



August 14, 2024

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Suspected Improper Transactions by Former Employees of a Group Subsidiary

As stated in "Suspected Improper Transactions by Former Employees of a Group Subsidiary and Postponement of the Announcement of Financial Results for the Second Quarter of the FY 2024" published on August 8, 2024, we became aware of the existence of an event (the "Allegation") in which a former employee of our subsidiary in China was suspected of having conducted inappropriate transactions concerning expenses and assets. We have conducted the investigation with outside experts, but since it is expected to take a certain period of time to complete the investigation and various procedures, we have decided to postpone the originally scheduled announcement date of August 8, 2024 for the second quarter of the FY 2024, to August 14, 2024.

We hereby inform you that we have now completed the calculation of investigation and the amount of the impact on our business results.

1. Background and outline of the case and the factual relation investigation

In early July of this year, we discovered an incident at our sales subsidiary in China in which a former employee placed and paid for orders for fixed assets and goods that were suspected of being improper transactions, including fictitious orders and resale. The Company has been conducting an investigation lead by outside experts.

As a result of the investigation, no parties other than the employee in question were found to be involved, and it was determined that the alleged fraud was committed between 2019 and 2024 solely by an individual, and the calculation of the impact of the alleged fraud has been completed.

2. Impact on Our Business Results

The impact of the Allegations is as follows, and each amount has been booked in the second quarter of the current fiscal year.

- Loss on retirement of fixed assets: 392 million yen
- Tax impact: 164 million yen

There is no change in the consolidated earnings forecast and dividend forecast for the FY2024 full-year. We also confirmed that there is no need to retroactively revise the financial statements, as the impact on the financial results of past fiscal years is negligible.

3. Future Actions

We will further analyze the cause of the Allegation and take appropriate recurrence prevention measures.

We deeply apologize to our customers, shareholders, investors, business partners, and all other stakeholders of the Company for the great concern and inconvenience this situation has caused.