

November 1, 2016

Notice Regarding the Medium-Term Management Plan

Kobayashi Pharmaceutical has formulated its medium-term management plan for the period from the fiscal year ending December 31, 2017 to the fiscal year ending December 31, 2019. The Company is pleased to announce details of its plan as follows.

1. Theme of its medium-term management plan

Under its corporate philosophy, "Providing people and society with comfort," Kobayashi Pharmaceutical is aiming to become the No.1 company in new market creation that can solve customers' problems. The theme of its new medium-term management plan is "Growth with real strength." The Company will endeavor to build foundations to grow further under the following four key elements of its strategy.

Key elements of its strategy:

1. Promote the four growth businesses (overseas business, direct marketing business, skin care product business, and Kampo business)
2. Investing in growth for the future
3. Development and cultivation of new market creator products
4. A company where employees can feel growth

2. Target of Operational Results under the Medium-term Management Plan (Unit: Millions of yen)

| | Target of the fiscal year ending December 31, 2019 | <Reference> Forecast of the fiscal year ending December 31, 2016 |
|------------------|--|---|
| Net sales | 165,000 | 142,300 |
| Operating income | 23,000 | 17,900 |
| Profit | 17,000 | 14,200 |
| ROE | 10% | — |

* As Kobayashi Pharmaceutical has changed its book-closing date from March 31 to December 31, its fiscal year ending December 31, 2016 is an irregular accounting period of nine months (April 1, 2016 to December 31, 2016). Accordingly, the Company prepared the above-mentioned forecast of operational results for the fiscal year ending December 31, 2016 (figures for the 12-month period) by combining operational results for the fourth quarter of the fiscal year ended March 31, 2016 (January 1, 2016 to March 31, 2016) for the Company and its consolidated subsidiaries that close their accounts in March and the forecast of consolidated operational results for the fiscal year ending December 31, 2016 (figures for the nine-month period). As the current fiscal year is an irregular accounting period, the Company did not calculate ROE for the fiscal year ending December 31, 2016.