

Summary of Consolidated Financial Statements for the First Half Ended June 30, 2020 [IFRS]

August 5, 2020

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

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Scheduled date of filing of quarterly financial report: August 7 2020
Start date of payment of dividend: September 4, 2020
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 Half Ended June 30, 2020 (January 1, 2020 – June 30, 2020)

(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	%
Six months ended June 30, 2020	169,111	1.1	25,968	101.5	27,041	98.3
Six months ended June 30, 2019	167,334	(0.7)	12,889	(27.9)	13,638	(26.4)

	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	%
Six months ended June 30, 2020	19,557	99.1	18,623	114.3	14,923	47.4
Six months ended June 30, 2019	9,824	(42.0)	8,689	(37.6)	10,127	(31.1)

Note: Core operating income for the six months ended June 30, 2020 was ¥16,372 million (up 31.4% year on year). Core operating income for the six months ended June 30, 2019 was ¥12,459 million (down 0.7% year on year).

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.

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2020	64.06	63.98
Six months ended June 30, 2019	29.89	29.86

(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	%
Six months ended June 30, 2020	390,667	232,145	219,826	56.3
Year ended December 31, 2019	380,701	221,201	208,421	54.7

2. Dividends

	Cash dividends per share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
Fiscal 2019	—	10.00	—	11.00	21.00
Fiscal 2020	—	11.00			
Fiscal 2020 (forecast)			—	11.00	22.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020 (January 1, 2020 – December 31, 2020)

(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
Fiscal 2020	355,000	2.2	39,500	32.4	27,000	31.3	92.88

Notes: 1. Core operating income forecast: Fiscal 2020: ¥30,500 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: Yes
 - 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 June 30, 2020:	299,115,346 shares
As of December 31, 2019:	299,115,346 shares
 - b. Number of treasury stocks on balance sheet date:

As of June 30, 2020:	8,406,191 shares
As of December 31, 2019:	8,405,440 shares
 - c. Average shares outstanding over period (cumulative; consolidated)

Six months ended June 30, 2020:	290,709,448 shares
Six months ended June 30, 2019:	290,685,703 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 1. Qualitative Information Concerning the Results of Operations for the First Half of the Current Fiscal Year (3) Forecast of Consolidated Financial Results on page 8.

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1. Qualitative Information Concerning the Results of Operations for the First Half of the Current Fiscal Year

(1) Consolidated Performance

Consolidated results for the first half of fiscal 2020 (January 1, 2020–June 30, 2020) are as follows. Net sales amounted to ¥169,111 million, a year-on-year increase of 1.1% (or 2.0% at constant currency excluding exchange rate fluctuations). Core operating income came to ¥16,372 million, up 31.4% compared with the same period of the previous fiscal year, and operating profit was ¥25,968 million, up 101.5% year on year. Profit for the period attributable to owners of parent totaled ¥18,623 million, up 114.3% compared with the same period of the previous fiscal year.

Lion is advancing measures based on the basic strategies of its medium-term management plan, the LION Value Evolution Plan (LIVE Plan). These basic strategies are “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.”

In the first half of fiscal 2020, the spread of the novel coronavirus impacted Lion’s domestic and overseas businesses. To meet its social responsibility, the Lion Group strived to maintain its product supply while making every effort to prevent the spread of the virus and ensure the safety of its employees.

In its domestic operations, Lion introduced new, high-value-added products in its mainstay brands and worked to cultivate markets for these products through efficient marketing initiatives. In its overseas operations, in addition to efforts to increase profitability in the home care field, which includes such products as laundry detergents, the Group sought to expand its business in the personal care field, which includes oral care and beauty care products.

In addition, as announced on February 28, 2020, effective on that date Lion sold the land on which its head office is located.

Consolidated Results

(Millions of yen)

	Six months ended June 30, 2020	Ratio to net sales	Six months ended June 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	169,111		167,334		1,777	1.1%
Core operating income	16,372	9.7%	12,459	7.4%	3,913	31.4%
Operating profit	25,968	15.4%	12,889	7.7%	13,079	101.5%
Profit for the period attributable to owners of the parent	18,623	11.0%	8,689	5.2%	9,933	114.3%

Note: 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

(Millions of yen)

	Net sales				Segment profit (core operating income)			
	Six months ended June 30, 2020	Six months ended June 30, 2019	Change	Change (%)	Six months ended June 30, 2020	Six months ended June 30, 2019	Change	Change (%)
Consumer Products	115,737	110,273	5,463	5.0%	11,768	7,755	4,013	51.7%
Industrial Products	27,124	27,008	115	0.4%	1,040	779	260	33.4%
Overseas	49,687	51,474	(1,787)	(3.5%)	3,311	3,669	(357)	(9.8%)
Other	14,580	15,574	(994)	(6.4%)	895	570	324	56.9%
Subtotal	207,128	204,331	2,796	1.4%	17,015	12,775	4,240	33.2%
Adjustment	(38,017)	(36,997)	(1,019)	—	(643)	(316)	(326)	—
Total	169,111	167,334	1,777	1.1%	16,372	12,459	3,913	31.4%

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 increased 5.0% compared with the same period of the previous fiscal year. Segment profit increased 51.7%.

(Millions of yen)

	Six months ended June 30, 2020	Ratio to net sales	Six months ended June 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	115,737		110,273		5,463	5.0%
Segment profit	11,768	10.2%	7,755	7.0%	4,013	51.7%

Note: Net sales include internal sales within and among segments, which amounted to ¥7,627 million in the first half of fiscal 2020 and ¥7,379 million in the first half of fiscal 2019.

Net Sales by Product Segment

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2019	Change	Change (%)
Oral Care Products	30,647	29,859	788	2.6%
Beauty Care Products	16,182	11,017	5,165	46.9%
Fabric Care Products	26,914	28,622	(1,708)	(6.0%)
Living Care Products	11,955	9,095	2,859	31.4%
Pharmaceutical Products	10,908	12,060	(1,151)	(9.5%)
Other Products	19,128	19,618	(489)	(2.5%)

Oral Care Products

In toothpastes, *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste*, released in 2019, contributed to sales, and sales of the *SYSTEMA EX Toothpaste* series, including the newly released *SYSTEMA EX W Toothpaste*, which effectively cleans away dullness due to staining, were strong. Overall sales increased year on year.

In toothbrushes, *CLINICA Advantage NEXT STAGE Toothbrush* and *NONIO Toothbrush*, released in 2019, contributed to sales, but sales of the *SYSTEMA Toothbrush* fell year on year. Overall sales edged down from the same period of the previous fiscal year.

In dental rinses, sales of *NONIO Mouthwash* were favorable. Overall sales increased year on year.

Beauty Care Products

In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap* increased substantially year on year, and the newly released *KireiKirei Medicated Hand Conditioning Soap*, which not only effectively disinfects, but creates a moisture barrier to protect the skin, received favorable consumer reviews. Overall sales increased substantially year on year.

In body washes, sales of *hadakara Body Soap* were steady, and overall sales increased year on year.

In antiperspirants and deodorants, new *Ban Sweat-Blocking Platinum Roll-On*, featuring a new formula with a high-adhesion ingredient (sodium sulfate) that resists friction and adheres effectively to the skin, received favorable consumer reviews, but sales of *Ban Sweat-Blocking Foot Gel* fell year on year. Overall sales decreased year on year.

Fabric Care Products

In fabric softeners, sales of mainstay *SOFLAN Premium Deodorizer* and *SOFLAN Aroma Rich* fell year on year due to intensifying competition. Overall sales were down year on year.

In laundry detergents, super-concentrated liquid laundry detergent *TOP SUPER NANOX For Odors*, released in 2019, received favorable consumer reviews, but sales of liquid laundry detergent *TOP Clear Liquid* fell year on year. Overall sales decreased year on year.

Living Care Products

In dishwashing detergents, sales of *CHARMY Magica* and *CHARMY Crysta* for dishwashers were strong. Overall sales increased substantially year on year.

In household cleaners, sales of bath detergent *LOOK Plus Bath Cleansing*, which saw the addition of a new product formulated with silver ions, doubled from the same period of the previous fiscal year, and sales of bathroom fungicide *LOOK Plus Bath Antimold Fogger* were favorable. Overall sales increased significantly year on year.

Pharmaceutical Products

In antipyretic analgesics, sales of *BUFFERIN A* and *BUFFERIN PREMIUM* were steady, and overall sales rose year on year.

In eye drops, sales of *Smile 40 Premium DX* and *Smile 40 Mediclear DX* were strong, and overall sales were up year on year.

In dermatologic agents, the new *Method* series, which makes it easy for itchiness sufferers to choose the right product for their specific symptoms and area affected, received favorable consumer reviews, and overall sales increased significantly year on year.

Sales of acne medicines and cooling sheets for feet decreased year on year, reflecting a decrease in overseas visitors to Japan.

Other Products

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

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

Industrial Products Business

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 0.4% compared with the previous fiscal year. Segment profit increased 33.4%.

(Millions of yen)

	Six months ended June 30, 2020	Ratio to net sales	Six months ended June 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	27,124		27,008		115	0.4%
Segment profit	1,040	3.8%	779	2.9%	260	33.4%

Note: Net sales include internal sales within and among segments, which amounted to ¥11,925 million in the first half of fiscal 2020 and ¥10,981 million in the first half of fiscal 2019.

In the Automotive field, sales of anti-sticking agents for tires and carbon for auto parts decreased year on year, and overall sales decreased year on year.

In the Electrical and Electronics field, demand for performance materials and electroconductive resins decreased, and overall sales were down on year.

In the Detergents for Institutional Use Products field, sales of dishwashing detergents for dishwashers were down year on year, but sales of alcohol sanitizers for kitchens and hand soaps increased substantially year on year. Overall sales increased year on year.

Overseas Business

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 decreased 3.5% year on year (or 0.1% at constant currency excluding exchange rate fluctuations). Segment profit decreased 9.8% year on year.

(Millions of yen)

	Six months ended June 30, 2020	Ratio to net sales	Six months ended June 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	49,687		51,474		(1,787)	(3.5%)
Segment profit	3,311	6.7%	3,669	7.1%	(357)	(9.8%)

Note: Net sales include internal sales within and among segments, which amounted to ¥5,379 million in the first half of fiscal 2020 and ¥4,760 million in the first half of fiscal 2019.

Net Sales by Region

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2019	Change	Change (%)
Southeast Asia	32,591	34,569	(1,978)	(5.7%)
Northeast Asia	17,095	16,904	190	1.1%

Net Sales by Region

In Southeast Asia, overall sales were down 5.7% year on year.

In Thailand, sales of hand soaps were strong, but sales of laundry detergents decreased year on year. Overall sales after yen conversions were down year on year.

In Malaysia, sales of laundry detergents were down year on year, reflecting market contraction. Overall sales after yen conversions were down year on year.

In Northeast Asia, overall sales were up 1.1% year on year.

In South Korea, sales of hand soaps increased substantially year on year, but sales of laundry detergents and dishwashing detergents were down year on year. Overall sales after yen conversions were down year on year.

In China, sales of *SYSTEMA* toothbrushes were favorable, and sales of hand soaps and products imported from Japan increased substantially. Overall sales after yen conversions were up substantially year on year.

Other (Construction Contracting Business, etc.)

(Millions of yen)

	Six months ended June 30, 2020	Ratio to net sales	Six months ended June 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	14,580		15,574		(994)	(6.4%)
Segment profit	895	6.1%	570	3.7%	324	56.9%

Note: Net sales include internal sales within and among segments, which amounted to ¥13,119 million in the first half of fiscal 2020 and ¥13,924 million in the first half of fiscal 2019.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	Six months ended June 30, 2020	Six months ended June 30, 2019	Change
Total assets (millions of yen)	390,667	380,701	9,965
Total equity (millions of yen)	232,145	221,201	10,943
Ratio of equity attributable to owners of the parent to total assets (%)	56.3	54.7	1.6

Total assets increased ¥9,965 million compared with the previous consolidated fiscal year-end to ¥390,667 million. This was primarily attributable to an increase in property, plant and equipment. Equity increased ¥10,943 million to ¥232,145. The ratio of equity attributable to owners of the parent to total assets stood at 56.3%.

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on July 31, 2020 for the full fiscal year.

Assumptions Underlying the Forecast of Consolidated Financial Results for Fiscal 2020

For the second half of the year, Lion utilized the following foreign exchange rates in the calculation of the aforementioned forecasts:

¥108 = US\$1.00

¥3.5 = 1.00 baht

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2019	June 30, 2020
Assets		
Current assets		
Cash and cash equivalents	110,406	109,785
Trade and other receivables	61,759	53,001
Inventories	43,555	49,970
Other financial assets	4,024	7,590
Other current assets	2,750	3,088
Total current assets	<u>222,497</u>	<u>223,437</u>
Non-current assets		
Property, plant and equipment	90,903	99,250
Goodwill	182	182
Intangible assets	13,485	14,308
Right-of-use assets	5,940	5,692
Investments accounted for using the equity method	9,165	9,567
Deferred tax assets	2,577	4,129
Retirement benefit assets	9,597	9,129
Other financial assets	25,517	24,068
Other non-current assets	833	900
Total non-current assets	<u>158,204</u>	<u>167,230</u>
Total assets	<u>380,701</u>	<u>390,667</u>

(Millions of yen)

	December 31, 2019	June 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	116,268	113,135
Borrowings	1,404	1,391
Income tax payables	6,568	8,561
Provisions	1,582	1,391
Lease liabilities	1,495	1,543
Other financial liabilities	739	807
Other current liabilities	7,659	5,514
Total current liabilities	135,718	132,345
Non-current liabilities		
Borrowings	889	725
Deferred tax liabilities	873	709
Retirement benefit liabilities	12,091	14,830
Provisions	357	358
Lease liabilities	5,510	5,465
Other financial liabilities	2,648	2,639
Other non-current liabilities	1,411	1,447
Total non-current liabilities	23,781	26,176
Total liabilities	159,499	158,522
Equity		
Share capital	34,433	34,433
Capital surplus	34,788	34,831
Treasury stock	(4,739)	(4,741)
Other components of equity	11,320	9,152
Retained earnings	132,619	146,150
Equity attributable to owners of the parent	208,421	219,826
Non-controlling interests	12,780	12,318
Total equity	221,201	232,145
Total liabilities and equity	380,701	390,667

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

Condensed Consolidated Statement of Income

Six months ended June 30, 2019 and 2020

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Net sales	167,334	169,111
Cost of sales	(84,815)	(83,507)
Gross profit	82,518	85,604
Selling, general and administrative expenses	(70,059)	(69,231)
Other income	1,011	11,521
Other expenses	(581)	(1,925)
Operating profit	12,889	25,968
Finance income	426	445
Finance costs	(114)	(76)
Share of profit of investments accounted for using the equity method	437	703
Profit before tax	13,638	27,041
Income taxes	(3,813)	(7,484)
Profit for the period	9,824	19,557
Profit for the period attributable to:		
Owners of the parent	8,689	18,623
Non-controlling interests	1,134	933
Profit for the period	9,824	19,557
Earnings per share		
Basic (Yen)	29.89	64.06
Diluted (Yen)	29.86	63.98

Condensed Consolidated Statement of Comprehensive Income

Six months ended June 30, 2019 and 2020

(Millions of yen)

	Six months ended June 30, 2019	Six months ended June 30, 2020
Profit for the period	9,824	19,557
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	(4)	(939)
Remeasurements of defined benefit plans	813	(1,924)
Share of other comprehensive income of investments accounted for using the equity method	(43)	(15)
Total items that will not be reclassified as profit or loss	765	(2,879)
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	6	—
Exchange differences on translation of foreign operations	(471)	(1,627)
Share of other comprehensive income of investments accounted for using the equity method	3	(127)
Total items that may be subsequently reclassified as profit or loss	(462)	(1,754)
Total other comprehensive income, net of tax	303	(4,634)
Comprehensive income for the period	10,127	14,923
Comprehensive income for the period attributable to:		
Owners of the parent	8,879	14,561
Non-controlling interests	1,247	361
Comprehensive income for the period	10,127	14,923

(3) Condensed Consolidated Statement of Changes in Equity

Six months ended June 30, 2019

(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, 2019	34,433	34,715	(4,766)	165	10,800	—
Cumulative effect of changes in accounting principles						
Balance at January 1, 2019 (adjusted)	34,433	34,715	(4,766)	165	10,800	—
Profit for the period						
Other comprehensive income					(30)	813
Total comprehensive income for the period	—	—	—	—	(30)	813
Dividends						
Acquisition of treasury stock			(1)			
Disposal of treasury stock		(7)	29	(21)		
Share-based payments		41				
Transfer from other components of equity to retained earnings					(407)	(813)
Total transactions with owners	—	33	28	(21)	(407)	(813)
Balance at June 30, 2019	34,433	34,748	(4,738)	143	10,362	—

	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, 2019	(8)	(36)	10,920	115,806	191,108	13,163	204,271	
Cumulative effect of changes in accounting principles			—	(94)	(94)	(0)	(94)	
Balance at January 1, 2019 (adjusted)	(8)	(36)	10,920	115,711	191,014	13,162	204,177	
Profit for the period			—	8,689	8,689	1,134	9,824	
Other comprehensive income	6	(598)	190		190	112	303	
Total comprehensive income for the period	6	(598)	190	8,689	8,879	1,247	10,127	
Dividends			—	(2,906)	(2,906)	(2,958)	(5,865)	
Acquisition of treasury stock			—		(1)		(1)	
Disposal of treasury stock			(21)		0		0	
Share-based payments			—		41		41	
Transfer from other components of equity to retained earnings			(1,220)	1,220	—		—	
Total transactions with owners	—	—	(1,242)	(1,686)	(2,867)	(2,958)	(5,825)	
Balance at June 30, 2019	(2)	(635)	9,867	122,715	197,027	11,451	208,478	

Six months ended June 30, 2020

(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, 2020	34,433	34,788	(4,739)	143	11,289	—
Profit for the period						
Other comprehensive income					(921)	(1,924)
Total comprehensive income for the period	—	—	—	—	(921)	(1,924)
Dividends						
Acquisition of treasury stock			(1)			
Disposal of treasury stock						
Share-based payments		43				
Transfer from other components of equity to retained earnings					(30)	1,924
Total transactions with owners	—	43	(1)	—	(30)	1,924
Balance at June 30, 2020	34,433	34,831	(4,741)	143	10,337	—

	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, 2020	—	(113)	11,320	132,619	208,421	12,780	221,201
Profit for the period			—	18,623	18,623	933	19,557
Other comprehensive income	—	(1,215)	(4,061)		(4,061)	(572)	(4,634)
Total comprehensive income for the period	—	(1,215)	(4,061)	18,623	14,561	361	14,923
Dividends			—	(3,197)	(3,197)	(823)	(4,021)
Acquisition of treasury stock			—		(1)		(1)
Disposal of treasury stock			—				—
Share-based payments			—		43		43
Transfer from other components of equity to retained earnings			1,894	(1,894)	—		—
Total transactions with owners	—	—	1,894	(5,091)	(3,156)	(823)	(3,979)
Balance at June 30, 2020	—	(1,329)	9,152	146,150	219,826	12,318	232,145

(4) Notes to Condensed Consolidated Financial Statements

Notes relating to the assumption of a going concern

Not applicable.

Changes in Accounting Principles

The main accounting standards that the Group applies from the first quarter of the fiscal year under review are as follows.

Standard	Title	Summary of new principles or amendments
IFRS 3	Business Combinations	Improved the definition of a business
IAS 1 IAS 8	Presentation of Financial Statements Accounting Policies, Changes in Accounting Estimates and Errors	Clarified the definition of “material”
IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Recognition and Measurement Financial Instruments: Disclosures	Revised certain hedge accounting requirements to reduce the potential effects of uncertainty caused by the IBOR transition

The Group is applying the above accounting standards in accordance with their respective transitional provisions, and their application does not have a material impact on the Condensed Consolidated Financial Statements.

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 Group's reportable segments are as follows.

A. Consumer Products Business

The Consumer Products Business engages in the manufacture and sale of commodities, over-the-counter drugs and foods with function claims, 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 and sale of chemical raw materials, industrial products and other items in Japan and overseas.

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

Six months ended June 30, 2019

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	102,893	16,027	46,714	1,650	167,285	48	167,334
(2) Intersegment ¹	7,379	10,981	4,760	13,924	37,046	(37,046)	—
Total	110,273	27,008	51,474	15,574	204,331	(36,997)	167,334
Core operating income	7,755	779	3,669	570	12,775	(316)	12,459
Other income							1,011
Other expenses							(581)
Operating profit							12,889
Finance income							426
Finance costs							(114)
Share of profit of investments accounted for using the equity method							437
Profit before tax							13,638

- Notes: 1. Includes intra-segment transactions within the reportable segments.
2. A negative ¥316 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	82,518
Selling, general and administrative expenses	(70,059)
Core operating income	12,459

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.

Six months ended June 30, 2020

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	108,109	15,198	44,307	1,460	169,076	35	169,111
(2) Intersegment ¹	7,627	11,925	5,379	13,119	38,052	(38,052)	—
Total	115,737	27,124	49,687	14,580	207,128	(38,017)	169,111
Core operating income	11,768	1,040	3,311	895	17,015	(643)	16,372
Other income							11,521
Other expenses							(1,925)
Operating profit							25,968
Finance income							445
Finance costs							(76)
Share of profit of investments accounted for using the equity method							703
Profit before tax							27,041

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A negative ¥643 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	85,604
Selling, general and administrative expenses	(69,231)
Core operating income	16,372

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.