

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 2929

October 2, 2023

To our shareholders:

Mujo Kim
Representative Director and President
Pharma Foods International Co., Ltd.
1-49, Goryo-Ohara, Nishikyo-ku, Kyoto-shi

Notice of the 26th Annual General Meeting of Shareholders

We are pleased to announce the 26th Annual General Meeting of Shareholders of Pharma Foods International Co., Ltd. (the “Company”), which will be held as indicated below.

This meeting shall be a general meeting of shareholders without a designated location for the meeting (held online only via the Internet), as described in the Company’s Articles of Incorporation.

The notice of convocation for this meeting shall be provided in electronic format and the measures for providing information in electronic format shall be posted on the following website under “Notice of the 26th Annual General Meeting of Shareholders.”

Company website (IR Library, IR documents)

<https://www.pharmafoods.co.jp/ir/library/docs-4> (in Japanese)

TSE website (Listed Company Search):

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

(To view, access the TSE website listed above, then enter either the Company name “Pharma Foods International” or securities code (2929) and click “Search.” Next, click “Basic information” and then choose “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you cannot attend or if connection errors, etc. prevent you from attending, exercise voting rights in advance either via the Internet or in writing (by Tuesday, October 24, 2023, at 6:00 p.m.) (Japan Standard Time).

- 1. Date and Time:** Wednesday, October 25, 2023, at 10:00 a.m. (Japan Standard Time)
(Login available from 9:30 a.m.)
- 2. Venue:** The meeting will be held as an entirely virtual general meeting of shareholders.
*** The meeting is being held completely online, so there is no venue to visit in person.**
- 3. Purpose of the Meeting:**
Matters to be reported:
1. The Business Report and the Consolidated Financial Statements for the 26th fiscal year (from August 1, 2022 to July 31, 2023), and the results of audits of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board
 2. Non-consolidated Financial Statements for the 26th fiscal year (from August 1, 2022 to July 31, 2023)

Matters to be resolved:

Company proposals (Proposals No. 1 and No. 2)

- Proposal No. 1** Appropriation of Surplus
Proposal No. 2 Election of Two Directors

Shareholder proposals (Proposals No. 3 and No. 4)

- Proposal No. 3** Dismissal of Seven Directors
Proposal No. 4 Appropriation of Surplus

4. Other

- (1) The Internet shall be used to transmit information involved in meeting proceedings.
- (2) If the proposals on a voting form are not marked as approved or disapproved, it shall be treated as an indication of approval for the Company proposals and disapproval for the shareholder proposals.
- (3) If a shareholder casts their vote by exercising their voting rights in advance either via the Internet or in writing (postal mail) and then also exercises their voting rights at the meeting via the Internet, the vote cast in the meeting shall be used. If, however, voting rights are not exercised at the meeting, then the vote cast in advance either via the Internet or in writing (postal mail) shall be used.
- (4) The handling of multiple voting rights being exercised is as follows:
 - If a shareholder exercises their voting rights in duplicate both via the Internet and in writing (postal mail), the vote cast via the Internet shall be deemed valid.
 - In addition, if a shareholder casts their vote via the Internet multiple times, then only the last vote cast shall be deemed valid.
- (5) Paper-based documents stating Electronic Provision Measures Matters are sent to shareholders who have requested the delivery of paper-based documents, however those documents do not include the following matters in accordance with the provisions of laws and regulations and Article 14 of the Company's Articles of Incorporation.
 - 1) Notes to Consolidated Financial Statements
 - 2) Notes to Non-consolidated Financial StatementsAccordingly, the Consolidated Financial Statements, and Non-consolidated Financial Statements included in this document are a part of the documents that were audited by the Financial Auditor in preparing the independent audit report and by the Audit & Supervisory Board Members in preparing the audit report.
- (6) If revisions to any of the measures for providing information in electronic format are required, such revisions shall be listed on the Company's website and TSE website on page 1.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Company proposals (Proposal No. 1 and Proposal No. 2)

Proposal No. 1 Appropriation of Surplus

The Company proposes the appropriation of surplus as follows:

Year-end dividends

In line with the business policy, which is to balance corporate growth and profitability, the Company maintains the basic policy of improving dividends proactively as returns to our shareholders while expanding proactive investment in research and development, advertising, M&A, etc.

According to our above basic policy on dividends of surplus, etc., after careful consideration of our financial results in the current fiscal year, our future business development, etc., we have decided to pay ¥12 per share as year-end dividends in the current fiscal year.

(1) Type of dividend property

Cash

(2) Allotment of dividend property and their aggregate amount

¥12 per common share of the Company

Total dividends: ¥346,140,072

Furthermore, the amount of annual dividends for the current fiscal year is ¥22 per share with the inclusion of the interim dividend (¥10 per share) paid on April 4, 2023.

(3) Effective date of dividends of surplus

October 27, 2023

Proposal No. 2 Election of Two Directors

The Company will increase the number of Directors by two to further enhance the management system and it proposes the election of the Director. In addition, as provided for in the Company’s Articles of Incorporation, the term of office of the Director elected at this General Meeting will be until the terms of office of the other currently serving Directors expire.

The candidates for Director are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company		Number of the Company’s shares owned
1	[New election] Yong-il Kim (January 22, 1981)	Apr. 2011	Postdoctoral fellow, Graduate School of Agriculture, Kyoto University	649,000
		Sep. 2012	Postdoctoral fellow, School of Medicine, University of California San Francisco	
Nov. 2014	Joined ROHTO Pharmaceutical Co., Ltd.			
Jan. 2021	Joined the Company Deputy General Manager of Development Department			
Aug. 2022	General Manager of Development Department (current position)			
[Reasons for nomination as candidate for Director] Yong-il Kim has worked to advance research and development within the Group while simultaneously leading initiatives to develop new business aimed at medium- and long-term growth. Based on the determination that he will be able to realize the Company’s management philosophy, implement research and development strategies, and strengthen governance, we deem him suitable as a candidate for Director and are nominating him as a candidate for Director.				
2	[New election] Hirotaka Higashiyama (September 7, 1975)	Dec. 2018	Joined the Company Manager of Accounting Section of Administration Department	622 *3
		Aug. 2020	General Manager of President’s Office (current position)	
		Apr. 2022	General Manager of Biomedical Department (current position)	
		July 2022	Representative Director of PF Capital Co., Ltd. (current position)	
		Aug. 2022	General Manager of Quality Control and Quality Assurance Department (current position)	
[Reasons for nomination as candidate for Director] Since joining the Company, Hirotaka Higashiyama has been involved in operations of the Administration Division such as accounting, M&A and internal audits, and also has experience serving as the person responsible for the Biomedical Department and Quality Control and Quality Assurance Department. Based on the determination that he will be able to realize the management philosophy, implement business strategies, and strengthen governance, we deem him suitable as a candidate for Director and are nominating him as a candidate for Director.				

- Notes:
1. There is no special interest between the candidates and the Company.
 2. Candidate Yong-il Kim is a relative of the Company’s Representative Director and President Mujo Kim.
 3. The figure shown for the number of the Company’s shares owned by the candidate includes their shares owned through the employee shareholding association as of the end of the current fiscal year (July 31, 2023).
 4. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The policy covers the legally mandated amount of indemnification and litigation expenses incurred from claims for damages arising from acts (including nonfeasance) carried out by the insured at a certain position of the Company, including as Directors of the Company (however, excluding situations in which there is an exclusion of liability due to the insured person receiving profits or benefits illegally and in the event of criminal actions, malfeasance, fraud, or acts conducted with the knowledge that they violate rules or control laws and regulations). In the event that each candidate is elected and assumes the office as Director, they will be the insured under the policy. Furthermore, the next time that the policy is renewed, the plan is to renew them with the same contents.

Shareholder proposals (Proposals No. 3 and No. 4)

Proposals No. 3 and No. 4 were submitted by a (one) shareholder.

This shareholder submitted four proposals, but only those that satisfied the requirements for submission as a proposal for the general meeting of shareholders were made into proposals (Proposals No. 3 and No. 4).

The details of each proposal and the reasons for said proposal are listed in full and in order.

The shareholder making the proposals possesses 687 voting rights (0.23% of shareholder voting rights). The appropriation of surplus from Shareholder Proposal No. 4 is an alternative proposal to the appropriation of surplus set forth in Company Proposal No. 1 and the two proposals are incompatible. Therefore, please note that if you approve both proposals, then the voting rights exercised for Proposal No. 1 and Proposal No. 4 shall both be counted as denied.

● Opinion from the Board of Directors regarding Proposals No. 3 and No. 4

The Board of Directors of the Company opposes Proposals No. 3 and No. 4. The Board of Directors has determined that these proposals would not contribute to increasing either shareholder profits or corporate value.

Proposal No. 3 Dismissal of Seven Directors

Content of Proposal: The dismissal of all Directors

Reasons for Proposal: Seeking the resignation of all Directors responsible for falling stock prices. This proposal aims to appoint new management, recover business performance, and appoint management that emphasizes shareholders.

Target Directors: 1. Mujo Kim, 2. Kazuyuki Masuda, 3. Noriko Horie, 4. Yasunori Inoue,
5. Shinya Samura, 6. Tetsuro Yamane, 7. Taro Ueda

● Opinion of the Board of Directors: Opposed

Reasons for Opposition: Because it severely interferes with management of the Company.

This is year two of the 5-year “Medium-Term Management Plan 2026” and performance has seen net sales rise 13.9% versus the previous term while operating profit has risen 234.1%. The Company is also implementing “new value creation” and is actively investing in research and development for new products.

PBR (Price Book-value Ratio) as of the end of the current fiscal year has also grown five times in the stock index, so the state of Company stock cannot be considered extremely poor.

The seven Directors are not simply accepting the current state of affairs, but working diligently to increase corporate value while simultaneously ensuring growth and profitability.

As such, there is no reason for them to resign.

Proposal No. 4 Appropriation of Surplus

Content of Proposal: Provide annual dividends for the fiscal year of ¥100 per share

Reasons for Proposal: Partway through the third quarter of last year, most profits were spent on advertising without sufficient explanation, which betrayed shareholder trust and led to the current share price. The amount of dividends must be increased to regain shareholder trust.

● **Opinion of the Board of Directors: Opposed**

Reasons for Opposition: It interferes with management's plans to increase corporate value.

In the 5-year "Medium-Term Management Plan 2026" that began in July 2022, the Company proposed a 20% total payout ratio as a guide for its shareholder return policy, which includes the acquisition of treasury shares.

This policy was created to improve dividends, etc. proactively as returns to our shareholders while expanding proactive investment in research and development, advertising, M&A, etc.

Combined with the Company proposal of ¥12 per share as year-end dividends (total dividends: ¥346 million), the amount of annual dividends for the current fiscal year is ¥22 per share. Along with the purchase of treasury shares implemented in September 2022, the target of 20% total payout ratio has been exceeded.

The shareholder proposal of ¥90 per share as year-end dividends, however, creates an additional ¥2,249 million cash outflow compared to the Company proposal for cash dividends as year-end dividends. If enacted, the total payout ratio would exceed 100% and hinder growth-centric investment aimed at increasing corporate value in the medium and long term.

Enacting the allotment of surplus in the shareholder proposal can only be seen as a short-term initiative and the Company has determined that it would not lead to increasing corporate value in the medium and long term.