

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended April 30, 2023 (Based on Japanese GAAP)

June 5, 2023

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 Toshihiro Kawanaka TEL 075-394-8600
 Scheduled date to file Quarterly Securities Report: June 14, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended April 30, 2023 (from August 1, 2022 to April 30, 2023)

(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	%
Nine months ended April 30, 2023	52,533	19.3	1,634	75.4	1,582	47.0	1,068	–
Nine months ended April 30, 2022	44,050	30.5	931	(64.6)	1,076	(60.4)	(284)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended April 30, 2023	37.00		–	
Nine months ended April 30, 2022	(9.80)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of April 30, 2023	35,465	7,557	21.3
As of July 31, 2022	31,159	7,074	22.7

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, 2022	–	10.00	–	10.00	20.00
Year ending July 31, 2023	–	10.00	–	–	–
Year ending July 31, 2023 (Forecast)	–	–	–	10.00	20.00

3. Forecast of consolidated financial results for the year ending July 31, 2023 (from August 1, 2022 to July 31, 2023)

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	71,000	18.0	1,191	10.3	1,268	0.3	886	–	30.47

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended April 30, 2023
 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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 April 30, 2023	29,079,000 shares	As of July 31, 2022	29,073,800 shares
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Number of treasury shares at the end of the period

As of April 30, 2023	233,970 shares	As of July 31, 2022	52,483 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended April 30, 2023	28,887,115 shares	Nine months ended April 30, 2022	29,010,776 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of July 31, 2022	As of April 30, 2023
Assets		
Current assets		
Cash and deposits	8,845	13,882
Notes and accounts receivable - trade	6,702	5,499
Electronically recorded monetary claims - operating	732	557
Merchandise and finished goods	4,704	4,483
Work in process	478	657
Raw materials and supplies	884	918
Other	1,175	1,203
Allowance for doubtful accounts	(9)	(2)
Total current assets	23,513	27,200
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,549	2,430
Machinery, equipment and vehicles, net	457	583
Tools, furniture and fixtures, net	176	169
Land	1,193	1,190
Leased assets, net	31	23
Construction in progress	50	52
Total property, plant and equipment	4,458	4,450
Intangible assets		
Goodwill	270	215
Other	34	29
Total intangible assets	305	244
Investments and other assets		
Investment securities	1,572	2,383
Other	1,309	1,186
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,881	3,570
Total non-current assets	7,645	8,265
Total assets	31,159	35,465

(Millions of yen)

	As of July 31, 2022	As of April 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,176	1,210
Short-term borrowings	15,400	17,400
Current portion of long-term borrowings	760	934
Accounts payable - other	4,077	4,471
Income taxes payable	434	327
Provision for bonuses	70	152
Other	876	811
Total current liabilities	22,795	25,307
Non-current liabilities		
Long-term borrowings	697	1,978
Retirement benefit liability	427	470
Other	164	151
Total non-current liabilities	1,288	2,600
Total liabilities	24,084	27,907
Net assets		
Shareholders' equity		
Share capital	2,042	2,043
Capital surplus	1,820	1,822
Retained earnings	3,300	3,780
Treasury shares	(138)	(343)
Total shareholders' equity	7,024	7,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46	253
Total accumulated other comprehensive income	46	253
Share acquisition rights	0	–
Non-controlling interests	2	1
Total net assets	7,074	7,557
Total liabilities and net assets	31,159	35,465

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended April 30, 2022	Nine months ended April 30, 2023
Net sales	44,050	52,533
Cost of sales	8,828	10,227
Gross profit	35,222	42,306
Selling, general and administrative expenses		
Research and development expenses	475	599
Advertising expenses	26,158	31,144
Commission expenses	2,465	3,043
Amortization of goodwill	34	54
Other	5,156	5,829
Total selling, general and administrative expenses	34,290	40,672
Operating profit	931	1,634
Non-operating income		
Interest income	1	1
Dividend income	24	13
Foreign exchange gains	29	–
Subsidy income	74	44
Share of profit of entities accounted for using equity method	12	–
Outsourcing service income	12	12
Other	21	28
Total non-operating income	175	100
Non-operating expenses		
Interest expenses	18	37
Foreign exchange losses	–	3
Loss on investments in investment partnerships	–	10
Share of loss of entities accounted for using equity method	–	61
Commission expenses	12	29
Expenses related to product collection, etc.	–	5
Other	0	2
Total non-operating expenses	30	152
Ordinary profit	1,076	1,582
Extraordinary income		
Gain on bargain purchase	82	–
Gain on receipt of donated non-current assets	–	8
Total extraordinary income	82	8
Extraordinary losses		
Loss on sale of non-current assets	–	6
Loss on retirement of non-current assets	0	–
Total extraordinary losses	0	6
Profit before income taxes	1,158	1,584
Income taxes	1,442	516
Profit (loss)	(284)	1,067
Loss attributable to non-controlling interests	–	(0)
Profit (loss) attributable to owners of parent	(284)	1,068

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended April 30, 2022	Nine months ended April 30, 2023
Profit (loss)	(284)	1,067
Other comprehensive income		
Valuation difference on available-for-sale securities	(26)	207
Total other comprehensive income	(26)	207
Comprehensive income	(310)	1,275
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(310)	1,276
Comprehensive income attributable to non-controlling interests	–	(0)