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LION

Lion
Integrated Report

20
26



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Editorial Policy

Lion Integrated Report 2026 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, 2025 (fiscal 2025) (Some information covers activities in 2026.)

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

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

Accounting Standards Applied: International Financial Reporting Standards (IFRS)

Referenced Guidelines:

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

Regarding Forward-Looking Statements

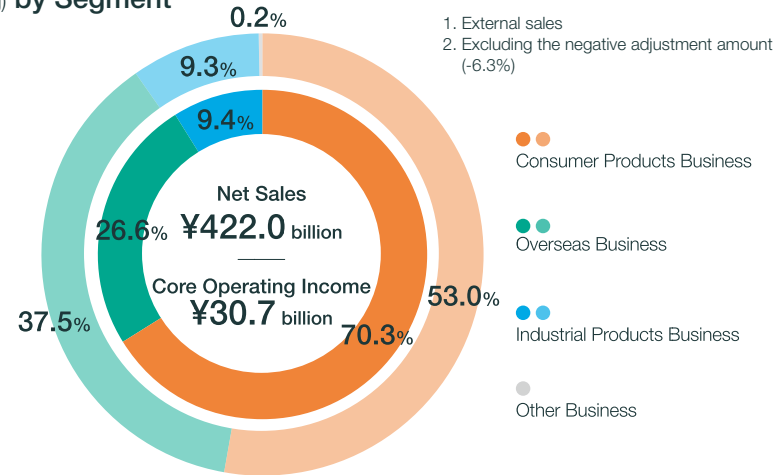
This report contains forward-looking statements on subjects that include matters related to future business plans, corporate strategies and forecasts of performance. Such statements were formulated based on information that was available at the time of the preparation of this integrated report and contain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

Lion’s Disclosure

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

Lion at a Glance

2025 Net Sales¹ (Outer Ring) and Core Operating Income² (Inner Ring) by Segment



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



Offices and Other Work Sites

Domestic

Japan: **12** sites
6 offices
2 research centers
4 plants
9 affiliates

Overseas

Overseas: **13** sites

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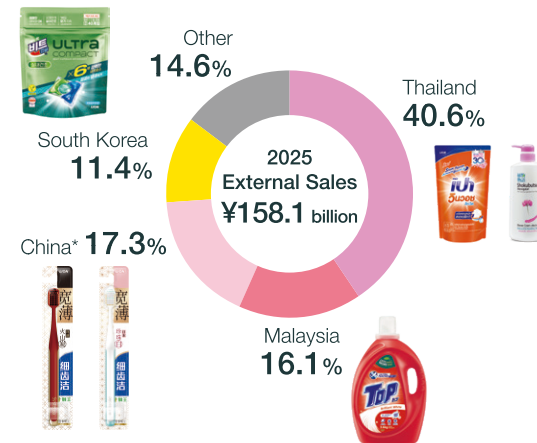
Consumer Products Business

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/Oceania and Northeast Asia, providing a wide range of products and services tailored to each country and region, 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, electroconductive carbon, and other chemicals; the Detergents for Institutional Use Business, which sells detergents and hand soaps for hotels and restaurant kitchens; and Other Business.

Detergents for Institutional Use



Chemical Products



Note: Lion Specialty Chemicals Co., Ltd., a subsidiary in the Chemical Products Business, will be excluded from the scope of consolidation following the scheduled transfer of its shares on June 30, 2026.

Purpose

Learn more about Lion's Corporate Philosophy here:



Corporate Philosophy

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



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Make a difference in everyday lives by redesigning habits: ReDesign

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



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History

A History of Growing Our Businesses by “Creating Better 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.

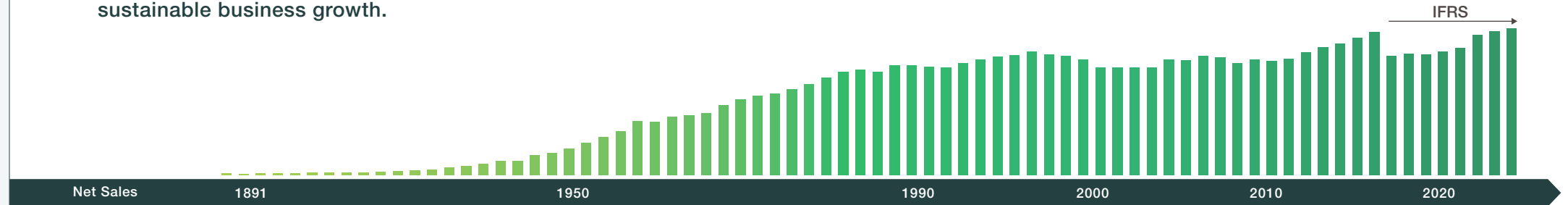
ReDesign

Make a difference in everyday lives by redesigning habits

2025

Net sales
¥422.0 billion

Core operating income
¥30.7 billion



Main Initiatives for “Creating Better Habits”

 Oral Healthcare	<p>Commencement of education and awareness activities to promote tooth brushing habits</p> <p>Spreading awareness of tooth brushing habits, with a focus on children, through advertisements and publications</p>	<p>Response to increasingly diverse oral health issues</p> <p>CLINICA Lion Launch of a toothpaste with enzymes that break down caries-causing dental plaque</p> <p>Dentor Lion Launch of a toothpaste that helped protect against advanced periodontal disease</p>	<p>Promotion of oral healthcare that leads to overall health</p> <p>Salivary Multi Test (SMT) Provision of a service for visualizing oral health status from saliva</p> <p>Okuchi Plus You Support for corporate health and productivity management through employee dental and oral health</p>
 Cleanliness and Hygiene	<p>Promotion of proper laundry techniques through awareness and education</p> <p>Hosting laundry workshops to teach proper techniques for washing clothes using soap</p>	<p>Response to diverse consumer needs and rising awareness of cleanliness</p> <p>Lipon F Launch of Japan’s first kitchen detergent for washing fruits, vegetables and tableware</p>	<p>Contribution to clean and hygienic lifestyles in Asia</p> <p>KireiKirei Product rollout and education and awareness activities across Asia Leading market share in Japan, Thailand and South Korea* * Source: Lion Corporation survey (Jan.–Dec. 2025)</p>
 Environmental Protection	<p>Use of plant-based raw materials</p> <p>Plant-derived Lion Laundry Soap Japan’s first plant-derived household laundry soap</p>	<p>Addressing various environmental issues using advanced technologies</p> <p>Dash and Murin TOP Launch of laundry detergents that address environmental issues such as foaming and eutrophication of rivers</p>	<p>Establishing environmentally friendly habits through products and communication</p> <p>Spreading awareness of the habits of using one rinse cycle and refills</p> <p>Recycling activities for items including toothbrushes and refill pouches</p>



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Approach

Lion’s Unique Approach to “Creating Better Habits”

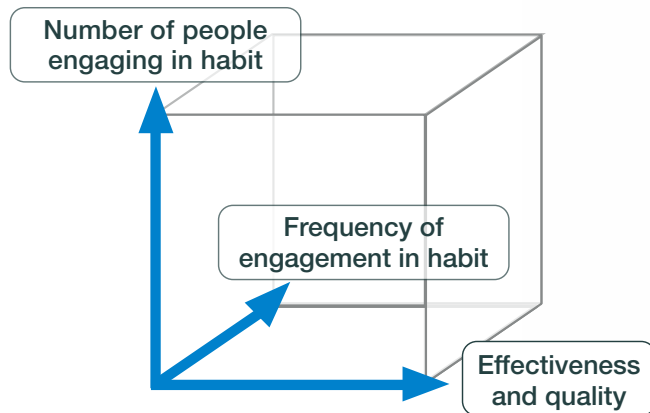
The value generated by “Creating Better Habits” expands through the integration of three dimensions: “Effectiveness and quality,” “Frequency of engagement in habit,” and the “Number of people engaging in habit.”

For example, value generated can be further enhanced as habits such as brushing teeth after lunch as well as in the morning and evening become more established, hand washing after returning home becomes more frequent, and consumers use higher-performance, higher-quality products. Our approach to establishing habits is to propose surprising and meaningful new insights not only into everyday habits that people take for granted, but also into entirely new habits that have yet to become part of daily life. By proposing habits from the consumer’s perspective, we encourage behavior change and promote the creation and adoption of more positive and sustainable habits, thereby maximizing the synergy among these three dimensions.

Through these initiatives, we will realize both social and economic value by going beyond simply providing products to help create better habits, with a focus on consumers in Asia.

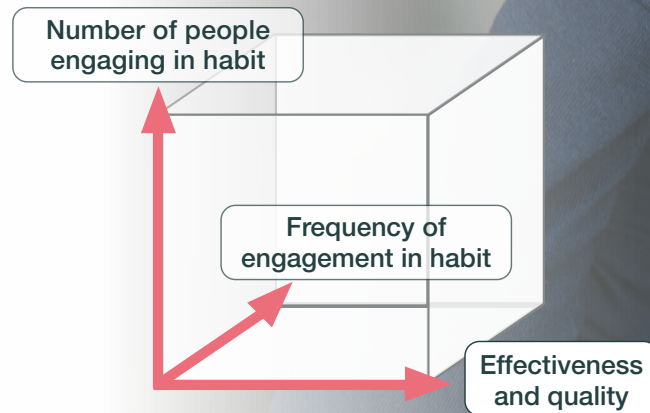
Oral Healthcare Habits

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Cleanliness and Hygiene Habits

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Oral Healthcare

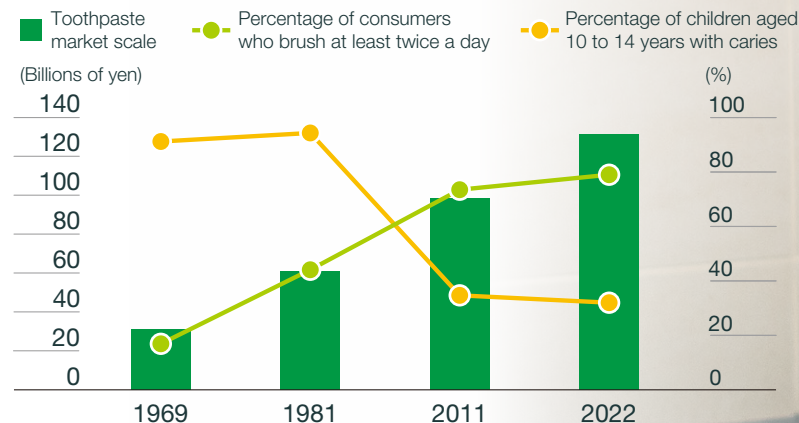
Generating Social and Economic Value through “Creating Better Habits”

Instilling Tooth Brushing Habits

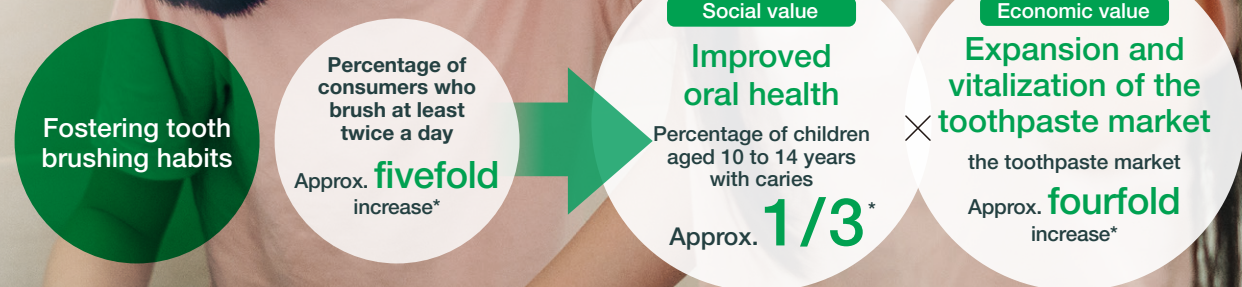
When Lion was founded in the late 1800s, tooth brushing was not yet widely practiced in Japan, and around 96% of children had caries. Senior management at the time felt that the situation presented a real crisis with regard to the nation’s future, so in addition to developing and marketing oral care 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.

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: Lion Corporation survey (market size); Ministry of Health, Labour and Welfare, *Survey of Dental Diseases* (tooth brushing frequency and percentage of children 10 to 14 years with caries, treated and untreated)



*Comparison between 1969 and 2022



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Vision2030

Becoming an advanced daily healthcare company

Generating social and economic value by supporting “Creating Better Habits”, particularly in Asia

Social Value	Economic Value
Enhance consumer QOL	Sustainable profitability improvement
<ul style="list-style-type: none"> • Oral healthcare habits 500 million people • Cleanliness and hygiene habits 500 million people 	<ul style="list-style-type: none"> • EBITDA² margin 16% or higher • ROIC³ 10–12%
Contribute to the realization of a decarbonized, resource-circulating society	Continuous overseas growth
<ul style="list-style-type: none"> • Petrochemical-derived plastic use rate 70% or less • Water usage throughout product lifecycles¹ 30% reduction 	<ul style="list-style-type: none"> • 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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Message from the President

We will achieve sustainable enhancement of corporate value by reshaping our management foundation around “Creating Better Habits.”

Masayuki Takemori

Representative Director, President and Executive Officer
Chief Executive Officer

The Purpose That Lion Has Pursued from Day One

Since its founding in 1891, the Lion Group has become a familiar presence in people’s lives through “Creating Better Habits.” Our products are an integral part of the activities of daily living, from brushing teeth to doing laundry and cleaning. Transforming these everyday activities into healthier and more comfortable experiences is the foundation of our business.

For example, if people establish the habit of brushing their teeth after lunch and use products with higher functionality, they can enjoy eating with healthy teeth throughout their lives. And if housework is done more

efficiently, people will have more free time to spend with their families. Contributing to people’s everyday lives through positive changes like these is Lion’s purpose, embodying the spirit that has been passed down for over 130 years.

Today, the question, “Does this help customers to create better habits?” is discussed routinely among all employees, not only in sales and R&D but also at our plants and head office. This corporate culture is something we can be genuinely proud of.

We create social value through “Creating Better Habits,” and gain economic value in return. This cycle is at the heart of our business structure, and our purpose is more than just a philosophy—it is our business itself.





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Generating a Cycle of Social and Economic Value by Promoting Better Habits, Particularly in Asia

“Creating Better Habits” is an endeavor that both solves social issues and creates economic value. We believe that achieving this consistently will lead to sustainable improvement of corporate value. We are expanding the stage for these activities beyond Japan, primarily to Asia, and through these activities we are instilling and establishing healthy habits throughout people’s lives.

We have defined “Enhance consumer QOL” as a Top-Priority Sustainability Material Issue for 2030, and aim to provide oral healthcare habits and cleanliness and hygiene habits to 500 million people.

To achieve that, in oral healthcare habits, besides providing products and services and conducting education and awareness activities, we are further strengthening cooperation with global specialists and governments, and working to foster trust based on expert knowledge. We are



also conducting activities to establish cleanliness and hygiene habits with a focus on countries and regions undergoing population growth, such as Bangladesh. This creates the social value of improving public health, and the foundation of trust built in that process will help to cultivate future demand and lead to expansion of Lion’s medium- to long-term economic value.

By forging a future in which better habits spread spontaneously, we will ensure sustainable growth in which social value and economic value form a self-perpetuating cycle.

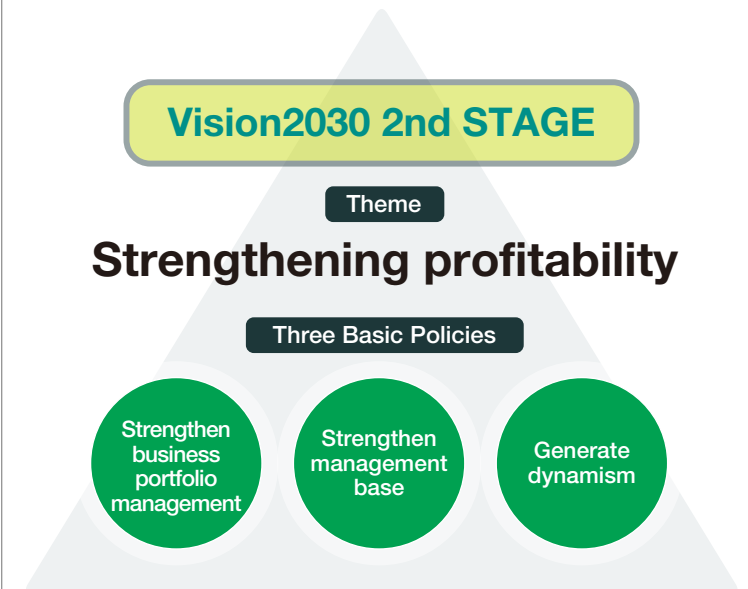
Strengthening Profitability: The Key to Sustainable Growth

We launched the three-year medium-term management plan Vision2030 2nd STAGE in 2025 to achieve our management vision for 2030 of “Becoming an advanced daily healthcare company.” Under this plan, we are working to make our businesses more profitable and improve capital efficiency, in line with the plan’s overall theme of “strengthening profitability.”

Strengthening profitability does not simply mean pursuing our own profit. In a rapidly changing external environment, expanding the sales volume of high-margin products is vital for achieving sustainable growth. We want to generate a positive cycle of growth investments and value creation by securing reasonable margins with a focus on high value-added, and share that value with stakeholders across the value chain, including distributors and suppliers.

We got off to a strong start in 2025, the first year of 2nd STAGE, as we exceeded the first-year earnings targets by successfully executing priority measures.

While advancing with profit structure reform in the Consumer Products Business, we have also been managing our Overseas Business with a focus on profitable growth, taking external changes into account. As a result, our earning power, which represents a company’s basic health, is steadily being strengthened. Going forward, it is important that we use our developed muscles to generate new growth. On a Group-wide basis, our success in boosting profitability and efficiency and shifting to a leaner business structure will become the solid foundation that supports further advances under 3rd STAGE and beyond.





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We are qualitatively transforming our business portfolio with a high value-added strategy that addresses healthcare needs.

In Japan and most other major countries in which we operate, people are becoming more health conscious in response to the aging population. While consumers have cut back on unnecessary spending, they have also shown a growing tendency to choose products and services that offer value for their health, even if the price is high. This trend is one reason behind the polarization of consumption, or so-called selective spending.

In this environment, where should we focus our efforts? I believe the answer is value creation driven by healthcare needs. Our expansion in the personal care field, which includes Oral Healthcare, Beauty Care and Pharmaceuticals, is our response to these needs, and is directly tied to our business shift to products with higher added value.

Based on this policy, we are making a qualitative transformation of our business portfolio through disciplined investment, including focusing allocation of resources on development of the personal care field. Our additional investment in Merap Lion in Vietnam, which primarily operates in the pharmaceutical products business, and our acquisition of PNB in Australia, which owns *Sukin*, a powerful brand in natural beauty care, are both investments in the personal care field, and are part of our effort to raise the quality of our portfolio through acquisition of high-profit businesses.

On the other hand, in businesses in Structural Reform, we are establishing a stable earnings foundation through profitability improvements in the home care field, and made the decision to transfer the Chemical Products Business.

In this way, we will complete our reconfiguration to a more profitable business structure within the growth investment framework of approximately ¥90 billion by 2027.

Deepening Our Presence in Oral Healthcare, the Lion Group’s Top Priority

In our business portfolio, Oral Healthcare, which is positioned as our Top Priority, is currently at a critical turning point.

That turning point is our transformation from being the company of choice for oral care in Japan to the company of choice for oral healthcare across all of Asia. Beyond traditional oral care that focuses on improving the oral environment, we aim to expand the scope of value we provide to include promoting overall health and improving quality of life through oral care. In the age of the 100-year lifespan, maintaining a healthy oral environment in order to eat with one’s own teeth and enjoy clear conversation throughout life is integral to well-being. To grow this category, we are promoting the expansion of our services business in coordination with the professional care received in dental clinics, in addition to providing self-care products used at home, such as toothpastes and floss.

Supporting the effectiveness of this strategy is our refinement of advanced technology. For example, going beyond the conventional concept of “disinfecting,” we are conducting research on microbiome control aimed at maintaining a healthy oral bacterial balance, and are obtaining important insights for health promotion that starts with oral health. We are aiming to create new markets by quickly translating these cutting-edge insights into commercial products.

We also plan to extend this deeper exploration of oral healthcare not only in Japan but across all of Asia.

Speeding up Decision-making and Evolving into a Company That Stays Ahead of Competition

To respond promptly to the increasingly challenging shifts in the external environment, we transitioned to a value chain-based business unit (BU) system in January 2026. This reorganization of the management foundation is aimed at boosting our business execution capability and the speed of management decision-making.

While the former function-based structure enabled us to draw on a high level of expertise, it made it difficult to determine where profit responsibility and decision-making authority lie, so there were cases of missed opportunities due to the time required for discussions and decisions. Business opportunities that we should have been able to capture ended up like bloop hits in baseball where the ball falls in between fielders because no one is sure who should catch it.

The transition to the business unit system has clarified the responsibilities of managers in charge of executing strategy in Japan and international operations, respectively, and by more effectively delegating authority, we have shifted





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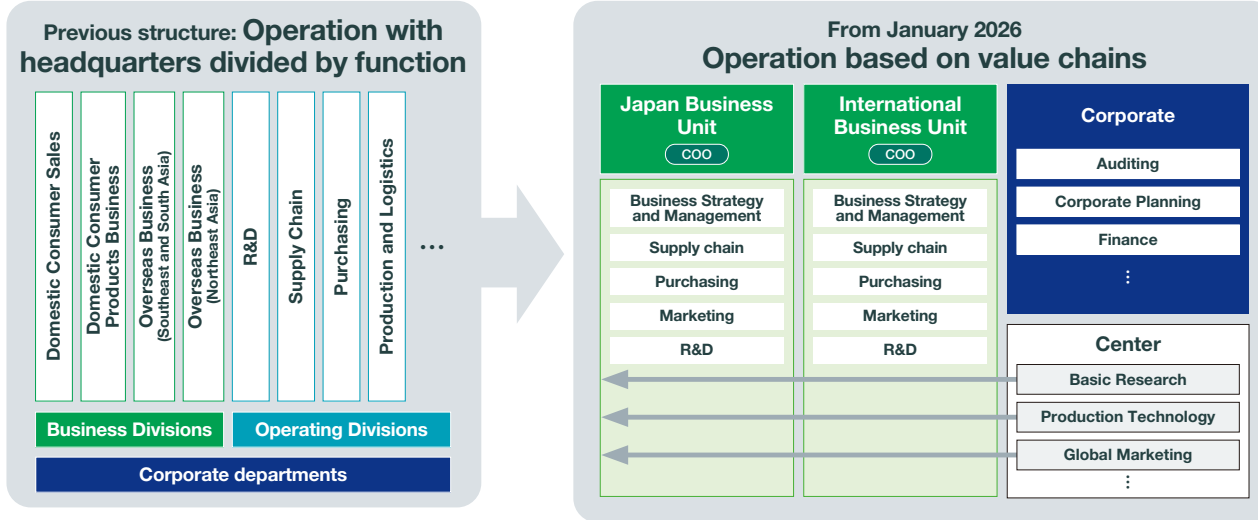
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to a structure that enables flexible decision-making in closer contact with customers. This is accelerating our transformation into a company that stays ahead of the competition.

I am confident that removing the organizational barriers that existed under the previous structure will lead to the generation of new ideas that are not just extensions of what has been done before. In fact, following our transition to the BU system, the effects are already beginning to appear, including changes in perspective in product development and faster decision-making.

Shifting to an Organizational Culture Unafraid of Autonomy and Crossing Boundaries

It is, above all, people who execute our management strategy and create value. I want our employees to exercise independence, draw in others with their passion, and overcome departmental silos to combine their insights.

One aspect of having many serious and considerate employees is that in the previous organizational structure,

they tended to avoid conflicting opinions and refrain from in-depth discussions. Through the introduction of the BU system, we now have an environment where research, production and sales face each other from the outset, and discussions can take place with the assumption of healthy conflict. I look forward to switching from a “bloop-hit type of organization,” where people are afraid of differences of opinion, to an organization where people embrace challenges.

I often compare organizational changes to the Japanese board game Othello™,* where the game board suddenly changes color when the four corners are secured; likewise, when some employees decisively take the first step, their example spreads to those around them, and before long the whole organization changes. In conjunction with these changes in the environment and organizational culture, we will also continue to invest in human capital, and will push forward tenaciously with our evolution into an organization that develops the next generation of leaders who will drive change.

* Othello is a registered trademark of MegaHouse Corporation.

To Our Stakeholders

We will continue working to generate both social value and economic value with a focus on “Creating Better Habits,” which Lion has emphasized since the Company’s founding. We will never waver in our commitment to this core focus. At the same time, we will not be complacent with our stable business foundation, and will continue to evolve with the changes in the environment and sharpen the strengths we have built up. We believe that will lead to increased profitability and sustainable growth.

In that process, we will focus on dialogue with stakeholders, including those in the capital markets. We will actively create opportunities for dialogue and will reflect the feedback and insights we receive in our strategies and initiatives, which will ultimately lead to enhancement of corporate value.

“Creating Better Habits” is not something we can accomplish alone. We believe that combining our expertise with that of our stakeholders in the value chain to co-create value beyond our respective roles is the first step toward those habits becoming ingrained in society at large.

The Lion Group’s management team will continue to advance our strategies while sharpening our ability to execute and ability to achieve results as we move ahead with enhancement of corporate value. We look forward to your continued support of the Lion Group’s progress.

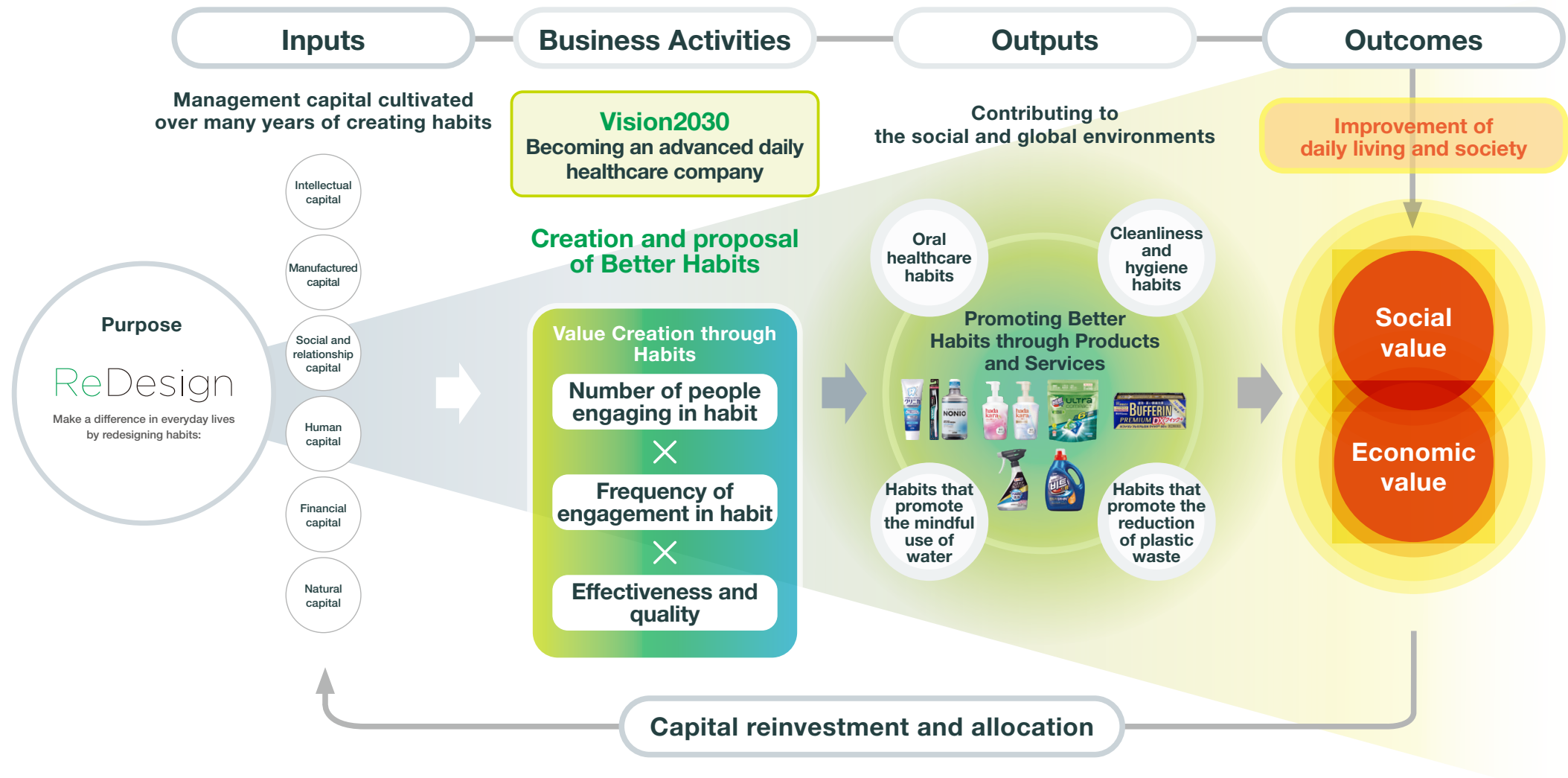


Value Creation Process

Through many years of “Creating Better Habits,” Lion has built a range of management capital to fulfill its purpose. To achieve our management vision for 2030 of “Becoming an advanced daily healthcare company,” we aim to continuously enhance corporate value by creating and spreading Better Habits.

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Management Capital

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



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	Features and Achievements (2025)	Recognized Issues
 Intellectual Capital	<ul style="list-style-type: none"> • R&D expenses: ¥11.9 billion • No. 1 holder of oral healthcare-related patents in Japan (Number of patents in the toothpaste and toothbrush categories based on the International Patent Classification, as of April 2026) • Consumer research for “Creating Better Habits” 	<ul style="list-style-type: none"> • Strengthening Group R&D structure Page 41 • Evolving the marketing process for “Creating Better Habits” • Implementing our digital strategy, “The Science of Habits” Page 43
 Manufactured Capital	<ul style="list-style-type: none"> • Capital expenditures: ¥11.9 billion • 15 production bases (8 in Japan, 7 overseas; all consolidated subsidiaries) 	<ul style="list-style-type: none"> • Establishing local production systems overseas (Bangladesh) Page 25 • Efficient operation of production and logistics bases Page 26
 Social and Relationship Capital	<ul style="list-style-type: none"> • Products and brands that are widely loved by customers • No. 1 share in Japan’s oral healthcare market (Total sales value of toothpastes, toothbrushes, mouthwashes, and other oral care products. Source: INTAGE Inc., Nationwide Retail Store Panel Survey “SRI+”) • Long-standing relationships of trust with business partners 	<ul style="list-style-type: none"> • Solidifying market position by expanding the scope of value provided in oral healthcare Page 21 • Strengthening global brand management
 Human Capital	<ul style="list-style-type: none"> • Employees (consolidated): 8,346 (As of December 31, 2025) • Ratio of women in management: 28.3% (As of December 31, 2025) • Average amount spent per full-time equivalent (FTE) on training and development: ¥46,733 	<ul style="list-style-type: none"> • Increasing the value of individual human capital Page 38 • Strengthening organizational management (Allocating personnel to priority areas) Page 39 • Improving employee engagement and diversity among decision-makers Page 40
 Financial Capital	<ul style="list-style-type: none"> • Strong credit rating: A (Stable) (R&I) • Cash flows from operating activities: ¥40.6 billion 	<ul style="list-style-type: none"> • Increasing cash generation by strengthening profitability • Increasing capital efficiency
 Natural Capital	<ul style="list-style-type: none"> • Energy consumption: 1,951 TJ • Water usage throughout the product lifecycle: 2,039 million m³ • Use of naturally derived ingredients and natural mint 	<ul style="list-style-type: none"> • Reducing energy use by implementing energy-saving activities and transitioning to renewable energy Page 33 • Creating habits that promote the mindful use of water and providing products that save water Page 35

Sustainability

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

We are taking 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.

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Creating Healthy Living Habits (2030 Targets)

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 education and awareness activities (Inclusive Oral Care, etc.)



Cleanliness and hygiene habits

500 million people

- Provide products and services
- Communicate information
- Conduct education 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**

CO₂ emissions throughout business activities Down **55%** (compared with 2017, absolute quantity)

CO₂ emissions throughout product lifecycles Down **30%** (compared with 2017, absolute quantity)

Contribute to a CO₂ emissions reduction effect in excess of Lion’s own emissions (Japan)

Value Created

Expand markets and businesses by continuously “Creating Better Habits”

- Products and services that enable 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 CO₂ emissions from households
- Advance resource circulation for plastics used in households





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Medium- to Long-Term Management Strategy



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Message from the Director Responsible for Finance



We aim to achieve sustainable enhancement of corporate value by building a resilient financial base with an emphasis on profitability and capital efficiency.

Kengo Fukuda

Representative Director, Vice President and Executive Officer

Solid Progress in Profit Structure Reform in 2025

As the first year of our medium-term management plan Vision2030 2nd STAGE, 2025 was extremely important. Under the theme of “Strengthening Profitability,” we promoted improvements in profitability and capital efficiency through rigorous business portfolio management. As a result, we achieved increases in both sales and profits, exceeding our initial forecasts for the second consecutive year.

I am particularly pleased with the progress in improving profit margins, one of the key performance indicators in 2nd STAGE. The EBITDA margin rose to 11.7% (+0.8 percentage points), while ROIC increased to 6.7% (+0.9 percentage points). I view these results as the outcome of our efforts to respond flexibly to change without wavering from our focus on “Strengthening Profitability,” even amid a rapidly changing business environment.

2025 Performance Highlights		
• In the Consumer Products Business, profit structure reform progressed ahead of plan, with sales growth accelerating in the second half due to the impact of new products.		
• In the Overseas Business, sales and profit growth were achieved through profit-oriented management, despite the increasingly challenging business environment.		
Net sales	¥422.09 billion	(up 2.2% year on year; 0.5% above forecast)
Core operating income	¥30.76 billion	(up 16.8% year on year; 2.5% above forecast)

Pursuing Profitable Growth by Managing with a Focus on Margins

As an initial step in 2nd STAGE, our first priority was profit structure reform in the Consumer Products Business. We continued to implement measures to shift from volume expansion to improving profit and value-added margins—including developing high value-added products, revising pricing, and increasing efficiency through SKU reduction—while steadily advancing portfolio reforms, such as the transfer of our food preparation product brand. A sustainable cycle is beginning to take hold, with a portion of these benefits being reinvested in future growth opportunities. In addition, we are improving supply chain efficiency, yielding results such as higher logistics efficiency and lower stockout rates. We expect these efforts to contribute to further improvements in business efficiency beyond short-term cost reductions.

In the Overseas Business, we shifted our strategy toward profitable growth amid rapidly changing economic and market conditions in each country. In China, amid increasing consumption polarization, we focused on developing premium brands and optimizing promotion expenses. In Thailand, although export operations were affected by geopolitical issues, we achieved steady growth in domestic operations by strengthening our focus on the highly profitable personal care field through measures such as a fundamental review of our oral healthcare strategy.

We also made steady progress in initiatives to bolster the Group’s overall earning power and expand operations, including consolidating Merap Lion, a pharmaceutical business in Vietnam that we entered during 1st STAGE, and completing a new factory in Bangladesh.



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Transforming the Business Portfolio for Higher Profitability and Strengthening the Management Base

Based on the results of the first year of the medium-term management plan, 2026 will be a critical juncture for our business portfolio reforms.

Of the two businesses designated as Structural Reform Businesses, Home Care has significantly improved profitability through the implementation of the aforementioned profit structure reforms in the Japan Consumer Products Business. Going forward, we will manage it as a Stable Earnings Business that generates cash by developing and fostering high value-added and unique products. As for Chemicals, the other Structural Reform Business, after carefully considered its future direction in light of changes in the market environment and other factors, we concluded that the best course of action would be to pursue growth by leveraging external resources, and in February 2026 decided to transfer the shares of two consolidated subsidiaries. (Transfer scheduled for the end of June 2026)

Meanwhile, for our Top Priority, Oral Healthcare, and Challenge for Growth businesses (Beauty Care and Pharmaceuticals), we are accelerating portfolio expansion and entry into new countries through the acquisition of external resources. Following on from our initiatives in Vietnam, in January 2026 we acquired all shares of PNB, which operates skincare and haircare businesses primarily in Australia, thereby laying the foundation for highly profitable business development in two new countries.

Increasing the share of these personal care businesses will not only create growth opportunities, but also help build a profit structure resilient to changes in market conditions and the cost environment. Furthermore, increasing the number of countries in which we operate will help diversify risk across regions by reducing exposure to changes in market conditions and geopolitical developments in any one region.

To ensure that our business portfolio is progressing in the intended direction, we regularly monitor and assess ROIC and

growth potential for each business, reviewing strategies and optimizing resource allocation as necessary. Through this process, we will continue building a management base that combines stability and growth potential, even in highly uncertain environments.

Promoting Disciplined Growth Investments and Strengthening Shareholder Returns

Cash generated through the strengthening of each business and the restructuring of our business portfolio will be prioritized for growth investments centered on Oral Healthcare, our Top Priority. Specifically, we are exploring the acquisition of capabilities that generate synergies with existing businesses, going beyond the manufacture and sale of self-care products to include the establishment of new business models and expansion into adjacent areas.

In making these investment decisions, we clearly define priorities based on the role of each business, consistently considering ROIC and capital efficiency, and maintain a disciplined approach that emphasizes return on invested

capital. Through this disciplined approach, we will maintain a sound financial position while achieving sustainable growth.

The Lion Group considers the continuous enhancement of corporate value and the return of that value to shareholders top management priorities. By focusing on improving profitability, we believe we can further strengthen both growth investments and shareholder returns. Based on our progressive dividends policy, the annual dividend for 2025 increased by ¥3 year on year to ¥30 per share. For 2026, we expect further earnings growth and plan to increase the annual dividend by ¥4 to ¥34 per share, marking the eleventh consecutive year of dividend increases.

In 2nd STAGE, we are also committed to achieving our earnings per share (EPS) growth target. While prioritizing growth investments and dividends, we will also implement share buybacks and the disposal of treasury stock in a flexible manner, as the situation warrants. In 2nd STAGE, through highly efficient business operations with a strong focus on profitability and efficiency metrics such as the EBITDA margin and ROIC, we will allocate the cash generated to disciplined growth investments and shareholder returns, continuing to drive a positive cycle of corporate value enhancement. We look forward to your continued support.

Vision for Key Businesses (At the start of 2nd STAGE)

Top Priority

Actively allocate management resources to this business, which leads the Group in both growth and ROIC.

Oral Healthcare

Challenge for Growth

Create new business opportunities while targeting moderate, sustained growth. (Limit investments to specific regions and categories.)

Pharmaceuticals and Beauty Care

Stable Earnings

Establish steady inflow of cash to invest in **Top Priority and **Challenge for Growth** Businesses.**

Detergents for Institutional Use and Pet Business

Structural Reform

Advance profit structure reforms to move them into **Stable Earnings.**

Home Care* and Chemicals

* Fabric Care and Living Care

Vision2030 2nd STAGE

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

The theme for 2nd STAGE is “Strengthening profitability.” In advancing this theme, we will execute 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.



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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 21**
Net sales CAGR: Approx. 8% (2024–2027)

2 Strengthen Overseas Growth Initiatives **Page 24**
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

Strengthen the foundation for sustainable business growth and highly efficient operations

1 Strengthen the Group’s R&D structure **Page 41**

2 Digital transformation for strengthening profitability **Page 43**

3 Enhance corporate governance **Page 47**

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 36**

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

EPS CAGR* 11% or higher
Earnings per share (EPS) growth rate

* The compound growth rate (CAGR) of basic earnings per share

Progress of KPIs

In 2025, the initial year of 2nd STAGE, profit structure reform in the Consumer Products Business in Japan proved successful, with the shift to high value-added products and upward price revisions driving profit expansion, delivering a solid start that exceeded the plan. All three of the key management indicators showed progress over the previous year, demonstrating steady advancement in the shift to management with greater emphasis on capital efficiency.

Key Management Indicators and Targets (2025 Results)

Note: Figures in parentheses are changes from the previous year.

EBITDA margin

11.7% (+0.8 pts)

ROIC

6.7% (+0.9 pts)

EPS **¥99.74** (+30.4%)

Key KPIs: Strengthen Business Portfolio Management

Management Indicators	KPI	2027 Target (2024→2027)	2025	Progress and Evaluation
1. Accelerate Growth in Oral Healthcare	Group-wide total Oral Healthcare sales growth rate	CAGR of approx. 8%	5.2% (YoY)	<ul style="list-style-type: none"> Growth rate of 5-6% projected at beginning of 2025 Japan: Strong performance driven by launch of highest-priced products in second half Overseas: China performance below expectations amid consumption polarization; strong performance in Thailand and Malaysia
	Sales growth rate	CAGR of approx. 10%	3.6% External sales +4.9% (YoY)	<ul style="list-style-type: none"> Growth below initial +5.8% forecast due to changes in the external environment Profit improvement as expected, supported by a focus on profitable growth
2. Strengthen Overseas Growth Initiatives	EBITDA margin	Approx. 2 pt increase	+0.7 pts (vs. 2024)	
	EBITDA margin	Approx. 3-5 pt increase	+1.4 pts (vs. 2024)	<ul style="list-style-type: none"> Impact of price increases: +¥3.6 billion; reduction of 65 SKUs* during the year Streamline non-core businesses and brands
3. Reform the Profit Structure of Consumer Products	EBITDA margin	Approx. 3-5 pt increase	+1.4 pts (vs. 2024)	<ul style="list-style-type: none"> Impact of price increases: +¥3.6 billion; reduction of 65 SKUs* during the year Streamline non-core businesses and brands

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

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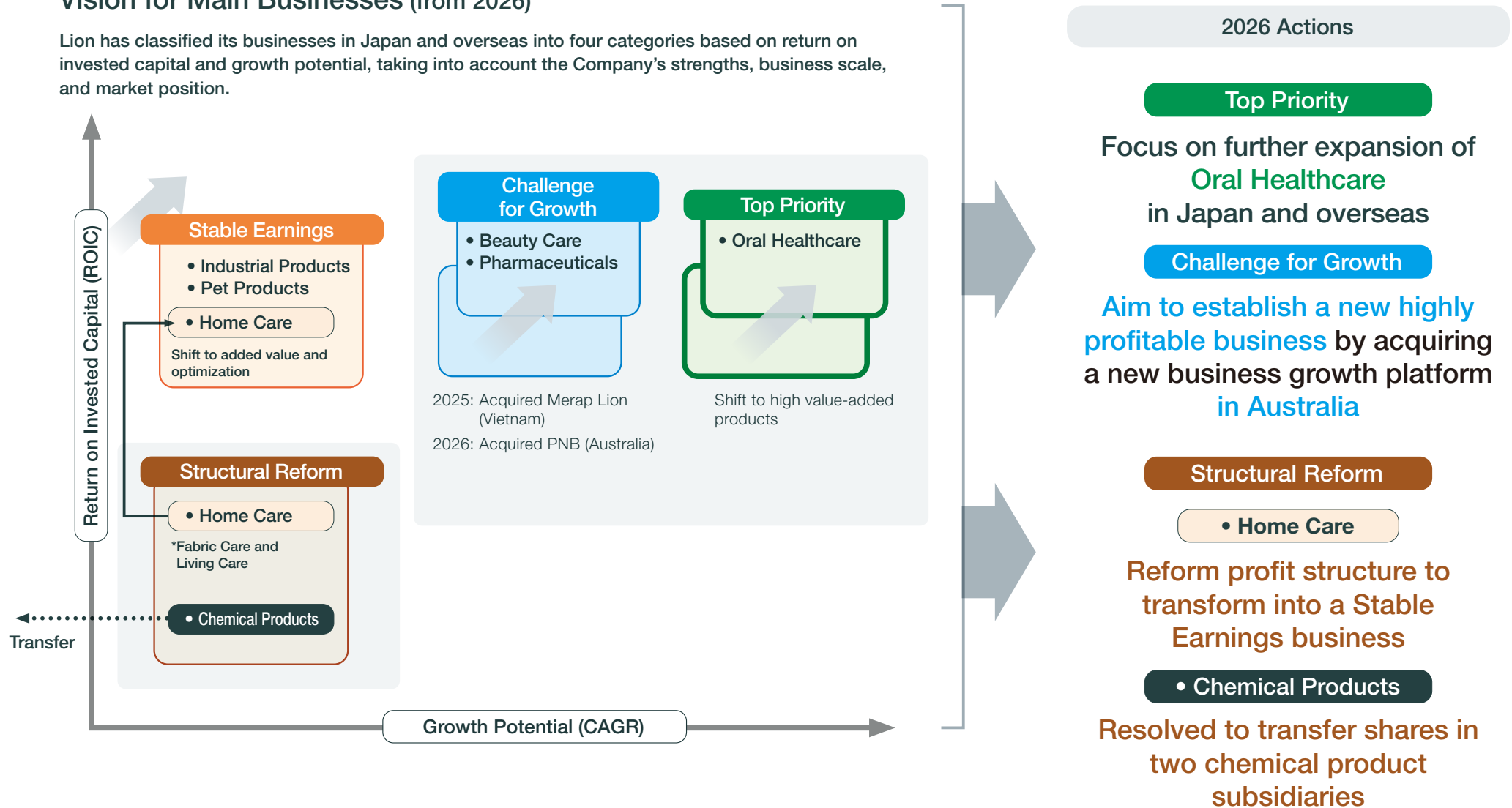
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Strengthen Business Portfolio Management

To build a highly profitable business portfolio, we will clearly define the role of each business in the Group and advance strategies aligned with those roles. In keeping with our disciplined execution of investments in line with the business portfolio strategy, we will prioritize development of high-profit businesses with a focus on our Top Priority and Challenge for Growth businesses.

Vision for Main Businesses (from 2026)

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



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Accelerate Growth in Oral Healthcare

We are leveraging the knowledge and technological strengths behind our leading market share in Japan to expand in Asia, accelerating efforts for “Creating Better Habits” that reflect changes in consumer awareness in each country and region. We will continue to drive market expansion through profitable and sustained growth by shifting to high value-added products and expanding into new areas.

Top-Priority Issue to Address by 2030

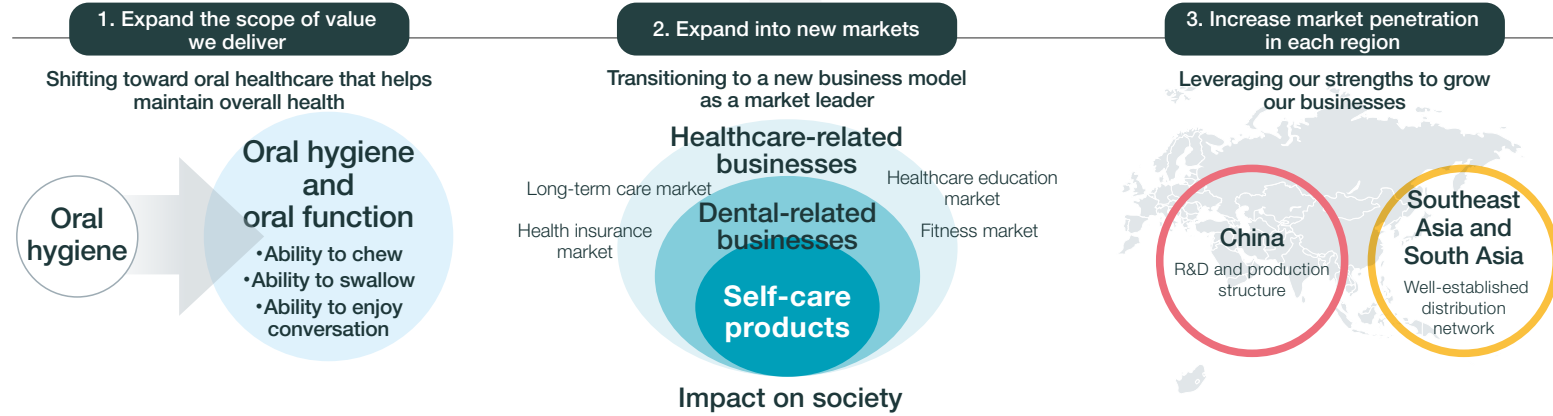
Top-Priority Sustainability Material Issue: Creating Healthy Living Habits Page 31

Number of people adopting oral healthcare habits: 500 million

- Provide products and services
- Share information
- Promote awareness and education activities (Inclusive Oral Care, etc.)

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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 help 500 million people adopt oral healthcare habits through products, services, and information.

Backed by the R&D capabilities it has cultivated since its founding, as well as its strong brands and partnerships with the dental community and related organizations, Lion has promoted the adoption of oral hygiene and disease prevention habits while providing preventive dental care products. In Japan, we are expanding and enhancing oral hygiene habits in ways such as shifting to high value-added products, promoting the use of dental floss, and encouraging more frequent dental checkups, which has helped to expand our markets and our businesses. Overseas, we are achieving significant sales growth through a “glocalization” strategy tailored to market maturity.

In 2025, we achieved year-on-year growth in all major markets through brand strategies and marketing initiatives tailored to each country. In Japan and China, we focused on developing high value-added brands that address consumer needs. In Thailand and Malaysia, growth was driven by strengthening the distribution of local brands in collaboration with joint venture partners with strong local distribution networks.

Meanwhile, as populations across Asia continue to age, it is becoming increasingly important to expand the value we provide beyond oral hygiene and disease prevention. This includes supporting the development and maintenance of oral functions—such as chewing, saliva production, sense of taste, and swallowing—to enable people to enjoy eating, talking, and laughing throughout their lives. We will also expand beyond conventional self-care products into dental care and the broader healthcare field.

In 2025, we strengthened our business for dental professionals, including the launch of a toothpaste for dental clinics incorporating new technology to prevent periodontal disease.* We launched OraCo, a patient education support service for dental clinics. By combining consumers’ self-care with professional care through regular dental checkups, we are expanding our target market.

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 healthcare, thus contributing to the development of positive habits for even more consumers.

* A general term for inflamed gums and periodontitis



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Strategy in Japan: Driving the Shift to High Value-Added Products in the Toothpaste Market

In Japan, habits such as regular dental checkups and use of dental floss are not yet fully established, leaving significant room for market growth. By concentrating investment on key brands and leveraging our technological capabilities as a leading manufacturer, we will contribute to maintaining a healthy oral environment through brand formation tailored to oral health concerns and interests at each life stage.

In particular, in light of demographic trends, we will strengthen our offerings for periodontal disease care.

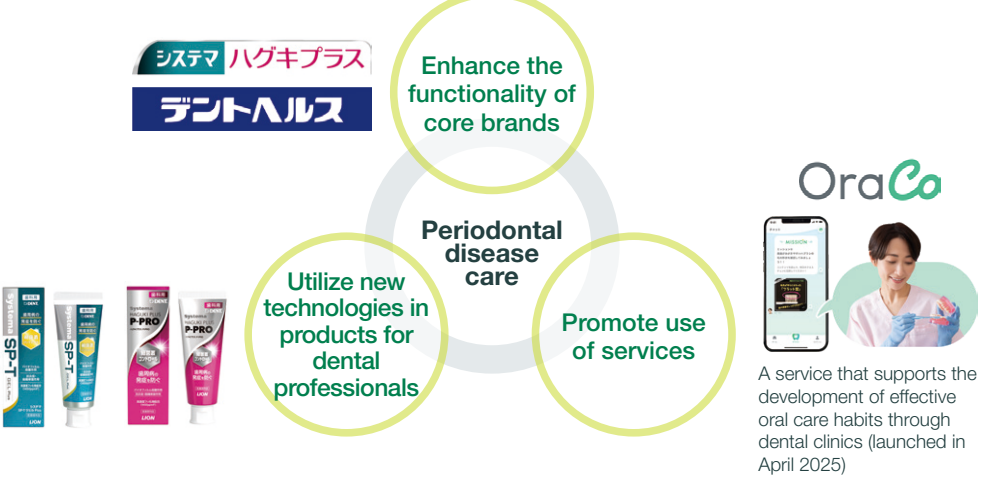
In 2025, we launched *Dent Health Medicated Toothpaste DX Premium*, our highest priced product for consumers with high self-care awareness, and achieved strong sales.

From 2026 onward, we will accelerate value creation based on new technologies. We also launched an improved version of *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste*, reformulated with a new active ingredient that suppresses glycation, a factor contributing to gum inflammation, to help prevent periodontal disease, while promoting habits related to age-appropriate “gum aging care.”

In addition, we are working to create new habits based on oral microbiome control technology that selectively inhibits periodontal and other harmful bacteria to maintain a balanced oral environment. By promoting adoption through dental professionals, we aim to enhance understanding of the relationship between oral microbiome imbalance and periodontal disease, and to establish daily self-care habits.

Beyond periodontal disease care, we will leverage our technologies to create value on multiple fronts, expanding the adoption of high-quality preventive dentistry habits among customers across a wide range of life stages.

Measures to Expand the High-end Periodontal Disease Care Market



Overseas Strategy: Grow in Asia through Habit Creation and a Shift to High Value-Added Products

We aim to create both social and economic value by embedding habit formation rooted in local lifestyles across Asia, combined with a “glocalization” strategy tailored to each market’s level of maturity.

Creating Habits and Building Brand Trust in Untapped Markets

One example that symbolizes our efforts to embed new habits in society is the deployment of the “Mobile Dental Bus”—a mobile dental clinic that helps address disparities in access to dental care.

This initiative directly supports habit improvement among people in areas with limited access to dental care, while at the same time fostering trust in the Lion brand and promoting the adoption of oral care habits in untapped markets. It also helps build a foundation for long-term economic value creation.

In Indonesia, we have deployed multiple vehicles and, in collaboration with dental professionals, provide guidance on tooth brushing and the importance of preventive dentistry to more than 20,000 people annually.



In Thailand, we operate the LION Smile Express, a mobile unit equipped with the latest dental equipment, providing free dental checkups, treatment, and self-care guidance.

Tailored Habit Solutions Based on Japanese Quality

Rather than taking a uniform approach across Asia, we practice “effective glocalization” tailored to each country’s market environment, level of economic development, and dental infrastructure.

While capturing solid growth in the volume segment with our global brand *SYSTEMA*, we are strategically rolling out a value-added line in China and Vietnam under the *DENT.* brand, which has a strong presence in dental clinics in Japan. The expansion of *DENT.*, which is grounded in a philosophy based on professional dental expertise, is strengthening relationships with local dentists and enabling new approaches to consumers with a strong self-care mindset.

In this way, our glocalization strategy enables the rapid introduction of optimal brands and products tailored to the conditions in each country and region, together with Japanese technology and quality, thereby enhancing investment efficiency and building a resilient business foundation.

A service that supports the development of effective oral care habits through dental clinics (launched in April 2025)



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Building New Business Models for Sustainable Growth

Changes and New Growth Opportunities in Asia’s Markets

In Asia, the oral healthcare values that the Lion Group is focusing on are shifting significantly from a traditional emphasis on treatment to one of prevention, aesthetics, and healthy life expectancy. On the other hand, access to high-quality dental care remains limited in many regions, while demand is growing for health support in everyday settings such as workplaces and schools.

We see this gap between social issues and needs as the next growth opportunity in Asia.

Sustained Growth Rooted in Positive Oral Healthcare Habits

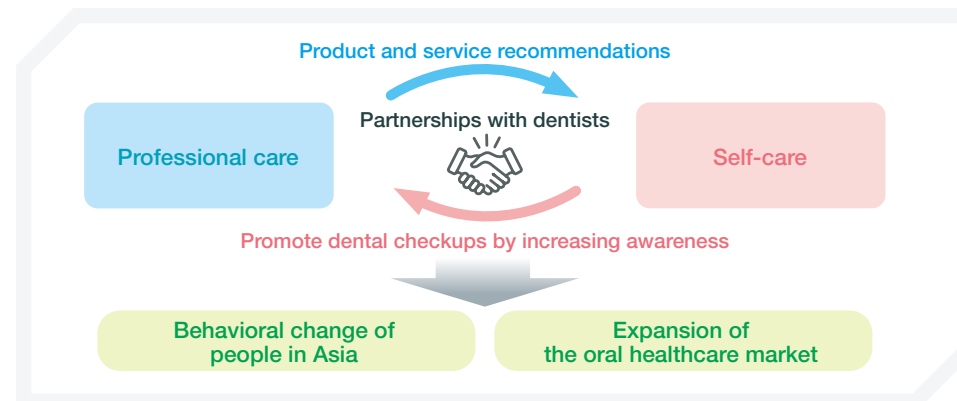
We aim to achieve sustained business growth by fostering better habits such as more frequent tooth brushing and regular professional care, so that people can enjoy eating, talking, and laughing throughout their lives.

To this end, based on strong partnerships with dental professionals and a deep understanding of social challenges and needs specific to Asia, we will support consumers from awareness through to behavior change.

In addition to providing high value-added products, we will broaden opportunities to raise awareness of oral healthcare across diverse consumer touchpoints, such as workplaces and schools, while promoting regular professional care visits and supporting the delivery of optimal care by dental professionals.

By supporting personalized self-care through products and services, based on guidance from specialists, we will create a virtuous cycle from encouraging checkups to treatment and maintenance, and on to self-care. This in turn will help extend healthy life expectancy and achieve sustained business growth.

A Business Model Integrating Products and Services



Expanding Consumer Touchpoints through Service Businesses

In Japan, oral healthcare in the workplace is gaining importance as a means of maintaining overall health. This has been further highlighted by the addition in 2021 of “employee education on dental and oral health” to the Health and Productivity Management Survey administered by Japan’s Ministry of Economy, Trade and Industry (METI) as part of efforts to improve health literacy.

In response, we offer *Okuchi Plus You*, an oral healthcare service that supports health and productivity management, providing seminars by dental hygienists, saliva tests, e-learning, oral health score assessments, and products such as toothbrushes. In 2025, the cumulative number of companies adopting the service surpassed 200, with the total number of users exceeding 100,000.

Beyond workplaces, we are expanding the scope of our value offerings—from oral hygiene to oral functions—while broadening consumer touchpoints and accumulating evidence. Examples include *Okuchi-iku Kamotto!*, a program that helps children develop chewing ability, and *OraCo*, a service that supports the adoption of effective oral care habits through dental clinics.



WEB *Okuchi Plus You* (Japanese only)
<https://oral-kenkou.lion.co.jp/>

Building a Foundation for Service Expansion and Habit Adoption through Social System Reforms

Policy and regulatory trends in Japan and overseas are accelerating our efforts to expand consumer touchpoints.

In 2024, ISO 25554, a Japan-originated international standard for well-being, was issued, and international initiatives are also advancing, including proposals to develop an ISO standard for oral health. In Japan, discussions on the introduction of nationwide dental checkups are progressing, further heightening interest in oral healthcare.

We view these trends as opportunities and will accelerate the expansion of *Okuchi Plus You* while exploring opportunities to deploy our services in the overseas rollout of health and productivity management initiatives promoted by METI, aiming to drive further business growth.

Strengthen Overseas Growth Initiatives

In 2nd STAGE, we aim to achieve sustainable, profitable growth by shifting to a more profitable business portfolio in key countries, while strengthening growth initiatives in new countries.

Strengths and Priority Initiatives in Key Countries

By shifting our portfolio away from a detergent-centered model to a high-profit personal care business focused on Oral Healthcare, we will achieve steady growth and improved profitability.

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Thailand (Lion Corporation (Thailand) Ltd.)

Strengths

- High brand recognition and trust in a wide range of categories
- Cooperation with joint venture partners who possess robust local distribution networks

Building on the strong market position and distribution networks established in detergents and other products, we are updating our brand and channel strategies in Oral Healthcare to position it as a stronger growth driver.

Personal care products share of sales (YoY change)

34.5% (+2.2 pts)



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

Strengths

- Rapid development and production of high value-added products that leverage our local R&D base and production system

Using our R&D base, we will optimize our brand portfolio by prioritizing the development and nurturing of high value-added brands tailored to consumer needs. Moreover, we are aiming for profitable growth through a selective channel strategy.

Personal care products share of sales (YoY change)

87.1% (+1.6 pts)



Malaysia (Southern Lion Sdn. Bhd.)

Strengths

- Strong brand power in laundry detergent (No. 1 share)
- Cooperation with joint venture partners who possess robust local distribution networks

In a strong domestic market, we are promoting a shift to liquid laundry detergents to improve profitability, while in Oral Healthcare we aim to achieve profitable growth by deploying both global and local brands to capture polarized consumer demand and expanding investment.

Personal care products share of sales (YoY change)

22.5% (+0.4 pts)



South Korea (Lion Corporation (Korea))

Strengths

- Strong brand power in hand soaps (No. 1 share)
- Product supply and cost optimization as a Group production base

We will strengthen the profit base by prioritizing the development of high-profit businesses such as hand soaps and capsule laundry detergents.

Personal care products share of sales (YoY change)

34.4% (+3.3 pts)



Note: Personal care sales represent the total of Oral Healthcare, Beauty Care, and Pharmaceutical product sales.



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Growth Initiatives in New Markets

We are continuing to invest in new markets as future growth drivers. We are making investments not only to expand our network and improve profitability at each site, but also to generate synergies across the Lion Group.

Australia Establishing a New High-Profit Business by Expanding *Sukin*

In the Beauty Care Business, we acquired Australia-based PNB in January 2026 to create business opportunities and establish a base in Australia for further expansion.

PNB is highly profitable, with sales channels in more than 20 countries and regions, including Asia and Europe, centered on its natural beauty care brand *Sukin*, which holds a strong market position in Australia.

Going forward, we will leverage the infrastructure that the Lion Group has built in Asia to accelerate the expansion of *Sukin* in the region, thereby growing our highly profitable personal care business. In addition, by integrating our R&D and production technologies with PNB’s unique brand identity and assets, we aim to establish new high-profit businesses while exploring opportunities to expand our business fields.



Vietnam Leveraging Group Synergies through Business Expansion

We acquired all of the shares of Merap Lion, a highly profitable company primarily engaged in the pharmaceutical products business, converting it from an equity method affiliate into a wholly owned subsidiary.

In the personal care category centered on Oral Healthcare—one of Lion’s strengths—we will leverage Merap’s distribution network and sales capabilities in the pharmaceutical products business, covering hospitals and clinics, to expand sales and help enhance profitability across the Group.



Bangladesh Starting Operations at New Local Plants and Contributing to Medium- to Long-Term Growth

In Bangladesh, a market we entered in 2022, we have established a new plant for detergents and another for toothbrushes. At the detergent plant, we now conduct integrated production of *mama* dishwashing detergents, starting from bottle molding, while at the toothbrush plant, we do the same for *SYSTEMA* toothbrushes, starting from handle molding. This has enabled us to reduce costs for products that were previously imported as finished goods from other countries.

This switch from an import-based business to local production will ensure a more stable supply of quality products to local consumers and to neighboring countries. We will continue to strengthen the Bangladesh business as a medium- to long-term growth driver.



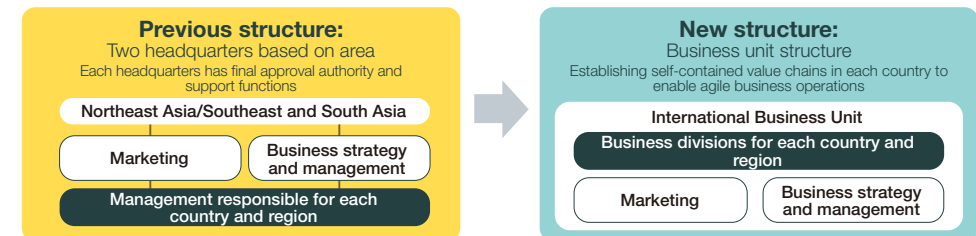
India Entering the Indian Market through a Wholly Owned Subsidiary

We have placed focus on India, which has the world’s largest population and is projected to become the second-largest economy in Asia by 2027, and established a new subsidiary there in 2026.

We will first enter the market with the *KODOMO* brand, primarily through e-commerce, contributing to the adoption of better hygiene habits among children.

Transforming Our Organizational Structure for Growth

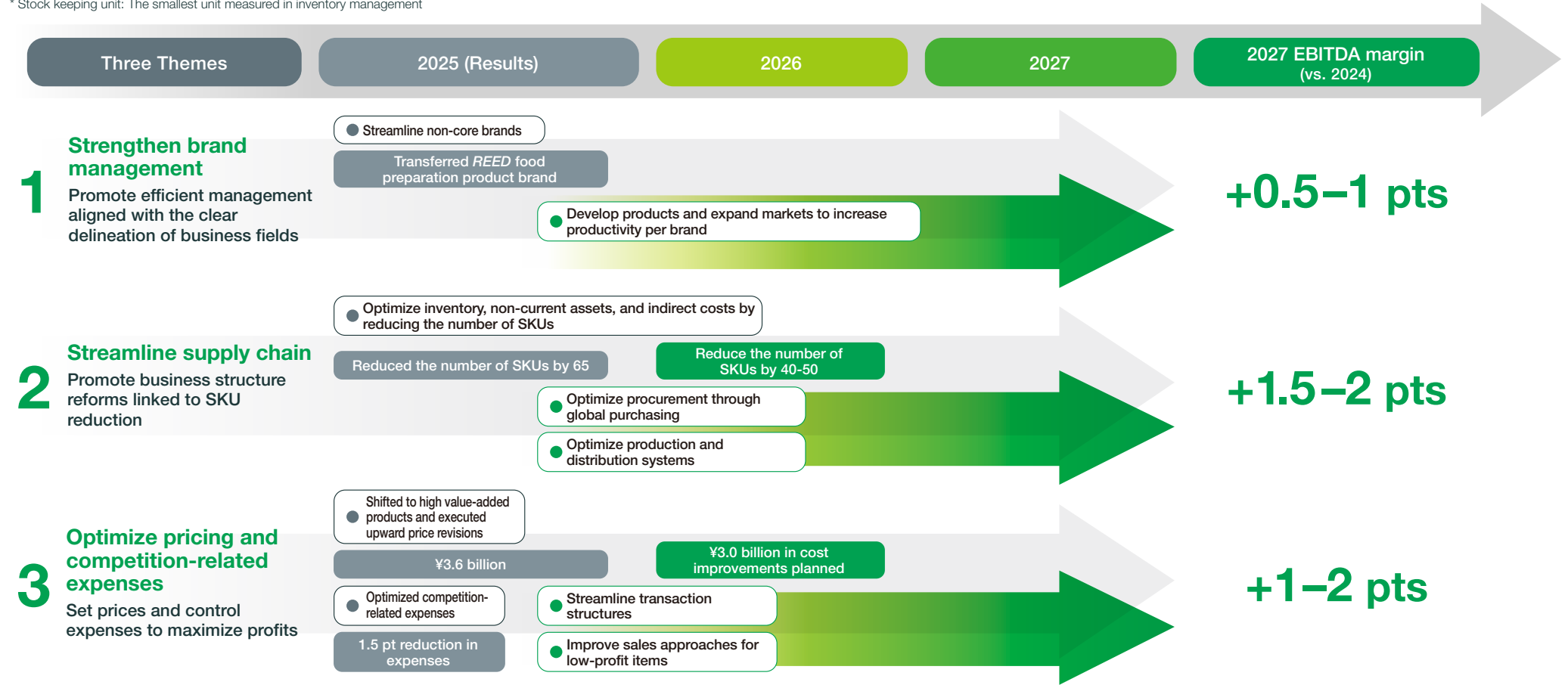
To respond more quickly to rapidly changing overseas markets, we will transition to an organizational structure that delegates authority to country- and region-level units closer to consumers and clarifies execution responsibility. In this way, we will establish end-to-end management of the value chain and achieve faster decision-making and execution.



Reform the Profit Structure of Consumer Products

Profitability is improving as we shift to high value-added products, implement price increases, reduce SKUs,* and streamline non-core businesses and brands. By implementing these initiatives, we aim to increase the EBITDA margin by 3 to 5 percentage points by 2027 (compared with 2024).

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



Spotlight

Fundamental Overhaul of Supply Chain Management (SCM)

We have built a system that uses digitalization to seamlessly link sales planning through logistics planning, from the operational level to the strategic level up to three years ahead, and began full-scale operations in 2025. This system has enabled us to shift to forward-looking SCM that anticipates and responds swiftly to changes in supply and demand. Through these initiatives, in 2025 we achieved an 11% reduction in average inventory turnover days, a 50% reduction in stockouts, and a 9% improvement in logistics efficiency,* compared with respective averages for Vision 2030 1st STAGE (2022-2024).

* The number of vehicles and handling steps involved in delivering a product to the consumer



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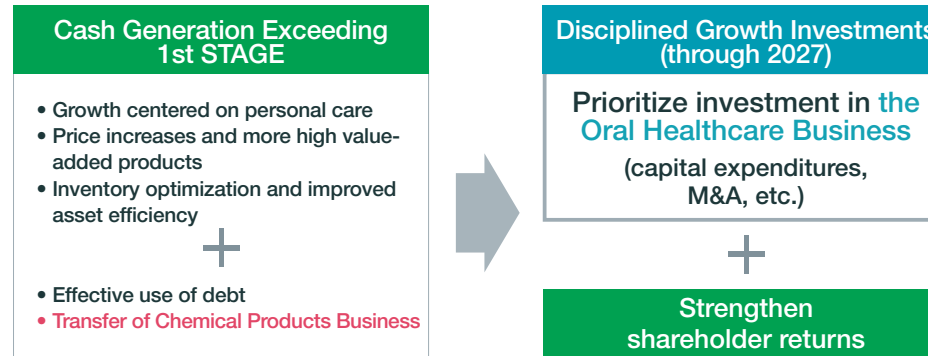
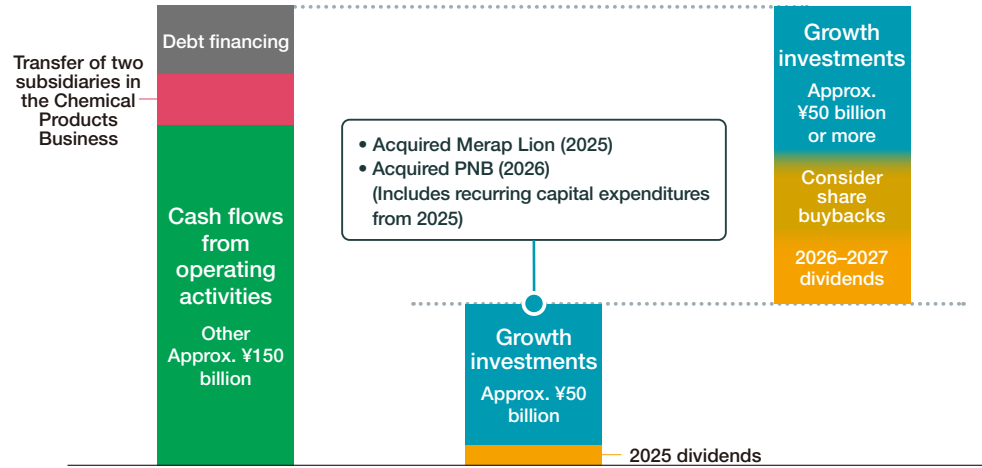
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Financial Strategy

In 2nd STAGE, we will increase cash generation through measures to strengthen profitability. We will also make disciplined growth investments focused on oral healthcare, and enhance shareholder returns by continuing the progressive dividend policy introduced in 2024, as well as through the flexible acquisition and disposal of treasury stock.

Capital Allocation



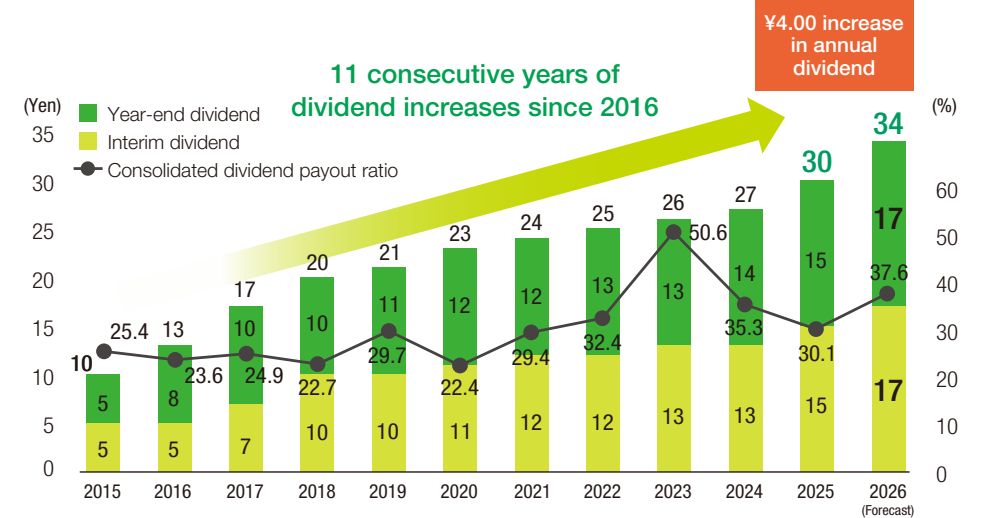
Shareholder Return Measures

In 2nd STAGE, we aim to increase dividends each year while also considering the flexible acquisition and disposal of treasury stock.

Lion's Shareholder Return Policy

Based on a progressive dividend policy, we aim to achieve dividend increases through earnings growth. In addition, we will enhance shareholder returns by flexibly conducting share buybacks, taking into account medium- and long-term growth investments, improvements in capital efficiency, and other factors.

In line with the above policy, we plan to increase the annual dividend for 2026 by ¥4.00 to ¥34.00 per share, with an estimated dividend payout ratio of 37.6%.



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Functional Strategies for Sustainable Growth

Toward the Realization of Sustainable Growth

The Lion Group incorporates sustainability initiatives into its management strategy to help resolve social issues and achieve sustainable business growth.



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Message

Message from the Executive Officer in Charge of the Corporate Planning Department

Since its founding in 1891, the Lion Group has expanded its business while contributing to society through products, information and services that help people in "Creating Better Habits." In recent years, social aspirations for health, cleanliness, hygiene and comfortable living have risen further, and opportunities to demonstrate the knowledge and technology we have cultivated over many years are steadily expanding.

On the other hand, the business environment the Lion Group faces is growing increasingly uncertain, as seen in climate change, resource constraints, infection risks and demographic changes, as well as recent geopolitical turmoil affecting the entire supply chain, including raw material procurement and logistics.

Under these circumstances, we believe it is essential to promote initiatives for Sustainability Material Issues in a more strategic and highly effective manner to achieve sustainable business growth. Accordingly, we reviewed our organizational structure in January 2026.

Specifically, the Corporate Planning Department, which oversees long-term growth strategies and the medium-term management plan, now also integrally handles sustainability strategy, aiming for further integration of management and sustainability strategies.

At the same time, we will organically link strategy and business activities and further strengthen initiatives for Sustainability Material Issues by having each business unit in Japan and overseas handle the execution and promotion of specific measures.

Under the new structure, we aim to reduce risks and create further business opportunities, realizing sustainable business growth through the balance of social and economic value.



Masahide Arai

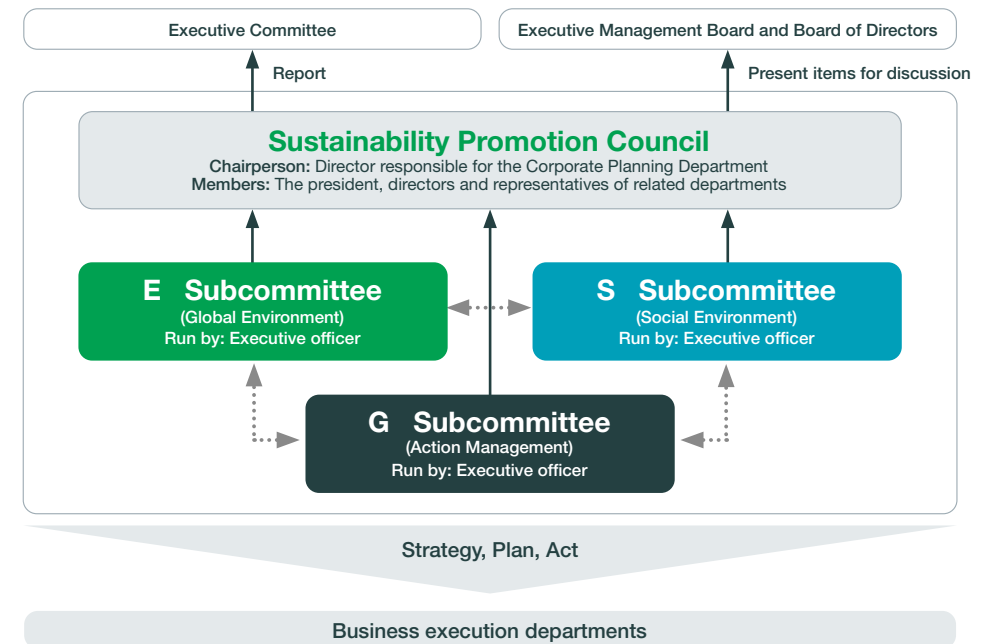
Executive Officer
In charge of the Corporate Planning Department

Sustainability Promotion Framework

In order to promote sustainable management, we have established the Sustainability Promotion Council, comprising all executive directors, including the President, together with relevant departments. The council convenes twice annually.

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.

Sustainability Management Implementation Framework



WEB Approach and Implementation Framework
<https://www.lion.co.jp/en/sustainability/management/>

Reinforcing Initiatives to Address the Sustainability Material Issues

Sustainability Material Issues

The Lion Group's Sustainability Material Issues are relevant to both business and society at large. Their selection was informed by broad consideration of the sustainability of business, the environment, and society, with the goal of helping to realize a healthy future for people and the planet.

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 position "creating healthy living habits" and "promoting environmental initiatives for a sustainable planet" as key themes for competitive advantage and as top-priority material issues. We revised our indicators and objectives in 2021 and 2025 in response to changes in the external environment, including the spread of infectious diseases.

Under Vision2030, we aim to create both social and economic value and sustainably enhance corporate value by advancing our growth strategy in tandem with initiatives addressing our Sustainability Material Issues.

^{*} 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

WEB **Process for Identifying Material Issues**
<https://www.lion.co.jp/en/sustainability/materiality/>

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

With regard to creating 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 cleanliness 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 habits.

In promoting environmental initiatives for a sustainable planet, we propose planet-friendly lifestyles that help establish habits of mindful water use and reduce plastic waste, thereby contributing to the realization of a decarbonized, resource-circulating society. Many of our products are used with water during the consumption stage. However, purifying and delivering clean tap water and treating wastewater both require energy. Therefore, reducing the number of rinse cycles during laundry, for example, not only lowers water consumption but also helps cut CO₂ 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.

Top-Priority Sustainability Material Issues: Objectives and Results

Top-Priority Material Issues	Indicators	2030 Objectives	2025 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	320 million
Promoting Environmental Initiatives for a Sustainable Planet	CO ₂ emissions throughout business activities (Compared with 2017, absolute quantity)	Down 55%	Down 36%
	CO ₂ emissions throughout product lifecycles (Compared with 2017, absolute quantity)	Down 30%	Down 11%
	Contribute to a CO ₂ emission 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 24%



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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 through our products, services, and education and awareness activities to establish tooth brushing habits to prevent caries and periodontal disease.

Looking ahead to 2030, we aim to create positive preventive dentistry habits suited to people’s various lifestyles and health conditions. This involves 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.

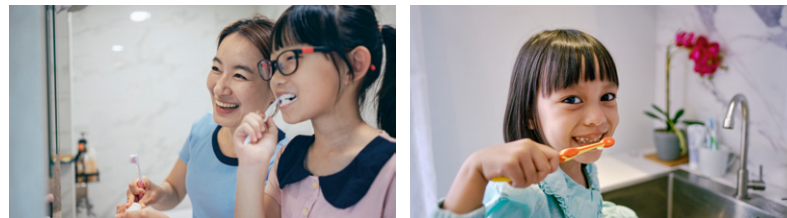
Foster oral healthcare habits to promote health for all.



Oral healthcare habits: 500 million people

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

* Activities that address social and environmental issues through oral healthcare



Specific Initiatives: Investing in Children to Foster Next-Generation Habits and Building Future Markets

The Lion Group places emphasis on fostering awareness of dental and oral health from childhood to support lifelong health.

We have expanded the Oral Health Event of Tooth Brushing for Children, held since 1932, across Asia to help establish preventive dentistry habits from a young age. This initiative goes beyond social contribution. By promoting tooth brushing habits in collaboration with government agencies and experts, we expand the population engaged in oral healthcare while fostering lifelong brand loyalty and creating future high value-added markets. In doing so, we help build a sustainable profit base.

WEB **Creating Healthy Living Habits —Oral Healthcare Habits**
<https://www.lion.co.jp/en/sustainability/healthy-living-habits/oral/>

Spotlight

Collaborating with Global Experts to Further Promote Oral Healthcare Habit Formation Across Asia

We are also strengthening relationships with dental professionals, medical organizations, and government agencies in Japan and around the world to promote better oral healthcare habits across Asia.

We participated in the FDI¹ World Dental Congress 2025 as the first consumer products company from Asia to serve as a Diamond Exhibition Sponsor,² establishing a foundation for strategic partnerships with dental professionals worldwide, including those in China, the host nation. By deepening our networks with dental professionals in each country and accumulating these relationships as an intangible asset, we will enhance the credibility of our high-performance products based on expert insights and increase our brand value as a company leading oral healthcare habits in Asia.

1. FDI World Dental Federation (Fédération dentaire internationale)
2. One of seven sponsors positioned below one Main Sponsor



FDI World Dental Congress



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Creating Healthy Living Habits – Cleanliness and Hygiene Habits

Approach

The Lion Group provides hand soaps and sanitizers for use in a wide range of daily settings and conducts educational and awareness activities at preschools, kindergartens, and elementary schools to promote infection prevention through good hand hygiene.

Across Asia, including Japan, we provide products and conduct awareness activities tailored to regional cleanliness and hygiene habits. In particular, in Southeast and South Asia we have expanded the scope of our activities to include food safety and provide hygiene products and services. Through our educational and awareness activities, we will work with other companies, local governments, and related organizations to promote cleanliness and hygiene practices that protect loved ones from infection.

Promote the establishment of cleanliness and hygiene habits 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 education and awareness activities (Promotion of hand washing habits, etc.)



Specific Initiatives: Initiatives at Educational Institutions

The Lion Group conducts awareness-raising activities at preschools and elementary schools in Japan and overseas, using hand washing exercises and read-aloud sessions to help children learn good habits while having fun. Establishing habits early in childhood promotes healthy daily routines while also fostering lifelong familiarity with and trust in our brand. While staying close to younger generations of consumers and focusing on habit creation, we will deepen collaboration with other companies and local governments to continue creating social and economic value.

WEB **Creating Healthy Living Habits – Cleanliness and Hygiene Habits**
<https://www.lion.co.jp/en/sustainability/healthy-living-habits/cleanliness/>

Spotlight

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

In Bangladesh, a market we entered in 2022, diarrhea and fever caused by poor sanitation are everyday challenges. Establishing hygiene habits based on accurate knowledge is essential to clean and healthy living.

To address this issue, in 2025 we partnered with a local NGO to conduct experiential awareness activities for parents and children in Gazipur District to promote good hand washing and household hygiene, particularly in the kitchen. Post-activity evaluations showed improvements in knowledge and awareness, confirming that establishing habits can unlock latent product demand. Going forward, we will continue contributing to healthier living in local communities while promoting cleanliness and hygiene habits deeply rooted in daily life and developing medium- to long-term market opportunities in untapped areas.



Cleanliness and hygiene habit education at an elementary school in Bangladesh



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Promoting Environmental Initiatives for a Sustainable Planet

In 2019, the Lion Group established the LION Eco Challenge 2050, a set of long-term environmental objectives, with the goal of promoting business activities that help to address global problems, such as those identified in the Paris Agreement and the Sustainable Development Goals (SDGs). We have been working to find solutions for issues related to decarbonization, plastics, 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.

Looking ahead to 2030, we will contribute to the realization of a decarbonized, resource-circulating society by setting indicators and objectives for decarbonization, and for plastics and water usage, and advancing initiatives in each area.

LION Eco Challenge 2050: 2030 Indicators and Objectives

Realizing a Decarbonized Society	Realizing a Resource-Circulating Society
<div style="background-color: #009682; color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> CO₂ Challenge </div> <p>Lion will reduce CO₂ emissions to zero throughout its business activities by 2050.</p> <p>2030 objective: 55% reduction in comparison with 2017 levels (absolute quantity)</p> <hr/> <p>Lion will reduce CO₂ emissions by half throughout the lifecycle of its products by 2050.</p> <p>2030 objective: 30% reduction in comparison with 2017 levels (absolute quantity)</p> <div style="text-align: right; margin-top: 10px;"> </div> <p>Lion aims to become carbon negative by 2050.</p> <p>2030 objective: CO₂ emissions reduction effect in excess of Lion’s own emissions (Japan)</p>	<div style="background-color: #e67e22; color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> Plastics Challenge </div> <div style="text-align: right; margin-bottom: 10px;"> </div> <p>Lion will optimize the use of recycled plastics by 2050.</p> <p>2030 objective: Promote the 3Rs (reduce, reuse, recycle) and the utilization of renewable resources</p> <p>Reduce petrochemical-derived plastic usage to 70% or less</p> <hr/> <div style="background-color: #0070c0; color: white; border-radius: 50%; width: 30px; height: 30px; display: flex; align-items: center; justify-content: center; margin-bottom: 10px;"> Water Challenge </div> <p>Lion will optimize water usage for sustainability by 2050.</p> <p>Water usage throughout product lifecycles</p> <div style="text-align: right; margin-top: 10px;"> </div> <p>2030 objective: 30% reduction per unit of net sales across product lifecycles in comparison with 2017 levels</p>

Initiatives for a Decarbonized Society

Strengthening Strategic Investment and Governance

With our 2030 objective of reducing CO₂ emissions from our business sites by 55% compared with 2017 levels, we are accelerating our transition to decarbonization toward the 1.5°C target. In addition to comprehensive initiatives to enhance energy efficiency across all sites in Japan and overseas, we are promoting the introduction of solar power for self-consumption and the transition to renewable energy. Furthermore, we have introduced an internal carbon pricing (ICP) system that incorporates carbon pricing into investment decisions. By using this as a key indicator for capital investment and technology development investment, we are enhancing both the quality and scale of our transition to a low-carbon business structure. This mechanism aids in decision-making on decarbonization investments, helping to achieve both reductions in environmental impact and medium- to long-term enhancement of corporate value.

Spotlight

Accelerating Low-Carbon Investment and Decision-Making by Raising the ICP Price

To accelerate low-carbon investment, in May 2025 we revised the ICP price—a benchmark for capital investment decisions—to ¥13,300 per t-CO₂ (approximately 2.2 times the previous level). This revision reflects a careful assessment of external risks, such as the potential introduction of a carbon tax, and enables evaluation of investments from both financial and environmental perspectives.

Specific examples include the decision to introduce hot water heat pumps at our Chiba Plant and upgrade to high-efficiency steam boilers at our Odawara and Osaka Plants.

By leveraging ICP, we are implementing high-value energy-efficiency investments that would have been difficult under conventional investment criteria.



Chiba Plant
Hot water heat pump



Odawara and Osaka Plants
High-efficiency boilers



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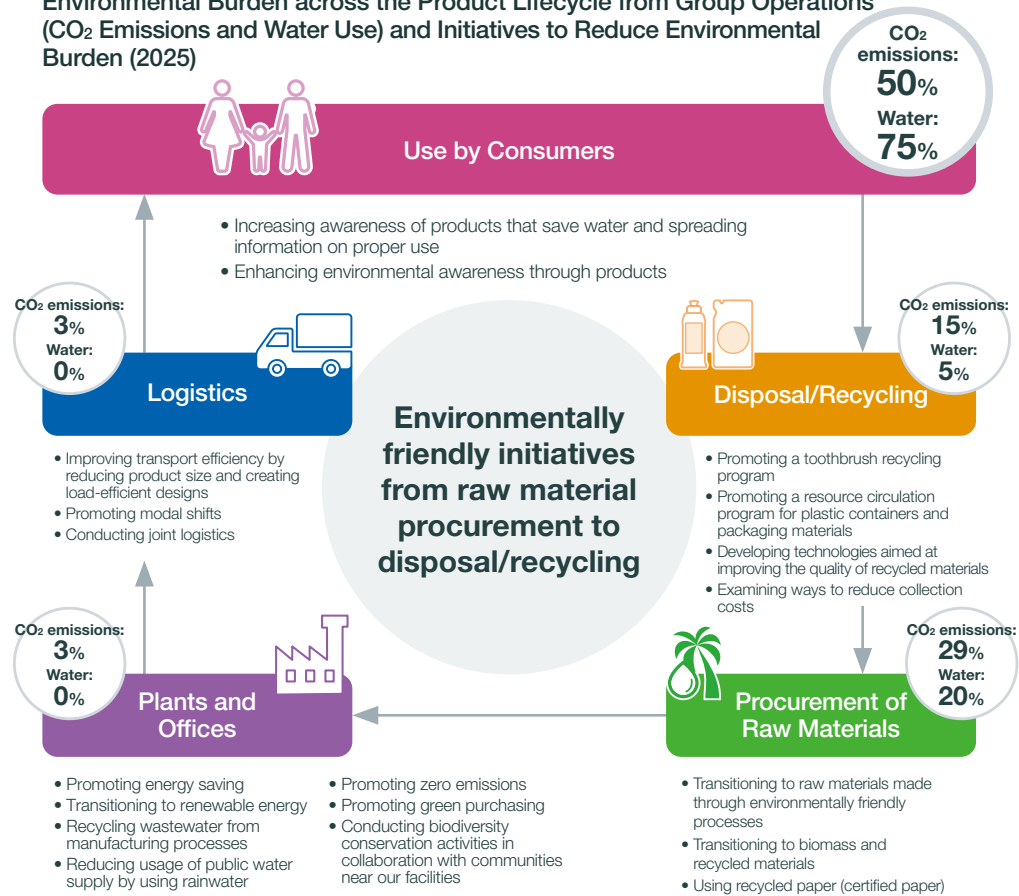
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Initiatives to Reduce Environmental Burden

As part of its responsibility as a producer, the Lion Group is addressing issues related to decarbonization, plastics, and water resources at every stage of the product lifecycle—from raw material procurement to consumer use, disposal, and recycling.

In particular, during the consumer use stage, activities such as household laundry require electricity and water, resulting in the highest levels of CO₂ emissions and water usage. Going forward, we will continue working to reduce environmental burden during this stage by providing environmentally friendly products and services and promoting environmentally friendly habits among consumers.

Environmental Burden across the Product Lifecycle from Group Operations (CO₂ Emissions and Water Use) and Initiatives to Reduce Environmental Burden (2025)



WEB Environmental Initiatives for a Sustainable Planet
<https://www.lion.co.jp/en/sustainability/environment/>

Promoting Environmentally Friendly Habits with Consumers

Through environmentally friendly products and services, as well as systems that support habit formation, we work with consumers to promote sustainable habits that are easy to maintain. In doing so, we contribute to the realization of planet-friendly lifestyles toward a decarbonized, resource-circulating society.





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Toward the Realization of a Resource-Circulating Society

Creating Habits That Promote the Mindful Use of Water
Reducing Environmental Impact and Creating Added Value Through Innovation in Everyday Lifestyles

Within the product lifecycle, environmental impact is greatest during the consumer-use stage. To address this, the Lion Group proposes new habits centered on its surfactant technologies that deliver both environmental impact reduction and consumer benefits. Since 2010, we have focused on launching laundry detergents for single rinse cycles, and in 2023 we introduced an innovative product that eliminates the need for the rinse cycle entirely. These unique solutions deliver value directly to consumers by reducing housework time and extending the life of clothing by minimizing wear, while reducing water and electricity use and CO₂ emissions. By fostering habits that support consumers’ everyday lifestyles, we contribute to a sustainable society while driving business growth.

Spotlight

**New product (available through selected retailers):
NANOX one Antibacterial x Quick Wash**

In response to growing global awareness of sustainability, we are promoting the reduction of environmental impact through water conservation in laundry. With dual-income households in Japan reaching 12 million¹ and growing interest in greater efficiency and time savings in housework, we launched *NANOX one Antibacterial x Quick Wash* in March 2026, delivering both convenience and environmental benefits.

NANOX one Antibacterial x Quick Wash is designed to complete laundry in as little as 15 minutes² with zero rinse cycles, while helping prevent odor with its strong antibacterial performance. Furthermore, eliminating the rinse cycle can reduce water and energy consumption during laundry by approximately 50%.³

We will continue to encourage the widespread adoption of easily sustained habits that promote the mindful use of water, based on consumer benefits such as saving time on housework and garment care, thereby helping achieve both business growth and reduced environmental impact.

1. Statistics Bureau, Ministry of Internal Affairs and Communications, National Census and Labour Force Survey (2020)
2. With zero rinse cycles, based on representative models from domestic washing machine manufacturers
3. Calculated based on the average water and electricity consumption of representative domestic washing machine models when washing a 3 kg load on a standard course (Zero rinse cycles compared with 2 rinse cycles)



Creating Habits That Promote the Reduction of Plastic Waste
Initiatives for Sustainable Resource Circulation

Guided by its Plastics Environmental Declaration, which aims to minimize environmental impact while making the most of the benefits of plastics, the Lion Group positions the resource circulation business as a next-generation growth opportunity. Looking ahead to 2050, we have set objectives to further reduce plastic use and to recover, recycle, and reuse plastics within our operations, while encouraging behavioral change among consumers with a focus on fostering habits that promote the reduction of plastic waste.

By supporting the development of collection systems through flexible collaboration with local governments and other companies—and by demonstrating and sharing advanced resource circulation models—we contribute to accelerating resource circulation across society. In a future of increasingly stringent environmental regulations, we will earn society’s trust and address social issues, thereby achieving sustainable business growth.

Spotlight

Commercializing Refill Packs with Improved Recyclability

Refill packs—the primary packaging format for refill products such as detergents—are difficult to recycle because many consist of laminated plastic films made from multiple materials. As a result, most are ultimately incinerated.

We therefore collaborated with Toyo Ink Co., Ltd. to develop debonding and recycling technology that improves the recyclability of refill packs, and launched *Look Plus Bath Cleansing Clear Citrus Scent (Large Refill Size)*, which incorporates packaging designed for this technology.

The technology has been widely recognized in Japan and overseas, including the Japan Star Award at the 2025 Japan Packaging Contest, the R&D Division Award at the 49th Kinoshita Award, and an AsiaStar Award at the AsiaStar 2025 Awards. We will continue to accelerate the development of innovative technologies and collaboration with diverse partners, while promoting the wider social adoption of habits that reduce plastic waste.



2025 Japan Packaging Contest awards ceremony

Setting KGIs and KPIs to Enhance Corporate Value through Human Capital

To enhance the value of each individual's capabilities and increase corporate value through our people, we have set the ratio of EBITDA to consolidated personnel costs as our 2030 key goal indicator (KGI). By investing in people and organizational dynamism to strengthen our personnel base, we aim to achieve sustained growth in corporate value.

To achieve this KGI, in 2nd STAGE we have defined three pillars of our human resource strategy: "Enhance human capital value," "Enhance organizational strength to implement

strategies," and "An environment that unlocks the potential of individuals and the organization." We have established seven KPIs for these pillars and will work to enhance the dynamism of both our people and organization. Among these, strengthening talent in alignment with our management strategy is an urgent issue. We are advancing talent portfolio management, including recruitment, placement, and development.



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The Three Pillars of Our Human Resource Strategy

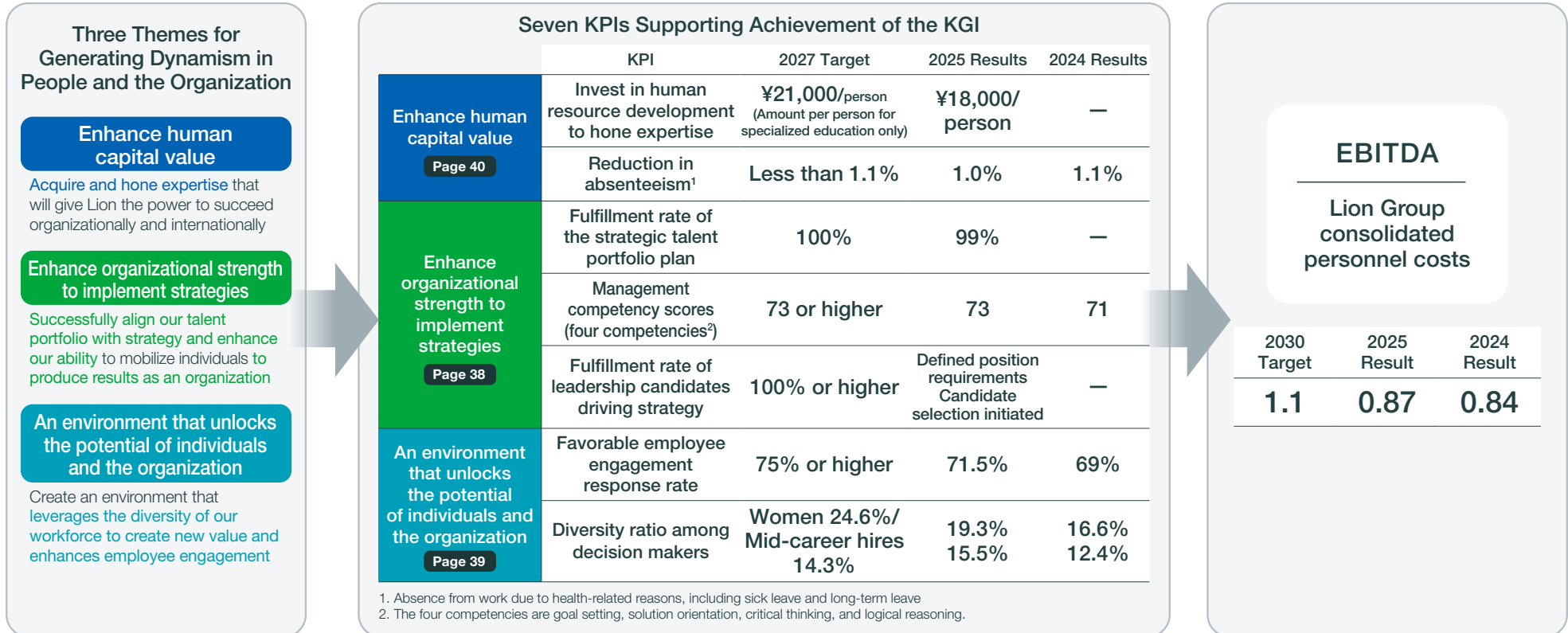
KPIs (2025–2027)

KGI (2030)

HR Strategies for Realizing Management Strategy

2nd STAGE KPIs and 2025 Progress

Enhancing Corporate Value through Investment in Human Capital



1. Absence from work due to health-related reasons, including sick leave and long-term leave
2. The four competencies are goal setting, solution orientation, critical thinking, and logical reasoning.

Message from the General Manager of the Human Resources Department



Every member of the Lion Group is committed to “Creating Better Habits.”

Shiori Yamamoto
General Manager of Human Resources Department

Our purpose is to make a difference in everyday lives by redesigning habits. Each employee plays a role in identifying issues in everyday life and creating new habits to address them. We believe that our employees’ growth and their tireless efforts to address these issues are the source of the Lion Group’s sustained growth. We are therefore making efforts across the Group to bring out and fully leverage the diverse talents and capabilities of each individual.

We have set “enhancing corporate value through human capital” as a key goal indicator (KGI). The growth of our people leads directly to the growth of the Company.

The Lion Group is working toward Vision2030 by expanding proposals that promote better habits to help people around the world, particularly in Asia, stay healthy mentally and physically. In essence, this means creating both social and economic value. To measure how much our employees contribute to enhancing corporate value, we have set the ratio of EBITDA to consolidated personnel costs as a key goal indicator (KGI). Our goal is to increase this KGI to 1.1 by 2030 (see page 36). Through continued investment in areas such as human resource development, recruitment, and improving the working environment, we seek to steadily enhance human capital value—individual capabilities, motivation, and health—that is not reflected in personnel cost figures. Ultimately, this indicator is intended to measure the extent to which corporate value is enhanced through the capabilities of our people.

2nd STAGE focuses on talent portfolio management aligned with management strategy and on enhancing organizational capabilities that enable individuals to thrive.

The keys to enhancing corporate value through the capabilities of our employees are individuals’ willingness to take on challenges and pursue growth, together with organizational capabilities that enable individuals to thrive. Therefore, in the 2nd STAGE human resource strategy, we have identified three key factors for strengthening profitability

through our human resources: “enhancing human capital value” to raise individual capabilities, “enhancing organizational strength to implement strategies” to translate individual strengths into organizational results, and “an environment that unlocks the potential of individuals and the organization” to foster a culture that transforms individual growth into organizational strength. We have also set seven KPIs corresponding to these factors (see page 36). The implementation of talent portfolio management—aligned with management strategy and involving the systematic recruitment, assignment, and development of employees—is at the core of our human resource strategy and is directly linked to strengthening business portfolio management. Specifically, we have identified four priority areas for human resources: accelerating growth in oral healthcare, expanding overseas growth, strengthening research and development, and transforming management through IT and digital technologies, to enhance both the quantity and quality of our talent.

In addition, to continue putting our Purpose into practice while responding quickly and sensitively to people’s lives in various countries and regions, it is important to respect and make the most of the diverse knowledge and experience of our employees. We believe this will lead to the creation of new products and high value-added services. By actively appointing women to management roles and recruiting talent with diverse experience, we are working toward realizing our vision for the organizational environment.

In 2nd STAGE, we are implementing a range of measures to develop individual talent aligned with these management strategies and to strengthen our organizational capabilities to leverage that talent for new value creation.

We have contributed to society by creating habits that promote people’s health, such as tooth brushing and hand washing, while also stimulating the market. The Lion Group brings together many talented people who approach issues affecting people’s lives and society with a strong sense of ownership. I am confident that by pursuing both organizational and individual growth, Lion will become even stronger.



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1 Enhance Organizational Strength to Implement Strategies

Strengthening Talent Aligned with Management Strategy

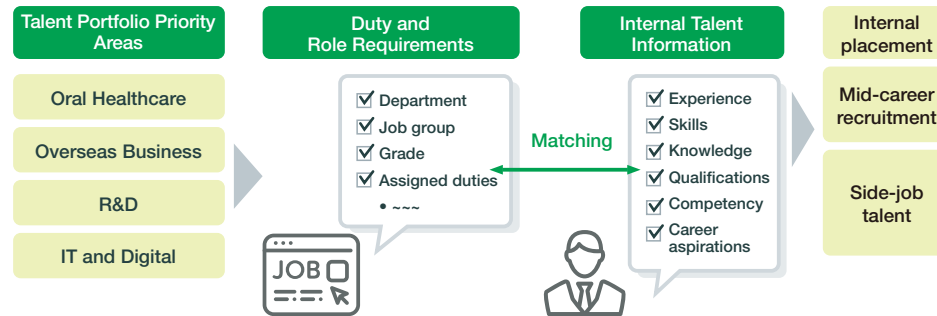
We are strengthening our organizational capability to execute strategies by advancing talent portfolio management (recruitment, placement, and development) aligned with management strategies.

Implementing Recruitment and Placement Based on the Talent Portfolio

We have established a talent information management system that enables the human resources department and managers in each workplace to share and leverage talent data. This allows us to match talent to priority areas aligned with our management strategy and to assign roles based on individual skills and career aspirations. Through these efforts, we also identify talent gaps within the organization and advance external hiring in parallel.

Talent Recruitment and Placement Using the Talent Management System

After defining priority areas and their associated role requirements, we match talent using internal talent data on experience, skills, and other attributes. Based on the results, we not only make internal placements but also leverage external expertise—through mid-career hires and side-job talent—to secure personnel in line with these role requirements.



Talent Development Based on the Talent Portfolio

Since 2025 we have been promoting cross-organizational talent development and career development through “job groups” that integrate job types and functional domains, with the aim of developing professional talent with a high level of expertise. We define future career paths centered on areas of expertise and develop professional talent with a high level of expertise who will lead the evolution of each business. This framework also enables talent development and career development aligned with our talent portfolio. Using annual Career Design Sheets, we review each individual’s career plan, link the talent portfolio with individual aspirations, and facilitate internal transfers that support self-directed career development.

Job Group Image

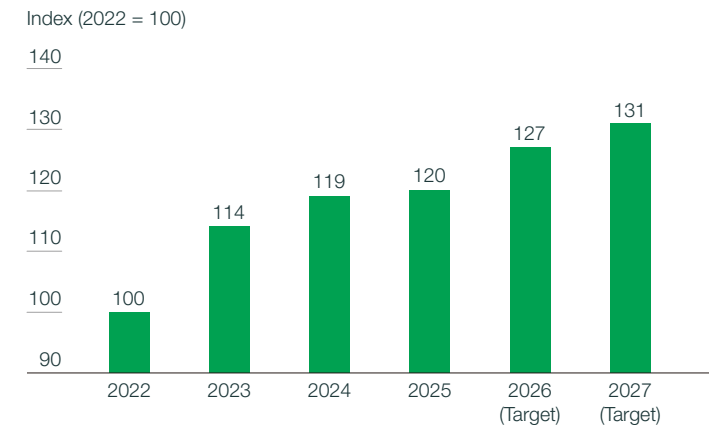
- A job group is a framework that classifies roles and functions requiring similar expertise across organizational boundaries, enabling the development of each individual’s expertise and career.
- Job groups are used to develop professional talent aligned with management strategies, as well as for talent placement.



Progress in Strengthening Staffing in Priority Areas

In particular, in our priority areas of Oral Healthcare, Overseas Business, R&D, and IT and Digital, we are systematically strengthening our talent pool through recruitment, development, and placement. Based on our staffing plan through 2027, we will implement internal placements and external recruitment of mid-career talent in phases.

Progress in Strengthening Staffing in Priority Areas



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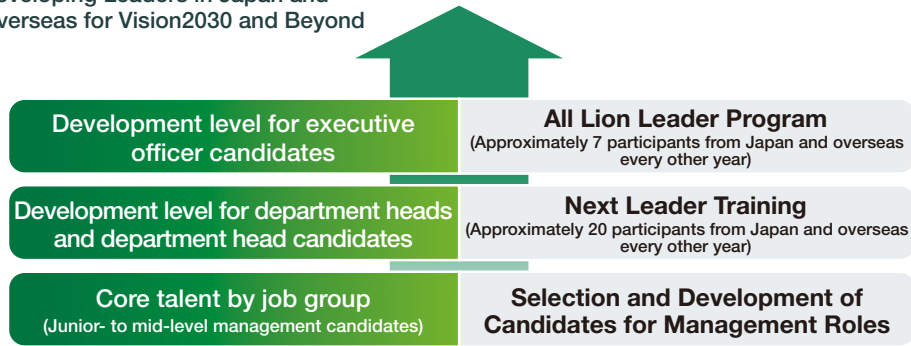
Developing Leadership Candidates to Drive the Achievement of Vision2030

In working to achieve our management vision of “Becoming an advanced daily healthcare company,” we are developing management candidates who can lead efforts in “Creating Better Habits” and drive transformative change beyond existing business models. We have defined talent requirements that emphasize business creation capability, strategic planning and execution, and leadership, and are working to identify and develop next-generation management talent.

Through talent reviews conducted by the Human Resource Development Committee twice a year, we hold multifaceted discussions and monitor progress not only on candidates’ performance, but also on their development challenges, future assignments, and promotion plans.

Additionally, we have introduced two programs for different management levels to develop talent who can promote unified global management across the Group. Employees from overseas Group companies also participate in both programs, developing plans for management transformation from a Group-wide perspective through discussions with members who bring diverse experience and expertise. In the final stage of each program, candidates deliver presentations, and senior management evaluates them based on defined leadership requirements.

Developing Leaders in Japan and Overseas for Vision2030 and Beyond



All Lion Leader Program

This hands-on program involves participants visiting Group companies in various overseas locations to gain a deep understanding of management strategy, followed by a year spent developing a vision and strategy for the Group’s overall growth. The program held in Singapore features a curriculum designed in collaboration with a local university, through which participants engage in discussions with experts in global management and interact with corporate executives both inside and outside the Company, broadening their perspective. Heads of overseas Group companies also participate as evaluators in the final presentations, reflecting the Group’s commitment to developing the next generation of leaders. Since the program began in 2023, two graduates have been appointed as executive officers.



Next Leader Training

In this program, participants study Lion’s Purpose, management strategy, and the foundations of leadership, and develop proposals for the future direction of the business. Participants develop a Group-wide perspective beyond their areas of responsibility, and through the Singapore program, they gain insight into Asia’s business environment while broadening their global outlook. In addition, the program promotes the development of global talent networks by incorporating English language training and group work with members of overseas Group companies. Since its launch in 2023, more than 40 employees have participated in this program, which we will continue to implement as a foundation of our management talent pipeline.

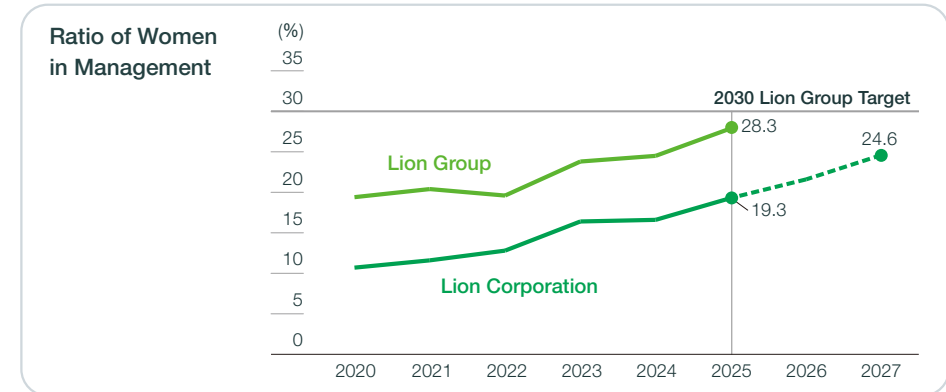


2 An Environment That Unlocks the Power of Individuals and the Organization

Building an Organization That Leverages Diversity to Create New Value

We believe that leveraging the diverse knowledge and experience of our employees directly helps put our Purpose into practice and leads to new ideas and innovation for “Creating Better Habits.” Accordingly, we are enhancing the diversity of our decision-makers and fostering an organizational culture in which employees with diverse values and ideas can fully demonstrate their individuality and abilities and succeed professionally, regardless of nationality, gender, or other attributes.

As of the end of 2025, the ratio of women in management across the Lion Group was 28.3%, an increase of 3.4 percentage points year on year. We are accelerating the promotion of women to management positions, particularly in Japan, to reach a ratio of 30% or more by 2030. To achieve this, we are focusing on the early selection of candidates and the formulation and execution of individual development plans. As of the end of 2025, the ratio of women in management at Lion Corporation was 19.3%, an increase of 2.7 percentage points year over year. Going forward, we will further advance diversity among decision-makers regardless of nationality or gender, aiming to transform into an organization that brings new value to people’s lives.





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Programs for Developing Female Managers

With the aim of developing female decision-makers, we provide training that helps participants define their own leadership style and work toward realizing it. Depending on career stage, we offer programs tailored to different needs. For those about to be promoted to section manager or in their first year in the role, we offer a program with external mentors. For employees approaching the section manager level we conduct an annual empowerment seminar. The empowerment seminar is designed for female employees who are currently facing—or may soon face—the challenge of balancing life events with their careers. It is aimed at cultivating the mindset needed to sustain motivation for career development. Participants clarify their career vision and are encouraged to engage in dialogue with their supervisors about it. In 2025, 94% of participants reported that the seminar helped them to feel more positive about building their careers. By strengthening support for employees navigating the balance between life events and career, we aim to expand both the quality and size of our medium- to long-term pipeline of female management candidates.

Voices of Female Managers

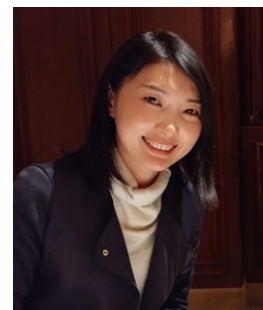
Through Internal Recruitment to an Overseas Management Position

—What has it been like taking on the challenge of launching a business?

From the time I joined Lion, I had hoped to work in overseas business, and when I saw the internal posting for an expatriate assignment in a new market, I didn’t hesitate to take on the challenge. My husband understood my aspirations and decided to relocate to India with the family, which was a great source of encouragement. Now I am directly involved in launching a business in India, and I find the work both fulfilling and exciting. I feel that working in an environment that supports each employee’s desire for growth and offers them the flexibility to take on new challenges is a great source of strength in continuing my career.



Tomomi Takai
President
Local subsidiary in India



Saya Inoue
Deputy Branch Manager
Kinki-Chugoku-Shikoku Branch
Sales Division

Serving as a Role Model for Women in Sales

—The number of female sales managers following in your footsteps is now growing. How does that make you feel?

Previously, there were no female managers in sales, and when I was first appointed, I felt both pressure and uncertainty. At the same time, I had a strong desire to create a more supportive work environment for my junior female colleagues, and I decided to take on the challenge in the hope of making a difference.

As a manager, I have found a special sense of accomplishment and joy in engaging in ongoing dialogue with each team member, creating a supportive environment, and achieving results together through mutual growth. Having more opportunities to communicate with senior management at our business partners has also broadened my perspective. I have also come to appreciate the importance of not only my own growth but also of bringing out the potential of the team and the organization.

3 Enhance Human Capital Value

Establishing Healthy Habits

We view the establishment of healthy habits among employees as a foundation for sustainable corporate growth and are promoting multifaceted initiatives to improve productivity and reduce absenteeism. We have introduced a health point system to encourage employees to proactively adopt and sustain healthy habits, and in our preventive dentistry initiatives, we achieved a 94% employee dental checkup participation rate in 2025. In addition, we are strengthening cancer prevention and smoking cessation measures, while leveraging the GENKI Navi health management system and the Lion Career Village learning program tool to enhance knowledge for everyday health management. Through these initiatives, we support improvements in employees’ health literacy and the adoption of healthy habits. As a result, Lion has been certified as a Health & Productivity Management Outstanding Organization (White 500) for nine consecutive years. We will continue to encourage behavioral change among employees through these measures, linking these efforts to greater organizational dynamism and sustained corporate value improvement.



4 Human Resource Strategy Implementation System and Governance

The Lion Group recognizes the importance of enhancing human capital as a key management issue. To this end, we have established the Human Resource Development Committee, composed of composed mainly of directors, to oversee the development of management talent, promote initiatives to realize the talent portfolio, set overall direction of our human resource strategy, and monitor the progress of plans.

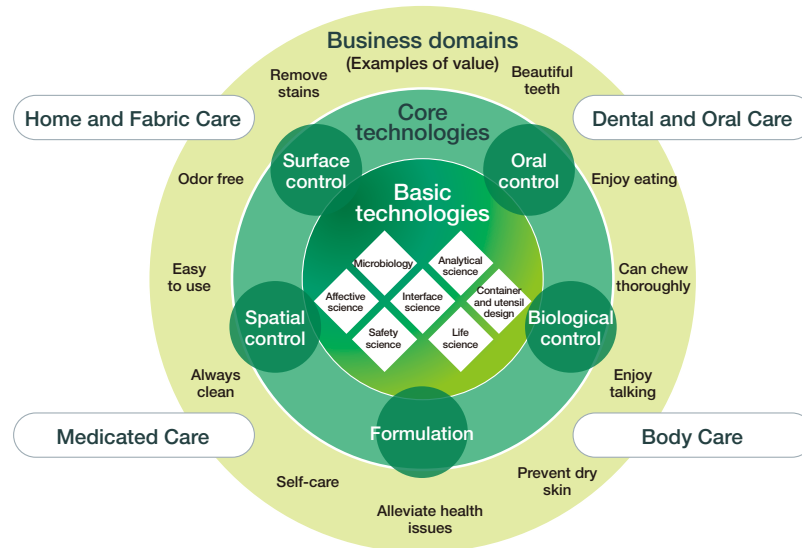


R&D and Intellectual Property Strategies

With a focus on deepening and innovating its core technologies, Lion is further strengthening its Group-wide R&D structure and capabilities, and continuously creating products and services that lead to changes in consumer behavior.

R&D Strategy

Lion has identified priority areas by backcasting from its vision of “future lifestyles,” based on a framework of seven basic technologies and five core technologies that support all of its businesses. Furthermore, to accelerate business growth and R&D, we have separated development research and basic research, and are reallocating research resources. Development research aims to link technology to earnings as directly as possible, working to shorten lead times for product launches. Basic research anticipates consumer insights and social issues from a medium- to long-term perspective, realizing technological innovation and the creation of unique value, and smoothly transfers the results to development research. Through this new structure, we will accelerate R&D that supports both the resolution of social issues and the creation of economic value.



To strengthen the development of new technologies that support sustainable growth, R&D bases in Japan and Shanghai lead the deepening and innovation of core technologies, maintaining a structure where each base develops products tailored to local lifestyles, cultures, and needs. By globally expanding products and services rooted in the diverse habits of consumers, we will spread the concept of “creating habits” throughout the world. Particularly in Oral Healthcare, our Top Priority, we will continue to create unique value centered on “Creating Better Habits,” driving growth and enhancing long-term corporate value. In addition, we will expand our own capabilities through open innovation with external partners, evolving into a structure that can continuously create advanced technologies, products, and services that foster better habits for consumers, even in a diversifying market environment.

Strengthening R&D Capabilities to Accelerate Growth in Oral Healthcare

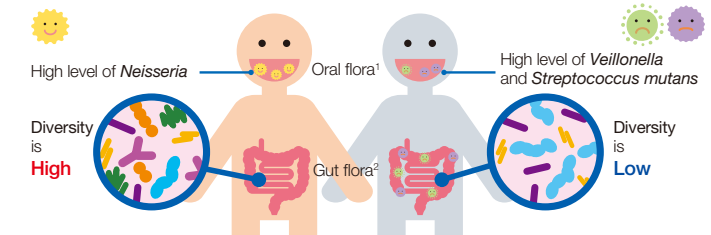
Our oral healthcare research aims to support people’s healthy ability to eat, speak, and laugh throughout their lives from the dual perspectives of “oral hygiene” and “oral function.” Starting from insights gained through years of interaction with consumers, we will increase the speed and accuracy of initiatives, from evidence creation to market implementation. By designing oral care habits that can be “continued positively,” we will improve the oral environment—the gateway to overall health—and provide value directly linked to improving consumers’ QOL.

In the development of technology, products, and services, we are promoting the advancement of solutions to establish further competitive advantage. In addition to deepening established technologies, we will refine advanced technologies such as oral microbiota analysis and functional evaluation, providing personalized products and services optimized for diverse generations, habits, and sales channels with speed. Through these efforts, we will broadly provide society with healthy habits that naturally become a part of consumers’ daily lives and enable each individual to continue optimal care behaviors, aiming for the sustainable growth of the Oral Healthcare Business and further enhancement of corporate value.

Spotlight

New Findings on Health Promotion Starting from the Oral Cavity

In collaborative research with Cykinso, Inc., we found that individuals with high levels of *Veillonella*—a genus of indigenous oral bacteria—and *Streptococcus mutans*—a major causative bacterial species of dental caries—in the mouth, are also likely to harbor these bacteria in the gut. Conversely, individuals with high levels of *Neisseria*—a genus of bacteria commonly found in people with good oral health—tend to have more diverse gut bacteria, suggesting a potentially healthier gut environment. These findings suggest that maintaining good oral health may contribute to a more stable gut environment. The results were presented at the 67th Annual Meeting of the Japanese Association for Oral Biology in September 2025.



1. The community of bacteria and other microorganisms present in the oral cavity
2. The community of bacteria and other microorganisms present in the intestinal tract



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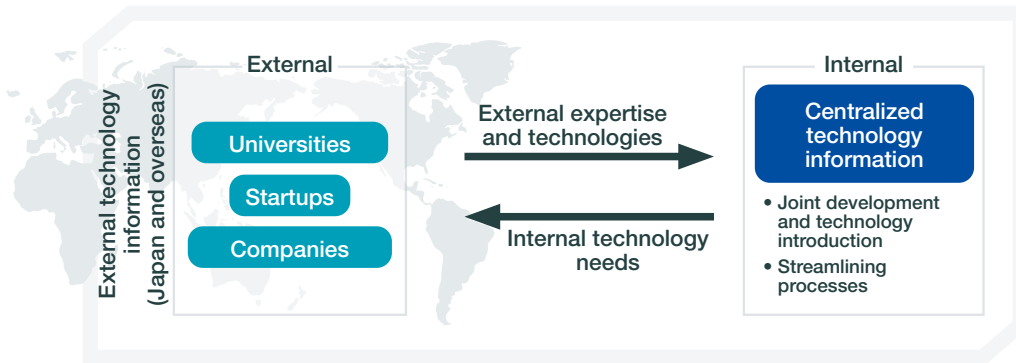
Open Innovation Initiatives for Sustainable Growth

To further accelerate value creation for “Creating Better Habits,” we are promoting open innovation that responds to the rapidly changing market environment and diversifying needs.

By actively incorporating cutting-edge knowledge and superior technologies from universities, startups, and companies both in Japan and overseas, and combining them with our long-standing consumer understanding and market implementation capabilities, we are increasing the speed and probability of success for the social implementation of “Creating Better Habits.”

To enhance the effectiveness of co-creation, we centrally manage internal and external technical information, efficiently fusing “external technical seeds” with “internal technical needs.” Through this mechanism, we aim to shorten lead times for joint development and technology introduction, expanding our R&D capabilities to create new value in both qualitative and quantitative terms.

Going forward, we will continue strengthening our promotional framework, advancing our technology discovery methods, and expanding global partnerships to accelerate effective open innovation. Through these efforts, we will create and deliver innovative solutions that enhance consumers’ QOL and achieve sustainable growth in corporate value through “Creating Better Habits.”



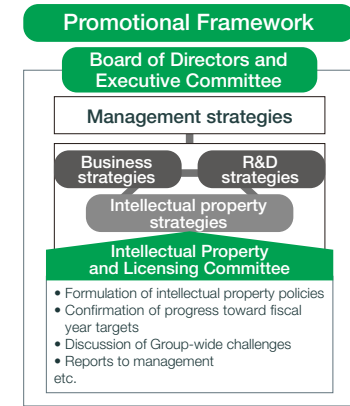
Open Innovation Examples

To date, we have invested in Cykinso, Inc., TechDoctor Inc., PITTAN Inc. and CO₂ Resources Innovation Inc. (CRII) with the aim of acquiring advanced technologies for “Creating Better Habits” and strengthening our R&D foundations.

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.

We have established the Legal and Intellectual Property Department as a specialized organization reporting directly to management. Under the supervision of the Board of Directors, we formulate and execute IP strategies and investments that align with the Group’s overall management strategy (Vision2030) as the high-level policy, while linking them with business and R&D strategies.



Intellectual Property (IP) Activities in the Oral Healthcare Business

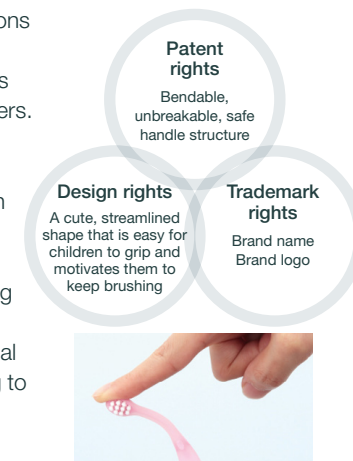
Lion ranks No. 1 in the number of oral healthcare-related patents held in Japan and holds a top-tier position in countries and regions where it operates in Asia.* These patents represent intellectual capital that protects functions encouraging consumers to use products continuously, serving as a source of value creation for proposing Lion’s unique approach to “Creating Better Habits” to consumers.

In addition, we employ an “IP mix” strategy both in Japan and overseas, safeguarding products with multiple intellectual property rights, including patent rights, design rights and trademark rights. For example, the *CLINICA Kid’s Toothbrush* (shown in the photo on the right) is protected by 17 intellectual property rights, safeguarding its unique value.

In this way, we protect our products through intellectual property activities in Japan and overseas, thereby helping to secure a sustainable competitive advantage.

* Number of patents held in the toothpaste and toothbrush categories based on the International Patent Classification (IPC), as of April 2026.

Protecting a Single Product With Multiple Rights IP Mix



Measures Against Intellectual Property Infringement for Sustainable Overseas Growth

As our market position overseas improves, cases of IP infringement, including counterfeit products, have been increasing. To prevent health hazards to consumers and the erosion of brand value, we take a zero-tolerance stance toward infringement. This includes collaborating with administrative agencies on enforcement (such as raids and border control measures) and filing lawsuits against companies that infringe on our IP rights.

Digital Transformation (DX) Strategy

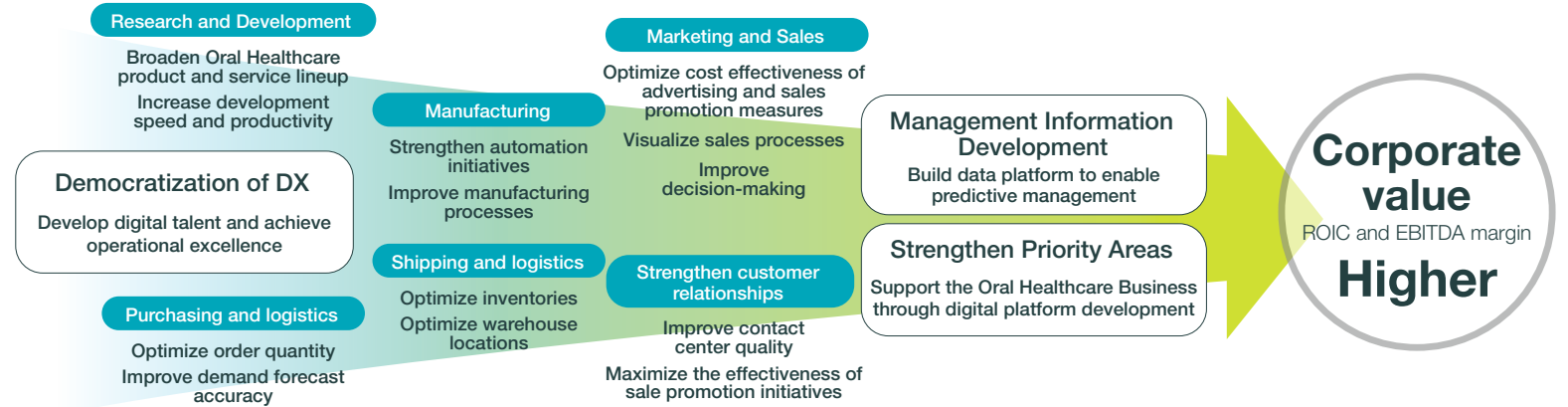
Under the slogan “The Science of Habits,” Lion is advancing its DX strategy, defining a clear vision of transformation—including the creation of new value and the strengthening of profitability—and leveraging a range of IT and digital tools to make that transformation a reality.



Group-Wide Digital Strategy Ahead of 2030

Going beyond simple efficiency gains, Lion uses cutting-edge technology and data science to help turn user experiences into habits. By digitally connecting research and development with customer touchpoints, we will transform our operations to become more resilient and highly profitable, thereby contributing to the medium- to long-term enhancement of corporate value.

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



Building Data Infrastructure to Enable Predictive Management

Improving Decision-Making through Predictive Management

We have developed a new dashboard that centralizes Group-wide data and visualizes real-time performance and the latest management indicators more than 10 days earlier than previously possible, enabling a faster response to market changes.

The dashboard incorporates machine learning-based forecasts of future scenarios and presents strategic options, enabling us to minimize risk while maximizing growth opportunities. By implementing predictive management, we will reinforce data-driven decision-making with a strong focus on capital efficiency, thereby driving improvements in ROIC.

Achieving Operational Excellence through the Democratization of DX

Business Transformation and Talent Development through Digital Tool Utilization

In addition to introducing systems that leverage internal knowledge to enable advanced use of generative AI—including Retrieval-Augmented Generation (RAG) and proprietary large language models (LLMs)—we have created an environment of AI agents that allows all employees to automate their own tasks. By the end of December 2025, we had trained more than 100 in-house developers across our business divisions, accelerating business transformation. By promoting the democratization of DX through the implementation of cutting-edge technologies and the development of digital talent, we will improve the efficiency of existing operations, shift to higher-value-added work, and enhance Group-wide productivity, thereby improving the EBITDA margin and strengthening our management foundation.

R&D DX Supporting Priority Areas

AI-Driven Development: Accelerating Product Development Utilizing a Century of Data

We have established a proprietary transfer learning model that enables AI to learn from and apply data across product categories, drawing on a vast body of research accumulated over more than a century. For example, by applying insights—such as relationships between formulations and quality—from one product domain to entirely different domains, we can achieve highly accurate quality predictions even with limited data in the early stages of development. This technology reduces the number of required experiments by as much as 85%, dramatically accelerating product development. These research achievements have also received strong academic recognition, including awards at leading cheminformatics conferences for two consecutive years. By leveraging these capabilities, we rapidly capture evolving consumer needs and deliver high-quality products that help each individual in “Creating Better Habits.”

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"Creating Better Habits" by Leveraging Data

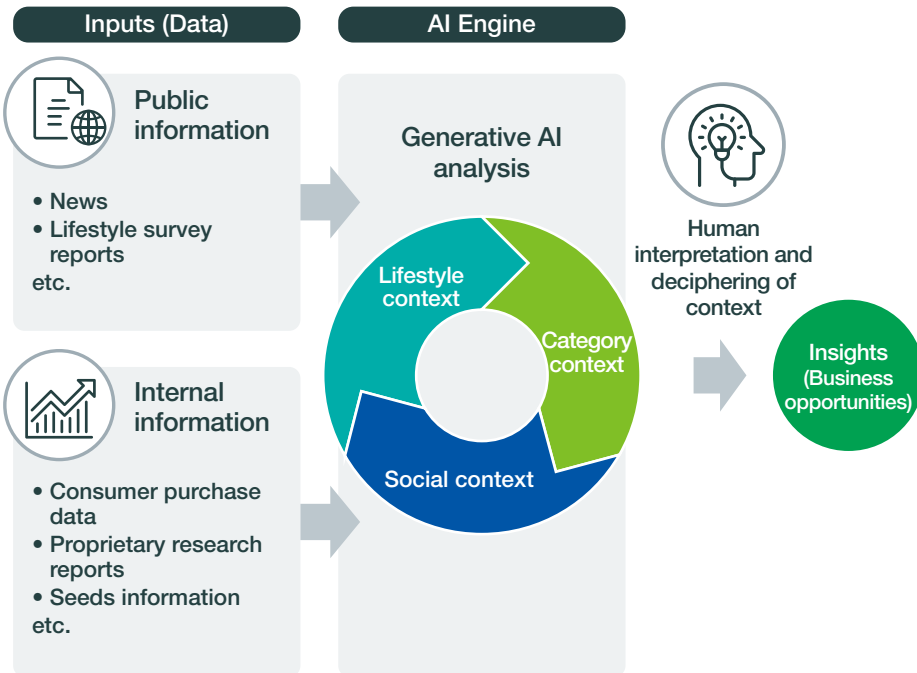
As a manufacturer, Lion has expanded its business not just by providing products but by "Creating Better Habits" for people. Based on insights gained from years of consumer research, we will continue to focus on creating mechanisms to generate better habits that improve people's daily lives.

Business Development Process for "Creating Better Habits"

We will implement a unique business development process to improve the quality of decision-making for creating new markets. This process integrates AI-driven predictive analysis of social trends and insights (business opportunities) with rapid verification based on actual purchase data. By eliminating uncertainty in development and scrutinizing the probability of success based on data, we will contribute to improving ROIC and drive revenue growth.

Using AI to Decipher Consumers' True Intentions and Quickly Putting "Creating Better Habits" into Practice

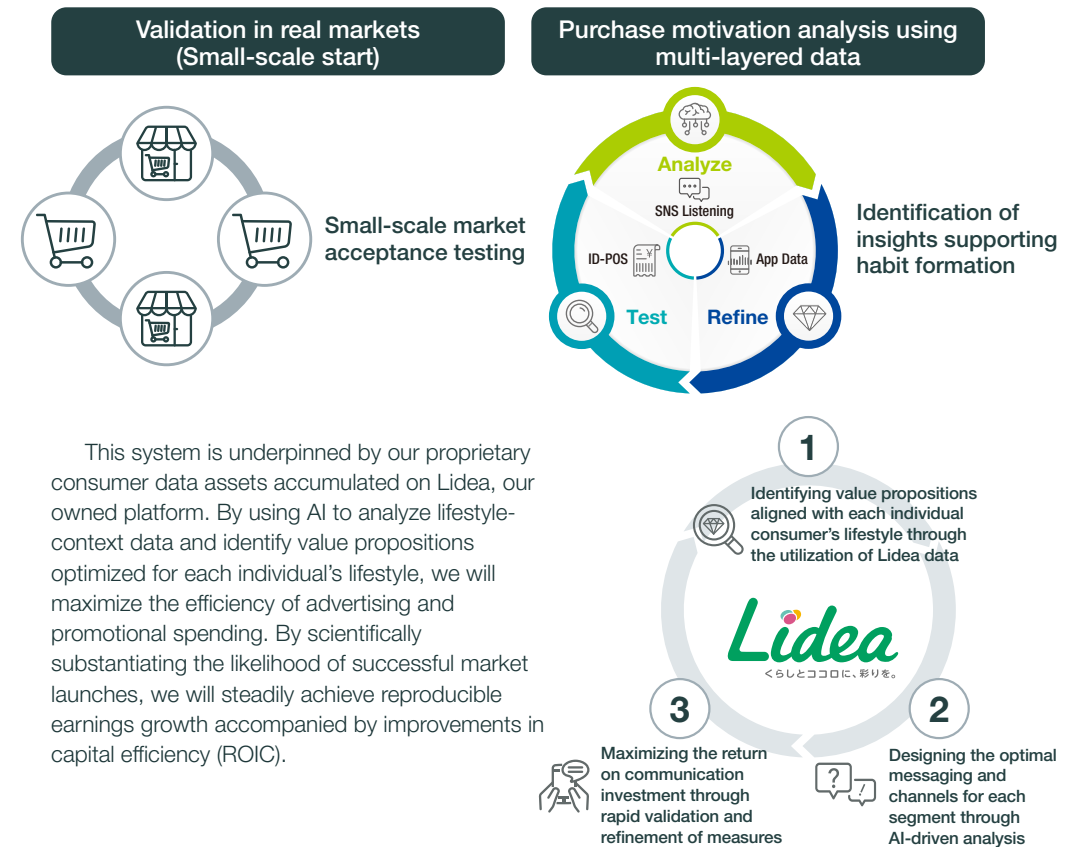
By strategically utilizing AI to combine social trends with consumers' deep psychology, we have systematized value development tailored to the context of daily life. Starting with Oral Healthcare, our Top Priority, we aim to scientifically increase the probability of success in launching new products through this unique process, achieving reproducible revenue growth and sustainable enhancement of corporate value even in uncertain environments. (Furthermore, the implementation of this process has reduced time spent on incidental tasks, such as information collection and analysis, by approximately 75%. We will reinvest the time freed up into creative, value-added tasks that cannot be replaced by AI, thereby accelerating further value creation.)



Shifting the Approach and Establishing a Unique Growth System to Maximize Success Probability

To enhance the probability of success for new products, we are shifting to a unique growth system integrating real-world validation and data analytics.

The most significant feature lies in the process of scientifically clarifying the reasons for purchase. It combines multifaceted data—purchase behavior (what was bought) and consumers' true intentions (why it was bought)—in addition to verifying acceptance through small starts at actual stores. Through this, we will establish a unique business development base where uncertainty is reduced early on and resources are concentrated after scrutinizing the chances of success based on evidence.



This system is underpinned by our proprietary consumer data assets accumulated on Lidea, our owned platform. By using AI to analyze lifestyle-context data and identify value propositions optimized for each individual's lifestyle, we will maximize the efficiency of advertising and promotional spending. By scientifically substantiating the likelihood of successful market launches, we will steadily achieve reproducible earnings growth accompanied by improvements in capital efficiency (ROIC).

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Human Rights and Supply Chain Initiatives, and External Co-Creation

Respect for Human Rights

The Lion Group respects diversity, including race, religion, gender, sexual orientation, age, nationality, and disability, and positions the protection of human rights as both a corporate responsibility and a foundation for sustainable growth. Based on this belief, we established the LION Human Rights Policy in line with the UN Guiding Principles on Business and Human Rights and disclose it to stakeholders through the websites of the Company and its Group companies.

In accordance with this policy, we continuously implement human rights due diligence through a PDCA cycle, manage risks including those in the supply chain, maintain grievance mechanisms through a whistle-blowing system, disclose relevant information, and provide employee education. In 2025, the implementation rate of human rights due diligence for priority human rights issues reached 100% for the Lion Group and 95% for suppliers. We will strengthen our efforts with the aim of achieving a 100% implementation rate by 2030.

WEB **Respect for Human Rights**
<https://www.lion.co.jp/en/sustainability/human-rights/>

Building Responsible Supply Chain Management

The Lion Group positions the development of a responsible supply chain as a key issue, working in close collaboration with materials manufacturers and production contractors to reduce negative environmental and social impacts while achieving sustainable growth. To achieve this, we have established Procurement Principles and evaluate and select business partners based on legal compliance, environmental conservation, respect for human rights, and other relevant criteria.

Specifically, we annually request that materials manufacturers and production contractors (suppliers) complete self-assessments based on the Lion Group Supplier CSR Guidelines or to respond via the Sedex platform, and require improvements when standards are not met.

In raw material procurement, we have set a target to switch to 100% RSPO-certified palm oil derivatives by 2030. As of the end of 2025, 99% of major raw materials in Japan had been switched to RSPO-certified derivatives. For paper materials, approximately 88% of those procured for products sold in Japan were third-party certified, including FSC-certified paper. Going forward, we will expand these efforts overseas and establish a sustainable global procurement system.

WEB **Building Responsible Supply Chain Management**
<https://www.lion.co.jp/en/sustainability/supply-chain/>

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.

Spotlight: 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. Since 2024, we have expanded the scope of the program to include cross-industry partnerships (with FANCL Corporation and others), as well as partnerships with schools and retailers. In 2025, we also added new venues, including preschools and centers for early childhood education and care. We have also created an internal system that enables Company officers and employees to participate in experiential training, helping to enhance employee engagement.

These initiatives and their outcomes were recognized with an Encouragement Award at the FY2025 Excellent Company Taiken Awards for promoting youth experiential learning. This followed a Special Collaboration Award in FY2024, marking two consecutive years of recognition.

We will continue building on these initiatives to promote oral healthcare habits.

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



FY2025 Excellent Company Taiken Awards ceremony



Cross-industry partnership (from left: FANCL, Lion, and Kentucky Fried Chicken Japan, Ltd.)



Encouragement Award



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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 are 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

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

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

Objectives and Indicators

Please refer to “Key Non-Financial Data” on page 66 for the CO₂ emissions (Scope 1, 2 and 3) of Lion and its consolidated subsidiaries in Japan and overseas. 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 and indicators for CO₂ emissions, petrochemical-derived plastic usage and water usage, please see “Sustainability Material Issues, 2030 Objectives and Indicators” on page 66.

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)	<ul style="list-style-type: none"> Increased factory operating costs due to the full-scale introduction of emissions trading and the application of carbon taxes by national governments Increased raw material procurement costs due to carbon taxes on emissions, including Scope 3 emissions 	Small	Large ²	
	Increased cost of raw materials	Fossil fuel-derived	Increased costs due to the full-scale introduction of emissions trading and the application of carbon taxes	Large	Medium
		Palm oil-derived	Increased costs due to tightening of palm oil regulations and increased use of certified oil	Small	Medium
		Plant-derived (from corn, mint, etc.)	Increased prices due to decreases in crop yields	Small	Small
	Increased cost of containers and other packaging materials	Plastic-derived	Increased costs due to regulations on plastic use	Small	Medium
		Aluminum-derived	Increased costs due to a shift from iron to aluminum as a result of regulations on vehicle weight, etc.	Small	Medium
		Forest resource-derived	Increased costs due to forest fires, forest protection, or logging regulations	Small	Small
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	
		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	
	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	
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 CO₂ emissions are not significantly reduced

WEB **Disclosure based on the TCFD Recommendations**
<https://www.lion.co.jp/en/sustainability/environment/tcf/>



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Corporate Governance

Message from the Chairman of the Board of Directors



I will lead decision-making that balances growth and risk management to enhance corporate value.

Masatoshi Matsuzaki

External Director,
Chairman of the Board of Directors

My Approach as Chairman of the Board of Directors

It has been one year since I was appointed as chairman of the Board of Directors.

My understanding is that Lion opted for a framework with an external director as the chairperson of the Board of Directors based on its belief that clear separation of business execution and supervision will raise the quality of decision-making, and thus lead to enhancement of corporate value over the medium and long term. Having an external director as chairperson helps to facilitate discussions free from internal biases from a position that maintains a certain distance from business execution. Organizing the assumptions and key issues underlying management decisions while considering the

perspectives of stakeholders leads to better decision-making by the Board of Directors. My role as I see it is to lead this process.

Against that backdrop, as chairman of the Board of Directors, I not only check progress and look at the pros and cons of individual proposals, but also observe whether the Company is being managed in a manner that contributes to enhancement of its essential corporate value. In strategic decision-making, I ask questions such as whether we have overlooked any assumptions or risks, or if we have adequately considered all our options, and I have made a point of wrapping up discussions with a call for reconsideration if necessary. In setting agendas, after consulting with the secretariat, we have switched to running board meetings in a way that ensures adequate time for discussion of medium- to long-term strategic issues, rather than just allotting time for reporting.



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Supervising the Implementation of Medium-Term Management Plan Vision2030 2nd STAGE (2025–2027)

In 2025, the first year of new medium-term management plan Vision2030 2nd STAGE, supervision of measures based on the three policies for strengthening profitability was the most important theme. We made strategic decisions in line with one of these policies—strengthen business portfolio management—including the decisions to make Merap Lion in Vietnam a wholly owned subsidiary, acquire Australia-based PNB, and transfer of subsidiaries in the Chemical Business.

With regard to M&A, the Board of Directors repeatedly asked questions from multiple perspectives, recognizing that while these are acquisitions of new growth opportunities, they are also investments that come with the risk of negatively impacting corporate value. I asked the executive team for explanations on matters such as the validity of the assumptions underlying the acquisition price calculations and our grasp of the risks involved in post-merger integration (PMI), and gave my opinions on points to consider and the necessary procedures, after which the Board made its decisions. To ensure Lion’s sustainable growth, we will continue to welcome proposals for growth investments, but the Board of Directors will conduct oversight to ensure that investment decisions are made in a disciplined manner.

In connection with the Company’s basic policy to strengthen the management base, I raised the point that supporting risk-taking on the executive side is another reason we need to further elevate our risk management capabilities. This is because I felt that although bottom-up risk identification and

the mechanism for managing it are functioning effectively, there were still issues to address in terms of identifying and managing risks that could potentially occur in the course of executing strategies and plans.

I requested the executive team to make sure that “something unexpected happened” will not be used as an easy excuse for failing to achieve the plan. I also encouraged them to ask themselves questions such as, “If we were to miss our intended results by a wide margin, what would be the likely cause?” and “What would be the worst-case scenario in the PMI process?” In response to these issues raised, further improvement was made in the sophistication of risk management.

Key Supervision Themes in 2026

Lion’s transformation is moving forward, but I feel that its evaluation by the capital markets has not reached the level we are aiming for as company. The Board of Directors believes this gap exists because we have not presented our measures to enhance corporate value (measures for strong future cash flow generation) in a way that is convincing to the market. Specifically, we recognize that we have not demonstrated the growth strategy and execution of the Oral Healthcare Business and Overseas Business in a way that answers the questions of the capital markets, including how we will establish a unique competitive advantage.

Helping the capital markets to understand the growth strategy and execution that will drive our corporate value enhancement will be our most important theme this year, and our main focus for oversight.

This year, the middle year of 2nd STAGE, the measures we

set as basic policies for strengthening profitability need to be vigorously promoted to lay the groundwork for achieving results in the final year of 2nd STAGE and realizing our vision for 2030. I want to exercise leadership as chairman of the Board of Directors to make the Board a decision-making forum that monitors the progress of the plan and supports its advancement.

I will lead in a way that allows the Board to perform its function as a mechanism for making decisions that can meet the expectations of all stakeholders, even in a fast-changing business environment.



Corporate Governance

Basic Approach

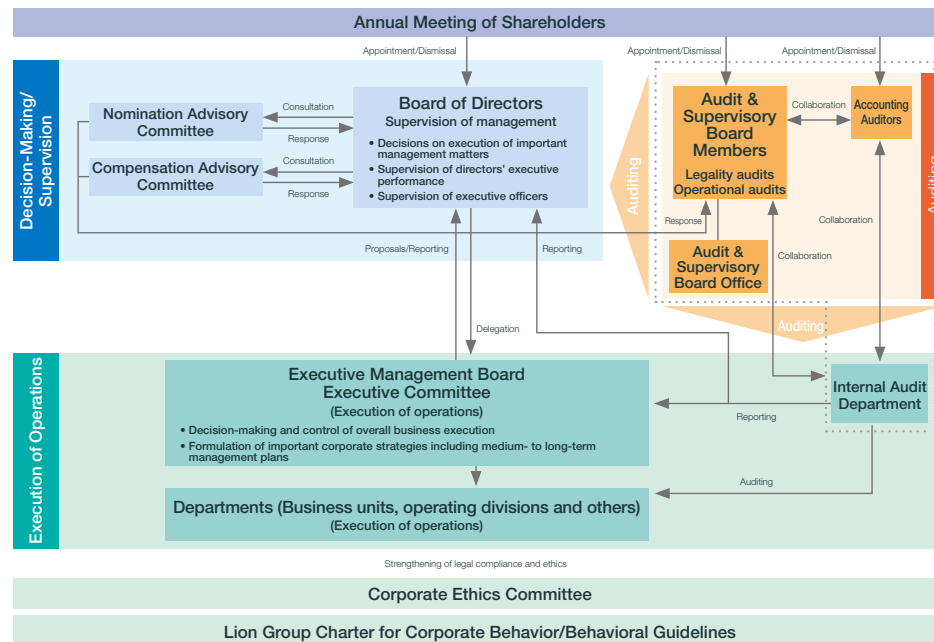
Lion's top priorities for corporate governance are to increase management transparency, strengthen supervisory functions, accelerate decision-making and ensure compliance. By strengthening and enhancing its corporate governance system, Lion aims to increase its corporate value.

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

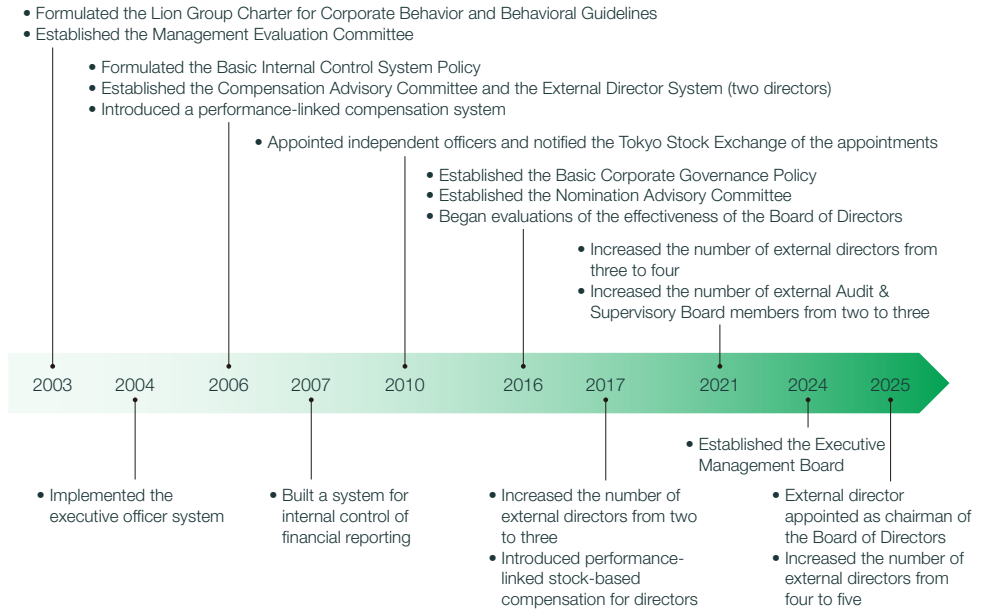
Corporate Governance System

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 voluntary advisory bodies**
To enhance management transparency and further improve corporate governance



Initiatives to Enhance Management Auditing and Supervision



Key Governance Enhancements in 2026

1. Transforming Management Processes

To strengthen the execution of strategic initiatives and accelerate decision-making, Lion transitioned to a new organizational structure in January 2026.

Lion established new business units responsible for the overall value chains in Japan and overseas, and appointed a Chief Operating Officer (COO) for each unit. By delegating authority to these business units and assigning clear profit responsibility and authority, Lion aims to accelerate decision-making. The Board of Directors sets the overall direction of the Group, makes strategic decisions, and further strengthens its oversight of executive units.

2. Enhancing Risk Management through Organizational Restructuring

To comprehensively manage risks across the Group, Lion established the AL Risk Management Committee and transitioned to a structure in which the committee drives the risk management PDCA cycle. In addition, emerging risks have been added as a standing agenda item at monthly Executive Committee meetings, strengthening the Group's ability to identify and assess new risks.

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

Category	Directors											Audit & Supervisory Board Members					Reasons for Selection
	Masayuki Takemori	Kengo Fukuda	Hitoshi Suzuki	Fumitomo Noritake	Ayako Suzuki	Yasuhiro Urao	Masatoshi Matsuzaki	Takashi Shiraishi	Takako Sugaya	Reiko Yasue	Yasuyuki Higuchi	Naoki Midera	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 field, 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 the 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							●	●	●	●	●			●	●	●

Message from an External Director

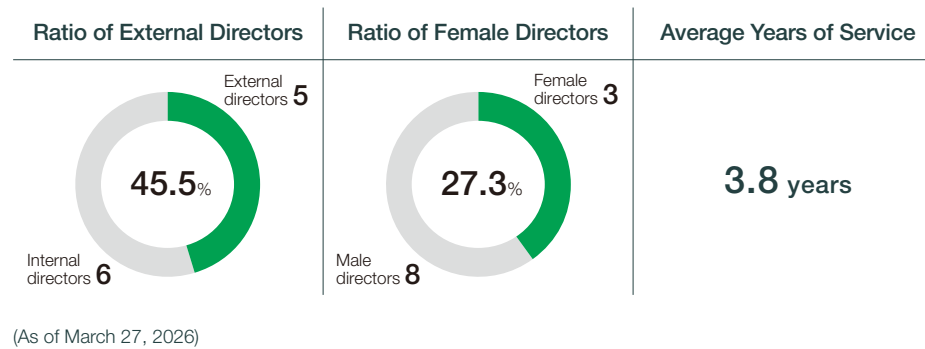
I intend to draw upon my experience in business transformation, restructuring and human resource development to help the Company achieve world-class financial performance and a robust business structure. My goals are to contribute to formulating and implementing balanced strategies, fostering a culture of innovation, and strengthening human capital strategy, thereby supporting more effective governance from an independent standpoint.



Yasuyuki Higuchi
External Director

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.



Main Initiatives of the Board of Directors in 2025

In 2025, the Board of Directors held ongoing discussions on business portfolio strategy and material issues related to sustainability and human capital, with the aim of achieving 2nd STAGE and enhancing corporate value.

In addition, through repeated discussions on internal controls, including compliance and risk management, the board laid the groundwork for enhancing the risk management system starting in January 2026.

Main Agenda Items at Board of Directors and Informal Board Meetings in 2025

Jan.	<ul style="list-style-type: none"> M&A strategy for portfolio transformation Medium- to long-term management strategies and priority themes Group-wide risk management policy and implementation status
Feb.	<ul style="list-style-type: none"> Results of evaluation of Board of Directors effectiveness Basic Corporate Governance Policy Measures to enhance employee engagement
Mar.	–
Apr.	<ul style="list-style-type: none"> Progress in addressing Sustainability Material Issues
May	<ul style="list-style-type: none"> Overseas investment projects in 1st STAGE Enhancement of risk management system Review of 2025 intellectual property activities and future enhancement policies
Jun.	–
Jul.	<ul style="list-style-type: none"> Oral Healthcare growth strategy
Aug.	<ul style="list-style-type: none"> Progress in addressing Sustainability Material Issues Progress of risk management in the first half of 2025 Results of the compliance awareness survey
Sep.	<ul style="list-style-type: none"> Progress on R&D 2nd STAGE initiative themes
Oct.	<ul style="list-style-type: none"> Measures to enhance risk management Deliberations on the 2026 Group management policy and approach to the management plan
Nov.	<ul style="list-style-type: none"> Future intangible assets 2026 Group management policy 2026 risk assessment and risk management policy report
Dec.	–

Example: Enhancing the Risk Management System—AL Risk Management Committee

The 2025 risk management policy, reported at the January regular meeting of the Board of Directors, called for “restructuring the system to enhance risk management across the Group.” In response, we examined a new risk management system through the following steps and a series of discussions. As a result, the AL Risk Management Committee—chaired by the officer responsible for overall risk management—was established in January 2026. By leading risk management across the Group, the committee will further enhance the Group’s risk management.

Discussion Background

- January: Regular meeting of the Board of Directors
- May: Informal board meeting
- September: Executive Management Board
- October: Executive Management Board
- October: Regular meeting of the Board of Directors (Resolution)

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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 evaluations of each director. A summary of the results of the evaluation is disclosed in the Corporate Governance Report.

2025 Evaluation Results

2025 Evaluation Results Summary
<ul style="list-style-type: none"> The number of persons on Lion's Board of Directors, including the number and proportion of external directors, is sufficient for deliberations. Board members have the knowledge, experience, capabilities and diversity necessary to enhance corporate value. The 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 the 2024 evaluation, initiatives in 2025 were as follows.

Issues	Initiatives in 2025
<p>Enhancing Governance and Deliberation on Key Matters</p> <ul style="list-style-type: none"> Continued discussion is needed on material issues related to sustainability and human capital to support the achievement of Vision2030 2nd STAGE, which began in 2025, and to further enhance corporate value. It is also necessary to further enhance deliberations on the development of internal control systems, including compliance and risk management. 	<p>Further Enhancing Governance</p> <ul style="list-style-type: none"> Following approval at the 164th Annual Meeting of Shareholders, the number of external directors was increased to strengthen the board's composition. In addition, an external director was appointed as chairperson of the Board of Directors, further enhancing the objectivity and effectiveness of management oversight and the transparency of decision-making. The executive compensation system was also revised to strengthen incentives for achieving performance targets and sustainability objectives. <p>Enhancing Deliberations by Scheduling Key Issues</p> <ul style="list-style-type: none"> To enable continued discussion on key issues, topics for the Board of Directors meetings and informal board meetings were selected from among the main themes of the medium-term management plan. These were compiled into an annual agenda schedule and presented as reporting items at regular board meetings, thereby enhancing deliberations. <p>Enhancing the Risk Management System</p> <ul style="list-style-type: none"> In 2025, the risk management policy called for "restructuring the system to enhance risk management," and the matter was discussed and deliberated at Board of Directors meetings and other forums. As a result, the AL Risk Management Committee—chaired by the officer responsible for overall risk management—was established in January 2026. By leading risk management across the Group, the committee will further enhance the Group's risk management system. <p>Streamlining Board Meeting Proceedings</p> <ul style="list-style-type: none"> Proposal materials and explanatory videos for certain agenda items continued to be distributed in advance, eliminating the need for same-day explanations. In addition, proposal materials were improved by requiring executive summaries and the inclusion of records of prior submissions to executive meetings, further streamlining board meeting proceedings.

The 2025 board effectiveness evaluation indicated that, to achieve 2nd STAGE, it is important to further strengthen the board's supervisory function and enhance substantive discussions on material issues that contribute to increasing corporate value over the medium to long term. Going forward, we will continue initiatives to further improve the board's effectiveness.

Based on the opinions and recommendations from the 2025 evaluation, initiatives for 2026 are as follows.

Opinions and Recommendations	Initiatives in 2026
<ul style="list-style-type: none"> To ensure the success of Vision2030 2nd STAGE, which began in 2025, and to further enhance corporate value, it is necessary to strengthen monitoring of progress of initiatives against the KPIs and milestones set when the plan was formulated. In addition, continued discussions are needed on key issues related to sustainability and human capital, along with further enhancement of deliberations on the development of internal control systems, including compliance and risk management. 	<ol style="list-style-type: none"> Invite individuals with expertise in IT/DX and global business as new external directors to enhance discussions on digital strategy at meetings of the Board of Directors and strengthen oversight of overseas business growth. For Sustainability Material Issues, establish an ESG Planning Office under the Corporate Planning Division to strengthen the organizational framework, and proactively create opportunities to discuss the Group's future direction at meetings of the Board of Directors (including informal board meetings), thereby strengthening oversight. Establish opportunities to share and discuss the status of the newly established Group-wide risk management system with the Board of Directors as appropriate, ensuring it is firmly established, and promote effective risk management. To further enhance deliberations on key proposals, proposal materials will be refined—such as by structuring them around key discussion points—and more flexible scheduling and improvements to meeting procedures will be introduced, enabling focused and efficient deliberations within limited meeting time.

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Message from an External Director

In 2025, various measures were implemented based on proposals for strengthening governance and enhancing deliberation of important matters, which were issues pointed out in the 2024 evaluation of the Board's effectiveness. I feel that this has made the Board's discussions more substantive and continuous. In addition to the transition to a structure with an external director as chairperson, an annual schedule of key matters was established, and discussion points were organized in advance to facilitate objective discussions, with the assumption that the executive side will provide explanations.

Beyond these changes, it is important that the Board of Directors engage in more in-depth discussions not only on sustainability and human capital, but also on the role of research and development and technology for Lion, whose core businesses are oral healthcare and household goods, and the opportunities and risks that technological innovation brings to product development, customer touchpoints, and the supply system, from the perspective of enhancing corporate value.



Reiko Yasue
External Director



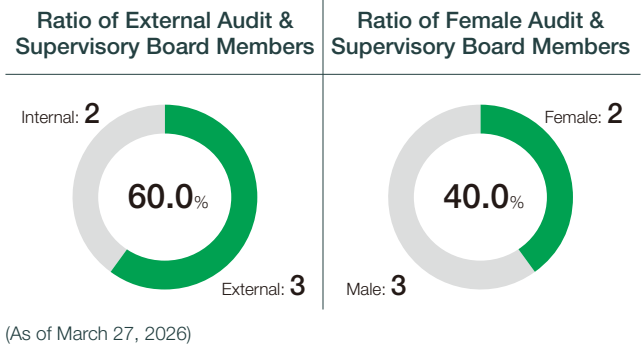
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Audit & Supervisory Board

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 members 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 design and operation of internal control over 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, theme-based audits of important management issues. In 2025, the priority themes were Group governance, DX, sustainability, and human capital.

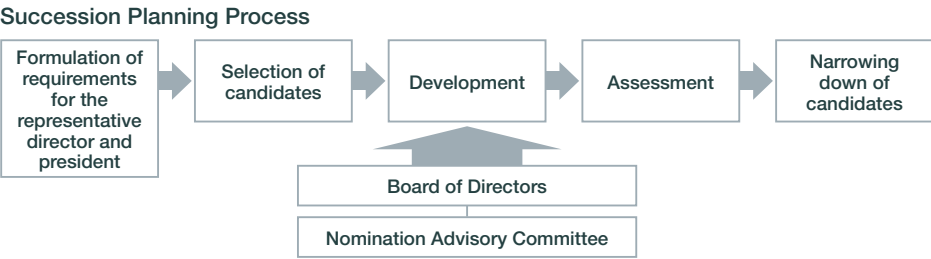


Main Auditing Activities in 2025

Details	Frequency (Times)
Share information with directors and audit the status of the execution of their duties	5 (2 times with representative directors)
Share information with executive officers, department heads at Lion’s head office, major offices and plants, and audit the status of the execution of their duties	27
Share information with and conduct onsite audits of presidents, directors, Audit & Supervisory Board members and other members of affiliates	7
Total	39


Succession Planning

Lion is looking Group-wide, including outside Japan, to develop and retain 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.



Message from the Chairperson of the Nomination Advisory Committee

The Nomination Advisory Committee is made up of eight external directors and external Audit & Supervisory Board members, and one representative director. Its role is to deliberate on the appointment of the chairman of the Board of Directors and directors, in consultation with the chairman of the board, and to provide recommendations to the chairman of the board. In appointing Mr. Yasuhiro Urao and Mr. Yasuyuki Higuchi to the Board of Directors, we determined that they possess the abilities, attributes and insight essential for serving as directors—Mr. Urao because he has held key positions in the Consumer Products Business over a long period of time, has a wealth of expertise in marketing, and has demonstrated leadership in supervising general business operations as a division manager, and Mr. Higuchi because he has extensive experience and expertise in corporate management, having held key positions, including president and CEO, at domestic and international companies. In the Nomination Advisory Committee, we also discuss the skill matrix for directors and succession planning, carefully examining the optimal Board structure for the long term, as well as the Board composition and the requirements and personal qualities of candidates needed to support the Company’s growth and enhance corporate value.



Takashi Shiraishi
External Director
Chairperson of Nomination Advisory Committee



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Corporate Officer Compensation

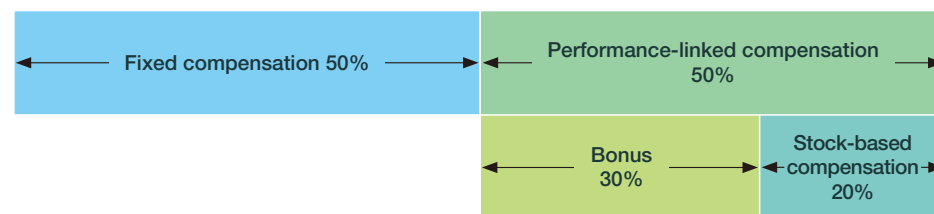
Overview of Basic Policy

Lion’s corporate officer compensation system is designed 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.

Reference: Approximate Composition of Compensation for Directors (Excluding External Directors)



Fixed Monthly Compensation

	Determination Policy	Upper Limit
Overview	<ul style="list-style-type: none"> • Compensation for directors who also serve as executive officers is aggregated to clarify role- and position-based responsibilities. • 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	Performance-linked Bonus	Stock-based Compensation
Indicators	(1) Core operating income An earnings indicator used to measure regular business performance, calculated by subtracting selling, general and administrative expenses from gross profit (one of the most emphasized indicators under the medium-term management plan) (2) Profit for the period attributable to owners of the parent An earnings indicator that reflects final business results and is directly linked to increases and decreases in shareholder value	(1) Performance indicators Core operating income and return on invested capital (ROIC) (2) Sustainability indicator Progress of initiatives to address the Top-Priority Sustainability Material Issues
Payment amount	(1) Calculation of base bonus amounts by position (The sum of 1. and 2. below, multiplied by a position-based coefficient, ranging from 1.3 to 4.3) 1. 50% of 0.03% of core operating income 2. 50% of 0.05% of profit for the period attributable to owners of the parent Note: If the result of either calculation is negative, its value is set at 0. (2) Adjustment based on individual performance evaluation 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. (3) Individual payment amount The individual bonus amount paid is calculated based on (1) and (2) above.	(1) Calculation of number of points (Fixed base amount + Performance-linked base amount × Performance-linked coefficient) ÷ Per-share acquisition cost <ul style="list-style-type: none"> • Fixed base amount and performance-linked base amount: ¥4 million (Multiplied by a factor ranging from 1.0 to 3.625) • Performance-linked coefficient: 0–2.0, depending on achievement rate for each indicator • Per-share acquisition cost: ¥1,883 (As of December 31, 2025) (2) Total number of points (corresponding to number of shares) awarded to each individual director 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 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 (2025)

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

Indicator	Target	Results	Achievement Rate
Core operating income	¥30,000 million	¥30,760 million	103%
Profit for the period attributable to owners of the parent	¥25,000 million	¥27,587 million	110%
Return on invested capital (ROIC)	6.1%	6.7%	110%

Compensation System for External Directors and Audit & Supervisory Board Members

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

Total Compensation for Directors and Audit & Supervisory Board Members 2025

	Number of Corporate Officers	Fixed Compensation (Millions of yen)	Performance-linked Compensation (Millions of yen)		Total (Millions of yen)
			Bonus	Stock-based Compensation	
Directors (External Directors)	14 (5)	302 (76)	163 (–)	97 (–)	563 (76)
Audit & Supervisory Board Members (External Audit & Supervisory Board Members)	7 (5)	104 (41)	– (–)	– (–)	104 (41)
Total (External Officers)	21 (10)	406 (118)	163 (–)	97 (–)	667 (118)

- Notes: 1. There are no individuals serving concurrently as employees and directors.
 2. An upper limit on directors' fixed compensation of ¥500 million per year (including ¥150 million for external directors) was set by resolution of the 164th Annual Meeting of Shareholders held on March 28, 2025. There were 11 directors at the closing of this meeting.
 3. An upper limit on Audit & Supervisory Board members' fixed compensation of ¥200 million per year was set by resolution of the 164th Annual Meeting of Shareholders held on March 28, 2025. There were five Audit & Supervisory Board members at the closing of this meeting.
 4. Within performance-linked compensation, bonus amounts are calculated based on the core operating income and the profit for the period attributable to the owners of the parent, in accordance with the methods described above. The figures shown represent the final amounts after reflecting individual performance. An upper limit for bonuses of ¥400 million per year was set by resolution of the 164th Annual Meeting of Shareholders held on March 28, 2025. 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 based on the degree of achievement of business targets for the year and progress (estimated) in addressing the Top-Priority Sustainability Material Issues. An upper limit of ¥300 million on the contribution amount of stock-based compensation per year and an upper limit of 270,000 shares on the total number of shares granted per year were set by resolution of the 164th Annual Meeting of Shareholders held on March 28, 2025. There were six 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

To ensure objectivity, transparency and fairness in the design of the compensation system and the compensation determination process, and to achieve the Company's management policies and continuously increase its corporate value, Lion has established a Compensation Advisory Committee consisting solely of external officers (external directors and external Audit & Supervisory Board members). It regularly reviews the compensation system for directors and executive officers. This committee discusses and makes recommendations on the design of the corporate officer compensation system to provide appropriate incentives necessary for retaining outstanding management talent that fully understands the responsibilities of management, including achieving the Company's management policies and continuously increasing its corporate value over the medium to long term.

The compensation system for current directors (excluding external directors) consists of fixed monthly compensation and performance-linked compensation (bonuses and stock-based compensation), and comprises 50% fixed compensation and 50% performance-linked compensation (30% of which is bonuses and 20% stock-based compensation). However, in 2025, the Company revised the calculation formula for bonuses and evaluation of stock-based compensation to increase the linkage between officer compensation and the Group's business performance, in order to provide greater incentive for enhancing medium- to long-term corporate value.

Looking ahead, we will engage in discussions and make improvements to reinforce compensation governance and achieve compensation design linked to continuous enhancement of the Company's corporate value and appropriate incentives for officers, taking into account the Company's social mission and the rapidly changing business environment.



Takako Sugaya

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.

Risk Management

The Lion Group faces a wide range of risks in the course of its business activities. To avoid and minimize losses arising from the materialization of those risks, overall risk management is overseen by the Executive Management Board. In addition, the director responsible for the Corporate Planning Department has been appointed as the officer with overall responsibility for Group risk management, and the AL Risk Management Committee, chaired by this officer, manages risks across the Group in a comprehensive and integrated manner.

Basic Policy for Risk Management

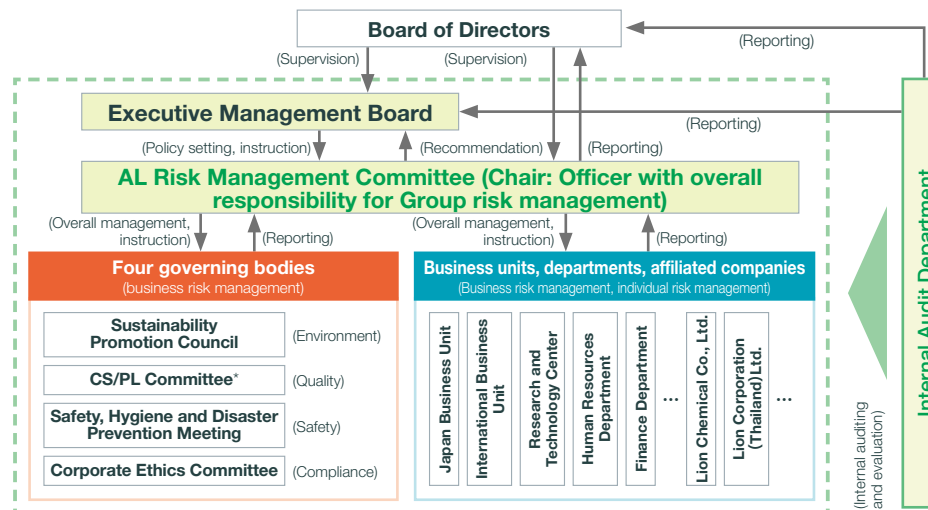
- (1) Management and employees strive to prevent the materialization of risks that could harm Group business operations as part of their normal duties based on Lion's Basic Internal Control System Policy.
- (2) In the event that a risk materializes, we strive to minimize losses and harm to employees,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

Promoting Risk Management

Within the Lion Group, risks that have the potential to significantly impact business activities are evaluated and identified as "management risks" by the Executive Management Board following annual deliberations by the AL Risk Management Committee. The Group implements measures to mitigate and manage these risks through dedicated committees and meetings, responsible officers, and the organizational structures of each department. In addition, each department and Group company identifies and evaluates risks specific to its own operations as "individual risks" and develops and implements countermeasures throughout the year. The AL Risk Management Committee monitors progress in these efforts, and the officer with overall responsibility for Group risk management reports to the Executive Committee (Executive Management Board) and the Board of Directors on a regular basis. Furthermore, the Internal Audit Department audits the effectiveness of the Group's risk management processes and reports its findings to the Board of Directors.

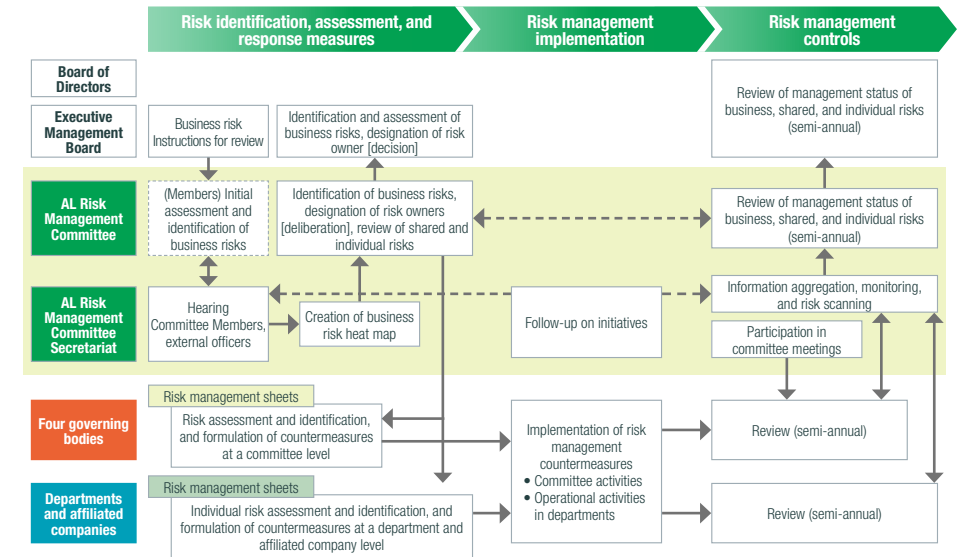
Response under Normal Conditions

Risk Management Structure



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

Risk Management Process



Response in the Event of Emergency

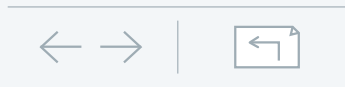
In the event of an emergency, such as a natural disaster or accident, responses are carried out in accordance with the Emergency Response System (which includes manuals for earthquakes and infectious diseases such as influenza). The General Manager of the General Affairs Office of the Corporate Support Department reports the incident to the president, the chairperson of the AL Risk Management Committee, and Audit & Supervisory Board members. At the same time, the emergency response members of the AL Risk Management Committee collect relevant information, determine response policies, investigate causes, formulate countermeasures, and report 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 business continuity plans in motion based on the Emergency Response System.

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/>



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Dialogue with Shareholders and Investors

Lion believes that constructive engagement with shareholders, investors, and other stakeholders is essential to enhancing corporate value over the medium to long term. We place great importance on ongoing, direct dialogue led by management and on incorporating the views and feedback we receive into our management.

Dialogue with Institutional Investors and Analysts

Corporate officers, including the president, proactively engage in dialogue with capital markets. Through various forums—including financial results briefings, small meetings, and one-on-one meetings—we maintain open, two-way communication on medium- to long-term growth strategies, capital policy, and other matters.

The IR department reports the content of this dialogue and market trends to the Board of Directors on a monthly basis, and this information is reflected in the formulation and execution of management strategies, including monitoring progress of the medium-term management plan, reviewing the business portfolio, and capital policy. We will continue to strengthen relationships of trust with capital markets through highly transparent information disclosure and meaningful engagement.

Engagement Activities in 2025

Number of One-on-One Meetings with Investors and Analysts	355
Key Events	<ul style="list-style-type: none"> • Small meetings: Twice • Business briefing: Once • Overseas IR activities: Twice
Key Dialogue Topics	<ul style="list-style-type: none"> • Progress in profit structure reform • Progress of Overseas Business growth strategy • Direction of the Oral Healthcare strategy • Capital allocation policy

Spotlight Business Strategy and R&D Briefing



As part of our efforts to provide more briefings focused on topics of high interest to investors, we held a Business Strategy and R&D Briefing at the Hirai Research Center. At this briefing, the president and responsible officers provided detailed explanations of the strategy to achieve both growth and improved profitability—primarily by shifting to high value-added products in Japan—as well as the R&D technologies supporting this strategy and the organizational

reforms to accelerate its execution. We also engaged in direct dialogue with analysts through a Q&A session, helping deepen their understanding of our strategy.

Dialogue with Individual Shareholders

Lion views the Annual Meeting of Shareholders as an important opportunity for building long-term relationships with individual shareholders through direct communication. For many years, we have placed importance on corporate officers responding sincerely to shareholders' questions and on fostering dialogue to deepen understanding of the Company.

We also set up exhibition booths showcasing our business strategies and products, and, after the meeting, create opportunities for corporate officers and shareholders to speak directly in an informal setting. Feedback received is reflected in subsequent business strategies, product and service development, and improvements in consumer communication. We will continue to strengthen engagement with individual shareholders by providing clear, accessible information and enhancing dialogue opportunities.

165th Annual Meeting of Shareholders (March 2026)

Number of Shareholders in Attendance	483
Key Questions	<ul style="list-style-type: none"> • Impact of Middle East situation on raw material procurement, etc. • Plan for achieving the EPS growth rate target of 11% • Current use of generative AI and AI agents and future plans



Annual Meeting of Shareholders



Informal business briefing

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(As of March 27, 2026)



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Directors



Representative Director,
President and Executive Officer
Masayuki Takemori
Chief Executive Officer
Years of service as director: 4
Number of Company shares held (thousands): 22



Representative Director, Vice
President and Executive Officer
Kengo Fukuda
Years of service as director: 5
Number of Company shares held (thousands): 19



(Significant concurrent positions)
Representative, Southern Lion Sdn. Bhd.
Representative, PNB Consolidated Pty Ltd.

Representative Director, Vice
President and Executive Officer
Hitoshi Suzuki
Years of service as director: 6
Number of Company shares held (thousands): 17



Director, Senior Executive Officer
Fumitomo Noritake
Years of service as director: 8
Number of Company shares held (thousands): 24



Director, Senior Executive Officer
Ayako Suzuki
Years of service as director: 2
Number of Company shares held (thousands): 8



Director, Senior Executive Officer
Yasuhiro Urao
Years of service as director: New appointment
Number of Company shares held (thousands): 2



(Significant concurrent positions)
Honorary Adviser, KONICA MINOLTA, INC.
External Director and Chairman of the Board, Ushio Inc.

External Director,
Chairman of the Board of Directors
Masatoshi Matsuzaki
Years of service as director: 2
Number of Company shares held (thousands): 2



(Significant concurrent positions)
Professor Emeritus, National Graduate Institute for Policy Studies
Honorable Emeritus Professor, Prefectural University of Kumamoto

External Director
Takashi Shiraishi
Years of service as director: 10
Number of Company shares held (thousands): 13



(Significant concurrent positions)
Attorney at law
External Director, Kyokuto Securities Co., Ltd.

External Director
Takako Sugaya
Years of service as director: 8
Number of Company shares held (thousands): 6



(Significant concurrent positions)
Senior Officer, JSR Corporation
External Director, TOMY Company, Ltd.
External Director, DENTSU SOKEN INC.

External Director
Reiko Yasue
Years of service as director: 6
Number of Company shares held (thousands): 3



External Director
Yasuyuki Higuchi
Years of service as director: New appointment
Number of Company shares held (thousands): 0



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Audit & Supervisory Board Members



Audit & Supervisory Board Member
Naoki Miidera

Years of service as an Audit & Supervisory Board Member: 4
Number of Company shares held (thousands): 10



Audit & Supervisory Board Member
Yoshitada Ishii

Years of service as an Audit & Supervisory Board Member: 4
Number of Company shares held (thousands): 4



External Audit & Supervisory Board Member
Akemi Sunaga

Years of service as an Audit & Supervisory Board Member: 4
Number of Company shares held (thousands): 4

(Significant concurrent positions)
CPA, tax accountant.
External Director (Audit and Supervisory Committee Member), Ushio Inc.
External Director (Audit and Supervisory Committee Member), YOMEISHU SEIZO CO., LTD.
Outside Corporate Auditor, Prima Meat Packers, Ltd.
Member of the Board of Directors (External), KYB Corporation



External Audit & Supervisory Board Member
Akihiro Ito

Years of service as an Audit & Supervisory Board Member: 2
Number of Company shares held (thousands): 0

(Significant concurrent positions)
Outside Audit & Supervisory Board Member, KAMEDA SEIKA CO., LTD.
Outside Corporate Auditor, Kewpie Corporation



External Audit & Supervisory Board Member
Yumiko Hirai

Years of service as an Audit & Supervisory Board Member: 2
Number of Company shares held (thousands): 1

Note: Notification of the appointment of Mr. Matsuzaki, Mr. Shiraishi, Ms. Sugaya, Ms. Yasue, Mr. Higuchi, Ms. Sunaga, Mr. Ito and Ms. Hirai as independent officers has been sent to the Tokyo Stock Exchange.



Executive Officers Not Concurrently Serving as Directors

Senior Executive Officer
Masaharu Mikuni

Executive General Manager of Sales Division, Japan Business Unit

Executive Officer
Annette Ling

Special Assignment for Thailand Business, International Business Unit

Executive Officer
Yoshihiro Aihara

General Manager of Chinese Mainland and HKSAR Business Division, International Business Unit

Executive Officer
Masahide Arai

Responsible for Corporate Planning Department, Public Relations Department, General Manager of Corporate Planning Department, General Manager - Group Strategic Collaboration of International Business Unit

Executive Officer
Atsushi Naito

Executive General Manager of Research and Technology Center, Responsible for Production Engineering Center

Executive Officer
Shigeo Oshio

Executive General Manager of Healthcare Products Division, Japan Business Unit

Executive Officer
Go Ichitani

COO, International Business Unit

Executive Officer
Akihiko Takeo

Responsible for Finance Department, Corporate Support Department, General Manager of Finance Department

Executive Officer
Norihiko Nakabayashi

Responsible for Corporate Digital Strategy, Digital Strategy Department

Executive Officer
Eiji Nishinaga

Responsible for Corporate Environmental Strategy, Human Resources Department, Reliability Assurance Department, Global Oral Healthcare Business Development Center

Executive Officer
Takashi Saegusa

General Manager of Supply Chain Management Strategy Department, Japan Business Unit, General Manager - Production Management

Executive Officer
Hiroaki Yanagida

Executive General Manager of Household Products Division, Japan Business Unit



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Performance and Other Data



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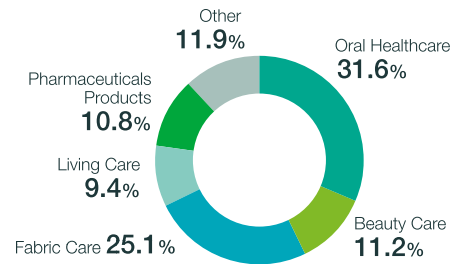
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Segment Review
Consumer Products Business (Japan)

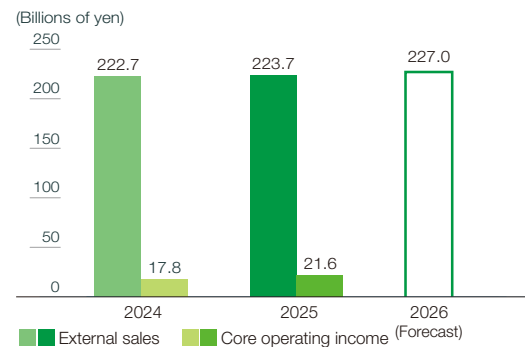
Share of Consolidated Net Sales



Net Sales by Product Category (%)



External Sales and Core Operating Income



Market Share*

Oral Healthcare

Toothpastes



No. 1

Toothbrushes



No. 1

Dental rinses



No. 2

Dental care products



No. 2

Beauty Care

Hand soaps



No. 1

Pharmaceutical Products

Antipyretic analgesics



No. 2

Eye drops



No. 3

Fabric Care

Laundry detergent



No. 3

Fabric softeners



No. 3

Living Care

Bath detergents



No. 2

* Market position (market share) in 2025 according to Lion Corporation survey



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Segment Review
Consumer Products Business (Japan)

External Environment

In the Japanese market, consumption polarization is becoming increasingly apparent, as consumers have grown more frugal in response to rising prices while continuing to seek high value-added products that enhance quality of life. While this trend poses the risk of intensifying price competition for general-purpose products, it also represents a significant opportunity for Lion to capture high-end market segments, given its brand power and technological advantages.

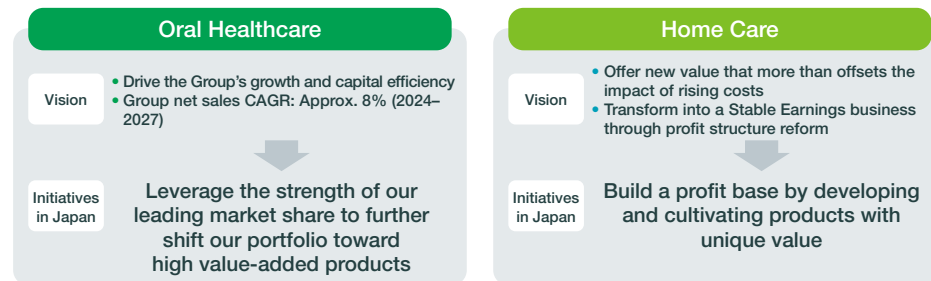
Moreover, ongoing digitalization is transforming consumer purchasing behavior and the habit formation process, accentuating the importance of real-time responsiveness to individual consumer needs.



Business Strategies

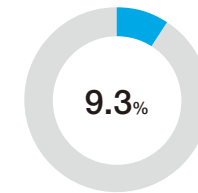
We will complete our profit structure reform and reinvest the resources generated into innovation based on “The Science of Habits.”

- In Oral Healthcare, our Top Priority, we will strengthen brand strategies tailored to each life stage and expand digital touchpoints, while promoting preventive dentistry habits that anticipate unmet needs. We will solidify our leading market share and improve ROIC by shifting to high value-added products.
- In Home Care, we will translate emerging environmental awareness into “Creating Better Habits” and drive profitable growth through products with unique value that are difficult for competitors to replicate.



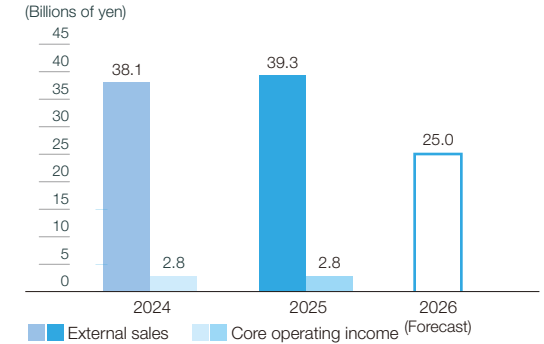
Segment Review
Industrial Products Business

Share of Consolidated Net Sales



2025 External Sales
¥39.3 billion

External Sales and Core Operating Income



Detergents for Institutional Use Products Business ...

External Environment

The continued expansion of inbound demand and a worsening labor shortage are fueling demand for greater efficiency in the institutional use detergents market, creating favorable conditions for Lion's business. However, in addition to the weak yen, rising raw material prices, and personnel costs are exerting significant pressure on profitability.

We are at a critical juncture where our competitive advantage depends on our ability to continue delivering unique, high value-added solutions that directly address these social issues while reducing customers' operating costs.

Business Strategies

We are focusing on the following three points as our medium-term strategy.

1. Concentrate resources on priority areas where we can improve our market position, while enhancing our execution framework
2. Cultivate new businesses centered on our joint venture in China, where strong growth is expected, to build a foundation for global sales and profits
3. Maximize operating efficiency by strengthening the supply chain and investing proactively in DX and human resources

Together with business users, we will create new cleanliness and hygiene habits, thereby contributing to the health of people in Asia. At the same time, we will accelerate our evolution toward a high-profit business model and achieve steady profit growth.

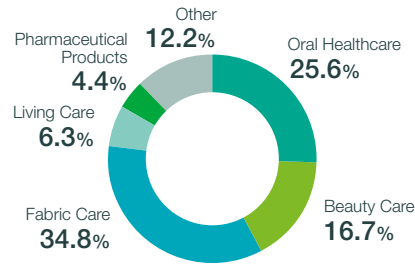
Please note that Lion Specialty Chemicals Co., Ltd., a subsidiary in the Chemical Products Business, will be excluded from the scope of consolidation following the scheduled transfer of its shares on June 30, 2026.

Segment Review Overseas Business

Share of Consolidated Net Sales

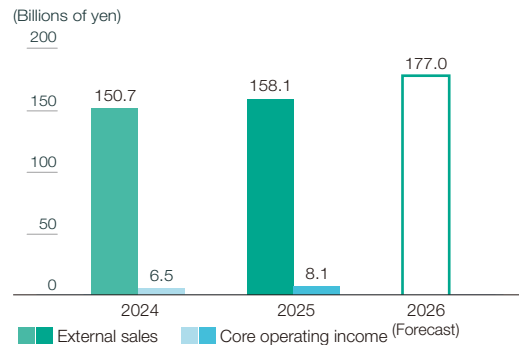


Net Sales by Product Category* (%)



* Based on Lion Corporation's shipment value for January–December 2025

External Sales and Core Operating Income



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Market Share*

Lion Corporation (Thailand) Ltd.					Southern Lion Sdn. Bhd.		Lion Corporation (Singapore) Pte Ltd			
Hand soaps	Body soaps	Toothbrushes	Laundry detergents	Dishwashing detergents	Laundry detergents	Hand soaps	Laundry detergents	Dishwashing detergents		
No. 1	No. 2	No. 2	No. 2	No. 2	No. 1	No. 1	No. 1	No. 1		
Lion Corporation (Korea)			Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.		Lion Corporation (Hong Kong) Ltd.		Lion Home Products (Taiwan) Co., Ltd.			
Hand soaps	Laundry detergents		Toothbrushes (E-commerce channels)		Toothbrushes	Dental rinses		Eye drops		
No. 1	No. 3		No. 3		No. 2	No. 2		No. 1		

* Market position (market share) in 2025 according to Lion Corporation survey

External Environment

Supply chain disruptions caused by geopolitical tensions in Asia, along with uncertainties such as exchange rate fluctuations, pose significant risks to the stability of our business. Consumer spending is also becoming increasingly polarized, while individual preferences and tastes are becoming more fragmented. In particular, risks and opportunities vary by region, including a preference for domestic products in China and rising environmental awareness in Thailand. It is therefore imperative that we accurately capture these dynamics and build operations capable of responding quickly and flexibly.

We will promptly gather such consumer insights and changes in market trends in each country and region to deliver high value-added products that enable better lifestyle habits.

Business Strategies

In Oral Healthcare, our Top Priority, we will raise investment efficiency and maximize our presence in growth markets by refining our target focus and clarifying the role of each brand.

In the detergent category, where structural reform is required, we will fundamentally review our cost structure and shift to high value-added products.

In addition, in response to geopolitical risks, we will leverage the Lion Group's supply chain infrastructure to minimize risk, while strengthening distribution capabilities through cooperation with local partners and distributors to expand consumer touchpoints.

By transitioning to a high-profit portfolio and reinforcing the supply chain, we will build a structure that enables us to consistently generate profits even under challenging conditions, regardless of changes in the external environment.

Key Financial Data

V-2 Plan
2016-2017

(Millions of yen)

	2016	2017
Japanese GAAP		
Consolidated Statement of Income		
Net sales	395,606	410,484
Cost of sales	161,992	171,209
Gross profit	233,613	239,275
Gross profit to net sales (%)	59.1	58.3
Selling, general and administrative expenses	209,110	212,068
Selling, general and administrative expenses to net sales (%)	52.9	51.7
Operating income	24,502	27,206
Operating income to net sales (%)	6.2	6.6
Profit attributable to owners of parent	15,951	19,827

Consolidated Balance Sheets		
Total assets	298,510	331,751
Property, plant and equipment	74,402	80,981
Total noncurrent liabilities	17,190	17,511
Total liabilities	140,630	144,736
Total net assets	157,879	187,015

Other Selected Data		
Capital expenditures ¹	9,407	14,892
R&D expenses	10,084	10,474
Depreciation and amortization ¹	10,244	9,386
Number of employees	6,895	7,075

Per-Share Data (Yen)		
Earnings per share – basic	55.13	68.23
Earnings per share – diluted	55.04	68.15
Dividends per share	13.00	17.00
Net assets per share	513.76	607.61
Number of shares outstanding (common stock)	299,115,346	299,115,346

Management Indicators		
Return on equity (ROE) (%)	11.2	12.2

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.

LIVE Plan
2018-2020

(Millions of yen)

	2018	2019	2020	2021	2022	2023	2024	2025
IFRS								
Consolidated Statement of Income								
Net sales	349,403	347,519	355,352	366,234	389,869	402,767	412,943	422,092
Cost of sales	177,673	175,588	175,479	187,129	215,263	222,168	224,159	228,170
Gross profit	171,729	171,931	179,872	179,104	174,605	180,598	188,783	193,921
Gross profit to net sales (%)	49.1	49.5	50.6	48.9	44.8	44.8	45.7	45.9
Selling, general and administrative expenses	143,353	141,882	143,934	148,181	151,046	160,465	162,450	163,161
Selling, general and administrative expenses to net sales (%)	41.0	40.8	40.5	40.5	38.7	39.8	39.3	38.7
Core operating income ²	28,375	30,048	35,937	30,923	23,559	20,133	26,332	30,760
Core operating income ratio (%)	8.1	8.6	10.1	8.4	6.0	5.0	6.4	7.3
Operating income	34,196	29,832	44,074	31,178	28,843	20,505	28,387	36,368
Operating income to net sales (%)	9.8	8.6	12.4	8.5	7.4	5.1	6.9	8.6
Profit before tax	35,658	31,402	44,494	34,089	31,292	22,375	32,249	39,433
Profit before tax to net sales (%)	10.2	9.0	12.5	9.3	8.0	5.6	7.8	9.3
Profit for the period attributable to owners of the parent	25,606	20,559	29,870	23,759	21,939	14,624	21,197	27,587

Consolidated Balance Sheets								
Total assets	355,365	380,701	435,501	428,025	469,278	486,363	497,167	528,596
Property, plant and equipment	81,546	90,903	118,379	120,673	130,137	140,671	128,143	125,239
Total noncurrent liabilities	21,350	23,781	24,016	23,792	48,536	44,896	39,094	43,980
Total liabilities	151,093	159,499	190,644	163,011	190,110	188,229	181,473	180,176
Total net assets	204,271	221,201	244,856	265,014	279,168	298,134	315,694	348,419

Other Selected Data								
Capital expenditures ¹	16,678	23,644	47,570	21,890	24,314	27,807	15,396	11,988
R&D expenses	10,969	10,944	10,906	11,180	11,077	11,217	11,418	11,915
Depreciation and amortization ¹	8,707	10,504	11,732	14,252	17,665	20,201	21,162	21,125
Number of employees	6,941	7,151	7,452	7,584	7,587	7,550	7,654	8,346

Per-Share Data (Yen)								
Earnings per share – basic	88.11	70.72	102.75	81.73	77.04	51.42	76.51	99.74
Earnings per share – diluted	87.99	70.63	102.61	81.59	76.91	51.35	76.41	99.64
Dividends per share	20.00	21.00	23.00	24.00	25.00	26.00	27.00	30.00
Net assets per share	657.50	716.94	797.08	865.31	929.72	985.43	1,062.70	1,166.54
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	279,782,746

Management Indicators								
EBITDA ³ (Billions of yen)	—	—	47.66	45.17	39.94	38.00	45.15	49.32
ROIC (%)	—	—	10.7	8.8	6.0	4.7	5.8	6.7
Profit for the period to equity attributable to owners of the parent (ROE) (%)	13.9	10.3	13.6	9.8	8.5	5.4	7.4	9.0



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, 2025 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 (2025 Results)	Globally Common Measures to 2030
E	Promoting Environmental Initiatives for a Sustainable Planet 	Reduce CO ₂ emissions throughout business activities.	<ul style="list-style-type: none"> CO₂ emissions throughout business activities ⇒ Down 55% compared with 2017 levels (Absolute quantity) 	<ul style="list-style-type: none"> Down 36% compared with 2017 (Figure after deducting purchases of carbon credits, 27% reduction if not deducted.) 	<ul style="list-style-type: none"> Reduce energy usage through energy-saving activities. Purchase electricity generated by renewable energy sources.
		Reduce CO ₂ emissions throughout product lifecycles.	<ul style="list-style-type: none"> CO₂ emissions throughout product lifecycles ⇒ Down 30% compared with 2017 levels (Absolute quantity) 	<ul style="list-style-type: none"> Down 11% compared with 2017 	<ul style="list-style-type: none"> Reduce household CO₂ emissions from product use through the provision of environmentally friendly products and services and the promotion of environmentally friendly habits. Reduce CO₂ emissions at the stage of procurement through supplier engagement and the purchase of raw materials that generate low CO₂ emissions.
		Achieve a CO ₂ emissions reduction effect in excess of Lion's own emissions to help society become carbon negative.	<ul style="list-style-type: none"> Contribute to a CO₂ emission reduction effect in excess of Lion's own emissions (Japan) 	<ul style="list-style-type: none"> Plan to formulate actions and KPIs and verify their effectiveness 	<ul style="list-style-type: none"> Reduce society's overall CO₂ emissions through collaboration with other industry actors and companies. Reduce household CO₂ emissions through provision of environmentally friendly products and services.
		Actively promote the 3Rs (reduce, reuse, recycle) and renewable resource activities.	<ul style="list-style-type: none"> Petrochemical-derived plastic use rate ⇒ 70% or less 	<ul style="list-style-type: none"> 97% (Japan) Rate of containers and other packaging using sustainable materials: 2.9% 	<ul style="list-style-type: none"> Reduce usage of petrochemical-derived materials through the increased use of recycled plastic and biomass materials in products, containers and packaging. Continuously promote reduced use and reuse of plastic in products, containers and packaging.
		Reduce water usage throughout product lifecycles.	<ul style="list-style-type: none"> Water usage throughout product lifecycles ⇒ Down 30% compared with 2017 levels (Per unit of net sales) 	<ul style="list-style-type: none"> Down 24% compared with 2017 	<ul style="list-style-type: none"> Reduce water usage by consumers through the provision of water-saving products.
S	Creating Healthy Living Habits 	Provide opportunities for everyone to practice oral healthcare whenever necessary and foster oral healthcare habits to promote health for all.	<ul style="list-style-type: none"> Total number of persons provided with products, services and information aimed at creating healthy living habits ⇒ 1 billion (Oral healthcare habits: 500 million people, Cleanliness and hygiene habits: 500 million people) 	<ul style="list-style-type: none"> Oral healthcare habits: 400 million people* * Source: Lion survey 	<ul style="list-style-type: none"> Increase range of products and services that promote the creation of better oral healthcare habits. Reinforce educational and awareness activities aimed at establishing preventive dentistry and better oral healthcare habits. 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.			<ul style="list-style-type: none"> Cleanliness and hygiene habits: 320 million people* * 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.



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Material Issues	Objectives (2030)	Indicators (2030)	Progress (2025 Results)	Globally Common Measures to 2030
Promoting Diversity, Equity and Inclusion* WEB	Establish an organization that enables new value creation by appointing decision-makers with diverse values, thinking, and attributes.	• Ratio of women in management ⇒ 30% or more	• 28.3%	• Provide opportunities for employees to deepen their understanding of diverse values. • Create systems and mechanisms for diverse human resources to succeed professionally.
Promoting Work-Life Enrichment* WEB	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 • 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	• 72.5% (Japan)	• Create an environment that enables employees to fulfill their life ambitions and achieve their ideal lifestyles.
Developing Human Resources* WEB	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 * 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 Non-management: 68 or higher	Management: 73 Non-management: 63 (Japan)	• Introduce e-learning system and curriculum that meet the needs of overseas Group companies. • Create mechanisms that will be used to provide content for learning opportunities on an ongoing basis.
Improving Employee Health* WEB	Support mental and physical healthcare for employees to reinforce Group human resources and achieve sustainable corporate growth.	(1) Japan: Dental checkup participation rate ⇒ 100% (2) Overseas: Participation rate in company-level preventive dental care programs ⇒ YoY improvement (3) Absenteeism rate ⇒ Improvement from 2024 levels	①94% ②47.6% ③1.4% (Slight increase compared to 2024)	• Use a self-administered daily oral care program and regular dental checkups to create an environment that enables all employees to implement a PDCA cycle and to provide information and learning opportunities regarding oral self-care. • Provide opportunities for management to learn about checking the mental health of subordinates and for all employees to learn about caring for their own mental health. • Improve health literacy by providing information that helps employees understand their own health conditions and future risks, as well as what preventative actions to take in their daily lives.
Enhancing the Occupational Safety Management System 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 • Compliance with occupational safety and health laws and regulations Serious accidents and incidents ⇒ Zero	• Participation in training: 100% as planned • Serious accidents and incidents: Zero	• Provide opportunities to learn about safety and disaster prevention, and implement activities to promote understanding of basic safety activities. • Build mechanisms for exchanging safety information, and proactively disclose information on levels of workplace safety based on the management of records of occupational accident frequency.
Respecting Human Rights 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 ⇒ 100%	• Human rights due diligence implementation Lion Group: 100% Suppliers: 95%	• Build a mechanism for addressing human rights issues. • Identify material human rights risks and verify how those affected are negatively impacted. • Execute and monitor measures for addressing human rights risks that have been identified. • Proactively disclose status of response to human rights due diligence implementation.
Building Responsible Supply Chain Management 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.) ⇒ 100% • Procurement of third-party certified paper and pulp (FSC, PEFC, etc.) and palm oil, palm kernel oil and their derivatives (RSPO, etc.) from suppliers that support efforts aimed at zero deforestation ⇒ 100%	• Ratio of certified raw materials procurement Japan: Certified paper and pulp: 88% (item ratio) Certified palm oil and palm kernel oil derivatives: 99% (based on key raw materials) Lion Group: Certified paper and pulp: 58% (item ratio) Certified palm oil and palm kernel oil derivatives: 59% (based on key raw materials) • Ratio of suppliers supporting zero deforestation Japan: 55%, Lion Group: 47%	• Create and promote a sustainable procurement system in cooperation with suppliers.
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	• Conducted ISO 10002 internal audit (June) • Collected and analyzed customer feedback and updated the inquiry and response system to better leverage this feedback (March) • Updated the Q&A management tool to provide timely information to customers and service representatives (December)	• Evolve the activities of customer response departments by steadily promoting three steps: Understand the current situation, formulate plans, and promote activities • Create an environment for improving customer relationships and expanding the range of problem resolution methods. • Create and implement a system for reflecting customer feedback in products and services.
Promoting Risk Management 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. • Use a consistent format for investigating risks and implement countermeasures. • Share information on progress of response through reports to the Board of Directors once a year.
Reinforcing Compliance 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 • Serious compliance violations ⇒ Zero	• Participation in training: 100% as planned • Serious compliance violations: Zero	• Build and enhance a compliance system that includes overseas Group companies. • Further inculcate compliance through ongoing implementation of management and employee training and questionnaires, etc. • Improve Group-wide risk perception and accelerate risk response by designating compliance managers at overseas Group companies and building a global hotline.
Enhancing Governance 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 ⇒ At least once a year • Improvement in evaluations from external organizations ⇒ Continuously improve from 2020 onward	• Disclosed once • Continued activities to maintain or improve evaluation compared with 2024	• Evaluate and disclose results of the operation of the current internal control system. • Clarify status of establishment of internal control systems at overseas Group companies and evaluate their operation. • Continuously and proactively disclose governance-related non-financial information.

* Objectives and indicators for these human capital-related material issues have been revised based on 2025 results.



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Sustainability Initiatives

Environment

Target	Category	Classification	Unit	2023	2024	2025
Realizing a Decarbonized Society	Greenhouse gas emissions throughout the supply chain	Scope 1	1,000 t-CO ₂	63	73	71
		Scope 2	1,000 t-CO ₂	54	54	50
		Scope 3	1,000 t-CO ₂	4,774	4,733	4,073
	Non-renewable energy consumption		GWh	436	466	453
	Renewable energy consumption		GWh	81	79	89
	Carbon credits purchased ¹		1,000 t-CO ₂	16	16	15
Realizing a Resource-Circulating Society	Plastic usage (household products)		1,000 t	38	35	34
	Water usage throughout product lifecycles		Million m ³	2,228	2,057	2,039

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.

Employees

Category	Material	Unit	2023	2024	2025
Employees	Lion Corporation (including employees on loan)	Male (No.)	2,253	2,197	2,163
		Female (No.)	1,292	1,290	1,312
New employees (New graduates)	Lion Corporation (including employees on loan)	Male (No.)	21	37	37
		Female (No.)	38	37	37
Ratio of women in management	Lion Corporation (including employees on loan)	%	14.2	14.5	17.3
Re-hired retirees	Lion Corporation (including employees on loan)	(No.)	462	475	518
Employees with disabilities	Lion Corporation (including employees on loan)	%	2.9	2.8	2.4
Average service years (Excluding re-hired retirees)	Lion Corporation (including employees on loan)	Male (Years)	18.3	16.9	17.7
		Female (Years)	13.1	13.1	13.8
Employees who took childcare leave	Lion Corporation (including employees on loan)	Male (No.)	57	55	63
		Female (No.)	89	84	93
Annual paid leave used	Lion Corporation (including employees on loan)	%	74.8	78.8	76.4
Employee Awareness and Behavior Survey: Ratio of employees who take pride in their work	Lion Corporation (excluding employees on loan)	%	74.5	76.9	81.8
Average hours per FTE* of training and development	Lion Group	Hours	32.1	25.9	27.2
Average amount spent per FTE on training and development	Lion Group	Yen	43,992	45,162	46,733

* FTE: Full-time equivalent

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	2023	2024	2025
Oral healthcare habit educational and awareness activities: Oral Health Event of Tooth Brushing for Children ¹	No. of participants	Japan and Asia Approx. 270,000	Japan and Asia Approx. 300,000	Japan and Asia Approx. 315,000
Hand washing habit educational and awareness activities: Education in correct hand washing methods ²	No. of participants	Japan and Asia Approx. 2,510	Japan and Asia Approx. 2,690	Japan and Asia Approx. 6,180

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



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

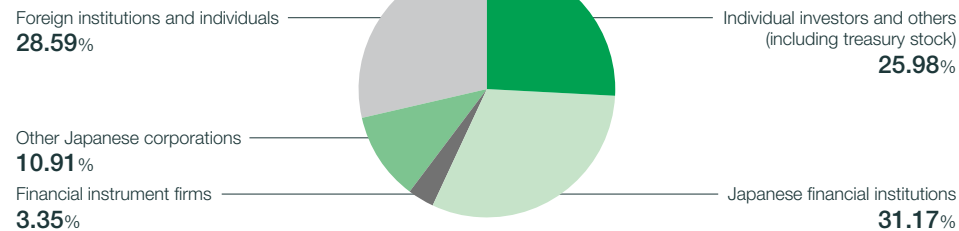
Corporate Overview and Stock Information

(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	3,059 (Consolidated: 8,346)

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)	38,563	13.90
Custody Bank of Japan, Ltd. (Trust Account)	28,252	10.18
JAPAN ACTIVATION CAPITAL I L.P.	12,450	4.48
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	2.98
STATE STREET BANK AND TRUST COMPANY 505001	6,796	2.45
STATE STREET BANK AND TRUST COMPANY 505103	5,181	1.86
Meiji Yasuda Life Insurance Company	3,690	1.33
JP MORGAN CHASE BANK 385781	3,565	1.28
Goldman Sachs Japan Co., Ltd. BNYM	3,430	1.23
Dai Nippon Printing Co., Ltd.	3,140	1.13

Note: Shareholding ratio is calculated based on the number of shares (277,316,638 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.

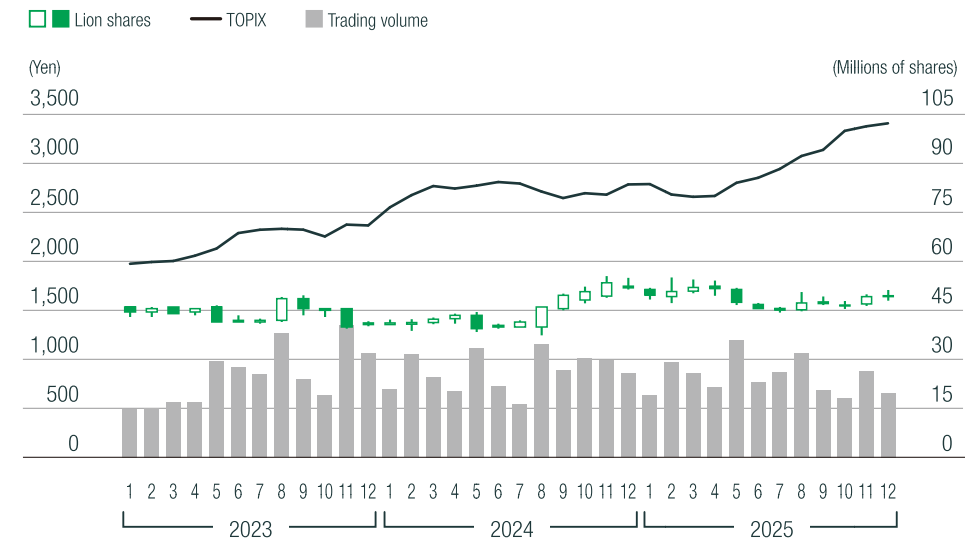
Stock Information

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	279,782,746 (Issued and outstanding)
Number of Shareholders	274,440

Share Price and Trading Volume

Total Shareholder Returns

	December 2021	December 2022	December 2023	December 2024	December 2025
Lion	62.5%	62.6%	55.4%	74.6%	71.3%
Reference: TOPIX net total return index	112.7%	110.0%	141.1%	169.9%	213.2%



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