

Summary of Consolidated Financial Statements for the First Half Ended June 30, 2021 [IFRS]

August 4, 2021

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 10, 2021

Start date of payment of dividend: September 3, 2021

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, 2021 (January 1, 2021 – June 30, 2021)

(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, 2021	173,223	2.4	14,186	(45.4)	15,928	(41.1)
Six months ended June 30, 2020	169,111	1.1	25,968	101.5	27,041	98.3

	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, 2021	11,797	(39.7)	10,815	(41.9)	14,368	(3.7)
Six months ended June 30, 2020	19,557	99.1	18,623	114.3	14,923	47.4

Note: Core operating income for the six months ended June 30, 2021 was ¥14,032 million (down 14.3% year on year). Core operating income for the six months ended June 30, 2020 was ¥16,372 (up 31.4% 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, 2021	37.20	37.14
Six months ended June 30, 2020	64.06	63.98

(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, 2021	416,627	254,748	241,606	58.0
Year ended December 31, 2020	435,501	244,856	231,723	53.2

2. Dividends

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	11.00	—	12.00	23.00
Fiscal 2021	—	12.00			
Fiscal 2021 (forecast)			—	12.00	24.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2021 (January 1, 2021 – December 31, 2021)

(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	%	
Fiscal 2021	365,000	2.7	30,000	(31.9)	21,500	(28.0)	Yen 73.95

Notes: 1. Core operating income forecast: Fiscal 2021: ¥30,000 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 June 30, 2021:	299,115,346 shares
As of December 31, 2020:	299,115,346 shares
 - b. Number of treasury stocks on balance sheet date:

As of June 30, 2021:	8,381,802 shares
As of December 31, 2020:	8,399,357 shares
 - c. Average number of shares outstanding over period

Six months ended June 30, 2021:	290,726,043 shares
Six months ended June 30, 2020:	290,709,448 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 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 2021 (January 1, 2021–June 30, 2021) are as follows. Net sales amounted to ¥173,223 million, a year-on-year increase of 2.4% (or a 1.3% increase at constant currency excluding exchange rate fluctuations). Core operating income came to ¥14,032 million, down 14.3% compared with the previous fiscal year, and operating profit to ¥14,186 million, down 45.4% year on year. Profit for the period attributable to owners of the parent totaled ¥10,815 million, down 41.9% compared with the previous fiscal year.

Under Vision2030, its new long-term strategic framework, the Lion Group advanced initiatives to address its Sustainability Material Issues as well as measures based on three growth strategies. These strategies are “Accelerate growth in four fields of value creation,” “Transform our business foundations for growth” and “Generate dynamism to realize innovative change.” At the same time, with no end to the novel coronavirus (COVID-19) pandemic in sight, the Lion Group has been making every effort to prevent the spread of the virus and ensure the safety of its employees while focusing efforts on promoting the establishment of good hygienic habits.

In its domestic operations, Lion introduced such new products as toothpastes, toothbrushes, hygiene-related products, fabric softeners, dishwashing detergents and dermatologic agents and worked to cultivate markets for these products through efficient marketing.

In its overseas operations, in addition to efforts to expand its business in the personal care field, which includes oral care and beauty care products, the Group sought to bolster its competitiveness and profitability in the home care field, which includes such products as laundry detergents.

Consolidated Results

(Millions of yen)

	Six months ended June 30, 2021	Ratio to net sales	Six months ended June 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	173,223		169,111		4,111	2.4%
Core operating income	14,032	8.1%	16,372	9.7%	(2,340)	(14.3%)
Operating profit	14,186	8.2%	25,968	15.4%	(11,781)	(45.4%)
Profit for the period attributable to owners of the parent	10,815	6.2%	18,623	11.0%	(7,807)	(41.9%)

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, 2021	Six months ended June 30, 2020	Change	Change (%)	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	Change (%)
Consumer Products	116,645	115,737	908	0.8%	8,250	11,768	(3,518)	(29.9%)
Industrial Products	28,434	27,124	1,310	4.8%	1,413	1,040	373	35.9%
Overseas	53,594	49,687	3,907	7.9%	3,481	3,311	170	5.1%
Other	16,363	14,580	1,783	12.2%	1,014	895	118	13.3%
Subtotal	215,038	207,128	7,909	3.8%	14,159	17,015	(2,855)	(16.8%)
Adjustment	(41,815)	(38,017)	(3,798)	—	(127)	(643)	515	—
Total	173,223	169,111	4,111	2.4%	14,032	16,372	(2,340)	(14.3%)

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 0.8% compared with the previous fiscal year. Segment profit decreased 29.9%.

(Millions of yen)

	Six months ended June 30, 2021	Ratio to net sales	Six months ended June 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	116,645		115,737		908	0.8%
Segment profit	8,250	7.1%	11,768	10.2%	(3,518)	(29.9%)

Note: Net sales include internal sales within and among segments, which amounted to ¥9,477 million in the first half of fiscal 2021 and ¥7,627 million in the first half of fiscal 2020.

Net Sales by Product Segment

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	Change (%)
Oral Care Products	32,150	30,647	1,502	4.9%
Beauty Care Products	11,650	16,182	(4,532)	(28.0%)
Fabric Care Products	28,592	26,914	1,678	6.2%
Living Care Products	11,596	11,955	(358)	(3.0%)
Pharmaceutical Products	11,415	10,908	506	4.6%
Other Products	21,239	19,128	2,111	11.0%

Oral Care Products

In toothpastes, although sales of *SYSTEMA EX Toothpaste* decreased year on year, those of *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste* were favorable, and new *Lightee Toothpaste*, a whitening toothpaste that thoroughly removes grime from even micro-level imperfections in the dental surface, received favorable customer reviews. Overall sales increased year on year.

In toothbrushes, sales of *CLINICA ADVANTAGE Toothbrush* and *NONIO Toothbrush* were strong, and new *SYSTEMA Toothbrush Super Premium*, which combines the benefits of a wide head for efficient plaque removal and a thin brush back for ease of maneuverability in the mouth, received favorable consumer reviews. Overall sales increased year on year.

In dental rinses, sales of *NONIO Plus Whitening Dental Rinse* received favorable customer reviews, and overall sales increased year on year.

Beauty Care Products

In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap* decreased year on year, reflecting recoil from a demand boom in the same period of the previous year. Overall sales decreased year on year.

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

In antiperspirants and deodorants, sales of the *Ban Sweat-Blocking Roll-On* series decreased year on year. Overall sales fell year on year.

Fabric Care Products

In fabric softeners, sales of *SOFLAN Aroma Rich* were strong, and sales of *SOFLAN Premium Deodorizer* were steady. Overall sales were up substantially year on year.

In laundry detergents, sales of liquid laundry detergent *TOP Clear Liquid* fell year on year, but sales of highly concentrated liquid laundry detergent *TOP SUPER NANOX For Odors* were strong. Overall sales increased year on year.

Living Care Products

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

In household cleaners, sales of bathroom fungicide *LOOK Plus Bath Antimold Fogger* were favorable, and sales of bath detergent *LOOK Plus Bath Cleansing* were firm. Overall sales increased year on year.

In food preparation products, sales of *REED Healthy-Cooking Paper* decreased compared with the same period of the previous fiscal year, and overall sales decreased year on year.

Pharmaceutical Products

In antipyretic analgesics, sales of the *BUFFERIN* series were up substantially year on year, and overall sales increased significantly year on year.

In eye drops, sales of *Smile 40 Premium DX* were steady, and overall sales increased year on year.

Other Products

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

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

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 tires, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales increased 4.8% compared with the previous fiscal year. Segment profit increased 35.9%.

(Millions of yen)

	Six months ended June 30, 2021	Ratio to net sales	Six months ended June 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	28,434		27,124		1,310	4.8%
Segment profit	1,413	5.0%	1,040	3.8%	373	35.9%

Note: Net sales include internal sales within and among segments, which amounted to ¥11,803 million in the first half of fiscal 2021 and ¥11,925 million in the first half of fiscal 2020.

In the Mobility field, sales of anti-sticking agents for tires and mold releasing agent for rubber were strong, and overall sales increased significantly year on year.

In the Electronics field, sales of conductive carbon for vehicle batteries were strong, and overall sales were up substantially year on year.

In the Detergents for Institutional Use Products field, sales of hand soaps were favorable, and overall sales were up 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 increased 7.9% year on year (or a 3.4% increase at constant currency excluding exchange rate fluctuations). Segment profit increased 5.1% year on year.

(Millions of yen)

	Six months ended June 30, 2021	Ratio to net sales	Six months ended June 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	53,594		49,687		3,907	7.9%
Segment profit	3,481	6.5%	3,311	6.7%	170	5.1%

Note: Net sales include internal sales within and among segments, which amounted to ¥5,293 million in the first half of fiscal 2021 and ¥5,379 million in the first half of fiscal 2020.

Net Sales by Region

(Millions of yen)

	Six months ended June 30, 2021	Six months ended June 30, 2020	Change	Change (%)
Southeast Asia	34,251	32,591	1,660	5.1%
Northeast Asia	19,342	17,095	2,247	13.1%

Net Sales by Region

In Southeast Asia, overall sales were up 5.1% year on year.

In Thailand, sales of laundry detergents were firm. Overall sales after yen conversions were up year on year.

In Malaysia, sales of *TOP* laundry detergent were strong. Overall sales after yen conversions were up significantly year on year.

In Northeast Asia, overall sales were up 13.1% year on year.

In South Korea, sales of hand soaps decreased year on year, but overall sales after yen conversions increased year on year.

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

Other (Construction Contracting Business, etc.)

(Millions of yen)

	Six months ended June 30, 2021	Ratio to net sales	Six months ended June 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	16,363		14,580		1,783	12.2%
Segment profit	1,014	6.2%	895	6.1%	118	13.3%

Note: Net sales include internal sales within and among segments, which amounted to ¥15,192 million in the first half of fiscal 2021 and ¥13,119 million in the first half of fiscal 2020.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	Six months ended June 30, 2021	Six months ended June 30, 2020	Change
Total assets (millions of yen)	416,627	435,501	(18,873)
Total equity (millions of yen)	254,748	244,856	9,891
Ratio of equity attributable to owners of the parent to total assets (%)	58.0	53.2	4.8

Total assets fell ¥18,873 million compared with the previous consolidated fiscal year-end to ¥416,627 million. This was primarily attributable to a decrease in cash and cash equivalents. Total equity increased ¥9,891 million to ¥254,748 million. The ratio of equity attributable to owners of the parent to total assets stood at 58.0%

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on July 30, 2021 for the full fiscal year.

Assumptions Underlying the Forecast of Consolidated Financial Results for Fiscal 2021

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

JPY110 = USD1.00

JPY3.4 = THB1.00

2. Condensed Consolidated Financial Statements and Notes
(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2020	June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	121,534	90,136
Trade and other receivables	62,421	58,043
Inventories	45,158	53,996
Other financial assets	8,592	9,974
Other current assets	5,108	8,046
Subtotal	242,815	220,198
Assets held for sale	2,603	—
Total current assets	245,419	220,198
Non-current assets		
Property, plant and equipment	118,379	123,784
Goodwill	182	182
Intangible assets	18,921	20,345
Right-of-use assets	4,873	6,642
Investments accounted for using the equity method	6,310	6,655
Deferred tax assets	5,632	3,982
Retirement benefit assets	9,936	9,460
Other financial assets	24,859	24,155
Other non-current assets	986	1,219
Total non-current assets	190,081	196,429
Total assets	435,501	416,627

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Half Ended June 30, 2021
(Millions of yen)

	December 31, 2020	June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	141,259	124,624
Borrowings	1,405	1,412
Income tax payables	11,569	2,381
Provisions	1,401	1,544
Lease liabilities	1,387	1,553
Other financial liabilities	893	805
Other current liabilities	8,710	5,417
Total current liabilities	166,628	137,740
Non-current liabilities		
Borrowings	639	525
Deferred tax liabilities	1,278	1,275
Retirement benefit liabilities	13,009	11,601
Provisions	357	330
Lease liabilities	4,685	6,359
Other financial liabilities	2,487	2,478
Other non-current liabilities	1,558	1,568
Total non-current liabilities	24,016	24,138
Total liabilities	190,644	161,879
Equity		
Share capital	34,433	34,433
Capital surplus	34,986	35,032
Treasury stock	(4,739)	(4,730)
Other components of equity	10,076	11,166
Retained earnings	156,965	165,704
Equity attributable to owners of the parent	231,723	241,606
Non-controlling interests	13,133	13,141
Total equity	244,856	254,748
Total liabilities and equity	435,501	416,627

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

Condensed Consolidated Statement of Income

Six months ended June 30, 2020 and 2021

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net sales	169,111	173,223
Cost of sales	(83,507)	(86,830)
Gross profit	85,604	86,393
Selling, general and administrative expenses	(69,231)	(72,360)
Other income	11,521	647
Other expenses	(1,925)	(493)
Operating profit	25,968	14,186
Finance income	445	481
Finance costs	(76)	(69)
Share of profit of investments accounted for using the equity method	703	1,330
Profit before tax	27,041	15,928
Income taxes	(7,484)	(4,131)
Profit for the period	19,557	11,797
Profit for the period attributable to:		
Owners of the parent	18,623	10,815
Non-controlling interests	933	981
Profit for the period	19,557	11,797
Earnings per share		
Basic (Yen)	64.06	37.20
Diluted (Yen)	63.98	37.14

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Half Ended June 30, 2021

Condensed Consolidated Statement of Comprehensive Income

Six months ended June 30, 2020 and 2021

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Profit for the period	19,557	11,797
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	(939)	(125)
Remeasurements of defined benefit plans	(1,924)	1,295
Share of other comprehensive income (loss) of investments accounted for using the equity method	(15)	14
Total items that will not be reclassified as profit or loss	(2,879)	1,184
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	—	(1)
Exchange differences on translation of foreign operations	(1,627)	1,169
Share of other comprehensive income (loss) of investments accounted for using the equity method	(127)	218
Total items that may be subsequently reclassified as profit or loss	(1,754)	1,385
Total other comprehensive income, net of tax	(4,634)	2,570
Comprehensive income for the period	14,923	14,368
Comprehensive income for the period attributable to:		
Owners of the parent	14,561	13,319
Non-controlling interests	361	1,048
Comprehensive income for the period	14,923	14,368

(3) Condensed Consolidated Statement of Changes in Equity

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	

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Half Ended June 30, 2021

Six months ended June 30, 2021

(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, 2021	34,433	34,986	(4,739)	138	10,592	—
Profit for the period						
Other comprehensive income					(82)	1,295
Total comprehensive income for the period	—	—	—	—	(82)	1,295
Dividends						
Acquisition of treasury stock			(1)			
Disposal of treasury stock		1	10	(2)		
Share-based payments		44				
Transfer from other components of equity to retained earnings					(115)	(1,295)
Total transactions with owners	—	45	8	(2)	(115)	(1,295)
Balance at June 30, 2021	34,433	35,032	(4,730)	135	10,394	—

	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, 2021	(0)	(654)	10,076	156,965	231,723	13,133	244,856	
Profit for the period			—	10,815	10,815	981	11,797	
Other comprehensive income	(1)	1,292	2,503		2,503	66	2,570	
Total comprehensive income for the period	(1)	1,292	2,503	10,815	13,319	1,048	14,368	
Dividends			—	(3,488)	(3,488)	(1,040)	(4,528)	
Acquisition of treasury stock			—		(1)		(1)	
Disposal of treasury stock			(2)		8		8	
Share-based payments			—		44		44	
Transfer from other components of equity to retained earnings			(1,411)	1,411	—		—	
Total transactions with owners	—	—	(1,413)	(2,077)	(3,436)	(1,040)	(4,476)	
Balance at June 30, 2021	(1)	638	11,166	165,704	241,606	13,141	254,748	

(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, 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, 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.

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.

Six months ended June 30, 2021

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	107,168	16,631	48,301	1,171	173,272	(48)	173,223
(2) Intersegment ¹	9,477	11,803	5,293	15,192	41,766	(41,766)	—
Total	116,645	28,434	52,594	16,363	215,038	(41,815)	173,223
Core operating income	8,250	1,413	3,841	1,014	14,159	(127)	14,032
Other income							647
Other expenses							(493)
Operating profit							14,186
Finance income							481
Finance costs							(69)
Share of profit of investments accounted for using the equity method							1,330
Profit before tax							15,928

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A negative ¥127 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.

Gross profit	86,393
Selling, general and administrative expenses	(72,360)
Core operating income	14,032

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.