



Summary of Consolidated Financial Statements for the Nine Months Ended September 30, 2022 [IFRS]

November 4, 2022

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

Representative: Masazumi Kikukawa, Representative Director, President and Executive Officer
Contact: Akihiko Takeo, Director of Finance Department
Telephone: +81-3-3621-6211

Scheduled date of filing of quarterly financial report: November 11, 2022
Start date of payment of dividend: —
Supplementary materials prepared for quarterly results: Yes
Quarterly results information meeting held: Yes (for institutional investors, analysts, etc.)

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

1. Consolidated Results for the Nine Months Ended September 30, 2022 (January 1, 2022 – September 30, 2022)

(1) Consolidated Results (cumulative)

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2022	286,141	6.9	22,396	(12.1)	24,709	(10.7)
Nine months ended September 30, 2021	267,592	2.1	25,477	(33.4)	27,682	(30.3)

	Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2022	17,756	(12.6)	17,107	(10.1)	24,268	10.8
Nine months ended September 30, 2021	20,306	(29.3)	19,029	(30.1)	21,898	(11.9)

Note: Core operating income for the nine months ended September 30, 2022 was ¥17,225 million (down 32.2% year on year). Core operating income for the nine months ended September 30, 2021 was ¥25,394 (down 15.0% year on year).

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2022	60.04	59.93
Nine months ended September 30, 2021	65.46	65.35

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Millions of yen	Millions of yen	Millions of yen	%
September 30, 2022	417,085	271,378	256,802	61.6
December 31, 2021	428,025	265,014	251,572	58.8

2. Dividends

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

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

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

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal 2022	375,000	2.4	27,500	(11.8)	20,000	(15.8)	68.79

Notes: 1. Core operating income forecast: Fiscal 2022: ¥23,000 million

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

Notes

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

As of September 30, 2022:	292,536,446 shares
As of December 31, 2021:	299,115,346 shares
 - b. Number of treasury stocks on balance sheet date:

As of September 30, 2022:	8,303,900 shares
As of December 31, 2021:	8,382,512 shares
 - c. Average number of shares outstanding over period

Nine months ended September 30, 2022:	284,940,705 shares
Nine months ended September 30, 2021:	290,728,495 shares

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

* Appropriate use of results forecasts; other special items

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

Contents

1. Qualitative Information Concerning the Results of Operations for the First Nine Months of the Current Fiscal Year	2
(1) Consolidated Performance.....	2
(2) Financial Status	8
(3) Forecast of Consolidated Financial Results	8
2. Condensed Consolidated Financial Statements and Notes	9
(1) Condensed Consolidated Statement of Financial Position	9
(2) Condensed Consolidated Statement of Income and Statement of Comprehensive Income ----	11
(3) Condensed Consolidated Statement of Changes in Equity	13
(4) Notes to Condensed Consolidated Financial Statements	16
Notes relating to the assumption of a going concern	16
Segment Information	16

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

(1) Consolidated Performance

Consolidated results for the first nine months of fiscal 2022 (January 1, 2022–September 30, 2022) are as follows. Net sales amounted to ¥286,141 million, a year-on-year increase of 6.9% (or a 3.9% increase at constant currency excluding exchange rate fluctuations). Core operating income came to ¥17,225 million, down 32.2% compared with the previous fiscal year, and operating profit to ¥22,396 million, down 12.1% year on year. Profit for the period attributable to owners of the parent totaled ¥17,107 million, down 10.1% compared with the previous fiscal year.

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

The operating environment became more challenging, as the ongoing COVID-19 pandemic and increasingly grave situation with Ukraine contributed to an uncertain economic outlook. In particular, Lion was affected by rising raw material costs attributable to soaring resource prices and exchange rate fluctuations. Amid these circumstances, the entire Lion Group worked as one to achieve the targets of the first year of the medium-term management plan.

In its domestic operations, Lion focused on cultivating markets for such high-value-added products as toothpastes, toothbrushes, household cleaners and antipyretic analgesics. In its overseas operations, in addition to efforts to expand its business in the personal care field, which includes oral care and beauty care products, the Group focused on bolstering its competitiveness in the home care field, which includes such products as laundry detergents. Both in Japan and overseas, the Group worked to increase the efficiency of sales promotion efforts and further reduce costs to secure profitability.

Consolidated Results

(Millions of yen)

	Nine months ended September 30, 2022	Ratio to net sales	Nine months ended September 30, 2021	Ratio to net sales	Change	Change (%)
Net sales	286,141		267,592		18,549	6.9%
Core operating income	17,225	6.0%	25,394	9.5%	(8,169)	(32.2%)
Operating profit	22,396	7.8%	25,477	9.5%	(3,081)	(12.1%)
Profit for the period attributable to owners of the parent	17,107	6.0%	19,029	7.1%	(1,921)	(10.1%)

Notes: 1. Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.

2. Operating profit includes gain on transfer of land held by a consolidated subsidiary (transferred January 31, 2022).

Results by Business

(Millions of yen)

	Net sales				Segment profit (core operating income)			
	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change (%)	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change (%)
Consumer Products	193,009	187,024	5,984	3.2%	8,972	15,970	(6,997)	(43.8%)
Industrial Products	42,333	36,855	5,478	14.9%	2,396	2,393	2	0.1%
Overseas	96,267	81,406	14,861	18.3%	3,358	4,775	(1,416)	(29.7%)
Other	11,287	22,822	(11,534)	(50.5%)	867	1,747	(879)	(50.3%)
Subtotal	342,898	328,108	14,790	4.5%	15,595	24,886	(9,291)	(37.3%)
Adjustment	(56,756)	(60,515)	3,758	—	1,630	508	1,121	—
Total	286,141	267,592	18,549	6.9%	17,225	25,394	(8,169)	(32.2%)

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

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

Results by business segment are as follows.

Consumer Products Business

The Consumer Products Business segment comprises the Oral Care Products, Beauty Care Products, Fabric Care Products, Living Care Products, Pharmaceutical Products and Other Products businesses. Segment net sales increased 3.2% compared with the previous fiscal year. Segment profit decreased 43.8%.

(Millions of yen)

	Nine months ended September 30, 2022	Ratio to net sales	Nine months ended September 30, 2021	Ratio to net sales	Change	Change (%)
Net sales	193,009		187,024		5,984	3.2%
Segment profit	8,972	4.6%	15,970	8.5%	(6,997)	(43.8%)

Note: Net sales include internal sales within and among segments, which amounted to ¥25,698 million in the first nine months of fiscal 2022 and ¥20,076 million in the first nine months of fiscal 2021.

Net Sales by Product Segment

(Millions of yen)

	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change (%)
Oral Care Products	52,043	49,884	2,158	4.3%
Beauty Care Products	19,805	18,508	1,297	7.0%
Fabric Care Products	43,934	44,020	(85)	(0.2%)
Living Care Products	17,068	18,313	(1,245)	(6.8%)
Pharmaceutical Products	17,912	18,480	(567)	(3.1%)
Other Products	42,244	37,817	4,427	11.7%

Oral Care Products

In toothpastes, sales of *CLINICA ADVANTAGE Toothpaste* were strong, and new *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste Yokubari na BIHAKU (Whitening)* and *CLINICA PRO* toothpastes received favorable customer reviews. Overall sales increased year on year.

In toothbrushes, sales of *CLINICA ADVANTAGE Toothbrush* and *NONIO Toothbrush* were strong, and overall sales increased year on year.

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

Beauty Care Products

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

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

Fabric Care Products

In fabric softeners, sales of *SOFLAN Premium Deodorizer* decreased year on year, but those of *SOFLAN Aroma Rich* were strong. Overall sales were up year on year.

In laundry detergents, sales of liquid laundry detergents *TOP Clear Liquid* and *Kaori Tsuzuku (Long-Lasting Fragrance) Top* fell year on year, but sales of highly concentrated liquid laundry detergent *TOP SUPER NANOX For Odors* were strong. Overall sales increased year on year.

In bleaches, sales of the *Bright* were down year on year, and overall sales decreased year on year.

Living Care Products

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

In household cleaners, sales of bath detergent *LOOK Plus Bath Cleansing* and *LOOK Plus Bath Antimold Fogger* were up year on year, but sales of toilet cleaners fell year on year. Overall sales edged down year on year.

Pharmaceutical Products

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

In eye drops, sales of the *Smile 40EX GOLD* series, which saw the addition of new products, were up year on year, and overall sales increased year on year.

In acne medicines, sales of *PAIR® Acne Cream W* decreased year on year, and overall sales fell year on year.

Other Products

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

In direct-to-consumer sales products, sales of *Intestinal Effect Nice rim essence Lactoferrin* were down year on year, and overall sales were down year on year.

In addition to the above, Group internal sales recorded by manufacturing subsidiaries increased significantly.

Industrial Products Business

The Industrial Products Business segment includes the Mobility, Electronics and Detergents for Institutional Use Products fields. These businesses handle products that include anti-sticking agents for tires, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales increased 14.9% compared with the previous fiscal year. Segment profit increased 0.1%.

(Millions of yen)

	Nine months ended September 30, 2022	Ratio to net sales	Nine months ended September 30, 2021	Ratio to net sales	Change	Change (%)
Net sales	42,333		36,855		5,478	14.9%
Segment profit	2,396	5.7%	2,393	6.5%	2	0.1%

Note: Net sales include internal sales within and among segments, which amounted to ¥14,650 million in the first nine months of fiscal 2022 and ¥11,658 million in the first nine months of fiscal 2021.

In the Mobility field, sales of anti-sticking agents for tires and mold releasing agent for rubber were strong, and overall sales increased significantly year on year.

In the Electronics field, sales of conductive carbon for vehicle batteries were strong, and overall sales were up substantially year on year.

In the Detergents for Institutional Use Products field, sales of hand soaps were down year on year, but sales of alcohol sanitizers for kitchen use were strong, and overall sales were up year on year.

Overseas Business

The Overseas Business segment comprises business operations located in Southeast Asia, including Thailand and Malaysia, and Northeast Asia, including South Korea and China. Segment net sales increased 18.3% year on year (or a 7.6% increase at constant currency excluding exchange rate fluctuations). Due in part to the significant impact of rising raw material prices in Southeast Asia, segment profit decreased 29.7% year on year.

(Millions of yen)

	Nine months ended September 30, 2022	Ratio to net sales	Nine months ended September 30, 2021	Ratio to net sales	Change	Change (%)
Net sales	96,267		81,406		14,861	18.3%
Segment profit	3,358	3.5%	4,775	5.9%	(1,416)	(29.7%)

Note: Net sales include internal sales within and among segments, which amounted to ¥8,159 million in the first nine months of fiscal 2022 and ¥7,777 million in the first nine months of fiscal 2021.

Net Sales by Region

(Millions of yen)

		Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change	Change (%)
Southeast Asia	Net sales	61,108	51,247	9,860	19.2%
	Segment profit	1,485	3,111	(1,625)	(52.3%)
Northeast Asia	Net sales	35,159	30,158	5,001	16.6%
	Segment profit	1,873	1,663	209	12.6%

Net Sales by Region

In Southeast Asia, overall sales were up 19.2% year on year (or up 9.1% at constant currency excluding exchange rate fluctuations), but segment profit was down 52.3%.

In Thailand, sales of laundry detergents were down year on year, but sales of body washes were strong. Overall sales after yen conversions were up year on year.

In Malaysia, sales of *TOP* laundry detergent were strong. Overall sales after yen conversions were up significantly year on year.

In Northeast Asia, overall sales were up 16.6% year on year (or up 5.0% at constant currency excluding exchange rate fluctuations), and segment profit was up 12.6%.

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

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

Other (Construction Contracting Business, etc.)

(Millions of yen)

	Nine months ended September 30, 2022	Ratio to net sales	Nine months ended September 30, 2021	Ratio to net sales	Change	Change (%)
Net sales	11,287		22,822		(11,534)	(50.5%)
Segment profit	867	7.7%	1,747	7.7%	(879)	(50.3%)

Note: Net sales include internal sales within and among segments, which amounted to ¥8,230 million in the first nine months of fiscal 2022 and ¥20,935 million in the first nine months of fiscal 2021.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	September 30, 2022	December 31, 2021	Change
Total assets (millions of yen)	417,085	428,025	(10,940)
Total equity (millions of yen)	271,378	265,014	6,364
Ratio of equity attributable to owners of the parent to total assets (%)	61.6	58.8	2.8

Total assets fell ¥10,940 million compared with the previous consolidated fiscal year-end to ¥417,085 million. This was primarily attributable to a decrease in cash and cash equivalents. Total equity increased ¥6,364 million to ¥271,378 million. The ratio of equity attributable to owners of the parent to total assets stood at 61.6%.

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on February 14, 2022 for the full fiscal year.

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

JPY110 = USD1.00

JPY3.4 = THB1.00

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2021	September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	97,250	85,109
Trade and other receivables	70,115	66,004
Inventories	51,714	55,744
Other financial assets	6,656	6,506
Other current assets	6,413	3,759
Total current assets	232,150	217,124
Non-current assets		
Property, plant and equipment	120,673	125,658
Goodwill	182	327
Intangible assets	23,975	24,131
Right-of-use assets	5,416	4,918
Investments accounted for using the equity method	6,935	9,482
Deferred tax assets	6,005	4,983
Retirement benefit assets	9,768	7,001
Other financial assets	21,815	22,579
Other non-current assets	1,100	878
Total non-current assets	195,875	199,961
Total assets	428,025	417,085

Lion Corporation (Code 4912): Consolidated Financial Statements
for the Nine Months Ended September 30, 2022

(Millions of yen)

	December 31, 2021	September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	123,146	106,572
Borrowings	1,411	1,421
Income tax payables	2,470	1,422
Provisions	1,673	1,900
Lease liabilities	1,483	1,334
Other financial liabilities	855	995
Other current liabilities	8,178	7,298
Total current liabilities	139,218	120,945
Non-current liabilities		
Borrowings	392	271
Deferred tax liabilities	1,270	1,529
Retirement benefit liabilities	12,684	13,607
Provisions	332	335
Lease liabilities	5,088	4,554
Other financial liabilities	2,469	2,377
Other non-current liabilities	1,554	2,084
Total non-current liabilities	23,792	24,761
Total liabilities	163,011	145,706
Equity		
Share capital	34,433	34,433
Capital surplus	35,189	30,960
Treasury stock	(4,731)	(8,056)
Other components of equity	9,311	15,459
Retained earnings	177,370	184,005
Equity attributable to owners of the parent	251,572	256,802
Non-controlling interests	13,442	14,576
Total equity	265,014	271,378
Total liabilities and equity	428,025	417,085

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

Condensed Consolidated Statement of Income

Nine months ended September 30, 2021 and 2022

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Net sales	267,592	286,141
Cost of sales	(134,365)	(158,476)
Gross profit	133,227	127,664
Selling, general and administrative expenses	(107,832)	(110,439)
Other income	839	6,207
Other expenses	(756)	(1,036)
Operating profit	25,477	22,396
Finance income	552	896
Finance costs	(102)	(95)
Share of profit of investments accounted for using the equity method	1,755	1,511
Profit before tax	27,682	24,709
Income taxes	(7,376)	(6,952)
Profit for the period	20,306	17,756
Profit for the period attributable to:		
Owners of the parent	19,029	17,107
Non-controlling interests	1,276	648
Profit for the period	20,306	17,756
Earnings per share		
Basic (Yen)	65.46	60.04
Diluted (Yen)	65.35	59.93

Condensed Consolidated Statement of Comprehensive Income

Nine months ended September 30, 2021 and 2022

(Millions of yen)

	Nine months ended September 30, 2021	Nine months ended September 30, 2022
Profit for the period	20,306	17,756
Other comprehensive income		
Items that will not be reclassified as profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	(421)	550
Remeasurements of defined benefit plans	1,760	(1,470)
Share of other comprehensive income (loss) of investments accounted for using the equity method	27	10
Total items that will not be reclassified as profit or loss	1,365	(909)
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	0	16
Exchange differences on translation of foreign operations	252	7,405
Share of other comprehensive income (loss) of investments accounted for using the equity method	(26)	—
Total items that may be subsequently reclassified as profit or loss	225	7,422
Total other comprehensive income, net of tax	1,591	6,512
Comprehensive income for the period	21,898	24,268
Comprehensive income for the period attributable to:		
Owners of the parent	20,957	22,067
Non-controlling interests	941	2,201
Comprehensive income for the period	21,898	24,268

(3) Condensed Consolidated Statement of Changes in Equity

Nine months ended September 30, 2021

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Subscription rights to shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2021	34,433	34,986	(4,739)	138	10,592	—
Profit for the period						
Other comprehensive income					(354)	1,760
Total comprehensive income for the period	—	—	—	—	(354)	1,760
Dividends						
Acquisition of treasury stock			(2)			
Disposal of treasury stock		1	10	(2)		
Share-based payments		68				
Transfer from other components of equity to retained earnings					(2,091)	(1,760)
Total transactions with owners	—	69	8	(2)	(2,091)	(1,760)
Balance at September 30, 2021	34,433	35,055	(4,731)	135	8,147	—

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total			
	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Total					
Balance at January 1, 2021	(0)	(654)	10,076	156,965	231,723	13,133	244,856	
Profit for the period			—	19,029	19,029	1,276	20,306	
Other comprehensive income	0	521	1,927		1,927	(335)	1,591	
Total comprehensive income for the period	0	521	1,927	19,029	20,957	941	21,898	
Dividends			—	(6,977)	(6,977)	(1,391)	(8,368)	
Acquisition of treasury stock			—		(2)		(2)	
Disposal of treasury stock			(2)		8		8	
Share-based payments			—		68		68	
Transfer from other components of equity to retained earnings			(3,851)	3,851	—		—	
Total transactions with owners	—	—	(3,854)	(3,125)	(6,902)	(1,391)	(8,293)	
Balance at September 30, 2021	0	(132)	8,150	172,868	245,777	12,683	258,460	

Nine months ended September 30, 2022

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Subscription rights to shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2022	34,433	35,189	(4,731)	135	8,541	—
Profit for the period						
Other comprehensive income					509	(1,470)
Total comprehensive income for the period	—	—	—	—	509	(1,470)
Dividends						
Acquisition of treasury stock			(10,001)			
Disposal of treasury stock		1	46	(12)		
Cancellation of treasury stock		(4,259)	6,630			
Share-based payments		27				
Change in scope of consolidation						
Transfer from other components of equity to retained earnings					(269)	1,470
Total transactions with owners	—	(4,229)	(3,324)	(12)	(269)	1,470
Balance at September 30, 2022	34,433	30,960	(8,056)	123	8,781	—

Lion Corporation (Code 4912): Consolidated Financial Statements
for the Nine Months Ended September 30, 2022

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Net gain (loss) on derivatives designated as cash flow hedges	Exchange differences on translation of foreign operations	Total				
Balance at January 1, 2022	—	634	9,311	177,370	251,572	13,442	265,014
Profit for the period			—	17,107	17,107	648	17,756
Other comprehensive income	16	5,902	4,959		4,959	1,552	6,512
Total comprehensive income for the period	16	5,902	4,959	17,107	22,067	2,201	24,268
Dividends			—	(6,899)	(6,899)	(1,093)	(7,992)
Acquisition of treasury stock			—		(10,001)		(10,001)
Disposal of treasury stock			(12)		35		35
Cancellation of treasury stock			—	(2,371)	—		—
Share-based payments			—		27		27
Change in scope of consolidation			—		—	25	25
Transfer from other components of equity to retained earnings			1,201	(1,201)	—		—
Total transactions with owners	—	—	1,188	(10,472)	(16,837)	(1,067)	(17,904)
Balance at September 30, 2022	16	6,537	15,459	184,005	256,802	14,576	271,378

(4) Notes to Condensed Consolidated Financial Statements

Notes relating to the assumption of a going concern

Not applicable.

Segment Information

(1) Overview of reportable segments

The Group's reportable segments are component units of the Company for which separate financial information is available and that are subject to regular review by the Board of Directors for the purpose of making decisions regarding the allocation of management resources and evaluating business performance.

The Group's business divisions are organized by product category; each business division formulates a comprehensive strategy and carries out business activities for the products it handles. Affiliated companies in Japan undertake business activities pertinent to the characteristics of their respective products and services.

Affiliated companies located overseas are independent management units that conduct business activities pertinent to the characteristics of the regions in which they operate.

Accordingly, the Group comprises three reportable segments divided by product and service type and by region, which are, in turn, based on business divisions and companies; namely, the reportable segments are Consumer Products Business, Industrial Products Business and Overseas Business.

The Group's reportable segments are as follows.

A. Consumer Products Business

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

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

B. Industrial Products Business

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

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

C. Overseas Business

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

D. Other Business

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

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

(2) Net Sales and Performance of Reportable Segments

Nine months ended September 30, 2021

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
External	166,948	25,196	73,628	1,886	267,660	(68)	267,592
Intersegment ¹	20,076	11,658	7,777	20,935	60,447	(60,447)	—
Total	187,024	36,855	81,406	22,822	328,108	(60,515)	267,592
Core operating income	15,970	2,393	4,775	1,747	24,886	508	25,394
Other income							839
Other expenses							(756)
Operating profit							25,477
Finance income							552
Finance costs							(102)
Share of profit of investments accounted for using the equity method							1,755
Profit before tax							27,682

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A positive ¥508 million adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
 3. Core operating income is reconciled with gross profit as follows.

Gross profit	133,227
<u>Selling, general and administrative expenses</u>	<u>(107,832)</u>
Core operating income	25,394

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

Nine months ended September 30, 2022

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
External	167,310	27,683	88,108	3,057	286,160	(18)	286,141
Intersegment ¹	25,698	14,650	8,159	8,230	56,738	(56,738)	—
Total	193,009	42,333	96,267	11,287	342,898	(56,756)	286,141
Core operating income	8,972	2,396	3,358	867	15,595	1,630	17,225
Other income							6,207
Other expenses							(1,036)
Operating profit							22,396
Finance income							896
Finance costs							(95)
Share of profit of investments accounted for using the equity method							1,511
Profit before tax							24,709

- Notes: 1. Includes intra-segment transactions within the reportable segments.
2. A positive ¥1,630 million adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
3. Core operating income is reconciled with gross profit as follows.

Gross profit	127,664
<u>Selling, general and administrative expenses</u>	<u>(110,439)</u>
Core operating income	17,225

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

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

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

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