

Summary of Consolidated Financial Statements for the First Quarter Ended March 31, 2022 [IFRS]

May 10, 2022

Company name: Lion Corporation

Listed stock exchanges: Tokyo Stock Exchange

Code: 4912

URL: <http://www.lion.co.jp/>

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Supplementary materials prepared for quarterly results: Yes

Quarterly results information meeting held: Yes (for institutional investors, analysts, etc.)

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

1. Consolidated Results for the First Quarter Ended March 31, 2022 (January 1, 2022 – March 31, 2022)

(1) Consolidated Results (cumulative)

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2022	87,030	5.5	10,489	26.7	11,075	25.1
Three months ended March 31, 2021	82,456	(0.1)	8,281	(55.8)	8,849	(53.6)

	Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2022	8,028	25.2	7,891	32.5	12,109	23.9
Three months ended March 31, 2021	6,414	(54.2)	5,955	(56.1)	9,775	69.7

Note: Core operating income for the three months ended March 31, 2022 was ¥5,521 million (down 31.8% year on year). Core operating income for the three months ended March 31, 2021 was ¥8,090 million (down 11.0% 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
Three months ended March 31, 2022	27.56	27.51
Three months ended March 31, 2021	20.49	20.45

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
March 31, 2022	403,977	263,678	249,162	61.7
December 31, 2021`	428,025	265,014	251,572	58.8

2. Dividends

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2021	—	12.00	—	12.00	24.00
Fiscal 2022	—				
Fiscal 2022 (forecast)		12.00	—	13.00	25.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022 (January 1, 2022 – December 31, 2022)

(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	%	
First half 2022	179,000	3.3	12,300	(13.3)	9,000	(16.8)	Yen 30.96
Fiscal 2022	375,000	2.4	27,500	(11.8)	20,000	(15.8)	68.79

Notes: 1.Core operating income forecast: First half 2022: ¥7,600 million

Fiscal 2022: ¥23,000 million

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

Notes

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

As of March 31, 2022:	292,536,446 shares
As of December 31, 2021:	299,115,346 shares
 - b. Number of treasury stocks on balance sheet date:

As of March 31, 2022:	8,355,135 shares
As of December 31, 2021:	8,382,512 shares
 - c. Average number of shares outstanding over period

Three months ended March 31, 2022:	286,364,333 shares
Three months ended March 31, 2021:	290,718,407 shares

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

* Appropriate use of results forecasts; other special items

The forecasts and projected operating results contained in this report are based on information available at the time of preparation and thus involve inherent risks and uncertainties, including those related to economic conditions, the competitive environment and exchange rate fluctuations. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors. For information on forecasts of operating results, see I. Qualitative Information Concerning the Results of Operations for the First Quarter of the Current Fiscal Year (3) Forecast of Consolidated Financial Results on page 8.

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

(1) Consolidated Performance

Consolidated results for the first quarter of fiscal 2022 (January 1, 2022–March 31, 2022) are as follows. Net sales amounted to ¥87,030 million, a year-on-year increase of 5.5% (or an increase of 4.2% at constant currency excluding exchange rate fluctuations). Core operating income came to ¥5,521 million, down 31.8% compared with the previous fiscal year, and operating profit to ¥10,489 million, up 26.7% year on year. Profit for the period attributable to owners of the parent totaled ¥7,891 million, up 32.5% compared with the previous fiscal year.

The Lion Group is advancing initiatives based on three growth strategies under Vision2030 1st STAGE, its medium-term management plan for the three years beginning 2022. These three strategies are “Accelerate growth in four fields of value creation,” “Transform our business foundations for growth” and “Generate dynamism to realize innovative change.”

Amid an increasingly challenging operating environment, including the ongoing COVID-19 pandemic, sharp fluctuations in resource prices and currency markets, and the growing impact of geopolitical turbulence on the global economy, the entire Lion Group worked as one to achieve the targets of the first year of the medium-term management plan.

In its domestic operations, Lion focused on cultivating markets for such high-value-added products as toothpastes, toothbrushes, household cleaners and antipyretic analgesics.

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 focused on bolstering its competitiveness and profitability in the home care field, which includes such products as laundry detergents.

Reflecting these efforts, net sales increased from the same period of the previous fiscal year, but core operating income decreased, reflecting increased raw material prices.

In addition, as announced on January 31, 2022, on that date, the Lion Group transferred land held by a consolidated Group subsidiary.

Consolidated Results

(Millions of yen)

	Three months ended March 31, 2022	Ratio to net sales	Three months ended March 31, 2021	Ratio to net sales	Change	Change (%)
Net sales	87,030		82,456		4,573	5.5%
Core operating income	5,521	6.3%	8,090	9.8%	(2,568)	(31.8%)
Operating profit	10,489	12.1%	8,281	10.0%	2,208	26.7%
Profit for the period attributable to owners of the parent	7,891	9.1%	5,955	7.2%	1,935	32.5%

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)			
	Three months ended March 31, 2022	Three months ended March 31, 2021	Change	Change (%)	Three months ended March 31, 2022	Three months ended March 31, 2021	Change	Change (%)
Consumer Products	59,698	57,479	2,219	3.9%	3,607	5,554	(1,947)	(35.1%)
Industrial Products	13,055	11,800	1,254	10.6%	796	1,012	(215)	(21.3%)
Overseas	28,760	25,886	2,874	11.1%	865	1,698	(833)	(49.1%)
Other	2,534	7,682	(5,147)	(67.0%)	78	433	(354)	(81.8%)
Subtotal	104,049	102,848	1,201	1.2%	5,348	8,700	(3,351)	(38.5%)
Adjustment	(17,019)	(20,391)	3,372	—	172	(609)	782	—
Total	87,030	82,456	4,573	5.5%	5,521	8,090	(2,568)	(31.8%)

Note: From the first quarter of the fiscal year under review, due to a change in the business structure of consolidated Group subsidiary Lion Chemical Co., Ltd., said company's business, which was previously concentrated in the Industrial Products segment, has been divided between the Industrial Products and Consumer Products segments. Segment information for the first quarter of the previous fiscal year has been restated to reflect this change.

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 3.9% compared with the previous fiscal year. Segment profit decreased 35.1%.

(Millions of yen)

	Three months ended March 31, 2022	Ratio to net sales	Three months ended March 31, 2021	Ratio to net sales	Change	Change (%)
Net sales	59,698		57,479		2,219	3.9%
Segment profit	3,607	6.0%	5,554	9.7%	(1,947)	(35.1%)

Note: Net sales include internal sales within and among segments, which amounted to ¥8,779 million in the first quarter of fiscal 2022 and ¥7,138 million in the first quarter of fiscal 2021.

Net Sales by Product Segment

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2021	Change	Change (%)
Oral Care Products	15,550	15,267	282	1.9%
Beauty Care Products	5,943	5,237	706	13.5%
Fabric Care Products	13,779	13,711	68	0.5%
Living Care Products	5,152	5,515	(362)	(6.6%)
Pharmaceutical Products	5,306	5,125	181	3.5%
Other Products	13,966	12,622	1,343	10.6%

Oral Care Products

In toothpastes, sales of *SYSTEMA EX Toothpaste* were strong, and new *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste Yokubari na BIHAKU (Whitening)*, received favorable customer reviews. However, sales of *CLINICA NEXT STAGE Toothpaste* were down year on year. Overall sales decreased slightly year on year.

In toothbrushes, sales of the *CLINICA ADVANTAGE Toothbrush* and *SYSTEMA Haguki (the Gums) Plus Toothbrush* were firm. Overall sales increased year on year.

In dental rinses, sales of *NONIO Plus Whitening Dental Rinse* were favorable, and sales of *SYSTEMA Haguki (the Gums) Plus Premium Dental Rinse*, launched in 2021, also contributed. Overall sales increased significantly year on year.

Beauty Care Products

In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap* were strong. Overall sales increased significantly year on year.

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

Fabric Care Products

In fabric softeners, sales of *SOFLAN Premium Deodorizer* decreased year on year, but those of *SOFLAN Aroma Rich* were strong. 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* and *Kaori Tsuzuku (Long-Lasting Fragrance) Top* fell year on year. Overall sales edged down year on year.

Living Care Products

In dishwashing detergents, sales of *CHARMY Magica* fell year on year, and overall sales decreased year on year.

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

Pharmaceutical Products

In antipyretic analgesics, amid a favorable market, sales of *BUFFERIN PREMIUM DX*, launched in 2021, received favorable customer reviews, and overall sales were up substantially year on year.

In eye drops, sales of the *Smile 40EX* series were down year on year, and overall sales decreased year on year.

Other Products

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.

In direct-to-consumer sales products, sales of *Intestinal Effect Nice rim essence Lactoferrin* were down year on year, and overall sales were down 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 10.6% compared with the previous fiscal year. Segment profit decreased 21.3%.

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Quarter Ended March 31, 2022

(Millions of yen)

	Three months ended March 31, 2022	Ratio to net sales	Three months ended March 31, 2021	Ratio to net sales	Change	Change (%)
Net sales	13,055		11,800		1,254	10.6%
Segment profit	796	6.1%	1,012	8.6%	(215)	(21.3%)

Note: Net sales include internal sales within and among segments, which amounted to ¥4,429 million in the first quarter of fiscal 2022 and ¥3,556 million in the first quarter of fiscal 2021.

In the Mobility field, sales of anti-sticking agents for tires were firm, and overall sales increased 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 alcohol sanitizers for kitchens were strong, but sales of hand soaps decreased year on year. Overall sales edged down 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 11.1% year on year (or an increase of 6.3% at constant currency excluding exchange rate fluctuations). Due in part to the significant impact of rising raw material prices in Southeast Asia, segment profit decreased 49.1% year on year.

(Millions of yen)

	Three months ended March 31, 2022	Ratio to net sales	Three months ended March 31, 2021	Ratio to net sales	Change	Change (%)
Net sales	28,760		25,886		2,874	11.1%
Segment profit	865	3.0%	1,698	6.6%	(833)	(49.1%)

Note: Net sales include internal sales within and among segments, which amounted to ¥2,579 million in the first quarter of fiscal 2022 and ¥2,531 million in the first quarter of fiscal 2021.

Net Sales by Region

(Millions of yen)

		Three months ended March 31, 2022	Three months ended March 31, 2021	Change	Change (%)
Southeast Asia	Net sales	18,404	16,779	1,624	9.7%
	Segment profit	374	1,232	(858)	(69.6%)
Northeast Asia	Net sales	10,356	9,106	1,249	13.7%
	Segment profit	490	465	24	5.3%

Net Sales by Region

In Southeast Asia, overall sales were up 9.7% year on year (or up of 6.5% at constant currency excluding exchange rate fluctuations), and segment profit was down 69.6%.

In Thailand, sales of laundry detergents were down year on year, but sales of body washes were strong. 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 13.7% year on year (or up of 6.0% at constant currency excluding exchange rate fluctuations), and segment profit was up 5.3%.

In South Korea, sales of laundry detergents were strong. Overall sales after yen conversions increased significantly year on year.

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

Other (Construction Contracting Business, etc.)

(Millions of yen)

	Three months ended March 31, 2022	Ratio to net sales	Three months ended March 31, 2021	Ratio to net sales	Change	Change (%)
Net sales	2,534		7,682		(5,147)	(67.0%)
Segment profit	78	3.1%	433	5.6%	(354)	(81.8%)

Note: Net sales include internal sales within and among segments, which amounted to ¥1,324 million in the first quarter of fiscal 2022 and ¥7,224 million in the first quarter of fiscal 2021.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	March 31, 2022	December 31, 2021	Change
Total assets (millions of yen)	403,977	428,025	(24,048)
Total equity (millions of yen)	263,678	265,014	(1,336)
Ratio of equity attributable to owners of the parent to total assets (%)	61.7	58.8	2.9

Total assets fell ¥24,048 million compared with the end of the previous consolidated fiscal year to ¥403,977 million. This was primarily attributable to a decrease in cash and cash equivalents. Total equity decreased ¥1,336 million to ¥263,678 million. The ratio of equity attributable to owners of the parent to total assets stood at 61.7%.

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on February 14, 2022 for the first half of the fiscal year under review and for the full fiscal year.

Assumptions Underlying the Forecast of Consolidated Financial Results for Fiscal 2022

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

JPY114 = 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, 2021	March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	97,250	76,926
Trade and other receivables	70,115	59,115
Inventories	51,714	56,928
Other financial assets	6,656	7,831
Other current assets	6,413	7,530
Total current assets	232,150	208,332
Non-current assets		
Property, plant and equipment	120,673	119,715
Goodwill	182	327
Intangible assets	23,975	24,584
Right-of-use assets	5,416	5,375
Investments accounted for using the equity method	6,935	8,763
Deferred tax assets	6,005	5,025
Retirement benefit assets	9,768	8,704
Other financial assets	21,815	22,186
Other non-current assets	1,100	961
Total non-current assets	195,875	195,645
Total assets	428,025	403,977

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Quarter Ended March 31, 2022

(Millions of yen)

	December 31, 2021	March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	123,146	102,579
Borrowings	1,411	1,422
Income tax payables	2,470	2,754
Provisions	1,673	1,936
Lease liabilities	1,483	1,474
Other financial liabilities	855	1,121
Other current liabilities	8,178	5,446
Total current liabilities	139,218	116,736
Non-current liabilities		
Borrowings	392	408
Deferred tax liabilities	1,270	780
Retirement benefit liabilities	12,684	13,166
Provisions	332	332
Lease liabilities	5,088	4,929
Other financial liabilities	2,469	2,373
Other non-current liabilities	1,554	1,571
Total non-current liabilities	23,792	23,562
Total liabilities	163,011	140,299
Equity		
Share capital	34,433	34,433
Capital surplus	35,189	30,967
Treasury stock	(4,731)	(8,085)
Other components of equity	9,311	12,944
Retained earnings	177,370	178,903
Equity attributable to owners of the parent	251,572	249,162
Non-controlling interests	13,442	14,515
Total equity	265,014	263,678
Total liabilities and equity	428,025	403,977

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

Condensed Consolidated Statement of Income

Three months ended March 31, 2021 and 2022

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Net sales	82,456	87,030
Cost of sales	(41,192)	(47,732)
Gross profit	41,264	39,297
Selling, general and administrative expenses	(33,174)	(33,776)
Other income	364	5,512
Other expenses	(173)	(543)
Operating profit	8,281	10,489
Finance income	118	39
Finance costs	(40)	(35)
Share of profit of investments accounted for using the equity method	490	581
Profit before tax	8,849	11,075
Income taxes	(2,435)	(3,047)
Profit for the period	6,414	8,028
Profit for the period attributable to:		
Owners of the parent	5,955	7,891
Non-controlling interests	458	136
Profit for the period	6,414	8,028
Earnings per share		
Basic (Yen)	20.49	27.56
Diluted (Yen)	20.45	27.51

Condensed Consolidated Statement of Comprehensive Income

Three months ended March 31, 2021 and 2022

(Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2022
Profit for the period	6,414	8,028
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	25	484
Remeasurements of defined benefit plans	1,442	(657)
Share of other comprehensive income (loss) of investments accounted for using the equity method	1	23
Total items that will not be reclassified as profit or loss	1,469	(149)
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	1,682	4,230
Share of other comprehensive income (loss) of investments accounted for using the equity method	208	1,279
Total items that may be subsequently reclassified as profit or loss	1,891	4,230
Total other comprehensive income, net of tax	3,361	4,080
Comprehensive income for the period	9,775	12,109
Comprehensive income for the period attributable to:		
Owners of the parent	8,938	11,035
Non-controlling interests	837	1,073
Comprehensive income for the period	9,775	12,109

(3) Condensed Consolidated Statement of Changes in Equity

Three months ended March 31, 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					53	1,442
Total comprehensive income for the period	—	—	—	—	53	1,442
Dividends						
Acquisition of treasury stock			(1)			
Disposal of treasury stock			3			
Share-based payments		34				
Transfer from other components of equity to retained earnings					(72)	(1,442)
Total transactions with owners	—	34	2	—	(72)	(1,442)
Balance at March 31, 2021	34,433	35,020	(4,736)	138	10,573	—

	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			—	5,955	5,955	458	6,414	
Other comprehensive income	0	1,486	2,982		2,982	378	3,361	
Total comprehensive income for the period	0	1,486	2,982	5,955	8,938	837	9,775	
Dividends			—	(3,488)	(3,488)	—	(3,488)	
Acquisition of treasury stock			—		(1)		(1)	
Disposal of treasury stock			—		3		3	
Share-based payments			—		34		34	
Transfer from other components of equity to retained earnings			(1,514)	1,514	—		—	
Total transactions with owners	—	—	(1,514)	(1,973)	(3,451)	—	(3,451)	
Balance at March 31, 2021	0	832	11,544	160,947	237,210	13,970	251,181	

Three months ended March 31, 2022

(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, 2022	34,433	35,189	(4,731)	135	8,541	—
Profit for the period						
Other comprehensive income					496	(657)
Total comprehensive income for the period	—	—	—	—	496	(657)
Dividends						
Acquisition of treasury stock			(10,000)			
Disposal of treasury stock		0	15	(7)		
Cancellation of treasury stock		(4,258)	6,630			
Share-based payments		34				
Transfer from other components of equity to retained earnings					(160)	657
Total transactions with owners	—	(4,222)	(3,353)	(7)	(160)	657
Balance at March 31, 2022	34,433	30,967	(8,085)	127	8,877	—

	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, 2022	—	634	9,311	177,370	251,572	13,442	265,014	
Profit for the period			—	7,891	7,891	136	8,028	
Other comprehensive income	—	3,304	3,144		3,144	936	4,080	
Total comprehensive income for the period	—	3,304	3,144	7,891	11,035	1,073	12,109	
Dividends			—	(3,488)	(3,488)	—	(3,488)	
Acquisition of treasury stock			—		(10,000)		(10,000)	
Disposal of treasury stock			(7)		8		8	
Cancellation of treasury stock			—	(2,372)	—		—	
Share-based payments			—		34		34	
Transfer from other components of equity to retained earnings			496	(496)	—		—	
Total transactions with owners	—	—	488	(6,358)	(13,445)	—	(13,445)	
Balance at March 31, 2022	—	3,938	12,944	178,903	249,162	14,515	263,678	

(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

Three months ended March 31, 2021

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
External	50,340	8,244	23,354	458	82,397	59	82,456
Intersegment ¹	7,138	3,556	2,531	7,224	20,450	(20,450)	—
Total	57,479	11,800	25,886	7,682	102,848	(20,391)	82,456
Core operating income	5,554	1,012	1,698	433	8,700	(609)	8,090
Other income							364
Other expenses							(173)
Operating profit							8,281
Finance income							118
Finance costs							(40)
Share of profit of investments accounted for using the equity method							490
Profit before tax							8,849

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A negative ¥609 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	41,264
Selling, general and administrative expenses	(33,174)
Core operating income	8,090

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

Three months ended March 31, 2022

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
External	50,919	8,625	26,180	1,210	86,936	93	87,030
Intersegment ¹	8,779	4,429	2,579	1,324	17,113	(17,113)	—
Total	59,698	13,055	28,760	2,534	104,049	(17,019)	87,030
Core operating income	3,607	796	865	78	5,348	172	5,521
Other income							5,512
Other expenses							(543)
Operating profit							10,489
Finance income							39
Finance costs							(35)
Share of profit of investments accounted for using the equity method							581
Profit before tax							11,075

- Notes: 1. Includes intra-segment transactions within the reportable segments.
2. A positive ¥172 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	39,297
<u>Selling, general and administrative expenses</u>	<u>(33,776)</u>
Core operating income	5,521

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.

(3) Disclosure of Changes, etc. in Reportable Segments

From the first quarter of the fiscal year under review, due to a change in the business structure of consolidated Group subsidiary Lion Chemical Co., Ltd., said company's business, which was previously concentrated in the Industrial Products segment, has been divided between the Industrial Products and Consumer Products segments.

Segment information for the first quarter of the previous fiscal year has been restated to reflect this change.