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Financial Results Briefing for First Quarter of Fiscal Year Ending December 31, 2026

Kobayashi Pharmaceutical Co., Ltd.

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May 8, 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.

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.

(as of April 30, 2026)

(Approximate figures)

Those who have contacted the compensation desk	1,350
Those who have submitted compensation application documents	900
Number of people whose compensation application documents are currently being reviewed	30
Number of people whose compensation application documents have been checked	870
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	170
Number of people whose compensation has been paid	340

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

Net Sales

(Unit: billion yen)	Q1 Results	YoY change (Percentage)
Consolidated	33.6	+1.1 (+3.2%)
Domestic Business	23.2	+0.5 (+2.3%)
International Business	10.2	+0.5 (+5.1%)

Operating income

(Unit: billion yen)	Q1 Results	YoY change (Percentage)
Consolidated	1.3	-1.2 (-46.7%)
Domestic Business	1.6	-0.9 (-33.7%)
International business	-0.3	-0.3 (-)

[Summary of Sales]

Both Domestic and International Businesses saw increased sales, landing roughly as planned.

[Highlights of Domestic Business]

- Seasonal products performed poorly, such as a decrease in sales of body warmers due to a warm winter and struggles with cold-related products that had high hurdles in the previous year. In addition, the termination of our own direct marketing platform was a factor in the sales decline
- On the other hand, the effect of the resumption of advertising from July 2025 strongly drove overall sales, offsetting these negative impacts and ensuring sales growth for the domestic business as a whole.

[Highlights of International Business]

- U.S.: Sales decreased due to the impact of temporary production delays at contract manufacturers.
- Southeast Asia: Sales slightly decreased overall, as the rebound increase in the Philippines, which was weak in the previous year due to shifting order timing, was offset by the decrease in sales in Thailand, which struggled due to a lull in infectious disease outbreaks.
- Mainland China: On the other hand, Mainland China, which hit bottom at the end of the previous year, entered a recovery trend and drove overall sales, securing an increase in total sales for the Business.

[Summary of Operating Income]

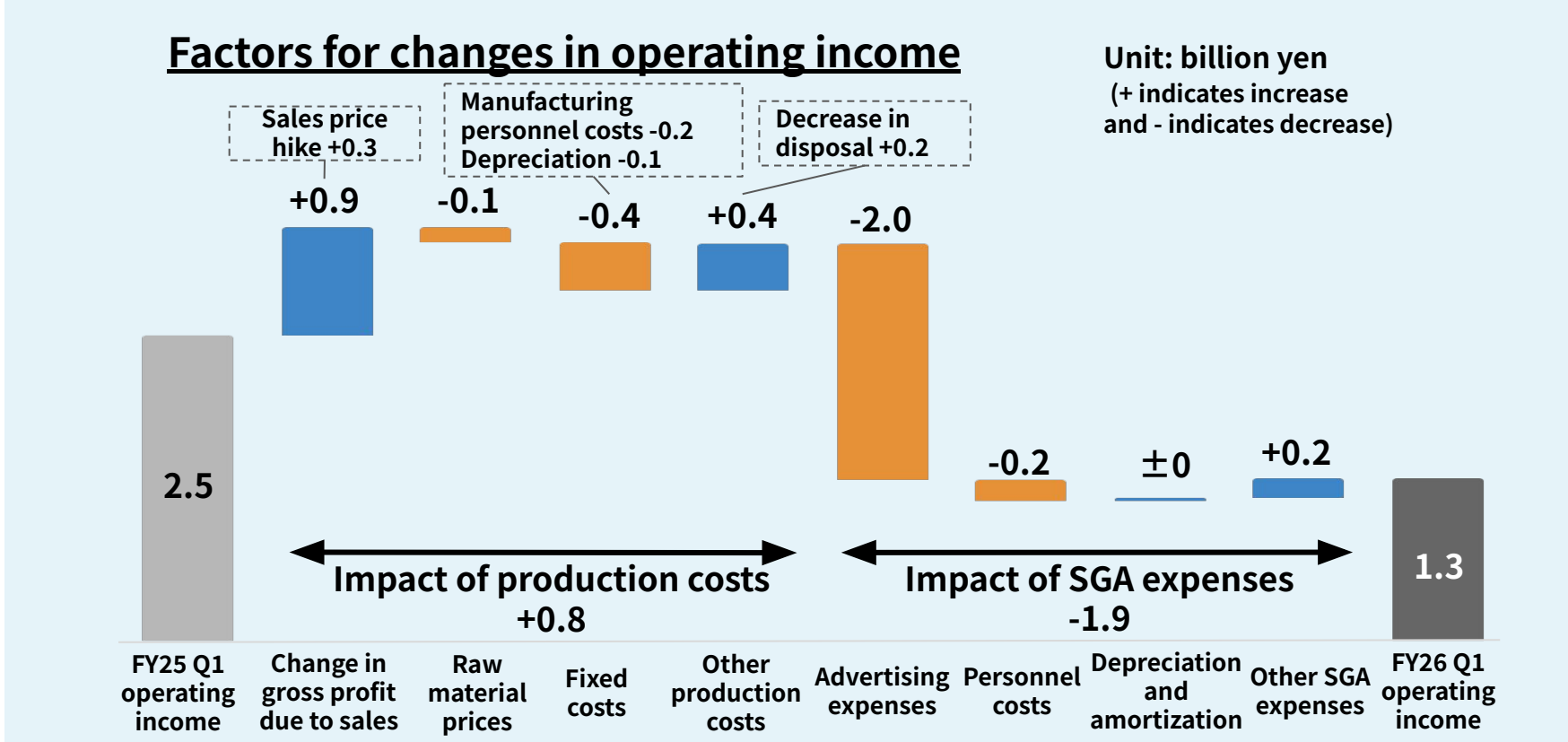
- Domestic profit decreased due to a significant increase in advertising expenses in reaction to the suspension of advertising in Q1 of the previous year (resumed in July 2025).
- Although consolidated operating income also decreased, it exceeded the plan by approximately 0.5 billion yen.

Although an extraordinary loss on red yeast rice-related products (approx. 0.3 billion yen) was recorded, it was offset by gains on the sale of investment securities, etc.

(Unit: billion yen)	Q1 (Jan. to Mar.)			
	Amount		Year-on-year change	Margin
	FY25	FY26		
Net sales	32.6	33.6	+3.2%	—
Gross profit	16.6	17.4	+4.5%	51.8%
Operating income	2.5	1.3	-46.7%	4.0%
Ordinary income	2.4	1.6	-30.4%	5.0%
Net income	1.6	1.0	-36.2%	3.1%
EBITDA※	4.7	3.6	-23.6%	10.7%

※EBITDA = Operating income + Depreciation + Amortization of goodwill

Operating income decreased due to the impact of the full-scale resumption of domestic advertising.



The results of the Direct Marketing Business, which terminated sales on its own site at the end of the previous fiscal year, have been integrated into Healthcare from this fiscal year. Domestic net sales excluding former direct marketing products increased by 5.5%, but operating income decreased due to the resumption of advertising, etc.

※Figures in parentheses exclude former direct marketing products.

(Unit: billion yen)		Q1 (Jan. to Mar.)		
		Amount		Year-on-year change
		FY25	FY26	
Net sales	Healthcare products	13.5 (12.7)	13.7 (13.6)	+1.8% (+7.3%)
	Household products	8.6	8.9	+4.2%
	Body warmers	0.6	0.5	-13.5%
	Total	22.7 (22.0)	23.2 (23.2)	+2.3% (+5.5%)
Total operating income		2.5	1.6	-33.7%
Margin		11.2%	7.2%	—

In anticipation of restrictions on data acquisition due to the revision of the tax exemption system, the calculation method has been changed to a "sell-in (shipment) basis" from this fiscal year. There is no significant difference in the trend between the two calculation methods, and the recent Q1 results are on par with the previous year.

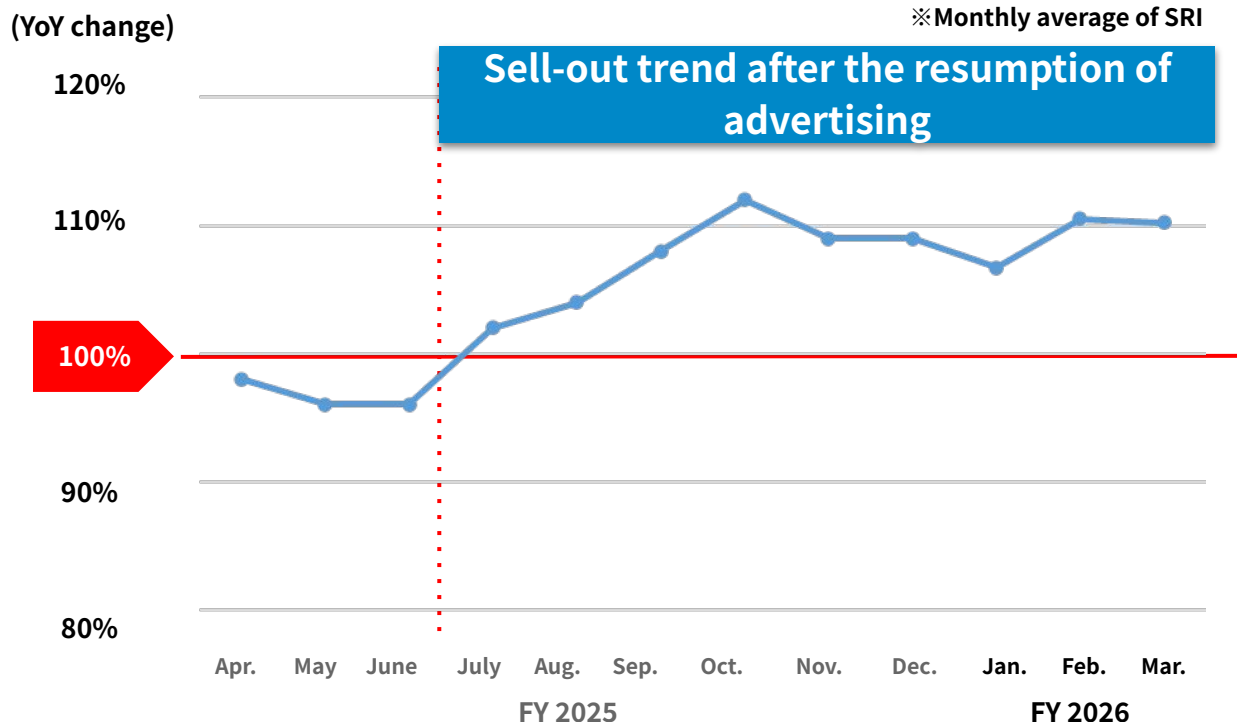
(Unit: billion yen)	Calculation method	Characteristics of calculation model	Full year		Q1	
			2025	2025	2025	2026
Previous	<p><u>Sell-out basis</u></p> <p>Expanded estimation by uniformly applying the tax-free POS results (tax-free ratio) of some mass retailers to other mass retailers</p>	<ul style="list-style-type: none"> • Future data acquisition will become difficult due to the system revision. • Since the tax-free ratio of mass retailers with relatively high inbound tourism demand was uniformly applied to other mass retailers, the figures might have been higher than the actual situation. 	11.5	2.5	2.7	
New	<p><u>Sell-in basis</u></p> <p>Designating stores that show characteristics of purchases by overseas tourists as "inbound stores" and aggregating shipment results</p>	<ul style="list-style-type: none"> • Based on our own data, performance management is possible without being affected by changes in external systems. ※In reality, there is a certain deviation from the actual situation, as overseas tourists may make purchases even at non-inbound stores. 	4.8	1.1	1.2	

Effects of Advertising in Domestic Business

9/13

Following the resumption of advertising in July 2025, the recovery trend has continued, particularly in the healthcare-related product group.

Sell-out status of products for which TV advertising resumed in the healthcare-related product group, excluding seasonal items※



< Examples of successful products >

【EYEBON】

【INOCHINOHAHA】



【KESHIMIN】

【BREATH CARE】



Increased sales and decreased profit. The decrease in sales in the U.S. and Southeast Asia was covered by Mainland China and other areas. Effect of foreign currency translation (Net sales +0.5 billion yen, Operating income +0.04 billion yen)

(Unit: billion yen)		Q1 (Jan. to Mar.)			
		Amount		Year-on-year change	
		FY25	FY26	Including effect of foreign currency translation	Excluding effect of foreign currency translation
Net sales	U.S.	4.8	4.4	-9.0%	-11.4%
	Mainland China	1.3	1.9	+40.2%	+30.9%
	Hong Kong region	0.5	0.7	+18.1%	+15.3%
	Southeast Asia	2.0	2.0	-1.3%	-9.1%
	Other	0.8	1.1	+33.8%	+21.8%
	Total International Business	9.7	10.2	+5.1%	-0.3%
Total operating income		0	-0.3	—	—
Margin		—	—	—	—

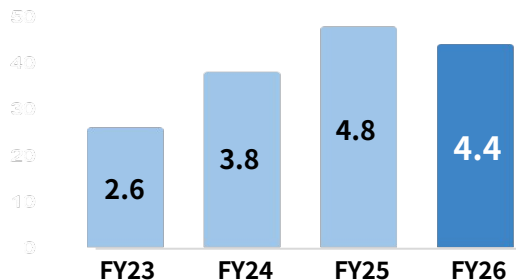
U.S.

**-0.4 billion yen
year-on-year in Q1**

【Major topics】

- Decrease in sales of healthcare products due to temporary production delays at contract manufacturers.

Net sales (Q1)
(billion yen)



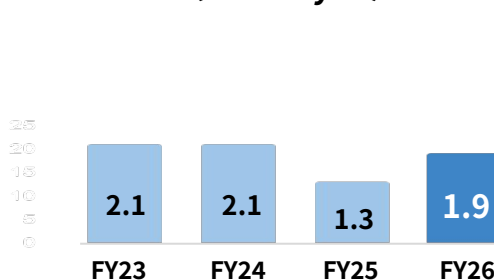
Mainland China

**+0.6 billion yen
year-on-year in Q1**

【Major topics】

- Shipments of Cooling gel sheets and ANMERUTSU recovered smoothly as the impact of inventory adjustments and distributor changes in the previous year has run its course.

Net sales (Q1)
(billion yen)



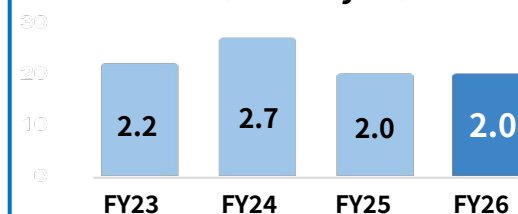
Southeast Asia

**-0.02 billion yen
year-on-year in Q1**

【Major topics】

- The Philippines performed strongly due to a rebound from the timing differences in shipments in the previous year.
- Although other countries covered the impact of the sluggish flu season in Thailand, sales slightly decreased in the region overall.

Net sales (Q1)
(billion yen)



The financial impact is estimated based on confirmed events at this point (excluding uncertain future risks). We will continue to closely monitor the situation and take countermeasures to minimize the impact.

Impact on supply chain	<p>"Procurement delays and restrictions" and "price hikes (requests for price increases)" have occurred mainly for the following raw materials:</p> <ul style="list-style-type: none"> • Packaging materials (bottles, films, etc.) • Petrochemical raw materials (alcohols, surfactants, etc.) <p>※The actual impact is limited to some products because we procure from a variety of suppliers.</p>
Impact on business	<ul style="list-style-type: none"> • Loss of sales opportunities due to shipment control of standard products (to suppress stockouts) and cancellation of promotional products. • Cost increases due to requests for raw material price increases.
Financial impact (Variance from initial plan)	<ul style="list-style-type: none"> • Net sales: -0.5 billion yen (mainly in Q2) • Operating income: -1.5 billion yen (mainly in the second half) <p>※Only reflects confirmed events at this point (excluding uncertain future risks). ※Assumes no profit improvement effects from various countermeasures.</p>

Countermeasures

- **Promotion of alternative procurement:** Diversification of procurement routes by switching to alternative raw materials and developing new suppliers.
- **Resource allocation:** Priority allocation of raw materials to major standard products and focus brands to defend store shelf share.
- **Expense control:** Minimizing the impact through adjustment of advertising and sales promotion expenses according to supply status and overall expense control.
- **Optimization of product prices:** Flexible implementation of product price increases after continuing self-help efforts to the maximum extent.

There are no revisions to the full-year outlook.

(Unit: billion yen)	FY 2025 results	FY 2026 forecast		
	Amount	Amount	Year on year change	Margin
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	23.6	22.0	-6.9%	12.7%
EPS	49.19 yen	134.52 yen	+173.5%	—
ROE	1.7%	4.8%	—	—
Dividend	104 yen (Interim 44yen, Year-end60yen)	106 yen (Interim 45yen, Year-end61yen)	—	—
Domestic business	118.0	123.0	+4.2%	—
International business	46.9	49.4	+5.1%	—



 **KOBAYASHI Pharmaceutical Co., Ltd.**

<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

Consolidated Income Statement (1)

1

(Unit: billion yen)	FY25 Q1 (Jan. to Mar.)	FY26 Q1 (Jan. to Mar.)	
	Amount	Amount	Year-on-year change
Net sales	32.6	33.6	+3.2%
Gross profit	16.6	17.4	+4.5%
Margin	51.2%	51.8%	—
Operating income	2.5	1.3	-46.7%
Margin	7.8%	4.0%	—
Ordinary income	2.4	1.6	-30.4%
Margin	7.4%	5.0%	—
Net income	1.6	1.0	-36.2%
Margin	5.0%	3.1%	—

(Unit: billion yen)	FY 25 Q1 (Jan. to Mar.)	FY26 Q1 (Jan. to Mar.)	
	Amount	Amount	Year-on-year change
Advertising expenses	1.0	3.0	+186.2%
Margin	3.2%	8.9%	—
Sales promotion expenses	0.7	0.7	+1.5%
Margin	2.2%	2.2%	—

Consolidated Balance Sheet (1)

3

(Unit: billion yen)	FY25 End of Mar.	FY25 End of Jun.	FY25 End of Sep.	FY25 End of Dec.	FY26 End of Mar.
Current assets	132.3	135.9	132.0	148.8	127.5
Cash and deposits	52.4	56.2	45.2	62.3	56.7
Notes and accounts receivable-trade	32.6	32.9	40.3	52.1	33.4
Short-term investment securities	14.8	13.3	12.6	8.3	8.3
Inventories	27.3	30.6	30.6	22.7	26.4
Non-current assets	119.4	124.7	129.4	126.5	127.2
Property, plant and equipment	67.6	73.4	74.6	67.3	68.3
Intangible assets	19.0	17.8	17.6	17.4	16.9
Investments and other assets	32.7	33.4	37.0	41.7	42.0
Total assets	251.7	260.7	261.4	275.3	254.8

Consolidated Balance Sheet (2)

4

(Unit: billion yen)	FY25 End of Mar.	FY25 End of Jun.	FY25 End of Sep.	FY25 End of Dec.	FY26 End of Mar.
Current liabilities	39.6	46.5	42.3	60.1	41.9
Notes and accounts payable-trade	9.0	9.1	8.5	8.4	7.6
Accounts payable-other	9.6	15.7	13.9	30.9	16.1
Non-current liabilities	5.0	5.9	7.0	4.1	4.0
Total net assets	207.0	208.2	212	211	208.9
Capital surplus	0.5	0.5	0.5	0.5	0.5
Retained earnings	205.4	207	207.3	204.2	200.8
Treasury stock	-24.7	-24.7	-24.7	-24.7	-24.7
Total liabilities and net assets	251.7	260.7	261.4	275.3	254.8

yen	FY25 (Jan. to Mar.)	FY26 (Jan. to Mar.)	FY26 forecast (Jan. to Dec.)
US dollar	152.6	156.8	148.0
Chinese yuan	20.9	23.0	21.0

Results by Segment (Domestic business) (1)

6

(Unit: billion yen)	FY25 Q1 (Jan. to Mar.)	FY26 Q1 (Jan. to Mar.)	
	Amount	Amount	Year-on-year change
Net sales	22.7	23.2	+2.3%
Gross profit	11.1	11.9	+7.1%
Margin	49.1%	51.4%	—
Operating income	2.5	1.6	-33.7%
Margin	11.2%	7.2%	—

Advertising expenses	0.2	1.9	+816.3%
Margin	0.9%	8.2%	—
Sales promotion expenses	0.2	0.2	-2.5%
Margin	1.2%	1.2%	—

Results by Segment (Domestic business) (2)

7

(Unit: billion yen)	FY25 Q1 (Jan. to Mar.)	FY26 Q1 (Jan. to Mar.)	
	Amount	Amount	Year-on-year change
Healthcare products	13.5	13.7	+1.8%
Pharmaceuticals	6.8	7.2	+5.9%
Food	1.1	1.2	+11.2%
Oral care products	3.4	3.7	+10.4%
Skin care products	1.3	1.3	+2.9%
Discontinued direct marketing products	0.7	0.06	-92.0%
Household products	8.6	8.9	+4.2%
Sanitary products	2.2	2.1	-5.0%
Deodorizing air fresheners	5.4	5.8	+7.3%
Household articles	0.8	0.9	+9.4%
Body warmers	0.6	0.5	-13.5%

Results by Segment (International business) (1)

8

(Unit: billion yen)	FY 25 Q1 (Jan. to Mar.)	FY26 Q1 (Jan. to Mar.)	
	Amount	Amount	Year-on-year change
Net sales	9.7	10.2	+5.1%
Gross profit	5.4	5.3	-0.5%
Margin	55.9%	52.9%	—
Operating income	0	-0.3	—
Margin	—	—	—
Advertising expenses	0.8	1.0	+31.6%
Margin	8.5%	10.7%	—
Sales promotion expenses	0.4	0.4	+3.3%
Margin	4.6%	4.5%	—

Results by Segment (International business) (2)

9

(Unit: billion yen)	FY25 Q1 (Jan. to Mar.)	FY26 Q1 (Jan. to Mar.)		
	Amount	Amount	Year-on-year change	Year-on-year change (Excluding effect of foreign currency translation)
U.S.	4.83	4.40	-9.0%	-11.4%
China	1.99	2.66	+33.6%	+26.2%
Mainland China	1.39	1.95	+40.2%	+30.9%
Hong Kong region	0.59	0.70	+18.1%	+15.3%
Southeast Asia	2.03	2.01	-1.3%	-9.1%
Singapore	0.11	0.17	+55.4%	+43.0%
Malaysia	0.58	0.56	-4.3%	-17.0%
Thailand	0.48	0.36	-25.8%	-32.8%
Indonesia	0.39	0.36	-8.2%	-7.2%
Philippines	0.24	0.36	+51.3%	+50.1%
Taiwan region	0.21	0.18	-11.7%	-17.4%
Other	0.83	1.12	+33.8%	+21.8%
U.K.	0.58	0.69	+18.3%	+7.4%
Australia	0.22	0.30	+39.4%	+22.4%

(Unit: billion yen)	FY25 Q1 (Jan. to Mar.)	FY26 Q1 (Jan. to Mar.)		
	Amount	Amount	Year-on-year change	Year-on-year change (Excluding effect of foreign currency translation)
U.S.	4.83	4.40	-9.0%	-11.4%
Body warmers	2.13	2.10	-1.6%	-4.2%
Pharmaceuticals	1.59	1.50	-6.0%	-8.6%
Other	1.10	0.80	-27.5%	-29.5%
Mainland China	1.39	1.95	+40.2%	+30.9%
Body warmers	0.35	0.56	+59.6%	+47.5%
Cooling gel sheets	0.49	0.63	+27.7%	+18.1%
Other	0.54	0.76	+39.1%	+28.6%
Southeast Asia	2.03	2.01	-1.3%	-7.7%
Pharmaceuticals	0.56	0.43	-21.6%	-30.0%
Cooling gel sheets	1.18	1.23	+4.0%	-0.6%
Other	0.29	0.34	+16.9%	+6.0%