

Financial Overview for Fiscal Year Ended December 31, 2023

Yumi Nakagawa
Executive Officer, General Manager, CFO Unit
Kobayashi Pharmaceutical Co., Ltd.

February 9, 2024

Release of Human Capital Report

Kobayashi Pharmaceutical has released its “Human Capital Report 2022,” aimed at enhancing mutual understanding among stakeholders, including investors and its employees, by enabling them to visualize its human capital initiatives.



Acquisition of treasury stock

The Company acquired its own treasury stock with aims to further distribute profit to shareholders and make it possible to execute its capital policy responsively and adaptively in response to changes in the business environment.

Renewal of offices

The Company renewed the offices of the Digital Division, etc. with aims to revitalize communication among employees and to foster a corporate culture that encourages taking on challenges.



Space for drinking coffee

Working spaces



Summary of Business Performance

(for the Fiscal Year Ended December 31, 2023)

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Domestic Business

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

Net sales increased by 4.5 billion yen (up 3.6%).

- Inbound tourism demand increased along with a rise in the number of overseas tourists to Japan (+6.7 billion yen).
- Sales of new products, such as *Shoshugen SAVON*, *Keanabon*, and *Koecure*, contributed to a growth in net sales (+4.6 billion yen).
- Sales of body warmers rebounded in reaction to the decrease in sales caused by restraint of shipments due to the shortage of raw materials in the previous year (+0.8 billion yen).
- Sales of existing products, mainly household products, were sluggish (−6.7 billion yen).
- Sales of the Direct Marketing Business were weak (−0.9 billion yen).



International Business

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

* Foreign currency translation effects are included.)

Net sales increased by 2.6 billion yen (up 6.6%) due to positive foreign currency translation effects.

- U.S.: Sales of body warmers were sluggish due to mild winters, although sales of pharmaceuticals were steady (+0.5 billion yen).
- China (Mainland): Although sales of body warmers decreased due to mild winters, sales of *Netsusama Sheet* were strong (+03 billion yen).
- Hong Kong: Net sales increased due to the contribution of inbound tourism demand from mainland China (+0.8 billion yen).
- Southeast Asia: Net sales grew due to steady sales of *Netsusama Sheet* and *Ammeltz* in each country (+0.4 billion yen).

The Company achieved an increase in net income for the 26th consecutive term.

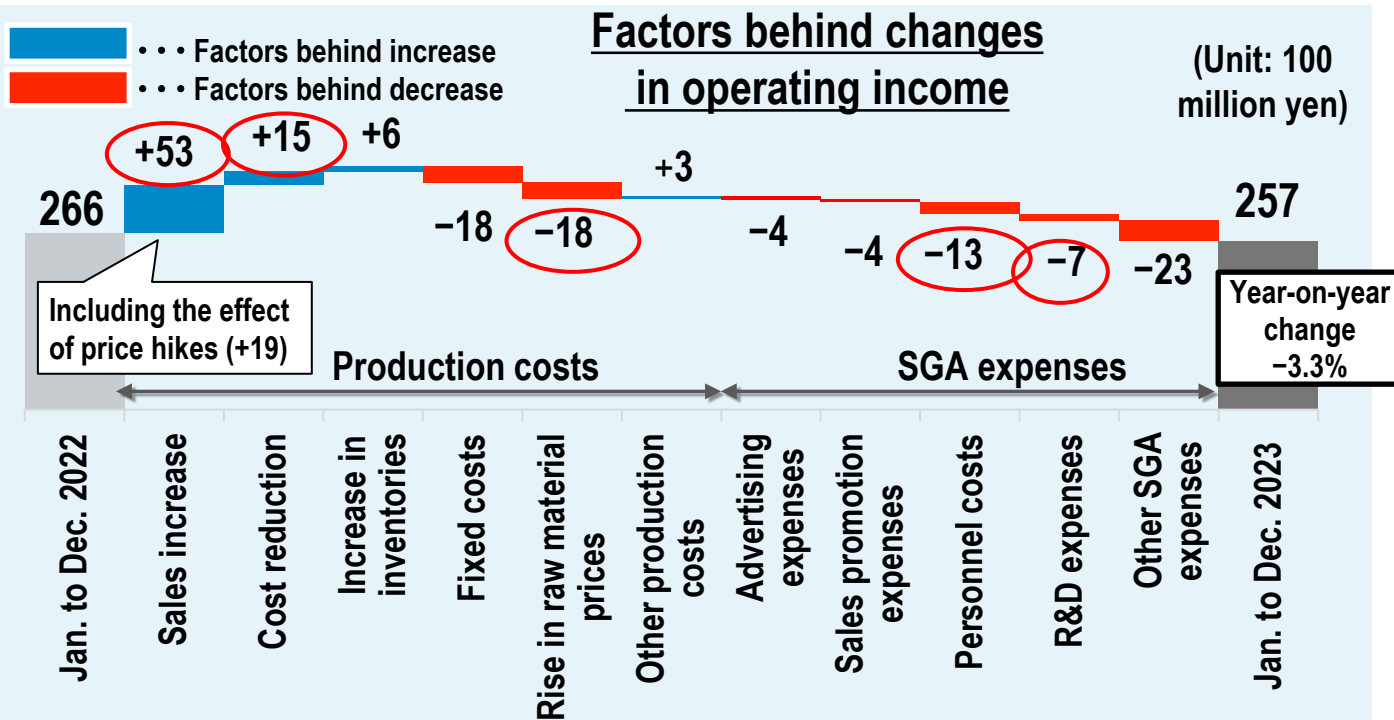
(Unit: 100 million yen)	FY2022 results (Jan. to Dec. 2022)	FY2023 results (Jan. to Dec. 2023)			Published forecast	
	Amount	Amount	Year-on-year change	Percentage of net sales	Amount	Difference
Net sales	1,662	1,734	+4.3%	-	1,720	+0.8%
Operating income	266	257	-3.3%	14.9%	255	+1.1%
Ordinary income	282	273	-3.4%	15.8%	265	+3.1%
Net income	200	203	+1.6%	11.7%	202	+0.7%
EBITDA*	319	317	-0.7%	18.3%	312	+1.9%
EPS	259.63 yen	268.16 yen	+3.3%	-	265.74 yen	+0.9%
ROE	10.2%	10.1%	-	-	10.0%	-
Net sales of Domestic Business	1,259	1,304	+3.6%	-	1,294	+0.8%
Net sales of International Business	396	422	+6.6%	-	420	+0.7%

* EBITDA = Operating income + Depreciation + Amortization of goodwill

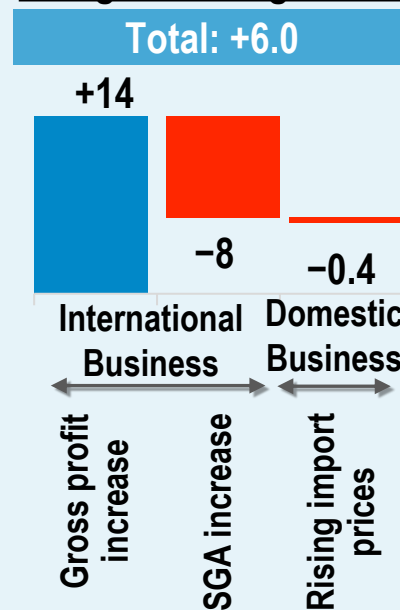
Factors behind Changes in Consolidated Operating Income

5/37

The Company's strategic price hikes and cost reduction efforts contributed to a growth in profit, but rising raw material prices and investment in human resources and R&D cut into profit, resulting in a decrease in operating income.



Impact of fluctuations in foreign exchange rates



Domestic Business (Sales Breakdown by Product Category)

6/37

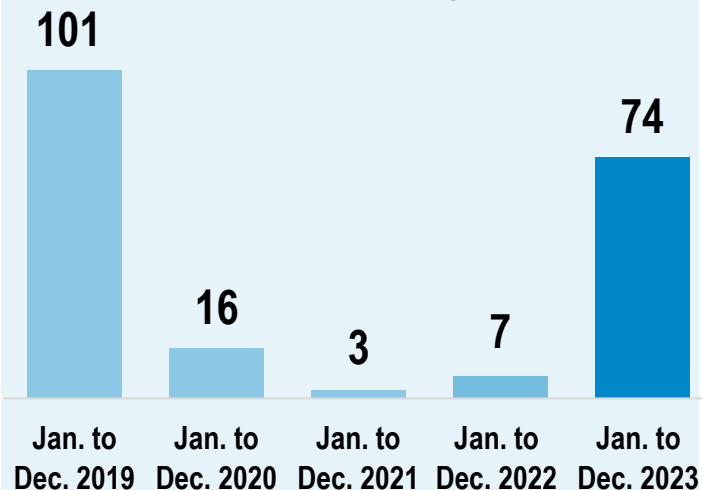
Sales of healthcare products grew steadily due to the contribution of a rise in inbound tourism demand, but sales of the Direct Marketing Business decreased. Although sales of household products recently showed a recovery, the increase was not sufficient to make up for the decrease in the first half. Consequently, their sales remained flat from the previous year. Sales of body warmers were strong, rebounding in reaction to the decrease in sales caused by restraint of shipments due to the shortage of raw materials in the previous year.

(Unit: 100 million yen)		FY2022		FY2023			
		Oct. to Dec.	Jan. to Dec.	Oct. to Dec.		Jan. to Dec.	
		Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	Healthcare products	172	622	195	+13.2%	670	+7.6%
	Household products	136	492	141	+4.2%	490	-0.3%
	Body warmers	35	60	43	+22.3%	69	+14.3%
	Direct Marketing Business	21	84	18	-14.6%	75	-11.0%
	Total	365	1,259	399	+9.1%	1,304	+3.6%
Total operating income		62	228	60	-4.1%	220	-3.6%
(Margin)		17.2%	18.1%	15.1%	—	16.9%	—

Inbound tourism demand-related sales recovered to around 70% of the pre-COVID-19 level, along with an increase in the number of visitors to Japan. Some new products, which were launched in the middle of the COVID-19 pandemic, were likely to sell well supported by inbound tourism demand. The Company strengthened sales promotion activities in storefronts, such as the use of point-of-purchase displays in multiple languages.

Changes in inbound-tourism-demand-related sales

(Unit: 100 million yen)



New products that were likely to sell well



Use of point-of-purchase displays in foreign languages



Inbound-tourism-demand-related sales ranking by brand

Rank	Jan. to Dec. 2019	Jan. to Dec. 2023
1	Inochi-no-haha	Naishitol
2	SakamuCare	Inochi-no-haha
3	Ammeltz	Dietary supplement products
4	BreathCare	Nodonool
5	Eyebon	SakamuCare

International Business (Sales Breakdown by Region)

8/37

Net sales increased due to the effects of positive foreign currency translation and consolidation of Focus Consumer Healthcare. Operating income decreased slightly due to a reaction to a huge rise in demand for *Netsusama Sheet* in the fourth quarter of the previous fiscal year. (Effect of foreign currency translation: net sales and operating income grew by 2.0 billion yen and 0.5 billion yen, respectively.)

(Unit: 100 million yen)		FY2022		FY2023					
		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.	72	164	66	-8.3%	-13.1%	170	+3.5%	-3.2%
	Mainland China	39	102	36	-7.6%	-9.8%	105	+3.2%	+1.6%
	Hong Kong	7	22	7	+10.2%	+ 5.1%	30	+37.6%	+28.5%
	Southeast Asia	22	74	19	-14.5%	-17.2%	79	+5.9%	+0.5%
	Other	10	32	11	+15.8%	+7.7%	36	+13.3%	+7.2%
	Total International Business	152	396	142	-6.6%	-10.6%	422	+6.6%	+1.4%
Total operating income		15	32	2	-83.0%	-90.5%	32	-0.5%	-15.5%
(Margin)		9.9%	8.2%	-	1.8%	—	-	7.6%	—

Sales in U.S. (by Product)

9/37

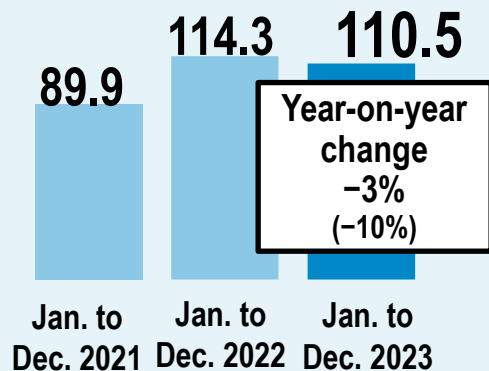
Sales of body warmers were sluggish due to mild winters. Sales of pharmaceuticals and other grew steadily due to the effects of consolidation of Focus Consumer Healthcare, which the Company acquired in October 2023, and foreign currency translation.

(Unit: 100 million yen)

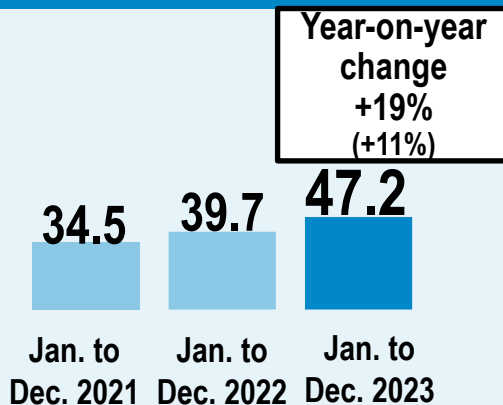
Net sales

* Percentages in parentheses exclude the effect of fluctuations in foreign exchange rates.

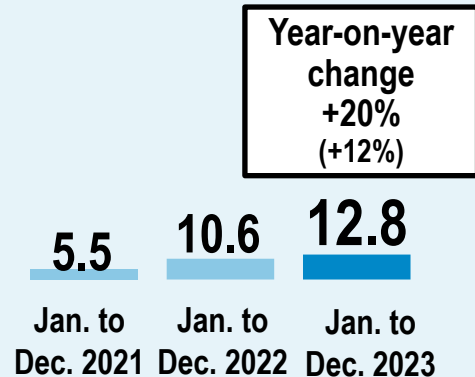
Body warmers



Pharmaceuticals



Other



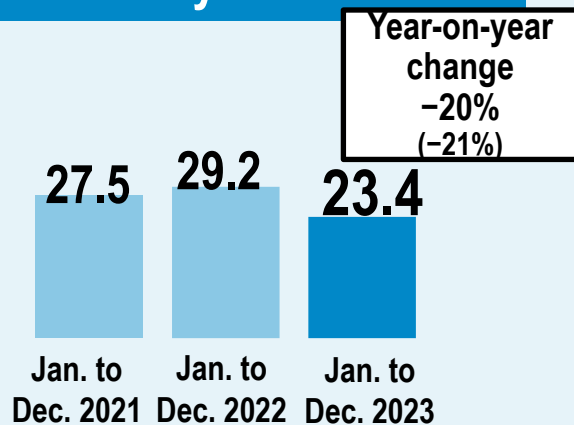
Sales of body warmers decreased due to mild winters. Sales of *Netsusama Sheet* grew due to the spread of COVID-19 infections and influenza.

(Unit: 100 million yen)

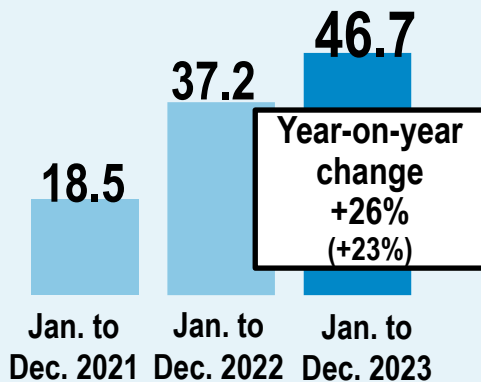
Net sales

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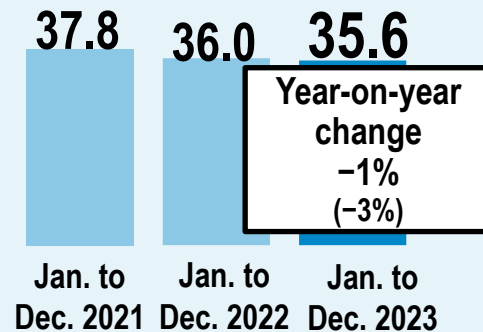
Body warmers



Netsusama Sheet



Other



Sales in Southeast Asia (by Product)

11/37

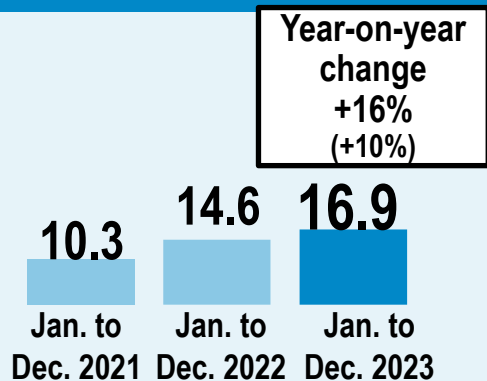
Among pharmaceuticals, *Ammeltz* sold well. Sales of *Netsusama Sheet* grew due to increased demand supported by the spread of various infectious diseases. Sales of other products decreased since body warmers sold poorly owing to mild winters.

(Unit: 100 million yen)

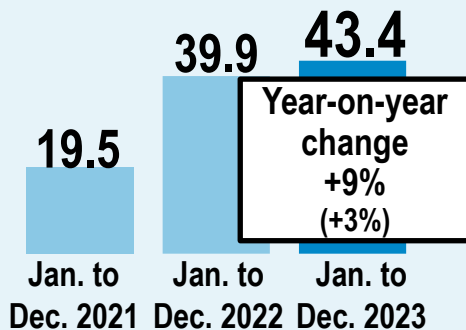
Net sales

* Percentages in parentheses exclude the effect of fluctuations in foreign exchange rates.

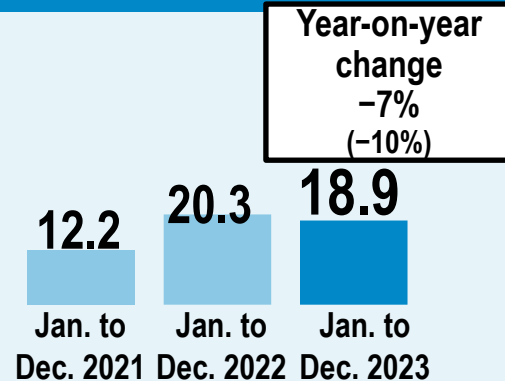
Pharmaceuticals



Netsusama Sheet



Other



Assumptions for the Forecast of Consolidated Results

12/37

Domestic market	<ul style="list-style-type: none">• Although there is concern whether consumers will be so keen on taking life-protection measures amid inflationary fears, the market as a whole will grow steadily.• Inbound tourism demand will recover to near the pre-COVID-19 level (sales of 9.5 billion yen are estimated).• The expected contribution of the new M&A is not reflected in the forecast.
Overseas market	<ul style="list-style-type: none">• North America: The body warmer market is expected to continue to expand despite concerns over mild winters.• China: The consumer goods market will grow steadily despite concerns over the economic slowdown.• Asia: Sales of pharmaceuticals and <i>Netsusama Sheet</i> will increase robustly.• The expected contribution of the new M&A is not reflected in the forecast.

Summary of business performance	<ul style="list-style-type: none">● Net sales<ul style="list-style-type: none">• Net sales will increase by 7.0% on a consolidated basis (Domestic Business: +3.5%, International Business: +18.2%).● Main impact on earnings<ul style="list-style-type: none">• Increase in gross profit due to sales growth: +6.6 billion yen• Cost reduction: +1.7 billion yen• Effects of price hike: +1.7 billion yen• Increase in depreciation: -1.9 billion yen• Increase in advertising expenses: -1.5 billion yen• Increase in personnel costs: -1.3 billion yen• Rise in raw material prices: -1.0 billion yen• Investment for growth: -1.0 billion yen• Increase in distribution costs: -0.8 billion yen• Other: -2.0 billion yen
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Forecast of Consolidated Results for Fiscal Year Ending December 2024

13/37

We aim to achieve net sales and operating income growth and a 27th consecutive fiscal period of dividend increases.

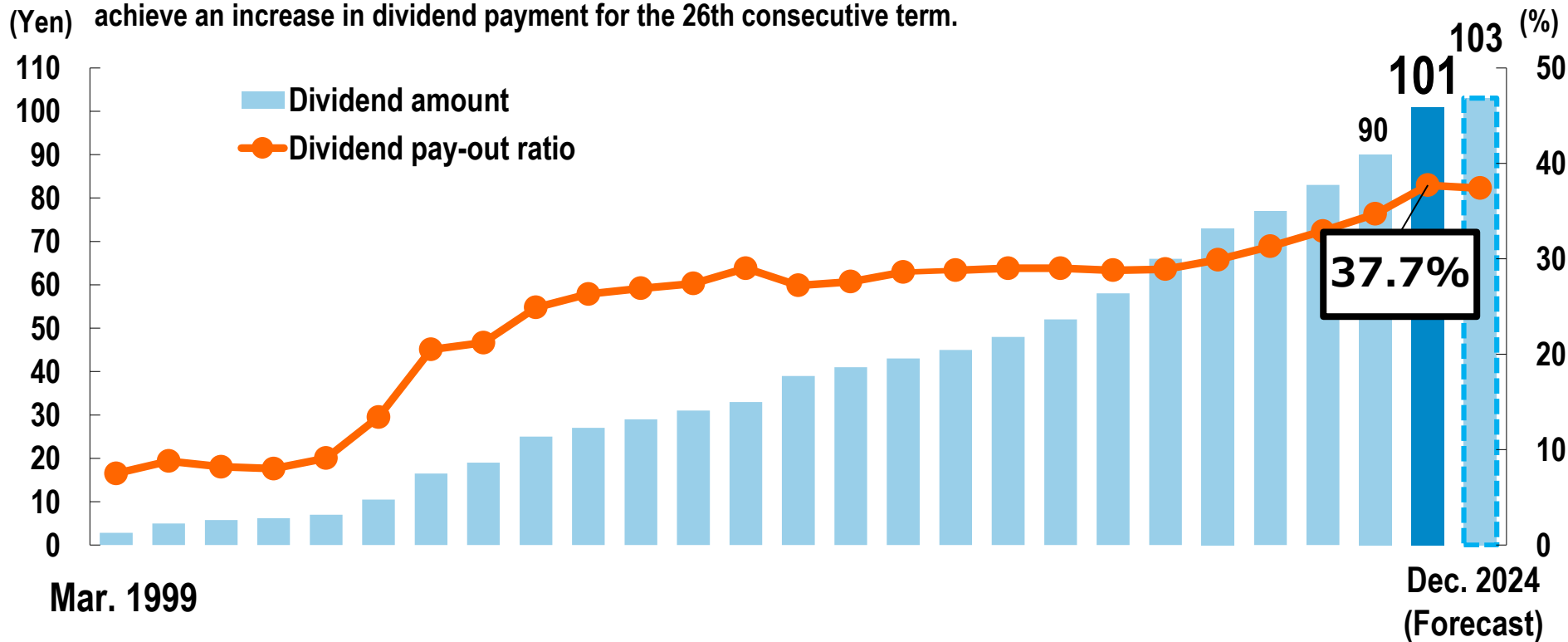
(Unit: 100 million yen)	FY2023 results (Jan. to Dec. 2023)	FY2024 forecast (Jan. to Dec. 2024)		
	Amount	Amount	Year-on-year change	Percentage of net sales
Net sales	1,734	1,856	+7.0%	-
Operating income	257	263	+2.0%	14.2%
Ordinary income	273	275	+0.6%	14.8%
Net income	203	205	+0.8%	11.0%
EBITDA *1	317	342	+7.6%	18.4%
EPS	268.16 yen	275.76 yen	+2.8%	-
ROE	10.1%	10.0%	-	-
Net sales of Domestic Business	1,304	1,350	+3.5%	-
Net sales of International Business *2	422	500	+18.2%	-

*1. EBITDA = Operating income + Depreciation + Amortization of goodwill *2. Foreign exchange rates: US\$1 = 135 yen; Chinese yuan 1 = 19.4 yen

Changes in Dividend Payment

14/37

In FY2023, the Company increased the year-end dividend by 5 yen/share compared to the initial announcement, paying an annual dividend of 101 yen/share. It achieved an increase in dividend payment for the 25th consecutive term. In FY2024, the Company plans to increase the annual dividend by 2 yen/share, aiming to achieve an increase in dividend payment for the 26th consecutive term.



Progress of Medium-Term Management Plan and Outlook of Business

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

February 9, 2024

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

Strategy (3)

**Strengthening the competitiveness
of existing products**

Strategy (4)

**Proactive creation of new
businesses**

Strategy (5)

Creation of the foundation for tomorrow's Kobayashi Pharmaceutical

ESG・DX

	<u>Key focus points</u>	<u>Current status and initiatives</u>	<u>Objectives</u>
Early introduction and nurturing of new products	Launching 30 new products annually	<ul style="list-style-type: none">➤ Speeding up the development process of unique product themes by sizing up them in the early stage of development.<ul style="list-style-type: none">○ Increasing the number of new product themes created	Strengthening the core business (creation of a new market)
	Strengthening online marketing	<ul style="list-style-type: none">➤ Before launching new products, creating a topic of conversation to have them go viral on the website and SNS➤ Appointing a full-time person in charge of online marketing	Speeding up the development of new products and <u>improving the cost-benefit performance of advertising</u>
Use of EC (Electric Commerce)	Development and fostering of products regardless of sales channels	<ul style="list-style-type: none">➤ Fostering long-tail products➤ Developing products that are available only in EC	<u>Realizing the Company's purpose</u> by delivering products that fulfil customers' frequently overlooked needs

Strategy (1) Changes in Contribution Rate of New Product Sales

18/37

- Initial-year contribution rate
- Four-year contribution rate

Rated as being in
the Nikkei MJ's
Hit Product List
2023

New products
selling well
currently



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 FY ended Dec. 2023



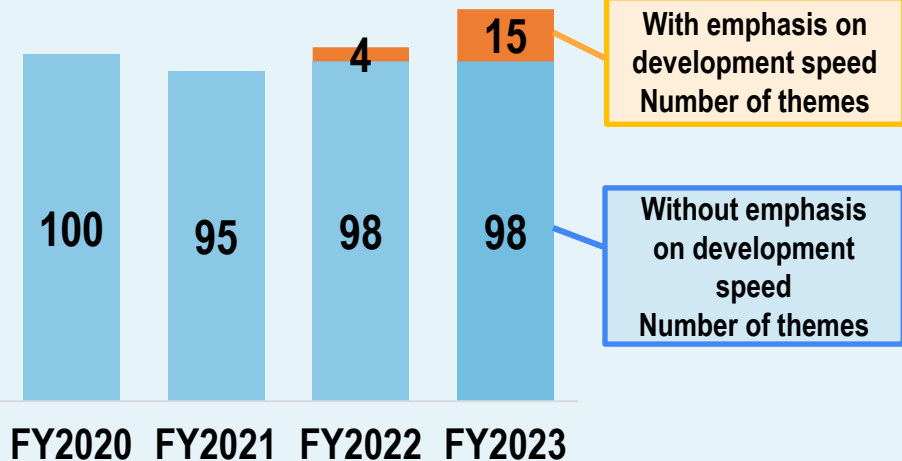
Strategy (1): Accelerate New Product Development

19/37

The Company sped up the development process of unique product themes, resulting in a rise in the number of new product themes created annually.

Number of new product themes created annually

* 2020 base (= 100)



Medium-term management plan KPIs

New products launched annually: 30 items

FY2023

Launched 30 items
(13 items in Spring,
17 items in Fall)



FY2024

Scheduled to
launch 18 items
in Spring



Strategy (1): Strengthening Online Marketing

20/37

The Company will increase its percentage of online advertising by measuring the cost-benefit performance of advertisements to targeted customers by brand. We have had successful cases of marketing that used SNS and online advertising. In FY2025, the Company plans to raise the ratio of online advertising expenses to 30% and appoint a full-time person in charge of online marketing.

Successful cases

Before
FY2022



After FY2023



Won first
prize in the
Amazon
Beauty
Award



Ratio of online advertising expenses

(Unit: %)



The Company will continue to assist customers with problems that tend to be overlooked in an environment where such customers can continue to use its products over a long period of time.

Kobayashi Pharmaceutical's Purpose


Solve problems that tend to be overlooked and assist in eliciting people's potential.

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 eliciting people's potential by considering the attainment of a comfortable life and active participation in society, which are hampered by such “problems,” as “social issues that have been left behind,” and contributing to solving them.



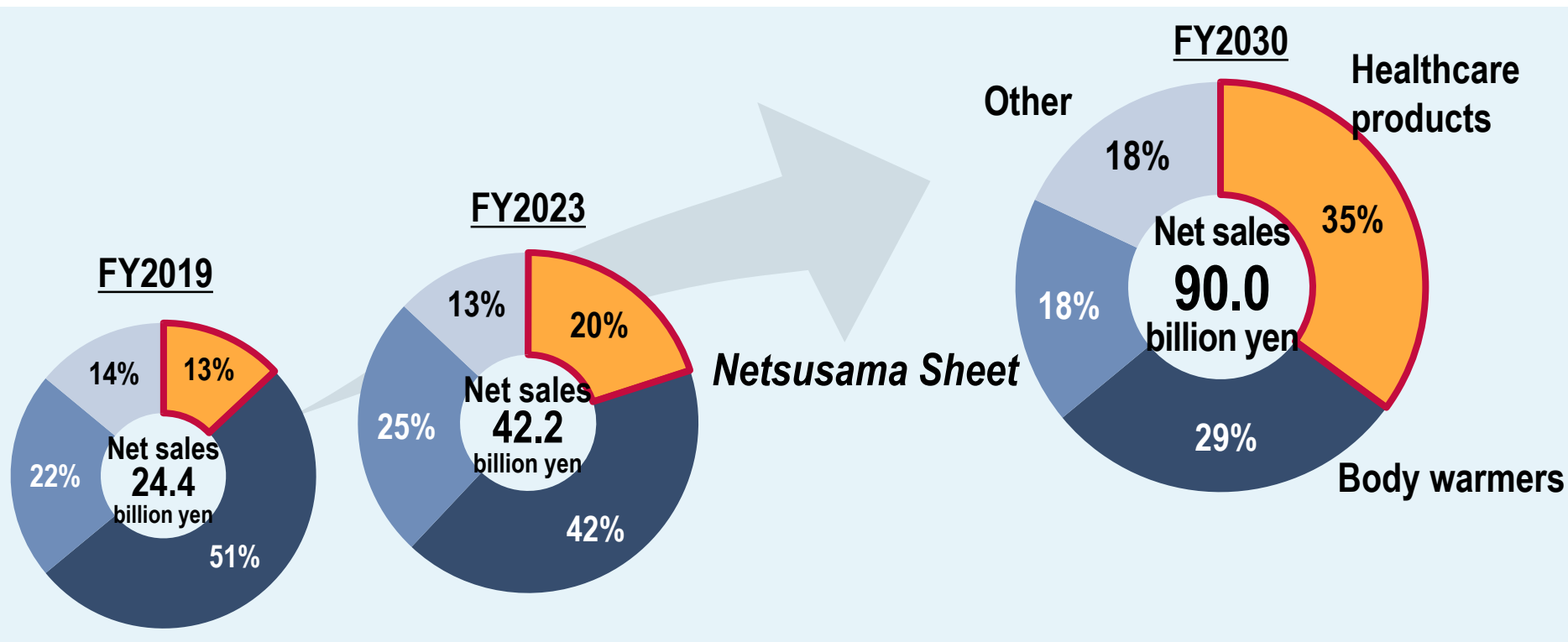
The Company will foster long-tail products via online advertising and EC. These products scarcely hit the shelves in storefronts.

	Key focus points	Current status and initiatives	Objectives
U.S.	Acquisition of a business foundation for the OTC business and growth support	<ul style="list-style-type: none"> ➤ Using the business foundation acquired through M&A <ul style="list-style-type: none"> ○ Maximizing synergy with brands of the acquired companies with Kobayashi's brands in Japan ➤ Expanding the usage scenes of body warmers and developing and fostering new value-added products 	<u>Accelerating business expansion by beefing up the local function and support from Japan</u>
Mainland China	Strengthening the organization for the OTC business and expanding items and business areas	<ul style="list-style-type: none"> ➤ Beefing up sales promotion for EC and O2O (Online to Offline) ➤ Expanding the delivery area of <i>Ammeltz</i> ➤ Expanding the sales area of <i>Bifunight</i> and <i>Tamuchinki</i> <ul style="list-style-type: none"> ○ Improving the organization for pharmaceutical function ➤ Increasing successful cases of simultaneous development in Japan and China 	 <u>Locally developing unique products</u> in the future
Southeast Asia	Acceleration of new product introduction	<ul style="list-style-type: none"> ➤ Expanding the usage scenes of <i>Netsusama Sheet</i> ➤ Aggressively introducing products targeted at inbound tourists to Japan ➤ Making inroads into new countries (such as Vietnam) 	Strengthening the development of business in regions where economic growth can be expected

Strategy (2): Ideal Form in FY2030

23/37

The Company will shift its focus onto more lucrative healthcare products, aiming to raise the percentage of healthcare products to 35% of total sales.



Strategy (2): Acquisition of Focus Consumer Healthcare in the U.S.

24/37

In the U.S., the Company will launch new products to expand sales by combining Focus Consumer Healthcare's brand power and marketing capacity with Kobayashi Pharmaceutical's formulation development capabilities. In FY2030, the Company aims to achieve sales of 34 billion yen in the U.S., including sales of 16 billion yen in the healthcare business.



Garlic supplements
(No. 1 market share)



Menstrual pain relief medicines
(No. 2 market share)

In 2023, Focus Consumer Healthcare won the grand prize for “Best Digital Campaign” sponsored by the Consumer Healthcare Products Association in the U.S.



Strategy (2): Growth Strategy for Body Warmers in the U.S.

25/37

- The Company will expand the usage scenes of body warmers by extending delivery areas and implementing its marketing campaign.
- The Company will introduce value-added body warmers.

Expansion of usage scenes

In many cases, customers use body warmers when watching sports in the open air or doing outdoor sports (skiing, hunting, etc.).



The Company aims to increase demand for body warmers by encouraging customers to use them as a daily protection measure.

Introduction of value-added body warmers

<New products launched in 2023>



Introduction of new products with high added value

Strategy (2): Growth Strategy in China

26/37

- The Company aims to increase sales of OTC pharmaceuticals by focusing mainly on *Ammeltz*, which is selling well, and successfully introducing new items following *Ammeltz*.
- In terms of household products, the Company will strengthen EC and O2O and introduce products already accepted in Japan.

OTC pharmaceuticals



<Sales volume>

+17%

FY2022

FY2023

Household products

- Strengthening sales promotion in EC and O2O



- Accelerating the introduction of products accepted in Japan



Strategy (2): Growth Strategy in Asia

27/37

- The Company will try to expand usage scenes of Netsusama Sheet as a heat-protection measure.
- The Company will aggressively market OTC pharmaceuticals, mainly products targeted at inbound tourists to Japan.

Netsusama Sheet

Use of *Netsusama Sheet* has become a habit due to the impact of the COVID-19 pandemic.



Trying to expand usage scenes of *Netsusama Sheet* as a heat-protection measure together with the *Netsuchu Taisaku* series (goods used as measures against heat stroke)



OTC pharmaceuticals

<New products launched in 2023>

Thailand



Malaysia



Taiwan



Expanding the product lineup, mainly products targeted at inbound tourists to Japan

Strategy (2): Large-scale Capital Expenditure to Support Growth of Overseas Business 28/37

New buildings and plants are scheduled to start operation successively from the current fiscal year. The Company will assist further growth of International Business through the expansion of production capacity. It will implement labor-saving measures including the automation of distribution within its plants.

Pharmaceuticals

Construction of a new building for pharmaceuticals in Sendai

Scheduled to start operation in January 2025



<Production capacity expansion>

Eyebon: 2.5 times

Ammeltz: 2.5 times

Body warmers

Expansion of the existing building in the U.S.

Scheduled to start operation in April 2025



<Production capacity expansion>

Body warmers: 2 times

Netsusama Sheet

Construction of a new building in China

Scheduled to start operation in April 2024



Construction of a new plant in Thailand

Scheduled to start operation in September 2025



<Production capacity expansion>

Netsusama Sheet: 2.5 times

The Company will step up its efforts to enter into Vietnam, which has great potential for growth. It is also examining the possibility of further expanding its business in other countries and regions.

Vietnam

Population: around 100 million people

Average age: around 30 years

Real GDP growth rate: around 5 to 8%



Items sold in Vietnam



Strategy (3): Strengthen the Competitiveness of Existing Products

30/37

Key focused points

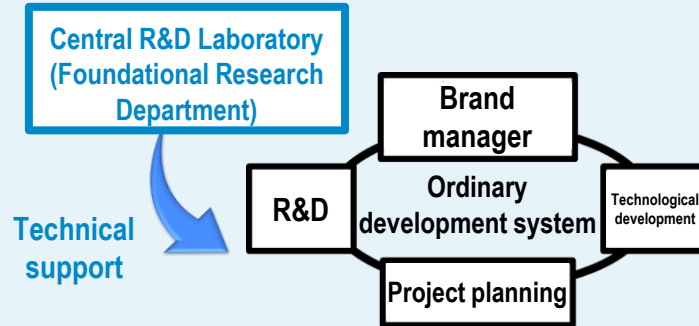
Current status and initiatives

Objectives

Strengthening the development system

Strengthening competitiveness with the participation of the Central R&D Laboratory

- Promoting the remodeling of existing products and the development of new products with the aim of creating new brands from a technical viewpoint, including that of the Central R&D Laboratory, even in competitive markets



Maintaining an advantage in the market created by the Company and maintaining the No.1 position in niche markets

Technology investment

Exploring new technologies

- Conducting a profound study of technologies that contribute to the fostering of brands over the medium- and long-term

Strengthening technologies from the medium- and long-term viewpoint

Strategy (3): Strengthening the Competitiveness of Deodorizing Air Fresheners 31/37

The Company will develop products with differentiated features, and strengthen the competitiveness of existing products and brands.

Exploring functional fragrances

Sleep

Emotion



Upgrading deodorizing, antibacterial, and anti-odor technologies

Deodorizing

Anti-odor

Antibacterial



	<u>Key focus points</u>	<u>Current status and initiatives</u>	<u>Objectives</u>
Building a system	Creation and development of new business themes for commercialization	<ul style="list-style-type: none">➤ The Household Products Division, the Healthcare Products Division, and the Central R&D Laboratory have each generated ideas, mainly in the fields of healthtech, femtech, and D2C (direct-to-consumer).➤ Examining around 50 themes➤ In collaboration with Sun,* adopting external knowledge for structurization	<u>Accumulating know-how through pilot projects</u>
Collaboration with external organizations	Exploring new businesses in collaboration with external organizations	<ul style="list-style-type: none">➤ Examining the possibility of collaboration with start-ups, including capital contribution to venture capital firms	<u>Quick commercialization</u>

Strategy (4) Proactive Creation of New Businesses

33/37

The Company has already conducted a feasibility study on some businesses, including a business related to health support by measuring its PHR (Personal Health Record) and femcare related services. It aims to create new businesses worth 8.0 billion yen in net sales in FY2030.

IoT urine test device, *Hakareru series*

Conducting a feasibility study on a service that measures various compositions in the urine and enables checking and managing of measurement data to check the health condition using a terminal such as a smartphone.



Self-check system for vaginal discharge



Aiming to create a system that allows easy self-checking of vaginal discharge by using LUNA DOCTOR's inspection technology of vaginal discharge and its on-line diagnosis and treatment platform

Service for corporate customers that supports the active participation of female employees



Collaborating with TRULY, Inc., which conducts business supporting female employees who have menopausal disorders, and conducting a feasibility study on a service for corporate customers that includes holding a seminar to raise understanding of menopausal disorders and menstrual irregularity among female employees themselves and people in workplaces or around them, and offering female employees the opportunity to talk to experts about problems.

	<u>Key focus points</u>	<u>Current status and initiatives</u>	<u>Objectives</u>
Sustainability	Tackling climate change problems	<ul style="list-style-type: none"> ➤ Setting the reduction target in Scopes 1–3 ➤ Setting the target for reducing plastic usage <div>Reducing the usage of virgin plastics derived from fossil resources per unit of sales by 33% (compared to FY2020)</div>	Strengthening initiatives to tackle <u>medium- and long-term management issues</u>
	Strengthening initiatives concerning human rights and human capital	<ul style="list-style-type: none"> ➤ Commencing human rights DD (due diligence) ➤ Releasing the Human Capital Report ➤ Preparing and implementing an action plan for certification as a “White 500” enterprise 	
	Establishing a Sustainability Committee	<ul style="list-style-type: none"> ➤ Terminating the Environmental Committee held on a quarterly basis and establishing a Sustainability Committee held on a monthly basis 	
DX	Systematically progressing with DX policy	<ul style="list-style-type: none"> ➤ Actively employing DX human resources ➤ Establishing a platform that enables the use of ideas proposed in the past under the idea proposal system ➤ Evolving a method to generate ideas using generative AI 	Realizing the policy

Evolution of an idea proposal system for all employees

Idea proposal system for all employees

Employees' idea proposals on new products total 40,000 annually. Including proposals in the past, the Company has accumulated a huge amount of big data.



Making the best use of big data, the Company will renew the existing proposal system to easily identify problems that tend to be overlooked.

Use of generative AI

kAlbot

- Being available to all employees in Japan
- Accelerating the volume and diversification of proposals on new products
- Preparing a collection of prompts to have all employees use kAlbot with ease
- Promoting improvement of the efficiency of business operations by actively using kAlbot, not only for new product development but also for ordinary business operations

Target for Business Performance under the Medium-Term

Management Plan for FY2023 to FY2025

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As growth in inbound tourism demand made up for weak demand in the domestic business during the first half of FY2023, net sales were almost in line with the forecast. The Company will actively invest in growth to achieve net sales of 280.0 billion yen in FY2030.

	FY2023 plan	FY2023 results	Progress	FY2025 target
Net sales	172.0 billion yen	173.4 billion yen	○	191.0 billion yen or more
Operating income	25.5 billion yen	25.7 billion yen	○	26.8 billion yen or more
(Margin)	14.8%	14.9%	○	14.0% or more
Net income	26th consecutive increase	26th consecutive increase	○	28th consecutive increase
EBITDA*	31.2 billion yen	31.7 billion yen	○	35.2 billion yen or more
ROE	10.0%	10.1%	○	9.0% or more
Dividend	25th consecutive increase	25th consecutive increase	○	27th consecutive increase
Net sales of Domestic Business	129.2 billion yen	130.4 billion yen	○	137.6 billion yen or more
Net sales of International Business	42.0 billion yen	42.2 billion yen	○	53.3 billion yen or more
(Percentage of total net sales)	24.4%	24.4%	○	27.0% or more

**FY2030
(target)**

Consolidated net
sales

280.0
billion yen

Of which

Net sales of
International
Business

90.0
billion yen



* EBITDA = Operating income + Depreciation + Amortization of goodwill

Progress of main KPIs

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Item		2022 results	2023 results	Progress	2025 targets
Four-year contribution rate of new products (domestic)		10.5%	11.0%	○	13% or more
Four-year contribution rate of new products (international)		8.3%	8.5%	△	11% or more
New product launches (domestic)		25 products annually	30 products annually	○	30 products annually
Employee awareness surveys	“Put into practice challenges beyond boundaries.”	Domestic: 47%	Domestic: 46%	×	Domestic: 60%
	Eager to put into practice the theme “I make a wish and I make it happen”	Domestic: 84%	Domestic: 79%	×	Domestic: 80% or more
	Put into practice the theme “I make a wish and I make it happen.”	Domestic: 53%	Domestic: 41%	×	Domestic: 60%
Percentage of management positions held by women		13.4%	15.6%	○	16% or more
Efforts to respect human rights (Performing human rights due diligence)		—	Performing human rights DD	○	Continuously performing human rights DD on supply-chains with high human rights risk
Health and Productivity Management Outstanding Organization Recognition		—	Certified as a health and productivity management outstanding organization	○	Certified as a “White 500” enterprise



<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

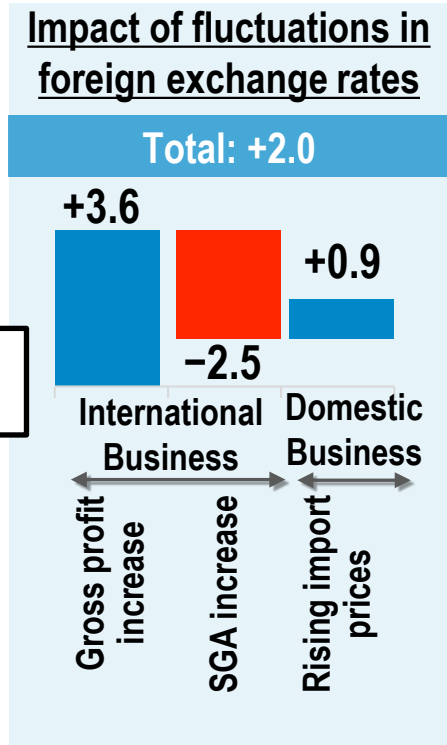
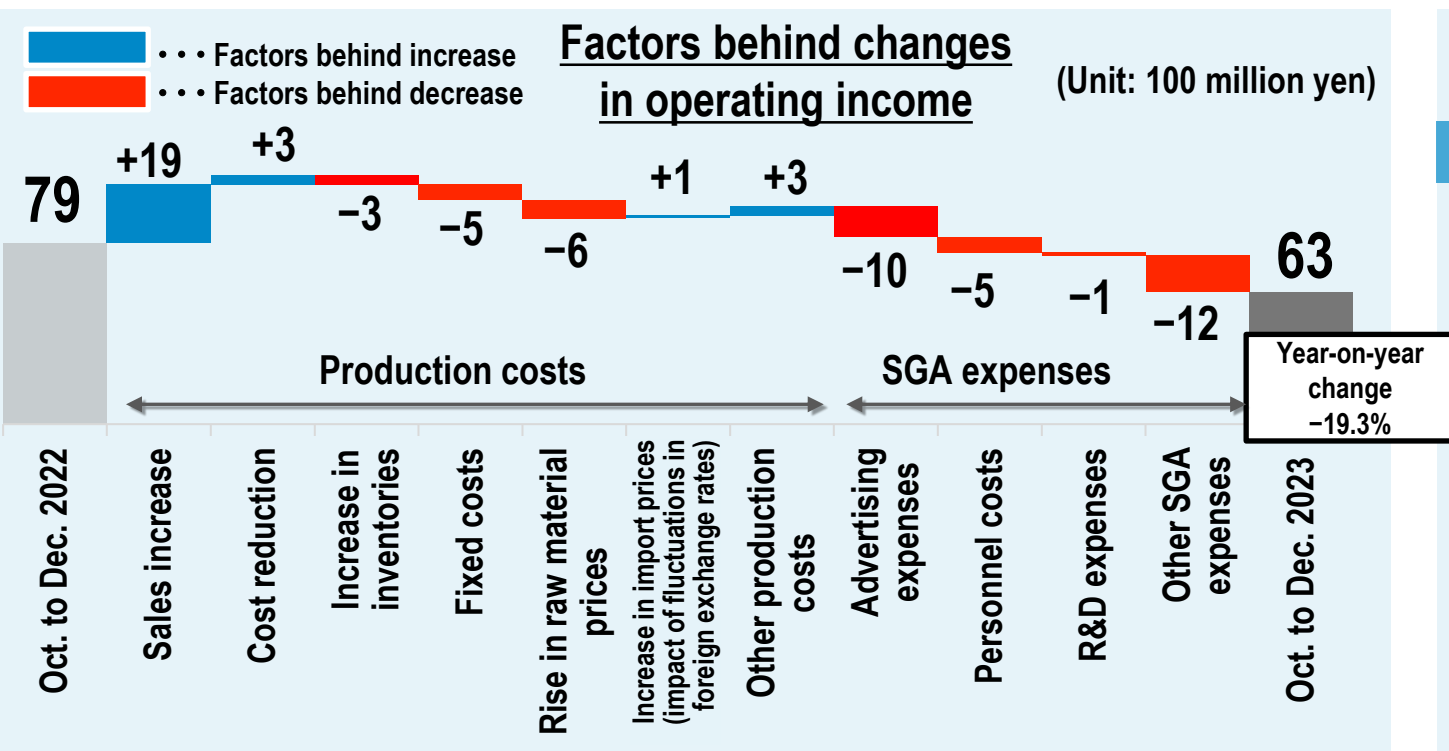
New Products to Be Launched in Spring 2024

1ページ

The Company aims to generate annual sales of 3.7 billion yen with 18 items.



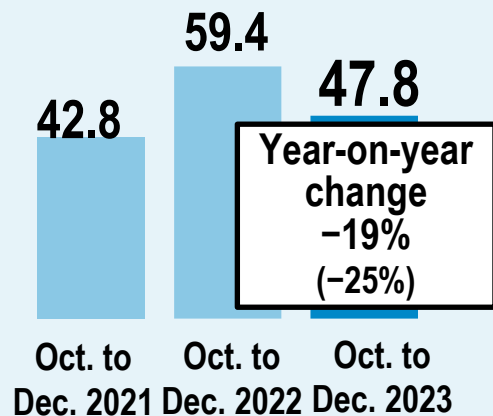
Results for the fourth quarter (Oct. to Dec. 2023)



Results for the fourth quarter (Oct. to Dec. 2023)

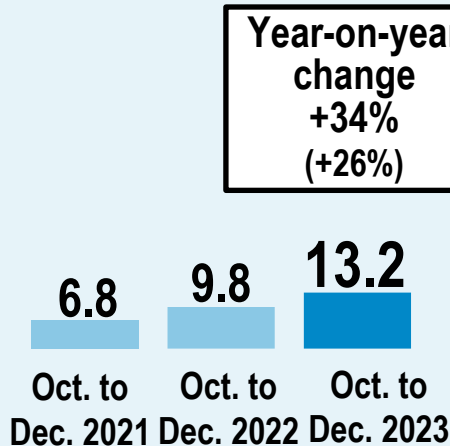
(Unit: 100 million yen)

Body warmers



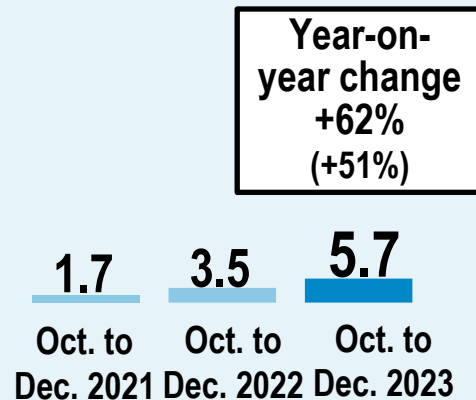
Net sales

Pharmaceuticals



* Percentages in parentheses exclude the effect of fluctuations in foreign exchange rates.

Other



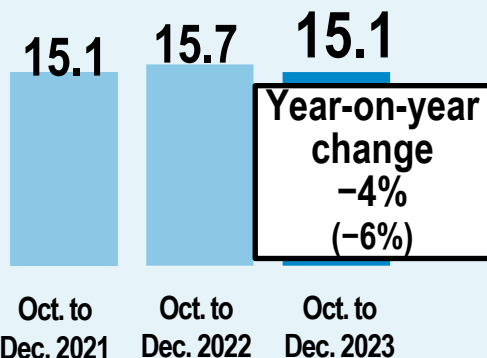
Results for the fourth quarter (Oct. to Dec. 2023)

(Unit: 100 million yen)

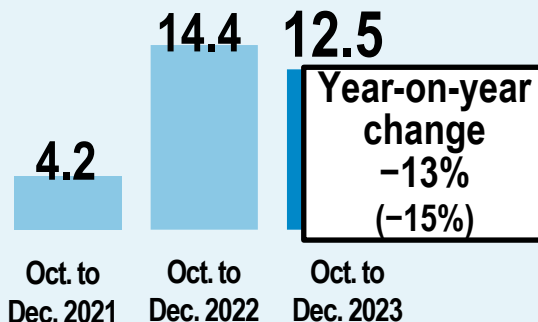
Net sales

* Percentages in parentheses exclude the effect of fluctuations in foreign exchange rates.

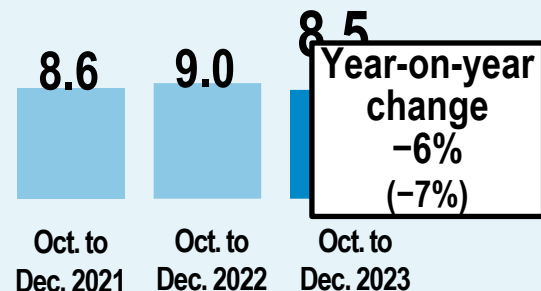
Body warmers



Netsusama Sheet



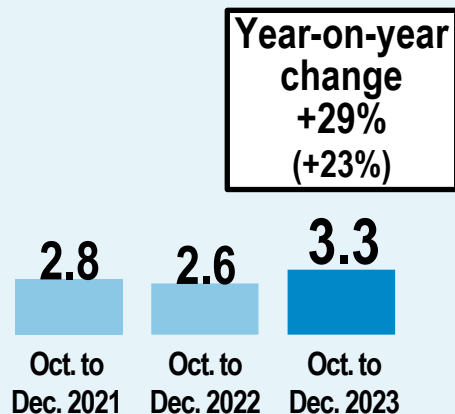
Other



Results for the fourth quarter (Oct. to Dec. 2023)

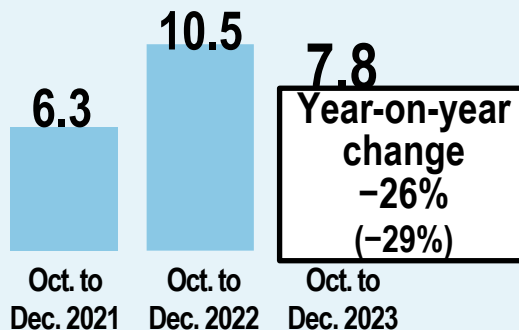
(Unit: 100 million yen)

Pharmaceuticals



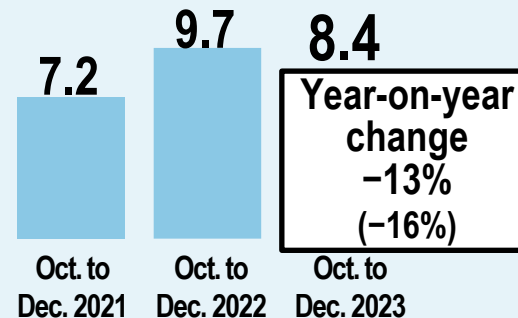
Net sales

Netsusama Sheet



* Percentages in parentheses exclude the effect of fluctuations in foreign exchange rates.

Other

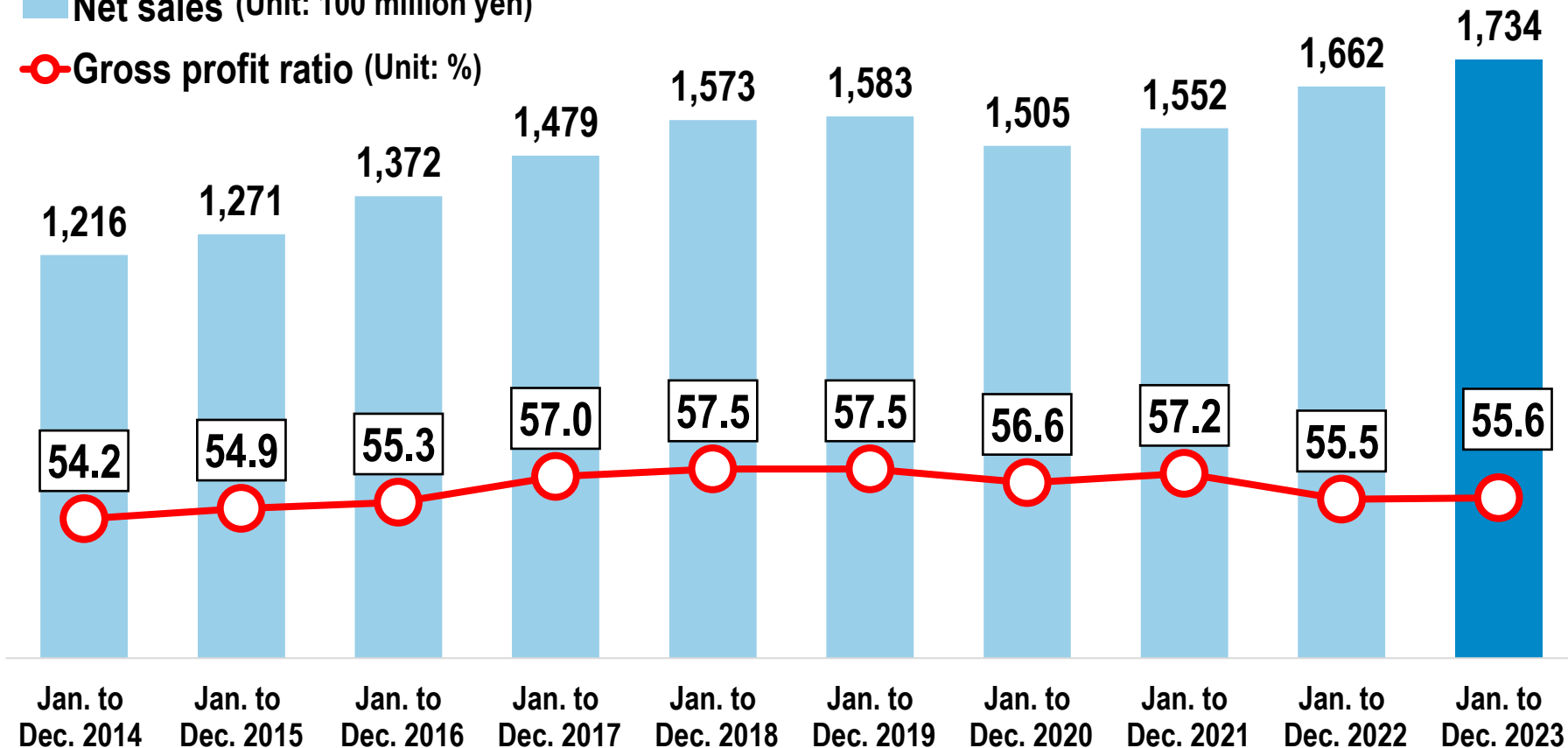


Changes in Consolidated Net Sales and Gross Profit Ratio

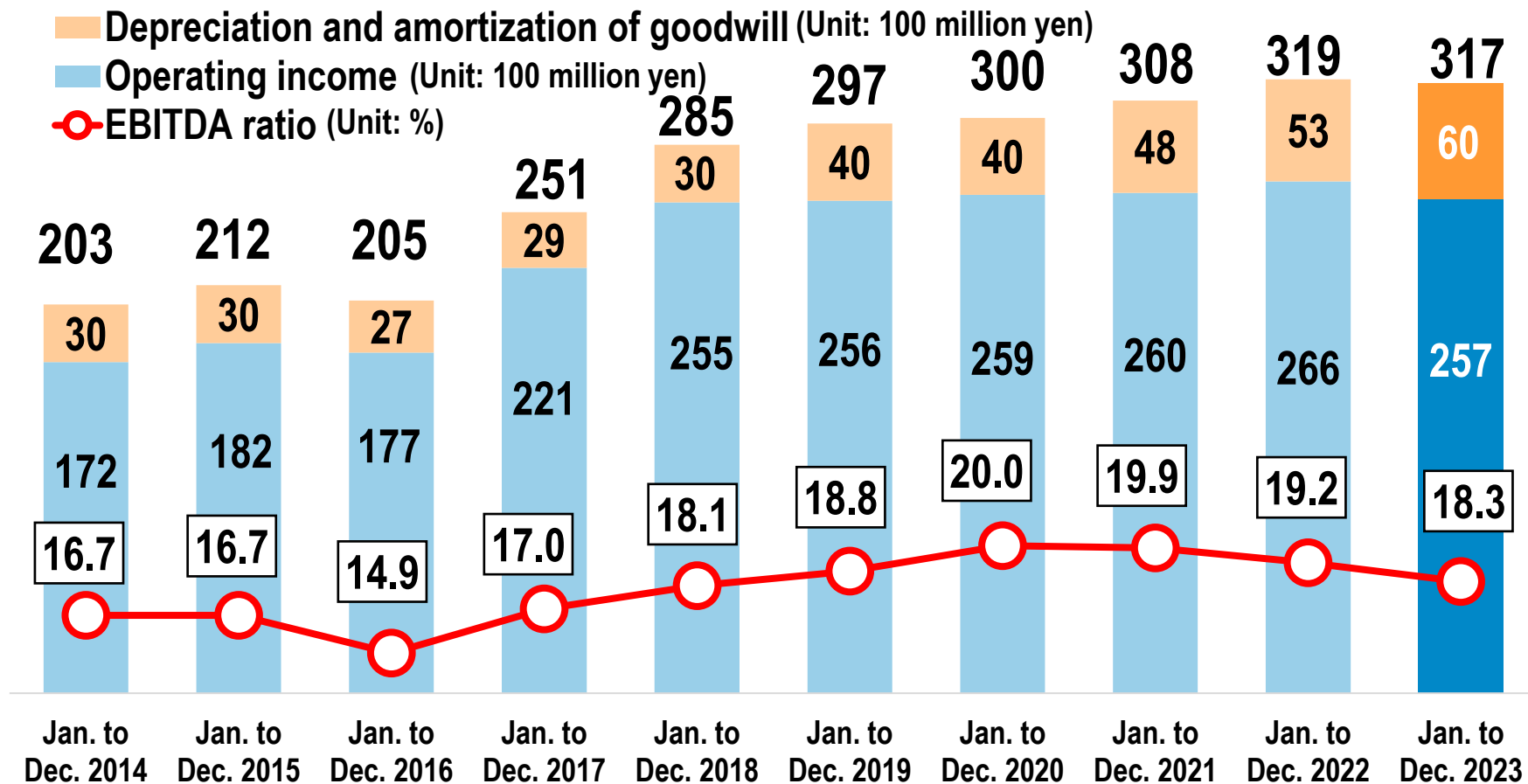
6

■ Net sales (Unit: 100 million yen)

● Gross profit ratio (Unit: %)



Changes in EBITDA



Consolidated Income Statement (1)

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(Unit: 100 million yen)	FY2023						
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	334	401	454	543	+4.5%	1,734	+4.3%
Gross profit	193	231	256	282	+4.8%	963	+4.4%
Margin	57.8%	57.7%	56.3%	52.0%	-	55.6%	-
Operating income	50	53	89	63	-19.3%	257	-3.3%
Margin	15.1%	13.3%	19.7%	11.8%	-	14.9%	-
Ordinary income	51	60	96	64	-7.3%	273	-3.4%
Margin	15.4%	15.0%	21.2%	11.9%	-	15.8%	-
Net income	36	42	76	48	-12.4%	203	+1.6%
Margin	10.8%	10.6%	16.8%	8.9%	-	11.7%	-

Consolidated Income Statement (2)

9

(Unit: 100 million yen)	FY2023						
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Advertising expenses	32	54	41	65	+17.6%	193	+1.9%
Percentage of net sales	9.6%	13.5%	9.2%	12.0%	-	11.2%	-
Sales promotion expenses	7	8	8	12	+3.4%	36	+8.4%
Percentage of net sales	2.2%	2.2%	1.9%	2.2%	-	2.1%	-

Consolidated Balance Sheet (1)

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(Unit: 100 million yen)	End of Dec. 2022	End of Mar. 2023	End of Jun. 2023	End of Sep. 2023	End of Dec. 2023
Current assets	1,728	1,616	1,686	1,713	1,583
Cash and deposits	962	929	911	871	715
Notes and accounts receivable - trade	478	344	379	445	530
Short-term investment securities	83	83	83	83	83
Inventories	176	231	278	284	220
Non-current assets	829	912	979	996	1,091
Property, plant and equipment	347	410	431	451	476
Intangible assets	133	131	134	133	216
Investment and other assets	348	370	413	410	398
Total assets	2,558	2,529	2,665	2,709	2,674

Consolidated Balance Sheet (2)

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(Unit: 100 million yen)	End of Dec. 2022	End of Mar. 2023	End of Jun. 2023	End of Sep. 2023	End of Dec. 2023
Current liabilities	518	481	489	475	561
Notes and accounts payable - trade	90	104	105	102	87
Short-term loans payable	0	0	0	0	0
Accounts payable - other	204	168	184	184	250
Non-current liabilities	61	59	90	88	65
Total net assets	1,979	1,988	2,085	2,146	2,048
Capital surplus	5	5	5	5	5
Retained earnings	1,942	1,931	1,973	2,017	2,056
Treasury stock	-144	-136	-136	-136	-247
Total liabilities and net assets	2,558	2,529	2,665	2,709	2,674

Consolidated Cash Flow

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(Unit: 100 million yen)	Jan. to Dec. 2022	Jan. to Dec. 2023	Changes
Cash flow from operating activities	319	183	-136
Cash flow from investing activities	-143	-195	-52
Cash flow from financing activities	-207	-194	+13
Free cash flow	176	-12	-188

(Unit: 100 million yen)	Jan. to Dec. 2022	Jan. to Dec. 2023	Changes	Jan. to Dec. 2024 forecast
Capital expenditures (including goodwill)	157	268	+111	168
Depreciation (including amortization of goodwill)	53	60	+7	79

(Unit: yen)	Jan. to Dec. 2022	Jan. to Mar. 2023	Jan. to Jun. 2023	Jan. to Sep. 2023	Jan. to Dec. 2023	Jan. to Dec. 2024 forecast
U.S. dollar	131.4	132.3	134.8	138.1	140.6	135.0
Chinese yuan	19.5	19.3	19.4	19.6	19.8	19.4

Results by Segment (Domestic Business) (1)

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(Unit: 100 million yen)	FY2023						
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	249	328	328	399	+9.1%	1,304	+3.6%
Gross profit	143	190	188	214	+9.1%	737	+2.7%
Margin	57.7%	58.0%	57.5%	53.9%	-	56.5%	-
Operating income	36	57	66	60	-4.1%	220	-3.6%
Margin	14.5%	17.4%	20.4%	15.1%	-	16.9%	-

Advertising expenses	28	44	34	51	+33.9%	158	+3.3%
Percentage of net sales	11.5%	13.4%	10.6%	12.9%	-	12.2%	-
Sales promotion expenses	3	5	3	5	+1.4%	18	-0.5%
Percentage of net sales	1.6%	1.6%	1.2%	1.3%	-	1.4%	-

Results by Segment (Domestic Business) (2)

15

(Unit: 100 million yen)	FY2023						
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Healthcare products	140	168	165	195	+13.2%	670	+7.6%
Pharmaceuticals	74	84	84	96	+14.5%	339	+8.8%
Food	18	23	21	25	+9.4%	89	+7.0%
Oral care products	33	43	41	50	+9.6%	169	+6.2%
Skin care products	13	17	18	22	+20.9%	72	+6.1%
Household products	81	130	136	141	+4.2%	490	-0.3%
Sanitary products	22	29	30	40	+1.8%	124	-0.1%
Deodorizing air fresheners	49	89	93	86	+5.6%	318	-0.3%
Household articles	9	11	12	14	+2.5%	47	-0.8%
Body warmers	8	9	7	43	+22.3%	69	+14.3%
Direct marketing business	19	19	18	18	-14.6%	75	-11.0%

Results by Segment (International Business) (1)

16

(Unit: 100 million yen)	FY2023						
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.		Jan. to Dec.	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	83	71	125	142	-6.6%	422	+6.6%
Gross profit	48	39	65	66	-6.4%	219	+10.5%
Margin	57.3%	55.0%	52.0%	46.8%	-	51.8%	-
Operating income	13	-4	20	2	-83.0%	32	-0.5%
Margin	16.1%	—	16.7%	1.8%	-	7.6%	-

Advertising expenses	3	10	7	14	-17.7%	35	-4.2%
Percentage of net sales	4.3%	6.5%	2.6%	3.3%	-	8.3%	-
Sales promotion expenses	3	3	4	7	+0.6%	18	+7.4%
Percentage of net sales	4.1%	5.0%	3.7%	5.0%	-	4.4%	-

Results by Segment (International Business) (2)

17

(Unit: 100 million yen)	FY2023								
	Jan. to Mar.	Apr. to Jun.	Jul. to Sep.	Oct. to Dec.			Jan. to Dec.		
	Amount	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)
U.S.	26.7	19.8	57.1	66.8	-8.3%	-13.1%	170.6	+3.5%	-3.2%
China	27.6	27.5	37.2	44.1	-4.9%	-7.5%	136.5	+9.4%	+6.4%
Mainland China	21.2	19.3	29.0	36.2	-7.6%	-9.8%	105.8	+3.2%	+1.6%
(Stores)	13.7	9.4	14.9	17.9	-23.2%	-	56.1	-0.4%	-
(Mainland EC)	3.7	9.9	11.6	17.4	+33.0%	-	42.7	+10.8%	-
(Cross-border EC)	3.7	0	2.4	0.7	-70.6%	-	6.9	-7.7%	-
(EC percentage)	35.2%	51.1%	48.4%	50.4%	-	-	46.9%	-	-
Hong Kong	6.3	8.1	8.2	7.9	+10.2%	+5.1%	30.6	+37.6%	+28.5%
Southeast Asia	22.4	15.6	21.6	19.6	-14.5%	-17.2%	79.3	+5.9%	+0.5%
Singapore	1.4	0.9	1.5	0.6	-48.6%	-51.5%	4.5	+23.4%	+12.2%
Malaysia	6.2	6.3	5.6	2.4	-34.6%	-34.1%	20.6	+3.7%	+0.4%
Thailand	5.5	3.6	4.3	3.5	-8.9%	-13.7%	17.1	+18.6%	+10.1%
Indonesia	3.5	1.6	3.5	1.7	-18.0%	-21.2%	10.5	+24.9%	+19.5%
Philippines	1.4	2.2	3.1	2.7	+22.6%	+15.3%	9.5	+19.7%	+14.5%
Taiwan	4.1	0.8	3.3	8.5	-12.7%	-14.7%	16.8	-17.5%	-19.3%
Other	7.0	8.4	9.3	11.6	+15.8%	+7.7%	36.5	+13.3%	+7.2%