Summary of Financial Results for the Fiscal Year Ended December 31, 2025 [Japanese Standards] (Consolidated)

February 13, 2026

Name of Listed Company: Pigeon Corporation (Stock code: 7956)
Listing: Prime Market, Tokyo Stock Exchange
Website: www.pigeon.com
Representative: Ryo Yano, President and CEO
Contact person: Nobuo Takubo, Group Executive Officer, Chief Strategy Officer / Tel: +81-3-3661-4204
Scheduled Date of Annual General Shareholders' Meeting: March 27, 2026
Scheduled Commencement Date of Dividend Payments: March 30, 2026
Scheduled Filing Date of Annual Securities Report: March 19, 2026
Preparation of Any Additional Explanatory Materials for Financial Results: Yes
Holding of Any Briefing Session for Financial Results: Yes (For analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Business Performance for the Fiscal Year Ended December 31, 2026 (January 1 to December 31, 2025)

(1) Consolidated Operating Results

(Millions of yen, unless otherwise noted; Percentage figures denote year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
FY ended December 31, 2025	109,170	4.8%	13,158	8.4%	13,681	3.0%	8,570	2.4%
FY ended December 31, 2024	104,171	10.3%	12,139	13.2%	13,282	15.3%	8,371	12.8%

(Note) Comprehensive income: FY ended December 31, 2025 ¥11,161 million (-15.3%)
FY ended December 31, 2024 ¥13,176 million (25.0%)

	Basic Net Income per Share (¥)	Diluted Net Income per Share (¥)	Return on Equity (%)	Total Assets/ Ordinary Income (%)	Operating Margin (%)
FY ended December 31, 2025	71.65	–	10.4	12.5	12.1
FY ended December 31, 2024	70.00	–	10.5	12.7	11.7

(Reference) Share of profit (loss) of entities accounted for using equity method: FY ended December 31, 2025 ¥– million
FY ended December 31, 2024 ¥– million

(2) Consolidated Financial Position

(Millions of yen, unless otherwise noted)

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (¥)
As of December 31, 2025	110,088	85,887	75.3	693.11
As of December 31, 2024	108,308	84,607	74.9	678.53

(Reference) Equity (Shareholders' equity + Accumulated other comprehensive income)
As of December 31, 2025 ¥82,916 million
As of December 31, 2024 ¥81,144 million

(3) Cash Flows

(Millions of yen, unless otherwise noted)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at Year-End
FY ended December 31, 2025	13,058	(3,144)	(10,818)	39,609
FY ended December 31, 2024	14,281	(1,137)	(10,639)	39,201

2. Cash Dividends

	Annual Dividend (¥)					Total Dividends Paid (full year) (¥ mil)	Consolidated Payout Ratio (%)	Dividends on Consolidated Net Assets (%)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
FY ended December 31, 2024	–	38.00	–	38.00	76.00	9,101	108.7	11.5
FY ended December 31, 2025	–	38.00	–	38.00	76.00	9,101	106.1	11.1
FY ending December 31, 2026 (Forecast)	–	38.00	–	38.00	76.00		99.5	

3. Consolidated Business Performance Forecast for the Fiscal Year Ending December 31, 2026 (January 1 to December 31, 2026)

(Millions of yen, unless otherwise noted; Percentage figures denote year-on-year changes)

	Net Sales		**Operating Income**		**Ordinary Income**		**Net Income Attributable to Owners of Parent**		**Basic Net Income per Share (¥)**
Full year	113,500	4.0%	13,900	5.6%	14,150	3.4%	9,140	6.7%	76.41

Notes

(1) Significant changes in the scope of consolidation during the period under review: None
New: ― (Company name: ―), Excluded: ― (Company name: ―)

(2) Changes in accounting policies, changes in accounting estimates, and restatements
1) Changes in accounting policies associated with revision of accounting standards: Yes
2) Changes in accounting policies other than the above 1): None
3) Changes in accounting estimates: None
4) Restatements: None
(Note) For details, see the section “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” in “3. Consolidated Financial Statements and Major Notes” on page 16.

(3) Number of shares issued (common stock)
1) Number of shares issued at the period-end (including treasury stock)
As of December 31, 2025: 121,653,486 shares
As of December 31, 2024: 121,653,486 shares
2) Number of shares of treasury stock at the period-end
As of December 31, 2025: 2,023,423 shares
As of December 31, 2024: 2,064,269 shares
3) Average number of shares outstanding during the period
FY ended December 31, 2025: 119,619,940 shares
FY ended December 31, 2024: 119,589,445 shares
(Note) The number of shares of treasury stock at the period-end includes the Company shares held by the board incentive plan (BIP) trust for compensation of directors (128,887 shares as of December 31, 2025; 169,948 shares as of December 31, 2024). The Company shares held by the BIP trust for compensation of directors are also included in the shares of treasury stock to be subtracted in the calculation of the average number of shares outstanding during the period.

* This summary of financial results is exempt from review by certified public accountants or an audit firm.

* Cautionary statement regarding performance forecast
The forecast 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 forecast 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 “(4) Future Directions” in “1. Overview of Business Performance and Related Matters” on page 6 regarding conditions which are preconditions for business performance forecasts and cautions for using the business performance forecast.

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1. Overview of Business Performance and Related Matters

(1) Overview of Operating Results for the Period Under Review

1) Performance Overview

During the fiscal year ended December 31, 2025 (the "fiscal year under review"), the Japanese economy remained on a modest recovery path, supported by a recovery in personal consumption amid improving employment and income conditions. In the global economy, while a gradual recovery is expected to continue, economic growth in China has been slowing moderately, reflecting the effects of a prolonged downturn in the real estate market and subdued consumer spending. In addition, the outlook continues to be uncertain due to the impact of developments in U.S. policies and the prolonged period of high interest rates in the U.S. and Europe.

Against this background, in order to fulfill its purpose, the Pigeon Group has promoted its Eighth Medium-Term Business Plan (FY2023–FY2025) since the fiscal year ended December 31, 2023. In the final year of the Plan, during the fiscal year under review, the Group is steadily implementing three basic strategies (brand strategy, core product strategy, and regional strategy) to respond flexibly to a rapidly changing global business environment, thereby ensuring sustainable growth. 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.

During the fiscal year under review, net sales grew to ¥109,170 million (up 4.8% YoY), due to steady sales performance, primarily in the China Business. On the profit front, higher revenue increased gross profit, and a 0.9 percentage point improvement in gross margin offset higher SG&A expenses. As a result, operating income increased to ¥13,158 million (up 8.4% YoY), ordinary income to ¥13,681 million (up 3.0% YoY) and net income attributable to owners of parent to ¥8,570 million (up 2.4% YoY).

The principal exchange rates used to translate revenues and expenses of overseas consolidated subsidiaries were as follows::

・US$1: 149.66 yen (151.48 yen)
・CNY1: 20.82 yen (21.04 yen)

Note: Figures in parentheses represent the exchange rate for the previous fiscal year.

2) Segment Review

The Group has a total of four reportable segments: Japan Business, China Business, Singapore Business, and Lansinoh Business. The overview of each segment's performance 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 ¥37,806 million (up 3.6% YoY), and segment profit was ¥2,596 million (up 29.9% YoY).

In the Baby Care Business (childcare and feminine products), sales increased YoY, due to steady performance in the Group's mainstay product lines such as nursing bottles and nipples, baby skincare products, as well as baby foods and beverages, which account for a high percentage of total sales. In addition to the effects of the price revisions implemented in June for some of our baby products, including nursing bottles and nipples, the baby care segment's new product category of childcare appliances also continued to perform well. In particular, the POCHItto series of steam disinfectors and dryers for nursing bottles, which added a new space-efficient model launched in August, remained strong. In addition, we announced new brands, "TABOTENZU" in September and "Pigeon Kids" in November, and have continued our efforts to develop and communicate new products that respond to parents' needs arising from changes in the social structure, including the diversification of the childcare environment and the increase in dual-income households.

As part of its communication initiatives, the Group has been working to continuously strengthen its brand by promoting products and sales through its social-media sites, such as Instagram Live, as well as by holding multiple seminars for expectant parents jointly with retailers and online seminars for medical practitioners.

In the Child Care Service Business, we currently provide services at 53 in-company childcare facilities, and will continue to develop this business further while striving to improve the quality of service content.

In the Health & Elder Care Business, we worked to revitalize the brand by focusing on new products, including the attachment-type eating assistance device “Jibundetaberu Meal Catch,” sold under our elder-care brand, “Habinurse.” Going forward, we will continue to promote sales of products related to excretion support, cleanliness support, and eating support, and will thoroughly implement measures such as strengthening sales activities at retailers and nursing care facilities.

Overall, earnings in this segment rose YoY, thanks to increased gross profit from higher sales and the effects of price revisions, and improved factory operating ratio.

China Business

Both revenues and earnings rose in this segment. Net sales in this segment amounted to ¥42,902 million (up 9.9% YoY), and segment profit was ¥10,496 million (up 4.3% YoY).

In mainland China, a key market for Pigeon, sales increased YoY in local-currency terms, driven by the continued implementation of strengthened brand exposure and sales promotion activities that proved effective in the previous year. In terms of products, sales of core products such as baby bottles, nipples, and baby skincare products remained steady. In addition, sales of drinking cups, whose lineup has been expanded with new products, continued to perform well. As a result, sales of products that accommodate age increase, for older infants and children, have also contributed steadily to sales as part of our initiatives to address the declining number of births. In consumer communications, in addition to strengthening brand exposure on social media such as Douyin, the mainland China version of the short-video platform TikTok, and RED, sales during the Double 11 event in November—the largest e-commerce event in China—also remained solid, supported by enhanced digital marketing activities such as live commerce.

In the South Korean and North American markets (Pigeon brand), where the Group operations are managed through this segment, we continued to strengthen our brand and carried out sales and marketing efforts starting with our local sales subsidiaries. In particular, in the North American market, sales of Pigeon brand baby care products, particularly nursing bottles and nipples, remained strong.

Overall, earnings in this segment rose YoY as an increase in gross profit due to higher sales offset an increase in SG&A expenses.

Singapore Business

Both revenues and earnings rose in this segment. Net sales of the segment amounted to ¥14,920 million (up 4.5% YoY), and segment profit was ¥2,124 million (up 27.4% YoY).

In the ASEAN peripheral region and India, where the Group operations are managed through this segment, sales remained solid, particularly in Australia and Malaysia, and net sales rose YoY in local-currency terms. In the core product categories on which this business focuses, sales were strong in nursing bottles and nipples, partly due to the continued impact of the brand renewal of the premium wide-neck SofTouch™ Series (marketed in Japan as Bonyu Jikkan®) across key markets. In skincare, strong sales were driven by the solid performance of Natural Botanical Baby Diaper Cream in the Natural Botanical Baby Series, which this business focuses on. In addition, we focused on increasing exposure and promoting sales of the new StarTouch™ drinking cup, which was launched in July, across 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 skincare products.

Overall, earnings in this segment rose YoY, partly due to an improvement in the gross profit margin, driven by higher sales of nursing bottles and nipples, as well as an increased market share of wide-neck nursing bottles.

Lansinoh Business

Net sales of the segment amounted to ¥21,904 million (up 2.2% YoY), and segment profit was ¥1,517 million (down 12.3% YoY), resulting in increased sales but decreased profit.

In North America, a vital market for this segment, sales of mainstay products such as nipple creams and breast milk pads remained solid, and sales of nursing bottles and nipples, which this segment began to focus on during the fiscal year under review, increased significantly. However, in the breast-pump category, net sales in local-currency terms fell YoY as the effects of last year's new product launches tapered off and competitive pressures continued to intensify. In Europe, in addition to strong sales of nipple creams and other products across various countries, breast-pump products and prenatal and postnatal care products also sold well in Germany and the Benelux region, and net sales in local-currency terms increased YoY.

In North America, in addition to expanding the nursing bottle lineup, which this business focuses on, we began selling drinking cups and other products through a collaboration with other brands in August, and also initiated efforts to strengthen peripheral products related to the nursing bottle category. Going forward, to further business expansion, we aim to enhance the Lansinoh brand's product lineup, tailored to regional consumer behavior, and to provide more comprehensive support for women during pregnancy and the postpartum period.

Overall, earnings in this segment decreased YoY, as the increase in the gross profit resulting from higher sales was offset by the impact of U.S. tariffs on cost of sales.

(2) Overview of Financial Position for the Period Under Review

Assets

As of December 31, 2025, the Group recorded total assets of ¥110,088 million, up ¥1,780 million from the end of the previous fiscal year. Current assets increased by ¥ 3,099 million, while fixed assets decreased by ¥1,319 million.

Current assets increased mainly due to increases in cash and deposits of ¥408 million and merchandise and finished goods of ¥2,243 million.

Fixed assets decreased mainly due to a decrease in buildings and structures, net of ¥1,381 million.

Liabilities

As of December 31, 2025, the Group recorded total liabilities of ¥24,201 million, up ¥500 million from the end of the previous fiscal year. Current liabilities increased by ¥744 million, while fixed liabilities decreased by ¥244 million.

Current liabilities increased mainly due to increases in accrued expenses of ¥592 million and provision for expenses related to voluntary product recall of ¥123 million.

Fixed liabilities decreased mainly due to an increase in deferred tax liabilities of ¥227 million, which was more than offset by a decrease in lease liabilities of ¥410 million.

Net Assets

As of December 31, 2025, the Group recorded total net assets of ¥85,887 million, up ¥1,279 million from the end of the previous fiscal year.

Net assets increased mainly due to an increase in foreign currency translation adjustment of ¥2,224 million, which was partly offset by a decrease in retained earnings of ¥585 million.

(3) Overview of Cash Flows for the Period Under Review

As of December 31, 2025, cash and cash equivalents ("net cash") amounted to ¥39,609 million, up ¥408 million from the end of the previous fiscal year.

Cash Flows from Operating Activities
Net cash provided by operating activities amounted to ¥13,058 million (¥14,281 million provided in the previous fiscal year). Factors increasing operating cash flows included income before income taxes of ¥13,318 million and depreciation of ¥4,581 million, partly offset by income taxes paid of ¥3,983 million.

Cash Flows from Investing Activities
Net cash used in investing activities totaled ¥3,144 million (¥1,137 million used in the previous fiscal year). Factors decreasing investing cash flows included purchase of tangible fixed assets of ¥2,797 million and purchase of intangible fixed assets of ¥345 million, partly offset by proceeds from sale of tangible fixed assets of ¥54 million.

Cash Flows from Financing Activities
Net cash used in financing activities was ¥10,818 million (¥10,639 million used in the previous fiscal year). Factors decreasing financing cash flows included payment of cash dividends of ¥9,105 million.

Cash flow indicators of the Group are as shown below.

	FY2023	FY2024	FY2025
Equity ratio (%)	77.2	74.9	75.3
Equity ratio based on market price (%)	193.4	160.8	175.1
Debt repayment period (years)	0.2	0.2	0.2
Interest coverage ratio (times)	144.0	188.2	154.0

- Equity ratio: Equity ÷ Total assets
- Equity ratio based on market price: Market capitalization ÷ Total assets
- Debt repayment period: Interest-bearing debt ÷ Cash flows
- Interest coverage ratio: Cash flows ÷ Interest payments

Notes:
1. All indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated as the closing share price at the fiscal year-end multiplied by the number of shares outstanding at the fiscal year-end (excluding treasury stock).
3. Cash flows represent operating cash flows.
4. Interest-bearing debt comprises all liabilities recorded on the consolidate balance sheet on which interest is paid.
5. Interest payments represent interest paid as presented in the consolidated statement of cash flows.

(4) Future Directions

The Group has launched its Ninth Mid-Term Management Plan (Fiscal Years Ending December 31, 2026 to December 31, 2028), with the fiscal year ending December 31, 2026 as its first year. Under this plan, we will leverage the lessons gained from our previous business structural reforms and execute measures aimed at achieving a new goal, sustainable growth with profitability. Always starting from our purpose, we will focus on advancing the following strategies to achieve medium- to long-term growth in corporate value.

1. Product strategies:
Focusing investment to achieve an overwhelming 20% global market share in nursing bottles within 10 years and fundamentally improving profitability driven by growth in mainstay product lines including nursing bottles.

2. Regional strategies:
Ensuring group profitability through stable growth in Japan and China Businesses while accelerating growth in Americas and Europe Businesses* and Singapore Business.

3. Strengthening the management foundation and steadily advancing ESG initiatives:
Strengthening the management foundation by enhancing collaboration between business officers overseeing each business and executive officers responsible for functional domains and achieving advanced management across business divisions and swift decision-making to execute strategies.

We position our core product categories, including our greatest strength—nursing bottles and nipples—as our “Priority Investment Areas (Core Products)” and product categories where future sales and profit growth is expected by leveraging our expertise and brand power identified from past learnings as our “Next Growth Areas (Sub-core Products).” We will concentrate our management resources in these areas.

In the nursing bottle and nipple category, we will not only solidify our overwhelming market share in existing markets but also more actively advance into previously untapped areas (white space) to firmly establish our position as the global market leader. Simultaneously, we will develop highly profitable core products (Core and Sub-core Products) into drivers for enhancing corporate value while maximizing both economic and social value by leveraging the strong brand power cultivated in nursing bottles and nipples and promoting prioritized resource allocation for such products.

In our regional strategies, we will thoroughly implement selection and concentration tailored to the characteristics of each market while creating synergies between the Pidgeon and Lansinoh brands. In Japan and China Businesses, where we are facing declining birth rates, we will build a stable revenue base by redefining brand value and improving operational efficiency. Meanwhile, in Japan and China Businesses, which are facing a declining birthrate, we will build a stable earnings base by redefining brand value and improving operational efficiency.

In addition, alongside the steady execution of these strategies, we will establish a new executive structure to drive global business expansion and strengthen our management foundation. By clearly defining the roles and responsibilities of the business officers, who will lead each business division, and the executive officers overseeing five specialized domains reporting directly to the CEO, and by enhancing mutual collaboration, we will advance cross-divisional functions, enable swift decision-making leveraging each division’s expertise, and improve governance.

Based on these circumstances, the Group’s business performance forecast for the fiscal year ending December 31, 2026 is as follows: Net sales of ¥113,500 million (up 4.0% YoY), operating income of ¥13,900 million (up 5.6% YoY), ordinary income of ¥14,150 million (up 3.4% YoY), net income attributable to owners of parent of ¥9,140 million (up 6.7% YoY).

* Effective March 27, 2026, the Lansinoh Business will be renamed the Americas and Europe Business.

(5) Basic Policy on Profit Distribution and Dividends for the Period Under Review and Next Period

The Pigeon Group regards the return of income to shareholders as an important management priority. Our basic policy is to return income actively to shareholders through appropriation of retained earnings and other means, while reinforcing our financial position based on considerations of medium-term changes in business conditions and the Group's business strategies. The secured funds will be prioritized for growth investments and effectively utilized to drive the Group's sustainable growth and profitability enhancement, including investing in R&D and new business fields, brand strengthening, production facilities, and M&A.

With respect to targets of shareholder return, under the Eighth Medium-Term Business Plan (FY2023–FY2025) announced in February 2023, we aim for further improvement of consolidated business results and financial position, along with continuous, stable dividend supporting existing dividend levels. Based on the above policy and targets, the Group paid an interim ordinary dividend of ¥38 per share for the fiscal year under review. The year-end ordinary dividend is forecast at ¥38 per share, resulting in an annual dividend of ¥76 per share, unchanged from the previous fiscal year.

Based on the shareholder return targets under the Ninth Medium-Term Business Plan (FY2026–FY2028) announced today, the annual dividend for the next fiscal year is expected to be ¥76 per share, unchanged from the previous fiscal year, reflecting a policy of maintaining stable dividends at the current level while prioritizing growth investments.

2. Basic Approach for the Selection of Accounting Standards

For the time being, the Group will continue to prepare its consolidated financial statements based on Japanese standards out of consideration of comparability from period to period and between companies on consolidated financial statements.

In terms of the application of International Financial Reporting Standards (IFRS), we will take appropriate measures by considering various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
ASSETS		
I. Current Assets:		
Cash and deposits	39,201	39,609
Notes and accounts receivable – trade	18,392	18,642
Merchandise and finished goods	10,356	12,600
Work in process	616	658
Raw materials and supplies	3,038	3,006
Receivables	399	512
Other current assets	1,514	1,585
Allowance for doubtful accounts	(57)	(52)
Total Current Assets	73,462	76,561
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures	28,729	29,461
Accumulated depreciation and accumulated impairment	(15,311)	(17,424)
Buildings and structures, net	13,418	12,036
Machinery, equipment and vehicles	23,114	23,770
Accumulated depreciation and accumulated impairment	(16,778)	(17,746)
Machinery, equipment and vehicles, net	6,336	6,023
Tools, furniture and fixtures	12,143	12,893
Accumulated depreciation and accumulated impairment	(9,158)	(9,968)
Tools, furniture and fixtures, net	2,984	2,925
Land	7,354	7,351
Construction in progress	748	1,338
Total Tangible Fixed Assets	30,841	29,676
2. Intangible Fixed Assets:		
Goodwill	20	–
Software	1,031	915
Other intangible fixed assets	243	264
Total Intangible Fixed Assets	1,295	1,179
3. Investments and Other Assets:		
Investment securities	553	561
Deferred tax assets	1,535	1,495
Other	624	614
Allowance for doubtful accounts	(4)	–
Total Investments and Other Assets	2,709	2,671
Total Fixed Assets	34,846	33,527
Total Assets	108,308	110,088

	As of December 31, 2024	As of December 31, 2025
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable – trade	5,195	5,121
Electronically recorded obligations – operating	369	366
Accounts payable	3,771	3,701
Accrued expenses	2,189	2,782
Income taxes payable	996	1,128
Accrued bonuses to employees	1,067	1,119
Provision for expenses related to voluntary product recall	20	144
Provision for loss on litigation	6	–
Other current liabilities	3,765	3,763
Total Current Liabilities	17,383	18,127
II. Fixed Liabilities:		
Lease liabilities	1,769	1,359
Deferred tax liabilities	3,405	3,633
Net defined benefit liability	659	752
Provision for share-based remuneration	248	129
Other fixed liabilities	234	199
Total Fixed Liabilities	6,318	6,073
Total Liabilities	23,701	24,201
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199	5,199
Capital surplus	5,132	5,132
Retained earnings	58,303	57,717
Treasury stock	(1,489)	(1,360)
Total Shareholders' Equity	67,145	66,689
II. Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	28	32
Foreign currency translation adjustment	13,969	16,194
Total Accumulated Other Comprehensive Income	13,998	16,227
III. Non-controlling Interests	3,463	2,970
Total Net Assets	84,607	85,887
Total Liabilities and Net Assets	108,308	110,088

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Year Ended December 31, 2024	Year Ended December 31, 2025
I. Net Sales	104,171	109,170
II. Cost of Sales	52,799	54,331
Gross profit	51,372	54,839
III. Selling, General and Administrative Expenses	39,233	41,680
Operating Income	12,139	13,158
IV. Non-operating Income:		
Interest income	355	300
Dividend income	13	12
Subsidy income	715	652
Foreign exchange gains	1	–
Other non-operating income	189	174
Total Non-operating Income	1,276	1,139
V. Non-operating Expenses:		
Interest expenses	75	86
Foreign exchange losses	–	508
Other non-operating expenses	57	22
Total Non-operating Expenses	132	616
Ordinary Income	13,282	13,681
VI. Extraordinary Income:		
Gain on sales of fixed assets	158	5
Gain on sales of shares of subsidiaries and associates	0	–
Gain on sale of golf club membership	–	0
Subsidy income	698	–
Compensation for damage	–	361
Total Extraordinary Income	857	367
VII. Extraordinary Loss:		
Loss on sales of fixed assets	9	0
Loss on disposal of fixed assets	561	77
Loss on tax purpose reduction entry of fixed assets	698	–
Impairment losses	–	71
Expenses related to voluntary product recall	–	495
Loss on business liquidation	–	85
Total Extraordinary Loss	1,268	730
Income before Income Taxes	12,872	13,318
Income taxes – current	4,215	4,051
Income taxes – deferred	100	430
Total Corporate Income Tax	4,316	4,481
Net Income	8,556	8,837
Net Income Attributable to Non-controlling Interests	184	266
Net Income Attributable to Owners of Parent	8,371	8,570

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Year Ended December 31, 2024	Year Ended December 31, 2025
Net Income	8,556	8,837
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(4)	3
Foreign currency translation adjustment	4,624	2,320
Total Other Comprehensive Income	4,620	2,324
Comprehensive Income	13,176	11,161
Comprehensive income attributable to:		
Owners of parent	12,664	10,799
Non-controlling interests	511	362

(3) Consolidated Statements of Changes in Equity

I. Fiscal Year Ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	5,199	5,132	59,033	(1,488)	67,876
Changes during period					
Dividends from surplus			(9,101)		(9,101)
Net income attributable to owners of parent			8,371		8,371
Acquisition of treasury stock				(0)	(0)
Changes in items other than shareholders' equity, net					
Total changes during period	–	–	(729)	(0)	(730)
Balance at end of period	5,199	5,132	58,303	(1,489)	67,145

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	33	9,672	9,705	3,505	81,087
Changes during period					
Dividends from surplus					(9,101)
Net income attributable to owners of parent					8,371
Acquisition of treasury stock					(0)
Changes in items other than shareholders' equity, net	(4)	4,297	4,293	(42)	4,250
Total changes during period	(4)	4,297	4,293	(42)	3,520
Balance at end of period	28	13,969	13,998	3,463	84,607

II. Fiscal Year Ended December 31, 2025

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	5,199	5,132	58,303	(1,489)	67,145
Changes during period					
Dividends from surplus			(9,101)		(9,101)
Net income attributable to owners of parent			8,570		8,570
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(54)		129	74
Transfer from retained earnings to capital surplus		54	(54)		–
Changes in items other than shareholders' equity, net					
Total changes during period	–	–	(585)	128	(456)
Balance at end of period	5,199	5,132	57,717	(1,360)	66,689

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	28	13,969	13,998	3,463	84,607
Changes during period					
Dividends from surplus					(9,101)
Net income attributable to owners of parent					8,570
Acquisition of treasury stock					(0)
Disposal of treasury stock					74
Transfer from retained earnings to capital surplus					–
Changes in items other than shareholders' equity, net	3	2,224	2,228	(492)	1,736
Total changes during period	3	2,224	2,228	(492)	1,279
Balance at end of period	32	16,194	16,227	2,970	85,887

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year Ended December 31, 2024	Year Ended December 31, 2025
Cash Flows from Operating Activities		
Income before income taxes	12,872	13,318
Depreciation	4,671	4,581
Impairment losses	–	71
Amortization of goodwill	205	20
Increase (decrease) in allowance for doubtful accounts	(206)	(12)
Increase (decrease) in accrued bonuses to employees	105	31
Increase (decrease) in provision for expenses related to voluntary product recall	20	123
Increase (decrease) in net defined benefit liability	8	51
Increase (decrease) in provision for share-based remuneration	57	(119)
Interest and dividend income	(369)	(312)
Interest expenses	75	86
Gain on compensation for damage	–	(361)
Foreign exchange losses (gains)	(169)	141
Loss (gain) on sale of fixed assets	(149)	(5)
Loss on retirement of fixed assets	561	77
Loss on tax purpose reduction entry of fixed assets	698	–
Loss on business liquidation	–	85
Subsidy income	(698)	–
Loss (gain) on sale of shares of subsidiaries and associates	(0)	–
Decrease (increase) in notes and accounts receivable – trade	(2,765)	411
Decrease (increase) in inventories	467	(1,904)
Increase (decrease) in notes and accounts payable – trade	(57)	(421)
Increase (decrease) in accounts payable	613	177
Increase (decrease) in accrued consumption taxes	582	(272)
Other	773	726
Subtotal	17,295	16,495
Interest and dividend received	489	270
Interest paid	(75)	(84)
Compensation received for damage	–	361
Income taxes paid	(3,427)	(3,983)
Net Cash Provided by (Used in) Operating Activities	14,281	13,058
Cash Flows from Investing Activities		
Purchase of tangible fixed assets	(2,066)	(2,797)
Proceeds from sale of tangible fixed assets	465	54
Purchase of intangible fixed assets	(184)	(345)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	–	7
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	94	–
Subsidies received	698	–
Payments for lease deposits	(157)	(26)
Collection of lease deposits	35	35
Other	(21)	(71)
Net Cash Provided by (Used in) Investing Activities	(1,137)	(3,144)

	Year Ended December 31, 2024	Year Ended December 31, 2025
Cash Flows from Financing Activities		
Decrease in short-term loans payable	(98)	–
Payment of cash dividends	(9,098)	(9,105)
Dividends paid to non-controlling interests	(504)	(854)
Purchase of treasury stock	(0)	(0)
Proceeds from disposal of treasury stock	–	74
Other	(936)	(933)
Net Cash Provided by (Used in) Financing Activities	(10,639)	(10,818)
Effect of Exchange Rate Change on Cash and Cash Equivalents	2,339	1,312
Net Increase (Decrease) in Cash and Cash Equivalents	4,843	408
Cash and Cash Equivalents at Beginning of Period	34,357	39,201
Cash and Cash Equivalents at End of Period	39,201	39,609

(5) Notes to Consolidated Financial Statements

(Going Concern Assumptions)
Not applicable.

(Significant Accounting Estimates)
Accounting estimates are reasonable amounts calculated based on the information available at the time of preparation of the consolidated financial statements. Among the amounts recognized in the consolidated financial statements for the fiscal year under review based on accounting estimates, the following items may have a significant impact on the consolidated financial statements for the next fiscal year.

1. Impairment of fixed assets

(1) Amount recognized in the consolidated financial statements for the previous fiscal year

Tangible and intangible fixed assets:	¥32,137 million
Impairment losses:	– million

(2) Amount recognized in the consolidated financial statements for the fiscal year under review

Tangible and intangible fixed assets:	¥30,855 million
Impairment losses:	¥71 million

(3) Information on the details of significant accounting estimates related to the identified items

1) Calculation method

The Group examines tangible and intangible fixed assets or asset groups for which there are indications of impairment. If the value in use or the net selling price expected to be derived from the asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount, and the reduction is recognized as an impairment loss.

2) Major assumptions

Future cash flows used in assessing impairment and measuring value in use are estimated based on business plans approved by management and assumptions such as subsequent revenue growth rates. For assets expected to be sold, the amounts are determined based on valuations obtained from real estate appraisers etc.

3) Impact on the consolidated financial statements for the next fiscal year

In recognizing impairment losses, the Group carefully considers future profitability and other relevant factors. However, due to changes in the management or market environment, if the business plan underlaying the assumptions used in estimating future cash flows is not achieved to a significant extent or future uncertainty increases, the recoverable amount may decline and the recognition of an impairment loss in the next fiscal year could have a material impact on the consolidated financial statements.

2. Recoverability of deferred tax assets

(1) Amount recognized in the consolidated financial statements

(Millions of yen)

	Previous fiscal year (January 1 to December 31, 2024)	Current fiscal year (January 1 to December 31, 2025)
Deferred tax assets	1,535	1,495
Deferred tax liabilities	3,405	3,633

Note: Deferred tax assets and liabilities are presented on a net basis by taxable entity.

(2) Information on the details of significant accounting estimates related to the identified items

1) Calculation method

Deferred tax assets are recognized for deductible temporary differences after assessing the realizability of taxable income and determining them to be recoverable, based on estimates of taxable income derived from the budget for the next fiscal year and forecasts of future operating results..

2) Major assumptions

Future performance, which is a key factor in determining the timing and amount of taxable income, is estimated based on reasonable assumptions reflecting the current conditions and available information.

3) Impact on the consolidated financial statements for the next fiscal year

If the assumptions or conditions underlying the estimation of taxable income change and the estimated amount decreases, deferred tax assets may be reduced and tax expense may be recognized.

In addition, if the effective tax rate changes due to tax reform, it may have a material impact on the amounts recognized in the consolidated financial statements for the next fiscal year and thereafter.

(Changes in Accounting Policies)

(Adoption of the “Accounting Standard for Current Income Taxes”)

Since the beginning of the fiscal year under review, the Company has adopted the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “Revised Accounting Standard 2022”).

Revisions regarding the classification of income taxes (taxation on other comprehensive income) are in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and in the proviso of Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “Revised Guidance 2022”). This change in accounting policy has no effect on the consolidated financial statements.

Additionally, the Revised Guidance 2022 has been applied from the beginning of the fiscal year under review with respect to the amendments related to the revision of the treatment in consolidated financial statements of the deferral for tax purposes of gains or losses arising from the sale of shares of subsidiaries among consolidated companies. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. This change in accounting policy has no effect on the consolidated financial statements for the previous fiscal year.

(Changes in Presentation)

(Consolidated Statements of Cash Flows)

In the previous fiscal year, “Increase (decrease) in provision for expenses related to voluntary product recall” was included in “Other” under “Cash Flow from Operating Activities.” Due to its increased materiality, this item has been presented separately as “Increase (decrease) in provision for expenses related to voluntary product recall” under “Cash Flow from Operating Activities” from the fiscal year under review. To reflect these changes in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the consolidated statement of cash flows for the previous fiscal year, ¥793 million previously presented in “Other” under “Cash Flow from Operating Activities” has been reclassified as ¥20 million in “Increase (decrease) in provision for expenses related to voluntary product recall” and ¥773 million in “Other.”

(Additional Information)

(BIP Trust System for Compensation of Directors)

The Company has introduced a performance share plan for directors (excluding outside directors). The purpose of this system is to clarify the relationship between directors' compensation and the Group's business results and shareholder value and to enhance awareness of contributions to the improvement of the business results of the Group and the expansion of its enterprise value over the medium-to-long term.

(1) Overview of the BIP trust system for compensation of directors

This plan adopts a framework called the board incentive plan (BIP) trust for compensation of directors. Similar to systems in North America and Europe such as performance shares, which tie compensation to business results, and restricted stock, which compensates directors with shares whose transfer is restricted, the system provides directors with the Company shares, or their equivalent value at conversion, tied to the director's rank and the Company's degree of attainment of business-result targets. The compensation is transferred or paid to directors.

(2) Company shares remaining in the trust

The Company shares remaining in the trust are recorded as treasury stock in net assets at the carrying amount in the trust (excluding incidental expenses). The carrying amount and the number of such treasury stock were ¥533 million and 169,948 shares as of the end of the previous fiscal year, and ¥404 million and 128,887 shares as of the end of the fiscal year under review.

(Segment Information etc.)

1. Summary of Reporting Segments

In respect of the Company's reporting segments, these are, of the constituent units in the Group, those for which separate financial information are available and those that are the subject of regular examination by the board of directors to make decisions on management resource allocation and assessment of performance.

The Group has a total of four reporting segments: "Japan Business," "China Business," "Singapore Business," and "Lansinoh Business."

The types of the Group's reporting segments are as follows.

(i) Japan Business
This segment is engaged in the manufacture and sales of childcare products and feminine products, provision of childcare services, manufacture and sales of health care products and nursing care products in Japan.

(ii) China Business
This segment is engaged in the manufacture and sales of childcare products and feminine products in China, South Korea, Taiwan, Hong Kong, the Philippines, and some other countries.

(iii) Singapore Business
This segment is engaged in the manufacture and sales of childcare products and feminine products in Singapore, Malaysia, India, Indonesia, Thailand, and some other countries.

(iv) Lansinoh Business
This segment is engaged in the manufacture and sales of childcare products and feminine products in the United States, the United Kingdom, Germany, Belgium, China, Turkey, and some other countries.

2. Calculation Method for the Values in Segmental Sales, Profits or Losses, Assets and Other Items

The accounting method for the reported business segments is in accordance with the accounting policies adopted to prepare the consolidated financial statements.

3. Information Regarding Net Sales, Profit (Loss), Assets, and Other Items in Each Reportable Segment

I. Fiscal Year Ended December 31, 2024

(Millions of yen)

	Reportable Segment				Total	Adjustment (Note 1) (Note 2) (Note 3) (Note 4)	Amount recorded in the consolidated financial statements (Note 5)
	Japan Business	China Business	Singapore Business	Lansinoh Business			
Net sales							
Net sales to external customers	34,865	38,214	9,667	21,424	104,171	–	104,171
Intersegment sales or trasfers	1,635	812	4,609	5	7,064	(7,064)	–
Total	36,500	39,027	14,277	21,430	111,236	(7,064)	104,171
Segment profit	1,998	10,066	1,668	1,731	15,465	(3,325)	12,139
Segment assets	25,692	19,596	10,002	12,869	68,160	40,148	108,308
Other items							
Depreciation (Note 6)	1,183	1,747	1,063	531	4,526	145	4,671
Amortization of goodwill	–	–	197	8	205	–	205
Increase in tangible fixed assets and intangible fixed assets (Note 7)	1,393	1,328	487	533	3,742	18	3,760

(Notes)

1. The negative amount of ¥3,325 million of adjustment for segment profit includes ¥24 million in elimination of intersegment transactions and negative ¥3,350 million in unallocated operating expenses. Unallocated operating expenses are mainly administrative costs of the Group.
2. The amount of ¥40,148 million of adjustment for segment assets includes negative ¥1,579 million in elimination of intersegment transactions and ¥41,727 million in corporate assets, consisting primarily of surplus funds of the parent company (cash and deposits), long-term investment funds (investment securities etc.), and assets related to administrative departments.
3. The adjustment for depreciation represents depreciation related to corporate assets.
4. The adjustments for increase in tangible fixed assets and intangible fixed assets relates to corporate assets.
5. Segment profit is reconciled to operating income in the consolidated financial statements.
6. Depreciation includes amortization of long-term prepaid expenses.
7. Increases in tangible fixed assets and intangible fixed assets include increases in long-term prepaid expenses.

II. Fiscal Year Ended December 31, 2025

(Millions of yen)

	Reportable Segment				Total	Adjustments (Note 1) (Note 2) (Note 3) (Note 4)	Amount recorded in the consolidated financial statements (Note 5)
	Japan Business	China Business	Singapore Business	Lansinoh Business			
Net sales							
Net sales to external customers	36,360	41,098	9,826	21,884	109,170	–	109,170
Intersegment sales or trasfers	1,445	1,803	5,094	19	8,363	(8,363)	–
Total	37,806	42,902	14,920	21,904	117,533	(8,363)	109,170
Segment profit	2,596	10,496	2,124	1,517	16,735	(3,576)	13,158
Segment assets	26,137	20,399	10,016	13,289	69,843	40,245	110,088
Other items							
Depreciation (Note 6)	1,303	1,604	1,042	555	4,506	74	4,581
Amortization of goodwill	–	–	16	3	20	–	20
Increase in tangible fixed assets and intangible fixed assets (Note 7)	983	1,094	688	469	3,235	124	3,360

(Notes)
1. The negative amount of ¥3,576 million of adjustment for segment profit includes negative ¥149 in elimination of intersegment transactions and negative ¥3,427 million in unallocated operating expenses. Unallocated operating expenses are mainly administrative costs of the Group.
2. The amount of ¥40,245 million of adjustment for segment assets includes negative ¥1,925 million in elimination of intersegment transactions and ¥42,171 million in corporate assets, consisting primarily of surplus funds of the parent company (cash and deposits), long-term investment funds (investment securities etc.), and assets related to administrative departments.
3. The adjustment for depreciation represents depreciation related to corporate assets.
4. The adjustments for increase in tangible fixed assets and intangible fixed assets relates to corporate assets.
5. Segment profit is reconciled to operating income in the consolidated financial statements.
6. Depreciation includes amortization of long-term prepaid expenses.
7. Increases in tangible fixed assets and intangible fixed assets include increases in long-term prepaid expenses.

(Per-Share Information)

	Previous fiscal year (January 1 to December 31, 2024)	Current fiscal year (January 1 to December 31, 2025)
Net assets per share	¥678.53	¥693.11
Basic net income per share	¥70.00	¥71.65

(Notes)
1. Diluted earnings per share is not presented because there are no potential shares outstanding.
2. The Company shares held by the BIP trust for compensation of directors are included in the treasury stock, which is subtracted from the total number of shares outstanding at the period-end when calculating the net assets per share (169,948 shares for the previous fiscal year; 128,887 shares for the fiscal year under review).
   Furthermore, the Company shares held by the BIP trust for compensation of directors are included in the treasury stock, which is subtracted in the calculation of the average number of shares outstanding during the period when calculating the basic net income per share (169,948 shares for the previous fiscal year; 139,130 shares for the fiscal year under review).
3. The basis for the calculation of the basic net income per share is as follows.

(Millions of yen, unless otherwise noted)

	Previous fiscal year (January 1 to December 31, 2024)	Current fiscal year (January 1 to December 31, 2025)
Net income attributable to owners of parent	8,371	8,570
Amount not attributable to ordinary shareholders	–	–
Net income attributable to owners of parent attributable to ordinary shares	8,371	8,570
Average number of ordinary shares during the period (shares)	119,589,445	119,619,940

(Material Subsequent Events)

Not applicable.