



Summary of Consolidated Financial Statements for the First Half Ended June 30, 2023 [IFRS]

August 7, 2023

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

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Scheduled date of filing of quarterly financial report: August 10, 2023
Start date of payment of dividend: September 5, 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 Half Ended June 30, 2023 (January 1, 2023 – June 30, 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	%
Six months ended June 30, 2023	192,887	4.2	6,244	(56.2)	7,229	(54.1)
Six months ended June 30, 2022	185,195	6.9	14,267	0.6	15,749	(1.1)

	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	%
Six months ended June 30, 2023	5,096	(55.3)	4,298	(61.1)	14,125	(18.1)
Six months ended June 30, 2022	11,400	(3.4)	11,055	2.2	17,243	20.0

Note: Core operating income for the six months ended June 30, 2023 was ¥6,363 million (down 30.0% year on year). Core operating income for the six months ended June 30, 2022 was ¥9,096 (down 35.2% 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
Six months ended June 30, 2023	15.12	15.09
Six months ended June 30, 2022	38.75	38.68

(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	%
June 30, 2023	469,540	289,257	272,964	58.1
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	—	13.00			
Fiscal 2023 (forecast)			—	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
Fiscal 2023	410,000	5.2	25,000	(13.3)	17,500	(20.2)	61.45

Notes: 1. Core operating income forecast: 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 June 30, 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 June 30, 2023:	8,074,554 shares
As of December 31, 2022:	8,304,250 shares
 - c. Average number of shares outstanding over period

Six months ended June 30, 2023:	284,351,758 shares
Six months ended June 30, 2022:	285,294,727 shares

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

* Appropriate use of results forecasts; other special items

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

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

(1) Consolidated Performance

Consolidated results for the first half of fiscal 2023 (January 1, 2023–June 30, 2023) are as follows. Net sales amounted to ¥192,887 million, a year-on-year increase of 4.2% (or a 2.2% increase at constant currency excluding exchange rate fluctuations). Core operating income came to ¥6,363 million, down 30.0% compared with the previous fiscal year, and operating profit to ¥6,244 million, down 56.2% year on year. Profit for the period attributable to owners of the parent totaled ¥4,298 million, down 61.1% 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, Lion introduced new high-value-added fabric softeners and toothbrushes while cultivating mainstay brands. 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 invested in a healthcare company in Vietnam, aiming to create new foundations for growth.

Consolidated Results

(Millions of yen)

	Six months ended June 30, 2023	Ratio to net sales	Six months ended June 30, 2022	Ratio to net sales	Change	Change (%)
Net sales	192,887		185,195		7,691	4.2%
Core operating income	6,363	3.3%	9,096	4.9%	(2,733)	(30.0%)
Operating profit	6,244	3.2%	14,267	7.7%	(8,022)	(56.2%)
Profit for the period attributable to owners of the parent	4,298	2.2%	11,055	6.0%	(6,757)	(61.1%)

Notes: 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 includes gain on transfer of land held by a consolidated subsidiary (transferred January 31, 2022).

Results by Business Segment

(Millions of yen)

	Net sales				Segment profit (core operating income)			
	Six months ended June 30, 2023	Six months ended June 30, 2022	Change	Change (%)	Six months ended June 30, 2023	Six months ended June 30, 2022	Change	Change (%)
Consumer Products	128,786	125,538	3,247	2.6%	734	4,301	(3,567)	(82.9%)
Industrial Products	28,506	27,204	1,301	4.8%	1,675	1,550	125	8.1%
Overseas	70,257	61,189	9,067	14.8%	3,497	1,880	1,617	86.0%
Other	10,964	6,451	4,513	70.0%	742	486	256	52.8%
Subtotal	238,515	220,385	18,130	8.2%	6,649	8,218	(1,568)	(19.1%)
Adjustment	(45,628)	(35,190)	(10,438)	—	(286)	878	(1,165)	—
Total	192,887	185,195	7,691	4.2%	6,363	9,096	(2,733)	(30.0%)

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 2.6% compared with the previous fiscal year. Segment profit decreased 82.9%.

(Millions of yen)

	Six months ended June 30, 2023	Ratio to net sales	Six months ended June 30, 2022	Ratio to net sales	Change	Change (%)
Net sales	128,786		125,538		3,247	2.6%
Segment profit	734	0.6%	4,301	3.4%	(3,567)	(82.9%)

Note: Net sales include internal sales within and among segments, which amounted to ¥19,044 million in the first half of fiscal 2023 and ¥17,025 million in the first half of fiscal 2022.

Net Sales by Product Segment

(Millions of yen)

	Six months ended June 30, 2023	Six months ended June 30, 2022	Change	Change (%)
Oral Care Products	34,472	33,652	820	2.4%
Beauty Care Products	11,931	12,553	(621)	(5.0%)
Fabric Care Products	29,838	28,901	937	3.2%
Living Care Products	10,814	11,400	(585)	(5.1%)
Pharmaceutical Products	11,892	11,171	720	6.5%
Other Products	29,836	27,859	1,976	7.1%

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 slightly year on year.

In toothbrushes, the new *LION "Electric Assist" Brush* received favorable customer reviews, and 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 increased 2.4% 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, due to market contraction, 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 5.0% year on year.

Fabric Care Products

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

In fabric softeners, sales of *SOFLAN Premium Deodorizer* decreased year on year. However, due in part to the launch of new *SOFLAN Airis*, overall sales increased significantly year on year.

In laundry detergents, due to a year-on-year decline in sales of the 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 3.2% 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* and other products decreased year on year. Overall sales declined year on year.

In dishwashing detergents, sales of *CHARMY Crysta* for dishwashers were steady, but sales of *CHARMY Magica* were sluggish, and overall sales declined slightly year on year.

Overall sales of Living Care Products decreased 5.1% 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 PREMIUM DX* were strong, but sales of *BUFFERIN PREMIUM* and *BUFFERIN A* declined year on year. 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 6.5% 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 steady. Overall sales increased year on year.

In gifts and novelty products, sales of novelty products were firm, and overall sales increased year on year.

Overall sales of Other Products increased 7.1% year on year.

Industrial Products Business

The Industrial Products Business segment includes the Mobility, Electronics and Detergents for Institutional Use Products fields. These businesses handle products that include anti-sticking agents for tires, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales increased 4.8% year on year. Segment profit increased 8.1%.

(Millions of yen)

	Six months ended June 30, 2023	Ratio to net sales	Six months ended June 30, 2022	Ratio to net sales	Change	Change (%)
Net sales	28,506		27,204		1,301	4.8%
Segment profit	1,675	5.9%	1,550	5.7%	125	8.1%

Note: Net sales include internal sales within and among segments, which amounted to ¥9,741 million in the first half of fiscal 2023 and ¥8,921 million in the first half of fiscal 2022.

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 secondary batteries were steady, and overall sales increased year on year.

In the Detergents for Institutional Use Products field, sales of hand soaps decreased year on year, while sales of laundry detergents were favorable. Overall sales decreased 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 14.8% year on year (or an increase of 8.2% at constant currency excluding exchange rate fluctuations). Segment profit increased 86.0% year on year.

(Millions of yen)

	Six months ended June 30, 2023	Ratio to net sales	Six months ended June 30, 2022	Ratio to net sales	Change	Change (%)
Net sales	70,257		61,189		9,067	14.8%
Segment profit	3,497	5.0%	1,880	3.1%	1,617	86.0%

Note: Net sales include internal sales within and among segments, which amounted to ¥6,842 million in the first half of fiscal 2023 and ¥5,521 million in the first half of fiscal 2022.

Net Sales by Region

(Millions of yen)

		Six months ended June 30, 2023	Six months ended June 30, 2022	Change	Change (%)
Southeast and South Asia	Net sales	42,663	39,148	3,514	9.0%
	Segment profit	2,047	833	1,213	145.6%
Northeast Asia	Net sales	27,594	22,041	5,553	25.2%
	Segment profit	1,449	1,046	403	38.5%

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 9.0% year on year (or up 1.2% at constant currency excluding exchange rate fluctuations), and segment profit was up 145.6%.

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 slightly year on year.

In Northeast Asia, overall sales were up 25.2% year on year (or up 20.7% at constant currency excluding exchange rate fluctuations), and segment profit was up 38.5%.

In China, sales of *White&White* toothpaste were strong, and sales of *SYSTEMA* toothbrushes were firm. 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)

	Six months ended June 30, 2023	Ratio to net sales	Six months ended June 30, 2022	Ratio to net sales	Change	Change (%)
Net sales	10,964		6,451		4,513	70.0%
Segment profit	742	6.8%	486	7.5%	256	52.8%

Note: Net sales include internal sales within and among segments, which amounted to ¥9,999 million in the first half of fiscal 2023 and ¥3,530 million in the first half of fiscal 2022.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	June 30, 2023	December 31, 2022	Change
Total assets (millions of yen)	469,540	469,278	261
Total equity (millions of yen)	289,257	279,168	10,089
Ratio of equity attributable to owners of the parent to total assets (%)	58.1	56.3	1.8

Total assets rose ¥261 million compared with the previous consolidated fiscal year-end to ¥469,540 million. This was primarily attributable to an increase in investments accounted for by the equity method. Total equity increased ¥10,089 million to ¥289,257 million. The ratio of equity attributable to owners of the parent to total assets stood at 58.1%.

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on February 13, 2023 for the full fiscal year.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2022	June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	101,078	77,176
Trade and other receivables	71,263	66,001
Inventories	53,909	59,389
Other financial assets	7,977	10,458
Other current assets	3,462	4,167
Subtotal	237,691	217,193
Assets held for sale	—	173
Total current assets	237,691	217,367
Non-current assets		
Property, plant and equipment	130,137	138,376
Goodwill	327	327
Intangible assets	23,917	23,162
Right-of-use assets	31,518	32,207
Investments accounted for using the equity method	8,939	17,541
Deferred tax assets	3,912	4,144
Retirement benefit assets	9,147	10,848
Other financial assets	22,856	24,374
Other non-current assets	831	1,189
Total non-current assets	231,587	252,172
Total assets	469,278	469,540

Lion Corporation (Code 4912): Consolidated Financial Statements
for the First Half Ended June 30, 2023

(Millions of yen)

	December 31, 2022	June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	126,024	119,840
Borrowings	1,433	295
Income tax payables	2,182	2,339
Provisions	1,444	1,648
Lease liabilities	1,746	2,181
Other financial liabilities	1,681	1,425
Other current liabilities	7,061	4,932
Total current liabilities	141,574	132,663
Non-current liabilities		
Borrowings	141	—
Deferred tax liabilities	2,701	4,777
Retirement benefit liabilities	10,431	7,630
Provisions	2,058	2,034
Lease liabilities	28,849	28,819
Other financial liabilities	2,378	2,378
Other non-current liabilities	1,974	1,978
Total non-current liabilities	48,536	47,619
Total liabilities	190,110	180,282
Equity		
Share capital	34,433	34,433
Capital surplus	31,069	31,071
Treasury stock	(8,056)	(7,867)
Other components of equity	13,966	18,703
Retained earnings	192,842	196,623
Equity attributable to owners of the parent	264,255	272,964
Non-controlling interests	14,912	16,293
Total equity	279,168	289,257
Total liabilities and equity	469,278	469,540

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

Condensed Consolidated Statement of Income

Six months ended June 30, 2022 and 2023

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	185,195	192,887
Cost of sales	(102,418)	(107,032)
Gross profit	82,776	85,854
Selling, general and administrative expenses	(73,680)	(79,491)
Other income	5,893	757
Other expenses	(722)	(876)
Operating profit	14,267	6,244
Finance income	468	661
Finance costs	(63)	(441)
Share of profit of investments accounted for using the equity method	1,076	764
Profit before tax	15,749	7,229
Income taxes	(4,348)	(2,132)
Profit for the period	11,400	5,096
Profit for the period attributable to:		
Owners of the parent	11,055	4,298
Non-controlling interests	345	798
Profit for the period	11,400	5,096
Earnings per share		
Basic (Yen)	38.75	15.12
Diluted (Yen)	38.68	15.09

Condensed Consolidated Statement of Comprehensive Income

Six months ended June 30, 2022 and 2023

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit for the period	11,400	5,096
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	512	1,281
Remeasurements of defined benefit plans	(1,435)	2,853
Share of other comprehensive income (loss) of investments accounted for using the equity method	(9)	(5)
Total items that will not be reclassified as profit or loss	(933)	4,129
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	—	46
Exchange differences on translation of foreign operations	6,775	4,853
Total items that may be subsequently reclassified as profit or loss	6,775	4,899
Total other comprehensive income, net of tax	5,842	9,029
Comprehensive income for the period	17,243	14,125
Comprehensive income for the period attributable to:		
Owners of the parent	15,274	12,349
Non-controlling interests	1,968	1,776
Comprehensive income for the period	17,243	14,125

(3) Condensed Consolidated Statement of Changes in Equity

Six months ended June 30, 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					477	(1,435)
Total comprehensive income for the period	—	—	—	—	477	(1,435)
Dividends						
Acquisition of treasury stock			(10,000)			
Disposal of treasury stock		1	46	(12)		
Cancellation of treasury stock		(4,259)	6,630			
Share-based payments		6				
Transfer from other components of equity to retained earnings					(164)	1,435
Total transactions with owners	—	(4,250)	(3,323)	(12)	(164)	1,435
Balance at June 30, 2022	34,433	30,939	(8,055)	123	8,854	—

	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			—	11,055	11,055	345	11,400	
Other comprehensive income	—	5,177	4,219		4,219	1,623	5,842	
Total comprehensive income for the period	—	5,177	4,219	11,055	15,274	1,968	17,243	
Dividends			—	(3,488)	(3,488)	(1,093)	(4,581)	
Acquisition of treasury stock			—		(10,000)		(10,000)	
Disposal of treasury stock			(12)		35		35	
Cancellation of treasury stock			—	(2,731)	—		—	
Share-based payments			—		6		6	
Transfer from other components of equity to retained earnings			1,271	(1,271)	—		—	
Total transactions with owners	—	—	1,259	(7,132)	(13,446)	(1,093)	(14,539)	
Balance at June 30, 2022	—	5,811	14,789	181,293	253,400	14,317	267,717	

Six months ended June 30, 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					1,248	2,853
Total comprehensive income for the period	—	—	—	—	1,248	2,853
Dividends						
Acquisition of treasury stock			(0)			
Disposal of treasury stock			189	(73)		
Share-based payments		1				
Changes in ownership interest in subsidiaries						
Transfer from other components of equity to retained earnings					(387)	(2,853)
Total transactions with owners	—	1	189	(73)	(387)	(2,853)
Balance at June 30, 2023	34,433	31,071	(7,867)	50	9,792	—

	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			—	4,298	4,298	798	5,096	
Other comprehensive income	46	3,903	8,050		8,050	978	9,029	
Total comprehensive income for the period	46	3,903	8,050	4,298	12,349	1,776	14,125	
Dividends			—	(3,695)	(3,695)	(553)	(4,248)	
Acquisition of treasury stock			—		(0)		(0)	
Disposal of treasury stock			(73)	(63)	53		53	
Share-based payments			—		1		1	
Changes in ownership interest in subsidiaries			—		—	158	158	
Transfer from other components of equity to retained earnings			(3,240)	3,240	—		—	
Total transactions with owners	—	—	(3,313)	(517)	(3,640)	(395)	(4,035)	
Balance at June 30, 2023	4	8,856	18,703	196,623	272,964	16,293	289,257	

(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 Group's reportable segments are as follows.

A. Consumer Products Business

The Consumer Products Business engages in the manufacture and sale of commodities, over-the-counter drugs and foods with function claims, primarily in Japan.

Main products: Toothpastes, toothbrushes, hand soaps, antipyretic analgesics, eye drops, health tonic drinks, laundry detergents, dishwashing detergents, fabric softeners, household cleaners, bleaches and pet supplies

B. Industrial Products Business

The Industrial Products Business engages primarily in the manufacture and sale of chemical raw materials, industrial products and other items in Japan and overseas.

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

C. Overseas Business

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

D. Other Business

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

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

(2) Net Sales and Performance of Reportable Segments

Six months ended June 30, 2022

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
External	108,513	18,282	55,668	2,920	185,385	(189)	185,195
Intersegment ¹	17,025	8,921	5,521	3,530	35,000	(35,000)	—
Total	125,538	27,204	61,189	6,451	220,385	(35,190)	185,195
Core operating income	4,301	1,550	1,880	486	8,218	878	9,096
Other income							5,893
Other expenses							(722)
Operating profit							14,267
Finance income							468
Finance costs							(63)
Share of profit of investments accounted for using the equity method							1,076
Profit before tax							15,749

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A positive ¥878 million adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
 3. Core operating income is reconciled with gross profit as follows.

	(Millions of yen)
Gross profit	82,776
<u>Selling, general and administrative expenses</u>	<u>(73,680)</u>
Core operating income	9,096

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

Six months ended June 30, 2023

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
External	109,742	18,764	63,414	964	192,887	—	192,887
Intersegment ¹	19,044	9,741	6,842	9,999	456,628	(45,628)	—
Total	128,786	28,506	70,257	10,964	238,515	(45,628)	192,887
Core operating income	734	1,675	3,497	742	6,649	(286)	6,363
Other income							757
Other expenses							(876)
Operating profit							6,244
Finance income							661
Finance costs							(441)
Share of profit of investments accounted for using the equity method							764
Profit before tax							7,229

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A negative ¥286 million adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
 3. Core operating income is reconciled with gross profit as follows.

	(Millions of yen)
Gross profit	85,854
<u>Selling, general and administrative expenses</u>	<u>(79,491)</u>
Core operating income	6,363

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.