

Summary of Consolidated Financial Statements for the Nine Months Ended September 30, 2020 [IFRS]

November 5, 2020

Company name: Lion Corporation

Listed stock exchanges: Tokyo Stock Exchange

Code: 4912

URL: <http://www.lion.co.jp/> (English site: <https://www.lion.co.jp/en/>)

Representative: Masazumi Kikukawa, Representative Director, President and Executive Officer

Contact: Akihiko Takeo, Director of Finance Department

Telephone: +81-3-3621-6211

Scheduled date of filing of quarterly financial report: November 12, 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 Nine Months Ended September 30, 2020 (January 1, 2020 – September 30, 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	%
Nine months ended September 30, 2020	262,049	0.0	38,244	60.5	39,710	59.7
Nine months ended September 30, 2019	261,962	1.3	23,830	(9.1)	24,862	(8.8)

	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, 2020	28,713	53.6	27,237	60.7	24,848	32.7
Nine months ended September 30, 2019	18,690	(20.7)	16,950	(15.0)	18,723	(16.8)

Note: Core operating income for the nine months ended September 30, 2020 was ¥29,872 million (up 26.7% year on year). Core operating income for the nine months ended September 30, 2019 was ¥23,583 million (up 12.8% 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
Nine months ended September 30, 2020	93.69	93.57
Nine months ended September 30, 2019	58.31	58.24

(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	%
Nine months ended September 30, 2020	404,429	238,819	226,513	56.0
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	—	11.00	—		
Fiscal 2020 (forecast)				12.00	23.00

Note: Changes from the most recently published forecast of dividends: Yes

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
Fiscal 2020	355,000	2.2	41,500	39.1	27,000	31.3	92.88

Notes: 1. Core operating income forecast: Fiscal 2020: ¥33,000 million

2. Changes from the most recently published financial results forecast: Yes

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 September 30, 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 September 30, 2020:	8,406,441 shares
As of December 31, 2019:	8,405,440 shares
 - c. Average shares outstanding over period (cumulative; consolidated)

Nine months ended September 30, 2020:	290,709,288 shares
Nine months ended September 30, 2019:	290,693,899 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 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 -----	15
Notes relating to the assumption of a going concern -----	15
Changes in Accounting Principles -----	15
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 2020 (January 1, 2020–September 30, 2020) are as follows. Net sales amounted to ¥262,049 million, a year-on-year increase of 0.0% (or 1.0% at constant currency excluding exchange rate fluctuations). Core operating income came to ¥29,872 million, up 26.7% compared with the same period of the previous fiscal year, and operating profit was ¥38,244 million, up 60.5% year on year. Profit for the period attributable to owners of parent totaled ¥27,237 million, up 60.7% 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 Globalization,” “Reinforce Our Management Base through Business Structure Reform” and “Create Dynamism to Foster Innovative Change.”

In the first nine months of fiscal 2020, the spread of the novel coronavirus 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 its domestic operations, Lion introduced new, high-value-added products in its mainstay brands and worked to cultivate markets for these products through efficient marketing initiatives. In its overseas operations, in addition to efforts to increase profitability in the home care field, which includes such products as laundry detergents, the Group sought to expand its business in the personal care field, which includes oral care and beauty care products.

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)

	Nine months ended September 30, 2020	Ratio to net sales	Nine months ended September 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	262,049		261,962		86	0.0%
Core operating income	29,872	11.4%	23,583	9.0%	6,288	26.7%
Operating profit	38,244	14.6%	23,830	9.1%	14,414	60.5%
Profit for the period attributable to owners of the parent	27,237	10.4%	16,950	6.5%	10,287	60.7%

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)			
	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Change	Change (%)	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Change	Change (%)
Consumer Products	179,971	176,046	3,924	2.2%	22,006	15,968	6,037	37.8%
Industrial Products	40,208	40,959	(750)	(1.8%)	1,431	1,177	253	21.6%
Overseas	76,715	77,506	(791)	(1.0%)	5,545	5,636	(91)	(1.6%)
Other	24,437	24,891	(454)	(1.8%)	1,491	949	541	57.0%
Subtotal	321,332	319,404	1,928	0.6%	30,473	23,732	6,741	28.4%
Adjustment	(59,283)	(57,441)	(1,841)	—	(601)	(148)	(453)	—
Total	262,049	261,962	86	0.0%	29,872	23,583	6,288	26.7%

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 2.2% compared with the same period of the previous fiscal year. Segment profit increased 37.8%.

(Millions of yen)

	Nine months ended September 30, 2020	Ratio to net sales	Nine months ended September 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	179,971		176,046		3,924	2.2%
Segment profit	22,006	12.2%	15,968	9.1%	6,037	37.8%

Note: Net sales include internal sales within and among segments, which amounted to ¥11,587 million in the first nine months of fiscal 2020 and ¥11,458 million in the first nine months of fiscal 2019.

Net Sales by Product Segment

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Change	Change (%)
Oral Care Products	47,535	47,558	(23)	(0.0%)
Beauty Care Products	24,430	17,218	7,211	41.9%
Fabric Care Products	43,178	46,355	(3,177)	(6.9%)
Living Care Products	17,383	14,565	2,817	19.3%
Pharmaceutical Products	17,831	19,727	(1,895)	(9.6%)
Other Products	29,612	30,620	(1,007)	(3.3%)

Oral Care Products

In toothpastes, *SYSTEMA Haguki (the Gums) Plus Premium Toothpaste*, released in 2019, received favorable consumer reviews, 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 firm. Overall sales increased year on year.

In toothbrushes, *NONIO Toothbrush*, released in 2019, contributed to sales, but sales of the *Between* toothbrush and *SYSTEMA Toothbrush* fell year on year. Overall sales decreased from the same period of the previous fiscal year.

In dental rinses, sales of *NONIO Mouthwash* were favorable. Overall sales 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, but sales of *Ban Sweat-Blocking Foot Gel* fell year on year. Overall sales decreased year on year.

Fabric Care Products

In fabric softeners, sales of mainstay *SOFLAN Premium Deodorizer* and *SOFLAN Aroma Rich* fell year on year due to intensifying competition. Overall sales were down year on year.

In laundry detergents, highly concentrated liquid laundry detergent *TOP SUPER NANOX For Odors*, released in 2019, received favorable consumer reviews, 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, sales of *CHARMY Magica* and *CHARMY Crysta* for dishwashers were strong. Overall sales increased substantially year on year.

In household cleaners, sales of bath detergent *LOOK Plus Bath Cleansing*, which saw the addition of a new product formulated with silver ions, and those of 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 firm, and overall sales rose year on year.

In eye drops, sales of *Smile 40 Premium DX* were strong, and those of *Smile 40 Mediclear DX* were firm. Overall sales were up year on year.

In dermatologic agents, Lion released the new *Method* series, which makes it easy for itchiness sufferers to choose the right product for their specific symptoms and area affected, and overall sales increased significantly 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 from the same period of the previous year, and overall sales were down year on year.

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

Industrial Products Business

The Industrial Products Business segment includes 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 decreased 1.8% compared with the previous fiscal year. Segment profit increased 21.6%.

(Millions of yen)

	Nine months ended September 30, 2020	Ratio to net sales	Nine months ended September 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	40,208		40,959		(750)	(1.8%)
Segment profit	1,431	3.6%	1,177	2.9%	253	21.6%

Note: Net sales include internal sales within and among segments, which amounted to ¥17,386 million in the first nine months of fiscal 2020 and ¥16,605 million in the first nine months of fiscal 2019.

In the Automotive field, sales of anti-sticking agents for tires and 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, but sales of dishwashing detergents for dishwashers were down year on year, and 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 decreased 1.0% year on year (or increased 2.2% at constant currency excluding exchange rate fluctuations). Segment profit decreased 1.6% year on year.

(Millions of yen)

	Nine months ended September 30, 2020	Ratio to net sales	Nine months ended September 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	76,715		77,506		(791)	(1.0%)
Segment profit	5,545	7.2%	5,636	7.3%	(91)	(1.6%)

Note: Net sales include internal sales within and among segments, which amounted to ¥8,040 million in the first nine months of fiscal 2020 and ¥6,987 million in the first nine months of fiscal 2019.

Net Sales by Region

(Millions of yen)

	Nine months ended September 30, 2020	Nine months ended September 30, 2019	Change	Change (%)
Southeast Asia	49,710	52,498	(2,788)	(5.3%)
Northeast Asia	27,004	25,008	1,996	8.0%

Net Sales by Region

In Southeast Asia, overall sales were down 5.3% year on year.

In Thailand, sales of hand soaps were strong, but sales of laundry detergents decreased year on year. Overall sales after yen conversions were down year on year.

In Malaysia, sales of laundry detergents were down year on year, reflecting market contraction. Overall sales after yen conversions were down year on year.

In Northeast Asia, overall sales were up 8.0% 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 favorable, and 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)

	Nine months ended September 30, 2020	Ratio to net sales	Nine months ended September 30, 2019	Ratio to net sales	Change	Change (%)
Net sales	24,437		24,891		(454)	(1.8%)
Segment profit	1,491	6.1%	949	3.8%	541	57.0%

Note: Net sales include internal sales within and among segments, which amounted to ¥22,257 million in the first nine months of fiscal 2020 and ¥22,416 million in the first nine months of fiscal 2019.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

	September 30, 2020	December 31, 2019	Change
Total assets (millions of yen)	404,429	380,701	23,727
Total equity (millions of yen)	238,819	221,201	17,617
Ratio of equity attributable to owners of the parent to total assets (%)	56.0	54.7	1.3

Total assets increased ¥23,727 million compared with the previous consolidated fiscal year-end to ¥404,429 million. This was primarily attributable to an increase in property, plant and equipment. Equity increased ¥17,617 million to ¥238,819 million. The ratio of equity attributable to owners of the parent to total assets stood at 56.0%.

(3) Forecast of Consolidated Financial Results

As announced on November 5, 2020, the consolidated financial results forecasts for the full fiscal year have been revised since the release of previous forecasts on July 31, 2020. Dividend forecasts have also been revised.

For details, please refer to the November 5, 2020 press release “Lion Revises Performance and Dividend Forecasts.”

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:

¥108 = US\$1.00

¥3.5= 1.00 baht

2. Condensed Consolidated Financial Statements and Notes
(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	December 31, 2019	September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	110,406	105,494
Trade and other receivables	61,759	58,142
Inventories	43,555	49,141
Other financial assets	4,024	8,048
Other current assets	2,750	3,284
Total current assets	222,497	224,111
Non-current assets		
Property, plant and equipment	90,903	108,270
Goodwill	182	182
Intangible assets	13,485	16,000
Right-of-use assets	5,940	5,442
Investments accounted for using the equity method	9,165	9,965
Deferred tax assets	2,577	4,860
Retirement benefit assets	9,597	9,527
Other financial assets	25,517	24,930
Other non-current assets	833	1,138
Total non-current assets	158,204	180,318
Total assets	380,701	404,429

(Millions of yen)

	December 31, 2019	September 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	116,268	116,360
Borrowings	1,404	1,394
Income tax payables	6,568	9,428
Provisions	1,582	1,722
Lease liabilities	1,495	1,480
Other financial liabilities	739	474
Other current liabilities	7,659	9,123
Total current liabilities	135,718	139,984
Non-current liabilities		
Borrowings	889	732
Deferred tax liabilities	873	684
Retirement benefit liabilities	12,091	14,415
Provisions	357	355
Lease liabilities	5,510	5,367
Other financial liabilities	2,648	2,494
Other non-current liabilities	1,411	1,577
Total non-current liabilities	23,781	25,625
Total liabilities	159,499	165,610
Equity		
Share capital	34,433	34,433
Capital surplus	34,788	34,923
Treasury stock	(4,739)	(4,742)
Other components of equity	11,320	8,991
Retained earnings	132,619	152,906
Equity attributable to owners of the parent	208,421	226,513
Non-controlling interests	12,780	12,306
Total equity	221,201	238,819
Total liabilities and equity	380,701	404,429

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

Condensed Consolidated Statement of Income

Nine months ended September 30, 2019 and 2020

(Millions of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Net sales	261,962	262,049
Cost of sales	(132,448)	(128,430)
Gross profit	129,513	133,618
Selling, general and administrative expenses	(105,929)	(103,746)
Other income	1,121	11,945
Other expenses	(875)	(3,572)
Operating profit	23,830	38,244
Finance income	506	535
Finance costs	(152)	(111)
Share of profit of investments accounted for using the equity method	677	1,041
Profit before tax	24,862	39,710
Income taxes	(6,171)	(10,997)
Profit for the period	18,690	28,713
Profit for the period attributable to:		
Owners of the parent	16,950	27,237
Non-controlling interests	1,740	1,475
Profit for the period	18,690	28,713
Earnings per share		
Basic (Yen)	58.31	93.69
Diluted (Yen)	58.24	93.57

Condensed Consolidated Statement of Comprehensive Income
Nine months ended September 30, 2019 and 2020

	(Millions of yen)	
	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit for the period	18,690	28,713
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	91	(253)
Remeasurements of defined benefit plans	766	(1,245)
Share of other comprehensive income of investments accounted for using the equity method	(43)	(40)
Total items that will not be reclassified as profit or loss	814	(1,539)
Items that may be subsequently reclassified as profit or loss		
Net gain (loss) on derivatives designated as cash flow hedges	8	—
Exchange differences on translation of foreign operations	(761)	(1,971)
Share of other comprehensive income of investments accounted for using the equity method	(28)	(353)
Total items that may be subsequently reclassified as profit or loss	(781)	(2,325)
Total other comprehensive income, net of tax	32	(3,864)
Comprehensive income for the period	18,723	24,848
Comprehensive income for the period attributable to:		
Owners of the parent	16,822	24,354
Non-controlling interests	1,900	493
Comprehensive income for the period	18,723	24,848

(3) Condensed Consolidated Statement of Changes in Equity

Nine months ended September 30, 2019

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Subscription rights to shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 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					78	766
Total comprehensive income for the period	—	—	—	—	78	766
Dividends			(2)			
Acquisition of treasury stock						
Disposal of treasury stock		(7)	29	(21)		
Share-based payments		61				
Transfer from other components of equity to retained earnings					(434)	(766)
Total transactions with owners	—	53	27	(21)	(434)	(766)
Balance at September 30, 2019	34,433	34,768	(4,738)	143	10,444	—

	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 Other comprehensive income	8	(981)	(127)	16,950	16,950	1,740	18,690	
Total comprehensive income for the period	8	(981)	(127)	16,950	16,822	1,900	18,723	
Dividends			—	(5,813)	(5,813)	(3,232)	(9,045)	
Acquisition of treasury stock			—		(2)		(2)	
Disposal of treasury stock			(21)		0		0	
Share-based payments			—		61		61	
Transfer from other components of equity to retained earnings			(1,200)	1,200	—		—	
Total transactions with owners	—	—	(1,222)	(4,612)	(5,754)	(3,232)	(8,986)	
Balance at September 30, 2019	(0)	(1,017)	9,569	128,049	202,082	11,831	213,914	

Lion Corporation (Code 4912): Consolidated Financial Statements
for the Nine Months Ended September 30, 2020

Nine months ended September 30, 2020

(Millions of yen)

	Equity attributable to owners of the parent					
	Share capital	Capital surplus	Treasury stock	Other components of equity		
				Subscription rights to shares	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans
Balance at January 1, 2020	34,433	34,788	(4,739)	143	11,289	—
Profit for the period						
Other comprehensive income					(241)	(1,245)
Total comprehensive income for the period	—	—	—	—	(241)	(1,245)
Dividends						
Acquisition of treasury stock			(2)			
Disposal of treasury stock		0	0			
Share-based payments		134				
Transfer from other components of equity to retained earnings					(691)	1,245
Total transactions with owners	—	134	(2)	—	(691)	1,245
Balance at September 30, 2020	34,433	34,923	(4,742)	143	10,356	—

	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			—	27,237	27,237	1,475	28,713	
Other comprehensive income		(1,395)	(2,882)		(2,882)	(981)	(3,864)	
Total comprehensive income for the period	—	(1,395)	(2,882)	27,237	24,354	493	24,848	
Dividends			—	(6,395)	(6,395)	(967)	(7,363)	
Acquisition of treasury stock			—		(2)		(2)	
Disposal of treasury stock			—		0		0	
Share-based payments			—		134		134	
Transfer from other components of equity to retained earnings			554	(554)	—		—	
Total transactions with owners	—	—	554	(6,950)	(6,263)	(967)	(7,231)	
Balance at September 30, 2020	—	(1,508)	8,991	152,906	226,513	12,306	238,819	

(4) Notes to Condensed Consolidated Financial Statements

Notes relating to the assumption of a going concern

Not applicable.

Changes in Accounting Principles

The main accounting standards that the Group applies from the first quarter of the fiscal year under review are as follows.

Standard	Title	Summary of new principles or amendments
IFRS 3	Business Combinations	Improved the definition of a business
IAS 1 IAS 8	Presentation of Financial Statements Accounting Policies, Changes in Accounting Estimates and Errors	Clarified the definition of "material"
IFRS 9 IFRS 7	Financial Instruments Financial Instruments: Recognition and Measurement Financial Instruments: Disclosures	Revised certain hedge accounting requirements to reduce the potential effects of uncertainty caused by the IBOR transition

The Group is applying the above accounting standards in accordance with their respective transitional provisions, and their application does not have a material impact on the Condensed Consolidated Financial Statements.

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, 2019

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	164,588	24,353	70,519	2,475	261,936	25	261,962
(2) Intersegment ¹	11,458	16,605	6,987	22,416	57,467	(57,467)	—
Total	176,046	40,959	77,506	24,891	319,404	(57,441)	261,962
Core operating income	15,968	1,177	5,636	949	23,732	(148)	23,583
Other income							1,121
Other expenses							(875)
Operating profit							23,830
Finance income							506
Finance costs							(152)
Share of profit of investments accounted for using the equity method							677
Profit before tax							24,862

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A negative ¥148 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.

	(Millions of yen)
Gross profit	129,513
Selling, general and administrative expenses	(105,929)
Core operating income	23,583

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, 2020

(Millions of yen)

	Reportable Segment			Other	Total	Adjustment ²	Consolidated ³
	Consumer Products Business	Industrial Products Business	Overseas Business				
Net sales							
(1) External	168,383	22,822	68,674	2,179	262,060	(11)	262,049
(2) Intersegment ¹	11,587	17,386	8,040	22,257	59,272	(59,272)	—
Total	179,971	40,208	76,715	24,437	321,332	(59,283)	262,049
Core operating income	22,006	1,431	5,545	1,491	30,473	(601)	29,872
Other income							11,945
Other expenses							(3,572)
Operating profit							38,244
Finance income							535
Finance costs							(111)
Share of profit of investments accounted for using the equity method							1,041
Profit before tax							39,710

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A negative ¥601 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.

	(Millions of yen)
Gross profit	133,618
Selling, general and administrative expenses	(103,746)
Core operating income	29,872

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.