

# Summary of Financial Results for the Third Quarter of Fiscal Year Ending December 2019 [Japanese Standards] (Consolidated)

December 2, 2019

Name of Listed Company: Pigeon Corporation (Stock code: 7956)  
 Listing: First Section, Tokyo Stock Exchange  
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 Scheduled Filing Date of Quarterly Report: December 6, 2019  
 Scheduled Commencement Date of Dividend Payments: —  
 Preparation of Any Additional Explanatory Materials for Quarterly Financial Results: Yes  
 Holding of Any Briefing Session for Quarterly Financial Results: None

## 1. Consolidated Business Performance for the First Three Quarters of Fiscal Year Ending December 31, 2019 (February 1 to October 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	
3Q ended October 31, 2019	77,528	(2.4)%	13,886	(17.6)%	14,025	(20.7)%	9,568	(21.8)%
3Q ended October 31, 2018	79,394	5.4%	16,860	12.9%	17,684	16.6%	12,243	17.3%

(Note) Comprehensive income: 3Q ended October 31, 2019 ¥8,202 million (23.3% negative)  
 3Q ended October 31, 2018 ¥10,691 million (3.0% negative)

	Net Income per Share (¥)	Diluted Net Income per Share (¥)
3Q ended October 31, 2019	79.91	—
3Q ended October 31, 2018	102.23	—

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
3Q ended October 31, 2019	85,990	66,421	74.2
FY ended January 31, 2019	85,618	66,582	75.0

(Reference) Shareholders' Equity: 3Q ended October 31, 2019 ¥63,793 million  
 FY ended January 31, 2019 ¥64,242 million

## 2. Cash Dividends

	Annual Dividend (¥)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY ended January 31, 2019	—	34.00	—	34.00	68.00
FY ending December 31, 2019	—	35.00	—		
FY ending December 31, 2019 (Forecast)				35.00	70.00

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

### 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	99,000	—	16,800	—	16,900	—	11,800	—	98.54

(Notes) 1. Revision of forecasts from the most recent announcement: Yes

2. Pursuant to the approval of the “partial revision of the Articles of Incorporation” at the 62nd Ordinary General Meeting of Shareholders (fiscal year ended January 31, 2019) on April 25, 2019, the fiscal period has changed 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 subsidiaries 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 subsidiaries 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) 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: Yes

2) Changes in accounting policies other than the above 1): None

3) Changes in accounting-based estimates: None

4) Restatements: None

(Note) For details, please refer to “(3) Notes on Consolidated Financial Statements (Changes in Accounting Policies)” in “2. Quarterly Consolidated Financial Statements and Main Notes” on page 10 of the Appendix.

(4) Number of outstanding shares (common stock)

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

3Q ended October 31, 2019: 121,653,486

FY ended January 31, 2019: 121,653,486

2) Amount of treasury stock at the period-end

3Q ended October 31, 2019: 1,926,426

FY ended January 31, 2019: 1,892,704

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

3Q ended October 31, 2019: 119,743,520

3Q ended October 31, 2018: 119,761,004

(Note) Amount of treasury stock at the period-end includes Company shares held by the board incentive plan (BIP) trust for compensation of directors (33,600 shares as of 3Q ended October 31, 2019). 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 Future 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) Overview of Operation

During the consolidated first nine-month period under review, despite weaknesses in exports and other areas, Japan's economy accomplished a gradual recovery overall, lifted by steady improvement in the employment and income environments and a rally in personal consumption. Vigilance remains in order, however, in view of the effects of factors such as a hike in the consumption-tax rate and a typhoon disaster. In the global economy, a mood of uncertainty persisted, amid trends such as trade friction between the U.S. and China, fluctuations in exchange rates and geopolitical risk.

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 December 2019), 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 final 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 first nine-month 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 a result, net sales amounted to ¥77,528 million (down 2.4% YOY). Regarding earnings, operating income declined to ¥13,886 million (down 17.6% YOY), impacted by an increase of approximately 0.8 percentage points in the sales cost ratio from the previous term and a rise in selling, general and administrative expenses. Ordinary income was recorded at ¥14,025 million (down 20.7% YOY), and net income attributable to owners of parent fell to ¥9,568 million (down 21.8% YOY).

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

- 1US\$: 109.12 yen (109.60 yen)
- 1 CNY: 15.89 yen (16.84 yen)

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

This report consists of information from six Group reporting segments: the Domestic Baby & Mother Care Business, Child Care Service Business, Health & Elder Care Business, China Business, Singapore Business and Lansinoh Business.

Business results for each segment are as follows.

#### Domestic Baby & Mother Care Business

Net sales of the segment amounted to ¥25,462 million (down 6.7% YOY), as demand from inbound tourism contracted markedly YOY and Japan's birthrate declined faster than forecast. Segment profit decreased to ¥4,028 million (down 20.7% YOY), held back not only by the decline in net sales but

also by worsening high-unit-price product sales relative to low-unit-price items and an increase in selling, general and administrative expenses. In this segment, in August we launched the “filbaby” series of baby skincare products. We focused on the “Filaggrin”, a substance that has gained attention for its role in supporting the barrier function in the protein of the skin’s horny layer. To achieve further sales reinforcement, in October we opened the Pigeon Official Online Shop and Pigeon Official Rakuten Store. These online stores provide official e-commerce websites where consumers can shop for Pigeon products conveniently and with confidence.

Moreover, during the period under review, we have held a number of events planned as a part of our direct communications program such as our “Breastfeeding Seminar” for expecting mothers and health care professionals, organized 24 times. A total of approximately 2,500 people have participated. On "Pigeon Info," a website that supports women during pregnancy, in childbirth, and when raising children, we will continue to make improvements toward a better customer experience, including further enhancements in content.

### **Child Care Service Business**

Net sales in this segment amounted to ¥2,855 million (down 18.4% YOY). Segment profit fell to ¥41 million (down 63.6% YOY). The principal factor in these changes in business results was the termination of the childcare-facility operation business of the National Hospital Organization in March 2018.

During the consolidated first nine-month period under review, we deployed services at 74 in-company child-care facilities. The Group will continue to develop this business while striving to effect qualitative improvements in the service content.

### **Health & Elder Care Business**

Net sales of the segment amounted to ¥5,264 million (up 2.1% YOY), and segment profit increased to ¥283million (up 19.7% YOY).

In this segment, we strove to expand sales on a number of fronts. We promoted knowledge of our products by enhancing the content of our websites and strengthened sales efforts aimed at retail outlets and elder-care facilities. Through product-development activities and the like in partnership with other organizations, Pigeon will continue to hone its market edge, introducing fresh and highly competitive products and enhancing the quality of its elder-care services.

### **China Business**

Net sales in this segment amounted to ¥26,878 million (down 0.0% YOY), and segment profit also decreased to ¥9,780 million (down 1.1% YOY).

We benefited from favorable trends in sales of goods such as breast pumps and laundry products, alongside solid expansion in sales of core products such as nursing bottles and nipples. In local-currency terms, sales results outpaced those of the same period of the previous fiscal year. We will continue to strengthen our efforts focused on the e-commerce market, which is continuing to expand; leverage social media to invigorate direct communication with consumers; reinforce sales promotions at stores and promote distribution of new products; and continue to implement offline sales activities at hospitals and maternity clinics. In these ways we aim to broaden contact points with customers and expand our operations.

### **Singapore Business**

Net sales in this segment amounted to ¥8,781 million (down 4.0% YOY). Segment profit retreated to ¥1,842 million (down 24.0% YOY) amid a rising cost rate, engendered by factors such as a decline in the plant operating rate.

In ASEAN, the Middle East and India, we will expand the development and introduction of products targeted for middle-class customers in this region while continuing vigorous sales and marketing activities to endeavor to boost our brand presence in these areas.

### **Lansinoh Business**

Net sales in this segment grew to ¥9,964 million (up 5.9% YOY). Amid an upturn in gross profit from increased revenues, along with a decrease in rate of selling, general and administrative

expenses, segment profit rose to ¥1,433 million (up 2.0% YOY).

In North America, sales of breast pumps through DME Channel trended favorably. We plan to work toward further sales strengthening and expansion in this market with the introduction of a stream of fresh products. Sales also advanced in the China market (Lansinoh Laboratories Shanghai). In China as in Europe, we will continue to reinforce e-commerce, bolstering marketing activities and strengthening our brands in an effort for further expansion of operations.

### **Other Businesses**

Net sales of the segment amounted to ¥1,111 million (up 8.9% YOY), while segment profit stood at ¥75 million (down 24.9% YOY).

## **(2) Explanation of Financial Position**

### **(Assets)**

As of October 31, 2019, our Group recorded total assets of ¥85,990 million, up ¥371 million from the previous consolidated fiscal year ended January 31, 2019. Current assets decreased by ¥484 million, while fixed assets increased by ¥856 million.

Current assets increased mainly due to a decrease in cash and deposits of ¥2,721 million, despite increases in notes and accounts receivable - trade of ¥1,239 million and in merchandise and finished goods of ¥1,169 million.

Fixed assets increased mainly due to an increase in tangible fixed assets, namely buildings and structures, of ¥428 million, as well as an increase in other tangible fixed assets of ¥414 million.

### **(Liabilities)**

As of October 31, 2019, our Group recorded total liabilities of ¥19,569 million, up ¥533 million from the previous consolidated fiscal year ended January 31, 2019. Current liabilities decreased by ¥212 million, while fixed liabilities increased by ¥745 million.

Current liabilities decreased mainly due to decreases in income taxes payable of ¥737 million and in other current liabilities of ¥894 million, despite increases in notes and accounts payable - trade of ¥626 million and in accrued bonuses to employees of ¥613 million.

Fixed liabilities increased mainly due to an increase in other fixed liabilities of ¥1,202 million, despite a decrease in provision for directors and corporate auditors' retirement benefits of ¥599 million.

### **(Net Assets)**

As of October 31, 2019, our Group recorded total net assets of ¥66,421 million, down ¥161 million from the previous consolidated fiscal year ended January 31, 2019.

Net assets decreased mainly due to a decrease in foreign currency translation adjustment of ¥1,617 million, despite an increase in retained earnings of ¥1,304 million.

## **(3) Explanation of Consolidated Performance Forecast and Other Future Predictions**

For the Sixth Medium-Term Business Plan (for the period between the fiscal year ended January 2018 and the fiscal year ending December 2019), the Group has adopted the 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. In this consolidated fiscal year, the final year of our Sixth Medium-Term Business Plan, we will strive to ensure completion of our plans.

In view of the business results for the consolidated first nine-month period under review, Pigeon is revising its forecast of business results for the full fiscal year from the forecast announced on September 2, 2019. As of December 2, 2019, Pigeon forecasts net sales of ¥99 billion (down 6.8% from the previous forecast), operating income of ¥16.8 billion (down 16.0% from the previous forecast), ordinary income of ¥16.9 billion (down 15.5% from the previous forecast) and net income attributable to owners of parent of ¥11.8 billion (down 17.5% from the previous forecast).

\* At the 62nd Ordinary General Meeting of Shareholders (fiscal year ended January 31, 2019), convened on April 25, 2019, Pigeon changed its fiscal year-end from January 31 to December 31.

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

(Millions of yen)

	At January 31, 2019	At October 31, 2019
<b>ASSETS</b>		
<b>I. Current Assets:</b>		
Cash and deposits	30,949	28,228
Notes and accounts receivable - trade	15,004	16,243
Merchandise and finished goods	7,360	8,529
Work in process	405	378
Raw materials and supplies	2,839	2,765
Other current assets	1,840	1,772
Allowance for doubtful accounts	(197)	(200)
<b>Total Current Assets</b>	<b>58,201</b>	<b>57,717</b>
<b>II. Fixed Assets:</b>		
<b>1. Tangible Fixed Assets:</b>		
Buildings and structures, net	6,689	7,118
Land	5,577	5,838
Other tangible fixed assets, net	8,859	9,274
<b>Total Tangible Fixed Assets</b>	<b>21,127</b>	<b>22,231</b>
<b>2. Intangible Fixed Assets:</b>		
Goodwill	1,000	862
Other intangible fixed assets	3,223	3,044
<b>Total Intangible Fixed Assets</b>	<b>4,223</b>	<b>3,906</b>
<b>3. Investments and Other Assets:</b>		
Other	2,071	2,136
Allowance for doubtful accounts	(5)	(0)
<b>Total Investments and Other Assets</b>	<b>2,066</b>	<b>2,135</b>
<b>Total Fixed Assets</b>	<b>27,417</b>	<b>28,273</b>
<b>Total Assets</b>	<b>85,618</b>	<b>85,990</b>
<b>LIABILITIES</b>		
<b>I. Current Liabilities:</b>		
Notes and accounts payable - trade	4,567	5,194
Electronically recorded obligations - operating	1,960	2,128
Income taxes payable	1,951	1,214
Accrued bonuses to employees	972	1,586
Provision for sales returns	32	35
Provision for loss on litigation	—	8
Other current liabilities	6,138	5,244
<b>Total Current Liabilities</b>	<b>15,623</b>	<b>15,410</b>
<b>II. Fixed Liabilities:</b>		
Net defined benefit liability	309	376
Provision for share-based remuneration	—	75
Provision for directors and corporate auditors' retirement benefits	599	—
Other fixed liabilities	2,503	3,706
<b>Total Fixed Liabilities</b>	<b>3,412</b>	<b>4,158</b>
<b>Total Liabilities</b>	<b>19,036</b>	<b>19,569</b>



(Millions of yen)

At January 31, 2019      At October 31, 2019

<b>NET ASSETS</b>		
<b>I. Shareholders' Equity:</b>		
Capital stock	5,199	5,199
Capital surplus	5,179	5,179
Retained earnings	55,704	57,009
Treasury stock	(951)	(1,088)
<b>Total Shareholders' Equity</b>	<b>65,131</b>	<b>66,299</b>
<b>II. Accumulated Other Comprehensive Income:</b>		
Valuation difference on available-for-sale securities	21	22
Foreign currency translation adjustment	(910)	(2,528)
<b>Total Accumulated Other Comprehensive Income</b>	<b>(888)</b>	<b>(2,505)</b>
<b>III. Non-controlling Interests</b>	<b>2,339</b>	<b>2,627</b>
<b>Total Net Assets</b>	<b>66,582</b>	<b>66,421</b>
<b>Total Liabilities and Net Assets</b>	<b>85,618</b>	<b>85,990</b>

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

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

(Millions of yen)

	Nine months ended October 31, 2018	Nine months ended October 31, 2019
<b>I. Net Sales</b>	79,394	77,528
<b>II. Cost of Sales</b>	38,161	37,875
<b>Gross profit</b>	41,232	39,652
Reversal of provision for sales returns	26	30
Provision for sales returns	44	35
<b>Adjusted gross profit</b>	41,215	39,647
<b>III. Selling, General and Administrative Expenses</b>	24,354	25,761
<b>Operating Income</b>	16,860	13,886
<b>IV. Non-operating Income:</b>		
Interest income	180	143
Foreign exchange gains	219	—
Subsidy income	656	760
Other non-operating income	147	160
<b>Total Non-operating Income</b>	1,203	1,064
<b>V. Non-operating Expenses:</b>		
Interest expenses	2	9
Sales discounts	337	347
Foreign exchange losses	—	500
Other non-operating expenses	40	68
<b>Total Non-operating Expenses</b>	380	925
<b>Ordinary Income</b>	17,684	14,025
<b>VI. Extraordinary Income:</b>		
Gain on sales of fixed assets	5	4
Gain on sales of investment securities	108	113
<b>Total Extraordinary Income</b>	113	118
<b>VII. Extraordinary Loss:</b>		
Loss on sales of fixed assets	0	8
Loss on disposal of fixed assets	44	90
Loss on sales of golf club memberships	—	1
<b>Total Extraordinary Loss</b>	45	100
<b>Income before Income Taxes</b>	17,752	14,044
Income taxes - current	5,012	4,360
Income taxes - deferred	169	(76)
<b>Total Corporate Income Tax</b>	5,181	4,284
<b>Net Income</b>	12,570	9,759
<b>Net Income Attributable to Non-controlling Interests</b>	327	191
<b>Net Income Attributable to Owners of Parent</b>	12,243	9,568

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

(Millions of yen)

	Nine months ended October 31, 2018	Nine months ended October 31, 2019
<b>Net Income</b>	12,570	9,759
<b>Other Comprehensive Income</b>		
Valuation difference on available-for-sale securities	(9)	0
Foreign currency translation adjustment	(1,870)	(1,558)
<b>Total Other Comprehensive Income</b>	<b>(1,879)</b>	<b>(1,557)</b>
<b>Quarterly Comprehensive Income</b>	<b>10,691</b>	<b>8,202</b>
<b>(Break down)</b>		
Quarterly comprehensive income on parent company	10,384	7,951
Quarterly comprehensive income on non-controlling interests	306	250

**(3) Notes on Consolidated Financial Statements  
(Notes Regarding Going Concern Assumptions)**

Not applicable.

**(Notes Regarding Substantial Changes in Shareholders' Equity)**

Not applicable.

**(Changes in Accounting Policies)**

(Application of IFRS 16, "Leases")

From the beginning of the consolidated first quarter of this fiscal year, the Pigeon Group applies IFRS 16, "Leases," the new lease accounting standard published by the International Accounting Standards Board (IASB). This accounting change does not apply to Pigeon Corporation and its subsidiaries in Japan, which apply Japanese accounting standards, or to Pigeon subsidiaries in the United States, which apply US accounting standards. With this accounting change, in principle lessees recognize assets and liabilities with respect to all leases.

Effects of this accounting change on the financial condition and business results of the Group are negligible.

**(Additional Information)**

(Application of the Partial Revision of Accounting Standards Regarding Tax-effect Accounting, etc.)

From the beginning of the consolidated first quarter of this fiscal year, the Pigeon Group applies the Partial Revision of Accounting Standards Regarding Tax-effect Accounting, etc. (Corporate Accounting Standard No. 28, February 16, 2018). Under this partial revision, Deferred Tax Assets are appropriated under Investments and Other Assets and Deferred Tax Liabilities are appropriated under Fixed Liabilities.

**(BIP Trust System for Compensation of Directors)**

Pursuant to a resolution of the 62nd Ordinary General Meeting of Shareholders (fiscal year ended January 31, 2019), convened on April 25, 2019, Pigeon introduced a performance share plan for directors (not including outside directors). The purpose of this system is to clarify the relationship between directors' compensation and the Group's business results and shareholder value and to enhance awareness of contributions to the improvement of the business results of the Group and the expansion of its enterprise value over the medium-to-long term.

**(1) Overview of the BIP trust system for compensation of directors**

This plan adopts a framework called the board incentive plan (BIP) trust for compensation of directors. Similar to systems in North America and Europe such as performance shares, which tie compensation to business results, and restricted stock, which compensates directors with shares whose transfer is restricted, the system provides directors with Company shares, or their equivalent value at conversion, tied to the director's rank and the Company's degree of attainment of business-result targets. In principle the compensation is transferred or paid to directors upon retirement.

**(2) Company shares remaining in the trust**

Company shares remaining in the trust are appropriated as treasury stock in net assets, based on the book value of the trust (not including the amounts of incidental expenses). The book value of the treasury stock in question as of the end of the third quarter of the fiscal year under review is ¥136 million and the number of shares is 33,600 shares.

**(Segment Information)**

Nine months ended October 31, 2018

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

(Millions of yen)

	Reporting Segment							Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount Accounted on Quarterly Consolidated Statement of Income (Note 3)
	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	27,301	3,499	5,158	26,750	6,292	9,371	78,374	1,020	79,394	—	79,394
Internal sales or exchange between segments	—	—	—	128	2,857	35	3,021	—	3,021	(3,021)	—
Total	27,301	3,499	5,158	26,879	9,150	9,406	81,396	1,020	82,416	(3,021)	79,394
Segment profit	5,082	112	236	9,893	2,425	1,405	19,156	99	19,256	(2,396)	16,860

(Notes)

1. The “Other Businesses” classification refers to businesses not included in the reporting segments, and consists of our Group’s manufacturing subsidiaries, but also of those manufacturing and selling products to companies outside our Group.
2. The negative amount of ¥2,396 million from adjustments in segment profit includes negative ¥10 million in elimination of intersegment transactions, and negative ¥2,386 million in non-allocable operating expenses. Non-allocable operating expenses are administrative costs of our Group.
3. Segment profits are adjusted to operating income in the quarterly consolidated statement of income.

Nine months ended October 31, 2019

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

(Millions of yen)

	Reporting Segment							Other Businesses (Note 1)	Total	Adjustments (Note 2)	Amount Accounted on Quarterly Consolidated Statement of Income (Note 3)
	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	25,462	2,855	5,264	26,797	6,166	9,870	76,416	1,111	77,528	—	77,528
Internal sales or exchange between segments	—	—	—	80	2,615	93	2,790	—	2,790	(2,790)	—
Total	25,462	2,855	5,264	26,878	8,781	9,964	79,207	1,111	80,318	(2,790)	77,528
Segment profit	4,028	41	283	9,780	1,842	1,433	17,409	75	17,484	(3,598)	13,886

(Notes)

1. The “Other Businesses” classification refers to businesses not included in the reporting segments, and consists of our Group’s manufacturing subsidiaries, but also of those manufacturing and selling products to companies outside our Group.
2. The negative amount of ¥3,598 million from adjustments in segment profit includes negative ¥65 million in elimination of intersegment transactions, and negative ¥3,532 million in non-allocable operating expenses. Non-allocable operating expenses are administrative costs of our Group.
3. Segment profits are adjusted to operating income in the quarterly consolidated statement of income.