Summary of Financial Results
for the Fiscal Year Ended January 31, 2019
[Japanese Standards] (Consolidated)

March 4, 2019

Name of Listed Company: Pigeon Corporation (Stock code: 7956)
Listings: First Section, Tokyo Stock Exchange
Website: www.pigeon.co.jp
Representative: Shigeru Yamashita (President and COO)
Contact person: Tsutomu Matsunaga (Managing Officer, Business Strategy Division)/Tel: +81-3-3661-4188
Scheduled Date of Annual General Shareholders' Meeting: April 25, 2019
Scheduled Commencement Date of Dividend Payments: April 26, 2019
Scheduled Filing Date of Annual Securities Report: April 26, 2019
Preparation of Any Additional Explanatory Materials for Financial Results: Yes
Holding of Any Briefing Session for Financial Results: Yes (For analysts and institutional investors)

1. Consolidated Business Performance for the Fiscal Year Ended January 31, 2019 (February 1, 2018 to January 31, 2019)

(1) Consolidated Operating Results (cumulative)

(Millions of yen, rounded down, % figures denote year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY ended January 31, 2019	104,747	2.1	19,612	1.0	20,398	1.3	14,238	(1.9)
FY ended January 31, 2018	102,563	8.4	19,412	21.2	20,129	22.3	14,515	30.5

(Note) Comprehensive income: FY ended January 31, 2019 ¥12,111 million (22.9% negative)
FY ended January 31, 2018 ¥15,710 million (81.7%)

	Net Income per Share (¥)	Diluted Net Income per Share (¥)	Return on Equity (%)	Total Assets/ Ordinary Income (%)	Operating Margin (%)
FY ended January 31, 2019	118.89	—	22.8	23.9	18.7
FY ended January 31, 2018	121.20	—	25.7	24.6	18.9

(Reference) Equity in earnings of affiliates: FY ended January 31, 2019 ¥— million
FY ended January 31, 2018 ¥54 million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (¥)
FY ended January 31, 2019	86,006	66,582	74.7	536.43
FY ended January 31, 2018	84,467	62,812	71.9	506.79

(Reference) Shareholders' Equity: FY ended January 31, 2019 ¥64,242 million
FY ended January 31, 2018 ¥60,693 million

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Year-End
FY ended January 31, 2019	13,632	(4,704)	(8,338)	30,949
FY ended January 31, 2018	17,094	(3,586)	(12,812)	31,346

2. Cash Dividends

	Annual Dividend (¥)					Total Dividends Paid (full year) (¥ mil)	Consolidated Payout Ratio (%)	Dividends on Consolidated Net Assets (%)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
FY ended January 31, 2018	－	31.00	－	35.00	66.00	7,904	54.5	14.0
FY ended January 31, 2019	－	34.00	－	34.00	68.00	8,143	57.2	13.0
FY ending December 31, 2019 (Forecast)	－	35.00	－	35.00	70.00		－	

3. Consolidated Business Performance Forecasts for the Fiscal Year Ending December 31, 2019 (February 1, 2019 to December 31, 2019)

(% figures denote year-on-year change from the previous term)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	106,200	－	20,000	－	20,000	－	14,300	－	119.40

(Note) Subject to approval of the "partial revision of the Articles of Incorporation" at the 62nd Ordinary General Meeting of Shareholders(Fiscal year ending January 31, 2019) scheduled for April 25, 2019, the fiscal period will change from the year ending January 31 to the year ending December 31, beginning with the 2019 fiscal year. As such, in the fiscal year ending December 31, 2019 now in progress, the consolidation period in 2019 for the consolidated companies that currently settle their accounts on January 31 shall be the 11-month period from February 1 to December 31, 2019. Subsequent consolidation periods shall be from January 1 to December 31 of each year.
For consolidated companies that currently settle their accounts on December 31, or that are doing so temporarily, the consolidation period shall continue to be the 12-month period from January 1 to December 31.

Notes

(1) Changes in major subsidiaries (or changes in specific subsidiaries that affect the scope of consolidation) during the period under review: None
New: － (Company name: －), Excluded: － (Company name: －)

(2) Changes in accounting policies, changes in accounting-based estimates, and restatements
1) Changes in accounting policies associated with revision of accounting standards: None
2) Changes in accounting policies other than the above 1): None
3) Changes in accounting-based estimates: None
4) Restatements: None

(3) Number of outstanding shares (common stock)
1) Number of shares outstanding at the period-end (including treasury stock)
FY ended January 31, 2019: 121,653,486 shares
FY ended January 31, 2018: 121,653,486 shares
2) Amount of treasury stock at the period-end
FY ended January 31, 2019: 1,892,704 shares
FY ended January 31, 2018: 1,892,329 shares
3) Number of average shares outstanding during the period
FY ended January 31, 2019: 119,760,958 shares
FY ended January 31, 2018: 119,761,277 shares

* This summary of financial results is exempt from audit by certified public accountants and auditing corporations.

* Cautionary Statement regarding Performance Forecasts
The forecasts and future projections stated in this report have been prepared on the basis of the information and assumption that shall be reasonable as of the date of announcement of this summary information, and the forecasts and future projections stated in this report are in no way intended as a promise of achievement as a company.
In addition, the actual results could differ significantly from forecast figures depending on a variety of factors. See the section "(4) Future Directions" in "1. Overview of Management Results and Related Matters" on page 5 regarding conditions which are preconditions for business performance forecasts and cautions for using the business performance forecast.

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1. Overview of Management Results and Related Matters

(1) Overview of Management Results for the Term Under Review

1) Performance Overview

During this consolidated accounting year (February 1, 2018 to January 31, 2019), despite the effect of a series of natural disasters in Japan, Japan's economy continued to recover at a gradual pace as a whole, thanks to an increase in corporate earnings and enhancement in the employment environment. In the global economy, in addition to the European and U.S. economies continuing to recover at a gradual pace, the Chinese economy also picked up steadily, although there was growing trade friction between the U.S. and China.

Amid such economic circumstances, the Group developed the Sixth Medium-Term Business Plan (for the period between the fiscal year ended January 2018 and the fiscal year ending January 2020), under the slogan of "Building our dreams into the future – by creating a bridge towards the Global Number One manufacturer of baby products –," and has made efforts toward our further growth in the second year of this plan. In addition, we have set the following three basic strategies that would help us to expand the Group's business and improve its management quality.

1) Based on the Pigeon Way, create and implement all kinds of measures to achieve the goal of becoming 'an indispensable company' for the society and make our Vision "to be the baby product manufacturer most trusted by the world's babies and families, i.e. 'Global Number One'" come true.
2) A further increase in corporate value will be pursued through improvement in profitability and efficiency of the business, and maximization of cash flows. The organizational structure, management system and governance system will also be put in place and reinforced to ensure sustainable growth from a medium to long-term perspective.
3) During the three years of the Sixth Medium-Term Business Plan, invest management resources giving priority to the key products and carry out strategic investments, laying solid foundations for the double-digit growth of Pigeon Group in the future.

During the consolidated period under review, we implemented a range of strategies for each of our businesses and functions on the basis of the above business policies. As the result, net sales amounted to ¥104,747 million (up 2.1% YOY). Regarding earnings, operating income rose to ¥19,612 million (up 1.0% YOY) thanks to a reduction of approximately 2.1 percentage points in the sales cost ratio from the previous term. Ordinary income recorded ¥20,398 million (up 1.3% YOY), and net income attributable to owners of parent decreased to ¥14,238 million (down 1.9% YOY).

The main exchange rates used in the preparation of this consolidated period's financial statements for the Company's overseas consolidated subsidiaries (revenues and expenses) are as follows:

・1US$: 110.43 yen (112.16 yen)
・1 CNY: 16.70 yen (16.62 yen)

Note: Figures in parentheses represent the exchange rate in the same period of the previous fiscal year.

2) Segment Review

Although so far, our Group had a total of five reporting segments identified as "Domestic Baby & Mother Care Business," "Child Care Service Business," "Health & Elder Care Business," "Overseas Business," and "China Business," from the consolidated fiscal year under review, we decided to change the denomination of our "Overseas Business" renaming it to "Singapore Business" that shall be engaged in various businesses under the Pigeon brand mainly in the ASEAN and countries of the Middle East, while the business conducted under the Lansinoh brand and mainly developed in Europe and the U.S., which had been a part of the "Overseas Business" so far, was set up as an

independent segment named "Lansinoh Business," and the reporting from now on will be done based on a division into a total of six segments. Each segment is outlined below.
In addition, we have made year-over-year comparisons by converting the figures in the previous fiscal year into the figures calculated in accordance with the new calculation method after the above revision.

Domestic Baby & Mother Care Business
Net sales of the segment amounted to ¥35,593 million (up 5.2% YOY). Segment profit increased to ¥6,096 million (up 2.8% YOY). Amid continuing demand from inbound tourism, Pigeon launched a slate of new products and overhauled others. In February the Company launched “Pigeon Medicated Body Foam Soap (Peach Leaves),” a body soap specially formulated for babies’ sensitive skin. March saw the launch of an improved package for “Runfee,” making it easier to push in the rear-facing position. In July the Company overhauled the “Bonyu Assist® breast pump series, which is equipped with “Baby Rhythm” technology created through more than 60 years of baby nursing research. Finally, in August the Company launched the “Pigeon Electric Baby Nasal Aspirator,” developed jointly with otolaryngologists. Sales and market share steadily rose during the period under review.
Moreover, during this fiscal year, we have held a number of events planned as a part of our direct communications program such as our “Premama Class” for women expecting to give birth in the near future and a seminar about breastfeeding while parenting for health care professionals, organized 31 times. A total of approximately 3,100 people have participated. At Pigeon Info, a website created to support women in pregnancy, childbirth and early childcare, the Company added a number of improvements. In addition to updating the product lineup, Pigeon redoubled its efforts to work with medical practitioners through a website dedicated to their needs, opened in May 2018. Improvements to the site are continuing as Pigeon strives to make Pigeon Info more appealing and user-friendly than ever.

Child Care Service Business
Net sales of the segment amounted to ¥4,472 million (down 40.7% YOY), and segment profit decreased to ¥169 million (down 22.7% YOY). It should be also noted that as of March 2018, the bulk outsourcing agreement for childcare hospital centers under the National Hospital Organization (Incorporated Administrative Agency) expired, but during the consolidated fiscal year under review, we have concluded new contracts for five in-company child-care facilities. We currently provide services to a total of seventy-six facilities, and shall continue to develop this business further from now on striving to improve the quality of the content we offer.

Health & Elder Care Business
Net sales of the segment amounted to ¥6,986 million (down 1.0% YOY), and segment profit decreased to ¥353 million (down 24.5% YOY). At the International Home Care & Rehabilitation Exhibition held in October, we exhibited new products scheduled for release in 2019. These new products met with favorable reception from customers and distributors. We will continue to focus on further strengthening our sales activities toward retail stores and nursing care facilities, and will implement thorough measures to ensure that the quality of our nursing care services, etc., is improved.

China Business
Net sales in this segment increased to ¥35,581 million (up 3.7% YOY), because sales of core products such as nursing bottles and nipples and skincare products remained strong, and segment profit increased to ¥11,972 million (up 4.0% YOY). In particular, there continued to be strong sales of the “Medicated Skincare Series (Peach Leaves)” and “Bonyu Jikkan® Nursing Bottle My Precious.” The nursing bottle with handle and the steam sterilizer released in the second half of the

fiscal year were also met with favorable reception. In addition, we will continue to strengthen our activities toward the growing E-commerce market; we will utilize social networking services and influencers further for invigoration of direct communication with consumers and will also continue to reinforce sales promotions at stores as well as offline sales activities aimed at hospitals and maternity clinics, in order to increase contact points with customers and expand our operation.

Singapore Business
In this segment, net sales amounted to ¥12,133 million (up 18.0% YOY). Segment profit also increased to ¥2,744 million (up 10.3% YOY), thanks to the improvement of gross profit margin, as well as the effective use of selling, general and administrative expenses. In Indonesia and the other ASEAN countries as well as the countries of the Middle East, we enjoyed a steady expansion of sales centering on nursing bottles and nipples. We shall develop our sales and marketing activities further, striving to boost the presence of our brands in these areas also.

Lansinoh Business
Net sales of the segment amounted to ¥12,753 million (up 1.8% YOY), and segment profit also increased to ¥1,576 million (up 1.5% YOY). In North America, sales of breast pumps and other products are steadily expanding through DME Channel, maternity hospitals, and other new sales routes. In addition to North America, we shall pave the way for further business expansion in Europe and Lansinoh Shanghai by conducting a wide range of measures including strengthening our marketing and brand reinforcement.

Other Businesses
Net sales of the segment amounted to ¥1,402 million (up 8.8% YOY), and segment profit stood at ¥142 million (up 12.8% YOY).

(2) Overview of Financial Position for the Term Under Review

1) Assets
As of January 31, 2019, total assets amounted to ¥86,006 million, up ¥1,538 million from the previous consolidated fiscal year ended January 31, 2018.
Current assets had an increase of ¥747 million, and fixed assets had an increase of ¥791 million.
Current assets increased mainly due to increases in merchandise and finished goods of ¥1,300 million and in receivables of ¥499 million, despite decreases in cash and deposits of ¥397 million and in notes and accounts receivable – trade of ¥1,436 million.
Fixed assets increased mainly due to an increase in software in progress of ¥1,199 million.

2) Liabilities
As of January 31, 2019, total liabilities amounted to ¥19,423 million, down ¥2,231 million from the previous consolidated fiscal year ended January 31, 2018. Current liabilities had a decrease of ¥2,049 million, while fixed liabilities had a decrease of ¥182 million.
Current liabilities decreased mainly due to decreases in notes and accounts payable - trade of ¥626 million, in income taxes payable of ¥627 million, and in other current liabilities ¥890 million, despite an increase in accounts payable of ¥221 million.
Fixed liabilities decreased mainly due to a decrease in deferred tax liabilities of ¥178 million.

3) Net Assets
As of January 31, 2019, total net assets amounted to ¥66,582 million, up ¥3,770 million from the previous consolidated fiscal year ended January 31, 2018.
This increase resulted mainly from an increase in retained earnings of ¥5,974 million, despite a decrease in foreign currency translation adjustment of ¥2,400 million.

4) Cash Flows
As of January 31, 2019, cash and cash equivalents (hereinafter referred to as “net cash”) amounted

to ¥30,949 million, up ¥397 million from a year earlier.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥13,632 million, down from ¥17,094 million of the previous year. This increase is mainly due to ¥20,262 million in income before income taxes and ¥2,638 million in depreciation. Contrasting factors included a ¥2,300 million increase in inventories and ¥6,491 million in income taxes paid.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥4,704 million, up from ¥3,586 million of the previous year. This is mainly due to ¥3,686 million in purchases of tangible fixed assets and ¥1,704 million in purchase of intangible fixed assets.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥8,338 million, down from ¥12,812 million of the previous year. This is mainly due to ¥8,260 million in payment of cash dividends.

(3) Overview of Cash Flows for the Term Under Review

Cash flow indicators of the Group are shown below.

	FY2017	FY2018	FY2019
Equity Ratio (%)	66.4	71.9	74.7
Equity Ratio based on Market Price (%)	464.5	604.0	590.4
Debt Repayment Term (years)	0.4	0.0	0.0
Interest Coverage Ratio (times)	335.2	1,523.8	6,779.1

- Equity ratio: Total shareholders’ equity ÷ Total assets
- Equity ratio based on market price: Market value of total stock ÷ Total assets
- Debt repayment term: Interest-bearing debt ÷ Operating cash flows
- Interest coverage ratio: Operating cash flows ÷ Interest paid

Notes:

1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the stock price (closing price at the end of the term) by the number of shares outstanding at the end of the term (after deduction of treasury stock).
3. Operating cash flow figures are taken from the Cash Flows from Operating Activities section of the Consolidated Statements of Cash Flows.
4. Interest-bearing debt refers to all debt that incurs interest (listed in Consolidated Balance Sheets).
5. For interest paid, interest expenses (listed in Consolidated Statements of Cash Flows) are used.

(4) Future Directions

For the "Sixth Medium-Term Business Plan (for the period between the fiscal year ended January 2018 and the fiscal year ending January 2020)," our Group has put up the following slogan, "Building our dreams into the future – by creating a bridge towards the Global Number One manufacturer of baby products –."

We will further develop and enhance our business operating system, while pursuing in the improvement of management quality and steadily implementing the measures grounded on the newly formulated strategies for each business segment and the functional strategy that serves as the foundation thereof. One area the Company has particularly singled out for continued growth is the overseas market. In the fiscal year ended January 2019 the Company established a three-division organizational framework, consisting of the China Business Division, Singapore Business Division and Lansinoh Business Division. To secure still further improvements in business results, we are working hard to promote fast decision-making in the operations of each business, expand and deepen our presence in existing overseas markets, and advance dynamically into new markets.

The Company is adjusting its management framework to enhance enterprise value. As a result of the reorganization of January 16, 2019, the Company has concentrated and strengthened its Group-wide head-office functions at Global Head Office (GHO). Operating segments, which are responsible for business management and growth, are divided into four segments by region. In addition to the Japan Business (Domestic Baby & Mother Care Business, Health & Elder Care Business and Child Care Service Business), they are the China Business, Singapore Business and Lansinoh Business. This reorganization clarifies roles and responsibilities and improves

communication with GHO, propelling the Group onto a stable, long-term growth arc. The fiscal year ending December 2019 is the final year of the Sixth Medium-Term Business Plan, so the Group is pushing resolutely forward to achieve its targets in champion form.
Company's forecast of business results for the Pigeon Group in the fiscal year ending December 31, 2019*, published on this date, March 4, 2019, is as follows. In view of the business results for the consolidated fiscal year, the Company forecasts net sales of ¥106.2 billion, operating income of ¥20 billion, ordinary income of ¥20 billion and net income attributable to owners of parent of ¥14.3 billion.
*Pending approval at the 62nd Ordinary General Meeting of Shareholders (Fiscal year ending January 31, 2019) scheduled for April 25, 2019, the settlement date will change from January 31 to December 31.

(5) Income Appropriation Policy and Dividends for the Term Under Review and Next Term
The Pigeon Group regards the return of income to shareholders as an important management priority. Our policy is to actively return income to shareholders through appropriation of retained earnings and other means, while reinforcing our financial position based on considerations of medium-term changes in business conditions and the Group's business strategies. In addition to strengthening our financial position, we effectively use retained earnings in a number of ways to fortify our operational base and improve future Group earnings. These include investing in new businesses for further growth and research and development, as well as investing in production facilities to raise production capacity, reduce costs, and enhance product quality.

With respect to targets of shareholder return, under the Sixth Medium-Term Business Plan (for the period between the fiscal year ended January 2018 and the fiscal year ending January 2020) announced in March 2017, we aim to increase dividends every fiscal year compared to previous year. We are also targeting a consolidated total shareholder return of 55%. To this end, we have sought to further strengthen and upgrade measures for returning profits to all shareholders.
The distribution of dividends in the period under review reflects the above policies and targets. The Group distributed an interim dividend of ¥34 per share (ordinary dividend of ¥34). For the year-end dividend, the Group forecasts a dividend of ¥34 per share (ordinary dividend of ¥34). As a result, the annual dividend for the term under review will total ¥68 per share (ordinary dividend of ¥68), a per share increase by ¥2 from the previous year.

2. Management Policies

(1) Basic Policies
The Group deploys operation to fulfill its mission to bring joy, happiness and inspiration to babies and families around the world by providing them with products and services that embody its corporate philosophy "love." Guided by this commitment, the Group has set in its medium to long-term corporate vision "to be the baby product manufacturer most trusted by the world's babies and families i.e. "Global Number One."

(2) Performance Targets
For the "Sixth Medium-Term Business Plan (for the period between fiscal year ended January 2018 and fiscal year ending January 2020)," our Group has put up the following slogan, "Building our dreams into the future – by creating a bridge towards the Global Number One manufacturer of baby products –." By steadily implementing a range of measures in line with the medium-term goals stated in the following section, the level of achievements aimed at for the term ending January 2020, which is the last fiscal year of the Plan, is net sales of ¥110 billion, operating income of ¥20 billion, and net income attributable to owners of parent of ¥13.8 billion. Moreover, in order to ensure yet further improvement of profitability and efficiency of capital, the Group shall deem PVA (Pigeon Value Added), return on invested capital (ROIC), etc. as important management indices, and strive

to improve each of them even more.

(3) Medium-Term Management Strategies

For the "Sixth Medium-Term Business Plan (for the period between fiscal year ended January 2018 and fiscal year ending January 2020)," we have set the following three basic strategies that shall help us to expand the Group's business and improve its management quality.

1) Based on the Pigeon Way, create and implement all kinds of measures to achieve the goal of becoming ‘an indispensable company’ for the society and make our Vision “to be the baby product manufacturer most trusted by the world’s babies and families, i.e. ‘Global Number One’” come true.
2) A further increase in corporate value will be pursued through improvement in profitability and efficiency of the business, and maximization of cash flows. The organizational structure, management system and governance system will also be put in place and reinforced to ensure sustainable growth from a medium to long-term perspective.
3) During the three years of the Sixth Medium-Term Business Plan, invest management resources giving priority to the key products and carry out strategic investments, laying solid foundations for the double-digit growth of Pigeon Group in the future.

(4) Issues to Address

The Group expects uncertainty to linger in the economic environment in which it operates, due to concerns over the slowdown in business growth of China and uncertainties in the global economy centering on Europe and the U.S., but at the same time, consumption trends in China and Japan are quite steady and there is also much to be expected from economic growth of Asian countries and other newly emerging countries around the world.

Amid such circumstances, during the "Sixth Medium-Term Business Plan (for the period between fiscal year ended January 2018 and fiscal year ending January 2020)," the Group shall steadily implement a range of measures prescribed in the newly established "Strategy for Important Categories" and individual strategies of each segment. In particular, the Group is focusing on China and Overseas operations, which are positioned as a continuing growth field. In this arena the Group will expand and deepen its presence in existing markets, most notably in China and North America. In addition, we shall select a number of overseas markets of importance to us already, or those we want to expand our presence in in the future, and make strong efforts to establish firm business foundations in such areas in Asia, Africa, etc., which can play important roles for the future growth of the Group.

Further, with respect to the Group’s Business Continuity Plan, we will further enhance the global risk management structure that has already been put in place.

Moreover, in order to further enhance the soundness and transparency of management going forward, a through enforcement of internal control systems, including the compliance organization will be made for fortifying corporate governance.

3. Basic Approach for the Selection of Accounting Standards

The consolidated financial statements of our Group are prepared based on Japanese standards.

In the future, we will have to prepare these statements based on the International Financial Reporting Standards (IFRS) for the purpose of improving global comparability of financial information, and we will continue to consider them, including the application period.

4. Consolidated Financial Statements and Main Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	At January 31, 2018	At January 31, 2019
ASSETS		
I. Current Assets:		
Cash and deposits	31,346	30,949
Notes and accounts receivable - trade	16,440	15,004
Merchandise and finished goods	6,059	7,360
Work in process	293	405
Raw materials and supplies	2,359	2,839
Deferred tax assets - current	739	724
Receivables	278	778
Other current assets	880	1,062
Allowance for doubtful accounts	(221)	(197)
Total Current Assets	58,178	58,925
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures	16,010	15,362
Accumulated depreciation and accumulated impairment loss	(8,904)	(8,672)
Buildings and structures, net	7,105	6,689
Machinery, equipment and vehicles	17,087	18,019
Accumulated depreciation	(11,184)	(11,821)
Machinery, equipment and vehicles, net	5,902	6,198
Tools, furniture and fixtures	6,517	6,642
Accumulated depreciation and accumulated impairment loss	(4,984)	(5,007)
Tools, furniture and fixtures, net	1,533	1,634
Land	5,878	5,577
Construction in progress	695	1,026
Total Tangible Fixed Assets	21,116	21,127
2. Intangible Fixed Assets:		
Goodwill	1,271	1,000
Software	456	463
Software in progress	1,001	2,200
Other intangible fixed assets	578	558
Total Intangible Fixed Assets	3,307	4,223
3. Investments and Other Assets:		
Investment securities	1,020	889
Bankruptcy claims	10	3
Deferred tax assets	217	228
Insurance reserve	177	177
Other	452	434
Allowance for doubtful accounts	(12)	(5)
Total Investments and Other Assets	1,865	1,729
Total Fixed Assets	26,289	27,080
Total Assets	84,467	86,006

(Millions of yen)

	At January 31, 2018	At January 31, 2019
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable - trade	5,194	4,567
Electronically recorded obligations - operating	1,797	1,960
Accounts payable	3,141	3,363
Income taxes payable	2,578	1,951
Accrued bonuses to employees	1,035	972
Provision for sales returns	51	32
Provision for special extra retirement payments	208	—
Other current liabilities	3,666	2,775
Total Current Liabilities	17,673	15,623
II. Fixed Liabilities:		
Deferred tax liabilities	2,924	2,746
Net defined benefit liability	290	309
Provision for directors and corporate auditors' retirement benefits	516	599
Other fixed liabilities	250	144
Total Fixed Liabilities	3,982	3,800
Total Liabilities	21,655	19,423
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199	5,199
Capital surplus	5,179	5,179
Retained earnings	49,729	55,704
Treasury stock	(949)	(951)
Total Shareholders' Equity	59,158	65,131
II. Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	44	21
Foreign currency translation adjustment	1,490	(910)
Total Accumulated Other Comprehensive Income	1,534	(888)
III. Non-controlling Interests	2,119	2,339
Total Net Assets	62,812	66,582
Total Liabilities and Net Assets	84,467	86,006

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

(Millions of yen)

	Year Ended January 31, 2018	Year Ended January 31, 2019
I. Net Sales	102,563	104,747
II. Cost of Sales	52,010	50,882
Gross profit	50,552	53,865
Reversal of provision for sales returns	70	35
Provision for sales returns	50	42
Adjusted gross profit	50,572	53,858
III. Selling, General and Administrative Expenses	31,159	34,246
Operating Income	19,412	19,612
IV. Non-operating Income:		
Interest income	187	228
Dividend income	19	18
Foreign exchange gains	—	108
Share of profit of entities accounted for using equity method	54	—
Subsidy income	812	650
Other non-operating income	188	289
Total Non-operating Income	1,263	1,295
V. Non-operating Expenses:		
Interest expenses	11	2
Sales discounts	418	452
Foreign exchange losses	75	—
Other non-operating expenses	42	54
Total Non-operating Expenses	547	509
Ordinary Income	20,129	20,398
VI. Extraordinary Income:		
Gain on sales of fixed assets	115	131
Gain on sales of investment securities	95	112
Gain on step acquisitions	848	—
Total Extraordinary Income	1,058	243
VII. Extraordinary Loss:		
Loss on sales of fixed assets	60	7
Loss on disposal of fixed assets	22	278
Impairment loss	—	93
Recall-related loss	187	—
Total Extraordinary Loss	271	379
Income before Income Taxes	20,916	20,262
Income taxes - current	5,931	5,794
Income taxes - deferred	225	(127)
Total Corporate Income Tax	6,157	5,667
Net Income	14,759	14,594
Net Income Attributable to Non-controlling Interests	244	356
Net Income Attributable to Owners of Parent	14,515	14,238

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Year Ended January 31, 2018	Year Ended January 31, 2019
Net Income	14,759	14,594
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(3)	(22)
Foreign currency translation adjustment	953	(2,460)
Total Other Comprehensive Income	950	(2,483)
Comprehensive Income	15,710	12,111
(Breakdown)		
Comprehensive income on parent company	15,373	11,814
Comprehensive income on non-controlling interests	336	296

(3) Statement of Changes in Consolidated Shareholders' Equity

Fiscal Year Ended January 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	5,199	5,179	42,280	(948)	51,711
Changes during the period					
Dividends from surplus			(7,065)		(7,065)
Net income attributable to owners of parent			14,515		14,515
Acquisition of treasury stock				(1)	(1)
Changes in items other than shareholders' equity (net)					
Total changes during the period	—	—	7,449	(1)	7,447
Balance at the end of current period	5,199	5,179	49,729	(949)	59,158

	Accumulated other comprehensive income			Non-controlling Interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	47	628	676	1,349	53,736
Changes during the period					
Dividends from surplus					(7,065)
Net income attributable to owners of parent					14,515
Acquisition of treasury stock					(1)
Changes in items other than shareholders' equity (net)	(3)	861	858	769	1,627
Total changes during the period	(3)	861	858	769	9,075
Balance at the end of current period	44	1,490	1,534	2,119	62,812

Fiscal Year Ended January 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	5,199	5,179	49,729	(949)	59,158
Changes during the period					
Dividends from surplus			(8,263)		(8,263)
Net income attributable to owners of parent			14,238		14,238
Acquisition of treasury stock				(1)	(1)
Changes in items other than shareholders' equity (net)					
Total changes during the period	—	—	5,974	(1)	5,972
Balance at the end of current period	5,199	5,179	55,704	(951)	65,131

	Accumulated other comprehensive income			Non-controlling Interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the period	44	1,490	1,534	2,119	62,812
Changes during the period					
Dividends from surplus					(8,263)
Net income attributable to owners of parent					14,238
Acquisition of treasury stock					(1)
Changes in items other than shareholders' equity (net)	(22)	(2,400)	(2,423)	220	(2,202)
Total changes during the period	(22)	(2,400)	(2,423)	220	3,770
Balance at the end of current period	21	(910)	(888)	2,339	66,582

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year Ended January 31, 2018	Year Ended January 31, 2019
I. Cash Flows from Operating Activities:		
Income before income taxes	20,916	20,262
Depreciation	2,444	2,638
Impairment loss	—	93
Amortization of goodwill	6	166
Increase (decrease) in allowance for doubtful accounts	186	(25)
Increase (decrease) in accrued bonuses to employees	110	(47)
Increase (decrease) in net defined benefit liability	68	28
Increase (decrease) in provision for directors and corporate auditors' retirement benefits	70	82
Interest and dividend income	(207)	(246)
Share of (gain) loss of entities accounted for using equity method	(54)	—
Interest expenses	11	2
Foreign exchange loss (gain)	187	65
Loss (gain) on sales of fixed assets	(54)	(123)
Loss on disposal of fixed assets	22	278
Gain on step acquisitions	(848)	—
Decrease (increase) in notes and accounts receivable - trade	376	646
Decrease (increase) in inventories	(761)	(2,300)
Increase (decrease) in notes and accounts payable - trade	115	(70)
Loss (gain) on sales of investment securities	(95)	(112)
Increase (decrease) in accounts payable	345	196
Increase (decrease) in accrued consumption taxes	34	(391)
Decrease (increase) in claims provable in bankruptcy/rehabilitation	8	6
Other	(124)	(1,263)
Subtotal	22,760	19,887
Interest and dividend income received	213	238
Interest expenses paid	(11)	(2)
Income taxes paid	(5,868)	(6,491)
Net Cash Provided by (Used in) Operating Activities	17,094	13,632
II. Cash Flows from Investing Activities:		
Purchase of tangible fixed assets	(2,199)	(3,686)
Proceeds from sales of tangible fixed assets	162	453
Purchase of intangible fixed assets	(1,055)	(1,704)
Purchase of investment securities	(1)	(1)
Proceeds from sales of investment securities	198	212
Purchase of insurance funds	(0)	(0)
Payments of loans receivable	(1)	(1)
Collection of loans receivable	8	6
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(587)	—
Payments for lease deposits	(131)	(39)
Collection of lease deposits	29	101
Other	(7)	(44)
Net Cash Provided by (Used in) Investing Activities	(3,586)	(4,704)

(Millions of yen)

	Year Ended January 31, 2018	Year Ended January 31, 2019
III. Cash Flows from Financing Activities:		
Decrease in short-term loans payable	(673)	—
Repayments of long-term loans payable	(5,000)	—
Payment of cash dividends	(7,066)	(8,260)
Dividends paid to non-controlling interests	(70)	(75)
Purchase of treasury stock	(1)	(1)
Net Cash Provided by (Used in) Financing Activities	(12,812)	(8,338)
IV. Effect of Exchange Rate Change on Cash and Cash Equivalents	599	(986)
V. Net Increase (Decrease) in Cash and Cash Equivalents	1,294	(397)
VI. Cash and Cash Equivalents at Beginning of Period	30,052	31,346
VII. Cash and Cash Equivalents at End of Period	31,346	30,949

(5) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Segment Information)

1. Summary of Reporting Segments

In respect of the Company's reporting segments, these are, of the constituent units in the Group, those for which separate financial information are available and those that are the subject of regular examination by the board of directors to make decisions on management resource allocation and assessment of performance.

The Company separates sales of principally nursing products into domestic and overseas sales and, in addition, is engaged in providing sales and services relating to health care and nursing care, services relating to supporting childcare. The Company has established business headquarters along products, services, and regions.

Although so far, our Group had a total of five reporting segments identified as "Domestic Baby & Mother Care Business," "Child Care Service Business," "Health & Elder Care Business," "Overseas Business," and "China Business," from the consolidated fiscal year under review, we decided to change the denomination of our "Overseas Business" renaming it to "Singapore Business" that shall be engaged in various businesses under the Pigeon brand mainly in the ASEAN and countries of the Middle East, while the business conducted under the Lansinoh brand and mainly developed in Europe and the U.S., which had been a part of the "Overseas Business" so far, was set up as an independent segment named "Lansinoh Business," and the reporting from now on will be done based on a division into a total of six segments.

Segment information for the previous consolidated fiscal year is prepared using the changed calculation method.

(i) Domestic Baby & Mother Care Business

This segment is engaged in the manufacture and sales of childcare products and feminine products in Japan.

(Principal Products) Breastfeeding-related products, weaning-related products, skincare products, wet tissues, baby foods, baby outing products, feminine care products (supplements, maternity products), other

(ii) Child Care Service Business

This segment is engaged in provision of child care services in Japan.

(Principal Services) Operation and contracting of nursery facilities, operation of preschool educational facilities, babysitter dispatch services, other

(iii) Health & Elder Care Business

This segment is engaged in the manufacture and sales of health care products and nursing care products as well as provision of nursing care services in Japan.

(Principal Products) Incontinence protection products, skincare products, wet tissues, wheel chairs, products for nursing care facilities, nursing care support services, other

(iv) China Business

This segment is engaged in the manufacture and sales of child care products and feminine products in China, Hong Kong, Russia, South Korea, Taiwan, and some other countries.

(v) Singapore Business

This segment is engaged in the manufacture and sales of childcare products and feminine products in the ASEAN member countries of Indonesia, Malaysia, Singapore and Thailand, as well as other countries such as Australia, India and the countries of the Middle East.

(vi) Lansinoh Business
This segment is engaged in the manufacture and sales of childcare products and feminine products in China, Germany, Turkey, the United Kingdom, the United States and other countries.

2. Calculation Method for the Values in Segmental Sales, Profits or Losses, Assets and Other Items
The methodology adopted in calculating the segmental sales, profits or losses, assets and other items is generally the same as in “Basis for Preparing Consolidated Financial Statements”.

3. Information Regarding Net Sales, Profit (Loss), Assets and Other Items in Each Reporting Segment
Fiscal Year Ended January 31, 2018

(Millions of yen)

	Reporting Segment							Other Businesses (Note) 1	Total	Adjustments (Note) 2 (Note) 3 (Note) 4 (Note) 5	Amount Accounted on Consolidated Financial Statements (Note) 6
	Domestic Baby & Mother Care Business	Child Care Service Business	Health & Elder Care Business	China Business	Singapore Business	Lansinoh Business	Subtotal				
Net Sales											
Net sales to external customers	33,841	7,541	7,058	34,171	6,135	12,523	101,273	1,289	102,563	―	102,563
Internal sale or exchange between segments	―	―	―	133	4,150	―	4,284	―	4,284	(4,284)	―
Total	33,841	7,541	7,058	34,305	10,286	12,523	105,557	1,289	106,847	(4,284)	102,563
Segment Profit	5,928	218	468	11,514	2,488	1,553	22,171	126	22,298	(2,885)	19,412
Segment Assets	13,113	1,410	3,248	28,366	14,824	6,680	67,643	1,197	68,840	15,627	84,467
Other Items											
Depreciation (Note) 7	558	25	92	742	667	116	2,202	44	2,246	198	2,444
Amortization of Goodwill	―	―	―	―	―	6	6	―	6	―	6
Increase in Tangible Fixed Assets and Intangible Fixed Assets (Note) 8	933	80	94	493	579	204	2,385	65	2,451	1,094	3,546

(Notes)
1. "Other" represents a business segment not included in the reporting segments and principally covers manufacture and sales by manufacturing subsidiaries of the company for sales outside the Group.
2. The negative amount of ¥2,885 million from adjustments in segment profit includes ¥6 million in elimination of intersegment transactions, and negative ¥2,892 million in non-allocable operating expenses. Non-allocable operating expenses are mainly administrative costs of our Group.
3. The amount of ¥15,627 million in adjustments in segment assets includes negative ¥1,144 million in eliminations of inter-segment transactions, and ¥16,771 million in the entire company assets consisting principally of investments of surplus of the parent company (Cash and Deposits), long term investment assets (Investment Securities and the Like) and assets relating to the administrative area.
4 Depreciation adjustments are depreciations relating the entire company assets.
5 Adjustments of increase in tangible fixed assets and intangible fixed assets relate to the entire company assets.
6. Segment profit has been adjusted with the operating income in the consolidated financial statements
7. Amortization relating to long term pre-paid expenses are included in the depreciation.
8. Increases in tangible fixed assets and intangible fixed assets include increases in long term pre-paid expenses.

Fiscal Year Ended January 31, 2019

(Millions of yen)

		Reporting Segment									
	Domestic Baby & Mother Care Business	Child Care Service Business	Health & Elder Care Business	China Business	Singapore Business	Lansinoh Business	Subtotal	Other Businesses (Note) 1	Total	Adjustments (Note) 2 (Note) 3 (Note) 4 (Note) 5	Amount Accounted on Consolidated Financial Statements (Note) 6
Net Sales											
Net sales to external customers	35,593	4,472	6,986	35,411	8,262	12,618	103,344	1,402	104,747	—	104,747
Internal sale or exchange between segments	—	—	—	170	3,871	135	4,176	—	4,176	(4,176)	—
Total	35,593	4,472	6,986	35,581	12,133	12,753	107,521	1,402	108,924	(4,176)	104,747
Segment Profit	6,096	169	353	11,972	2,744	1,576	22,912	142	23,054	(3,442)	19,612
Segment Assets	14,857	973	3,596	26,645	15,921	5,915	67,910	1,306	69,216	16,789	86,006
Other Items											
Depreciation (Note) 7	596	27	108	757	802	119	2,411	48	2,460	178	2,638
Amortization of Goodwill	—	—	—	—	159	6	166	—	166	—	166
Increase in Tangible Fixed Assets and Intangible Fixed Assets (Note) 8	1,018	32	207	1,225	953	307	3,743	66	3,810	1,565	5,376

(Notes)

1. “Other” represents a business segment not included in the reporting segments and principally covers manufacture and sales by manufacturing subsidiaries of the company for sales outside the Group.
2. The negative amount of ¥3,442 million from adjustments in segment profit includes negative ¥17 million in elimination of intersegment transactions, and negative ¥3,424 million in non-allocable operating expenses. Non-allocable operating expenses are mainly administrative costs of our Group.
3. The amount of ¥16,789 million in adjustments in segment assets includes negative ¥1,232 million in eliminations of inter-segment transactions, and ¥18,022 million in the entire company assets consisting principally of investments of surplus of the parent company (Cash and Deposits), long term investment assets (Investment Securities and the Like) and assets relating to the administrative area.

4 Depreciation adjustments are depreciations relating the entire company assets.

5 Adjustments of increase in tangible fixed assets and intangible fixed assets relate to the entire company assets.

6. Segment profit has been adjusted with the operating income in the consolidated financial statements

7. Amortization relating to long term pre-paid expenses are included in the depreciation.

8. Increases in tangible fixed assets and intangible fixed assets include increases in long term pre-paid expenses.

(Per Share Information)

	Previous fiscal year (February 1, 2017 to January 31, 2018)	Current fiscal year (February 1, 2018 to January 31, 2019)
Net Assets per Share	¥506.79	¥536.43
Net Income per Share	¥121.20	¥118.89

(Notes) 1. With respect to Diluted Net Income per Share, there are no latent shares, thus, has not been disclosed.
2. The basis for the calculation of the Net Income per Share is as follows.

	Previous fiscal year (February 1, 2017 to January 31, 2018)	Current fiscal year (February 1, 2018 to January 31, 2019)
Net Income Attributable to Owners of Parent (¥ millions)	14,515	14,238
Amount Not Attributable to Ordinary Shareholders (¥ millions)	—	—
Net Income Attributable to Owners of Parent Relating to Ordinary Shares (¥ millions)	14,515	14,238
Average Number of Shares During the Term (shares)	119,761,277	119,760,958

(Material Subsequent Events)

Not applicable.