

June 16, 2025

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Notice Regarding Construction of a New Plant by Our Consolidated Subsidiary and Execution of a Loan Agreement with Financial Covenants

Pharma Foods International Co., Ltd. (the “Company”) hereby announces that, at the Board of Directors meeting held on June 16, 2025, it resolved to approve the construction of a new manufacturing facility by its consolidated subsidiary, Meiji Yakuhin Co., Ltd. (“Meiji Yakuhin”), as well as the borrowing of funds to finance the construction.

1. Overview of the counterparty

(1) Name	Meiji Yakuhin Co., Ltd.
(2) Location	6 Sango, Toyama City, Toyama Prefecture, Japan
(3) Job title and name of representative	President, Kazuyuki Masuda
(4) Description of business	Manufacture and sale, as well as import and export, of pharmaceuticals, quasi-drugs, medical devices, food products (health foods), and cosmetics
(5) Share capital	JPY 98 million
(6) Incorporation	April 26 th , 1948
(7) Shareholder	Pharma Foods International Co., Ltd. 100%

2. Construction of New Plant

(1) Purpose and background of the construction

Pharma Foods International Co., Ltd. Group is committed to becoming a "leading healthcare company" through its Medium-Term Management Plan 2026, titled the "New Value Creation 1K Project." Since the Company fully acquired Meiji Yakuhin as a wholly owned subsidiary in August 2021, Meiji Yakuhin has been striving to evolve from a contract manufacturer of pharmaceuticals to a pharmaceutical manufacturer.

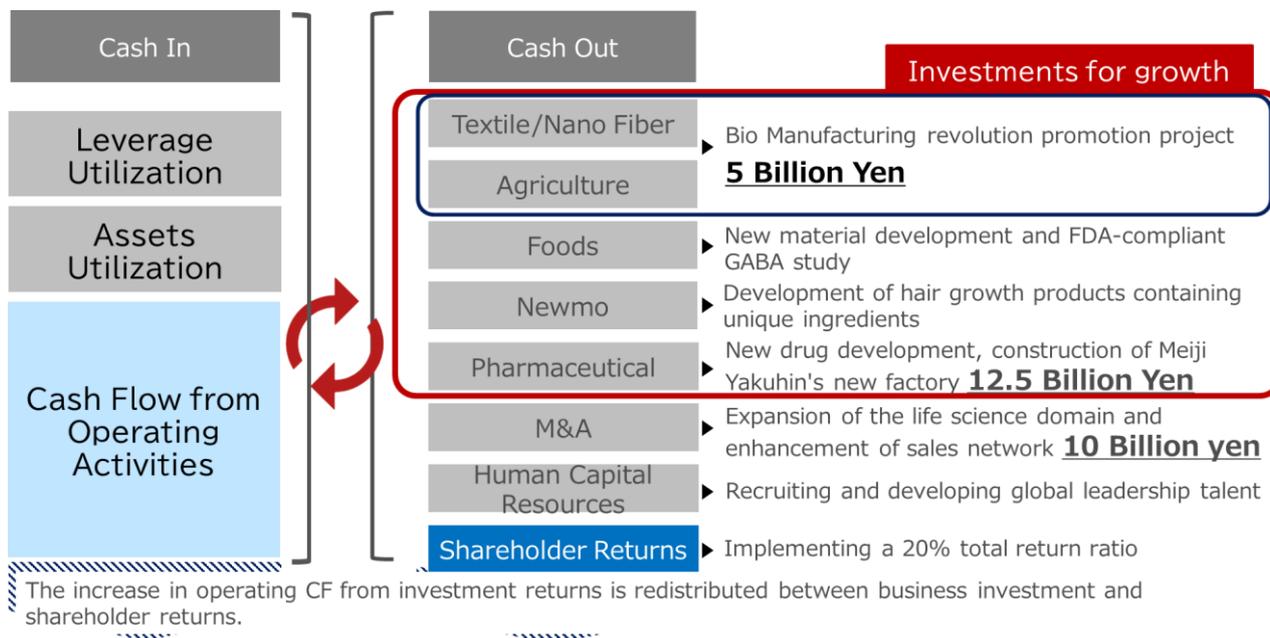
Leveraging the quality and history cultivated through its pharmaceutical manufacturing, and as a result of synergies with our research and sales resources, Meiji Yakuhin's net sales have grown 2.7 times over three years—from JPY 5,335 million for the fiscal year ended May 2021 to JPY 14,151 million for the fiscal year ending July 2024.

Fiscal Period	July, 2022	July, 2023	July, 2024
Net Sales	8,923	14,108	14,151
Ordinary Profit	△3,313	1,154	531
Net Profit	△3,355	1,309	153

In particular, the development and sales of Meiji Yakuhin’s own brand products have significantly contributed to the growth. The acquisition of new customers for products such as “LACTRON Tablets,” “TENRAI SEIRYU Tablets,” and “ShiboraNight 2” has been progressing favorably, resulting in the number of regular customers increasing 2.9 times as of the end of April 2025 compared to the end of the previous fiscal year.



The Company Group, aiming for further growth, has initiated a bold investment plan totaling approximately JPY 30 billion over the five-year period starting from the fiscal year ending July 2024.



Meiji Yakuhin aims to enhance its production capacity for pharmaceuticals, quasi-drugs, and other products to address common healthcare needs such as gut health, digestion, and urinary concerns through the construction of a new plant with an investment of JPY 12.5 billion. This investment is intended to drive the expansion of its own-brand product sales as well as its pharmaceutical contract manufacturing business. By the fiscal year ending July 2030, Meiji Yakuhin targets net sales of approximately JPY 23 billion.

The Board of Directors of the Company has determined that this plant construction represents a highly significant investment toward realizing the Group’s vision of becoming a “leading healthcare company,” and has therefore approved its implementation.

(2) Details of the new plant

(1) Location	60-5 Kanaoshin, Mizuhashi, Toyama City, Toyama Prefecture, Japan
(2) Building	Total floor area: 13,109 m ² ; Structure: Steel frame, 3 stories above ground
(3) Total investment amount	The planned investment amount for the building, machinery and equipment, and associated costs is approximately JPY 12.5 billion.
(4) Funding	To be funded through borrowings
(5) Overview of Plant and Equipment	Installation of new formulation, packaging, and liquid filling lines

(3) Timeline

(1) Date of resolution at the meeting of the Board of Directors	June 16 th , 2025
(2) Scheduled start of construction	July, 2025
(3) Scheduled start of operations	July, 2028

3. Borrowing of Funds

(1) Reason for the Borrowing

The purpose of this borrowing is to finance the construction of the new plant. A loan agreement with financial covenants will be planned to execute for this purpose.

(2) Overview of the loan agreement with financial covenants

(1) Date of contract conclusion	Late July or early August, 2025
(2) Counterparty attributes	A syndicated loan arranged by The Kyoto Bank, Ltd.
(3) Principal amount of debt	A maximum amount of JPY 12.5 billion
(4) Scheduled final repayment deadline	October, 2038
(5) Details of collateral	Land and buildings (including the new plant) owned by Meiji Yakuhiin
(6) Guarantee	Corporate guarantor – Pharma Foods International Co., Ltd.

(3) Planned Contents of Financial Covenants

- ① From the fiscal year ending July 2025 onward, the total amount of net assets recorded in the consolidated balance sheet in the reports at the end of each fiscal year shall be maintained at no less than 75% of the total amount of net assets recorded in the consolidated balance sheet at the end of the immediately preceding fiscal year.
- ② From the fiscal year ending July 2025 onward, Meiji Yakuhiin's standalone ordinary profit/loss, as stated in the income statement of the reports at the end of each fiscal year, shall not be negative for two consecutive fiscal years.
- ③ From the fiscal year ending July 2025 onward, the consolidated ordinary profit/loss, as stated in the income statement of the reports at the end of each fiscal year, shall not be negative for two consecutive fiscal years.

4. Future Outlook

The implementation of the new plant construction and the financing is expected to have a minor impact on the financial results of the Company for the fiscal year ending July 2025 and July 2026. Should any matters arise that have a significant impact on the performance and require disclosure, the Company will promptly disclose such information.

<Reference> Projected illustration of the new Meiji Yakuhiin plant



Note : This document has been translated from 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.