

KOBAYASHI PHARMACEUTICAL CO., LTD.

[Disclaimer: This document is an English translation of the original Japanese Notice of Convocation of the 108th Ordinary General Meeting of Shareholders of KOBAYASHI PHARMACEUTICAL CO., LTD., and has been prepared solely for the convenience of shareholders outside Japan with voting rights. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail. Certain omissions and modifications have been made from the original Japanese notice.]

(TSE Code 4967)

(Date of dispatch) March 6, 2026

(Date of commencement of measures for electronic provision) February 26, 2026

Norikazu Toyoda
Representative Director, President and Chief Executive Officer
KOBAYASHI PHARMACEUTICAL CO., LTD.
4-10, Doshomachi 4-chome, Chuo-ku, Osaka, Japan

To Our Shareholders:

NOTICE OF CONVOCATION OF THE 108TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 108th Ordinary General Meeting of Shareholders of KOBAYASHI PHARMACEUTICAL CO., LTD. (the “Company”), which will be held as described below.

In convening this General Meeting of Shareholders, we have taken electronic provision measures with respect to the information contained in the Reference Documents for the General Meeting of Shareholders and other related materials (the “Items Subject to Electronic Provision Measures”). For the convenience of our shareholders, certain materials are enclosed in printed form; however, the full set of Items Subject to Electronic Provision Measures is posted on our website. Please access the website below to review the materials.

The Company's Website

<https://www.kobayashi.co.jp/ir/report/shm/>

(After accessing the above website, please refer to the “Related Materials” section.) (Note: The posted information is written in Japanese)



In addition to the Company's Website above, you can also see the materials at the following websites.

Website for the General Meeting of Shareholders

<https://d.sokai.jp/4967/teiji/>

Tokyo Stock Exchange Website (TSE Listed Company Information Service)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

(After accessing the website above, please enter “小林製薬” in the “銘柄名(会社名)” field or the Company's securities code “4967” in the “コード” field, and then select “基本情報” and “縦覧書類/PR 情報” and click the “株主総会招集通知/株主総会資料” section under “縦覧書類.”)

KOBAYASHI PHARMACEUTICAL CO., LTD.

To Our Shareholders

Reaffirming our commitment to our original point of “manufacturing that puts quality and safety first”, we will continue to create products that people feel they cannot live without.

Representative Director,
President and Chief Executive
Officer

/s/ Norikazu Toyoda



We would like to express our sincere appreciation for your continued support and confidence in our Company.

With regard to the incident involving our red yeast rice related products, we once again offer our deepest apologies for the significant concern and inconvenience this matter has caused since its occurrence.

At present, our highest priority is providing sincere and appropriate compensation to those who have suffered health damage. At the same time, we are steadily implementing the reoccurrence prevention measures we have formulated. Returning to our original point of “manufacturing that puts quality and safety first,” we are committed to delivering products that our customers can use with confidence.

Under the new management structure launched in March 2025, we have made a decisive shift toward “more focused approach to management.” To ensure that such an incident never occurs again, we are actively strengthening investment in quality while undertaking structural reforms, including optimization of our product portfolio and the restructuring of unprofitable businesses, in order to enhance sustainable profitability. Furthermore, in pursuit of our “Vision 2035,” we announced a new Medium-Term Management Plan this February, outlining concrete strategies for future growth.

Our aspiration is that products and services born from the idea of “You make a wish and we make it happen” will become new habits in everyday life and be regarded by customers around the world as something they truly cannot do without. United as one company, we will continue working to build a renewed Kobayashi Pharmaceutical.

We respectfully ask for your continued support and understanding.

February 2026

KOBAYASHI PHARMACEUTICAL CO., LTD.

STATUS OF COMPENSATION REGARDING THE RED YEAST RICE MATTER

With respect to the Company's red yeast rice related products for which a voluntary collection was announced on March 22, 2024, we once again sincerely apologize for the significant concern and inconvenience caused to our customers, business partners, and all those concerned.

The Company's highest priority is to offer its sincere apologies to customers who suffered health damage and to business partners who incurred losses, and to provide compensation in a sincere and appropriate manner.

Progress of Compensation for Health Damage (Hospitalization/Outpatient Treatment) (as of January 31, 2026)

- Approximately 510 individuals have been subject to compensation (those to whom the Company pays applicable compensation items, including (i) medical expenses (Note) and transportation expenses, as well as (ii) consolation payments, (iii) compensation for loss of wages, and (iv) lost wages due to residual disability).
- Of these, approximately 250 individuals are either continuing medical treatment or are in discussions regarding compensation (including those who are still undergoing treatment and have not yet reached the stage of discussing compensation details, as well as those who have completed treatment and are in discussions regarding compensation). Approximately 260 individuals have completed payment of consolation payments and other compensation (those who have agreed on the compensation details and for whom payments have been completed).

Note: Includes initial consultation fees, examination costs, and fees for preparation of medical certificates.

(Figures are approximate.)

Persons who have contacted the Compensation Response Desk	1,340
Persons whose compensation application documents have been received	890
Persons whose compensation application documents are under review	40
Persons whose compensation application documents have been reviewed	850
Persons eligible for compensation	510
Persons currently undergoing medical treatment or in discussions regarding compensation details	250
Persons for whom payment of consolation payments and other compensation has been completed	260

Note: Regarding inquiries about deaths, based on our investigation to date, the Company has not identified any cases in which it has been clearly established that a person died as a result of consuming the products in question.

REOCCURRENCE PREVENTION MEASURES REGARDING THE RED YEAST RICE MATTER AND THEIR PROGRESS

The Company resolved and publicly announced reoccurrence prevention measures on September 17, 2024, with respect to the matter in which certain red yeast rice ingredients used in the Company’s red yeast rice related products were found to contain components not anticipated by the Company (the “Matter”).

Thereafter, with regard to such reoccurrence prevention measures, the Company issued press releases entitled “Notice Regarding the Progress of Reoccurrence Prevention Measures” on February 10, 2025, August 5, 2025, and February 10, 2026, and has reported on the progress of specific measures to reform awareness among all officers and employees regarding product quality and safety, as well as to address issues in the Company’s quality control framework and internal control system.

Once again, an outline of the reoccurrence prevention measures is set forth below in accordance with the three pillars thereof.

Outline of the Reoccurrence Prevention Measures Regarding the Red Yeast Rice Matter: The Three Pillars of Policies

(1) Changing Mindsets and Enhancing Systems concerning Quality and Safety

- We will work to thoroughly implement “quality and safety first” and change the mindsets concerning quality and safety of our officers and employees.
- We will clarify the roles and responsibilities regarding quality and safety and enhance the quality assurance and management systems.

(2) Fundamental Changes to Corporate Governance

- We will reform the structure of the Board of Directors that will supervise the management of a new Kobayashi Pharmaceutical.
- With the aim of restoring the trust of all stakeholders and realizing a new Kobayashi Pharmaceutical, we will work to establish a system that will enable us to become a company that does the right thing in the right way.

(3) Rebuilding a “New Kobayashi Pharmaceutical” through Unity

- In order to enhance our sensitivity to risks and our ability to create new value, we will implement measures to eliminate the homogeneity inherent in us and strengthen diversity.
- We will rebuild our company through unity with all officers and employees to build a new Kobayashi Pharmaceutical.

The Company will continue to implement its reoccurrence prevention measures steadily and in good faith to ensure that customers can use its products with confidence, and will remain committed to sincerely working toward restoring the trust of all stakeholders.

On the following pages, we provide an overview of the current status of the Company’s reoccurrence prevention measures.

For further details, please refer to the Company’s press release dated February 10, 2026 entitled “Notice Regarding the Progress of Reoccurrence Prevention Measures.”
https://www.kobayashi.co.jp/newsrelease/files/pdf/20260210_03.pdf



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1. REFORM OF AWARENESS AND STRENGTHENING OF FRAMEWORKS WITH RESPECT TO QUALITY AND SAFETY

In response to the Matter, the Company has positioned “Quality and Safety First” as its highest management priority and is implementing a wide range of measures, from reforming awareness to rebuilding its manufacturing and quality assurance frameworks.

(1) Reform of Awareness and Reallocation of Resources

With respect to awareness reform, the Company has implemented comprehensive education and training programs for all officers and employees. From January through March 2025, the Company conducted company-wide retraining on quality awareness for all officers and employees, and since April 2025 has provided function-specific professional training as well as special lectures for senior management. In addition, the President has continued to communicate messages aimed at fostering a culture that prioritizes quality and safety through the “OneTeam Newsletter,” which is distributed at least once a week. Furthermore, as part of creating an environment that enables the necessary investments to enhance quality and safety, the Company has undertaken an extensive review of its business portfolio. In its domestic operations, Strategic Business Units (SBUs) have been established, and in its international operations, Global Brands (GBs) have been designated, thereby transitioning to a more focused management structure. Through this approach, the Company is concentrating management resources and securing the resources necessary to strengthen quality. Specifically, the Company has decided to reduce 292 SKUs (stock keeping units), including planned products, within two years. A similar reduction will be implemented for SKUs in overseas operations, resulting in an approximately 25% reduction in SKUs across the Group. The time and personnel resources generated through this reduction will be redirected to quality and safety initiatives. In addition, the Company has proceeded with withdrawing from unprofitable businesses, including terminating product sales through its in-house e-commerce website and call center and closing the Kinokawa Plant.

(2) Rebuilding of the Quality Management System (QMS) and Enhancement of Expertise

With respect to the Quality Management System (QMS), the Company is advancing a comprehensive reconstruction in line with the international standard ISO 9001. All 39 processes, from planning and development to manufacturing and sales, have been redefined, and by December 2025 the Company completed the development of quality manuals and procedures based on these processes and their alignment with existing internal regulations. The review framework at the development stage has also been revised, and operations have commenced to rigorously assess design quality from a specialized perspective. Organizationally, the Company has enhanced expertise through a transition to a function-based headquarters structure, and in January 2026 newly established a “Formulation Technology Department” and a “Safety Research Group” within the R&D Division. These measures are intended to improve formulation design to prevent defects at factories and to enhance safety evaluation capabilities. The Company has also strengthened its M&A framework by restructuring its PMI (post-merger integration) processes to incorporate the expertise of external specialists and by recruiting dedicated personnel.

(3) Strengthening Factory Governance and Hygiene Management

To enhance governance at manufacturing sites, the Company established the “Factory Manufacturing Promotion Office” in January 2025 and set up a “Production Committee” to address cross-factory issues. With respect to audit frameworks, in addition to regular internal audits conducted by the Quality Management Supervisory Department, the Company has implemented audits by third-party organizations. Since October 2024, third-party audits have been conducted at domestic and overseas factories manufacturing products intended for oral consumption or skin contact, and improvements relating to high-priority findings were completed by December 2025.

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The Company has also made progress in rebuilding its hygiene management standards. New standards were completed in July 2025 for oral products (food products), which require the strictest controls, and in December 2025 for products intended for skin contact. These standards will be applied not only to the Company's own factories but are also planned to be extended in the future to OEM manufacturers (contract manufacturers). In addition, to strengthen product testing, the Company is developing specific technologies to rapidly analyze the structure of unintended substances and is sequentially introducing inspection procedures based on risk classification to its pharmaceutical products and food products with functional claims manufactured at its own factories.

The current status of the reoccurrence prevention measures under "1. Reform of Awareness and Strengthening of Frameworks with Respect to Quality and Safety" is set forth on the following page.

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Content and Progress	Status			Timing of Implementation / Introduction	
	Planning	Commencement / Preparation for Implementation	Implemented / Introduced		
1	Reform of Awareness and Strengthening of Frameworks with Respect to Quality and Safety				
Education and Awareness Reform	Implementation of quality and safety education and training programs for all officers and employees	●	●	●	Implemented (June 2024)
	Regular communication of messages led by the President and dialogue with employees	●	●	●	Implemented (August 2024)
Strengthening of the Quality Assurance Framework	Clarification of the roles of the Reliability Assurance Division	●	●	●	Implemented (January 2025)
	Enhancement of expertise of first line through transition to a function-based headquarters structure	●	●	●	Implemented (January 2025)
Strengthening of the Manufacturing Management Framework	Self-inspections at each factory and reviews by third-party organizations	●	●	●	Implemented (October 2024) Note: Ongoing thereafter
	Establishment of the Manufacturing Promotion Office	●	●	●	Implemented (January 2025)
	Formulation of comprehensive hygiene management standards by product category	●	●	●	Implemented (July 2025) Note: Initially applied to oral products
	Regular and effective holding of the "Mass Production Review Committee"	●	●	●	Implemented (April 2025)
Inspection Technology	Review and implementation of procedures to detect the presence of unintended substances other than specified ingredients	●	●	●	Implemented (August 2025)
Personnel Evaluation	Introduction of a system under which activities contributing to quality and safety are included in performance evaluations	●	●	●	Implemented (December 2025)

Note: Even for measures indicated as "Implemented/Introduced," the Company will verify their effectiveness and continually review and refine their content.

Note: The above table provides a summary of the principal initiatives under the reoccurrence prevention measures.



2. FUNDAMENTAL CHANGES TO CORPORATE GOVERNANCE

With the aim of breaking free of dependence on founding family in managing the Company, which formed part of the background to the Matter, and of strengthening supervisory functions, the Company has implemented fundamental changes to its corporate governance structure.

(1) Strengthening of Supervisory Functions

In July and August 2024, the Chairman and President from the founding family resigned as Representative Directors, and at the Ordinary General Meeting of Shareholders held in March 2025, the composition of the Board of Directors was significantly refreshed. While maintaining a structure in which Outside Directors comprise a majority, the Company further increased the number of Outside Directors, thereby transitioning to a framework designed to enhance effective oversight by Outside Directors. In addition to the voluntary Nominating Committee and Compensation Advisory Committee—each of which is composed of a majority of Outside Directors and serves as an advisory body to the Board of Directors—the Company newly established a Corporate Governance Committee. This framework enables objective discussions on important matters, including the appropriate institutional design and governance structure. With respect to the operation of the Board of Directors, the Company has expanded opportunities to deepen Outside Directors’ understanding of its businesses and has enhanced its risk information escalation framework, thereby enabling more effective supervision.

(2) Review of the Executive Structure and Establishment of Specialized Committees

The Company has also reviewed its decision-making processes for business execution. It has established a “Management Executive Committee” to enable prompt decision-making on important management matters, and a “Group Council” to facilitate the collection and discussion of diverse opinions. Dedicated facilitators have been appointed for these meetings to enhance the quality of deliberations. In addition to the Management Executive Committee, the Company established four specialized committees—the Quality and Safety Expert Committee, the Risk and Compliance Expert Committee, the Human Capital Expert Committee, and the Investment Expert Committee—all of which commenced operations by April 2025. These committees conduct discussions incorporating a high level of expertise and third-party perspectives. Consideration of the conclusions of these specialized committees is mandatory in connection with significant decisions made by the Management Executive Committee.

For further details regarding each governance body, please refer to “Overview of Corporate Governance Structure” at the following URL:

<https://www.kobayashi.co.jp/corporate/governance/>

(3) Thorough Risk Management and Compliance

With respect to crisis management, the Company has established the “Quality and Safety Emergency Meeting Regulations” and commenced operation of a “Quality and Safety Emergency Meeting,” under which prompt decision-making is conducted under the leadership of the President in the event of serious health damage or concerns regarding violations of laws and regulations. In more serious situations, a “Crisis Management Headquarters” is established to ensure a company-wide response. In addition, the Company has positioned “Integrity” at the core of its code of conduct and defined it as “continuously asking what is right as a human being and acting accordingly.” To embed this concept within the organization, it has been incorporated into a new code of conduct, and awareness initiatives are being continuously implemented through executive training programs and regular columns distributed to all employees.

The current status of the reoccurrence prevention measures under “2. Fundamental Changes to Corporate Governance” is set forth on the following page.

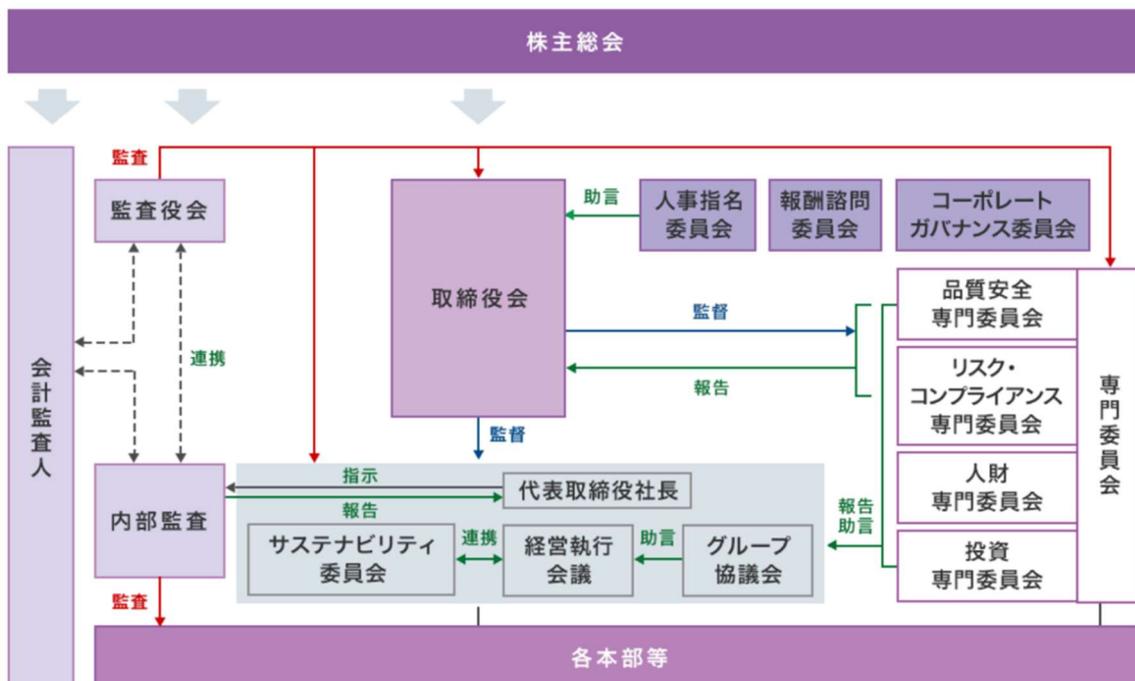
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Content and Progress	Status			Timing of Implementation / Introduction	
	Planning	Commencement / Preparation for Implementation	Implemented / Introduced		
2	Fundamental Changes to Corporate Governance				
Transition Away from Founder-Family-Dependent Management	Change of the Representative Director and Chairman of the Board and President	●	●	●	Implemented (July 2024)
Reform of the Board of Directors	Strengthening of supervisory functions through an increase in the number of Outside Directors and the appointment of an externally recruited Chairman of the Board	●	●	●	Implemented (March 2025)
	Re-examination of the institutional design	●	●	Submitted as a proposal to the General Meeting of Shareholders	Completed (March 2026)
	Strengthening of coordination between the Board of Directors and the executive side	●	●	●	Implemented (July 2024)
Review of Executive Meeting Bodies (Abolition of GOM)	Establishment of the Management Executive Committee (clarification of the decision-making body for business execution)	●	●	●	Implemented (November 2024)
	Establishment of four specialized committees (Quality and Safety / Risk and Compliance / Human Capital / Investment)	●	●	●	Implemented (March 2025)
Strengthening of the Rapid Risk Response Framework	Reorganization of existing risk and compliance-related committees	●	●	●	Implemented (March 2025)
	Establishment of a risk escalation framework for emergency situations	●	●	●	Implemented (August 2024)
Review of Business Operations	Selection and prioritization based on available resources	●	●	●	Implemented (August 2025)

Note: Even for measures indicated as “Implemented/Introduced,” the Company will verify their effectiveness and continually review and refine their content.

Note: The above table provides a summary of the principal initiatives under the reoccurrence prevention measures.

The schematic diagram of the Company’s current corporate governance structure is as follows.



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3. REBUILDING THE “NEW KOBAYASHI PHARMACEUTICAL” THROUGH UNIFIED EFFORT

To restore trust and achieve regeneration, the Company is advancing fundamental changes to its organizational culture and reconstructing the human capital strategy that supports it. Efforts to build the “New Kobayashi Pharmaceutical” are being developed through ongoing dialogue with employees.

(1) Promotion of the Organizational Culture Reform Project

The “Organizational Culture Reform Project,” launched in December 2024, has been leading company-wide culture reform initiatives. A core activity under this project is the “Company-wide employee dialogue sessions (“Fudo Shaberiba”),” in which all employees participate. The first round was conducted from May to June 2025 to gather feedback from frontline employees. The second round, held in August 2025, further deepened discussions regarding the proposed “desired culture.” Based on the voices gathered through these dialogues, the Company formulated six elements of the “Desired Culture” and twelve “New Codes of Conduct,” which were announced to all employees at the management policy briefing held in December 2025. In addition, to serve as guiding principles for embedding these initiatives, the Company newly established and communicated a “Human Capital and Organizational Policy” and a “Talent Development Policy.” Information regarding these processes and their significance has been continuously shared through the Company’s internal social networking platform “AOITORI” and email newsletters, as part of its efforts to ensure that the Matter is not forgotten.

(2) Overhaul of the Personnel System and Securing Diverse Talent

To realize “Quality and Safety First,” the Company has significantly revised its personnel evaluation system. Beginning with the performance management cycle for fiscal year 2025, contributions to reoccurrence prevention measures have been incorporated into evaluation criteria, and a new personnel evaluation system was formally introduced in January 2026. The new system is centered on (i) visualizing diverse career paths to realize quality-first management, (ii) fostering a new organizational culture to create a more employee-friendly workplace, and (iii) improving treatment based on role expectations with a view toward developing the next generation of leadership. In personnel assignments, the Company has adopted a policy of eliminating homogeneity and emphasizing diversity and specialized expertise. In fiscal year 2025 recruitment, budget allocation was prioritized for personnel responsible for quality control and quality assurance, thereby securing the necessary specialized talent. In the personnel transfers implemented in January 2026, assignments were made with emphasis on the skills and experience required for each position. With respect to the development of executive talent and successors for the next generation of management, discussions regarding candidate selection and development plans have been completed at the Nominating Committee, and the Company is progressing toward a more structured and systematic development framework.

(3) Preserving the Lessons of the Past

To ensure that the Matter is never forgotten, the Company has designated March 22—the date on which the Matter was publicly announced—as “Quality and Safety Day.” In 2025, all employees reflected on whether they were conducting their work in accordance with “Quality and Safety First,” and members of senior management gathered at the former red yeast rice production line at the Osaka Plant to renew their commitment to preventing reoccurrence. In this manner, the Company continues its efforts to confront past mistakes and to build a new organization through the unified efforts of all officers and employees.

The current status of the reoccurrence prevention measures under “3. Rebuilding the ‘New Kobayashi Pharmaceutical’ Through Unified Effort” is set forth on the following page.

KOBAYASHI PHARMACEUTICAL CO., LTD.

Content and Progress	Status			Timing of Implementation / Introduction
	Planning	Commencement / Preparation for Implementation	Implemented / Introduced	
3	Rebuilding the “New Kobayashi Pharmaceutical” Through Unified Effort			
Securing, Assigning, and Developing Talent with Emphasis on Expertise and Diversity	●	●	●	Implemented (January 2026)
Review of Organizational Culture (Organizational Culture Reform Project)	●	●	●	Implemented (November 2025)
Continuation of Initiatives to Ensure the Matter Is Not Forgotten (Designation of March 22 — the date of public announcement of the Matter — as “Quality and Safety Day”)	●	●	●	Implemented (March 2025)

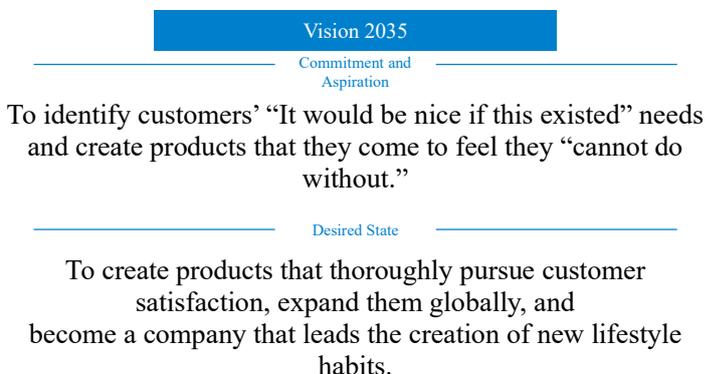
Note: Even for measures indicated as “Implemented /Introduced,” the Company will verify their effectiveness and continually review and refine their content.



Revision of the Code of Conduct	
<h4>Our Core Values</h4> <ul style="list-style-type: none"> • Uphold a customer-first mindset • Continually ask what is right as a human being and act accordingly • Fulfill our social responsibilities • Engage with respect and express appreciation to one another 	<h4>Our Guiding Principles of Conduct</h4> <ul style="list-style-type: none"> • Take on challenges in both offense and defense • Act from a perspective of overall optimization and collaborate across functions • Demonstrate initiative and follow through to completion • Incorporate knowledge and insights from both inside and outside the Company and translate them into organizational strength • Learn, teach, and grow together • Be uncompromising in our commitment to clarity and simplicity • Something New / Something Different • Embrace a hands-on, on-site, and reality-based approach

VISION 2035

The Company has articulated its desired future state as the “Vision 2035” and has established long-term strategic policies and materiality (key issues) to achieve this vision.



Vision 2035

Our “Commitment and Aspiration” is to identify customers’ “It would be nice if this existed” needs and to create products that they come to feel they “cannot do without.”

This represents our unwavering promise to customers—built upon the spirit and values we have cultivated since our founding—and our pledge to continue evolving further.

The “Desired State” that lies beyond the realization of this commitment is to create products that thoroughly pursue customer satisfaction, expand them globally, and become a company that leads the creation of new lifestyle habits.

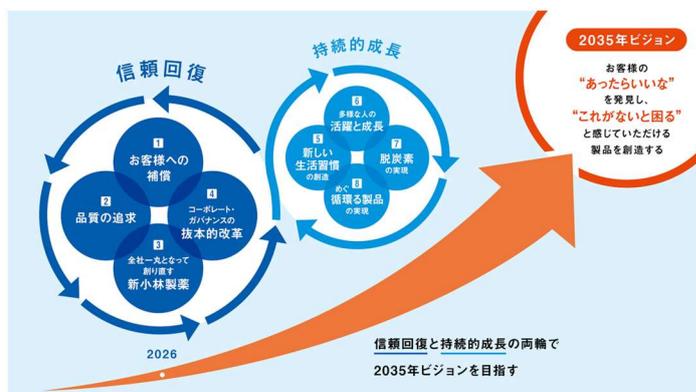
We will work together as one company to realize this vision.



Long-Term Strategic Policies

As long-term strategic policies to achieve Vision 2035, the Company has established the following four themes.

By executing these strategies and creating products that thoroughly pursue customer satisfaction, the Company aims to achieve net sales of ¥300 billion in 2035.



Materiality for Achieving Vision 2035

In order to achieve Vision 2035, the Company has identified its materiality (key issues).

By addressing these issues, the Company aims to realize Vision 2035.

In identifying materiality, the Company organized the key issues from the perspectives of restoring trust and achieving sustainable growth, based on the recognition that sustainable growth cannot be achieved without restoring trust following the red yeast rice Matter.

By addressing the newly established materiality, the Company will pursue the realization of Vision 2035 by advancing both trust restoration and sustainable growth in tandem.

KOBAYASHI PHARMACEUTICAL CO., LTD.

NEW MEDIUM-TERM MANAGEMENT PLAN

In order to achieve Vision 2035, the Company has formulated a new Medium-Term Management Plan covering the period from 2026 to 2028, taking into account changes in the internal and external business environment. This period will be positioned as a phase for building the foundation necessary to achieve sustainable growth in the future, and the Company will proceed in accordance with the following five strategic pillars.

Theme of the New Medium-Term Management Plan
— Building a Foundation for Future Sustainable Growth —
Laying the Groundwork for the Future

<u>Strategic Pillar 1</u>	Strengthening the Management Foundation to Rebuild Trust
<u>Strategic Pillar 2</u>	Corporate Transformation to Achieve Sustainable Growth Once Again
<u>Strategic Pillar 3</u>	Sustainable Growth of Domestic Business
<u>Strategic Pillar 4</u>	Acceleration of Global Expansion and Establishment of a Robust Foundation
<u>Strategic Pillar 5</u>	Capital-Efficient Management Aimed at Enhancing Corporate Value

The performance targets for the three-year period are as follows.

	Fiscal Year Ended December 2025 (Actual)	Fiscal Year Ending December 2028 (Target)	CAGR ^{Note 3}
Net Sales	¥165.7 billion	¥188.0 billion	+4.3%
Operating Profit	¥14.9 billion	¥22.0 billion	+13.8%
(Margin)	9.0%	11.7%	-
EBITDA ^{Note 1}	¥23.6 billion	¥31.5 billion	+10.1%
ROE	1.7%	10%	-
Dividends	27 consecutive years of dividend increases	30 consecutive years of dividend increases	-
Domestic Net Sales	¥118.0 billion	¥131.5 billion	+3.7%
International Net Sales ^{Note 2}	¥46.9 billion	¥56.0 billion	+6.0%

Note 1: EBITDA = Operating profit + Depreciation and amortization + Amortization of goodwill

Note 2: Exchange rates: JPY 148 per USD; JPY 21.0 per CNY

Note 3: CAGR = Compound annual growth rate

For details of the key strategic pillars of the Medium-Term Management Plan, please refer to “1. (3) Issues to Be Addressed” in the Business Report included in the electronically provided materials.

KOBAYASHI PHARMACEUTICAL CO., LTD.

PARTICULARS

1. Date and Time of the Meeting:

Friday, March 27, 2026, at 10:00 a.m. (doors open at 9:00 a.m.)

2. Place of the Meeting:

“Sanraku” Banquet Room at RIHGA Royal Hotel Osaka, Vignette Collection (2nd Floor)
(formerly RIHGA Royal Hotel)

5-3-68 Nakanoshima, Kita-ku, Osaka

Please note that the venue remains unchanged from last year.

Please see the map for the place of the meeting which is printed on the back cover of the Japanese original convocation notice.

3. Matters to be dealt with at the Meeting:

Matters for Report:

1. Report on the Business Report, the Consolidated Accounting Documents, and the Non-Consolidated Accounting Documents for the 108th Business Year (from January 1, 2025 to December 31, 2025)
2. Report on the Audits of Consolidated Accounting Documents by the Accounting Auditor and the Board of Corporate Auditors for the 108th Business Year (January 1, 2025 to December 31, 2025)

Matters for Resolution:

COMPANY PROPOSALS

Proposal No. 1: Partial Amendments to the Articles of Incorporation (Transition to a Company with an Audit and Supervisory Committee)

Proposal No. 2: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No. 3: Election of Three (3) Directors who are Audit and Supervisory Committee Members

Proposal No. 4: Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member

Proposal No. 5: Determination of Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No. 6: Determination of Remuneration for Directors who are Audit and Supervisory Committee Members

SHAREHOLDER PROPOSALS

Proposal No. 7: Appointment of One (1) Statutory Auditor

Proposal No. 8: Partial Amendment of the Articles of Incorporation (Amendment to the Provision Regarding “Persons Authorized to Convene and Chair Board Meetings”)

Proposal No. 9: Partial Amendment of the Articles of Incorporation (Addition of Clause Regarding “Sharing Monthly Reports with Outside Directors”)

Proposal No. 10: Partial Amendment to the Articles of Incorporation (Addition of the “Thorough Implementation of Quality and Safety Management” Clause)

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A recording of the General Meeting of Shareholders (excluding the Q&A session) will be posted on the Company's website at a later date. Shareholders who were unable to attend the meeting are encouraged to view the recording on the website.

If there is any revision to the information to be provided electronically, reasons for the revision, information prior to the revision and information after the revision will be posted on the aforementioned websites (i.e., "The Company's Website," "Website for the General Meeting of Shareholders," and "Tokyo Stock Exchange Website").

We will send a document stating the information to be provided electronically to shareholders, who have requested the physical delivery of the document, but such document will exclude the following in accordance with laws and regulations and the Company's Articles of Incorporation:

Business Report: "Principal Business Offices and Plants," "Status of Employees," "Status of Principal Lenders," "Matters Regarding Stock Acquisition Rights, etc.," "Outline of Directors and Officers Liability Insurance Contracts," "Outline of Indemnification Agreements," "Status of the Accounting Auditor," and "Systems to Ensure Proper Business Operations and Status of Operation of Such Systems."

Consolidated Accounting Documents: "Consolidated Statements of Changes in Equity," and "Notes to Consolidated Financial Statements"

Non-Consolidated Accounting Documents: "Balance Sheet," "Statement of Income," "Statement of Changes in Equity," and "Notes to Non-Consolidated Financial Statements"

Audit Reports: "Accounting Auditor's Audit Report on the Non-Consolidated Financial Statements."

The Corporate Auditors and Accounting Auditor have audited the documents that are subject thereto, including the matters stated above.

KOBAYASHI PHARMACEUTICAL CO., LTD.

REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS

COMPANY PROPOSAL

Proposal No. 1: Partial Amendments to the Articles of Incorporation (Transition to a Company with an Audit and Supervisory Committee)

1. Reasons for the Proposal

As announced in the Company's press release dated September 17, 2024, entitled "Notice Regarding the Formulation of Reoccurrence Prevention Measures, Etc.," in connection with the matter in which certain red yeast rice ingredients used in the Company's red yeast rice related products were found to contain components not anticipated by the Company (the "Matter"), the Company identified "fundamental change to corporate governance" as a key issue in our reoccurrence prevention measures. As part of this effort, we conducted a comprehensive review of our institutional design, which forms the foundation of corporate governance. As a result of careful consideration, the Board of Directors has determined that transitioning to a Company with an Audit and Supervisory Committee is appropriate in order to strengthen its corporate governance structure. Accordingly, the Company proposes to make necessary amendments to the Articles of Incorporation in connection with the transition to a Company with an Audit and Supervisory Committee, including the establishment of provisions concerning Audit and Supervisory Committee Members and the Audit and Supervisory Committee, the deletion of provisions concerning Corporate Auditors and the Board of Corporate Auditors, as well as other required amendments such as additions, deletions, revisions of wording, and adjustments to article numbering.

By transitioning to a Company with an Audit and Supervisory Committee, the Company will include Audit and Supervisory Committee Members, who are responsible for auditing the execution of duties by Directors, as members of the Board of Directors, while clearly separating the supervisory and execution functions of management. This will enable the Board of Directors to further enhance its supervisory function by deepening deliberations on medium- to long-term management strategies and responses to material risks. At the same time, by delegating authority from the Board of Directors to Directors, the Company aims to accelerate decision-making and enhance managerial agility.

In connection with the transition to a Company with an Audit and Supervisory Committee, the Company has obtained the recommendation of the Corporate Governance Committee, which is chaired by an Independent Outside Director.

2. Details of Amendments

The details of the amendments are as described below.

The amendments to the Articles of Incorporation under this proposal shall take effect upon the conclusion of this General Meeting of Shareholders.

Amendments are underlined.

KOBAYASHI PHARMACEUTICAL CO., LTD.

Current Articles of Incorporation	Proposed Amendments
Article 1 to Article 3 (Provisions omitted)	Article 1 to Article 3 (Unchanged)
(Corporate Bodies)	(Corporate Bodies)
Article 4	Article 4
In addition to the General Meeting of Shareholders and Directors, the Company shall have the following corporate bodies:	In addition to the General Meeting of Shareholders and Directors, the Company shall have the following corporate bodies:
(1) Board of Directors	(1) Board of Directors
(2) <u>Corporate Auditors</u>	(2) <u>Audit and Supervisory Committee</u>
(3) <u>Board of Corporate Auditors</u>	(Deleted)
(4) Accounting Auditor	(3) Accounting Auditor
Article 5 to Article 9 (Provisions omitted)	Article 5 to Article 9 (Unchanged)
(Purchase of Additional Shares to Constitute a Share Unit)	(Purchase of Additional Shares to Constitute a Share Unit)
Article 10	Article 10
1. A shareholder who holds shares constituting less than one share unit of the Company may, in accordance with the Share Handling Regulations, request the Company to sell to such shareholder such number of shares as, when combined with the number of shares constituting less than one share unit already held by the shareholder, will constitute one share unit (such request hereinafter referred to as a “Purchase Request”); provided, however, that this shall not apply if the Company does not hold a sufficient number of treasury shares to be sold.	1. A shareholder who holds shares constituting less than one share unit of the Company may, in accordance with the Share Handling Regulations, request the Company to sell to such shareholder such number of shares as, when combined with the number of shares constituting less than one share unit already held by the shareholder, will constitute one share unit (such request hereinafter referred to as a “Purchase Request”); provided, however, that this shall not apply if the Company does not hold a sufficient number of treasury shares to be sold.
2. The timing for making a Purchase Request, the method of such request, and other related matters shall be governed by the Share Handling Regulations established by the Board of Directors.	2. The timing for making a Purchase Request, the method of such request, and other related matters shall be governed by the Share Handling Regulations established by the Board of Directors <u>or by a Director delegated by resolution of the Board of Directors.</u>
(Shareholder Registry Administrator)	(Shareholder Registry Administrator)
Article 11	Article 11
1. The Company shall appoint a shareholder registry administrator.	1. The Company shall appoint a shareholder registry administrator.
2. The shareholder registry administrator and the place of its office shall be determined <u>by resolution of the Board of Directors</u> and shall be publicly announced.	2. The shareholder registry administrator and the place of its office shall be determined by the Board of Directors <u>or by a Director delegated by resolution of the Board of Directors,</u> and shall be publicly announced.
3. (Provision omitted)	3. (Unchanged)

KOBAYASHI PHARMACEUTICAL CO., LTD.

Current Articles of Incorporation	Proposed Amendments
<p>(Share Handling Regulations) Article 12 Matters concerning the handling of the Company's shares, fees, and procedures for the exercise of shareholders' rights shall, in addition to applicable laws and regulations and these Articles of Incorporation, be governed by the Share Handling Regulations <u>established by the Board of Directors.</u></p>	<p>(Share Handling Regulations) Article 12 Matters concerning the handling of the Company's shares, fees, and procedures for the exercise of shareholders' rights shall, in addition to applicable laws and regulations and these Articles of Incorporation, be governed by the Share Handling Regulations <u>established by the Board of Directors or by a Director delegated by resolution of the Board of Directors.</u></p>
<p>Article 13 to Article 19 (Provisions omitted)</p>	<p>Article 13 to Article 19 (Unchanged)</p>
<p>(Number of Directors) Article 20 The Company shall have no more than <u>ten (10)</u> Directors. (Newly added)</p>	<p>(Number of Directors) Article 20 1. The Company shall have no more than <u>ten (10)</u> Directors. 2. <u>Of the Directors set forth in the preceding paragraph, no more than five (5) shall be Directors who are Audit and Supervisory Committee Members.</u></p>
<p>(Election of Directors) Article 21 1. Directors <u>shall be elected at a General Meeting of Shareholders.</u> 2. (Provision omitted) 3. (Provision omitted) (Newly added)</p>	<p>(Election of Directors) Article 21 1. Directors <u>shall be elected at a General Meeting of Shareholders, with Directors who are Audit and Supervisory Committee Members being elected separately from other Directors.</u> 2. (Unchanged) 3. (Unchanged) 4. <u>The effect of the election of a Substitute Director who is an Audit and Supervisory Committee Member shall continue until the commencement of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within two (2) years after such election.</u></p>

KOBAYASHI PHARMACEUTICAL CO., LTD.

Current Articles of Incorporation	Proposed Amendments
<p>(Term of Office of Directors) Article 22 The term of office of Directors shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within one (1) year after their election. (Newly added) (Newly added)</p>	<p>(Term of Office of Directors) Article 22 1. The term of office of Directors (<u>excluding Directors who are Audit and Supervisory Committee Members</u>) shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within one (1) year after their election. 2. <u>The term of office of Directors who are Audit and Supervisory Committee Members shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within two (2) years after their election.</u> 3. <u>The term of office of a Director who is an Audit and Supervisory Committee Member elected as a substitute for a Director who is an Audit and Supervisory Committee Member who retired before the expiration of his or her term shall expire at the time when the term of office of the retiring Director who is an Audit and Supervisory Committee Member would have expired.</u></p>
<p>(Representative Director and Directors with Titles) Article 23 1. The Board of Directors shall, by resolution, select Representative Director. 2. (Provision omitted) 3. The Board of Directors may, by resolution, select one (1) President and Director, and may also select one (1) Chairman of the Board, and several Vice Chairmen, Executive Vice Presidents, Senior Managing Directors, and Managing Directors.</p>	<p>(Representative Director and Directors with Titles) Article 23 1. The Board of Directors shall, by resolution, select Representative Director <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members).</u> 2. (Unchanged) 3. The Board of Directors may, by resolution, select <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> one (1) President and Director, and may also select one (1) Chairman of the Board, and several Vice Chairmen, Executive Vice Presidents, Senior Managing Directors, and Managing Directors.</p>
<p>(Exemption from Liability of Directors) Article 24 (Provision omitted)</p>	<p>(Exemption from Liability of Directors) Article 24 (Unchanged)</p>

KOBAYASHI PHARMACEUTICAL CO., LTD.

Current Articles of Incorporation	Proposed Amendments
<p>(Notice of Convocation of Meetings of the Board of Directors) Article 25</p> <ol style="list-style-type: none">1. Notice of convocation of a meeting of the Board of Directors shall be given to each Director <u>and each Corporate Auditor</u> at least three (3) days prior to the date of the meeting; provided, however, that this period may be shortened in cases of urgency.2. A meeting of the Board of Directors may be held without following the convocation procedures if all Directors <u>and Corporate Auditors</u> consent thereto.	<p>(Notice of Convocation of Meetings of the Board of Directors) Article 25</p> <ol style="list-style-type: none">1. Notice of convocation of a meeting of the Board of Directors shall be given to each Director at least three (3) days prior to the date of the meeting; provided, however, that this period may be shortened in cases of urgency.2. A meeting of the Board of Directors may be held without following the convocation procedures if all Directors consent thereto.
<p>(Convener and Chairperson of the Board of Directors) Article 26 (Provision omitted)</p>	<p>(Convener and Chairperson of the Board of Directors) Article 26 (Unchanged)</p>
<p>(Method of Resolutions of the Board of Directors) Article 27</p> <p>Resolutions of the Board of Directors shall be adopted by a majority of the Directors being present and by a majority of the votes of <u>the Directors present.</u></p>	<p>(Method of Resolutions of the Board of Directors) Article 27</p> <p>Resolutions of the Board of Directors shall be adopted by a majority of the Directors <u>who are entitled to participate in the resolution</u> being present, and by a majority of the votes of <u>such</u> Directors present.</p>
<p>(Deemed Resolution of the Board of Directors) Article 28</p> <p>If all Directors (limited to those who are entitled to participate in the resolution concerned) consent in writing or by electronic means to a matter to be resolved by the Board of Directors, such matter shall be deemed to have been approved by a resolution of the Board of Directors; <u>provided, however, that this shall not apply if a Corporate Auditor raises an objection.</u></p>	<p>(Deemed Resolution of the Board of Directors) Article 28</p> <p>If all Directors (limited to those who are entitled to participate in the resolution concerned) consent in writing or by electronic means to a matter to be resolved by the Board of Directors, such matter shall be deemed to have been approved by a resolution of the Board of Directors.</p>
<p>(Newly added)</p>	<p><u>(Delegation of Decisions on Important Business Execution)</u> <u>Article 29</u> <u>Pursuant to the provisions of Article 399-13, paragraph (6) of the Companies Act, the Company may, by resolution of the Board of Directors, delegate all or part of the authority to decide matters relating to important business execution (excluding the matters listed in the items of paragraph (5) of the same Article) to Directors.</u></p>
<p>(Rules of the Board of Directors) Article <u>29</u> (Provision omitted)</p>	<p>(Rules of the Board of Directors) Article <u>30</u> (Unchanged)</p>

KOBAYASHI PHARMACEUTICAL CO., LTD.

Current Articles of Incorporation	Proposed Amendments
<p>(Remuneration, etc. of Directors) <u>Article 30</u> The remuneration, bonuses, and other economic benefits received from the Company as consideration for the execution of duties by Directors <u>(collectively, “Remuneration, etc.”)</u> shall be determined by resolution of a General Meeting of Shareholders.</p>	<p>(Remuneration, etc. of Directors) <u>Article 31</u> The remuneration, bonuses, and other economic benefits received from the Company as consideration for the execution of duties by Directors shall be determined by resolution of a General Meeting of Shareholders, <u>with Directors who are Audit and Supervisory Committee Members being determined separately from other Directors.</u></p>
<p>(Advisors and Counselors) <u>Article 31</u> (Provision omitted)</p>	<p>(Advisors and Counselors) <u>Article 32</u> (Unchanged)</p>
<p><u>Chapter 5</u> <u>Corporate Auditors and the Board of Corporate Auditors</u></p>	<p>(Deleted)</p>
<p>(Number of Corporate Auditors) <u>Article 32</u> <u>The Company shall have no more than five (5) Corporate Auditors.</u></p>	<p>(Deleted)</p>
<p>(Election of Corporate Auditors) <u>Article 33</u> 1. <u>Corporate Auditors shall be elected by resolution of a General Meeting of Shareholders.</u> 2. <u>A resolution to elect Corporate Auditors shall be adopted by a majority of the voting rights of the shareholders present at the meeting, provided that shareholders holding not less than one-third (1/3) of the voting rights of all shareholders entitled to exercise voting rights are present.</u></p>	<p>(Deleted)</p>
<p>(Term of Office of Corporate Auditors) <u>Article 34</u> 1. <u>The term of office of Corporate Auditors shall expire at the conclusion of the Ordinary General Meeting of Shareholders relating to the last fiscal year ending within four (4) years after their election.</u> 2. <u>The term of office of a Corporate Auditor elected as a substitute for a Corporate Auditor who retired before the expiration of his or her term shall expire at the time when the term of office of the retiring Corporate Auditor would have expired.</u></p>	<p>(Deleted)</p>
<p>(Full-Time Corporate Auditors) <u>Article 35</u> <u>The Board of Corporate Auditors shall select one or more Full-Time Corporate Auditors from among the Corporate Auditors.</u></p>	<p>(Deleted)</p>

KOBAYASHI PHARMACEUTICAL CO., LTD.

Current Articles of Incorporation	Proposed Amendments
<u>(Limitation of Liability of Corporate Auditors)</u> <u>Article 36</u> 1. <u>The Company may, by resolution of the Board of Directors, exempt Corporate Auditors (including former Corporate Auditors) from liability for damages under Article 423, paragraph (1) of the Companies Act, to the extent permitted by laws and regulations, by deducting the minimum liability amount prescribed by laws and regulations from the amount of such liability.</u> 2. <u>The Company may enter into an agreement with a Corporate Auditor providing for limitation of liability for damages under Article 423, paragraph (1) of the Companies Act, up to the aggregate amount prescribed in the items of Article 425, paragraph (1) of the Companies Act.</u>	(Deleted)
<u>(Notice of Convocation of Meetings of the Board of Corporate Auditors)</u> <u>Article 37</u> 1. <u>Notice of convocation of a meeting of the Board of Corporate Auditors shall be given to each Corporate Auditor at least three (3) days prior to the date of the meeting; provided, however, that this period may be shortened in cases of urgency.</u> 2. <u>A meeting of the Board of Corporate Auditors may be held without following the convocation procedures if all Corporate Auditors consent thereto.</u>	(Deleted)
<u>(Method of Resolutions of the Board of Corporate Auditors)</u> <u>Article 38</u> <u>Unless otherwise provided by applicable laws and regulations, resolutions of the Board of Corporate Auditors shall be adopted by a majority of the Corporate Auditors.</u>	(Deleted)
<u>(Rules of the Board of Corporate Auditors)</u> <u>Article 39</u> <u>Matters concerning the Board of Corporate Auditors shall, in addition to applicable laws and regulations and these Articles of Incorporation, be governed by the rules of the Board of Corporate Auditors established by the Board of Corporate Auditors.</u>	(Deleted)

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Current Articles of Incorporation	Proposed Amendments
<p><u>(Remuneration, etc. of Corporate Auditors)</u> <u>Article 40</u> <u>The remuneration, bonuses, and other economic benefits of Corporate Auditors shall be determined by resolution of a General Meeting of Shareholders.</u></p>	<p>(Deleted)</p>
<p>(Newly added)</p>	<p><u>Chapter 5</u> <u>Audit and Supervisory Committee</u></p>
<p>(Newly added)</p>	<p><u>(Notice of Convocation of Meetings of the Audit and Supervisory Committee)</u> <u>Article 33</u> 1. <u>Notice of convocation of a meeting of the Audit and Supervisory Committee shall be given to each Audit and Supervisory Committee Member at least three (3) days prior to the date of the meeting; provided, however, that this period may be shortened in cases of urgency.</u> 2. <u>A meeting of the Audit and Supervisory Committee may be held without following the convocation procedures if all Audit and Supervisory Committee Members consent thereto.</u></p>
<p>(Newly added)</p>	<p><u>(Rules of the Audit and Supervisory Committee)</u> <u>Article 34</u> <u>Matters concerning the Audit and Supervisory Committee shall, in addition to applicable laws and regulations and these Articles of Incorporation, be governed by the Rules of the Audit and Supervisory Committee established by the Audit and Supervisory Committee.</u></p>
<p>(Newly added)</p>	<p><u>(Full-Time Audit and Supervisory Committee Members)</u> <u>Article 35</u> <u>The Audit and Supervisory Committee may, by resolution, select one or more Full-Time Audit and Supervisory Committee Members.</u></p>
<p>(Newly added)</p>	<p><u>(Method of Resolutions of the Audit and Supervisory Committee)</u> <u>Article 36</u> <u>Resolutions of the Audit and Supervisory Committee shall be adopted by a majority of the Audit and Supervisory Committee Members who are entitled to participate in the resolution being present, and by a majority of the votes of such Members present.</u></p>
<p>Article <u>41</u> to Article <u>44</u> (Provisions omitted)</p>	<p>Article <u>37</u> to Article <u>40</u> (Unchanged)</p>

KOBAYASHI PHARMACEUTICAL CO., LTD.

Current Articles of Incorporation	Proposed Amendments
(Newly added)	<p><u>Supplementary Provisions</u> <u>(Transitional Measures Regarding the Exemption from Liability of Corporate Auditors)</u></p> <p><u>Article 1</u> <u>By resolution of the Board of Directors, the Company may, to the extent permitted by laws and regulations, exempt Corporate Auditors (including former Corporate Auditors) from liability for damages under Article 423, paragraph (1) of the Companies Act arising prior to the effective date of the partial amendments to the Articles of Incorporation resolved at the 108th Ordinary General Meeting of Shareholders, up to the amount obtained by deducting the minimum liability amount prescribed by laws and regulations from the amount of such liability.</u></p>

KOBAYASHI PHARMACEUTICAL CO., LTD.

Proposal No. 2: Election of Seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal No. 1, “Partial Amendments to the Articles of Incorporation (Transition to a Company with an Audit and Supervisory Committee),” is approved and adopted as proposed, the Company will transition to a Company with an Audit and Supervisory Committee upon the conclusion of this General Meeting of Shareholders, and the terms of office of all ten (10) current Directors will expire at that time.

Accordingly, the Company proposes the election of seven (7) Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply in this proposal). This proposal shall become effective on the condition that the amendments to the Articles of Incorporation under Proposal No. 1, “Partial Amendments to the Articles of Incorporation (Transition to a Company with an Audit and Supervisory Committee),” take effect.

In selecting the candidates, the Company has obtained the recommendation of the Nominating Committee, which is chaired by an Independent Outside Director. The candidates are as follows.

Candidate Number		Name	Position and Duty at the Company	Attendance Rate of Board of Directors (Attendance / Number of Meetings Held)
1	Re-Election Male	Yoshihito Ota	Director and Chairman	100% (12 times / 12 times)
2	Re-Election Male	Norikazu Toyoda	Representative Director, President and Chief Executive Officer	100% (12 times / 12 times)
3	Re-Election Male	Yuji Matsushima	Director (Senior Executive Officer); General Manager, Research and Development Headquarters	100% (12 times / 12 times)
4	Re-Election Male	Akihiro Kobayashi	Director in charge of compensation claim management (Executive Officer); General Manager, Compensation Response Headquarters	100% (18 times / 18 times)
5	Re-Election Male	Akio Takahashi	Outside Director Independent Director	100% (12 times / 12 times)
6	Re-Election Female	Misa Kusumoto	Outside Director Independent Director	100% (12 times / 12 times)
7	Re-Election Male	Toshiaki Monkawa	Outside Director Independent Director	100% (12 times / 12 times)

Note:

1. There are no special interests between any of the candidates and the Company.
2. The number of meetings of the Board of Directors represents the meetings held during the 108th fiscal year. With respect to the attendance of Mr. Yoshihito Ota, Mr. Norikazu Toyoda, Mr. Yuji Matsushima, Mr. Akio Takahashi, Ms. Misa Kusumoto, and Mr. Toshiaki Monkawa

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at meetings of the Board of Directors, the figures reflect meetings held on or after their assumption of office on March 28, 2025.

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Candidate
Number

1 Yoshihito Ota

(Born on June 26,
1954)

Re-Election



Brief Career Summary, Position and Duty at the Company:

Mar. 1978 Joined KYOCERA Corporation
 Jun. 2003 Executive Officer, KYOCERA Corporation
 Feb. 2010 Deputy Trustee and Assistant to the Chairman Japan Airlines Co., Ltd.
 Jun. 2010 Director and Managing Executive Officer, KYOCERA Corporation
 Dec. 2010 Senior Managing Executive Officer, Japan Airlines Co., Ltd.
 Feb. 2012 Assistant to the President and Senior Managing Executive Officer, Japan Airlines Co., Ltd.
 Dec. 2015 Representative Director and Chairman, KYOCERA Communication Systems Co., Ltd.
 Jun. 2018 Outside Director, Konoike Transport Co., Ltd. (incumbent)
 Sep. 2019 Chairman, MTG Co., Ltd.
 Dec. 2019 Director and Chairman, MTG Co., Ltd.
 Dec. 2021 Director and Chairman, EVERING Corp.
 Mar. 2025 Director and Chairman, KOBAYASHI PHARMACEUTICAL CO., LTD. (incumbent)

Number of Shares
of the Company
Owned:

1,116 shares

Assumption of Important Positions:

Outside Director of Konoike Transport Co., Ltd.

Reasons for Nominating as a Candidate for Director:

Mr. Yoshihito Ota was involved in corporate management at Kyocera Corporation as a close aide to its founder, Kazuo Inamori, and in 2010 also participated in the restructuring of Japan Airlines Co., Ltd. following its corporate bankruptcy. He possesses extensive management experience and broad insight gained over many years, including serving as Senior Executive Officer of Japan Airlines Co., Ltd., Chairman and Representative Director of Kyocera Communication Systems Co., Ltd., and Chairman of the Board of MTG Co., Ltd. During the 108th fiscal year, he has presided over meetings of the Board of Directors as Chairperson and demonstrated leadership in overseeing the Company's management reforms and business execution, while also contributing to the development and mindset reform of senior management. In light of his experience and achievements, the Board of Directors has determined that he continues to be well qualified to serve as Chairman of the Board and has therefore nominated him as a candidate for Director.

Candidate
Number

2 Norikazu Toyoda

(Born on August 22,
1964)

Re-Election



Brief Career Summary, Position and Duty at the Company:

Dec. 1987 Joined KOBAYASHI PHARMACEUTICAL CO., LTD.
 Jan. 2006 President, Kobayashi Healthcare Europe, Ltd. (international sales company)
 Dec. 2012 Manager, Europe, America & China Strategy Department, International Business Division
 Mar. 2015 Manager, Europe & America Strategy Department, International Business Division and President, Kobayashi Healthcare International, Inc.
 Mar. 2023 Executive Officer and General Manager, International Business Division
 Jan. 2025 Executive Officer and General Manager, International Business Headquarters (incumbent)
 Mar. 2025 Representative Director, President and Chief Executive Officer (incumbent)

Number of Shares
of the Company
Owned:

4,046 shares

KOBAYASHI PHARMACEUTICAL CO., LTD.

Assumption of Important Positions:

Chairperson of the Board of Directors, Kobayashi Pharmaceutical Bluebird Foundation (Public Interest Incorporated Foundation)

Reasons for Nominating as a Candidate for Director:

After gaining experience in marketing positions at the Company, Mr. Norikazu Toyoda held a number of key positions, including serving as President of the Company's subsidiaries in the United Kingdom and the United States. Since 2023, as General Manager of the International Business Division, he has worked to expand sales channels and strengthen product development and marketing capabilities for global products, thereby contributing to the growth of the international business. During the 108th fiscal year, he promoted company-wide management reforms aimed at restoring trust in his capacity as Representative Director and President, while also dedicating himself to the formulation and execution of growth strategies toward the achievement of the Vision 2035. In advancing organizational culture reform, he has personally taken the lead in formulating the "desired corporate culture" and a new "Code of Conduct," and in promoting their penetration throughout the organization. In light of his experience and achievements, the Board of Directors has determined that he is well qualified to continue leading the Company's management and has therefore nominated him as a candidate for Director.

Candidate Number	3	Yuji Matsushima	(Born on July 12, 1975)	Re-Election
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Number of Shares of the Company Owned:

252 shares

Brief Career Summary, Position and Duty at the Company:

Apr. 2003	Joined Fujisawa Pharmaceutical Co., Ltd. (now Astellas Pharma Inc.)
Apr. 2014	Seconded to Office of Healthcare Strategy, Cabinet Secretariat
Oct. 2017	Manager, Advanced Chemistry Laboratory, Modality Research Center, Research Division, Astellas Pharma Inc.
Apr. 2020	Joined KOBAYASHI PHARMACEUTICAL CO., LTD.
Jul. 2020	Manager, Research and Development Department, Central R&D Laboratory
Jan. 2023	Head of Central R&D Laboratory
Mar. 2023	Executive Officer and Head of Central R&D Laboratory
Jan. 2025	Executive Officer and General Manager, Research and Development Headquarters
Mar. 2025	Director (Senior Executive Officer) and General Manager, Research and Development Headquarters (incumbent)

Assumption of Important Positions:

None

Reasons for Nominating as a Candidate for Director:

In 2020, Mr. Yuji Matsushima joined the Company from Astellas Pharma Inc. as a candidate for the position of Head of the Central R&D Laboratory, and since 2023 has served as an Executive Officer in charge of the Central R&D Laboratory, working to enhance the capabilities of the research and development function and to strengthen governance. During the 108th fiscal year, in his capacity as Director and General Manager of the R&D Headquarters, he led a fundamental review of the research and development framework aimed at ensuring product safety and the rebuilding of the quality management system, thereby contributing to the strengthening of governance from a technical perspective. In light of his experience and achievements, the Board of Directors has determined that he is an indispensable member of the Board in enhancing the reliability of the Company's technological foundation and has therefore nominated him again as a candidate for Director.

KOBAYASHI PHARMACEUTICAL CO., LTD.

Candidate
Number

4 Akihiro
Kobayashi

(Born on May 13,
1971)

Re-Election



Number of Shares
of the Company
Owned:

9,264,704 shares

Brief Career Summary, Position and Duty at the Company:

Mar. 1998 Joined KOBAYASHI PHARMACEUTICAL, CO., LTD.
Jun. 2001 Executive Officer, President of Manufacturing Company
Jun. 2004 Director, President of International Sales Company and Marketing
Officer
Jun. 2007 Executive Director
Mar. 2009 Senior Executive Director, Senior General Manager of
Manufacturing and Sales Operations Department
Jun. 2013 Representative Director, President and Chief Operating Officer
Aug. 2024 Director in charge of compensation claim management (Executive
Officer)
Jan. 2026 Director in charge of compensation claim management (Executive
Officer); General Manager, Compensation Response Headquarters
(incumbent)

Assumption of Important Positions:

None

Reasons for Nominating as a Candidate for Director:

Since assuming the position of Representative Director, President and Chief Operating Officer in 2013, Mr. Akihiro Kobayashi has led initiatives such as strengthening product development and expanding international operations, thereby driving the enhancement of the corporate value of the entire Group. In pursuit of the Company Group's further sustainable growth, he has vigorously promoted company-wide initiatives to reinforce international operations, as well as measures relating to ESG and digital transformation (DX). In August 2024, in order to clarify management responsibility for Company's series of responses in connection with the Matter, he resigned as Representative Director and has since dedicated himself to overseeing compensation-related matters. During the 108th fiscal year, in his capacity as Director in charge of compensation, he has directed the Compensation Response Headquarters and, as the former chief executive, has engaged sincerely with affected customers and business partners, focusing on the prompt and appropriate implementation of compensation measures. In light of the foregoing, the Board of Directors has determined that he remains an indispensable member of the Board in completing the restoration of the Company's trust and has therefore nominated him again as a candidate for Director.

Candidate
Number

5 Akio Takahashi

(Born on
March 15,
1956)

Re-
Election

Outside
Director

Independent
Director



Number of Shares
of the Company
Owned:

123 shares

Brief Career Summary, Position and Duty at the Company:

Apr. 1978 Joined Daiwa Securities Co., Ltd.
Apr. 2009 Director, Senior Managing Director, Daiwa Securities SMBC Co.,
Ltd. (now Daiwa Securities Co., Ltd.)
Jun. 2012 Director and Executive Vice President, Daiwa Securities Group Inc.
Apr. 2015 President and Representative Director, Daiwa Investment
Management Co., Ltd.
Dec. 2015 Outside Director, Green Thermal Co., Ltd.
Mar. 2016 Outside Director, Kantatsu Co., Ltd.
Jul. 2017 Outside Director, Biomass Fuel Co., Ltd. (incumbent)
Jun. 2019 Outside Director, Suzumo Machinery Co., Ltd. (incumbent)
Dec. 2019 Outside Director, MTG Co., Ltd.
Mar. 2025 Outside Director, KOBAYASHI PHARMACEUTICAL CO., LTD.
(incumbent)

KOBAYASHI PHARMACEUTICAL CO., LTD.

Assumption of Important Positions:

Outside Director of Biomass Fuel Co., Ltd.
Outside Director of Suzumo Machinery Co., Ltd.

Term of Office:

One (1) year (upon the conclusion of this General Meeting of Shareholders)

Reasons for Nominating as a Candidate for Outside Director and Summary of Expected Roles:

Mr. Akio Takahashi has held key positions at Daiwa Securities Co. Ltd. and Daiwa Securities Group Inc., including serving as Director and Executive Vice President of Daiwa Securities Group Inc. from 2012 and as President and Representative Director of Daiwa Investment Management Co. Ltd. from April 2015. He possesses extensive experience and broad insight in securities operations and in the management of listed companies. During the 108th fiscal year, he has provided valuable comments from a management perspective at meetings of the Board of Directors and, as Chair of the Nominating Committee, has led the operation of the Committee and provided involvement and advice to ensure objective and transparent nomination procedures, thereby fulfilling the role expected of an Outside Director in supervising the Company's business execution. In light of his experience and achievements, the Board of Directors has determined that his expertise is indispensable for the Company's engagement with the capital markets and for the supervision of management, and, with the expectation that he will continue to provide advice and oversight contributing to the enhancement of the Company's corporate value, has nominated him as a candidate for Outside Director.

Candidate Number	6	Misa Kusumoto	(Born on February 16, 1972)	Re-Election	Outside Director
					Independent Director



Number of Shares of the Company Owned:

0 shares

Brief Career Summary, Position and Duty at the Company:

Apr. 1994	Joined P&G Far East Inc. (now The P&G Japan Limited)
Oct. 1997	Senior Assistant Brand Manager for "SK-II," P&G Far East Inc.
Oct. 1999	New Brand Development Manager, Food & Beverage Category, P&G Far East Inc.
Oct. 2001	Marketing Consultant (to the present)
Oct. 2013	Outside Lecturer, GLOBIS Management School (incumbent)
Feb. 2022	Director and CMO, Cell Factor Inc. (incumbent)
Feb. 2024	Outside Director, Northsand, Inc. (incumbent)
Mar. 2025	Outside Director, KOBAYASHI PHARMACEUTICAL CO., LTD. (incumbent)

Assumption of Important Positions:

Marketing Consultant
Outside Lecturer, GLOBIS Management School
Director and CMO, Cell Factor Inc.
Outside Director, Northsand, Inc.

Term of Office:

One (1) year (upon the conclusion of this General Meeting of Shareholders)

Reasons for Nominating as a Candidate for Outside Director and Summary of Expected Roles:

After gaining experience as a brand manager for cosmetics, food, and beverages at P&G Japan LLC, Ms. Misa Kusumoto established her own marketing consultancy and has since been active as a marketing advisor to major cosmetics manufacturers and pharmaceutical companies. During the 108th fiscal year, she has provided valuable input from a professional marketing perspective at

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meetings of the Board of Directors and, as a member of the Nominating Committee and the Compensation Advisory Committee, has contributed and provided advice to ensure objective and transparent nomination and remuneration processes, thereby fulfilling the role expected of an Outside Director in supervising the Company's business execution. The Board of Directors expects that she will continue to leverage her experience and achievements to provide advice contributing to the enhancement of the Company's corporate value, including advice on branding and the promotion of diversity management, and has therefore nominated her as a candidate for Outside Director.

Candidate Number	7	Toshiaki Monkawa	(Born on December 5, 1965)	Re-Election	Outside Director Independent Director
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Brief Career Summary, Position and Duty at the Company:

Number of Shares of the Company Owned:

0 shares

Mar. 1996	Completed the Doctoral Program, Graduate School of Medicine, Keio University
Jan. 1999	Research Associate, Keio University School of Medicine
Jul. 1999	Research Fellow, Division of Nephrology, University of Washington
Apr. 2002	Research Associate, Department of Nephrology, Endocrinology and Metabolism, Keio University School of Medicine
Apr. 2007	Assistant Professor, Department of Nephrology, Endocrinology and Metabolism, Keio University School of Medicine
Jul. 2014	Professor, Medical Education Center, Keio University School of Medicine (incumbent)
Jun. 2020	Board Member, Japanese Society of Nephrology
Oct. 2021	Vice Dean, School of Medicine, Keio University (incumbent)
Jul. 2024	Director, Japan Society for Medical Education (incumbent)
Mar. 2025	Outside Director, KOBAYASHI PHARMACEUTICAL CO., LTD. (incumbent)

Assumption of Important Positions:

Professor, Medical Education Center, Keio University School of Medicine

Vice Dean, School of Medicine, Keio University

Director, Japan Society for Medical Education

Term of Office:

One (1) year (upon the conclusion of this General Meeting of Shareholders)

Reasons for Nominating as a Candidate for Outside Director and Summary of Expected Roles:

Mr. Toshiaki Monkawa is a physician and professor affiliated with Keio University, with extensive clinical experience, research achievements, and academic credentials in the field of nephrology and endocrine metabolism. He also has experience in organizational management as Vice Dean of the Keio University School of Medicine. During the 108th fiscal year, he has provided valuable comments at meetings of the Board of Directors from an independent and objective standpoint based on his specialized expertise as a nephrologist. In addition, as a member of the Nominating Committee and the Compensation Advisory Committee, he has contributed and provided advice to ensure objective and transparent nomination and remuneration processes, thereby fulfilling the role expected of an Outside Director in supervising the Company's business execution. The Board of Directors expects that he will continue to leverage his high level of expertise to provide advice contributing to the enhancement of the Company's corporate value, including advice aimed at restoring trust in the Company, and has therefore nominated him as a candidate for Outside Director. Although he has no prior experience in corporate management other than serving as an outside officer, the Board of Directors has determined, for the reasons stated above, that he will be able to appropriately perform his duties as an Outside Director.

Notes:

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1. Mr. Akio Takahashi, Ms. Misa Kusumoto, and Mr. Toshiaki Monkawa are candidates for Outside Directors and each of them satisfies the requirements to serve as an independent director as set forth by the Tokyo Stock Exchange. The Company has designated that Mr. Akio Takahashi, Ms. Misa Kusumoto, and Mr. Toshiaki Monkawa as Independent Directors and has notified the Tokyo Stock Exchange accordingly. If their reappointment is approved, they will continue to serve as Independent Directors.
2. The Company has concluded agreements with Mr. Akio Takahashi, Ms. Misa Kusumoto, and Mr. Toshiaki Monkawa pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, to limit the amount of their liability to the Company to the extent allowed by laws and regulations, and if their reappointment is approved, the agreements will remain in effect. A summary of the agreements is as follows.

If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of his or her failure to perform his or her duties as Outside Director, his or her liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Companies Act of Japan, provided that such failure is not caused by his or her intentional act or gross negligence.

3. The Company has concluded indemnity agreements with each candidate pursuant to Article 430-2, Paragraph 1 of the Companies Act of Japan. Under such indemnity agreements, the Company will compensate for any expenses under Item 1 of the same paragraph and any losses under Item 2 of the same paragraph within the extent allowed by laws and regulations. If their appointment is approved, the Company will continue such agreements.

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Proposal No. 3: Election of Three (3) Directors who are Audit and Supervisory Committee Members

If Proposal No. 1, “Partial Amendments to the Articles of Incorporation (Transition to a Company with an Audit and Supervisory Committee),” is approved and adopted as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Accordingly, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members.

This proposal shall become effective on the condition that the amendments to the Articles of Incorporation under Proposal No. 1, “Partial Amendments to the Articles of Incorporation (Transition to a Company with an Audit and Supervisory Committee),” take effect.

In selecting the candidates, the Company has obtained the recommendation of the Nominating Committee, which is chaired by an Independent Outside Director. In addition, this proposal has obtained the consent of the Board of Corporate Auditors.

The candidates are as follows.

Candidate Number	Name			Position and Duty at the Company	Attendance Rate of Board of Directors (Attendance / Number of Meetings Held)
1	New Election Male	Masato Mori	Outside Director Independent Director	Outside Director	100% (12 times / 12 times)
2	New Election Male	Yoshiro Katae	Outside Director Independent Director	Outside Director	94% (17 times / 18 times)
3	New Election Male	Shinsuke Matsumoto	Outside Director Independent Director	Outside Director	100% (12 times / 12 times)

Notes:

1. There are no special interests between any of the candidates and the Company.
2. The number of meetings of the Board of Directors represents the meetings held during the 108th fiscal year. With respect to the attendance of Mr. Masato Mori and Mr. Shinsuke Matsumoto at meetings of the Board of Directors, the figures reflect meetings held on or after their assumption of office on March 28, 2025.

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Candidate Number	1	Masato Mori	(Born on January 28, 1956)	New Election	Outside Director
					Independent Director



Number of Shares of the Company Owned:

0 shares

Brief Career Summary, Position and Duty at the Company:

Apr. 1979	Joined Kokusai Denshin Denwa K.K. (now KDDI CORPORATION)
Sep. 2000	Joined Japan Telecom Co., Ltd. (now SoftBank Corp.)
Jul. 2005	Joined Chuo Aoyama Audit Corporation
Jun. 2007	Joined Tohmatsu Audit Corporation (now Deloitte Touche Tohmatsu LLC)
Jul. 2010	Director, Deloitte Touche Tohmatsu LLC
Oct. 2013	Representative Director, Crowe Horwath Global Risk Consulting K.K.
Apr. 2017	Professor, Department of Global Innovation Studies, Faculty of Global and Regional Studies, Toyo University (incumbent)
Jun. 2018	Outside Audit & Supervisory Board Member, Tecnos Japan Incorporated
Mar. 2019	Outside Audit & Supervisory Board Member, VELTRA Corporation
Jun. 2020	Outside Director and Audit and Supervisory Committee Member, Tecnos Japan Incorporated Outside Director and Audit and Supervisory Committee Member, Pado K.K.(now Def Consulting, Inc.)
Mar. 2023	Outside Director and Audit and Supervisory Committee Member, VELTRA Corporation (incumbent)
Mar. 2025	Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. (incumbent)
Jun. 2025	Auditor, Ferris Jogakuin Educational Corporation (incumbent)
Sep. 2025	Visiting Professor, Global Business Program, Akita International University (Public University Corporation) (incumbent)

Assumption of Important Positions:

Professor of the Department of Global Innovation Studies of the Faculty of Global and Regional Studies of Toyo University
 Outside Director and Audit and Supervisory Committee Member of VELTRA Corporation
 Auditor, Ferris Jogakuin Educational Corporation
 Visiting Professor, Global Business Program, Akita International University (Public University Corporation)

Term of Office:

One (1) year (upon the conclusion of this General Meeting of Shareholders)

Reasons for Nominating as a Candidate for Outside Director who is an Audit and Supervisory Committee Member and Summary of Expected Roles:

Mr. Masato Mori possesses specialized knowledge not only in finance and accounting but also in risk management and internal control as a university professor. In addition, he has extensive practical experience, including serving in senior positions at operating companies and a major audit firm, as well as the representative of a foreign-affiliated consulting firm. Furthermore, based on his substantial experience as an Outside Corporate Auditor and as an Outside Director who is an Audit and Supervisory Committee Member at other companies, he has fulfilled the role of supervising and auditing business execution from an independent standpoint. During the 108th fiscal year, he has provided valuable comments at meetings of the Board of Directors from an independent and objective perspective based on his professional expertise. In addition, as Chair of the Compensation Advisory Committee, he has led the operation of the Committee and provided involvement and advice to ensure objective and transparent remuneration procedures, thereby fulfilling the role expected of an Outside Director in supervising the Company's business execution. The Board of Directors expects that he will continue to leverage his expertise to strengthen the Company's

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corporate governance and risk management and to perform effective management oversight and audit functions, and has therefore nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.

Candidate Number	2	Yoshiro Katae	(Born on October 28, 1956)	New Election	Outside Director
					Independent Director



Number of Shares of the Company Owned:

0 shares

Brief Career Summary, Position and Duty at the Company:

Apr. 1981	Joined Komatsu Ltd.
Jan. 2003	Osaka Plant GM, General Affairs Department, Production Division of Komatsu Ltd.
Jul. 2013	Executive Officer, Secretary General (in Charge of Crisis Management) of Komatsu Ltd.
Oct. 2015	Executive Officer and Secretary General (in Charge of Crisis Management) of Komatsu Ltd. and GM, Komatsu Economic Strategy Research Center
Apr. 2017	Executive Officer and Secretary General (Supervising General Affairs & Compliance and Crisis Management) of Komatsu Ltd.
Apr. 2018	Senior Executive Officer (<i>Jomu</i>) of Komatsu Ltd.
Jul. 2019	Advisor of Komatsu Ltd.
Mar. 2022	Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. (incumbent)

Assumption of Important Positions:

None

Term of Office:

Four (4) years (upon the conclusion of this General Meeting of Shareholders)

Reasons for Nominating as a Candidate for Outside Director who is an Audit and Supervisory Committee Member and Summary of Expected Roles:

Mr. Yoshiro Katae has served as Executive Officer and Senior Executive Officer at Komatsu Ltd., and possesses extensive experience and a high level of expertise, particularly in the areas of crisis management and compliance. During the 108th fiscal year, he has provided valuable recommendations at meetings of the Board of Directors based on the knowledge he cultivated at a global enterprise. In addition, as a member of the Compensation Advisory Committee and the Corporate Governance Committee, he has contributed and provided advice to ensure objective and transparent resolution procedures, thereby fulfilling the role expected of an Outside Director in supervising the Company's business execution. Given his thorough familiarity with the circumstances before and after the occurrence of the Matter, the Board of Directors expects that he will contribute to the enhancement of medium- to long-term corporate value through appropriate monitoring and will continue to supervise and audit management from an independent standpoint, and has therefore nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member. Although he has no prior experience in corporate management other than serving as an outside officer, the Board of Directors has determined, for the reasons stated above, that he will be able to appropriately perform his duties as an Outside Director.

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Candidate Number	3	Shinsuke Matsumoto	(Born on April 17, 1970)	New Election	Outside Director
					Independent Director



Number of Shares
of the Company
Owned:

0 shares

Brief Career Summary, Position and Duty at the Company:

Apr. 1997	Registered with Dai-Ichi Tokyo Bar Association; Nishimura & Partners (now Nishimura & Asahi (Gaikokuho Kyodo Jigyō))
Oct. 1999	Nagashima & Ohno (now Nagashima Ohno & Tsunematsu)
Sep. 2002	New York Office, Skadden, Arps, Slate, Meagher & Flom LLP
Mar. 2003	Admitted to the New York State Bar
Apr. 2004	Nakamura & Tsunoda
Jan. 2005	Partner, Nakamura, Tsunoda & Matsumoto (incumbent)
Dec. 2005	Registered with Tokyo Bar Association
Mar. 2017	Outside Audit & Supervisory Board Member, Betrend Corporation (incumbent)
Jun. 2023	Outside Audit & Supervisory Board Member, Soken Chemical & Engineering Co., Ltd.(incumbent)
Mar. 2025	Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. (incumbent)
Nov. 2025	Supervisory Director, Japan Hotel REIT Investment Corporation (incumbent)

Assumption of Important Positions:

Partner, Nakamura, Tsunoda & Matsumoto
 Outside Audit & Supervisory Board Member, Betrend Corporation
 Outside Audit & Supervisory Board Member, Soken Chemical & Engineering Co., Ltd.
 Supervisory Director, Japan Hotel REIT Investment Corporation

Term of Office:

One (1) year (upon the conclusion of this General Meeting of Shareholders)

Reasons for Nominating as a Candidate for Outside Director who is an Audit and Supervisory Committee Member and Summary of Expected Roles:

Mr. Shinsuke Matsumoto possesses extensive knowledge and expertise in corporate legal affairs as an attorney-at-law. In addition, he has broad experience as an outside officer, having served as an Outside Audit & Supervisory Board Member of Betrend Corporation since March 2017, as an Outside Audit & Supervisory Board Member of Soken Chemical & Engineering Co., Ltd. since June 2023, and as a Supervisory Director of Japan Hotel REIT Investment Corporation since November 2025. Based on such experience and knowledge, he has fulfilled the role of supervising and auditing business execution from an independent standpoint. During the 108th fiscal year, he has provided valuable comments at meetings of the Board of Directors from his professional expertise in corporate law. In addition, as Chair of the Corporate Governance Committee, he has led the operation of the Committee and provided involvement and advice to ensure objective and transparent resolution procedures, thereby fulfilling the role expected of an Outside Director in supervising the Company's business execution. The Board of Directors expects that he will continue to leverage his expertise to strengthen the Company's corporate governance and compliance and to perform effective management oversight and audit functions, and has therefore nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member. Although he has no prior experience in corporate management other than serving as an outside officer, the Board of Directors has determined, for the reasons stated above, that he will be able to appropriately perform his duties as an Outside Director.

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Notes:

1. Mr. Masato Mori, Mr. Yoshiro Katae, and Mr. Shinsuke Matsumoto are candidates for Outside Directors who are Audit and Supervisory Committee Members and each of them satisfies the requirements to serve as an independent director as set forth by the Tokyo Stock Exchange. The Company has designated that Mr. Masato Mori, Mr. Yoshiro Katae, and Mr. Shinsuke Matsumoto as Independent Directors, and if their reappointment is approved, they will continue to serve as Independent Directors.
2. The Company has concluded agreements with Mr. Masato Mori, Mr. Yoshiro Katae, and Mr. Shinsuke Matsumoto pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, to limit the amount of their liability to the Company to the extent allowed by laws and regulations, and if their election is approved, the agreements will remain in effect. A summary of the agreements is as follows.

If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of his or her failure to perform his or her duties as Outside Director, his or her liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Companies Act of Japan, provided that such failure is not caused by his or her intentional act or gross negligence.
3. The Company has concluded indemnity agreements with Mr. Masato Mori, Mr. Yoshiro Katae, and Mr. Shinsuke Matsumoto pursuant to Article 430-2, Paragraph 1 of the Companies Act of Japan. Under such indemnity agreement, the Company will compensate for any expenses under Item 1 of the same paragraph and any losses under Item 2 of the same paragraph within the extent allowed by laws and regulations. If their election is approved, the Company will continue such agreements.

Proposal No. 4: Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member

If Proposal No. 1, “Partial Amendments to the Articles of Incorporation (Transition to a Company with an Audit and Supervisory Committee),” is approved and adopted as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Accordingly, in order to prepare for a situation in which the number of Directors who are Audit and Supervisory Committee Members prescribed by laws and regulations falls below the required minimum, the Company proposes the election of one (1) Substitute Director who is an Audit and Supervisory Committee Member.

This proposal shall become effective on the condition that the amendments to the Articles of Incorporation under Proposal No. 1, “Partial Amendments to the Articles of Incorporation (Transition to a Company with an Audit and Supervisory Committee),” take effect.

In selecting the candidate, the Company has obtained the recommendation of the Nominating Committee, which is chaired by an Independent Outside Director. In addition, this proposal has obtained the consent of the Board of Corporate Auditors.

The candidate is as follows.

Shintaro Takai	(Born on January 24, 1973)	Outside Director
		Independent Director



Brief Career Summary, Position and Duty at the Company:

Apr. 1999	Joined Nagashima & Ohno (now Nagashima Ohno & Tsunematsu)
Jun. 2004	Earned LL.M. at the University of Chicago Law School
Jan. 2007	Partner, Nagashima Ohno & Tsunematsu
Jun. 2016	Managing Partner, Takai & Partners
Jul. 2024	Managing Partner, TXL Partners (incumbent)

Number of Shares
of the Company
Owned:

0 shares

Assumption of Important Positions:

Managing Partner, TXL Partners
Outside Audit & Supervisory Board Member, Miki Shoko Co., Ltd.

Reasons for Nominating as a Candidate for Substitute Director who is an Audit and Supervisory Committee Member and Summary of Expected Roles:

Mr. Shintaro Takai possesses extensive experience and highly specialized knowledge as an attorney-at-law, particularly in the area of corporate governance. In addition, he has deep expertise in legal matters in the international arena, and the Board of Directors believes that he will contribute not only to the enhancement of the Company’s international business, but also to the strengthening of its governance framework. For these reasons, the Board of Directors expects that he will be able to appropriately perform his duties as an Outside Director who is an Audit and Supervisory Committee Member and has therefore nominated him as a candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member. Although he has no prior experience in corporate management other than serving as an outside officer, the Board of Directors has determined, for the reasons stated above, that he will be able to appropriately perform his duties as an Outside Director.

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Notes:

1. There are no special interests between Mr. Shintaro Takai and the Company.
2. Mr. Shintaro Takai is a candidate for Substitute Outside Director who is an Audit and Supervisory Committee Member and satisfies the requirements to serve as an independent director as set forth by the Tokyo Stock Exchange. If Mr. Shintaro Takai assumes office as an Outside Director who is an Audit and Supervisory Committee Member, the Company will notify the Tokyo Stock Exchange that he serves as an independent director.
3. If Mr. Shintaro Takai assumes office as an Outside Director who is Audit and Supervisory Committee Member, the Company will conclude an agreement with him pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, to limit the amount of his liability to the Company to the extent allowed by laws and regulations. A summary of the agreement is as follows.

If, after the conclusion of this agreement, the Outside Director causes damage to the Company because of his or her failure to perform his or her duties as Outside Director, his or her liability to the Company for such damage shall be limited to the minimum amount of liability provided for under Article 425, Paragraph 1 of the Companies Act of Japan, provided that such failure is not caused by his or her intentional act or gross negligence.
4. If Mr. Shintaro Takai assumes office as a Director who is an Audit and Supervisory Committee Member, the Company will conclude an indemnity agreement with him pursuant to Article 430-2, Paragraph 1 of the Companies Act of Japan. Under such indemnity agreement, the Company will compensate for any expenses under Item 1 of the same paragraph and any losses under Item 2 of the same paragraph within the extent allowed by laws and regulations.

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Directors and Officers Liability Insurance Policy for Candidates for Directors and Substitute Director who are Audit and Supervisory Committee Members

In order to secure excellent human resources and support proactive and decisive management decisions for the Company's growth, the Company has concluded a Directors and Officers Liability Insurance Policy (the "Policy") with the following outline, which is scheduled to be renewed in July 2026. The candidates for Directors proposed in Proposal 2 (Election of Seven (7) Directors) (excluding Directors who are Audit and Supervisory Committee Members) and Proposal 3 (Election of Three (3) Directors who are Audit and Supervisory Committee Members) are already insured under the Policy and will continue to be insured if their election is approved. In addition, the candidates for Substitute Director who is an Audit and Supervisory Committee Member proposed in Proposal No. 4 (Election of One (1) Substitute Director who is an Audit and Supervisory Committee Member) will be insured under the Policy if he assumes office as a director who is an Audit and Supervisory Committee Member.

Summary of the Policy

i. Substantial premiums to be borne by the insured

Premiums are borne by the Company, including the rider portion, and there is no substantial premium burden on the insured.

ii. Summary of insured accidents subject to indemnity

Together with the rider portion, the insured Directors, etc. will be covered for expenses, court costs, etc. that may arise as a result of them being held liable for legal damages in relation to the performance of their duties or being subject to claims related to the pursuit of such liability.

iii. Measures to ensure that the adequacy of the duties of the Directors, etc. is not impaired

In order to ensure that the insured person's performance of his or her duties is not impaired, there are certain exclusions of liability, such as in the case of acts committed with knowledge that the acts are in violation of laws and regulations.

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Reference

The following chart shows the expertise in knowledge, experience, and capabilities possessed by each of the candidates for Directors of the Company:

	Corporate Management	Global Business	Organizational Management & HR Development	ESG & Sustainability	Marketing & Sales	Finance & Accounting	Legal Affairs & Risk Management	DX & IT-Digital	Research and Development	Medical and Pharmaceutical
Directors										
Mr. Yoshihito Ota	•	•	•	•						
Mr. Norikazu Toyoda	•	•	•		•					
Mr. Yuji Matsushima			•						•	•
Mr. Akihiro Kobayashi	•	•	•	•	•			•		
Mr. Akio Takahashi	•		•			•				
Ms. Misa Kusumoto		•	•		•			•		
Mr. Toshiaki Monkawa			•						•	•
Mr. Masato Mori		•	•	•		•	•	•		
Mr. Yoshiro Katae		•	•	•			•			
Mr. Shinsuke Matsumoto			•	•			•			

Note:

1. The above chart does not represent all of the knowledge, experience, and capabilities, etc. possessed by each candidate for Director.
2. For the Company's "Policy and Procedures for the Election and Nomination of Directors" and "Key Considerations in the Appointment of Independent Outside Officers," please refer to the Company's website at the following URL:

<https://www.kobayashi.co.jp/contribution/governance/governance.html>

Proposal No. 5: Determination of Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)

If Proposal No. 1 is approved and adopted as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

The aggregate amount of remuneration for Directors of the Company was approved at the 97th Ordinary General Meeting of Shareholders held on June 26, 2015, at an amount not exceeding ¥900 million per year (of which not more than ¥100 million per year is allocated to Outside Directors), and such arrangement has remained in effect to date. In connection with the transition to a Company with an Audit and Supervisory Committee, the Company proposes to abolish the current framework and newly establish the aggregate amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) at an amount not exceeding ¥750 million per year (of which not more than ¥120 million per year is allocated to Outside Directors), taking into consideration the Company's business scale, executive compensation structure and levels, the current number of Directors, and future developments.

The Company resolved at the meeting of the Board of Directors held on February 18, 2026, to revise the "Policy for Determining the Details of Individual Remuneration, etc. for Directors", subject to the approval and adoption as proposed of Proposal No. 1, Proposal No. 5, and Proposal No. 6 at this Ordinary General Meeting of Shareholders. An outline of such revised policy is set forth in the "For Reference" section below.

Note: The outline of the "Policy for Determining the Details of Individual Remuneration, etc. for Directors" for the 108th fiscal year is set forth in the Business Report under the Items Subject to Electronic Provision Measures, "2(2)(ii) Remuneration, etc. of Directors and Corporate Auditors."

The content of this proposal is consistent with the policy and has been resolved by the Board of Directors following recommendation of the Compensation Advisory Committee, a majority of whose members are Independent Outside Directors, while taking into account the Company's business scale, executive compensation structure and levels, the current number of Directors, and future developments. The Company has therefore determined that this proposal is reasonable.

The above remuneration amount shall not include the salary portion for employees concurrently serving as Directors.

The Company currently has ten (10) Directors (including six (6) Outside Directors). If Proposal No. 1 and Proposal No. 2 are approved and adopted as proposed, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) subject to this proposal will be seven (7) (including three (3) Outside Directors).

This proposal shall become effective on the condition that the amendments to the Articles of Incorporation under Proposal No. 1 take effect.

Proposal No. 6: Determination of Remuneration for Directors who are Audit and Supervisory Committee Members

If Proposal No. 1 is approved and adopted as proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Accordingly, the Company proposes to set the aggregate amount of remuneration for Directors who are Audit and Supervisory Committee Members at an amount not exceeding ¥150 million per year.

This proposal has been resolved by the Board of Directors following recommendation of the Compensation Advisory Committee, a majority of whose members are Independent Outside Directors, while taking into account the Company's business scale, executive compensation structure and levels, the current number of Directors, and future developments, and the Board of Directors has determined that it is reasonable.

If Proposal No. 1 and Proposal No. 3 are approved and adopted as proposed, the number of Directors who are Audit and Supervisory Committee Members will be three (3).

This proposal shall become effective on the condition that the amendments to the Articles of Incorporation under Proposal No. 1 take effect.

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For Reference

Outline of the Policy for Determining the Details of Individual Remuneration, etc. for Directors

At the meeting of the Board of Directors held on February 18, 2026, the Company resolved to revise the “Policy for Determining the Details of Individual Remuneration, etc. for Directors”, subject to the approval and adoption as proposed of Proposal No. 1, Proposal No. 5, and Proposal No. 6 at this Ordinary General Meeting of Shareholders. An outline of the revised policy is as follows.

1. Basic Policy
 - (a) The remuneration system shall incentivize the sustainable growth of the Group and the enhancement of its medium- to long-term corporate value.
 - (b) It shall have a high degree of linkage to Company performance and enhance Directors’ motivation to achieve results in their respective areas of responsibility.
 - (c) It shall promote alignment of interests with shareholders and heighten management’s awareness of shareholder-oriented management.
 - (d) The remuneration determination process shall ensure a high level of transparency and objectivity.
 - (e) The remuneration level shall contribute to securing highly qualified management personnel in order to build and enhance competitive advantage.
2. Structure of Remuneration
Remuneration of Directors responsible for business execution consists of fixed basic remuneration and performance-linked compensation comprising short-term incentives (STI) and long-term incentives (LTI), and the basic remuneration is separated into supervisory and executive components. Outside Directors and Directors who are Audit and Supervisory Committee Members receive basic remuneration only. In addition, allowances are paid according to position, including representative authority allowances, chairperson allowances, and committee chair allowances.
3. Policy for Determining the Method of Calculation of Basic Remuneration
The supervisory component is determined based on position and experience. The executive component is calculated by multiplying a base amount by a salary increase rate determined based on the previous fiscal year’s performance evaluation (including net sales, operating profit, ROA, ROE, and operating cash flow; the same shall apply hereinafter) and qualitative evaluation of the individual.
4. Policy for Determining Performance Indicators for Performance-Linked Compensation and the Method of Calculation
STI is calculated by multiplying a base amount by a payment rate determined based on the previous fiscal year’s evaluation and individual qualitative evaluation. LTI is calculated by applying a payment rate determined based on performance during the medium-term management plan period and evaluation of key goal indicators (KGI), as well as reflecting stock price fluctuations, to the cumulative LTI points over a three-year period calculated based on a base amount.
5. Policy for Determining the Proportion of Basic and Performance-Linked Compensation
At the standard evaluation level, the compensation ratio of basic remuneration, STI, and LTI shall be 50:35:15. Compensation levels are set with reference to external survey data, benchmarking companies of similar size and industry.
6. Policy for Determining the Timing and Conditions of Payment of Remuneration
Basic remuneration and STI for the current fiscal year, determined based on the previous fiscal year’s performance, are paid in cash on a monthly basis in an amount equal to the total annual remuneration divided by twelve. LTI is paid in cash once every three years, in April following the Ordinary General Meeting of Shareholders immediately after the completion of the medium-term management plan.
7. Matters Concerning Delegation of Authority to Determine Directors’ (excluding Directors who are Audit and Supervisory Committee Members) Remuneration

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Authority to determine individual remuneration amounts is delegated to the Compensation Advisory Committee. To ensure independence, the Committee is chaired by an Outside Director and is composed of a majority of Outside Directors.

8. Method for Determining Individual Remuneration Amounts of Directors (excluding Directors who are Audit and Supervisory Committee Members)

As described in item 7 above, the Board of Directors delegates authority to determine individual remuneration amounts for Directors to the Compensation Advisory Committee. The Compensation Advisory Committee deliberates and determines individual remuneration amounts based on qualitative evaluations by the President and performance data. As the Chairman and the President do not have specific areas of operational responsibility, qualitative evaluations are not conducted for them, and only overall Company performance is applied in determining their remuneration.

SHAREHOLDER PROPOSALS

Proposals No. 7 through No. 10 are all proposals submitted by the shareholder Oasis Japan Strategic Fund Ltd. (the “Proposing Shareholder”). Except for the proposal numbers and any formal revisions, the outlines of these proposals and the reasons therefor set forth below are reproduced verbatim from the notice received from the Proposing Shareholder.

Proposal No. 7: Appointment of One (1) Statutory Auditor

(1) Summary of the Proposal

Appointment of Mr. Hitoshi Kawaguchi as Statutory Auditor

(2) Reason

Through the investigation report of the Fact-Finding Committee established to conduct a post-incident review of the Beni-koji issue, it has become clear that numerous problems existed within the Company's internal control system and quality management framework. As symbolized by the fact that the shipment of Beni-koji raw material that had fallen on the floor—an act that should never occur under food hygiene management— was only discovered through an internal whistleblower report, for many years the Company has maintained a flawed quality management system where comprehensive oversight by the Company's Manufacturing Division failed to function. This fact clearly demonstrates that the audits conducted by the Company’s statutory auditors had not been functioning adequately. However, from the occurrence of the Beni-koji issue to date, there have been no personnel changes whatsoever to the Company’s statutory auditors. Thus, the possibility remains that adequate oversight of business execution is still not being performed.

Therefore, with the aim of enhancing the audit system, we request the appointment of a new statutory auditor within the current limit of five members.

(3) Biography and other information about the candidate

Hitoshi Kawaguchi	Birthday: August 23, 1953
	Number of shares of the Company owned: 0 Shares
■ Biography, position, responsibilities, and status of important concurrent positions	
Apr, 1976	Joined Nissan Motor Co., Ltd.
Apr, 2005	Senior vice president Human Resources, Diversity Development Office
May, 2006	Chairman of the Labor Committee of the Japan Automobile Manufacturers Association
Apr, 2009	Senior vice president External and Government Affairs, Intellectual Asset Management of Nissan Motor Co., Ltd.
May, 2010	Chairman of the Standing Committee of the Japan Automobile Manufacturers Association
May, 2012	Chairman of the Taxation Committee of the Japan Automobile Manufacturers Association
Apr, 2016	Senior vice president Chief Sustainability Officer, Global External and Government Affairs, Japan Communications, Corporate Service, CSR Department
Nov, 2016	Outside Director of Mitsubishi Motors Corporation
Jun, 2018	Chairman of the Standing Committee of the Japan Automobile Manufacturers Association

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Jun, 2019	Executive officer, executive vice president Chief Sustainability Officer, Global External and Government Affairs, Global Communications, Corporate Service, Environment/CSR, IP Promotion, Corporate Management Office of Nissan Motor Co., Ltd.
Dec, 2019	Senior Advisor
There is no special interest between the candidate and the Company.	
<p>■ Reasons for Nomination as a Statutory Auditor Candidate</p> <p>The 2024 Beni-koji issue stemmed from deficiencies in the Company's company-wide corporate governance system, including internal audits. The Company is now required to urgently and fundamentally correct these deficiencies. Mr. Hitoshi Kawaguchi possesses extensive experience overseeing multiple departments as an executive officer in various divisions of listed companies. Furthermore, he was appointed as an outside director of Mitsubishi Motors, which was then facing an issue of fuel economy fraud. There he gained experience as an outside director in providing management advice to strengthen that company's compliance framework and restore its performance. Additionally, during the 2018 discovery of violations of the Financial Instruments and Exchange Act by then-Chairman Carlos Ghosn at Nissan Motor Co., Ltd., in his role as an executive officer, Mr. Kawaguchi raised the allegations of the violations in order to improve the company's governance. Therefore, he is expected to provide particularly valuable oversight regarding the management's execution of duties, especially concerning the establishment and operation of internal control systems.</p> <p style="text-align: center;">For the reasons stated above, Oasis proposes Mr. Hitoshi Kawaguchi as a candidate for statutory auditor.</p>	

Note: Mr. Hitoshi Kawaguchi is a candidate for Outside Statutory Auditor.

Opinion of the Board of Directors of the Company

The Board of Directors *objects to* this proposal and recommends that shareholders vote against it.

As announced in a series of the Company's press releases regarding the formulation and progress of reoccurrence prevention measures, beginning with the press release dated September 17, 2024 entitled "Notice Regarding the Formulation of Reoccurrence Prevention Measures, Etc." (collectively, the "Company's Press Release on Reoccurrence Prevention Measures") in response to the matter in which certain red yeast rice ingredients used in the Company's red yeast rice-related products were found to contain components not anticipated by the Company (the "Matter"), the Company has been advancing a re-examination of its institutional design, which forms the foundation of corporate governance, as part of one of the key initiatives of its reoccurrence prevention measures, namely, the "fundamental changes to corporate governance" (the "Fundamental Changes to Corporate Governance.").

In conducting this re-examination of its institutional design, the Company newly established a Corporate Governance Committee, a consultative body to the Board of Directors in which Outside Directors constitute a majority, and has engaged in sincere and extensive deliberations through discussions at such committee and other forums. As a result, as announced in the Company's press release dated February 10, 2026 entitled "Notice Regarding the Transition to a Company with an Audit and Supervisory Committee," the Company has determined that transitioning to a Company with an Audit and Supervisory Committee is appropriate in order to strengthen its corporate governance structure, and has therefore decided to submit to this Ordinary General Meeting of Shareholders the proposals necessary to effect such transition. Through this transition, the Company intends to include Audit and Supervisory Committee Members, who are responsible for auditing the execution of duties by Directors, as members of the Board of Directors, while clearly separating the supervisory and execution functions of management, thereby further strengthening the supervisory function of the Board of Directors by deepening deliberations on medium- to long-term management strategies and responses to material risks.

In addition, in the course of considering the transition to a Company with an Audit and Supervisory Committee, the Company, through deliberations at the Nominating Committee, in which Outside Directors constitute a majority, re-examined the appropriate composition and skill set of the Board of Directors in light of the Company's management environment and the progress of reoccurrence prevention measures relating to the Matter, and also selected candidates for Directors who are Audit and Supervisory Committee Members with a view to enhancing audit and supervisory functions. As a result, as announced in the Company's press release dated February 10, 2026 entitled "Notice Regarding Executive Appointments Following the Transition to a Company with an Audit and Supervisory Committee," the Company has decided to submit to this Ordinary General Meeting of Shareholders the election of Mr. Masato Mori, Mr. Yoshiro Katae, and Mr. Shinsuke Matsumoto as Directors who are Audit and Supervisory Committee Members.

Mr. Masato Mori possesses extensive knowledge and experience in accounting, risk management, and internal control, and has utilized such expertise as an Outside Director of the Company to provide recommendations on the Company's overall management from an independent standpoint. In particular, as a member of the Nominating Committee and as Chair of the Compensation Advisory Committee, he has contributed to enhancing the objectivity and transparency of the decision-making process relating to executive appointments and remuneration. In addition, at meetings of the Board of Directors and other forums, he has provided advice from an objective perspective to ensure that appropriate responses are taken with respect to the Matter, including reoccurrence prevention measures and compensation to affected customers, and has appropriately fulfilled his responsibilities. Accordingly, the Board of Directors has determined that he will continue to appropriately fulfill his duties as a Director who is an Audit and Supervisory Committee Member in order to enhance the Company's audit and supervisory functions upon the transition.

Mr. Yoshiro Katae possesses extensive knowledge and experience in crisis management and

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compliance and has utilized such expertise as an Outside Director of the Company to provide recommendations on the Company's overall management from an independent standpoint. In particular, as a member of the Compensation Advisory Committee and the Corporate Governance Committee, he has contributed to enhancing deliberations regarding the objectivity and transparency of the decision-making processes for executive remuneration and the appropriate structure of the Company's corporate governance framework. In addition, as a person familiar with the circumstances before and after the occurrence of the Matter, he has provided advice at meetings of the Board of Directors and other forums to ensure that appropriate responses are taken with respect to the Matter, including reoccurrence prevention measures and compensation to affected customers, and has appropriately fulfilled his responsibilities. Accordingly, the Board of Directors has determined that he will continue to appropriately fulfill his duties as a Director who is an Audit and Supervisory Committee Member in order to enhance the Company's audit and supervisory functions upon the transition.

Furthermore, Mr. Shinsuke Matsumoto possesses extensive knowledge and experience in corporate legal affairs and corporate governance as an attorney-at-law, and has utilized such expertise as an Outside Director of the Company to provide recommendations on the Company's overall management from an independent standpoint. In particular, as a member of the Compensation Advisory Committee and as Chair of the Corporate Governance Committee, he has contributed to ensuring the objectivity and transparency of the decision-making process for executive compensation and to enhancing deliberations on the structure of the corporate governance framework. In addition, at meetings of the Board of Directors and other forums, he has provided advice from an objective perspective to ensure appropriate responses to the Matter, including reoccurrence prevention measures and compensation to affected customers, and has appropriately fulfilled his responsibilities. Accordingly, the Board of Directors has determined that he will continue to appropriately fulfill his duties as a Director who is an Audit and Supervisory Committee Member in order to enhance the Company's audit and supervisory functions upon the transition.

As described above, by transitioning to a Company with an Audit and Supervisory Committee and electing the above three Directors who are Audit and Supervisory Committee Members, the Company aims to strengthen its corporate governance framework and enhance its audit and supervisory functions.

In addition, after deliberation, the Nominating Committee and the Board of Directors have not identified any reason to add to or change the candidates for Directors who are Audit and Supervisory Committee Members to be submitted by the Company to this Ordinary General Meeting of Shareholders, even taking into account the fact that the shareholder proposal under this agenda item has been made and the content thereof.

It should be noted that this proposal seeks the election of a Corporate Auditor on the premise that the Company is a company with a Board of Corporate Auditors. However, if the proposal to amend the Articles of Incorporation for the transition to a Company with an Audit and Supervisory Committee is approved and adopted as proposed at this Ordinary General Meeting of Shareholders, the Company will transition from a company with a Board of Corporate Auditors to a Company with an Audit and Supervisory Committee upon the conclusion of this Ordinary General Meeting of Shareholders, and the Corporate Auditors will be abolished, with all Corporate Auditors retiring from office. Accordingly, even if this proposal were to be approved and adopted as proposed, Mr. Hitoshi Kawaguchi would not serve as a Corporate Auditor of the Company after the conclusion of this Ordinary General Meeting of Shareholders.

For the foregoing reasons, the Board of Directors has determined that it is appropriate to transition to a Company with an Audit and Supervisory Committee and to elect the above three Directors who are Audit and Supervisory Committee Members following deliberations at the Corporate Governance Committee and the Nominating Committee, and that doing so will appropriately strengthen the Company's corporate governance framework and enhance its audit and supervisory functions. Accordingly, the Company has concluded that it is not appropriate to elect a Corporate Auditor as proposed under this agenda item at this Ordinary General Meeting of Shareholders.

Therefore, the Board of Directors of the Company objects to this proposal.

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Proposal No. 8: Partial Amendment of the Articles of Incorporation (Amendment to the Provision Regarding “Persons Authorized to Convene and Chair Board Meetings”)

(1) Summary of the Proposal

Amend Article 26 of the current Articles of Incorporation as follows. Furthermore, should the passage of other proposals at this Annual General Meeting of Shareholders (including proposals submitted by the Company) necessitate formal adjustments to the provisions set forth in this proposal (including, but not limited to, adjustments regarding the alignment of article numbers), the provisions pertaining to this proposal shall be deemed to be replaced by the provisions as adjusted accordingly.

Current Articles of Incorporation	Proposed Changes
<p>Article 26</p> <p>Unless otherwise provided by law, the Board of Directors shall be convened and chaired by <u>the Chairman or the President.</u></p> <p>2) In the event of an accident involving the <u>Chairman and the President</u>, other directors shall assume their duties in the order predetermined by the Board of Directors.</p>	<p>Article 26</p> <p>Unless otherwise provided by law, the Board of Directors shall be convened and chaired by <u>an outside director designated in advance by the Board of Directors.</u></p> <p>2) In the event of an accident involving <u>the outside director referred to in the preceding paragraph</u>, another outside director shall assume their duties in the order predetermined by the Board of Directors. <u>If all outside directors are unable to perform their duties, a director who is not an outside director shall assume their duties in the order predetermined by the Board of Directors.</u></p>

(2) Reason

In response to the Beni-koji issue, on September 17, 2024, the Company announced through its “Notice Regarding the Formulation of Measures to Prevent Recurrence” that, as part of its measures to prevent recurrence through strengthened oversight by outside directors, an outside director would assume the role of Chairman of the Board of Directors. The Company also announced it would implement the necessary amendments to its Articles of Incorporation to make this arrangement permanent.

However, in reality, the proposal to amend the articles of incorporation at the March 2025 annual general meeting of shareholders was rejected due to opposition from founding shareholders and others. Consequently, the change to a board chairman system has not been implemented at this time. If this situation is left unaddressed, the effectiveness of strengthened oversight by outside directors cannot be guaranteed, and thorough recurrence prevention through fundamental corporate governance reform cannot be achieved.

Therefore, we are resubmitting this proposal to implement the recurrence prevention measures announced in the “Notice Regarding the Formulation of Recurrence Prevention Measures” and to prevent recurrence through strengthened oversight by outside directors.

Opinion of the Board of Directors of the Company

The Board of Directors *objects to* this proposal and recommends that shareholders vote against it.

As announced in the Company's Press Release on Reoccurrence Prevention Measures, in response to the Matter, the Company has been promoting initiatives relating to the "strengthening of oversight by the Board of Directors" as part of one of the key issues of its reoccurrence prevention measures, namely, the Fundamental Changes to Corporate Governance.

Following the 2025 Ordinary General Meeting, the Company significantly refreshed its Board of Directors, and under a Board in which Outside Directors comprise a majority, the Company carefully considered the appropriate role and structure for the Chairperson of the Board of Directors. As a result, the Company selected Mr. Yoshihito Ota, Chairman of the Board of Directors (the "Chairman Ota"), to serve as Chairperson of the Board of Directors. Chairman Ota was newly elected as a Director at the 2025 Ordinary General Meeting, having been recruited from outside the Company as an experienced executive with a proven track record in corporate culture reform, with the aim of restoring trust, preventing reoccurrence, and improving management by incorporating new external perspectives. In addition, because promoting corporate culture reform requires involvement in business execution, including at production and product planning sites, Chairman Ota was appointed to serve not as an Outside Director, but as an executive Director serving as Chairman of the Board of Directors. Taking these circumstances into account, the Board of Directors determined that, in order to strengthen the supervisory function of the Board of Directors, it would be optimal for Chairman Ota—who possesses substantial management experience, a strong track record and expertise, an external perspective, and a position involving a certain degree of involvement in business execution—to serve as Chairperson of the Board of Directors, and accordingly made the above appointment.

Thereafter, Chairman Ota has exercised leadership as Chairperson of the Board of Directors and has appropriately managed the operation of the Board of Directors, drawing on his extensive experience and broad insight as a corporate executive at other companies over many years, as well as his position involving participation in business execution, including attendance at management meetings. This has also been confirmed in the Board of Directors effectiveness evaluation for fiscal year 2025, which was conducted by an external third-party evaluation organization engaged by the Company.

As described above, at the Company, the Board of Directors has been appropriately managed and its supervisory function strengthened through the appointment of a Director recruited from outside the Company who is also involved in business execution as Chairperson of the Board of Directors. While the Company will continue to pursue initiatives toward the fundamental changes to corporate governance, it has determined that, at the present time, it remains optimal to maintain this structure for the Chairperson of the Board of Directors.

In contrast, this proposal seeks to limit eligibility for the position of Chairperson of the Board of Directors to Outside Directors, and if this proposal were to be approved and adopted, Directors who are not Outside Directors—such as Chairman Ota—would be unable to serve as Chairperson of the Board of Directors, which could adversely affect the operation of the Company's Board of Directors and the supervisory function exercised by the Board of Directors.

For the foregoing reasons, the Board of Directors has determined that it is not appropriate to amend the Articles of Incorporation as proposed under this agenda item at this Ordinary General Meeting of Shareholders.

Accordingly, the Board of Directors of the Company objects to this proposal.

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Proposal No. 9: Partial Amendment of the Articles of Incorporation (Addition of Clause Regarding “Sharing Monthly Reports with Outside Directors”)

(1) Summary of the Proposal

Add the following provision to the current Articles of Incorporation and renumber all articles thereafter starting from Article 32. Furthermore, should the passage of other proposals at this Annual General Meeting of Shareholders (including proposals submitted by the Company) necessitate formal adjustments to the provisions set forth in this proposal (including, but not limited to, adjustments regarding the alignment of article numbers), the provisions pertaining to this proposal shall be deemed to be replaced by the provisions as adjusted accordingly.

(Sharing Monthly Reports with Outside Directors)

Article 32

Monthly reports prepared by the Company’s Division Heads and Business Unit Heads shall be shared with the outside directors as promptly as possible.

(2) Reason

During the Beni-koji incident, it took over two months from the initial recognition of the case to reporting it to the outside directors. The investigation report also identified deficiencies in the information-sharing system with outside directors.

At the Company, where outside directors constitute a majority of the board, the effective exercise of monitoring functions by outside directors is essential. To enable such functions to be effectively exercised, it is necessary to establish a system where important internal information is shared with outside directors in a timely manner, without selective filtering.

While it appears a new reporting line from each specialized committee to the board has been established, the possibility of some arbitrariness in the selection of information shared with outside directors within the committees cannot be ruled out. Furthermore, the review process within the committees will inevitably delay the timing of information sharing to some extent. Therefore, we request the sharing of monthly reports with outside directors as a mechanism to ensure the immediate sharing of important internal information.

Opinion of the Board of Directors of the Company

The Board of Directors *objects to* this proposal and recommends that shareholders vote against it.

As announced in the Company's Press Release on Reoccurrence Prevention Measures, in response to the Matter, the Company has been strengthening its information-sharing framework with the objective of "enhancing oversight by the Board of Directors" as part of one of the key initiatives of its reoccurrence prevention measures, namely, the Fundamental Changes to Corporate Governance.

Specifically, in order to ensure that appropriate information is provided to the Board of Directors in a more timely manner, the Company newly established a Quality and Safety Expert Committee and a Risk and Compliance Expert Committee under the Management Executive Committee, thereby creating a framework under which reports are made to the Board of Directors concurrently with reporting to the President. In addition, at the Company, the heads of each department prepare monthly reports summarizing risk information and other matters relating to their respective departments, and discussions regarding such risk information are held among the heads of the relevant management departments at the Monthly Report Committee, which is convened on a monthly basis. In response to the Matter, the Company has established a framework under which material risk information identified at the Monthly Report Committee is reported not only to the Management Executive Committee and the Group Council, which are attended by the Representative Director and full-time Corporate Auditors, but also to the aforementioned Quality and Safety Expert Committee, thereby securing multiple reporting lines to ensure that material information is shared with Directors in a timely manner.

Furthermore, the Company has been developing an information-sharing framework for emergency situations, distinct from normal operations, with quality and safety as the highest priority. For example, with respect to the escalation of risk information, the Company has implemented practices under which reports are made promptly by email or other means without waiting for meetings of the Board of Directors, so that the Board of Directors can exercise its supervisory function at an early stage with respect to important management issues and material risks. In addition, the Company has reviewed the authority of those responsible for determining the escalation of risk information to the Board of Directors, multilayered the reporting routes, and established a mechanism under which risk information can be directly escalated to the Board of Directors by the heads (responsible officers) of specialized departments such as R&D, Quality and Safety Assurance, and Public Relations and General Affairs (Risk Management). Moreover, the Company has positioned not only "risk information of extremely high importance" but also information that has the potential to become an "important risk" as information that should be escalated to the Board of Directors.

As described above, in response to the Matter, the Company has strengthened its information-sharing framework by establishing mechanisms to ensure that important internal information is shared with the Board of Directors, including Outside Directors, in a timely and appropriate manner, and will continue to engage in ongoing review of the appropriate form of its information-sharing framework.

In contrast, this proposal seeks to add to the Company's Articles of Incorporation a provision requiring the sharing with Outside Directors of monthly reports prepared by the Company's Headquarters General Managers and Division Heads. However, the Articles of Incorporation constitute the fundamental rules governing the Company's organization and operations, and prescribing matters relating to specific and individual business execution, such as the sharing of reports, in the Articles of Incorporation may impair the flexibility of the Company's business execution.

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For the foregoing reasons, the Board of Directors has determined that it is not appropriate to amend the Articles of Incorporation as proposed under this agenda item at this Ordinary General Meeting of Shareholders.

Accordingly, the Board of Directors of the Company objects to this proposal.

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Proposal No. 10: Partial Amendment of the Articles of Incorporation (Addition of the “Thorough Implementation of Quality and Safety Management” Clause)

(1) Summary of the Proposal

Add the following provision to the current Articles of Incorporation. Furthermore, should the passage of other proposals at this Annual General Meeting of Shareholders (including proposals submitted by the Company) necessitate formal adjustments to the provisions set forth in this proposal (including, but not limited to, adjustments regarding the alignment of article numbers), the provisions pertaining to this proposal shall be deemed to be replaced by the provisions as adjusted accordingly.

Chapter 7 Miscellaneous Provisions

(Thorough Implementation of Quality and Safety Management)

Article 45

The Company shall adopt as its fundamental policy that “product quality and safety management take precedence over all else.” Every officer and employee shall thoroughly implement safety and hygiene management to ensure that no accidents related to product quality ever occur.

(2) Reason

The Company had adopted “quality and safety awareness reform” as part of its recurrence prevention measures following the Beni-koji incident. Despite this, the Company announced a voluntary recall on September 9, 2025, for “Men's Keshimin Premium All-in-One Cream,” a product similar to “Keshimin Cream EX αb,” for which the Company had announced a voluntary recall dated March 24, 2023 (“Apology and Notice Regarding the Voluntary Recall of Men’s Keshimin Premium All-in-One Cream’ (Quasi-Drug)”).

This incident clearly demonstrates that “quality and safety awareness reform” has not yet been fully implemented within the Company.

Given these circumstances, it is necessary to enhance employee quality awareness and ensure thorough safety management by adding the above provisions to the Company’s Articles of Incorporation.

Opinion of the Board of Directors of the Company

The Board of Directors *objects to* this proposal and recommends that shareholders vote against it.

As announced in the Company's Press Release on Reoccurrence Prevention Measures, in response to the Matter, the Company has, as part of one of the key initiatives of its reoccurrence prevention measures—namely, the “reform of awareness regarding quality and safety and the strengthening of related frameworks”—been promoting a thorough “Quality and Safety First” approach under the supervision of the Board of Directors. Through these efforts, the Company has sought to reform the awareness of its officers and employees with respect to quality and safety, clarify the roles and responsibilities of the departments responsible for quality and safety, and strengthen its quality management and management frameworks.

Specifically, together with its efforts to provide compensation, the Company has positioned the “fostering of a corporate culture that places the highest priority on quality and safety” as one of its most important management priorities, and has promoted awareness reform regarding quality and safety through initiatives such as enhancing education and training on quality and safety for all officers and employees, the regular dissemination of messages on quality and safety from the Representative Director and President, the enhancement of opportunities for two-way dialogue between senior management—including the Representative Director and President and the Chairman of the Board—and frontline employees, and the formulation of business plans that place the highest priority on “Quality and Safety First.” In addition, the Company has worked to strengthen its quality management and management frameworks through initiatives such as clarifying the role of the Quality and Safety Assurance Division (formerly the Reliability Assurance Division), enhancing the expertise of the first line of defense (the R&D division, the Manufacturing Division, and factories), which bears primary responsibility for ensuring product quality, strengthening bidirectional collaboration between the first line and the second line (the Quality and Safety Assurance Division), enhancing governance frameworks at factories, and conducting periodic audits by the quality management division and third parties.

Furthermore, the Company has established its “Corporate Code of Conduct,” which sets forth, among other matters, the social responsibilities to be fulfilled by the Company Group, including the development and provision of safe and high-quality products and services. In response to the Matter, the Company has also newly established a code of conduct applicable to officers and employees of each company within the Company Group, which provides that they shall always place customers (users of the Company's products and services) first, pursue comfort for customers with safety and security as fundamental premises, and continue to meet trust and expectations.

As described above, in response to the Matter, the Company has promoted awareness reform and the strengthening of related frameworks with respect to quality and safety under the banner of “Quality and Safety First,” and will continue to engage in ongoing review of the appropriate approach to awareness reform and frameworks relating to quality and safety.

In contrast, this proposal seeks to add to the Company's Articles of Incorporation a provision concerning the thorough implementation of quality and safety management. However, the thorough implementation of quality and safety management is precisely a matter that should be advanced by the Company's management under the supervision of the Board of Directors, and the content of this proposal is not considered appropriate for inclusion in the Articles of Incorporation, which constitute the fundamental rules governing the Company's organization and operations.

For the foregoing reasons, the Board of Directors has determined that it is not appropriate to amend the Articles of Incorporation as proposed under this agenda item at this Ordinary General Meeting of Shareholders.

Accordingly, the Board of Directors of the Company objects to this proposal.

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CONSOLIDATED BALANCE SHEETS

(As of December 31, 2025)

(Unit: millions of yen)

Item	108th	107th (reference)	Item	108th	107th (reference)
Assets			Liabilities		
Current Assets	148,820	144,468	Current Liabilities	60,137	46,423
Cash and Deposits	62,314	50,873	Notes and Accounts Payable-Trade	8,458	8,264
Notes and Accounts Receivable-Trade	52,180	49,442	Electronically Recorded Obligations-Operating	6,440	6,424
Securities	8,300	14,872	Other Accounts Payable	30,916	17,117
Inventories	22,753	24,164	Lease Obligations	319	343
Other	3,316	5,174	Income Taxes Payable	1,852	1,913
Allowance for Doubtful Accounts	(45)	(58)	Accrued Consumption Taxes	1,138	346
			Provision for Bonuses	3,052	2,840
			Provision for losses related to product recall	2,176	3,970
			Other	5,783	5,202
Non-Current Assets	126,508	120,900	Non-Current Liabilities	4,182	5,473
Property, Plant and Equipment	67,367	67,448	Lease Obligations	359	503
Buildings and Structures, net	33,248	32,461	Deferred Tax Liabilities	—	1,554
Machinery, Equipment and Vehicles, net	7,004	6,476			
Land	6,211	5,947	Retirement Benefit Liability	989	1,005
Leased Assets, net	655	815	Other	2,833	2,409
Construction in Progress	17,656	19,261			
Tools, furniture and fixtures	2,591	2,485			
Intangible Assets	17,414	20,674	Total Liabilities	64,320	51,896
Goodwill	7,711	9,260	Net Assets		
Trademark Rights	6,566	8,220	Shareholders' Equity	183,444	187,445
Other	3,136	3,193	Common Stock	3,450	3,450
Investments and Other Assets	41,726	32,777	Capital Surplus	522	522
Investment Securities	31,840	24,617	Retained Earnings	204,240	208,240
Long-Term Loans Receivable	1,334	1,269	Treasury Stock	(24,767)	(24,767)
Retirement Benefit Asset	891	750	Accumulated Other Comprehensive Income	26,761	25,333
Deferred Tax Assets	5,264	3,087	Valuation Difference on Available-for-Sale Securities	13,085	12,469
Investment Properties	2,442	2,650	Foreign Currency Translation Adjustment	13,012	12,300
Other	1,335	1,730	Re-measurements of Defined Benefit Plans	663	563
Allowance for Doubtful Accounts	(1,382)	(1,328)	Share Acquisition Rights	793	688
			Non-controlling interests	9	4
			Total Net Assets	211,008	213,471
TOTAL ASSETS	275,328	265,368	TOTAL LIABILITIES AND NET ASSETS	275,329	265,368

Note: Any amount less than ¥1 million is rounded down.

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CONSOLIDATED STATEMENTS OF INCOME

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

(Unit: millions of yen)

Item	108th	107th (reference)
Net Sales	165,742	165,600
Cost of Sales	81,030	77,997
Gross Profit	84,711	87,603
Selling, General and Administrative Expenses	69,788	62,742
Operating Income	14,923	24,860
Non-Operating Income	2,473	2,477
Interest Income	335	207
Dividend Income	664	608
Rental Income from Real Estate	300	300
Foreign Exchange Gains	278	330
Compensation Income	403	347
Other	491	683
Non-Operating Expenses	402	476
Interest Expense	28	28
Rental Costs on Real Estate	105	106
Provision of Allowance for Doubtful Accounts	79	151
Other	188	189
Ordinary Income	16,995	26,861
Extraordinary Income	6,417	662
Gain on Sales of property, plant and equipment and intangible assets	2,259	21
Gain on Sales of Investment Securities	3,041	635
Other	1,116	4
Extraordinary Loss	19,668	13,609
Loss on Disposal of Property, Plant and Equipment and intangible assets	140	72
Product recall related losses	3,690	12,524
Impairment losses	14,775	252
Other	1,062	760
Income Before Income Taxes	3,744	13,914
Income Taxes Current	4,359	5,240
Income Taxes Deferred	(4,276)	(1,398)
Total Income Taxes	83	3,842
Net Income	3,660	10,071
Profit attributable to non-controlling interests	4	4
Net Income Attributable to Owners of Parent	3,656	10,067

Note: Any amount less than ¥1 million is rounded down.

KOBAYASHI PHARMACEUTICAL CO., LTD.

BALANCE SHEETS

(As of December 31, 2025)

(Unit: millions of yen)

Item	108th	107th (reference)	Item	108th	107th (reference)
Assets			Liabilities		
Current Assets	110,411	115,085	Current Liabilities	54,968	42,451
Cash and Deposits	40,684	37,666	Trade Notes Payable	368	429
Trade Notes Receivable	-	0	Trade Accounts Payable	15,942	14,670
Trade Accounts Receivable	40,139	39,279	Electronically Recorded Obligations-operating	2,358	2,464
Securities	8,300	14,872	Short-Term Loans Payable to Affiliates	1,262	1,422
Merchandise and Finished Goods	9,455	8,618	Lease Obligations	50	49
Work in Process	1,161	1,082	Other Accounts Payable	26,936	13,536
Raw Materials and Supplies	992	1,446	Accrued Expenses	836	842
Prepaid Expenses	690	721	Income Taxes Payable	951	1,539
Short-Term Loans Receivable from Affiliates	6,732	7,201	Accrued Consumption Taxes	443	-
Other	2,264	4,206	Deposits Received	57	57
Allowance for Doubtful Accounts	(9)	(10)	Provision for Bonuses	2,147	1,989
Non-Current Assets	115,643	102,847	Reserve for losses related to product recall	2,176	3,970
Property, Plant and Equipment	32,517	35,049	Other	1,436	1,478
Buildings	11,997	15,446	Non-Current Liabilities	2,705	2,931
Structures	335	557	Security Deposits	435	436
Machinery, equipment and Vehicles	212	347	Lease Obligations	120	171
Tools, Furniture and Fixtures	870	964	Deferred Tax Liabilities	-	588
Land	3,110	2,942	Long-Term Accounts Payable	1,095	1,103
Leased Assets	160	208	Provision for Retirement Benefits	203	201
Construction in Progress	15,825	14,574	Other	850	430
Other	6	8	Total Liabilities	57,674	45,383
Intangible Assets	1,993	2,050	Net Assets		
Software	1,967	2,021	Shareholders' Equity	154,501	159,392
Other	26	29	Common Stock	3,450	3,450
Investments and Other Assets	81,132	65,747	Capital Surplus	522	522
Investment Securities	31,818	24,595	Legal Capital Surplus	522	522
Shares of Affiliates	26,085	26,465	Retained Earnings	175,296	180,187
Contribution of Capital to Affiliates	7,436	7,436	Legal Retained Earnings	340	340
Long-Term Loans Receivable from Affiliates	11,124	5,406	Other Retained Earnings	174,956	179,847
Long-Term Prepaid Expenses	42	41	Reserve for Development	330	330
Deferred tax assets	2,939	-	General Reserve	175,062	172,162
Investment Properties	1,954	2,153	Retained Earnings Brought Forward	(435)	7,354
Other	1,113	1,561	Treasury Stock	(24,767)	(24,767)
Allowance for Doubtful Accounts	(1,382)	(1,913)	Valuation and Translation Adjustments	13,085	12,469
TOTAL ASSETS	226,054	217,933	Valuation Difference on Available-for-Sale Securities	13,085	12,469
			Share Acquisition Right	793	688
			Total Net Assets	168,380	172,549
			TOTAL LIABILITIES AND NET ASSETS	226,054	217,933

Note: Any amount less than ¥1 million is rounded down.

KOBAYASHI PHARMACEUTICAL CO., LTD.

STATEMENTS OF INCOME

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

(Unit: millions of yen)

Item	108th	107th (reference)
Net Sales	124,919	126,658
Cost of Sales	66,080	61,431
Gross Profit	58,838	65,227
Selling, General and Administrative Expenses	47,648	41,544
Operating Income	11,190	23,682
Non-Operating Income	3,987	3,517
Interest Income	499	175
Dividend Income	1,240	1,621
Rental Income from Real Estate	1,026	666
Rental Income from Other Assets	64	61
Foreign Exchange Gain	556	283
Other	599	709
Non-Operating Expenses	729	856
Interest Expense	7	6
Rental Costs on Real Estate	564	266
Rental Costs on Other Assets	64	61
Provision of Allowance for Doubtful Accounts	—	386
Other	93	135
Ordinary Income	14,447	26,343
Extraordinary Income	6,697	658
Gain on Sales of property, plant and equipment and intangible assets	2,258	18
Gain on Sales of Investment Securities	3,041	635
Other	1,397	4
Extraordinary Loss	19,431	13,321
Loss on Disposal of property, plant and equipment and intangible assets	47	26
Impairment losses	12,703	5
Product recall related losses	3,690	12,459
Other	2,989	829
Income Before Income Taxes	1,714	13,680
Income Taxes Current	2,971	4,443
Income Taxes Deferred	(4,023)	(1,304)
Total Income Taxes	(1,052)	3,139
Net Income	2,766	10,541

Note: Any amount less than ¥1 million is rounded down.