

December 26, 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 Absorption-Type Merger of a Consolidated Subsidiary (Simplified, Short-Form Merger)**

Lion Corporation (“Lion”) herein announces the decision reached at today’s Board of Directors meeting to absorb and merge with the wholly owned Lion subsidiary Lion Logistics Service Company, Ltd. (“Lion Logistics Service”) effective January 1, 2020. Because this merger is a simplified merger with a wholly owned Lion subsidiary, certain details are omitted from the following disclosure.

### 1. Purpose of the Merger

Lion Logistics Service is a wholly owned subsidiary that handles logistics management operations within the Lion Group. One of the basic strategies of the LION Value Evolution Plan (LIVE Plan) medium-term management plan is “Reinforce Our Management Base through Business Structure Reform.” Lion is actively advancing this strategy, which includes working to “build more advanced and sustainable supply chains.” To improve the Group’s logistics management and accelerate logistics-related measures, Lion has decided to integrate the logistics management functions of Lion Logistics Service into the Company.

### 2. Summary of the Merger

#### (1) Schedule

December 26, 2018	Meeting of the Boards of Directors to authorize the merger (Lion Corporation, Lion Logistics Service) Conclusion of the merger agreement (Lion Corporation, Lion Logistics Service)
January 1, 2020	Merger (entry into force)

Note: This corporate merger is a simplified merger, as defined in Article 796-2 of the Corporation Law, and Lion Logistics Service meets the requirements for a short-form merger laid out in Article 784-1 of the Corporation Law. The merger will therefore be executed without approval of the merger agreement from the general meetings of shareholders of either company.

(2) Method

An absorption-type merger, with Lion Corporation as the successor company and Lion Logistics Service as the absorbed company.

(3) Reallocation

Because Lion Logistics Service is a wholly owned consolidated subsidiary of Lion Corporation, there will be no reallocation of shares or other consideration issued as a result of this merger.

(4) Handling of subscription rights and corporate bonds with subscription rights related to the merger

Not applicable, as the company to be absorbed has not issued any subscription rights or corporate bonds with subscription rights.

3. Overview of the Companies Involved in the Merger (as at June 30, 2018)

	Successor Company (Lion)	Absorbed Company (Lion Logistics Service)
(1) Name	Lion Corporation	Lion Logistics Service Company, Ltd.
(2) Location	3-7, Honjo 1-chome, Sumida-ku, Tokyo, Japan	3-7, Honjo 1-chome, Sumida-ku, Tokyo, Japan
(3) Representative director	President Executive Officer Itsuo Hama	President Toshiyuki Nikkawa
(4) Businesses	The manufacture and sale of toothpastes, toothbrushes, soaps, detergents, hair- and skin-care products, cooking-related products, pharmaceuticals and chemicals. Exports to overseas affiliates.	Freight forwarding, warehousing, wrapping, packing, packaging and shipping
(5) Capital	¥34,433 million	¥40 million
(6) Date of establishment	September 3, 1918	November 21, 1963
(7) Shares issued	299,115,346	80,000
(8) Accounting period	December 31	December 31
(9) Major shareholders and shareholding ratios	<ul style="list-style-type: none"><li>• Japan Trustee Services Bank, Ltd. (trust account): 9.38%</li><li>• Trust &amp; Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust</li></ul>	<ul style="list-style-type: none"><li>• Lion Corporation: 100.00%</li></ul>

	Account re-entrusted by Mizuho Trust and Banking Co., Ltd.: 5.44%	
	• The Master Trust Bank of Japan, Ltd. (trust account): 3.70%	
	• MUFG Bank, Ltd.: 3.38%	
(10) Financial status and performance in the preceding fiscal year		
	Year ended December 31, 2017 (consolidated)	Year ended December 31, 2017 (non-consolidated)
Net assets	¥187,015 million	¥753 million
Total assets	¥331,751 million	¥6,120 million
Net assets per share	¥607.61	¥9,416.18
Net sales	¥410,484 million	¥16,177 million
Operating profit	¥27,206 million	¥183 million
Ordinary income	¥29,126 million	¥191 million
Net income	¥19,827 million	¥89 million
Net income per share	¥68.23	¥1,118.00

#### 4. Overview of the Company after the Merger (forecast for January 1, 2020)

		Successor Company to the Absorption-Type Merger
(1)	Name	Lion Corporation
(2)	Location	3-7, Honjo 1-chome, Sumida-ku, Tokyo
(3)	Representative director	Representative Director, President and Executive Officer Masazumi Kikukawa
(4)	Businesses	The manufacture and sale of toothpastes, toothbrushes, soaps, detergents, hair- and skin-care products, cooking-related products, pharmaceuticals and chemicals. Exports to overseas affiliates.
(5)	Capital	¥34,433 million
(6)	Accounting period	December 31

#### 5. Forecasts

This merger will not impact the consolidated results of the Lion Group for the fiscal year ending December 2018.