

# Value Creation Story

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# Our Purpose

## Mission

Contribute to food culture and society through great taste and excitement



Great taste, time to enjoy



Protecting the global environment



Simple, easy products



Building 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 better suited to people's lifestyles.

With over 90 years of history, we continue to embrace fresh challenges to create new business value.

Quantifying taste sensations for scientific analysis

Adding user-friendliness for each generation

Developing healthy products with added nutrition

Driving industry-wide environmental action

## 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- 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."

## 1970- 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.

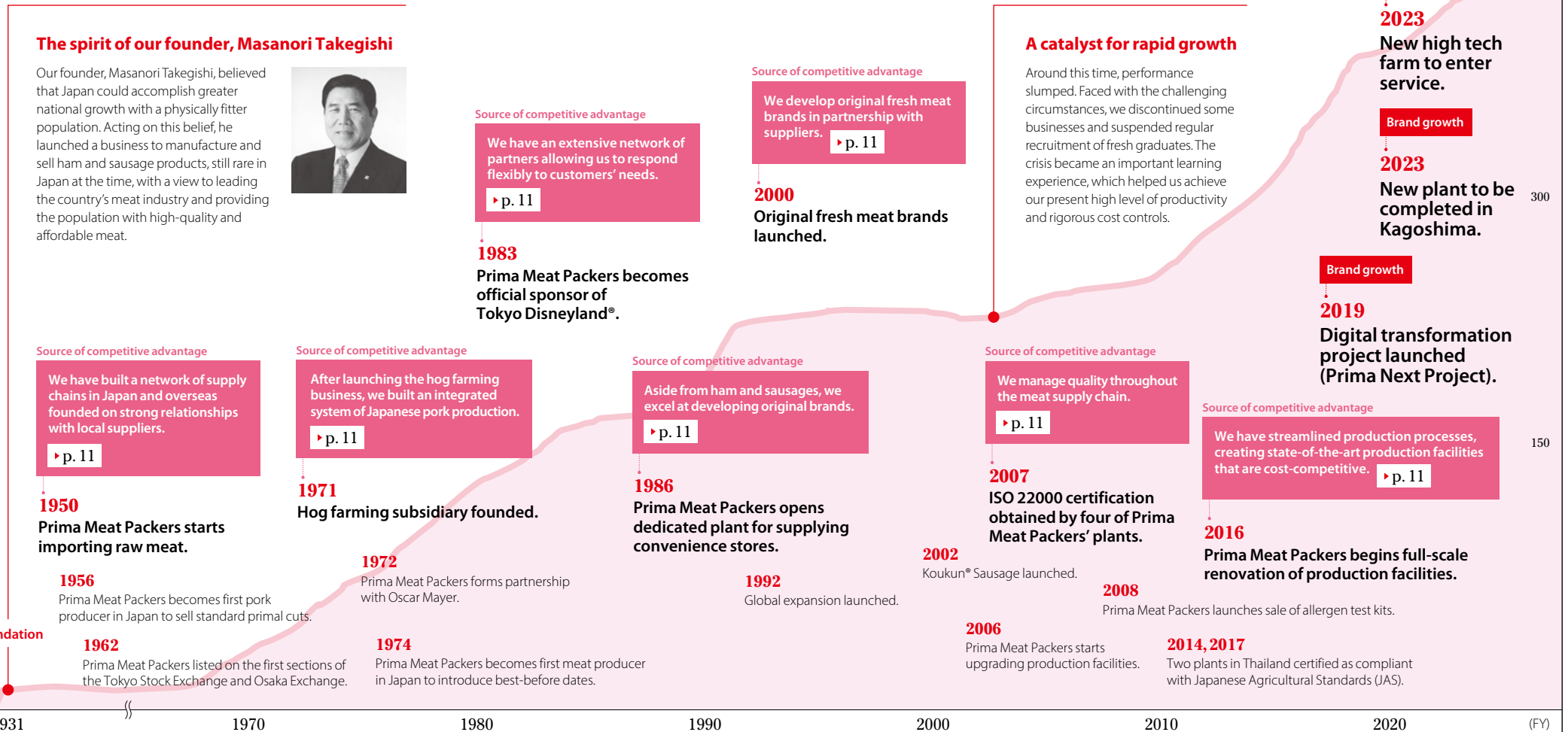
## 2000- Bouncing back from adversity with tighter management

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 Strengths

From 90 years of innovation, we have developed a number of sources of competitive advantage.

## 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  
**16**

### 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.

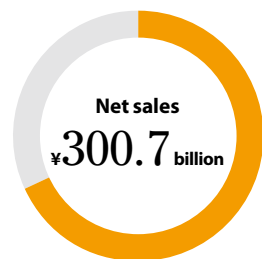


### Domestic and International Procurement Networks Working with suppliers to meet strict quality standards

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



#### 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.



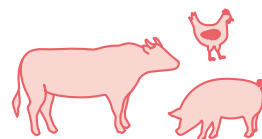
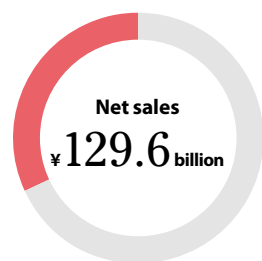
#### Excelling at In-house Product Development

### 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.



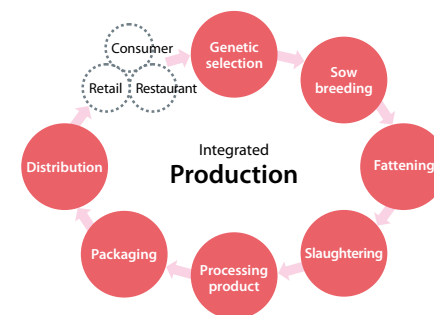
### Fresh meat business



#### 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 quality 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.

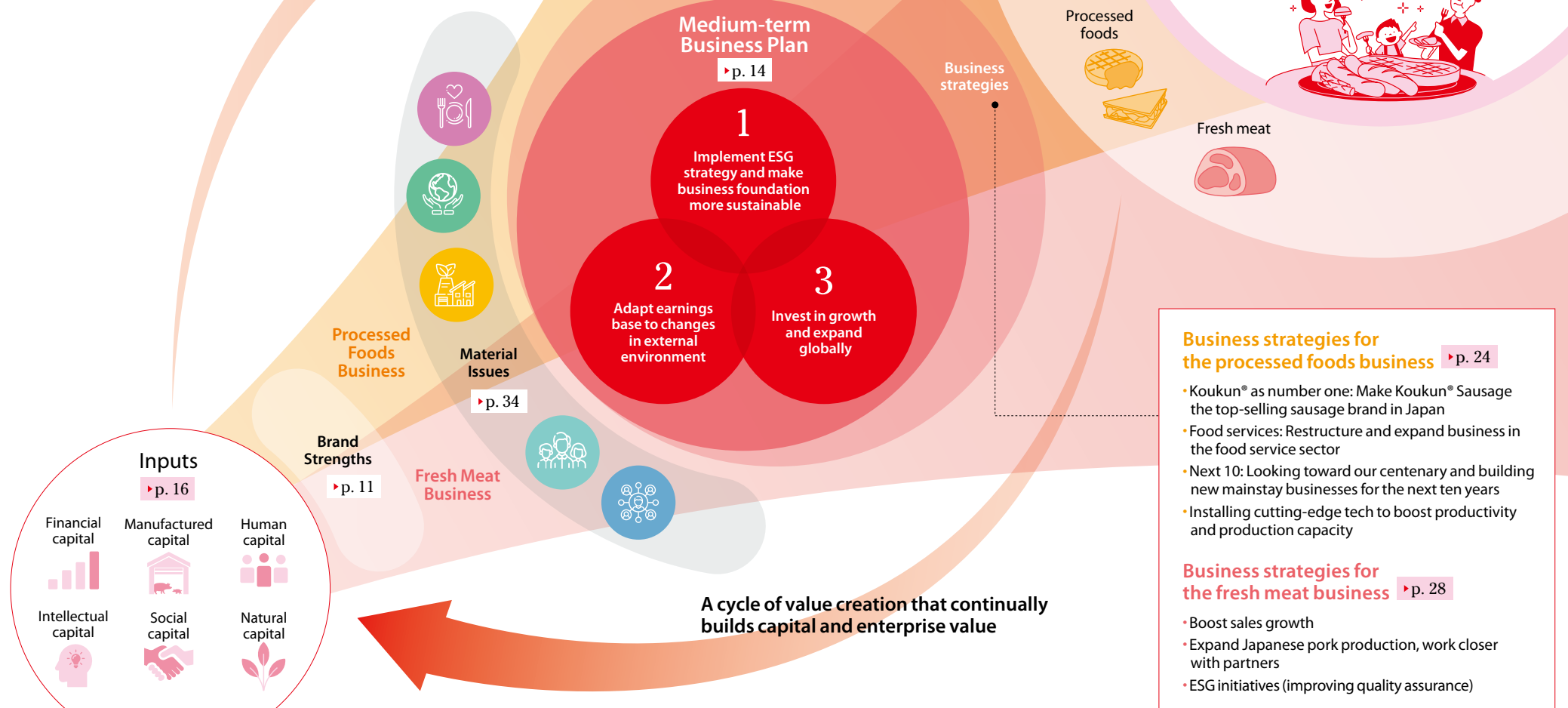
Number of original brands (as of September 2023)

**14**

# 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



## Inputs

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- Financial capital
- Manufactured capital
- Human capital
- Intellectual capital
- Social capital
- Natural capital

## Brand Strengths

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## Fresh Meat Business

## Material Issues

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## Processed Foods Business

## Medium-term Business Plan

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- 1 Implement ESG strategy and make business foundation more sustainable
- 2 Adapt earnings base to changes in external environment
- 3 Invest in growth and expand globally

## Business strategies

## Outputs

- Ham and sausages
- Processed foods
- Fresh meat

## Outcomes

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### Mission

Contribute to food culture and society through great taste and excitement

- Great taste, time to enjoy
- Building a healthy body
- Safe, reliable products
- Simple, easy products
- Employee opportunities for self-actualization
- Build strong supplier relationships
- Co-existing with local communities
- Protecting the global environment
- Reducing food waste
- Sustainable, stable shareholder return



## Business strategies for the processed foods business

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- 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

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

A cycle of value creation that continually builds capital and enterprise value