

Summary of Consolidated Financial Statements for the Nine Months Ended September 30, 2021 [IFRS]

November 5, 2021

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

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Scheduled date of filing of quarterly financial report: November 11, 2021

Start date of payment of dividend: —

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 Nine Months Ended September 30, 2021 (January 1, 2021 – September 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	%
Nine months ended September 30, 2021	267,592	2.1	25,477	(33.4)	27,682	(30.3)
Nine months ended September 30, 2020	262,049	0.0	38,244	60.5	39,710	59.7

	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	%
Nine months ended September 30, 2021	20,306	(29.3)	19,029	(30.1)	21,898	(11.9)
Nine months ended September 30, 2020	28,713	53.6	27,237	60.7	24,848	32.7

Note: Core operating income for the nine months ended September 30, 2021 was ¥25,394 million (down 15.0% year on year). Core operating income for the nine months ended September 30, 2020 was ¥29,872 (up 26.7% 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
Nine months ended September 30, 2021	65.46	65.35
Nine months ended September 30, 2020	93.69	93.57

(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	%
Nine months ended September 30, 2021	408,116	258,460	245,777	60.2
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 September 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 September 30, 2021:	8,382,011 shares
As of December 31, 2020:	8,399,357 shares
 - c. Average number of shares outstanding over period

Nine months ended September 30, 2021:	290,728,495 shares
Nine months ended September 30, 2020:	290,709,288 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 Nine Months 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 Nine Months of the Current Fiscal Year

(1) Consolidated Performance

Consolidated results for the first nine months of fiscal 2021 (January 1, 2021–September 30, 2021) are as follows. Net sales amounted to ¥267,592 million, a year-on-year increase of 2.1% (or a 1.0% increase at constant currency excluding exchange rate fluctuations). Core operating income came to ¥25,394 million, down 15.0% compared with the previous fiscal year, and operating profit to ¥25,477 million, down 33.4% year on year. Profit for the period attributable to owners of the parent totaled ¥19,029 million, down 30.1% 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, dental rinses, hygiene-related products, fabric softeners, dishwashing detergents, household cleaners and antipyretic analgesics 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)

	Nine months ended September 30, 2021	Ratio to net sales	Nine months ended September 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	267,592		262,049		5,543	2.1%
Core operating income	25,394	9.5%	29,872	11.4%	(4,477)	(15.0%)
Operating profit	25,477	9.5%	38,244	14.6%	(12,767)	(33.4%)
Profit for the period attributable to owners of the parent	19,029	7.1%	27,237	10.4%	(8,208)	(30.1%)

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)			
	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Change	Change (%)	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Change	Change (%)
Consumer Products	180,440	179,971	469	0.3%	16,665	22,006	(5,340)	(24.3%)
Industrial Products	43,439	40,208	3,230	8.0%	1,698	1,431	267	18.7%
Overseas	81,406	76,715	4,691	6.1%	4,775	5,545	(769)	(13.9%)
Other	22,822	24,437	(1,615)	(6.6%)	1,747	1,491	255	17.1%
Subtotal	328,108	321,332	6,775	2.1%	24,886	30,473	(5,587)	(18.3%)
Adjustment	(60,515)	(59,283)	(1,232)	—	508	(601)	1,110	—
Total	267,592	262,049	5,543	2.1%	25,394	29,872	(4,477)	(15.0%)

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 0.3% compared with the previous fiscal year. Segment profit decreased 24.3%.

(Millions of yen)

	Nine months ended September 30, 2021	Ratio to net sales	Nine months ended September 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	180,440		179,971		469	0.3%
Segment profit	16,665	9.2%	22,006	12.2%	(5,340)	(24.3%)

Note: Net sales include internal sales within and among segments, which amounted to ¥13,492 million in the first nine months of fiscal 2021 and ¥11,587 million in the first nine months fiscal 2020.

Net Sales by Product Segment

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Change	Change (%)
Oral Care Products	49,884	47,535	2,349	4.9%
Beauty Care Products	18,508	24,430	(5,921)	(24.2%)
Fabric Care Products	44,020	43,178	842	2.0%
Living Care Products	18,313	17,383	930	5.4%
Pharmaceutical Products	18,480	17,831	648	3.6%
Other Products	31,233	29,612	1,620	5.5%

Oral Care Products

In toothpastes, although sales of *SYSTEMA EX Toothpaste* decreased year on year, those of *CLINICA ADVANTAGE 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* were strong, and sales of *Systema Toothbrush* were firm. Overall sales increased year on year.

In dental rinses, *NONIO Plus Whitening Dental Rinse*, launched in 2020, and new *SYSTEMA Haguki (the Gums) Plus Premium Dental Rinse*, featuring a unique premium formula with an eight effects that revitalizes gums and helps prevent gum disease (gum and periodontal inflammation), received favorable customer reviews. 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 steady, 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* and *SOFLAN Premium Deodorizer* were firm. Overall sales were up year on year.

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

Living Care Products

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

In household cleaners, sales of bath detergent *LOOK Plus Bath Cleansing* and bathroom fungicide *LOOK Plus Bath Antimold Fogger* were strong, and *LOOK Plus Awa-Pita Toilet Cleaning Spray*, a new type of product that easily cleans even the hard-to-clean space under the toilet bowl rim, received favorable consumer reviews. Overall sales increased significantly 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, which saw the launch of new *BUFFERIN PREMIUM DX*, a new product for painful headaches that is formulated for maximum effect and speed, 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, but sales of the *Smile 40EX* series decreased from the same period of the previous fiscal year, and overall sales decreased 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 8.0% compared with the previous fiscal year. Segment profit increased 18.7%.

(Millions of yen)

	Nine months ended September 30, 2021	Ratio to net sales	Nine months ended September 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	43,439		40,208		3,230	8.0%
Segment profit	1,698	3.9%	1,431	3.6%	267	18.7%

Note: Net sales include internal sales within and among segments, which amounted to ¥18,242 million in the first nine months of fiscal 2021 and ¥17,386 million in the first nine months 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 6.1% year on year (or a 1.8% increase at constant currency excluding exchange rate fluctuations). Segment profit decreased 13.9% year on year.

(Millions of yen)

	Nine months ended September 30, 2021	Ratio to net sales	Nine months ended September 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	81,406		76,715		4,691	6.1%
Segment profit	4,775	5.9%	5,545	7.2%	(769)	(13.9%)

Note: Net sales include internal sales within and among segments, which amounted to ¥7,777 million in the first nine months of fiscal 2021 and ¥8,040 million in the first nine months of fiscal 2020.

Net Sales by Region

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Change	Change (%)
Southeast Asia	51,247	49,710	1,537	3.1%
Northeast Asia	30,158	27,004	3,153	11.7%

Net Sales by Region

In Southeast Asia, overall sales were up 3.1% year on year.

In Thailand, sales of dishwashing detergents decreased year on year, but 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 year on year.

In Northeast Asia, overall sales were up 11.7% year on year.

In South Korea, sales of hand soaps decreased year on year, and overall sales after yen conversions decreased slightly 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)

	Nine months ended September 30, 2021	Ratio to net sales	Nine months ended September 30, 2020	Ratio to net sales	Change	Change (%)
Net sales	22,822		24,437		(1,615)	(6.6%)
Segment profit	1,747	7.7%	1,491	6.1%	255	17.1%

Note: Net sales include internal sales within and among segments, which amounted to ¥20,935 million in the first nine months of fiscal 2021 and ¥22,257 million in the first nine months of fiscal 2020.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	September 30, 2021	September 30, 2020	Change
Total assets (millions of yen)	408,116	435,501	(27,384)
Total equity (millions of yen)	258,460	244,856	13,603
Ratio of equity attributable to owners of the parent to total assets (%)	60.2	53.2	7.0

Total assets fell ¥27,384 million compared with the previous consolidated fiscal year-end to ¥408,116 million. This was primarily attributable to a decrease in cash and cash equivalents. Total equity increased ¥13,603 million to ¥258,460 million. The ratio of equity attributable to owners of the parent to total assets stood at 60.2%

(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	September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	121,534	79,082
Trade and other receivables	62,421	62,158
Inventories	45,158	55,504
Other financial assets	8,592	8,746
Other current assets	5,108	7,727
Subtotal	242,815	213,220
Assets held for sale	2,603	—
Total current assets	245,419	213,220
Non-current assets		
Property, plant and equipment	118,379	118,974
Goodwill	182	182
Intangible assets	18,921	24,457
Right-of-use assets	4,873	6,426
Investments accounted for using the equity method	6,310	6,823
Deferred tax assets	5,632	6,057
Retirement benefit assets	9,936	9,929
Other financial assets	24,859	20,809
Other non-current assets	986	1,233
Total non-current assets	190,081	194,896
Total assets	435,501	408,116

Lion Corporation (Code 4912): Consolidated Financial Statements
for the Nine Months Ended September 30, 2021
(Millions of yen)

	December 31, 2020	September 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	141,259	109,509
Borrowings	1,405	1,404
Income tax payables	11,569	2,068
Provisions	1,401	1,930
Lease liabilities	1,387	1,535
Other financial liabilities	893	503
Other current liabilities	8,710	8,593
Total current liabilities	166,628	125,545
Non-current liabilities		
Borrowings	639	509
Deferred tax liabilities	1,278	1,270
Retirement benefit liabilities	13,009	11,781
Provisions	357	331
Lease liabilities	4,685	6,176
Other financial liabilities	2,487	2,481
Other non-current liabilities	1,558	1,560
Total non-current liabilities	24,016	24,110
Total liabilities	190,644	149,656
Equity		
Share capital	34,433	34,433
Capital surplus	34,986	35,055
Treasury stock	(4,739)	(4,731)
Other components of equity	10,076	8,150
Retained earnings	156,965	172,868
Equity attributable to owners of the parent	231,723	245,777
Non-controlling interests	13,133	12,683
Total equity	244,856	258,460
Total liabilities and equity	435,501	408,116

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

Condensed Consolidated Statement of Income

Nine months ended September 30, 2020 and 2021

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Net sales	262,049	267,592
Cost of sales	(128,430)	(134,365)
Gross profit	133,618	133,227
Selling, general and administrative expenses	(103,746)	(107,832)
Other income	11,945	839
Other expenses	(3,572)	(756)
Operating profit	38,244	25,477
Finance income	535	552
Finance costs	(111)	(102)
Share of profit of investments accounted for using the equity method	1,041	1,755
Profit before tax	39,710	27,682
Income taxes	(10,997)	(7,376)
Profit for the period	28,713	20,306
Profit for the period attributable to:		
Owners of the parent	27,237	19,029
Non-controlling interests	1,475	1,276
Profit for the period	28,713	20,306
Earnings per share		
Basic (Yen)	93.69	65.46
Diluted (Yen)	93.57	65.35

Lion Corporation (Code 4912): Consolidated Financial Statements
for the Nine Months Ended September 30, 2021

Condensed Consolidated Statement of Comprehensive Income

Nine months ended September 30, 2020 and 2021

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Profit for the period	28,713	20,306
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	(253)	(421)
Remeasurements of defined benefit plans	(1,245)	1,760
Share of other comprehensive income (loss) of investments accounted for using the equity method	(40)	27
Total items that will not be reclassified as profit or loss	(1,539)	1,365
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	—	0
Exchange differences on translation of foreign operations	(1,971)	252
Share of other comprehensive income (loss) of investments accounted for using the equity method	(353)	(26)
Total items that may be subsequently reclassified as profit or loss	(2,325)	225
Total other comprehensive income, net of tax	(3,864)	1,591
Comprehensive income for the period	24,848	21,898
Comprehensive income for the period attributable to:		
Owners of the parent	24,354	20,957
Non-controlling interests	493	941
Comprehensive income for the period	24,848	21,898

(3) Condensed Consolidated Statement of Changes in Equity

Nine months ended September 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					(241)	(1,245)
Total comprehensive income for the period	—	—	—	—	(241)	(1,245)
Dividends Acquisition of treasury stock Disposal of treasury stock Share-based payments Transfer from other components of equity to retained earnings		0 134	(2) 0		(691)	1,245
Total transactions with owners	—	134	(2)	—	(691)	1,245
Balance at September 30, 2020	34,433	34,923	(4,742)	143	10,356	—

	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 Other comprehensive income		(1,395)	(2,882)	27,237	(2,882)	1,475 (981)	28,713 (3,864)	
Total comprehensive income for the period	—	(1,395)	(2,882)	27,237	24,354	493	24,848	
Dividends Acquisition of treasury stock Disposal of treasury stock Share-based payments Transfer from other components of equity to retained earnings			— — — 554	(6,395) — — (554)	(6,395) (2) 0 134	(967)	(7,363) (2) 0 134 —	
Total transactions with owners	—	—	554	(6,950)	(6,263)	(967)	(7,231)	
Balance at September 30, 2020	—	(1,508)	8,991	152,906	226,513	12,306	238,819	

Lion Corporation (Code 4912): Consolidated Financial Statements
for the Nine Months Ended September 30, 2021

Nine months ended September 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					(354)	1,760
Total comprehensive income for the period	—	—	—	—	(354)	1,760
Dividends						
Acquisition of treasury stock			(2)			
Disposal of treasury stock		1	10	(2)		
Share-based payments		68				
Transfer from other components of equity to retained earnings					(2,091)	(1,760)
Total transactions with owners	—	69	8	(2)	(2,091)	(1,760)
Balance at September 30, 2021	34,433	35,055	(4,731)	135	8,147	—

	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			—	19,029	19,029	1,276	20,306	
Other comprehensive income	0	521	1,927		1,927	(335)	1,591	
Total comprehensive income for the period	0	521	1,927	19,029	20,957	941	21,898	
Dividends			—	(6,977)	(6,977)	(1,391)	(8,368)	
Acquisition of treasury stock			—		(2)		(2)	
Disposal of treasury stock			(2)		8		8	
Share-based payments			—		68		68	
Transfer from other components of equity to retained earnings			(3,851)	3,851	—		—	
Total transactions with owners	—	—	(3,854)	(3,125)	(6,902)	(1,391)	(8,293)	
Balance at September 30, 2021	0	(132)	8,150	172,868	245,777	12,683	258,460	

(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

Nine months ended September 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	168,383	22,822	68,674	2,179	262,060	(11)	262,049
(2) Intersegment ¹	11,587	17,386	8,040	22,257	59,272	(59,272)	—
Total	179,971	40,208	76,715	24,437	321,332	(59,283)	262,049
Core operating income	22,006	1,431	5,545	1,491	30,473	(601)	29,872
Other income							11,945
Other expenses							(3,572)
Operating profit							38,244
Finance income							535
Finance costs							(111)
Share of profit of investments accounted for using the equity method							1,041
Profit before tax							39,710

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A negative ¥601 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	133,618
Selling, general and administrative expenses	(103,746)
Core operating income	29,872

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.

Nine months ended September 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	166,948	25,196	73,628	1,886	267,660	(68)	267,592
(2) Intersegment ¹	13,492	18,242	7,777	20,935	60,447	(60,447)	—
Total	180,440	43,439	81,406	22,822	328,108	(60,515)	267,592
Core operating income	16,665	1,698	4,775	1,747	24,886	508	25,394
Other income							839
Other expenses							(756)
Operating profit							25,477
Finance income							552
Finance costs							(102)
Share of profit of investments accounted for using the equity method							1,755
Profit before tax							27,682

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A ¥508 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	133,227
Selling, general and administrative expenses	(107,832)
Core operating income	25,394

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.