

# Financial Results of FY Dec. 2023

( January to December )

## Pigeon Corporation

**Norimasa Kitazawa**

President and CEO

February 15, 2024

Celebrate babies the way they are



## **FY December 2023 (FY 67th)**

|                                    |            |
|------------------------------------|------------|
| Review of the FY Dec. 2023 Results | P. 3 - 13  |
| Earnings Forecast for FY Dec. 2024 | P. 14 - 21 |
| Shareholder Returns, etc.          | P. 22      |

Agenda

# Review of the FY Dec. 2023 Results

# FY Dec. 2023 Results - Consolidated P&L (12 months)

Full year sales ended at the same level as the previous year.

Operating income ended lower due to aggressive use of SG&A expenses associated with the reopening, despite an improvement in gross margin.

| Unit: Million JPY  | Dec. 2022 |            | Dec. 2023 Forecast |            | Dec. 2023     |               |               |              |
|--|-----------|------------|--------------------|------------|---------------|---------------|---------------|--------------|
|  | Actual    | % of Total | Forecast           | % of Total | Actual        | % of Total    | YoY Change    | vs Forecast  |
| <b>Net Sales</b>   | 94,921    | 100.0%     | 100,000            | 100.0%     | <b>94,461</b> | <b>100.0%</b> | <b>99.5%</b>  | <b>94.5%</b> |
| <b>Cost of Sales</b>                                       | 50,087    | 52.8%      | 51,800             | 51.8%      | <b>49,008</b> | <b>51.9%</b>  | <b>97.8%</b>  | <b>94.6%</b> |
| <b>Gross Profit</b>  | 44,834    | 47.2%      | 48,200             | 48.2%      | <b>45,452</b> | <b>48.1%</b>  | <b>101.4%</b> | <b>94.3%</b> |
| <b>SG&amp;A Expenses</b>                                   | 32,638    | 34.4%      | 35,800             | 35.8%      | <b>34,726</b> | <b>36.8%</b>  | <b>106.4%</b> | <b>97.0%</b> |
| <b>Operating Income</b>                                    | 12,195    | 12.8%      | 12,400             | 12.4%      | <b>10,726</b> | <b>11.4%</b>  | <b>87.9%</b>  | <b>86.5%</b> |
| <b>Ordinary Income</b>                                     | 13,465    | 14.2%      | 12,400             | 12.4%      | <b>11,522</b> | <b>12.2%</b>  | <b>85.6%</b>  | <b>92.9%</b> |
| <b>Net Income<br/>Attributable to<br/>Owners of Parent</b> | 8,581     | 9.0%       | 8,100              | 8.1%       | <b>7,423</b>  | <b>7.9%</b>   | <b>86.5%</b>  | <b>91.6%</b> |

[Currency Rates]

2023 Results: US\$1 = JPY 140.58

CNY 1 = JPY 19.83

2023 Forecast: US\$1 = JPY 130.00

CNY 1 = JPY 19.50

2022 Results: US\$1 = JPY 131.55

CNY 1 = JPY 19.50

# FY Dec. 2023 Results - By Business Segment (12 months)

Japan, Lansinoh business ended with increased sales and profit.

China business was affected by ALPS treated water in the Q4, and Singapore business saw lower sales and income due to continued shipment adjustments throughout the year.

| Unit: Million JPY                         | Dec. 2022 Actual |            |              |                | Dec. 2023 Actual |            |            |              |                |
|---|------------------|------------|--------------|----------------|------------------|------------|------------|--------------|----------------|
|   | Net Sales        | % of Total | Gross Margin | Segment Profit | Net Sales        | % of Total | YoY Change | Gross Margin | Segment Profit |
| Consolidated Net Sales                    | 94,921           | 100.0%     | 47.2%        | 12,195         | 94,461           | 100.0%     | 99.5%      | 48.1%        | 10,726         |
| Japan Business                            | 36,323           | 38.3%      | 32.4%        | 1,491          | 36,865           | 39.0%      | 101.5%     | 33.7%        | 2,006          |
| China Business                            | 34,776           | 36.6%      | 52.5%        | 10,408         | 33,045           | 35.0%      | 95.0%      | 53.8%        | 8,858          |
| Singapore Business                        | 14,153           | 14.9%      | 40.9%        | 2,140          | 13,085           | 13.9%      | 92.5%      | 37.9%        | 1,235          |
| Lansinoh Business                         | 16,917           | 17.8%      | 52.9%        | 1,154          | 18,480           | 19.6%      | 109.2%     | 54.9%        | 1,453          |
| Elimination of inter-segment transactions | (7,248)          | (7.6%)     | —            | —              | (7,016)          | (7.4%)     | —          | —            | —              |

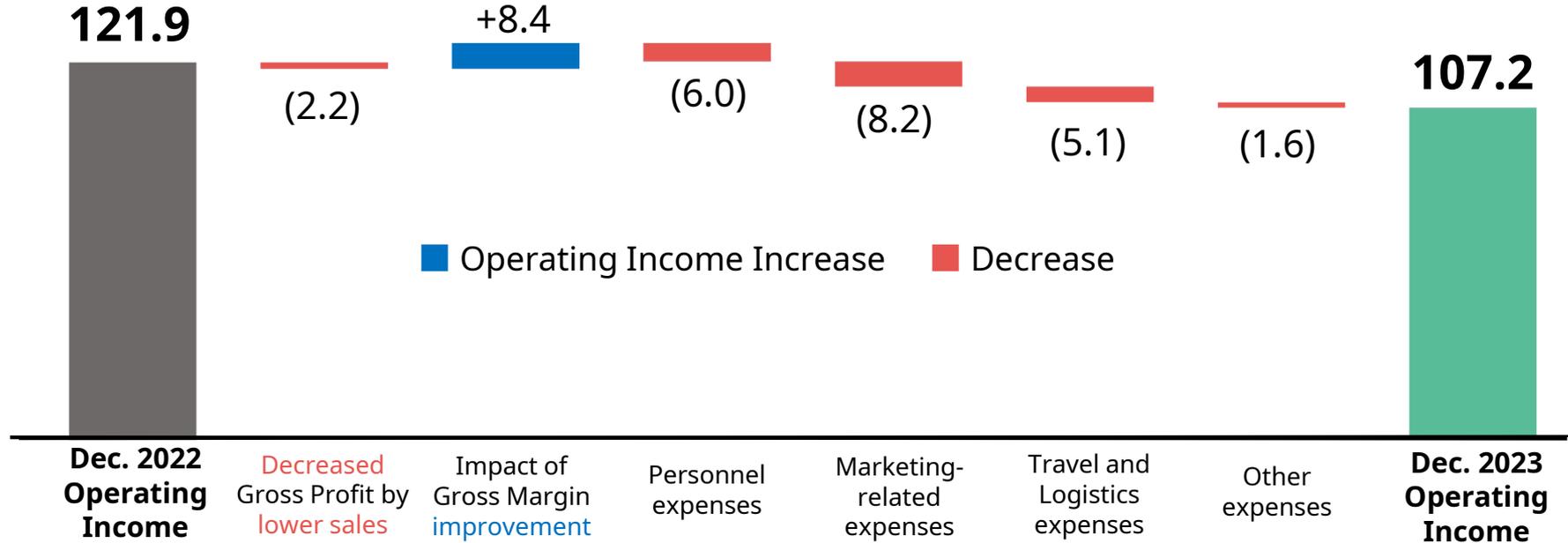
## ▼[Reference] Breakdown of Japan Business

| Unit: Million JPY   | Dec. 2022 Actual |            |              |                | Dec. 2023 Actual |            |            |              |                |
|---------------------|------------------|------------|--------------|----------------|------------------|------------|------------|--------------|----------------|
|                     | Net Sales        | % of Total | Gross Margin | Segment Profit | Net Sales        | % of Total | YoY Change | Gross Margin | Segment Profit |
| Baby Care           | 25,287           | —          | 36.8%        | 1,787          | 26,238           | —          | 103.8%     | 38.2%        | 2,278          |
| Childcare Services  | 3,444            | —          | 15.8%        | 199            | 3,447            | —          | 100.1%     | 15.9%        | 208            |
| Health & Elder Care | 5,062            | —          | 30.9%        | 497            | 5,005            | —          | 98.9%      | 31.1%        | 464            |

# FY Dec. 2023 Results - Change in Operating Income (YoY)

Gross margin improved (price revisions in Japan business, and lower ocean freight rates in Lansinoh business, etc.) while SG&A expenses increased due to higher personnel costs, logistics costs associated with the reopening, and sales promotion expenses, etc., resulting in a 1.4 billion yen decrease in operating income from the previous year.

(Unit: 100M. JPY)



# FY Dec. 2023 Results - Balance Sheet

Inventories decreased from the end of the previous fiscal year by Company-wide efforts.

| Unit: Million JPY                                      | End of Dec. 2022 | End of Dec. 2023 |                     |                |   |
|--|------------------|------------------|---------------------|----------------|---|
|  | Actual           | Actual           | YoY Change (Amount) | YoY Change (%) | YoY Change (Amount) w/o impacts of FX rates |
| <b>Cash and Deposits</b>                               | 34,283           | 34,357           | +74                 | 100.2%         | (1,277)                                     |
| <b>Notes and Accounts Receivable-Trade</b>             | 15,975           | 14,412           | (1,563)             | 90.2%          | (2,087)                                     |
| <b>Inventories</b>                                     | 15,318           | 13,535           | (1,783)             | 88.4%          | (2,398)                                     |
| <b>Notes and Accounts Payable-Trade</b>                | 5,066            | 3,643            | (1,423)             | 71.9%          | (1,517)                                     |
| <b>Electronically Recorded Obligations - Operating</b> | 1,542            | 1,365            | (177)               | 88.5%          | (177)                                       |
| <b>Borrowings</b>                                      | —                | 76               | +76                 | —              | +76   |
| <b>Net Assets</b>                                      | 79,952           | 81,087           | +1,135              | 101.4%         | (1,164)                                     |
| <b>Total Assets</b>                                    | 101,733          | 100,440          | (1,293)             | 98.7%          | (4,838)                                     |
| <b>Equity Ratio</b>                                    | 75.4%            | 77.2%            | —                   | —              | —   |

# FY Dec. 2023 Results - Business Summary By Segment

\*Sales: Sell-in on a local currency basis

Japan  
business

**Sales and income increased due to price revisions in Feb. and Sep., as well as enhanced sales promotion activities.**

- Baby Care ended the year with sales growth of +4% YoY.
- Sales of Nursing bottles/nipples and Baby skincare increased from the previous year. Wet tissues and other consumables also performed well.
- "SHUPOT", an electric nasal aspirator launched in August performed well. Contributed as a growth driver in the high-unit-price baby care appliance category
- Gross profit margin of Baby Care improved by +1.4 pt YoY in Q4 YTD. Price revisions contributed to the improvement.
- Health & Elder Care implemented product price revisions in Feb. and Sep., also promoted sales of key products.
- Despite an upward trend in the number of foreign visitors to Japan, inbound demand is declining, partly due to the impact of ALPS treated water in the second half of the fiscal year.

## New area: Babycare appliances

Electric nasal aspirator, Nursing bottle sterilizer/dryer, etc.

Demand for high unit price products is expanding



## Brand: Communication

Utilizing owned media



## Event: #The Tiny Birth Cry Support Project

World Premature Baby Day on November 17



▲ The purpose of the event is to raise awareness about premature babies. With the concept of "know, experience, and participate," approximately 700 guests including major media, attended the two-day event.



# FY Dec. 2023 Results - Business Summary By Segment

\*Sales: Sell-in on a local currency basis

## China business

### Sales and profits declined sharply in the Q4, mainly due to the impact of ALPS treated water.

- Q4 YTD sales (in Chinese yuan) in mainland China ended at -11% YoY. Q4 alone was -43% YoY, a significant decline.
- sales of Nursing bottle and nipple increased 11% YoY. Baby skin care, which has a strong image of being made in Japan with the "Momo-no-ha" series was -20%. In Q4 alone, almost all categories were affected by reduced brand exposure due to cancel of KOLs, suspension of sales promotion activities, and consumers' reluctance to buy.
- Implemented aggressive sales promotion of Age-Up products ("Natural weaning" bottle series and Skincare products for kids).
- Q4 YTD gross profit margin in China business (JPY) improved by +1.3 pt YoY due to sales growth in Nursing bottles and nipples, despite lower sales of whole China business YoY.
- Sellout was -7% YoY on Q4 YTD, -4% for EC, and -15% for offline. New channels Tiktok and Pinduoduo grew by more than 50%, but the major platforms fell below the previous year. Q4 YTD EC ratio is 72%.

### New area: Age-Up products

Sales are expanding both offline and in EC



### New products in the 2H of 2023

New series of drinking cups, etc.



### Brand: Communication

Live streaming on Tiktok, etc.



# FY Dec. 2023 Results - Business Summary By Segment

\*Sales: Sell-in on a local currency basis

## Singapore business

**Sales and income down due to the absence of the previous year's sell-in growth, but focus on reducing distribution inventories**

- Q4 YTD sales\* in India -20% YoY, Malaysia -6%, Indonesia -9%, Middle East -27%.
- Q4 YTD sellout increased YoY in India, Australia and Thailand. Growth in Nursing bottles contributed to the increase.
- Continue to strengthen sales of core products (Bottles and nipples, Baby skincare). Focus on promoting the value of wide-neck bottles and strengthening brand recognition and in-store exposure (EC and offline) for Natural Botanical skincare products.
- Inventory levels are expected to normalize in major markets by the end of Q1 2024.
- Established an own subsidiary to develop the African market (December)
- Q4 YTD gross profit margin of Singapore business (JPY) deteriorated by -3.0 pt YoY mainly due to lower sales at sales companies and factories.

### Strengthening core products: Wide-neck bottles

Sales in both offline and e-commerce



### Strengthening core products: Baby skin care

Increase exposure and sales promotion of Natural Botanical skin care



### Brand: Communication

Strengthening Social media and promoting hospital activities



# FY Dec. 2023 Results - Business Summary By Segment

\*Sales: Sell-in on a local currency basis

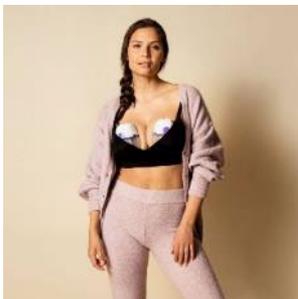
## Lansinoh Business

**Sales in North America fell below, but increased in Europe. Both sales and income increased, driven by improved profits due to lower marine transportation costs.**

- Lansinoh Group's Q4 YTD sales (US\$) increased 2% YoY. Sales in North America were down 5% due to intensified competition in the consumables market and a reactionary decline from special demand, while sales in Europe (Germany, UK, France) grew mainly due to nipple cream.
- Sales of Nursing bottles increased in North America and Europe, reflecting growing consumer recognition of these products as the most suitable feeding devices for breastfeeding babies.
- YTD sales of prenatal and postpartum care products grew by more than 70% YoY. In addition to North America, sales grew in the Europe, and there is still much room for growth in this new area.
- Implemented aggressive promotion to increase awareness and strengthen sales of the Wearable Breast Pump.
- Q4 YTD gross profit margin of Lansinoh business (JPY) improved by +2.0 pt YoY, partly due to lower ocean freight rates (cost factor), but the cost of sales and distribution in the U.S. (SG&A factor) continued to soar.

### New products in the 2H of 2023

Wearable Breast Pump (North America)



### New area: Prenatal and postpartum care

Sales growth in Europe in 2023



### Brand: Communication

Strengthen our social media platform



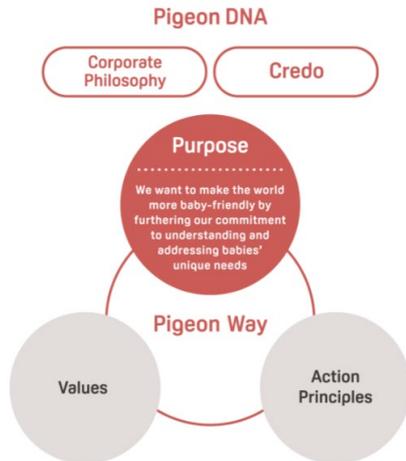
# FY Dec. 2023 Results - Sustainability Initiatives

## ESG

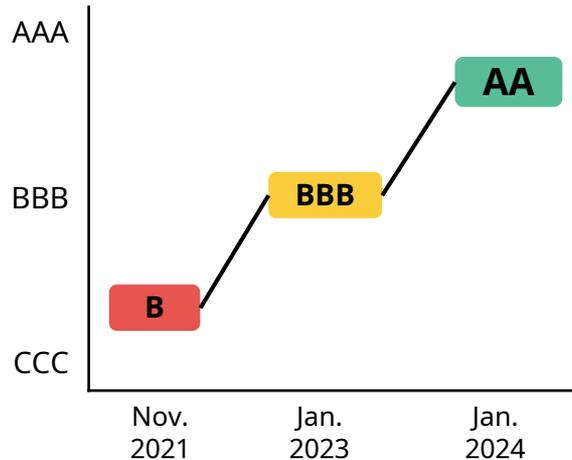
### Promote value co-creation with society to realize our "Purpose"

- First "AA" rating in the January 2024 MSCI ESG ratings
- Pigeon's educational program for junior high school students across Japan, "A Lesson on Babies: For a Baby-Friendly Future," received the Incentive Award in the 2023 "Award for Companies Promoting Youth Experiential Activities" sponsored by the MEXT (Ministry of Education, Culture, Sports, Science and Technology).

### Purpose of the Pigeon Group



### History of our rating by MSCI



### Providing educational programs for junior high school students to develop an interest in babies (Japan)



# Progress of the 8th Mid-Term Plan: Results of Year 1

In the first year of the 8th MTP, the Japan business and Lansinoh business progressed as expected. Although the performance of the China and Singapore businesses fell short of the initial plan, activities based on the basic strategy steadily produced results in each business.

## Brand strategy

- Promoting activities to realize "Purpose" on a global scale
- Baby-Friendly Future Vision Workshop (in-company)
- Selected as one of the "Best Japan Brands" for four consecutive years

## Product strategy

- Existing areas: Sales of Nursing bottles and nipples increased as a group.
- New areas: Launch of new categories and expansion of product lineups in each business (Baby care appliances, age-up, women's care, etc.)

## Regional strategy

- Japan business achieved improved profitability through price revisions
- Established own office in Kenya to enter the African market

FY Dec. 2023  
Sales in New areas

Over 3 bn yen



Babycare Appliances



Age-up products



Women's Care

# Earnings Forecast for FY Dec. 2024

# FY Dec. 2024 Earnings Forecast - Consolidated P&L

Continue to strengthen existing areas and expand new areas based on the Key strategies of the 8th Mid-Term Business Plan. Recovery of sales in the China business is priority #1, and aim to increase sales and profits by thoroughly investing in growth.

| Unit: Million JPY                                  | Dec. 2023 |            | Dec. 2024                 |               |               |
|--|-----------|------------|---------------------------|---------------|---------------|
|  | Actual    | % of Total | Forecast                  | % of Total    | YoY Change    |
| <b>Net Sales</b>                                   | 94,461    | 100.0%     | <b>101,000</b>            | <b>100.0%</b> | <b>106.9%</b> |
| <b>Cost of Sales</b>                               | 49,008    | 51.9%      | <b>50,200</b>             | <b>49.7%</b>  | <b>102.4%</b> |
| <b>Gross Profit</b>                                | 45,452    | 48.1%      | <b>50,800</b>             | <b>50.3%</b>  | <b>111.8%</b> |
| <b>SG&amp;A Expenses</b>                           | 34,726    | 36.8%      | <b>39,400</b>             | <b>39.0%</b>  | <b>113.5%</b> |
| <b>Operating income</b>                            | 10,726    | 11.4%      | <b>11,400</b>             | <b>11.3%</b>  | <b>106.3%</b> |
| <b>Ordinary income</b>                             | 11,522    | 12.2%      | <b>11,400<sup>*</sup></b> | <b>11.3%</b>  | <b>98.9%</b>  |
| <b>Net Income Attributable to Owners of Parent</b> | 7,423     | 7.9%       | <b>7,600</b>              | <b>7.5%</b>   | <b>102.4%</b> |

\* Subsidy income not included

[Currency Rates]

2024 Forecast: US\$1 = JPY 135.00

2023 Results: US\$1 = JPY 140.58

CNY 1 = JPY 19.50

CNY 1 = JPY 19.83

# FY Dec. 2024 Earnings Forecast - by Business Segment

| Unit: Million JPY                         | Dec. 2023 Actual |               |              |                | Dec. 2024 Forecast |               |               |              |                |
|---|------------------|---------------|--------------|----------------|--------------------|---------------|---------------|--------------|----------------|
|   | Net Sales        | % of Total    | Gross Margin | Segment Profit | Net sales          | % of Total    | YoY Change    | Gross Margin | Segment Profit |
| <b>Consolidated Net Sales</b>             | <b>94,461</b>    | <b>100.0%</b> | <b>48.1%</b> | <b>10,726</b>  | <b>101,000</b>     | <b>100.0%</b> | <b>106.9%</b> | <b>50.3%</b> | <b>11,400</b>  |
| Japan Business                            | 36,865           | 39.0%         | 33.7%        | 2,006          | 36,440             | 36.1%         | 98.8%         | 35.1%        | 2,450          |
| China Business                            | 33,045           | 35.0%         | 53.8%        | 8,858          | 37,700             | 37.3%         | 114.1%        | 57.0%        | 9,900          |
| Singapore Business                        | 13,085           | 13.9%         | 37.9%        | 1,235          | 14,000             | 13.9%         | 107.0%        | 37.1%        | 1,350          |
| Lansinoh Business                         | 18,480           | 19.6%         | 54.9%        | 1,453          | 19,400             | 19.2%         | 105.0%        | 58.8%        | 1,550          |
| Elimination of inter-segment transactions | (7,016)          | (7.4%)        | —            | —              | (6,540)            | (6.5%)        | —             | —            | —              |

## ▼[Reference] Breakdown of Japan Business

| Unit: Million JPY   | Dec. 2022 Actual |            |              |                | Dec. 2023 Actual |            |            |              |                |
|---------------------|------------------|------------|--------------|----------------|------------------|------------|------------|--------------|----------------|
|                     | Net Sales        | % of Total | Gross Margin | Segment Profit | Net Sales        | % of Total | YoY Change | Gross Margin | Segment Profit |
| Baby Care           | 26,238           | —          | 38.2%        | 2,278          | 26,600           | —          | 101.4%     | 39.4%        | 2,502          |
| Childcare Services  | 3,447            | —          | 15.9%        | 208            | 3,250            | —          | 94.3%      | 17.1%        | 200            |
| Health & Elder Care | 5,005            | —          | 31.1%        | 464            | 4,569            | —          | 91.3%      | 34.2%        | 377            |



# FY Dec. 2024 Forecast - Strategy of Japan Business

Continue to improve profitability through new value creation by leveraging our strengths and uniqueness

## Business Environment:

- Annual births are expected to decrease. Inbound sales are planned at zero.
- Assumed decrease in sales due to transfer of shares in Pigeon Manaka. Impact on operating income is expected to be negligible

## Existing Areas:

- Building a dominant No. 1 position in Nursing bottles and nipples, and baby skincare
- Launched “My Bonyu-Jikkan”, Japan's first\* customizable nursing bottles (January)
- New Fuji plant: Launch of "Moisture Mist Emulsion" that can be used directly on wet skin (February)

## New areas, Monozukuri:

- Strengthen sales in the baby care appliance category. Start sales of Lansinoh products in the Japanese market (planned for the 2H of Yr 2024).
- Strengthening Monozukuri of Age-Up products. Deepening of baby research and feeding research

## Strengthen Sales and Communication

- Strengthening of our own EC platform (development of EC-only products, etc.).
- Strengthen customer communication both digital and offline



# FY Dec. 2024 Forecast - Strategy of China Business

**Thoroughly invest in growth areas with top priority on sales recovery in mainland China. Build a solid position as a #1 brand to achieve sustainable growth**

## Business Environment:

- The decrease in the annual number of births in 2023 is within our expectation (9.02 million, -5.6% YoY)
- Total number of marriages at the end of September 2023 increased by +4.5% YoY (Ministry of Civil Affairs, China)
- Assumed that the impact of ALPS treated water will not be zero in 2024, but not as much as in 2023

## Existing Areas:

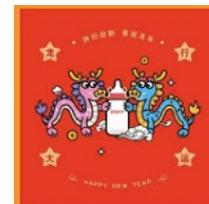
- Aggressive investment in growth in Nursing bottles/nipples and Skincare
- Refresh growth strategy for Nursing bottles/nipples to reach 50% market share.
- In Skincare, strengthen product competitiveness

## New areas, Monozukuri:

- Growth due to full production of natural weaning series and year-round sales effects
- Expansion of Age-Up products and strengthening of new product development to meet local needs

## Strengthen Sales and Communication

- Intensified brand exposure and communication on Tiktok, Pinduoduo and Redbook
- Continue to strengthen marketing activities on existing EC platforms
- Strengthen branding and sales in regional cities, expand offline exclusive products



# FY Dec. 2024 Forecast - Strategy of Singapore Business

Re-entering a growth trajectory by focusing on Nursing bottles/nipples, and skincare products as inventory levels normalize.

## Business Environment:

- Inventory levels in major countries are expected to normalize by the end of Q1 2024
- External sales are expected to grow by double-digits YoY. Priority markets are Indonesia, India, Middle East, Malaysia, and Vietnam

## Existing areas:

- Nursing bottles: Rebranding Wide-neck nursing bottles. Also utilizing Pigeon's official brand character, "Howapipi" in some South-eastern Asia.
- Skincare: Growth due to expansion of Natural Botanical skincare product lineup and increased exposure on Social medias and in stores (e-commerce and offline)

## New areas, manufacturing:

- Expansion of Age-up products and regionally limited products centered on Nursing bottles/nipples, and Skincare, etc.
- African market development. Started sales of Pigeon products in Kenya

## Strengthen organizational and operational capabilities

- Assigning a person in charge of R&D (Managing officer) to strengthen and speed up Monozukuri initiatives in the region



# FY Dec. 2024 Forecast - Strategy of Lansinoh Business

Continue to invest for stable growth in existing areas and brand expansion through product category expansion

## Business Environment:

- In North America, despite intensifying competition due to the rise of low-priced brands, especially in EC, the market share of mainstay products remained unchanged at No. 1.
- European countries are not optimistic about the external environment, but there is significant room for growth in both existing and new areas.



## Existing Areas:

- Mainstay breastfeeding care category is expected to grow by high single-digit % YoY due to new product launches, etc.
- Accelerating growth in Nursing bottles/nipples, which have been growing in recent years, with increased investment in growth



## New areas, Monozukuri:

- Accelerated growth in prenatal and postpartum care, including new products and market expansion
- Further new product launches in new categories (e.g., Pregnancy care)
- Building a more flexible and agile Monozukuri organization that responds to market changes



## Strengthen Sales and Communication

- Reduce risk of dependence on major retailers by strengthening D2C.
- improve customer purchasing experience

# FY Dec. 2024 Earnings Forecast - Highlight

| Unit: Million JPY                                  | Dec. 2023 |            | Dec. 2024           |            |            |
|--|-----------|------------|---------------------|------------|------------|
|  | Actual    | % of Total | Forecast            | % of Total | YoY Change |
| <b>Net Sales</b>                                   | 94,461    | 100.0%     | 101,000             | 100.0%     | 106.9%     |
| <b>Operating Income</b>                            | 10,726    | 11.4%      | 11,400              | 11.3%      | 106.3%     |
| <b>Ordinary Income</b>                             | 11,522    | 12.2%      | 11,400 <sup>*</sup> | 11.3%      | 98.9%      |
| <b>Net Income Attributable to Owners of Parent</b> | 7,423     | 7.9%       | 7,600               | 7.5%       | 102.4%     |
| <b>Net Assets</b>                                  | 81,087    | —          | 78,512              | —          | 96.8%      |
| <b>Total Assets</b>                                | 100,440   | —          | 99,816              | —          | 99.4%      |
| <b>EPS (yen)</b>                                   | 62.06     | —          | 63.54               | —          | 102.4%     |
| <b>BPS (yen)</b>                                   | 648.73    | —          | 626.37              | —          | 96.6%      |
| <b>ROE **</b>                                      | 9.6%      | —          | 10.0%               | —          | —          |
| <b>ROIC **</b>                                     | 9.3%      | —          | 10.0%               | —          | —          |

\*Subsidy income not included

\*\*Denominators are averages of beginning and end of period

[Currency Rates]

2024 Forecast: US\$1 = JPY 135.00

2023 Results: US\$1 = JPY 140.58

CNY 1 = JPY 19.50

CNY 1 = JPY 19.83

# Shareholder Returns and Investment

| Dividends                | Dec. 2022        |                   | Dec. 2023        |                      | Dec. 2024          |                     |
|--------------------------|------------------|-------------------|------------------|----------------------|--------------------|---------------------|
|                          | Interim (Actual) | Year-end (Actual) | Interim (Actual) | Year-end (Scheduled) | Interim (Forecast) | Year-end (Forecast) |
| Dividend per Share (yen) | <b>38</b>        | <b>38</b>         | <b>38</b>        | <b>38</b>            | <b>38</b>          | <b>38</b>           |
| Dividend payout ratio    | <b>106.1%</b>    |                   | <b>122.6%</b>    |                      | <b>119.8%</b>      |                     |

| Investment-related Indicators (Consolidated)<br>Unit: Million JPY | Dec. 2022        |                   | Dec. 2023        |                   | Dec. 2024            |
|---|------------------|-------------------|------------------|-------------------|----------------------|
|   | Interim (Actual) | Year-end (Actual) | Interim (Actual) | Year-end (Actual) | Full-year (Forecast) |
| Capex (*1)  | 2,814            | 7,259             | 3,775            | 6,320             | 3,950                |
| Depreciation (*2)   | 2,381            | 4,947             | 2,518            | 5,080             | 4,600                |
| R&D Expenses (*3)   | 1,802            | 3,792             | 2,000<br>(*4)    | 4,210<br>(*4)     | <b>4,600</b><br>(*4) |

\*1: Property, plant and equipment and intangible assets (including long-term prepaid expense)

\*2 : Depreciation (including amortization of goodwill)

\*3 : Total expenses of R&D activities, including personnel costs

\*4 : Monozukuri expense

Celebrate babies the way they are



# Disclaimer on Forward-Looking Statements

This material includes certain forward-looking statements about the Pigeon Group. To the extent that statements in this material do not related to historical or current facts, they constitute forward-looking statements.

These forward-looking statements are based on the current assumptions and judgments of the Pigeon Group in light of the information currently available to it, and involve know and unknown risks, uncertainties and other factors, which may affect the statements made in this material.

## Pigeon Corporation

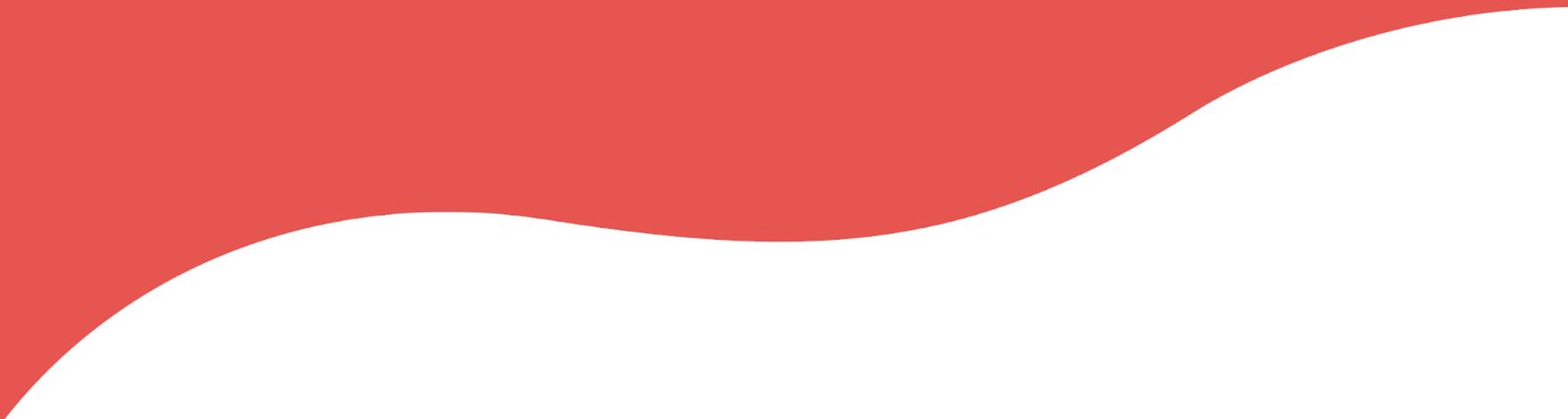
### Head Office

4-4, Nihonbashi-Hisamatsucho, Chuo-ku, Tokyo  
103-8480, Japan

URL <http://www.pigeon.co.jp/>  
<http://www.pigeon.com/>



# Appendix



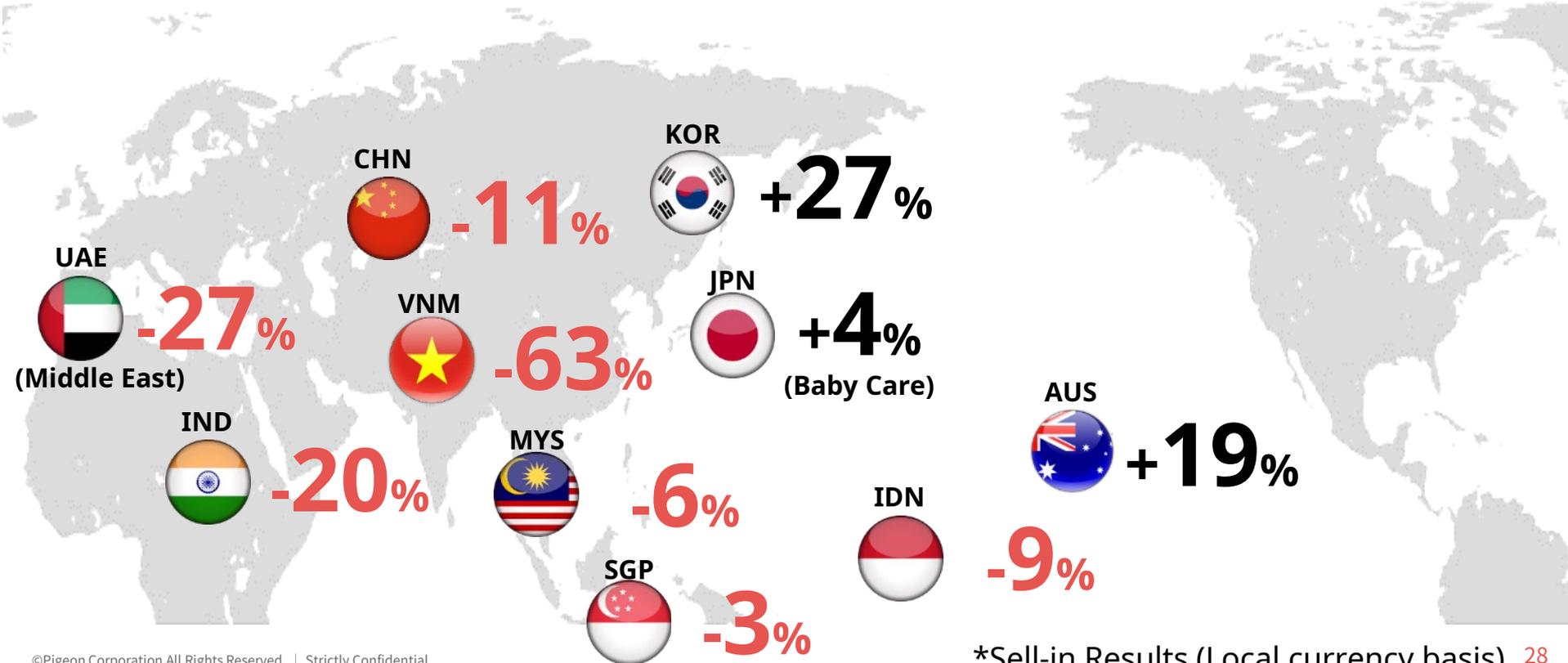
# FY Dec. 2023 Results

# FY Dec. 2023 Results - Financial Highlights (Consolidated)

| Unit: Million JPY                           | Dec. 2022 |            | Dec. 2023      |              |               |
|---|-----------|------------|----------------|--------------|---------------|
|   | Actual    | % of Total | Actual         | % of Total   | YoY Change    |
| Net sales                                   | 94,921    | -          | <b>94,461</b>  | -            | <b>99.5%</b>  |
| Operating Income                            | 12,195    | 12.8%      | <b>10,726</b>  | <b>11.4%</b> | <b>87.9%</b>  |
| Ordinary Income                             | 13,465    | 14.2%      | <b>11,552</b>  | <b>12.2%</b> | <b>85.6%</b>  |
| Net Income Attributable to Owners of Parent | 8,581     | 9.0%       | <b>7,423</b>   | <b>7.9%</b>  | <b>86.5%</b>  |
| Net Assets                                  | 79,952    | —          | <b>81,087</b>  | —            | <b>101.4%</b> |
| Total assets                                | 101,733   | —          | <b>100,440</b> | —            | <b>98.7%</b>  |
| EPS (yen)                                   | 71.72     | —          | <b>62.06</b>   | —            | <b>86.5%</b>  |
| BPS (yen)                                   | 640.96    | —          | <b>648.73</b>  | —            | <b>101.2%</b> |
| ROE *                                       | 11.4%     | —          | <b>9.6%</b>    | —            | -             |
| ROIC *                                      | 10.9%     | —          | <b>9.3%</b>    | —            | -             |

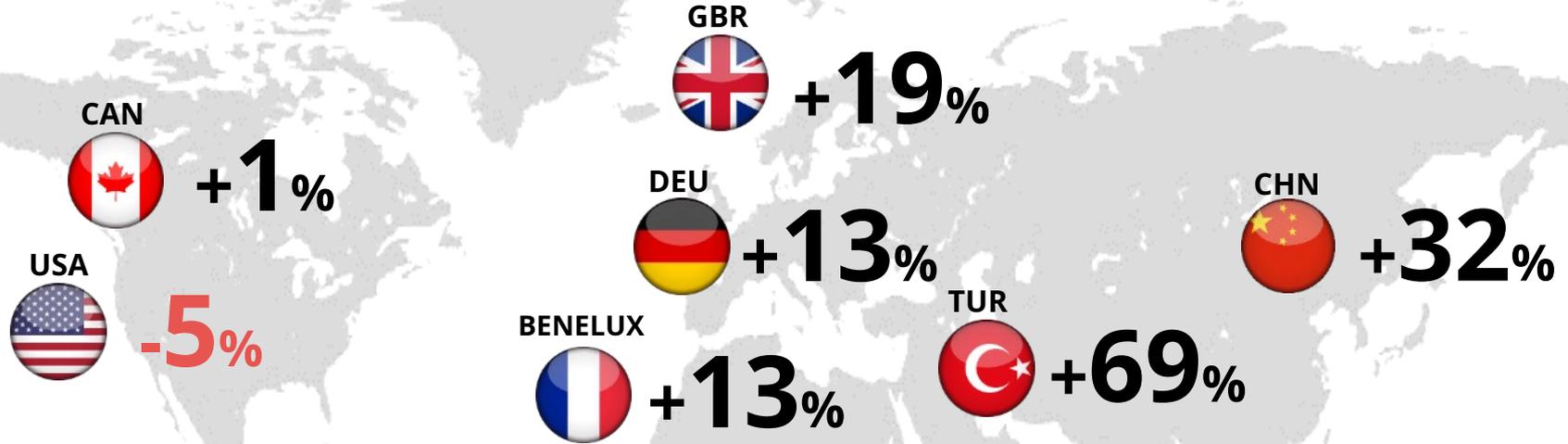
\*Denominators are averages of beginning and end of period

# FY Dec. 2023 Results - Pigeon Sales by Region\* (YoY)



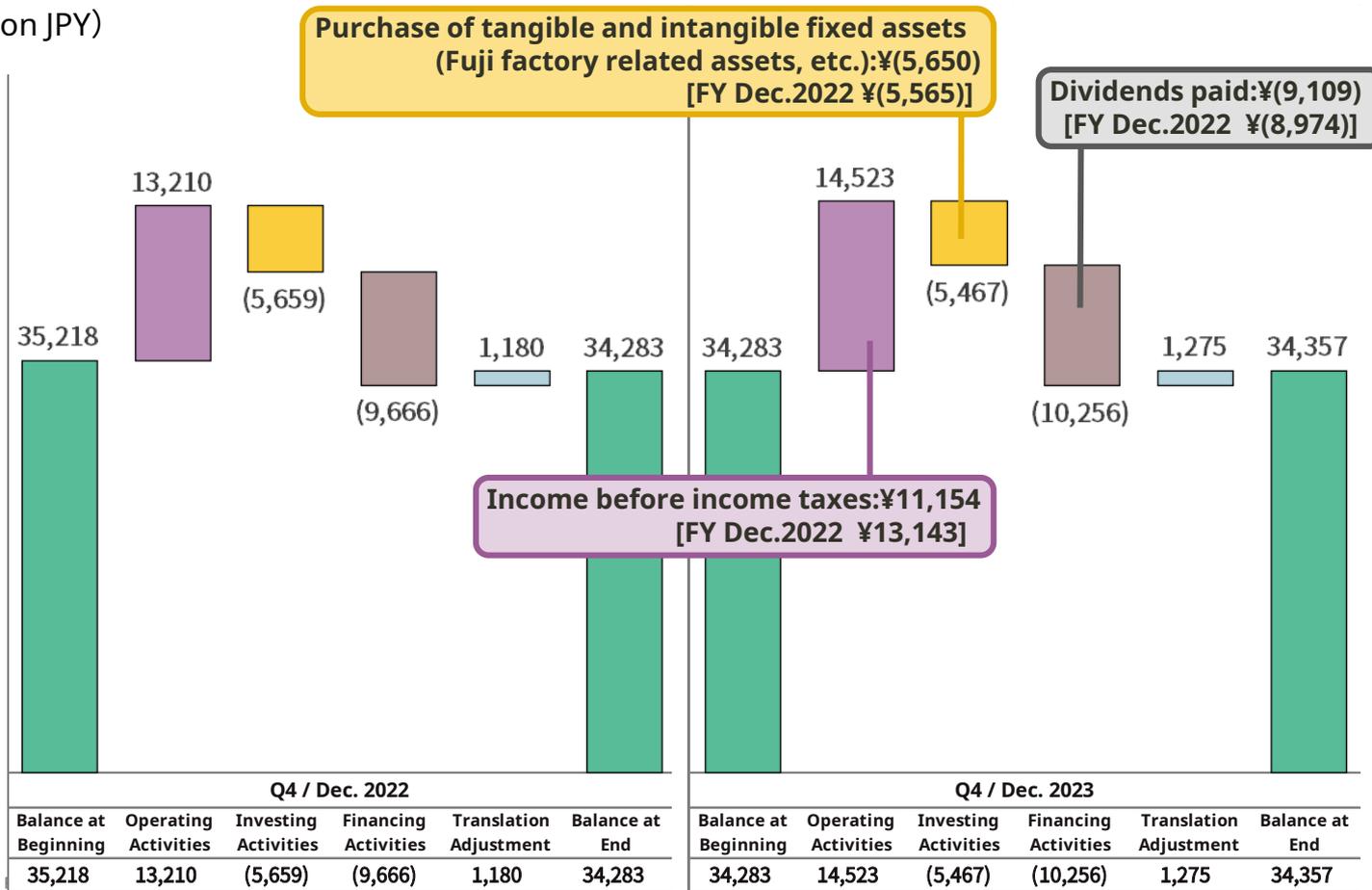
# FY Dec. 2023 Results - Lansinoh Sales by Region\* (YoY)

Lansinoh

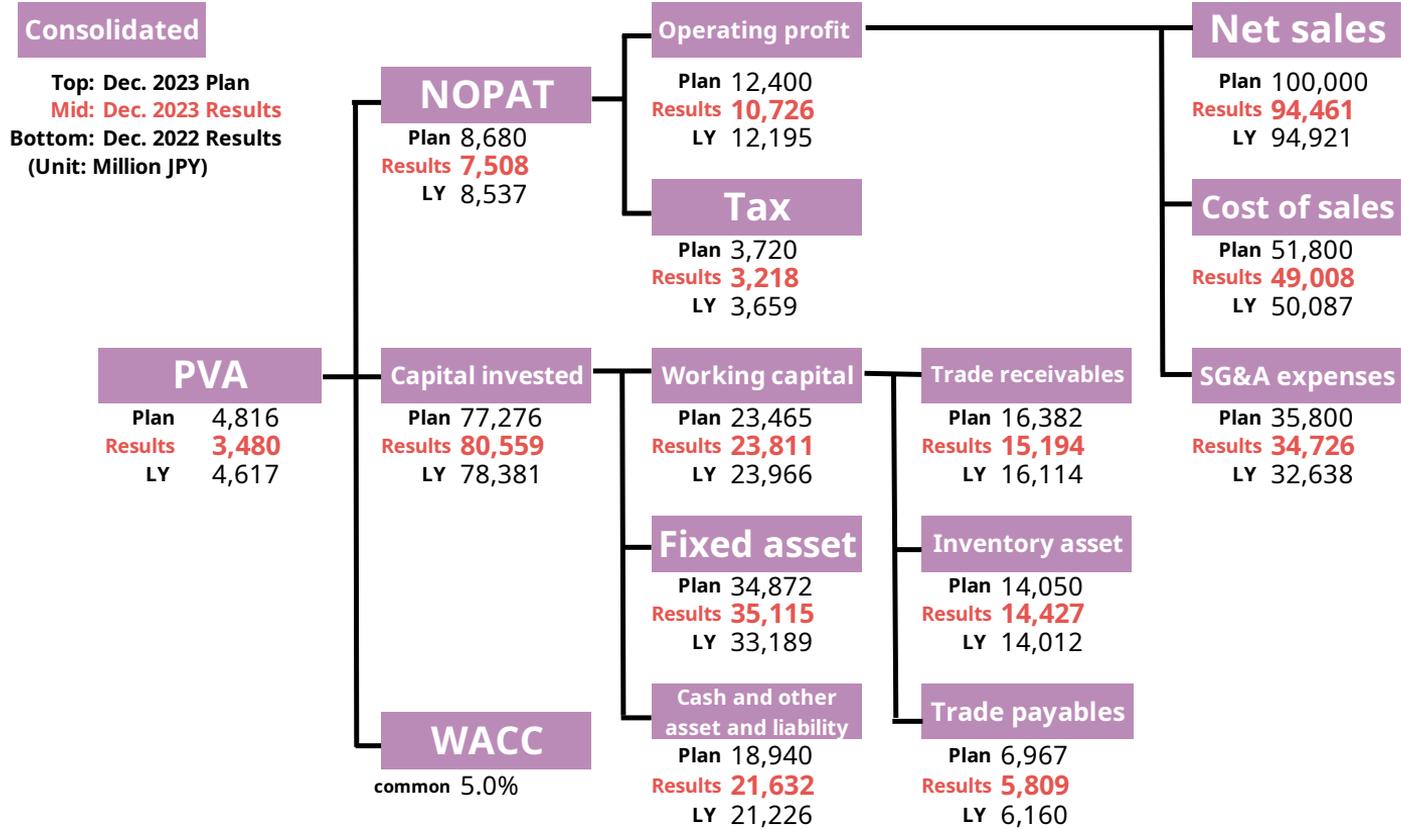


# FY 2023 Results - Consolidated Cash Flow Comparison

(Unit: Million JPY)



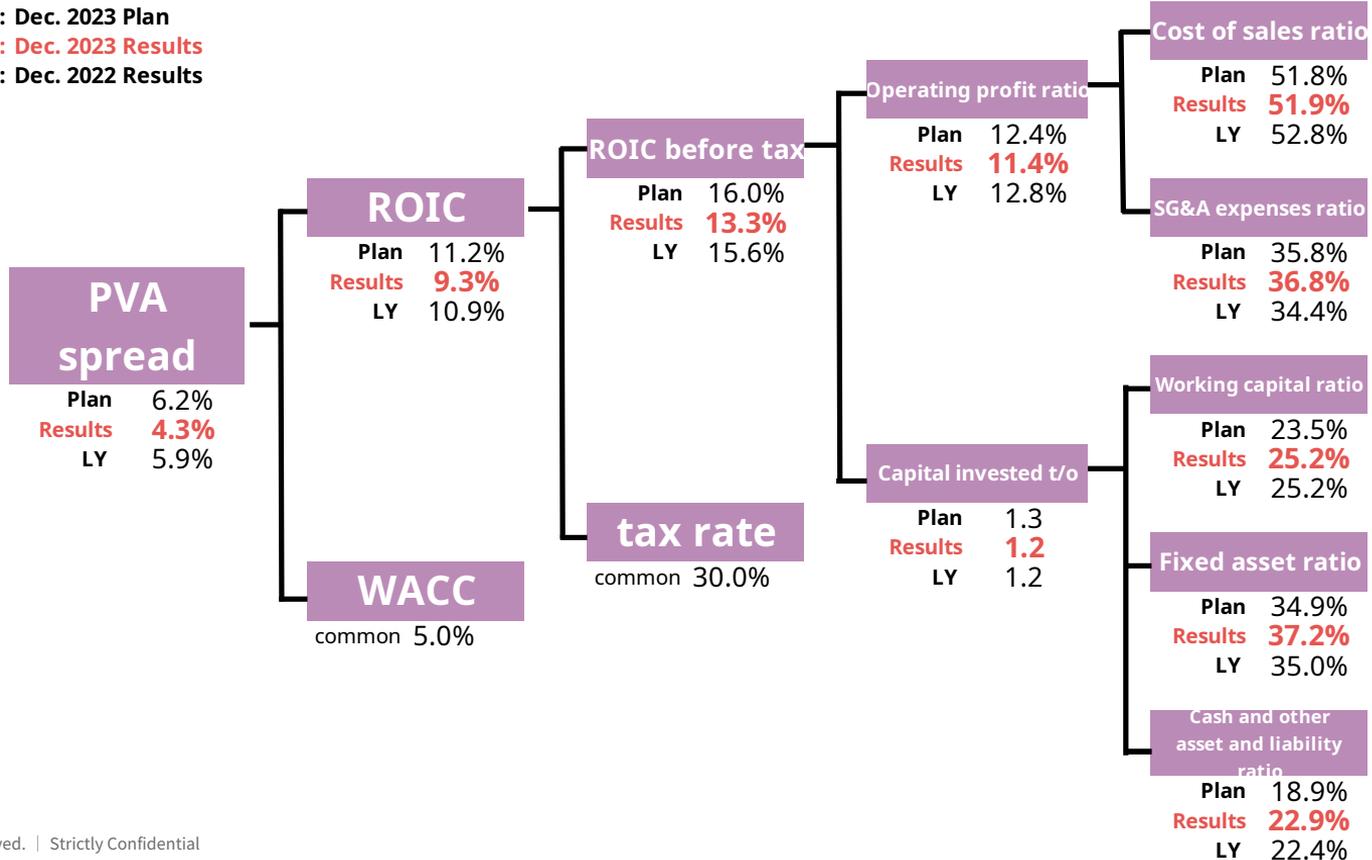
# FY 2023 Results - Consolidated PVA Tree



# FY 2023 Results - Consolidated PVA Tree

## Consolidated

Top: Dec. 2023 Plan  
 Mid: Dec. 2023 Results  
 Bottom: Dec. 2022 Results

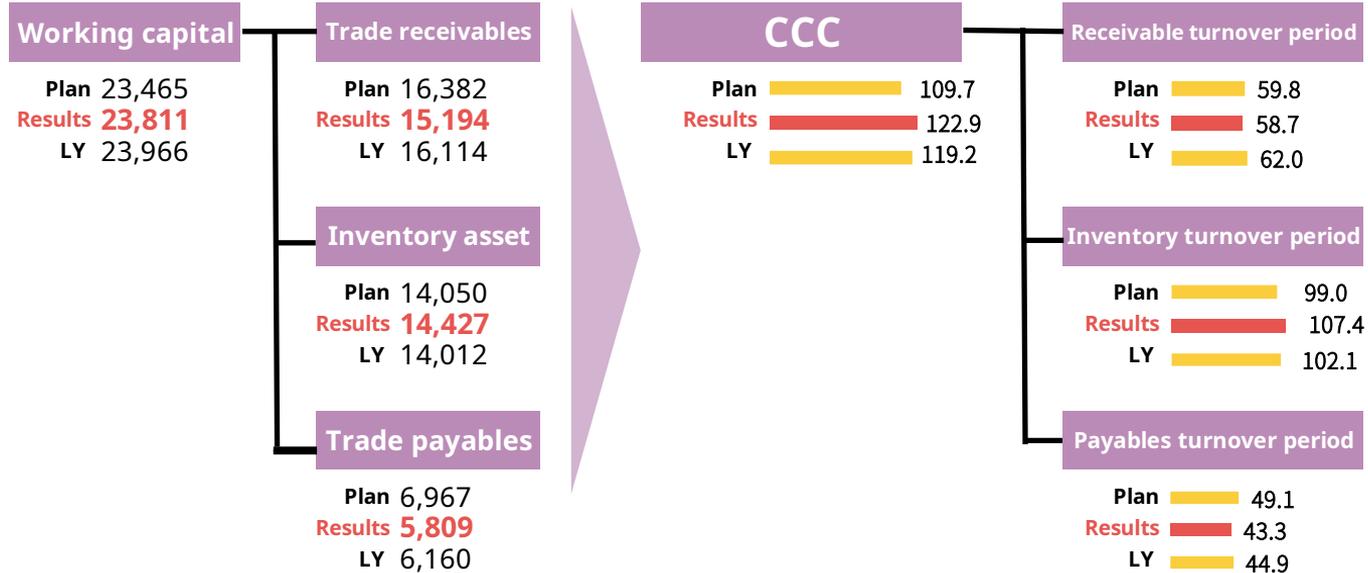




# FY 2023 Results - Consolidated PVA Tree

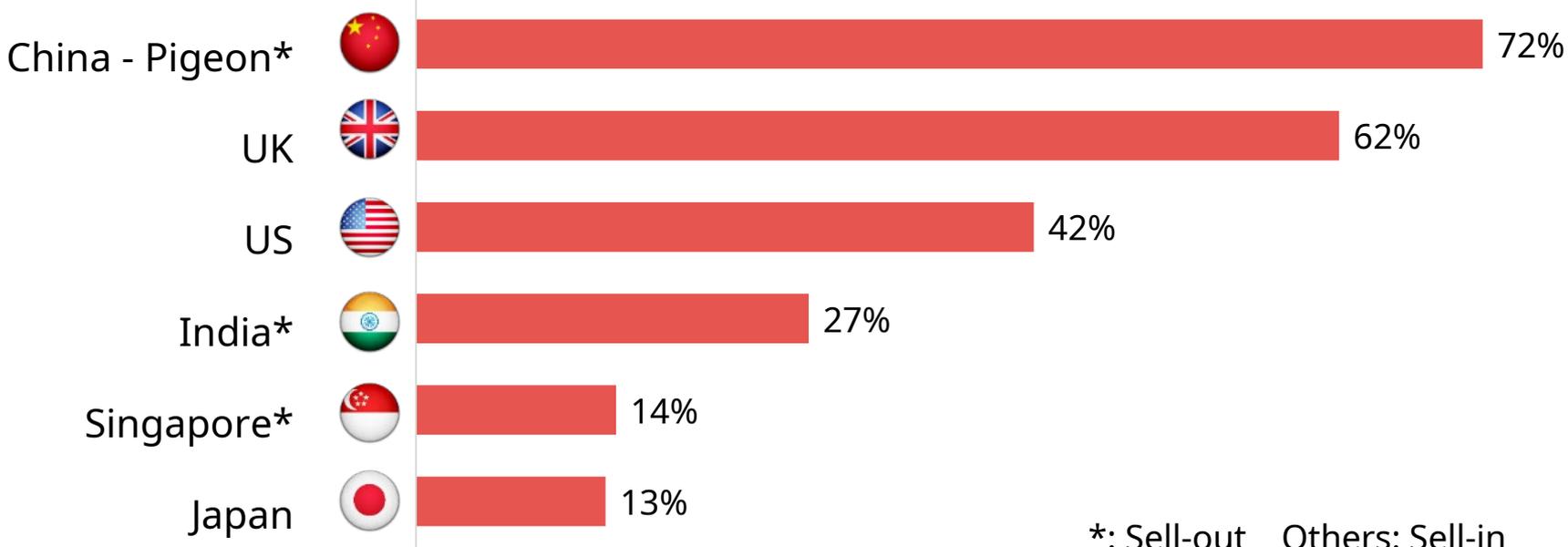
## Consolidated

Top: Dec. 2023 Plan  
 Mid: Dec. 2023 Results  
 Bottom: Dec. 2022 Results  
 (Unit: Million JPY)



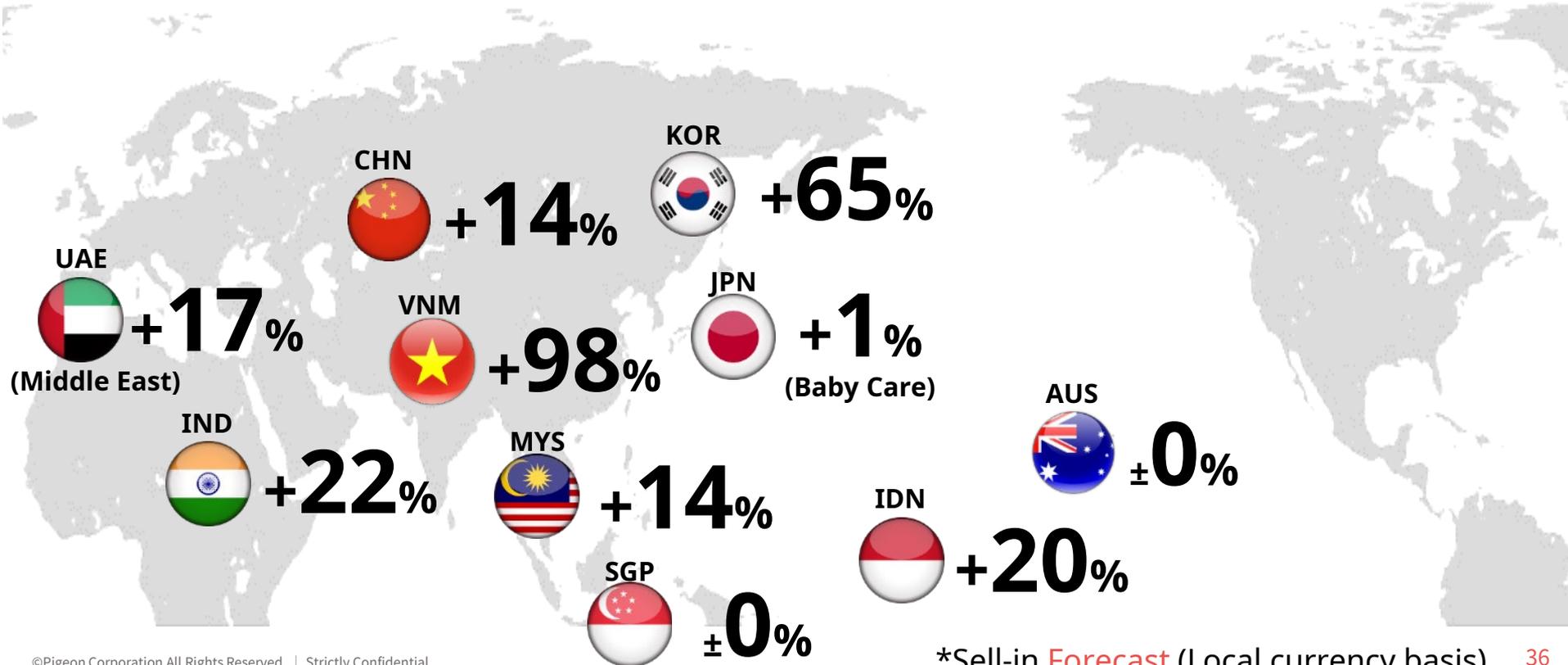
# FY Dec. 2023 Results - E-Commerce Ratio in Key Markets

E-commerce sales ratio of Pigeon / Lansinoh products



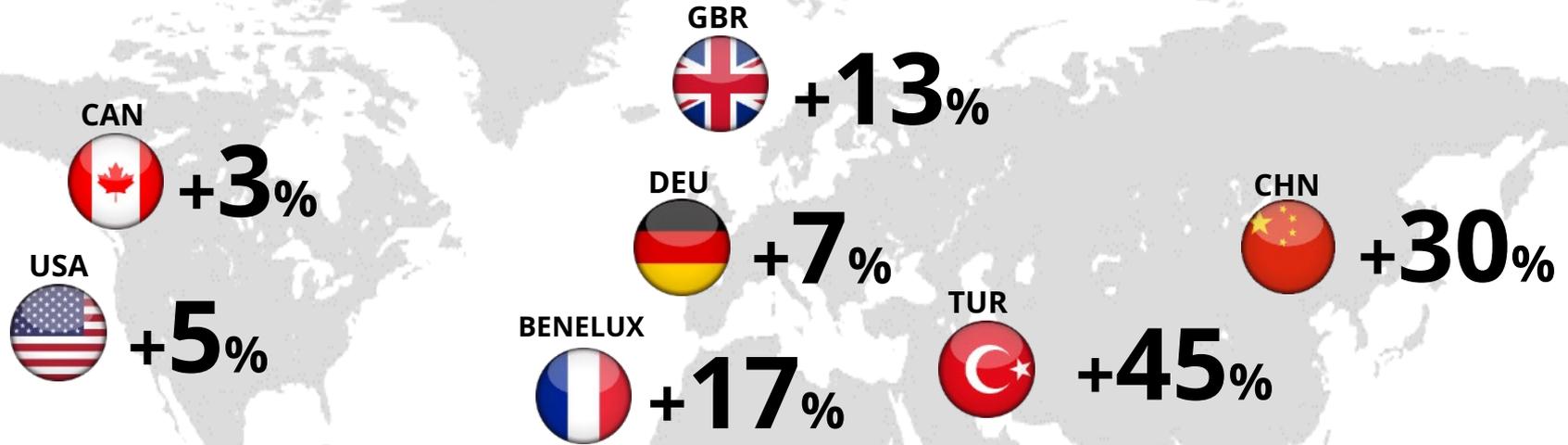
Forecast for FY Dec. 2024 and 8th MTP

# FY Dec. 2024 Forecast - Pigeon Sales by Region\* (YoY)



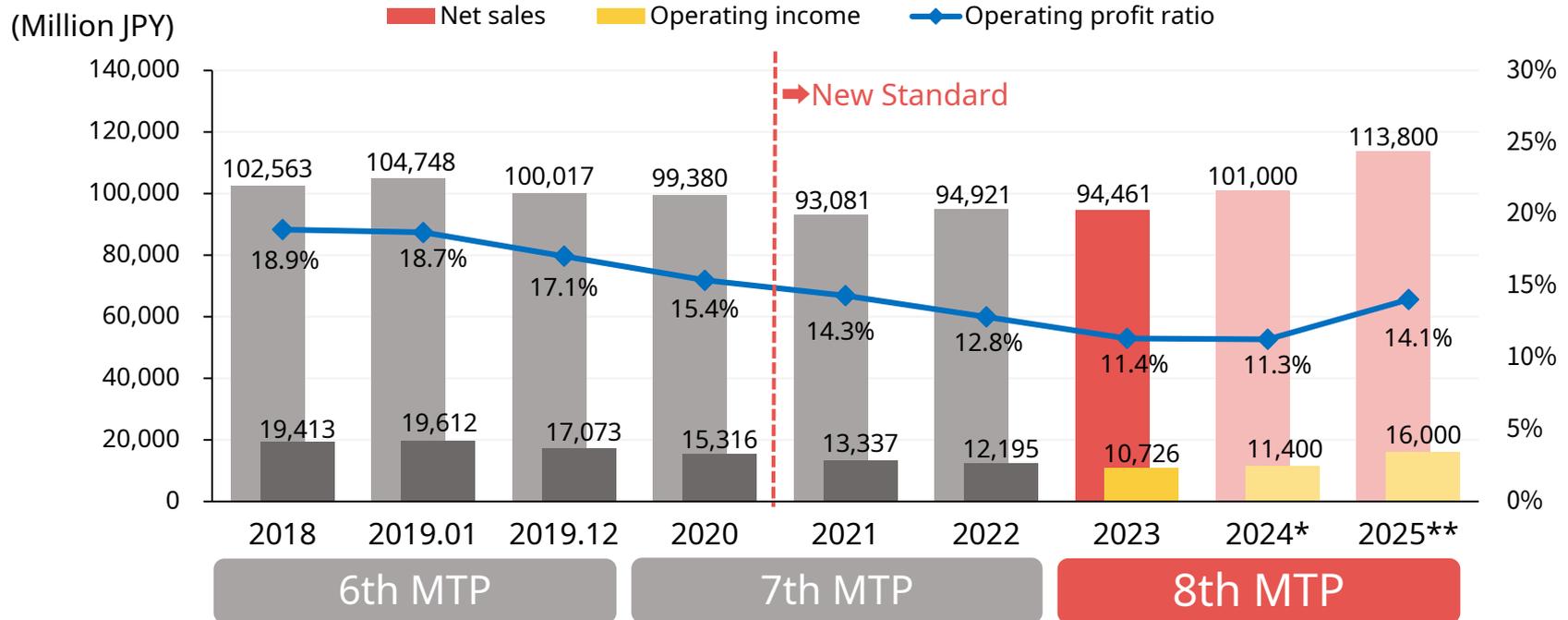
# FY Dec. 2024 Forecast - Lansinoh Sales by Region\* (YoY)

Lansinoh



# Progress of the 8th Mid-Term Plan: Net Sales and Income

- In the first year of the medium-term plan, although the Japanese and Lansinoh businesses progressed better than forecast, the group started the year below plan due in part to the impact of the ALPS treated water in mainland China and adjustments to distribution inventory in the Singapore business.
- In FY Dec. 2024, the company plans to increase both sales and profit over the previous year by implementing thorough investments for growth, placing the highest priority on sales recovery. Steady efforts will be made to achieve the final year's goals.





## Purpose

Our reason for being and the role we should play in society

**We want to make the world more  
baby-friendly by  
furthering our commitment  
to understanding and addressing babies'  
unique needs**



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



## Enhancing Business Competitiveness and Resilience

Becoming essential to society by expanding our corporate value over the medium to long term

Supporting nursing babies

Supporting healthy baby skin development

Creating new businesses

Releasing products that exceed customer expectations

Building resilient distribution systems



## Reducing our Environmental Impact

Practicing eco-friendly *monozukuri* and leaving a rich earth for the future of babies born tomorrow

Reducing greenhouse gas emissions (Scope 1, 2 & 3)

Circular manufacturing

Using sustainable resources (paper & palm oil)



## Contributing to the Resolution of Social Issues

Helping to resolve the social issues that affect babies and families

New products and services for babies needing support

Expanding use of products designed for maternity hospitals

Promoting responsible procurement

Participating in and supporting communities



## Managing talent and Cultivating the Right Culture for our Purpose

Cultivating an organizational culture in which all employees can shine as they embrace new challenges

Working environments that achieve self-fulfillment and growth

Ambitious organizational culture

Enriched investment in human resource development

Promoting Diversity & inclusion



## Establishing solid management foundations

Securing a structural basis for bold and ambitious endeavors that will improve medium- to long-term corporate value

Reinforcing group governance

Reinforcing compliance

Reinforcing risk management

Dialogue with stakeholders



# 8th MTP Themes and Key Strategy

## For Sustainable Growth

Restructuring of business structure in response to global economic, political, and environmental changes

### Key Strategy (deepening the ones of the 7th MTP)

#### Brand Strategy

Centered on “Purpose” for our business activities and strengthening brand power through products

#### Product Strategy

Strengthen “*Monozukuri*”, focus on core categories (Nursing bottles and Skincare), and explore the “New areas”

#### Regional Strategy

- Strengthen autonomous business operation by each SBU.
- Implement the drastic structural reform to establish production and sales systems tailored to market characteristics, improve efficiency and profitability, stabilize the supply chain, and prepare for the expansion of the new markets.

# Vision of a Baby-Friendly Future



## Six specific faces of society



Babies are part of everyone's everyday life



Loose, friendly ties facilitating easy cooperation around raising children



Creativity from babies brings excitement to society



No barriers to raising children



All babies are helped to develop and grow, regardless of the conditions of their birth



A comfortable world where babies are not troubled by environmental risks

We formulated Vision of a Baby-Friendly Future by describing, in terms of six specific faces of society, the “baby-friendly” world envisaged in that Purpose. In order to realize its Vision of a Baby-Friendly Future, Pigeon will move forward step by step, seeking to increase the number of people in society who empathize with the vision and co-creating and taking action with a diverse range of stakeholders.

**Vision of a Baby-Friendly Future website:** <https://www.pigeon.com/vision-of-a-baby-friendly-future/>

The Pigeon Group seeks to maximize economic and social value through communications with all stakeholders, including shareholders and other investors.  
Please check our corporate website to understand our latest management strategies, business results and ESG activities.



## Integrated Report

<https://www.pigeon.com/ir/library/factbook/>

## Sustainability

<https://www.pigeon.co.jp/sustainability/>

## ESG Data Book

<https://www.pigeon.co.jp/sustainability/databook/>

Celebrate babies the way they are

