Summary of Consolidated Financial Statements for the First Quarter Ended March 31, 2020 [IFRS]

May 8, 2020

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

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Scheduled date of filing of quarterly financial report: May 14, 2020
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 First Quarter Ended March 31, 2020 (January 1, 2020 – March 31, 2020)

(1) Consolidated Results (cumulative)

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit before tax	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2020	82,555	4.6	18,733	214.7	19,076	212.5
Three months ended March 31, 2019	78,937	(0.5)	5,953	(46.9)	6,103	(46.7)

	Profit for the period		Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2020	14,018	249.8	13,559	294.0	5,760	(2.5)
Three months ended March 31, 2019	4,007	(65.8)	3,441	(62.8)	5,909	(37.5)

Note: Core operating income for the three months ended March 31, 2020 was ¥9,093 million (up 63.5% year on year). Core operating income for the three months ended March 31, 2019 was ¥5,560 million (down 6.8% year on year).

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2020	46.64	46.58
Three months ended March 31, 2019	11.84	11.82

(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	%
Three months ended March 31, 2020	371,504	223,784	211,548	56.9
Year ended December 31, 2019	380,701	221,201	208,421	54.7

2. Dividends

	Cash dividends per share (Yen)				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
Fiscal 2019	—	10.00	—	11.00	21.00
Fiscal 2020	—				
Fiscal 2020 (forecast)		11.00	—	11.00	22.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020 (January 1, 2020 – December 31, 2020)

(Percentage figures denote year-on-year change)

	Net sales		Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half 2020	168,000	0.4	21,500	66.8	15,000	72.6	51.60
Fiscal 2020	355,000	2.2	39,500	32.4	27,000	31.3	92.88

Notes: 1. Core operating income forecast: First half 2020: ¥12,500 million
Fiscal 2020: ¥30,500 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: Yes
   b. Other changes: No
   c. Changes in accounting estimates: No

(3) Number of outstanding shares (common stock)
   a. Number of outstanding shares on balance sheet dates (including treasury stocks):
      As of March 31, 2020: 299,115,346 shares
      As of December 31, 2019: 299,115,346 shares
   b. Number of treasury stocks on balance sheet date:
      As of March 31, 2020: 8,405,859 shares
      As of December 31, 2019: 8,405,440 shares
   c. Average shares outstanding over period (cumulative; consolidated)
      Three months ended March 31, 2020: 290,709,635 shares
      Three months ended March 31, 2019: 290,660,930 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 1. Qualitative Information Concerning the Results of Operations for the First Quarter of the Current Fiscal Year (3) Forecast of Consolidated Financial Results on page 8.

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

(1) Qualitative Information Concerning Consolidated Performance

Consolidated results for the first quarter of fiscal 2020 (January 1, 2020–March 31, 2020) are as follows. Net sales amounted to ¥82,555 million, a year-on-year increase of 4.6% (or 5.6% at constant currency excluding exchange rate fluctuations). Core operating income came to ¥9,093 million, up 63.5% compared with the same period of the previous fiscal year, and operating profit was ¥18,733 million, up 214.7% year on year. Profit for the period attributable to owners of the parent was ¥13,559 million, up 294.0% compared with the same period of the previous fiscal year.

Lion is advancing measures based on the basic strategies of its medium-term management plan, the LION Value Evolution Plan (LIVE Plan). These basic strategies are “Expand and Evolve Our Business Domains through New Value Creation,” “Accelerate Growth in Overseas Businesses through Glocalization,” “Reinforce Our Management Base through Business Structure Reform” and “Create Dynamism to Foster Innovative Change.”

In the first quarter of fiscal 2020, in its domestic operations, Lion introduced such new products as toothpastes, hand soaps, antiperspirants and deodorants, dishwashing detergents and dermatologic agents and worked to cultivate markets for these products through efficient marketing.

In its overseas operations, in addition to efforts related to the home care field, which includes such products as laundry detergents, the Group sought to expand its business, focusing mainly on the personal care field, including oral care and beauty care products.

In the first quarter of fiscal 2020, the spread of the novel corona virus impacted Lion’s domestic and overseas businesses. To meet its social responsibility, the Lion Group strived to maintain its product supply while making every effort to prevent the spread of the virus and ensure the safety of its employees.

In addition, as announced on February 28, 2020, effective on that date Lion sold the land on which its head office is located.

Consolidated Results

(Millions of yen)

	Three months ended March 31, 2020	Ratio to net sales	Three months ended March 31, 2019	Ratio to net sales	Change	Change (%)
Net sales	82,555		78,937		3,618	4.6%
Core operating income	9,093	11.0%	5,560	7.0%	3,532	63.5%
Operating profit	18,733	22.7%	5,953	7.5%	(12,780)	214.7%
Profit for the period attributable to owners of the parent	13,559	16.4%	3,441	4.4%	(10,117)	294.0%

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

Results by Business

(Millions of yen)

	Net sales				Segment profit (core operating income)			
	Three months ended March 31, 2020	Three months ended March 31, 2019	Change	Change (%)	Three months ended March 31, 2020	Three months ended March 31, 2019	Change	Change (%)
Consumer Products	55,886	50,189	5,696	11.3%	7,233	3,617	3,615	99.9%
Industrial Products	13,579	13,080	498	3.8%	661	382	278	72.9%
Overseas	24,735	25,718	(982)	(3.8%)	1,571	1,844	(273)	(14.8%)
Other	5,920	7,075	(1,155)	(16.3%)	422	246	176	71.7%
Subtotal	100,120	96,064	4,056	4.2%	9,888	6,091	3,797	62.3%
Adjustment	(17,565)	(17,127)	(438)	—	(795)	(531)	(264)	—
Total	82,555	78,937	3,618	4.6%	9,093	5,560	3,532	63.5%

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 11.3% compared with the same period of the previous fiscal year. Segment profit increased 99.9%.

(Millions of yen)

	Three months ended March 31, 2020	Ratio to net sales	Three months ended March 31, 2019	Ratio to net sales	Change	Change (%)
Net sales	55,886		50,189		5,696	11.3%
Segment profit	7,233	12.9%	3,617	7.2%	3,615	99.9%

Note: Net sales include internal sales within and among segments, which amounted to ¥3,656 million in the first quarter of fiscal 2020 and ¥3,353 million in the first quarter of fiscal 2019.

Net Sales by Product Segment (Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2019	Change	Change (%)
Oral Care Products	14,927	13,506	1,421	10.5%
Beauty Care Products	7,703	5,224	2,479	47.5%
Fabric Care Products	13,505	13,046	459	3.5%
Living Care Products	5,149	4,169	980	23.5%
Pharmaceutical Products	5,468	5,308	159	3.0%
Other Products	9,131	8,935	196	2.2%

Oral Care Products

In toothpastes, *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste,* released in 2019, contributed to sales, and sales of the *SYSTEMA EX Toothpaste* series, including the newly released *SYSTEMA EX W Toothpaste,* which effectively cleans away dullness due to staining, were strong. Overall sales increased significantly year on year.

In toothbrushes, *CLINICA Advantage NEXT STAGE Toothbrush* and *NONIO Toothbrush,* released in 2019, contributed to sales, and sales of the *SYSTEMA Haguki (the Gums) Plus Toothbrush* were strong. Overall sales increased substantially from the same period of the previous fiscal year.

In dental rinses, sales of *NONIO Mouthwash* and *SYSTEMA Haguki (the Gums) Plus Dental Rinse* were favorable. Overall sales substantially increased year on year.

Beauty Care Products

In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap* increased substantially year on year, and the newly released *KireiKirei Medicated Hand Conditioning Soap*, which not only effectively disinfects, but creates a moisture barrier to protect the skin, received favorable consumer reviews. Overall sales increased substantially year on year.

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

In antiperspirants and deodorants, new *Ban Sweat-Blocking Platinum Roll-On,* featuring a new formula with a high-adhesion ingredient (sodium sulfate) that resists friction and adheres effectively to the skin, received favorable consumer reviews. Overall sales increased significantly year on year.

Fabric Care Products

In fabric softeners, *SOFLAN Premium Deodorizer,* featuring microscopic deodorizing ingredients that penetrate deep into and adsorb on individual clothing fibers, received favorable consumer reviews, and overall sales were up year on year.

In laundry detergents, super-concentrated liquid laundry detergent *TOP SUPER NANOX For Odors*, released in 2019, received favorable consumer reviews, and overall sales were up substantially year on year.

Living Care Products

In dishwashing detergents, sales of *CHARMY Magica* were steady, while sales of *CHARMY Crysta* for dishwashers were strong. Overall sales increased year on year.

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

Pharmaceutical Products

In antipyretic analgesics, sales of *BUFFERIN A* and *BUFFERIN PREMIUM* were strong, and overall sales rose significantly year on year.

In eye drops, sales of *Smile 40 Premium DX* and *Smile 40 Mediclear DX* were strong, and overall sales were up substantially year on year.

Sales of acne medicines and cooling sheets for feet decreased year on year, reflecting a decrease in overseas visitors to Japan.

Other Products

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

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

Industrial Products Business

The Industrial Products Business segment includes businesses in the Automotive, Electrical and 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 3.8% compared with the previous fiscal year. Segment profit increased 72.9%.

(Millions of yen)

	Three months ended March 31, 2020	Ratio to net sales	Three months ended March 31, 2019	Ratio to net sales	Change	Change (%)
Net sales	13,579		13,080		498	3.8%
Segment profit	661	4.9%	382	2.9%	278	72.9%

Note: Net sales include internal sales within and among segments, which amounted to ¥5,925 million in the first quarter of fiscal 2020 and ¥5,367 million in the first quarter of fiscal 2019.

In the Automotive field, sales of carbon for auto parts decreased year on year, and overall sales decreased year on year.

In the Electrical and Electronics field, demand for performance materials and electroconductive resins decreased, and overall sales were down on year.

In the Detergents for Institutional Use Products field, sales of alcohol sanitizers for kitchens and hand soaps increased substantially year on year. Overall sales increased significantly 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 decreased 3.8% year on year (or 0.4% at constant currency excluding exchange rate fluctuations). Segment profit decreased 14.8% year on year.

(Millions of yen)

	Three months ended March 31, 2020	Ratio to net sales	Three months ended March 31, 2019	Ratio to net sales	Change	Change (%)
Net sales	24,735		25,718		(982)	(3.8%)
Segment profit	1,571	6.4%	1,844	7.2%	(273)	(14.8%)

Note: Net sales include internal sales within and among segments, which amounted to ¥2,588 million in the first quarter of fiscal 2020 and ¥2,252 million in the first quarter of fiscal 2019.

Net Sales by Region (Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2019	Change	Change (%)
Southeast Asia	16,515	17,330	(814)	(4.7%)
Northeast Asia	8,219	8,388	(168)	(2.0%)

Net Sales by Region

In Southeast Asia, overall sales were down 4.7% year on year.

In Thailand, sales of laundry detergents were steady. Overall sales after yen conversions were up year on year.

In Malaysia, sales of laundry detergents were down year on year, reflecting increasingly intense competition. Overall sales after yen conversions were down year on year.

In Northeast Asia, overall sales were down 2.0% year on year.

In South Korea, sales of hand soaps increased substantially year on year, but sales of laundry detergents and dishwashing detergents were down year on year. Overall sales after yen conversions were down year on year.

In China, sales of *SYSTEMA* toothbrushes were down year on year, but sales of hand soaps and products imported from Japan increased substantially. Overall sales after yen conversions were up substantially year on year.

Other (Construction Contracting Business, etc.) (Millions of yen)

	Three months ended March 31, 2020	Ratio to net sales	Three months ended March 31, 2019	Ratio to net sales	Change	Change (%)
Net sales	5,920		7,075		(1,155)	(16.3%)
Segment profit	422	7.1	246	3.5%	176	71.7%

Note: Net sales include internal sales within and among segments, which amounted to ¥5,391 million in the first quarter of fiscal 2020 and ¥6,227 million in the first quarter of fiscal 2019.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	Three months ended March 31, 2020	Three months ended December 31, 2019	Change
Total assets (millions of yen)	371,504	380,701	(9,197)
Total equity (millions of yen)	223,784	221,201	2,582
Ratio of equity attributable to owners of the parent to total assets (%)	56.9	54.7	2.2

Total assets fell ¥9,197 million compared with the previous consolidated fiscal year-end to ¥371,504 million. This was primarily attributable to a decrease in cash and cash equivalents. Equity increased ¥2,582 million to ¥223,784 million. The ratio of equity attributable to owners of the parent to total assets stood at 56.9%.

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on February 28, 2020 for the first half of the fiscal year under review and for the full fiscal year.

Assumptions Underlying the Forecast of Consolidated Financial Results for Fiscal 2020

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

¥110 = US$1.00

¥3.6 = 1.00 baht

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2019	March 31, 2020
Assets		
Current assets		
Cash and cash equivalents	110,406	101,088
Trade and other receivables	61,759	55,783
Inventories	43,555	47,502
Other financial assets	4,024	6,982
Other current assets	2,750	2,867
Total current assets	222,497	214,224
Non-current assets		
Property, plant and equipment	90,903	92,348
Goodwill	182	182
Intangible assets	13,485	13,925
Right-of-use assets	5,940	5,876
Investments accounted for using the equity method	9,165	8,808
Deferred tax assets	2,577	4,994
Retirement benefit assets	9,597	8,277
Other financial assets	25,517	21,992
Other non-current assets	833	874
Total non-current assets	158,204	157,280
Total assets	380,701	371,504

(Millions of yen)

	December 31, 2019	March 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	116,268	103,672
Borrowings	1,404	1,389
Income tax payables	6,568	5,853
Provisions	1,582	1,630
Lease liabilities	1,495	1,547
Other financial liabilities	739	1,206
Other current liabilities	7,659	5,975
Total current liabilities	135,718	121,276
Non-current liabilities		
Borrowings	889	839
Deferred tax liabilities	873	772
Retirement benefit liabilities	12,091	14,854
Provisions	357	353
Lease liabilities	5,510	5,560
Other financial liabilities	2,648	2,645
Other non-current liabilities	1,411	1,418
Total non-current liabilities	23,781	26,443
Total liabilities	159,499	147,719
Equity		
Share capital	34,433	34,433
Capital surplus	34,788	34,809
Treasury stock	(4,739)	(4,740)
Other components of equity	11,320	6,723
Retained earnings	132,619	140,321
Equity attributable to owners of the parent	208,421	211,548
Non-controlling interests	12,780	12,236
Total equity	221,201	223,784
Total liabilities and equity	380,701	371,504

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

Condensed Consolidated Statement of Income

Three months ended March 31, 2019 and 2020

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Net sales	78,937	82,555
Cost of sales	(40,075)	(40,603)
Gross profit	38,861	41,951
Selling, general and administrative expenses	(33,300)	(32,858)
Other income	789	11,116
Other expenses	(397)	(1,476)
Operating profit	5,953	18,733
Finance income	77	82
Finance costs	(40)	(37)
Share of profit of investments accounted for using the equity method	113	298
Profit before tax	6,103	19,076
Income taxes	(2,095)	(5,057)
Profit for the period	4,007	14,018
Profit for the period attributable to:		
Owners of the parent	3,441	13,559
Non-controlling interests	566	459
Profit for the period	4,007	14,018
Earnings per share		
Basic (Yen)	11.84	46.64
Diluted (Yen)	11.82	46.58

Condensed Consolidated Statement of Comprehensive Income

Three months ended March 31, 2019 and 2020

(Millions of yen)

	Three months ended March 31, 2019	Three months ended March 31, 2020
Profit for the period	4,007	14,018
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	164	(2,487)
Remeasurements of defined benefit plans	1,430	(2,659)
Share of other comprehensive income of investments accounted for using the equity method	(30)	(0)
Total items that will not be reclassified as profit or loss	1,564	(5,146)
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	9	(0)
Exchange differences on translation of foreign operations	291	(2,499)
Share of other comprehensive income of investments accounted for using the equity method	35	(612)
Total items that may be subsequently reclassified as profit or loss	336	(3,111)
Total other comprehensive income, net of tax	1,901	(8,258)
Comprehensive income for the period	5,909	5,760
Comprehensive income for the period attributable to:		
Owners of the parent	5,139	6,304
Non-controlling interests	769	(544)
Comprehensive income for the period	5,909	5,760

(3) Condensed Consolidated Statement of Changes in Equity

Three months ended March 31, 2019

(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, 2019	34,433	34,715	(4,766)	165	10,800	—
Cumulative effect of changes in accounting principles						
Balance at January 1, 2019 (adjusted)	34,433	34,715	(4,766)	165	10,800	—
Profit for the period						
Other comprehensive income					146	1,430
Total comprehensive income for the period	—	—	—	—	146	1,430
Dividends						
Acquisition of treasury stock			(0)			
Disposal of treasury stock		5	4			
Share-based payments		21				
Transfer from other components of equity to retained earnings						(1,430)
Total transactions with owners	—	26	3	—	—	(1,430)
Balance at March 31, 2019	34,433	34,742	(4,763)	165	10,946	—

	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, 2019	(8)	(36)	10,920	115,806	191,108	13,163	204,271
Cumulative effect of changes in accounting principles			—	(94)	(94)	(0)	(94)
Balance at January 1, 2019 (adjusted)	(8)	(36)	10,920	115,711	191,014	13,162	204,177
Profit for the period			—	3,441	3,441	566	4,007
Other comprehensive income	9	111	1,698		1,698	203	1,901
Total comprehensive income for the period	9	111	1,698	3,441	5,139	769	5,909
Dividends			—	(2,906)	(2,906)	(1,963)	(4,870)
Acquisition of treasury stock			—		(0)		(0)
Disposal of treasury stock			—		9		9
Share-based payments			—		21		21
Transfer from other components of equity to retained earnings			(1,430)	1,430	—		—
Total transactions with owners	—	—	(1,430)	(1,475)	(2,876)	(1,963)	(4,840)
Balance at March 31, 2019	0	74	11,187	117,677	193,278	11,968	205,246

Three months ended March 31, 2020

(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, 2020	34,433	34,788	(4,739)	143	11,289	—
Profit for the period						
Other comprehensive income					(2,433)	(2,659)
Total comprehensive income for the period	—	—	—	—	(2,433)	(2,659)
Dividends						
Acquisition of treasury stock			(0)			
Disposal of treasury stock						
Share-based payments		21				
Transfer from other components of equity to retained earnings						2,659
Total transactions with owners	—	21	(0)	—	—	2,659
Balance at March 31, 2020	34,433	34,809	(4,740)	143	8,856	—

	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, 2020	—	(113)	11,320	132,619	208,421	12,780	221,201
Profit for the period			—	13,559	13,559	459	14,018
Other comprehensive income	(0)	(2,162)	(7,255)		(7,255)	(1,003)	(8,258)
Total comprehensive income for the period	(0)	(2,162)	(7,255)	13,559	6,304	(544)	5,760
Dividends			—	(3,197)	(3,197)	—	(3,197)
Acquisition of treasury stock			—		(0)		(0)
Disposal of treasury stock			—		—		—
Share-based payments			—		21		21
Transfer from other components of equity to retained earnings			2,659	(2,659)	—		—
Total transactions with owners	—	—	2,659	(5,856)	(3,177)	—	(3,177)
Balance at March 31, 2020	(0)	(2,275)	6,723	140,321	211,548	12,236	223,784

(4) Notes to Condensed Consolidated Financial Statements

Notes relating to the assumption of a going concern

Not applicable.

Segment Information

1) Overview of reportable segments

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

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

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

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

The Company's reportable segments are as follows.

A. Consumer Products Business

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

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

B. Industrial Products Business

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

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

C. Overseas Business

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

D. Other Business

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

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

(2) Net Sales and Performance of Reportable Segments

Three months ended March 31, 2019

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment[2]	Consolidated[3]
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	46,835	7,713	23,465	848	78,863	73	78,937
(2) Intersegment[1]	3,353	5,367	2,252	6,227	17,200	(17,200)	—
Total	50,189	13,080	25,718	7,075	96,064	(17,127)	78,937
Core operating income	3,617	382	1,844	246	6,091	(531)	5,560
Other income							789
Other expenses							(397)
Operating profit							5,953
Finance income							77
Finance costs							(40)
Share of profit of investments accounted for using the equity method							113
Profit before tax							6,103

Notes: 1. Includes intra-segment transactions within the reportable segments.
2. A negative ¥531 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	38,861
Selling, general and administrative expenses	(33,300)
Core operating income	5,560

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

Three months ended March 31, 2020

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment[2]	Consolidated[3]
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	52,229	7,653	22,146	528	82,558	(3)	82,555
(2) Intersegment[1]	3,656	5,925	2,588	5,391	17,561	(17,561)	—
Total	55,886	13,579	24,735	5,920	100,120	(17,565)	82,555
Core operating income	7,233	661	1,571	422	9,888	(795)	9,093
Other income							11,116
Other expenses							(1,476)
Operating profit							18,733
Finance income							82
Finance costs							(37)
Share of profit of investments accounted for using the equity method							298
Profit before tax							19,076

Notes: 1. Includes intra-segment transactions within the reportable segments.
2. A negative ¥795 million adjustment of core operating income mainly comprises intersegment eliminations and corporate expenses not allocated to any reportable segment.
3. Core operating income is reconciled with gross profit as follows.

Gross profit	41,951
Selling, general and administrative expenses	(32,858)
Core operating income	9,093

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.