



Summary of Consolidated Financial Statements for the First Quarter Ended March 31, 2023 [IFRS]

May 9, 2023

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

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Scheduled date of filing of quarterly financial report: May 12, 2023
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, 2023 (January 1, 2023 – March 31, 2023)

(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, 2023	90,849	4.4	2,361	(77.5)	2,641	(76.1)
Three months ended March 31, 2022	87,030	5.5	10,489	26.7	11,075	25.1

	Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2023	1,874	(76.7)	1,578	(80.0)	4,124	(65.9)
Three months ended March 31, 2022	8,028	25.2	7,891	32.5	12,109	23.9

Note: Core operating income for the three months ended March 31, 2023 was ¥2,502 million (down 54.7% year on year). Core operating income for the three months ended March 31, 2022 was ¥5,521 million (down 31.8% year on year).

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2023	5.55	5.54
Three months ended March 31, 2022	27.56	27.51

(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, 2023	457,935	279,372	264,116	57.7
December 31, 2022	469,278	279,168	264,255	56.3

2. Dividends

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2022	—	12.00	—	13.00	25.00
Fiscal 2023	—				
Fiscal 2023 (forecast)		13.00	—	13.00	26.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023 (January 1, 2023 – December 31, 2023)

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half 2023	190,000	2.6	5,500	(61.5)	4,000	(63.8)	14.05
Fiscal 2023	410,000	5.2	25,000	(13.3)	17,500	(20.2)	61.45

Notes: 1. Core operating income forecast: First half 2023: ¥5,500 million
Fiscal 2023: ¥25,000 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, 2023:	292,536,446 shares
As of December 31, 2022:	292,536,446 shares
 - b. Number of treasury stocks on balance sheet date:

As of March 31, 2023:	8,275,965 shares
As of December 31, 2022:	8,304,250 shares
 - c. Average number of shares outstanding over period

Three months ended March 31, 2023:	284,241,602 shares
Three months ended March 31, 2022:	286,364,333 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 2023 (January 1, 2023–March 31, 2023) are as follows. Net sales amounted to ¥90,849 million, a year-on-year increase of 4.4% (or an increase of 1.5% at constant currency excluding exchange rate fluctuations). Core operating income came to ¥2,502 million, down 54.7% compared with the previous fiscal year, and operating profit to ¥2,361 million, down 77.5% year on year. Profit for the period attributable to owners of the parent totaled ¥1,578 million, down 80.0% 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.”

In its domestic operations, amid an increasingly challenging operating environment due to rising prices of food and other daily necessities and weak consumer sentiment, Lion introduced new high-value-added toothbrushes and laundry detergents while cultivating mainstay brands of toothpastes, eye drops and other products. 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 decided to newly enter the Vietnam market. Both in Japan and overseas, the Group continued to work to increase the efficiency of sales promotion efforts.

However, profits decreased due to increased raw material prices, one-off expenses incurred in connection with the head office relocation, and recoil from gain on transfer of land recorded in the first quarter of the previous fiscal year.

Consolidated Results

(Millions of yen)

	Three months ended March 31, 2023	Ratio to net sales	Three months ended March 31, 2022	Ratio to net sales	Change	Change (%)
Net sales	90,849		87,030		3,819	4.4%
Core operating income	2,502	2.8%	5,521	6.3%	(3,018)	(54.7%)
Operating profit	2,361	2.6%	10,489	12.1%	(8,127)	(77.5%)
Profit for the period attributable to owners of the parent	1,578	1.7%	7,891	9.1%	(6,313)	(80.0%)

Note: 1. 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.

2. Operating profit for the three months ended March 31, 2022 includes gain on transfer of land held by a consolidated subsidiary (transferred January 31, 2022).

Results by Business

(Millions of yen)

	Net sales				Segment profit (core operating income)			
	Three months ended March 31, 2023	Three months ended March 31, 2022	Change	Change (%)	Three months ended March 31, 2023	Three months ended March 31, 2022	Change	Change (%)
Consumer Products	60,049	59,698	350	0.6%	1,054	3,607	(2,553)	(70.8%)
Industrial Products	14,706	13,055	1,651	12.6%	1,010	796	213	26.8%
Overseas	34,266	28,760	5,505	19.1%	1,567	865	702	81.2%
Other	5,767	2,534	3,232	127.5%	423	78	344	437.2%
Subtotal	114,789	104,049	10,740	10.3%	4,055	5,348	(1,292)	(24.2%)
Adjustment	(23,939)	(17,019)	(6,920)	—	(1,553)	172	(1,726)	—
Total	90,849	87,030	3,819	4.4%	2,502	5,521	(3,018)	(54.7%)

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 0.6% compared with the previous fiscal year. Segment profit decreased 70.8%.

(Millions of yen)

	Three months ended March 31, 2023	Ratio to net sales	Three months ended March 31, 2022	Ratio to net sales	Change	Change (%)
Net sales	60,049		59,698		350	0.6%
Segment profit	1,054	1.8%	3,607	6.0%	(2,553)	(70.8%)

Note: Net sales include internal sales within and among segments, which amounted to ¥9,710 million in the first quarter of fiscal 2023 and ¥8,779 million in the first quarter of fiscal 2022.

Net Sales by Product Segment

(Millions of yen)

	Three months ended March 31, 2023	Three months ended March 31, 2022	Change	Change (%)
Oral Care Products	15,431	15,550	(119)	(0.8%)
Beauty Care Products	5,486	5,943	(456)	(7.7%)
Fabric Care Products	13,899	13,779	120	0.9%

Living Care Products	4,980	5,152	(171)	(3.3%)
Pharmaceutical Products	5,526	5,306	219	4.1%
Other Products	14,724	13,966	758	5.4%

Oral Care Products

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

In toothpastes, although sales of *NONIO Plus Whitening Toothpaste* and *CLINICA ADVANTAGE Toothpaste* were strong, due in part to revisions to sales promotions for some brands, overall sales decreased year on year.

In toothbrushes, sales of *Between* toothbrushes decreased year on year, but due in part to the launch of new *LION "Electric Assist" Brush*, overall sales increased year on year.

In dental rinses, sales of *NONIO Mouthwash* were down year on year, and overall sales decreased year on year.

As a result of the above, overall sales of Oral Care Products decreased 0.8% year on year.

Beauty Care Products

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

In hand soaps, sales of both *KireiKirei Medicated Foaming Hand Soap* and *KireiKirei Medicated Liquid Hand Soap* fell year on year, and overall sales decreased year on year.

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

Overall sales of Beauty Care Products decreased 7.7% year on year.

Fabric Care Products

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

In fabric softeners, although sales of *SOFLAN Aroma Rich* decreased year on year, due in part to the launch of new products, overall sales increased year on year.

In laundry detergents, due to a year-on-year decline in sales of highly concentrated liquid laundry detergent *TOP SUPER NANOX For Odors* and the discontinuation of sales of some powdered detergents, overall sales decreased year on year.

Overall sales of Fabric Care Products increased 0.9% year on year.

Living Care Products

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

In household cleaners, sales of *LOOK Plus Bath Cleansing* increased year on year, but sales of *LOOK Plus Bath Antimold Fogger* decreased. Overall sales declined slightly year on year.

In dishwashing detergents, sales of *CHARMY Magica* were sluggish, and overall sales declined slightly year on year.

Overall sales of Living Care Products decreased 3.3% year on year.

Pharmaceutical Products

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

In antipyretic analgesics, sales of *BUFFERIN A* and *BUFFERIN PREMIUM* declined year on year as demand related to COVID-19 eased. Overall sales decreased year on year.

In eye drops, sales of the *Smile 40 GOLD* series were strong, and overall sales increased year on year.

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

In cooling gel sheets for feet, due to a recovery in demand from inbound visitors to Japan, sales were up substantially year on year.

Overall sales of Pharmaceutical Products increased 4.1% year on year.

Other Products

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

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

Sales of gifts and novelty products were down year on year, due partly to market contraction.

Overall sales of Other Products increased 5.4% 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 12.6% compared with the previous fiscal year. Segment profit increased 26.8%.

(Millions of yen)

	Three months ended March 31, 2023	Ratio to net sales	Three months ended March 31, 2022	Ratio to net sales	Change	Change (%)
Net sales	14,706		13,055		1,651	12.6%
Segment profit	1,010	6.9%	796	6.1%	213	26.8%

Note: Net sales include internal sales within and among segments, which amounted to ¥5,613 million in the first quarter of fiscal 2023 and ¥4,429 million in the first quarter of fiscal 2022.

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

In the Electronics field, sales of conductive carbon for secondary batteries were steady, and overall sales increased year on year.

In the Detergents for Institutional Use Products field, while sales of hand soaps decreased year on year, sales of laundry detergents were favorable, and overall sales increased year on year.

Overseas Business

The Overseas Business segment comprises business operations located in Southeast and South Asia, including Thailand and Malaysia, as well as Northeast Asia, including China and South Korea. Segment net sales increased 19.1% year on year (or an increase of 9.5% at constant currency excluding exchange rate fluctuations). Segment profit increased 81.2% year on year.

(Millions of yen)

	Three months ended March 31, 2023	Ratio to net sales	Three months ended March 31, 2022	Ratio to net sales	Change	Change (%)
Net sales	34,266		28,760		5,505	19.1%
Segment profit	1,567	4.6%	865	3.0%	702	81.2%

Note: Net sales include internal sales within and among segments, which amounted to ¥3,339 million in the first quarter of fiscal 2023 and ¥2,579 million in the first quarter of fiscal 2022.

Net Sales by Region

(Millions of yen)

		Three months ended March 31, 2023	Three months ended March 31, 2022	Change	Change (%)
Southeast and South Asia	Net sales	20,876	18,404	2,472	13.4%
	Segment profit	875	374	500	133.6%
Northeast Asia	Net sales	13,389	10,356	3,033	29.3%
	Segment profit	692	490	201	41.1%

Note: Due to the establishment of a joint venture company in Bangladesh in the previous fiscal year, the region previously referred to as "Southeast Asia" has been changed to "Southeast and South Asia."

Net Sales by Region

In Southeast and South Asia, net sales were up 13.4% year on year (or up of 2.7% at constant currency excluding exchange rate fluctuations), and segment profit was up 133.6%.

In Thailand, the sales volume of laundry detergents was sluggish, but sales of *Shokubutsu-Monogatari* body washes were strong. Overall sales after yen conversions were up substantially year on year.

In Malaysia, sales of laundry detergents decreased year on year, but overall sales after yen conversions were up year on year.

In Northeast Asia, overall sales increased 29.3% year on year (or up of 21.6% at constant currency excluding exchange rate fluctuations), and segment profit was up 41.1%.

In China, sales of *White&White* toothpaste and *SYSTEMA* toothbrushes were strong. Overall sales after yen conversions increased substantially year on year.

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

Other (Construction Contracting Business, etc.)

(Millions of yen)

	Three months ended March 31, 2023	Ratio to net sales	Three months ended March 31, 2022	Ratio to net sales	Change	Change (%)
Net sales	5,767		2,534		3,232	127.5%
Segment profit	423	7.3%	78	3.1%	344	437.2%

Note: Net sales include internal sales within and among segments, which amounted to ¥5,277 million in the first quarter of fiscal 2023 and ¥1,324 million in the first quarter of fiscal 2022.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	March 31, 2023	December 31, 2022	Change
Total assets (millions of yen)	457,935	469,278	(11,343)
Total equity (millions of yen)	279,372	279,168	204
Ratio of equity attributable to owners of the parent to total assets (%)	57.7	56.3	1.4

Total assets fell ¥11,343 million compared with the end of the previous consolidated fiscal year to ¥457,935 million. Total equity increased ¥204 million to ¥279,372 million. The ratio of equity attributable to owners of the parent to total assets stood at 57.7%.

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on February 13, 2023 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 2023

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

JPY128 = USD1.00

JPY3.8 = THB1.00

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

(Millions of yen)

	December 31, 2022	March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	101,078	72,157
Trade and other receivables	71,263	63,141
Inventories	53,909	61,986
Other financial assets	7,977	9,287
Other current assets	3,462	4,976
Total current assets	237,691	211,550
Non-current assets		
Property, plant and equipment	130,137	135,579
Goodwill	327	327
Intangible assets	23,917	23,467
Right-of-use assets	31,518	32,186
Investments accounted for using the equity method	8,939	16,581
Deferred tax assets	3,912	4,023
Retirement benefit assets	9,147	9,857
Other financial assets	22,856	23,399
Other non-current assets	831	963
Total non-current assets	231,587	246,385
Total assets	469,278	457,935

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Quarter Ended March 31, 2023

(Millions of yen)

	December 31, 2022	March 31, 2023
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Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	126,024	117,972
Borrowings	1,433	277
Income tax payables	2,182	1,553
Provisions	1,444	1,948
Lease liabilities	1,746	2,001
Other financial liabilities	1,681	1,729
Other current liabilities	7,061	5,197
Total current liabilities	141,574	130,679
Non-current liabilities		
Borrowings	141	138
Deferred tax liabilities	2,701	3,082
Retirement benefit liabilities	10,431	9,430
Provisions	2,058	2,043
Lease liabilities	28,849	28,829
Other financial liabilities	2,378	2,385
Other non-current liabilities	1,974	1,972
Total non-current liabilities	48,536	47,883
Total liabilities	190,110	178,562
Equity		
Share capital	34,433	34,433
Capital surplus	31,069	31,125
Treasury stock	(8,056)	(8,040)
Other components of equity	13,966	14,804
Retained earnings	192,842	191,793
Equity attributable to owners of the parent	264,255	264,116
Non-controlling interests	14,912	15,256
Total equity	279,168	279,372
Total liabilities and equity	469,278	457,935

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

Condensed Consolidated Statement of Income

Three months ended March 31, 2022 and 2023

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Net sales	87,030	90,849
Cost of sales	(47,732)	(51,603)
Gross profit	39,297	39,245
Selling, general and administrative expenses	(33,776)	(36,743)
Other income	5,512	321
Other expenses	(543)	(461)
Operating profit	10,489	2,361
Finance income	39	138
Finance costs	(35)	(285)
Share of profit of investments accounted for using the equity method	581	426
Profit before tax	11,075	2,641
Income taxes	(3,047)	(767)
Profit for the period	8,028	1,874
Profit for the period attributable to:		
Owners of the parent	7,891	1,578
Non-controlling interests	136	296
Profit for the period	8,028	1,874
Earnings per share		
Basic (Yen)	27.56	5.55
Diluted (Yen)	27.51	5.54

Condensed Consolidated Statement of Comprehensive Income
Three months ended March 31, 2022 and 2023

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2023
Profit for the period	8,028	1,874
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	484	336
Remeasurements of defined benefit plans	(657)	1,067
Share of other comprehensive income (loss) of investments accounted for using the equity method	23	(12)
Total items that will not be reclassified as profit or loss	(149)	1,392
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	—	37
Exchange differences on translation of foreign operations	4,230	821
Total items that may be subsequently reclassified as profit or loss	4,230	858
Total other comprehensive income, net of tax	4,080	2,250
Comprehensive income for the period	12,109	4,124
Comprehensive income for the period attributable to:		
Owners of the parent	11,035	3,484
Non-controlling interests	1,073	640
Comprehensive income for the period	12,109	4,124

(3) Condensed Consolidated Statement of Changes in Equity

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)	

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for the First Quarter Ended March 31, 2023

Balance at March 31, 2022	—	3,938	12,944	178,903	249,162	14,515	263,678
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Three months ended March 31, 2023

(Millions of yen)

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

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Quarter Ended March 31, 2023

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

(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, sale and trading of chemical raw materials, industrial products and other items in Japan and also includes the manufacture, sale and trading of such products for overseas markets.

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

C. Overseas Business

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

D. Other Business

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

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

(2) Net Sales and Performance of Reportable Segments

Three months ended March 31, 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.

	(Millions of yen)
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.

Three months ended March 31, 2023

(Millions of yen)

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

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

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

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

Important Subsequent Events

Corporate Split

At a meeting of the Board of Directors held May 9, 2023, Lion Corporation resolved to transfer (hereinafter “Corporate Split”) the portion of its business handling the lactoferrin series and other direct-to-consumer foods with function claims (hereinafter the “Split Business”) to NISSIN FOOD PRODUCTS CO., LTD. (hereinafter “NISSIN FOOD PRODUCTS”) and concluded an absorption-type split agreement.

1. Purpose of the Corporate Split

In line with the Lion Group’s medium-term management plan for 2022-2024, Vision2030 1st STAGE, Lion has been aiming to implement growth strategies, and transforming its management base to become even more resilient to environmental changes.

Looking to further bolster the Lion Group’s corporate value, Lion has decided to transfer the Split Business to NISSIN FOOD PRODUCTS in order to facilitate the improvement of the business portfolio.

NISSIN FOOD PRODUCTS, widely recognized as a leading instant noodles company, has also been actively engaged in the development and distribution of products that meet the needs of health-conscious consumers, with “Eat wisely for beauty and health,” as one of the tenets of its corporate philosophy. Lion hence believes, with the succession to NISSIN FOODS PRODUCTS, the Split Business would achieve sustainable growth, and thus concluded the corporate split agreement.

2. Summary of the Corporate Split

(1) Method of the Corporate Split

A simplified absorption-type split, with Lion as the split company and NISSIN FOOD PRODUCTS as the successor company.

(2) Reallocation

As part of the Corporate Split, Lion will receive a cash payment totaling ¥1.5 billion from NISSIN FOOD PRODUCTS. Up to the effective date of the Corporate Split, this amount may be adjusted in line with changes in the number of customers and inventories included in the rights and obligations to be assumed by the successor company.

(3) Other Details of the Corporate Split

1) Details of the business to be split

The following four products will be transferred from the Company to NISSIN FOOD PRODUCTS as a result of the corporate split:

Intestinal Effect Nice rim essence Lactoferrin

Intestinal Effect Nice rim essence Lactoferrin Kudzu Flower Premium

Intestinal Effect Nice rim essence Lactoferrin Lactic Acid Bacteria PLUS

Nice rim support Ellagic Acid no Chikara

2) Operating results of the business to be split

Net sales: ¥3,377 million (fiscal year ended December 31, 2022)

3) Items and book value of assets and liabilities to be split

Inventories: ¥511 million (as of December 31, 2022)

The sums of the assets to be split listed above are presented as of December 31, 2022. The actual value of the assets will be as of the effective date and, as such, will reflect changes that occur to that point. There are no liabilities to be split as a result of the Corporate Split.

4) Schedule of the Corporate Split

Date of the resolution by the Board of Directors	May 9, 2023
Conclusion of the corporate split agreement	May 9, 2023
Effective date of the Corporate Split	November 30, 2023 (tentative)

3. Overview of the Successor Company

- | | |
|---------------------------|--|
| (1) Name | NISSIN FOOD PRODUCTS CO., LTD. |
| (2) Business content | Production and sale of instant noodles, etc. |
| (3) Capital | ¥5,000 million |
| (4) Date of establishment | October 1, 2008 |