Translation

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Summary of Consolidated Financial Results for the Year Ended July 31, 2024 (Based on Japanese GAAP)

September 12, 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
Inquiries: General Manager od Corporate Planning Department Toshihiro Kawanaka TEL 075-394-8600
Scheduled date of ordinary general meeting of shareholders: October 24, 2024
Scheduled date to file Securities Report: October 24, 2024
Scheduled date to commence dividend payments: October 28, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended July 31, 2024 (from August 1, 2023 to July 31, 2024)

(1) Consolidated operating results

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	%
Year ended July 31, 2024	62,147	(9.4)	5,113	41.6	5,249	48.2	3,205	4.0
Year ended July 31, 2023	68,572	13.9	3,610	234.1	3,540	179.9	3,081	–

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended July 31, 2024	112.71	–	30.2	14.4	8.2
Year ended July 31, 2023	106.70	–	36.9	10.5	5.3

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of July 31, 2024	36,573	11,585	31.7	412.71
As of July 31, 2023	36,232	9,630	26.6	333.88

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended July 31, 2024	5,486	(1,390)	(4,842)	15,566
Year ended July 31, 2023	6,125	(1,013)	2,341	16,306

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended July 31, 2023	–	10.00	–	12.00	22.00	634	20.6	7.6
Year ended July 31, 2024	–	10.00	–	15.00	25.00	701	22.2	6.7
Year ending July 31, 2025 (Forecast)	–	12.50	–	12.50	25.00		43.9	

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 year ended July 31, 2024: No

(2) 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: Yes

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

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

As of July 31, 2024	29,079,000 shares	As of July 31, 2023	29,079,000 shares

Number of treasury shares at the end of the period

As of July 31, 2024	1,006,767 shares	As of July 31, 2023	233,994 shares

Average number of shares during the period

Year ended July 31, 2024	28,441,034 shares	Year ended July 31, 2023	28,876,505 shares

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of July 31, 2023	As of July 31, 2024
Assets		
Current assets		
Cash and deposits	16,306	15,666
Notes and accounts receivable - trade	4,058	4,038
Electronically recorded monetary claims - operating	526	258
Merchandise and finished goods	4,594	5,292
Work in process	676	619
Raw materials and supplies	783	806
Other	588	596
Allowance for doubtful accounts	(2)	(2)
Total current assets	27,530	27,275
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,449	2,157
Machinery, equipment and vehicles, net	541	725
Tools, furniture and fixtures, net	154	509
Land	1,190	1,190
Leased assets, net	21	11
Construction in progress	47	16
Total property, plant and equipment	4,404	4,609
Intangible assets		
Goodwill	197	124
Other	41	52
Total intangible assets	238	177
Investments and other assets		
Investment securities	2,514	3,037
Deferred tax assets	395	351
Other	1,149	1,122
Allowance for doubtful accounts	(0)	–
Total investments and other assets	4,058	4,510
Total non-current assets	8,701	9,298
Total assets	36,232	36,573

(Millions of yen)

	As of July 31, 2023	As of July 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	937	1,250
Short-term borrowings	17,400	14,900
Current portion of long-term borrowings	955	760
Accounts payable - other	3,728	4,039
Income taxes payable	264	1,384
Provision for bonuses	72	72
Other	1,016	755
Total current liabilities	24,374	23,163
Non-current liabilities		
Long-term borrowings	1,741	1,231
Retirement benefit liability	320	384
Other	165	208
Total non-current liabilities	2,227	1,824
Total liabilities	26,601	24,987
Net assets		
Shareholders' equity		
Share capital	2,043	2,043
Capital surplus	1,814	1,814
Retained earnings	5,792	8,356
Treasury shares	(343)	(1,194)
Total shareholders' equity	9,306	11,019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	324	566
Total accumulated other comprehensive income	324	566
Total net assets	9,630	11,585
Total liabilities and net assets	36,232	36,573

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2024
Net sales	68,572	62,147
Cost of sales	13,293	13,395
Gross profit	55,279	48,751
Selling, general and administrative expenses		
Research and development expenses	840	978
Advertising expenses	38,865	30,787
Commission expenses	4,096	4,203
Amortization of goodwill	72	99
Other	7,794	7,568
Total selling, general and administrative expenses	51,669	43,638
Operating profit	3,610	5,113
Non-operating income		
Interest income	1	1
Dividend income	26	28
Foreign exchange gains	8	4
Subsidy income	54	171
Outsourcing service income	16	16
Compensation income	25	–
Other	35	62
Total non-operating income	169	285
Non-operating expenses		
Interest expenses	48	62
Loss on investments in investment partnerships	14	9
Loss on valuation of investment securities	50	–
Share of loss of entities accounted for using equity method	82	35
Commission expenses	30	27
Expenses related to product collection, etc.	5	–
Other	6	14
Total non-operating expenses	239	150
Ordinary profit	3,540	5,249
Extraordinary income		
Gain on sale of investment securities	–	10
Gain on receipt of donated non-current assets	8	–
Total extraordinary income	8	10
Extraordinary losses		
Loss on valuation of investment securities	–	123
Loss on sale of non-current assets	6	–
Loss on retirement of non-current assets	–	101
Total extraordinary losses	6	225
Profit before income taxes	3,542	5,034
Income taxes - current	922	1,786
Income taxes - deferred	(460)	42
Total income taxes	462	1,828
Profit	3,080	3,205
Loss attributable to non-controlling interests	(0)	–
Profit attributable to owners of parent	3,081	3,205

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2024
Profit	3,080	3,205
Other comprehensive income		
Valuation difference on available-for-sale securities	278	241
Total other comprehensive income	278	241
Comprehensive income	3,358	3,447
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,359	3,447
Comprehensive income attributable to non-controlling interests	(0)	–

Consolidated statements of changes in equity

Fiscal year ended July 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,042	1,820	3,300	(138)	7,024
Changes during period					
Dividends of surplus			(578)		(578)
Profit (loss) attributable to owners of parent			3,081		3,081
Purchase of treasury shares				(300)	(300)
Disposal of treasury shares		(10)		94	84
Transfer from retained earnings to capital surplus		10	(10)		–
Additional purchase of shares of consolidated subsidiaries		(8)			(8)
Exercise of share acquisition rights	1	1			2
Net changes in items other than shareholders' equity					
Total changes during period	1	(6)	2,491	(205)	2,281
Balance at end of period	2,043	1,814	5,792	(343)	9,306

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Balance at beginning of period	46	46	0	2	7,074
Changes during period					
Dividends of surplus					(578)
Profit (loss) attributable to owners of parent					3,081
Purchase of treasury shares					(300)
Disposal of treasury shares					84
Transfer from retained earnings to capital surplus					–
Additional purchase of shares of consolidated subsidiaries					(8)
Exercise of share acquisition rights			(0)		2
Net changes in items other than shareholders' equity	278	278		(2)	275
Total changes during period	278	278	(0)	(2)	2,556
Balance at end of period	324	324	–	–	9,630

Fiscal year ended July 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	2,043	1,814	5,792	(343)	9,306
Changes during period					
Dividends of surplus			(626)		(626)
Profit (loss) attributable to owners of parent			3,205		3,205
Purchase of treasury shares				(999)	(999)
Disposal of treasury shares		(14)		148	134
Transfer from retained earnings to capital surplus		14	(14)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	2,564	(851)	1,713
Balance at end of period	2,043	1,814	8,356	(1,194)	11,019

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	324	324	9,630
Changes during period			
Dividends of surplus			(626)
Profit (loss) attributable to owners of parent			3,205
Purchase of treasury shares			(999)
Disposal of treasury shares			134
Transfer from retained earnings to capital surplus			–
Net changes in items other than shareholders' equity	241	241	241
Total changes during period	241	241	1,955
Balance at end of period	566	566	11,585

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2024
Cash flows from operating activities		
Profit before income taxes	3,542	5,034
Depreciation	474	808
Amortization of goodwill	72	99
Increase (decrease) in allowance for doubtful accounts	(7)	(0)
Increase (decrease) in retirement benefit liability	(106)	63
Increase (decrease) in provision for bonuses	1	0
Interest and dividend income	(28)	(30)
Subsidy income	(54)	(171)
Interest expenses	48	62
Loss (gain) on investments in investment partnerships	14	9
Foreign exchange losses (gains)	(5)	(5)
Share of loss (profit) of entities accounted for using equity method	82	35
Loss on valuation of investment securities	50	123
Loss (gain) on sale of investment securities	–	(10)
Loss on retirement of non-current assets	–	101
Decrease (increase) in trade receivables	2,850	287
Decrease (increase) in inventories	12	(649)
Decrease (increase) in consumption taxes refund receivable	642	–
Increase (decrease) in trade payables	(238)	313
Increase (decrease) in accounts payable - other	(371)	114
Increase (decrease) in accrued consumption taxes	191	(7)
Other, net	(18)	(221)
Subtotal	7,153	5,959
Interest and dividends received	28	30
Interest paid	(48)	(62)
Subsidies received	59	244
Income taxes paid	(1,107)	(747)
Income taxes refund	39	62
Net cash provided by (used in) operating activities	6,125	5,486
Cash flows from investing activities		
Payments into time deposits	–	(100)
Purchase of property, plant and equipment	(386)	(841)
Proceeds from sale of property, plant and equipment	3	–
Payments for retirement of property, plant and equipment	–	(101)
Purchase of intangible assets	(19)	(31)
Purchase of investment securities	(700)	(363)
Proceeds from sale of investment securities	5	53
Proceeds from redemption of investment securities	100	–
Other, net	(16)	(5)
Net cash provided by (used in) investing activities	(1,013)	(1,390)

(Millions of yen)

	Fiscal year ended July 31, 2023	Fiscal year ended July 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,000	(2,500)
Proceeds from long-term borrowings	2,000	300
Repayments of long-term borrowings	(760)	(1,005)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	2	–
Dividends paid	(578)	(626)
Purchase of treasury shares	(300)	(999)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(10)	–
Other, net	(11)	(10)
Net cash provided by (used in) financing activities	2,341	(4,842)
Effect of exchange rate change on cash and cash equivalents	5	5
Net increase (decrease) in cash and cash equivalents	7,460	(739)
Cash and cash equivalents at beginning of period	8,845	16,306
Cash and cash equivalents at end of period	16,306	15,566