

March, 15th. 2021

Pharma Foods International Co. Ltd.

Pharma Foods Announces Conclusion of Capital and Business Alliance with Sanyo Chemical

Pharma Foods International Co., Ltd. (“Pharma Foods”) announced that it has decided to conclude a capital and business alliance with Sanyo Chemical Industries, Ltd. (“Sanyo Chemical”).

1. Reasons for the capital and business alliance

Pharma Foods, by pursuing the fusion of pharmaceuticals and foods, is engaged in research and development and sales of products with clear benefits for functional foods, health care, skin care and antibody preparation, in three main business segment, “Functional ingredients”, “Pharmaceuticals” and “B to C business”.

Sanyo Chemical, with its core surface control technology, is actively working towards the manufactures and sales of approx. 3000 types of sophisticated performance chemicals in order to meet the diversified needs in the fields of industry, beauty and personal care. In recent years, Sanyo Chemical has been focusing on the world's first mass production of the next-generation lithium-ion battery; All Polymer Battery.

Beauty and personal care and pharmaceutical are areas of focus for both companies. We decided to conclude this latest agreement aiming to improve our profitability and corporate value of both companies further.

2. Details of the business alliance

Pharma Foods and Sanyo Chemical agreed to promote the strategic business alliance, including the following. The specific policies and detailed contents will be decided in the discussion together.

- 1) Joint development of raw materials for Pharma Foods products such as "Newmo[®] VACTORY shampoo" and production and supply of such raw materials by Sanyo Chemical

2) Drug development by combining technologies such as Pharma Foods' proprietary antibody production technology using chicken "ALAgene[®] technology" and polymer modification using Sanyo Chemical's polyethylene glycol* products for pharmaceutical uses.

* Polymer compounds used in various applications such as pharmaceuticals / pharmaceutical excipients, hair care / skin care products, and detergents.

3) Creation of new businesses by promoting open innovation and mutual utilization of customer networks with the aim of integrating technologies in different fields of both companies

4) Neighboring Katsura Research Institute of Sanyo Chemical and Pharma Foods jointly contribute to society in Kyoto University Katsura Campus and surrounding areas

3. Details of the capital alliance

Pharma Foods plans to acquire common stock of Sanyo Chemical through purchase in the market, for a total of approximately 200 million yen.

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Pharma Foods holds cross-shareholdings only in cases where the background to the cross-shareholdings is the establishment of a strategical alliance and the alliance is closely related to the profitability of the joint business.

In advancing the business alliance, holding each other's shares will strengthen the relationship of interest in the corporate value of both companies and will be the driving force for promoting this business alliance.

4. Outline of the partner for the capital and business alliance

(1) Name	Sanyo Chemical Industries, Ltd.
(2) Location	11-1, Ikkyo Nomoto-cho, Higashiyama-ku, Kyoto
(3) Title and name of representative	President & CEO, Takao Ando
(4) Description of business	Manufacturing and sales of performance chemicals, etc.
(5) Capital	13,051million yen
(6) Incorporated on	1 st November 1949



(7)	Major shareholders and their shareholding ratio (as of January 31, 2021)	Toyota Tsusho Corporation	19.38%	
		Toray Industries, Ltd.	17.30%	
		NIPPON SHOKUBAI.,LTD.	5.00%	
		ENEOS Corporation	4.80%	
		Custody Bank of Japan, Ltd. (trust account)	4.66%	
		The Master Trust Bank of Japan, Ltd. (trust account)	4.42%	
		BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2.55%	
		GOVERNMENT OF NORWAY	2.42%	
		Sanyo Chemical Industries Employee Stock Ownership Plan	2.29%	
		MSIP CLIENT SECURITIES	1.87%	
(8) Relationship between the Companies				
	Capital ties	None		
	Personnel ties	None		
	Trade ties	None		
	Status applicable to the parties	None		
(9) Results of operations and financial conditions for the past three years (Unit: million yen)				
	Settlement of account	Fiscal year ended March 2018	Fiscal year ended March 2019	Fiscal year ended March 2020
	Consolidated net assets	136,270	132,623	130,097
	Consolidated total assets	199,179	193,630	178,873
	Consolidated net assets per share (yen)	5,901.23	5,868.58	5,789.88
	Consolidated sales	161,692	161,599	155,503
	Consolidated operating profit	11,999	12,919	12,439
	Consolidated ordinary profit	13,866	15,205	12,704
	Profit attributable to owners of parent	9,272	5,345	7,668
	Consolidated net profit per share (yen)	420.57	242.50	347.87
	Cash dividend per share (yen)	110.00	125.00	140.00

5. Capital and Business Alliance Schedule

(1) Date of resolution of Boards of Directors Meeting: 15th March, 2021

(2) Execution date of the Capital and Business Alliance Agreement: 15th March, 2021

(3) Business commencement date: 15th March, 2021

6. The Impact by this Alliance

Although the impact of this Business Alliance on Pharma Foods' consolidated operating results for the fiscal year ending July 2021 is unknown, we believe that further enhance our corporate value from a medium- and long-term viewpoint. If the necessity of revising business forecasts and/or any matter to be disclosed arises, such information shall be immediately disclosed.