pigeon

Integrated Report 2024

For the Year Ended December 31, 2024

Integrated Report 2024

Purpose of Integrated Report 2024

Pigeon Group publishes the Integrated Report to deepen stakeholders' understanding of the Group's value creation—both short term and medium to long term—as well as the corporate value generated.

This Integrated Report 2024 reports on the performance, strategies, and sustainability (ESG) initiatives of the Pigeon Group and its business segments during the reporting period. It also outlines the future outlook for realizing our Purpose: "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs."

In addition to the Integrated Report, Pigeon provides the Investor's Guide, which focuses on quantitative data regarding the performance trends of the Pigeon Group, and the ESG Data Book, which includes more comprehensive sustainability-related information. Please visit the sites below for details.

Investor's Guide https://www.pigeon.com/ir/library/inv_guid/

ESG Databook https://www.pigeon.com/sustainability/databook/

The Pigeon Group DNA and Pigeon Way is Pigeon's philosophy, which each and every employee values.

■ Pigeon Group DNA

The Pigeon Group DNA consists of our Corporate philosophy and Credo, which is the core of Pigeon Group throughout its history and into the future.

■ Pigeon Way

The Pigeon Way consists of the Purpose and Spirit which is our reason for being in society and the cornerstone of all our activities which embodies our "heart and soul."

Employees of the Pigeon Group value the Pigeon Group DNA and the Pigeon Way as they work to realize our Purpose: "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs." Through our business activities, we aim to enhance sustainable corporate value—both social and economic—by embodying these principles in all our endeavors.

Pigeon Group DNA

The core of Pigeon Group throughout its history and into the future

Corporate Philosophy — The essence and core of our company

Love

Pigeon group's products and services embody the idea of "Love." Just as a mother's love forms the foundation of how she cares for her child, we must uphold that idea in everything we do.

Credo — Our fundamental belief based on the corporate philosophy

Only love can foster love

Pigeon Way

Our reason for being in society and the cornerstone of all our activities which embodies our "heart and soul"

Purpose

We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs

Spirit - Pursuing Our Purpose -

Integrity	We will earn the trust of our stakeholders through honesty, openness, and accountability in everything we do.
Dedication	We will identify the essential challenges facing society, build products and solutions reflecting our vision and embrace new approaches with agility and enthusiasm.
Synergy	We will unite as a company to create greater value, inspiring each other to new heights of excellence through spirited debate over how we can help build the future.
Enjoy	We will pursue work that is meaningful and resonates with our customers.

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History of Pigeon and Our Nursing Bottles

For details on the history of our nursing bottles, please visit our website.
Website https://www.pigeon.com/about/history/nbhistory/

Glass Glass-Made Nursing Bottle
Plastic Plastic-Made Nursing Bottle

1949 Glass
Nursing Bottle with Wide-Neck and Cap
Released by Pigeon's predecessor,
Dofu Boeki

1950 Glass
A-Type Nursing Bottle
Forerunner of the current slim-type bottles

1954 Plastic
S-Type Nursing Bottle
Japan's first plastic nursing bottle—light, portable, and perfect for outings

1956 Glass
F-Type Nursing Bottle
Japan's first decorated nursing bottle

1958 Glass
A-4-Type and A-8-Type Nursing Bottles
Based on research on how infants naturally suck;
a significant influence on future bottle design

1960
Silicone Rubber Nipple
More durable than the natural rubber used previously

1965 Plastic
W-8-Type Nursing Bottle
Smooth inner neck surface prevented milk residue buildup and improved hygiene

1966
Export business started

1968
Pigeon Nursing Bottle
Japan domestic market share reaches 80%[*1]

1977 Plastic
The P-Type Nursing Bottle
Designed for babies with weak sucking ability due to conditions such as cleft lip and/or palate or low birthweight, enabling them to feed more easily

1979 Glass Plastic
K-Type Nursing Bottle
With a rounded nipple more suited to how babies suck and a body designed for easier formula mixing

1988
Discovered the mechanism of babies' unique sucking movement called "peristaltic-like movement"

1991 Glass
Bonyu Sodanshitsu Nursing Bottle
Promoted transition to direct breastfeeding with the Oketani Method

2000 Plastic
PES* Nursing Bottle
Japan's first environmental hormone-free nursing bottle
*Polyethersulfone

2002 Glass Plastic
Bonyu Jikkan Wide-Neck Nursing Bottle (First Generation)
Wide-necked bottle with peristaltic nipple allowing infants to suck naturally

2003 Plastic
Wide-Neck Bottle with Peristaltic Nipple
A wide-neck nursing bottle with Japan's "Bonyu Jikkan" nipple, designed exclusively for overseas markets

2005 Glass
Launched
Slim-Neck Bottle
with Peristaltic Nipple

2007 Plastic
PPSU* Bonyu Jikkan Wide-Neck Nursing Bottle
With superior shock and heat resistance
*Polyphenylsulfone

2010 Glass Plastic
Bonyu Jikkan
Wide-Neck Nursing Bottle (Second Generation)
Based on research on the "Three Key Factors of Sucking"

2011 Plastic
Lansinoh mOmma Feeding Bottle
First Lansinoh-brand nursing bottle with Japan's "Bonyu Jikkan" nipple

2018 Glass
Silicone Coating for Bonyu Jikkan wide-neck nursing bottle with reduced risk of fragments scattering when dropped

2021 Glass Plastic
Bonyu Jikkan Wide-Neck Nursing Bottle (Third Generation)
Evolved with softness closer to a mother's breast and featuring the new Latch-on Line

2022 Plastic
Nursing bottle
made from T-Ester®*
with glass-like transparency
*T-Ester is a trademark or registered trademark of Mitsubishi Gas Chemical Company, Inc., in Japan and other countries.

As of 2024
Pigeon Nursing Bottle
No. 1 global market share[*2]

2024 Plastic
Pigeon's first wide-neck nursing bottle made with biomass plastic—both baby- and eco-friendly

*1 Pigeon Research *2 Global Nursing Bottle Market 2025 by Manufacturers, Regions, Type and Application, Forecast to 2031, Global Info Research

Pigeon's history mirrors the evolution of nursing bottles.

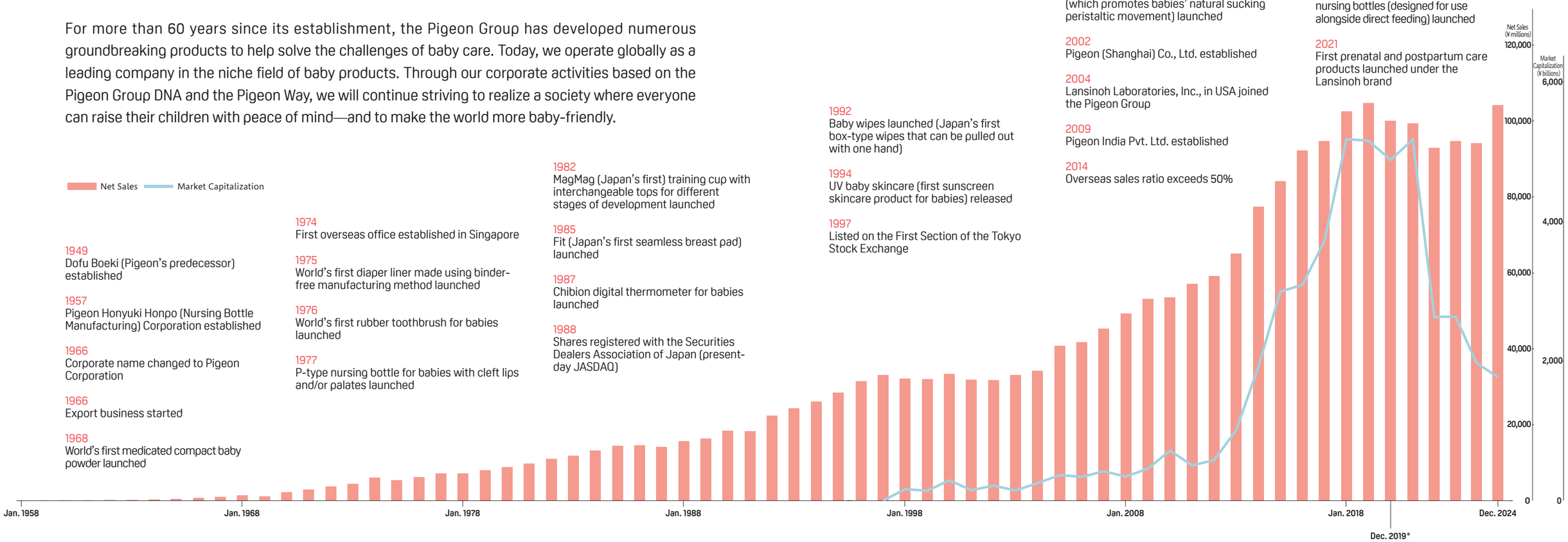
Pigeon's aim is to design the best nursing bottles for babies and mothers. This goal has not changed since our establishment. Today, Pigeon is expanding its business globally with various products and services. At the time of our foundation, however, we were preoccupied with the development of our mainstay nursing bottles. In those days, direct-attached nursing bottles, where the nipple is attached directly to the bottle, were mainstream. However, those nipples tended to collapse, making it difficult for babies to suck. There were also issues regarding hygiene. Yuichi Nakata, a founder at the time thought, "We should work on improving the quality of nursing bottles!" This led to the creation of Japan's first capped nursing bottle. It was a revolutionary product with an air vent and a mechanism to adjust the flow of expressed breast milk or formula, but it was not a hit due to its high price and lack of name recognition. However, we continued making refinements with the aim of developing the "best" nursing bottle, laying the foundation for Pigeon's subsequent growth.

There is no finish line for our research and development of nursing bottles.

Pigeon strives to design nursing bottles that allow babies to feed in the same way they do during breastfeeding—ensuring our products do not interfere with breastfeeding. To move closer to this ideal, we have conducted research into babies' sucking behavior since our earliest days. Because a baby's tongue movement is difficult to observe directly, we began using ultrasound and proprietary technologies to study these motions. More recently, we even developed a device to measure the softness of a mother's nipple, enabling further research into how nipple softness affects tongue movement and sucking behavior. Our studies in this field continue to evolve. At the same time, we pursue technological innovation in materials and manufacturing methods and apply those findings to product development. This dedication to continuous improvement—whether in the shape or texture of the bottle or nipple—remains central to our work today. Babies' sucking behavior is universal, and our nursing bottles, backed by Pigeon's strong global presence, are now sold in many countries and regions. We are the No. 1 brand in Japan and China, and we maintain strong market shares in Taiwan, Indonesia, Thailand, and across much of Asia. But we are not content with the status quo. We continue to seek evolution in all aspects of nursing bottles, from nipple design to bottle shape and material. We believe that creating better products contributes to the happiness of babies and their families around the world—and that belief drives every step of our research and development.

History at a Glance

For more than 60 years since its establishment, the Pigeon Group has developed numerous groundbreaking products to help solve the challenges of baby care. Today, we operate globally as a leading company in the niche field of baby products. Through our corporate activities based on the Pigeon Group DNA and the Pigeon Way, we will continue striving to realize a society where everyone can raise their children with peace of mind—and to make the world more baby-friendly.



From fiscal 2019, the Group's consolidated fiscal year-end was changed to December 31. (The fiscal period for 2019 covers the 11 months from February 1 to December 31.)

1957
Pigeon's beginnings

Pigeon entered the world in 1957 as Pigeon Honyuki Honpo Corporation. Founder and first president Yuichi Nakata worked day and night on product improvements, hoping to bring ever greater happiness to a new generation of infants. "The field of nursing bottles holds dreams for the future," said Nakata, "and if we work hard to make exceptional products we will undoubtedly succeed."

1958–1969
Becoming a comprehensive baby care manufacturer

In 1966, the company name was shortened to Pigeon Corporation. By this time, Pigeon had developed and launched a diverse product line, becoming a comprehensive manufacturer of baby care products. In 1969, however, a small trace of formalin was detected in the nipple of a Pigeon nursing bottle. Although the amount found was too small to cause harm, we received protests and product returns from customers. The lessons learned from this incident helped shape the Company's commitment to quality control and led to the establishment of the Pigeon Customer Service Center.

1970–1982
Crossing the ocean, launching our elder care business

Pigeon began exporting its products in 1966, opening its first overseas office in Singapore in 1974. In 1975, Pigeon entered the elder care business. The falling Japanese birth rate meant that exploring overseas markets and other care-related industries was an essential step for the Company.

1983–1999
Listing on the Tokyo Stock Exchange, becoming a public company

In 1983, Yoichi Nakata was appointed Pigeon's second president, and in 1988 the Company registered its shares on the over-the-counter market. Pigeon listed on the Second Section of the Tokyo Stock Exchange in 1995, and then the First Section in 1997, continuing its journey toward becoming a public company. In 1991, Pigeon established the Central Research Center. Two years later, in 1993, it expanded into childcare services. In 1990, Pigeon established its first overseas manufacturing center in Thailand. These diverse initiatives would drive strong growth in the years to come.

2000–2006
Onward to China, then to the world

In 2000, Seiichi Matsumura became Pigeon's third president and the first not directly related to the Company's founder. At that time, Pigeon's overseas business accounted for less than 10% of net sales. Nevertheless, Matsumura identified global markets as a future growth driver and led the Company's full-fledged entry into China in 2002. Two years later, in 2004, Matsumura broadened the scope and territory of Pigeon's global business further by adding U.S.-based Lansinoh Laboratories, Inc., then an OEM supplier of breast pads and other items, to the Pigeon Group.

2007–2012
Our global expansion gathers pace

In 2007, Akio Okoshi was appointed the fourth president of Pigeon. Okoshi's term would see further acceleration of the Company's global business, with expansion into India, Turkey, Malaysia, South Korea, and other regions. In Japan, where birth rates continued to fall, Pigeon adopted new growth strategies, entering fields such as baby strollers. Okoshi also led extensive internal reforms to the Company's personnel and other systems, seeking new modes of expansion.

2013–2018
One global Pigeon under the Pigeon Way

In 2013, Shigeru Yamashita was appointed Pigeon's fifth president. Yamashita brought extensive overseas experience in Thailand, the United States, and elsewhere. This experience led him to strongly believe in the importance of uniting the "heart and soul" and "actions" of Pigeon employees around the world, and in 2014 he established the Pigeon Way. Pigeon's global performance remained solid, exceeding ¥100 billion in sales by 2018.

2019–2024
Pigeon evolves amid major global shifts caused by COVID-19

In 2019, Norimasa Kitazawa, who significantly expanded Pigeon's China Business, became the Company's sixth president. Amid the rapidly changing business environment caused by COVID-19, he evolved the Pigeon Way's Mission into a Purpose, clarifying the Group's future direction. In addition to strengthening existing product areas such as nursing bottles and nipples, Pigeon actively cultivated new business domains by launching age-up products and establishing its first Group company in Africa as part of its sustainable growth strategy.

2025~
Aiming to further enhance corporate value

Since Ryo Yano became the Company's seventh president in 2025, we have fully leveraged the Pigeon Group's intangible assets—including more than 60 years of nursing research and development expertise and production technologies that ensure safety, reliability, and high quality—to create unique value and drive a new growth story.

Business Overview

Current Status of the Pigeon Group (As of December 31, 2024)

Pigeon Corporation, established in Japan in 1957, is a leading global company in baby products that has been supporting babies, mothers, and families around the world for more than 60 years.

Lansinoh Business

Net sales

¥21,430 million

Segment profit ¥1,731 million

Segment profit margin 8.1%

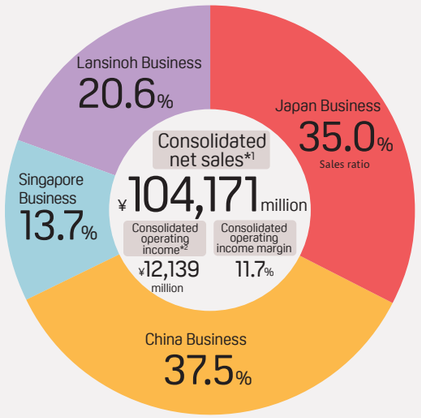
Japan Business

Net sales

¥36,500 million

Segment profit ¥1,998 million

Segment profit margin 5.5%



Singapore Business

Net sales

¥14,277 million

Segment profit ¥1,668 million

Segment profit margin 11.7%

China Business

Net sales

¥39,027 million

Segment profit ¥10,066 million

Segment profit margin 25.8%

*1 The consolidated net sales figure refers to the amount after elimination of intersegment transactions.
*2 The consolidated operating income figure refers to the amount after segment profit adjustments, which mainly comprise expenses associated with administrative departments.

ROE*3 10.5%

ROIC*4 10.3%

Countries/Regions

More than*5 80

Number of Employees

3,066

(worldwide, includes part-time employees)

Ratio of Non-Japanese Employees*6 65%

Ratio of Female Employees 61%

Ratio of Female Managers 39%

*3 Return on equity (ROE): The denominator is the average of the figures at the beginning and end of the fiscal year.
*4 Return on invested capital (ROIC): Net operating profit after tax (NOPAT) divided by invested capital. This figure is calculated using a tax rate of 30.0%. Invested capital is calculated using the average of the beginning and year-end figures.
*5 Based on the number of markets where Pigeon Group products have been sold over the past five years.
*6 Ratio of employees with nationality other than Japanese

Japan Business

Products/Services

Baby and mother care products, childcare services, operation of in-company childcare facilities, preschool education services, and elder care products ● Sales/service: 3 bases ● Production: 3 bases

Business Conditions and Group Strengths

As a leading brand in the baby care products industry, Pigeon is widely recognized, with its flagship nursing bottles holding more than an 80% share of the domestic market. By providing a diverse range of products that address various baby and childcare needs, Pigeon has secured and maintained the top market share, enabling stable performance despite Japan's declining birth rate. In addition to baby and childcare products, we operate a childcare services business, including contracted management of in-company daycare centers, and offer elder care products to support the elderly.

China Business

Mainly China, South Korea, and East Asia

Products/Services

Baby and mother care products ● Sales/service: 4 bases ● Production: 3 bases

Business Conditions and Group Strengths

Under the Pigeon brand, we offer several hundred products in mainland China, focusing mainly on nursing bottles, nipples, and skincare, and are expanding this business as a key driver of Group growth. Since our full-scale entry into the Chinese market in 2002, we have developed products tailored to local consumer needs, built a supply chain that is fully operational within China, and worked to build trust in the brand through hospital and maternity ward activities and collaboration with healthcare professionals. As a result, our nursing bottles have secured the top market share position in mainland China.

Singapore Business

Mainly Southeast Asia, India, the Middle East, and Oceania

Products/Services

Baby and mother care products ● Sales/service: 5 bases ● Production: 4 bases

Business Conditions and Group Strengths

Pigeon operates its business under the Pigeon brand primarily in Southeast Asia, India, and the Middle East. Within this sales area, Pigeon holds the top market share for nursing bottles in countries such as Indonesia, Singapore, and Thailand. In recent years, we have strengthened digital marketing and pursued channel strategies tailored to each region, including approaches to physical stores. In addition, we are enhancing our development capabilities to expand product offerings that meet local childcare needs.

Lansinoh Business

Mainly North America and Europe

Products/Services

Breastfeeding, mother care, and baby care products ● Sales/service: 6 bases ● Production: 1 base

Business Conditions and Group Strengths

Under the Lansinoh brand, we sell breastfeeding, mother care, and baby care products. In the United States, our primary market, we have secured the top market share with products such as nipple care cream and nursing pads, earning strong customer support as a leading breastfeeding brand. In recent years, in addition to our core breastfeeding products, our prenatal and postpartum care products launched in 2021 have become a new pillar, contributing to increased sales.

P. 69 Pigeon Group Business Structure

To Our Stakeholders

Ryo Yano
President and CEO

Joined the Company in 1997. After working in domestic sales, he was seconded to a domestic subsidiary as head of sales. In 2010, he was posted to China.
Appointed Director of Pigeon (Shanghai) Co., Ltd., in 2014, and President and CEO in 2017, as well as General Manager of the China Business Division and Senior Executive Officer.
Assumed the position of President and CEO of Pigeon Corporation in March 2025.

We aim to drive growth by strengthening our nursing bottle business and creating brand synergies, striving to become an indispensable company that continually generates value for society over the long term.

Message upon Assuming the Presidency

I am Ryo Yano, and I assumed the position of President and CEO in March 2025. I joined Pigeon in 1997 and, after working in domestic sales and overseeing sales at a subsidiary, have primarily been involved in managing our overseas operations, particularly the China Business, since 2010. Since my student days, I have had a strong desire to contribute to society through my work. Since joining the Company, I have witnessed firsthand in various situations how much Pigeon's products support babies and their families. This has deepened my appreciation for the significant social value the Company creates, and I have always felt joy and pride in being part of such an organization. In addition, becoming a father myself and experiencing the joy and happiness of feeding my child with Pigeon's nursing bottles—a moment I might not have otherwise been able to share—has further reinforced my recognition of how the Pigeon Group contributes to people's happiness.

I believe the Pigeon Group is an exceptionally rare company, even on a global scale—one that not only brings joy and happiness to families around the world as they raise their babies but also quietly supports them through the many challenges that often arise in childrearing. As the values and lifestyles of our customers continue to diversify, I believe the value Pigeon provides—staying close to babies and to everyone involved in their lives worldwide and conducting business activities toward our purpose of "a baby-friendly world"—will become increasingly important.

Prior to assuming the presidency, I took the opportunity to reflect again on the Pigeon Group's history and reaffirmed the wealth of intangible assets the Company possesses. These include, for example, our R&D capabilities—exemplified by more than 60 years of infant feeding research, which is unique to Pigeon on a global scale—our manufacturing expertise that ensures safe, reliable, and high-quality products based on that research; our sales network spanning more than 80 countries and regions*1; the trust we have earned from customers and healthcare professionals; our strong brand equity; and, above all, the talented people who support all of this. Each of these intangible assets is not only unique to Pigeon but also serves as a vital source of our competitive advantage.

As President, my mission is to further strengthen the purpose-driven management approach advanced by my predecessor, Mr. Kitazawa, while also reallocating our management resources to maximize the value of the intangible assets currently held by the Pigeon Group, with the goal of achieving long-term growth.

*1 Based on the number of markets where Pigeon Group products were sold over the past five years.

Our Purpose as a Unifying Force across the Group

Pigeon's corporate philosophy comprises two elements: the Pigeon Group DNA and the Pigeon Way. Within this framework, our Purpose—"We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs"—was established in 2019 under the leadership of former President Kitazawa. I believe that having clearly defined this Purpose at that time became a powerful unifying force that helped us navigate the challenges of the COVID-19 pandemic in the years that followed.

The global upheaval caused by the COVID-19 pandemic placed many business models—previously considered solid and stable—under severe strain, while also significantly transforming people's lifestyles and values. Even as birth rates declined in countries such as Japan and China, e-commerce markets expanded worldwide, leading to changes in consumer behavior and parenting styles. At the time, I was overseeing our China Business. Amid what was arguably one of the most challenging periods in the Pigeon Group's history—the COVID-19 pandemic—employees around the world returned to our Purpose and proactively considered how Pigeon could continue to deliver value to society. Their reflections translated into action—developing new products to meet emerging parenting needs, building agile supply chain networks to ensure product delivery, and transitioning parenting seminars from in-person events to online formats in each country. By responding flexibly and cohesively across every part of our business, we were able to overcome this unprecedented crisis as one united Group.

Today, in pursuit of realizing our Purpose—to create "a baby-friendly world"—we have defined our "vision of a baby-friendly world," which outlines six faces of society. In addition, we established four "Spirit" principles as the foundation for each employee's mindset and actions toward fulfilling our Purpose. These additions have made the direction that Pigeon Group employees should take much clearer as they share a common commitment. Moreover, we feel that the strong empathy for our Purpose expressed not only by our own employees but also by many external stakeholders reflects the significant role Pigeon plays as an indispensable presence in society—and the high expectations placed on us going forward.

Focusing Management Resources on Nursing Bottles, a Brand in which We Have Absolute Confidence, to Drive Growth

Among the many products offered by Pigeon, nursing bottles—our founding product—are among the most important items enriching the lives of babies and their families. For most babies, nursing bottles are the first artificial object they encounter, playing a vital role in supporting their survival and healthy growth. For mothers, they serve as a reliable partner when direct breastfeeding is challenging. For fathers and other family members who cannot breastfeed directly, nursing bottles provide a special way to share in the joy and happiness of feeding.

Nursing bottles (including nipples) currently account for more than 30% of the Pigeon Group's sales, making them our largest product category. Although we hold the top global market share, that share remains just above 10%,*2 indicating significant room for growth. Globally, few companies have devoted as much time and passion as us to observing infant behavior and researching nursing. I personally believe that our nursing bottles are of the highest quality in the world. Delivering these world-class nursing bottles to even more babies around the globe represents a unique value that only Pigeon can provide. This is also our greatest mission as the leading global brand in nursing bottles. Accordingly, I am committed to further strengthening our nursing bottle business through focused investment of management resources.

Since the mid-1970s, even as the number of births in Japan has continued to decline, the Pigeon Group has steadily expanded its business performance. This growth has been driven by the overwhelming brand trust we earned from customers and healthcare professionals through our nursing bottles—the first artificial object a baby puts in their mouth. That trust has extended to other Pigeon product categories, such as baby skincare and other baby care items, fueling our business growth. Today, in our Japan Business, nursing bottles account for less than 20% of total baby care sales,

*2 Global Nursing Bottle Market 2025 by Manufacturers, Regions, Type and Application, Forecast to 2031, Global Info Research

reflecting the expansion of other product categories. As a result, Pigeon has established a solid position as a comprehensive baby care brand. If we can successfully extend this model of success in Japan to global markets, our growth potential will be virtually unlimited. To realize this potential, I believe that concentrating our management resources on nursing bottles—where there remains considerable room for growth—will be the foundation for strengthening our brand and achieving long-term growth.

Aiming for a 20% Global Share in Nursing Bottles

We are advancing a range of initiatives to deliver Pigeon's nursing bottles to even more babies around the world.

As a product example, our customizable nursing bottles, launched in recent years in key markets such as Japan, China, and across Asia, have been well received. These allow customers to freely choose the color and design combinations of the bottle, cap, and hood that make up our flagship nursing bottle model, Bonyu Jikkan. This offering aligns with the growing trend of parents seeking personalized baby care items tailored specifically for their own child. Despite being priced about 20% higher than the standard Bonyu Jikkan model, sales continue to grow. By deepening our expertise in nursing research—one of our core strengths—and continuously developing new products that reflect increasingly diverse customer values, we believe we can further enhance the value of our nursing bottles.

In terms of regional expansion, while we are of course working to enter new markets, we are also accelerating nursing bottle business growth in existing markets, particularly through our Singapore Business and Lansinoh Business. In recent years, our Singapore Business has been focused on addressing market disruptions caused by the COVID-19 pandemic, which limited our ability to fully expand nursing bottle sales. Although Pigeon nursing bottles have already secured a relatively high market share in regions such as the Middle East and Indonesia, we will now further refine our brand and product uniqueness and proactively invest in marketing. Through these efforts, we will intensively communicate the value of our flagship wide-neck nursing bottles to customers.

We are also placing strong emphasis on the Indian market, where 23 million babies are born each year, making it a potentially massive future market. We entered India in 2009, initially applying elements of the success model we had built in China. However, we encountered unique challenges in India that differ fundamentally from those in Japan and China and have struggled to achieve growth centered on nursing bottles. Although we are still searching for a model for success in India, I view it as a positive that we have been able to identify which aspects of our Japan and China strategies did not work in this market. One clear takeaway is that localization is essential for success. Since our initial entry, we have not only established a sales subsidiary but also a factory in India. Our proactive investments in infrastructure and talent have steadily improved our ability to plan and develop products locally. Our market share for nursing bottles in India remains modest, but our stainless-steel nursing bottles—developed with attention to local culture—are growing into one of our best-selling models in the region. Going forward, strengthening our sales channels in India is key. While our focus has traditionally been on offline channels such as pharmacies and baby shops, e-commerce and quick commerce have expanded rapidly since the pandemic. To seize this opportunity, we will invest management resources in developing and expanding our online sales channels while advancing localization efforts by leveraging India's abundant digital talent. Many global companies that have succeeded in India have gone on to use it as a base for expansion into the Middle East and Africa. We believe that securing a foothold in India not only positions it as a future pillar of the Company but also serves as a gateway to further expansion across these neighboring regions. We are committed to allocating the necessary resources to achieve this vision.

The nursing bottle category in North America and Europe also represents a promising new growth opportunity for the future. In our Lansinoh Business, which primarily serves mothers in North America and Europe, we sell wide-neck nursing bottles under the Lansinoh brand that incorporate more than 60 years of Pigeon's nursing research expertise, modeled after our flagship Bonyu Jikkan bottles. Although Pigeon nursing bottles have a strong presence across Asia, including Japan and China, the North American and European markets are highly competitive with many established global nursing bottle brands. As a late entrant, Lansinoh's market presence remains relatively small. However, through steady sales efforts, the high functionality of Lansinoh nursing bottles has gradually spread by word of mouth via e-commerce, receiving especially strong praise from mothers and families committed to breastfeeding, as well as healthcare professionals. In addition, multiple digital media outlets in North America and Europe have featured our nursing bottles as the best choice for breastfed babies. Despite fierce competition in these markets, sales of our nursing bottles have grown rapidly in recent years. Looking ahead, we will increase growth investments to accelerate market penetration in North America and Europe, aiming to become the third-largest nursing bottle brand in the North American market by 2030. By communicating the value of our nursing bottles to more customers and delivering them to more babies worldwide, we aspire to increase the Pigeon Group's global nursing bottle market share to around 20% over the long term.

Strengthening the Co-Creation Strategy between Pigeon and Lansinoh to Drive Business Growth

Alongside our focus on nursing bottles, another priority is maximizing brand synergy between Pigeon and Lansinoh. The four Spirits of the Pigeon Way are "Integrity," "Dedication," "Synergy," and "Enjoy," and I am confident that by focusing on "Synergy," we can further accelerate business growth. Pigeon has grown primarily in Asia as a baby-focused brand, while Lansinoh has developed in North America and Europe as a brand for mothers. Until now, there have been only limited markets where both brands operate together, but I strongly believe that these two powerful brands have the potential to generate significant synergy.

A successful example of this is the recent growth in Lansinoh-branded nursing bottle sales. In the autumn of 2024, we began selling select Lansinoh products in the Japan Business, and this initiative will expand in earnest in 2025. In Japan, where dual-income households are becoming more common and parenting styles and the needs for baby care products are evolving, we see an opportunity to nurture the Lansinoh brand by leveraging the Japan Business's intangible assets—its deep market insights, knowledge of distribution structures, and strong sales channels. Although this represents a new challenge for us, we believe it is a high-potential initiative likely to succeed as a new business. To maximize synergy, we must also establish the right internal structure on a global scale, and we are already working on building this organization. Through the co-creation strategy between Pigeon and Lansinoh, we aim to achieve sustainable business growth across the globe.

Using M&A to Accelerate Growth, Rooted in Our Purpose

With respect to our capital policy, we will conduct management that is conscious of the cost of capital while making more effective use of our solid financial base. Our top priority will be to allocate capital toward growth investments—1) investments to grow existing businesses, and 2) growth initiatives in new areas, including M&A. We will consider shareholder returns only after carefully balancing business growth and financial soundness, cash flow, and stock price trends. We regard M&A as one of our key growth strategies. We will proactively explore opportunities, placing the highest priority on whether they offer strong potential to generate synergies with the broader Pigeon Group.

The global business environment surrounding Pigeon is undergoing rapid change, including declining birth rates and intensifying competition across markets. We strongly feel that we no longer have the luxury of pursuing growth at the pace we once did. At the same time, we are seeing increasing M&A activity in the baby care industry, particularly involving global brands—signaling a wave of consolidation. Against this backdrop, M&A is becoming an increasingly important strategic option for accelerating our growth. We will evaluate opportunities through the lens of alignment with our Purpose and corporate philosophy, and the potential to create new value when combined with our existing business. While we will actively pursue M&A opportunities in our core category of nursing bottles, we also recognize that there are

regions and product areas where our presence is still limited. If we determine that M&A can play a meaningful role in fulfilling our Purpose in those areas, we will proactively consider such opportunities as a path to accelerating business growth.

Promoting ESG in a Way that Reflects the Pigeon Spirit

In the Pigeon Group, our fundamental approach to sustainability is to enhance both social value and economic value, thereby increasing our overall corporate value, and to continue existing as an indispensable part of society. To realize our Purpose, we have identified Key Issues (Materiality) to address over the medium to long term and set specific metrics and targets to guide our efforts. In the 8th Medium-Term Business Plan, titled "Toward Sustainable Growth," we established various KPIs covering financial metrics as well as the key environmental, social, and governance (ESG) issues we identified: E (reducing our environmental impact), S (contributing to the resolution of social issues and managing talent and cultivating the right culture for our Purpose), and G (establishing solid management foundations). Looking ahead to the next medium-term plan, we are also considering setting impact KPIs unique to Pigeon, such as those reflecting the happy moments created by our nursing bottles.

Regarding our environmental (E) efforts under ESG, we have set targets in the Pigeon Green Action Plan, which is being steadily implemented across the entire Group. Toward achieving a decarbonized society, in February 2025, we raised the 2030 greenhouse gas (GHG) reduction targets in the Pigeon Green Action Plan. These targets were recognized by the Science Based Targets initiative (SBTi) as "near-term science-based targets" aligned with the Paris Agreement's goal levels. Going forward, as activities to leave a rich Earth for the future of babies born tomorrow, we will focus on addressing climate change, plastics, and biodiversity—issues closely related to our business activities—and promote Group-wide efforts to achieve these goals.

For the social (S) aspect of ESG, we are advancing initiatives on the key issues identified in our materiality

assessment. In 2024, we expanded our efforts on human rights by establishing the Pigeon Group Human Rights Policy and identifying priority areas for action. We are committed to respecting human rights not only among our Group employees but also throughout our supply chain, promoting strong human rights compliance across all stakeholders connected to our business.

I also believe that by providing our Group's products, we can directly contribute to solving social issues through our business. As mentioned earlier, the value provided by our nursing bottles (customer value) extends beyond addressing parenting challenges; our business contributes to resolving universal social issues related to childcare—such as supporting low birthweight infants and babies needing special feeding care. Expanding these efforts creates a virtuous cycle that also enhances our economic value.

Addressing environmental and social issues is difficult for any single company to solve alone. However, we believe that by taking the lead in practicing sustainability, we can trigger significant transformations in society. In addition, being a pioneer in offering sustainable products presents a growth opportunity for our business. Regarding governance (G), our corporate governance system has continuously evolved, enhancing its effectiveness over time. As the Group expands overseas, both growth opportunities and business risks will increase accordingly. Therefore, it is essential to reinforce a Group governance structure that enables the executive team to take on challenges with agility and boldness. Specifically, we will further refine the existing Global Head Office (GHO)/ 4 Strategic Business Unit (SBU) structure to ensure that the GHO tightly coordinates domestic and overseas Group companies, enhancing Group management by advancing business promotion, resource allocation, and deeper penetration of our Corporate Philosophy.

Building on Double-Digit Growth in Fiscal 2024

Fiscal 2024 was a year of significant progress, marking a clear return to a growth trajectory. Driven particularly by strong performance in our overseas businesses, consolidated net sales rose 10.3% year on year to ¥104.1 billion, operating income increased 13.2% to ¥12.1 billion, and net income attributable to owners of parent grew 12.8% to ¥8.3 billion. Both sales and profits achieved double-digit growth from the previous fiscal year, and the Group achieved its initial earnings target for the first time in seven years. Although a weaker yen contributed to the performance of our overseas operations, the primary driver was the solid foundation of our businesses. In the China Business, enhanced brand visibility and strengthened consumer engagement led to strong results across core baby products—including nursing bottles, nipples, and skincare—as well as products for older infants, which we call "age-up" products. This contributed to double-digit growth in both sales and profit. In the Singapore Business, efforts to promote the transition to wide-neck nursing bottles gained momentum, also resulting in higher sales and profit. The Lansinoh Business continued to grow in North America and Europe, driven by strong performance of new breast pump products in North America and prenatal and postpartum care products across both regions, achieving double-digit growth in sales and profit.

In the Japan Business, both sales and profit declined, partly due to the transfer of all shares in a consolidated subsidiary that provided home elder care support services. However, in baby care, sales continued to grow steadily despite a declining birth rate. Even after several price revisions in Japan in 2023, our nursing bottles have maintained a dominant market share. In addition, our focus on a new category—baby care appliances—is beginning to become a new pillar within the baby care business.

Building on the momentum of our double-digit growth, we aim to maximize the outcomes of our initiatives in fiscal 2025—the final year of our 8th Medium-Term Business Plan—and further expand our business performance while improving profitability. As chair of the planning committee, I am also leading a fundamental review process for our next Medium-Term Business Plan. This includes addressing new challenges that have emerged during the current plan period. We view fiscal 2025 as a pivotal year that will lay the foundation for our future.

To Our Stakeholders

The vision I hold for the ideal future of the Pigeon Group is to be an organization that continues to create social value with a long-term perspective and maximizes sustainable, long-term profitability. To realize this vision and ensure that Pigeon remains an essential presence in society even 100 years from now, we will continue to define the kind of company we need to become and shape our management policies and business strategies accordingly.

While continuing to place high importance on returns to our shareholders, we will also actively and boldly leverage our intangible assets—enhancing our nursing bottle business, creating synergies, and accelerating growth through M&A.

We kindly ask our stakeholders for their continued support and understanding of the Pigeon Group as we pursue sustainable growth by creating both social and economic value.

Appointment of President Yano by the Nominating Committee

Effective March 27, 2025, the Company appointed a new President and CEO.
The Nominating Committee had been working over the past five years to select the next President.

Process of Selecting the President and CEO

To enhance the independence, objectivity, and transparency of the process for appointing, dismissing, and nominating Directors, the voluntary Nominating Committee was established as an advisory body to the Board of Directors. The committee is chaired by, and consists of a majority of, Independent Outside Directors. Since its establishment in 2019, the Nominating Committee has formulated and operated a CEO succession plan based on the qualifications defined in the Company's executive nomination policy, including the selection, evaluation, and development of candidates.

In implementing this plan, the committee's Independent Outside Directors verify the appropriateness of executive-side evaluations of candidates through methods such as presentations and one-on-one meetings.

President and CEO Selection Process

Formulation of the CEO Succession Plan	2019	● Established the voluntary Nominating Committee ● Defined the executive nomination policy and qualifications for the CEO role
Implementation of the CEO Succession Plan	2020	● Developed a CEO succession plan, including candidate selection, evaluation, and development ● Selected and evaluated candidates for the next CEO
	2021	● Continued evaluation and development of CEO candidates (through challenging assignments) ● One-on-one meetings held between CEO candidates and the Independent Outside Directors on the Nominating Committee
	2022	● Continued evaluation and development of CEO candidates ● CEO candidates gave presentations to the Nominating Committee (theme: Vision for enhancing corporate value as CEO) ● Additional one-on-one meetings between candidates and Independent Outside Directors
	2023	● Finalized evaluation and development of CEO candidates (determined candidate ranking) ● Continued one-on-one meetings with Independent Outside Directors ● Mr. Yano appointed Director, Executive Officer in charge of the China and Singapore businesses
	2024	● Mr. Yano formally notified of his selection as the next CEO (approximately one year before assuming the role) ● Final discussion by the Nominating Committee confirming Mr. Yano's appointment as CEO effective March 2025

Message from the Chairperson of the Nominating Committee

Since 2020, the Nominating Committee has engaged in extensive discussions with multiple candidates based on the qualifications required for the CEO role. From the beginning, Mr. Yano has demonstrated a strong passion and heartfelt commitment to contributing to babies and their families. In addition, he has a proven track record of leading the China Business with calm judgment and a high level of ambition.

As a young CEO, Mr. Yano has a deep affection for our founding product and greatest asset, the nursing bottle, and his potential is immeasurable. He has set forth initiatives to further strengthen the nursing bottle business and expand our share in the global market.

Through these efforts, we expect Mr. Yano to make a significant contribution toward realizing our Company's mission to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' needs.

Yumiko Miwa
Independent Outside Director
Chairperson of the Nominating Committee

Initiatives to Improve Corporate Value

PVA—An Independent Performance Indicator Aimed at Enhancing Corporate Value

Pigeon positions its unique Pigeon Value Added (PVA) as a key performance indicator based on added economic value. PVA is calculated by deducting the cost of capital from net operating profit after tax (NOPAT) and expresses the financial amount of corporate value generated through our business activities that exceeds the cost of capital. PVA is designed to assess how efficiently limited resources such as funds and assets have been utilized to maximize returns. By evaluating the absolute value rather than the ratio, PVA helps prevent diminishing equilibrium in business, ensuring a solid foundation for future growth.

Formula: PVA = NOPAT – Cost of capital (Invested capital × WACC)

Pigeon currently sets the WACC in the PVA calculation at 5%, but periodically (twice a year) calculates the actual figure based on the CAPM model, and verifies and compares it using other calculation methods to assess the appropriateness of the set value. We will continue to engage in dialogue with stakeholders regarding our internally set WACC and examine whether it remains at a reasonable level.

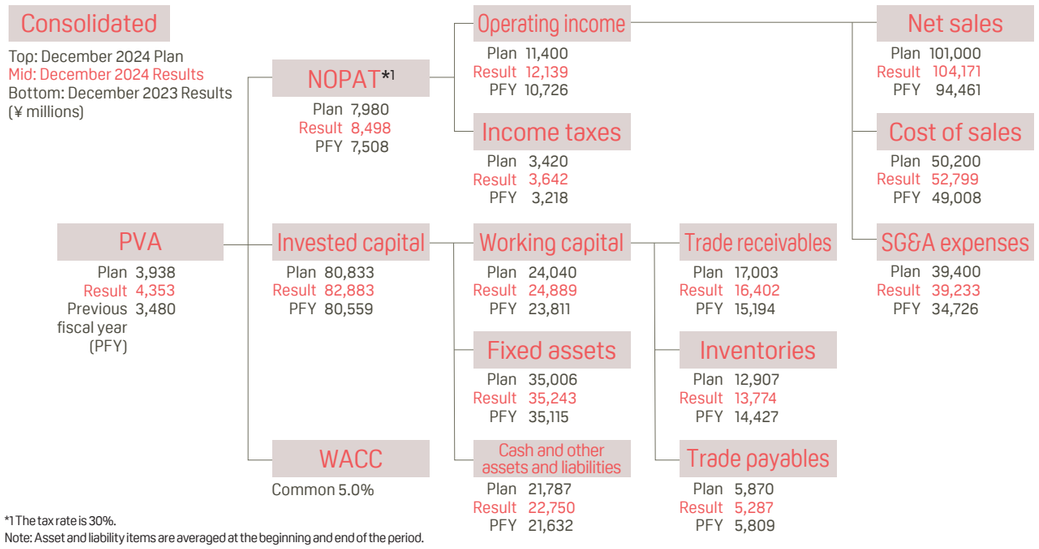
[Reference] Each component used in the CAPM-based calculation		
	Risk-free rate	Refers to the 10-year government bond yield
	Beta	Multiple references to the average of monthly beta values (versus TOPIX) for the past three years, calculated semiannually
	Risk premium	Refers to GPIF's expected return

Introduction and Use of PVA

Pigeon introduced PVA in 2013 as a tool to pursue three key elements simultaneously: profitability, efficiency, and growth across the entire Group. The utilization of PVA extends not only to the overall Group but also to individual business segments and companies, with the achievement of PVA goals being incorporated into the compensation system for Directors (excluding Independent Outside Directors).

The components of PVA are broken down into a tree-like structure, with each element defined and managed as a KPI. These KPIs are then translated into specific measures aimed at improving PVA. This approach also helps visualize how each employee's work contributes to each PVA component. Pigeon will continue to utilize PVA to further enhance corporate value.

PVA Tree for the Fiscal Year Ended December 2024



*1 The tax rate is 30%.
Note: Asset and liability items are averaged at the beginning and end of the period.

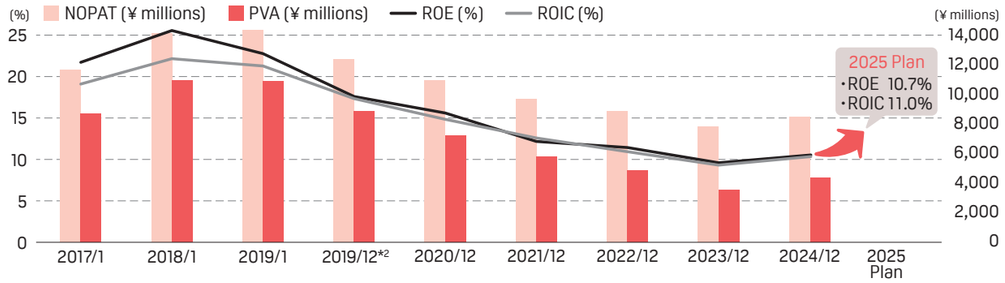
Current Status Analysis

Need Further Recovery and Growth of PVA and Various Components

Our business performance has been affected by market turmoil, declining births, and rising costs in our core markets, starting with the COVID-19 pandemic. While market conditions in many countries and regions remain are still recovering, the second half of 2023 also saw the impact of harmful rumors in China related to the release of ALPS treated water, and challenging conditions continued.

On the other hand, our performance in 2024 exceeded that of the previous year, and for the first time in seven fiscal years, we achieved our full-year forecast. PVA and various other indicators are also showing signs of recovery.

As our stock price trends have generally moved in line with various KPIs, including PVA, we recognize that the recovery and growth of PVA and its components is a key priority for improving corporate value. We will continue working toward further improvement without complacency.



*2 Effective from the fiscal period ended December 2019, the Pigeon Group changed its fiscal year-end from January 31 to December 31. Therefore, fiscal 2019 was a transitional period of 11 months (February 1–December 31, 2019).

Future Initiatives

Pigeon will promote the following initiatives to enhance corporate value through the improvement of PVA and various KPIs, which are important management indicators.

Improvement of PVA

- Improvement and execution of various strategies (including the 8th Medium-Term Business Plan) to improve profitability

P. 22 Value Creation Story

- Utilization of PVA to examine the business portfolio and optimize the allocation of management resources
  Various KPIs that are components of PVA are used to verify each business's performance and examine the business portfolio, aiming for an optimal business structure and the optimal allocation of management resources to achieve it. Once a year at the Board meeting, Board members evaluate each business based on the following criteria and confirm our basic stance for each business such as "investment and growth," "maintain status quo," "structural reform," and "downsize and/or withdrawal."
  1) Our Purpose in the Pigeon Way (Does our business contribute to the realization of this Purpose?)
  2) Economic value (Is the business capable of generating earnings that exceed the cost of capital?)
  3) Social value (Does our business contribute to solving social issues?)
- Efforts to reduce working capital
  With "invested capital," one of the components of PVA, we will promote the optimization of capital efficiency, especially by properly managing inventories and reducing excess inventory, which will lead to further improvement of PVA.

Further Promotion of Stock Price Conscious Management

- Incorporation of various performance and stock price indices into the calculation standards for executive compensation
  The compensation calculation for directors (excluding independent outside directors) incorporates KPI progress evaluations such as PVA and ROIC and is designed to foster a high awareness of various management indicators and the cost of capital among the management team. In addition, to be in the "same boat" (sharing awareness of interests with shareholders), TSR as a stock price index is incorporated into the basis for the calculation of executive compensation, and we will promote efforts to enhance corporate value over the medium to long term.
- Disclosure related to ESG and materiality, and enhancement of dialogue with our shareholders, investors, and other stakeholders
  We will continue to enhance and improve the content of our disclosures, as well as that of our activities, to enhance the corporate value of the Group. In addition, we will actively hold IR meetings, briefings, and other dialogues with various investors and other stakeholders to promote a better understanding of our company's situation and activities.

IR meetings with institutional investors	Total number of dialogues: 310 (fiscal 2024)

Status of Dialogues with Shareholders and Investors https://www.pigeon.com/sustainability/files/pdf/dialogue_shareholders2504e.pdf

Value Creation Story

Corporate Philosophy (Foundation of Value Creation) **Pigeon Group DNA•Pigeon Way** Purpose: We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs P. 01

Sources of Value Creation

Human capital
The Pigeon Group DNA and the Pigeon Way are practiced by all employees
Group total: 3,066 employees
(As of December 31, 2024)

Financial capital
Consolidated net assets: ¥84.6 billion
Equity ratio: 74.9%
(Fiscal 2024)

Intellectual capital
Know-how and intellectual property derived from more than 60 years of intensive research of nursing and babies' sucking behaviors, manufacturing, sales, and service
Brand value: US$514 million*
*From Best Japan Brands 2025 (Interbrand)

Manufacturing capital
Global quality control
Production: 3 bases in Japan, 7 bases overseas

Relationships of trust with consumers, business partners, and medical professionals

Business Activities and Value Proposition

Key Issues (Materiality)
- Enhancing Business Competitiveness and Resilience
- Reducing Our Environmental Impact
- Contributing to the Resolution of Social Issues
- Managing Talent and Cultivating the Right Culture for Our Purpose
- Establishing Solid Management Foundations

P. 21

Medium-Term Business Plan
P. 22

Japan Business
High-quality nursing bottles and nipples that can be used with peace of mind, developed based on intensive research of nursing and baby's sucking behaviors

China Business
Unique products and services that solve areas of concern in baby care

Singapore Business
Information sharing and other activities to support breastfeeding worldwide (including operation and support of lactation lounges and support for promotion of human milk banks)

Lansinoh Business
Baby-friendly and eco-friendly *monozukuri* (manufacturing)

Support activities for babies requiring specialized care (collaborative research with NICUs, products for premature babies)

Pigeon Group's operating environment P. 20

Corporate Value Created

Economic Value*
Final fiscal year of the 8th Medium-Term Business Plan

Net sales	¥113.8 billion
Gross profit	¥56.5 billion
Operating income	¥16.0 billion
PVA	¥7.0 billion
ROE	14.0% or more
ROIC	15.0% or more

*Final year targets were announced in February 2023 and differ from the latest forecast for the year ended December 31, 2025.
P. 24

Social Value

Environment
Realize the Pigeon Green Action Plan
P. 42

Social
Contribute to the resolution of social issues surrounding babies and families
P. 47

Human resources
Foster human resources who enhance corporate value
P. 50

Long-Term Value Co-Creation with Society

Vision of a Baby-Friendly Future: Six Faces of Society
P. 18

- Babies are part of everyone's everyday life
- Loose, friendly ties facilitating easy cooperation around raising children
- Creativity from babies brings excitement to society
- No barriers to raising children
- All babies are helped to develop and grow, regardless of the conditions of their birth
- A comfortable world where babies are not troubled by environmental risks

Business foundation
Corporate governance P. 54
Research and development, *monozukuri* (manufacturing) P. 38
Quality (Pigeon Quality Standards)
Supply chain

Based on our Purpose, "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs," the Pigeon Group has updated the Key Issues (Materiality) that we must address to foster a sustainable society through our business activities and enhance our corporate value. Drawing upon our "sources of value creation," which include human capital and financial capital, we will harness our strengths to provide unique, high-quality products and services that solve areas of concern in child-rearing for babies and their families worldwide. This includes providing nursing bottles and nipples, where we command the top global market share. Our mission is to address materiality while reducing environmental impact and solving social issues surrounding babies and their families in all the countries and regions where we conduct business. To make the world more baby-friendly, we, the Pigeon Group, aim to drive sustainable growth and enhance corporate value as a leading global company in the niche field of baby products.

Vision of a Baby-Friendly Future

We want to make our world more baby-friendly. We have depicted the "baby-friendly world" envisaged in our Purpose in terms of the six faces of society. We will introduce our activities working toward the Vision of a Baby-Friendly Future in this report.

Vision of a Baby-Friendly Future: Six Faces of Society

Babies are part of everyone's everyday life

Create more opportunities to encounter babies in everyday life, making everyone feel closer to them.

Loose, friendly ties facilitating easy cooperation around raising children

Foster more loose, friendly ties between parents and others to make discussion and mutual aid easier, instead of leaving parents to bear the entire burden of childrearing.

Creativity from babies brings excitement to society

Turn scenes from daily life into moments that encourage creativity from babies, instead of seeing parenting as simply "child-minding."

No barriers to raising children

Prepare flexible systems and career stages for employees having and raising babies, instead of making them choose between children and career.

All babies are helped to develop and grow, regardless of the conditions of their birth

Reach out to ensure that all babies have the chance to develop, and that their parents feel secure raising them, regardless of the conditions of their birth.

A comfortable world where babies are not troubled by environmental risks

Review business activities to eliminate environmental burden, and alert society to the risks babies may face during their lives in the future.

Launch of Silver Nipple-Cups to Support Breastfeeding Mothers

The first breastfeeding experience can be challenging for both babies and mothers. Improper nursing posture or feeding methods can cause nipple pain or injury. This discomfort, especially when nipples touch clothing or breast pads, can turn breastfeeding into a stressful experience for mothers.

To soothe and protect delicate nipples during this time, we launched the Silver Nipple-Cup in 2024. Originating in Italy 25 years ago, these silver cups have recently gained popularity due to their effectiveness. Made from natural silver 925 (92.5% pure silver), which is known for its antibacterial, sterilizing, moisturizing, and anti-inflammatory properties, each cup is handmade in Italy.

The nipple cups and packaging are made from 100% recycled materials, making this product sustainable and reusable—qualities highly appreciated by breastfeeding mothers. We aim to ensure that there are no barriers to raising children through products that help solve the challenges faced by mothers raising children.

Launch of the Pigeon Lactoferrin Special Care Series

In 2024, we launched the Pigeon Lactoferrin Special Care series in China to protect babies' delicate skin—characterized by an immature protective function—from external irritants. Compared to adults, babies have a thinner epidermis and an underdeveloped stratum corneum, making their skin more vulnerable to environmental factors such as temperature changes, dryness, dust mites, and household dust. As a result, they are more prone to skin troubles such as redness and itching. In addition, babies' skin contains fewer natural moisturizing factors and has a weaker protective function, contributing to a higher risk of developing conditions such as atopic dermatitis.

This new product line contains lactoferrin, an immune-active component found in breast milk. Studies have shown that lactoferrin supports skin by enhancing its protective function, suppressing the secretion of inflammatory factors, reducing irritation, and improving hydration.

Through scientifically grounded approaches, we will continue to support the healthy development of babies' skin—helping all babies thrive, regardless of the conditions into which they are born.

Toward Sustainable Growth

Pigeon Group Operating Environment

In Japan and China, which account for a large portion of the Pigeon Group's sales, birth rates continue to decline. Conversely, there remain many markets the Group has yet to enter—such as the Africa region—where birth rates are rising, offering substantial opportunities for business growth. Moreover, as climate change advances and natural disasters become more frequent and severe, governments around the world are increasingly committing to achieving a carbon-neutral society, demanding that companies take decisive action toward decarbonization. Many countries are also now enforcing stricter regulations on single-use plastics, while there is ongoing discussion about an international treaty for preventing plastic pollution, driving the rapid transition to a circular economy.

In addition to addressing environmental challenges, companies are focused on initiatives related to human capital as a critical step in achieving sustainable growth. From a risk management perspective, there is a growing expectation for companies to undertake activities in respect of human rights not only for their employees but also for everyone throughout the supply chain.

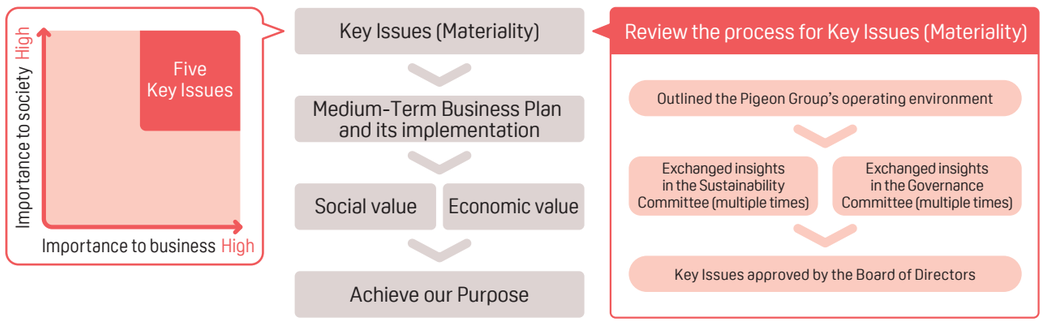
*1 Source: United Nations "World Population Prospects 2024" https://population.un.org/wpp/
*2 Source: UNICEF News, May 15, 2019 https://www.unicef.or.jp/news/2019/0071.html

Birth-rate trends
- Declining birth rate in key markets (Japan, China)*1 - Increasing birth rate in the Africa region*1
Environmental issues
- Acceleration of global efforts to achieve a decarbonized society - Institutionalization of soft law and hard law related to the environment - Escalation and increased frequency of natural disasters - Transition to a circular economy - Marine pollution caused by microplastics - Biodiversity degradation
Social issues
- One in seven babies worldwide (more than 20 million annually) is born with a low birthweight of less than 2,500 grams*2 - More than 80% of the world's 2.5 million newborns who die every year are of low birthweight*2 - Consideration of local communities and human rights - Diversification of work styles - Securing and improving the quality of the workforce
Rapidly changing business environment
- Intensifying competition due to a growing e-commerce market - Changing market needs due to diversification of customers' childcare styles - Diversification and increasing complexity of supply chain risks - Rising raw material costs/foreign exchange risk

Process for Identifying and Reviewing Key Issues (Materiality)

In April 2019, we identified the Key Issues (Materiality) that we must address to foster the development of a sustainable society through our business activities and enhance our corporate value. The specific process entailed identifying social issues based on international standards and guidelines such as ISO 26000, the Global Reporting Initiative (GRI) standards, and the Sustainable Development Goals (SDGs), as well as evaluation criteria from major environmental, social, and governance (ESG) rating agencies, and pinpointing issues recognized by management. Based on our understanding of the social and business environment, we also examined risks and opportunities and collated issues in our value chain. We then identified the Key Issues (Materiality) in terms of their importance in building a sustainable society and their importance in our business from the perspective of enhancing our corporate value.

In 2022, we conducted a review of materiality given significant changes in our business and the social environment. The Sustainability Committee and the Governance Committee engaged in discussions on multiple occasions to exchange insights aimed at establishing a foundation for value creation and driving a business that balances both economic and social value while achieving Pigeon's Purpose: "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs." Five Key Issues that ought to be addressed over the medium to long term were uncovered and subsequently approved by the Board of Directors in December 2022. These Key Issues, together with the medium- to long-term environmental goals of the Pigeon Green Action Plan, serve as the guiding principles for achieving our 8th Medium-Term Business Plan through which we will strive to create corporate value by realizing our Purpose and secure sustainable growth by working to achieve the SDGs.



Pigeon Sustainable Action

Pigeon's Purpose is to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs.

In order to create a baby-friendly future, we aim to grow sustainably as an indispensable part of society by reducing our environmental impact and resolving the social issues that affect babies and their families across all the countries and regions where we operate, and by embracing the challenge of new business endeavors.

Key Issues (Materiality) to Be Addressed in the Medium to Long Term to Achieve Our Purpose

Key Issues (Materiality)	Individual Issues	2025 Goals
Enhancing Business Competitiveness and Resilience	- Supporting nursing babies - Supporting healthy baby skin development - Creating new businesses - Releasing products that exceed customer expectations - Building resilient distribution systems	・Expand nursing bottles and other nursing-related products through nursing support for babies worldwide ・Expand skincare products by supporting healthy baby skin development ・Create new businesses aimed at growing operations ・Achieve net sales of at least ¥10 billion in new domains ・Establish resilient distribution systems to support childcare worldwide
Reducing Our Environmental Impact	- Reducing greenhouse gas emissions (Scope 1, 2, and 3) - Circular manufacturing - Using sustainable resources (paper and palm oil)	・Work toward achieving the medium- to long-term environmental goals of the Pigeon Green Action Plan (targets for 2030 and 2050)
Contributing to the Resolution of Social Issues	- New products and services for babies needing support - Expanding the use of products designed for maternity hospitals - Promoting responsible procurement - Participating in and supporting communities	・Develop new products and services to address the challenges faced by babies and their families requiring specialized support, such as those admitted to the neonatal intensive care unit (NICU) ・Implement various activities to solve the issues surrounding babies and their families needing specialized support, including those in the NICU ・Improve and expand the use of products designed for maternity hospitals ・Promote responsible procurement in collaboration with suppliers, focusing on human rights, labor, and the environment, and conduct CSR procurement surveys ・Conduct human rights due diligence ・Engage in various social contribution activities
Managing Talent and Cultivating the Right Culture for Our Purpose	- Working environments that achieve self-fulfillment and growth - Ambitious organizational culture - Enriched investment in human resource development - Promoting Diversity, Equity & Inclusion	・Take steps to become a motivating workplace where employees resonate with the Company's direction and proactively engage in their work ・Improve scores in employee engagement surveys ・Foster an organizational culture that embraces challenges where each employee can leverage their strengths to contribute to business expansion ・Hold the Pigeon Frontier Awards (PFA) ・Increase investment in human resource development to implement measures that grow the number of highly specialized personnel capable of adapting to changes in the external environment ・Formulate the Personnel Development Policy and the Internal Environment Development Policy ・Promote the creation of a workplace environment where employees understand and embrace diversity, implementing measures that allow each employee to work authentically
Establishing Solid Management Foundations	- Reinforcing Group governance - Reinforcing compliance - Reinforcing risk management - Dialogue with stakeholders	・Strengthen corporate governance (Governance Committee) ・Conduct an annual evaluation of the effectiveness of the Board of Directors ・Convene the GHO Risk Management Committee at least once a year ・Implement Group-wide risk assessments annually ・Implement Group-wide compliance training ・Conduct compliance surveys once every three years ・Engage in dialogue with the capital markets and focus on the recovery and growth of Pigeon Value Added (PVA) to enhance corporate value

For more information about our Sustainability initiatives, please visit these

Website	https://www.pigeon.com/sustainability/
ESG Databook	https://www.pigeon.com/sustainability/databook/

Toward Sustainable Growth
The 8th Medium-Term Business Plan

The 8th Medium-Term Business Plan (2023–2025)

To respond flexibly to the rapidly changing global business environment and ensure sustainable growth, we have been advancing our 8th Medium-Term Business Plan since 2023, keeping in mind the Key Issues (Materiality) to address over the medium to long term to achieve our Purpose.

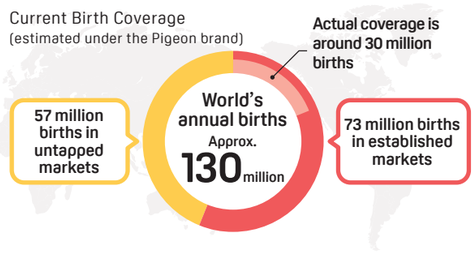
Theme for the 8th Medium-Term Business Plan	"Toward Sustainable Growth: Restructuring of the business structure in response to global economic, political, and environmental changes"

Details of the Medium-Term Business Plan https://www.pigeon.com/ir/management/midplan/

Environment and Key Challenges

The business environment surrounding the Pigeon Group has undergone significant and rapid changes in the wake of the COVID-19 pandemic. Amid a global decline in birth rates, including in our key markets of Japan and China, we are facing rising costs primarily due to surges in raw material and energy prices, as well as shifts in customer values and consumption behaviors, increased uncertainty about the global economic outlook, and heightened geopolitical risks. The pace of change worldwide is relentless, making future predictions extremely challenging. On the other hand, out of the approximately 130 million births worldwide*1 annually, the Pigeon Group's actual reach is still around 30 million*1, or 30% worldwide, considering the income levels and other factors. Although there has been a temporary decline in global birth rates due to COVID-19, countries such as China continue to have more than nine million births annually. China remains a vast market from an economic perspective due to its economic strength. Moreover, in regions such as various Asian countries and other emerging markets with high birth rates, we anticipate the expansion and development of e-commerce, as well as increased consumption and other factors driven by economic growth, over the medium to long term. In addition, there are many markets worldwide that the Group has yet to enter. In particular, the Africa region accounts for approximately 45 million births annually. We believe that by strengthening and deepening our business activities in these existing and new markets, we can expect significant growth in the future.

*1 Pigeon research



In the 8th Medium-Term Business Plan, we aim to further strengthen our core products in existing business areas by leveraging our strengths and competitiveness, guided by the three basic strategies of "Brand Strategy," "Product Strategy," and "Regional Strategy." Specifically, we will focus on enhancing nursing bottles, nipples, and baby skincare products and services to adapt to societal changes post-COVID. Furthermore, we will actively explore and cultivate new product categories, such as toddler products and women's care products with high customer affinity, applying our strengths to expand our customer base. We will also proactively explore entry into new markets, including the Africa region, to tap into and nurture new areas that will drive growth for the next generation.

Basic strategies	
Brand Strategy	Focus on our Purpose for business activities and strengthen brand power through products
Product Strategy	Strengthen *monozukuri* (manufacturing), focus on core categories (nursing bottles, nipples, and skincare products), and explore new areas
Regional Strategy	Strengthen autonomous business operation in each business unit, implement drastic structural reform to establish production and sales systems tailored to market characteristics, improve efficiency and profitability, stabilize the supply chain, and prepare for expansion into new markets

Implementation of structural reforms Sustained growth in existing areas and exploration and cultivation of new areas

Existing Areas
- Further strengthen nursing bottle, nipple, and baby skincare product categories where we have a competitive edge
- Structural reforms in each business
  - Lansinoh and Singapore Businesses: Accelerate growth
  - China Business: Shift from high growth to stable growth
  - Japan Business: Improve profitability

New Areas
- Expand the core customer target groups
  - Toddlers, mothers to be, fathers
- Expand the target market
  - North America (Pigeon)
  - Africa region

Common to existing and new areas: Strengthen brand strategy and *monozukuri*

Existing Areas (Core categories)

Nursing Bottles and Nipples

Nursing bottles and nipples, commanding the top global market share, are at the heart of the Pigeon Group, representing our origins and most significant products. Drawing from extensive research findings and competitive advantages, along with the trust of customers and healthcare professionals worldwide, we strive to foster their growth into even more formidable categories. We will continue our unwavering efforts in the field of breastfeeding research, and on the sales front, we aim to bolster Group profitability by expanding the sales ratio of our mainstay wide-neck nursing bottles, particularly in the Singapore market, and continue supporting breastfeeding in various markets. Furthermore, in markets such as China where wide-neck nursing bottles are already popular, we will strive to further expand market share.

Skincare Products

Despite global growth in the baby skincare market, it remains a highly competitive field with numerous competing brands. The Pigeon Group has established research bases in Japan and China, where we have been conducting fundamental research focused on baby skin for decades. In addition, we are concurrently engaged in research and development aimed at commercializing and mass-producing the insights and technologies gained. We aim to enhance the presence of the Pigeon brand by swiftly developing and introducing a high-value product lineup of skincare solutions tailored to the needs of each market, ensuring optimal skincare for babies. As of the end of 2022, our market share in Japan was approximately 30%*2, whereas in China it was around 10%*3. As such, there is ample room for expansion in the skincare category worldwide, including Japan and China. While the current market share in the major countries overseen by the Singapore Business is modest, significant growth opportunities exist.

*2 Pigeon research (POS nationwide stores specializing in baby products and pharmacy combined growth estimates, INTAGE Inc.)
*3 Refers to our share within our target market segment, based on internal research

New Areas

We will also focus on exploring and nurturing new growth areas where we can leverage the expertise the Pigeon Group has developed over the years. In the final year of the current Medium-Term Business Plan (2025), the Group aims to generate approximately ¥10 billion in sales from new product categories such as age-up products and women's care products.

Furthermore, as part of our expansion into the new market of Africa, we will establish a local subsidiary in Kenya and work to build a sales structure.

Strengthen Our *Monozukuri*

For the Pigeon Group, which provides various types of value to babies and their families through our products, *monozukuri* (manufacturing) is a foundation for growth in both existing and new business areas, and it is a crucial means of embodying the brand. Under the 8th Medium-Term Business Plan, to flexibly respond to the rapidly changing consumer values and competitive market environment in the wake of the COVID-19 pandemic, we will further invest and strengthen our management resources into a series of *monozukuri* activities, which include enhancing product planning and accelerating the product development process.

Toward Sustainable Growth

The 8th Medium-Term Business Plan

Financial Targets and KPIs (Original target announced in February 2023)

8th Medium-Term Business Plan (MTBP) Targets

(¥ millions)	2022		2025 (Final year of the 8th MTBP)		
	Actual	% of Total	Target	% of Total	3-Year CAGR
Net sales	94,921	100.0%	113,800	100.0%	6.2%
Operating income	12,195	12.8%	16,000	14.1%	9.5%
Ordinary income	13,465	14.2%	16,000	14.1%	5.9%
Net income attributable to owners of parent	8,581	9.0%	10,400	9.1%	6.6%
ROE	11.4%	–	14.0% or more	–	–
ROIC	10.9%	–	15.0% or more	–	–

Currency rates—FY12/22 results: US$1 = JPY 131.55 / CNY 1 = JPY 19.50; 8th MTBP (assumed): US$1 = JPY 130.00 / CNY 1 = JPY 19.50

Fiscal 2025 Forecast (Final year of the 8th Medium-Term Business Plan)

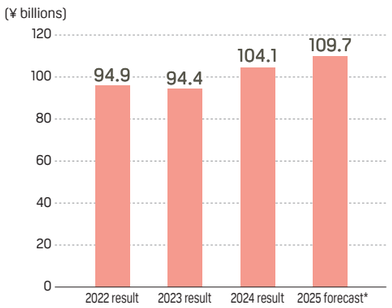
During the period of the current Medium-Term Business Plan (MTBP), we encountered unforeseen challenges, such as the reputational damage in China following the release of ALPS treated water in the second half of 2023. As a result, achieving the original targets set for the final year, fiscal 2025, has become difficult. Nevertheless, we have made meaningful progress in executing structural reforms, including the strengthening of existing business areas and the expansion into new ones. Moreover, our new business areas are steadily advancing toward the original fiscal 2025 sales target of ¥10 billion. As the final year of the 8th MTBP, fiscal 2025 will be dedicated to maximizing the results of initiatives undertaken to date in each business area, while also addressing newly emerging issues. We will also lay the groundwork for future growth with an eye on the next MTBP.

Regarding shareholder returns, we plan to maintain stable dividends in fiscal 2025, with an expected annual dividend of ¥76 per share (ordinary dividend: ¥76).

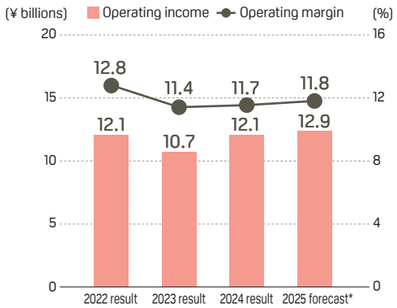
(¥ millions)	2023 Results	2024 Results	2025 Forecast (Announced February 2025)	2025 Target (Initial 8th MTBP)
Net sales	94,461	104,171	109,700	113,800
Operating income	10,726	12,139	12,900	16,000
Operating margin	11.4%	11.7%	11.8%	14.1%
ROE	9.6%	10.5%	10.7%	14.0% or more
ROIC	9.3%	10.3%	11.0%	15.0% or more

Financial Indicators and Shareholder Returns

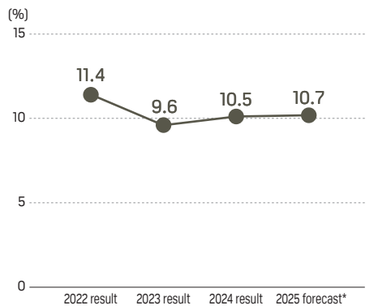
Net Sales



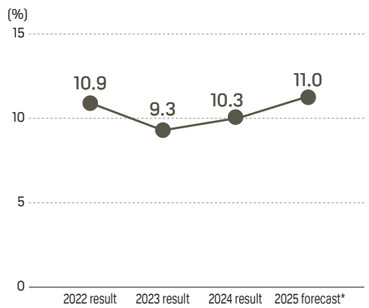
Operating Income/Operating Margin



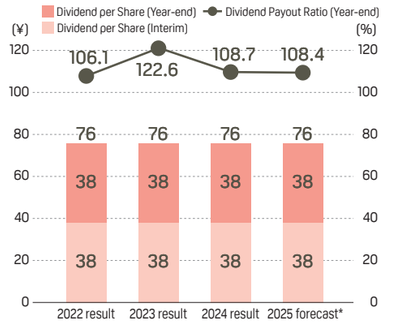
Return on Equity (ROE)



Return on Invested Capital (ROIC)



Cash Dividend per Share/Dividend Payout Ratio



*Forecast announced in February 2025.

Shareholder Return Policy

Under the 8th Medium-Term Business Plan, our basic policy is to continue stable dividend payments by maintaining current dividend levels along with further improvement in consolidated performance and financial condition. In addition to strengthening our financial position, we effectively use retained earnings in several ways to fortify our operational base, improve future Group earnings, and further enhance corporate value. These include investing in new businesses and research and development, as well as investing in production facilities to raise production capacity, reduce costs, and boost product quality, all aimed at driving greater growth.

Fiscal 2024 (Year 2 of the Medium-Term Business Plan): Progress and Achievements

In fiscal 2024, the second year of the current Medium-Term Business Plan, we continued to strengthen our existing business areas and expand into new domains on a global scale. We prioritized investments in growth to drive the recovery of sales in the China Business. As a result, the Group's consolidated performance exceeded the full-year plan for the first time in seven fiscal years. In our existing business areas, sales of core products such as nursing bottles and nipples increased year on year. In new business areas, we achieved stronger growth than the previous year with baby-care appliances in the Japanese market, age-up products in our China Business, and women's care products—such as prenatal and postpartum care items—through the Lansinoh Business. Sales from these new business areas surpassed ¥8 billion in fiscal 2024.

Regarding shareholder returns, we continued to deliver stable dividends in line with our basic policy. The annual dividend for fiscal 2024 was ¥76 per share (ordinary dividend: ¥76).

2024
Sales in new areas
More than
¥8 billion

Baby care appliances

Age-up products

Women's care products

Please refer to the following document for the performance outlook and business strategies for 2025.

Website https://www.pigeon.com/ir/files/pdf/kessan20250214_e.pdf

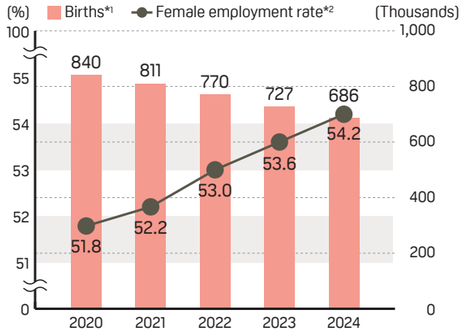
Japan Business

The Japan Business consists of baby care, childcare services, health and elder care, and others.

Market Trends and Business Environment

In Japan, the birth rate hit a record low of 686,000 births in 2024*1 and is expected to continue gradually declining. At the same time, with the overall female employment rate in Japan at 54.2%*2, the increase in dual-income households and shifts in lifestyles and parenting needs are creating new market opportunities, while expectations for childcare support from Pigeon continue to grow. Furthermore, the proportion of the population aged 65 and older (aging rate) has reached 29.1%*3, indicating the ongoing trend of population aging.

*1 According to National Vital Statistics Reports for 2024 (approximate)
*2 Summary of Statistics Bureau of Japan's "Labor Force Survey (Basic Tabulation), Average for 2024"
*3 White Paper on Aging Society 2024, Cabinet Office, Government of Japan



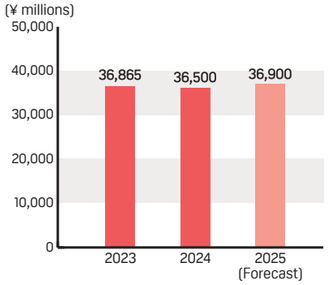
Fiscal 2024 Performance and Highlights

Net sales for the period were ¥36,500 billion, down 1.0% year on year, and segment profit was ¥1,998 million, down 0.4%, resulting in a decline in both revenue and earnings. Sales in the baby care segment, including childcare and feminine products, exceeded the previous year's level. Demand for core products such as nursing bottles and nipples remained firm, and we worked to strengthen the baby skincare category by launching new products. In the new category of childcare appliances, we expanded the product lineup to drive future growth, including the launch of the Baby Electric Nail File. As part of our communication efforts, we showcased products and promoted sales through our official social media channels, such as Instagram Live. Through joint events with retail outlets, we offered seminars to expectant parents, while multiple online seminars and other events were held for healthcare professionals. These initiatives aimed to continually strengthen our brand.

In childcare support services, we operated facilities at 53 locations, including on-site childcare facilities, and will continue enhancing service quality while expanding the business.

In the health and elder care segment, in April 2024, we transferred all shares of a consolidated subsidiary that provided home elder care support services to Marumitsu Corporation. In elder care product sales, we will continue to promote the Habinurse brand, including new product launches, focusing on products supporting excretion, hygiene, and eating.

Sales of the Japan Business
(¥ millions)



SHUPOT Electric Nasal Aspirator

POCHItto Bottle Steam Sterilizer and Dryer

Baby Electric Nail File

Habinurse Morning Face Refreshing Sheet

Habinurse Medicated Oral Care Gel Plus

Our Competitive Edge

Since its founding in Japan, Pigeon has drawn on more than 60 years of breastfeeding and infant development research to gain deep insight into babies' growth and identify the challenges parents face in childrearing. This has led to the development of numerous high-quality products previously unavailable in the market. In Japan, Pigeon is widely recognized as a leading brand in the industry, enjoying overwhelming customer support with a market share of more than 80%*4 in nursing bottles. By leveraging this robust brand influence, we have successfully diversified our product offerings across various categories, securing and sustaining top market positions. As a result, despite the continuous decrease in birth rates since the 1970s, we have been able to steadily grow our performance in the Japanese market.

In addition, we are advancing our childcare support business, including the contracted operation of in-company childcare centers, by offering services that reflect the unique strengths of the Pigeon Group—especially our deep understanding of babies and our proven brand built on safety, reliability, and trust. For the elderly segment, we are strengthening caregiving support through the sale of elder care products, leveraging our product planning capabilities to accurately identify unmet consumer needs and the advanced quality control expertise developed through our baby products business.

*4 Pigeon research

Bonyu Jikkan series

Initiatives in the 8th Medium-Term Business Plan

New Value Proposals for Core Products (Baby Care)

The Group continues to strengthen its key product categories, including nursing bottles, nipples, and baby skincare, through the ongoing introduction of new products. From the nursing bottle series Bonyu Jikkan, which holds the top market share in Japan,*4 we launched My Bonyu Jikkan, allowing customers to customize bottles with 150 different combinations and enjoy personalized designs. We also released a limited edition of 300 bottles of Bonyu Jikkan Bone China, the only product in Japan to use bone china material (made in Japan), developed in collaboration with the premium tableware manufacturer Narumi Corporation. In skincare, we began sales of the Moisture Mist Emulsion, a time-saving product designed for direct mist application onto wet skin after bathing, requiring no spreading. This continues our efforts to develop new products that respond to the diversifying values of our customers.

Bonyu Jikkan Bone China

Creating Growth Opportunities by Capturing New Childcare Needs (Baby Care)

In Japan, we are creating new growth opportunities by responding to changes in lifestyles and childcare needs among parenting households. In the new childcare appliances category, one of the baby care segments, the electric nose cleaner SHUPOT is performing well. In addition, in August 2024, we launched the Baby Electric Nail File, designed to gently care for babies' small and soft nails, which has been well received.

For children aged two and older, we introduced age-up products such as the Gel Toothpaste Petite Kids with Plaque Check PLUS, which allows simultaneous brushing and plaque checking, and the Petit Kids Meal series of cup meals for toddlers, featuring natural textures and flavors with no cooling time needed before eating. By addressing the childcare needs not only of infants but also of families with children aged two and older, we aim to sustain growth despite the declining birth rate.

Moisture Mist Emulsion

Gel Toothpaste Petite Kids with Plaque Check PLUS

Petit Kids Meal series

Looking Ahead

In the Japanese market, where a declining birth rate is expected to continue, we will continue efforts to enhance profitability through the creation of new value by leveraging our strengths and uniqueness. In baby care and women's care, we are focused on two categories: breastfeeding support centered on nursing bottles and nipples, the Group's core offerings with the top global market share, and baby skincare, where significant market opportunities continue to exist. We are committed to expanding our business by boosting sales and improving market share. For nursing bottles and nipples, we will pursue new value proposals through the Bonyu Jikkan series, while in skincare, we will deepen our research into baby skin and strengthen our research and development capabilities, particularly at the new Pigeon Home Products factory completed in 2023. In addition, as dual-income households increase, we will continue to strengthen our baby care appliance offerings to help reduce the burden on busy families and expand our age-up product lineup to increase lifetime value (LTV). By consistently delivering new baby care solutions that meet the evolving needs of society, we aim to further improve profitability.

China Business

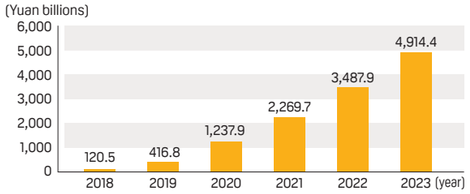
The China Business includes our operations in mainland China, Hong Kong, and Taiwan, as well as other countries and regions such as South Korea, the Philippines, and Mongolia.

Market Trends and Business Environment

In China, the number of births has been on a declining trend since 2016, with the pace of decline accelerating during the COVID-19 pandemic. However, the number of births in 2024 increased slightly from the previous year, reaching approximately 9.54 million (National Bureau of Statistics of China). With more than 13 times the number of births in Japan and a continued rise in disposable income across China, consumer interest is growing not only in product functionality but also in brand value. We therefore recognize significant ongoing growth opportunities for our business in the Chinese market. In addition, as the population forming new families shifts toward the digitally native generation, the transition to e-commerce has accelerated rapidly. In recent years, the live commerce market*1—which combines e-commerce with livestreaming—has expanded sharply, and Pigeon is actively adapting to this trend.

*1 Sellout estimates in local currency

China's Live Commerce Market



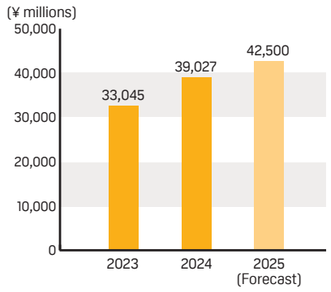
Source: Compiled and created by Pigeon based on Statista data

Fiscal 2024 Performance and Highlights

Net sales for the period amounted to ¥39,027 million, an increase of 18.1% compared with the previous fiscal year, while segment profit reached ¥10,066 million, up 13.6%, marking growth in both revenue and earnings. In mainland China, a key market for Pigeon, the Group worked to steadily recover from the sharp decline in sales caused by the ALPS treated water issue in the previous fiscal year. Through sustained brand exposure and enhanced promotional activities, local currency sales exceeded the previous year's level. Sales of core products—nursing bottles, nipples, and skincare items—surpassed those of the previous fiscal year. This was driven not only by strengthened offerings of baby care products but also by the successful expansion of "age-up" products for older infants and toddlers, introduced as part of the Group's response to the declining birth rate. In consumer communication, the Group further expanded brand visibility via social media platforms such as Douyin (the mainland China version of TikTok) and RedNote, and strengthened digital marketing, including live commerce initiatives. These efforts led to strong sales growth, particularly through the Group's flagship e-commerce stores.

In South Korea and North America, also overseen by this business segment, the Group pursued brand building and sales and marketing initiatives, centered on local sales subsidiaries.

Sales of the China Business



Shizen Jikkan with Handle (Disney series)

Water Bottle for Kids/
Stainless Thermos Bottle for Kids

Lactoferrin-derived Special Skincare series

Our Competitive Edge

Since entering the Chinese market in 2002, the expansion of the China Business has been a driving force behind the Group's overall growth. We have focused on enhancing both branding and our business foundation through product development tailored to the needs of local consumers, the establishment of an end-to-end supply chain within China, and fostering trust in the brand through engagements in maternity hospitals and collaboration with healthcare professionals. In addition to strong brand recognition as a safe, reliable, and high-quality provider of baby products, our competitive edge lies in our robust sales capabilities. We offer a wide range of more than 500 products—including nursing bottles and skincare items—across all regions of China, including inland areas. Our breastfeeding awareness initiatives, carried out through breastfeeding consultation rooms opened in major hospitals nationwide, have contributed to our top market share for nursing bottles in mainland China*2. This segment operates both production facilities and sales companies for core products, allowing us to maintain an efficient production and supply system that supports high profit margins. Our self-owned factories in Shanghai and Changzhou City, Jiangsu Province, incorporate the latest technologies to streamline operations and improve product quality, ultimately enhancing profitability. We also address rising costs from manufacturing activities and prior investments in e-commerce through ongoing production improvements.

*2 Pigeon research (Sellout of nursing bottles and nipples, value basis)

Initiatives in the 8th Medium-Term Business Plan

Aiming for a 50% Market Share of Nursing Bottles and Nipples

Our nursing bottles have surpassed 40% market share and secured the top brand position in mainland China*2. Despite the rapid advancement of e-commerce, facilitating market entry for competitors in the baby products segment, our position as the leading brand has been further solidified through endorsements from healthcare professionals and specialists who acknowledge the superior functionality and quality of our products, as well as positive feedback from satisfied users. We are initially targeting a 50% market share of nursing bottles and nipples in mainland China by continuously strengthening our product appeal and consumer communication.

Natural Weaning series

Leveraging Our Strengths to Develop New Areas

In mainland China, we have responded to rapidly changing customer needs by launching, in 2023, a new nursing bottle for older babies equipped with a newly developed nipple to facilitate a smooth transition from bottle feeding to straw drinking. In addition, the Pigeon Group maintains research centers in both Japan and China, where foundational research focused on baby skin has been conducted for several decades. Leveraging this research, we have expanded our product categories in the Chinese market to include kids' skincare products for children aged three and older, aiming to increase lifetime value (LTV) in the market.

Skincare Products for Kids

Looking Ahead

China's annual birth rate has been declining since peaking at 17.86 million in 2016. The COVID-19 pandemic and the restrained purchasing of Japanese brands in the second half of 2023 have also had short-term impacts on our business performance. However, the long-term growth potential remains significant, and the market continues to hold its position as one of the Group's most important. To achieve sustainable growth, we will concentrate investment on our core products—nursing bottles, nipples, and skincare—strengthening our position as the top brand. We aim for a 50% market share in nursing bottles and nipples while actively creating and nurturing new categories such as age-up products to expand the business. We will also make advance investments in emerging e-commerce platforms that are rapidly gaining ground, while focusing on direct consumer communication via social media to explore local needs and enhance branding and sales capabilities. In addition, we will continue in-store promotions, new product distribution support, and maternity hospital activities to drive business growth. In the South Korean market, where e-commerce accounts for a high ratio of sales, recognition of the Double Heart brand has been expanding. Following a major review of the distribution system in 2023, we will grow the business through expanding the product lineup and strengthening e-commerce sales. Meanwhile, we are leveraging the expertise and resources gained from marketing and e-commerce in the Chinese market to strengthen efforts aimed at enhancing brand awareness and value in the North American market.

Singapore Business

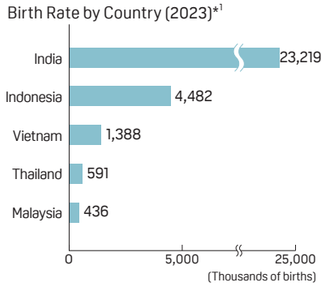
The Singapore Business oversees operations in Southeast Asia including Singapore, Indonesia, and Malaysia; India; Middle Eastern countries such as the United Arab Emirates; Oceania; and other emerging nations.

Market Trends and Business Environment

Approximately 130 million babies are born worldwide every year.*1 The Singapore Business operates primarily in Indonesia, which has an annual birth rate of around 4.48 million*1, and India, which surpassed China in 2023 to become the world's most populous country and has an annual birth rate of around 23.21 million*1. Due to the expected economic growth in addition to the high birth rates in these countries, we have positioned Indonesia and India as key markets to focus on, aiming to make them growth drivers for the Group following the Chinese market. In addition, in the regions where the Singapore Business operates, there is an expanding middle class with annual disposable income ranging from $5,000 to $35,000 owing to economic growth. This suggests that the target demographic for Pigeon, including the upper-middle class (with income levels exceeding $15,000), is poised to grow further.

*1 Source: Prepared by Pigeon based on UNICEF's core report "The State of the World's Children 2024 (executive summary)"

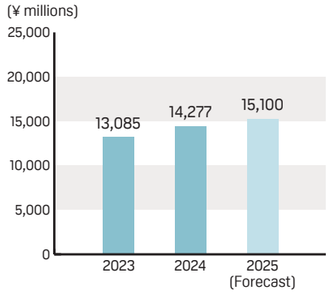
Birth Rate by Country (2023)*1



Fiscal 2024 Performance and Highlights

Net sales for the period amounted to ¥14,277 million, an increase of 9.1% compared with the previous fiscal year, and segment profit reached ¥1,668 million, up 35.0%, marking growth in both revenue and earnings. This segment oversees operations in the ASEAN region and India. In major markets, the shipping adjustments that had continued since the previous fiscal year were completed and, combined with the positive impact of the weaker yen, sales exceeded the prior year's level. In the core product categories prioritized by this segment, the Group continued brand renewal efforts for its SofTouch™ series of nursing bottles and nipples (marketed in Japan as Bonyu Jikkan) in major markets. The Group also strengthened promotional activities for the SofTouch™ Drinking Straw Set and SofTouch™ Training Straw Set (marketed in mainland China as the Natural Weaning series), which launched primarily online in Singapore and other countries in July 2024. In the skincare category, the Group worked to strengthen sales of the Natural Botanical Baby series, a focus area for this business, while also enhancing visibility and promotional efforts for the newly launched Natural Botanical Maternity series of skincare products for mothers across various countries.

Sales of the Singapore Business



SofTouch™ series

Natural Botanical Skincare series

Our Competitive Edge

In Southeast Asia and the Middle East, where we have been operating since the 1970s, customer recognition of the Pigeon brand has grown steadily thanks to our high-quality products, derived from our research into feeding and infant development in Japan, as well as the cooperation of local partners with whom we have built relationships of trust over many years. Our nursing bottles command top market share*2 in Indonesia, Singapore, Thailand, Vietnam, and Saudi Arabia. Also, we have production facilities in two locations in Thailand as well as in Indonesia and India. These factories adhere to the strict quality standards set by the Pigeon Group to enable the production of safe and high-quality products. To deepen consumer understanding in each market and respond swiftly to their needs by launching more attractive products, we are steadily strengthening both our workforce and manufacturing systems. *2 Pigeon research

Initiatives in the 8th Medium-Term Business Plan

Enhancing Brand Value through Rebranding of Wide-Neck Nursing Bottles

Starting with Indonesia, the Middle East, and Singapore, we are undertaking the rebranding of the third-generation SofTouch™ series. This rebranding aims to provide optimal nutrition tools for all growing babies by enhancing social and functional values while adding environmental value in line with Pigeon's Purpose. To strengthen our position as the world's No. 1 nursing bottle brand, backed by more than 60 years of research, we have completely renewed the product lineup and refreshed the brand identity—including packaging, in-store presence, and digital branding—to drive stronger growth.

SofTouch™ Rebranding Website

Looking Ahead

In our sales areas for this segment, we encounter a diverse range of ethnicities, languages, religions, and cultures, as well as a significant presence of emerging markets. This results in varied consumer price categories that hold substantial market volume. Given this context, we have positioned the upper-middle to premium tiers in each market as priority targets, focusing our management resources on the Group's core products of nursing bottles, nipples, and baby skincare, to drive business growth. In the nursing bottle and nipple category, while we already gained a certain market share in many emerging markets, sales of slim-type nursing bottles, which tend to be relatively low-priced, have become mainstream. Going forward, we will increase the sales ratio of high-value-added wide-neck nursing bottles, strengthen support for breastfeeding in each market, and thereby improve the profitability of this business. Also, given the increasing demand for e-commerce in each country, we are advancing marketing strategies that can finely adapt to changes in consumer behavior and regional characteristics. This includes strengthening our digital marketing efforts.

Furthermore, the four factories in this segment also produce goods for other businesses within the Pigeon Group. Therefore, the operational status and cost improvements at each factory are important issues for the entire Group. By improving production efficiency at the factories and optimally restructuring the supply chain, we aim to flexibly respond to fluctuations in raw material prices and logistics costs, thereby achieving stable production and improving profit levels.

India

Pigeon has been promoting business in India since 2009, establishing sales companies and factories locally. Besides concentrating on major cities, we have been flexibly evolving our sales and distribution system in response to changes in consumer purchasing behavior and mindset resulting from the COVID-19 pandemic, including the implementation of localized sales strategies. We are also focusing on raising awareness of the Pigeon brand through collaborations with maternity hospitals. On the production front, we have developed and launched stainless steel baby bottles that cater to the cultural preference for stainless steel tableware in India, as a unique initiative of our local factory. This is just one example of our efforts to expand business while strengthening our local manufacturing capabilities to support mothers in their breastfeeding journey.

Hospital Activity

Indonesia

Pigeon entered Indonesia in the 1980s and has built a distribution network covering almost the entire country with the support of local partners. By entering the baby care products market at an early stage and establishing successful collaborations with multiple national hospitals, our brand awareness in Indonesia has significantly increased. On the sales front, we established a new sales company in 2019 with the aim of creating procurement and sales processes to further expand our product lineup and boost profitability, as part of our initiatives to increase business in the Indonesian market. In the nursing bottle category, Pigeon has already captured more than 40% market share in Indonesia*3, and we have continued to see growth in sales of our higher-priced premium wide-neck bottles. In production, we consolidated the factory established in a joint venture with a local partner in 2017 as a subsidiary. In 2021, we further strengthened production capabilities and expanded our lineup through facility upgrades and expansions. We will continue to focus on improving production efficiency and ensure business growth in Indonesia as one of our key markets in this segment.

*3 Pigeon research

An in-store display at a physical retail location.

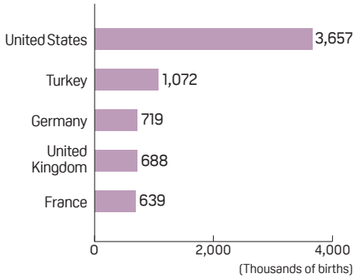
Lansinoh Business

Market Trends and Business Environment

The United States, a key market for the Lansinoh Business, has maintained relatively stable demographics among developed economies. Although birth rates had been declining due to factors such as reduced childbirth during the COVID-19 pandemic, the number of births in 2024 showed a slight year-on-year increase of 0.74%*1, with a provisional total fertility rate of 1.63.*1

Not only in the United States and Europe but also globally, awareness of the importance of breastfeeding and its medical and economic benefits is increasing every year. Consequently, demand for breastfeeding-related products is steadily rising. There is also a growing awareness of women's care, including during pregnancy and childbirth, indicating that the market where this segment can contribute is expanding further.

Birth Rate by Country (2023)*2



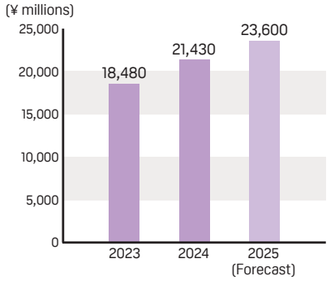
*1 Source: The National Center for Health Statistics (NCHS) in the United States
*2 Source: Prepared by Pigeon based on UNICEF's core report "The State of the World's Children 2024 (executive summary)"

Fiscal 2024 Performance and Highlights

Net sales for the period amounted to ¥21,430 million, an increase of 16.0% compared with the previous fiscal year, and segment profit reached ¥1,731 million, up 19.1%, marking growth in both revenue and earnings.

Net sales in local currency terms improved year on year in both North America and Europe. In North America, a vital market for this segment, a rebound in sales was seen, prompted by the resolution of a shortage of powdered milk in the previous fiscal year. In addition, sales were firm for a new model of breast pump, Discreet Duo, launched in February 2024, as well as prenatal and postpartum care products. Similarly, in Europe, including Germany and the United Kingdom, sales of nipple creams and prenatal and postpartum care products performed well.

Sales of the Lansinoh Business



Breastfeeding Support Products

Discreet Duo Wearable Breast Pump

Prenatal and Postpartum Care Products

Competitive Edge

Acquired as a subsidiary in 2004, LANSINOH LABORATORIES, INC. ("Lansinoh"), has been providing comprehensive solutions for breastfeeding for more than 40 years through a range of unique and innovative products backed by research and trusted by professionals since its founding in 1984. Today, Lansinoh-brand products are enjoyed by customers in many countries and regions, including North America (United States, Canada, and others), Europe (United Kingdom, Germany, Belgium, and others), China, Turkey, and Central and South America. In the United States, Lansinoh's primary market, the brand's nipple care cream, breast pads, breast milk storage bags, and other products have achieved the No. 1 market share*3 in their categories, earning strong support from customers as a leading brand of breastfeeding products. Leveraging this strong brand power, we have actively expanded our business in recent years not only in North America and Europe but also in Asia, including China, aiming to increase market share in each country.

In production, our factory in Turkey is dedicated to the development and production of Lansinoh's mainstay breast pumps, enabling us to establish a flexible supply system tailored to the needs of markets in North America, Europe, and various Asian countries.

*3 Pigeon research

Initiatives in the 8th Medium-Term Business Plan

Strengthening the Product Lineup through Collaboration with Other Brands

Lansinoh is particularly proactive in developing new areas within the Pigeon Group, with prenatal and postpartum care products planned and developed by Lansinoh seeing growth in sales in the United States and Europe. In North America, starting from September 2024, we launched three new products in collaboration with the well-known U.K. wellness tea brand for women, HotTea Mama, including the organic herbal tea for maternity and mothers, Morning Rescue Pregnancy Tea. In addition, in October 2024, we introduced the innovative Kindred Bravely for Lansinoh Nursing & Wearable Pumping Bra, developed in partnership with the maternity and nursing apparel brand Kindred Bravely. This bra enables hands-free pumping when used with Lansinoh's wearable breast pump while also functioning as an everyday nursing bra, combining convenience and innovation. Through such active collaborations with other brands, we are strengthening the brand's product lineup to provide more comprehensive support for women during pregnancy and postpartum.

Lansinoh by HotTea Mama series

Looking Ahead

Lansinoh has established a strong position globally as a leading brand in breastfeeding-related products. It is widely supported by mothers and healthcare professionals across the United States, particularly for its nipple care cream. In addition, essential products such as breast pads and breast milk storage bags, as well as innovative items including wearable breast pumps for hands-free pumping and products for hospitals and maternity clinics, contribute to Lansinoh's esteemed reputation. In recent years, we have also extended the Lansinoh brand into new areas such as women's health and continue to invest in growth through product development. By doing so, we aim to evolve the brand to align with changing customer values and contemporary needs. As part of these initiatives, we are already working on the prenatal and postpartum care category, expanding the product lineup and exploring new markets to nurture it into a future business pillar. Moreover, Lansinoh will lead the Pigeon Group in the research and development of women's care products, significantly contributing to the creation of synergies. In addition, the Lansinoh Business sells wide-neck nursing bottles under the Lansinoh brand that incorporate more than 60 years of Pigeon's nursing research expertise, modeled after our flagship Bonyu Jikkan bottles. In recent years, the high functionality of Lansinoh nursing bottles has gradually spread by word of mouth via e-commerce, with sales growing rapidly. Looking ahead, we will increase growth investments to accelerate market penetration in North America and Europe, aiming to become the third-largest nursing bottle and nipple brand in the North American market by 2030.

Promoting Sustainability Management

Pigeon ESG/SDGs Policy

The Pigeon Group DNA and Pigeon Way is Pigeon's philosophy, which each and every employee values.

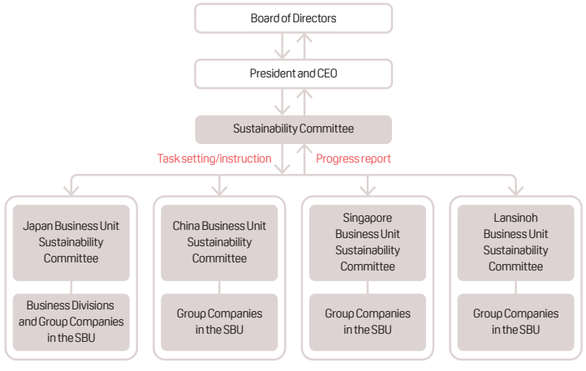
The "Pigeon Group DNA" consists of our "Corporate philosophy" and "Credo," which is the core of Pigeon Group throughout its history and into the future. The "Pigeon Way" consists of the "Purpose" and "Spirit" which is our reason for being in society and the cornerstone of all our activities which embodies our "heart and soul."

We have set the policy of embodying the Pigeon Group DNA and the Pigeon Way and contributing to the development of a sustainable society as "Pigeon ESG/SDGs Policy." We will pursue sustainable operations from the perspectives of Key Issues (Materiality) that we must resolve, environmental (E), social (S), and governance (G), and conduct business activities to contribute to the resolution of social issues represented by SDGs by creating new value through the provision of products and services.

Key Issues (Materiality)	What We Aim to Achieve
Enhancing Business Competitiveness and Resilience	Becoming an indispensable company by building a robust framework for the creation, production, and delivery of products and enhancing our corporate value over the medium to long term
Reducing Our Environmental Impact	Implementing the Pigeon Green Action Plan aimed at realizing decarbonization, a circular society, and coexistence with nature, to leave a rich earth for the future of babies born tomorrow
Contributing to the Resolution of Social Issues	Helping to resolve social issues affecting babies and their families
Managing Talent and Cultivating the Right Culture for Our Purpose	Cultivating an organizational culture in which diverse individuals resonate with the Pigeon Way and our Purpose; feel pride in the Company, their department, and their work; have an intrinsic motivation to contribute; and can embrace new challenges and express themselves to drive personal growth
Establishing Solid Management Foundations	Reinforcing our GHO/4SBU structure and enhancing our corporate governance framework to encourage ambitious endeavors to boost corporate value over the medium to long term

Sustainability Committee

The Sustainability Committee was established in 2020 to further enhance the Pigeon Group's ESG management from a medium- to long-term perspective. Chaired by the Director in charge of the Global Head Office (GHO) and consisting of the Business Strategy Division Manager and other business division managers, the Committee sets medium- to long-term targets related to issues of sustainability, identifies and periodically revises the Key Issues (Materiality), and provides progress reports on initiatives to resolve these challenges. The Committee had convened 11 times as of December 2024, conducting reviews of materiality and discussions toward the formulation of environmental targets covering medium- to long-term time frames among other matters. The medium- to long-term targets have been incorporated into the goals of each business division, with each division taking responsibility for implementing the corresponding measures. The Committee monitors and reviews the progress of each division's initiatives individually. In addition, details of discussions held by the Committee are provided to the Board of Directors.



2023 (Two sessions)

Agenda
- Report on the status of achievements under the 7th Medium-Term Business Plan (2020–2022)
- Report on the progress of initiatives in each business division
- Report on the results of Scope 3 GHG emission calculations for fiscal 2021 and the sharing of case studies on efforts to reduce Scope 3 GHG emissions in the Lansinoh Business toward the realization of a decarbonized society
- Report on the analysis of the quantitative impact of climate-related risks and opportunities
- Progress report on the RSPO Working Group

2024 (Two sessions)

Agenda
- Reports on the progress of activities by each Business Division
- Progress on the Key Issues
  - Progress report on the Key Issues
  - Results of the 2023 Employee Engagement Survey
- Shared GHG reduction targets for the 8th Medium-Term Business Plan
- Information sharing for the 9th Medium-Term Business Plan
- Report on progress of initiatives to achieve decarbonization

Pigeon's Sustainability Management

The role of the Pigeon Group is to make the world a more baby-friendly place.
We aim to enhance our corporate value to help create a future that is kinder to babies.

Sustainability Committee Chairman
Tadashi Itakura
Director, Senior Managing Executive Officer, Head of Global Head Office

Promoting Sustainability Management

At Pigeon, we envision a more baby-friendly world and drive our business with this vision at heart. In addition to supporting people through pregnancy, childbirth, and childcare, we look ahead to the future of babies born tomorrow. By addressing environmental and social issues through our business activities, we strive to help build a sustainable society while achieving sustainable growth as a company.

Sustainability lies at the core of our management. We believe that realizing our Purpose and contributing to the resolution of environmental and social issues will not only lead to improved medium- to long-term returns but also help lower capital costs by mitigating various risks—ultimately driving business growth. While this is no easy task, we are convinced that balancing business growth with solutions to social issues will enhance corporate value, which we see as the combined sum of social and economic value.

Pigeon's Sustainability Management = Contributing to social issues (Realizing a sustainable society that is friendly to babies) × Business activities (Driving business growth and enhancing profitability)

Progress in Our Sustainability Initiatives

With the aim of realizing our Vision of a Baby-Friendly Future, we have analyzed the risks and opportunities surrounding our Group and identified Key Issues (Materiality) that require medium- to long-term action. We are focusing our available resources on addressing these Key Issues. Guided by these Key Issues, our current 8th Medium-Term Business Plan is centered on the theme: "Toward Sustainable Growth—Restructuring of the business structure in response to global economic, political, and environmental changes."

For example, on a global scale, it is a tragic reality that approximately 2.5 million newborns die each year. More than 80% of these babies are born with low birthweight (under 2,500 grams). In response, we have expanded the network of human milk banks in Japan and abroad that supply donor milk to babies born prematurely or weighing less than 1,500 grams. We have also focused on developing products that support feeding for babies who require specialized care due to illness or environmental factors. In fiscal 2024, the second year of the current plan, our focus on baby bottles and nipples led to year-on-year growth in sales, contributing to the healthy development of babies in diverse environments worldwide.

In addition, we are advancing efforts to reduce environmental impact under our Pigeon Green Action Plan—helping to realize decarbonization, a circular society, and coexistence with nature—to leave a rich earth for the future of babies born tomorrow. In 2024, we prepared for certification by the Science Based Targets initiative (SBTi), which validates science-based greenhouse gas (GHG) reduction targets. We also revised our 2030 decarbonization targets upward: a 70% reduction in Scope 1 and 2 GHG emissions (compared with fiscal 2018) and a 25% reduction in Scope 3 Category 1 and 12 emissions (compared with 2021). To meet these targets, we are collaborating with suppliers to develop low-carbon products.

On the other hand, in terms of corporate governance, we must thoroughly implement measures to prevent recurrence following a misconduct incident in 2024 involving a former employee of a Group company. We are strengthening our Group governance and further reinforcing our management foundation by enhancing our compliance framework and reinforcing internal education on risk management.

Human capital is a critical driver of sustainability management. In fiscal 2024, we made progress by launching a working group to enhance human capital value, rolling out initiatives to improve employee engagement, and formulating the Pigeon Group Human Rights Policy. In the final year of our current medium-term plan, fiscal 2025, we will focus on putting our newly updated corporate philosophy into practice through tangible initiatives, further reinforcing the Pigeon brand.

Enhancing Business Competitiveness and Resilience

Key Issue (Materiality)

Enhancing Business Competitiveness and Resilience

What We Aim to Achieve

Becoming an indispensable company by building a robust framework for the creation, production, and delivery of products and enhancing our corporate value over the medium to long term

Individual Issues

- Supporting nursing babies PP. 38–41
- Supporting healthy baby skin development P. 36
- Creating new business P. 37
- Releasing products that exceed customer expectations
- Building resilient distribution systems

Supporting Healthy Baby Skin Development

Pigeon began offering baby skincare products in 1974 and celebrated the 50th anniversary of its launch in 2024. Recognizing that a baby's skin is about half as thick as an adult's and highly sensitive to external irritants, we have continuously worked to understand and meet the needs of delicate baby skin over the past five decades. Today, we sell baby skincare products through our Japan, China, and Singapore businesses, making this category one of our core focuses.

Product Development Based on Research and Studies of Babies' Skin (Japan)

In February and March 2024, based on a survey of expectant and new mothers regarding baby bathing habits and verification experiments designed primarily by dermatologists, we recommended a gentle washing method called *Uruhada Arai* (moist skin washing) that cleanses while replenishing ceramides—an essential component for baby skin hydration. The key points of this new skincare approach are choosing a body soap that contains ceramides and is "mildly acidic" and "low irritant," and washing gently by wrapping the skin in foam without rubbing. Although ceramides are now widely recognized, Pigeon has been incorporating them into our products for nearly 30 years. Currently, we offer products containing an original moisturizing ingredient called Pigeon Natural Moisture*1, modeled after the naturally occurring moisturizing components in baby skin, particularly targeting the ceramide NP, which tends to be deficient in babies' skin. We have also measured baby skin's actual pH, confirming its mildly acidic nature, and have adhered to mildly acidic formulations long before the term gained popularity. Our all-over body foam soap and foam shampoo generate fine, long-lasting foam that enables parents to wash their babies gently and thoroughly, even when bathing them alone.

*1 Moisturizing ingredients: Ceramide NP + Phytosteryl Isostearate

Baby All-Over Foam Soap (Japan)

Products That Protect Babies' Skin (Japan and China)

The Pigeon Group has established research and development divisions within each business unit to develop skincare products that reflect the specific needs of each country, delivering them to babies and their parents.

In 2024, we launched the Pigeon Lactoferrin Special Care series in China, featuring lactoferrin—a nutrient found in breast milk and formula—as the main ingredient. Lactoferrin has been found to improve the skin's barrier function at certain concentrations, suppress inflammatory factor secretion, reduce irritation, and moisturize baby skin.

In Japan, we introduced the Uruoi Mist Emulsion, a moisturizing mist that can be applied with one hand—even to active babies. The product's key feature is its ability to deliver quick moisturizing care: the mist can be sprayed directly onto wet skin in the bathroom and simply wiped with a towel to complete hydration. As a mist-type emulsion, a single spray is sufficient—there's no need to spread it by hand—and it quickly blends with water and spreads across the skin. This convenience has been well received by parents, who say it helps reduce the burden of bathing their baby and older children alone.

We will continue to support maintaining healthy baby skin by developing and selling skincare products based on ongoing research and behavioral observations.

Pigeon Lactoferrin Special Care series (China)

Uruoi Mist Emulsion (Japan)

Creating New Business

In pursuit of sustainable growth, the Pigeon Group focuses not only on further strengthening existing areas but also on exploring and cultivating new growth areas where we can leverage our expertise.

In 2024, the second year of our 8th Medium-Term Business Plan, sales in new business areas—such as baby care appliances in the Japan market, age-up products in our China Business, and women's care products, primarily prenatal and postpartum products, in the Lansinoh Business—grew to exceed ¥8 billion. In 2025, the final year of the plan, we are strengthening our initiatives to achieve the sales target of ¥10 billion.

Baby Care Appliances

In Japan, we launched the Baby Electric Nail File in 2024, designed to gently care for a baby's small, delicate nails. This product is the first in the domestic baby market*2 to adopt a reciprocating motion system, in which the file moves automatically in a straight direction to trim nails. It also features a vertically elongated compact head that allows parents to clearly see the baby's tiny nails while smoothing them safely and gently. The product has been well received for its parent-friendly design that addresses common concerns and was awarded the Kids Design Award 2024 and the BabyTech® Awards 2024 Excellence Award in fiscal 2024.

*2 Based on Pigeon's research as of July 2024, using data from INTAGE/Nint covering electric nail files released by major domestic childcare product manufacturers (January 2021–May 2024).

Baby Electric Nail File

Age-up Products

In China, as part of our strategy to expand our customer base, we are actively working to strengthen our range of age-up products by increasing sales of the Natural Weaning series for older babies and skincare products for kids and proactively exploring new markets. Launched in 2023, the Natural Weaning series is a range of nursing bottles designed for older babies, featuring a newly developed nipple to facilitate a smooth transition from bottle feeding to straw drinking, thereby reinforcing our core nursing bottle category.

In 2024, the same products were launched in the Singapore Business under the names SofTouch Drinking Straw Set and SofTouch Training Straw Set, supporting even more babies in transitioning smoothly from nursing to weaning. As one of the most promising categories within our new business areas, we will continue to strengthen the age-up product segment.

Drinking Straw Bottle

Women's Care Products

Centered on the Lansinoh brand, we offer a range of prenatal and postpartum care products for mothers. In 2024, we launched a new herbal tea designed to soothe the minds and bodies of mothers before and after childbirth. In addition, products such as perineal wash bottles and maternity pads, which gently cleanse the delicate areas with a soft spray, have seen strong sales in North America and Europe. The women's care category is being actively developed and strengthened, with the Lansinoh Business leading the Group's R&D efforts to establish it as one of our future core business pillars.

Expansion into Africa

At the end of 2023, the Pigeon Group established its first base in the Africa region by setting up a local subsidiary in Kenya, with sales commencing in May 2024. We are working to deepen our understanding of local childcare practices and needs in the Kenyan market, aiming to deliver optimal products and services for babies and their families to drive business growth. We will leverage insights gained from our operations in Kenya as we explore expansion into other parts of Africa and continue developing the African market.

The Pigeon Group will pursue continuous growth in existing business areas while focusing on the exploration and nurturing of new growth opportunities, with the goal of achieving sustainable growth overall.

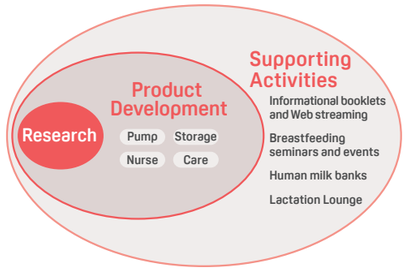
Our Research and Development

Delivering Nursing Bottles That Support Babies and Their Families

Aiming to Design the World's Best Nursing Bottles to Celebrate Every Individual Baby

Pigeon's commitment to support breastfeeding

Through appropriate information, products, and services, we support breastfeeding for as long as the mother and child wish. In cases where breastfeeding is difficult, for whatever reason, we offer a full range of products and solutions for healthy child development.



Continuing breastfeeding, which is important for babies and mothers

Pigeon is dedicated to designing nursing bottles that replicate the natural sucking motion of breastfeeding, allowing mothers to comfortably continue breastfeeding whenever necessary. Breast milk contains all the nutrients needed to support the growth and development of babies up to six months of age while boosting the immune system and protecting against infection. Breastfeeding is the first choice for the baby's growth and development. Understanding the importance of breastfeeding, Pigeon is committed to supporting and promoting it through both our products and services. The best way for a baby to receive breast milk is directly from the mother's breast for as often and as long as the child desires. At the same time, circumstances such as maternal and baby health issues, postpartum recovery, or lifestyle changes might necessitate alternative feeding methods. In such cases, expressing breast milk and using nursing bottles provide a viable option.

However, it is often suggested that switching between the mother's nipple and an artificial nipple can potentially confuse the baby's oral instincts. When this "nipple confusion" occurs, a bottle-fed baby might struggle with direct breastfeeding, whereas a baby who has been directly breastfed might refuse a nursing bottle, making it challenging to continue direct breastfeeding.

An artificial nipple should closely resemble the mother's nipple to ensure that the baby can comfortably drink breast milk from either source, allowing the nursing bottle to be used alongside breastfeeding with no interference.

What is nipple confusion?

WHO and UNICEF have pointed out that allowing the baby to suck on the mother's nipple and an artificial nipple can lead to confusion in the baby's oral response*.

When this confusion occurs, it is possible that a baby who has been breastfed directly might refuse bottle feeding, and a baby who has been bottle-fed might resist direct breastfeeding, making proper feeding difficult.

*WHO and UNICEF Implementation Guidance: Protecting, promoting, and supporting breastfeeding in facilities providing maternity and newborn services. From the revised Baby-friendly Hospital Initiative 2018.

We focus on replicating the sucking action rather than the shape and appearance of the breast. Our approach is backed by more than 60 years of research, dedicated to perfecting the three key factors of sucking.

Pigeon has conducted in-depth observation and research for more than 60 years aimed at clarifying the sucking behavior of babies who cannot articulate their needs. The way babies suckle at the breast differs significantly from the way adults drink through a straw. The intricate movements and functions occurring in a baby's oral cavity are not readily apparent through external observation alone. To delve deeper into this phenomenon, we developed unique techniques for observing babies. These include using an intraoral observation camera, utilizing echography (diagnostic ultrasound), and designing devices to measure the vacuum pressure during sucking. Through these methods, we unveiled the intricate sucking behavior of babies, focusing on the "Three Key Factors of Sucking": 1) latching on, 2) peristaltic tongue movement, and 3) swallowing.

At our Central Research Laboratory, which includes rooms for observing babies' behavior, we routinely conduct studies with the cooperation of more than 250 pairs of mothers and babies living nearby each year. In the monitoring room, mothers are asked to feed their babies while we observe the feeding process via video and echography. We also compare and analyze the difference in the sucking movements of babies using artificial nipples versus those feeding directly from their mothers. In addition, we actively disseminate our research findings through academic conferences and publications, contributing to the global field of breastfeeding research. Pigeon's research initiatives have sparked collaborative studies with hospitals, fostering partnerships between academia and industry.

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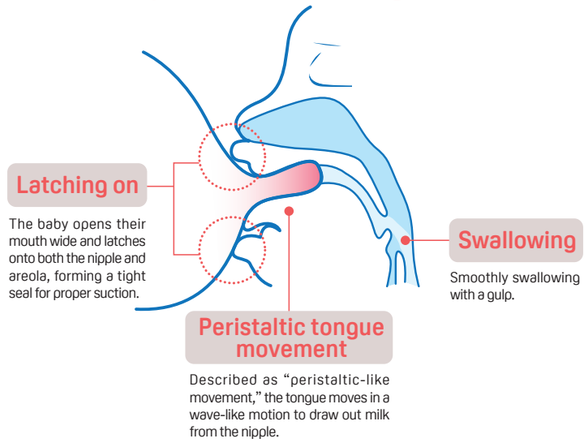
Three Key Factors of Sucking



TOPICS Commitment to Quality

Sensation…Quantifying sensation to improve artificial nipples

Pigeon uses a unique method to observe sucking behavior and was the first in the world to develop its own dedicated measuring device. Once monitoring is complete, we use our unique method of superimposing video on an ultrasound image to determine the angle and depth of the baby's mouth during suction. In recent years, our research on depth at latching on has shown that there is a stable position for the nipple in the baby's mouth. Traditionally, "latching on" has been a subjective expression, such as "deep enough." As measurement and analysis progress, however, we believe if we can quantify these important suction-related actions, we will be able to make artificial nipples easier to use, allowing babies to feed better. Measuring the softness of the mother's nipple also helps in the development of artificial nipples. We have been able to successfully quantify the softness by obtaining the cooperation of many mothers.

Please refer to our website for details.

Website https://www.pigeon.com/about/quality/

Enhancing Business Competitiveness and Resilience

Supporting Nursing Babies

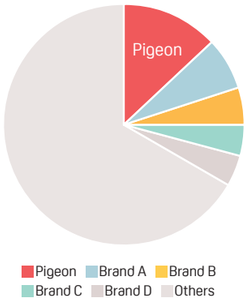
Nursing bottles born from close observation Bonyu Jikkan series/SofTouch™ series

Pigeon boasts the top global share in nursing bottles*1. Among its offerings, the Bonyu Jikkan series of nursing bottles has overturned the common perception that "all nursing bottles are the same." This achievement is the result of our rigorous research on baby feeding and our attention to detail in the planning and design process, integrated into our product development, which is unparalleled worldwide.

Since its launch in 2002, the Bonyu Jikkan series has been embraced by numerous babies and families. The second generation, introduced in 2010, has seen remarkable success, with approximately 140 million units and 290 million individual nipples sold worldwide in the 11-year period to 2020. In Japan, our Bonyu Jikkan bottle is the most widely adopted in hospitals and maternity facilities, holding a commanding domestic market share above 80%*2. In China, where it debuted in the early 2000s under the Ziran Shigan series, the brand has gained the trust of multiple generations of Chinese parents due to its high reliability, functionality, and safety—resulting in a leading market share in mainland China*3.

In other international markets, the bottles are sold as the SofTouch™ series. Together with other Pigeon nursing bottle lines, the brand has secured the top market share in Indonesia, Singapore, Thailand, and Vietnam*3. In addition, in North America and Europe, the Lansinoh Business has introduced the NaturalWave® Nipples series, based on the Bonyu Jikkan series, under the Lansinoh brand. The Bonyu Jikkan series has earned high praise worldwide, garnering support from many customers who wish to continue breastfeeding.

Global Market Share of Nursing Bottles in 2024



Source: Global Nursing Bottle Market 2025 by Manufacturers, Regions, Type and Application, Forecast to 2031, Global Info Research

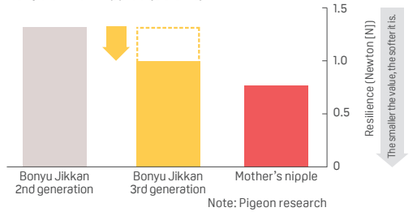
*1 Includes products other than the Bonyu Jikkan series
*2 Pigeon research (average of 12 months in 2023, based on expanded estimates from nationwide baby shops and drugstores using Intage POS data)
*3 Pigeon research (based on sales data of nursing bottles and nipples, in terms of sales value)

Evolution of nursing bottles

Aiming to develop the world's best nursing bottles to ensure the well-being of all babies, Pigeon continues to pursue its ideals. In September 2021, we launched the third generation of the Bonyu Jikkan series in China, followed by its release in Japan in February 2022. These nipples are made of newly developed silicone with improved softness. However, silicone is a material that tends to tear as it gets softer, so we must take care to ensure that it does not tear when a baby chews on it. Supporting our development of nipples with both "ideal softness" and "durability" were the efforts and ingenuity of our developers, who made prototype after prototype. As babies grow, moreover, their sucking, drinking, and chewing abilities change, so we make small changes both in the size of the nipple hole and the hardness of the nipple itself. For example, nipples for older babies are designed to be strong enough for teething babies to chew on. Also, if the baby does not firmly latch on during feeding, breast milk or formula might leak from the corner of the baby's mouth, and the nipple could get damaged. With this in mind, we designed a new "Latch-on line" that guides mother and baby to the appropriate depth when latching on. The line is presented in a wave shape instead of a straight line so the person feeding the baby does not have to stress about being too precise, and so babies do not lose their own individual feeding styles.

Pigeon manufactures more than 100 million artificial nipples annually. To ensure the safety of each product, we have established our own strict quality control standards in addition to official standards such as the European and Japanese industrial standards. For example, each artificial nipple undergoes a 15-point quality inspection at the factory. We use dedicated measuring instruments for function-related inspections of size, suction hole, ventilation valve, elasticity, and the like. Items such as foreign matter contamination, dust adhesion, and resin overflow or loss are checked visually and with a magnifying glass, without relying solely on inspection equipment. The artificial nipple delivers nourishment to babies and keeps them alive. So, we continue striving to ensure the highest product quality at all our factories. We are always mindful of the fact that each artificial nipple is for a baby who is irreplaceable.

Comparison of Softness between Mother's Nipple and Bonyu Jikkan Nipples (SS size)



Note: Pigeon research

Nursing bottles for babies who require specialized support

Pigeon hopes to "enable all babies to enjoy better suckling" and conducts joint research with hospitals' newborn intensive care units (NICUs). We continually ask ourselves which parts of the baby's body are causing difficulties and which functions can be supported by our products to help the feeding for babies who require specialized support. Pigeon is providing specialized products that enable babies with low birthweight or other physical issues to drink breast milk with minimal effort. These include nursing bottles for babies with cleft lips and/or palates and nipples for babies with weak suckling strength. In 2022, we launched "Precious Drop," a device that supports the collection of colostrum from mothers to ensure that premature and low birthweight babies get as much of the mother's precious colostrum as possible, specifically for clinics and maternity wards. In 2024, we launched the "Silicone Long Nipple Feeder," a renewed version of the nursing bottle with an elongated nipple, designed for babies experiencing difficulties in direct breastfeeding or bottle feeding with artificial nipples due to conditions such as cleft lip and/or palate or other conditions. This is but one example of our commitment to research and development to assist in the nutritional intake of all babies.

Moreover, the expertise we have accumulated through our constant support for babies requiring specialized care has been reflected in the Group's *monozukuri*, serving as a significant strength that underpins our product quality.

Nursing Bottle for Babies with Cleft Lips and/or Palates

Silicone Long Nipple Feeder 240 ml

Nipple for Babies with Weak Sucking

Intellectual property rights

Pigeon believes that intellectual property rights are indispensable for sustainable corporate development and that the legitimate creation, protection, and utilization of such rights contribute to sound corporate development. We are also stepping up intellectual property activities so we can deliver our products to customers with peace of mind. We have a policy of strengthening the acquisition of intellectual property rights for important items in our business strategy. In cooperation with the Product Development Department, we are taking measures based on the assumption that we will utilize such rights after acquisition. With the development of e-commerce in recent years, meanwhile, more products are distributed across borders. Accordingly, our Intellectual Property Department is strengthening its monitoring of potential damage to our brand. As an example, in developing business for the Bonyu Jikkan series, we are actively securing design and trademark rights over a wide geographical area to effectively deal with counterfeit products.

Making the world a more baby-friendly place

Pigeon's nursing bottles are highly acclaimed around the world. Not satisfied with the status quo, however, we continue making every effort to further evolve our products. Our aim for the future is to supply Pigeon nursing bottles for all babies in need. The Pigeon Group is still in the process of developing the global baby care market, and there are many babies around the world with whom Pigeon can engage.

We continue to further deepen our R&D to develop new products and services that enable every baby to progress at their own pace and to become whoever they want to be. We will continue embodying Pigeon's commitment to nursing bottles, as well as know-how and ideas derived through rigorous observation of and research into babies' sucking behavior. We will also develop new materials from a sustainability perspective, create unique products with social value, and develop products that reflect regional characteristics. In both countries where we have a presence and markets yet untapped, there is ample room for the Pigeon Group to grow its business. With this in mind, Pigeon, with an unparalleled commitment to babies, will deliver unique, carefully designed products to more babies and thus make the world more baby-friendly.

Reducing Our Environmental Impact

Key Issue (Materiality)

Reducing Our Environmental Impact

What We Aim to Achieve

Implementing the Pigeon Green Action Plan aimed at realizing decarbonization, a circular society, and coexistence with nature, to leave a rich earth for the future of babies born tomorrow

Individual Issues

- Reducing greenhouse gas emissions (Scope 1, 2, and 3) P. 44
- Circular manufacturing P. 45
- Using sustainable resources (paper and palm oil) P. 46

Basic Approach to Global Environmental Protection (Environmental Policy)

The Pigeon Group is committed to forming a sustainable society in the finite global environment and "leaving a rich earth for the future of babies born tomorrow" by acting based on the Pigeon Group DNA and the Pigeon Way. In addition to complying with environmental laws and regulations, we recognize the relationship between our business activities and the environment, while energetically tackling the environmental issues as a common challenge for humanity.

In that spirit, we pursue maximum efficiency in the use of natural resources and energy and reducing emissions of greenhouse gases, waste, harmful chemicals, and other substances that impact the environment, thereby contributing to mitigating global warming, preventing pollution, and preserving biodiversity.

In advancing these various efforts, we strive to form appropriate partnerships and cooperative relations with the diverse range of stakeholders in our supply chain, including customers, business partners, and local communities, to have a beneficial effect on the global environment of the future.

Environmental Policies

In November 2024, the Pigeon Group established the Sustainable Palm Oil Procurement Policy. We also formulated the Biodiversity Policy and are advancing initiatives to help preserve biodiversity. For more details, please visit our website.

Sustainable Palm Oil Procurement Policy https://www.pigeon.com/sustainability/environment_top/environmental_policy_/#headline-1601272300

Biodiversity Policy https://www.pigeon.com/sustainability/environment_top/environmental_policy_/#headline-1601272300

International Certification for GHG Reduction Targets (SBT Certification)

In April 2025, the Pigeon Group's 2030 greenhouse gas (GHG) emission reduction targets were officially validated by the Science Based Targets initiative (SBTi) for near-term science-based targets.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Update of the Medium- to Long-Term Environmental Targets in the Pigeon Green Action Plan

Pigeon formulated the Pigeon Green Action Plan in 2022 as a blueprint for leaving a rich earth for the future of babies born tomorrow. The plan sets medium- to long-term environmental targets for achieving decarbonization, a circular society, and coexistence with nature. The entire Pigeon Group is taking steps to achieve the targets. To accelerate progress toward a decarbonized society, we have revised upward our 2030 Scope 1 and 2 GHG emission reduction target (compared with fiscal 2018) from 50% to 70%.

Pigeon Green Action Plan

Leaving a rich earth for the future of babies born tomorrow

Decarbonization
- 2030—Scope 1 & 2 GHG emissions: **70%** reduction (compared to FY2018)
- Scope 3 Category 1 & 12 GHG emissions: **25%** reduction (compared to FY2021)
- 2050—Scope 1 & 2 GHG emissions: **Net Zero**

Circular society
- 2030—Plant-derived or recycled materials in packaging: **50%** by weight
- 2030—Reusable/recyclable/compostable packaging: **100%**

Coexistence with nature
- 2030—Sustainable paper usage rate in packaging: **100%**
- 2030—RSPO-certified sustainable palm oil usage rate in Pigeon-manufactured skincare/washing/cleaning products: **100%** (including RSPO Credits)

Scope 1: Direct greenhouse gas emissions from our operations and vehicles through fuel combustion and similar uses
Scope 2: Greenhouse gas emissions associated with the use of electricity and heat supplied from other companies, including emissions from their power plants and heat generation facilities
Scope 3: Other indirect emissions by other companies and customers connected to our operations
Category 1 covers emissions related to purchased goods and services, while Category 12 covers emissions related to the disposal of sold products.
RSPO: Roundtable on Sustainable Palm Oil
The book and claim (B&C) model supports certified palm (kernel) oil production by allowing end users to purchase credits issued based on the amount of palm (kernel) oil produced by RSPO-certified producers.
The SBTi is an international climate change initiative jointly established by the United Nations Global Compact, CDP (an international NGO tackling climate change and related issues), the WRI (World Resources Institute), and the WWF (World Wide Fund for Nature). The SBTi promotes companies setting science-based greenhouse gas emission reduction targets in order to achieve the Paris Agreement goals.

Flow of Materials for Baby Care and Maternity Products

Main Raw Materials
- Non-woven fabric (e.g., polyester, rayon)
- Fluff pulp
- Chemical materials
- Silicone rubber
- Glass
- Resins (plastics)
- Electronic components
- Fibers
- Packaging materials (plastic, paper)

→ Pigeon Group production subsidiaries / OEM suppliers (producing Pigeon-brand products under contract)

→ **Pigeon Group sales companies**

Main Products
- Nursing bottles (glass, plastic)
- Skincare/washing/cleaning and disinfecting products
- Wet wipes/breast pads
- Silicone nipples
- Breast pumps
- Other plastic molded products

- Skincare/washing/cleaning and disinfecting products
- Plastic molded products
- Baby strollers/bouncers
- Baby drinks/baby food
- Maternity clothing
- Others (e.g., breast pumps)

→ Consumers

Reducing Our Environmental Impact

Initiatives to Realize Coexistence with Nature

Pigeon Corporation publicly declares its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Our aim is to understand business risks and opportunities arising from changes in the natural and business environments due to climate change, as well as the potential financial impacts of such changes, and to manage key risks and opportunities appropriately.

Governance and Risk Management of Climate-Related Risks and Opportunities

Among climate-related issues, our GHO Risk Management Committee spearheads the management of risks that are highly probable in the short to medium term and are directly related to business continuity, such as the risk of suspension of operations due to flooding. For issues to be addressed over a longer frame and from a cross-business perspective, the Sustainability Committee sets medium- and long-term Group targets for environmental conservation, including climate change, and evaluates progress. Both the GHO Risk Management Committee and the Sustainability Committee are chaired by the director in charge of the Global Head Office (GHO), who reports the results of deliberations of both committees to the Board of Directors.

Strategies: Climate Scenario Analysis

As part of our analysis of risks and opportunities using climate scenarios, we initially focused on our core businesses in Japan and China, specifically the manufacturing and sale of nursing bottles, nipples, and skincare items. We are conducting a financial impact analysis for 2030 (with consideration of physical risks up to 2050) based on two scenarios: one aimed at achieving decarbonization to limit the rise in the world's average temperature to 1.5°C compared with pre-industrial levels (the 1.5°C scenario), and the other where carbon emissions remain high, resulting in a 4°C increase in the world's average temperature (the 4°C scenario). For detailed information on climate-related risks and opportunities, as well as the potential financial impacts they might cause, please refer to the Pigeon Group TCFD Report 2024.

TCFD Report 2024 https://www.pigeon.com/sustainability/files/pdf/tcfdreport_202412_e.pdf

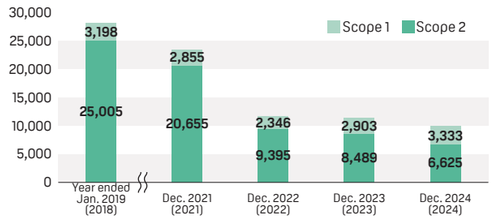
Metrics and Targets

Long-term target: Net-zero Scope 1 & 2 GHG emissions by 2050

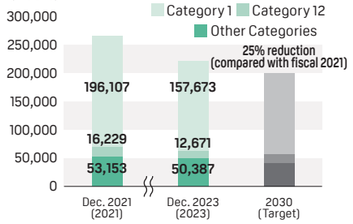
2030 targets	Scope 1 & 2 GHG emissions:	70%	reduction compared with fiscal 2018
	Scope 3 Category 1 & 12 GHG emissions:	25%	reduction compared with fiscal 2021
2024 progress	Scope 1 & 2 GHG emissions:	65%	reduction compared with fiscal 2018
2023 progress	Scope 3 Category 1 & 12 GHG emissions:	17%	reduction compared with fiscal 2021

In April 2025, the Pigeon Group's 2030 greenhouse gas (GHG) emission reduction targets were approved as science-based targets (SBTs) by the Science Based Targets initiative (SBTi). Regarding Scope 1 and 2 GHG emissions in 2024, through energy-saving measures for equipment and facilities, increased self-generation via solar power, and switching to renewable electricity and purchasing renewable energy certificates, emissions were reduced by 65% compared with fiscal 2018. Regarding Scope 3 GHG emissions, particularly those with high emission volumes related to the procurement of raw materials and supplies (Category 1) and the disposal of used products (Category 12), we are working to achieve a 25% reduction by 2030 compared with fiscal 2021.

Scope 1 and 2 GHG Emissions
($t\text{-}CO_2e$)



Scope 3 Category 1 and 12 GHG Emissions
($t\text{-}CO_2e$)



Scope of data collection: Pigeon Corporation and its domestic and overseas consolidated subsidiaries
Note: For Scope 1 GHG emissions, only energy-derived CO_2 was included in the calculations for the period from the fiscal year ended January 31, 2019, to the fiscal year ended December 31, 2022. From the fiscal year ended December 31, 2023, GHGs other than energy-derived CO_2, such as methane and nitrous oxide, have also been included in the calculation scope.

Website https://www.pigeon.com/sustainability/environment_top/co2/

Initiatives to Realize a Circular Society

Medium-Term Targets
- 2030 Plant-derived or recycled materials in packaging: 50% by weight
- 2030 Reusable/recyclable/compostable packaging: 100%

Global plastic consumption is on the rise, and much of the Pigeon Group's product packaging uses plastic as well. To achieve a sustainable society, we promote circular *monozukuri* (manufacturing) by overseeing products throughout their entire life cycle.

2030 Target	Plant-derived or recycled materials in packaging: 50% (by weight)	
2024 Performance	46%	

We are working to reduce the use of petroleum-based virgin plastic, aiming to increase the proportion of plant-based or recycled materials in our product packaging to 50% by weight by 2030. In 2024, we redesigned the packaging of the Petite Straw Bottle sold in Japan. Previously, both paper and plastic were used in the packaging. After the redesign, the new packaging uses only paper and no plastic at all. This change reduced the amount of plastic used in the packaging by 14 g per unit. To avoid increasing the amount of paper used, the new design covers only part of the product rather than the entire item. In addition, the printed instruction manual has been replaced with a 2-dimensional barcode, allowing users to view the instructions online.

Petite Straw Bottle
(New packaging)

Petite Straw Bottle
(Old packaging)

2-dimensional barcode allowing access to the instruction manual

2030 Target	Reusable/recyclable/compostable packaging: 100%	
2024 Performance	84% (of SKUs)	

The Pigeon Group aims to make all product packaging reusable, recyclable, and/or compostable by design by 2030. "Reuse" is defined as the ability for a product to be used again for the same purpose after initial use, while "recycling" refers to the ability for customers to easily disassemble the product packaging into parts such as caps, bottles, and labels, with each part composed of a single material rather than composite materials. In 2024, packaging for 84% of all stock-keeping units (SKUs) sold by the Pigeon Group met this standard. Packaging for certain products—such as wet wipes, baby food pouches, and shrink film used for some items—is made of composite materials and therefore not suitable for recycling. We are currently investigating and considering a switch to mono-material alternatives.

In 2024, the Pigeon Group launched the new "Training Master" series of baby drink cups in China. This series is made with 50% sugarcane and 50% wood pulp for the product packaging material. It also has waterproof functionality, allowing it to be used for a long time as a small container or a flowerpot. Furthermore, after fulfilling its purpose, the packaging can be shredded, making compostable product packaging a reality. The Group will continue to explore packaging materials that can be reused, recycled, or composted.

The Pigeon Group is also committed to promoting the recycling of nursing bottles and industrial waste, as well as reducing water usage at production facilities. For more information on these initiatives, please visit our website.

"Training Master" series

Website https://www.pigeon.com/sustainability/environment_top/circulation/

Reducing Our Environmental Impact

Initiatives to Realize Coexistence with Nature

Medium-Term Targets	2030 Sustainable paper usage rate in packaging: 100% 2030 RSPO-certified sustainable palm oil usage rate in Pigeon-manufactured skincare/washing/cleaning products: 100% (including RSPO Credits)

The book and claim (B&C) model supports certified palm (kernel) oil production by allowing end users to purchase credits issued based on the amount of palm (kernel) oil produced by RSPO-certified producers.

2030 Target	Sustainable paper usage rate in packaging: 100%	2024 result	67% (of SKUs)

The Pigeon Group promotes the use of forest-certified paper and recycled paper sourced from properly managed forests. By 2030, we aim to ensure that 100% of our stock-keeping units (SKUs) using paper in their packaging* will utilize forest-certified or recycled paper.

We are particularly advancing the adoption of forest-certified paper for the individual boxes of our core products, nursing bottles, and nipples. In Japan, we have already implemented forest-certified paper for all paper packaging in the new series of our Bonyu Jikkan products. Similarly, in China, we have adopted forest-certified paper for approximately 90% of the packaging for Ziran Shigan (the Chinese equivalent of Bonyu Jikkan).

In addition, we promote the use of sustainable paper for a wide range of product packaging, including maternity wear, skincare, laundry, and cleaning products. We are working in various countries not only to adopt forest-certified paper for new product packaging but also to switch to forest-certified paper for existing product packaging.

*Excludes items such as cardboard boxes used during transportation and label stickers

Bonyu Jikkan series packaging

Ziran Shigan packaging

2030 Target	RSPO-certified sustainable palm oil usage rate in Pigeon-manufactured skincare/washing/cleaning products: 100% (including RSPO Credits)	2024 result	11%

Some of the skincare, washing, and cleaning and disinfecting products manufactured and sold by the Pigeon Group contain ingredients made from palm oil and palm kernel oil. To promote the sustainable use of palm oil products, Pigeon became an ordinary member of the Roundtable on Sustainable Palm Oil (RSPO), a nonprofit organization that encourages the production and use of sustainable palm oil, including through the conservation of tropical rainforests and biodiversity. The Pigeon Group is committed to promoting the use of RSPO-certified palm oil in our skincare, washing, and cleaning and disinfecting products.

Since 2021, the Japan Business and the Singapore Business have been using the RSPO Credits purchased and claimed through the B&C model for some detergents and skincare products. The Natural Botanical Baby Skincare series, available in countries such as Singapore and Indonesia, is one of our products that features the RSPO certification label.

Natural Botanical Baby Skincare series (features the RSPO certification label)

Type		2022	2023	2024
Palm oil	Total amount used*1	244 tonnes	351 tonnes	419 tonnes
	RSPO Credits purchased and claimed*2	CSPO: 52 tonnes	CSPO: 56 tonnes	CSPO: 61 tonnes
Palm kernel oil	Total amount used*1	432 tonnes	258 tonnes	261 tonnes
	RSPO Credits purchased and claimed*2	CSPKO: 56 tonnes	CSPKO: 46 tonnes	CSPKO: 24 tonnes

Scope of data collection: Pigeon Home Products Corporation, Pigeon Manufacturing (Shanghai) Co., Ltd., Pigeon Singapore Pte. Ltd., Pigeon Industries (Thailand) Co., Ltd., and PT Pigeon Baby Lab Indonesia
For Pigeon Home Products Corporation, calculations are based on the raw materials of its in-house manufactured products, covering detergents as well as cleaning and skincare products.
*1 Figures are obtained by converting the amount of palm oil–derived components of the raw material to their equivalent in palm oil or palm kernel oil.
*2 These figures have not been audited through the RSPO certification system.

Contributing to the Resolution of Social Issues

Key Issue (Materiality)	What We Aim to Achieve
Contributing to the Resolution of Social Issues	Helping to resolve social issues affecting babies and their families

Individual Issues	New products and services for babies needing support PP. 47–48	Expanding the use of products designed for maternity hospitals PP. 47–48	Promoting responsible procurement P. 49	Participating in and supporting communities P. 48

Through initiatives in various countries, we support the healthy growth of babies born prematurely, babies with low birthweight, and babies born with medical conditions that require special treatment to help families feel more secure and happy.

Products for Babies Who Need Special Care

Committed to enabling all babies to enjoy better sucking, Pigeon conducts joint research with neonatal intensive care units (NICUs) at hospitals and clinics and works in other ways to develop exclusive products so that infants with low birthweight or disabilities can drink breast milk and packaged milk with minimal effort. These include a nursing bottle for babies with cleft lips and/or palates and nursing nipples for babies with weak sucking. We also offer a special Preemie Care pacifier for babies born prematurely to help ease the pain of treatments and procedures. In 2022 in Japan, we launched Precious Drop, a device that supports the collection of colostrum from mothers to ensure that premature and low birthweight babies get as much of the mother's precious colostrum as possible, specifically for clinics and maternity wards. In China, we developed a special oil for low birthweight babies to alleviate issues caused by underdeveloped skin. In 2024 in Japan, we launched Silicone Long Nipple Feeder, an updated version of our long nipple feeder with a long silicone nipple for babies who have difficulty breastfeeding directly or with artificial nipples due to cleft lips and/or palates or medical conditions. Also in 2025, we launched the Paladai Baby Feeder in India. The Paladai Baby Feeder is made entirely of silicone and was developed to improve usability, hygiene, and durability compared to the traditional metal neonatal feeding cups (Paladai cups) commonly used in India. Our accumulated expertise, gained from our ongoing support of babies in need of specialized care, is reflected in our manufacturing activities and is directly linked to the superior performance of Pigeon-brand products.

Nursing Bottle Set for Babies with Cleft Lips and/or Palates

Nursing Nipple for Babies with Weak Sucking

Preemie Care Pacifiers

Precious Drop

Low Birthweight Baby Oil

Silicone Long Nipple Feeder 240 ml

Paladai Baby Feeder

Activities for Babies Needing Special Care and Their Families: Held Awareness Event for World Prematurity Day

Pigeon, aiming to support babies born prematurely and their families beyond the boundaries of government, local communities, and corporations, co-hosted an awareness event for World Prematurity Day aimed at creating a warm society supporting babies born small and their families with the Japanese Organization for NICU Families (JOIN) on November 17, World Prematurity Day. The event included a video message from the Governor of Tokyo, a talk by a healthcare professional on the importance of understanding and supporting premature babies and their families, and exhibitions such as a community-created message board and a photo display of premature babies. These activities offered attendees an opportunity to learn about and reflect on premature babies and their families.

Contributing to the Resolution of Social Issues

Activities for Babies Needing Special Care and Their Families: Support of Human Milk Banks

As part of our activities for babies and families in need of specialized care, we support human milk banks*1 in Japan, China, India, Indonesia, Vietnam, and elsewhere. In Japan, we carried out a full renovation of the Nihonbashi Human Milk Bank on the first floor of Pigeon's headquarters in 2024, doubling the area of the treatment room used for pasteurizing donated breast milk. In addition, a state-of-the-art pasteurizer purchased through a crowdfunding campaign conducted by the Japan Human Milk Bank Association in the autumn of 2023 was installed, roughly tripling the milk bank's pasteurization capacity. A commemorative ceremony was held to mark the full renovation and new equipment installation, attended by 42 persons from 24 media outlets. The event was widely covered on TV, in newspapers, and online, contributing to increased public awareness of human milk banks. In Indonesia, we supported the establishment of the country's first human milk bank at RSCM, one of the largest national hospitals in Indonesia, and held an opening ceremony in December 2024. The Pigeon Group will continue promoting human milk bank initiatives to help address social issues surrounding babies and their families while enhancing corporate value.

*1 These facilities collect breast milk donations, pasteurize them at low heat for safety, and provide the breast milk to premature babies and babies with very low birthweight (less than 1,500 g at birth) whose mothers are unable to provide enough breast milk themselves (based on criteria established in Japan).

Renewal ceremony for the Nihonbashi Human Milk Bank

Opening ceremony for Indonesia's first human milk bank

Activities for Babies Needing Special Care and Their Families: Supporting Babies with a Cleft Lip and/or Palate

The Pigeon Group engages in activities to support babies with a cleft lip and/or palate*2 in various parts of the world, including China, Singapore, Indonesia, Thailand, and Malaysia. In 2024, in collaboration with the nonprofit organization Operation Smile, we visited Wenshan City in Yunnan Province, China, where we provided nutritional assessments and training to babies with cleft lips and/or palates, their families, and healthcare professionals, as well as instruction on how to use our specialized nursing bottles for such babies. Operation Smile requires that babies be at least one year old and weigh more than 10 kg to qualify for surgery, and the use of these specialized bottles helps ensure proper nutrition before surgery. Pigeon also provides administrative support during surgeries. Beyond donating products and engaging in fundraising activities, local employees volunteer their time to assist. By supporting babies and their families and collaborating with healthcare professionals, we aim to strengthen and enhance our brand power.

* 2 A cleft lip and/or palate is a congenital condition characterized by an opening or a split in the roof of the mouth, involving either the soft palate, the hard palate, or both, and/or a fissure in the lip.

Support activities in Wenshan City, Yunnan Province, China

Seminars for General Consumers and Seminars for Healthcare Professionals

The Pigeon Group organizes online seminars and events for general consumers in various countries. In Japan, we co-host seminars with drugstores for expectant mothers and fathers, covering themes such as basic skincare knowledge taught by midwives, practical lessons on bathing and moisturizing from experienced mothers, and skincare product tutorials led by Pigeon employees. In 2024, a total of 1,277 participants attended these seminars. Overseas, we have held numerous seminars on breastfeeding and baby dental care. For example, in Malaysia—where dental checkups are not mandatory—we partnered with dental clinics to offer free dental screenings and events educating parents on oral care. In 2024, these events attracted a total of 2,300 participants. We also conduct seminars for healthcare professionals—doctors, midwives, nurses, public health nurses, nutritionists, pharmacists, and others involved in breastfeeding and infant care—providing information useful for supporting mothers and babies. In Japan, these seminars focus on breastfeeding support, postpartum care, skincare, and nutrition during pregnancy. Similar seminars are held in Europe with a focus on breastfeeding. In 2024, medical staff from maternity hospitals around the world participated in these sessions. The Pigeon Group aims to build awareness and trust within hospitals and maternity clinics through seminars for healthcare professionals.

Event on the importance of oral care held in Malaysia

Initiatives for Respect of Human Rights

In May 2024, the Pigeon Group established the Pigeon Group Human Rights Policy, which was approved by the Board of Directors to promote respect for human rights. Pigeon conducts business activities worldwide with the aim of making the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs. Within the Pigeon Group DNA, "Love" is the Corporate Philosophy, and our Credo is "Only love can beget love." Respecting human rights forms the foundation of our business activities. Furthermore, our Corporate Ethics Guidelines, which set the basic compliance policy for conducting business with high ethical standards and integrity, include "respect for human rights." This principle is also incorporated into our CSR Procurement Guidelines, which provide behavioral guidelines for our business partners in procurement activities. Details of the Pigeon Group Human Rights Policy are available on our website.

Website https://www.pigeon.com/sustainability/social_top/humanrights/

Under the Pigeon Group Human Rights Policy, we have launched employee education on respect for human rights to raise awareness among all employees and foster a corporate culture that values human rights. Through video-based learning materials and comprehension tests, employees acquire basic knowledge about corporate activities and human rights, recognize the importance of respecting human rights, and learn to apply this understanding in their daily work. In 2024, 93.6% (1,458 individuals) of directors and auditors, full-time employees, contract employees (including re-employed contract staff), temporary staff, part-time workers, and casual employees at all sales and production companies in the Japan Business achieved full marks on the comprehension test. In addition, we conducted a human rights risk survey for the same group. We plan to extend these surveys to overseas Group companies and external partners. Based on identified human rights risks, we will carry out impact assessments and implement measures to prevent and mitigate adverse effects, along with monitoring and disclosure activities. As a signatory to the United Nations Global Compact, the Group remains committed to advancing the realization of its 10 principles.

Promoting Responsible Procurement

The Pigeon Group has formulated its CSR Procurement Policy, which outlines our basic mindset and approach to procurement activities, along with our CSR Procurement Guidelines, which serve as a framework for our activities with suppliers. Both the policy and guidelines have been translated into nine languages, including Japanese, Chinese, and English. Based on these documents, we maintain fair business practices with strict compliance and a strong ethical outlook. We also pursue the stable supply of high-quality products and materials while building win-win relationships with our suppliers. In addition, we conduct a CSR procurement survey annually and disclose the findings to gain insight into ESG-related initiatives at suppliers and identify issues within the Group's supply chain.

CSR Procurement Assessment 2024

〈Scope of aggregation〉

Japan Business, China Business, Singapore Business, and Lansinoh Business

〈Surveyed suppliers〉

In the 2024 survey, the CSR Procurement Self-Assessment Questionnaire developed by the Global Compact Network Japan (GCNJ) was sent to all 563 primary suppliers at sales and production subsidiaries of the Japan, China, Singapore, and Lansinoh businesses. Responses were received from 480 companies (response rate: 85.3%).

〈Surveyed suppliers〉

The overall average score was 84.6%, remaining nearly unchanged from the previous year's 84.7%. Categories such as "quality and safety" and "labor" scored above 90%, whereas areas including "CSR-related corporate governance," "supply chain," and "coexistence with local communities" scored below 80%, indicating room for further improvement. For the issues identified through the survey, we will work with our suppliers to implement improvements, contribute to solving social issues, and build even stronger relationships with our suppliers.

In the Japan Business, we hold an annual briefing session as an opportunity for mutual communication with our suppliers, aimed at reporting business performance and explaining policies. The CSR procurement assessment is also covered during this session. In 2024, the session was held on March 7, with 50 suppliers in attendance. We also conduct preliminary risk assessments for new suppliers. Going forward, we plan to adopt the CSR Procurement Self-Assessment Questionnaire developed by the GCNJ as the standard for new suppliers. This will enable a comprehensive evaluation from perspectives including human rights, labor, environment, fair business practices (including the prevention of corruption and bribery and compliance with competition laws), quality and safety, supply chain, and engagement with local communities.

Managing Talent and Cultivating the Right Culture for Our Purpose

Key Issue (Materiality)

Managing Talent and Cultivating the Right Culture for Our Purpose

What We Aim to Achieve

Cultivating an organizational culture in which diverse individuals resonate with the Pigeon Way and our Purpose; feel pride in the Company, their department, and their work; have an intrinsic motivation to contribute; and can embrace new challenges and express themselves to drive personal growth

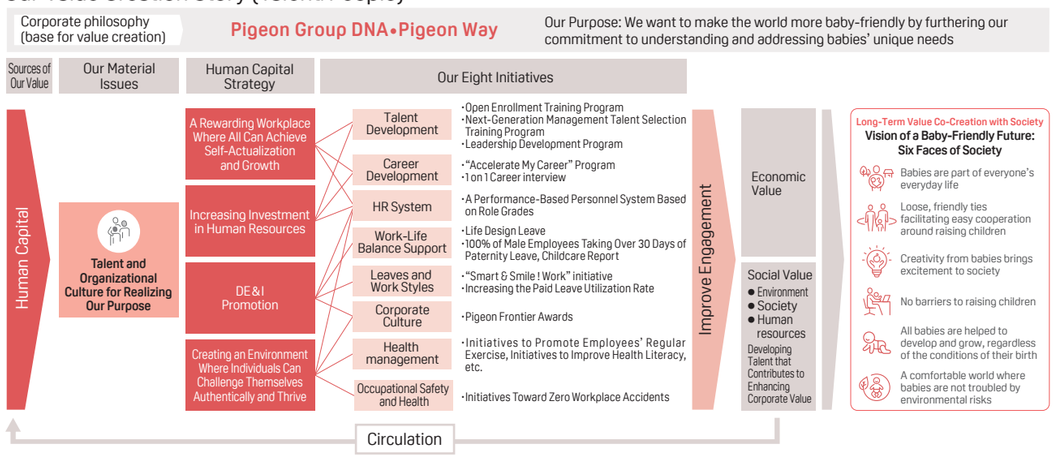
Individual Issues

- Working environments that achieve self-fulfillment and growth PP. 50–52
- Ambitious organizational culture P. 53
- Enriched investment in human resource development P. 52
- Promoting Diversity, Equity & Inclusion P. 52

Aiming to Be a Company Where Every Employee Can Shine in Their Own Way

Under our Purpose, "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs," the Pigeon Group contributes to the development of a sustainable society and strives to enhance corporate value through its business activities. Our employees are the greatest source of corporate value creation. We have formulated a value creation story (human capital) to clarify how we position our employees as human capital and how we will leverage them to connect to the improvement of economic and social value. To address our material issues, we have established "a rewarding company where employees can achieve self-fulfillment and growth" through the "expansion of investment in human resources," "promotion of DE&I," and "development of an environment where employees can challenge themselves and thrive in their own way" as strategic pillars, and we are implementing eight initiatives.

Our Value Creation Story (Talent/People)



Strategy Execution and Implementation Structure

The Pigeon Group includes its human capital strategy as one of the agenda items for the Board of Directors, which deliberates on the human capital strategy and supervises and monitors the status of its execution. While our strategies have primarily focused on Japan, in 2024, we transferred the Human Resources Department from the Japan Business to the Global Head Office (GHO), establishing a system capable of global strategy execution and governance. To understand the conditions and challenges of employees and organizations globally, and to implement governance for each business unit, we have, as a first step, assigned representatives from the Human Resources Department to each business unit. Moving forward, we will regularly hold the "People Strategy Leaders Meeting" attended by these HR representatives to share information and discuss and implement measures to address common global HR issues.

Enhancing Engagement

The Pigeon Group believes that a strong sense of empathy for the Pigeon Group DNA and Pigeon Way by each employee, and a tangible understanding of the connection between individual work and our Purpose, are crucial. To this end, we utilize Gallup's engagement survey internally. In the 2024 engagement survey, we achieved a high result of 88% of employees expressing strong empathy for our Purpose (employees who selected a score of 4 or 5 on a 5-point scale). When each employee who resonates with our Purpose can challenge themselves, thrive, and achieve their desired careers within our Group in their own way, their engagement improves. This enhanced engagement of each employee increases the probability of achieving our business strategy, leading to the improvement of both the economic and social value of the company, and ultimately contributing to the realization of a "baby-friendly future." At Pigeon Corporation, as part of the activities of the "My Purpose Project," which originated from the Pigeon Frontier Awards 2022, we conducted engagement card workshops for all employees. Enabling Pigeon employees to work in their own way with their individual compass (My Purpose) also leads to improved engagement. Furthermore, in 2024, we expanded the "My Purpose Project" beyond our domestic borders to our China BU and Singapore BU.

Engagement Survey (2024)

〈Scope of aggregations〉

Regular employees of Pigeon Corporation, Pigeon (Shanghai) Co., Ltd., and Pigeon Singapore Pte. Ltd.

〈Survey items〉

The survey included items provided by Gallup, Inc., along with the Pigeon Group's unique statements: "I empathize with the Pigeon Way the Company embraces," "I feel that my team's work contributes to the realization of Pigeon's Purpose," and "I can be myself in the workplace." The response rate was 94% (compared with 89% in 2023).

〈Engagement score〉

Based on the strong correlation between the overall engagement score and the scores for the Pigeon Group's unique statements, we have set the average of these three as a key performance indicator (KPI) and will implement initiatives to improve it.

2025 result	Engagement score 4.21
2024 result	Engagement score 4.15
2023 result	Engagement score 4.11

We conducted a workshop in which participants identified the "values they hold dear" from a set of 89 cards, each depicting a different personal value.

Pigeon Frontier Awards: "My Purpose Project"
All employees, including executives, reaffirmed their core values through engagement cards.

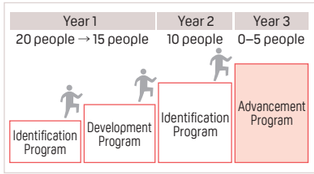
Managing Talent and Cultivating the Right Culture for Our Purpose

Human Resources Strategy

"A Rewarding Workplace Where All Can Achieve Self-Actualization and Growth" "Increasing Investment in Human Resources"

The Pigeon Group has established a long-term human resource vision of realizing a "group of autonomous professionals" and is implementing a merit-based personnel system, a human resource development framework that promotes autonomous growth and active participation, and career development support for employees with a strong sense of autonomy. Our personnel system eliminates considerations of age, length of service, gender, and other attributes, focusing solely on merit-based promotion. The compensation structure is linked to the actual roles and behaviors employees undertake and is set at a competitive level to attract and retain talented individuals in the market. Several highly capable employees have continuously been promoted to higher roles since the introduction of this system a few years ago. Recently, we added embodiment of the revised Pigeon Way as an evaluation criterion. We believe that enabling employees to fully demonstrate their abilities and receive commensurate compensation contributes significantly to enhancing engagement.

- Future Executive Leaders Candidate Development (Japan)
  In the Future Executive Leaders Candidate Development program, to ensure the ongoing development of the Pigeon Group, we provide continuous training for Pigeon employees who will serve at the management level in the future: "personnel expected to continually develop as management and raise corporate value based on the values expressed in the Pigeon Way." The training is held on a six-year cycle, and the curriculum includes programs for discovery, development, application, and appointment, with each program developing and selecting from among participants along the way. Many past program graduates play pivotal roles and are thriving in their respective departments. Of the 30 graduates currently in or beyond the utilization phase, two are directors, one is an auditor, eight are executive officers, and three have been appointed as directors of domestic and overseas Group companies.



Selection of next-generation management talent over three years.

- Leader Juku (Japan)
  The Leader Juku training program in Japan, launched in 2023, aims to cultivate autonomous and transformational leaders for the future of the Pigeon Group. It targets young to middle-management employees under 40, selecting 16 participants every three years through both supervisor recommendations and self-nominations. To foster the creation of new value in a rapidly changing business environment, participants gain experience in exploring, proposing, and producing deliverables for new businesses through team projects linked to current business trend themes.

"Promotion of DE&I"

To promote DE&I (Diversity, Equity & Inclusion), our Group actively hires diverse talent with motivation and ability, regardless of nationality, race, gender, age, disability, gender identity, or sexual orientation. Furthermore, we promote work-life balance support and work-style reforms tailored to the individual circumstances of each employee, such as childcare, nursing care, or illness, creating a comfortable working environment where everyone can fully demonstrate their abilities.

We have taken proactive measures to promote women's advancement. Recognizing that the ratio of female managers in Japan lags that of other countries, we have focused since 2016 on improving tangible aspects such as expanding work-life balance support systems, reforming workplace mindsets, and supporting women's motivation and skills. We have also actively implemented initiatives to raise awareness across the workplace, including among male employees. Furthermore, we are actively recruiting mid-career hires, and as of the end of December 2024, 52.8% of our managers came through mid-career recruitment.

Effective Paternity Leave Uptake Rate of 100% for Nine Consecutive Years* with More Than 30 Days Taken on Average

*Ratio of employees who took childcare leave among the total eligible employees during the period when they were eligible to take the leave

Pigeon, as a company dedicated to supporting parents and caregivers, has long been enhancing its employee childbirth and child-rearing programs. Since 2006, we have implemented the One-Month Together program, allowing employees to take one month of paid leave following the birth of their child. Although initial participation was low due to concerns about the impact on colleagues and career progression, consistent leadership messages promoting the importance of equal childcare responsibilities for both men and women, and seeking explanation if someone did not take the leave, helped establish a culture where paternity leave is considered the norm. As a result, the program has achieved a 100% uptake rate for nine consecutive years.

In 2022, we launched an employee-created childcare project to further refine our childcare support systems, making them more flexible based on employee feedback. In addition, all employees who become parents submit reports detailing their experiences and insights into parenting, which are shared within the Company. Driven by a strong desire among employees to share their parenting challenges with the wider community, we compiled 10 years' worth of reports into a book through the Pigeon Frontier Awards initiative.

Starting in 2025, we plan to implement the "Sukusuku Issho" program, which allows employees to take up to three months of paternity leave.

Parenting reports submitted by employees

The thoughts of our employees are put into reports, which have been made into a book.

"Creating an Environment Where Individuals Can Challenge Themselves Authentically and Thrive"

- Pigeon Frontier Awards (Japan)
  In Japan, we have implemented the Pigeon Frontier Awards (PFA) system to support and recognize future-oriented employees who embrace challenges without fear of failure, allowing us to leverage their strengths to the fullest. Through this system, we invite all employees to submit innovative ideas and new business concepts. Outstanding proposals are not only rewarded but also developed with the potential for future commercialization. All employees, regardless of their employment status—be it regular, temporary, casual, or part-time—are eligible to apply if they possess a strong desire and unwavering dedication to realizing their ideas. Since introducing the system, we have received applications from a wide range of departments. Through the PFA initiative, we aim to foster an environment where employees can find joy in their work and clarify their career aspirations, ultimately contributing to the creation of new high-value-added products and services.

Ideas originating from PFA have been commercialized and implemented, contributing to business promotion.

Breastfeeding Experience Recycling Plan
Bonyu Jikkan Parts straw
Bonyu Jikkan Parts lid

Pigeon's official character "Howapipi"

Colostrum collection support device "Precious Drop"

Occupational Health Management Declaration (Japan)

Pigeon strives to be a workplace where employees can work in good health and with vitality, supporting the maintenance and enhancement of their well-being while fostering a vibrant work environment. In 2021, we introduced our Occupational Health Management Declaration and began implementing health management initiatives. We have created a health promotion system led by the CEO, working in collaboration with occupational physicians and health insurance associations not only to address smoking cessation and mental health but also to provide opportunities for employees to casually think about their health. As part of this, we hold biannual walking events and internal seminars conducted by occupational physicians and public health nurses. These health talks are designed to address familiar topics for employees and are held online to ensure easy access for all employees, including those working outside the headquarters. In addition, we organize sports events that anyone, regardless of age or gender, can easily participate in, encouraging the establishment of exercise habits and improving health literacy.

These efforts and achievements have been recognized with certification as a Health & Productivity Management Outstanding Organization 2025 (Large Enterprise Category) by the Ministry of Economy, Trade and Industry and the Japan Health Conference for four consecutive years.

As a certified organization, we will actively engage in introducing our initiatives to partner companies and jointly implementing health promotion measures.

Metrics and Targets

To execute and measure the outcomes of our human resource strategy, we have established the following KPIs. To achieve our goals for fiscal 2025, we will focus on the proportion of female managers, where there is currently a significant gap. Specifically, we will intensify efforts to ensure effective talent development by providing additional opportunities and exploring the early implementation of a mentorship system in 2025, all with the goal of meeting this KPI.

		(results)	2021	2022	2023	2024	2025 (Target)
Engagement		Score			4.11	4.15	4.21 or higher
DE&I		Ratio of female managers	23.9%	26.2%	26.8%	26.4%	30.0%
		Disability employment rate	2.7%	3.0%	3.2%	3.5%	Maintain 3% or higher
		Paternity leave uptake rate	150.0% 30.0 days	87.5% 30.4 days	100.0% 35.7 days	133.3% 36.3 days	100% 40 days or more
		Management ratio of mid-career hires	42.3%	46.2%	52.1%	52.8%	Maintain 50% or more
Empowering Growth Environment	Health Management	Stress assessment Comprehensive Health Risk Score	79	77	77	75	Maintain 80 pts or less
		Health Management Index (Deviation Score)	51.8	54.9	58.5	58.2 (preliminary)	"White 500" Certification (Preliminary)
	Occupational Safety and Health	Number of workplace injuries	1	2	4	0	0
		Number of occupational injuries resulting in one or more days lost from work	0	0	0	0	0
	Working Conditions	Monthly average overtime hours (H)	8.25	5.83	5.58	5.50	10 or less
		Paid leave usage rate	70.2%	83.4%	81.4%	77.2%	Maintain 80% or higher

Notes:
1. The survey on engagement covers Pigeon Corporation, Pigeon (Shanghai) Co., Ltd., and Pigeon Singapore Pte. Ltd.
2. The target values listed above, excluding the engagement score, are for Pigeon Corporation.
3. The rate of paternity leave taken during the fiscal year is determined based on a calculation method publicly disclosed by the Ministry of Health, Labour and Welfare.
4. The average number of paternity leave days taken represents the average duration of parental leave taken by male employees before the child reaches the age of one year and six months during the reporting period.

Establishing Solid Management Foundations

Key Issue (Materiality)

Establishing Solid Management Foundations

What We Aim to Achieve

Reinforcing our GHO/4SBU structure and enhancing our corporate governance framework to encourage ambitious endeavors to boost corporate value over the medium to long term

Individual Issues

- Reinforcing Group governance PP. 54–56
- Reinforcing compliance P. 57
- Reinforcing risk management P. 59
- Dialogue with stakeholders P. 15

Corporate Governance

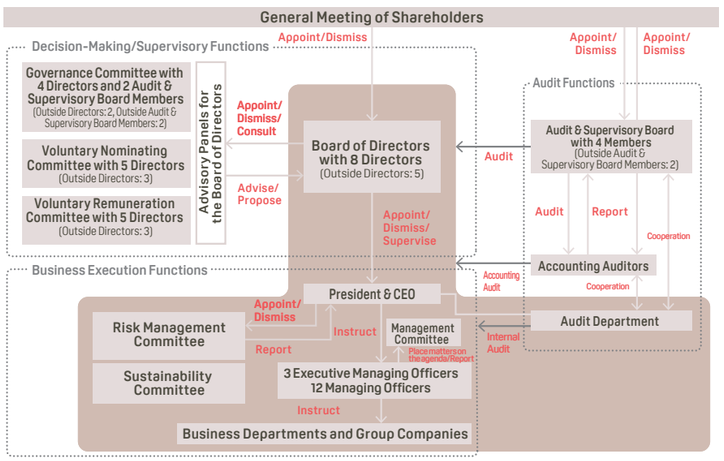
The Company adopts the system of a company with Audit & Supervisory Board Members and has made rigorous legal audits by Audit & Supervisory Board Members the basis of compliance management. The primary management structures (meeting bodies) are as follows: The Board of Directors comprises eight members (five men, three women; seven Japanese nationals, one foreign national) including five Independent Outside Directors; the Audit & Supervisory Board comprises four members (three men, one woman; four Japanese nationals) including two Outside Audit & Supervisory Board Members; and the Management Committee, headed by the President and CEO and comprising standing Directors and Senior Managing Officers. The Company is working to enhance the diversity of each of the meeting bodies. In addition, the Company adopts a mandatory executive officer system to provide for mutual partnership between decision-making and oversight (governance) with business execution and to clarify the operating responsibilities of Directors.

The Board of Directors makes decisions on matters (management objectives and important business-execution strategies such as the management strategy) prescribed in laws and regulations, the Articles of Incorporation, and the "Board of Directors Rules" based on its authority to supervise the execution of duties of directors and managing officers. The Board of Directors actively elicits the opinions of Outside Directors and Audit & Supervisory Board Members, and the supervisory function of the Board of Directors has been further strengthened by having an Independent Outside Director serve as Chairman of the Board from 2023. Furthermore, apart from Board meetings, we hold a meeting on future strategies biannually to eliminate information asymmetry among Directors and Audit & Supervisory Board Members and for them to discuss the Group's management issues and strategies from a medium- to long-term viewpoint.

In addition to the Voluntary Nominating and Remuneration committees, for which the chair and a majority are Independent Outside Directors, we established the Governance Committee as an advisory panel to the Board of Directors aimed at further strengthening corporate governance in the Pigeon Group. The Governance Committee is headed by an Independent Outside Director and has a majority of Outside Directors and Outside Audit & Supervisory Board Members.

Audit & Supervisory Board Members attend meetings of both the Board of Directors and the Management Committee, where they deploy their experience in the field to swiftly resolve issues. In addition to enhancing the supervisory function through expression of opinions and the like, Audit & Supervisory Board Members listen to directors, view important resolution documents, examine the status of business and financial assets, and otherwise conduct meticulous supervision and oversight in accordance with audit policy and segregation of duties. They also meet regularly with the President and CEO, receive reports on matters such as important Company issues, and carry out frank exchanges of opinion.

Under the current management structure, centered on the Board of Directors, the Audit & Supervisory Board, and the Management Committee, Pigeon is working to improve corporate governance by expanding the diversity of the Board of Directors through the appointment of more Outside Directors; establishing and operating the Voluntary Nominating Committee, the Voluntary Remuneration Committee, and the Governance Committee as advisory panels to the Board of Directors; and actively exercising the supervisory function of the Audit & Supervisory Board.



Corporate Governance Organization Chart

Governance Committee

To further strengthen corporate governance in the Pigeon Group, we established the Governance Committee as an advisory panel to the Board of Directors, chaired by an Independent Outside Director and with a majority of its members being Outside Directors and Outside Audit & Supervisory Board Members. The Committee deliberates on various issues related to corporate governance within the Group that have been identified through the evaluation of the effectiveness of the Board of Directors from the perspective of promoting organic coordination and integration and proactive implementation, and provides advice and recommendations to the Board of Directors. During the current fiscal year, the Committee examined policies and initiatives on human resources and human rights; engaged in preliminary discussions and laid the groundwork for future strategy meetings; explored solutions for addressing instances of fraud in a Group company; and implemented the evaluation of the effectiveness of the Board of Directors.

Reinforcing Group Governance

The Pigeon Group comprises Pigeon Corporation and 26 consolidated subsidiaries. The Global Head Office (GHO) oversees all Group companies and four core business segments: Japan Business, China Business, Singapore Business, and Lansinoh Business. We view strengthening Group governance as a key issue that is essential for enhancing growth and profitability over the medium to long term. Critical challenges include ensuring governance functions effectively on both the "offensive" and "defensive" sides of management, optimizing the business portfolio, and enhancing the overall effectiveness of Group governance. As the parent company and shareholder, Pigeon Corporation actively participates in important decision-making processes at Board of Directors and other meetings across Group companies, engaging in trust-based dialogue to support collaboration across all businesses and entities within the Group. Under the leadership of the GHO, we also strive to embed and practice the Pigeon Group DNA and Pigeon Way throughout the Group. By responding swiftly and appropriately to changes in the business environment and evolving sustainability demands, we aim to strengthen our business portfolio and maximize corporate value.

In 2024, inappropriate transactions involving a former employee of one of our Group subsidiaries came to light. We take the findings of the investigation seriously and have conducted a thorough analysis to identify the root causes. Based on this analysis, the Board of Directors has approved a set of recurrence prevention measures. Moving forward, we are committed to implementing these measures appropriately and restoring the trust of our shareholders, investors, and other stakeholders.

Website https://www.pigeon.com/ir/news/files/pdf/241210release_2_e.pdf

Internal Audit

We established the Audit Office, an independent organization under the direct control of the President, as an internal auditing body. Each year, the Office formulates an audit plan based on a risk approach for the Company and domestic and overseas Group companies and conducts internal audits accordingly. In conducting the audits, it focuses mainly on the effectiveness and efficiency of operations, and the reliability of financial reporting, compliance, and asset protection, and makes suggestions for improvement as necessary. The results of the audits are shared with all Directors and Audit & Supervisory Board Members at audit report meetings. In addition, the Audit Department established the J-SOX Secretariat to conduct evaluation tests on Group-wide internal controls and the financial process for closing accounts, pursuant to the basic plan for internal controls over financial reporting under the Financial Instruments and Exchange Act, and to monitor the appropriateness of the development and operation of these controls.

Evaluating the Effectiveness of the Board of Directors

The Company conducts an annual evaluation of the effectiveness of the Board of Directors with the aim of strengthening the Board and improving its governance.

Regarding the Effectiveness Evaluation and Analysis Methods Implemented in Fiscal 2024

【Implementation period】October–November 2024
【Respondents】Directors and Audit & Supervisory Board Members (total: 13 people)
【Implementation procedure】

Conducted a self-evaluation questionnaire for Directors and Audit & Supervisory Board Members (Response Format: Five-stage evaluation and free comment) → Questionnaire collection → Conducted individual interviews with Directors and Audit & Supervisory Board Members → Questionnaire and interview analysis → Review and discussion at the Governance Committee → Deliberations at the Board of Directors based on recommendations from the Governance Committee

【Questionnaire items】

(i) The role and function of the Board of Directors
(ii) The composition and size of the Board of Directors
(iii) Operation of the Board of Directors
(iv) Coordination with auditors
(v) Providing opportunities for Outside Directors' success
(vi) Engagement with shareholders and investors
(vii) Advisory panels (Voluntary Nominating Committee, Voluntary Remuneration Committee, and Governance Committee)

Regarding Fiscal 2023 Issues, Fiscal 2024 Evaluation Results and Issues, and Future Efforts

Issues identified at the fiscal 2023 evaluation	Initiatives in fiscal 2024
Systematic organization of officer training	Review and organize the basic approach to executive training along the axes of internal training, external training, training at the time of appointment, and training after appointment
Achieve more substantive engagement with stakeholders	Further enhance information disclosure given requests for "efforts to realize management with an awareness of capital costs and stock prices" and realize constructive ESG meetings grounded in the value creation story and key issues
Demonstrate more advanced supervisory functions by the Board of Directors	Discuss and review, primarily through the Governance Committee, the strengthening of Group governance, and implement business process improvement measures for Group companies led by the GHO

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Fiscal 2024 evaluation results

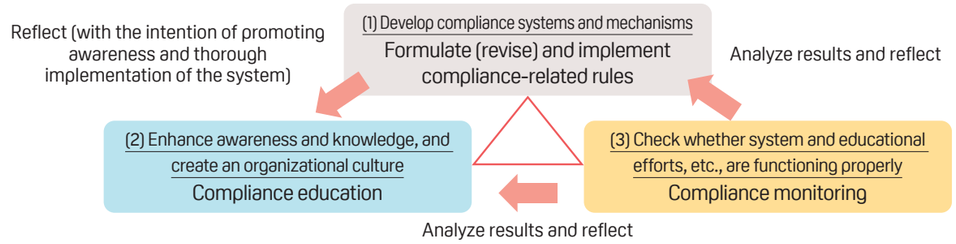
- The Company confirmed that the Company's Board of Directors and advisory panels make appropriate decisions through open and active discussions, taking advantage of the diverse expertise, values, and perspectives of its Outside Directors and other members, and that they play an effective role in enhancing corporate value over the medium to long term.
- For issues that were identified in the fiscal 2023 assessment, the progress of measures fell behind schedule as efforts were put into addressing the incident of inappropriate transactions that occurred at a Group company. At the same time, it was confirmed that the Board of Directors, the Audit & Supervisory Board, and the business execution side were able to quickly address the incident by working together, and that discussions became more active as the operational approach taken by the chair of the Board of Directors (outside director) has taken root. These actions deserve recognition.
- Against the backdrop of the occurrence of an incident at a Group company and the Company's business performance/stock price, the following have been confirmed as issues that need to be addressed to achieve the Purpose and sustainable growth of the Company

↓

Issues identified based on the 2024 assessment results	Policy for measures to be taken in the future (fiscal 2025)
Demonstrate more advanced supervisory functions by the Board of Directors	Strengthen the confirmation and supervision by the Board of Directors of matters centered on Group governance
Develop a medium- to long-term growth strategy and consider effective ways to communicate information to stakeholders	Develop a growth strategy based on discussions in board meetings and future strategy meetings. In addition, consider effective content and ways to communicate the Company's corporate value
Have fruitful discussions and achieve swift decision-making at board meetings	Enhance the operations of the Board of Directors to facilitate more fruitful discussions and swift decision-making

Compliance

The Pigeon Group has been implementing compliance-related measures with a focus on the following three pillars. We are examining and implementing these measures to 1) prevent compliance violations and 2) detect and resolve compliance violations as soon as possible. Compliance-related measures are reported annually to the Board of Directors.



1) Compliance-related rules

Based on the Pigeon Group DNA and the Pigeon Way, the Group has established a basic policy on compliance called the "Corporate Ethics Guidelines." The Corporate Ethics Guidelines have two components: corporate ethics policies, which comprise the ethical sensibility we must hold to continue to earn the trust and support of society, and a code of conduct, which comprises guidelines that spell out how each employee embodies the corporate ethics policies in business activities. Based on the Corporate Ethics Guidelines, the Group is committed to ensuring that every employee complies with all laws, regulations, social norms, and their spirit and takes actions with the highest sense of ethics and integrity, thereby earning more trust and support from stakeholders. Moreover, in the three areas that are considered to pose a particularly high risk within the entire Group—"Anti-bribery and Corruption," "Antitrust Compliance," and "Information Management"—we have established "Compliance Policies" that outline specific actions to be taken and the necessary systems and mechanisms. Furthermore, to detect and resolve compliance violations, we have the following internal reporting systems in place: the "Speak-Up Desks" (for Pigeon Group employees to make reports through three contact points: the Audit & Supervisory Board Members, the Legal Department, and a corporate attorney) and the "Pigeon Partners Line" (for customers to make reports through two contact points: the Legal Department and a corporate attorney). For the Speak-Up Desks, we launched a multilingual reporting system that ensures anonymity in 2023. In the event that a problem is found in or outside the Company, the Risk Management Committee or the person in charge of the internal reporting system, such as Audit & Supervisory Board Members, investigates the facts and responds to the report, giving due consideration to the protection of the person who made the report, and the Risk Management Committee takes measures to prevent recurrence as necessary. When responding to the reports made through these systems, we consult with a corporate attorney as necessary to ensure the legality of our responses and solutions. In fiscal 2024, there were 10 Speak-Up Desk reports and zero Pigeon Partners Line reports.

2) Compliance education

The Group aims to raise the compliance awareness of all Group employees by providing them with compliance education based on the Pigeon Group DNA and Pigeon Way, Corporate Ethics Guidelines, Compliance Policy, the internal reporting system, and other measures at the Company and Group companies in Japan and overseas. In 2024, we provided employees with training after revising the content to increase the effectiveness of our compliance education based on the results of compliance monitoring conducted in 2023. Specifically, we clearly showed the management team's commitment to always prioritizing compliance to all Group employees through a video message and provided explanations on compliance in an easier-to-understand manner by using case studies to help employees address compliance with ownership. After the training, participants were asked to reply to a questionnaire, and the results have been utilized to improve the content of our compliance education and training. In addition, Pigeon Corporation and all domestic Group companies distributed a monthly newsletter called the "Pigeon Compliance Communication" themed on the "Corporate Ethics Guidelines and related laws and internal regulations" to deepen employees' understanding of compliance that should be ingrained in their daily work.

3) Compliance monitoring

In addition, by regularly conducting compliance monitoring for all domestic and overseas Group employees, we identify and analyze compliance risks in the Group. We then reflect the results in our compliance rules and education, aiming to reduce the compliance risks of the Group and raise awareness toward compliance of the employees and executives of the Group. In 2024, as stated above, we enhanced the content of the training in reference to the results of compliance monitoring conducted in 2023 and gave feedback on the results to each department of the Company and each Group company, thereby helping the departments and Group companies identify issues and formulate and implement measures to solve the issues.

Establishing Solid Management Foundations

Tax Initiatives

The Pigeon Group has established the Global Tax Policy as a Group regulation based on a resolution by the Board of Directors. The policy outlines matters such as the ultimate responsibility for tax management within the Group, our approach to tax payment, and the policy for tax risk management. In 2024, to promote the penetration and establishment of this Group regulation, we conducted comprehension tests targeting domestic and overseas Group companies to identify areas requiring focused education.

〈Global Tax Policy〉
Pigeon Group has established Corporate Ethics Guideline as a universal guideline to implement compliance (compliance with laws and corporate ethics) management. We comply with all laws and regulations, social norms and their spirit, and each and every employee is expected to act in good faith with higher ethical standards.

Approach to Tax Payment

We believe it is essential to commit to the society through tax contributions to realize our Purpose. Further, we believe that appropriate tax operations will contribute to our business growth and maintain trust from our stakeholders. Based on this belief, we define the roles of each member engaged in tax activities, and in order to ensure tax compliance, established and published Global Tax Policy based on the resolution of the Board of Directors.

Governance Structure

The Board of Directors of Pigeon Corporation (hereinafter referred to as "Pigeon") is ultimately responsible for the tax operations of the Pigeon Group. The Global Head Office Accounting & Finance Managing Officer of Pigeon formulates and executes tax policies based on delegation from the Board of Directors.

Compliance

We act as a good corporate citizen in all countries and jurisdictions we operate in with a high sense of ethics. We are committed to paying the right amount of tax at the right time. We comply with all relevant laws and regulations, following both the spirit and the letter of the law.

Ensuring Transparency

We disclose our approach to tax and strive to ensure transparency.

Tax Incentives and our Relationships with Tax Authorities

When considering the use of tax incentives that aligns to our commercial objectives, we ensure to maintain good relationship with tax authorities by respecting the intended objectives of the benefits. We are committed to responding to the inquiries from tax authorities in a prompt, transparent, and a courteous manner. When a conflict in opinion rises between tax authorities, we will strive to resolve the conflict through constructive dialogue.

Cross Border Transactions and Transfer Pricing

We comply with the OECD Transfer Pricing Guidelines and determine our transfer price based on the arm's length principle. We will not use tax havens for the purpose of tax avoidance or use artificial schemes lacking commercial substance.

Tax Risk Management

Any potential tax risk that may have a material impact on the Group will be reported to the Board of Directors of Pigeon at an appropriate timing. To mitigate our tax risk for complex tax matters or issues requiring an ambiguous legal interpretation, we will consult with independent external advisors as needed.

Shareholding Status

Criteria and Considerations for Categorizing Investment Stocks

The Pigeon Group classifies stocks primarily held for benefiting from fluctuations in stock value or dividends as "investment stocks held for pure investment purposes," while categorizing others as "investment stocks held for purposes other than pure investment." Pigeon does not hold any "investment stocks held for pure investment purposes."

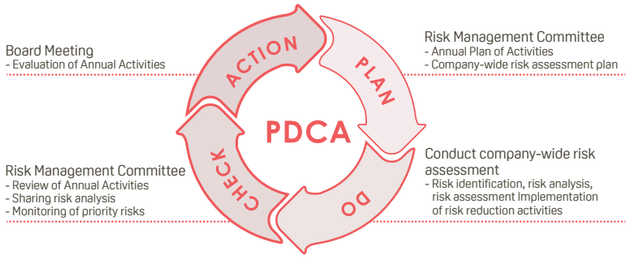
Verification of the Rationale for Shareholdings, and Details of Verification by the Board of Directors regarding the Appropriateness of Holding Individual Stocks

Our shareholding policy involves strategically holding shares of issuing companies when we determine that fostering synergies through strengthened relationships and collaboration associated with the shareholding will contribute to the sustainable enhancement of the Group's corporate value over the medium to long term. When assessing the rationale for shareholdings, we verify, on a case-by-case basis, the actual returns and trading conditions based on our cost of capital, and review these, including the appropriateness of the holdings, at Board of Directors meetings. As of December 31, 2024, Pigeon held only one overseas listed stock.

Risk Management

Governed by the Pigeon Group's Risk Management Policy and Rules for Risk Management, the Global Head Office (GHO) Risk Management Committee is chaired by the director of GHO, under the supervision of the president and CEO. Reporting directly to the GHO Risk Management Committee are the Risk Management Committees of each business segment, chaired by the respective heads of operations in each segment, namely the Japan Business, the China Business, the Singapore Business, and the Lansinoh Business. This framework facilitates the collection of risk-related information across the entire Group, implements necessary controls, and enables swift response to risk issues by each segment.

The GHO Risk Management Committee systematically collects, analyzes, and evaluates the risk information it gathers from throughout the Group, centered on the risk information it collects from each business segment. On its own or through the respective business segments, the GHO Risk Management Committee then examines and implements response measures. Key risks are addressed primarily by the departments in charge of the respective risk as nominated by the GHO Risk Management Committee. These departments collate information and examine and implement measures across the Group. The Risk Management Committees in each business segment collect, analyze, and evaluate risk information pertaining to their respective segments, including risk information related to Group companies within the same segment, and consider and implement response measures.



In addition to responses during normal times, in the event of a crisis affecting the Group, such as a large-scale disaster, the Risk Management Committee promptly convenes in accordance with the Risk Management Regulations, the Business Continuity Plan (BCP), or the BCP Countermeasures Headquarters Regulations, and responds to minimize losses and restore operations. In the event of a serious risk or incident, the GHO Risk Management Committee reports to the Board of Directors on the details and results of the response, as appropriate.

Activities of the GHO Risk Management Committee (2024)

Number of meetings	Twice a year
Report to the Board of Directors	One
Activities	・Sharing information on Group risks and incidents ・Formulating measures to mitigate key risks and manage progress ・Reporting on the results of risk assessments conducted and risk mitigation measures implemented across the entire Group

Key Risks monitored by the GHO Risk Management Committee and responsible risk department

Key Risks	Risk management departments
Compliance	Legal Department
Finance	Accounting & Finance Division
Management and control	Business Strategy Department
Human Rights	Business Strategy Division
Information Security	Systems Consulting Department
Supply Chain Management (SCM)	Supply Chain Management Division
Customer complaints	Customer Service Center

Executive Renumeration System

〈Basic policy on executive remuneration〉
The Company's basic policy on remuneration for Directors (hereinafter "executive remuneration") shall be as follows, in accordance with the aforementioned Pigeon DNA and Pigeon Way, the Key Issues, and the Basic Policy of Corporate Governance:

(i) It should contribute to management that improves the corporate value of the Group over the medium to long term;
(ii) It should contribute to the hiring of talented managers to address the Key Issues based on the Pigeon Group DNA and the Pigeon Way; and
(iii) It should be highly independent, objective, and transparent, and accountable to stakeholders.

〈Remuneration levels〉
The Company determines levels of executive remuneration in accordance with the aforementioned "Basic policy on executive remuneration," after surveying and analyzing its business environment and the compensation levels in its peer group of companies in the same industry (manufacturing) and of the same size, through external databases and other research.

Set remuneration levels by position (with the president's level set at 100%) are, in principle, as shown in the table on the right.

Position	Remuneration Level
President	100%
Vice president	80%
Senior managing executive officer	60%
Managing executive officer	50%
Director	40%

〈Remuneration mix〉
The remuneration for the Company's Directors (excluding Independent Outside Directors) consists of "basic remuneration" commensurate with position, "bonuses" provided as short-term incentives, and "stock remuneration" provided as a medium- to long-term incentive. The remuneration for Independent Outside Directors and Audit & Supervisory Board Members consists of "basic remuneration" only.

Note: "Bonuses" and "stock remuneration" are applicable to performance-based remuneration, and "stock remuneration" is applicable to non-monetary remuneration pursuant to Article 98, Paragraph (5), of the Regulation for Enforcement of the Companies Act.

(i) Overview of remuneration types

〈Basic remuneration〉
Positions are determined in accordance with the roles and responsibilities of each Director in the Company's four business departments. Monetary amounts are decided by position and paid as monthly remuneration.

〈Bonuses〉
Bonuses are paid in March every year for the purpose of granting incentives to improve the Group's consolidated performance and to solve the Key Issues.

In principle, the amount will vary within a range from zero to 150%, in accordance with the achievement level of targeted indicators related to consolidated performance (net sales, operating income, and PVA (Pigeon Value Added, the Company's original performance indicator)) and indicators related to the Key Issues (enhancing business competitiveness and resilience and establishing solid management foundations), based on the base amount of the bonus determined for each position. Indicators related to consolidated performance are used to drive the expansion of the scale and earnings of our main business and the creation of corporate value that exceeds the cost of capital. With regard to the indicators related to the Key Issues, to make the world more baby-friendly, we aim to be a company essential to society by expanding our corporate value over the medium to long term by building a solid system that can "create," "produce," and "deliver" and by working to strengthen the GHO/4SBU system and enhance corporate governance that enables employees to take on aggressive and bold challenges. We will also actively engage with shareholders and investors to ensure that they share and support these ideas, thereby building a solid management base to continue to be close to babies.

To calculate the targets, we use the performance forecasts published in the summary of financial results at the beginning of each period for net sales and operating income, and the initial fiscal-year plan for PVA and indicators related to the Key Issues (enhancing business competitiveness and resilience and establishing solid management foundations). For Executive Directors in charge of department(s), bonuses will vary within a range from zero to 150%, in accordance with the achievement level of targets, with 70% weighted on consolidated performance and the Key Issues, and 30% weighted on the performance of the Directors' respective departments (in net sales, operating income, and PVA).

The valuation ratio for each indicator is as shown on the right.

Indicator		Valuation Ratio
Consolidated performance	Net sales	40%
	Operating income	30%
	PVA	20%
Key Issues	Enhancing Business Competitiveness and Resilience	10%
	Establishing Solid Management Foundations	

〈Stock remuneration〉
Stock remuneration is paid at the time of retirement for the purpose of granting an incentive to improve the Group's medium- to long-term performance and corporate value, and to place Directors in the "same boat" as the shareholders (thus giving Directors and shareholders a shared interest).

In principle, the remuneration will vary within a range from zero to 150%, in accordance with the achievement level of targeted financial indicators related to consolidated performance set out in the Medium-Term Business Plan (EPS (Earnings per Share), the growth rate, TSR (Total Shareholder Return), and ROIC) and indicators related to the Key Issues (reducing our environmental impact, contributing to the resolution of social issues, and managing talent and cultivating the right culture for our Purpose), based on the base amount of the stock remuneration determined for each position. Financial indicators related to consolidated performance are used to further improve business profitability and efficiency, as well as to increase our corporate value over the medium to long term. Regarding indicators related to the Key Issues, we will work to contribute to social issues surrounding babies, their mothers, and their families, as well as reduce factors that lead to environmental load in all countries and regions in which the Group operates, by fostering a corporate culture that allows diverse human resources to take on challenges and grow to be themselves, with the aim of making the world more baby-friendly. If there is a significant change in the targets set out in the Medium-Term Business Plan, the Board of Directors determines the appropriateness of the target values for stock remuneration, after deliberation at the Voluntary Remuneration Committee.

The valuation ratio for each indicator is as shown on the right.

Indicator		Valuation Ratio
Consolidated performance	EPS growth rate	30%
	TSR (relative comparison)	30%
	ROIC	20%
Key Issues	Reducing Our Environmental Impact	20%
	Contributing to the Resolution of Social Issues	
	Managing Talent and Cultivating the Right Culture for Our Purpose	

(ii) Standard model for the composition of Director (excluding Independent Outside Directors) remuneration (if the achievement level of each indicator is 100%)

Type of Remuneration	Composition Percentage
Basic remuneration	60%
Bonuses	20%
Stock remuneration	20%

〈Indicators related to the Key Issues for bonuses and stock remuneration and reason for selection〉
Indicators and achievement rates related to Key Issues for bonuses and stock remuneration are shown below.

Remuneration	Key Issues	Indicators	Reason for Selection	Weight	Target Value	2023 Achievement Rate	2024 Achievement Rate
Bonuses	Enhancing Business Competitiveness and Resilience	Increase in ratio of wide-neck nursing bottles	High-quality nursing bottles and nipples that can be used with peace of mind, developed based on intensive research into babies' sucking behavior, are among Pigeon's strengths. Expanding our range of wide-neck nursing bottles, which embody our research findings, is crucial for enhancing our business competitiveness and resilience.	5%	Set by the SBU	50%	121%
	Establishing Solid Management Foundations	Maintenance and improvement of ESG scores	We strive to enhance corporate value (economic and social value) while concurrently seeking to strengthen governance structures that support its realization. The adoption of external agency scores allows for an objective evaluation of these initiatives.	5%	FTSE 3.8 or higher, MSCI BBB or higher	150%	150%
Stock remuneration	Reducing Our Environmental Impact	Execution of the Pigeon Green Action Plan	We believe that implementing the Pigeon Green Action Plan, aimed at achieving decarbonization, a circular society, and coexistence with nature, contributes to leaving a rich earth for the future of babies born tomorrow.	5%	Execution of the provisions of the Pigeon Green Action Plan	-	-
	Contributing to the Resolution of Social Issues	Diverse support and awareness activities for childcare	Executing diverse support and awareness activities for childcare helps to resolve social issues affecting babies and their families and fosters joy and happiness through parenting.	5%	Set by the SBU	-	-
	Managing Talent and Cultivating the Right Culture for Our Purpose	Enhancement of employee engagement	We believe that the highest priority lies in cultivating a strong resonance with the Pigeon Way embraced by the Company, and in ensuring that each employee feels their work is deeply connected to our Purpose.	10%	0.1 above the average score of three of our original engagement questions	-	-

Voluntary Remuneration Committee

To increase the independence, objectivity, and transparency of the details of the executive remuneration system, the Voluntary Remuneration Committee has been established as an advisory panel to the Board of Directors, consisting of a chairperson and a majority of Independent Outside Directors. The Voluntary Remuneration Committee shall meet at least four times per year, deliberate primarily on the following main agenda items regarding executive remuneration amounts, calculation methods, and policy for deciding the content of remuneration per individual, and provide advice and proposals to the Board of Directors. The Board follows such advice and proposals to the greatest extent possible in its decision-making. Please note that executive remuneration will be paid within the limit of remuneration approved at the General Meeting of Shareholders. To introduce an objective perspective from outside of the Company, as well as expertise on the executive remuneration system, the Company employs an outside consultant, with whose support it considers the details of the remuneration system, while taking into account matters such as external data, the economic environment, industry trends, management conditions, employee remuneration amount, and dividend amount. In addition, to enhance the effectiveness of the Board of Directors, we are working to coordinate the Voluntary Nominating Committee and the Voluntary Remuneration Committee on activities related to director nomination and remuneration. We also evaluate the effectiveness of the Voluntary Remuneration Committee in evaluating the effectiveness of the Board of Directors.

〈Main agenda items of the Voluntary Remuneration Committee〉

- Governance of executive remuneration
- Whether it is necessary to revise the executive remuneration policy
- Remuneration levels of individual executives (base amount by position)
- Performance targets and evaluation table for bonuses and stock remuneration
- Performance evaluations, individual payment amounts, and other considerations for bonuses in the previous fiscal year
- Performance evaluations, individual payment amounts, and other considerations for stock remuneration in the previous fiscal year
- Status of initiatives of the Medium-Term Business Plan and the Key Issues
- Factors such as level, composition, and indicators of executive remuneration using external data and other research
- The necessity of response to executive remuneration due to changes in the external environment and business environment
- Improving the effectiveness of the Voluntary Remuneration Committee

Nomination and Dismissal of Candidates for Director

〈Human resource requirements of the Chief Executive Officer (CEO)〉

The ideal human qualities necessary for the role of Chief Executive Officer (CEO) of the Company are human qualities that can enhance resourcefulness and continuously increase the Company's corporate value (social and economic value), based on the values of the Pigeon Group DNA and the Pigeon Way. The human resource requirements of the CEO (responsibilities and authority, main duties and expected results, and required competencies (behavioral characteristics, personality characteristics, experience and achievements, and knowledge and skills) are determined based on the Pigeon Group DNA and the Pigeon Way, the Key Issues, and the Basic Policy of Corporate Governance.

(i) Responsibilities and authority:

The responsibilities and authority of the CEO are determined based on the Pigeon DNA and the Pigeon Way, the Key Issues, and the Basic Policy of Corporate Governance.

Responsibilities: Responsible for processes and results that increase corporate value (social and economic value) based on the values of the Pigeon DNA and the Pigeon Way to contribute to the improvement of social sustainability

Authority: Has the authority to make final decisions regarding the optimal allocation of management resources to improve corporate value (social and economic value)

(ii) Main duties and expected results:

The main duties and expected results of the CEO are determined based on the "Responsibilities and authority" referenced above (see the table on page 63).

(iii) Required competencies

The required competencies of the CEO are determined based on the "Responsibilities and authority" referenced above (see the table on page 63).

〈Standards for the appointment and dismissal of senior management, Directors, and the CEO〉

The policy for appointing senior management shall be to make appointments from an objective perspective, based on the "Human resource requirements of the Chief Executive Officer (CEO)" referenced above, and with reference to external assessments and other information. The appointment is referred to the Board of Directors to be decided, after deliberation by the Voluntary Nominating Committee. The appointment of Directors and the CEO is referred to the Board of Directors to be decided, after deliberation by the Voluntary Nominating Committee, based on the "Human resource requirements of the Chief Executive Officer (CEO)" referenced above. If a Director or the CEO meets the criteria for dismissal defined below, or there is a concern that actions have been taken that meet these criteria, the Voluntary Nominating Committee shall swiftly seek advice from the Board of Directors and deliberate based thereupon.

a) Suspected misconduct, inappropriate actions, or disloyalty;
b) Recognized illegal or otherwise disqualifying actions;
c) It has been determined that the process or results of carrying out duties are inadequate, and it is no longer appropriate for the individual to continue his or her current duties;
d) ROE is below 5% for three consecutive fiscal years (CEO only)

〈CEO successor plans〉

Successor plans for the CEO are deliberated by the Voluntary Nominating Committee, in accordance with the "Human resource requirements of the Chief Executive Officer (CEO)" referenced above. Namely, the results and content of outside assessments of training for the development and selection of the next generation of management human resources for CEO candidates, evaluation regarding personnel, and career planning are deliberated. The Board of Directors oversees successor plans to verify that they are conducted appropriately, based on reports on deliberations by the Voluntary Nominating Committee.

〈Term of office of Directors〉

The term of office of Directors (including Independent Outside Directors) shall be one year.

Voluntary Nominating Committee

To increase the independence, objectivity, and transparency of the determination process for appointment, dismissal, and nomination of Directors, the Voluntary Nominating Committee has been established as an advisory panel to the Board of Directors, consisting of a chairperson and a majority of Independent Outside Directors. In principle, the Voluntary Nominating Committee shall meet at least four times per year, deliberate on issues including the standards for appointment and dismissal of Directors as well as CEO successor plans, and provide advice and proposals to the Board of Directors. The Board of Directors in turn follows such advice and proposals to the greatest extent possible in its decision-making. To introduce an objective perspective from outside of the Company, as well as expertise on nominations, the Company employs an outside consultant, with whose support it considers the details of the standards for appointment and dismissal of Directors as well as CEO successor plans and other issues, taking into account matters such as external data, the economic environment, industry trends, and management conditions. In addition, to enhance the effectiveness of the Board of Directors, we are working to coordinate the Voluntary Nominating Committee and the Voluntary Remuneration Committee on activities related to Director nomination and remuneration. We also evaluate the effectiveness of the Voluntary Nominating Committee in evaluating the effectiveness of the Board of Directors.

〈Main agenda of the Voluntary Nominating Committee〉

- Executive nomination policy
- Succession planning for the CEO and management
- Term of office and tenure for Directors
- Roles of the Chairman of the Board
- Candidates for Director
- Succession planning for Independent Outside Directors
- Skill matrix of the Board of Directors
- Standards for the appointment and dismissal of Directors
- Improving the effectiveness of the Voluntary Nominating Committee
- Personnel requirements for the CEO

Table (i) Main duties and expected results

Key Issues	Main Duties	Expected Results
Enhancing Business Competitiveness and Resilience	Build a business model and strategy to become essential to society.	Establish a business model that achieves sustainable growth and improves corporate value over the medium to long term.
Reducing Our Environmental Impact	Build frameworks that promote the sustainable reduction of environmental impact to leave the Earth favorable for the future of babies born tomorrow.	Set numerical targets for each separate challenge and execute measures to achieve these targets.
Contributing to the Resolution of Social Issues	Build a mechanism to encourage the development of next-generation businesses and products to resolve social issues that affect babies and their families.	Carry out the development of next-generation businesses and products that help solve social issues, with consideration for the entire value chain.
Managing Talent and Cultivating the Right Culture for Our Purpose	Cultivate the right culture in which diverse human resources are motivated to take on challenges and grow to be themselves to make the world more baby-friendly.	Promote diversity and a work-life balance, and carry out initiatives toward diverse work styles. Ensure that there are future CEO candidates for the next and following generations.
Establishing Solid Management Foundations	Build a management base that enables employees to actively take on challenges to increase corporate value over the medium to long term.	Carry out both proactive and reactive measures to strengthen the management base. Meticulously provide information to stakeholders, engage in two-way communication with them, and get them on board with the Company's plans and actions.

Table (ii) Required competencies

Item		Details
Behavioral characteristics	Innovative leadership	Has foresight and leads reform personally, without being hindered by past success or common knowledge
	Development and proliferation of our vision and corporate culture	Promotes the wide adoption of the Pigeon DNA and the Pigeon Way as well as a healthy corporate culture through strategic engagement with stakeholders
	Envisioning, planning, and execution of strategies	Proposes management strategies and a grand design that reflects our corporate culture, and allocates management resources in an optimal manner
	Development of human resources and the organization	Develops successors to the CEO and other management positions, and develops an organization that is accepting of diversity, in order to ensure sustainable growth over the medium to long term
	Building corporate governance	Increases the quality and speed of management by building a proactive and reactive governance system
Personality characteristics	Interest and curiosity	Has a strong interest in and diverse perspectives regarding the Company's products and services, and displays an attitude of learning through a cycle of "creating, making, and delivering"
	Passion and romanticism	Has the courage to pursue dreams and take on challenges, and a strong commitment and passion to persevere until success is achieved
	Sensitivity and empathy	Carries out two-way communication with stakeholders, displays sensitivity, and focuses energy on having empathy
	Sensibility and ingenuity	Continually develops sensibility, and devises ways to carefully consider and carry out what is not being done by others
	Sincerity and trustworthiness	Is sincere, achieves missions in the proper way, and is trusted by employees
Experience and achievements		Has a record of contributing to the improvement of corporate value (social and economic value) in the top management of Group subsidiaries
		Has created new value by inventing new businesses, products, and services
		Has managed multiple functions, regions, or locations
		Has experience conducting management under chaotic conditions, including start-ups, reorganization, rehabilitation, and restructuring
Knowledge and skills		Has knowledge of all businesses, customers, and market trends
		Has management knowledge (e.g., marketing, accounting, management strategy, finance, human resource and organizational strategy, governance, business management)
		Has the English-language ability to converse directly with global stakeholders

Directors (As of March 27, 2025)

President and CEO
Ryo Yano
Number of the Company's common shares held: 3,991 (Includes 0 shares to be granted based on the stock remuneration system)

Director, Senior Managing Executive Officer
Tadashi Itakura
Head of Global Head Office
Number of the Company's common shares held: 18,489 (Includes 9,269 shares to be granted based on the stock remuneration system)

Director, Executive Officer
Kevin Vyse-Peacock
Lansinoh Business Division Manager/CEO of Lansinoh Laboratories, Inc. Number of the Company's common shares held: 6,605 (Includes 6,605 shares to be granted based on the stock remuneration system)

Outside Director
Chairman of the Board
Rehito Hatoyama
(Appointed in April 2016)
Number of the Company's common shares held: 4,600

Outside Director
Chiaki Hayashi
(Appointed in March 2020)
Number of the Company's common shares held: 3,700

Outside Director
Eriko Yamaguchi
(Appointed in March 2020)
Number of the Company's common shares held: 700

Outside Director
Yumiko Miwa
(Appointed in March 2022)
Number of the Company's common shares held: 2,500

Outside Director
Hidenori Nagaoka
(Appointed in March 2024)
Number of the Company's common shares held: 6,000

Audit & Supervisory Board Members (As of March 27, 2025)

Audit & Supervisory Board Member
Koji Ishigami
Number of the Company's common shares held: 43,700

Audit & Supervisory Board Member
Kazuyuki Tajima
Number of the Company's common shares held: 3,000

Outside Audit & Supervisory Board Member
Koichi Otsu
(Appointed in April 2019)
Number of the Company's common shares held: 8,400

Outside Audit & Supervisory Board Member
Atsuko Taishido
(Appointed in April 2019)
Number of the Company's common shares held: 2,100

Note: Number of the Company's common shares held is as of December 31, 2024.

Managing Officers (As of March 27, 2025)

Nobuo Takubo	Senior Managing Officer Business Strategy Division Manager
Yusuke Nakata	Senior Managing Officer Singapore Business Division Manager
Takashi Arai	Accounting & Finance Division Manager
Eiko Yamanaka	Research & Development Division Manager
Masatoshi Oguchi	Baby Care Business Division Manager
Akira Okamoto	Seconded to Pigeon (Shanghai) Co., Ltd.
Koji Matsutori	Deputy Division Manager of Lansinoh Business Division
Zenzou Yamaguchi	Senior Managing Officer Head of Japan Operations
Minako Hara	Deputy Division Manager of Business Strategy Division
Takanori Tsuru	Related Business Division Manager
Takatoshi Urakari	SCM Division Manager
Akiyoshi Yamabe	Deputy Division Manager of Baby Care Business Division
Katsushi Tsutsui	Deputy Division Manager of Singapore Business Division

Areas of Expertise Demanded of the Board of Directors

To ensure the effectiveness of the Board of Directors and the Audit & Supervisory Board, we believe it is essential to clarify the areas of expertise of each Director and Audit & Supervisory Board Member. Based on a resolution by the Voluntary Nominating Committee, these areas have been defined in the following table (Skills Matrix). The required areas of expertise for the Board have been selected with reference to the core of the Pigeon Group—the Pigeon Group DNA, which reflects our unchanging spirit rooted in our Corporate Philosophy ("Love") and our Credo ("Only love can beget love"), and which will continue to guide us into the future; our Purpose, which serves as the axis of the Pigeon Way, the cornerstone of all our activities, embodying our "heart and soul"; and the five Key Issues (Materiality) that must be addressed in the process of realizing this Purpose. In addition, to promote the realization of the Pigeon Group DNA, the Pigeon Way, our Purpose, and these Key Issues, and in alignment with the intentions of both the Company and the shareholders who appoint our Directors, we have taken into account the core strategies outlined in the 8th Medium-Term Business Plan in our selection process.

	Name/Position	Expertise demanded of the Board of Directors*1										Committee members ◎ Chair ○ Member		
		Management, business strategy	Experience in the company, industry experience	Global business	Design, R&D, product development	Supply Chain Management	Marketing, branding	Human capital, corporate culture	Finance, accounting	Law, compliance, risk management	Solving societal issues	Nominating	Renumeration	Governance
Directors	Ryo Yano President & CEO	○	○	○			○				○	○	○	○
Directors	Tadashi Itakura Director, Senior Managing Executive Officer					○		○	○	○	○	○	○	○
Directors	Kevin Vyse-Peacock Director, Executive Officer	○	○	○	○		○							
Directors	Rehito Hatoyama Outside Director*2 and Chairman of the Board	○		○			○		○	○				○
Directors	Chiaki Hayashi Outside Director*2	○			○		○	○			○		○	◎
Directors	Eriko Yamaguchi Outside Director*2	○		○	○		○				○	○		
Directors	Yumiko Miwa Outside Director*2							○	○		○	◎	◎	
Directors	Hidenori Nagaoka Outside Director*2	○					○		○	○		○	○	
Audit & Supervisory Board Members	Koji Ishigami Audit & Supervisory Board Member	○	○					○						
Audit & Supervisory Board Members	Kazuyuki Tajima Audit & Supervisory Board Member				○	○								
Audit & Supervisory Board Members	Koichi Otsu Outside Audit & Supervisory Board Member*2								○	○				○
Audit & Supervisory Board Members	Atsuko Taishido Outside Audit & Supervisory Board Member*3									○	○			○

*1 A maximum of five main areas of expertise are presented for each person.
*2 Independent directors based on the regulations of the Tokyo Stock Exchange.
*3 Independent directors who satisfy the requirements for an independent director based on the regulations of the Tokyo Stock Exchange.
Note: The majority of directors are independent outside directors and more than one-third are women.

Committee Members

The Company has established the three committees shown below as advisory panels to the Board of Directors. Each committee is chaired by an independent outside director, and outside officers constitute the majority of members.

-Voluntary Remuneration Committee: Yumiko Miwa (Chair), Ryo Yano, Tadashi Itakura, Chiaki Hayashi, Hidenori Nagaoka
-Voluntary Nominating Committee: Yumiko Miwa (Chair), Ryo Yano, Tadashi Itakura, Eriko Yamaguchi, Hidenori Nagaoka
-Governance Committee: Chiaki Hayashi (Chair), Ryo Yano, Tadashi Itakura, Rehito Hatoyama, Koichi Otsu, Atsuko Taishido

Financial and Non-Financial Highlights

Financial Information

Fiscal Year	Unit	Jan. 2015	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019	Dec. 2019*1	Old Standards Dec. 2020	New Standards*2 Dec. 2021	Dec. 2022	Dec. 2023	Dec. 2024
Net Sales	(¥ millions)	84,113	92,209	94,640	102,563	104,747	100,017	99,380	93,080	94,921	94,461	104,171
Gross Profit	(¥ millions)	38,296	43,345	44,688	50,572	53,858	50,800	49,921	44,072	44,834	45,452	51,372
Selling, General and Administrative Expenses	(¥ millions)	25,515	28,823	28,673	31,159	34,246	33,727	34,605	30,735	32,638	34,726	39,233
Operating Income	(¥ millions)	12,780	14,521	16,015	19,412	19,612	17,072	15,316	13,336	12,195	10,726	12,139
Ordinary Income	(¥ millions)	13,299	15,080	16,462	20,129	20,398	17,284	16,113	14,648	13,465	11,522	13,282
Net Income Attributable to Owners of Parent	(¥ millions)	8,451	10,197	11,118	14,515	14,238	11,538	10,643	8,785	8,581	7,423	8,371
Capital Investment*3	(¥ millions)	3,204	2,639	2,498	3,546	5,376	4,059	4,185	6,735	7,259	6,320	3,760
Depreciation*4 (Including Amortization of Goodwill)	(¥ millions)	1,705	2,133	2,357	2,451	2,804	3,588	3,972	4,161	4,947	5,080	4,877
R&D Expenditures	(¥ millions)	1,932	2,263	2,263	2,670	3,119	3,059	3,115	3,603	3,792	3,654	3,415
Cash Flows from Operating Activities	(¥ millions)	10,135	13,479	14,810	17,094	13,632	14,098	18,400	10,893	13,210	14,503	14,281
Cash Flows from Investing Activities	(¥ millions)	△3,134	△3,332	△1,854	△3,586	△4,704	△3,995	△3,815	△5,593	△5,659	△5,448	△1,137
Cash Flows from Financing Activities	(¥ millions)	△150	△6,567	△6,223	△12,812	△8,338	△8,734	△9,231	△8,693	△9,666	△10,256	△10,639
Free Cash Flows	(¥ millions)	7,001	10,147	12,955	13,507	8,928	10,103	14,584	5,300	7,551	9,055	13,143
Fiscal Year-End												
Total Assets	(¥ millions)	72,367	73,943	78,889	84,467	85,618	90,491	93,472	98,042	101,733	100,440	108,308
Net Assets	(¥ millions)	47,297	50,792	53,736	62,812	66,582	70,463	72,625	76,810	79,952	81,087	84,607
Key Financial Indicators												
Operating Margin	(%)	15.2	15.7	16.9	18.9	18.7	17.1	15.4	14.3	12.8	11.4	11.7
Net Profit Margin	(%)	10.3	11.4	12.0	14.4	13.9	11.8	10.9	9.7	9.2	8.0	8.2
Return on Equity (ROE)*5	(%)	19.8	21.3	21.8	25.7	22.8	17.5	15.5	12.2	11.4	9.6	10.5
Return on Assets (ROA)*5	(%)	20.4	20.6	21.5	24.6	24.0	19.6	17.5	15.3	13.5	11.4	12.7
Equity Ratio*2	(%)	63.8	67.0	66.4	71.9	75.0	74.8	74.8	75.4	75.4	77.2	74.9
Return on Invested Capital (ROIC)*6	(%)	13.7	15.1	16.3	22.2	21.2	17.4	15.0	12.5	10.9	9.3	10.3
Stock Price-Related Data												
Price-to-Book (P/B) Ratio	(times)	6.93	6.14	7.00	7.90	7.10	7.28	7.28	3.56	3.38	2.50	2.15
Price-to-Earnings (P/E) Ratio (PER)	(times)	34.92	29.85	32.96	35.66	41.66	47.85	47.85	29.93	30.23	26.17	20.80
Data per Share												
Earnings per Share (EPS)	(yen)	70.55	85.15	92.84	121.20	118.89	96.37	88.93	73.44	71.72	62.06	70.00
Book Value per Share (BPS)	(yen)	385.46	413.88	437.43	506.79	536.43	565.64	584.30	617.59	640.96	648.73	678.53
Dividend per Share	(yen)	35.00	42.00	53.00	66.00	68.00	70.00	72.00	74.00	76.00	76.00	76.00
Dividend Payout Ratio	(%)	49.6	49.3	57.1	54.5	57.2	72.7	81.0	100.9	106.1	122.6	108.7

*1 As the Company changed its fiscal year-end from January 31 to December 31 in 2019, the consolidated reporting period for 2019 was 11 months, from February 1 to December 31. *2 As a change in accounting policy, the Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) since 2021. Under this standard, revenue is recognized at the amount expected to be received in exchange for goods or services when control of those goods or services is transferred to the customer. *3 Figures for the fiscal years ending January 31, 2017, and later include tangible and intangible fixed assets as well as long-term prepaid expenses. Figures for fiscal years prior to the fiscal year ending January 31, 2017, represent acquisitions of tangible fixed assets. *4 Figures for depreciation prior to the fiscal year ending January 31, 2017, represent depreciation of tangible fixed assets only. *5 ROA is calculated as ordinary income divided by total assets. ROE is calculated by dividing net income attributable to owners of parent by shareholders' equity. In both cases, the denominator is the average of the balances at the beginning and end of the fiscal year. *6 ROIC is calculated as net operating profit after tax (NOPAT) divided by invested capital. The tax rate used is 30.0% for the fiscal year ending January 31, 2018, and later, and 40.7% for fiscal years ending January 31, 2017, and earlier. Invested capital is calculated as the average of the balances at the beginning and end of the fiscal year.

Nonfinancial Data

Please refer to the ESG Data Book 2024 for more details.

	Unit	Jan. 2015	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019	Dec. 2019*1	Dec. 2020	Dec. 2021	Dec. 2022	Dec. 2023	Dec. 2024
Number of Group employees	(persons)	3,617	3,743	3,739	4,306	3,875	3,954	3,886	3,935	3,803	3,618	3,066
Ratio of female employees	(%)	—	—	—	—	—	64	62	62	62	61	61
Ratio of female managers	(%)	—	—	—	—	—	—	40	41	40	40	39
Ratio of female directors (Including Outside Directors)	(%)	—	—	—	—	9	10	25	25	30	33	33
Ratio of Outside Directors	(%)	—	—	—	—	30	42	42	42	50	56	63
GHG emissions (Scope 1 and 2)*2	(t-CO_2e)	—	—	—	—	28,203	26,931	24,973	23,510	11,741	11,392	9,958
GHG emissions (Scope 3)*3	(thousand t-CO_2e)	—	—	—	—	—	—	—	265.5 (234.1)	— (205.8)	220.7 (189.6)	Being calculated

*1 From 2024, calculation methods have been partially revised to standardize information disclosure globally. *2 Scope of aggregation: Pigeon Corporation and its domestic and overseas consolidated subsidiaries. For details on the calculation method of GHG emissions, please refer to our website (Initiatives to Achieve Decarbonization).
*3 In preparation for Science Based Targets (SBT) certification, the calculation method has been partially revised, and Scope 3 GHG emissions for the base year 2021 and for 2023 have been recalculated. Scope 3 GHG emissions for 2022 have not been recalculated and are presented as originally calculated.

Corporate Information

Corporate Data (As of December 31, 2024)

Company Name	Pigeon Corporation
Address	4-4, Nihonbashi Hisamatsu-cho, Chuo-ku, Tokyo 103-8480, Japan Phone: +81-3-3661-4200 Fax: +81-3-3661-4320 URLs: https://www.pigeon.com (global) https://www.pigeon.co.jp (Japan)
Established	August 15, 1957
Capital Stock	¥5,199,597 thousand
Fiscal Year-End	December 31
Our Business	Manufacture, sale, import, and export of baby and childcare products, maternity items, women's care products, home healthcare products, elder care products and related products; operation of childcare centers
Number of Employees	341 (Japan, full-time employees)/3,066 (worldwide, includes part-time employees)

Consolidated Subsidiaries (26 companies) (As of December 31, 2024)

- PIGEON HOME PRODUCTS CORPORATION
- PIGEON HEARTS CORPORATION
- PIGEON MANUFACTURING HYOGO CORPORATION
- PIGEON MANUFACTURING IBARAKI CORPORATION
- PIGEON TAHIRA CORPORATION
- PIGEON SINGAPORE PTE. LTD.
- PIGEON INDIA PVT. LTD.
- PIGEON MALAYSIA (TRADING) SDN. BHD.
- PT PIGEON BABY LAB INDONESIA
- PIGEON BABY LAB KENYA LTD.
- PIGEON INDUSTRIES (THAILAND) CO., LTD.
- PT PIGEON INDONESIA
- THAI PIGEON CO., LTD.
- PIGEON (SHANGHAI) CO., LTD.
- PIGEON AMERICA INC.
- PIGEON MANUFACTURING (SHANGHAI) CO., LTD.
- PIGEON INDUSTRIES (CHANGZHOU) CO., LTD.
- DOUBLEHEART CO. LTD.
- PIGEON HONG KONG LTD.
- LANSINOH LABORATORIES, INC.
- LANSINOH LABORATORIES MEDICAL DEVICES DESIGN INDUSTRY AND COMMERCE LTD. CO.
- LANSINOH LABORATORIES BENELUX
- LANSINOH LABORATORIES SHANGHAI
- LANSINOH LABORATORIES (HONGKONG) CO. LTD.
- LANSINOH LABORATORIES UK LTD.
- LANSINOH LABORATORIES FRANCE SAS

External Evaluations (As of May 31, 2025)

Visit our website for more details on external evaluations. Website https://www.pigeon.com/sustainability/evaluation/

- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Select Index

FTSE Blossom Japan Index

FTSE Blossom Japan Sector Relative Index

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

- Morningstar® Japan ex-REIT Gender Diversity Tilt Index℠
- S&P/JPX Carbon Efficient Index
- Winner of the 17th Parenting Award (*Koto* [Initiatives] Category) for "Lesson for Learning About Babies – For a Baby-Friendly Future"
- Recognized as one of the 2025 Outstanding Organizations of KENKO Investment for Health (Large Enterprise Category)

Pigeon Group Business Structure (As of December 31, 2024)

	Company Name	Location	Percentage of Voting Rights in the Stock of a Subsidiary Held by a Parent Corporation	Business
GHO	PIGEON CORPORATION	Japan	–	–
Japan Business	● PIGEON CORPORATION	Japan	–	Sale of maternity and baby products
	● PIGEON HOME PRODUCTS CORPORATION*2	Japan	100%	Manufacture of toiletries
	● PIGEON HEARTS CORPORATION	Japan	100%	Provision of childcare services and preschool education
	● PIGEON MANUFACTURING HYOGO CORPORATION*2	Japan	100%	Manufacture of non-woven products
	● PIGEON MANUFACTURING IBARAKI CORPORATION*2	Japan	100%	
	● PIGEON TAHIRA CORPORATION	Japan	100%	Sale of elder care products
China Business	● PIGEON (SHANGHAI) CO., LTD.*4	China	100%	Sale of maternity and baby products
	● PIGEON AMERICA INC.*1	United States	100% (100.0%)	
	● PIGEON MANUFACTURING (SHANGHAI) CO., LTD.*2	China	100%	Manufacture of maternity and baby products
	● PIGEON INDUSTRIES (CHANGZHOU) CO., LTD.*2	China	100%	
	● DOUBLEHEART CO. LTD.	South Korea	100%	Sale of maternity and baby products
	● PIGEON HONG KONG LTD.*1	China	100% (100.0%)	
Singapore Business	● PIGEON SINGAPORE PTE. LTD.*2	Singapore	100%	Sale of maternity and baby products
	●● PIGEON INDIA PVT. LTD.*1,*2,*3	India	100% (0.1%)	Manufacture and sale of maternity and baby products
	● PIGEON MALAYSIA (TRADING) SDN. BHD.*1	Malaysia	100% (100.0%)	Sale of maternity and baby products
	● PT PIGEON BABY LAB INDONESIA*1	Indonesia	100% (100.0%)	
	● PIGEON BABY LAB KENYA LTD.	Kenya	100%	
	● PIGEON INDUSTRIES (THAILAND) CO., LTD.*2	Thailand	97.5%	Manufacture of maternity and baby products
	● PT PIGEON INDONESIA*1,*2	Indonesia	65% (65.0%)	
	● THAI PIGEON CO., LTD.*2	Thailand	53%	
Lansinoh Business	● LANSINOH LABORATORIES, INC.*2,*4	United States	100%	Sale of maternity and baby products
	● LANSINOH LABORATORIES MEDICAL DEVICES DESIGN INDUSTRY AND COMMERCE LTD. CO.*1,*2	Turkey	100% (99.9%)	Manufacture of maternity and baby products
	● LANSINOH LABORATORIES BENELUX*1	Belgium	100% (100.0%)	Sale of maternity and baby products
	● LANSINOH LABORATORIES SHANGHAI*1	China	100% (100.0%)	
	● LANSINOH LABORATORIES (HONGKONG) CO. LTD. *1	China	100% (100.0%)	
	● LANSINOH LABORATORIES UK LTD.*1,*2	United Kingdom	100% (100.0%)	
	● LANSINOH LABORATORIES FRANCE SAS*1	France	100% (100.0%)	

*1 In the Percentage of Voting Rights column, numbers in parentheses ( ) represent the percentage of indirect holdings and are included in the total percentage of voting rights held by the Company.
*2 The company is classified as a specific subsidiary.
*3 In January 2024, Pigeon India Pvt. Ltd. increased its capital by INR 910,000 thousand, bringing its total capital to INR 1,660,000 thousand.
*4 Pigeon (Shanghai) Co., Ltd., and Lansinoh Laboratories, Inc., account for more than 10% of consolidated net sales (excluding inter-company sales among consolidated companies).

●Sales/Service offices ●Factories

Stock Information/ Disclosure Framework

Stock Data (As of December 31, 2024)

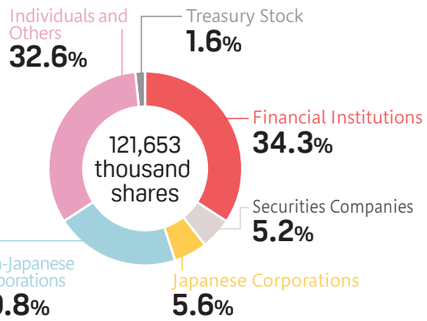
- Shares authorized ····· 360 million
- Total number of shareholders ·· 74,034
- Treasury stock ····· 1,894,321
- Shares issued ····· 121,653,486
- Number of shareholders with voting rights ·· 63,422

Major Shareholders (As of December 31, 2024)

Shareholder Name	Number of Shares (Thousands)	Ownership* (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,263	19.4
Custody Bank of Japan, Ltd. (Trust Account)	9,477	7.9
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2,667	2.2
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2,611	2.2
Yoichi Nakata	1,944	1.6
JPMorgan Securities Japan Co., Ltd.	1,877	1.6
Y.N. Corporation	1,678	1.4
STATE STREET BANK AND TRUST COMPANY 505001	1,626	1.4
STATE STREET BANK WEST CLIENT - TREATY 505234	1,570	1.3
THE BANK OF NEW YORK MELLON 140051	1,380	1.2

*Pigeon holds 1,894,321 treasury shares, which are excluded from the major shareholders. Shareholding ratios are calculated after deducting treasury shares. Note that treasury shares do not include the number of shares held in the Board Incentive Plan for Directors (BIP) Trust Account (169,948 shares).

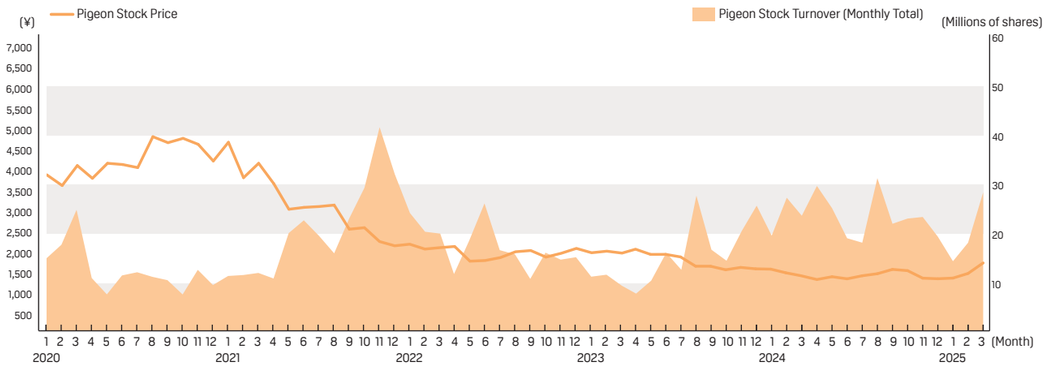
Share Breakdown by Shareholder Type (As of December 31, 2024)



	Number of shares* (thousands)
Financial Institutions	41,714
Individuals and Others	39,597
Non-Japanese Corporations	25,266
Japanese Corporations	6,823
Securities Companies	6,357
Treasury Stock	1,894

Note: Share distribution ratios are rounded to the first decimal place. *The number of shares held has been rounded down to the nearest unit.

Stock Price Range/Turnover of Common Stock



■IR Tools (Quick Reference)

The purpose of this Integrated Report is to describe management strategies aimed at conveying the vision of the Pigeon Group, as well as details of the Group's business and ESG activities. It is also designed to deepen understanding of the corporate value created by the Pigeon Group. In addition, we provide a variety of other information through our Investor's Guide and our corporate website, which give qualitative and quantitative details of the Pigeon Group's history.

Integrated Report 2024	Purpose	Corporate Site
P.06 Business Overview P.14 Initiatives to Improve Corporate Value P.66 Financial and Non-Financial Highlights	To see Pigeon's key performance figures	Investors ・Financial Results ・Results Briefing ・Medium-Term Business Plan
P.26 Business Summaries by Segment	To see Pigeon's business by segment	Investors ・Segment Financial Overview
P.16 Value Creation Story P.38 Our Research and Development P.66 Financial and Non-Financial Highlights	To see the financial data and earnings structure as a reference for investment decisions	Investors ・Chart Generator ・Investor's Guide
P.70 Stock Information	To find Pigeon's stock information	Stock Information
P.02 History of Pigeon and Our Nursing Bottles P.04 History at a Glance P.38 Our Research and Development P.68 Corporate Information	To learn about Pigeon's history and corporate profile	Corporate History ・Pigeon's History ・History of Nursing Bottles Company Profile
P.01 Pigeon Group DNA・Pigeon Way P.08 Message from the President and CEO P.16 Value Creation Story P.18 Vision of a Baby-Friendly Future P.20 Toward Sustainable Growth P.38 Our Research and Development	To learn about Pigeon's corporate philosophy, culture, and management vision	The Pigeon Group DNA and the Pigeon Way Vision of a Baby-Friendly Future
P.08 Message from the President and CEO P.16 Value Creation Story P.22 The 8th Medium-Term Business Plan P.26 Business Summaries by Segment P.35 Pigeon's Sustainability Management P.64 Directors/Audit & Supervisory Board Members/Managing Officers	To understand Pigeon's management team and their views and opinions on business	Investors ・Message from the CEO ・Sustainability: Message from the CEO ・Medium-Term Business Plan Management
P.16 Value Creation Story P.20 Toward Sustainable Growth P.34 Promoting Sustainability Management P.36 Enhancing Business Competitiveness and Resilience P.42 Reducing Our Environmental Impact P.47 Contributing to the Resolution of Social Issues P.50 Managing Talent and Cultivating the Right Culture for Our Purpose P.54 Establishing Solid Management Foundations	To understand Pigeon's ESG initiatives, which drive the sustainable growth of business and corporate value	Sustainability ・ESG/SDGs Policy ・ESG Data Book

Celebrate babies the way they are

Pigeon Corporation
(Securities Code: 7956)

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