

Summary of Financial Results for the Second Quarter (First Half) of Fiscal Year Ending December 2024 [Japanese Standards] (Consolidated)

August 14, 2024

Name of Listed Company: Pigeon Corporation (Stock code: 7956)
 Listing: Prime Market, Tokyo Stock Exchange
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 Scheduled Filing Date of Semi-Annual Securities Report: August 14, 2024
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 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 Second Quarter (First Half) of Fiscal Year Ending December 31, 2024 (January 1 to June 30, 2024)

(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 | |
|--------------------------------|-----------|----------|------------------|----------|-----------------|----------|---|----------|
| | Amount | % Change | Amount | % Change | Amount | % Change | Amount | % Change |
| First half ended June 30, 2024 | 51,313 | 6.9% | 5,822 | (10.6)% | 6,431 | (9.6)% | 3,574 | (21.7)% |
| First half ended June 30, 2023 | 48,002 | 6.0% | 6,511 | 27.2% | 7,117 | 11.1% | 4,566 | 14.4% |

(Note) Comprehensive income: First half ended June 30, 2024 ¥8,971 million (12.9%)
 First half ended June 30, 2023 ¥7,947 million (16.6% negative)

| | Net Income per Share (¥) | Diluted Net Income per Share (¥) |
|--------------------------------|--------------------------|----------------------------------|
| First half ended June 30, 2024 | 29.89 | — |
| First half ended June 30, 2023 | 38.17 | — |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio (%) |
|-------------------------|--------------|------------|------------------|
| As of June 30, 2024 | 108,392 | 84,953 | 75.4 |
| As of December 31, 2023 | 100,440 | 81,087 | 77.2 |

(Reference) Shareholders' Equity: As of June 30, 2024 ¥81,682 million
 As of December 31, 2023 ¥77,581 million

2. Cash Dividends

| | Annual Dividend (¥) | | | | |
|--|---------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| FY ended December 31, 2023 | — | 38.00 | — | 38.00 | 76.00 |
| FY ending December 31, 2024 | — | 38.00 | — | — | — |
| FY ending December 31, 2024 (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, 2024 (January 1 to December 31, 2024)

(% 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 | 101,000 | 6.9 | 11,400 | 6.3 | 11,400 | (1.1) | 7,600 | 2.4 | 63.54 |

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

Notes

(1) Significant changes in 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 semi-annual 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)

As of June 30, 2024: 121,653,486

As of December 31, 2023: 121,653,486

2) Amount of treasury stock at the period-end

As of June 30, 2024: 2,063,983

As of December 31, 2023: 2,063,781

3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

First half ended June 30, 2024: 119,589,585

First half ended June 30, 2023: 119,644,880

(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 June 30, 2024; 169,948 shares as of December 31, 2023). 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 financial results for the second quarter (first half) are exempt from 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. Overview of Management Results and Related Matters” 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. Overview of Management Results and Related Matters

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

1) Performance Overview

Gradual recovery met with challenges in both the domestic and global economies during the consolidated first half under review. The Japanese economy continued on a recovery path. Recovery in personal consumption paused amid a growing trend toward thrift driven by elevated prices. However, improvements in the employment and income environments raised hopes that a gradual recovery would continue. In the global economy, hopes of recovery persisted despite monetary and geopolitical challenges. These headwinds included the impact of continuing high interest rates in Western economies, concerns about prospects for the Chinese economy, conditions in the Middle East and fluctuations in financial and capital markets. The global outlook remained as unclear as ever.

Against this background, in 2023 the Pigeon Group is moving forward with its Eighth Medium-Term Business Plan (covering the period from the fiscal year ended 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 steadily implementing three basic strategies (brand strategy, core product strategy and regional strategy). Guided by these strategies, the Group is focusing 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. In addition to pursuing business growth, the Group implemented 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.” Sales of the Pigeon Group expanded during the consolidated first half under review, while earnings retreated. Net sales grew to ¥51,313 million (up 6.9% YOY), buoyed by yen depreciation and led by the China Business and Lansinoh Business. In earnings, higher revenues boosted gross profit margin, but the Group invested heavily in selling, general and administrative expenses in a vigorous effort to bolster net sales and market share for nursing bottles and the baby skincare category, particularly in the China Business. Operating income fell to ¥5,822 million (down 10.6% YOY), ordinary income declined to ¥6,431 million (down 9.6% YOY) and net income attributable to owners of parent dropped to ¥3,574 million (down 21.7% YOY).

The Pigeon Group recorded extraordinary income and loss on the construction of a plant for Pigeon Home Products Corporation. The Group received a local-government subsidy in connection with the new plant, appropriating extraordinary income of ¥648 million in subsidy income for the consolidated first quarter of this fiscal year. This subsidy income was offset by appropriation of an extraordinary loss in the form of loss on tax purpose reduction entry of fixed assets of ¥648 million. On April 1, 2024, Pigeon transferred all of its shares in Pigeon Manaka Corporation (share of voting rights: 67.0%) to Marumitsu Corporation. With this transfer, the Pigeon Group excludes Pigeon Manaka from the scope of consolidation beginning in the consolidated first half under review.

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\$: 152.14 yen (134.95 yen)
- 1 CNY: 21.08 yen (19.46 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 ¥18,002 million (down 2.2% YOY), and segment profit was ¥1,040 million (down 12.0% YOY).

In the Baby Care Business (childcare and feminine products), sales expanded YOY. Price revisions implemented in the previous year on nursing bottles, nipples and other baby-related products had an effect. Sales trended upward for nursing bottles and nipples, one of the Group's mainstay product lines, as well as for products in the new category of childcare appliances, such as SHUPOT, an electric nose cleaner for babies. In new products, in February 2024 the Group launched Moisture mist lotion, a skin-care solution that blows mist directly on wet skin after a bath, saving time by eliminating the need to spread lotion on the skin. The product enjoyed an excellent start, with shipments to over 15,000 retail outlets in the month and a half since the launch.

The Group conducted a number of initiatives in communications. Using social-media sites such as Instalive, the Group showcased products and promoted sales. To reach medical practitioners, the Group held multiple online seminars. In April 2024 the Group held the 38th Pigeon "Plant a Tree to Commemorate a Baby's Birth" ceremony, celebrating babies born in 2023. Through these and other efforts, the Group worked continuously to strengthen its brand.

In products for health and elder care, the Group reinforced sales efforts on a wide range of products. In addition to consumables such as bottom wipes, these included nursing-care bathing products and, launched in February 2024, a line of oral-care products, including Medicated oral care gel plus. On April 1, 2024, as described above, Pigeon transferred all of its shares in Pigeon Manaka (share of voting rights: 67.0%) to Marumitsu.

Regarding child care service, the Group provided services at 55 in-company child-care facilities and others. The Group will continue to develop these operations while striving to improve the quality of service content.

In the export portion of the Japan Business, net sales declined due to the impact on China sales of the release of ALPS-treated water in Fukushima.

China Business

Net sales in this segment amounted to ¥19,629 million (up 8.7% YOY), and segment profit was ¥5,149 million (down 6.3% YOY).

In Mainland China, demand recovered steadily after the sharp decline in net sales from the controversy over maritime release of ALPS-treated water in 4Q FY2023. As a result of continuous brand exposure and redoubled sales promotion activities, net sales in local-currency terms rose YOY. The Shizen Rinyu Series of nursing bottles for older babies, as well as a series of large-capacity drinking bottles for children launched in March 2024, enjoyed favorable sales. In this way the Group continued to extend the utility of many baby products and other products to older children, to respond to the declining number of births.

In consumer communications, the Group extended its reach in the online space. The Group further expanded brand exposure through social-media sites such as Douyin, the mainland China version of the short-video platform TikTok, and strengthened digital marketing tools such as livestream shopping. The Group enjoyed favorable sales through e-commerce channels, including its own-brand online store.

In South Korea, where Group operations are managed through this segment, as well as in the North American market, the Pigeon Group strengthened its brand and carried out marketing efforts. These initiatives used local sales subsidiaries as their bases in the consolidated first half under review.

Singapore Business

Net sales of the segment amounted to ¥7,094 million (up 7.4% YOY), and segment profit was ¥954 million (up 13.6% YOY).

This segment is responsible for operations in the ASEAN region and India. Shipping adjustments in major markets, continued from the previous fiscal year, were largely completed. Net sales rose YOY, in part from the exchange-rate effect of yen depreciation. In the core product categories on which

this business focuses, the Group strengthened its brand in nursing bottles and nipples, expanded sales of baby skin-care products and, in a fresh initiative, marketed nursing bottles with local, limited-edition designs. We also launched the Natural Botanical Maternity series of skincare products for mothers. We will continue to target customers in the upper-middle class and higher income brackets, for example by deploying vigorous sales and marketing activities centered on our core products of nursing bottles, nipples and baby skin-care products.

Lansinoh Business

Net sales of the segment amounted to ¥10,092 million (up 15.6% YOY), and segment profit increased to ¥462 million (up 33.6% YOY).

Net sales in local-currency terms improved YOY in both North America and Europe. In North America, a vital market for this segment, a rebound decline in sales continued to be seen, prompted by the relief of a shortage of powdered milk in the previous year. However, sales were firm for new models of breast-pump products and prenatal and postnatal care products. In European markets, including the United Kingdom and Germany, sales of products such as nipple creams and prenatal and postnatal care products were brisk.

In segment profit, gross profit margin continued to improve amid easing of marine shipping expenses and a shakeup in the product mix.

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

(Assets)

As of June 30, 2024, our Group recorded total assets of ¥108,392 million, up ¥7,952 million from the previous consolidated fiscal year ended December 31, 2023. Current assets increased by ¥8,860 million, while fixed assets decreased by ¥908 million.

Current assets increased mainly due to increases in notes and accounts receivable - trade of ¥6,934 million, in cash and deposits of ¥977 million, and in merchandise and finished goods of ¥855 million.

Fixed assets decreased mainly due to a decrease in buildings and structures of ¥401 million.

(Liabilities)

As of June 30, 2024, our Group recorded total liabilities of ¥23,438 million, up ¥4,085 million from the previous consolidated fiscal year ended December 31, 2023. Both current liabilities and fixed liabilities increased by ¥3,648 million and ¥436 million, respectively.

Current liabilities increased mainly due to increases in other current liabilities of ¥1,888 million and in notes and accounts payable – trade of ¥1,820 million, despite a decrease in electronically recorded obligations - operating of ¥763 million.

Fixed liabilities increased mainly due to an increase in other fixed liabilities of ¥383 million.

(Net Assets)

As of June 30, 2024, our Group recorded total net assets of ¥84,953 million, up ¥3,866 million from the previous consolidated fiscal year ended December 31, 2023.

Net assets increased mainly due to an increase in foreign currency translation adjustment of ¥5,081 million, despite a decrease in retained earnings of ¥976 million.

(3) Explanation of Consolidated Performance Forecast and Other Predictions

The Group announced the Eighth Medium-Term Business Plan (covering the period from the fiscal year ended December 2023 through the fiscal year ending December 2025) in February 2023, identifying “for sustainable growth” as its theme. 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, such as its mainstay nursing bottles and skincare products, and on exploring and cultivating new growth fields where it can deploy its unique expertise, thereby proactively rebuilding its operating structure. The fiscal year of which the first half under review is a part is the second year

of the Eighth Medium-Term Business Plan. To achieve the plan's targets, the Group will continue to strengthen existing business domains globally while expanding into new ones and diligently pursue growth investment placing top priority on recovering net sales in the China Business. The Group's performance forecast for the full fiscal year ending December 31, 2024 is unchanged from the forecast announced when the Group announced its results for the fiscal year ended December 31, 2023, on February 15, 2024.

2. Semi-Annual Consolidated Financial Statements and Main Notes**(1) Semi-Annual Consolidated Balance Sheets**

(Millions of yen)

| | At December 31, 2023 | At June 30, 2024 |
|---|----------------------|------------------|
| ASSETS | | |
| I. Current Assets: | | |
| Cash and deposits | 34,357 | 35,335 |
| Notes and accounts receivable - trade | 14,412 | 21,346 |
| Merchandise and finished goods | 9,575 | 10,431 |
| Work in process | 515 | 544 |
| Raw materials and supplies | 3,443 | 3,481 |
| Other current assets | 2,740 | 2,788 |
| Allowance for doubtful accounts | (245) | (267) |
| Total Current Assets | 64,800 | 73,660 |
| II. Fixed Assets: | | |
| 1. Tangible Fixed Assets: | | |
| Buildings and structures, net | 14,136 | 13,735 |
| Land | 7,655 | 7,360 |
| Other tangible fixed assets, net | 10,161 | 9,917 |
| Total Tangible Fixed Assets | 31,952 | 31,013 |
| 2. Intangible Fixed Assets: | | |
| Goodwill | 215 | 126 |
| Other intangible fixed assets | 1,267 | 1,212 |
| Total Intangible Fixed Assets | 1,483 | 1,339 |
| 3. Investments and Other Assets: | | |
| Other | 2,207 | 2,383 |
| Allowance for doubtful accounts | (4) | (4) |
| Total Investments and Other Assets | 2,203 | 2,378 |
| Total Fixed Assets | 35,639 | 34,731 |
| Total Assets | 100,440 | 108,392 |
| LIABILITIES | | |
| I. Current Liabilities: | | |
| Notes and accounts payable - trade | 3,643 | 5,463 |
| Electronically recorded obligations - operating | 1,365 | 602 |
| Short-term borrowings | 76 | — |
| Income taxes payable | 495 | 1,288 |
| Accrued bonuses to employees | 923 | 910 |
| Provision for loss on litigation | 6 | 6 |
| Other current liabilities | 7,021 | 8,909 |
| Total Current Liabilities | 13,532 | 17,181 |
| II. Fixed Liabilities: | | |
| Net defined benefit liability | 612 | 636 |
| Provision for share-based remuneration | 190 | 219 |
| Other fixed liabilities | 5,017 | 5,400 |
| Total Fixed Liabilities | 5,820 | 6,257 |
| Total Liabilities | 19,352 | 23,438 |

(Millions of yen)

| | At December 31, 2023 | At June 30, 2024 |
|---|----------------------|------------------|
| NET ASSETS | | |
| I. Shareholders' Equity: | | |
| Capital stock | 5,199 | 5,199 |
| Capital surplus | 5,132 | 5,132 |
| Retained earnings | 59,033 | 58,057 |
| Treasury stock | (1,488) | (1,489) |
| Total Shareholders' Equity | 67,876 | 66,900 |
| II. Accumulated Other Comprehensive Income: | | |
| Valuation difference on available-for-sale securities | 33 | 28 |
| Foreign currency translation adjustment | 9,672 | 14,754 |
| Total Accumulated Other Comprehensive Income | 9,705 | 14,782 |
| III. Non-controlling Interests | 3,505 | 3,271 |
| Total Net Assets | 81,087 | 84,953 |
| Total Liabilities and Net Assets | 100,440 | 108,392 |

(2) Semi-Annual Consolidated Statement of Income and Semi-Annual Consolidated Statement of Comprehensive IncomeSemi-Annual Consolidated Statement of Income
(For the Six-Month Period)

(Millions of yen)

| | Six months ended June 30, 2023 | Six months ended June 30, 2024 |
|---|-----------------------------------|-----------------------------------|
| I. Net Sales | 48,002 | 51,313 |
| II. Cost of Sales | 24,700 | 26,291 |
| Gross profit | 23,301 | 25,021 |
| III. Selling, General and Administrative Expenses | 16,789 | 19,198 |
| Operating Income | 6,511 | 5,822 |
| IV. Non-operating Income: | | |
| Interest income | 110 | 177 |
| Dividend income | 11 | 12 |
| Subsidy income | 384 | 34 |
| Foreign exchange gains | 67 | 363 |
| Other non-operating income | 114 | 103 |
| Total Non-operating Income | 689 | 693 |
| V. Non-operating Expenses: | | |
| Interest expenses | 56 | 40 |
| Other non-operating expenses | 26 | 44 |
| Total Non-operating Expenses | 83 | 84 |
| Ordinary Income | 7,117 | 6,431 |
| VI. Extraordinary Income: | | |
| Gain on sales of fixed assets | 8 | 149 |
| Gain on sales of shares of subsidiaries and associates | — | 0 |
| Subsidy income | 19 | 648 |
| Total Extraordinary Income | 28 | 798 |
| VII. Extraordinary Loss: | | |
| Loss on sales of fixed assets | 2 | 4 |
| Loss on disposal of fixed assets | 9 | 434 |
| Loss on tax purpose reduction entry of fixed assets | 19 | 648 |
| Total Extraordinary Loss | 31 | 1,087 |
| Income before Income Taxes | 7,113 | 6,143 |
| Income taxes - current | 2,567 | 2,154 |
| Income taxes - deferred | (109) | 325 |
| Total Corporate Income Tax | 2,457 | 2,479 |
| Net Income | 4,656 | 3,663 |
| Net Income Attributable to Non-controlling Interests | 89 | 88 |
| Net Income Attributable to Owners of Parent | 4,566 | 3,574 |

Semi-Annual Consolidated Statement of Comprehensive Income
(For the Six-Month Period)

(Millions of yen)

| | Six months ended June 30, 2023 | Six months ended June 30, 2024 |
|---|-----------------------------------|-----------------------------------|
| Net Income | 4,656 | 3,663 |
| Other Comprehensive Income | | |
| Valuation difference on available-for-sale securities | 5 | (4) |
| Foreign currency translation adjustment | 3,285 | 5,312 |
| Total Other Comprehensive Income | 3,290 | 5,308 |
| Comprehensive Income | 7,947 | 8,971 |
| (Break down) | | |
| Comprehensive income on parent company | 7,561 | 8,651 |
| Comprehensive income on non-controlling interests | 385 | 319 |

(3) Semi-Annual Consolidated Statements of Cash Flows

(Millions of yen)

| | Six months ended June 30, 2023 | Six months ended June 30, 2024 |
|---|-----------------------------------|-----------------------------------|
| I. Cash Flows from Operating Activities | | |
| Income before Income Taxes | 7,113 | 6,143 |
| Depreciation | 2,422 | 2,345 |
| Amortization of goodwill | 96 | 102 |
| Increase (decrease) in allowance for doubtful accounts | (3) | (11) |
| Increase (decrease) in accrued bonuses to employees | (136) | (60) |
| Increase (decrease) in net defined benefit liability | (26) | 5 |
| Interest and dividend income | (122) | (190) |
| Interest expenses | 56 | 40 |
| Loss (gain) on sales of fixed assets | (6) | (145) |
| Loss on disposal of fixed assets | 9 | 434 |
| Loss on tax purpose reduction entry of fixed assets | 19 | 648 |
| Subsidy income | (19) | (648) |
| Loss (gain) on sales of shares of subsidiaries and associates | — | (0) |
| Decrease (increase) in notes and accounts receivable - trade | (117) | (5,115) |
| Decrease (increase) in inventories | (630) | 253 |
| Increase (decrease) in notes and accounts payable - trade | (357) | 163 |
| Increase (decrease) in accounts payable | (62) | 728 |
| Increase (decrease) in accrued consumption taxes | 25 | 771 |
| Other | (716) | (316) |
| Subtotal | 7,546 | 5,148 |
| Interest and dividend income received | 91 | 269 |
| Interest expenses paid | (34) | (40) |
| Income taxes paid | (2,264) | (1,206) |
| Net Cash Provided by (Used in) Operating Activities | 5,338 | 4,171 |
| II. Cash Flows from Investing Activities | | |
| Purchase of tangible fixed assets | (3,342) | (1,029) |
| Proceeds from sales of tangible fixed assets | 42 | 456 |
| Purchase of intangible fixed assets | (73) | (62) |
| Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation | — | 94 |
| Subsidies received | 19 | 648 |
| Proceeds from cancellation of insurance funds | 166 | — |
| Other | (4) | (143) |
| Net Cash Provided by (Used in) Investing Activities | (3,190) | (35) |
| III. Cash Flows from Financing Activities | | |
| Increase in short-term loans payable | 101 | — |
| Decrease in short-term loans payable | (38) | (99) |
| Payment of cash dividends | (4,558) | (4,548) |
| Dividends paid to non-controlling interests | (141) | (504) |
| Purchase of treasury stock | (199) | (0) |
| Proceeds from disposal of treasury stock | 47 | — |
| Other | (413) | (481) |
| Net Cash Provided by (Used in) Financing Activities | (5,202) | (5,635) |
| IV. Effect of Exchange Rate Change on Cash and Cash Equivalents | 1,251 | 2,477 |
| V. Net Increase (Decrease) in Cash and Cash Equivalents | (1,802) | 977 |
| VI. Cash and Cash Equivalents at Beginning of Period | 34,283 | 34,357 |
| VIII. Cash and Cash Equivalents at End of Period | 32,480 | 35,335 |

(4) Notes on Semi-Annual Consolidated Financial Statements**(Notes on Segment Information, etc.)****Segment Information****I. Six months ended June 30, 2023****Information Regarding Net Sales and Profit (Loss) in Each Reporting Segment**

(Millions of yen)

| | Reporting Segment | | | | Total | Adjustments (Note 1) | Amount Accounted on Semi-Annual 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 semi-annual consolidated statement of income.

II. Six months ended June 30, 2024**Information Regarding Net Sales and Profit (Loss) in Each Reporting Segment**

(Millions of yen)

| | Reporting Segment | | | | Total | Adjustments (Note 1) | Amount Accounted on Semi-Annual Consolidated Statement of Income (Note 2) |
|---|-------------------|----------------|--------------------|-------------------|--------|-------------------------|---|
| | Japan Business | China Business | Singapore Business | Lansinoh Business | | | |
| Net sales | | | | | | | |
| Net sales to external customers | 17,187 | 19,285 | 4,752 | 10,088 | 51,313 | — | 51,313 |
| Internal sales or exchange between segments | 814 | 343 | 2,342 | 4 | 3,505 | (3,505) | — |
| Total | 18,002 | 19,629 | 7,094 | 10,092 | 54,818 | (3,505) | 51,313 |
| Segment profit | 1,040 | 5,149 | 954 | 462 | 7,606 | (1,783) | 5,822 |

(Notes)

1. The negative amount of ¥1,783 million from adjustments in segment profit includes negative ¥107 million in elimination of intersegment transactions and negative ¥1,676 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 semi-annual consolidated statement of income.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(Notes Regarding Going Concern Assumptions)

Not applicable.