

Translation

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Summary of Consolidated Financial Results for the Six Months Ended January 31, 2022 (Based on Japanese GAAP)

March 7, 2022

Company name: Pharma Foods International Co.,Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2929 URL <https://www.pharmafoods.co.jp/>
 Representative: President Mujo Kim
 General Manager of Administration
 Inquiries: Department Yoshinobu Shintani TEL 075-394-8600
 Scheduled date to file Quarterly Securities Report: March 17, 2022
 Scheduled date to commence dividend payments: April 4, 2022
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended January 31, 2022 (from August 1, 2021 to January 31, 2022)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended January 31, 2022	28,821	41.3	2,032	–	2,105	–	1,561	–
Six months ended January 31, 2021	20,393	216.1	(81)	–	(49)	–	(446)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended January 31, 2022	53.86		53.85	
Six months ended January 31, 2021	(15.39)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of January 31, 2022	26,774	9,199	34.4
As of July 31, 2021	20,944	8,465	40.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended July 31, 2021	–	5.00	–	20.00	25.00
Year ending July 31, 2022	–	10.00			
Year ending July 31, 2022 (Forecast)			–	10.00	20.00

3. Forecast of consolidated financial results for the year ending July 31, 2022 (from August 1, 2021 to July 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	60,631	29.7	5,773	1.8	5,788	0.4	4,021	4.7	138.36

4. Notes

- (1) Changes in significant subsidiaries during the six months ended January 31, 2022
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of January 31, 2022	29,071,500 shares	As of July 31, 2021	29,062,100 shares
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Number of treasury shares at the end of the period

As of January 31, 2022	50,053 shares	As of July 31, 2021	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended January 31, 2022	28,996,582 shares	Six months ended January 31, 2021	29,045,016 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of July 31, 2021	As of January 31, 2022
Assets		
Current assets		
Cash and deposits	9,794	8,097
Notes and accounts receivable - trade	4,920	5,049
Electronically recorded monetary claims - operating	–	372
Merchandise and finished goods	2,659	4,270
Work in process	54	427
Raw materials and supplies	35	594
Other	473	641
Allowance for doubtful accounts	(3)	(2)
Total current assets	17,933	19,450
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	879	2,561
Machinery, equipment and vehicles, net	4	377
Tools, furniture and fixtures, net	178	180
Land	726	1,491
Leased assets, net	20	34
Construction in progress	–	68
Total property, plant and equipment	1,808	4,714
Intangible assets		
Goodwill	140	118
Other	45	40
Total intangible assets	185	158
Investments and other assets		
Investment securities	335	1,344
Other	680	1,106
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,016	2,450
Total non-current assets	3,010	7,323
Total assets	20,944	26,774

(Millions of yen)

	As of July 31, 2021	As of January 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	846	1,231
Short-term borrowings	2,500	7,500
Current portion of long-term borrowings	939	767
Accounts payable - other	3,283	5,172
Income taxes payable	2,000	541
Provision for bonuses	3	88
Other	1,404	682
Total current liabilities	10,978	15,983
Non-current liabilities		
Long-term borrowings	1,458	1,038
Retirement benefit liability	16	439
Other	24	113
Total non-current liabilities	1,499	1,591
Total liabilities	12,478	17,574
Net assets		
Shareholders' equity		
Share capital	2,038	2,041
Capital surplus	1,817	1,820
Retained earnings	4,599	5,526
Treasury shares	—	(138)
Total shareholders' equity	8,455	9,249
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	(50)
Total accumulated other comprehensive income	8	(50)
Share acquisition rights	1	0
Total net assets	8,465	9,199
Total liabilities and net assets	20,944	26,774

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended January 31, 2021	Six months ended January 31, 2022
Net sales	20,393	28,821
Cost of sales	3,101	5,786
Gross profit	17,291	23,035
Selling, general and administrative expenses		
Research and development expenses	210	310
Advertising expenses	13,157	15,614
Commission expenses	1,213	1,613
Amortization of goodwill	21	21
Other	2,769	3,442
Total selling, general and administrative expenses	17,373	21,002
Operating profit (loss)	(81)	2,032
Non-operating income		
Foreign exchange gains	5	12
Subsidy income	10	40
Share of profit of entities accounted for using equity method	2	6
Outsourcing service income	8	8
Other	13	26
Total non-operating income	40	94
Non-operating expenses		
Interest expenses	5	13
Commission expenses	1	8
Other	0	0
Total non-operating expenses	7	21
Ordinary profit (loss)	(49)	2,105
Extraordinary income		
Gain on bargain purchase	–	82
Total extraordinary income	–	82
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Total extraordinary losses	0	0
Profit (loss) before income taxes	(50)	2,186
Income taxes	396	625
Profit (loss)	(446)	1,561
Profit (loss) attributable to owners of parent	(446)	1,561

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended January 31, 2021	Six months ended January 31, 2022
Profit (loss)	(446)	1,561
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	(59)
Deferred gains or losses on hedges	0	–
Total other comprehensive income	(1)	(59)
Comprehensive income	(448)	1,502
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(448)	1,502