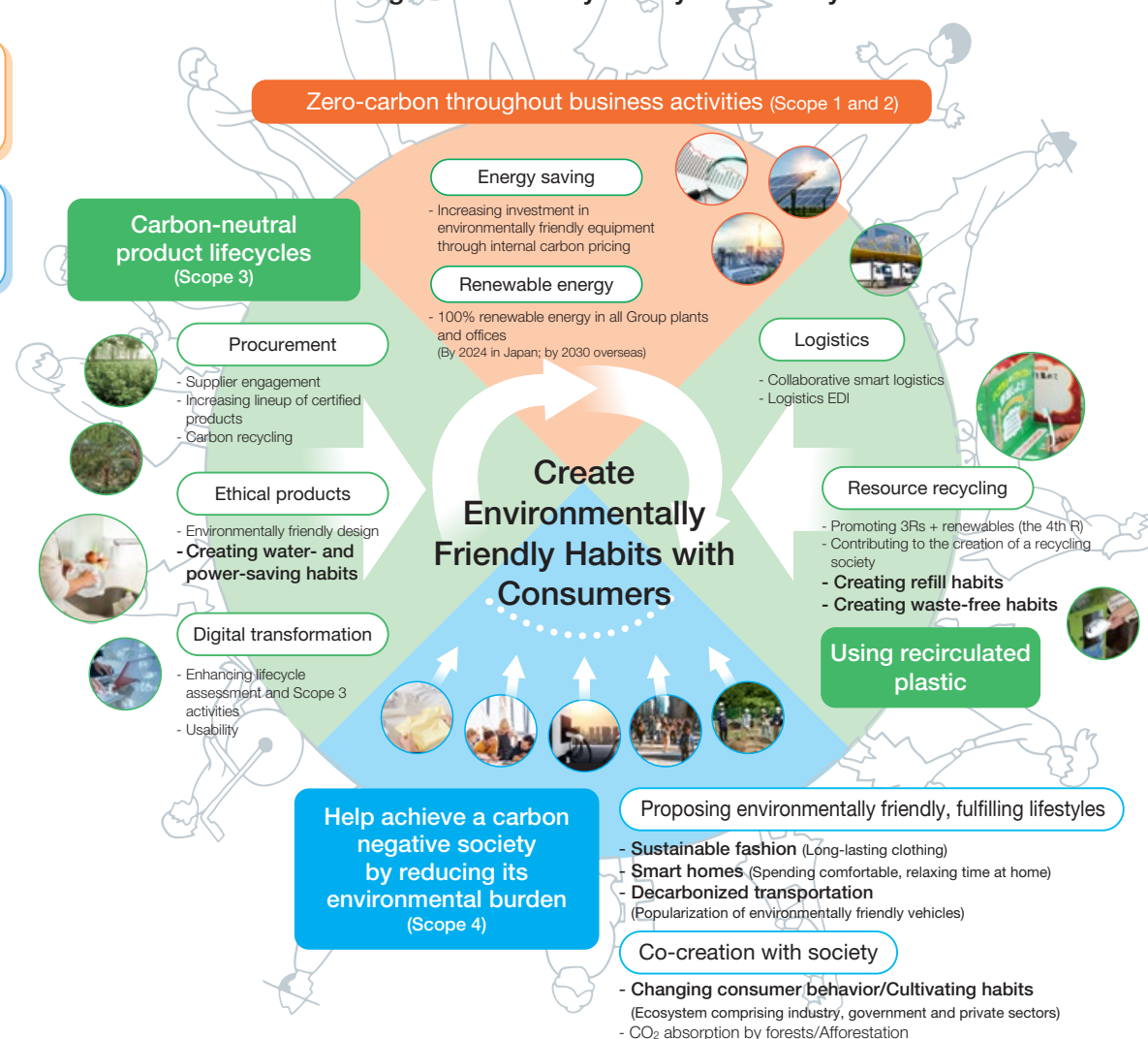
2. Carbon neutral product lifecycles (Scope 3) / Decarbonize the value chain

Reduce absolute quantity of Scope 1, 2, and 3 CO₂ emissions by 30% in comparison with 2017 by 2030
Lower petrochemical-derived plastic use rate to 70% or less by 2030
⇒ Develop and supply environmentally friendly products and services through environmentally friendly design
⇒ Increase the sophistication of recycling initiatives and transform to a circular business model
⇒ Promote water- and power-saving habits, and refill and waste-free habits

3. Help achieve a carbon negative society by reducing its environmental burden (Scope 4) / Create green innovations

Contribute to reducing CO₂ emissions in society by using our products (Japan)
⇒ Propose environmentally friendly, fulfilling lifestyles and create new markets (sustainable fashion, smart homes and decarbonized transportation fields) through collaboration with lifestyle-related companies

Making Planet-friendly Lifestyles a Reality





Initiatives for Addressing Sustainability Material Issues

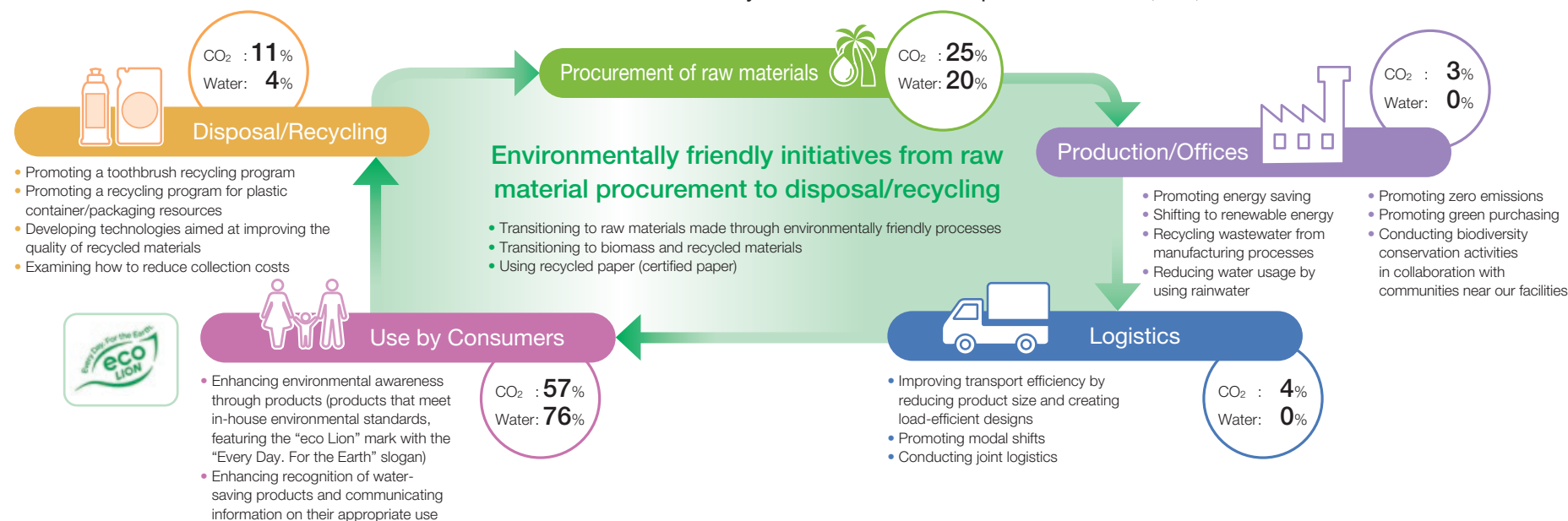
Promoting Environmental Initiatives for a Sustainable Planet

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 requires electricity and water, CO₂ emissions and water usage are at their highest at the stage when consumers use our 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 (appliances/product packaging and containers)

The Ratio of Environmental Burden (CO₂ Emissions and Water Usage) and Activities to Reduce Environmental Burden in the Product Lifecycles of the Lion Group's Businesses (2022)





Initiatives for Addressing Sustainability Material Issues

Promoting Environmental Initiatives for a Sustainable Planet

Activities for Reducing Environmental Burden (2022)



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.



Utilization of Internal Carbon Pricing (ICP)

In 2022, we introduced an ICP system on a trial basis. We refer to this system in capital investment planning to judge environmental investments after CO₂ emissions have been converted into expenses virtually according to our standards.

We began full-scale use of this ICP system in 2023 at our domestic Group companies, enabling us to move forward with efforts to decarbonize our manufacturing operations by choosing equipment with low CO₂ emission levels.



Conceptual illustration of the completed new over-the-counter pharmaceuticals factory (Odawara City, Kanagawa Prefecture)



Film-to-Film Recycling of Used Refill Packs

In September 2020, we announced that we would be collaborating with Kao Corporation to help realize plastic packaging resource recirculation in society. Together, we have been collecting used refill packs at some stores in Japan.

We have used recycled materials collected in this initiative to make a limited production run of the refill packs for *TOP SUPER NANOX for Odors XXL*, a highly concentrated laundry detergent launched in May 2023.



Operations Begin at New Head Office Building Featuring CASBEE Smart Wellness Office Certification

We moved to our new head office building in Kuramae, Taito-ku, Tokyo in January 2023. In 2021, the building received the “Superior” or “S” rank under the CASBEE Smart Wellness Office certification, which recognizes the building’s overall performance with respect to the environment and occupants’ health and comfort.



Development of Zero-rinse Laundry Detergent *Acron Smart Care*

Lion’s *Acron Smart Care* zero-rinse laundry detergent has made clean, quick, and environmentally friendly laundry a reality. It contains our proprietary anti-redeposition agent of the same name, made with a new formulation that boosts



surfactant performance, thus drastically reducing the amount of surfactant required. The product effectively removes soil even with low amounts of surfactant, while preventing it from reattaching to the clothing. On top of that, the product has eliminated the need for rinse cycles, which account for approximately 70% of the laundry process.

Acron Smart Care is contributing to substantial reductions in water and power use and CO₂ emissions.

Results compared with laundry detergents that require two rinse cycles

	131 L	▶ 45 L	↓ 65%
	18 Wh	▶ 10 Wh	↓ 44%
	124 g	▶ 44 g	↓ 64%
Two-rinse cycle detergents Note: Typical top-loading washing machines from 4 major washing machine manufacturers in Japan 1 kg of clothing Average values for a gentle wash cycle (In-house empirical data)		Zero-rinse cycle setting (Using <i>Acron Smart Care</i>)	

Approx. 50% decrease* in water and power usage and CO₂ emissions

* Zero-rinse cycle setting vs. two-rinse cycle



Using Recycled Materials from Toothbrush Recycling Program to Make Cat Litter Boxes

Domestic Group company Lion Pet Co., Ltd. is currently rolling out the Love Cats Love Earth Sakura Project, through which it donates cat litter boxes and cat litter sets to support people fostering rescue cats. The cat litter boxes are made from 10% recycled plastic from toothbrush recycling.



Conceptual illustration



Disclosure Based on the TCFD Recommendations

The Lion Group's Initiatives to Address Climate Change

Climate change has become a pressing social issue in recent years and presents serious risks to corporate management as well as new opportunities that could be created for corporate activities. Under the Vision2030 long-term strategic framework, the Lion Group has made reinforcing initiatives to address the Sustainability Material Issues one of its management strategies and designated “creating healthy living habits” and “promoting environmental initiatives for a sustainable planet” as top-priority material issues. Accordingly, we are working to mitigate risk by reducing CO₂ emissions and through other means while advancing a variety of initiatives to address the risks and opportunities presented by climate change, such as promoting the formation of environmentally friendly habits together with consumers.

Overview of Scenario Analyses

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 (for the oral care, beauty care, fabric care, living care and pharmaceutical product fields) and the Overseas Business (for businesses in China and Thailand).

- Principal scenarios used for analysis of transition risks and opportunities:
The International Energy Agency (IEA)'s Net Zero Emissions (NZA) 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. As a result, the introduction of a carbon tax and increased raw material costs were identified as risks that have a large impact on our businesses. The expansion of markets for sustainable products was identified as an opportunity that has a large impact on our businesses. In addition, we are studying the latest literature, including the Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report (AR6), to envision how conditions related to daily living will shift due to climate change as a perspective for exploring new business opportunities.

The Lion Group's Response to the TCFD

In May 2019, Lion endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), an organization established by the Financial Stability Board (FSB). From October 2019 to January 2020, Lion took part in the Ministry of the Environment's Project to Analyze Scenarios of Climate Risks and Opportunities in Accordance with TCFD, evaluating the financial impact on its operations of climate-related risks and opportunities. In 2022, Lion expanded the scope of its analyses to encompass businesses, communities, product categories and supply chains, developing them into full-scenario analyses. Our disclosures of climate-related information resulting from these analyses are based on the TCFD framework.

Initiatives and Policy to Address the TCFD Recommendations

Core Elements of the TCFD's Recommended Climate-related Disclosures		The Lion Group's Initiatives
Governance	The organization's governance relating to climate-related risks and opportunities	<ul style="list-style-type: none"> • 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 Senior Executive Committee, 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 actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	<ul style="list-style-type: none"> • Based on the TCFD recommendations, we conducted analyses of two scenarios—an increase in the average global temperature of 1.5°C and an increase of 4°C—for the Consumer Products Business and some countries of the Overseas Business, the operations of which are likely to be impacted by climate change by 2030 and 2050. • We worked to identify and evaluate short-, medium- and long-term climate-related risks for the period from the present to 2050 and factor them into our businesses, strategy and financial planning.
Risk Management	The processes used by the organization to identify, assess and manage climate-related risks	<ul style="list-style-type: none"> • The Lion Group has designated certain climate-related risks that have the potential to significantly impact the Group's businesses as “shared risks” to be managed Group-wide. The Corporate Planning Department and E Subcommittee coordinate management of such risks, working together to identify, assess and manage these risks.
Metrics and Targets	The metrics and targets used to assess and manage relevant climate-related risks and opportunities	<ul style="list-style-type: none"> • The CO₂ emissions (Scope 1, 2 and 3) of Lion Corporation and its domestic consolidated subsidiaries are currently disclosed on Lion's website. The LION Eco Challenge 2050 long-term environmental objectives include realizing a decarbonized, resource-circulating society as well as targets for 2030 based on the metrics of CO₂ emissions, petrochemical-derived plastic usage and water usage.



Disclosure Based on the TCFD Recommendations

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

Risks and Opportunities			Impact ¹	
			Description	
Transition	Introduction of a carbon tax (Scope 1, 2 and 3)		<ul style="list-style-type: none"> Increased factory operating costs due to the full-scale introduction of emissions trading and the application of carbon taxes by national governments Increased raw material procurement costs due to carbon taxes on emissions, including Scope 3 emissions 	Small Large ²
	Increased cost of raw materials	Fossil fuel-derived	Increased costs due to the full-scale introduction of emissions trading and the application of carbon taxes	Large Medium
		Palm oil-derived	Increased costs due to tightening of palm oil regulations and increased use of certified oil	Small Medium
		Plant-derived (from corn, mint, etc.)	Increased prices due to decreases in crop yields	Small Small
	Increased cost of containers and other packaging materials	Plastic-derived	Increased costs due to regulations on plastic use	Small Medium
		Aluminum-derived	Increased costs due to a shift from iron to aluminum as a result of regulations on vehicle weight, etc.	Small Medium
		Forest resource-derived	Increased costs due to forest fires, forest protection or logging regulations	Small Small
Physical	Expansion of markets for sustainable products		Expansion of demand for sustainable products, including those that save water and power, due to rising customer awareness of ethical consumption	Small Large
	Increased average temperature		Increased operational and personnel costs due to growing energy costs and burden on workers	Small Small
			Increased sales of laundry-related products due to higher temperatures and of hygiene-related products, and of services due to increases in infectious disease	Medium Small
	Changes in precipitation and weather patterns		Increased costs of dealing with impacts on the operations of Lion or its suppliers due to increased flooding and water stress. Potential for decreased credibility in the event that stable supply cannot be maintained.	Medium Small
Physical	Increased severity of extreme weather events		Decreased revenue due to internal logistics delays and supply chain interruptions resulting from increased severity of extreme weather events. Potential for decreased credibility in the event that stable supply cannot be maintained.	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

Scenario Analysis Results

Lion has been advancing efforts to address the scenarios used in the most recent analyses for some time but will continue to direct management efforts at further reinforcing resilience to change going forward.

4°C Scenario

Under this scenario, the increased cost of fossil fuel-derived raw materials is a major risk. Lion is already advancing efforts to replace such raw materials with plant-based materials and reinforcing other efforts aimed at decarbonization. Furthermore, to address rising physical risks, such as those of floods and water stress, we are advancing efforts such as reinforcing business continuity planning and supply chain data coordination. In terms of opportunities, the markets in areas such as products related to infection prevention and laundry 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 the fields of inclusive oral care and infection control—areas of strength for Lion—to address the increase in the risk of the spread of infectious disease.

1.5°C Scenario

Under this scenario, the increased cost of plastic-, aluminum- and palm oil-derived raw materials and packaging is a major risk. Lion is already 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. Furthermore, these initiatives will help to reduce CO₂ emissions during the product use and disposal stages, which account for the majority of Lion's Scope 3 emissions. In addition to these efforts, as under the 4°C scenario, 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.

In addition, we will monitor social trends as we consider measures to address issues that currently have only a small quantifiable financial impact but could present a large future risk to Lion (such as procuring high-quality mint).



Disclosure based on TCFD recommendations

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



Messages from External Directors

Expectations for the new corporate management in achieving the goals of Vision2030



For many years Lion has provided high-quality products and reliable services, and as a result the Company has earned the trust of its customers and built very strong brands. I am impressed at how employees, not just management, continue to pour their efforts into meeting customers' expectations and how they value the Lion brand.

On the other hand, a corporate culture like this tends to lead to a conservative, safe management style, and leaves me feeling that the Group's vitality is a bit wanting. As such, I hope that the new corporate management, in particular the new president, Masayuki Takemori, can demonstrate a youthful style of leadership that shatters Lion's conservative image. Moreover, following a somewhat stagnant period, I also look forward to drastic transformations in Lion's financial performance and its corporate culture.

Personally, I will take care to ensure that my check-and-balance functions as an external director do not obstruct growth opportunities in Japan and abroad or cause delays in the Company's expansion into global markets, particularly markets in Asia. At the same time, I will fully support the new corporate management as they work to grow and transform the Company.



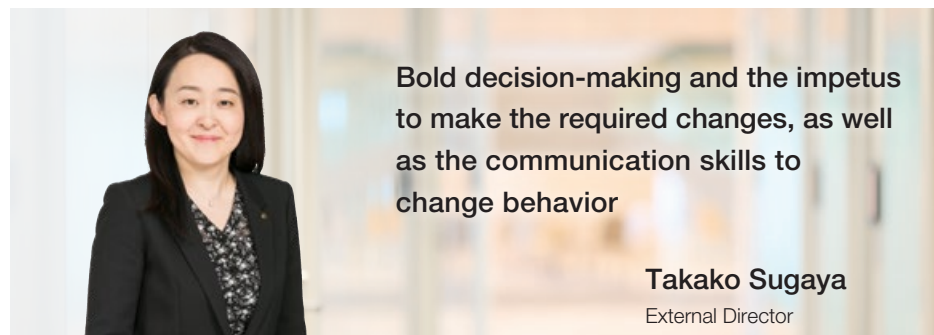
As part of its long-term strategic framework Vision2030, Lion aims to become an advanced daily healthcare company. By accelerating growth in four fields of value creation, the Company is targeting approximately ¥600 billion in net sales, and an overseas sales ratio of 50% by 2030. This equates to an increase in sales of more than ¥170 billion from the Overseas Business compared with the ¥129.3 billion, or 30.3% of consolidated net sales, that the business achieved in 2022. Considering the potential for economic growth and market expansion in Southeast Asia and China between now and 2030, I believe this target is achievable.

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 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. People in these regions already place great trust in Lion products, and so adding proposals for better living habits will no doubt be widely accepted.



Messages from External Directors

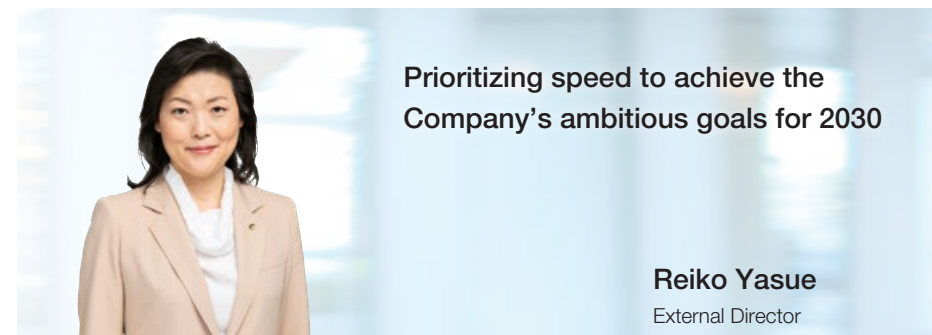
Expectations for the new corporate management in achieving the goals of Vision2030



In working toward the successful achievement of Vision2030, I look forward to the new corporate management showcasing (1) fearless creativity unfettered by the past; (2) bold decisiveness; (3) strong impetus; and (4) effective communication. In 2023, management features a significantly younger president on one hand and richly experienced internal directors on the other. I believe that the new corporate management have sufficient expertise and wisdom to drive business forward with new ideas, bold decisiveness and strong impetus.

Lion's purpose is "Make a difference in everyday lives by redesigning habits: ReDesign" and it aims to become an advanced daily healthcare company by 2030. To put its purpose into practice and become such a company, in addition to bringing peace of mind to people's daily lives through the safety, security, and healthy habits that it is already known for, Lion must also create new healthy habits and reinforce existing habits. It is also important for the Company to make bold decisions and advance required changes to meet the needs of the times, be it launching new businesses, expanding overseas or tackling sustainability issues. The most important thing for ensuring that Lion can make a difference in everyday lives, however, is effective communication that resonates with each generation to ensure thorough understanding of the Company's initiatives and its good qualities so that people incorporate them into their lives, leading to behavioral changes.

As one of Lion's external directors, I will help to ensure thorough compliance, which is essential for proceeding steadfastly toward desired goals, while supporting the development of the human resources who will be key for driving the Company forward. Moreover, I will examine the rationality of decision-making at board meetings, maintaining my perspective as a consumer and shareholder and helping Lion to make a difference in people's everyday lives.



Lion has formulated its long-term strategic framework Vision2030 with the aim of becoming an advanced daily healthcare company. The concept for Vision2030 1st STAGE is "gear change toward future growth," while 2nd STAGE and 3rd STAGE are positioned as periods to "accelerate transformation and growth." Overall, the focus of Vision2030 is on speed, and now is the time for the Company to make good on its promise. Lion has set some ambitious goals, including ¥30 billion in sales from new business models, as well as a CAGR of 10% in established regions and ¥60 billion from expansion into new countries or regions in the Overseas Business. To achieve all of these goals, speed is vital. I look forward to seeing Mr. Takemori fearlessly take on many new challenges as the first person in Lion's history to rise to the role of president so swiftly. Under the new corporate management, I hope to see meaningful developments in the Overseas Business through its reinforced business structure, and the creation of new business models that capture changes with fresh ideas and approaches, all while preserving Lion's DNA—that is, a sincere approach to customers and excellent technological capabilities.

Regarding activities for sustainability, although many people recognize the high level of Lion's contributions to the establishment of good oral care habits, the Company is also actively engaged in initiatives to create a resource-circulating society. However, customers' and the general public's awareness of the Company's efforts for sustainability is insufficient. This is why I believe it will be important to more widely showcase both the Company's and its employees' activities for sustainability.

My role as an external director will be to prioritize the Company's commitment to its shareholders as I use my experience in company management to provide oversight for an appropriate balance between business growth and governance while using the expertise and latest information I have gained through both my experience and current roles in business to offer necessary advice regarding the Company's DX activities and international 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.



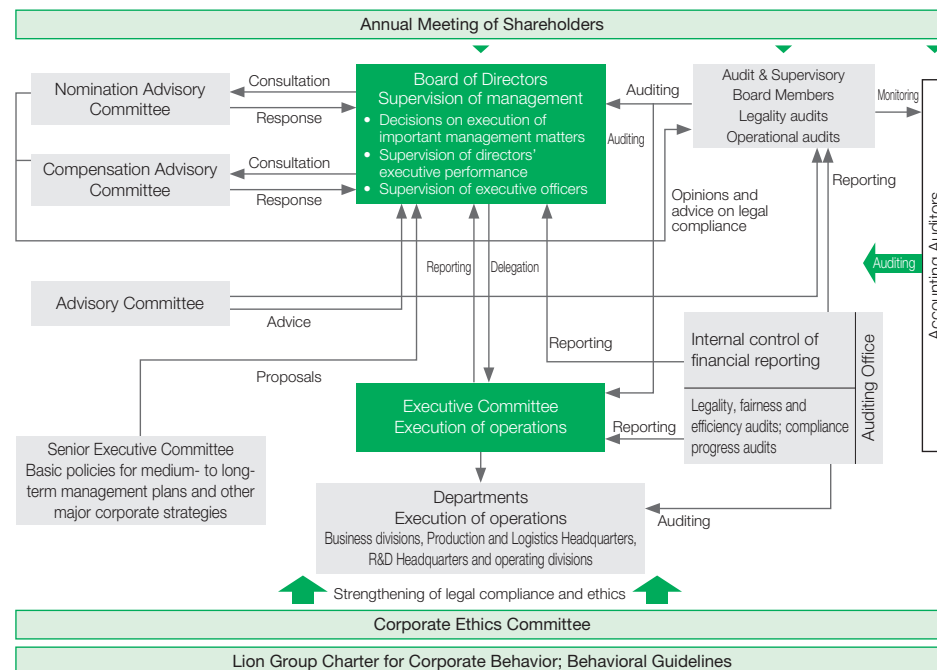
Basic Approach to Corporate Governance

<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

Formulated the Lion Group Charter for Corporate Behavior and Behavioral Guidelines
Established the Management Evaluation Committee (now the Advisory Committee)

Formulated the Basic Internal Control System Policy
Established the Compensation Advisory Committee and the External Director System (two directors)
Introduced a performance-linked compensation system

Appointed independent officers and notified the Tokyo Stock Exchange of the appointments

Established the Basic Corporate Governance Policy
Established the Nomination Advisory Committee
Began evaluations of the Board of Directors

Increased the number of external directors from three to four
Increased the number of external Audit & Supervisory Board members from two to three

2003 2004 2006 2007 2010 2012 2016 2017 2021

Implemented the Executive Officer System

Built a system for internal control of financial reporting

Separated roles of Chief Executive Officer and Chief Operating Officer

Measures to Enhance Business Execution and Supervisory Functions

Establishment of the Compensation Advisory Committee (2006)

Lion has established a Compensation Advisory Committee comprising external directors and external Audit & Supervisory Board members. Because of their independence, committee members enhance objectivity and transparency in matters related to director compensation. The Board of Directors consults the Compensation Advisory Committee regarding such matters as the compensation system, compensation levels and methods for calculating director and Audit & Supervisory Board member bonuses. The committee considers the matters in question and provides a response to the Board of Directors (or, for matters regarding Audit & Supervisory Board members, to the Audit & Supervisory Board). (Chairperson: External Director Kazunari Uchida)

Establishment of the Nomination Advisory Committee (2016)

Lion has established a Nomination Advisory Committee comprising external directors and a representative director designated in advance by the chairman of the Board of Directors. The committee enhances objectivity and transparency in the process for nominating Company directors, Audit & Supervisory Board members and executive officers. The Board of Directors consults the Nomination Advisory Committee regarding the necessary qualities of directors and other officers, reasons for their selection or dismissal, and related processes. The committee considers the matters in question and provides a response to the Board of Directors (or, for matters regarding Audit & Supervisory Board members, to the Audit & Supervisory Board). The committee also exchanges opinions on the development of future Group presidents. (Chairperson: External Director Takashi Shiraishi)

Establishment of the Advisory Committee (2003)

The Advisory Committee comprises outside experts other than the external directors and external Audit & Supervisory Board members who possess extensive knowledge and insight. The committee considers the appropriateness and other aspects of Lion's management policies and measures and serves to reflect objective opinions from a wide range of perspectives in management. In principle, the committee meets twice a year. The chairman of the Board of Directors reports a summary of the committee's advice to the Board of Directors.

Main Themes

- Direction of medium- to long-term management strategies
- Vision for the corporate governance system
- Direction of sustainability strategies
- Direction of human resource strategies
- Other matters related to management

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.

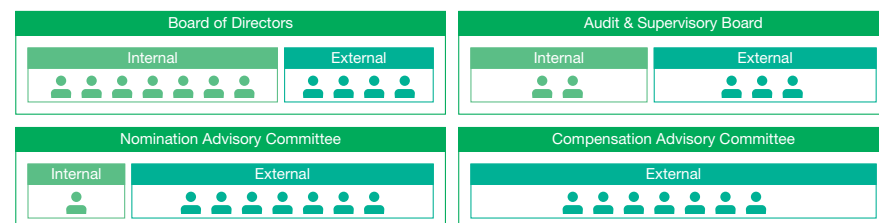
	Name		Current Position	Principal Skills and Areas of Expertise								FY2022 Board of Directors Attendance	Nomination Advisory Committee	Compensation Advisory Committee
				Corporate management	Global business	Finance/Accounting	Legal/Risk management	Human resources/HR development	Sustainability	IT/DX	Sales/Marketing	R&D/Production		
Directors	Masazumi Kikukawa	Reappointment	Representative Director, Chairman of the Board of Directors	●	●						●	●	18/18 meetings (100%)	●
	Masayuki Takemori	New appointment	Representative Director, President and Executive Officer			●	●				●		—	
	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	●		●	●	●			●		14/14 meetings (100%)	
	Kazunari Uchida	Reappointment <small>External Independent</small>	External Director	●	●	●				●	●		17/18 meetings (94.4%)	●
	Takashi Shiraishi	Reappointment <small>External Independent</small>	External Director		●			●	●			●	18/18 meetings (100%)	●
	Takako Sugaya	Reappointment <small>External Independent</small>	External Director				●	●					18/18 meetings (100%)	●
	Reiko Yasue	Reappointment <small>External Independent</small>	External Director	●	●					●	●		18/18 meetings (100%)	●
Audit & Supervisory Board Members	Naoki Miidera	New appointment	Audit & Supervisory Board Member			●	●				●		—	
	Yoshitada Ishii	New appointment	Audit & Supervisory Board Member			●							—	
	Atsuko Suzuki	Continuing in office <small>External Independent</small>	External Audit & Supervisory Board Member		●				●				16/18 meetings (88.9%)	●
	Masatoshi Matsuzaki	New appointment <small>External Independent</small>	External Audit & Supervisory Board Member	●	●		●	●	●	●		●	—	●
	Akemi Sunaga	New appointment <small>External Independent</small>	External Audit & Supervisory Board Member	●		●							—	●

Notes: 1. For Mr. Fukuda, attendance shown is the number of times he attended following his appointment at the 161st Annual Meeting of Shareholders held on March 30, 2022.

2. Attendance for Messrs. Takemori, Miidera, Ishii and Matsuzaki and Ms. Sunaga is not shown as they were appointed at the 162nd Annual Meeting of Shareholders held on March 30, 2023.

3. The above table does not show all the skills and experience that directors and Audit & Supervisory Board members possess.

Ratio of External Directors and External Audit & Supervisory Board Members



Director/Audit & Supervisory Board Member Candidate Selection Standards

- Candidates must understand Lion's management philosophy and always comply with the Lion Group Charter for Corporate Behavior and Behavioral Guidelines.
- Candidates must demonstrate excellent leadership as the heads of management.
- Candidates for director must possess expertise and a strong track record in fields such as research and development, manufacturing, marketing, sales and corporate management as well as the necessary qualities to carry out their duties and provide management oversight.
- Candidates for Audit & Supervisory Board member must possess considerable knowledge and insight in such areas as finance and accounting, corporate governance and risk management as well as the necessary qualities to contribute to fair and transparent decision-making in the Company.
- Candidates for director must possess the qualities necessary to appropriately fulfill their duty of care as good managers and duty of loyalty. Candidates for Audit & Supervisory Board member must possess the qualities necessary to appropriately carry out their duty of care as good managers.
- Candidates must not be hindered from performing their duties by health-related or other factors not specified in the Companies Act as reasons for disqualification as director or Audit & Supervisory Board member.



Corporate Governance

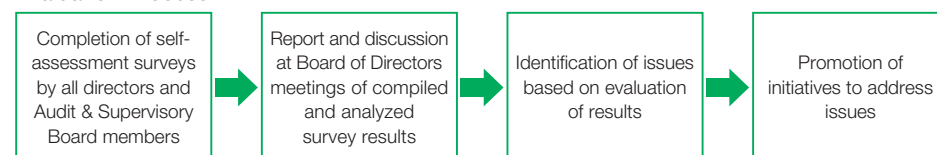
Board of Directors

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, a system is established that enables the Board of Directors to make appropriate decisions upon deliberation by the Senior Executive Committee. Additionally, the Executive Committee has a system in place to discuss and examine, 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 factors. 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

2022 Evaluation Results

2022 Evaluation Results Summary

- 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

Issues Identified in 2021

- Discussions of management strategy should be enhanced to further increase corporate value.
- External directors and Audit & Supervisory Board members should be provided with more extensive information regarding the background and context of important agenda items.

Initiatives Taken in 2022

- We held four informal meetings for directors to exchange opinions on and discuss resolutions in advance of Board of Directors meetings. As a result, the time necessary for deliberating on important matters related to the corporate philosophy and medium- to long-term strategies was secured.
- We took steps to enhance the information provided and facilitate understanding regarding such matters as the background, objective and content of agenda items. These steps included having officers from the divisions that propose such items participate, as needed, in pre-meeting briefings for external directors and Audit & Supervisory Board members conducted by the secretariat of the Board of Directors.

Survey Evaluation of 2022 Initiatives

- Holding informal meetings in advance of meetings of the Board of Directors to share information and deepen discussion of agenda items enhanced deliberations at board meetings. However, important matters needing discussion in advance of board meetings remained. Therefore, further opportunities to share information and exchange opinions are required, including informal meetings for directors.
- Efforts were made to secure the time necessary for deliberating on important matters at board meetings, including holding pre-meeting briefings for external directors and Audit & Supervisory Board members and appending summaries of items to be reported. However, further reduction in items to be reported and revision of meeting length are required to secure more time for deliberations.

To date, evaluations of the board's effectiveness have uncovered certain issues. While Lion has achieved a measure of success with initiatives aimed at addressing each of these issues, as described above, the Company recognizes that there is still room for improvement, for example, making execution more agile by revising items to be delegated to directors and executive officers, in tandem with further enhancements to the Board of Directors' supervision or deliberation of important matters. Looking ahead, Lion will continue to implement necessary measures and make efforts to further enhance the effectiveness of the Board of Directors.

Corporate Governance

Audit & Supervisory Board

The Audit & Supervisory Board comprises five Audit & Supervisory Board members. It holds regular meetings once every two months and extraordinary meetings and liaison meetings, as necessary. In accordance with the Audit & Supervisory Board's standards, audit policy, audit plans and other stipulations of the Audit & Supervisory Board, each Audit & Supervisory Board member audits the reasonableness of Board of Director resolutions, as well as the lawfulness, appropriateness and efficiency of directors' execution of duties.

Specifically, Audit & Supervisory Board members attend meetings of the Board of Directors and other important bodies (such as the Executive Committee, Nomination Advisory Committee, Compensation Advisory Committee, Corporate Ethics Committee, Sustainability Promotion Council, Safety, Hygiene and Disaster Prevention Meeting, Customer Satisfaction Committee, Product Liability Committee and Advisory Committee), share information with directors and executive officers and audit the status of the execution of their duties (including the status of the execution of duties pertaining to the development and operation of internal control of financial reporting), read important approval documents, share information with and conduct onsite audits of department heads at Lion's head office and major offices and plants, as well as of presidents, directors, Audit & Supervisory Board members and other members of domestic and overseas affiliates, and confirm the accounting auditor's audit plans and implementation progress and results reports, among other tasks. Furthermore, Audit & Supervisory Board member conduct comprehensive themed audits of response to important management issues. Themes in 2022 were the Corporate Governance Code, risk management, global compliance, IT governance and sustainability.

Main Auditing Activities in 2022

Details	Frequency (Times)
Share information with directors and audit the status of the execution of their duties	10 (4 times with representative directors)
Exchange opinions with external directors	1
Share information with executive officers and audit the status of the execution of their duties	9
Share information with and conduct onsite audits of department heads at Lion's head office and major offices and plants	21
Share information with and conduct onsite audits of presidents, directors, Audit & Supervisory Board members and other members of affiliates	5
Total	46

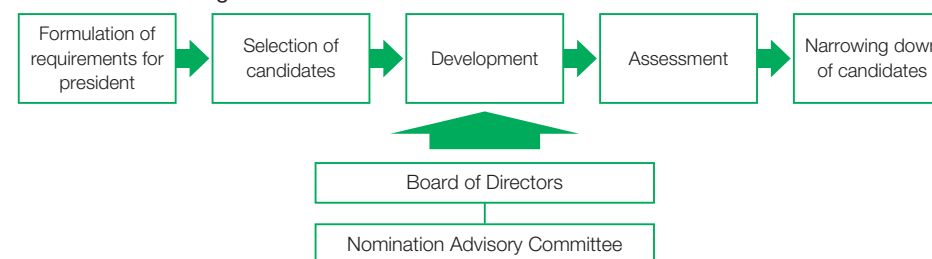


External directors and Audit & Supervisory Board members exchanging opinions at a meeting

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 identifies and discusses potential management successors based on Lion's Basic Corporate Governance Policy. The Board of Directors receives reports on candidates from the Nomination Advisory Committee 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

In selecting Masayuki Takemori as the new president and executive officer, Nomination Advisory Committee members spent a significant amount of time through the year and in every committee meeting frankly and honestly discussing his business achievements, decisiveness, leadership, judgement and expertise on corporate governance. These discussions allowed us to confirm that he possesses the skills and qualities suitable for the role. Lion is developing the next generation of management from a long-term perspective, and occasionally the Nomination Advisory Committee sets up opportunities to speak with individuals who are expected to take over management roles in the future. Mr. Takemori was one of these individuals. Opportunities like this enabled committee members to develop a better understanding of him. Through this process we determined that his energy, leadership and ability to overcome challenges were ideal qualities to execute Lion's long-term strategic framework Vision2030 and fulfill the Company's vision of becoming an advanced daily healthcare company, and ultimately reported to the Board of Directors that he was ideally suited to assume the role of president.



Takashi Shiraishi
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

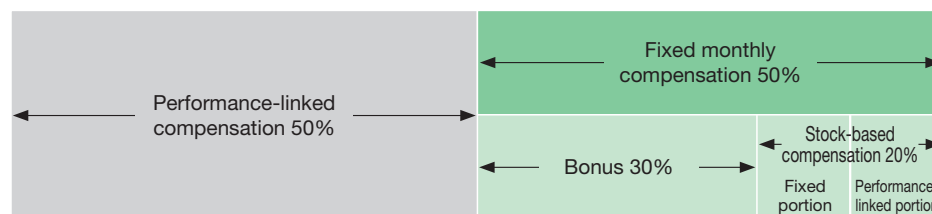
Overview of Basic Policy

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 Officer	(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 (2022)

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	¥23,000 million	¥23,559 million	102%
Profit for the period attributable to owners of the parent	¥20,000 million	¥21,939 million	110%

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 (2022)

	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)	287 (48)	141 (–)	109 (–)	538 (48)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members)	5 (3)	96 (36)	– (–)	– (–)	96 (36)
Total (External Officers)	17 (7)	383 (84)	141 (–)	109 (–)	634 (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.

Total Consolidated Compensation by Corporate Officer (2022)

Name	Corporate Officer Classification	Total Amount by Type of Compensation (Millions of yen)				Total Compensation (Millions of yen)
		Basic Compensation	Bonuses	Performance-Linked Stock-Based Compensation	Retirement Benefits	
Itsuo Hama	Director	61	39	31	—	131
Masazumi Kikukawa	Director	61	39	31	—	131

Note: Only individuals receiving total consolidated compensation of more than ¥100 million are listed here.



Compensation System for Corporate Officers

<https://www.lion.co.jp/en/company/governance/compensation.php>



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 as meaning, 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 2022, approximately 91.5% of all employees responded.

The Group also holds regular 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.

There were 10 items in the 2022 curriculum. Among them were "compliance (including harassment issues)," "initiatives for human rights," "approach to quality" and "social media-related risks."

* 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 AL Heart Hotline.

WEB ▶ Lion Group Charter for Corporate Behavior / Behavioral Guidelines
<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>

WEB ▶ Compliance
<https://www.lion.co.jp/en/company/governance/compliance/>

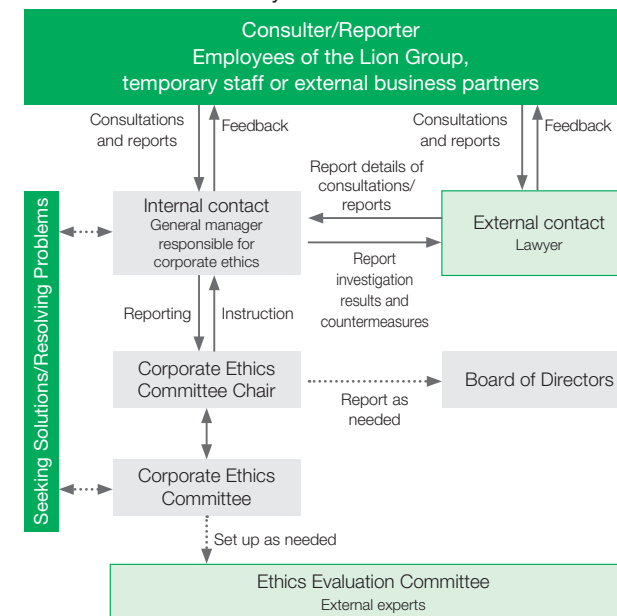
Internal and External Whistle-Blowing System: All Lion (AL) Heart Hotline

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 when an employee or other stakeholder, including anyone working with the Group, a family member, a former Group employee or a business partner, learns of a compliance violation within 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.

The system features two reporting hotlines, one internal and the other external, from which users can select depending on the nature of their findings. Users are encouraged to fill out the supplied reporting 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 2022, the hotlines received 25 reports and consultations. However, none of the cases were judged to constitute serious misconduct, and each is being appropriately addressed.

The AL Heart Hotline System



AL Heart Hotline Consultations and Reports

Subject of consultations and reports received	2020	2021	2022
Harassment	8	12	13
Personnel and labor management issues	7	5	9
Other	58	2	3

Employee Awareness of the AL Heart Hotline

2020	2021	2022
99.5%	99.0%	99.4%



Risk Management

Lion's business activities entail a wide range of risks. To avoid and minimize losses caused by the actualization 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 actualization 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 Auditing Office audits the status of risk management for each department within the Group and reports its findings to the Executive Committee and the Board of Directors.
- (3) Each department periodically identifies its own risks and implements appropriate risk management measures (encompassing avoidance, transfer, reduction and acceptance). For management risks with the potential to significantly impact business activities, the director responsible for the relevant department considers appropriate risk management measures, which are then deliberated on by the Senior Executive Committee and Executive Committee for implementation.
- (4) For the management of risk related to the environment, quality assurance, and accidents and disasters, the administrative offices for the deliberative bodies with responsibility for the respective areas (the Sustainability Promotion Council, CS/PL Committee,* Safety, Hygiene and Disaster Prevention Meeting, etc.) are designated as the departments with responsibility for risk. These departments consider preventive countermeasures, with deliberation by the Executive Committee when necessary, and implement risk management. Furthermore, the Group Risk Officer (general manager for special missions in the Corporate Planning Department) participates in the meetings of the deliberative bodies to confirm from an objective, overarching perspective that they are advancing appropriate, timely measures.

* 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 contingency. 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 Lion Group has positioned the 13 risks outlined on page 61 as shared risks to be managed on a priority basis Group-wide because they have the potential to significantly impact the Group's management performance and financial status. Other risks have been defined as departmental risks to be dealt with by each department, mainly by officers. The status of risk response is assessed twice yearly by each department. The Corporate Planning Department compiles the results and reports them to the Board of Directors and Executive Committee. The status of each department's risk management is further assessed by the Auditing Office via business operations audits.



Risk Management

<https://www.lion.co.jp/en/company/governance/risk-management.php>



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 Initiatives
(1) Risks related to market and consumer change	Risks of being unable to supply superior products and services useful for everyday living due to delays in responding to changes in markets, wholesalers, retailers or consumers	We analyze changes in markets and consumer lifestyles on an ongoing basis and develop products that offer new living habits.
(2) Product quality risks	Risks 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. We have also acquired ISO 9001 certification and are working to reinforce our organizational management system for quality.
(3) Raw material procurement risks	Risks of purchase price increases due to intensifying competition in procurement, and supply-chain delays or breaks	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	Risks 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	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.
(5) Human resource risks	Risks 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	We practice year-round hiring and are expanding our ranks of specialized human resources while implementing the LION Professional Fulfillment Reforms.
(6) Information management risks	Risks of information leaks, system paralysis or other incidents due to such unforeseen events 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	Risks 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 have established the Lion Group Social Media Policy, implement education for all employees and strive to quickly detect inappropriate information through the ongoing monitoring of social media and other platforms. We are also compiling a Social Media Risk Response Manual.
(9) Exchange rate risks	Risks of yen conversions upon the preparation of consolidated financial statements affecting Group management performance and financial status	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	Risks of major lawsuits resulting in unfavorable decisions for the Group	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	Risks of the emergence and prolongation of novel strains of influenza or other infectious diseases resulting in restrictions on the movement of people and things	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 and other natural disaster risks	Risks 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	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	Risks 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.

Note: More information on the 13 risks and Lion's main initiatives to address them can be found in Lion's Securities Report for 2022 (Japanese only).



Securities Report (Japanese)

<https://www.lion.co.jp/ja/ir/library/securities/>



Leadership Team

Directors, Audit & Supervisory Board Members and Executive Officers (As of March 31, 2023)



Representative Director,
Chairman of the Board of Directors
Masazumi Kikukawa
Chief Executive Officer

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
March 2023 Representative Director, Chairman of the Board of Directors,
Chief Executive Officer



Representative Director,
President and Executive Officer
Masayuki Takemori
Chief Operating 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



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
March 2023 Director, Vice President and Executive Officer
Responsible for Overseas Strategic Planning Department, 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 2018 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 Supply Chain Management Planning Headquarters,
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
External Director, Mitsui-Soko Holdings Co., Ltd.
August 2012 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 (current position)



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) (current position)
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)



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)



Leadership Team



Audit & Supervisory Board Member
Naoki Miidera

April 1986
April 2013
January 2017
January 2019
August 2019
January 2023
March 2023

Joined Lion Corporation
General Manager of the Corporate Planning Department for Special Mission
General Manager of the Corporate Planning Department for Special Mission of Corporate Strategy Headquarters
General Manager of the Corporate Planning Department for Special Mission of Corporate Strategy Headquarters
General Manager of Legal Department
Assistant to the President
Audit & Supervisory Board Member



External Audit & Supervisory Board Member
Atsuko Suzuki

April 1986
April 2008
April 2010
January 2015
April 2015
October 2015
April 2017
March 2021

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



External Audit & Supervisory Board Member
Akemi Sunaga

October 1989
February 1991
August 1993
October 1994
November 1994
November 1996
January 2012
June 2016
June 2017
March 2019
January 2022
March 2023

Joined Aoyama Audit Corporation (now PricewaterhouseCoopers Aarata LLC)
Joined Chuo Audit Corporation
Acquired Japanese CPA certification
Acquired Japanese tax accountant certification
Established Sunaga CPA Firm (current position)
Established and became representative director of Marunouchi Business Consulting Ltd. (current position)
Established and became representative of Marunouchi Business Consulting Tax Co. (current position)
External Audit & Supervisory Board Member of Matsumotokiyo Holdings Co., Ltd.
Senior Partner/CEO of Marunouchi Audit Corporation
Alternate Audit & Supervisory Board Member of Lion Corporation
Senior Partner of Marunouchi Audit Corporation (current position)
External Audit & Supervisory Board Member, Lion Corporation (current position)



Audit & Supervisory Board Member
Yoshitada Ishii

April 1986
August 2020
August 2022
January 2023
March 2023

Joined Lion Corporation
Acting General Manager of Finance Department
Finance Department
Assistant to the President
Audit & Supervisory Board Member



External Audit & Supervisory Board Member
Masatoshi Matsuzaki

April 1976
October 2003
April 2005
April 2006
June 2006
April 2009
April 2014
June 2016
January 2019
June 2022
March 2023

Joined Konishiroku Photo Industry Co., Ltd. (now KONICA MINOLTA, INC.)
Director, Konica Minolta Business Technologies Co., Ltd.
Executive Officer, Konica Minolta Holdings, Inc. (now KONICA MINOLTA, INC.)
Representative Director and President, Konica Minolta Business Technology Center Co., Ltd.
Executive Vice President and Executive Officer, Konica Minolta Holdings, Inc. (now KONICA MINOLTA, INC.)
Director, Executive Vice President and Executive Officer
Director, President, Representative Executive Officer
Director, Chairman of the Board, KONICA MINOLTA, INC.
Outside Director, Nomura Research Institute, Ltd.
Outside Director, Nippon Sheet Glass Co., Ltd.
Member, Advisory Committee, Lion Corporation
Special Adviser, KONICA MINOLTA, INC. (current position)
External Audit & Supervisory Board Member, Lion Corporation (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

Jiro Nagasawa

Executive General Manager of Gift and Channel-Specific Products Division

Executive Officer

Yoko Koike

General Manager of Human Resources Development Center

Executive Officer

Kei Minamikawa

Executive General Manager of Supply Chain Management Planning Headquarters

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

Tomomichi Okano

Responsible for Corporate Environmental Strategy

Executive Officer

Yasutsugu Shimizu

Executive General Manager of Production and Logistics Headquarters

Executive Officer

Annette Ling

General Manager of Overseas Strategic Planning Department

Executive Officer

Akihiko Takeo

General Manager of Finance Department

Executive Officer

Ayako Suzuki

Executive General Manager of Research and Development Headquarters



Leadership Team

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



Results by Business Segment

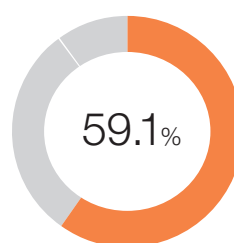
Consolidated net sales **¥389.8 billion**

Consolidated core operating income **¥23.5 billion**

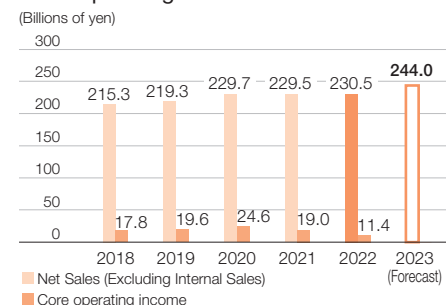
Consumer Products Business (Japan)

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 3.0% compared with the previous fiscal year. Segment profit decreased 39.6%, partly as a result of the substantial impact of increases in raw material prices.

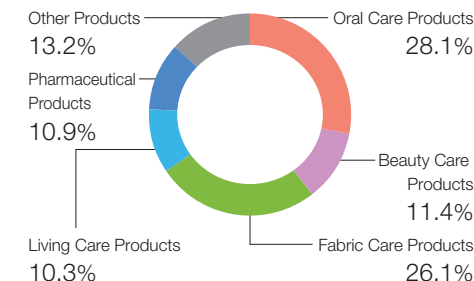
Percentage of Consolidated External Sales



Net Sales (Excluding Internal Sales) and Core Operating Income



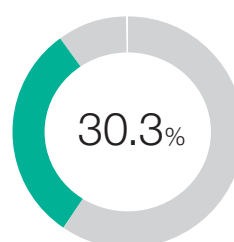
Net Sales by Product Category in 2022



Overseas Business

The Overseas Business segment comprises business operations located in Southeast Asia, including Thailand and Malaysia, and Northeast Asia, including South Korea and China. Segment net sales increased 18.4% year on year (a 7.1% increase at constant currency excluding exchange rate fluctuations). Segment profit decreased 14.8%, partly as a result of the substantial impact of increases in raw material prices.

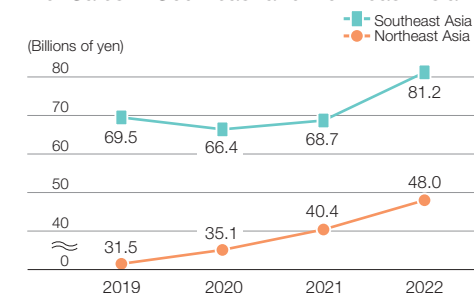
Percentage of Consolidated External Sales



Net Sales (Excluding Internal Sales) and Core Operating Income



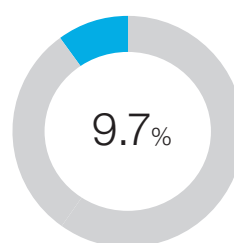
Net Sales in Southeast and Northeast Asia



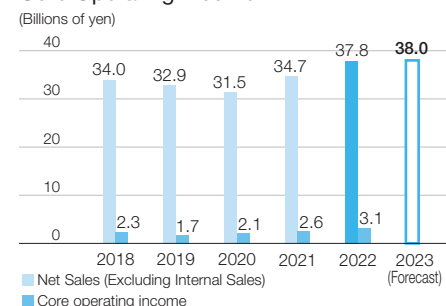
Industrial Products Business

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 tires, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales increased 15.2% compared with the previous fiscal year. Segment profit increased 15.3%.

Percentage of Consolidated External Sales



Net Sales (Excluding Internal Sales) and Core Operating Income



Note: In Other Business, our subsidiaries are mainly engaged in operations related to Group businesses, with sales comprising 0.9% of consolidated net sales. The main products and services of this business include construction contracting, real estate management and temporary staffing.



Results by Business Segment

Consumer Products Business (Japan)



Creating new markets by redesigning habits through products tailored to changing lifestyles



Note: Market position (market share) in 2022 according to Lion Corporation survey

Market Environment (Risks and Opportunities)

Although life is gradually returning to pre-COVID conditions, in Japan's consumer products market, awareness of health and hygiene is continuing to rise, as is awareness of social issues such as environmental friendliness. Meanwhile, changes in lifestyles are driving changes in consumer purchasing behavior. While use of e-commerce platforms is increasing, consumers are shopping less frequently, which is leading to the purchase of larger-size products. As populations and the number of households fall, simply planning and developing excellent products is not enough. While proposing products and services that lead to better habits among our consumers, we must also create new business models in order to achieve business growth.

Summary of Consumer Products Business Strategy in Vision2030 1st STAGE

To drive market creation and business growth, we aim to redesign habits by proposing products tailored to changing consumer values and lifestyles. We will also contribute to the redesign of consumer habits by seamlessly providing new value proposals that go beyond the boundaries of our established product categories and businesses.

Oral Care Products

Oral Health

Propose high-added-value products and build a new business model in the field of oral health

As Japan's leading manufacturer of oral care products in terms of market share, we are driving market growth by offering brands for various life stages and oral conditions. In addition, in 2022 we launched a preventive dentistry habits solution business in collaboration with the industrial, academic, public, and medical sectors and are nurturing it into a growth driver to further expand the oral care business.

Beauty Care Products

Infection Control

Propose habits that promote mental and physical health through the beauty of cleanliness based on hygiene awareness

The *KireiKirei* brand has helped to promote the habit of hand washing and is now the leading hand soap brand in Japan. As life returns to normal following the COVID-19 pandemic, we will continue to proactively promote hygiene-related habits that go beyond hand washing while working to achieve business growth by proposing an even higher level of hygiene-related habits.

Fabric Care Products

Smart Housework

Create new markets by proposing even better laundry habits (positive habits)

We will propose more enjoyable, positive daily laundry habits initially through our new fabric softener *SOFLAN Airis*. By continuing to launch products that propose even better habits and offer new value, we will work to make them the de facto standard and create new markets.

Living Care Products

Smart Housework

Pursue more efficient, labor-saving housework and greater value in cleanliness and hygiene, and propose new housework habits for the next generation

Through the promotion of *CHARMY*, *LOOK*, and *REED*—brands that offer simple, convenient and clean solutions for troublesome housework routines, from dishwashing and bathroom/toilet cleaning to cooking—we will create new housework habits that address changes in various lifestyles.

Pharmaceutical Products

Propose self-care habits to solve health issues and promote physical and mental health

We will offer self-care solutions centered on the *BUFFERIN* and *Smile* brands to enable consumers to deal proactively with their own specific ailments and discomforts. We will also contribute to market expansion by focusing on the development of *Stoppa* and *Sucrate*, unique antidiarrheal and gastrointestinal medications, respectively.



Segment Overview

Overseas Business



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

Market Position

Lion Corporation (Thailand) Ltd.
Location: Bangkok

Categories in **top 3**

- Liquid soaps
No. 1 share
- Hand soaps
No. 1 share
- Toothpastes and toothbrushes
- Laundry detergents
- Dishwashing detergents



Southern Lion Sdn. Bhd.
Location: Johor Bahru

Categories in **top 3**

- Laundry detergents
No. 1 share



Lion Corporation (Korea)
Location: Seoul

Categories in **top 3**

- Hand soaps
No. 1 share
- Laundry detergents
- Dishwashing detergents



Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.
Location: Qingdao

Categories in **top 3**

- Regular toothbrushes via e-commerce channels



Note: Market position (market share) in 2022 according to Lion Corporation survey

Market Environment (Risks and Opportunities)

In the markets of Asia in 2022, COVID-19-related restrictions on activities were gradually loosened, and there were signs of economic recovery in each country and region. On the other hand, the Lion Group's businesses were significantly impacted by soaring raw material prices. We expect the risks of fluctuating raw material prices, geopolitical issues and fluctuating exchange rates to continue in our business operations.

Regarding consumer behavior in Asia, although needs are diverse due to differences in economic conditions, religions and cultures, lifestyles and needs are becoming increasingly uniform, particularly in urban areas. Given changes in lifestyles caused by aging populations and the increase in middle-income households, as well as needs for healthcare products that help establish cleanliness and hygiene habits, there are opportunities for business growth through product proposals that are optimized to address the specific trends and features of each country and region.

Summary of Overseas Business Strategy in Vision2030 1st STAGE

To become an advanced daily healthcare company in Asia, we will accelerate reforms to restore high sales growth.

Key Strategies: Reinforce strategies for each region through our glocalization strategy

- We will promote a cross-regional management system by transitioning from our conventional country-centered approach to a business-centered approach.
- We will define market types across borders based on consumer features and trends, maximizing synergy and streamlining management based on an optimal approach for each market.

Expand Qingdao Lion business

- We will extend sales inland to regional centers from our previous focus on coastal cities and e-commerce.
- While maintaining our priority focus on oral care, we aim to expand into closely related fields, such as oral care for pets, a category we entered in 2021, and products for dental clinics.

Reinforce the personal care category mainly in Southeast Asia

We will move away from a home care-centered business structure—selling laundry and dishwashing detergents, for example—to a more robust business structure by reinforcing the personal care category centered on oral care products, which is a strength of the Lion Group.

Expand into new countries and regions

We aim to expand operations into two or more new countries or regions during Vision2030 1st STAGE. To reinforce the M&A process, we have created an organization under the direct control of the president and are taking steps such as hiring mid-career experts from outside the Company. We entered Bangladesh and Vietnam in 2022 and 2023, respectively, and will continue exploring further countries and regions for possible expansion of our operations.

Educational activities to promote better living habits

Oral care and cleanliness and hygiene habits

The 2030 target for our top-priority Sustainability Material Issue of creating healthy living habits is a total of 1 billion people provided with products, services and information aimed at creating healthy living habits (500 million people for oral care habits and 500 million for cleanliness and hygiene habits). To establish points of contact with a total of 1 billion people, our Overseas Business will play a major role in conducting rollouts of our products in Asian countries and regions as well as educational and awareness activities.



An event in Asia to raise public awareness of oral care, cleanliness and hygiene habits

Priority Measures

Educational activities



Segment Overview

Industrial Products Business

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 (Risks and Opportunities)

Although we expect economic activity to return to normal as COVID-19-related restrictions are loosened, price hikes caused by soaring raw material prices are causing uncertainty in markets and in market trends. However, we believe we can achieve continuous growth by creating healthy and hygienic environments for our customers. To accomplish this, we will examine the issues facing different business types and customers and leverage our solutions technologies to provide value through distinctive products and services.

Summary of Detergents for Institutional Use Products Business Strategy in Vision2030 1st STAGE

Using our ability to offer hygiene-related solutions that combine the washing technologies of the Lion Group and the specialized hygiene management expertise of Lion Hygiene Co., Ltd., we aim to drive growth by focusing on promising growth businesses—the vegetable-washing business, the hygiene business and the medical and nursing care facility business. We will also provide value in infection control from a B-to-B perspective.

▶ Commercial Vegetable and Food Business

We aim to further evolve and expand the range of applications for the ozone sterilization technologies of our *Yasai Kirei MiBO* and *Yasai Kirei SaO* vegetable-washing and sterilization systems, which are used by convenience store vendors and vegetable processing plants. We aim to provide a comprehensive range of solutions matched with our various detergents for food processing plants.

▶ Restaurant and Hygiene Business

In addition to detergents, we will work to expand our customer base by proposing the use of our *Hayaraku HACCP* hygiene diagnosis system in health and hygiene management for all types of restaurants in line with current social needs.

▶ Nursing Care Facility Business

For nursing care and daycare facilities, where demand continues to increase, we will step up our user-oriented initiatives based on comprehensive proposals in facility hygiene, infection countermeasures and laundry.

● Focus: The Advantages and Environmental Friendliness of Our *Yasai Kirei* Vegetable-washing and Sterilization Systems

Our *Yasai Kirei MiBO* and new *Yasai Kirei SaO* vegetable-washing and sterilization systems use microbubble ozone technology. They leave no sterilization agent residue and maintain the natural flavor and appearance of the vegetables. Moreover, they contribute to the reduction of food loss by enhancing the freshness of the vegetables.



Lion Hygiene Co., Ltd.

<https://www.lionhygiene.co.jp/> (Japanese only)

Chemical Products Business

Becoming a Global Niche Company That Provides New Value for Industrial Customers' Next-Generation Products

Market Environment (Risks and Opportunities)

In the Chemical Products Business, continuous growth is expected in the electric vehicle (EV) market as we move toward a decarbonized society due to changing consumer lifestyles and awareness; in the semiconductor market due to the spread of 5G communications; and in the hygiene-related market. On the other hand, to minimize the substantial negative impacts of risks of fluctuating material prices, stability issues in product and raw material supply and delays in distribution, we need to build a stable business foundation.

Summary of Chemical Products Business Strategy in Vision2030 1st STAGE

Because of their high potential for future growth and as areas in which we have a thorough understanding of customer needs, we have positioned CASE (connected, autonomous, shared, and electric) technologies and sanitary products as our key categories and will focus our management resources there. Furthermore, leveraging the unique positioning of B-to-B, we will step up initiatives for addressing our Sustainability Material Issues through our customers' products and services, thus helping to enhance the value of the Lion Group's business.

▶ CASE (Markets centered on connected, autonomous, shared and electric technologies)

- In the growing secondary battery market, which has been driven by rising demand for electric vehicles (EVs), we will expand the business by increasing production capacity for *KETJENBLACK* carbon black (KB), which has competitive advantages.
- In the anti-sticking agent business, where we hold the top domestic market share for general-use, powder-type anti-sticking agents, we will enhance customer value through the rollout of liquid polymer anti-sticking agents. We aim to capture top global market share for both.

▶ Sanitary Products (Healthcare market)

With regard to daily necessities and cosmetics raw material markets, we will develop products that meet the requirements of markets after COVID-19 and utilize our top-class primary raw material processing plants to provide nitrogen derivatives and functional polymers.

● Focus: Advantages of *KETJENBLACK* (KB)

KB is an electro-conductive agent with a unique structure that can enhance range on a single charge. Increased use of KB is helping to popularize EVs, thus contributing to reduced CO₂ emissions through our customers.



Lion Specialty Chemicals Co., Ltd.

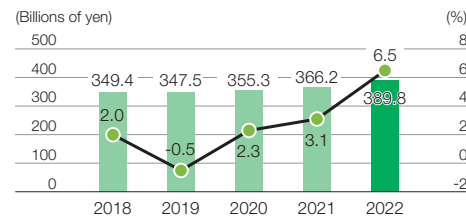
<https://www.lion-specialty-chem.co.jp/en/>

Financial and Non-Financial Highlights

Financial Highlights

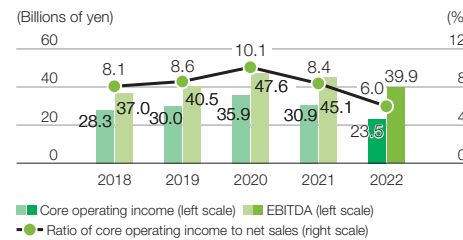
Net Sales and Sales Growth Rate

¥389.8 billion
Up **6.5%** year on year



Core Operating Income,¹ Ratio of Core Operating Income to Net Sales and EBITDA²

¥23.5 billion
Down **23.8%** year on year

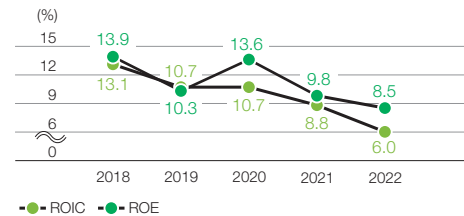


1. Core operating income is an earnings indicator the Company uses to measure regular business performance, calculated by subtracting selling, general and administrative expenses from gross profit.
2. EBITDA is an indicator of profitability on a cash-flow basis. It is the sum of core operating profit and depreciation and amortization (excluding right-of-use assets).

ROIC* and ROE

ROIC 6.0% Down **2.8** percentage points year on year

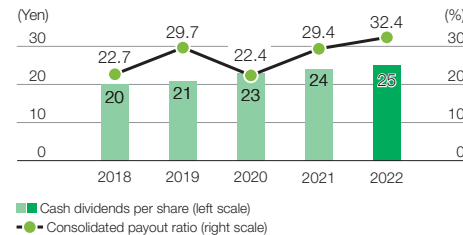
ROE 8.5% Down **1.3** percentage points year on year



* 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.

Cash Dividends per Share and Consolidated Payout Ratio

¥25
Seventh consecutive fiscal year of dividend growth



■ Cash dividends per share (left scale)
● Consolidated payout ratio (right scale)

Non-Financial Highlights

Environment: Reduction of CO₂ Emissions throughout Business Activities

13% reduction*
in 2022

2030 target: 55% reduction

* Compared with 2017 levels; absolute quantity; all work sites; Figure after deducting purchases of carbon credits. 4% reduction if not deducted.

SDGs:



Lion implemented energy-saving activities and purchases of electricity from renewable energy sources throughout the Company, including production, administration, sales and R&D divisions, in order to realize a decarbonized society, as set forth in the LION Eco Challenge 2050, a set of long-term environmental objectives.



2030
Top-Priority
Sustainability
Material Issues

Health: Number of Participants in the Oral Health Event of Tooth Brushing for Children

Approx. 2.46 million
(Cumulative, from 1932 through 2022)



2030
Top-Priority
Sustainability
Material Issues

SDGs:



With the aim of creating healthy living habits, Lion has held this event to teach elementary school students correct tooth brushing habits 79 times.

Human Resources: Ratio of Women in Management

20%
in 2022



SDGs:



With the aim of expanding creative business activities by utilizing diverse human resources, we are actively working to create a corporate culture where women can participate fully and advance professionally.

Our Group target for the ratio of women in management is 30% or more by 2030.

2030
Sustainability
Material Issues

Human Resources: Percentage of Employees Who Feel That Employees with Diverse Values Are Able to Succeed Professionally

54%
in 2022



2030
Sustainability
Material Issues

Result of the Employee Awareness and Behavior Survey (Japan)

SDGs:



Lion aims to enable employees with diverse values and ideas to fully express their individuality and abilities and succeed professionally.

Our Group target for the ratio of employees who feel that employees with diverse values are able to succeed professionally is 80% or more by 2030.



Key Financial Data

	V-1 Plan 2012–2014			V-2 Plan 2015–2017	
Japanese GAAP	2013	2014	2015	2016	2017
(Millions of yen)					
Consolidated Statement of Income					
Net sales	352,005	367,396	378,659	395,606	410,484
Cost of sales	153,336	160,677	162,435	161,992	171,209
Gross profit	198,668	206,718	216,223	233,613	239,275
Gross profit to net sales (%)	56.4	56.3	57.1	59.1	58.3
Selling, general and administrative expenses	187,849	194,312	199,848	209,110	212,068
Selling, general and administrative expenses to net sales (%)	53.4	52.9	52.8	52.9	51.7
Operating income	10,819	12,406	16,374	24,502	27,206
Operating income to net sales (%)	3.1	3.4	4.3	6.2	6.6
Profit attributable to owners of parent	6,097	7,368	10,680	15,951	19,827
Consolidated Balance Sheets					
Total assets	282,098	283,352	282,434	298,510	331,751
Property, plant and equipment, net	68,989	79,275	75,060	74,402	80,981
Total noncurrent liabilities	26,208	40,380	18,455	17,190	17,511
Total liabilities	157,865	155,918	139,703	140,630	144,736
Total net assets	124,232	127,434	142,730	157,879	187,015
Other selected data					
Capital expenditures ¹	13,709	13,555	8,801	9,407	14,892
R&D expenses	9,618	9,439	9,808	10,084	10,474
Depreciation and amortization ¹	11,227	10,301	11,166	10,244	9,386
Number of employees	6,162	6,343	6,816	6,895	7,075
Per share data (yen)					
Earnings per share – basic	22.72	27.47	39.35	55.13	68.23
Earnings per share – diluted	22.68	26.16	36.84	55.04	68.15
Dividends per share	10.00	10.00	10.00	13.00	17.00
Net assets per share	441.59	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	299,115,346
Management indicators					
Return on equity (ROE) (%)	5.4	6.2	8.5	11.2	12.2

IFRS

	LIVE Plan 2018–2020			Vision2030 1st STAGE 2022–2024	
IFRS	2018	2019	2020	2021	2022
(Millions of yen)					
Consolidated Statement of Income					
Net sales	349,403	347,519	355,352	366,234	389,869
Cost of sales	177,673	175,588	175,479	187,129	215,263
Gross profit	171,729	171,931	179,872	179,104	174,605
Gross profit to net sales (%)	49.1	49.5	50.6	48.9	44.8
Selling, general and administrative expenses	143,353	141,882	143,934	148,181	151,046
Selling, general and administrative expenses to net sales (%)	41.0	40.8	40.5	40.5	38.7
Core operating income ²	28,375	30,048	35,937	30,923	23,559
Core operating income to net sales (%)	8.1	8.6	10.1	8.4	6.0
Operating profit	34,196	29,832	44,074	31,178	28,843
Operating profit to net sales (%)	9.8	8.6	12.4	8.5	7.4
Profit before tax	35,658	31,402	44,494	34,089	31,292
Profit before tax to net sales (%)	10.2	9.0	12.5	9.3	8.0
Profit for the period attributable to owners of the parent	25,606	20,559	29,870	23,759	21,939
Consolidated Statement of Financial Position					
Total assets	355,365	380,701	435,501	428,025	469,278
Property, plant and equipment, net	81,546	90,903	118,379	120,673	130,137
Total non-current liabilities	21,350	23,781	24,016	23,792	48,536
Total liabilities	151,093	159,499	190,644	163,011	190,110
Total equity	204,271	221,201	244,856	265,014	279,168
Other selected data					
Capital expenditures ¹	16,678	23,644	47,570	21,890	24,314
R&D expenses	10,969	10,944	10,906	11,180	11,077
Depreciation and amortization ¹	8,707	10,504	11,732	14,252	17,665
Number of employees	6,941	7,151	7,452	7,584	7,587
Per share data (yen)					
Basic earnings per share	88.11	70.72	102.75	81.73	77.04
Diluted earnings per share	87.99	70.63	102.61	81.59	76.91
Cash dividends paid per share	20.00	21.00	23.00	24.00	25.00
Equity attributable to owners of the parent to total assets per share	657.50	716.94	797.08	865.31	929.72
Number of outstanding shares (common stock)	299,115,346	299,115,346	299,115,346	299,115,346	292,536,446
Management indicators					
EBITDA ³ (billions of yen)	—	—	47.66	45.17	39.94
ROIC ⁴ (%)	—	—	10.7	8.8	6.0
Profit for the period to equity attributable to owners of the parent (ROE) (%)	13.9	10.3	13.6	9.8	8.5

1. Includes intangible assets.

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

3. EBITDA is an indicator of profitability on a cash basis. 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.

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.



Financial Highlights

<https://www.lion.co.jp/en/ir/finance/>



Key Non-Financial Data

Environment

Target	Item	Classification	Unit	2020	2021	2022
Realizing a Decarbonized Society*	Greenhouse gas emissions throughout the supply chain	Scope 1	1,000 t-CO ₂	73	85	76
		Scope 2	1,000 t-CO ₂	90	74	89
		Scope 3	1,000 t-CO ₂	4,680	4,770	4,870
	Non-renewable energy consumption		GWh	538	546	549
	Renewable energy consumption		GWh	0.05	42	2
	Carbon credits purchased*		1,000 t-CO ₂	0	0	16
Realizing a Resource-Circulating Society	Plastic usage (household products)		1,000 t	42	43	36
	Water usage throughout product lifecycles		Million m ³	2,273	2,291	2,303

* 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.

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 better living habits.

Item	Unit	2020	2021	2022
Oral care educational and awareness activities: Oral Health Event of Tooth Brushing for Children ¹	No. of participants	Japan and Asia Approx. 269,000	Japan and Asia Approx. 252,000	Japan and Asia Approx. 253,000
Hand washing habit educational and awareness activities: Education in correct hand washing methods ²	No. of participants	Approx. 200	Approx. 1,300	Approx. 2,360

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 schoolteachers alike

Employees

Item	Scope	Unit	2020	2021	2022
Employees	Lion Corporation (including employees on loan)	Male (No.)	2,355	2,347	2,317
		Female (No.)	1,205	1,238	1,270
New employees (New graduates)	Lion Corporation (including employees on loan)	Male (No.)	54	46	35
		Female (No.)	33	38	30
Women in management	Lion Corporation (including employees on loan)	%	9.1	10.3	11.1
Re-hired retirees	Lion Corporation (including employees on loan)	(No.)	243	293	343
Employees with disabilities	Lion Corporation (including employees on loan)	%	2.7	2.7	2.8
Average service years (excluding re-hired retirees)	Lion Corporation (including employees on loan)	Male (Years)	19.7	19.5	19.6
		Female (Years)	14	14.1	14.2
Employees who took childcare leave	Lion Corporation (including employees on loan)	Male (No.)	32	54	55
		Female (No.)	78	84	77
Annual paid leave used	Lion Corporation (excluding employees on loan)	%	68	65.9	69.2
Employee Awareness and Behavior Survey: Ratio of employees who take pride in their work	Lion Corporation (excluding employees on loan)	%	97.3	80.5	77.1
Average hours per FTE of training and development	Lion Group	Hours	12.1	31	34.9
Average amount spent per FTE on training and development	Lion Group	Yen	29,300	36,700	51,400



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, 2023)

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

2022 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2022 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



2022 Sompo Sustainability Index

Participation in External Organizations



WE SUPPORT
UN GLOBAL COMPACT



TCFD
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



ECO FIRST

RSPO



JaSPON
Japan Sustainable Palm Oil Network



Sedex Member



JAPAN CLIMATE INITIATIVE



Climate Change Mitigation Alliance



Plastics Smart



Keidanren Initiative for Biodiversity

Evaluations, Certifications and Awards

Evaluations, Certifications and Awards Related to Overall CSR



Evaluations and Certifications Related to Human Resources



Evaluations and Certifications Related to the Supply Chain



Evaluations and Certifications Related to the Environment



Initiatives and External Evaluations

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



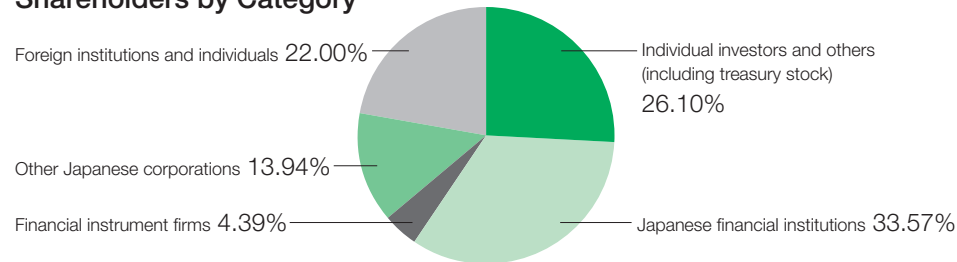
Corporate Overview and Stock Information (As of December 31, 2022)

Corporate Overview

Corporate Name	Lion Corporation
Foundation	October 30, 1891
Establishment	September 1918
Capital	¥34,433,720,000
Address ¹	1-3-28 Kuramae, Taito-ku, Tokyo 111-8644, Japan
Employees	3,190 (Consolidated: 7,587)

1. We moved our head office in April 2023.

Shareholders by Category



Principal Shareholders

Shareholder	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	12.22
Custody Bank of Japan, Ltd. (Trust Account)	8.20
Custody Bank of Japan, Ltd. As trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	2.90
STATE STREET BANK AND TRUST COMPANY 505223	2.63
MUFG Bank, Ltd.	2.48
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1.56
SMBC Nikko Securities Inc.	1.54
Meiji Yasuda Life Insurance Company	1.43
TOYOTA TSUSHO CORPORATION	1.23
Mitsubishi UFJ Trust and Banking Corporation	1.22

Note: Shareholding ratios are calculated based on a total of 284,937,523 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

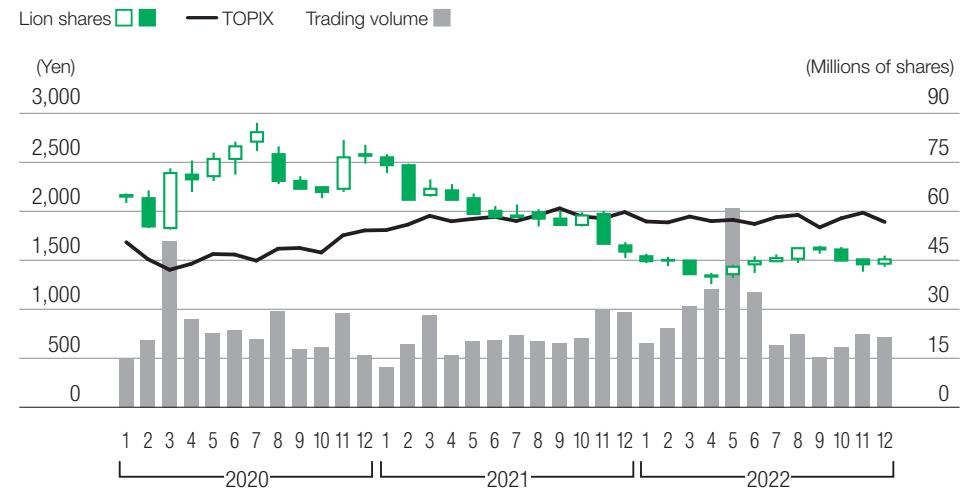
Stock Listing	Prime Market ² of Tokyo Stock Exchange
Securities Code	4912
Transfer Agent	Mitsubishi UFJ Trust and Banking Corporation
Number of Shares of Common Stock	292,536,446 (Issued and outstanding)
Number of Shareholders	198,809

2. Lion Corporation was moved to the Prime Market following a restructuring of market segments by the Tokyo Stock Exchange in April 2022.

Share Price and Trading Volume

Total Shareholder Returns

	December 2018	December 2019	December 2020	December 2021	December 2022
Lion	107.3%	101.5%	120.0%	76.1%	76.2%
Reference: TOPIX net total return index	84.0%	99.2%	106.6%	120.2%	117.2%



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LION