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Notice Regarding the Continuance and Partial Revision of the Performance-linked Stock Remuneration Program for Directors

At the meeting of the Board of Directors held on February 13, 2026, Pigeon Corporation ("the Company") passed a resolution as follows to submit to the 69th Ordinary General Meeting of Shareholders scheduled to be held on March 27, 2026 ("the Meeting of Shareholders") a proposal regarding the continuance and partial revision of the executive remuneration BIP (Board Incentive Plan) trust ("the Trust"), a performance-linked stock remuneration plan for the Company's Directors (excluding Outside Directors; the same applies hereinafter) that was introduced in FY2019 ("the Program").

For more information about the program, please refer to the March 11, 2019 release titled "Abolition of Retirement Benefit Program for Directors and Introduction of Performance-linked Stock Remuneration Program" and the February 14, 2023 release titled "Continuance and Partial Revision of Performance-linked Stock Remuneration Program for Directors."

1. Continuance of the Program

(1) In order to clarify the link between directors' remuneration and the Company's business performance and shareholder value, as well as to improve the directors' awareness toward contributing to increasing medium/long-term business performance and corporate value, the Program will be partially revised as described in 2. below and continued.

(2) The partial revisions to the Program shall be in effect following approval at the Meeting of Shareholders.

(3) The Program uses a framework called the director remuneration BIP (Board Incentive Plan; "the BIP Trust"). As in systems such as the performance-linked stock compensation (Performance Share) and RSU (Restricted Stock Units) used in Western countries, the BIP Trust issues shares of the Company or provides funds corresponding to stock share conversion ("the Company's Stock, Etc.") to directors ("the Issuance, Etc.") based on factors such as their position and achievement of performance targets.

2. Partial Revision of the Program

Through trust contract changes and addition of funds to the Trust, the Company will extend the trust period for an additional three years and continue the Program. Following this extension, the Program will now run for an additional three fiscal years from the fiscal year ending December 31, 2026 to the fiscal year ending December 31, 2028. Following the approval of continuance of the Program at the Meeting of Shareholders, the Program will be revised according to the points below. In addition, with the exception of the content listed below, the Program will remain as established in FY2019.



(1) Approach to revision of the Program

The Company has formulated its 9th Medium-Term Business Plan (“the Plan”) covering the three-year period from FY2026 to FY2028. This revision is intended to ensure the steady execution of the Plan, to clarify the link between Directors’ remuneration and the Company’s business performance and shareholder value, and to improve the Directors’ awareness toward contributing to increasing medium/long-term business performance and corporate value. To achieve these goals, the Company will increase the proportion of stock-based remuneration in the remuneration of Directors who are beneficiaries under the Program, thereby establishing a remuneration structure with a clearer link to business performance. The Company will also review the performance-linked indicators used under the Program, and change the maximum amount of the Company’s Stock, Etc. to be acquired by Directors.

(2) Overview of the Program after partial revision

	Before revision	After revision
Maximum amount of the Company’s Stock, Etc. to be acquired by Directors	<ul style="list-style-type: none"> • Company shares equal to the number of points obtained by multiplying <u>65,000</u> points (equivalent to <u>65,000</u> shares) by the number of fiscal years in the applicable period • The maximum for the three fiscal years constituting the applicable period after the revision of the Program shall be <u>195,000</u> points (equivalent to <u>195,000</u> shares) • The number of shares (<u>65,000</u> shares) equivalent to the points per fiscal year described above represents approximately <u>0.05%</u> of the Company’s total number of issued shares (as of December 31, <u>2022</u>, after deducting treasury shares) • The Company’s shares are scheduled to be purchased from the stock market, so no dilution will arise as a result of the Program 	<ul style="list-style-type: none"> • Company shares equal to the number of points obtained by multiplying <u>120,000</u> points (equivalent to <u>120,000</u> shares) by the number of fiscal years in the applicable period • The maximum for the three fiscal years constituting the applicable period after the revision of the Program shall be <u>360,000</u> points (equivalent to <u>360,000</u> shares) • The number of shares (<u>120,000</u> shares) equivalent to the points per fiscal year described above represents approximately <u>0.1%</u> of the Company’s total number of issued shares (as of December 31, <u>2025</u>, after deducting treasury shares) • The Company’s shares are scheduled to be purchased from the stock market, so no dilution will arise as a result of the Program
Performance-linked Coefficient	The Performance-linked Coefficient will be variable from 0 to <u>150%</u> based on the degree of achievement of financial indicators (<u>EPS growth rate</u> , <u>TSR</u> , <u>ROIC</u> , etc.) and <u>non-financial</u> indicator targets specified by the Medium-term Business Plan	The Performance-linked Coefficient will be variable from 0 to <u>200%</u> based on the degree of achievement of financial indicators (<u>TSR</u> , <u>EPS growth rate</u> , <u>ROIC</u> , etc.) and <u>key issue</u> indicator targets specified by the Medium-term Business Plan



(References) Trust Contract Overview

(1)	Type of trust	Monetary trust other than special individual investment monetary trust (third-part-benefit trust)
(2)	Purpose of trust	Providing incentive to Directors
(3)	Entrustor	The Company
(4)	Trustees	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust of Japan, Ltd.)
(5)	Beneficiaries	Directors who meet beneficiary requirements
(6)	Trust administrator	A third-party specialized practitioner with no vested interest in the Company
(7)	Date of agreement of trust extension	May 19, 2026 (provisional)
(8)	Trust period after extension	From May 19, 2026 (provisional) to May 31, 2028 (provisional)
(9)	Treatment of voting rights	Not to be exercised.
(10)	Type of purchased shares	Common stock of the Company
(11)	Maximum trust money	600 million yen (includes trust fee and trust expenses)
(12)	Share purchase period	From May 22, 2026 (provisional) to May 31, 2026 (provisional)
(13)	Share purchase method	Purchase from stock market
(14)	Holder of vested rights	The Company
(15)	Residual assets	The residual assets that the Company, the holder of vested rights, can receive shall be within the extent of the trust expenses reserve, which is trust money less share purchase funds.