# 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/

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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 |

(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 | | | | | |
|---|---|---|---|---|---|---|
| | | | | 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 | Remeasure-ments 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 | | | | | |
|---|---|---|---|---|---|---|
| | | | | 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 | Remeasure-ments 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 | — |

| | 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 |
| Selling, general and administrative expenses | (107,832) |
| 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 |
| Selling, general and administrative expenses | (110,439) |
| 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.