

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## Summary of Financial Statements (Japanese GAAP) (Consolidated) Financial Results for the 2nd Quarter of the Fiscal Year Ending December 31, 2023

August 8, 2023

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  
Contact : Yumi Nakagawa,  
Executive Officer, General Manager, CFO Unit  
Tel : +81-6-6222-0142  
Expected date for submitting quarterly securities report: August 10, 2023  
Expected date for starting payment of dividends: September 7, 2023  
Preparation of supplementary 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 2nd Quarter of Fiscal Year Ending December 31, 2023 (January 1, 2023 to June 30, 2023)

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

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

	Q2 of FY ending December 31, 2023		Q2 of FY ended December 31, 2022	
Net sales	73,625	millions of yen 3.3 %	71,264	millions of yen 6.3 %
Operating income	10,406	5.5	9,868	(3.6)
Ordinary income	11,174	2.5	10,904	(1.7)
Net income attributable to owners of the parent	7,864	2.1	7,700	(2.3)
Net income per share	103.35	yen	99.55	yen

(Note) Comprehensive income

Q2 of FY ending December 31, 2023: 14,549 million yen (26.7%)

Q2 of FY ended December 31, 2022: 11,481 million yen (1.3%)

#### (2) Consolidated Financial Position

	Q2 of FY ending December 31, 2023	FY ended December 31, 2022
Total assets	266,573	255,827
Net assets	208,591	197,900
Shareholders' equity ratio	78.1 %	77.3 %

(Reference) Shareholders' equity

Q2 of FY ending December 31, 2023: 208,234 million yen FY ended December 31, 2022: 197,639 million yen

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## 2. Dividends

	FY ended December 31, 2022	FY ending December 31, 2023	FY ending December 31, 2023 (forecasts)
Dividends per share			
Q1 end	—	—	
Q2 end	38.00 yen	43.00 yen	
Q3 end	—		—
Year-end	52.00		53.00
Total	90.00		96.00

(Note) Revision of the latest dividend forecast: None

## 3. Forecasts of Consolidated Operational Results for Fiscal Year Ending December 31, 2023 (January 1, 2023 to December 31, 2023)

(% figures represent changes from previous year)			
Full year			
Net sales	172,000 millions of yen	3.5 %	
Operating income	25,500	(4.4)	
Ordinary income	26,500	(6.3)	
Net income attributable to owners of the parent	20,200	0.9	
Earnings per share	265.74 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): Yes  
Excluded companies: One; (Company name) Shanghai Kobayashi Daily Chemicals Co., Ltd.

(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 (4) Notes on quarterly consolidated financial statements (Changes in accounting policies)" on page 10 of the attachment.

(4) Issued shares (common shares)

① Number of shares issued at period-end (including treasury stock):

② Number of shares of treasury stock at period-end:

③ Average number of shares outstanding during period (consolidated cumulative quarters):

Q2 of FY ending December 31, 2023	78,050,000 shares	FY ended December 31, 2022	78,050,000 shares
Q2 of FY ending December 31, 2023	1,921,986 shares	FY ended December 31, 2022	2,036,086 shares
Q2 of FY ending December 31, 2023	76,098,386 shares	Q2 of FY ended December 31, 2022	77,346,336 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 4 of the attachment.

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

The Company plans to hold a results presentation for institutional investors and securities analysts on Wednesday, August 9, 2023. 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.

# KOBAYASHI PHARMACEUTICAL CO., LTD.

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# KOBAYASHI PHARMACEUTICAL CO., LTD.

## 1. Qualitative Information on Quarterly Results

### (1) Explanation of operational results

During the first six-month period of the consolidated fiscal year under review (January 1, 2023 to June 30, 2023), economic activities resumed in many countries, and the number of people moving across countries and regions was on an upward trend along with the lessening of the number of new COVID-19 cases. However, in addition to rising geopolitical risks, there were concerns about a slowdown in consumption due to soaring raw material prices and higher energy costs. Accordingly, the outlook for the business environment surrounding the Kobayashi Pharmaceutical Group continued to remain uncertain.

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 73,625 million yen (+3.3% year on year), 10,406 million yen (+5.5% year on year) and 11,174 million yen (+2.5% year on year), respectively, and net income attributable to owners of the parent was 7,864 million yen (+2.1% year on year).

In the past, the Kobayashi Pharmaceutical Group reported financial results for the following business segments: Domestic Business, International Business, Direct Marketing Business, and other. From the first three-month period of the current consolidated fiscal year under review, the Group decided to merge the Direct Marketing Business with the Domestic Business. In accordance with the change, it reported financial results for the following business segments: Domestic Business, International Business, and other.

Therefore, the Group reported financial results for the corresponding year-earlier period after being retrospectively restated based on the classification after the change for comparison purposes.

Business results by segment were as follows:

#### Domestic Business

In the Domestic Business, the Company launched 13 new products in the spring of the current year. The products that contributed to growth in sales were *Bokoren eji+ Choreitogoshimotsuto tablet* (Kampo, a Chinese medicine, effective for alleviating lingering painful micturition and feeling of residual urine in those in their forties), *Meimakku* (Kampo, a Chinese medicine, effective for improving recurrent dizziness), and *Shoshugen SAVON* (a refillable deodorizing air freshener that gives a newly washed scent).

Furthermore, sales of *Eyebon* (an eye wash that cleanses the eyes) and *Hananoa* (a product that enables the easy rinsing of the nasal cavity without pain) grew steadily since pollen flying in the air increased compared to the previous year.

In addition, as the number of foreigners visiting Japan increased, demand for our products from inbound tourists rose, contributing to sales growth.

On the other hand, sales of household products decreased since sales of deodorizing air fresheners were weak due to sluggish market demand and intensifying competition. Sales were also slow in the Direct Marketing Business, which failed to market new products that would greatly contribute to growth in sales.

Consequently, the Company reported net sales of 60,193 million yen (+1.1% year on year) and segment income of 9,313 million yen (−1.6% year on year).

Net sales include inter-segment sales or transfers, which totaled 2,089 million yen in the first six-month period of the previous consolidated fiscal year and 2,425 million yen in the same period of the current consolidated year.

Along with the change in the classification of businesses, the Company stated the breakdown of sales to external customers shown below after including skin care products in the Healthcare products category and putting medical body warmers in the Household products category in the Body warmers category. For comparison purposes, the Company reported sales to external customers by product category for the corresponding year-earlier period after being retrospectively restated based on the classification after the change.

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (Breakdown of sales to external customers)

	Q2 ended June 30, 2022 (January 1, 2022 to June 30, 2022)	Q2 ended June 30, 2023 (January 1, 2023 to June 30, 2023)	Change	
	Amount (millions of yen)	Amount (millions of yen)	Amount (millions of yen)	Change (%)
Healthcare products	29,489	30,919	1,429	4.8
Household products	22,069	21,233	(836)	(3.8)
Body warmers	1,649	1,777	128	7.8
Direct Marketing Business	4,250	3,837	(413)	(9.7)
Total	57,459	57,767	308	0.5

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.

In the United States, Alva, a U.S. OTC pharmaceutical manufacturer, which experienced a dearth in stock of some products in the previous year, saw its sales increase this year in reaction to such trouble. On the other hand, sales of body warmers were sluggish due to a mild winter. After excluding positive foreign currency translation effects, net sales decreased.

In China, sales of body warmers were weak due to a warmer winter. However, overall sales increased in reaction to a decrease in sales due to city lockdowns in the previous year.

In Southeast Asia, sales of *Netsusama Sheet* were robust. Furthermore, sales remained strong in Thailand, where demand from inbound Chinese tourists increased. Accordingly, net sales grew.

As a result, net sales and segment income were 16,571 million yen (+14.7% year on year) and 869 million yen (+496.9% year on year), respectively.

Net sales include inter-segment sales or transfers, which totaled 949 million yen in the first six-month period of the previous consolidated fiscal year and 1,033 million yen in the same period of the current year.

## (Breakdown of sales to external customers)

	Q2 ended June 30, 2022 (January 1, 2022 to June 30, 2022)	Q2 ended June 30, 2023 (January 1, 2023 to June 30, 2023)	Change	
	Amount (millions of yen)	Amount (millions of yen)	Amount (millions of yen)	Change (%)
United States	4,435	4,663	228	5.2
China	4,464	5,512	1,048	23.5
Southeast Asia	3,206	3,810	603	18.8
Others	1,396	1,550	154	11.0
Total	13,503	15,538	2,034	15.1

Other Businesses

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 3,468 million yen (+3.7% year on year) and 280 million yen (−13.8% year on year), respectively.

Net sales include inter-segment sales or transfers, which totaled 3,041 million yen in the first six-month period of the previous consolidated fiscal year and 3,149 million yen in the same period of the current year.

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## (2) Explanation of financial position

Total assets increased by 10,745 million yen from the balance as of the end of the previous consolidated fiscal year to 266,573 million yen. This was attributable mainly to a decline of 9,979 million yen in notes and accounts receivable-trade, an increase of 8,538 million yen in merchandise and finished goods, a rise of 7,529 million yen in construction in progress, and a growth of 5,226 million yen in investment securities.

Liabilities grew by 54 million yen from the balance as of the end of the previous consolidated fiscal year to 57,981 million yen. This was attributable mainly to a fall of 1,924 million yen in accounts payable-other and an increase of 1,970 million yen in deferred tax liabilities.

Net assets rose by 10,691 million yen from the balance as of the end of the previous consolidated fiscal year to 208,591 million yen, bringing the shareholders' equity ratio to 78.1%. This was attributable mainly to an increase of 3,100 million yen in retained earnings, a growth of 3,523 million yen in valuation difference on available-for-sale securities, and a rise of 3,042 million yen in foreign currency translation adjustment.

## (Cash Flow)

Cash flows from each of operating, investing, and financing activities for the first six-month period of the current consolidated fiscal year and major factors for changes are as follows:

### Cash flows from operating activities

Cash flows from operating activities totaled 7,246 million yen (versus 18,819 million yen in the previous year). The major factors were income before income taxes of 11,065 million yen, depreciation of 2,276 million yen, a decrease in notes and accounts receivable-trade of 10,549 million yen, an increase in inventories of 9,424 million yen, a decline in accounts payable-other of 2,109 million yen, and income taxes paid of 4,455 million yen.

### Cash flows from investing activities

Cash flows from investing activities totaled -8,083 million yen (versus -781 million yen in the previous year). The major factors affecting this cash flow were payments into time deposits of 25,131 million yen, proceeds from withdrawal of time deposits of 25,415 million yen, and purchase of property, plant and equipment of 7,624 million yen.

### Cash flows from financing activities

Cash flows from financing activities totaled -4,061 million yen (versus -7,724 million yen in the previous year). The major factor affecting this cash flow was cash dividends paid of 3,950 million yen.

Consequently, cash and cash equivalents as of June 30, 2023 totaled 75,586 million yen, a decrease of 3,894 million yen from the end of the previous fiscal year.

## (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, 2023, which the Group announced via the Summary of Financial Statements for the Fiscal Year Ended December 31, 2022 released on February 14, 2023.

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## 2. Quarterly Consolidated Financial Statements and Main Notes

## (1) Quarterly consolidated balance sheet

(millions of yen)

	Previous consolidated fiscal year (December 31, 2022)	End of 1st six-month period of FY ending December 2023 (June 30, 2023)
<b>ASSETS</b>		
Current assets		
Cash and deposits	96,233	91,184
Notes and accounts receivable-trade	47,881	37,901
Short-term investment securities	8,300	8,300
Merchandise and finished goods	9,985	18,524
Work in process	1,304	2,328
Raw materials and supplies	6,389	6,970
Other	2,825	3,434
Allowance for doubtful accounts	(28)	(25)
Total current assets	172,892	168,618
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,507	10,279
Machinery, equipment and vehicles, net	5,361	5,108
Tools, furniture and fixtures, net	1,453	1,464
Land	4,703	4,906
Leased assets, net	771	860
Construction in progress	12,982	20,511
Total property, plant and equipment	34,778	43,130
Intangible assets		
Goodwill	7,147	7,258
Trademark rights	3,274	3,100
Software	2,399	2,574
Other	485	500
Total intangible assets	13,307	13,434
Investments and other assets		
Investment securities	28,509	33,735
Long-term loans receivable	975	1,061
Deferred tax assets	1,750	2,088
Real estate for investment, net	2,707	2,693
Other	1,932	2,918
Allowance for doubtful accounts	(1,026)	(1,106)
Total investments and other assets	34,848	41,389
Total non-current assets	82,934	97,955
Total assets	255,827	266,573



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(millions of yen)

	Previous consolidated fiscal year (December 31, 2022)	End of 1st six-month period of FY ending December 2023 (June 30, 2023)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	9,051	10,586
Electronically recorded obligations-operating	9,005	9,702
Accounts payable-other	20,409	18,484
Lease obligations	261	343
Income taxes payable	3,987	2,879
Accrued consumption taxes	921	237
Provision for bonuses	2,553	2,482
Other	5,619	4,221
Total current liabilities	51,809	48,937
Non-current liabilities		
Lease obligations	531	539
Deferred tax liabilities	1,310	3,280
Net defined benefit liability	2,034	2,047
Other	2,242	3,176
Total non-current liabilities	6,118	9,044
Total liabilities	57,927	57,981
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,450	3,450
Capital surplus	522	522
Retained earnings	194,285	197,386
Treasury stock	(14,482)	(13,671)
Total shareholders' equity	183,775	187,687
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,346	13,869
Foreign currency translation adjustment	4,352	7,394
Re-measurements of retirement benefit plans	(834)	(717)
Total accumulated other comprehensive income	13,864	20,547
Share acquisition rights	260	355
Non-controlling interests	—	1
Total net assets	197,900	208,591
Total liabilities and net assets	255,827	266,573

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(For the first six-month period of the fiscal year ending December 31, 2023)

(millions of yen)

	Six-month period ended June 30, 2022 (January 1, 2022 to June 30, 2022)	Six-month period ended June 30, 2023 (January 1, 2023 to June 30, 2023)
Net sales	71,264	73,625
Cost of sales	30,334	31,134
Gross profit	40,930	42,490
Selling, general and administrative expenses	31,061	32,083
Operating income	9,868	10,406
Non-operating income		
Interest income	35	116
Dividend income	243	251
Real estate rent	149	147
Foreign exchange gains	478	158
Other	360	271
Total non-operating income	1,268	945
Non-operating expenses		
Interest expenses	9	11
Rent cost of real estate	48	51
Provision of allowance for doubtful accounts	77	80
Other	96	34
Total non-operating expenses	232	177
Ordinary income	10,904	11,174
Extraordinary income		
Gain on sales of non-current assets	2	2
Other	8	—
Total extraordinary income	10	2
Extraordinary loss		
Loss on sales and retirement of non-current assets	31	29
Losses related to defective products	—	66
Other	22	15
Total extraordinary loss	53	111
Income before income taxes	10,860	11,065
Income taxes-current	2,864	3,065
Income taxes-deferred	296	133
Total income taxes	3,160	3,198
Net income	7,700	7,866
Net income attributable to non-controlling interests	—	1
Net income attributable to owners of the parent	7,700	7,864

# KOBAYASHI PHARMACEUTICAL CO., LTD.

(Quarterly consolidated statements of comprehensive income)

(For the first six-month period of the fiscal year ending December 31, 2023)

(millions of yen)

	Six-month period ended June 30, 2022 (January 1, 2022 to June 30, 2022)	Six-month period ended June 30, 2023 (January 1, 2023 to June 30, 2023)
Net income	7,700	7,866
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,012)	3,523
Foreign currency translation adjustment	4,657	3,042
Adjustment for retirement benefits	136	117
Total other comprehensive income	3,781	6,682
Quarterly comprehensive income	11,481	14,549
(Quarterly comprehensive income attributable to)		
Quarterly comprehensive income attributable to owners of the parent	11,481	14,547
Quarterly comprehensive income attributable to non-controlling interests	—	1

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (3) Consolidated statement of cash flows

	(millions of yen)	
	Six-month period ended June 30, 2022 (January 1, 2022 to June 30, 2022)	Six-month period ended June 30, 2023 (January 1, 2023 to June 30, 2023)
Cash flows from operating activities		
Income before income taxes	10,860	11,065
Depreciation	2,112	2,276
Amortization of goodwill	466	512
Interest and dividend income	(279)	(367)
Interest expenses	9	11
Loss (gain) on sales and retirement of non-current assets	29	27
Decrease (increase) in notes and accounts receivable-trade	19,397	10,549
Decrease (increase) in inventories	(5,393)	(9,424)
Increase (decrease) in notes and accounts payable-trade	(184)	1,610
Increase (decrease) in accounts payable-other	(2,699)	(2,109)
Increase (decrease) in accrued consumption taxes	(661)	(710)
Other	(940)	(2,067)
Subtotal	22,717	11,372
Interest and dividend income received	291	342
Interest expenses paid	(11)	(13)
Income taxes paid	(4,178)	(4,455)
Net cash provided by (used in) operating activities	18,819	7,246
Cash flows from investing activities		
Payments into time deposits	(24,639)	(25,131)
Proceeds from withdrawal of time deposits	23,745	25,415
Purchase of securities	—	(2,000)
Proceeds from sales and redemption of securities	5,613	2,000
Purchase of property, plant and equipment	(4,912)	(7,624)
Proceeds from sales of property, plant and equipment	2	2
Purchase of intangible assets	(457)	(428)
Purchase of investment securities	(6)	(205)
Other	(127)	(111)
Net cash provided by (used in) investing activities	(781)	(8,083)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1)	—
Purchase of treasury stock	(4,056)	—
Cash dividends paid	(3,574)	(3,950)
Other	(91)	(110)
Net cash provided by (used in) financing activities	(7,724)	(4,061)
Effect of exchange rate change on cash and cash equivalents	1,305	1,003
Net increase (decrease) in cash and cash equivalents	11,619	(3,894)
Cash and cash equivalents at beginning of period	81,987	79,480
Increase (decrease) in cash and cash equivalents resulting from the change of book closure period of consolidated subsidiaries	(22)	—
Cash and cash equivalents at end of period	93,584	75,586

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (4) Notes on quarterly consolidated financial statements

(Notes on assumption of going concern)

Not applicable

(Notes on a significant change in shareholders' equity)

Not applicable

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)  
Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Standard Implementation Guidance") has been applied from the beginning of the first three-month period of the consolidated fiscal year ending December 31, 2023. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Standard Implementation Guidance, the Company has decided to apply the new accounting policies set forth by the Fair Value Measurement Standard Implementation Guidance into the future. These changes had no impact on the quarterly consolidated financial statements.

(Segment information)

I. Six-month period ended June 30, 2022 (January 1, 2022 to June 30, 2022)

1. Information on net sales, income or loss by reportable segment and on the breakdown of revenue

	Reportable segment			Other (Note 1)	Grand total	Adjustment (Note 2)	Figures in quarterly consolidated statements of income (Note 3)
	Domestic Business	International Business	Total				
Net sales							
Japan	57,459	—	57,459	302	57,761	—	57,761
United States	—	4,435	4,435	—	4,435	—	4,435
China	—	4,464	4,464	—	4,464	—	4,464
Southeast Asia	—	3,206	3,206	—	3,206	—	3,206
Other	—	1,396	1,396	—	1,396	—	1,396
Revenue from contracts with customers	57,459	13,503	70,962	302	71,264	—	71,264
Net sales to outside customers	57,459	13,503	70,962	302	71,264	—	71,264
Inter-segment sales or transfers	2,089	949	3,038	3,041	6,080	(6,080)	—
Total	59,548	14,452	74,000	3,344	77,344	(6,080)	71,264
Segment income (loss)	9,463	145	9,608	325	9,934	(65)	9,868

(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 -65 million yen in segment income (loss) are eliminations among segments.

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

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## II. Six-month period ended June 30, 2023 (January 1, 2023 to June 30, 2023)

## 1. Information on net sales, income or loss by reportable segment and on the breakdown of revenue

(millions of yen)

	Reportable segment			Other (Note 1)	Grand total	Adjustment (Note 2)	Figures in quarterly consolidated statements of income (Note 3)
	Domestic Business	International Business	Total				
Net sales							
Japan	57,767	—	57,767	319	58,087	—	58,087
United States	—	4,663	4,663	—	4,663	—	4,663
China	—	5,512	5,512	—	5,512	—	5,512
Southeast Asia	—	3,810	3,810	—	3,810	—	3,810
Other	—	1,550	1,550	—	1,550	—	1,550
Revenue from contracts with customers	57,767	15,538	73,305	319	73,625	—	73,625
Net sales to outside customers	57,767	15,538	73,305	319	73,625	—	73,625
Inter-segment sales or transfers	2,425	1,033	3,458	3,149	6,608	(6,608)	—
Total	60,193	16,571	76,764	3,468	80,233	(6,608)	73,625
Segment income (loss)	9,313	869	10,183	280	10,463	(57)	10,406

## (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 -57 million yen in segment income (loss) are eliminations among segments.
3. Segment income (loss) is adjusted with operating income in the quarterly consolidated statements of income.

## 2. Items concerning a change in reportable segments, etc.

In accordance with the review on the classification of its business administration, the Kobayashi Pharmaceutical Group has reduced the number of reportable segments from the following three—Domestic Business, International Business, Direct Marketing Business—into the following two—Domestic Business and International Business—after merging the Direct Marketing Business with the Domestic Business from the first three-month period of the current consolidated fiscal year under review.

Accordingly, the Group reported financial results for reportable segments for the year-earlier six-month period after being retrospectively restated based on the classification after the change.

## (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)

## (Important subsequent events)

Not applicable