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Value Creation Story

09 Our Purpose

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Prima Meat Packers Group Integrated Report 2023 09

Our Purpose Mission Contribute to food culture and society through great taste and excitement Protecting Great taste, the global time to enjoy environment Building Simple, easy products a healthy body Excelling in quality and taste, we make people's cuisine heartier and healthier and make lives brighter. We also contribute toward diets that are more sustainable and Quantifying taste Driving industry-wide sensations for environmental scientific analysis action Adding **Developing healthy** user-friendliness products with added nutrition for each generation The challenges we're taking on President's Message

Our History

Prima Meat Packers started manufacturing and selling ham and sausages in 1931, a time when the Japanese population consumed very little meat other than seafood. Since then, we have never stopped pushing boundaries in our mission to deliver great taste and excitement.

1931- _____ 1970- _____

Founded with a mission to improve people's lives

Prima Meat Packers was the first company in the Japanese meat industry to sell standard Japanese primary cuts of pork, and it developed innovative solutions in distribution channels to strengthen sales as well as manufacturing. The internal Company slogan chosen at the time was "We sell what we make. We will sell our Prima brand by ourselves."

Worldwide quality assurance

Prima Meat Packers worked with an overseas quality expert to build a proprietary system of quality management. Under this system, the Company launched a succession of winning products that excelled in quality. The Company then launched a hog farming business, laying the foundation for an integrated system of domestic pork production.

1980-

Adapting to shifting consumer trends

To expand business, Prima Meat Packers built dedicated plants for supplying convenience stores, as well as those for food processing. It also established overseas production sites. The plants in Japan obtained quality assurance certification.

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Bouncing back from adversity with tighter management

In the early years of this century, we experienced tough business conditions and had to make hard decisions, such as closing down some business locations. Aiming to turn performance around, we tightened cost management. Through such efforts, we have bounced back stronger than ever. 2020-

A vision for further growth

As consumer needs continue to diversify, Prima Meat Packers continues to expand its lineup and invest in initiatives to unlock further growth. These initiatives include building a new food processing plant, expanding the hog farming business, penetrating overseas markets, and transforming workflows. Net sales (¥ billion)

Brand growth

New high tech

New plant to be 300

farm to enter

2023

service.

2023

Brand growth

completed in

Kagoshima.

450

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Medium-term Business Plan

Business Overview

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The spirit of our founder, Masanori Takegishi

Our founder, Masanori Takegishi, believed that Japan could accomplish greater national growth with a physically fitter population. Acting on this belief, he launched a business to manufacture and sell ham and sausage products, still rare in Japan at the time, with a view to leading the country's meat industry and providing the population with high-guality and affordable meat.

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Source of competitive advantage We have an extensive network of partners allowing us to respond

flexibly to customers' needs. • p. 11

1983

Prima Meat Packers becomes official sponsor of Tokyo Disneyland®.

Source of competitive advantage

We have built a network of supply chains in Japan and overseas founded on strong relationships with local suppliers.

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1950

Prima Meat Packers starts importing raw meat.

1956

Prima Meat Packers becomes first pork producer in Japan to sell standard primal cuts.

Foundation 1962

Prima Meat Packers listed on the first sections of the Tokyo Stock Exchange and Osaka Exchange.

1970

Source of competitive advantage

After launching the hog farming business, we built an integrated system of Japanese pork production.

1971

Hog farming subsidiary founded.

Prima Meat Packers forms partnership with Oscar Maver.

1974

1972

Prima Meat Packers becomes first meat producer in Japan to introduce best-before dates.

1980

Source of competitive advantage

excel at developing original brands.

• p. 11

1986

Prima Meat Packers opens dedicated plant for supplying convenience stores.

1990

1992

Source of competitive advantage

brands in partnership with

suppliers.

2000

launched.

We develop original fresh meat

• p. 11

Original fresh meat brands

Global expansion launched.

2006

Koukun[®] Sausage launched.

2002

2000

Prima Meat Packers starts upgrading production facilities.

Source of competitive advantage

the meat supply chain.

ISO 22000 certification

Meat Packers' plants.

• p. 11

2007

We manage quality throughout

A catalyst for rapid growth

Around this time, performance slumped. Faced with the challenging circumstances, we discontinued some businesses and suspended regular recruitment of fresh graduates. The crisis became an important learning experience, which helped us achieve our present high level of productivity and rigorous cost controls.

Brand growth

2019 Digital transformation project launched (Prima Next Project).

Source of competitive advantage

We have streamlined production processes, creating state-of-the-art production facilities that are cost-competitive. • p. 11

2020

obtained by four of Prima

2008

Prima Meat Packers begins full-scale renovation of production facilities.

Prima Meat Packers launches sale of allergen test kits.

2016

2014.2017

2010

Two plants in Thailand certified as compliant with Japanese Agricultural Standards (JAS).

Groupwide

Food Safety Management System Integrated food quality management

The Group conforms to international standards for managing food safety such as FSSC 22000 and ISO 22000. This means we follow an integrated approach to quality management, extending from product development through to procurement, production, and distribution. Our Thailand-based suppliers conform to the Japanese Agricultural Standards (JAS). Number of FSSC 22000 certified sites

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Collaborative Development of Products and Services Embracing collaboration to respond flexibly to demand

We embrace collaboration to respond swiftly to the needs of customers. For example, we procure raw meat jointly with the ITOCHU Group, develop products jointly with suppliers and other partners, receive technical guidance from outside organizations, and invite customers to thrilling private events co-organized with a theme park operator.

Domestic and International Procurement Networks Working with suppliers to meet strict quality standards

Leveraging our membership of the ITOCHU Group, we have secured international supply sources for raw meat. We engage with all suppliers via an importing company, to ensure their commitment to our strict quality standards.

Main overseas regions we procure from North and **South Americas** Europe Asia

Processed foods business



Fresh meat business



Modern, Cost-competitive Plants

Raising the production capacity of our plants

Our two plants in Ibaraki use automated packaging and linear production lines ensure efficient production. The plants boast short lead times and a high production capacity. Our new plant in Kagoshima entered full service in April 2023.

Excelling at In-house Product Development Keeping pace with diversifying diets

We produce processed food products (including ham, sausages, and burgers), as well as a range of deli items, filled pastries, and desserts. We monitor market trends and needs so that the finished products will match consumers' lifestyles and preferences and add value to their lives.







Integrated Domestic Pork Production Process Integrated production that ensures safety, reliability, and great taste

To achieve safety, reliability, and great taste, we have integrated all operations throughout the pork supply chain. We have also invested in a new farm in Miyagi Prefecture, which made its first shipment in the summer of 2023. The new farm will achieve high levels of production by using advanced technology and science-based practices.

Original Brand Meat

Joint development of original brands that suit the Japanese palate

We work with suppliers to provide original meat brands. Our suppliers' livestock, which include cattle, swine, and poultry, enjoy wide-open pastures, and their meat guality is well-received by our customers. For example, we teamed up with HyLife, a leading pork producer in Canada, to develop Three Herb Pork, a tender, juicy brand of pork. Sourced from three-way crossbred pigs, the pork appeals to the Japanese palate. Additionally, the feed for the pigs includes herbal extracts.

Integrated Production

> Number of original brands (as of September 2023)



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Value Creation Process

With medium- and long-term strategies that play to our strengths, we pursue sustainable corporate development to achieve our mission to contribute to food culture and society through great taste and excitement.

Generate enterprise value

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Material

Issues

Fresh Meat

Business

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Processed

Foods

Business

Brand

Strengths

Human

capital

Natural

capital

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Inputs

p. 16

Manufactured

capital

Social

capital

Financial

capital

Intellectual

capital

Prima Meat Packers Group Integrated Report 2023 12 Outcomes ▶p.09 Mission Contribute to food culture and society through great taste and excitement Great taste, time to enjoy Build strong supplier relationships Building a healthy body Co-existing with local communities Safe, reliable products Protecting the global environment Simple, easy products Reducing food waste Employee opportunities Sustainable, stable shareholder for self-actualization return Fresh meat **Business strategies for** the processed foods business *****p. 24

Outputs

Medium-term

Business Plan

Implement ESG strategy and make

business foundation more sustainable

3

Invest in arowth

and expand

globally

A cycle of value creation that continually

builds capital and enterprise value

2

Adapt earnings

base to changes

in external

environment

Ham and

sausages

Processed

foods

- Koukun[®] as number one: Make Koukun[®] Sausage the top-selling sausage brand in Japan
- Food services: Restructure and expand business in the food service sector
- Next 10: Looking toward our centenary and building new mainstay businesses for the next ten years
- Installing cutting-edge tech to boost productivity and production capacity

Business strategies for the fresh meat business **P**. 28

Boost sales growth

- Expand Japanese pork production, work closer with partners
- ESG initiatives (improving quality assurance)

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