Summary of Consolidated Financial Statements for the First Quarter Ended March 31, 2021 [IFRS]

May 10, 2021

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 13, 2021

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, 2021 (January 1, 2021 – March 31, 2021)

(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, 2021	82,456	(0.1)	8,281	(55.8)	8,849	(53.6)
Three months ended March 31, 2020	82,555	4.6	18,733	214.7	19,076	212.5

	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, 2021	6,414	(54.2)	5,955	(56.1)	9,775	69.7
Three months ended March 31, 2020	14,018	249.8	13,559	294.0	5,760	(2.5)

Note: Core operating income for the three months ended March 31, 2021 was ¥8,090 million (down 11.0% year on year). Core operating income for the three months ended March 31, 2020 was ¥9,093 (up 63.5% 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, 2021	20.49	20.45
Three months ended March 31, 2020	46.64	46.58

(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, 2021	403,150	251,181	237,210	58.8
Three months ended March 31, 2020	435,501	244,856	231,723	53.2

2. Dividends

	Cash dividends per share				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2020	—	11.00	—	12.00	23.00
Fiscal 2021	—		—		
Fiscal 2021 (forecast)	—	12.00	—	12.00	24.00

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2021 (January 1, 2021 – December 31, 2021)

(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 2021	173,000	2.3	11,500	(55.7)	8,000	(57.0)	27.52
Fiscal 2021	365,000	2.7	30,000	(31.9)	21,000	(29.7)	72.24

Notes: 1.Core operating income forecast: First half 2021: ¥11,500 million
Fiscal 2021: ¥30,000 million

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

Notes

(1) Significant Change in Scope of Consolidation during Period: No

(2) Changes in accounting principles, procedures and presentation methods in connection with the preparation of quarterly consolidated financial statements:
   a. Changes in accounting standards required under IFRS: No
   b. Other changes: No
   c. Changes in accounting estimates: No

(3) Number of outstanding shares (common stock)
   a. Number of outstanding shares on balance sheet dates (including treasury stocks):
      As of March 31, 2021: 299,115,346 shares
      As of December 31, 2020: 299,115,346 shares
   b. Number of treasury stocks on balance sheet date:
      As of March 31, 2021: 8,392,874 shares
      As of December 31, 2020: 8,399,357 shares
   c. Average number of shares outstanding over period
      Three months ended March 31, 2021: 290,718,407 shares
      Three months ended March 31, 2020: 290,709,635 shares

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

* Appropriate use of results forecasts; other special items

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

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

(1) Consolidated Performance

Consolidated results for the first quarter of fiscal 2021 (January 1, 2021–March 31, 2021) are as follows. Net sales amounted to ¥82,456 million, a year-on-year decrease of 0.1% (or 0.9% at constant currency excluding exchange rate fluctuations). Core operating income came to ¥8,090 million, down 11.0% compared with the previous fiscal year, and operating profit to ¥8,281 million, down 55.8% year on year. Profit for the period attributable to owners of parent totaled ¥5,955 million, down 56.1% compared with the previous fiscal year.

Under Vision2030, its new long-term strategic framework, the Lion Group advanced initiatives to address its Sustainability Material Issues as well as measures based on three growth strategies. These strategies are “Accelerate growth in four fields of value creation,” “Transform our business foundations for growth” and “Generate dynamism to realize innovative change.” At the same time, with no end to the novel coronavirus (COVID-19) pandemic in sight, the Lion Group has been making every effort to prevent the spread of the virus and ensure the safety of its employees while focusing efforts on promoting the establishment of good hygienic habits.

In its domestic operations, Lion introduced such new products as toothpastes, hygiene-related products, fabric softeners, dishwashing detergents and dermatologic agents and worked to cultivate markets for these products through efficient marketing.

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 sought to bolster its competitiveness and profitability in the home care field, which includes such products as laundry detergents.

Consolidated Results (Millions of yen)

	Three months ended March 31, 2021	Ratio to net sales	Three months ended March 31, 2020	Ratio to net sales	Change	Change (%)
Net sales	82,456		82,555		(98)	(0.1%)
Core operating income	8,090	9.8%	9,093	11.0%	(1,003)	(11.0%)
Operating profit	8,281	10.0%	18,733	22.7%	(10,452)	(55.8%)
Profit for the period attributable to owners of the parent	5,955	7.2%	13,559	16.4%	(7,603)	(56.1%)

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, 2021	Three months ended March 31, 2020	Change	Change (%)	Three months ended March 31, 2021	Three months ended March 31, 2020	Change	Change (%)
Consumer Products	55,033	55,886	(852)	(1.5%)	5,624	7,233	(1,608)	(22.2%)
Industrial Products	14,246	13,579	666	4.9%	943	661	282	42.7%
Overseas	25,886	24,735	1,150	4.7%	1,698	1,571	126	8.1%
Other	7,682	5,920	1,762	29.8%	433	422	10	2.5%
Subtotal	102,848	100,120	2,727	2.7%	8,700	9,888	(1,188)	(12.0%)
Adjustment	(20,391)	(17,565)	(2,826)	—	(609)	(795)	185	—
Total	82,456	82,555	(98)	(0.1%)	8,090	9,093	(1,003)	(11.0%)

Results by business segment are as follows.

Consumer Products Business

The Consumer Products Business segment comprises the Oral Care Products, Beauty Care Products, Fabric Care Products, Living Care Products, Pharmaceutical Products and Other Products businesses. Segment net sales decreased 1.5% compared with the previous fiscal year. Segment profit decreased 22.2%.

(Millions of yen)

	Three months ended March 31, 2021	Ratio to net sales	Three months ended March 31, 2020	Ratio to net sales	Change	Change (%)
Net sales	55,033		55,886		(852)	(1.5%)
Segment profit	5,624	10.2%	7,233	12.9%	(1,608)	(22.2%)

Note: Net sales include internal sales within and among segments, which amounted to ¥4,692 million in the first quarter of fiscal 2021 and ¥3,656 million in the first quarter of fiscal 2020.

Net Sales by Product Segment (Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2020	Change	Change (%)
Oral Care Products	15,267	14,927	339	2.3%
Beauty Care Products	5,237	7,703	(2,466)	(32.0%)
Fabric Care Products	13,711	13,505	205	1.5%
Living Care Products	5,515	5,149	365	7.1%
Pharmaceutical Products	5,125	5,468	(342)	(6.3%)
Other Products	10,176	9,131	1,045	11.5%

Oral Care Products

In toothpastes, although sales of *SYSTEMA EX Toothpaste* decreased year on year, those of *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste* were favorable, and new *Lightee Toothpaste*, a whitening toothpaste that thoroughly removes grime from even micro-level imperfections in the dental surface, received favorable customer reviews. Overall sales increased year on year.

In toothbrushes, sales of *Between* toothbrushes fell year on year, while those of *NONIO Toothbrush* were strong. Overall sales increased year on year.

In dental rinses, sales of *NONIO Plus Whitening Dental Rinse* received favorable customer reviews, but overall sales edged down year on year.

Beauty Care Products

In hand soaps, sales of *KireiKirei Medicated Foaming Hand Soap* decreased year on year, reflecting recoil from a demand boom in the same period of the previous year. Overall sales decreased year on year.

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

In antiperspirants and deodorants, sales of the *Ban Sweat-Blocking Roll-On* series decreased year on year. Overall sales fell year on year.

Fabric Care Products

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

In laundry detergents, sales of highly concentrated liquid laundry detergent *TOP SUPER NANOX For Odors* were strong, but sales of liquid laundry detergent *TOP Clear Liquid* fell year on year. Overall sales decreased year on year.

Living Care Products

In dishwashing detergents, new *CHARMY Magica Quick Dry + ("Plus") Antibacterial*, which helps water slide off dishes after rinsing for quick-drying and a clean finish, received favorable customer reviews. Sales of *CHARMY Crysta* for dishwashers were firm. 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 PREMIUM* were sluggish, and overall sales edged down year on year.

In eye drops, sales of *Smile 40 Premium DX* were down year on year, and overall sales decreased year on year.

Other Products

In direct-to-consumer sales products, sales of *Nice rim essence Lactoferrin* were steady, but 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 favorable. Overall sales were up year on year.

Industrial Products Business

The Industrial Products Business segment includes the Mobility, Electronics and Detergents for Institutional Use Products fields. These businesses handle products that include anti-sticking agents for tires, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales increased 4.9% compared with the previous fiscal year. Segment profit increased 42.7%.

(Millions of yen)

	Three months ended March 31, 2021	Ratio to net sales	Three months ended March 31, 2020	Ratio to net sales	Change	Change (%)
Net sales	14,246		13,579		666	4.9%
Segment profit	943	6.6%	661	4.9%	282	42.7%

Note: Net sales include internal sales within and among segments, which amounted to ¥6,001 million in the first quarter of fiscal 2021 and ¥5,925 million in the first quarter of fiscal 2020.

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 and electro-conductive compounds for semiconductor carrier materials were strong, and overall sales were up substantially year on year.

In the Detergents for Institutional Use Products field, sales of hand soaps increased substantially year on year, but sales of alcohol sanitizers for kitchens and dishwashing detergents for dishwashers decreased from the same period of the previous fiscal year. Overall sales edged down 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 4.7% year on year (or 1.8% at constant currency excluding exchange rate fluctuations). Segment profit increased 8.1% year on year.

(Millions of yen)

	Three months ended March 31, 2021	Ratio to net sales	Three months ended March 31, 2020	Ratio to net sales	Change	Change (%)
Net sales	25,886		24,735		1,150	4.7%
Segment profit	1,698	6.6%	1,571	6.4%	126	8.1%

Note: Net sales include internal sales within and among segments, which amounted to ¥2,531 million in the first quarter of fiscal 2021 and ¥2,588 million in the first quarter of fiscal 2020.

Net Sales by Region (Millions of yen)

	Three months ended March 31, 2021	Three months ended March 31, 2020	Change	Change (%)
Southeast Asia	16,779	16,515	263	1.6%
Northeast Asia	9,106	8,219	886	10.8%

Net Sales by Region

In Southeast Asia, overall sales were up 1.6% 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 *TOP* laundry detergent were strong. Overall sales after yen conversions were up significantly year on year.

In Northeast Asia, overall sales were up 10.8% year on year.

In South Korea, sales of hand soaps decreased year on year. Overall sales after yen conversions edged down year on year.

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

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

	Three months ended March 31, 2021	Ratio to net sales	Three months ended March 31, 2020	Ratio to net sales	Change	Change (%)
Net sales	7,682		5,920		1,762	29.8%
Segment profit	433	5.6%	422	7.1%	10	2.5%

Note: Net sales include internal sales within and among segments, which amounted to ¥7,224 million in the first quarter of fiscal 2021 and ¥5,391 million in the first quarter of fiscal 2020.

(2)Financial Status

Status of Consolidated Assets, Liabilities and Equity

	Three months ended March 31, 2021	Three months ended December 31, 2020	Change
Total assets (millions of yen)	403,150	435,501	(32,351)
Total equity (millions of yen)	251,181	244,856	6,324
Ratio of equity attributable to owners of the parent to total assets (%)	58.8	53.2	5.6

Total assets fell ¥32,351 million compared with the previous consolidated fiscal year-end to ¥403,150 million. This was primarily attributable to a decrease in cash and cash equivalents. Total equity increased ¥6,324 million to ¥251,181 million. The ratio of equity attributable to owners of the parent to total assets stood at 58.8%

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on February 12, 2021 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 2021

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

JPY104 = 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, 2020	March 31, 2021
Assets		
Current assets		
Cash and cash equivalents	121,534	87,848
Trade and other receivables	62,421	55,953
Inventories	45,158	52,457
Other financial assets	8,592	9,065
Other current assets	5,108	7,234
Subtotal	242,815	212,560
Assets held for sale	2,603	2,181
Total current assets	245,419	214,742
Non-current assets		
Property, plant and equipment	118,379	117,403
Goodwill	182	182
Intangible assets	18,921	19,563
Right-of-use assets	4,873	5,150
Investments accounted for using the equity method	6,310	7,012
Deferred tax assets	5,632	3,364
Retirement benefit assets	9,936	9,745
Other financial assets	24,859	24,713
Other non-current assets	986	1,272
Total non-current assets	190,081	188,408
Total assets	435,501	403,150

(Millions of yen)

	December 31, 2020	March 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	141,259	115,976
Borrowings	1,405	1,412
Income tax payables	11,569	1,572
Provisions	1,401	1,758
Lease liabilities	1,387	1,396
Other financial liabilities	893	1,084
Other current liabilities	8,710	6,036
Total current liabilities	166,628	129,238
Non-current liabilities		
Borrowings	639	657
Deferred tax liabilities	1,278	1,296
Retirement benefit liabilities	13,009	11,344
Provisions	357	358
Lease liabilities	4,685	5,015
Other financial liabilities	2,487	2,488
Other non-current liabilities	1,558	1,569
Total non-current liabilities	24,016	22,730
Total liabilities	190,644	151,968
Equity		
Share capital	34,433	34,433
Capital surplus	34,986	35,020
Treasury stock	(4,739)	(4,736)
Other components of equity	10,076	11,544
Retained earnings	156,965	160,947
Equity attributable to owners of the parent	231,723	237,210
Non-controlling interests	13,133	13,970
Total equity	244,856	251,181
Total liabilities and equity	435,501	403,150

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

Condensed Consolidated Statement of Income

Three months ended March 31, 2020 and 2021

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Net sales	82,555	82,456
Cost of sales	(40,603)	(41,192)
Gross profit	41,951	41,264
Selling, general and administrative expenses	(32,858)	(33,174)
Other income	11,116	364
Other expenses	(1,476)	(173)
Operating profit	18,733	8,281
Finance income	82	118
Finance costs	(37)	(40)
Share of profit of investments accounted for using the equity method	298	490
Profit before tax	19,076	8,849
Income taxes	(5,057)	(2,435)
Profit for the period	14,018	6,414
Profit for the period attributable to:		
Owners of the parent	13,559	5,955
Non-controlling interests	459	458
Profit for the period	14,018	6,414
Earnings per share		
Basic (Yen)	46.64	20.49
Diluted (Yen)	46.58	20.45

Condensed Consolidated Statement of Comprehensive Income

Three months ended March 31, 2020 and 2021

(Millions of yen)

	Three months ended March 31, 2020	Three months ended March 31, 2021
Profit for the period	14,018	6,414
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	(2,487)	25
Remeasurements of defined benefit plans	(2,659)	1,442
Share of other comprehensive income (loss) of investments accounted for using the equity method	(0)	1
Total items that will not be reclassified as profit or loss	(5,146)	1,469
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	(0)	0
Exchange differences on translation of foreign operations	(2,499)	1,682
Share of other comprehensive income (loss) of investments accounted for using the equity method	(612)	208
Total items that may be subsequently reclassified as profit or loss	(3,111)	1,891
Total other comprehensive income, net of tax	(8,258)	3,361
Comprehensive income for the period	5,760	9,775
Comprehensive income for the period attributable to:		
Owners of the parent	6,304	8,938
Non-controlling interests	(544)	837
Comprehensive income for the period	5,760	9,775

(3) Condensed Consolidated Statement of Changes in Equity

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

Three months ended March 31, 2021

(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, 2021	34,433	34,986	(4,739)	138	10,592	—
Profit for the period						
Other comprehensive income					53	1,442
Total comprehensive income for the period	—	—	—	—	53	1,442
Dividends						
Acquisition of treasury stock			(1)			
Disposal of treasury stock			3			
Share-based payments		34				
Transfer from other components of equity to retained earnings					(72)	(1,442)
Total transactions with owners	—	34	2	—	(72)	(1,442)
Balance at March 31, 2021	34,433	35,020	(4,736)	138	10,573	—

	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			—	5,955	5,955	458	6,414
Other comprehensive income	0	1,486	2,982		2,982	378	3,361
Total comprehensive income for the period	0	1,486	2,982	5,955	8,938	837	9,775
Dividends			—	(3,488)	(3,488)	—	(3,488)
Acquisition of treasury stock			—		(1)		(1)
Disposal of treasury stock			—		3		3
Share-based payments			—		34		34
Transfer from other components of equity to retained earnings			(1,514)	1,514	—		—
Total transactions with owners	—	—	(1,514)	(1,973)	(3,451)	—	(3,451)
Balance at March 31, 2021	0	832	11,544	160,947	237,210	13,970	251,181

(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, 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.

Three months ended March 31, 2021

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment[2]	Consolidated[3]
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	50,340	8,244	23,354	458	82,397	59	82,456
(2) Intersegment[1]	4,692	6,001	2,531	7,224	20,450	(20,450)	—
Total	55,033	14,246	25,886	7,682	102,848	(20,391)	82,456
Core operating income	5,624	943	1,698	433	8,700	(609)	8,090
Other income							364
Other expenses							(173)
Operating profit							8,281
Finance income							118
Finance costs							(40)
Share of profit of investments accounted for using the equity method							490
Profit before tax							8,849

Notes: 1. Includes intra-segment transactions within the reportable segments.
2. A negative ¥609 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	41,264
Selling, general and administrative expenses	(33,174)
Core operating income	8,090

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.