

# Summary of Financial Results for the Third Quarter of Fiscal Year Ending December 2024 [Japanese Standards] (Consolidated)

November 7, 2024

Name of Listed Company: Pigeon Corporation (Stock code: 7956)  
 Listing: Prime Market, Tokyo Stock Exchange  
 Website: www.pigeon.com  
 Representative: Norimasa Kitazawa (President and CEO)  
 Contact person: Nobuo Takubo (Managing Officer, Business Strategy Division Manager)/Tel: +81-3-3661-4204  
 Scheduled Commencement Date of Dividend Payments: —  
 Preparation of Any Additional Explanatory Materials for Financial Results: Yes  
 Holding of Any Briefing Session for Financial Results: Yes (For analysts and institutional investors)

## 1. Consolidated Business Performance for the First Three Quarters of Fiscal Year Ending December 31, 2024 (January 1 to September 30, 2024)

### (1) Consolidated Operating Results (cumulative)

(Millions of yen, rounded down, % figures denote year-on-year change)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	Amount	% Change	Amount	% Change	Amount	% Change	Amount	% Change
First three quarters ended September 30, 2024	76,037	4.2%	8,481	(16.7)%	8,833	(20.8)%	5,426	(25.5)%
First three quarters ended September 30, 2023	72,942	3.2%	10,183	11.9%	11,149	3.5%	7,281	4.8%

(Note) Comprehensive income: First three quarters ended September 30, 2024 ¥7,333 million (38.2% negative)  
 First three quarters ended September 30, 2023 ¥11,858 million (10.4% negative)

	Net Income per Share (¥)	Diluted Net Income per Share (¥)
First three quarters ended September 30, 2024	45.38	—
First three quarters ended September 30, 2023	60.86	—

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)
As of September 30, 2024	99,975	78,764	75.5
As of December 31, 2023	100,440	81,087	77.2

(Reference) Shareholders' Equity: As of September 30, 2024 ¥75,479 million  
 As of December 31, 2023 ¥77,581 million

## 2. Cash Dividends

	Annual Dividend (¥)				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY ended December 31, 2023	—	38.00	—	38.00	76.00
FY ending December 31, 2024	—	38.00	—		
FY ending December 31, 2024 (Forecast)				38.00	76.00

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

### 3. Consolidated Business Performance Forecasts for the Fiscal Year Ending December 31, 2024 (January 1 to December 31, 2024)

(% figures denote year-on-year change from the previous term)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	101,000	6.9	11,400	6.3	11,400	(1.1)	7,600	2.4	63.54

(Note) Revision of forecasts from the most recent announcement: None

#### Notes

(1) Significant changes in the scope of consolidation during the period under review: None

New: — (Company name: — ), Excluded: — (Company name: — )

(2) Application of any accounting procedures specific to preparation of quarterly consolidated financial statements:

None

(3) Changes in accounting policies, changes in accounting-based estimates, and restatements

1) Changes in accounting policies associated with revision of accounting standards: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of September 30, 2024: 121,653,486

As of December 31, 2023: 121,653,486

2) Amount of treasury stock at the period-end

As of September 30, 2024: 2,064,209

As of December 31, 2023: 2,063,781

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

First three quarters ended September 30, 2024: 119,589,517

First three quarters ended September 30, 2023: 119,626,300

(Note) Amount of treasury stock at the period-end includes Company shares held by the board incentive plan (BIP) trust for compensation of directors (169,948 shares as of September 30, 2024; 169,948 shares as of December 31, 2023).

Company shares held by the BIP trust for compensation of directors are also included in the treasury stock subtracted in the calculation of the average number of shares outstanding during the period.

\* Review of the attached quarterly consolidated financial statements by certified public accountants or auditing corporations: Yes (optional)

\* Cautionary Statement regarding Performance Forecasts

The forecasts and future projections stated in this report have been prepared on the basis of the information and assumption that shall be reasonable as of the date of announcement of this summary information, and the forecasts and future projections stated in this report are in no way intended as a promise of achievement as a company.

In addition, the actual results could differ significantly from forecast figures depending on a variety of factors. See the section “(3) Explanation of Consolidated Performance Forecast and Other Predictions” in “1. Overview of Management Results and Related Matters” on page 5 regarding conditions which are preconditions for business performance forecasts and cautions for using the business performance forecast.

## Table of Contents of the Appendix

1. Overview of Management Results and Related Matters.....	2
(1) Overview of Management Results for the Term Under Review.....	2
(2) Overview of Financial Position for the Term Under Review.....	4
(3) Explanation of Consolidated Performance Forecast and Other Predictions.....	5
2. Quarterly Consolidated Financial Statements and Main Notes.....	6
(1) Quarterly Consolidated Balance Sheets.....	6
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income.....	8
(3) Notes on Consolidated Financial Statements.....	10
(Notes on Segment Information, etc.).....	10
(Notes Regarding Substantial Changes in Shareholders' Equity).....	11
(Notes Regarding Going Concern Assumptions).....	11
(Notes Regarding Quarterly Consolidated Statements of Cash Flows).....	11

## Interim Review Report

## 1. Overview of Management Results and Related Matters

### (1) Overview of Management Results for the Term Under Review

#### 1) Performance Overview

During the consolidated first-nine-month period under review, both the Japanese and global economies proceeded on a recovery keynote, though challenges remained. The Japanese economy showed moves toward recovery, despite a pause in growth of personal consumption in some respects. In the global economy, a recovery trend was expected to persist despite monetary and geopolitical challenges. These headwinds included the impact of continuing high interest rates in Western economies, concerns about prospects for the Chinese economy, conditions in the Middle East and fluctuations in financial and capital markets. The global outlook remained as unclear as ever.

Against this background, in 2023 the Pigeon Group is moving forward with its Eighth Medium-Term Business Plan (covering the period from the fiscal year ended December 2023 through the fiscal year ending December 2025). To respond flexibly to a business environment that continues to change rapidly worldwide, thereby ensuring itself of sustainable growth, the Group is steadily implementing three basic strategies (brand strategy, core product strategy and regional strategy). Guided by these strategies, the Group is focusing on pursuing sustainable growth in existing business fields and on exploring and cultivating new growth fields where it can deploy its unique expertise, thereby proactively rebuilding its operating structure. In addition to pursuing business growth, the Group implemented a range of measures to achieve its purpose, which is “to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs.” Sales of the Pigeon Group expanded during the consolidated first-nine-month period under review, while earnings retreated. Net sales grew to ¥76,037 million (up 4.2% YOY), buoyed by yen depreciation and led by the Lansinoh Business and China Business. In earnings, higher revenues boosted gross profit, but the Group invested actively in selling, general and administrative expenses to bolster net sales and market share in mainland China, particularly in the China Business. Operating income dropped to ¥8,481 million (down 16.7% YOY), ordinary income fell to ¥8,833 million (down 20.8% YOY) and net income attributable to owners of parent slid to ¥5,426 million (down 25.5% YOY).

The Pigeon Group recorded extraordinary income and loss on the construction of a plant for Pigeon Home Products Corporation. The Group received a local-government subsidy in connection with the new plant, appropriating extraordinary income of ¥698 million in subsidy income for the consolidated first-nine-month period under review. This subsidy income was offset by appropriation of an extraordinary loss in the form of loss on tax purpose reduction entry of fixed assets of ¥698 million.

On April 1, 2024, Pigeon transferred all of its shares in Pigeon Manaka Corporation (share of voting rights: 67.0%) to Marumitsu Corporation. With this transfer, the Pigeon Group excludes Pigeon Manaka from the scope of consolidation beginning in the consolidated first half of this fiscal year.

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

- 1 US\$: 151.15 yen (138.17 yen)
- 1 CNY: 20.99 yen (19.62 yen)

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

#### 2) Segment Review

The Group has a total of four reporting segments: the Japan Business, China Business, Singapore Business, and Lansinoh Business. An outline of each segment is given below.

##### Japan Business

This segment consists of businesses such as the Baby Care Business, Child Care Service Business,

and Health & Elder Care Business. Net sales for the entire segment amounted to ¥26,642 million (down 3.4% YOY), and segment profit was ¥1,385 million (down 15.4% YOY).

In the Baby Care Business (childcare and feminine products), net sales were roughly in line with the same period of the previous fiscal year. While demand for core products such as nursing bottles and nipples was strong, the skincare segment continued to suffer from controversy over maritime release of ALPS-treated water, which caused overseas demand from cross-border e-commerce and the like to slacken. In the new category of childcare appliances, sales continued to be favorable, centering on SHUPOT, an electric nose cleaner for babies. In August 2024 Pigeon launched Electric Baby Nail File, a device for gentle care of babies' small, tender nails, and Puchi Kids Migakinokoshi Plus Tooth Gel, a product that brushes teeth and checks for plaque at the same time. The Group conducted a number of initiatives in communications, as part of continuous efforts to reinforce its brand. Using social-media sites such as Instalive, the Group showcased products and promoted sales. To reach medical practitioners, the Group held multiple online seminars and similar events.

In products for health and elder care, the Group made a number of moves. In August 2024 the Group's Habinurse elder-care brand launched Asayo O-kao Sukkiri Sheets, facial wipes for elderly people that make facial care easy. On April 1, 2024, Pigeon transferred all of its shares in Pigeon Manaka Corporation (share of voting rights: 67.0%) to Marumitsu Corporation.

Regarding child care service, we currently provide services at 54 in-company child-care facilities, and shall continue to develop this business further while striving to improve the quality of service content.

In the export portion of the Japan Business, net sales declined due to the impact on China sales of the release of ALPS-treated water in Fukushima.

Earnings declined YOY. The Group was impacted by increasing procurement costs prompted by rapid depreciation in the yen, which continued from the start of the fiscal year under review. Additionally, net sales declined, reducing gross profit.

### **China Business**

Net sales in this segment amounted to ¥28,466 million (up 4.3% YOY), and segment profit was ¥7,439 million (down 13.6% YOY).

In mainland China, the Group continued to build brand exposure and strengthen sales promotion activities, aiming for steady recovery in net sales from the sharp decline in net sales from the ALPS-treated-water controversy in 4Q FY2023. During the consolidated first-nine-month period under review, sales of nursing bottles and nipples were firm, while sales of skincare and other products weakened, causing net sales to decline YOY in local-currency terms. The Group added the Shizen Rinyu Series of nursing bottles for older babies, as well as a series of large-capacity drinking bottles for children. In this way the Group continued to extend the utility of many baby products and other products to older children, to respond to the declining number of births.

In consumer communications, the Group took a number of steps to drive sustained business growth. The Group continued to expand brand exposure through social media such as Douyin, the mainland China version of the short-video platform TikTok, and RED. The Group also reinforced use of digital marketing tools such as livestream shopping. In preparation for the "double eleven" event in November, the Group updated its organizational framework in terms of both products and sales.

In South Korea, where Group operations are managed through this segment, as well as in the North American market, the Pigeon Group strengthened its brand and carried out marketing efforts. These initiatives used local sales subsidiaries as their bases in the consolidated first-nine-month period under review.

Earnings declined YOY. Although gross profit increased due to rising net sales and the impact of the declining yen, the Group significantly expanded its investment in growth on the Chinese mainland during the period, seeking to achieve solid recovery in net sales in that market.

### **Singapore Business**

Net sales of the segment amounted to ¥10,694 million (up 5.7% YOY), and segment profit was

¥1,354 million (up 10.6% YOY).

This segment is responsible for operations in the ASEAN region and India. Shipping adjustments in major markets, continued from the previous fiscal year, were completed. Net sales rose YOY, in part from the exchange-rate effect of yen depreciation. In the core product categories on which this business focuses, the Group conducted brand renewal in major markets for its SofTouch™ Series of nursing bottles and nipples (marketed in Japan as Bonyu Jikkan®). In July 2024, in Singapore and other countries, the Group launched the SofTouch™ Drinking Straw Set and SofTouch™ Training Straw Set (marketed in mainland China as the Shizen Rinyu Series). In skincare, we bolstered sales of Natural Botanical Baby, a mainstay product in this segment. We also focused on boosting exposure and promoting sales of a new product, the Natural Botanical Maternity series of skincare products for mothers in various countries. We will continue to target customers in the upper-middle class and higher income brackets, for example by deploying vigorous sales and marketing activities centered on our core products of nursing bottles, nipples and baby skin-care products.

Earnings rose YOY. Increase in gross profit was seen as a result of rising net sales, under the impact of the declining yen. Moreover, the Group put selling, general and administrative expenses to efficient use.

### **Lansinoh Business**

Net sales of the segment amounted to ¥15,597 million (up 14.3% YOY), and segment profit increased to ¥888 million (up 0.8% YOY).

Net sales in local-currency terms improved YOY in both North America and Europe. In North America, a vital market for this segment, a rebound decline in sales continued to be seen, prompted by the relief of a shortage of powdered milk in the previous year. However, sales were firm for new models of breast-pump products and prenatal and postnatal care products. In European markets, including the United Kingdom and Germany, sales of products such as nipple creams and prenatal and postnatal care products were brisk.

In North America, in September 2024 the Group collaborated with HotTea Mama, a popular British brand of wellness teas for women, to launch three products, including Morning Rescue Pregnancy Tea, an organic herbal tea for pregnant women and mothers. Through efforts to develop its presence in the nutrition category, the Group further expanded the product lineup of the Lansinoh brand, aiming to provide more comprehensive support for mothers before and after childbirth.

Earnings were little changed YOY. Although gross profit increased due to rising net sales and the impact of the declining yen, the Group invested heavily to achieve growth in new categories and products, such as products for prenatal and postnatal care.

## **(2) Overview of Financial Position for the Term Under Review**

### **(Assets)**

As of September 30, 2024, our Group recorded total assets of ¥99,975 million, down ¥464 million from the previous consolidated fiscal year ended December 31, 2023. Current assets increased by ¥1,903 million, while fixed assets decreased by ¥2,368 million.

Current assets increased mainly due to increases in notes and accounts receivable - trade of ¥1,984 million and in merchandise and finished goods of ¥1,665 million, despite decreases in cash and deposits of ¥1,184 million and in other current assets of ¥606 million.

Fixed assets decreased mainly due to decreases in buildings and structures of ¥1,040 million and in other tangible fixed assets of ¥812 million.

### **(Liabilities)**

As of September 30, 2024, our Group recorded total liabilities of ¥21,210 million, up ¥1,857 million from the previous consolidated fiscal year ended December 31, 2023. Current liabilities increased by ¥1,906 million, while fixed liabilities decreased by ¥48 million.

Current liabilities increased mainly due to an increase in notes and accounts payable - trade of ¥1,585 million.

Fixed liabilities decreased mainly due to a decrease in other fixed liabilities of ¥145 million.

(Net Assets)

As of September 30, 2024, our Group recorded total net assets of ¥78,764 million, down ¥2,322 million from the previous consolidated fiscal year ended December 31, 2023.

Net assets decreased mainly due to a decrease in retained earnings of ¥3,675 million, despite an increase in foreign currency translation adjustment of ¥1,578 million.

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

The Group announced the Eighth Medium-Term Business Plan (covering the period from the fiscal year ended December 2023 through the fiscal year ending December 2025) in February 2023, identifying “for sustainable growth” as its theme. To respond flexibly to a business environment that continues to change rapidly worldwide, thereby ensuring itself of sustainable growth, the Group is implementing three basic strategies (brand strategy, core product strategy and regional strategy). Guided by these strategies, the Group will focus on pursuing sustainable growth in existing business fields, such as its mainstay nursing bottles and skincare products, and on exploring and cultivating new growth fields where it can deploy its unique expertise, thereby proactively rebuilding its operating structure. The fiscal year of which the first-nine-month period under review is a part is the second year of the Eighth Medium-Term Business Plan. To achieve the plan’s targets, the Group will continue to strengthen existing business domains globally while expanding into new ones and diligently pursue growth investment placing top priority on recovering net sales in the China Business.

The Group’s performance forecast for the full fiscal year ending December 31, 2024 is unchanged from the forecast announced when the Group announced its results for the fiscal year ended December 31, 2023, on February 15, 2024.

## 2. Quarterly Consolidated Financial Statements and Main Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	At December 31, 2023	At September 30, 2024
<b>ASSETS</b>		
<b>I. Current Assets:</b>		
Cash and deposits	34,357	33,172
Notes and accounts receivable - trade	14,412	16,397
Merchandise and finished goods	9,575	11,241
Work in process	515	512
Raw materials and supplies	3,443	3,297
Other current assets	2,740	2,133
Allowance for doubtful accounts	(245)	(50)
<b>Total Current Assets</b>	<b>64,800</b>	<b>66,704</b>
<b>II. Fixed Assets:</b>		
<b>1. Tangible Fixed Assets:</b>		
Buildings and structures, net	14,136	13,095
Land	7,655	7,284
Other tangible fixed assets, net	10,161	9,348
<b>Total Tangible Fixed Assets</b>	<b>31,952</b>	<b>29,729</b>
<b>2. Intangible Fixed Assets:</b>		
Goodwill	215	70
Other intangible fixed assets	1,267	1,131
<b>Total Intangible Fixed Assets</b>	<b>1,483</b>	<b>1,201</b>
<b>3. Investments and Other Assets:</b>		
Other	2,207	2,344
Allowance for doubtful accounts	(4)	(4)
<b>Total Investments and Other Assets</b>	<b>2,203</b>	<b>2,339</b>
<b>Total Fixed Assets</b>	<b>35,639</b>	<b>33,271</b>
<b>Total Assets</b>	<b>100,440</b>	<b>99,975</b>
<b>LIABILITIES</b>		
<b>I. Current Liabilities:</b>		
Notes and accounts payable - trade	3,643	5,229
Electronically recorded obligations - operating	1,365	409
Short-term borrowings	76	—
Income taxes payable	495	834
Accrued bonuses to employees	923	1,474
Provision for expenses related to voluntary product recall	—	29
Provision for loss on litigation	6	6
Other current liabilities	7,021	7,457
<b>Total Current Liabilities</b>	<b>13,532</b>	<b>15,439</b>
<b>II. Fixed Liabilities:</b>		
Net defined benefit liability	612	666
Provision for share-based remuneration	190	234
Other fixed liabilities	5,017	4,871
<b>Total Fixed Liabilities</b>	<b>5,820</b>	<b>5,771</b>
<b>Total Liabilities</b>	<b>19,352</b>	<b>21,210</b>



(Millions of yen)

	At December 31, 2023	At September 30, 2024
<b>NET ASSETS</b>		
<b>I. Shareholders' Equity:</b>		
Capital stock	5,199	5,199
Capital surplus	5,132	5,132
Retained earnings	59,033	55,358
Treasury stock	(1,488)	(1,489)
<b>Total Shareholders' Equity</b>	<b>67,876</b>	<b>64,200</b>
<b>II. Accumulated Other Comprehensive Income:</b>		
Valuation difference on available-for-sale securities	33	27
Foreign currency translation adjustment	9,672	11,250
<b>Total Accumulated Other Comprehensive Income</b>	<b>9,705</b>	<b>11,278</b>
<b>III. Non-controlling Interests</b>	<b>3,505</b>	<b>3,285</b>
<b>Total Net Assets</b>	<b>81,087</b>	<b>78,764</b>
<b>Total Liabilities and Net Assets</b>	<b>100,440</b>	<b>99,975</b>

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

Quarterly Consolidated Statement of Income  
(For the Nine-Month Period)

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
<b>I. Net Sales</b>	72,942	76,037
<b>II. Cost of Sales</b>	37,016	38,485
<b>Gross profit</b>	35,925	37,551
<b>III. Selling, General and Administrative Expenses</b>	25,741	29,069
<b>Operating Income</b>	10,183	8,481
<b>IV. Non-operating Income:</b>		
Interest income	170	261
Dividend income	12	13
Subsidy income	634	203
Foreign exchange gains	114	—
Other non-operating income	144	165
<b>Total Non-operating Income</b>	1,076	644
<b>V. Non-operating Expenses:</b>		
Interest expenses	74	56
Foreign exchange losses	—	187
Other non-operating expenses	35	48
<b>Total Non-operating Expenses</b>	110	292
<b>Ordinary Income</b>	11,149	8,833
<b>VI. Extraordinary Income:</b>		
Gain on sales of fixed assets	9	149
Gain on sales of shares of subsidiaries and associates	—	0
Subsidy income	19	698
<b>Total Extraordinary Income</b>	28	848
<b>VII. Extraordinary Loss:</b>		
Loss on sales of fixed assets	2	9
Loss on disposal of fixed assets	14	541
Loss on tax purpose reduction entry of fixed assets	19	698
<b>Total Extraordinary Loss</b>	37	1,249
<b>Income before Income Taxes</b>	11,141	8,432
Income taxes - current	3,732	2,924
Income taxes - deferred	(3)	(38)
<b>Total Corporate Income Tax</b>	3,729	2,886
<b>Net Income</b>	7,412	5,546
<b>Net Income Attributable to Non-controlling Interests</b>	131	119
<b>Net Income Attributable to Owners of Parent</b>	7,281	5,426

Quarterly Consolidated Statement of Comprehensive Income  
(For the Nine-Month Period)

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
<b>Net Income</b>	7,412	5,546
<b>Other Comprehensive Income</b>		
Valuation difference on available-for-sale securities	5	(5)
Foreign currency translation adjustment	4,439	1,792
<b>Total Other Comprehensive Income</b>	4,445	1,787
<b>Quarterly Comprehensive Income</b>	11,858	7,333
<b>(Break down)</b>		
Quarterly comprehensive income on parent company	11,424	6,999
Quarterly comprehensive income on non-controlling interests	434	334

**(3) Notes on Consolidated Financial Statements**  
**(Notes on Segment Information, etc.)**  
**Segment Information**

**I. Nine months ended September 30, 2023**

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

(Millions of yen)

	Reporting Segment				Total	Adjustments (Note 1)	Amount Accounted on Quarterly Consolidated Statement of Income (Note 2)
	Japan Business	China Business	Singapore Business	Lansinoh Business			
Net sales							
Net sales to external customers	25,877	26,707	6,711	13,645	72,942	—	72,942
Internal sales or exchange between segments	1,695	594	3,406	5	5,702	(5,702)	—
Total	27,572	27,301	10,118	13,651	78,644	(5,702)	72,942
Segment profit	1,638	8,613	1,225	881	12,359	(2,175)	10,183

(Notes)

1. The negative amount of ¥2,175 million from adjustments in segment profit includes ¥78 million in elimination of intersegment transactions and negative ¥2,254 million in non-allocable operating expenses. Non-allocable operating expenses are administrative costs of our Group.

2. Segment profits are adjusted to operating income in the quarterly consolidated statement of income.

**II. Nine months ended September 30, 2024**

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

(Millions of yen)

	Reporting Segment				Total	Adjustments (Note 1)	Amount Accounted on Quarterly Consolidated Statement of Income (Note 2)
	Japan Business	China Business	Singapore Business	Lansinoh Business			
Net sales							
Net sales to external customers	25,435	27,885	7,124	15,592	76,037	—	76,037
Internal sales or exchange between segments	1,207	581	3,570	5	5,364	(5,364)	—
Total	26,642	28,466	10,694	15,597	81,401	(5,364)	76,037
Segment profit	1,385	7,439	1,354	888	11,068	(2,586)	8,481

(Notes)

1. The negative amount of ¥2,586 million from adjustments in segment profit includes negative ¥81 million in elimination of intersegment transactions and negative ¥2,505 million in non-allocable operating expenses. Non-allocable operating expenses are administrative costs of our Group.

2. Segment profits are adjusted to operating income in the quarterly consolidated statement of income.

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

Not applicable.

**(Notes Regarding Going Concern Assumptions)**

Not applicable.

**(Notes Regarding Quarterly Consolidated Statements of Cash Flows)**

We have not prepared a quarterly consolidated statements of cash flows for the consolidated first-nine-month period under review. Depreciation and amortization (including amortization of intangible fixed assets other than goodwill) and amortization of goodwill in the consolidated first-nine-month period are as follows.

(Millions of yen)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024
Depreciation and amortization	3,688	3,429
Amortization of goodwill	147	154

Independent Auditor's Interim Review Report on Quarterly Consolidated Financial Statements

November 6, 2024

To the Board of Directors  
of Pigeon Corporation

PricewaterhouseCoopers Japan LLC, Tokyo Office

Chie Ukai  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Shinya Hiraoka  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

Auditor's Conclusion

Our audit firm conducted an interim review of the quarterly consolidated financial statements—namely, the quarterly consolidated balance sheet, quarterly consolidated statement of income, quarterly consolidated statement of comprehensive income, and notes—for the consolidated third quarter period (July 1, 2024 to September 30, 2024) and the consolidated first-nine-month period (January 1, 2024 to September 30, 2024) of Pigeon Corporation's (the "Company") consolidated fiscal year from January 1, 2024 to December 31, 2024. The statements which we reviewed are contained in the "Appendix" to the quarterly summary of financial results.

In the interim review conducted by our audit firm, we found no matters that would lead us to believe in any material respect that the above quarterly consolidated financial statements were not prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements are applied).

Basis of Auditor's Conclusion

Our audit firm conducted the interim review in accordance with the generally accepted standards for interim reviews in Japan. Our responsibilities under the standards for interim reviews are described in the "Auditor's Responsibilities for the Interim Review of the Quarterly Consolidated Financial Statements." In accordance with the rules of professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries, and have fulfilled our other ethical responsibilities as an auditor. We believe that we have obtained proper evidence on which to base our conclusion.

Responsibilities of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for Quarterly Consolidated Financial Statements

The responsibility of management is to prepare quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements are applied). This includes the establishment and operation of internal controls that management deems necessary to prepare quarterly consolidated financial statements that are free from material misstatements due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for evaluating whether or not it is appropriate to prepare the quarterly consolidated financial statements based on the going concern assumption, and for disclosing matters related to a going concern if such disclosure is required in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements are applied).

The responsibility of the Audit & Supervisory Board Members and the Audit & Supervisory Board is to oversee the execution of the Directors' duties in establishing and operating the financial reporting process.

#### Auditor's Responsibilities for the Interim Review of the Quarterly Consolidated Financial Statements

The auditor's responsibility is to express a conclusion on the quarterly consolidated financial statements from an independent position in the interim review report based on the interim review conducted by the auditor.

In accordance with generally accepted standards for interim reviews in Japan, auditors shall exercise their professional judgment, maintain professional skepticism throughout the interim review process, and perform the following items.

- Primarily, conduct interim review procedures by making inquiries of management and persons responsible for financial and accounting matters, as well as analytical procedures and other interim review procedures. Interim review procedures are more limited than procedures for an audit of the financial statements for the fiscal year conducted in accordance with generally accepted auditing standards in Japan.
- If the auditor judges that there is significant uncertainty regarding events or circumstances that may cast significant doubt on the going concern assumption, based on the evidence obtained, the auditor shall conclude whether there are any matters that lead one to believe that the quarterly consolidated financial statements were not prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements are applied). Furthermore, if there is significant uncertainty regarding the going concern assumption, the auditor is required to draw attention to the notes to the quarterly consolidated financial statements in the interim review report, or to express a qualified or adverse conclusion on the quarterly consolidated financial statements if the notes to the quarterly consolidated financial statements in regard to significant uncertainties are not appropriate. The auditor's conclusion shall be based on evidence obtained up to the date of the interim review report; however, future events or circumstances may cause the Company to be unable to continue as a going concern.
- Evaluate whether there are any matters that lead one to believe that the presentation and notes of the quarterly consolidated financial statements have not been prepared in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange Standards for Preparation of Quarterly Financial Statements and generally accepted accounting standards for quarterly financial statements in Japan (however, the omissions set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements are applied).
- Obtain evidence regarding the financial information of the Company and its consolidated subsidiaries that forms the basis for expressing a conclusion on the quarterly consolidated financial statements. The auditor is responsible for directing, supervising, and inspecting the interim review of the quarterly consolidated financial statements. The auditor has sole responsibility for the auditor's conclusion.

The auditor shall report to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the planned scope of the interim review, the timing of the review, and any significant findings from the interim review.

The auditor shall report to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the auditor's compliance with Japan's professional ethics regulations regarding independence, as well as on any matters that may reasonably be considered to affect the auditor's independence, and on any measures taken to remove impediments or any safeguards applied to reduce impediments to an acceptable level.

#### Conflicts of Interest

There are no conflicts of interest that should be noted pursuant to the provisions of the Certified Public Accountants Act between the Company or its consolidated subsidiaries and our audit firm or between the Company or its consolidated subsidiaries and the engagement partners of our audit firm.

---

Notes: 1. The originals of the above interim review reports are retained separately by the Company (a company that discloses quarterly summary of financial results).

2. XBRL data and HTML data are not subject to interim reviews.