

Translation

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Summary of Consolidated Financial Results for the Year Ended July 31, 2022 (Based on Japanese GAAP)

September 6, 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 Toshihiro Kawanaka TEL 075-394-8600
 Scheduled date of ordinary general meeting of shareholders: October 20, 2022
 Scheduled date to file Securities Report: October 20, 2022
 Scheduled date to commence dividend payments: October 21, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended July 31, 2022 (from August 1, 2021 to July 31, 2022)

(1) Consolidated operating results

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	%
Year ended July 31, 2022	60,185	28.7	1,080	(81.0)	1,264	(78.1)	(374)	–
Year ended July 31, 2021	46,752	204.5	5,673	666.6	5,767	631.0	3,841	455.9

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended July 31, 2022	(12.89)	–	–	4.9	1.8
Year ended July 31, 2021	132.21	132.14	57.5	37.2	12.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2022	31,159	7,074	22.7	243.65
As of July 31, 2021	20,944	8,465	40.4	291.25

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended July 31, 2022	(6,065)	(2,539)	7,679	8,845
Year ended July 31, 2021	5,938	(442)	1,030	9,794

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended July 31, 2021	–	5.00	–	20.00	25.00	726	18.9	10.9
Year ended July 31, 2022	–	10.00	–	10.00	20.00	580	–	7.5
Year ending July 31, 2023 (Forecast)	–	10.00	–	10.00	20.00		65.6	

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 year ended July 31, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of July 31, 2022	29,073,800 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 July 31, 2022	52,483 shares	As of July 31, 2021	– shares
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Average number of shares during the period

Year ended July 31, 2022	29,013,832 shares	Year ended July 31, 2021	29,053,368 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of July 31, 2021	As of July 31, 2022
Assets		
Current assets		
Cash and deposits	9,794	8,845
Notes and accounts receivable - trade	4,916	6,702
Electronically recorded monetary claims - operating	4	732
Merchandise and finished goods	2,659	4,704
Work in process	54	478
Raw materials and supplies	35	884
Other	473	1,175
Allowance for doubtful accounts	(3)	(9)
Total current assets	17,933	23,513
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	879	2,549
Machinery, equipment and vehicles, net	4	457
Tools, furniture and fixtures, net	178	176
Land	726	1,193
Leased assets, net	20	31
Construction in progress	–	50
Total property, plant and equipment	1,808	4,458
Intangible assets		
Goodwill	140	270
Other	45	34
Total intangible assets	185	305
Investments and other assets		
Investment securities	335	1,572
Other	680	1,309
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	1,016	2,881
Total non-current assets	3,010	7,645
Total assets	20,944	31,159

(Millions of yen)

	As of July 31, 2021	As of July 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	846	1,176
Short-term borrowings	2,500	15,400
Current portion of long-term borrowings	939	760
Accounts payable - other	3,283	4,077
Income taxes payable	2,000	434
Provision for bonuses	3	70
Other	1,404	876
Total current liabilities	10,978	22,795
Non-current liabilities		
Long-term borrowings	1,458	697
Retirement benefit liability	16	427
Other	24	164
Total non-current liabilities	1,499	1,288
Total liabilities	12,478	24,084
Net assets		
Shareholders' equity		
Share capital	2,038	2,042
Capital surplus	1,817	1,820
Retained earnings	4,599	3,300
Treasury shares	–	(138)
Total shareholders' equity	8,455	7,024
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8	46
Total accumulated other comprehensive income	8	46
Share acquisition rights	1	0
Non-controlling interests	–	2
Total net assets	8,465	7,074
Total liabilities and net assets	20,944	31,159

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended July 31, 2021	Fiscal year ended July 31, 2022
Net sales	46,752	60,185
Cost of sales	7,027	12,077
Gross profit	39,724	48,108
Selling, general and administrative expenses		
Research and development expenses	522	766
Advertising expenses	24,860	35,748
Commission expenses	2,754	3,412
Amortization of goodwill	43	51
Other	5,870	7,049
Total selling, general and administrative expenses	34,051	47,028
Operating profit	5,673	1,080
Non-operating income		
Interest income	3	2
Dividend income	3	36
Foreign exchange gains	16	37
Subsidy income	38	94
Share of profit of entities accounted for using equity method	16	5
Outsourcing service income	16	16
Other	20	35
Total non-operating income	114	228
Non-operating expenses		
Interest expenses	12	26
Commission expenses	6	14
Other	1	2
Total non-operating expenses	20	43
Ordinary profit	5,767	1,264
Extraordinary income		
Gain on sale of non-current assets	–	77
Gain on bargain purchase	–	82
Total extraordinary income	–	160
Extraordinary losses		
Loss on valuation of investment securities	–	1
Loss on retirement of non-current assets	1	0
Total extraordinary losses	1	1
Profit before income taxes	5,765	1,423
Income taxes - current	1,987	1,400
Income taxes - deferred	(63)	397
Total income taxes	1,924	1,797
Profit (loss)	3,841	(374)
Profit (loss) attributable to owners of parent	3,841	(374)

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended July 31, 2021	Fiscal year ended July 31, 2022
Profit (loss)	3,841	(374)
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	37
Deferred gains or losses on hedges	0	–
Total other comprehensive income	(0)	37
Comprehensive income	3,840	(336)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,840	(336)

Consolidated statements of changes in equity

Fiscal year ended July 31, 2021

(Millions of yen)

	Shareholders' equity			
	Share capital	Capital surplus	Retained earnings	Total shareholders' equity
Balance at beginning of period	2,033	1,812	1,048	4,895
Changes during period				
Dividends of surplus			(290)	(290)
Profit (loss) attributable to owners of parent			3,841	3,841
Exercise of share acquisition rights	5	5		10
Net changes in items other than shareholders' equity				
Total changes during period	5	5	3,550	3,560
Balance at end of period	2,038	1,817	4,599	8,455

	Accumulated other comprehensive income			Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total accumulated other comprehensive income		
Balance at beginning of period	9	(0)	9	3	4,907
Changes during period					
Dividends of surplus					(290)
Profit (loss) attributable to owners of parent					3,841
Exercise of share acquisition rights					10
Net changes in items other than shareholders' equity	(1)	0	(0)	(1)	(2)
Total changes during period	(1)	0	(0)	(1)	3,558
Balance at end of period	8	-	8	1	8,465

Fiscal year ended July 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,038	1,817	4,599	–	8,455
Cumulative effects of changes in accounting policies			(37)		(37)
Restated balance	2,038	1,817	4,561	–	8,417
Changes during period					
Dividends of surplus			(871)		(871)
Profit (loss) attributable to owners of parent			(374)		(374)
Purchase of treasury shares				(299)	(299)
Disposal of treasury shares		(15)		161	146
Transfer from retained earnings to capital surplus		15	(15)		–
Exercise of share acquisition rights	3	3			6
Net changes in items other than shareholders' equity					
Total changes during period	3	3	(1,260)	(138)	(1,392)
Balance at end of period	2,042	1,820	3,300	(138)	7,024

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	8	8	1	–	8,465
Cumulative effects of changes in accounting policies					(37)
Restated balance	8	8	1	–	8,428
Changes during period					
Dividends of surplus					(871)
Profit (loss) attributable to owners of parent					(374)
Purchase of treasury shares					(299)
Disposal of treasury shares					146
Transfer from retained earnings to capital surplus					–
Exercise of share acquisition rights					6
Net changes in items other than shareholders' equity	37	37	(1)	2	39
Total changes during period	37	37	(1)	2	(1,353)
Balance at end of period	46	46	0	2	7,074

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended July 31, 2021	Fiscal year ended July 31, 2022
Cash flows from operating activities		
Profit before income taxes	5,765	1,423
Depreciation	138	469
Amortization of goodwill	43	51
Increase (decrease) in allowance for doubtful accounts	0	6
Increase (decrease) in retirement benefit liability	(4)	(15)
Increase (decrease) in provision for bonuses	1	(10)
Interest and dividend income	(6)	(38)
Subsidy income	(38)	(94)
Interest expenses	12	26
Foreign exchange losses (gains)	14	22
Share of loss (profit) of entities accounted for using equity method	(16)	(5)
Gain on bargain purchase	–	(82)
Gain on sale of non-current assets	–	(77)
Loss on valuation of investment securities	–	1
Decrease (increase) in trade receivables	(2,676)	(1,020)
Decrease (increase) in consumption taxes refund receivable	(8)	(507)
Decrease (increase) in inventories	(1,071)	(2,247)
Increase (decrease) in trade payables	396	(615)
Increase (decrease) in accounts payable - other	2,561	584
Increase (decrease) in accrued consumption taxes	554	(645)
Other, net	456	(350)
Subtotal	6,121	(3,127)
Interest and dividends received	6	39
Interest paid	(11)	(29)
Subsidies received	47	80
Income taxes paid	(224)	(3,125)
Income taxes refund	–	97
Net cash provided by (used in) operating activities	5,938	(6,065)
Cash flows from investing activities		
Purchase of property, plant and equipment	(154)	(467)
Proceeds from sale of property, plant and equipment	–	306
Purchase of intangible assets	(19)	(5)
Purchase of investment securities	(200)	(1,021)
Payments for merger kari	(30)	–
Proceeds from withdrawal of time deposits	–	300
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(1,099)
Purchase of shares of subsidiaries and associates	–	(500)
Other, net	(37)	81
Net cash provided by (used in) investing activities	(442)	(2,539)

(Millions of yen)

	Fiscal year ended July 31, 2021	Fiscal year ended July 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,500	12,100
Repayments of long-term borrowings	(1,180)	(3,243)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	8	5
Dividends paid	(290)	(871)
Purchase of treasury shares	–	(299)
Other, net	(6)	(10)
Net cash provided by (used in) financing activities	1,030	7,679
Effect of exchange rate change on cash and cash equivalents	(14)	(22)
Net increase (decrease) in cash and cash equivalents	6,511	(948)
Cash and cash equivalents at beginning of period	3,282	9,794
Cash and cash equivalents at end of period	9,794	8,845