



November 4, 2021
Company name: Pigeon Corporation
Representative: Norimasa Kitazawa
(President and CEO)
(7956, TSE 1st Section)
Contact: Nobuo Takubo
(Business Strategy Division Manager)
Phone: +81-3-3661-4204

Notice Regarding Revision of Earnings Forecast

In view of recent business trends and related factors, Pigeon Corporation has revised the earnings forecast for the fiscal year ending December 31, 2021, which was released on February 10, 2021, as follows:

1. Consolidated Business Performance for the Fiscal Year Ending December 31, 2021 (January 1 to December 31, 2021)

(Millions of yen unless otherwise indicated)

	Net Sales	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Net Income per Share (Yen)
Previous forecast (A)	100,800	16,500	16,700	11,100	92.75
Revised forecast (B)	94,300	13,200	14,600	9,100	76.06
Increase (decrease) (B-A)	(6,500)	(3,300)	(2,100)	(2,000)	—
Percentage of increase (decrease) (%)	(6.4)	(20.0)	(12.6)	(18.0)	—

Notes:

- The values in the previous forecast (A) are identical to those in the forecast issued at the beginning of the current fiscal year (hereinafter the "Initial Plan").
- Pigeon has changed its accounting policies and applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and other standards from the fiscal year ending December 31, 2021. For this reason, the year-on-year comparison uses numbers based on calculation methods of different standards. As the current fiscal year is the transitional period, a comparison based on the same standard cannot be made. Accordingly, results for the previous fiscal year are omitted.

2. Reason for Revision

As for the Group's consolidated business performance for the nine months ended September 30, 2021, consolidated net sales amounted to ¥69,426 million (down 1.0% YOY).

Due in part to the effect of exchange rates, net sales grew in the China Business and Lansinoh Business segments. On the other hand, the Japan Business segment reported lower net sales compared to the same period in the previous fiscal year as demand from inbound tourists vanished in Japan and special demand driven by the COVID-19 pandemic in the previous fiscal year eased. For the third quarter of the current fiscal year, this was also attributable to self-curfew and continued decline in purchase frequency due to the declaration of the fourth state of emergency following a surge in COVID-19 cases in the fifth wave of epidemic.

In the ASEAN region and India, where the Singapore Business segment is in charge, despite signs of recovery in some regions, the speed of market recovery is slower than our assumption made at the beginning of the current fiscal year due mainly to the remaining impact of the rebound of COVID-19 cases in many regions, restricted business activities, and stagnant consumption.

Operating income, ordinary income and net income attributable to owners of parent all decreased year on year. This was mainly attributable to a decline in gross profit due to a year-on-year decrease in sales and a rise in the ratio of selling, general and administrative expenses to net sales.

In addition to the above changes in the business environment, we are also aware of uncertain factors clouding the future outlook, such as a rise in logistics costs caused by global logistics disruptions. In light of the fact that the consolidated business performance for the nine months ended September 30, 2021 fell below the levels set forth in the internal plan, Pigeon is revising its forecast for the full current fiscal year downward from its previously announced forecast. Meanwhile, consolidated net sales for the fourth quarter of the current fiscal year alone are expected to exceed those of the same period in the previous fiscal year. As such, we will strengthen our commitment to further improving business performance.

The revision of earnings forecast is based on the average exchange rates assumed for the current fiscal year. The average exchange rates are assumed to be approximately ¥109.22 against the US dollar (compared to ¥108.54 for the nine months ended September 30, 2021 and ¥104.00 for the Initial Plan) and approximately ¥16.90 against the Chinese yuan (compared to ¥16.77 for the nine months ended September 30, 2021 and ¥16.00 for the Initial Plan).

For the details of the Group's business performance for the nine months ended September 30, 2021, please refer to supplementary materials of financial results available at the Company's website:

[Pigeon Corporation Website: For Investors](#)

Note: The above-mentioned forecasts are based on information available at the time of this news release. Actual results may differ from such forecasts due to various future circumstances.