



Summary of Consolidated Financial Statements for the Nine Months Ended September 30, 2023 [IFRS]

November 7, 2023

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

Representative: Masayuki Takemori, Representative Director, President and Executive Officer
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Scheduled date of filing of quarterly financial report: November 10, 2023
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, 2023 (January 1, 2023 – September 30, 2023)

(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, 2023 | 296,097 | 3.5 | 12,512 | (44.1) | 14,214 | (42.5) |
| Nine months ended September 30, 2022 | 286,141 | 6.9 | 22,396 | (12.1) | 24,709 | (10.7) |

| | Profit for the period | | Profit for the period attributable to owners of the parent | | Total comprehensive income for the period | |
|---|-----------------------|--------|--|--------|--|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended September 30, 2023 | 10,206 | (42.5) | 8,850 | (48.3) | 20,368 | (16.1) |
| Nine months ended September 30, 2022 | 17,756 | (12.6) | 17,107 | (10.1) | 24,268 | 10.8 |

Note: Core operating income for the nine months ended September 30, 2023 was ¥12,604 million (down 26.8% year on year). Core operating income for the nine months ended September 30, 2022 was ¥17,225 million (down 32.2% year on year).

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.

| | Basic earnings per share | Diluted earnings per share |
|--------------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Nine months ended September 30, 2023 | 31.12 | 31.08 |
| Nine months ended September 30, 2022 | 60.04 | 59.93 |

(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, 2023 | 478,885 | 291,825 | 274,840 | 57.4 |
| December 31, 2022 | 469,278 | 279,168 | 264,255 | 56.3 |

2. Dividends

| | Cash dividends per share | | | | |
|------------------------|--------------------------|----------------|---------------|----------|-------|
| | First Quarter | Second Quarter | Third Quarter | Year-End | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal 2022 | — | 12.00 | — | 13.00 | 25.00 |
| Fiscal 2023 | — | 13.00 | — | | |
| Fiscal 2023 (forecast) | | | | 13.00 | 26.00 |

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

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023 (January 1, 2023 – December 31, 2023)

(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 2023 | 410,000 | 5.2 | 25,000 | (13.3) | 17,500 | (20.2) | 61.45 |

Notes: 1. Core operating income forecast: Fiscal 2023: ¥25,000 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, 2023: | 292,536,446 shares |
| As of December 31, 2022: | 292,536,446 shares |
 - b. Number of treasury stocks on balance sheet date:

| | |
|---------------------------|------------------|
| As of September 30, 2023: | 8,074,860 shares |
| As of December 31, 2022: | 8,304,250 shares |
 - c. Average number of shares outstanding over period

| | |
|---------------------------------------|--------------------|
| Nine months ended September 30, 2023: | 284,388,406 shares |
| Nine months ended September 30, 2022: | 284,940,705 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 Half 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 Nine Months of the Current Fiscal Year

(1) Consolidated Performance

Consolidated results for the first nine months of fiscal 2023 (January 1, 2023–September 30, 2023) are as follows. Net sales amounted to ¥296,097 million, a year-on-year increase of 3.5% (or a 1.5% increase at constant currency excluding exchange rate fluctuations). Core operating income came to ¥12,604 million, down 26.8% compared with the previous fiscal year, and operating profit to ¥12,512 million, down 44.1% year on year. Profit for the period attributable to owners of the parent totaled ¥8,850 million, down 48.3% 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.”

In its domestic operations, Lion introduced new high-value-added fabric softeners and laundry detergents while cultivating mainstay brands. 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 invested in a healthcare company in Vietnam, aiming to create new foundations for growth.

Consolidated Results

(Millions of yen)

| | Nine months ended September 30, 2023 | Ratio to net sales | Nine months ended September 30, 2022 | Ratio to net sales | Change | Change (%) |
|--|--|-----------------------|--|-----------------------|---------|---------------|
| Net sales | 296,097 | | 286,141 | | 9,955 | 3.5% |
| Core operating income | 12,604 | 4.3% | 17,225 | 6.0% | (4,621) | (26.8%) |
| Operating profit | 12,512 | 4.2% | 22,396 | 7.8% | (9,884) | (44.1%) |
| Profit for the period attributable to owners of the parent | 8,850 | 3.0% | 17,107 | 6.0% | (8,256) | (48.3%) |

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 Segment

(Millions of yen)

| | Net sales | | | | Segment profit (core operating income) | | | |
|---------------------|--------------------------------------|--------------------------------------|----------|------------|--|--------------------------------------|---------|------------|
| | Nine months ended September 30, 2023 | Nine months ended September 30, 2022 | Change | Change (%) | Nine months ended September 30, 2023 | Nine months ended September 30, 2022 | Change | Change (%) |
| Consumer Products | 196,519 | 193,009 | 3,509 | 1.8% | 3,082 | 8,972 | (5,890) | (65.6%) |
| Industrial Products | 42,713 | 42,333 | 379 | 0.9% | 2,513 | 2,396 | 117 | 4.9% |
| Overseas | 109,637 | 96,267 | 13,369 | 13.9% | 5,975 | 3,358 | 2,616 | 77.9% |
| Other | 15,535 | 11,287 | 4,247 | 37.6% | 934 | 867 | 66 | 7.7% |
| Subtotal | 364,404 | 342,898 | 21,506 | 6.3% | 12,505 | 15,595 | (3,089) | (19.8%) |
| Adjustment | (68,307) | (56,756) | (11,550) | — | 98 | 1,630 | (1,531) | — |
| Total | 296,097 | 286,141 | 9,955 | 3.5% | 12,604 | 17,225 | (4,621) | (26.8%) |

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 1.8% compared with the previous fiscal year. Segment profit decreased 65.6%.

(Millions of yen)

| | Nine months ended September 30, 2023 | Ratio to net sales | Nine months ended September 30, 2022 | Ratio to net sales | Change | Change (%) |
|----------------|--------------------------------------|--------------------|--------------------------------------|--------------------|---------|------------|
| Net sales | 196,519 | | 193,009 | | 3,509 | 1.8% |
| Segment profit | 3,082 | 1.6% | 8,972 | 4.6% | (5,890) | (65.6%) |

Note: Net sales include internal sales within and among segments, which amounted to ¥29,077 million in the first nine months of fiscal 2023 and ¥25,698 million in the first nine months of fiscal 2022.

Net Sales by Product Segment

(Millions of yen)

| | Nine months ended September 30, 2023 | Nine months ended September 30, 2022 | Change | Change (%) |
|-------------------------|--------------------------------------|--------------------------------------|---------|------------|
| Oral Care Products | 51,892 | 52,043 | (150) | (0.3%) |
| Beauty Care Products | 18,006 | 19,805 | (1,799) | (9.1%) |
| Fabric Care Products | 46,669 | 43,934 | 2,734 | 6.2% |
| Living Care Products | 15,801 | 17,068 | (1,266) | (7.4%) |
| Pharmaceutical Products | 18,931 | 17,912 | 1,019 | 5.7% |
| Other Products | 45,217 | 42,244 | 2,972 | 7.0% |

Oral Care Products

This product segment consists of toothpastes, toothbrushes, dental rinses and other related products.

In toothpastes, although sales of *CLINICA PRO* toothpastes and *NONIO Plus Whitening Toothpaste* were strong, due in part to revisions to sales promotions for some brands, overall sales decreased year on year.

In toothbrushes, Lion launched the new *LION "Electric Assist" Brush*, and the new *CLINICA PRO Toothbrush Rubber Head*, which uses a rubbery material for the bristles, received favorable customer reviews. As a result, overall sales increased year on year.

In dental rinses, sales of *NONIO Mouthwash* were down year on year, and overall sales decreased year on year.

Overall sales of Oral Care Products decreased 0.3% year on year.

Beauty Care Products

This product segment consists of hand soaps, body washes, antiperspirants and deodorants and other related products.

In hand soaps, due to market contraction, overall sales decreased year on year.

In body washes, sales of *hadakara Body Soap Foam* were firm, but sales of the liquid version were lower year on year. As a result, overall sales declined year on year.

Overall sales of Beauty Care Products decreased 9.1% year on year.

Fabric Care Products

This product segment consists of fabric softeners, laundry detergents and other related products.

In fabric softeners, sales of *SOFLAN Premium Deodorizer* decreased year on year. However, due in part to the launch of new *SOFLAN Airis*, overall sales increased year on year.

In laundry detergents, Lion launched new highly concentrated liquid laundry detergent *NANOX one*, which cuts through odors and grime while protecting clothing from discoloration. Overall sales increased year on year.

Overall sales of Fabric Care Products increased 6.2% year on year.

Living Care Products

This product segment consists of household cleaners, dishwashing detergents and other related products.

In household cleaners, sales of *LOOK Plus Bath Cleansing* and other products decreased year on year. Overall sales declined year on year.

In dishwashing detergents, sales of *CHARMY Magica* were sluggish. Overall sales declined slightly year on year.

Overall sales of Living Care Products decreased 7.4% year on year.

Pharmaceutical Products

This product segment consists of antipyretic analgesics, eye drops, acne medicines and other related products.

In antipyretic analgesics, sales of *BUFFERIN PREMIUM DX* were strong, but sales of *BUFFERIN PREMIUM* and *BUFFERIN A* declined year on year. Overall sales decreased slightly year on year.

In eye drops, sales of the *Smile 40 GOLD* series were steady, and overall sales increased year on year.

In acne medicines, sales of *PAIR® Acne Cream W* were strong, and overall sales were up substantially year on year.

In cooling gel sheets for feet, due to a recovery in demand from inbound visitors to Japan, sales were up substantially year on year.

Overall sales of Pharmaceutical Products increased 5.7% year on year.

Other Products

This product segment consists of pet supplies, gifts and novelty products, products sold through dental clinics and other related products.

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

In gifts and novelty products, sales of novelty products increased, and overall sales also increased

year on year.

Overall sales of Other Products increased 7.0% 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 tire rubber, electro-conductive carbon for secondary batteries, and detergents for institutional and kitchen use, respectively. Segment net sales increased 0.9% year on year. Segment profit increased 4.9%.

(Millions of yen)

| | Nine months ended September 30, 2023 | Ratio to net sales | Nine months ended September 30, 2022 | Ratio to net sales | Change | Change (%) |
|----------------|--------------------------------------|--------------------|--------------------------------------|--------------------|--------|------------|
| Net sales | 42,713 | | 42,333 | | 379 | 0.9% |
| Segment profit | 2,513 | 5.9% | 2,396 | 5.7% | 117 | 4.9% |

Note: Net sales include internal sales within and among segments, which amounted to ¥14,520 million in the first nine months of fiscal 2023 and ¥14,650 million in the first nine months of fiscal 2022.

In the Mobility field, sales of anti-sticking agents for tire rubber were firm, and overall sales increased year on year.

In the Electronics field, sales of conductive carbon for secondary batteries were steady, and overall sales increased year on year.

In the Detergents for Institutional Use Products field, sales of hand soaps decreased year on year, while sales of laundry detergents were favorable. Overall sales increased year on year.

Overseas Business

The Overseas Business segment comprises business operations located in Southeast and South Asia, including Thailand and Malaysia, as well as Northeast Asia, including China and South Korea. Segment net sales increased 13.9% year on year (or an increase of 7.4% at constant currency excluding exchange rate fluctuations). Segment profit increased 77.9% year on year.

(Millions of yen)

| | Nine months ended September 30, 2023 | Ratio to net sales | Nine months ended September 30, 2022 | Ratio to net sales | Change | Change (%) |
|----------------|--------------------------------------|--------------------|--------------------------------------|--------------------|--------|------------|
| Net sales | 109,637 | | 96,267 | | 13,369 | 13.9% |
| Segment profit | 5,975 | 5.4% | 3,358 | 3.5% | 2,616 | 77.9% |

Note: Net sales include internal sales within and among segments, which amounted to ¥10,454 million in the first nine months of fiscal 2023 and ¥8,159 million in the first nine months of fiscal 2022.

Net Sales by Region

(Millions of yen)

| | | Nine months ended September 30, 2023 | Nine months ended September 30, 2022 | Change | Change (%) |
|-----------------------------|----------------|--|--|--------|---------------|
| Southeast and South Asia | Net sales | 66,874 | 61,108 | 5,766 | 9.4% |
| | Segment profit | 3,409 | 1,485 | 1,923 | 129.5% |
| Northeast Asia | Net sales | 42,762 | 35,159 | 7,602 | 21.6% |
| | Segment profit | 2,565 | 1,873 | 692 | 37.0% |

Note: Due to the establishment of a joint venture company in Bangladesh in the previous fiscal year, the region previously referred to as "Southeast Asia" has been changed to "Southeast and South Asia."

Net Sales by Region

In Southeast and South Asia, net sales were up 9.4% year on year (or up 1.7% at constant currency excluding exchange rate fluctuations), and segment profit was up 129.5%.

In Thailand, sales of *Shokubutsu Monogatari* body washes were strong. Overall sales after yen conversions were up substantially year on year.

In Malaysia, sales of laundry detergents increased year on year, and overall sales after yen conversions were up year on year.

In Northeast Asia, overall sales were up 21.6% year on year (or up 17.4% at constant currency excluding exchange rate fluctuations), and segment profit was up 37.0%.

In China, sales of *White&White* toothpaste and *SYSTEMA* toothbrushes were strong. Overall sales after yen conversions increased substantially year on year.

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

Other (Construction Contracting Business, etc.)

(Millions of yen)

| | Nine months ended September 30, 2023 | Ratio to net sales | Nine months ended September 30, 2022 | Ratio to net sales | Change | Change (%) |
|----------------|--|-----------------------|--|-----------------------|--------|---------------|
| Net sales | 15,535 | | 11,287 | | 4,247 | 37.6% |
| Segment profit | 934 | 6.0% | 867 | 7.7% | 66 | 7.7% |

Note: Net sales include internal sales within and among segments, which amounted to ¥14,254 million in the first nine months of fiscal 2023 and ¥8,230 million in the first nine months of fiscal 2022.

(2) Financial Status

Status of Consolidated Assets, Liabilities and Equity

| | September 30, 2023 | December 31, 2022 | Change |
|---|--------------------|-------------------|--------|
| Total assets (millions of yen) | 478,885 | 469,278 | 9,606 |
| Total equity (millions of yen) | 291,825 | 279,168 | 12,657 |
| Ratio of equity attributable to owners of the parent to total assets (%) | 57.4 | 56.3 | 1.1 |

Total assets rose ¥9,606 million compared with the previous consolidated fiscal year-end to ¥478,885 million. This was primarily attributable to an increase in investments accounted for by the equity method. Total equity increased ¥12,657 million to ¥291,825 million. The ratio of equity attributable to owners of the parent to total assets stood at 57.4%.

(3) Forecast of Consolidated Financial Results

Lion has made no revisions to the consolidated financial results forecasts released on February 13, 2023 for the full fiscal year.

2. Condensed Consolidated Financial Statements and Notes

(1) Condensed Consolidated Statement of Financial Position

(Millions of yen)

| | December 31, 2022 | September 30, 2023 |
|---|-------------------|--------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 101,078 | 73,836 |
| Trade and other receivables | 71,263 | 77,630 |
| Inventories | 53,909 | 59,942 |
| Other financial assets | 7,977 | 11,327 |
| Other current assets | 3,462 | 4,294 |
| Subtotal | 237,691 | 227,032 |
| Assets held for sale | — | 183 |
| Total current assets | 237,691 | 227,216 |
| Non-current assets | | |
| Property, plant and equipment | 130,137 | 138,392 |
| Goodwill | 327 | 327 |
| Intangible assets | 23,917 | 22,884 |
| Right-of-use assets | 31,518 | 31,694 |
| Investments accounted for using the equity method | 8,939 | 18,021 |
| Deferred tax assets | 3,912 | 4,486 |
| Retirement benefit assets | 9,147 | 10,162 |
| Other financial assets | 22,856 | 24,546 |
| Other non-current assets | 831 | 1,152 |
| Total non-current assets | 231,587 | 251,669 |
| Total assets | 469,278 | 478,885 |

Lion Corporation (Code 4912): Consolidated Financial Statements
for the Nine Months Ended September 30, 2023

(Millions of yen)

| | December 31, 2022 | September 30, 2023 |
|---|-------------------|--------------------|
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 126,024 | 125,145 |
| Borrowings | 1,433 | 298 |
| Income tax payables | 2,182 | 2,185 |
| Provisions | 1,444 | 2,668 |
| Lease liabilities | 1,746 | 2,108 |
| Other financial liabilities | 1,681 | 994 |
| Other current liabilities | 7,061 | 7,754 |
| Total current liabilities | 141,574 | 141,154 |
| Non-current liabilities | | |
| Borrowings | 141 | — |
| Deferred tax liabilities | 2,701 | 5,016 |
| Retirement benefit liabilities | 10,431 | 6,057 |
| Provisions | 2,058 | 2,040 |
| Lease liabilities | 28,849 | 28,434 |
| Other financial liabilities | 2,378 | 2,385 |
| Other non-current liabilities | 1,974 | 1,971 |
| Total non-current liabilities | 48,536 | 45,905 |
| Total liabilities | 190,110 | 187,059 |
| Equity | | |
| Share capital | 34,433 | 34,433 |
| Capital surplus | 31,069 | 31,095 |
| Treasury stock | (8,056) | (7,867) |
| Other components of equity | 13,966 | 19,229 |
| Retained earnings | 192,842 | 197,950 |
| Equity attributable to owners of the parent | 264,255 | 274,840 |
| Non-controlling interests | 14,912 | 16,985 |
| Total equity | 279,168 | 291,825 |
| Total liabilities and equity | 469,278 | 478,885 |

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

Condensed Consolidated Statement of Income

Nine months ended September 30, 2022 and 2023

(Millions of yen)

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2023 |
|--|---|---|
| Net sales | 286,141 | 296,097 |
| Cost of sales | (158,476) | (164,748) |
| Gross profit | 127,664 | 131,348 |
| Selling, general and administrative expenses | (110,439) | (118,744) |
| Other income | 6,207 | 1,064 |
| Other expenses | (1,036) | (1,156) |
| Operating profit | 22,396 | 12,512 |
| Finance income | 896 | 967 |
| Finance costs | (95) | (622) |
| Share of profit of investments accounted for using the equity method | 1,511 | 1,356 |
| Profit before tax | 24,709 | 14,214 |
| Income taxes | (6,952) | (4,007) |
| Profit for the period | 17,756 | 10,206 |
| Profit for the period attributable to: | | |
| Owners of the parent | 17,107 | 8,850 |
| Non-controlling interests | 648 | 1,356 |
| Profit for the period | 17,756 | 10,206 |
| Earnings per share | | |
| Basic (Yen) | 60.04 | 31.12 |
| Diluted (Yen) | 59.93 | 31.08 |

Condensed Consolidated Statement of Comprehensive Income

Nine months ended September 30, 2022 and 2023

(Millions of yen)

| | Nine months ended September 30, 2022 | Nine months ended September 30, 2023 |
|--|---|---|
| Profit for the period | 17,756 | 10,206 |
| 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 | 550 | 1,226 |
| Remeasurements of defined benefit plans | (1,470) | 3,323 |
| Share of other comprehensive income (loss) of investments accounted for using the equity method | 10 | (13) |
| Total items that will not be reclassified as profit or loss | (909) | 4,536 |
| Items that may be subsequently reclassified as profit or loss | | |
| Net gain (loss) on derivatives designated as cash flow hedges | 16 | 40 |
| Exchange differences on translation of foreign operations | 7,405 | 5,583 |
| Total items that may be subsequently reclassified as profit or loss | 7,422 | 5,624 |
| Total other comprehensive income, net of tax | 6,512 | 10,161 |
| Comprehensive income for the period | 24,268 | 20,368 |
| Comprehensive income for the period attributable to: | | |
| Owners of the parent | 22,067 | 17,900 |
| Non-controlling interests | 2,201 | 2,467 |
| Comprehensive income for the period | 24,268 | 20,368 |

(3) Condensed Consolidated Statement of Changes in Equity

Nine months ended September 30, 2022

(Millions of yen)

| | Equity attributable to owners of the parent | | | | | |
|---|---|-----------------|----------------|-------------------------------|--|---|
| | Share capital | Capital surplus | Treasury stock | Other components of equity | | |
| | | | | Subscription rights to shares | Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income | Remeasurements of defined benefit plans |
| Balance at January 1, 2022 | 34,433 | 35,189 | (4,731) | 135 | 8,541 | — |
| Profit for the period | | | | | | |
| Other comprehensive income | | | | | 509 | (1,470) |
| Total comprehensive income for the period | — | — | — | — | 509 | (1,470) |
| Dividends | | | | | | |
| Acquisition of treasury stock | | | (10,001) | | | |
| Disposal of treasury stock | | 1 | 46 | (12) | | |
| Cancellation of treasury stock | | (4,259) | 6,630 | | | |
| Share-based payments | | 27 | | | | |
| Changes in ownership interest in subsidiaries | | | | | | |
| 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 | | | — | (2,731) | — | | — | |
| Share-based payments | | | — | | 27 | | 27 | |
| Changes in ownership interest in subsidiaries | | | — | | — | 25 | 25 | |

Lion Corporation (Code 4912): Consolidated Financial Statements
for the Nine Months Ended September 30, 2023

| | | | | | | | |
|---|----|-------|--------|----------|----------|---------|----------|
| 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 |

Nine months ended September 30, 2023

(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, 2023 | 34,433 | 31,069 | (8,056) | 123 | 8,930 | — |
| Profit for the period | | | | | | |
| Other comprehensive income | | | | | 1,203 | 3,323 |
| Total comprehensive income for the period | — | — | — | — | 1,203 | 3,323 |
| Dividends | | | | | | |
| Acquisition of treasury stock | | | (0) | | | |
| Disposal of treasury stock | | | 189 | (73) | | |
| Share-based payments | | 25 | | | | |
| Changes in ownership interest in subsidiaries | | | | | | |
| Transfer from other components of equity to retained earnings | | | | | (389) | (3,323) |
| Total transactions with owners | — | 25 | 188 | (73) | (389) | (3,323) |
| Balance at September 30, 2023 | 34,433 | 31,095 | (7,867) | 50 | 9,744 | — |

| | 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, 2023 | (42) | 4,953 | 13,966 | 192,842 | 264,255 | 14,912 | 279,168 | |
| Profit for the period | | | — | 8,850 | 8,850 | 1,356 | 10,206 | |
| Other comprehensive income | 40 | 4,481 | 9,049 | | 9,049 | 1,111 | 10,161 | |
| Total comprehensive income for the period | 40 | 4,481 | 9,049 | 8,850 | 17,900 | 2,467 | 20,368 | |
| Dividends | | | — | (7,393) | (7,393) | (553) | (7,946) | |
| Acquisition of treasury stock | | | — | | (0) | | (0) | |
| Disposal of treasury stock | | | (73) | (63) | 53 | | 53 | |

| | | | | | | | |
|---|-----|-------|---------|---------|---------|--------|---------|
| Share-based payments | | | — | | 25 | | 25 |
| Changes in ownership interest in subsidiaries | | | — | | | 158 | 158 |
| Transfer from other components of equity to retained earnings | | | (3,712) | 3,712 | — | | — |
| Total transactions with owners | — | — | (3,785) | (3,743) | (7,314) | (395) | (7,710) |
| Balance at September 30, 2023 | (1) | 9,435 | 19,229 | 197,950 | 274,840 | 16,985 | 291,825 |

(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: Activators, 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

The Other Businesses segment comprises business not included in the other segments. In this segment, Lion subsidiaries located in Japan primarily undertake operations related to Group construction contracting, real estate management and temporary staffing

(2) Net Sales and Performance of Reportable Segments

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.

| | (Millions of yen) |
|--|-------------------|
| 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.

Nine months ended September 30, 2023

(Millions of yen)

| | Reportable Segment | | | Other | Total | Adjustment ² | Consolidated ³ |
|--|----------------------------|------------------------------|-------------------|--------|---------|-------------------------|---------------------------|
| | Consumer Products Business | Industrial Products Business | Overseas Business | | | | |
| Net sales | | | | | | | |
| External | 167,441 | 28,193 | 99,182 | 1,280 | 296,097 | — | 296,097 |
| Intersegment ¹ | 29,077 | 14,520 | 10,454 | 14,254 | 68,307 | (68,307) | — |
| Total | 196,519 | 42,713 | 109,637 | 15,535 | 364,404 | (68,307) | 296,097 |
| Core operating income | 3,082 | 2,513 | 5,975 | 934 | 12,505 | 98 | 12,604 |
| Other income | | | | | | | 1,064 |
| Other expenses | | | | | | | (1,156) |
| Operating profit | | | | | | | 12,512 |
| Finance income | | | | | | | 967 |
| Finance costs | | | | | | | (622) |
| Share of profit of investments accounted for using the equity method | | | | | | | 1,356 |
| Profit before tax | | | | | | | 14,214 |

- Notes:
1. Includes intra-segment transactions within the reportable segments.
 2. A positive ¥98 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 | 131,348 |
| <u>Selling, general and administrative expenses</u> | <u>(118,744)</u> |
| Core operating income | 12,604 |

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.