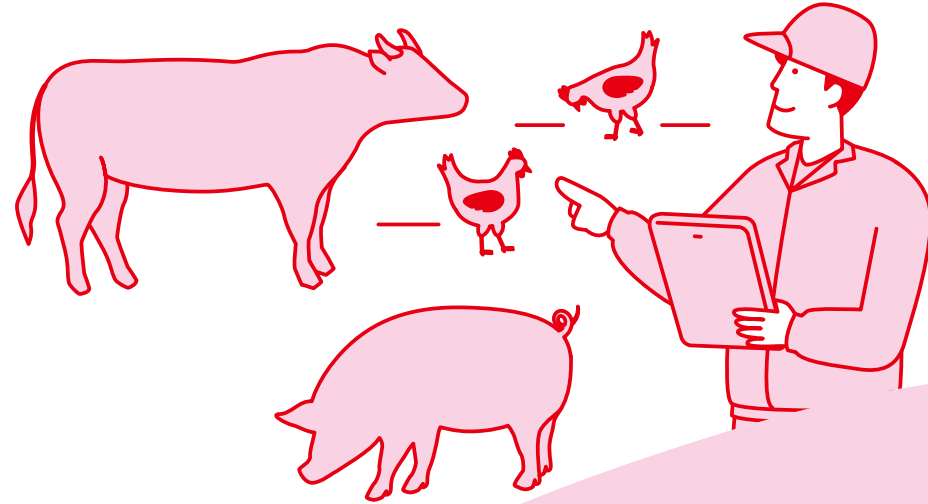


Contribute to food culture and society through great taste and excitement



**Prima Meat Packers Group
INTEGRATED REPORT**

2023


The Prima Meat Packers Group traces its origins back to 1931, with the founding of Takegishi Hamu Shokai (Takegishi Meat Packers Ltd.). Over the years, we have developed pioneering businesses in fresh meat and processed foods. Our businesses have grown in tandem with the increasing popularity of red meat and poultry in Japan. We recently stepped up efforts to expand in burgeoning Asian markets.

Year founded



1931

Consolidated net sales

¥430.7 billion 

See page 52 for the assumptions underlying this figure.

Consolidated number of employees

Japan 14,829

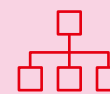
 Overseas 1,372

Consolidated number of patents

Japan 65 Overseas 10 

Who we are

Number of Group companies



33

As of September 1, 2023

Net sales breakdown (consolidated)

Ham, sausage and other processed foods business

41%



Deli item business
(including vender subsidiaries)

24%



Fresh meat business

34%



Share of Japanese market

Ham and sausage market 3rd



Based on a fiscal 2022 SCI consumer panel by Intage

Overseas production locations

Thailand Singapore

2

1

As of September 1, 2023

Corporate Ethos

Mission

Contribute to food culture and society through great taste and excitement

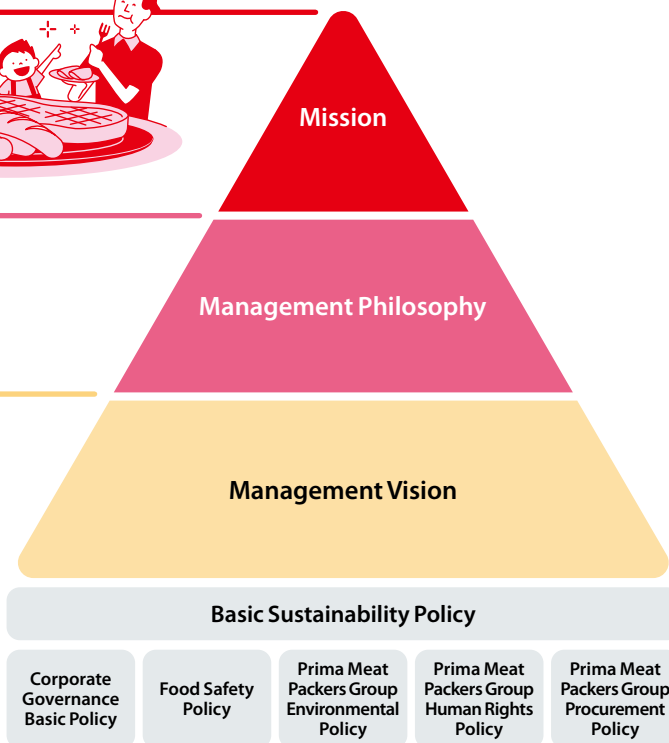


Management Philosophy

- Be candid and sincere.
- Create quality products that sustain Prima Group.
- Provide value to customers through continuous innovation.

Management Vision

1. We will each demonstrate our creative and persuasive skills and ability to act swiftly.
2. We will contribute to healthy, well-rounded dietary habits by combining our outstanding product development and technical skills and using our integrated strengths to provide safe, great tasting food and related information.
3. We will boldly transform Prima Group into a highly profitable integrated food business.



Editorial Policy

We have published this integrated report to give our shareholders and stakeholders a deeper understanding of our organization, and to help them understand our medium- to long-term strategy for enhancing corporate value and how we are implementing the strategy. For this year's report, we have tried to give readers a clearer idea of our corporate purpose and how this is embodied in our corporate history and our brand strengths. We have also presented information from medium-term business plan (fiscal 2023 to 2025) to give a clearer idea of our future objectives. This report also describes our progress in integrating sustainability into our business practices. It describes, for example, our progress in addressing our material issues and our efforts regarding human capital. We are open to your suggestions for how we could further improve the quality of our disclosures in future reports.

In compiling this report, we followed the International Integrated Reporting Framework of the International Financial Reporting Standards Foundation.

Scope of Report and Contact for Inquiries

Time period covered: Fiscal 2022 (April 1, 2022 to March 31, 2023)

(includes some information from outside of this time period)

Organizations covered: Prima Meat Packers, Ltd. and Prima Meat Packers Group* companies

Date published: September 2023 (next issue to be published in September 2024)

Contact for inquiries regarding the Integrated Report: Tel: +81-3-6386-1800

* Prima Meat Packers Group is referred to as Prima Group in some parts of this document.

Disclaimer on Projections

The data and projections in this integrated report are based on information available at the time this report was published. Actual results may differ substantially from these projections due to various factors. The Company assumes no obligation to update these projections based on new information and future events.

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President's Message



“

Transforming our business model and corporate culture to achieve our vision

”

Naoto Chiba
President and CEO

A vision statement that reaffirms our corporate values and clarifies our purpose

On April 1, 2021, we released a new vision statement expressing our organization's purpose and focus. The new statement encapsulates the corporate values that I wanted to share with employees. It also emphasizes how our organization can serve a positive role in society. Let me tell you about these values and this role.

After I became company president in 2018, I wanted to share important values and ideas with employees. When addressing employees at company assemblies, I would utter certain phrases: *Be candid and sincere. Create quality products that sustain the Prima Group. Provide value to customers through continuous innovation.* It had become apparent that our organization needed to reaffirm such values. To that end, we needed a

Vision

p. 09

new vision that clearly stated our purpose and focus. Rather than wording this statement by myself, I wanted to involve employees in the process. The employees submitted plenty of ideas, and we finally chose a statement. Translated literally, the statement reads, “Contribute to food culture and society through great taste and excitement.”

Let’s break this statement down, starting with “great taste and excitement.” “Great taste” is pretty self-explanatory—creating tasty food is essential to any food manufacturer’s value proposition. “Excitement” has two meanings. It can refer to the joy and fellowship of dining with loved ones. It can also refer to that added value—that extra wow factor we bring to our customers. Customers feel pleasantly surprised when they discover just how convenient our food is to cook and store, and just how much we’ve thought about their health. As for the phrase “contribute to food culture and society,” this expresses the social dimension of our business: In delivering food and services that our customers cherish, we promote a renewed appreciation for different regional food cultures around the world. We also focus on creating positive social impacts and influencing the behavior of consumers in a positive manner.

Having clarified our vision, we now focus on how to achieve it. One idea we have is to transform, over the medium and long term, from a “meat” company into a provider of protein sources in general: protein from red meat and poultry, protein from fish and seafood, and protein from plants. By building technological expertise in these three categories, we could excel in providing high quality protein from a broad range of sources. In this way, we would serve an invaluable role in supplying the spiraling protein demand of the world’s growing population. I would love to see us achieve this transformation by 2031, the year that marks our organization’s centenary. We might even change the name of our Company to reflect our expanded portfolio.

Using a PEST analysis to identify risks and opportunities

If we are to deliver our vision and become an organization that provides a broad range of protein sources, then we must first understand the external environment in which we operate, including macro-environmental factors and risks. To that end, we conducted a PEST analysis^{*1} in December 2022.

In this PEST analysis, I was particularly interested in technological factors and trends (the T in PEST). After all, technology holds the key to addressing our strategic priorities: the need to strengthen our existing businesses by reforming cost structure, the need to sow seeds of future growth, the need to help resolve socio-environmental issues and engage with external stakeholders, and the need to lay organizational foundations (including cultivating human capital, deploying digital technology, and managing risks). Take, for example, our efforts to reform cost structures, improve the product development process, and develop talent. We can expedite these efforts by leveraging the latest technologies. Today, these technologies include artificial intelligence (AI) and the Internet of Things (IoT). By 2030, they’ll include 6G too.

Production is another area that can benefit from technology. We must use automation and labor-saving technologies to mitigate the increases in production costs and maintain our competitive edge. In the processed foods business, we’ve introduced a number of such innovations. For example, in fiscal 2021 (ended March 2022), four Company-owned factories introduced high-speed packaging and automated case packing. We’ll continue this direction by upgrading existing processed food plants and equipment and by introducing automated robotics technology. We might eventually automate all of our processed food lines and control them through IoT-powered technology. As for the fresh meat business, scientific management of pigs will improve productivity on the farms. For example, the farms can use AI technology to adjust feed portions for each pig.

PEST analysis

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^{*1} A PEST analysis is a tool for analyzing political, economic, socio-cultural, and technological factors. It helps the company understand how these different macro-environmental factors affect a company’s business in the present or how they will affect it in the future.

Business Overview: Processed Foods Business

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Business Overview: Fresh Meat Business

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Technology will always be a central focus in our research and development efforts. Our R&D Center has been working on an objective method for rating the tastiness of a food product. It assigns quantitative values to five flavor elements^{*2} and five sensory experiences (how the food looks, smells, feels, sounds, and tastes), enabling scientific analysis.

Technology also has a role to play in addressing the risks, and the opportunities too, related to climate change and other environmental issues, which represent an overwhelming concern for the food industry. We need to assess the risks and opportunities and examine potential

technological solutions for both. One potential solution concerns a scientific discovery in 2012. A research team at the University of Tokyo discovered an enzyme that synthesizes amino acids from carbon dioxide and hydrogen. With cooperation between industry and academia, it should be possible to apply this enzyme in both in efforts to reduce greenhouse gas emissions and in the process of product development.

I want to discuss some other PEST factors too. Of the political factors, we're most concerned by the rising geopolitical tensions, especially following Russia's invasion of Ukraine. The invasion pushed up the costs of

^{*2}
The five flavor elements are sweetness, saltiness, sourness, bitterness, and umami-ness.

PEST analysis (as of December 2022)

<h3>Politics</h3> <p>Political factors</p> <ul style="list-style-type: none"> ● Rising geopolitical tensions: US–China tensions, Russia, Mid East, East China Sea (Taiwan), North Korea ● Different actions taken in the post-pandemic transition (differing standards for easing controls) ■ Progress in international treaties (TPP, RCEP, COP27) 	<h3>Economy</h3> <p>Economic factors</p> <ul style="list-style-type: none"> ● Global stagflation: US, Europe, and China in economic decline, developing countries at risk of defaulting ▲ Trends in monetary policy and exchange rate: Japan alone maintaining low-interest rate, dollar in isolated gain against yen ◆ Concern about downturn in corporate performance in Japan: End of COVID-era financing for SMEs (end of grace period for interest and principal repayments) ● Widening gap between Japan's corporate goods price index (CGPI) and its consumer price index (CPI): In October 2022, core CGPI was up 9.1%, and core CPI was up 3.6%, year on year
<h3>Society</h3> <p>Socio-cultural factors</p> <ul style="list-style-type: none"> ● Demographic changes in Japan: Shrinking population, aging population, increase in single-person and dual-income households, rise of Gen Z ● Lifestyles in post-pandemic transition: Split between returning to offices and working from home, return of inbound tourists ● Securing stable supply channels: Higher procurement costs, dockworker strikes, new business development ■ Growing global concern for sustainability: The need to meet societal expectations 	<h3>Technology</h3> <p>Technological factors</p> <ul style="list-style-type: none"> ▲ Information and communications technologies (6G, AI, IoT, VR) ■ Alt-protein (soy, cultured meat) ◆ Technological innovations related to halal certification ◆ Labor saving innovations ◆ Food preservation innovations ◆ Diversified and hyper-accelerated communications (social media) ◆ Contactless technology

Measures to address anticipated risks and potential issues

- **Reinforcing existing businesses:** Strengthen existing business segments by reforming cost structure or passing on the cost increases. Adapt to post-pandemic transition.
- ◆ **Sowing seeds of future growth:** Leverage technological innovations. Improve existing products and develop new products. Expand overseas businesses. Scrutinize investment strategy.
- **Engaging with society:** Engage in efforts to address socio-environmental problems (carbon transition, reducing food waste, going plastic-free, animal welfare).
- ▲ **Laying organizational foundations:** Manage exchange rate risk and inventory risk more effectively. Deploy digital technology. Attract, identify, and groom future leaders (including non-Japanese people).

2022 Highlight

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energy and raw materials, denting our performance in fiscal 2022 (ended March 2023). Another political factor was the COVID-19 pandemic, which disrupted our global supply chain for three years. The disruption impressed upon us the need to make our supply chain more resilient by diversifying our supplier base. We took an important step toward this goal by opening a new farm in Miyagi, which launched its first pig shipments in summer 2023. With this move, we've increased shipments from within Japan while also insulating our pork procurement from volatility in international pork markets. In other words, we've hedged supply chain risk.

Regarding socio-cultural factors, the world has little time left to achieve the UN's 2030 Sustainable Development Goals (SDGs). We must do all we can to contribute to these goals, for our very existence as a food manufacturer depends on a sustainable planet and a sustainable society. I remind employees of this fact whenever the opportunity arises.

Some socio-cultural factors are closer to home. Of particular concern are Japan's shrinking and aging population and the rise in single-person households. The shrinking and aging population will begin to bite in 2050, resulting in a vastly reduced domestic market. We have two strategies to offset this risk. First, we're increasing the relative share of overseas businesses with bright growth prospects. Second, in Japan, we're further increasing the relative share of our e-commerce sales.

As part of the first strategy, we acquired Rudi's Fine Food Pte Ltd, a Singapore-based company that processes and sells meat. As part of the second strategy, we acquired TMG International Co. Ltd., which operates The Meat Guy, an online store offering a range of fresh meats. To grow our online sales, we need to build an online brand presence that resonates with consumers.



Actions aligned with the medium-term business plan

We used the PEST analysis as a guide when formulating our medium-term business plan for the fiscal years 2023 to 2025. This plan has three basic policies.

The first theme is to implement an ESG strategy and make our business foundation more sustainable. Our ESG strategy is guided by the results of a materiality assessment that we conducted back in 2020. In that assessment, we identified 10 material issues and set qualitative and quantitative targets for them. The six subcommittees of our Sustainability Committee are working to align the actions of frontline employees with these targets. This process involves a plan-do-check-act (PDCA) cycle for continuous improvement. Some of the ten material issues concern the environment (examples include reducing greenhouse gas emissions and reducing the volume of waste output). For these are globe-spanning issues, a single organization can only do so much. What we need, then, is industry-wide collaboration, along with public-private collaboration. Such collaboration can, for example, create solutions for reducing greenhouse gas emissions from pigs, or create techniques for culturing meat.

As part of this basic policy, we will develop our human resources and boost job satisfaction to foster a mindset of innovation. Human resources are critical in our efforts to transform our corporate culture and business model. Around 20 years ago, we experienced a tough time and scaled back recruitment. This action left us with relatively few employees in a certain age range. Learning from this bitter experience, we continued recruiting of fresh graduates and started recruiting more mid-career candidates, and enhanced training for recruits. In 2020, we launched the Employee-satisfaction Revolution Project. This project focuses on improving employee motivation. As part of the project, we survey employee attitudes every two years and incorporate the findings. So far, we've made progress in providing more diverse career support and other aspects of a talent development structure and workplace environment that

Medium-term Business Plan

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Sustainability at the Prima Meat Packers Group

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Strengthening Human Capital

▶ p. 37

makes employees feel secure and confident, encouraging long-term loyalty.

The second basic policy is to adapt our earnings base to the changes in the external environment. To secure our margins, we've committed to adjusting our prices so that they reflect the higher costs of raw materials. We've also committed to reorganizing our businesses and cost structures, dispensing with past practices as necessary. Alongside this, we're focusing on product development and proposals to meet the diversifying needs of consumers. I want to highlight one trend in particular: the rise in health-conscious consumers. Until now, we've offered these consumers products with something reduced, be it reduced sugar, reduced salt, or reduced fat. From now on, instead of reducing something, we'll add something. That is, we'll add nutrients with a view to providing all-encompassing meals.^{*3} For example, our research team is working on ingredients and technologies that give food a nice salty taste but prevent the salt content getting absorbed into the body.

The third basic policy is to invest in growth projects and expand globally. When it comes to expanding, Rudi's Fine Food has a vital role to play in our efforts to penetrate South East Asian markets. It has already launched test marketing in Singapore and neighboring countries. On the production side, our two factories in Thailand will start exporting processed chicken products to the Middle East and Indonesia. Our own employees have an important role here too. Posting employees overseas aids in talent development as well as in business growth. In June 2023, we seconded a Japanese female employee to Thailand after she requested the overseas posting. Previously, she had participated in a overseas study program in which traveled to North America to learn English and global skills.

To further increase our growth prospects, we're investing in new projects and in digital technology with a view to producing our own innovative production technology. We're also working with our friends in ITOCHU Corporation to capture new markets around the world.

^{*3} An all-encompassing meal contains all the essential daily nutrients a human needs to stay healthy, according to dietary standards for Japanese people published by the Ministry of Health, Labour, and Welfare.

Strengthening Human Capital

▶ p. 37

Growth capex (expenditures for purchasing new assets) accounts for much of the growth in our processed foods business, but some of the growth is through mergers and acquisitions (M&A deals). M&A deals are therefore one option we have to accelerate growth. For all our investments, we'll keep monitoring investment performance, with a return on equity (ROE) benchmark of at least 10%. Returning profits to shareholders is another priority. In the fiscal 2024 (ending March 2025), we aim to achieve net income of ¥10 billion, with a dividend ratio of at least 30%.

Spotting signs of change and penetrating new markets

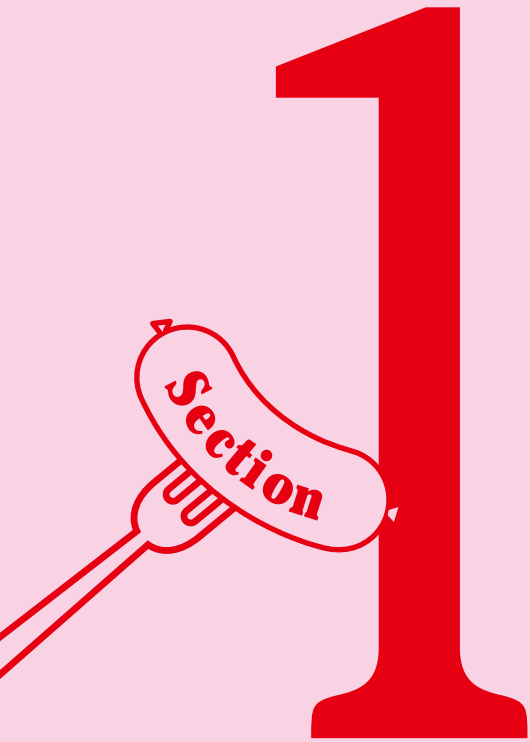
In my first address to employees in 2023, I told employees to have the eyes of a hawk and the ears of a rabbit.^{*4} In this and other occasions, I've tried to fire up employees so that we all advance further toward the goal expressed in our vision statement. In my rallying cry, I say that this is a year of attack, in which we'll spot signs of change and penetrate new markets, and that we should lay aside conventional thinking. Alongside this call to action, I reiterate one of my favorite sayings: Look broadly and see the essence of them—in other words, *Think big, start small*. I make a point of repeating this old adage year after year, believing that it serves employees well. By applying this principle and acclimatizing themselves to the PDCA cycle, employees gain the confidence to take their first steps in big challenges, no matter how daunting the challenges seem at first. With this focus and ambition, we'll all continue working to become an organization that contributes to food culture and society through great taste and excitement.

Interview with the Chief Financial Officer

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^{*4} In this context, "have the eyes of a hawk (literally, 'black kite') and the ears of a rabbit" means being highly skilled at gathering information and detecting signs of change.





Value Creation Story

- 09 Our Purpose
- 10 Our History
- 11 Brand Strengths
- 12 Value Creation Process

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

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.

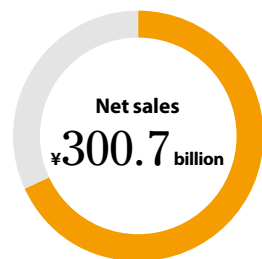


Domestic and International Procurement Networks Working with suppliers to meet strict quality standards

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.



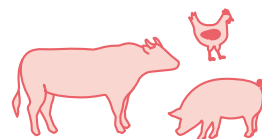
Excelling at In-house Product Development

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.



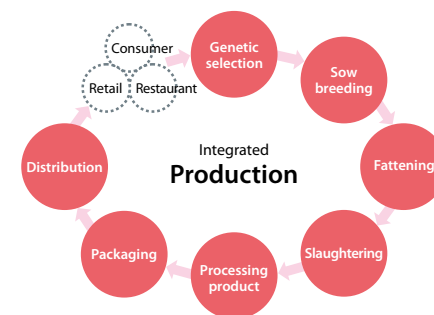
Fresh meat business



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.

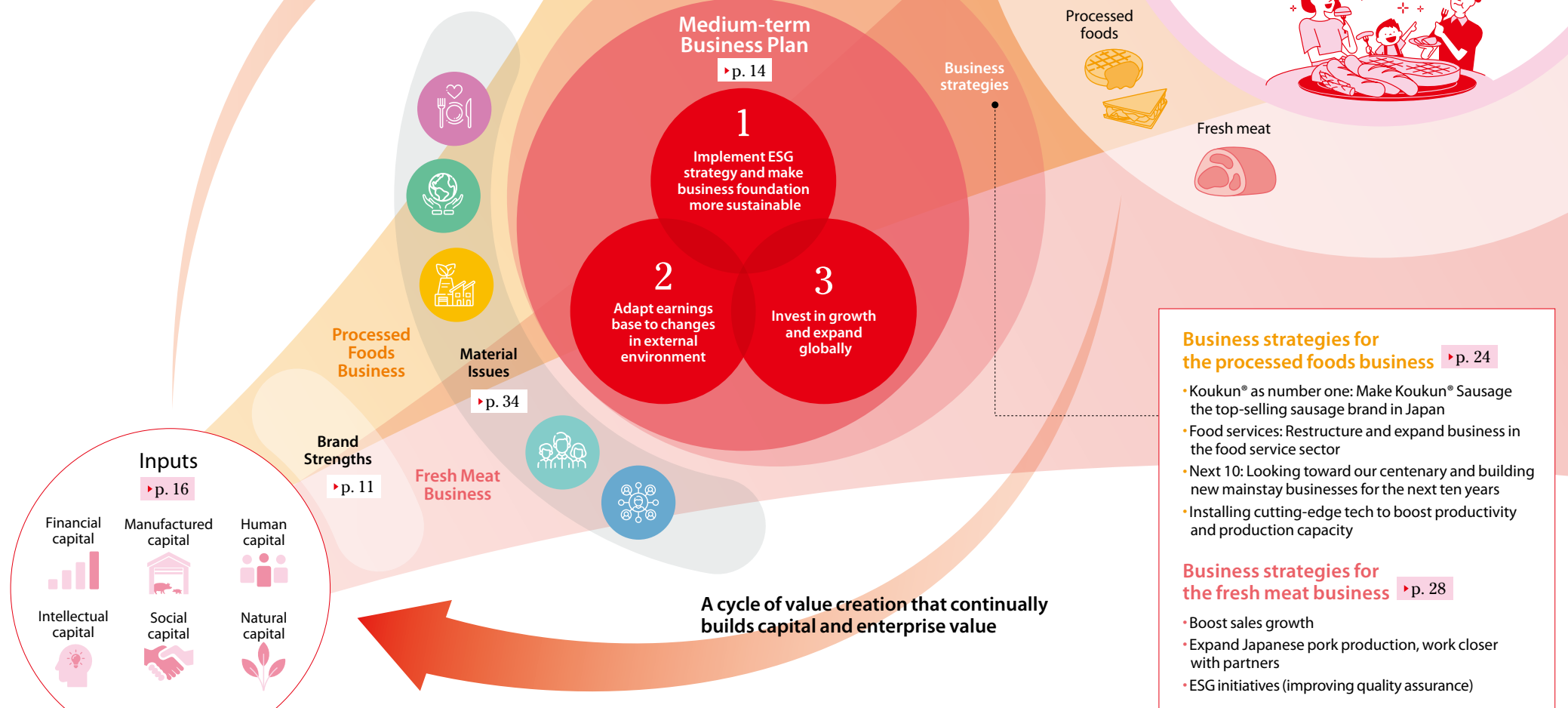
Number of original brands (as of September 2023)

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

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Material Issues

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Processed Foods Business

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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

p. 09

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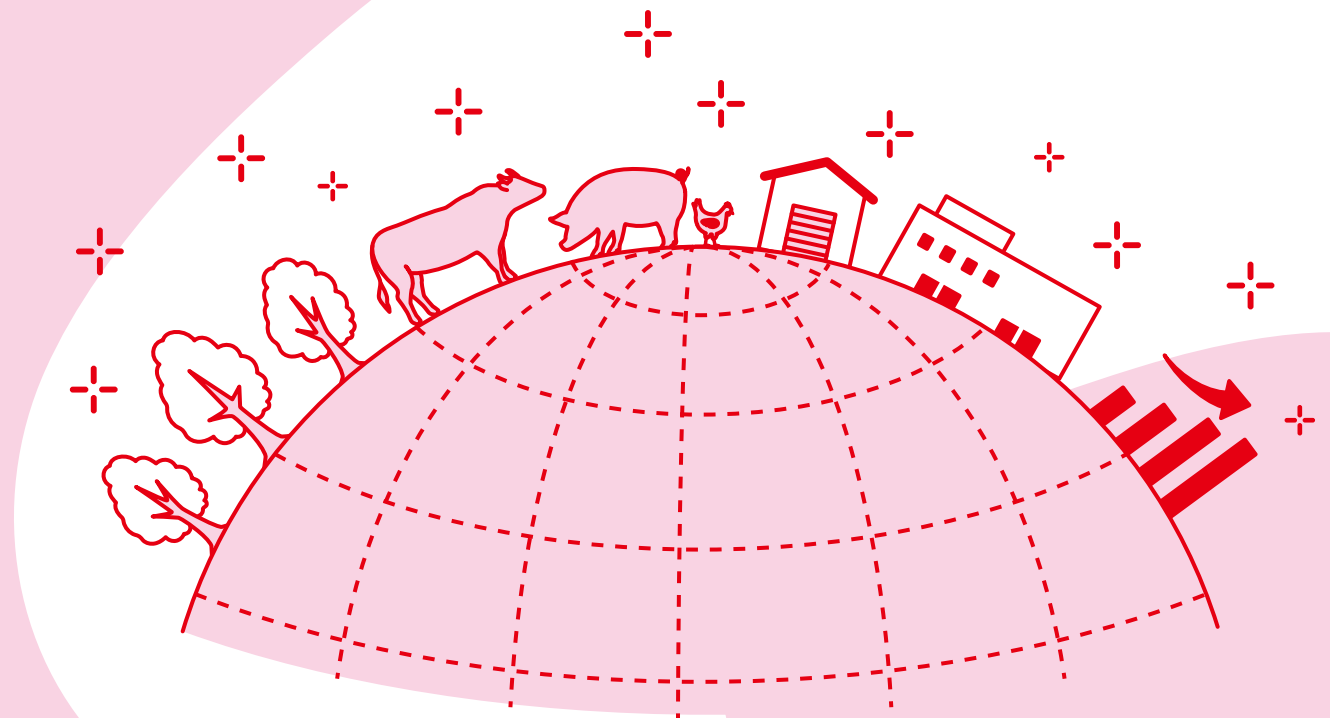
- Koukun® as number one: Make Koukun® Sausage the top-selling sausage brand in Japan
- Food services: Restructure and expand business in the food service sector
- Next 10: Looking toward our centenary and building new mainstay businesses for the next ten years
- Installing cutting-edge tech to boost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



Medium-term Business Plan

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- 15 Investment Strategy
- 16 Capital Strategy
- 17 Interview with the Chief Financial Officer
- 19 2022 Highlight New plant in Kagoshima
- 21 2022 Highlight Miyagi farm complex

Medium-term Business Plan

Looking back on fiscal 2021

- 1**
- We established the Sustainability Committee
 - We introduced eco packaging for Koukun® Sausage and other mainstay brands
 - We used digital communication tools to improve intracompany communication

Outstanding task Set goals for material issues.

- 2**
- Koukun® Sausage and other mainstay brands sold well
 - We launched new Try Veggie series products (a series of soy meat products)
 - We promoted sales using sponsorships and social media

Outstanding task We must pass on price rises to customers to absorb the impact of higher costs in raw materials, oil, logistics, and animal feed.

- 3**
- We acquired Rudi's Fine Food Pte Ltd, strengthening our overseas presence
 - We acquired TMG International, gaining a foothold in the e-commerce market

Outstanding task We must build a new business model that goes beyond our existing business segments.

Looking back on fiscal 2022 (ended March 2023)

- We set material metrics and targets for them
- We equipped the new plant in Kagoshima with solar panels and switched fuel to LNG
- We acted to safeguard animal welfare at the new farm in Miyagi

Outstanding task We must start working toward the targets we set.

- We further increased the market share and brand recognition of Koukun® Sausage
- We boosted the production capacity of the new plant in Kagoshima
- We ran promotional campaigns and other promotional events

Outstanding task We must keep rolling out price increases. We must also take into account market needs and higher production costs when developing products.

- We collaborated with Rudi's Fine Food and a Thai subsidiary
- We equipped the new Miyagi farm with digital technology to enable data monitoring of the farm environment

Outstanding task We must actively develop the Group's businesses in Japan and overseas.

Prima Meat Packers Group's Medium-term Business Plan (Fiscal 2023–2025)

Medium-term Business Plan: Basic Policy

We will hone our sales capacity, development, and merchandising expertise to increase and strengthen sales and profits while promoting ESG management, to be a company that customers always love and support.

- 1 Implement ESG strategy and make business foundation more sustainable**
 - Address material issues
 - Ensure food safety under a strong quality management system
 - Develop human resources and boost job satisfaction to foster a mindset of innovation
- 2 Adapt earnings base to changes in external environment**
 - Plan and execute strategies to grow existing businesses
 - Adapt risk–return management to changes in the business environment
 - Pitch products, and entrench them in the market, from a customer-centric perspective
 - Strengthen Groupwide management
- 3 Invest in growth and expand globally**
 - Expand business in Japan and overseas, mainly through collaboration with ITOCHU Corporation
 - Build a new growth model
 - Develop and introduce innovative production technology

(¥ billion)

Consolidated profit/loss	Fiscal 2021 results	Fiscal 2022 target	Fiscal 2022 results
Net sales	420.7	441.0	430.7
Operating profit	14.0	16.1	9.7
Ordinary profit	14.9	16.6	10.5
Profit attributable to owners of parent	9.7	10.6	4.5
ROE	9.0%	9.4%	4.0%
ROA	4.5%	4.7%	2.0%
ROIC	8.7%	8.5%	3.3%

(¥ billion)

	Rolling plan		
	Fiscal 2023 plan	Fiscal 2024 plan	Fiscal 2025 plan
Net sales	470.3	485.1	494.4
Operating profit	11.5	15.8	17.4
Ordinary profit	12.0	16.2	17.8
Profit attributable to owners of parent	7.6	10.0	11.1
ROE	6.6%	8.2%	8.6%
ROA	3.2%	4.1%	4.5%
ROIC	5.9%	7.7%	8.3%

Sales revenue grew, but profit decreased because price increase were insufficient

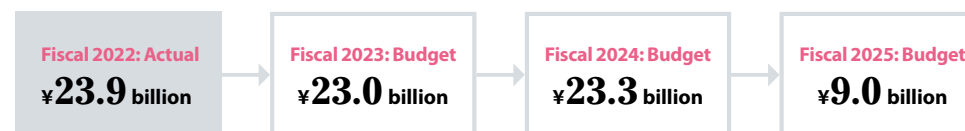
In fiscal 2022, consolidated net sales exceeded the previous year's level. However, despite this revenue growth, profit decreased because we did not go far enough in increasing sales prices to absorb the higher costs for raw materials and energy. Over the period of the Medium-term Business Plan (fiscal 2023–2025), we will take action to address our material issues. In the processed foods business, we will expand sales of existing brands and further increase their brand recognition. In the fresh meat business, we will place more emphasis on profitability in our purchasing operations and strengthen sales.

Investment Strategy

Principles for investment

- Major potential investments are generally vetted by the Executive Council with advice from the Business Review Committee. The Executive Council regularly monitors existing investments.
- Criteria used when vetting investments include ROIC, NPV, payback period, and environmental impacts.

Actual and budgeted capital expenditure



Investment budget

Budget 1

Capital expenditure in the hog farming business

Between now and fiscal 2030, we will invest to strengthen our system of Japanese pork production. Part of this investment is in the new farm in Miyagi, which entered service in 2023. Situated across 26 hectares, the farm consists of breeding and fattening facilities that use digital technology to monitor swine biodata and the farm environment. Other facilities include a feed mill and a distribution center. The distribution center has a space for storing goods. It also has a fogging chamber where a fogging machine disinfects all objects destined for the farm site. To address animal welfare concerns, the farm uses free-access stalls. We have started rolling out these innovations in other farms.

Main budget allocations

- Advanced breeding and fattening facilities
- Data monitoring infrastructure (cameras and sensors for monitoring biodata and environmental data)
- Feed mill, distribution center
- Free-access stalls

Budget 2

Capital expenditure in plants

We invested some ¥13 billion in the construction of a new plant in Kagoshima. The completed plant entered full service in April 2023. This vast facility will enable us to boost production capacity for Koukun® Sausage and microwavable (value-added) meals. It will also produce products with a local touch. The new plant will use AI-powered inspections and an advanced hygiene control. We will also roll out these innovations in other plants.

Main budget allocations

- New plant in Kagoshima
- AI-powered inspections
- Advanced hygiene control system

Budget 3

Capital expenditure for reducing carbon footprint

We are also taking action to reduce our climate impact. The new plant in Kagoshima has switched its boiler fuel from fuel oil to liquefied natural gas. In addition, the new plant uses natural refrigerants instead of ozone-harming fluorinated refrigerants. It also uses renewable energy generated by onsite solar panels. Our plant in Hokkaido converts plastic waste into biomass fuel. We will introduce this measure in other plants.

Main budget allocations

- Boilers compatible with liquefied natural gas
- Refrigeration that uses natural refrigerants
- Renewable energy system

Budget 4

Capital expenditure for the Prima Next Project

The Prima Next Project involves business process re-engineering. This means reviewing and re-designing workflows and organizational processes. It also involves change management. This means helping employees prepare for the organizational changes with a view to entrenching the changes. In fiscal 2022, project members continued working on these actions. Other employees participated in the project too.

In terms of business management, the new system will provide a foundation for improving profitability and capital efficiency in each business.

Main budget allocations

- System upgrade to facilitate business process re-engineering and change management

Budget 5

Capital expenditure for talent development

We are investing in efforts to attract and cultivate the talent who will help enhance our enterprise value. In particular, we want to cultivate the leadership talent to manage the Group's operations and a globally fluent workforce to drive our overseas expansion. In fiscal 2023, we resumed our overseas study programs and on-the-job apprenticeships, which we had suspended during the pandemic years.

Our program for nurturing talent provides rank-specific training courses, in which employees gain the necessary skills, the knowledge, and competences. The program contributes toward an empowering environment in which employees fulfill their potential, bringing benefits to both the employees themselves and to the organization as a whole.

Main budget allocations

- Overseas study programs for junior employees
- Overseas on-the-job apprenticeships
- Rank-specific training courses

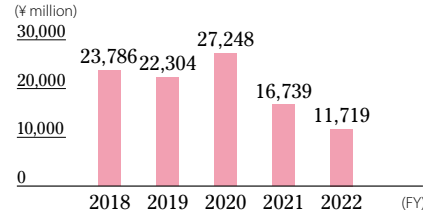
Capital Strategy

Financial capital

Leveraging solid income to fund future growth

One of our core strategies for the medium to long term is to enhance strategic management. In fiscal 2022, we posted annual operating cash flows of ¥11.7 billion. We are reinvesting the profits in activities for expanding operations and increasing growth prospects while monitoring investments more closely to ensure capital efficiency.

Cash flows from operating activities (consolidated)



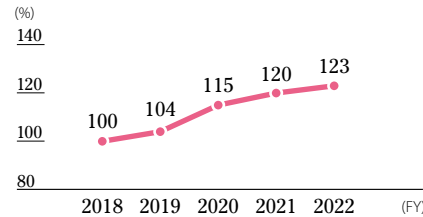
We will continue to maintain fiscal health as we invest toward higher growth.

Manufactured capital

Leading the industry in production efficiency

In the processed foods business, we are building an efficient production system by using automation and streamlining plant production. In the fresh meat business, we are building an integrated system of domestic pork production. We are also creating further manufactured capital by building a new plant in Kagoshima [see p. 19](#) and a new pork farm in Miyagi [see p. 21](#). These efforts will lead to better customer satisfaction and to highest levels of production efficiency in Japan.

Production volume over past five years (non-consolidated) With production volume in fiscal 2018 scaled at 100 (%)



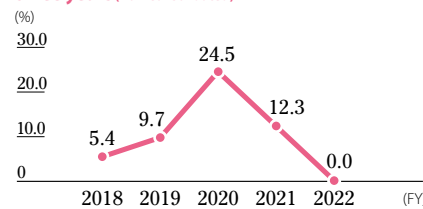
Production volume rose each year thanks to more efficient production in the processed foods business. We will continue to expand production capacity by bringing new plants into service and investing in facilities. The greater production capacity will increase our competitiveness.

Human capital

A diverse, inclusive, empowering workplace

We have launched a program to strategically and systematically develop our leadership talent pool and build a more globally fluent workforce. Alongside this, we are cultivating an organizational culture that cherishes diverse backgrounds and experience. We also have a program to support employee satisfaction (the Employee-satisfaction Revolution Project) and a program for developing employee career paths.

Percentage of graduate hires who leave within three years (non-consolidated)



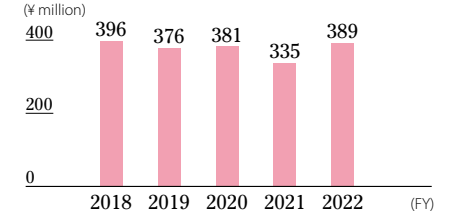
We provide a workplace in which a diverse mix of employees feel empowered and engaged. We also provide a range of training programs and follow-ups to help employees grow professionally.

Intellectual capital

Embracing technology and innovation

We recently started developing health-oriented foods, including sugar-free products and reduced-salt products. We have also started using technologies to extend shelf life, such as high pressure processing and individual quick freezing. We also use information and communications technology for saving labor and enabling the production of high-quality products. Alongside this, we engage in joint research with academia to develop high-quality products and enhance quality management.

R&D expenditures (consolidated)



We actively invest in research and development. Our budget covers basic research, such as advanced techniques for processing/producing meat. It also covers applied research, such as practical solutions for developing and producing products.

Social capital

Trusting stakeholder relationships

To strengthen and expand our supply chain networks for raw meat, we work closely with fellow members of the ITOCHU Group, engage in joint product development with partners, and engage in joint research with universities and research institutions. We also sponsor popular theme parks. These sustained collaborative ties have enhanced trust and love for the Prima Meat Packers brand—and a beloved brand is a priceless asset.

Supply sources for raw meat (non-consolidated)



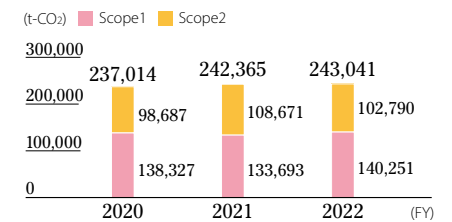
Our geographically dispersed supply networks give us the flexibility to choose just the right raw materials for each product. They also disperse the procurement risks, enabling stable supply and business continuity.

Natural capital

Fulfilling our environmental responsibility

We work to acquire the technology and expertise to make our businesses greener. Our efforts include consuming less energy during production, reducing greenhouse emissions, using more renewable energy, cutting waste, and using less plastic packaging (or using recycled plastic packaging).

CO₂ emissions



Total emissions were largely the same as last year because of an increase in production volume. We are investing capital and undertaking efforts to make the new plant in Kagoshima, along with other sites, more environmentally friendly.

Interview with the Chief Financial Officer



A stable business foundation from which we invest in efforts to build our value

Takahiro Uchiyama

Senior Managing Executive Officer in Charge of Human Resources, Finance, General Affairs, Public Relations, and Legal Division

Profile

An expert in finance, accounting, and other areas of business administration, Takahiro Uchiyama has assisted the management of the Corporate Strategy Department, managed the Human Resources Department, managed (what was) the First Management Division, and managed (what was) the IT Division. He assumed his current posts in June 2023.

Steady profits in a tough landscape

In fiscal 2022, we faced a tough business environment. The Japanese yen depreciated against the dollar amid an interest rate gap, and the Russian invasion of Ukraine drove up the costs of raw materials and energy. Because of these circumstances, our production costs skyrocketed.

In the fresh foods business, we increased the prices of ham and sausage products and other processed foods in September 2022, following a previous round of price increases in February 2022. In terms of sales, we continued increasing our share in a market whose total amount of sales had declined from the previous year's level. However, despite the

revenue growth, profit decreased because we didn't fully absorb the production cost increases in our sales prices.

As for the fresh meat business, net sales decreased significantly. As well as struggling in negotiations to increase our prices, we faced a drop in demand for fresh meat. These circumstances prevented us from maintaining sales volume and profit. Our hog farming business benefitted from high prices for Japanese pork. However, this factor was outweighed by high animal feed prices, and the business ultimately recorded a decrease in profit.

Reflecting these results, return on equity (ROE) declined. Rest assured, however, that we're going to improve

performance and increase our ROE. Our first action for turning performance around is to increase the market share of our processed foods business. On the assumption that raw material costs and other production costs will stay high, we implemented a third round of price increases in April 2023, and we plan a fourth round in October. Alongside that, we'll increase our cost effectiveness by boosting the production capacity and productivity of all our plants, one of which is the new plant in Kagoshima, which entered full service in April 2023 [see p. 19](#).

Investing in future growth prospects while maintaining decent profit

The external business environment is likely to remain tough, and we must base our strategic planning upon this assumption. We've already made progress in improving productivity through our program of business reform, which we started ten years ago. Consequently, our profit margins and business foundation are now more stable. On the financial side, our balance sheet is healthier. On the business side, we have built the Koukun® Sausage brand into a key driver of business growth. In the processed foods business, we're optimizing prices to protect our margins in a tough business climate, while also increasing our market share. In other words, we're laying a foundation that will help our business maintain stable profit in difficult economic times.

While maintaining a decent level of profit, we plan to invest capital toward increasing our future growth prospects. We will, of course, consider modifying our investment strategy to reflect changes in the business environment.

One area we'll be investing in is our existing plants. We'll use the investment to boost their production capacity and productivity. We know from evaluations of past capital

expenditures that such investments yield returns in increased productivity and competitiveness. We'll keep working to ensure that our investment strategy delivers decent returns.

In the hog farming business, we completed the first phase of construction for the new farm in Miyagi [see p. 21](#). In the summer of 2023, the farm sent its first shipments. We're now working on improvements necessary to achieve the farm's profitability target, and we're monitoring progress. Recognizing the importance of animal welfare, we equipped the farm with advanced technology to create an optimal environment for the animals. We plan to roll out the technology to other farms too.

In the processed foods business, we used promotional campaigns to increase the market share and brand recognition of Koukun® Sausage. Brand strategy is essential in the fresh meat business too. We want to develop measures for enhancing the value of the brand of pork from pigs reared on the new farm. The shifts we're seeing in the external environment today suggest that commercial hog farming in Japan will enter a period of accelerated growth over the medium and long term. We'll build organizational infrastructure to capture this business opportunity.

Regarding mergers and acquisitions, we keep looking out for M&A deals, seeing them as a means for sustainable growth. Japan's shrinking and aging population has made it all the more essential to expand into the e-commerce sector and into overseas markets. We gained a strong foothold in the e-commerce sector in December 2021, when we acquired TMG International, which operates an online meat store. To improve our M&A success rate, we'll evaluate the outcomes of past M&As and post-merger integrations,^{*1} and apply the findings in our future M&A activities. To ensure we have the resources to fund M&A activities, we'll maintain decent

operating cash flows and communicate effectively with capital markets and banks.

^{*1} Post-merger integration (PMI) involves integrating business processes to ensure that the M&A achieves the maximum synergistic effects initially envisaged.

Rigorous post-investment monitoring

Major potential investments are vetted by the Executive Council and Board of Directors with advice from the Business Review Committee. In determining whether to greenlight an investment, we consider criteria such as the expected return on invested capital, net present value,^{*2} the payback period, and the extent to which the investment will reduce our environmental impact. We increasingly use growth capital expenditure and M&As. We'll create an even more rigorous system of post-investment monitoring framework in order to strengthen the management system and improve the accuracy of our investment decisions.

We're currently working on a digital transformation project called Prima Next Project [see p. 15](#). The project will, in time, deliver benefits for business management. The new system will allocate company assets in a more nuanced way, creating a foundation for improving profitability and capital efficiency in each business.

Stakeholders are increasingly interested in non-financial information. We'll therefore improve the quality of our non-financial disclosures along with that of our financial disclosures. The improved disclosures will give our stakeholders a better idea of what actions we're taking to achieve our vision.

^{*2} Net present value (NPV) is the sum of the present value of the investment and the profit it is expected to deliver over time, less the amount of the initial investment.

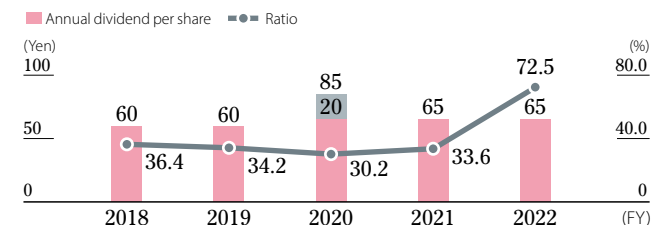
Delivering the stable dividends our shareholders expect

As for shareholder returns, dividends are discussed during meetings of the Executive Advisory Committee. These meetings are attended by outside directors too, making for vibrant discussions. We try to strike the right balance between reinvesting the profits toward further business growth and returning profits to shareholders.

For payout ratio, we've set a benchmark of 30% or higher. In fiscal 2022, the payout ratio was unusually high. That's because we recognized extraordinary loss. We'll keep delivering the stable dividends that our shareholders rightfully expect.

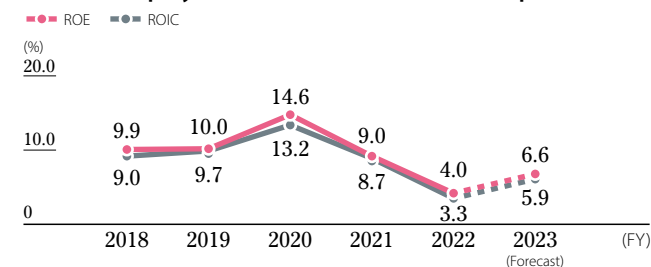
In summary, we'll continue strengthening our sales and profit bases and building the value of our organization, including its shareholder value.

Annual dividend per share / Ratio



^{*} The fiscal 2020 dividend consisted of a regular dividend of ¥65 and a commemorative dividend of ¥20.

Return on equity (ROE) and return on invested capital (ROIC)



2022 Highlight

A ¥13 billion investment to build sustainable growth

We invested some ¥13 billion to build a new meat processing plant in Kagoshima. With the new plant now in service, we've increased the production capacity by 1.3 time. We've also established a system for supplying value-added products that are distinctive to Kagoshima.



New plant in Kagoshima

Location: Seisatsu-cho, Ichikikushikino-shi, Kagoshima (Seisatsu Chukaku Industrial Park)

Capital invested: c. ¥13 billion

Site area: 45,636.02 m²

Building area: 11,880 m²

Business description: Production of processed meat products



Improving production capacity and distribution efficiency for products distinctive to Kagoshima

Over 60 years, our plant in Kagoshima had aged considerably. We therefore decided to invest some ¥13 billion to build a new plant in Kagoshima. The new plant is situated two and a half kilometers away, in a coastal industrial park. Equipped with cutting-edge technology, the new plant entered full service in April 2023. The plant is a three-story structure with a total surface area of 20 thousand square meters (3 thousand square meters larger than the old plant). It produces processed meat products such as sausages, ham, and poultry products made from broilers reared in Kyushu. With the new plant now in service, we have significantly

boosted our capacity to produce Koukun® Sausage and other processed meat products sold nationwide. The new plant can ship products to the Chugoku region and part of the Shikoku region, enabling a reduction in distribution costs and distribution load.

Our plan is produce products distinctive to Kagoshima and distribute them across the country. Poultry products will play the central role here. The prefectures of Miyazaki and Kagoshima are major poultry-producing regions, and our ability to produce products sourced from these regions gives us a major advantage. Since the raw materials are sourced locally, we have no need to freeze them, which creates benefits for distribution and quality. Utilizing this advantage, the new plant will produce chicken

products for convenience stores to sell, including steamed flavored chicken and bite-size snacks. These products will help differentiate the plant from other plants.

Kagoshima is famed for its Kurobuta pork. In local food expos held in department stores, Kagoshima produce rivals that of Hokkaido and Kyoto in popularity. We supply a brand of Kagoshima pork, Megumi no Kurobuta. The brand is popular as a gift item. We will continue using the new plant to maximize the potential of Kagoshima produce.

Adaptable production lines that can produce products that cannot be produced in other plants

For the new plant, we aim for a monthly output 1.3 times that of the old one. The new plant can ship the finished goods from Kagoshima across the whole of Kyushu and Chugoku, and part of Shikoku. We want to expand the coverage further.

The plant's production lines are designed to be adaptable, enabling us to flexibly rearrange them to suit the product. Leveraging this flexibility, we will increase the relative amount of products that other plants could not produce—products involving elaborate processes and those that are distinctive to the local area—thereby maximizing the plant's strengths. For example, the plant can produce meat products that require multiple rounds of smoking, whereas other plants are incapable of such. Using this advantage to the full, we will actively develop new products.

Products produced at the new plant in Kagoshima



Koukun® Sausage



Plain steamed chicken strips



Spicy chicken skin snack from Kyushu poultry



Smoked chicken snack from Kyushu poultry

Aiming for a sustainable plant that positively impacts the environment and local community

To make the new plant carbon neutral, we are stepping up our environmental efforts. For example, we signed a power purchase agreement. Under this agreement, an electricity supplier installs its solar panels in the plant's premises and the plant purchases the power generated from the panels. Solar power purchased under the agreement accounts for 10% of the electricity used in four of our plants (Hokkaido, Ibaraki, Mie, Kagoshima), enabling an annual emissions reduction of more than 5,000 tons of carbon dioxide.

We have switched the plant's boiler fuel from fuel oil to liquefied natural gas (LNG). As in the Ibaraki plant, the plant uses an onsite co-generation system. In this system, the emissions generated when fuel is converted to thermal energy are used for heating water.

The plant also contributes to the local economy. It employs local people and will continue to do so. A number of other food

companies operate in the industrial park where the plant is located. We collaborate with these companies to organize culinary events and a summer festival, adding to the vibrancy of the area.

Key features of the new plant in Kagoshima

Efficiency, labor saving

- Flexible production lines
- AI-powered quality testing that rationalizes production

Environmental initiatives

- Use of solar power (under a power purchase agreement)
- Using LNG instead of fuel oil for boiler fuel
- Using natural refrigerants
- Using an onsite co-generation system

Other

- Expanding the distribution coverage for products
- Creating locally sourced products

Equipment that is kind to the environment



The plant's solar panels cut its annual emissions by more than 5,000 tons.



For boiler fuel, the plant uses LNG, which has a low carbon footprint.

2022 Highlight

Building vast breeding and fattening facilities to further integrate the domestic pork production process

We have made progress in our strategy for growing the fresh meat business. In particular, we have strengthened production of Japanese pork. The flagship farm in this strategy consists of large breeding and fattening facilities in Miyagi Prefecture. The facilities use cutting-edge technology. They also use science-based practices to maximize productivity and profitability.



Miyagi farm complex

In Miyagi Prefecture, we built a breeding and fattening facilities. Both facilities are large, at 13 hectares. Both facilities are equipped with cutting-edge technology, including digital technology and biosecurity measures. They also use science-based practices to maximize productivity.



A super farm that earns profits and reinvests them in a positive spiral

One of our strategies for growing the fresh meat business is to expand hog farming. To create a mainstay for this upstream business, we built a farm complex in Miyagi Prefecture. The complex consists of large breeding and fattening facilities, both encompassing 13 hectares.

To produce tasty pork, one must safeguard the health of the pigs and minimize their stress. To that end, we use AI-powered technology and our own mixtures of fresh animal feed to optimize the environment for the pigs. The farm uses locally produced rice in the animal feed and provides pig manure to local farmers for use as fertilizer. Through such tie-ups with the local community, we are adding a local flavor to our brand.

In July 2022, the breeding facility welcomed boars and sows. In

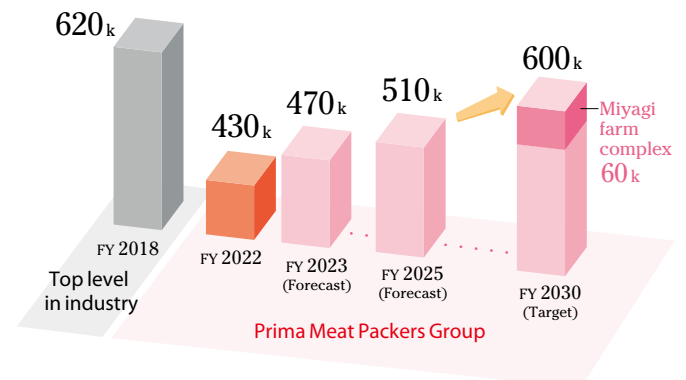
March 2023, the first litter of piglets was born. In April, the piglets were relocated to a weaning shed in the fattening facility to begin the fattening process. The pigs were then relocated to fattening sheds. In the summer of 2023, the farm dispatched its first shipment of pigs.

We aim for the farm to ship some 60 thousand in fiscal 2030. With these shipments added to the tally, we will raise our total pig shipments. Our aim is to raise the total from the 470 thousand figure forecasted for fiscal 2023 to 510 thousand in fiscal 2025, and then to 600 thousand in fiscal 2030. That would make us one of the top pork producers. In this expansion, we aim to further integrate the processes from breeding to the final product. We also aim to further minimize supply uncertainty, insulating our business from fluctuations in international meat markets.

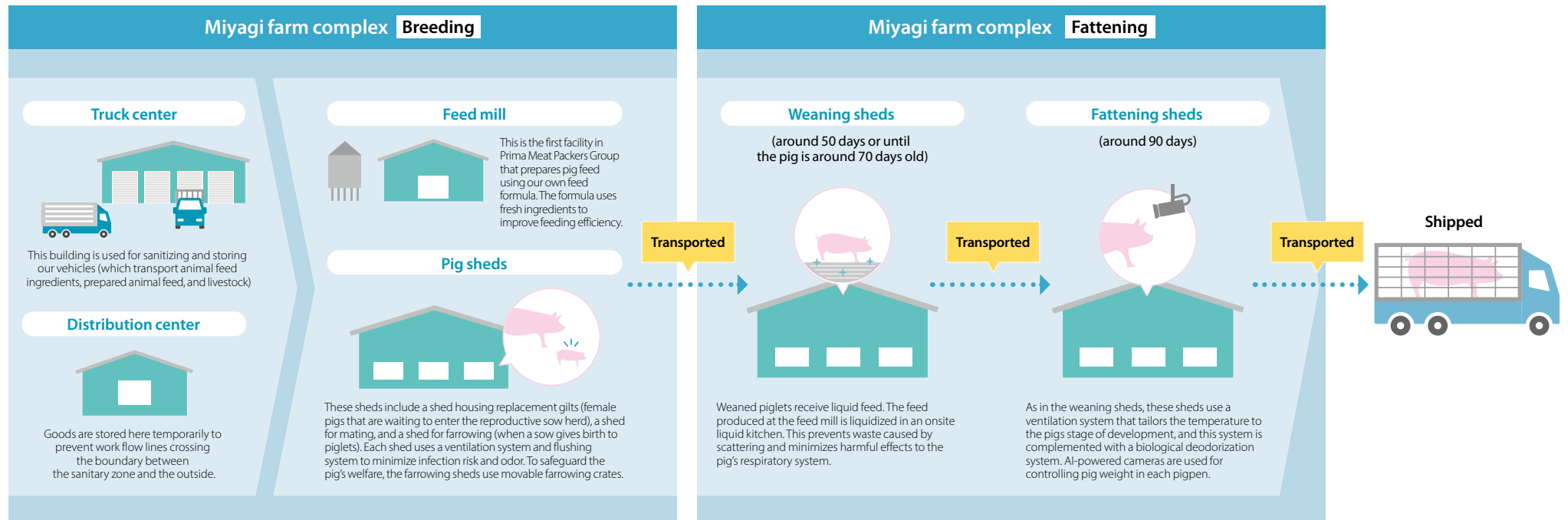
To achieve this, we will make the Miyagi farm complex a super farm, one that maximizes higher productivity and uses smarter

goal-setting and financial analysis to earn profits and reinvest them, creating a positive spiral of growth.

Pig shipments



Overview of the Miyagi farm complex



Embracing science-based approaches such as using data to analyze mating

In hog farming, it is important to take a science-based approach. Genetics is a particularly significant determinant of pork quality. Accordingly, we follow the data-informed advice of the world's top breeding experts when breeding and replacing the stock of "grandparents" (the maternal grandparents produce the gilt "parents," which produce the pigs reared for slaughter).

In one of our fattening sheds, we pilot the use of an AI-powered camera to monitor pig weight. Currently, the digital technology mainly comprises a remotely operated ventilation system, but we plan to use other advanced digital technology too.



The farm uses open farrowing crates.

Multilayered safeguards to minimize infection risk

To protect the pigs from infection, the farm uses a two-site approach, segregating breeding and fattening facilities. This approach minimizes the risk of infection spreading across the breeding herd, thereby limiting any horizontal spread across the farm. The farm in general uses a closed-herd system in which breeding sows are replaced with gilts reared in the breeding facility. This practice minimizes the risk of infection from outside.

The farm also has a distribution center, which has a fogging chamber and space for storing goods. The fogging chamber disinfects all objects arriving from the outside. Likewise, outbound goods going are stored here before leaving the farm. The farm uses a variety of other safeguards too. These include using a pig shed with a well-sealed structure, having our own vehicles for transportation, and providing a truck center where vehicles are thoroughly sanitized.

Toward local circular agriculture that benefits the community as well as the business

As well as focusing on animal welfare, one of our material issues [see p. 34](#), we consider the environment and contribute to the local community. For example, to minimize odor from the farm, we use a deodorizer and system for processing pig effluent, both of which have rarely been used in Japan.

The local area where the farm complex was built was devastated in the Great East Japan Earthquake of 2011. The farmland was contaminated by salt due to the tsunami. To help restore soil fertility in the local farmland, we offer local farmers pig manure from the new farm for use as quality fertilizer. We also provide employment opportunities to local high school graduates. In this way, we aim local circular agriculture, in which both the farm business and the community thrive and in which the environment is protected.



Business Overview

24 Processed Foods Business

28 Fresh Meat Business

Processed Foods Business

Aiming for the top spot with compelling products and high productivity

Enhancing talent development and taking a hybrid approach that leads with the body and the head

In the processed foods business, we have adopted a new sales approach for the post-pandemic transition. This approach combines action-centered leadership (the body) with thinking-centered leadership (the head). In other words, the idea is to both act with conviction and speed, but also to keep thinking about how we can do better, drawing on the insights we gained during the pandemic years.

Crucial to achieving this balance is talent development. No organization can succeed without adequate talent. The key to talent development is communication. With active communication, you foster mutual understanding, allocate talent effectively, and increase job satisfaction. Amid the rise in remote working during the pandemic, many employees started learning skills and gaining qualifications through webinar programs. By exercising authentic leadership, supervisors will build an organization that empowers employee growth.

Yuji Shinkawa

Senior Managing Executive Officer
Head of Sales Division

Yuji Shinkawa has extensive expertise in marketing and sales. He previously headed the Company's Chubu Branch and East Japan Branch, and has headed the Sales Division since April 2021. Since joining the Company, Shinkawa has devoted himself to sales, forging relations with numerous business partners.



Using our own knowhow to boost productivity of plants and survive a future labor crunch

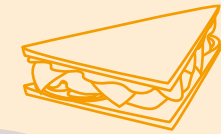
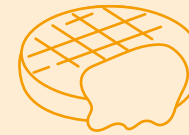
In April 2023, our new Kagoshima plant entered service [see p. 19](#), boosting our production capacity. Over the years ahead, we'll be working to boost productivity and to survive a future labor crunch. For this task, we'll use automation and labor-saving technology. We'll also combine a range of other techniques, including the initiatives in Prima Innovation [see p. 26](#), a project with a long and impressive track record.

One such innovation is collaborative robots (or cobots). We'll use cobots to lighten the load for human workers and contribute to a more employee-friendly workplace and to higher job satisfaction. Whatever action we take, the bottom line is always safety and confidence in the workplace. In the Production Division, we emphasize continuous improvement in quality and safety. For example, four times a year, we award teams that improved their quality and safety performance. We also provide training opportunities that increase employee motivation.

Toshihiro Tago

Managing Executive Officer
Head of Production Division

Toshihiro Tago has extensive expertise in the Company and in the industry. Tago has worked in frontline production and at the Corporate Strategy Department. He has also served as foreperson at the Ibaraki plant. He has headed the Production Division since April 2021.





Support richer, healthier diets

Future vision

Set KPIs for sales and production and work toward them with a PDCA cycle

Increase market share*

We will increase the Japanese market share for ham and sausages and get the top spot for sales revenue and sales volume.

Strengthen sales

We will increase the number of stores stocking our key products.

Boost productivity

Every year, we set specific quantitative targets for production capacity. By boosting capacity, we aim to get Koukun® Sausage into the top spot for sales revenue and sales volume.

* We base market share on data from SCI, a Japan-wide consumer panel survey (which reveals who is buying what, when and where they buying it, and how much they are buying). Key metric: Average monthly amount spent per 100 people Sample: Men and women aged 15–79 across Japan

Business strategies

Koukun® as number one: Make Koukun® Sausage the top-selling sausage brand in Japan

As part of our marketing efforts, we organize joint promotional campaigns with theme parks that we sponsor. We also use our presence on social media platforms such as X (formerly Twitter) and Line.

Food services: Restructure and expand business in the food service sector

To expand sales to commercial clients such as family restaurants and fast-food chains, we are enhancing the sales team's knowledge about fresh meat by taking in meat experts from the Meat Business Division.

Next 10: Looking toward our centenary and building new mainstay businesses for the next ten years

We are expanding sales of delicatessen and frozen items in West Japan. To facilitate this expansion, our West Japan Branch Mass (sales) Department opened a section dedicated specifically to such items. Alongside this, we are launching our own e-commerce site. The online store will sell a range of delicious products that customers love.

Installing cutting-edge tech to boost productivity and production capacity

The completion of our new Kagoshima plant has boosted the overall production capacity of Prima Meat Packers Group. Besides this, our Ibaraki plant uses cutting-edge technology to boost productivity. For example, the plant has a transporter robot that can peel a chilled leg of ham* and then transport the ham and place it on a machine for further processing all by itself.

* This process removes the casing used in filling and thermal processing.

SWOT analysis

Strengths

- The Ibaraki plant and others boast superior productivity and competitiveness.
- Our cutting-edge tech and equipment allow us to differentiate our products.
- We have an integrated system of development, production, and sales.
- We have deepened our client relations through our pitching and through top-to-top selling (when the top executive sells directly to the buyer's top executive).
- The new Kagoshima plant has boosted our production capacity.
- We use our sponsorships to promote our products.
- We have a flexible production system in which we monitor trends among our vendors and then quickly launch products tailored to these trends.

Weaknesses

- Most of our products, by their nature, have a short life and require refrigeration.
- We have few e-commerce opportunities.
- Some of our plants are aging.
- We face higher costs in procuring raw materials and products from overseas suppliers.
- Swine disease can impact supply and market conditions.

Opportunities

- In the post-pandemic transition, demand for eating out and leisure has risen.
- Markets and distribution networks could change in our favor as we enter the new normal.
- We could boost sales by embracing e-commerce.
- The health-conscious market is growing.
- Overseas markets offer rich opportunities.
- Technological innovation could transform production processes.

Threats

- Raw material prices, oil prices, and distribution costs are soaring amid turbulent exchange rates (the low yen).
- Supply crunches and outbreaks of swine disease could drive up competition in procurement in Japan or overseas.
- Price wars can easily occur in our industry.
- We may struggle to negotiate price increases.
- Japan's shrinking population is creating a labor shortage and diminishing domestic demand.

Looking back on fiscal 2022

Improving production capacity and productivity, building brand awareness and loyalty



Net sales

¥300.7 billion

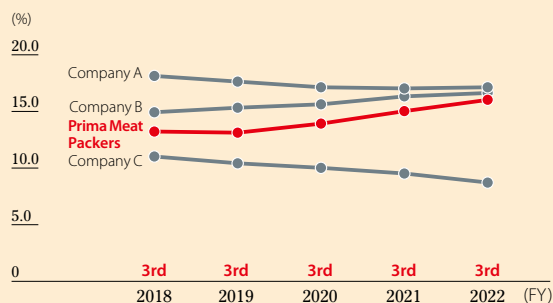
Change from previous year: Up ¥15.1 billion

Segment's operating profit

¥10.2 billion

Change from previous year: Down ¥3.8 billion

Ham, sausage: Annual comparison in market share



Source: Results of SCL consumer panel (a national consumer panel survey provided by Intage) on the amount consumers spend on ham and sausage products (the sample consisted of people aged 15–69 before fiscal 2021 and people aged 15–79 in and after fiscal 2022)

Growing sales volume further in the ham and sausage market

In the ham and sausage market, our sales volume in fiscal 2022 was 101% of that in fiscal 2021. Most notably, Koukun® Sausage's sales volume reached the top level for the market.

We aim to further increase sales volume in fiscal 2023. This goal is possible because our production lines expanded in April, when our new Kagoshima plant entered service. By increasing production and expanding our share in ham and sausage market, we will further increase customer loyalty.

Boosting productivity through Prima Innovation

In fiscal 2022, we faced soaring raw materials prices and rising energy costs, creating an urgent need for action. Amid these circumstances, our Prima Innovation project continued delivering results. We have committed to quantitative targets for cutting waste, including operation rate and work efficiency rate. Supervisors hold weekly meetings to report the latest developments and discuss improvements that could be made. We also provide meetings for production engineering managers to share examples of best practices. In this way, we have used a PDCA cycle of analysis, testing, evaluation, and improvement to keep boosting productivity in fiscal 2023 too.

Campaigns for growing our fan base

In April 2022, we became an official partner of Ghibli Park, a park that represents the world of Studio Ghibli. We will use this partnership to promote our products. To commemorate the 20th anniversary of Koukun® Sausage, we invited 2,500 customers to private theater event. The event, held in September 2022, was a performance by the Takarazuka Revue, a famous musical theater troupe.

We also have campaigns to win new fan base. We are an official sponsor of Small Worlds Tokyo, Asia's largest indoor miniature theme park. Using this sponsorship, we organized a Koukun® Sausage event in the theme park in May 2022. We will continue using a wide range of promotional activities to grow our fan base and improve brand recognition.

Offering exciting experiences at Tokyo Disney Resort®

We have served as an official sponsor of Tokyo Disneyland® and Tokyo DisneySea® since the parks first opened. We use the sponsorship to organize events held at the parks that create opportunities for direct interaction with our customers. Since fiscal 2014, we have organized a Private Evening Party every year for our customers and downstream supply-chain partners. The parties have proved a big hit.

In fiscal 2022, we organized a raffle in which we invited five thousand winners to the party held at Tokyo Disneyland in October 2022. We also ran a campaign that gave customers the chance to win a ticket to Tokyo Disneyland complete with an overnight stay at Tokyo Disney Resort's Toy Story® Hotel, which had opened in April 2022. The campaign, too, proved popular.

Looking ahead

Strengthening mainstay businesses and building new growth drivers



Medium-term business plan



Strategies for the processed foods business

- **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**

In the processed foods business, we are working to increase the market share of Koukun® Sausage, our key growth driver. We are also strengthening our food service business and expanding into new areas such as delicatessen and frozen food and e-commerce. Alongside these efforts, we are installing cutting-edge technology in production facilities to boost productivity and production capacity.

Koukun® as number one: Make Koukun® Sausage the top-selling sausage brand in Japan

In fiscal 2022, Koukun® Sausage a sales volume rose 7% year on year. Despite raising our prices to reflect the high raw material prices, our products remain as popular as ever. We will keep promoting the brand to gain an even larger market share. Our marketing strategy includes promotional campaigns that tie in with theme parks that we sponsor. It also includes social media engagement through our official accounts on social media platforms such as X (formerly Twitter) and Line.



Food services: Restructure and expand business in the food service sector

In the food service business, we sell fresh meat and processed meat products to commercial clients. For example, we sell sandwich fillings and bento (lunchbox) items to convenience store chains. We also sell foodstuffs to family restaurants, fast-food chains, and other eateries. Japan's food service industry is worth around ¥24 trillion as of 2022.* We can still do much more to grow in this sector, so we will step up our efforts.

One way we are doing this is to enhance our sales team's knowledge about fresh meat. In fiscal 2023, we started taking in meat experts from the Meat Business Division. They will help energize and level-up the sales team's activities.

* Source: Economic Analysis Office of the Ministry of Economy, Trade and Industry, Inshoku kanren sangyō no dōkō (Fūdo bijinesu indekkusu 2022 nen) [Trends in the food service industry: Food business index 2022].

Next 10: Looking toward our centenary and building new mainstay businesses for the next 10 years

One candidate we have as a future mainstay businesses is delicatessen and frozen foods. With that in mind, our West Japan Branch Mass (sales) Department opened a section dedicated to delicatessen and frozen foods in fiscal 2023. The section will expand this new food business in West Japan. Supermarkets are increasingly devoting space to frozen fresh meat and growing their sales as a result. We need to capitalize on this opportunity.

In autumn 2023, we will open our own e-commerce site. The online store will delight customers with a range of delicious products. For the brand name, we will use the name of our organization when it was first founded: Takegishi Hamu Shokai (Takegishi Meat Packers Ltd.).

Installing cutting-edge tech to boost productivity and production capacity

In Kagoshima, we opened a new plant [see p. 19](#). Its productivity exceeds that of the existing plant there. Our Ibaraki plant uses robot transporters that we developed ourselves, thereby relieving human workers of these tasks. The robot can automatically peel a chilled leg of ham and then transport the ham and place it on a machine for further processing all by itself. The technology can be used in other processes too, including supplying, heating, and packing the materials. We will therefore roll the technology out to other plants. We are also designing our own AI-powered facilities and equipment with a view to automating more processes and saving labor further.

We are planning on using cobots—robots that can work alongside human workers with no safety concerns. We will continue investing in the latest technology for our meat processing plants.

Fresh Meat Business

Our new flagship hog farm aiming to become the leading hog farming company in Japan

Japanese pork production is the future for our fresh meat business

In fiscal 2022, our fresh meat business faced severe cost pressures in production and purchasing. International meat prices trended upward, while grain prices remained high, resulting in high animal feed prices. The low yen made this situation worse. Meanwhile, Japan experienced inflation and consumers tightened their belts. This trend made it difficult to increase sales prices enough to fully absorb the higher raw meat prices. All these circumstances made for a very tough year.

Unbowed by the challenges, we'll keep pressing on in our efforts to grow the business. These efforts include developing our Japanese pork production business. They also include efforts to penetrate new sectors and make the business more competitive. Examples include using vacuum packing (which seals in the freshness longer) at the site of production, forging new online sales channels, and providing frozen meat products that are compatible with a new defrosting technique. Alongside these business activities, we'll keep working on sustainability and ESG measures such as safeguarding animal welfare, protecting the environment, and assuring quality.

No dream, no ideal. No ideal, no plan. No plan, no action. No action, no success. These are the words of Yoshida Shōin, a Japanese educator active in the mid-19th century. We will follow our dream to forge a new future for our fresh meat business.

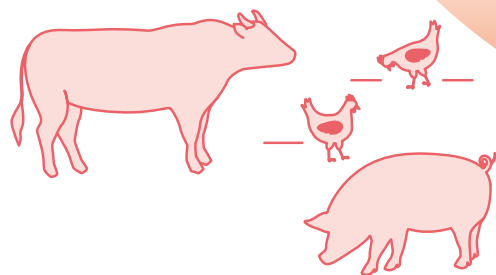


Makoto Amino

**Managing Executive Officer
Head of Meat Business Division,
and Meat Procuring Department**

Makoto Amino has extensive experience in general trading and Prima Meat Packers' fresh meat business. Amino became Head of Meat Production Department in April 2021. He assumed his current post in April 2023.





Become the leading hog farming company in Japan



Future vision

Set metrics and targets for breeding performance and optimum feeding regimen and work toward these targets using a PDCA cycle.

Raise pig shipments

Using highly productive sows, we aim to have farms shipping 600,000 pigs a year by fiscal 2030.

Expand sales

We will coordinate with the processed foods business to improve sales strategy and increase sales volume.

Improve inventory turnover

We will improve inventory turnover by integrating and refining planning for production, shipment, and sales.

Reduce incident rate

We will reduce the incident rate by providing an optimum environment for the animals on our farms.

Business strategies

Boost sales growth

While improving our bottom line by reducing production and purchasing costs, we will focus on strengthening sales and procurement capacity. We will also penetrate new sectors. For example, we will develop an e-commerce business, use vacuum packing at the site of production, develop frozen meat products, and trade lamb and mutton.

Expand Japanese pork production, work closer with partners

We want to develop Japanese pork production into a core business. This task requires us to work closer with our partner farms and with other upstream and downstream supply-chain partners. Through such partnerships, we will integrate production and sales operations, thereby developing the Japanese pork production business into a core business. We will also continue focusing on animal welfare, one of our material issues.

ESG initiatives (improving quality assurance)

We want to improve our system of quality assurance. This task requires us to increase our quality management talent for fresh meat—talent who understand quality management architecture such as the Safe Quality Food (SQF) management system, hazard analysis and critical control point (HACCP), export certification, and ISO standards. To that end, we will strengthen on-the-job training and practice job rotation to improve long-term talent development.

SWOT analysis

Strengths

- We have integrated all operations in domestic pork production.
- As a member of the ITOCHU Group, we have solid relations with overseas suppliers.
- We have our own fresh meat brands.
- We have plants for processing meat.
- We can extend our processed meat brands to fresh meat products.

Weaknesses

- Overseas, we have few sales channels and suppliers.
- In Japan, our downstream operations are overly dependent on certain partners.
- We have a workforce skills gap (in management, strategic planning, development, quality assurance, and global expansion).
- We have been late in using digital technology.
- Pigs are the only animal farmed in our upstream supply chain.

Opportunities

- World population growth is creating more sales opportunities, particularly in Asia.
- Our membership of the ITOCHU Group gives us access to new business sectors.
- Recent trade agreements have opened up more meat import opportunities.
- We have an opportunity to upgrade our freezing, defrosting, and refrigeration technologies.
- Advances in AI technology are creating business opportunities.
- We can use academic-industrial partnerships to introduce technology into our farms.
- If we produce halal foods, we could tap into a large market.

Threats

- Japan's shrinking and aging population means less purchasing power in the domestic market.
- Supply crunches, caused by outbreaks of animal disease or other factors, could drive up competition in procurement in Japan or overseas.
- A decline in livestock farming in Japan means smaller procurement networks for domestically produced meat.
- Suppliers may experience COVID-19 outbreaks at their processing plants.
- We are ill-prepared for the case that Japan introduces Western standards in animal welfare.
- Higher prices for meat imports and animal feed create cost pressures.

Looking back on fiscal 2022

Expanding hog farming in line with the plan, despite tough conditions



Net sales

¥ 129.6 billion

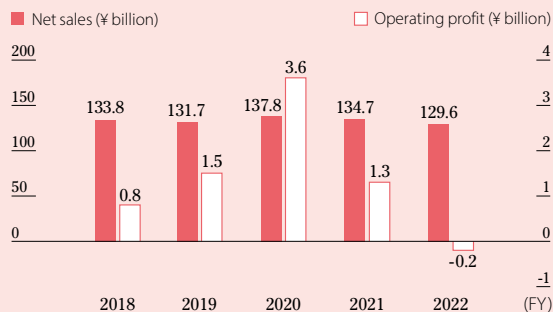
Change from previous year: Down ¥ 5.1 billion

Segment's operating profit

Loss ¥ 0.2 billion

Change from previous year: Down ¥ 1.5 billion

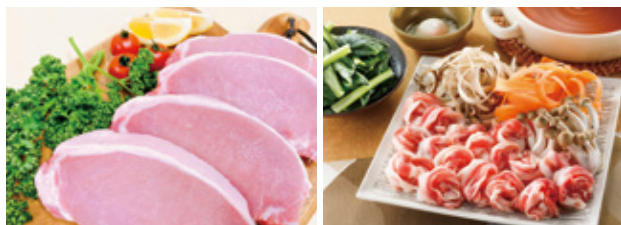
Fresh meat business:
Annual comparison in net sales and operating profit



Miyagi farm launches shipments, marking a step forward in our growth strategy

Fiscal 2022 proved tough for our fresh meat business. We faced higher purchasing costs, with the low yen, high meat prices overseas, and high animal-feed prices. Grain prices trended high too, amid the Russian invasion of Ukraine. These circumstances prevented us from growing sales volume, resulting in a decline from the previous year.

Despite the difficulty, we have remained on course in our plan to expand hog farming, a key pillar of our growth strategy for the fresh meat business. In particular, our new farm in Miyagi Prefecture, completed in fiscal 2022, made its first shipments in summer 2023. Prima Meat Packers Group's pig shipments in fiscal 2023 are likely to reach a total of 470 thousand. Our target for fiscal 2030 is 600 thousand.



A range of measures to meet consumer needs

We are adapting to consumer needs in a number of ways. For example, consumers told us that they want more information about our original meat brands, Megumi no Kurobuta, Three Herb Pork, and Komedori. In response to this feedback, we created a dedicated webpages on our corporate website to showcase the products and provide some recipe suggestions. We plan to add more webpages for original brands. We also use our official Instagram account to share meal ideas so that consumers can enjoy the products all the more.

In fiscal 2022, we started supplying halal lamb and mutton and other halal products to family restaurants. We also have a pork product from pigs reared on farms operated by Group company Pacific Ocean Breeding. These farms avoid the use of antibiotics and use animal feed free of genetically modified organisms (GMOs).



Boosting competitiveness and protecting the environment at the same time

We are working to develop our own products and sales channels to insulate our earnings from the effects of market fluctuations and price wars. For example, in November 2022, we launched a product that is vacuum-packed at the site of production. In other words, once the animals are slaughtered and the carcasses processed, the meat is packed on the very same site using gas flushing. This technique seals in the freshness longer. We also have a plan to use skin packaging, a packaging technique that avoids the use of a plastic tray.

We are also developing frozen meat compatible with a new defrosting technique, and will distribute the meat to our supermarket sales channels. This technique defrosts frozen meats imported from Europe, allowing us to supply the pork at a cost lower than the cost of supplying chilled pork from the USA. All these initiatives—packing on site, skin packaging, and the new defrosting technique—reduce our environmental impact, in that they reduce food loss and use less packaging materials.

Looking ahead

Strengthening three aspects: Sales growth, operational efficiency, ESG



Medium-term business plan



Strategies for the fresh meat business

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

In the Japanese pork production business, we will boost our capacity for sales growth with rigorous cost control. We will work closer with partner farms to unlock more synergy and optimize our network of production sites. In connection with this, we will coordinate production and sales operations to increase revenue growth. Alongside these business activities, we will commit to ESG initiatives such as safeguarding animal welfare and assuring quality.

Boost sales growth

In the Japanese pork production business, we will tighten cost controls. We will further impress upon employees the importance of controlling costs. Employees will work harder in minimizing production and purchasing costs, in setting prices that ensure decent margins, and in making profit on sales of parts of meat.

We will also double our efforts to penetrate new sectors. Our efforts in this area include growing sales on The Meat Guy (an e-commerce site for fresh meat), using vacuum packing at the site of production to seal in the freshness longer, providing frozen meat products that are compatible with a new defrosting technique, and trading in lamb and mutton.

These actions will be underpinned by more effective sales and procurement.

Expand Japanese pork production, work closer with partners

We want to develop Japanese pork production into a core business. Our past actions to build this business include the following: We developed Pacific Ocean Breeding Co., Ltd., which previously focused on pig breeding, into an integrated production system that includes to shipments. We then purchased Japanmeat Co., Ltd., a meat sales company. After that, we absorbed Yukizawa Co., Ltd., a hog farming business. Because of these circumstances, the entities all act independently, with little coordination between them. We concluded that by increasing coordination between the farms, we could unlock synergies and increase operational efficiency. To optimize pork production, we will take more of a wide-angled view of the farm network and build a new strategy detailing what we need, where we need it, and how we will make it.

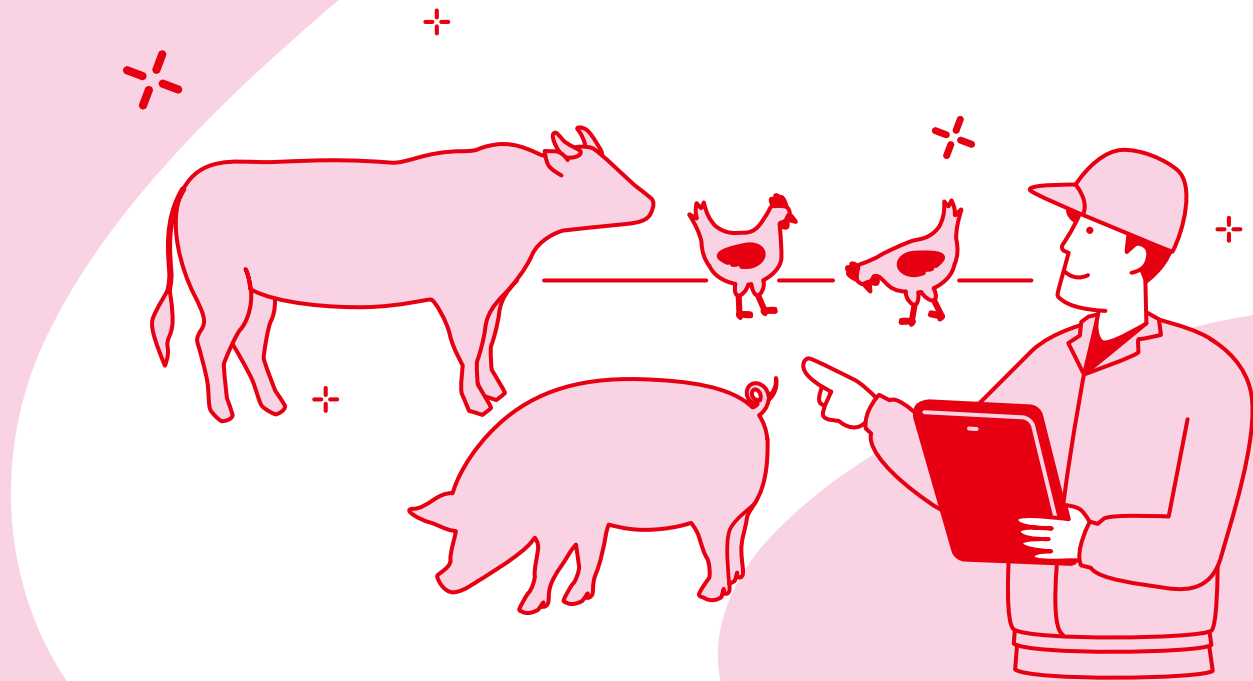
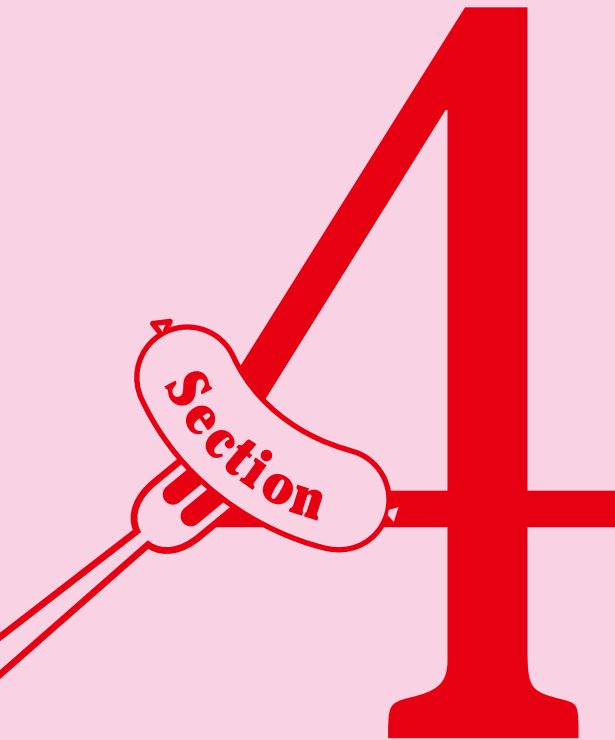
We will also integrate farm shipments more closely with meat processing, distribution, and sales. With greater coordination between production and sales, we can increase earnings growth.

Another area we will focus on is animal welfare, one of our material issues. In 2022, we established our own criteria for farm conditions in line with the standards of the World Organisation for Animal Health. We use this criteria to improve rearing practices on the farms. For example, the new farm complex in Miyagi will install free-access stalls for feeding after the start of the expansion works (phase 2). On other farms, pig sheds will be rebuilt to allow for the installation of free-access stalls.

ESG initiatives (improving quality assurance)

As part of our commitment to ESG, we are also strengthening quality assurance. Workplaces in the fresh meat business have a shortage of staff versed in quality management, so some experts will be assigned there from the processed foods business. We plan to encourage more inter-segment communication and interaction as a way to encourage the learning of techniques and expertise. In this way, more of our employees will gain fluency in quality management architecture such as the SQF management system, HACCP, export certification, and ISO standards. Consequently, we will have more quality management experts who can work in fresh meat workplaces.

To develop the business over the long term, we will need to train up our younger employees. Employees in Group companies too, including those based overseas, will need to master a wide range of skills. To that end, we will undertake a multi-year project to develop our talent. This project will involve strengthening on-the-job training and making effective use of job rotation.



Sustainability Management

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- 34 Initiatives for the Material Issues
- 35 Applying the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
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Sustainability at the Prima Meat Packers Group

Basic approach

Our business activities are driven by our belief that by achieving sustainable business growth, we contribute toward a sustainable society. Critical to achieving sustainable growth is the ability to identify medium- and long-term risks and opportunities. In September 2020, we undertook a materiality analysis to identify material risks—the sustainability issues that matter the most to our organization and stakeholders. To help us build medium- and long-term value, we established the Sustainability Basic Policy in October 2021 and the Sustainability Committee in November 2021.

 Sustainability Basic Policy
<https://www.primaham.co.jp/en/sustainability/policy.html>


Organizational framework

The framework includes the Sustainability Committee, a voluntarily established body for advising the Board of Directors. The Sustainability Committee advises the Board of Directors on goal-setting and action plans for the material issues. It also monitors progress in addressing the material issues and updates the materiality matrix when necessary. Additionally, it routinely reports on matters that the board seeks advice on.

The Sustainability Committee is chaired by the president and CEO, and its membership consists of senior executives and other managers. The committee has six subcommittees.

Material issues

To achieve sustainable growth as a company, we must analyze the major risks and opportunities that will affect growth of the Group from the perspective of ESG. With this in mind, we developed a business strategy and specified the material issues. For these strategic priorities, the Sustainability Committee and Board of Directors sets metrics and targets along with action plans for achieving them. Action plans are developed and implemented through a PDCA cycle in which the Sustainability Committee monitors the progress of the actions.

 Process for specifying material issues
<https://www.primaham.co.jp/en/sustainability/process.html>

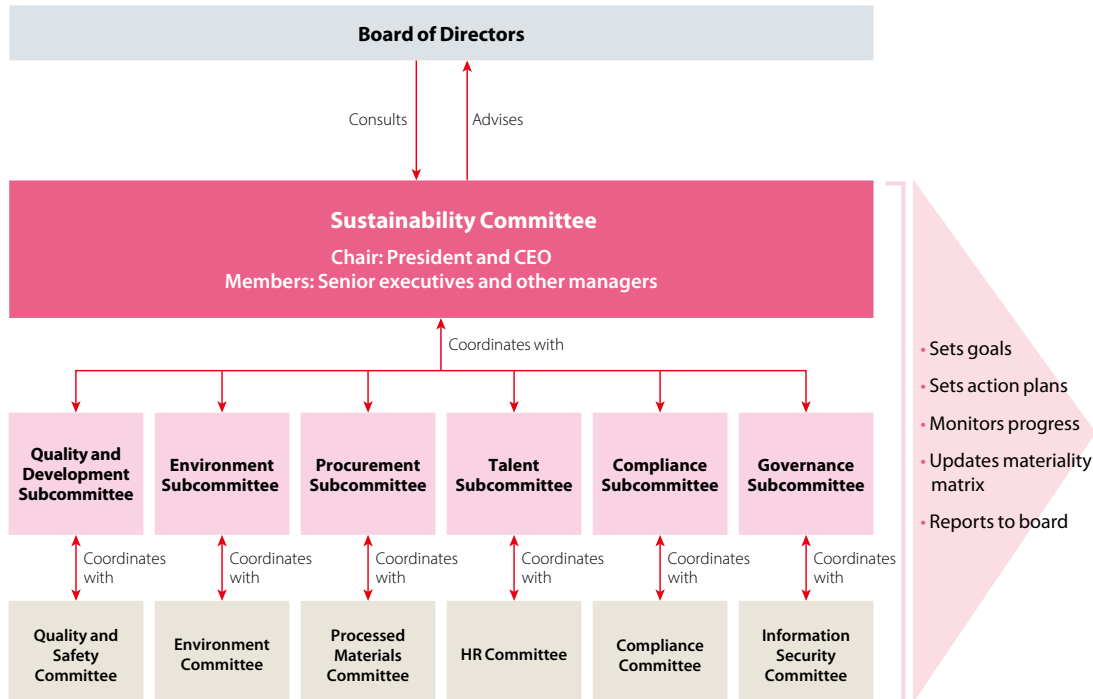
Sustainability milestones

- September 2020
Material issues identified
- October 2021
Sustainability Basic Policy set
- November 2021
Sustainability Committee established

↓

Key topics discussed at the Sustainability Committee






- November 2021
Roles of the committee and its subcommittees, action plans
- June 2022
Setting metrics and targets for material issues
- August 2022
Setting metrics and targets for material issues
- November 2022
Determining what information to disclose in line with TCFD Recommendations
- March 2023
Setting action plans
- June 2023
Reviewing results in fiscal 2022



- Sets goals
- Sets action plans
- Monitors progress
- Updates materiality matrix
- Reports to board

Category	Material issues
Creating healthy, well-rounded dietary habits 	Securing safe, reliable food
	Recommending health-conscious products
Contributing to global environmental protection 	Reducing greenhouse gas emissions
	Reducing the volume of waste output
Strengthening supply chain management 	Achieving sustainable procurement of raw materials
	Addressing animal welfare
Creating a workplace that promotes job satisfaction 	Respecting and promoting diverse workstyles
	Hiring and developing outstanding human resources
	Occupational health and safety that focuses on mental and physical health
Strengthening the management platform 	Strengthening corporate governance

Initiatives for the Material Issues

Category	Material issues	Metrics and targets
Creating healthy, well-rounded dietary habits 	Securing safe, reliable food	<ul style="list-style-type: none"> Food Safety Management System (FSMS) operating in all major plants and farms by end of fiscal 2030
	Recommending health-conscious products	<ul style="list-style-type: none"> Larger lineup of health-oriented foods
Contributing to global environmental protection 	Reducing greenhouse gas emissions	<ul style="list-style-type: none"> Fiscal 2030: GHG emissions from fossil fuel combustion in Japan (excludes emissions from overseas sources and from livestock) down 24.3% from fiscal 2021 level
	Reducing the volume of waste output	<ul style="list-style-type: none"> Fiscal 2030: Plastic and food waste per production unit down 5% from fiscal 2021 level At least 98% of food waste produced during production is recycled
Strengthening supply chain management 	Achieving sustainable procurement of raw materials	<ul style="list-style-type: none"> Procurement policy established for stable supply of raw materials All tier 1 suppliers performing first-person audits
	Addressing animal welfare	<ul style="list-style-type: none"> Directly managed pork farms compliant with feed management standards of the World Organization for Animal Health Animal welfare used as a criterion in supplier selection
Creating a workplace that promotes job satisfaction 	Respecting and promoting diverse workstyles	<ul style="list-style-type: none"> Fiscal 2030, Prima Meat Packers: 90% take up rate for paid leave and reduction in total no. of hours actually worked Fiscal 2030, Prima Meat Packers: 100% take-up rate for paternity leave (at least five days leave) among full-time male employees, women account for at least 40% of new full-time employees Fiscal 2030, all Group companies: 100% of employees receive training in human rights awareness, yearly process in place for human rights due diligence Fiscal 2030, Prima Meat Packers and its disability-friendly subsidiaries: Employees with disabilities account for at least 2.7% of total workforce
	Hiring and developing outstanding human resources	<ul style="list-style-type: none"> Fiscal 2030, Prima Meat Packers: Women occupy at least 10% of management posts
	Occupational health and safety that focuses on mental and physical health	<ul style="list-style-type: none"> A program is in place to promote mental and physical wellbeing of employees and their families
Strengthening the management platform 	Strengthening corporate governance	<ul style="list-style-type: none"> Business transactions are free, fair, and transparent A program is in place to permeate compliance mindset among employees Best practices followed in ESG reporting, improvement in ESG ratings Information disclosed in fiscal 2022 in accordance with TCFD recommendations

Key results in fiscal 2022
<ul style="list-style-type: none"> FSMS operating in 85% of major plants and farms
<ul style="list-style-type: none"> GHG emissions reduction down 0.54% (171,838 t-CO₂e) Plastic waste down 4.4% (29.6 kg/t) Food waste down 3.1% (55.8 kg/t) 92.5% of the food waste recycled
<ul style="list-style-type: none"> Procurement policy established (in September 2023)
<ul style="list-style-type: none"> 61% take-up rate for paid leave 5% take-up rate for paternity leave Women accounted for 32% of new full-time employees hired in fiscal 2023 Employees with disabilities accounted for 2.3% of workforce
<ul style="list-style-type: none"> Women occupying 3.4% of management posts
<ul style="list-style-type: none"> TCFD-compliant disclosures published on website in December 2022

Applying the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Endorsing the TCFD recommendations

Climate change is a serious global threat and one that drastically impacts business strategies and strategic planning across Prima Meat Packers Group.

In September 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).* We now structure our disclosures around the four thematic areas that the TCFD recommends: governance, strategy, risk management, and metrics and targets.

* Created by the Financial Stability Board upon the request of the G20, the TCFD provides information about how companies are addressing climate-related risks and opportunities.



TCFD disclosures

<https://www.primaham.co.jp/sustainability/assets/images/pdf/tcfdjouhoukaiji.pdf> (Japanese text only)



Governance

One of the advisory bodies to the Board of Directors is the Sustainability Committee [see p. 33](#). This committee is responsible for coordinating action on material issues, including those related to climate change. For each material issues, it sets a goal, creates an action plan, and monitors progress. It also updates the material issues as necessary. In fiscal 2022, the committee met four times.

To fight climate change, we must reduce greenhouse emissions across our corporate group. To that end, the Sustainability Committee and its Environment Subcommittee coordinate efforts to install solar panels and energy-efficient machinery, switch from ozone-harming fluorinated refrigerants to natural refrigerants, and allocate budgets for factories to phase out fluorinated refrigerants.

Strategy

The Sustainability Committee organizes action to fight climate change in the knowledge that such action is a strategic priority—action for addressing material issues is one of the basic policies set out in our medium-term business plan [see p. 14](#). We now disclose the climate-related risks and opportunities [see p. 36](#) that will potentially affect Prima Meat Packers Group. We will run simulations to understand the financial impacts of the future risks and take action as necessary.

In fiscal 2022, we ran a scenario analysis to estimate how climate change may affect raw material costs. We will continue running scenario analyses to understand the different financial impacts.

Risk management

The Sustainability Committee analyzes climate-related risks and opportunities and reports its findings to the Board of Directors. The Board of Directors reviews the findings, identifies areas of significant concern, and then makes decisions for planning and executing actions to address the environmental challenges. We define as an organization-wide risk any risk that could influence

the operations or performance of Prima Meat Packers Group. Once the policies and plans are set, the Sustainability Committee and its subcommittees organize specific actions to address the risks.

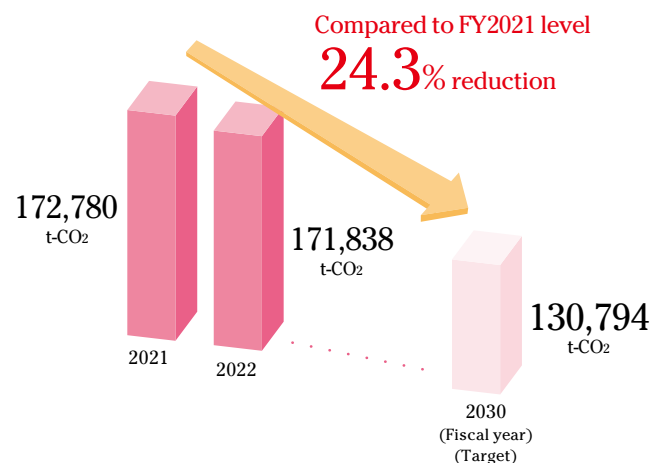
Metrics and targets

Reducing greenhouse gas emissions is one of our material issues. In fiscal 2022, the Board of Directors set a goal for fiscal 2030: reducing greenhouse gas emissions from fossil fuel combustion in Japan by 24.3% from the fiscal 2021 level.* By working toward this goal, we're fighting climate change.

* Excludes emissions from overseas sources and from livestock.

* The 24.3% reduction (compared to the fiscal 2021 level) was determined by annualizing the Japanese government's 2030 target of 46% reduction from the fiscal 2013 level.

Reduction target for GHG emissions (excluding emissions from overseas sources and from livestock)



Climate-related Risks and Opportunities

Risk categories			Climate-related risks	Potential financial impacts	Magnitude	Timing
Major category	Subcategory	Sub-subcategory				
Transition risks	Policy and legislation	Carbon pricing mechanisms (tax hikes)	<ul style="list-style-type: none"> Higher expenditures on energy-efficient technologies and renewable energy technology Higher tax burden if GHG emissions cut is too small Higher costs of raw materials and packaging Higher costs of feed and livestock medicines 	Expenditure	Medium	Short term
		Tighter mandates on GHG emissions and plastic waste	<ul style="list-style-type: none"> Higher manufacturing costs (for purchasing and recycling plastic packaging) following passage of Plastic Recycling Law Higher energy-related costs (costs of renewable shift) following revision to Law on Rational Use of Energy Requirement to upgrade manufacturing assets following tightening of energy legislation 	Expenditure	Low	Short term
	Technology	Technological innovations that support a carbon transition (transition to lower-carbon or zero-carbon economy)	<ul style="list-style-type: none"> More capital investments in technology due to rollout of energy-efficient technology Impairment of existing assets due to accelerated technological innovation Reduced time between technology upgrades 	Expenditure Assets	High	Medium term
	Market	Shifts in consumer behavior	<ul style="list-style-type: none"> If consumers perceive we are not doing enough to tackle climate change and plastic waste: <ul style="list-style-type: none"> Poorer brand perception Poorer ESG ratings and reduced capital availability Poorer perceptions among jobseekers and local residents Diminished employee loyalty Poorer sales due to increase in ethical consumerism in Japan 	Revenue	Low	Medium term
		Higher raw material costs	<ul style="list-style-type: none"> Higher animal feed prices Higher costs of packaging and additives 	Expenditure	High	Short term
Reputation	Negative perceptions of business sector	<ul style="list-style-type: none"> Poorer perceptions of meat industry Poorer brand perceptions due to plastic packaging 	Revenue Expenditure	Low	Long term	
Physical risks	Acute	Increased severity of extreme weather events (typhoons, torrential rain, blizzards, severe thunderstorms)	<ul style="list-style-type: none"> Damage to traffic infrastructure Stoppages following damage to production assets Transport difficulties due to supply chain disruption or damage to warehouse 	Expenditure Assets	Low	Short term
		Epidemics and pandemics	<ul style="list-style-type: none"> Stoppages due to infections in workforce Supply disruption due to outbreak of animal disease Shortage of raw materials for processed food products 	Revenue	High	Short term
	Chronic	Rising mean temperatures, changes in precipitation patterns, rising sea levels	<ul style="list-style-type: none"> Water ingress in assets in coastal areas Less revenue due to poorer animal feed harvests and adverse livestock conditions Areas that rely on groundwater for irrigation and industrial water use: inadequate water supply due to groundwater salinization Higher costs of managing employee health Harder to attract labor for outdoor jobs due to normalization of heat extremes Higher supply costs Adverse conditions for livestock and poultry, and poorer meat quality, due to increased seasonal heat stress 	Revenue Expenditure	Medium	Long term

Opportunity categories			Climate-related opportunities	Potential financial impacts	Magnitude	Timing
Major category	Subcategory	Sub-subcategory				
Opportunities	Resource efficiency	Use of more efficient modes of transport, use of more efficient production and distribution processes	<ul style="list-style-type: none"> Joint distribution, modal shift Better efficiency through segmenting processes and automating packaging Lower transportation costs with rise in domestic pork (to reduce food miles) Shift to low-carbon production methods 	Expenditure	Medium	Short term
		Use of recycling	<ul style="list-style-type: none"> Lower packaging supply costs with higher rates of packaging recycling 	Expenditure	Low	Medium term
		Reduced water usage and consumption	<ul style="list-style-type: none"> Lower utility costs with less water used in factories Higher volume of trade with farms that conserve water resources and use water efficiently (greener supply chain) 	Expenditure	Low	Short term
	Energy source	Use of renewable energy (shift from thermal power generation)	<ul style="list-style-type: none"> Lower energy costs with increased use of renewable energy Higher ESG ratings and increased capital availability (as more investors favor use of renewable energy) 	Expenditure	High	Medium term
	Products and services	Development and expansion of low-emission goods and services	<ul style="list-style-type: none"> Longer shelf lives due to better packaging Expansion of products packaged sustainably (minimal, recycled, or biomass packaging) More vegetables sourced from Japanese GAP-certified farms Higher demand for animal manure due to reduced use of petrochemical fertilizers Development of feed formulae that reduce animal methane emissions Higher demand for low-carbon beef (beef produced with less GHG emissions) Chance to reposition organization as purveyor of protein-rich foods in general (including plant and insect sources) 	Revenue	Medium	Medium term
Resilience	Resource substitutes/diversification (to mitigate procurement risk)	<ul style="list-style-type: none"> Increased reliability of supply chain (globally dispersed, more diverse) 	Revenue Expenditure	Low	Medium term	

Strengthening Human Capital

Develop human resources and boost job satisfaction to foster a mindset of innovation

Nowadays, companies are expected to place importance on non-financial capital. Human capital is increasingly important issue in Japan, whose labor pool is diminishing as the population shrinks and ages.

Relatively few of our employees are aged 30 to 45. This is because we scaled back recruitment during a sluggish period in the past. Of particular concern are two longstanding issues: the relative scarcity of women employees and the relative scarcity of employees of a management age.

Accordingly, we have committed to developing our human resources and boosting job satisfaction to foster a mindset of innovation. This goal forms part of one of the themes in our medium-term business plan (from fiscal 2023 to 2025): to implement ESG strategy and make business foundation more sustainable (one of the basic policies shown on [see p. 14](#)). Under the material category “creating a workplace that promotes job satisfaction,” we identified three material issues to address: the need to respect and

promote diverse workstyles, the need to hire and develop outstanding human resources, and the need for occupational health and safety that focuses on mental and physical health. For each issue, we have set metrics and targets. We are working on a range of measures set out in our action plans.

Taking steps to increase the percentage of management posts held by women

One of our metrics is percentage of management posts (in Prima Meat Packers) occupied by women. Our target for fiscal 2030 is at least 10%.

In fiscal 2022, the result was 3.4%. Although this result represents an improvement from the previous year, it remains far off the fiscal 2030 target. It will take time to raise the percentage because of a problem mentioned above: the relative scarcity of women employees of a management age. To get the percentage closer to the target, we will improve training for women employees, increase the hiring rate for women, and consider changes to our talent development system.

Pick Up

Rising to the challenge: Prima Meat Packers’ first female employee to take an overseas appointment



Sayaka Kasamaki

Seconded from Prima Meat Packers’ Production Division to: PRIMAHAM FOODS (THAILAND) CO., LTD.

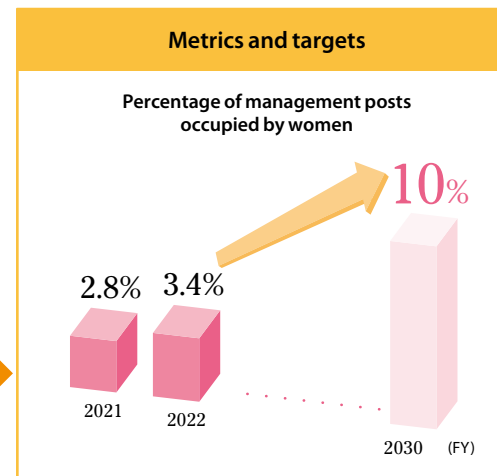
I’m on a secondment at Thai subsidiary Primaham Foods (Thailand). My duties here include quality management and product development. My secondment surprised many, as I was the first female employee to take on an overseas appointment. Personally, I felt delighted with the appointment. Since my student days, I’d been interested in other cultures and had harbored a desire to work overseas.



Before my secondment began, I spent four months improving my English at a US college. Here in Thailand, I’ll devote my energies to improving quality and earnings!

Current state of Prima Meat Packers Group

- Low percentage of posts held by women
- Relatively low number of employees in management age group





Corporate Governance

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Overview of Corporate Governance Structure

Basic Approach

We recognize that rigorous corporate governance is essential to achieving sustainable growth and maximizing the value of our organization over the medium to long term. On this basis, we commit to building a system of corporate governance that facilitates dynamic and adaptive decision-making, rigorous monitoring, adequate disclosures, and business management that is transparent and sincere. We will continually review our approach to corporate governance and make the necessary changes.

Corporate Governance Basic Policy
<https://www.primaham.co.jp/en/ir/library/attach/pdf/CorporateGovernanceBasicPolicy.pdf>

Corporate Governance Structure

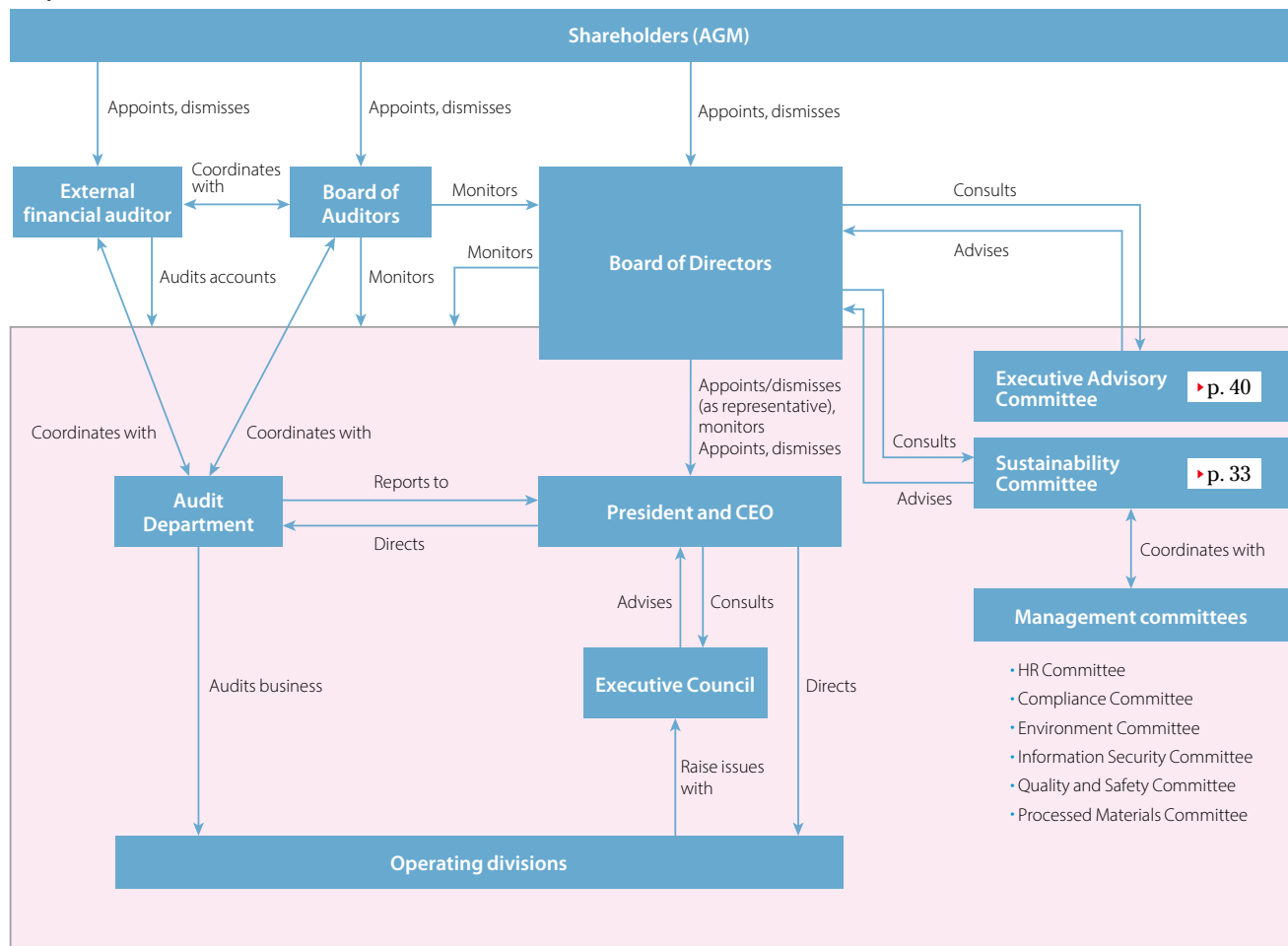
Board of Directors

The Board of Directors plays a monitoring role. Directors monitor the execution of business by verifying whether managers are acting impartially and transparently, and by exercising authority in matters of regulatory compliance and strategic direction. Board membership reflects our basic approach to corporate governance. Specifically, three of the board members are outsiders who are independent from the Company. They bring diverse and expert perspectives to the board (one has a background in law and the other two in executive leadership) **see p. 47**.

In nominating candidates for board membership, we aim for a board that can adapt to social trends and the business landscape.

We have also established the Executive Advisory Committee and the Sustainability Committee, which serve as advisory bodies to the Board of Directors (see "Executive Advisory Committee" on **p. 40**, and "Sustainability Committee" on **p. 33**).

Corporate Governance Structure



Main board agenda items in fiscal 2022

Management strategies	Governance
<ul style="list-style-type: none"> • Medium-term business plan • Reports of business execution • Sustainability matters (setting metrics and targets for material issues, preparing TCFD-compliant disclosures) 	<ul style="list-style-type: none"> • Remuneration of executive officers • Executives' performance evaluations • Evaluation of board effectiveness • Review of value in retaining shares held under cross-shareholding arrangements • Revision of status of compliance with Corporate Governance Code • Internal controls

Executive Council, management committees

To ensure that the Board of Directors can make wise and swift decisions, operational matters are delegated to the Executive Council and to the various management committees. Members of the Executive Council include directors and executive officers (managers who have executive authority without fiduciary duties). The Executive Council and the management committees meet to review important business matters. The Executive Council also receives updates on the execution of important business processes.

Board of Auditors

The Board of Auditors is independent from the Board of Directors and from the management. This independence allows the members to monitor both directors and those who execute the Company's business, ensuring transparency and accountability in management performance. The board has four members, two of whom are from outside the Company. They rigorously monitor management from an impartial perspective, attending meetings of the Board of Directors, the Executive Council, and key management committees, and requesting regular or as-and-when needed reports from directors and executive officers. They may also request reports from a Group company if necessary. Additionally, they coordinate with the Company's Audit Department and the external financial auditor.

Training and support

Directors and executive officers attend externally run training courses to refine their leadership skills and strategic thinking.

Corporate auditors attend seminars and cross-industry gatherings to gain more skills in auditing and supervising management.

Outside directors receive briefings from the relevant operating divisions regarding business projects, workflows, and issues. Well in advance of board meetings, we hold briefing meetings where outside directors are informed of the agenda for the upcoming meeting, including the items to be discussed and the motions to be proposed. Additionally, outside directors and outside corporate auditors attend gatherings to share their expert insights.

Executive Advisory Committee

The role of the Executive Advisory Committee is to ensure independence and transparency in the appointment, dismissal, and remuneration of officers. Consisting of the president and three independent outside directors, the Executive Advisory Committee advises the management on these matters and as such equates to a voluntarily established advisory committee for nominations and remuneration.

Main roles

- **Appointment and dismissal**
The Committee reviews the president's proposals for appointing or dismissing executive officers, directors, or auditors.
- **Remuneration**
The Committee reviews the remuneration for each director and executive officer and advises on a level of remuneration within the remuneration range decided by shareholders at the AGM.
- **Leadership succession planning**
- **Important matters concerning corporate governance**
- **Conflicts of interest with the controlling shareholder**

Main topics discussed during meetings of the Executive Advisory Committee

	Meeting	Agenda
Fiscal 2020	1st	Directors, auditors, substitute auditor appointments
	2nd	Related-party transactions, evaluation of executive officers' performance in fiscal 2019
	3rd	Setting remuneration for officers in fiscal 2020
	4th	Auditor appointments, executive officer appointments, executive officer reshuffle
	5th	Policy for determining remuneration for each director
Fiscal 2021	1st	Change to auditor remuneration, revision to rules for executive stock compensation, revision to policy for determining remuneration for each director, revision to in-house rules on remuneration of executive officers
	2nd	Evaluation of executive officers' performance in fiscal 2020
	3rd	Related-party transactions
	4th	Setting remuneration for officers in fiscal 2021
	5th	Implications of Corporate Governance Code revisions, report of evaluation of board performance evaluation in fiscal 2020 (responses, analysis)
	6th	Establishing the rules for appointing and dismissing senior executives, establishing a plan for leadership succession
	7th	Auditor appointments, executive officer appointments, executive officer reshuffle
Fiscal 2022	1st	Evaluation of executive officers' performance in fiscal 2021
	2nd	Amendments to the rules on director remuneration, related-party transactions
	3rd	Setting remuneration for officers in fiscal 2022
	4th	Implications of Corporate Governance Code revisions
	5th	Director appointments, auditor appointments, executive officer appointments
	6th	Executive officer reshuffle

Improvements in governance



Actions		Directors	Percentage of directors who are outside directors
2012	• First outside director appointed		17%
2015	• Company announces basic approach to corporate governance • Company announces independence criteria for outside officers		
2016	• Number of outside directors increased Purpose To make Board of Directors more transparent		25%
2017	• First board performance evaluation conducted Purpose To make Board of Directors more effective • Executive Advisory Committee established Purpose To ensure independence and transparency in appointments and remuneration		
2018	• Performance-linked pay introduced Purpose To further incentivize directors to contribute toward the building medium- to long-term success and corporate value		22%
2019	• Board membership reduced Purpose To clearly separate business execution from monitoring, thereby enabling slicker strategic decision-making and more dynamic business execution To increase the percentage of members who are outside directors, thereby strengthening the board's monitoring function and enhancing corporate governance		40%
2020	• Basic approach to corporate governance updated Purpose To safeguard the interests of stakeholders		
2021	• Basic approach to corporate governance updated Purpose To establish rules for appointing and dismissing (or proposing the appointment and dismissal of) senior managers and establish a plan for leadership succession, thereby making the nomination process for corporate officers more transparent		50%
2022	• Number of outside directors increased		
2023	• Percentage of outside directors increased (they now make up majority)		60%

Evaluating the Effectiveness of the Board of Directors

All directors and corporate auditors participate in the process of evaluating the performance of the Board of Directors. The evaluation of board performance in fiscal 2022 was conducted in April 2023, with support from an external organization. The external organization managed the questionnaire survey to maintain respondent confidentiality.

The Board of Directors and the Executive Advisory Committee convened in June to analyze and discuss the response data provided by the organization. For over 90% of the question items, the respondents (directors and corporate auditors) reported no problem. After careful consideration of the findings, the board and committee concluded that the Board of Directors generally performed effectively in fiscal 2022.

However, the responses also indicated some areas for improvement. Guided by this feedback, the board is working to further improve its performance for better corporate governance.

Issues identified in fiscal 2021 and whether they have been addressed

Verifying progress of business plan
The board now receives quarterly reports about the execution of business, and the Executive Council now reviews more thoroughly prospective investments. These changes have led to fuller discussion.

Issues identified in fiscal 2022 (latest survey) and how they will be addressed

- Management of the Board of Directors**
- We need to provide meeting materials far enough in advance to allow members to review the details of the upcoming meeting. To that end, we will move internal schedules forward and increase the number of secretariat staff.
 - To ensure that the briefing materials cover the necessary information, we will improve the preliminary checking process at the secretariat and document preparation unit.
- Board discussions**
- To address the need to ensure full discussion of corporate strategy and business plans, we will provide opportunities for members to discuss corporate strategy and the business portfolio and enable rigorous analysis of business plans.
 - We recognize that verifying progress of, or following up, the business plan remains an outstanding issue. We will consider a system of interim reporting of progress in the business plan with quantitative and qualitative metrics.
 - For leadership succession planning, we will prepare for selecting leadership candidates internally.
- Support structures for directors and auditors**
- We will keep briefing directors and auditors about plant inspections and the duties of newly appointed officers. We will also keep improving the quality of these briefings.
- Shareholder dialogue**
- Based on the feedback we obtained in our dialogue with shareholders, we will consider providing further opportunities for communicating information with shareholders.

Cross-shareholdings

Our cross-shareholding arrangements are subject to annual review by the Board of Directors. The board considers whether the arrangements still offer value in terms of fostering transactional relations with the issuer, and whether they bring qualitative benefits.

In fiscal 2022, the board's review concluded that all current cross-shareholding arrangements continue to offer reasonable value and as such need not be disposed of for the time being. The board will review these arrangements again in fiscal 2023.

Nominating and Remunerating Officers

Process for appointing and dismissing officers (senior executives, directors, and auditors)

In appointing and dismissing senior executives, and in nominating candidates for election as directors or auditors, we consider a broad set of criteria, including whether candidates have the requisite knowledge and experience, the ability to manage risks, the ability to execute business or monitor the execution thereof, and whether the candidate pool covers the Company's organizational functions and operating divisions. The president proposes the protocols, the Executive Advisory Committee reviews the protocols, and the Board of Directors ultimately determines them.

Selecting outside director and outside corporate auditor candidates

To enhance oversight of directors and business execution in general, we now have three outside directors and two outside corporate auditors. The reasons for the latest nominations are stated on pages 47 and 48.

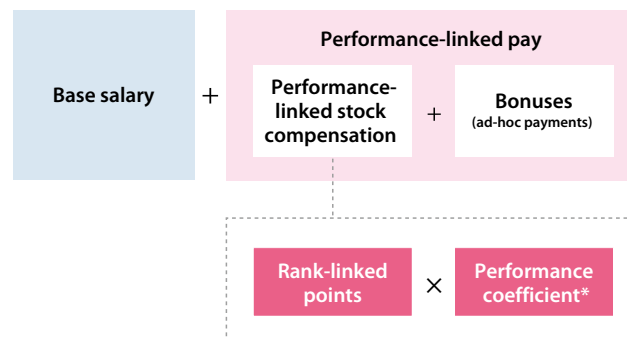
Remuneration for officers

Remuneration for inside directors (outside directors are excluded) comprises a fixed base salary and performance-linked pay.

The fixed base salary, paid monthly, reflects the person's hierarchical rank and duties. In setting the amount, we also consider salary levels in other companies, Company performance, and employee salary level.

The Board of Directors determines, within a range approved by shareholders at the AGM, the relative weight of each remuneration component and how much each recipient will receive. In determining these items, the board follows the policy mentioned below and consults the opinion of the Executive Advisory Committee, on which the president sits.

Remuneration structure



Eligible directors earn points each fiscal year and redeem the points when they retire upon the expiration of their term. The payout is 70% shares and 30% cash.

* The performance indicator is the budgeted consolidated operating profit in the Medium-term Business Plan.

The performance-linked component consists of stock compensation and bonuses. The level of stock compensation reflects the Company's medium- to long-term business performance and enterprise value. Eligible directors earn points according to how well the Company attained its yearly consolidated target for operating profit. Upon their retirement as directors, they receive remuneration commensurate with the total accumulated points. As for bonuses, we sometimes provide bonuses for short-term accomplishments in performance.



Policy Concerning the Determination of the Details of Remuneration for Individual Directors
https://www.primaham.co.jp/ir/library/attaches/pdf/prima_esgdatabook2021_b.pdf#page=20
 (Only available in Japanese)

Remuneration for officers (fiscal 2022)

Officer class	Total remuneration (¥ million)	By component (¥ million)			Eligible recipients
		Base salary	Performance-linked pay	Bonuses	
Directors (outside directors)	141 (29)	134 (29)	7 (-)	- (-)	6 (3)
Auditors (outside auditors)	49 (46)	49 (46)	- (-)	- (-)	4 (3)
Total (outside officers)	191 (75)	183 (75)	7 (-)	- (-)	10 (6)

Skills matrix for directors and auditors

Accurate as of June 28, 2023

	Diversity		General company experience					Industry specific
	Age	Gender	Senior mgmt.	Global	Finance, accounts	HR, talent dev.	Internal control, legal, compliance	Manu-facturing exp.
Naoto Chiba President and CEO	64	Male	●	●			●	●
Satoshi Nakajima Director	59	Male		●	●			
Takeshi Yamashita Outside Director (part-time)	77	Male		●			●	
Yuzo Ide Outside Director (part-time)	68	Male	●	●		●		●
Yoshino Tsujita Outside Director (part-time)	58	Female	●	●	●			●
Naofumi Sakai Corporate Auditor	59	Male	●				●	●
Hideki Shimosawa Outside Corporate Auditor	60	Male			●		●	
Kuniaki Abe Corporate Auditor (part-time)	54	Male	●	●				
Akemi Sunaga Outside Corporate Auditor (part-time)	61	Female	●		●		●	

Board attendance in fiscal 2022			
Board of Directors		Board of Auditors	
Meetings Attended	% attended	Meetings Attended	% attended
13/13	100	-	-
-	-	-	-
13/13	100	-	-
13/13	100	-	-
10/10	100	-	-
-	-	-	-
13/13	100	15/15	100
-	-	-	-
13/13	100	15/15	100

Why we chose these skills

Senior management

Senior management expertise and experience are necessary to decide on strategic-level matters and monitor the execution of business.

Global

Global expertise and experience are necessary to lead and manage one of the key strategies in the medium-term plan: invest in growth projects and expand globally.

Finance, accounts

Expertise and experience in finance and accounting are necessary to make the business foundation more sustainable.

HR, talent development

Expertise and experience in HR and talent development are necessary to make the business foundation more sustainable.

Internal control, legal, compliance

Specialized expertise and experience in internal control, legal matters, and compliance are necessary to effectively manage business risks and monitor whether business is operating in a robust manner.

Manufacturing experience

Expertise and experience in manufacturing are necessary given that manufacturing is Prima Meat Packers Group's primary business sector.

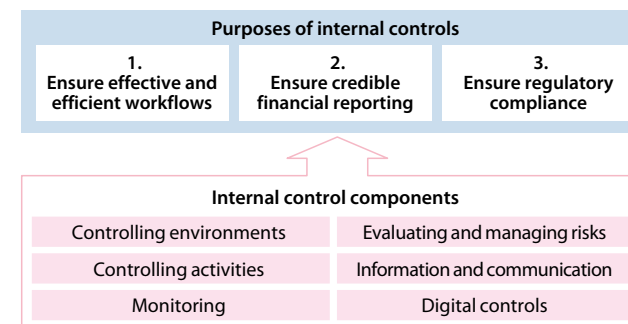
Internal Control System

Guided on the Board of Directors' basic approach to internal controls, we have developed a system of internal controls for ensuring legal and regulatory compliance, compliance with our Articles of Incorporation, and sound management in general.

The Audit Department provides guidance and support to enhance controls across the Group. For example, it evaluates the effectiveness of controls and, where issues have been detected, it

follows up on the corrective and preventive action.

For follow-up, the department conducts four kinds of audits: divisional audits (conducted in head office's operating divisions), area audits (conducted in regional branches, plants, and logistics centers), business site audits (conducted in sales offices), and Group company audits.



Risk Management

Basic Approach

To prevent or minimize the damage of business risks, we have established the Risk Management Rules, which stipulate measures for preventing risks from occurring in the first place and the optimal ways to respond to risk events once they occur.

Situational risks that emerge

1. When we commit a mistake that seriously harms our business partners or customers
2. When we are held responsible for committing a legal violation
3. When our financial disclosures lose their credibility
4. When we sustain severe damage in a natural disaster
5. When sensitive information is unduly divulged or leaked to third parties
6. When our continued operation is otherwise threatened

Risk Management

Our Risk Management Rules categorize risks according to causal factors and specify measures for preventing the risks from occurring. Such measures include establishing rules, producing manuals, and issuing directives. Prima Meat Packers has established code of conduct detailing specific routine workflows to ensure that the management philosophy is put into practice. The Company has also established a Food Safety Policy to ensure that all our business activities contribute toward the goal of delivering safe and tasty meals to the table.

When risk events occur, we follow the Risk Event Response Manual, which outlines the steps to follow in accordance with the anticipated severity of the damage. If the damage is expected to be extensive, a central task force headed by the president will coordinate the emergency responses of the affected departments.

The employee handbooks we issue each year include content on the initial steps to take if a risk event occurs during routine work operations (there are separate instructions for serious customer complaints, food poisoning incidents, work accidents, traffic accidents, and natural disasters). This information gives employees an idea of the right actions to take in an emergency.

Climate-related Risks

Climate change is a worldwide problem and one that impacts our business operations. Examples of the climate-related risks we face include higher prices for raw materials and animal feed. Recognizing climate change as a major source of business risk, we have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and we disclosed climate-related information in accordance with the recommendations [see p. 35](#).

Business Continuity Planning

Part of our risk management strategy involves business continuity planning. We develop plans to keep our businesses operational during a natural disaster or a wave of infections. During such events, we will promptly place ourselves on an emergency footing to manage the dangers, and work to contain the damage. Mindful of our corporate social responsibility, we will work to recover normal operations and assist the recovery efforts of affected communities and government bodies. After the COVID-19 crisis arose at the end of fiscal 2019, we initiated a business continuity plan. The plan involved a range of measures, with the first priority to prevent infections among employees, their families, and other related parties.

Monitoring Risks

Every fiscal half-year, risk information is reported to the Board of Directors of Prima Meat Packers. The risk information is categorized as follows: Food safety and reliability risks, regulatory risks, occupational health and safety risks, compliance risks, information security risks, and transaction risks. For high-magnitude risks, the board is continually updated about the risk in question until the risk is resolved or no longer a concern. In this way, we work to minimize threats to our business operations.

Of the risk categories mentioned above, food safety and reliability risks are the most critical concern to us as a food manufacturer. Accordingly, we make extra efforts to communicate such risks across the Group. For example, we hold quarterly meetings to discuss customer feedback about our products,

inform each business about regulatory developments, and inform production sites about the measures they should take to ensure food safety and reliability. We also hold monthly meetings to discuss price trends in raw materials and make sure that our businesses are procuring their materials for a reasonable price.

Defending against Cyberthreats

Cyberthreats have become an all-too-familiar menace to companies. Attackers around the world are growing more sophisticated and devious by the day. Accordingly, we are bolstering our cybersecurity infrastructure. The new infrastructure will consist of multiple systems, including internet connection monitoring, endpoint detection and response (checking for suspicious activity on devices), Secure Sockets Layer virtual private network (for protecting communications between mobile devices and networks), and an authentication system for controlling access.

Human error is another concern, especially in age of diverse working patterns and digital communications. We must find opportune moments to raise employees' awareness about cybersecurity so that they understand not only how to use a device but how to keep it safe from a cyberattack. Employees must also keep the operating systems they use updated. Through measures such as these, we will keep our systems safe from cyberattacks.

Anti-infection Measures

On March 17, 2020, we initiated a business continuity plan to deal with the growing threat of COVID-19. As part of the plan, we established a taskforce headed by the president. The taskforce worked to prevent or contain infections on Company premises primarily to protect employees and other stakeholders but also to fulfill our social responsibility to maintain stable supplies of food products. Through these actions, we created value in the following ways: 1) We raised confidence among employees and other stakeholders, 2) forged new sales channels and distribution means to expand our clientele, 3) created new business opportunities and ways of working, and 4) built solid supply chains.

Risks Affecting Performance

The following table shows the main risks that could potentially affect our business and financial performance.

Category	Risk	Description	Actions	The basic policy in medium-term plan that would be affected by the risk were it to materialize
Business environment	Price fluctuations in raw materials Material risk	Because we produce and sell fresh meat, processed pork (ham and sausages), and other processed foods, our performance may be affected by price rises in the livestock market or oil market, from which we procure raw materials and goods for such products. • Price fluctuation in livestock market • Livestock disease • Safeguard action (international trade restrictions) on raw meat imports • Animal feed prices • Packaging • Fuel and electricity costs in plants • Distribution costs	<ul style="list-style-type: none"> • Procure extra supplies of raw materials • Secure alternative sources of raw materials • Use commodity futures contracts • Secure ample stocks • Adjust sales price 	Policy 2
	Exchange rate fluctuation	Because we source raw materials and goods from the U.S., Europe, China, and other overseas areas, exchange rate fluctuations may affect our performance. Additionally, because the financial results of our overseas subsidiaries are denominated in local currency, our consolidated performance may be affected by the exchange rate that applies when we translate the results into Japanese yen.	<ul style="list-style-type: none"> • To manage short-term fluctuations, use foreign exchange contracts and ensure that sales prices accurately reflect exchange rates 	Policy 2 Policy 3
Business operation	Food safety Material risk	If any of the following issues occur in the production and sale of our products, we may harm customers' health and our credibility may be affected, which may threaten our continued operation: • A serious quality issue • A prolonged quality issue • Allergen contamination	<ul style="list-style-type: none"> • Apply quality management standards (HACCP, ISO 22000, FSSC 22000) • Display accurate product information on packaging and on website • If an incident arises, notify the public immediately and take corrective and preventive action 	Policy 1 Policy 2 Policy 3
	Impairment of goodwill and fixed assets	Our performance and financial health may be adversely affected if we fail to produce the expected cash flows as a result of tangible or intangible fixed assets diverging from what was stated in the business plan. • A newly acquired subsidiary fails to perform as well as expected • Business assets diverge from figures stated in the business plan	<ul style="list-style-type: none"> • Discuss/decide purchase price at Executive Council • Establish procedures for managing recent acquisitions • Review performance of investments at Executive Council 	Policy 2
	Regulatory compliance Material risk	A Group business may be severely damaged if it commits a legal violation. • After violating the Food Sanitation Act or Food Labeling Act, a business is placed under administrative measures, resulting in reputational damage • After violating the cross-border trade laws, a business is placed under administrative measures, hurting its ability to produce and sell products • After violating the Antimonopoly Act, a business is placed under administrative measures, resulting in transaction restrictions and reputational damage • After violating labor laws, a business is placed under administrative measures, resulting in reputational damage • After violating environmental and recycling laws, a business is placed under administrative measures, harming its ability to recover and produce goods and causing reputational damage	<ul style="list-style-type: none"> • Observe quality management standards • Communicate code of conduct, use Compliance Committee to inculcate compliance culture, provide compliance training • Provide in-house rules, ensure directives are complied with, provide anti-bullying training • Ensure effective operation of environmental management system and Environment Committee 	Policy 1 Policy 2
Environment, emergencies	Natural disasters, accidents, incidents Material risk	If a natural disaster or accident harms the life, health, or property of a Group company or one of our distributors, the affected entity may be forced to suspend supplies and rearrange production, distribution, and sales networks, resulting in severe damage to performance. • Natural disasters (e.g., earthquake, typhoon, major snowfall, tornado, volcanic eruption, torrential downpour) • Accidents (e.g., fire, explosion, traffic accident) • Incidents (e.g., terrorist incident, kidnapping, blackmail) • Armed conflict (e.g., civil unrest)	<ul style="list-style-type: none"> • Secure ample stocks • Buy extra supplies of key goods • Develop business continuity plans 	Policy 1
	Infectious disease Material risk	If COVID-19 persists, we may be unable to continue business activities, resulting in severe damage to performance. • Forced to suspend non-critical workflows • Forced to suspend production lines and sale of products • Office or plant forced to suspend operations	<p>Measures to prevent infection among employees and their families</p> <ul style="list-style-type: none"> • Encourage healthy behavior • Limit meetings, restrict travel <p>Action for business continuity</p> <ul style="list-style-type: none"> • Establish central task force headed by the president • Develop business management framework for each business location • Bring in staff from other departments to help in production • Provide work-from-home and staggered-hours schemes • Use videoconferencing for board meetings 	Policy 1

Notes

1. In the Risk column, "Material risk" indicates that the risk in question is particularly dangerous.
2. See p. 14 for the three basic policies outlined in the medium-term plan.

Messages from Outside Directors

The outside directors on our board represent a broad spectrum of knowledge and experience. They contribute toward a robust system of corporate governance, underpinned by principles such as impartiality and transparency. Below, the three outside directors discuss the challenges we face, their impressions about how our organization is doing, and what they would like to see us doing in the future.



Serving as a compass to help the Company build its value

Takeshi Yamashita
Outside Director



Contributing insights from long years of experience

Yuzo Ide
Outside Director



Offering alternative perspectives for more vibrant board meetings

Yoshino Tsujita
Outside Director

Prima Meat Packers currently has an executive officer system. Under this system, the Board of Directors [see p. 39](#) functions effectively in its role of monitoring the execution of business. The board has a decent size and composition, with three outside directors and two inside directors. It functions well, as do the Executive Advisory Committee and Executive Council. I continue to advise the management about how to further strengthen transparency, board effectiveness, and other pillars of corporate governance. For example, I can offer suggestions for enhancing the board's monitoring function, including the option of the Company adopting a different governance model.

I see my role as that of a compass or warning light. To fulfill this role, I scan net media of nine Western countries on a daily basis to gain business intelligence that the management might find useful. Having compared companies around the world, I can applaud Prima Meat Packers for its authentic sustainability message. As well as focusing—as any food manufacturer should—on the quality and safety of its food (checking for allergens, for example), the Company has committed wholeheartedly to addressing socio-environmental issues.

One problem the Company needs to rectify concerns its talent [see p. 37](#). This issue will require greater attention in the years ahead. If the Company wishes to expand further overseas, it will require a workforce that is less Japan-centric and more globally minded. This is another area on which I can advise the management during board meetings. In this way, I hope to play a part in building up the long-term value of the organization.

Since the start of 2023, the board has held more in-person meetings thanks to the lifting of COVID restrictions. In-person meetings are better for exchanging views. The Company now holds preliminary briefings to inform us of the agenda for an upcoming board meeting. These briefings are helpful. As well as gaining the information we need to make decisions, we can sound out each other's views. With my long years of experience in manufacturing, I always urge the management to ensure strong brand identity across all products and Group companies. By keeping the Prima name at the forefront, Prima will become a byword for great quality, raising the value of the brand. The Company still has some way to go in this task, so I'll keep pressing the point.

I want to highlight a couple of Prima Meat Packers' material issues [see p. 34](#): reducing greenhouse gas emissions and reducing the volume of waste output. These tasks require a huge amount of investment. I therefore advise the management on long-term strategic planning and how to put the plan into action.

Another material issue is to boost job satisfaction. For this task, the Company must provide more time for managers and subordinates to share ideas about the kind of company or kind of workplace they would like to see. The same goes for corporate governance—the Company should provide more time for Group companies to communicate directly with the CEO.

I'll keep offering advice to help the Company build its value and strengthen its competitive position.

The Tokyo Stock Exchange has called on companies that are listed on the Prime market to improve their price-to-book ratio. The management must therefore commit to improving investment efficiency and capital efficiency. Prima Meat Packers has actively embraced capital expenditure to improve prospects of sustained growth. It's essential, then, that the management monitors return on invested capital as an indicator of investment efficiency and ensures an effective allocation of capital [see p. 15](#).

Market conditions continue their dramatic flux in this post-pandemic transition. Business success in this environment depends on the Company's ability to ascertain the emerging trends and then adapt as necessary to improve its competitiveness. One of the Company's new products exemplifies what the Company should be doing. The product is Meister Valley®. It was developed under the supervision of an employee who had trained in Germany, earning the title of master (Meister) butcher. I sampled the product and was astounded by the refined flavor. While the mass-market food products will remain a mainstay, the Company should also cater to consumers who are prepared to spend a little bit more for something tasty. To raise the value of the Prima brand, the Company should develop more premium products like Meister Valley®.

I try to offer input in all agenda items during board meetings. By expressing my opinions and frank feedback, I can give the management fresh insights and ideas. I'll continue actively engaging in this way to fulfill my role as an outside director.

Directors and Corporate Auditors

Directors



Naoto Chiba President and CEO

Apr. 1983 Joined ITOCHU Corporation
 Apr. 2014 Executive Officer of ITOCHU Corporation, Chief Operating Officer of Food Products Marketing & Distribution Division
 Apr. 2015 Seconded to Dole Asia Holdings Pte. Ltd. (Executive Vice President, Director)
 Apr. 2016 Managing Executive Officer assigned to Processed Foods Business Division and Fresh Meat Business Division, in charge of Audit Department of the Company
 Jun. 2018 President and Representative Director of the Company
 Jun. 2019 President and Executive Officer of the Company (current position)

Reason for nomination

Naoto Chiba is qualified to lead the Group effectively and contribute toward further growth. He has led the Company toward greater success and has extensive experience and results as a business leader. As chair of the Board of Directors, he has managed the board's business effectively.



Satoshi Nakajima Director
 Head of Corporate Strategy Div. and of Corporate Strategy Dept.

Apr. 1987 Joined ITOCHU Corporation
 May 2010 General Manager, Financial Planning Department, Finance Division of ITOCHU Corporation
 May 2013 General Manager, IR Department of ITOCHU Corporation
 May 2016 CFO, Energy & Chemicals Company of ITOCHU Corporation
 Apr. 2019 Executive Officer of ITOCHU-SHOKUJIN Co., Ltd.
 Jul. 2019 Member of the Board and Executive Officer of ITOCHU-SHOKUJIN Co., Ltd.
 Apr. 2021 Executive Officer and Assistant General Manager, Corporate Strategy Division of the Company
 Apr. 2023 Managing Executive Officer, General Manager, Corporate Strategy Division and General Manager, Corporate Strategy Department of the Company
 Jun. 2023 Director, Managing Executive Officer, General Manager, Corporate Strategy Division and General Manager, Corporate Strategy Department of the Company (current position)

Reason for nomination

Satoshi Nakajima's experience and track record qualify him to contribute toward further growth. Nakajima has extensive experience and wide-ranging knowledge in general trading, coupled with specialized knowledge of accounting and finance. At Prima Meat Packers, he has used these talents to manage corporate planning.



Takeshi Yamashita Director

Part-time Independent Outside

Apr. 1985 Professor at Hiroshima University
 Apr. 1997 Professor at Tokai University
 Jul. 1997 Registration as an attorney
 Apr. 1999 Part-time Lecturer of International Corporate Strategy at Graduate School of Hitotsubashi University
 Jun. 2003 Corporate Auditor of the Company
 Dec. 2003 Joined Hibiya Park Law Offices (current position)
 Jun. 2012 Director of the Company (current position)

Reason for nomination

Takeshi Yamashita is qualified to audit and supervise the management impartially. As a university professor and attorney, he has extensive experience and specialized knowledge.



Yuzo Ide Director

Part-time Independent Outside

Apr. 1977 Joined Wacoal Corp. (current Wacoal Holdings Corp.)
 Apr. 2006 Corporate Officer of Wacoal Corp. (operating corporation)
 Apr. 2008 Director and Senior Managing Corporate Officer of Wacoal Corp. (operating corporation)
 Apr. 2014 Director and Vice President Corporate Officer of Wacoal Corp. (operating corporation)
 Jun. 2014 Managing Director of Wacoal Holdings Corp.
 May 2020 Outside Director of Cosmo Co., Ltd. (current position)
 Jun. 2020 Director of the Company (current position)

Reason for nomination

Yuzo Ide is qualified to serve as an outside director. Having managed corporate planning for a big-name global manufacturer, he has extensive experience coupled with in-depth knowledge about global expansion and strategic planning. If elected as outside director, he will contribute toward Prima Meat Packers' strategic planning, while supervising, supporting, and advising the management from an independent standpoint.



Yoshino Tsujita Director

Part-time Independent Outside

Mar. 1987 Joined Swiss Bank Securities Corporation
 Jan. 1989 Joined Salomon Brothers Asia Securities Ltd.
 Jun. 1999 Vice President of The Chase Manhattan Bank
 Feb. 2001 Vice President of JPMorgan Securities Japan Co., Ltd.
 Mar. 2002 Joined Japan Tobacco Inc.
 Jun. 2006 General Manager, Corporate Planning Division of Japan Tobacco Inc.
 Sep. 2014 General Manager, Compliance Office of Japan Tobacco Inc.
 Apr. 2016 General Manager, Media and Investor Relations Division of Japan Tobacco Inc.
 Mar. 2020 Representative Director of Relier Inc. (current position)
 Apr. 2020 Outside Director of Yukiguni Maitake Co., Ltd. (current position)
 Jun. 2022 Director of the Company (current position)
 Sep. 2022 Director, Yukai Engineering Inc. (current position)

Reason for nomination

Yoshino Tsujita is qualified to serve as an outside director. With her extensive corporate experience in Japan and abroad, Tsujita offers insights in business management and diversity, along with in-depth knowledge of accounting and finance. If elected as outside director, she will contribute toward Prima Meat Packers' strategic planning, while supervising, supporting, and advising the management from an independent standpoint.

* The three outside directors (Takeshi Yamashita, Yuzo Ide, and Yoshino Tsujita) fulfill Prima Meat Packers' independence criteria, in that they pose no potential conflict of interest with general shareholders as defined by the TSE.

Corporate Auditors



Naofumi Sakai Corporate Auditor

Sep. 1987 Joined the Company
 Apr. 2014 General Manager, Planning & Coordination Department, Sales Division of the Company
 Apr. 2019 General Manager, Fresh Meats Business Management Department, Fresh Meats Business Division of the Company
 Apr. 2023 Assistant to General Manager, Corporate Strategy Department, Corporate Strategy Division of the Company
 Jun. 2023 Standing Corporate Auditor of the Company (current position)

Reason for nomination

Naofumi Sakai has abundant experience and specialized knowledge in the industry. He has been involved in the Company's business for many years and has extensive experience in internal control.



Hideki Shimozawa Corporate Auditor

Independent Outside

Apr. 1986 Joined The Mitsui Trust and Banking Company, Limited (current Sumitomo Mitsui Trust Bank, Limited)
 Jul. 2008 Manager, Takamatsu Branch of The Chuo Mitsui Trust and Banking Company, Limited
 Nov. 2009 General Manager, Head Office Business Division 5 of The Chuo Mitsui Trust and Banking Company, Limited
 Feb. 2011 General Manager, Credit Card and Financing Planning Department of The Chuo Mitsui Trust and Banking Company, Limited
 Jun. 2019 Standing Corporate Auditor of the Company (current position)

Reason for nomination

Hideki Shimozawa is qualified to serve as outside corporate auditor in light of his extensive experience in banking.



Kuniaki Abe Corporate Auditor

Part-time

Apr. 1991 Joined ITOCHU Corporation
 Apr. 2011 General Manager, Food Products Marketing & Distribution Strategy Department, Food Products Marketing & Distribution Division of ITOCHU Corporation
 Apr. 2013 Executive Officer of FamilyMart Co., Ltd.
 Apr. 2016 General Manager, Food Development Division of ITOCHU Corporation
 Apr. 2017 General Manager, Retail Development Division of ITOCHU Corporation
 Apr. 2019 General Manager, Planning & Administration Department, Fresh Food Division of ITOCHU Corporation
 Apr. 2022 Executive Officer of ITOCHU Corporation
 Apr. 2023 Executive Officer, Chief Operating Officer, Head of Fresh Food Division, Itochu Corporation (current position)
 Jun. 2023 Corporate Auditor at the Company (current position)

Reason for nomination

Kuniaki Abe is qualified to serve as corporate auditor in light of his extensive experience and specialized knowledge in general trading.



Akemi Sunaga Corporate Auditor

Part-time Independent Outside

Oct. 1989 Joined Auditing Department of Aoyama Audit Corporation
 Feb. 1991 Joined Auditing Department of Chuo Audit Corporation
 Aug. 1993 Registered as Certified Public Accountant
 Oct. 1994 Registered as Certified Public Tax Accountant
 Nov. 1994 Founded Sunaga CPA Firm, became its representative (current position)
 Nov. 1996 Founded Marunouchi Business Consulting Ltd., became Representative Director (current position)
 Jan. 2012 Founded Marunouchi Business Consulting Tax Co., became Senior Partner (current position)
 Jun. 2016 Outside Auditor at Matsumotokiyoshi Holdings
 Jun. 2017 Senior Partner of Marunouchi Audit Corporation
 Jun. 2020 Outside Director and Audit and Supervisory Committee Member at Ushio Inc. (both current positions)
 Jun. 2017 Outside Director and Audit and Supervisory Committee Member at Yomeishu Seizo Co., Ltd. (both current positions)
 Jun. 2021 Corporate Auditor at the Company (current position)
 Jan. 2022 Senior Partner of Marunouchi Audit Corporation (current position)
 Jun. 2022 Outside Director of KYB Corporation (current position)
 Mar. 2023 Outside Auditor at Lion Corporation (current position)

Reason for nomination

Akemi Sunaga is qualified to serve as an outside corporate auditor in light of her extensive experience as a certified public accountant and certified tax accountant.

* The two outside corporate auditors (Hideki Shimozawa and Akemi Sunaga) fulfill Prima Meat Packers' independence criteria, in that they pose no potential conflict of interest with general shareholders as defined by the TSE.

Executive Officers

President and Executive Officer

Naoto Chiba

Senior Managing Executive Officers

Yuichi Niimura

Head of Corporate Strategy Div., in charge of Environmental Management Dept., Project Manager in Prima Next Project

Masahiko Yano

Head of Meat Business Div.

Takahiro Uchiyama

In charge of HR, Finance, General Affairs, PR, and Legal Dept.

Yuji Shinkawa

Head of Sales Div.

Managing Executive Officers

Toshihiro Tago

Head of Production Div.

Satoshi Nakajima

Head of Corporate Strategy Div., Head of Corporate Strategy Dept., in charge of Prima Next Project

Makoto Amino

Head of Meat Business Div. and Meat Procuring Dept.

Kenichi Tai

Head of Meat Sales Dept., Meat Business Div.

Executive Officers

Takumi Umehara

Acting Head of Production Div., in charge of processed foods
 Chairman of PRIMAHAM (THAILAND) Co., Ltd., Chairman of PRIMAHAM FOODS (THAILAND) Co., Ltd.

Shinichi Koga

Head of Financial & Accounting Dept.

Mamoru Kamada

President of PRIMAHAM FOODS (THAILAND) Co., Ltd., President of PRIMAHAM (THAILAND) Co., Ltd.

Tatsuya Kudo

Head of Quality Assurance Div.

Takayuki Kanai

Head of Human Resources Dept.

Munetoshi Niizeki

Head of West Japan Branch, Sales Div.

Keiko Sasajima

Head of Development Div.

Yasushi Miyatake

Head of IT Promotion Dept., Corporate Strategy Div. and Prima Next Project Leader

Jyunshi Hachiro

Foreperson at Mie Plant, Production Div.

Shin Sasaki

Head of East Japan Branch, Sales Div.

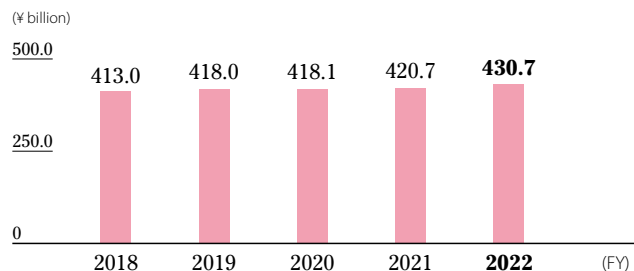


Data Section

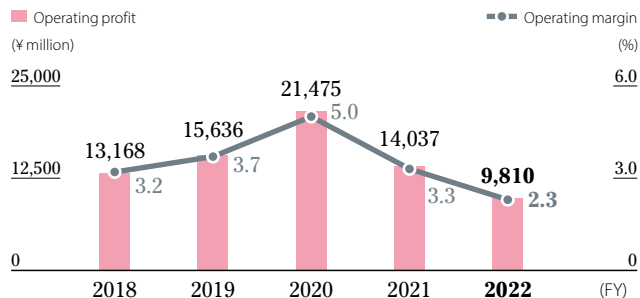
- 50 Consolidated Financial Highlights
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- 54 Company Information

Consolidated Financial Highlights*1

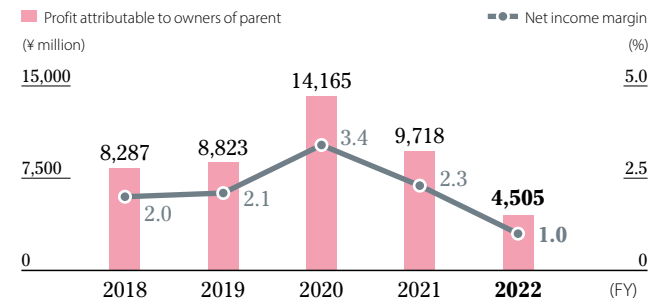
Net sales



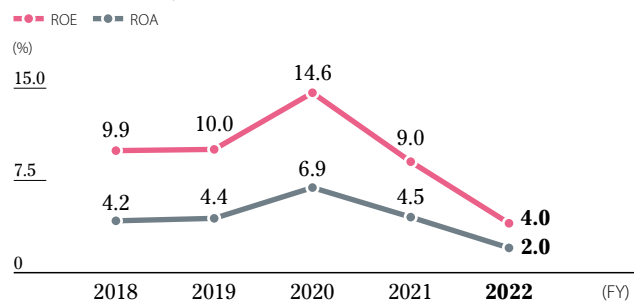
Operating profit / Operating margin



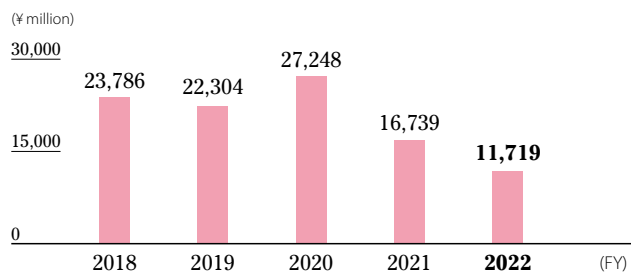
Profit attributable to owners of parent / Net income margin



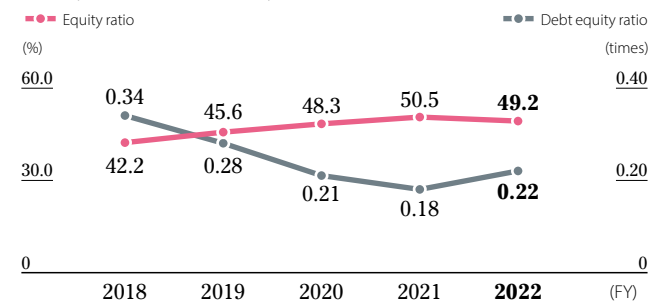
Return on equity (ROE) / Return on assets (ROA)



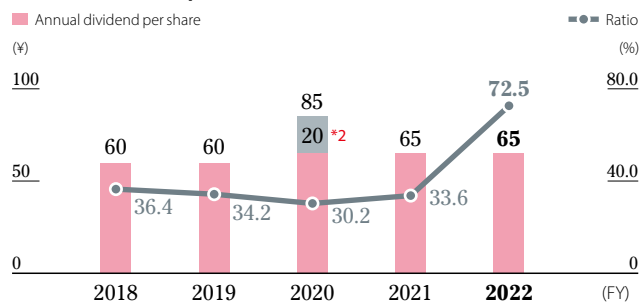
Cash flows from operating activities



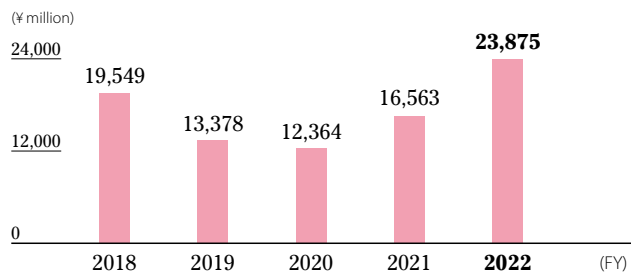
Equity ratio / Debt equity ratio



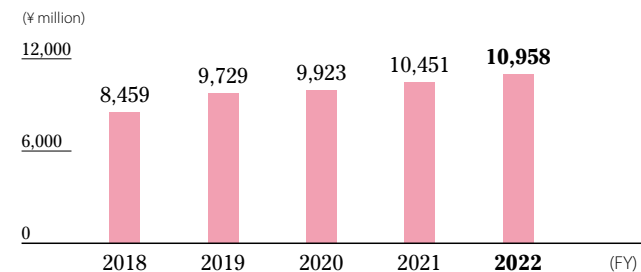
Annual dividend per share / Ratio



Capital expenditure



Depreciation and amortization

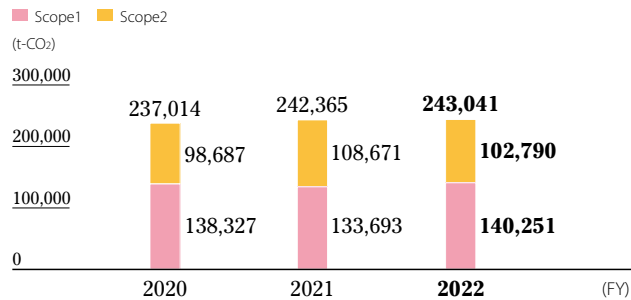


*1 See page 52 and page 53 for the assumptions underlying the above figures.

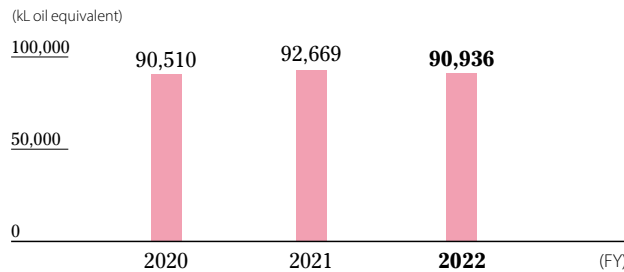
*2 The annual dividend for fiscal 2020 consisted of a regular dividend of ¥65 and a commemorative dividend of ¥20.

Non-financial Highlights

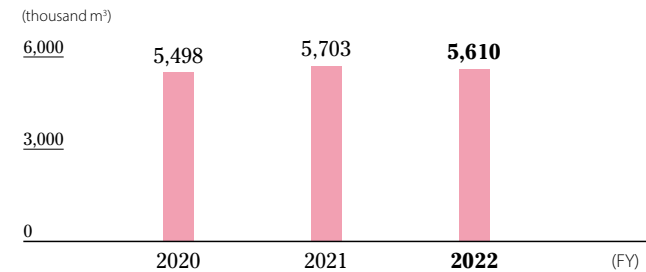
Greenhouse gas emissions



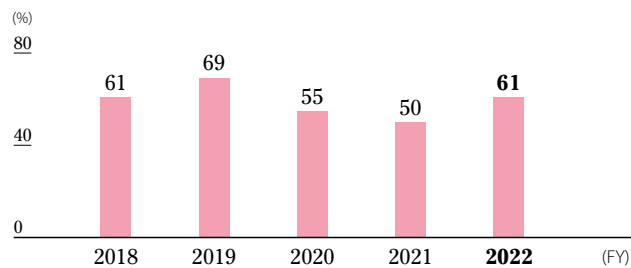
Energy consumption



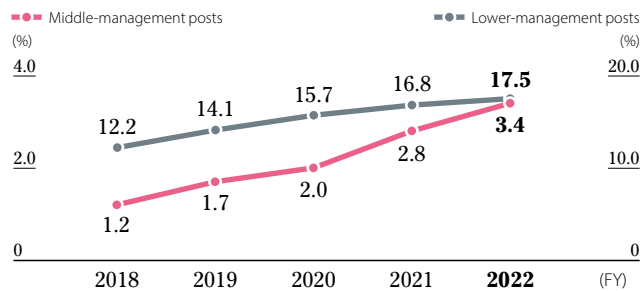
Water consumption



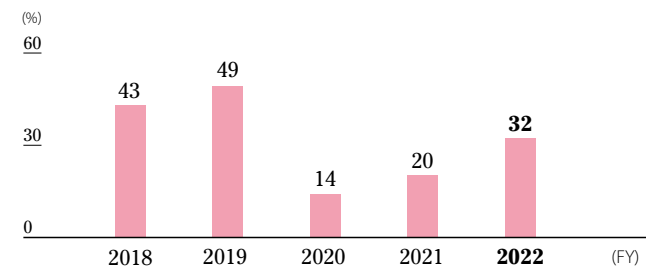
Paid leave take-up rate (non-consolidated)



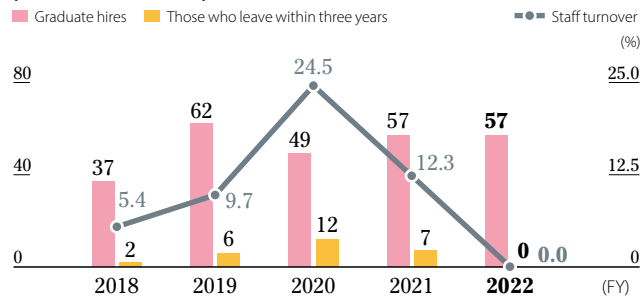
Percentage of women occupying middle- or lower-management posts (non-consolidated)^{*1}



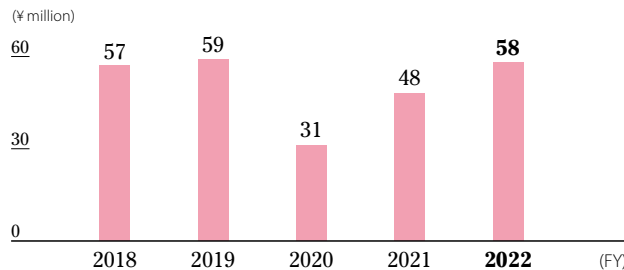
Percentage of new hires who are women (non-consolidated)



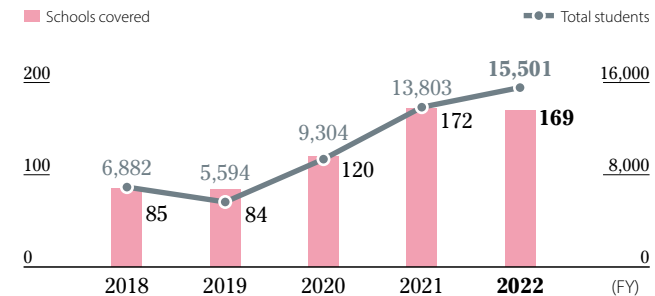
Percentage of graduate hires who leave within three years (non-consolidated)



Training expenditure (non-consolidated)



Schools covered in food-related learning program, total students who attended^{*2}



*1 Includes secondments

*2 Combined total for cases involving original learning materials and those involving staff visiting the school

Eleven-year Summary Consolidated Financial Statements

Financial (consolidated)

	(FY)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statements of income (¥ million)												
Net sales		275,647	303,600	341,183	361,223	363,336	394,534	413,023	418,060	418,147	420,717	430,740
Cost of sales		230,056	256,169	293,272	310,871	303,483	333,426	350,266	351,290	360,167	367,971	382,986
Gross profit		45,591	47,431	47,911	50,351	59,853	61,108	62,756	66,769	57,980	52,745	47,753
Selling, general and administrative expenses		38,331	38,618	40,698	42,104	44,287	47,978	49,588	51,132	36,504	38,708	37,943
Operating profit		7,259	8,813	7,213	8,247	15,565	13,129	13,168	15,636	21,475	14,037	9,810
Non-operating income		1,154	995	1,126	930	859	873	1,173	1,044	1,246	1,189	1,232
Non-operating expenses		491	510	604	401	322	356	512	722	310	342	447
Ordinary profit		7,923	9,298	7,735	8,776	16,102	13,646	13,829	15,959	22,411	14,883	10,595
Profit before income taxes		7,906	8,794	8,039	10,029	15,337	14,790	13,944	15,338	21,916	15,106	5,985
Profit attributable to owners of parent		4,359	4,192	6,392	6,429	10,009	10,413	8,287	8,823	14,165	9,718	4,505
Capital expenditures		6,586	10,282	13,722	14,102	16,347	22,448	19,549	13,378	12,364	16,563	23,875
Depreciation and amortization		4,797	4,729	5,711	6,467	7,001	8,578	8,459	9,729	9,923	10,451	10,958
R&D expenditures		538	453	469	473	399	381	396	376	381	335	389
Cash flows (¥ million)												
Cash flows from operating activities		10,018	10,689	7,850	5,209	26,003	10,866	23,786	22,304	27,248	16,739	11,719
Cash flows from investing activities		(6,436)	(10,976)	(10,376)	(12,617)	(14,790)	(21,373)	(14,887)	(5,875)	(12,205)	(23,713)	(15,089)
Free cash flows		3,582	(287)	(2,526)	(7,408)	11,213	(10,507)	8,899	16,429	15,043	(6,973)	(3,370)
Cash flows from financing activities		(5,876)	(36)	(818)	9,347	1,335	3,187	(7,347)	(7,924)	(7,509)	(6,616)	1,206
Cash and cash equivalents at end of period		8,535	8,240	4,988	6,927	19,468	12,168	13,732	22,214	29,773	16,230	14,098

Note that the following applies to the financial information presented in this integrated report:

* The new ASBJ revenue standard is applied to the results for fiscal 2020 and 2021 (unaudited).


* Up to and including fiscal 2020, revenue pertaining to the government's scheme for regulating animal feed prices (haigo shiryō kakaku antei seido) were recognized as "non-operating income," and expenses pertaining to such were recognized as "non-operating expenses." In fiscal 2021, the former is recognized as "net sales" and the latter as "selling, general and administrative expenses."

Financial (consolidated)

(FY)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Balance sheet (¥ million)											
Current assets	53,352	51,814	61,088	69,241	78,113	79,329	82,857	87,310	98,747	95,828	95,311
Current liabilities	49,677	50,275	60,350	58,669	60,413	64,630	74,706	68,171	71,957	71,659	74,867
Net assets	42,251	47,307	56,526	70,030	79,198	89,274	94,635	100,134	114,761	122,567	123,194
Total net assets	110,637	119,261	141,661	153,511	170,919	189,751	203,862	198,530	214,542	221,721	229,887
Total liabilities	68,386	71,953	85,134	83,481	91,721	100,477	109,226	98,396	99,781	99,154	106,692
Interest-bearing debt	16,586	17,315	21,661	23,025	26,203	32,507	29,515	24,950	22,152	20,625	25,410
Net worth	35,736	40,086	49,948	63,158	72,019	81,180	86,114	90,573	103,632	111,860	113,169
Information per share (¥) *											
Net profit	97.40	93.65	142.95	131.68	198.80	206.85	164.78	175.57	281.90	193.41	89.66
Net assets	798.42	895.76	1,117.22	1,254.38	1,430.45	1,612.51	1,713.26	1,802.47	2,062.41	2,226.09	2,252.09
Annual dividend	10	10	10	20	30	50	60	60	85	65	65
Key indicators											
Operating margin (%)	2.6	2.9	2.1	2.3	4.3	3.3	3.2	3.7	5.0	3.3	2.3
Return on equity (ROE) (%)	13.0	11.1	14.2	11.4	14.8	13.6	9.9	10.0	14.6	9.0	4.0
Return on assets (ROA) (%)	4.0	3.7	4.9	4.4	6.2	5.8	4.2	4.4	6.9	4.5	2.0
Return on invested capital (ROIC) (%)	10.3	11.3	9.4	9.9	12.5	10.4	9.0	9.7	13.2	8.7	3.3
Equity ratio (%)	32.3	33.6	35.3	41.1	42.1	42.8	42.2	45.6	48.3	50.5	49.2
Current ratio (%)	107.4	103.1	101.2	118.0	129.3	122.7	110.9	128.1	137.2	133.7	127.3
Debt equity ratio (times)	0.46	0.43	0.43	0.36	0.36	0.40	0.34	0.28	0.21	0.18	0.22
Payout ratio (%)	10.3	10.7	7.0	15.2	15.1	24.2	36.4	34.2	30.2	33.6	72.5
Price book-value ratio (PBR) (times)	1.40	1.20	1.50	1.14	1.72	1.89	1.20	1.36	1.69	0.99	0.98

* On October 1, 2018, we conducted a reverse stock split, consolidating every five shares into one. We have adjusted the information per share up to and including September 2018.

Company Information (As of March 31, 2023)

Company name	Prima Meat Packers, Ltd.	
Head office	Shinagawa Seaside West Tower, 4-12-2 Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-8529, Japan Tel: +81-3-6386-1800	 https://www.primaham.co.jp/en/company/profile.html#access-map
Representative	Naoto Chiba, President and CEO	
Detail of business	Manufacture and sale of hams and sausages, fresh meats, processed foods, and other products	
Founded	September 1, 1931	
Established	July 9, 1948	
Capital	¥7,908 million	
Number of employees	1,982 Note: The figure includes executive officer and the annual average number of temporary employees.	
Branch offices	East Japan Branch: Tohoku (Miyagi Pref.), Kanto (Tokyo) West Japan Branch: Chubu (Aichi Pref.), Kansai (Osaka Pref.), Chugoku / Shikoku (Hiroshima Pref.), Kyushu (Fukuoka Pref.)	
Plants	Hokkaido, Ibaraki, Mie, Kagoshima	
Logistics centers	Kanto (Ibaraki Pref.), Mie, Fukuoka	
Research institutions	R&D Center (Ibaraki Pref.), Manufacturing and Technology Department (Technical Development Div.) (Ibaraki Pref.)	

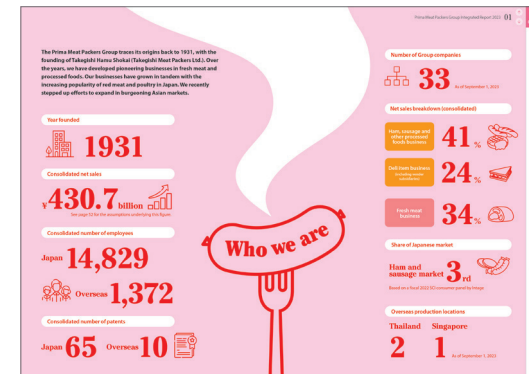


Information about our Group companies is available here:
https://www.primaham.co.jp/en/company/group_company.html



Stock information is available here:
<https://www.primaham.co.jp/en/ir/stock/outline/>

Note about the front cover



The front cover depicts our vision to contribute to food culture and society through great taste and excitement. It illustrates some of the products and activities through which we deliver these values. If you follow the white section to the next page, you will find that this is steam rising up from one of our sausages.