

May 10, 2021

Company name: Lion Corporation

Representative: Masazumi Kikukawa,

Representative Director,

President and Executive Officer

Code: 4912

Tokyo Stock Exchange

Notice Concerning the Disposal of Treasury Stock through Third-Party Allotment

Lion Corporation (hereinafter “Lion” or “the Company”) hereby announces a resolution made at a meeting of its Board of Directors on May 10, 2021 to execute a disposal of treasury stock (hereinafter the “disposal of treasury stock” or the “disposal”) through third-party allotment. Details follow.

1. Outline of the Disposal of Treasury Stock

(1) Date of disposal	June 2, 2021
(2) Shares to be disposed of	309,200 shares of common stock
(3) Disposal value	¥2,039 per share
(4) Amount of funds to be raised	¥630,458,800
(5) Disposal recipient	The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account)
(6) Other	The disposal of treasury stock is premised on the entry into effect of the filing of the Company’s application in accordance with Japan’s Financial Instruments and Exchange Act.

2. Purposes of and Reasons for the Disposal

Based on a resolution passed at the aforementioned meeting of its Board of Directors, the Company decided to continue the use of an executive compensation BIP trust (hereinafter the “BIP trust”) adopted in 2017. The BIP trust was adopted with the aim of better linking compensation paid to directors (excluding external directors; the same applies hereinafter) and executive officers (hereinafter collectively “directors and executive officers”) with Lion’s performance and share price, thereby incentivizing directors and executive officers to pursue improvements in corporate performance and

corporate value from a medium- to long-term perspective. For an overview of the BIP trust, please refer to the February 12, 2021 news release “Notice Concerning the Continuation of the Performance-Linked Stock-Based Compensation System and the Partial Revision of the System’s Content.”

In conjunction with the extension of the term of the BIP trust, the Company and Mitsubishi UFJ Trust and Banking Corporation will sign an executive compensation BIP trust agreement (hereinafter the “trust agreement”; the trust being established based on this agreement shall be referred to as “the trust”) that designates The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account) as a co-trustee. The disposal of treasury stock will be executed through third-party allotment to The Master Trust Bank of Japan, Ltd.

The number of shares to be disposed of is based on the estimated number of shares to be granted to the Company’s directors and executive officers during the trust period in accordance with its share granting rules. The resulting dilution of shares given the total number of shares outstanding will amount to 0.10% (this figure is rounded to the second decimal place; similarly, the resulting dilution of voting rights, given the total number of voting rights, 2,909,753 as of December 31, 2020, will amount to 0.11%).

In accordance with its share granting rules, Company shares allotted to a third party through the disposal of treasury stock will be granted to its directors and executive officers. Accordingly, an immediate influx of these shares to the stock market is not expected. Having thus concluded that the impact of the aforementioned disposal of treasury stock on the trading market is insignificant, the Company believes that the number of shares to be disposed of and the resulting dilution of shares are reasonable.

3. Basis for and Details of the Calculation of Disposal Value

To eliminate arbitrariness in determining disposal value, the Company has taken recent trends in its stock price into consideration and has set the disposal value at ¥2,039 per share, the closing price announced by Tokyo Stock Exchange, Inc. (hereinafter the “Tokyo Stock Exchange”) on May 7, 2021, the business day immediately prior to the date on which the resolution with regard to the disposal of treasury stock was passed by the Board of Directors. The Company’s reason for adopting the closing price announced on that date is that the market price announced immediately prior to the Board of Directors’ decision serves as an objective and reasonable indicator that provides a fair basis for the calculation of disposal value.

Said disposal value represents 96.32% of ¥2,117 (figures less than one yen are rounded down; the same applies hereafter), the average of closing prices at the Tokyo Stock Exchange over a one-month period (spanning from April 8 to May 7, 2021) immediately prior to the date of the Board of Directors’ resolution (a deviation of 3.68%).

Similarly, said value represents 93.53% of ¥2,180, the average of closing prices over a three-month period (spanning from February 8 to May 7, 2021) immediately prior to the date of the Board of Directors' resolution (a deviation of 6.47%), and 87.81% of ¥2,322, the average of closing prices over a six-month period (spanning from November 9, 2020 to May 7, 2021) immediately prior to the date of said resolution (a deviation of 12.19%). As such, the Company considers that said disposal value does not constitute a value arbitrarily determined in favor of the Company.

In addition, all of the Company's five Audit & Supervisory Board members, three of whom are external members, concluded that said disposal value was reasonably and legally calculated and does not constitute a value arbitrarily determined in favor of the Company.

4. Procedures under the Code of Corporate Conduct

The disposal of treasury stock will result in only a minor dilution of shares, well below the prescribed level of 25%, while producing no changes in the holdings of controlling shareholders. Therefore, third-party opinions and the confirmation of the shareholders' consensus, which would otherwise be mandated based on Article 432 of the Tokyo Stock Exchange's Securities Listing Regulations, are not required.