Summary of Financial Results
for the Second Quarter of Fiscal Year Ending December 2021
[Japanese Standards] (Consolidated)

August 5, 2021

Name of Listed Company: Pigeon Corporation (Stock code: 7956)
Listing: First Section, Tokyo Stock Exchange
Website: www.pigeon.com
Representative: Norimasa Kitazawa (President and CEO)
Contact person: Nobuo Takubo (Managing Officer, Business Strategy Division Manager)/Tel: +81-3-3661-4204
Scheduled Filing Date of Quarterly Report: August 6, 2021
Scheduled Commencement Date of Dividend Payments: September 6, 2021
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, 2021 (January 1 to June 30, 2021)

(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, 2021	47,277	(2.4)%	7,589	(5.5)%	8,536	0.0%	5,085	(13.2)%
2Q ended June 30, 2020	48,431	(7.8)%	8,031	(13.2)%	8,532	(11.2)%	5,855	(10.8)%

(Note) Comprehensive income: 2Q ended June 30, 2021 ¥7,517 million (44.1%)
2Q ended June 30, 2020 ¥5,217 million (18.4% negative)

	Net Income per Share (¥)	Diluted Net Income per Share (¥)
2Q ended June 30, 2021	42.51	−
2Q ended June 30, 2020	48.91	−

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
2Q ended June 30, 2021	97,152	75,769	75.1
FY ended December 31, 2020	93,472	72,625	74.8

(Reference) Shareholders' Equity: 2Q ended June 30, 2021 ¥73,006 million
FY ended December 31, 2020 ¥69,903 million

2. Cash Dividends

	Annual Dividend (¥)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY ended December 31, 2020	−	36.00	−	36.00	72.00
FY ending December 31, 2021	−	37.00			
FY ending December 31, 2021 (Forecast)			−	37.00	74.00

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

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

(% 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	100,800	1.4	16,500	7.7	16,700	3.6	11,100	4.3	92.75

(Notes) 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: 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 "(4) Notes on Consolidated Financial Statements (Change in Accounting Policy)" in "2. Quarterly Consolidated Financial Statements and Main Notes" on page 11 of the Appendix.

(4) Number of outstanding shares (common stock)

1) Number of shares outstanding at the period-end (including treasury stock)
2Q ended June 30, 2021: 121,653,486
FY ended December 31, 2020: 121,653,486
2) Amount of treasury stock at the period-end
2Q ended June 30, 2021: 2,017,950
FY ended December 31, 2020: 2,017,880
3) Average number of shares outstanding during the period (quarter accumulation)
2Q ended June 30, 2021: 119,635,567
2Q ended June 30, 2020: 119,715,535

(Note) Amount of treasury stock at the period-end includes Company shares held by the board incentive plan (BIP) trust for compensation of directors (124,800 shares as of 2Q ended June 30, 2021 and FY ended December 31, 2020). 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 5 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

During the consolidated first six-month period under review, the Japanese economy continued to face tough conditions due to the impact of COVID-19. Although movement toward recovery continued, some industries are being weakened further. In the global economy, although the impact of COVID-19 continues to create tough conditions, the movement toward recovery is expected to continue. However, significant caution is needed regarding subsequent waves of the virus. Accordingly, we predict that uncertainty regarding the future will continue for the time being.
Amid such circumstances, the Group has established three basic strategies (brand strategy, core product strategy, and regional strategy) in our Seventh Medium-Term Business Plan (for the period between the fiscal year ended December 2020 and the fiscal year ending December 2022) that was formulated in February 2020. Now, in the second year of the Plan, we are implementing various measures for business growth, as well as to realize our purpose which is “we want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs.”
During the consolidated first six-month period under review, due to the application of the Accounting Standard for Revenue Recognition, etc. and the continued impact of the spread of COVID-19, net sales amounted to ¥47,277 million (down 2.4% YOY). Regarding earnings, in addition to a decrease in net sales, the Group actively used sales promotion expenses, advertising expenses, research and development expenses, etc., resulting in operating income of ¥7,589 million (down 5.5% YOY), ordinary income of ¥8,536 million (up 0.0% YOY), and net income attributable to owners of parent of ¥5,085 million (down 13.2% YOY).
Furthermore, as a change in accounting policies, the Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) from the beginning of the consolidated first six-month period under review. For this reason, the year-on-year comparison uses numbers based on different calculation methods. For details, please refer to “(4) Notes on Consolidated Financial Statements (Change in Accounting Policy)” in “2. Quarterly Consolidated Financial Statements and Main Notes.”

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$: 107.76 yen (108.26 yen)
・1 CNY: 16.65 yen (15.39 yen)
Note: Figures in parentheses represent the exchange rate in the same period of the previous fiscal year.

From the fiscal year ended December 31, 2020, 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.
Due to the application of the Accounting Standard for Revenue Recognition from the beginning of the consolidated first six-month period under review, the year-on-year comparison for the Japan Business and China Business segments uses numbers based on different calculation methods. For details, please refer to “(4) Notes on Consolidated Financial Statements (Segment Information)” in “2. Quarterly Consolidated Financial Statements and Main Notes.”

Japan Business
This segment consists of the Domestic Baby & Mother Care Business, Child Care Service Business, and Health & Elder Care Business. Due to factors such as application of the Accounting Standard for Revenue Recognition, net sales for the entire segment amounted to ¥19,888 million (down 11.9% YOY). Segment profit was ¥1,172 million (down 25.8% YOY) due to factors such as a

decrease in gross profit caused by the decline in net sales.
In the category of products for babies and mothers, net sales were down year-on-year. This was due to the impact on inbound demand caused by the complete lack of foreign visitors to Japan and special demand for cleaning/sterilization-related products, wet wipes, etc., having run its course. On the other hand, sales continued to be strong for breast pumps, which is an area of focus by the Group. In the category of products for babies and mothers, in June, we released the new series “caboo carrier lite” in our lineup of “caboo” baby carriers which reduce strain on the lower backs of mothers and fathers through a high position and snug fit, making them optimal for carrying and putting babies to sleep at home. We also released the limited-time product “MagMag coron” with a Pigeon Friends design featuring Pigeon’s original illustrations of cute animals.
As part of our initiatives for direct communication, during the consolidated first six-month period under review, the Group performed SNS live streaming to convey the features of our products in an easy-to-understand manner. The streamed content was viewed by a total of more than 3,000 people. We also streamed the breastfeeding seminar “Oppai College” for pregnant mothers and received online participation from more than 700 women. In order to alleviate the anxiety of mothers and fathers in the midst of the COVID-19 pandemic, we are working to enhance support contents provided via the internet and SNS, and to further improve the website Pigeon Info, which supports women in the different phases of pregnancy, childbirth, and childcare.
In the category of products for health and elder care, the special demand for some products from last year has run its course, and sales decreased year-on-year. We renewed the Group’s oral care series as the “Clean Smile Series.” Sales also grew steadily for the tongue brush and our oral moisturizing gel that were released in February 2021.
Regarding child care service, during the consolidated first six-month period under review, we currently provide services at 64 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 ¥19,440 million (up 11.4% YOY), and segment profit also increased to ¥6,766 million (up 10.6% YOY).
Mainland China recovered from the impact of the spread of COVID-19 in an early stage. There were strong sales for the core product of nursing bottles, as well as for skin care products and other products which we are targeting for fundamental research.
In terms of profits, while aggressively investing sales promotion expenses in areas such as the e-commerce market in which expansion is accelerating rapidly, we also increased our gross profit due to sales growth. Consequently, results exceeded the previous fiscal year.
The Group is continuing to leverage SNS and live streaming to invigorate direct communication with consumers and support the provision of child care information during COVID-19, to reinforce sales promotions at stores and promote distribution of new products, and to strengthen activities at hospitals and maternity clinics. In these ways, we are working to broaden contact points with customers and expand our operations.

Singapore Business
Net sales of the segment amounted to ¥6,024 million (down 6.5% YOY), and segment profit also decreased to ¥807 million (down 35.7% YOY).
The ASEAN region and India in which this segment does business continues to suffer from subsequent waves of COVID-19 in various regions. Intermittent restrictions on corporate activities and stagnating consumption continue in the region. Moreover, there is decreased shipping of products destined for Japan from our Thailand Plant. As a result of factors such as these, conditions are tough. Moving forward, we will continue to promote the development and launch of products for the middle class, and actively develop sales and marketing activities with the aim of achieving market penetration for the Group brands.

Lansinoh Business
Net sales of the segment amounted to ¥6,231 million (down 1.3% YOY), and segment profit

decreased to ¥522 million (down 42.4% YOY).
In North America, last year's demand for products related to the COVID-19 has run its course, and results were down slightly year-on-year. Conversely, there were growing sales of nipple care cream, and we started sales in the new product category of products for care before and after childbirth. On the other hand, sales were down year-on-year for some consumable products, a category where market competition has become even tougher.
Profits were down year-on-year due to rising transportation costs, etc., as well as to active utilization of selling, general and administrative expenses such as research and development expenses. Moving forward, in order to further expand business in China (Lansinoh Laboratories Shanghai) and Europe in addition to North America, the Group is implementing initiatives such as enhancing our product lineup, strengthening e-commerce, implementing marketing activities, and engaging in brand strengthening activities.

(2) Explanation of Financial Position

(Assets)
As of June 30, 2021, our Group recorded total assets of ¥97,152 million, up ¥3,680 million from the previous consolidated fiscal year ended December 31, 2020. Both current assets and fixed assets increased by ¥2,636 million and ¥1,043 million, respectively.
Current assets increased mainly due to increases in notes and accounts receivable - trade of ¥1,627 million, in merchandise and finished goods of ¥1,015 million, and in raw materials and supplies of ¥642 million, despite a decrease in cash and deposits of ¥1,814 million.
Fixed assets increased mainly due to an increase in tangible fixed assets, namely buildings and structures, of ¥1,642 million.

(Liabilities)
As of June 30, 2021, our Group recorded total liabilities of ¥21,383 million, up ¥536 million from the previous consolidated fiscal year ended December 31, 2020. Current liabilities decreased by ¥182 million and fixed liabilities increased by ¥719 million.
Current liabilities decreased mainly due to decreases in income taxes payable of ¥402 million and in other current liabilities of ¥541 million, despite increase in notes and accounts payable - trade of ¥625 million.
Fixed liabilities increased mainly due to an increase in other fixed liabilities of ¥634 million.

(Net Assets)
As of June 30, 2021, our Group recorded total net assets of ¥75,769 million, up ¥3,143 million from the previous consolidated fiscal year ended December 31, 2020.
Net assets increased mainly due to increases in foreign currency translation adjustment of ¥2,316 million and in retained earnings of ¥774 million.

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

At the current point in time, the future is uncertain due to the global pandemic of COVID-19 in Japan and countries around the world. It is extremely difficult to predict future trends and to calculate the amount of impact on the Group’s performance. However, due to the global COVID-19 pandemic, we predict that measures such as intermittent lockdowns (city closures) and enforcement of travel restrictions will continue for the time being. Therefore, the Group has revised quantitative targets for the fiscal year ending December 31, 2021 and the fiscal year ending December 31, 2022 as stated in the “Notice of Revision of Medium-Term Business Plan” announced on February 10, 2021. At the end of the consolidated first six-month period under review, the gap in actual business performance from the forecast at the beginning of the period is relatively small. Therefore, we will keep the revised values the same.

On the other hand, due to factors such as the impact of the global spread of COVID-19, the external environment has become tougher than expected. We are currently investigating the impact on our business results for the fiscal year ending December 31, 2021. If any matters requiring disclosure arise, we will immediately make an official announcement.

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

(Millions of yen)

	At December 31, 2020	At June 30, 2021
ASSETS		
I. Current Assets:		
Cash and deposits	37,163	35,348
Notes and accounts receivable - trade	15,085	16,713
Merchandise and finished goods	8,256	9,271
Work in process	350	623
Raw materials and supplies	2,768	3,411
Other current assets	1,783	2,682
Allowance for doubtful accounts	(178)	(184)
Total Current Assets	65,231	67,867
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures, net	7,212	8,854
Land	6,009	6,038
Other tangible fixed assets, net	10,040	9,700
Total Tangible Fixed Assets	23,262	24,592
2. Intangible Fixed Assets:		
Goodwill	647	591
Other intangible fixed assets	2,310	2,083
Total Intangible Fixed Assets	2,957	2,675
3. Investments and Other Assets:		
Other	2,021	2,017
Allowance for doubtful accounts	(0)	(0)
Total Investments and Other Assets	2,020	2,017
Total Fixed Assets	28,241	29,285
Total Assets	93,472	97,152
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable - trade	4,757	5,383
Electronically recorded obligations - operating	1,670	1,749
Income taxes payable	1,906	1,503
Accrued bonuses to employees	952	921
Provision for expenses related to voluntary product recall	—	146
Provision for sales returns	53	—
Provision for loss on litigation	7	3
Other current liabilities	6,315	5,773
Total Current Liabilities	15,664	15,481
II. Fixed Liabilities:		
Net defined benefit liability	440	472
Provision for share-based remuneration	205	259
Other fixed liabilities	4,535	5,169
Total Fixed Liabilities	5,181	5,901
Total Liabilities	20,846	21,383

(Millions of yen)

	At December 31, 2020	At June 30, 2021
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199	5,199
Capital surplus	5,179	5,179
Retained earnings	61,120	61,894
Treasury stock	(1,478)	(1,478)
Total Shareholders' Equity	70,020	70,793
II. Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	13	25
Foreign currency translation adjustment	(129)	2,186
Total Accumulated Other Comprehensive Income	(116)	2,212
III. Non-controlling Interests	2,722	2,762
Total Net Assets	72,625	75,769
Total Liabilities and Net Assets	93,472	97,152

(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, 2020	Six months ended June 30, 2021
I. Net Sales	48,431	47,277
II. Cost of Sales	24,009	24,719
Gross profit	24,421	22,558
Reversal of provision for sales returns	40	—
Provision for sales returns	52	—
Adjusted gross profit	24,409	22,558
III. Selling, General and Administrative Expenses	16,377	14,969
Operating Income	8,031	7,589
IV. Non-operating Income:		
Interest income	74	89
Subsidy income	444	361
Foreign exchange gains	—	276
Other non-operating income	275	262
Total Non-operating Income	794	990
V. Non-operating Expenses:		
Interest expenses	33	27
Sales discounts	121	—
Foreign exchange losses	86	—
Other non-operating expenses	51	14
Total Non-operating Expenses	293	42
Ordinary Income	8,532	8,536
VI. Extraordinary Income:		
Gain on sales of fixed assets	2	4
Gain on sales of investment securities	33	33
Total Extraordinary Income	36	38
VII. Extraordinary Loss:		
Loss on sales of shares of subsidiaries and associates	175	—
Loss on sales of fixed assets	15	1
Loss on disposal of fixed assets	37	30
Expenses related to voluntary product recall	—	822
Total Extraordinary Loss	228	853
Income before Income Taxes	8,340	7,721
Income taxes - current	2,606	2,621
Income taxes - deferred	(260)	(53)
Total Corporate Income Tax	2,346	2,568
Net Income	5,994	5,153
Net Income Attributable to Non-controlling Interests	138	68
Net Income Attributable to Owners of Parent	5,855	5,085

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

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
Net Income	5,994	5,153
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(13)	12
Foreign currency translation adjustment	(763)	2,351
Total Other Comprehensive Income	(777)	2,363
Quarterly Comprehensive Income	5,217	7,517
(Break down)		
Quarterly comprehensive income on parent company	5,191	7,410
Quarterly comprehensive income on non-controlling interests	25	107

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended June 30, 2020	Six months ended June 30, 2021
I. Cash Flows from Operating Activities		
Income before Income Taxes	8,340	7,721
Depreciation	1,888	1,904
Amortization of goodwill	79	81
Increase (decrease) in allowance for doubtful accounts	26	(7)
Increase (decrease) in accrued bonuses to employees	22	(53)
Increase (decrease) in net defined benefit liability	30	32
Interest and dividend income	(177)	(215)
Interest expenses	33	27
Loss (gain) on sales of fixed assets	12	(3)
Loss on disposal of fixed assets	37	30
Loss (gain) on sales of investment securities	142	(33)
Increase (decrease) in provision for expenses related to voluntary product recall	—	146
Decrease (increase) in notes and accounts receivable - trade	724	(578)
Decrease (increase) in inventories	(777)	(1,385)
Increase (decrease) in notes and accounts payable - trade	566	153
Increase (decrease) in accounts payable	(120)	(402)
Increase (decrease) in accrued consumption taxes	(118)	(643)
Other	(192)	(737)
Subtotal	10,518	6,037
Interest and dividend income received	190	215
Interest expenses paid	(1)	(25)
Income taxes paid	(2,535)	(3,078)
Net Cash Provided by (Used in) Operating Activities	8,172	3,149
II. Cash Flows from Investing Activities		
Purchase of tangible fixed assets	(1,676)	(1,882)
Proceeds from sales of tangible fixed assets	24	11
Purchase of intangible fixed assets	(71)	(47)
Proceeds from sales of investment securities	130	130
Payments into time deposits	(116)	—
Proceeds from sales of shares of subsidiaries and associate	8	—
Other	(16)	23
Net Cash Provided by (Used in) Investing Activities	(1,717)	(1,764)
III. Cash Flows from Financing Activities		
Payment of cash dividends	(4,207)	(4,310)
Dividends paid to non-controlling interests	(68)	(69)
Purchase of treasury stock	(388)	(0)
Other	(202)	36
Net Cash Provided by (Used in) Financing Activities	(4,867)	(4,343)
IV. Effect of Exchange Rate Change on Cash and Cash Equivalents	(513)	1,144
V. Net Increase (Decrease) in Cash and Cash Equivalents	1,073	(1,814)
VI. Cash and Cash Equivalents at Beginning of Period	32,416	37,163
VIII. Cash and Cash Equivalents at End of Period	33,489	35,348

(4) Notes on Consolidated Financial Statements

(Notes Regarding Going Concern Assumptions)

Not applicable.

(Change in Accounting Policy)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; March 31, 2020; hereinafter, "Accounting Standard for Revenue Recognition") from the beginning of the consolidated first six-month period under review. In accordance with the Accounting Standard for Revenue Recognition, when control of a promised good or service is transferred to the customer, revenue will be recognized at the amount expected to be received in exchange for the good or service.

As a result, a portion of the sales promotion expenses, etc., which were previously recorded in selling, general and administrative expenses, and sales discounts, which were recorded in non-operating expenses, have been deducted from net sales. Furthermore, regarding the provision for sales returns that was previously recorded as current liabilities based on the amount equivalent to gross profit, we changed to a method that does not recognize the net sales and the amount equivalent to cost of sales for products that are expected to be returned. Refund liabilities are included in "Other current liabilities" and refund assets are included in "Other current assets".

When applying the Accounting Standard for Revenue Recognition, etc., we comply with the transitional treatment stipulated in the provisions of Paragraph 84 of the Standard. The cumulative impact of retroactively applying the new accounting policy prior to the beginning of consolidated first six-month period under review is added or subtracted to the retained earnings at the beginning of the consolidated first six-month period under review and the new accounting policy is applied from the beginning balance. However, there is no effect on the beginning balance.

As a result, for the consolidated first six-month period under review, net sales decreased by ¥ 2,460 million, cost of sales increased by ¥5 million, selling, general and administrative expenses decreased by ¥ 2,337 million, non-operating income decreased by ¥0 million, and non-operating expenses decreased by ¥132 million. Consequently, gross profit decreased by ¥ 2,469 million, and operating income decreased by ¥132 million. However, there was no effect on ordinary income or income before income taxes.

In accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12; March 31, 2020), we do not list information showing a breakdown of revenue earned from contracts with customers for the previous consolidated first six-month period.

(Notes Regarding Substantial Changes in Shareholders' Equity)

Not applicable.

(Segment Information)

Six months ended June 30, 2020

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	21,041	17,290	3,789	6,309	48,431	—	48,431
Internal sales or exchange between segments	1,543	165	2,653	2	4,364	(4,364)	—
Total	22,584	17,456	6,443	6,312	52,795	(4,364)	48,431
Segment profit	1,580	6,118	1,257	907	9,863	(1,832)	8,031

(Notes)
1. The negative amount of ¥1,832 million from adjustments in segment profit includes negative ¥153 million in elimination of intersegment transactions, and negative ¥1,678 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, 2021

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	18,153	19,324	3,584	6,213	47,277	—	47,277
Internal sales or exchange between segments	1,734	115	2,439	17	4,306	(4,306)	—
Total	19,888	19,440	6,024	6,231	51,584	(4,306)	47,277
Segment profit	1,172	6,766	807	522	9,269	(1,680)	7,589

(Notes)
1. The negative amount of ¥1,680 million from adjustments in segment profit includes negative ¥39 million in elimination of intersegment transactions, and negative ¥1,641 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.

2. Items Regarding Changes, etc., to Reporting Segments

(Application of the Accounting Standard for Revenue Recognition, etc.)

As described above in "(Change in Accounting Policy) - (Application of the Accounting Standard for Revenue Recognition, etc.)," the Group has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the consolidated first six-month period under review. Due to a change in the method of accounting treatment for revenue recognition, similar changes have been made to the methods of measuring profit and loss in each business segment.

As a result, when compared to the previous method of accounting treatment, in the consolidated first six-month period under review, segment net sales decreased by ¥1,554 million in the Japan Business segment and decreased by ¥905 million in the China Business segment. Also, segment profit decreased by ¥132 million in the Japan Business segment.