

Summary of Financial Results for the Second Quarter of Fiscal Year Ending December 2023 [Japanese Standards] (Consolidated)

August 9, 2023

Name of Listed Company: Pigeon Corporation (Stock code: 7956)
 Listing: Prime Market, Tokyo Stock Exchange
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 Scheduled Filing Date of Quarterly Report: August 10, 2023
 Scheduled Commencement Date of Dividend Payments: September 4, 2023
 Preparation of Any Additional Explanatory Materials for Quarterly Financial Results: Yes
 Holding of Any Briefing Session for Quarterly Financial Results: Yes (For analysts and institutional investors)

1. Consolidated Business Performance for the First Half of Fiscal Year Ending December 31, 2023 (January 1 to June 30, 2023)

(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 | |
|------------------------|-----------|--------|------------------|---------|-----------------|---------|---|---------|
| 2Q ended June 30, 2023 | 48,002 | 6.0 | 6,511 | 27.2 | 7,117 | 11.1 | 4,566 | 14.4 |
| 2Q ended June 30, 2022 | 45,292 | (4.2)% | 5,118 | (32.6)% | 6,404 | (25.0)% | 3,990 | (21.5)% |

(Note) Comprehensive income: 2Q ended June 30, 2023 ¥7,947 million (16.6% negative)
 2Q ended June 30, 2022 ¥9,526 million (26.7%)

| | Net Income per Share (¥) | Diluted Net Income per Share (¥) |
|------------------------|--------------------------|-------------------------------------|
| 2Q ended June 30, 2023 | 38.17 | — |
| 2Q ended June 30, 2022 | 33.35 | — |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio (%) |
|----------------------------|--------------|------------|------------------|
| 2Q ended June 30, 2023 | 105,091 | 83,056 | 75.7 |
| FY ended December 31, 2022 | 101,733 | 79,952 | 75.4 |

(Reference) Shareholders' Equity: 2Q ended June 30, 2023 ¥79,554 million
 FY ended December 31, 2022 ¥76,695 million

2. Cash Dividends

| | Annual Dividend (¥) | | | | |
|---|---------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| FY ended December 31, 2022 | — | 38.00 | — | 38.00 | 76.00 |
| FY ending December 31, 2023 | — | 38.00 | | | |
| FY ending December 31, 2023 (Forecast) | | | — | 38.00 | 76.00 |

(Note) Changes in dividend forecasts from the most recent announcement: None

3. Consolidated Business Performance Forecasts for the Fiscal Year Ending December 31, 2023 (January 1 to December 31, 2023)

(% 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 | 100,000 | 5.3 | 12,400 | 1.7 | 12,400 | (7.9) | 8,100 | (5.6) | 67.70 |

(Note) Revision of forecasts from the most recent announcement: None

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) Application of any accounting procedures specific to preparation of quarterly consolidated financial statements: None

(3) 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

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the period-end (including treasury stock)

2Q ended June 30, 2023: 121,653,486

FY ended December 31, 2022: 121,653,486

2) Amount of treasury stock at the period-end

2Q ended June 30, 2023: 2,063,721

FY ended December 31, 2022: 1,996,448

3) Average number of shares outstanding during the period (quarter accumulation)

2Q ended June 30, 2023: 119,644,880

2Q ended June 30, 2022: 119,646,013

(Note) Amount of treasury stock at the period-end includes Company shares held by the board incentive plan (BIP) trust for compensation of directors (169,948 shares as of 2Q ended June 30, 2023; 102,956 shares as of FY ended December 31, 2022). Company shares held by the BIP trust for compensation of directors are also included in the treasury stock subtracted in the calculation of the average number of shares outstanding during the period.

* Summaries of quarterly financial results are exempt from quarterly review 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 “(3) Explanation of Consolidated Performance Forecast and Other Predictions” in “1. Qualitative Information Regarding the Financial Results for the Current Quarter” on page 4 regarding conditions which are preconditions for business performance forecasts and cautions for using the business performance forecast.

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1. Qualitative Information Regarding the Financial Results for the Current Quarter

(1) Explanation of Business Performance

1) Performance Overview

During the consolidated first half under review, both the Japanese and global economies staged recoveries from various challenges, though risks remained. In the Japanese economy, in May 2023 the COVID-19 pandemic transitioned to a Category V infectious disease as defined under the Infectious Disease Control Law, leading to the easing or lifting of various restrictions on activity. One after another, events that had been suspended were reopened. Personal consumption showed signs of gradual recovery. Globally, the economies of China and other countries and regions worldwide continued to recover. However, in view of the impact of factors such as monetary tightening worldwide, along with rising prices, supply squeezes and fluctuations in financial and capital markets, the outlook going forward remained uncertain.

Against this background, in February 2023 the Pigeon Group announced its Eighth Medium-Term Business Plan (covering the period from the fiscal year ending December 2023 through the fiscal year ending December 2025). To respond flexibly to a business environment that continues to change rapidly worldwide, thereby ensuring itself of sustainable growth, the Group is implementing three basic strategies (brand strategy, core product strategy and regional strategy). Guided by these strategies, the Group will focus on pursuing sustainable growth in existing business fields and on exploring and cultivating new growth fields where it can deploy its unique expertise, thereby proactively rebuilding its operating structure. Moreover, the Group will implement a range of measures to achieve its purpose, which is “to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs.”

During the consolidated first half under review, net sales grew to ¥48,002 million (up 6.0% YOY), driven by the Japan and China businesses as well as depreciation of the yen. In earnings, rising sales boosted income, while gross profit margin improved by 2.7 points YOY, absorbing an increase in selling, general and administrative expenses. Operating income climbed to ¥6,511 million (up 27.2% YOY), ordinary income improved to ¥7,117 million (up 11.1% YOY) and net income attributable to owners of parent expanded to ¥4,566 million (up 14.4% YOY).

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

- 1 US\$: 134.95 yen (123.15 yen)
- 1 CNY: 19.46 yen (18.97 yen)

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

2) Segment Review

The Group has a total of four reporting segments: the Japan Business, China Business, Singapore Business, and Lansinoh Business. An outline of each segment is given below.

Japan Business

This segment consists of businesses such as the Baby Care Business, Child Care Service Business, and Health & Elder Care Business. Net sales for the entire segment amounted to ¥18,408 million (up 2.8% YOY), and segment profit was ¥1,182 million (up 99.5% YOY).

In the Baby Care Business (childcare and feminine products), net sales grew YOY, buoyed partly by price revisions on certain products in February 2023. Breaking the results down by product category, sales grew for nursing bottles and nipples, which are two mainstay product areas for the Group, for baby skincare products and for consumables such as baby wipes. In the Baby Care Business, a number of stroller products were rolled out in April 2023. The Bingle BB3 stroller extends the target age from previous products' first 36 months of life to 48 months. In the Runfee Lino'n series, a product of joint development with Akachan Honpo Co., Ltd., the Group launched Runfee Lino'n RB3L, a stroller equipped with Smart Grip, which makes the stroller easier to carry

when folded. In May 2023, Pigeon partnered with Moon Creative Lab Inc. (a “venture studio” of the Mitsui Bussan Group that promotes the development of new businesses) to launch an online service using an app called Lullaby. Provided by Moon Creative Lab, Lullaby is an app that supports parents calming crying infants at night and putting them to bed. The online service uses Lullaby to provide counseling online on child-rearing issues such as breastfeeding and foods for weaning.

The Group conducted a number of initiatives in communications with consumers. We offered occasional presentations on Insta Live, a live webcasting service of Instagram, to connect directly and intuitively with customers about the unique features of our products. This service reached over 23,000 viewers, including viewers of archived content. The Group also took steps to strengthen customer engagement. We launched the Breast Milk Bank Contribution Campaign, in which a portion of Group sales of certain products were donated to the Japanese Human Milk Bank Association (JHMBA). For the 37th time, the Group sponsored the Pigeon “Plant a Tree to Commemorate a Baby's Birth” Campaign, aimed at babies born in 2022.

In products for health and elder care, the Group energized its brand. In June 2023, we overhauled the packaging for Liquid Thickener—Simply Add, a thickening agent that can be used with carbonated beverages. This product had been launched under the Habinurse elder-care brand.

Regarding child care service, we currently provide services at 61 in-company child-care facilities, and shall continue to develop this business further while striving to improve the quality of service content.

China Business

Net sales in this segment amounted to ¥18,061 million (up 11.2% YOY), and segment profit was ¥5,497 million (up 19.3% YOY).

In Mainland China, net sales were firm in core product lines of nursing bottles and nipples, rising YOY in local-currency terms. Support for core products strengthened further. Skincare products aimed at children delivered robust sales, and nursing bottles for older infants were launched in June 2023. The latter products incorporate a newly developed mouthpiece that facilitates a smooth transition from nursing bottles to drinking through a straw. In consumer communications, the Group also engaged vigorously in digital marketing, including livestreaming and posting on social media, while continuing to strengthen sales promotion at bricks-and-mortar stores and activities at hospitals and maternity clinics. These efforts were aimed at reaping steady expansion of business.

In South Korea, where Group operations are managed through this segment, the Pigeon Group began reorganizing its distribution framework in the consolidated first half under review. Using local sales subsidiaries as its base, the Group is strengthening sales and marketing efforts in South Korea, seeking to attract new customers and reinforce relationships with existing customers. Finally, the Group continued to strengthen efforts to boost sales of baby products under the Pigeon brand in the North American market.

Singapore Business

Net sales of the segment amounted to ¥6,607 million (down 4.6% YOY), and segment profit was ¥840 million (down 30.6% YOY).

This segment is responsible for operations in the ASEAN region and India. Major markets in these regions negatively rebounded from the previous fiscal year's rapid recovery from the COVID-19 pandemic; in some countries, the pace of economic recovery slackened and personal consumption dipped. Net sales declined YOY. In baby skincare, a key business for this segment, the Group augmented the Natural Botanical Baby skin-care series, produced with natural ingredients to be gentle on babies' skin and friendly to the environment, with the launch of refill packs for baby powders and liquid soaps. The Group will continue to advance the development and launch of products for the upper-middle class and higher income brackets and conduct active deployment of sales and marketing activities with the aim of achieving market penetration for Group brands.

Lansinoh Business

Net sales of the segment amounted to ¥8,728 million (up 11.7% YOY), and segment profit increased to ¥345 million (up 36.7% YOY).

In North America, a vital market for the segment, net sales in local-currency terms declined YOY. Factors in this result included the impact of slippage in timing of orders from major customers, a round of special demand amid relief from shortages of powdered milk in the United States and delays in launching certain products. In Germany, the United Kingdom and China, net sales advanced, led by products such as nipple creams, a key product. In prenatal and postnatal care products, a new category, the Group launched products such as organic oils used to massage the perineum before childbirth and gel pads used to protect scars following cesarean births. The Group expanded its mainstay line of products to support breastfeeding and expanded products in new categories, while striving to bolster its e-commerce presence and brand.

(2) Explanation of Financial Position

(Assets)

As of June 30, 2023, our Group recorded total assets of ¥105,091 million, up ¥3,357 million from the previous consolidated fiscal year ended December 31, 2022. Both current assets and fixed assets increased by ¥939 million and ¥2,418 million, respectively.

Current assets increased mainly due to increases in merchandise and finished goods of ¥1,557 million and in notes and accounts receivable - trade of ¥1,170 million, despite a decrease in cash and deposits of ¥1,802 million.

Fixed assets increased mainly due to an increase in other tangible fixed assets of ¥2,289 million.

(Liabilities)

As of June 30, 2023, our Group recorded total liabilities of ¥22,035 million, up ¥254 million from the previous consolidated fiscal year ended December 31, 2022. Both current liabilities and fixed liabilities increased by ¥22 million and ¥232 million, respectively.

Current liabilities increased mainly due to an increase in electronically recorded obligations - operating of ¥596 million, despite a decrease in notes and accounts payable - trade of ¥419 million.

Fixed liabilities increased mainly due to an increase in other fixed liabilities of ¥275 million.

(Net Assets)

As of June 30, 2023, our Group recorded total net assets of ¥83,056 million, up ¥3,103 million from the previous consolidated fiscal year ended December 31, 2022.

Net assets increased mainly due to an increase in foreign currency translation adjustment of ¥2,989 million.

(3) Explanation of Consolidated Performance Forecast and Other Predictions

The Group's performance forecast for the full fiscal year ending December 31, 2023 is unchanged from the forecast announced when the Group announced its results for the fiscal year ended December 31, 2022, on February 14, 2023.

2. Quarterly Consolidated Financial Statements and Main Notes**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

| | At December 31, 2022 | At June 30, 2023 |
|---|----------------------|------------------|
| ASSETS | | |
| I. Current Assets: | | |
| Cash and deposits | 34,283 | 32,480 |
| Notes and accounts receivable - trade | 15,975 | 17,145 |
| Merchandise and finished goods | 10,529 | 12,087 |
| Work in process | 632 | 588 |
| Raw materials and supplies | 4,156 | 4,163 |
| Other current assets | 1,793 | 1,859 |
| Allowance for doubtful accounts | (226) | (242) |
| Total Current Assets | 67,143 | 68,082 |
| II. Fixed Assets: | | |
| 1. Tangible Fixed Assets: | | |
| Buildings and structures, net | 10,499 | 10,658 |
| Land | 7,559 | 7,692 |
| Other tangible fixed assets, net | 12,074 | 14,363 |
| Total Tangible Fixed Assets | 30,132 | 32,715 |
| 2. Intangible Fixed Assets: | | |
| Goodwill | 380 | 327 |
| Other intangible fixed assets | 1,928 | 1,670 |
| Total Intangible Fixed Assets | 2,308 | 1,997 |
| 3. Investments and Other Assets: | | |
| Other | 2,149 | 2,300 |
| Allowance for doubtful accounts | (0) | (4) |
| Total Investments and Other Assets | 2,149 | 2,295 |
| Total Fixed Assets | 34,590 | 37,008 |
| Total Assets | 101,733 | 105,091 |
| LIABILITIES | | |
| I. Current Liabilities: | | |
| Notes and accounts payable - trade | 5,066 | 4,647 |
| Electronically recorded obligations - operating | 1,542 | 2,138 |
| Short-term borrowings | — | 67 |
| Income taxes payable | 989 | 1,183 |
| Accrued bonuses to employees | 920 | 822 |
| Provision for loss on litigation | 7 | 7 |
| Other current liabilities | 7,036 | 6,717 |
| Total Current Liabilities | 15,563 | 15,585 |
| II. Fixed Liabilities: | | |
| Net defined benefit liability | 566 | 586 |
| Provision for share-based remuneration | 225 | 162 |
| Other fixed liabilities | 5,425 | 5,701 |
| Total Fixed Liabilities | 6,217 | 6,449 |
| Total Liabilities | 21,781 | 22,035 |

(Millions of yen)

| | At December 31, 2022 | At June 30, 2023 |
|---|----------------------|------------------|
| NET ASSETS | | |
| I. Shareholders' Equity: | | |
| Capital stock | 5,199 | 5,199 |
| Capital surplus | 5,132 | 5,132 |
| Retained earnings | 60,762 | 60,727 |
| Treasury stock | (1,387) | (1,488) |
| Total Shareholders' Equity | 69,706 | 69,570 |
| II. Accumulated Other Comprehensive Income: | | |
| Valuation difference on available-for-sale securities | 26 | 31 |
| Foreign currency translation adjustment | 6,962 | 9,952 |
| Total Accumulated Other Comprehensive Income | 6,989 | 9,984 |
| III. Non-controlling Interests | 3,257 | 3,501 |
| Total Net Assets | 79,952 | 83,056 |
| Total Liabilities and Net Assets | 101,733 | 105,091 |

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

Quarterly Consolidated Statement of Income
(Scope of Consolidation of Second Quarter)

(Millions of yen)

| | Six months ended June 30, 2022 | Six months ended June 30, 2023 |
|---|-----------------------------------|-----------------------------------|
| I. Net Sales | 45,292 | 48,002 |
| II. Cost of Sales | 24,543 | 24,700 |
| Gross profit | 20,749 | 23,301 |
| III. Selling, General and Administrative Expenses | 15,631 | 16,789 |
| Operating Income | 5,118 | 6,511 |
| IV. Non-operating Income: | | |
| Interest income | 73 | 110 |
| Dividend income | 12 | 11 |
| Subsidy income | 492 | 384 |
| Foreign exchange gains | 569 | 67 |
| Other non-operating income | 202 | 114 |
| Total Non-operating Income | 1,350 | 689 |
| V. Non-operating Expenses: | | |
| Interest expenses | 46 | 56 |
| Other non-operating expenses | 18 | 26 |
| Total Non-operating Expenses | 64 | 83 |
| Ordinary Income | 6,404 | 7,117 |
| VI. Extraordinary Income: | | |
| Gain on sales of fixed assets | 6 | 8 |
| Subsidy income | — | 19 |
| Total Extraordinary Income | 6 | 28 |
| VII. Extraordinary Loss: | | |
| Loss on sales of fixed assets | 1 | 2 |
| Loss on disposal of fixed assets | 24 | 9 |
| Loss on tax purpose reduction entry of fixed assets | — | 19 |
| Total Extraordinary Loss | 25 | 31 |
| Income before Income Taxes | 6,385 | 7,113 |
| Income taxes - current | 2,271 | 2,567 |
| Income taxes - deferred | 6 | (109) |
| Total Corporate Income Tax | 2,277 | 2,457 |
| Net Income | 4,108 | 4,656 |
| Net Income Attributable to Non-controlling Interests | 117 | 89 |
| Net Income Attributable to Owners of Parent | 3,990 | 4,566 |

Quarterly Consolidated Statement of Comprehensive Income
(Scope of Consolidation of Second Quarter)

(Millions of yen)

| | Six months ended June 30, 2022 | Six months ended June 30, 2023 |
|---|-----------------------------------|-----------------------------------|
| Net Income | 4,108 | 4,656 |
| Other Comprehensive Income | | |
| Valuation difference on available-for-sale securities | 2 | 5 |
| Foreign currency translation adjustment | 5,415 | 3,285 |
| Total Other Comprehensive Income | 5,417 | 3,290 |
| Quarterly Comprehensive Income | 9,526 | 7,947 |
| (Break down) | | |
| Quarterly comprehensive income on parent company | 9,065 | 7,561 |
| Quarterly comprehensive income on non-controlling interests | 461 | 385 |

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

| | Six months ended June 30, 2022 | Six months ended June 30, 2023 |
|---|-----------------------------------|-----------------------------------|
| I. Cash Flows from Operating Activities | | |
| Income before Income Taxes | 6,385 | 7,113 |
| Depreciation | 2,290 | 2,422 |
| Amortization of goodwill | 91 | 96 |
| Increase (decrease) in allowance for doubtful accounts | 7 | (3) |
| Increase (decrease) in accrued bonuses to employees | (59) | (136) |
| Increase (decrease) in net defined benefit liability | 71 | (26) |
| Interest and dividend income | (85) | (122) |
| Interest expenses | 46 | 56 |
| Loss (gain) on sales of fixed assets | (5) | (6) |
| Loss on disposal of fixed assets | 24 | 9 |
| Increase (decrease) in provision for expenses related to voluntary product recall | (18) | — |
| Decrease (increase) in notes and accounts receivable - trade | 475 | (117) |
| Decrease (increase) in inventories | (532) | (630) |
| Increase (decrease) in notes and accounts payable - trade | 666 | (357) |
| Increase (decrease) in accounts payable | (233) | (62) |
| Increase (decrease) in accrued consumption taxes | (15) | 25 |
| Other | (813) | (696) |
| Subtotal | 8,294 | 7,565 |
| Interest and dividend income received | 77 | 91 |
| Interest expenses paid | (46) | (34) |
| Income taxes paid | (2,620) | (2,264) |
| Net Cash Provided by (Used in) Operating Activities | 5,706 | 5,358 |
| II. Cash Flows from Investing Activities | | |
| Purchase of tangible fixed assets | (2,609) | (3,342) |
| Proceeds from sales of tangible fixed assets | 9 | 42 |
| Purchase of intangible fixed assets | (148) | (73) |
| Proceeds from cancellation of insurance funds | — | 166 |
| Other | (42) | (4) |
| Net Cash Provided by (Used in) Investing Activities | (2,790) | (3,210) |
| III. Cash Flows from Financing Activities | | |
| Increase in short-term loans payable | — | 101 |
| Decrease in short-term loans payable | — | (38) |
| Payment of cash dividends | (4,425) | (4,558) |
| Dividends paid to non-controlling interests | (84) | (141) |
| Purchase of treasury stock | (0) | (199) |
| Proceeds from disposal of treasury stock | 44 | 47 |
| Other | (147) | (413) |
| Net Cash Provided by (Used in) Financing Activities | (4,614) | (5,202) |
| IV. Effect of Exchange Rate Change on Cash and Cash Equivalents | 2,038 | 1,251 |
| V. Net Increase (Decrease) in Cash and Cash Equivalents | 339 | (1,802) |
| VI. Cash and Cash Equivalents at Beginning of Period | 35,218 | 34,283 |
| VIII. Cash and Cash Equivalents at End of Period | 35,557 | 32,480 |

(4) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Six months ended June 30, 2022

1. Information Regarding Net Sales and Profit (Loss) in Each Reporting Segment

(Millions of yen)

| | Reporting Segment | | | | Total | Adjustments (Note 1) | Amount Accounted on Quarterly Consolidated Statement of Income (Note 2) |
|---|-------------------|----------------|--------------------|-------------------|--------|-------------------------|---|
| | Japan Business | China Business | Singapore Business | Lansinoh Business | | | |
| Net sales | | | | | | | |
| Net sales to external customers | 16,899 | 16,011 | 4,573 | 7,808 | 45,292 | — | 45,292 |
| Internal sales or exchange between segments | 1,005 | 226 | 2,350 | 6 | 3,588 | (3,588) | — |
| Total | 17,904 | 16,238 | 6,924 | 7,814 | 48,881 | (3,588) | 45,292 |
| Segment profit | 592 | 4,609 | 1,210 | 252 | 6,665 | (1,546) | 5,118 |

(Notes)

1. The negative amount of ¥1,546 million from adjustments in segment profit includes ¥48 million in elimination of intersegment transactions and negative ¥1,595 million in non-allocable operating expenses. Non-allocable operating expenses are administrative costs of our Group.

2. Segment profits are adjusted to operating income in the quarterly consolidated statement of income.

Six months ended June 30, 2023

1. Information Regarding Net Sales and Profit (Loss) in Each Reporting Segment

(Millions of yen)

| | Reporting Segment | | | | Total | Adjustments (Note 1) | Amount Accounted on Quarterly Consolidated Statement of Income (Note 2) |
|---|-------------------|----------------|--------------------|-------------------|--------|-------------------------|---|
| | Japan Business | China Business | Singapore Business | Lansinoh Business | | | |
| Net sales | | | | | | | |
| Net sales to external customers | 17,255 | 17,620 | 4,400 | 8,725 | 48,002 | — | 48,002 |
| Internal sales or exchange between segments | 1,153 | 440 | 2,206 | 2 | 3,803 | (3,803) | — |
| Total | 18,408 | 18,061 | 6,607 | 8,728 | 51,806 | (3,803) | 48,002 |
| Segment profit | 1,182 | 5,497 | 840 | 345 | 7,866 | (1,354) | 6,511 |

(Notes)

1. The negative amount of ¥1,354 million from adjustments in segment profit includes ¥92 million in elimination of intersegment transactions and negative ¥1,446 million in non-allocable operating expenses. Non-allocable operating expenses are administrative costs of our Group.

2. Segment profits are adjusted to operating income in the quarterly consolidated statement of income.