

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## Summary of Financial Statements (Japanese GAAP) (Consolidated) Financial Results for the Fiscal Year Ended December 31, 2025

February 10, 2026

Listed exchanges : Tokyo  
 Listed company name : Kobayashi Pharmaceutical Co., Ltd.  
 Code : 4967  
 URL : <https://www.kobayashi.co.jp/english/index.html>  
 Representative officer : Norikazu Toyoda, President & COO  
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 Executive Officer, General Manager, Financial Department  
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Expected date of general meeting of shareholders: March 27, 2026

Expected date for starting payment of dividends: March 9, 2026

Expected date for filing financial report with the Finance Ministry: March 25, 2026

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, 2025 (January 1, 2025 to December 31, 2025)

#### (1) Consolidated Operating Results

(% figures represent changes from previous period.)

	FY ended December 31, 2025		FY ended December 31, 2024	
Net sales	165,742 millions of yen	0.1 %	165,600 millions of yen	(4.5) %
Operating income	14,923	(40.0)	24,860	(3.6)
Ordinary income	16,995	(36.7)	26,861	(1.7)
Net income attributable to owners of the parent	3,656	(63.7)	10,067	(50.5)
Net income per share	49.19 yen		135.42 yen	
Diluted net income per share	—		—	
Return on equity		1.7		4.8
Return on assets		6.3		10.1
Ratio of operating income to net sales		9.0		15.0

(Note) Comprehensive income

FY ended December 31, 2025: 5,088 million yen (–68.0%)      FY ended December 31, 2024: 15,921 million yen (–38.7%)

(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, 2025	FY ended December 31, 2024
Total assets	275,329 millions of yen	265,368 millions of yen
Net assets	211,008	213,471
Shareholders' equity ratio	76.3 %	80.2 %
Net assets per share	2,827.68 yen	2,862.28 yen
(Reference) Shareholders' equity	FY ended December 31, 2025: 210,206 million yen    FY ended December 31, 2024: 212,778 million yen	

## (3) Consolidated Cash Flow

	FY ended December 31, 2025	FY ended December 31, 2024
Net cash provided by (used in) operating activities	25,590 millions of yen	11,246 millions of yen
Net cash provided by (used in) investing activities	(154)	(18,415)
Net cash provided by (used in) financing activities	(7,921)	(7,768)
Cash and cash equivalents at period-end	64,693	45,973

## 2. Dividends

	FY ended December 31, 2024	FY ended December 31, 2025	FY ending December 31, 2026 (forecasts)
Dividends per share			
Q1 end	—	—	—
Q2 end	43.00 yen	44.00 yen	45.00 yen
Q3 end	—	—	—
Year-end	59.00	60.00	61.00
Total	102.00	104.00	106.00
Total dividends	7,582 millions of yen	7,731 millions of yen	
Payout ratio (consolidated)	75.3 %	211.4 %	78.8 %
Ratio of dividends to net assets (consolidated)	3.6	3.7	

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## 3. Forecasts of Consolidated Operational Results for Fiscal Year Ending December 31, 2026 (January 1, 2026 to December 31, 2026)

(% figures represent changes from previous period.)

	Full year	
Net sales	173,000 millions of yen	4.4 %
Operating income	12,500	(16.2)
Ordinary income	13,000	(23.5)
Net income attributable to owners of the parent	10,000	173.5
Net income per share	134.52 yen	

\* Notes

(1) Significant changes in the scope of consolidation during the period under review: Yes  
Excluded: Three companies; (Company name) Meitan Hampo Co., Ltd. and two other companies

(2) 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 "3. Consolidated Financial Statements and Main Notes (5) Notes on Consolidated Financial Statements (Changes in Accounting Policies, etc." on Page 13 of the attachment.

(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, 2025	78,050,000 shares	FY ended December 31, 2024	78,050,000 shares
FY ended December 31, 2025	3,711,236 shares	FY ended December 31, 2024	3,711,181 shares
FY ended December 31, 2025	74,338,804 shares	FY ended December 31, 2024	74,338,896 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, 2026" 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 Tuesday, February 10, 2026. 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. Overview of Operational Results, etc.

## (1) Overview of Operational Results for FY Ended December 31, 2025

## Overview of Consolidated Results

(Unit: millions of yen)

	Previous Year (FY ended December 31, 2024)		Current Year (FY ended December 31, 2025)		Change	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Change (%)
	Net sales	165,600	100.0	165,742	100.0	141
Operating income	24,860	15.0	14,923	9.0	(9,937)	(40.0)
Ordinary income	26,861	16.2	16,995	10.3	(9,866)	(36.7)
Net income attributable to owners of the parent	10,067	6.1	3,656	2.2	(6,410)	(63.7)
Net income per share (yen)	135.42		49.19		(86.23)	(63.7)

Regarding the incident concerning our red yeast rice-related products, we are currently making every effort to provide compensation to customers who have suffered health damage and to companies that incurred losses. In addition, we are all striving together to implement and maintain the measures to prevent recurrence we announced in September 2024, based on the three pillars of “awareness raising and structural enhancement regarding quality and safety,” “fundamental reform of corporate governance,” and “new Kobayashi Pharmaceutical to be created by all of us.”

During the consolidated fiscal year under review (January 1, 2025 to December 31, 2025), economic activity returned to normal in many countries, and demand from inbound tourists showed an upward trend. However, due to soaring raw materials prices, higher energy costs, and rising geopolitical risks, 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 165,742 million yen (up 0.1% year on year), 14,923 million yen (down 40.0% year on year), 16,995 million yen (down 36.7% year on year), and 3,656 million yen (down 63.7% year on year), respectively.

As stated in the news release on February 3, 2026, “Notice on Recording of Extraordinary Losses (Impairment Losses), Revision of Full-year Forecast, and Difference Between Non-consolidated Forecast and Actual Results of the Previous Year,” the Company recorded extraordinary losses (impairment losses) of 14,645 million yen at the new Sendai plant and Thai Plant.

Business results by segment were as follows:

Domestic Business

In the Domestic Business, new products released in the fall of 2025, such as *NODONURU Pain Relief Drop* (a throat pain reliever containing a local anesthetic ingredient) and *Shoshugen ZERO for Toilet* (an unscented deodorizer effective without masking unpleasant smells with fragrances), contributed to growth in sales. In addition, as the number of foreigners visiting Japan increased, demand from inbound tourists rose, contributing to sales growth.

Following the voluntary recall of red yeast rice-related products, advertising was temporarily suspended. However, with the full-scale resumption of TV advertising in July 2025, marketing activities continued in the second half of the year. These measures proved effective, and sales of both healthcare and household products began to recover.

In the Direct Marketing Business, sales decreased due to suspension of advertising and cancellation of regular subscriptions. Incidentally, sales of products through the Company’s direct marketing website and call center terminated on December 31, 2025.

As a result, net sales and segment income were 122,920 million yen (down 0.8% year on year) and 13,963 million yen (down 39.9% year on year), respectively.

Net sales include inter-segment sales or transfers, which totaled 4,023 million yen in the previous consolidated fiscal year and 4,856 million yen in the consolidated fiscal year under review.

(Breakdown of sales to external customers)

(Unit: millions of yen)

	Previous Year (FY ended December 31, 2024)	Current Year (FY ended December 31, 2025)	Change	
			Amount	Change (%)
Healthcare products	59,194	58,315	(879)	(1.5)
Household products	50,161	50,815	654	1.3
Body warmers	6,039	6,198	158	2.6
Direct marketing	4,505	2,735	(1,770)	(39.3)
Total	119,901	118,064	(1,836)	(1.5)

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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.

In the United States, sales increased due to strong sales of body warmers driven by weather factors, such as lower temperatures during the winter season from January to March 2025 and at the end of 2025.

In Southeast Asia, sales increased due to the resolution of various shipment adjustments that had occurred in 2024 and the success of marketing initiatives for *Ammeltz*, mainly in Malaysia.

Meanwhile, in China, sales decreased due to a slowdown in demand for such products as *Netsusama Sheet*, following a drop in the number of fever patients, and a decline in demand for body warmers due to warm weather that continued during the winter season at the end of 2025.

As a result, net sales and segment income were 48,415 million yen (up 3.4% year on year) and 810 million yen (down 36.3% year on year), respectively.

Net sales include inter-segment sales or transfers, which totaled 1,659 million yen in the previous consolidated fiscal year and 1,420 million yen in the consolidated fiscal year under review.

(Breakdown of sales to external customers)

	Previous Year (FY ended December 31, 2024)	Current Year (FY ended December 31, 2025)	(Unit: millions of yen)	
			Change	
			Amount	Change (%)
United States	21,246	23,813	2,567	12.1
China	11,082	9,614	(1,468)	(13.2)
Southeast Asia	8,575	9,299	723	8.4
Others	4,276	4,265	(10)	(0.2)
Total	45,181	46,994	1,813	4.0

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 6,581 million yen (up 1.1% year on year) and 215 million yen (down 18.5% year on year), respectively.

Net sales include inter-segment sales or transfers, which totaled 5,993 million yen in the previous consolidated fiscal year and 5,897 million yen in the consolidated fiscal year under review.

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## (2) Overview of Financial Position for FY Ended December 31, 2025

(Consolidated Financial Position)

(Unit: millions of yen)

	Previous Year (FY ended December 31, 2024)	Current Year (FY ended December 31, 2025)	Change
Total assets	265,368	275,329	9,960
Net assets	213,471	211,008	(2,462)
Shareholders' equity ratio	80.2%	76.3%	(3.9%)
Net assets per share (yen)	2,862.28	2,827.68	(34.60)

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

Total assets increased by 9,960 million yen from the balance as of the end of the previous consolidated fiscal year to 275,329 million yen. This was attributable mainly to an increase of 11,440 million yen in cash and deposits, an increase of 2,738 million yen in notes and accounts receivable-trade, a decrease of 6,572 million yen in short-term investment securities, a decrease of 908 million yen in raw materials and supplies, an increase of 787 million yen in buildings and structures, net, a decrease of 1,605 million yen in construction in progress, a decrease of 1,549 million yen in goodwill, a decrease of 1,653 million yen in trademark rights, an increase of 7,222 million yen in investment securities, and an increase of 2,176 million yen in deferred tax assets.

Liabilities increased by 12,423 million yen from the balance as of the end of the previous consolidated fiscal year to 64,320 million yen. This was attributable mainly to an increase of 13,799 million yen in accounts payable-other, a decrease of 1,794 million yen in provision for product recall-related losses, and a decrease of 1,554 million yen in deferred tax liabilities.

Net assets decreased by 2,462 million yen from the balance as of the end of the previous consolidated fiscal year to 211,008 million yen, bringing the shareholders' equity ratio to 76.3%. This was attributable mainly to a decrease of 4,000 million yen in retained earnings, an increase of 616 million yen in valuation difference on available-for-sale securities, and an increase of 712 million yen in foreign currency translation adjustment.

## (3) Overview of Cash Flows for FY Ended December 31, 2025

(Consolidated Cash Flow)

(Unit: millions of yen)

	Previous Year (FY ended December 31, 2024)	Current Year (FY ended December 31, 2025)	Change
Net cash provided by (used in) operating activities	11,246	25,590	14,343
Net cash provided by (used in) investing activities	(18,415)	(154)	18,261
Free cash flow	(7,168)	25,435	32,604
Net cash provided by (used in) financing activities	(7,768)	(7,921)	(152)
Cash and cash equivalents at period-end	45,973	64,693	18,719

Cash flows from operating activities

Net cash provided by operating activities totaled 25,590 million yen. The major factors were income before income taxes of 3,744 million yen, depreciation of 7,355 million yen, impairment loss of 14,775 million yen, gain on sales of investment securities of 3,041 million yen, an increase in accounts payable-other of 6,885 million yen, and income taxes paid of 4,189 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 154 million yen. The major factors were payments into time deposits of 19,352 million yen, proceeds from withdrawal of time deposits of 26,788 million yen, proceeds from sale and redemption of securities of 6,600 million yen, purchase of property, plant and equipment of 13,253 million yen, proceeds from sale of property, plant and equipment of 2,624 million yen, purchase of investment securities of 6,600 million yen, and proceeds from sale of investment securities of 3,504 million yen.

Cash flows from financing activities

Net cash used in financing activities totaled 7,921 million yen. The major factor was cash dividends paid of 7,653 million yen.

Consequently, cash and cash equivalents as of December 31, 2025 totaled 64,693 million yen, an increase of 18,719 million yen from the end of the previous fiscal year.

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (4) Forecast for Year Ending December 31, 2026

(Unit: millions of yen)

	Current Year (FY ended December 31, 2025)		Next Year (FY ending December 31, 2026)		Percentage change (%)
	Amount	Ratio (%)	Amount	Ratio (%)	
Net sales	165,742	100.0	173,000	100.0	4.4
Operating income	14,923	9.0	12,500	7.2	(16.2)
Ordinary income	16,995	10.3	13,000	7.5	(23.5)
Net income attributable to owners of the parent	3,656	2.2	10,000	5.8	173.5
Net income per share (yen)	49.19		134.52		173.5

While the global economy is expected to recover gradually, the outlook remains uncertain due to such factors as rising geopolitical risks, currency fluctuations, and tighter regulations in various countries.

In this situation, the Kobayashi Pharmaceutical Group places the highest priority on restoring trust and will promote awareness raising and structural enforcement regarding quality and safety. At the same time, under the corporate slogan "You make a wish and we make it happen," we will strive to launch new products that meet customer needs, develop existing products, and invest in future growth businesses.

As a major initiative, we have launched a new three-year medium-term management plan, with fiscal 2026 as the first year. We will strengthen our management foundation to achieve sustainable growth in the future, aiming to restore trust and achieve sustainable growth at the same time. To this end, the Company will promote the following strategies.

<Five strategic pillars>

1. Strengthening the management foundation to rebuild "trust"

In addition to further improving quality, we will strengthen our management foundation for restoring trust and achieving sustainable growth by shifting to human capital management in which each employee can demonstrate their expertise and work energetically, thereby creating a foundation for the future.

2. Corporate transformation to achieve "sustainable growth" once again

In addition to profit improvement activities, we will create the management resources (people, products, money) and driving force to achieve sustainable growth by fostering an organizational culture in which all employees can take on challenges with pride and a sense of fulfillment.

3. Sustainable growth of Domestic Business

By flexibly allocating management resources and utilizing the resources created, we aim to enhance the quality of new product development and further grow existing brands.

4. Accelerating "global" expansion and establishing a foundation

We aim to accelerate global expansion by optimizing development and marketing resources of the International Business and implementing strategies tailored to each region.

5. Capital-efficient management for increasing corporate value

We will allocate funds generated through optimizing cash and cash deposit levels and selling non-business assets as strategic funds for achieving sustainable growth and increasing corporate value.

Regarding the outlook for the next fiscal year, we expect an increase in net sales due to the sales effect of year-round advertising activities and the growth of our overseas businesses. However, operating income is expected to decrease due to factors such as an increase in advertising expenses and an increase in depreciation and running costs associated with the operation start of the new Sendai plant and Saito R&D and Manufacturing Lab (new research institute).

#### (5) Basic Policy for Profit Distribution and Dividend Payments for Fiscal Year Ended December 31, 2025 and Fiscal Year Ending December 31, 2026

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 104 yen (including an interim dividend of 44 yen per share and a year-end dividend of 60 yen per share) for the year ended December 31, 2025 as initially forecasted. For the year ending December 31, 2026, the Company plans to pay a regular dividend of 106 yen per share (including an interim dividend of 45 yen per share and a year-end dividend of 61 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, 2024)	Current consolidated fiscal year (December 31, 2025)
<b>ASSETS</b>		
Current assets		
Cash and deposits	50,873	62,314
Notes and accounts receivable-trade	49,442	52,180
Short-term investment securities	14,872	8,300
Merchandise and finished goods	15,143	14,710
Work in process	2,091	2,022
Raw materials and supplies	6,929	6,020
Other	5,174	3,316
Allowance for doubtful accounts	(58)	(45)
<b>Total current assets</b>	<b>144,468</b>	<b>148,820</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	32,461	33,248
Machinery, equipment and vehicles, net	6,476	7,004
Tools, furniture and fixtures, net	2,485	2,591
Land	5,947	6,211
Leased assets, net	815	655
Construction in progress	19,261	17,656
<b>Total property, plant and equipment</b>	<b>67,448</b>	<b>67,367</b>
Intangible assets		
Goodwill	9,260	7,711
Trademark rights	8,220	6,566
Software	2,662	2,620
Other	530	516
<b>Total intangible assets</b>	<b>20,674</b>	<b>17,414</b>
Investments and other assets		
Investment securities	24,617	31,840
Long-term loans receivable	1,269	1,334
Retirement benefit asset	750	891
Deferred tax assets	3,087	5,264
Real estate for investment, net	2,650	2,442
Other	1,730	1,335
Allowance for doubtful accounts	(1,328)	(1,382)
<b>Total investments and other assets</b>	<b>32,777</b>	<b>41,726</b>
<b>Total non-current assets</b>	<b>120,900</b>	<b>126,508</b>
<b>Total assets</b>	<b>265,368</b>	<b>275,329</b>

# KOBAYASHI PHARMACEUTICAL CO., LTD.

(millions of yen)

	Previous consolidated fiscal year (December 31, 2024)	Current consolidated fiscal year (December 31, 2025)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	8,264	8,458
Electronically recorded obligations-operating	6,424	6,440
Accounts payable-other	17,117	30,916
Lease obligations	343	319
Income taxes payable	1,913	1,852
Accrued consumption taxes	346	1,138
Provision for bonuses	2,840	3,052
Provision for product recall-related losses	3,970	2,176
Other	5,202	5,783
Total current liabilities	46,423	60,137
Non-current liabilities		
Lease obligations	503	359
Deferred tax liabilities	1,554	—
Net defined benefit liability	1,005	989
Other	2,409	2,833
Total non-current liabilities	5,473	4,182
Total liabilities	51,896	64,320
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,450	3,450
Capital surplus	522	522
Retained earnings	208,240	204,240
Treasury stock	(24,767)	(24,767)
Total shareholders' equity	187,445	183,444
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,469	13,085
Foreign currency translation adjustment	12,300	13,012
Re-measurements of retirement benefit plans	563	663
Total accumulated other comprehensive income	25,333	26,761
Share acquisition rights	688	793
Non-controlling interests	4	9
Total net assets	213,471	211,008
Total liabilities and net assets	265,368	275,329

## 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, 2024 to December 31, 2024)	Current consolidated fiscal year (January 1, 2025 to December 31, 2025)
Net sales	165,600	165,742
Cost of sales	77,997	81,030
Gross profit	87,603	84,711
Selling, general and administrative expenses		
Promotion expenses	3,435	3,359
Freight and warehousing expenses	5,294	5,601
Advertising expenses	8,140	13,503
Salaries, allowances and bonuses	16,289	16,825
Retirement benefit expenses	765	820
Taxes and dues	753	1,264
Depreciation	3,433	3,886
Amortization of goodwill	1,407	1,390
Rent	1,558	1,566
Commission fees	5,160	5,362
Research and development expenses	9,109	9,122
Other	7,391	7,085
Total selling, general and administrative expenses	62,742	69,788
Operating income	24,860	14,923
Non-operating income		
Interest income	207	335
Dividend income	608	664
Real estate rent	300	300
Foreign exchange gains	330	278
Compensation income	347	403
Other	683	491
Total non-operating income	2,477	2,473
Non-operating expenses		
Interest expenses	28	28
Rent cost of real estate	106	105
Provision of allowance for doubtful accounts	151	79
Other	189	188
Total non-operating expenses	476	402
Ordinary income	26,861	16,995

# KOBAYASHI PHARMACEUTICAL CO., LTD.

(millions of yen)

	Previous consolidated fiscal year (January 1, 2024 to December 31, 2024)	Current consolidated fiscal year (January 1, 2025 to December 31, 2025)
Extraordinary income		
Gain on sales of non-current assets	21	2,259
Gain on sales of investment securities	635	3,041
Other	4	1,116
Total extraordinary income	662	6,417
Extraordinary loss		
Loss on disposal of non-current assets	72	140
Impairment losses	252	14,775
Losses related to defective products	12,524	3,690
Other	760	1,062
Total extraordinary loss	13,609	19,668
Income before income taxes	13,914	3,744
Income taxes - current	5,240	4,359
Income taxes - deferred	(1,398)	(4,276)
Total income taxes	3,842	83
Net income	10,071	3,660
Net income attributable to non-controlling interests	4	4
Net income attributable to owners of the parent	10,067	3,656

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## (Consolidated Comprehensive Income Statement)

(millions of yen)

	Previous consolidated fiscal year (January 1, 2024 to December 31, 2024)	Current consolidated fiscal year (January 1, 2025 to December 31, 2025)
Net income	10,071	3,660
Other comprehensive income		
Valuation difference on available-for-sale securities	(350)	616
Foreign currency translation adjustment	5,896	712
Adjustment for retirement benefits	304	99
Total other comprehensive income	5,850	1,428
Comprehensive income	15,921	5,088
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	15,917	5,084
Comprehensive income attributable to non-controlling interests	4	4

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## (3) Consolidated Statement of Shareholders' Equity Previous 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.

## Current consolidated fiscal year (January 1, 2025 to December 31, 2025)

(millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at period start	3,450	522	208,240	(24,767)	187,445
Change during current period					
Dividends from surplus			(7,656)		(7,656)
Net income attributable to owners of the parent			3,656		3,656
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total change during current period	—	—	(4,000)	(0)	(4,000)
Balance at current period-end	3,450	522	204,240	(24,767)	183,444

	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	12,469	12,300	563	25,333	688	4	213,471
Change during current period							
Dividends from surplus							(7,656)
Net income attributable to owners of the parent							3,656
Purchase of treasury stock							(0)
Net changes of items other than shareholders' equity	616	712	99	1,428	105	4	1,537
Total change during current period	616	712	99	1,428	105	4	(2,462)
Balance at current period-end	13,085	13,012	663	26,761	793	9	211,008

# KOBAYASHI PHARMACEUTICAL CO., LTD.

## (4) Consolidated Statement of Cash Flows

(millions of yen)

	Previous consolidated fiscal year (January 1, 2024 to December 31, 2024)	Current consolidated fiscal year (January 1, 2025 to December 31, 2025)
<b>Cash flow from operating activities</b>		
Income before income taxes	13,914	3,744
Depreciation	6,615	7,355
Impairment losses	252	14,775
Amortization of goodwill	1,407	1,390
Increase (decrease) in provision for product recall-related losses	3,970	(1,794)
Interest and dividends income	(815)	(999)
Interest expenses	28	28
Loss (gain) on sales of investment securities	(635)	(3,041)
Loss (gain) on sales and retirement of non-current assets	50	(2,119)
Decrease (increase) in notes and accounts receivable-trade	4,780	(2,395)
Decrease (increase) in inventories	(1,144)	1,392
Increase (decrease) in notes and accounts payable-trade	(2,931)	84
Increase (decrease) in accounts payable-other	(6,060)	6,885
Increase (decrease) in accrued consumption taxes	(456)	779
Other	(1,023)	2,793
<b>Total</b>	<b>17,951</b>	<b>28,878</b>
Interest and dividend income received	801	929
Interest expenses paid	(34)	(28)
Income taxes paid	(7,471)	(4,189)
<b>Net cash provided by operating activities</b>	<b>11,246</b>	<b>25,590</b>
<b>Cash flow from investing activities</b>		
Payments into time deposits	(30,293)	(19,352)
Proceeds from withdrawal of time deposits	35,405	26,788
Purchase of securities	(2,000)	—
Proceeds from sales and redemption of securities	4,000	6,600
Purchase of property, plant and equipment	(26,056)	(13,253)
Proceeds from sales of property, plant and equipment	22	2,624
Purchase of intangible assets	(573)	(758)
Purchase of investment securities	(18)	(6,606)
Proceeds from sales of investment securities	959	3,504
Other	138	298
<b>Net cash provided by (used in) investing activities</b>	<b>(18,415)</b>	<b>(154)</b>
<b>Cash flow from financing activities</b>		
Cash dividends paid	(7,505)	(7,653)
Other	(263)	(268)
<b>Net cash provided by (used in) financing activities</b>	<b>(7,768)</b>	<b>(7,921)</b>
Effect of exchange rate change on cash and cash equivalents	1,220	1,204
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(13,717)</b>	<b>18,719</b>
Cash and cash equivalents at beginning of period	59,690	45,973
<b>Cash and cash equivalents at end of period</b>	<b>45,973</b>	<b>64,693</b>

## KOBAYASHI PHARMACEUTICAL CO., LTD.

## (Notes on Consolidated Income Statement)

## (Impairment losses)

The Kobayashi Pharmaceutical Group is divided into groups based on the smallest unit that generates cash flow, with each basic unit being a company, Business Division, or manufacturing site. The Head Office, laboratories, etc. are treated as shared assets. In addition, idle assets are grouped on an individual property basis.

The pharmaceutical plant that the Group is currently constructing in Taiwa-cho, Kurokawa-gun, Miyagi Prefecture (hereinafter, the “New Sendai Plant”), based on the concept of “a pharmaceutical plant capable of supplying the entire world,” was scheduled to begin production in 2025. However, the verification preparations required to comply with the pharmaceutical manufacturing guidelines established by various countries, along with the strengthening of our quality management system, are now expected to require more time and cost than initially anticipated. In addition, the full-scale market launch of pharmaceuticals in mainland China is expected to take longer than initially anticipated. As a result, we have revised our sales plan. Consequently, due to the anticipated decline in future profitability at the New Sendai Plant, its book value has been reduced to the recoverable amount, and the reduced amount was recorded as an impairment loss.

KOBAYASHI Pharmaceutical Manufacturing (Thailand) Co., Ltd., our local subsidiary in Thailand (hereinafter, the “Thai Manufacturing Subsidiary”), was established on January 19, 2024 based on a resolution of the Board of Directors on November 7, 2023, with the aim of increasing production capacity for *Netsusama Sheet* and establishing a stable supply system based on local production for local consumption within the Southeast Asian region. Initially, production at the plant that the Thai Manufacturing Subsidiary is currently constructing (hereinafter, “Thai Plant”) was scheduled to begin in 2025, but establishing quality control and stable production systems is now expected to take longer than initially anticipated. Consequently, due to the anticipated decline in future profitability at the Thai Plant, its book value has been reduced to the recoverable amount, and the reduced amount was recorded as an impairment loss.

Furthermore, for business assets with little prospect of future use, their book value has been reduced to the recoverable amount, and the reduced amount was recorded as an impairment loss.

Location	Purpose of use	Type	Impairment losses (million yen)
New Sendai Plant (Miyagi Prefecture)	Business assets - Production facilities	Buildings and structures	4,583
		Machinery, equipment and vehicles	337
		Tools, furniture and fixtures	74
		Construction in progress	8,299
		Software	143
Thai Plant (Thailand)	Business assets - Production facilities	Buildings and structures	584
		Machinery, equipment and vehicles	5
		Tools, furniture and fixtures	50
		Construction in progress	566
		Software	0
Osaka Prefecture, etc.	Business assets - Other	Software, etc.	129
Total			14,775

Regarding the Business assets - Production facilities of the New Sendai Plant, since their profitability has declined significantly, their book value has been reduced to the recoverable amount, and the reduced amount was recorded as an extraordinary loss. The recoverable amount is measured based on the value in use, calculated by discounting future cash flows at 9.2%.

Regarding the Business assets - Production facilities of the Thai Plant, since their profitability has declined significantly, their book value has been reduced to the recoverable amount, and the reduced amount was recorded as an extraordinary loss. The recoverable amount is measured based on the net selling price and assessed using real estate appraisals, etc.

Regarding the Business assets - Other of Osaka Prefecture, etc., since future cash flows cannot be expected, the full book value has been recorded as an impairment loss.

## (Product recall-related losses)

For the consolidated fiscal year under review, the Company recorded product recall-related losses of 3,690 million yen as an extraordinary loss with respect to the recall of red yeast rice-related products and associated expenses. The main components of the product recall-related losses are the costs of recalling red yeast rice ingredients for companies, compensation costs for customers who suffered health damage, and provision for product recall-related losses.

# KOBAYASHI PHARMACEUTICAL CO., LTD.

(Notes on revenue recognition)

Information on the breakdown of revenue arising from contracts with customers is as described in the “Notes (Notes on segment information).”

(Notes on segment information)

## 1. Overview of reportable segments

Our reportable segments are the components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating business performance.

The Company develops comprehensive strategies separately for both domestic and overseas markets regarding the products and services it handles, and conducts business activities accordingly.

Therefore, the Company is composed of segments by region based on Business Headquarters, with two reportable segments of “Domestic Business” and “International Business.”

The Domestic Business and International Business manufacture and sell healthcare products, household products, body warmers, etc.

## 2. Method of calculating amounts for net sales, profit or loss, assets, and other items by reportable segment

The accounting treatment methods applied to the reported business segments are generally the same as those adopted in preparing the Consolidated Financial Statements.

Figures of reported segments are based on operating income.

Inter-segment revenues and transfers are based on prevailing market prices.

# 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, 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 and 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.

Current consolidated fiscal year (January 1, 2025 to December 31, 2025)

(millions of yen)

	Reportable Segments			Other (Note 1)	Grand Total	Adjustment (Note 2)	Consolidated (Note 3)
	Domestic Business	International Business	Total				
Net sales							
Japan	118,064	—	118,064	683	118,748	—	118,748
United States	—	23,813	23,813	—	23,813	—	23,813
China	—	9,614	9,614	—	9,614	—	9,614
Southeast Asia	—	9,299	9,299	—	9,299	—	9,299
Other	—	4,265	4,265	—	4,265	—	4,265
Revenue from contracts with customers	118,064	46,994	165,058	683	165,742	—	165,742
Net sales to outside customers	118,064	46,994	165,058	683	165,742	—	165,742
Inter-segment sales or transfers	4,856	1,420	6,277	5,897	12,174	(12,174)	—
Total	122,920	48,415	171,336	6,581	177,917	(12,174)	165,742
Segment income	13,963	810	14,773	215	14,989	(66)	14,923
Segment assets	117,762	85,776	203,539	5,539	209,078	66,250	275,329
Other items (Note 4)							
Depreciation	3,902	3,172	7,075	252	7,327	—	7,327
Goodwill depreciation	—	1,390	1,390	—	1,390	—	1,390
Increase in property, plant, and equipment and intangible assets	13,467	6,400	19,868	298	20,166	556	20,723

(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 (66) million yen in segment income is eliminations among segments.

(2) Adjustment of 66,250 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 556 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.

(Notes on per share information)

Previous consolidated fiscal year (January 1, 2024 to December 31, 2024)		Current consolidated fiscal year (January 1, 2025 to December 31, 2025)	
Net assets per share:	2,862.28 yen	Net assets per share:	2,827.68 yen
Net income per share:	135.42 yen	Net income per share:	49.19 yen

- (Notes) 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, 2024 to December 31, 2024)	Current consolidated fiscal year (January 1, 2025 to December 31, 2025)
Net income per share		
Net income attributable to owners of the parent (Millions of yen)	10,067	3,656
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)	10,067	3,656
Average number of shares of common stock during the period (1,000 shares)	74,338	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 (Stock acquisition rights: 3,143) Common stock: 314,300 shares	Resolution at Board of Directors' meeting held on August 25, 2021 Stock option plan (Stock acquisition rights: 3,027) Common stock: 302,700 shares
	Resolution of the Board of Directors on November 7, 2023 Stock option plan (Stock acquisition rights: 3,421) Common stock: 342,100 shares	Resolution at Board of Directors' meeting held on November 7, 2023 Stock option plan (Stock acquisition rights: 3,293) Common stock: 329,300 shares

(Notes on important subsequent event)

Not applicable