

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## Summary of Financial Statements (Japanese GAAP) (Consolidated) Financial Results for the 1st Quarter of the Fiscal Year Ending December 31, 2022

April 27, 2022

Listed exchanges : Tokyo

Listed company name : Kobayashi Pharmaceutical Co., Ltd.

Code : 4967

URL : <https://www.kobayashi.co.jp/english/index.html>

Representative officer : Akihiro Kobayashi, President & COO

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Expected date for submitting quarterly securities report : May 13, 2022

Expected date for starting payment of dividends : —

Preparation of supplementary explanation documents for quarterly financial results: Yes

Holding of an analyst meeting for quarterly financial results: Yes (For analysts and investors)

(Any fraction less than 1 million yen is rounded down to the nearest million yen.)

### 1. Consolidated Results for 1st Quarter of Fiscal Year Ending December 31, 2022 (January 1, 2022 to March 31, 2022)

#### (1) Consolidated Operating Results (accumulation)

(% figures represent changes from same period in previous year)

|   | Q1 of FY ending December 31, 2022 |                       | Q1 of FY ended December 31, 2021 |                         |
|---|-----------------------------------|-----------------------|----------------------------------|-------------------------|
| Net sales                                       | 32,646                            | millions of yen 7.9 % | 30,269                           | millions of yen (5.1) % |
| Operating income                                | 4,845                             | 3.3                   | 4,689                            | (3.8)                   |
| Ordinary income                                 | 5,100                             | (1.8)                 | 5,192                            | 3.0                     |
| Net income attributable to owners of the parent | 3,473                             | (4.3)                 | 3,628                            | (3.1)                   |
| Net income per share                            | 44.87                             | yen                   | 46.42                            | yen                     |

(Note) Comprehensive income

Q1 of FY ending December 31, 2022: 4,486 million yen (−33.9%)

Q1 of FY ended December 31, 2021: 6,787 million yen (652.9%)

#### (2) Consolidated Financial Position

|                            | Q1 of FY ending December 31, 2022 | FY ended December 31, 2021 |
|----------------------------|-----------------------------------|----------------------------|
| Total assets               | 242,405 millions of yen           | 252,554 millions of yen    |
| Net assets                 | 192,367                           | 195,600                    |
| Shareholders' equity ratio | 79.3 %                            | 77.4 %                     |

(Reference) Shareholders' equity

Q1 of FY ending December 31, 2022: 192,260 million yen

FY ended December 31, 2021: 195,547 million yen

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## 2. Dividends

|                     | FY ended December 31,<br>2021 | FY ending December 31,<br>2022 | FY ending December<br>31, 2022 (forecasts) |
|---------------------|-------------------------------|--------------------------------|--|
| Dividends per share |                               |                                |  |
| Q1 end              | —                             | —                              |  |
| Q2 end              | 37.00 yen                     |                                | 38.00 yen                                  |
| Q3 end              | —                             |                                | —  |
| Year-end            | 46.00                         |                                | 47.00                                      |
| Total               | 83.00                         |                                | 85.00                                      |

(Note) Revision to the latest dividend forecast: None

## 3. Forecasts of Consolidated Operational Results for Year Ending December 31, 2022 (January 1, 2022 to December 31, 2022)

(% figures represent changes from previous period.)

|  | Full year |                 |       |
|--|-----------|-----------------|-------|
| Net sales  | 162,000   | millions of yen | 4.3 % |
| Operating income                                   | 27,000    |                 | 3.6   |
| Ordinary income                                    | 28,200    |                 | 0.7   |
| Net income attributable to<br>owners of the parent | 20,200    |                 | 2.5   |
| Net income per share                               | 259.85    | yen             |       |

(Note) Revision to the latest forecasts of operational results: None

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**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes of the scope of consolidation): None

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to revisions of accounting standards: Yes

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(Note) For details, please refer to "2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes on quarterly consolidated financial statements (Changes in accounting policies)" on page 8 of the attachment.

(4) Issued shares (common shares)

|  |                                      |                      |                                     |                      |
|--|--------------------------------------|----------------------|-------------------------------------|----------------------|
| 1) Number of shares issued at period-end (including treasury stock):                     | Q1 of FY ending<br>December 31, 2022 | 82,050,000<br>shares | FY ended<br>December 31, 2021       | 82,050,000<br>shares |
| 2) Number of shares of treasury stock at period-end:                                     | Q1 of FY ending<br>December 31, 2022 | 4,770,284<br>shares  | FY ended<br>December 31, 2021       | 4,314,084<br>shares  |
| 3) Average number of shares outstanding during period (consolidated cumulative quarters) | Q1 of FY ending<br>December 31, 2022 | 77,413,697<br>shares | Q1 of FY ended<br>December 31, 2021 | 78,163,089<br>shares |

\* This brief report of quarterly financial statements is not subject to audit procedures by a certified public accountant or an independent auditor.

**\* Notes on proper use of forecasts and other matters**

The forward-looking statements in this document concerning forecasting of operational results, etc., are based on currently available information and assumptions considered reasonable by the Company. Actual operational results may be significantly different from these statements due to various factors. For matters concerning forecasts for operational results, please refer to "1. Qualitative Information on Quarterly Results (3) Explanation of future forecast information, such as forecast of consolidated results" on page 3 of the attachment.

(Method to obtain the supplementary explanation documents for quarterly financial results)

The Company plans to hold a results presentation for institutional investors and securities analysts on Wednesday, April 27, 2022. It plans to post the supplementary documents for financial results to be distributed in the results presentation on its website on the date of the results presentation.

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## KOBAYASHI PHARMACEUTICAL CO., LTD.

## 1. Qualitative Information on Quarterly Results

## (1) Explanation of operational results

During the first three-month period of the consolidated fiscal year under review (January 1, 2022 to March 31, 2022), the outlook of the business environment surrounding the Kobayashi Pharmaceutical Group continued to remain uncertain. Due to the re-spread of new coronavirus infection caused by the omicron variant in some countries and regions as well as soaring raw material prices and rising geopolitical risk, there were concerns about a slowdown of global economic activities, despite economic activities resuming in many countries owing to the diffusion of vaccines against the COVID-19.

Under these circumstances, the Group launched new products to meet customers' needs, strengthened its existing product lineups, and invested in businesses with high future growth potential, under the brand slogan "You make a wish and we make it happen."

As a result, net sales, operating income and ordinary income were 32,646 million yen (+7.9% year on year), 4,845 million yen (+3.3% year on year) and 5,100 million yen (−1.8% year on year), respectively, and net income attributable to owners of the parent was 3,473 million yen (−4.3% year on year).

Business results by segment were as follows

Domestic Business

In the Domestic Business, the Company launched 14 new products in the spring of and another 21 in the fall of the previous year. The products that contributed to growth in sales were *Zero-ora* (a germ-killing, total-care toothpaste that provides protection for teeth and gums by sterilizing various germs inside the mouth at once), *Benikoji Cholestehelp* (a functional food containing ang-khak as a functional component to lower low-density lipoprotein), and *Nightmin Mimi Hogu Time* (warming earplugs that promote a relaxed and good sleep on nights when it is difficult to fall asleep by warming the ears).

Furthermore, demand for *Nodonoool Spray* (a medicine that disinfects viruses and germs in the affected area of the throat) and *Netsusama Sheet* (a cooling gel sheet for the forehead) increased along with the spread of the COVID-19 omicron variant.

In addition, sales of body warmers, including *Kiribai Body Warmer Haru*, sold well owing to falling temperatures.

However, sales of *BreathCare* (an oral breath freshener capsule that refreshes the breath from the stomach) continued to be sluggish from the previous year due to self-restraint on going out and a reduction in the number of drinking parties.

Consequently, the Company reported net sales of 24,571 million yen (+4.2% year on year) and segment income of 3,966 million yen (−7.6% year on year).

Net sales include inter-segment sales or transfers, which totaled 1,113 million yen in the first three-month period of the previous consolidated fiscal year and 1,542 million yen in the same period of the current consolidated year.

## (Breakdown of sales to external customers)

|                     | Q1 ended March 31, 2021<br>(January 1, 2021 to<br>March 31, 2021) | Q1 ended March 31, 2022<br>(January 1, 2022 to<br>March 31, 2022) | Change                      |            |
|---------------------|---|---|-----------------------------|------------|
|                     | Amount<br>(millions of yen)                                       | Amount<br>(millions of yen)                                       | Amount<br>(millions of yen) | Change (%) |
| Healthcare products | 11,799  | 12,143  | 344                         | 2.9        |
| Household products  | 8,436   | 8,716   | 279                         | 3.3        |
| Skin care           | 1,719   | 1,514   | (204)                       | (11.9)     |
| Body warmers        | 512   | 654   | 142                         | 27.7       |
| Total               | 22,468  | 23,028  | 560                         | 2.5        |

International Business

In the International Business, the Company markets body warmers, *Netsusama Sheet* (a cooling gel sheet for the forehead) and *Ammeltz* (an external anti-inflammatory), mostly in the United States, China and Southeast Asia, and sought to expand sales by aggressively investing principally in advertising and sales promotion.

Furthermore, sales of body warmers increased steadily in the United States due to lower temperatures, and sales of *Netsusama Sheet* grew robustly in China owing to effective measures, including O2O (Online to Offline), a marketing method that combines physical stores and online channels. In Southeast Asia countries, demand for *Netsusama Sheet* grew sharply to treat fever after COVID-19 vaccinations, contributing to an expansion of sales.

As a result, net sales and segment income were 7,804 million yen (+35.8% year on year) and 739 million yen (+207.8% year on year), respectively.

Net sales include inter-segment sales or transfers, which totaled 280 million yen in the first three-month period of the previous consolidated fiscal year and 415 million yen in the same period of the current year.

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## (Breakdown of sales to external customers)

|                | Q1 ended March 31, 2021<br>(January 1, 2021 to<br>March 31, 2021) | Q1 ended March 31, 2022<br>(January 1, 2022 to<br>March 31, 2022) | Change                      |            |
|----------------|---|---|-----------------------------|------------|
|                | Amount<br>(millions of yen)                                       | Amount<br>(millions of yen)                                       | Amount<br>(millions of yen) | Change (%) |
| United States  | 2,235   | 2,510   | 275                         | 12.3       |
| China          | 2,074   | 2,517   | 442                         | 21.4       |
| Southeast Asia | 600   | 1,753   | 1,152                       | 192.0      |
| Others         | 554   | 607   | 53                          | 9.7        |
| Total          | 5,464   | 7,389   | 1,925                       | 35.2       |

Direct Marketing Business

The Direct Marketing Business markets nutritional supplements and skin care products. The Company strove to acquire new customers while encouraging existing customers to continue to place orders for its products through sales promotional campaigns, such as advertisements and direct mail.

Consequently, the Company reported net sales of 2,111 million yen (−5.0% year on year) and segment income of 49 million yen (+85.9% year on year).

Net sales do not include inter-segment sales or transfers.

Other

Businesses in this segment include the transportation business, manufacture and sale of plastic containers, real estate management, and advertisement planning and production. The companies in this business segment operate individually on a financially independent basis, and their delivery prices of materials and services were reviewed and revised as necessary.

As a result, net sales and segment income were 1,531 million yen (+11.0% year on year) and 149 million yen (+1.2% year on year), respectively.

Net sales include inter-segment sales or transfers, which totaled 1,265 million yen in the first three-month period of the previous consolidated fiscal year and 1,415 million yen in the same period of the current year.

**(2) Explanation of financial position**

Total assets decreased by 10,149 million yen from the balance as of the end of the previous consolidated fiscal year to 242,405 million yen. This was attributable mainly to an increase of 2,519 million yen in cash and deposits, a decline of 13,376 million yen in notes and accounts receivable-trade, a fall of 3,907 million yen in short-term investment securities, a rise of 2,983 million yen in merchandise and finished goods, and a growth of 1,376 million yen in construction in progress.

Liabilities declined by 6,916 million yen from the balance as of the end of the previous consolidated fiscal year to 50,037 million yen. This was attributable mainly to a fall of 823 million yen in electronically recorded obligations-operating, a decrease of 4,675 million yen in accounts payable-other, a decline of 1,675 million yen in income taxes payable, and an increase of 1,123 million yen in provision for bonuses.

Net assets decreased by 3,232 million yen from the balance as of the end of the previous consolidated fiscal year to 192,367 million yen, bringing the shareholders' equity ratio to 79.3%. This was attributable mainly to a rise of 4,056 million yen in treasury stock, a decline of 853 million yen in valuation difference on available-for-sale securities, and a growth of 1,798 million yen in foreign currency translation adjustment.

**(3) Explanation of future forecast information, such as forecast of consolidated results**

The Group did not revise its forecast of consolidated results for the fiscal year ending December 31, 2022, which the Group announced via the Summary of Financial Statements for the Fiscal Year ended December 31, 2021 released on February 4, 2022.

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## 2. Quarterly Consolidated Financial Statements and Main Notes

## (1) Quarterly consolidated balance sheet

(millions of yen)

|  | Previous consolidated<br>fiscal year<br>(December 31, 2021) | Q1 of current<br>consolidated fiscal year<br>(March 31, 2022) |
|--|---|---|
| <b>ASSETS</b>                          |   |   |
| Current assets                         |   |   |
| Cash and deposits                      | 95,024  | 97,543  |
| Notes and accounts receivable-trade    | 55,169  | 41,793  |
| Short-term investment securities       | 14,022  | 10,114  |
| Merchandise and finished goods         | 8,853   | 11,836  |
| Work in process                        | 1,388   | 1,480   |
| Raw materials and supplies             | 4,866   | 5,240   |
| Other                                  | 2,587   | 2,156   |
| Allowance for doubtful accounts        | (22)  | (15)  |
| Total current assets                   | 181,889   | 170,150   |
| Non-current assets                     |   |   |
| Property, plant and equipment          |   |   |
| Buildings and structures, net          | 8,158   | 8,975   |
| Machinery, equipment and vehicles, net | 5,055   | 5,444   |
| Tools, furniture and fixtures, net     | 1,450   | 1,478   |
| Land                                   | 4,695   | 4,698   |
| Leased assets, net                     | 608   | 595   |
| Construction in progress               | 2,555   | 3,932   |
| Total property, plant and equipment    | 22,524  | 25,125  |
| Intangible assets                      |   |   |
| Goodwill                               | 7,189   | 7,289   |
| Trademark rights                       | 3,721   | 3,624   |
| Software                               | 1,538   | 1,624   |
| Other                                  | 207   | 216   |
| Total intangible assets                | 12,658  | 12,756  |
| Investment and other assets            |   |   |
| Investment securities                  | 29,466  | 28,253  |
| Long-term loans receivable             | 816   | 869   |
| Deferred tax assets                    | 1,489   | 1,557   |
| Real estate for investment, net        | 2,735   | 2,728   |
| Other                                  | 1,840   | 1,874   |
| Allowance for doubtful accounts        | (866)   | (910)   |
| Total investments and other assets     | 35,482  | 34,372  |
| Total non-current assets               | 70,664  | 72,254  |
| Total assets                           | 252,554   | 242,405   |

## KOBAYASHI PHARMACEUTICAL CO., LTD.

(millions of yen)

|   | Previous consolidated<br>fiscal year<br>(December 31, 2021) | Q1 of current<br>consolidated fiscal year<br>(March 31, 2022) |
|---|---|---|
| <b>LIABILITIES</b>                                    |   |   |
| Current liabilities                                   |   |   |
| Notes and accounts payable-trade                      | 9,293   | 8,633   |
| Electronically recorded obligations--operating        | 8,151   | 7,327   |
| Short-term loans payable                              | 1   | —   |
| Accounts payable-other                                | 21,187  | 16,512  |
| Lease obligations                                     | 169   | 179   |
| Income taxes payable                                  | 3,836   | 2,161   |
| Accrued consumption taxes                             | 639   | 797   |
| Provision for bonuses                                 | 2,486   | 3,610   |
| Other   | 4,936   | 5,485   |
| Total current liabilities                             | 50,703  | 44,707  |
| Non-current liabilities                               |   |   |
| Lease obligations                                     | 460   | 438   |
| Deferred tax liabilities                              | 1,564   | 679   |
| Net defined benefit liability                         | 1,978   | 1,963   |
| Provision for directors' retirement benefits          | 41  | 41  |
| Other   | 2,206   | 2,208   |
| Total non-current liabilities                         | 6,250   | 5,330   |
| Total liabilities                                     | 56,954  | 50,037  |
| <b>NET ASSETS</b>                                     |   |   |
| Shareholders' equity                                  |   |   |
| Capital stock   | 3,450   | 3,450   |
| Capital surplus                                       | 4,183   | 4,183   |
| Retained earnings                                     | 200,534   | 200,291   |
| Treasury stock  | (23,706)  | (27,763)  |
| Total shareholders' equity                            | 184,461   | 180,161   |
| Accumulated other comprehensive income                |   |   |
| Valuation difference on available-for-sale securities | 10,953  | 10,099  |
| Foreign currency translation adjustment               | 1,166   | 2,964   |
| Re-measurements of retirement benefit plans           | (1,034)   | (965)   |
| Total accumulated other comprehensive income          | 11,085  | 12,099  |
| Share acquisition rights                              | 53  | 106   |
| Total net assets                                      | 195,600   | 192,367   |
| Total liabilities and net assets                      | 252,554   | 242,405   |

## KOBAYASHI PHARMACEUTICAL CO., LTD.

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income  
 (Quarterly consolidated statements of income)  
 (Three-month period ended March 31, 2022)

|  | (millions of yen)  |  |
|--|--|--|
|  | Three-month period<br>ended March 31, 2021<br>(January 1, 2021 to<br>March 31, 2021) | Three-month period<br>ended March 31, 2022<br>(January 1, 2022 to<br>March 31, 2022) |
| Net sales  | 30,269   | 32,646   |
| Cost of sales                                      | 12,477   | 14,006   |
| Gross profit                                       | 17,791   | 18,640   |
| Selling, general and administrative expenses       | 13,102   | 13,795   |
| Operating income                                   | 4,689  | 4,845  |
| Non-operating income                               |  |  |
| Interest income                                    | 37   | 20   |
| Dividend income                                    | 2  | 3  |
| Real estate rent                                   | 74   | 75   |
| Foreign exchange gains                             | 382  | 129  |
| Subsidy income                                     | 16   | 106  |
| Other  | 69   | 72   |
| Total non-operating income                         | 582  | 406  |
| Non-operating expenses                             |  |  |
| Interest expenses                                  | 2  | 4  |
| Rent cost of real estate                           | 23   | 24   |
| Provision of allowance for doubtful accounts       | 38   | 48   |
| Compensation expenses                              | —  | 45   |
| Other  | 15   | 27   |
| Total non-operating expenses                       | 80   | 150  |
| Ordinary income                                    | 5,192  | 5,100  |
| Extraordinary income                               |  |  |
| Gain on sales of non-current assets                | 0  | 0  |
| Other  | —  | 0  |
| Total extraordinary income                         | 0  | 0  |
| Extraordinary loss                                 |  |  |
| Loss on sales and retirement of non-current assets | 9  | 3  |
| Other  | 6  | 0  |
| Total extraordinary loss                           | 15   | 3  |
| Income before income taxes                         | 5,176  | 5,097  |
| Income taxes - current                             | 1,852  | 2,190  |
| Income taxes - deferred                            | (303)  | (565)  |
| Total income taxes                                 | 1,548  | 1,624  |
| Net income   | 3,628  | 3,473  |
| Net income attributable to owners of the parent    | 3,628  | 3,473  |

## KOBAYASHI PHARMACEUTICAL CO., LTD.

(Quarterly consolidated statements of comprehensive income)  
(Three-month period ended March 31, 2022)

(millions of yen)

|  | Three-month period<br>ended March 31, 2021<br>(January 1, 2021 to<br>March 31, 2021) | Three-month period<br>ended March 31, 2022<br>(January 1, 2022 to<br>March 31, 2022) |
|--|--|--|
| Net income   | 3,628  | 3,473  |
| Other comprehensive income   |  |  |
| Valuation difference on available-for-sale securities                    | 1,515  | (853)  |
| Foreign currency translation adjustment                                  | 1,575  | 1,798  |
| Adjustment for retirement benefits                                       | 68   | 68   |
| Total other comprehensive income   | 3,159  | 1,013  |
| Quarterly comprehensive income   | 6,787  | 4,486  |
| (Quarterly comprehensive income attributable to)                         |  |  |
| Quarterly comprehensive income attributable to owners of the parent      | 6,787  | 4,486  |
| Quarterly comprehensive income attributable to non-controlling interests | —  | —  |

## KOBAYASHI PHARMACEUTICAL CO., LTD.

(3) Notes on quarterly consolidated financial statements  
(Notes on assumption of going concern)

Not applicable

## (Notes on a significant change in shareholders' equity)

Based on a resolution at a meeting of the Board of Directors held on October 28, 2021, the Company acquired 883,300 shares of its own stock from November 1, 2021 to February 10, 2022.

As the Company acquired 456,200 shares of its own stock in the first three-month period of the consolidated fiscal year under review, the treasury stock increased by 4,056 million yen, amounting to 27,763 million yen as of the end of the first three-month period of the current consolidated fiscal year.

## (Changes in accounting policies)

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard"), etc. have been applied from the beginning of the first three-month period of the consolidated fiscal year under review. In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply the new accounting policies set forth by the Fair Value Measurement Standard, etc. into the future. These changes had no impact on the quarterly consolidated financial statements.

## (Additional information)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) etc. have been applied from the beginning of the first three-month period of the consolidated fiscal year under review. Furthermore, the Accounting Standard for Revenue Recognition etc. announced on March 30, 2018 have been applied from the beginning of the consolidated fiscal year ended December 31, 2020.

Accordingly, the Company disclosed information on the breakdown of revenue generated from contracts with customers for the first three-month period of the consolidated fiscal year under review in Notes on quarterly consolidated financial statements (Segment information, etc.). Furthermore, in accordance with the transitional treatment prescribed in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), the Company did not disclose information on the breakdown of revenue generated from contracts with customers for the first three-month period of the fiscal year ended December 31, 2021.

## (Segment information, etc.)

[Segment information]

I. Q1 of previous consolidated fiscal year (January 1, 2021 to March 31, 2021)

1. Information on net sales, income or loss by reportable segment

(Unit: millions of yen)

|                                   | Reportable segments |                        |                           |        | Other<br>(Note 1) | Grand Total | Adjustment<br>(Note 2) | Figures in quarterly consolidated statements of income<br>(Note 3) |
|-----------------------------------|---------------------|------------------------|---------------------------|--------|-------------------|-------------|------------------------|--|
|                                   | Domestic Business   | International Business | Direct Marketing Business | Total  |                   |             |                        |  |
| Net sales                         |                     |                        |                           |        |                   |             |                        |  |
| Net sales to outside customers    | 22,468              | 5,464                  | 2,221                     | 30,154 | 114               | 30,269      | —                      | 30,269   |
| Inter-segment sales and transfers | 1,113               | 280                    | —                         | 1,393  | 1,265             | 2,659       | (2,659)                | —  |
| Total                             | 23,581              | 5,745                  | 2,221                     | 31,548 | 1,379             | 32,928      | (2,659)                | 30,269   |
| Segment income                    | 4,292               | 240                    | 26                        | 4,559  | 147               | 4,706       | (17)                   | 4,689  |

(Notes) 1. Other represents businesses that are not included in reportable segments, such as the transportation business, manufacture and sale of plastic containers, real estate management, and advertisement planning and production.

2. Adjustments of -17 million yen in segment income are eliminations among segments.

3. Segment income is adjusted with operating income in the quarterly consolidated statements of income.

2. Information concerning impairment loss on non-current assets or goodwill by reportable segments

The Group does not provide information concerning impairment loss on non-current assets or goodwill because it does not recognize significant impairment loss on non-current assets and there has been no significant change in the value of goodwill.

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## II. Q1 of current consolidated fiscal year (January 1, 2022 to March 31, 2022)

## 1. Information on net sales, income or loss by reportable segment

(Unit: millions of yen)

|  | Reportable Segments  |                           |                                 |        | Other<br>(Note 1) | Grand Total | Adjustment<br>(Note 2) | Figures in<br>quarterly<br>consolidated<br>statements of<br>income<br>(Note 3) |
|--|----------------------|---------------------------|---------------------------------|--------|-------------------|-------------|------------------------|--|
|  | Domestic<br>Business | International<br>Business | Direct<br>Marketing<br>Business | Total  |                   |             |                        |  |
| Net sales                                |                      |                           |                                 |        |                   |             |                        |  |
| Japan                                    | 23,028               | —                         | 2,111                           | 25,140 | 116               | 25,256      | —                      | 25,256   |
| United States                            | —                    | 2,510                     | —                               | 2,510  | —                 | 2,510       | —                      | 2,510  |
| China                                    | —                    | 2,517                     | —                               | 2,517  | —                 | 2,517       | —                      | 2,517  |
| Southeast Asia                           | —                    | 1,753                     | —                               | 1,753  | —                 | 1,753       | —                      | 1,753  |
| Other                                    | —                    | 607                       | —                               | 607    | —                 | 607         | —                      | 607  |
| Revenue from contracts<br>with customers | 23,028               | 7,389                     | 2,111                           | 32,530 | 116               | 32,646      | —                      | 32,646   |
| Net sales to outside<br>customers        | 23,028               | 7,389                     | 2,111                           | 32,530 | 116               | 32,646      | —                      | 32,646   |
| Inter-segment sales and<br>transfers     | 1,542                | 415                       | —                               | 1,958  | 1,415             | 3,373       | (3,373)                | —  |
| Total                                    | 24,571               | 7,804                     | 2,111                           | 34,488 | 1,531             | 36,019      | (3,373)                | 32,646   |
| Segment income                           | 3,966                | 739                       | 49                              | 4,756  | 149               | 4,905       | (59)                   | 4,845  |

- (Notes) 1. *Other* represents businesses that are not included in reportable segments, such as the transportation business, manufacture and sale of plastic containers, real estate management, and advertisement planning and production.
2. Adjustments of -59 million yen in segment income are eliminations among segments.
3. Segment income is adjusted with operating income in the quarterly consolidated statements of income.

## 2. Information concerning impairment loss on non-current assets or goodwill by reportable segments

The Group does not provide information concerning impairment loss on non-current assets or goodwill because it does not recognize significant impairment loss on non-current assets and there has been no significant change in the value of goodwill.

## (Matters concerning revenue recognition)

Information on the breakdown of revenue from contracts with customers is as provided in Notes on quarterly consolidated financial statements (Segment information, etc.).

## (Important subsequent events)

Not applicable