

Financial Results Briefing for Fourth Quarter of Fiscal Year Ended December 31, 2024

Kobayashi Pharmaceutical Co., Ltd.

President and Chief Operating Officer

Satoshi Yamane

February 10, 2025

Statement Regarding Our *Benikoji* (Red Yeast Rice)-related Products

We deeply apologize again for the significant concerns and distress felt by our customers, business partners, and all those associated with us, in connection with our *benikoji*-related products.

We give priority above all to apologizing to and compensating our customers who have suffered health damage and our suppliers who have suffered losses, and we will do so sincerely and appropriately.

Time		Outline
2024	Mid-Jan.	Contacted by customers who had taken <i>Beni-koji Choleste-Help</i> and their doctors.
	Mar. 22	Held an extraordinary meeting of the Board of Directors, announced a request for discontinuation of use of red yeast rice products and a voluntary recall.
	Apr. 25	Started payment of the actual amount of medical expenses as a provisional measure until the cause is identified.
	Apr. 26	At an extraordinary meeting, the Board of Directors resolved to establish a fact-finding committee.
	May	Started investigation by corporate auditors (including outside directors).
	July 23	Announced to the public the findings of the fact-finding committee. Announced change in Representative Directors.
	Aug. 19	Began providing compensation to customers who have suffered health problems as a result of taking the <i>Beni-koji Choleste-Help</i> and other products.
	Sep. 17	Released an outline of measures to prevent recurrence.
	Nov. 29	Presented the FY2025 management policies under the main theme “customer-first management” to all executives and employees.
2025	Jan. 1	Carried out a large-scale organizational restructuring and personnel changes.
	Jan. 21	Announced proposed changes to the next Board of Directors members.
	Feb. 10	Released detailed progress report on measures to prevent recurrence.
	We will continue to place the highest priority on compensation and measures to prevent recurrence, and we will disclose the progress on a regular basis.	

(1) Awareness Raising and Structural Enhancement regarding Quality and Safety

- Thoroughly implement “quality and safety first” to change the awareness of our executives and employees regarding quality and safety.
- Clarify roles and responsibilities and strengthen quality assurance and management systems.

(2) Fundamental Reform of Corporate Governance

- Revamp the composition of the Board of Directors that oversees the management of the new Kobayashi Pharmaceutical.
- To regain the trust of our stakeholders and realize a new Kobayashi Pharmaceutical, establish determination and the mechanisms to become a company that does the right thing in the right way.

(3) “New Kobayashi Pharmaceutical” to be re-created by all of us

- To enhance our risk sensitivity and our ability to create new value, implement measures to eliminate the homogeneity that exists within our company and ensure diversity.
- All executives and employees will work together as one to re-create a new Kobayashi Pharmaceutical.

For details on the progress of the measures to prevent recurrence, please see “Notice regarding progress of measures to prevent recurrence” released today.

Major progress of measures to prevent recurrence

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1. Awareness raising and structural enhancement regarding quality and safety

[Progress] • Steady progress in raising awareness for “quality and safety first” (company-wide education, two-way dialogue between management and employees, etc.)
• Completed review of quality control system to clarify roles and responsibilities of departments responsible for quality and safety and enable them to demonstrate greater expertise.

[Future] • Strengthen cooperation between departments, rebuild quality management system, and promote refinement of quality control standards/product inspections, etc.

Description and progress		Status			Implementation/ introduction
		Planning	Start/ preparation for introduction	Implemented /introduced	
Education and awareness reform	Provision of education and training on quality and safety for all executives and employees				Done (2024/6~)
	Regular transmission of messages and dialogue with employees by the president				Done (2024/8~)
Strengthening of quality assurance system	Clarification of the role of the Reliability Guarantee Headquarters				Done (2025/1~)
	Shift to function-based headquarters to strengthen front-line expertise				Done (2025/1~)
Reinforcement of manufacturing management system	Self-inspection and third-party checking of each plant				Done (2024/10~) * Continued after this
	Establishment of the Manufacturing Promotion Office				Done (2025/1~)
	Establishment of comprehensive hygiene management standards for each product category				2025/7~ * Star with oral products
	Effective periodic holding of “mass production review meetings”				2025/4~
Inspection techniques	Consideration and introduction of procedures for detecting contamination by ingredients other than specified ingredients				2025/8~
Personnel evaluation	Introduction of a system in which activities that contribute to quality and safety are subject to evaluation				2025/12

Major progress of measures to prevent recurrence

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2. Fundamental reform of corporate governance

- [Progress]**
- Examined the ideal composition of the Board of Directors for the new structure, and selected and invited personnel from both inside and outside the company.
 - Promoted a review and reconfiguration of the executive meeting structure with the aim of enhancing expertise and improving the quality and speed of decision-making.
 - From the perspective of strengthening the crisis management system, strengthened emergency response organizations and the risk information escalation system.
- [Future]**
- Strengthen cooperation with corporate auditors under the new Board of Directors and enhance oversight of internal control and quality management.

Description and progress		Status			Implementation/ introduction
		Planning	Start/ preparation for introduction	implemented /introduced	
Departure from management dependent on the founding family	Change of Chairman of the Board and President				Done (2024/7)
Board of Directors reform	Strengthening supervisory functions by increasing the number of outside directors and inviting a chairman of the Board from outside				2025/3
	Reexamination of organizational design				2026/3
	Strengthening cooperation between the Board of Directors and the executive side.				Done (2024/7~)
Review of executive meeting structure (Abolition of GOM)	Establishment of a new Executive Committee (clarification of the executive decision-making organ)				Done (2024/11)
	Establishment of four specialized committees (investment/human resources/quality/risk)				2025/3
Reinforcement of risk response structure	Reorganization of existing risk and compliance-related committees				2025/3
	Building a risk escalation system in case of emergency				Done (2024/8~)
Review of business operations	Selection based on resources				2025/8~

Major progress of measures to prevent recurrence

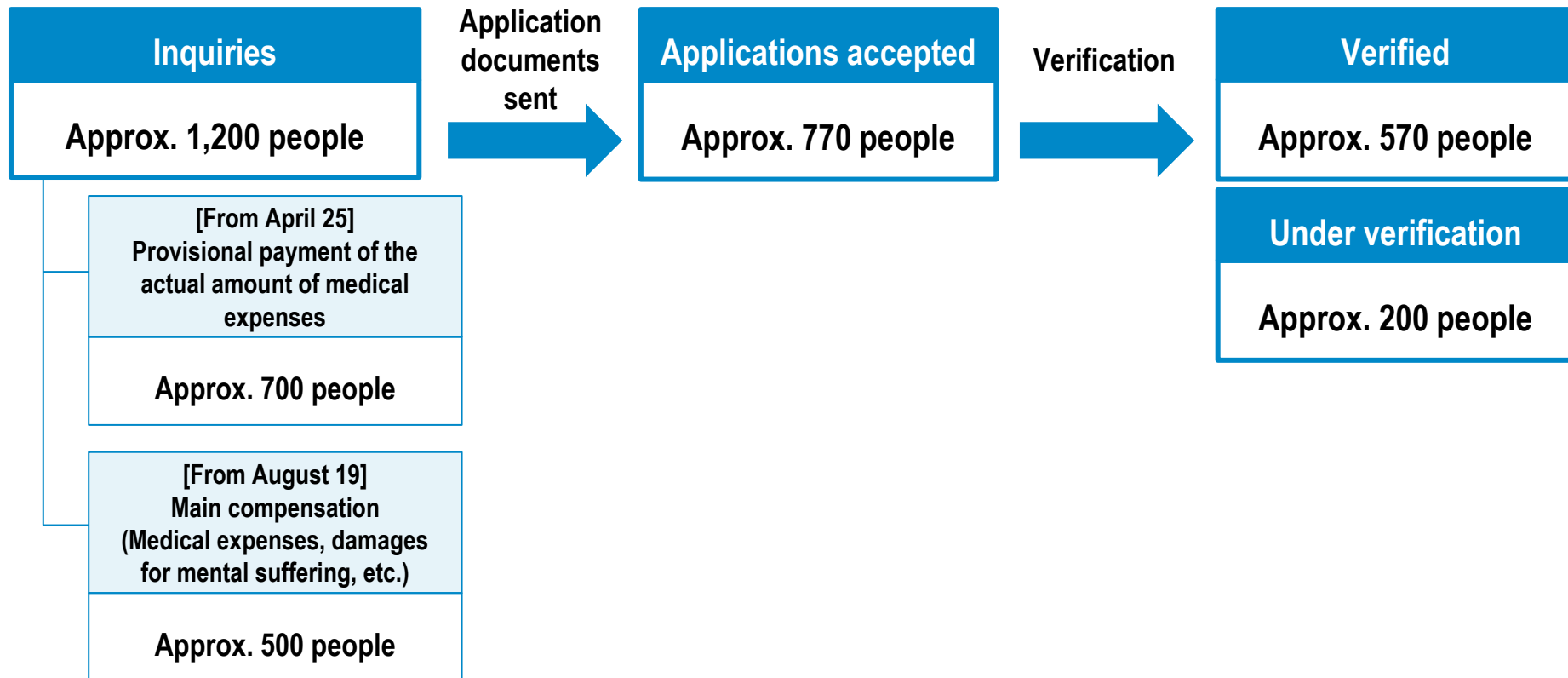
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3. “New Kobayashi Pharmaceutical” to be re-created by all of us

[Progress]	<ul style="list-style-type: none"> Started personnel system reform for recruitment, placement, and development of human resources with an emphasis on expertise and diversity. Launched a project aimed at establishing the ideal state of our company in the future and building an organizational culture capable of realizing it.
[Future]	<ul style="list-style-type: none"> Create a new Kobayashi Pharmaceutical based on reform of the organizational culture to place the highest priority on efforts to keep this incident from being forgotten.

Description and progress	Status			Implementation/ introduction
	Planning	Start/ preparation for introduction	Implemented/ introduced	
Recruitment, placement, and development of human resources with an emphasis on expertise and diversity				2026/1
Review of organizational culture (organizational culture reform PJ)				2025/11
Developing an initiative to keep this incident from being forgotten (Establishment of “Quality and Safety Day” on March 22 (the day this case was made public))				2025/3~

■ Status of verification of compensation application documents



In proposing a new composition of the Board of Directors at the annual general meeting of shareholders scheduled for March 2025, the main points considered are as follows:

- **A majority of the board members shall be outside directors to ensure effectiveness of supervision by the Board of Directors.**
- **Outside directors shall be replaced in consideration of the balance between ensuring continuity of deliberations at and introducing new perspectives to the Board of Directors' meetings.**
- **Strengthening of internal control and quality management systems**
- **Securing personnel with experience and knowledge in the medical and pharmaceutical fields**
- **Inviting from outside a professional manager with a proven track record in corporate culture reform as Chairman of the Board of Directors**
- **The founding family and former president will take responsibility as a director for handling compensation, which is the most important issue.**

Proposed composition of the next Board of Directors

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Current composition of the Board of Directors

Position	Name
President and Chief Operating Officer	Satoshi Yamane
Director	Akihiro Kobayashi
Outside Director	Kunio Ito
Outside Director	Kaori Sasaki
Outside Director	Chiaki Ariizumi
Outside Director	Yoshiro Katae



Candidates for directors to be proposed at the next annual general meeting of shareholders

Position	Name	
Chairman of the Board	Yoshihito Ota	New
President and Chief Operating Officer	Norikazu Toyoda	New
Director	Yuji Matsushima	New
Director	Akihiro Kobayashi	Reappointed
Outside Director	Yoshiro Katae	Reappointed
Outside Director	Akio Takahashi	New
Outside Director	Masato Mouri	New
Outside Director	Shinsuke Matsumoto	New
Outside Director	Misa Kusumoto	New
Outside Director	Toshiaki Kadokawa	New

We will proactively implement what we can do and strive to return the results to society.

**Research grants to
related fields**

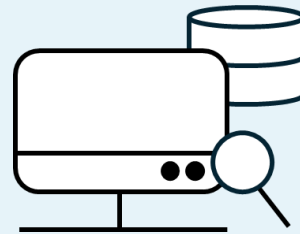
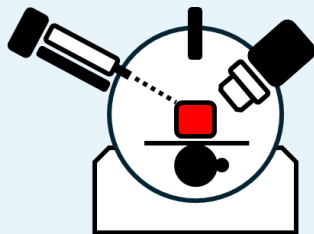
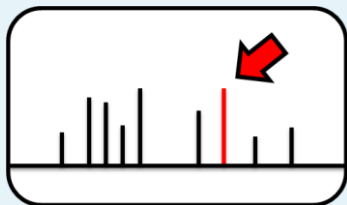
Technology research

etc.

Specific activities are currently under extensive examination and will be released in the future.

We will begin joint research on food analysis technology.

Aim to establish a method for rapidly analyzing structures of unexpected components, using the “crystalline sponge method”



**Participating in The University of Tokyo social cooperation program
“Integrated Molecular Structure Analysis Laboratory”**

Our Board of Directors opposes both shareholder proposals.

Proposal No. 1

Appointment of Mr. Shin Ushijima as the investigator

(Major reasons for opposition)

- A multilateral and multilayered investigation has already been carried out by the Fact-Finding Committee, the Audit and Supervisory Board members, and governmental authorities and other bodies.
- Efforts to prevent recurrence, etc., based on the above investigation, have also been implemented in a multilateral and multilayered manner, including quality control, corporate governance, and corporate culture.
- There is concern that further large-scale investigations would significantly impede the implementation of compensation and measures to prevent recurrence.
- Mr. Shin Ushijima is found to have served as litigation representative for Oasis in multiple litigations in the past (lacking independence).
- If arbitrary investigations were to be conducted under the influence of a few shareholders, it would be unacceptable from the standpoint of sound corporate governance.
- Regarding the Fact-Finding Committee, the Board of Directors, of which the majority are outside directors, did not “throw” the matter to a third-party committee but investigated it on its own responsibility. (Three internal directors were deemed to have a special interest and were not involved in the investigation at all.)
- To thoroughly ensure the independence of the Fact-Finding Committee, committee members with high professional ethics were selected, and great care was taken to ensure that outside directors and executive management were not involved in the investigation process.

Our Board of Directors opposes both shareholder proposals.

Proposal No. 2

Appointment of Mr. Yoshio Nakamura, Mr. Richard Dols Young, and Ms. Tomoko Chubachi as directors

(Major reasons for opposition)

- Mr. Yoshio Nakamura has spent most of his career as a prosecutor. Our candidate, attorney Shinsuke Matsumoto, specializes in corporate governance and is more qualified in terms of skills and experience.
- Mr. Richard Dols Young is an attorney with expertise in product liability law, and we can access such knowledge by retaining an appropriate advisor, not as a director.
- Ms. Tomoko Chubachi is a medical doctor specializing in medicine and pharmaceuticals, while our candidate, Mr. Toshiaki Kadokawa, is a nephrologist with a history of researching kidney disease (Fanconi syndrome), and he is more qualified in terms of skills and experience.

Financial Overview for Fiscal Year Ended December 31, 2024

Kobayashi Pharmaceutical Co., Ltd.

Executive Officer and General Manager, Finance Headquarters

Yumi Nakagawa

February 10, 2025

Domestic Business

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

Net sales decreased by 10.5 billion yen (down 8.1%).

- Inbound tourism demand increased along with a rise in the number of overseas tourists to Japan (+2.9 billion yen).
- Sales of new products, such as *SHOSHUGEN Zero* and *Hipcure*, contributed to a growth in net sales (+4.6 billion yen).
- Sales of existing goods declined due to the impact from the recall of red yeast rice-related products and cancellation of advertisements (−14.1 billion yen).
- Sales of body warmers decreased due to an increase in returns related to the mild winter last year (−0.9 billion yen).
- Sales in the Direct Marketing Business fell due to the cancellation of regular subscriptions (−3.0 billion yen).



International Business

(Figures in parentheses are year-on-year changes. *Foreign currency translation effects are included.)

Net sales increased by 2.8 billion yen (up 6.8%) due to positive foreign currency translation effects.

- U.S.: Net sales increased due to the contribution of Focus Consumer Healthcare, LLC, acquired in October 2023 (+4.1 billion yen).
- China (Mainland): Net sales declined due to the impact of advertising suspension until July and lower demand for *Netsusama Sheet* (−2.3 billion yen).
- Hong Kong region: Net sales slightly declined due to a decrease in inbound tourism demand from Mainland China (−0.2 billion yen).
- Southeast Asia: Net sales increased despite backlash from the previous year's special demand for *Netsusama Sheet* (+0.6 billion yen).
- Other regions: Net sales grew due to steady sales of body warmers and *Netsusama Sheet* mainly in the UK (+0.6 billion yen).

Consolidated Financial Results for the Fourth Quarter of the Fiscal Year Ended December 31, 2024

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An extraordinary loss of 2.5 billion yen (12.7 billion yen in total for the year) was posted in association with the recall of red yeast rice-related products.

(Unit: billion yen)	2023		2024					
	Oct. to Dec.	Jan. to Dec.	Oct. to Dec.			Jan. to Dec.		
	Amount	Amount	Amount	Year-on-year change	Percentage of net sales	Amount	Year-on-year change	Percentage of net sales
Net sales	54.3	173.4	51.1	-5.9%	—	165.6	-4.5%	—
Gross profit	28.2	96.3	24.9	-11.9%	48.7%	87.6	-9.1%	52.9%
Operating income	6.3	25.7	7.8	+23.3%	15.4%	24.8	-3.6%	15.0%
Ordinary income	6.4	27.3	8.9	+37.7%	17.5%	26.8	-1.7%	16.2%
Net income	4.8	20.3	4.7	-2.4%	9.2%	10.0	-50.5%	6.1%
EBITDA*	8.1	31.7	9.9	+22.1%	19.4%	32.8	+3.2%	19.8%

* EBITDA = Operating income + Depreciation + Amortization of goodwill

Consolidated Results for the Fiscal Year Ended December 31, 2024

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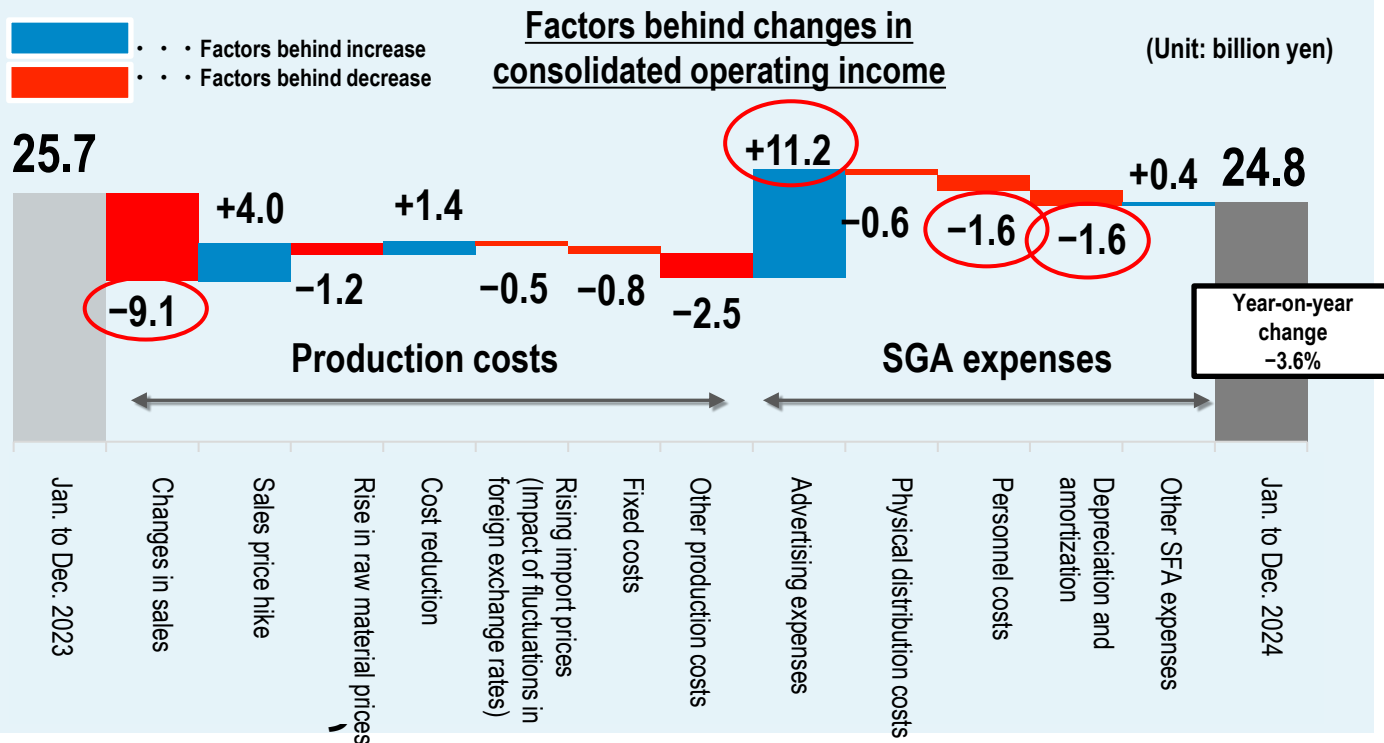
(Unit: billion yen)	FY2023 (Jan. to Dec. 2023) results	FY2024 (Jan. to Dec. 2024) results			Published forecast
	Amount	Amount	Year-on-year change	Percentage of net sales	Amount
Net sales	173.4	165.6	-4.5%	—	169.0
Operating income	25.7	24.8	-3.6%	15.0%	24.0
Ordinary income	27.3	26.8	-1.7%	16.2%	25.5
Net income	20.3	10.0	-50.5%	6.1%	10.7
EBITDA *1	31.7	32.8	+3.2%	19.8%	31.9
EPS	268.16 yen	135.42 yen	-49.5%	—	143.94 yen
ROE	10.1%	4.8%	—	—	5.2%
Dividend	101 yen (43 yen for interim, 58 yen for year-end)	102 yen (43 yen for interim, 59 yen for year-end)	—	—	102 yen (43 yen for interim, 59 yen for year-end)
Net sales of Domestic Business	130.4	119.9	-8.1%	—	120.5
Net sales of International Business	42.2	45.1	+6.8%	—	48.0

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

Factors behind Changes in Consolidated Operating Income

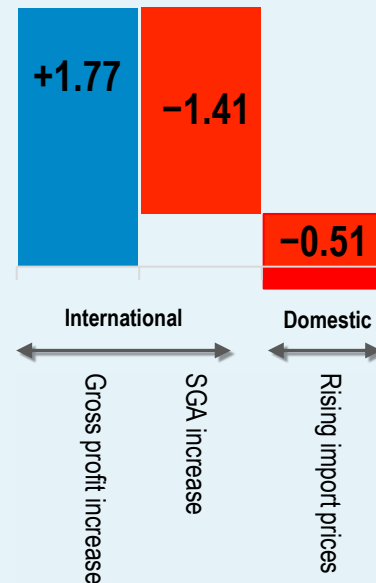
19/31

Operating income decreased due to an increase in the amortization of goodwill of Focus Consumer Healthcare, which we acquired in October 2023, in addition to the impact of a decline in sales and a rise in personnel costs, despite a positive effect on operating income from the cancellation of advertisements.



Impact of fluctuations in foreign exchange rates

Total: -0.15



Domestic Business (Sales Breakdown by Product Category)

20/31

Although sales of healthcare products were weak, sales of household products grew. Sales of body warmers and sales in the Direct Marketing Business decreased.

(Unit: billion yen)		2023		2024			
		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	19.5	67.0	16.0	-17.7%	59.1	-11.7%
	Household products	14.1	49.0	14.8	+4.9%	50.1	+2.2%
	Body warmers	4.3	6.9	4.6	+7.4%	6.0	-12.7%
	Direct Marketing Business	1.8	7.5	0.8	-55.7%	4.5	-40.0%
	Total	39.9	130.4	36.4	-8.7%	119.9	-8.1%
Total operating income		6.0	22.0	7.2	+19.9%	23.2	+5.4%
(Margin)		15.1%	16.9%	19.8%	—	19.4%	—

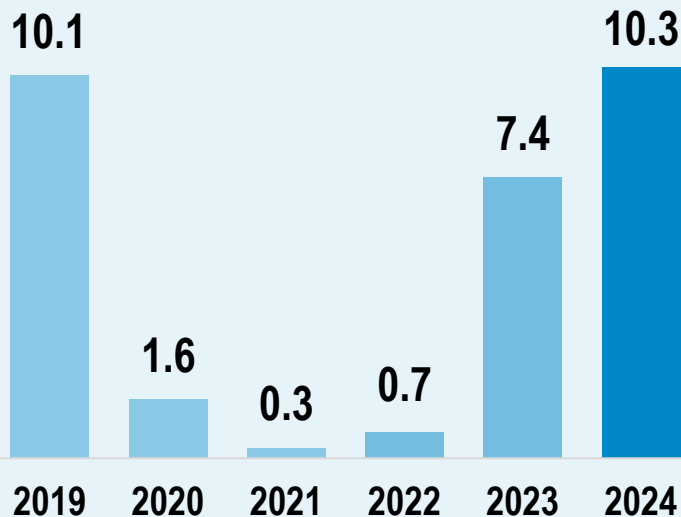
Domestic Business (Inbound Tourism Demand)

21/31

Along with an increase in the number of visitors to Japan, inbound tourism demand-related sales ended up at 10.3 billion yen, exceeding the level of 2019 before COVID-19, despite being partially affected by the red yeast rice incident.

Changes in inbound-tourism-demand-related sales

(Unit: billion yen)



New products that showed signs of a pickup



Preparation of point-of-purchase displays in foreign languages



Inbound-tourism-demand-related sales ranking by brand

Rank	2019 Jan. to Dec.	2024 Jan. to Dec.
1	Inochi-no-Haha	Naishitol
2	SakamuCare	Inochi-no-Haha
3	ANMERUTSU	Nodonoool
4	BREATH CARE	Dietary supplement
5	Eyebon	Lens cleaner

International Business (Sales Breakdown by Region)

22/31

Net sales decreased in Mainland China and the Hong Kong region, while sales of body warmers were stagnant in the U.S.
Both net sales and operating income decreased mainly due to the amortization of goodwill of Focus Consumer Healthcare.
(The effect of foreign currency translation: +3.0 billion yen for net sales; +0.36 billion yen for operating income)

(Unit: 100 billion yen)		2023		2024					
		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.	6.6	17.0	7.4	+11.9%	+6.7%	21.2	+24.6%	+15.5%
	Mainland China	3.6	10.5	2.7	-22.7%	-25.9%	8.2	-22.2%	-26.4%
	Hong Kong	0.7	3.0	0.7	-4.5%	-8.1%	2.8	-7.3%	-14.3%
	Southeast Asia	1.9	7.9	2.2	+17.1%	+11.0%	8.5	+8.1%	+1.7%
	Other	1.1	3.6	1.2	+4.1	-1.8%	4.2	+17.1%	+7.3%
	Total International Business	14.2	42.2	14.5	+2.2%	-2.6%	45.1	+6.8%	-0.4%
Total operating income		0.2	3.2	0.5	+100.8%	+61.6%	1.2	-60.5%	-71.7%
(Margin)		-	-	3.5%	-	-	2.8%	-	-

Sales in U.S. (by Product)

23/31

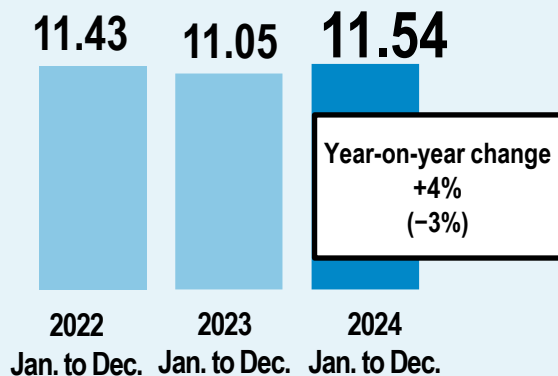
Sales of body warmers were sluggish due to the mild winter last year. However, sales of pharmaceuticals and others grew robustly due to the effects of consolidation of Focus Consumer Healthcare, which we acquired in October 2023, and foreign currency translation.

(Unit: billion yen)

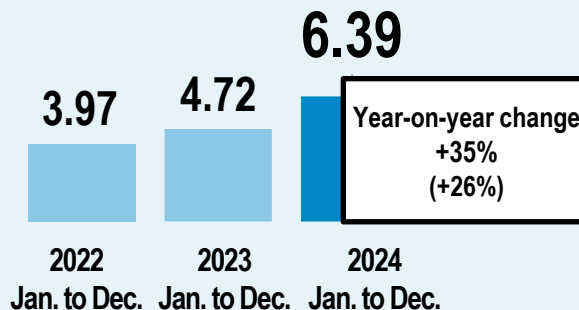
Net sales

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

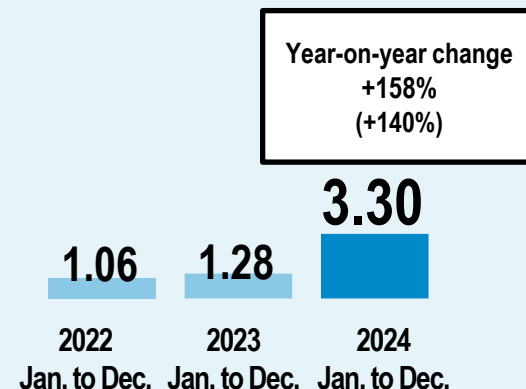
Body warmers



Pharmaceuticals



Other



Sales in Mainland China (by Product)

24/31

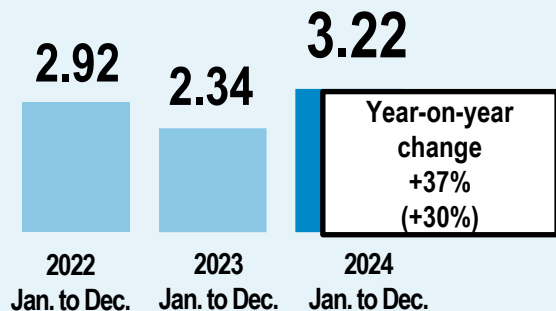
Overall sales were sluggish due to the impact of the suspension of advertisements until July. Sales of *Netsusama Sheet* declined because influenza and other infectious diseases were not prevalent. Sales of body warmers increased due to a rebound from the decline in demand caused by last year's warm winter and the expansion of sales at mass retailers.

(Unit: billion yen)

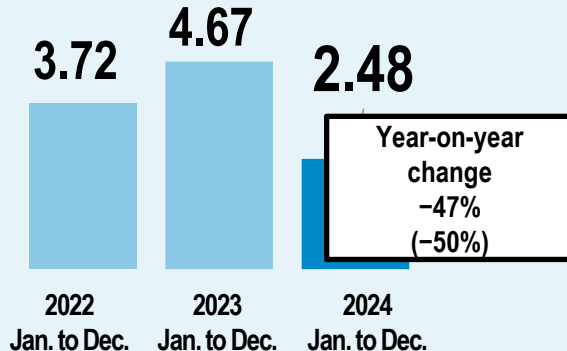
Net sales

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

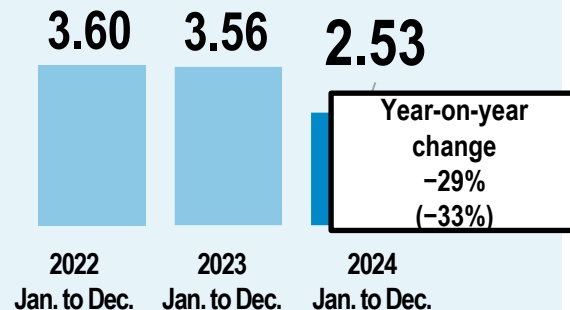
Body warmers



Netsusama Sheet



Other



Sales in Southeast Asia (by Product)

25/31

Sales of *Netsusama Sheet* increased due to expanded distribution, although there was not as much special demand related to various infectious diseases as the previous year.

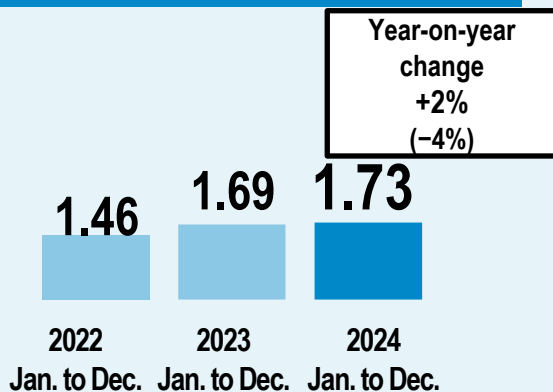
Sales of other products decreased since body warmers sold poorly due to the warm winter last year in Taiwan.

(Unit: billion yen)

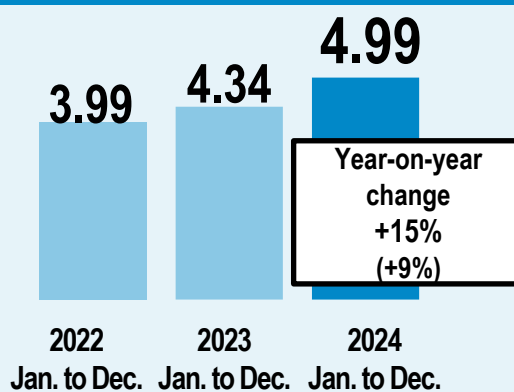
Net sales

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

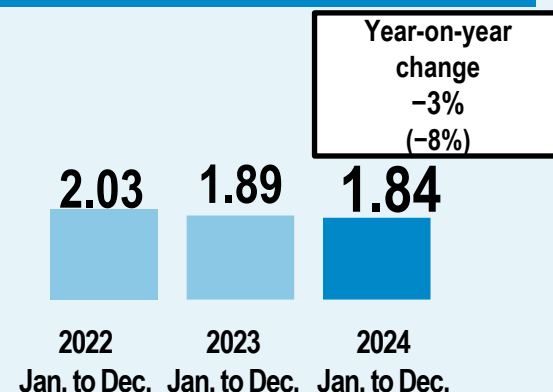
Pharmaceuticals



Netsusama Sheet



Other



Forecast of Consolidated Results for the Year Ending December 31, 2025

26/31

Even if additional extraordinary losses are recorded this fiscal year, we aim to achieve the following forecast results through selling assets and other measures.

(Unit: billion yen)	FY2024 results	FY2025 forecast		
	Amount	Amount	Year-on-year change	Percentage of net sales
Net sales	165.6	171.0	+3.3%	—
Operating income	24.8	14.0	-43.7%	8.2%
Ordinary income	26.8	15.3	-43.0%	8.9%
Net income	10.0	10.5	+4.3%	6.1%
EBITDA ^{*1}	32.8	22.8	-30.5%	13.3%
EPS	135.42 yen	141.25 yen	+4.3%	-
ROE	4.8%	5.0%	-	-
Dividend	102 yen (43 yen for interim, 59 yen for year-end)	104 yen (44 yen for interim, 60 yen for year-end)	-	-
Net sales of Domestic Business	119.9	120.0	+0.1%	-
Net sales of International Business ^{*2}	45.1	50.5	+11.8%	-

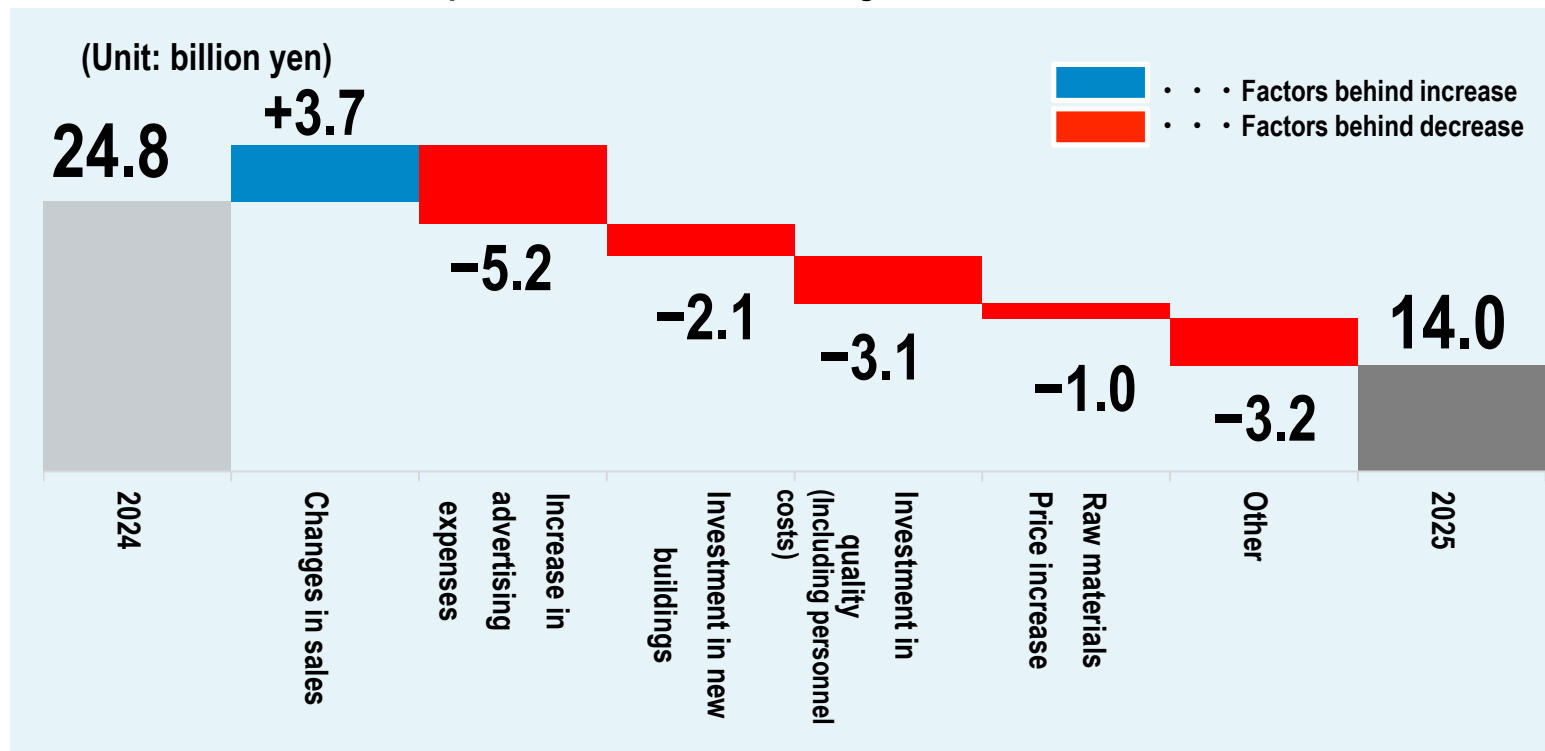
^{*1} EBITDA = Operating income + Depreciation + Amortization of goodwill

^{*2} Foreign exchange rates: US\$1 = 140 yen; Chinese yuan 1 = 19.7 yen

Assumptions for the Forecast of Consolidated Results (Factors behind changes in operating income)

27/31

- Investment in quality and human resources will be enhanced.
- Large-scale capital investment (investment in new buildings) will be implemented both inside and outside Japan to support overseas growth.
- Expenses will increase due to resumption of domestic advertising.

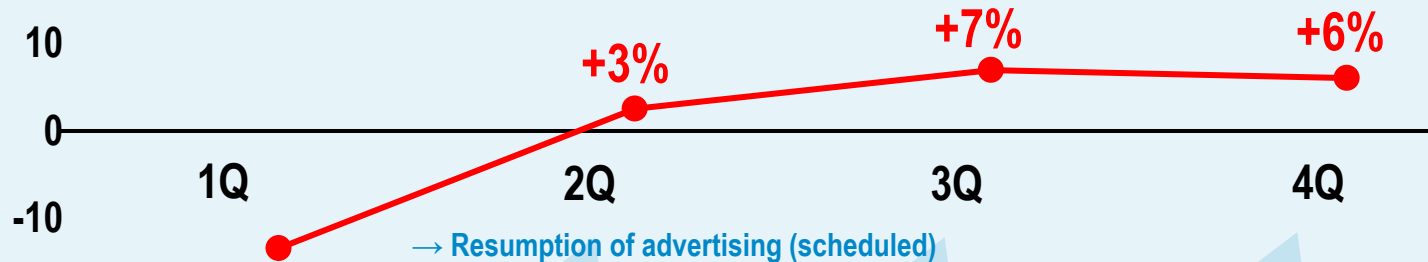


Assumptions for the Forecast of Consolidated Results (Outlook for domestic advertising) 28/31

Assumption is that domestic advertising will resume from the second quarter. We plan to reduce the volume of advertising compared to 2023 by narrowing down the number of brands to be advertised and shifting to web advertising to improve efficiency.

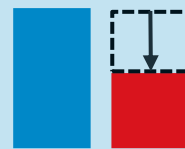
Quarterly changes in sales and advertising expenses Outlook (Japan)

Net sales
(Year-on-year)



Advertising expenses
(compared to 2023)

Around 50%



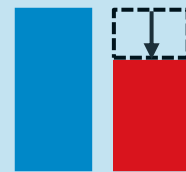
(Forecast)

Around 80%



(Forecast)

Around 70%



(Forecast)

Differences between initial mid-term plan and published forecast

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The deviation from the assumptions used in the initial medium-term plan is significant, so it was determined that performance targets, etc. should be set while taking into account the new situation. ⇒ **Cancelled the mid-term plan assumptions.** The direction of the new medium-term plan is scheduled to be released in August 2025.

2025 targets (Unit: billion yen)	2023-25 Medium-term management plan (Initial)	Published forecast	
	Amount	Amount	vs. plan
Net sales	191.0	171.0	-10.5%
Operating income (Margin)	26.8 14.0%	14.0 8.1%	-47.8% -
EBITDA	35.2	23.0	-34.7%
ROE	9.0%	5.0%	-
Net sales of Domestic Business	137.6	120.0	-12.8%
Net sales of International Business	53.3	50.5	-5.3%

1) Promoting structural reform

- Practice portfolio management

→ Promote medium- to long-term business growth and transformation

- Optimize the number of SKUs

⇒ Reduce SKUs by about 25%
(to improve production and quality)

- Improve advertising efficiency
- ⇒ Accelerate the shift to the web
⇒ Aim for a 20% improvement

Change product mix
→ Recovery of earnings structure

- Review unprofitable businesses

→ Implement fundamental management reform, including streamlining unprofitable businesses, with the aim of not only reducing fixed costs but also expanding resources for quality and safety investment, including effective use of human capital.

2) Basic development policies for returning to growth

- Aim to develop new products that will be repeatedly purchased by customers (and become established in the market in the medium to long term, in five years)
- Growth of overseas businesses
 - Company-specific investments to ensure efficient capital circulation of limited resources
Allow well-focused business growth.
Ex.) In Southeast Asia, increase investment in growing countries, following Thailand and Malaysia.
- Preparation for new businesses
 - Define the areas in which we will compete, and concentrate resources on such areas.

⇒ Implement these measures and return to the original profit level in three years.



<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.

In addition, the purpose of this material is to provide timely disclosure of information about the Company, and it is not intended as a solicitation to have the Company or a third party exercise voting rights on your behalf with respect to all or part of the proposals to be submitted to the extraordinary general meeting of shareholders to be held on February 19, 2025 or the annual general meeting of shareholders to be held in March the same year.

Reference

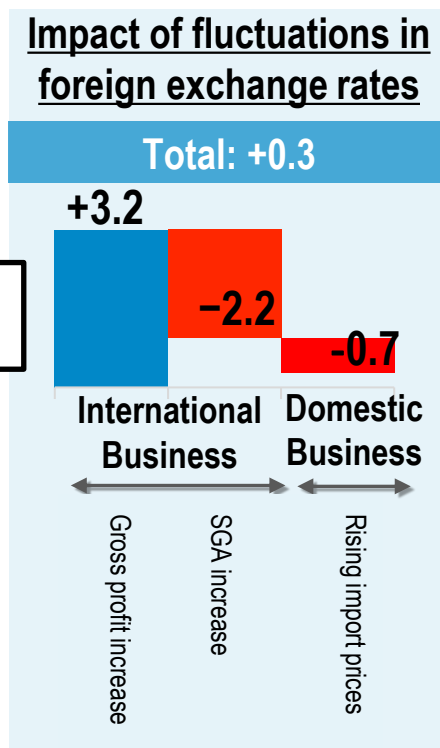
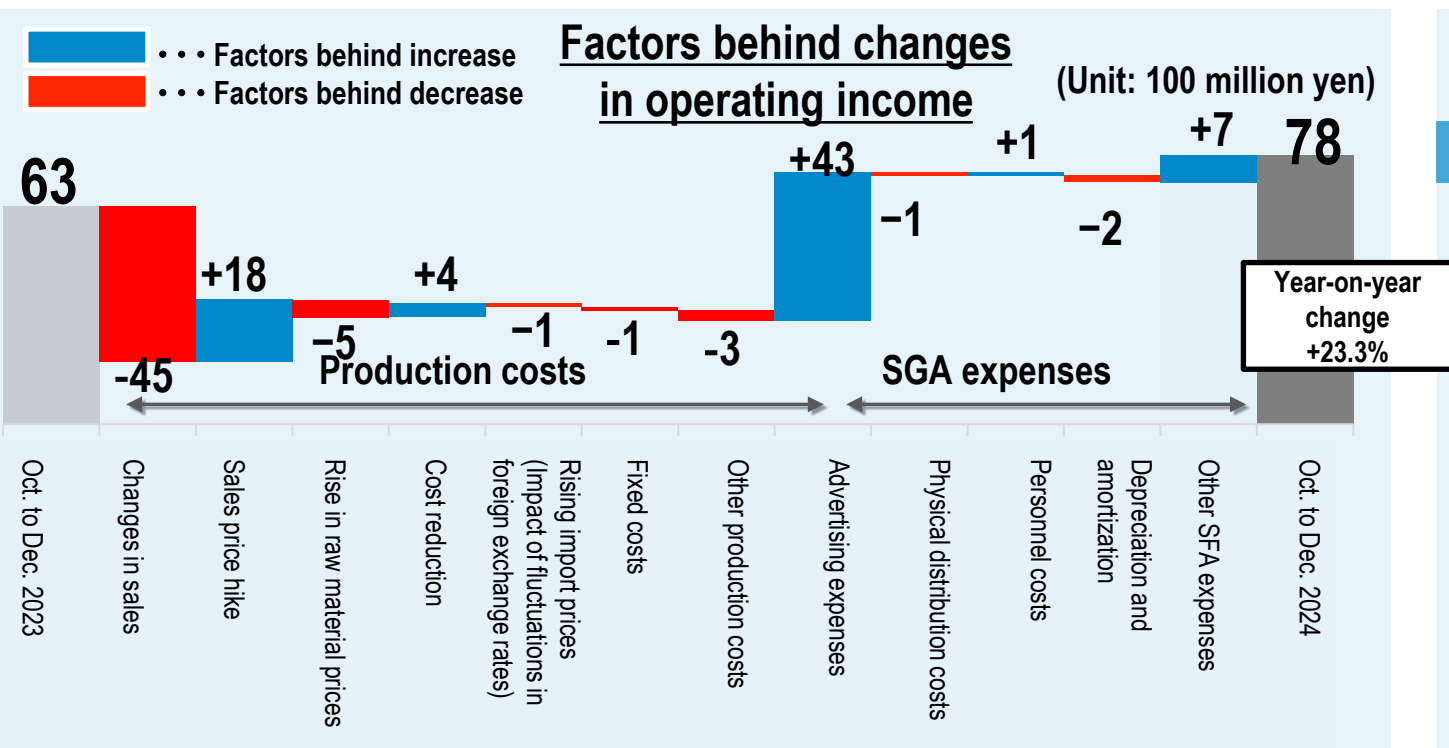
New Products to Be Launched in Spring 2025

1

The Company aims to generate annual sales of 1.8 billion yen with 10 items.



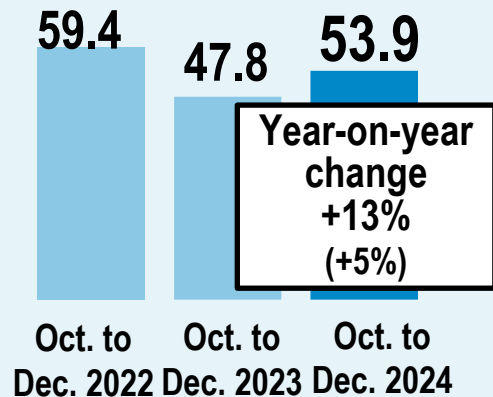
Results for the fourth quarter (Oct. to Dec. 2024)



Results for the fourth quarter (Oct. to Dec. 2024)

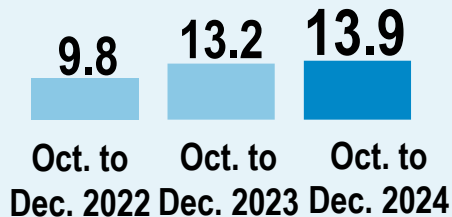
(Unit: 100 million yen)

Body warmers



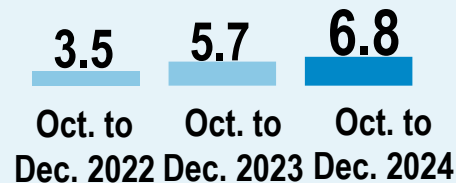
Net sales

Pharmaceuticals



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

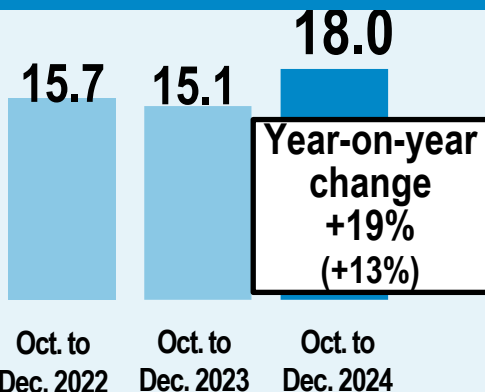
Other



Results for the fourth quarter (Oct. to Dec. 2024)

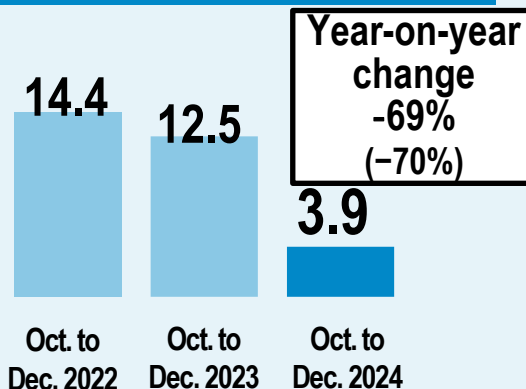
(Unit: 100 million yen)

Body warmers



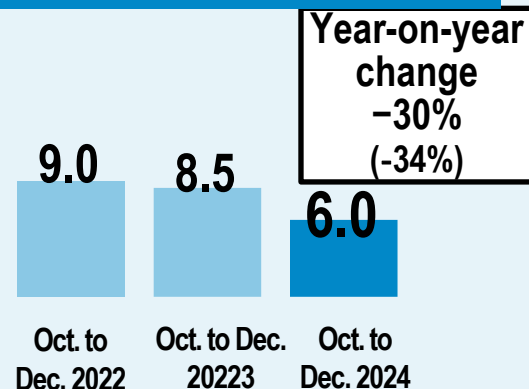
Net sales

Netsusama Sheet



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

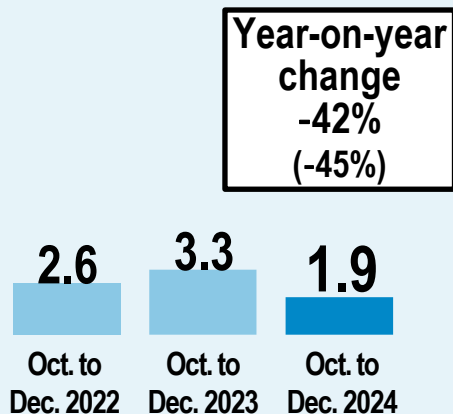
Other



Results for the fourth quarter (Oct. to Dec. 2024)

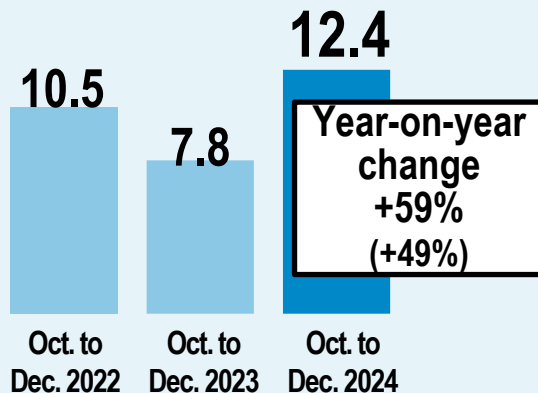
(Unit: 100 million yen)

Pharmaceuticals



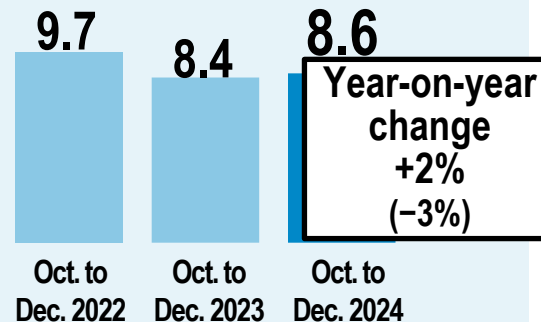
Net sales

Netsusama Sheet



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

Other

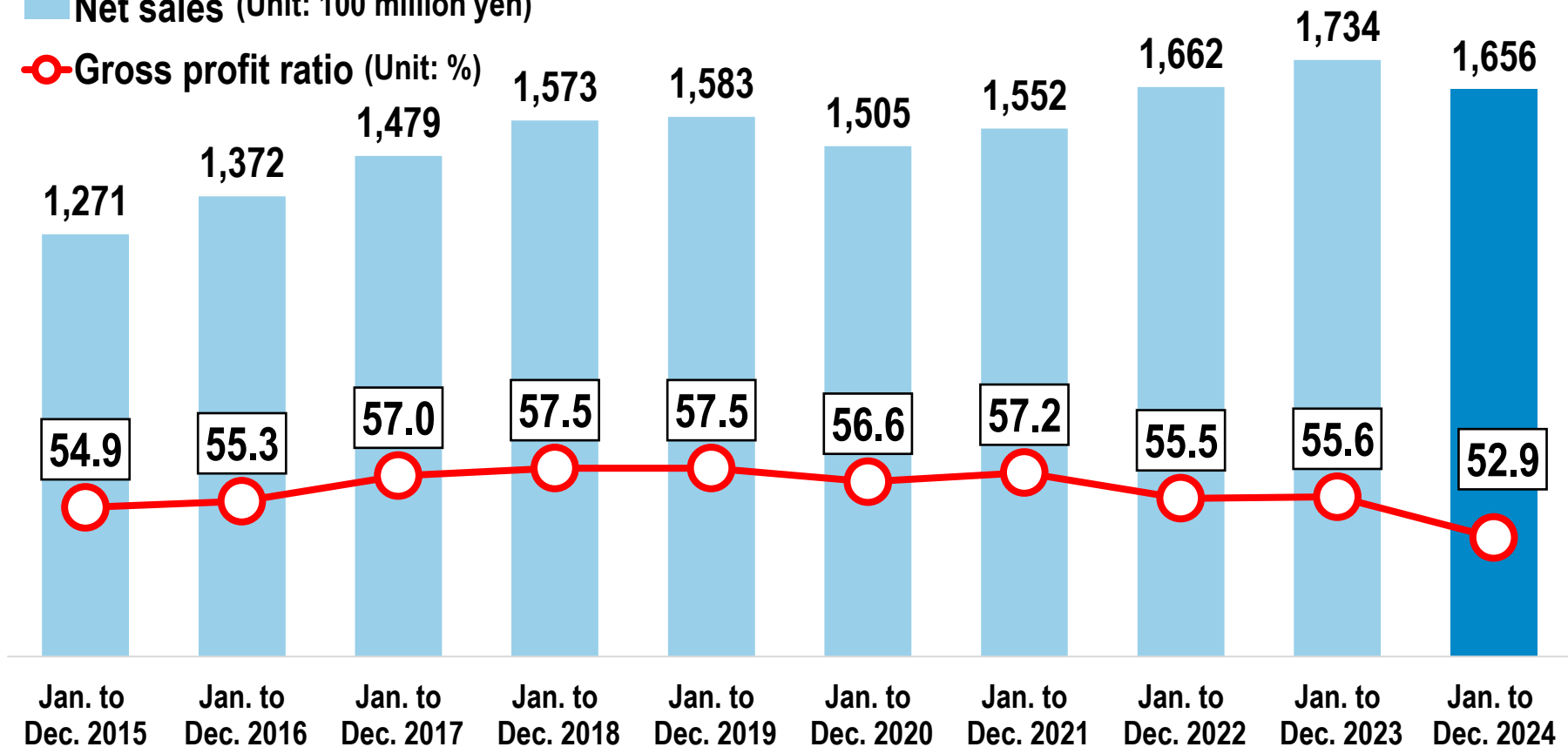


Changes in Consolidated Net Sales and Gross Profit Ratio

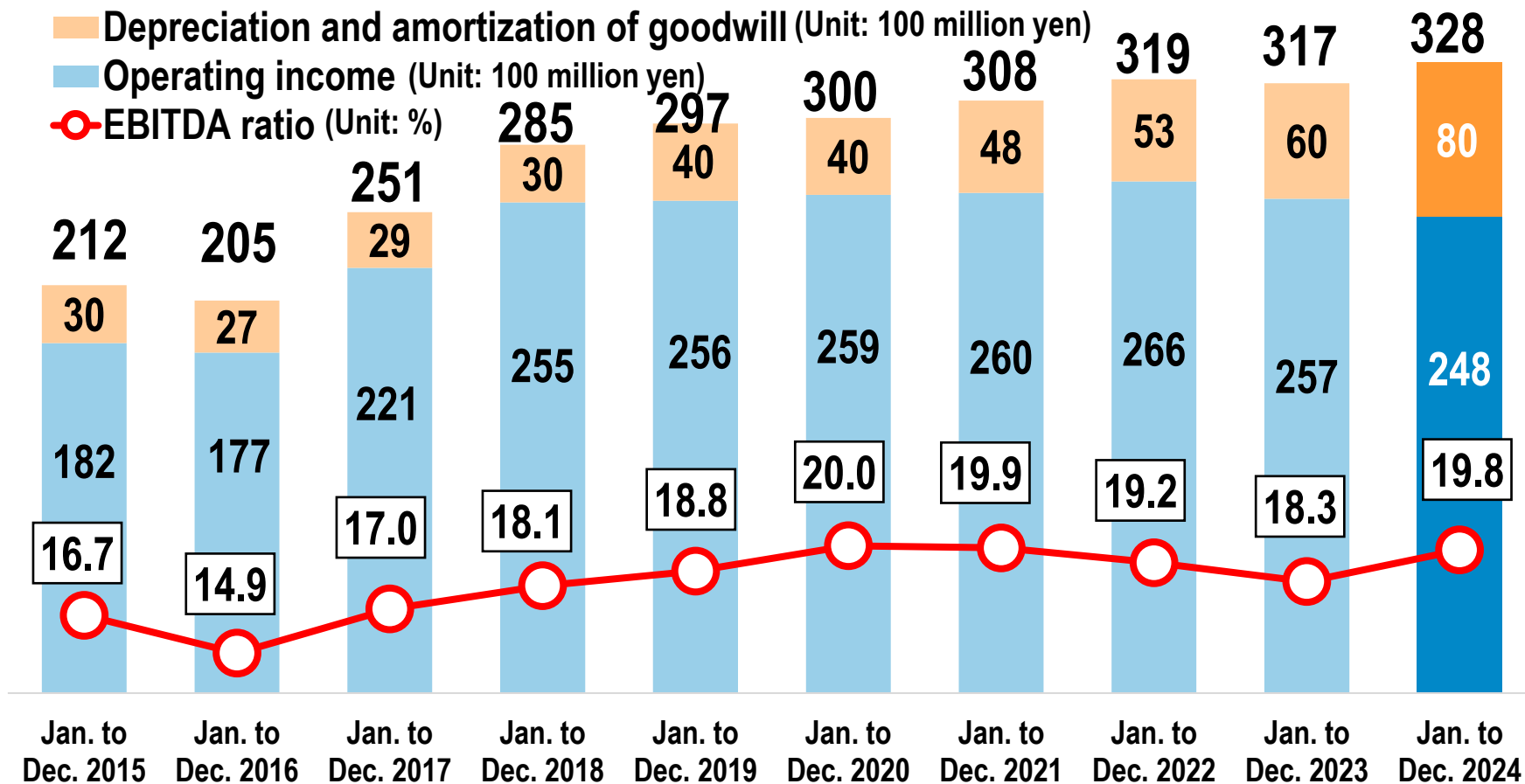
6

■ Net sales (Unit: 100 million yen)

○ Gross profit ratio (Unit: %)



Changes in EBITDA



Consolidated Income Statement (1)

8

(Unit: 100 million yen)	FY2024						
	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	364	366	413	511	-5.9%	1,656	-4.5%
Gross profit	209	198	219	249	-11.9%	876	-9.1%
Margin	57.4%	54.0%	53.1%	48.7%	-	52.9%	-
Operating income	50	44	75	78	+23.3%	248	-3.6%
Margin	13.8%	12.1%	18.2%	15.4%	-	15.0%	-
Ordinary income	54	49	74	89	+37.7%	268	-1.7%
Margin	15.0%	13.6%	18.1%	17.5%	-	16.2%	-
Net income	9	4	39	47	-2.4%	100	-50.5%
Margin	2.7%	1.3%	9.5%	9.2%	-	6.1%	-

Consolidated Income Statement (2)

9

(Unit: 100 million yen)	FY2024						
	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	15	11	22	-66.1%	81	-57.9%
Percentage of net sales	9.0%	4.2%	2.7%	4.3%	-	4.9%	-
Sales promotion expenses	9	8	7	9	-25.0%	34	-6.9%
Percentage of net sales	2.5%	2.4%	2.2%	2.1%	-	2.1%	-

Consolidated Balance Sheet (1)

10

(Unit: 100 million yen)	End of Dec. 2023	End of Mar. 2024	End of Jun. 2024	End of Sep. 2024	End of Dec. 2024
Current assets	1,583	1,384	1,323	1,267	1,444
Cash and deposits	715	624	520	411	508
Notes and accounts receivable - trade	530	376	351	396	494
Short-term investment securities	83	83	83	104	148
Inventories	220	269	308	294	241
Non-current assets	1,091	1,228	1,299	1,237	1,209
Property, plant and equipment	476	603	657	654	674
Intangible assets	216	219	225	195	206
Investment and other assets	398	405	416	388	327
Total assets	2,674	2,612	2,622	2,504	2,653

Consolidated Balance Sheet (2)

11

(Unit: 100 million yen)	End of Dec. 2023	End of Mar. 2024	End of Jun. 2024	End of Sep. 2024	End of Dec. 2024
Current liabilities	561	509	459	396	464
Notes and accounts payable - trade	87	94	87	79	82
Short-term loans payable	0	0	0	0	0
Accounts payable - other	250	177	171	142	171
Non-current liabilities	65	53	65	61	54
Total net assets	2,048	2,049	2,097	2,046	2,134
Capital surplus	5	5	5	5	5
Retained earnings	2,056	2,023	2,028	2,035	2,082
Treasury stock	-247	-247	-247	-247	-247
Total liabilities and net assets	2,674	2,612	2,622	2,504	2,653

Consolidated Cash Flow

12

(Unit: 100 million yen)	Jan. to Dec. 2023	Jan. to Dec. 2024	Changes
Cash flow from operating activities	183	112	-71
Cash flow from investing activities	-195	-184	+11
Cash flow from financing activities	-194	-77	+117
Free cash flow	-12	-72	-60

(Unit: 100 million yen)	Jan. to Dec. 2023	Jan. to Dec. 2024	Changes	Jan. to Dec. 2025 forecast
Capital expenditures (including goodwill)	268	248	-20	135
Depreciation (including amortization of goodwill)	60	80	+20	88

(Unit: yen)	Jan. to Dec. 2023	Jan. to Mar. 2024	Jan. to Jun. 2024	Jan. to Sep. 2024	Jan. to Dec. 2024	Jan. to Dec. 2025 forecast
U.S. dollar	140.6	148.6	152.2	151.2	151.5	140.0
Chinese yuan	19.8	20.6	21.0	20.9	21.0	19.7

Results by Segment (Domestic Business) (1)

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(Unit: 100 million yen)	FY2024						
	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	261	286	287	364	-8.7%	1,199	-8.1%
Gross profit	147	155	151	179	-16.6%	634	-14.1%
Margin	56.6%	54.4%	52.6%	49.2%	-	52.9%	-
Operating income	38	59	62	72	+19.9%	232	+5.4%
Margin	14.7%	20.8%	21.6%	19.8%	-	19.4%	-

Advertising expenses	25	4	2	7	-86.1%	39	-75.3%
Percentage of net sales	9.8%	1.4%	0.8%	2.0%	-	3.3%	-
Sales promotion expenses	4	4	2	4	-20.7%	15	-16.4%
Percentage of net sales	1.7%	1.5%	0.8%	1.1%	-	1.3%	-

Results by Segment (Domestic Business) (2)

15

(Unit: 100 million yen)	FY2024						
	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	155	143	132	160	-17.7%	591	-11.7%
Pharmaceuticals	82	72	71	81	-15.6%	307	-9.4%
Food	17	13	13	13	-46.8%	57	-35.1%
Oral care products	39	41	34	48	-4.8%	163	-3.3%
Skin care products	15	16	13	17	-22.2%	62	-12.7%
Household products	85	128	138	148	+4.9%	501	+2.2%
Sanitary products	24	30	29	40	-0.3%	124	+0.3%
Deodorizing air fresheners	52	87	97	94	+9.3%	332	+4.4%
Household articles	8	10	11	13	-7.1%	44	-7.0%
Body warmers	4	2	6	46	+7.4%	60	-12.7%
Direct marketing business	16	11	9	8	-55.7%	45	-40.0%

Results by Segment (International Business) (1)

16

(Unit: 100 million yen)	FY2024						
	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	101	79	125	145	+2.2%	451	+6.8%
Gross profit	59	41	67	68	+3.1%	236	+8.1%
Margin	58.8%	51.7%	53.8%	47.2%	-	52.4%	-
Operating income	10	-15	12	5	+100.8%	12	-60.5%
Margin	10.4%	-	10.0%	3.5%	-	2.8%	-

Advertising expenses	7	11	8	15	+8.3%	42	+20.7%
Percentage of net sales	7.1%	10.1%	8.8%	9.4%	-	9.4%	-
Sales promotion expenses	4	4	5	5	-17.0%	20	+7.8%
Percentage of net sales	4.5%	5.3%	4.4%	4.1%	-	4.5%	-

Results by Segment (International Business) (2)

17

(Unit: 100 million yen)	FY2024								
	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.	38.7	30.4	68.5	74.7	+11.9%	+ 6.7%	212.4	+24.6%	+15.5%
China	28.0	20.6	26.6	35.5	-19.5%	-22.8%	110.8	-18.8%	-23.7%
Mainland China	21.0	13.3	20.1	27.9	-22.7%	-25.9%	82.4	-22.2%	-26.4%
(Stores)	13.3	6.1	11.5	13.0	-27.5%	-	44.0	-21.7%	-
(Mainland EC)	6.2	4.8	8.9	13.9	-20.1%	-	33.9	-20.6%	-
(Cross-border EC)	1.4	2.3	-0.3	1.0	+26.6%	-	4.4	-46.0%	-
(EC percentage)	36.5%	54.0%	42.8%	53.5%	-	-	46.6%	-	-
Hong Kong	7.0	7.2	6.5	7.5	-4.5%	-8.1%	28.3	-7.3%	-14.3%
Southeast Asia	27.0	17.3	18.3	22.9	+17.1%	+11.0%	85.7	+8.1%	+1.7%
Singapore	1.9	0.7	1.3	0.4	-20.2%	-18.3%	4.4	-1.7%	-9.3%
Malaysia	8.6	4.7	3.9	2.9	+24.6%	+10.0%	20.2	-1.9%	-8.7%
Thailand	7.0	4.9	4.4	5.3	+49.2%	+37.4%	21.8	+27.2%	+19.5%
Indonesia	2.7	4.0	3.2	3.1	+78.1%	+78.1%	13.2	+25.1%	+21.2%
Philippines	3.5	1.7	2.9	3.8	+41.7%	+33.9%	12.1	+26.5%	+16.6%
Taiwan	3.2	1.1	2.4	7.1	-16.5%	-19.5%	13.9	-17.5%	-21.2%
Other	8.0	11.0	11.5	12.1	+4.1%	-1.8%	42.7	+17.1%	+7.3%