

Translation

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Summary of Consolidated Financial Results for the Three Months Ended October 31, 2024 (Based on Japanese GAAP)

December 11, 2024

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 Corporate Planning
 Inquiries: Toshihiro Kawanaka TEL 075-394-8600
 Department
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended October 31, 2024 (from August 1, 2024 to October 31, 2024)

(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, 2024	14,596	(9.6)	882	46.7	888	46.7	360	25.9
Three months ended October 31, 2023	16,142	(5.2)	601	–	605	–	286	–

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended October 31, 2024	12.86	–
Three months ended October 31, 2023	9.94	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of October 31, 2024	32,972	11,479	34.8
As of July 31, 2024	36,573	11,585	31.7

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, 2024	–	10.00	–	15.00	25.00
Year ending July 31, 2025	–				
Year ending July 31, 2025 (Forecast)		12.50	–	12.50	25.00

3. Forecast of consolidated financial results for the year ending July 31, 2025 (from August 1, 2024 to July 31, 2025)

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	65,000	4.6	2,000	(60.9)	2,300	(56.2)	1,600	(50.1)	57.00

4. Notes

- (1) Significant changes in the scope of consolidation during the three months ended October 31, 2024: 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, 2024	29,079,000 shares	As of July 31, 2024	29,079,000 shares
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Number of treasury shares at the end of the period

As of October 31, 2024	1,035,042 shares	As of July 31, 2024	1,006,767 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, 2024	28,070,082 shares	Three months ended October 31, 2023	28,845,006 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of July 31, 2024	As of October 31, 2024
Assets		
Current assets		
Cash and deposits	15,666	11,757
Notes and accounts receivable - trade	4,038	4,022
Electronically recorded monetary claims - operating	258	217
Merchandise and finished goods	5,292	5,619
Work in process	619	699
Raw materials and supplies	806	653
Other	596	845
Allowance for doubtful accounts	(2)	(0)
Total current assets	27,275	23,813
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,157	2,155
Machinery, equipment and vehicles, net	725	691
Tools, furniture and fixtures, net	509	536
Land	1,190	1,190
Leased assets, net	11	13
Construction in progress	16	16
Total property, plant and equipment	4,609	4,605
Intangible assets		
Goodwill	124	106
Other	52	49
Total intangible assets	177	156
Investments and other assets		
Investment securities	3,037	2,972
Deferred tax assets	351	343
Other	1,122	1,080
Total investments and other assets	4,510	4,397
Total non-current assets	9,298	9,158
Total assets	36,573	32,972

(Millions of yen)

	As of July 31, 2024	As of October 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,250	1,025
Short-term borrowings	14,900	11,900
Current portion of long-term borrowings	760	676
Accounts payable - other	4,039	4,642
Income taxes payable	1,384	526
Provision for bonuses	72	164
Other	755	886
Total current liabilities	23,163	19,821
Non-current liabilities		
Long-term borrowings	1,231	1,091
Retirement benefit liability	384	359
Other	208	220
Total non-current liabilities	1,824	1,671
Total liabilities	24,987	21,493
Net assets		
Shareholders' equity		
Share capital	2,043	2,043
Capital surplus	1,814	1,814
Retained earnings	8,356	8,296
Treasury shares	(1,194)	(1,194)
Total shareholders' equity	11,019	10,959
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	566	520
Total accumulated other comprehensive income	566	520
Total net assets	11,585	11,479
Total liabilities and net assets	36,573	32,972

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, 2023	Three months ended October 31, 2024
Net sales	16,142	14,596
Cost of sales	3,424	2,695
Gross profit	12,717	11,901
Selling, general and administrative expenses		
Research and development expenses	277	337
Advertising expenses	8,813	7,943
Commission expenses	1,122	991
Amortization of goodwill	23	18
Other	1,879	1,728
Total selling, general and administrative expenses	12,116	11,018
Operating profit	601	882
Non-operating income		
Interest income	0	1
Dividend income	2	2
Foreign exchange gains	4	2
Subsidy income	13	62
Outsourcing service income	4	4
Other	9	14
Total non-operating income	35	87
Non-operating expenses		
Interest expenses	14	24
Loss on investments in investment partnerships	2	–
Share of loss of entities accounted for using equity method	1	43
Commission expenses	12	2
Other	1	11
Total non-operating expenses	31	80
Ordinary profit	605	888
Profit before income taxes	605	888
Income taxes	318	527
Profit	286	360
Profit attributable to owners of parent	286	360

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended October 31, 2023	Three months ended October 31, 2024
Profit	286	360
Other comprehensive income		
Valuation difference on available-for-sale securities	115	(46)
Total other comprehensive income	115	(46)
Comprehensive income	402	314
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	402	314

Consolidated statements of cash flows

(Millions of yen)

	Three months ended October 31, 2023	Three months ended October 31, 2024
Cash flows from operating activities		
Profit before income taxes	605	888
Depreciation	121	161
Amortization of goodwill	23	18
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Increase (decrease) in provision for bonuses	90	91
Increase (decrease) in retirement benefit liability	(16)	(24)
Interest and dividend income	(3)	(4)
Subsidy income	(13)	(62)
Interest expenses	14	24
Foreign exchange losses (gains)	(4)	(1)
Share of loss (profit) of entities accounted for using equity method	1	43
Loss (gain) on investments in investment partnerships	2	—
Decrease (increase) in consumption taxes refund receivable	(64)	(96)
Decrease (increase) in trade receivables	174	56
Decrease (increase) in inventories	347	(253)
Increase (decrease) in trade payables	205	(225)
Increase (decrease) in accounts payable - other	902	754
Increase (decrease) in accrued consumption taxes	(26)	10
Other, net	(362)	(191)
Subtotal	1,998	1,185
Interest and dividends received	3	4
Subsidies received	0	179
Interest paid	(14)	(24)
Income taxes paid	(282)	(1,310)
Net cash provided by (used in) operating activities	1,706	35
Cash flows from investing activities		
Purchase of property, plant and equipment	(162)	(296)
Purchase of intangible assets	(9)	(1)
Purchase of investment securities	(150)	(0)
Other, net	11	(1)
Net cash provided by (used in) investing activities	(310)	(299)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	(3,000)
Proceeds from long-term borrowings	300	—
Repayments of long-term borrowings	(227)	(223)
Dividends paid	(346)	(421)
Other, net	(2)	(2)
Net cash provided by (used in) financing activities	(276)	(3,646)
Effect of exchange rate change on cash and cash equivalents	4	1
Net increase (decrease) in cash and cash equivalents	1,123	(3,909)
Cash and cash equivalents at beginning of period	16,306	15,566
Cash and cash equivalents at end of period	17,429	11,657