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LION

# Lion
Integrated Report

2025

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# Corporate Philosophy

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## PURPOSE

**Make a difference in everyday lives by redesigning habits** : ReDesign

## BELIEFS

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

### The customer determines the value

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

### Believe in yourself and be proactive

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

### Speed makes the difference

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

### Interact and inspire to create

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

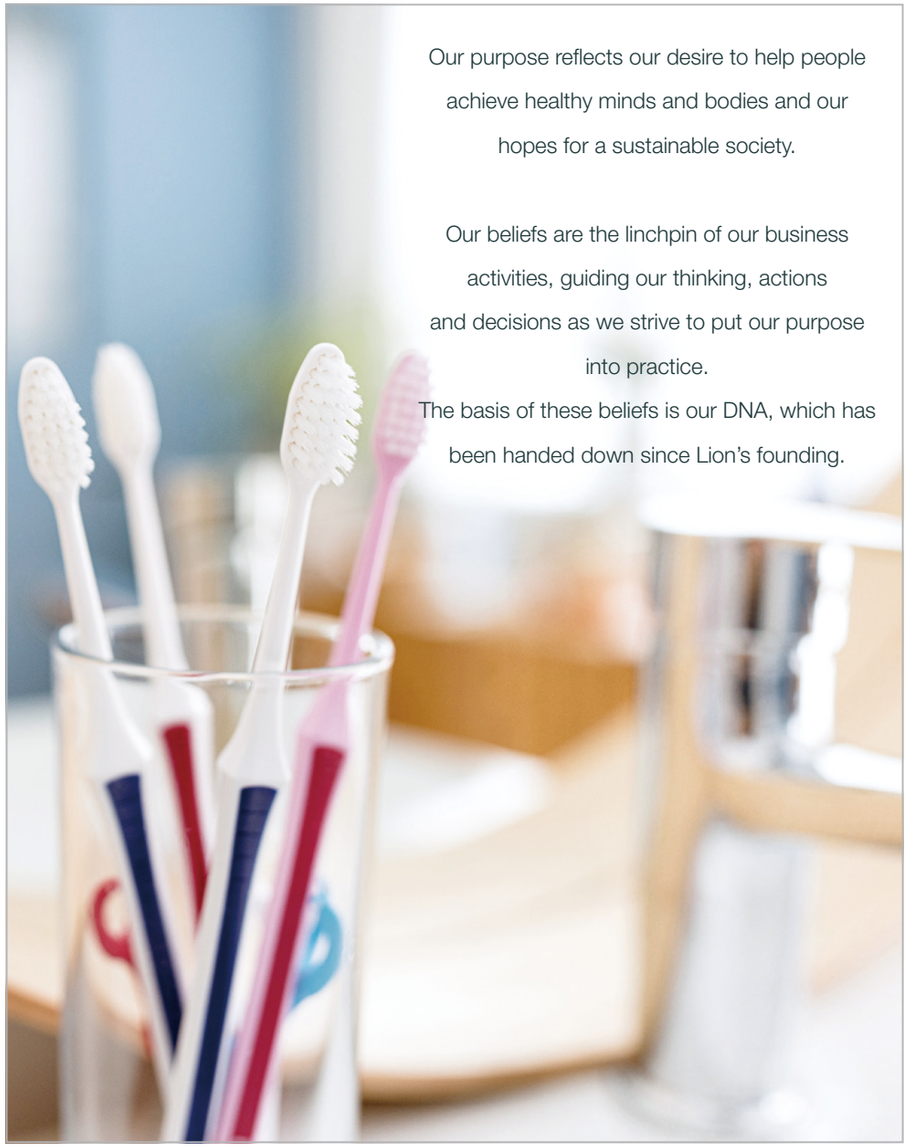
### Change moves us forward

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

## DNA

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

**Fulfilling a Spirit of Love**



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

Our beliefs are the linchpin of our business activities, guiding our thinking, actions and decisions as we strive to put our purpose into practice.
The basis of these beliefs is our DNA, which has been handed down since Lion's founding.

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## Editorial Policy

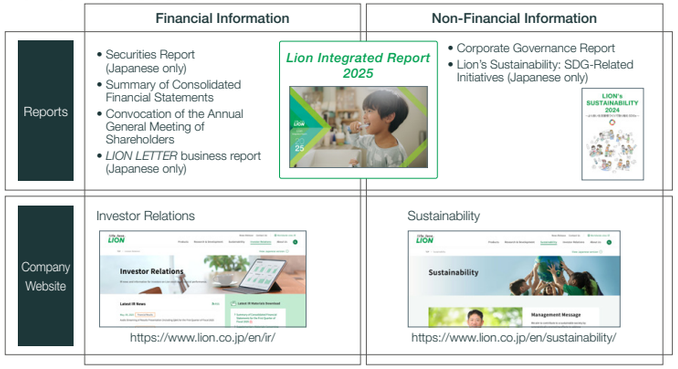
*Lion Integrated Report 2025* is intended to provide Lion's shareholders, investors and other stakeholders with key information about the Company's initiatives for increasing its corporate value over the medium to long term by fulfilling its purpose of "Make a difference in everyday lives by redesigning habits: ReDesign" and facilitating deeper understanding of the Lion Group.

**Reporting Period:** From January 1 to December 31, 2024 (fiscal 2024) (Some information covers activities in 2025.)
**Scope of Report:** Lion Corporation and all of its consolidated subsidiaries, in principle.
Note: Where the scope of coverage of reported activities or data differ from the above, a description is provided.
**Accounting Standards Applied:** International Financial Reporting Standards (IFRS)

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

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

## Lion's Disclosure



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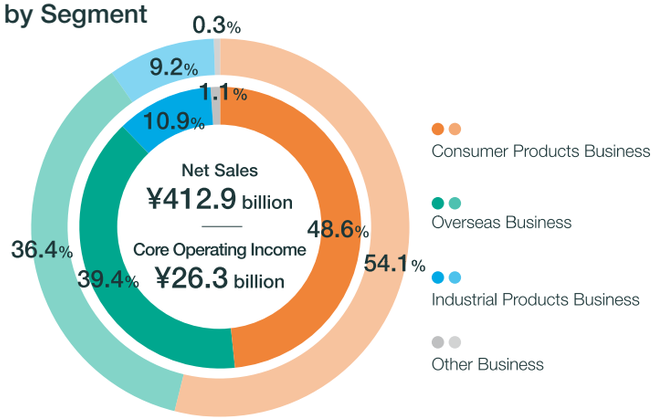
# Lion at a Glance

## Fiscal 2024 Net Sales (Outer Ring) and Core Operating Income (Inner Ring) by Segment




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

5 and 6 are equity method affiliates.

### Offices and Other Work Sites

**Domestic**

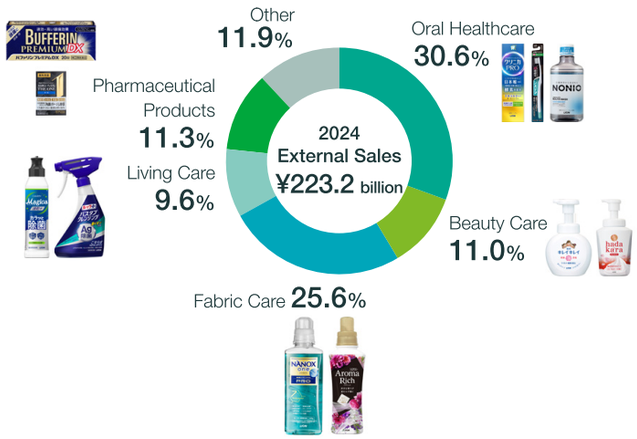
| | |
|---|---|
| Japan | 12 |
| Offices | 6 |
| Research Centers | 2 |
| Plants | 4 |
| Affiliates | 9 |

**Overseas**

11

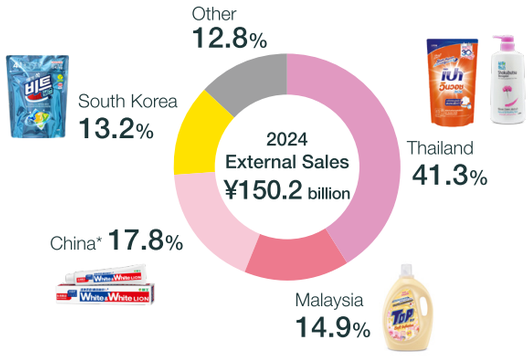
## Consumer Products Business

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




## Overseas Business

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




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

## 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 Business**
Rubber processing agents
Rubber additive agents

**Electronics Business**
Electro-conductive carbon
Pressure-sensitive adhesives

**Life-Chemical Business**
Surfactants derived from oils and fats

### Detergents for Institutional Use

**Detergents for automatic dishwashers**

**Alcohol sanitizers**

**Hand soaps**

**Vegetable-washing system**

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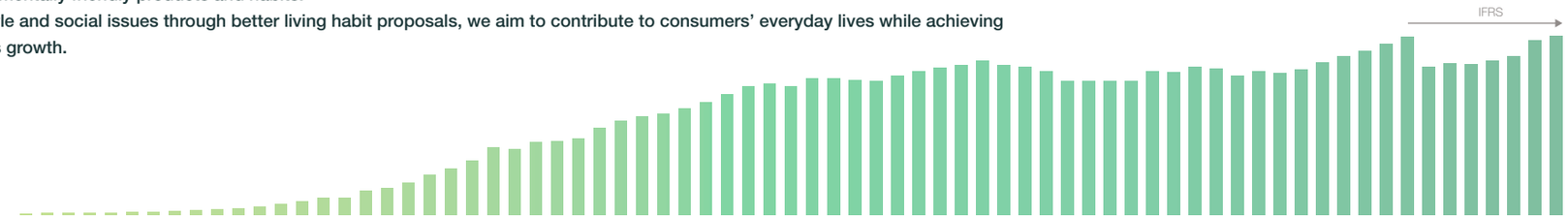
# A History of Growing Our Businesses by Creating Habits

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

ReDesign
Make a difference in everyday lives by redesigning habits

2024
Net sales ¥412.9 billion
Overseas work sites 11




## Main Initiatives for Creating Habits

### Oral Healthcare

**Commencement of education and awareness activities to promote tooth brushing habits**

Spreading awareness of tooth brushing habits, with a focus on children, through advertisements and publications

**Response to increasingly diverse oral health issues**

***CLINICA Lion***
Launch of a toothpaste with enzymes that break down caries-causing dental plaque

***Dentor Lion***
Launch of a toothpaste that helped protect against advanced periodontal disease

**Promotion of oral healthcare that leads to overall health**

**Salivary Multi Test (SMT)**
Provision of a service for visualizing oral health status from saliva

***Okuchi Plus You***
Support for corporate health and productivity management through employee dental and oral health

### Cleanliness and Hygiene

**Promotion of proper laundry techniques through awareness and education**

Hosting laundry workshops to teach proper techniques for washing clothes using soap

**Response to diverse consumer needs and rising awareness of cleanliness**

***Lipon F***
Launch of Japan's first kitchen detergent for washing fruits, vegetables and tableware, establishing the habit of keeping dishes and vegetables clean as a matter of course

**Contribution to clean and hygiene lifestyles in Asia**

***KireiKirei***
Product rollout and educational activities across Asia
Leading market share in Japan, Thailand and South Korea*

* Source: Lion Corporation survey (Jan.–Dec. 2024)

### Environmental Protection

**Use of plant-based raw materials**

***Plant-derived Lion Laundry Soap***
Japan's first plant-derived household laundry soap

**Addressing various environmental issues using advanced technologies**

***Dash Murin TOP***
Launch of laundry detergents that address environmental issues such as foaming and eutrophication of rivers

**Establishing environmentally friendly habits through products and communication**

Spreading awareness of the habits of using one rinse cycle and refills

Recycling activities for items including toothbrushes and refill pouches

# Generating Social and Economic Value through the Creation of Oral Healthcare Habits

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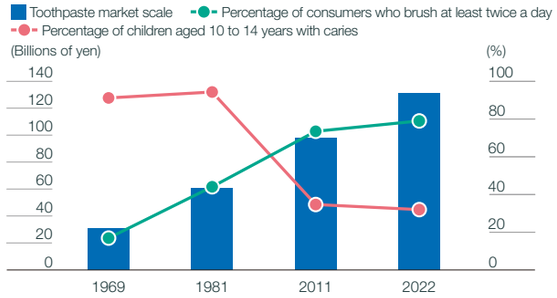
## Instilling Tooth Brushing Habits

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

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

Concurrently, the proportion of elementary school children with caries—previously an issue—has fallen to around one in three, thus indicating that the establishment of correct oral healthcare 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.

**Toothpaste Market Scale, Percentage of Consumers Who Brush at Least Twice a Day and Percentage of Children Aged 10 to 14 Years with Caries (Japan)**




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

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# Value Created through Initiatives to Address the Top-Priority Sustainability Material Issues

We will take an integrated approach to addressing our Top-Priority Sustainability Material Issues, with the aim of creating long-term value and contributing to a sustainable society and the global environment.

## Top-Priority Sustainability Material Issues

### Creating Healthy Living Habits

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

**Oral healthcare habits (500 million people)**

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

**Cleanliness and hygiene habits (500 million people)**

- Provide products and services
- Communicate information
- Conduct educational and awareness activities (Promotion of hand washing habits, etc.)

### Promoting Environmental Initiatives for a Sustainable Planet (2030 Targets)

Water usage throughout product lifecycles
Down 30%
(Compared with 2017, per unit of net sales)

Petrochemical-derived plastic use rate
70% or less

$CO_2$ emissions throughout business activities
Down 55%
(Compared with 2017, absolute quantity)

$CO_2$ emissions throughout product lifecycles
Down 30%
(Compared with 2017, absolute quantity)

Contribute to a $CO_2$ emission reduction effect in excess of Lion's own emissions (Japan)

## Value Created

**Expand markets and businesses by continuously creating practical ways to promote health**

- Continuously creating products and services that enable positive healthy habits

**Contribute to a social environment in which people live in good physical and mental health**

- Extend healthy life expectancy through oral health
- Contribute to better health in Asia by promoting cleanliness and hygiene

**Contribute to protecting the global environment by working toward a decarbonized, resource-circulating society**

- Reduce $CO_2$ emissions from households
- Advance resource circulation for plastics used in households

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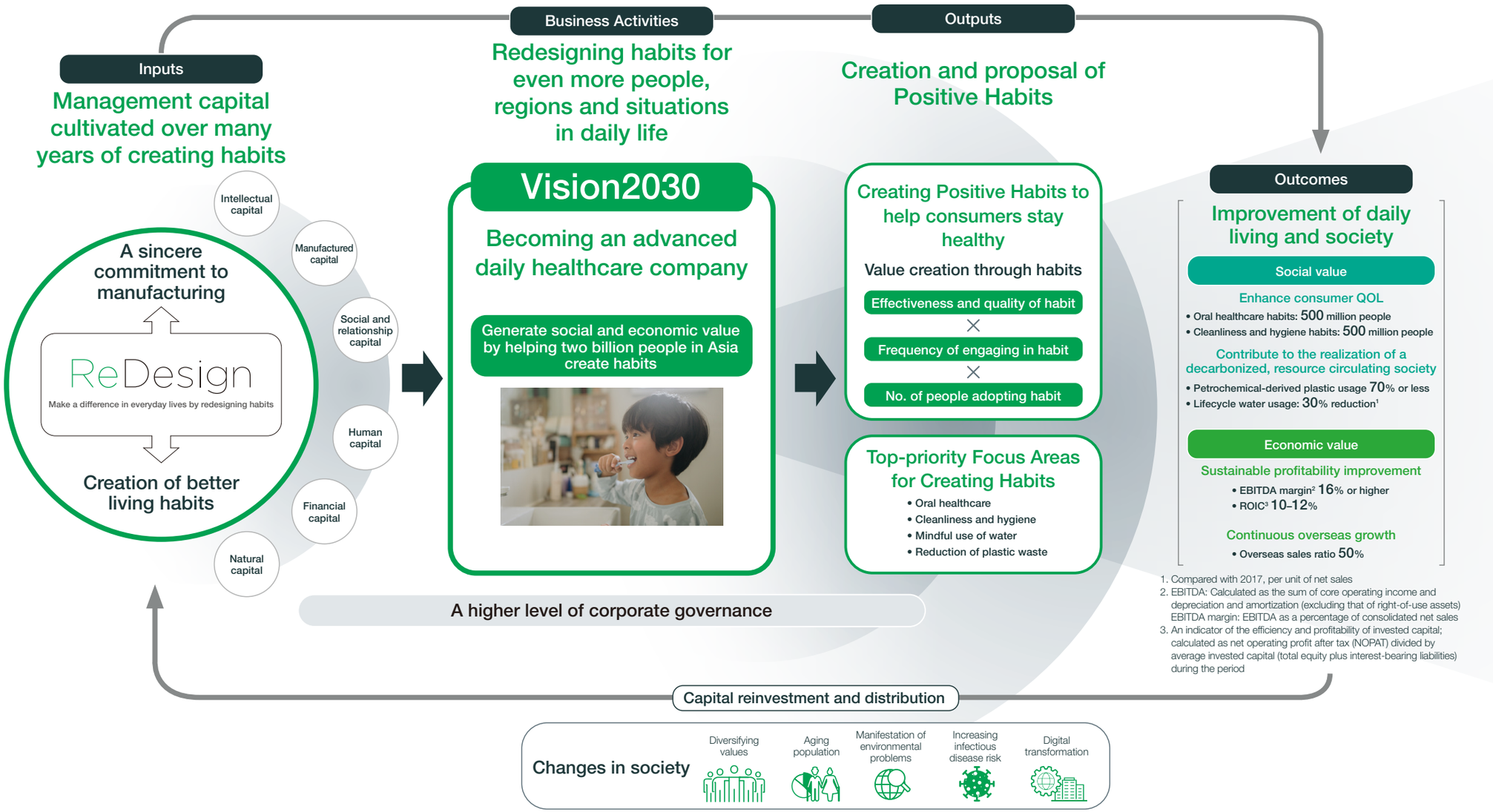
# Value Creation Process

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 of "Becoming an advanced daily healthcare company," we aim to continuously enhance corporate value by creating and promoting Positive Habits that help make daily living and society better.




1. Compared with 2017, per unit of net sales
2. EBITDA: Calculated as the sum of core operating income and depreciation and amortization (excluding that of right-of-use assets) EBITDA margin: EBITDA as a percentage of consolidated net sales
3. An indicator of the efficiency and profitability of invested capital; calculated as net operating profit after tax (NOPAT) divided by average invested capital (total equity plus interest-bearing liabilities) during the period

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# Lion's Management Capital

The Lion Group generates value by deploying the six types of management capital it has accrued through many years of creating habits. We aim to enhance corporate value by strengthening our capital in alignment with Group strategy and the business environment.

| | Features and Achievements (2024) | Recognized Issues |
|---|---|---|
| Intellectual Capital | • R&D expenses: ¥11.4 billion<br>• The most oral care-related patents in Japan*<br>* Number of patents held in the toothpaste and toothbrush categories as of April 2025, based on the International Patent Classification (IPC)<br>• Consumer research to create Positive Habits | • Strengthening Group R&D structure Page 38<br>• Evolving the marketing process for creating Positive Habits Page 36<br>• Implementing our digital strategy, "The Science of Habits" Page 39 |
| Manufactured Capital | • Capital expenditures: ¥15.3 billion<br>• 12 production bases (8 in Japan, 4 overseas; all consolidated subsidiaries) | • Establishing local production systems overseas (Bangladesh) Page 24<br>• Efficient operation of production and logistics bases Page 26 |
| Social and Relationship Capital | • Products and brands that are widely loved by customers<br>• Leading share* in Japan's oral care market<br>* Total of toothpastes, toothbrushes, mouthwashes, and other oral care products (by sales value)<br>Source: INTAGE Inc., Nationwide Retail Store Panel Survey "SRI+"<br>• Long-standing relationships of trust with business partners | • Solidifying market position by expanding the scope of value provided in oral healthcare Page 19<br>• Strengthening global brand management |
| Human Capital | • Employees (consolidated): 7,654 (As of December 31, 2024)<br>• Ratio of women in management: 24.9% (As of December 31, 2024)<br>• Average amount spent per full-time equivalent (FTE) on training and development: ¥45,162 | • Increasing the value of individual human capital Page 34<br>• Strengthening organizational management (Allocating personnel to priority areas) Page 33<br>• Improving employee engagement and diversity among decision makers Page 34 |
| Financial Capital | • Strong credit rating: A (Stable) (R&I)<br>• Cash flows from operating activities: ¥43.6 billion | • Increasing cash generation by strengthening profitability<br>• Increasing capital efficiency |
| Natural Capital | • Energy consumption: 1,862 TJ<br>• Water usage throughout the product lifecycle: 2,057 million $m^3$<br>• Use of naturally derived ingredients and natural mint | • Reducing energy use by implementing energy-saving activities and transitioning to renewable energy Page 44<br>• Creating habits that promote the mindful use of water and providing products that save water Page 45 |

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# Medium- to Long-Term Strategy

# Message from the President

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# Promoting the Creation of Better Habits in Asia and Strengthening Profitability

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

## Management Strategy That Links the Creation of Habits to the Enhancement of Social and Economic Value

Lion's purpose, "Make a difference in everyday lives by redesigning habits: ReDesign," embodies the spirit that we have passed down through the 133 years since our founding. The Group's business has supported people's daily lives and helped them create better habits, thereby enhancing both social and economic value.

In recent years, many companies have adopted the creation of social and economic value as a key management theme. However, for the Lion Group, this theme has been a fundamental pursuit since the very beginning. We believe that the essence of business is to create social value by engaging in activities that benefit society and people, and to receive economic value in return.

The value gained through the creation of better habits increases as a function of three factors: "effectiveness and quality of the habit," "frequency of engaging in the habit," and "number of people adopting the habit." For example, if the habit of tooth brushing is established not only in the morning and evening but also after lunch—and if consumers select high value-added oral healthcare products, as well as mouthwash and dental floss, which have yet to gain widespread adoption—the value created will expand even further. Moreover, we can expect even greater value creation by promoting this initiative throughout Asia. We will work to enhance both social and economic value not only by offering products but also by helping consumers create better habits.

**Value creation through habits**

Effectiveness and quality of habit
×
Frequency of engaging in habit
×
No. of people adopting habit

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# Message from the President

## Final Year of 1st STAGE: Rebuild Our Profit Base toward 2nd STAGE

The Lion Group is working toward the realization of its 2030 Management Vision—"Becoming an advanced daily healthcare company"—through a medium-term management plan framework structured into three consecutive three-year stages: 1st STAGE, 2nd STAGE and 3rd STAGE.

In 1st STAGE (2022–2024), we originally adopted the theme of "Get on a growth track and create the foundations for new growth." On a consolidated basis, net sales expanded steadily overseas. By category, oral healthcare, our core business, continued to grow. However, issues remained with respect to profitability, which declined due to soaring raw material prices and insufficient returns on upfront investments.

Therefore, in 2024, the final year of 1st STAGE, we shifted our focus to strengthening profitability, with a view to the upcoming 2nd STAGE.

In particular, we implemented structural reforms in the Consumer Products Business, where improving profitability was essential. These included price optimization, SKU* reduction, and streamlining of the production system. Consequently, profitability began to recover after reaching its lowest point in 2023, with the EBITDA margin in 2024 surpassing the level recorded in 2022. Accelerating improvements in profitability and efficiency during 2nd STAGE remains crucial.

* Stock keeping unit: The smallest unit measured in inventory management

## Positioning 2nd STAGE for Fulfilling Vision2030

The theme of Vision2030 2nd STAGE (2025–2027) is "Strengthening profitability."

Building on the achievements and remaining issues of the 1st STAGE and in order to accelerate growth in the 3rd STAGE and beyond, we recognize that strengthening profitability is essential.

We have established three basic policies to achieve this goal: "Strengthen business portfolio management" by sharpening allocation of management resources to strengthen our profit structure and leverage synergies between businesses; "Strengthen management base" to support sustainable business growth and efficient operations; and "Generate dynamism" by fully leveraging Group assets to enhance strategy implementation. Under these three basic policies, we will strengthen profitability

### Vision for 2030 and Envisioned Financial Performance

**Social Value**

**Enhance consumer QOL**
- Oral healthcare habits **500 million people**
- Cleanliness and hygiene habits **500 million people**

**Contribute to the realization of a decarbonized, resource-circulating society**
- Petrochemical-derived plastic usage **70% or less**
- Lifecycle water usage **30% reduction**[1]

**Economic Value**

**Sustainable profitability improvement**
- EBITDA margin[2] **16% or higher**
- ROIC[3] **10%–12%**

**Continuous overseas growth**
- Overseas sales ratio **50%**

1. Compared with 2017, per unit of net sales
2. EBITDA: Calculated as the sum of core operating income and depreciation and amortization (excluding that of right-of-use assets)
   EBITDA margin: EBITDA as a percentage of consolidated net sales
3. An indicator of the efficiency and profitability of invested capital; calculated as net operating profit after tax (NOPAT) divided by average invested capital (total equity plus interest-bearing liabilities) during the period

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by advancing specific initiatives based on our strategies.

Based on the Group's medium- to long-term vision, we have newly defined the key management and performance indicators that we will focus on leading up to 2027 and 2030. As we work toward fulfilling Vision2030, we aim to generate social and economic value by helping people, particularly in Asia, create better habits that support life-long health, thereby enhancing corporate value.

For measuring progress, we believe that rate-based indicators, which reflect the sustainability of a company's earning power, are preferable. Accordingly, we have selected the EBITDA margin, which reflects cash-based earning power, and ROIC, which measures the efficiency of invested capital, as key indicators. Moreover, accelerating habit creation in Asia and thereby increasing the sales ratio of our Overseas Business is also a key indicator.

As milestones toward Vision2030, we have established management indicators and targets for 2nd STAGE. In 2nd STAGE, our most important output will continue to be the creation and proposal of Positive Habits. Accordingly, as targets for 2027 we aim to achieve an EBITDA margin of 13% or higher, ROIC of 8%–9%, and an EPS CAGR of 11% or higher, which reflects growth in net income.

## Strengthening Business Portfolio Management

One of our basic policies for improving profitability in 2nd STAGE is to strengthen business portfolio management. We have classified each business in the Group into four categories based on capital returns and earnings growth: Top Priority, serving as a pillar for profitability and driving the Group's growth; Challenge for Growth, with the aim of forging new business opportunities and achieving further growth; Stable Earnings, providing stable cash inflow that serves as a source of funds for investing in the Top Priority and Challenge for Growth categories; and Structural Reform, in which we are advancing profit structure reforms.

In oral healthcare, which we have positioned as Top Priority, we aim to achieve a net sales CAGR of 8% during 2nd STAGE by expanding the scope of the value we provide to customers and creating or expanding target markets.

In addition, we aim to move businesses from Structural Reform into Stable Earnings during 2nd STAGE by continuing the profit structure reforms we began in 2024.

## From Oral Care to Oral Healthcare

The Lion Group's aim in the medium to long term is to transform from being the company of choice for oral care in Japan to the company of choice for oral healthcare across all of Asia.

We believe that the difference between oral care and oral healthcare lies in the value they provide. While oral care focuses on oral hygiene, the scope of oral healthcare extends beyond that to encompass improvements in overall health and quality of life (QOL).

Our oral care business focuses on maintaining the oral hygiene environment, which includes dealing with periodontal disease, cavities, and bad breath.

In oral healthcare, we go a step further by focusing on improving oral functions such as eating, speaking, and smiling.

For example, eating requires strong teeth and the

ability to chew, while speaking involves the movement of the tongue and muscles around the mouth that support clear articulation. Smiling requires the overall health of all oral functions, not only in terms of the facial muscles and care for the nasolabial folds (smile lines), but also for maintaining the ability to swallow and speak with ease.

Shifting our focus to oral functions overall, we need to actively expand beyond self-care products to include dental-related products for professional use. We will also promote habit-creation offerings across a broad range of areas, including services that go beyond products, building on efforts initiated during 1st STAGE. Digital technology is essential for this expansion, and we will focus on strengthening our digital service infrastructure while further leveraging data analysis to enhance customer value.

We aim to spread this approach to oral healthcare not only in Japan but across all of Asia. As noted at the beginning of this message, I believe that the growth of

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## Message from the President

oral healthcare plays a vital role in fulfilling our purpose.

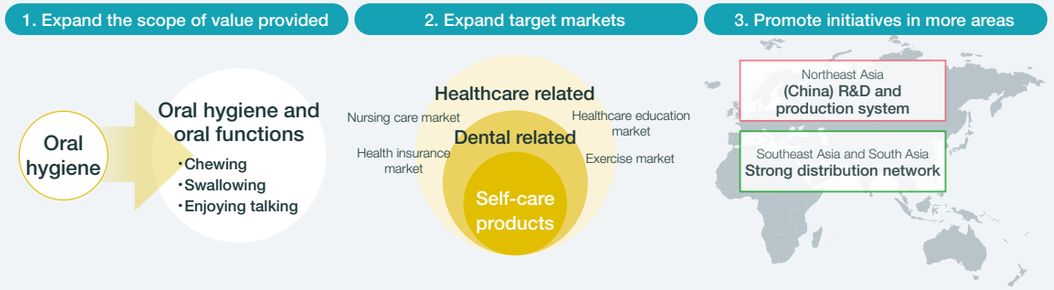
Therefore, in oral healthcare we will focus on the macro environments and consumer characteristics of each country and region in Asia, classify them into types, and tailor our business activities accordingly.

In countries and regions such as Bangladesh and Vietnam, where populations are growing and public awareness of oral healthcare habits needs to be raised, we will focus our marketing efforts on promoting the adoption of basic functional products. Conversely, in regions with aging populations such as Japan and China, we will offer high value-added products that address medical and aesthetic needs, along with a comprehensive range of proposals that also include services.

We will promote these strategies by leveraging the knowledge, expertise, and relationships with dentists and related organizations that we have cultivated in Japan.

Additionally, as part of a Group-wide initiative to advance oral healthcare across Asia, we established the Global Oral Healthcare Business Development Department in

### Accelerating Growth in Oral Healthcare




January 2025. We have consolidated the departments responsible for oral healthcare business development and certain functions of Group companies serving dental distribution channels, establishing a structure that promotes effective collaboration.

We are also strengthening our R&D structure. The development of basic and core technologies—the linchpin of the Lion Group's businesses going forward—will be concentrated in Japan and China, and product development utilizing these refined technologies will be conducted locally to address the needs of consumers in each country.

### Promoting the Creation of Better Habits in Asia to Help Resolve Our Sustainability Material Issues

Creating better habits should not be limited to Japan. It is vital that we expand these efforts, particularly in Asia. We have established "Enhance consumer QOL" as one of our top-priority Sustainability Material Issues toward 2030. As non-financial targets, we aim to foster "oral healthcare habits" and "cleanliness and hygiene habits" among 500 million people, respectively. Driven by the conviction that achieving these targets is our mission, we are committed to firmly establishing this value across Asia.

We also aim to contribute to a sustainable global environment through our unique approach to habit creation. For example, in some countries in Asia, environmental considerations for detergent containers and other packaging remain limited. As a result, refill pouches, which are commonplace in Japan, have yet to become widespread. We believe that by actively promoting the habitual use of refill pouches, we can make a positive impact on society and help bring about significant change.

Moreover, if people in Asia can shift from the common practice of two rinse cycles to one when doing laundry,

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## Message from the President

it would lead to reduced water usage and contribute to positive change in society. Leveraging technologies cultivated over many years, the Lion Group has already launched unique products that promote sustainable habits, such as laundry detergents that require only one rinse cycle and delicate-care detergents that require no rinsing. We believe that one of the strategic directions in the fabric care field going forward will be the active development of products that promote the creation of such sustainable habits. In this way, guided by high ideals, we intend to contribute to sustainable change through habit creation.

### Cultivating Talent for Success in Asia and Developing the Next Generation of Leaders

For the Lion Group to grow in Asia, we need talent who can actively venture overseas and operate globally. This requires a transformation in mindset. I have personally taken the lead within the Company, urging everyone to strive to serve two billion consumers.

While fostering a mindset to venture overseas, it is also important for employees to deepen their expertise to succeed professionally outside of Japan. This expertise becomes their strength on the global stage. To support this, we are implementing a range of programs designed to draw out and develop employee expertise.

Furthermore, developing the next generation of leaders is important. Just as gaining control of the four corners in the Japanese board game *Othello* can quickly shift the entire board, leaders who steer their teams effectively can generate ripple effects that spread throughout the organization.

Individuals with expertise who can succeed professionally across borders and organizations, leaders capable of guiding organizations, and an environment that cultivates such talent—together, they will enable us to accelerate value creation. Accordingly, we will increase our investment in human resource development and continue to devise new methods to encourage mindset transformation.

### To Our Stakeholders

As mentioned, we will continue working toward the realization of a sustainable society by promoting the creation of better habits not only in Japan, but around the world, particularly in Asia.

In this process, engaging in dialogue with capital market participants is crucial to fostering understanding of and alignment with the Lion Group's vision, and ultimately, to gaining your trust and endorsement.

We will continue to actively seek out such opportunities, drawing on the insights we receive to further enhance our corporate value.

The Lion Group cannot achieve meaningful habit transformation on its own. We believe it is essential to work together as a team with all stakeholders across the value chain, including suppliers, wholesalers, and retailers. I sincerely hope that our approach resonates with you and earns your ongoing interest and encouragement.

Our theme for 2025, the first year of 2nd STAGE, is to enhance our "ability to execute" and "ability to achieve results" in order to advance the plans we have formulated. The Lion Group's management team will steadily advance its strategies and provide updates on its progress as appropriate. We look forward to your continued support.

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# Review of Vision2030 1st STAGE (2022–2024)

Vision2030 1st STAGE began under the theme of "Gear change toward future growth," but profits fell significantly below expectations in 2022–2023. In response, in 2024, the final year of 1st STAGE, we shifted our focus to "Rebuilding our profit base." As a result, profitability has recovered to a certain extent, allowing us to prepare for 2nd STAGE. Going forward, we recognize the need to further accelerate profitability improvements and enhance efficiency through portfolio review and more precise resource allocation.

**1st STAGE Initial Theme**

## Gear change toward future growth

2022–2023

Deviation from profit projections

- Impact of rising raw material prices
- Deviations in major new product plans in Japan

**1st STAGE Final Year (2024) Theme**

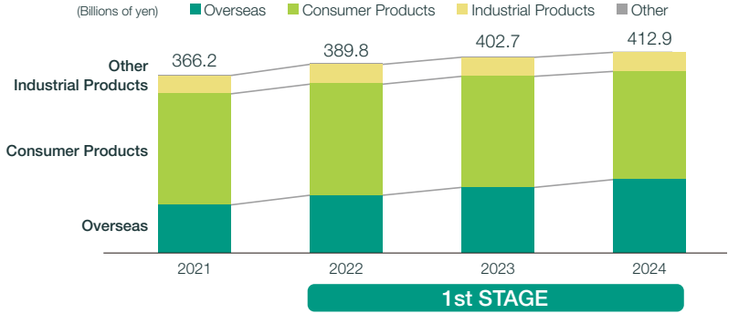
## Rebuilding our profit base

- Reform the profit structure of Consumer Products
- Accelerate growth overseas

### Net Sales

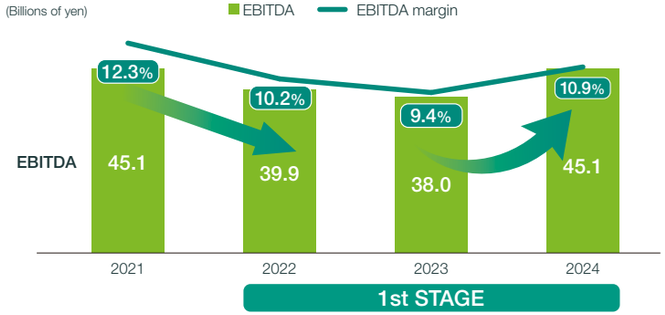
Steady growth over three years, driven by the Overseas Business. The overseas sales ratio rose from 27% in 2021 to 36% in 2024

### Net Sales by Segment




### Profitability Indicators

Below expectations in 2022–2023, but recovered to a certain extent in 2024 due to profit structure reforms




**Achievements**

- Continued growth in the Overseas Business — CAGR (2021→2024) 14.7%
- Growth in the oral care field — CAGR (2021→2024) Japan 3.3% Overseas 11.1%

**Issues**

- Need to further accelerate profitability improvements
- Need to transition to a business model that prioritizes efficiency

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# Positioning of 2nd STAGE (2025–2027) for Fulfilling Vision2030

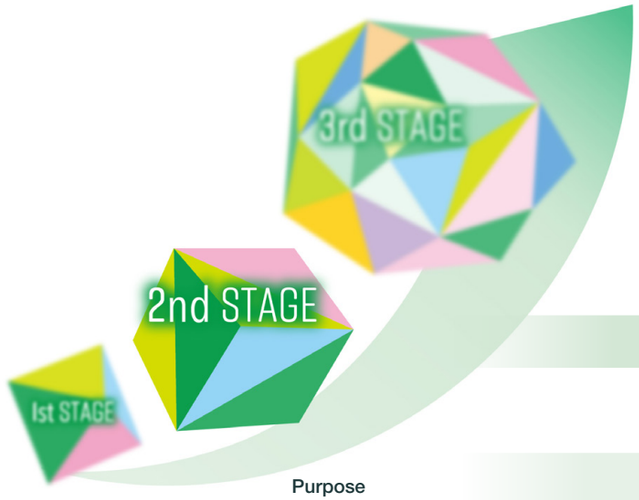
To fulfill Vision2030, the Lion Group aims to enhance its corporate value by generating social and economic value through the creation of habits, particularly in Asia. With Asia as our base, we will generate social value by enhancing consumers' quality of life through habit creation and contributing to the global environment, while also generating economic value through sustainable profitability improvement and continuous overseas business growth. As a milestone toward this vision, we have set "Strengthening profitability" as the theme of 2nd STAGE, through which we aim to establish a solid foundation for accelerating growth in 3rd STAGE (2028–2030).

## Fulfilling Vision2030

Generating social and economic value by supporting the creation of habits, particularly in Asia
(Enhancing corporate value)

Management Vision

**Becoming an advanced daily healthcare company**




Purpose

ReDesign

Make a difference in everyday lives by redesigning habits

**3rd STAGE (2028–2030)**

Accelerating growth in Asia by expanding habit redesign

**2nd STAGE (2025–2027)**

Theme

Strengthening profitability

Three Basic Policies

- Strengthen business portfolio management
- Strengthen management base
- Generate dynamism

**1st STAGE (2022–2024)**

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

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# Medium-Term Management Plan Vision2030 2nd STAGE (2025–2027)

The theme for 2nd STAGE is "Strengthening profitability." In advancing this theme, we will swiftly implement measures aligned with three basic policies, aiming to achieve our targets for the key indicators: EBITDA margin, ROIC, and EPS CAGR. To fulfill our vision for 2030, we will strengthen profitability and promote more efficient management.

## Three Basic Policies

### Strengthen Business Portfolio Management

Focus the allocation of management resources to achieve a highly profitable business portfolio

① Accelerate Growth in Oral Healthcare Page 19
Net sales CAGR: Approx. 8% (2024–2027)

② Strengthen Overseas Growth Initiatives Page 22
Net sales CAGR: Approx. 10% (2024–2027)
EBITDA margin: Approx. 2 pt increase (2024–2027)

③ Reform the Profit Structure of Consumer Products Page 26
EBITDA margin: Approx. 3–5 pt increase (2024–2027)

### Strengthen Management Base

Strengthening the foundation for sustainable business growth and highly efficient operations

① Strengthen the Group's R&D structure Page 37

② Digital transformation for strengthening profitability Page 39

③ Enhance corporate governance Page 49

### Generate Dynamism

Maximize the use of Group assets and generate dynamism to strengthen strategy execution

① Leverage brand assets

② Enhance human capital value and strengthen organizational management Page 31

## 2nd STAGE Theme

# Strengthening Profitability

## Key Management Indicators and Targets (2027)

**EBITDA margin* 13% or higher**
Core business profitability and cash generation capacity
* EBITDA as a percentage of consolidated net sales

**ROIC* 8–9%**
Efficiency and profitability of invested capital
* Net operating profit (NOPAT) divided by the average invested capital (total equity plus interest bearing liabilities) during the period

**EPS CAGR* 11% or higher**
Earnings per share (EPS) growth rate
* The annual average growth rate (CAGR) of basic earnings per share

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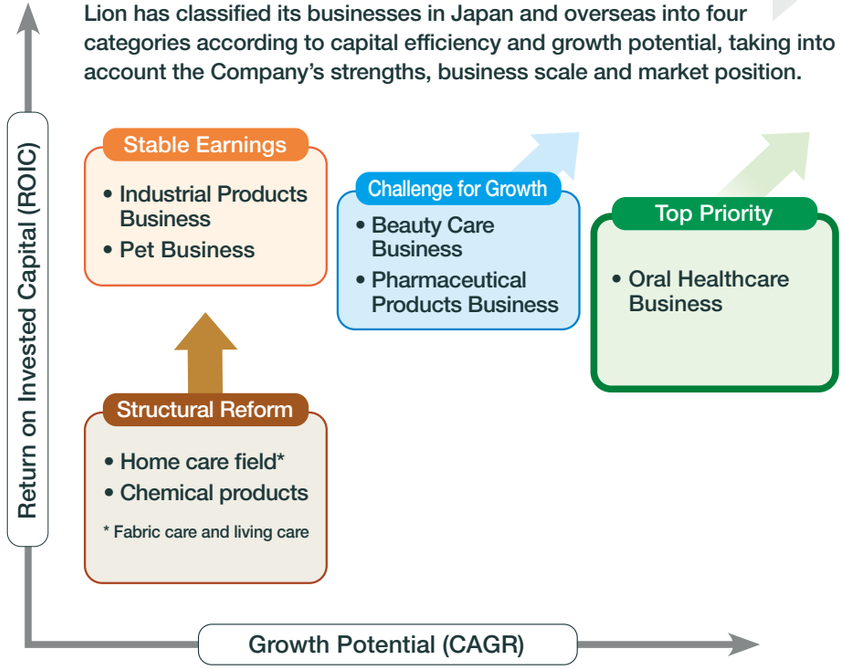
# Strengthen Business Portfolio Management

To build a highly profitable business portfolio, we will clearly define the role of each business in the Group and focus the allocation of management resources. We will increase the allocation of management resources in oral healthcare, which we have positioned as our Top Priority in terms of our strategic direction. During 2nd STAGE, we will transform businesses in Structural Reform into stable sources of cash. By strengthening each business's profitability and leveraging synergies between them, we aim to achieve sustainable, profitable growth across the Group.

## Strategic Direction of Main Businesses (1st STAGE to 2nd STAGE)

Lion has classified its businesses in Japan and overseas into four categories according to capital efficiency and growth potential, taking into account the Company's strengths, business scale and market position.




## Vision for 2nd STAGE

| | |
|---|---|
| Top Priority | Actively allocate management resources to this business, which is driving the Group's expansion in terms of both sales growth and return on invested capital |
| Challenge for Growth | Create new business opportunities aimed at moderate, sustained growth (Limit investments to specific areas and categories.) |
| Stable Earnings | Establish a stable inflow of cash to invest in the Top Priority and Challenge for Growth categories |
| Structural Reform | Advance profit structure reforms to move them into Stable Earnings |

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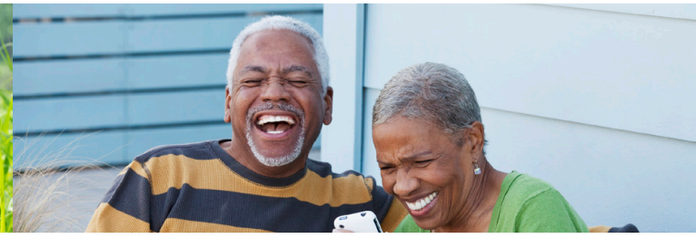
# Accelerate Growth in Oral Healthcare

**To date, Lion has built a solid position in the oral hygiene and disease prevention markets in Japan and overseas, and has driven the expansion of these markets. We will expand further in these domains and approach even more consumers in creating positive living habits.**



## Evolving from Oral Care to Oral Healthcare

The Lion Group has established "Creating Healthy Living Habits" as a Top-Priority Sustainability Material Issue for 2030 and aims to provide oral healthcare habits to 500 million people through products, services, and information. Since its establishment in 1891, Lion has leveraged its R&D capabilities, brand power, and relationships with the dental community and related organizations to promote understanding and awareness of oral hygiene and disease prevention habits while providing preventive dentistry products. As a result, in Japan we have expanded and evolved oral hygiene habits in ways such as adding value to toothpaste, increasing the use of products such as dental floss, and encouraging more frequent dental checkups, which has helped to expand our markets and our businesses. Outside Japan, our core oral healthcare business in China has expanded, achieving substantial sales growth.

Meanwhile, as populations in Asia age, we need to expand the scope of value we provide beyond oral hygiene and disease prevention to include the development of healthy oral functions, such as masticatory performance, saliva secretion, sense of taste, and ability to swallow, and the prevention of decline in these functions, to ensure that people can enjoy eating, talking, and laughter throughout their lives. Moreover, to promote such oral healthcare habits across Asia, including Japan, we will expand the scope of our business beyond traditional product markets to include dental care and the broader healthcare sector.

With due attention to conditions in the regions we serve, we will implement a global rollout of comprehensive initiatives for products and services that will help extend healthy life expectancy and improve access to medical care, thus contributing to the creation of positive lifestyle habits for even more consumers.

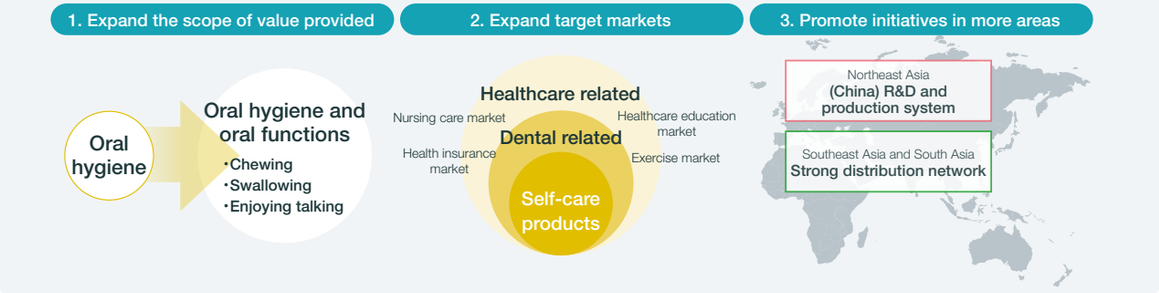
### Top-Priority Issue to Address by 2030

**Top-Priority Sustainability Material Issue: Creating Healthy Living Habits** Page 42

**Oral healthcare habits: 500 million people**

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

### Accelerating Growth in Oral Healthcare



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# Accelerate Growth in Oral Healthcare

## Regional Strategies for Capturing Market Opportunities

We are broadly promoting oral healthcare habits across Asia by capturing market opportunities in line with relevant regional types* classified according to macro environments and consumer characteristics. In countries such as Bangladesh and Vietnam, we aim to promote oral healthcare habits nationwide by popularizing general-use products and conducting educational marketing. Meanwhile, in countries such as Japan, China, and South Korea, where populations are declining and aging, we see business opportunities in adding value through the development of high-performance products and service solutions for diseases and aesthetics, as well as by providing personalized proposals in cooperation with dentists and other healthcare professionals.

*Cross-border regions classified based on GDP, income levels, consumer characteristics and trends

### Strategy by Market Type

| | | | | |
|---|---|---|---|---|
| Macro environment | Demographics | Demographic dividend | Aging populations | Depopulation and super-aging |
| | Oral healthcare challenges | Raising nationwide awareness of oral healthcare habits | | Improving oral functions in the elderly |
| Type | | Type I | Type II | Type III |
| Major countries and regions | | Bangladesh and Vietnam | Thailand and Malaysia (urban areas) | Japan, China (urban areas) and South Korea |
| Main market expansion opportunities | | Increased sales volume from promoting better habits (primarily products) | | Higher unit prices from added value (products and services) |
| Approach to business activities | | Popularization of general-purpose products and educational marketing<br>• Expand distribution of basic functional items<br>• Provide information about and strengthen sales of fluoride toothpaste | | Solutions for diseases and aesthetics, and personalized proposals<br>• Expand high-performance value-added products (in collaboration with dental professionals)<br>• Recommend regular health checkups, etc. |
| Fundamental strengths | | • Accumulated knowledge and expertise as the No. 1 oral healthcare company in Japan<br>• Measures addressing dental healthcare policies in each country<br>• Relationships with dentists and related organizations<br>• Group-wide system for promoting global oral healthcare | | |

**2nd STAGE**
**Target Group-wide CAGR of approx. 8%**

## Broadening Target Markets by Leveraging Our Strengths

As a new approach to expanding oral healthcare habits, we are working on broadening our target markets through the fusion of products and services. Since the 1st STAGE, we have pushed ahead with verifying new service businesses in Japan, such as launching services to support corporate health management and healthcare education for children, while leveraging the trust in Lion's corporate brand and the information assets related to self-care that we have accumulated over many years.

### FOCUS Supporting Corporate Health and Productivity Management® through Employee Dental and Oral Health—*Okuchi Plus You* (Since July 2022)

In recent years, oral healthcare has gained recognition as crucial for maintaining overall health. Attention to oral healthcare in the workplace has increased with the 2021 addition of the category "Employee education on dental and oral health" to the Health and Productivity Management Survey as part of efforts to improve health literacy.

In response, we launched *Okuchi Plus You* in July 2022. It is an oral healthcare service that supports health and productivity management by offering seminars by dental hygienists, saliva tests, e-learning, oral health score assessments, and products such as toothbrushes.

With inquiries primarily from companies and health insurance associations, the service exceeded 100 participating companies and reached over 50,000 employees by 2024.

Feedback from managers responsible for providing seminars and other educational experiences has been highly positive, with comments such as, "We learned much that we can implement immediately," "Participants are satisfied because the seminars are never boring," and "We have seen changes in employee awareness and behavior."

We will continue to enhance our services in order to promote the importance of dental and oral health in the workforce.

Reference: The *Okuchi Plus You* website

Note: Health and Productivity Management® is a registered trademark of nonprofit organization Kenkokeiei.

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# Accelerate Growth in Oral Healthcare

**FOCUS** Launch of New Dental Clinic Service *OraCo* (Launched in April 2025)

We have launched *OraCo*, a new service that supports the development of oral care habits through dental clinics. This innovative service enables dental hygienists* to provide personalized, online support to help individuals establish consistent oral care routines, thereby enhancing the preventive dentistry efforts of clinics.

Maintaining oral health requires both habitual self-care at home and regular visits to the dentist. Recognizing the need for a support system to ensure this, we developed *OraCo* to help encourage patients to continue following the oral care guidance they receive during their dental appointments.

*These are dental hygienists dispatched from Group companies to Lion Corporation.

*OraCo* supports oral care at home based on the guidance of dental clinics and encourages patients to maintain their oral care routines between visits. We launched the service in April 2025, and are providing it to patients of clinics primarily in the Kanto region, with plans to expand our service area. *OraCo* is a means for Lion to promote oral healthcare habits and help people develop positive habits.

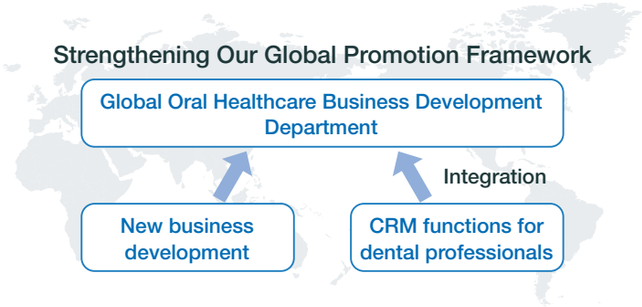
Reference: *OraCo* Official Website: https://oraco.lion.co.jp/ (Japanese only)

## Strengthening Our Oral Healthcare Promotion Framework

**Organizational Structure to Realize Global Expansion of Oral Healthcare Business**

We established the Global Oral Healthcare Business Development Department in January 2025. We have transferred and integrated functions and organizations that had been proactively developing new service businesses under domestic business divisions, as well as functions and organizations that were responsible for customer relationship management for dental businesses at affiliated companies. Now, we will focus on digital support to implement marketing methods for growing product and service businesses.

The aim is to integrate functions and organizations dispersed throughout the Company to create new business models from a global perspective and increase the speed of deployment to Asian countries. In the future, we will globally expand new activities that integrate products and services according to market type while further strengthening collaboration with dental professionals and related organizations in each country.




**Strengthening the Group's R&D Structure**

Core technology development, which is the source of innovation, will primarily be promoted in Japan and China. In particular, we aim to strengthen our innovation creation capabilities in the oral function domain—the abilities to chew, and enjoy talking—and we plan to increase the number of researchers in this field by 30% (compared with 2024) by 2027. In China, which serves as our central oral healthcare research and development base overseas, we established a wholly owned subsidiary, Lion Innovation Center (Shanghai) Co., Ltd., in 2023, and it began full-scale operations in 2024. Currently, it is creating new value through the collection of market and consumer information and collaboration with various external companies.

Going forward, we will continue to strengthen our capabilities as a Group to accelerate the growth of oral healthcare in Asia. Page 37

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# Strengthen Overseas Growth Initiatives

Lion has long been committed to the creation of better habits in various countries, regions, and aspects of daily living around the world. Through strong distribution capabilities of local partner companies and a brand strategy that effectively combines global and local brands, Lion has steadily expanded its presence in key overseas markets. In 2024, our overseas sales ratio reached 36%. Positioning overseas business as a key driver of Group-wide growth, we will continue striving to further grow sales and profits.

## 1st STAGE Results

During 1st STAGE, we achieved sales growth in key overseas markets, surpassing local market growth rates—particularly in China, South Korea, and Malaysia. We also laid the foundation for medium- to long-term business growth by entering new markets, launching operations in Bangladesh in 2022 and Vietnam in 2023.

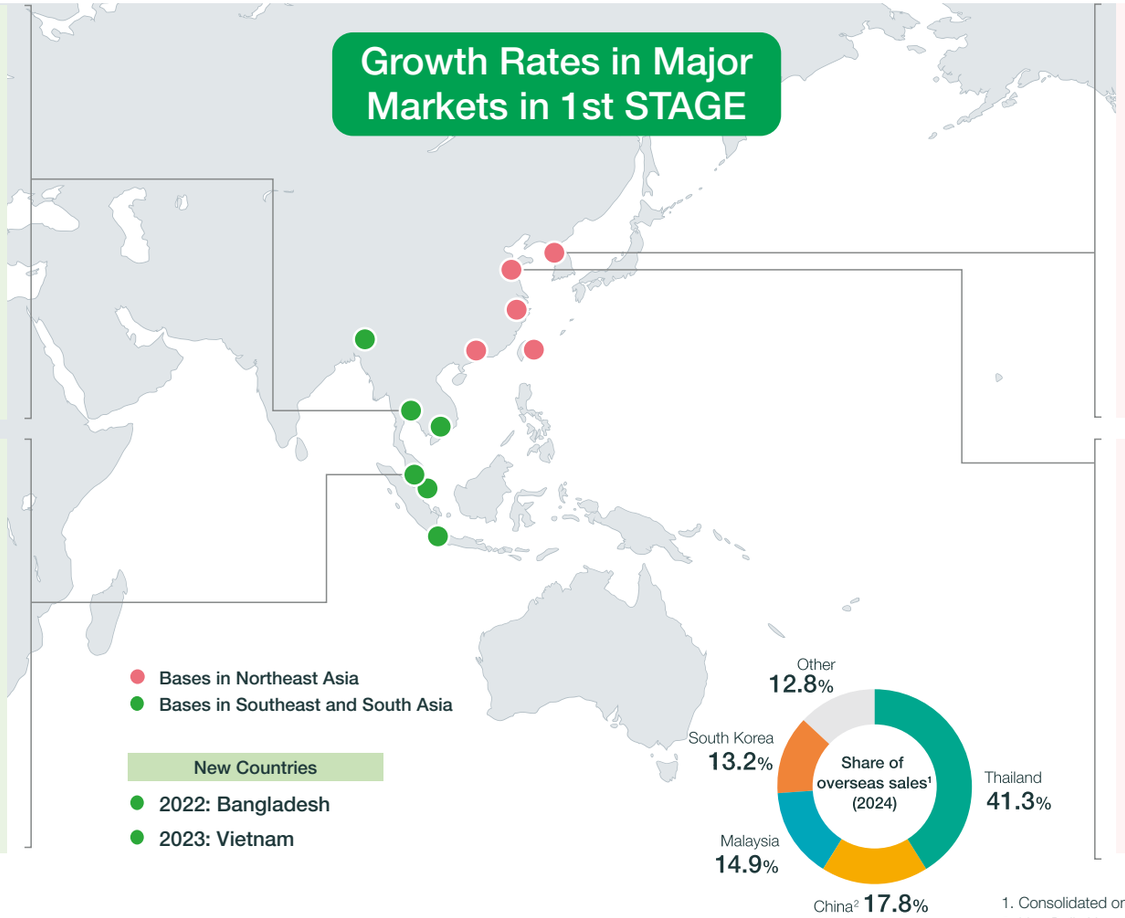
### Growth Rates in Major Markets in 1st STAGE

**Thailand**
(Lion Corporation (Thailand) Ltd.)
CAGR (From 2021 to 2024)
Net sales 3.9%
Market 6.6%

**Malaysia**
(Southern Lion Sdn. Bhd.)
CAGR (From 2021 to 2024)
Net sales 8.8%
Market 8.3%

**South Korea**
(Lion Corporation (Korea))
CAGR (From 2021 to 2024)
Net sales 8.2%
Market 4.9%

**China**
(Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.)
CAGR (From 2021 to 2024)
Net sales 13.5%
Market 1.9%




1. Consolidated only
2. Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.

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# Strengthen Overseas Growth Initiatives

## Toward Growth in 2nd STAGE

In our Overseas Business, we aim to continue growing in Asia by implementing a glocalization strategy based on a cross-border category approach.* In addition to top-line growth, we will achieve sustainable, profitable growth by shifting to high value-added products in our core laundry detergent category, mainly in Southeast and South Asia, and by increasing the proportion of products in the personal care field in our product mix, with a focus on oral healthcare products.

* Categories that span multiple countries and regions based on GDP, income level, and consumer characteristics and trends

### Strengthen Overseas Growth Measures

1. Continue growth through glocalization
2. Strengthen profit growth strategies in line with country-specific strategies

### Vision for 2nd STAGE (2024 → 2027)

Sales CAGR Approx. 10% (Total net sales)

EBITDA margin Approx. 2 pt increase

**Performance outlook for 2030: Overseas sales ratio of approximately 50%**

## Strengths and Growth Direction

Our strengths in Southeast and South Asia include multiple joint ventures with partners that have solid local distribution capabilities and delivery networks, backed by strong market positions for laundry detergents and other products.

A key focus in 2nd STAGE will be to leverage our strengths to shift from a product portfolio mix consisting mainly of detergents to one centered on the personal care field, with an emphasis on oral healthcare. We aim to shift toward higher-value-added products by effectively combining global and local brands and offering products across multiple price tiers.

| | Thailand (Lion Corporation (Thailand) Ltd.) | Malaysia (Southern Lion Sdn. Bhd.) |
|---|---|---|
| Competitive product lineups | • Body soaps<br>• Hand soaps No. 1 share<br>• Laundry detergents | • Laundry detergents No. 1 share |
| Strengths | Strong market position in laundry detergents and other products through collaboration with joint venture partners that possess robust local distribution capabilities, delivery networks, and connections with government agencies. | |
| | Joint Venture Partners | |
| | SAHA | Lam Soon |
| Growth direction | Expand the oral healthcare business | |

In Northeast Asia, we have robust local R&D and production organizations that accurately identify the needs of consumers in each country and region.

During 2nd Stage, we will rapidly develop high value-added products at Lion Innovation Center (Shanghai) Co., Ltd., our research subsidiary established in China in 2023. We will produce these products locally, and expand our offline sales areas to increase volume while maintaining profit margins. In South Korea, we will achieve stable and sustainable improvement in profitability by expanding highly profitable businesses and brands such as capsule detergents and eye drops.

| | China (Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.) | South Korea (Lion Corporation (Korea)) |
|---|---|---|
| Competitive product lineups | • Toothpastes<br>• Toothbrushes (Primarily in e-commerce channels) | • Hand soaps No. 1 share |
| Strengths | • Distribution capabilities reaching major retail outlets in large cities<br>• Local R&D and production organizations to meet consumer needs | • Local R&D and production organizations to meet consumer needs |
| Growth direction | Expand our offline sales areas (brick-and-mortar stores) | Expand high-profit businesses and brands |

Note: Market shares shown above are based on Lion's internal research, January–December 2024

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# Strengthen Overseas Growth Initiatives—Southeast and South Asia

## Thailand Developing the Oral Healthcare Business

In Thailand's oral healthcare market, we are nurturing the global *SYSTEMA* brand and enhancing measures to align our local brand *SALZ* with the lifestyles and needs of Thai consumers. In 2024, we launched the *SALZ Advanced Gum Care XL Toothbrush*, which has a large head that is tailored to local tooth brushing habits. In Thailand, the concept of "Mutelu" refers to supernatural forces believed to bring good luck and ward off evil. Addressing a growing trend among young people to incorporate this concept into their daily lives, we have also launched *SALZ Sanay Toothpaste*, a concentrated toothpaste with Mutelu-themed packaging and a flavor and fragrance popular among younger consumers. We are committed to creating better oral healthcare habits by addressing local needs and delivering value across borders.

*SALZ Sanay Toothpaste*

## Adding Value in the Body Soap Business

We are implementing initiatives to reinforce the position of the *Shokubutsu Monogatari* brand, which has the leading share of Thailand's body soap market. In 2024, we launched two new body soap series in Thailand—*SKIN BRIGHT AND PROTECTION Shower Cream* and *ANTI POLLUTION AND RELAXING Shower Cream*—which combine antibacterial and skin care functions. We have also kicked off sustainability initiatives to connect and gain the support of environmentally conscious Thai consumers. Initiatives include the launch of a product called *Shower Cream Orange Peel* containing an extract from wampee* peel that would otherwise be discarded.

We will continue to contribute to the widespread adoption of cleanliness and hygiene habits by providing high added-value products that are safe and reliable.

* A type of citrus fruit

*Shokubutsu Monogatari Shower Cream Orange Peel*

## Malaysia Strengthening Business Portfolio Management

In Malaysia's oral healthcare market, we designed a slimmer head for our *Systema* toothbrushes, which are number one in the mid-price segment. In addition, we revamped communications for the *Fresh & White* toothpaste series using our original polar bear character as its mascot. Meanwhile, *TOP* is Malaysia's number one laundry detergent brand, and we have introduced *TOP Liquid Laundry Detergent Soft Infusion*, which leaves clothes soft and fragrant. We also launched *TOPNANO Capsule Laundry Detergent* to serve the emerging market for capsule detergents. We will continue to enhance our response to diverse local needs and promote business portfolio management aimed at sales growth and enhanced profitability.

*Fresh & White*

## New Countries Entered during 1st STAGE

### Bangladesh

In 2024, we launched *Mama* liquid dishwashing detergent, *SYSTEMA* toothbrushes and *Shokubutsu* cosmetic soap in the Bangladesh market. We have also begun constructing a new factory to strengthen our supply system, with operations scheduled to begin at the end of 2025. We will continue to provide products that help make the lives of local consumers more comfortable.

### Vietnam

In 2024, we increased sales significantly by growing the Merap brand's ear, nose and throat category, as well as other pharmaceutical products such as eye drops. In 2025, we aim to further expand sales by broadening product sales channels and leveraging Lion Group synergies to launch products in new categories. Through these efforts, we will help make life healthier and more comfortable for local consumers.

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# Strengthen Overseas Growth Initiatives—Northeast Asia

## China* Strengthening Core Brands That Drive Growth in the Oral Healthcare Category

In China, we are carrying out initiatives that leverage Japan's reputation for quality to improve brand image and drive product roll outs in the oral healthcare category, focusing on the *SYSTEMA* and *CLINICA* brands. We are continuing to grow sales by expanding our business scope to include hand soap in the beauty care category, laundry detergent in the fabric care category, and pet care products.

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

### Expanding the Product Lineup to Meet Customer Needs

**White & White**

*White & White* toothpaste is popular among customers in China. To expand our sales reach, we are focusing on both Japan-made products and locally produced versions tailored to local needs.

**CLINICA**

This high value-added toothpaste, based on our Japan-made enzyme toothpaste and containing ingredients such as yeast, is especially popular in the e-commerce market.

**SYSTEMA**

Under this brand, we offer a lineup of toothbrushes with super-tapered bristles in various price ranges. Given the growing popularity of toothbrushes with a wide and super-thin head, we revamped our mid-priced lineup in 2024 with the aim of expanding our customer base.

We will propose better oral healthcare habits with products that add higher value.

## China Expanding Offline Sales Areas

Lion Daily Necessities Chemicals sells products online via e-commerce and offline via brick-and-mortar stores. Offline sales are mainly conducted through membership-based supermarkets and leading local supermarket chains in major cities, both in coastal and inland areas.

To help more customers improve their oral health and daily lifestyle habits, we must strengthen our presence in offline sales channels, where a large share of China's oral care market is concentrated.

Going forward, we will accelerate sales expansion in offline sales channels in smaller cities and surrounding regions by combining area-wide management—such as enhancing our sales structure, strengthening collaboration with distributors, and managing sales by channel—with sales activities tailored to the characteristics of each area.

## South Korea Further Improving Profitability through Portfolio Reforms

Lion Corporation (Korea) has built its business on hand soap, a category in which it holds the number one market position, and its long-popular *BEAT* brand laundry detergent. This subsidiary also contributes to product supply and cost efficiency as a Group production base.

Going forward, the company will expand its highly profitable brands and businesses to build a stable and sustainable profit structure. Specifically, it will accelerate growth and improve profitability in its pharmaceutical business by reforming the supply chain and strengthening collaboration with distributors. In the oral healthcare business, it will shift the product portfolio toward high value-added segments focusing on Japan-made products, while also strengthening its presence in the personal care field. Additionally, the company will work to stabilize profitability in its laundry detergent business by promoting the enhancement of high-margin capsule detergents and accelerating their expansion into additional countries and regions.

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# Reform the Profit Structure of Consumer Products

Since 2024, the Consumer Products Business in Japan has worked to reform its profit structure by shifting to high value-added products and executing price revisions, reducing SKUs,* and improving production efficiency. In 2nd STAGE, we will further accelerate these measures and implement additional ones, with the aim of increasing the EBITDA margin by 3 to 5 percentage points by 2027.

* Stock keeping unit: The smallest unit measured in inventory management

2nd STAGE Consumer Products EBITDA margin → +3–5 pts (2024 → 2027)

| Three Themes | 2024 (Results) | 2025 | 2026 | 2027 | 2027 EBITDA Margin (vs. 2024) |
|---|---|---|---|---|---|
| 1 Strengthen brand management<br>Promote efficient management aligned with the clear delineation of business fields | Streamline non-core brands<br>Transferred a topical anti-inflammatory analgesic brand and two health tonic drink brands | Develop products and expand markets to increase productivity per brand | | | +0.5–1 pts |
| 2 Streamline supply chain<br>Promote business structure reforms linked to SKU reduction | Optimize inventory, non-current assets, and indirect costs by reducing the number of SKUs<br>Reduced the number of SKUs by 64 | Optimize procurement through global purchasing<br>Optimize production and distribution systems | | | +1.5–2 pts |
| 3 Optimize pricing and competition-related expenses<br>Set prices and control expenses to maximize profits | Shifted to high value-added products and executed upward price revisions<br>¥4.2 billion in cost improvements<br>Optimized competition-related expenses<br>1.2 pt reduction in expenses | ¥3.5 billion in cost improvements planned<br>Streamline transaction structures<br>Improve sales approaches for low-profit items | | | +1–2 pts |

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# Message from the Director Responsible for Finance

**We aim to build momentum in improving profitability and restore consistent growth in corporate value.**

**Kengo Fukuda**
Representative Director,
Vice President and Executive Officer

## Steady Implementation of Measures to Rebuild Our Profit Base in 2024

2024 was the final year of 1st STAGE, which we launched to realize Vision2030. In 2024, we addressed the decline in profitability during 2022 and 2023 with the theme of rebuilding our profit base. We focused on reforming the profit structure of the Consumer Products Business in Japan and strengthening overseas growth measures to build a foundation for growth from 2nd STAGE onward.

In the Consumer Products Business, we steadily implemented portfolio reforms that involved increasing the added value of our products, revising pricing, and reducing SKUs, while also transferring non-core brands including a topical anti-inflammatory analgesic brand and a health tonic drink brand. Furthermore, we streamlined our production system, primarily in fabric care, in ways such as consolidating items produced. We generated steady growth in China and elsewhere outside Japan, and successfully increased the sales ratio of the highly profitable personal care field. These initiatives contributed to strengthening profitability for the year. However, we have only just begun improving performance, and need to further strengthen our profit base during 2nd STAGE.

During 1st STAGE, we made investments aimed at medium- to long-term growth, including expansion into Bangladesh and Vietnam, as well as the construction of a new factory building for pharmaceuticals at the Odawara Plant, completed in April 2025. We will work to ensure returns on these investments during 2nd STAGE.

During 1st STAGE, we also worked to enhance shareholder returns. In addition to increasing dividends once again, we introduced a new progressive dividend system, and implemented share buybacks and cancellations totaling ¥20 billion, thereby returning more to shareholders than initially planned.

## Aiming for Profitable Growth to Strengthen Profitability

2nd STAGE will build on the achievements and remaining issues of 1st STAGE, with emphasis on the theme of strengthening profitability, and the goal of enhancing corporate value by reforming the Group's profit structure and accelerating growth strategies in priority fields.

We will continue the profit structure reforms we initiated in the Consumer Products Business during 2024. Measures will include carefully differentiating business fields and brands in alignment with portfolio managemant, enhancing supply chain efficiency, and optimizing pricing and marketing expenses to build a robust profit structure resilient to changes in markets and the cost environment.

### 2024 Performance Highlights

**Overseas markets drove net sales, and profit structure reform helped us achieve our initial profit forecast, resulting in higher sales and profits for the first time in four years**

Net sales: ¥412.9 billion (Up 2.5% YoY; 0.7% above forecast)
Core operating income: ¥26.3 billion (Up 30.8% YoY; 14.5% above forecast)
EBITDA: ¥45.1 billion (Up 18.8% YoY)
ROIC: 5.8% (Up 1.1 pt YoY)

### 1st STAGE Financial Strategies (Cash Allocation)

**Reinvest in Growth**
- Began operating in Bangladesh in 2022 and in Vietnam in 2023
- Started construction of a new factory building for pharmaceuticals in Odawara in 2023

**Shareholder Returns**
- Increased dividends annually during the medium-term management plan
- Introduced progressive dividends (February 2024)
- Acquired and canceled treasury shares (February 2022 and February 2024)

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# Message from the Director Responsible for Finance

At the same time, overseas, we will continue to prioritize sales growth, but during 2nd STAGE, we aim to focus more strongly on profitable growth. Business structure reform will be key to achieving such growth. We intend to increase profits as our businesses expand, while maintaining or improving profit margins through measures informed by two perspectives: increasing the proportion of products in the personal care field* in each country, with emphasis on oral healthcare, and transitioning the product mix within categories toward high value-added products.

The management indicators we are emphasizing during 2nd STAGE are an EBITDA margin of 13% or higher, ROIC of 8–9%, and EPS CAGR of 11% or higher. Most important, these indicators are all rates and margins that reflect our strong determination to move forward with initiatives that focus on enhancing profitability and efficiency. Our goal is to improve our ability to generate cash, so we will manage our businesses with particular emphasis on gross profit margins as a means to assess product mix and pricing outcomes.

* Oral healthcare, beauty care and pharmaceutical categories

## Increasing Growth Investments Linked to Business Portfolio Management

Strengthening business portfolio management is a core strategy during 2nd STAGE because that will enable us to sharpen the allocation of management resources and evolve our business portfolio for greater profitability. While increasing the management efficiency of operations in Structural Reform to generate cash, the Group will also actively invest in growth in Top Priority oral healthcare, in the expansion of overseas businesses, including expanding operations into new countries and regions, and in the strengthening of the management foundation through initiatives such as investment in DX to support this growth. We expect growth investments to exceed ¥90 billion by 2027.

In the oral healthcare category, in addition to expanding our traditional oral hygiene product business, our primary investment objective is to acquire capabilities that will enable us to expand into new areas and markets, such as those related to chewing and swallowing functions. We will accelerate the generation of new business opportunities and strengthen our competitiveness through various initiatives, including the expansion of our service business launched in 1st STAGE and the utilization of our Lion Oral Health Fund to invest in venture companies in Japan and overseas that possess innovative oral healthcare technologies and businesses.

Overseas, we will focus on strengthening business development in the countries and areas where we initiated operations during 1st STAGE, while actively exploring additional investment opportunities for further growth. In Vietnam, a market we recently entered, we decided to make Merap Lion, in which we first invested in 2023, a wholly owned subsidiary. By leveraging Merap Lion's strength in the "doctor-recommended" model to create synergies and expand its application to other countries, we aim to build a highly profitable business model.

We will make investments after comprehensively considering return on capital and our financial position, while maintaining our commitment to continuously improving ROIC across the Group and widening the spread between ROIC and capital costs.

| Indicators | | 2027 Targets |
|---|---|---|
| EBITDA margin | Core business profitability and cash generation capacity relative to net sales | 13% or higher |
| ROIC | Efficiency and profitability of invested capital | 8~9% |
| EPS CAGR | Growth potential of earnings per share | 11% or higher |

## Further Enhancing Shareholder Returns

The Lion Group recognizes that continuous business growth and returning the value from that growth to shareholders are top management priorities. During 2nd STAGE, we will continue to pay consistent, stable dividends based on the progressive dividend system introduced during 1st STAGE, using a consolidated dividend payout ratio of 30% as a guideline. For 2025, the first year of 2nd STAGE, we plan to increase per-share dividends by ¥3.00 year on year to ¥30.00, marking the 10th consecutive year of dividend increases. Furthermore, as we are committed to growing earnings per share (EPS) during 2nd STAGE, we will prioritize growth investments and dividends, while also flexibly implementing share buybacks and cancelling treasury stock as appropriate.

We will work to restore a positive cycle of growth in corporate value by promoting efficient business operations with a strong focus on efficiency indicators such as EBITDA margin and ROIC, and by reinvesting the cash generated as a result into priority fields to achieve further growth. As the first year of 2nd STAGE, we see 2025 as crucial for building our profit base. We ask for the continued support of our stakeholders as we swiftly yet carefully implement the strategies outlined in our medium-term plan, making steady progress toward sustainable growth in corporate value.

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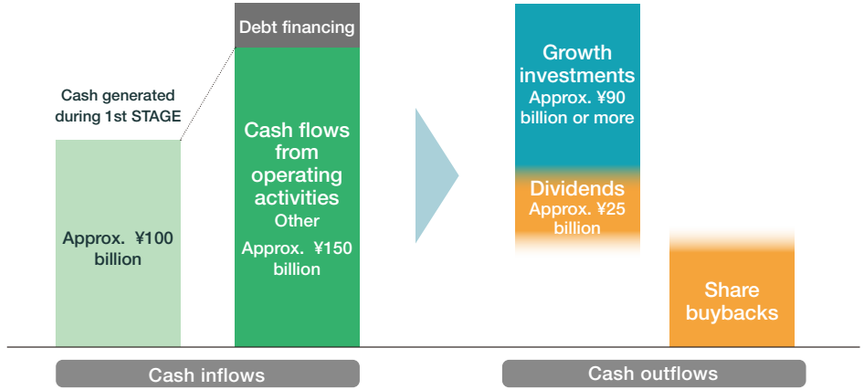
# Financial Strategy

**In 2nd STAGE, we will increase cash generation through measures to strengthen profitability. We will also concentrate growth investments in priority areas and enhance shareholder returns by continuing the progressive dividends policy introduced in 2024, as well as by conducting flexible share buybacks and canceling treasury stock.**

## Cash Allocation

We will generate approximately ¥150 billion in cash, exceeding the amount generated during 1st STAGE, and use it to strengthen growth investments in priority fields such as oral healthcare and overseas operations, as well as shareholder returns.




**Cash Generation Exceeding 1st Stage**

- **Growth centered on personal care**
- **Price increases and more high-value-added products**
- **Inventory optimization and improved asset efficiency**

+

- **Effective use of debt**

**Reinvest in growth**

- **Growth investments expected to total ¥90 billion for capital expenditures, M&A, and other purposes, centered on oral healthcare and overseas operations**

+

**Additional investments expected for growth in oral healthcare and other businesses, contingent upon investment opportunities**

**(Not included in the ¥90 billion estimate above)**

## Shareholder Return Policy

We aim to increase dividends each year during 2nd STAGE, based on the progressive dividends policy introduced in February 2024. In addition, we will flexibly conduct share buybacks and cancel treasury stock, taking into account factors such as the progress of investments.

**Lion's Shareholder Return Policy**

**Aim to maintain stable and continuous dividends based on a policy of progressive dividends, with a target consolidated dividend payout ratio of 30%**
**Conduct share buybacks based on a comprehensive assessment of internal capital reserves required for medium- to long-term growth**

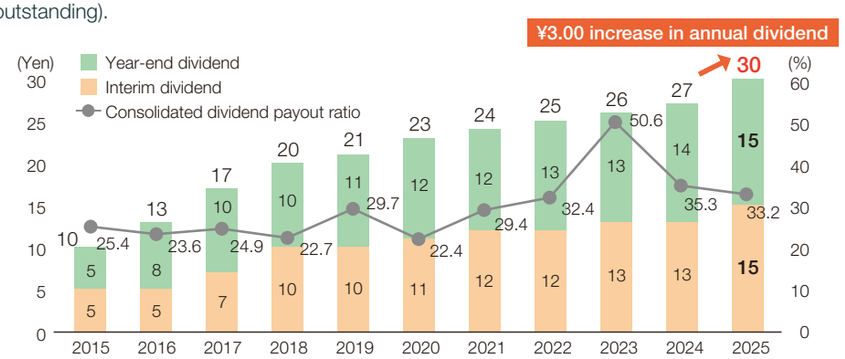
**1st STAGE Results**

- Increased dividends for three consecutive years, with a ¥1.00 increase each year
- Conducted share buybacks and cancelled treasury stock totaling approximately ¥20 billion (2022 and 2024)
- Introduced a progressive dividends policy

**2nd STAGE Policy**

- Target dividend increases in each of the three years (12 years of consecutive increases since 2016)
- Flexibly conduct share buybacks and cancel treasury stock

In line with the above policy, we plan to increase the annual dividend for 2025 by ¥3.00 to ¥30.00 per share, with an estimated dividend payout ratio of 33%. Additionally, on May 7, 2025 we canceled a portion of our treasury stock holdings (approximately 1.63% of total shares outstanding).




Basic Dividend Policy: Based on a policy of progressive dividends, we aim to achieve dividend increases through earnings growth, with a target consolidated dividend payout ratio of 30%

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# Turning Strategy into Action

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# Human Capital

## Human Resource Reform Initiatives to Date

Since 2019, under Vision2030 1st STAGE (2022–2024), we have pursued the LION Professional Fulfillment Reforms, aiming to enhance the professional fulfillment of every employee. As part of this initiative, we have introduced and implemented systems that support autonomous work styles and encourage individual growth and contributions. These efforts have enabled us to harness diverse talent and foster autonomous career development. Going forward, we will focus on leveraging the capabilities and potential of each and every employee to drive organizational initiatives that successfully execute management strategies and improve corporate value. We will fully leverage the intended impact of the various systems introduced in 1st STAGE, utilizing the power of our people and organization to achieve our management vision in 2nd STAGE.

### Moving to the Next Phase of Human Resource Development Strategies in 2025

| 2019–2020 | 2021–2024 | 2025–2027 |
|---|---|---|
| LION Professional Fulfillment Reforms (launched 2019) | | Evolve into an organization that mobilizes individual capabilities to drive business results |

| Systems for autonomous work styles | | Systems for encouraging individual growth and contributions | |
|---|---|---|---|
| Initiated Lion Career Village | 2019 | Work style reform | 2021 |
| Initiated telecommuting and a flexible dress code | 2019 | Relationship enhancement program | 2021 |
| Rolled out "GENKI" Action | 2019 | Launch of new personnel system | 2023 |
| Career design support | 2020 | Job group-based personnel management | 2023 |
| Side job system | 2020 | New re-hiring system introduced | 2024 |

Phase for accelerating initiatives to achieve the goals of Vision2030 and robust profitability

### Key Outcomes of LION Professional Fulfillment Reforms (2021–2024)

| | 2021 | 2024 |
|---|---|---|
| Work management: Number of side job applications | 51 cases | 77 cases |
| Work style: Annual paid leave used | 67.1% | 77.7% |
| Relationship strengthening: Relationship enhancement program participation rate for management personnel | 18.3% | 90.1% |
| "GENKI" Action: Professional preventive dentistry care campaign use | 37.2% | 55.9% |

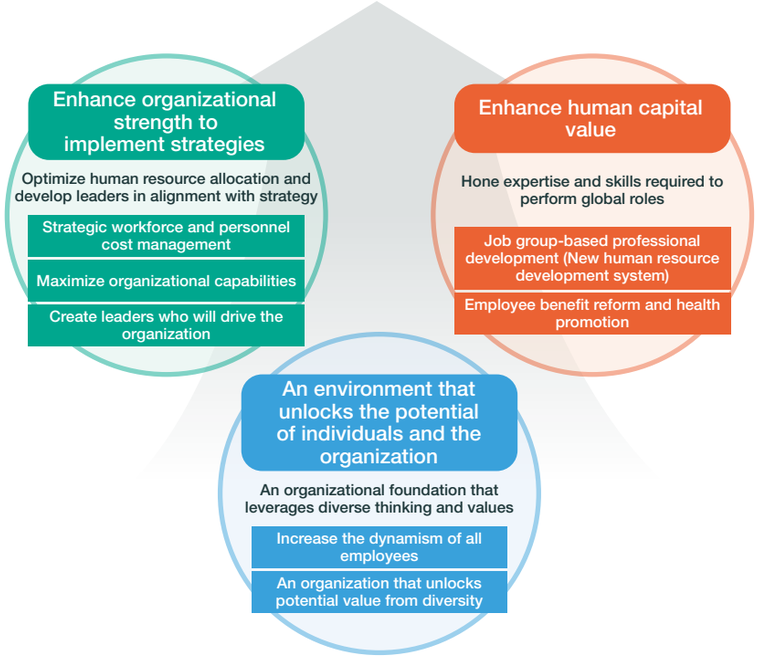
## Direction of Human Resource Development Strategies Going Forward

Regarding strengthening profitability, executing our basic policies of "Strengthen business portfolio management" and "Strengthen management base" requires that we strategically manage our talent portfolio through hiring and allocation of personnel in priority areas. We are doing so by acquiring human resources in those areas, as well as by enhancing leadership and problem-solving capabilities to drive organization-wide results. At the same time, we are reviewing the roles and functions of our management team to strengthen organizational management and enhance the value of our human capital.

### Three Pillars of Human Resource Strategy in 2nd STAGE

Fulfill Vision2030 and enhance corporate value

Create dynamism throughout the organization and maximize the productivity of our people and organization



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# Human Capital

## Overview of 2nd STAGE Human Resource Development Strategies

In 2nd STAGE, our human resource development strategies will shift from the previous focus on professional fulfillment reforms for individual employees to generating organizational dynamism by aligning the collective strength of teams and the broader organization with the Company's strategic direction.

### Strengthen the Organization to Enhance Corporate Value

We have established three pillars and seven key performance indicators (KPIs) for our human resource development strategies. Our aim is to enhance human capital value through capability development that hones individual expertise and skills, enhance organizational strength to achieve targeted outcomes, and cultivate a corporate culture that unlocks the potential of individuals and the organization.

We are investing in recruiting and human resource development to increase the productivity of each and every employee, and have set the ratio of EBITDA to personnel costs as a key goal indicator (KGI) for 2030. We want individual employees to both grow and contribute significantly to improving corporate value.

### Highest-priority Issues

In the 2nd STAGE of the medium-term management plan, we aim to strengthen profitability by accelerating growth in oral healthcare, strengthening measures for growth of the Overseas Business, strengthening the Group's R&D structure and promoting Company-wide digital transformation. As we approach 2030, competition for talent is expected to intensify. In this environment, a key challenge in evolving into an organization capable of executing these four strategic initiatives is enhancing human resource capabilities and improving organizational productivity.

**Vision**

**Human capital and organizational vision**

Create an organization that can mobilize individuals to address new challenges and produce results

**Achieve our management goals in 2nd STAGE**

↑

**Create dynamism throughout the organization**

↑

Mobilize individuals to achieve results as an organization
**Organizational capabilities**

⇔

Learn autonomously and work with dynamism
**Individual human capital**

**The Three Pillars of Our Human Resource Development Strategies**

**Personnel issues aligned with management strategy**

Develop human resources in line with management strategy and improve the organizational talent portfolio both quantitatively and qualitatively

**Enhance human capital value**

Acquire and hone expertise that will give Lion the power to succeed organizationally and internationally

**Enhance organizational strength to implement strategies**

Successfully align our talent portfolio with strategy and enhance our ability to mobilize individuals to produce results as an organization

**An environment that unlocks the potential of individuals and the organization**

Create an environment that leverages the diversity of our workforce to create new value and enhances employee engagement

**KPIs and Targets**

**Process indicators**

| | KPIs | Numerical targets for 2027 |
|---|---|---|
| Enhance human capital value (Page 34) | Invest in human resource development to hone expertise | ¥21,000/person (Amount per person for specialized education only) |
| | Absenteeism | Less than 1.1% |
| Enhance organizational strength to implement strategies (Page 33) | Talent portfolio aligned with strategy (Workforce plan fulfillment rate) | 100% |
| | Team-based performance competencies (Average score across defined criteria) | 73 or higher for managers |
| | Management leader candidates who drive strategy (Fulfillment rate relative to the number of designated positions) | 100% or higher |
| An environment that unlocks the potential of individuals and the organization (Page 34) | Employee engagement | 75% or higher |
| | Diversity among decision makers | Women 24.6%<br>Mid-career hires 14.3% |

Note: Target values for the above KPIs are for Lion Corporation

**Outcomes**

**KGIs**

Enhancing the capabilities of our people and organization to enhance corporate value

**Corporate value**
**EBITDA**

**Group personnel expenses**
**Human capital**

| 2024 Result | 2030 Target |
|---|---|
| 0.84 | 1.1 |

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# Human Capital

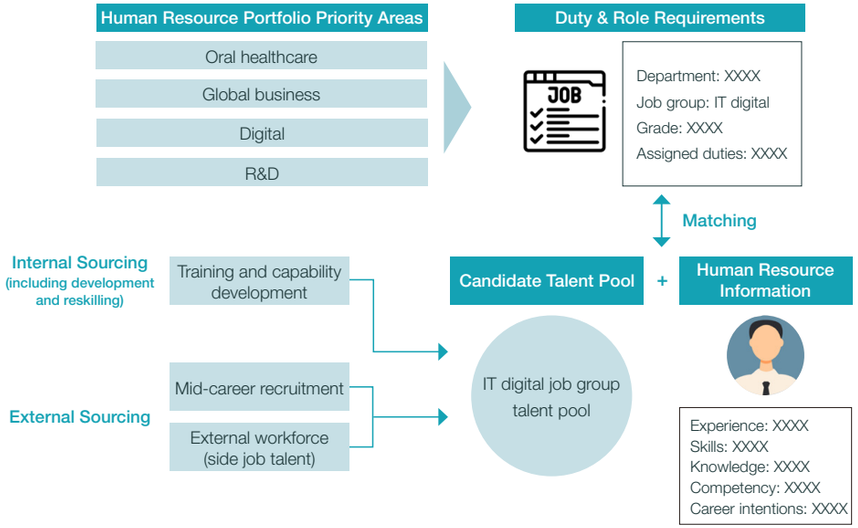
## Specific Actions to Advance in 2nd STAGE

**Enhance Organizational Strength to Implement Strategies: Realizing a Human Resource Portfolio That Aligns with Strategy and Strengthening the Organization's Ability to Generate Results**

We will enhance our organizational capabilities to execute strategies by implementing a talent portfolio linked to management strategy and human resource initiatives based on that, and by advancing position and talent management that enables flexible organizational management and ensures the right employees are in the right roles.

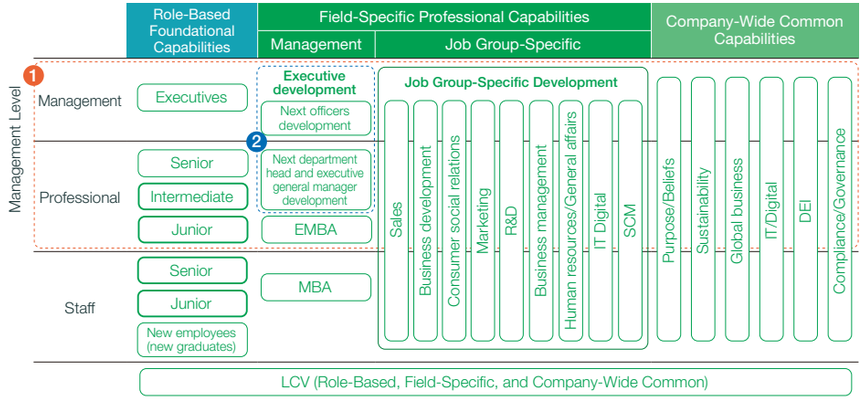
### Implementing Recruitment and Placement Based on the Human Resource Portfolio

We have begun managing human resources by establishing job groups as the primary specialized field for each employee. We also collect information on individuals' desired job groups and duties through an annual Career Design Sheet and centrally manage this information in a talent management system, creating an environment where the HR department and managers can access it. Utilizing this human resource information management system, we plan to advance the placement of existing human resources by identifying internal talent that matches the necessary requirements and complement our human resource portfolio through mid-career recruitment from outside the Company.




### Strengthening Organizational Management to Execute Strategy

We will introduce various training programs to develop role-based foundational capabilities across the Company, aiming to develop the ability to understand one's role in achieving organizational goals and foster independent thinking and action. In particular, we will strengthen the management capabilities of management personnel to establish challenges and lead teams. They will be divided into three levels —junior, intermediate, and senior—based on their responsibilities and scope of work, with programs tailored to the standards required for each level. Through strategic organizational design and the acquisition of analytical frameworks that enable swift and effective decision-making, we are working to develop capabilities that enhance our ability to deliver results by establishing organizational goals aligned with management objectives. (See ❶ in the figure.)




### Developing Next-Generation Managerial Talent to Drive Vision2030

This program aims to select and develop next-generation managerial talent to lead the organization. We will nurture talent capable of leading the business both domestically and internationally through education at overseas business schools, etc. (See ❷ in the figure.)

Next-generation managerial talent development training

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# Human Capital

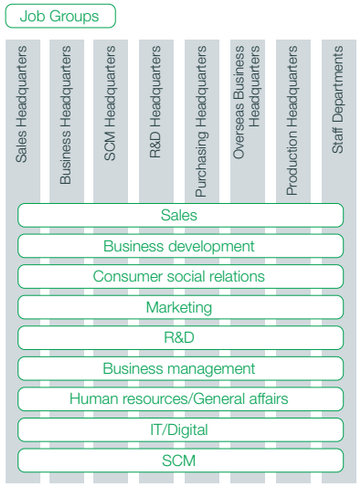
**Enhance Human Capital Value: Acquisition and Enhancement of Individual Expertise**
To develop professionals who can compete in a global environment, we will promote various initiatives such as job group-specific development programs to enhance expertise, opportunities for self-directed learning and autonomous career development, the development of healthy habits, and flexible work styles to support individual "professional fulfillment" and "enhancement of human capital value."

### Job Group-Specific Development Programs

To develop professional talent with high expertise, we will engage in cross-organizational human resource and career development by job groups,* which bundle job types and functional areas in support of Vision2030. We appoint executives with high expertise in each job group to serve as group heads and group leaders. We have organized human resource requirements that clarify the knowledge and skill levels needed in each job group and have initiated job group-specific development programs as of January 2025. We will present career paths based on expertise to employees and cultivate the professional talent necessary for each business.

* A job group is a cross-organizational classification of specialties that bundles functions and job types requiring similar expertise. It is established for career paths with defined specialized areas and serves as a category for implementing capability development within specialized fields, aimed at cultivating professional talent.

**Job Group Image**




**An Environment That Unlocks the Potential of Individuals and the Organization: Creating an Organization That Leverages Diversity for New Value Creation**
Based on the idea that leveraging employees' diverse knowledge and experiences leads to new ideas and innovations for creating better habits, we will also focus on fostering an environment that brings out the strengths of diverse talent, regardless of gender or career background.

### Women's Advancement Promotion Program

We conduct next-generation leader development training at various levels across the Company to create opportunities for women's advancement. In particular, the empowerment seminar held for women just before they are assigned management positions not only draws out career motivation but also categorizes participants by career type and living environment, offering guidance on work-life balance and enhancing skills for each group.

### Program for Mid-Career Hires

In 2024, we launched a mid-career onboarding program to help mid-career hires quickly familiarize themselves with the environment and contribute as soon as possible. We provide broad support through HR interviews, group training, workplace visits, and more, offering psychological support, sharing our vision and values, and building internal networks.

Empowerment seminar

Mid-career onboarding training

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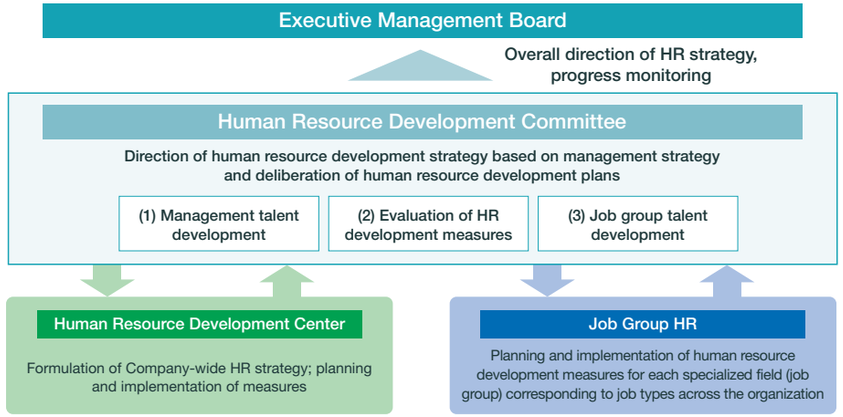
# Human Capital

## Governance in Human Resource Development Strategy

### Human Resource Development Strategy Implementation System and Governance

The Lion Group recognizes that enhancing human capital is a significant management issue and has therefore established the Human Resource Development Committee, composed of officers, to discuss various matters and measures related to human capital. The management team provides direction and monitoring for our overall HR strategy, which includes developing management talent, cultivating outstanding talent by job group, training select junior employees, and implementing human resource management measures aimed at realizing the human resource portfolio.




### Human Capital-Related Indicators in Sustainability Material Issues

Starting in 2025, we will promote the following indicators:

| Material Issues | Objectives (2030) | Indicators (2030) | |
|---|---|---|---|
| Promoting Diversity, Equity and Inclusion | Establish an organization that enables new value creation by appointing decision-makers with diverse values, thinking, and attributes. | • Percentage of women in management | 30% or more |
| Promoting Work-Life Enrichment | Create an environment that helps employees fulfill their ambitions through synergy between work and private life. | • Percentage of employees who feel they can autonomously choose when and where to work according to their lifestyle<br>• Percentage of employees who feel their workplace fosters a culture of mutual respect for life outside of work | Average of the two indicators: 80% or higher |
| Developing Human Resources | Strengthen employees' problem-solving skills to ensure that each individual can contribute to the execution of our management strategy. | • Average score* across four competencies—goal setting, solution orientation, critical thinking, and logical reasoning—in multi-source behavioral assessments<br>* Based on a 0–100 scale using a multi-rater evaluation method (360-degree feedback) conducted by an external provider, incorporating input from supervisors, subordinates, and colleagues | Management: 76 or higher<br>Non-management: 68 or higher |
| Improving Employee Health | Support mental and physical healthcare for employees to reinforce Group human resources and achieve sustainable corporate growth. | (1) Japan: Dental check-up participation rate<br>(2) Overseas: Participation rate in company-level preventive dental care programs<br>(3) Absenteeism rate | (1) 100% participation<br>(2) YoY improvement<br>(3) Improvement from 2024 levels |

## External Evaluations in the 1st STAGE

### Included in the Health & Productivity Stock Selection for Two Consecutive Years
### Also certified as a Health & Productivity Management Outstanding Organization (White 500) for Eight Consecutive Years

We are conducting activities aimed at fostering healthy habits among employees. These activities include a health point system where points can be earned daily by accomplishing health-related missions like brushing teeth after lunch or recording weight, and awareness-building activities to promote preventive dental visits. Additionally, we contribute to the health promotion of a wide range of people through the provision of technologies and services such as saliva tests and health risk prediction tools. As a result, Lion was included in the Health & Productivity Stock Selection for two consecutive years and certified as a Health & Productivity Management Outstanding Organization (White 500) for eight consecutive years.

### Received the Grand Prize at the 6th Platinum Career Awards

Our system for promoting the penetration of initiatives and supporting challenges, aimed at bringing waves of transformation to the entire organization through the dynamism of autonomous individuals, received high evaluation. These initiatives include:

- Systematic deployment of various support initiatives for career autonomy
- Development of the learning platform Lion Career Village
- Promotion of active interaction among employees and autonomous work styles following the head office relocation
- Expansion of contact between employees and officers through discussion sessions with the president and officers

### 2024 Excellent Company Award for Employment of Persons with Disabilities (Tokyo Governor's Award)

Lion Tomoni Co., Ltd., the Lion Group's special subsidiary, received the Excellent Company Award for Employment of Persons with Disabilities (Tokyo Governor's Award), which recognizes companies with distinctive and outstanding initiatives in employing persons with disabilities. The company was highly praised for reducing work errors through detailed manuals and handmade tools, as well as for its engagement in product development and related work.

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# Initiatives to Create Positive Habits

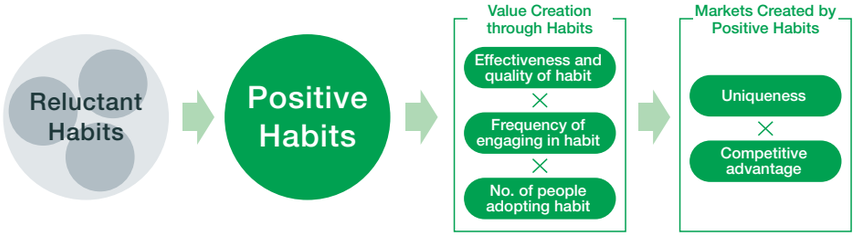
**Lion does more than supply the products it manufactures—we have expanded our business by helping people build better habits. Drawing on insights gained through years of consumer research, we will continue to focus on developing mechanisms that create Positive Habits to improve people's everyday lives.**

## The Significance of Creating Positive Habits

For many years, Lion has contributed to people's daily lives and addressed evolving social issues by proposing habits, such as tooth brushing and hand washing, that are now taken for granted, through the provision of products closely integrated into everyday routines. From the consumer research we have conducted in the course of these activities, we developed our own approach to habit formation, which we call Positive Habits.

Through this research, we found that daily life includes many tasks people perform reluctantly out of necessity, some of which become Reluctant Habits repeated over time. Lion is committed to turning these Reluctant Habits into Positive Habits by offering solutions through its products and services that make everyday routines more positive for customers and society.

In today's mature consumer goods markets, we will focus on unresolved Reluctant Habits as a source of unique new axes of competition, swiftly proposing and refining value that only Lion can deliver to create new markets in which we will hold a competitive advantage.




## Transforming the Value Development Process to Create Positive Habits

We will create Positive Habits by introducing a process for new value development through which we can anticipate emerging social trends, refine that value, and put it into practice.

**1. New Value Development Process:** In addition to our conventional hypothesis-based process built around existing technologies and customer surveys, we will introduce a process that uses proprietary AI to analyze vast amounts of information from social media and other sources to identify emerging social trends—new business opportunities—that are present in everyday routines and often go unnoticed by consumers themselves. Lion will not limit its new approach to Japan. We will also use AI to analyze data from posts on major social media platforms and e-commerce sites in China, along with other measures that enable us to proactively identify consumer insights both in and outside Japan, enhancing our ability to make proposals that create value.

**2. Value Refining Process:** As consumer values become more diverse and points of contact in areas such as digital media increase, it is becoming more difficult to deliver value that truly connects through traditional one-way mass-market proposals. We will implement a value development process both in Japan and overseas, starting with small-scale value propositions based on emerging trends, introduced through limited e-commerce malls and select retail outlets. By analyzing data on consumer behavior and preferences, we will refine these offerings into products and services that resonate with a diverse range of consumers. In Japan in particular, Lion will further refine its Lidea media platform into a two-way data verification platform. Our objective is to capture consumer reactions directly to further improve communication and product responses.

In this way, by proactively developing value that anticipates emerging needs and proposing it through our products and services—while deepening our understanding of consumers—we believe that we will grow the number of customers who resonate with our ideas, increase both the number of users and frequency of use, and help make these behaviors everyday habits. Through this transformation of our value development process, we aim to generate Positive Habits.

### 1. New Value Development Process (Identify emerging social trends)

Acquire data from open data sources

Use AI to analyze data

Identify insights based on emerging societal trends and signals

### 2. Value Refining Process (Begin on a small scale)

Launch in limited e-commerce malls and select retail outlets

Tailor digital marketing to owned and retail media, and prototype through direct dialogue with customers

Use purchase data, behavioral data, word-of-mouth, and reviews to inform analysis, product development, and communication

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# Research and Development and Intellectual Property Strategies

**To ensure successful execution of 2nd STAGE, Lion is advancing and innovating its core technologies, expanding the proposal domain in oral healthcare, extending research areas to accelerate overseas business growth, and strategically reallocating researchers to strengthen development systems across the Group.**

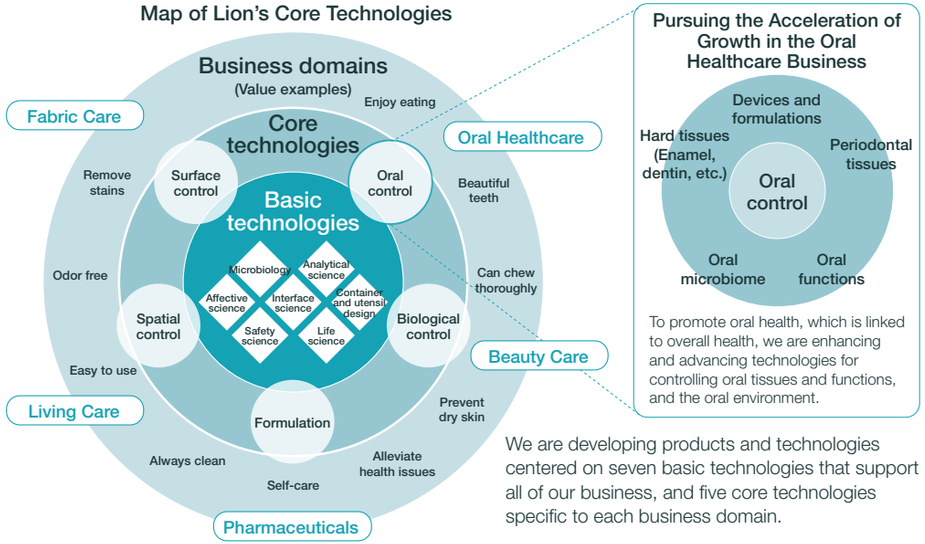
## Lion's R&D Strategy

Lion's R&D teams accelerate research activities by engaging in open innovation, drawing on extensive consumer research expertise built up over many years through direct consumer contact, and leveraging core technologies specific to each business, supported by basic technologies that underlie all our businesses. We contribute to the creation of better habits by generating innovative value through the integration of internal and external technologies.

To accelerate growth in oral healthcare, we are focusing on research into oral hygiene and oral function, which are connected to overall health. For instance, in collaboration with Cykinso, Inc. we have begun focusing on the oral microbiome, an important element in maintaining oral health, to propose optimal oral healthcare habits. Additionally, through collaboration with TechDoctor, Inc., which has expertise in developing digital biomarkers to visualize an individual's physical and mental condition in a measurable and data-driven manner, we aim to enhance each consumer's quality of life.

Going forward, we will continue to accelerate the enhancement and innovation of our core technologies through partnerships with universities, research institutions, and corporations, helping to drive Lion's innovation, including from the perspective of sustainability.

### Map of Lion's Core Technologies




We are developing products and technologies centered on seven basic technologies that support all of our business, and five core technologies specific to each business domain.

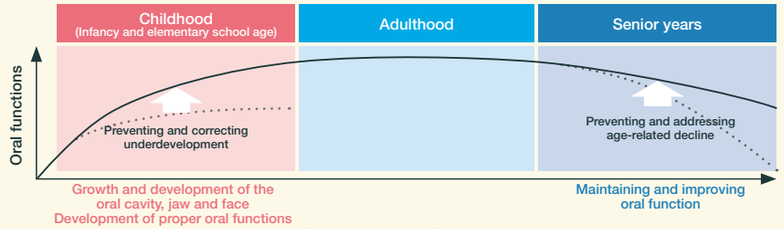
## Oral Hygiene and Oral Function Research

To achieve oral health, which is linked to both overall physical and mental well-being, we are enhancing the value of traditional oral hygiene habits focused on the prevention of caries and periodontal disease. In addition, we are advancing research into oral function habits such as chewing, swallowing, and enjoying talking. The latter includes research for both developing appropriate oral functions in childhood and maintaining and improving them in senior years. To accelerate these initiatives, we also collaborate with government agencies and specialists.

**Oral Hygiene Habits**
Preventing oral diseases such as caries and periodontal disease

+

**Oral Function Habits**
Ability to chew, swallow, and enjoy talking




Source: Prepared by Lion based on *Dental Care (Part 1)* by the Central Social Insurance Medical Council (Ministry of Health, Labour and Welfare), July 31, 2013

### Focus — Open Innovation in Oral Healthcare

The study on the relationship between oral care behavior and productivity,[1] conducted in collaboration with Hitachi Health Care Center of Hitachi, Ltd., received high academic recognition, and an invited lecture about the study was presented at the Industrial Dental Health Section Forum during the 97th Meeting of the Japan Society for Occupational Health.[2] We will continue to acquire new insights through co-creation with external partners and communicate them while utilizing our findings in developing products and services that create value that supports the formation of better habits.

1. *Making Dental Checkups More Accessible to More People and Companies—Hitachi and Lion Confirm That Dental Checkups Prompt Better Employee Oral Care Behaviors and May Improve Productivity*
https://doc.lion.co.jp/uploads/tmg_block_page_image/file/8952/20230601.pdf
2. *Usefulness of Dental Checkups at Companies—Oral Health and Presenteeism* (May 2024)

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# Research and Development and Intellectual Property Strategies

## Strengthening the Lion Group's R&D Structure

Lion is working to quickly optimize R&D functions within the Group, responding to the rapid changes in overseas markets to achieve timely research and technology development that sets the Group apart from competitors globally and locally. We are shifting from a development structure focused on R&D in Japan to one where Japanese and Chinese research and development drive enhancement and innovation in core technologies from a medium- to long-term perspective for use across the Group. Meanwhile, R&D teams in each country focus on product development aligned with each country's business characteristics in order to address diverse consumer needs.

Lion Innovation Center (Shanghai) Co., Ltd., which became fully operational in 2024, is accelerating the creation of new value by actively incorporating Chinese technology trends and integrating them with our established core technologies. At the same time, the company is strengthening efforts to enhance the quality and productivity of research and development through initiatives such as the proactive use of data science.

By strengthening the Lion Group's R&D structure, we will expedite the creation of better habits.

### Lion Group's R&D Sites

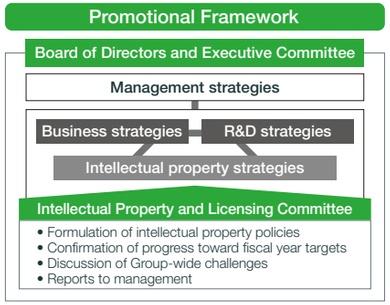
- Positioning Japan and China as hubs for technological innovation, with a focus on enhancing and innovating core technologies
- Strengthening product development capabilities aligned with each country's business characteristics

WEB Research and Development
https://www.lion.co.jp/en/rd/

## Intellectual Property Strategy and Promotional Framework

Lion's basic policy for intellectual property is to create, properly protect, and actively utilize its own intellectual property, while respecting the intellectual property rights of others.

The Intellectual Property Department is a specialized unit under the direct control of senior management. Under the supervision of the Board of Directors, it formulates and implements intellectual property strategies and investments aligned with the overarching Group-wide management strategy.



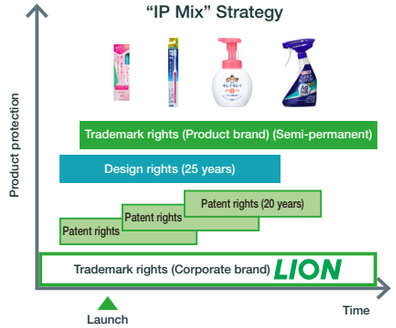

## Intellectual Property Activities for Accelerating Overseas Growth

Lion employs an "IP mix" strategy both in and outside Japan, safeguarding products with multiple intellectual property rights, including patents, trademarks, design rights and copyrights.

As our market position overseas improves, counterfeit goods are on the rise. We are actively working to curb their proliferation through the enforcement of rights based on our "IP mix" strategy.

Moreover, by collaborating with overseas subsidiaries and local administrative agencies, we are able to detect and crack down on counterfeit goods at an early stage, ensuring that our customers overseas receive safe and reliable products.

### Model of IP Mix of Patent, Design and Trademark Rights




## Development and Recognition of Intellectual Property Personnel

Aiming to encourage active employee involvement in intellectual property initiatives, Lion operates a patent incentive program and presents the annual Contribution Awards for Intellectual Property to recognize employees who have made significant contributions in this area.

We also support employees in obtaining IP Analyst certification from the Association of Intellectual Property Education, with the aim of cultivating talent capable of promoting development and business activities by leveraging intellectual property information.

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

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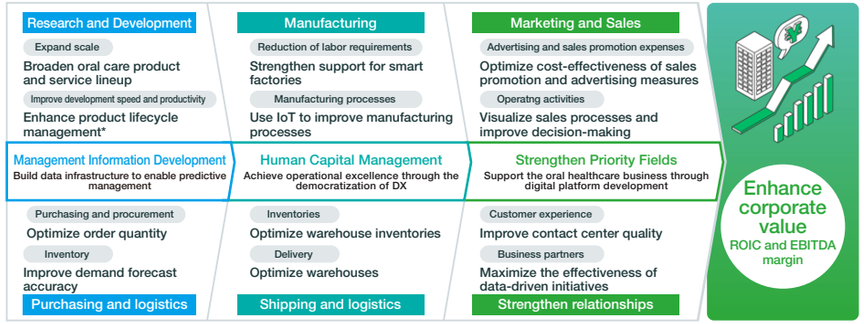
# Digital Transformation (DX) Strategy

LION DIGITAL TRANSFORMATION LDX 習慣を科学する

**The slogan for Lion's digital strategy is "The Science of Habits." In expressing our desire to create value that leads to better habits, it takes a scientific approach, applying digital technologies and data science to behavior and habits. Deploying digital technology will enhance business management, improve business efficiency, and strengthen priority fields. These efforts will contribute to achieving the 2nd STAGE theme: "Strengthen profitability."**

## Digital Strategy ahead of 2030

We aim to increase the Group's corporate value by deploying digital technology to enhance business management, improve business efficiency, and strengthening priority fields.




* Product lifecycle management: A system for comprehensively managing the entire lifecycle of a product, from planning and design through production, sales and discontinuation

WEB ▶ **Digital Transformation (Japanese only)**
https://www.lion.co.jp/ja/company/dx/

## Building Data Infrastructure to Enable Predictive Management

We are working to centralize data dispersed across departments and business units to establish Company-wide integrated information management. By automating data organization and processing, we are building a system that provides near real-time access to the latest management information, enabling faster decision-making. Constant monitoring of key goal and performance indicators (KGI/KPI) based on centralized data helps ensure early detection of anomalies and issues, enabling timely responses. In addition, by analyzing historical data and trends we can develop multiple future scenarios and assess the potential impacts and risks of each scenario, thereby supporting more sophisticated decision-making under uncertainty.

## Operational Excellence through the Democratization of DX —Leveraging Generative AI

The IT department is leading the development of tools for using generative AI in each business division and is supporting data usage, thereby expanding the scope of use throughout the Company and Group companies in Japan.

In June 2023, we initiated Group-wide access to LION AI Chat, a chat tool we developed in-house. In 2024, the use of generative AI will be central to business efficiency. This will promote operational excellence by creating an environment in which employees outside the IT Department can easily create business systems incorporating generative AI. Our initiatives resulted in an Excellence Award at Japan Generative AI Awards 2024, hosted by Generative AI Japan in December 2024. To ensure that our digital strategies can be autonomously implemented across all of our organization, we are working to visualize the digital skill levels of all employees and focusing on developing personnel who will lead digital initiatives. By 2026, we plan to have developed 1,000 such digital personnel, which is equivalent to roughly 30% of our workforce.

## Building Service Infrastructure for Expanding Oral Healthcare

We are expanding the digital service platform for the oral healthcare business to accelerate growth and promoting in-house development of web services and the use of image recognition technology and generative AI technology. Going forward, we will use data analysis more extensively to promote service growth and enhance customer experience.

To obtain evidence related to oral healthcare and promote health and productivity management, we are collaborating with external experts to analyze medical and dental health checkup results, as well as receipt data from medical fee statements issued by medical institutions. We conducted a statistical analysis of data from Lion employees who provided consent and found that consistent oral care habits and good oral health have the potential to reduce medical costs associated with lifestyle-related diseases. This research received the Poster Excellence Award at the National Conference of the Japanese Society for Occupational Health in October 2024. We are now expanding the scope of data analysis through collaborative research with another company.

We plan to further accumulate evidence on the correlation between oral health and overall health through data analysis, and to apply these findings to offer new oral healthcare solutions.

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# Message from the Executive Officer Responsible for Sustainability

**By integrating sustainability promotion into management strategy, we aim to create better habits that contribute to resolving social issues while achieving further business growth.**

**Eiji Nishinaga**
Executive Officer,
General Manager of Sustainability Promotion Department

## Management Strategy That Integrates Sustainability

Society and the global environment are undergoing profound changes. From climate change and resource depletion to widening social and economic disparities, the issues we must confront are urgent and numerous. In this context, the Lion Group is advancing initiatives to address its Sustainability Material Issues by integrating them into management strategy, with the aim of helping resolve social issues and promoting the sustainable growth of its businesses.

We have identified 13 Sustainability Material Issues that serve as a roadmap for creating value in businesses in which the Group has an advantage, and for fulfilling our corporate social responsibilities. Within this roadmap, the Group has positioned “creating healthy living habits” and “promoting environmental initiatives for a sustainable planet” as top-priority material issues in which the Group must invest management resources to secure a competitive advantage.

The Group promotes sustainability initiatives rooted in its purpose—”Make a difference in everyday lives by redesigning habits: ReDesign.” People’s everyday habits are the key. For example, according to the United Nations, on a consumption basis 65% of $CO_2$ emissions come from households, suggesting that households play a crucial role in achieving significant emission reductions.[1,2] We strongly believe that people’s habits have the power to help resolve social issues, and that creating habits among consumers that promote healthy lifestyles and reduce $CO_2$ emissions can drive major changes.

## Growing Our Businesses and Helping Resolve Social Issues by Creating Better Habits

To create healthy living habits, one of our top-priority material issues, we are focusing on instilling tooth brushing and other oral healthcare habits that are directly related to day-to-day health, as well as cleaning and hygiene habits such as hand washing. Our objective is to provide the 1 billion people across Asia, including Japan, in the areas that the Lion Group serves with products, services and information that help to create healthy living. Going forward, we will accelerate efforts to achieve this objective by increasing collaboration with overseas Group companies. In particular, in our core oral healthcare business we aim to create new markets and expand the scope of the business through products and services that leverage digital technologies.

In promoting environmental initiatives for a sustainable planet, we are encouraging habits that promote the mindful use of water and the reduction of plastic waste. By proposing planet-friendly lifestyles, we contribute to the achievement of a decarbonized, resource-circulating society. Many of our products involve water use. Supplying clean tap water and treating wastewater both require energy. In this regard, using fewer rinse cycles when doing laundry reduces water consumption and contributes to lowering $CO_2$ emissions. Recognizing the value of plastic as a useful material, we are also working to expand partnerships aimed at achieving plastic resource circulation. This includes advancing recycling technologies for refill containers and building recycling systems in collaboration with local governments and other companies.

The Sustainability Promotion Council works to ensure that the resolution of these two top-priority material issues contributes to business growth. Its efforts include integrating sustainability promotion into management strategy, making decisions on specific action plans related to the environment, society, and governance, and monitoring progress toward the Group’s 2030 goals. Working to fulfill our purpose and leverage our unique strengths, we will steer the Group toward sustainability in management. Through the creation of better habits, we intend to contribute to society and achieve further business growth.

Sources: 1. United Nations Environment Programme (2020). *The Emissions Gap Report 2020*. Nairobi.
2. Ivanova, D., Stadler, K., Steen-Olsen, K., Wood, R., Vita, G., Tukker, A. and Hertwich, E. G. *Journal of Industrial Ecology*, 20(3), 526-536 (2016)

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# Reinforcing Initiatives to Address the Sustainability Material Issues

## Strategy

### Top-Priority Sustainability Material Issues

The aim of Vision 2030 is to link initiatives to address our Sustainability Material Issues with our growth strategies, creating both social and economic value and ultimately enhancing our corporate value in a sustainable manner. These Sustainability Material Issues are relevant to both business and society at large and, with the goal of helping to realize a healthy future for people and the planet, their selection was informed by broad business, environmental and social sustainability perspectives.

In 2020, we reexamined the Sustainability Material Issues that we need to address ahead of 2030 by backcasting from the vision we have for society in 2030, taking into account factors such as the achievement of our management vision and our contribution to the Sustainable Development Goals (SDGs).* In particular, we have positioned "creating healthy living habits" and "promoting environmental initiatives for a sustainable planet" as top-priority material issues in which we must invest management resources to secure a competitive advantage. We revised our indicators and objectives in 2021 in response to the pandemic and dramatic changes in the social environment.

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

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

### Contributing to Health and the Global Environment by Redesigning Habits

The Group's purpose is to "Make a difference in everyday lives by redesigning habits: ReDesign." Guided by this, we focus on creating healthy living habits, as well as habits that promote the mindful use of water and the reduction of plastic waste. By providing products, services, and information that embody these habits, we will contribute to both society and the global environment—and to the achievement of the SDGs.

### Top-Priority Sustainability Material Issues: Indicators and Results

| Top-Priority Material Issues | Indicators | 2030 Objectives | 2024 Results |
|---|---|---|---|
| Creating Healthy Living Habits | Total number of persons provided with oral healthcare products, services, and information | 500 million | 400 million |
| | Total number of persons provided with cleanliness and hygiene products, services, and information | 500 million | 310 million |
| Promoting Environmental Initiatives for a Sustainable Planet | $CO_2$ emissions throughout business activities (Compared with 2017, absolute quantity) | Down 55% | Down 33% |
| | $CO_2$ emissions throughout product lifecycles (Compared with 2017, absolute quantity) | Down 30% | Down 2% |
| | Contribute to a $CO_2$ emissions reduction effect in excess of Lion's own emissions (Japan) | Contribute to a reduction effect in excess of Lion's own emissions | Plans to formulate measures and verify their effectiveness |
| | Petrochemical-derived plastic use rate | 70% or less | 97% (Japan) |
| | Water usage throughout product lifecycles (Compared with 2017, per unit of net sales) | Down 30% | Down 22% |

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# Reinforcing Initiatives to Address the Sustainability Material Issues

## Creating Healthy Living Habits—Oral Healthcare Habits

### Approach

As part of the Lion Group's efforts to improve oral health—a key factor in extending healthy life expectancy—we have been working to establish toothbrushing habits to prevent caries and periodontal disease.

Ahead of 2030, we aim to create positive preventive dentistry habits suited to people's various lifestyles and health conditions by increasing business opportunities through the provision of products and services that leverage digital technologies and by helping to close gaps in access to oral healthcare.

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

**Oral healthcare habits: 500 million people**

- Provide products and services
- Communicate information
- Conduct educational and awareness activities (Inclusive Oral care, etc.) Page 47

### Action: A New Oral Care Concept That Lets People Choose Their Style The New *OCH-TUNE* Brand

The oral care market has focused on promoting products for the prevention of caries, periodontal disease and other conditions and symptoms. However, a consumer survey revealed that awareness of disease prevention is relatively low, with around 25% of respondents lacking clear criteria for choosing products.* With this insight, in April 2024 we launched a new brand, *OCH-TUNE*. The brand offers products tailored to consumers' personal styles, from how and when they brush to their mood and preferences. *OCH-TUNE* encourages better habits by offering two lineups of toothpastes, toothbrushes, and mouthwashes that consumers can choose based on their personal styles. The FAST lineup is designed for those who prefer quick, refreshing, and efficient oral care, while the SLOW lineup is for those who prefer to take their time, relax, and brush thoroughly.

* Lion survey, 2023 (n = 30,000; men and women aged 20–60)

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# Reinforcing Initiatives to Address the Sustainability Material Issues

## Creating Healthy Living Habits—Cleanliness and Hygiene Habits

**Approach**

The Lion Group has been providing hand soaps and sanitizers that can be used in a variety of settings and conducting educational and awareness activities at preschools, kindergartens and elementary schools to promote the prevention of infection through hand cleanliness and hygiene. We provide products and awareness activities tailored to cleanliness and hygiene issues specific to each area across Asia, including Japan.

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

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

**Cleanliness and hygiene habits (500 million people)**

- **Provide products and services**
- **Communicate information**
- **Conduct educational and awareness activities (Promotion of hand washing habits, etc.)**

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

In Bangladesh, a market we entered in 2022, we are working through the Japan International Cooperation Agency (JICA) to contribute to The Project for Strengthening the Inspection, Regulatory and Coordinating Function of the Bangladesh Food Safety Authority. Specifically, we are offering hygiene education related to hand washing and food safety. By training elementary school teachers and having them teach what they have learned at their schools, we were able to provide hand washing education not only to children, but also for their parents and local communities. In 2024, elementary school teachers and students from approximately 1,500 schools across the Gazipur and Lalmonirhat districts participated.

Hygiene and habit education at an elementary school in Bangladesh

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Lion Integrated Report 2025

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# Reinforcing Initiatives to Address the Sustainability Material Issues

## Promoting Environmental Initiatives for a Sustainable Planet

### Approach

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.

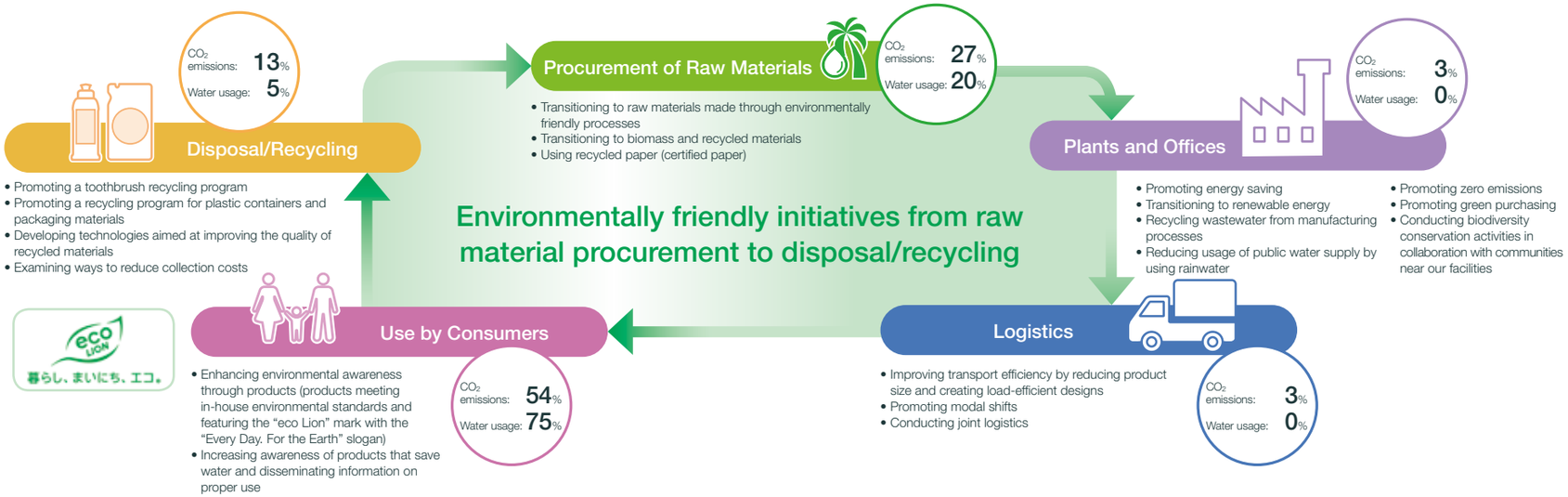
The Lion Group's activities are unique in that we collaborate with consumers to promote the establishment of environmentally friendly habits based on our purpose—Make a difference in everyday lives by redesigning habits: ReDesign. Laundry and other housework require electricity and water, so $CO_2$ emissions and water usage are highest at the stage when consumers use products. To help realize a decarbonized, resource-circulating society, we are committed to creating habits that promote the mindful use of water and the reduction of plastic waste by offering planet-friendly lifestyles that make sustainable living easy for consumers.

### Action: Transitioning to Electricity Generated by Renewable Energy Sources

We have been using electricity generated by renewable energy sources at Group work sites in Japan since 2023. This has been made possible through means such as installing solar power generation equipment for internal use, switching to renewable energy plans in our electricity purchase contracts, and making use of Green Electricity Certificates.

Overseas, we installed and operate solar power generation facilities at Lion Corporation (Thailand), and have also installed and begun operating similar facilities at Lion Corporation (Korea) and Southern Lion in Malaysia. We will continue to gradually transition to using renewable energy sources with the ultimate aim of ensuring that 100% of the electricity the Lion Group purchases is generated by such sources.

### Breakdown of Environmental Burden ($CO_2$ Emissions and Water Usage) by Activity in the Lion Group's Businesses and Initiatives to Reduce Environmental Burden (2024)



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# Reinforcing Initiatives to Address the Sustainability Material Issues

## Promoting Environmental Initiatives for a Sustainable Planet

### Creating Habits That Promote the Mindful Use of Water

**Importance of Reducing $CO_2$ Emissions and Conserving Water throughout Product Lifecycles**

Laundry and other housework uses substantial electricity and water, so the consumer-use stage accounts for the highest proportion of $CO_2$ emissions and water usage in the lifecycles of the Lion Group's products. In particular, supplying clean tap water and treating wastewater both require energy. Using fewer rinse cycles when doing laundry reduces water consumption and contributes to lowering $CO_2$ emissions.

The Lion Group launched concentrated liquid laundry detergent in 2010, helping to establish water-saving laundry habits by enabling a reduction in rinse cycles per load from two to one. In 2021, all of our liquid laundry detergents in Japan had been reformulated to be compatible with one rinse cycle.

We have also made progress in reducing the number of rinse cycles required for delicate clothing. In 2018, we transitioned our detergents for delicates to a single rinse cycle per load, and in 2023 we launched a detergent for delicates that does not require a rinse cycle. Thus we have continued to help reduce $CO_2$ emissions.

**Conserving Water Using a Single Rinse Cycle is Good for Consumers and the Environment**

One household using a single rinse cycle per load of laundry can reduce water use by approximately 11,160 liters[1] per year. This is equivalent to about two months of bath water.[2] Furthermore, if all households in Japan were to adopt this practice, the amount of water used would be reduced by approximately 530 million cubic meters[3] per year. This is equivalent to about 2.6 times the capacity of the reservoir behind the Kurobe Dam,[4] Japan's tallest dam.

1. Calculated based on the average number of laundry loads per year for a household with two or more people (approximately 310 loads per year), and the average amount of water used when washing 3 kg of clothing on the standard course in top-loading washing machines from Japan's four major appliance manufacturers (approximately 123 liters for a double rinse cycle and approximately 87 liters for a single rinse cycle) (Source: Lion survey)
2. Calculated assuming the use of 200 liters of water for bathing per day
3. Calculated based on the total number of laundry loads in all households (approximately 14.68 million loads per year), and the average amount of water used when washing 3 kg of clothes on the standard course in top-loading washing machines from Japan's four major appliance manufacturers (approximately 123 liters for a double rinse cycle and approximately 87 liters for a single rinse cycle) (Source: Lion survey)
4. Calculated based on the total capacity of the reservoir behind the Kurobe Dam (approximately 200 million cubic meters)

**Action: Advocating a Single Rinse Cycle and a Longer Life for Clothing through the "Choose One Project"**

Each person in Japan uses about 224 liters of water per day.[5] Among household activities, laundry emits more than three times as much $CO_2$ as washing the bathtub,[6] making it a significant contributor to $CO_2$ emissions through water use in daily life. Using a single rinse cycle for laundry saves water, electricity, and time. Reducing the number of rinse cycles also lessens wear on clothing and helps garments last longer, but only about 40% of consumers in Japan currently use a single rinse cycle.[7] Advocating a single rinse cycle, we are taking action with our "Choose One Project" to create a society in which a single rinse cycle is the norm, helping reduce $CO_2$ emissions and extend the life of clothing. As part of the project, the first day of each month is designated "One Day," on which an awareness campaign is conducted. As of December 31, 2023, a total of 34,466 people had participated. Going forward, we will further expand our activities and deepen our collaboration with companies and local governments that support our initiatives.

5. Source: Japan Water Research Center (JWRC)
https://www.jwrc-net.or.jp/images/k_shiyouryou_map.jpg (Japanese only)
6. Lion Corporation, internal experimental data, 2023
7. Lion Corporation, *Clothing and Laundry Habits Survey*, 2023

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# Reinforcing Initiatives to Address the Sustainability Material Issues

## Promoting Environmental Initiatives for a Sustainable Planet

### Creating Habits That Promote the Reduction of Plastic Waste

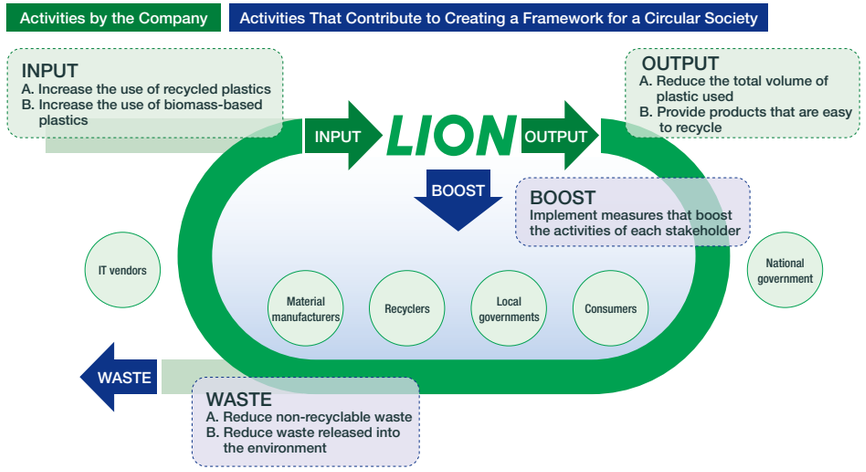
#### Aiming to Contribute to Plastic Resource Circulation

Plastic is a useful material that is essential in the Lion Group's businesses and in people's daily lives. At the same time, excessive use and improper disposal of plastic have a negative impact on the global environment, making initiatives to ensure proper use, collection, recycling, and reuse increasingly important.

Under the Lion Group Plastics Environmental Declaration, established in 2022, we are promoting plastic resource circulation as part of our mission as a company that uses plastics in its business activities. Looking ahead to 2050, we are taking on the challenge of addressing this issue with the goals of minimizing the plastic we use and recovering and recycling all of the plastic we do use.

#### Initiatives Aimed at Creating a Framework for a Circular Society

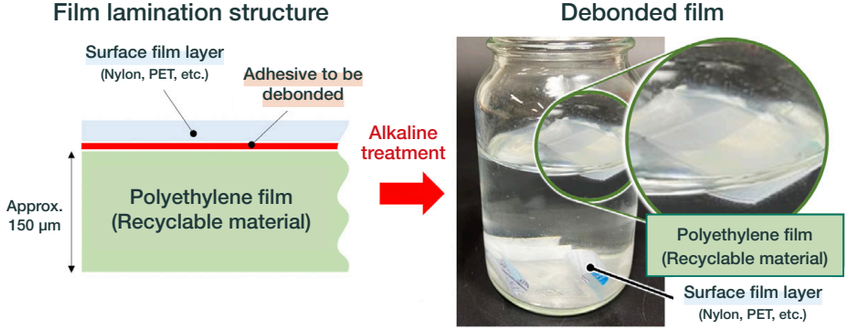
We believe that improving inputs and outputs for each plastic resource circulation process is the key to creating a framework for a circular society. Group-wide, we will increase the use of sustainable materials on the input side, and on the output side, work to reduce the total volume of plastic used and provide products that are easier to recycle. We will also work to boost process improvements for stakeholders ranging from companies and local governments to consumers.




#### Action: Commercializing Refill Packs with Improved Recyclability (Debonding and Recycling Technology)

OUTPUT

Refill packs are the main packaging format for refills for products such as detergents, but because they are often made from laminated plastic films composed of multiple materials, they are difficult to recycle with current technology. As a result, most are ultimately incinerated. We are therefore collaborating with Toyo Ink Co., Ltd. to establish debonding and recycling technology that improves the recyclability of refill packs for products such as detergents. This new technology was employed for *Look Plus Bathtub Cleansing, Clear Citrus Scent, Large Refill Size,* which we launched in limited quantities in November 2024 (Japan only). By enabling the separation of laminated plastic films and their recovery as high-purity single materials, the technology is expected to promote recycling.




#### Action: A Toothbrush Recycling Program in Collaboration with Local Governments

INPUT BOOST

Committed to resolving environmental issues associated with plastics, we are running a toothbrush recycling program in collaboration with local governments and consumers, using an everyday product to promote sustainability. The program began in 2020 in Tokyo's Sumida, Itabashi, and Taito wards. In November 2024, we signed an agreement with Akashi City in Hyogo Prefecture—where approximately 60% of Lion's toothbrushes are produced—adding further impetus to the program. Viewing toothbrushes not as waste but as a resource, these local governments are working together with us to promote their collection, recycling, and material recovery.

We will continue working toward the realization of a circular society through public-private collaboration and co-creation with local communities.

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# Reinforcing Initiatives to Address the Sustainability Material Issues

## Social Contribution Activities

### Inclusive Oral Care: Providing Access for Everyone

Tooth brushing is an essential habit that helps nurture and draw out our innate ability to live healthily. However, differences in living environment, physical condition, economic status, education, access to information, and other factors can create disparities in oral healthcare, leaving some individuals unable to adequately care for their teeth and mouths. Eliminating these disparities is a critical issue that we are actively working to address.

### Okuchikarada Project

Since 2021, we have been promoting the Okuchikarada Project, an initiative aimed at fostering oral healthcare habits and self-esteem among children. In particular, we are working to ensure that children from economically disadvantaged families,* who are more likely to have caries, do not miss out on oral healthcare. We have developed a proprietary experiential program about dental and oral health, and are working with NPOs to provide this program mainly through “kodomo shokudo” (children’s cafeterias). Through content like quizzes and games, the program helps children enjoy learning about oral healthcare and develop their own oral healthcare habits. One of the most popular activities for children is decorating their own toothbrushes. Since 2024, we have also been working to expand consumer engagement by holding in-store events in collaboration with retailers to promote the formation of healthy habits. These activities are also conducted as part of an experiential sustainability training program, serving as a means of educating both executives and employees about sustainability.

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

Educational and awareness activities at children’s cafeterias are an opportunity for employee training

Toothbrush decoration

Collaborative event with a retailer

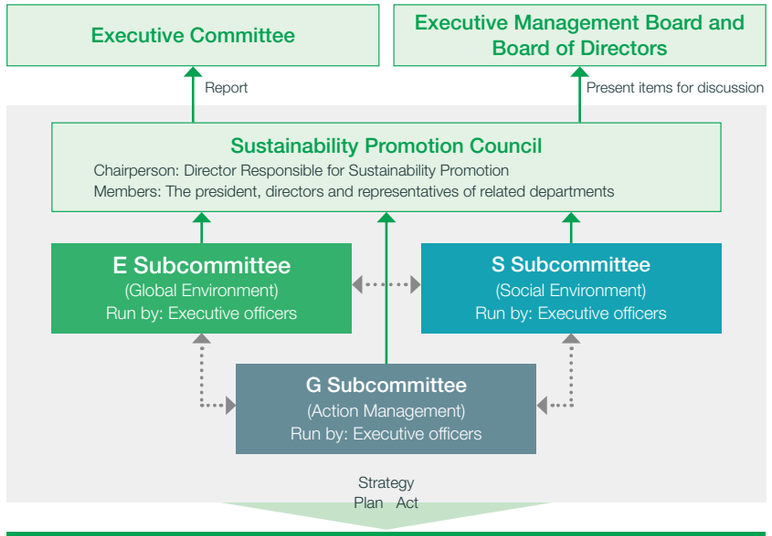
## Governance

### Sustainability Management Implementation Framework

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 reestablished this body as the Sustainability Promotion Council, which convenes twice a year.

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

### Implementation Framework




WEB Lion’s Sustainability
https://www.lion.co.jp/en/sustainability/management/

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# Disclosure Based on the TCFD Recommendations

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

## Governance

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

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

## Strategies

The Lion Group has worked to identify and evaluate short-, medium- and long-term climate-related risks and opportunities through 2050 and factors them into its businesses, strategy and financial planning.

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

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. A summary of the estimated impacts is presented at right.

## Risk Management

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

WEB **Business Risks**
https://www.lion.co.jp/en/ir/management/risk/

## Objectives and Indicators

The $CO_2$ emissions (Scope 1, 2 and 3) of Lion and its consolidated subsidiaries are disclosed on Lion’s website. For more information on the LION Eco Challenge 2050 long-term environmental objectives, including our course of action for achieving a decarbonized, resource-circulating society by 2050 and our 2030 objectives for $CO_2$ emissions, petrochemical-derived plastic usage and water usage, please see “Sustainability Material Issues, 2030 Objectives and Indicators” on pages 67–68.

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

| Risks and Opportunities | | | Impact[1] | | |
|---|---|---|---|---|---|
| | | | Description | 4°C | 1.5°C |
| Transition | Introduction of a carbon tax (Scope 1, 2 and 3) | | • Increased factory operating costs due to the full-scale introduction of emissions trading and the application of carbon taxes by national governments<br>• Increased raw material procurement costs due to carbon taxes on emissions, including Scope 3 emissions | Small | Large[2] |
| Transition | 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 |
| Transition | Increased cost of raw materials | Palm oil-derived | • Increased costs due to tightening of palm oil regulations and increased use of certified oil | Small | Medium |
| Transition | Increased cost of raw materials | Plant-derived (from corn, mint, etc.) | • Increased prices due to decreases in crop yields | Small | Small |
| Transition | Increased cost of containers and other packaging materials | Plastic-derived | • Increased costs due to regulations on plastic use | Small | Medium |
| Transition | Increased cost of containers and other packaging materials | Aluminum-derived | • Increased costs due to a shift from iron to aluminum as a result of regulations on vehicle weight, etc. | Small | Medium |
| Transition | Increased cost of containers and other packaging materials | Forest resource-derived | • Increased costs due to forest fires, forest protection or logging regulations | Small | Small |
| Transition | 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 |
| Physical | Increased average temperature | | • Increased operational and personnel costs due to growing energy costs and burden on workers | Small | Small |
| Physical | Increased average temperature | | • Increased sales of laundry-related products due to higher temperatures, and of hygiene-related products and services due to increases in infectious disease | Medium | Small |
| Physical | Changes in precipitation and other weather patterns | | • Increased costs of dealing with impacts on the operations of Lion or its suppliers due to increased flooding and water stress. Risk of diminished trust if 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. Risk of diminished trust if 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 $CO_2$ emissions are not significantly reduced

WEB **Disclosure based on TCFD recommendations**
https://www.lion.co.jp/en/sustainability/env/tcfd/

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Lion Integrated Report 2025

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# Corporate Governance

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# Message from the Chairman of the Board of Directors

**Masatoshi Matsuzaki**
External Director,
Chairman of the Board of Directors

## Leveraging My Previous Experience as a Board Chairman to Further Enhance the Effectiveness of Lion's Board of Directors

### My Approach as Chairman of the Board of Directors

Last year, the Nomination Advisory Committee presented a personnel proposal for me to become chairman as an external director. Subsequent to my election as an external director at Lion's annual general meeting of shareholders in March of 2025, I assumed the position of chairman of the Board of Directors.

I accepted the position of external director with the belief that my experience in investor relations during my time as a CEO would complement the board's overall skill set and help strengthen its supervisory function, thereby contributing to more effective management decisions.

As for taking on the position of chairman of the Board of Directors, I initially felt that there was no particular need to make a change. However, then-chairman Masazumi Kikukawa and president Masayuki Takemori strongly expressed their desire to further advance the separation of management execution and supervision, so I agreed to take on the role.

I see the aims of Japan's Corporate Governance Code to be twofold: (1) to improve decision-making and management oversight by incorporating the perspectives of external directors, thereby correcting tendencies toward internally driven logic and facilitating decision-making that better reflect the interests of stakeholders; and (2) to increase the likelihood of enhancing medium- to long-term corporate value by consistently facilitating better decision-making and management oversight on relevant issues.

I have served as an external director at three other Japanese companies, and in that capacity held the position of chairman of the board at each.

I prepared agenda proposals from an external and supervisory perspective, and set agendas through discussions with internal directors and the secretariat, taking

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# Message from the Chairman of the Board of Directors

their proposals into account.

After communicating the purpose behind each agenda item, I arranged for the preparation of the necessary materials and organized the relevant discussion points in advance. During meetings, I confirmed internal perspectives while encouraging external directors to contribute their views from an independent standpoint, managing the proceedings to support better management decision-making. I held regular one-on-one meetings with CEOs to ensure mutual understanding.

As chairman of Lion's Board of Directors, I intend to build on these core principles while further refining procedures to enhance the board's effectiveness.

## Observations on Lion's Board of Directors as an External Audit & Supervisory Board Member

For the past two years, I have participated in board meetings in the capacity of an external Audit & Supervisory Board member. Upon taking office, I was asked by then-chairman Kikukawa to assess whether the Board of Directors was functioning effectively. Drawing on internal regulations including the Articles of Incorporation and the Board of Directors Rules, as well as the Corporate Governance Code, I shared my observations from board meetings during regular meetings with the representative directors.

Some of my initial findings revealed basic instances of non-compliance with internal regulations, but these were promptly corrected. I also shared the following observations: (1) certain supervisory responsibilities expected of the board under the Corporate Governance Code were not being fully addressed; (2) supervision tended to be weaker in areas where external directors had limited expertise; and (3) the board needed to better identify and share awareness of risks it should recognize and prepare for.

These issues must be addressed to further enhance the effectiveness of Lion's Board of Directors. As chairman, I plan to reflect them in the selection of future agenda items and in how board proceedings are managed.

## Toward the Sustainable Enhancement of Corporate Value

The Vision2030 2nd STAGE medium-term management plan was formulated last year.

To allow external Audit & Supervisory Board members to join discussions as external officers, the forum for deliberating plans developed by the executive management team was treated as an informal board meeting.

At the outset, I proposed that the management plan to be disclosed to investors be formulated in line with Principle 5-2 of the Corporate Governance Code. That is, it should establish policies and targets based on a clear recognition of the cost of capital and provide a logical and easy-to-understand explanation of how those goals would be achieved. I further suggested that the plan be refined through successive discussions in informal board meetings. This proposal was accepted. I also shared my views throughout the deliberation process. As a result, I believe we were able to formulate and disclose a management plan that is the basis for constructive dialogue with investors.

In 2025, my top priority as chairman of the Board of Directors is to supervise the progress of the 2nd STAGE medium-term management plan's implementation. No doubt investors are equally attentive to Lion's ability to execute the plan.

I also see the establishment and strengthening of competitive advantages as a critical theme for ensuring that the Company's growth strategies result in stronger profitability. Moreover, I plan to supervise sustainability-related issues comprehensively, incorporating them into the plan from the twin perspectives of enhancing corporate value and managing risk.

In 2025, my top priority as chairman of the Board of Directors is to supervise the progress of the 2nd STAGE medium-term management plan's implementation.

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# Corporate Governance

## Basic Approach

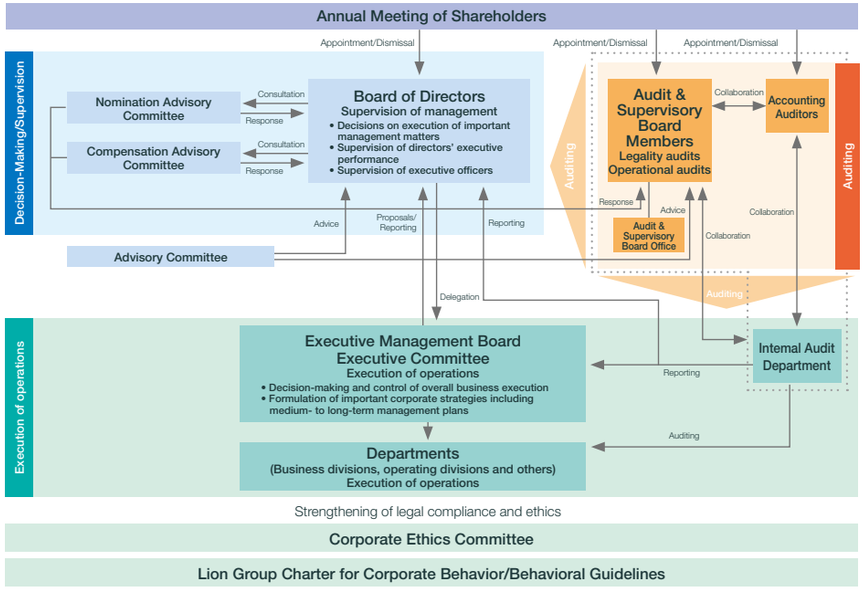
The Lion Group's top priorities for corporate governance are to increase management transparency, strengthen supervisory functions, accelerate decision-making and ensure compliance. By strengthening and enhancing its corporate governance system, Lion aims to increase its corporate value.

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

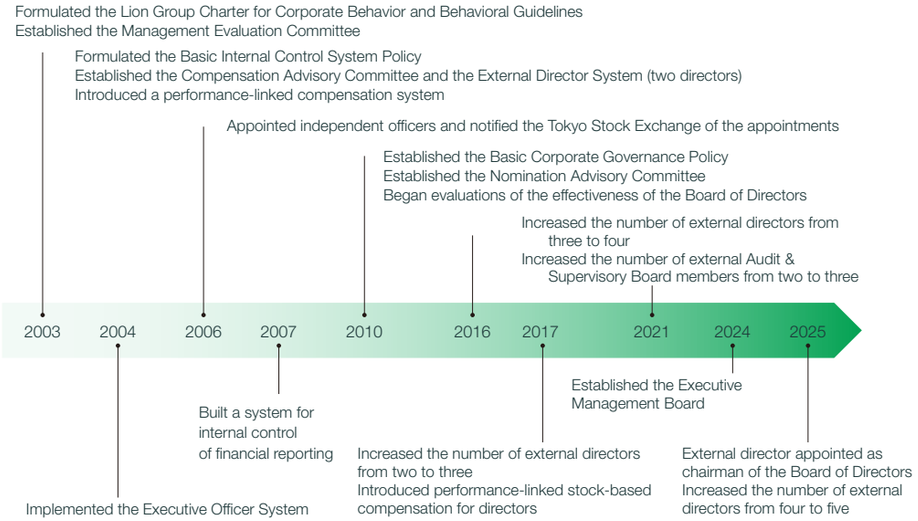
## Corporate Governance System

### Organizational Structure Overview

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




## Initiatives to Enhance Management Auditing and Supervision




### Key Enhancements to the Governance System in 2025

**Separation of Management Supervision and Execution**

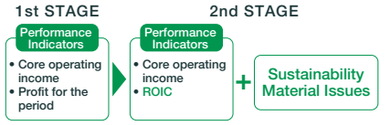
**External director appointed as chairman of the Board of Directors**

- **Aim**
  Further **enhancement of objectivity and effectiveness of management supervision and transparency** in decision-making
- **Main Changes**
  Increasing the ratio of external directors and **appointing an external director as chairman of the Board of Directors**

**Linkage between Medium-term Management Plan Indicators (Financial and Non-financial) and Corporate Officer Compensation**

**Revised performance-linked stock-based compensation**

- **Aim**
  **Strengthening execution capabilities to achieve** 2nd STAGE performance targets and key indicators
- **Main Changes**
  Setting **ROIC** and **initiatives to address the Sustainability Material Issues** as performance indicators



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Corporate Governance

# Skill Matrix of Directors and Audit & Supervisory Board Members, and Advisory Committee Membership

**In line with our purpose, "Make a difference in everyday lives by redesigning habits: ReDesign," the Lion Group has identified the following combination of skills as necessary for the Board of Directors to achieve the Medium-term Management Plan "Vision2030 2nd STAGE." Launched in 2025, 2nd STAGE is aimed at fulfilling our 2030 management vision of "Becoming an advanced daily healthcare company."**

| Category | | Directors | | | | | | | | | | | Audit & Supervisory Board Members | | | | | Reasons for selection |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Masayuki Takemori | Kengo Fukuda | Hitoshi Suzuki | Fumitomo Noritake | Ayako Suzuki | Takayuki Kawanishi | Masatoshi Matsuzaki | Kazunari Uchida | Takashi Shiraishi | Takako Sugaya | Reiko Yasue | Naoki Mlidera | Yoshitada Ishii | Akemi Sunaga | Akihiro Ito | Yumiko Hirai | |
| Basic skills required of the Board of Directors | Corporate management | ● | ● | ● | | | | ● | ● | | | ● | | | ● | | ● | We recognize that, to achieve sustainable growth and medium- to long-term enhancement of corporate value, the primary role and responsibility of the Board of Directors is to set the direction of the Group and make strategic decisions that take into account the associated risks, in a transparent, fair, timely and decisive manner. We therefore believe that corporate management experience is essential. |
| | Finance/ Accounting | ● | ● | | | | ● | ● | | | | | ● | ● | ● | ● | | We consider that strengthening profitability through the focused allocation of management resources is an important management issue. We believe that, to manage profitability and growth strategies with a sound financial foundation, it is important for the Board of Directors to determine policies and targets related to profitability and capital efficiency, etc. taking into account the cost of capital, and to make timely management decisions based on the monitoring of these policies and targets. |
| | Legal/Risk management | | ● | | | | | | | ● | ● | | ● | | | ● | | We recognize that, to enhance our global presence, it is important not only to have expertise in the laws and regulations in each country, region and new business fields, as well as expertise in the protection of patent and trademark rights, but also to ensure internal controls and risk management across all group companies. We believe that the Board of Directors must establish such systems and supervise their implementation. |
| | Human resources/ HR development | | ● | | | | | | | | ● | | | | | | ● | We recognize that human resources are a company's source of added value and consider that thoroughly linking the results of human capital management to the enhancement of corporate value is an important management issue. We believe that the Board of Directors must formulate human resource development and staffing strategies in line with management strategies and supervise their progress. |
| Skills specifically required in light of management strategies of the Group | Sustainability | | | ● | ● | ● | | | | ● | | ● | | | | | | In promoting efforts to address our Sustainability Material Issues through the demonstration of the Group's unique approach to habit creation, we intend to focus on creating habits that encourage the mindful use of water and the reduction of plastic waste, especially as one of Top-Priority Sustainability Material Issues, "promoting environmental initiatives for a sustainable planet." We believe that the Board of Directors must determine and promote measures to achieve these targets and supervise their progress. |
| | Global business | ● | | ● | | | | ● | ● | ● | | ● | | | | ● | | We position glocalization as an important strategy for expanding our Overseas Business. We believe that, to promote this strategy and supervise its progress, overseas business management experience and extensive knowledge of global market trends, as well as the lifestyle sectors and business environments of each country and region, are essential. |
| | IT/DX | | | | ● | | ● | | | | | ● | | | | | | We recognize that, to create better habits in the future, it is important to leverage digital technology and data science to gain a more accurate understanding of consumers' health status and lifestyles, as well as to transform our products, services and business processes. We believe that advanced knowledge and practical experience of IT and digitalization are essential to formulate DX strategies and effectively drive their implementation. |
| | Marketing | ● | | ● | | ● | | | ● | | | | | | | | ● | We recognize that, to continuously propose creating better habits to people worldwide, particularly in Asia, and to build loyalty, especially in the oral healthcare field, which is the focus of the Group, it is essential to formulate and promote marketing strategies that reflect changes in the business environment and the diversification of customer needs, and supervise their progress. |
| | R&D/ Business development | | | | ● | ● | ● | ● | | | | | | | | | | To create better habits, we focus on research and development as a source of innovation and work to develop new business models to ensure that these results contribute to the enhancement of corporate value. We therefore believe that it is essential to make decisions and supervise the allocation of management resources to research and development, business development, and the launch of new businesses. |

Note: "●" indicates the necessary and widely-recognized experience and skills to achieve the best possible decision making and supervision in management.

## Advisory Committee Membership

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nomination Advisory Committee | ● | | | | | | ● | ● | ● | ● | ● | | | ● | ● | ● |
| Compensation Advisory Committee | | | | | | | ● | ● | ● | ● | ● | | | ● | ● | ● |

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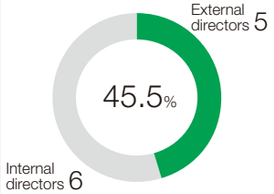
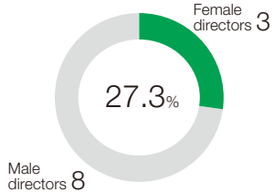
Corporate Governance

# Board of Directors

## Board of Directors

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

| Ratio of External Directors | Ratio of Female Directors | Average Years of Service |
|---|---|---|
|  |  | 4.0 |





(As of March 28, 2025)

### Major Initiatives of the Board of Directors in 2024

In 2024, the Board of Directors engaged in discussions from multiple perspectives in preparation for the launch of Vision2030 2nd STAGE, the new medium-term management plan that began in 2025.

Key areas of discussion included reviewing management indicators that should be prioritized in strengthening profitability, based on a review of 1st STAGE. We also engaged in repeated discussions on business portfolio strategies, personnel strategies to enhance human capital, and initiatives related to the Sustainability Material Issues.

To enhance the depth of discussions, we implemented measures such as providing advance briefings to external directors and improving the efficiency of meeting proceedings through the prior distribution of proposal materials and explanatory videos.

### Main Agenda Items at Board of Directors and Informal Board Meetings in 2024

| | |
|---|---|
| Jan. | • Medium- to long-term strategy for the home care products business in Japan |
| Feb. | • Results of evaluation of board effectiveness<br>• Human resource strategy<br>• Employee engagement |
| Mar. | |
| Apr. | |
| May | • Direction of the next medium-term management plan |
| Jun. | |
| Jul. | • Company-wide risk management |
| Aug. | • Growth strategy for oral healthcare<br>• Growth strategy for the Overseas Business |
| Sep. | • Next medium-term management plan<br>• Medium- to long-term strategy for the home care products business in Japan |
| Oct. | • Growth strategy for oral healthcare<br>• Growth strategy for the Overseas Business<br>• Initiatives for creating Positive Habits |
| Nov. | • Skill matrix for officers<br>• Sustainability strategy<br>• Research and technology development strategy |
| Dec. | • Next medium-term management plan<br>• Human resource strategy<br>• Digital technology strategy |

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# Corporate Governance

### Evaluation of Board of Directors Effectiveness

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

### 2024 Evaluation Results

| 2024 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.<br>• The frequency of meetings, as well as the matters for resolution and reporting, are appropriate. Deliberations are open and constructive, and do not hinder risk-taking. |

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

### Issues Identified and Initiatives to Address Them

Based on the issues identified in 2023, initiatives in 2024 were as follows.

| Issues | Initiatives |
|---|---|
| **Enhancing Deliberation on Important Matters**<br>• We must set aside sufficient time for deliberations on the formulation of Vision2030 2nd STAGE, our medium-term management plan that began in 2025, as well as our response to key contemporary issues such as sustainability and human capital.<br>• The board must secure time for deliberating important matters by taking a flexible approach to adjusting meeting lengths and holding extraordinary meetings, as necessary. | **Narrowing Down the Number of Proposals by Delegating Authority to Executive Units**<br>• In April 2024, we revised the officers' meeting structure and approval authority standards to expand the delegation of authority from the board to executive units.<br>• As a result, the number of matters for resolution submitted to the board from April through December decreased by approximately 15%. These matters are now handled as reporting items, subject to board oversight.<br>**Sharing Information with External Directors**<br>• In 2024, we began allowing external directors to attend Executive Management Board meetings, where executive units deliberate on medium-term strategies and business plans, to further enhance information sharing on the Company's operational status.<br>**Flexible Deliberation Scheduling and Streamlined Meeting Proceedings**<br>• In 2024, we held 15 informal and extraordinary board meetings to discuss 22 important themes in preparation for formulating Vision2030 2nd STAGE, our next medium-term management plan that began in 2025.<br>• We also introduced procedural improvements to ensure sufficient time for deliberating important matters. Depending on the agenda item, these included distributing materials in advance and providing explanatory videos from the proposing departments, allowing deliberations to proceed without in-meeting explanations.<br>**Enhancing Provision of Information to External Officers through Dedicated Staff**<br>• In April 2024, the general manager in charge of board affairs began holding regular briefings for external directors to share information on proposals discussed at Executive Management Board meetings. These briefings have enhanced the provision of information on important proposals prior to their submission to the board.<br>• We also expedited the preliminary briefing of board agenda items to external officers by one day. This has allowed questions and comments raised during the briefing to be promptly shared with the chairperson and the proposing departments, providing time to incorporate them into additional materials or supplementary explanations. As a result, the quality of deliberations at board meetings has been enhanced. |

In the 2024 board effectiveness evaluation, it was acknowledged that measures such as the flexible scheduling of deliberations and procedural improvements to enhance discussion on important matters have been effectively implemented. At the same time, there were also suggestions that discussions on key contemporary issues such as sustainability and human capital should be deepened to improve overall effectiveness. We will continue to promote initiatives aimed at enhancing board effectiveness.

Based on the opinions and suggestions in the 2024 evaluation, initiatives in 2025 are as follows.

| Opinions and Suggestions | Initiatives |
|---|---|
| • For the success of Vision2030 2nd STAGE, the medium-term management plan that began in 2025, and the further enhancement of corporate value, it is essential to strengthen the monitoring of progress against the KPIs and milestones established at the time of the plan's formulation. In addition, it is necessary to maintain ongoing discussions on key contemporary issues such as sustainability and human capital, and to further enhance deliberations on the development of internal control systems, including compliance and risk management. | ① Upon approval at the 164th Annual Meeting of Shareholders, we will increase the number of external directors to strengthen board composition and appoint an external director as board chairperson, thereby further enhancing the objectivity and effectiveness of management supervision and the transparency of decision-making.<br>② For important management issues such as sustainability and human capital, we will prepare an annual agenda—including informal board meetings—and set the deliberation schedule in advance to ensure a reliable PDCA cycle, from discussion of overall direction to the monitoring of specific measures.<br>③ For issues that require more in-depth board discussion—such as risk management and dialogue with capital markets—we will increase opportunities for such discussion following internal review of the relevant organizational structures and related matters.<br>④ To further enhance deliberation on key proposals, we will build on current efforts such as flexible deliberation scheduling and procedural improvements by refining proposal materials to enable more focused and efficient discussion within a limited timeframe. |

### Message from an External Director

In the 2023 evaluation of the effectiveness of the Board of Directors, it was recommended that more time be devoted to deliberating basic management policies, strategies, and important matters related to business execution in preparation for the launch of the medium-term management plan Vision 2030 2nd STAGE in 2025. In 2024, the Board of Directors delegated more authority to executive units, streamlining the number of matters for resolution submitted to the Board of Directors and allowing the board to devote more time to discussing core themes and medium- to long-term strategies. For the preliminary briefing, both documents and explanatory videos were distributed. These efforts, and other thoughtful measures, enabled external directors to prepare thoroughly. In addition, external directors had numerous informal meetings with directors and executive officers to discuss important topics such as management indicators, business portfolio strategy, overseas business growth strategy, human resource development strategies, and the Sustainability Material Issues. Consequently, I believe that the Board of Directors was able to thoroughly deliberate key proposals.

**Reiko Yasue**
External Director

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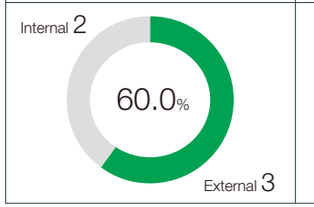
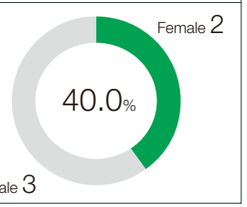
Corporate Governance

# Audit & Supervisory Board

## Audit & Supervisory Board

The Audit & Supervisory Board comprises five members and holds regular meetings once a month and extraordinary meetings, as necessary. Three of the five members are external Audit & Supervisory Board members (independent officers) and two are internal Audit & Supervisory Board members. Two external and one internal Audit & Supervisory Board member are specialists in finance and accounting. In addition, the Audit & Supervisory Board Office has three full-time staff members who assist the Audit & Supervisory Board in the performance of its duties. In accordance with the Audit & Supervisory Board's standards, audit policy, audit plans and other matters stipulated by the Audit & Supervisory Board, each Audit & Supervisory Board member attends Board of Directors meetings and other important meetings, shares information with directors and executive officers, and audits the status of the directors' execution of their duties (including the status of the execution of duties pertaining to the development and operation of internal control of financial reporting), and conducts onsite audits of the head office and major offices and inspections of subsidiaries. In addition, Audit & Supervisory Board members confirm the accounting auditor's audit plans, implementation progress, and reports of results. They also audit the reasonableness of Board of Director resolutions, as well as the lawfulness, appropriateness, and efficiency of directors' execution of their duties. Furthermore, Audit & Supervisory Board members conduct comprehensive themed audits of important management issues. Themes in 2024 were the Corporate Governance Code, risk management, global compliance, IT governance, sustainability, and human capital.

| Ratio of External Audit & Supervisory Board Members | Ratio of Female Audit & Supervisory Board Members |
|---|---|
|  |  |





* As of March 28, 2025

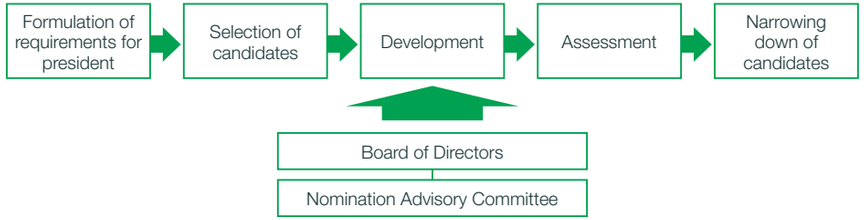
### Main Auditing Activities in 2024

| Details | Frequency (Times) |
|---|---|
| Share information with directors and audit the status of the execution of their duties | 7 (2 times with representative directors) |
| Share information with executive officers, department heads at Lion's head office, major offices and plants, and audit the status of the execution of their duties | 26 |
| Share information with and conduct onsite audits of presidents, directors, Audit & Supervisory Board members and other members of affiliates | 9 |
| Total | 42 |

# Succession Planning

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

### Succession Planning Process




## Message from the Chairperson of the Nomination Advisory Committee

The Nomination Advisory Committee comprises seven external directors and external Audit & Supervisory Board members, and one representative director. Our role is to deliberate on the appointment of the chairman of the Board of Directors and directors, based on consultations from the chairman of the board, and to provide recommendations to the chairman. In appointing Mr. Masatoshi Matsuzaki as chairman of the Board of Directors, we determined that he was the most suitable candidate for the role based on his extensive experience in global corporate management, strategic insight, and contributions to effective auditing as an external Audit & Supervisory Board member. Additionally, we believe he will drive the transformation of the Lion Group and provide highly effective management supervision as chairman. For the appointment of other directors, we have also chosen qualified individuals who possess the abilities and attributes essential for serving as directors, such as knowledge, decision-making ability, leadership, and insight into corporate governance. The committee also discusses the skill matrix for directors and succession planning, carefully examining the optimal officer structure, composition, requirements, and personal qualities needed to advance the Company's growth and enhance corporate value.

**Takashi Shiraishi**
External Director, Chairperson of Nomination Advisory Committee

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Corporate Governance

# Corporate Officer Compensation

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

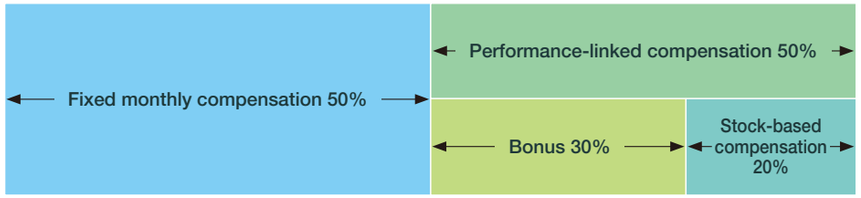
### Overview of Basic Policy

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 comprises 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. Bonuses are a component of performance-linked compensation and are calculated individually by determining a base bonus amount according to position and Company performance, with 30% of that amount adjusted based on individual performance evaluations. These evaluations take into account each director's management supervision, execution of duties, and degree of contribution to addressing the Sustainability Material Issues. With regard to stock-based compensation, points are awarded individually according to the achievement of targets for each year, and shares equivalent to the cumulative number of points are granted upon retirement.

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




### Fixed Monthly Compensation

| | Determining Policy | Upper Limit |
|---|---|---|
| Overview | • Compensation for directors who also serve as executive officers is aggregated to clarify role- and position-based responsibilities.<br>• Compensation levels are determined with reference to business performance and peer company benchmarks | Up to ¥500 million per year (including ¥150 million for outside directors) |

### Performance-linked Compensation

| Type | Bonus | Stock-based Compensation |
|---|---|---|
| Indicators | (1) Core operating income<br>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)<br>(2) Profit for the period attributable to owners of the parent<br>An earnings indicator that reflects final business results and is directly linked to increases and decreases in shareholder value | (1) Performance indicator<br>Core operating income and return on invested capital (ROIC)*<br>* An indicator of the profitability and efficiency of invested capital, calculated as net operating profit after tax (NOPAT) divided by average invested capital (total equity plus interest-bearing liabilities) during the period<br>(2) Sustainability indicator<br>Progress of initiatives to address the Top-Priority Sustainability Material Issues |
| Payment amount | (1) Calculation of base bonus amounts by position<br>(The sum of 1. and 2. below, multiplied by a position-based coefficient, ranging from 1.3 to 4.3)<br>1. 50% of 0.03% of core operating income<br>2. 50% of 0.05% of profit for the period attributable to owners of the parent<br>Note: If the result of either calculation is negative, its value is set at 0.<br>(2) Adjustment based on individual performance evaluation<br>30% of (1) above is adjusted based on an appraisal of each director's performance in management supervision, execution of duties, and the degree to which the director has contributed to addressing the Sustainability Material Issues.<br>(3) Individual payment amount<br>The individual bonus amount paid is calculated based on (1) and (2) above. | (1) Calculation of number of points<br>(Fixed base amount + Performance-linked base amount × Performance-linked coefficient) ÷ Per-share acquisition cost<br>• Fixed base amount and performance-linked base amount: ¥4 million (Multiplied by a factor ranging from 1.0 to 3.625)<br>• Performance-linked coefficient: 0–2.0, depending on achievement rate for each indicator<br>• Per-share acquisition cost: ¥2,078 (As of December 31, 2024)<br>(2) Total number of points awarded (corresponding to number of shares) for each individual director<br>The individually calculated number of points from (1) above is awarded to each director. |
| Time of payment | End of March of each year | In principle, shares are granted to directors upon retirement in a number equivalent to the total points they have been awarded. |
| Upper limit | ¥400 million per year | ¥300 million per year<br>Total number of shares: 270,000 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 awarded or return of the amount equivalent to the shares already granted

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### Achievement of Performance-linked Compensation Indicators 2024

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 | ¥26,332 million | 114% |
| Profit for the period attributable to owners of the parent | ¥19,000 million | ¥21,197 million | 112% |

### 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 2024

| | Number of Corporate Officers | Fixed Compensation (Millions of yen) | Performance-linked Compensation | | Total Bonuses (Millions of yen) |
|---|---|---|---|---|---|
| | | | Bonuses (Millions of yen) | Stock-based Compensation (Millions of yen) | |
| Directors (External Directors) | 11(4) | 280(48) | 145(–) | 132(–) | 557(48) |
| Audit & Supervisory Board Members (External Audit & Supervisory Board Members) | 5(3) | 96(36) | –(–) | –(–) | 96(36) |
| Total (External Officers) | 16(7) | 376(84) | 145(–) | 132(–) | 653(84) |

1. There are no individuals serving concurrently as employees and corporate officers.
2. 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.
3. 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.
4. 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.
5. 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.
6. The amounts shown are rounded down to the nearest million yen.

### Message from the Chairperson of the Compensation Advisory Committee

I would like to share the details of the recent revisions to performance-linked compensation for directors, excluding external directors.

Lion's corporate officer compensation system is broadly divided into two components: fixed monthly compensation and performance-linked compensation. The latter is further divided into bonuses and stock-based compensation. On average, the compensation mix comprises 50% fixed compensation, 30% bonus, and 20% stock-based compensation.

Lion recently revised the bonus calculation formula and the evaluation indicators for stock-based compensation to strengthen the link between corporate officer compensation and the Group's performance, and to better incentivize efforts that contribute to enhancing corporate value over the medium to long term. The indicators for stock-based compensation have been expanded to include the degree of contribution to realizing a decarbonized and resource-circulating society—an area of focus in Vision2030. ROIC, a key management indicator in Vision2030 2nd STAGE, has also been added as an indicator for stock-based compensation. The Compensation Advisory Committee will continue to deliberate on whether the design of corporate officer compensation provides sound and appropriate incentives necessary for attracting and retaining talented individuals to lead the Group.

**Kazunari Uchida**
External Director, Chairperson of Compensation Advisory Committee

## Cross-shareholdings Policy

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

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

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# Risk Management

**The Group director responsible for risk management comprehensively manages risks Group-wide to avoid and mitigate negative outcomes from risks that materialize. The Executive Management Board identifies and evaluates risks that could significantly impact business performance and financial condition, and specialized committees and organizations within each department implement initiatives to mitigate those risks. The director responsible for risk management reports relevant progress to the Board of Directors and other management forums.**

## Basic Policy for Risk Management

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

## Rules and Other Structures Related to the Management of Risk

### Response under Normal Conditions

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

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

WEB **Risk Management**
https://www.lion.co.jp/en/company/governance/risk-management.php

WEB **Compliance**
https://www.lion.co.jp/en/company/governance/compliance/

### Response in the Event of Emergency

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

## Business Continuity Plan (BCP)

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

### Message from an External Director

In recent years, failures in risk management, including compliance risk management, have resulted in serious human rights violations and issues that pose direct threats to business operations. A sustainable company is one that continues to meet the expectations and needs of society. To that end, it is important to anticipate and prepare for all risks faced by the company, including compliance risks, risks related to overseas operations, and product quality risks. Moreover, even with thorough preparation, it is essential to remain aware that unexpected events may still occur—and to manage risk accordingly. It is also crucial to sharpen sensitivity to how potential risks identified within a company are assessed. At the same time, as issues necessitating swift responses and compliance requirements evolve, it is essential to make management decisions that are not bound by internal norms or past judgments. I believe this is where external perspectives and expertise can play a valuable role. In my view, Lion's continued growth depends on its ability to remain responsive to societal change in every decision it makes, while remaining true to its social mission: "Make a difference in everyday lives by redesigning habits."

**Takako Sugaya**
External Director

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Lion Integrated Report 2025

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# Leadership Team Directors, Audit & Supervisory Board Members and Executive Officers (As of March 28, 2025)

WEB Leadership Team
https://www.lion.co.jp/en/company/officer/

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

Representative Director,
Vice President and Executive Officer
**Kengo Fukuda**

Responsible for Corporate Planning Department, Finance Department, Human Resources Development Center, General Affairs Department, Management Support Department, Sustainability Promotion Department, Reliability Assurance Department, Legal Department, Risk Management, and Corporate Ethics

Representative Director,
Vice President and Executive Officer
**Hitoshi Suzuki**

Responsible for Northeast Asia Business Division, Southeast and South Asia Business Division and Overall Overseas Businesses

Director,
Senior Executive Officer
**Fumitomo Noritake**

Responsible for Digital Strategy Department, Supply Chain Management Planning Headquarters, Production and Logistics Headquarters, and Overall Chemicals Businesses

Director,
Senior Executive Officer
**Ayako Suzuki**

Responsible for Manufacturing Innovation Headquarters, Purchasing Headquarters, Research and Development Headquarters, and Intellectual Property Department

Director,
Executive Officer
**Takayuki Kawanishi**

Responsible for Business Development Center, Health and Home Care Products Division, Corporate Communication Center, Consumer Service Center, and Global Oral Healthcare Business Development Department

External Director,
Chairman of the Board of Directors
**Masatoshi Matsuzaki**

External Director
**Kazunari Uchida**

External Director
**Takashi Shiraishi**

External Director
**Takako Sugaya**

External Director
**Reiko Yasue**

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# Leadership Team

Audit & Supervisory Board Member
### Naoki Miidera

Audit & Supervisory Board Member
### Yoshitada Ishii

External Audit & Supervisory Board Member
### Akemi Sunaga

External Audit & Supervisory Board Member
### Akihiro Ito

External Audit & Supervisory Board Member
### Yumiko Hirai

Note: Notification of the appointment of Mr. Matsuzaki, Mr. Uchida, Mr. Shiraishi, Ms. Sugaya and Ms. Yasue as independent directors, and Ms. Sunaga, Mr. Ito and Ms. Hirai as independent Audit & Supervisory Board members has been sent to the Tokyo Stock Exchange.

Senior Executive Officer
### Masaharu Mikuni
Responsible for Distribution Policy Department, Executive General Manager of Health and Home Care Products Sales Division

Executive Officer
### Yasutsugu Shimizu
President of Lion Chemical Co. Ltd.

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

Executive Officer
### Katsuhiko Chikyu
Executive General Manager of Purchasing Headquarters

Executive Officer
### Go Ichitani
Executive General Manager of Southeast and South Asia Business Division, General Manager of Planning and Control Department of Southeast and South Asia Business Division

Executive Officer
### Masahide Arai
Responsible for Corporate Planning Department, Management Support Department, General Manager of Corporate Planning Department, General Manager - Group Strategic Collaboration of Northeast Asia & Southeast and South Asia Business Division

Executive Officer
### Atsushi Naito
Executive General Manager of Research and Development Headquarters

Senior Executive Officer
### Yasuhiro Urao
Executive General Manager of Health and Home Care Products Division

Executive Officer
### Annette Ling
Special Assignment for Thailand Business

Executive Officer
### Akihiko Takeo
Responsible for Finance Department, General Affairs Department, General Manager of Finance Department

Executive Officer
### Yoshihiro Aihara
Executive General Manager of Northeast Asia Business Division

Executive Officer
### Norihiko Nakabayashi
Responsible for Digital Strategy, Digital Strategy Department

Executive Officer
### Eiji Nishinaga
Responsible for Corporate Environmental Strategy, Sustainability Promotion Department, Reliability Assurance Department, Legal Department, General Manager of Sustainability Promotion Department

Executive Officer
### Takashi Saegusa
Executive General Manager of Production and Logistics Headquarters, General Manager of Administration Department of Production and Logistics Headquarters

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# Performance and Other Data

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Segment Reviews

# Consumer Products Business (Japan)

**Market Position**

| | | |
|---|---|---|
| Toothpastes No. 1 share | Toothbrushes No. 1 share | Hand soaps No. 1 share |
| Dental care products No. 2 share | Bath detergents No. 2 share | Antipyretic analgesics No. 2 share |
| Dental rinses No. 3 share | Laundry detergents No. 3 share | Fabric softeners No. 3 share |

Note: Market position (market share) in 2024 according to Lion Corporation survey

## Generating new value that contributes to the creation of better habits while steadily enhancing profitability through further efficiency improvements in the business foundation

### Competitive Advantages

- Comprehensive strengths as Japan's leading manufacturer in oral healthcare (brands, technology, professional collaboration)
- Track record and knowledge in creating consumer habits centered on oral care and hygiene

### Challenges

- Need to upgrade from general-purpose price ranges, and develop high value-added products
- Need to increase flexibility in the supply chain, including production and logistics

### Opportunities

- Increasing awareness of QOL improvement through oral functions, supported by initiatives such as mandatory dental checkups for all citizens of Japan
- Rising awareness of cleanliness, hygiene, and self-care
- Growing interest in sustainable consumption

### Risks

- Rising raw material prices due to exchange rate and market fluctuations, and persistently high logistics costs
- Declining consumer sentiment due to inflation
- Rapid decrease in Japan's population and number of households

### 1st STAGE

**Achievements**

- Contributed to raising consumer awareness and market revitalization through product and service proposals in the oral healthcare category
- Improved profitability through the introduction of high value-added products, appropriate price increases, divestiture of non-core brands, and production optimization

**Issues Remaining**

- Achieving steady results through profit structure reform
- Solidifying high-profit structure by improving brand-level profitability
- Reviewing product lineup and improving supply chain efficiency
- Building knowledge to create new habits aligned with social trends

### Strategy Going Forward

- Accelerate value creation that promotes better oral healthcare habits, leading to improved consumer QOL and greater market vitality
- Increase unit prices and gross profit by actively shifting sales from general-purpose to value-added products
- Promote the development and cultivation of product categories that leverage proprietary technologies to contribute to environmental sustainability and the creation of better habits

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Segment Reviews

# Overseas Business

## Market Position

**Lion Corporation (Thailand) Ltd.**
Location: Bangkok, Thailand

Categories in top 3

- Hand soaps (No. 1 share)
- Liquid soaps
- Toothpastes・Toothbrushes
- Laundry detergents
- Dishwashing detergents

**Southern Lion Sdn. Bhd.**
Location: Johor Bahru, Malaysia

Categories in top 3

- Laundry detergents (No. 1 share)

**Lion Corporation (Korea)**
Location: Seoul, South Korea

Categories in top 3

- Hand soaps (No. 1 share)
- Laundry detergents

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

Categories in top 3

- Regular toothbrushes via e-commerce channels



Note: Market position (market share) in 2024 according to Lion Corporation survey

## Pursuing profitable growth through a glocalization strategy

### Competitive Advantages

- Solid market positions in detergents and other categories through collaboration with local joint venture partners who have robust distribution networks and strong connections with authorities
- Local research and production systems to respond to consumer needs

### Challenges

- Detergent-centered business susceptible to raw material price fluctuations
- Difficulty in expanding the business in the personal care field (oral healthcare, beauty care and pharmaceutical products)

### Opportunities

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

### Risks

- Disorder caused by political instability mainly in emerging countries
- Raw material supply constraints due to rising geopolitical risk
- Increase in product prices due to persistently high raw material prices
- Increase in marketing costs due to increasingly tough competitive environments

### 1st STAGE

**Achievements**

- Continued growth in Overseas Business: CAGR (2021→2024) 14.7%
- Expanded sales ratio of personal care products
- Established businesses in Bangladesh and Vietnam

**Issues Remaining**

- Sustaining profitable growth centered on oral healthcare
- Accelerating product development in each country by strengthening the Group's R&D structure

### Strategy Going Forward

- Develop marketing and solution proposals tailored to areas aiming to grow sales volume through habit penetration and those aiming to raise unit prices through added value.
- Concentrate investment in specific areas aimed at profit growth, using cash generated from the product mix of laundry detergents and from core profitable businesses

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Segment Reviews

# Industrial Products Business

## Chemical Products Business

### Becoming a top global niche company that delivers new value for industrial customers' next-generation products

**Competitive Advantages**

- Distinctive product categories leveraging proprietary technologies
- Development capabilities in the CASE[1] and sanitary[2] domains
- Planning and development capabilities that meet diverse customer needs

**Challenges**

- Need to accelerate profit structure reform
- Need to secure a more flexible supply system to support business growth and respond to changes in the external environment

**Opportunities**

- Increasing demand in the CASE domain due to increased automobile production
- Expanding demand for environmentally sustainable products

**Risks**

- Restrictions on raw material procurement and sales activities due to heightened geopolitical risks
- Decreased demand for related products due to changes in electric vehicle policies across countries and shifts in the competitive environment
- Decline in profitability due to competition with low-cost general-purpose overseas products in the sanitary domain

**1st STAGE**

**Achievements**

- Improved profitability through appropriate pricing
- Successful commercialization of new products in the CASE domain (Japan and Americas)

**Issues Remaining**

- Need to achieve growth in core electro-conductive carbon products in the CASE domain
- Need to reform the profit structure in the sanitary domain

**Strategy Going Forward**

- Pursue strategic alliances and investments that contribute to growth in the CASE domain
- Shift to high-profit products through profit structure reform and portfolio streamlining

1. Markets centered on connected, autonomous, shared, and electric technologies
2. Healthcare-related market centered on disinfection, hair care, etc.

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

## Detergents for Institutional Use Products Business

### Creating cleanliness and hygiene habits with business users to contribute to the health of people in Asia

**Competitive Advantages**

- Broad range of hygiene-related businesses
- High product reliability, including the Lion brand
- Solution capabilities aligned with customer needs

**Challenges**

- Sales and profitability in specific business fields
- Lack of strong brand presence in the institutional use products market
- Organizational structure for business expansion still under development

**Opportunities**

- Steady growth in the institutional use products market
- Increasing awareness of cleanliness, hygiene, and safety
- Expanding customer needs for efficiency and labor-saving

**Risks**

- Persistently high raw material costs due to fluctuating exchange rates, etc.
- Impact of deteriorating logistics environment
- Decline in purchasing power and labor force due to population decline and aging

**1st STAGE**

**Achievements**

- Restored profitability through net sales growth and product price increases
- Improved solution capabilities for customers and contributed to the efficiency of their operations through products and services
- Initiated measures for the next growth phase (overseas expansion in China, human resource utilization)

**Issues Remaining**

- Need to build a stable profit structure that adapts to environmental changes
- Need to increase market share in Japan and expand growth potential
- Need to advance full-scale reform of the management foundation

**Strategy Going Forward**

- Strategically allocate resources and diversify earnings sources through portfolio transformation
- Introduce high value-added products and services and scale up operations in China
- Build a business model that enhances productivity (human resources, supply chain management)

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

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# Key Financial Data

## Japanese GAAP

V-2 Plan 2015–2017

(Millions of yen)

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

## IFRS

LIVE Plan 2018–2020 | Vision2030 1st STAGE 2022–2024

(Millions of yen)

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | **2024** |
|---|---|---|---|---|---|---|---|
| **Consolidated Statement of Income** | | | | | | | |
| Net sales | 349,403 | 347,519 | 355,352 | 366,234 | 389,869 | 402,767 | **412,943** |
| Cost of sales | 177,673 | 175,588 | 175,479 | 187,129 | 215,263 | 222,168 | **224,159** |
| Gross profit | 171,729 | 171,931 | 179,872 | 179,104 | 174,605 | 180,598 | **188,783** |
| Gross profit to net sales (%) | 49.1 | 49.5 | 50.6 | 48.9 | 44.8 | 44.8 | **45.7** |
| Selling, general and administrative expenses | 143,353 | 141,882 | 143,934 | 148,181 | 151,046 | 160,465 | **162,450** |
| Selling, general and administrative expenses to net sales (%) | 41.0 | 40.8 | 40.5 | 40.5 | 38.7 | 39.8 | **39.3** |
| Core operating income[2] | 28,375 | 30,048 | 35,937 | 30,923 | 23,559 | 20,133 | **26,332** |
| Core operating income ratio (%) | 8.1 | 8.6 | 10.1 | 8.4 | 6.0 | 5.0 | **6.4** |
| Operating income | 34,196 | 29,832 | 44,074 | 31,178 | 28,843 | 20,505 | **28,387** |
| Operating income to net sales (%) | 9.8 | 8.6 | 12.4 | 8.5 | 7.4 | 5.1 | **6.9** |
| Profit before tax | 35,658 | 31,402 | 44,494 | 34,089 | 31,292 | 22,375 | **32,249** |
| Profit before tax to net sales (%) | 10.2 | 9.0 | 12.5 | 9.3 | 8.0 | 5.6 | **7.8** |
| Profit for the period attributable to owners of the parent | 25,606 | 20,559 | 29,870 | 23,759 | 21,939 | 14,624 | **21,197** |
| **Consolidated Balance Sheets** | | | | | | | |
| Total assets | 355,365 | 380,701 | 435,501 | 428,025 | 469,278 | 486,363 | **497,167** |
| Property, plant and equipment | 81,546 | 90,903 | 118,379 | 120,673 | 130,137 | 140,671 | **128,143** |
| Total noncurrent liabilities | 21,350 | 23,781 | 24,016 | 23,792 | 48,536 | 44,896 | **39,094** |
| Total liabilities | 151,093 | 159,499 | 190,644 | 163,011 | 190,110 | 188,229 | **181,473** |
| Total net assets | 204,271 | 221,201 | 244,856 | 265,014 | 279,168 | 298,134 | **315,694** |
| **Other selected data** | | | | | | | |
| Capital expenditures[1] | 16,678 | 23,644 | 47,570 | 21,890 | 24,314 | 27,807 | **15,396** |
| R&D expenses | 10,969 | 10,944 | 10,906 | 11,180 | 11,077 | 11,217 | **11,418** |
| Depreciation and amortization[1] | 8,707 | 10,504 | 11,732 | 14,252 | 17,665 | 20,201 | **21,162** |
| Number of employees | 6,941 | 7,151 | 7,452 | 7,584 | 7,587 | 7,550 | **7,654** |
| **Per share data (yen)** | | | | | | | |
| Earnings per share – basic | 88.11 | 70.72 | 102.75 | 81.73 | 77.04 | 51.42 | **76.51** |
| Earnings per share – diluted | 87.99 | 70.63 | 102.61 | 81.59 | 76.91 | 51.35 | **76.41** |
| Dividends per share | 20.00 | 21.00 | 23.00 | 24.00 | 25.00 | 26.00 | **27.00** |
| Net assets per share | 657.50 | 716.94 | 797.08 | 865.31 | 929.72 | 985.43 | **1,062.70** |
| Number of shares outstanding (common stock) | 299,115,346 | 299,115,346 | 299,115,346 | 299,115,346 | 292,536,446 | 292,536,446 | **284,432,746** |
| **Management indicators** | | | | | | | |
| EBITDA[3] (Billions of yen) | — | — | 47.66 | 45.17 | 39.94 | 38.00 | **45.15** |
| ROIC[4] (%) | — | — | 10.7 | 8.8 | 6.0 | 4.7 | **5.8** |
| Profit for the period to equity attributable to owners of the parent (ROE) (%) | 13.9 | 10.3 | 13.6 | 9.8 | 8.5 | 5.4 | **7.4** |

1. Includes intangible assets.
2. Core operating income is an earnings indicator the Company uses to measure regular business performance, calculated by subtracting selling, general and administrative expenses from gross profit.
3. It is the sum of core operating profit and depreciation and amortization (excluding right-of-use assets). The calculation method for this indicator changed in 2022. EBITDA is an indicator of profitability on a cash basis.
4. ROIC is an indicator of the profitability and efficiency of invested capital. It is calculated as net operating profit after tax (NOPAT) divided by average invested capital (total equity plus interest-bearing liabilities) during the period.

WEB ▶ **Financial Highlights**
https://www.lion.co.jp/en/ir/finance/

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# Key Non-Financial Data

## Sustainability Material Issues, 2030 Objectives and Indicators, 2024 Results and Measures to 2030

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

| | | Material Issues | Objectives (2030) | Indicators (2030) | Progress (2024 Results) | Globally Common Measures to 2030 |
|---|---|---|---|---|---|---|
| E | Top-Priority Material Issues | Promoting Environmental Initiatives for a Sustainable Planet WEB | Reduce $CO_2$ emissions throughout business activities. | • $CO_2$ emissions throughout business activities<br>⇒ Down 55% compared with 2017 levels (Absolute quantity) | • Down 33% compared with 2017<br>(Figure after deducting purchases of carbon credits. 24% reduction if not deducted.) | • Reduce energy usage through energy-saving activities.<br>• Purchase electricity generated by renewable energy sources. |
| | | | Reduce $CO_2$ emissions throughout product lifecycles. | • $CO_2$ emissions throughout product lifecycles<br>⇒ Down 30% compared with 2017 levels (Absolute quantity) | • Down 2% 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.<br>• 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.<br>• 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<br>⇒ 70% or less | • 97% (Japan)<br>Rate of containers and other packaging using sustainable materials: 2.9% | • Reduce usage of petrochemical-derived materials through the increased use of recycled plastic and biomass materials in products, containers and packaging.<br>• Continuously promote reduced use and reuse of plastic in products, containers and packaging. |
| | | | Reduce water usage throughout product lifecycles. | • Water usage throughout product lifecycles<br>⇒ Down 30% compared with 2017 levels (Per unit of net sales) | • Down 22% compared with 2017 | • Reduce water usage by consumers through the provision of water-saving products. |
| S | | Creating Healthy Living Habits WEB | Provide opportunities for everyone to practice oral healthcare whenever necessary and foster oral healthcare habits to promote health for all. | • Total number of persons provided with products, services and information aimed at creating healthy living habits<br>⇒ 1 billion<br>(Oral healthcare habits: 500 million people, Cleanliness and hygiene habits: 500 million people) | **Oral healthcare habits: 400 million people***<br>Spreading Awareness of Preventive Dentistry Habits<br>(Japan)<br>• Expanded initiatives to foster preventive dental care habits (*OraCo*)<br>(Overseas)<br>• Conducted tooth brushing awareness activities for infants and children<br><br>Putting Preventive Dentistry Habits into Practice<br>(Japan)<br>• Promoted greater frequency of tooth brushing<br>37% of population brushed teeth after lunch (target for 2030: 50%)<br>• Promoted greater use of products other than toothpastes and toothbrushes<br>38% of population used dental floss products (target for 2030: 50%)<br>* Source: Lion survey | • Increase range of products and services that promote the creation of better oral healthcare habits.<br>• Reinforce educational and awareness activities aimed at establishing preventive dentistry and better oral healthcare habits.<br>• Promote activities to address personal and social challenges through oral healthcare. (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: 310 million people***<br>Promoting and Establishing Cleanliness and Hygiene Habits through Educational Institutions<br>(Lion Group)<br>• Conducted educational and awareness activities at preschools, kindergartens and elementary schools to promote hand washing habits<br>• Held the *KireiKirei* My Bottle Contest<br>• Carried out hygiene education at elementary schools in Bangladesh through JICA<br><br>Expanding Activities in the Domain of Establishing Cleanliness and Hygiene Habits<br>(Japan)<br>• Implemented the FureFure Family Project, which distributed hand washing lesson kits<br>• Conducted a hand washing awareness event in partnership with the parenting app iiba<br>• Installed hand soap stations in elementary schools in Okayama Prefecture using the corporate *furusato nozei* (hometown tax) program<br>(Overseas)<br>• Provided hygiene products to expectant mothers as part of a childbirth support initiative in South Korea<br>• Conducted hand washing education through a public-private collaborative project in Thailand<br>* Based on 2024 performance, a new calculation method was adopted, expanding the scope of activities to include personal and food safety, in light of business conditions in Asia. | • Provide products and services that support the establishment of hand cleanliness and hygiene habits in daily living.<br>• Provide new customer experiences in all aspects of daily living through the provision of products and services that protect customers from bacteria and viruses.<br>• Implement educational and awareness activities to establish cleanliness and hygiene habits in all aspects of daily living. |

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# Key Non-Financial Data

| | Material Issues | Objectives (2030) | Indicators (2030) | Progress (2024 Results) | Globally Common Measures to 2030 |
|---|---|---|---|---|---|
| S | Promoting Diversity and Inclusion* WEB | Enable human resources with diverse values and ideas to fully express their individuality and abilities and succeed professionally. | • Ratio of women in management ⇒ 30% or more<br>• Employees who feel that employees with diverse values are able to succeed professionally ⇒ 80% or more | • Ratio of women in management: 24.9%<br>• Employees who feel so: 61% (Japan) | • Provide opportunities for employees to deepen their understanding of diverse values.<br>• Create systems and mechanisms for diverse human resources to succeed professionally. |
| S | Promoting Work-Life Enrichment* WEB | Create an environment that helps employees fulfill their ambitions through synergy between work and private life. | • 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 | • 57% (Japan) | • Create an environment that enables employees to fulfill their life ambitions and achieve their ideal lifestyles. |
| S | Developing Human Resources* WEB | Foster human resources who generate dynamism to realize innovative change by creating environments that enable all employees to exercise their diverse abilities to the fullest and embrace challenges. | • Employees who are using diverse educational programs (Lion Career Village) for individualized skill acquisition and ability development ⇒ 100% | • 58% | • Introduce e-learning system and curriculum that meet the needs of overseas Group companies.<br>• Create mechanisms that will be used to provide content for learning opportunities on an ongoing basis. |
| S | Improving Employee Health* WEB | Support mental and physical healthcare for employees to reinforce Group human resources and achieve sustainable corporate growth. | • Employees getting dental checkups ⇒ 100%<br>• Absenteeism ⇒ Improve from the 2021 level | • Employees getting dental checkups: 92% (Japan)<br>Note: Calculation method under consideration overseas<br>• Absenteeism: 1.1% (Lion Corporation in Japan, Slightly up from 2021)<br>Note: Calculation method under consideration overseas | • Use a self-administered daily oral care program and regular dental checkups to create an environment that enables all employees to implement a PDCA cycle and to provide information and learning opportunities regarding oral self-care.<br>• 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.<br>• 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. |
| S | Enhancing the Occupational Safety Management System WEB | 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. | • Participation in safety education and training ⇒ Implement as planned (100%) at work sites<br>• Compliance with occupational safety and health laws and regulations<br>Serious accidents and incidents ⇒ Zero | • Participation in training: 100% as planned<br>• Serious accidents and incidents: Zero<br>However, there was one accident overseas, involving a contract employee working at the warehouse of one of our consolidated subsidiaries. | • Provide opportunities to learn about safety and disaster prevention, and implement activities to promote understanding of basic safety activities.<br>• 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. |
| S | Respecting Human Rights WEB | Ensure respect for the human rights of all stakeholders affected by Group business activities, in line with the LION Human Rights Policy. | • Human rights due diligence implementation for material human rights issues<br>⇒ 100% | • Human rights due diligence implementation<br>Lion Group: 100%<br>Suppliers: 92% | • Build a mechanism for addressing human rights issues.<br>• Identify material human rights risks and verify how those affected are negatively impacted.<br>• Execute and monitor measures for addressing human rights risks that have been identified.<br>• Proactively disclose status of response to human rights due diligence implementation. |
| S | Building Responsible Supply Chain Management WEB | 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. | • Procurement of third-party certified paper and pulp (FSC, PEFC, etc.) and palm oil, palm kernel oil and their derivatives (RSPO, etc.)<br>⇒ 100%<br>• 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% | • Ratio of certified raw materials procurement<br>Japan:<br>Certified paper and pulp: 75% (item ratio)<br>Certified palm oil and palm kernel oil derivatives: 99% (based on key raw materials)<br>Lion Group:<br>Certified paper and pulp: 46% (item ratio)<br>Certified palm oil and palm kernel oil derivatives: 46% (based on key raw materials)<br>• Ratio of suppliers supporting zero deforestation<br>Japan: 55%, Lion Group: 49% | • Create and promote a sustainable procurement system in cooperation with suppliers. |
| S | Pursuing Customer Satisfaction and Trust WEB | Promote and reinforce customer-oriented business activities by improving customer support quality and the value of products and services. | • Reflection of customer opinions in all products and services so that customers will continue to choose them | • Self-declaration of conformance to ISO 10002 (Japan, July)<br>• Began providing the annual customer inquiry summary in digital format Company-wide<br>• Began Company-wide sharing of audio recordings of main customer inquiries and commendations<br>• Developed a tool for overseas affiliates to share customer opinions | • Evolve the activities of customer response departments by steadily promoting three steps: Understand the current situation, formulate plans, and promote activities<br>• Create an environment for improving customer relationships and expanding the range of problem resolution methods.<br>• Create and implement a system for reflecting customer feedback in products and services. |
| G | Promoting Risk Management WEB | Build a comprehensive and exhaustive risk management system for identifying and quickly and appropriately dealing with risks to achieve sustainable corporate growth. | • Disclosure of the results of monitoring significant business risks and progress in implementing reduction measures ⇒ At least once a year | • Disclosed once | • Build and raise awareness of a management system that includes overseas Group companies.<br>• Use a consistent format for investigating risks and implement countermeasures.<br>• Share information on progress of response through reports to the Board of Directors once a year. |
| G | Reinforcing Compliance WEB | Reinforce effective initiatives to instill compliance awareness and thus earn and maintain the trust of society. | • Participation in compliance education and training ⇒ Implement as planned (100%) at work sites<br>• Serious compliance violations ⇒ Zero | • Participation in training: 100% as planned<br>• Serious compliance violations: Zero | • Build and enhance a compliance system that includes overseas Group companies.<br>• Further inculcate compliance through ongoing implementation of management and employee training and questionnaires, etc.<br>• Improve Group-wide risk perception and accelerate risk response by designating compliance managers at overseas Group companies and building a global hotline. |
| G | Enhancing Governance WEB | Build a sound, fair, transparent and highly effective governance system to enable sustainable corporate value enhancement. | • Disclosure of the results of the establishment and operation of the internal control system<br>⇒ At least once a year<br>• Improvement in evaluations from external organizations<br>⇒ Continuously improve from 2020 onward | • Disclosed once<br>• Continued activities to maintain or improve evaluation compared with 2023 | • Evaluate and disclose results of the operation of the current internal control system.<br>• Clarify status of establishment of internal control systems at overseas Group companies and evaluate their operation.<br>• Continuously and proactively disclose governance-related non-financial information. |

* The four items related to human capital will be revised and updated targets and indicators will be promoted starting from the 2025 results.

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# Key Non-Financial Data

## Sustainability Initiatives

### Environment

| Target | Category | Classification | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Realizing a Decarbonized Society | Greenhouse gas emissions throughout the supply chain | Scope1 | 1,000 t-$CO_2$ | 70 | 63 | 73 |
| | | Scope2 | 1,000 t-$CO_2$ | 89 | 54 | 54 |
| | | Scope3 | 1,000 t-$CO_2$ | 5,120 | 4,774 | 4,733 |
| | Non-renewable energy consumption | | GWh | 549 | 436 | 466 |
| | Renewable energy consumption | | GWh | 2 | 81 | 79 |
| | Carbon credits purchased[1] | | 1,000 t-$CO_2$ | 16 | 16 | 16 |
| Realizing a Resource-circulating Society | Plastic usage (household products) | | 1,000 t | 38 | 38 | 35 |
| | Water usage throughout product lifecycles | | Million $m^3$ | 2,303 | 2,228 | 2,057 |

1. 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 healthy living habits.

| Category | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Oral healthcare habit educational and awareness activities: Oral Health Event of Tooth Brushing for Children[1] | No. of participants | Japan and Asia Approx. 252,000 | Japan and Asia Approx. 270,000 | Japan and Asia Approx. 300,000 |
| Hand washing habit educational and awareness activities: Education in correct hand washing methods[2] | No. of participants | Japan and Asia Approx. 2,360 | Japan and Asia Approx. 2,510 | Japan and Asia Approx. 2,690 |

1. An event for elementary school students held since 1932 during Dental and Oral Health Week (June 4–10)
2. Fun educational events on hand washing techniques for nursery school students, school students and school teachers alike

### Employees

| Category | Material | Unit | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Employees | Lion Corporation (including employees on loan) | Male (No.) | 2,317 | 2,253 | 2,197 |
| | | Female (No.) | 1,270 | 1,292 | 1,290 |
| New employees (New graduates) | Lion Corporation (including employees on loan) | Male (No.) | 35 | 21 | 37 |
| | | Female (No.) | 30 | 38 | 37 |
| Ratio of women in management | Lion Corporation (including employees on loan) | % | 11.1 | 14.2 | 14.5 |
| Re-hired retirees | Lion Corporation (including employees on loan) | (No.) | 343 | 462 | 475 |
| Employees with disabilities | Lion Corporation (including employees on loan) | % | 2.8 | 2.9 | 2.8 |
| Average service years (Excluding re-hired retirees) | Lion Corporation (including employees on loan) | Male (Years) | 19.6 | 18.3 | 16.9 |
| | | Female (Years) | 14.2 | 13.1 | 13.1 |
| Employees who took childcare leave | Lion Corporation (including employees on loan) | Male (No.) | 55 | 57 | 55 |
| | | Female (No.) | 77 | 89 | 84 |
| Annual paid leave used | Lion Corporation (including employees on loan) | % | 69.2 | 74.8 | 78.8 |
| Employee Awareness and Behavior Survey: Ratio of employees who take pride in their work | Lion Corporation (excluding employees on loan) | % | 77.1 | 74.5 | 76.9 |
| Average hours per FTE* of training and development | Lion Group | Hours | 34.9 | 32.1 | 25.9 |
| Average amount spent per FTE on training and development | Lion Group | Yen | 51,400 | 43,992 | 45,162 |

* FTE: Full-time equivalent

WEB ▶ ESG Data and Third-party Verification
https://www.lion.co.jp/en/sustainability/management/data/

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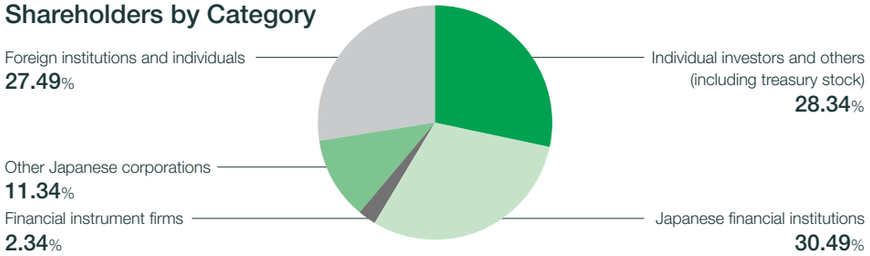
# Corporate Overview and Stock Information (As of December 31, 2024)

## Corporate Overview

| | |
|---|---|
| **Corporate Name** | Lion Corporation |
| **Foundation** | October 30, 1891 |
| **Establishment** | September 1918 |
| **Capital** | ¥34.4 billion |
| **Address** | 1-3-28 Kuramae, Taito-ku, Tokyo 111-8644, Japan |
| **Employees** | 3,068 (Consolidated: 7,654) |

## Shareholders by Category




## Major Shareholders (Top 10)

| Shareholders | Number of shares held (Thousands of shares) | Shareholding ratio (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 38,757 | 13.99 |
| Custody Bank of Japan, Ltd. (Trust Account) | 26,334 | 9.50 |
| JAPAN ACTIVATION CAPITAL I L.P. | 12,450 | 4.49 |
| Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. | 8,282 | 2.99 |
| STATE STREET BANK AND TRUST COMPANY 505001 | 6,781 | 2.44 |
| STATE STREET BANK AND TRUST COMPANY 505103 | 4,644 | 1.67 |
| Meiji Yasuda Life Insurance Company | 3,690 | 1.33 |
| JP MORGAN CHASE BANK 385781 | 3,364 | 1.21 |
| STATE STREET BANK WEST CLIENT – TREATY 505234 | 3,170 | 1.14 |
| Dai Nippon Printing Co., Ltd. | 3,140 | 1.13 |

Note: Shareholding ratio is calculated based on the number of shares (276,966,378 shares), which is the number of shares issued and outstanding less the number of shares of treasury stock, rounded down to the second decimal place.

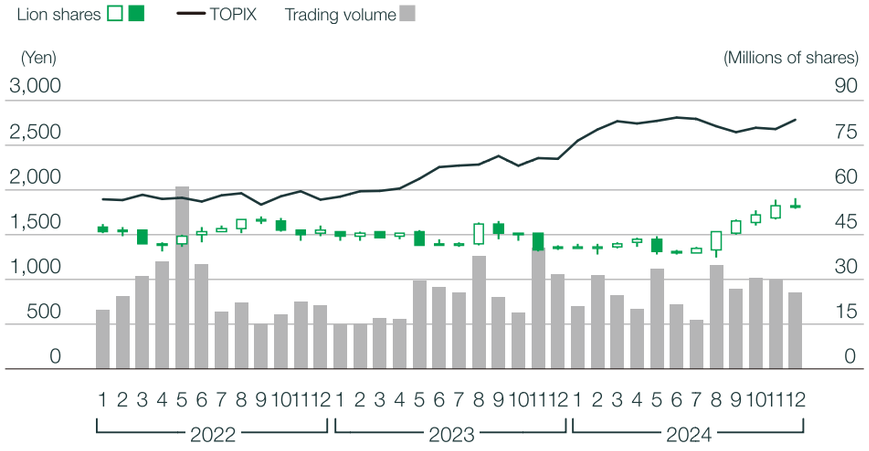
## Stock Information

| | |
|---|---|
| **Stock Listing** | Prime Market of Tokyo Stock Exchange |
| **Securities Code** | 4912 |
| **Transfer Agent** | Mitsubishi UFJ Trust and Banking Corporation |
| **Number of Shares of Common Stock** | 284,432,746 (Issued and outstanding) |
| **Number of Shareholders** | 284,922 |

## Share Price and Trading Volume

### Total Shareholder Returns

| | December 2020 | December 2021 | December 2022 | December 2023 | December 2024 |
|---|---|---|---|---|---|
| Lion | 118.6% | 74.5% | 74.6% | 66.2% | 88.8% |
| Reference: TOPIX net total return index | 107.4% | 121.1% | 118.1% | 151.5% | 182.5% |



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