



Summary of Consolidated Financial Statements for the First Quarter Ended March 31, 2024 [IFRS]

May 8, 2024

Company name: Lion Corporation
Listed stock exchanges: Tokyo Stock Exchange
Code: 4912
URL: <https://www.lion.co.jp/en/>

Representative: Masayuki Takemori, Representative Director, President and Executive Officer
Contact: Akihiko Takeo, Executive Officer, Director of Finance Department
Telephone: +81-3-6739-3711

Scheduled date of filing of quarterly financial report: May 10, 2024
Supplementary materials prepared for quarterly results: Yes
Quarterly results information meeting held: Yes (for institutional investors, analysts, etc.)

Figures in this and subsequent tables are truncated at the nearest million.

1. Consolidated Results for the First Quarter Ended March 31, 2024 (January 1, 2024 – March 31, 2024)

(1) Consolidated Results (cumulative)

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2024	92,965	2.3	4,893	107.2	5,817	120.2
Three months ended March 31, 2023	90,849	4.4	2,361	(77.5)	2,641	(76.1)

	Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2024	4,198	124.0	3,548	124.9	7,835	90.0
Three months ended March 31, 2023	1,874	(76.7)	1,578	(80.0)	4,124	(65.9)

Note: Core operating income for the three months ended March 31, 2024 was ¥3,994 million (up 59.6% year on year).

Core operating income for the three months ended March 31, 2023 was ¥2,502 million (down 54.7% year on year).

Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2024	12.72	12.70
Three months ended March 31, 2023	5.55	5.54

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
March 31, 2024	462,902	292,304	273,591	59.1
December 31, 2023	486,363	298,134	280,316	57.6

2. Dividends

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2023	—	13.00	—	13.00	26.00
Fiscal 2024	—				
Fiscal 2024 (forecast)		13.00	—	14.00	27.00

Note: Changes from the most recently published forecast of dividends: No

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2024 (January 1, 2024 – December 31, 2024)

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half 2024	195,000	1.1	12,000	92.2	8,000	86.1	28.13
Fiscal 2024	410,000	1.8	27,000	31.7	19,000	29.9	66.81

Notes: 1. Core operating income forecast: First half 2024: ¥8,000 million
Fiscal 2024: ¥23,000 million

2. Changes from the most recently published financial results forecast: No

Notes

- (1) Significant Change in Scope of Consolidation during Period: No
- (2) Changes in accounting principles, procedures and presentation methods in connection with the preparation of quarterly consolidated financial statements:
 - a. Changes in accounting standards required under IFRS: No
 - b. Other changes: No
 - c. Changes in accounting estimates: No
- (3) Number of outstanding shares (common stock)
 - a. Number of outstanding shares on balance sheet dates (including treasury stocks):

As of March 31, 2024:	284,432,746 shares
As of December 31, 2023:	292,536,446 shares
 - b. Number of treasury stocks on balance sheet date:

As of March 31, 2024:	8,070,100 shares
As of December 31, 2023:	8,075,507 shares
 - c. Average number of shares outstanding over period

Three months ended March 31, 2024:	279,060,166 shares
Three months ended March 31, 2023:	284,241,602 shares

* This report is not subject to review by a certified public accountant or external auditor.

* Appropriate use of results forecasts; other special items

The forecasts and projected operating results contained in this report are based on information available at the time of preparation and thus involve inherent risks and uncertainties, including those related to economic conditions, the competitive environment and exchange rate fluctuations. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors. For information on forecasts of operating results, see I. Qualitative Information Concerning the Results of Operations for the First Quarter of the Current Fiscal Year (3) Forecast of Consolidated Financial Results on page 9.

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I. Qualitative Information Concerning the Results of Operations for the First Quarter of the Current Fiscal Year

(1) Consolidated Performance

Consolidated results for the first quarter of fiscal 2024 (January 1, 2024–March 31, 2024) are as follows. Net sales amounted to ¥92,965 million, a year-on-year increase of 2.3% (or a decrease of 0.2% at constant currency excluding exchange rate fluctuations). Core operating income came to ¥3,994 million, up 59.6% compared with the previous fiscal year, and operating profit to ¥4,893 million, up 107.2% year on year. Profit for the period attributable to owners of the parent totaled ¥3,548 million, up 124.9% compared with the previous fiscal year.

The Lion Group has positioned 2024, the final year of Vision2030 1st STAGE, its current medium-term management plan, as a year to rebuild the revenue base in anticipation of the next medium-term management plan, based on the progress of the plan so far.

The Company will continue aggressively expanding its overseas business, which is at the core of its growth strategy. Simultaneously, Lion has launched new high value-added products in its eye drops line in Japan while prioritizing the development of its mainstay brands, particularly in the oral care field. The Company has also started to reform its earnings structure through portfolio revision, including the transfer of some brands not in its priority fields of focus to improve profitability.

Consolidated Results

(Millions of yen)

	Three months ended March 31, 2024	Ratio to net sales	Three months ended March 31, 2023	Ratio to net sales	Change	Change (%)
Net sales	92,965		90,849		2,116	2.3%
Core operating income	3,994	4.3%	2,502	2.8%	1,491	59.6%
Operating profit	4,893	5.3%	2,361	2.6%	2,531	107.2%
Profit for the period attributable to owners of the parent	3,548	3.8%	1,578	1.7%	1,970	124.9%

Notes: Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.

Results by Business Segment

(Millions of yen)

	Net sales				Core operating income			
	Three months ended March 31, 2024	Three months ended March 31, 2023	Change	Change (%)	Three months ended March 31, 2024	Three months ended March 31, 2023	Change	Change (%)
Consumer Products	57,895	60,049	(2,154)	(3.6%)	2,231	1,054	1,176	111.7%
Industrial Products	13,049	14,706	(1,656)	(11.3%)	782	1,010	(227)	(22.5%)
Overseas	39,746	34,266	5,480	16.0%	2,206	1,567	639	40.8%
Other	3,808	5,767	(1,959)	(34.0%)	165	423	(257)	(60.8%)
Subtotal	114,500	114,789	(289)	(0.3%)	5,386	4,055	1,331	32.8%
Adjustment	(21,534)	(23,939)	2,405	—	(1,392)	(1,553)	160	—
Total	92,965	90,849	2,116	2.3%	3,994	2,502	1,491	59.6%

Results by business segment are as follows.

Consumer Products Business

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 3.6% compared with the same period in the previous fiscal year. Core operating income increased 111.7%.

(Millions of yen)

	Three months ended March 31, 2024	Ratio to net sales	Three months ended March 31, 2023	Ratio to net sales	Change	Change (%)
Net sales	57,895		60,049		(2,154)	(3.6%)
Core operating income	2,231	3.9%	1,054	1.8%	1,176	111.7%

Note: Net sales include internal sales within and among segments, which amounted to ¥9,905 million in the first quarter of fiscal 2024 and ¥9,710 million in the first quarter of fiscal 2023.

Net Sales by Product Segment

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2023	Change	Change (%)
Oral Care Products	15,690	15,431	259	1.7%
Beauty Care Products	5,360	5,486	(126)	(2.3%)
Fabric Care Products	12,939	13,899	(960)	(6.9%)
Living Care Products	4,375	4,980	(605)	(12.2%)
Pharmaceutical Products	5,602	5,526	75	1.4%
Other Products	13,927	14,724	(797)	(5.4%)

Oral Care Products

This product segment consists of toothpastes, toothbrushes, dental rinses and other related products.

In toothpastes, although sales of *NONIO Plus Whitening Toothpaste* and *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste* were strong, overall sales decreased year on year as a result of various factors, including the revision of some brand sales strategies.

In toothbrushes, sales of *CLINICA ADVANTAGE Toothbrush* were favorable, and overall sales increased year on year.

In dental rinses, sales of *NONIO Plus Whitening Dental Rinse* were strong, and overall sales increased year on year.

Overall sales of Oral Care Products increased 1.7% year on year.

Beauty Care Products

This product segment consists of hand soaps, body washes, antiperspirants and deodorants and other related products.

In hand soaps, sales of the *KireiKirei* brand decreased, leading to an overall decline in sales year on year.

In body washes, sales of *hadakara Body Soap Foam* were firm, but sales of the liquid version were lower year on year. As a result, overall sales declined year on year.

Overall sales of Beauty Care Products decreased 2.3% year on year.

Fabric Care Products

This product segment consists of fabric softeners, laundry detergents and other related products.

In fabric softeners, sales of *SOFLAN Premium Deodorizer* increased year on year. However, due to decreased year-on-year sales of *SOFLAN Aroma Rich*, overall sales decreased year on year.

In laundry detergents, sales of highly concentrated liquid laundry detergents were strong due to the launch of new *NANOX one*, and overall sales increased year on year.

As a result, year-on-year total sales of Fabric Care Products decreased 6.9%.

Living Care Products

This product segment consists of household cleaners, dishwashing detergents and other related products.

In household cleaners, sales of *LOOK Plus Bath Antimold Fogger* were down year on year, and overall sales also declined year on year.

In dishwashing detergents, sales of *CHARMY Crysta* dishwasher detergents were firm, but sales of *CHARMY Magica* decreased year on year. Due to these factors and the discontinuation of some products in the previous year, overall sales declined year on year.

Overall sales of Living Care Products decreased 12.2% year on year.

Pharmaceutical Products

This product segment consists of antipyretic analgesics, eye drops, acne medicines and other related products.

In antipyretic analgesics, sales of *BUFFERIN PREMIUM DX* significantly increased year on year. Overall sales increased year on year.

In eye drops, sales of the *Smile 40 Premium THE ONE* series, which treats eye fatigue, blurred vision, bloodshot eyes and itchiness, received favorable customer reviews and overall sales increased substantially year on year.

In acne medicines, sales of *PAIR® Acne Cream W* were strong, and overall sales were up significantly year on year.

In cooling gel sheets for feet, sales of *Kyusoku Jikan Ashi-Sukkiri Sheet* were strong, and overall sales were up substantially year on year.

Overall sales of Pharmaceutical Products increased 1.4% year on year.

Other Products

This product segment consists of pet supplies, gifts and novelty products, products sold through dental clinics and other related products.

In pet supplies, sales of oral care products such as *PETKISS* as well as *Nioi wo Toru Suna (Deodorizing Cat Litter)* remained steady. Overall sales increased year on year.

In gifts and novelty products, sales were affected by market shrinkage and showed an overall decrease year on year.

Overall sales of Other Products decreased 5.4% year on year, due in part to the termination of the foods with function claims business.

Industrial Products Business

The Industrial Products Business segment includes the Mobility, Electronics and Detergents for Institutional Use Products fields. These businesses handle products that include anti-sticking agents for tire rubber, electro-conductive carbon for secondary batteries, and detergents for institutional and professional kitchen use, respectively. Segment net sales decreased 11.3% year on year. Core operating income decreased 22.5%.

(Millions of yen)

	Three months ended March 31, 2024	Ratio to net sales	Three months ended March 31, 2023	Ratio to net sales	Change	Change (%)
Net sales	13,049		14,706		(1,656)	(11.3%)
Core operating income	782	6.0%	1,010	6.9%	(227)	(22.5%)

Note: Net sales include internal sales within and among segments, which amounted to ¥4,350 million in fiscal 2024 and ¥5,613 million in fiscal 2023.

In the Mobility field, sales of anti-sticking agents for tire rubber were firm, and overall sales increased year on year.

In the Electronics field, sales of electro-conductive carbon for secondary batteries decreased year on year, and overall sales also decreased year on year.

In the Detergents for Institutional Use Products field, sales of hand soaps increased year on year, and overall sales also increased year on year.

Overseas Business

The Overseas Business segment comprises business operations located in Southeast and South Asia, including Thailand and Malaysia, as well as Northeast Asia, including China and South Korea. Overall net sales increased 16.0% year on year (or an increase of 8.7% at constant currency excluding exchange rate fluctuations). Core operating income increased 40.8% year on year.

(Millions of yen)

	Three months ended March 31, 2024	Ratio to net sales	Three months ended March 31, 2023	Ratio to net sales	Change	Change (%)
Net sales	39,746		34,266		5,480	16.0%
Core operating income	2,206	5.6%	1,567	4.6%	639	40.8%

Note: Net sales include internal sales within and among segments, which amounted to ¥3,857 million in the first quarter of fiscal 2024 and ¥3,339 million in the first quarter of fiscal 2023.

Net Sales by Region

(Millions of yen)

		Three months ended March 31, 2024	Three months ended March 31, 2023	Change	Change (%)
Southeast and South Asia	Net sales	24,005	20,876	3,129	15.0%
	Core operating income	1,443	875	568	64.9%
Northeast Asia	Net sales	15,740	13,389	2,351	17.6%
	Core operating income	763	692	71	10.3%

Net Sales by Region

In Southeast and South Asia, net sales were up 15.0% year on year (or up 8.4% at constant currency excluding exchange rate fluctuations), and core operating income was up 64.9%.

In Thailand, sales of *Pao* laundry detergents were favorable, and sales of *Shokubutsu Monogatari* body washes were strong. Overall sales after yen conversions were up substantially year on year.

In Malaysia, sales of *TOP* laundry detergents increased significantly year on year, and overall sales after yen conversions were up substantially year on year.

In Northeast Asia, overall sales were up 17.6% year on year (or up 9.2% at constant currency excluding exchange rate fluctuations), and core operating income was up 10.3%.

In China, thanks to the continued expansion of sales areas, sales of *White&White* toothpaste were strong. Overall sales after yen conversions increased substantially year on year.

In South Korea, sales of *BEAT* laundry detergents were favorable, and sales of *Eyemiru* eye drops increased significantly year on year. Overall sales after yen conversions increased year on year.

Other (Construction Contracting Business, etc.)

(Millions of yen)

	Three months ended March 31, 2024	Ratio to net sales	Three months ended March 31, 2023	Ratio to net sales	Change	Change (%)
Net sales	3,808		5,767		(1,959)	(34.0%)
Core operating income	165	4.4%	423	7.3%	(257)	(60.8%)

Note: Net sales include internal sales within and among segments, which amounted to ¥3,419 million in the first quarter of fiscal 2024 and ¥5,277 million in the first quarter of fiscal 2023.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	March 31, 2024	<u>December 31,</u> 2023	Change
Total assets (millions of yen)	462,902	486,363	(23,461)
Total equity (millions of yen)	292,304	298,134	(5,830)
Ratio of equity attributable to owners of the parent to total assets ¹ (%)	59.1%	57.6%	1.5%

Total assets decreased ¥23,461 million compared with the previous consolidated fiscal year-end to ¥462,902 million. Total equity decreased ¥5,830 million to ¥292,304 million. The ratio of equity attributable to owners of the parent to total assets stood at 59.1%.

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on February 14, 2024 for the first half of the fiscal year under review and for the full fiscal year.

Assumptions Underlying the Forecast of Consolidated Financial Results for Fiscal 2024

Lion utilized the following foreign exchange rates in the calculation of the aforementioned forecasts.

¥145 = US\$1.00

¥4.0 = 1.00 baht

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2023	March 31, 2024
Assets		
Current assets		
Cash and cash equivalents	85,526	61,750
Trade and other receivables	75,230	69,682
Inventories	56,090	61,935
Other financial assets	12,276	13,292
Other current assets	3,151	3,802
Subtotal	232,274	210,463
Assets held for sale	—	195
Total current assets	232,274	210,659
Non-current assets		
Property, plant and equipment	140,671	137,351
Goodwill	327	327
Intangible assets	22,712	22,383
Right-of-use assets	31,313	31,026
Investments accounted for using the equity method	17,487	18,937
Deferred tax assets	4,357	4,258
Retirement benefit assets	10,826	10,901
Other financial assets	25,475	26,254
Other non-current assets	917	800
Total non-current assets	254,089	252,242
Total assets	486,363	462,902

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Quarter Ended March 31, 2024

(Millions of yen)

	December 31, 2022	March 31, 2024
<hr/>		
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	126,158	112,532
Borrowings	148	151
Income tax payables	2,508	2,572
Provisions	2,399	3,425
Lease liabilities	2,043	2,085
Other financial liabilities	2,363	1,351
Other current liabilities	7,711	5,305
Total current liabilities	143,333	127,424
Non-current liabilities		
Deferred tax liabilities	5,847	6,318
Retirement benefit liabilities	4,531	2,646
Provisions	2,046	2,053
Lease liabilities	28,150	27,821
Other financial liabilities	2,452	2,480
Other non-current liabilities	1,867	1,853
Total non-current liabilities	44,896	43,173
Total liabilities	188,229	170,598
Equity		
Share capital	34,433	34,433
Capital surplus	31,118	31,148
Treasury stock	(7,868)	(8,743)
Other components of equity	18,377	20,795
Retained earnings	204,255	195,957
Equity attributable to owners of the parent	280,316	273,591
Non-controlling interests	17,817	18,712
Total equity	298,134	292,304
Total liabilities and equity	486,363	462,902

(2) Condensed Consolidated Statement of Income and Statement of Comprehensive Income

Condensed Consolidated Statement of Income

Three months ended March 31, 2023 and 2024

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Net sales	90,849	92,965
Cost of sales	(51,603)	(50,733)
Gross profit	39,245	42,232
Selling, general and administrative expenses	(36,743)	(38,238)
Other income	321	1,146
Other expenses	(461)	(246)
Operating profit	2,361	4,893
Finance income	138	402
Finance costs	(285)	(232)
Share of profit of investments accounted for using the equity method	426	754
Profit before tax	2,641	5,817
Income taxes	(767)	(1,619)
Profit for the period	1,874	4,198
Profit for the period attributable to:		
Owners of the parent	1,578	3,548
Non-controlling interests	296	649
Profit for the period	1,874	4,198
Earnings per share		
Basic (Yen)	5.55	12.72
Diluted (Yen)	5.54	12.70

Condensed Consolidated Statement of Comprehensive Income

Three months ended March 31, 2023 and 2024

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2024
Profit for the period	1,874	4,198
Other comprehensive income		
Items that will not be reclassified as profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	336	365
Remeasurements of defined benefit plans	1,067	973
Share of other comprehensive income (loss) of investments accounted for using the equity method	(12)	5
Total items that will not be reclassified as profit or loss	1,392	1,345
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	37	21
Exchange differences on translation of foreign operations	821	2,270
Total items that may be subsequently reclassified as profit or loss	858	2,291
Total other comprehensive income, net of tax	2,250	3,637
Comprehensive income for the period	4,124	7,835
Comprehensive income for the period attributable to:		
Owners of the parent	3,484	6,940
Non-controlling interests	640	895
Comprehensive income for the period	4,124	7,835

(3) Condensed Consolidated Statement of Changes in Equity

Three months ended March 31, 2023

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Subscription rights to shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2023	34,433	31,069	(8,056)	123	8,930	—
Profit for the period						
Other comprehensive income					333	1,067
Total comprehensive income for the period	—	—	—	—	333	1,067
Dividends						
Acquisition of treasury stock			(0)			
Disposal of treasury stock			16			
Share-based payments		56				
Changes in ownership interest in subsidiaries						
Transfer from other components of equity to retained earnings						(1,067)
Total transactions with owners	—	56	15	—	—	(1,067)
Balance at March 31, 2023	34,433	31,125	(8,040)	123	9,264	—

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Quarter Ended March 31, 2024

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Total				
Balance at January 1, 2023	(42)	4,953	13,966	192,842	264,255	14,912	279,168
Profit for the period			—	1,578	1,578	296	1,874
Other comprehensive income	37	467	1,905		1,905	344	2,250
Total comprehensive income for the period	37	467	1,905	1,578	3,484	640	4,124
Dividends			—	(3,695)	(3,695)	(455)	(4,150)
Acquisition of treasury stock			—		(0)		(0)
Disposal of treasury stock			—		16		16
Share-based payments			—		56		56
Changes in ownership interest in subsidiaries			—		—	158	158
Transfer from other components of equity to retained earnings			(1,067)	1,067	—		—
Total transactions with owners	—	—	(1,067)	(2,627)	(3,622)	(297)	(3,919)
Balance at March 31, 2023	(4)	5,420	14,804	191,793	264,116	15,256	279,372

Three months ended March 31, 2024

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Subscription rights to shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2024	34,433	31,118	(7,868)	50	10,227	—
Profit for the period						
Other comprehensive income					372	973
Total comprehensive income for the period	—	—	—	—	372	973
Dividends						
Acquisition of treasury stock			(10,000)			
Disposal of treasury stock			3			
Cancellation of treasury stock			9,122			
Share-based payments		29				
Transfer from other components of equity to retained earnings						(973)
Total transactions with owners	—	29	(875)	—	—	(973)
Balance at March 31, 2024	34,433	31,148	(8,743)	50	10,600	—

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Quarter Ended March 31, 2024

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Total				
Balance at January 1, 2024	(21)	8,122	18,377	204,255	280,316	17,817	298,134
Profit for the period			—	3,548	3,548	649	4,198
Other comprehensive income	21	2,023	3,391		3,391	245	3,637
Total comprehensive income for the period	21	2,023	3,391	3,548	6,940	895	7,835
Dividends			—	(3,697)	(3,697)	—	(3,697)
Acquisition of treasury stock			—		(10,000)		(10,000)
Disposal of treasury stock			—		3		3
Cancellation of treasury stock			—	(9,122)	—		—
Share-based payments			—		29		29
Transfer from other components of equity to retained earnings			(973)	973	—		—
Total transactions with owners	—	—	(973)	(11,846)	(13,666)	—	(13,666)
Balance at March 31, 2024	—	10,145	20,795	195,957	273,591	18,712	292,304

(4) Notes to Condensed Consolidated Financial Statements

Notes relating to the assumption of a going concern

Not applicable.

Segment Information

(1) Overview of reportable segments

The Group's reportable segments are component units of the Company for which separate financial information is available and that are subject to regular review by the Board of Directors for the purpose of making decisions regarding the allocation of management resources and evaluating business performance.

The Group's business divisions are organized by product category; each business division formulates a comprehensive strategy and carries out business activities for the products it handles. Affiliated companies in Japan undertake business activities pertinent to the characteristics of their respective products and services.

Affiliated companies located overseas are independent management units that conduct business activities pertinent to the characteristics of the regions in which they operate.

Accordingly, the Group comprises three reportable segments divided by product and service type and by region, which are, in turn, based on business divisions and companies; namely, the reportable segments are Consumer Products Business, Industrial Products Business and Overseas Business.

The Company's reportable segments are as follows.

A. Consumer Products Business

The Consumer Products Business engages in the manufacture and sale of commodities and over-the-counter drugs, primarily in Japan.

Main products: Toothpastes, toothbrushes, hand soaps, antipyretic analgesics, eye drops, health tonic drinks, laundry detergents, dishwashing detergents, fabric softeners, household cleaners, bleaches and pet supplies

B. Industrial Products Business

The Industrial Products Business engages primarily in the manufacture, sale and trading of chemical raw materials, industrial products and other items in Japan and also includes the manufacture, sale and trading of such products for overseas markets.

Main products: Activator, electro-conductive carbon and detergents for institutional use

C. Overseas Business

The Overseas Business engages mainly in the manufacture and sale of commodities by affiliated overseas businesses.

D. Other Business

Lion subsidiaries located in Japan primarily undertake operations related to Group businesses.

Main products and services: Construction contracting, real estate management and temporary staffing

(2) Net Sales and Performance of Reportable Segments

Three months ended March 31, 2023

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
External	50,339	9,093	30,926	490	90,849	—	90,849
Intersegment ¹	9,710	5,613	3,339	5,277	23,939	(23,939)	—
Total	60,049	14,706	34,266	5,767	114,789	(23,939)	90,849
Core operating income	1,054	1,010	1,567	423	4,055	(1,553)	2,502
Other income							321
Other expenses							(461)
Operating profit							2,361
Finance income							138
Finance costs							(285)
Share of profit of investments accounted for using the equity method							426
Profit before tax							2,641

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A negative ¥1,553 million adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
 3. Core operating income is reconciled with gross profit as follows.

	(Millions of yen)
Gross profit	39,245
Selling, general and administrative expenses	<u>(36,743)</u>
Core operating income	2,502

Core operating income is calculated as gross profit less selling, general and administrative expenses, and is the basis on which the Board of Directors evaluates the performance of each segment.

Three months ended March 31, 2024

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
External	47,989	8,699	35,888	388	92,965	—	92,965
Intersegment ¹	9,905	4,350	3,857	3,419	21,534	(21,534)	—
Total	57,895	13,049	39,746	3,808	114,500	(21,534)	92,965
Core operating income	2,231	782	2,206	165	5,386	(1,392)	3,994
Other income							1,146
Other expenses							(246)
Operating profit							4,893
Finance income							402
Finance costs							(232)
Share of profit of investments accounted for using the equity method							754
Profit before tax							5,817

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A negative ¥1,392 million adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
 3. Core operating income is reconciled with gross profit as follows.

(Millions of yen)

Gross profit	42,232
Selling, general and administrative expenses	(38,238)
Core operating income	3,994

Core operating income is calculated as gross profit less selling, general and administrative expenses, and is the basis on which the Board of Directors evaluates the performance of each segment.