Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Three Months Ended October 31, 2023 (Based on Japanese GAAP)

December 11, 2023

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 od Corporate Planning

Inquiries: Toshihiro Kawanaka TEL 075-394-8600

Scheduled date to file Quarterly Securities Report: December 15, 2023

Scheduled date to commence dividend payments:

Preparation of supplementary material on quarterly financial results:

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, 2023 (from August 1, 2023 to October 31, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating pr	ofit	t 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, 2023	16,142	(5.2)	601	-	605	_	286	_
Three months ended October 31, 2022	17,030	35.1	(2,194)	_	(2,180)	_	(1,820)	_

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended October 31, 2023	9.94	=
Three months ended October 31, 2022	(62.78)	_

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2023	37,680	9,687	25.7
As of July 31, 2023	36,232	9,630	26.6

2. Cash dividends

		Annual dividends per share					
	1st quarter-end 2nd quarter-end 3rd quarter-end Fiscal year-				Total		
	Yen	Yen	Yen	Yen	Yen		
Year ended July 31, 2023	=	10.00	_	12.00	22.00		
Year ending July 31, 2024	_						
Year ending July 31, 2024 (Forecast)		10.00	-	10.00	20.00		

3. Forecast of consolidated financial results for the year ending July 31, 2024 (from August 1, 2023 to July 31, 2024)

Percentages indicate year-on-year changes

							0	,	, ,
	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	72,047	5.1	3,338	(7.5)	3,300	(6.8)	2,784	(9.6)	96.55

4. Notes

(1) Changes in significant subsidiaries during the three months ended October 31, 2023 (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: No Changes in accounting policies due to other reasons: No Changes in accounting estimates: No No

Restatement of prior period financial statements:

(4) Number of issued shares (common shares)

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

Total number of issued shares at the end of the period (including treasury shares)								
As of October 31, 2023	29,079,000 shares	As of July 31, 2023	29,079,000 shares					
Number of treasury shares at the end of the	Number of treasury shares at the end of the period							
As of October 31, 2023	233,994 shares	As of July 31, 2023	233,994 shares					
Average number of shares during the period (cumulative from the beginning of the fiscal year)								
Three months ended October 31, 2023	28,845,006 shares	Three months ended October 31, 2022	29,000,728 shares					

Quarterly consolidated financial statements Consolidated balance sheets

(Millions of yen)

		(Millions of yen)
	As of July 31, 2023	As of October 31, 2023
Assets		
Current assets		
Cash and deposits	16,306	17,429
Notes and accounts receivable - trade	4,058	3,851
Electronically recorded monetary claims - operating	526	558
Merchandise and finished goods	4,594	4,290
Work in process	676	601
Raw materials and supplies	783	829
Other	588	720
Allowance for doubtful accounts	(2)	(1)
Total current assets	27,530	28,279
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,449	2,436
Machinery, equipment and vehicles, net	541	510
Tools, furniture and fixtures, net	154	328
Land	1,190	1,190
Leased assets, net	21	18
Construction in progress	47	84
Total property, plant and equipment	4,404	4,568
Intangible assets		
Goodwill	197	179
Other	41	48
Total intangible assets	238	227
Investments and other assets		
Investment securities	2,514	2,831
Deferred tax assets	395	640
Other	1,149	1,134
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	4,058	4,605
Total non-current assets	8,701	9,401
Total assets	36,232	37,680

		(Willions of yell)
	As of July 31, 2023	As of October 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	937	1,142
Short-term borrowings	17,400	17,400
Current portion of long-term borrowings	955	941
Accounts payable - other	3,728	4,752
Income taxes payable	264	524
Provision for bonuses	72	162
Other	1,016	713
Total current liabilities	24,374	25,638
Non-current liabilities		
Long-term borrowings	1,741	1,828
Retirement benefit liability	320	304
Other	165	222
Total non-current liabilities	2,227	2,355
Total liabilities	26,601	27,993
Net assets		
Shareholders' equity		
Share capital	2,043	2,043
Capital surplus	1,814	1,814
Retained earnings	5,792	5,733
Treasury shares	(343)	(343
Total shareholders' equity	9,306	9,246
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	324	440
Total accumulated other comprehensive income	324	440
Total net assets	9,630	9,687
Total liabilities and net assets	36,232	37,680
Total matinities and net assets	30,232	37,00

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

Consolidated statements of income (cumulative)

Net sales 17,030 16 Cost of sales 3,204 3 Gross profit 13,825 12 Selling, general and administrative expenses 206 Research and development expenses 206 Advertising expenses 12,800 8 Commission expenses 1,019 1 Amortization of goodwill 17 1 Other 1,976 1 Total selling, general and administrative expenses 16,020 12 Operating profit (loss) (2,194) Non-operating income 6 1 Interest income 6 1 Dividend income 2 5 Foreign exchange gains 10 1 Subsidy income 13 0 Other 12 1 Total non-operating income 4 0 Non-operating expenses 18 1 Interest expenses 18 1 Loss on investments in investment partnerships - -			(Millions of yen)
Net sales 17,030 16 Cost of sales 3,204 3 Gross profit 13,825 12 Selling, general and administrative expenses 206 Research and development expenses 206 Advertising expenses 12,800 8 Commission expenses 1,019 1 Amortization of goodwill 17 1 Other 1,976 1 Total selling, general and administrative expenses 16,020 12 Operating profit (loss) (2,194) Non-operating income 6 1 Interest income 6 1 Dividend income 2 1 Foreign exchange gains 10 1 Subsidy income 13 1 Outsourcing service income 4 1 Other 12 1 Total non-operating income 49 1 Non-operating expenses 18 1 Interest expenses 18 1 Commission expenses		Three months ended	Three months ended
Cost of sales 3,204 3 3 3 3 3 3 3 3 3			· · · · · · · · · · · · · · · · · · ·
13,825 12	Net sales		16,142
Selling, general and administrative expenses 206	Cost of sales	3,204	3,424
Research and development expenses 206 Advertising expenses 12,800 8 Commission expenses 1,019 1 Amortization of goodwill 17 1 Other 1,976 1 Total selling, general and administrative expenses 16,020 12 Operating profit (loss) (2,194) Non-operating income 6 6 Interest income 6 6 Dividend income 2 6 Foreign exchange gains 10 13 Outsourcing service income 4 4 Other 12 12 Total non-operating income 49 12 Non-operating expenses 18 12 Interest expenses 18 12 Loss on investments in investment partnerships - - Share of loss of entities accounted for using equity method 12 12 Commission expenses 3 0 Other 0 0 Total non-operating expenses 35 </td <td>Gross profit</td> <td>13,825</td> <td>12,717</td>	Gross profit	13,825	12,717
Advertising expenses 12,800 8 Commission expenses 1,019 1 Amortization of goodwill 17 Other 1,976 1 Total selling, general and administrative expenses 16,020 12 Operating profit (loss) (2,194) Non-operating income 6 Dividend income 2 Foreign exchange gains 10 Subsidy income 13 Outsourcing service income 4 Other 12 Total non-operating income 49 Non-operating expenses 18 Loss on investments in investment partnerships - Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 3 Total non-operating expenses 3 Total non-oper	Selling, general and administrative expenses		
Commission expenses 1,019 1 Amortization of goodwill 17 Other 1,976 1 Total selling, general and administrative expenses 16,020 12 Operating profit (loss) (2,194) Non-operating income 6 5 Interest income 6 6 Dividend income 2 6 Foreign exchange gains 10 13 Outsourcing service income 4 12 Other 12 12 Total non-operating income 49 10 Non-operating expenses 18 18 Loss on investments in investment partnerships - - Share of loss of entities accounted for using equity method 12 12 Commission expenses 3 0ther 0 Total non-operating expenses 3 0ther Total non-operating expenses 35 0ther Total non-operating expenses 35 0ther Other 0 12 Total	Research and development expenses	206	277
Amortization of goodwill 17 Other 1,976 1 Total selling, general and administrative expenses 16,020 12 Operating profit (loss) (2,194) Non-operating income 8 10 Interest income 6 6 Dividend income 2 6 Foreign exchange gains 10 13 Outsourcing service income 4 4 Other 12 12 Total non-operating income 49 10 Non-operating expenses 18 18 Interest expenses 18 18 Loss on investments in investment partnerships - - Share of loss of entities accounted for using equity method 12 12 Commission expenses 3 0ther 0 12 Total non-operating expenses 35 0rdinary profit (loss) (2,180) Profit (loss) before income taxes (359) 12 Income taxes (1,820) (1,820)	Advertising expenses	12,800	8,813
Other 1,976 1 Total selling, general and administrative expenses 16,020 12 Operating profit (loss) (2,194) Non-operating income 6 Interest income 6 Dividend income 2 Foreign exchange gains 10 Subsidy income 13 Outsourcing service income 4 Other 12 Total non-operating income 49 Non-operating expenses 18 Interest expenses 18 Loss on investments in investment partnerships - Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (359) Profit (loss) (1,820)	Commission expenses	1,019	1,122
Total selling, general and administrative expenses 16,020 12 Operating profit (loss) (2,194) Non-operating income 8 Interest income 6 Dividend income 2 Foreign exchange gains 10 Subsidy income 13 Outsourcing service income 4 Other 12 Total non-operating income 49 Non-operating expenses 18 Interest expenses 18 Loss on investments in investment partnerships - Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Amortization of goodwill	17	23
Operating profit (loss) (2,194) Non-operating income 6 Interest income 6 Dividend income 2 Foreign exchange gains 10 Subsidy income 13 Outsourcing service income 4 Other 12 Total non-operating income 49 Non-operating expenses 18 Loss on investments in investment partnerships - Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (359) Profit (loss) (1,820)	Other	1,976	1,879
Non-operating income 6 Interest income 6 Dividend income 2 Foreign exchange gains 10 Subsidy income 13 Outsourcing service income 4 Other 12 Total non-operating income 49 Non-operating expenses 18 Loss on investments in investment partnerships - Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Total selling, general and administrative expenses	16,020	12,116
Interest income 6 Dividend income 2 Foreign exchange gains 10 Subsidy income 13 Outsourcing service income 4 Other 12 Total non-operating income 49 Non-operating expenses 18 Loss on investments in investment partnerships - Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Operating profit (loss)	(2,194)	601
Dividend income 2 Foreign exchange gains 10 Subsidy income 13 Outsourcing service income 4 Other 12 Total non-operating income 49 Non-operating expenses 18 Loss on investments in investment partnerships - Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Non-operating income		
Foreign exchange gains 10 13 13 14 15 15 15 15 15 15 15	Interest income	6	0
Subsidy income 13 Outsourcing service income 4 Other 12 Total non-operating income 49 Non-operating expenses 18 Loss on investments in investment partnerships - Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Dividend income	2	2
Outsourcing service income Other 12 Total non-operating income Non-operating expenses Interest expenses Interest expenses Loss on investments in investment partnerships Share of loss of entities accounted for using equity method Commission expenses Other Total non-operating expenses Ordinary profit (loss) Profit (loss) before income taxes (2,180) Profit (loss) (1,820)	Foreign exchange gains	10	4
Other 12 Total non-operating income 49 Non-operating expenses Interest expenses 18 Loss on investments in investment partnerships Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Profit (loss) (1,820)	Subsidy income	13	13
Total non-operating income Non-operating expenses Interest expenses Loss on investments in investment partnerships Share of loss of entities accounted for using equity method Commission expenses Other Total non-operating expenses Ordinary profit (loss) Profit (loss) before income taxes Profit (loss) Total non-operating expenses (2,180) Income taxes (359) Profit (loss) (1,820)	Outsourcing service income	4	4
Non-operating expenses Interest expenses Interest expenses Loss on investments in investment partnerships Share of loss of entities accounted for using equity method Commission expenses Other Total non-operating expenses Ordinary profit (loss) Profit (loss) before income taxes Interest expenses 18 12 12 10 10 11 12 13 14 15 16 17 18 18 18 18 19 10 10 10 10 10 10 10 10 10	Other	12	9
Interest expenses 18 Loss on investments in investment partnerships - Share of loss of entities accounted for using equity method 12 Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Total non-operating income	49	35
Loss on investments in investment partnerships Share of loss of entities accounted for using equity method Commission expenses 3 Other Total non-operating expenses Ordinary profit (loss) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Non-operating expenses		
Share of loss of entities accounted for using equity method Commission expenses Other Total non-operating expenses Ordinary profit (loss) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) Profit (loss) (1,820)	Interest expenses	18	14
Commission expenses 3 Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Loss on investments in investment partnerships	_	2
Other 0 Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Share of loss of entities accounted for using equity method	12	1
Total non-operating expenses 35 Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Commission expenses	3	12
Ordinary profit (loss) (2,180) Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Other	0	1
Profit (loss) before income taxes (2,180) Income taxes (359) Profit (loss) (1,820)	Total non-operating expenses	35	31
Income taxes (359) Profit (loss) (1,820)	Ordinary profit (loss)	(2,180)	605
Income taxes (359) Profit (loss) (1,820)	Profit (loss) before income taxes	(2,180)	605
Profit (loss) (1,820)	Income taxes		318
			286
Profit (loss) attributable to owners of parent (1,820)	Profit (loss) attributable to owners of parent		286

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

		(infinitelia of join)
	Three months ended	Three months ended
	October 31, 2022	October 31, 2023
Profit (loss)	(1,820)	286
Other comprehensive income		
Valuation difference on available-for-sale securities	55	115
Total other comprehensive income	55	115
Comprehensive income	(1,765)	402
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,765)	402
Comprehensive income attributable to non-controlling	(0)	
interests	(0)	_