KOBAYASHI Pharmaceutical Co., Ltd.

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

Kobayashi Pharmaceutical Co., Ltd.

Atsushi Uenohara, General Manager, Public Relations & IR Department

November 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.
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.

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(As of October 31, 2026)

(Approximate figures)

Those who have contacted the compensation desk	1,360
Those who have submitted compensation application documents	910
Number of people whose compensation application documents are currently being reviewed	20
Number of people whose compensation application documents have been checked	890
Those who have been found to be eligible for compensation	520
Those who are currently undergoing treatment or those who are currently negotiating compensation details	110
Number of people whose compensation has been paid	410

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

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Summary of Financial Results

Net Sales

(Unit: billion yen)	Q3 cumulative (Jan. to Sep.)	YoY change (Percentage)	vs. plan
Consolidated	113.4	+1.5 (+1.3%)	-3.5
Domestic Business	80.3	-1.2 (-1.4%)	-4.0
International Business	32.6	+2.6 (+8.5%)	+0.5

Operating Income

(Unit: billion yen)	Q3 cumulative (Jan. to Sep.)	YoY change (Percentage)	vs. plan
Consolidated	6.7	-4.7 (-41.2%)	+0.5
Domestic Business	7.6	-4.0 (-34.5%)	-0.5
International Business	-0.9	-0.8 (-%)	+1.0

[Summary of Sales]

[Highlights of Domestic Business]
- Prior year first-half sales saw suspended advertising. In reaction, mainstay product groups performed steadily this term.
- On the other hand, sales decreased due to factors such as the impact of the Middle East situation continuing from Q2, sluggish performance of seasonal items, and the termination of our own direct marketing platform.

[Highlights of International Business]
- U.S.: Sales decreased due to the impact of shipment restrictions accompanying changes in contract manufacturers for pharmaceuticals.
- Mainland China: Following Q2, sales increased significantly, centered on Cooling gel sheets and AMMELTZ.
- Southeast Asia: Cooling gel sheets and AMMELTZ performed steadily.

[Summary of Operating Income]
Vs. previous year: Domestic profit decreased due to a significant increase in advertising expenses in reaction to the suspension of advertising in the first half of the previous year.
Vs. plan: The deterioration in gross profit due to lower sales (-3.5 billion yen) was covered by company-wide expense control, landing approximately 0.5 billion yen ahead of the plan.

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The Third Quarter of the Fiscal Year Ending December 31, 2026

Sales increased but profits decreased. The increase in expenses accompanying the resumption of advertising ran its course in the first half, and the decrease in operating income for Q3 improved. Net income increased due to the recording of an extraordinary income of 3.2 billion yen associated with the application for the tender offer for PALTAC shares.

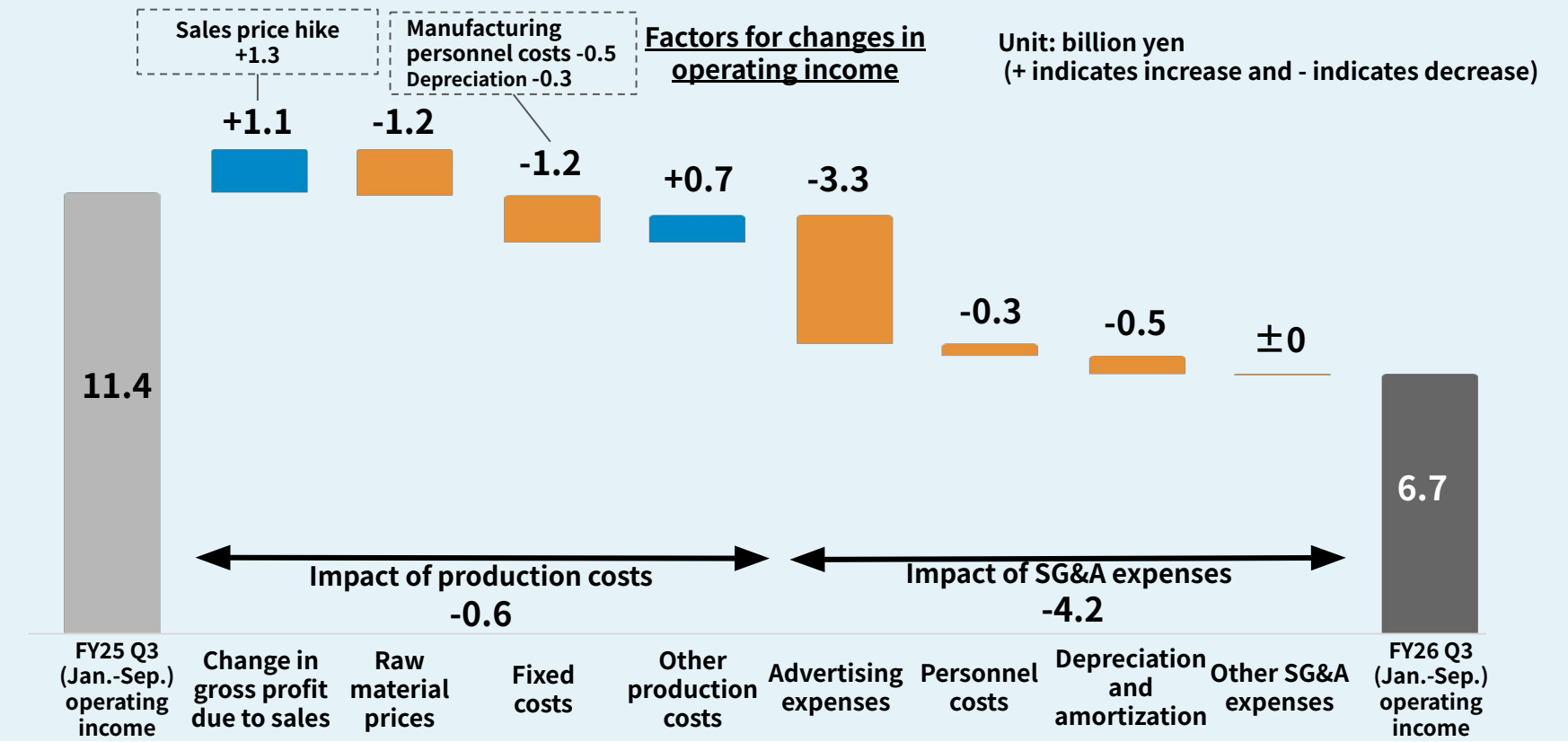
(Unit: billion yen)	Q3 (Jul. to Sep.)				Q3 cumulative (Jan. to Sep.)			
	Amount		YoY change	Margin	Amount		YoY change	Margin
	FY25	FY26			FY25	FY26		
Net sales	43.0	42.7	-0.6%	—	112.0	113.4	+1.3%	—
Gross profit	22.7	21.9	-3.3%	51.4%	58.8	58.2	-1.0%	51.4%
Operating income	4.8	4.5	-5.1%	10.8%	11.4	6.7	-41.2%	6.0%
Ordinary income	5.6	4.4	-21.8%	10.4%	12.9	7.4	-42.4%	6.6%
Net income	3.6	6.6	+81.2%	15.4%	6.8	7.7	+13.6%	6.8%
EBITDA*	7.0	7.0	+1.0%	16.6%	17.9	13.9	-22.1%	12.3%

*EBITDA = Operating income + Depreciation + Amortization of goodwill

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Factors behind Changes in Consolidated Operating Income

Operating income decreased due to an increase in advertising expenses in the first half following the resumption of advertising, in addition to deteriorating production costs such as high raw material prices and increased fixed costs.



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Domestic Business (Sales Breakdown by Product Category)

In Q3, although the effect of the resumption of advertising in July last year ran its course, mainstay product groups continued to perform steadily. On the other hand, net sales decreased due to factors such as sluggish performance of seasonal items (cold-related and heat relief products), as well as distribution inventory adjustments for certain products that underwent price increases this autumn (while store sell-out remained firm).

*Figures in parentheses exclude former direct marketing products.

(Unit: billion yen)		Q3 (Jul. to Sep.)			Q3 cumulative (Jan. to Sep.)		
		Amount		YoY change	Amount		YoY change
		FY25	FY26		FY25	FY26	
Net sales	Healthcare products	15.0 (14.2)	14.3 (14.2)	-4.8% (-0.1%)	43.7 (41.4)	43.5 (43.3)	-0.4% (+4.6%)
	Household products	14.0	13.4	-3.9%	36.1	35.5	-1.8%
	Body warmers	0.6	0.4	-21.8%	1.5	1.2	-22.9%
	Total	29.7 (28.9)	28.3 (28.2)	-4.7% (-2.4%)	81.4 (79.2)	80.3 (80.1)	-1.4% (+1.1%)
Total operating income		3.4	3.3	-3.5%	11.6	7.6	-34.5%
Margin		11.7%	11.9%	—	14.3%	9.5%	—

Inbound-tourism-demand -related sales
(Q3 cumulative)

2025	2026
3.4 billion yen	3.7 billion yen

Examples of strong-performing products

ONE DROP



BREATH CARE



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International Business (Performance by Region)

Increased sales and decreased profit. The decrease in sales in the U.S. was covered by other countries and regions. (Effect of foreign currency translation: Net sales +2.6 billion yen, Operating income +0.7 billion yen)

(Unit: billion yen)		Q3 (Jul. to Sep.)				Q3 cumulative (Jan. to Sep.)			
		Amount		YoY change		Amount		YoY change	
		FY25	FY26	Including effect of foreign currency translation	Excluding effect of foreign currency translation	FY25	FY26	Including effect of foreign currency translation	Excluding effect of foreign currency translation
Net sales	U.S.	7.5	7.6	+1.3%	-5.7%	15.4	14.9	-3.7%	-9.9%
	Mainland China	1.6	2.2	+30.6%	+16.0%	4.1	5.7	+38.5%	+24.6%
	Hong Kong	0.7	0.8	+22.3%	+13.7%	1.9	2.2	+17.4%	+10.2%
	Southeast Asia	2.0	2.4	+16.4%	+9.0%	5.6	6.4	+13.9%	+4.3%
	Other	1.0	1.0	+4.7%	-3.8%	2.9	3.3	+14.1%	+2.6%
	Total International Business	13.1	14.2	+8.9%	-4.1%	30.1	32.6	+8.5%	±0%
Total operating income		1.2	1.2	-5.5%	-20.2%	-0.2	-0.9	—	—
Margin		9.8%	8.5%	—	—	—	—	—	—

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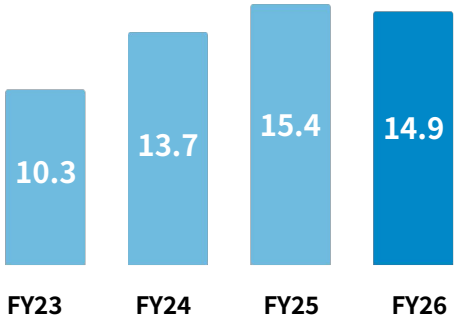
International Business (Net Sales by Region)

U.S.

-0.6 billion yen YoY in Q3 cumulative

[Major topics]
-Decrease in sales of pharmaceuticals due to the impact of temporary shipment restrictions accompanying changes in contract manufacturers.
-Shipments of Body warmers progressed smoothly.

Net sales trends (Q3 cumulative total)
(Unit: billion yen)

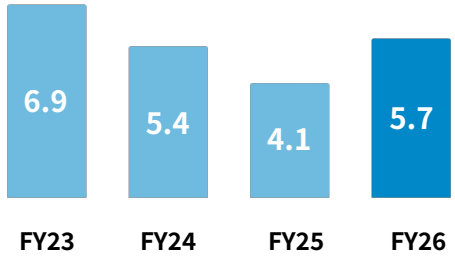


Mainland China

+1.6 billion yen YoY in Q3 cumulative

[Major topics]
Following Q2, shipments of Cooling gel sheets and AMMELTZ progressed smoothly.

Net sales trends (Q3 cumulative total)
(Unit: billion yen)

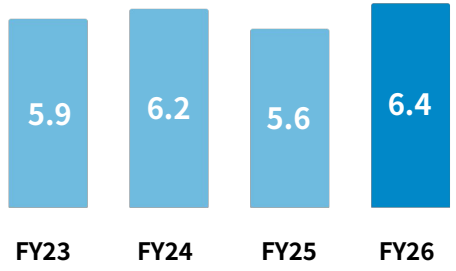


Southeast Asia

+0.8 billion yen YoY in Q3 cumulative

[Major topics]
Shipments progressed smoothly driven by expanding distribution of mainstay Cooling gel sheets.

Net sales trends (Q3 cumulative total)
(Unit: billion yen)



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Impact of Middle East Situation (As of October 31, 2026)

There are no changes from Q2 regarding the financial impact on net sales and operating income. The impact on operating income up to Q3 (-1.0 billion yen) was covered mainly by expense control. In Q4, we will continue to minimize the impact by implementing the following countermeasures.

Impact on supply chain	Requests for price increases continue, centered on the following raw materials. Procurement delays and restrictions have been resolved: - Packaging materials (bottles, films, etc.) - Petrochemical raw materials (alcohols, surfactants, etc.)
Impact on business	- Loss of sales opportunities due to shipment control of standard products (mainly in Q2 only), cancellation of promotional products, and postponement of autumn new product launches. - Cost increases due to requests for raw material price increases.
Financial impact (Variance from initial plan)	Net sales: -1.0 billion yen (Q3 cumulative: -0.8 billion yen, Q4: -0.2 billion yen) Operating income: -2.0 billion yen (Q3 cumulative: -1.0 billion yen, Q4: -1.0 billion yen) Main countermeasures - Optimization of product prices ▶Additional implementation of price increases (from August and September shipments) Examples: Body warmers, Liquid BLUELET - Expense control The -2.0 billion yen impact on operating income is scheduled to be covered by +0.5 billion yen from additional product price increases (mainly in Q4) and +1.5 billion yen from expense control.

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

There are no revisions to the full-year outlook. However, net sales may fall somewhat short of the initial plan due to the downside up to Q3 as well as seasonal factors in Q4. Although operating income progressed ahead of plan up to Q3, profit may also fall short depending on Q4 sales; however, we will cover this through expense control and other measures, and focus on achieving the full-year plan.

(Unit: billion yen)	FY 2025 results	FY 2026 forecast		
	Amount	Amount	YoY 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 *1	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 44 yen, Year-end 60 yen)	106 yen (Interim 45 yen, Year-end 61 yen)	—	—
Domestic business	118.0	123.0	+4.2%	—
International business *2	46.9	49.4	+5.1%	—

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

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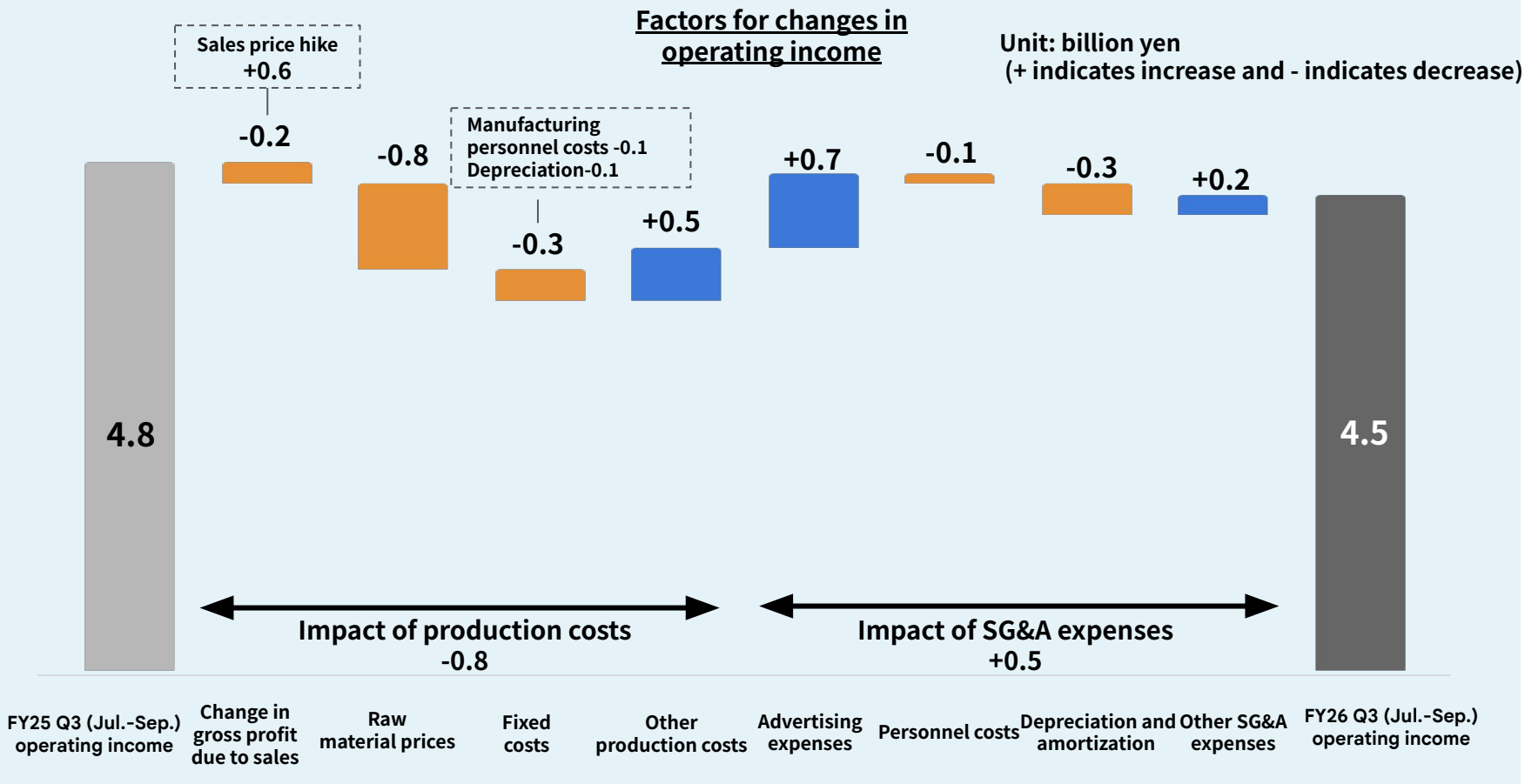
あったらいいなをカタチにする

小林製薬

<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

Factors behind Changes in Consolidated Operating Income (Q3 Jul. to Sep.)



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Consolidated Income Statement (1)

(Unit: billion yen)	FY 26 Q1 (Jan. to Mar.)	FY 26 Q2 (Apr. to Jun.)	FY26 Q3 (Jul. to Sep.)		FY 26 Q3 cumulative (Jan. to Sep.)	
	Amount	Amount	Amount	YoY change	Amount	YoY change
Net sales	33.6	37.0	42.7	-0.6%	113.4	+1.3%
Gross profit	17.4	18.8	21.9	-3.3%	58.2	-1.0%
Margin	51.8%	50.9%	51.4%	—	51.4%	—
Operating income	1.3	0.8	4.5	-5.1%	6.7	-41.2%
Margin	4.0%	2.2%	10.8%	—	6.0%	—
Ordinary income	1.6	1.3	4.4	-21.8%	7.4	-42.4%
Margin	5.0%	3.6%	10.4%	—	6.6%	—
Net income	1.0	0.1	6.6	+81.2%	7.7	+13.6%
Margin	3.1%	0.3%	15.4%	—	6.8%	—

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Consolidated Income Statement (2)

(Unit: billion yen)	FY 26 Q1 (Jan. to Mar.)	FY 26 Q2 (Apr. to Jun.)	FY26 Q3 (Jul. to Sep.)		FY 26 Q3 cumulative (Jan. to Sep.)	
	Amount	Amount	Amount	YoY change	Amount	YoY change
Advertising expenses	3.0	3.7	3.4	-16.8%	10.2	+47.6%
Margin	8.9%	10.2%	8.0%	—	9.0%	—
Sales promotion expenses	0.7	0.8	0.8	+18.0%	2.3	+7.6%
Margin	2.2%	2.2%	2.0%	—	2.1%	—

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Consolidated Balance Sheet (1)

(Unit: billion yen)	FY 25 End of Sep.	FY 25 End of Dec.	FY 26 End of Mar.	FY 26 End of Jun.	FY 26 End of Sep.
Current assets	132.0	148.8	127.5	124.8	127.7
Cash and deposits	45.2	62.3	56.7	47.0	49.9
Notes and accounts receivable-trade	40.3	52.1	33.4	34.1	39.0
Short-term investment securities	12.6	8.3	8.3	10.3	4.5
Inventories	30.6	22.7	26.4	29.9	30.6
Non-current assets	129.4	126.5	127.2	127.0	122.6
Property, plant and equipment	74.6	67.3	68.3	69.6	68.3
Intangible assets	17.6	17.4	16.9	16.5	15.3
Investments and other assets	37.0	41.7	42.0	40.8	38.9
Total assets	261.4	275.3	254.8	251.8	250.4

(Unit: billion yen)	FY 25 End of Sep.	FY 25 End of Dec.	FY 26 End of Mar.	FY 26 End of Jun.	FY 26 End of Sep.
Current liabilities	42.3	60.1	41.9	38.0	36.3
Notes and accounts payable-trade	8.5	8.4	7.6	7.8	7.6
Accounts payable-other	13.9	30.9	16.1	16.4	15.5
Non-current liabilities	7.0	4.1	4.0	4.1	3.9
Total net assets	212.0	211.0	208.9	209.6	210.0
Capital surplus	0.5	0.5	0.5	0.5	0.5
Retained earnings	207.3	204.2	200.8	200.9	204.1
Treasury stock	-24.7	-24.7	-24.7	-24.7	-24.7
Total liabilities and net assets	261.4	275.3	254.8	251.8	250.4

(Unit: yen)	FY 25 Jan. to Dec.	FY 26 Jan. to Mar.	FY 26 Jan. to Jun.	FY 26 Jan. to Sep.	FY 26 Jan. to Dec. (Planned)
US dollar	149.7	156.8	158.1	158.5	148.0
Chinese yuan	20.8	23.0	23.0	23.2	21.0

Results by Segment (Domestic Business) (1)

(Unit: billion yen)	FY 26 Q1 (Jan. to Mar.)	FY 26 Q2 (Apr. to Jun.)	FY26 Q3 (Jul. to Sep.)		FY 26 Q3 cumulative (Jan. to Sep.)	
	Amount	Amount	Amount	YoY change	Amount	YoY change
Net sales	23.2	28.7	28.3	-4.7%	80.3	-1.4%
Gross profit	11.9	14.9	14.8	-5.9%	41.7	-2.2%
Margin	51.4%	52.0%	52.3%	—	51.9%	—
Operating income	1.6	2.6	3.3	-3.5%	7.6	-34.5%
Margin	7.2%	9.1%	11.9%	—	9.5%	—
Advertising expenses	1.9	2.8	2.6	-16.7%	7.3	+75.4%
Margin	8.2%	9.8%	9.3%	—	9.2%	—
Sales promotion expenses	0.2	0.3	0.2	-7.0%	0.9	-5.4%
Margin	1.2%	1.3%	0.9%	—	1.1%	—

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Results by Segment (Domestic Business) (2)

(Unit: billion yen)	FY 26 Q1 (Jan. to Mar.)	FY 26 Q2 (Apr. to Jun.)	FY26 Q3 (Jul. to Sep.)		FY 26 Q3 cumulative (Jan. to Sep.)	
	Amount	Amount	Amount	YoY change	Amount	YoY change
Healthcare products	13.7	15.4	14.3	-4.8%	43.5	-0.4%
Pharmaceuticals	7.2	7.5	7.1	-2.5%	21.9	+1.9%
Food	1.2	1.6	1.4	+6.8%	4.3	+10.8%
Oral care products	3.7	4.6	4.2	+2.1%	12.7	+7.1%
Skin care products	1.3	1.6	1.3	-0.6%	4.3	+5.1%
Former direct marketing products	0.06	0.08	0.06	-91.2%	0.21	-90.6%
Household products	8.9	13.0	13.4	-3.9%	35.5	-1.8%
Sanitary products	2.1	2.9	2.7	-2.1%	7.8	-4.0%
Deodorizing air fresheners	5.8	8.9	9.5	-5.5%	24.3	-2.2%
Household articles	0.9	1.1	1.2	+5.1%	3.3	+7.2%
Body warmers	0.5	0.1	0.4	-21.8%	1.2	-22.9%

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Results by Segment (International Business) (1)

(Unit: billion yen)	FY 26 Q1 (Jan. to Mar.)	FY 26 Q2 (Apr. to Jun.)	FY26 Q3 (Jul. to Sep.)		FY 26 Q3 cumulative (Jan. to Sep.)	
	Amount	Amount	Amount	YoY change	Amount	YoY change
Net sales	10.2	8.2	14.2	+8.9%	32.6	+8.5%
Gross profit	5.3	3.8	7.1	+3.7%	16.3	+2.4%
Margin	52.9%	47.1%	49.8%	—	50.1%	—
Operating income	-0.3	-1.8	1.2	-5.5%	-0.9	—
Margin	—	—	8.5%	—	—	—
Advertising expenses	1.0	0.9	0.7	-18.6%	2.8	+3.9%
Margin	10.7%	11.9%	5.5%	—	8.7%	—
Sales promotion expenses	0.4	0.4	0.5	+29.4%	1.5	+16.3%
Margin	4.5%	5.6%	4.1%	—	4.6%	—

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Results by Segment (International Business) (2)

(Unit: billion yen)	FY 26 Q1 (Jan. to Mar.)	FY 26 Q2 (Apr. to Jun.)	FY26 Q3 (Jul. to Sep.)			FY 26 Q3 cumulative (Jan. to Sep.)		
	Amount	Amount	Amount	YoY change	YoY change (Excluding effect of foreign currency translation)	Amount	YoY change	YoY change (Excluding effect of foreign currency translation)
U.S.	4.40	2.81	7.69	+1.3%	-5.7%	14.91	-3.7%	-9.9%
China	2.66	2.29	3.06	+28.2%	+15.4%	8.02	+31.7%	+19.9%
Mainland China	1.95	1.56	2.20	+30.6%	+16.0%	5.72	+38.5%	+24.6%
Hong Kong	0.70	0.73	0.86	+22.3%	+13.7%	2.29	+17.4%	+10.2%
Southeast Asia	2.01	1.98	2.43	+16.4%	+9.0%	6.42	+13.9%	+4.3%
Singapore	0.17	0.08	0.05	-60.6%	-66.1%	0.31	-9.9%	-19.6%
Malaysia	0.56	0.67	0.88	+103.5%	+79.7%	2.12	+34.0%	+16.1%
Thailand	0.36	0.52	0.66	+24.0%	+16.1%	1.55	+0.7%	-8.0%
Indonesia	0.36	0.29	0.43	+31.3%	+33.4%	1.09	+26.3%	+26.3%
Philippines	0.36	0.27	0.17	-31.3%	-29.6%	0.81	+19.6%	+19.2%
Taiwan	0.18	0.12	0.22	-43.8%	-45.3%	0.54	-14.6%	-18.9%
Other	1.12	1.10	1.08	+4.7%	-3.8%	3.31	+14.1%	+2.6%
U.K.	0.69	0.59	0.58	-7.8%	-14.3%	1.86	+3.4%	-5.6%
Australia	0.30	0.49	0.34	-5.0%	-18.6%	1.14	+18.1%	+0.5%

By Country/Region and Item

(Unit: billion yen)	FY 26 Q1 (Jan. to Mar.)	FY 26 Q2 (Apr. to Jun.)	FY26 Q3 (Jul. to Sep.)			FY 26 Q3 cumulative (Jan. to Sep.)		
	Amount	Amount	Amount	YoY change	YoY change (Excluding effect of foreign currency translation)	Amount	YoY change	YoY change (Excluding effect of foreign currency translation)
U.S.	4.40	2.81	7.69	+1.3%	-5.7%	14.91	-3.7%	-9.9%
Body warmers	2.10	0.51	5.57	+8.4%	+1.4%	8.21	+4.6%	-2.2%
Pharmaceuticals	1.50	1.38	1.25	-22.2%	-27.3%	4.11	-14.7%	-20.3%
Other	0.80	0.91	0.86	+3.5%	-3.3%	2.58	-7.8%	-13.8%
Mainland China	1.95	1.56	2.20	+30.6%	+16.0%	5.72	+38.5%	+24.6%
Body warmers	0.56	-0.04	0.49	+1.2%	-10.6%	1.01	+17.7%	+3.9%
Cooling gel sheets	0.63	0.56	0.86	+58.1%	+39.6%	2.05	+40.8%	+24.3%
Other	0.76	1.03	0.85	+33.0%	+17.4%	2.66	+49.8%	+32.2%
Southeast Asia	2.01	1.98	2.43	+16.4%	+9.0%	6.42	+13.9%	+4.3%
Pharmaceuticals	0.43	0.51	0.46	+56.4%	+39.1%	1.41	+16.7%	+4.1%
Cooling gel sheets	1.23	1.15	1.45	+16.6%	+8.8%	3.83	+13.8%	+7.4%
Other	0.34	0.32	0.51	-5.5%	-13.4%	1.18	+11.0%	+1.2%

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