

March 1, 2022

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, 2021

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, 2021. 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., Tuesday, March 29, 2022**.

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., Tuesday, March 29, 2022**.

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: Wednesday, March 30, 2022, 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, 2021, to December 31, 2021

Matters to be voted upon

- Item 1.** Partial Amendment to the Articles of Incorporation
- Item 2.** Election of Eleven Directors

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 “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.mufig.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. Partial Amendment to the Articles of Incorporation

1. Reasons for the Amendment

- (1) The Lion Group is advancing the key strategy of “Accelerate growth in four fields of value creation” to realize its management vision of “Becoming an advanced daily healthcare company” under the Vision 2030 long-term strategic framework. Article 2 (Purposes) of the current Articles of Incorporation will be amended to flexibly and responsively handle the business transformation that this entails and to further clarify the content of the Group’s businesses.
- (2) The Lion Group is consolidating its places of business, including those of Group companies, and moving its head office in order to enhance Group synergies, generate innovation and improve operational efficiency. In accordance with these changes, the location of the head office currently specified as Sumida-ku, Tokyo, in Article 3 of the current Articles of Incorporation will be amended to Taito-ku, Tokyo.
Furthermore, a supplementary provision will be established to specify that this change will enter into effect on the date on which the head office is moved, to be decided by the Board of Directors by February 28, 2023.
- (3) Per the Act Partially Amending the Companies Act (Act No. 70 of 2019) and the Act on Arrangement of Relevant Acts Incidental to Enforcement of the Act Partially Amending the Companies Act (Act No. 71 of 2019), the electronic provision of reference materials, etc., for the Shareholders’ Meeting is permitted, and companies utilizing the book-entry transfer system to issue stock (listed companies) are required to state in their articles of incorporation if they will implement measures for the electronic provision of information on the content of reference materials, etc., for the shareholders’ meeting from the effective date of the amendment to the Companies Act regarding electronic provisions measures onward. Accordingly, Lion will make the required amendment to its Articles of Incorporation.

2. Details of the Amendment

(The amended portion is underlined.)

Current	Amended
Chapter I. General Provisions (Purposes) Article 2. The purposes of the Company shall be to engage in the following businesses: 1. Manufacture and sale of toothpaste, pharmaceuticals, quasi-drugs and medical instruments 2. Manufacture and sale of soap, hydrogenated oil, fatty acids, glycerin and other industrial fat- and oil-derived products 3. Manufacture and sale of synthetic detergents, surfactants and other petroleum-, fat- and oil-derived synthetic products 4. Manufacture and sale of cosmetics, perfumes, sanitary products, everyday sundries and cosmetic instruments 5. Manufacture and sale of food products, edible oils and fats, and food additives 6. Manufacture and sale of oxygen, hydrogen, chemical agents, industrial chemicals and agricultural chemicals 7. Manufacture and sale of synthetic resin-type products and other polymer compounds 8. Manufacture and sale of various types of chemical machineries, equipment and instruments (New)	Chapter I. General Provisions (Purposes) Article 2. The purposes of the Company shall be to engage in the following businesses: 1. Manufacture and sale of toothpaste, pharmaceuticals, quasi-drugs and medical instruments 2. Manufacture and sale of soap, hydrogenated oil, fatty acids, glycerin and other industrial fat- and oil-derived products 3. Manufacture and sale of synthetic detergents, surfactants and other petroleum-, fat- and oil-derived synthetic products 4. Manufacture and sale of cosmetics, perfumes, sanitary products, everyday sundries and cosmetic instruments 5. Manufacture and sale of food products, edible oils and fats, and food additives 6. Manufacture and sale of oxygen, hydrogen, chemical agents, industrial chemicals and agricultural chemicals 7. Manufacture and sale of synthetic resin-type products and other polymer compounds 8. Manufacture and sale of various types of chemical machineries, equipment and instruments <u>9. Manufacture and sale of pet food products</u>

(New)	<u>and pet care products</u>
(New)	<u>10. Planning, development, sale and implementation of information dissemination and services related to hygiene, health, housework, food products and beauty care, etc.</u>
(New)	<u>11. Business support and contracting related to hygiene, health, housework, food products, and beauty care, etc.</u>
(New)	<u>12. Design and production of devices, software, etc., related to hygiene, health, housework, food products and beauty care, etc., and the sale of and instruction regarding such technologies</u>
(New)	<u>13. Automotive transport of general cargo, freight forwarding and warehousing</u>
(New)	<u>14. Sale, leasing and management of real estate and travel business</u>
(New)	<u>15. Worker dispatch and for-fee employment referral</u>
(New)	<u>16. Construction</u>
(New)	<u>17. Publicity and advertising agency business</u>
(New)	<u>18. Restaurant business</u>
(New)	<u>19. Goods leasing and intermediary and agency businesses thereof</u>
(New)	<u>20. General insurance agency business and insurance agency business based on the Act on Securing Compensation for Automobile Accidents</u>
(New)	<u>21. Operations related to life insurance soliciting</u>
(New)	<u>22. Arrangement and support for the contracting of specified financial instrument trading business with general insurance companies</u>
(New)	<u>23. Sale of books, office equipment and office supplies</u>
(New)	<u>24. Contracted general affairs work</u>
9. Import and export of raw materials, products and by-products of the preceding items and its agency businesses	<u>25. Import and export of raw materials, products and by-products of the preceding items and its agency businesses</u>
10. Any and all other businesses incidental to the preceding items	<u>26. Any and all other businesses incidental to the preceding items</u>
(Location of Head Office)	(Location of Head Office)
Article 3. The head office of the Company is located in <u>Sumida-ku</u> , Tokyo, Japan.	Article 3. The head office of the Company is located in <u>Taito-ku</u> , Tokyo, Japan.
Chapter III. Shareholders' Meeting (Disclosure on the Internet and Deemed Provision of Reference Documents for Shareholders' Meeting)	Chapter III. Shareholders' Meeting
Article 14. <u>In calling Shareholders' Meeting, the Company may deem to have provided the information concerning matters required to be presented or indicated in reference documents related to</u>	(Deleted)

<p><u>Shareholders' Meeting, Business Reports, Accounting Statements and Consolidated Accounting Statements to the shareholders when such information is disclosed through a method using the Internet pursuant to the laws and ordinances stipulated by the Ministry of Justice.</u></p> <p>(New)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p>	<p><u>(Electronic Provision Measures)</u></p> <p>Article 14. <u>In calling the Shareholders' Meeting, the Company may provide information regarding the content of reference materials, etc., for the Shareholders' Meeting in electronic form. Of the items to be provided electronically, the Company may decide not to list some or all of the items stipulated by ordinance of the Ministry of Justice in the paper form of reference materials provided to shareholders who request such materials in paper form by the reference date of the right to vote.</u></p> <p><u>Supplementary Provision</u> <u>(Location of Head Office)</u> Article 1. <u>The amendment to Article 3 (Location of Head Office) of the Articles of Incorporation will enter into effect on the date on which the head office is moved, to be decided by the Board of Directors by February 28, 2023.</u> <u>This article will be deleted following the date on which the move of the head office takes effect.</u></p> <p><u>(Transitional Measures Concerning Electronic Provision Measures)</u> Article 2. <u>The amended Article 14 of the Articles of Incorporation will take effect as of the effective date of the revised provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the "Effective Date").</u> <u>Notwithstanding the provisions of the preceding paragraph, Article 14 of the current Articles of Incorporation shall remain in effect for a Shareholders' Meeting held within six months of the Effective Date.</u> <u>This article will be deleted six months after the Effective Date or three months after the Shareholders' Meeting mentioned in the preceding paragraph, whichever comes later.</u></p>
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Item 2. Election of Eleven Directors

The tenures of the eleven 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	FY2021 Board of Directors Attendance
1	<input type="checkbox"/> Incumbent Itsuo Hama	Representative Director, Chairman of the Board of Directors	17/17 meetings (100%)
2	<input type="checkbox"/> Incumbent Masazumi Kikukawa	Representative Director, President and Executive Officer	17/17 meetings (100%)
3	<input type="checkbox"/> Incumbent Kenjiro Kobayashi	Director, Senior Executive Officer	17/17 meetings (100%)
4	<input type="checkbox"/> Incumbent Yugo Kume	Director, Senior Executive Officer	17/17 meetings (100%)
5	<input type="checkbox"/> Incumbent Fumitomo Noritake	Director, Executive Officer	17/17 meetings (100%)
6	<input type="checkbox"/> Incumbent Hitoshi Suzuki	Director, Executive Officer	13/13 meetings (100%)
7	<input type="checkbox"/> New candidate Kengo Fukuda	Senior Executive Officer	—
8	<input type="checkbox"/> Incumbent <input type="checkbox"/> External <input type="checkbox"/> Independent Kazunari Uchida	External Director	17/17 meetings (100%)
9	<input type="checkbox"/> Incumbent <input type="checkbox"/> External <input type="checkbox"/> Independent Takashi Shiraishi	External Director	17/17 meetings (100%)
10	<input type="checkbox"/> Incumbent <input type="checkbox"/> External <input type="checkbox"/> Independent Takako Sugaya	External Director	17/17 meetings (100%)
11	<input type="checkbox"/> Incumbent <input type="checkbox"/> External <input type="checkbox"/> Independent Reiko Yasue	External Director	13/13 meetings (100%)

Name	Position	The principle skills and areas of expertise								
		Corporate management	Global business	Finance/ accounting	Legal/risk management	Human resource/ HR development	Sustainability	IT/DX	Sales/marketing	R&D/production
Itsuo Hama	Representative Director, Chairman of the Board of Directors	●				●			●	●
Masazumi Kikukawa	Representative Director, President and Executive Officer	●	●						●	●
Kenjiro Kobayashi	Director Senior Executive Officer		●			●	●	●	●	
Yugo Kume	Director Senior Executive Officer	●		●	●				●	
Fumitomo Noritake	Director Executive Officer							●	●	●
Hitoshi Suzuki	Director Executive Officer	●	●						●	
Kengo Fukuda	Senior Executive Officer	●		●	●	●			●	
Kazunari Uchida	External Director	●	●	●				●	●	
Takashi Shiraishi	External Director		●			●	●			●
Takako Sugaya	External Director				●	●				
Reiko Yasue	External Director	●	●					●	●	

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><u>Incumbent</u></p> <p>Itsuo Hama (March 14, 1954)</p> <p><u>Years in office as director:</u> 14 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2021 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	<p>April 1977 Joined Lion Fat & Oil Co., Ltd.</p> <p>March 2008 Director, Executive General Manager of Household Products Division</p> <p>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>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>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>January 2012 Representative Director, President, Executive Officer, Chief Operating Officer, Responsible for Risk Management</p> <p>January 2014 Representative Director, President and CEO, Executive Officer</p> <p>March 2016 Representative Director, President and CEO, Chairman of the Board of Directors, Executive Officer</p> <p>March 2017 Representative Director, President and Executive Officer, Chairman of the Board</p>		39,363

		<p>of Directors, Chief Executive Officer</p> <p>January 2019 Representative Director, Chairman of the Board of Directors, Chief Executive Officer (current position)</p> <p>(Significant concurrent positions)</p> <p>External Director, Nichirei Corporation (Scheduled to take office in June 2022)</p>	
	<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> 10 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2021 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	<p>April 1984 Joined Lion Corporation</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</p>	23,809
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		<p>March 2017 and Channel-Specific Products Division, Direct Marketing Division, Advertising Department, Behavioral Science Research Institute and Distribution Policy Department</p> <p>January 2018 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>March 2018 Director, Managing Executive Officer, Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses</p> <p>January 2019 Representative Director, Senior Managing Executive Officer, Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses</p> <p>January 2019 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><u>Years in office</u></p>	<p>April 1987</p> <p>January 2012</p> <p>March 2012</p>	<p>Joined Lion Corporation</p> <p>Executive Officer, Executive General Manager of International Division</p> <p>Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division</p>	597,289
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<p><u>as director:</u> 10 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2021 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	January 2014	Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division and Business Development Department I	
	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	
	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	
	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	
	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	
	January 2018	Director, Senior Executive Officer, Responsible for Human Resources and General Affairs Headquarters, Secretary Department, CSV Promotion Department, System Department and Corporate Communication Center	
	January 2019	Director, Senior Executive Officer, Responsible for Corporate Ethics, Human	

		<p>Resources and General Affairs Headquarters, Secretary Department, CSV Promotion Department, System Department, Corporate Communication Center and Business Process Re-engineering Department</p> <p>January 2020 Director, Senior Executive Officer, 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</p> <p>January 2021 Director, Senior Executive Officer, Responsible for Corporate Ethics, Human Resources Development Center, General Affairs Department, Secretary Department, Sustainability Promotion Department, System Department and Business Process Re-engineering Department</p> <p>January 2022 Director, Senior Executive Officer, Responsible for Corporate Ethics, Human Resources Development Center, General Affairs Department, Management Support Department, Sustainability Promotion Department, System Department and Business Process Re-engineering Department (current position)</p>	
<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>Yugo Kume (October 1, 1961)</p> <p><u>Years in office as director:</u> 4 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2021 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	April 1984	Joined Lion Corporation	21,677
		January 2012	Executive General Manager of the Oral Care Business Department, Health & Home Care Products Division	
		January 2015	Assistant Executive General Manager of Health & Home Care Products Division	
		January 2016	Executive Officer, Executive General Manager of Health & Home Care Products Division	
		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	
		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	
		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	
		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	
		January 2021	Director, Senior Executive Officer, Responsible for Business Development Center, Health & Home Care Products	

		Division, Gift and Channel-Specific Products Division, Direct Marketing Division and Corporate Communication Center (current position) (Significant concurrent positions) (Note1) Representative, Lion Corporation (Thailand) Ltd.	
	Reasons for Selection as a Candidate for Director 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.		

5	<u>Incumbent</u> Fumitomo Noritake (August 20, 1963) <u>Years in office as director:</u> 3 (as of the end of this Annual Meeting of Shareholders) <u>FY2021 Board of Directors Attendance</u> 17/17 meetings (100%)	April 1988 Joined Lion Corporation 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, Production Headquarters, Overall Chemicals Businesses, Intellectual Property Department and Safety and Disaster Prevention Promotion	15,277
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		<p>January 2020</p> <p>January 2021</p> <p>January 2022</p> <p>(Significant concurrent positions) (Note1)</p> <p>Representative, Lion Corporation (Thailand) Ltd.</p>	<p>Department, Executive General Manager of Research and Development Headquarters</p> <p>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>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</p> <p>Director, Executive Officer, Responsible for Supply Chain Management Headquarters, Manufacturing Innovation Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production and Logistics 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</p>				

	in the areas of research and development and direct-to-consumer business. He has been taking charge of various important operations including the Overall Chemicals Businesses, Supply Chain Management Headquarters, Production and Logistics Headquarters, and Purchasing 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.
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6	<p><u>Incumbent</u></p> <p>Hitoshi Suzuki (March 24, 1963)</p> <p><u>Years in office as director:</u> 1 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2021 Board of Directors Attendance</u> 13/13 meetings (100%)</p>	<p>April 1985 Joined Lion Corporation</p> <p>January 2012 Director of Business Development Department, International Division</p> <p>January 2014 Assistant Executive General Manager of International Division and Director of Business Development Department II</p> <p>January 2015 Assistant Executive General Manager of International Division and Director of New Area Development office</p> <p>January 2016 Executive Officer, Executive General Manager of International Division, Director of Oleochemical Business Development Office and New Area Development office</p> <p>January 2017 Executive Officer, Executive General Manager of International Division and Director of Strategic Planning Department</p> <p>May 2017 Executive Officer, Executive General Manager of International Division</p> <p>March 2019 Senior Executive Officer, Executive General Manager of International Division</p> <p>March 2021 Director, Executive Officer, Responsible for International Division (current position)</p> <p>(Significant concurrent positions) (Note2) Representative, Lion Corporation (Thailand) Ltd., Representative, Southern Lion Sdn. Bhd.</p>	14,177
	<p>Reasons for Selection as a Candidate for Director</p> <p>Hitoshi Suzuki possesses expert knowledge in operations, primarily in the international business, and wealth of experience stationed overseas. Based on that, he has been contributing to the growth of the overseas business and the creation of brand strategies as the officer responsible for the overall overseas business. 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	<div>New candidate</div> <div>Kengo Fukuda (April 1, 1965)</div> <div>Years in office as director: —</div> <div>FY2021 Board of Directors Attendance —</div>	<div>April 1987 Joined Lion Corporation</div> <div>January 2014 Director of Corporate Planning Department</div> <div>January 2017 Executive Officer, Executive General Manager of Corporate Strategy Headquarters</div> <div>January 2020 Executive Officer, President of Lion Hygiene Co., Ltd.</div> <div>January 2022 Senior Executive Officer, Assistant to the President (current position)</div>	5,700
	<div>Reasons for Selection as a Candidate for Director</div> <div>Kengo Fukuda possesses a wealth of expert knowledge, mainly in the area of corporate planning, has formulated and promoted management strategies as Executive General Manager of the Corporate Strategy Headquarters since 2017, and has been contributing to the expansion of the Group's business as president of a subsidiary since 2020. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be newly elected.</div>		

8	<div> <div>Incumbent</div> <div>External</div> <div>Independent</div> </div> <div> <div>Kazunari Uchida</div> <div>(October 31, 1951)</div> </div> <div> <div>Years in office</div> <div>as external</div> <div>director:</div> <div>6</div> <div>(as of the end of this Annual Meeting of Shareholders)</div> </div> <div> <div>FY2021 Board of Directors</div> <div>Attendance</div> <div>17/17 meetings (100%)</div> </div>	<div> <div>January 1985</div> <div>Joined Boston Consulting Group</div> </div> <div> <div>June 2000</div> <div>Representative for Japan, Boston Consulting Group</div> </div> <div> <div>March 2006</div> <div>External Auditor, Suntory Limited (now Suntory Holdings Limited)</div> </div> <div> <div>April 2006</div> <div>Professor, Faculty of Commerce, Waseda University (Scheduled to retire in March 2022)</div> </div> <div> <div>February 2012</div> <div>External Auditor, Kewpie Corporation</div> </div> <div> <div>June 2012</div> <div>External Director, Lifenet Insurance Company</div> <div>External Director, Mitsui-Soko Holdings Co., Ltd.</div> </div> <div> <div>August 2012</div> <div>External Director, Japan ERI Co., Ltd. (now ERI Holdings Co., Ltd.)</div> </div> <div> <div>February 2015</div> <div>External Director, Kewpie Corporation</div> </div> <div> <div>March 2016</div> <div>External Director, Lion Corporation (current position)</div> </div> <div> <div>(Significant concurrent positions)</div> <div>External Director, BROTHER INDUSTRIES, LTD.</div> </div>	8,100

	<p>Reasons for Selection as a Candidate for External Director and overview of expected roles</p> <p>Kazunari Uchida possesses managerial 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. We expect that he will continue to fulfill the roles above, and we have determined that his advanced management decision-making know-how is necessary to improve the transparency of our management and further strengthen the oversight function of the Board of Directors, and therefore request that he be reelected as an external director.</p>
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9	<div> <div>Incumbent</div> <div>External</div> <div>Independent</div> </div> <p>Takashi Shiraishi (February 22, 1950)</p> <p><u>Years in office as external director:</u> 5 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2021 Board of Directors Attendance</u> 17/17 meetings (100%)</p>	<p>June 1979 Assistant Professor, International Relations, Department of Humanities and Social Science, College of Arts and Sciences, University of Tokyo</p> <p>January 1996 Professor, Department of Asian Studies and Department of History, College of Arts and Sciences, Cornell University</p> <p>July 1996 Professor, Center for Southeast Asian Studies, Kyoto University</p> <p>April 2005 Professor and Vice President, National Graduate Institute for Policy Studies</p> <p>May 2007 President, Institute of Developing Economies, Japan External Trade Organization</p> <p>January 2009 Councilor, Council for Science, Technology and Innovation, Cabinet Office</p> <p>April 2011 President, National Graduate Institute for Policy Studies</p> <p>January 2013 Member, Management Evaluation Committee (now the Advisory Committee), Lion Corporation</p> <p>March 2017 External Director, Lion Corporation (current position)</p> <p>April 2017 Special visiting professor, Ritsumeikan University</p> <p>May 2017 Professor Emeritus, National Graduate Institute for Policy Studies (current position)</p> <p>April 2018 Chancellor, Prefectural University of Kumamoto (current position)</p>	5,200
	<p>Reasons for Selection as a Candidate for External Director and overview of expected roles</p> <p>Takashi Shiraishi possesses 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</p>		

	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. We expect that he will continue to fulfill the roles above, and we have determined that his advanced management decision-making know-how is necessary to improve the transparency of our management and further strengthen the oversight function of the Board of Directors, and therefore request that he be reelected as an external director.
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10	<u>Incumbent</u> <u>External</u> <u>Independent</u> Takako Sugaya (September 20, 1972) <u>Years in office as external director:</u> 3 (as of the end of this Annual Meeting of Shareholders) <u>FY2021 Board of Directors Attendance</u> 17/17 meetings (100%)	October 2002 Registered as an attorney at law (Daini Tokyo Bar Association) Joined Yamada Hideo Law Office (now the Yamada Ozaki Law Office) (current position) April 2010 Associate Professor, Toin University of Yokohama Graduate School of Laws June 2018 External Director, Haruyama Holdings, Inc. March 2019 External Director, Lion Corporation (current position) (Significant concurrent positions) External Audit & Supervisory Board Member, Faith, Inc., External Director, Kyokuto Securities Co., Ltd.	1,200
	Reasons for Selection as a Candidate for External Director and overview of expected roles 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 her role as an external director for the Company, including supervising business execution. We expect that she will continue to fulfill the roles above, and we have determined that her advanced insight related to corporate governance and compliance is necessary to improve the transparency of our management and further strengthen the oversight function of the Board of Directors, and therefore request that she be reelected as an external director.		
	(Note) Takako Sugaya's legal name is Takako Tanae.		

11	<div> <div>Incumbent</div> <div>External</div> <div>Independent</div> </div> <p>Reiko Yasue (January 26, 1968)</p> <p><u>Years in office as external director:</u> 1 (as of the end of this Annual Meeting of Shareholders)</p> <p><u>FY2021 Board of Directors Attendance</u> 13/13 meetings (100%)</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>March 2021 External Director, Lion Corporation (current position) (Significant concurrent positions) Board Director (external), TOMY COMPANY, LTD.</p>	1,200
	<p>Reasons for Selection as a Candidate for External Director and overview of expected roles</p> <p>In addition to her managerial experience as president and representative director of a domestic IT company, Reiko Yasue possesses a wealth of expert knowledge and experience in international business, as well as experience as an external director of other companies, actively participates in the Board of Directors meetings, and suitably carried out her role as an external director for the Company, including supervising business execution. We expect that she will continue to fulfill the roles above, and we have determined that her advanced insight related to the IT field is necessary to improve the transparency of our management and further strengthen the oversight function of the Board of Directors, and therefore request that she be reelected 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. and Southern Lion Sdn. Bhd. The Company engages in transactions involving the sale of finished products and the procurement of merchandise with Lion Corporation (Thailand) and Southern Lion Sdn. In addition, the Company receives royalties for the use of its technologies and trademarks from each of the above companies.

(Note3) 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 an agreement with Kazunari Uchida, Takashi Shiraishi, Takako Sugaya and Reiko Yasue to 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 each director if he/she is reelected as an external director.

(Note4) Details of compensation contracts

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, the Company plans to conclude a compensation agreement with each director to compensate for expenses under Article 430-2, Paragraph 1, Item 1 of the Companies Act and losses of Item 2 of the same paragraph within the scope stipulated by law.

(Note5) 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

Insurance premiums shall be borne by the company, including the special provisions.

(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, or 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.

(Note6) 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.

Reference

Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members

1. Lion Corporation's external directors and external Audit & Supervisory Board members 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 Audit & Supervisory Board member (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/Audit & Supervisory Board members⁵
 - (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 Audit & Supervisory Board members 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 Audit & Supervisory Board member.
 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 Companies Act 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/Audit & Supervisory Board members refers to a reciprocal relationship wherein the Company offers a post as an external director/Audit & Supervisory Board member 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/Audit & Supervisory Board member in said listed company.

(Attached Documents)
Business Report (From January 1, 2021 to December 31, 2021)

I Current Conditions of the Lion Group

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

			158th term (From January 1, 2018 to December 31, 2018)	159th term (From January 1, 2019 to December 31, 2019)	160th term (From January 1, 2020 to December 31, 2020)	161st term (Current fiscal year) (From January 1, 2021 to December 31, 2021)
Profit/loss	Net sales	(Millions of yen)	349,403	347,519	355,352	366,234
	Core operating income	(Millions of yen)	28,375	30,048	35,937	30,923
	Profit for the period attributable to owners of the parent	(Millions of yen)	25,606	20,559	29,870	23,759
	Basic earnings per share	(Yen)	88.11	70.72	102.75	81.73
Financial position	Total equity	(Millions of yen)	204,271	221,201	244,856	265,014
	Equity attributable to owners of the parent per share	(Yen)	657.50	716.94	797.08	865.31
	Total assets	(Millions of yen)	355,365	380,701	435,501	428,025
Company information	Consolidated subsidiaries		23 companies	22 companies	21 companies	21 companies
	Associates accounted for using equity method		6 companies	6 companies	6 companies	4 companies

Notes:

- Figures indicated as millions of yen are rounded down to the nearest million yen.
- 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 2021 (January 1, 2021–December 31, 2021), as the effects of the novel coronavirus (COVID-19) pandemic stretched on, despite signs of recovery in corporate profits, conditions in the Japanese economy remained harsh overall, with continued stagnation in employment and personal consumption.

In domestic consumer products, the Lion Group's main business, while unit prices continued to rise, the overall market shrank, due partly to recoil from an expansion in sales of hygiene-related products and certain other products in the previous year.

Amid such an environment, under Vision 2030, its long-term strategic framework, the Lion Group advanced initiatives to address its Sustainability Material Issues as well as measures based on three growth strategies. These strategies are "Accelerate growth in four fields of value creation," "Transform our business foundations for growth" and "Generate dynamism to realize innovative change." At the same time, with no end to the novel coronavirus (COVID-19) pandemic in sight, the Lion Group made every effort to prevent the spread of the virus and ensure the safety of its employees while focusing efforts on promoting the establishment of good hygienic habits.

In its domestic operations, Lion introduced such new products as toothpastes, dental rinses, hygiene-related products, fabric softeners, dishwashing detergents, household cleaners and antipyretic analgesics, focusing on high-added-value products, and worked to cultivate markets for these products through efficient marketing and other measures.

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

Reflecting these efforts, consolidated results for fiscal 2021 are as follows. Net sales amounted to ¥366,234 million, a year-on-year increase of 3.1% (or a 1.9% increase at constant currency excluding exchange rate fluctuations). Core operating income came to ¥30,923 million, down 14.0% compared with the previous fiscal year, and operating profit to ¥31,178 million, down 29.3% year on year. Profit for the period attributable to owners of parent totaled ¥23,759 million, down 20.5% compared with the previous fiscal year.

Results by business

	Net sales	YoY change	Core operating income	YoY change
Consumer Products Business	¥247,068 million	0.6 %	¥19,039 million	(22.8) %
Industrial Products Business	¥61,271 million	11.3 %	¥2,650 million	22.0 %
Overseas Business	¥109,253 million	7.5 %	¥6,005 million	(15.9) %
Other Business	¥27,881 million	(19.9) %	¥2,145 million	(7.3) %
Subtotal	¥445,474 million	1.9 %	¥29,841 million	(17.7) %
Adjustment	¥(79,240) million	– %	¥1,081 million	– %
Total	¥366,234 million	3.1 %	¥30,923 million	(14.0) %

Consumer Products Business	Net sales	¥247,068 million (Up 0.6% year on year)
	Core operating income	¥19,039 million (Down 22.8% year on year)

The Consumer Products Business segment comprises the Oral Care Products, Beauty Care Products, Fabric Care Products, Living Care Products, Pharmaceutical Products and Other Products businesses. Segment net sales increased 0.6% year on year. Core operating income decreased 22.8% year on year.

Oral Care Products	Net sales	¥69,418 million (Up 4.5% year on year)
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This segment includes products such as toothpastes, toothbrushes and mouthwashes.

In toothpastes, although sales of SYSTEMA EX Toothpaste decreased year on year, those of CLINICA ADVANTAGE Toothpaste were favorable, and new Lightee Toothpaste, a whitening toothpaste that thoroughly removes grime from even micro-level imperfections in the dental surface, received favorable customer reviews. Overall sales increased year on year.

In toothbrushes, sales of CLINICA ADVANTAGE Toothbrush were strong, and sales of Systema Toothbrush were firm. Overall sales increased year on year.

In dental rinses, sales of NONIO Plus Whitening Dental Rinse were strong, and the product lineup saw the addition of new SYSTEMA Haguki (the Gums) Plus Premium Dental Rinse, featuring a unique premium formula with eight effects that revitalizes gums and helps prevent gum disease (gum and periodontal inflammation). Overall sales increased year on year.

Beauty Care Products	Net sales	¥24,729 million (Down 21.5% year on year)
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This segment includes products such as hand soaps, body washes and antiperspirants and deodorants.

In hand soaps, sales of KireiKirei Medicated Foaming Hand Soap decreased year on year, reflecting recoil from a demand boom in the previous year. Overall sales decreased year on year.

In body washes, sales of hadakara Body Soap were firm, and overall sales increased year on year.

In antiperspirants and deodorants, sales of the Ban Sweat-Blocking Roll-On series decreased year on year. Overall sales fell year on year.

Fabric Care Products	Net sales	¥60,660 million (Up 2.6% year on year)
<p>This segment includes products such as fabric softeners, laundry detergents and bleaches.</p> <p>In fabric softeners, sales of SOFLAN Aroma Rich and SOFLAN Premium Deodorizer were firm. Overall sales were up year on year.</p> <p>In laundry detergents, sales of highly concentrated liquid laundry detergent TOP SUPER NANOX For Odors were strong, but sales of liquid laundry detergent TOP Clear Liquid fell year on year. Overall sales decreased slightly year on year.</p>		
Living Care Products	Net sales	¥25,158 million (Up 4.5% year on year)
<p>This segment includes products such as dishwashing detergents, household cleaners and cooking-aid products.</p> <p>In dishwashing detergents, sales of CHARMY Magica were steady, and sales of CHARMY Crysta for dishwashers were strong. Overall sales increased year on year.</p> <p>In household cleaners, sales of bath detergent LOOK Plus Bath Cleansing and bathroom fungicide LOOK Plus Bath Antimold Fogger were strong, and LOOK Plus Awa-Pita Toilet Cleaning Spray, a new type of product that easily cleans even the hard-to-clean space under the toilet bowl rim, received favorable consumer reviews. Overall sales increased significantly year on year.</p> <p>In food preparation products, sales of REED Healthy-Cooking Paper decreased year on year, and overall sales decreased year on year.</p>		
Pharmaceutical Products	Net sales	¥25,381 million (Up 6.2% year on year)
<p>This segment includes products such as antipyretic analgesics, eye drops and dermatologic agents.</p> <p>In antipyretic analgesics, sales of the BUFFERIN series, which saw the launch of BUFFERIN PREMIUM DX, a new product for painful headaches that is formulated for maximum effect and speed, were up substantially year on year, and overall sales increased significantly year on year.</p> <p>In eye drops, sales of the Smile 40EX series decreased year on year, but sales of Smile 40 Mediclear DX were strong, and overall sales increased year on year.</p>		
Other products	Net sales	¥41,720 million (Up 3.0% year on year)
<p>The other products segment includes products such as direct-to-consumer sales products and pet supplies.</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 firm, and those of oral care products were favorable. Overall sales were up year on year.</p>		

Industrial Products Business	Net sales	¥61,271 million (Up 11.3% year on year)
	Core operating income	¥2,650 million (Up 22.0% year on year)
The Industrial Products Business segment includes the Mobility, 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 increased 11.3% year on year. Core operating income increased 22.0% year on year.		
In the Mobility field, sales of anti-sticking agents for tires and mold releasing agent for rubber were strong, and overall sales increased significantly year on year.		
In the Electronics field, sales of conductive carbon for vehicle batteries were strong, and overall sales were up substantially year on year.		
In the Detergents for Institutional Use Products field, sales of hand soaps were favorable, and overall sales were up year on year.		

Overseas Business	Net sales	¥109,253 million (Up 7.5% year on year)
	Core operating income	¥6,005 million (Down 15.9% year on year)
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 7.5% year on year (or a 3.1% increase at constant currency excluding exchange rate fluctuations). Core operating income decreased 15.9% year on year.		
Southeast Asia		
	Net sales	¥68,795 million (Up 3.5% year on year)
In Southeast Asia, overall sales were up 3.5% year on year.		
In Thailand, sales of dishwashing detergents decreased year on year, but sales of laundry detergents were steady. Overall sales after yen conversions were up year on year.		
In Malaysia, sales of TOP laundry detergent were firm. Overall sales after yen conversions were up year on year.		
Northeast Asia		
	Net sales	¥40,458 million (Up 15.1% year on year)
In Northeast Asia, overall sales were up 15.1% year on year.		
In South Korea, sales of hand soaps decreased year on year, but due to exchange rate fluctuations, overall sales after yen conversions increased year on year.		
In China, sales of SYSTEMA toothbrushes and products imported from Japan increased significantly year on year. Overall sales after yen conversions were up substantially year on year.		

Other Business	Net sales	¥27,881 million (Down 19.9% year on year)
	Core operating income	¥2,145 million (Down 7.3% year on year)
In other business, including the construction contracting business, overall sales decreased 19.9% year on year and core operating income decreased 7.3% year on year.		

3. Capital Expenditure

Total capital expenditure for the Lion Group during the fiscal year under review was ¥16,099 million, which included ¥10,813 million for the Consumer Products Business, ¥2,477 million for the Industrial Products Business, ¥2,564 million for the Overseas Business, and ¥243 million for Other Business.

The major facilities that were 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)	¥1,388 million
	Fabric softener manufacturing equipment (additional)	¥255 million
Odawara Plant	Toothpaste manufacturing equipment (additional)	¥562 million
	Pharmaceutical manufacturing equipment (additional)	¥146 million
Osaka Plant	Detergent manufacturing equipment (additional)	¥213 million
	Fabric softener manufacturing equipment (additional)	¥678 million
Akashi Plant	Bleach manufacturing equipment (additional)	¥116 million
	Toothbrush manufacturing equipment (additional)	¥1,262 million
	Toothpaste manufacturing equipment (additional)	¥249 million
	Dental Rinse manufacturing equipment (additional)	¥181 million
Lion Chemical Co., Ltd.'s Oleochemical production site	Toothpaste manufacturing equipment (new)	¥34,129 million
Research Center	Research and development devices (expanded)	¥631 million
(ii) Subsidiaries		
Lion Chemical Co., Ltd.	Cosmetic manufacturing equipment (additional)	¥947 million
Lion Specialty Chemicals Co., Ltd.	Chemical manufacturing equipment (additional)	¥228 million
Lion Corporation (Thailand) Ltd.	Detergent manufacturing equipment (additional)	¥754 million

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

(i) The Company	
Chiba Plant	Detergent manufacturing equipment (additional)
(ii) Subsidiaries	
Lion Corporation (Thailand) Ltd.	Detergent manufacturing equipment (additional)

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 set forth its management vision of “Becoming an advanced daily healthcare company” for 2030, and it aims to contribute to a sustainable society and grow its business by application of its stated purpose “Make a difference in everyday lives by redesigning habits,” and has formulated its medium- to long-term management strategy framework “Vision 2030.”

To achieve its management vision, we recognize that the Group's challenge is to quickly promote the strategies set forth in the three-year medium-term management plan “Vision 2030 1st STAGE” that started in 2022 and lead to steady results.

◇Management Strategies for Realizing the Management Vision

The Three Growth Strategies

(1) Accelerate Growth in four fields of value creation

Focusing on the four fields of value creation, we will reinforce existing businesses and create new value to secure profit opportunities and further accelerate growth in Japan and overseas.

(2) Transform Our Business Foundations for Growth

We will reinforce strategic investment (in M&A, supply chain management, manufacturing infrastructure, digital technologies, sustainability, etc.) necessary for future growth and transform our business base into one that promotes growth.

(3) Generate Dynamism to Realize Innovative Change

We will create dynamism to transform into a company that can grow sustainably by improving employee engagement through professional fulfillment reforms and diversity and inclusion initiatives.

Reinforce Initiatives to Address the Sustainability Material Issues

We will contribute to the realization of a decarbonized, resource-circulating society by promoting the formation of environmentally friendly living habits together with consumers. In addition to further developing our environmental technologies, products and services, we will work with other industry actors and companies to develop water-saving habits, power-saving habits, refill habits and waste-free habits* that reduce environmental impact in the home, both in Japan and the rest of Asia.

* Creating habits to realize resource recycling through advanced recycling initiatives (infrastructure development, recycling technology, etc.)

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.

Toward the realization of Vision 2030

1. Vision 2030 Long-Term Strategic Framework

The Group has set forth its management vision for 2030 of “Becoming an advanced daily healthcare company,” and in order to accelerate its evolution into a business that can continuously contribute to solving social issues through the application of its purpose, formulated its medium- to long-term management strategy framework “Vision 2030” last year.

The Past 10 Years: Increased profitability

■Shift toward higher-added-value products (unit price>volume)

■Advanced structural reforms

The Next 10 Years: Increase corporate value by expanding our presence

■Expand overseas and new businesses

■Maximize up-front investment

■Continually reinforce future oriented growth investment

Vision for 2030

The Lion Group will synergistically address its sustainability material issues and advance three growth strategies in order to contribute to the realization of a sustainable society and achieve business growth.

Social value

Contribute to a sustainable society

▶Enhance consumer QOL

▶Contribute to the realization of a decarbonized, resource-circulating society
(Create water- and power-saving habits, Create refill habits and recycling)

Economic value

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

Management Theme for the Run-Up to 2030: Enhancing Lion's market, economic and social presence
To contribute to the daily lives of more people through the practice of Purpose, we aim to grow our business by expanding to more contact with consumers, more targets, and more areas.
In addition, we aim to realize a spiral of corporate value expansion by reinvesting and returning cash generated from up-front investment and business growth.

2. Medium-Term Management Plan: Vision 2030 1st STAGE 2022–2024

To perceive signs of changes in the business environment and steadily promote strategies toward the realization of “Vision 2030,” the Group has established three medium-term management plans, each covering a period of three years up to 2030, and during the first period it is promoting “Vision 2030 1st STAGE.”

Position of the Vision 2030 1st STAGE

Gear change towards accelerated growth

- ▶ Seek returns from up-front investment
- ▶ Reinvest in future growth
- ▶ Reinforce ROIC management to enhance management control

Consolidated performance targets for 2024

Net sales	¥420 billion
EBITDA ¹	¥52 billion
Core operating income	¥32 billion
ROIC ²	Approx.7.5%
ROE	Approx.9.0%

1. EBITDA is an indicator of profitability on a cash basis calculated as the sum of core operating income and depreciation and amortization (excluding depreciation of right of use assets).
2. ROIC is an indicator calculated from net operating profit after tax (NOPAT) divided by the average invested capital (total equity plus interest bearing liabilities) during the period, and measures the efficiency and profitability of the invested equity.

Three growth strategies <1st STAGE initiatives >

Accelerate growth in four fields of value creation

- Secure profit opportunities by evolving existing businesses and creating new businesses in the four fields of value creation
- Maintain rapid growth in China
- Enter new countries and areas
- Expand social contribution by promoting environmentally friendly habits

Transform our business foundations for growth

- Accelerate DX (business foundations, operational streamlining)
- Reinforce and make full use of systems infrastructure
- Enhance management control
- Accelerate the implementation of sustainability strategy

Generate dynamism to realize innovative change

- Advance the Lion Professional Fulfillment Reforms
- Promote diversity & inclusion
- Expand investment in personnel development and human capital (DX/Global/New businesses)

Initiatives to address the sustainability material issues

- We will contribute to the realization of a decarbonized society and a resource-circulating society by creating "environmentally friendly habits" with consumers.
- We will develop "spreading water- and power-saving habits" and "refill / waste-free habits" that reduce the environmental burden at home in Asia, including Japan in collaboration with industry and other companies.

Financial Strategy (Cash Allocation)

Strategic investment: Reinvestment in growth

- Creation and acquisition of foundations for future growth
- Plan to invest about ¥80 billion in 3 years

Shareholder returns: Continuous and stable returns

- Aiming to increase dividends three years in a row
- Flexibly buy back and cancel treasury stock

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 US\$	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	PLANET, INC.	436 million yen	16.0	Network building and information provision for the commodities industry
*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.
- US\$...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

(2) Progress in important corporate consolidation

On April 1, 2021, we transferred all of Lion Idemitsu Composites Co., Ltd.'s shares held to Idemitsu Kosan Co., Ltd., the joint venture partner, and dissolved the joint venture agreement.

7. Major Offices and Plants (as of December 31, 2021)

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

Lion Corporation (Korea) (South Korea)

Lion Corporation (Thailand) Ltd. (Thailand)

Southern Lion Sdn. Bhd. (Malaysia)

8. Employees (as of December 31, 2021)

The number of employees of the Lion Group is 7,584 (an increase of 132 from the end of the previous year). The number of employees of the Company is 3,165 (an increase of 46 from the end of the previous year).

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

9. Major Creditors (as of December 31, 2021)

Not applicable.

II Shares of the Company (as of December 31, 2021)

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 (7,613,727 shares). Treasury stocks do not include the executive compensation BIP trust (768,785 shares).
2. There are no changes in share capital.

Composition ratios by shareholder category

- Japanese financial institutions 34.93%
- Foreign institutions and individuals 22.72%
- Individual investors and others 24.43%
- Other corporations 14.61%
- Financial instrument firms 3.31%

2. Number of Shareholders 164,059

3. Principal Shareholders (top 10 shareholders)

	Name of shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	33,850	11.61
2	Custody Bank of Japan, Ltd. (Trust Account)	26,606	9.12
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.	10,282	3.52
4	STATE STREET BANK AND TRUST COMPANY 505223	8,016	2.75
5	MUFG Bank, Ltd.	7,076	2.42
6	STATE STREET BANK WEST CLIENT - TREATY 505234	4,687	1.60
7	SMBC Nikko Securities Inc.	4,619	1.58
8	Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,450	1.52
9	Meiji Yasuda Life Insurance Company	4,100	1.40
10	Toyota Tsusho Corporation	3,506	1.20

Notes:

1. Number of shares held is rounded down to the nearest thousand.
2. Shareholding ratio is calculated based on the number of shares (291,501,619 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.

4. Status of shares delivered to corporate officers as consideration for the execution of duties during the fiscal year under review

Classification	Number of shares	Number of eligible recipients
Director (excluding external directors)	11,377	1 person

Note: Details of the Company's stock-based compensation are described in "III Company's Corporate Officers 3. Compensation, etc. for Directors and Audit & Supervisory Board Members."

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.

III Company's Corporate Officers

1. Details of Directors and Audit & Supervisory Board Members (as of December 31, 2021)

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 Director, President and Executive Officer	Masazumi Kikukawa	Chief Operating Officer
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.
Director, Executive Officer	Hitoshi Suzuki	Responsible for International Division, Representative, Lion Corporation (Thailand) Ltd., Representative, Southern Lion Sdn. Bhd.
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.
External Director	Reiko Yasue	President and Executive Officer, Cybernet Systems Co., Ltd., Board Director (external), TOMY COMPANY, LTD.
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, KYORIN Holdings, Inc., External Audit & Supervisory Board Member, Tokyo Tatemono Co., Ltd.
External Audit & Supervisory Board Member	Setsuko Takemoto	Certified Tax Accountant
External Audit & Supervisory Board Member	Atsuko Suzuki	External Director (Audit & Supervisory Committee Member), ASAHI CO., LTD., External Director, YAMAZEN CORPORATION

Notes:

1. There is no special interest between other companies where Kazunari Uchida, Takako Sugaya, Reiko Yasue, Takao Yamaguchi and Atsuko Suzuki 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, Takako Sugaya and Reiko Yasue, and external Audit & Supervisory Board members Takao Yamaguchi, Setsuko Takemoto and Atsuko Suzuki 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.
4. 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.
5. Details of the Directors and Officers Liability Insurance
The Company has taken out Directors and Officers Liability Insurance which covers each of directors, Audit & Supervisory Board Members and Executive Officers who do not concurrently serve as directors in order to secure excellent personnel and prevent irresoluteness in the course of their execution of duties.
[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.

Responsibilities of the corporate officers, etc. as of January 1, 2022 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
Director, Senior Executive Officer	Kenjiro Kobayashi	Responsible for Corporate Ethics, Human Resources Development Center, General Affairs Department, Management Support Department, Sustainability Promotion Department, System

	Department and Business Process Re-engineering Department
Director, Senior Executive Takeo Sakakibara Officer	Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Reliability Assurance Department and Legal Department
Director, Senior Executive Yugo Kume Officer	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, Manufacturing Innovation Headquarters, Purchasing Headquarters, Research and Development Headquarters, Production and Logistics Headquarters, Overall Chemicals Businesses, DX Promotion Department, Intellectual Property Department and Safety and Disaster Prevention Promotion Department, Representative, Lion Corporation (Thailand) Ltd.
Director, Executive Officer Hitoshi Suzuki	Responsible for International Division, Representative, Lion Corporation (Thailand) Ltd., Representative, Southern Lion Sdn. Bhd.

Executive officers who do not concurrently serve as directors as of December 31, 2021 are as follows. Masaharu Mikuni, Tomomichi Okano, Hiroyuki Chiba, Shinichiro Hiraoka, Jiro Nagasawa, Kengo Fukuda, Yasutsugu Shimizu, Takashi Nagai, Yoko Koike, Kosuke Tanaka, Masayuki Takemori, Annette Ling

Executive officers appointed on January 1, 2022 who do not concurrently serve as directors are as follows.

Masaharu Mikuni, Kengo Fukuda, Masayuki Takemori, Tomomichi Okano, Jiro Nagasawa, Yasutsugu Shimizu, Yoko Koike, Kosuke Tanaka, Annette Ling, Kei Minamikawa

2. External Officers

The main activities of external directors and external Audit & Supervisory Board Members are as follows.

(1) External Director

Name	Attendance at Board of Directors' meetings	Status of principal remarks and outline of duties performed regarding expected roles of external directors
Kazunari Uchida	17/17 meetings	Based on advanced management decision-making know-how backed by the management experience of a management consulting company as representative of Japan, he actively gave advice on the management strategy of the Group and made remarks to strengthen the business in general. As an external director of the Company, he played an appropriate role in supervising business execution.
Takashi Shiraishi	17/17 meetings	Based on advanced management decision-making know-how backed by management experience as President of the National University Corporation, he actively made statements to ensure the suitability and appropriateness of decision-making throughout the Group's management. As an external director of the Company, he

		played an appropriate role in supervising business execution.
Takako Sugaya	17/17 meetings	Based on her wealth of knowledge and experience centered on corporate legal affairs as a lawyer, she actively made statements to strengthen the risk management and compliance system of the Group, and as an external director of the Company, she played an appropriate role in supervising business execution.
Reiko Yasue	13/13 meetings	Based on her management experience as president and representative director of a domestic IT company and her wealth of knowledge and experience in international business, she actively gave advice on the DX strategy of the Group and made remarks for strengthening business mainly overseas. As an external director of the Company, she played an appropriate role in supervising business execution.

(Note) Reiko Yasue was newly elected as a director at the 160th Annual Meeting of Shareholders held on March 30, 2021, and assumed office on the same day. As a result, the number of attendances is based on the Board of Directors' meetings held afterwards.

(2) External Audit & Supervisory Board Member

Name	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings	Principal comments
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.
Atsuko Suzuki	13/13 meetings	11/11 meetings	Regarding the business execution of the entire Group, she made appropriate remarks based on her knowledge as an expert mainly on sustainability.

(Note) Atsuko Suzuki was newly elected as Audit & Supervisory Board members at the 160th Annual Meeting of Shareholders held on March 30, 2021, and assumed office on the same day. As a result, the number of attendances is based on the Board of Directors' meetings and Audit & Supervisory Board meetings held afterwards.

3. Compensation, etc. Received by Directors and Audit & Supervisory Board Members

(1) 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.

(i) 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 seven members: four external directors, three external Audit & Supervisory Board members.

(ii) Basic Policy on compensation of directors and Audit & Supervisory Board members

In order to contribute to the realization of the Company's management policy and the continuous and medium- to long-term improvement of the Company's corporate value, we design the executive compensation system to be a sound and appropriate incentive necessary to secure excellent human resources responsible for the management of the Company.

The Board of Directors consults with the Compensation Advisory Committee within the range of the amount of compensation of directors and Audit & Supervisory Board members (executive compensation) resolved at the general meeting of shareholders, and based on the results of the report, compensation for Directors is determined by the Board of Directors, and for Audit & Supervisory Board members is determined by the Audit & Supervisory Board.

Compensation of directors excluding external directors consists of monthly fixed remuneration and performance-linked compensation (bonuses, stock-based compensation). Compensation for external directors and Audit & Supervisory Board members shall be monthly fixed remuneration only. The compensation level shall be objectively benchmarked with reference to survey data from external specialized organizations and set for each role and responsibility of executive officers.

The ratio of compensation for directors excluding external directors is determined by position based on fixed remuneration of 50% and performance-linked compensation of 50% (including bonuses of 30% and stock-based compensation of 20%), and the ratio of performance-linked compensation shall be set to increase in accordance with the promotion of roles, and reviewed as necessary. Fixed remuneration is assessed and added to or subtracted from once a year according to the degree of performance of business execution function and management oversight function. Performance-linked compensation is calculated according to the achievement status of the target values for each fiscal year, and it is paid to each individual at a certain time after the end of the fiscal year.

Bonuses for performance-linked compensation shall be the total amount of 50% of the 0.5% of core operating income for the relevant fiscal year and 50% of the 0.75% of profit attributable to owners of the parent (rounded down less than 10,000 yen) to each director, and the upper limit shall be 250 million yen. However, if each of the above profits is a loss, the profit amount is calculated as 0.

Stock-based compensation of performance-linked compensation consists of a “fixed portion” to be granted in each fiscal year and the “performance-linked portion” granted according to the degree of achievement of performance targets for each fiscal year during the medium-term management plan, and the ratio of “fixed portion” and “performance-linked portion” shall be 1/2 of the stock compensation base amount determined by position.

In addition, stock-based compensation may be requested for confiscation of granted share award points or return of the equivalent amount of shares delivered in the event of a material violation of the duties of directors or internal regulations.

A summary of the above basic policy on executive compensation and details of the basic policy shall be resolved by the Board of Directors after consulting with the Compensation Advisory Committee and shall be disclosed in business reports, annual securities reports, etc.

(2) Indicators Used to Calculate Performance-Linked Compensation

Performance-linked compensation, which comprises bonuses and performance-linked stock-based compensation, is calculated using two indicators. The first is core operating income, which the Company uses to measure regular business performance and is one of the most highly prioritized income indicators under the medium-term management plan. The second is profit for the period attributable to owners of the parent, which is the final result of business activities and is directly linked to shareholder value.

The achievements in the fiscal year under review for the goals of the indicators are shown in the following table.

Indicator as a goal	Target value	Achievement	Achievement rate
Core operating income	¥30,000 million	¥30,923 million	103%
Profit for the period attributable to owners of the parent	¥21,000 million	¥23,759 million	113%

(3) Calculation method of bonuses to corporate officers

Bonuses to each corporate officer will be paid in an amount calculated and determined based on the following method. The payment per point is calculated by dividing the total payment amount determined by “(1)(ii) Basic Policy on compensation of directors and Audit & Supervisory Board members” above by a total number of points comprising the sum of all points awarded to directors. The total points assigned to each rank of directors is determined by multiplying the number of directors in office in said rank as of the end of the relevant fiscal year by the number of points specified for that rank. Individual payments to each director are then calculated by multiplying the points specified for that director's rank by the payment per point as calculated above (rounded down to the nearest ¥10,000).

(4) Calculation of Performance-Linked Stock-Based Compensation

In performance-linked stock-based compensation system, the number of points (number of shares) to be granted to directors per fiscal year is determined via a calculation made by the method below. In principle, shares are issued to directors upon retirement from office in a number equivalent to the number of points they have accumulated.

The number of points for each corporate officer eligible for payment is determined individually using the following formula.

$$\text{Number of points} = (\text{Fixed base amount} + \text{Performance-linked base amount} \times \text{Performance-linked coefficient}) \div \text{Per-share acquisition cost}$$

The fixed base amount is calculated using the coefficient set for each rank, and the performance-linked base amount is the same amount as the fixed base amount. The performance coefficient is calculated based on the degree to which targets for core operating income and profit attributable to owners of parent have been achieved.

(5) Reasons the Board of Directors Has Deemed That the Amount of Compensation, etc. Received by Individual Directors for the Fiscal Year Under Review Complies with the Policy for Determining the Amount of Compensation, Etc.

Regarding the compensation, etc. received by individual directors for the fiscal year under review, as the Board of Directors has confirmed that the method for determining the amount of compensation, etc. and the amount of compensation, etc. are consistent with the policy for determining the amount of compensation, etc. and that reports of the Compensation Advisory Committee were respected, the Board of Directors has deemed that the compensation, etc. complies with the policy.

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	11	¥299 million	¥166 million	¥113 million	¥580 million
(External Directors)	(4)	(¥45 million)	—	—	(¥45 million)
Audit & Supervisory Board Members	5	¥93 million	—	—	¥93 million
(External Audit & Supervisory Board Members)	(3)	(¥33 million)	—	—	(¥33 million)
Total	16	¥392 million	¥166 million	¥113 million	¥673 million
(External officers)	(7)	(¥78 million)	—	—	(¥78 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. At the conclusion of said General Meeting of Shareholders, the number of directors was nine.
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. At the conclusion of said General Meeting of Shareholders, the number of Audit & Supervisory Board members was four.
4. Bonuses for performance-linked compensation are amounts calculated and determined based on core operating income for the current fiscal year under review and profit attributable to owners of the parent company by the method described above. The maximum amount of bonuses was resolved at the 156th Annual Meeting of Shareholders held on March 30, 2017 at 250 million yen per fiscal year. At the conclusion of said General Meeting of Shareholders, the number of directors was six (excluding external directors).
5. Stock-based compensation for performance-linked compensation is the amount obtained by converting the stock grant points awarded to those eligible under the system at the acquisition price according to the degree of achievement of business performance for the fiscal year under review. At the 160th Annual Meeting of Shareholders held on March 30, 2021, the maximum amount of money to be contributed for stock-based compensation was resolved to be 200 million yen per fiscal year, and the total number of shares was resolved to be 120,000 shares per fiscal year. The number of directors at the end of said General Meeting of Shareholders was seven (excluding external directors).
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	¥96 million
(2) Total amount of money and other financial profits to be paid by the Company and its subsidiaries	¥142 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 33, 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 ¥12 per share (payment date: September 3, 2021) and a year-end dividend of ¥12 per share (payment date: March 2, 2022) for the fiscal year under review.

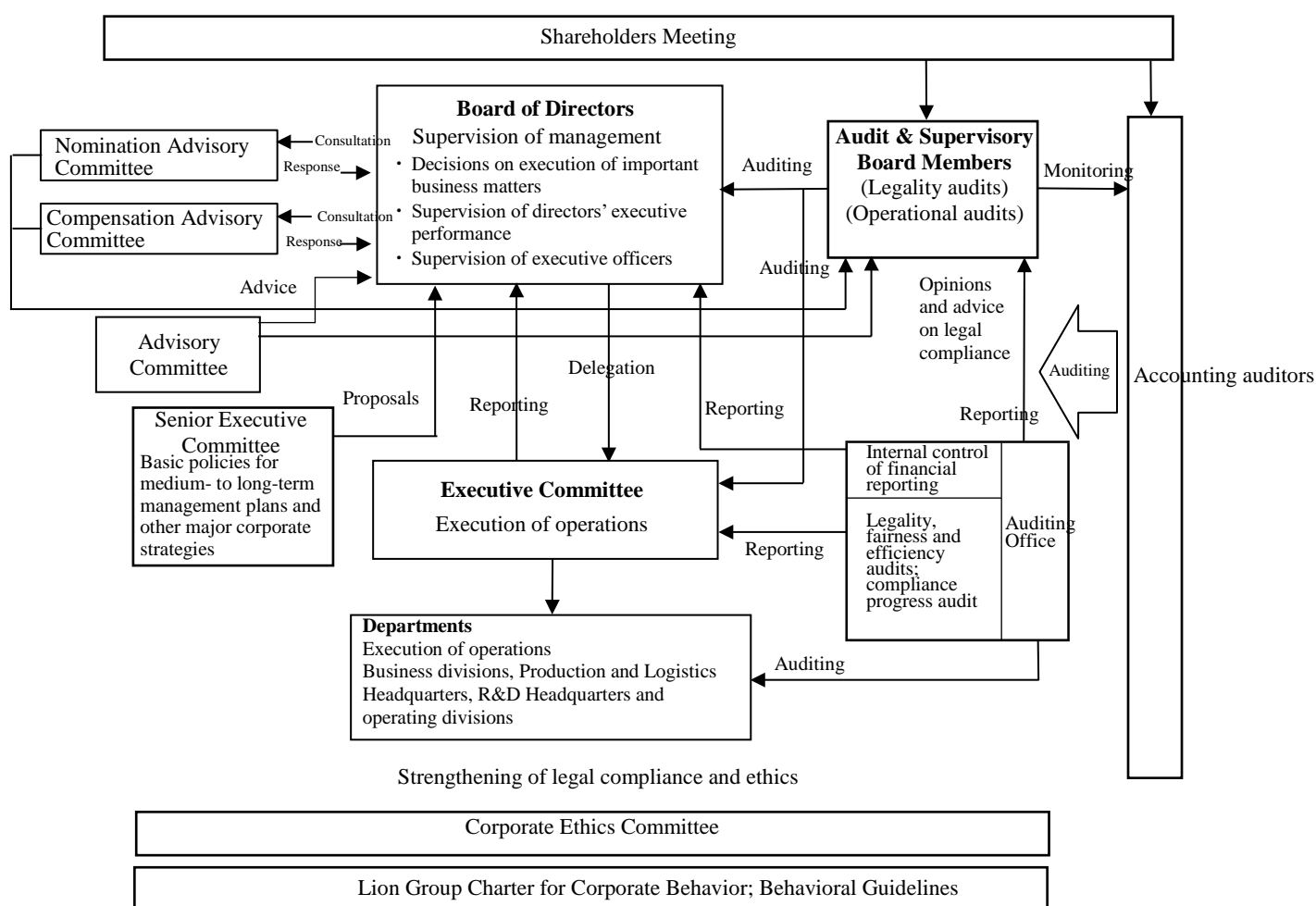
Reference

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 eleven 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 committee consists of eight members: external directors Takashi Shiraishi (committee chairman), Kazunari Uchida, Takako Sugaya and Reiko Yasue; as well as external Audit & Supervisory Board members Takao Yamaguchi, Setsuko Takemoto, Atsuko Suzuki; in addition to Mr. Itsuo Hama, Chairman of the Board of Directors. (as of December 31, 2021).

■ Compensation Advisory Committee

In order to enhance the objectivity and transparency of the directors' compensation, etc., 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 (to the Audit & Supervisory Board regarding Audit & Supervisory Board members). 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 2021, monthly fixed remuneration was resolved at the Board of Directors' meeting held in March 2021 based on the report of the Compensation Advisory Committee held in February 2021, and performance-linked remuneration will be deliberated at the Board of Directors' meeting in March 2022 based on the report of the Compensation Advisory Committee held in February 2022. The committee consists of seven members: external directors Kazunari Uchida (committee chairman), Takashi Shiraishi, Takako Sugaya and Reiko Yasue; as well as external Audit & Supervisory Board members Takao Yamaguchi, Setsuko Takemoto and Atsuko Suzuki (as of December 31, 2021).

■ 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 sustainability. The committee has currently six members.

■ Audit & Supervisory Board members and Audit & Supervisory Board

There are five Audit & Supervisory Board members, three 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. 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 regularly meets once every two months, and holds extraordinary meetings as necessary. 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, operation status, and evaluation results of internal control relating to 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.

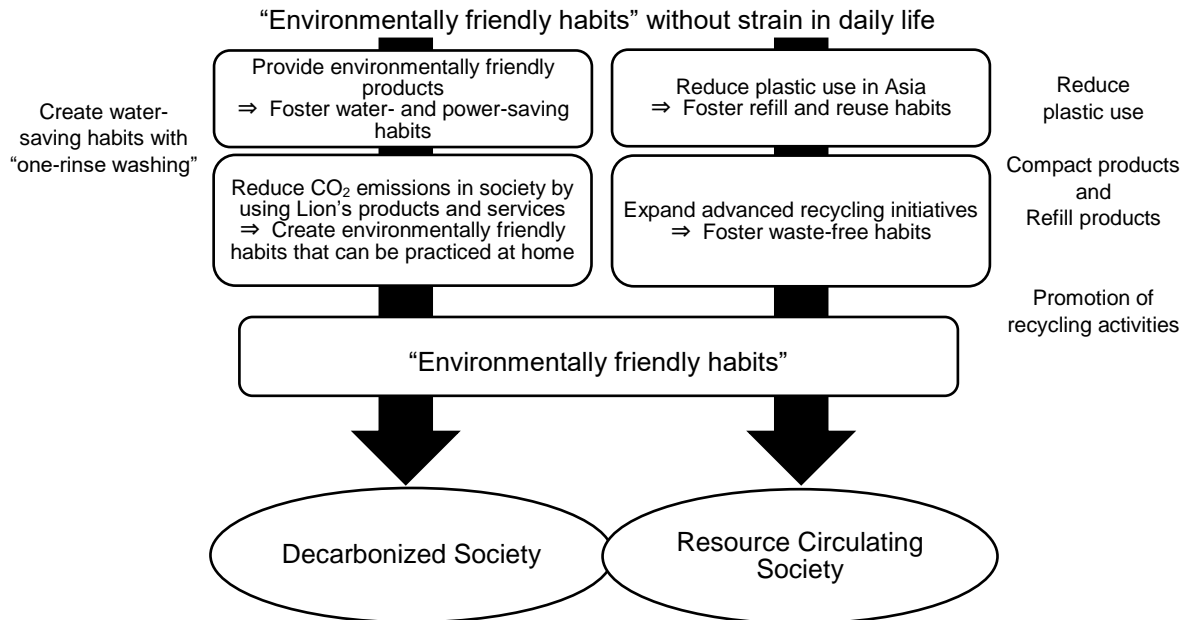
For information on the Company's basic approach to corporate governance, see our website.
<https://www.lion.co.jp/en/company/governance/>

Reference: Initiatives for Sustainability

Promoting Environmental Initiatives for a Sustainable Planet

The LION Group will provide “planet-friendly lifestyles” that make more sustainable living easy by creating “environmentally friendly habits” together with consumers, based on redesigning habits, contributing to a healthy future for people and the planet.

■ Planet-friendly lifestyles -Making daily life sustainable-



Creating Healthy Living Habits: Inclusive Oral Care

In 2021, Lion kicked off our Inclusive Oral Care efforts which are business activities on sustainability material issues aimed at reducing disparities in oral care opportunities, so that everyone can acquire basic living habits such as tooth brushing.

■Credos on inclusive oral care

We will eliminate the health gap with three credos through oral care.

By Anyone

Offering oral care opportunities for everyone, regardless of living environment, physical condition, economy, education / information, etc.

By Oneself

Creating oral care habits that each individual can practice by oneself, for oneself.

By Systems

Building systems of mutual support to overcome the issues individuals cannot solve alone and realize lasting health for all.

■Oral care initiatives for children

Oral care activities via children's community centers

In Japan, relative poverty of children has become a social issue. Employees volunteer to spread "correct tooth brushing habits and develop self-esteem" to the children, via children's community centers that provide meals and services that deliver food to households with children. Because good living habits which children learn at young age help reduce the health gap when they become adults.

Child poverty rate in Japan: 13.5%*

Currently, about 1 in 7 children are in poverty.

*Ratio of children under the age of 18 in a state of relative poverty

(from the 2019 Comprehensive Survey of Living Conditions by the Ministry of Health, Labour and Welfare)

Relationship between poverty and cavities (%)

	Households with non-daily life difficulty	Households with daily life difficulty
none	65.1	51.5
One or two	16.7	19.2
Three or four	8.1	9.5
More than five	10.1	19.7

National Center for Child Health and Development, Department of Social Medicine
Adachi-ku and Adachi-ku Board of Education (2016)

Children in households with daily life difficulty have many cavities.

Information about Lion Group's Sustainability is available on Lion's website.

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

Reference

Consolidated Statements of Financial Position
(As of December 31, 2021)

(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	232,150	245,419	Current liabilities	139,218	166,628
Cash and cash equivalents	97,250	121,534	Trade and other payables	123,146	141,259
Trade and other receivables	70,115	62,421	Borrowings	1,411	1,405
Inventories	51,714	45,158	Income tax payables	2,470	11,569
Other financial assets	6,656	8,592	Provisions	1,673	1,401
Other current assets	6,413	5,108	Lease liabilities	1,483	1,387
Subtotal	232,150	242,815	Other financial liabilities	855	893
Assets held for sale	-	2,603	Other current liabilities	8,178	8,710
Non-current assets	195,875	190,081	Non-current liabilities	23,792	24,016
Property, plant and equipment	120,673	118,379	Borrowings	392	639
Goodwill	182	182	Deferred tax liabilities	1,270	1,278
Intangible assets	23,975	18,921	Retirement benefit liabilities	12,684	13,009
Right-of-use assets	5,416	4,873	Provisions	332	357
Investments accounted for using the equity method	6,935	6,310	Lease liabilities	5,088	4,685
Deferred tax assets	6,005	5,632	Other financial liabilities	2,469	2,487
Retirement benefit assets	9,768	9,936	Other non-current liabilities	1,554	1,558
Other financial assets	21,815	24,859	Total liabilities	163,011	190,644
Other non-current assets	1,100	986	Equity		
			Share capital	34,433	34,433
			Capital surplus	35,189	34,986
			Treasury stock	(4,731)	(4,739)
			Other components of equity	9,311	10,076
			Retained earnings	177,370	156,965
			Equity attributable to owners of the parent	251,572	231,723
			Non-controlling interests	13,442	13,133
			Total equity	265,014	244,856
Total assets	428,025	435,501	Total liabilities and equity	428,025	435,501

Consolidated Statement of Income
(From January 1, 2021 to December 31, 2021)

(Millions of yen)		
Item	Amount	(Reference) Amount for the previous fiscal year
Net sales	366,234	355,352
Cost of sales	(187,129)	(175,479)
Gross profit	179,104	179,872
Selling, general and administrative expenses	(148,181)	(143,934)
Other income	1,208	12,248
Other expenses	(953)	(4,112)
Operating profit	31,178	44,074
Finance income	817	679
Finance costs	(136)	(146)
Share of profit (loss) of investments accounted for using the equity method	2,229	(112)
Profit before tax	34,089	44,494
Income taxes	(8,657)	(12,538)
Profit for the period	25,431	31,955
Profit for the period attributable to:		
Owners of the parent	23,759	29,870
Non-controlling interests	1,671	2,084
Profit for the period	25,431	31,955

Non-consolidated Balance Sheet
(As of December 31, 2021)

(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	164,458	178,926	Current liabilities	109,483	140,633
Cash and deposits	83,147	109,086	Notes payable - trade	16,370	16,700
Notes receivable - trade	1,700	1,426	Accounts payable - trade	31,076	27,014
Accounts receivable - trade	37,856	34,517	Lease obligations	59	64
Merchandise and finished goods	23,619	19,976	Accounts payable - other		
Work in process	1,117	1,223		37,303	52,348
Raw materials and supplies	7,300	7,792	Accrued expenses	2,488	2,632
Prepaid expenses	1,413	1,057	Income taxes payable	490	8,979
Accrued income	1,240	690	Deposits received	12,881	24,264
Other current assets	7,067	3,160	Provision for bonuses	2,998	3,620
Allowance for doubtful accounts	(5)	(4)	Provision for sales returns	298	298
			Provision for sales promotion expenses	5,330	4,507
			Provision for bonuses for directors (and other officers)	165	196
			Other	20	7
Non-current assets	161,882	159,671	Non-current liabilities	9,931	8,638
Property, plant and equipment	83,666	81,737	Lease obligations	89	123
Buildings and structures	30,671	15,283	Provision for directors' stock benefits	659	482
Machinery and equipment	37,808	20,394	Provision for retirement benefits	7,418	6,250
Vehicles	168	132	Long-term time deposits	1,369	1,362
Tools, furniture and fixtures	3,679	3,351	Asset retirement obligations	393	420
Land	7,833	7,833			
Leased assets	148	187			
Construction in progress	3,355	34,553			
Intangible assets	16,475	11,460	Total Liabilities	119,415	149,271
Trademark right	303	346			
Software in progress	14,854	9,572	(Net assets)		
Other	1,317	1,541	Shareholders' equity	200,251	180,254
Investments and other assets	61,740	66,473	Share capital	34,433	34,433
Investment securities	15,093	18,855	Capital surplus	35,757	35,300
Shares of subsidiaries and associates	23,017	23,479	Legal capital surplus	31,499	31,499
Investments in capital of subsidiaries and associates	3,606	3,606	Other capital surplus	4,257	3,800
Long-term loans receivable	3,455	3,240	Retained earnings	135,968	116,005
Long-term prepaid expenses	150	53	Legal retained earnings	5,551	5,551
Prepaid pension cost	9,697	11,088	Other retained earnings	130,417	110,453
Deferred tax assets	4,902	4,330	Reserve for reduction entry	280	291
Other	1,846	1,850	Reserve for dividends	2,365	2,365
Allowance for doubtful accounts	(29)	(30)	Reserve for research and development	830	830
			General reserve	18,280	18,280
			Retained earnings brought forward	108,662	88,686
			Treasury stock	(5,908)	(5,484)
			Valuation and translation adjustments	6,539	8,933
			Valuation difference on available-for-sale securities	6,539	8,933
			Share acquisition rights	135	138
			Total Net Assets	206,925	189,326
Total Assets	326,341	338,598	Total liabilities and net asset	326,341	338,598

Non-consolidated Statement of Income
(From January 1, 2021 to December 31, 2021)

(Millions of yen)

Item	Amount		(Reference) Amount for the previous fiscal year	
Net sales		284,103		281,999
Cost of sales		108,131		105,641
Gross profit		175,972		176,357
Selling, general and administrative expenses		160,229		154,597
Operating profit		15,742		21,760
Non-operating income				
Interest income	27		23	
Dividend income	11,199		4,527	
Royalty income	1,558		1,338	
Miscellaneous income	384	13,170	337	6,226
Non-operating expenses				
Interest expenses	138		134	
Loss on disposal of inventories	251		423	
Miscellaneous loss	34	424	168	726
Ordinary profit		28,488		27,261
Extraordinary income				
Gain on disposal of non-current assets	-		10,945	
Gain on sales of investment securities	3,119		1,338	
Gain on sales of shares of subsidiaries and associates	2,115		-	
Other	-	5,234	1,071	13,355
Extraordinary losses				
Gain on disposal of non-current assets	367		546	
Impairment loss	15		3,014	
Loss on sales of investment securities	-		2	
Loss on valuation of shares of subsidiaries and associates	-		1,999	
Loss on disaster	-		17	
Other	205	587	344	5,925
Profit before income taxes		33,134		34,690
Income taxes - current	5,700		11,363	
Income taxes - deferred	478	6,178	(2,517)	8,845
Profit		26,956		25,844

Auditors' Report

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

Report of Independent Auditors (Translation)

February 10, 2022

The Board of Directors
Lion Corporation

Tokyo Office
Ernst & Young ShinNihon LLC
Hirokazu Tanaka
Certified Public Accountant
Designated, Limited Liability and Operating
Partner

Masayuki Tada
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, 2021, 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, 2021 to December 31, 2021.

In our opinion, the consolidated financial statements referred to above, in accordance with accounting principles that omit 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, 2021 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 in accordance with accounting principles that omit 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; 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, as required, disclosing matters related to going concern in accordance with accounting principles that omit 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.

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 accounting principles that omit 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.
- 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, 2022

The Board of Directors
Lion Corporation

Tokyo Office
Ernst & Young ShinNihon LLC

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

Masayuki Tada
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, 2021, 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 161st fiscal year from January 1, 2021 to December 31, 2021.

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, 2021, 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 161st fiscal year (from January 1, 2021 to December 31, 2021), 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.

(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 10, 2022

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

Atsuko Suzuki
External Audit & Supervisory Board Member