ANNUAL REPORT 2024

Lion Corporation

Fiscal year ended December 31, 2024

This manuscript is for audit.
An editorial and printing agency will read proofs about space, font, character, and lay out all over annual report.

Consolidated Statement of Financial Position

Lion Corporation and Consolidated Subsidiaries

December 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars [Note 2(d)]
ASSETS	**2024**	2023	**2024**
Current assets:			
Cash and cash equivalents [Notes 5, 30]	**¥102,240**	¥85,526	**$646,354**
Trade and other receivables [Notes 6, 30]	**76,197**	75,230	**481,712**
Inventories [Note 7]	**53,252**	56,090	**336,656**
Other financial assets[Notes 8, 30]	**16,891**	12,276	**106,787**
Other current assets[Note 9]	**2,843**	3,151	**17,977**
Total current assets	**251,424**	232,274	**1,589,486**
Non-current assets:			
Property, plant and equipment [Note 10]	**128,143**	140,671	**810,109**
Goodwill [Note 11]	**327**	327	**2,073**
Intangible assets [Note 11]	**21,078**	22,712	**133,256**
Right-of-use assets [Note 27]	**30,667**	31,313	**193,880**
Investments accounted for using the equity method [Note 12]	**20,767**	17,487	**131,289**
Deferred tax assets [Note 13]	**4,638**	4,357	**29,324**
Retirement benefit assets [Note 19]	**12,311**	10,826	**77,833**
Other financial assets [Notes 8, 30]	**27,000**	25,475	**170,693**
Other non-current assets [Note 9]	**807**	917	**5,106**
Total non-current assets	**245,742**	254,089	**1,553,563**
Total assets	**¥497,167**	¥486,363	**$3,143,049**

See accompanying notes to consolidated financial statements.

LIABILITIES AND EQUITY	Millions of yen 2024	Millions of yen 2023	Thousands of U.S. dollars [Note 2(d)] 2024
Liabilities			
Current liabilities:			
Trade and other payables [Notes 14,30]	**¥117,129**	¥126,158	**$740,480**
Borrowings [Notes 15,30]	**-**	148	**-**
Income tax payables	**10,391**	2,508	**65,694**
Provisions [Note 18]	**3,054**	2,399	**19,312**
Lease liabilities [Note 30]	**2,099**	2,043	**13,275**
Other financial liabilities [Notes 16,30]	**1,302**	2,363	**8,235**
Other current liabilities [Note 17]	**8,400**	7,711	**53,108**
Total current liabilities	**142,378**	143,333	**900,104**
Non-current liabilities:			
Deferred tax liabilities [Note 13]	**3,339**	5,847	**21,114**
Retirement benefit liabilities [Note 19]	**1,733**	4,531	**10,959**
Provisions [Note 18]	**2,171**	2,046	**13,726**
Lease liabilities [Note 30]	**27,637**	28,150	**174,725**
Other financial liabilities [Notes 16,30]	**2,384**	2,452	**15,074**
Other non-current liabilities [Note 17]	**1,827**	1,867	**11,556**
Total Non-current liabilities	**39,094**	44,896	**247,153**
Total liabilities	**181,473**	188,229	**1,147,257**
Equity :			
Share capital [Note 21]	**34,433**	34,433	**217,687**
Capital surplus [Note 21]	**31,327**	31,118	**198,047**
Treasury stock [Note 21]	**(8,730)**	(7,868)	**(55,196)**
Other components of equity	**23,749**	18,377	**150,143**
Retained earnings [Note 21]	**212,938**	204,255	**1,346,176**
Equity attributable to owners of the parent	**293,717**	280,316	**1,856,857**
Non-controlling interests	**21,976**	17,817	**138,935**
Total equity	**315,694**	298,134	**1,995,792**
Total liabilities and equity	**¥497,167**	¥486,363	**$3,143,049**

Consolidated Statement of Profit or Loss
Lion Corporation and Consolidated Subsidiaries
Years ended December 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars [Note 2(d)]
	2024	2023	2024
Net sales [Notes 4,23]	**¥412,943**	¥402,767	**$2,610,591**
Cost of sales [Notes 7,24]	**(224,159)**	(222,168)	**(1,417,118)**
Gross profit	**188,783**	180,598	**1,193,473**
Selling, general and administrative expenses [Note 24]	**(162,450)**	(160,465)	**(1,027,001)**
Other income [Note 25,33]	**10,056**	2,196	**63,577**
Other expenses [Note 26]	**(8,001)**	(1,824)	**(50,583)**
Operating profit [Note 4]	**28,387**	20,505	**179,466**
Finance income [Note 28]	**1,748**	1,106	**11,055**
Finance costs [Note 28]	**(807)**	(843)	**(5,108)**
Share of profit (loss) of investments accounted for using the equity method [Note 12]	**2,921**	1,607	**18,466**
Profit before income taxes	**32,249**	22,375	**203,880**
Income taxes [Note 13]	**(8,177)**	(5,687)	**(51,695)**
Profit for the year	**24,072**	16,687	**152,184**
Profit for the year attributable to:			
Owners of the parent	**21,197**	14,624	**134,009**
Non-controlling interests	**2,875**	2,062	**18,176**
Profit for the year	**¥24,072**	¥16,687	**$152,184**

	Yen		U.S. dollars [Note 2(d)]
Earnings per share:			
Basic [Note 29]	**¥76.51**	¥51.42	**$0.48**
Diluted [Note 29]	**76.41**	51.35	**0.48**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income
Lion Corporation and Consolidated Subsidiaries
Years ended December 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars [Note 2(d)]
	2024	2023	2024
Profit for the year	**¥24,072**	¥16,687	**$152,184**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income [Notes 22,30]	**1,078**	1,803	**6,820**
Remeasurements of defined benefit plans [Note 22]	**3,309**	3,853	**20,921**
Share of other comprehensive income(loss) of investments accounted for using the equity method [Note 22]	**(33)**	(74)	**(210)**
Total items that will not be reclassified to profit or loss	**4,354**	5,582	**27,531**
Items that may be subsequently reclassified to profit or loss			
Net gain (loss) on derivatives designated as cash flow hedges [Note 22]	**23**	20	**146**
Exchange differences on translation of foreign operations [Note 22]	**7,201**	4,284	**45,525**
Total items that may be subsequently reclassified to profit or loss	**7,224**	4,305	**45,671**
Total other comprehensive income, net of tax	**11,579**	9,887	**73,202**
Comprehensive income for the year	**35,651**	26,575	**225,387**
Comprehensive income for the year attributable to:			
Owners of the parent	**30,467**	23,353	**192,615**
Non-controlling interests	**5,183**	3,222	**32,772**
Comprehensive income for the year	**¥35,651**	¥26,575	**$225,387**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity
Lion Corporation and Consolidated Subsidiaries
Fiscal 2024 (January 1 to December 31, 2024)

Millions of yen

		Equity attributable to owners of the parent					
					Other components of equity		
		Share capital	Capital surplus	Treasury stock	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, 2024		**¥34,433**	**¥31,118**	**¥(7,868)**	**¥50**	**¥10,227**	**¥-**
Profit for the year							
Other comprehensive income						**1,084**	**3,275**
Total comprehensive income for the year		-	-	-	-	**1,084**	**3,275**
Dividends	[Note 21]						
Purchase of treasury stock	[Note 21]			**(10,002)**			
Disposal of treasury stock	[Note 21]			**17**			
Cancellation of treasury stock				**9,122**			
Share-based payments	[Note 20]		**208**				
Changes due to business combination							
Transfer from other components of equity to retained earnings						**(623)**	**(3,275)**
Total transactions with owners		**-**	**208**	**(862)**	**-**	**(623)**	**(3,275)**
Balance at December 31, 2024		**¥34,433**	**¥31,327**	**¥(8,730)**	**¥50**	**¥10,687**	**¥-**

Millions of yen

		Equity attributable to owners of the parent						
		Other components of equity						
		Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2024		**¥(21)**	**¥8,122**	**¥18,377**	**¥204,255**	**¥280,316**	**¥17,817**	**¥298,134**
Profit for the year				**-**	**21,197**	**21,197**	**2,875**	**24,072**
Other comprehensive income		**23**	**4,887**	**9,270**		**9,270**	**2,308**	**11,579**
Total comprehensive income for the year		**23**	**4,887**	**9,270**	**21,197**	**30,467**	**5,183**	**35,651**
Dividends	[Note 21]			**-**	**(7,291)**	**(7,291)**	**(1,493)**	**(8,784)**
Purchase of treasury stock	[Note 21]			**-**		**(10,002)**		**(10,002)**
Disposal of treasury stock	[Note 21]			**-**		**17**		**17**
Cancellation of treasury stock				**-**	**(9,122)**	**-**		**-**
Share-based payments	[Note 20]			**-**		**208**		**208**
Changes due to business combination				**-**		**-**	**468**	**468**
Transfer from other components of equity to retained earnings				**(3,898)**	**3,898**	**-**		**-**
Total transactions with owners		**-**	**-**	**(3,898)**	**(12,514)**	**(17,067)**	**(1,024)**	**(18,091)**
Balance at December 31, 2024		**¥1**	**¥13,009**	**¥23,749**	**¥212,938**	**¥293,717**	**¥21,976**	**¥315,694**

Consolidated Statement of Changes in Equity

Lion Corporation and Consolidated Subsidiaries
Fiscal 2023 (January 1 to December 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	Other components of equity: Net gain(loss) on revaluation of financial assets measured at fair value through other comprehensive income	Other components of equity: Remeasurements of defined benefit plans
Balance at January 1, 2023		¥34,433	¥31,069	¥(8,056)	¥123	¥8,930	¥-
Profit for the year							
Other comprehensive income						1,728	3,811
Total comprehensive income for the year		-	-	-	-	1,728	3,811
Dividends	[Note 21]						
Purchase of treasury stock	[Note 21]			(1)			
Disposal of treasury stock	[Note 21]			189	(73)		
Share-based payments	[Note 20]		49				
Changes due to business combination							
Transfer from other components of equity to retained earnings						(432)	(3,811)
Total transactions with owners		-	49	187	(73)	(432)	(3,811)
Balance at December 31,2023		¥34,433	¥31,118	¥(7,868)	¥50	¥10,227	¥-

Millions of yen

		Equity attributable to owners of the parent: Other components of equity: Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2023		¥(42)	¥4,953	¥13,966	¥192,842	¥264,255	¥14,912	¥279,168
Profit for the year				-	14,624	14,624	2,062	16,687
Other comprehensive income		20	3,168	8,728		8,728	1,159	9,887
Total comprehensive income for the year		20	3,168	8,728	14,624	23,353	3,222	26,575
Dividends	[Note 21]			-	(7,393)	(7,393)	(740)	(8,133)
Purchase of treasury stock	[Note 21]			-		(1)		(1)
Disposal of treasury stock	[Note 21]			(73)	(63)	53		53
Share-based payments	[Note 20]			-		49		49
Changes due to business combination				-		-	423	423
Transfer from other components of equity to retained earnings				(4,243)	4,243	-		-
Total transactions with owners		-	-	(4,316)	(3,212)	(7,291)	(317)	(7,609)
Balance at December 31,2023		¥(21)	¥8,122	¥18,377	¥204,255	¥280,316	¥17,817	¥298,134

Consolidated Statement of Changes in Equity
Lion Corporation and Consolidated Subsidiaries
Fiscal 2024 (January 1 to December 31, 2024)

		Thousands of U.S. dollars [Note 2(d)]					
		Equity attributable to owners of the parent					
					Other components of equity		
		Share capital	Capital surplus	Treasury stock	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, 2024		**$217,687**	**$196,731**	**$(49,745)**	**$318**	**$64,655**	**$-**
Profit for the year							
Other comprehensive income						**6,854**	**20,705**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**6,854**	**20,705**
Dividends	[Note 21]						
Purchase of treasury stock	[Note 21]			**(63,232)**			
Disposal of treasury stock	[Note 21]			**112**			
Cancellation of treasury stock				**57,669**			
Share-based payments	[Note 20]		**1,316**				
Changes due to business combination							
Transfer from other components of equity to retained earnings						**(3,942)**	**(20,705)**
Total transactions with owners		**-**	**1,316**	**(5,451)**	**-**	**(3,942)**	**(20,705)**
Balance at December 31, 2024		**$217,687**	**$198,047**	**$(55,196)**	**$318**	**$67,567**	**$-**

		Thousands of U.S. dollars [Note 2(d)]						
		Equity attributable to owners of the parent						
		Other components of equity						
		Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at January 1, 2024		**$(136)**	**$51,347**	**$116,184**	**$1,291,282**	**$1,772,139**	**$112,642**	**$1,884,780**
Profit for the year				**-**	**134,009**	**134,009**	**18,176**	**152,184**
Other comprehensive income		**146**	**30,901**	**58,606**	**0**	**58,606**	**14,596**	**73,202**
Total comprehensive income for the year		**146**	**30,901**	**58,606**	**134,009**	**192,615**	**32,772**	**225,387**
Dividends	[Note 21]			**-**	**(46,093)**	**(46,093)**	**(9,440)**	**(55,533)**
Purchase of treasury stock	[Note 21]			**-**		**(63,232)**		**(63,232)**
Disposal of treasury stock	[Note 21]			**-**		**112**		**112**
Cancellation of treasury stock				**-**	**(57,669)**	**-**		**-**
Share-based payments	[Note 20]			**-**		**1,316**		**1,316**
Changes due to business combination				**-**		**-**	**2,962**	**2,962**
Transfer from other components of equity to retained earnings				**(24,647)**	**24,647**	**-**		**-**
Total transactions with owners		**-**	**-**	**(24,647)**	**(79,115)**	**(107,896)**	**(6,479)**	**(114,375)**
Balance at December 31, 2024		**$9**	**$82,248**	**$150,143**	**$1,346,176**	**$1,856,857**	**$138,935**	**$1,995,792**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Lion Corporation and Consolidated Subsidiaries

Years ended December 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars [Note 2(d)]
	2024	2023	**2024**
Cash flows from operating activities:			
Profit before income taxes	**¥32,249**	¥22,375	**$203,880**
Depreciation and amortization	**21,162**	20,201	**133,785**
Impairment loss [Notes 10,11]	**6,678**	187	**42,221**
Interest and dividend income	**(1,366)**	(1,003)	**(8,639)**
Interest expenses	**762**	774	**4,820**
Share of loss (profit) of investments accounted for using the equity method	**(2,921)**	(1,607)	**(18,466)**
Loss (gain) on disposal of non-current assets	**(4,187)**	716	**(26,470)**
Gain on transfer of businesses [Notes 33]	**(3,425)**	(664)	**(21,656)**
Decrease (increase) in trade and other receivables	**1,910**	(2,454)	**12,081**
Decrease (increase) in inventories	**4,135**	(1,321)	**26,147**
Increase (decrease) in trade and other payables	**(9,327)**	(3,982)	**(58,969)**
Increase in net retirement benefit liabilities	**493**	(2,092)	**3,118**
Other	**17**	1,991	**109**
Subtotal	**46,182**	33,120	**291,960**
Interest and dividends received	**2,552**	1,688	**16,139**
Interest paid	**(43)**	(18)	**(278)**
Income taxes (paid) refund	**(5,031)**	(4,721)	**(31,806)**
Net cash flows from operating activities	**43,660**	30,068	**276,015**
Cash flows from investing activities:			
Net decrease (increase) in time deposits	**(3,177)**	(3,715)	**(20,090)**
Purchases of property, plant and equipment	**(18,062)**	(23,317)	**(114,190)**
Proceeds from sales of property, plant and equipment	**11,344**	478	**71,720**
Purchases of intangible assets	**(938)**	(1,263)	**(5,934)**
Purchases of right-of-use assets	**-**	(406)	**-**
Purchases of other financial assets	**(975)**	(762)	**(6,166)**
Proceeds from sales of other financial assets	**1,075**	854	**6,800**
Purchases of investments in affiliates	**(102)**	(7,087)	**(648)**
Proceeds from transfer of business [Note 33]	**3,663**	1,005	**23,158**
Other	**(485)**	(575)	**(3,071)**
Net cash flows used in investing activities	**(7,659)**	(34,790)	**(48,420)**
Cash flows from financing activities:			
Repayment of short-term borrowings	**-**	(1,150)	**-**
Repayment of long-term borrowings	**(149)**	(290)	**(946)**
Cash dividends paid	**(7,289)**	(7,385)	**(46,085)**
Cash dividends paid to non-controlling interests	**(1,493)**	(740)	**(9,440)**
Repayment of lease liabilities	**(2,719)**	(2,618)	**(17,191)**
Purchase of treasury stock	**(10,002)**	(1)	**(63,232)**
Proceeds from share issuance to non-controlling interests	**468**	423	**2,962**
Other	**(19)**	1	**(125)**
Net cash flows used in financing activities	**(21,205)**	(11,762)	**(134,058)**
Effect of exchange rate changes on cash and cash equivalents	**1,918**	931	**12,130**
Net increase in cash and cash equivalents	**16,714**	(15,552)	**105,666**
Cash and cash equivalents at beginning of the period [Note 5]	**85,526**	101,078	**540,688**
Cash and cash equivalents at end of the period [Note 5]	**¥102,240**	¥85,526	**$646,354**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Lion Corporation and Consolidated Subsidiaries, December 31, 2024

Note 1: Reporting Entity

Lion Corporation (hereinafter the "Company") is a company, as defined by Japan's Companies Act, and is based in Japan. The consolidated financial statements of the Company and its subsidiaries (hereinafter the "Group") presented herein comprise the results as of and for the year ended December 31, 2024 recorded by the Company, its subsidiaries and the Group's interests in its equity-method affiliates.

Information about the Group's primary business activities can be found in Note 4 "Segment Information."

Note 2: Basis of Preparation

(a) Compliance with IFRS

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The Group meets the requirements for a "designated international accounting standards specified company" as specified in Article 1-2 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements. As such, the provisions of Article 312 of said ordinance apply.

(b) Approval of consolidated financial statements

The consolidated financial statements have been approved by the board of directors on March 27, 2025.

(c) Basis of measurement

Except for specific financial instruments stated in Note 3 "Material Accounting Policies" that are measured at fair value, the consolidated financial statements have been prepared based on acquisition cost.

(d) Functional currency and presentation currency

The Company and its domestic consolidated subsidiaries maintain their accounting records in Japanese yen, and its foreign consolidated subsidiaries maintain their accounting records in the currencies of their respective countries of domicile. The U.S. dollar amounts included in the accompanying consolidated financial statements, solely for the convenience of the reader, represent the arithmetic results of translating yen amounts into U.S. dollar amounts at ¥158.18= U.S.$1.00, the approximate rate of exchange in effect on December 31, 2024. This translation into U.S. dollars should not be construed as a representation that the yen amounts have been or could be converted into U.S. dollars at the above or any other rate.

As permitted under the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sum of the individual amounts.

(e) Changes in presentation

(Consolidated Statement of Cash Flows)

“Gain on transfer of businesses,” which was included in “Other” under “Net cash flows from operating activities” in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year due to its increased importance in terms of amount. To reflect this change in presentation, the consolidated financial statement for the previous consolidated fiscal year have been reclassified.

As a result, (664) million yen included in “Other” under “Net cash flows from operating activities” in the Consolidated Statement of Cash Flows for the previous fiscal year has been reclassified as “Gain on transfer of businesses”.

(f) Accounting judgments, estimates and assumptions

In preparing the Group’s consolidated financial statements, management makes estimates, judgments and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Management reviews such estimates and their underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the future periods affected by such revisions.

Key items for which management made judgments, estimates and assumptions are as follows:

・Assessment of refund liabilities and sales-related provisions

Refund liabilities and sales-related provisions are calculated by using the most likely outcome method based on contract provisions, past sales performance, etc. If the estimated amount of sales ultimately differs from the actual amount of sales due to unforeseeable events, there is a possibility that this will have a material impact on the consolidated financial statements for the following fiscal year.

Details of estimates, book value, assumptions and uncertainty of estimates are as follows:

Assessment of refund liabilities (Note 3 “Material Accounting Policies” (15), Note 14 “Trade and Other Payables”)

Provisions (Note 3 “Material Accounting Policies” (12), Note 18 “Provisions”)

・Impairment of non-financial assets

Non-financial assets (excluding inventories, deferred tax assets, and assets related to post-employment benefits) are tested for impairment whenever there is an indication that the recoverable amount is less than the carrying amount. However, goodwill and intangible assets for which useful life cannot be determined are tested for impairment annually and whenever an indication of impairment is identified.

An impairment loss is recognized when the recoverable amount of an asset or the cash-generating unit or group of cash-generating units to which the asset belongs is less than its carrying amount.

Certain assumptions are made in the calculation of the recoverable amount. These assumptions are determined based on management's best estimates and judgment. However, they may be affected by unpredictable future changes in the business environment, and if they need to be revised, this could have a significant impact on the consolidated financial statements in the following fiscal years and thereafter.

Details of estimates, book value, assumptions and uncertainty of estimates are as follows:

Impairment of non-financial assets (Note 3 “Material Accounting Policies” (10), Note 10 “Property, Plant and Equipment”, Note 11 “Goodwill and Intangible Assets”)

(g) Standards issued but not yet effective

The main new or revised standards and interpretations issued by the date of approval of the consolidated financial statements that have not been early adopted by the Group are as follows.

Standard	Title	Timing of mandatory adoption	Timing of adoption for the Group	Outline of new/amended standard
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Year ending December 31, 2027	New standard replacing IAS 1, the current accounting standard for presentation and disclosure in financial statements.

The impact of the adoption of IFRS 18 is being assessed.

Other than the above, there are no other standards and interpretations that have not yet been applied that will have a material impact.

Note 3: Material Accounting Policies

The Group’s accounting policies are prepared in accordance with IFRS for which application are mandatory as of December 31, 2024.

Unless otherwise noted, the Material Accounting Policies applied to these consolidated financial statements have been consistently applied to each fiscal period presented herein.

(1) Basis of consolidation

A. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group is deemed to control an entity when, through its involvement with the entity, it has exposure to or holds rights to variable returns from the entity and has the authority to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that the Group’s control commences until the date that control ceases. Balances and internal transactions existing between the entity and subsidiaries or between subsidiaries as well as any unrealized income and expenses arising from such transactions are eliminated when preparing the consolidated financial statements. Non-controlling interests in subsidiaries are recognized separately from the Group's interests.

The comprehensive income of subsidiaries is attributed to the owners of the parent and any non-controlling interests even if doing so results in the non-controlling interest having a deficit balance.

B. Affiliates

Affiliates are entities over whose financial and operating policies decisions the Group has significant influence but neither control nor joint control. The Group is assumed to have significant influence over a company if it directly or indirectly owns between 20% and 50% of said entity's voting rights. Investments in affiliates are initially recognized at acquisition cost and accounted for by the equity method from the date that the Group's significant influence commences until the date that said significant influence ceases.

(2) Business combinations

Business combinations are accounted for using the acquisition method.

The identifiable assets and liabilities of acquirees are measured at fair value on the acquisition date.

In the event that the total of the consideration transferred for the business combination, the non-controlling interests in the acquiree and the fair value of the equity in the acquiree already held by the acquirer exceeds the net amount of the acquiree's identifiable assets and liabilities on the acquisition date as measured in accordance with IFRS 3 "*Business Combinations*" (hereinafter "IFRS 3"), this excess is recognized as goodwill. The consideration transferred for the business combination is calculated as the sum of the fair value at the acquisition date of assets transferred by the acquirer, liabilities to the acquiree's former owners incurred by the acquirer and equity interests issued by the acquirer.

Whether the Group measures non-controlling interests at fair value or as the amount of the acquiree's identifiable net assets proportionate to the non-controlling interests is determined individually for each business combination. Acquisition-related costs are accounted for as expenses in the period in which they are incurred.

Additional acquisitions of non-controlling interests after the acquisition of control are accounted for as equity transactions, and the Group does not recognize goodwill from such transactions.

(3) Foreign currency translation

A. Foreign currency denominated transactions

Transactions denominated in foreign currencies are translated into the Group's relevant functional currencies using the exchange rates at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates at the fiscal period-end, and exchange differences resulting from such translation are recognized as net gains or losses. However, if gains or losses associated with such assets and liabilities are recognized in other comprehensive income, exchange differences on such gains or losses are recognized in other comprehensive income.

Non-monetary assets and liabilities measured at acquisition cost that are denominated in foreign currencies are translated using the exchange rates at the date of transaction.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments resulting from the acquisition of foreign operations, are translated at the exchange rates as of the fiscal period-end date. Income and expenses recorded by foreign operations are translated using the average exchange rate during the fiscal period, except for cases of significant exchange rate movements during the fiscal period.

(4) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, readily available deposits and short-term, highly liquid investments with original maturities of three months or less that entail insignificant price fluctuation risk.

(5) Inventories

Inventories are measured at the lower of acquisition cost or net realizable value. The cost of inventories is calculated based on the moving-average method and includes purchase cost, processing costs and other expenses incurred in bringing the inventories to their present location and state. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and estimated costs necessary to sell.

(6) Property, plant and equipment

The Group applies the cost model to measure property, plant and equipment.

Property, plant and equipment is stated at acquisition cost less accumulated depreciation and accumulated impairment loss.

Such acquisition cost includes expenses directly attributable to the acquisition of the assets; the costs of dismantling and removing such assets as well as restoring the site on which they are located; and borrowing costs that meet the requirements for capitalization.

For all property, plant and equipment other than land, the depreciable amount, calculated as

acquisition cost less the residual value at the end of estimated useful life, is depreciated evenly over each asset's estimated useful life using the straight-line method.
Estimated useful lives, residual value and method of depreciation of property, plant and equipment are reviewed at the fiscal year-end, and the effect of any changes is accounted for on a prospective basis as changes in accounting estimates.
The estimated useful lives of the main categories of property, plant and equipment are as follows:
・Buildings and structures 3–50 years
・Machinery and equipment 5–15 years

(7) Goodwill

Goodwill arising from business combinations is stated at acquisition cost less accumulated impairment loss.
Goodwill is not amortized. It is allocated to a cash-generating unit or group of cash-generating units that are tested for impairment annually or whenever there is an indication of impairment. Impairment losses on goodwill are recognized in profit or loss, and no subsequent reversal is made.
The measurement of goodwill upon initial recognition is described in (2) Business combinations.

(8) Intangible assets

The Group applies the cost model to measure intangible assets.
Intangible assets are stated at acquisition cost less accumulated amortization and accumulated impairment loss.
Intangible assets acquired individually are measured at acquisition cost at initial recognition. Intangible assets acquired through business combinations are measured at fair value at the acquisition date.
Expenditures on internally generated intangible assets are recognized as expenses in the period when incurred, except for those that satisfy the criteria for capitalization.
Intangible assets for which useful lives can be determined are amortized over their respective estimated useful lives using the straight-line method and tested for impairment whenever there is an indication of impairment.
The estimated useful life and amortization method of intangible assets for which useful lives can be determined are reviewed at the fiscal year-end, and the effect of any changes is accounted for on a prospective basis as changes in accounting estimates.
The estimated useful lives of the main category of intangible assets are as follows:
・Software 5–10 years
Intangible assets for which useful lives cannot be determined are not amortized but are tested for impairment annually and whenever there is an indication of impairment individually or as part of their respective cash-generating units.

(9) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) Leases as a lessee

The Group recognizes a right-of-use asset and a lease liability at the commencement date of the lease contract. The initial Measurement of the right-of-use asset is measured at the amount of the initial measurement of the lease liabilities at the commencement date adjusted for initial direct cost etc., and the cost of restoration obligation required under the lease contract. After the commencement date, right-of-use assets apply a cost model and are measured at acquisition cost less any accumulated depreciation and impairment losses. Right-of-use assets are depreciated using the straight-line method from the commencement to the earlier of the end of the useful life of the assets or the end of the lease term, unless it is reasonably certain that the Group will acquire ownership of the underlying asset by the end of the lease term. The Group determines the term of the lease to be the non-cancellable term of the lease, as well as any optional period for which the Group is reasonably certain to exercise an option to extend the lease or not exercise an option to terminate the lease.

At the commencement date, lease liability is measured at the present value of the lease payments that are not paid at that date discounted using the lessee's incremental borrowing rate. After the commencement date, the book value of the lease liability is adjusted to reflect the interest incurred on the lease liability and lease payments made. When a lease is modified, the lease liability is remeasured. Furthermore, for lease modifications that are not accounted for as a separate lease and that decrease the scope of the lease, the book value of the right-of-use assets are decreased to reflect the partial or full termination of the lease, and any gain or loss resulting from such termination is recognized in profit or loss. For other lease modifications, an adjustment to the right-of-use asset is made.

The Group recognizes the lease payments on short-term leases and leases of low-value assets as expense on a straight-line method over the lease term.

(ii) Leases as a lessor

The Group classifies each of its leases as either an operating lease or a finance lease. If the lease transfers substantially all the risks and rewards incidental to the ownership of the underlying asset, it is classified as a finance lease; otherwise, it is classified as an operating lease. The Group assesses whether a lease is a finance lease or an operating lease depending on the substance of the transaction rather than the form of the contract.

(a) Finance leases

At the commencement date of the lease, assets held under finance leases are presented as receivables in an amount equal to the net investment in the lease.

(b) Subleases

In classifying a sublease, the intermediate lessor classify the sublease with reference to the right-of-use asset arising from the head lease.

(10) Impairment of assets

A. Impairment of non-financial assets

The Group assesses whether there is any indication that assets may be impaired at each reporting period-end. If any such indication is found or the asset requires an annual impairment test, the Group estimates the asset’s recoverable amount. The recoverable amount of an asset is estimated as the higher of fair value less disposal cost or value in use. If the recoverable amount of an individual asset cannot be determined, the recoverable amount of the cash-generating unit or group of cash-generating units to which the asset belongs is estimated. If the book value of a cash-generating unit or group of cash-generating units exceeds its recoverable amount, impairment of the corresponding assets is recognized, and their value is written down to the recoverable amount. In determining the value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Note that, in principle, the business plans used to estimate future cash flows extend no longer than five years. Future cash flows beyond the estimates of the business plans are, in principle, calculated based on steady or declining rates of growth.

Fair value less disposal cost is calculated using appropriate valuation models backed by available indicators of fair value.

B. Reversal of impairment loss

At the end of each reporting period, the Company evaluates whether there is any indication that impairment losses recognized in prior years for assets other than goodwill have decreased or may no longer exist. If such indication of a reversal of an impairment loss exists, the recoverable amount of the asset, cash-generating unit or group of cash-generating units is estimated. If this recoverable amount exceeds the book value of the asset, cash-generating unit or group of cash-generating units, a reversal of impairment loss is recognized up to the lower of the recoverable amount or the book value less the depreciation and amortization that would have been recognized had no impairment loss been recognized. Reversal of impairment loss is recognized in profit or loss.

(11) Post-employment benefits

The Group operates defined benefit plans and defined contribution plans as retirement benefit plans for its employees.

(i) Defined benefit plans

The Group calculates the present value of defined benefit obligation as well as related current and prior service costs for each plan individually using the projected unit credit method.

The discount rate is calculated based on market yields on high-quality corporate bonds that have terms corresponding to the residual terms until the estimated date of future payment as of the end of the corresponding reporting period.

Assets and liabilities related to defined benefit plans are calculated by deducting the fair value of plan assets from the present value of the defined benefit obligation.

Remeasurements of assets and liabilities related to defined benefit plans are recognized in their entirety in other comprehensive income for the period in which they occur and are immediately reflected in retained earnings.

Prior service costs are recognized as expenses for the period in which they are incurred.

(ii) Defined contribution plans

Costs related to defined contribution plans are recognized as expenses in the period in which the contributions are made.

(12) Provisions

Provisions are recognized when the Group comes to have a present obligation (legal or constructive) as a result of past events, it is likely that the settlement of said obligation will require an outflow of resources that carry economic benefits, and the amount of the obligation can be reliably estimated.

If the effect of the time value of money is material, the amount of a provision is measured at the present value of expenditures expected to be required to settle the obligation.

Present value is calculated using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the liability.

(13) Financial Instruments

A. Financial assets (excluding derivatives)

(i) Initial recognition and measurement

The Group initially recognizes trade and other receivables on the date that they arise. The Group initially recognizes all other financial assets at the trade date on which the Company becomes a party to the relevant contract.

Financial assets are classified as either financial assets measured at fair value through profit or loss or other comprehensive income; or financial assets measured at amortized cost. This classification is made upon initial recognition.

Financial assets are classified as financial assets measured at amortized cost when the following conditions are met:

- The financial asset is held based on a business model that has the objective of holding financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal

Equity instruments are individually classified as either measured at fair value through profit or loss or measured at fair value through other comprehensive income, and this classification is continuously applied.

Debt instruments are classified as measured at fair value through other comprehensive income when the conditions listed below are met or they are classified as measured at fair value through profit or loss when said conditions are not met.

- The financial asset is held based on a business model that has an objective that is achieved when contractual cash flows are collected and the asset is sold
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the outstanding principal

With the exception of financial assets measured at fair value through profit or loss, financial assets are measured at the sum of fair value and transaction costs that are directly attributable to the financial assets in question.

(ii) Subsequent measurement

After their initial recognition, financial assets are measured using the following methods applied by financial asset category.

(a) Financial assets measured at amortized cost

Assets in this category are measured at amortized cost based on the effective interest method.

(b) Other financial assets

Financial assets other than those measured at amortized cost are measured at fair value.

Changes in the fair value of assets in this category are recognized either in profit or loss or in other comprehensive income.

Changes in the fair value of equity instruments that are classified as financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income. In cases where the Group derecognizes said assets or the fair value of said assets drops significantly, such changes are transferred to retained earnings.

Changes in the fair value of debt instruments that are classified as financial assets measured at fair value through other comprehensive income are recognized in other comprehensive income, excluding impairment and gains and losses on foreign exchange until the derecognition or reclassification of the financial assets in question. In cases where the Group derecognizes said assets, previously recognized other comprehensive income is transferred to profit or loss.

(iii) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire or when the financial assets and substantially all the risks and rewards of ownership are transferred.

If the Group continues to have control over the transferred financial asset, it recognizes the asset and the related liability to the extent of its continuing involvement.

(iv) Impairment of financial assets

At every fiscal period-end, the Group evaluates whether the credit risk of financial assets measured at amortized cost has increased significantly since each asset's initial recognition. If said risk is not found to have increased significantly, the asset's 12-month expected credit loss is recognized under allowance for doubtful accounts. If said risk has increased significantly, the asset's lifetime expected credit loss is recognized under allowance for doubtful accounts. However, for trade receivables, the lifetime expected credit loss is recognized from the time of initial asset recognition.

To determine whether the credit risk has increased significantly, the Group refers to delinquency rate data and supported information that the Group can reasonably obtain, such as internal and external ratings.

Estimates of the expected credit loss on financial assets reflect the following factors.

- An unbiased and probability-weighted amount determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of economic conditions

Increases in the allowance for doubtful accounts related to financial assets are recognized in profit or loss. When the allowance for doubtful accounts decreases, the reversal of said allowance is recognized in profit or loss.

B. Financial liabilities (excluding derivatives)

(i) Initial recognition and measurement

Financial liabilities other than derivatives are categorized as financial liabilities measured at amortized cost.

The Group initially measures all financial liabilities at fair value. In the case of financial liabilities measured at amortized cost, transaction costs that are directly attributable to the financial liabilities in question are deducted from such fair value.

(ii) Subsequent measurement

After their initial recognition, financial liabilities measured at amortized cost are remeasured at amortized cost based on the effective interest method. Amortization determined by the effective interest method and gain or loss due to derecognition are recognized in profit and loss.

(iii) Derecognition of financial liabilities

Financial liabilities are derecognized when the relevant obligations are discharged; cancelled; expired and replaced by significantly different conditions; or changed to significantly different conditions.

C. Offset of financial instruments

Financial assets and liabilities are offset only when the Group currently has a legally enforceable right to offset the transactions and intends either to settle on a net basis or to simultaneously realize the financial assets and settle the financial liabilities. The net outcome of such offset is recorded on the Consolidated Statement of Financial Position.

D. Fair Value of Financial Instruments

The fair value of financial instruments being traded in active markets as of the end of the fiscal period is determined with reference to quoted market prices or dealer prices.

The fair value of financial instruments without active markets is calculated using appropriate valuation techniques or calculated with reference to prices stated by counterpart financial institutions.

E. Derivatives and Hedge Accounting

The Group designates hedging instruments for derivative transactions, which are accounted for as cash flow hedges.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it is applying hedge accounting as well as its risk management objectives and strategy for undertaking the hedge.

This documentation includes the specific hedging instrument, the hedged items, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the fair values of the hedging instruments to offset exposure to changes in the fair value or cash flows of the hedged items due to the risks hedged against (including analysis of the sources of hedge ineffectiveness and the method of determining the hedging ratio).

Upon the designation of the hedge relationship and on an ongoing basis, the Group evaluates whether the derivative used in the hedge effectively offsets changes in the fair value or cash flows of the hedged item.

These derivatives are initially measured at fair values as of the contract date, subsequently remeasured at fair value and changes in the fair value are accounted for as follows.

(a) Cash flow hedges

The effective portion of gain or loss on hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized immediately in profit or loss.

The amount related to hedging instruments thus recorded in other comprehensive income is transferred to profit or loss when the hedged transaction affects profit or loss.

If hedged items result in the recognition of non-financial assets or liabilities, the amounts recognized in other comprehensive income are accounted for as adjustments to the initial book value of the non-financial assets or liabilities.

If the forecast transaction is no longer expected to occur, any related cumulative gain or loss that has been recognized in equity through other comprehensive income is transferred to profit or loss. When a hedging instrument expires, is sold or is terminated or exercised without being replaced with another hedging instrument or renewed, or when hedge accounting is discontinued due to a change of risk management purpose, any related cumulative gain or loss that has been recognized in equity through other comprehensive income remains in equity until the forecast transaction occurs.

(b) Derivatives not designated as hedges

Changes in the fair value of derivatives are recognized in profit or loss.

(14) Stock-based compensation

A. Stock option system

Stock options are measured at fair value estimated at the grant date and recognized in profit or loss over the vesting period, with an equal amount recognized as equity.

B. Performance-linked stock-based compensation system

Consideration for services received is estimated based on the fair value of Company shares at the grant date and recognized in profit or loss over the vesting period, with an equal amount recognized in equity.

(15) Revenue

The Group applies the following steps to recognize revenue.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the Group satisfies a performance obligation

Revenue is recognized at a point in time or over a period of time when a performance obligation in a contract with a customer is satisfied. Revenues from the sale of goods in the course of normal business activities are recorded when said goods are delivered, as the performance obligation is satisfied upon the transfer of control of the goods to the customer. Specifically, revenue is recognized when the goods are delivered, as the legal ownership, physical ownership, and significant risk and economic value of ownership of the goods are transferred to the customer upon said goods' delivery. The Group has in place a distribution system in which, in principle, products are delivered to customers on the day they are shipped, and there is no significant time lag between shipping and delivery.

Revenue is measured at the monetary amount of consideration to which the Group gains a right in exchange for the transfer of the promised goods to the customer, factoring in discounts, rebates and returns. The consideration that the Group expects to refund to customers is recorded as refund

liabilities. Said refund liabilities are estimated using a modal value based on the terms of the relevant contracts, past performance and other factors. Furthermore, advances received from customers are recorded as contract liabilities.
Consideration for goods under sales contracts is mainly collected within 12 months of the transfer of control over said goods to the customer. This consideration includes no significant financial elements.
For performance obligations satisfied over time, the Group recognizes revenue over time based on estimates of its progress toward the complete satisfaction of the obligation.

(16) Income taxes

Current income taxes for the current period and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the end of the fiscal period.
Deferred taxes are recognized using the asset and liability method on temporary differences arising between the carrying amount of an asset or liability of financial position and its taxable base.
In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized for deductible temporary differences and tax loss carryforwards to the extent that it is probable that taxable profits will be available against which said deductible temporary differences and tax loss carry forwards can be utilized.
However, as exceptions to the above, the following temporary differences are not recorded as deferred tax assets or liabilities.

- Temporary differences arising from the initial recognition of goodwill
- Temporary differences arising from the initial recognition of asset or liability in transaction other than a business combination which, on the transaction date, affects neither the accounting profit and loss nor the taxable profit or loss, and, at the time of the transaction, does not give rise to taxable temporary differences and deductible temporary differences in equal amounts.
- Deductible temporary differences associated with investments in subsidiaries and affiliates when it is probable that such differences will not reverse in the foreseeable future, or it is improbable that taxable profits against which the differences can be utilized will be earned.
- Taxable temporary differences associated with investments in subsidiaries and affiliates when the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future

The book values of deferred tax assets and liabilities (including unrecognized deferred tax assets) are reviewed at the end of each fiscal period.
Deferred tax assets and liabilities are measured using the estimated tax rates for the periods in which the deferred tax assets are realized or deferred tax liabilities are settled based on tax rates and tax laws that have been enacted or substantively enacted as of the end of the fiscal period.
Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset a current tax asset against a current tax liability and the same taxation authority levies income taxes

either on the same taxable entity or different entities that intend to realize the asset and settle the liability at the same time.

The Group applies the temporary exception to IAS 12 “Income taxes” as amended on May 23, 2023, and we have not recognized or disclosed deferred tax assets and liabilities arising from the tax system enacted or substantially enacted to introduce the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development (OECD).

(17) Assets held for sale

Non-current assets or disposal groups whose book value is expected to be recovered through sale and not continuing use are classified as assets held for sale. However, to be classified as assets held for sale, said non-current assets or disposal groups must be available for immediate sale and highly probable be sold within 12 months. Assets held for sale are measured at the lower of book value or fair value less selling cost. Assets categorized as held for sale are not subject to depreciation or amortization.

(18) Equity

A. Share capital and capital surplus

The issue price of equity instruments issued by the Company is recognized in share capital and capital surplus. Transaction costs arising directly from such issuance are deducted from capital surplus.

B. Treasury stock

When the Company acquires treasury stock, said treasury stock is recognized at acquisition cost and stated as a deduction from equity. In addition, transaction costs arising directly from such acquisition are deducted from equity. When the Company sells treasury stock, the consideration received is recognized as an increase in equity, and any difference between the book value and the consideration received is included in capital surplus.

Note 4: 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 and over-the-counter drugs, primarily in Japan.
Main products: toothpastes, toothbrushes, hand soaps, analgesics, eyedrop solutions, 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 industrial cleaners

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

The Other Business segment comprises business activities not included in the above business segments.
The Company's subsidiaries located in Japan primarily undertake operations related to Group businesses.
Main products and services: Construction contracting, real estate management and temporary staffing

2. Methods of Calculating Net Sales, Profit (Loss), Assets, Liabilities and Other Items for Reportable Segments
The methods of accounting for the reportable segments are the same as those stated in “3. Material Accounting Policies”.
Reportable segment profit is stated on an operating profit basis.
The prices of inter-segment transactions and transfers are principally determined by price negotiations based on market prices, total supplier costs and Company notification of preferred prices.

3. Net Sales, Profit (loss), and other items by reportable segment

Segment information for the years ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen						
	2024						
	Reportable segments						
	Consumer Products Business	Industrial Products Business	Overseas Business	Other	Total	Adjustments *2	Consolidated total*3
Net sales							
(1) External customers	**¥223,227**	**¥38,161**	**¥150,255**	**¥1,298**	**¥412,943**	**¥ -**	**¥412,943**
(2) Intersegment*1	**38,533**	**17,011**	**14,676**	**15,496**	**85,716**	**(85,716)**	**-**
Total	**¥261,760**	**¥55,172**	**¥164,931**	**¥16,795**	**¥498,660**	**¥(85,716)**	**¥412,943**
Core operating income	**12,557**	**2,807**	**10,193**	**284**	**25,841**	**491**	**26,332**
Other income							**10,056**
Other expenses							**(8,001)**
Operating profit							**¥28,387**
Finance income							**1,748**
Finance costs							**(807)**
Share of profit (loss) of investments accounted for using the equity method							**2,921**
Profit before tax							**¥32,249**
Other							
Depreciation and amortization	**¥12,701**	**¥1,225**	**¥3,923**	**¥95**	**¥17,945**	**¥3,216**	**¥21,162**

Notes: *1. Includes intra-segment transactions within the reportable segments.
*2. (1) A ¥491 million adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
(2) The depreciation and amortization adjustment is depreciation and amortization of corporate assets and intersegment eliminations.
*3. Core operating income is reconciled with gross profit as follows:

Gross profit	**¥188,783**
Selling, general and administrative expenses	**(162,450)**
Core operating income	**¥26,332**

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.

	Millions of yen						
	2023						
	Reportable segments						
	Consumer Products Business	Industrial Products Business	Overseas Business	Other	Total	Adjustments *2	Consolidated total*3
Net sales							
(1) External customers	¥228,679	¥38,349	¥134,118	¥1,619	¥402,767	¥ -	¥402,767
(2) Intersegment*1	38,700	18,841	13,949	19,290	90,781	(90,781)	-
Total	¥267,380	¥57,191	¥148,067	¥20,909	¥493,548	¥(90,781)	¥402,767
Core operating income	4,799	3,013	8,587	1,375	17,775	2,358	20,133
Other income							2,196
Other expenses							(1,824)
Operating profit							¥20,505
Finance income							1,106
Finance costs							(843)
Share of profit (loss) of investments accounted for using the equity method							1,607
Profit before tax							¥22,375
Other							
Depreciation and amortization	¥12,535	¥1,212	¥3,678	¥125	¥17,551	¥2,649	¥20,201

Notes: *1. Includes intra-segment transactions within the reportable segments.
*2. (1) A ¥2,358 million adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
(2) The depreciation and amortization adjustment is depreciation and amortization of corporate assets and intersegment eliminations.
*3. Core operating income is reconciled with gross profit as follows:

Gross profit	¥180,598
Selling, general and administrative expenses	(160,465)
Core operating income	¥20,133

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.

	Thousands of U.S. dollars						
	2024						
	Reportable segments			Other	Total	Adjustments *2	Consolidated total*3
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External customers	**$1,411,226**	**$241,254**	**$949,900**	**$8,212**	**$2,610,591**	**$ -**	**$2,610,591**
(2) Intersegment*1	**243,602**	**107,545**	**92,782**	**97,966**	**541,895**	**(541,895)**	**-**
Total	**$1,654,828**	**$348,799**	**$1,042,682**	**$106,177**	**$3,152,486**	**$(541,895)**	**$2,610,591**
Core operating income	**79,385**	**17,748**	**64,440**	**1,796**	**163,368**	**3,104**	**166,472**
Other income							**63,577**
Other expenses							**(50,583)**
Operating profit							**$179,466**
Finance income							**11,055**
Finance costs							**(5,108)**
Share of profit (loss) of investments accounted for using the equity method							**18,466**
Profit before tax							**$203,880**
Other							
Depreciation and amortization	**$80,297**	**$7,746**	**$24,801**	**$605**	**$113,449**	**$20,336**	**$133,785**

Notes: *1. Includes intra-segment transactions within the reportable segments.
*2. (1) A $3,104 thousands adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
(2) The depreciation and amortization adjustment is depreciation and amortization of corporate assets and intersegment eliminations.
*3. Core operating income is reconciled with gross profit as follows:

Gross profit	$1,193,473
Selling, general and administrative expenses	(1,027,001)
Core operating income	$166,472

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.

4. Information by product and service category

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Net sales to external customers			
Healthcare	**¥208,037**	¥197,778	**$1,315,192**
Household	**176,790**	175,510	**1,117,652**
Chemicals	**26,439**	27,351	**167,149**
Other	**1,676**	2,126	**10,599**
Total	**¥412,943**	¥402,767	**$2,610,591**

5. Geographic Information

(1) Net sales	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Japan	**¥259,001**	¥263,157	**$1,637,383**
Asia	**151,755**	137,711	**959,384**
Thailand	**60,639**	55,219	**383,355**
Other	**2,186**	1,898	**13,824**
Consolidated	**¥412,943**	¥402,767	**$2,610,591**

Net sales to external customers, classified by country or geographic region based on customer location.

(2) Non-current assets	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Japan	**¥149,628**	¥166,829	**$945,937**
Asia	**31,396**	29,113	**198,488**
Thailand	**14,934**	14,136	**94,417**
Total	**¥181,025**	¥195,942	**$1,144,424**

Non-current assets are classified by country or geographic region based on asset location and do not include investments accounted for using the equity method, deferred tax assets, retirement benefit assets or other financial assets.

6. Information about major customers

Customer	Related segments	Millions of yen 2024
Net sales		
PALTAC Corporation	Consumer Products, Industrial Products	**¥92,356**
Saha Pathanapibul Public Company Limited	Overseas	**¥45,483**

Customer	Related segments	Millions of yen 2023
Net sales		
PALTAC Corporation	Consumer Products, Industrial Products	¥98,531
Arata Corporation	Consumer Products, Industrial Products	¥41,925

Customer	Related segments	Thousands of U.S. dollars 2024
Net sales		
PALTAC Corporation	Consumer Products, Industrial Products	**$583,872**
Saha Pathanapibul Public Company Limited	Overseas	**$287,542**

Note 5: Information on Cash Flows

(1) Cash and cash equivalents
Cash and cash equivalents at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Cash and time deposits	**¥98,902**	¥82,870	**$625,251**
Short-term investments	**3,338**	2,655	**21,103**
Cash and cash equivalents at end of the year	**¥102,240**	¥85,526	**$646,354**

The balance of cash and cash equivalents presented in the consolidated statement of Financial Position is equal to the balance of cash and cash equivalents presented in the consolidated statement of cash flows.

(2) Significant non-cash transactions
Significant non-cash transactions in the previous fiscal year ended December 31, 2023 consisted of the acquisition of right-of-use assets through lease transactions. The increase due to the acquisition of right-of-use assets is described in Note "27. Leases″.

(3) Changes in liabilities arising from financing activities
Changes in liabilities arising from financing activities during the years ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen					
	January 1, 2024	Changes arising from cash flows	Non-cash changes			December 31, 2024
			Foreign currency	New leases	other	
Long-term borrowings (include current portion)	**¥ 148**	**¥ (149)**	**¥ 1**	**¥ -**	**¥ -**	**¥ -**
Lease liabilities	**30,194**	**(2,719)**	**18**	**1,697**	**546**	**29,737**
Total	**¥30,342**	**¥(2,868)**	**¥19**	**¥1,697**	**¥546**	**¥29,737**

	Millions of yen					
	January 1, 2023	Changes arising from cash flows	Non-cash changes			December 31, 2023
			Foreign currency	New leases	other	
Short-term borrowings	¥1,150	¥ (1,150)	¥ -	¥ -	¥ -	¥ -
Long-term borrowings (include current portion)	425	(290)	13	-	-	148
Lease liabilities	30,596	(2,618)	(57)	1,650	622	30,194
Total	¥32,171	¥(4,058)	¥(43)	¥1,650	¥622	¥30,342

	Thousands of U.S. dollars					
	January 1, 2024	Changes arising from cash flows	Non-cash changes			December 31, 2024
			Foreign currency	New leases	other	
Long-term borrowings (include current portion)	**$ 939**	**$ (946)**	**$ 8**	**$ -**	**$ -**	**$ -**
Lease liabilities	**190,887**	**(17,191)**	**117**	**10,731**	**3,457**	**188,000**
Total	**$191,825**	**$(18,137)**	**$125**	**$10,731**	**$3,457**	**$188,000**

Note 6: Trade and Other Receivables

Trade and other receivables at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Trade receivables	**¥74,953**	¥74,174	**$473,850**
Other receivables	**1,324**	1,106	**8,374**
Allowance for doubtful accounts	**(81)**	(50)	**(512)**
Total	**¥76,197**	¥75,230	**$481,712**

Note 7: Inventories

Inventories at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Merchandise and finished goods	**¥35,762**	¥39,702	**$226,088**
Work in progress	**3,430**	3,325	**21,685**
Raw materials and supplies	**14,059**	13,062	**88,884**
Total	**¥53,252**	¥56,090	**$336,656**

The above amounts are measured at the lower of acquisition cost or net realizable value.
The acquisition cost recognized as expenses are mainly included in cost of sales.
The amount of write-downs of inventories or reversals of write-downs recognized in profit or loss are not significant.

Note 8: Other Financial Assets

Other financial assets at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Financial assets measured at amortized cost			
Time Deposits due over three months	**¥16,400**	¥11,720	**$103,682**
Other	**2,916**	3,019	**18,436**
Financial assets measured at fair value through profit or loss	**2,413**	1,922	**15,256**
Financial assets measured at fair value through other comprehensive income			
Securities	**22,160**	21,089	**140,094**
Financial assets for which hedge accounting was applied			
Derivatives	**2**	-	**14**
Total	**¥43,891**	¥37,751	**$277,480**
Current assets	**16,891**	12,276	**106,787**
Non- Current assets	**27,000**	25,475	**170,693**

Note 9: Other Assets

Other assets at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Prepaid expenses	**¥2,933**	¥3,126	**$18,548**
Other	**717**	942	**4,535**
Total	**¥3,651**	¥4,069	**$23,082**
Current assets	**2,843**	3,151	**17,977**
Non- current assets	**807**	917	**5,106**

Note 10: Property, Plant and Equipment

(1) Changes in property, plant and equipment

The following tables present changes in book value, acquisition costs and accumulated depreciation and accumulated impairment losses of property, plant and equipment.

Book value	Millions of yen					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
January 1, 2023	¥43,586	¥47,625	¥24,473	¥8,643	¥5,807	¥130,137
Acquisition	254	301	188	25,117	348	26,211
Depreciation	(2,782)	(10,414)	-	-	(2,281)	(15,478)
Impairment loss	(31)	(152)	-	-	(2)	(187)
Sales and disposal	(85)	(51)	-	-	(77)	(215)
Exchange differences on foreign currencies	600	530	436	75	66	1,709
Reclassification and other	4,697	11,442	-	(20,638)	2,993	(1,506)
December 31, 2023	¥46,238	¥49,282	¥25,098	¥13,198	¥6,853	¥140,671
Acquisition	**122**	**404**	**-**	**13,963**	**375**	**14,864**
Depreciation	**(3,084)**	**(11,010)**	**-**	**-**	**(2,474)**	**(16,568)**
Impairment loss	**(909)**	**(5,187)**	**-**	**-**	**(188)**	**(6,285)**
Sales and disposal	**(1,492)**	**(37)**	**(4,315)**	**-**	**(129)**	**(5,976)**
Exchange differences on foreign currencies	**784**	**677**	**251**	**68**	**92**	**1,875**
Reclassification and other	**1,513**	**5,785**	**-**	**(9,421)**	**1,685**	**(437)**
December 31, 2024	**¥43,173**	**¥39,913**	**¥21,033**	**¥17,807**	**¥6,214**	**¥128,143**

Depreciation is recognized in cost of sales and selling and administrative expenses on the consolidated statement of profit or loss.

Acquisition cost	Millions of yen					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
December 31, 2024	**¥104,023**	**¥182,669**	**¥28,154**	**¥17,807**	**¥32,725**	**¥365,380**
December 31, 2023	102,886	178,505	32,218	13,198	32,165	358,974
January 1, 2023	103,059	166,726	31,593	8,643	30,429	340,452

Accumulated depreciation and accumulated impairment loss	Millions of yen					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
December 31, 2024	**¥60,850**	**¥142,755**	**¥7,120**	-	**¥26,510**	**¥237,237**
December 31, 2023	56,647	129,222	7,120	-	25,312	218,302
January 1, 2023	59,472	119,100	7,120	-	24,621	210,314

Book value	Thousands of U.S. dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
December 31, 2023	**$292,317**	**$311,561**	**$158,668**	**$83,437**	**$43,329**	**$889,312**
Acquisition	**772**	**2,558**	**-**	**88,273**	**2,371**	**93,974**
Depreciation	**(19,497)**	**(69,608)**	**-**	**-**	**(15,641)**	**(104,746)**
Impairment loss	**(5,747)**	**(32,798)**	**-**	**-**	**(1,191)**	**(39,735)**
Sales and disposal	**(9,438)**	**(239)**	**(27,284)**	**-**	**(819)**	**(37,781)**
Exchange differences on foreign currencies	**4,963**	**4,283**	**1,590**	**432**	**586**	**11,854**
Reclassification and other	**9,568**	**36,574**	**-**	**(59,563)**	**10,651**	**(2,770)**
December 31, 2024	**$272,937**	**$252,332**	**$132,974**	**$112,579**	**$39,286**	**$810,109**

Acquisition cost	Thousands of U.S. dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
December 31, 2024	**$657,628**	**$1,154,822**	**$177,988**	**$112,579**	**$206,885**	**$2,309,902**

Accumulated depreciation and accumulated impairment loss	Thousands of U.S. dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
December 31, 2024	**$384,691**	**$902,490**	**$45,014**	**$-**	**$167,598**	**$1,499,792**

(2) Impairment loss
The Company performs an impairment test for some property, plant and equipment with indication of impairment.
The grouping of the Company's business assets are based on individual business units which is the lowest level of generating cash inflows.
Idle assets not prospected to be used in the future are individually assessed for impairment.

Impairment loss included in "Other expense" of consolidated statement of income amounted to ¥6,678 million (U.S.$42,221 thousand) and ¥187 million for the years ended December 31, 2024 and 2023, respectively.
Among those, the significant impairment losses are as following:

In the current consolidated fiscal year, the Company has fostered a business restructuring to strengthen its profitability in response to the changes in the current business environment. As part of these efforts, the Company considered the consolidation of production items and streamlining of the production system, mainly in the domestic fabric care sector of the Consumer Products Business.
In addition, among property, plant and equipment and intangible assets in the Consumer Products Business, indications of impairment were identified in the asset group of the cash generating unit that includes the domestic fabric care sector within the home care business as a result of prudent determination of the projected revenue based on this restructuring. Accordingly, an impairment test was conducted, and the book value of this asset group was reduced to the recoverable amount, resulting in an impairment loss of ¥4,034 million (U.S.$25,503 thousand).
Additionally, after recording the impairment loss, the book value of the asset group for the same business at the end of current fiscal year is ¥17,904 million (U.S.$113,191 thousand).The impairment loss consists of ¥17,845 million (U.S.$112,820 thousand) for property, plant and equipment and ¥58 million (U.S.$371 thousand) for intangible assets.The Company measures recoverable amounts of the asset group based on value in use, which is calculated by discounting the estimated future cash flows to their present value using a discount rate of 5.9%, which is based on the pre-tax weighted average cost of capital for the relevant cash-generating unit.These future cash flows are based on a three-year business plan approved by management, and for periods beyond that, they are calculated using a terminal value that is determined by applying a growth rate of 2.0%.This business plan was created based on past experience and external information, in reflecting management's assessment of the future projection of the business.The key assumptions used in calculating value in use are future sales forecasts stated in the business plan, and growth rate and discount rate for the period beyond the business plan.These assumptions are determined based on the best estimates and judgments of management. Nonetheless, they are subject to potential impacts from unpredictable changes in the future business environment. Should a need for revision arise, it could substantially affect the consolidated financial statements in the next fiscal year.

(3) Assets pledged as collateral and debt obligations covered by collateral
Assets pledged as collateral and debt obligations covered by collateral at December 31, 2024 and 2023 consisted of the following:

Assets pledged as collateral

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Cash and cash equivalents	**¥ -**	¥ -	**$ -**
Machinery and vehicles	**853**	840	**5,393**
Total	**¥2,726**	¥2,747	**$17,238**

Debt obligations covered by collateral

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Trade and other payables	**¥96**	¥155	**$610**
Total	**¥96**	¥155	**$610**

(4) Commitments
See " Note 31. Commitments " .
(Changes in presentation)

Note 11: Goodwill and Intangible Assets

(1) Changes in goodwill and intangible assets

The following tables present changes in book value, acquisition costs, accumulated amortization and accumulated impairment losses, of goodwill and intangible assets.

Book value	Millions of yen					
		Intangible assets				
	Goodwill	Trademarks	Software	Software - related temporary account	Other	Total
January 1, 2023	¥327	¥6,967	¥16,003	¥701	¥244	¥23,917
Acquisition	-	0	68	1,046	0	1,115
Amortization	-	(8)	(2,336)	-	(43)	(2,388)
Impairment loss	-	-	-	-	-	-
Sales and disposal	-	-	(4)	-	-	(4)
Exchange differences on foreign currencies	-	0	20	1	0	22
Reclassification and other	-	7	836	(794)	0	49
December 31, 2023	**¥327**	**¥6,968**	**¥14,587**	**¥955**	**¥201**	**¥22,712**
Acquisition	**-**	**-**	**28**	**912**	**17**	**958**
Amortization	**-**	**(7)**	**(2,196)**	**-**	**(52)**	**(2,256)**
Impairment loss	**-**	**(378)**	**(16)**	**-**	**-**	**(395)**
Sales and disposal	**-**	**(0)**	**(44)**	**-**	**(0)**	**(45)**
Exchange differences on foreign currencies	**-**	**(0)**	**16**	**1**	**0**	**18**
Reclassification and other	**-**	**5**	**1,152**	**(1,079)**	**7**	**85**
December 31, 2024	**¥327**	**¥6,587**	**¥13,526**	**¥789**	**¥174**	**¥21,078**

The main contents of acquisition is due to individual acquisition.
Amortization is recognized in cost of sales and selling, general and administrative expenses on the consolidated statement of profit or loss.

Acquisition cost	Millions of yen					
		Intangible assets				
	Goodwill	Trademarks	Software	Software - related temporary account	Other	Total
December 31, 2024	**¥327**	**¥39,706**	**¥27,731**	**¥789**	**¥932**	**¥69,160**
December 31, 2023	327	39,701	26,515	955	882	68,056
January 1, 2023	327	39,692	25,491	701	906	66,791

Accumulated amortization and accumulated impairment loss

	Millions of yen					
		Intangible assets				
	Goodwill	Trademarks	Software	Software - related temporary account	Other	Total
December 31, 2024	**¥ -**	**¥33,119**	**¥14,204**	**¥ -**	**¥758**	**¥48,081**
December 31, 2023	-	32,733	11,928	-	680	45,343
January 1, 2023	-	32,724	9,488	-	662	42,874

Book value	Thousands of U.S. dollars					
		Intangible assets				
	Goodwill	Trademarks	Software	Software - related temporary account	Other	Total
December 31, 2023	**$2,073**	**$44,051**	**$92,218**	**$6,043**	**$1,276**	**$143,589**
Acquisition	**-**	**-**	**179**	**5,768**	**113**	**6,060**
Amortization	**-**	**(45)**	**(13,885)**	**-**	**(335)**	**(14,265)**
Impairment loss	**-**	**(2,396)**	**(104)**	**-**	**-**	**(2,500)**
Sales and disposal	**-**	**(0)**	**(283)**	**-**	**(1)**	**(285)**
Exchange differences on foreign currencies	**-**	**(1)**	**105**	**7**	**3**	**115**
Reclassification and other	**-**	**35**	**7,285**	**(6,825)**	**47**	**543**
December 31, 2024	**$2,073**	**$41,645**	**$85,515**	**$4,993**	**$1,103**	**$133,256**

Acquisition cost	Thousands of U.S. dollars					
		Intangible assets				
	Goodwill	Trademarks	Software	Software - related temporary account	Other	Total
December 31, 2024	**$2,073**	**$251,021**	**$175,315**	**$4,993**	**$5,895**	**$437,224**

Accumulated amortization and accumulated impairment loss

	Thousands of U.S. dollars					
		Intangible assets				
	Goodwill	Trademarks	Software	Software - related temporary account	Other	Total
December 31, 2024	**$-**	**$209,376**	**$89,800**	**$-**	**$4,792**	**$303,968**

(2) Intangible assets with indefinite useful lives
Intangible assets with indefinite useful lives are some trademarks.
The company classified them to the intangible assets with indefinite useful lives because they will continue as long as the company continues the business.

(3) Research and development costs recognized as expenses
Research and development costs that are not eligible for capitalization are expensed as incurred.
Research and development costs recognized as expenses amounted to ¥11,418 million (U.S.$72,188 thousand) and ¥11,217 million for the years ended December 31, 2024 and 2023, respectively.
In addition, the company didn't recognize significant internally generated intangible assets.

(4) Significant intangible assets and impairment tests
Significant intangible assets recognized in the consolidated statement of financial position are the trademarks of antipyretic analgesics " BUFFERIN " in the Asia-Oceania region (except for some countries and regions, including China). The carrying amount of the trademarks at December 31, 2024 and 2023 are ¥6,560 million (U.S.$41,472 thousand).
These trademark rights classified as intangible assets with indefinite useful lives are tested for impairment annually.
The Group measures recoverable amounts of the pharmaceutical product sector's asset group (which is a cash-generating unit) based on value in use, which is calculated by discounting the estimated future cash flows to their present value using a discount rate of 5.9%, which is based on the pre-tax weighted average cost of capital for the relevant cash-generating unit. These future cash flows are based on a three-year business plan approved by management, and for periods beyond that, they are calculated using a terminal value that is determined by applying a growth rate of 2.0%.This business plan was created based on past experience and external information, in reflecting management's assessment of the future projection of the business.The key assumptions used in calculating value in use are future sales forecasts stated in the business plan, and growth rate and discount rate for the period beyond the business plan.Even if the key assumptions used for impairment testing were to change within a reasonably foreseeable range, it is considered unlikely that a material impairment would occur for the cash-generating unit in question.
The company doesn't recognize impairment loss from goodwill and intangible assets with indefinite useful lives at December 31, 2024 and 2023.

(5) Impairment loss
The Company recorded an impairment loss of ¥395 million yen(U.S.$2,500 thousand) in the current fiscal year, which is included in “Other expenses” in the consolidated statement of profit or loss.

(6) Intangible assets pledged as collateral
No intangible assets has been pledged as collateral to secure the debt.

(7) Commitments
See " Note 31. Commitments " .

Note 12: Investments Accounted for Using the Equity Method
Investments accounted for using the equity method at December 31, 2024 and 2023 consisted of the following:

Affiliated companies

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Investments accounted for using the equity method	**¥20,767**	¥17,487	**$131,289**

	Millions of yen		Thousands of U.S. dollars
The Group's share	**2024**	2023	**2024**
Profit	**¥2,921**	¥1,607	**$18,466**
Other comprehensive income	**(33)**	(74)	**(210)**
Total	**¥2,887**	¥1,532	**$18,257**

There are no individually important affiliated companies accounted for by the equity method for the years ended December 31, 2024 and 2023.

Note 13: Income taxes

(1) Deferred tax assets and deferred tax liabilities

The major components of deferred tax assets and liabilities at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deferred tax assets			
Provisions, and Other current liabilities,etc.	**¥5,361**	¥4,817	**$33,896**
Retirement benefit assets and liabilities	**3,104**	4,808	**19,624**
Excess depreciation	**763**	671	**4,827**
Accrued enterprise and office taxes	**579**	250	**3,661**
Valuation loss on inventories	**379**	884	**2,400**
Unrealized profit on inventories and non-current assets	**1,232**	1,420	**7,789**
Other	**3,572**	2,103	**22,587**
Total	**¥14,993**	¥14,957	**$94,786**
Deferred tax liabilities			
Special depreciation of non-current assets	**¥(358)**	¥(1,862)	**$(2,265)**
Valuation difference upon contribution of securities to retirement benefit trust	**(1,351)**	(3,803)	**(8,541)**
Temporary differences due to distribution of retained earnings at overseas affiliates	**(4,459)**	(3,570)	**(28,193)**
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	**(4,569)**	(4,241)	**(28,891)**
Trademarks	**(2,007)**	(2,058)	**(12,690)**
Other	**(948)**	(909)	**(5,995)**
Total	**¥(13,694)**	¥(16,447)	**$(86,575)**

The major changes to deferred tax assets and liabilities during each fiscal year are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Net deferred tax assets and (liabilities)			
Balance at beginning of the year	**¥(1,490)**	¥1,210	**$(9,420)**
Deferred income taxes	**4,408**	(453)	**27,868**
Deferred taxes related to other comprehensive income items			
Net gain (loss) on revaluation of financial assets measured at fair value	**(615)**	(575)	**(3,888)**
Net gain (loss) on derivatives designated as cash flow hedges	**(10)**	(9)	**(64)**
Remeasurements of defined benefit plans	**(1,492)**	(1,710)	**(9,436)**
Other	**498**	47	**3,151**
Balance at end of the year	**¥1,298**	¥(1,490)	**$8,211**

(2) Unrecognized deferred tax assets

Deductible temporary differences, net loss carryforwards and tax credit carryforwards for which deferred tax assets are not recognized are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Deductible temporary differences	**¥8,372**	¥8,606	**$ 52,931**

There are no net loss carryforwards or tax credit carryforwards for which deferred tax assets are not recognized.

(3) Unrecognized deferred tax liabilities

There were no significant taxable temporary differences related to the investments in subsidiaries not recognized as deferred tax liabilities at Dcember 31, 2024 and 2023.

(4) Income taxes

Income taxes recognized through profit or loss are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Current income taxes	**¥12,585**	¥5,234	**$79,564**
Deferred income taxes			
Origination and reversal of temporary differences	**(4,336)**	457	**(27,416)**
Adjustment and reversal of deferred tax assets	**(71)**	(4)	**(452)**
Total	**¥8,177**	¥5,687	**$51,695**

The Group evaluates exposure of income taxes, derived from tax systems enacted or substantially enacted to implement the Pillar Two model rule, released by the OECD. Income tax exposure of the Pillar Two model rule is immaterial.

(5) Reconciliation of the applicable tax rate and the average effective tax rate

The main factors responsible for the difference between the applicable tax rate and the average effective tax rate are as follows.

	2024	2023
Applicable tax rate	**30.6%**	30.6%
Entertainment expenses and other non-deductible items	**0.3%**	0.4%
Dividend income and other items not recognizable as income for tax purposes	**(0.1%)**	(0.5%)
Unrecognized deferred tax assets	**(0.8%)**	(0.0%)
Differences in tax rates applicable to foreign subsidiaries	**(3.5%)**	(4.5%)
Research and development expenses and other special deductions	**(1.4%)**	(2.7%)
Foreign tax credits	**(0.0%)**	(0.1%)
Other	**0.3%**	2.2%
Average effective tax rate	**25.4%**	25.4%

The Company is subject to taxes mainly comprising income taxes, residence taxes and enterprise taxes.
Calculated based on these taxes, the statutory tax rate for the fiscal years ended December 31, 2024 and December 31, 2023 was 30.6%.
However, overseas subsidiaries are subject to the income and other taxes of their respective locations.

Note 14: Trade and Other Payables

Trade and other payables at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Accounts（Trade） payable and Notes payable	**¥53,442**	¥65,173	**$337,856**
Accrued payables and accrued expenses	**55,960**	54,006	**353,777**
Refund liabilities and contract liabilities*	**7,726**	6,978	**48,847**
Total	**¥117,129**	¥126,158	**$740,480**

* This figure for the fiscal year ended December 31, 2024 and 2023 includes ¥6,843 million (U.S.$43,264 thousand) and ¥6,050 million of refund liabilities in the form of discounts, rebates, etc.

Note 15: Borrowings

Borrowings at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Current portion of long-term borrowings	**¥ -**	¥148	**$ -**
Total	**¥ -**	¥ 148	**$ -**
Current liabilities	**-**	148	**-**

Note 16: Other Financial Liabilities

Other financial liabilities at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Financial liabilities measured at amortized cost			
Long-term deposits	**¥2,384**	¥2,452	**$15,074**
Other	**1,302**	2,333	**8,235**
Financial liabilities for which hedge accounting was applied			
Derivatives	**-**	30	**-**
Total	**¥3,686**	¥4,816	**$23,309**
Current liabilities	**1,302**	2,363	**8,235**
Non-Current liabilities	**2,384**	2,452	**15,074**

Note 17: Other Liabilities

Other liabilities at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Accrued bonus	**¥5,483**	¥4,613	**$34,664**
Accrued paid annual leave	**2,429**	2,379	**15,361**
Other accrued employee benefits	**932**	960	**5,895**
Other	**1,383**	1,625	**8,744**
Total	**¥10,228**	¥9,578	**$64,664**
Current liabilities	**8,400**	7,711	**53,108**
Non-Current liabilities	**1,827**	1,867	**11,556**

Note 18: Provisions

The changes in provisions during the year ended December 31, 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars	
	Provision for sales*1	Other*2	Provision for sales	Other
At beginning of year	**¥2,379**	**¥2,066**	**$15,043**	**$13,066**
Increase	**3,034**	**148**	**19,187**	**939**
Decrease (used)	**(2,379)**	**(21)**	**(15,043)**	**(134)**
Decrease (reversal)	**-**	**(3)**	**-**	**(21)**
At end of year	**¥3,034**	**¥2,190**	**$19,187**	**$13,851**

Notes: *1. Provision for sales are mainly consisted of the expected expenditure for sales promotion that will be paid within a year.
*2. The restoration obligation associated with the real estate lease agreement of the head office is included.
Based on the real estate lease agreement, the cost of restoration to the original state at the time of moving out is calculated based on a third party's estimate.
Amounts expected to be paid in the future are recognized as asset retirement obligations.
The Group expects restoration expenditures to be incurred after one year or more, however, this will be affected by future business plans and other factors.

Note 19: Post-employment benefits

The Company and certain consolidated subsidiaries maintain funded and unfunded defined benefit and defined contribution retirement plans to pay employee post-employment benefits.
The main retirement benefit plan in which the Company participates is the LION PENSION FUND.
Furthermore, the Company and 9 other companies maintain lump-sum retirement benefit plans.
Furthermore, the Company has established a retirement benefit trust.

(1) Defined benefit plans

The amounts related to defined benefit pension plans presented in the Consolidated Statement of Financial Position are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Present value of defined benefit obligation	**¥48,416**	¥53,151	**$306,085**
Fair value of plan assets	**(58,994)**	(59,446)	**(372,958)**
Total	**(¥10,578)**	¥(6,294)	**($66,873)**
Retirement benefit liabilities	**1,733**	4,531	**10,959**
Retirement benefit assets	**(12,311)**	(10,826)	**(77,833)**
Net liabilities presented in the Consolidated Statement of Financial Position	**(¥10,578)**	¥(6,294)	**($66,873)**

A. Changes in the present value of defined benefit obligation

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Balance of defined benefit obligation at beginning of year	**¥53,151**	¥57,287	**$336,019**
Current service costs	**1,934**	1,919	**12,228**
Past service costs	**-**	(989)	**-**
Interest expenses	**532**	577	**3,369**
Remeasurements			
Experience adjustments	**249**	34	**1,578**
Actuarial gains and losses arising from changes in demographic assumptions	**-**	(245)	**-**
Actuarial gains and losses arising from changes in financial assumptions	**(1,677)**	55	**(10,603)**
Retirement benefit payments	**(5,998)**	(5,680)	**(37,922)**
Other	**224**	191	**1,417**
Balance of defined benefit obligation at end of year	**¥48,416**	¥53,151	**$306,085**

The weighted average duration of the defined benefit obligation was 9.8 years at December 31, 2024 and 9.9 years at December 31, 2023.

B. Changes in the fair value of plan assets

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Balance of plan assets at beginning of year	**¥59,446**	¥56,003	**$375,814**
Interest income	**632**	603	**3,998**
Remeasurements			
Return on plan assets(excluding interest income)	**3,365**	5,423	**21,278**
Contribution by the employer	**255**	224	**1,613**
Retirement benefit payments	**(4,669)**	(2,860)	**(29,518)**
Other	**(35)**	52	**(228)**
Balance of plan assets at end of year	**¥58,994**	¥59,446	**$372,958**

The Group's planned contribution to defined benefit plans in the consolidated fiscal year ending December 31, 2025 is ¥255 million (U.S.$1,613 thousand).

Plan asset management policy
The pension assets held by the LION PENSION FUND account for approximately 50% of the Group's plan assets. Management of the LION PENSION FUND's pension assets is aimed at securing the necessary total returns over the long term to ensure the payment of the defined benefit obligation going forward. Specifically, the Group manages such assets by considering factors that include the expected rates of return, risk and combinations of investment assets to determine an investment asset mix that will be optimal into the future and then maintaining this mix. Every year, the asset mix is evaluated, and if the conditions upon which it was formulated have changed, it is revised as needed. At present, in light of the fund's highly mature financial status with retirement benefit payments greatly exceeding revenues from premiums, the fund is managed in a relatively low-risk manner with an asset mix focused primarily on bonds.
The retirement benefit trusts set up for the defined benefit corporate pension plans operated by the LION PENSION FUND at the Company and the lump-sum retirement benefit payment plans maintained by the Company account for approximately 50% of plan assets. The Company's strategically held shares account for the majority of the assets in these retirement benefit trusts. The investment profitability of each such stockholding is recognized as cost of capital and other items, and the Company's board of directors examines the economic rationality of each such stockholding on an annual basis.

C. Components of plan assets
The components of plan assets are as follow.

	Millions of yen				Thousands of U.S. dollars	
	2024		2023		**2024**	
	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets
Bonds	**¥ -**	**¥20,071**	¥ -	¥22,306	**$ -**	**$126,887**
Stocks	**21,100**	**-**	25,285	-	**133,393**	**-**
Other	**11,323**	**6,499**	7,798	4,055	**71,589**	**41,088**
Total	**¥32,424**	**¥26,570**	¥33,084	¥26,361	**$204,982**	**$167,976**

D. Actuarial assumptions
The main actuarial assumptions used at the period-end are as follows.

	2024	2023
Discount rate(%)	**1.4%**	1.0%

E. Sensitivity analysis of actuarial assumptions
The changes to the period-end defined benefit obligation if the discount rate were to change as shown below are as follows.
This analysis assumes that other relevant variables are fixed.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Discount rate(+0.5%)	**¥(1,933)**	¥(2,189)	**$(12,225)**
Discount rate(-0.5%)	**¥2,116**	¥2,399	**$13,378**

(2) Defined contribution plans
The amounts recognized as expenses related to defined contribution plans are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Expense related to defined contribution plans	**¥3,047**	¥3,062	**$19,269**

Note 20: Share-based Payment

(1) Stock option system
① Details of stock options

Company name	Submitting Company	Submitting Company	Submitting Company	Submitting Company
Resolution date	March 28, 2008	March 27, 2009	March 30, 2010	March 30, 2011
Grantee information	9 Directors (excluding external directors) 9 Employees (Executive officer)	9 Directors (excluding external directors)	8 Directors (excluding external directors)	8 Directors (excluding external directors)
Stock information *1	Common stock 143,771	Common stock 99,781	Common stock 103,778	Common stock 97,575
Grant date	April 15, 2008	April 15, 2009	April 15, 2010	April 18, 2011
Settlement	Equity-settled	Equity-settled	Equity-settled	Equity-settled
Vesting conditions	*2	*4	*4	*4
Length of service	—	—	—	—
Exercise period	From April 15, 2008 to April 14, 2038	From April 15, 2009 to April 14, 2039	From April 15, 2010 to April 14, 2040	From April 18, 2011 to April 17, 2041

Company name	Submitting Company	Submitting Company	Submitting Company	Submitting Company
Resolution date	December 27, 2011	March 29, 2012	March 28, 2013	December 25, 2013
Grantee information	1 Directors 10 Employees (Executive officer)	8 Directors (excluding external directors)	8 Directors (excluding external directors)	2 Directors 8 Employees (Executive officer)
Stock information *1	Common stock 71,392	Common stock 96,418	Common stock 99,716	Common stock 41,576
Grant date	January 12, 2012	April 17, 2012	April 15, 2013	January 14, 2014
Settlement	Equity-settled	Equity-settled	Equity-settled	Equity-settled
Vesting conditions	*2	*4	*4	*2
Length of service	—	—	—	—
Exercise period	From January 12, 2012 to January 11, 2042	From April 17, 2012 to April 16, 2042	From April 15, 2013 to April 14, 2043	From January 14, 2014 to January 13, 2044

Company name	Submitting Company	Submitting Company	Submitting Company	Submitting Company
Resolution date	March 28, 2014	December 25, 2014	March 27, 2015	December 25, 2015
Grantee information	8 Directors (excluding external directors)	7 Employees (Executive officer)	8 Directors (excluding external directors)	11 Employees (Executive officer)
Stock information *1	Common stock 82,672	Common stock 34,762	Common stock 73,062	Common stock 29,447
Grant date	April 15, 2014	January 13, 2015	April 13, 2015	January 12, 2016
Settlement	Equity-settled	Equity-settled	Equity-settled	Equity-settled
Vesting conditions	*4	*3	*4	*3
Length of service	—	—	—	—
Exercise period	From April 15, 2014 to April 14, 2044	From January 13, 2015 to January 12, 2045	From April 13, 2015 to April 12, 2045	From January 12, 2016 to January 11, 2046

Company name	Submitting Company
Resolution date	March 30, 2016
Grantee information	6 Directors (excluding external directors)
Stock information*1	Common stock 30,892
Grant date	April 18, 2016
Settlement	Equity-settled
Vesting conditions	*4
Length of service	—
Exercise period	From April 18, 2016 to April 17, 2046

*1:
The number of stock options granted are converted to the number of stock.
*2:
i)Directors
Directors can exercise the stock options warrant within ten days from the next day they are retired after their term of 1 year (exclude death), or lose their positions.
They have to exercise the stock options warrant in a lump.
ii)Executive officer
Executive officer can exercise the stock options warrant within ten days from the next day they are retired after their term of 1 year (exclude death), or lose their positions.
They have to exercise the stock options warrant in a lump. However, the board of directors can determine that certain directors can exercise their stock options warrant (not later than 1 year)divided proportionally to the term they are qualificated, when their terms in office are no more than 1 year or they lose their positions because they are retired during their tenure no more than 1 year. Fractional of divided stock options warrants are rounded off.
iii)Board of directors can determine the term to exercise stock options warrant, during the period mentioned above.
iv)Other conditions are fixed under the contract between the Company and guarantees based on the determination of the board of directors.
*3:
i)Executive officer can exercise the stock options warrant within ten days from the next day they are retired after their term of 1 year (exclude death), or lose their positions.
They have to exercise the stock options warrant in a lump. However, the board of directors can determine that certain directors can exercise their stock options warrant (not later than 1 year)divided proportionally to the term they are qualificated, when their terms in office are no more than 1 year or they lose their positions because they are retired during their tenure no more than 1 year or they are retired from employees or being directors. Fractional of divided stock options warrants are rounded off.
ii)Board of directors can determine the term to exercise stock options warrant, within the period mentioned above.
iii)Other conditions are fixed under the contract between the Company and guarantees based on the determination of the board of directors.
*4:
i)Executive officer can exercise the stock options warrant within ten days from the next day they are retired after their term of 1 year (exclude death), or lose their positions.
They have to exercise the stock options warrant in a lump.
ii)Board of directors can determine the term to exercise stock options warrant, within the period mentioned above.
iii)Other conditions are fixed under the contract between the Company and guarantees based on the determination of the board of directors.

② Numbers of stock options and weighted average exercise price

	2024 Number of shares	**2024** Weighted average exercise price (yen)	2023 Number of shares	2023 Weighted average exercise price (yen)
Beginning balance of outstanding	**80,607**	**1**	215,947	1
Granted	−	−	−	−
Expired	−	−	−	−
Exercised	−	−	135,340	1
Expired at maturity	−	−	−	−
Ending balance of outstanding	**80,607**	**1**	80,607	1
Ending balance of exercisable	−	−	−	−
Range of exercise price	−	**1**	−	1
Weighted average remaining term of contract	**20 years**		21 years	

③ Numbers of Exercised during the period

	2024 Number of shares	**2024** Weighted average exercise price (yen)	2023 Number of shares	2023 Weighted average exercise price (yen)
March 28, 2008	-	-	7,203	1,441
March 27, 2009	-	-	7,267	1,441
March 30, 2010	-	-	11,017	1,441
March 30, 2011	-	-	11,267	1,441
December 27, 2011	-	-	3,346	1,441
March 29, 2012	-	-	23,996	1,441
March 28, 2013	-	-	24,817	1,441
March 28, 2014	-	-	19,432	1,441
March 27, 2015	-	-	17,173	1,441
March 30, 2016	-	-	9,822	1,441

(2) Performance Share Plan

The Company introduced a performance share plan (hereinafter the "Plan") for the members of the board of directors (excluding outside directors) and executive officers (collectively, "Directors, etc.")for the aim of raising medium and long term performance and enhancing the value of the company.
The Company has introduced the Plan using a structure called a Board Incentive Plan (hereinafter "BIP Trust") . A BIP Trust is designed as an executive incentive plan based on the performance share plans and restricted stock plans in the U.S. The Company's shares that are acquired through the BIP Trust and amount equivalent to the converted value of such shares will be vested or paid to directors, etc. depending on the level of achievement of performance targets.

(3) Share-based Payment Expenses

Share-based Payment Expense for the fiscal year ended December 31, 2024 and 2023 were ¥226 million (U.S.$1,428 thousand) and ¥102 million , respectively.
These are recognized in the consolidated statements of profit or loss as selling general and administrative expenses.

Note 21: Equity

(1) Share capital
The following table presents changes in the number of outstanding shares and authorized shares.

	Thousands of shares	
	2024	2023
Number of authorized shares	**1,185,600**	1,185,600
Number of outstanding shares		
At beginning of period	**292,536**	292,536
Net change	**(8,103)**	-
At end of period	**284,432**	292,536

*1. All shares issued by the Company are ordinary shares which have no par value and no limitations on rights.
*2. The decrease in the number of shares issued was due to the retirement in treasury stock.

(2) Capital surplus
The Companies Act of Japan provides that more than one-half amount of contribution to the Company shall be recorded as share capital and the amount not recorded as share capital shall be recorded as capital surplus. The Companies Act of Japan also provides that capital reserve may be appropriated to the share capital by resolution of the shareholders meeting.

(3) Retained earnings
The Companies Act of Japan provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the earned reserve) be transferred to the capital reserve and the earned reserve, respectively, until the legal reserve equals 25% of the capital stock account.
Transferred earned reserves can be appropriated to reserve for future loss. The reversal of earned reserves is determined in the shareholders meeting.

(4) Treasury stock

	Thousands of shares	
	2024	2023
At beginning of period	**8,075**	8,304
Increase due to requests of shareholders owning odd lot shares of ordinary shares	**1**	1
Decrease due to request of shareholders owning odd lot shares of ordinary shares	**(0)**	-
Decrease due to exercise of stock options	-	(135)
Decrease due to sales of ordinary shares to the BIP Trust	**(31)**	(94)
Purchases	**8,103**	-
Retirement	**(8,103)**	-
At end of period	**8,045**	8,075

The increase in the number of shares due to purchases of treasury stock in the fiscal year ended December 31, 2024 is due to the Tokyo Stock Exchange's off-auction treasury stock repurchase (ToSTNeT-3).

(5) Dividends
Dividends paid for each year are as following:

Fiscal year ended December 31, 2024

Resolution	Type of stock	Total dividends		Dividends per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	($)		
February 14, 2024 Board of Directors	Ordinary shares	**3,705**	**23,429**	**13.00**	**0.08**	December 31, 2023	March 7, 2024
August 7, 2024 Board of Directors	Ordinary shares	**3,600**	**22,762**	**13.00**	**0.08**	June 30, 2024	September 4, 2024

The amount of total dividends approved by the board of directors on February 14, 2024 included dividends of ¥7 million(U.S.$50 thousand) dividend on the company's stock held by the BIP trust.
The amount of total dividends approved by the board of directors on August 7, 2024 included dividends of ¥7 million(U.S.$48 thousand) dividend on the company's stock held by the BIP trust.

Fiscal year ended December 31, 2023

Resolution	Type of stock	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
February 13, 2023 Board of Directors	Ordinary shares	3,704	13.00	December 31, 2022	March 2, 2023
August 7, 2023 Board of Directors	Ordinary shares	3,705	13.00	June 30, 2023	September 5, 2023

The amount of total dividends approved by the board of directors on February 13, 2023 included dividends of ¥9 million dividend on the company's stock held by the BIP trust.
The amount of total dividends approved by the board of directors on August 7, 2023 included dividends of ¥7 million dividend on the company's stock held by the BIP trust.

Dividends for which the effective date is in the following fiscal year are as follows:

Fiscal year ended December 31, 2024

Resolution	Type of stock	Total dividends		Dividends per share		Record date	Effective date
		(Millions of yen)	(Thousands of U.S. dollars)	(Yen)	($)		
February 13, 2025 Board of Directors	Ordinary shares	**3,877**	**24,513**	**14.00**	**0.09**	December 31, 2024	March 6, 2025

The amount of total dividends approved by the board of directors on February 13, 2025 included dividends of ¥8 million(U.S.$51 thousand) dividend on the company's stock held by the BIP trust.

Fiscal year ended December 31, 2023

Resolution	Type of stock	Total dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
February 14, 2024 Board of Directors	Ordinary shares	3,705	13.00	December 31, 2023	March 7, 2024

The amount of total dividends approved by the board of directors on February 14, 2024 included dividends of ¥7 million dividend on the company's stock held by the BIP trust.

Note 22: Other Comprehensive Income
Other comprehensive income during the years ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Items that will not be reclassified to profit or loss			
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income			
Gains/(losses) during the year	**¥1,693**	¥2,379	**$10,708**
Gains/(losses) before tax effect	**1,693**	2,379	**10,708**
Amount of tax effect	**(615)**	(575)	**(3,888)**
Gains/(losses) after tax effect	**¥1,078**	¥1,803	**$6,820**
Remeasurements of defined benefit plans			
Gains/(losses) during the year	**¥4,801**	¥5,564	**$30,357**
Gains/(losses) before tax effect	**4,801**	5,564	**30,357**
Amount of tax effect	**(1,492)**	(1,710)	**(9,436)**
Gains/(losses) after tax effect	**¥3,309**	¥3,853	**$20,921**
Share of other comprehensive income of investments accounted for using the equity method			
Gains/(losses) during the year	**¥(33)**	¥(74)	**$(210)**
Gains/(losses) before tax effect	**(33)**	(74)	**(210)**
Amount of tax effect	**-**	-	**-**
Gains/(losses) after tax effect	**¥(33)**	¥(74)	**$(210)**
Items that may be subsequently reclassified to profit or loss			
Net gain (loss) on derivatives designated as cash flow hedges			
Gains/(losses) during the year	**¥33**	¥29	**$210**
Gains/(losses) before tax effect	**33**	29	**210**
Amount of tax effect	**(10)**	(9)	**(64)**
Gains/(losses) after tax effect	**¥23**	¥20	**$146**
Exchange differences on translation of foreign operations			
Gains/(losses) during the year	**¥7,201**	¥4,284	**$45,525**
Reclassification during the year to profit or loss	**-**	-	**-**
Gains/(losses) before tax effect	**7,201**	4,284	**45,525**
Amount of tax effect	**-**	-	**-**
Gains/(losses) after tax effect	**¥7,201**	¥4,284	**$45,525**
Total			
Gains/(losses) during the year	**¥13,696**	¥12,183	**$86,591**
Reclassification during the year to profit or loss	**-**	-	**-**
Gains/(losses) before tax effect	**13,696**	12,183	**86,591**
Amount of tax effect	**(2,117)**	(2,295)	**(13,389)**
Gains/(losses) after tax effect	**¥11,579**	¥9,887	**$73,202**

Note 23: Revenue from contracts with customers

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 component units of the Group 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.
Therefore, the revenue recognized at reportable segments and relevant business are represented as net sales.
Moreover, Net sales are classified by country or geographic region based on customer location.

(1) Disaggregation of revenue
Disaggregation of revenue during the year ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen				
	2024				
	Japan	Asia		Other	Total
			Thailand		
Consumer Products Business	**¥222,663**	**¥523**	**¥ -**	**¥40**	**¥223,227**
Industrial Products Business	**35,020**	**2,706**	**736**	**434**	**38,161**
Overseas Business	**17**	**148,525**	**59,902**	**1,712**	**150,255**
Other	**1,298**	**-**	**-**	**-**	**1,298**
Total	**259,001**	**151,755**	**60,639**	**2,186**	**412,943**
Adjustment	**-**	**-**	**-**	**-**	**-**
Consolidated	**¥259,001**	**¥151,755**	**¥60,639**	**¥2,186**	**¥412,943**

	Millions of yen				
	2023				
	Japan	Asia		Other	Total
			Thailand		
Consumer Products Business	¥227,695	¥960	¥ -	¥23	¥228,679
Industrial Products Business	33,842	4,148	701	359	38,349
Overseas Business	-	132,602	54,518	1,515	134,118
Other	1,619	-	-	-	1,619
Total	263,157	137,711	55,219	1,898	402,767
Adjustment	-	-	-	-	-
Consolidated	¥263,157	¥137,711	¥55,219	¥1,898	¥402,767

	Thousands of U.S. dollars				
	2024				
	Japan	Asia		Other	Total
			Thailand		
Consumer Products Business	**$1,407,661**	**$3,311**	**$ -**	**$253**	**$1,411,226**
Industrial Products Business	**221,398**	**17,110**	**4,658**	**2,746**	**241,254**
Overseas Business	**113**	**938,963**	**378,697**	**10,824**	**949,900**
Other	**8,212**	**-**	**-**	**-**	**8,212**
Total	**1,637,383**	**959,384**	**383,355**	**13,824**	**2,610,591**
Adjustment	-	-	-	-	-
Consolidated	**$1,637,383**	**$959,384**	**$383,355**	**$13,824**	**$2,610,591**

The Consumer Products Business engages in the manufacture and sale of commodities and over-the-counter drugs, primarily in Japan.
Its customers are primarily corporate customers and private customers in Japan who engage in the wholesale or retail business.
The Industrial Products Business engages primarily in the manufacture and sale of chemical raw materials, industrial products and other items in Japan.
Its customers are primarily chemical manufacturers, hotels, restaurants, hospitals, nursing homes, schools, governments, companies, food factories, linen supply factories and laundry shops and so on. Manufacture and sales of these items are carried out overseas as well.
The Overseas Business engages mainly in the manufacture and sale of commodities by affiliated overseas businesses.
Its customers are primarily corporate customers overseas who engage in the wholesale or retail business.
Other Business includes subsidiaries located in Japan primarily undertake operations like construction contracting and so on, related to Group businesses.
See Note 3 "Material Accounting Policies (15) Revenue" regarding the timing of satisfaction of performance obligations in contracts with customers, the transaction price and the method of calculating the amount allocated to performance obligations.

(2) Contract balances
Contract balances with customers at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Receivables from contracts with customers			
Notes and accounts receivable	**¥74,953**	¥74,174	**$473,850**
Contract assets	**64**	80	**407**
Total	**¥75,017**	¥74,254	**$474,256**
Contract liabilities	**306**	300	**1,940**
Total	**¥306**	¥300	**$1,940**

The amount of revenue recognized during the fiscal years ended December 31, 2024 and 2023 included in contract liabilities at the beginning of the year is not significant.
The amount of revenue recognized from performance obligations satisfied or partially-satisfied during the past year is not significant.
Receivables from contracts with customers, contract assets are included in "Trade and other receivables".
Contract liabilities are included in "Trade and other payables".

(3) Transaction price allocated to the remaining performance obligations
The construction contract amount allocated to the remaining performance obligations during the years ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Amount allocated to the remaining performance obligations	**¥172**	¥113	**$1,091**

The Group applies the practical expedient under IFRS 15.121. The information on contracts that have an original expected duration of one year or less is not disclosed.
As of the transaction price allocated to the remaining performance obligations, the Group recognizes revenue in accordance with the progress of contract.
Expected term for the recognition of the total amount and revenue of transaction price allocated to the remaining performance obligations as of December 31, 2024 and 2023 is within 1 year, respectively.
In addition, there are no significant amounts in consideration from contracts with customers that are not included in transaction prices.

(4) Assets recognized from the costs to obtain or fulfill a contract with a customer
Closing balance of assets recognized from the costs incurred to obtain or fulfill a contract with a customer is not significant.

Note 24: Classification of Selling, General and Administrative Expenses

Classification of selling, general and administrative expenses during the years ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Personnel expenses	**¥53,905**	¥50,278	**$340,788**
Depreciation and amortization	**21,162**	20,201	**133,785**
Sales promotion expenses	**44,426**	38,768	**280,862**
Transportation and warehousing expenses	**21,609**	21,393	**136,611**
Advertising expenses	**18,679**	21,035	**118,088**

Note 25: Other Income

Other income during the years ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Royalty income	**¥900**	¥709	**$5,691**
Gain on disposal of non-current assets *1	**4,634**	-	**29,301**
Gain on transfer of businesses *2	**3,425**	664	**21,656**
Other	**1,096**	822	**6,929**
Total	**¥10,056**	¥2,196	**$63,577**

*1 Gain on disposal of non-current assets in the fiscal year ended December 31, 2024 are mainly due to the sale of real estate owned by Lion Expert Business Co., Ltd.

*2 Gain on transfer of businesses in the fiscal year ended December 31, 2024 are mainly due to the transfer of the businesses related to the drink brand products "Guronsan" and "Guromont".

(Changes in presentation)

“Gain on transfer of businesses,” which was included in “Other” in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year due to its increased importance in terms of amount. To reflect this change in presentation, the note for the previous consolidated fiscal year have been reclassified.

Note 26: Other Expenses

Other expenses during the years ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Loss on disposal of inventories	**¥736**	¥704	**$4,659**
Loss on disposal of non-current assets	**447**	716	**2,830**
Impairment loss *	**6,678**	187	**42,221**
Other	**137**	216	**872**
Total	**¥8,001**	¥1,824	**$50,583**

* Impairment loss of 6,678 million yen were included in “Other Expenses” in the current fiscal year. Significant impairment losses included an impairment loss of 2,213 million yen due to the decision to retire production facilities related to the home care business and an impairment loss of 4,034 million yen due to the decline in future profitability of the business.

Note 27: Leases
Leases as a lessee
The Group has entered into leases on certain buildings and other assets as a lessee.
Some leases contain renewal or purchase options.
In addition, lease arrangements do not have escalation clauses or restrictions.

①Income or expenses and cash flows recognized form lease transactions during the year ended December 31,2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Depreciation expense of Right-of-use assets			
Class of Underlying assets			
Buildings and structures	**¥1,722**	¥1,661	**$10,886**
Machinery and vehicles	**446**	518	**2,823**
Land	**101**	92	**639**
Other tangible assets	**69**	61	**439**
Total	**¥2,339**	¥2,333	**$14,787**
Interest expense on lease liabilities	**730**	739	**4,615**
Expense relating to short-term leases	**539**	736	**3,408**
Expense relating to leases of low-value assets	**701**	795	**4,432**
Total amount of lease cash-flows	**3,959**	4,149	**25,028**

②Book value of right-of-use assets at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Class of Underlying assets			
Buildings and structures	**¥28,306**	¥28,721	**$178,948**
Machinery and vehicles	**818**	978	**5,171**
Land	**1,065**	1,105	**6,733**
Other tangible assets	**478**	508	**3,022**
Total	**¥30,667**	¥31,313	**$193,874**

The amount of Right-of-Use assets increased in the fiscal years ended December 31,2024 and December 31,2023 was ¥1,626million (U.S$10,279 thousand) and ¥1,908 million, respectively.

③Lease liabilities
See " Note 30. Financial Instruments (3) Liquidity risk management " for the maturity analysis of lease liabilities.

Leases as a lessor
The Group provide rented dormitories and houses for employees as a part of welfare benefits, which are corresponding to the lease transaction as a lessor.
In addition, from the perspective of effective utilization of assets, the Group leases a portion of its land holdings to third parties.
The amount of lease income in each year and uncollected lease investment are not significant.

Note 28: Finance Income and Finance Costs

Finance income and finance expenses during the years ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Finance income			
Interest income			
Financial assets measured at amortized cost	**¥725**	¥494	**$4,585**
Dividend income			
Financial assets measured at fair value through other comprehensive income	**641**	508	**4,053**
Other Finance income			
Financial assets measured at fair value through profit or loss	**179**	-	**1,136**
Foreign exchange gains, net	**202**	102	**1,280**
Total	**¥1,748**	¥1,106	**$11,055**

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Finance costs			
Interest expenses			
Financial liabilities measured at amortized cost	**¥762**	¥774	**$4,820**
Other Finance costs			
Financial assets measured at fair value through profit or loss	**45**	68	**288**
Total	**¥807**	¥843	**$5,108**

Note 29: Earnings per Share

(1) Basic earnings per share

	2024	2023
Profit for the year attributable to owners of the parent (millions of yen)	**¥21,197**	¥14,624
Weighted average number of ordinary shares-basic (thousands of shares)	**277,054**	284,406
Basic earnings per share (yen)	**¥76.51**	¥51.42

	2024
Profit for the year attributable to owners of the parent (thousands of U.S. dollars)	**$134,009**
Weighted average number of ordinary shares-basic (thousands of shares)	**277,054**
Basic earnings per share (U.S. dollars)	**$0.48**

(2) Diluted earnings per share

	2024	2023
Profit for the year attributable to owners of the parent (millions of yen)	**¥21,197**	¥14,624
Adjustments to profit for the year (millions of yen)	**-**	-
Profit for the year used to calculate diluted earnings per share (millions of yen)	**21,197**	14,624
Weighted average number of ordinary shares (thousands of shares)	**277,054**	284,406
Stock options (thousands of shares)	**80**	121
Executive compensation BIP trust (thousands of shares)	**295**	286
Weighted average number of ordinary shares-diluted (thousands of shares)	**277,429**	284,813
Diluted earnings per share (yen)	**¥76.41**	¥51.35

	2024
Profit for the year attributable to owners of the parent (thousands of U.S. dollars)	**$134,009**
Adjustments to profit for the year (thousands of U.S. dollars)	**-**
Profit for the year used to calculate diluted earnings per share (thousands of U.S. dollars)	**134,009**
Weighted average number of ordinary shares (thousands of shares)	**277,054**
Stock options (thousands of shares)	**80**
Executive compensation BIP trust (thousands of shares)	**295**
Weighted average number of ordinary shares-diluted (thousands of shares)	**277,429**
Diluted earnings per share (U.S. dollars)	**$0.48**

Note 30: Financial Instruments

(1) Capital management
The Group's basic policy is to secure investment funds to sustain medium- to long-term growth and to maintain financial soundness.
The Group uses return on equity attributable to owners of the parent (ROE) and return on invested capital (ROIC) as important indicators.

	2024	2023
Return on equity attributable to owners of the parent (ROE)	7.4%	5.4%
Return on invested capital (ROIC)	5.8%	4.7%

Return on Invested Capital (ROIC) is NOPAT (Net Operating Profit After Tax) divided by average invested capital (total equity plus interest-bearing debt) for the period.
It is a measure of efficiency and profitability relative to invested capital.

(2)Credit risk management

The Group is exposed to credit risks such as a counterparty's default on its contractual obligations resulting in a financial loss of the group.
Notes and accounts receivable are trade receivables that expose the Group to customer credit risk.
The Group manages that risk with an internal process for investigating and approving customer credit on initial transactions, and by obtaining deposits, collateral or other guarantees as necessary.
The Group also manages due dates and outstanding balances by customer.
In addition, the Group is committed to early identification and mitigation of concerns about collection due to deterioration in the financial conditions of business partners.
The Group limits the use of derivatives to actual risk mitigation needs, and does not use derivatives for trading or other speculative purposes, and reduces credit risk by limiting transactions to highly creditworthy financial institutions.
In the events that these financial assets are deemed as default, including cases where the assets are still significantly past due, they are considered to be credit-impaired financial assets.
In the events that all or part of the financial assets are evaluated as uncollectable and the Group considers it is appropriate to write off the assets based on the results of credit checks, the Group directly writes off the book value of financial assets.
The carrying amount of financial assets in the consolidated statement of financial position represents the Group's maximum exposure to the credit risk of financial assets.

①Aging analysis
Aging analysis is not disclosed here because the Group does not have any long overdue accounts receivable.

②Allowance for doubtful receivables
Changes in the allowance for doubtful receivables of trade and other receivables and other financial assets are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
At beginning of year	¥80	¥63	$510
Increase during the year provision	44	17	283
Decrease (used)	(13)	(1)	(87)
Decrease (reversal)	(3)	(0)	(20)
Other	2	1	14
At end of year	¥110	¥80	$700

(3) Liquidity risk management
Liquidity risk is the risk that the Group may not be able to fulfill its obligation to pay financial liabilities, such as trade payables and loans.
The Group prepares scheduled financing plans and monitors cash liquidity.The Group also manages its funds effectively by operating cash providing system within the Group.
In this way, necessary funds are secured and Liquidity risk is reduced.
Financial liabilities by maturity date consist of the following.

	Millions of yen			
	2024			
	Carrying amount	Contract cash flow	Average interest rate	Maturity date
Non-derivative financial liabilities				
Trade and other payables	¥117,129	¥117,129	-	-
Borrowings	-	-	-	-
Lease liabilities	29,737	39,381	2.41%	October, 2052
Total	¥146,866	¥156,510	-	-

	Millions of yen					
	2024					
	Not later than 1 year	Later than 1 year but not later than 2 years	Later than 2 years but not later than 3 years	Later than 3 years but not later than 4 years	Later than 4 years but not later than 5 years	Later than 5 years
Non-derivative financial liabilities						
Trade and other payables	¥117,129	¥ -	¥ -	¥ -	¥ -	¥ -
Borrowings	-	-	-	-	-	-
Lease liabilities	2,734	2,477	2,160	1,559	1,485	28,963
Total	¥119,863	¥2,477	¥2,160	¥1,559	¥1,485	¥28,963

	Millions of yen			
	2023			
	Carrying amount	Contract cash flow	Average interest rate	Maturity date
Non-derivative financial liabilities				
Trade and other payables	¥126,158	¥126,158	-	-
Borrowings	148	151	1.79%	June, 2024
Lease liabilities	30,194	39,759	2.37%	October, 2052
Total	¥156,501	¥166,068	-	-

	Millions of yen					
	2023					
	Not later than 1 year	Later than 1 year but not later than 2 years	Later than 2 years but not later than 3 years	Later than 3 years but not later than 4 years	Later than 4 years but not later than 5 years	Later than 5 years
Non-derivative financial liabilities						
Trade and other payables	¥126,158	¥ -	¥ -	¥ -	¥ -	¥ -
Borrowings	151	-	-	-	-	-
Lease liabilities	2,545	2,285	2,006	1,594	1,383	29,944
Total	¥128,855	¥2,285	¥2,006	¥1,594	¥1,383	¥29,944

	Thousands of U.S. dollars			
	2024			
	Carrying amount	Contract cash flow	Average interest rate	Maturity date
Non-derivative financial liabilities				
Trade and other payables	$740,480	$740,480	-	-
Borrowings	-	-	-	-
Lease liabilities	188,000	248,966	2.41%	October, 2052
Total	$928,480	$989,446	-	-

	Thousands of U.S. dollars					
	2024					
	Not later than 1 year	Later than 1 year but not later than 2 years	Later than 2 years but not later than 3 years	Later than 3 years but not later than 4 years	Later than 4 years but not later than 5 years	Later than 5 years
Non-derivative financial liabilities						
Trade and other payables	**$740,480**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Borrowings	**-**	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**17,288**	**15,660**	**13,659**	**9,862**	**9,394**	**183,103**
Total	**$757,768**	**$15,660**	**$13,659**	**$9,862**	**$9,394**	**$183,103**

Average interest rate is a weighted average rate for the ending balance.
In addition, long-term deposits payable is not included above because it is operating guarantee to be returned when business is closed

(4) Exchange rate risk
The Group is engaged in business activities worldwide and is exposed to the risk of exchange rate fluctuations arising out of transactions entered into currencies other than its functional currency.
The Group settles transactions denominated in foreign currencies through foreign currency deposit accounts.
The Group is also hedging the risk using derivative instruments, such as foreign exchange contract.
Major exchange rates are as follows.

	Yen			
	2024		2023	
	Average exchange rate during the year	Closing rate	Average exchange rate during the year	Closing rate
U.S. dollar	**152.2**	**158.2**	141.2	141.8
Thai Baht	**4.3**	**4.6**	4.1	4.1

①Net Exposure to exchange rate risk is as follows.

	Millions of yen				Thousands of U.S. dollars	
	2024		2023		**2024**	
	U.S. dollar	Thai Baht	U.S. dollar	Thai Baht	U.S. dollar	Thai Baht
Financial instruments denominated in foreign currency	**¥4,073**	**¥345**	¥2,990	¥136	**$25,755**	**$2,184**

② Foreign currency sensitivity analysis
The impact on the profit before income taxes of a 10% appreciation of the yen is as follows.
This analysis is assuming that the other factors are constant and there is no significant impact of the net exposure of currencies other than U.S. dollar and Thai Baht.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
U.S. dollar	**¥(407)**	¥(299)	**$(2,576)**
Thai Baht	**¥(34)**	¥(13)	**$(218)**

*Above ( ) means the negative impact on the profit before income taxes.

(5) Interest rate risk
Interest-bearing liabilities the Group holds are exposed to the risk of fluctuations in interest rates.
However, the Group holds cash and cash equivalents in excess of interest-bearing debt and has minimal interest rate risk.
Interest rate sensitivity analysis is not disclosed here, because the impact of the fluctuation of market interest rate on profit or loss is limited.

(6) Price fluctuation risk
The Group is holding marketable stock of counterparties and these are exposed to the risk of the fluctuation of market price.
The Group manages the risk by monitoring the fair value of shares and financial conditions of the issuers and periodically reviewing the reasonableness of its holdings.

① Sensitivity analysis
The impact to the Net gain(loss) on revaluation of financial assets measured at fair value through other comprehensive income (before tax) on the Consolidated Statement of comprehensive Income of decreasing by 10% of the listed shares the Group holds is following.
This analysis is assuming that the other factors are constant.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Other comprehensive income (before tax)	**¥(1,812)**	¥(1,772)	**$(11,461)**

*Above ( ) means the negative impact on Other comprehensive income(before tax).

(7) Fair Value
①Fair Value of Financial Instruments
(1) Fair Value hierarchy level
The fair value hierarchy of financial instruments is categorized as follows, based on inputs used for fair value measurement.
Inputs include the stock price, foreign exchange rate and interest rate as well as index of financial instruments price and others.

Level 1: Fair value measured using quoted prices in active markets
Level 2: Fair value measured using inputs other than quoted prices categorized within Level 1 that are observable either directly or indirectly
Level 3: Fair value measured using inputs that are not based on observable market data

The fair value hierarchy of financial instruments measured at fair value is shown below.

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets				
Financial assets measured at fair value through profit or loss	¥ -	¥ -	**¥2,413**	**¥2,413**
Financial assets measured at fair value through other comprehensive income	**18,128**	-	**4,031**	**22,160**
Derivative assets for which hedge accounting is applied	-	**2**	-	**2**
Total	**¥18,128**	**¥ 2**	**¥6,444**	**¥24,575**
Financial liabilities				
Other financial liabilities				
Derivative liabilities for which hedge accounting is applied	¥ -	¥ -	¥ -	¥ -
Total	¥ -	¥ -	¥ -	¥ -

	Millions of yen			
	2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets				
Financial assets measured at fair value through profit or loss	¥ -	¥ -	¥1,922	¥1,922
Financial assets measured at fair value through other comprehensive income	17,723	-	3,366	21,089
Derivative assets for which	-	-	-	-
Total	¥17,723	¥ -	¥5,288	¥23,012

Financial liabilities				
Other financial liabilities				
Derivative liabilities for which	¥ -	¥30	¥ -	¥30
Total	¥ -	¥30	¥ -	¥30

	Thousands of U.S. dollars			
	2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets				
Financial assets measured at fair value through profit or loss	$ -	$ -	$15,256	$15,256
Financial assets measured at fair value through other comprehensive income	114,606	-	25,487	140,094
Derivative assets for which hedge accounting is applied	-	14	-	14
Total	$114,606	$ 14	$40,743	$155,363
Financial liabilities				
Other financial liabilities				
Derivative liabilities for which hedge accounting is applied	$ -	$ -	$ -	$0
Total	$ -	$0	$ -	$0

The Group processes transfers between levels of fair value hierarchy when there is an event or a change in circumstances that caused the transfer.
No financial instruments were transferred between levels of the fair value hierarchy for the fiscal years ended December 31, 2024 or 2023.

The measurement methods for the fair value of the main financial assets and liabilities are as follows.

(Derivative assets and liabilities)
Derivative assets and liabilities are measured based on prices provided by financial institution.

(Equity financial instruments)
A market value is used when it is available. A fair value of financial instrument having no market value available is estimated primarily based on the net asset-based evaluation model (a method to calculate corporate value based on net asset of a company issuing the shares or based on a revised amount if any matter requiring revision for the market evaluation).
Any fluctuation on fair value of financial instruments classified in level 3 that would be important in case of any change to unobservable inputs that reflect reasonably possible alternative assumptions are not expected.

(Debt financial instruments)
Debt financial instruments(Financial assets measured at fair value) consist primarily of investments in Limited Partnerships.
The fair value of investments in investment Limited Partnerships are measured based on the estimated fair value of the Limited Partnerships assets and the Company's share of such fair value.
Accordingly, the fair value measurement of investments in Limited Partnerships are classified as Level 3.

Changes in financial instruments categorized within Level 3 are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Beginning balance	¥5,289	¥4,596	$33,437
Gains (losses)*			
profit or loss	¥134	(¥43)	$848
other comprehensive income	242	60	1,532
Purchases	978	757	6,184
Sales	(104)	(50)	(658)
Others	(94)	(32)	(600)
Ending balance	¥6,444	¥5,289	$40,743

*Gains or losses on financial assets at fair value through profit or loss are recognized in "Finance income" and "Finance costs" in the consolidated statement of income.
Gains or losses on financial assets at fair value through other comprehensive income are recognized in "Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income" in the consolidated statement of comprehensive income.

Financial instruments categorized within Level 3 are primarily unlisted equity securities. Each responsible department of the Group measures the fair value based on the evaluation policy and procedures. The calculated Measurement results are approved by appropriate person in charge.

② Financial instruments measured at amortized cost
The following tables present the fair value of major financial instruments measured at amortized cost.
Book values of those that mostly are settled in a short while, or those using a variable rate by which a short-term market rate is being reflected are rational approximations of their fair values and therefore they are not included in the table below (primary cash and cash equivalents, trade and other receivables, trade and other payables).

		Millions of yen			
		2024			
	Book value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Borrowings	¥ -	¥ -	¥ -	¥ -	¥ -

		Millions of yen			
		2023			
	Book value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Borrowings	¥148	¥ -	¥148	¥ -	¥148

The measurement method for the fair value is as follows.
(Borrowings)
The fair values of borrowings are measured by discounting the future cash flows of principals and interests at an interest rate that would apply for a new loan borrowed under similar conditions.

③Equity financial instruments
Equity Securities are held by the Group for maintaining and strengthening the long-medium term relationship with companies.
The Group has designated such equity securities as financial assets measured at fair value through other comprehensive income.
Issuers names and fair values of these securities are as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	2024
Saha Pathanapibul Public Company Limited	¥4,506	¥4,233	$28,493
Saha Pathana Inter Holding Public Company Limited	3,819	3,790	24,145
ARATA CORPORATION	3,049	2,992	19,280
Takasago International Corp.	1,171	701	7,408
Maruzen Showa Unyu Co., Ltd.	1,154	738	7,300

The Group sells these equity financial instruments considering its fair values (market prices) and the necessity for business.
The total amounts of the fair value of such financial assets at the time of sale and the cumulative gains or losses on sales are as follows.
The cumulative gains or losses (after tax) recognized as other component of equity are transferred to the retained earnings at the time of sale.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Fair value	**¥1,075**	¥854	**$6,800**
Cumulative gains or losses	**603**	637	**3,812**

Dividend income from equity securities is as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Equity Securities derecognized in the period	**¥11**	¥9	**$75**
Equity Securities held at the end of the period	**629**	498	**3,979**

(8) Derivative and Hedge accounting
In order to hedge cash flow fluctuation risks caused by the foreign exchange fluctuations, the Group uses forward foreign exchange contracts as a hedging method and designates them as a cash flow hedge.
Details of the method of hedge accounting applied as a cash-flow hedge at December 31,2024 and 2023 are as follows.

	Millions of yen **2024**				
	Contract amount	More than 1 year	Book value		Account name on the Consolidated Statement of
			Assets	Liabilities	
Foreign exchange risk					
Forward foreign exchange contracts	**¥311**	**¥ -**	**¥2**	**¥ -**	Other financial liabilities

	Millions of yen 2023				
	Contract amount	More than 1 year	Book value		Account name on the Consolidated Statement of
			Assets	Liabilities	
Foreign exchange risk					
Forward foreign exchange contracts	¥461	¥ -	¥ -	¥30	Other financial liabilities

	Thousands of U.S. dollars **2024**				
	Contract amount	More than 1 year	Book value		Account name on the Consolidated
			Assets	Liabilities	
Foreign exchange risk					
Forward foreign exchange contracts	**$1,967**	**$ -**	**$ 14**	**$ -**	Other financial liabilities

Note 31: Commitments

The significant commitments to purchase property, plant and equipment and intangible assets at December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Property, plant and equipment and intangible assets	**¥8,411**	¥12,408	**$53,179**

Note 32: Contingencies

Contingencies at December 31, 2024 and 2023 consisted of the following:

Guarantees

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
PT. Lion Wings	**¥409**	¥546	**$2,586**
Employees	**230**	250	**1,457**
Total	**¥639**	¥797	**$4,043**

The Group has provided the above guarantee for the guarantors' borrowings.

Guarantees of ¥204 million (U.S. $1,293 thousand) included in the total guarantee of ¥639 million (U.S.$4,043 thousand) at December 31, 2024 were reguaranteed from others.

Guarantees of ¥273 million included in the total guarantee of ¥797 million at December 31, 2023 were reguaranteed from others.

Note 33: Transfer of businesses

(The year ended December, 31 2024)
Regarding the businesses related to the drink brand products "Guronsan" and "Guromont" in the general consumer goods businesses segment, the company entered into a businesses transfer agreement on February 14, 2024, and transferred through a businesses transfer on June 28, 2024.

The relationship concerning the assets related to the transfer, the transfer consideration, and the income from the businesses transfer is as follows.
In addition, the difference between the net amount of transferred assets and the total consideration received was recognized as gain on transfer of businesses.

	Millions of yen	Thousands of U.S. dollars
	2024	**2024**
Total consideration for transfer of businesses	**¥3,066**	**$19,385**
Assets of businesses Transfer		
Inventories	**262**	**1,658**
businesses Transfer-related Expenses	**133**	**841**
Gain on transfer of businesses (Note 1)	**¥2,671**	**$16,887**

(Note 1) Gain on transfer of businesses is included in "Other income" of the Consolidated Statement of Profit or Loss.

	Millions of yen	Thousands of U.S. dollars
	2024	**2024**
Consideration received in cash	**¥3,066**	**$19,385**
Net of cash acquired as a result of the transfer of businesses	**¥3,066**	**$19,385**

Net of cash acquired as a result of the transfer of businesses is included in "Proceeds from transfer of businesses" of the cash flows used in investing activities in the Consolidated Statement of Cash Flows.

The amount of sales related to the transferred businesses is as follows.

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Sales	**¥1,413**	¥2,995	**$8,935**

(The year ended December, 31 2023)
Regarding the businesses related to functional food products, including the "Lactoferrin" series, in the general consumer goods business segment, the company entered into an absorption-type split contract on May 9, 2023, and transferred through a company split on November 30, 2023.

The relationship concerning the assets related to the transfer, the transfer consideration, and the income from the business transfer is as follows.
In addition, the difference between the net amount of transferred assets and the total consideration received was recognized as gain on transfer of business.

	Millions of yen
	2023
Total consideration for transfer of businesses	**¥1,254**
Assets of Business Transfer	
Inventories	**166**
Other Current Liabilities (Note 1)	**249**
Business Transfer-related Expenses	**173**
Gain on transfer of businesses (Note 2)	**¥664**

(Note 1) Regarding the consideration that may be partially refunded, it is recorded as "Other Current Liabilities" on the consolidated statement of financial position.
(Note 2) Gain on transfer of businesses is included in "Other income" of the Consolidated Statement of Profit or Loss.

	Millions of yen
	2023
Consideration received in cash	**¥1,254**
Other Current Liabilities	**249**
Net of cash acquired as a result of the transfer of businesses	**¥1,005**

Net of cash acquired as a result of the transfer of businesses is included in "Proceeds from transfer of business " of the cash flows used in investing activities in the Consolidated Statement of Cash Flows.

The amount of sales related to the transferred business is as follows.

	Millions of yen	
	2023	2022
Sales	**¥2,300**	¥3,376

Note 34: Related Party

(1) Information about subsidiaries and affiliates
Consolidated Subsidiaries

Name	Location	Capitalization	Business	Voting shares held by the Company (%)	Nature of business relationship				
					Shared positions		Financial support	Transactions	Lease of facilities, etc.
					Company officers	Company employees			
(Note 1) Lion Chemical Co., Ltd.	Taito-ku, Tokyo	JPY7,800 million	Industrial products and Consumer products	100.0	2	10	Loans	Purchase of raw materials and merchandise	Rental of part of office space, facilities and land
Lion Expert Business Co., Ltd.	Taito-ku, Tokyo	JPY490 million	Other	100.0	1	8	None	Rental, dealing, and brokerage of real estate, insuring, and human resources services	Rental of part of office space and land
Lion Specialty Chemicals Co., Ltd.	Taito-ku, Tokyo	JPY400 million	Industrial products	100.0	2	9	Loans	Sale of merchandise and finished products and purchase of raw materials and merchandise	Lease of part of office space
Lion Hygiene Co., Ltd.	Taito-ku, Tokyo	JPY300 million	Industrial products	100.0	1	8	None	Sales and purchase of merchandise	Lease of part of office and warehouse space
Lion Pet Co., Ltd.	Taito-ku, Tokyo	JPY240 million	Consumer products	100.0	1	7	None	—	Lease of part of office space
Lion Engineering Co., Ltd.	Taito-ku, Tokyo	JPY100 million	Other	100.0	2	9	None	Design, construction, and maintenance of facilities	Lease of part of office space
Kyuzituhack Company, Ltd.	Taito-ku, Tokyo	JPY80 million	Other	100.0	—	4	None	—	Lease of part of office space
Lion Dental Products Co., Ltd.	Taito-ku, Tokyo	JPY10 million	Consumer products	100.0	1	7	None	Sale of merchandise and finished products	Lease of office space
(Note 1) Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.	Qingdao	USD39,065 thousand	Overseas business	100.0	1	8	None	Sale of merchandise and finished products and purchase of merchandise	—
Lion Home Products (Taiwan) Co., Ltd.	New Taipei City	TWD530,000 thousand	Overseas business	100.0	—	6	None	Sale of merchandise and finished products	—
Lion Corporation (Korea)	South Korea	KRW9,976,250 thousand	Overseas business	100.0	—	6	None	Sale of merchandise and finished products and purchase of merchandise	—
Lion Corporation (Singapore) Pte Ltd	Singapore	SGD9,000 thousand	Overseas business	100.0	—	3	None	Sale of merchandise and finished products	—
Lion Innovation Center (Shanghai) Co., Ltd.	Shanghai	USD2,500 thousand	Overseas business	100.0	—	4	None	Research and development	
Lion Corporation (Hong Kong) Ltd.	Hong Kong	HKD12,000 thousand	Overseas business	100.0	—	2	None	Sale of merchandise and finished products	—
Lion Advertising Ltd.	Hong Kong	HKD100 thousand	Overseas business	(Note 3) 100.0 (100.0)	—	2	None	—	—
(Note 1) Lion Kallol Limited	Bangladesh	BDT2,770,000 thousand	Overseas business	75.0	—	2	None	—	—
(Note 2) Lion Corporation (Thailand) Ltd.	Thailand	THB500,000 thousand	Overseas business	51.0	1	9	None	Sale of merchandise and finished products and purchase of merchandise	—
Health Care Service Co., Ltd.	Thailand	THB7,000 thousand	Overseas business	(Note 5) 100.0 (100.0)	—	—	None	—	—
Eastern Silicate Co., Ltd.	Thailand	THB500 thousand	Overseas business	(Note 5) 99.9 (99.9)	—	2	None	—	—
Southern Lion Sdn. Bhd.	Malaysia	MYR22,000 thousand	Overseas business	50.0	1	2	None	Sale of merchandise and finished products and purchase of merchandise	—
PT. Ipposha Indonesia	Indonesia	USD750 thousand	Overseas business	(Note 4) 100.0 (90.0)	—	3	None	—	—

Equity-method affiliates

Name	Location	Capitalization	Business	Voting shares held by the Company (%)	Nature of business relationship				
					Shared positions		Financial support	Transactions	Lease of facilities, etc.
					Company officers	Company employees			
Japan Retail Innovation Co., Ltd.	Minato-ku, Tokyo	JPY100 million	Consumer products	20.0	—	1	None	Sales promotion activities	—
Planet, Inc.	Minato-ku, Tokyo	JPY436 million	Other	15.6	1	—	None	Utilization of VANs	—
Yihai Kerry Lion (Shanghai) Clean Technology Co., Ltd.	Shanghai	RMB10,000 thousand	Overseas business	(Note 6) 49.0 (49.0)	—	3	None	Sale of merchandise and finished products	—
PT. Lion Wings	Indonesia	IDR64,062 million	Overseas business	48.0	1	3	None	Sale of merchandise and finished products	—
Merap Lion Holding Corporation	Vietnam	VND224,000 million	Overseas business	36.0	—	2	None	—	—

Notes: *1. Lion Chemical Co., Ltd., Lion Daily Necessities Chemicals (Qingdao) Co., Ltd.and Lion Kallol Limited are specified subsidiaries.
*2. Lion Corporation (Thailand) Ltd. accounts for more than 10% of consolidated net sales (excluding inter-company sales among consolidated companies).
*3. The voting shares of Lion Advertising Ltd. are held by Lion Corporation (Hong Kong) Ltd.
*4. 90% of PT. Epposha Indonesia's voting shares are held by Lion Specialty Chemicals Co., Ltd.
*5. The voting shares of Health Care Service Co., Ltd. and Eastern Silicate Company Limited are held by Lion Corporation (Thailand) Ltd.
*6.The voting shares of Yihai Kerry Lion (Shanghai) Clean Technology Co., Ltd. are held by Lion Hygiene Co., Ltd.
*7.Issua Corporation is excluded from the scope of consolidation as its liquidation was completed during the consolidated financial year.
*8. The figures in parentheses in the "Voting shares held by the Company" column are the percentages of total voting shares held indirectly by Lion Corporation.
*9. In addition to the companies listed above, there is one small-scale, equity-method company.

(2) Key management personnel compensation
Key management personnel compensation during the years ended December 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	**2024**
Short-term benefits	**¥377**	¥343	**$2,386**
Share-based payment	**132**	56	**836**
Total	**¥509**	¥400	**$3,218**

(3) Related party transactions

Type	Name	Contents of transactions	Millions of yen		
			2024		
			Transaction amount of the transactions	Outstanding balances	Allowance for doubtful accounts
Affiliates	PT. Lion Wings	Loan guarantee	**¥409**	**¥ -**	**¥ -**

The Group has provided the above guarantees for the borrowings of an affiliate.
The transaction amount of the transaction is the balance at the end of the year.

Type	Name	Contents of transactions	Millions of yen		
			2023		
			Transaction amount of the transactions	Outstanding balances	Allowance for doubtful accounts
Affiliates	PT. Lion Wings	Loan guarantee	¥546	¥ -	¥ -

The Group has provided the above guarantees for the borrowings of an affiliate.
The transaction amount of the transaction is the balance at the end of the year.

Type	Name	Contents of transactions	Thousands of U.S. dollars		
			2024		
			Transaction amount of the transactions	Outstanding balances	Allowance for doubtful accounts
Affiliates	PT. Lion Wings	Loan guarantee	**$2,586**	**$ -**	**$ -**

The Group has provided the above guarantees for the borrowings of an affiliate.
The transaction amount of the transaction is the balance at the end of the year.

Note 35: Subsequent Event

None

Independent Auditor's Report

The Board of Directors
Lion Corporation

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Lion Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of profit or loss, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Calculation of the refund liabilities in the form of discounts, rebates, etc.	
Description of Key Audit Matter	**Auditor's Response**
As described in "Note 3: Material Accounting Policies (15) Revenue", revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, considering discounts, rebates and returns, etc., and the consideration that the Group expects to refund to customers is recorded as refund liabilities. Refund liabilities in the form of discounts, rebates, etc. are determined using the most likely outcome method based on the terms of the relevant contracts, past performance, and other factors. The Group recorded refund liabilities of ¥6,843 million at the end of the current consolidated fiscal year, as described in "Note 14: Trade and Other Payables". Refund liabilities are incurred mainly in the consumer products business, where the business environment is changing dramatically and sales competition is intensifying, there is a large number of contracts, and the terms of the contracts vary widely. Therefore, given the complicated nature of the calculation process for the refund liabilities, the calculation at the end of the current fiscal year is especially significant in the audit of the consolidated financial statements, and we have determined it to be a key audit matter.	The audit procedures we performed for calculation of the refund liabilities at the end of the current fiscal year include the following, among others: ・We selected samples of the promotional expense schedules used in the calculations for the amounts of the refund liabilities recorded and matched it to the contracts, settlement agreements, and other supporting documentation. ・We performed an analysis of the year-to-year changes in the refund liabilities and the percentage of sales deductions to determine whether there have been any significant changes in the calculation method. ・We compared the balance of refund liabilities at the end of the previous fiscal year to the actual payments, evaluated internal controls and examined the impact on the calculation method of the refund liabilities at the end of the current fiscal year. ・We reviewed the recorded amounts by comparing the balance of refund liabilities at the end of the current fiscal year to the actual payments and the amount of accrued expenses subsequent to the end of the current fiscal year.

<table>
<tr><td colspan="2">Measurement of impairment loss on property, plant and equipment and intangible assets belonging to the home care business</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>As described in “Note 10: Property, Plant and Equipment (2) Impairment loss”, the Company determined that there were indications of impairment in the asset group that constitutes the home care business in the Consumer Products Business due to changes in future revenue based on the Company’s business restructuring fostered in response to the changes in the business environment. As a result of conducting an impairment test, the Company recorded an impairment loss of ¥4,034 million for the current consolidated fiscal year.

The Company measures recoverable amount of the asset group based on value in use, which is calculated by discounting the estimated future cash flows to their present value using discount rate derived from the weighted average cost of capital. These future cash flows are based on business plans approved by management and assume growth after the term of the business plan. The key assumptions used in calculating value in use are the future sales forecasts stated in the business plan, and growth rate and discount rate for the period beyond the business plan.

During the current consolidated fiscal year, the Company has fostered business restructuring activities within the Consumer Products Business. However, due to unpredictable factors in the business environment, there is uncertainty, especially in future sales forecasts of the business. In addition, the growth rate for the period beyond the business plan is determined by management. Furthermore, the selection of information used in determining discount rate is based on management's judgment, but it requires a high degree of specialized knowledge and has a significant impact on calculating value in use.</td><td>The audit procedures we performed for assessing the value in use in the measurement of the impairment loss on property, plant and equipment and intangible assets belonging to the home care business in the Consumer Products Business include the following, among others:

・We compared the prior year business plans with subsequent actual figures to evaluate the effectiveness of management’s estimation process.

・We considered the consistency between future cash flows and the business plan approved by management.

・We performed the following audit procedures for future sales forecasts:

―We inquired of management about the Company’s business restructuring.

―We inquired of management and the responsible business division about the recent performance of the home care business, market trends, and sales strategies.

―We obtained breakdowns of future sales forecasts for the home care business by product and compared them to the most recent actual performance and trend.

―We inspected available external information on the market environment and market share of the Company’s home care business products.

・To ascertain the reasonableness of the growth rate for the period beyond the business plan, we compared the rate to inflation rate of projection issued by external organizations.

・We performed the following audit procedures for discount rate:

―We evaluated the method used to determine discount rate based on discount rate derived from the weighted average cost of capital.</td></tr>
</table>

Based on the above, we have determined that the measurement of the impairment loss on property, plant and equipment and intangible assets belonging to the home care business in the Consumer Products Business, is of particular significance for the audit of the consolidated financial statements in the current consolidated fiscal year, and accordingly, we have determined that this is a key audit matter.	―We examined the reasonableness of the selection of the input data used, as well as the consistency between the input information and external information. We examined the valuation method, growth rate, and discount rate used in calculating value in use by involving valuation specialists from our network firm.

Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon.

We have concluded that the other information does not exist. Accordingly, we have not performed any work related to the other information.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRS Accounting Standards, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRS Accounting Standards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended December 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2(d) to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of Lion Corporation and its subsidiaries and other services provided by us and other EY member firms for the year ended December 31, 2024 are 167 million yen and 37 million yen, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

March 27, 2025

Miki Hayashi
Designated Engagement Partner
Certified Public Accountant

Masayuki Tada
Designated Engagement Partner
Certified Public Accountant