February 28, 2019

To Shareholders:

3-7, Honjo 1-chome, Sumida-ku, Tokyo
Lion Corporation
Security Code: 4912
Itsuo Hama
Representative Director

Announcing the Convocation of the Annual Meeting of Shareholders for the Year Ended December 31, 2018

Thank you for your continued support of Lion Corporation.

Your attendance is requested at Lion Corporation's Annual Meeting of Shareholders for the fiscal year ended December 31, 2018. The meeting will be held in accordance with the information listed below.

In the event you are unable to attend the meeting, please review the appended Reference Materials for the General Meeting of Shareholders and exercise your voting rights through one of the following means:

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., Wednesday, March 27, 2019**.

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., Wednesday, March 27, 2019**.

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: Thursday, March 28, 2019, 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, 2018, to December 31, 2018

Matters to be voted upon

Item 1. Election of Nine Directors

Item 2. Election of Four Audit & Supervisory Board Members

Item 3. Election of One Alternate Audit & Supervisory Board Member

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

When attending the meeting, please submit the enclosed voting form to the meeting reception staff. 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 password shown on your voting sheet, and re-enter your voting information.
*If you scan your QR code again after the first use, you will be directed to the main voting website.

Method 2:Enter your login ID and password

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

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

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

For inquiries regarding online voting, please contact the help desk below.
Stock Transfer Agency Department (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
Telephone: +81-0120-173-027 Hours: 9:00–21:00; Toll free

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

Reference Materials for the General Meeting of Shareholders

Item 1. Election of Nine Directors

The tenures of the nine directors whose services are currently retained will end as of the close of this General Meeting of Shareholders. Accordingly, the Company requests the approval of nine 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	FY2018 Board of Directors Attendance
1	Incumbent Itsuo Hama	Representative Director, Chairman of the Board of Directors	17/17 meetings (100%)
2	Incumbent Masazumi Kikukawa	Representative Director, President and Executive Officer	16/17 meetings (94.1%)
3	Incumbent Kenjiro Kobayashi	Director, Senior Executive Officer	17/17 meetings (100%)
4	Incumbent Takeo Sakakibara	Director, Senior Executive Officer	17/17 meetings (100%)
5	Incumbent Yugo Kume	Director, Executive Officer	13/13 meetings (100%)
6	New candidate Fumitomo Noritake	Executive Officer	—
7	Incumbent External Independent Kazunari Uchida	External Director	14/17 meetings (82.4%)
8	Incumbent External Independent Takashi Shiraishi	External Director	16/17 meetings (94.1%)
9	New candidate External Independent Takako Sugaya	—	—

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	Incumbent Itsuo Hama (March 14, 1954) Years in office as director: 11 (as of the end of this Annual Meeting of Shareholders)	April 1977	Joined Lion Fat & Oil Co., Ltd.	37,463
		March 2008	Director, Executive General Manager of Household Products Division	
		January 2009	Director, Executive General Manager of Household Products Division, Responsible for Advertising Department, Behavioral Science Research Institute, Distribution Policy and Customer Development Department	
		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	
		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	
		January 2012	Representative Director, President, Executive Officer, Chief Operating Officer, Responsible for Risk Management	
		January 2014	Representative Director, President and CEO, Executive Officer	
		March 2016	Representative Director, President and CEO, Chairman of the Board of Directors, Executive Officer	
		March 2017	Representative Director, President and Executive	

			Officer, Chairman of the Board of Directors, Chief Executive Officer	
		January 2019	Representative Director, Chairman of the Board of Directors, Chief Executive Officer (current position)	
		(Significant concurrent positions) (Note) Representative, Lion Corporation (Thailand) Ltd.		
	Reasons for Selection as a Candidate for Director Itsuo Hama took office as president of Lion Corporation in January 2012. Since then, he has helped improve the Company's performance. Coinciding with 2018 launch of the Company's new management vision for 2030, "Becoming an advanced daily healthcare company," and the January 2019 launch of the LIVE Plan, a medium-term management plan, he has taken the position of chairman of the Board of Directors and chief executive officer, 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.			
	Note: Itsuo Hama is also a representative 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).			

2	Incumbent Masazumi Kikukawa (October 26, 1959) Years in office as director: 7 (as of the end of this Annual Meeting of Shareholders)	April 1984	Joined Lion Corporation	20,709
		January 2010	Executive Officer, Executive General Manager of Household Products Division	
		January 2012	Executive Officer, Executive General Manager of Health & Home Care Products Division	
		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	
		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	
		March 2016	Executive 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	
		March 2017	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	
		January 2018	Director, Managing Executive Officer, Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses	
		March 2018	Representative Director, Senior Managing Executive Officer, Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses	
		January 2019	Representative Director, President and Executive Officer, Chief Operating Officer (current position)	
		(Significant concurrent positions) (Note)		
		Representative, Lion Corporation (Thailand)		

		Ltd.; Representative, Global Eco Chemicals Singapore Pte. Ltd.	
	Reasons for Selection as a Candidate for Director 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. As the officer responsible for the overall Consumer Products business, he has contributed to the qualitative growth of domestic businesses and helped improve corporate performance. Also, he took office as President and Executive Officer in January 2019 and is leading management toward the achievement of the goals of the LIVE Plan 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.		
	Note: Masazumi Kikukawa is also a representative 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).		

3	Incumbent Kenjiro Kobayashi (December 18, 1962) Years in office as director: 7 (as of the end of this Annual Meeting of Shareholders)	April 1987	Joined Lion Corporation	597,289
		January 2009	Executive Officer, Director of Planning and Coordination Department, Health Care Products Division	
		January 2010	Senior Executive Officer, Executive General Manager of International Division	
		January 2012	Executive Officer, Executive General Manager of International Division	
		March 2012	Director, Executive Officer, Responsible for Overall International Businesses, Executive General Manager of International Division	
		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 Resources and General Affairs Headquarters, Secretary Department, CSV Promotion Department, System Department, Corporate Communication Center and Business Process Re-engineering Department (current position)	
	Reasons for Selection as a Candidate for Director 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 and General Affairs Headquarters and Secretary Department, 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.

4	Incumbent Takeo Sakakibara (November 22, 1960) Years in office as director: 3 (as of the end of this Annual Meeting of Shareholders)	April 1983 January 2010 January 2012 January 2016 March 2016 January 2017 March 2017 January 2018	Joined Lion Corporation Executive Officer, Executive General Manager of Health Care Products Division Executive Officer, President of Lion Trading Co., Ltd. Executive Officer, Assistant to the President Director, Executive Officer, Responsible for Risk Management, Corporate Planning Department, Finance Department, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department Director, Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Pharmaceutical Affairs and Quality Assurance Department, and Legal Department Director, Senior Executive Officer, Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Reliability Assurance Department and Legal Department (current position)	53,175

	Reasons for Selection as a Candidate for Director Takeo Sakakibara possesses a wealth of expert knowledge, mainly in the area of corporate planning, including experience as the president of a Lion subsidiary. As director of such managerial divisions as the Corporate Planning Department and Finance Department and as director of overall risk management, he has contributed to the Company's crisis management. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be reelected.

5	Incumbent Yugo Kume (October 1, 1961) Years in office as director: 1 (as of the end of this Annual Meeting of Shareholders)	April 1984 January 2011 January 2012 January 2015 January 2016 January 2018 March 2018 January 2019	Joined Lion Corporation Director of Oral Care Business Department, Health Care Products Division Executive General Manager of the Oral Care Business Department, Health & Home Care Products Division Assistant Executive General Manager of Health & Home Care Products Division Executive Officer, Executive General Manager of Health & Home Care Products Division Executive Officer, Executive General Manager of Health & Home Care Products Division, Responsible for Communication Design Department, Consumer Knowledge Center and Distribution Policy Department 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 Director, Executive Officer, Responsible for Gift and Channel-Specific Products Division, Direct Marketing Division, Communication Design Department and	16,377

			Consumer Knowledge Center, Executive General Manager of Health & Home Care Products Division (current position) (Significant concurrent positions) (Note) 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 oral care business. As Executive General Manager of the Health & Home Care Products Division, he has formulated marketing strategy and 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 newly elected.			
	Note: Yugo Kume is also a representative 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).			

6	New candidate Fumitomo Noritake (August 20, 1963) Years in office as director: —	April 1988	Joined Lion Corporation	5,400
		January 2009	Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division, Director of Functional Food Business Office	
		January 2012	Director of Direct Marketing Business Department, Gift and Channel-Specific Products Division	
		January 2016	Executive Officer, Executive General Manager of Direct Marketing Division, Director of Sales Administration Department	
		January 2017	Executive Officer, Executive General Manager of Direct Marketing Division	
		January 2018	Executive Officer, Executive General Manager of Research and Development Headquarters	
		January 2019	Executive Officer, Executive General Manager of Research and Development Headquarters, Responsible for Overall Chemicals Businesses, Intellectual	

			Property Department, and Safety and Disaster Prevention Promotion Department (current position) (Significant concurrent positions) Representative, Lion Corporation (Thailand) Ltd.; Representative, Global Eco Chemicals Singapore Pte. Ltd.	
	Reasons for Selection as a Candidate for Director Fumitomo Noritake possesses a wealth of expert knowledge and experience, mainly in the areas of research and development and direct-to-consumer business, and has contributed to the Company's business growth, including helping to launch the Direct Marketing Division. The Company judges that he is well qualified to help sustainably raise its corporate value as a director and therefore requests that he be newly elected.			
	Note: Fumitomo Noritake is also a representative 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).			

7	Incumbent External Independent Kazunari Uchida (October 31, 1951) Years in office as external director: 3 (as of the end of this Annual Meeting of Shareholders)	January 1985 June 2000 March 2006 April 2006 February 2012 June 2012 August 2012 March 2016	Joined Boston Consulting Group Representative for Japan, Boston Consulting Group External Auditor, Suntory Limited (now Suntory Holdings Limited) Professor, Faculty of Commerce, Waseda University (current position) External Auditor, Kewpie Corporation External Director, Lifenet Insurance Company External Director, Mitsui-Soko Holdings Co., Ltd. External Director, Japan ERI Co., Ltd. (now ERI Holdings Co., Ltd.) External Director, Lion Corporation (current position) (Significant concurrent positions) External Director, Kewpie Corporation	3,000
	Reasons for Selection as a Candidate for External Director Kazunari Uchida possesses experience as the Japan representative of an			

	international management consulting group and also has experience at other companies both as an external director and an external corporate auditor. He has actively participated in meetings of the Board of Directors, and suitably carried out his role as an external director for the Company, including supervising business execution. The Company judges that his sophisticated understanding of management decision making is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors and therefore requests that he be reelected as an external director.			
	Notes 1. Contents of the 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 that limits liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher. The Company plans to conclude a similar limited liability agreement with him if he is reelected as an external director. 2. Kazunari Uchida meets the requirements set forth in the "Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members" and is deemed sufficiently independent from management. These standards are posted at the following URL on the Lion website: https://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf (Reference 3). Kazunari Uchida also meets the requirements for independent directors set forth by the Tokyo Stock Exchange. Accordingly, the Company has notified said Stock Exchange with regard to his appointment as an independent director who has no potential conflict of interest with general shareholders.			

8	Incumbent External Independent Takashi Shiraishi (February 22, 1950) Years in office as external director: 2 (as of the end of this Annual Meeting of Shareholders)	June 1979 January 1996 July 1996 April 2005 May 2007 January 2009	Assistant Professor, International Relations, Department of Humanities and Social Science, College of Arts and Sciences, University of Tokyo Professor, Department of Asian Studies and Department of History, College of Arts and Sciences, Cornell University Professor, Center for Southeast Asian Studies, Kyoto University Professor and Vice President, National Graduate Institute for Policy Studies President, Institute of Developing Economies, Japan External Trade Organization Councilor, Council for Science,	1,900

		Technology and Innovation, Cabinet Office	
	April 2011	President, National Graduate Institute for Policy Studies	
	January 2013	Member, Management Evaluation Committee (now the Advisory Committee), Lion Corporation	
	March 2017	External Director, Lion Corporation (current position)	
	April 2017	Special visiting professor, Ritsumeikan University	
	May 2017	Professor Emeritus, National Graduate Institute for Policy Studies (current position)	
	April 2018	Chancellor, Prefectural University of Kumamoto (current position)	

Reasons for Selection as a Candidate for External Director

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

Notes 1. Contents of the 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 Takashi Shiraishi that limits liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher. The Company plans to conclude a similar limited liability agreement with him if he is reelected as an external director.

2. Takashi Shiraishi meets the requirements set forth in the "Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members" and is deemed sufficiently independent from management. These standards are posted at the following URL on the Lion website:

https://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf (Reference 3).

Takashi Shiraishi also meets the requirements for independent directors set forth by the Tokyo Stock Exchange. Accordingly, the Company has notified said Stock Exchange with regard to his appointment as an independent director who has no potential conflict of interest with general shareholders.

<table>
<tr><td rowspan="3">9</td><td>New candidate
External
Independent

Takako Sugaya
(September 20, 1972)

Years in office as external director:
—</td><td>October 2002</td><td>Registered as an attorney at law (Daini Tokyo Bar Association)
Joined Yamada Hideo Law Office (now the Yamada Ozaki Law Office) (current position)</td><td>0</td></tr>
<tr><td colspan="4">Reasons for Selection as a Candidate for External Director
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. The Company judges that her sophisticated understanding of governance and compliance issues is necessary to enhance the transparency of management and strengthen the oversight of the Board of Directors and therefore requests that she be newly elected as an external director.</td></tr>
<tr><td colspan="4">Notes 1. Contents of the limited liability agreement
Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, if Takako Sugaya is elected as an external director, the Company plans to conclude an agreement with her that limits liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher.
2. Takako Sugaya meets the requirements set forth in the “Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members” and is deemed sufficiently independent from management. These standards are posted at the following URL on the Lion website:
https://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf (Reference 3).
Takako Sugaya also meets the requirements for independent directors set forth by the Tokyo Stock Exchange. Accordingly, the Company has notified said Stock Exchange with regard to her appointment as an independent director who has no potential conflict of interest with general shareholders.
3. Takako Sugaya’s legal name is Takako Tanae.</td></tr>
</table>

Item 2. Election of Four Audit & Supervisory Board Members

The tenures of the four Audit & Supervisory Board members whose services are currently retained will end as of the close of this General Meeting of Shareholders. Accordingly, the Company requests the approval of four Audit & Supervisory Board members.

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

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

The candidates are as follows.

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	New candidate Toshiyuki Nikkawa (January 29, 1961)	April 1984 Joined Lion Corporation January 2008 Director of Planning and Coordination Department, Household Products Division July 2010 Director of Planning and Coordination Department, Household Products Division, Director of Business Coordination Department January 2011 Director of Corporate Planning Department January 2014 President of Lion Logistics Service Company, Ltd. January 2019 Assistant to the President (current position)	4,900
	Reasons for Selection as a Candidate for Audit & Supervisory Board Member Toshiyuki Nikkawa possesses a wealth of expert knowledge and experience, mainly in household products operations and corporate planning, as well as managerial experience as the president of a Lion subsidiary. The Company judges that his insight is necessary to enhance the efficacy of its auditing and therefore requests that he be newly elected as an Audit & Supervisory Board member.		

2	New candidate Yoshiaki Kamao (December 2, 1961)	April 1985 Joined Lion Corporation January 2011 Director of Finance Department January 2017 Director of Finance Department, Corporate Strategy Headquarters January 2019 Assistant to the President (current position)	30,800

	Reasons for Selection as a Candidate for Audit & Supervisory Board Member Yoshiaki Kamao possesses a wealth of expert knowledge and experience, mainly in the operations of the Finance Department, and has led the Company's finance and accounting divisions for many years as Director of the Finance Department. The Company judges that his insight is necessary to enhance the efficacy of its auditing and therefore requests that he be newly elected as an Audit & Supervisory Board member.

3	New candidate External Independent Takao Yamaguchi (September 13, 1954)	October 1981 Joined Chuo Accounting Office Auditing Corporation February 1985 Acquired Japanese CPA certification September 1987 Entered Yamaguchi Accounting Office December 1987 Acquired Japanese tax accountant certification January 1996 Director, Yamaguchi Accounting Office (current position) March 2015 Alternate Audit & Supervisory Board Member (current position) (Significant concurrent positions) External Audit & Supervisory Board Member, SATO HOLDINGS CORPORATION External Audit & Supervisory Board Member, KYORIN Holdings, Inc. External Audit & Supervisory Board Member, Tokyo Tatemono Co., Ltd.	0
	Reasons for Selection as Candidate for External Audit & Supervisory Board Member Takao Yamaguchi is not involved in corporate management outside the roles of external director and external Audit & Supervisory Board member. However, he has cultivated a knowledge of accounting and taxes over his many years as a certified public accountant and tax accountant and has experience working as an external Audit & Supervisory Board member at other companies. The Company judges that his insight is necessary to enhance the efficacy of its auditing and therefore requests that he be newly elected as an external Audit & Supervisory Board member.		
	Notes 1. Contents of the limited liability agreement Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, if Takao Yamaguchi is elected as an external Audit & Supervisory Board member, the Company plans to conclude an agreement with him that limits liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher. 2. Takao Yamaguchi meets the requirements set forth in the "Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members" and is deemed		

	sufficiently independent from management. These standards are posted at the following URL on the Lion website: https://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf (Reference 3). Takao Yamaguchi also meets the requirements for independent Audit & Supervisory Board members set forth by the Tokyo Stock Exchange. Accordingly, the Company has notified said Stock Exchange with regard to his appointment as an independent Audit & Supervisory Board member who has no potential conflict of interest with general shareholders.

4	New candidate External Independent Setsuko Takemoto (June 28, 1950)	April 1969 July 2009 July 2011 August 2011 September 2011	Joined the Ministry of Finance Director, Ogikubo Tax Agency Retired from the National Tax Agency Acquired Japanese tax accountant certification Established Takemoto Setsuko Tax Accounting Office (now the Kuchitani General Accounting Office) (current position)	0
	Reasons for Selection as Candidate for External Audit & Supervisory Board Member Setsuko Takemoto is not involved in corporate management either as a director or Audit & Supervisory Board member. However, she has cultivated a knowledge of accounting and taxes over her many years as a tax accountant and has experience working in key positions in a government agency. The Company judges that her insight is necessary to enhance the efficacy of its auditing and therefore requests that she be newly elected as an external Audit & Supervisory Board member.			
	Notes 1. Contents of the limited liability agreement Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, if Setsuko Takemoto is elected as an external Audit & Supervisory Board member, the Company plans to conclude an agreement with her that limits liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher. 2. Setsuko Takemoto meets the requirements set forth in the “Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members” and is deemed sufficiently independent from management. These standards are posted at the following URL on the Lion website: https://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf (Reference 3). Setsuko Takemoto also meets the requirements for independent Audit & Supervisory Board members set forth by the Tokyo Stock Exchange. Accordingly, the Company has notified said Stock Exchange with regard to her appointment as an independent Audit & Supervisory Board member who has no potential conflict of interest with general shareholders.			

Item 3. Election of One Alternate Audit & Supervisory Board Member

To ensure preparedness in the event of a shortfall in the number of external Audit & Supervisory Board members required by law, the Company requests the advance election of one alternate external Audit & Supervisory Board member.

The alternate Audit & Supervisory Board member candidate has been selected by the Board of Directors after consultation with the Nomination Advisory Committee. The Audit & Supervisory Board has agreed to the submission of this Item to the General Meeting of Shareholders.

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

Name (Date of Birth)	Brief Career History (Significant Concurrent Positions)		No. of Lion Corp. Shares Owned
External Independent Akemi Sunaga (August 14, 1961)	October 1989	Joined Aoyama Audit Corporation (now PricewaterhouseCoopers Aarata LLC)	0
	February 1991	Joined Chuo Audit Corporation	
	August 1993	Acquired Japanese CPA certification	
	October 1994	Acquired Japanese tax accountant certification	
	November 1994	Established Sunaga CPA Firm (current position)	
	November 1996	Established and became representative director of Marunouchi Business Consulting Ltd. (current position)	
	January 2012	Established and became representative of Marunouchi Business Consulting Tax Co. (current position)	
	June 2017	Senior Representative, Marunouchi Audit Corporation (current position)	
	(Significant concurrent positions) External Audit & Supervisory Board Member, Matsumotokiyoshi Holdings Co., Ltd.		

Reasons for Selection as an Alternate Audit & Supervisory Board Member

Akemi Sunaga has cultivated a knowledge of accounting and taxes over her many years as a certified public accountant and tax accountant and has experience working as an external Audit & Supervisory Board member at another company. In order to make use of her knowledge and experience in the Company's audit system should she be appointed Audit & Supervisory Board member, the Company requests that Akemi Sunaga be elected as alternate external Audit & Supervisory Board member.

Notes 1. Contents of the limited liability agreement
Pursuant to Article 427, Paragraph 1 of the Companies Act and the provisions of the Articles of Incorporation, if Akemi Sunaga is appointed as an Audit & Supervisory Board member, the Company plans to conclude an agreement with her that limits liability under Article 423, Paragraph 1 of the Companies Act to 10 million yen or the amount specified by law, whichever is higher.

2. Akemi Sunaga meets the requirements set forth in the "Lion Corporation Standards Regarding the Independence of External Directors/Audit & Supervisory Board Members" and is deemed sufficiently independent from management. These standards are posted at the following URL on the Lion website: https://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf (Reference 3).

(Attached Documents)
Business Report (From January 1, 2018 to December 31, 2018)

I Current Conditions of the Lion Group

<Adoption of International Financial Reporting Standards (IFRS)>

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

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

			Japanese GAAP			IFRS	
			155th term (From January 1, 2015 to December 31, 2015)	156th term (From January 1, 2016 to December 31, 2016)	157th term (From January 1, 2017 to December 31, 2017)	158th term (Current fiscal year) (From January 1, 2018 to December 31, 2018)	
Profit/loss	Net sales	(Millions of yen)	378,659	395,606	410,484	342,703	349,403
	Operating income/Core operating income	(Millions of yen)	16,374	24,502	27,206	28,807	28,375
	Ordinary income	(Millions of yen)	18,099	26,290	29,126	–	–
	Profit attributable to owners of parent/ Profit for the period attributable to owners of the parent	(Millions of yen)	10,680	15,951	19,827	20,883	25,606
	Net income per share/Basic earnings per share	(Yen)	39.35	55.13	68.23	71.87	88.11
Financial position	Total net assets/Total equity	(Millions of yen)	142,730	157,879	187,015	188,793	204,271
	Net assets per share/Equity attributable to owners of the parent per share	(Yen)	469.05	513.76	607.61	614.08	657.50
	Total assets	(Millions of yen)	282,434	298,510	331,751	338,855	355,365
Company information	Consolidated subsidiaries		26 companies	25 companies	24 companies	25 companies	23 companies
	Associates accounted for using equity method		5 companies	5 companies	5 companies	5 companies	6 companies

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

2. Business Activity and Results

During the fiscal year under review, the Japanese economy continued its moderate recovery overall, backed by a steady improvement in the employment situation amid a rally in personal consumption and continued improvement trend in corporate earnings.

In the Lion Group's main business domain, the domestic toiletries industry, sales prices continued to rise and the market remained robust.

In this environment, under its new management vision, "Becoming an advanced daily healthcare company," the Lion Group has launched the LION Value Evolution Plan (LIVE Plan), a three-year medium-term management plan. To achieve the management vision, the Lion Group has implemented measures based on the basic strategies "Expand and Evolve Our Business Domains through New Value Creation," "Accelerate Growth in Overseas Businesses through Glocalization," "Reinforce Our Management Base through Business Structure Reform" and "Create Dynamism to Foster Innovative Change," and has implemented future-oriented growth initiatives in and outside Japan.

In its domestic operations, the Company introduced such new products as toothpastes, toothbrushes, mouthwashes, body washes, laundry detergents, fabric softeners and eye drops and worked to cultivate markets for these products through aggressive marketing. At the same time, in the Living Care field, the Company launched new products that offer new living habits. In its overseas operations, the Lion Group sought to develop its key brands and increase profitability, focusing mainly on the personal care field, including oral care and beauty care products.

Reflecting these efforts, consolidated results for the fiscal year under review are as follows. Net sales amounted to ¥349,403 million, a year-on-year increase of 2.0% (or an increase of 1.4% in terms of real net sales, which exclude the influence of exchange rate conversions). Core operating income came to ¥28,375 million, down 1.5% year on year, and operating profit to ¥34,196 million, up 12.2% year on year. Profit for the period attributable to owners of parent totaled ¥25,606 million, up 22.6% year on year.

Results by business

	Net sales	YoY change	Core operating income	YoY change
Consumer Products Business	¥231,594 million	(4.0) %	¥17,834 million	(5.8) %
Industrial Products Business	¥57,958 million	5.3 %	¥2,357 million	1.7 %
Overseas Business	¥105,043 million	2.4 %	¥6,875 million	55.8 %
Other Business	¥34,067 million	11.5 %	¥1,717 million	28.5 %
Subtotal	¥428,663 million	(0.2) %	¥28,785 million	6.6 %
Adjustment	¥(79,260) million	– %	¥(409) million	– %
Total	¥349,403 million	2.0 %	¥28,375 million	(1.5) %

Consumer Products Business	Net sales	¥231,594 million (Down 4.0% year on year)
	Core operating income	¥17,834 million (Down 5.8% 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 decreased 4.0% year on year. Core operating income decreased 5.8% year on year.

Oral Care Products — Net sales — ¥59,503 million (Up 5.3% year on year)

This segment includes products such as toothpastes, toothbrushes and mouthwashes, and overall net sales increased 5.3% year on year.

In toothpastes, sales of *CLINICA ADVANTAGE Toothpaste* were favorable, and *NONIO Toothpaste,* released in the previous fiscal year, received favorable consumer reviews. Overall sales increased year on year.

In toothbrushes, sales of the *SYSTEMA Haguki (the Gums) Plus Toothbrush* and the *CLINICA ADVANTAGE Toothbrush* were strong, but sales of the *SYSTEMA Toothbrush* were down year on year, and overall sales edged down year on year.

In mouthwashes, sales of *NONIO Mouthwash*, part of the *NONIO* bad breath prevention brand launched in the previous fiscal year, received favorable consumer reviews. Overall sales increased year on year.

Beauty Care Products — Net sales — ¥21,024 million (Up 3.5% year on year)

This segment includes products such as hand soaps, body washes and antiperspirants and deodorants, and overall net sales increased 3.5% year on year.

In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap*, which saw the addition of a new large-size pump bottle to reduce the hassle of refilling, were strong. Overall sales increased year on year.

In body washes, sales of the *hadakara Body Soap* series were strong and the addition of a new foam type received favorable consumer reviews. Overall sales substantially increased year on year.

In antiperspirants and deodorants, sales of *Ban Refresh Shower Sheets* were firm. However, because the Company ended sales of spray-on antiperspirants and deodorants as part of product mix revisions, overall sales decreased year on year.

Fabric Care Products	Net sales	¥59,790 million (Down 2.8% year on year)

This segment includes products such as fabric softeners, laundry detergents, and bleaches agents, and overall net sales decreased 2.8% year on year.

In fabric softeners, sales of *SOFLAN Aroma Rich*, new and improved to better reflect consumer tastes, were favorable. Overall sales were up year on year.

In laundry detergents, the Company released new *TOP Hareta*, a super-concentrated liquid laundry detergent that always leaves clothing feeling like it has been air dried on a clear day, even when hung up to dry indoors, but *TOP Clear Liquid*, a liquid laundry detergent is affected by intensifying competition and sales of powder detergents fell year on year, reflecting continued market contraction. Overall sales were down year on year.

Living Care Products	Net sales	¥17,891 million (Up 5.6% year on year)

This segment includes products such as dishwashing detergents, household cleaners and cooking-aid products, and overall net sales increased 5.6% year on year.

In dishwashing detergents, sales of *CHARMY Magica* were sluggish, and overall sales were down year on year.

In household cleaners, sales of bathroom fungicide *LOOK Plus Bath Antimold Fogger* were favorable, and *LOOK Plus Bath Cleansing*, a new type of bath detergent that removes grime from the tub without scrubbing, received favorable consumer reviews. Overall sales increased substantially year on year.

Pharmaceutical Products	Net sales	¥29,228 million (Down 0.6% year on year)

This segment includes products such as antipyretic analgesics, eye drops and acne treatment medicine, and overall net sales decreased 0.6% year on year.

In antipyretic analgesics, sales of *BUFFERIN PREMIUM* and *BUFFERIN Luna i* were strong, and overall sales rose year on year.

In eye drops, new *Smile Medical A*, formulated with deep-penetrating vitamin A to relieve eye fatigue due to dryness, received favorable consumer reviews, and the Company released new *Smile Contact EX Cornea Repair*, Japan's first eye drops with vitamin A for use with soft contact lenses. Overall sales increased year on year.

Other products	Net sales	¥44,156 million (Down 21.9% year on year)

The other products segment includes products such as direct-to-consumer sales products and pet supplies, and overall net sales decreased 21.9% year on year.

In direct-to-consumer sales products, sales of *Nice rim essence Lactoferrin* decreased year on year, and overall sales were down year on year.

In pet supplies, sales of *Nioi wo Toru Suna (Deodorizing Cat Litter)* were firm, and those of oral care products were strong. Overall sales were up year on year.

Industrial Products Business	Net sales	¥57,958 million (Up 5.3% year on year)
	Core operating income	¥2,357 million (Up 1.7% year on year)

The Industrial Products Business segment includes the Automotive, Electrical and Electronics, and Detergents for Institutional Use Products fields. These businesses handle products that include anti-sticking agents for tires, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales increased 5.3% year on year. Core operating income increased 1.7% year on year.

In Automotive, sales of carbon for auto parts were favorable, and overall sales increased year on year.

In Electrical and Electronics, sales of electro-conductive carbon for secondary batteries for overseas markets and electro-conductive compounds for semiconductor carrier materials were favorable, and overall sales increased substantially year on year.

In Detergents for Institutional Use Products, sales of alcohol sanitizers for kitchens were favorable, but overall sales edged down year on year.

Overseas Business	Net sales	¥105,043 million (Up 2.4% year on year)
	Core operating income	¥6,875 million (Up 55.8% 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 2.4% year on year (or in terms of real net sales, which exclude the influence of exchange rate conversions, increased 0.5%). Core operating income increased 55.8% year on year.

Southeast Asia	Net sales	¥70,205 million (Up 3.8% year on year)

In Southeast Asia, overall sales were up 3.8% year on year.

In Thailand, overall sales after yen conversions were up year on year, thanks to a favorable performance by the *Shokubutsu Monogatari* body soap, and year-on-year increase by toothbrushes and laundry detergent.

In Malaysia, overall sales after yen conversions were down year on year, despite favorable sales of the laundry detergent *TOP*, because the subsidiary that manufactures soap raw material was the subject of a business merger which led to it being removed from the scope of consolidation.

Northeast Asia	Net sales	¥34,838 million (Down 0.2% year on year)

In Northeast Asia, overall sales were down 0.2% year on year.

In South Korea, sales of *KireiKirei* hand soap were favorable. Overall sales after yen conversions were up year on year.

In China, sales of *SYSTEMA* toothbrushes fell year on year. Overall sales after yen conversions were down year on year.

Other Business	Net sales	¥34,067 million (Up 11.5% year on year)
	Core operating income	¥1,717 million (Up 28.5% year on year)

In other business, overall sales increased 11.5% year on year and core operating income increased 28.5% year on year, mainly thanks to increased orders for the construction contracting business.

3. Capital Expenditure
Total capital expenditure for the Lion Group during the fiscal year under review was ¥15,260 million, which included ¥10,188 million for the Consumer Products Business, ¥2,361 million for the Industrial Products Business, ¥2,383 million for the Overseas Business, and ¥326 million for Other Business.

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

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

(i) The Company

Chiba Plant	Detergent manufacturing equipment (additional)	¥648 million
	Fabric softener manufacturing equipment (additional)	¥516 million
Odawara Plant	Toothpaste manufacturing equipment (additional)	¥229 million
	Mouthwash manufacturing equipment (additional)	¥184 million
	Pharmaceutical manufacturing equipment (additional)	¥149 million
Osaka Plant	Detergent manufacturing equipment (additional)	¥756 million
	Fabric softener manufacturing equipment (additional)	¥218 million
Akashi Plant	Toothbrush manufacturing equipment (additional)	¥343 million
	Mouthwash manufacturing equipment (new)	¥329 million
	Toothpaste manufacturing equipment (additional)	¥266 million
Lion Chemical Co., Ltd.'s Oleochemical production site	Toothbrush manufacturing equipment (new)	¥807 million
Research Center	Research and development devices (expanded)	¥571 million

(ii) Subsidiaries

Lion Chemical Co., Ltd.	Toothbrush manufacturing equipment (new)	¥341 million
Lion Corporation (Thailand) Ltd.	Detergent manufacturing equipment (additional)	¥2,368 million

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

The Company

Chiba Plant	Detergent manufacturing equipment (additional)
Odawara Plant	Toothpaste manufacturing equipment (additional)
Akashi Plant	Mouthwash manufacturing equipment (new), Toothpaste 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

Based on the management vision of “Becoming an advanced daily healthcare company” looking toward 2030, the Lion Group will aim to realize “healthy minds and bodies for all,” through the “ReDesign” of everyday rituals to make them more natural, easy and enjoyable. To this end, we will create “customer experience-based value” in the areas of health, comfort and cleanliness.

To achieve the goals of this management vision, the Lion Group recognizes that it must speedily implement the strategies of the medium-term management plan ending 2020, the LION Value Evolution Plan (LIVE Plan) and see them through to fruition.

◇Strategic Framework for Realizing the Vision

(1) Expand and Evolve Our Business Domains through New Value Creation
Creating new combinations of various technologies and services, we will create new business value that realizes “healthy minds and bodies for all.”

(2) Accelerate Growth in Overseas Businesses through Glocalization
Focusing on growing markets in Asia, we will integrate globalization and localization approaches to create unique competitive advantages and thereby expand the scale of our businesses and the areas in which we operate.

(3) Reinforce Our Management Base through Business Structure Reform
By improving management infrastructure and revising the business portfolio to stay ahead of changes in the environment, we will reinforce our management base to enable sustainable business growth.

(4) Create Dynamism to Foster Innovative Change
We aim to foster corporate strength that will win out over global competition by promoting diversity and openness in our human resources, organizations and corporate culture.

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

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

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

6. Business Combinations

(1) Significant subsidiaries

	Company name	Share capital		Percentage of voting rights held by the Company	Major business activities
			million yen	%	
*1	Lion Chemical Co., Ltd.	7,800		100.0	Manufacture and sale of surfactants, raw materials of detergents and industrial products, 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 Logistics Service Co., Ltd.	40		100.0	Transport and warehousing
*1	Lion Dental Products Co., Ltd.	10		100.0	Sale of dentistry materials
*1	Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.	39	million U$	100.0	Manufacture and sale of household goods
*1	Lion Home Products (Taiwan) Co., Ltd.	530	million Taiwan$	100.0	Sale of household goods
*1	Lion Corporation (Korea)	9,976	million won	100.0	Manufacture and sale of household goods
*1	Lion Corporation (Singapore) Pte. Ltd.	9	million S$	100.0	Sale of household goods
*1	Lion Corporation (Hong Kong) Ltd.	12	million H$	100.0	Sale of household goods
*1	Lion Corporation (Thailand) Ltd.	500	million baht	51.0	Manufacture and sale of household goods
*1	Southern Lion Sdn. Bhd.	22	million MR	50.0	Manufacture and sale of household goods
*2	Lion Idemitsu Composites Co., Ltd.	100	million yen	50.0	Manufacture and sale of special synthetic resin compounds
*2	PLANET, INC.	436		16.0	Network building and information provision for the commodities industry
*2	Global Eco Chemicals Singapore Pte. Ltd.	39	million U$	50.0	Holding company
*2	P.T. Lion Wings	64,062	million RP	48.0	Manufacture and sale of household goods

Notes:
1. *1 indicates a consolidated subsidiary.
2. *2 indicates an associate accounted for using equity method.
3. Share capital is rounded down to the nearest unit.
4. Percentage of voting rights held by the Company is rounded down to one decimal place.
5. U$…U.S. Dollar, Taiwan$…Taiwan dollar, won…South Korean won, S$…Singapore Dollar, H$…Hong Kong dollar, baht…Thai baht, MR…Malaysian Ringgit, RP…Indonesian rupiah

(2) Progress in important corporate consolidation
   (i) In order to prepare for the future business expansion of Lion Corporation (Thailand) Ltd., capital was increased by 200 million baht on January 29, 2018. The total share capital after this increase is now 500 million baht.
   (ii) In order to jointly promote the plant-derived surfactant business with Wilmar International Limited Group, a major agriculture business company in Singapore, the Company established a joint venture called Global Eco Chemicals Singapore Pte. Ltd., and started the jointly operated business in June 1, 2018. Lion Eco Chemicals Sdn. Bhd. was placed under the jurisdiction of Global Eco Chemicals Singapore Pte. Ltd. This resulted in Lion Eco Chemicals Sdn. Bhd. being removed from the consolidated companies and instead becoming an associate accounted for using equity method, and the company name was correspondingly changed to Global Eco Chemicals Malaysia Sdn. Bhd.
   (iii) Lion Chemical Industry (Taiwan) Co., Ltd., which was transferring its business to Lion Home Products (Taiwan) Co., Ltd., was dissolved on September 11, 2018, as the transfer procedures were completed for all land.
   (iv) In the Company's Board of Directors' meeting held on December 26, 2018, it was decided that Lion Logistics Service Co., Ltd. would be absorbed on January 1, 2020.
   (v) On December 28, 2018, the insecticide brand *Varsan* and all shares of Lion Packaging Co., Ltd. were transferred to LEC Inc.

7. Major Offices and Plants (as of December 31, 2018)

(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 Logistics Service Co., Ltd. (Tokyo and Osaka)
Lion Dental Products Co., Ltd. (Tokyo)
Lion Corporation (Korea) (South Korea)
Lion Corporation (Thailand) Ltd. (Thailand)
Southern Lion Sdn. Bhd. (Malaysia)

8. Employees (as of December 31, 2018)
The number of employees of the Lion Group is 6,941 (a decrease of 134 from the end of the previous year). The number of employees of the Company is 2,727 (an increase of 177 from the end of the previous year).
(Note) Number of employees does not include temporary staff.

9. Major Creditors (as of December 31, 2018)
Not applicable.

II Shares of the Company (as of December 31, 2018)

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 (7,964,900 shares). Treasury stocks do not include the executive compensation BIP trust (492,095 shares).
2. There are no changes in share capital.

Composition ratios by shareholder category
- Japanese financial institutions 39.98%
- Foreign institutions and individuals 21.94%
- Individual investors and others 19.10%
- Other corporations 17.82%
- Financial instrument firms 1.16%

2. Number of Shareholders 60,541

3. Principal Shareholders (top 10 shareholders)

	Name of shareholder	Number of shares held (thousands of shares)	Shareholding ratio (%)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	30,369	10.43
2	Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	16,282	5.59
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	13,306	4.57
4	MUFG Bank, Ltd.	10,109	3.47
5	SSBTC CLIENT OMNIBUS ACCOUNT	6,941	2.38
6	Japan Trustee Services Bank, Ltd. (Trust Account 5)	5,466	1.87
7	Mitsubishi UFJ Trust and Banking Corporation	5,000	1.71
8	Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,450	1.52
9	Japan Trustee Services Bank, Ltd. (Trust Account 7)	4,288	1.47
10	Meiji Yasuda Life Insurance Company	4,100	1.40

Notes:
1. Number of shares held is rounded down to the nearest thousand.
2. Shareholding ratio is calculated based on the number of shares (291,150,446 shares) obtained by deducting the total number of treasury stocks from the total number of shares issued, and is rounded down to the second decimal place.

Status of Adopting Social Responsible Investment Indices (SRI)
The Company has been selected as one of the brands included in the FTSE4 Good Global Index (United Kingdom) and the Dow Jones Sustainability Asia Pacific Index (United States), which are well-known SRI indices both inside and outside Japan. The Company has also been selected as one of the brands included in the four ESG (environmental, social, and governance) indices adopted by the Government Pension Investment Fund (GPIF), the FTSE Blossom Japan Index, the MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index (WIN), and the S&P/JPX Carbon Efficient Index.
Being adopted by these indices indicates that the Company is a highly reliable company that is regarded as satisfying globally recognized corporate ethic and corporate social responsibility standards.

For information on the ESG initiatives pursued by the Company to create value, see our website.
https://www.lion.co.jp/en/csr/

III Company's Corporate Officers

1. Details of Directors and Audit & Supervisory Board Members (as of December 31, 2018)

Position	Name	Responsibilities in the Company and significant concurrent positions, etc.
Representative Director, President and Executive Officer	Itsuo Hama	Chairman of the Board of Directors, Chief Executive Officer, Representative, Lion Corporation (Thailand) Ltd.
Representative Director, Senior Managing Executive Officer	Masazumi Kikukawa	Responsible for Corporate Ethics, Direct Marketing Division, International Division and Overall Chemicals Businesses, Representative, Lion Corporation (Thailand) Ltd., Representative, Global Eco Chemicals Singapore Pte. Ltd.
Director, Senior Executive Officer	Kenjiro Kobayashi	Responsible for Human Resources and General Affairs Headquarters, Secretary Department, CSV Promotion Department, System Department and Corporate Communication Center
Director, Senior Executive Officer	Toshio Kakui	Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research & Development Headquarters, Production Headquarters, Intellectual Property Department and Safety and Disaster Prevention Promotion Department
Director, Senior Executive Officer	Takeo Sakakibara	Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Reliability Assurance Department and Legal Department
Director, Executive Officer	Yugo Kume	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, Representative, Lion Corporation (Thailand) Ltd.
External Director	Hideo Yamada	Lawyer, Representative Trustee, Akiko Tachibana Memorial Foundation, External Auditor, Taiyo Chemical Industry Co., Ltd., External Director, Hulic Co., Ltd., External Director, SATO HOLDINGS CORPORATION, External Director, Mikuni Corporation
External Director	Kazunari Uchida	Professor, Faculty of Commerce, Waseda University, External Director, Kewpie Corporation
External Director	Takashi Shiraishi	Professor Emeritus, National Graduate Institute for Policy Studies, Chancellor, Prefectural University of Kumamoto
Audit & Supervisory Board Member	Yasutaro Nakagawa	(Full-time)
Audit & Supervisory Board Member	Junko Nishiyama	(Full-time)
External Audit & Supervisory Board Member	Noboru Kojima	Certified Public Accountant, Certified Tax Accountant

External Audit & Supervisory Board Member	Hideo Higashi	Certified Tax Accountant, External Director, CENTRAL GENERAL DEVELOPMENT CO., LTD., External Director, KOEI CHEMICAL COMPANY, LIMITED

Notes:

1. There is no special interest between other companies where Hideo Yamada, Kazunari Uchida, and Hideo Higashi hold concurrent positions and the Company.
2. Noboru Kojima is qualified as a Certified Public Accountant and Certified Tax Accountant and Hideo Higashi is qualified as a Certified Tax Accountant. They both have considerable knowledge in finance and accounting.
3. External directors Hideo Yamada, Kazunari Uchida and Takashi Shiraishi, and external Audit & Supervisory Board members Noboru Kojima and Hideo Higashi 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.

   *Posted at the following URL on the Lion website:
   https://www.lion.co.jp/en/company/pdf/cg_policy_e.pdf (Reference 3)

Responsibilities of the corporate officers, etc. as of January 1, 2019 are as follows.

Representative Director, Chairman of the Board of Directors	Itsuo Hama	Chairman of the Board of Directors, Chief Executive Officer, Representative, Lion Corporation (Thailand) Ltd.
Representative Director, President and Executive Officer	Masazumi Kikukawa	Chief Operating Officer, Representative, Lion Corporation (Thailand) Ltd., Global Eco Chemicals Singapore Pte. Ltd.
Director, Senior Executive Officer	Kenjiro Kobayashi	Responsible for Corporate Ethics, Human Resources and General Affairs Headquarters, Secretary Department, CSV Promotion Department, System Department, Corporate Communication Center and Business Process Re-engineering Department
Director, Senior Executive Officer	Toshio Kakui	Responsible for Supply Chain Management Headquarters, Production Engineering Research Headquarters, Purchasing Headquarters, Research & Development Headquarters and Production Headquarters
Director, Senior Executive Officer	Takeo Sakakibara	Responsible for Risk Management, Corporate Strategy Headquarters, Consumer Service Center, Reliability Assurance Department and Legal Department
Director, Executive Officer	Yugo Kume	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, Representative, Lion Corporation (Thailand) Ltd.

Executive officers who do not concurrently serve as directors as of December 31, 2018 are as follows.
Fumitomo Noritake, Tomomichi Okano, Hiroyuki Chiba, Masaharu Mikuni, Hitoshi Suzuki, Shinichiro Hiraoka, Jiro Nagasawa, Kengo Fukuda, Yasutsugu Shimizu, Takashi Nagai

Executive officers appointed on January 1, 2019 who do not concurrently serve as directors are as follows.
Fumitomo Noritake, Masaharu Mikuni, Hitoshi Suzuki, Tomomichi Okano, Hiroyuki Chiba, Shinichiro Hiraoka, Jiro Nagasawa, Kengo Fukuda, Yasutsugu Shimizu, Takashi Nagai

2. External Officers
(1) Principal activities

Position	Name	Attendance at Board of Directors' meetings	Attendance at Audit & Supervisory Board meetings	Principal comments
External Director	Hideo Yamada	17/17 meetings	—	Makes suitable statements for enhancing the compliance system and risk management of the Lion Group.
	Kazunari Uchida	14/17 meetings	—	Makes suitable statements for enhancing the business regarding all aspects of management and advice regarding the management strategy of the Lion Group.
	Takashi Shiraishi	16/17 meetings	—	Makes suitable statements for maintaining the adequateness and validity of decision-making regarding all aspects of management of the Lion Group.
External Audit & Supervisory Board Member	Noboru Kojima	17/17 meetings	13/13 meetings	Makes suitable statements for maintaining the adequateness of the finance and accounting for the Lion Group.
	Hideo Higashi	16/17 meetings	12/13 meetings	Makes suitable statements for maintaining the adequateness of taxes for the Lion Group.

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

3. Policy for Determining the Amount of Compensation, etc. Received by Directors and Audit & Supervisory Board Members and Details of the Policy
Policy for determining the amount of compensation, etc. received by directors and Audit & Supervisory Board members and details of the policy for the fiscal year under review are as follows.

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

(2) Details of policy

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

(i) Compensation includes fixed monthly compensation and performance-linked compensation that corresponds to performance and the stock price.

(ii) Fixed monthly compensation is based on a flat rate system. The level of fixed monthly compensation is determined based on other company standards.
This compensation is also adjusted once a year upon reviewing the level of executing duty and supervising management.

(iii) Performance-linked compensation includes a bonus and the performance-linked stock-based compensation adopted based on approval at the 156th Annual Meeting of Shareholders held on March 30, 2017.

(iv) The target ratio of each type of compensation that makes up director and Audit & Supervisory Board member compensation is 50% fixed compensation (the basic compensation) and 50% performance-linked compensation (30% bonus and 20% stock-based compensation).

(v) Bonuses are granted to each director based on past payment history and other company examples up to a maximum amount of 250 million yen, and are 50% made up of 0.5% of core operating income for the fiscal year under review and 50% made up of 0.75% of profit attributable to owners of the parent (rounded down to the nearest ten thousand yen).
However, if the above income or profit are negative (a loss), the value for that item used in the formula will be zero.

(vi) Performance-linked compensation includes a fixed part granted every fiscal year and a performance-linked part granted according to the level of achieving performance targets every fiscal year during the period of the medium-term management plan. The ratio of the fixed part and the performance-linked part is 1:1, and both parts account for half of the stock-based compensation base amount defined for each officer title.

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

(i) Compensation will comprise fixed monthly compensation only.

(ii) Fixed monthly compensation is based on a flat rate system. The level of fixed monthly compensation is determined based on other company standards.

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

Classification	Number of Corporate Officers	Fixed compensation	Performance-linked compensation		Total
			Bonuses	Stock-based compensation	
Directors	10	¥251 million	¥166 million	¥60 million	¥478 million
(External Directors)	(3)	(¥36 million)	—	—	(¥36 million)
Audit & Supervisory Board Members	4	¥84 million	—	—	¥84 million
(External Audit & Supervisory Board Members)	(2)	(¥24 million)	—	—	(¥24 million)
Total	14	¥335 million	¥166 million	¥60 million	¥562 million
(External officers)	(5)	(¥60 million)	—	—	(¥60 million)

Notes:

1. There are no directors of the Company who concurrently serve as employees.
2. The fixed compensation for directors was decided to be up to ¥300 million for one fiscal year at the 156th Annual Meeting of Shareholders held on March 30, 2017.
3. The fixed compensation for Audit & Supervisory Board members was decided to be up to ¥110 million for one fiscal year at the 156th Annual Meeting of Shareholders held on March 30, 2017.
4. The maximum compensation contributed for stock-based compensation was decided to be up to ¥600 million and a total of 360,000 shares (90,000 shares per fiscal year) for the four fiscal years from the fiscal

year ended December 31, 2017 to the fiscal year ending December 31, 2020, at the 156th Annual Meeting of Shareholders held on March 30, 2017.

5. Bonuses for performance-linked compensation are calculated as indicated above based on core operating income and profit attributable to owners of the parent for the fiscal year under review. Furthermore, stock-based compensation is granted by converting the number of stock points assigned to beneficiaries of the system by the purchase price, according to the level of achieving performance targets for the fiscal year under review.
6. Amounts are rounded down to the nearest million yen.

IV Accounting Auditor

1. Name of Accounting Auditor — Ernst & Young ShinNihon LLC

   (Note) On July 1, 2018, Ernst & Young ShinNihon LLC changed its Japanese corporate name from ShinNihon Yugen Sekinin Kansa Hojin to EY ShinNihon Yugen Sekinin Kansa Hojin but left its English name unchanged.

2. Amount of compensations

Classification	Amount paid
(1) Amount of compensations pertaining to the fiscal year under review	¥94 million
(2) Total amount of money and other financial profits to be paid by the Company and its subsidiaries	¥126 million

Notes:
1. The audit contract between the Company and the accounting auditor does not separate the audit compensation for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act, and as they cannot be separated in practice, the total amount is shown in (1) above.
2. The Audit & Supervisory Board of the Company checked the grounds for calculation based on the explanation of the accounting auditor regarding the compensation estimated from the number of audit days and man-scheduling, etc. of the auditing plan for the fiscal year under review while referring to the evaluation of the performance for the previous year, and since all members deemed that content was reasonable, agreed with Article 399, Paragraph 1 of the Companies Act.
3. Of the significant subsidiaries of the Company listed on page 29, Lion Daily Necessities Chemicals (Qingdao) Co., Ltd., Lion Home Products (Taiwan) Co., Ltd., Lion Corporation (Korea), Lion Corporation (Singapore) Pte. Ltd., Lion Corporation (Hong Kong) Ltd., Lion Corporation (Thailand) Ltd., and Southern Lion Sdn. Bhd. receive audits by an auditor other than Ernst & Young ShinNihon LLC.
4. Amounts are rounded down to the nearest million yen.

3. Details of Non-Auditing Services
   The Company pays the accounting auditor compensation for the advice given regarding the migration to International Financial Reporting Standards, etc. 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 ¥10 per share (payment date: September 4, 2018) and a year-end dividend of ¥10 per share (payment date: March 1, 2019) for the fiscal year under review.

Consolidated Statements of Financial Position

(As of December 31, 2018)

(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	215,934	199,520	Current liabilities	129,742	129,400
Cash and cash equivalents	104,972	91,401	Trade and other payables	116,980	111,709
Trade and other receivables	64,695	64,871	Borrowings	1,417	4,040
Inventories	42,057	39,654	Income tax payables	2,674	4,528
Other financial assets	2,582	1,996	Provisions	710	844
Other current assets	1,626	1,367	Other financial liabilities	907	890
Subtotal	215,934	199,291	Other current liabilities	7,051	7,388
Assets held for sale	-	228			
			Non-current liabilities	21,350	20,662
Non-current assets	139,430	139,335	Borrowings	1,202	1,569
Property, plant and equipment	81,546	79,539	Deferred tax liabilities	4,232	6,440
Goodwill	182	182	Retirement benefit liabilities	10,955	7,554
Intangible assets	10,160	8,149	Provisions	355	375
Investments accounted for using the equity method	8,606	5,585	Other financial liabilities	3,183	3,090
			Other non-current liabilities	1,421	1,632
Deferred tax assets	5,889	5,730	Total liabilities	151,093	150,062
Retirement benefit assets	7,799	10,302	Equity		
Other financial assets	25,097	29,399	Share capital	34,433	34,433
Other non-current assets	148	446	Capital surplus	34,715	34,687
			Treasury stock	(4,766)	(4,805)
			Other components of equity	10,920	15,498
			Retained earnings	115,806	98,625
			Equity attributable to owners of the parent	191,108	178,439
			Non-controlling interests	13,163	10,353
			Total equity	204,271	188,793
Total assets	355,365	338,855	Total liabilities and equity	355,365	338,855

Consolidated Statement of Income
(From January 1, 2018 to December 31, 2018)

(Millions of yen)

Item	Amount	(Reference) Amount for the previous fiscal year
Net sales	349,403	342,703
Cost of sales	(177,673)	(171,713)
Gross profit	171,729	170,990
Selling, general and administrative expenses	(143,353)	(142,182)
Other income	7,431	3,142
Other expenses	(1,610)	(1,470)
Operating profit	34,196	30,479
Finance income	789	808
Finance costs	(137)	(205)
Share of profit of investments accounted for using the equity method	809	915
Profit before tax	35,658	31,998
Income taxes	(5,875)	(8,607)
Profit for the period	29,783	23,390
Profit for the period attributable to:		
Owners of the parent	25,606	20,883
Non-controlling interests	4,176	2,507
Profit for the period	29,783	23,390

Non-consolidated Balance Sheet

(As of December 31, 2018)

(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	153,241	143,589	Current liabilities	100,721	102,109
Cash and deposits	20,758	9,340	Notes payable—trade	9,945	9,244
Notes receivable—trade	1,633	1,826	Accounts payable - trade	26,066	27,630
Accounts receivable-trade	33,310	32,872	Lease obligations	73	57
Securities	65,999	68,999	Accounts payable—other	37,127	37,126
Merchandise and finished goods	18,912	16,985	Income taxes payable	510	2,643
Work in process	1,091	1,086	Accrued expenses	2,548	2,464
Raw materials and supplies	6,268	5,471	Deposits received	18,423	17,286
Prepaid expenses	860	656	Provision for bonuses	2,640	2,249
Accrued income	632	1,045	Provision for sales returns	319	326
Deferred tax assets	2,571	2,664	Provision for sales promotion expenses	2,885	2,928
Other current assets	1,205	2,643	Provision for bonuses for directors (and other officers)	164	145
Allowance for doubtful accounts	(4)	(4)	Other	16	6
Non-current assets	112,451	109,378	Non-current liabilities	8,488	8,551
Property, plant and equipment	45,565	42,134	Lease obligations	98	94
Buildings and structures	14,260	13,298	Provision for directors' stock benefits	240	155
Machinery and equipment	14,094	12,304	Provision for retirement benefits	4,927	3,962
Vehicles	116	85	Long-term time deposits	1,580	1,628
Tools, furniture and fixtures	3,208	2,867	Asset retirement obligations	413	403
Land	8,891	9,591	Deferred tax liabilities	1,228	2,307
Leased assets	171	151			
Construction in progress	4,824	3,834			
			Total Liabilities	109,210	110,660
Intangible assets	2,363	771			
Trademark right	30	38			
Software in progress	1,509	74			
Other	824	658	(Net assets)		
			Shareholders' equity	147,090	129,979
Investments and other assets	64,521	66,473	Share capital	34,433	34,433
Investment securities	20,697	24,729	Capital surplus	35,297	35,292
Shares of subsidiaries and associates	26,084	24,105	Legal capital surplus	31,499	31,499
Investments in capital of subsidiaries and associates	3,606	3,606	Other capital surplus	3,797	3,792
Long-term loans receivable	2,450	2,450	Retained earnings	82,897	65,846
Prepaid pension cost	11,093	10,911	Legal retained earnings	5,551	5,551
Long-term prepaid expenses	97	176	Other retained earnings	77,345	60,294
Other	524	525	Reserve for reduction entry	547	564
Allowance for doubtful accounts	(32)	(32)	Reserve for dividends	2,365	2,365

Item	Amount	(Reference) Amount for the previous fiscal year	Item	Amount	(Reference) Amount for the previous fiscal year
			Reserve for research and development	830	830
			General reserve	18,280	18,280
			Retained earnings brought forward	55,323	38,254
			Treasury stock	(5,538)	(5,593)
			Valuation and translation adjustments	9,226	12,117
			Valuation difference on available-for-sale securities	9,229	12,111
			Deferred gains or losses on hedges	(2)	5
			Share acquisition rights	165	210
			Total Net Assets	156,482	142,306
Total Assets	265,692	252,967	Total liabilities and net asset	265,692	252,967

Non-consolidated Statement of Income
(From January 1, 2018 to December 31, 2018)

(Millions of yen)

Item	Amount		(Reference) Amount for the previous fiscal year	
Net sales		264,505		264,280
Cost of sales		98,099		96,073
Gross profit		166,405		168,207
Selling, general and administrative expenses		151,307		152,219
Operating profit		15,098		15,988
Non-operating income				
Interest income	23		32	
Dividend income	7,589		3,424	
Royalty income	1,193		1,142	
Miscellaneous income	322	9,128	312	4,911
Non-operating expenses				
Interest expenses	118		112	
Loss on disposal of inventories	310		237	
Miscellaneous loss	53	482	76	426
Ordinary profit		23,744		20,473
Extraordinary income				
Gain on disposal of non-current assets	937		-	
Gain on sales of investment securities	219		332	
Gain on sale of businesses	948		-	
Other	409	2,514	-	332
Extraordinary losses				
Gain on disposal of non-current assets	406		393	
Impairment loss	30		71	
Loss on disaster	439	876	-	465
Profit before income taxes		25,382		20,340
Income taxes - current	2,290		4,619	
Income taxes - deferred	218	2,508	321	4,941
Profit		22,873		15,399

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

Report of Independent Auditors (Translation)

February 12, 2019

The Board of Directors
Lion Corporation

Ernst & Young ShinNihon LLC

Makoto Mukai
Certified Public Accountant
Designated, Limited Liability and Operating Partner

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

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, 2018, the consolidated statement of income and the consolidated statement of changes in equity for the fiscal year from January 1, 2018 to December 31, 2018, the significant matters forming the basis for preparing consolidated financial statements and other notes.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of paragraph 1 of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards; this includes the development, implementation, and maintenance 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 injustice or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. We select and apply the audit procedures based on our assessment of the risks of material misstatement of the consolidated financial statements, whether due to injustice or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We attest that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion
In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of paragraph 1 of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2018 and the results of their operations for the period then ended.

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.

Accounting Audit Report of the Accounting Auditor (Certified Copy)

Report of Independent Auditors

February 12, 2019

The Board of Directors
Lion Corporation

Ernst & Young ShinNihon LLC

Makoto Mukai
Certified Public Accountant
Designated, Limited Liability and Operating Partner

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

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, 2018, and the statement of income and the non-consolidated statement of changes in shareholders' equity for the 158th fiscal year from January 1, 2018 to December 31, 2018, and the related notes to non-consolidated financial statements as well as the related supplementary schedules thereto.

Management's responsibility for the non-consolidated financial statements
Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and supplementary schedules in accordance with accounting principles generally accepted in Japan; this includes the development, implementation, and maintenance of internal control deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements and supplementary schedules that are free from material misstatement, whether due to injustice or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the non-consolidated financial statements and supplementary schedules based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and supplementary schedules. We select and apply the audit procedures based on our assessment of the risks of material misstatement of the non-consolidated financial statements and supplementary schedules, whether due to injustice or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessment, we consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and supplementary schedules.

We attest that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion
In our opinion, the non-consolidated financial statements and supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and the results of its operations for the period then ended in accordance with accounting principles generally accepted in Japan.

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.

The Audit & Supervisory Board's Audit Report (Certified Copy)

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 158th fiscal year (from January 1, 2018 to December 31, 2018), 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 13, 2019

The Audit & Supervisory Board,
Lion Corporation

Yasutaro Nakagawa
Standing Audit & Supervisory Board Member

Junko Nishiyama

	Standing Audit & Supervisory Board Member Noboru Kojima External Audit & Supervisory Board Member Hideo Higashi External Audit & Supervisory Board Member