Summary of Financial Results
for the Fiscal Year Ended December 31, 2024
[Japanese Standards] (Consolidated)

February 14, 2025

Name of Listed Company: Pigeon Corporation (Stock code: 7956)
Listings: Prime Market, Tokyo Stock Exchange
Website: www.pigeon.com
Representative: Norimasa Kitazawa (President and CEO)
Contact person: Nobuo Takubo (Managing Officer, Business Strategy Division Manager)/Tel: +81-3-3661-4204
Scheduled Date of Annual General Shareholders' Meeting: March 27, 2025
Scheduled Commencement Date of Dividend Payments: March 28, 2025
Scheduled Filing Date of Annual Securities Report: March 28, 2025
Preparation of Any Additional Explanatory Materials for Financial Results: Yes
Holding of Any Briefing Session for Financial Results: Yes (For analysts and institutional investors)

1. Consolidated Business Performance for the Fiscal Year Ended December 31, 2024 (January 1 to December 31, 2024)

(1) Consolidated Operating Results (cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY ended December 31, 2024	104,171	10.3	12,139	13.2	13,282	15.3	8,371	12.8
FY ended December 31, 2023	94,461	(0.5)	10,726	(12.1)	11,522	(14.4)	7,423	(13.5)

(Note) Comprehensive income: FY ended December 31, 2024 ¥13,176 million (25.0%)
FY ended December 31, 2023 ¥10,540 million (13.4% negative)

	Net Income per Share (¥)	Diluted Net Income per Share (¥)	Return on Equity (%)	Total Assets/ Ordinary Income (%)	Operating Margin (%)
FY ended December 31, 2024	70.00	ー	10.5	12.7	11.7
FY ended December 31, 2023	62.06	ー	9.6	11.4	11.4

(Reference) Equity in earnings of affiliates: FY ended December 31, 2024 ¥ー million
FY ended December 31, 2023 ¥ー million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (¥)
As of December 31, 2024	108,308	84,607	74.9	678.53
As of December 31, 2023	100,440	81,087	77.2	648.73

(Reference) Shareholders' Equity: As of December 31, 2024 ¥81,144 million
As of December 31, 2023 ¥77,581 million

(3) Cash Flows

	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, 2024	14,281	(1,137)	(10,639)	39,201
FY ended December 31, 2023	14,503	(5,448)	(10,256)	34,357

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, 2023	—	38.00	—	38.00	76.00	9,101	122.6	11.8
FY ended December 31, 2024	—	38.00	—	38.00	76.00	9,101	108.7	11.5
FY ending December 31, 2025 (Forecast)	—	38.00	—	38.00	76.00		108.4	

3. Consolidated Business Performance Forecasts for the Fiscal Year Ending December 31, 2025 (January 1 to December 31, 2025)

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

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full year	109,700	5.3	12,900	6.3	12,900	(2.9)	8,400	0.3	70.24

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-based estimates, and restatements
1) Changes in accounting policies associated with revision of accounting standards: None
2) Changes in accounting policies other than the above 1): None
3) Changes in accounting-based estimates: None
4) Restatements: None

(3) Number of outstanding shares (common stock)
1) Number of shares outstanding at the period-end (including treasury stock)
As of December 31, 2024: 121,653,486 shares
As of December 31, 2023: 121,653,486 shares
2) Amount of treasury stock at the period-end
As of December 31, 2024: 2,064,269 shares
As of December 31, 2023: 2,063,781 shares
3) Average number of shares outstanding during the period
FY ended December 31, 2024: 119,589,445 shares
FY ended December 31, 2023: 119,617,076 shares
(Note) Amount of treasury stock at the period-end includes Company shares held by the board incentive plan (BIP) trust for compensation of directors (169,948 shares as of December 31, 2024; 169,948 shares as of December 31, 2023). Company shares held by the BIP trust for compensation of directors are also included in the treasury stock subtracted in the calculation of the average number of shares outstanding during the period.

* This summary of financial results is exempt from audit by certified public accountants and auditing corporations.

* Cautionary Statement regarding Performance Forecasts
The forecasts and future projections stated in this report have been prepared on the basis of the information and assumption that shall be reasonable as of the date of announcement of this summary information, and the forecasts and future projections stated in this report are in no way intended as a promise of achievement as a company.
In addition, the actual results could differ significantly from forecast figures depending on a variety of factors. See the section "(4) Future Directions" in "1. Overview of Management Results 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 Management Results and Related Matters

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

1) Performance Overview

During the consolidated accounting year under review, economic conditions were mixed both in Japan and globally. The Japanese economy staged a hesitant recovery despite a standstill in personal consumption. In the global economy, while a recovering trend was observed in some regions, outlook was clouded by continuing high interest-rate levels in Western countries, trends in the Chinese economy and possible impact from future policy directions in the United States. Overall a mood of lingering uncertainty prevailed.
Against this background, in 2023 the Pigeon Group is moving forward with its Eighth Medium-Term Business Plan (covering the period from the fiscal year ended December 2023 through the fiscal year ending December 2025). To respond flexibly to a business environment that continues to change rapidly worldwide, thereby ensuring itself of sustainable growth, the Group is steadily implementing three basic strategies (brand strategy, core product strategy and regional strategy). Guided by these strategies, the Group is focusing on pursuing sustainable growth in existing business fields and on exploring and cultivating new growth fields where it can deploy its unique expertise, thereby proactively rebuilding its operating structure. In addition to pursuing business growth, the Group implemented a range of measures to achieve its purpose, which is “to make the world more baby-friendly by furthering our commitment to understanding and addressing babies' unique needs.”
In the consolidated accounting year under review, overseas operations provided the engine for net sales growth, powered by factors such as depreciation of the yen. Net sales increased to ¥104,171 million (up 10.3% YOY). In earnings, a rise in gross profit due to the increase in revenue and a 1.2-point improvement in gross profit margin were sufficient to absorb an increase in selling, general and administrative expenses. Operating income lifted to ¥12,139 million (up 13.2% YOY), ordinary income rose to ¥13,282 million (up 15.3% YOY) and net income attributable to owners of parent reached ¥8,371 million (up 12.8% YOY).
The Pigeon Group recorded extraordinary income and loss on the construction of a plant for Pigeon Home Products Corporation. The Group received a local-government subsidy in connection with the new plant, appropriating extraordinary income of ¥698 million in subsidy income for the consolidated accounting year under review. This subsidy income was offset by appropriation of an extraordinary loss in the form of loss on tax purpose reduction entry of fixed assets of ¥698 million.
On April 1, 2024, Pigeon transferred all of its shares in Pigeon Manaka Corporation (share of voting rights: 67.0%) to Marumitsu Corporation. With this transfer, the Pigeon Group excludes Pigeon Manaka from the scope of consolidation beginning in the consolidated first half of this fiscal year.

The main exchange rates used in the preparation of this consolidated period’s financial statements for the Company’s overseas consolidated subsidiaries (revenues and expenses) are as follows:
・1 US$: 151.48 yen (140.58 yen)
・1 CNY: 21.04 yen (19.83 yen)
Note: Figures in parentheses represent the exchange rate in the previous fiscal year.

2) Segment Review

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

Japan Business

This segment consists of businesses such as the Baby Care Business, Child Care Service Business, and Health & Elder Care Business. The fiscal year ended with a decline in both revenue and earnings for the entire segment, as net sales amounted to ¥36,500 million (down 1.0% YOY) and segment profit was ¥1,998 million (down 0.4% YOY).

In the Baby Care Business (childcare and feminine products), net sales brightened YOY. Impact from the controversy over maritime release of ALPS-treated water persisted, while overseas demand for baby skincare ebbed, particularly in cross-border e-commerce. However, demand for core products such as nursing bottles and nipples remained firm. In childcare appliances, a new category in the Baby Care Business, sales were favorable for SHUPOT, an electric nose cleaner for babies, while Electric Baby Nail File, a device for gentle care of babies' small, tender nails, launched in August 2024 to high acclaim. In December 2024, the Group debuted Bonyu Jikkan Bone China, Japan's only (according to our survey) nursing bottle made in Japan with bone china. The product was developed jointly with Narumi Corporation, a producer of luxury Western-style tableware, as part of Pigeon's Bonyu Jikkan® series of nursing bottles, the market leader in Japan (according to our survey). As a limited-edition product with only 300 units sold, Bonyu Jikkan Bone China responds to diversifying customer values and testifies to the Group's continuing commitment to product innovation.
The Group conducted a number of initiatives in communications, as part of continuous efforts to reinforce its brand. Using social-media sites such as Instalive, the Group showcased products and promoted sales. Through joint presentations with retail outlets, the Group offered seminars to expectant parents. To reach medical practitioners, the Group held multiple online seminars and similar events.
Regarding the Child Care Service Business, we currently provide services at 53 in-company child-care facilities, and shall continue to develop this business further while striving to improve the quality of service content.
In the Health & Elder Care Business, the Group took a number of steps, in terms of both organization and products. On April 1, 2024, Pigeon transferred all of its shares in Pigeon Manaka Corporation, a home elder-care support service, to Marumitsu Corporation, resulting in a corresponding decline in revenue. In sales of elder-care products, the Group will continuously advance sales of related products for excretion support, cleanliness support and eating support, focusing on the Habinurse elder-care brand. The Group will resolutely continue measures to strengthen sales activities, including initiatives for retail outlets, elder-care facilities and others.
In the export portion of the Japan Business, net sales declined due to the impact on China sales of the release of ALPS-treated water in Fukushima.
Earnings declined YOY. The Group was impacted by increasing procurement costs, particularly in baby care. These were prompted by rapid depreciation in the yen, which continued from the start of the fiscal year under review.

China Business
This segment enjoyed growth in both revenues and earnings. Net sales in this segment amounted to ¥39,027 million (up 18.1% YOY), and segment profit was ¥10,066 million (up 13.6% YOY).
In mainland China, a key market for Pigeon, the Group continued to build brand exposure and strengthen sales promotion activities, aiming for steady recovery in net sales from the sharp decline in net sales from the ALPS-treated-water controversy in the previous fiscal year. As a result, net sales in local-currency terms expanded YOY. Sales strengthened YOY for nursing bottles and nipples, which are the Group's core product lines, as well as for skincare products. This segment was buoyed by vigorous sales of baby products, a key part of this segment, and of products for older children, developed in response to the declining birth rate. In consumer communications, the Group took a number of steps to drive sustained business growth. The Group continued to expand brand exposure through social media such as Douyin, the mainland China version of the short-video platform TikTok, and RedNote, a service analogous to Instagram. The Group also reinforced use of digital marketing tools such as livestream shopping. In the run-up to the "double eleven" event in November 2024, China's biggest e-commerce event, the Group enjoyed brisk sales, centered on Pigeon's flagship e-commerce website.
In South Korea, where Group operations are managed through this segment, as well as in the North American market, the Pigeon Group strengthened its brand and carried out sales and marketing

efforts. These initiatives used local sales subsidiaries as their bases.
Earnings rose dramatically YOY, powered by the achievement of net-sales recovery in mainland China and the impact of yen depreciation.

Singapore Business
Both revenues and earnings rose in this segment. Net sales amounted to ¥14,277 million (up 9.1% YOY) and segment profit was ¥1,668 million (up 35.0% YOY).
This segment is responsible for operations in the ASEAN region and India. Shipping adjustments in major markets, continued from the previous fiscal year, were completed. Net sales rose YOY, in part from the exchange-rate effect of yen depreciation. In the core product categories on which this business focuses, the Group continued to pursue brand renewal in major markets for its SofTouch™ Series of nursing bottles and nipples (marketed in Japan as Bonyu Jikkan®). The Group strengthened promotion of the SofTouch™ Drinking Straw Set and SofTouch™ Training Straw Set (marketed in mainland China as the Shizen Rinyu Series), which were launched in Singapore and other countries in July 2024, mainly through online sales. In skincare, we bolstered sales of Natural Botanical Baby, a mainstay product in this segment. We also focused on boosting exposure and promoting sales of a new product, the Natural Botanical Maternity series of skincare products for mothers in various countries. We will continue to target customers in the upper-middle class and higher income brackets, for example by deploying vigorous sales and marketing activities centered on our core products of nursing bottles, nipples and baby skin-care products.
Earnings rose YOY, aided by an increase in gross profit due to increased revenues as well as the impact of yen depreciation.

Lansinoh Business
Both revenues and earnings rose in this segment. Net sales of the segment amounted to ¥21,430 million (up 16.0% YOY) and segment profit increased to ¥1,731 million (up 19.1% YOY).
Net sales in local-currency terms improved YOY in both North America and Europe. In North America, a vital market for this segment, a rebound decline in sales was seen, prompted by the relief of a shortage of powdered milk in the previous fiscal year. However, sales were firm for new models of breast-pump products and prenatal and postnatal care products. In European markets, including the United Kingdom and Germany, sales of products such as nipple creams and prenatal and postnatal care products were brisk.
In North America, the Group launched Kindred Bravely for Lansinoh Nursing & Wearable Pumping Bra in October 2024. This revolutionary breast-pumping bra was created in a collaboration with Kindred Bravely, a maternity and nursing apparel brand. When used in combination with Lansinoh wearable breast pumps, the product enables hands-free breast pumping, so it can also be used as a normal nursing bra. The Group will further expand the product lineup of the Lansinoh brand, aiming to provide more comprehensive support for mothers before and after childbirth.
Earnings rose YOY, supported by increased gross profit due to rising revenues and the impact of yen depreciation.

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

(Assets)
As of December 31, 2024, total assets amounted to ¥108,308 million, up ¥7,868 million from the previous consolidated fiscal year ended December 31, 2023. Current assets had an increase of ¥8,661 million, and fixed assets had a decrease of ¥793 million.
Current assets increased mainly due to increases in cash and deposits of ¥4,843 million and in notes and accounts receivable - trade of ¥3,979 million.
Fixed assets decreased mainly due to a decrease in buildings and structures of ¥718 million.

(Liabilities)
As of December 31, 2024, total liabilities amounted to ¥23,701 million, up ¥4,348 million from the previous consolidated fiscal year ended December 31, 2023. Current liabilities had an increase of ¥3,850 million, and fixed liabilities had an increase of ¥498 million.
Current liabilities increased mainly due to increases in notes and accounts payable - trade of ¥1,552 million, in accounts payable of ¥1,418 million, and in other current liabilities of ¥902 million.
Fixed liabilities increased mainly due to an increase in deferred tax liabilities of ¥421 million.

(Net Assets)
As of December 31, 2024, total net assets amounted to ¥84,607 million, up ¥3,520 million from the previous consolidated fiscal year ended December 31, 2023.
This increase resulted mainly from an increase in foreign currency translation adjustment of ¥4,297 million, despite a decrease in retained earnings of ¥729 million.

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

As of December 31, 2024, cash and cash equivalents (hereinafter referred to as “net cash”) amounted to ¥39,201 million, up ¥4,843 million compared with the end of the previous fiscal year.

Cash Flows from Operating Activities
Net cash provided by operating activities amounted to ¥14,281 million, down from ¥14,503 million of the previous fiscal year. Factors increasing operating cash flows included ¥12,872 million in income before income taxes and ¥4,671 million in depreciation. Contrasting factors included ¥3,427million in income taxes paid.

Cash Flows from Investing Activities
Net cash used in investing activities totaled ¥1,137 million, down from ¥5,448 million of the previous fiscal year. Factors increasing investing cash flows included ¥698 million in subsidies received and ¥465 million in proceeds from sales of tangible fixed assets. Contrasting factors included ¥2,066 million in purchase of tangible fixed assets.

Cash Flows from Financing Activities
Net cash used in financing activities was ¥10,639 million, up from ¥10,256 million of the previous fiscal year. This is mainly due to ¥9,098 million in payment of cash dividends.

Cash flow indicators of the Group are shown below.

	FY ended December 31, 2022	FY ended December 31, 2023	FY ended December 31, 2024
Equity Ratio (%)	75.4	77.2	74.9
Equity Ratio based on Market Price (%)	255.0	193.4	160.8
Debt Repayment Term (years)	0.2	0.2	0.2
Interest Coverage Ratio (times)	137.6	144.0	188.2

- Equity ratio: Total shareholders' equity ÷ Total assets
- Equity ratio based on market price: Market value of total stock ÷ Total assets
- Debt repayment term: Interest-bearing debt ÷ Operating cash flows
- Interest coverage ratio: Operating cash flows ÷ Interest paid

Notes:

1. Each index is calculated based on consolidated financial figures.
2. Market value of total stock is calculated by multiplying the stock price (closing price at the end of the term) by the number of shares outstanding at the end of the term (after deduction of treasury stock).
3. Operating cash flow figures are taken from the Cash Flows from Operating Activities section of the Consolidated Statements of Cash Flows.
4. Interest-bearing debt refers to all debt that incurs interest (listed in Consolidated Balance Sheets).
5. For interest paid, interest expenses (listed in Consolidated Statements of Cash Flows) are used.

(4) Future Directions

The Pigeon Group's main area of operations is in "childcare and feminine products." The business environment enfolding this domain was impacted by a wide variety of factors in the fiscal year under review. As birthrates continued to fall in the Group's key markets of Japan and China, as well as worldwide, high prices for inputs such as materials and energies raised prices; the COVID-19 pandemic changed customers' perspectives on value, consumption patterns and child-rearing habits; and the emergence of local brands intensified competition. Amid the dizzying pace of these changes in the business environment, uncertainty about prospects for the global economy is intensifying as international tensions and conflicts raise geopolitical risk. Forecasting remains as difficult as ever.
Notwithstanding the above concerns, cause for optimism remains. Despite its declining birthrate, China, the Group's mainstay market, is still vast, with 9 million children born each year and a middle class that is growing rapidly. In other Asian countries and emerging economies, many countries are characterized by large numbers of births; as e-commerce spreads and develops and economies grow, consumption rates can be expected to rise over the medium-to-long term. Even in Japan, a mature market, changes in child-rearing habits and consumer behavior are expected to create new growth opportunities. In North America and Europe, where opportunities had hitherto been considered limited, the Group is making concerted efforts to expand operations in childcare products. Looking at the worldwide picture, many markets remain in which the Pigeon Group has not yet entered. By strengthening and intensifying its business activities in these existing and new markets, the Group can achieve considerable growth going forward.
The fiscal year ending December 31, 2025 is the final year of the Group's Eight Medium-Term Business Plan, which covers the period from the fiscal year ended December 2023 to the fiscal year ending December 2025. In this final year of the Plan, the Group will strive to maximize results from its efforts in each business, responding to issues spelled out in the current Plan and seek out avenues for growth in the next Plan. Taking into account its business results for the consolidated period under review, the Group's forecast of business results in the next fiscal year is as follows: Net sales of ¥109,700 million (up 5.3% YOY), operating income of ¥12,900 million (up 6.3% YOY), ordinary income of ¥12,900 million (down 2.9% YOY) and net income of ¥8,400 million (up 0.3% YOY).

(5) Income Appropriation Policy and Dividends for the Term Under Review and Next Term

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. Internal reserves are put to effective use to ensure the future profitability of the Group. Applications for internal

reserves include not only strengthening the Group's financial position but also investing in R&D and new business fields for further growth and investing in production facilities to strengthen the corporate brand, raise production capacity, reduce costs, enhance product quality and grow through strategies such as mergers and acquisitions.
With respect to targets of shareholder return, under the Eighth Medium-Term Business Plan (for the period between the fiscal year ended December 2023 and the fiscal year ending December 2025) 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 aforementioned policy and targets, the Group distributed an interim dividend for the term under review of ¥38 per share (ordinary dividend of ¥38). For the year-end dividend, the Group forecasts a dividend of ¥38 per share (ordinary dividend of ¥38). As a result, the annual dividend for the term under review will total ¥76 per share (ordinary dividend of ¥76), which is the same level as the previous fiscal year.
As in the fiscal year under review, the annual dividend for the next fiscal year is expected to total ¥76 per share. This dividend is based on the targets of shareholder return set out under the Eighth Medium-Term Business Plan: further improvement of consolidated business results and financial position, along with continuous, stable dividend supporting existing dividend levels.

2. Basic Approach for the Selection of Accounting Standards

For the time being, our 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 Main Notes
(1) Consolidated Balance Sheets

(Millions of yen)

	At December 31, 2023	At December 31, 2024
ASSETS		
I. Current Assets:		
Cash and deposits	34,357	39,201
Notes and accounts receivable - trade	14,412	18,392
Merchandise and finished goods	9,575	10,356
Work in process	515	616
Raw materials and supplies	3,443	3,038
Receivables	1,158	399
Other current assets	1,581	1,514
Allowance for doubtful accounts	(245)	(57)
Total Current Assets	64,800	73,462
II. Fixed Assets:		
1. Tangible Fixed Assets:		
Buildings and structures	28,586	28,729
Accumulated depreciation and accumulated impairment loss	(14,450)	(15,311)
Buildings and structures, net	14,136	13,418
Machinery, equipment and vehicles	24,465	23,114
Accumulated depreciation	(17,863)	(16,778)
Machinery, equipment and vehicles, net	6,602	6,336
Tools, furniture and fixtures	11,068	12,143
Accumulated depreciation and accumulated impairment loss	(8,017)	(9,158)
Tools, furniture and fixtures, net	3,051	2,984
Land	7,655	7,354
Construction in progress	507	748
Total Tangible Fixed Assets	31,952	30,841
2. Intangible Fixed Assets:		
Goodwill	215	20
Software	1,032	1,031
Other intangible fixed assets	235	243
Total Intangible Fixed Assets	1,483	1,295
3. Investments and Other Assets:		
Investment securities	558	553
Deferred tax assets	1,131	1,535
Other	517	624
Allowance for doubtful accounts	(4)	(4)
Total Investments and Other Assets	2,203	2,709
Total Fixed Assets	35,639	34,846
Total Assets	100,440	108,308

(Millions of yen)

	At December 31, 2023	At December 31, 2024
LIABILITIES		
I. Current Liabilities:		
Notes and accounts payable - trade	3,643	5,195
Electronically recorded obligations - operating	1,365	369
Short-term borrowings	76	—
Accounts payable	2,353	3,771
Accrued expenses	1,805	2,189
Income taxes payable	495	996
Accrued bonuses to employees	923	1,067
Provision for expenses related to voluntary product recall	—	20
Provision for loss on litigation	6	6
Other current liabilities	2,862	3,765
Total Current Liabilities	13,532	17,383
II. Fixed Liabilities:		
Lease liabilities	1,824	1,769
Deferred tax liabilities	2,984	3,405
Net defined benefit liability	612	659
Provision for share-based remuneration	190	248
Other fixed liabilities	207	234
Total Fixed Liabilities	5,820	6,318
Total Liabilities	19,352	23,701
NET ASSETS		
I. Shareholders' Equity:		
Capital stock	5,199	5,199
Capital surplus	5,132	5,132
Retained earnings	59,033	58,303
Treasury stock	(1,488)	(1,489)
Total Shareholders' Equity	67,876	67,145
II. Accumulated Other Comprehensive Income:		
Valuation difference on available-for-sale securities	33	28
Foreign currency translation adjustment	9,672	13,969
Total Accumulated Other Comprehensive Income	9,705	13,998
III. Non-controlling Interests	3,505	3,463
Total Net Assets	81,087	84,607
Total Liabilities and Net Assets	100,440	108,308

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

(Millions of yen)

	Year Ended December 31, 2023	Year Ended December 31, 2024
I. Net Sales	94,461	104,171
II. Cost of Sales	49,008	52,799
Gross profit	45,452	51,372
III. Selling, General and Administrative Expenses	34,726	39,233
Operating Income	10,726	12,139
IV. Non-operating Income:		
Interest income	256	355
Dividend income	12	13
Subsidy income	671	715
Foreign exchange gains	—	1
Other non-operating income	185	189
Total Non-operating Income	1,126	1,276
V. Non-operating Expenses:		
Interest expenses	98	75
Foreign exchange losses	170	—
Other non-operating expenses	60	57
Total Non-operating Expenses	329	132
Ordinary Income	11,522	13,282
VI. Extraordinary Income:		
Gain on sales of fixed assets	9	158
Gain on sales of shares of subsidiaries and associates	—	0
Subsidy income	19	698
Total Extraordinary Income	29	857
VII. Extraordinary Loss:		
Loss on sales of fixed assets	2	9
Loss on disposal of fixed assets	161	561
Impairment loss	213	—
Loss on tax purpose reduction entry of fixed assets	19	698
Total Extraordinary Loss	397	1,268
Income before Income Taxes	11,154	12,872
Income taxes - current	3,778	4,215
Income taxes - deferred	(186)	100
Total Corporate Income Tax	3,592	4,316
Net Income	7,561	8,556
Net Income Attributable to Non-controlling Interests	137	184
Net Income Attributable to Owners of Parent	7,423	8,371

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Year Ended December 31, 2023	Year Ended December 31, 2024
Net Income	7,561	8,556
Other Comprehensive Income		
Valuation difference on available-for-sale securities	6	(4)
Foreign currency translation adjustment	2,972	4,624
Total Other Comprehensive Income	2,979	4,620
Comprehensive Income	10,540	13,176
(Breakdown)		
Comprehensive income on parent company	10,140	12,664
Comprehensive income on non-controlling interests	400	511

(3) Statement of Changes in Consolidated Shareholders' Equity

I. Fiscal Year Ended December 31, 2023

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	5,199	5,132	60,762	(1,387)	69,706
Changes during the period					
Dividends from surplus			(9,101)		(9,101)
Net income attributable to owners of parent			7,423		7,423
Acquisition of treasury stock				(199)	(199)
Disposal of treasury stock		(50)		98	47
Transfer from retained earnings to capital surplus		50	(50)		—
Changes in items other than shareholders' equity (net)					
Total changes during the period	—	—	(1,728)	(101)	(1,829)
Balance at the end of current period	5,199	5,132	59,033	(1,488)	67,876

	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 the beginning of the period	26	6,962	6,989	3,257	79,952
Changes during the period					
Dividends from surplus					(9,101)
Net income attributable to owners of parent					7,423
Acquisition of treasury stock					(199)
Disposal of treasury stock					47
Transfer from retained earnings to capital surplus					—
Changes in items other than shareholders' equity (net)	6	2,709	2,716	247	2,964
Total changes during the period	6	2,709	2,716	247	1,134
Balance at the end of current period	33	9,672	9,705	3,505	81,087

II. Fiscal Year Ended December 31, 2024

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	5,199	5,132	59,033	(1,488)	67,876
Changes during the 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 the period	—	—	(729)	(0)	(730)
Balance at the end of current 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 the beginning of the period	33	9,672	9,705	3,505	81,087
Changes during the 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 the period	(4)	4,297	4,293	(42)	3,520
Balance at the end of current period	28	13,969	13,998	3,463	84,607

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year Ended December 31, 2023	Year Ended December 31, 2024
I. Cash Flows from Operating Activities:		
Income before income taxes	11,154	12,872
Depreciation	4,881	4,671
Impairment loss	213	—
Amortization of goodwill	198	205
Increase (decrease) in allowance for doubtful accounts	4	(206)
Increase (decrease) in accrued bonuses to employees	(38)	105
Increase (decrease) in net defined benefit liability	3	8
Increase (decrease) in provision for share-based remuneration	(34)	57
Interest and dividend income	(269)	(369)
Interest expenses	98	75
Foreign exchange loss (gain)	(126)	(169)
Loss (gain) on sales of fixed assets	(6)	(149)
Loss on disposal of fixed assets	161	561
Loss on tax purpose reduction entry of fixed assets	19	698
Subsidy income	(19)	(698)
Loss (gain) on sales of shares of subsidiaries and associates	—	(0)
Decrease (increase) in notes and accounts receivable - trade	2,453	(2,765)
Decrease (increase) in inventories	2,544	467
Increase (decrease) in notes and accounts payable - trade	(2,073)	(57)
Increase (decrease) in accounts payable	(6)	613
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(68)	582
Other	(289)	793
Subtotal	18,802	17,295
Interest and dividend income received	166	489
Interest expenses paid	(100)	(75)
Income taxes paid	(4,364)	(3,427)
Net Cash Provided by (Used in) Operating Activities	14,503	14,281
II. Cash Flows from Investing Activities:		
Purchase of tangible fixed assets	(5,484)	(2,066)
Proceeds from sales of tangible fixed assets	61	465
Purchase of intangible fixed assets	(166)	(184)
Purchase of investment securities	(1)	(1)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	94
Subsidies received	19	698
Purchase of insurance funds	(0)	—
Proceeds from cancellation of insurance funds	166	—
Payments for lease deposits	(27)	(157)
Collection of lease deposits	29	35
Other	(46)	(21)
Net Cash Provided by (Used in) Investing Activities	(5,448)	(1,137)

(Millions of yen)

	Year Ended December 31, 2023	Year Ended December 31, 2024
III. Cash Flows from Financing Activities:		
Increase in short-term loans payable	76	—
Decrease in short-term loans payable	—	(98)
Payment of cash dividends	(9,109)	(9,098)
Dividends paid to non-controlling interests	(152)	(504)
Purchase of treasury stock	(199)	(0)
Proceeds from disposal of treasury stock	47	—
Other	(918)	(936)
Net Cash Provided by (Used in) Financing Activities	(10,256)	(10,639)
IV. Effect of Exchange Rate Change on Cash and Cash Equivalents	1,275	2,339
V. Net Increase (Decrease) in Cash and Cash Equivalents	74	4,843
VI. Cash and Cash Equivalents at Beginning of Period	34,283	34,357
VII. Cash and Cash Equivalents at End of Period	34,357	39,201

(5) Notes on Consolidated Financial Statements
(Notes Regarding Going Concern Assumptions)
Not applicable.

(Important Accounting Estimates)
Accounting estimates are reasonable amounts calculated based on the information available at the time of preparation of the consolidated financial statements. From among amounts recorded in the consolidated financial statements for the consolidated fiscal year under review based on accounting estimates, the following items have a risk of having a significant impact on the consolidated financial statements for the next consolidated fiscal year.

Possibility of collecting deferred tax assets
(1) Amount recorded in the consolidated financial statements

(Millions of yen)

	Previous fiscal year (January 1 to December 31, 2023)	Current fiscal year (January 1 to December 31, 2024)
Deferred tax assets	1,131	1,535
Deferred tax liabilities	2,984	3,405

Note: Figures for deferred tax assets and liabilities are the amounts after offsetting for each taxpaying entity.

(2) Information on the content of important accounting estimates for identified items
1) Calculation method
The Group records deferred tax assets for deductible temporary differences that are determined to be recoverable by estimating taxable income based on the budget for the next consolidated fiscal year and forecasts of future performance, and by considering the feasibility.
2) Major assumptions
Based on reasonable assumptions made from the current situation and available information, the Group estimates future performance forecasts which are important in calculating the timing and amount of taxable income.
3) Impact on the consolidated financial statements in the next fiscal year
If there are changes to the preconditions or assumptions made in estimating taxable income and the estimated amount decreases, deferred tax assets may be reduced and the Group may record tax expenses.
Changes in the effective tax rate due to tax reform may have a significant impact on the amount recognized in the consolidated financial statements for the next consolidated fiscal year and subsequent years.

(Additional Information)

(BIP Trust System for Compensation of Directors)

Pigeon has introduced a performance share plan for directors (not including 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 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

Company shares remaining in the trust are appropriated as treasury stock in net assets, based on the book value of the trust (not including the amounts of incidental expenses). The book value of the treasury stock was ¥533 million and number of shares was 169,948 at the end of the previous consolidated fiscal year, and ¥533 million and 169,948 shares at the end of the fiscal year under review.

(Notes on Segment Information, etc.)

Segment Information

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 child care 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 consolidated financial statements.

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

I. Fiscal Year Ended December 31, 2023

(Millions of yen)

	Reporting Segment				Total	Adjustments (Note 1) (Note 2) (Note 3) (Note 4)	Amount Accounted on Consolidated Financial Statements (Note 5)
	Japan Business	China Business	Singapore Business	Lansinoh Business			
Net Sales							
Net sales to external customers	35,027	32,310	8,650	18,472	94,461	—	94,461
Internal sales or exchange between segments	1,838	734	4,434	8	7,016	(7,016)	—
Total	36,865	33,045	13,085	18,480	101,477	(7,016)	94,461
Segment Profit	2,006	8,858	1,235	1,453	13,554	(2,828)	10,726
Segment Assets	27,548	16,653	9,599	11,264	65,066	35,373	100,440
Other Items							
Depreciation (Note 6)	1,105	1,584	1,116	495	4,301	579	4,881
Amortization of Goodwill	—	—	191	7	198	—	198
Increase in Tangible Fixed Assets and Intangible Fixed Assets (Note 7)	4,088	1,066	880	225	6,261	59	6,320

(Notes)

1. The negative amount of ¥2,828 million from adjustments in segment profit includes ¥194 million in elimination of intersegment transactions and negative ¥3,022 million in non-allocable operating expenses. Non-allocable operating expenses are mainly administrative costs of our Group.
2. The amount of ¥35,373 million in adjustments in segment assets includes negative ¥1,311 million in eliminations of inter-segment transactions, and ¥36,685 million in the entire company assets consisting principally of investments of surplus of the parent company (Cash and Deposits), long term investment assets (Investment Securities and the Like) and assets relating to the administrative area.
3. Depreciation adjustments are depreciations relating the entire company assets.
4. Adjustments of increase in tangible fixed assets and intangible fixed assets relate to the entire company assets.
5. Segment profit has been adjusted with the operating income in the consolidated financial statements.
6. Amortization relating to long term pre-paid expenses are included in the depreciation.
7. Increases in tangible fixed assets and intangible fixed assets include increases in long term pre-paid expenses.

II. Fiscal Year Ended December 31, 2024

(Millions of yen)

	Reporting Segment				Total	Adjustments (Note 1) (Note 2) (Note 3) (Note 4)	Amount Accounted on 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
Internal sales or exchange between segments	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 from adjustments in segment profit includes ¥24 million in elimination of intersegment transactions and negative ¥3,350 million in non-allocable operating expenses. Non-allocable operating expenses are mainly administrative costs of our Group.
2. The amount of ¥40,148 million in adjustments in segment assets includes negative ¥1,579 million in eliminations of inter-segment transactions, and ¥41,727 million in the entire company assets consisting principally of investments of surplus of the parent company (Cash and Deposits), long term investment assets (Investment Securities and the Like) and assets relating to the administrative area.
3. Depreciation adjustments are depreciations relating the entire company assets.
4. Adjustments of increase in tangible fixed assets and intangible fixed assets relate to the entire company assets.
5. Segment profit has been adjusted with the operating income in the consolidated financial statements.
6. Amortization relating to long term pre-paid expenses are included in the depreciation.
7. Increases in tangible fixed assets and intangible fixed assets include increases in long term pre-paid expenses.

(Per Share Information)

	Previous fiscal year (January 1 to December 31, 2023)	Current fiscal year (January 1 to December 31, 2024)
Net Assets per Share	¥648.73	¥678.53
Net Income per Share	¥62.06	¥70.00

(Notes) 1. With respect to diluted net income per share, there are no latent shares, thus, has not been disclosed.

2. Company shares held by the BIP trust for compensation of directors are included in the treasury stock 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; 169,948 shares for the current fiscal year).
Furthermore, company shares held by the BIP trust for compensation of directors are included the treasury stock subtracted in the calculation of the average number of shares outstanding during the period when calculating the net income per share (142,676 shares for the previous fiscal year; 169,948 shares for the current fiscal year).

3. The basis for the calculation of the net income per share is as follows.

	Previous fiscal year (January 1 to December 31, 2023)	Current fiscal year (January 1 to December 31, 2024)
Net Income Attributable to Owners of Parent (¥ millions)	7,423	8,371
Amount Not Attributable to Ordinary Shareholders (¥ millions)	—	—
Net Income Attributable to Owners of Parent Relating to Ordinary Shares (¥ millions)	7,423	8,371
Average Number of Ordinary Shares During the Term (shares)	119,617,076	119,589,445

(Material Subsequent Events)

Not applicable.