

August 3, 2018

Company name: Lion Corporation
Representative: Itsuo Hama, Representative Director,
President Executive Officer
Security code: 4912; the First Section of the Tokyo
Stock Exchange

Notice Concerning the Transfer of the Lion Insecticide Brand *Varsan* and the Shares of a Consolidated Subsidiary

Lion Corporation (“Lion”) herein announces the decision reached at today’s Board of Directors meeting to transfer (“the Transfer”) the Lion insecticide brand *Varsan* and all shares of the wholly owned Lion consolidated subsidiary Lion Packaging Co., Ltd. (“LPC”) to LEC, Inc. (“LEC”) as well as the signing of a contract, dated August 3, 2018, for the transfer of said business and shares.

1. Purpose of the Transfer

Earlier this year, Lion established a new management vision, “Becoming an advanced daily healthcare company,” and launched the LION Value Evolution Plan (LIVE Plan) medium-term management plan. To achieve the targets of this plan, Lion is advancing four basic strategies, one of which is to “Reinforce Our Management Base through Business Structure Reform.”

LEC is working toward business growth by entering new business fields and rebuilding its production framework. Lion has concluded that transferring its *Varsan* insecticide brand and LPC, which produces products under said brand, to LEC will help to increase the corporate value of both Lion and LEC. Accordingly, Lion has reached a share transfer agreement to this effect. Following this transfer, Lion plans to continue working with LPC, which will become part of the LEC Group, including by commissioning the production of certain Lion Group products.

2. Items to Be Transferred

- a. The *Varsan* brand insecticide business and related non-current assets, intellectual property, contractual status, etc.
- b. All shares of LPC

3. Overview of the Subsidiary to Be Transferred

(As of June 30, 2018)

(1) Name	Lion Packaging Co., Ltd.		
(2) Location	464, Nakahata, Yabuki-machi Nishishirakawa-gun, Fukushima		
(3) Representative	President Yoshihiko Oya		
(4) Businesses	Manufacture of insecticides, etc.		
(5) Capital	¥180 million		
(6) Established	October 15, 1976		
(7) Major shareholders and shareholding ratios	Lion Corporation		100.00%
(8) Relationships with Lion	Capital relationships	LPC is a wholly owned subsidiary of Lion	
	Personal relationships	Three Lion employees are stationed at LPC	
	Business relationships	Lion procures products from LPC	
(9) Financial status and performance in the last three fiscal years			
Fiscal year	2015	2016	2017
Net assets	¥3,286million	¥3,450 million	¥3,432 million
Total assets	¥6,626 million	¥6,889 million	¥5,854 million
Net assets per share	¥9,128.96	¥9,585.91	¥9,535.81
Net sales	¥11,403 million	¥11,875 million	¥12,410 million
Operating profit	¥388 million	¥492 million	¥530 million
Ordinary income	¥396 million	¥500 million	¥570 million
Net income	¥216 million	¥314 million	¥131 million
Net income per share	¥602.47	¥873.61	¥366.57

* As part of the reorganization of Lion's manufacturing facilities in the Chiba district, LPC's Ichihara Plant closed on December 31, 2017, and its manufacturing functions were moved to Lion's Chiba Plant. As a result, LPC's financial status and performance for 2018 are forecast to differ greatly from its financial status and performance for the last three years, as presented above.

4. Overview of the Recipient

(As of March 31, 2018)

(1) Name	LEC, Inc.																					
(2) Location	15-1, Nihonbashi Hamacho 3-chome, Chuo-ku, Tokyo																					
(3) Representative	President Takaki Nagamori																					
(4) Businesses	The manufacture, sale and export of household goods, gifts and novelty products																					
(5) Capital	¥5,491 million																					
(6) Established	March 17, 1983																					
(7) Net assets	¥27,386 million																					
(8) Total assets	¥50,408 million																					
(9) Major shareholders and shareholding ratios	<table border="0"> <tr> <td>Japan Trustee Service Bank, Ltd. (Trust Account)</td> <td>13.33%</td> </tr> <tr> <td>Mitsuo Aoki</td> <td>5.97%</td> </tr> <tr> <td>Takaki Nagamori</td> <td>5.51%</td> </tr> <tr> <td>S.N. Kosan Corporation</td> <td>5.51%</td> </tr> <tr> <td>Fukuyama Transporting Co., Ltd.</td> <td>5.23%</td> </tr> <tr> <td>Norikazu Watanabe</td> <td>4.43%</td> </tr> <tr> <td>GOLDMAN, SACHS & CO. REG (Standing agent: Goldman Sachs Japan Co., Ltd.)</td> <td>3.98%</td> </tr> <tr> <td>Shigeru Takabayashi</td> <td>3.31%</td> </tr> <tr> <td>Trust & Custody Services Bank, Ltd. (Trust Account E)</td> <td>2.81%</td> </tr> <tr> <td>The Bank of New York–JASDEC Treaty Account (Standing proxy: Settlement & Clearing Service Division, Mizuho Bank, Ltd.)</td> <td>2.66%</td> </tr> </table>		Japan Trustee Service Bank, Ltd. (Trust Account)	13.33%	Mitsuo Aoki	5.97%	Takaki Nagamori	5.51%	S.N. Kosan Corporation	5.51%	Fukuyama Transporting Co., Ltd.	5.23%	Norikazu Watanabe	4.43%	GOLDMAN, SACHS & CO. REG (Standing agent: Goldman Sachs Japan Co., Ltd.)	3.98%	Shigeru Takabayashi	3.31%	Trust & Custody Services Bank, Ltd. (Trust Account E)	2.81%	The Bank of New York–JASDEC Treaty Account (Standing proxy: Settlement & Clearing Service Division, Mizuho Bank, Ltd.)	2.66%
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(10) Relationships with Lion	Capital relationships	None																				
	Personal relationships	None																				
	Business relationships	None																				
	Status as related party	Not a related party of Lion																				

5. Shares to be Transferred and Shareholdings before and after Transfer

(1) Shares held by Lion before acquisition	360,000 shares (voting rights: 360,000; percentage of voting rights: 100.00%)
(2) Shares to be transferred	360,000 shares (voting rights: 360,000; percentage of voting rights: 100.00%)
(3) Shares held by Lion after acquisition	0 shares (voting rights: 0; percentage of voting rights: 0%)

6. Consideration for the Transfer

(1) Amount of consideration	¥1,400 million
(2) Method of settlement	Cash payment

7. Schedule

(1) Resolutions of boards of directors	August 3, 2018
(2) Conclusion of share transfer agreement	August 3, 2018
(3) Transfer of shares, etc.	December 28, 2018

8. Forecasts

This transfer is expected to have only a minor impact on the consolidated results of the Lion Group for the fiscal year ending December 2018.