

# Financial Results Briefing for Fiscal Year Ended December 31, 2025

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## **Kobayashi Pharmaceutical Co., Ltd.**

**Yumi Nakagawa, General Manager, Finance Headquarters**

**Takayuki Kimura, General Manager, Public Relations and General Affairs Headquarters**

February 10, 2026

## Regarding red yeast rice-related products

**We would like to reiterate our deepest apologies to our customers, business partners, and all other parties associated with our company for the concerns and inconvenience caused by the incident of our red yeast rice-related products in 2024.**

**Under our new management structure, we continue to 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.**

## Status of response to red yeast rice incident

- **“Progress of Measures to Prevent Recurrence”**  
The measures outlined in the “Measures to Prevent Recurrence” released in September 2024 have been largely implemented. With implementation completed, thorough operation and continuous improvement are being promoted.
- **“Progress of Compensation for Health Damage (for hospitalization and hospital visits)”**  
As of Jan. 31, of the 510 people eligible for compensation, payment for 260 people had been completed.

## FY2025 results

- Sales increased but income decreased, with net sales of 165.7 billion yen (up 0.1 billion yen year on year) and operating income of 14.9 billion yen (down 9.9 billion yen year on year).
- Compared to the plan, net sales fell short by 5.3 billion yen (domestic: down 1.9 billion yen, international: down 3.5 billion yen), and operating income exceeded the plan by 0.9 billion yen (mainly domestic).
- As announced on Feb. 3, an extraordinary loss totaling 14.6 billion yen was recorded at our two plants in Sendai and Thailand.

## FY2026 forecast

- **Net sales:** Forecast to increase to 173.0 billion yen (up 4.4% year on year)  
Expected to increase due to the effects of resuming domestic advertising throughout the year and the continued growth of overseas sales
- **Operating income:** Forecast to decrease to 12.5 billion yen (down 16.2% year on year)  
Expected to decrease as investment for future growth, such as advertising and capital expenditures, takes precedence this year

# Overview of the Measures to Prevent Recurrence of the Red Yeast Rice Incident (Three Pillars)

4/29

## **(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, which 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 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 create a new Kobayashi Pharmaceutical.

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

## 1. Awareness raising and structural enhancement regarding quality and safety

[Progress]

- Established new positions for “specialized human resources” and “project managers” to enable personnel in specialized fields to play active roles, such as contributing to quality and safety
- Launched new personnel system from January 2026

\*  indicates that the status has been newly completed after November 11, 2025.

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 Assurance 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				Done (2025/7~) * Start with oral products
	Effective periodic holding of “mass production review meetings”				Done (2025/4~)
Inspection techniques	Consideration and introduction of procedures for detecting contamination by ingredients other than specified ingredients				Done (2025/8)
Personnel evaluation	Introduction of a system in which activities that contribute to quality and safety are subject to evaluation				Done (2025/12)

\* Even for measures marked “Implemented/introduced,” we will continue to verify the effectiveness and constantly review the content.

## 2. Fundamental reform of corporate governance

[Progress]

- Transition to a company with an audit and supervisory committee will be discussed at General Meeting of Shareholders on March 27, 2026. For details, see pages 11-12.

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				Done (2025/3)
	Reexamination of organizational design			Submitted as a General Meeting proposal	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)				Done (2025/3)
Reinforcement of risk response structure	Reorganization of existing risk and compliance-related committees				Done (2025/3)
	Building a risk escalation system in case of emergency				Done (2024/8~)
Review of business operations	Selection based on resources				Done (2025/8)

\* Even for measures marked “Implemented/introduced,” we will continue to verify the effectiveness and constantly review the content.

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

**[Progress]**

- (Human resources) Actively recruited personnel with high priority, such as those responsible for quality control and quality assurance audits. Established the Training Policy based on the human resources and organizational policies in order to further evolve the personnel development and educational environment.
- (Organizational culture) “Desired organizational culture” and “code of conduct” were formulated by all employees. Details are explained on the following pages.

\*  indicates that the status has been newly completed after November 11, 2025.

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				Done (2026/1)
Review of organizational culture (organizational culture reform PJ)				Done (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)]				Done (2025/3)

\* Even for measures marked “Implemented/introduced,” we will continue to verify the effectiveness and constantly review the content.

**The measures outlined in the “Measures to Prevent Recurrence” have been largely implemented. With implementation completed, thorough operation and continuous improvement are being promoted.**

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

- All employees discussed the “desired corporate culture.”
- Based on opinions of employees, management also discussed and established the “desired corporate culture” that Kobayashi Pharmaceutical should aim for.

[All employees]  
Bottom-up opinion gathering



[Management]  
Thorough discussion of the  
desired corporate culture

Multiple workshops were held where all employees (over 3,000) discussed corporate culture.



Based on employee opinions, discussions were held at management meetings, etc.



[Project members]  
Implementation of all-employee initiatives  
Presentation of issues to management

### Establishment of the “desired corporate culture”

- A culture that puts customers first
- A culture where both the company and individuals take on challenges on both the offensive and defensive sides
- A culture of collaboration across the company, without barriers between departments, positions, or generations
- A culture where each individual can exercise their own initiative and autonomy
- A culture of humbly learning from both inside and outside the company and continuing to evolve
- A culture where people grow and nurture each other and organizations also grow

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

- Revised Code of Conduct to realize the desired corporate culture
- Going forward, form a “promotion team” to ensure that the desired corporate culture and code of conduct we have established are permeated and realized
- Continue to reform the organizational culture

### Revision of Code of Conduct

#### Our values

- Maintain a customer-oriented approach
- Continue to ask ourselves, “What is the right thing to do as a human being?” and act accordingly.
- Fulfill social responsibilities
- Treat each other with respect and express gratitude

#### Our principles of behavior

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Take on challenges on both the offensive and defensive sides</li></ul>                                  | <ul style="list-style-type: none"><li>• Learn, teach, and grow together</li></ul>                  |
| <ul style="list-style-type: none"><li>• Collaborate with a view to overall optimization</li></ul>   | <ul style="list-style-type: none"><li>• Be committed to making things easy to understand</li></ul> |
| <ul style="list-style-type: none"><li>• See things through to the end with initiative</li></ul>   | <ul style="list-style-type: none"><li>• Something New/<br/>Something Different</li></ul>           |
| <ul style="list-style-type: none"><li>• Incorporate knowledge from inside and outside the company and transform it into our strengths</li></ul> | <ul style="list-style-type: none"><li>• On-site, real things, realism</li></ul>                    |

## Progress of Compensation for Health Damage (for hospitalization and hospital visits) (as of January 31, 2026)

10/29

(Approximate figures)

Those who have contacted the compensation desk	1,340
Those who have submitted compensation application documents	890
Number of people whose compensation application documents are currently being reviewed	40
Number of people whose compensation application documents have been checked	850
Those who have been found to be eligible for compensation	510
Those who are currently undergoing treatment or those who are currently negotiating compensation details	250
Number of people whose compensation has been paid	260

\* Regarding death-related inquiries, our survey has identified no cases where death was clearly caused by the consumption of the product at this point.

## Proposal by the Company

**We propose “transition to a company with an audit and supervisory committee.”**

### (Background)

- As stated in the “Notice regarding Formulation of Measures to Prevent Recurrence” released in September 2024, **we re-examined the adequacy of organizational design.**
- As a result, **from the perspective of strengthening corporate governance, we determined that transition to a company with an audit and supervisory committee would be appropriate.**
- By transitioning to a company with an audit and supervisory committee,
  - (1) We will make the officers in charge of auditing members of the Board of Directors, **thereby further strengthening the management supervisory function.**
  - (2) We will **accelerate decision-making** through significant delegation of authority from the Board of Directors to the field.
  - (3) Through the above (1) and (2), **the Board of Directors will focus on discussing key strategies and risks**, thereby enhancing corporate value from both offensive and defensive perspectives.

## Proposal by the Company

Current composition of the Board of Directors

Position	Name
Director	Yoshihito Ota
Director	Norikazu Toyoda
Director	Yuji Matsushima
Director	Akihiro Kobayashi
Outside Director	Akio Takahashi
Outside Director	Misa Kusumoto
Outside Director	Toshiaki Kadokawa
Outside Director	Masato Mouri
Outside Director	Yoshiro Katae
Outside Director	Shinsuke Matsumoto

Current composition of the Audit & Supervisory Board

Position	Name
Auditor	Akitoshi Yamawaki
Auditor	Takashi Kawanishi
Outside Auditor	Yoko Hatta
Outside Auditor	Sumio Moriwaki

(Four auditors are scheduled to retire.)



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

Position	Name
Director	Yoshihito Ota
Director	Norikazu Toyoda
Director	Yuji Matsushima
Director	Akihiro Kobayashi
Outside Director	Akio Takahashi
Outside Director	Misa Kusumoto
Outside Director	Toshiaki Kadokawa
Outside Director	Masato Mouri
Outside Director	Yoshiro Katae
Outside Director	Shinsuke Matsumoto

(Audit and Supervisory Committee member)  
 (Audit and Supervisory Committee member)  
 (Audit and Supervisory Committee member)

### Reasons for selection as candidates for Audit and Supervisory Committee Members

Name	Reason for selection
Masato Mouri	Served as chairperson of the remuneration advisory committee, etc. to ensure transparency. As his objective advice on measures to prevent recurrence, etc. was highly evaluated, he is deemed suitable as an Audit and Supervisory Committee member.
Yoshiro Katae	Contributed to strengthening governance by leveraging his expertise. With experience in addressing the red yeast rice incident, he is deemed suitable as an Audit and Supervisory Committee member.
Shinsuke Matsumoto	Contributed to establishing the system as the chairperson of the governance committee, etc. As his advice based on legal knowledge on measures to prevent recurrence, etc. was highly evaluated, he is deemed suitable as an Audit and Supervisory Committee member.

## Shareholder proposals

**Our Board of Directors opposes all of the shareholder proposals.**

### Proposal No. 1

Appointment of Hitoshi Kawaguchi as an Auditor.

#### **(Major reasons for opposition)**

- As part of the fundamental reform of governance, a key issue in measures to prevent recurrence, the transition to a company with an Audit and Supervisory Committee will be proposed at this General Meeting.
- If the company proposal (proposal for the transition) is approved, the current auditor system will be abolished. So, even if this proposal is approved, the candidate cannot take office.
- The appropriateness of the three candidates for directors who will serve as Audit and Supervisory Committee members under the new structure and the audit system was rigorously examined through deliberations by the Personnel and Nomination Committee and the Board of Directors.
- Considering the abolition of the auditor position due to system transition and the fact that candidates for the new structure have already been selected, it was determined that the appointment under this proposal is not appropriate.

## Shareholder proposals

**Our Board of Directors opposes all of the shareholder proposals.**

### Proposal No. 2

(Partial amendment of the Articles of Incorporation)

Change the authority to convene and chair the Board of Directors meetings from the current Chairman of the Board, etc., to an outside director in principle.

#### **(Major reasons for opposition)**

- We have determined that Chairman Ota, who possesses extensive experience and proven results in corporate culture reform and an external perspective, is the best choice for the chair.
- The qualification restrictions under this proposal will prevent the current chair from continuing and raise concerns about adverse effects on the supervisory function.
- Under the current system, the Board of Directors is being operated appropriately, which has been confirmed by the effectiveness assessment of the Board of Directors conducted by an external third-party evaluation agency commissioned by the Company. Therefore, it is determined that amending the Articles of Incorporation through this proposal is not appropriate.

## Shareholder proposals

**Our Board of Directors opposes all of the shareholder proposals.**

### Proposal No. 3

(Partial amendment of the Articles of Incorporation)

Establish a new provision requiring the prompt sharing of monthly reports prepared by General Managers of Headquarters and Business Divisions with Outside Directors.

#### **(Major reasons for opposition)**

- As part of fundamental governance reform, we have already implemented measures to strengthen our information-sharing system, including establishing various committees and diversifying reporting channels.
- Effectiveness has been ensured through timely and appropriate escalation of risk information and strengthened coordination between execution and supervision.
- The articles of incorporation are the fundamental norms of the company, and provisions regarding specific operational matters (such as report sharing) are inconsistent with the purpose of the system.
- We have determined that amending the articles of incorporation as proposed in this proposal is inappropriate, as it may significantly impair the flexibility and agility of business operations.

## Shareholder proposals

### Our Board of Directors opposes all of the shareholder proposals.

#### Proposal No. 4

(Partial amendment of the Articles of Incorporation)

Establish a new provision requiring all executives and employees to strictly implement safety and health management, with the basic policy being that “product quality and safety management take precedence over all else.”

#### (Major reasons for opposition)

- As a measure to prevent recurrence, we have positioned “Quality and Safety First” as the top management priority and are already promoting awareness change and strengthening of management systems.
- In addition to enhancing education and strengthening audits, the pursuit of safety is already clearly stated in the “Charter of Corporate Behavior,” etc., meaning substantial norms have already been established.
- Thorough quality management is a matter that should be advanced as part of business execution under the supervision of the Board of Directors, and its stipulation in the articles of incorporation, which are fundamental norms, is inappropriate.
- The purpose has been achieved through existing regulations and ongoing measures to prevent recurrence. Therefore, amending the articles of incorporation through this proposal is deemed inappropriate.

# **Financial Results Briefing for Fiscal Year Ended December 31, 2025**

## Net sales

	Full-year results	Year-on-year change (Percentage)	vs. initial plan
Consolidated	165.7 billion yen	+ 0.1 billion yen (+ 0.1%)	-5.3 billion yen
Domestic Business	118.0 billion yen	-1.8 billion yen (-1.5%)	-1.9 billion yen
International Business	46.9 billion yen	+1.8 billion yen (+ 4.0%)	-3.5 billion yen

## Operating income

	Full-year results	Year-on-year change (Percentage)	vs. initial plan
Consolidated	14.9 billion yen	-9.9 billion yen (-40.0%)	+0.9 billion yen
Domestic Business	13.9 billion yen	-9.3 billion yen (-39.9%)	+0.2 billion yen
International Business	0.8 billion yen	-0.5 billion yen (-36.3%)	+0.6 billion yen

### [Net sales summary]

#### Major factors for changes in Domestic Business (Figures in parentheses are year-on-year changes.)

- Contribution of new products (+2.9 billion yen).
- Increase in inbound tourist demand (+1.2 billion yen)
- Strong sales of body warmers due to temperature drop in Q1 (+0.2 billion yen)
- Decrease in sales of existing products due to the impact of advertising suspension until Q2 (-4.3 billion yen)
- Fall in sales in the Direct Marketing Business due to cancellation of regular subscriptions (-1.8 billion yen)

#### Major factors for changes in International Business (Figures in parentheses are year-on-year changes.)

\* Foreign currency translation effects are included.)

- U.S.: Increase in net sales due to expanded distribution of body warmers, strong sales, etc. (+2.6 billion yen)
- China (Mainland): Decrease in net sales due to reduced demand for body warmers and *Netsusama Sheet* caused by seasonal factors (-1.4 billion yen)
- Southeast Asia: Increase in net sales due to elimination of inventory adjustments (seasonal lags) that had occurred until Q2 and strong sales of AMMERUTSU (+0.7 billion yen)

### [Operating income summary]

- Vs. previous year: Decreased due to additional fixed costs and advertising expenses.
- Vs. plan: Although sales fell short of expectations due to delays in resuming domestic advertising and sluggish sales in mainland China, operating income exceeded the plan by 0.9 billion yen thanks to rigorous cost management.

# Consolidated Results for the Fiscal Year Ended December 31, 2025

19/29

Net sales increased but operating income decreased on a full-year basis due to steady performance of International Business mainly in the U.S. and Southeast Asia. An additional extraordinary loss of approximately 300 million yen (3.6 billion for the full year) related to red yeast rice-related products was recorded in Q4 on a non-consolidated basis.

Details regarding the extraordinary loss of 14.6 billion yen recorded due to impairment losses at the new Sendai plant and Thai Plant are provided on the next page.

(Unit: billion yen)	Q4 (Oct. to Dec.)				Full year (Jan. to Dec.)			
	Amount		Year-on-year change	Percentage of net sales	Amount		Year-on-year change	Percentage of net sales
	FY 24	FY 25			FY 24	FY 25		
Net sales	51.1	53.7	+5.0%	—	165.6	165.7	+0.1%	—
Gross profit	24.9	25.8	+3.8%	48.1%	87.6	84.7	-3.3%	51.1%
Operating income	7.8	3.4	-56.5%	6.4%	24.8	14.9	-40.0%	9.0%
Ordinary income	8.9	4.0	-54.5%	7.6%	26.8	16.9	-36.7%	10.3%
Net income	4.7	-3.1	—	—	10.0	3.6	-63.7%	2.2%
EBITDA*	9.9	5.6	-42.9%	10.6%	32.8	23.6	-28.0%	14.3%

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

# Recording of extraordinary losses (impairment losses) at the new Sendai plant and the Thai Plant

20/29

As described in the February 3, 2026 release, the Company announced impairment losses for the two plants below, recording extraordinary losses of 14.6 billion yen in total.

## New Sendai plant (extraordinary loss of 13.4 billion yen)

(Reason for impairment)

Based on the concept of “a pharmaceutical plant capable of supplying the entire world,” the plant was scheduled to begin production in 2025. However, **the verification preparations required to comply with the pharmaceutical manufacturing guidelines established by various countries, along with the strengthening of our quality management system, are now expected to require more time and cost than initially anticipated.** In addition, **the full-scale market launch of pharmaceuticals in mainland China is expected to take longer than initially anticipated.** As a result, we have revised our sales plan. Consequently, due to the anticipated decline in future profitability at the new Sendai plant, we **recorded 13.4 billion yen as an extraordinary loss.**

## Thai Plant (extraordinary loss of 1.2 billion yen)

(Reason for impairment)

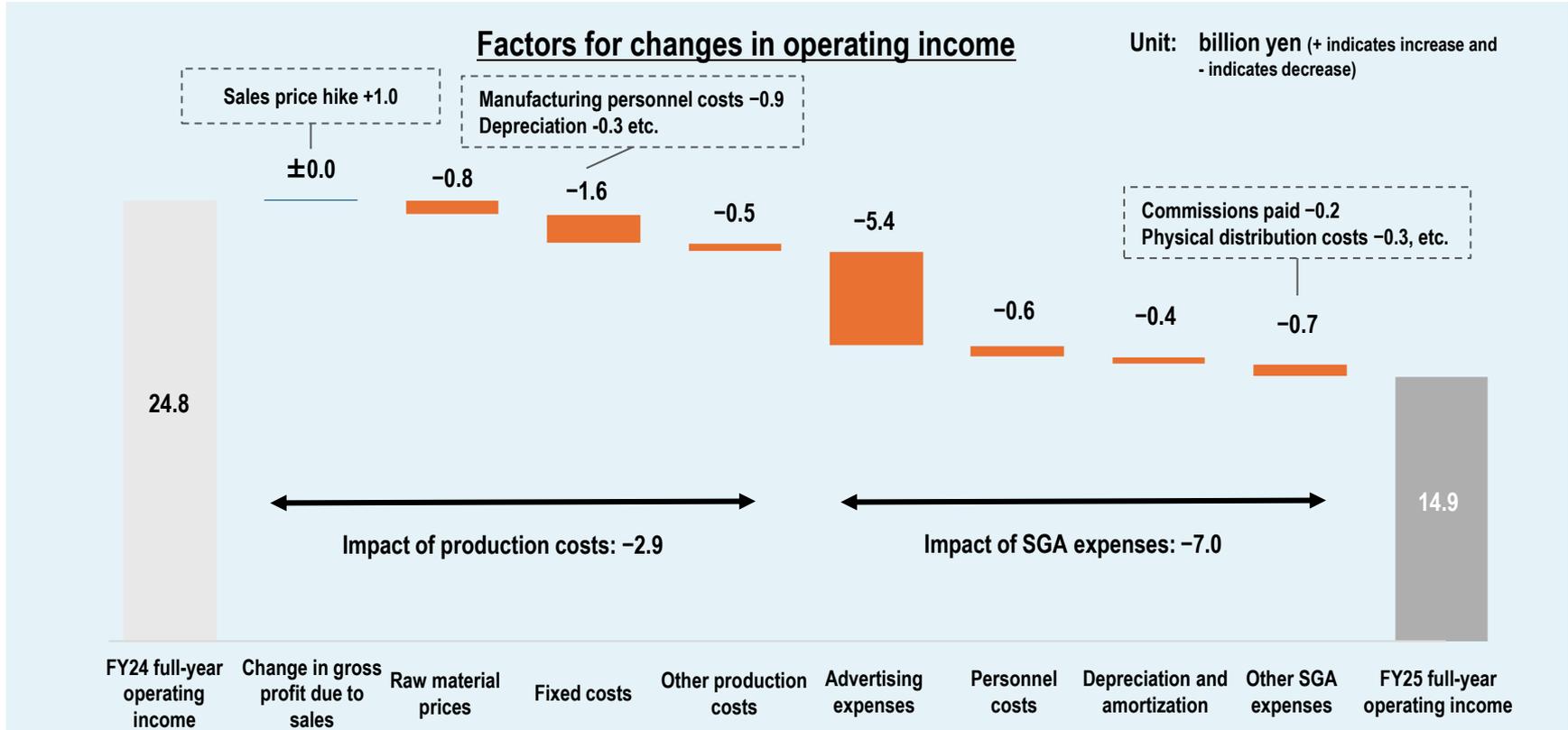
The Thai manufacturing subsidiary operating the Thai Plant was established on January 19, 2024, with the aim of increasing production capacity for *Netsusama Sheet* and establishing a stable supply system based on local production for local consumption within the Southeast Asian region. Initially, production at the plant was scheduled to begin in 2025, but **establishing quality control and stable production systems is now expected to take longer than initially anticipated.** Consequently, due to the anticipated decline in future profitability at the Thai Plant, we **recorded 1.2 billion yen as an extraordinary loss.**

Dividends for FY2025

The dividend, initially set at 104 yen (44 yen for interim, 60 yen for year-end), will be paid as planned at 104 yen (44 yen for interim, 60 yen for year-end).

# Factors behind Changes in Consolidated Operating Income

Operating income declined due to such factors as the impact of full-scale resumption of domestic TV advertising from July and increased fixed costs associated with securing personnel at plants to improve quality.



# Breakdown of full-year operating income and reasons for the difference

Operating income for the full year exceeded the plan by 900 million yen. Up until Q3, the figure had exceeded the plan by 4 billion yen, but the gap narrowed due to sluggish sales in Japan in Q4 due to seasonal factors and additional advertising launched.

(1) Full year (YoY difference)		(2) Full-year (vs. plan) Amount of impact on profit	(3) Main reasons for the difference from the plan
FY24 full-year operating income	24.8		
Change in gross profit due to sales	0.0	-3.7 billion yen	Delays in resuming domestic advertising, sluggish sales in mainland China, and lower domestic sales in Q4 due to seasonal factors
Advertising expenses	-5.4	-0.2 billion yen	Advertising expenses, which were not spent until Q3, deployed as planned in Q4, and additional investment in items with strong advertising effectiveness
Investment in new buildings	-1.7	+0.4 billion yen	Impact of curbing additional investment in new buildings in mainland China due to reduced demand for <i>Netsusama Sheet</i>
Investment in quality (Including personnel costs)	-1.9	+1.2 billion yen	Careful review of measures based on priority against the list compiled at the beginning of the period
Rise in raw material prices	-0.8	+0.2 billion yen	The impact was less than expected.
Other	-0.2	+3.0 billion yen	Streamlining of development costs following a review of the business portfolio, and careful review of various expenses such as payment fees
FY25 full-year operating income	14.9	<b>Total +0.9 billion yen</b>	

Unit: billion yen  
 (+ indicates increase and - indicates decrease)

## Domestic Business (Sales Breakdown by Product Category)

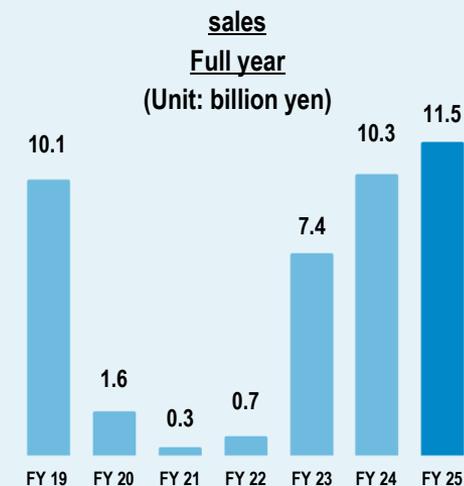
23/29

Both net sales and operating income decreased on a full-year basis mainly due to the continued impact of last year's downward trend in the Direct Marketing Business.

Operating profit decreased due to an increase in advertising expenses following the resumption of advertising.

(Unit: billion yen)		Q4 (Oct. to Dec.)			Full year (Jan. to Dec.)		
		Amount		Year-on-year change	Amount		Year-on-year change
		FY 24	FY 25		FY 24	FY 25	
Net sales	Healthcare products	16.0	16.8	+4.8%	59.1	58.3	-1.5%
	Household products	14.8	14.6	-1.7%	50.1	50.8	+1.3%
	Body warmers	4.6	4.6	-0.9%	6.0	6.1	+2.6%
	Direct Marketing Business	0.8	0.4	-41.9%	4.5	2.7	-39.3%
	<b>Total</b>	<b>36.4</b>	<b>36.5</b>	<b>+0.4%</b>	<b>119.9</b>	<b>118.0</b>	<b>-1.5%</b>
<b>Total operating income</b>		<b>7.2</b>	<b>2.2</b>	<b>-68.4%</b>	<b>23.2</b>	<b>13.9</b>	<b>-39.9%</b>
<b>Margin</b>		<b>19.8%</b>	<b>6.2%</b>	<b>—</b>	<b>19.4%</b>	<b>11.8%</b>	<b>—</b>

### Changes in inbound-tourism-demand-related sales



(Topics related to inbound tourism)  
The number of Chinese tourists decreased in Q4, but the impact was minor.

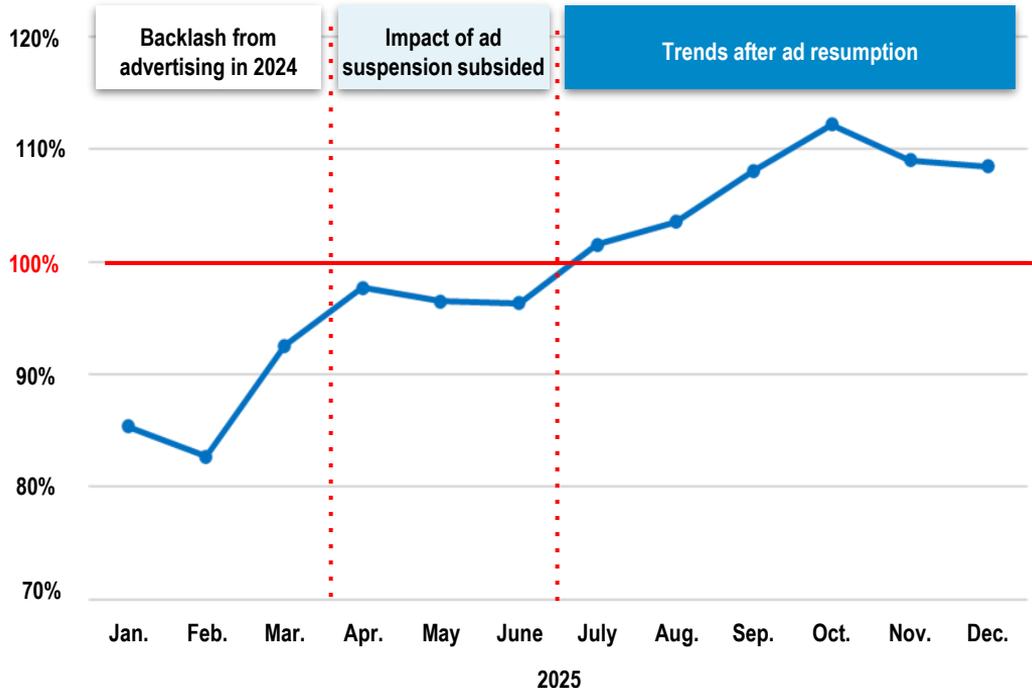
# Effects of Advertising in Japan

With the resumption of advertising, domestic advertising spending is on a recovery trend, particularly for healthcare-related products.

Status of advertising spending for healthcare-related products (excluding seasonal items) for which TV advertising has resumed\*

\* Monthly average of SRI+

(vs. FY2024)



## [Jan. to Mar.]

- Struggled due to the suspension of advertising in 2025 after having run the advertising during the same period in 2024

## [Apr. to Jun.]

- Although the impact of the ad suspension has largely subsided, the continued effects of the suspension has led to a gradual decline in product awareness, and ad spend utilization remains sluggish.

## [Jul. to Dec.]

- After ad resumption, the advertising effect became significantly apparent.

## Effects of Advertising in Japan Successful advertising cases

25/29

We will continue efforts to evolve our advertising methods. By analyzing successful cases, we aim to maximize the advertising effects.

### [Inochi-no-Haha]

- Continuous TV commercial airing to maintain and gain brand awareness
- Developing web strategies using social media tailored to target attributes

✓ Succeeded in acquiring new customers



### [Urinal]

- In addition to terrestrial TV commercials, approaching the advertising media with high affinity with the target demographic
- Implementing ads that carefully convey the product's features and safety

✓ Succeeded in acquiring new customers



### [Hemolind]

- Implementing ads that clearly show the points of differentiation from competing products
- Adopting an attribute-based approach to develop new potential customers

✓ Significant growth in the number of new customers acquired



### [BLUELET]

- Strengthening the sound logo in TV commercials to revive brand recognition
- Delivering video ads targeting those who do not watch TV to gain awareness

✓ Recovered the number of users, which had been naturally declining due to the ad suspension



## International Business (Performance by Region)

26/29

Net sales increased but operating income decreased on a full-year basis. Despite the significant impact of a decline in demand for body warmers and *Netsusama Sheet* in mainland China due to seasonal factors, international sales as a whole increased, driven by strong performance in the U.S. and Southeast Asia.

(The effect of foreign currency translation: -0.15 billion yen for net sales; +0.2 billion yen for operating income)

(Unit: billion yen)		Q4 (Oct. to Dec.)				Full year (Jan. to Dec.)			
		Amount		Year-on-year change		Amount		Year-on-year change	
		FY 24	FY 25	Including effect of foreign currency translation	Excluding effect of foreign currency translation	FY 24	FY 25	Including effect of foreign currency translation	Excluding effect of foreign currency translation
Net sales	U.S.	7.4	8.3	+11.5%	+11.2%	21.2	23.8	+12.1%	+13.5%
	Mainland China	2.7	2.7	-0.7%	-2.9%	8.2	6.8	-16.6%	-15.9%
	Hong Kong	0.7	0.7	+4.0%	+3.4%	2.8	2.7	-3.5%	-2.3%
	Southeast Asia	2.2	3.6	+59.2%	+54.0%	8.5	9.2	+8.4%	+5.8%
	Other	1.2	1.3	+12.3%	+8.5%	4.2	4.2	-0.3%	-0.4%
	Total International Business	14.5	16.8	+16.1%	+14.6%	45.1	46.9	+4.0%	+4.4%
Total operating income		0.5	1.0	+98.4%	+85.5%	1.2	0.8	-36.3%	-52.2%
Margin		3.5%	6.0%	—	—	2.8%	1.7%	—	—

## U.S.

Full-year **+2.6 billion yen** Y-o-Y

[Major topics]

- Sales increased due to expanded distribution of body warmers and the drop in temperatures in Q1 and Q4

Net sales trends (full-year)  
(Unit: billion yen)



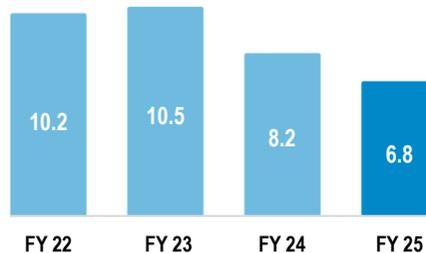
## Mainland China

Full-year **-1.4 billion yen** Y-o-Y

[Major topics]

- Although influenza spread in Q4, demand for *Netsusama Sheet* decreased for the full year due to fewer instances of fever.
- Due to temperatures not dropping in Q1 and Q4, demand for body warmers decreased.

Net sales trends (full-year)  
(Unit: billion yen)



## Southeast Asia

Full-year **+0.7 billion yen** Y-o-Y

[Major topics]

- The strong performance of ANMERUTSU mainly in Malaysia
- Inventory adjustments (period lag) that had occurred until Q2 were resolved in Q3.

Net sales trends (full-year)  
(Unit: billion yen)



# Forecast of Consolidated Results for the Year Ending December 31, 2026

28/29

(Unit: billion yen)	FY2025 results	FY2026 forecast		
	Amount	Amount	Year-on-year change	Percentage of net sales
Net sales	165.7	173.0	+ 4.4%	—
Operating income	14.9	12.5	-16.2%	7.2%
Ordinary income	16.9	13.0	-23.5%	7.5%
Net income	3.6	10.0	+ 173.5%	5.8%
EBITDA <sup>*1</sup>	23.6	22.0	-6.9%	12.7%
EPS	4.919	13.452	+ 173.5%	—
ROE	1.7%	4.8%	—	—
Dividend	104 yen (44 yen for interim, 60 yen for year-end)	106 yen (45 yen for interim, 61 yen for year-end)	—	—
Net sales of Domestic Business	118.0	123.0	+ 4.2%	—
Net sales of International Business <sup>*2</sup>	46.9	49.4	+ 5.1%	—

<sup>\*1</sup> EBITDA = Operating income + Depreciation + Amortization of goodwill <sup>\*2</sup> Foreign exchange rates: US\$ 1 = 148 yen; Chinese yuan 1 = 21.0 yen

<p><b>Domestic</b></p>	<ul style="list-style-type: none"> <li>• Decline in sales due to the termination of our own direct marketing platform</li> <li>• Inbound tourism is expected to remain at the same level as in 2025.</li> <li>• Impact of resumption of advertising year-round (sales increase, profit decrease)</li> <li>• Increase in expenses associated with the operation of the new Sendai plant and Saito R&amp;D and Manufacturing Lab (new research institute)</li> <li>• Contribution from new M&amp;A deals is not expected.</li> </ul>
<p><b>International</b></p>	<ul style="list-style-type: none"> <li>• U.S.: Despite a high hurdle posed by strong performance of body warmers in 2025, steady overall performance is expected.</li> <li>• China: The decline in demand for <i>Netsusama Sheet</i> will bottom out, and shipments of ANMERUTSU will also return to normal throughout the year.</li> <li>• Asia: Pharmaceuticals and <i>Netsusama Sheet</i> will both perform well.</li> <li>• Contribution from new M&amp;A deals is not expected.</li> </ul>

<p><b>Summary of Financial Results</b></p>	<p>[Net sales]</p> <ul style="list-style-type: none"> <li>• Consolidated +7.3 billion yen (+4.4%) (Domestic Business +4.2%, International Business +5.1%)</li> </ul> <p>[Major impact on income]</p> <p>Gross profit increase due to increased sales: <b>+5.0 billion yen</b> (product price hike: +0.9 billion yen, etc.)</p> <p>Raw material price increase: <b>-0.8 billion yen</b></p> <p>Increase in depreciation expenses: <b>-1.1 billion yen</b> (new research institute: -0.8 billion yen, etc.)</p> <p>Increase in advertising expenses: <b>-3.0 billion yen</b></p> <p>Increase in personnel costs: <b>-1.5 billion yen</b> (Manufacturing personnel costs: -0.7 billion yen, SGA and personnel costs: -0.8 billion yen)</p> <p>Other: <b>-1.0 billion yen</b> (Increase in other costs related to large-scale capital investment: -1.2 billion yen, etc.)</p>
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<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 for Spring 2026

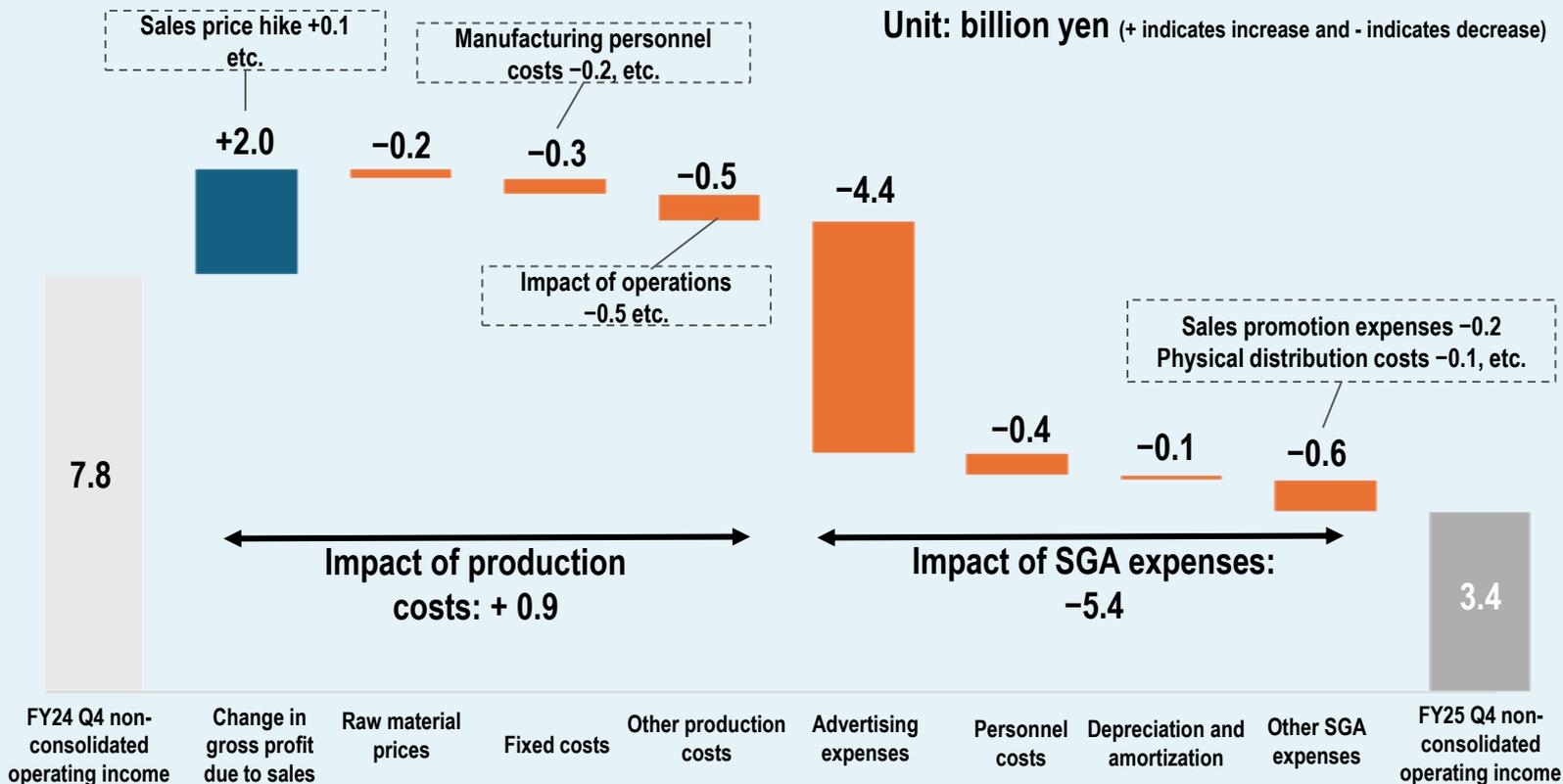
With the launch of 9 items, we aim for first-year sales of 1.3 billion yen.



# Factors behind Changes in Consolidated Operating Income (Q4 non-consolidated)

## Factors for changes in operating income

Unit: billion yen (+ indicates increase and - indicates decrease)



# Consolidated Income Statement (1)

(Unit: billion yen)	FY 25 Q1 (Jan. to Mar.)	FY 25 Q2 (Apr. to Jun.)	FY 25 Q3 (Jul. to Sep.)	FY 25 Q4 (Oct. to Dec.)		FY25 full year (Jan. to Dec.)	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
<b>Net sales</b>	32.6	36.4	43.0	53.7	+5.0%	165.7	+0.1%
<b>Gross profit</b>	16.6	19.4	22.7	25.8	+3.8%	84.7	-3.3%
<b>Margin</b>	51.2%	53.5%	52.8%	48.1%	—	51.1%	—
<b>Operating income</b>	2.5	4.1	4.8	3.4	-56.5%	14.9	-40.0%
<b>Margin</b>	7.8%	11.3%	11.3%	6.4%	—	9.0%	—
<b>Ordinary income</b>	2.4	4.8	5.6	4.0	-54.5%	16.9	-36.7%
<b>Margin</b>	7.4%	13.3%	13.2%	7.6%	—	10.3%	—
<b>Net income</b>	1.6	1.5	3.6	-3.1	—	3.6	-63.7%
<b>Margin</b>	5.0%	4.2%	8.5%	—	—	2.2%	—

## Consolidated Income Statement (2)

(Unit: billion yen)	FY 25 Q1 (Jan. to Mar.)	FY 25 Q2 (Apr. to Jun.)	FY 25 Q3 (Jul. to Sep.)	FY 25 Q4 (Oct. to Dec.)		FY25 full year (Jan. to Dec.)	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Advertising expenses	1.0	1.7	4.1	6.5	+197.8%	13.5	+65.9%
Margin	3.2%	4.8%	9.6%	12.2%	—	8.1%	—
Sales promotion expenses	0.7	0.7	0.7	1.1	+24.5%	3.3	-2.2%
Margin	2.2%	2.2%	2.0%	2.0%	—	2.0%	—

# Consolidated Balance Sheet (1)

(Unit: billion yen)	FY 24 End of Dec.	FY 25 End of Mar.	FY 25 End of Jun.	FY 25 End of Sep.	FY 25 End of Dec.
<b>Current assets</b>	<b>144.4</b>	<b>132.3</b>	<b>135.9</b>	<b>132.0</b>	<b>148.8</b>
Cash and deposits	50.8	52.4	56.2	45.2	62.3
Notes and accounts receivable-trade	49.4	32.6	32.9	40.3	52.1
Short-term investment securities	14.8	14.8	13.3	12.6	8.3
Inventories	24.1	27.3	30.6	30.6	22.7
<b>Non-current assets</b>	<b>120.9</b>	<b>119.4</b>	<b>124.7</b>	<b>129.4</b>	<b>126.5</b>
Property, plant and equipment	67.4	67.6	73.4	74.6	67.3
Intangible assets	20.6	19.0	17.8	17.6	17.4
Investments and other assets	32.7	32.7	33.4	37.0	41.7
<b>Total assets</b>	<b>265.3</b>	<b>251.7</b>	<b>260.7</b>	<b>261.4</b>	<b>275.3</b>

## Consolidated Balance Sheet (2)

(Unit: billion yen)	FY 24 End of Dec.	FY 25 End of Mar.	FY 25 End of Jun.	FY 25 End of Sep.	FY 25 End of Dec.
<b>Current liabilities</b>	46.4	39.6	46.5	42.3	60.1
Notes and accounts payable-trade	8.2	9.0	9.1	8.5	8.4
Accounts payable-other	17.1	9.6	15.7	13.9	30.9
<b>Non-current liabilities</b>	5.4	5.0	5.9	7.0	4.1
<b>Total net assets</b>	213.4	207.0	208.2	212.0	211.0
Capital surplus	0.5	0.5	0.5	0.5	0.5
Retained earnings	208.2	205.4	207.0	207.3	204.2
Treasury stock	-24.7	-24.7	-24.7	-24.7	-24.7
<b>Total liabilities and net assets</b>	265.3	251.7	260.7	261.4	275.3

## Consolidated cash flow

(Unit: billion yen)	FY 24 (Jan. to Dec.)	FY25 (Jan. to Dec.)	Change
Cash flow from operating activities	11.2	25.5	+14.3
Cash flow from investing activities	-18.4	-0.1	+18.3
Cash flow from financial activities	-7.7	-7.9	-0.2
Free cash flow	-7.2	25.4	+32.6

(Unit: billion yen)	FY 24 (Jan. to Dec.)	FY25 (Jan. to Dec.)	Change	FY26 forecast
Capital investment (including goodwill)	24.8	20.7	-4.1	6.5
Depreciation and amortization (including goodwill amortization)	8.0	8.7	+0.7	9.5

# Foreign Exchange

(Unit: yen)	FY 24 (Jan. to Dec.)	FY 25 (Jan. to Mar.)	FY 25 (Jan. to Jun.)	FY 25 (Jan. to Sep.)	FY 25 (Jan. to Dec.)	FY26 forecast (Jan. to Dec.)
US dollar	151.5	152.6	148.6	148.2	149.7	148.0
Chinese yuan	21.0	20.9	20.4	20.5	20.8	21.0

# Results by Segment (Domestic Business) (1)

(Unit: billion yen)	FY 25 Q1 (Jan. to Mar.)	FY 25 Q2 (Apr. to Jun.)	FY 25 Q3 (Jul. to Sep.)	FY 25 Q4 (Oct. to Dec.)		FY25 full year (Jan. to Dec.)	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	22.7	28.9	29.7	36.5	+0.4%	118.0	-1.5%
Gross profit	11.1	15.7	15.7	17.6	-1.8%	60.2	-4.9%
Margin	49.1%	54.3%	53.0%	48.2%	—	51.1%	—
Operating income	2.5	5.6	3.4	2.2	-68.9%	13.9	-39.9%
Margin	11.2%	19.5%	11.7%	6.2%	—	11.8%	—

Advertising expenses	0.2	0.8	3.1	4.7	+567.8%	8.9	+128.2%
Margin	0.9%	2.8%	10.7%	13.0%	—	7.6%	—
Sales promotion expenses	0.2	0.4	0.2	0.4	+3.0%	1.3	-8.2%
Margin	1.2%	1.4%	1.0%	1.1%	—	1.2%	—

## Results by Segment (Domestic Business) (2)

(Unit: billion yen)	FY 25 Q1 (Jan. to Mar.)	FY 25 Q2 (Apr. to Jun.)	FY 25 Q3 (Jul. to Sep.)	FY 25 Q4 (Oct. to Dec.)		FY25 full year (Jan. to Dec.)	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Healthcare products	12.7	14.4	14.2	16.8	+4.8%	58.3	-1.5%
Pharmaceuticals	6.8	7.3	7.3	8.4	+3.7%	29.9	-2.6%
Food	1.1	1.4	1.3	1.6	+20.6%	5.5	-4.0%
Oral care products	3.4	4.2	4.2	4.9	+3.1%	16.8	+2.8%
Skin care products	1.3	1.4	1.3	1.7	+2.2%	5.9	-5.0%
Household products	8.6	13.5	14.0	14.6	-1.7%	50.8	+1.3%
Sanitary products	2.2	3.0	2.7	4.2	+4.5%	12.4	-0.6%
Deodorizing air fresheners	5.4	9.3	10.0	8.9	-5.2%	33.8	+1.9%
Household articles	0.8	1.1	1.2	1.3	+4.1%	4.5	+2.4%
Body warmers	0.6	0.3	0.6	4.6	-0.9%	6.1	+2.6%
Direct Marketing Business	0.7	0.7	0.7	0.4	-41.9%	2.7	-39.3%

# Results by Segment (International Business) (1)

(Unit: billion yen)	FY 25 Q1 (Jan. to Mar.)	FY 25 Q2 (Apr. to Jun.)	FY 25 Q3 (Jul. to Sep.)	FY 25 Q4 (Oct. to Dec.)		FY25 full year (Jan. to Dec.)	
	Amount	Amount	Amount	Amount	Year-on-year change	Amount	Year-on-year change
Net sales	9.7	7.3	13.1	16.8	+16.1%	46.9	+4.0%
Gross profit	5.4	3.7	6.8	8.1	+18.3%	24.0	+1.7%
Margin	55.9%	50.7%	52.3%	48.1%	—	51.3%	—
Operating income	0.0	-1.4	1.2	1.0	+98.4%	0.8	-36.3%
Margin	—	—	9.8%	6.0%	—	1.7%	—

Advertising expenses	0.8	0.9	0.9	1.8	+19.6%	4.5	+7.8%
Margin	8.5%	10.4%	9.1%	9.7%	—	9.7%	—
Sales promotion expenses	0.4	0.3	0.4	0.7	+27.1%	2.0	+1.1%
Margin	4.6%	5.4%	3.4%	4.5%	—	4.4%	—

# Results by Segment (International Business) (2)

(Unit: billion yen)	FY 25 Q1 (Jan. to Mar.)	FY 25 Q2 (Apr. to Jun.)	FY 25 Q3 (Jul. to Sep.)	FY 25 Q4 (Oct. to Dec.)			FY25 full year (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.	4.83	3.05	7.59	8.33	+11.5%	+11.2%	23.81	+12.1%	+13.5%
China	1.99	1.70	2.39	3.52	-0.8%	-1.5%	9.61	-13.2%	-12.4%
Mainland China	1.39	1.04	1.69	2.73	-2.1%	-2.9%	6.87	-16.6%	-15.9%
(Stores)	1.02	0.68	1.04	1.93	+48.9%	—	4.69	+6.6%	—
(Mainland EC)	0.27	0.23	0.41	0.73	-47.4%	—	1.65	-51.2%	—
(Cross-border EC)	0.10	0.12	0.23	0.06	-35.4%	—	0.52	+18.5%	—
(EC percentage)	27.0%	34.6%	38.1%	29.2%	—	—	31.7%	—	—
Hong Kong	0.59	0.65	0.70	0.78	+4.0%	+3.4%	2.74	-3.5%	-2.3%
Southeast Asia	2.03	1.52	2.08	3.65	+59.2%	+54.0%	9.29	+8.4%	+5.8%
Singapore	0.11	0.10	0.12	0.11	+127.6%	+120.8%	0.45	+2.0%	+1.1%
Malaysia	0.58	0.56	0.43	0.84	+181.3%	+163.9%	2.42	+19.9%	+13.6%
Thailand	0.48	0.51	0.53	0.80	+50.0%	+40.6%	2.34	+7.3%	+1.4%
Indonesia	0.39	0.13	0.33	0.46	+46.4%	+54.6%	1.33	+0.8%	+6.3%
Philippines	0.24	0.18	0.25	0.28	-25.5%	-27.9%	0.96	-20.5%	-21.2%
Taiwan region	0.21	0.01	0.40	1.15	+61.8%	+57.4%	1.78	+28.0%	+25.6%
Other	0.83	1.03	1.03	1.36	+12.3%	+8.5%	4.26	-0.3%	-0.4%

# By Country/Region and Item

(Unit: billion yen)	FY 25 Q1 (Jan. to Mar.)	FY 25 Q2 (Apr. to Jun.)	FY 25 Q3 (Jul. to Sep.)	FY 25 Q4 (Oct. to Dec.)			FY25 full year (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)
<b>U.S.</b>	4.83	3.05	7.59	8.33	+11.5%	+11.2%	23.81	+12.1%	+13.5%
<b>Body warmers</b>	2.13	0.58	5.13	6.15	+14.1%	+15.6%	14.01	+21.4%	+22.9%
<b>Pharmaceuticals</b>	1.59	1.60	1.61	1.35	-2.8%	-1.5%	6.17	-3.5%	-2.3%
<b>Other</b>	1.10	0.86	0.83	0.82	+19.9%	+21.4%	3.63	+9.7%	+11.1%
<b>Mainland China</b>	1.39	1.04	1.69	2.73	-2.1%	-2.9%	6.87	-16.6%	-15.9%
<b>Body warmers</b>	0.35	0.02	0.48	1.51	-16.2%	-15.4%	2.37	-26.5%	-25.8%
<b>Netsusama Sheet</b>	0.49	0.41	0.54	0.75	+92.2%	+94.0%	2.21	-10.6%	-9.8%
<b>Other</b>	0.54	0.61	0.64	0.51	-15.0%	-14.2%	2.28	-9.8%	-9.0%
<b>Southeast Asia</b>	2.03	1.52	2.08	3.65	+59.2%	+54.0%	9.29	+8.4%	+5.8%
<b>Pharmaceuticals</b>	0.56	0.35	0.29	0.75	+288.1%	+271.3%	1.97	+13.9%	+9.2%
<b>Netsusama Sheet</b>	1.18	0.94	1.24	1.61	+30.0%	+28.8%	4.98	-0.4%	-1.4%
<b>Other</b>	0.29	0.22	0.54	1.28	+49.5%	+45.8%	2.34	+27.2%	+23.4%