

April 17, 2017

Company Name: Pigeon Corporation

Representative: Shigeru Yamashita (President and COO)

Listings: First Section, Tokyo Stock Exchange (Stock Code: 7956)

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Notice Regarding Change to Equity-Method Affiliate (into Consolidated Subsidiary)

At the meeting of the Board of Directors held on April 17, 2019, the Company made the decision to transfer through investment-in-kind (capital increase) all shares of common stock held by the Company (shareholding-ratio: 35%) in P.T. Pigeon Indonesia (hereinafter "Pigeon Indonesia"), an equity-method affiliate of the Company, to Pigeon Singapore Pte. Ltd. (hereinafter "Pigeon Singapore"), a 100% subsidiary of the Company, and to have Pigeon Singapore acquire additional shares in preparation for changing Pigeon Indonesia into a consolidated subsidiary.

Details

1. Reason for transfer of share in Pigeon Indonesia to subsidiary and change of Pigeon Indonesia into subsidiary

In our Sixth Medium-Term Business Plan that was announced in March 2017, the Group defined the slogan "Building our dreams into the future — by creating a bridge towards the Global Number One manufacturer of baby products." In particular, as part of overseas business strategy in the Sixth Medium-Term Business Plan, the Group has positioned the Indonesian market as a growth market which must be cultivated and strengthened.

Pigeon Indonesia mainly produces products such as nursing bottles and nipples for markets in Indonesia and surrounding countries. By changing Pigeon Indonesia into a consolidated subsidiary, the Group will be able to actively introduce new products to the market and expand our product supply system with even greater speed, and to expand our business in Indonesia, all while assessing local market conditions with a higher level of accuracy. Accordingly, the Company will transfer through investment-in-kind (capital increase) all shares of common stock held by the Company (shareholding-ratio: 35%) in Pigeon Indonesia to Pigeon Singapore Pte. Ltd., a 100% subsidiary of the Company which has direct jurisdiction over the domestic Indonesian business of the Group. Furthermore, by acquiring 3,000 additional shares (shareholding-ratio: 30%) of Pigeon Indonesia that are held by Pt. Multi Elok Modern Cosmetic Ltd., Pigeon Singapore will start measures to make Pigeon Indonesia into a consolidated subsidiary (shareholding-ratio after additional acquisition of shares in this transaction: 65%).

2. Overview of Change to Equity-Method Affiliate (as of January 31, 2017)

(1) Name	P.T. PIGEON INDONESIA
(2) Location	JAKARTA INDONESIA
(3) Representative (Position/Name)	President KANDHAGA DHARMA GATHA YUWONO
(4) Operations	Manufacture of products for babies and children whose trademarks are owned by Pigeon Corporation
(5) Capital	2,194,000,000 Rp.
(6) Date established	January 19, 1995

(7) Main shareholder & shareholding-ratio	PT. MULTI ELOK MODERN COSMETIC LTD. 65.0%		
	Pigeon Corporation 35.0%		
(8) Relations among listed companies and P.T. Pigeon Indonesia	Capital relations	Equity-method affiliate of the Company.	
	Personnel relations	One senior managing officer of the Company also serves on the Board of Directors (part-time) of P.T. Pigeon Indonesia. One director of the Company also serves as an auditor (part-time) of P.T. Pigeon Indonesia.	
	Business relations	There are no business relations requiring disclosure.	
(9) Financial condition and operating results of P.T. Pigeon Indonesia for the last 3 years. (Unit: thousand Rp.)			
Fiscal term	FY December 2014	FY December 2015	FY December 2016
Net assets	163,240,552	158,077,948	154,300,708
Total assets	187,247,670	173,134,939	177,379,331
Net assets per share	16,324	15,807	15,430
Net sales	174,623,371	164,530,227	200,184,712
Operating income	13,473,348	13,578,573	21,695,127
Ordinary income	13,531,180	13,674,653	22,183,976
Net income	8,401,017	8,420,447	9,980,088
Net income per share	840	842	998

3. Overview of other party in share transfer (investment-in-kind) and source for acquisition of additional shares

(1) Name	PIGEON SINGAPORE PTE.LTD.	
(2) Location	SINGAPORE	
(3) Representative (Position/Name)	President Yusuke Nakata	
(4) Operations	Supply and sales of products for expectant/nursing mothers, babies, and children whose trademarks are owned by the Company.	
(5) Capital	16,592,000 SGD (before capital increase) 17,032,000 SGD (after capital increase)	
(6) Date established	February 14, 1978	
(7) Main shareholder & shareholding-ratio	Pigeon Corporation 100.0%	
(8) Relations among listed companies and Pigeon Singapore Pte. Ltd.	Capital relations	100% subsidiary of the Company.
	Personnel relations	One senior managing officer of the Company also serves as the President of Pigeon Singapore Pte. Ltd., and one executive officer of the Company also serves on the Board of Directors (part-time) of Pigeon Singapore Pte. Ltd.
	Business relations	There are no business relations requiring disclosure.

4. Overview of other party in acquisition of additional shares

(1) Name	PT. MULTI ELOK MODERN COSMETIC LTD.	
(2) Location	JAKARTA INDONESIA	
(3) Representative (Position/Name)	President LIONY SAGITA	
(4) Operations	Manufacture of skincare products of the Company and other skincare products	
(5) Capital	4,426,000,000 Rp.	
(6) Date established	January 6, 1984	
(7) Main shareholder & shareholding-ratio	PT MULTI INDOCITRA TBK. 100.0%	
(8) Relations among listed companies and Pt. Multi Elok Modern Cosmetic Ltd.	Capital relations	There are no personnel relations requiring disclosure.
	Personnel relations	There are no personnel relations requiring disclosure.
	Business relations	There are no business relations requiring disclosure.

5. Number of transfer (investment-in-kind) shares, acquisition price, and status of share ownership after transfer

Number of shares held before transfer	Pigeon Corporation 3,500 shares (Number of voting rights: 3,500; Ratio of voting rights held: 35.00%)
Number of shares transferred (investment-in-kind)	3,500 shares (Number of voting rights: 3,500; Ratio of voting rights held: 35.00%)
Transfer (investment-in-kind) price	35,140,000 yen
Number of shares held after transfer	Pigeon Corporation - shares (Number of voting rights: -; Ratio of voting rights held: -%) PIGEON SINGAPORE PTE.LTD. *1 3,500 shares (Number of voting rights: 3,500; Ratio of voting rights held: 35.00%)

*1 Pigeon Singapore Pte. Ltd. is a 100% subsidiary of the Company.

6. Number of additional shares acquired, acquisition price, and status of share ownership after transfer (scheduled)

Number of shares held before transfer	PIGEON SINGAPORE PTE.LTD. 3,500 shares (Number of voting rights: 3,500; Ratio of voting rights held: 35.00%)
Number of additional shares acquired	3,000 shares (Number of voting rights: 3,000; Ratio of voting rights held: 30.00%)
Priced of additional acquisition	8,800,000 USD (scheduled)
Number of shares held after transfer	PIGEON SINGAPORE PTE.LTD. 6,500 shares (Number of voting rights: 6,500; Ratio of voting rights held: 65.00%)

7. Dates

Date of decision by Board of Directors at the Company	April 17, 2017
Scheduled period for shares transfer	During May 2017
Scheduled period for acquisition of additional shares	During November 2017

8. Future outlook

The effect on non-consolidated and consolidated results for the period ending January 31, 2018 will be negligible.

(Reference) Forecasted consolidated business results for the current period (amounts disclosed on March 6, 2017) and consolidated business results for the previous period

(Millions of yen)

	Consolidated net sales	Consolidated operating income	Consolidate ordinary income	Net Income Attributable to Owners of Parent
Forecasted consolidated business results for the current period (FY January 2018)	99,800	17,000	17,000	11,800
Consolidated business results for the previous period (FY January 2017)	94,640	16,015	16,462	11,118