pigeon

Integrated Report 2025

For the Year Ended
December 31, 2025

Purpose of Integrated Report 2025

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 2025 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 Data Book 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.

Pigeon Integrated Report 2025 Contents

*Effective March 27, 2026, the Lansinoh Business was renamed the Americas and Europe Business. The new name will be applied from the fiscal year ending December 31, 2026.

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
Visualized 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

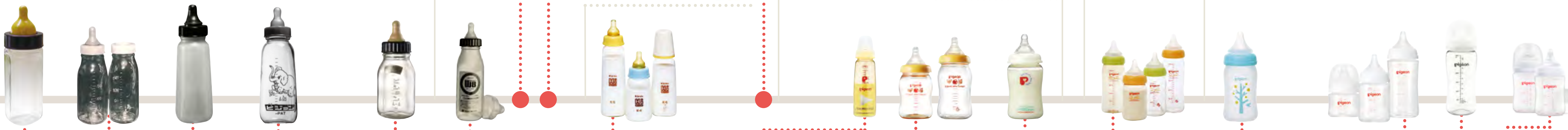
2018 Glass
Silicone Coating for Bonyu Jikkan Wide-Neck Nursing Bottle with reduced risk of fragments scattering when dropped

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.

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

As of 2025
Pigeon Nursing Bottle
No. 1 global market share*2



*1 Pigeon research *2 Global Nursing Bottle Market 2026 by Manufacturers, Regions, Type and Application, Forecast to 2034, 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 70 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.

1949
Dofu Boeki (Pigeon's predecessor) established

1957
Pigeon Honyuki Honpo (Nursing Bottle Manufacturing) Corporation established

1966
Corporate name changed to Pigeon Corporation

1966
Export business started

1968
World's first medicated compact baby powder launched

1974
First overseas office established in Singapore

1975
World's first diaper liner made using binder-free manufacturing method launched

1976
World's first rubber toothbrush for babies launched

1977
P-type nursing bottle for babies with cleft lips and/or palates launched

1982
MagMag, Japan's first drinking cup with interchangeable tops for different stages of development launched

1985
Fit (Japan's first seamless breast pad) launched

1987
Chibion digital thermometer for babies launched

1988
Shares registered with the Securities Dealers Association of Japan (present-day JASDAQ)

1990
First overseas production facility established in Thailand

1992
Baby wipes launched (Japan's first box-type wipes that can be pulled out with one hand)

1994
UV baby skincare (first sunscreen skincare product for babies) released

1997
Listed on the First Section of the Tokyo Stock Exchange

2002
"Bonyu Jikkan" Wide-Neck Nursing Bottle (which promotes babies' natural sucking peristaltic movement) launched

2002
Pigeon (Shanghai) Co., Ltd., established

2004
Lansinoh Laboratories, Inc., in USA joined the Pigeon Group

2009
Pigeon India Pvt. Ltd. established

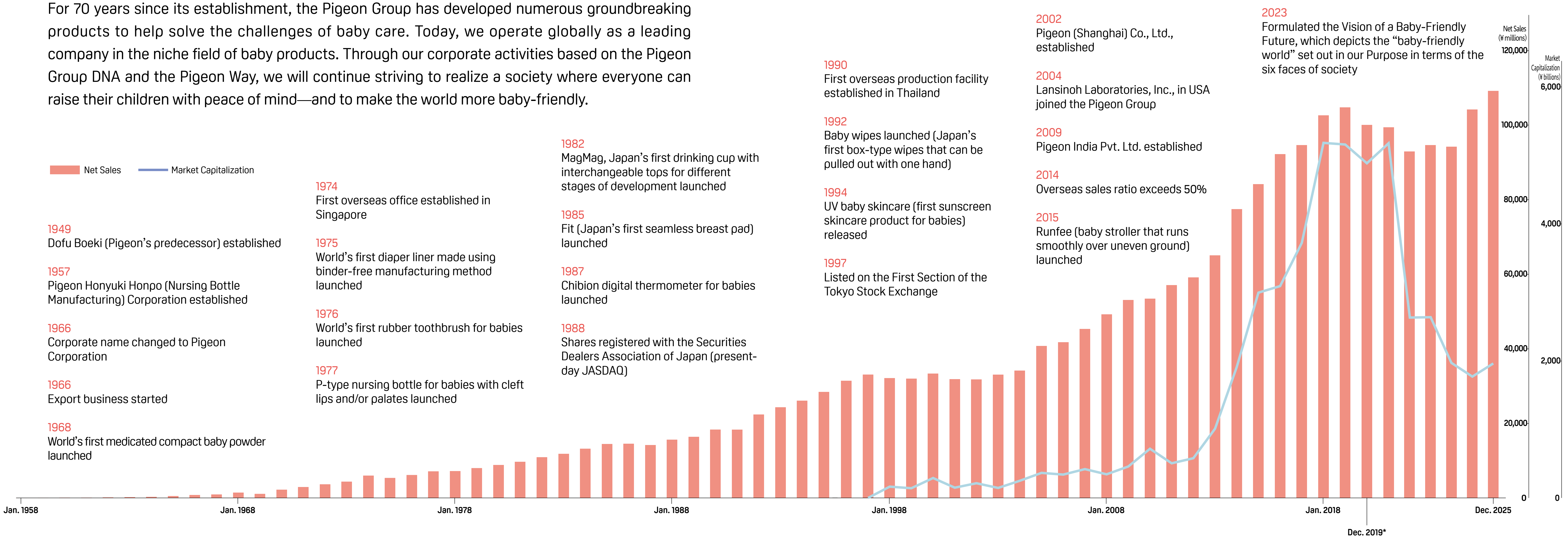
2014
Overseas sales ratio exceeds 50%

2015
Runfee (baby stroller that runs smoothly over uneven ground) launched

2021
Renewed series of "Bonyu Jikkan" Nursing Bottles (designed for use alongside direct feeding) launched

2021
First prenatal and postpartum care products launched under the Lansinoh brand

2023
Formulated the Vision of a Baby-Friendly Future, which depicts the "baby-friendly world" set out in our Purpose in terms of the six faces of society



*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 70 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

P. 73 Pigeon Group Business Structure

Current Status of the Pigeon Group (As of December 31, 2025)

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 70 years.

Americas and Europe Business*1

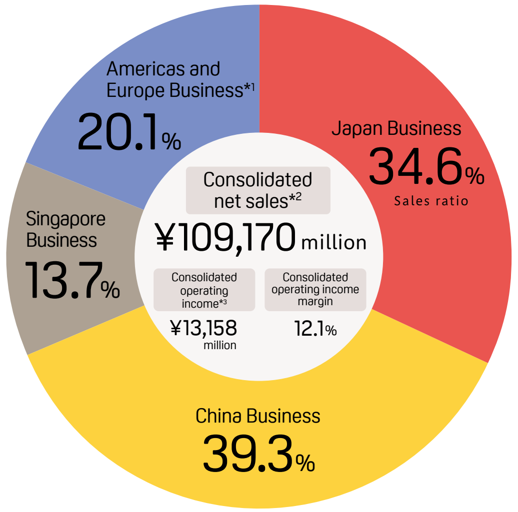
Net sales
¥21,904 million

Segment profit	Segment profit margin
¥1,517 million	6.9%

Singapore Business

Net sales
¥14,920 million

Segment profit	Segment profit margin
¥2,124 million	14.2%



Japan Business

Net sales
37,806 million

Segment profit	Segment profit margin
¥2,596 million	6.9%

China Business

Net sales
42,902 million

Segment profit	Segment profit margin
¥10,496 million	24.5%

ROE*4 10.4%

ROIC*5 10.8%

Countries/Regions*6 More than 80

Number of Employees 3,042 (worldwide, includes part-time employees)

Ratio of Non-Japanese Employees*7 66%

Ratio of Female Employees 61%

Ratio of Female Managers 38%

*1 Effective March 27, 2026, the Lansinoh Business was renamed the Americas and Europe Business. The new name will be applied from the fiscal year ending December 31, 2026.
*2 The consolidated net sales figure refers to the amount after elimination of intersegment transactions.
*3 The consolidated operating income figure refers to the amount after segment profit adjustments, which mainly comprise expenses associated with administrative departments.
*4 Return on equity (ROE): The denominator is the average of the figures at the beginning and end of the fiscal year.
*5 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.
*6 Based on the number of markets where Pigeon Group products have been sold over the past five years.
*7 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: 2 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.

Americas and Europe Business*1

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.

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.

Continuing to Create a More Baby-Friendly World for Babies Everywhere as an Enduring Company Indispensable to Society

Looking Back on Fiscal 2025

It has now been a full year since I assumed the role of President in March 2025. Having been with Pigeon for nearly 30 years, I revisited the Company's 30-, 40-, 50-, and 60-year histories as I prepared to take the helm of the Pigeon Group. Looking back over Pigeon's 70-year journey, including the years before I joined the Company, helped me better understand what must never change.

Among them, I found the 30-year history particularly compelling. It recounts Pigeon's unwavering dedication in its early years to thoroughly researching breastfeeding "for the sake of babies who cannot speak for themselves," at a time when nursing bottles still faced many challenges in terms of functionality and hygiene. Reading it reaffirmed that our "babies first" philosophy, which remains deeply embedded throughout the Company today, has been passed down unchanged since our founding.

Of course, we have also continually conducted market research and product testing to ensure that our products are chosen in the marketplace, while working to enhance product competitiveness and expand our market share. At Pigeon, everything begins with a single guiding belief: doing what is best for babies. Revisiting our history reminded me that this determination to provide babies with the very best has always been the foundation of our business and remains the enduring principle that defines who we are.

That philosophy extends well beyond product development. Through initiatives such as collaborative research to support babies requiring specialized care, our recent support for human milk banks, and our "Lessons for Learning About Babies" for junior high school students, we create value that helps address important social issues through our business activities. This unwavering dedication is the foundation Pigeon must continue to uphold and, I firmly believe, our greatest strength.

At the same time, looking back through our past milestone histories, I was reminded that Pigeon has achieved sustainable growth by adapting to rising birth rates in Japan and the changes in the business environment that followed. Today, however, we face a market environment that is fundamentally different—not only from those earlier years but also from the more recent past. In 2025, for example, the number of births in Japan fell to approximately 670,000, even including babies of foreign nationality, and the domestic market continues to contract.

To continue growing in this environment, we must fundamentally rethink both how we manage our business and how we approach the market, without being constrained by past successes. We must clearly distinguish between what must never change and what must change. It is essential that we preserve what makes Pigeon unique while driving the transformation needed to achieve our next stage of growth. That conviction has guided my approach to management throughout the past year.

The Unique Value Pigeon Brings to Society

Since assuming the role of President, I have had more opportunities than ever before to engage with people from a wide range of backgrounds. Through these interactions, I have come to appreciate Pigeon's strengths in new ways. Our product excellence, exemplified by our nursing bottles and nipples, and the sales channels that underpin our strong market positions in Japan and China have long been recognized, both inside and outside the Company, as key strengths of Pigeon.

Yet initiatives that we have long regarded as a natural part of our work, such as our activities with hospitals and maternity clinics and our "Lessons for Learning About Babies," are often met with considerable surprise when we discuss them with people outside the Company. I believe they see unique value in Pigeon as a private-sector company that creates positive change in society while expanding its activities in collaboration with national and local governments.

In particular, our longstanding commitment to developing and providing products for premature and low-birth-weight infants to hospitals and maternity clinics has been recognized as a highly meaningful contribution to society. These products also play an important role in supporting the healthy growth of babies requiring specialized care while providing reassurance to their families. Initiatives like these remind me that Pigeon's business extends far beyond simply providing products—it is deeply connected to the lives of each and every baby and their family.

Another major strength of Pigeon, though not widely known, is the human resources system at our headquarters. We believe that true corporate value is created when each employee identifies with Pigeon's philosophy and is able to work while maintaining a healthy work-life balance, including balancing work with raising their own children.

In 2006, when it was still uncommon for men in Japan to take childcare leave, we introduced a program called Hitotsuki Issho ("One Month Together"), which enabled male employees to take one month of childcare leave. Today, based on the belief that one month is not enough, we have renamed and expanded the program as Sukusuku Issho ("Growing Together"), under which employees can take three months of paid childcare leave.

We are also working to create an environment in which employees can continue working with peace of mind while raising children. For example, employees with children of elementary school age or younger may work from home up to four days a week. These initiatives have also helped improve employee engagement.

I believe that if human resources systems such as these become more widespread among companies, they will help create a society in which it is easier to raise children and enhance the well-being of those involved in childcare.

Overview of the 8th Medium-Term Management Plan

In fiscal 2025, the final year of the 8th Medium-Term Management Plan, consolidated net sales increased across all businesses, including our China Business, rising 4.8% year on year to ¥109.1 billion. Operating income increased 8.4% year on year to ¥13.1 billion, driven primarily by strong earnings growth in the Japan and Singapore businesses. As a result, our operating margin improved from 11.7% in the previous fiscal year to 12.1%, reflecting the steady recovery in our earnings capacity.

During the 8th Medium-Term Management Plan, our core product categories, led by nursing bottles, nipples, and breast pumps, delivered solid growth. Sales of nursing bottles and nipples in North America and Europe increased fourfold, while newer business areas such as women's care, baby care appliances, and drinking cups also performed well. These results have given us strong confidence that the initiatives we have pursued are delivering tangible results.

At the same time, looking back at our previous Medium-Term Management Plan, both were significantly affected by unforeseen events. The 7th Medium-Term Management Plan was disrupted by the COVID-19 pandemic, which was not anticipated when the plan was formulated, while the 8th Medium-Term Management Plan was impacted by the release of ALPS-treated water in fiscal 2023. As a result, we unfortunately fell short of the targets we had set at the outset of both plans. As President, I have a strong sense of urgency about the fact that we have not fulfilled the commitments we made to the capital markets. I also recognize our high level of dependence on the China Business as a significant management challenge.

P.22~ Review of the Medium-Term Management Plans and Toward Sustainable Growth

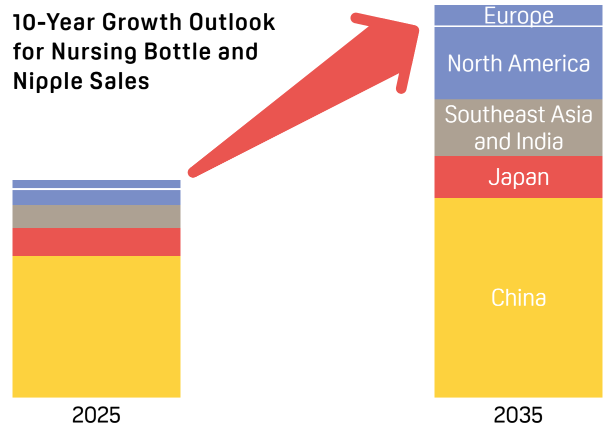
The 9th Medium-Term Management Plan: Starting with Our Long-Term Vision

Taking these challenges into account, we began by reaffirming the long-term vision for Pigeon as we formulated the 9th Medium-Term Management Plan, which commenced in fiscal 2026, and then translated that vision into concrete strategies. Our long-term aspiration is to remain a company that creates a more baby-friendly world for babies everywhere. Guided by the Pigeon Group DNA and Pigeon Way, our Purpose is to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs.

One of the areas most critical to realizing this vision is our nursing bottles and nipples business. For most babies, nursing bottles and nipples are the first artificial objects they put in their mouths. They support babies' lives and healthy development and represent the core product category that Pigeon has spent decades researching and developing.

Over the past year, we have engaged in extensive discussion and careful consideration from the perspective of whether we are fully leveraging this strength on a global scale. Today, Pigeon holds the world's No. 1 global market share in nursing bottles and nipples at approximately 10%.* However, our business remains centered primarily in Asia, and we believe there is still significant potential to expand more fully into major markets such as the Americas and Europe.

To achieve this, we will maximize the synergies between the strengths of the Pigeon and Lansinoh brands. By doing so, we aim to establish an even stronger global position in the nursing bottles and nipples category, which combines exceptional quality with strong profitability. Specifically, Pigeon and Lansinoh will each expand into geographic markets and product categories where they currently have little or no presence, increasing our global market share in nursing bottles and nipples from approximately 10% today to 20%. We also plan to double sales of nursing bottles and nipples over the next 10 years compared with fiscal 2025, while remaining open to growth through mergers and acquisitions.



While we have set targets for market share and sales scale, what we are truly pursuing goes beyond economic returns. Our goal is to make nursing bottles and nipples designed to support more natural and comfortable feeding available to as many babies as possible, thereby contributing to their healthy development and continued growth. In doing so, we aim to create a more baby-friendly world for babies everywhere. As the ultimate goal of this value creation story, we hope to work together with society to realize our Vision of a Baby-Friendly Future—the Six Faces of Society.

*Pigeon research

Product Strategy of the 9th Medium-Term Management Plan

The 9th Medium-Term Management Plan is built on a single guiding principle: achieving sustainable growth with profitability. To realize this goal, we will advance a range of initiatives through three strategic pillars: Product Strategy, Regional Strategy, and Reinforcement of Management Foundations and Steady Implementation of ESG Initiatives. As our management targets for the final year of the plan, fiscal 2028, we have set net sales of ¥125.0 billion, operating income of ¥20.0 billion, and an operating margin of 16.0%.

The growth drivers of the 9th Medium-Term Management Plan extend beyond our core product categories of nursing bottles and nipples, skincare, breast pumps, and oral care. We have newly designated women's care, drinking cups, baby care appliances, and baby food as sub-core product categories. Going forward, we will drive further business expansion by positioning both our core and sub-core product categories as the pillars of our growth strategy.

We will also work to expand customer lifetime value (LTV) by extending our target age range from infants to children and strengthening our offerings in four key categories: skincare, oral care, drinking cups, and food and beverages.

Accelerating Growth in Nursing Bottles and Nipples in the Americas and Europe

Under our Regional Strategy, we will continue to strengthen our presence in Asia, including Japan and China, while positioning the Americas and Europe as our highest-priority regions, where substantial opportunities remain to expand our nursing bottle and nipple business. We are already seeing encouraging signs of progress in Europe and North America.

One reason for this is that sales of Lansinoh-branded nursing bottles and nipples have begun to grow significantly over the past three to four years. Lansinoh has long been recognized as a brand for mothers that supports breastfeeding. Around 2023, the local management team leading the Lansinoh business recognized that, while the brand had established a comprehensive breastfeeding ecosystem, including nipple creams, breast pumps, and breast pads, it lacked one essential element: nursing bottles and nipples. They proposed expanding the brand beyond healthcare and skincare into baby products, and I strongly supported that vision. We then began laying the groundwork for the full-scale rollout of Lansinoh-branded nursing bottles and nipples.

In the United States, many women return to work as early as two months after giving birth. In this environment, Lansinoh-branded nursing bottles and nipples have gained strong customer support as an essential product for feeding expressed breast milk to babies, driving steady sales growth.

Another encouraging sign is the strong sales growth of Pigeon-branded nursing bottles and nipples through e-commerce channels in the United States. In 2021, we established a U.S. subsidiary under the leadership of our China Business. Leveraging the expertise in e-commerce and digital marketing that we had developed in the Chinese market, we launched Pigeon-branded nursing bottles and nipples through major online retail platforms. Although positioned at a higher price point than Lansinoh products, they have attracted strong consumer interest thanks to their quality and added value.

Today, we offer nursing bottles and nipples in the United States under both the Pigeon and Lansinoh brands. Lansinoh has established a distinct position as a brand for mothers that supports breastfeeding, differentiating it from baby skincare and baby healthcare brands. At the same time, offering nursing bottles and nipples under both brands allows us to test the potential of providing a seamless product lineup spanning everything from products for mothers to those for babies and children.

This serves not only as a test marketing initiative for the U.S. market but also as an important step toward expanding this approach to other countries. While the U.S. market is dominated by two leading players alongside numerous other brands, each of the brands outside the top two holds a market share of less than 5%. We therefore believe there is ample opportunity for both Pigeon and Lansinoh to establish themselves among the market leaders. Under the 9th Medium-Term Management Plan, we will pursue this growth opportunity in the U.S. market in earnest.

Nursing bottles and nipples are products that Pigeon has continuously refined over its 70-year history, steadily enhancing their quality. We manufacture them at five of our own facilities worldwide—in China, Thailand, Indonesia, India, and Turkey—which gives us a strong global supply network. By further increasing capacity utilization at these facilities and expanding our global market share, we can increase both sales and profitability. We will also pursue further growth through M&A that complements our organic growth.

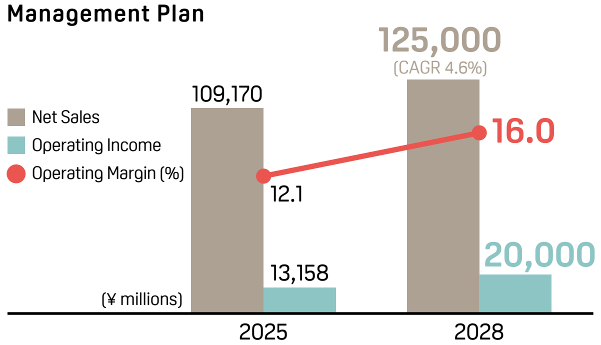
India and the ASEAN region also remain important markets with significant growth potential for Pigeon. In these markets, we have already established a solid market position with our traditional slim-neck nursing bottles. However, the shift to wide-neck bottles, which provide a more natural and comfortable feeding experience for babies, has progressed more slowly than we initially expected. In hindsight, we recognize that we did not do enough to communicate their value to consumers, particularly given that they are priced at two to three times the level of conventional slim-neck bottles. In response, we undertook an extensive cost-reduction initiative and developed a strategically positioned wide-neck nursing bottle that retains many of the key features of the original model while limiting the price premium to just 20% to 30% above that of slim-neck bottles.

We launched the product in India in 2025 and in Indonesia in June 2026, with a phased rollout across the rest of the

ASEAN region underway. Under the 9th Medium-Term Management Plan, we are committed to successfully completing the transition to wide-neck nursing bottles—a key objective carried forward from the previous Medium-Term Management Plan.

P.24~ 9th Medium-Term Management Plan (2026–2028)

Management Targets of the 9th Medium-Term Management Plan



Strengthening Our Management Foundations through the Introduction of the CxO Structure

To strengthen our management foundations, we have introduced a new CxO structure. Under the 7th Medium-Term Management Plan, we adopted a four-business-unit structure and delegated greater authority to each business unit. As a result, we established a management framework that enables each business unit to take the lead in pursuing its strategies with greater speed and agility.

Looking ahead, however, we concluded that further reducing costs, improving the efficiency of product development, and enhancing profitability across the Pigeon Group will require more than optimization at the individual business-unit level. It also requires cross-functional leadership that can optimize the Group as a whole.

As part of the introduction of the CxO structure, we established the new Group Executive Officer System based on delegated authority, alongside our existing employment-based Executive Officer System. We have appointed local leaders—not Japanese expatriates—as CEOs of key overseas operations, including our China Business and Americas and Europe Business. We also appointed a Chief Product Officer/Chief Supply Chain Officer (CPO/CSCO) responsible for global development, procurement, and manufacturing strategy, and a Chief Strategy Officer (CSO) responsible for corporate strategy and optimizing our business portfolio. In addition, we appointed a Chief Financial Officer (CFO) to oversee financial strategy, a Chief Human Resources Officer (CHRO) to lead our people and sustainability strategies, and a Chief Branding Officer (CBO) to oversee brand strategy. We also revised our compensation framework to reflect these different appointment structures. Going forward, under a management and governance framework that combines regional and functional axes, we will further accelerate growth across the Pigeon Group.

P.27 Management Structure Reform to Support Achievement of the Medium-Term Management Plan

Sustainability Initiatives: Creating a Baby-Friendly Future

With the introduction of the CxO structure, we have appointed the CHRO as the executive responsible for sustainability. This reflects our belief that a sincere commitment to sustainability is one of the most important drivers of employee engagement.

Some view sustainability as a cost. At Pigeon, however, we see it not as an expense, but as an investment in building our medium- to long-term competitive advantage. On the environmental front, we continue to make steady progress under the Pigeon Green Action Plan. Our 2030 greenhouse gas (GHG) emission reduction target for the Pigeon Group has received validation from the Science Based Targets initiative (SBTi), and we are committed to leading the way as a frontrunner in protecting the future of our planet.

Lessons for Learning About Babies—Toward a Baby-Friendly Future

However, the area in which Pigeon can make its greatest contribution is creating value for society. We have long been planting the seeds for a better future through initiatives such as providing products for premature and low-birth-weight infants and offering our “Lessons for Learning About Babies” program, which helps junior high school students learn about childcare and the value of life.

Looking ahead, I also believe we have an opportunity to create a significant positive impact on society by expanding an environment of “team parenting” through our core competencies, while continuing to respect the importance of breastfeeding. Our wide-neck nursing bottles incorporate advanced technology that enables babies to feed more naturally, helping mothers continue breastfeeding even when they are not with their babies. In doing so, they support a shift from feeding being the sole responsibility of mothers to one in which the entire family can participate.

When partners and other family members share in feeding, mothers gain valuable time to rest both physically and mentally. At the same time, those around them can experience the irreplaceable joy of feeding a baby and share in those precious moments. Through this concept of “team parenting,” we hope to transform the perception of childcare from a lonely, burdensome responsibility into a shared and rewarding experience.

“Addressing Japan’s declining birth rate is not the responsibility of government alone. The initiatives of private companies can become the catalyst for broader change across society and government.” These words, shared with me by one of our Outside Directors, have stayed with me ever since.

Realizing a baby-friendly future in which everyone supports one another and shares the joys of raising children is precisely how Pigeon intends to address the societal challenge of declining birth rates through its business.

We are currently engaged in ongoing discussions about the social impact of the initiatives that Pigeon employees undertake as a matter of course and the social value they create.

We have incorporated the Pigeon-specific KPIs we have been able to establish into the performance evaluation criteria for executive compensation. At the same time, we are further deepening the already high level of employee alignment with our Purpose, which currently stands at 88% across the Group, while establishing a management framework in which our executives lead from the front in integrating business activities with social value creation. This marks an important first step in our sustainability management.

We will continue moving forward with conviction to realize a baby-friendly future while enhancing our corporate value over the long term.

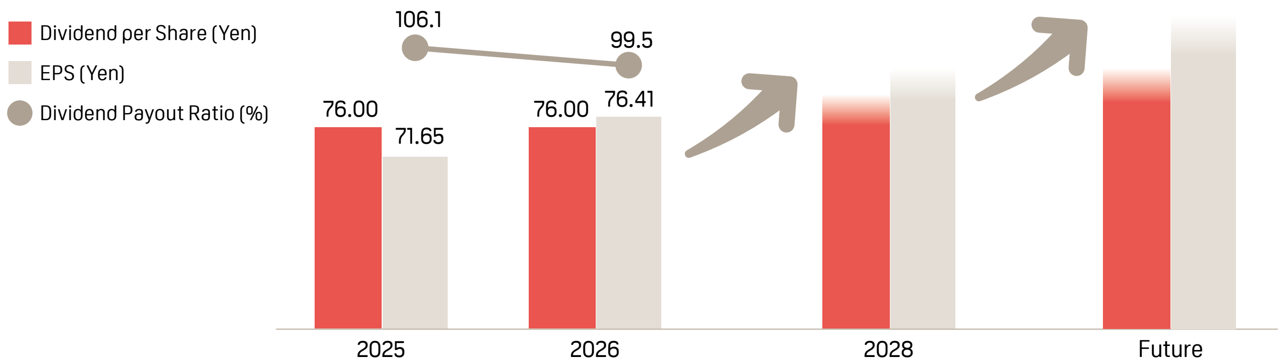
P.64~ Executive Remuneration System

Balancing Growth Investment and Shareholder Returns

Under the 9th Medium-Term Management Plan, we will prioritize growth investments over the three-year period while maintaining stable shareholder returns. In particular, to achieve our goal of increasing our global market share in the nursing bottles and nipples category to 20% over the next decade, we will concentrate our management resources on growing our core product categories while also considering M&A opportunities and, where appropriate, the financing required to support them. In fiscal 2026, the first year of the plan, we also intend to make proactive up-front investments, particularly in North America.

The 9th Medium-Term Management Plan clearly defines the product categories on which we will focus, the regions where we will accelerate growth, and the management framework through which we will execute these strategies. While growth in net sales and operating income remains important, we are equally committed to improving profitability as we steadily work toward realizing our long-term vision.

We will continue striving to create a baby-friendly world for babies everywhere, including those yet to be born. We sincerely appreciate the continued support of all our stakeholders as we pursue this vision.



Initiatives to Improve Corporate Value
(Promoting PVA and Dialogue with the Capital Markets)

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.

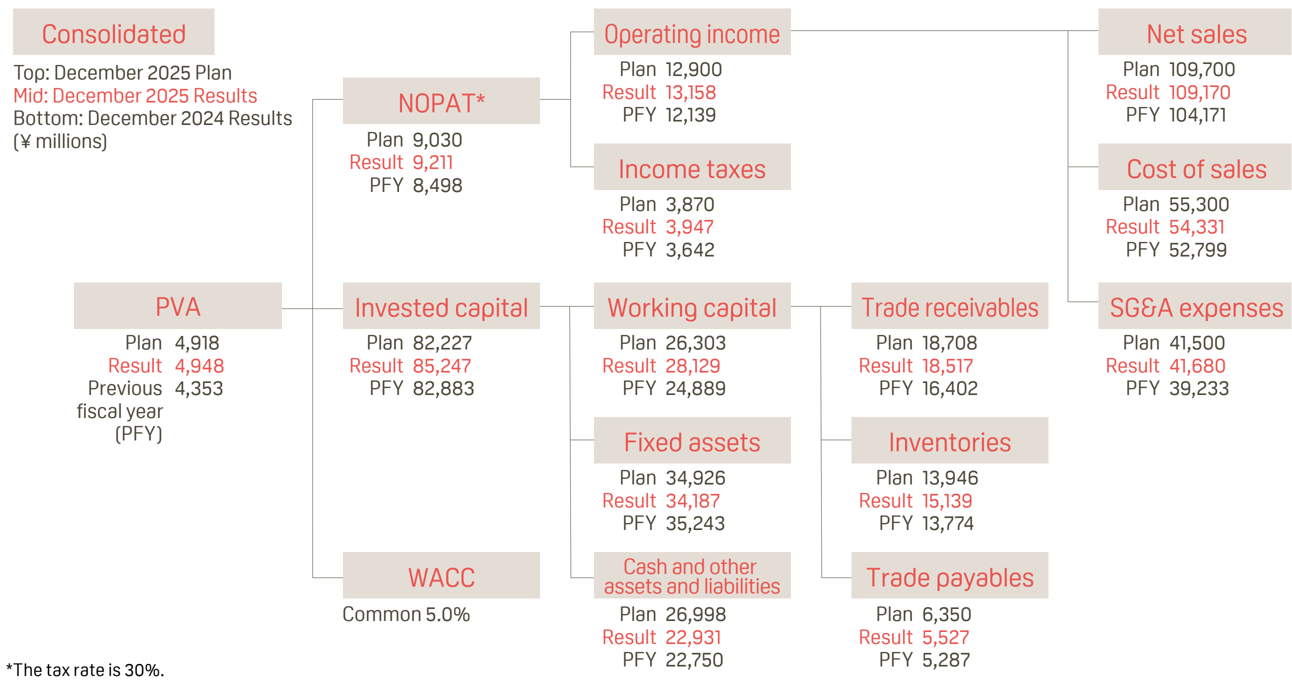
[Reference] Each component used in the CAPM-based calculation		
	Risk-free rate	Refers to the 10-year government bond yield
	Beta	Multiple references to the average of monthly beta values (versus TOPIX) for the past three years, calculated semiannually
	Risk premium	Refers to GPIF's expected return

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 2025



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

Dialogue with Shareholders and Investors

1. Framework for Promoting Dialogue with Shareholders and Investors

We believe that promoting constructive dialogue with shareholders and investors is essential to achieving the Company's sustainable growth and enhancing corporate value over the medium to long term.

The Business Strategy Department, which is responsible for investor relations (IR), works closely with relevant departments to promote effective IR activities and facilitate dialogue between management and shareholders and investors. To further enhance the transparency and credibility of our management, we plan and implement IR activities in Japan and overseas, depending on the nature of the dialogue and, as appropriate, involving not only the Chief Strategy Officer (CSO), who oversees the IR function, but also the President and CEO, other internal Directors, and Outside Directors.

We have also established a framework under which valuable opinions and feedback received through dialogue are regularly reported to and discussed by the Management Meeting and the Board of Directors. By appropriately reflecting these insights in management decision-making, we strive to continuously enhance corporate value.

2. Status of Dialogue with Shareholders and Investors

Overview of Dialogue Activities

During fiscal 2025, we conducted approximately 250 IR meetings. These meetings were attended by the President and CEO, other Directors, Group Executive Officers, and members of the Business Strategy Department, providing a wide range of opportunities for dialogue with shareholders and investors, as outlined below.

Earnings Briefings and Conference Calls	Held earnings briefings for the interim and year-end results, as well as earnings conference calls for the first and third quarters.
One-on-One Meetings and Small Meetings	Held one-on-one meetings and small meetings with institutional investors and analysts in Japan and overseas. Also conducted overseas road shows led by the President and CEO and other members of management.
Thematic Dialogue	Conducted dialogue focused on sustainability (ESG). Also held shareholder relations meetings for proxy voting representatives and other stakeholders.
Individual Investors	Participated in IR events to explain our business strategy and showcase our products.

For details, please refer to our Status of Dialogue with Shareholders and Institutional Investors (fiscal 2025).

Website https://www.pigeon.com/sustainability/files/pdf/dialogue_shareholders2604e.pdf

3. Future Initiatives

We will pursue the following initiatives to improve PVA, a key management indicator, and enhance corporate value by incorporating insights gained through constructive dialogue with shareholders and investors.

Improving Capital Efficiency (PVA) to Enhance Profitability

- Alongside the execution of strategies under the 9th Medium-Term Management Plan and other initiatives, we will use the KPIs that comprise PVA to evaluate business performance and review our business portfolio, thereby optimizing the allocation of management resources. Specifically, once a year the Board of Directors evaluates each business from three perspectives: 1) alignment with the purpose of the Pigeon Way, 2) economic value, and 3) social value. Based on these evaluations, it confirms the strategic direction for each business: "invest and grow," "maintain," "restructure," or "downsize or withdraw."
Initiatives to reduce working capital: To optimize invested capital, we will focus in particular on appropriate inventory management and reducing excess inventory, thereby improving capital efficiency and further enhancing PVA.

Further Promoting Management with a Focus on Share Price (Linked to Executive Compensation)

- In determining the compensation of Directors (excluding Independent Outside Directors), we incorporate evaluations of progress against KPIs such as PVA and ROIC to strengthen management's awareness of the cost of capital. We also incorporate total shareholder return (TSR), a share price indicator, into compensation calculations to align the interests of management and shareholders (the "same boat" concept), thereby establishing a framework that drives the enhancement of corporate value over the medium to long term.
Enhancing disclosure and dialogue with the capital markets to improve corporate value: We will continue to enhance and improve our disclosure on initiatives to increase corporate value. We will also actively engage in dialogue with investors and other stakeholders to deepen their understanding of the Company's business and initiatives.

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

Maximizing Positive Impact on Society and the Environment While Minimizing Negative Impact

Sources of Value Creation

Human capital
The Pigeon Group DNA and the Pigeon Way are practiced by all employees
Group total: 3,042 employees
(As of December 31, 2025)

Financial capital
Consolidated net assets: ¥85.8 billion
Equity ratio: 75.3% (Fiscal 2025)

Intellectual capital
Know-how and intellectual property derived from around 70 years of intensive research of nursing and babies' sucking behaviors, manufacturing, sales, and service
Brand value: US$434 million*1
*1 From Best Japan Brands 2026 (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 Management Plan

P. 24~

- Japan Business
- China Business
- Singapore Business
- Americas and Europe Business*2

*2 Effective March 27, 2026, the Lansinoh Business was renamed the Americas and Europe Business. The new name will be applied from the fiscal year ending December 31, 2026.

- 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
- Unique products and services that solve areas of concern in baby care
- Information sharing and other activities to support breastfeeding worldwide (including operation and support of lactation lounges and support for promotion of human milk banks)
- 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

Impact on Society

Economic Value
(Final fiscal year of the 9th Medium-Term Management Plan)

Net sales ¥	125.0 billion
Gross profit ¥	65.4 billion
Operating income ¥	20.0 billion
PVA ¥	9.4 billion or more
ROE	14.9 % or more
ROIC	15.4 % or more

Giving every baby the best possible start.

Social Value

Environment
Realize the Pigeon Green Action Plan P. 46~

Social
Contribute to the resolution of social issues surrounding babies and families P. 51~

Human resources
Foster human resources who enhance corporate value P. 54~

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. 58~ | Research and development, *monozukuri* (manufacturing) P. 42~ | 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.

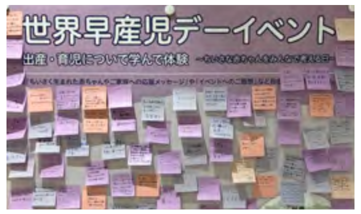
Holding awareness-raising events for World Prematurity Day and presenting the Celebrate Baby Medal to NICU graduates

Approximately one in 10 babies worldwide is born prematurely*, and such babies and their families often face significant challenges and burdens. As part of its Tiny Birth Cry Support Project, which supports babies requiring specialized care and their families, Pigeon conducts awareness-raising events and support initiatives in conjunction with World Prematurity Day in November to promote greater understanding throughout society.

During the campaign period, we displayed incubators, offered opportunities to hold lifelike dolls modeled on tiny babies, and installed message boards for words of support, helping build awareness of these issues. In addition, we present the Celebrate Baby Medal, a photo frame-style medal that celebrates the journey of babies graduating from neonatal intensive care units (NICUs) and their families while serving as a cherished keepsake of those precious days.

Through these initiatives and other efforts that support the healthy growth of all babies, we will continue working toward the realization of a society where all babies are helped to develop and grow, regardless of the conditions of their birth.

*Premature birth is defined as birth occurring between 22 weeks 0 days and 36 weeks 6 days of gestation.



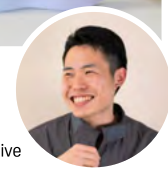
The inspiration behind the Celebrate Baby Medal: A message from the project representative

The Celebrate Baby Medal was created for babies graduating from NICUs and growing care units (GCUs) and their families as a way of celebrating a baby's birth and honoring the journey they have shared together.

We wanted to recognize, beyond words, the days that babies and their families have been through together. By displaying a treasured photograph in the medal's photo frame, we hope it will provide an opportunity to look back on those precious memories with affection. Our aim was to create a gift that would continue to accompany families as they move forward in their everyday lives.

The medal is made entirely from recycled plastic materials generated during the manufacturing of products such as nursing bottles and straw bottles. The marble pattern created through the upcycling process is unique to each medal, making every piece one of a kind.

Through each distinctive pattern and design, we hope to celebrate the irreplaceable individuality of every baby and family.



Creative Design Sect. representative

Toward Sustainable Growth

Pigeon Group Operating Environment
Risks and Opportunities in Sustainability Management

The Pigeon Group aims to enhance corporate value on a sustainable basis by accurately identifying changes in the operating environment, appropriately managing and responding to various risks, and investing in growth opportunities.

Time Horizon	Category	Risks	Opportunities
Short term (0–2 years)	Changes in the business environment	• Intensifying competition due to a growing e-commerce market • Diversification and increasing complexity of supply chain risks • Rising raw material costs/foreign exchange risk	• Expansion of the target customer base through e-commerce growth • Business growth through new products tailored to diverse parenting styles
Medium term (3–5 years)	Demographic trends and social issues	• Declining birth rates in key markets (Japan and China) • Persistently high infant mortality rates • Insufficient social support for babies born prematurely • Emergence of human rights risks in the supply chain • Labor shortages	• Full-scale expansion into untapped markets • Expansion of products and services for babies requiring specialized care • Building a resilient supply chain through responsible sourcing • Securing talented employees through enhanced engagement
Long term (6+ years)	Climate change and environmental issues	• Escalation and increased frequency of natural disasters • Institutionalization of soft law and hard law related to the environment	• Increased sales of environmentally friendly products driven by growing environmental awareness among consumers

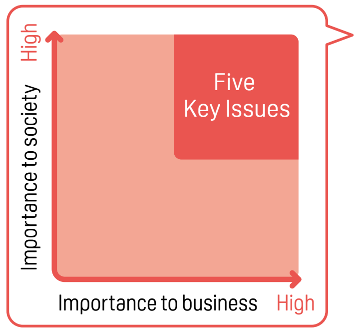
Process for Identifying and Monitoring Key Issues (Materiality)

In April 2019, we identified for the first time 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 these key issues 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 and 2025, we conducted reviews of materiality in conjunction with the formulation of our 8th Medium-Term Management Plan (2023–2025) and 9th Medium-Term Management Plan (2026–2028) in light of significant changes in our business and the social environment. In formulating and revising materiality, the Group also held discussions within the Sustainability Committee, which includes directors and Group Executive Officers, and the Governance Committee, chaired by an outside director, to support the realization of Pigeon's Purpose: "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs."

Following discussions within the Sustainability Committee and at Medium-Term Management Plan formulation meetings as part of the 2026 review process, the revised materiality issues were approved by the Board of Directors in February 2026.

Progress on these materiality issues is monitored by the Sustainability Committee, and the results are reported to the Board of Directors by the Chair of the Sustainability Committee.



Key Issues (Materiality)
↓
Medium-Term Management Plan and its implementation
↓
Monitoring by the Sustainability Committee and Board of Directors
↓
Social value | Economic value
↓
Achieve Our Purpose

Reviewed the process for Key Issues (Materiality)

Outlined the Pigeon Group's operating environment
↓
Exchanged insights in the Sustainability Committee (multiple times) | Exchanged insights in the Governance Committee (multiple times)
↓
Key Issues approved by the Board of Directors

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)	What We Aim to Achieve	Progress Toward Key Targets: 2024	2025	For details, see
Enhancing Business Competitiveness and Resilience	Become a company that is indispensable to society by enhancing corporate value over the medium to long term	Sales in new business areas: ¥8.0 billion or more	More than ¥11.0 billion	P. 40~
Reducing Our Environmental Impact	Leave a rich Earth for the future of babies born tomorrow by pursuing environmentally responsible manufacturing that is friendly to the global environment	Scope 1 & 2 GHG emissions (vs. FY2018): 65% reduction	69.6% reduction	
		Scope 3 Category 1 & 12 GHG emissions (vs. FY2021): 2023 progress: 17% reduction	2024 progress: 23% reduction	P. 46~
Contributing to the Resolution of Social Issues	Contribute to resolving social issues affecting babies and their families	CSR procurement assessment response rate: 85.3%	87.9%	P. 53~
Managing Talent and Cultivating the Right Culture for Our Purpose	Foster a culture in which every employee can be themselves and continue taking on new challenges	Engagement score: 4.15	4.19	
		Ratio of female managers (Japan – Pigeon Corporation): 26.4%	26.4%	P. 54~
Establishing Solid Management Foundations	Establish a framework that encourages ambitious endeavors to enhance corporate value over the medium to long term	Dialogue with the capital markets to enhance corporate value (FTSE rating): 3.9	4.3	P. 58~

Continue initiatives under the 9th Medium-Term Management Plan

For more information about our Sustainability initiatives, please visit these websites.

Website	https://www.pigeon.com/sustainability/
ESG Data Book	https://www.pigeon.com/sustainability/databook/

Toward Sustainable Growth

Review of the Medium-Term Management Plans and Sustainable Growth

The Pigeon Group will achieve profitable business growth while contributing to the resolution of social issues to help create a baby-friendly society. By 2035, we aim to deliver Pigeon nursing bottles and nipples to 20% of babies worldwide, helping to create a baby-friendly future.

7th Medium-Term Management Plan

Under the theme of expanding the key success factors established in the China market globally to achieve healthy growth and further improve profitability across all regions, the 7th Medium-Term Management Plan was built around three core strategies: Brand Strategy, Product Strategy, and Regional Strategy.

Review

We made steady progress in implementing these strategies while strengthening our ESG initiatives through the establishment of a dedicated sustainability function. As a result, we achieved our non-financial targets and received recognition from external organizations. However, the intermittent impact of the COVID-19 pandemic across all regions throughout the three-year period prevented us from achieving our financial targets.

Issues

In addition to the various impacts of the COVID-19 pandemic, the business environment changed significantly, with birth rates declining in many countries, including Japan, China, South Korea, Europe, and the United States. As a result, some initiatives could not be implemented as planned, while certain strategies no longer reflected market realities, leading to challenging business results.

Due to the impact of the COVID-19 pandemic, the business environment became more challenging than anticipated, particularly in Japan and China, resulting in declines in both net sales and operating income.

8th Medium-Term Management Plan

The 8th Medium-Term Management Plan focused on rebuilding our business structure to respond to global economic, political, and environmental changes in support of sustainable growth.

Review

Sales of our core product categories remained strong, driven by nursing bottles, nipples, and breast pumps, while we also made steady progress in developing new business areas, including women's care and baby care appliances. We also expanded our presence in new markets, with sales of nursing bottles and nipples in North America and Europe increasing fourfold.

Issues

Amid continued uncertainty surrounding the Chinese economy, the high proportion of operating income generated by the China Business has slowed the pace of profit growth and delayed the recovery of our share price.

In the first year of the Medium-Term Management Plan, both net sales and operating income declined due to reputational damage in China following the release of ALPS-treated water and the impact of inventory adjustments in Singapore. However, operating income (and operating margin) bottomed out.

9th Medium-Term Management Plan

The 9th Medium-Term Management Plan sets a goal of doubling sales of nursing bottles and nipples by 2035 compared with 2025 and aims to achieve sustainable, profitable growth toward that goal.

Basic Direction of the 9th Medium-Term Management Plan

Product Strategy

- Accelerate growth of core product groups centered on nursing bottles, including core products and sub-core products
- Expand lifetime value (LTV) through age-up products

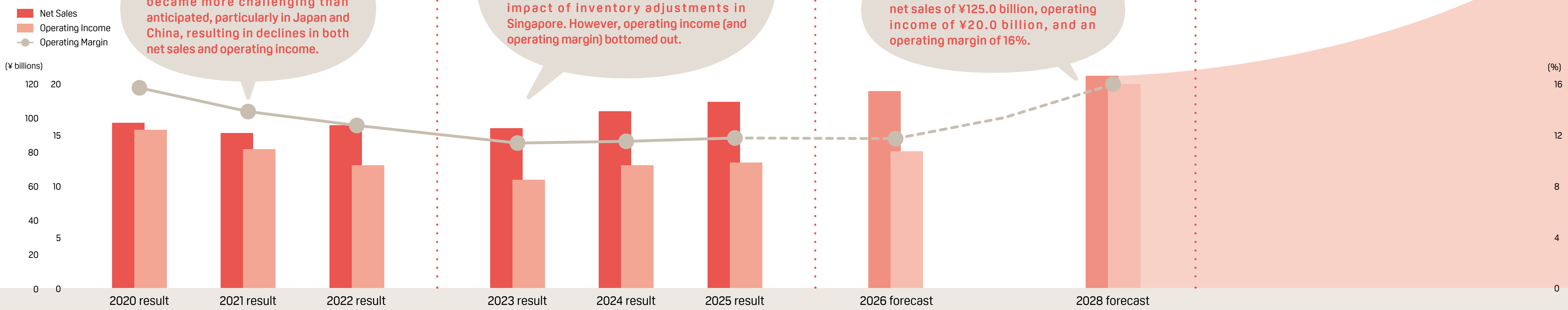
Regional Strategy

- Accelerate growth in our top-priority Americas and Europe regions, as well as our high-potential Singapore Business
- Secure Group profitability through stable growth in our Japan and China businesses

Reinforcement of management foundations and steady implementation of ESG

- Promote management structures from both regional and functional perspectives
- Strengthen ESG initiatives to support our growth strategies

We aim to achieve both sales growth and improved profitability, targeting net sales of ¥125.0 billion, operating income of ¥20.0 billion, and an operating margin of 16%.



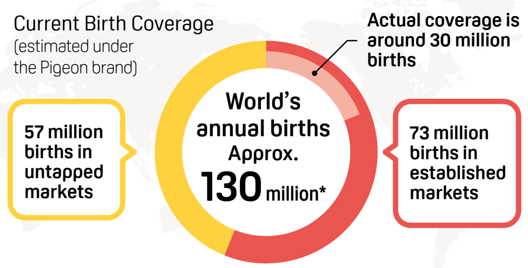
Environment and Key Challenges

The business environment surrounding the Pigeon Group has entered a new phase following the transition to the post-COVID era. Uncertainty surrounding the global economy has become the norm, driven by factors such as rising raw material and energy prices and the impact of geopolitical risks on exchange rates and tariffs, making the future outlook extremely difficult to predict.

At the same time, declining birth rates, particularly in the Group's key markets of Japan and China as well as across Asia more broadly, are accelerating at a pace exceeding expectations. Meanwhile, consumer preferences are becoming increasingly diverse, and the rapid growth of e-commerce channels and rising demand for childcare support using digital technologies have made the shift toward new patterns of consumer behavior irreversible.

Even in this environment, the global market remains substantial, with approximately 130 million* births each year. A reassessment of the annual number of births in the markets where the Group operates indicates that these markets account for approximately 73 million births annually. However, many of these markets still contain significant "white space" where our market share remains low and substantial growth opportunities exist. In particular, the Americas and Europe, where purchasing power is high and there is considerable room to expand our market share for nursing bottles and nipples, together with India and other large markets characterized by strong economic growth and high birth rates, represent critical frontiers that will drive the Group's sustainable growth going forward.

Moreover, although China continues to experience a declining birth rate, it remains a vast market with approximately 8 million births annually. We believe that we can further expand our market share while maintaining a highly profitable business by strengthening our brand and further expanding our portfolio of high-value-added products, including wide-neck nursing bottles and baby skincare products.



*Pigeon research

Vision for Long-Term Value Creation and Nursing Bottle and Nipple Strategy

1. Our Long-Term Vision: Becoming a Company That Creates a Baby-Friendly World

Guided by our Corporate Philosophy of "Love" and our Purpose—"We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs."—Pigeon has remained committed to supporting babies for many years through the provision of a wide range of products and services, including nursing bottles, the first artificial object a baby puts in its mouth.

To achieve both sustainable growth in corporate value and meaningful contributions to society over the medium to long term, we aspire to become a company that creates a baby-friendly world. To realize this vision, we will create new value by generating synergies with like-minded partners and supporting the healthy growth of even more babies in countries and regions around the world.

We will go beyond providing products and services by taking a proactive role in reducing our environmental impact to leave a rich Earth for the future of babies born tomorrow and addressing broader social challenges.

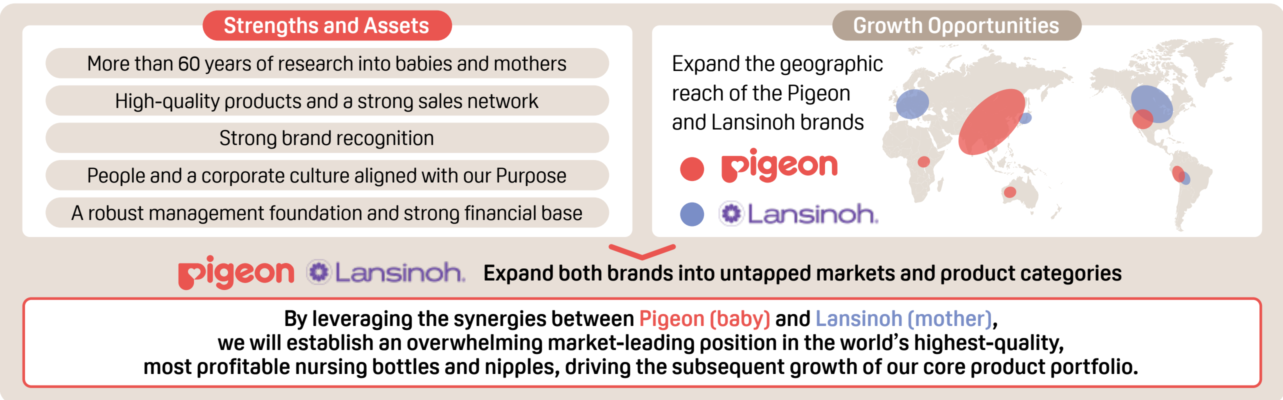
Through these efforts, we aim to realize our Vision of a Baby-Friendly Future (Six Faces of Society). Pursuing this vision while continuing to grow as a company that society cannot do without forms the foundation of our long-term value creation story.

P. 16~ Value Creation Story

2. Nursing Bottle and Nipple Strategy: Establishing an Overwhelming Global No. 1 Market Position

The cornerstone of the business strategy under the 9th Medium-Term Management Plan is to concentrate management resources on nursing bottles and nipples—the core of Pigeon's DNA—and establish an overwhelming No. 1 global market position. By positioning nursing bottles and nipples as our highest-priority investment area (core products), we will lay the foundation for further global growth based on the following rationale and strategies.

Toward an Overwhelming Global No. 1 Market Share in Nursing Bottles and Nipples

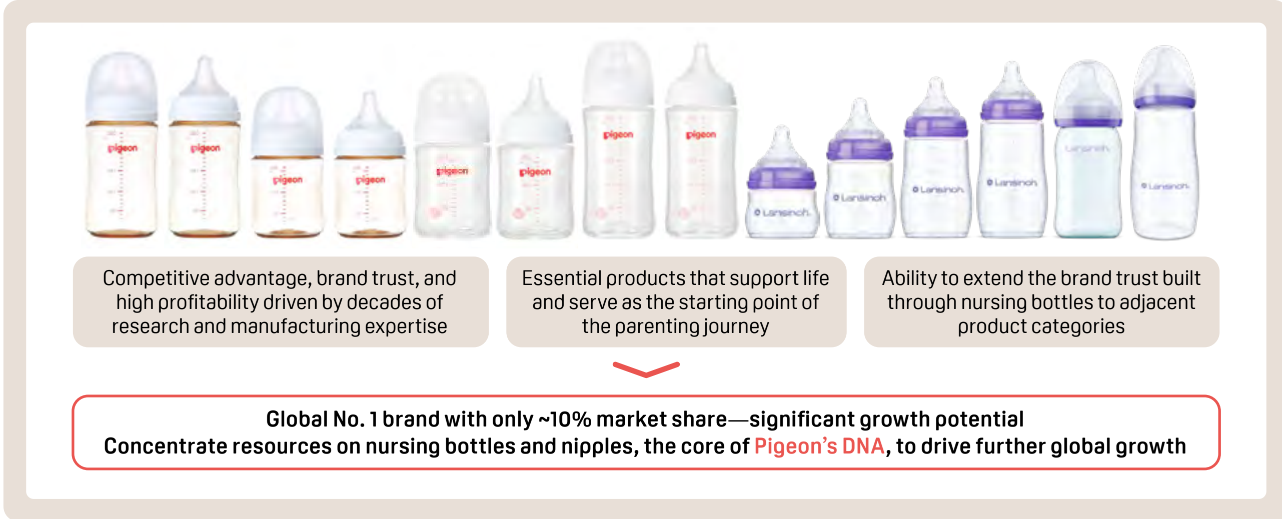


Two Reasons for Focusing on Nursing Bottles and Nipples

1. A Source of Competitive Advantage and Brand Expansion

Backed by more than 70 years of research into babies and mothers and advanced manufacturing technologies, our nursing bottles deliver exceptional competitive advantage, brand trust, and profitability. As essential products that support life and serve as the starting point of the parenting journey, the strong trust we have earned through our nursing bottles extends to adjacent product categories, including skincare and oral care, enabling cross-selling opportunities and age-up product expansion.

Reason 1 for Focusing on Nursing Bottles and Nipples

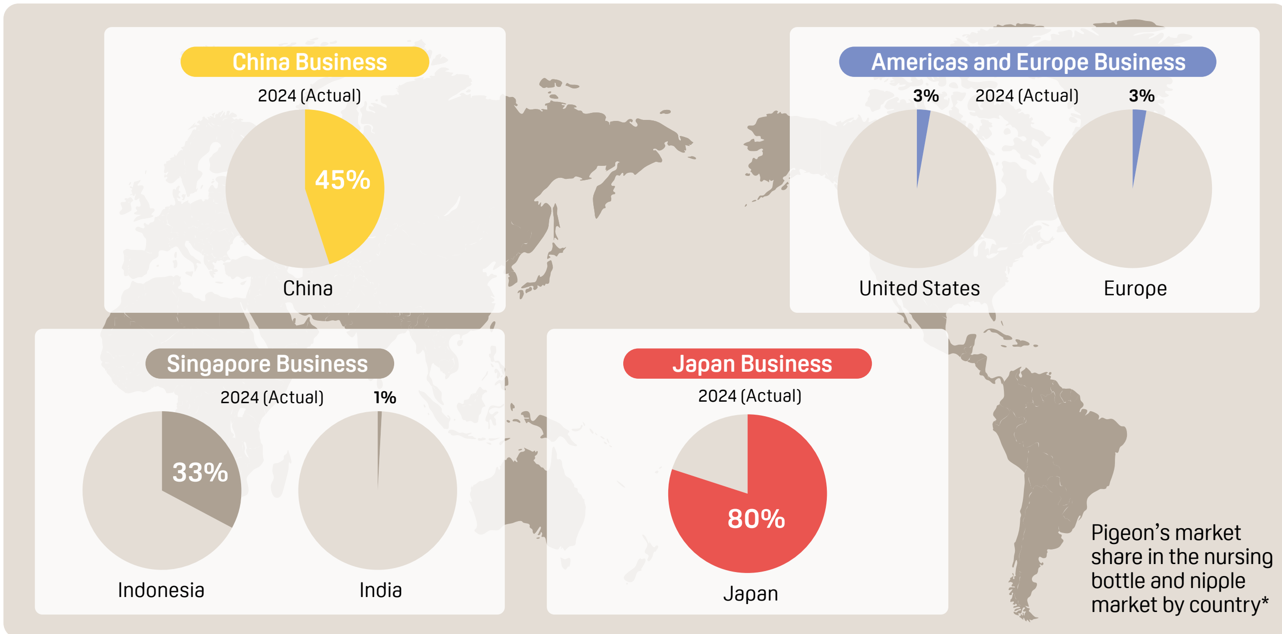


2. Significant Growth Potential through White Space

Although Pigeon is currently the global No. 1 brand in nursing bottles, our global market share remains at only around 10%, leaving substantial room for growth. In particular, major markets such as North America, Europe, and India represent significant untapped opportunities, offering the potential for transformative growth.

Our 10-Year Vision and Targets: By maximizing the synergies between the Pigeon (baby) and Lansinoh (mother) brands, we aim to double sales of nursing bottles and nipples by 2035 compared with fiscal 2025 and achieve a 20% global market share. We also target a compound annual growth rate (CAGR) of more than 5% in Group-wide sales of nursing bottles and nipples over the next 10 years.

Reason 2 for Focusing on Nursing Bottles and Nipples



*Pigeon research

Toward Sustainable Growth

9th Medium-Term Management Plan
(2026–2028)

Specific Strategies

Basic Direction and Targets

Under the 9th Medium-Term Management Plan, we aim to achieve sustainable growth with profitability, setting quantitative targets for 2028 of net sales of ¥125.0 billion, operating income of ¥20.0 billion, and an operating margin of 16.0%. To achieve these targets, we will prioritize the following three basic strategies.

Toward an Overwhelming Global No. 1 Market Share in Nursing Bottles and Nipples

Management objectives

Net sales ¥125billion
Operating income ¥20billion
(16.0%)

Product Strategy
- Accelerate growth of core product groups centered on nursing bottles (core and sub-core products)
- Expand customer lifetime value (LTV) through age-up products

Regional Strategy
- Accelerate growth in our highest-priority Americas and Europe Business and our high-growth Singapore Business
- Secure Group profitability through stable growth in our Japan and China businesses

Reinforcement of management foundations and steady implementation of ESG initiatives
- Promote a management structure based on regional and functional axes
- Strengthen ESG initiatives that support our growth strategy

1. Product Strategy

Fundamentally Improve Profitability through Growth of Core Product Categories and Expanded LTV via Age-Up Products

We will designate our principal product categories, including nursing bottles and nipples, our greatest strength and the global No. 1 brand, yet with a current market share of only around 10% and therefore significant room for growth, as our highest-priority investment area (core products). By concentrating management resources on these products, we aim to achieve a 20% global market share for nursing bottles and nipples—double the current level—within the next 10 years.

We will also position women's care, baby care appliances, baby food, and drinking cups as our next growth area (sub-core products), leveraging Pigeon's expertise and brand strength to actively foster their growth. In addition, we will expand our lineup of age-up products in categories such as skincare, oral care, drinking cups, and food and beverages to extend our customer base into the kids segment. Through these initiatives, we will significantly increase LTV per customer and establish another pillar of future growth.

2. Regional Strategy

Drive Growth through Focused Regional Priorities and Synergy Creation

We will position the Americas and Europe as our highest-priority markets, where significant opportunities remain to expand our market share for nursing bottles and nipples. At the same time, we will ensure Group profitability through stable growth in our Asian businesses, including Japan and China.

●**Americas and Europe Business* (highest-priority markets):** Following the change in name from the former Lansinoh Business, we will leverage Lansinoh's expertise in breastfeeding and strong customer trust. We aim to double sales by concentrating marketing investment on expanding our market share for nursing bottles and nipples and establishing an integrated product cycle that supports customers from pregnancy through breastfeeding.

*Effective March 27, 2026, the Lansinoh Business was renamed the Americas and Europe Business. The new name will be applied from the fiscal year ending December 31, 2026.

P. 36~ Americas and Europe Business

●**Singapore Business (ASEAN, India, and other markets):** In high-potential markets such as India and Indonesia, we will drive high growth by focusing on expanding our lineup of entry-level wide-neck nursing bottles and increasing average selling prices through the introduction of premium materials. At the same time, we will enhance our distribution structure to improve profitability and strengthen the business's contribution to overall Group earnings.

P. 34~ Singapore Business

●**China Business:** While further strengthening our position as the overwhelming No. 1 brand in the nursing bottle and nipple market, we will continue to increase the value-added content of our products and expand our lineup of age-up products. In skincare, we will highlight our objective competitive advantages by leveraging our 3D skin model, while strengthening our drinking cup business to drive stable earnings growth. In e-commerce, we will also implement disciplined channel strategies based on rigorous evaluations of investment efficiency (ROI).

P. 32~ China Business

●**Japan Business:** Building on the competitiveness of our nursing bottles and nipples and skincare products, we will improve profitability by optimizing our portfolio, including streamlining underperforming categories. At the same time, we will expand into new business areas, including products that promote children's independence and baby care appliances that leverage our deep expertise in childcare, to cultivate new markets and enhance profitability.

P. 30~ Japan Business

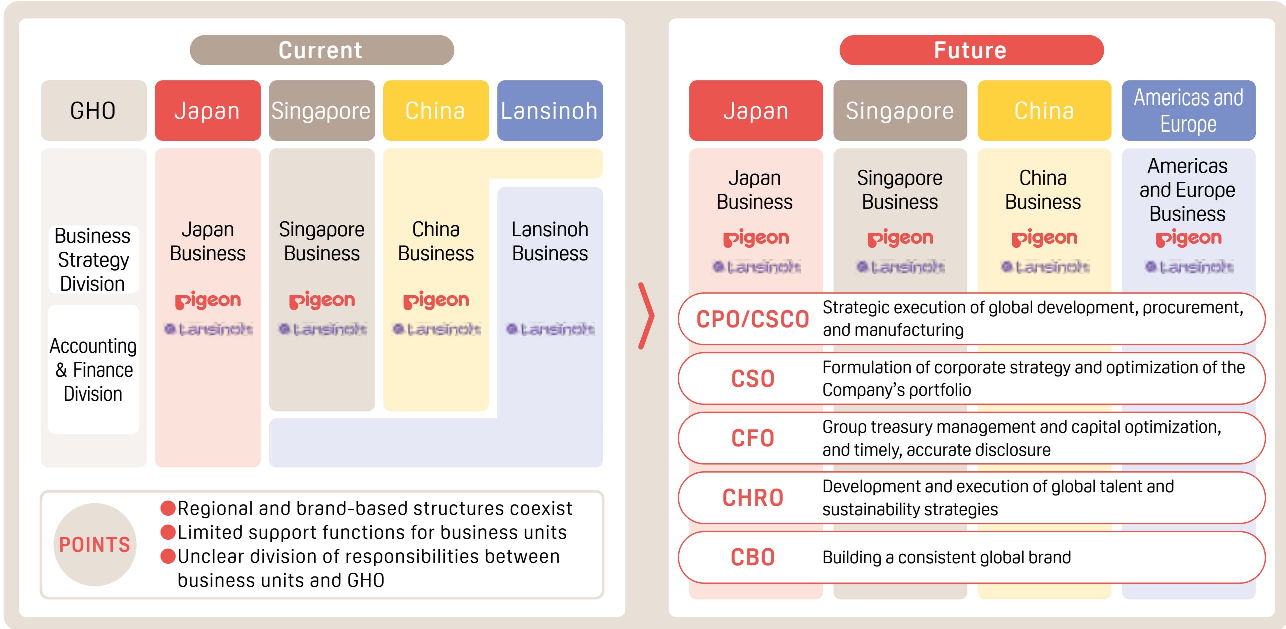
3. Strengthening Business Resilience by Reinforcing Management Foundations and Steadily Implementing ESG Initiatives

●**Reinforcing Management Foundations: Reforming the Management Structure to Support Achievement of the Medium-Term Management Plan**

We have updated our management structure to strengthen collaboration between Business Officers responsible for overseeing each business and Corporate Officers (CxOs) responsible for functional areas such as development, strategy, finance, human resources, and brand management, creating a cross-functional structure based on regional and functional axes.

In addition, we will establish a data management framework that emphasizes timely reporting, enabling faster decision-making and more sophisticated management.

Management Structure Reform to Support Achievement of the Medium-Term Management Plan



●**Human Resources Strategy to Support Our Growth Strategy:** Building on a strong commitment to our Purpose, we will invest in the people who drive strategy execution, promote DE&I, and optimize our global organization to foster a corporate culture in which employees continuously learn and embrace new challenges.

P. 54~ Managing Talent and Cultivating the Right Culture for Our Purpose

●**Steady Implementation of ESG Initiatives:** To leave a rich Earth for the future of babies born tomorrow, we will advance the Pigeon Green Action Plan by pursuing decarbonization through significant reductions in greenhouse gas (GHG) emissions, promoting a circular economy through the introduction of eco-friendly packaging, and contributing to a nature-positive society through the sustainable use of resources. Through these initiatives, we aim to enhance corporate value over the medium to long term.

P. 46~ Pigeon Green Action Plan

Toward Sustainable Growth

9th Medium-Term Management Plan (2026–2028)

Financial Targets and KPIs

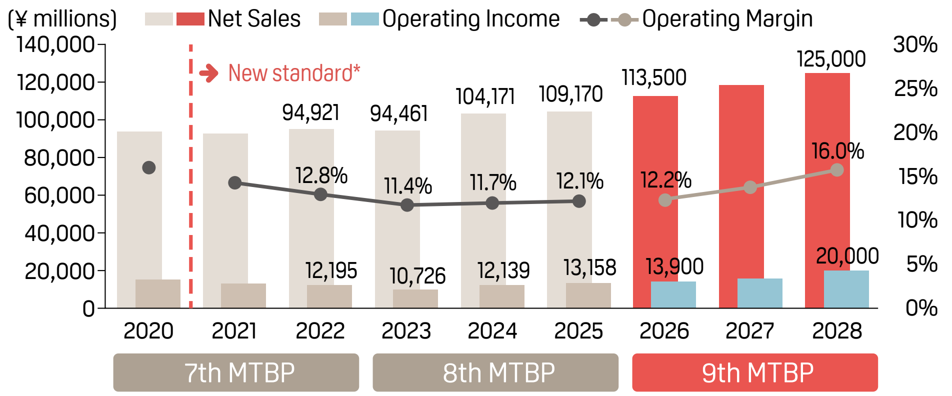
Under the 9th Medium-Term Management Plan, the Pigeon Group has set consolidated quantitative targets of net sales of ¥125.0 billion, representing a three-year CAGR of 4.6%, and operating income of ¥20.0 billion, placing particular emphasis on steadily improving the operating margin alongside sales growth. To achieve an operating margin of 16.0% by 2028, the Japan, China, Singapore, and Americas and Europe businesses will implement the most appropriate profitability improvement measures based on their respective market characteristics and business challenges.

At the same time, we will make concentrated investments in our core product groups, including nursing bottles and nipples, which form the foundation of our sustainable long-term growth. We will also support earnings growth by expanding LTV through age-up products that broaden our customer base to include children, while further increasing the sales mix of our highly profitable core product groups to improve the gross profit margin.

9th Medium-Term Management Plan (MTBP) Targets

(¥ millions)	2025		2028 (Final year of the 9th MTBP)
	Actual	% of Total	Target
Net sales	109,170	100.0%	125,000
Operating income	13,158	12.1%	20,000
Net income attributable to owners of parent	8,570	7.9%	13,160
ROE	10.4%	–	14.9%
ROIC	10.8%	–	15.4%

Currency rates—FY2025-end: US$1 = JPY 149.66 / CNY 1 = JPY 20.82; 9th MTBP (assumed): US$1 = JPY 150.00 / CNY 1 = JPY 21.50

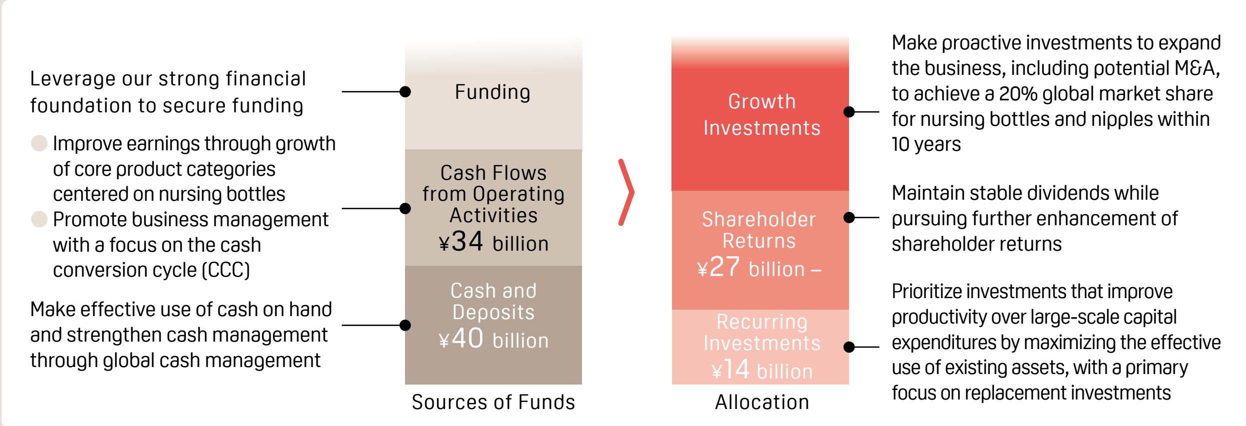


*A new standard for revenue recognition was adopted in 2021

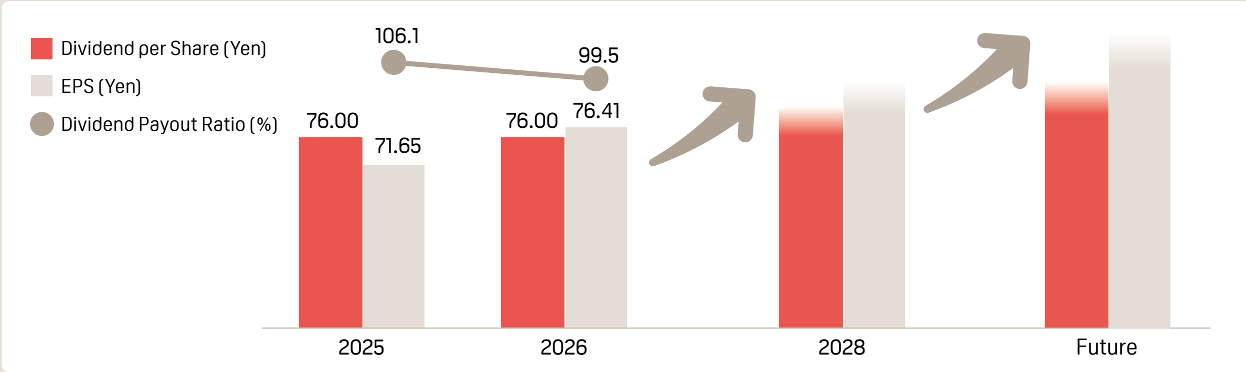
Cash Flows/Shareholder Return Policy

Under the 9th Medium-Term Management Plan, we expect to generate approximately ¥34 billion in cash flows from operating activities and plan to allocate approximately ¥14 billion to recurring investments. The Pigeon Group regards the return of profits to shareholders as a key management priority. Under the plan, we intend to return approximately ¥27 billion to shareholders, while continuing to pay stable dividends at the current level. Our basic policy is also to steadily grow earnings per share (EPS), with a view to increasing dividends in the future.

Capital Allocation (2026–2028)

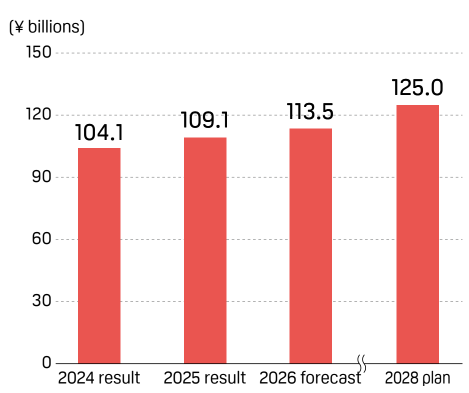


Shareholder Return Policy

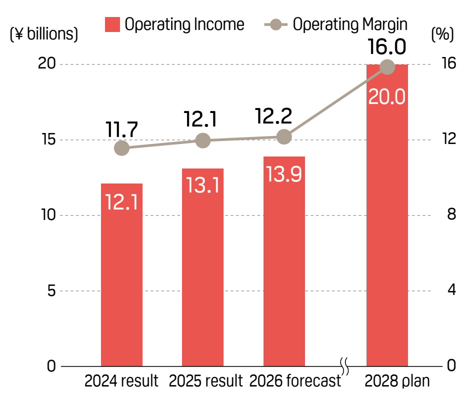


Financial Indicators and Shareholder Returns

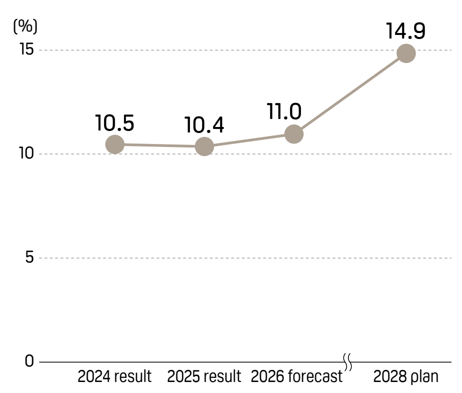
Net Sales



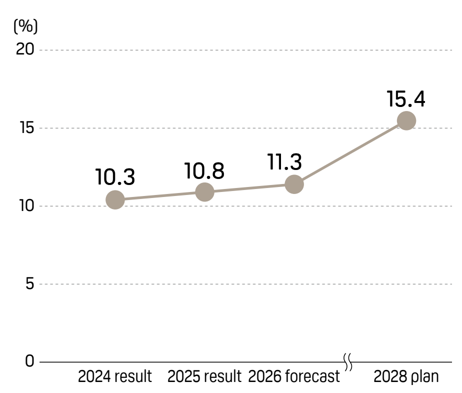
Operating Income/Operating Margin



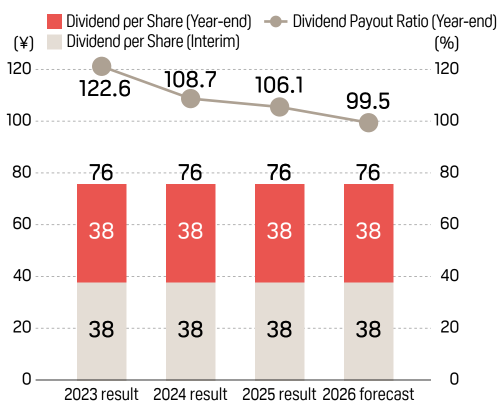
Return on Equity (ROE)



Return on Invested Capital (ROIC)



Cash Dividend per Share/Dividend Payout Ratio



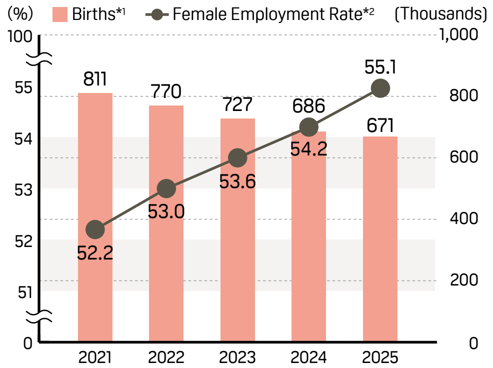
Japan Business

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 670,000 births in 2025*1 and is expected to continue gradually declining. At the same time, with the overall female employment rate in Japan at 55.1%*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 29.3%*3, indicating the ongoing trend of population aging.

*1 According to National Vital Statistics Reports for 2025 (approximate)
*2 Summary of Statistics Bureau of Japan's "Labor Force Survey (Basic Tabulation), Average for 2025"
*3 White Paper on Aging Society 2025, Cabinet Office, Government of Japan



Fiscal 2025 Performance and Highlights

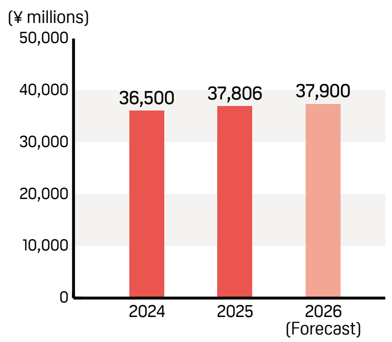
Net sales for the period were ¥37,806 million, up 3.6% year on year, and segment profit was ¥2,596 million, up 29.9%, resulting in higher revenue and earnings. Sales in the baby care segment, including childcare and feminine products, remained strong, increasing 7.6% year on year, while sales through our own e-commerce channels surged by approximately 70% compared with the previous year. In addition to the positive impact of the partial price revisions implemented in June, sales of our core products continued to grow, led by nursing bottles and nipples. Baby skincare products also exceeded the previous year's level, supported by products such as Baby Milk Lotion with Vaseline. Baby food and beverages recorded strong growth, driven primarily by the favorable reception of our new premium-priced toddler food products. In our new baby care appliance business, sales continued to perform well, supported by products such as the "POCHItto Slim," a nursing bottle steam sterilizer and dryer launched in August, with the category accounting for more than 10% of baby care sales. We also responded to increasingly diverse customer needs by introducing new brands, including TABOTENZU in September and Pigeon Kids in November.

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, we revitalized the Habinurse brand through new products, including the attachment-type eating aid Jibunde-taberu Meal Catch. We will continue promoting products that support toileting, hygiene, and eating while further strengthening sales activities targeting retailers and nursing care facilities.

Sales of the Japan Business



Baby Milk Lotion with Vaseline

Pigeon Kids Magic Foaming Body Wash & Shampoo

"POCHItto Slim," a nursing bottle steam sterilizer and dryer

Retort Pouch Toddler Meals Supervised by Nursery School Dietitians

Our Competitive Edge

Since its founding in Japan, Pigeon has drawn on around 70 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 recent years, we have expanded into new areas by broadening our lineup of baby care appliances and developing new brands such as Pigeon Kids in response to the evolving needs of caregivers brought about by changes in social structures, including the increase in dual-income households.

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 sales of caregiving support products and enhancing caregiving support through new products, including eating aids under the Habinurse brand, 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

Business Strategy under the 9th Medium-Term Management Plan

In the Japan Business, we aim to improve profitability by expanding our target market while building on the strong competitiveness of our core products, including nursing bottles, nipples, and skincare products. Specifically, in addition to expanding into new areas such as baby care appliances and "age-up" products for older children, we will improve profitability by augmenting our lineup of high-value-added products, including baby food.

These initiatives are underpinned by the core strengths of our Japan Business. We will maximize the value of our strong brand, backed by an overwhelming market share of more than 80% in nursing bottles, as well as our ability to quickly identify and respond to diverse customer needs through product planning and development. Furthermore, by leveraging our extensive research achievements and strong network of healthcare professionals, we will continue to drive further growth.

New Value Proposals for Core Products (Baby Care)

Capturing New Growth Opportunities in Age-Up Products and New Business Areas

Leveraging the strong customer trust we have earned through our nursing bottles, we will expand our product offerings to serve older age groups. In addition to developing new growth markets through products for children that encourage independence, we will actively expand our lineup of baby care appliances—an area where only Pigeon, with its deep understanding of the realities of childrearing, can deliver distinctive value.

Launching New Products Powered by Our Latest Technologies

We will increase the average selling price of our nursing bottles through the introduction of high-value-added products.

In the skincare field, we will apply our 3D skin model to establish compelling, scientifically and quantitatively substantiated product value and a competitive advantage, while further expanding our market share.

Improving Profitability through Portfolio Optimization

We will promote greater selectivity and focus by streamlining unprofitable product categories while further enhancing the value of our products and implementing a proactive pricing strategy that reflects their quality.

For our e-commerce business, we will improve profitability through rigorous profit analysis and develop it into one of our next major earnings drivers.

Looking Ahead

In the Japanese market, where the birth rate continues to decline, we will continue creating new value and strengthening profitability by building on our core strengths. In our flagship breastfeeding support and skincare categories, we will enhance product value through the application of our latest technologies while implementing pricing strategies that reflect product quality. At the same time, we will improve profitability by promoting greater selectivity and focus across our other product categories. We will also expand our lineup of baby care appliances that help ease the burden of childcare, as well as age-up products under brands such as TABOTENZU and Pigeon Kids, thereby increasing customer lifetime value (LTV). By continuing to provide innovative childcare solutions that meet the evolving needs of the times, we will achieve sustainable growth.

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, Mongolia, and the United States (Pigeon brand).

Market Trends and Business Environment

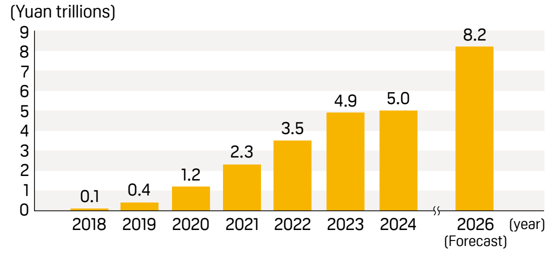
In China, the number of births has been on a declining trend since 2016. Although economic growth has recently slowed due to the stagnation of the real estate market and weaker consumer spending, China remains an enormous market. Over the medium to long term, as disposable income across China continues to increase, 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. The proportion of sales generated through e-commerce channels in mainland China has continued to increase, reaching 78% in 2025.

*1 Estimated sell-out figures based on local currencies

China's Live Commerce Market

(Yuan trillions)



Source: Compiled and created by Pigeon based on Statista data

Fiscal 2025 Performance and Highlights

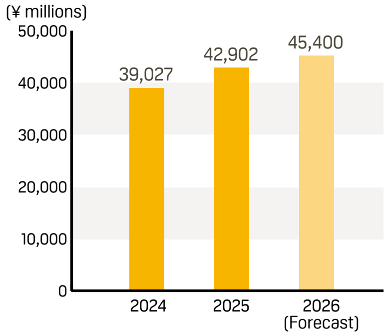
Net sales for the period amounted to ¥42,902 million, an increase of 9.9% compared with the previous fiscal year, while segment profit reached ¥10,496 million, up 4.3%, marking growth in both revenue and earnings. In mainland China, a key market for Pigeon, through the continued implementation of the enhanced brand exposure and sales promotion activities that proved successful in the previous year, sales in local currency exceeded the previous year's level. Sales of core products—nursing bottles, nipples, and baby skincare products—remained strong. Sales of drinking cups also continued to perform well as we expanded the product lineup through new product launches, with our age-up strategy, introduced as part of our response to the declining birth rate, making a steadily increasing contribution to sales.

In consumer communication, the Group further expanded brand visibility via social media platforms such as Douyin (the mainland China version of TikTok) and rednote (Xiaohongshu), and strengthened digital marketing, including live commerce initiatives. As a result, sales during the Double 11 shopping festival in November, China's largest e-commerce event, remained strong.

In South Korea and North America (Pigeon brand), also overseen by this business segment, the Group pursued brand building and sales and marketing initiatives, centered on local sales subsidiaries. In North America in particular, sales of Pigeon-branded childcare products, led by nursing bottles and nipples, remained strong.

Sales of the China Business

(¥ millions)



Shizen Jikkan series

Natural Weaning series

VERRNIX 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. Supported by the launch of new products, we have continued to expand our market share. In addition, the skincare category has achieved significant growth through products such as the Momo no ha (Peach Leaf) Series and the new skincare series featuring Pigeon Baby Lipid, while age-up products, including drinking cups and products for children, are making a steadily increasing contribution to sales.

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. These production improvements help offset rising costs associated with manufacturing activities and continued investment in e-commerce, including live commerce through platforms such as Douyin and RedNote, where e-commerce sales now account for 78% of total sales. In addition, we are expanding the application of the e-commerce and digital marketing expertise cultivated through our China Business in the North American market (Pigeon brand), where it has contributed to remarkable sales growth, particularly for nursing bottles and nipples.

*2 Pigeon research (Sell-out value of nursing bottles and nipples, value basis)

Business Strategy under the 9th Medium-Term Management Plan

In the China Business, we aim to achieve stable profit growth by further strengthening our No. 1 brand position in nursing bottles and nipples while expanding our focus on skincare and drinking cups. The key strengths underpinning this business are our strong brand built through our leadership in the nursing bottle market; our highly profitable core product portfolio, which accounts for approximately 90% of sales; our extensive experience and expertise in e-commerce strategy; and our product development capabilities that enable us to respond flexibly to local needs. We will maximize these strengths to drive further business growth.

Key Strategies and Actions

Enhancing Product Value and Expanding LTV

For nursing bottles, we will further improve profitability by enhancing product value and expanding our lineup of age-up products. In skincare, we will use our 3D skin model to demonstrate our competitive advantage through objective evidence while expanding our lineup of age-up products to increase customer lifetime value (LTV). We will also improve factory utilization and profitability by strengthening sales. For drinking cups, we will expand our product lineup with age-specific designs to encourage a natural transition from nursing bottles and broaden our user base. In addition, we will strengthen product appeal through enhanced design while increasing the average selling price.

Focused E-Commerce Channel Strategies

We will strengthen sales through direct sales channels, particularly TikTok, while maintaining rigorous cost management. We will also implement channel-specific spending strategies tailored to the characteristics of each channel, such as new customer acquisition and repeat purchases, to promote more effective investment of resources.

Improving the Efficiency of E-Commerce Activities through Robust ROI Evaluation

We will comprehensively assess the impact of initiatives for specific e-commerce channels on other e-commerce and offline channels, and carefully evaluate the cost-effectiveness of each investment. By accelerating the PDCA cycle, we will thoroughly maximize return on investment (ROI).

Looking Ahead

Although China's economic growth has slowed, it remains an enormous market and will continue to be one of the Group's most important markets. Under the 9th Medium-Term Management Plan, we will further strengthen our position as the leading brand in nursing bottles, nipples, and skincare by concentrating our investments in these core product categories, while expanding our business with a view to increasing customer lifetime value (LTV) through a broader lineup of drinking cups and products for children. In e-commerce, which accounts for 78% of sales, we will further strengthen digital marketing initiatives, including the use of social media platforms such as Douyin and RedNote, as well as live commerce, to better capture local consumer needs and further enhance our brand. At the same time, we will continue in-store promotional activities, expand the distribution of new products, and maintain our activities at maternity hospitals.

In the South Korean and North American markets, which are also overseen by this business segment, we will continue strengthening our brands through our local subsidiaries. In North America in particular, by applying the marketing expertise, e-commerce know-how, and resources cultivated in China, sales of Pigeon-branded nursing bottles and nipples increased by 128% year on year. Building on this momentum, we will continue to focus on further enhancing brand awareness and brand value.

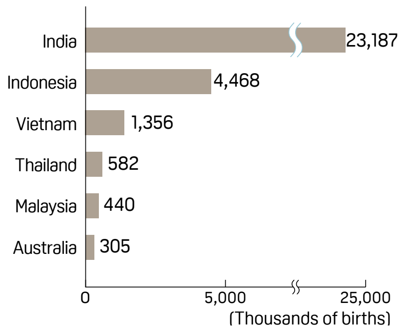
Singapore Business

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 4.47 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 23.19 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, economic growth in the regions where the Singapore Business operates is expanding the middle class, with annual disposable income of US$5,000 to US$35,000. As a result, Pigeon's target customer base is expected to expand further to include not only the premium segment but also the upper-middle-income segment, defined as those with annual disposable income of US$15,000 or more.

Birth Rate by Country (2024)*1



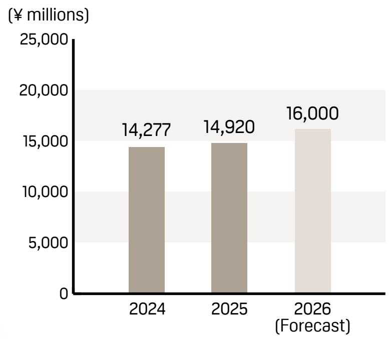
*1 Source: Prepared by Pigeon based on UNICEF's core report "The State of the World's Children 2025 (executive summary)"

Fiscal 2025 Performance and Highlights

Net sales for the period were ¥14,920 million, up 4.5% year on year, while segment profit was ¥2,124 million, up 27.4%, resulting in higher revenue and earnings. In the ASEAN region and India, which are overseen by this business, sales remained strong, particularly in Australia and Malaysia, and exceeded the previous year's level on a local currency basis.

In the core product categories on which the business is focused, sales of nursing bottles and nipples remained strong, partly because the effects of the brand renewal of the premium-priced wide-neck SofTouch™ nursing bottle series, marketed as Bonyu Jikkan® in Japan, continued across key markets. Skincare sales also continued to grow steadily, with products such as Diaper Cream in the Natural Botanical Baby series maintaining strong sales. We also focused on increasing exposure and promoting sales in each country for StarTouch™, a new drinking cup launched in July 2025.

Sales of the Singapore Business



SofTouch™ series

"StarTouch™" Drinking Cup

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 which we have built relationships of trust over many years. Our nursing bottles command top market share*2 in Indonesia, Malaysia, Singapore, Thailand, Australia, 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

Business Strategy under the 9th Medium-Term Management Plan

The ASEAN region, India, and other markets overseen by the Singapore Business have some of the world's highest birth rates and continue to offer significant market potential. In this high-growth business, we aim to achieve even stronger growth and higher profitability by expanding sales of high-value-added products across Southeast Asia and further developing the Indian market. In particular, we will focus on Indonesia and India as our highest-priority markets while increasing the proportion of sales represented by our high-margin wide-neck nursing bottles across the business.

Expanding Sales of Wide-Neck Nursing Bottles

We will steadily promote the transition from the slim-neck nursing bottles that have traditionally dominated the market to our more profitable wide-neck nursing bottles while increasing their share of total sales. Although we have already established leading market positions in several emerging markets, slim-neck nursing bottles in the lower price range still account for a significant proportion of sales. Going forward, we will further improve profitability by increasing the proportion of sales represented by our higher-value-added wide-neck nursing bottles. The sales mix of wide-neck nursing bottles (by value) increased from 45% in fiscal 2023, the first year of the 8th Medium-Term Management Plan, to 62% in the final year. Under the 9th Medium-Term Management Plan, we will further accelerate this growth through a range of initiatives, with the goal of increasing the proportion by a further 15 percentage points to 77% by fiscal 2028, the final year of the plan.

Specifically, we will accelerate market penetration by expanding our lineup with entry-level wide-neck nursing bottles and increase the average selling price by introducing premium materials that further differentiate our products.

Enhancing Brand Image and Accelerating the Shift toward Higher-Value-Added Products

By leveraging the expertise we have built through decades of research and strengthening collaboration with experts to gain their endorsement, we will accelerate our evolution into a brand chosen for its reliability and functionality. We will also focus on expanding sales of the baby skincare category as a second core pillar alongside nursing bottles and nipples. We will further accelerate growth through the introduction and expansion of high-performance and age-up products, including those for children.

Enhancing the Distribution Structure in India and Expanding Sales of Wide-Neck Nursing Bottles and Core Products

In India, which has the world's largest number of births, we will concentrate our resources on e-commerce and major modern trade channels to strengthen our brand and expand our retail presence. We will also revamp our distribution structure to improve profitability and establish a business capable of making a greater contribution to Group earnings. In addition, we will respond flexibly to the rapidly growing demand for quick commerce (on-demand delivery services) to maximize sales.

Looking Ahead

Across the markets served by this business, diverse ethnicities, languages, religions, and cultures, together with the large number of emerging markets, result in a wide range of mainstream consumer price segments. 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. An overview of our two highest-priority markets, Indonesia and India, is provided below.

Indonesia

Since entering the Indonesian market in the 1980s, we have established a nationwide sales network together with our local partner that covers almost the entire country. In addition to our early entry into the childcare products market, our collaboration with multiple national hospitals has contributed to exceptionally high brand recognition. In the nursing bottle category, we have captured a market share of more than 33%*3 in Indonesia and have continued to grow sales of our premium-priced wide-neck nursing bottles in recent years.

*3 Pigeon research

India

Since 2009, we have promoted our business in India through a local sales company and manufacturing facility. In addition to expanding our presence in major cities, we have continued to evolve our sales and distribution network in line with changes in consumer purchasing behavior and preferences following the COVID-19 pandemic, including through locally tailored retail strategies. We have also focused on strengthening the Pigeon brand through our activities at maternity hospitals. As part of a business-wide product strategy that considers different price segments and local consumer needs, we launched products for the upper-middle market manufactured at our Indian factory in 2025.

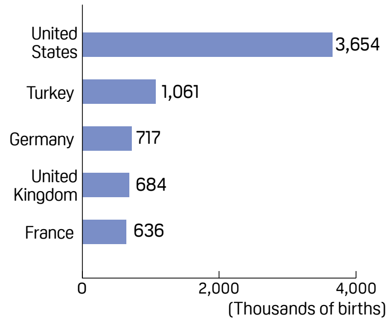
Americas and Europe Business*

*Effective March 27, 2026, the Lansinoh Business was renamed the Americas and Europe Business.
The new name will be applied from the fiscal year ending December 31, 2026.

Market Trends and Business Environment

The United States, a key market for the Lansinoh Business, has maintained relatively stable demographics among developed economies. Although the number of births had been declining due to factors such as reduced childbirth during the COVID-19 pandemic, there were approximately 3.657 million births in 2023*1 and approximately 3.654 million births in 2024,*1 while the total fertility rate remained virtually unchanged at 1.6 in both years,*1 maintaining a stable market of considerable size. 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 (2024)*2



*1 Source: The National Center for Health Statistics (NCHS) in the United States
*2 Source: Prepared by Pigeon based on UNICEF's flagship reports, "The State of the World's Children 2024" and "The State of the World's Children 2025"

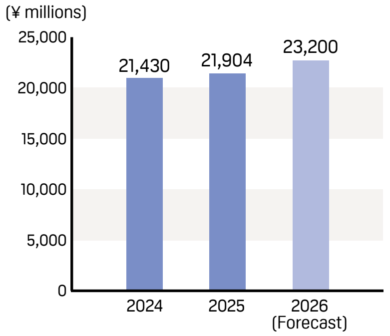
Fiscal 2025 Performance and Highlights

Net sales for the period were ¥21,904 million, up 2.2% year on year, while segment profit was ¥1,517 million, down 12.3%, resulting in higher revenue but lower earnings.

In North America, the primary market for this business, sales of core products such as nipple care cream and breast pads remained strong, and sales of nursing bottles and nipples, a category on which we began focusing during the period, also grew significantly. However, sales in local currency declined year on year as the breast pump category continued to be affected by factors including the waning impact of new products launched in the previous year and intensifying competition.

In Europe, sales in local currency exceeded the previous year's level, supported by strong sales of nipple care cream across the region, as well as breast pumps and prenatal and postpartum care products in markets including Germany and the Benelux countries.

Sales of the Lansinoh Business



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. Drawing on this strong brand power, we have also worked to expand our market share in Europe and Asia in recent years.

In addition to the strong customer trust enjoyed by these core products, the nursing bottle and nipple category has recently become a further source of competitive advantage for this business. Lansinoh-brand nursing bottles are backed by the extensive breastfeeding research and expertise that the Pigeon Group has accumulated over its 70-year history. Since introducing these nursing bottles, which offer world-class functionality and quality, to the European and North American markets, positive customer reviews have spread through e-commerce channels and other platforms, leading to rapid sales growth. The synergy created by combining Lansinoh's exceptional brand strength as a breastfeeding expert with Pigeon's long-standing research and development capabilities has become a powerful growth driver for this business.

In production, our factory in Turkey develops and manufactures breast pumps and other core Lansinoh-brand products, enabling us to maintain a flexible supply system tailored to the differing needs of markets in North America, Europe, and Asia.

*3 Pigeon research

Business Strategy under the 9th Medium-Term Management Plan

Beginning in the year ending December 31, 2026, the first year of the 9th Medium-Term Management Plan, the segment formerly known as the Lansinoh Business has been renamed the Americas and Europe Business to support the restructuring of our strategy for the high-growth-potential North American market and our longer-term regional strategy for both the Pigeon and Lansinoh brands. This business encompasses the United States and Europe, our highest-priority regions for achieving the Group's strategic objective of becoming the overwhelming global market leader in nursing bottles and nipples. Although the United States and Europe represent two of the world's largest markets for nursing bottles and nipples, they have remained largely untapped markets for the Group.

By 2028, we aim to achieve net sales of ¥26,800 million and operating profit of ¥4,020 million (operating margin of 15.0%). Leveraging Lansinoh's more than 40 years of expertise in breastfeeding and the strong trust it has earned from customers, we will transform the brand from a "breastfeeding expert" into a trusted expert supporting all feeding journeys. To achieve these goals, we will pursue the following three key strategies.

Executing Initiatives to Double Nursing Bottle Sales

We will make focused investments in marketing to increase awareness of Lansinoh nursing bottles and expand our market share for nursing bottles and nipples. By broadening our lineup of nursing bottles and related products, we will strengthen our market presence, expand our target customer base, and aim to double sales.

Building a Product Portfolio That Supports Mothers from Pregnancy through Breastfeeding

By strengthening our core breast pump category, we will promote early awareness of Lansinoh nursing bottles included with our products. We will also evolve into a brand that supports mothers throughout the entire journey from pregnancy through breastfeeding by adding nursing bottles to our product lineup, while strengthening links between related product categories to deliver a more comprehensive customer experience.

Securing Strong Professional Endorsement for Lansinoh Nursing Bottles

We will further strengthen collaboration with clinical advisory boards and key opinion leaders (KOLs) to secure strong endorsement from healthcare professionals. We will also double the scale of our participation in academic conferences to strengthen our presence in the market and build customer touchpoints from the early stages of pregnancy.

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. One example is our prenatal and postpartum care category, which has been positioned as a women's care sub-core product category under the 9th Medium-Term Management Plan and is expected to become a major future growth driver. We will continue expanding the product lineup and entering new markets to develop this category into a future pillar of the business. In addition, Lansinoh will lead the Pigeon Group's research and development in the women's care category, creating synergies across the Group.

We also market Lansinoh-brand nursing bottles incorporating the expertise gained through more than 70 years of Pigeon's breastfeeding research. In recent years, their superior functionality has increasingly gained recognition through customer reviews on e-commerce platforms and other channels, driving rapid sales growth. At the same time, our current market share for nursing bottles and nipples in both the United States and Europe remains at only around 3%,*4 highlighting the significant growth potential in these markets. Going forward, we will increase growth investments to accelerate expansion in North America and Europe, driving the achievement of the Group's goal of attaining a 20% global market share for nursing bottles and nipples. We are confident that this initiative will also play a key role in realizing the Group's overarching strategic objective of becoming the overwhelming global market leader in nursing bottles and nipples.

*4 Pigeon research

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. The Committee is chaired by the Chief Human Resources Officer (CHRO), a Corporate Officer delegated by the Representative Director, President and CEO, and serves as an executive body comprising members appointed by the Chair to promote ESG initiatives across the Pigeon Group.

The Committee sets medium- to long-term targets for sustainability issues, identifies and periodically reviews the Key Issues (Materiality), and reviews progress on initiatives to resolve these challenges. Since its establishment, the Committee had convened 14 times through February 2026, discussing revisions to the Key Issues (Materiality) and the formulation of medium- to long-term environmental targets.

The medium- to long-term environmental targets established by the Committee 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. In addition, matters discussed by the Committee are reported to the Board of Directors.

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 Management Plan
- Information sharing for the 9th Medium-Term Management Plan
- Report on the progress of initiatives to achieve decarbonization

2025 (Two sessions)

Agenda
- Reports on the progress of activities by each Business Division
- Report on the decarbonization efforts of the 8th Medium-Term Management Plan
- Various policies, standards, and targets set for the 9th Medium-Term Management Plan
- Updating Key Issues (Materiality) and targets for the 9th Medium-Term Management Plan

Pigeon's Sustainability Management

Toward Multi-Stakeholder Co-Creation: Building the Future Together by Bridging Differences in Perspectives and Aspirations

Ryo Yano
President and CEO

Our Purpose is "We want to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs." We have depicted the "baby-friendly world" we hope to realize together with our stakeholders in terms of the six faces of society. Realizing this "baby-friendly world" is our Purpose and the ultimate objective of our business.

We place this unwavering Purpose at the heart of everything we do, using it as our compass for navigating an increasingly uncertain world. Guided by a medium- to long-term perspective, we continually ask ourselves what positive impact we can create for babies and their families, and then put those ideas into action. This is the essence of our sustainability management.

Building Our Business through Multi-Stakeholder Co-Creation

Consideration for the environment and society and economic value are often portrayed as opposing forces. We do not see them that way. Business is, by its very nature, something that is created together with all our stakeholders, including customers, employees, business partners, shareholders, local communities, and the global environment.

We seek to move beyond differences in perspectives and aspirations toward multi-stakeholder co-creation, where we build the future together. I am convinced that the "baby-friendly world" we aspire to realize is the very journey through which solving social issues directly drives corporate growth, demonstrating the promise of multi-stakeholder co-creation.

Confronting Both Positive and Negative Impacts

As President and CEO, I believe it is essential to acknowledge the reality that our business activities have both positive and negative impacts on society. To date, we have steadily advanced initiatives to reduce our negative impacts, including reducing GHG emissions and the amount of plastic used in packaging. However, true sustainability management cannot be achieved through these defensive efforts alone.

Today, we are firmly committed to clearly defining and bringing to life the positive impact our business can create for society, and to translating that impact into sustainable growth.

The Challenge of Articulating and Measuring Social Impact

To create a positive impact, we have significantly evolved our approach to value creation. Rather than focusing solely on the provision of products and services (outputs) or the resolution of customer challenges (intermediate outcomes), we are shifting our mindset across the Group to always consider the long-term impact our business has on society and the global environment (final outcomes).

Our aspiration for these final outcomes is embodied in our commitment, "Giving every baby the best possible start." Rather than allowing this commitment to remain merely a slogan, we have begun articulating our social impact to clearly demonstrate our contribution to society. As the first step, we established social impact indicators to make the impact of our activities more visible and incorporated them into our executive remuneration system* as one of the performance metrics for stock-based compensation under the 9th Medium-Term Management Plan (2026–2028).

As we work to make the world more baby-friendly, we will continue contributing to the resolution of social issues affecting babies, mothers, and their families while reducing our environmental impact. Through ongoing dialogue with our stakeholders, we will continue refining these indicators.

*See page 64 for details of the executive remuneration system.

Passing on a Better Future to the Next Generation

Business growth and social sustainability go hand in hand. Pigeon will continue moving forward together with our stakeholders, embracing the spirit of multi-stakeholder co-creation without fear of change. United as one Group, we will continue creating positive impact for the future through our commitment, "Giving every baby the best possible start," as we strive to realize a sustainable society in which every baby can thrive and to build a business that future generations can be proud of.

Enhancing Business Competitiveness and Resilience

Key Issue (Materiality)	What We Aim to Achieve	Individual Issues
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	Supporting nursing babies PP. 40–45 / Supporting healthy baby skin development / Creating new business P. 41 / Releasing products that exceed customer expectations P. 41 / Reforming framework to empower “Create, Produce, and Deliver” P. 40

Supporting Nursing Babies—Nursing Bottles and Nipples

Toward Becoming the Clear Global Market Leader

Under the 9th Medium-Term Management Plan, which began in 2026, we are concentrating our resources on nursing bottles and nipples, the Pigeon Group’s DNA and greatest strength, to drive sustainable growth and enhance profitability.

Pigeon’s nursing bottles are already the global market leader, but with an estimated global market share of approximately 10%* there remains significant room for growth. By delivering nursing bottles that support babies’ lives to families around the world, we aim to achieve a 20% global market share by 2035 and establish ourselves as the clear global market leader.

The greatest driving force behind this ambition is our extensive expertise in infant feeding research and development, built over more than 70 years, together with the advanced manufacturing technologies that enable us to translate that expertise into products. By maximizing these strengths, which cannot easily be replicated by our competitors, we will continue delivering the world’s highest-quality nursing bottles to babies and their families around the world.

*Global Nursing Bottle Market 2026 by Manufacturers, Regions, Type and Application, Forecast to 2034, Global Info Research

Regional Strategies (Sales Growth Outlook)

To achieve our goal of becoming the clear global market leader, we have developed a long-term growth strategy through 2035. We are targeting a robust compound annual growth rate (CAGR) of 6.0% for nursing bottles and nipples (Group-wide) between 2025 and 2035, supported by global strategies tailored to the characteristics of each region.

In Europe, we will drive both higher average selling prices and market share growth through the introduction of higher-value-added products. In North America, we aim to achieve a significant expansion in market share by further strengthening brand recognition. In Southeast Asia and India, where birth rates remain high, we will promote a shift toward higher-margin, higher-value-added wide-neck nursing bottles while establishing an overwhelmingly strong brand position. In Japan and China, where we already hold a significant market share, we will further advance our high-value-added product strategy to address the declining birth rate.

CAGR in Sales of Nursing Bottles and Nipples by Region from 2025 to 2035

	CAGR
Total	6.0%
Europe	7.8%
North America	14.9%
Southeast Asia and India	11.6%
Japan	2.6%
China	3.7%

Updating Individual Issues

In formulating the 9th Medium-Term Management Plan, we updated one of the individual issues under the Key Issue (Materiality) of “Enhancing Business Competitiveness and Resilience” to “Reforming Framework to Empower ‘Create, Produce, and Deliver.’” To build a resilient supply foundation capable of ensuring an uninterrupted supply of products needed in time-sensitive parenting situations regardless of changes in the operating environment, we will transform our global operating framework into a more agile one by integrating development (“Create”), production (“Produce”), and SCM (“Deliver”) across regions to respond quickly and flexibly to market needs.

As the first step in building this framework, we established an organization under the Chief Product & Supply Chain Officer (CPO/CSCO) responsible for formulating and implementing Group-wide development, production, and procurement strategies. We have also launched initiatives aimed at improving profitability by optimizing and streamlining processes. Going forward, we will further strengthen our medium- to long-term business competitiveness by promoting collaboration and co-creation with other companies, enabling us to deliver better products more quickly to babies and their families around the world.

Updating Individual Issues	Before	After
	Building resilient distribution systems	Reforming framework to empower “Create, Produce, and Deliver”

Creating New Business

Under the 8th Medium-Term Management Plan, we focused on product categories such as baby care appliances, “age-up” products for toddlers and beyond, and women’s care. In the final year of the plan, 2025, sales in new business areas exceeded ¥11 billion, surpassing our target of ¥10 billion.

Under the 9th Medium-Term Management Plan, we will focus on our core products, which include product categories such as nursing bottles and nipples and skincare, where we have established competitive strengths, as well as redefining our sub-core products to include not only product groups that make a significant contribution to earnings outside the core products category but also the new business areas we have cultivated.

In addition, for four product categories—core products (skincare and oral care) and sub-core products (drinking cups and foods and beverages)—we will expand our target customer base through our “age-up” strategy by strengthening our product lineup and encouraging customers to continue using our products for longer.

Core Products—Oral Care (“Age-Up”)

Oral care is one of the key “age-up” categories under the 9th Medium-Term Management Plan. In addition to developing and marketing products, we are actively engaged in educational initiatives. In Malaysia, where dental checkups for children are not mandatory, we hold events to promote proper oral care for children and participate in dental exhibitions and academic conferences to raise awareness among healthcare professionals as well as parents.

Building on the expertise that only Pigeon can offer through our longstanding commitment to understanding babies’ unique needs, we provide a comprehensive lineup of oral care products tailored to each stage of a child’s development, from products for newborns to those for older children. As a brand that families have trusted since infancy, we will continue expanding our oral care product lineup so that customers can continue using Pigeon products as their children grow.

Sub-Core Products—Baby Care Appliances

As the number of dual-income and nuclear families continues to grow, more families are looking for ways to make more efficient use of their limited time. With the aim of giving babies and their families greater peace of mind and more time to relax and spend together, we are focusing on the development and marketing of baby care appliances.

In Japan, our POCHItto Bottle Steam Sterilizer and Dryer and our SHUPOT Electric Nasal Aspirator continue to perform strongly and have been well received by customers. In 2025, the POCHItto Series received the Mothers Selection Award, an award determined solely by votes from mothers and fathers raising children.

The baby care appliances category continues to achieve steady growth as one of our key growth drivers.


“POCHItto Slim,” a nursing bottle steam sterilizer and dryer (Japan)

Sub-Core Products—Drinking Cups (“Age-Up”)

We are also focusing on the development and marketing of drinking cups for babies who have graduated from nursing bottles, as well as babies and children who are transitioning from nursing bottles to cups or straws.

For babies, the transition from drinking from a nursing bottle to drinking from a cup or straw can be difficult because it requires different mouth movements. Drawing on our extensive research into infant feeding, we are expanding our lineup of drinking cups with specially designed spouts that help babies make this transition smoothly.

We will continue delivering high-value-added products that only Pigeon, with its top share in nursing bottles, can offer to more babies and their families.


Drinking Cup (China)

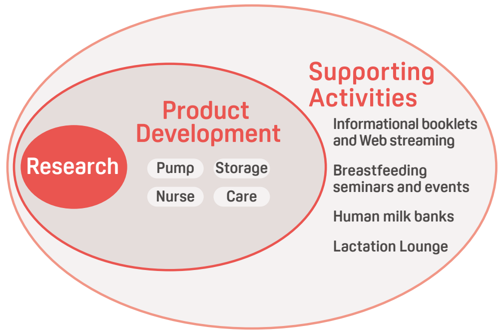
Our Research and Development

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, helping mothers continue breastfeeding with confidence whenever needed. 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 a baby's growth and development. Based on this belief, Pigeon established its Breastfeeding Support Statement and has supported breastfeeding through both product development and support activities. The best way for a baby to receive breast milk is directly from the mother's breast, as often and for as long as the baby desires. However, there are circumstances in which a baby is unable to feed directly from the mother's breast, or direct breastfeeding might be difficult due to the mother's health, postpartum recovery, or lifestyle changes. In such cases, feeding expressed breast milk using a nursing bottle is another option.

However, it has been suggested that switching between the mother's nipple and an artificial nipple could confuse the baby's oral response (see the column below). When this "nipple confusion" occurs, babies might become reluctant to breastfeed directly, making it difficult to continue direct breastfeeding.

To ensure that nursing bottles can be used alongside direct breastfeeding without interfering with breastfeeding, the artificial nipple must closely resemble the mother's nipple so that babies can naturally and comfortably drink breast milk from either.

What is nipple confusion?

WHO and UNICEF have indicated that prolonged use of an artificial nipple, which differs physiologically from the mother's nipple during suckling, could confuse a baby's oral response and make breastfeeding more difficult.* However, the physiology of infant suckling and this phenomenon have not yet been fully understood, and further research is needed.

*WHO and UNICEF Implementation Guidance: Protecting, promoting, and supporting breastfeeding in facilities providing maternity and newborn services (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 70 years of research, dedicated to perfecting the three key factors of sucking.

Pigeon has conducted in-depth observation and research for more than 70 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 intraoral sucking pressure. 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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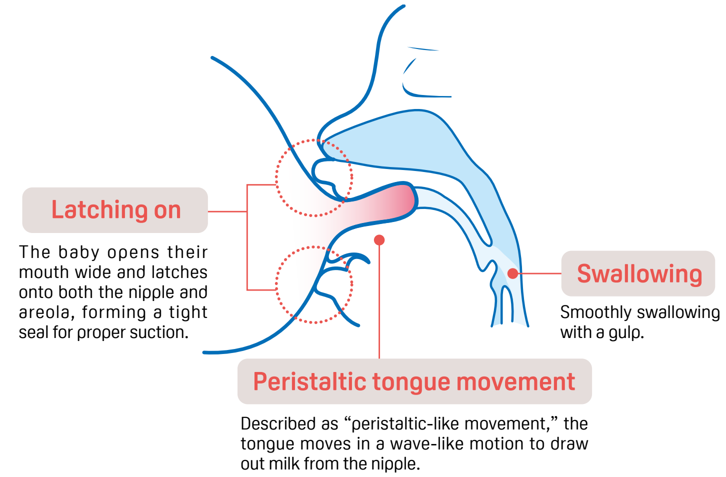
Three Key Factors of Sucking



TOPICS Commitment to Nursing Bottle Development

Unique Measurement Technology for Quantifying Suckling

It has long been known that babies tend to have longer intervals between sucks when breast milk flows into the mouth (nutritive sucking), but objectively assessing this phenomenon has been difficult. Pigeon analyzed the suckling behavior of infants aged one to two months and established reference values for sucking intervals, developing and validating a new method for objectively estimating whether a baby is swallowing breast milk by quantifying the rhythm of sucking.

In addition, we have developed a dedicated device for safely measuring the softness of a mother's nipple. We will continue to apply these findings not only to product development but also to supporting breastfeeding for all families and babies.

Please refer to our website for details.

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

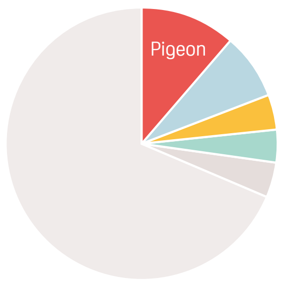
Introduction
Message from the President and CEO
Value Creation Story
Sustainability
Data Section

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 NaturalWave® Nipples series, based on the Bonyu Jikkan series, was introduced 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 2025



Source: Global Nursing Bottle Market 2026 by Manufacturers, Regions, Type and Application, Forecast to 2034, Global Info Research

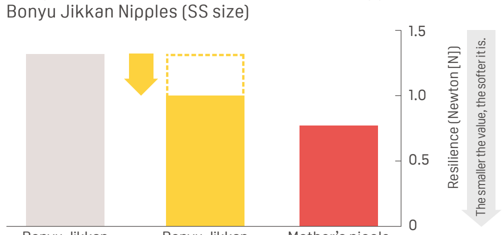
*1 Includes products other than the Bonyu Jikkan series
*2 Pigeon research (average of 12 months in 2023, based on expanded estimates from nationwide baby shops and drugstores using Intage POS data)
*3 Pigeon research (based on sales data of nursing bottles and nipples, in terms of sales value)

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.

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. 48

Circular manufacturing
P. 49

Using sustainable resources (paper and palm oil)
P. 50

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 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.

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 (contract manufacturers of Pigeon-brand products)

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 care appliances
- Baby drinks/baby food
- Maternity clothing
- Others (e.g., breast pumps)

Consumers

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. To further enhance the effectiveness of our initiatives to address social and environmental issues and ensure steady progress, we expanded and updated the individual targets under the Pigeon Green Action Plan, our medium- to long-term environmental targets, in 2026.

To realize a decarbonized society, our 2030 greenhouse gas (GHG) emission reduction target has been certified by the Science Based Targets initiative (SBTi),* and we have established a clear road map for achieving net-zero Scope 1 and 2 GHG emissions by 2050.

To realize a circular society, we raised our 2030 target for the use of plant-based and recycled materials in product packaging from 50% to 60%. In addition, alongside efforts to reduce waste generation, we have established a new target to reduce water consumption per unit of sales at our manufacturing plants by 1% annually.

To realize coexistence with nature, we added new targets of achieving 100% RSPO-certified palm oil procurement; verifying the traceability of palm oil, palm kernel oil, and their derivatives; and ensuring that 100% of the paper and pulp used in dry products (such as breast pads) is certified and traceable. Through these initiatives, we will promote sustainable procurement across the Group.

*The SBTi is jointly operated by four organizations: CDP (formerly the Carbon Disclosure Project), United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). It promotes the adoption of science-based greenhouse gas emission reduction targets by companies to help achieve the goals of the Paris Agreement.

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 Category1 & 12 GHG emissions: 25% reduction (compared to FY2021)

2050
Scope 1 & 2 GHG emissions: Net Zero

Circular society

Sustainability of packaging

2030
Plant-derived or recycled materials in packaging: 60% by weight
Reusable/recyclable/compostable packaging: 100%

Reducing Environmental Impact of Business Activities

2030
Reducing Industrial Waste: Maintain reuse and recycling rate of 95% or more
Reducing water usage at manufacturing plants: 1% reduction annually per unit of sales

Coexistence with nature

Sustainable Palm Oil Procurement

2030
RSPO-certified sustainable palm oil usage rate in Pigeon-manufactured skincare/washing/cleaning products: 100% (including RSPO Credits)
Traceability confirmation of the raw materials "palm oil, palm kernel oil and their derivatives" to be procured: 100%

Sustainable Paper and Pulp Procurement

2030
Sustainable paper usage rate in packaging: 100%
Ratio of certified paper and certified pulp used in the dry product: 100%
Verification of traceability for paper and pulp procurement used in the dry products: 100%

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 President and CEO or an Executive Officer or Business Officer delegated by the President and CEO. The results of deliberations of both committees are reported to the Board of Directors.

Strategies: Climate Scenario Analysis

As part of our analysis of risks and opportunities using climate scenarios, we initially focused our analysis on the manufacturing and sales of nursing bottles, nipples, and skincare items within our core operations in Japan and China. 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 2025.

TCFD Report 2025 https://www.pigeon.com/sustainability/files/pdf/tcfdreport202512_e.pdf

Metrics and Targets

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

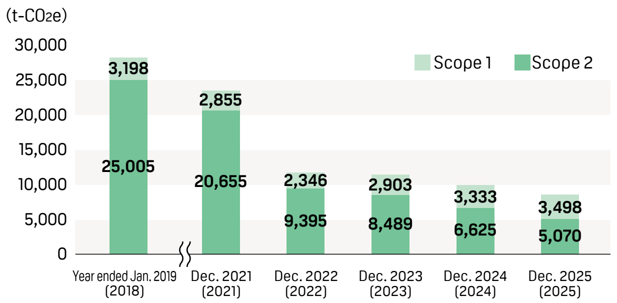
2030 targets			
	Scope 1 & 2 GHG emissions:	70%	reduction compared with fiscal 2018
	Scope 3 Category 1 & 12 GHG emissions:	25%	reduction compared with fiscal 2021

Progress			
2025 progress	Scope 1 & 2 GHG emissions:	69%	reduction compared with fiscal 2018
2024 progress	Scope 3 Category 1 & 12 GHG emissions:	23%	reduction compared with fiscal 2021

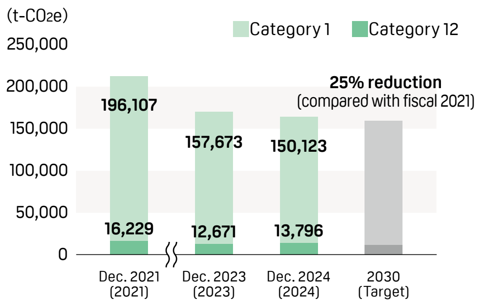
In April 2025, the Pigeon Group's 2030 greenhouse gas (GHG) emission reduction targets were approved as science-based targets (SBTs) by the Science Based Targets initiative (SBTi). Scope 1 and 2 GHG emissions in 2025 decreased by 69% compared with fiscal 2018 as a result of energy-saving measures for equipment and facilities, increased self-generation via solar power, the transition to renewable electricity, and the purchase of renewable energy certificates.

For Scope 3 GHG emissions, we are working toward a 25% reduction by 2030 compared with fiscal 2021, with a particular focus on emissions associated with the procurement of raw materials and supplies (Category 1) and the disposal of sold products (Category 12), which are among our largest sources of emissions.

Scope 1 & 2 GHG Emissions



Scope 3 Category 1 & 12 GHG Emissions



Scope of data collection: Pigeon Corporation and its domestic and overseas consolidated subsidiaries
In defining the organizational boundary, we have adopted the financial control approach. This includes all consolidated subsidiaries within our consolidated financial reporting scope.
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.

Initiatives to Realize a Circular Society

Sustainable Packaging

2030 Target		2025 Performance
2030 Target	Plant-derived or recycled materials in packaging: 60% (by weight)	50%
2030 Target	Reusable/recyclable/compostable packaging: 100%	83% (of SKUs)

We are reducing the use of petroleum-based virgin plastic with the goal of increasing the proportion of plant-based or recycled materials in product packaging by 2030. To accelerate this initiative, we raised our target for the use of plant-based or recycled materials in product packaging from 50% to 60% by weight in 2026.

We will also continue promoting the use of paper-based packaging to reduce the amount of plastic used in our product packaging. In addition, the Pigeon Group aims to ensure that all product packaging is designed to be reusable, recyclable, or compostable by 2030.

In 2025, we replaced the multilayer tubes used for skincare products sold primarily in Singapore with mono-material tubes made from a single material that is easier to recycle. By adopting a proprietary film structure, we achieved a mono-material design while maintaining a high level of barrier performance to preserve product quality. As a result, the entire container, including the cap, is now recyclable.

Going forward, we will continue accelerating the exploration and adoption of reusable, recyclable, and compostable packaging materials to help realize a more sustainable society.

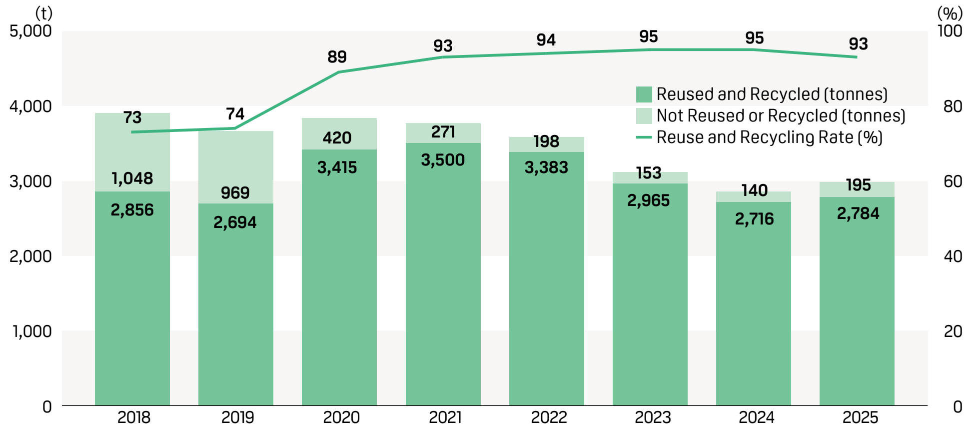

Products in mono-material tube packaging

Reducing Environmental Impact of Business Activities

2030 Target		2025 Performance
2030 Target	Waste reduction: Maintain a reuse and recycling rate of 95% or higher	93%
2030 Target	Water use at manufacturing plants: Annual 1% reduction in water use per unit of sales	Initiatives Launched in 2026

The Pigeon Group is working to reduce industrial waste generated through its business activities that is not reused or recycled. With the goal of maintaining a reuse and recycling rate of 95% or higher, we continue to reduce raw material losses that become waste by improving productivity and manufacturing yield. We are also reviewing product packaging designs and implementing other improvements to minimize the amount of materials discarded during the manufacturing process.

Industrial Waste Generated



Scope of data collection: Pigeon Corporation and its domestic and overseas consolidated subsidiaries (100% calculation coverage)

Notes:
1. Due to a change in the fiscal year-end, sales and industrial waste generated at domestic operations for the fiscal year ended December 2019 are based on the 11-month period from February to December 2019.
2. Recycling includes thermal recycling.

Recognizing the growing severity of global water stress and water-related risks arising from climate change, the Pigeon Group has identified water resource conservation as a key priority. We have continuously improved water-use efficiency and reduced water consumption through initiatives such as water-saving measures in water-stressed regions, including India, and improvements to manufacturing processes, including the reuse of cleaning water (water recycling) at production sites in Japan and overseas.

To further strengthen these resource-circulating manufacturing initiatives, we have established new quantitative medium- to long-term targets for reducing water use. Through these new targets, we will make a direct contribution to conserving water resources in the communities where we operate.

Reducing Our Environmental Impact

Initiatives to Realize Coexistence with Nature

Sustainable Palm Oil Procurement

2030 Target	RSPO-certified sustainable palm oil usage rate in Pigeon-manufactured skincare, washing, and cleaning and disinfecting products: 100% (including RSPO Credits)	2025 result	44%
2030 Target	Traceability confirmation of the raw materials "palm oil, palm kernel oil, and their derivatives" procured for Pigeon-manufactured products: 100%	Initiatives Launched in 2026	

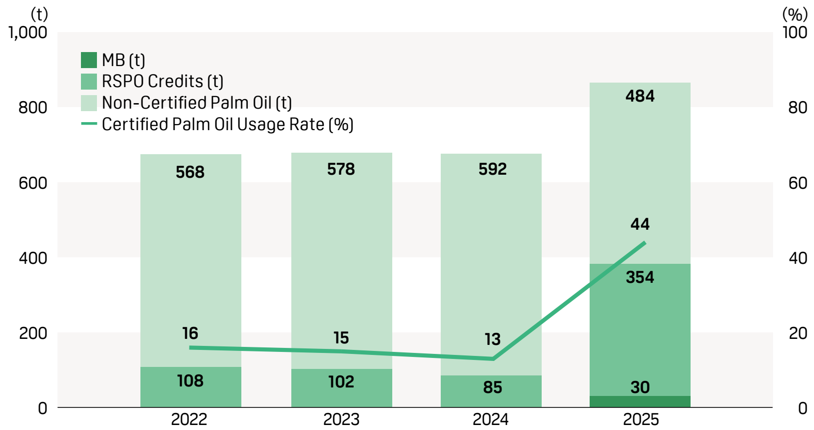
Some of the ingredients used in the skincare, washing, and cleaning and disinfecting products manufactured and sold by the Pigeon Group are derived from palm oil and palm kernel oil. To promote the sustainable use of palm oil products, we are a full member of the Roundtable on Sustainable Palm Oil (RSPO),*1 a nonprofit organization established to promote the production and use of sustainable palm oil while supporting the conservation of tropical rainforests and biodiversity. We are also promoting the use of RSPO-certified palm oil in the skincare, washing, and cleaning and disinfecting products manufactured by the Pigeon Group.

By September 2025, we had obtained RSPO Supply Chain Certification*2 for our core manufacturing sites—Pigeon Home Products Co., Ltd., Pigeon Manufacturing (Shanghai) Co., Ltd., and Pigeon Industries (THAILAND) Co., Ltd.—as well as related sales offices. The Pigeon Group has set a goal of switching all palm oil derivatives used in our products to certified palm oil by the end of 2030. As of 2025, certified palm oil accounted for 44% of the total palm oil used, of which Mass Balance (MB) products*3 represented 8%.

Furthermore, for the palm oil used in our own-brand products, we aim to procure oil that is traceable to mills committed to sustainable production. To strengthen traceability, we have also set a target of disclosing the mill lists for the primary raw materials procured by our Tier 1 suppliers, with the goal of achieving 100% disclosure by 2030.

*1 A nonprofit organization that aims to encourage the sustainable production and use of palm oil.
*2 RSPO Supply Chain Certification: A certification system under which an independent third-party auditor verifies that a reliable system is in place to ensure the proper handling of RSPO-certified materials throughout the supply chain.
*3 Mass Balance (MB) products: Products in which certified and non-certified palm oil are mixed, with the quantity of certified oil being monitored and controlled.

Certified Palm Oil Volume and Usage Rate



Sustainable Paper and Pulp Procurement

2030 Target	Sustainable paper usage rate in packaging 100%	2025 Performance	71%
2030 Target	Ratio of certified paper and certified pulp used in dry products*4: 100%	Initiatives Launched in 2026	
2030 Target	Traceability of paper and pulp procured for dry products*4: 100%	Initiatives Launched in 2026	

To realize coexistence with nature, the Pigeon Group promotes the use of certified and recycled paper derived from responsibly managed forests. In response to growing societal expectations for sustainable procurement, we have established a target of achieving 100% sustainable paper usage in product packaging. We are also promoting the use of certified paper and certified pulp in our dry products*4 and verifying their traceability. By pursuing greater transparency and sustainability in raw material procurement, we help protect the natural environment that supports biodiversity while providing products that customers can choose with confidence.

*4 For dry products, the scope covers the pulp, tissue, and release paper used in products such as breast pads.

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 Issue	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
	PP. 51–52	PP. 51–52	P. 53	P. 52

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 November 2025, we also began selling this product through our official online store to make it available to all mothers who wish to provide their babies with colostrum. 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. The Paladai Baby Feeder, sold in India, is made entirely of silicone and was developed based on the traditional metal neonatal feeding cup (Paladai cup) commonly used in India, with a focus on improved hygiene, durability, and ease of use. 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

Contributing to the Resolution of Social Issues Affecting Babies and Their Families

Under the Key Issue (Materiality) of "Contributing to the Resolution of Social Issues," the Pigeon Group has established "Helping to resolve social issues affecting babies and their families" as the outcome we aim to achieve. To realize this vision, we are advancing initiatives focused on two individual issues: introducing new products and services for babies needing support and expanding the use of products designed for maternity hospitals.

To make these two initiatives visible, we have established social impact indicators and incorporated them into our executive remuneration system as one of the performance metrics for stock-based compensation during the 9th Medium-Term Management Plan period (2026–2028). We will continue accelerating our efforts to make the world more baby-friendly.

P. 64~ Executive Renumeration System

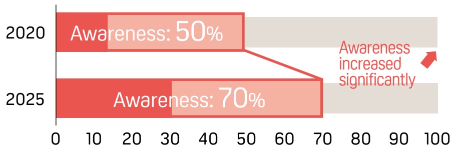
Supporting Human Milk Banks for Babies and Families Requiring Specialized Care

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 2025, to commemorate the fifth anniversary of the Nihonbashi Human Milk Bank, located on the first floor of Pigeon's headquarters, we held a charity event. According to a consumer awareness survey conducted the same year,*2 approximately 70% of expectant and new mothers responded that they either "know what a human milk bank is" or "have heard of a human milk bank," a significant increase from approximately 50% in 2020.

The Pigeon Group will continue promoting awareness of human milk banks to help resolve social issues affecting babies and their families while enhancing corporate value.

Charity event marking the fifth anniversary of the Nihonbashi Human Milk Bank

Do you know about human milk banks? (Total of expectant and new mothers)



*1 A facility that provides pasteurized donor human milk to premature infants and very low birth weight infants (birth weight of less than 1,500 g) when their own mothers are unable to provide the breast milk they need. (Eligibility criteria for donor human milk are based on the standards applied in Japan.)

*2 Survey respondents: 516 expectant mothers and expectant fathers (mothers currently pregnant and fathers whose spouses are currently pregnant; ages 20–49) and 516 mothers and fathers with children under three years of age (ages 20–49), for a total of 1,032 respondents. Survey period: June 26–27, 2025. Conducted by: Pigeon Corporation. Survey method: Internet survey.

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*3 in various parts of the world, including China, Singapore, Indonesia, Thailand, and Malaysia. In China, we collaborate every year with the nonprofit organization Operation Smile to provide nutritional assessments and training for 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.

*3 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 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 2025, a total of 348 participants attended these seminars. Overseas, we conduct both online and in-person seminars on breastfeeding for expectant and new mothers, working in collaboration with healthcare professionals. 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 2025, 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.

Seminar in Turkey

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.

To address our responsibility for human rights impacts in our corporate activities, we have designated "human rights" as a priority risk for the GHO Risk Management Committee, which is chaired by the Chief Strategy Officer (CSO), an Executive Officer delegated by the President and CEO. Under this Committee, the Chief Human Resources Officer (CHRO) has been designated as the human rights risk owner and is leading initiatives to respect human rights, with the status of these initiatives reported regularly to the Board of Directors. The Board monitors compliance with this policy and progress on human rights due diligence, and supervises these initiatives. Details of the Pigeon Group Human Rights Policy are available on our website.

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

■ Fiscal 2025 Initiatives

Under the Pigeon Group Human Rights Policy, we advanced more substantive remediation activities in fiscal 2025. In Japan, we established a new framework to strengthen our efforts to prevent and mitigate adverse human rights impacts. Beginning with the first meeting held in June 2025, we have implemented corrective actions to address key risks identified in the previous year's human rights risk assessment, including harassment and long working hours, while conducting interviews to assess actual conditions, implementing remedial measures, and monitoring their effectiveness.

We also accelerated the rollout of these initiatives to our overseas Group companies. In China and Singapore, for example, we introduced e-learning programs on human rights to raise employee awareness. Across our supply chain, we also disclosed our Partnership Book for Achieving Responsible Procurement to facilitate dialogue with business partners.

Going forward, we will continue utilizing our whistleblowing hotline and conducting regular surveys as we work toward implementing the Ten Principles of the United Nations Global Compact.

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 our partners (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 partners. In addition, we conduct a CSR procurement survey annually and disclose the findings to gain insight into ESG-related initiatives at our partners and identify issues within the Group's supply chain.

CSR Procurement Assessment 2025

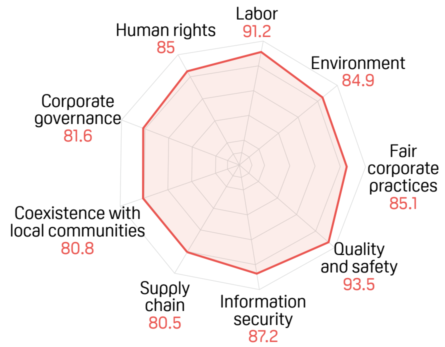
〈Scope of aggregation〉

CSR-related corporate governance 100.0% Coexistence with local communities 80.0%
Japan Business, China Business, Singapore Business, and Americas and Europe Business*

*Effective March 27, 2026, the Lansinoh Business was renamed the Americas and Europe Business. The new name will be applied from the fiscal year ending December 31, 2026.

〈Surveyed suppliers〉

In the 2025 survey, the CSR Procurement Self-Assessment Questionnaire developed by the Global Compact Network Japan (GCNJ) was sent to all 536 primary suppliers at sales and production subsidiaries across our four businesses. Responses were received from 471 companies (response rate: 87.9%).



〈Surveyed suppliers〉

The overall average score was 86.0%, improving from the previous year's 84.6%. The "quality and safety" and "labor" categories maintained scores of 90% or higher, while categories that had previously scored below 80%, including "CSR-related corporate governance," "supply chain," and "coexistence with local communities," improved to above 80%, reflecting steady progress. 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.

In the Japan Business, we hold an annual briefing session as an opportunity for mutual communication with our partners, aimed at reporting business performance and explaining policies. The CSR procurement assessment is also covered during this session. In 2025, the session was held in March, with 52 partners in attendance. We also conduct preliminary risk assessments for new partners. Going forward, we plan to adopt the CSR Procurement Self-Assessment Questionnaire developed by the GCNJ as a standard part of our supplier selection process. 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)	What We Aim to Achieve	Individual Issues
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	Working environments that achieve self-fulfillment and growth PP. 55–57 Ambitious organizational culture P. 57 Enriched investment in human resource development P. 56 Promoting Diversity, Equity & Inclusion P. 55

Resolving the Key Issue of Cultivating Talent and an Organizational Culture and Executing Our Management Strategy

To realize our Purpose of "making the world more baby-friendly," the Pigeon Group has positioned cultivating talent and an organizational culture at the core of its human capital management.

Under the 9th Medium-Term Management Plan, we transitioned to a regional business headquarters structure designed to maximize synergies between the Pigeon and Lansinoh brands while establishing global cross-functional organizations. Employees leading this new structure are expected to embody the spirit of One Pigeon by co-creating with colleagues around the world who bring diverse perspectives and by boldly taking on the challenge of creating new value.

To increase the certainty of strategy execution, we have formulated a new human resources strategy. By further strengthening our employees' strong alignment with our Purpose and making strategic investments in the talent that will drive strategy execution, we will accelerate employee growth and engagement. We will maximize the value of our human capital and build a strong organizational foundation as we continue pursuing the realization of our Purpose.

Personnel attributes required under the new Medium-Term Management Plan		Pillars of the Human Resources Strategy		Outcomes and Monitoring Indicators	2025	2028 KPI
Integrity	Open-Mindedness & Respect for Diversity	Pillars	DE&I Promotion	Director Diversity (Women/Foreign Nationals)	26% / 10%	30% / 15%
				Japan: Percentage of Female Managers	26%	30+%
Dedication	Agility & Transformative Execution	People	Developing and Acquiring Talent to Drive Strategy Execution	Succession Plan Fulfillment Rate	64%	80%
Synergy	Unifying Co-Creation	Organization	Global Organizational Optimization Labor Productivity Improvement	Monitor labor productivity for each business unit		
Enjoy	Thrilled to Globalize Our Vision	Culture	Strong Empathy for Purpose Culture of Learning and Challenge	Purpose Empathy Score	4.20	4.23+
				Learning & Challenge Score	3.97	4.05+

Human Resources Strategy

Our human resources strategy centers on four pillars—DE&I, People, Organization, and Culture—through which we will make strategic investments in human capital.

- **DE&I:** We will promote greater diversity at the executive level to better reflect diverse perspectives in management and improve diversity among managers in Japan.
- **People:** We will define the requirements for core positions responsible for executing our global strategy and strengthen the development and deployment of our talent pool. We will also enhance our succession planning to build a deeper pipeline of core talent that will drive business growth.
- **Organization:** We will improve operational efficiency and enhance labor productivity by strengthening employees' digital skills and expanding the use of digital technologies and AI. This will enable employees to focus on higher-value-added core activities.
- **Culture:** While maintaining our strength of strong alignment with our Purpose, we will foster a culture of psychological safety in which employees proactively embrace challenges without fear of failure.

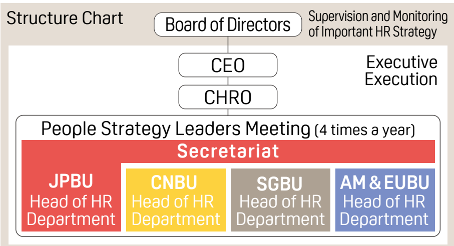
Through these four initiatives, we will address our key issue while promoting employees' autonomous growth and enhancing engagement.

Strategy Execution and Governance Structure

At the Pigeon Group, we position our human capital strategy as one of the Board of Directors' key agenda items and continuously oversee and monitor its execution.

While our strategy has traditionally focused primarily on Japan, we established the People Strategy Leaders Meeting, which brings together the HR leaders of each business unit, to strengthen the Group-wide strategy execution framework. The meeting is held four times a year, including several in-person sessions, enabling key HR leaders to build mutual trust and foster a stronger sense of unity. In addition, monthly meetings are held directly with the secretariat, creating a hybrid operating model that supports close and continuous communication.

Structure Chart



Through these initiatives, each member has developed a strong sense of ownership of the Group's human capital strategy and is well positioned to translate it into concrete actions within their respective business units. By aligning the entire Group behind a shared vision and ensuring that each business unit plays a central role in strategy execution, we will further enhance the effectiveness of our human capital management.

Promotion of DE&I

The Pigeon Group believes that respect for diverse perspectives is essential to driving innovation and actively recruits motivated and capable talent regardless of personal attributes. We also support employees in balancing work with childcare, nursing care, illness, and other life circumstances while promoting work-style reforms to create an environment where everyone can fully realize their potential.

In particular, to advance women's participation in the workplace, we have implemented both structural and cultural initiatives centered on skill development, workplace awareness reform, and the enhancement of support systems. We are also strengthening mid-career recruitment to bring diverse perspectives into the organization. As of December 31, 2025, mid-career hires accounted for 55.6% of managers in Japan.

	FY2022	FY2023	FY2024	FY2025
Ratio of female managers	26.2%	26.8%	26.4%	26.4%
Ratio of foreign national managers	1.54%	1.41%	1.39%	0.00%
Ratio of mid-career hires among managers	46.15%	52.11%	52.78%	55.56%

In fiscal 2025, women accounted for 38% of managers across the Group. However, women represented 26% of officers and 26.4% of managers in Japan, both below our target of 30%. We recognize that increasing the number of women in leadership positions in Japan remains a key challenge.

To close this gap, we are accelerating talent development. A pilot internal mentoring program for female employees conducted in 2025 significantly increased participants' interest in managerial positions. We will continue the program from 2026 onward while expanding development opportunities for the next generation of managerial candidates. We will also broaden our pipeline of candidates through succession planning to increase the ratio of female officers.

Effective Paternity Leave Uptake Rate of 100% for 10 Consecutive Years* with More Than 45 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 childrearing 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 10 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. In 2025, we started implementing 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.

Introduction
Message from the President and CEO
Value Creation Story
Sustainability
Data Section

Managing Talent and Cultivating the Right Culture for Our Purpose

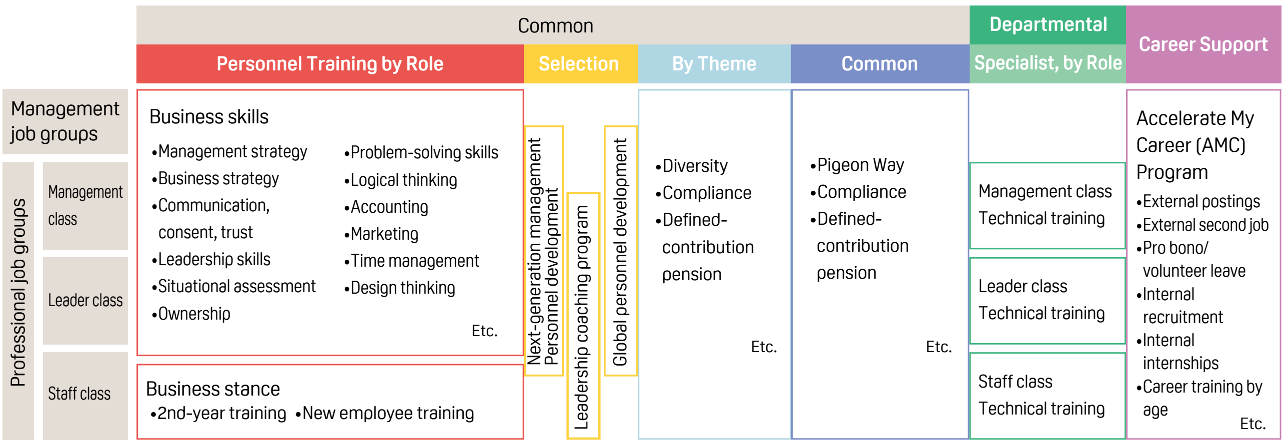
Developing and Recruiting Talent to Drive Strategy Execution

Building a Robust Succession Plan and Developing the Next Generation of Leaders to Support Sustainable Growth

To enhance corporate value over the medium to long term, we are strengthening our succession planning. In 2025, we identified our core positions and completed job descriptions for each role, enabling candidate selection based on objective criteria. Through this process, we identified a shortage of successor candidates for certain critical positions. Addressing this gap is now a key priority, and we will focus on developing a stronger pipeline of successor candidates.

Employee Development Framework

The Pigeon Group's employee development policy is to cultivate a diverse group of professionals who can respond to changes in society and proactively continue to develop their expertise. To support this goal, all company-sponsored business skills training programs are offered on an open-enrollment basis, reflecting our strong commitment to fostering employees' initiative and supporting their autonomous career development.



Leader Juku

To build a talent pipeline for the next generation of managers, we launched Leader Juku in 2023 as a three-year program. The second cohort began in 2026. Highly motivated employees from junior and mid-level positions are selected through an open application process to develop the mindset and problem-solving skills required of future leaders. At the heart of the program is a team project in which participants gain end-to-end experience—from identifying real business challenges within their respective departments and developing solutions to delivering tangible outcomes. Through this hands-on experience, rather than classroom-based learning alone, we are systematically strengthening our pipeline of next-generation leaders who can think independently and take initiative, thereby enhancing the Group's ability to execute its strategy.

Improving Labor Productivity

The Pigeon Group has identified global organizational optimization and labor productivity improvement as its highest priorities for achieving sustainable growth and establishing a strong management foundation. In 2026, we agreed on a common set of indicators for measuring labor productivity and established a Group-wide monitoring framework. We also established global common targets for driving digital transformation (DX), a key driver of productivity improvement, and created an information-sharing platform to facilitate the horizontal deployment of best practices across each business unit.

Domestic DX: A Two-Stage Selective Development Program for Solving Real Business Challenges

In Japan, we are focusing on improving employees' digital literacy, which forms the foundation of our digital transformation (DX) initiatives. Building on the results of a digital literacy assessment conducted in fiscal 2025, we will launch a highly practical two-stage development program in 2026.

The program begins with foundational digital training for more than 100 employees. Based on the reports submitted following the training, 20 participants will be selected to advance to a hands-on program in which they use digital technologies to solve real business challenges and improve operational efficiency.

The program is delivered in close collaboration with the Information Systems Department, combining structured training with individualized support to ensure meaningful, employee-driven operational improvements. Globally, we are also promoting the use of advanced technologies, including AI, while expanding knowledge sharing with countries and regions that are already leading in operational efficiency. By rapidly rolling out successful initiatives across the Group, we will accelerate operational efficiency and value creation on a global scale.

Engagement

The Pigeon Group believes that when diverse employees—each bringing unique values, perspectives, and expertise—work with high levels of engagement and enthusiasm, they contribute to enhancing both economic and social value. To measure employee engagement, we have been conducting the Global Engagement Survey since fiscal 2023. Because employees' alignment with the Pigeon Way and our Purpose is highly correlated with employee engagement, we have incorporated our own questions into the standard survey provided by Gallup.

In 2025, our engagement scores showed year-on-year improvement; however, they fell slightly short of our KPI targets. While scores relating to alignment with our Purpose remain high, the results indicate significant room for growth in psychological safety. During the 9th Medium-Term Management Plan, we will intensify our efforts to foster a culture that enhances psychological safety, thereby driving further improvements in employee engagement.

Engagement Survey (2025)

Scope of Data Collection: Full-time employees of Pigeon Corporation, PIGEON (SHANGHAI) CO., LTD., and PIGEON SINGAPORE PTE. LTD.

Survey Items: The survey consists of items provided by Gallup, supplemented by the following Pigeon Group-specific items: "I identify with the Pigeon Way." "I feel that my team's work contributes to realizing Pigeon's Purpose." "I can be myself at work."

Survey Results: Analysis revealed a strong correlation between overall engagement and the scores for the three Pigeon Group-specific items. Accordingly, we have adopted the average score of these three original items as a key performance indicator (KPI).

	FY2023 Actual	FY2024 Actual	FY2025 Actual	FY2025 Target
Average Score of the Three Additional Survey Items	4.11	4.15	4.19	4.21

Encouraging Employees to Take on New Challenges: Pigeon Frontier Awards

In Japan, we implemented the Pigeon Frontier Awards (PFA) system in 2019 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.

Pigeon Frontier Awards

The program is open to any employee with a strong desire and determination to turn their ideas into reality. In 2022, eligibility was expanded beyond employees of Pigeon Corporation to include employees of domestic Group companies. To date, a total of 96 ideas have been submitted, 25 of which have progressed into projects. Six have already been launched, and several more are currently under development.

More than 100 employees have participated in the program to date. In addition to providing a platform for bringing employees' ideas to life, PFA makes a significant contribution to employees' personal growth through the process of taking on new challenges.

Key Features of PFA
1. Increasing the time employees spend enjoying their work 2. Encouraging employees to take on future-oriented challenges without fear of failure
3. A CEO-sponsored project that rapidly transforms ideas into reality

Projects Selected for Implementation
- 2020 Selected Project: Caring for Babies Just as They Are in the NICU News Release: Launch of the "Precious Drop" Colostrum Collection Support Device
- 2021 Selected Project: Turning Childcare Reports into a Book for More Families News Release: Launch of Pigeon no Kosodate (Childcare with Pigeon) [Japanese]
- 2021 Selected Project: Baby Bottle Reuse Project Maker's Push: The Story Behind "Bonyu Jikkan Parts" for Baby Bottles Designed to Last [Japanese]
- 2024 Selected Project: Pigeon Miniature Collection News Release: Popular Childcare Products "Pigeon Mini Charms" Launched as Gashapon® Capsule Toys [Japanese]

Health and Productivity Management

Pigeon aims to be a company where employees can work in good health and with enthusiasm. To achieve this, we support the maintenance and improvement of employee health while striving to create a vibrant workplace environment. Under a health and productivity management framework led directly by the President, we work closely with our occupational physician, public health nurse, and health insurance association to promote initiatives such as smoking cessation, health checkup management, and mental health measures.

We also foster a workplace culture that promotes mutual understanding among employees across differences in backgrounds and gender. Our initiatives include maintaining a 100% childcare leave uptake rate among eligible male employees since 2016; providing education on women's health issues; introducing Pigeon's unique wellness leave program covering menstruation, premenstrual syndrome (PMS), and menopausal symptoms; and offering education and consultation services related to caregiving, which is becoming an increasingly important issue.

In recognition of these initiatives and achievements, Pigeon was selected as a 2026 Health & Productivity Stock by the Ministry of Economy, Trade and Industry (METI) and the Tokyo Stock Exchange (TSE) as one of Japan's listed companies demonstrating outstanding health and productivity management practices. In addition, Pigeon was certified for the fifth consecutive year as a 2026 Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category) under a program jointly administered by METI and Nippon Kenko Kaigi (Japan Health Council). In 2026, Pigeon was also recognized as one of the White 500, awarded to the top 500 organizations in the Large Enterprise Category. As a certified organization, we will continue to actively share our health and productivity management practices with our business partners and collaborate with them on health promotion initiatives.

2026 健康経営銘柄

2026 健康経営優良法人 ホワイト500

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. 58–60

Reinforcing compliance P.61

Reinforcing risk management P.63

Dialogue with stakeholders P.15

Corporate Governance

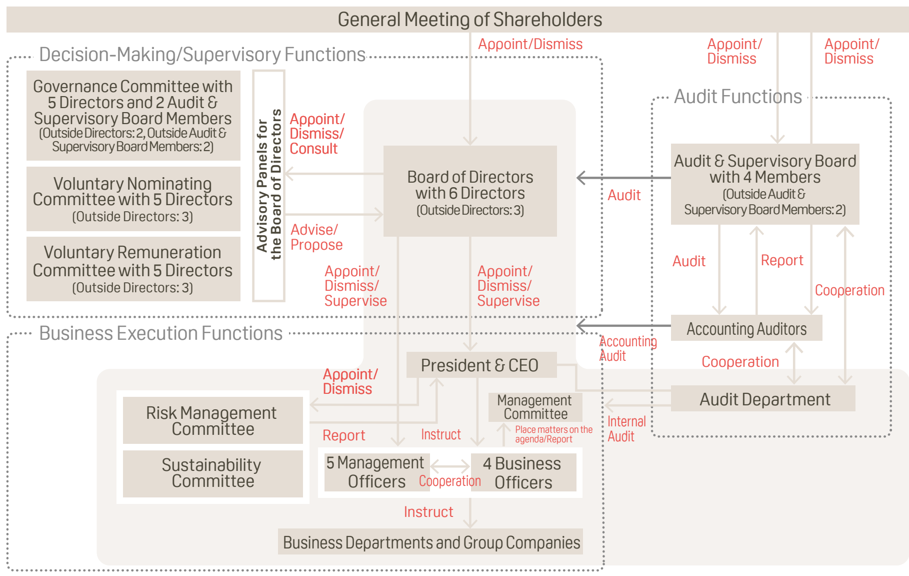
The Company adopts the system of a company with Audit & Supervisory Board Members and has made rigorous legal audits by Audit & Supervisory Board Members the basis of compliance management. The primary management structures (meeting bodies) are as follows: The Board of Directors comprises six members (five men, one woman; six Japanese nationals) including three Independent Outside Directors; the Audit & Supervisory Board comprised of four members (three men, one woman; four Japanese nationals) including two Outside Audit & Supervisory Board Members; and the Management Committee is chaired by the President and CEO comprised of the President and CEO and directors and Group Executive Officers appointed by the President and CEO. The Company is working to enhance the diversity of each of the meeting bodies.

In addition, the Company has appointed seven Group Executive Officers. Together with the two Executive Directors, they are positioned directly under the President and CEO as Management Officers (five members) or Business Officers (four members). This structure enables the Company to execute key functional strategies—such as Product & Supply Chain Strategy, Management Strategy, Finance Strategy, Human Resources & Sustainability Strategy, and Brand Strategy—on a global and cross-division basis, thereby establishing a more efficient and advanced management foundation and driving business growth.

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 March 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 and Audit & Supervisory Board, the Company has been working to improve corporate governance by expanding the diversity of the Board of Directors through the appointment and increase of Outside Directors since 2015, strengthening the supervisory function of the Board of Directors by appointing an Outside Director as the Chairman of the Board from March 2023, establishing advisory panels to the Board of Directors, and active demonstration of supervisory functions by Audit & Supervisory Board Members.



Corporate Governance Structure 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, we conducted reviews of future strategy meeting themes, examined the operation of the Board of Directors, implemented and reviewed group governance evaluations, updated the long list of governance-related issues, and conducted an assessment 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 Americas and Europe 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.

Internal Audit

Purpose and Roles

The purpose of our internal audit is to enhance the ability of the Company and its affiliated companies to create, protect, and sustain value. It serves the following two roles:

1. Assurance: Evaluating the status of compliance organizational operations, identifying issues, and proposing corrective actions.
2. Advisory: Providing forward-looking strategic advice and recommendations to optimize the organization as a whole.

Structure and Coordination

As the Company's internal audit function, we have established the independent Internal Audit Department, comprising eight staff members,* which reports directly to the President and CEO. The Department shares information with the Audit & Supervisory Board and the Accounting Auditor on both a regular and ad hoc basis and conducts joint investigations and verifications as necessary. It also works closely with second-line functions, including the Legal Department, the Accounting & Finance Department, and the Risk Management Committee, to ensure efficient and robust monitoring and oversight. We have also established an internal audit function in China, one of the Group's key operating locations. Reporting to the Head Office Internal Audit Department, it also serves to strengthen the audit framework across our overseas operations.

*As of June 2026

Scope

The Internal Audit Department conducts internal audits of all offices and departments at the Head Office and the Company's domestic and overseas affiliated companies. To fulfill the purpose described above, internal audits cover all aspects of operations and organizational management, including the following:

1. Governance, risk management, and internal controls
2. The objectives, strategies, plans, and performance of the business units, departments, and projects
3. Organizational culture, including corporate ethics

For details on our internal audit activities, please visit our website.

Website https://www.pigeon.com/sustainability/governance_top/governance/

Introduction
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Data Section

Evaluating the Effectiveness of the Board of Directors

The Company conducts an annual evaluation of the effectiveness of the Board of Directors in order to strengthen it and improve its governance.

Regarding the Effectiveness Evaluation and Analysis Methods Implemented in Fiscal 2025

【Implementation period】October–November 2025

【Respondents】Directors and Audit & Supervisory Board Members (total: 12 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)

Issues from Fiscal 2024 and measures taken, Fiscal 2025 assessment results and issues, and future measures

Issues identified based on the fiscal 2024 assessment results	Measures taken in fiscal 2025
Developing a medium- to long-term growth strategy and considering effective ways to communicate information to stakeholders	Discussions on medium- to long-term growth strategies centered on the next Medium-Term Business Plan at the future strategy meetings and other meetings
Demonstrating a more advanced supervisory function by the Board of Directors	Assessing the Group governance through an internal project led by the internal audit department and members of the Audit & Supervisory Board
Having fruitful discussions and achieving swift decision-making in board meetings	Changing the method and the frequency of pre-confirmation meetings, and conducting liaison meetings with outside officers

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Fiscal 2025 assessment results

Overall assessment: Our Board of Directors and advisory bodies are performing their roles effectively.

Positive points

● The Board of Directors has become more open and active in its discussions, leveraging diverse expertise, values, and perspectives of outside directors.

● Through the measures outlined above taken in fiscal 2025, the Board had more opportunities to discuss the overall strategy for issues identified in fiscal 2024, and achieved improvements, including stronger collaboration with audit bodies.

Identified issues

● Regarding the following issues identified in fiscal 2024, while improvements have been made, it has been confirmed that they are in a phase requiring specific actions or further enhancement going forward.

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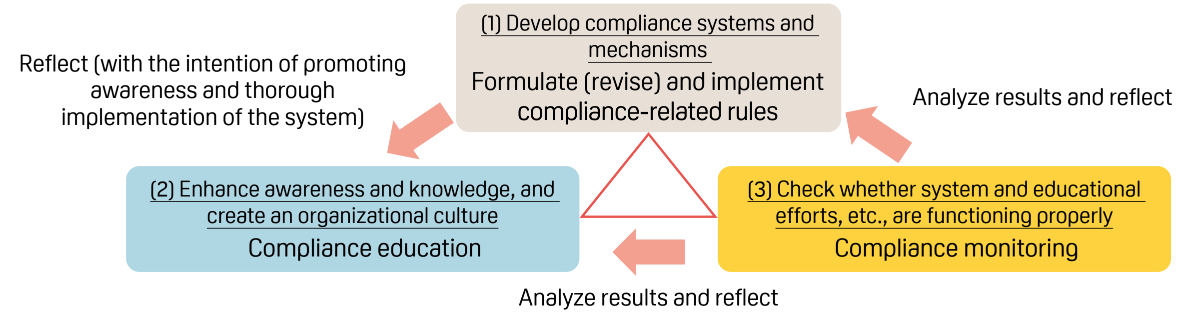
Issues identified based on fiscal 2025 assessment results	Policy for measures to be taken in the future (fiscal 2026)
Encouraging more substantial discussions at the Board meetings	Improving the operation and other executions ● Conducting proper time allocation and agenda setting with the aim of increasing strategic discussion time for future growth ● Considering the composition and size of the Board

Compliance

The Pigeon Group has been implementing compliance-related measures with a focus on (1) compliance-related rules (systems and mechanisms), (2) compliance education and (3) compliance monitoring. We are examining and implementing these measures to 1) prevent compliance violations and 2) to detect and resolve compliance violations as soon as possible.

The Group's compliance-related activities are reported annually to the Board of Directors.



1) Compliance-related rules (systems and mechanisms)

Based on the Pigeon Group DNA and 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 each and 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 Desk, 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 Company investigates the facts and responds to the report, giving due consideration to the protection of the person who made the report, and the GHO Compliance Supervisory Department takes measures to prevent recurrence as necessary. When responding to the reports made through the systems, we consult with a corporate attorney as necessary to ensure the legality of our responses and solutions. In fiscal 2025, there were 13 Speak-up Desk reports and 2 Pigeon Partners Line reports.

2) Compliance education

The Pigeon Group aims to raise the compliance awareness of all Group employees by providing them with compliance education based on the Pigeon DNA and the Pigeon Way, Corporate Ethics Guidelines, Compliance Policy, the internal reporting system and others at the Company and Group companies in Japan and overseas.

In 2025, we provided employees with training focused on cases of misconduct and wrongdoing, in light of an incident of misconduct discovered at a Group company in 2024. Specifically, we clarified the top management's commitment to "never compromise on compliance under any circumstances" and communicated this message to all Group employees through a video message. In addition, we also developed and explained case studies based on the said incident and other specific cases, in order to ensure that our Corporate Philosophy and Code of Conduct are thoroughly understood across the entire Group, including subsidiaries not directly involved in the incident. Following the training, we conducted surveys of participants and used the feedback to improve the content of our training. Furthermore, we distributed the monthly "Pigeon Compliance Newsletter" to all employees of the Company and Group companies in Japan, using the incident as a topic to instill the culture of compliance that employees should uphold in their daily operations.

3) Compliance monitoring

The Pigeon Group regularly conducts compliance monitoring for employees of the Company and its domestic and overseas Group companies. We then reflect the results in the compliance rules and education described above, aiming to reduce compliance risks of the Group and raise awareness toward compliance of all Group employees.

In 2025, based on the results of the compliance awareness survey conducted in 2023, we focused on promoting awareness of the "Speak-up Desk" and encouraging its use. We also visited Group companies in Japan and overseas to confirm the implementation status of compliance-related measures and facilitated necessary improvements.

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 compliance within the Group, our approach to tax payment, and our policy for tax risk management. In 2025, to align with changes in our global management and governance structure and ensure more appropriate and rigorous compliance with transfer pricing regulations in each country, we reviewed and established transfer pricing policies and further strengthened the related regulations and detailed rules.

As part of our efforts to strengthen tax governance, the Global Head Office and the regional headquarters responsible for overseeing overseas subsidiaries hold regular meetings. Through these meetings, we share and reinforce Group-wide policies, discuss emerging tax issues, assess current tax risks, and work to resolve issues promptly. Since 2023, we have also provided training on transfer pricing regulations for employees assigned to overseas positions, extending tax education and awareness beyond the Accounting & Finance function. Furthermore, since 2024, we have continued to conduct comprehension tests for domestic and overseas Group companies to promote understanding and implementation of the Group regulations, while identifying areas requiring focused education and driving continuous improvement.

〈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. Acting under the authority delegated by the Board of Directors, Pigeon's Chief Financial Officer (CFO), who serves as the Global Head Office officer responsible for Finance Strategy, formulates and implements the Group's tax policies.

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

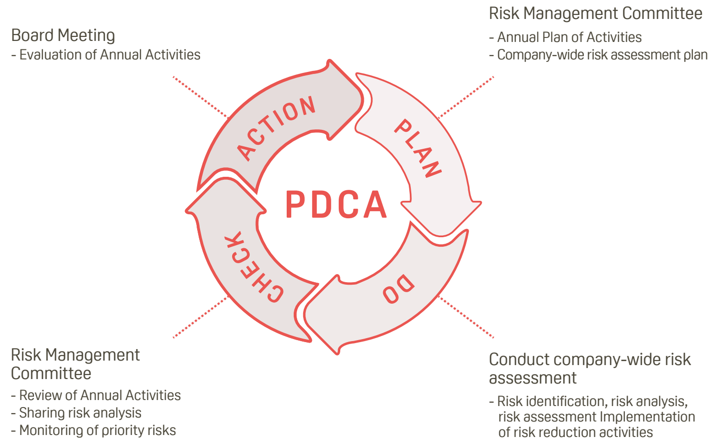
Criteria and Considerations for Categorizing Investment Stocks
The Pigeon Group classifies stocks primarily held for benefiting from fluctuations in stock value or dividends as "investment stocks held for pure investment purposes," while categorizing others as "investment stocks held for purposes other 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 evaluate each holding individually based on our cost of capital, considering actual returns and business relationships, and review whether continued ownership remains appropriate. As of December 31, 2025, 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 was established under the President and CEO and is chaired by the Chief Strategy Officer (CSO), a Management Officer delegated by the President and CEO. Reporting 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 Americas and Europe Business. This framework enables the Group to consolidate risk information, implement necessary controls, and respond promptly to risks at the business segment level.

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. It then develops and implements response measures either directly or through the respective business segments. In particular, key risks are managed by risk owners designated by the GHO Risk Management Committee, who take the lead in consolidating information and developing and implementing 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 (2025)

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 their risk owners

Key Risks	Risk Owners
Compliance	Head of Legal Department
Finance	Head of Accounting & Finance Department
Management and Control	Head of Business Strategy Department
Human Rights	Chief Human Resources and Sustainability Officers
Information Security	Head of Information Systems Department
Supply Chain Management (SCM)	SCM Division Manager
Customer Complaints	Head of Customer Service Department

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 Group 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 Pigeon Way; and
(iii) It should be highly independent, objective, and transparent, and enable the Company to fulfill its accountability to stakeholders.

The remuneration of Group Executive Officers is designed in accordance with this basic policy on executive remuneration.

〈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.

As a general rule, the remuneration levels are set by position (with the President set at 100%) as shown in Table 1.

Table 1

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 each March to provide incentives for improving the Group's consolidated performance and achieving each Director's assigned mission. In principle, bonuses vary from 0% to 200% of the standard bonus amount established for each position based on the achievement of consolidated performance targets (net sales, and Pigeon Value Added (PVA), the Company's proprietary management indicator) and individual performance evaluations (including the achievement of each Director's assigned mission). The consolidated performance indicators are used to promote improvements in profitability, business scale, and the creation of corporate value in excess of the cost of capital. Individual performance indicators are used to encourage the achievement of each Director's assigned mission in support of our Purpose of making the world more baby-friendly. To calculate the targets, we use the performance forecasts published in the summary of financial results at the beginning of each period for operating margin and net sales, and the initial fiscal-year plan for PVA. For Executive Directors in charge of department(s), bonuses will vary within a range from zero to 200%, in accordance with the achievement level of targets, with 70% weighted on consolidated performance and 30% weighted on the performance of the Directors' respective departments (in operating margin, net sales, and PVA).

The valuation ratio for each indicator is shown in Table 2.

Table 2

Indicator		Valuation Ratio
Consolidated performance	Operating margin	40%
	Net sales	30%
	PVA	20%
Individual performance evaluation	Achievement of each Director's assigned mission and other	10%

〈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 200%, in accordance with the achievement level of targeted consolidated performance indicators related to consolidated performance set out in the Medium-Term Management Plan (Total Shareholder Return (TSR), Earnings per Share (EPS) growth rate, and ROIC) and indicators related to the Key Issues (reducing our environmental impact, addressing our social impact, 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 Management 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 in Table 3.

Table 3

Indicator		Valuation Ratio
Consolidated performance	Relative TSR	40%
	EPS growth rate	20%
	ROIC	20%
Key Issues	Reducing Our Environmental Impact	20%
	Social Impact	
	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%)

Table 4

Type of Remuneration	Composition Percentage
Basic remuneration	55%
Bonuses	20%
Stock remuneration	25%

〈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.

Stock remuneration targets under the 9th Medium-Term Management Plan

Table 5

Remuneration	Key Issues	Indicators	Target Value	Weight	Reason for Selection
Stock remuneration	Reducing Our Environmental Impact	Implementation of the Pigeon Green Action Plan	- 69.2% reduction in Scope 1 & 2 GHG emissions - 24.2% reduction in Scope 3 Category 1 & 12 GHG emissions - 59% usage rate of RSPO-certified palm oil	5%	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.
	Social Impact	① Bonding Moments Indicator	① Establish a KPI for the cumulative number of babies and their families reached through our wide-neck nursing bottles by 2028.	10%	We believe that delivering "Bonding Moments" to babies and their families through our wide-neck nursing bottles, which enable feeding to evolve from a mother's role to a "team parenting" experience, and providing Pigeon's unique support to babies requiring specialized feeding care will contribute to realizing a more baby-friendly future.
		② Tiny Miracle Indicator	② Establish a KPI for the cumulative number of babies supported through our special-needs nursing bottles by 2028.		
	Managing Talent and Cultivating the Right Culture for Our Purpose	Enhancement of employee engagement	4.23 above the average score of three of our original Engagement questions	5%	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.

Targets and actual results for the performance indicators used to determine performance-linked remuneration for the current fiscal year are available on our website.

Website https://www.pigeon.co.jp/sustainability/governance_top/governance/

Under the executive remuneration system introduced as part of the 9th Medium-Term Management Plan (2026–2028), we have newly established Social Impact as one of the performance indicators for stock remuneration, our long-term incentive. At Pigeon, we are guided by our enduring commitment to "Giving every baby the best possible start." To put this commitment into action in the areas where we can make the greatest contribution, we have established two specific Social Impact KPIs.

The first is the Bonding Moments Index, which relates to our wide-neck nursing bottles. Guided by the belief that "SofTouch®—as soft and gentle as a mother's touch, helping babies and families share heartwarming moments together," we position our wide-neck nursing bottles as a device that expands feeding from the responsibility of the mother alone to team parenting, enabling families and those around them to share the joy of caring for a baby. By setting a cumulative target through 2028, we aim to deliver Bonding Moments to as many babies and their families as possible.

The second is the Tiny Miracles Index, which relates to our special-needs nursing bottles. Under the commitment to "Providing the best support for babies who need special medical care," we provide Pigeon's unique support to babies requiring specialized feeding care, including premature infants and babies with low birth weight. We have established a cumulative target through 2028 to contribute to babies around the world.

By establishing these social impact indicators, we can communicate to both internal and external stakeholders, in a concrete and measurable way, the social value we create—not simply the number of products shipped. We will continue working toward the achievement of these Social Impact KPIs while contributing to the realization of a more baby-friendly future.

Voluntary Remuneration Committee

To establish an executive remuneration system that supports the realization of our Value Creation Story and to enhance the independence, objectivity, and transparency of the executive remuneration system, the Company has established the Voluntary Remuneration Committee as an advisory body to the Board of Directors. The Committee is chaired by an Independent Outside Director, and a majority of its members are Independent Outside Directors. In principle, the Voluntary Remuneration Committee meets at least four times a year to deliberate on matters relating to executive remuneration, including remuneration amounts, calculation methods, and the policy for determining individual remuneration (see the website below), and provides advice and recommendations to the Board of Directors. The Board of Directors makes its decisions with the utmost respect for the Committee's advice and recommendations. Executive remuneration is paid within the limits approved by the General Meeting of Shareholders. To incorporate an objective external perspective and specialized expertise on executive remuneration systems, the Company engages an external consultant. With the consultant's support, the Company reviews the remuneration system, taking into account external data, the economic environment, industry trends, business performance, employee remuneration, dividends, and other relevant factors. In addition, to enhance the effectiveness of the Board of Directors, the Voluntary Nominating Committee and the Voluntary Remuneration Committee coordinate their activities relating to director nominations and remuneration. The effectiveness of the Voluntary Remuneration Committee is also evaluated as part of the Board of Directors' effectiveness evaluation.

Details of the main agenda items deliberated by the Voluntary Remuneration Committee are available on our website.

Website https://www.pigeon.co.jp/sustainability/governance_top/governance/

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 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 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 Group DNA and 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 Group DNA and 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 Table 6 on page 67).

(iii) Required competencies
The required competencies of the CEO are determined based on the "Responsibilities and authority" referenced above (see Table 7 on page 67).

〈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)

〈Deliberation on the Reappointment or Non-Reappointment of the CEO〉
Based on the above leadership requirements, the Voluntary Nominating Committee annually evaluates and assesses whether the CEO has achieved the expected results, considering progress on medium- to long-term initiatives, and deliberates on the CEO's reappointment or non-reappointment. In particular, the Committee places great importance on building a resilient management team capable of realizing the Company's Value Creation Story.

〈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 establish a director nomination and dismissal process that supports the realization of our Value Creation Story and to enhance 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 body to the Board of Directors. The Committee is chaired by an Independent Outside Director, and a majority of its members are Independent Outside Directors. In principle, the Voluntary Nominating Committee meets at least four times per year to deliberate on issues including the standards for appointment and dismissal of Directors as well as CEO successor plans, and provides advice and recommendations to the Board of Directors. The Board of Directors makes its decisions with the utmost respect for the Committee's advice and recommendations. 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, considering matters such as external data, the economic environment, industry trends, and business performance. 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. The effectiveness of the Voluntary Nominating Committee is also evaluated as part of the Board of Directors' effectiveness evaluation.

Details of the main agenda items deliberated by the Voluntary Nominating Committee are available on our website.

Website https://www.pigeon.co.jp/sustainability/governance_top/governance/

Table 6. Main duties and expected results

Key Issues	Main Duties	Expected Result
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 7. Required competencies

Item		Details
Behavioral characteristics	Innovative leadership	Has foresight and leads reform personally, without being hindered by past success or common knowledge
	Develops and proliferates our vision and corporate culture	Promotes the wide adoption of the Pigeon Group DNA and Pigeon Way as well as a healthy corporate culture through strategic engagement with stakeholders
	Envisions, plans, and executes strategies	Proposes management strategies and a grand design that reflects our corporate culture, and allocates management resources in an optimal manner
	Develops 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, 2026)

President and CEO
Ryo Yano
Number of the Company's common shares held: 7,291 (Includes 0 shares to be granted based on the stock remuneration system)

Director, Senior Managing Executive Officer
Tadashi Itakura
Chief Product & Supply Chain Officer (CPO/CSCO)
Number of the Company's common shares held: 19,889 (Includes 9,269 shares to be granted based on the stock remuneration system)

Director, Managing Executive Officer
Nobuo Takubo
Chief Strategy Officer (CSO)
Number of the Company's common shares held: 4,700 (Includes 0 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: 5,300

Outside Director
Yumiko Miwa
(Appointed in March 2022)
Number of the Company's common shares held: 3,500

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, 2026)

Audit & Supervisory Board Member
Koji Ishigami
Number of the Company's common shares held: 44,400

Audit & Supervisory Board Member
Kazuyuki Tajima
Number of the Company's common shares held: 12,823

Outside Audit & Supervisory Board Member
Koichi Otsu
(Appointed in April 2019)
Number of the Company's common shares held: 9,100

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, 2025.

Group Executive Officers (As of March 27, 2026)

Takashi Arai	Chief Financial Officer (CFO)
Yusuke Nakata	Chief Branding Officer (CBO)
Koji Matsutori	Singapore Business Unit Chief Executive Officer (CEO)
Julie Talbot	Americas & Europe Business Unit Chief Executive Officer CEO of Lansinoh Laboratories, Inc.
Minako Hara	Chief Human Resources Officer (CHRO)
Zenzou Yamaguchi	Japan Business Unit Chief Executive Officer (CEO)
Zhou Jianfeng	China Business Unit Chief Executive Officer CEO of PIGEON (SHANGHAI) CO., LTD.

Managing Officers (As of March 27, 2026)

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
Eiko Yamanaka	Research & Development Division Manager
Masatoshi Oguchi	Baby Care Business Division Manager
Akira Okamoto	Seconded to Pigeon (Shanghai) Co., Ltd.

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 Competency 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 9th Medium-Term Management Plan in our selection process.

	Name/Position	Common Qualities		Expertise Demanded of the Board of Directors*1									Committee Members ◎ Chair ○ Member		
		Alignment with the Company Purpose	Contributions to social impact	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	Nominating	Remuneration	Governance
Directors	Ryo Yano President & CEO	○	○	○	○	○			○		○		○	○	○
Directors	Tadashi Itakura Director, Senior Managing Executive Officer	○	○	○	○		○	○		○	○	○	○	○	○
Directors	Nobuo Takubo Director, Junior Managing Executive Officer	○	○	○	○	○					○	○			○
Directors	Rehito Hatoyama Independent Outside Director and Chairman of the Board*2	○	○	○		○			○		○	○	○	○	○
Directors	Yumiko Miwa Independent Outside Director*2	○	○							○	○	○	◎	◎	
Directors	Hidenori Nagaoka Independent 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 Independent Outside Audit & Supervisory Board Member*2	○	○								○	○			○
Audit & Supervisory Board Members	Atsuko Taishido Independent Outside Audit & Supervisory Board Member*3	○	○	○						○		○			○

*1 The primary areas of expertise of each Director and Audit & Supervisory Board Member are shown.
*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: Directors and Audit & Supervisory Board Members are expected to possess the common qualities and demonstrate their respective areas of expertise in realizing the Company's Value Creation Story.

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, Rehito Hatoyama, Hidenori Nagaoka
- Voluntary Nominating Committee: Yumiko Miwa (Chair), Ryo Yano, Tadashi Itakura, Rehito Hatoyama, Hidenori Nagaoka
- Governance Committee: Hidenori Nagaoka (Chair), Ryo Yano, Tadashi Itakura, Nobuo Takubo, Rehito Hatoyama, Koichi Otsu, Atsuko Taishido

Financial and Non-Financial Highlights

Financial Information

Fiscal Year	Unit	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	Dec. 2025
Net Sales	(¥ millions)	92,209	94,640	102,563	104,747	100,017	99,380	93,080	94,921	94,461	104,171	109,170
Gross Profit	(¥ millions)	43,345	44,688	50,572	53,858	50,800	49,921	44,072	44,834	45,452	51,372	54,839
Selling, General and Administrative Expenses	(¥ millions)	28,823	28,673	31,159	34,246	33,727	34,605	30,735	32,638	34,726	39,233	41,680
Operating Income	(¥ millions)	14,521	16,015	19,412	19,612	17,072	15,316	13,336	12,195	10,726	12,139	13,158
Ordinary Income	(¥ millions)	15,080	16,462	20,129	20,398	17,284	16,113	14,648	13,465	11,522	13,282	13,681
Net Income Attributable to Owners of Parent	(¥ millions)	10,197	11,118	14,515	14,238	11,538	10,643	8,785	8,581	7,423	8,371	8,570
Capital Investment*3	(¥ millions)	2,639	2,498	3,546	5,376	4,059	4,185	6,735	7,259	6,320	3,760	3,360
Depreciation (Including Amortization of Goodwill)	(¥ millions)	2,549	2,357	2,451	2,804	3,767	3,972	4,161	4,947	5,080	4,877	4,601
R&D Expenditures	(¥ millions)	2,263	2,263	2,670	3,119	3,059	3,115	3,603	3,792	3,654	3,415	3,511
Cash Flows from Operating Activities	(¥ millions)	13,479	14,810	17,094	13,632	14,098	18,400	10,893	13,210	14,503	14,281	13,058
Cash Flows from Investing Activities	(¥ millions)	△3,332	△1,854	△3,586	△4,704	△3,995	△3,815	△5,593	△5,659	△5,448	△1,137	△3,144
Cash Flows from Financing Activities	(¥ millions)	△6,567	△6,223	△12,812	△8,338	△8,734	△9,231	△8,693	△9,666	△10,256	△10,639	△10,818
Free Cash Flows	(¥ millions)	10,147	12,955	13,507	8,928	10,103	14,584	5,300	7,551	9,055	13,143	9,914
Fiscal Year-End												
Total Assets	(¥ millions)	73,566	78,537	84,040	85,618	90,491	93,472	98,042	101,733	100,440	108,308	110,088
Net Assets	(¥ millions)	50,792	53,736	62,812	66,582	70,463	72,625	76,810	79,952	81,087	84,607	85,887
Key Financial Indicators												
Operating Margin	(%)	15.7	16.9	18.9	18.7	17.1	15.4	14.3	12.8	11.4	11.7	12.1
Net Profit Margin	(%)	11.3	12.0	14.4	13.9	11.8	10.9	9.6	9.2	8.0	8.2	8.1
Return on Equity (ROE)*4	(%)	21.3	21.8	25.7	22.8	17.5	15.5	12.2	11.4	9.6	10.5	10.4
Return on Assets (ROA)*4	(%)	20.6	21.5	24.6	24.0	19.6	17.5	15.3	13.5	11.4	12.7	12.5
Equity Ratio*2	(%)	67.4	66.7	72.2	75.0	74.8	74.8	75.4	75.4	77.2	74.9	75.3
Return on Invested Capital (ROIC)*5	(%)	15.1	16.3	22.2	21.2	17.4	15.0	12.5	10.9	9.3	10.3	10.8
Stock Price-Related Data												
Price-to-Book (P/B) Ratio	(times)	6.14	7.00	8.41	7.90	7.10	7.28	3.56	3.38	2.50	2.15	2.33
Price-to-Earnings (P/E) Ratio (PER)	(times)	29.85	32.96	35.15	35.66	41.66	47.85	29.93	30.23	26.17	20.80	22.49
Data per Share												
Earnings per Share (EPS)	(yen)	85.15	92.84	121.20	118.89	96.37	88.93	73.44	71.72	62.06	70.00	71.65
Book Value per Share (BPS)	(yen)	413.88	437.43	506.79	536.43	565.64	584.30	617.59	640.96	648.73	678.53	693.11
Dividend per Share	(yen)	42.00	53.00	66.00	68.00	70.00	72.00	74.00	76.00	76.00	76.00	76.00
Dividend Payout Ratio	(%)	49.3	57.1	54.5	57.2	72.7	81.0	100.9	106.1	122.6	108.7	106.1

*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 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. *5 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 2025 for more details.

	Unit	Jan. 2016	Jan. 2017	Jan. 2018	Jan. 2019	Dec. 2019	Dec. 2020	Dec. 2021	Dec. 2022	Dec. 2023	Dec. 2024	Dec. 2025
Number of Group employees*1	(persons)	3,743	3,739	4,306	3,875	3,954	3,886	3,935	3,803	3,184	3,066	3,042
Ratio of female employees	(%)	—	—	—	—	64	62	62	62	61	61	61
Ratio of female managers	(%)	—	—	—	—	—	40	41	40	40	39	38
Ratio of female directors (Including Outside Directors)	(%)	—	—	—	9	10	25	25	30	33	33	38
Ratio of Outside Directors	(%)	—	—	—	30	42	42	42	63	50	56	63
GHG emissions (Scope 1 and Scope 2)*2	($t\text{-}CO_2e$)	—	—	—	28,203	26,931	24,973	23,510	11,741	11,392	9,958	8,568
GHG emissions (Scope 3)*3	(thousand $t\text{-}CO_2e$)	—	—	—	—	—	—	265.5 (234.1)	— (205.8)	220.7 (189.6)	209.9	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, 2025)

Company Name	Pigeon Corporation
Address	4-4, Nihonbashi Hisamatsu-cho, Chuo-ku, Tokyo 103-8480, Japan Phone: +81-3-3661-4200 URLs: https://www.pigeon.com (global) https://www.pigeon.co.jp (Japan)
Established	August 15, 1957
Capital Stock	¥5,199 million
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	338 (Japan, full-time employees)/3,042 (worldwide, includes part-time employees)

Consolidated Subsidiaries (26 companies) (As of December 31, 2025)

- 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 LIMITED
- LANSINOH LABORATORIES, INC.
- LANSINOH LABORATORIES MEDICAL DEVICES DESIGN INDUSTRY AND COMMERCE LTD. CO.
- LANSINOH LABORATORIES BENELUX
- LANSINOH LABORATORIES SHANGHAI
- LANSINOH LABORATORIES (HONGKONG) CO., LIMITED
- LANSINOH LABORATORIES UK LIMITED
- LANSINOH LABORATORIES FRANCE SAS

External Evaluations (As of May 31, 2026)

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

- FTSE JPX Blossom Japan Index
- FTSE JPX Blossom Japan Sector Relative Index
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Select Index
- Morningstar® Japan ex-REIT Gender Diversity Tilt Index℠
- CDP
- Health & Productivity stock Selection 2026
- Health & Productivity Management Outstanding Organization 2026 (White 500)

Pigeon Group Business Structure (As of December 31, 2025)

	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 and sale of toiletries
	● PIGEON HEARTS CORPORATION	Japan	100%	Provision of childcare services and preschool education
	● PIGEON MANUFACTURING HYOGO CORPORATION*2	Japan	100%	Manufacture and sale of non-woven products
	● PIGEON MANUFACTURING IBARAKI CORPORATION	Japan	100%	
	● PIGEON TAHIRA CORPORATION	Japan	100%	Sale of elder care products
China Business	● PIGEON (SHANGHAI) CO., LTD.*2,*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 LIMITED*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	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%)	Manufacture and sale of maternity and baby products
	● PIGEON BABY LAB KENYA LTD.*3	Kenya	100%	Sale of maternity and baby products
	● PIGEON INDUSTRIES (THAILAND) CO., LTD.*2	Thailand	97.5%	Manufacture of maternity and baby products
	● PT PIGEON INDONESIA*1,*2	Indonesia	65% (65.0%)	Manufacture and sale of maternity and baby products
	● THAI PIGEON CO., LTD.*2	Thailand	53%	Manufacture of maternity and baby products
Americas and Europe Business*5	● 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., LIMITED*1	China	100% (100.0%)	
	● LANSINOH LABORATORIES UK LIMITED*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 November 2025, Pigeon Baby Lab Kenya Ltd. increased its capital to KES 102,000 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).
*5 Effective March 27, 2026, the Lansinoh Business was renamed the Americas and Europe Business. The new name will be applied from the fiscal year ending December 31, 2026.

● Sales/Service offices
● Factories

Stock Information/ Disclosure Framework

Stock Data (As of December 31, 2025)

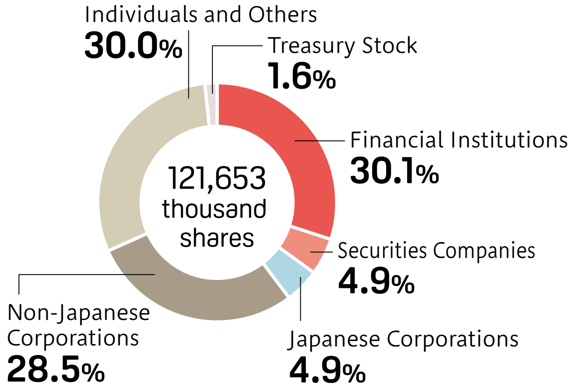
- Shares authorized ････ 360 million
- Shares issued ････････121,653,486
- Total number of shareholders･･････70,192
- Number of shareholders with voting rights･･････59,562
- Treasury stock ････ 1,894,536

Major Shareholders (As of December 31, 2025)

Shareholder Name	Number of Shares (Thousands)	Ownership* (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,505	14.6
Custody Bank of Japan, Ltd. (Trust Account)	9,061	7.6
JAPAN ACTIVATION CAPITAL I L.P.	4,260	3.6
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	3,949	3.3
STATE STREET BANK AND TRUST COMPANY 505103	3,063	2.6
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2,667	2.2
Custody Bank of Japan, Ltd. (Trust Account 4)	2,079	1.7
JP Morgan Securities Japan Co., Ltd.	2,044	1.7
Yoichi Nakata	1,944	1.6
Y.N Corporation	1,678	1.4

* Pigeon holds 1,894,536 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 (128,887 shares).

Share Breakdown by Shareholder Type (As of December 31, 2025)

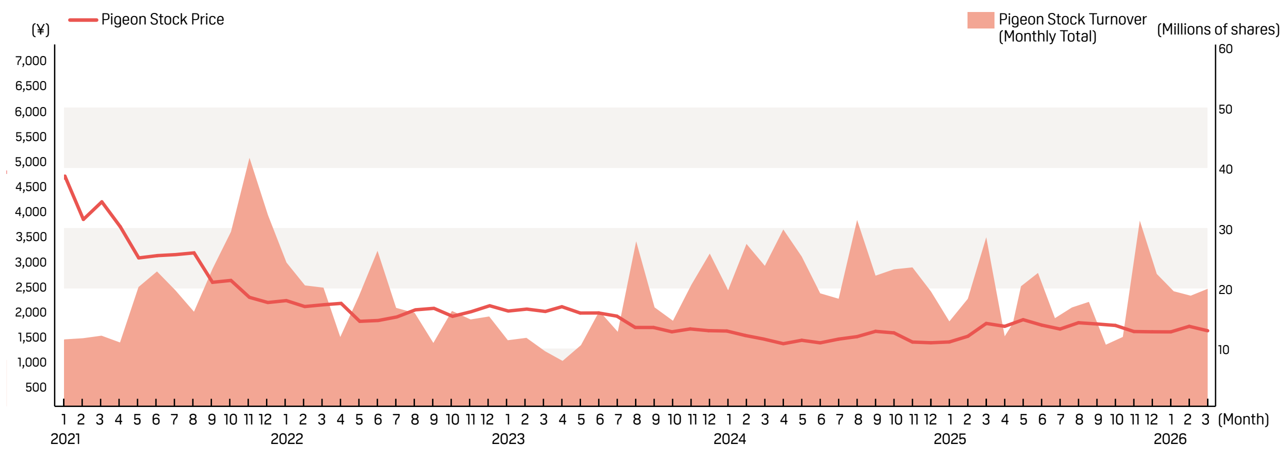


*The number of shares held has been rounded down to the nearest unit.

	Number of shares* (thousands)
Financial Institutions	36,550
Individuals and Others	36,517
Non-Japanese Corporations	34,711
Japanese Corporations	6,006
Securities Companies	5,973
Treasury Stock	1,894

Note: Share distribution ratios are rounded to the first decimal place.

Stock Price Range/Turnover of Common Stock



■IR Tools (Quick Reference)

The Pigeon Group publishes this Integrated Report to deepen stakeholders' understanding of the Group's value creation over both the short and medium to long term, as well as the corporate value it creates. In addition, we provide a wide range of information through our Investor's Guide and corporate website, including quantitative data on the Pigeon Group's history.

Integrated Report 2025	Purpose	Corporate Site
P.06 Business Overview P.14 Initiatives to Improve Corporate Value (Promoting PVA and Dialogue with the Capital Markets) P.70 Financial and Non-Financial Highlights	To see Pigeon's key performance figures	Investors ・Financial Results▼ ・Results Briefing▼ ・Medium-Term Management Plan▼
P.30 Business Summaries by Segment	To see Pigeon's business by segment	Investors ・Segment Financial Overview▼
P.16 Value Creation Story P.24 9th Medium-Term Management Plan (2026–2028) P.42 Supporting Nursing Babies/ Our Research and Development P.70 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.74 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.42 Supporting Nursing Babies/ Our Research and Development P.72 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.39 Pigeon's Sustainability Management P.42 Supporting Nursing Babies/ 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.24 9th Medium-Term Management Plan (2026–2028) P.30 Business Summaries by Segment P.39 Pigeon's Sustainability Management P.68 List of 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 Management Plan▼ Management▼
P.16 Value Creation Story P.20 Toward Sustainable Growth P.38 Promoting Sustainability Management P.40 Enhancing Business Competitiveness and Resilience P.46 Reducing Our Environmental Impact P.51 Contributing to the Resolution of Social Issues P.54 Managing Talent and Cultivating the Right Culture for Our Purpose P.58 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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Tel.: +81-3-3661-4200 (Main Phone Number)
+81-3-3661-4204
URL: www.pigeon.com