

**Summary of the Financial Results Briefing for the FY Dec. 2025 and 9<sup>th</sup> Mid-term Plan**

Note: This "Briefing Summary" is a summary of presentation at the results briefing. Forward-looking statements in this document are based on management's assumptions and beliefs considering the information currently available to Pigeon group, and are subject to known and unknown risks, uncertainties, and other factors that may cause actual results to differ materially from those contained in the forward-looking statements.

In the event of discrepancy between the English version and the Japanese version of the summaries, the Japanese-language version shall prevail.

**[Date & Time].**      Friday, February 13, 2026    16:00 - 17:30 JST

**[Speakers]**                      8

Ryo Yano	President and CEO
Tadashi Itakura	Director, Senior Managing Executive Officer, Chief Product & Supply Chain Officer
Nobuo Takubo	Group Executive Officer, Chief Strategy Officer
Takashi Arai	Group Executive Officer, Chief Financial Officer
Minako Hara	Group Executive Officer, Chief Human Resources Officer
Yusuke Nakata	Group Executive Officer, Chief Branding Officer
Zenzou Yamaguchi	Group Executive Officer, Japan Business Unit Chief Executive Officer
Koji Matsutori	Group Executive Officer, Singapore Business Unit Chief Executive Officer

## Agenda

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**Yano:** Thank you very much for joining us today for our earnings briefing and the presentation of our 9th Medium-Term Business Plan, despite your busy schedules. Our agenda for today is as follows: First, we will report on our financial performance for the fiscal year ended December 2025. Next, we will outline our 9th Mid-Term Management Plan, which covers the three-year period from the fiscal year ending December 2026 through the fiscal year ending December 2028. Finally, we will discuss our earnings outlook for the upcoming fiscal year ending December 2026.

1. Review of the FY Dec. 2025 Results pigeon

## FY Dec. 2025 Performance Highlights

Achieved year-on-year increases in both sales and income.  
Steady progress in operating margin improvement.

- **Consolidated net sales: Increased**
  - Sales increased across all business segments
  - Especially, China business saw a double-digit growth
- **Operating income: Increased**
  - Japan and Singapore businesses saw over 20% increase. Profitability is improving steadily.
- **Net income attributable to owners of parent: Increased**

**Japan Business**

**China Business**

**Singapore Business**

**Lansinoh Business**

**Product lineup other than nursing bottles/nipples also grew: Together with the rapid expansion of the Company's e-commerce channel both sales and income increased.**

**Sales and income rose, driven mainly by nursing bottles/nipples and skincare products. Sales promotion expenses rose, but countermeasures are already underway.**

**The advance in shift to wide-mouth bottles boosted both sales and income. We are steadily progressing toward a highly profitable business structure.**

**Europe performed strongly. U.S. also saw solid sales growth, driven by significant sales increase of nursing bottles/nipples, while income declined due to U.S. tariff impacts.**

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First, here are the performance highlights for FY2025.

We achieved top-line growth, with both operating income and net income attributable to owners of the parent showing an upward trend. The key developments for each business segment are outlined here.

In Japan Business, we achieved significant growth in our proprietary e-commerce channels. Furthermore, our new strategic pillar, baby care appliances saw substantial expansion, serving as a primary driver for increased revenue and profit.

In China Business, focused investments in our core nursing bottle, nipple, and skincare categories—combined with the positive impact of new products—drove increases in both sales and profits. While intensified promotional activities in the second half led to higher expenses, they also clarified our operational challenges. Consequently, we have already initiated measures for the current fiscal year to optimize costs and improve efficiency.

In Singapore Business, profitability improved as the strategic shift progressed from traditional slim-neck bottles to our premium wide-neck models, which offer higher margins and better align with regional needs. Steady progress is evident in this market, and I will elaborate on this further later in the presentation.

The Lansinoh Business delivered steady revenue growth, driven by expansion in both maternity products and the nursing bottle and nipple categories. Although profitability was impacted by external factors such as U.S. tariffs, this year successfully laid a solid foundation for accelerating our sales of nursing bottles and nipples across the European and American markets.

## 1. Review of the FY Dec. 2025 Results



## FY Dec. 2025 Results - Consolidated P&L (12 months)

Growth achieved in sales and income YoY. Steady progress in operating margin improvement. The company also met its initial operating profit target

(Unit: Million JPY)	FY Dec. 2024		FY Dec. 2025 Forecast		FY Dec. 2025			
	Actual	% of Total	Forecast	% of Total	Actual	% of Total	YoY Change	vs Forecast
Net Sales	104,171	100.0%	109,700	100.0%	<b>109,170</b>	<b>100.0%</b>	<b>104.8%</b>	<b>99.5%</b>
Cost of Sales	52,799	50.7%	55,300	50.4%	<b>54,331</b>	<b>49.8%</b>	<b>102.9%</b>	<b>98.2%</b>
Gross Profit	51,372	49.3%	54,400	49.6%	<b>54,839</b>	<b>50.2%</b>	<b>106.7%</b>	<b>100.8%</b>
SG&A Expenses	39,233	37.7%	41,500	37.8%	<b>41,680</b>	<b>38.2%</b>	<b>106.2%</b>	<b>100.4%</b>
Operating Income	12,139	11.7%	12,900	11.8%	<b>13,158</b>	<b>12.1%</b>	<b>108.4%</b>	<b>102.0%</b>
Ordinary Income	13,282	12.8%	12,900	11.8%	<b>13,681</b>	<b>12.5%</b>	<b>103.0%</b>	<b>106.1%</b>
Net Income Attributable to Owners of Parent	8,371	8.0%	8,400	7.7%	<b>8,570</b>	<b>7.9%</b>	<b>102.4%</b>	<b>102.0%</b>

<Currency Rates> 2024 Results: US\$1 = JPY149.66 CNY1=JPY20.82  
 2024 Forecast: US\$1 = JPY147.00 CNY1=JPY21.00  
 2023 Results: US\$1 = JPY151.58 CNY1=JPY21.04

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Now, let's look at the consolidated full-year results.

While net sales fell short of our plan by approximately ¥500 million, both gross profit and operating income exceeded the previous year's results. In particular, operating income grew at a rate surpassing our sales growth, leading to a YoY improvement in the operating margin.

## 1. Review of the FY Dec. 2025 Results



## FY Dec. 2025 Results - By Business Segment (12 months)

Net sales rose YoY across all business segments. Japan saw strong sales growth in baby care despite decline in births. Income increased in all except the Lansinoh Business segment.

(Unit: Million JPY)	Dec. 2024 Actual				Dec. 2025 Actual				
	Net sales	% of Total	Gross Margin	Segment Profit	Net sales	% of Total	YoY Change	Gross Margin	Segment Profit
Consolidated Net Sales	104,171	100.0%	49.3%	12,139	109,170	100.0%	104.8%	50.2%	13,158
Japan Business	36,500	35.0%	32.8%	1,998	37,806	34.6%	103.6%	34.8%	2,596
China Business	39,027	37.5%	56.0%	10,066	42,902	39.3%	109.9%	54.4%	10,496
Singapore Business	14,277	13.7%	40.2%	1,668	14,920	13.7%	104.5%	42.7%	2,124
Lansinoh Business	21,430	20.6%	55.1%	1,731	21,904	20.1%	102.2%	55.6%	1,517
Elimination of Inter-segment Transactions	(7,064)	(6.8%)	—	—	(8,363)	(7.7%)	—	—	—

[Reference] Breakdown of Japan Business

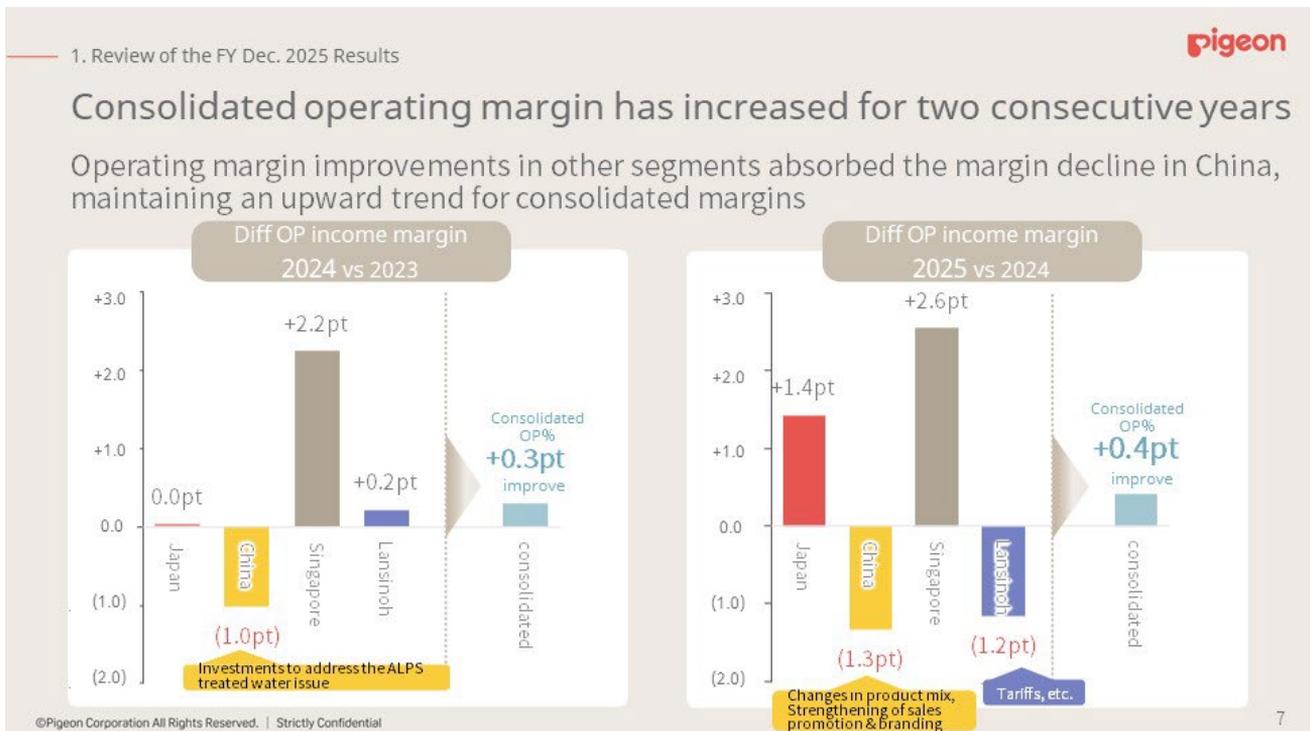
(Unit: Million JPY)	Dec. 2024 Actual				Dec. 2025 Actual				
	Net sales	% of Total	Gross Margin	Segment Profit	Net sales	% of Total	YoY Change	Gross Margin	Segment Profit
Baby Care	26,760	—	36.4%	1,989	28,787	—	107.6%	38.7%	2,851
Childcare Services	3,364	—	13.8%	122	3,313	—	98.5%	16.0%	91
Health & Elder Care	4,400	—	34.7%	405	3,948	—	89.7%	33.5%	230

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This slide illustrates our profit and loss by business segment.

While our Childcare Services and Health & Elder Care businesses in Japan faced challenging market conditions, Baby Care sales grew by approximately 8% YoY. In China, we achieved approximately 10% sales growth, while in Singapore, the ongoing transition toward wide-neck bottles contributed to higher unit prices and improved profitability.

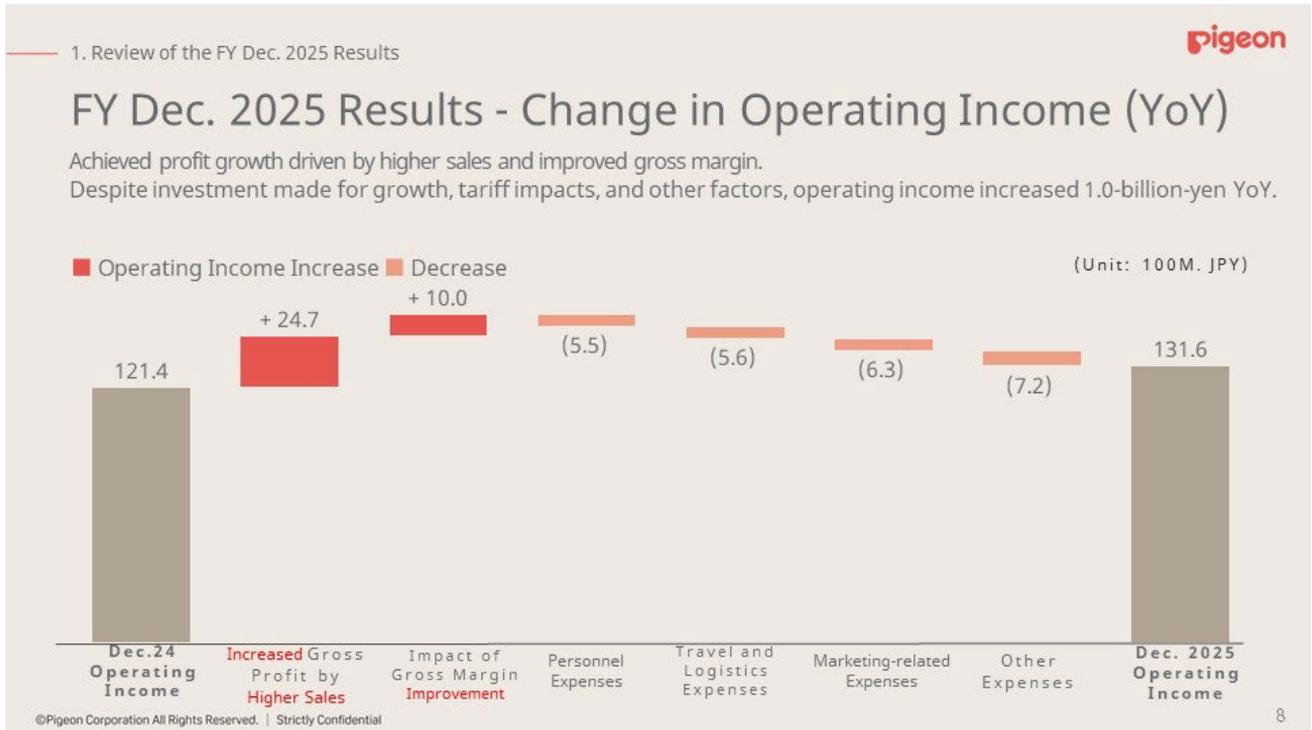
Although the Lansinoh business faced headwinds in the U.S. market, overall sales still exceeded the previous year. Notably, Europe achieved significant growth, with sales increases recorded across nearly all regions.



This slide demonstrates that our consolidated operating profit margin has improved for the second consecutive year.

The graph on the left provides a breakdown of the variance in actual operating profit margins between FY2024 and FY2023 by business segment. In FY2024, we made strategic investments in mainland China to recover from the sharp sales decline triggered by the ALPS treated water issue the previous year. Meanwhile, our Japan and Singapore businesses established robust profit-generating structures.

The graph on the right illustrates the variance between FY2025 and FY2024. In the China business, the operating profit margin decreased YoY for the full year, primarily due to expenses related to new product launches in the second half. Although the Lansinoh business also saw a margin decline due to tariff impacts, our Japan and Singapore businesses continued to grow as solid profit bases. This growth effectively counterbalanced the declines elsewhere, enabling an overall improvement in the Group's consolidated operating profit margin.



Next, let's examine the factors affecting the change in consolidated operating profit compared to the previous fiscal year.

Although personnel expenses, logistics costs, and marketing-related expenses increased, these were successfully absorbed by top-line revenue growth and an improved gross profit margin. As a result, we achieved an increase in operating profit of approximately ¥1 billion YoY.

## 1. Review of the FY Dec. 2025 Results



## FY Dec. 2025 Results - Balance Sheet

Inventories rose from the previous fiscal year-end. Going forward, we will enhance efficiency and CCC by reinforcing monitoring

(Unit: Million JPY)	End of Dec. 2024	End of Dec. 2025			
	Actual	Actual	YoY Change (Amount)	YoY Change (%)	YoY Change (Amount) w/o Impacts of FX Rates
Cash and Deposits	39,201	39,609	+408	101.0%	-875
Notes and Accounts Receivable-Trade	18,392	18,642	+249	101.4%	-170
Inventories	14,012	16,265	+2,252	116.1%	+1,942
Notes and Accounts Payable-Trade	5,195	5,121	-74	98.6%	-191
Electronically Recorded Obligations - Operating	369	366	-3	99.1%	-3
Borrowings	—	—	0	—	—
Net Assets	84,607	85,887	+1,279	101.5%	-605
Total Assets	108,308	110,088	+1,780	101.6%	-644
Equity Ratio	74.9%	75.3%	—	—	—

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Here are the balance sheet highlights.

A major point for reflection was our failure to effectively control inventory assets. The increase in inventory, particularly within our Japan business, has become a significant issue. However, we have already strengthened our monitoring system and are committed to driving inventory optimization starting from FY2026.

1. Review of the FY Dec. 2025 Results Japan Business China Business Singapore Business Lansinoh Business 

## FY Dec. 2025 Results - Business Summary By Segment

\*Net sales: Sell-in on a local currency basis

### Japan Business

**Product lineup other than nursing bottles/nipples also grew: Together with the rapid expansion of the Company's e-commerce channel both sales and income increased**

- Q4 YTD sales of baby care products showed robust growth of 7.6% YoY. Net sales through our own e-commerce channel increase rapidly by approximately 70% YoY.
- Q4 YTD sales of nursing bottles/nipples continued to grow YoY.
- Despite sluggish overseas demand such as exports and cross-border EC, baby skincare grew YoY, in part by contribution from "Baby Milk Lotion with Vaseline."
- Baby care appliances in the new area has been a key growth driver, pushing its sales percentage of total sales to over 10%. "POCHitto Slim," launched in August, has also shown strong sales performance.
- Q4 YTD sales for baby foods and beverages posted strong YoY growth, driven primarily by the favorable reception of the new, high-priced product meals for toddlers (Age-up).
- The official launch of new brands, "TABOTENZU," "Pigeon kids" and "Lansinoh\*" in Japan was announced.
- Q4 YTD gross margin of baby care products rose 2.3 pts YoY, driven mainly by price adjustments in June and increased plant operating rates.

**Strengthening of Existing Areas**

Capturing changes in lifestyles, diverse new products were launched one after another in existing areas.



**New area (baby care appliances) and new brand**

Expanding the product lineup such as "POCHitto Slim," a nursing bottle sterilizer and dryer, and announcing new brands (TABOTENZU and Pigeon kids)



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Next is our Business Segment Summary. First to start with Japan Business.

Within Baby Care, cumulative sales grew by approximately 8% YoY. Notably, our own e-commerce sales surged by 70% YoY, demonstrating that we have successfully established a system to deliver products directly to our customers. Our new childcare appliances business also grew steadily, becoming a core pillar with a sales share exceeding 10%. While maintaining a dominant market share of over 80% for nursing bottles and nipples, we launched the new brand 'TABOTENZU' and 'Pigeon Kids' for older children, and initiated the full-scale development of the Lansinoh brand.

# FY Dec. 2025 Results - Business Summary By Segment

\*Net sales: Sell-in on a local currency basis

## China Business

**Sales and income rose, driven mainly by nursing bottles/nipples and skincare products. Sales promotion expenses rose, but countermeasures are already underway**

- Q4 YTD sales of mainland China (CNY) ended at +6% YoY.
- Q4 YTD sales of nursing bottles/nipples increased by 5.9% YoY, supported in part by the strong performance of new products (such as the Disney-design series). Market share also expanded.
- Q4 YTD sales of baby skincare products soared as high as over 20% mainly due to the contribution of "Momo-no-ha (Peach leaves) Series" and a new product "Vernix Skincare Series."
- "Double-Eleven shopping week" period: Both UV and GMV showed steady growth YoY despite heightened competitive pressures.
- Q4 YTD sellout grew by 8% YoY (Q4 alone grew by 5% YoY) with EC up 11% YoY and offline up 1% YoY. Q4 YTD EC ratio was 78%.
- Q4 YTD sales of nursing bottles/nipples from Pigeon brand in U.S. market grew dramatically 128% YoY.
- Q4 YTD gross margin of the China business (in JPY) declined by 1.6 pts YoY partly due to sales mix changes induced by growth of skincare products and drinking cups.

**Strengthening of Existing areas**  
A number of new products were launched in core categories

**New area: Age-up products**  
Expanding drinking cup and kids' skincare products lineup

In China, cumulative sales of nursing bottles and nipples increased by approximately 6% YoY, while skincare sales grew by approximately 20%. During the Double 11 sales campaign, we achieved a Gross Merchandise Volume (GMV) that exceeded the previous year's results while maintaining a rigorous focus on cost-effectiveness. Furthermore, by leveraging the e-commerce and digital marketing expertise cultivated in China, we have driven rapid growth in the North American market. Specifically, sales of Pigeon-branded nursing bottles and nipples in North America have more than doubled compared to the previous period.

1. Review of the FY Dec. 2025 Results

Japan Business   China Business   **Singapore Business**   Lanxihou Business

**FY Dec. 2025 Results - Business Summary By Segment** \*Net sales: Sell-in on a local currency basis

**Singapore Business**

**Intensifying our effort for advancing shift to wide-neck nursing bottles boosted both sales and income. We are steadily progressing toward a highly profitable business structure**

- Q4 YTD\* sales was up 1% in Malasia, flat in the Middle East, down 1% in India and down 8% in Indonesia YoY. Australia posted dramatic growth of more than 50%.
- Q4 YTD sellout grew in the Middle East, India, Australia, and Vietnam YoY. Indonesia recovered to the previous year's level.
- In nursing bottles/nipples, the sales percentage of wide-neck nursing bottles rose over 10 pts (or over 60%) YoY, supported in part by the impact of the renewed brand of "SoftTouch™" series. Newly launched, first Indian-made wide-neck nursing bottles "SoftLatch™2.0" also performed strongly.
- For our new Age-up product, a drinking cup "StarTouch™," in the new area, distribution areas were expanded, starting with major countries
- Q4 YTD sales of Natural Botanical skincare products increased YoY, primarily due to the solid performance of "Diaper Rash Cream," launched in the previous year as a new product.
- Q4 YTD gross margin (in JPY) of the Singapore Business grew 2.5 pts YoY as the shift toward wide-neck bottles progressed and plant operations enhanced.

**Strengthening core products: Wide-neck nursing bottles**  
Accelerating the shift to wide-neck bottles under the "SoftTouch™" series

**Strengthening core products: Skincare**  
Expanding exposure of Natural Botanical skincare

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In our Singapore business, we strongly promoted a strategic shift toward wide-neck bottles, increasing their sales share to over 60%. Furthermore, our sell-out showed year-on-year growth in the Middle East, India, Australia, and Vietnam, while in Indonesia, sales recovered to the previous year's levels.

## FY Dec. 2025 Results - Business Summary By Segment

\*Net sales: Sell-in on a local currency basis

### Lansinoh Business

**Europe performed strongly. North America also posted solid sales growth, driven in part by significant growth in nursing bottles/nipples, but profit declined due to the impact of U.S. tariffs**

- Q4 YTD sales of Lansinoh group ended +2.2% YoY.
- North America offset the weak performance of breast pumps with strong results of nursing bottles/nipples and mainstay products such as breast milk pads, maintaining Q4 YTD sales at previous-year levels.
- Net sales in Europe was boosted significantly by the full-year contribution of breast pumps, further supported primarily by nipple cream, our mainstay product and prenatal and postpartum care products in the new area.
- Q4 YTD sales of prenatal and postpartum care products rose YoY, maintaining strong growth mainly in Germany and Benelux.
- In North America and Europe, Q4 YTD sales of nursing bottles/nipples from Lansinoh brand rose dramatically over 40% YoY. High customer ratings were achieved.
- The lineup of nursing bottles/nipples and peripheral products were enhanced through expansion in size and material variations as well as collaboration with other brands.
- Q4 YTD gross margin (in JPY) of Lansinoh grew 0.5 pts YoY mainly by lower ocean freight rates and an improved product composition which offset the upward cost pressure of U.S. tariffs.

#### Strengthening existing products

Nursing bottles and nipples achieved high customer satisfaction.

Other new products related to breastfeeding to be launched continuously.

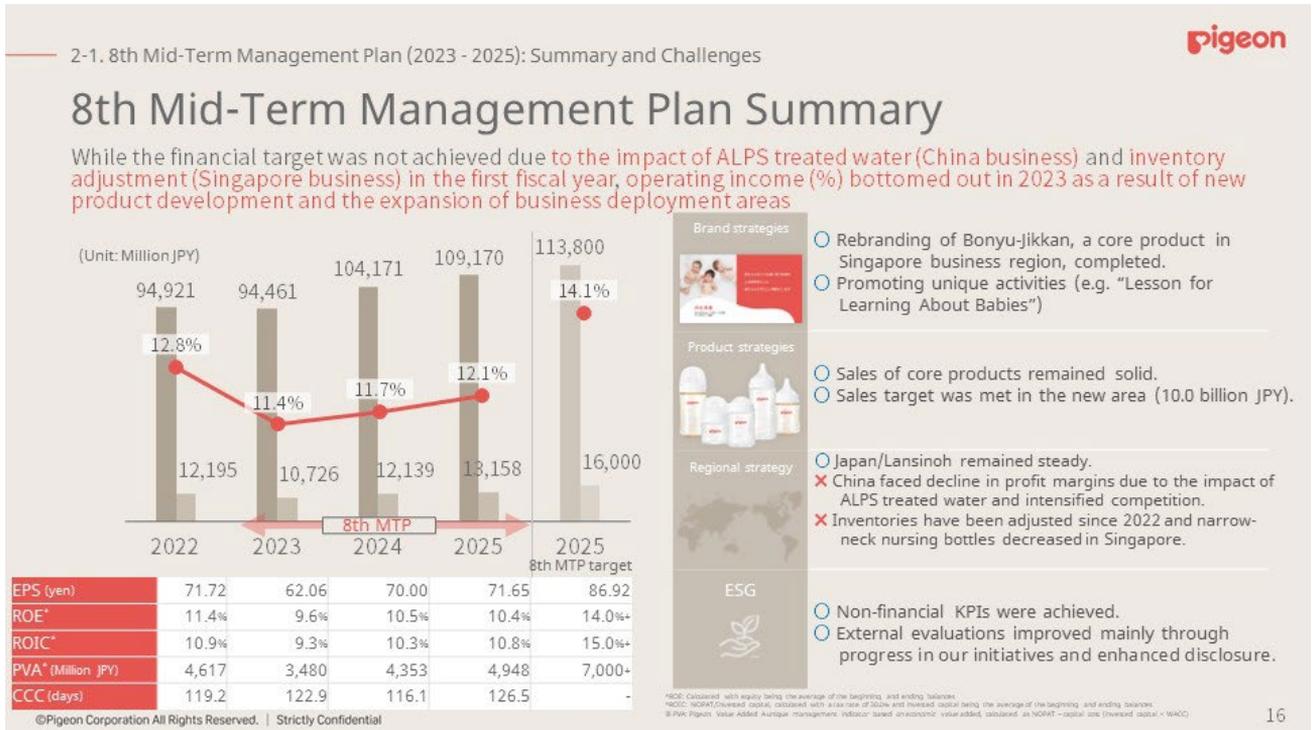


#### Brand : Communication

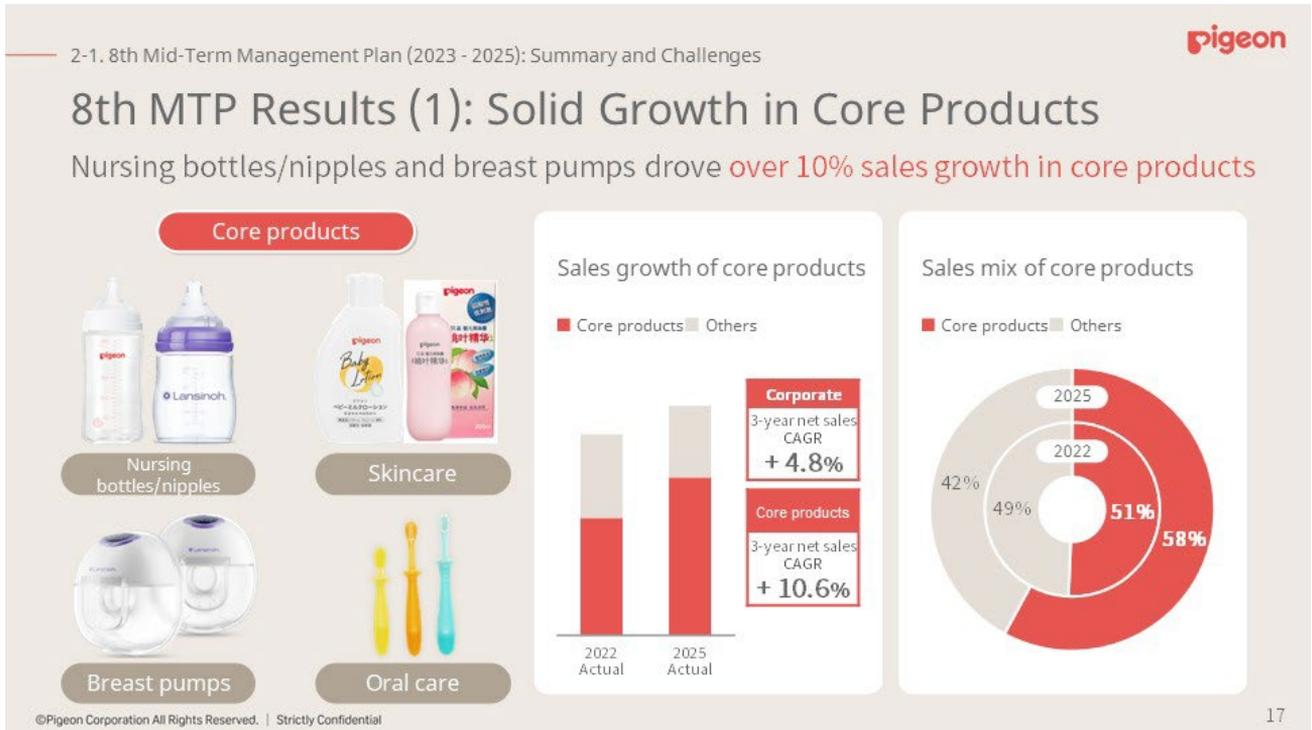
Strengthening information dissemination via social media.



The Lansinoh business secured a 2% YoY increase in sales, maintaining growth despite a challenging market environment. Of particular note is the exceptional growth rate of over 40% compared to the previous period for our nursing bottles and nipples.



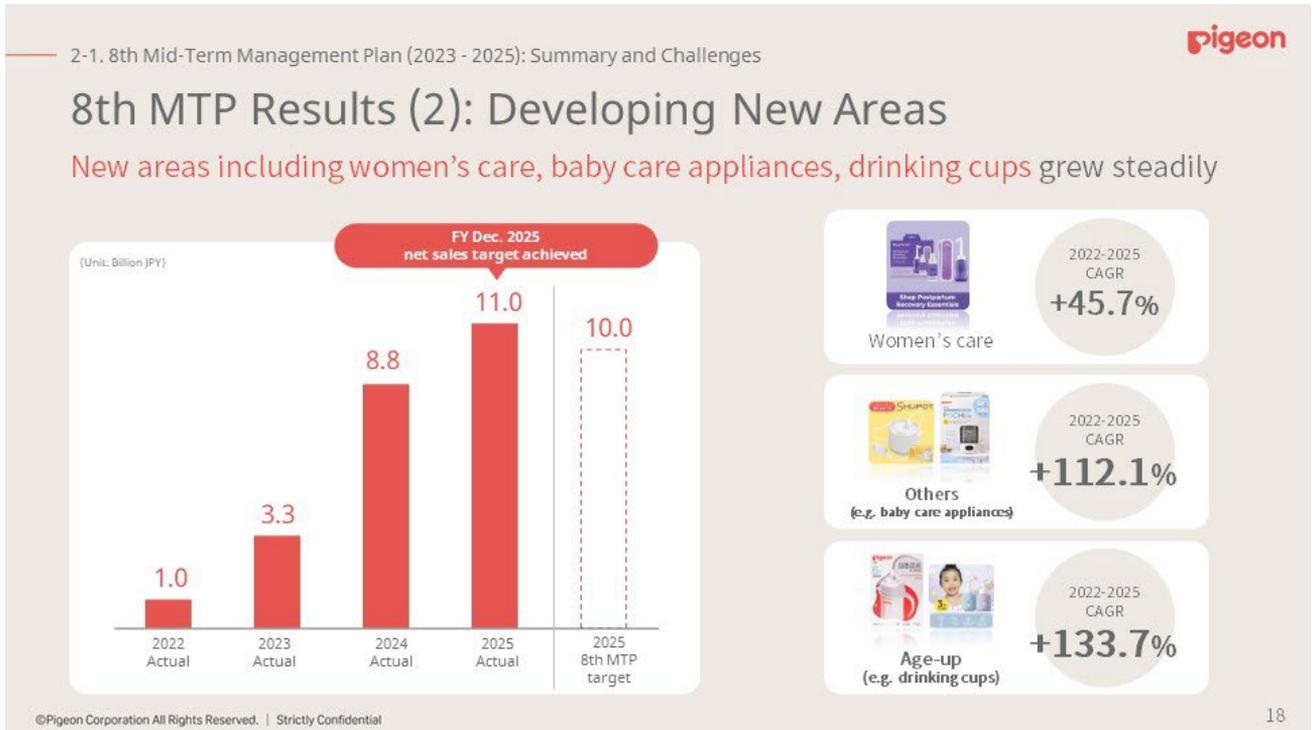
This slide explains the contents of our mid-term management plan. First, we summarize the 8th Mid-Term Plan, which concluded in December 2025, and identify key challenges. The 8th Mid-Term Management Plan faced a very difficult start in its first year, 2023, due to reputational damage from the ALPS treated water issue in mainland China and inventory adjustments in the Singapore business. Consequently, while we strengthened investments to recover sales and market share in the China business, the Group as a whole managed to restore the operating profit margin in FY2024 and 2025. However, we did not achieve the financial targets set for the final year of the 8th Mid-Term Management Plan.



Despite such a challenging environment, we delivered tangible results.

First, our four focused core categories—nursing bottles and nipples, skincare, breast pumps, and oral care—achieved a CAGR of 10.6%. This growth significantly outpaced the Group’s consolidated sales CAGR of 4.8%, and as a result, their share of total sales increased.

We view this three-year period as one in which we successfully balanced our product portfolio: we drove growth in prioritized products while simultaneously reducing product groups where we did not necessarily hold a competitive edge.



Another key achievement was the performance of our new domains, such as women's care, baby care appliances, and age-up products. Sales in these areas surpassed our ¥10 billion target, reaching ¥11 billion.

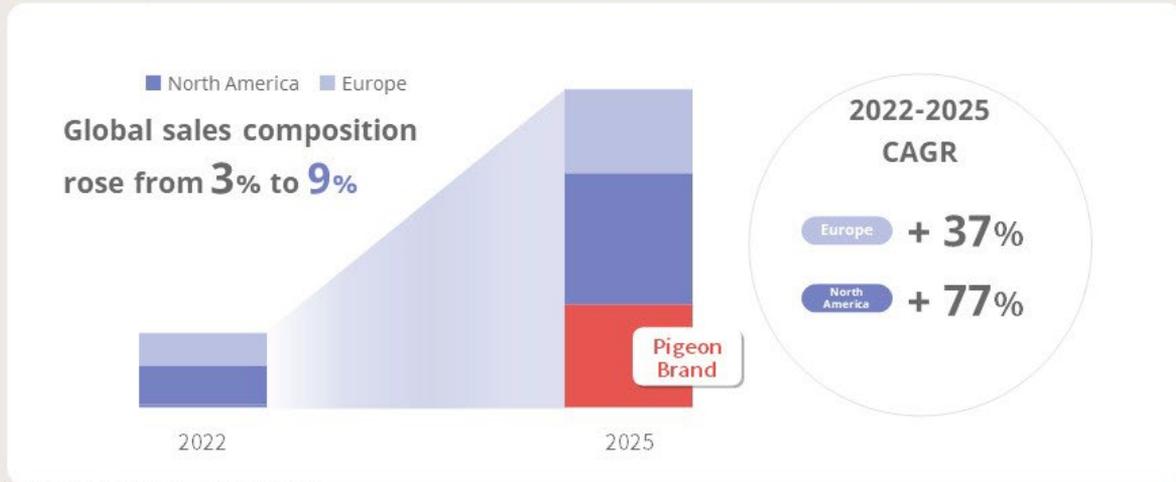
As illustrated on the right, we delivered high sales CAGRs consistently throughout each year of this three-year period.

2-1. 8th Mid-Term Management Plan (2023 - 2025): Summary and Challenges



## 8th MTP Results (3): Expansion of our Target Market

Sales of nursing bottles/nipples grew fourfold in North America and Europe: Its global sales composition increased from 3% to 9%



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The third achievement is a key message leading into our 9th Mid-Term Management Plan that we particularly want to emphasize today.

Sales of nursing bottles and nipples in North America and Europe expanded rapidly, increasing approximately fourfold over the three-year period. In Europe, the three-year CAGR was +37%, while growth in North America was even more pronounced, reaching a CAGR of +77%. Within this, we also delivered significant growth for Pigeon-brand nursing bottles and nipples, indicated in red. We believe this represents a highly significant achievement for the Group.

2-1. 8th Mid-Term Management Plan (2023 - 2025): Summary and Challenges



## 8th MTP Results (4): Promoting Group-wide ESG Initiatives

Promoting E, S, and G initiatives to mitigate **medium-to-long-term business risks**

### 【Activity Results / Key Achievements】

- ① Became a signatory to the United Nations Global Compact (UNGC) in 2023; promoting initiatives to respect human rights.
- ② Formulated the "Pigeon Green Action Plan" and launched group-wide initiatives to reduce environmental impact (since 2023).
- ③ The Pigeon Group's 2030 GHG emissions reduction targets were certified by SBTi as Science Based Targets (SBT) in 2025.
- ④ Improved ratings from ESG assessment institutions; included in all ESG indices used by GPIF (as of the end of 2025).

	2023	2024	2025
FTSE ESG Rating	3.8	3.9	4.3
MSCI ESG Rating	BBB	AA	AA



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(Please see the appendix for other activities) 20

Next, I will review the results of our ESG initiatives. We have delivered consistent progress, including securing SBTi certification for our greenhouse gas reduction targets and improving our overall ESG ratings. Notably, our FTSE rating for 2025 reached a record high of 4.3, significantly surpassing our previous levels.

As a Group dedicated to baby care, we remain committed to further strengthening these ESG-related activities to ensure a sustainable world for babies both now and in the future.

2-1. 8th Mid-Term Management Plan (2023 - 2025): Summary and Challenges 

## 8th MTP Challenges

Earnings volatility driven by **high exposure to the China Business**

- High concentration of operating income in the China Business
- Erosion of profit margins in the China Business
- Stagnated growth in consolidated operating income
- Delayed recovery in stock price

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On the other hand, as outlined here, we identified four core challenges during the 8th Mid-Term Management Plan.

Specifically, our high reliance on the uncertain Chinese market and the sustained decline in profitability within our China operations remain significant issues. We will detail our strategic roadmap to address these challenges in the upcoming section on the 9th Mid-Term Management Plan.

2-2. What We Aim to Achieve in the Long Term pigeon

## What We Aim to Achieve in the Long Term

-We will create and promote “baby-friendly environment” for babies around the world-

Offering nursing bottles that support a baby’s very first sip and a variety of other products and services, we have thoughtfully tailored to babies’ needs in pursuit of our corporate vision of love.

We aim to make the world a more baby-friendly place by creating new values that support the healthy development of as many babies as possible in more countries and regions, generating synergies with partners who share our aspirations.

By furthering our commitment to understanding and addressing babies’ unique needs, we will not simply provide products and services but take the initiative in addressing environmental, social, and other challenges that surround them.

To stay committed to creating a baby-friendly future for babies, we will continue to operate our business and grow as an entity indispensable to society.

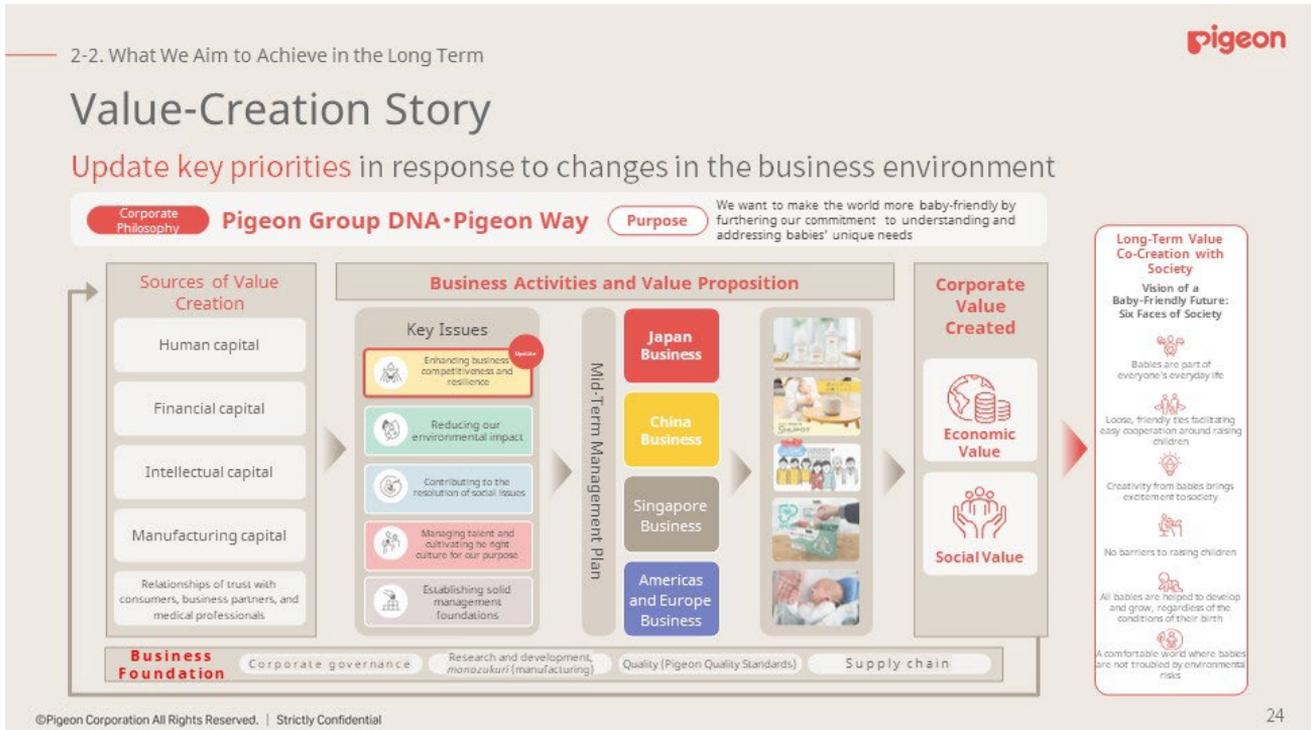


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Before moving on to the details of the 9th Medium-Term Business Plan, I would like to explain our Long-Term Vision.

This statement expresses our desire to become a company that creates 'baby-friendly environment' for infants around the world. This conviction is what personally motivated me to join Pigeon and continues to drive my dedication today.

In my media interviews, I always explain that our DNA is rooted in nursing products—the very first artificial objects babies encounter in their lives—and that Pigeon is a company that has centered its entire existence on this mission.



This is our Group's value creation story.

We have established five sources of value creation and identified five key issues (materiality). By implementing our Mid-Term Management Plan with a long-term perspective, we aim to create corporate value consisting of both economic and social value, ultimately realizing our 'Long-Term Value Co-creation with Society' and its six societal faces.

2-2. What We Aim to Achieve in the Long Term pigeon

## Key Issues for Pigeon over the Mid and Long-Term (Materiality)

Individual Issues have been updated

**Key Issue**  
Enhancing business competitiveness and resilience

What We Aim to Achieve

Building resilient distribution systems that can empower 'Create, Produce, and Deliver,' expand our corporate value over the medium to long term, and become essential to society.

Supporting nursing babies

Supporting healthy baby skin development

Creating new businesses

Releasing products that exceed customer expectations

Building resilient distribution systems

Update

Supporting nursing babies

Supporting healthy baby skin development

Creating new businesses

Releasing products that exceed customer expectations

Reforming framework to empower 'Create, Produce, and Deliver'

- Sustaining resilient distribution systems
- Fundamentally transforming our approach to *Monozukuri* by promoting collaboration and cocreation with external partners

Reform framework to empower 'Create, Produce, and Deliver'

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We have updated our key issues.

Specifically, we have evolved 'Building resilient distribution systems' into "Reform framework to empower 'create, produce, and deliver'".

Under the four-business-unit structure adopted in 2019, each unit established its own autonomous system for product development, manufacturing, and delivery. Going forward, we will achieve greater efficiency by ensuring robust horizontal integration across these functions.

## 2-2. What We Aim to Achieve in the Long Term

Basic Direction of Business Strategies:  
**Becoming Unrivaled No.1 in Global Share for Nursing Bottles/Nipples**  
 As a step toward sustainable growth, we aim to double the **global market share of nursing bottles/nipples to 20%**

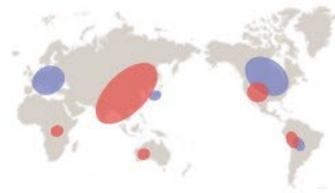
**Strength/Asset**

- Research on babies and moms for 60 years or more
- High-quality products/ powerful sales network
- Strong brand power
- Talent and corporate culture that resonate with Purpose
- Solid management foundation and strong capital base

**Growth Potential**

Regions where Pigeon/Lansinoh brands currently operate

- pigeon
- Lansinoh



**pigeon** **Lansinoh**. Both brands enter **untapped areas and product segments**

**Pigeon (for babies) and Lansinoh (for moms)** will work synergies to **secure an unparalleled position** in the nursing bottles/nipples market, delivering the world's top-tier quality and profitability, and **fuel growth of core product lineup**

This is an update to the information disclosed at our first-half results briefing in August 2025.

As I reflected on my own professional history to reaffirm why I chose to work at Pigeon, I took the opportunity to reorganize the Group's fundamental strengths and assets. Currently, we have two distinct global brands, Pigeon and Lansinoh, each with different regional footprints and product categories. By combining these, I see immense potential to create significant synergies. We will execute our strategy to achieve overwhelming global leadership in the nursing bottle and nipple category by driving significant growth across both brands.

2-2. What We Aim to Achieve in the Long Term



## Why We Focus on Nursing Bottles/Nipples (1)

Products with the highest **competitiveness and profitability**, which form the source of **strong brand power**



Competitive advantages, brand trust, and high profitability brought by long-term research + production technologies

Life-sustaining essentials  
Starter products for childcare

Nursing bottles' potential as the core product from which the brand can expand into adjacent products.

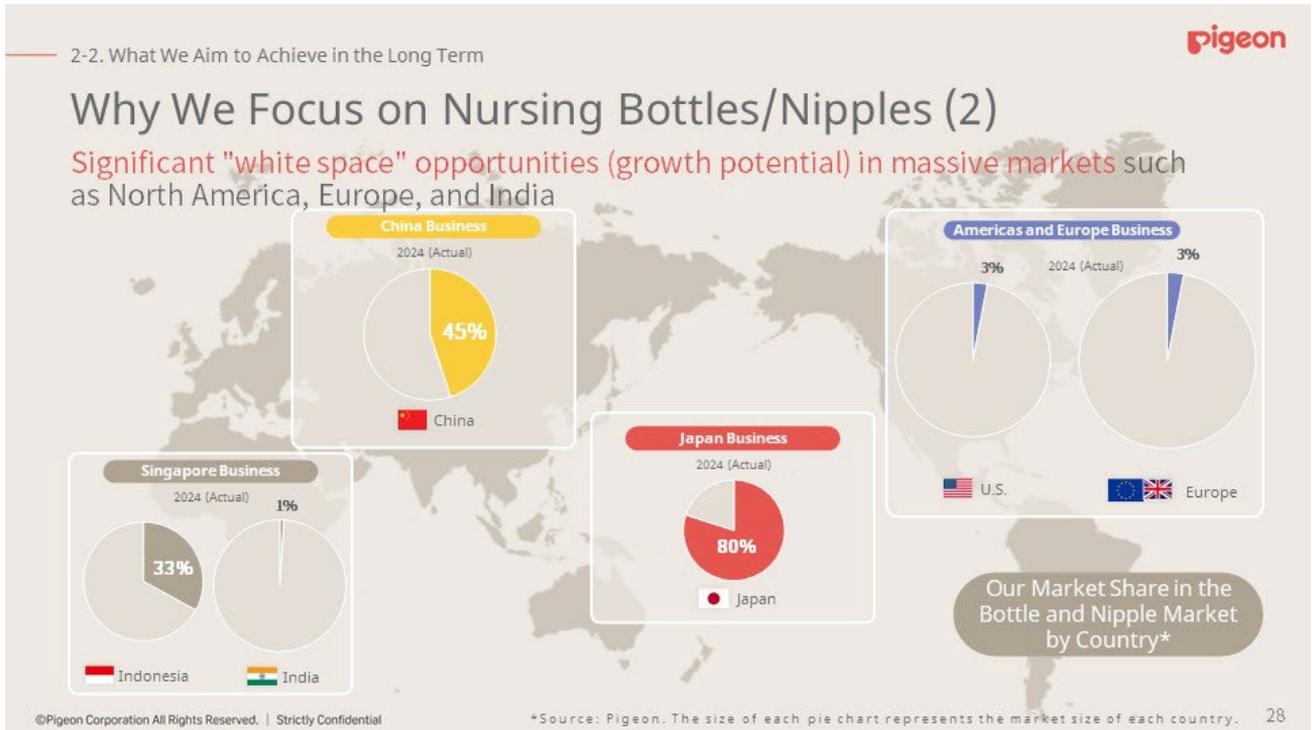
Even as the current global No.1 brand, our market share remains around 10%, leaving significant room for growth. By focusing our resources on **nursing bottles**, our **corporate DNA**, we will build a solid foundation for continued global growth.

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Many people worldwide have yet to experience our nursing bottles and nipples, which embody our Group DNA and represent what we believe to be the highest quality globally. With approximately 130 million babies born annually, we are determined to extend our reach to every one of them.

Our Group focuses on nursing bottles because they are essential items that support life. Typically, once a pregnancy is confirmed, mothers select a nursing bottle between the fifth and eighth month, establishing it as a "gateway product" for childcare. While we currently hold the leading global market share in this category, being selected from a vast array of competitors requires a combination of strong brand equity, advanced functionality, and consistently high customer evaluations. Furthermore, nursing bottles are the very first artificial objects a baby encounters in their life. Without absolute trust, they will not be purchased. By having customers choose this entry-level product, we cultivate a level of trust that fosters "brand spillover" to our related product categories while simultaneously enhancing overall confidence in the Pigeon Group.



The second reason for our focus on nursing bottles and nipples is the significant growth potential in regions such as Europe, the U.S., and India.

These markets not only represent a vast 'white space' for our Group, but we have also established a track record of substantial sales growth through trial introductions in North America. Based on this clear evidence, we will further accelerate our strategic expansion in these regions moving forward.

2-2. What We Aim to Achieve in the Long Term pigeon

## Why We Focus on Nursing Bottles/Nipples (3)

Our firm conviction that babies worldwide are waiting for Pigeon and Lansinoh nursing bottles/nipples products

**A message from Pigeon Kenya**

Annual births: 1.5 million babies

One day in 2024:  
"Can you deliver another WN3 immediately?" A mom of a week-old baby sent us a video with a message enclosed on the same day after the product was delivered.

I have never imagined it.  
My baby drank out of a nursing bottle!  
It was simply amazing!

**Complimentary comments on Lansinoh products**

★★★★ - 4 months ago  
**Life saver!!**  
My daughter was choking on the flow of every other bottle nipple I tried and wouldn't be able to latch right due to her lip tie! These nipples not only pass the triangle test but she has never latched and ate better until I bought these! I'm so so thankful cause now my baby can take a bottle happily without choking and with little to no gas at all! I will be buying more for future babies!

★★★★ - 8 months ago  
**Love!**  
My breastfed baby loves these! So glad I could find one that my baby will take. Definitely recommend!

**Complimentary comments on Pigeon products**

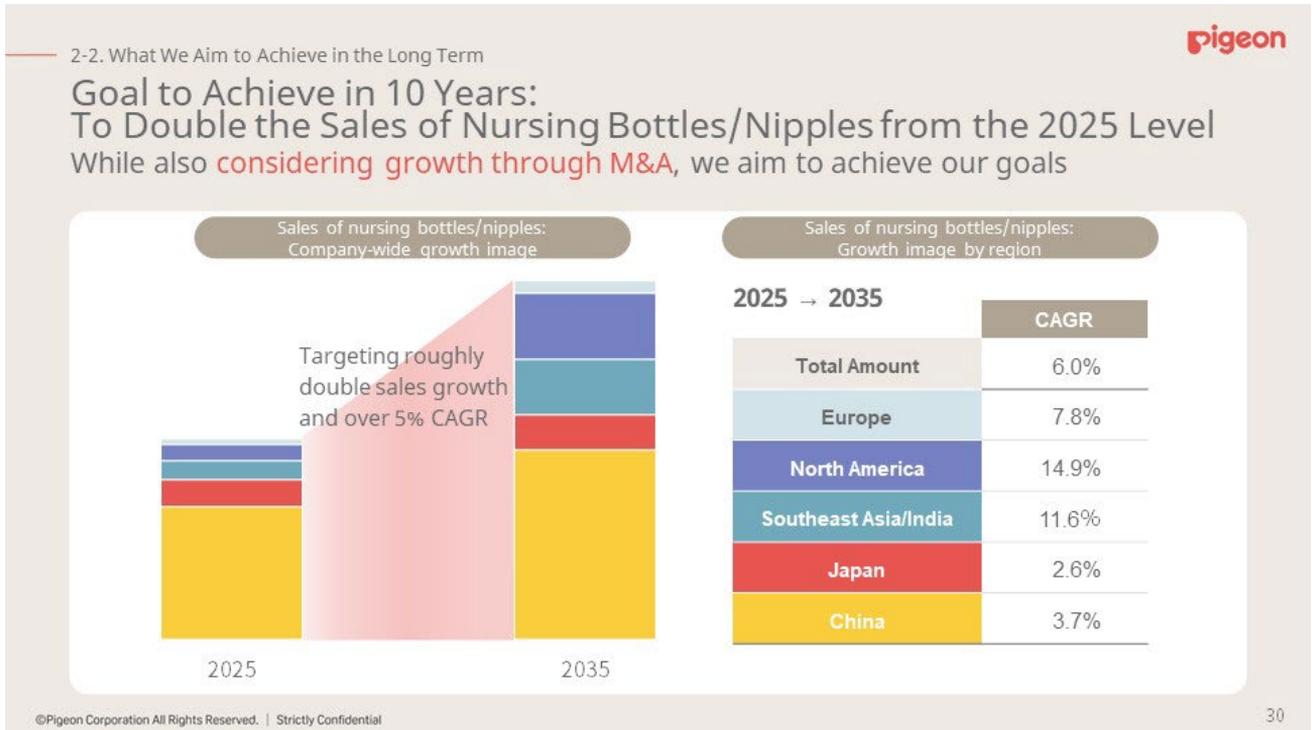
The Pigeon wide-neck glass baby bottles have been an excellent purchase. Their aerodynamic shape makes them easy to hold, and the glass material feels sturdy and high-quality. The included SS (D.D fit) nipples have a natural, gentle feel, which is great for newborns and helps with a smooth feeding experience. I really appreciate how easy they are to clean—the wide neck makes a big difference. They also handle heat well, so sterilizing them is quick and hassle-free. The anti-colic design is another great feature that helps keep feedings calmer and more comfortable.

I love these glass bottles! Using plastic bottles wasn't sitting right with me so I decided to purchase these and I would absolutely urge anyone looking to get glass bottles to give these ones a try. I was having trouble latching my baby while bf so I exclusively pumped for the first month of his life. I like that there is an indicator line telling you where your baby's mouth should be latching. Lo and behold, I tried to bf again and these bottles trained my baby how to latch...I mean it was almost instantaneous, I cried tears of joy. Get these bottles!!!

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While there are many such instances, I would like to share a small selection of our successes. In Kenya, where we established a local subsidiary in 2021, we have received very positive feedback from customers stating that their babies were able to feed comfortably thanks specifically to Pigeon nursing bottles and nipples.

Furthermore, in the North American market, we sell nursing bottles and nipples under both the Pigeon and Lansinoh brands, and both product lines have received high praise and favorable evaluations from our customers.



This slide illustrates our long-term growth vision for nursing bottles and nipples ten years from now.

Even in China and Japan, where birth rates are projected to decline, we are confident that significant room for growth remains through the strategic introduction of new high-value-added products. We will target accelerated growth across Southeast Asia, India, Europe, and North America. Among these regions, we have positioned North America as our most vital expansion market."

2-2. What We Aim to Achieve in the Long Term pigeon

## Five Strategic Moves to Maximize Corporate Value

- Rebuilding our management foundation to pass on our care for babies into the future -

**Strengthening execution capabilities through CXO system**

Cross-functional collaboration by CxOs to enhance capabilities, accelerate decision-making, and strengthen governance across all business units

**Enhancing our financial management framework**

Enhancing managerial judgment accuracy by building a data management system that emphasizes real-time responsiveness

**Restructuring regional strategies**

Restructuring of strategy for the high-growth potential North American market. And renaming of the Lansinoh business to 'Americas & Europe Business' with a view to capturing market share for both Pigeon and Lansinoh

**Accelerating business by leveraging external expertise**

Maximizing growth speed by leveraging external resources through collaboration with JAC\*

\*Japan Activation Capital, Inc.

**Firmly committed to stock price and profitability**

Transforming minds by instilling awareness to enhance profitability and corporate value

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In formulating the 9th Mid-Term Management Plan (2026–2028), I dedicated my first year as President to re-examining the challenges facing our Group and thoroughly exploring strategic solutions. We will enhance our execution capabilities by focusing on the following 'Five Strategic Pillars' to advance the Group into its next growth phase.

First, 'Strengthening Execution Capabilities through CxO System': While our existing vertical business division structure is robust, we recognized a significant opportunity to improve 'horizontal collaboration' to drive global efficiency and cost reduction. The newly introduced CxO system clarifies the delegation of authority, enabling us to drive Group-wide optimization and operational efficiency with greater speed.

Second, 'Enhancing our Financial Management Framework': This involves transitioning from individual interactions with each business unit to a new, comprehensive meeting structure that incorporates our CxO team. Since last year, our vertical business leaders and horizontal CxOs have been meeting monthly to enhance our strategic foresight. This year, we will further refine our data utilization to improve the accuracy of management decisions.

Third, 'Restructuring Regional Strategies': We have renamed the organization previously grouped under the 'Lansinoh' brand to the 'Americas and Europe Business'. This repositioning identifies the region as our 'Next China,' allowing for concentrated investment in the high-margin nursing bottle and nipple category. We will cultivate this region as a core pillar for sustainable profit growth.

Fourth, 'Accelerating Business by Leveraging External Expertise': Realizing our growth strategy requires overcoming numerous hurdles. By leveraging insights from external

partners, including Japan Activation Capital, and engaging in vigorous debate, we have thoroughly refined our strategic resolution and execution capabilities.

Finally, 'Firmly Committed to Stock Price and Profitability': We have initiated revisions to our executive compensation system to ensure that an acute awareness of metrics—specifically share price and profit margins—permeates the entire organization.



This slide outlines our 9th Mid-Term Management Plan.

By 2028, we aim to achieve net sales of ¥125 billion, operating income of ¥20 billion, and an operating margin of 16.0%. We will enhance the likelihood of achieving this plan by driving growth in our 'white space' markets across the Americas and Europe—specifically in the nursing bottle and nipple categories—while simultaneously executing the management system reforms that I will detail later.

2-3. 9th Mid-Term Management Plan pigeon

## Basic Direction of the 9th Mid-Term Management Plan

Aiming to achieve **sustained growth with profitability**

<p style="text-align: center; margin: 0;"><b>Financial Targets</b></p> <p style="margin: 5px 0;"><b>Net Sales:</b> <b>125.0 bil. yen</b></p> <p style="margin: 5px 0;"><b>Operating Income:</b> <b>20.0 bil. Yen</b> <b>(Operating Margin 16.0%)</b></p>	<p><b>Product strategy</b></p> <ul style="list-style-type: none"> <li>● Accelerating growth of core product groups centered on nursing bottles (core products, sub-core products)</li> <li>● LTV* expansion with Age-up products</li> </ul>
	<p><b>Regional strategy</b></p> <ul style="list-style-type: none"> <li>● Accelerate growth in our top-priority Americas and Europe regions, as well as our high-potential Singapore business</li> <li>● Secure group profitability through stable growth in our Japan and China businesses</li> </ul>
	<p><b>Reinforcement of management foundations and steady implementation of ESG</b></p> <ul style="list-style-type: none"> <li>● Management structures promoted from the regional and functional aspects</li> <li>● ESG to support growth strategies</li> </ul>

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We will now outline the strategies the Group will execute to achieve these management goals, categorized into: 'Product Strategy,' 'Regional Strategy,' and 'Reinforcement of Management Foundations and Steady Implementation of ESG.'

Regarding our 'Product Strategy,' our foremost priority is undoubtedly to drive robust growth in our nursing products. We will aggressively enter the European and American markets with these products, which boast strong brand equity and exceptionally high profit margins. This marks an expansion beyond our historical focus on Japan, China, and Southeast Asia within our 'Regional Strategy.'

Regarding 'Reinforcement of Management Foundations,' we will adopt a CxO system as a core pillar of our management reform. This initiative aims to enhance organizational speed through the delegation of authority and significantly improve the likelihood of successful strategy realization.

2-3. 9th Mid-Term Management Plan pigeon

## Product Strategy (1): Growth Driver in the 9th MTP

Focus on **Core products** and newly defined **Sub-core products\***

\*Product groups outside core products with high earnings contribution and new product groups developed under the 8th Mid-Term Plan

Core products		Sub-core products	
 Nursing bottles / Nipples	 Skincare	 Women's care*1	 Drinking cups
 Breast pumps	 Oral care	 Baby care appliances	 Baby foods

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First, let me outline our Product Strategy.

In addition to our core products, we have defined women's care, drinking cups, baby care appliances, and baby food as 'sub-core products' and positioned them as key growth drivers. We will focus our resources particularly on these eight strategic categories to drive expansion.

## Product Strategy (2): Expand LTV with Age-up Products

Position the **four product categories** (skincare, oral care, drinking bottles, and foods and beverages) as those **expected for Age-up** (for toddlers and beyond) and **extend their scope to kids in order to expand our Lifetime Value**



Now, let me explain our second product strategy.

Traditionally, customers who used our Group's nursing bottles and nipples, and baby products would graduate from them around 1.5 to 2 years of age. We see a significant opportunity for growth here. We will expand our lineup of age-up products—specifically in skincare, oral care, drinking cups, and food & beverage items—to extend Lifetime Value (LTV). These products enable us to build longer-term relationships with our customers.

After establishing our first point of contact through our nursing bottles and nipples, we aim to sustain these long-term relationships through our age-up offerings. This synergy is precisely the Group's strength, and we are confident that expanding our age-up portfolio will, in turn, contribute to further increasing our global market share for nursing bottles and nipples."

2-3. 9th Mid-Term Management Plan pigeon

## Regional Strategy: Key Countries

Position **the Americas and Europe as top-priority countries** as they represent white spaces for our nursing bottles and nipples.  
Continue to commit strengthening businesses in Asian region including Japan and China

Americas and Europe Business

Top priority



Increase in market share of nursing bottles and nipples

Singapore Business



Higher growth than ever before with India's contribution to revenue and continuous share expansion of wide-neck bottles

Japan Business



Stable growth of sales centered on core and sub-core products

China Business



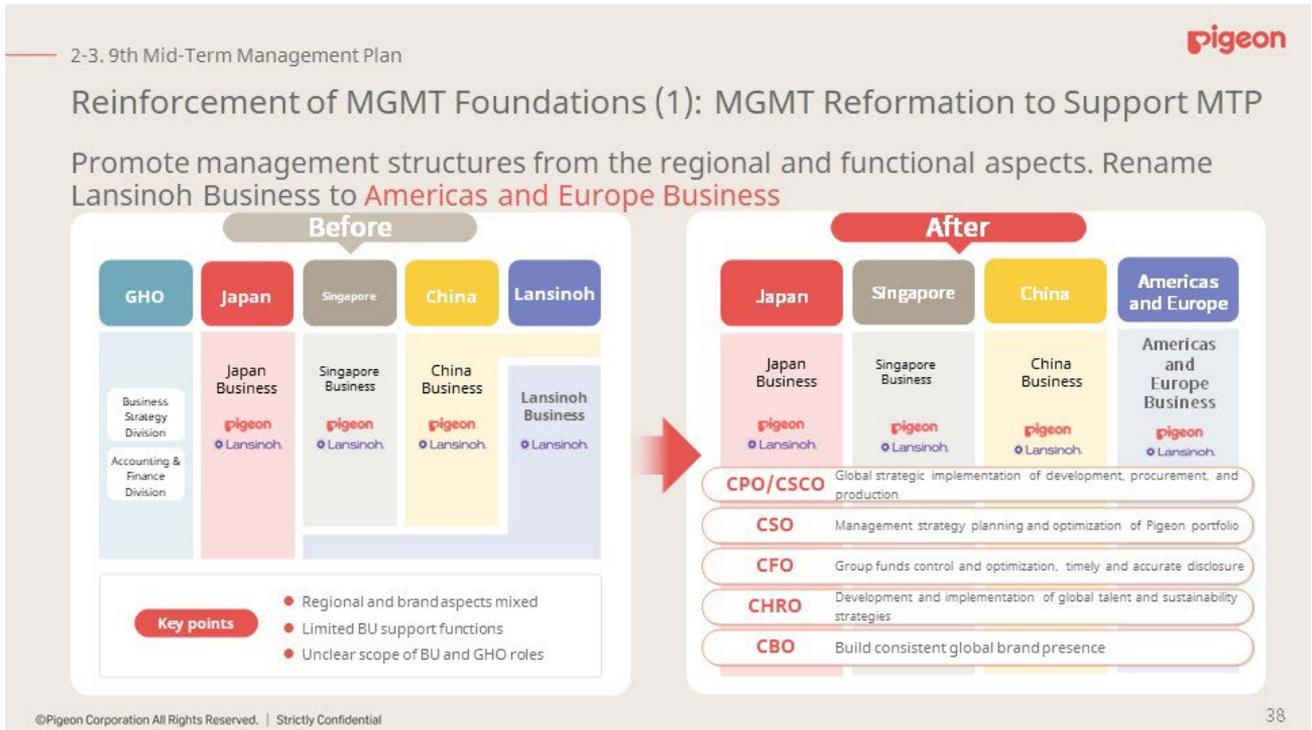
Increase in market share of nursing bottles and nipples as well as stable growth of sales for skincare products and drinking cups

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Now, regarding our regional strategy.

As emphasized throughout this presentation, our top priority markets are North America and Europe, highlighted in red on the slide. While we will certainly continue to strengthen our existing maternal products, we believe growing our nursing bottle and nipple sales within this framework is entirely feasible. This is because our product lineup offers a complete solution: ranging from expressing breast milk with our breast pumps to ultimately feeding the baby using our nursing bottles and nipples.

We will also focus our maximum efforts on Singapore, India, and Indonesia. Regarding Japan and China, we have successfully and steadily increased sales even within an environment of declining birth rates. We will continue our efforts to consistently improve operational efficiency in these markets.



Next, I will explain our CxO system.

As part of the management reform to achieve the goals of the 9th Mid-Term Management Plan, we have operated since 2019 under the structure shown on the left, where the Global Head Office (GHO) and each Business Unit (BU) are aligned vertically. Having previously served as the Head of the China Business Unit myself, I strongly feel that these vertical functions have grown significantly and become very robust.

Starting this fiscal year, we will implement a CxO system encompassing Product & Supply Chain, Management Strategy, Finance, Human Resources & Sustainability, and Branding. We will achieve this by delegating and appointing specific functions previously held by the GHO to these CxOs.

By firmly establishing horizontal integration across the organization, we recognize that numerous opportunities for efficiency gains and cost reductions remain untapped within the company. By focusing our efforts on capturing these opportunities, we aim to achieve our target operating profit margin of 16%.

2-3. 9th Mid-Term Management Plan pigeon

Reinforcement of MGMT Foundations (2): Human Capital to Support Growth Strategy

Maintain and improve empathy with Pigeon's Purpose as our strengths. Aim at employee growth and engagement improvement by strategic investment in talents

The personnel required under the new Mid-Term Plan		Pillars of the Human Resources Strategy		Outcomes and Monitoring Indicators				
<b>Integrity</b> Open-mindedness & Respect for Diversity  <b>Dedication</b> Agility & Transformative Execution  <b>Synergy</b> Unifying Co-creation  <b>Enjoy</b> Thrilled to globalize our vision		<b>Pillars</b>  People  Organization  Culture	DE&I Promotion	2025		2028KPI		
			Developing and acquiring talent to drive strategy execution	Director Diversity (Women/ Foreign Nationals)	26%	10%	30%	15%
			Global Organizational Optimization Labor Productivity Improvement	Japan: Percentage of Female Managers	26%		30+%	
			Strong Empathy for Purpose Culture of Learning and Challenge	Succession Plan Fulfillment Rate	64%		80%	
				Monitor labor productivity for each business unit				
				Purpose Empathy Score	4.20	4.23+		
				Learning & Challenge Score	3.97	4.05+		

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Regarding human capital.

Based on the 'Spirit of the Pigeon Way' updated in March 2025, we have outlined the core characteristics we seek in our Group's human resources, the strategic pillars of our human capital strategy, and the necessary KPIs derived from them.

In particular, regarding 'Purpose Empathy' shown at the bottom right of the slide, our latest data indicates that 88% of Pigeon employees empathize with our purpose—an exceptionally high figure. Similarly, a survey conducted at Lansinoh yielded a result of 87%. We are proud that employees across both brands strongly resonate with our purpose, demonstrating that our purpose-driven management is now fully embodied by our workforce.

By investing firmly in this area, we intend to establish an organizational system that will enable us to reliably achieve the goals of our 9th Mid-Term Management Plan.

2-3. 9th Mid-Term Management Plan

## Reinforcement of MGMT Foundations (3): Steady Efforts on ESG

Update environmental KPIs to reduce our environmental impact

Environmental impact reduction

To leave a rich Earth for the future of babies born tomorrow, we will implement the “Pigeon Green Action Plan” aimed at creating a decarbonized, circular, and nature-harmonious society.

Individual Targets	Classification	2025 Year
<b>GHG Emissions Reduction (Scope 1, 2, 3)</b>	General	70% reduction in Scope 1 & 2 GHG emissions (absolute target compared to FY2018)
	Products	25% reduction in Scope 3 Category 1 & 12 GHG emissions (absolute target compared to FY2021)
<b>Circular Manufacturing</b>	PKG	60% of packaging using plant-based or recycled materials (by weight)
		100% use of reusable/recyclable/compostable packaging
	General	Waste reduction: Maintain reuse/recycling rate of 95% or above <b>Reduction in water usage at manufacturing plants (1% reduction per annum per unit of sales)</b> <span style="color: red; font-weight: bold;">NEW</span>
<b>Sustainable Resource Use (Paper, Palm Oil)</b>	PKG	100% use of sustainable paper in packaging
	Products	100% use of RSPO-certified palm oil in in-house produced skincare/laundry/cleaning and disinfecting products (including B&C method)
		<b>100% ratio of certified paper and certified pulp used in dry products<sup>1</sup></b> <span style="color: red; font-weight: bold;">NEW</span> <small><sup>1</sup> Applicable to pulp, tissue, and release paper in dry products (Breast Pads, etc.)</small>
		<b>100% procurement traceability verification for paper and pulp used in dry products<sup>1</sup></b> <span style="color: red; font-weight: bold;">NEW</span> <b>100% traceability<sup>1</sup> verification for raw materials “palm oil, palm kernel oil, and their derivatives”<sup>1</sup> procured for in-house production</b> <span style="color: red; font-weight: bold;">NEW</span> <small><sup>1</sup> Regularly obtain information from suppliers up to oil mills, and publish mill lists on the website</small>

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Next, I will discuss our steady efforts in ESG.

For this period, we have added four new items to the 'Pigeon Green Action Plan,' which serves as our Group’s core guideline for environmental and social contributions.

2-3. 9th Mid-Term Management Plan pigeon

## 9th MTP: Financial Targets

FY2028: +4.6% Net Sales CAGR, 16.0% Operating Margin

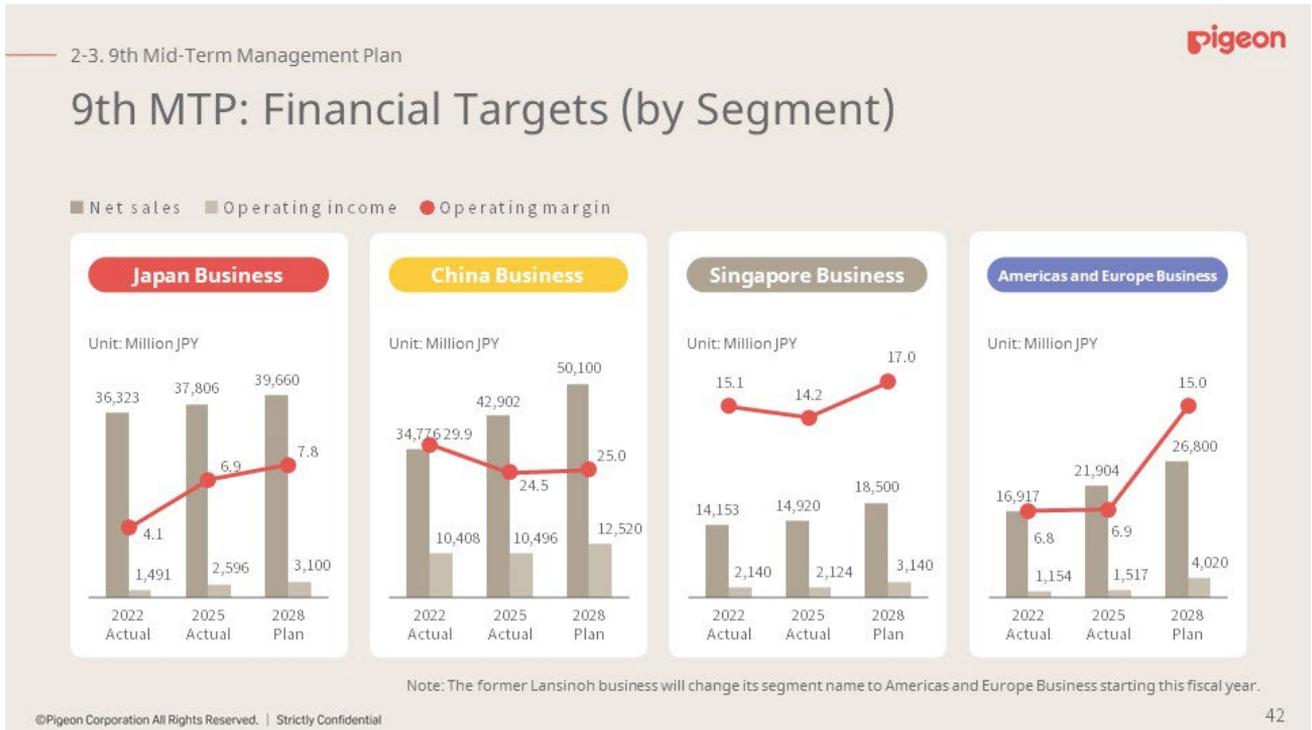
(Unit: Million JPY)	FY Dec. 2025 Actual	FY Dec. 2028 Plan
Net Sales	109,170	125,000
Cost of Sales	54,331	59,600
Gross Profit	54,839	65,400
SG&A Expenses	41,680	45,400
Operating Income	13,158	20,000
Net Income Attributable to Owners of Parent	8,570	13,160
EPS (yen)	71.65	110.02
Gross Margin	50.2%	52.3%
Operating Margin	12.1%	16.0%
ROE	10.4%	14.9%
ROIC	10.8%	15.4%
PVA	4,948	9,443

	FY2025 Actual rate	MTP rate
1 USD	149.66	150.00
1 RMB	20.82	21.50

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These are the detailed quantitative targets for the 9th Mid-Term Management Plan.

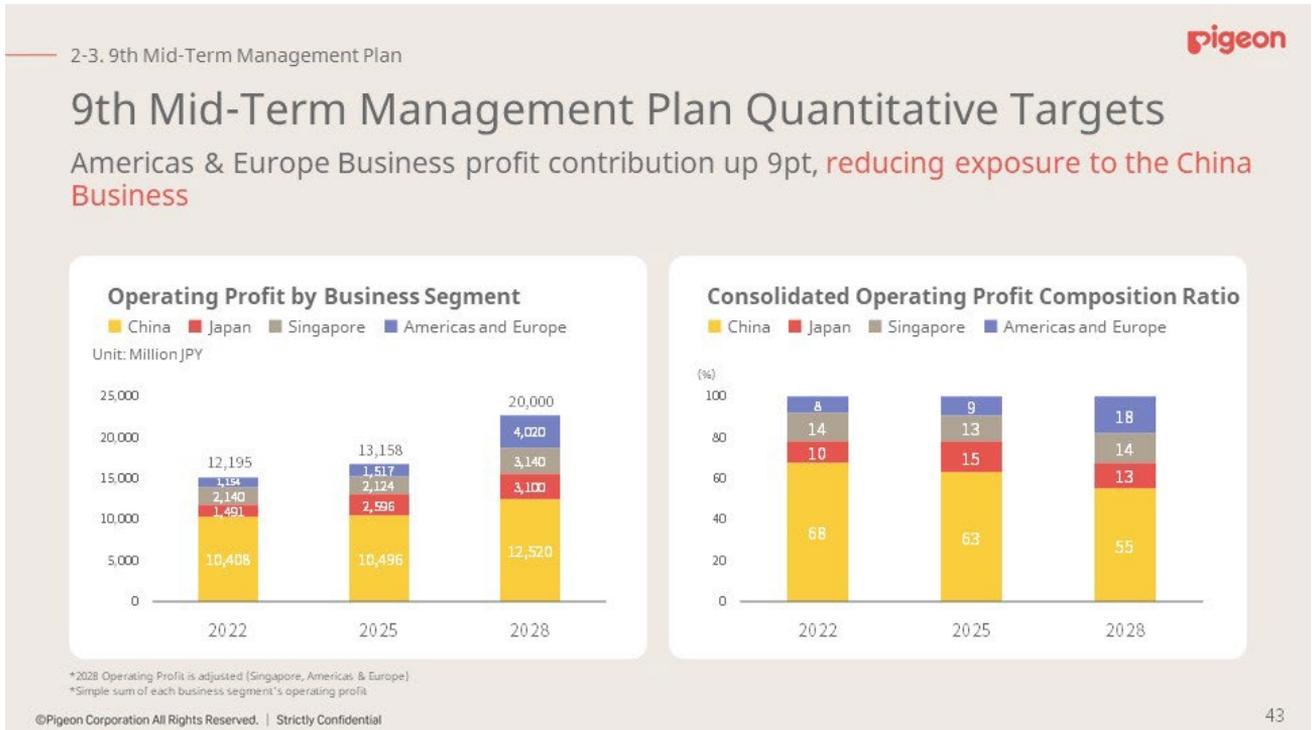
As mentioned earlier, we aim to achieve net sales of ¥125 billion, operating income of ¥20 billion, and an operating margin of 16.0% by FY2028. Regarding EPS, we target ¥110.02, compared to ¥71.65 for FY 2025. Furthermore, we aim to nearly double our PVA (Pigeon Value Added) from approximately ¥5 billion to ¥9.4 billion.



This outlines the sales and operating income plans for each segment.

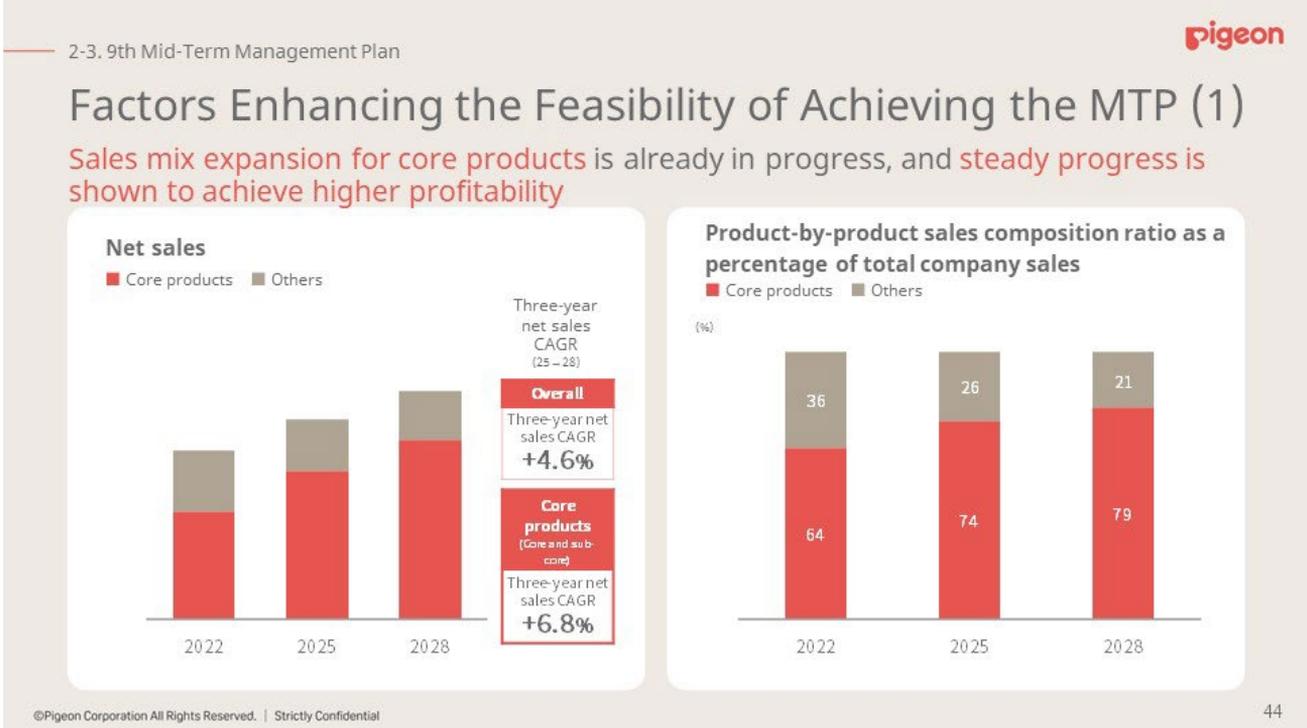
Regarding our China operations, while we will continue to invest, we recognize that the simultaneous launch of numerous new products last year resulted in excessive investment. Starting this fiscal year, we will rigorously review these investments. Our policy is to grow both sales and profit while firmly maintaining our current operating profit margin levels.

For the Americas and Europe Business, we will strive to further improve the operating profit margin by expanding the rollout of our nursing bottles and nipples.



As shown in the slide titled 'Challenges of the 8th Mid-Term Management Plan,' a persistent issue since that period and beyond has been our 'dependence on the China business.'

By executing this strategy, we will reduce the proportion of the China business—which accounted for nearly 70% of operating profit in FY2022—to 55% by FY2028. This is not merely about lowering the ratio of our China operations; it is a deliberate strategy to strengthen the Group's overall profit structure by ensuring our other businesses steadily build up and contribute to our consolidated operating profit.



This is the first factor enhancing the feasibility of achieving our plan.

As previously outlined, we have steadily grown our eight core and sub-core product categories from FY2022 through FY2025. Moving toward FY2028, we will similarly leverage these areas of strength to ensure robust growth. By FY2028, we aim to increase the sales contribution of these core product groups to approximately 80% of total net sales, further solidifying our earnings foundation.

2-3. 9th Mid-Term Management Plan



## Factors Enhancing the Feasibility of Achieving the MTP (2)

In the North American market, Lansinoh and Pigeon nursing bottles and nipples have **earned high praise**. Sales have shown extremely **high growth rates**, and expectations for the future are high

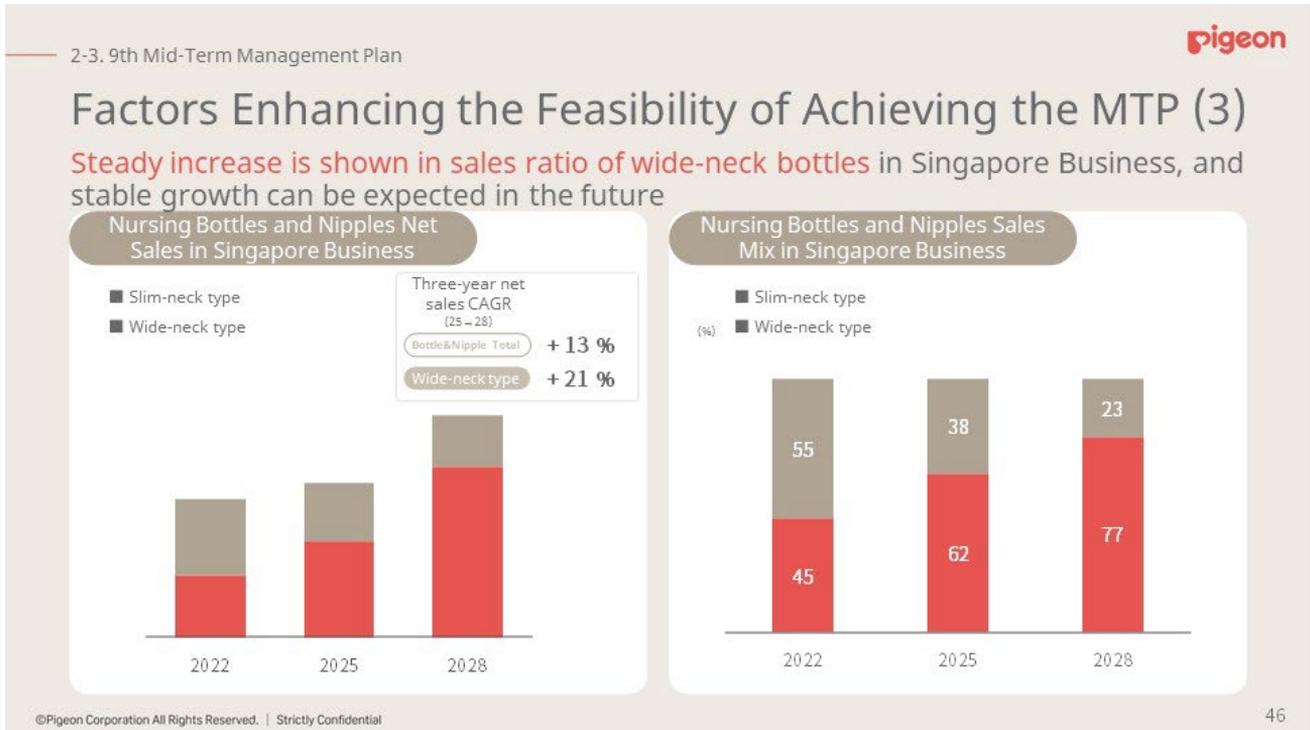


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Let me now discuss the second factor that increases the feasibility of success: our achievements of nursing bottles and nipples in the North American market.

From FY2022 to FY2025, Lansinoh brand nursing bottles and nipples recorded high growth in North America, with a CAGR of approximately 50%. Test sales in North America also showed that the Pigeon brand achieved a CAGR of approximately 240%, indicating that both brands can grow steadily.

Furthermore, we feel confident that both Lansinoh and Pigeon nursing bottles and nipples have already gained market recognition in North America. Based on feedback from consumers and evaluations from distributors, we hope to further increase sales and profits and contribute to the healthy growth of more babies.



The third factor that increases our feasibility of success is the strategic progress of our Singapore business.

In this market, we have been strongly promoting the transition to wide-neck bottles. As a result, wide-neck bottles now account for approximately 62% of nursing bottle and nipple sales in our Singapore Business.

Moving forward, we are preparing to further expand our portfolio of higher-priced, higher-margin products, including new items currently under development. We aim to increase the wide-neck ratio from the current 62% to 77% by FY2028. By focusing on increasing this ratio rather than merely pursuing sales volume, we will maximize contributions to both net sales and operating profit. While this has been a challenging transition, we will reliably achieve our plan by leveraging our pipeline of new products to fulfill this strategic role.

2-3. 9th Mid-Term Management Plan pigeon

## Expanding Wide-Neck Bottle Penetration in Singapore Business

Driving Market Entry with **New Value-Oriented Wide-Neck Products** for Price-Sensitive Markets

**New Wide-neck Bottle Products**  
Considering Price Range and Local Needs

Released in 2025

First "In-House India-Made" Wide-Neck for the growing Upper-middle class



Natural feel for breastfeeding, resembles the shape of mother's breast

Softlatch Pro

With over 70 years breastfeeding research

Release scheduled in Feb. 2026

High-end stainless bottle for Indian market



Premium Stainless Steel Body

Drafted from High-Quality Stainless Steel SS304

- Hygiene & Non-toxic
- Design adaptation for Plastic Bottles
- Safe for Autoclave Sterilizing
- Odor Resistant

Release scheduled in 1H 2026

Strategic products for emerging countries including Indonesia



Coming soon . . .

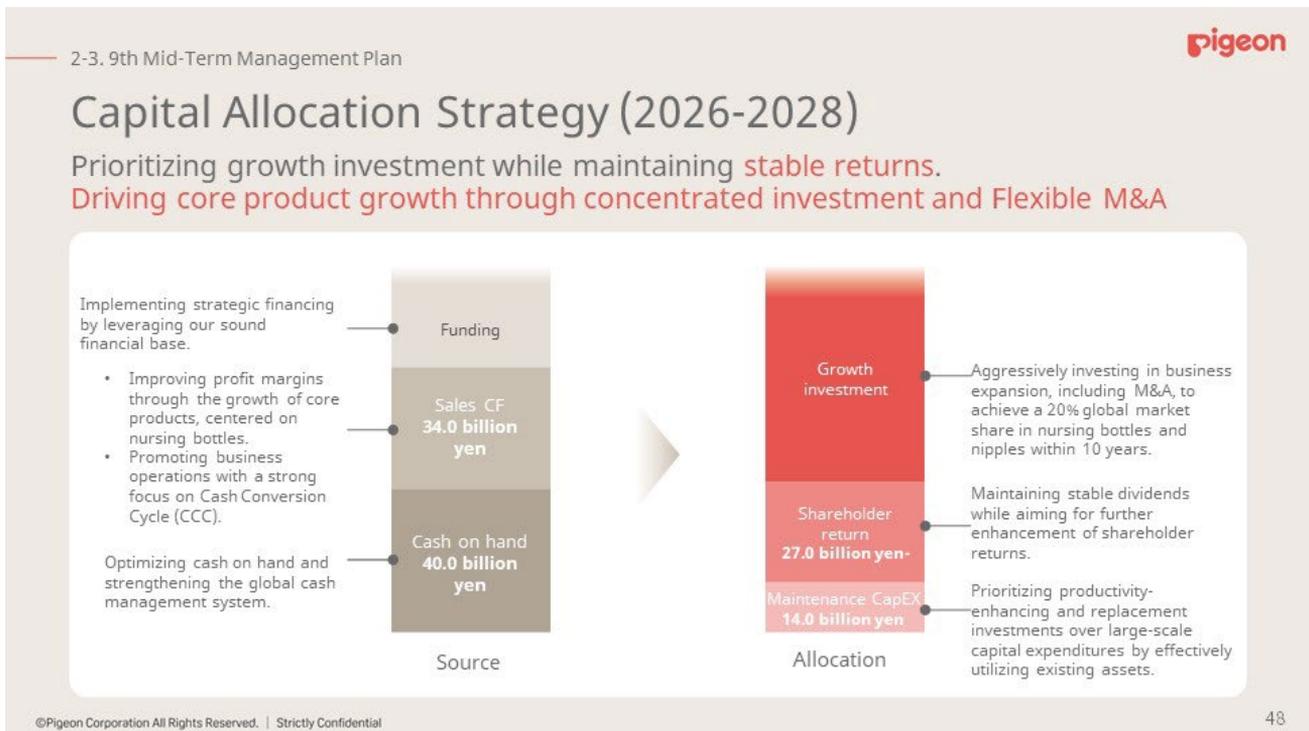
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Building on the progress in Singapore, let me introduce our specific strategies for other key regions as shown on the slide.

As illustrated on the left, we launched a new wide-neck nursing bottle in the Indian market in 2025. This product offers an affordable price point and reliable functionality, specifically targeting local customers who are transitioning from traditional narrow-neck bottles.

Additionally, addressing a unique demand in India, we introduced stainless steel nursing bottles. While these were previously only available in narrow-neck types, we launched a new wide-neck version this month. The initial response has been very positive, and we are confident it will be well-received by local consumers.

Meanwhile, in Indonesia, although current sell-out remains challenging, we are set to introduce long-awaited new products. Across the Indian, Indonesian, and Singaporean markets, we will execute a strategy to drive robust growth, leveraging these new products as our core strategic assets.

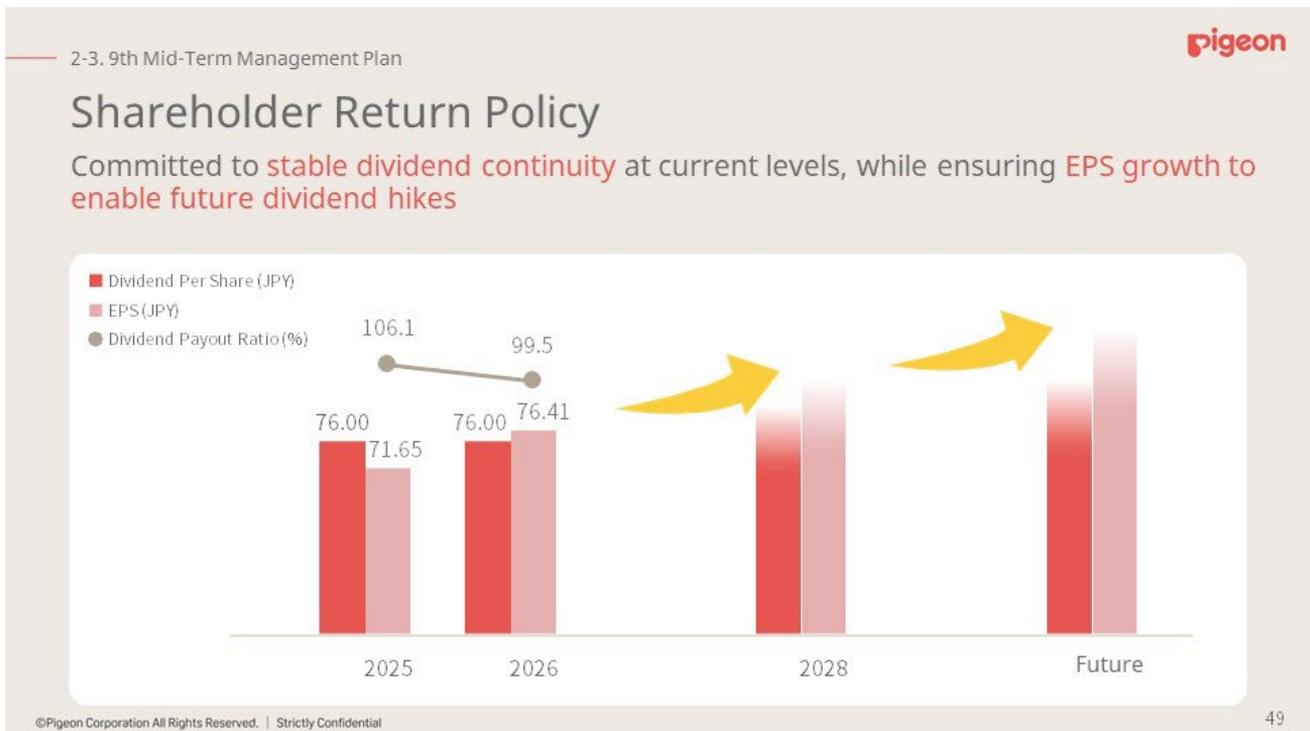


Finally, I will discuss capital allocation.

We anticipate capital expenditures of ¥14 billion. However, as shown in the allocation on the right, we do not intend to simply expand factories across all regions. Under the leadership of Mr. Itakura, our Chief Product & Supply Chain Officer (CPO/CSCO), we have identified significant opportunities through cross-functional collaboration. Our existing factory footprint, including Turkey, is already well-established, and we recognize substantial room for efficiency gains within this structure. We believe that deploying best practices from successful business units to others and driving Group-wide supply chain efficiency is akin to uncovering a major gold mine.

Regarding dividends, continuity remains our fundamental principle. For this fiscal year, we plan for the payout ratio to fall below 100% for the first time in several years. We view this as a necessary stepping stone to elevate the Group to a stage where we can achieve sustainable dividend increases in the future.

Regarding funding, our Group has long maintained a debt-free structure. We believe it would be a missed strategic opportunity not to utilize this financial flexibility. Having clearly defined our focus areas and products, M&A is now firmly within our sights. We are steadily preparing to make agile investments for future growth.



Our shareholder return policy is as I outlined earlier.

Going forward, we will place an even greater strategic emphasis on growing Earnings Per Share (EPS). While our dividend payout ratio has historically exceeded 100%, we plan to reduce it to below 100% starting from this fiscal year.

We believe it is entirely feasible to further increase the total level of returns as our profits grow. We will vigorously advance our business operations across the entire Group to achieve our target operating profit margin of 16.0%, ensuring that our growth translates directly into shareholder value.

## 3. Earnings Forecast for FY Dec. 2026



## FY Dec. 2026 Earnings Forecast (Group Consolidation)

Ensuring profit growth in Year 1, despite increased SG&A from **strategic front-loaded investment in North America**

Unit: Million JPY	FY Dec. 2025		FY Dec. 2026		
	Actual	% of Total	Earnings Forecast	% of Total	YoY change
<b>Net Sales</b>	109,170	100.0%	<b>113,500</b>	<b>100.0%</b>	<b>104.0%</b>
<b>Cost of Sales</b>	54,331	49.8%	<b>55,000</b>	<b>48.5%</b>	<b>101.2%</b>
<b>Gross Profit</b>	54,838	50.2%	<b>58,500</b>	<b>51.5%</b>	<b>106.7%</b>
<b>SG&amp;A Expenses</b>	41,680	38.2%	<b>44,600</b>	<b>39.3%</b>	<b>107.0%</b>
<b>Operating Income</b>	13,158	12.1%	<b>13,900*</b>	<b>12.2%</b>	<b>105.6%</b>
<b>Ordinary Income</b>	13,681	12.5%	<b>14,150*</b>	<b>12.5%</b>	<b>103.4%</b>
<b>Net Income Attributable to Owners of Parent</b>	8,570	7.9%	<b>9,140</b>	<b>8.1%</b>	<b>106.7%</b>

\* Not include subsidy income, etc.  
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[Currency rates] FY Dec. 2026 Plan: US\$1 = JPY 150.00 / CNY1 = JPY 21.50  
FY Dec. 2025 Actual: US\$1 = JPY 149.66 / CNY1 = JPY 20.82 51

Now, I will explain our earnings outlook for the current fiscal year.

We anticipate a 4% increase in net sales and a 7% increase in SG&A expenses compared to the previous fiscal year, marking the start of an aggressive investment phase. Regarding operating profit, we plan to secure a growth rate that exceeds our sales growth by increasing the sales ratio of high-margin products, specifically our nursing bottles and nipples.

We will initiate aggressive upfront investments starting this year, with a particular focus on the North American market. We intend to advance steadily through this year, positioning it as the vital starting point for significant future growth.

## 3. Earnings Forecast for FY Dec. 2026



## FY Dec. 2026 Earnings Forecast (by Segment)

Unit: Million JPY	FY Dec. 2025 Actual				FY Dec. 2026 Forecast				
	Net Sales	% of Total	Gross Margin	Segment Profit	Net Sales	% of Total	YoY Change	Gross Margin	Segment Profit
<b>Consolidated</b>	<b>109,170</b>	<b>100.0%</b>	<b>50.2%</b>	<b>13,158</b>	<b>113,500</b>	<b>100.0%</b>	<b>104.0%</b>	<b>51.5%</b>	<b>13,900</b>
Japan Business	37,806	34.6%	34.8%	2,596	37,900	33.4%	100.2%	35.6%	2,730
China Business	42,902	39.3%	54.4%	10,496	45,400	40.0%	105.8%	54.7%	11,200
Singapore Business	14,920	13.7%	42.7%	2,124	16,000	14.1%	107.2%	42.8%	2,290
Americas and Europe Business	21,904	20.1%	55.6%	1,517	23,200	20.4%	105.9%	57.3%	1,950
Elimination of Intersegment Transactions	(8,363)	(7.7%)	—	—	(9,000)	(7.9%)	—	—	—

[FYI] Major breakdown of Japan Business (provisional calculation using the former segments)

Unit: Million JPY	FY Dec. 2025 Actual				FY Dec. 2026 Forecast				
	Net Sales	% of Total	Gross Margin	Segment Profit	Net Sales	% of Total	YoY Change	Gross Margin	Segment Profit
Baby Care	28,787	—	38.7%	2,851	28,910	—	100.4%	39.9%	3,165
Childcare Services	3,313	—	16.0%	91	3,300	—	99.6%	16.4%	163
Health & Elder Care	3,948	—	33.5%	230	4,100	—	103.9%	32.6%	200

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Next, I will present our plans by business segment. Please note that starting from FY2026, the Lansinoh Business will be renamed the 'Americas and Europe Business.'

## 3. Earnings Forecast for FY Dec. 2026



## FY2026/12: Shareholder Returns and Investment Initiatives

Dividend	FY Dec. 2024		FY Dec. 2025		FY Dec. 2026	
	Interim (Actual)	Year-end (Actual)	Interim (Actual)	Year-end (Actual)	Interim (Forecast)	Year-end (Forecast)
Dividend per share (yen)	38	38	38	38	38	38
Dividend payout ratio	108.7%		106.1%		99.5%	
<b>&lt;Reference&gt; Investment-related indicators (consolidated)</b> Unit: Million JPY	FY Dec. 2024		FY Dec. 2025		FY Dec. 2026	
	Actual		Actual		Plan	
Capital investment (*1)	3,760		3,360		4,700	
Depreciation and amortization (*2)	4,876		4,601		4,500	
R&D expenses (*3)	4,286		4,065		4,600	

\*1 Includes tangible and intangible fixed assets (including long-term prepaid expenses) and lease assets.

\*2 Depreciation and amortization include amortization of goodwill and lease.

\*3 Both plan and actual numbers are "Monozukuri expenses" aggregated by Pigeon.

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Regarding our dividend forecast for the current fiscal year, we plan to pay an interim dividend of 38 yen and a year-end dividend of 38 yen, totaling an annual dividend of 76 yen per share. We remain committed to providing stable shareholder returns while maintaining a strategic balance with our growth investments. This concludes my presentation.

Pigeon:

We would like to address an announcement made this morning. We have initiated a voluntary recall of our nursing care product, 'Habinurse Rakuraku Oshiri Kirei Mist.' As detailed in our press release, we expect the impact on our business performance to be minimal. The associated costs, estimated at less than 50 million yen, have already been incorporated into extraordinary losses for the fiscal year ending December 2025. We sincerely apologize for any concern this may have caused our stakeholders.