

March 1, 2021

To Shareholders:

3-7, Honjo 1-chome, Sumida-ku, Tokyo
Lion Corporation
Security Code: 4912
Masazumi Kikukawa
Representative Director,
President and Executive Officer

Announcing the Convocation of the Annual Meeting of Shareholders for the Year Ended December 31, 2020

Thank you for your continued support of Lion Corporation.

Lion Corporation hereby announces the holding of the Annual Meeting of Shareholders for the fiscal Year Ended December 31, 2020. The meeting will be held in accordance with the information listed below.

The company wishes to advise that as an alternative to attending the meeting on the day, you may exercise your voting rights using any of the following means. Accordingly, please review the appended Reference Materials for the General Meeting of Shareholders and exercise your voting rights.

In writing (postal mail)

Indicate your approval or disapproval on the enclosed form for exercising voting rights, and return the form by postal mail to arrive by **6:00 p.m., Monday, March 29, 2021**.

Via electronic means (the Internet)

After reviewing the Guide to Exercising Voting Rights via the Internet (as detailed on page 3), you may exercise your voting rights by **6:00 p.m., Monday, March 29, 2021**.

In the event that you exercise your voting rights both by postal mail and via the Internet, the exercise of voting rights via the Internet will be considered valid. If you exercise your voting rights more than once via the Internet, the last time you exercise your voting rights will be considered valid.

- 1. Date & Time: Tuesday, March 30, 2021, at 10:00 a.m.**
- 2. Location: Kokugikan
3-28 Yokoami 1-chome, Sumida-ku, Tokyo**

3. Meeting Objectives Reporting

Reporting on the content of the business report, non-consolidated financial statements, consolidated financial statements, and the audit report on the consolidated financial statements for the year from January 1, 2020, to December 31, 2020

Matters to be voted upon

- Item 1.** Election of Eleven Directors
- Item 2.** Election of One Audit & Supervisory Board Member
- Item 3.** Amendment of the amount of compensation etc. in line with the continuation of the performance-linked stock-based compensation plan and to parts of the details thereof

Of the documents to be provided with this notice, the "Matters Related to Subscription Rights to Shares," "Basic Policy Regarding Control over the Company and Anti-Takeover Measures" and "Internal Control Systems" of the business report, the "Consolidated Statement of Changes in Equity" and "Consolidated Notes" of the consolidated financial statements, and the "Non-consolidated Statement of Changes in Shareholders' Equity" and "Individual Notes" of the non-consolidated financial statements are provided to shareholders via the Company website (in Japanese) in accordance with the provisions of relevant laws and regulations and Article 14 of the Articles of Incorporation.

In the event of revisions to the Reference Materials for the General Meeting of Shareholders, business report, consolidated financial statements or non-consolidated financial statements, a notice and the revised documents will be posted on the Company website (in Japanese).

Lion's website (in Japanese): <https://www.lion.co.jp/ja/ir/shareholders/meeting/>

Exercising Voting Rights via the Internet

Method 1: Scan your QR code

Use this method to log into the website and exercise your voting rights without entering your login ID or password.

1. Using your smartphone or other device, scan the barcode at the bottom right of your voting form.
2. Follow the onscreen instructions to enter your votes.

QR codes can only be used to vote once.

After entering your votes, if you would like to change any of what you entered, please access the main voting website (designed for use with personal computers), log in using the login ID and temporary password shown on your voting sheet, and re-enter your voting information.

*If you scan your QR code again after the first use, you will be directed to the main voting website.

Method 2: Enter your login ID and password

Voting website <https://evote.tr.mufg.jp/>

1. Access the voting website.
2. Enter the login ID and temporary password shown on your voting sheet.
3. When you log in using your temporary password, you will automatically be prompted to change your password; please change it to a password of your choosing.
4. Follow the onscreen instructions to enter your votes

Any fees incurred when accessing the voting website (Internet service provider connection fees, etc.) shall be borne by the shareholder.

For inquiries regarding online voting, please contact the help desk below.

Stock Transfer Agency Department (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Telephone: +81-0120-173-027 Hours: 9:00–21:00; Toll free

For Institutional Investors:

Institutional investors can exercise their voting rights via the TSE's Electronic Voting Platform.

Reference Materials for the General Meeting of Shareholders

Item 1. Election of Eleven Directors

The tenures of the nine directors whose services are currently retained will end as of the close of this General Meeting of Shareholders. Accordingly, the Company requests the approval of eleven directors.

The director candidates have been selected by the Board of Directors after consultation with the Nomination Advisory Committee.

The candidates are as follows.

Candidate No.	Name	Current Position at Lion	FY2020 Board of Directors Attendance
1	Incumbent Itsuo Hama	Representative Director, Chairman of the Board of Directors	17/17 meetings (100%)
2	Incumbent Masazumi Kikukawa	Representative Director, President and Executive Officer	17/17 meetings (100%)
3	Incumbent Kenjiro Kobayashi	Director, Senior Executive Officer	17/17 meetings (100%)
4	Incumbent Takeo Sakakibara	Director, Senior Executive Officer	17/17 meetings (100%)
5	Incumbent Yugo Kume	Director, Senior Executive Officer	17/17 meetings (100%)
6	Incumbent Fumitomo Noritake	Director, Executive Officer	17/17 meetings (100%)
7	New candidate Hitoshi Suzuki	Senior Executive Officer	—
8	Incumbent External Independent Kazunari Uchida	External Director	17/17 meetings (100%)
9	Incumbent External Independent Takashi Shiraishi	External Director	17/17 meetings (100%)
10	Incumbent External Independent Takako Sugaya	External Director	17/17 meetings (100%)
11	New candidate External Independent Reiko Yasue	—	—

Candidate No.	Name (Date of Birth)	Brief Career History and Positions and Responsibilities at Lion Corporation (Significant Concurrent Positions)	No. of Lion Corp. Shares Owned
1	<p data-bbox="403 869 528 898" style="border: 1px solid black; display: inline-block; padding: 2px;">Incumbent</p> <p data-bbox="403 949 528 1043">Itsuo Hama (March 14, 1954)</p> <p data-bbox="384 1099 547 1285"><u>Years in office as director:</u> 13 (as of the end of this Annual Meeting of Shareholders)</p> <p data-bbox="384 1341 547 1496"><u>FY2020 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	<p data-bbox="596 383 1150 412">April 1977 Joined Lion Fat & Oil Co., Ltd.</p> <p data-bbox="596 421 1118 510">March 2008 Director, Executive General Manager of Household Products Division</p> <p data-bbox="596 519 1118 801">January 2009 Director, Executive General Manager of Household Products Division, Responsible for Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department</p> <p data-bbox="596 810 1150 1128">January 2010 Director, Responsible for Health Care Products Division, Household Products Division, Gift and Channel-Specific Products Division, Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department</p> <p data-bbox="596 1137 1142 1487">March 2010 Executive Director, Responsible for Health Care Products Division, Household Products Division, Gift and Channel-Specific Products Division, Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department</p> <p data-bbox="596 1496 1126 1650">January 2012 Representative Director, President, Executive Officer, Chief Operating Officer, Responsible for Risk Management</p> <p data-bbox="596 1659 1150 1749">January 2014 Representative Director, President and CEO, Executive Officer</p> <p data-bbox="596 1758 1150 1890">March 2016 Representative Director, President and CEO, Chairman of the Board of Directors, Executive Officer</p> <p data-bbox="596 1899 1150 1989">March 2017 Representative Director, President and Executive Officer, Chairman of the Board</p>	38,663

		of Directors, Chief Executive Officer January 2019 Representative Director, Chairman of the Board of Directors, Chief Executive Officer (current position)	
<p>Reasons for Selection as a Candidate for Director</p> <p>Itsuo Hama took office as president of Lion Corporation in January 2012. Since then, he has helped improve the Company's performance. Coinciding with the launch of the Company's management vision for 2030, "Becoming an advanced daily healthcare company," he has taken the position of chairman of the Board of Directors and chief executive officer since January 2019, in which he is leading the Company's overall operations. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.</p>			

2	<p><u>Incumbent</u></p> <p>Masazumi Kikukawa (October 26, 1959)</p> <p><u>Years in office as director:</u> 9 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2020 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	<p>April 1984 Joined Lion Corporation</p> <p>January 2010 Executive Officer, Executive General Manager of Household Products Division</p> <p>January 2012 Executive Officer, Executive General Manager of Health & Home Care Products Division</p> <p>March 2012 Director, Executive Officer, Responsible for Health & Home Care Products Business, Gift and Channel-Specific Products Division, Executive General Manager of Health & Home Care Products Division, Responsible for Advertising Department, Behavioral Science Research Institute and Distribution Policy Department</p> <p>January 2016 Director, Executive Officer, Responsible for Health & Home Care Products Division, Health & Home Care Products Sales Division, Gift and Channel-Specific Products Division, Direct Marketing Division, Advertising Department, Behavioral Science Research Institute and Distribution Policy Department</p> <p>March 2016 Executive Director, Executive Officer, Responsible for Health & Home Care Products Division, Health & Home Care Products Sales Division, Gift and Channel-Specific Products</p>	22,409

		<p>March 2017</p> <p>January 2018</p> <p>March 2018</p> <p>January 2019</p>	<p>Division, Direct Marketing Division, Advertising Department, Behavioral Science Research Institute and Distribution Policy Department</p> <p>Director, Managing Executive Officer, Responsible for Health & Home Care Products Division, Health & Home Care Products Sales Division, Gift and Channel-Specific Products Division, Direct Marketing Division, Advertising Department, Behavioral Science Research Institute and Distribution Policy Department</p> <p>Director, Managing Executive Officer, Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses</p> <p>Representative Director, Senior Managing Executive Officer, Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses</p> <p>Representative Director, President and Executive Officer, Chief Operating Officer (current position)</p>	
<p>Reasons for Selection as a Candidate for Director</p> <p>Masazumi Kikukawa possesses a wealth of expert knowledge and experience, mainly in the areas of research and development and the Health & Home Care Products Division. Also, he took office as President and Executive Officer in January 2019 and is leading management toward the realization of the management vision for 2030, "Becoming an advanced daily healthcare company" as the Company's Chief Operating Officer. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.</p>				

3	<p><u>Incumbent</u></p> <p>Kenjiro Kobayashi (December 18, 1962)</p>	<p>April 1987</p> <p>January 2010</p> <p>January 2012</p> <p>March 2012</p>	<p>Joined Lion Corporation</p> <p>Senior Executive Officer, Executive General Manager of International Division</p> <p>Executive Officer, Executive General Manager of International Division</p> <p>Director, Executive Officer,</p>	597,289
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	<p><u>Years in office as director:</u> 9 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2020 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	<p>Responsible for Overall International Businesses, Executive General Manager of International Division</p> <p>January 2014 Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division and Business Development Department I</p> <p>January 2015 Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division and Director of Oleochemical Business Development Office, International Division</p> <p>January 2016 Director, Executive Officer, Responsible for Secretary Department, Corporate Brand Promotion Office, System Department, General Affairs Department, Corporate Communication Center and CSR Promotion Department</p> <p>January 2017 Director, Executive Officer, Responsible for Human Resources and General Affairs Headquarters, Secretary Department, Corporate Brand Promotion Office, System Department, Corporate Communication Center and CSR Promotion Department</p> <p>March 2017 Director, Senior Executive Officer, Responsible for Human Resources and General Affairs Headquarters, Secretary Department, Corporate Brand Promotion Office, System Department, Corporate Communication Center and CSR Promotion Department</p> <p>January 2018 Director, Senior Executive Officer, Responsible for Human Resources and General Affairs Headquarters, Secretary Department, CSV Promotion Department, System Department and Corporate Communication</p>	
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<p>Reasons for Selection as a Candidate for Director</p> <p>Kenjiro Kobayashi possesses a wealth of expert knowledge and experience, mainly in the areas of the Overseas Business and the Health & Home Care Products Division. As director of such managerial divisions as the Human Resources Development Center and Business Process Re-engineering Department and as director of Corporate Ethics, he has helped to reinforce the Company's business foundation. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.</p>			

4	<p><u>Incumbent</u></p> <p>Takeo Sakakibara (November 22, 1960)</p>	<p>April 1983 Joined Lion Corporation</p> <p>January 2010 Executive Officer, Executive General Manager of Health Care Products Division</p> <p>January 2012 Executive Officer, President of Lion Trading Co., Ltd.</p> <p>January 2016 Executive Officer, Assistant to</p>	54,675
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	<p><u>Years in office as director:</u> 5 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2020 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	<p>the President</p> <p>March 2016 Director, Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>January 2017 Director, Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>March 2017 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department</p> <p>January 2018 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Reliability Assurance Department and Legal Department</p> <p>January 2020 Director, Senior Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Reliability Assurance Department and Legal Department (current position)</p>	
<p>Reasons for Selection as a Candidate for Director</p> <p>Takeo Sakakibara possesses a wealth of expert knowledge, mainly in the area of corporate planning, including experience as the president of a Lion subsidiary. As director of such managerial divisions as the Corporate Planning Department and Finance Department and as director of overall risk management, he has contributed to the Company's crisis management. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.</p>			

5	<p style="text-align: center;"><u>Incumbent</u></p> <p style="text-align: center;">Yugo Kume (October 1, 1961)</p> <p><u>Years in office as director:</u> 3 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2020 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	<p>April 1984 Joined Lion Corporation</p> <p>January 2011 Director of Oral Care Business Department, Health Care Products Division</p> <p>January 2012 Executive General Manager of the Oral Care Business Department, Health & Home Care Products Division</p> <p>January 2015 Assistant Executive General Manager of Health & Home Care Products Division</p> <p>January 2016 Executive Officer, Executive General Manager of Health & Home Care Products Division</p> <p>January 2018 Executive Officer, Executive General Manager of Health & Home Care Products Division, Responsible for Communication Design Department, Consumer Knowledge Center and Distribution Policy Department</p> <p>March 2018 Director, Executive Officer, Responsible for Health & Home Care Products Sales Division, Gift and Channel- Specific Products Division, Communication Design Department, Consumer Knowledge Center and Distribution Policy Department, Executive General Manager of Health & Home Care Products Division</p> <p>January 2019 Director, Executive Officer, Responsible for Gift and Channel-Specific Products Division, Direct Marketing Division, Communication Design Department and Consumer Knowledge Center, Executive General Manager of Health & Home Care Products Division</p> <p>January 2020 Director, Executive Officer, Responsible for Business Development Center, Gift and Channel-Specific Products Division, Direct Marketing Division, Executive General Manager of Health & Home Care Products Division</p> <p>January 2021 Director, Senior Executive</p>	18,977
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		Officer, Responsible for Business Development Center, Health & Home Care Products Division, Gift and Channel-Specific Products Division, Direct Marketing Division and Corporate Communication Center (current position)	
<p>Reasons for Selection as a Candidate for Director</p> <p>Yugo Kume possesses a wealth of expert knowledge, mainly in the areas of corporate planning and the Health & Home Care Products Division. As the officer responsible for the overall Consumer Products business, he has contributed to the growth of domestic businesses and robust brand creation. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.</p>			

6	<p><u>Incumbent</u></p> <p>Fumitomo Noritake (August 20, 1963)</p> <p><u>Years in office as director:</u> 2 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2020 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	April 1988	Joined Lion Corporation	13,577
		January 2009	Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division, Director of Functional Food Business Office	
		January 2012	Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division	
		January 2016	Executive Officer, Executive General Manager of Direct Marketing Division, Director of Sales Administration Department	
		January 2017	Executive Officer, Executive General Manager of Direct Marketing Division	
		January 2018	Executive Officer, Executive General Manager of Research and Development Headquarters	
		January 2019	Executive Officer, Executive General Manager of Research and Development Headquarters, Responsible for Overall Chemicals Businesses, Intellectual Property Department, and Safety and Disaster Prevention Promotion Department	
		March 2019	Director, Executive Officer, Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters,	

		<p>Production Headquarters, Overall Chemicals Businesses, Intellectual Property Department and Safety and Disaster Prevention Promotion Department, Executive General Manager of Research and Development Headquarters</p> <p>January 2020 Director, Executive Officer, Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production Headquarters, Overall Chemicals Businesses, Intellectual Property Department and Safety and Disaster Prevention Promotion Department</p> <p>January 2021 Director, Executive Officer, Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production Headquarters, Overall Chemicals Businesses, DX Promotion Department, Intellectual Property Department and Safety and Disaster Prevention Promotion Department (current position)</p>	
<p>Reasons for Selection as a Candidate for Director</p> <p>Fumitomo Noritake possesses a wealth of expert knowledge and experience, mainly in the areas of research and development and direct-to-consumer business. Since March 2019, he has been taking charge of various important operations including the Overall Chemicals Businesses, Supply Chain Management Headquarters, Purchasing Headquarters, and Production Headquarters as well as contributing to building the Company's supply chain. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.</p>			

7	New candidate	<p>April 1985 Joined Lion Corporation</p> <p>January 2011 Director of Planning and Coordination Department, International Division</p> <p>January 2012 Director of Business Development Department,</p>	2,400
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	<p>Hitoshi Suzuki (March 24, 1963)</p> <p><u>Years in office as director:</u> —</p>	<p>January 2014</p> <p>January 2015</p> <p>January 2016</p> <p>January 2017</p> <p>May 2017</p> <p>March 2019</p>	<p>International Division Assistant Executive General Manager of International Division and Director of Business Development Department II</p> <p>Assistant Executive General Manager of International Division and Director of New Area Development office</p> <p>Executive Officer, Executive General Manager of International Division, Director of Oleochemical Business Development Office and New Area Development office</p> <p>Executive Officer, Executive General Manager of International Division and Director of Strategic Planning Department</p> <p>Executive Officer, Executive General Manager of International Division</p> <p>Senior Executive Officer, Executive General Manager of International Division(current position)</p>	
<p>Reasons for Selection as a Candidate for Director</p> <p>Hitoshi Suzuki has expert knowledge in operations, primarily in the international business, and wealth of experience stationed overseas. Based on that, since January 2016, he has been contributing to the growth of the overseas business and the creation of brand strategies as the General Manager of the International Division. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.</p>				

8	<p><u>Incumbent</u> <u>External</u> <u>Independent</u></p> <p>Kazunari Uchida (October 31, 1951)</p> <p><u>Years in office as external director:</u> 5 (as of the end of this Annual Meeting of</p>	<p>January 1985</p> <p>June 2000</p> <p>March 2006</p> <p>April 2006</p> <p>February 2012</p> <p>June 2012</p>	<p>Joined Boston Consulting Group</p> <p>Representative for Japan, Boston Consulting Group</p> <p>External Auditor, Suntory Limited (now Suntory Holdings Limited)</p> <p>Professor, Faculty of Commerce, Waseda University (current position)</p> <p>External Auditor, Kewpie Corporation</p> <p>External Director, Lifenet Insurance Company</p> <p>External Director, Mitsui-Soko Holdings Co., Ltd.</p>	6,200
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	Shareholders)	August 2012	External Director, Japan ERI Co., Ltd. (now ERI Holdings Co., Ltd.)	
	<u>FY2020 Board of Directors Attendance</u> 17/17 meetings (100%)	March 2016	External Director, Lion Corporation (current position)	
		(Significant concurrent positions) External Director, Kewpie Corporation, BROTHER INDUSTRIES, LTD.		
Reasons for Selection as a Candidate for External Director Kazunari Uchida possesses experience as the Japan representative of an international management consulting group and also has experience at other companies both as an external director and an external corporate auditor. He has actively participated in meetings of the Board of Directors, and suitably carried out his role as an external director for the Company, including supervising business execution. The Company judges that his sophisticated understanding of management decision making is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors and therefore requests that he be reelected as an external director.				

	<u>Incumbent</u> <u>External</u> <u>Independent</u>	June 1979	Assistant Professor, International Relations, Department of Humanities and Social Science, College of Arts and Sciences, University of Tokyo	
	Takashi Shiraishi (February 22, 1950)	January 1996	Professor, Department of Asian Studies and Department of History, College of Arts and Sciences, Cornell University	
	<u>Years in office as external director:</u> 4 (as of the end of this Annual Meeting of Shareholders)	July 1996	Professor, Center for Southeast Asian Studies, Kyoto University	
	<u>FY2020 Board of Directors Attendance</u> 17/17 meetings (100%)	April 2005	Professor and Vice President, National Graduate Institute for Policy Studies	
9		May 2007	President, Institute of Developing Economies, Japan External Trade Organization	
		January 2009	Councilor, Council for Science, Technology and Innovation, Cabinet Office	4,000
		April 2011	President, National Graduate Institute for Policy Studies	
		January 2013	Member, Management Evaluation Committee (now the Advisory Committee), Lion Corporation	
		March 2017	External Director, Lion Corporation (current position)	
		April 2017	Special visiting professor, Ritsumeikan University	
		May 2017	Professor Emeritus, National Graduate Institute for Policy Studies (current position)	
		April 2018	Chancellor, Prefectural University of Kumamoto (current	

		position)	
<p>Reasons for Selection as a Candidate for External Director</p> <p>Takashi Shiraiishi has managerial experience as the president of a national university, has served as the president of the Japan External Trade Organization's Institute of Developing Economies and possesses broad-ranging expert knowledge in such areas as Asian politics, economics and social issues. He has actively participated in meetings of the Board of Directors and suitably carried out his role as an external director for the Company, including supervising business execution. The Company judges that his sophisticated understanding of management decision making is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors and therefore requests that he be reelected as an external director.</p>			

10	<p><u>Incumbent</u> <u>External</u> <u>Independent</u></p> <p>Takako Sugaya (September 20, 1972)</p> <p><u>Years in office as external director:</u> 2 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2020 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	<p>October 2002 Registered as an attorney at law (Daini Tokyo Bar Association) Joined Yamada Hideo Law Office (now the Yamada Ozaki Law Office)</p> <p>June 2018 External Director, Haruyama Holdings, Inc.</p> <p>March 2019 External Director, Lion Corporation (current position)</p> <p>(Significant concurrent positions) External Audit & Supervisory Board Member, Faith, Inc.; External Director, Kyokuto Securities Co., Ltd.; Associate Professor, Toin University of Yokohama Graduate School of Laws</p>	400
	<p>Reasons for Selection as a Candidate for External Director</p> <p>Takako Sugaya is not involved in corporate management outside the roles of external director and external Audit & Supervisory Board member, but she possesses a wealth of knowledge and experience as an attorney, mainly in corporate legal work, as well as experience as an external director and external Audit & Supervisory Board member at other companies. She has actively participated in meetings of the Board of Directors and suitably carried out his role as an external director for the Company, including supervising business execution. The Company judges that her sophisticated understanding of governance and compliance issues is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors and therefore requests that she be reelected as an external director.</p> <p>(Note) Takako Sugaya's legal name is Takako Tanae.</p>		

11	<p><u>New candidate</u></p> <p><u>External</u></p> <p><u>Independent</u></p> <p>Reiko Yasue (January 26, 1968)</p> <p><u>Years in office as external director:</u> -</p> <p><u>FY2020 Board of Directors Attendance</u> -</p>	<p>April 1991 Joined Nagoya Research Institute, Panasonic Information Systems Co., Ltd. (now Panasonic Advanced Technology Development Co., Ltd.)</p> <p>December 1999 Joined Motorola, Inc.</p> <p>June 2004 Joined SEVEN Networks, Inc.</p> <p>September 2005 Joined Qualcomm, Inc.</p> <p>July 2009 Joined FUJISOFT Inc.</p> <p>April 2015 Managing Executive Officer, FUJISOFT Inc.</p> <p>January 2018 Joined Cybernet Systems Co., Ltd., Executive Vice President</p> <p>March 2018 Representative Director, Executive Vice President, Cybernet Systems Co., Ltd.</p> <p>March 2019 Representative Director, President & CEO, Cybernet Systems Co., Ltd.</p> <p>January 2020 Representative Director, President and Executive Officer, Cybernet Systems Co., Ltd. (current position)</p> <p>(Significant concurrent positions) Board Director (external), TOMY COMPANY, LTD.</p>	1,000
	<p>Reasons for Selection as a Candidate for External Director</p> <p>In addition to having corporate management experience as the CEO of an IT company in Japan, Reiko Yasue has a wealth of knowledge and experience in international business and also has experience serving as an external director at other company. The Company judges that her sophisticated insight into the field of IT is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors and therefore requests that she be newly elected as an external director.</p>		

(Note1) Yugo Kume and Fumitomo Noritake are also representatives of Lion Corporation (Thailand) Ltd. The Company engages in transactions with Lion Corporation (Thailand) involving the sale of finished products and the procurement of merchandise. In addition, the Company receives royalties for the use of its technologies and trademarks from Lion Corporation (Thailand).

(Note2) Hitoshi Suzuki is also a representative of Lion Corporation (Thailand) Ltd., Southern Lion Sdn. Bhd., and Lion Corporation (Singapore) Pte. Ltd. The Company engages in transactions involving the sale of finished products and the procurement of merchandise with Lion Corporation (Thailand) and Southern Lion Sdn., as well as the sale of finished products with Lion Corporation (Singapore) Pte. In addition, the Company receives royalties for the use of its technologies and trademarks from each of the above companies.

(Note3) Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, the Company has concluded an agreement with Kazunari Uchida, Takashi Shiraishi and Takako Sugaya that limit liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher. The Company plans to conclude a similar limited liability agreement with him if he is reelected as an external director. Furthermore, The Company plans to conclude a similar limited liability agreement to that described above with Reiko Yasue if she is elected director.

(Note4) Details of the Directors and Officers Liability Insurance

The Company has taken out Directors and Officers Liability Insurance which covers each of its directors in order to secure excellent personnel and prevent irresoluteness in the course of their execution of duties. If the candidates are elected as hereby proposed, naming each of them as the insured, the Company plans to take out Directors and Officers Liability Insurance comprising the following details.

[Overview of details of insurance policy]

(i) Actual ratio of insurance fees born by the insured

The insurance fees relating to special provision parts shall be born by the insured.

(ii) Overview of insurance contingencies covered by the insurance

The insured directors and officers of the Company shall be compensated, by the insurance including the special provisions, for damages that arise from cases where they bear liability in relation to their execution of their duties, and for the claims relating to the pursuance of that liability; provided, however, that certain exemptions apply such as in cases of conduct being carried out while fully aware of the unlawful nature of such content.

(iii) Measures to ensure that the appropriateness of the duties of Company's directors and officers is not compromised

Deductibles are set forth in the insurance policy, and damages up to the deductible amount are not covered by the insurance.

(Note5) Kazunari Uchida, Takashi Shiraishi, Takako Sugaya and Reiko Yasue meet the requirements set forth in the "Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members" and are deemed sufficiently independent from management.

All four also meet the requirements for independent directors set forth by the Tokyo Stock Exchange.

Accordingly, the Company has notified said Stock Exchange with regard to their appointment as an independent director who have no potential conflict of interest with general shareholders.

Item 2. Election of One Audit & Supervisory Board Member

To strengthen and enhance the audit system by increasing the number of Audit & Supervisory Board members by one (1), the Company proposes the election of one (1) Audit & Supervisory Board member.

The Audit & Supervisory Board member candidate has been selected by the Board of Directors after consultation with the Nomination Advisory Committee.

The Audit & Supervisory Board has agreed to the submission of this Item to the Annual Meeting of Shareholders.

The candidate for the post of Audit & Supervisory Board member is as follows:

Name (Date of Birth)	Brief Career History (Significant Concurrent Positions)	No. of Lion Corp. Shares Owned
<div style="border: 1px solid black; padding: 2px; display: inline-block;">New candidate</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div> Atsuko Suzuki (September 9, 1962)	April 1986	Joined Matsushita Electric Industrial Co., Ltd. (now Panasonic Corporation)
	April 2008	Director and Manager of the CSR Office, Matsushita Electric Industrial Co., Ltd. (resigned in December 2014)
	April 2010	External Director and Auditor, Nara Women's University (resigned in December 2012)
	January 2015	Joined Asahi Breweries, Ltd.
	April 2015	Manager of the Social Environment Department, Asahi Breweries, Ltd.
	October 2015	Manager of the Sustainability Promotion Section, Olympic/Paralympic Promotion Headquarters (concurrently held), Asahi Breweries, Ltd.
	April 2017	Director and General Manager of the CSR Division of Asahi Group Holdings, Ltd.
May 2019	Resigned from Asahi Breweries, Ltd.	
		0

	(Significant concurrent positions) External Director, ASAHI CO., LTD.; External Director, YAMAZEN CORPORATION	
<p>Reasons for Selection as a Candidate for External Audit & Supervisory Board Member</p> <p>Atsuko Suzuki is not involved in corporate management outside the role of external director and external Audit & Supervisory Board member, but she possesses experience as external director at other companies and she has many years of experience in preparing corporate governance frameworks and drafting and promoting strategies for sustainability. The Company judges that her understanding of these areas is necessary to achieve effective auditing of the Company and therefore requests that she be newly elected as an external Audit & Supervisory Board member.</p>		
<p>Notes</p> <ol style="list-style-type: none"> 1. Details of limited liability agreement Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, if Atsuko Suzuki is appointed as an external Audit & Supervisory Board member, the Company plans to conclude an agreement with her that limits liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher. 2. Details of liability insurance policy for the Company's directors and Audit & Supervisory Board members If Atsuko Suzuki is appointed as an external Audit & Supervisory Board member, the Company plans to enter into a liability insurance policy with her as the insured. The outline of the policy contract is shown on page 18 of the Reference Materials for the Annual Meeting of Shareholders. 3. Atsuko Suzuki meets the requirements set forth in the "Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members" and is deemed sufficiently independent from management. Atsuko Suzuki also meets the requirements for independent Audit & Supervisory Board members set forth by the Tokyo Stock Exchange. Accordingly, the Company has notified said Stock Exchange with regard to her appointment as an independent Audit & Supervisory Board member who has no potential conflict of interest with general shareholders. 		

Reference

Lion Corporation Standards Regarding the Independence of External Directors/Corporate Auditors

1. Lion Corporation's external directors and external corporate auditors must not have fallen into any of the following categories within 10 years (including the current fiscal year) before their appointment.
 - (1) An individual who has served as a Lion Group executive,¹ non-executive director or accounting advisor (or a person who conducts related work for a corporation that acts as an accounting advisor to the Lion Group)
 - (2) A party for whom the Group is a principal business partner² or executive for such a party, or a principal business partner of the Group or executive of such party
 - (3) A large shareholder of the Company who directly or indirectly holds 10% or more of the total voting rights of the Company or an executive of such a shareholder
 - (4) An executive of a party in which the Group directly or indirectly holds 10% or more of the total voting rights
 - (5) A consultant, a certified public accountant or other accounting professional, or an attorney-at-law or other legal professional who has received a significant amount of money or other remuneration³ from the Group, other than that as compensation for acting in the capacity of director or corporate auditor (in cases where the recipient of such compensation is a corporation, partnership or any other business entity, this item refers to a person who belongs to said entity)
 - (6) The spouse of any of the Group's important executives;⁴ a relative of any such executive within the second degree of kinship; a relative who cohabits with such an executive or anyone who otherwise depends on such an executive for his/her livelihood
 - (7) A person serving in or a person who has served in a listed company with which the Group is engaged through the cross-appointment of external directors/corporate auditors⁵
 - (8) An entity to which the Group has donated a significant amount of money or other remuneration³ or an executive of such entity.

2. External directors and external corporate auditors must not be subject to any other circumstances that could be reasonably deemed to render them unqualified to perform the duties of an external director or external corporate auditor
 1. Executives include: executive directors, executive officers and corporate officers of stock companies (Kabushiki-Gaisha); employees of membership companies (Mochibun-Gaisha) who hold executive positions (if such an employee is a corporation, this refers to persons who carry out the duties of said corporation set forth in Article 598-1 of the Corporation Law or other equivalent persons); executives of a corporation or entity other than a company; and employees working for a corporation or other entity.
 2. Principal business partner refers to a party that undertakes business transactions with the Group such that the annual transaction amount exceeds 2% of annual consolidated sales.
 3. Significant amount of money or other remuneration/compensation refers to cases where, if the recipient is a person, said compensation totals ¥10 million or more per fiscal year; or if the recipient is a business entity, said compensation exceeds 2% of the annual consolidated sales or total income of such entity.
 4. Important executives include: directors (excluding external directors); executive officers; corporate officers; and employees in senior management positions who hold ranks no lower than general manager.
 5. Cross-appointment of external directors/corporate auditors refers to a reciprocal relationship wherein the Company offers a post as an external director/corporate auditor to a person who is serving or has served in another listed company and a person who is serving or has served the Group takes a post as an external director/corporate auditor in said listed company.

Item 3. Amendment of the amount of compensation etc. in line with the continuation of the performance-linked stock-based compensation plan and to parts of the details thereof

1. Reasons for the Proposal and Reasons for Justifying Such Compensation
 At the 156th Annual Meeting of Shareholders held on March 30, 2017, the Company introduced a performance-linked stock-based compensation system (hereinafter, the “System”) that would grant the Company’s stocks depending on the level of achievement, etc. of performance targets as compensation to the Company’s Directors (excluding External Directors; hereinafter, the same shall apply throughout this proposal), which was approved by the shareholders. At the 157th Annual Meeting of Shareholders held on March 29, 2018, shareholders gave approval to revise a portion of these details due to the adoption of the International Financial Reporting Standards, and it remains effective to date.

The Company proposes to revise the upper limit on funds contributed by the Company and the upper limit on the number of the Company’s shares that directors may receive to further increase directors’ incentive to contribute to the Company’s performance and increase corporate value over the medium- to long-term, as well as to respond to future changes in the position of directors and other factors.

The System is designed to more clearly link directors’ compensation with the Company’s performance and shareholder value and to provide directors with incentive to contribute to the Company’s performance and increase corporate value over the medium- to long-term. The Company therefore believes that the revision is justified.

This proposal seeks approval to provide stock-based compensation to directors. This compensation would be separate from the fixed monthly compensation and bonuses for which the Company obtained approval to amend the upper limits (to ¥300 million and ¥250 million per fiscal year, respectively) at the 156th Annual Meeting of Shareholders held on March 30, 2017.

Note that if Item 1. “Election of Eleven Directors” is passed as originally proposed, the Company will have seven directors to whom the System applies.

2. Amounts and Details of Compensation under the System

(1) Outline of the System

The System is a stock-based compensation system. Under the System, shares of the Company will be acquired through a trust using funds contributed by the Company for the compensation of directors, and a portion of said shares along with the converted cash value of the remainder (collectively, “the Company’s shares, etc.”) will be granted to directors. (Details follow in (2) and subsequent sections.)

a. Persons eligible for grants of the Company’s shares, etc. under this proposal	<ul style="list-style-type: none"> • The directors (excluding external directors) of Lion Corporation
b. Impact of the Company’s shares covered by this proposal on the total number of shares issued by the Company	
Upper limit on funds to be contributed by the Company for the acquisition of the Company’s shares for grant to directors (as described in (2), below)	<ul style="list-style-type: none"> • ¥200 million per fiscal year (however, because the first period covered by the System (beginning in fiscal 2021) will be four fiscal years, the upper limit for this period will be ¥800 million)

Method of acquisition of the Company's shares (as described in (2), below) and upper limits on the total number of the Company's shares, etc., to be designated for grant to directors (as described in (3), below)	<ul style="list-style-type: none"> • The upper limit on the total number of the Company's shares, etc., to be designated for grant to directors per fiscal year will be 120,000 shares (however, because the first period covered by the System (beginning in fiscal 2021) will be four fiscal years, the upper limit for this period will be 480,000 shares) • The upper limit on the number of the Company's shares, etc., to be designated for grant to directors per fiscal year (120,000 shares) is equivalent to 0.04% of the Company's total issued shares (as of December 31, 2020, after the deduction of treasury stock) • The trust will acquire shares of the Company from the Company (constituting a disposal of treasury stock on the part of the Company) or from the stock market
c. Performance achievement condition (as detailed in (3), below)	<ul style="list-style-type: none"> • Linked to core operating income and profit attributable to owners of parent for each fiscal year
d. Timing of grant of the Company's shares, etc., to directors (as detailed in (4), below)	<ul style="list-style-type: none"> • Upon the director's retirement

(2) Upper limit on Funds to Be Contributed by the Company

The System covers periods of three fiscal years ("the Covered Periods") that correspond to the periods of the Company's medium-term management plans. However, the initial Covered Period of the System, beginning in fiscal 2021 ("the Initial Covered Period"), will comprise a total of four fiscal years, consisting of the period of the current fiscal year under a single-term management plan (the fiscal year ending December 31, 2021) and the period of the next medium-term management plan (from the fiscal year ending December 31, 2022 to the fiscal year ending December 31, 2024). In the event that the period covered by the medium-term management plan is revised in response to changes in the external environment and other factors, the Covered Period will be set in accordance with the revised period covered by the plan.

For each fiscal period, the Company will continue a trust ("the Trust") with directors who meet the beneficiary requirements as its beneficiary and a trust period of three years (four years for the Initial Covered Period). In each fiscal year, the Company will make additional contributions to the Trust, as directors' compensation, up to ¥200 million (up to ¥800 million in the Initial Covered Period) for the acquisition of the Company's shares to be granted to directors. However, if shares of the Company (excluding any undelivered portion of the Company's shares corresponding to the number of points granted to directors) or money (collectively, "Residual Shares, etc.") remain as residual assets in the Trust at the end of the trust period before making additional contributions, then the sum of the value of such Residual Shares, etc., and additional contributions to the Trust made by the Company must not surpass ¥800 million.

Following the instructions of the trust administrator, the Trust will acquire the Company's shares either from the Company (constituting a disposal of treasury stock on the part of the Company) or the stock market using the entrusted funds.

At the expiry of the period of the Trust, the Company may continue the Trust by amending the trust agreement and making additional contributions to the Trust. In such cases, the trust period will be extended for another Covered Period. During such extensions of the trust period, the Company will

continue to award points (as described in (3), below) to directors, and the Trust will continue to grant the Company's shares, etc.

However, when such additional contributions are made, if shares of the Company remain as Residual Shares, etc. in the Trust at the end of the trust period before such extension, then the sum of the value of such Residual Shares, etc. to be granted to directors, etc., and additional contributions to the Trust made by the Company must not surpass the amount obtained by multiplying the upper limit on additional contributions of ¥200 million per fiscal year by the number of years of the Covered Period.

(3) Method of Calculation of and Limit on the Number of Shares to Be Acquired by Directors

At a specified time after the end of each fiscal year during the trust period, the Company will award a number of points calculated using the formula below to directors who were in office as of the last day of said fiscal year. These points are cumulative. Upon retirement, directors will be granted the Company's shares, etc., in proportion to their respective accumulated points.

The number of points awarded to each director is calculated by adding a fixed portion, equivalent to half their rank-specific stock-based compensation base amount ("fixed base amount"), to a performance-linked portion, equivalent to the remaining half their rank-specific stock-based compensation base amount ("performance-linked base amount") multiplied by the performance coefficient,* and then dividing this sum by the average per-share acquisition cost of the shares of the Company acquired by the Trust ("average per-share acquisition cost").

(Point formula)

$$\frac{(\text{Fixed base amount} + \text{Performance-linked base amount} \times \text{Performance coefficient}^*)}{\text{Average per-share acquisition cost}}$$

*The performance coefficient varies based on the degree to which targets for core operating income and profit attributable to owners of parent have been achieved each fiscal year. If these targets are met 100% or more, the performance coefficient is set at between 1.00 and 2.00, depending on the degree of achievement (the value of the coefficient is truncated after the second decimal place); if the targets are less than 100% met, the performance-linked coefficient is 0.

One point is equivalent to one share of the Company; fractional points will be truncated when awarded each year. If, however, during the trust period, the Company's stock is subject to a share split or share consolidation, or other events arise that justify adjustments in the value of points, the Company will adjust the number of the Company's shares delivered for each point in accordance with the ratio of such split, consolidation or other such factor.

The upper limit on the total number of the Company's shares, etc., to be designated for grant to directors during the period of the Trust is determined by multiplying the upper limit of 120,000 shares per fiscal year by the number of years of the Covered Period (however, because the Initial Covered Period will be four fiscal years, the upper limit for this period will be 480,000 shares). These upper limits on the total number of the Company's shares, etc., to be designated for grant to directors have been determined with reference to the upper limit on funds to be contributed by the Company described above in (2), historical stock prices and other factors.

(4) Timing and Method of Grant of the Company's Shares, etc., to Directors

When a director who meets the beneficiary requirements retires, said director will be granted the Company's shares, etc., in proportion to said director's cumulative points as described above in (3). Specifically, the retired director will be granted a number of the Company's shares

corresponding to 70% of said director's cumulative points (fractional units will be truncated). The number of shares corresponding to the remaining 30% of the points will be converted to cash within the Trust, and said cash will be paid to the director.

However, in the event of the death of a director who meets the beneficiary requirements and has not yet retired, a number of the Company's shares corresponding to 100% of the director's cumulative points as described above in (3) will be converted to cash within the Trust, and the resulting amount of cash will be paid to said director's heirs.

(5) Forfeiture of Beneficiary Rights for the Company's Shares to Be Delivered and Demand for Return of the Equivalent of Delivered Shares, etc.

In the event of serious wrongdoing or violation of laws and regulations by the eligible directors, the Company may have said persons forfeit beneficiary rights for undelivered shares and demand the return of the amount equivalent to the delivered shares under the System to such eligible directors.

(6) Exercise of Voting Rights for the Company's Shares

To ensure neutrality toward management, no voting rights shall be exercised for the Company's shares held in the Trust during the trust period.

(7) Other Details of the System

Other details of the System, including those concerning the establishment of the Trust, changes to the trust agreement and additional contributions to the Trust, will be decided by the Board of Directors.

For further details of the System, please refer to the Company's February 12, 2021 news release titled "Notice Concerning the Continuation of the Performance-Linked Stock-Based Compensation System and the Partial Revision of the System's Content."

(Reference)

The Company plans to continue a separate system similar to that described above for its executive officers.

During the initial covered period, the upper limit on funds to be contributed to the Trust for the acquisition of the Company's shares for grant to executive officers will be ¥600 million, and the upper limit on the Company's shares, etc., to be granted to executive officers will be 360,000 shares. The shares of the Company acquired for this purpose will be accounted for separately from the shares acquired for grant to directors.

The Company will also make additional contributions for the compensation of executive officers during extensions of the trust period.

Note that directors who concurrently serve as executive officers will not be awarded points as executive officers.

(Attached Documents)

Business Report (From January 1, 2020 to December 31, 2020)

I Current Conditions of the Lion Group

<Adoption of International Financial Reporting Standards (IFRS)>

The Lion Group voluntarily has adopted the International Financial Reporting Standards (IFRS) from the 158th fiscal year in order to improve the international comparability of the consolidated financial statements and other disclosure materials and reinforce Group business management. The figures for the 157th fiscal year are also presented according to IFRS.

1. Profit/Loss and Financial Position in the Last Three Fiscal Years

		Japanese GAAP		IFRS			
		157th term (From January 1, 2017 to December 31, 2017)	158th term (From January 1, 2018 to December 31, 2018)	159th term (From January 1, 2019 to December 31, 2019)	160th term (Current fiscal year) (From January 1, 2020 to December 31, 2020)		
Profit/loss	Net sales	(Millions of yen)	410,484	342,703	349,403	347,519	355,352
	Operating income/Core operating income	(Millions of yen)	27,206	28,807	28,375	30,048	35,937
	Ordinary income	(Millions of yen)	29,126	–	–	–	–
	Profit attributable to owners of parent/ Profit for the period attributable to owners of the parent	(Millions of yen)	19,827	20,883	25,606	20,559	29,870
	Net income per share/Basic earnings per share	(Yen)	68.23	71.87	88.11	70.72	102.75
Financial position	Total net assets/Total equity	(Millions of yen)	187,015	188,793	204,271	221,201	244,856
	Net assets per share/Equity attributable to owners of the parent per share	(Yen)	607.61	614.08	657.50	716.94	797.08
	Total assets	(Millions of yen)	331,751	338,855	355,365	380,701	435,501
Company information	Consolidated subsidiaries		24 companies	25 companies	23 companies	22 companies	21 companies
	Associates accounted for using equity method		5 companies	5 companies	6 companies	6 companies	6 companies

Notes:

1. The account items with a forward slash are presenting the “Japanese GAAP term/IFRS term.”
2. Figures indicated as millions of yen are rounded down to the nearest million yen.
3. Core operating income is an earnings indicator the Company uses to measure regular business performance and is calculated by subtracting selling, general and administrative expenses from gross profit.

2. Business Activity and Results

In fiscal 2020 (January 1, 2020–December 31, 2020), the Japanese economy remained harsh due to the spread of the novel coronavirus, which led to a substantial decline in corporate profits, deterioration in employment conditions and other negative developments.

In domestic consumer products, the Lion Group's main business, demand associated with inbound tourism decreased due to a decline in the number of overseas visitors to Japan. However, the overall market expanded due mainly to growing demand for hygiene-related products.

Lion advanced measures based on the basic strategies of its medium-term management plan, the LION Value Evolution Plan (LIVE Plan). These basic strategies are "Expand and Evolve Our Business Domains through New Value Creation," "Accelerate Growth in Overseas Businesses through Glocalization," "Reinforce Our Management Base through Business Structure Reform" and "Create Dynamism to Foster Innovative Change." At the same time, the spread of the novel coronavirus (COVID-19) impacted Lion's domestic and overseas businesses. To meet its social responsibility, the Lion Group strived to maintain its product supply while making every effort to prevent the spread of the virus and ensure the safety of its employees.

In its domestic operations, Lion introduced new, high-value-added products in its mainstay brands and worked to cultivate markets for these products through efficient marketing initiatives.

In its overseas operations, in addition to efforts to increase profitability in the home care field, which includes such products as laundry detergents, the Group sought to expand its business in the personal care field, which includes oral care and beauty care products.

Reflecting these efforts, consolidated results for fiscal 2020 are as follows. Net sales amounted to ¥355,352 million, a year-on-year increase of 2.3% (or 3.2% at constant currency excluding exchange rate fluctuations). Core operating income came to ¥35,937million, up 19.6% compared with the previous fiscal year, and operating profit to ¥44,074million, up 47.7% year on year. Profit for the period attributable to owners of parent totaled ¥29,870 million, up 45.3% compared with the previous fiscal year.

Results by business

	Net sales	YoY change	Core operating income	YoY change
Consumer Products Business	¥245,493 million	4.8 %	¥24,647 million	25.5 %
Industrial Products Business	¥55,069 million	(0.2) %	¥2,171 million	23.7 %
Overseas Business	¥101,651 million	0.5 %	¥7,144 million	(5.4) %
Other Business	¥34,820 million	(1.5) %	¥2,315 million	52.2 %
Subtotal	¥437,034 million	2.6 %	¥36,278 million	19.1 %
Adjustment	¥(81,682) million	– %	¥(340) million	– %
Total	¥355,352 million	2.3 %	¥35,937 million	19.6 %

Consumer Products Business	Net sales	¥245,493 million (Up 4.8% year on year)
	Core operating income	¥24,647 million (Up 25.5% year on year)
<p>The Consumer Products Business segment comprises the Oral Care Products, Beauty Care Products, Fabric Care Products, Living Care Products, Pharmaceutical Products and Other Products businesses. Segment net sales increased 4.8% year on year. Core operating income increased 25.5% year on year.</p>		
Oral Care Products	Net sales	¥66,407 million (Up 2.9% year on year)
<p>This segment includes products such as toothpastes, toothbrushes and mouthwashes, and overall net sales increased 2.9% year on year.</p> <p>In toothpastes, SYSTEMA Haguki (the Gums) Plus Premium Toothpaste, released in 2019, received favorable consumer reviews, and sales of the SYSTEMA EX Toothpaste series, including the newly released SYSTEMA EX W Toothpaste, which effectively cleans away dullness due to staining, were strong. Overall sales increased year on year.</p> <p>In toothbrushes, NONIO Toothbrush, released in 2019, received favorable customer review, but sales of the Between toothbrush fell year on year. Overall sales edged down from the previous fiscal year.</p> <p>In dental rinses, sales of NONIO Mouthwash were favorable. Overall sales increased year on year.</p>		
Beauty Care Products	Net sales	¥31,489 million (Up 40.9% year on year)
<p>This segment includes products such as hand soaps, body washes and antiperspirants and deodorants, and overall net sales increased 40.9% year on year.</p> <p>In hand soaps, sales of KireiKirei Medicated Foaming Hand Soap increased substantially year on year, and the newly released KireiKirei Medicated Hand Conditioning Soap, which not only effectively disinfects, but creates a moisture barrier to protect the skin, received favorable consumer reviews. Overall sales increased substantially year on year.</p> <p>In body washes, sales of hadakara Body Soap, which saw the addition of a new product formulated with oil, were firm. Overall sales increased year on year.</p> <p>In antiperspirants and deodorants, new Ban Sweat-Blocking Platinum Roll-On, featuring a new formula with a high-adhesion ingredient (sodium sulfate) that resists friction and adheres effectively to the skin, received favorable consumer reviews, but sales of Ban Sweat-Blocking Foot Gel fell year on year. Overall sales decreased year on year.</p>		

Fabric Care Products	Net sales	¥59,119 million (Down 2.7% year on year)
<p>This segment includes products such as fabric softeners, laundry detergents and bleaches, and overall net sales decreased 2.7% year on year.</p> <p>In fabric softeners, sales of SOFLAN Premium Deodorizer stagnated, while those of SOFLAN Aroma Rich fell year on year due to intensifying competition. Overall sales edged down year on year.</p> <p>In laundry detergents, highly concentrated liquid laundry detergent TOP SUPER NANOX For Odors, released in 2019, received favorable consumer reviews, but sales of liquid laundry detergent TOP Clear Liquid fell year on year. Overall sales slightly decreased year on year.</p>		
Living Care Products	Net sales	¥24,063 million (Up 21.7% year on year)
<p>This segment includes products such as dishwashing detergents, household cleaners and cooking-aid products, and overall net sales increased 21.7% year on year.</p> <p>In dishwashing detergents, sales of CHARMY Magica and CHARMY Crysta for dishwashers were strong. Overall sales increased substantially year on year.</p> <p>In household cleaners, sales of bath detergent LOOK Plus Bath Cleansing, which saw the addition of a new product formulated with silver ions, and those of bathroom fungicide LOOK Plus Bath Antimold Fogger were favorable. Overall sales increased significantly year on year.</p>		
Pharmaceutical Products	Net sales	¥23,897 million (Down 8.9% year on year)
<p>This segment includes products such as antipyretic analgesics, eye drops and dermatologic agents, and overall net sales decreased 8.9% year on year.</p> <p>In antipyretic analgesics, sales of BUFFERIN PREMIUM were firm, and overall sales rose year on year.</p> <p>In eye drops, sales of Smile 40 Premium DX were strong, and those of Smile 40 Mediclear DX were firm. Overall sales were up year on year.</p> <p>In dermatologic agents, Lion released the new Method series, which makes it easy for itchiness sufferers to choose the right product for their specific symptoms and area affected, and overall sales increased significantly year on year.</p> <p>Sales of acne medicines and cooling sheets for feet decreased year on year, reflecting decreased demand associated with inbound tourism due to a decline in the number of overseas visitors to Japan.</p>		
Other products	Net sales	¥40,515 million (Down 0.4% year on year)
<p>The other products segment includes products such as direct-to-consumer sales products and pet supplies, and overall net sales decreased 0.4% year on year.</p> <p>In direct-to-consumer sales products, sales of Nice rim essence Lactoferrin decreased from the previous fiscal year, and overall sales were down year on year.</p> <p>In pet supplies, sales of Nioi wo Toru Suna (Deodorizing Cat Litter) were steady, and those of oral care products were favorable. Overall sales were up year on year.</p>		

Industrial Products Business	Net sales	¥55,069 million (Down 0.2% year on year)
	Core operating income	¥2,171 million (Up 23.7% year on year)
<p>The Industrial Products Business segment includes the Automotive, Electrical and Electronics, and Detergents for Institutional Use Products fields. These businesses handle products that include anti-sticking agents for tires, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales decreased 0.2% year on year. Core operating income increased 23.7% year on year.</p> <p>In the Automotive field, sales of anti-sticking agents for tires and carbon for auto parts decreased year on year, and overall sales decreased year on year.</p> <p>In the Electrical and Electronics field, demand for performance materials and electroconductive resins decreased, and overall sales were down on year.</p> <p>In the Detergents for Institutional Use Products field, sales of dishwashing detergents for dishwashers and others were down year on year, but sales of alcohol sanitizers for kitchens and hand soaps increased substantially year on year, and overall sales rose year on year.</p>		

Overseas Business	Net sales	¥101,651 million (Up 0.5% year on year)
	Core operating income	¥7,144 million (Down 5.4% year on year)
<p>The Overseas Business segment comprises business operations located in Southeast Asia, including Thailand and Malaysia, and Northeast Asia, including South Korea and China. Segment net sales increased 0.5% year on year (or 4.0% at constant currency excluding exchange rate fluctuations). Core operating income decreased 5.4% year on year.</p>		
Southeast Asia	Net sales	¥66,494 million (Down 4.4% year on year)
<p>In Southeast Asia, overall sales were down 4.4% year on year.</p> <p>In Thailand, sales of hand soaps were strong, but sales of laundry detergents decreased year on year. Overall sales after yen conversions were down year on year.</p> <p>In Malaysia, sales of laundry detergents were up year on year, but overall sales after yen conversions were down year on year due to exchange rate fluctuations.</p>		
Northeast Asia	Net sales	¥35,156 million (Up 11.5% year on year)
<p>In Northeast Asia, overall sales were up 11.5% year on year.</p> <p>In South Korea, sales of hand soaps increased substantially year on year. Overall sales after yen conversions were up year on year.</p> <p>In China, sales of SYSTEMA toothbrushes were favorable, and sales of hand soaps and products imported from Japan increased substantially. Overall sales after yen conversions were up substantially year on year.</p>		

Other Business	Net sales	¥34,820 million (Down 1.5% year on year)
	Core operating income	¥2,315 million (Up 52.2% year on year)
<p>In other business, including the construction contracting business, overall sales decreased 1.5% year on year and core operating income increased 52.2% year on year.</p>		

3. Capital Expenditure

Total capital expenditure for the Lion Group during the fiscal year under review was ¥41,157 million, which included ¥33,041 million for the Consumer Products Business, ¥2,608 million for the Industrial Products Business, ¥5,127 million for the Overseas Business, and ¥380 million for Other Business.

The major facilities that was completed or in progress are as follows.

(1) Major facilities completed during the fiscal year under review

(i) The Company

Chiba Plant	Detergent manufacturing equipment (additional)	¥2,181 million
	Fabric softener manufacturing equipment (additional)	¥1,025 million
Odawara Plant	Toothpaste manufacturing equipment (additional)	¥385 million
	Mouthwash manufacturing equipment (additional)	¥204 million
	Pharmaceutical manufacturing equipment (additional)	¥165 million
Osaka Plant	Detergent manufacturing equipment (additional)	¥504 million
	Fabric softener manufacturing equipment (additional)	¥305 million
Akashi Plant	Bleach manufacturing equipment (additional)	¥223 million
	Toothbrush manufacturing equipment (additional)	¥507 million
	Toothpaste manufacturing equipment (additional)	¥316 million
	Mouthwash manufacturing equipment (additional)	¥125 million
Lion Chemical Co., Ltd.'s Oleochemical production site	Toothpaste manufacturing equipment (additional)	¥859 million
Research Center	Research and development devices (expanded)	¥1,053 million

(ii) Subsidiaries

Lion Chemical Co., Ltd.	Hand soap manufacturing equipment (additional)	¥680 million
Lion Corporation (Thailand) Ltd.	Detergent manufacturing equipment (additional)	¥2,931 million

(2) Major facilities in progress during the fiscal year under review

(i) The Company

Chiba Plant	Detergent manufacturing equipment (additional)	
Osaka Plant	Fabric softener manufacturing equipment (additional)	
Akashi Plant	Toothbrush manufacturing equipment (additional)	
Lion Chemical Co., Ltd.'s Oleochemical production site	Toothpaste manufacturing equipment (new)	

(ii) Subsidiaries

Lion Corporation (Thailand) Ltd.	Detergent manufacturing equipment (additional)	
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4. Financing Activities

The Company did not conduct any financing such as capital increases or bond issues during the fiscal year under review. The Lion Group did not conduct any financing worthy of special mention.

5. Management Issues

The Group has formulated the medium- to long-term management strategy framework “Vision 2030” for the realization of the management vision for 2030, “Becoming an advanced daily healthcare company.”

To achieve its management vision, the Lion Group will further reinforce management driven by its purpose, “Make a difference in everyday lives by redesigning habits,” while synergistically addressing its sustainability material issues and advancing growth strategies in order to achieve steady growth.

◇Management Strategies for Realizing the Management Vision

The Three Growth Strategies

(1) Accelerate Growth in four fields of value creation

Focusing on four fields in which we create value (Oral Health, Infection Control, Smart Housework and Well-Being) as growth drivers for the Lion Group, we aim to evolve our businesses and create new value, thereby further accelerating growth in Japan and overseas.

(2) Transform Our Business Foundations for Growth

We will promote business foundation transformation that will spur growth by continuing and reinforcing strategic investment.

(3) Generate Dynamism to Realize Innovative Change

We aim to transform to realize sustainable growth through corporate branding, professional fulfillment reforms and the promotion of diversity and open innovation.

Reinforce Initiatives to Address the Sustainability Material Issues

(1) Creating Healthy Living Habits

Through inclusive oral care* and other approaches, we will contribute to health, comfort and cleanliness in daily living and longer healthy life expectancy.

* Activities aimed at reducing health disparities through oral care.

(2) Promoting Environmental Initiatives for a Sustainable Planet

To address global-scale environmental problems, we will work with all stakeholders as we accelerate initiatives aimed at the realization of a decarbonized, resource-circulating society.

As social issues related to healthcare, such as extending healthy life expectancies and improving quality of life (QOL), grow more prevalent in Japan and overseas, the Lion Group's role as a familiar presence in people's everyday life will continue to grow.

By vigorously promoting the aforementioned strategies, the Lion Group will create shared value with society through its businesses. Simultaneously, the Group will make broad-ranging contributions to the realization of a sustainable society and thereby enhance its corporate value.

We sincerely hope for the understanding and continued support of all of our shareholders.

6. Business Combinations

(1) Significant subsidiaries

Company name	Share capital	Percentage of voting rights held by the Company	Major business activities
	million yen	%	
*1 Lion Chemical Co., Ltd.	7,800	100.0	Manufacture and sale of household goods, surfactants, etc.
*1 Lion Business Service Co., Ltd.	490	100.0	Real estate and welfare services
*1 Lion Specialty Chemicals Co., Ltd.	400	100.0	Manufacture and sale of surfactants, etc. Manufacture and sale of industrial chemicals, etc.
*1 Lion Hygiene Co., Ltd.	300	100.0	Manufacture and sale of kitchen detergents, etc.
*1 Lion Trading Co., Ltd.	240	100.0	Sale of pet supplies
*1 Lion Engineering Co., Ltd.	100	100.0	Construction contracting
*1 Lion Dental Products Co., Ltd.	10	100.0	Sale of dentistry materials
*1 Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.	39 million U\$	100.0	Manufacture and sale of household goods
*1 Lion Home Products (Taiwan) Co., Ltd.	530 million Taiwan\$	100.0	Sale of household goods
*1 Lion Corporation (Korea)	9,976 million won	100.0	Manufacture and sale of household goods
*1 Lion Corporation (Singapore) Pte. Ltd.	9 million S\$	100.0	Sale of household goods
*1 Lion Corporation (Hong Kong) Ltd.	12 million H\$	100.0	Sale of household goods
*1 Lion Corporation (Thailand) Ltd.	500 million baht	51.0	Manufacture and sale of household goods
*1 Southern Lion Sdn. Bhd.	22 million MR	50.0	Manufacture and sale of household goods
*2 Lion Idemitsu Composites Co., Ltd.	100 million yen	50.0	Manufacture and sale of special synthetic resin compounds
*2 PLANET, INC.	436	16.0	Network building and information provision for the commodities industry
*2 Global Eco Chemicals Singapore Pte. Ltd.	39 million U\$	50.0	Holding company
*2 P.T. Lion Wings	64,062 million RP	48.0	Manufacture and sale of household goods

Notes:

- *1 indicates a consolidated subsidiary.
- *2 indicates an associate accounted for using equity method.
- Share capital is rounded down to the nearest unit.
- Percentage of voting rights held by the Company is rounded down to one decimal place.
- U\$...U.S. Dollar, Taiwan\$...Taiwan dollar, won...South Korean won, S\$...Singapore Dollar, H\$...Hong Kong dollar, baht...Thai baht, MR...Malaysian Ringgit, RP...Indonesian rupiah
- The Company transferred all the shares it held in Global Eco Chemicals Singapore Pte. Ltd. on January 4, 2021.

(2) Progress in important corporate consolidation

- At the Company's Board of Directors' meeting held on November 30, 2020, it was decided that all the shares held by the Company in Global Eco Chemicals Singapore Pte. Ltd. would be transferred to its joint venture partner Wilmar International Limited Group and that the joint venture agreement would be dissolved. Based on the decision, the joint venture agreement was dissolved on January 4, 2021.
- At the Company's Board of Directors' meeting held on December 25, 2020, it was decided that all the shares held by the Company in LION IDEMITSU COMPOSITES CO., LTD. would be

transferred to its joint venture partner Idemitsu Kosan Co., Ltd. on a scheduled date of April 1, 2021, and that the joint venture agreement would be dissolved.

7. Major Offices and Plants (as of December 31, 2020)

(1) The Company

Head office: Tokyo

Branch offices: Sapporo, Sendai, Nagoya, Osaka and Fukuoka

Plants: Chiba Plant, Odawara Plant, Osaka Plant and Akashi Plant

(2) Major offices of subsidiaries

Lion Chemical Co., Ltd. (Ibaraki and Kagawa)

Lion Specialty Chemicals Co., Ltd. (Tokyo)

Lion Hygiene Co., Ltd. (Tokyo)

Lion Trading Co., Ltd. (Tokyo)

Lion Engineering Co., Ltd. (Tokyo)

Lion Dental Products Co., Ltd. (Tokyo)

Lion Corporation (Korea) (South Korea)

Lion Corporation (Thailand) Ltd. (Thailand)

Southern Lion Sdn. Bhd. (Malaysia)

8. Employees (as of December 31, 2020)

The number of employees of the Lion Group is 7,452 (an increase of 301 from the end of the previous year). The number of employees of the Company is 3,119 (an increase of 269 from the end of the previous year).

(Note) Number of employees does not include temporary staff.

9. Major Creditors (as of December 31, 2020)

Not applicable.

II Shares of the Company (as of December 31, 2020)

1. Number of Shares

(1) Total number of authorized shares 1,185,600,000 shares

(2) Total number of shares issued and share capital

Total number of shares issued 299,115,346 shares

Share capital ¥34,433,728,970

Notes:

1. Total number of shares issued includes treasury stocks (7,924,086 shares). Treasury stocks do not include the executive compensation BIP trust (475,271 shares).
2. There are no changes in share capital.

Composition ratios by shareholder category

- Japanese financial institutions 41.37%
- Foreign institutions and individuals 23.17%
- Individual investors and others 18.63%
- Other corporations 15.50%
- Financial instrument firms 1.33%

2. Number of Shareholders 78,987

3. Principal Shareholders (top 10 shareholders)

	Name of shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
1	Custody Bank of Japan, Ltd. (Trust Account)	30,623	10.51
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	20,690	7.10
3	Custody Bank of Japan, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	16,282	5.59
4	MUFG Bank, Ltd.	8,593	2.95
5	STATE STREET BANK AND TRUST COMPANY 505223	6,204	2.13
6	Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,450	1.52
7	Custody Bank of Japan, Ltd. (Trust Account 7)	4,289	1.47
8	Mitsubishi UFJ Trust and Banking Corporation	4,250	1.45
9	Custody Bank of Japan, Ltd. (Trust Account 5)	4,127	1.41
10	Meiji Yasuda Life Insurance Company	4,100	1.40

Notes:

1. Number of shares held is rounded down to the nearest thousand.
2. Shareholding ratio is calculated based on the number of shares (291,191,260 shares) obtained by deducting the total number of treasury stocks from the total number of shares issued, and is rounded down to the second decimal place.

Status of Adopting Social Responsible Investment Indices (SRI)

The Company has been selected for inclusion in leading socially responsible investing (SRI) indices in and outside Japan, namely the FTSE4Good Global Index (based in the UK) and the Dow Jones Sustainability Asia/Pacific Index (U.S.A. and Switzerland).

We are also included in the ESG indices used by Japan's Government Pension Investment Fund (GPIF): the FTSE Blossom Japan Index, MSCI Japan Empowering Women Index (WIN) and S&P/JPX Carbon Efficient Index. Inclusion in these indices indicates that Lion is recognized globally as a highly trustworthy company that meets high standards of corporate ethics and corporate social responsibility.

For information on the ESG initiatives pursued by the Company to create value, see our website.

<https://www.lion.co.jp/en/csr/>

III Company's Corporate Officers

1. Details of Directors and Audit & Supervisory Board Members (as of December 31, 2020)

Position	Name	Responsibilities in the Company and significant concurrent positions, etc.
Representative Director, Chairman of the Board of Directors	Itsuo Hama	Chairman of the Board of Directors, Chief Executive Officer, Representative, Lion Corporation (Thailand) Ltd.
Representative Director, President and Executive Officer	Masazumi Kikukawa	Chief Operating Officer, Representative, Lion Corporation (Thailand) Ltd., Representative, Global Eco Chemicals Singapore Pte. Ltd.
Director, Senior Executive Officer	Kenjiro Kobayashi	Responsible for Corporate Ethics, Human Resources Development Center, General Affairs Department, Secretary Department, CSV Promotion Department, System Department, Corporate Communication Center and Business Process Re-engineering Department
Director, Senior Executive Officer	Takeo Sakakibara	Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Reliability Assurance Department and Legal Department
Director, Executive Officer	Yugo Kume	Responsible for Business Development Center, Gift and Channel-Specific Products Division, Direct Marketing Division, Executive General Manager of Health & Home Care Products Division, Representative, Lion Corporation (Thailand) Ltd.
Director, Executive Officer	Fumitomo Noritake	Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production Headquarters, Overall Chemicals Businesses, Intellectual Property Department and Safety and Disaster Prevention Promotion Department, Representative, Lion Corporation (Thailand) Ltd., Representative, Global Eco Chemicals Singapore Pte. Ltd.
External Director	Kazunari Uchida	Professor, Faculty of Commerce, Waseda University, External Director, Kewpie Corporation, External Director, BROTHER INDUSTRIES, LTD.
External Director	Takashi Shiraishi	Professor Emeritus, National Graduate Institute for Policy Studies, Chancellor, Prefectural University of Kumamoto
External Director	Takako Sugaya	Lawyer, External Audit & Supervisory Board Member, Faith, Inc., External Director, Kyokuto Securities Co., Ltd., Associate Professor, Toin University of Yokohama Graduate School of Laws
Audit & Supervisory Board Member	Toshiyuki Nikkawa	(Full-time)
Audit & Supervisory Board Member	Yoshiaki Kamao	(Full-time)

Position	Name	Responsibilities in the Company and significant concurrent positions, etc.
External Audit & Supervisory Board Member	Takao Yamaguchi	Certified Public Accountant, Certified Tax Accountant, External Audit & Supervisory Board Member, SATO HOLDINGS CORPORATION, External Audit & Supervisory Board Member, KYORIN Holdings, Inc., External Audit & Supervisory Board Member, Tokyo Tatemono Co., Ltd.
External Audit & Supervisory Board Member	Setsuko Takemoto	Certified Tax Accountant

Notes:

1. There is no special interest between other companies where Kazunari Uchida, Takako Sugaya and Takao Yamaguchi hold concurrent positions and the Company.
2. Yoshiaki Kamao has long-term experience of accounting operations of the Finance Department of the Company, Takao Yamaguchi is qualified as a Certified Public Accountant and Certified Tax Accountant, and Setsuko Takemoto is qualified as a Certified Tax Accountant. Each of them has considerable knowledge in finance and accounting.
3. External directors Kazunari Uchida, Takashi Shiraishi and Takako Sugaya, and external Audit & Supervisory Board members Takao Yamaguchi and Setsuko Takemoto meet the qualifications set forth in the "Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members" and are deemed sufficiently independent from management. All five also meet the requirements for independent directors set forth by the Tokyo Stock Exchange. Accordingly, the Company has notified said Stock Exchange with regard to their appointment as independent directors who have no potential conflict of interest with general shareholders.

Responsibilities of the corporate officers, etc. as of January 1, 2021 are as follows.

Representative Director, Chairman of the Board of Directors	Itsuo Hama	Chairman of the Board of Directors, Chief Executive Officer
Representative Director, President and Executive Officer	Masazumi Kikukawa	Chief Operating Officer, Representative, Global Eco Chemicals Singapore Pte. Ltd.
Director, Senior Executive Officer	Kenjiro Kobayashi	Responsible for Corporate Ethics, Human Resources Development Center, General Affairs Department, Secretary Department, Sustainability Promotion Department, System Department and Business Process Re-engineering Department
Director, Senior Executive Officer	Takeo Sakakibara	Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Reliability Assurance Department, and Legal Department
Director, Senior Executive Officer	Yugo Kume	Responsible for Business Development Center, Health & Home Care Products Division, Gift and Channel-Specific Products Division, Direct Marketing Division and Corporate Communication Center, Representative, Lion Corporation (Thailand) Ltd.
Director, Executive Officer	Fumitomo Noritake	Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production Headquarters, Overall Chemicals Businesses, DX Promotion Department, Intellectual Property Department and Safety and Disaster Prevention Promotion Department, Representative, Lion Corporation (Thailand) Ltd., Representative, Global

Executive officers who do not concurrently serve as directors as of December 31, 2020 are as follows. Masaharu Mikuni, Hitoshi Suzuki, Tomomichi Okano, Hiroyuki Chiba, Shinichiro Hiraoka, Jiro Nagasawa, Kengo Fukuda, Yasutsugu Shimizu, Takashi Nagai, Yoko Koike, Kosuke Tanaka

Executive officers appointed on January 1, 2021 who do not concurrently serve as directors are as follows.

Masaharu Mikuni, Hitoshi Suzuki, Tomomichi Okano, Hiroyuki Chiba, Shinichiro Hiraoka, Jiro Nagasawa, Kengo Fukuda, Yasutsugu Shimizu, Takashi Nagai, Yoko Koike, Kosuke Tanaka, Masayuki Takemori, Annette Ling

2. External Officers

(1) Principal activities

Position	Name	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings	Principal comments
External Director	Kazunari Uchida	17/17 meetings	—	Makes suitable statements for enhancing the business regarding all aspects of management and advice regarding the management strategy of the Lion Group.
	Takashi Shiraishi	17/17 meetings	—	Makes suitable statements for maintaining the adequateness and validity of decision-making regarding all aspects of management of the Lion Group.
	Takako Sugaya	17/17 meetings	—	Makes suitable statements for enhancing the compliance system and risk management of the Lion Group.
External Audit & Supervisory Board Member	Takao Yamaguchi	16/17 meetings	15/15 meetings	Makes suitable statements for maintaining the adequateness of the finance and accounting for the Lion Group.
	Setsuko Takemoto	17/17 meetings	15/15 meetings	Makes suitable statements for maintaining the adequateness of taxes for the Lion Group.

(2) Details of limited liability agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, the Company has concluded agreements with external officers that limit liability under Article 423, Paragraph 1 of the Companies Act to ¥10 million or the amount specified by law, whichever is higher.

3. Policy for Determining the Amount of Compensation, etc. Received by Directors and Audit & Supervisory Board Members and Details of the Policy

Policy for determining the amount of compensation, etc. received by directors and Audit & Supervisory Board members and details of the policy for the fiscal year under review are as follows.

(1) Method of determination of policy

The Company respects the reports of the Compensation Advisory Committee as much as possible in order to increase the objectivity and transparency of director and Audit & Supervisory Board member compensation, etc., and the policy regarding compensation, etc. of directors and Audit & Supervisory Board members (hereinafter "corporate officers") is decided by the Board of Directors for directors and the Audit & Supervisory Board for Audit & Supervisory Board members. The Compensation Advisory Committee consists of five members: three external directors, two

external Audit & Supervisory Board members.

(2) Details of policy

<Corporate officers who conduct work (Corporate officers other than external directors and Audit & Supervisory Board members)>

- (i) Compensation includes fixed monthly compensation and performance-linked compensation that corresponds to performance and the stock price.
- (ii) Fixed monthly compensation is based on a flat rate system. The level of fixed monthly compensation is determined based on other company standards. This compensation is also adjusted once a year upon reviewing the level of executing duty and supervising management.
- (iii) Performance-linked compensation includes a bonus and the performance-linked stock-based compensation adopted based on approval at the 156th Annual Meeting of Shareholders held on March 30, 2017.
- (iv) The target ratio of each type of compensation that makes up director and Audit & Supervisory Board member compensation is 50% fixed compensation (the basic compensation) and 50% performance-linked compensation (30% bonus and 20% stock-based compensation).
- (v) Bonuses are granted to each director based on past payment history and other company examples up to a maximum amount of 250 million yen, and are 50% made up of 0.5% of core operating income for the fiscal year under review and 50% made up of 0.75% of profit attributable to owners of the parent (rounded down to the nearest ten thousand yen). However, if the above income or profit are negative (a loss), the value for that item used in the formula will be zero.
- (vi) Performance-linked compensation includes a fixed part granted every fiscal year and a performance-linked part granted according to the level of achieving performance targets every fiscal year during the period of the medium-term management plan. The ratio of the fixed part and the performance-linked part is 1:1, and both parts account for half of the stock-based compensation base amount defined for each officer title.

<Corporate officers who do not conduct work (External directors and Audit & Supervisory Board members)>

- (i) Compensation will comprise fixed monthly compensation only.
- (ii) Fixed monthly compensation is based on a flat rate system. The level of fixed monthly compensation is determined based on other company standards.

4. Total Amount of Compensation, etc. for Directors and Audit & Supervisory Board Members

Classification	Number of Corporate Officers	Fixed compensation	Performance-linked compensation		Total
			Bonuses	Stock-based compensation	
Directors	9	¥257 million	¥201 million	¥110 million	¥569 million
(External Directors)	(3)	(¥36 million)	—	—	(¥36 million)
Audit & Supervisory Board Members	4	¥84 million	—	—	¥84 million
(External Audit & Supervisory Board Members)	(2)	(¥24 million)	—	—	(¥24 million)
Total	13	¥341 million	¥201 million	¥110 million	¥653 million
(External officers)	(5)	(¥60 million)	—	—	(¥60 million)

Notes:

1. There are no directors of the Company who concurrently serve as employees.
2. The fixed compensation for directors was decided to be up to ¥300 million for one fiscal year at the 156th Annual Meeting of Shareholders held on March 30, 2017.
3. The fixed compensation for Audit & Supervisory Board members was decided to be up to ¥110 million for one fiscal year at the 156th Annual Meeting of Shareholders held on March 30, 2017.
4. The maximum compensation contributed for stock-based compensation was decided to be up to ¥600 million and a total of 360,000 shares (90,000 shares per fiscal year) for the four fiscal years from the fiscal year ended December 31, 2017 to the fiscal year ending December 31, 2020, at the 156th Annual Meeting of Shareholders held on March 30, 2017.
5. Bonuses for performance-linked compensation are calculated as indicated above based on core operating income and profit attributable to owners of the parent for the fiscal year under review. Furthermore, stock-based compensation is granted by converting the number of stock points assigned to beneficiaries of the system by the purchase price, according to the level of achieving performance targets for the fiscal year under review.
6. Amounts are rounded down to the nearest million yen.

IV Accounting Auditor

1. Name of Accounting Auditor

Ernst & Young ShinNihon LLC

2. Amount of compensations

Classification	Amount paid
(1) Amount of compensations pertaining to the fiscal year under review	¥95 million
(2) Total amount of money and other financial profits to be paid by the Company and its subsidiaries	¥126 million

Notes:

1. The audit contract between the Company and the accounting auditor does not separate the audit compensation for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act, and as they cannot be separated in practice, the total amount is shown in (1) above.
 2. The Audit & Supervisory Board of the Company checked the grounds for calculation based on the explanation of the accounting auditor regarding the compensation estimated from the number of audit days and man-scheduling, etc. of the auditing plan for the fiscal year under review while referring to the evaluation of the performance for the previous year, and since all members deemed that content was reasonable, agreed with Article 399, Paragraph 1 of the Companies Act.
 3. Of the significant subsidiaries of the Company listed on page 29, Lion Daily Necessities Chemicals (Qingdao) Co., Ltd., Lion Home Products (Taiwan) Co., Ltd., Lion Corporation (Korea), Lion Corporation (Singapore) Pte. Ltd., Lion Corporation (Hong Kong) Ltd., Lion Corporation (Thailand) Ltd., and Southern Lion Sdn. Bhd. receive audits by an auditor other than Ernst & Young ShinNihon LLC.
 4. Amounts are rounded down to the nearest million yen.
3. Details of Non-Auditing Services
The Company pays the accounting auditor compensation for the preparation of documents to be filed to overseas taxation authorities as a service other than that defined in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-auditing service).
4. Policy for Decisions on Dismissal and Non-Reappointment of Accounting Auditor
When the Audit & Supervisory Board deems the dismissal or non-reappointment of the accounting auditor necessary due to an inability to implement their duties, the Board decides the contents of the proposal, and based on this decision, the Board of Directors makes a proposal on the dismissal or non-reappointment of the accounting auditor to the General Meeting of Shareholders.
Furthermore, when the Audit & Supervisory Board deems that any of the items in Article 340, Paragraph 1 of the Companies Act apply to the accounting auditor, the accounting auditor shall be dismissed upon the agreement of all members of the Audit & Supervisory Board. In this case, an Audit & Supervisory Board member selected by the Audit & Supervisory Board reports the dismissal and the reason behind it to the first General Meeting of Shareholders after the dismissal.
5. Details of Limited Liability Agreement
Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, the Company has concluded agreements with accounting auditor that limit liability under Article 423, Paragraph 1 of the Companies Act to ¥32 million or the amount specified by law, whichever is higher.

V Policy on Decisions on Dividends from Surplus etc.

The Company considers returning profits to shareholders on a continuous and stable basis by increasing its consolidated earnings capacity to be one of its most important management issues. To this end, the Company strives to ensure the payment of continuous and stable cash dividends, aiming for a consolidated payout ratio of 30%, and bases the acquisition of treasury stock on comprehensive reviews to ensure that it maintains levels of internal reserves required to secure medium- and long-term growth. The Company allocates internal reserves to research and development, capital investment in production facilities and the acquisition of external resources, aiming to reinforce the Company's growth potential and to develop a sustainable business foundation.

Taking into consideration the Company's cash dividend payment record, as well as its dividend payout ratio target, the Company's Board of Directors resolved to pay an interim dividend of ¥11 per share (payment date: September 4, 2020) and a year-end dividend of ¥12 per share (payment date: March 2, 2021) for the fiscal year under review.

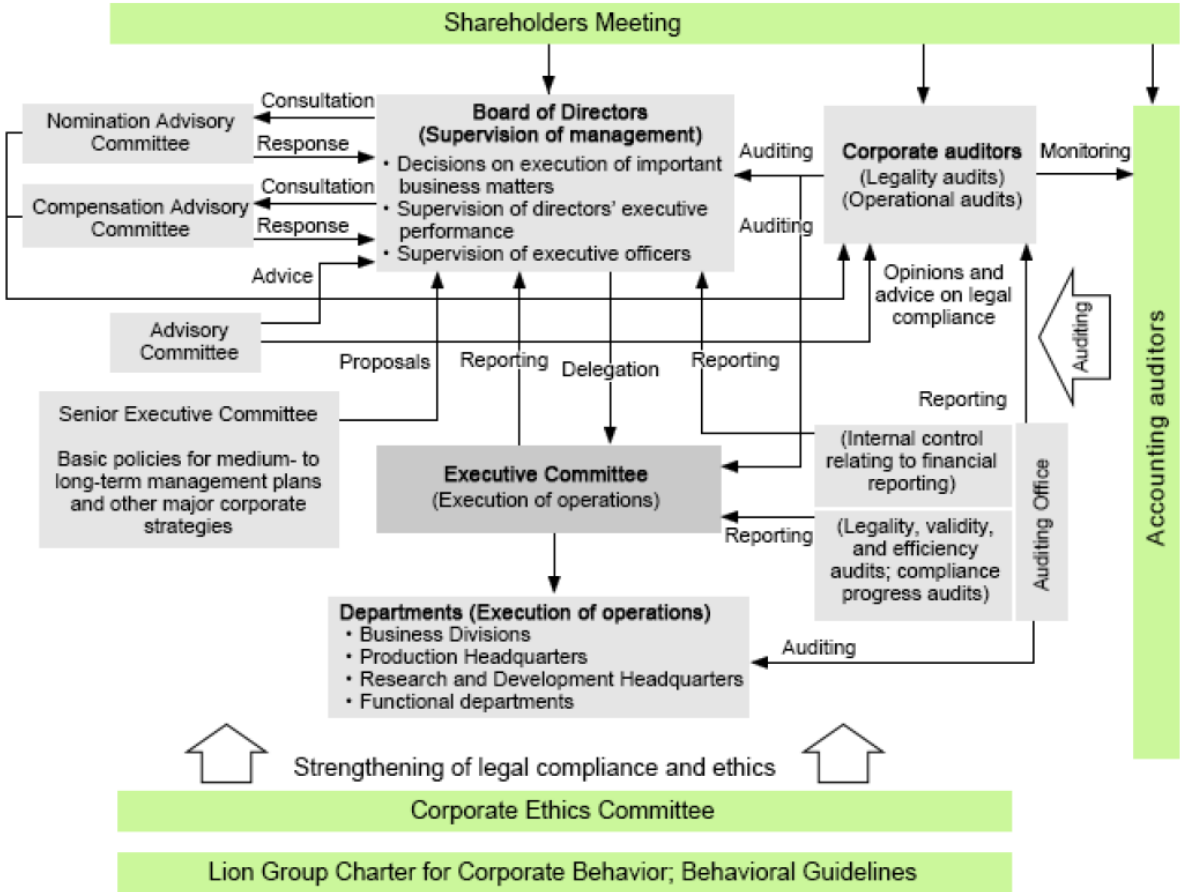
Reference

Corporate Governance Systems

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 systems, Lion aims to increase its corporate value.

Organizational Structure

Lion is a company with a Board of Corporate Auditors as defined in the Corporation Law, with a system of corporate governance in which the Board of Directors provides adequate oversight of management while independently operating corporate auditors provide appropriate auditing. To reinforce the Board of Directors’ management oversight function and speed decision making, Lion has adopted an executive officer system. In addition, to increase management transparency and further enhance corporate governance, Lion has established a Nomination Advisory Committee and Compensation Advisory Committee comprising mainly external directors and external audit & supervisory board members. Furthermore, to reflect the opinions and advice of third parties regarding legal compliance and management policies in management, the Company has established an Advisory Committee composed of outside experts.



■ Directors, Board of Directors and Executive Committee, etc.
 The Board of Directors is composed of nine 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 Company determines important matters related to the business execution of the Company and supervises the business execution of directors and executive officers. Also, in addition to the regular Board of Directors’ meetings, resolutions of the Board of Directors may be made in writing in accordance with laws and regulations. For important corporate strategies such as the basic policies of the medium- to long-term management plan, a system is established that enables the Board of Directors to make appropriate decisions upon deliberation by

the Senior Executive Committee. Additionally, with regard to measures related to business execution that are directly connected to the business, the Executive Committee has a system in place to discuss and examine issues from various angles.

■ **Nomination Advisory Committee**

In order to enhance the objectivity and transparency of the Company's appointment process of directors, Audit & Supervisory Board members and executive officers and their respective advisors after retirement (hereinafter referred to as "directors"), the Nomination Advisory Committee, which comprises representative directors determined in advance by external directors and the chair of the Board of Directors, was established on June 30, 2016. The Committee deliberates on the qualities of directors, reasons and processes of their selection and dismissal, etc., upon receiving consultation from the Board of Directors, and reports to the Board of Directors (to the Audit & Supervisory Board regarding Audit & Supervisory Board members). The Committee also exchanges opinions on the development of successors to the president. The chair of the Committee is Takashi Shiraishi, who is an external director (as of December 31, 2020).

■ **Compensation Advisory Committee**

In order to enhance the objectivity and transparency of the directors' compensation, the Compensation Advisory Committee was established on December 27, 2006, comprising only external directors and external Audit & Supervisory Board members who are independent directors. The Committee deliberates on the compensation system, amount and bonus assessment methods for directors, upon receiving consultation from the Board of Directors and reports to the Board of Directors. The compensation system for directors has been revised from the fiscal year ended December 31, 2017 based on the Committee's report and following a resolution of the 156th Annual Meeting of Shareholders held on March 30, 2017. Furthermore, at the Compensation Advisory Committee meeting held in December 2020, the renewal of performance-linked stock-based compensation, revision of the basic policy for executive compensation, etc. were deliberated, upon receiving consultation from the Board of Directors, and reported to the Board of Directors. Regarding the directors' compensation in 2020, monthly fixed remuneration was resolved at the Board of Directors' meeting held in March 2020 based on the report of the Compensation Advisory Committee held in February 2020, and performance-linked remuneration will be deliberated at the Board of Directors' meeting in March 2021 based on the report of the Compensation Advisory Committee held in February 2021. The chair of the Committee is Kazunari Uchida, who is an external director (as of December 31, 2020).

■ **Advisory Committee**

An Advisory Committee comprising knowledgeable people from outside of the Company is held twice a year to reflect in management the opinions of the committee members on general management issues, such as the corporate governance system, the direction of business and product development, and approaches to CSR (Corporate Social Responsibility). The committee has currently six members.

■ **Audit & Supervisory Board members and Audit & Supervisory Board**

There are four Audit & Supervisory Board members, two of whom are external Audit & Supervisory Board members (independent Audit & Supervisory Board members) and two of whom are standing Audit & Supervisory Board members from within the Company, and the two external Audit & Supervisory Board members and one of the standing Audit & Supervisory Board members possesses knowledge regarding finance and accounting. The Audit & Supervisory Board regularly meets once every two months, and holds extraordinary meetings as necessary. One staff member is allocated to the Audit & Supervisory Board members and the Audit & Supervisory Board. Each Audit & Supervisory Board member attends meetings of the Board of Directors and other important meetings, conducts interviews with directors regarding the status of the execution of their duties (including the status of the execution of the duties of directors pertaining to the development and operation of internal control over financial reporting), performs site visits to Lion's headquarters and major offices and plants, and conducts audits on subsidiaries in accordance with the Audit & Supervisory Board members' standards, audit policy, audit plans, etc. stipulated by the Audit & Supervisory Board. The Audit & Supervisory Board exchanges information, opinions and views from a risk approach standpoint, and facilitates coordination upon receiving audit reports (including internal control, which is conducted as part of the accounting auditor process) from accounting auditors and audit reports (including the status of the development and operation of internal control and the results of the evaluation over financial reporting based on the Financial Instruments and Exchange Act) from the Auditing Office, which is the internal auditing division. Furthermore, the opinions of external directors

are used in forming the opinions of Audit & Supervisory Board members as they relate to each proposal from the Board of Directors. Moreover, regular meetings that promote the exchange of information, opinions and views will be conducted with the representative directors three times a year.

For information on the Company's basic approach to corporate governance, see our website.
<https://www.lion.co.jp/en/company/governance/>

Reference

Initiatives for Sustainability

1. Promoting Environmental Initiatives for a Sustainable Planet

■ Biodiversity Conservation Efforts Started at All Operating Sites

Lion Corporation is working hard to realize a decarbonized, resource-circulating society and to harmonize with nature with the overarching goal of ensuring sustainability. One of our initiatives for harmonizing with nature is promoting biodiversity conservation efforts, and, in 2020, we set the goal of undertaking such efforts at all Group operating sites in Japan. In June of this year, with the Fukuoka Office's launch of support for environmental conservation efforts at Hakata Bay, we have succeeded in doing so at all 15 operating sites.

Started in:	Operating Site Name:	Activity Details
2003	Odawara Plant (Kanagawa Prefecture)	Raising fireflies and farming killifish in the Sakawa River watershed
2010	Osaka Plant (Osaka Prefecture)	Conserving loggerhead sea turtles
2011	Chiba Plant (Chiba Prefecture) Lion Chemical Co., Ltd.	Improving the Satoyama biotope
2012	Oleo Chemical Office (Kagawa Prefecture)	Improving dragonfly ponds (farming the vulnerable species <i>Sympetrum kunckeli</i>)
2013	Akashi Plant (Hyogo Prefecture) Lion Specialty Chemicals Co., Ltd.	Chinese hackberry biotope efforts (nurturing great purple emperor butterflies)
2015	Yokkaichi Office (Mie Prefecture)	Conserving the Yoshizaki coast (coastal cleanups, exterminating invasive plants)
2015	Nagoya Office (Aichi Prefecture) Lion Chemical Co., Ltd.	Supporting efforts to conserve the <i>Luciola parvula</i> firefly population at the outer moat of Nagoya castle
2016	Fine Chemical Office (Ibaraki Prefecture)	The Beautiful Coast Project
2017	Osaka Office (Osaka Prefecture)	Supporting wisteria conservation efforts
2018	Sapporo Office (Hokkaido Prefecture)	Support the Sapporo Wild Salmon Project (SWSP)
2018	Sendai Office (Miyagi Prefecture)	Fostering Ido killifish
2018	Headquarters and Tokyo Office (Tokyo Prefecture) Lion Specialty Chemicals Co., Ltd.	Conserving grass species native to Tokyo (the Field Grass Project)
2019	Ono Office (Hyogo Prefecture)	Conserving aquatic plants in reservoirs
2019	Hirai Office (Tokyo Prefecture)	Improving the environment of the downstream Edo River and Tokyo Bay
2020	Fukuoka Office (Fukuoka Prefecture)	Supporting efforts to conserve Hakata Bay's natural environment through coastal cleanups (Love Earth Activities)

2. Creating Healthy Living Habits

For more than a century, the Lion Group has been carrying out educational activities aimed at spreading healthy oral care habits. Today, these activities extend beyond Japan to other Asian countries. In line with the Group’s purpose, “Make a difference in everyday lives by redesigning habits,” we are now launching ambitious new initiatives to help create healthy living habits for even more people by working to solve issues ranging from the personal to the societal.

■ New Business Initiatives for 2030

<Reducing Health Disparities>

Health is influenced not only by individual factors, such as genetics and living habits, but also the culture and value of a person’s living environment, their socioeconomic status and other social factors.

Going forward, health disparities caused by socioeconomic disparities are expected to worsen, becoming a greater issue around the world.

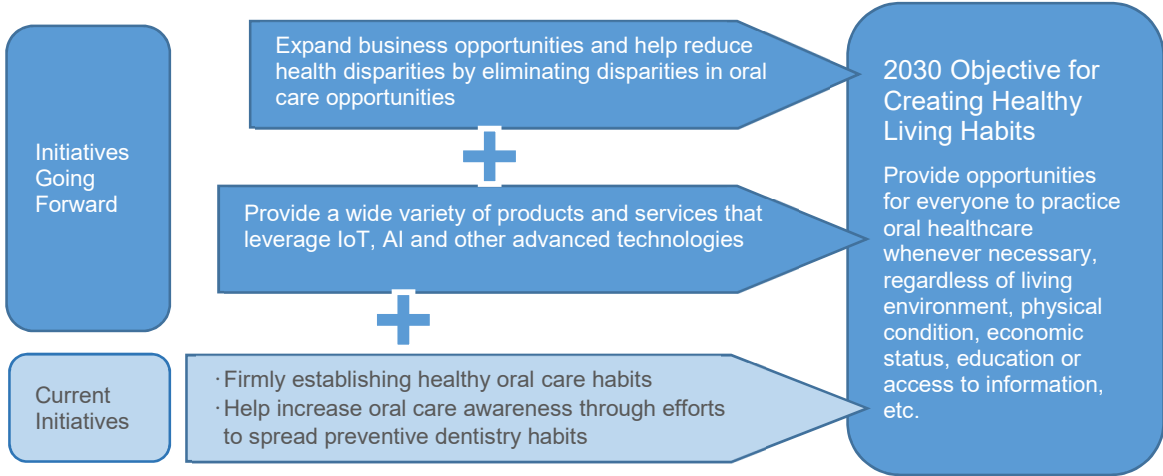
We aim to become an advanced daily healthcare company. Accordingly, we will create shared value for our businesses and for society and contribute to the realization of healthy minds and bodies for all by addressing the social issue of health disparities.

As a first step, we are rolling out new business initiatives in oral care, an area that contributes greatly to creating healthy living habits.

<New Business Initiative: Inclusive Oral Care>

Inclusive oral care refers to activities aimed at eliminating disparities in oral care opportunities due to such factors as living environment, physical condition, economic status, education and access to information and sustainably providing oral care opportunities to all people, without exception, so that they can nurture their natural capacity to live in good health through oral care.

Approach to Initiatives and Our 2030 Objective



Reference

Consolidated Statements of Financial Position
(As of December 31, 2020)

(Millions of yen)

Item	Amount	(Reference) Amount for the previous fiscal year	Item	Amount	(Reference) Amount for the previous fiscal year
Assets			Liabilities		
Current assets	245,419	222,497	Current liabilities	166,628	135,718
Cash and cash equivalents	121,534	110,406	Trade and other payables	141,259	116,268
Trade and other receivables	62,421	61,759	Borrowings	1,405	1,404
Inventories	45,158	43,555	Income tax payables	11,569	6,568
Other financial assets	8,592	4,024	Provisions	1,401	1,582
Other current assets	5,108	2,750	Lease liabilities	1,387	1,495
Subtotal	242,815	222,497	Other financial liabilities	893	739
Assets held for sale	2,603	-	Other current liabilities	8,710	7,659
Non-current assets	190,081	158,204	Non-current liabilities	24,016	23,781
Property, plant and Equipment	118,379	90,903	Borrowings	639	889
Goodwill	182	182	Deferred tax liabilities	1,278	873
Intangible assets	18,921	13,485	Retirement benefit liabilities	13,009	12,091
Right-of-use assets	4,873	5,940	Provisions	357	357
Investments accounted for using the equity method	6,310	9,165	Lease liabilities	4,685	5,510
Deferred tax assets	5,632	2,577	Other financial liabilities	2,487	2,648
Retirement benefit assets	9,936	9,597	Other non-current liabilities	1,558	1,411
Other financial assets	24,859	25,517	Total liabilities	190,644	159,499
Other non-current assets	986	833	Equity		
			Share capital	34,433	34,433
			Capital surplus	34,986	34,788
			Treasury stock	(4,739)	(4,739)
			Other components of equity	10,076	11,320
			Retained earnings	156,965	132,619
			Equity attributable to owners of the parent	231,723	208,421
			Non-controlling interests	13,133	12,780
			Total equity	244,856	221,201
Total assets	435,501	380,701	Total liabilities and equity	435,501	380,701

Consolidated Statement of Income
(From January 1, 2020 to December 31, 2020)

(Millions of yen)

Item	Amount	(Reference) Amount for the previous fiscal year
Net sales	355,352	347,519
Cost of sales	(175,479)	(175,588)
Gross profit	179,872	171,931
Selling, general and administrative expenses	(143,934)	(141,882)
Other income	12,248	1,519
Other expenses	(4,112)	(1,735)
Operating profit	44,074	29,832
Finance income	679	752
Finance costs	(146)	(168)
Share of profit (loss) of investments accounted for using the equity method	(112)	986
Profit before tax	44,494	31,402
Income taxes	(12,538)	(8,422)
Profit for the period	31,955	22,980
Profit for the period attributable to:		
Owners of the parent	29,870	20,559
Non-controlling interests	2,084	2,420
Profit for the period	31,955	22,980

Item	Amount	(Reference) Amount for the previous fiscal year	Item	Amount	(Reference) Amount for the previous fiscal year
			Share acquisition rights	138	143
			Total Net Assets	189,326	170,588
Total Assets	338,598	290,110	Total liabilities and net asset	338,598	290,110

Non-consolidated Statement of Income
(From January 1, 2020 to December 31, 2020)

(Millions of yen)

Item	Amount		(Reference) Amount for the previous fiscal year	
Net sales		281,999		269,478
Cost of sales		105,641		101,044
Gross profit		176,357		168,434
Selling, general and administrative expenses		154,597		151,540
Operating profit		21,760		16,894
Non-operating income				
Interest income	23		23	
Dividend income	4,527		4,598	
Royalty income	1,338		1,242	
Miscellaneous income	337	6,226	256	6,121
Non-operating expenses				
Interest expenses	134		122	
Loss on disposal of inventories	423		380	
Miscellaneous loss	168	726	40	543
Ordinary profit		27,261		22,471
Extraordinary income				
Gain on disposal of non-current assets	10,945		-	
Gain on sales of investment securities	1,338		748	
Gain on sale of businesses	-		2,159	
Other	1,071	13,355	418	3,326
Extraordinary losses				
Gain on disposal of non-current assets	546		323	
Impairment loss	3,014		11	
Loss on valuation of shares of subsidiaries and associates	1,999		-	
Loss on sales of investment securities	2		6	
Loss on disaster	17		377	
Other	344	5,925	-	718
Profit before income taxes		34,690		25,079
Income taxes - current	11,363		6,124	
Income taxes - deferred	(2,517)	8,845	(536)	5,587
Profit		25,844		19,491

Auditors' Report

Accounting Auditor's report for the consolidated financial statements (Certified Copy)

Report of Independent Auditors (Translation)

February 10, 2021

The Board of Directors
Lion Corporation

Tokyo Office
Ernst & Young ShinNihon LLC

Hirokazu Tanaka
Certified Public Accountant
Designated, Limited Liability and Operating
Partner

Tomo Ito
Certified Public Accountant
Designated, Limited Liability and Operating
Partner

Audit opinion

Pursuant to the provisions of Article 444, paragraph 4 of the Companies Act, we have audited the consolidated financial statements of Lion Corporation (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2020, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements for the fiscal year from January 1, 2020 to December 31, 2020.

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of paragraph 1 of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2019 and the results of their operations for the period then ended.

Basis for audit opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditors' responsibility for the audit of the consolidated financial statements* section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the regulations on professional ethics in Japan, and we have fulfilled our other ethical responsibilities as the auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management, Audit & Supervisory Board members and the Audit & Supervisory Board for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements pursuant to the provisions of the second sentence of paragraph 1 of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards; this includes the development and operation of internal control deemed necessary by management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the going concern basis of accounting and disclosing matters related to going concern, as required by the provisions of the second sentence of paragraph 1 of Article 120 of the Ordinance on Company Accounting, which

allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in the development and operation of the financial reporting process.

Auditors' responsibility for the audit of the consolidated financial statements

Our responsibility is to express an opinion on the consolidated financial statements in our audit report from an independent standpoint based on our audit by obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decision-making of users of the consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we perform the following by exercising professional judgment and maintaining professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement, whether due to fraud or error, and then design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditors' judgment. Further, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of accounting policies and their method of application adopted by management, as well as the reasonableness of accounting estimates made by management and adequacy of related disclosures in the notes.
- We conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the notes to consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion with an exceptive item on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the related disclosures in the notes, and whether the consolidated financial statements represent the underlying transactions and accounting events in a manner that achieves fair presentation, in addition to whether the presentation of the consolidated financial statements and related disclosures in the notes are in accordance with the provisions of the second sentence of paragraph 1 of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit on the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards to eliminate or mitigate factors that may hinder our independence.

Interests in the Company

Our firm and engagement partners have no interest in the Company and its consolidated subsidiaries that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Report of Independent Auditors

February 10, 2021

The Board of Directors
Lion Corporation

Tokyo Office
Ernst & Young ShinNihon LLC

Hirokazu Tanaka
Certified Public Accountant
Designated, Limited Liability and Operating
Partner

Tomo Ito
Certified Public Accountant
Designated, Limited Liability and Operating
Partner

Audit opinion

Pursuant to the provisions of Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements of Lion Corporation (the "Company"), which comprise the balance sheet as of December 31, 2020, the statement of income, the statement of changes in shareholders' equity, the notes to the non-consolidated financial statements as well as the related supplementary schedules thereto (hereinafter, collectively, the "non-consolidated financial statements, etc.") for the 160th fiscal year from January 1, 2020 to December 31, 2020.

In our opinion, the above non-consolidated financial statements, etc. present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended December 31, 2020, in accordance with accounting principles generally accepted in Japan.

Basis for audit opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditors' responsibility for the audit of the non-consolidated financial statements, etc.* section of our report. We are independent of the Company in accordance with the regulations on professional ethics in Japan, and we have fulfilled our other ethical responsibilities as the auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of management, Audit & Supervisory Board members and the Audit & Supervisory Board for the non-consolidated financial statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the development and operation of internal control deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. on the going concern basis of accounting and disclosing matters related to going concern, as required by accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in the development and operation of the financial reporting process.

Auditors' responsibility for the audit of the non-consolidated financial statements, etc.

Our responsibility is to express an opinion on the non-consolidated financial statements, etc. in our audit report from an independent standpoint based on our audit by obtaining reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material

misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decision-making of users of the non-consolidated financial statements, etc.

As part of an audit in accordance with auditing standards generally accepted in Japan, we perform the following by exercising professional judgment and maintaining professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement, whether due to fraud or error, and then design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditors' judgment. Further, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of accounting policies and their method of application adopted by management, as well as the reasonableness of accounting estimates made by management and adequacy of related disclosures in the notes.
- We conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the notes to non-consolidated financial statements, etc. or, if such disclosures are inadequate, to express a qualified opinion with an exceptive item on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related disclosures in the notes, and whether the non-consolidated financial statements, etc. represent the underlying transactions and accounting events in a manner that achieves fair presentation, in addition to whether the presentation of the non-consolidated financial statements, etc. and related disclosures in the notes are in accordance with accounting principles generally accepted in Japan.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards to eliminate or mitigate factors that may hinder our independence.

Interests in the Company

Our firm and engagement partners have no interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report

Based on the audit report prepared by each Audit & Supervisory Board Member with regard to the performance of duties by the Directors of Lion Corporation (the "Company") for the 160th fiscal year (from January 1, 2020 to December 31, 2020), the Audit & Supervisory Board of the Company prepares this audit report after deliberation and hereby report, by a unanimous show of hands, as follows:

1. Auditing methods used by Audit & Supervisory Board Members and the Audit & Supervisory Board, and details of audit
 - (1) The Audit & Supervisory Board specified audit policies and audit plans for the fiscal year under review, received reports from each Audit & Supervisory Board Member on the status of implementation and results of audit, and received reports from Directors, employees and accounting auditors on the status of the performance of their duties and asked them for explanations as necessary.
 - (2) In accordance with the auditing standards stipulated by the Audit & Supervisory Board, auditing policies and audit plans, etc. for the fiscal year under review, all Audit & Supervisory Board Members strived to achieve effective communication with Directors, the Auditing Office and other employees, collected information and improved the audit environment. In addition, all Audit & Supervisory Board Members conducted an audit in the following methods.
 - (i) All Audit & Supervisory Board Members attended the meetings of the Board of Directors and other important meetings, received reports from Directors and employees about the status of the performance of their duties, obtained explanations as necessary, reviewed important approval documents, and conducted investigations on the status of the business operations and assets of the Company at its head office, major offices and plants. Furthermore, Audit & Supervisory Board Members also worked to facilitate communication and information exchange with the Directors, Audit & Supervisory Board Members and others of the subsidiaries of the Company, and received reports on the business conditions of subsidiaries each month.
 - (ii) Audit & Supervisory Board Members received reports periodically from Directors and employees on the content of the resolution made by the Board of Directors concerning the development of a system for ensuring that the performance of duties by Directors conforms with laws and regulations and the Company's Articles of Incorporation, as described in the Company's business report, and other systems prescribed in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Company Law as systems necessary for ensuring proper business conduct by a stock company and a corporate group formed by its subsidiaries (internal control system), as well as the construction and status of operation of the internal control system developed based on said resolution. As necessary, Audit & Supervisory Board Members also asked for explanations from Directors and employees and expressed opinions.
 - (iii) An investigation on the situation of deliberation by the Board of Directors and other parties regarding the basic policy of Article 118 (iii) (a) of the Ordinance for Enforcement of the Companies Act and the efforts of (iii) (b) of the same Article indicated in the business report has been added.
 - (iv) We have monitored and verified whether the accounting auditor maintained independence and properly implemented its audit, received from the accounting auditor reports on the performance of its duties, and asked it for explanations as necessary. The accounting auditor reported to us that the "Systems for Ensuring Proper Execution of Duties" (listed in each item of Article 131 of Ordinance on Accounting of Companies) have been developed in accordance with the "Quality Control Standards concerning Audit" (Business Accounting Council, October 28, 2005) and other applicable regulations, and we asked the accounting auditor for explanations as necessary.

Based on the methods mentioned above, we have reviewed the business report, and their supplementary schedule, financial statements (balance sheet, statement of income, non-consolidated statement of changes in shareholders' equity, and notes to financial statements), and their supplementary schedules, and consolidated financial statements (consolidated statements of financial position, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the said fiscal year.

2. Audit results

(1) Results of audit of the business report, etc.

- (i) We confirm that the business report and its supplementary schedules present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
- (ii) With respect to the Directors' performance of their duties, we confirm that there has been no improper act committed or important violation of applicable laws and regulations or of the Articles of Incorporation.
- (iii) We confirm that the details of the resolution made by the Board of Directors concerning the internal control system are proper. With respect to the description in the business report and the Directors' performance of their duties regarding the said internal control system, including internal controls over financial reporting, we confirm that there is no matter to be pointed out.
- (iv) Matters to be pointed out are not recognized for the basic policy regarding the governance of the Company as indicated in the business report.
We confirm that the efforts of Article 118 (iii) (b) of the Ordinance for Enforcement of the Companies Act indicated in the business report follow the corresponding basic policy, do not damage the common interests of the Company shareholders, and are not for the purpose of maintaining the position of the Corporate Officers of the Company. As described in "Basic Policy Regarding Control over the Company and Anti-Takeover Measures" in the business report, it was resolved at the Board of Directors' meeting held on January 29, 2021 to discontinue the Countermeasures against the Large-Scale Purchase of Lion's Shares (anti-takeover measures) at the conclusion of the 160th Annual Meeting of Shareholders for the year ended December 31, 2020.

(2) Results of audit of financial statements and their supplementary schedules

We confirm that the auditing methods and results of Ernst & Young ShinNihon LLC, an accounting auditor, are proper.

(3) Results of audit of consolidated financial statements

We confirm that the auditing methods and results of Ernst & Young ShinNihon LLC, an accounting auditor, are proper.

February 12, 2021

The Audit & Supervisory Board,
Lion Corporation

Toshiyuki Nikkawa
Standing Audit & Supervisory Board Member

Yoshiaki Kamao
Standing Audit & Supervisory Board Member

Takao Yamaguchi
External Audit & Supervisory Board Member

Setsuko Takemoto
External Audit & Supervisory Board Member