

**KOBAYASHI PHARMACEUTICAL CO., LTD.****Summary of Financial Statements (Japanese GAAP) (Consolidated)  
Financial Results for the Fiscal Year Ended December 31, 2024**

February 10, 2025

Listed exchanges : Tokyo

Listed company name : Kobayashi Pharmaceutical Co., Ltd.

Code : 4967

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

Representative officer : Satoshi Yamane, President & COO

Contact : Yumi Nakagawa,  
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Expected date of general meeting of shareholders: March 28, 2025

Expected date for starting payment of dividends: March 14, 2025

Expected date for filing financial report with the Finance Ministry: March 28, 2025

Preparation of supplementary explanation documents for Financial Statements: Yes

Holding of an analyst meeting for the 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 Fiscal Year Ended December 31, 2024  
(January 1, 2024 to December 31, 2024)****(1) Consolidated Operating Results**

(% figures represent changes from previous period.)

	FY ended December 31, 2024		FY ended December 31, 2023	
Net sales	165,600 millions of yen	(4.5) %	173,455 millions of yen	4.3 %
Operating income	24,860	(3.6)	25,780	(3.3)
Ordinary income	26,861	(1.7)	27,330	(3.4)
Net income attributable to owners of the parent	10,067	(50.5)	20,338	1.6
Net income per share	135.42 yen		268.16 yen	
Diluted net income per share	—		—	
Return on equity		4.8		10.1
Return on assets		10.1		10.4
Ratio of operating income to net sales		15.0		14.9

(Note) Comprehensive income

FY ended December 31, 2024: 15,921 million yen (–38.7%) FY ended December 31, 2023: 25,957 million yen (13.8%)

(Note) Diluted net income per share for the consolidated fiscal year under review is omitted since there were no potential ordinary shares with a dilutive effect.

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (2) Consolidated Financial Position

	FY ended December 31, 2024	FY ended December 31, 2023
Total assets	265,368 millions of yen	267,473 millions of yen
Net assets	213,471	204,816
Shareholders' equity ratio	80.2 %	76.4 %
Net assets per share	2,862.28 yen	2,749.17 yen
(Reference) Shareholders' equity	FY ended December 31, 2024: 212,778 million yen    FY ended December 31, 2023: 204,370 million yen	

## (3) Consolidated Cash Flow

	FY ended December 31, 2024	FY ended December 31, 2023
Net cash provided by (used in) operating activities	11,246 millions of yen	18,360 millions of yen
Net cash provided by (used in) investing activities	(18,415)	(19,576)
Net cash provided by (used in) financing activities	(7,768)	(19,463)
Cash and cash equivalents at period-end	45,973	59,690

## 2. Dividends

	FY ended December 31, 2023	FY ended December 31, 2024	FY ending December 31, 2025 (forecasts)
Dividends per share			
Q1 end	—	—	—
Q2 end	43.00 yen	43.00 yen	44.00 yen
Q3 end	—	—	—
Year-end	58.00	59.00	60.00
Total	101.00	102.00	104.00
Total dividends	7,585 millions of yen	7,582 millions of yen	
Payout ratio (consolidated)	37.7 %	75.3 %	73.6 %
Ratio of dividends to net assets (consolidated)	3.8	3.6	

## KOBAYASHI PHARMACEUTICAL CO., LTD.

### 3. Forecasts of Consolidated Operational Results for Fiscal Year Ending December 31, 2025 (January 1, 2025 to December 31, 2025)

(% figures represent changes from previous period.)

	Full year		
Net sales	171,000	millions of yen	3.3 %
Operating income	14,000		(43.7)
Ordinary income	15,300		(43.0)
Net income attributable to owners of the parent	10,500		4.3
Net income per share	141.25	yen	

## \* Notes

(1) Significant changes in the scope of consolidation during the period under review: Yes

Included: One company; (Company name) KOBAYASHI Pharmaceutical Manufacturing (Thailand) Co., Ltd

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

① Changes in accounting policies due to revisions of accounting standards: None

② Changes in accounting policies other than ①: None

③ Changes in accounting estimates: None

④ Retrospective restatement: None

(3) 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:

FY ended December 31, 2024	78,050,000 shares	FY ended December 31, 2023	78,050,000 shares
FY ended December 31, 2024	3,711,181 shares	FY ended December 31, 2023	3,711,086 shares
FY ended December 31, 2024	74,338,896 shares	FY ended December 31, 2023	75,842,844 shares

\* This brief report of 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. Overview of Operational Results, etc., (4) Forecast for Year Ending December 31, 2025" on page 5 of the attachment.

(Method to obtain the supplementary explanation documents for Financial Statements)

The Company plans to hold a results presentation for institutional investors and securities analysts on Monday, February 10, 2025. 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. Overview of Operational Results, etc.

## (1) Overview of Operational Results for FY Ended December 31, 2024

## Overview of Consolidated Results

(Unit: millions of yen)

	Previous Year (FY ended December 31, 2023)		Current Year (FY ended December 31, 2024)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Change (%)
Net sales	173,455	100.0	165,600	100.0	(7,854)	(4.5)
Operating income	25,780	14.9	24,860	15.0	(919)	(3.6)
Ordinary income	27,330	15.8	26,861	16.2	(469)	(1.7)
Net income attributable to owners of the parent	20,338	11.7	10,067	6.1	(10,270)	(50.5)
Net income per share (yen)	268.16		135.42		(132.74)	(49.5)

We sincerely apologize for the significant inconvenience and concern caused to our valued customers who have suffered health issues, as well as to our shareholders and all other stakeholders surrounding our company, regarding our *benikoji*-related products.

Under the initiative of the authorities, the Company has been conducting investigations, including the identification of the contamination pathway. At the same time, it will sincerely address compensation to customers who developed health problems and continue making greater efforts to prevent a recurrence of the incident and restore trust.

During the consolidated fiscal year under review (January 1, 2024 to December 31, 2024), economic activity resumed in many countries, and the number of people moving across countries and regions showed 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.

As a result, net sales, operating income, ordinary income, and net income attributable to owners of the parent were 165,600 million yen (−4.5% year on year), 24,860 million yen (−3.6% year on year), 26,861 million yen (−1.7% year on year), and 10,067 million yen (−50.5% year on year), respectively.

Business results by segment were as follows:

Domestic Business

In the Domestic Business, the Company launched 15 new products in the spring of and another 17 in the fall of the current year. The products that contributed to growth in sales were *Hipcure* (an ointment for rash, eczema, etc. on the buttocks), *Sawaday+ & Emotion* (a functional air freshener with fragrances formulated to stabilize emotions), *Shoshugen ZERO* (an unscented deodorizer that is effective in removing 10 major household unpleasant smells without masking them with fragrances), and *Curerea Dry* (a drug to cure recurring skin troubles due to a weakened skin barrier function, such as dryness, roughness, and inflammation of the face, that works from within).

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

However, sales in the food category, including nutritional supplements, were sluggish due to the impact of a voluntary recall of *benikoji*-related products, and sales of healthcare products declined.

On the other hand, although the Company suspended advertisements of all its products in Japan from March 22, 2024 after it announced a voluntary recall of *benikoji*-related products, sales of household products, especially led by deodorizing air fresheners, grew. Despite steady sales driven by lower temperatures this season, sales of body warmers declined due to an increase in returns resulting from the mild winter of the previous year. Furthermore, in the Direct Marketing Business, sales decreased due to an increase in the cancellation of regular subscriptions.

Consequently, the Company reported net sales of 123,924 million yen (−9.2% year on year) and segment income of 23,217 million yen (+5.4% year on year).

Net sales included inter-segment sales or transfers, which totaled 6,041 million yen in the previous consolidated fiscal year and 4,023 million yen in the consolidated year under review.

(Breakdown of sales to external customers)

(Unit: millions of yen)

	Previous Year (FY ended December 31, 2023)	Current Year (FY ended December 31, 2024)	Change	
			Amount	Change (%)
Healthcare products	67,012	59,194	(7,818)	(11.7)
Household products	49,060	50,161	1,101	2.2
Body warmers	6,917	6,039	(878)	(12.7)
Direct marketing	7,507	4,505	(3,001)	(40.0)
Total	130,497	119,901	(10,596)	(8.1)

## KOBAYASHI PHARMACEUTICAL CO., LTD.

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, the acquisition of Focus Consumer Healthcare, LLC, which markets nutritional supplements and OTC pharmaceuticals, in October 2023 contributed to growth in sales. Furthermore, growth in sales, driven by positive foreign currency translation effects, led to an increase in net sales.

In China, the Company experienced a decline in sales. This was primarily due to the suspension of advertisements from March 22 to August 2024 following the voluntary recall of *benikoji*-related products, coupled with a lower prevalence of infectious diseases, including influenza, compared to previous years, which resulted in reduced demand for *Netsusama Sheets*.

In Southeast Asia, sales of *Netsusama Sheet* and *Ammeltz*, mainstay products, increased robustly. Furthermore, the positive effects of the weaker yen contributed to growth in net sales.

As a result, net sales and segment income were 46,841 million yen (+6.1% year on year) and 1,272 million yen (−60.5% year on year), respectively.

Net sales include inter-segment sales or transfers, which totaled 1,837 million yen in the previous consolidated fiscal year and 1,659 million yen in the consolidated fiscal year under review.

(Breakdown of sales to external customers)

	Previous Year (FY ended December 31, 2023)	Current Year (FY ended December 31, 2024)	(Unit: millions of yen)	
			Change	
			Amount	Change (%)
United States	17,057	21,246	4,188	24.6
China	13,652	11,082	(2,569)	(18.8)
Southeast Asia	7,932	8,575	643	8.1
Others	3,653	4,276	622	17.0
Total	42,295	45,181	2,885	6.8

Other Businesses

Businesses in this segment include the transportation business, the manufacture and sale of plastic containers, real estate management, and advertising 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 6,511 million yen (−7.8% year on year) and 264 million yen (−46.3% year on year), respectively.

Net sales include inter-segment sales or transfers, which totaled 6,398 million yen in the previous consolidated fiscal year and 5,993 million yen in the consolidated fiscal year under review.

## KOBAYASHI PHARMACEUTICAL CO., LTD.

**(2) Overview of Financial Position for FY Ended December 31, 2024**

(Consolidated Financial Position)

(Unit: millions of yen)

	Previous Year (FY ended December 31, 2023)	Current Year (FY ended December 31, 2024)	Change
Total assets	267,473	265,368	(2,105)
Net assets	204,816	213,471	8,654
Shareholders' equity ratio	76.4%	80.2%	3.8%
Net assets per share (yen)	2,749.17	2,862.28	113.11

The Company's financial position in the consolidated fiscal year under review is as follows:

Total assets decreased by 2,105 million yen from the balance as of the end of the previous consolidated fiscal year to 265,368 million yen. This was attributable mainly to a decline of 20,663 million yen in cash and deposits, a fall of 3,585 million yen in notes and accounts receivable-trade, an increase of 6,572 million yen in short-term investment securities, a growth of 1,835 million yen in merchandise and finished goods, a rise of 21,850 million yen in buildings and structures (net), an increase of 1,323 million yen in machinery, equipment and vehicles (net), a decrease of 5,273 million yen in construction in progress, and a decline of 7,507 million yen in investment securities.

Liabilities decreased by 10,759 million yen from the balance as of the end of the previous consolidated fiscal year to 51,896 million yen. This was attributable mainly to a decrease of 2,135 million yen in electronically recorded obligations-operating, a decline of 7,920 million yen in accounts payable-other, a fall of 2,145 million yen in income taxes payable, and an increase of 3,970 million yen in provision for product recall-related losses.

Net assets increased by 8,654 million yen from the balance as of the end of the previous consolidated fiscal year to 213,471 million yen, bringing the shareholders' equity ratio to 80.2%. This was attributable mainly to an increase of 2,559 million yen in retained earnings and a rise of 5,896 million yen in foreign currency translation adjustment.

**(3) Overview of Cash Flows for FY Ended December 31, 2024**

(Consolidated Cash Flow)

(Unit: millions of yen)

	Previous Year (FY ended December 31, 2023)	Current Year (FY ended December 31, 2024)	Change
Net cash provided by (used in) operating activities	18,360	11,246	(7,113)
Net cash provided by (used in) investing activities	(19,576)	(18,415)	1,161
Free cash flow	(1,216)	(7,168)	(5,952)
Net cash provided by (used in) financing activities	(19,463)	(7,768)	11,695
Cash and cash equivalents at period-end	59,690	45,973	(13,717)

**Cash flows from operating activities**

Net cash provided by operating activities totaled 11,246 million yen. The major factors were income before income taxes of 13,914 million yen, depreciation of 6,615 million yen, an increase in provision for product recall-related losses of 3,970 million yen, a decrease in notes and accounts receivable - trade of 4,780 million yen, a decline in notes and accounts payable - trade of 2,931 million yen, a fall in accounts payable - other of 6,060 million yen, and income taxes paid of 7,471 million yen.

**Cash flows from investing activities**

Net cash used in investing activities totaled 18,415 million yen. The major factors affecting this cash flow were payments into time deposits of 30,293 million yen, proceeds from withdrawal of time deposits of 35,405 million yen, and purchase of property, plant and equipment of 26,056 million yen.

**Cash flows from financing activities**

Net cash used in financing activities totaled 7,768 million yen. The major factor affecting this cash flow was cash dividends paid of 7,505 million yen.

Consequently, cash and cash equivalents as of December 31, 2024 totaled 45,973 million yen, a decrease of 13,717 million yen from the end of the previous fiscal year.



## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (4) Forecast for Year Ending December 31, 2025

(Unit: millions of yen)

	Current Year (FY ended December 31, 2024)		Next Year (FY ending December 31, 2025)		Percentage change (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Net sales	165,600	100.0	171,000	100.0	3.3
Operating income	24,860	15.0	14,000	8.2	(43.7)
Ordinary income	26,861	16.2	15,300	8.9	(43.0)
Net income attributable to owners of the parent	10,067	6.1	10,500	6.1	4.3
Net income per share (yen)	135.42		141.25		4.3

The number of foreign travelers visiting Japan has surpassed the pre-COVID-19 pandemic levels, and inbound demand has continued to grow accordingly. Additionally, with improvements in employment and income conditions, expectations for an economic recovery are increasing. However, the outlook for the business environment is expected to remain uncertain due to the upward pressure on domestic prices caused by rising raw material prices and energy costs, as well as growing geopolitical risks.

Under these circumstances, the Company expects consolidated net sales for the next fiscal year to be 171,000 million yen, operating income of 14,000 million yen, ordinary income of 15,300 million yen, and net income attributable to owners of the parent company of 10,500 million yen.

The management team will increase investments in quality assurance to address product quality concerns, as well as in human resources, while undertaking large-scale capital expenditures both domestically and internationally (such as investments in new facilities) to support overseas growth.

On February 14, 2023, Kobayashi Pharmaceutical announced its medium-term management plan, with the final year being the fiscal year ending December 2025. Since then, the Company has been implementing various initiatives to achieve the plan's objectives. However, due to the recall incident involving *benikoji*-related products, the consolidated performance for the fiscal year ended December 2024 has deviated significantly from the assumptions outlined in the medium-term management plan announced on February 14, 2023. As a result, the management team has decided to withdraw the medium-term management plan, as it believes that the performance targets, strategic objectives, and KPIs set in the medium-term management plan should be revised to reflect the current circumstances.

Currently, in line with the "Measures to Prevent Recurrence" announced on September 17, 2024, Kobayashi Pharmaceutical has been implementing the following initiatives: "Awareness Raising and Structural Enhancement regarding Quality and Safety," "Fundamental Reform of Corporate Governance," and "Rebuilding Kobayashi Pharmaceutical through the Unified Efforts of All Employees." As part of the action plan for a new Kobayashi Pharmaceutical, the Company will formulate and implement "Advancing Structural Reforms" and "Establishing a Fundamental Development Policy for Growth Resumption."

## (1) Advancing Structural Reforms

## a. Promotion of Portfolio Management Approach

In the past, Kobayashi Pharmaceutical focused primarily on business expansion, which required allocating limited resources across multiple business segments, resulting in a dispersion of investments. As a result, the Company downplayed investments in areas that contributed less directly to business growth, such as quality assurance. To drive sustainable business growth over the medium to long term, the management team believes it is crucial to define core and transformational areas while adjusting the portfolio to adapt to changes in the external environment. Therefore, Kobayashi Pharmaceutical will actively advance a portfolio management approach. Going forward, the Company will implement strategic guidelines with distinct focuses for each category, which will also facilitate the reorganization of its product mix. Through this initiative, the management team aims to restore the revenue structure and, ultimately, enhance gross profit margins.

As part of its short-term initiatives, the Company regards optimizing the number of SKUs and improving advertising efficiency as critical priorities. The following measures will be implemented to address these priorities:

- Optimization of the Number of SKUs

To enhance productivity, quality, and profitability, the Company aims to reduce the number of SKUs by around 25%. Additionally, as part of its business model, it will carefully assess and determine the optimal number of SKUs. (Note: "SKU" refers to Stock Keeping Unit, the smallest unit of a product.)

- Improvement of Advertising Efficiency

By shifting to web advertising, the Company aims to enhance its ability to engage the target audience for each brand. The goal is to achieve a 20% improvement in advertising effectiveness. It will optimize advertising investments across different brands and media channels to achieve this objective.

## b. Review of Unprofitable Businesses

In addition to reducing fixed costs, the Company will implement comprehensive management reforms aimed at optimizing resource allocation of resources for quality and safety investment, including the potential restructuring or divestment of unprofitable businesses.



# KOBAYASHI PHARMACEUTICAL CO., LTD.

## (2) Basic Development Policy for Achieving Growth Resumption

### a. New Product Development

The Company is committed to advancing the development of new products that prioritize reliable quality and functionality, ensuring customer satisfaction and repeat purchases. Furthermore, following a product launch, the Company will focus on continuous improvements from the customer's perspective and maintain effective communication about the product. The aim is to create products that become deeply integrated into customers' lives and continue to be valued for over five years, ultimately establishing them as indispensable items with enhanced long-term value.

### b. Overseas Business Growth

The Company will continue to position its overseas business as a key growth driver, with a strong focus on establishing global brands while further enhancing investments. Simultaneously, to ensure the efficient allocation of limited resources, the Company will identify high-growth markets and develop tailored strategies for each region. For instance, in Southeast Asia, the Company plans to pursue aggressive expansion into growth markets following Thailand and Malaysia. Through disciplined investment strategies, the Company aims to maximize expected returns.

### c. Foundation for New Businesses

To reassess the approach to new business development, the Company has established a new organization, the New Business Preparation Office, independent from its existing operations, in the current fiscal year. Moving forward, the Company will clearly define its strategic focus areas and consolidate resources to drive these initiatives. Through these efforts, the Company is committed to restoring profitability to the previous level within three years.

## (5) Basic Policy for Profit Distribution and Dividend Payments for Fiscal Year Ended December 31, 2024 and Fiscal Year Ending December 31, 2025

Kobayashi Pharmaceutical regards returns to shareholders as one of its most important management tasks, and has been striving to enhance corporate value by generating higher cash flow. To that end, it will maintain healthy management and actively invest in businesses with high growth potential. While setting the stable payment of dividends as its basic policy, the Company aims to enhance returns to shareholders by paying reasonable dividends based on its consolidated operational results.

Under the above policy, Kobayashi Pharmaceutical pays dividends twice a year (an interim dividend and a year-end dividend) and proposes to pay a regular dividend to shareholders of 102 yen (including an interim dividend of 43 yen per share and a year-end dividend of 59 yen per share) for the year ended December 31, 2024 as initially forecasted. For the year ending December 31, 2025, the Company plans to pay a regular dividend of 104 yen per share (including an interim dividend of 44 yen per share and a year-end dividend of 60 yen per share).

## 2. Basic Policy for the Selection of Accounting Standards

Considering situations in Japan and overseas, the Company will appropriately deal with the application of Internal Financial Reporting Standards (IFRS).

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## 3. Consolidated Financial Statements and Main Notes

## (1) Consolidated Balance Sheet

	(millions of yen)	
	Previous consolidated fiscal year (December 31, 2023)	Current consolidated fiscal year (December 31, 2024)
<b>ASSETS</b>		
Current assets		
Cash and deposits	71,536	50,873
Notes and accounts receivable-trade	53,028	49,442
Short-term investment securities	8,300	14,872
Merchandise and finished goods	13,308	15,143
Work in process	1,767	2,091
Raw materials and supplies	7,006	6,929
Other	3,427	5,174
Allowance for doubtful accounts	(44)	(58)
Total current assets	158,331	144,468
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,611	32,461
Machinery, equipment and vehicles, net	5,152	6,476
Tools, furniture and fixtures, net	1,501	2,485
Land	4,900	5,947
Leased assets, net	964	815
Construction in progress	24,534	19,261
Total property, plant and equipment	47,665	67,448
Intangible assets		
Goodwill	9,655	9,260
Trademark rights	8,792	8,220
Software	2,664	2,662
Other	501	530
Total intangible assets	21,614	20,674
Investments and other assets		
Investment securities	32,124	24,617
Long-term loans receivable	1,132	1,269
Retirement benefit asset	292	750
Deferred tax assets	2,647	3,087
Real estate for investment, net	2,678	2,650
Other	2,163	1,730
Allowance for doubtful accounts	(1,176)	(1,328)
Total investments and other assets	39,862	32,777
Total non-current assets	109,142	120,900
Total assets	267,473	265,368

## KOBAYASHI PHARMACEUTICAL CO., LTD.

(millions of yen)

	Previous consolidated fiscal year (December 31, 2023)	Current consolidated fiscal year (December 31, 2024)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	8,745	8,264
Electronically recorded obligations-operating	8,560	6,424
Accounts payable-other	25,037	17,117
Lease obligations	379	343
Income taxes payable	4,059	1,913
Accrued consumption taxes	788	346
Provision for bonuses	2,705	2,840
Provision for product recall-related losses	—	3,970
Other	5,836	5,202
Total current liabilities	56,111	46,423
Non-current liabilities		
Lease obligations	608	503
Deferred tax liabilities	2,594	1,554
Net defined benefit liability	939	1,005
Other	2,403	2,409
Total non-current liabilities	6,545	5,473
Total liabilities	62,656	51,896
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,450	3,450
Capital surplus	522	522
Retained earnings	205,681	208,240
Treasury stock	(24,766)	(24,767)
Total shareholders' equity	184,887	187,445
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,819	12,469
Foreign currency translation adjustment	6,403	12,300
Re-measurements of retirement benefit plans	259	563
Total accumulated other comprehensive income	19,483	25,333
Share acquisition rights	446	688
Non-controlling interests	—	4
Total net assets	204,816	213,471
Total liabilities and net assets	267,473	265,368

## KOBAYASHI PHARMACEUTICAL CO., LTD.

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement  
(Consolidated Income Statement)

	(millions of yen)	
	Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)	Current consolidated fiscal year (January 1, 2024 to December 31, 2024)
Net sales	173,455	165,600
Cost of sales	77,079	77,997
Gross profit	96,375	87,603
Selling, general and administrative expenses		
Promotion expenses	3,690	3,435
Freight and warehousing expenses	4,704	5,294
Advertising expenses	19,348	8,140
Salaries, allowances and bonuses	14,849	16,289
Retirement benefit expenses	887	765
Taxes and dues	930	753
Depreciation	2,076	3,433
Amortization of goodwill	1,128	1,407
Rent	1,521	1,558
Commission fees	5,419	5,160
Research and development expenses	9,004	9,109
Other	7,035	7,391
Total selling, general and administrative expenses	70,595	62,742
Operating income	25,780	24,860
Non-operating income		
Interest income	214	207
Dividend income	548	608
Real estate rent	295	300
Foreign exchange gains	40	330
Compensation income	451	347
Other	636	683
Total non-operating income	2,187	2,477
Non-operating expenses		
Interest expenses	29	28
Rent cost of real estate	105	106
Provision of allowance for doubtful accounts	154	151
Other	347	189
Total non-operating expenses	637	476
Ordinary income	27,330	26,861

## KOBAYASHI PHARMACEUTICAL CO., LTD.

(millions of yen)

	Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)	Current consolidated fiscal year (January 1, 2024 to December 31, 2024)
Extraordinary income		
Gain on sales of non-current assets	11	21
Gain on sales of investment securities	436	635
Other	14	4
Total extraordinary income	461	662
Extraordinary loss		
Loss on disposal of non-current assets	70	72
Losses related to defective products	—	12,524
Other	161	1,012
Total extraordinary loss	232	13,609
Income before income taxes	27,559	13,914
Income taxes - current	8,297	5,240
Income taxes - deferred	(1,076)	(1,398)
Total income taxes	7,221	3,842
Net income	20,338	10,071
Net income attributable to non-controlling interests	—	4
Net income attributable to owners of the parent	20,338	10,067

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (Consolidated Comprehensive Income Statement)

(millions of yen)

	Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)	Current consolidated fiscal year (January 1, 2024 to December 31, 2024)
Net income	20,338	10,071
Other comprehensive income		
Valuation difference on available-for-sale securities	2,473	(350)
Foreign currency translation adjustment	2,051	5,896
Adjustment for retirement benefits	1,093	304
Total other comprehensive income	5,618	5,850
Comprehensive income	25,957	15,921
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	25,957	15,917
Comprehensive income attributable to non-controlling interests	—	4

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (3) Consolidated Statement of Shareholders' Equity

Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at period start	3,450	522	194,285	(14,482)	183,775
Change during current period					
Dividends from surplus			(7,226)		(7,226)
Net income attributable to owners of the parent			20,338		20,338
Purchase of treasury stock				(11,999)	(11,999)
Disposal of treasury stock		(1,715)		1,715	—
Transfer from retained earnings to capital surplus		1,715	(1,715)		—
Net changes of items other than shareholders' equity					
Total change during current period	—	—	11,396	(10,283)	1,112
Balance at current period-end	3,450	522	205,681	(24,766)	184,887

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Re-measurements of retirement benefit plans	Accumulated other comprehensive income total		
Balance at period start	10,346	4,352	(834)	13,864	260	197,900
Change during current period						
Dividends from surplus						(7,226)
Net income attributable to owners of the parent						20,338
Purchase of treasury stock						(11,999)
Disposal of treasury stock						—
Transfer from retained earnings to capital surplus						—
Net changes of items other than shareholders' equity	2,473	2,051	1,093	5,618	185	5,804
Total change during current period	2,473	2,051	1,093	5,618	185	6,916
Balance at current period-end	12,819	6,403	259	19,483	446	204,816



## KOBAYASHI PHARMACEUTICAL CO., LTD.

## Current consolidated fiscal year (January 1, 2024 to December 31, 2024)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at period start	3,450	522	205,681	(24,766)	184,887
Change during current period					
Dividends from surplus			(7,508)		(7,508)
Net income attributable to owners of the parent			10,067		10,067
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total change during current period	—	—	2,559	(0)	2,558
Balance at current period-end	3,450	522	208,240	(24,767)	187,445

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Re-measurements of retirement benefit plans	Accumulated other comprehensive income total			
Balance at period start	12,819	6,403	259	19,483	446	—	204,816
Change during current period							
Dividends from surplus							(7,508)
Net income attributable to owners of the parent							10,067
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	(350)	5,896	304	5,850	241	4	6,096
Total change during current period	(350)	5,896	304	5,850	241	4	8,654
Balance at current period-end	12,469	12,300	563	25,333	688	4	213,471

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (4) Consolidated Statement of Cash Flows

(millions of yen)

	Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)	Current consolidated fiscal year (January 1, 2024 to December 31, 2024)
Cash flow from operating activities		
Income before income taxes	27,559	13,914
Depreciation	4,929	6,615
Amortization of goodwill	1,128	1,407
Increase (decrease) in provision for product recall-related losses	—	3,970
Interest and dividends income	(763)	(815)
Interest expenses	29	28
Loss (gain) on sales of investment securities	(436)	(635)
Loss (gain) on sales and retirement of non-current assets	59	50
Decrease (increase) in notes and accounts receivable-trade	(3,781)	4,780
Decrease (increase) in inventories	(3,175)	(1,144)
Increase (decrease) in notes and accounts payable-trade	(1,390)	(2,931)
Increase (decrease) in accounts payable-other	1,918	(6,060)
Increase (decrease) in accrued consumption taxes	(167)	(456)
Other	76	(771)
Total	25,986	17,951
Interest and dividend income received	754	801
Interest expenses paid	(22)	(34)
Income taxes paid	(8,358)	(7,471)
Net cash provided by operating activities	18,360	11,246
Cash flow from investing activities		
Payments into time deposits	(45,132)	(30,293)
Proceeds from withdrawal of time deposits	50,216	35,405
Purchase of securities	(4,000)	(2,000)
Proceeds from sales and redemption of securities	4,000	4,000
Purchase of property, plant and equipment	(12,756)	(26,056)
Proceeds from sales of property, plant and equipment	5	22
Purchase of intangible assets	(813)	(573)
Purchase of investment securities	(220)	(18)
Proceeds from sales of investment securities	531	959
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,176)	—
Other	(231)	138
Net cash provided by (used in) investing activities	(19,576)	(18,415)
Cash flow from financing activities		
Purchase of treasury stock	(12,000)	(0)
Cash dividends paid	(7,223)	(7,505)
Other	(239)	(262)
Net cash provided by (used in) financing activities	(19,463)	(7,768)
Effect of exchange rate change on cash and cash equivalents	890	1,220
Net increase (decrease) in cash and cash equivalents	(19,789)	(13,717)
Cash and cash equivalents at beginning of period	79,480	59,690
Cash and cash equivalents at end of period	59,690	45,973

## KOBAYASHI PHARMACEUTICAL CO., LTD.

(Information on the Amount of Net Sales, Income or Loss, Assets and Other Items by Reportable Segments)  
Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)

(millions of yen)

	Reportable Segments			Other (Note 1)	Grand Total	Adjustment (Note 2)	Consolidated (Note 3)
	Domestic Business	International Business	Total				
Net sales							
Japan	130,497	—	130,497	662	131,160	—	131,160
United States	—	17,057	17,057	—	17,057	—	17,057
China	—	13,652	13,652	—	13,652	—	13,652
Southeast Asia	—	7,932	7,932	—	7,932	—	7,932
Other	—	3,653	3,653	—	3,653	—	3,653
Revenue from contracts with customers	130,497	42,295	172,793	662	173,455	—	173,455
Net sales to outside customers	130,497	42,295	172,793	662	173,455	—	173,455
Inter-segment sales and transfers	6,041	1,837	7,879	6,398	14,277	(14,277)	—
Total	136,539	44,133	180,673	7,060	187,733	(14,277)	173,455
Segment income	22,030	3,218	25,248	493	25,742	38	25,780
Segment assets	102,169	65,201	167,371	5,678	173,050	94,423	267,473
Other items (Note 4)							
Depreciation	2,780	1,920	4,701	200	4,901	—	4,901
Goodwill depreciation	—	1,128	1,128	—	1,128	—	1,128
Increase in property, plant, and equipment and intangible assets	8,415	17,231	25,646	266	25,913	973	26,887

- (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. Adjustment details are as follows:
    - (1) Adjustment of 38 million yen in segment income is eliminations among segments.
    - (2) Adjustment of 94,423 million yen in segment assets is assets of group companies and eliminations among segments, mainly consisting of extra funds for investment by the parent company (cash and deposits and securities), funds for long-term investment (investment securities), and assets related to administrative departments.
    - (3) The standards for allocation of non-current assets to segments are different from those for allocation of related depreciation to segments.
    - (4) Adjustment of 973 million yen for increase in property, plant, and equipment and intangible assets is an increase in the assets of group companies.
  3. Segment income is adjusted with operating income presented in Consolidated Financial Statements.
  4. Increase in depreciation, property, plant, and equipment and intangible assets includes an increase in long-term prepaid expenses and amortization of long-term prepaid expenses.

## KOBAYASHI PHARMACEUTICAL CO., LTD.

Current consolidated fiscal year (January 1, 2024 to December 31, 2024)

(millions of yen)

	Reportable Segments			Other (Note 1)	Grand Total	Adjustment (Note 2)	Consolidated (Note 3)
	Domestic Business	International Business	Total				
Net sales							
Japan	119,901	—	119,901	518	120,419	—	120,419
United States	—	21,246	21,246	—	21,246	—	21,246
China	—	11,082	11,082	—	11,082	—	11,082
Southeast Asia	—	8,575	8,575	—	8,575	—	8,575
Other	—	4,276	4,276	—	4,276	—	4,276
Revenue from contracts with customers	119,901	45,181	165,082	518	165,600	—	165,600
Net sales to outside customers	119,901	45,181	165,082	518	165,600	—	165,600
Inter-segment sales or transfers	4,023	1,659	5,683	5,993	11,676	(11,676)	—
Total	123,924	46,841	170,765	6,511	177,277	(11,676)	165,600
Segment income	23,217	1,272	24,489	264	24,754	105	24,860
Segment assets	113,342	75,871	189,213	5,454	194,667	70,700	265,368
Other items (Note 4)							
Depreciation	3,510	2,853	6,363	223	6,586	—	6,586
Goodwill depreciation	—	1,407	1,407	—	1,407	—	1,407
Increase in property, plant, and equipment and intangible assets	16,942	7,310	24,252	261	24,514	347	24,861

- (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. Adjustment details are as follows:
    - (1) Adjustment of 105 million yen in segment income is eliminations among segments.
    - (2) Adjustment of 70,700 million yen in segment assets is assets of group companies and eliminations among segments, mainly consisting of extra funds for investment by the parent company (cash and deposits and securities), funds for long-term investment (investment securities), and assets related to administrative departments.
    - (3) The standards for allocation of non-current assets to segments are different from those for allocation of related depreciation to segments.
    - (4) Adjustment of 347 million yen for increase in property, plant, and equipment and intangible assets is an increase in the assets of group companies.
  3. Segment income is adjusted with operating income presented in Consolidated Financial Statements.
  4. Increase in depreciation, property, plant, and equipment and intangible assets includes an increase in long-term prepaid expenses and amortization of long-term prepaid expenses.

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (Per share information)

Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)		Current consolidated fiscal year (January 1, 2024 to December 31, 2024)	
Net assets per share:	2,749.17 yen	Net assets per share:	2,862.28 yen
Net income per share:	268.16 yen	Net income per share:	135.42 yen

(Note) 1. Diluted net income per share is omitted since there are no potential ordinary shares with a dilutive effect.  
2. Net income per share was calculated based on the figures below.

	Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)	Current consolidated fiscal year (January 1, 2024 to December 31, 2024)
Net income per share		
Net income attributable to owners of the parent (Millions of yen)	20,338	10,067
Net income not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to owners of the parent related to common stock (Millions of yen)	20,338	10,067
Average number of shares of common stock during the period (1,000 shares)	75,842	74,338
Outline of dilutive shares not included in calculation of net income per share after full dilution due to the absence of dilutive effects	Resolution at Board of Directors' meeting held on August 25, 2021 Stock option plan (share acquisition rights: 3,288 units) Common stock: 328,800 shares	Resolution at Board of Directors' meeting held on August 25, 2021 Stock option plan (share acquisition rights: 3,143 units) Common stock: 314,300 shares  Resolution at Board of Directors' meeting held on November 7, 2023 Stock option plan (share acquisition rights: 3,421 units) Common stock: 342,100 shares

## (Important subsequent event)

Not applicable