



**小林製薬株式会社**



# **Financial Overview for Fiscal Year Ended December 31, 2022**

**February 15, 2023**

**Satoshi Yamane**  
**Senior Executive Director**  
**General Manager, Group Headquarters**  
**Kobayashi Pharmaceutical Co., Ltd.**

**Celebrated the 10th anniversary of Hefei Kobayashi Daily Products in China and started construction of a new plant.**

**Hefei Kobayashi Daily Products celebrated its 10th anniversary and started construction of a new plant with the target of completion in 2023 to meet expanding demand for body warmers and Netsusama Sheet in China and the Asian region.**



**Switched to environmentally friendly packages.**

**The Company has switched to the use of environmentally friendly packages for various items.**

**In December 2022, it adopted ingredients containing a biomass material for the bottles of *Eyebon*.**



**Acquisition and retirement of the Company's own stock**

**Announced on November 1, 2022.**

**The Company acquired 10.0 billion yen worth of its own shares as treasury stock and retired 4 million shares of its treasury stock.**

## Domestic Business

A 1.4% increase in net sales

(Figures in parentheses are year-on-year changes.)

- Sales of existing products, such as *Bluelet* and *Kaoru Stick*, were sluggish (**-4.4 billion yen**).
- Demand increased from the previous year due to the impact of COVID-19 (+1.0 billion yen).  
→ The spread of Omicron resulted in steady sales of *Nodonool Spray* and *Netsusama Sheet*.
- Sales of new products contributed to a growth in net sales (+4.4 billion yen).
- Demand from inbound tourists increased (+0.4 billion yen).
- Sales of body warmers were solid (+0.1 billion yen).

## International Business

A 33.4% increase in net sales

Sales increased in all regions in addition to positive foreign currency translation effects.

- U.S.: Net sales increased due to strong sales of body warmers and *Netsusama Sheet* (+3.4 billion yen).
- China (Mainland): Net sales grew due to robust sales of *Netsusama Sheet* despite the impact of city lockdowns (+1.8 billion yen)
- Southeast Asia: Net sales increased due to steady sales of *Netsusama Sheet* and *Ammeltz* in each country (+3.2 billion yen).

## Direct Marketing Business

A 6.2% decrease in net sales

- Net sales decreased due to poor sales of health food (**-0.5 billion yen**).

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2022

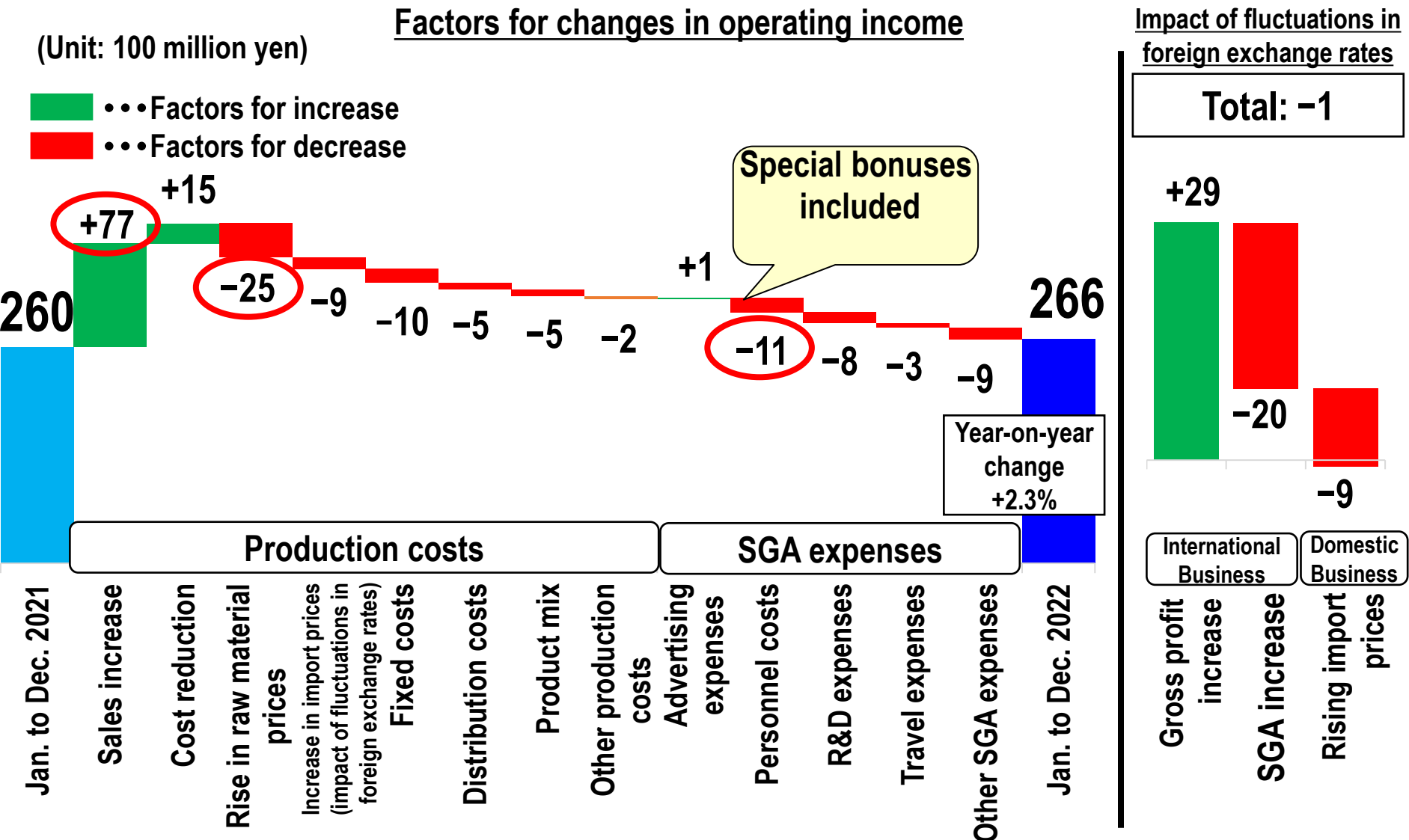
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Unit: 100 million yen	FY2021 (Jan. to Dec. 2021)	FY2022 (Jan. to Dec. 2022)			Published forecasts	
	Amount	Amount	Year-on-year change	Percentage of net sales	Amount	Difference
Net sales	1,552	1,662	+7.1%	-	1,620	+2.6%
Operating income	260	266	+2.3%	16.0%	270	-1.2%
Ordinary income	280	282	+1.0%	17.0%	282	+0.3%
Net income	197	200	+1.6%	12.0%	202	-0.9%
EBITDA*	308	319	+3.6%	19.2%	321	-0.3%
EPS	252.36 yen	259.63 yen	+2.9%	-	259.85 yen	-0.1%
ROE	10.4%	10.2%	-	-	10.1%	-
ROIC	9.6%	9.4%	-	-	9.4%	-
Net sales of Domestic Business	1,159	1,175	+1.4%	-	1,194	-1.6%
Net sales of International Business	297	396	+33.4%	-	328	+21.0%
Net sales of Direct Marketing Business	89	84	-6.2%	-	92	-8.3%

\* EBITDA = Operating income + Depreciation + Amortization of goodwill

# Factors for Changes in Consolidated Operating Income

Raw material prices rose and the Company increased investment for growth.  
Operating income decreased by 0.1 billion yen in total due to the impact of fluctuations in foreign exchange rates.



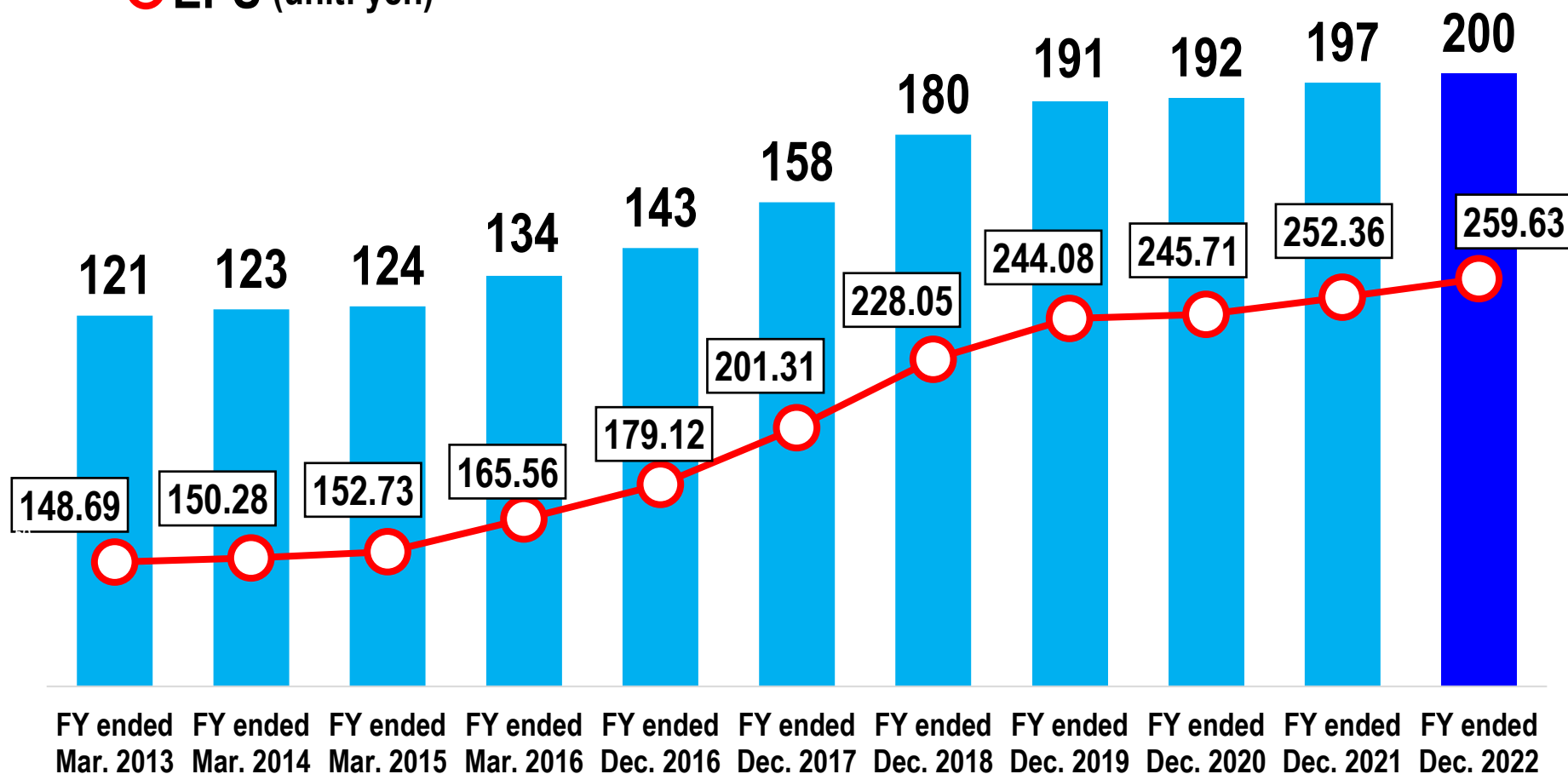
# Changes in Net Income and EPS

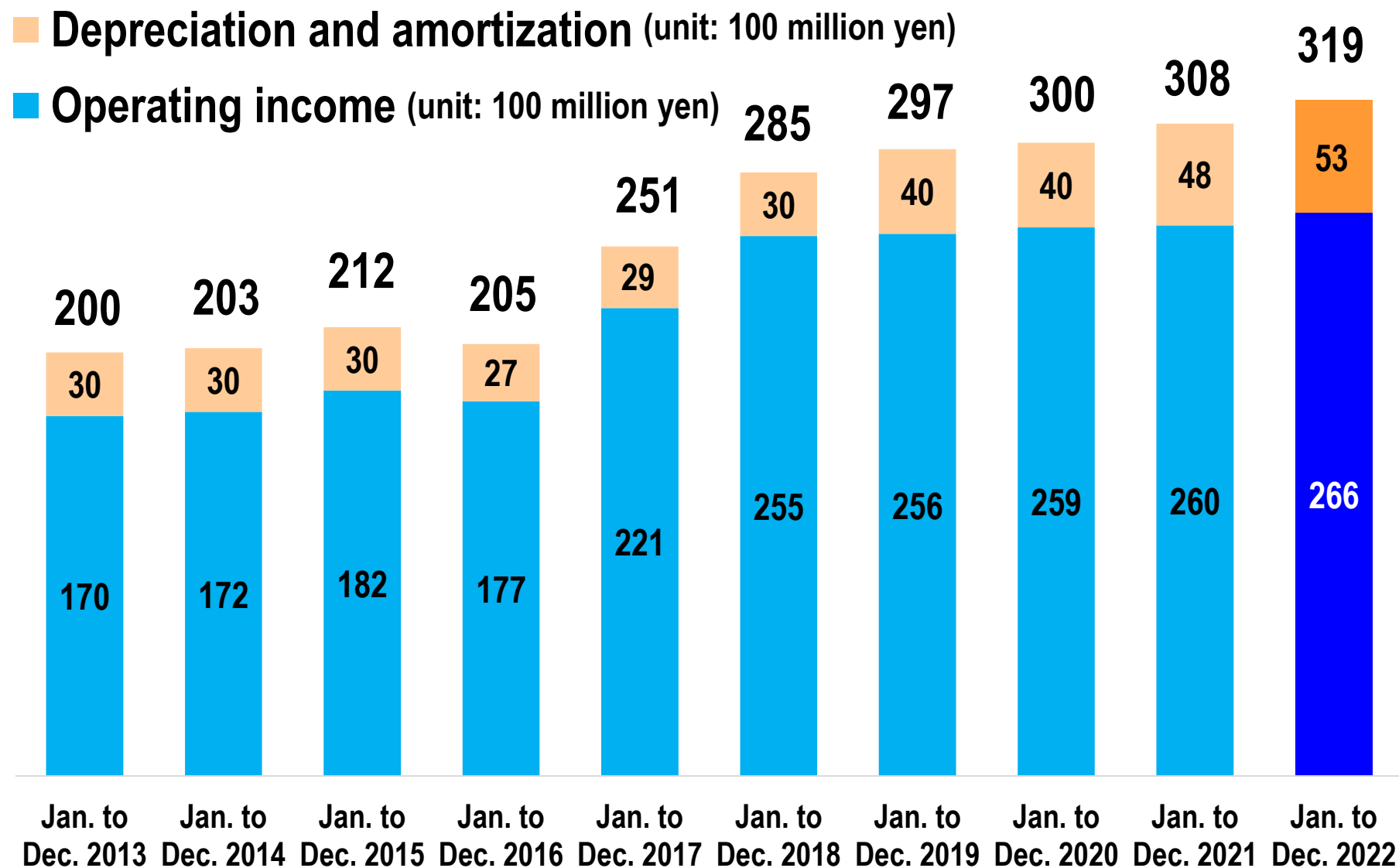
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The Company achieved an increase in net income for the 25th consecutive term.

■ Net income (unit: 100 million yen)

○ EPS (unit: yen)





As the Company changed the fiscal year-end from March to December in 2016, figures before Jan. to Dec. 2017 were retrospectively adjusted for comparison purposes.

Net sales increased due to steady sales of healthcare products and body warmers despite sluggish sales of household and skin care products.

Net sales (unit: 100 million yen)	2021		2022			
	Oct. to Dec.	Jan. to Dec.	Oct. to Dec.		Jan. to Dec.	
	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Healthcare products	146	535	154	+5.5%	554	+3.6%
Household products	137	494	138	+0.6%	495	+0.0%
Skin care products	20	73	18	-7.4%	67	-7.1%
Body warmers	38	55	33	-14.2%	57	+3.0%
Total	342	1,159	344	+0.5%	1,175	+1.4%



## Nodonool Spray (+0.8 billion yen)

Demand increased due to the spread of Omicron.



## Netsusama Sheet (+0.6 billion yen)

Demand increased due to the spread of Omicron. Sales also increased partly because of demand related to the prevalence of fever after COVID-19 vaccination.



## Hananoa (+0.3 billion yen)

Sales grew steadily since consumers got into the habit of rinsing their nasal cavity.



## Dietary supplement products (+0.4 billion)

Functional food served as an engine of sales growth. New products also contributed to sales growth.



## <Spring 2022>



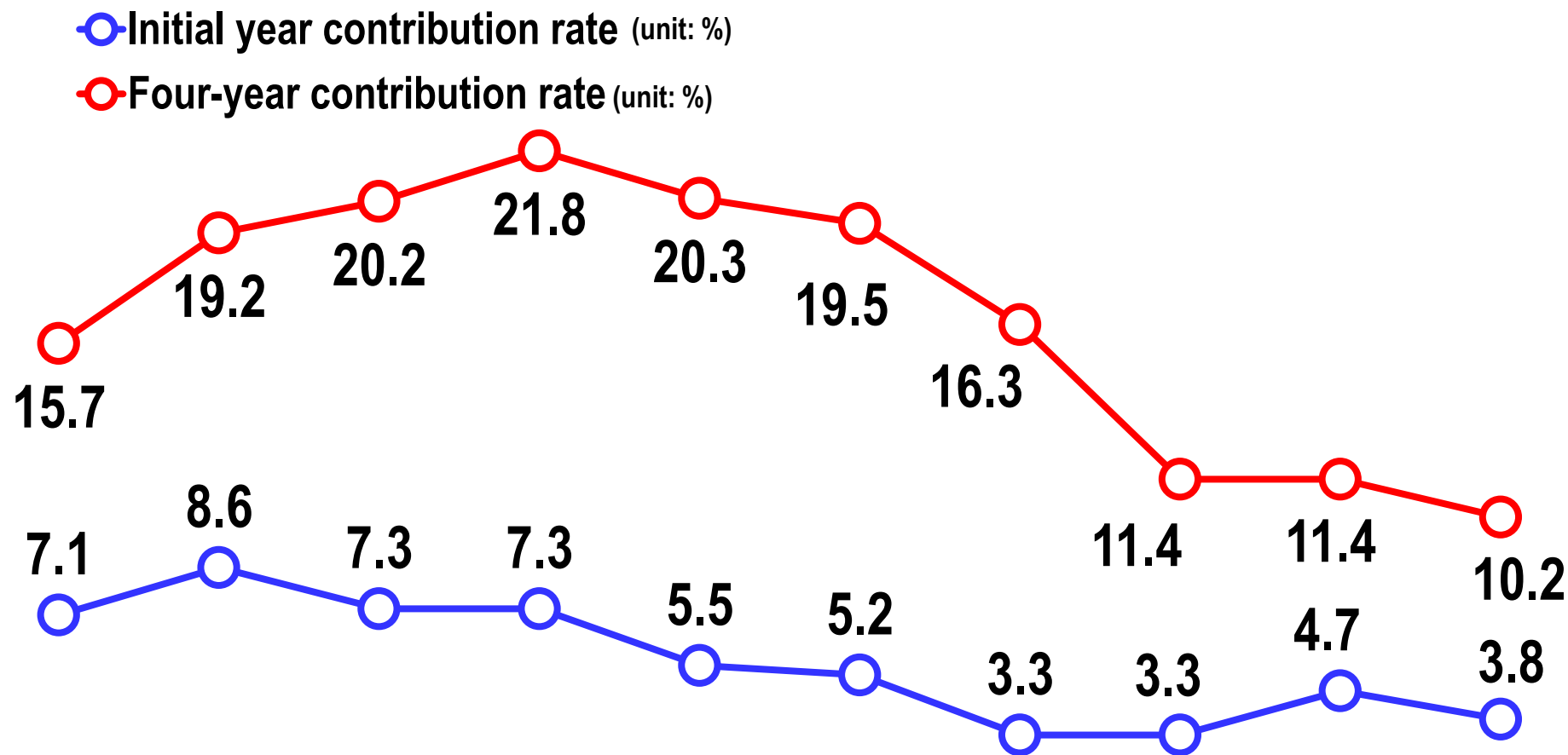
## <Fall 2022>





# Contribution Rate of New Product Sales (Excluding Direct Marketing Business)

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FY ended Mar. 2014	FY ended Mar. 2015	FY ended Mar. 2016	FY ended Dec. 2016	FY ended Dec. 2017	FY ended Dec. 2018	FY ended Dec. 2019	FY ended Dec. 2020	FY ended Dec. 2021	FY ended Dec. 2022
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\* Products of former Kiribai Chemical (body warmers, etc.) are included in the contribution rate from this fiscal year.

# International Business

## (Sales Breakdown by Region)

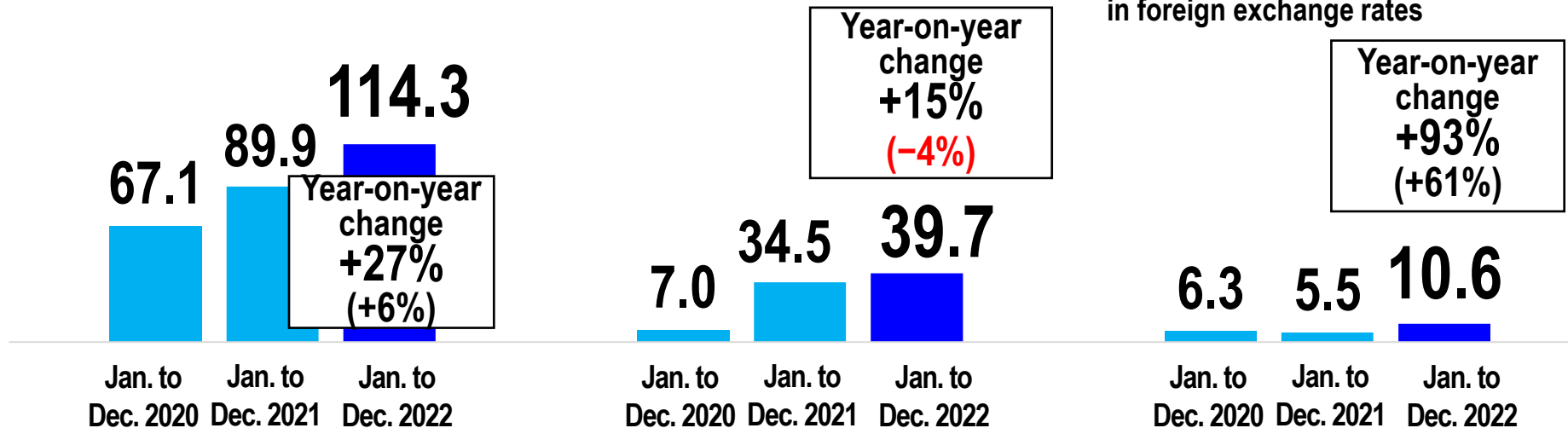
The Business enjoyed a positive foreign currency translation effect. However, sales and operating income increased in terms of local currencies excluding such effect (sales: +5.3 billion yen, operating income: +0.8 billion yen) .

(Unit: 100 million yen)		2021		2022					
		Oct. to Dec.	Jan. to Dec.	Oct. to Dec.			Jan. to Dec.		
		Amount	Amount	Amount	Year-on-year change	Year-on-year change (excluding effect of foreign currency translation)	Amount	Year-on-year change	Year-on-year change (excluding effect of foreign currency translation)
Net sales	U.S.	51	130	72	+41.8%	+16.3%	164	+26.6%	+5.8%
	Mainland China	28	83	39	+39.9%	+25.0%	102	+22.2%	+8.0%
	Hong Kong region	4	16	7	+46.1%	+19.1%	22	+33.1%	+12.1%
	Southeast Asia	16	42	22	+41.1%	+23.5%	74	+78.1%	+58.1%
	Other	7	24	10	+35.2%	+25.1%	32	+31.3%	+22.1%
	Total International Business	107	297	152	+41.0%	+20.4%	396	+33.4%	+15.5%
Total operating income		2	9	15	+568.0%	+346.3%	32	+255.0%	+158.4%
(Margin)		2.1%	3.1%	9.9%	—	—	8.2%	—	—

Sales of body warmers grew due to the severe winter. Sales of *Netsusama Sheet* also increased owing to an increase in the number of patients suffering from influenza. Sales of pharmaceuticals stagnated due to a problem with the supply of ingredients for some Alva products in the first quarter of FY2022 (the problem was gradually eliminated from the second quarter of FY2022).

## <Net sales (Unit: 100 million yen)>

\*Percentages in parentheses excluding the effect of fluctuations in foreign exchange rates



## Body warmers



## Pharmaceuticals



## Other



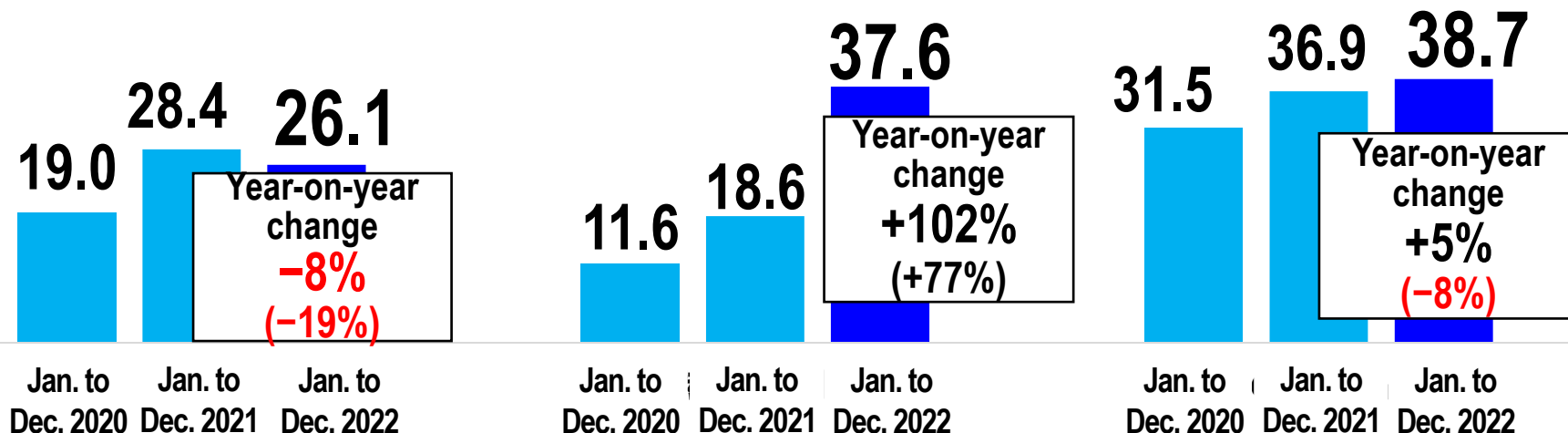
# Sales in Mainland China (by Product)

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Sales of *Netsusama Sheet* jumped drastically due to the spread of COVID-19 infections in December. Sales of body warmers decreased due to the impact of city lockdowns. Sales of other products also declined but *Ammeltz*, a newly launched product, sold well exceeding the projection.

## <Net sales (Unit: 100 million yen)>

\*Percentages in parentheses excluding the effect of fluctuations in foreign exchange rates



## Body warmers

## Netsusama Sheet

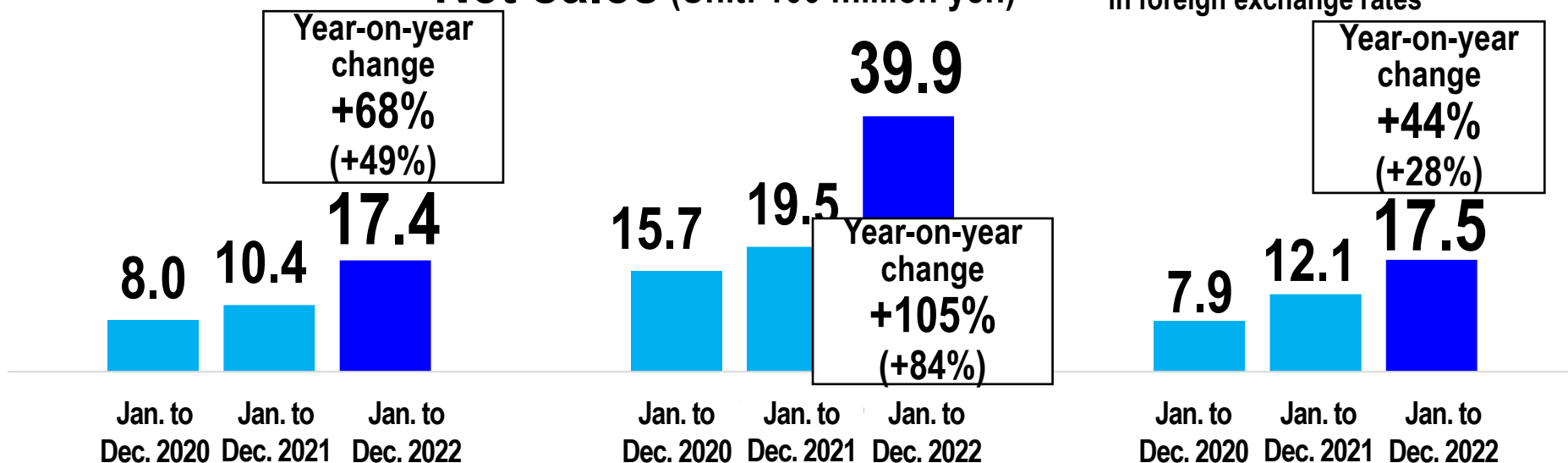
## Other



The launch of a new product in the *Ammeltz* line and the posting of advertisements contributed to a growth in net sales of pharmaceuticals. Sales of *Netsusama Sheet* grew significantly due to demand related to the spread of various infectious diseases, although demand related to fever after COVID-19 vaccination leveled off. Sales of other products also increased.

\*Percentages in parentheses  
excluding the effect of fluctuations  
in foreign exchange rates

## <Net sales (Unit: 100 million yen)>



## Pharmaceuticals



## Netsusama Sheet



## Other



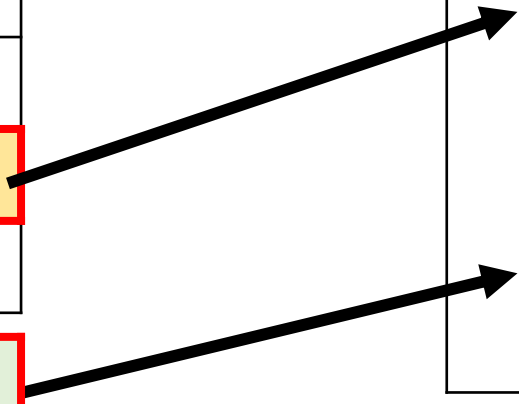
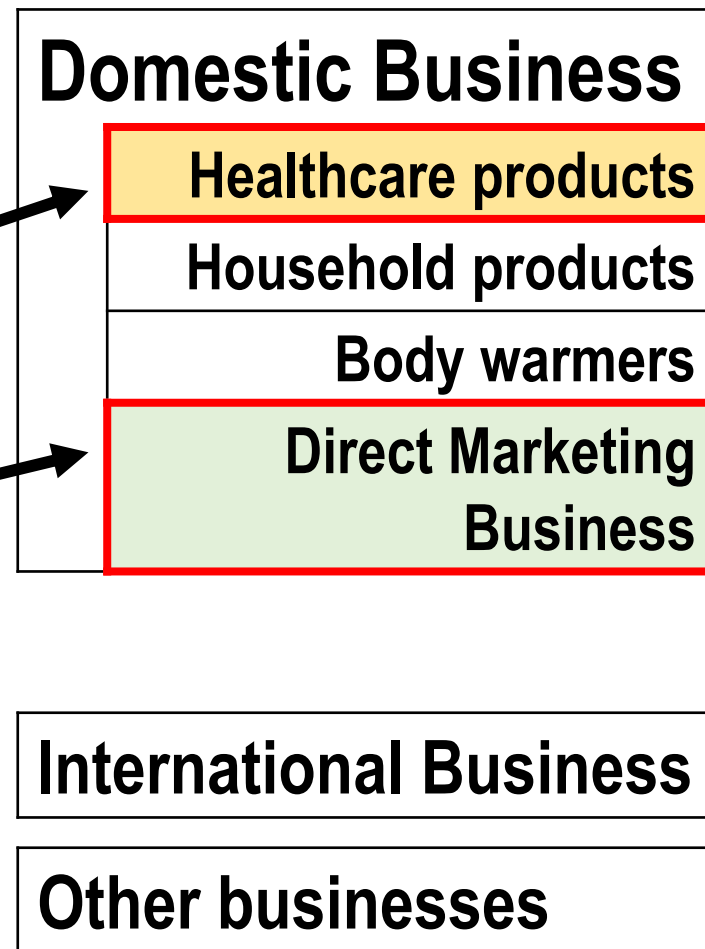
# Change to the Business Segment Classification (from FY2023)

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Until fiscal year ended  
December 2022



From fiscal year ending  
December 2023



\* Concerning changes in net sales and operating income for the Domestic Business based on the new business segment classification, please refer to page 1 of the reference materials.



# Forecast of Consolidated Results for the Year Ending December 2023

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## Assumptions for the forecast of consolidated results

Domestic market	<ul style="list-style-type: none"> <li>• The COVID-19 pandemic will not be completely eradicated. Amid rising disinfection and sanitary awareness, people will gradually return to a normal life (before COVID-19).</li> <li>• Raw material prices will remain at a high level.</li> <li>• Demand from inbound tourists will gradually recover. However, its expected contribution is not reflected in the forecast since it is difficult to estimate the effect.</li> <li>• The expected contribution of new M&amp;A is not reflected in the forecast.</li> </ul>
Overseas market	<ul style="list-style-type: none"> <li>• There will be a rise and fall in COVID-19 cases, but the pandemic will not be completely eradicated.</li> <li>• China: The consumer goods market will grow steadily.</li> <li>• North America: The body warmer market will expand further despite concerns over economic slowdown.</li> <li>• Asia: Sales will grow steadily despite a fall in demand for <i>Netsusama Sheet</i> in reaction to extraordinary demand in the previous year.</li> <li>• The expected contribution of new M&amp;A is not reflected in the forecast.</li> </ul>
Summary of business performance	<ul style="list-style-type: none"> <li>● Net sales will Increase on a consolidated basis. Both Domestic and International Businesses will see sales grow.</li> <li>● Main impact on earnings               <ul style="list-style-type: none"> <li>• Increase in gross profit due to sales growth . . . . . +2.9 billion yen</li> <li>• Cost reduction . . . . . +2.0 billion yen</li> <li>• Effects of price hike . . . . . +1.0 billion yen</li> <li>• Rise in raw material prices . . . . . -2.6 billion yen</li> <li>• Increase in fixed costs . . . . . -1.5 billion yen</li> <li>• Increase in expenses for growth investment . . . . . -1.3 billion yen</li> <li>• Increase in advertising expenses . . . . . -1.0 billion yen</li> <li>• Increase in personnel costs . . . . . -0.9 billion yen</li> </ul> </li> </ul>

Price revision  
(82SKU)



3% to 17% price hikes

Volume change  
(11SKU)

# Forecast of Consolidated Results for the Year Ending December 2023

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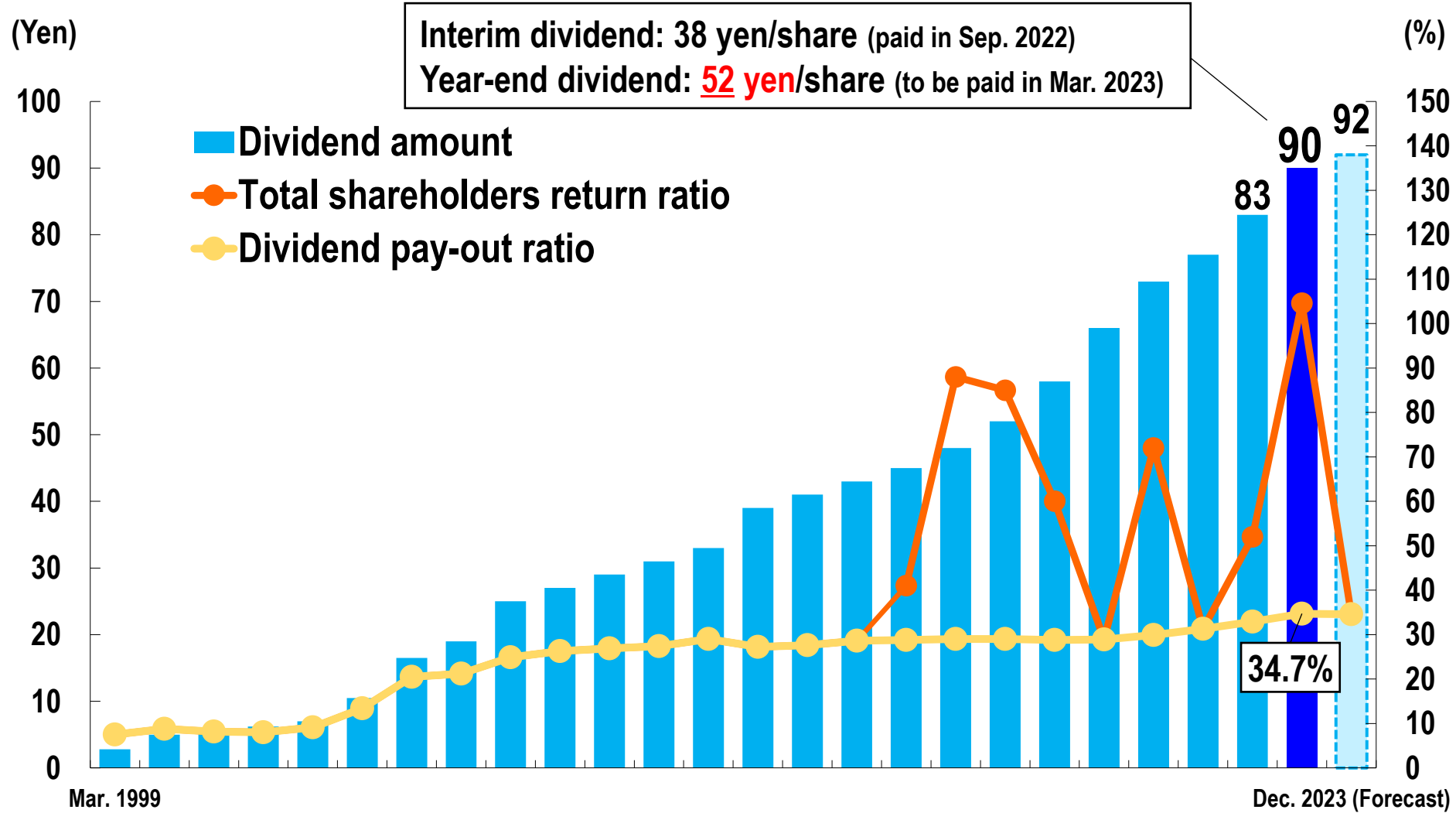
Unit: 100 million yen	FY2022 results (Jan. to Dec. 2022)	FY2023 forecast (Jan. to Dec. 2023)		
	Amount	Amount	Year-on-year change	Percentage of net sales
Net sales	1,662	1,720	+3.5%	—
Operating income	266	255	−4.4%	14.8%
Ordinary income	282	265	−6.3%	15.4%
Net income	200	202	+0.9%	11.7%
EBITDA <sup>*1</sup>	319	312	−2.5%	18.1%
EPS	259.63 yen	265.74 yen	+2.4%	—
ROE	10.2%	10.0%	-	—
Net sales of Domestic Business (including Direct Marketing Business)	1,259	1,294	+2.7%	—
Net sales of International Business <sup>*2</sup>	396	420	+5.9%	—

<sup>\*1</sup> EBITDA = Operating income + Depreciation + Amortization of goodwill

<sup>\*2</sup> Foreign exchange rates: US\$1 = 125 yen, Chinese yuan 1 = 19 yen

# Changes in Dividend Payment

In FY2022, the Company increased the year-end dividend by 6 yen/share to pay an annual dividend of 90 yen/share, achieving an increase in dividend payment for the 24th consecutive term. In FY2023, the Company plans to increase the annual dividend by 2 yen/share, aiming to achieve an increase in dividend payment for the 25th consecutive term.





# The Medium-Term Management Plan for FY2023 to FY2025

February 15, 2023

Akihiro Kobayashi  
President & Chief Operating Officer  
Kobayashi Pharmaceutical Co., Ltd.

- **Review of the Medium-Term Management Plan for FY2020 to FY2022**
- **Kobayashi Pharmaceutical's Purpose**
- **Outline of the New Medium-Term Management Plan**



# **Theme: “International Business First”**

## **<Outline of strategies>**

- 1. Put full energy into developing the International Business**
- 2. Further expand the existing businesses**
- 3. Enhance management abilities from the viewpoint of ESG**
- 4. Establish a foundation to create innovation and new businesses**
- 5. Promote the innovation of management and operations using digital technology**

## <Target for business performance>

\* Revised on  
February 1, 2022

	FY2019 results	FY2022 results	Achievement	FY2022 target*
Net sales	158.3 billion yen	166.2 billion yen	○	162.0 billion yen or more
Operating income	25.6 billion yen	26.6 billion yen	×	27.0 billion yen or more
(Margin)	16.2%	16.0%	○	16% or more
Net income	22nd consecutive increase	25th consecutive increase	○	25th consecutive increase
ROE	11.3%	10.2%	○	10% or more
ROIC	10.5%	9.4%	○	9% or more
Net sales of Domestic Business	123.0 billion yen	117.5 billion yen	×	122.3 billion yen or more
Net sales of International Business	24.4 billion yen	39.6 billion yen	○	29.5 billion yen or more
(Percentage)	15.4%	23.9%	○	18% or more
Net sales of Direct Marketing Business	9.7 billion yen	8.4 billion yen	×	9.6 billion yen or more

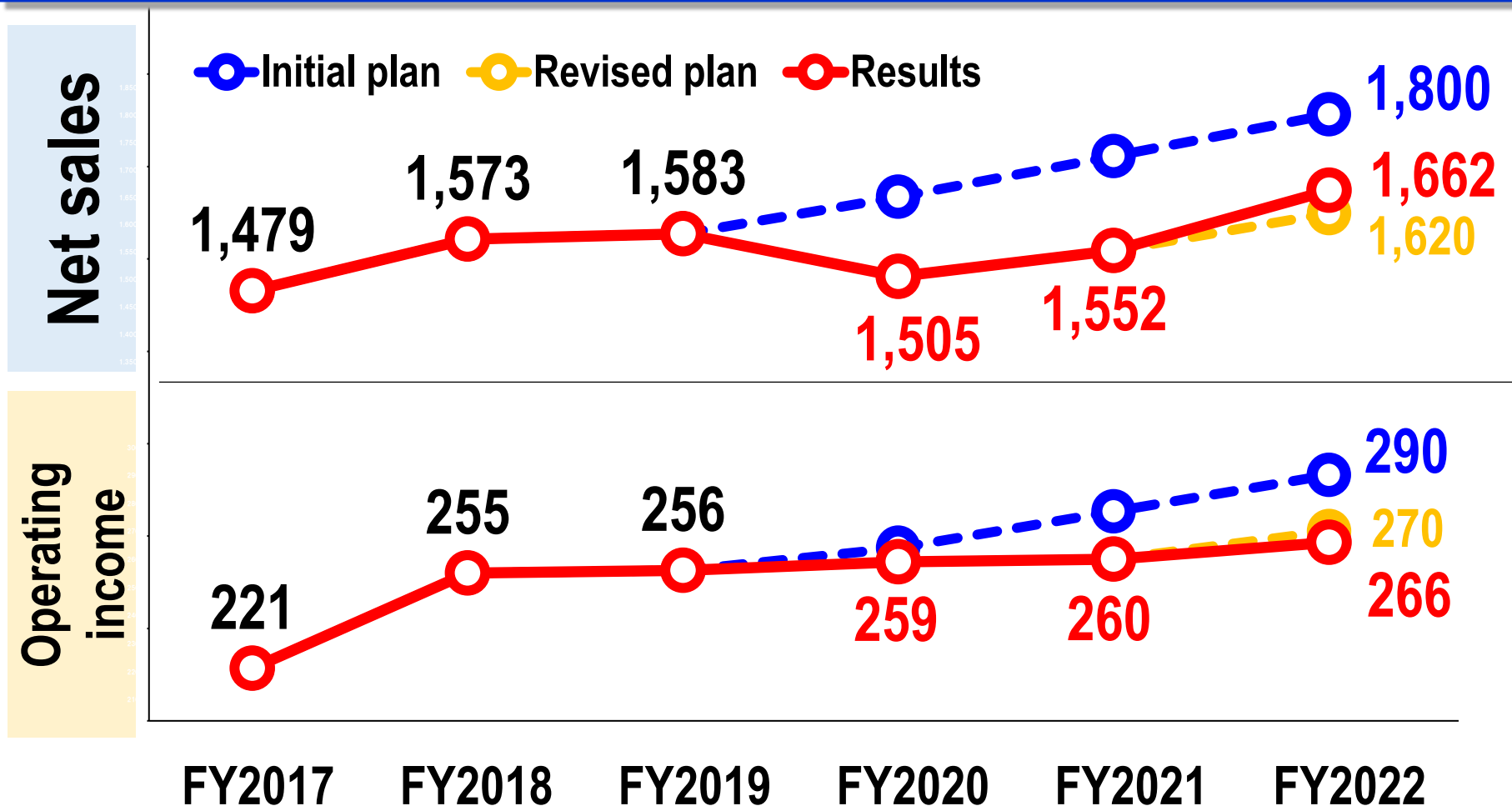


# Review of the Medium-Term Management Plan for FY2020 to FY2022

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Net sales decreased since demand from inbound tourists evaporated due to COVID-19 pandemic. However, net sales growth recovered to the level projected under the initial plan in the last two years.

Operating income recently stagnated due to the impact of rising raw material prices.



## <Main KPIs>

Item	FY2019 results	FY2022		FY2022 target
		Results	Progress	
Four-year contribution rate of new products	16.3%	10.2%	X	20% or more (in Japan)
Cultivating new products released in Japan in China	—	4 products	X	5 products in 3 years
Establishment of new products	—	3 products in FY2020 6 products in FY2021 8 products in FY2022	○	2 products every 6 months (in Japan)
Number of CSV brands; CSV brand share of total sales	—	3 brands; 6%	X	1 or more in each category; 10%
Employees' job satisfaction	Kobayashi Pharmaceutical: 71%	Kobayashi Pharmaceutical: 70% Group (in Japan): 65%	X X	Group (in Japan): 85% or more
Reduction of CO <sub>2</sub> emissions	—	Prepared targets for Scope 3 Acquired SBT certification	○	Scopes 1 & 2: Progress towards FY2030 target Scope 3: Setting of target
Reduction of environment load in product development	—	Decided to introduce eco-standards for product development in 2021.	○	Plastic: Switching to highly sustainable materials Paper: Maintaining 100% use of sustainable paper
Percentage of management positions held by women	8.6%	13.4%	X	16%
Percentage of employees who report feeling growth through their jobs (employee attitude survey)	Kobayashi Pharmaceutical: 69%	Kobayashi Pharmaceutical: 73% Group (in Japan): 67%	X X	Group (in Japan): 75%
Percentage of employees getting regular medical checkups; getting follow-up examinations	100%・73%	100%・84%	○	100%・80%
Percentage of employees who report feeling able to work in mentally and physically good condition (employee attitude survey)	Kobayashi Pharmaceutical: 61%	Kobayashi Pharmaceutical: 65% Group (in Japan): 58%	X X	Group (in Japan): 75%

## <Results>

Financial achievements	<ul style="list-style-type: none"><li>• Working on the “International Business First” theme, we achieved growth in overseas sales.</li><li>• We acquired an overseas OTC pharmaceutical business foundation (we turned Alva-Amco Pharmaceutical into subsidiary; <i>Ammeltz</i> sold well in China).</li><li>• We created a successful case of EC marketing (<i>Nightmin Mimihogu Time</i>).</li></ul>
Non-financial achievements	<ul style="list-style-type: none"><li>• We prepared the target for CO<sub>2</sub> emissions in 2030 (acquired SBT certification)</li><li>• We introduced the “eco-standards for product development” system.</li><li>• We strengthened overseas governance.</li></ul>

## <Unresolved issues; new issues to be solved>

Financial affairs	<ul style="list-style-type: none"><li>• Increase in the number of new products (in Japan)</li><li>• Boosting of existing products’ competitiveness based on technology</li><li>• Continuation of global growth through development of new products</li><li>• Establishment of the Kobayashi way for digital and EC marketing in Japan and abroad</li><li>• Creation of growth sectors beyond existing business segments (DX and new businesses)</li><li>• Securing of profit in response to the rise in raw material prices</li></ul>
Non-financial affairs	<ul style="list-style-type: none"><li>• Strategic implementation of EC marketing and DX and securing of human resources</li><li>• Creation of a corporate culture and a system that allow employees to propose and promote ideas with a can-do spirit</li><li>• Promotion of respect for human rights throughout the supply chain</li></ul>

# **Kobayashi Pharmaceutical's**

## **Purpose**

### **(Raison D'être in Society)**

## The Company has created new customs and new markets.

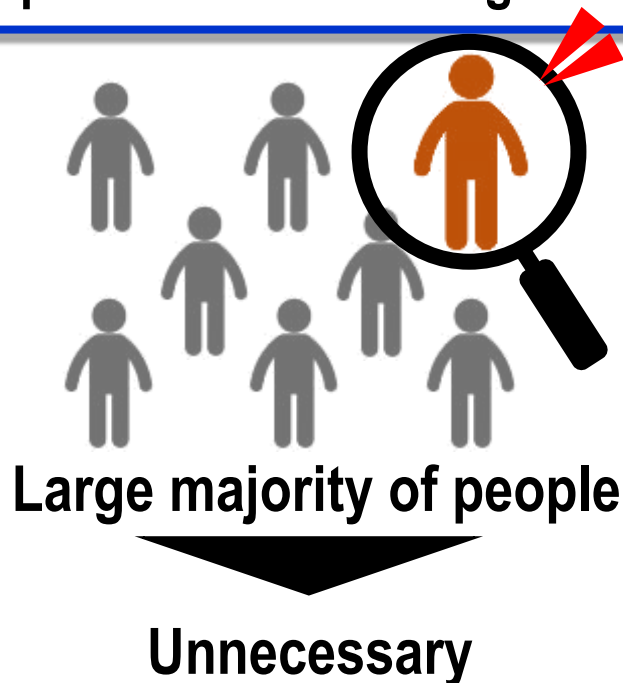
Over the past 50 years, we have created new customs and new markets by making people's wishes happen. The products created through this process include *Bluelet*, *Netsusama Sheet*, *Nodonool*, and *Eyebon*.



## “Indispensable” for specific consumers

Niche products may seem unnecessary to a large majority of people, but are indispensable for people who suffer from specific problems. If we had not created them, such problems would have remained unaddressed and customers would have had no choice but to put up with the problems.

Many of such problems still exist and are latent. We are good at seeking out such problems and turning solution ideas into products.



Consumers suffering from specific “problems”

Indispensable





**Contributing to the realization of a “society that leaves no one behind”**

**Broadening our outlook on various social issues, we will discover such problems and come up with solutions in an accelerated manner in order to help customers lead a comfortable life and become active in society.**

**That is our mission and is how we will contribute to the realization of a “society that leaves no one behind.”**

Solve problems that tend to be overlooked and assist in the possibilities of people.

We support the realization of a healthy and comfortable life and being active in society by discovering “problems” that tend to be overlooked in people’s daily lives and solving them with innovative “ideas and technologies”.

We will assist in people’s possibilities by considering the comfortable life and active participation in society that are hampered by these “problems” as “social issues left behind” and contributing to solving them.



# **Outline of the New Medium-Term Management Plan for FY2023 to 2025**

## <External environment>

Progress of digital technology

Electronic devices

IoT products

Application-linked services

Services using AI

## <Internal environment>

Examples of challenges



*Hakareru series*



Taking on challenges beyond boundaries

Of each person

Thoughts

Positiveness

Initiative

Drive

Enthusiasm

Cooperation

Communication

Generated from

**Theme: “I make a wish and I make it happen”**

**Fostering a corporate culture that encourages taking  
on challenges beyond boundaries**

**Strategy (1):**

**New challenges in  
developing and nurturing  
new products**

**Strategy (2):**

**Strengthening of the capability  
to provide products through the  
new overseas support system**

**Strategy (3):**

**Strengthening  
competitiveness of existing  
products**

**Strategy (4):**

**Proactive creation of new  
businesses**

**Strategy (5):**

**Creation of the foundation for tomorrow's  
Kobayashi Pharmaceutical**

**ESG and DX**

# Target for Business Performance (FY2025)

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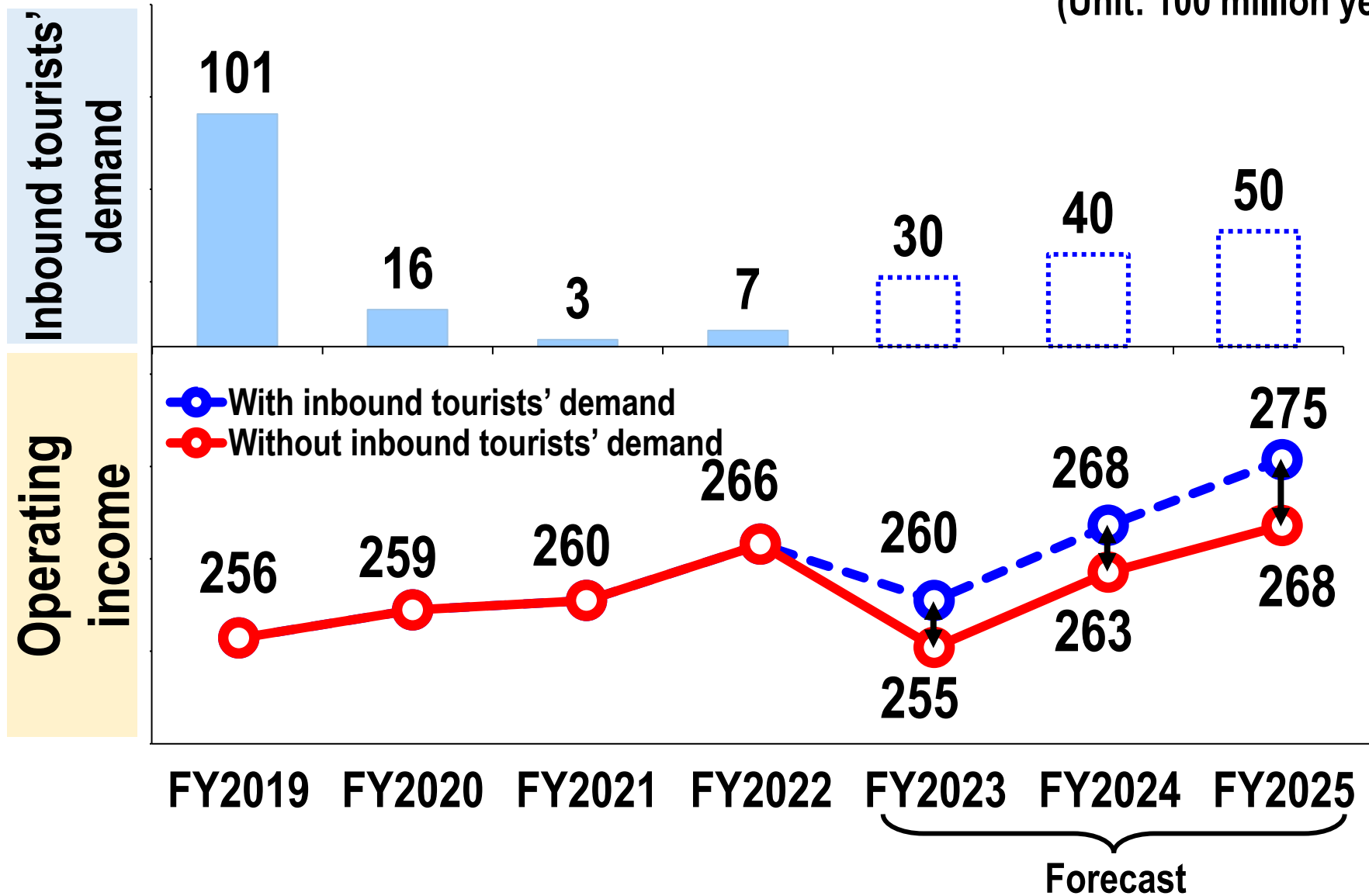
**Assumption: Demand from inbound tourists is not included. Raw material prices remain high.**

	FY2022 (results)	FY2025 (target)	CAGR
Net sales	166.2 billion yen	191.0 billion yen or more	+4.7% or more
Operating income	26.6 billion yen	26.8 billion yen or more	+0.1% or more
(Margin)	16.0%	14% or more	—
Net income	25th consecutive increase	28th consecutive increase	—
EBITDA*	31.9 billion yen	35.2 billion yen or more	+3.2% or more
ROE	10.2%	9% or more	—
Dividend	24th consecutive increase	27th consecutive increase	—
Net sales of Domestic Business (including Direct Marketing Business)	125.9 billion yen	137.6 billion yen or more	+2.9% or more
Net sales of International Business	39.6 billion yen	53.3 billion yen or more	+10.3% or more
(Percentage of net sales)	23.9%	27% or more	—

**\* EBITDA = Operating income + Depreciation + Amortization of goodwill**

Image of operating income growth after inbound tourists' demand recovers

(Unit: 100 million yen)

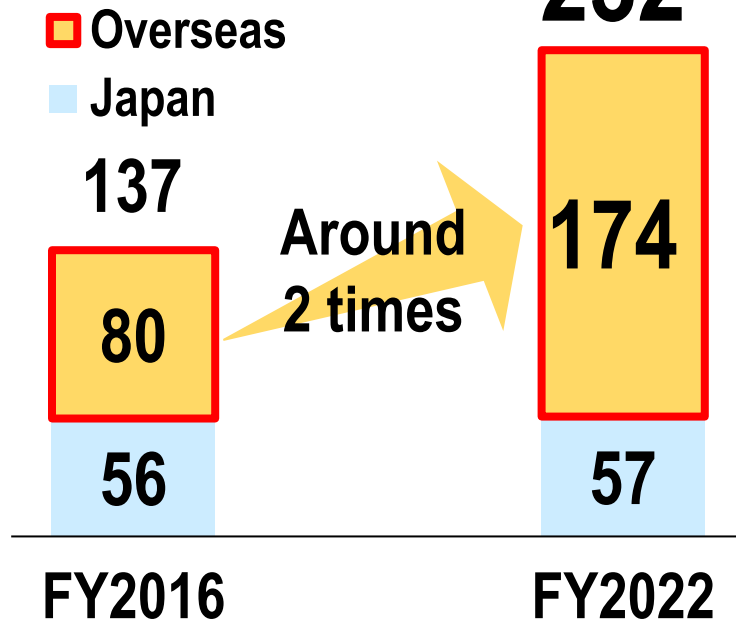


Strategy (2): Strengthening of the capability to provide products through the new overseas support system

## Establishment of global category brands

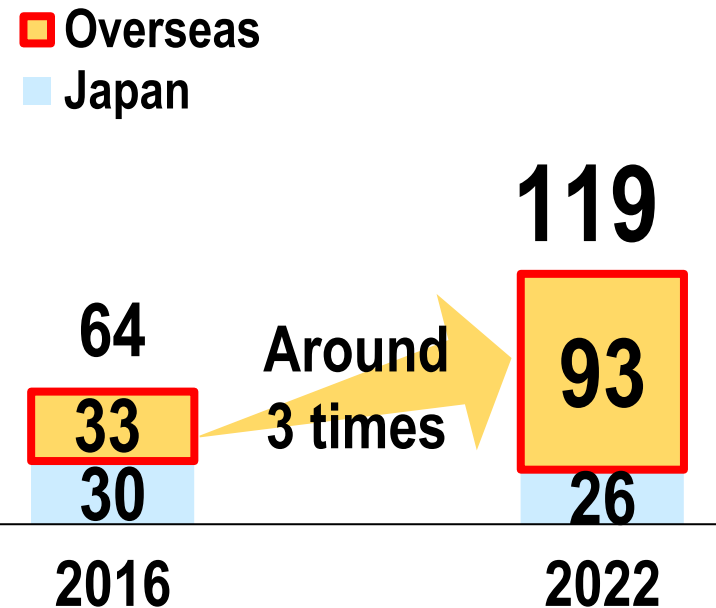
### Net sales of body warmers

(100 million yen) **232**



### Net sales of Netsusama Sheet

(100 million yen)



Strategy (2): Strengthening of the capability to provide products through the new overseas support system

## Establishment of global category brands

Creation (from FY2023)



- Unify the strategy and development of body warmers and *Netsusama Sheet*
- Promote the solution of problems, including cost reduction, CO<sub>2</sub> emissions reduction, and BCP preparation
- Aim to have our products penetrate into global markets and increase the market share in the world



Strategy (2): Strengthening of the capability to provide products through the new overseas support system

## Upgrading cooperation between Japan and abroad

### China



### Southeast Asia



Foster through the expansion of product distribution and advertisement

Expand product lineups through the launch of new products and M&A

Combine Ideas generation based on local needs and formulation design know-how in Japan

Strengthen the introduction of new products

Apply best practices to other countries

Focus on expanding sales of OTC pharmaceuticals in each country

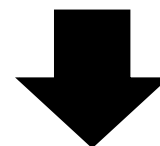


Strategy (2): Strengthening of the capability to provide products through the new overseas support system

Assumption of foreign exchange rates: US\$1 = 125 yen, Chinese yuan 1 = 19 yen

	FY2022 (results)	FY2025 (target)	CAGR
Net sales of International Business	39.6 billion yen	53.3 billion yen or more	+10.3% or more
U.S.	16.4 billion yen	19.8 billion yen or more	+6.3% or more
Mainland China	10.2 billion yen	17.1 billion yen or more	+18.6% or more
Southeast Asia	7.4 billion yen	9.4 billion yen or more	+7.9% or more
Operating margin	8.2%	6.5% or more	—

Exceeded the target due  
to special demand for  
*Netsusama Sheet*



Aim to raise operating margin to 10% in FY2030

## Strategy (3): Strengthening competitiveness of existing products

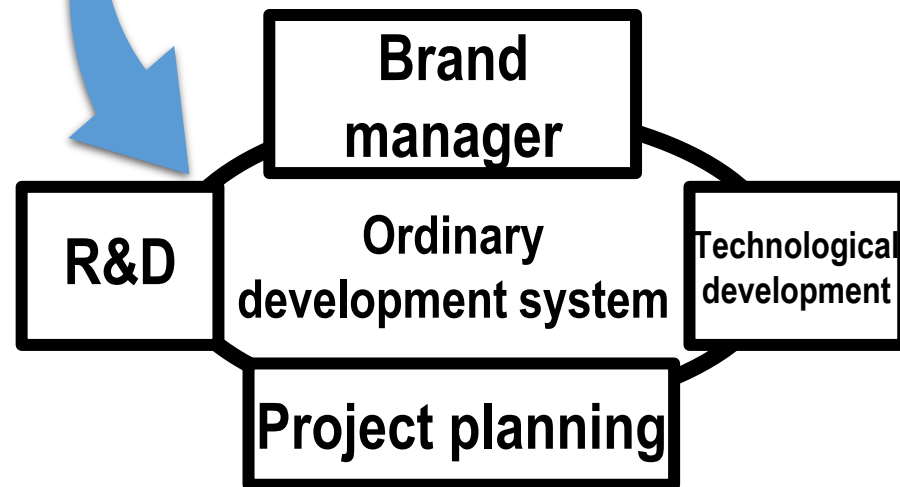
Upgrading the development system with the participation of the Central Research Center

### <Examples of the creation of punchy expressions>



## Central Research Center (Basic Research Department)

Technical support



Strengthening existing products with the creation of competitive, punchy expressions

## Strategy (4): Proactive creation of new businesses

Promoting the study of new businesses under the leadership of a business division

### Up to FY2022

We accumulated knowledge through various themes.



Hakareru series



### From Jan. 2023 to Feb. 2023

We announced entry into various fields this year.



D2C air freshener



Test drug

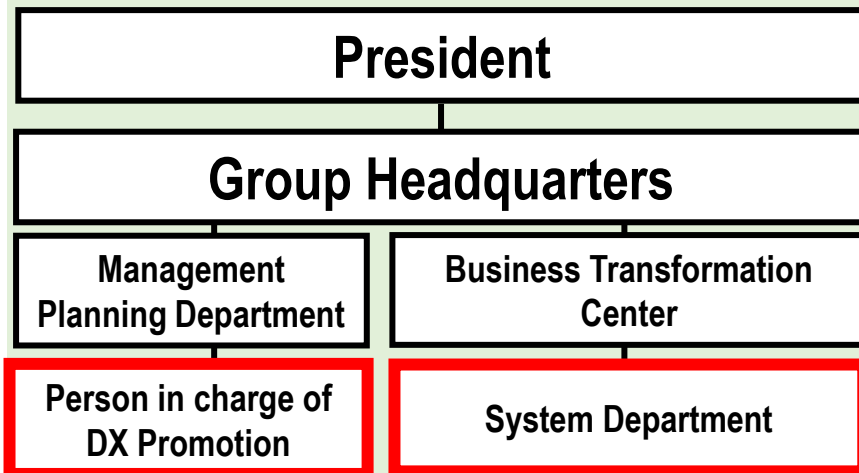
**OrganTech**  
Regeneration  
technology

In coming three years, we will generate themes in the field of “femtech,” “digital healthtech,” and “D2C,” with the aim to create new businesses worth 8.0 billion yen in net sales in FY2030.

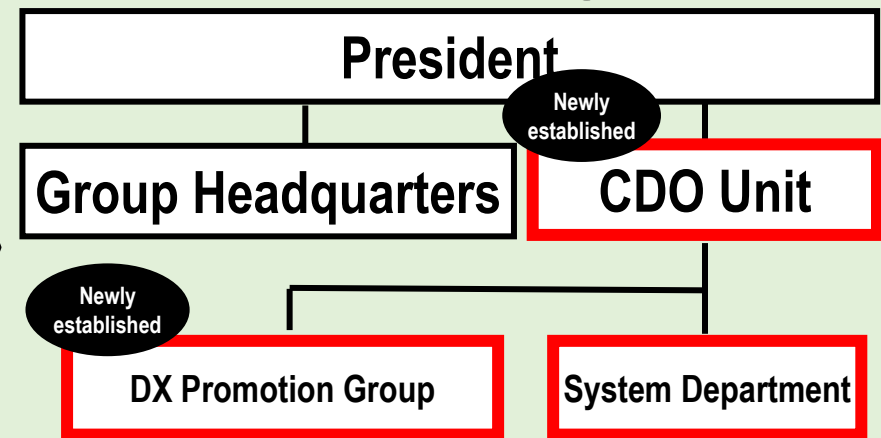
Strategy (5): Creation of the foundation for tomorrow's Kobayashi Pharmaceutical

Accelerating DX (establishment of an organization that promotes DX)

## <Before change>



## <After change>



**Chief of CDO Unit**  
**Rio Ishido**

From FY2021

Assumed the position of external advisor on Digital Strategy

From FY2023

Assumed the position of CDO (Chief Digital Officer)

Strategy (5): Creation of the foundation for tomorrow's Kobayashi Pharmaceutical

## Upgrade of ESG management

E

S

G

### Materiality of 2 + 3

In order to continue realizing the theme of "You make a wish and we make it happen"

I. "I make a wish and I make it happen"

II. Exploration of social issues that lie ahead for "a wish"

In order to contribute to a sustainable society

III. Respecting human rights throughout the supply chain

IV. Tackling climate change problems

V. Governance that supports sustainable improvement of corporate value

Risk reduction as a company

Business foundation

Environment: Consideration for resources

Organization: Governance

Employees: Health management

Products: Security and safety

## Materiality of 2 + 3

### I. “I make a wish and I make it happen”

- Creating a corporate culture where employees are encouraged to try something new
- Supporting employees’ personal growth

### II. Exploration of social issues that lie ahead for “a wish”

- Promoting CSV activities

### III. Respecting human rights throughout the supply chain

- Announcing human rights policy
- Continuously performing human rights due diligence on supply-chains with high human rights risk

### IV. Tackling climate change problems

- Introducing renewable energy
- Conducting low-carbon product development in cooperation with suppliers

### V. Governance that supports sustainable improvement of corporate value

- Creating a system that can boost the strength of the Board of Directors with diversity and an open and transparent corporate culture



Making investments for growth and return to shareholder by also using accumulated net cash

## Allocation of three-year total cash flow (image)

### Resources

**Operating CF**  
**70.0 billion yen**  
or more

**Net cash**  
**accumulated so far**  
(Cash + securities)  
**130.0 billion**  
**yen**

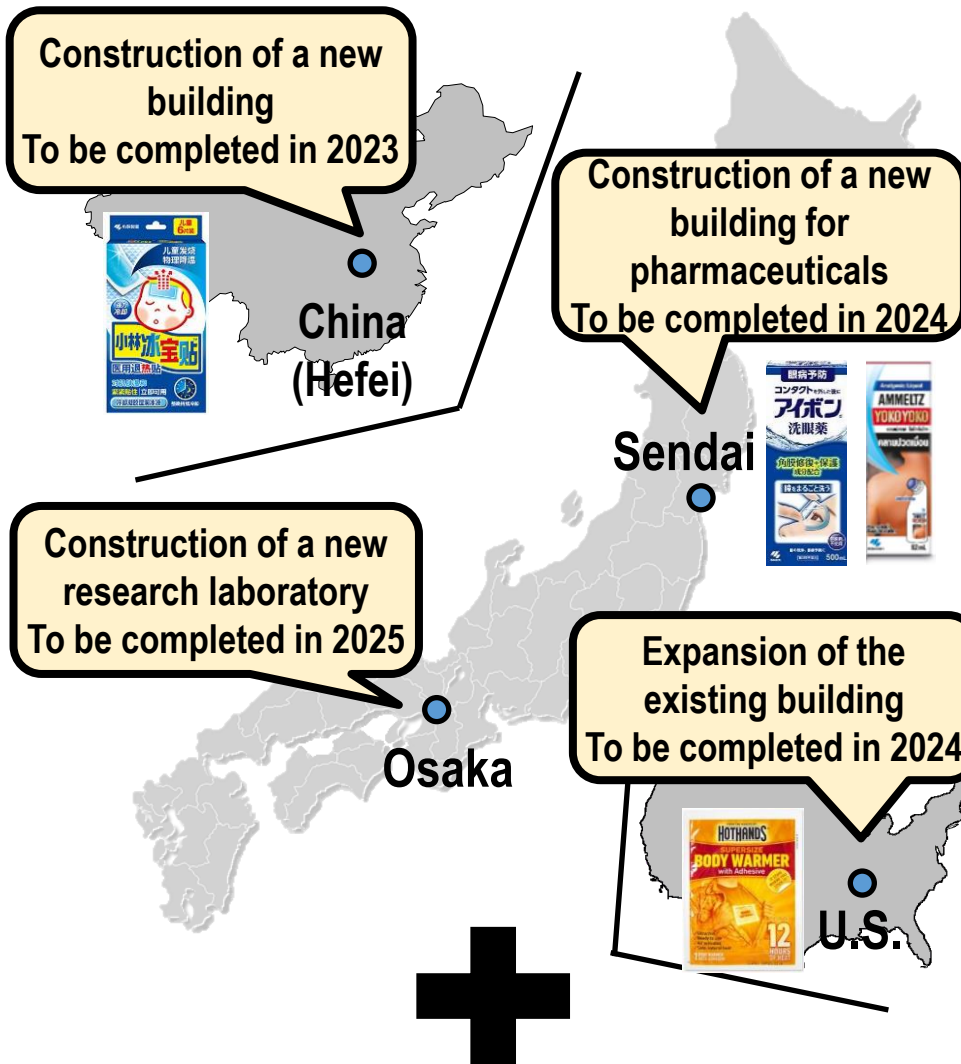
### Allocation

Investments for growth	<u>Capital expenditures (plants and a research laboratory)</u> <b>45.0 billion yen</b>	
	<u>M&amp;A</u> <b>Actively performing</b>	<u>Strategic investments (DX, human resources, and new businesses)</u> <b>5.0 billion yen</b>
Return to shareholders	<u>Dividends</u> <b>20.0 billion yen</b> or more (27th consecutive increase)	
	<u>Acquisition of own shares</u> <b>Timely performing</b>	

Preparation for investments for growth in future

# Projection for Capital Expenditures on Fixed Assets and Depreciation

47/51

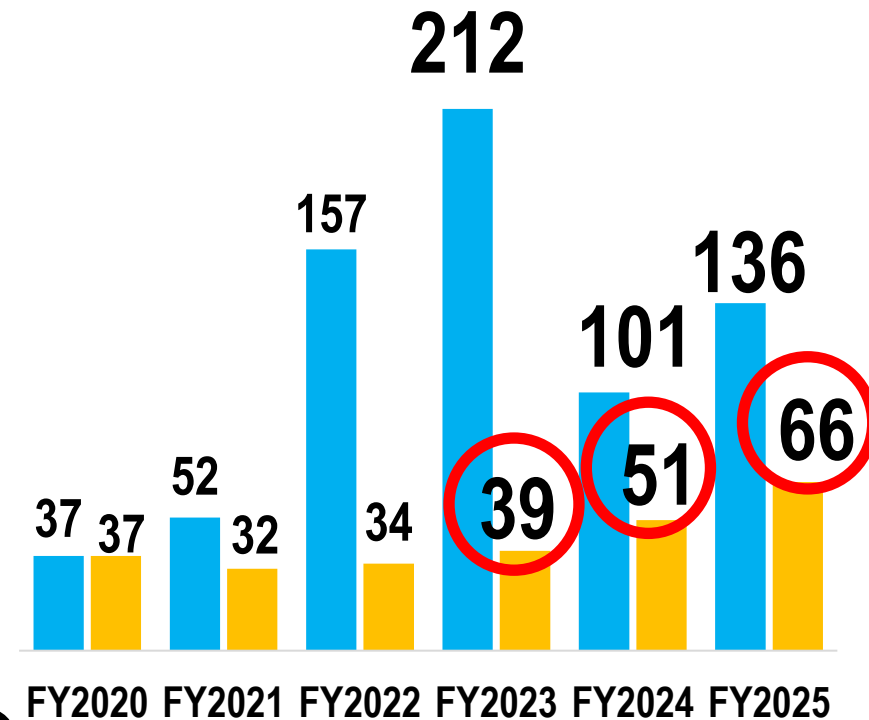


<Capital expenditures and depreciation plan (excluding M&A)>

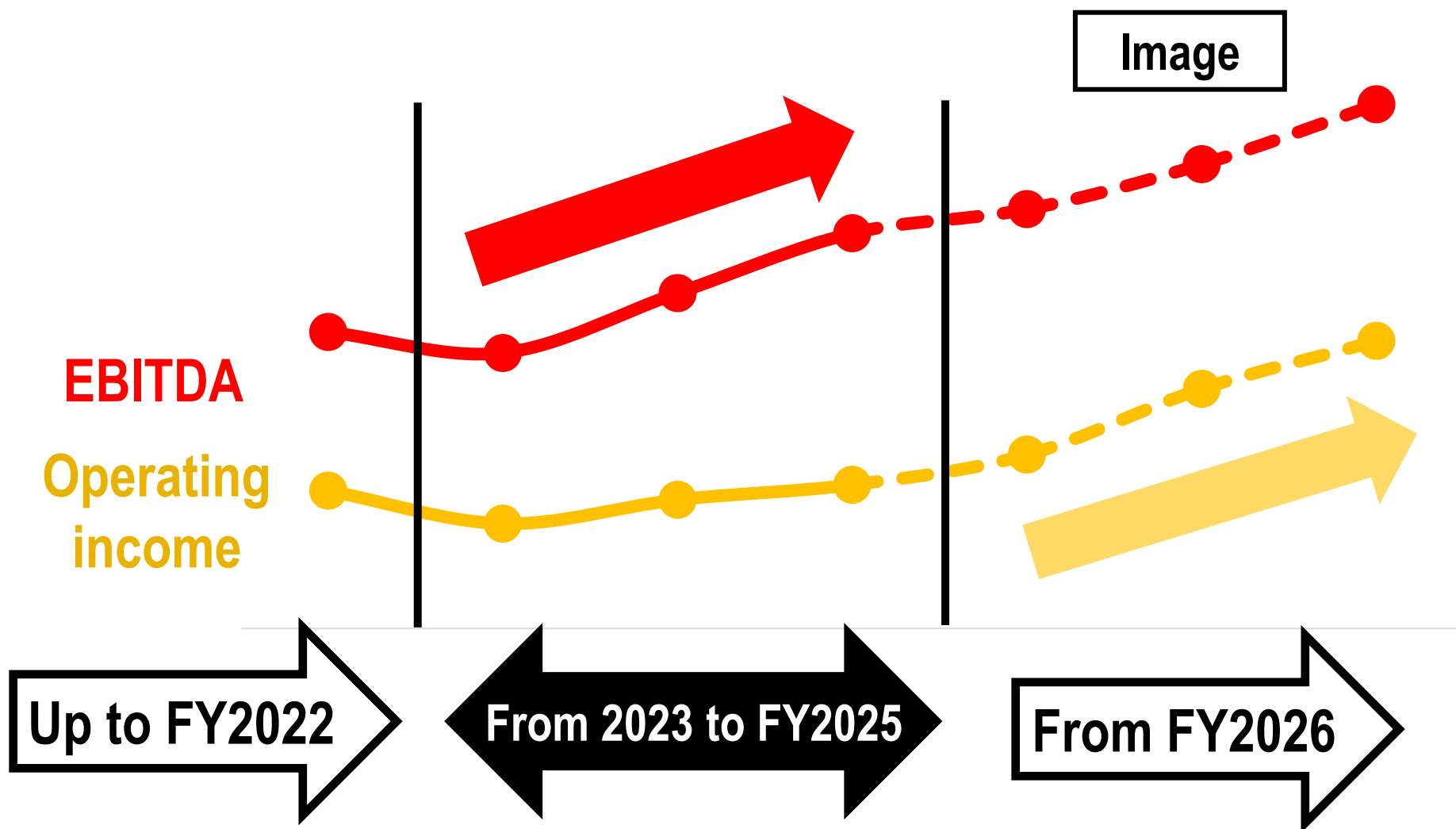
(Unit: 100 million yen)

■ Capital expenditures on fixed assets

■ Depreciation



We will place importance on EBITDA growth in the coming three years and will also return operating income to the growth path again from FY2026.



# Other Main KPIs

49/51

Item		FY2022	FY2025
Four-year contribution rate of new products (Japan)		10.2%	13% or more
Four-year contribution rate of new products (overseas)		8.3%	11% or more
Number of new products to be launched (Japan)		25 products annually	30 products annually
Employee Attitude Survey	“Put into practice challenges beyond boundaries”	Japan: 47%	Japan: 60%
	Eagerness to put into practice the theme (“I make a wish and I make it happen”)	Japan:84%	Japan: 80% or more
	Put into practice the theme (“I make a wish and I make it happen”)	Japan: 53%	Japan: 60%
Percentage of management positions held by women		13.4%	16% or more
Efforts for respecting human rights (Performing human rights due diligence)		—	Continuously performing human rights due diligence on supply-chains with high human rights risk
Health and Productivity Management Outstanding Organization Recognition		—	Certified as one of the “White 500” enterprises

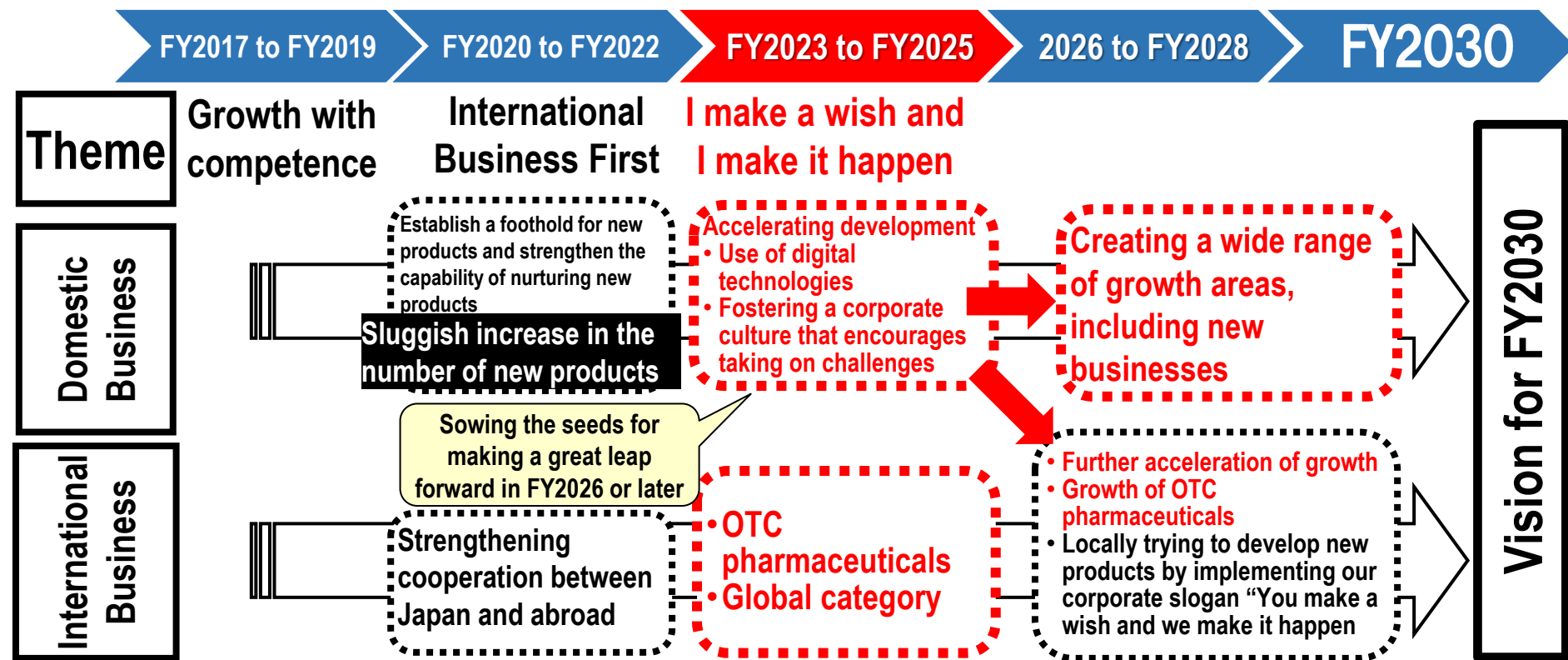
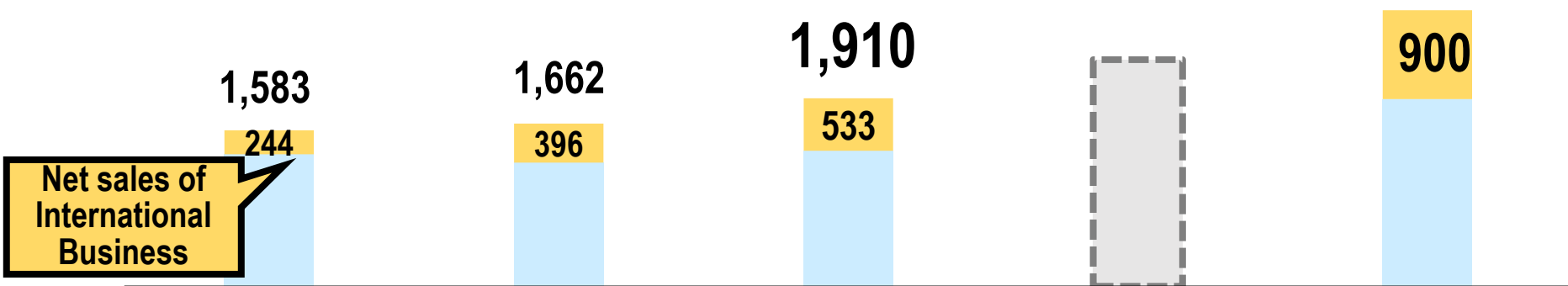
**We will promote global management and create a new market in each country every year in FY2030. We hope our company will contribute to the growth of human beings and society by solving problems not only in Japan but also in the world, receiving recognition as a company that creates new markets (new lifestyles).**

- Master product development and fostering under our corporate brand slogan “You make a wish and we make it happen” in Japan
- Speedily launch new products developed in Japan in each country after adjusting them to local preferences
- Enhance the digital literacy of all employees, succeed in reinforcing “You make a wish and we make it happen” using DX and create new products developed using digital technology
- Succeed in developing new products in three poles (Europe and America, China, and Asia) by implementing our corporate slogan “You make a wish and we make it happen”

**Consolidated net sales of 280.0 billion yen (of which 90.0 billion yen will come from International Business)**

Net sales (unit: 100 million yen)

2,800







**<Note>**

**Of the Company's current business performance, plans, and strategies included in this material, items that are not historical facts are outlooks on future performance, which are based on the judgment of the Company's management according to currently available information.**

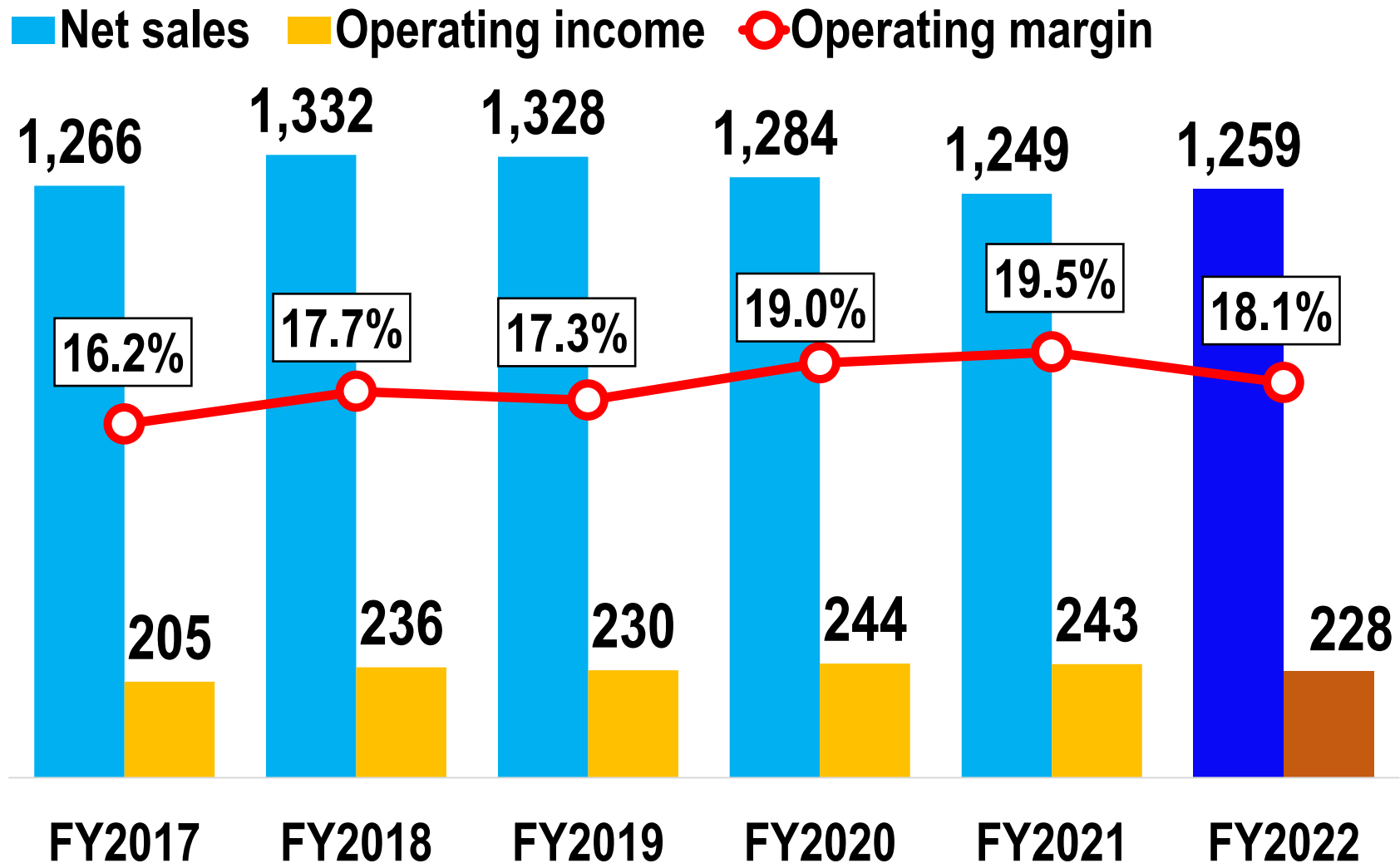
**Therefore, please note that actual performance may differ significantly from the future outlook described in this material due to changes in various factors.**

# Reference

# Changes in Results of Domestic Business (After Changing the Business Segment Classification)

1

\* Domestic Business + Direct Marketing Business



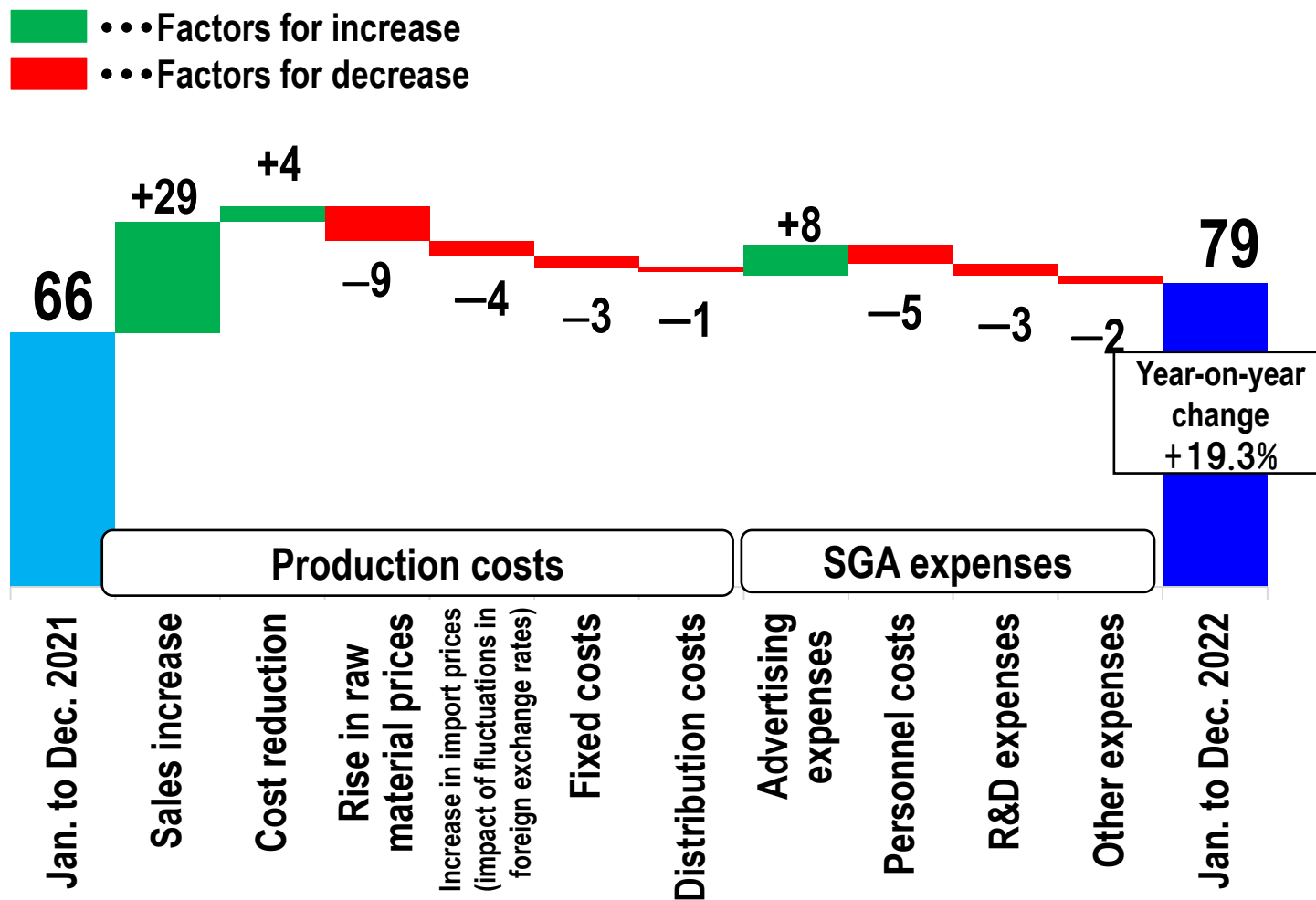
# New Products to Be Launched in Spring 2023

The Company aims to generate annual sales of 2.4 billion yen with 13 items.



## Results for the fourth quarter (Oct. to Dec. 2022)

(Unit: 100 million yen) **Factors for changes in operating income**



Impact of fluctuations in foreign exchange rates

Total: +1

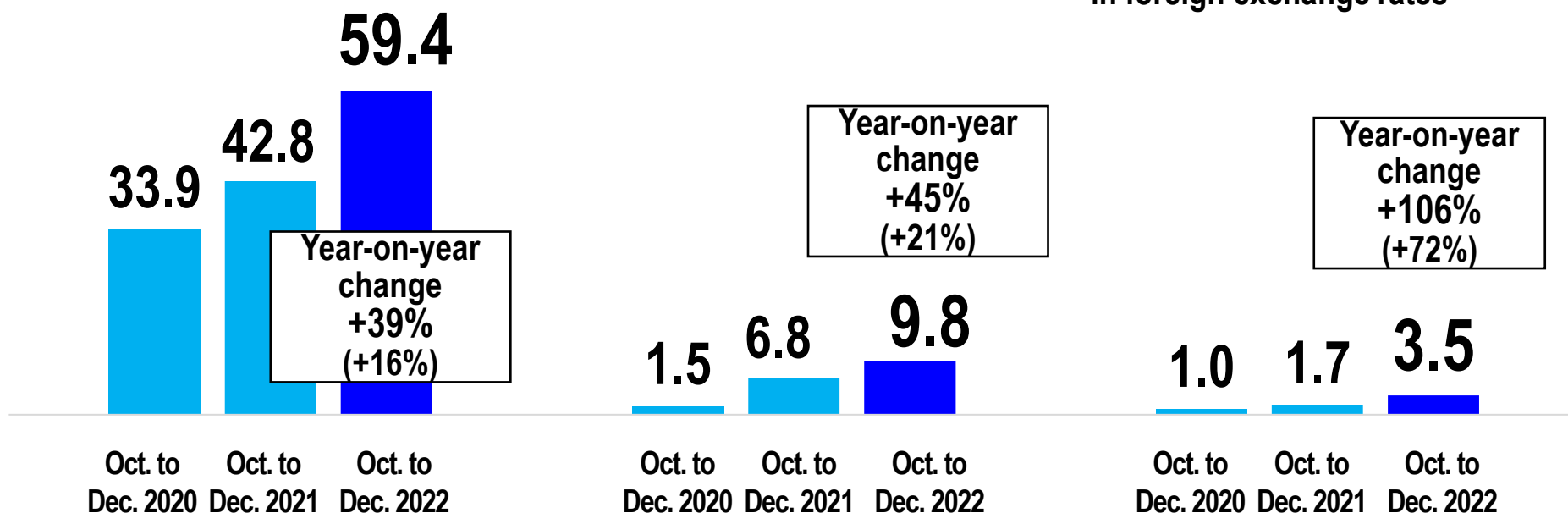




## Results for the fourth quarter (Oct. to Dec. 2022)

<Net sales (unit: 100 million yen)>

\*Percentages in parentheses without the effect of fluctuations in foreign exchange rates



### Body warmers



### Pharmaceuticals



### Other

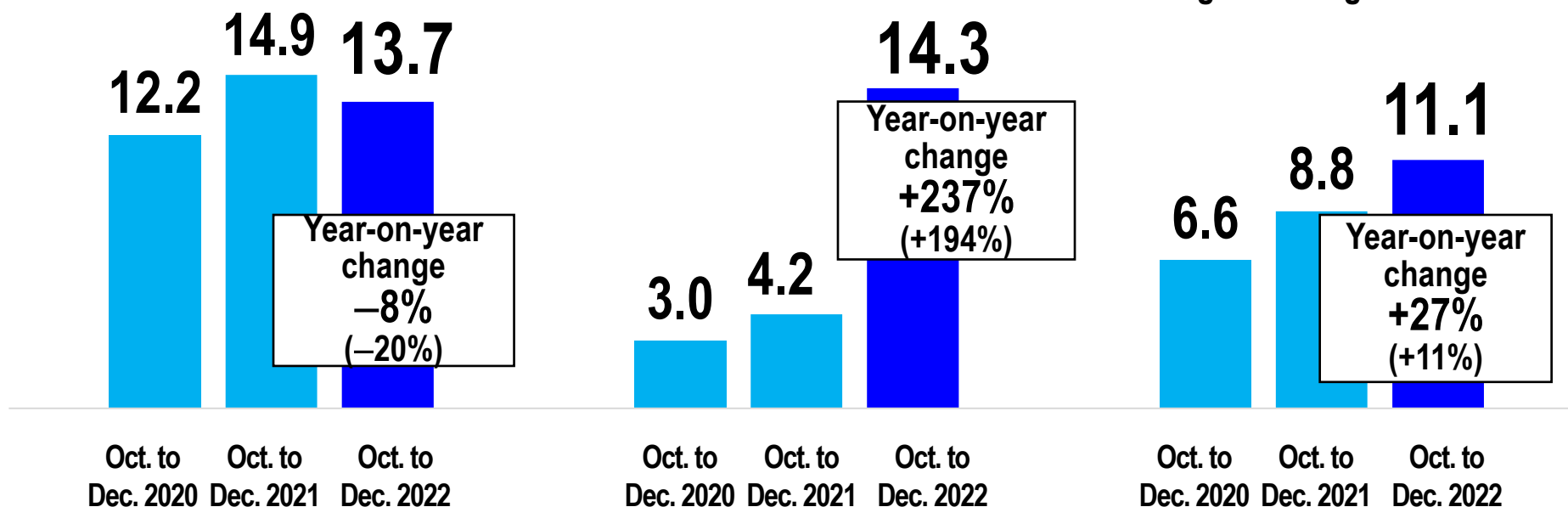




## Results for the fourth quarter (Oct. to Dec. 2022)

<Net sales (unit: 100 million yen)>

\* Percentages in the parentheses without the impact of fluctuations in foreign exchange rates



**Body warmers**

**Netsusama Sheet**

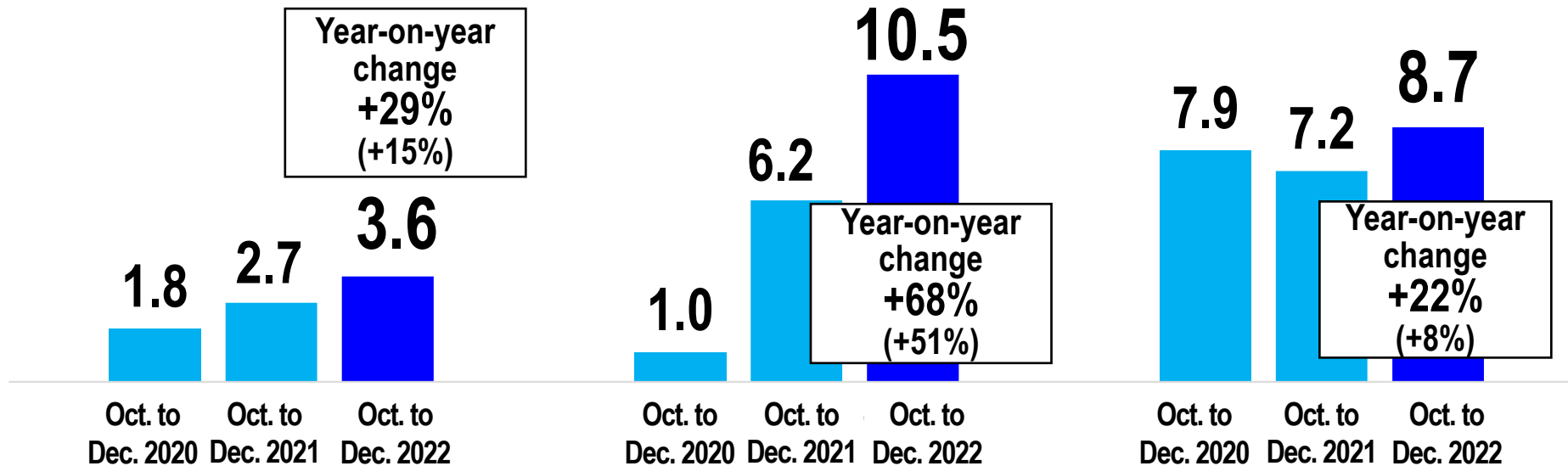
**Other**



## Results for the fourth quarter (Oct. to Dec. 2022)

<Net sales (unit: 100 million yen)>

\*Percentages in parentheses without the effect of fluctuations in foreign exchange rates



Pharmaceuticals



Netsusama Sheet



Other



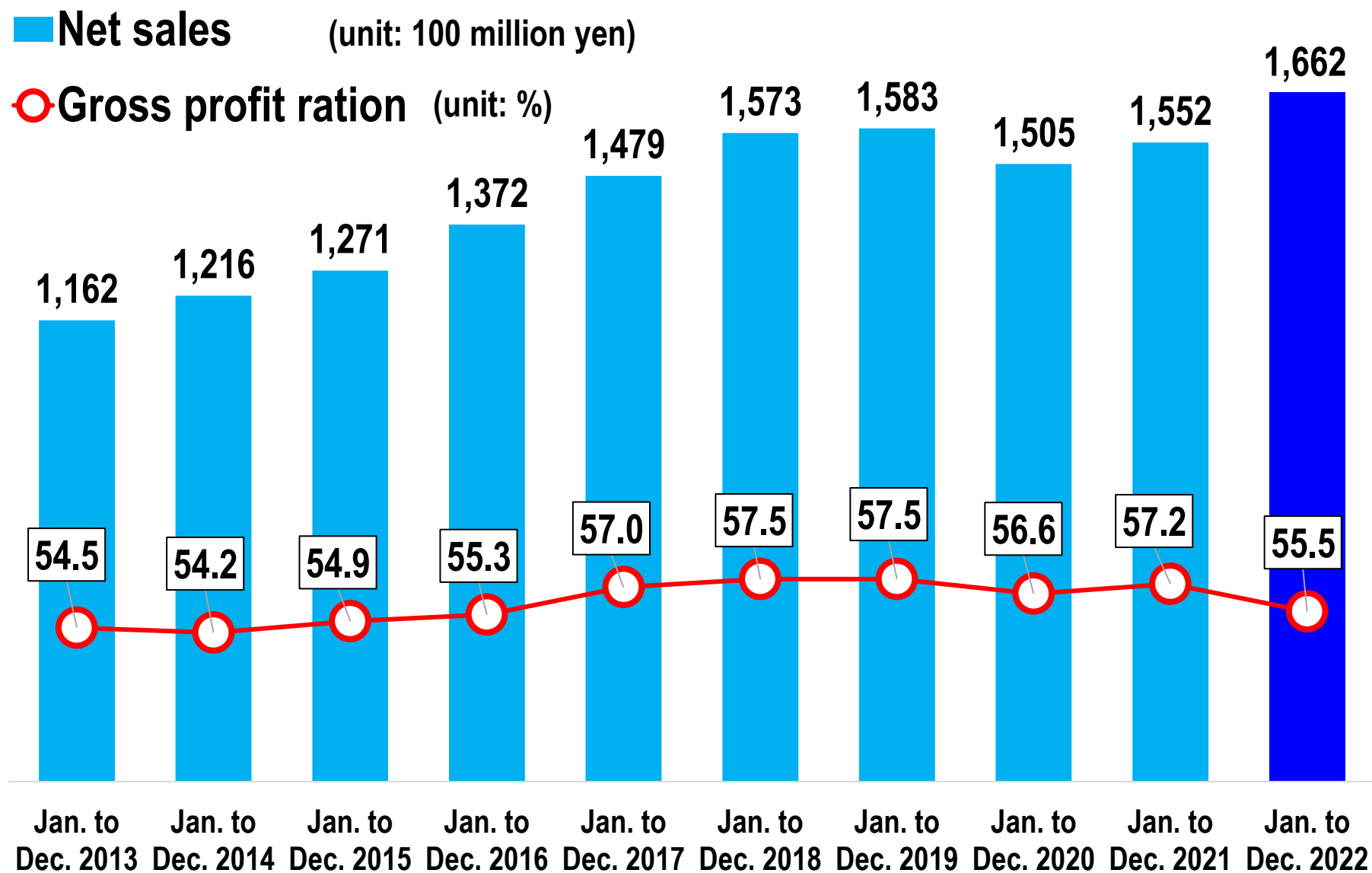
# Consolidated Income Statement

7

FY2022	Quarterly basis					Total	
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Year-on-year change (%)	Amount (100 million yen)	Year-on-year change (%)
Net sales	326	386	430	519	+9.2	1,662	+7.1
Gross profit	186	222	244	269	+6.3	923	+4.0
Margin	57.1%	57.7%	56.8%	51.9%	—	55.5%	—
Operating income	48	50	88	79	+19.3	266	+2.3
Margin	14.8%	13.0%	20.6%	15.2%	—	16.0%	—
Advertising expenses	35	59	40	55	−12.0	189	−0.9
Sales promotion expenses	6	7	7	11	+7.7	34	+2.1
Ordinary income	51	58	95	78	+12.1	282	+1.0
Margin	15.6%	15.0%	22.2%	15.1%	—	17.0%	—
Net income	34	42	68	55	+14.3	200	+1.6
Margin	10.6%	10.9%	15.8%	10.6%	—	12.0%	—
EBITDA	60	63	102	93	+16.5	319	+3.6
Margin	18.6%	16.5%	23.8%	17.9%	—	19.2%	—

# Changes in Consolidated Net Sales and Gross Profit Ratio

8



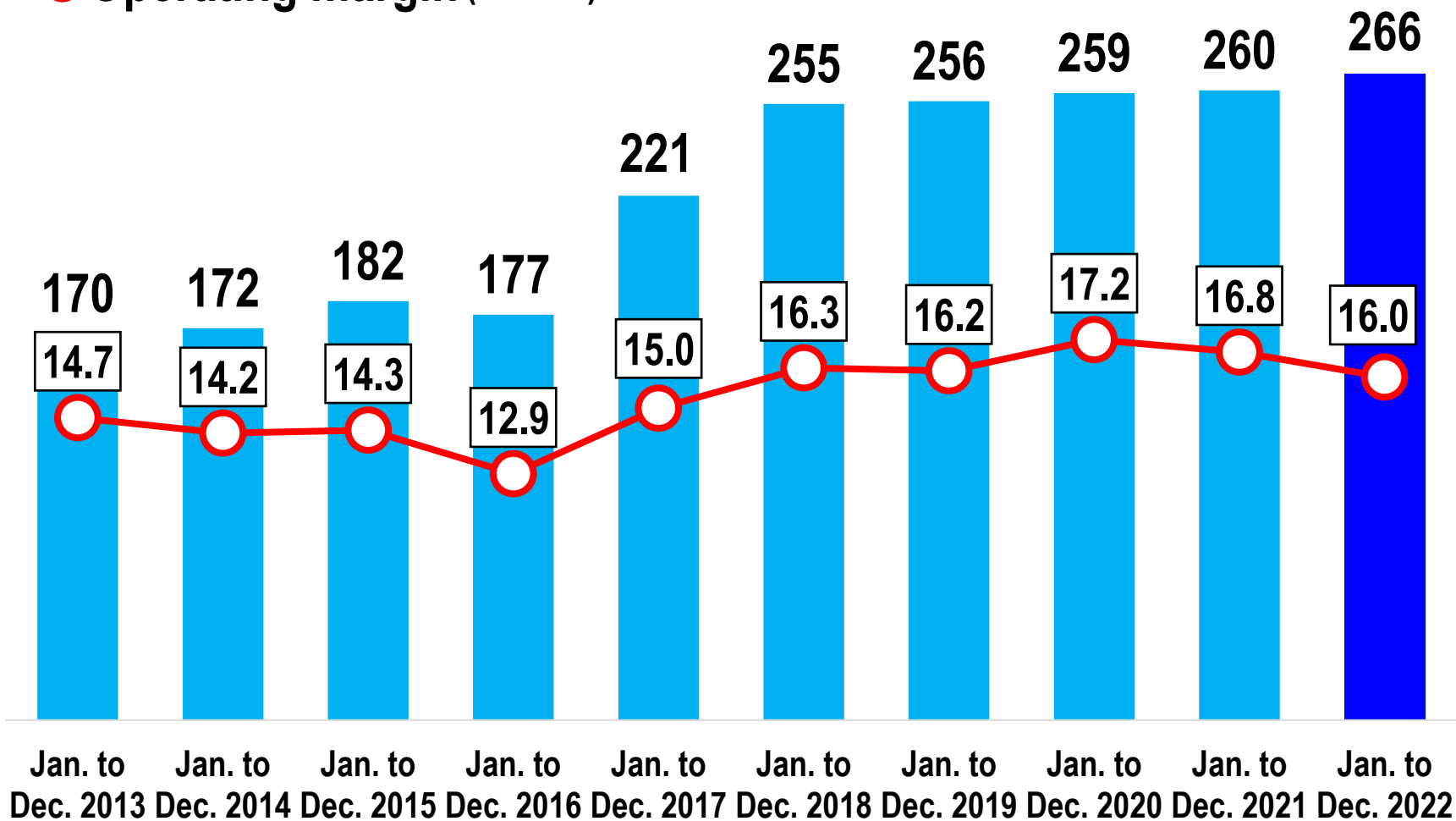
As the Company changed the fiscal year-end from March to December in 2016, figures before Jan. to Dec. 2017 were retrospectively adjusted for comparison purposes.

# Changes in Consolidated Operating Income and Operating Margin

9

■ Operating income (unit: 100 million yen)

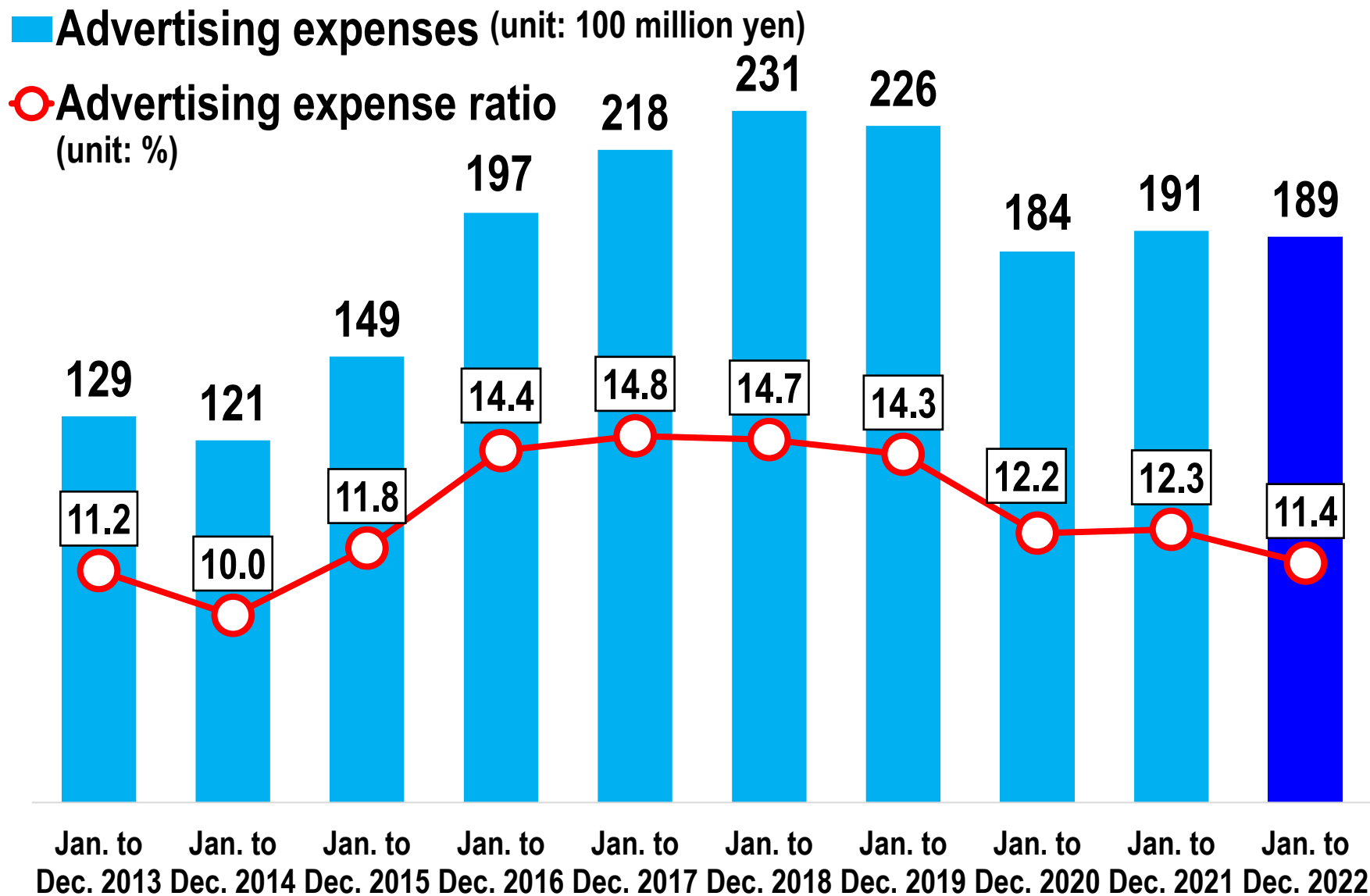
○ Operating margin (unit: %)



As the Company changed the fiscal year-end from March to December in 2016, figures before Jan. to Dec. 2017 were retrospectively adjusted for comparison purposes.

# Changes in Advertising Expenses and Advertising Expense Ratio

10

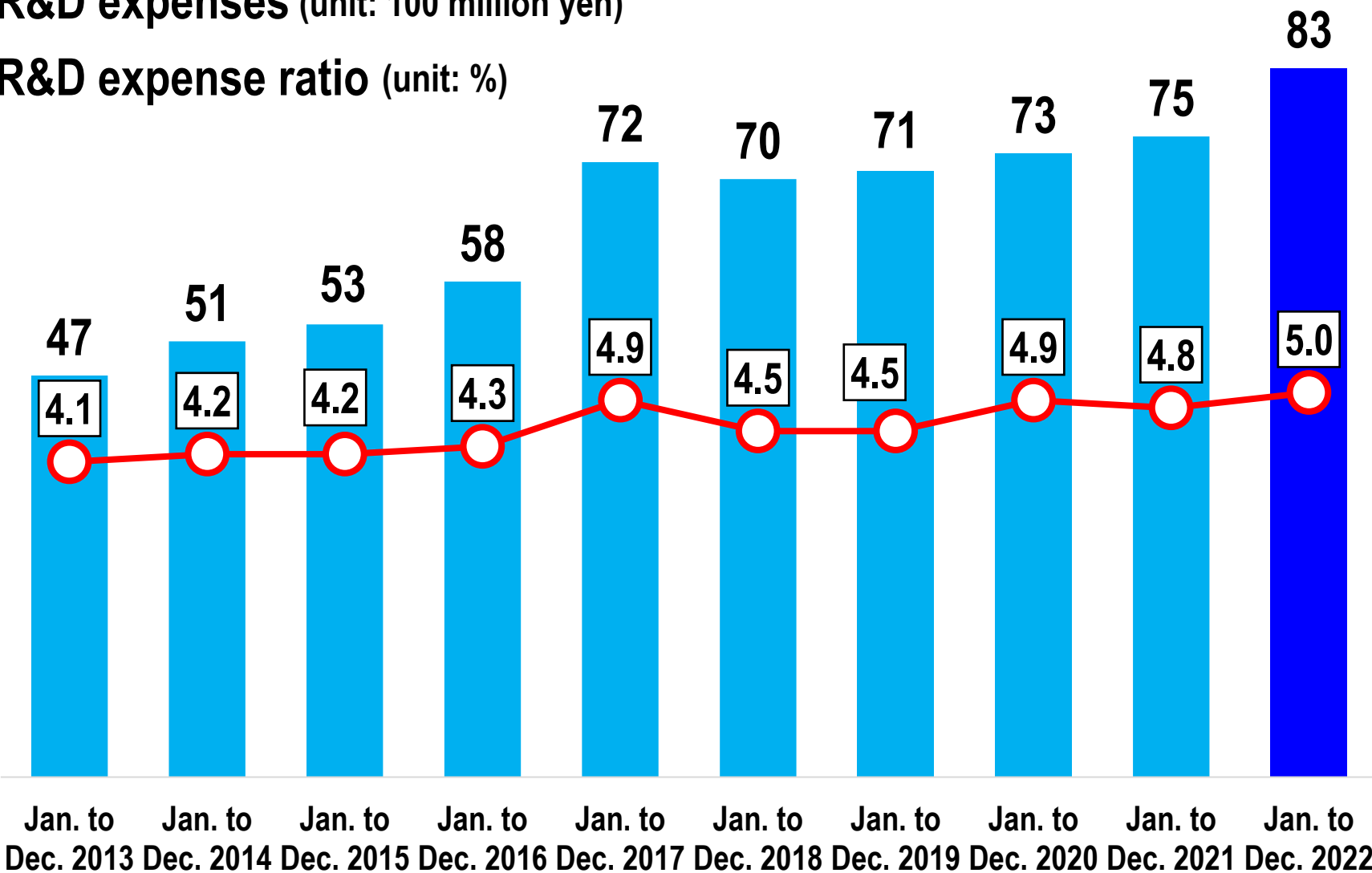


As the Company changed the fiscal year-end from March to December in 2016, figures before Jan. to Dec. 2017 were retrospectively adjusted for comparison purposes.



■ R&D expenses (unit: 100 million yen)

○ R&D expense ratio (unit: %)



As the Company changed the fiscal year-end from March to December in 2016, figures before Jan. to Dec. 2017 were retrospectively adjusted for comparison purposes.

# Consolidated Balance Sheet (1)

12

(Unit: 100 million yen)	End of Dec. 2021	End of Mar. 2022	End of Jun. 2022	End of Sep. 2022	End of Dec. 2022
Current assets	1,818	1,701	1,770	1,733	1,728
Cash and deposits	950	975	1,077	969	962
Notes and accounts receivable-trade	551	417	368	424	478
Short-term investment securities	140	101	84	83	83
Inventories	151	185	215	232	176
Non-current assets	706	722	737	822	829
Property, plant and equipment	225	251	257	329	347
Intangible assets	126	127	137	145	133
Investment and other assets	354	343	342	347	348
Total assets	2,525	2,424	2,508	2,555	2,558

# Consolidated Balance Sheet (2)

13

(Unit: 100 million yen)	End of Dec. 2021	End of Mar. 2022	End of Jun. 2022	End of Sep. 2022	End of Dec. 2022
Current liabilities	507	447	451	443	518
Notes and accounts payable-trade	92	86	92	99	90
Short-term loans payable	0	0	0	0	0
Accounts payable-other	211	165	186	176	204
Non-current liabilities	62	53	62	62	61
Total net assets	1,956	1,923	1,994	2,049	1,979
Capital surplus	41	41	41	41	5
Retained earnings	2,005	2,002	2,045	2,083	1,942
Treasury stock	−237	−277	−277	−277	−144
Total liabilities and net assets	2,525	2,424	2,508	2,555	2,558

# Consolidated Cash Flow

14

(Unit: 100 million yen)	Jan. to Dec. 2021	Jan. to Dec. 2022	Changes
Cash flow from operating activities	224	319	+ 94
Cash flow from investing activities	79	−143	−223
Cash flow from financing activities	−103	−207	−103
Free cash flow	304	176	−128

(Unit: 100 million yen)	Jan. to Dec. 2021	Jan. to Dec. 2022	Changes	Jan. to Dec. 2023 forecast
Capital expenditures (including goodwill)	52	157	105	212
Depreciation (including amortization of goodwill)	48	53	5	57

(Unit: yen)	Jan. to Dec. 2021	Jan. to Mar. 2022	Jan. to Jun. 2022	Jan. to Sep. 2022	Jan. to Dec. 2022	Jan. to Dec. 2023 forecast
US dollar	109.8	116.2	122.9	128.1	131.4	125.0
Chinese yuan	17.0	18.3	18.9	19.4	19.5	19.0

\* Before changing the business segment classification

FY2022	Quarterly basis					Total	
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Year-on-year change (%)	Amount (100 million yen)	Year-on-year change (%)
Net sales	230	301	298	344	+0.5	1,175	+1.4
Gross profit	131	173	171	181	−1.2	658	−1.6
Margin	57.1%	57.5%	57.3%	52.8%	−	56.0%	−
Operating income	39	53	70	60	+0.7	224	−6.3
Margin	17.2%	17.8%	23.6%	17.6%	−	19.1%	−

Advertising expenses	24	45	28	34	−20.7	133	−7.1
Percentage	10.7%	15.1%	9.5%	10.0%	−	11.3%	−
Sales promotion expenses	2.3	3.7	2.6	3.6	+10.7	12.2	−3.2
Percentage	1.0%	1.2%	0.9%	1.1%	−	1.0%	−



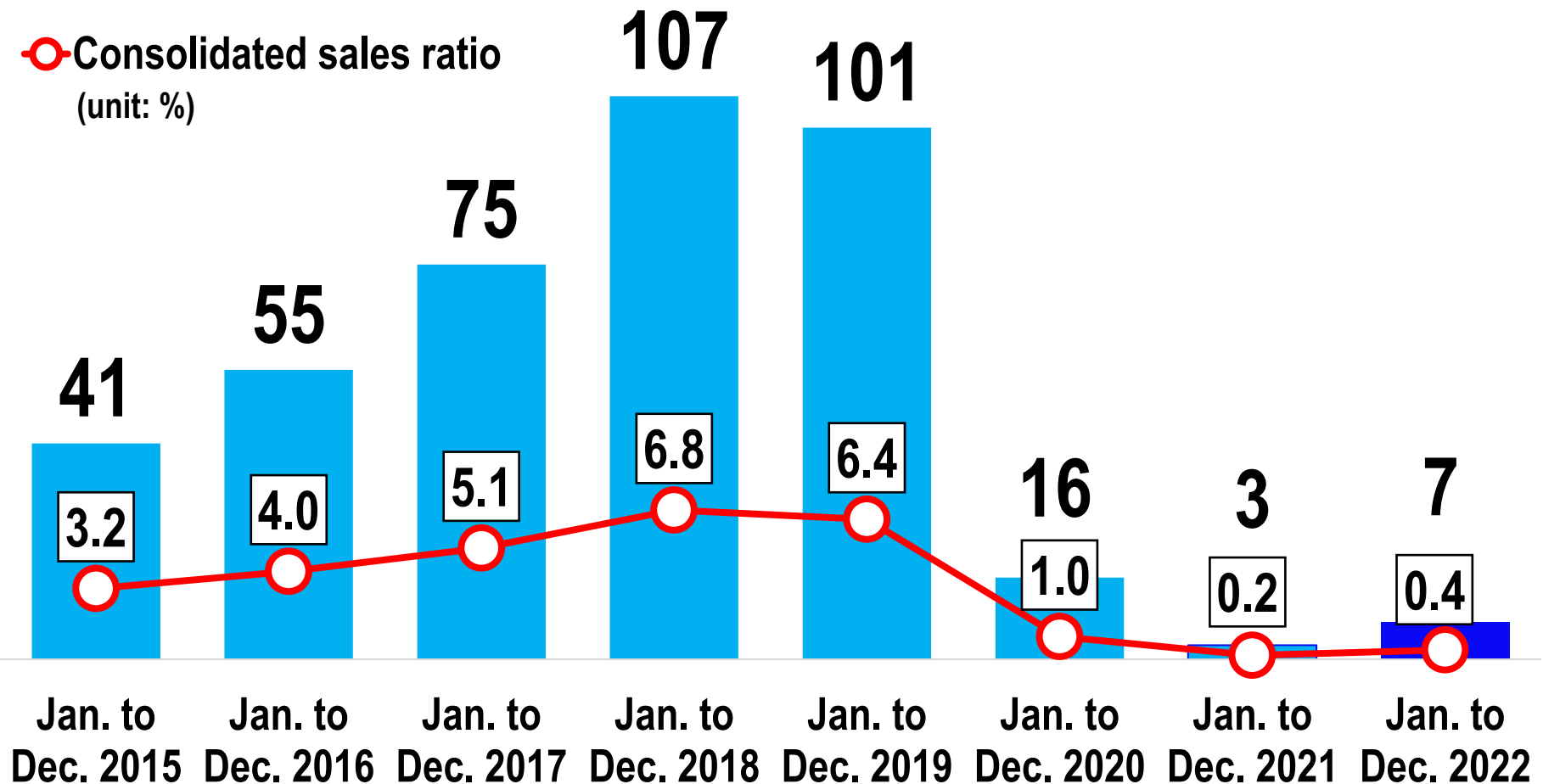
\* Before changing the business segment classification

FY2022	Quarterly basis					Total	
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Year-on-year change (%)	Amount (100 million yen)	Year-on-year change (%)
Healthcare	121	140	138	154	+5.5	554	+3.6
Pharmaceuticals	71	76	79	84	+9.0	312	+3.4
Food	17	22	20	23	+7.0	83	+5.5
Oral care products	32	41	38	46	−1.1	159	+2.9
Household products	87	133	135	138	+0.6	495	+0.0
Sanitary products	24	29	31	40	+19.9	125	+17.3
Deodorizing air fresheners	53	91	92	84	−6.8	321	−5.0
Household articles	9	12	12	14	+2.0	48	−2.9
Skin care products	15	17	16	18	−7.4	67	−7.1
Body warmers	6	9	7	33	−14.2	57	+3.0

## <Estimated inbound tourists-related sales>

■ Net sales (unit: 100 million yen)

○ Consolidated sales ratio  
(unit: %)



FY2022	Quarterly basis					Total	
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Year-on-year change (%)	Amount (100 million yen)	Year-on-year change (%)
Net sales	73	61	109	152	+41.0	396	+33.4
Gross profit	38	32	56	71	+41.0	198	+36.5
Margin	52.0%	52.7%	51.6%	46.7%	—	50.0%	—
Operating income	7.3	—5.9	15.8	15.0	+568.0	32.3	+255.0
Margin	10.0%	—	14.5%	9.9%	—	8.2%	—
Advertising expenses	4.6	8.1	6.7	17.0	+23.1	36.6	+41.1
Percentage	6.3%	6.1%	2.7%	4.3%	—	9.2%	—
Sales promotion expenses	2.9	2.9	4.5	7.1	—8.6	17.4	—0.9
Percentage	4.0%	4.8%	4.1%	4.7%	—	4.4%	—

# Results by Segment (International Business)

20

FY2022	Quarterly basis					Total	
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Year-on-year change (%)	Amount (100 million yen)	Year-on-year change (%)
U.S.	25.1	19.2	47.5	72.8	+41.8	164.7	+26.6
China	25.1	19.4	33.7	46.4	+40.9	124.8	+24.0
Mainland China	20.7	14.5	28.0	39.2	+39.9	102.5	+22.2
(Stores)	11.4	7.2	14.3	23.3	+63.0	56.4	+36.7
(Mainland EC)	6.9	6.1	12.4	13.1	+15.1	38.6	+14.8
(Cross-border EC)	2.3	1.1	1.2	2.7	+18.8	7.4	−17.0
(EC percentage)	44.8%	50.1%	48.9%	40.4%	−	45.0%	−
Hong Kong	4.4	4.9	5.7	7.1	+46.1	22.2	+33.1
Southeast Asia	17.5	14.5	19.9	22.9	+41.1	74.9	+78.1
Singapore	0.5	1.3	0.6	1.1	+131.4	3.6	+56.8
Malaysia	4.8	5.4	5.9	3.6	+41.9	19.8	+130.9
Thailand	2.5	3.0	4.8	3.9	+44.6	14.4	+91.4
Indonesia	2.2	2.7	1.2	2.1	+304.9	8.4	+96.3
Philippines	2.7	0.6	2.4	2.2	+6.3	8.0	+24.8
Taiwan region	4.6	1.2	4.8	9.7	+25.0	20.4	+59.0
Other	6.0	7.8	8.2	10.0	+35.2	32.2	+31.3

\* Before changing the business segment classification

FY2021	Quarterly basis					Total	
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Amount (100 million yen)	Year-on-year change (%)	Amount (100 million yen)	Year-on-year change (%)
Net sales	21	21	20	21	−8.8	84	−6.2
Gross profit	15	15	14	15	−9.3	59	−5.7
Margin	71.5%	71.2%	70.7%	70.5%	−	71.0%	−
Operating income	0.4	0.8	0.6	2.2	+28.0	4.2	+5.6
Margin	2.3%	3.8%	3.2%	10.4%	−	5.0%	−
Advertising expenses	5.8	5.2	5.3	3.9	−28.7	20.4	−9.0
Percentage	27.7%	24.6%	26.5%	18.4%	−	24.2%	−
Sales promotion expenses	1.5	1.6	1.2	1.4	−15.0	5.8	−3.1
Percentage	7.2%	7.8%	6.2%	6.6%	−	7.0%	−