

Translation

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

December 5, 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 to file Quarterly Securities Report: December 15, 2022
 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 three months ended October 31, 2022 (from August 1, 2022 to October 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	%
Three months ended October 31, 2022	17,030	35.1	(2,194)	–	(2,180)	–	(1,820)	–
Three months ended October 31, 2021	12,606	50.3	1,575	–	1,617	–	1,231	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended October 31, 2022	(62.78)		–	
Three months ended October 31, 2021	42.45		42.43	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2022	32,702	4,719	14.4
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	Yen	Yen	Yen	Yen
Year ended July 31, 2022	–	10.00	–	10.00	20.00
Year ending July 31, 2023	–				
Year ending July 31, 2023 (Forecast)		10.00	–	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 three months ended October 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 October 31, 2022	29,074,500 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 October 31, 2022	294,683 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)

Three months ended October 31, 2022	29,000,728 shares	Three months ended October 31, 2021	29,005,705 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of July 31, 2022	As of October 31, 2022
Assets		
Current assets		
Cash and deposits	8,845	12,045
Notes and accounts receivable - trade	6,702	5,449
Electronically recorded monetary claims - operating	732	486
Merchandise and finished goods	4,704	4,332
Work in process	478	572
Raw materials and supplies	884	811
Other	1,175	1,073
Allowance for doubtful accounts	(9)	(7)
Total current assets	23,513	24,763
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,549	2,518
Machinery, equipment and vehicles, net	457	450
Tools, furniture and fixtures, net	176	174
Land	1,193	1,193
Leased assets, net	31	28
Construction in progress	50	63
Total property, plant and equipment	4,458	4,428
Intangible assets		
Goodwill	270	252
Other	34	34
Total intangible assets	305	287
Investments and other assets		
Investment securities	1,572	1,552
Other	1,309	1,670
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	2,881	3,223
Total non-current assets	7,645	7,938
Total assets	31,159	32,702

(Millions of yen)

	As of July 31, 2022	As of October 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,176	1,002
Short-term borrowings	15,400	15,400
Current portion of long-term borrowings	760	788
Accounts payable - other	4,077	6,709
Income taxes payable	434	76
Provision for bonuses	70	156
Other	876	828
Total current liabilities	22,795	24,962
Non-current liabilities		
Long-term borrowings	697	2,433
Retirement benefit liability	427	456
Other	164	131
Total non-current liabilities	1,288	3,020
Total liabilities	24,084	27,983
Net assets		
Shareholders' equity		
Share capital	2,042	2,042
Capital surplus	1,820	1,821
Retained earnings	3,300	1,189
Treasury shares	(138)	(438)
Total shareholders' equity	7,024	4,614
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	46	101
Total accumulated other comprehensive income	46	101
Share acquisition rights	0	0
Non-controlling interests	2	2
Total net assets	7,074	4,719
Total liabilities and net assets	31,159	32,702

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended October 31, 2021	Three months ended October 31, 2022
Net sales	12,606	17,030
Cost of sales	1,918	3,204
Gross profit	10,687	13,825
Selling, general and administrative expenses		
Research and development expenses	145	206
Advertising expenses	6,730	12,800
Commission expenses	750	1,019
Amortization of goodwill	10	17
Other	1,475	1,976
Total selling, general and administrative expenses	9,112	16,020
Operating profit (loss)	1,575	(2,194)
Non-operating income		
Interest income	0	6
Dividend income	0	2
Foreign exchange gains	7	10
Subsidy income	31	13
Share of profit of entities accounted for using equity method	1	–
Outsourcing service income	4	4
Other	4	12
Total non-operating income	50	49
Non-operating expenses		
Interest expenses	2	18
Share of loss of entities accounted for using equity method	–	12
Commission expenses	5	3
Other	0	0
Total non-operating expenses	8	35
Ordinary profit (loss)	1,617	(2,180)
Extraordinary income		
Gain on bargain purchase	82	–
Total extraordinary income	82	–
Extraordinary losses		
Loss on retirement of non-current assets	0	–
Total extraordinary losses	0	–
Profit (loss) before income taxes	1,699	(2,180)
Income taxes	467	(359)
Profit (loss)	1,231	(1,820)
Loss attributable to non-controlling interests	–	(0)
Profit (loss) attributable to owners of parent	1,231	(1,820)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended October 31, 2021	Three months ended October 31, 2022
Profit (loss)	1,231	(1,820)
Other comprehensive income		
Valuation difference on available-for-sale securities	10	55
Total other comprehensive income	10	55
Comprehensive income	1,241	(1,765)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,241	(1,765)
Comprehensive income attributable to non-controlling interests	–	(0)