

Financial Results for the Year Ended March 31, 2022

Prima Meat Packers, Ltd. May 18, 2022

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【Consolidated statements of income】

(one hundred millions yen %)

(Reference)

	Previous (retroactively adjusted)	Net sales ratio	FYE March 2022				Previous term results
			Results	Net sales ratio	YOY(%)	YOY	
Net sales	4,181	100.0	4,196	100.0	100.3	14	4,336
Processed Foods Business	2,798	66.9	2,856	68.1	102.1	58	2,933
Fresh Meats Business	1,378	33.0	1,335	31.8	96.9	-43	1,397
Others	5	0.1	5	0.1	92.7	-0	5
Cost of Sales	3,602	86.1	3,680	87.7	102.2	78	3,602
Gross Profit	580	13.9	516	12.3	89.0	-64	734
SSG&A expenses	365	8.7	387	9.2	105.9	21	519
Operating income	215	5.1	130	3.1	60.4	-85	215
Non-operating income	12		23				12
Non-operating expenses	3		4				3
Ordinary income	224	5.4	149	3.5	66.4	-75	224
Extraordinary income	6		6				6
Extraordinary loss	11		3				11
Income before income taxes	219	5.2	151	3.6	68.9	-68	219
Net income attributable to owners of the parent	142	3.4	97	2.3	68.6	-44	142

【Cost to net sales ratio】

- Ratio of raw materials and inventory UP 0.5%
- Production expenses ratio UP 1.1%

◇ Cost of sales ratio UP 1.6%

【SG&A expenses】

- personnel expenses ratio UP 0.1%
- expense ratio UP 0.4%

◇ SG&A expenses to net sales ratio UP 0.5%

◇ Ordinary income to net sales ratio
5.1%→3.1% Down 2.0%

Note: "Previously (retroactively adjusted)" refers to the FYE 2021 results after we retroactively adjusted them in line with the new accounting standard for revenue recognition.

Financial Results for the Year Ended March 31, 2022

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【Financial results by segment】

(one hundred millions yen %)

		Previous (retroactively adjusted)	Year Ended March, 2022		
			Results	YOY(%)	YOY
Processed Foods Business	Net sales	2,798	2,856	102.1	58
	Operating income	177	141	79.4	-36
Fresh Meats Business	Net sales	1,378	1,335	96.9	-43
	Operating income	36	2	6.0	-34
Others	Net sales	5	5	92.7	-0
	Operating income	1	2	161.5	1
Adjustment	Operating income		-16		-16
Consolidated Total	Net sales	4,181	4,196	100.3	14
	Operating income	215	130	60.4	-85

YOY (Operating income)

(one hundred millions yen)

		YOY
Processed Foods segment △36	Non-consolidated	-10
	subsidiary	-9
	PD	-15
	Overseas projects etc.	-3
Fresh Meats segment △34	Non-consolidated	-17
	subsidiary	-17
Adjustment △16	Prima Next Project	-16
Total		-85

(Reference)

		Previous term results
		2,933
		177
		1,397
		36
		5
		1
		4,336
		215

Note: "Adjustment" refers to general (organization-wide) expenses not allocated to any particular segment, or SG&A expenses not attributable to any particular segment.

Business environment	<p>The outlook grew murkier (high prices for raw materials and fuel, high production costs, plummeting yen, geopolitical tensions)</p> <p>The meat industry faced severe challenges (meat prices overseas, chronic delays in container shipping, high grain prices)</p> <p>Consumers continued living under Covid restrictions amid prolonged and repeated national/local states of emergency</p> <p>Demand for in-home foods (e.g. prepared deli items) remained strong, while demand for away-from-home eating (e.g. going to an izakaya) failed to recover to pre-pandemic levels</p>
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Financial Results for the Year Ended March 31, 2022

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【Non-consolidated income】

(one hundred millions yen %)

(Reference)

	Previous (retroactively adjusted)		First Half, Year Ended March, 2022					Previous term results
	Net sales	Operating income	Net sales	YOY(%)	Operating income	YOY(%)	YOY	
Non-consolidated	3,026	116.9	2,995	98.9	74.6	64	-42.28	3,116
Subsidiary	PD	36.2	1,021	102.5	21.5	59	-14.75	1,051
	Others	56.4	1,116	102.7	31.2	55	-25.27	-
※Consolidation adjustment	-928	5.2	-936		2.4			-
Consolidated total	4,181	214.8	4,196	100.3	129.7	60	-85.09	4,336

Notes: "Intercompany elimination" refers to the amount deducted after removing transactions in the group companies.

Note: "Previously (retroactively adjusted)" refers to the results for the previous fiscal year we retroactively adjusted them in line with the Accounting Standard for Revenue Recognition.

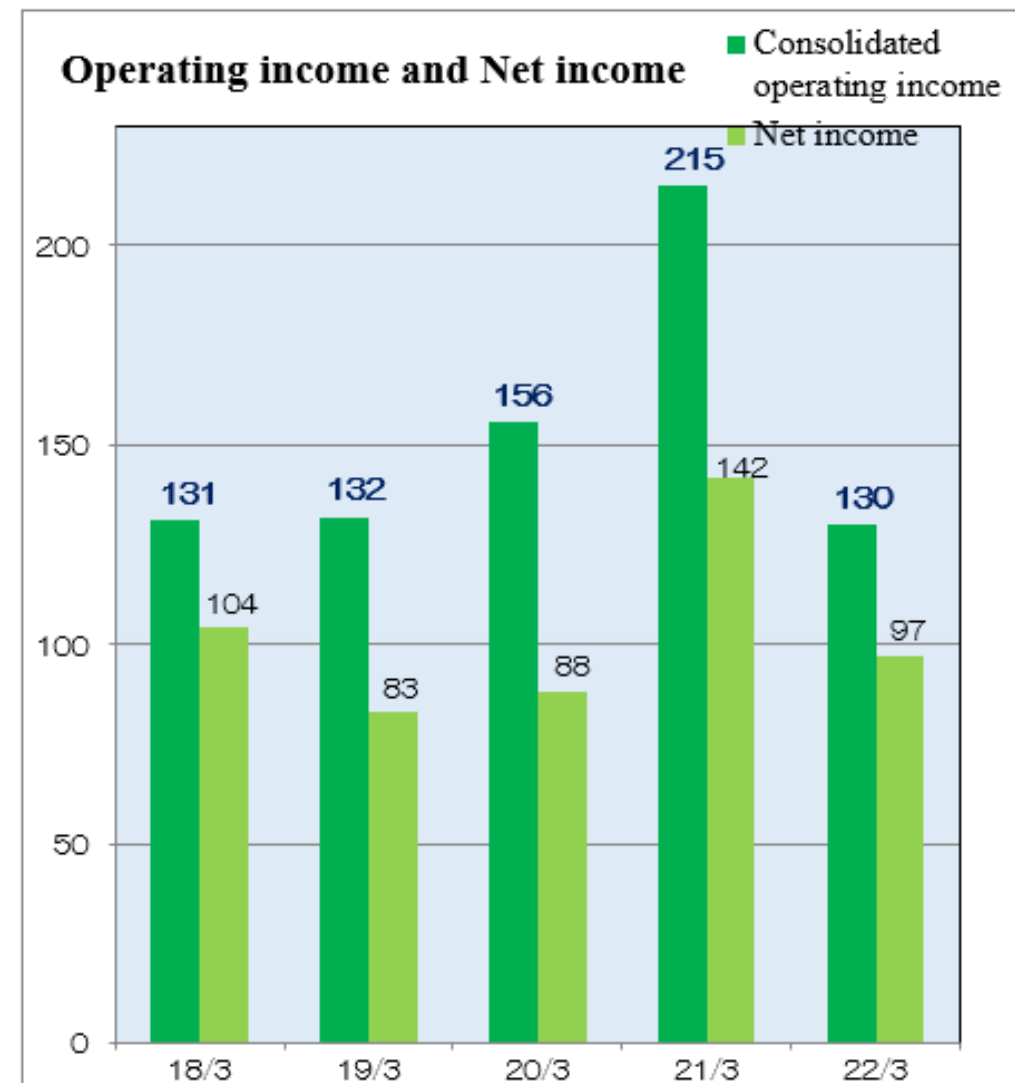
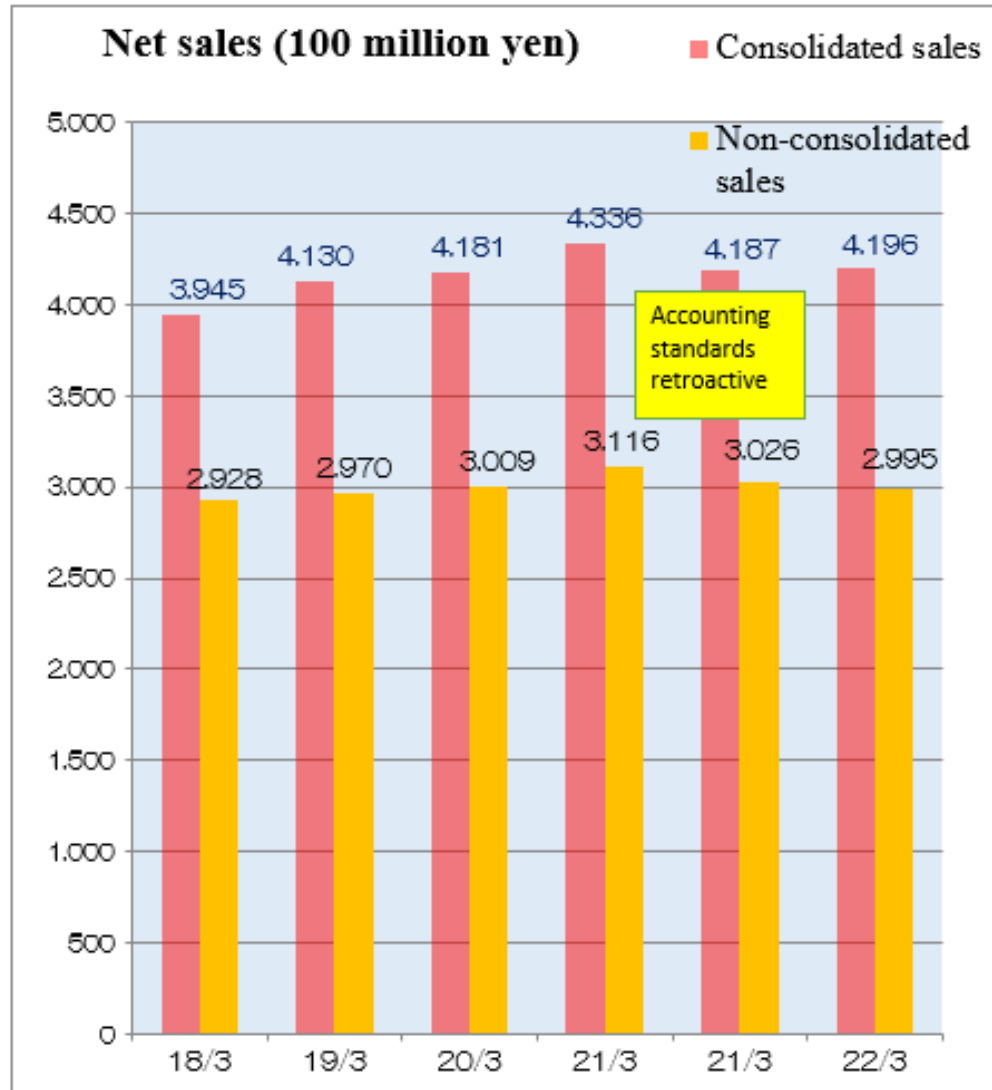
【Income by group company】

(one hundred millions yen %)

	Previous (retroactively adjusted)		Year Ended March, 2022				Previous term net sales
	Net sales	Net sales ratio	Results	Net sales ratio	YOY(%)	YOY	
Net sales	3,026	100	2,995	100.0	98.9	-32	3,116
Operating income	117	4	75	2.5	63.8	-42	117
Ordinary income	130	4	88	2.9	67.6	-42	130
Net income	88	3	65	2.2	73.2	-24	88

Changes in Net Sales, Operating Income and Net income

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Note: Net income refers to net income attributable to owners of the parent

2022/3 net sales by product category

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Net sales by product category

Sales in Processed Foods Business and Fresh Meats Business by product category

(100 million yen)





Processed Foods Business	Ham/sausage	979	Ham/sausage	979
	Processed foods	672	Processed foods, deli	1,686
	Vendor (deli)	1,013		
	Fresh meats	172	Fresh Meat	1,502
Fresh meats	1,331			
Fresh Meats Business	Processed foods	1		
	Other total	28		
Consolidated total		4,196		

(hundred millions of yen %)

Product category	Previous (retroactively adjusted)	FYE March 2022		Segment		
		Total	YoY(%)	Processed Foods Business	Fresh Meats Business	Other
Ham/sausage	974	979	100.6	979	0	
Processed foods, deli	1,662	1,686	101.4	1,685	1	
Fresh meat	1,505	1,502	99.8	172	1,331	0
Other	40	28	70.62624254	20	4	5
Total	4,181	4,196	100.3	2,856	1,335	5

2.5% YoY increase in sales of processed foods and other vendor products (prepared deli items)

Actions Taken in Processed Foods Business

	Measures, outcomes							
<p>Sales</p> 	<ul style="list-style-type: none"> Products commemorating our 90th anniversary Koukun sausage: More sales growth, better brand recognition Concentrated sales of key ham/sausage products (Over 30) Foods for commercial use: Worked to recover market share and strengthen marketing 	<p>Sales volume of sausages and ham</p> <p>YoY: 105%</p> <table border="1"> <tr> <td>Consumer</td> <td>103%</td> </tr> <tr> <td>Commercial</td> <td>110%</td> </tr> </table>	Consumer	103%	Commercial	110%		
Consumer	103%							
Commercial	110%							
<p>Sales promotion</p>	<ul style="list-style-type: none"> Continued TV ad campaign featuring Tao Tsuchiya (new version of Koukun sausage ad) Organized promotional campaign with Disney Reached out to broad audience on Twitter, Line, and apps    <p>New ad for Koukun sausage Promo campaign with Disney Family apps</p>	<p>Sales volume of processed foods</p> <p>YoY: 107%</p> <table border="1"> <tr> <td>Prepared foods, consumer</td> <td>94%</td> </tr> <tr> <td>Prepared foods, commerci</td> <td>118%</td> </tr> <tr> <td>Seasoned meats</td> <td>88%</td> </tr> </table> <p>Share of B2C market: Ham/sausage</p> <p>YoY: +0.8% (SCI data, April-September)</p>	Prepared foods, consumer	94%	Prepared foods, commerci	118%	Seasoned meats	88%
Prepared foods, consumer	94%							
Prepared foods, commerci	118%							
Seasoned meats	88%							
<p>Production</p>	<ul style="list-style-type: none"> Minimized cost increases by boosting productivity and efficiency Ham/sausage, processed foods: Continued boosting man-hour productivity Boosted production capacity and took anti-infection measures to ensure stable supply 	<p>Man-hours productivity</p> <table border="1"> <tr> <td>Ham/sausage</td> <td>processed foods</td> </tr> <tr> <td>+4%</td> <td>±0%</td> </tr> </table>	Ham/sausage	processed foods	+4%	±0%		
Ham/sausage	processed foods							
+4%	±0%							
<p>Vendors</p>	<ul style="list-style-type: none"> Expanded sales and production volume with 12 plants operating across Japan Developed new products catering to new lifestyles and consumer trends Desserts, Cup Deli, salads, etc. 	<p>Vendor business: Net sales</p> <p>YoY: 103%</p> <p>With revenue recognition standard retroactively applied</p>						
<p>Pricing changes</p>	<ul style="list-style-type: none"> Updated prices in Feb 2022 to reflect higher prices for raw materials and fuel <p>Prices changed for a total of 200 products (in ham/sausage and processed foods categories)</p>							

Processed Foods Business

1. Ham/Sausage

1) Total< Sales volume of sausages and ham YOY> %

	FYE March 2019	FYE March 2020	FYE March 2021	Composition ratio
Ham/Sausage	102	110	104	
Consumer Products	106	117	103	75.6
Commercial Products	95	94	110	23.2
Gift Products	99	93	98	0.1

2) Main Products< Sales volume YOY> %

	FYE March 2019	FYE March 2020	FYE March 2021
Koukun Sausage	120	123	110
Loin ham group	93	121	99
Bacon group	115	122	100
Tokachi Raw ham	115	116	98



3) Improved of Man-hour productivity YOY %

FYE March 2019	FYE March 2020	FYE March 2021
2	6	4

4) Vendor products< Net Sales YOY> %

FYE March 2019	FYE March 2020	FYE March 2021
103	106	103

The revenue recognition standard is retroactively applied in year-on-year comparisons with FYE March 2021

2. Processed Foods

1) Total< Sales volume of Processed Foods YOY> %

	FYE March 2019	FYE March 2020	FYE March 2021	Composition ratio
Processed Foods	100	99	102	
Consumer Products	108	112	94	28.6
Commercial Products	101	87	118	45.5
Seasoning raw meat	95	105	88	22.5

2) Main Products< Sales volume YOY> %

	FYE March 2019	FYE March 2020	FYE March 2021
Humberger group	117	141	103
Salada Chicken	103	107	85
Spring roll	91	113	84
Raw chicken ball	97	106	108

3) Improved of Man-hour productivity YOY %

FYE March 2019	FYE March 2020	FYE March 2021
1	4	0



Processed Foods: Year Ending March 2022

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Actions	Outcomes												
<p>Japanese pork products: Strengthened production</p> <ol style="list-style-type: none"> Increase pig shipments Improve productivity indicators (incident rate, feed share, pig shipments) Improve quality Improve animal welfare Expand farm business (open new farm) 	<ul style="list-style-type: none"> Pig shipments (target, result) <table border="1"> <thead> <tr> <th></th> <th></th> <th>Pig shipments</th> </tr> </thead> <tbody> <tr> <td>Result</td> <td>2019</td> <td>380,000</td> </tr> <tr> <td>Target</td> <td>2025</td> <td>510,000</td> </tr> <tr> <td>Target</td> <td>2030</td> <td>600,000</td> </tr> </tbody> </table> <p>111% of FYE March 2021 result</p> Introduced modifiable crates Proceeded with construction work for Miyagi farm 			Pig shipments	Result	2019	380,000	Target	2025	510,000	Target	2030	600,000
		Pig shipments											
Result	2019	380,000											
Target	2025	510,000											
Target	2030	600,000											
<p>Strengthen sales capacity</p> <ol style="list-style-type: none"> Prioritize earning potential in marketing activities Updated pricing to reflect higher prices for meat imports Engage with new key customers Cultivate sales team, improve sales skills 	<ul style="list-style-type: none"> We were slow to reflect price changes in imported beef and pork. Sales impacted by shipping delays <ul style="list-style-type: none"> Imported pork net sales 98% of previous year Imported pork sales vol 79% of previous year Imported beef net sales 97% of previous year Imported beef sales vol 97% of previous year 												
<p>Strengthen merchandise power</p> <ol style="list-style-type: none"> Strengthen original brands Collaborate with other members of Itochu Corporation Develop businesses in Japan and overseas 	<ul style="list-style-type: none"> Original pork brands: Sales volume increased 2021/3: 101% Domestic pork: Steady growth Imports (e.g. Thai rice): Impacted by production stoppages Sales impacted by import delays and stoppages during summer season 												



Conditions in meat industry
<ul style="list-style-type: none"> ● High prices for meat imports ● Animal feed prices remained high because of high grain prices ● Prolonged delays in container shipping, high ocean freight costs ● Demand for domestic meat down relative to surge in previous year; demand for commercial-use meat slow to recover

Original brands
<p>Pork linked with Canadian b Delicious kurobuta pork brand</p> 

FYE March 2022: Factors Contributing to Change in Operating Income

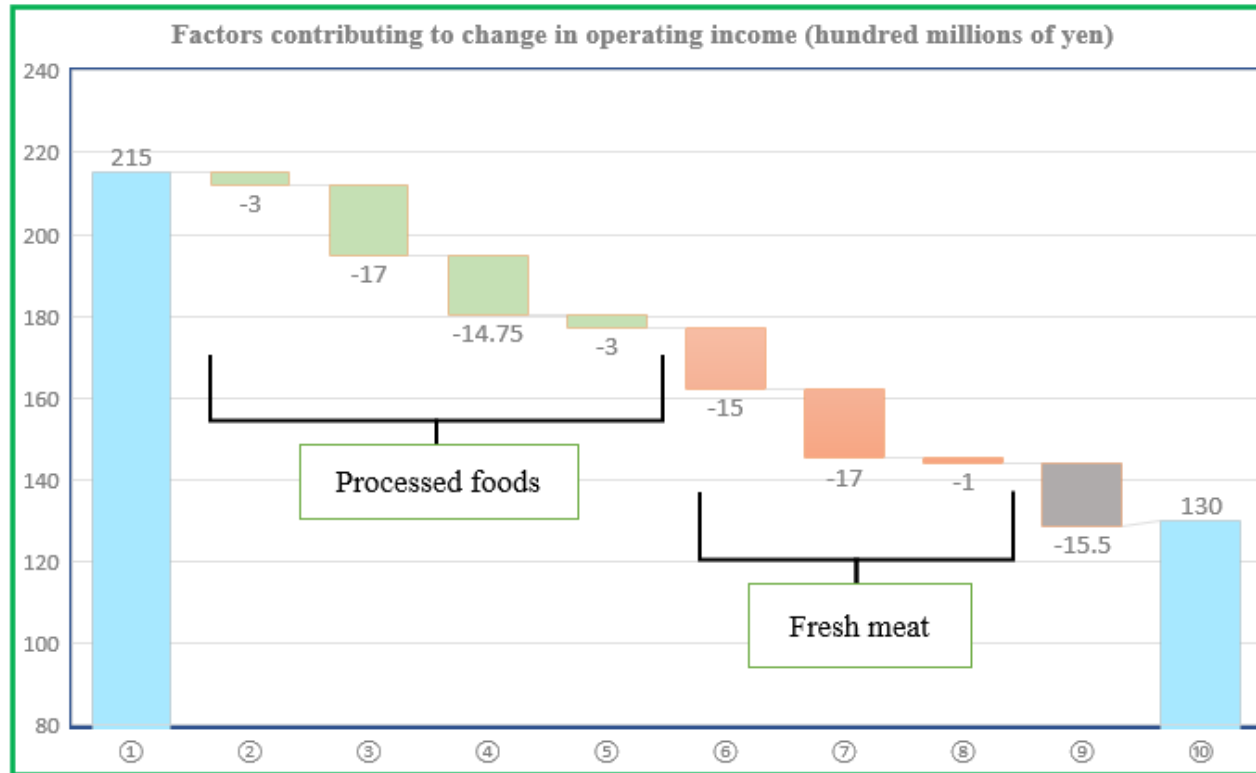
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(hundred millions of yen %)

	Previous (retrospectively adjusted)	FYE March 2022			Processed foods		Fresh meat		Intercompany eliminations
		Results	YoY	Difference	Results	YoY	Results	YoY	
Net sales	4,181	4,196	100.3	14	2,856	58	1,378	-43	
Operating income	215	130	60.4	-85	141	-36	2	-34	-16

Target for FYE March 2022	
Initial target	Variance
4,377	-181
166	-36



Hundred millions of yen		
Factor	Amount	
① FYE March 2020 operating income	215	
② Processed foods	-3	Processed foods segment: -36
③ Higher production costs	-17	
④ Vendor subsidiaries	-15	
⑤ Other (e.g. Singapore project)	-3	
⑥ Fresh meat sales	-15	
⑦ Hog farming business	-17	
⑧ Other (e.g. Singapore project)	-1	
⑨ Intercompany eliminations, system costs	-16	
⑩ FYE March 2021 operating income	130	

Variance from Plan — Year Ended March, 2022

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【Consolidated profit and loss】

(100 million yen %)

	FYE March 2022		Plan	Revision of earnings forecast	FYE March 2022			Difference from the initial plan	Initial plan ratio	Difference from the revision of earnings forecast
	H1	H2	Full year		H1	H2	Full year			
Net sales	2,206	2,171	4,377	4,197	2,097	2,099	4,196	-181	95.9	-1
Operating income	81	85	166	141	80	50	130	-36	78.1	-11
Net income	52	53	105	105	53	44	97	-8	92.4	-8

Updated forecast: As announced in Feb 2022

【Processed foods business】

(100 million yen %)

	H1	H2	Full year		H1	H2	Full year	Difference from the plan	Plan ratio	
Net sales	1,520	1,454	2,974		1,422	1,434	2,856	-118	96.0	
Operating income	68	75	143		82	59	141	-2	98.5	
With intercompany eliminations							128	-14		

《Operating income for the first half plan difference》

- Ham/Sausage, etc - 130 million Ham/sausage and processed food sales revenue exceeded the previous year's level, but profit was seriously undercut by higher prices for raw materials and fuel
- PD -10 million Net sales grew (102% of previous year), but fell just shy of target because of higher raw materials costs and labor costs in H2

【Fresh meats business】

	H1	H2	Plan		H1	H2	Results	Difference from the plan	Plan ratio	
Net sales	685	714	1,399		673	663	1,335	-64	95.5	
Operating income	13	10	23		6	-4	2	-21	9.4	
With intercompany eliminations							0	-23		

《Operating income for the first half plan difference》

- Production business - 140 million Production costs increase due to the impact of soaring grain prices and feed prices * doesn't include supplementary payments of animal feed
- Purchase and sale - 100 million Sales fell further below target because we had to pass on higher prices of beef and pork imports and because of freight delays

Consolidated Balance Sheets for the Year Ended March 2022

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(100 million yen)

	FYE March 2021	FYE March 2022	Change
Current assets	987	958	-29
Cash and deposits	130	126	-4
Notes and accounts receivable	434	441	7
Inventory	206	234	28
Deposits	200	130	-70
Other	17	27	10
Noncurrent assets	1,158	1,259	101
Tangible fixed assets	911	972	61
Intangible fixed assets	17	49	32
Investment and other assets	231	238	8
Gross assets	2,145	2,217	72

	FYE March 2021	FYE March 2022	Change
Total liabilities	998	992	-6
Current liabilities	720	717	-3
Noncurrent liabilities	278	275	-3
Total shareholders' equity	972	1,028	56
Capital	79	79	0
Capital reserve	86	102	16
retained earnings	811	851	40
Treasury stock	-4	-4	0
Accumulated other comprehensive income	65	91	26
Minority interests	111	107	-4
Total net assets	1,148	1,226	78
Total liabilities and net assets	2,145	2,217	72

(100 million yen %)

	FYE March 2021	FYE March 2022	Change
Equity capital	1,036	1,119	82
Equity ratio	48.3	50.5	2.2

	FYE March 2021	FYE March 2022	Change
Interest-bearing debt	222	206	-15
D/E ratio	0.21	0.18	-0.02
Net interest-bearing debt	-107	-50	57

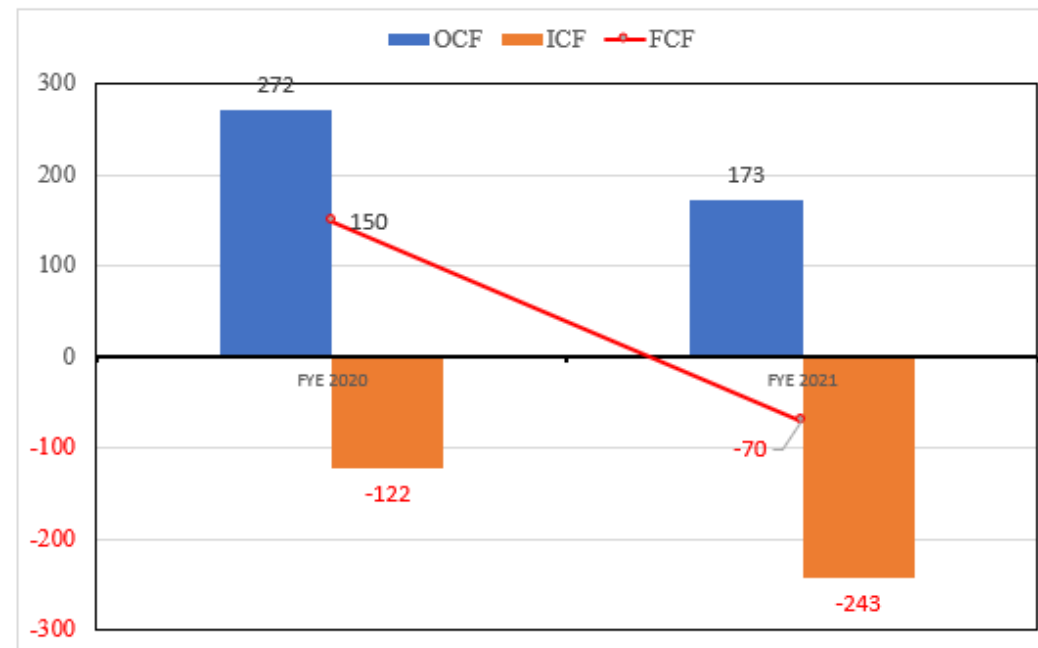
2022/3 Cash Flow Statement

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(hundred millions of yen)

	FYE 2020	FYE 2021	Change
1. Cash flows from operating activities	272	173	-100
Net income before tax	219	151	-68
Depreciation/amortization	99	105	5
Decrease (increase) in notes and accounts receivable—trade	-5	-4	1
Decrease (increase) in inventory assets	-3	-26	-24
Increase (decrease) in notes and accounts payable-trade	23	16	-7
Other	-61	-68	-7
2. Cash flows from investing activities	-122	-243	-120
Spending on property, plant and equipment	-98	-152	-54
Spending on intangible assets	-6	-9	-4
Deposits	0	-50	-50
Other	-18	-31	-13
3. Cash flows from financing activities	-75	-66	9
4. Cash and cash equivalents at end of period	298	162	-135
Free cash flow (1 + 2)	150	-70	-220



Depreciation/amortization, capital expenditures

(hundred millions of yen)

	FYE March 2021		FYE March 2022		Full-year target
	H1	Full year	H1	Full year	
Depreciation/amortization	47	99	51	105	103
Capital expenditures	52	124	85	166	183

Dividend Benchmarks

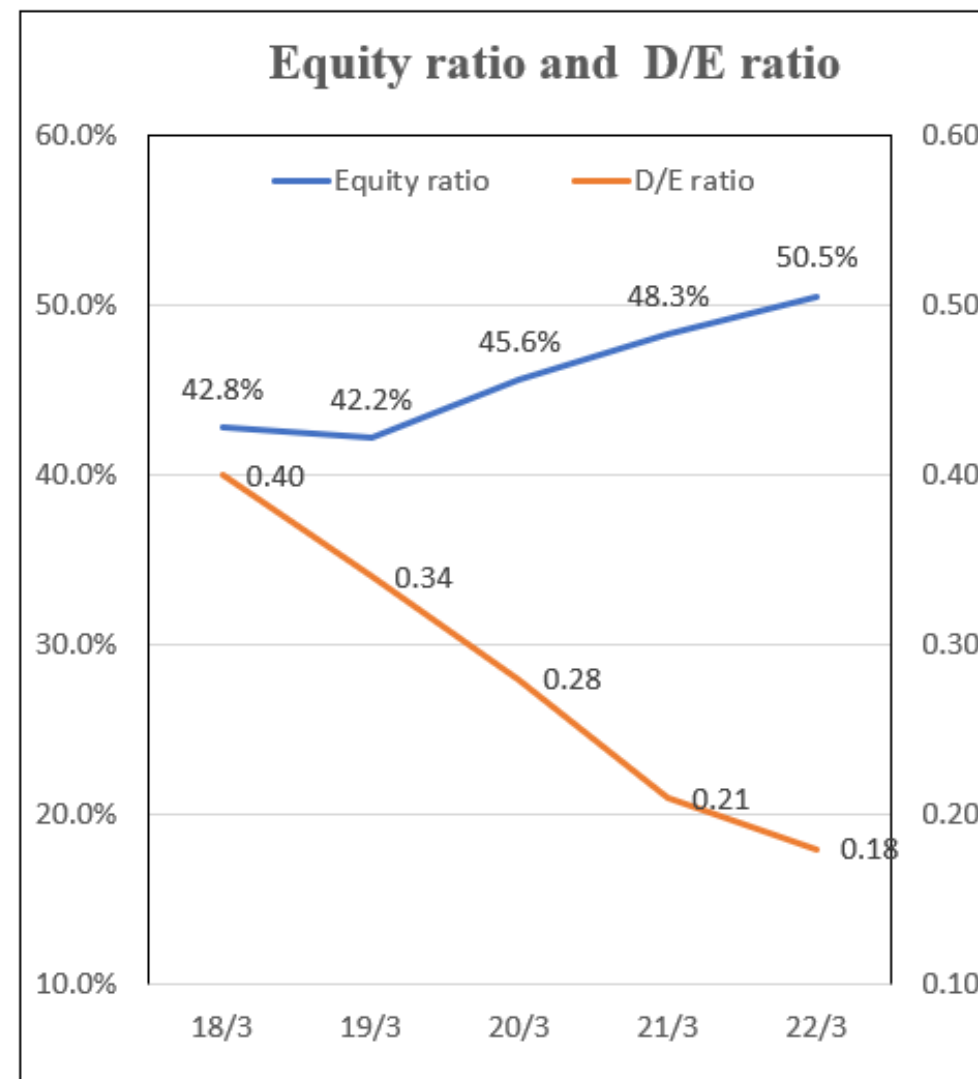
Dividend Benchmarks

Payout ratio: 30% or higher

Equity ratio: 40% or higher

ROE: 10% or higher

	(100 million yen %)		
	FYE Mar '21	FYE Mar '22	FYE Mar '23
	year-end	year-end	year-end
Payout ratio	34.2	30.2	33.6
Equity ratio	45.6	48.3	50.5
ROE	10.0	14.6	9.0
Equity	906	1,036	1,119
Interest-bearing liabilities	250	222	206
D/E ratio	0.28	0.21	0.18



Medium-term Business Plan (FY2022-FY2024)

Management Policy

【Mission】 **Contribute to food culture and society through great taste and excitement**

【Management Policy】

Aiming to stay in our customers' hearts and minds, we will hone our marketing, development, and merchandising expertise to increase and strengthen sales and profits while promoting ESG management.

1. Implement ESG strategy and make business foundation more sustainable

Define and address material issues

Use rigorous quality assurance system to ensure that products are safe and reliable

Provide excellent training and job satisfaction to transform workplace culture

Strengthen corporate management over the group

2. Further expand the territory of the two existing major business segments and further strengthen their revenue bases

Develop and implement strategies to grow existing businesses

Offer customer-first products and entrench them in the market

3. Create business and develop globally in order to capture growing markets

Business development in Japan and abroad based on collaboration with ITOCHU Corporation

Build a new business model

Develop and Introduce innovative production technology

☆ROE > 10%, ROA > 5%, payout ratio > 30%

Consolidated income targets

(Unit: hundred millions of yen)




	Results for FYE March 2022	Forecast for FYE March 2023	Forecast for FYE March 2024	Forecast for FYE March 2025
Consolidated net sales	4,196	4,410	4,533	4,686
Previous medium-term business plan	4,377	4,527	4,689	
Operating income	130	161	177	178
Previous medium-term business plan	166	187	190	
Ordinary income	149	166	181	181
Previous medium-term business plan	168	190	192	
Net income	97	106	112	116
Previous medium-term business plan	105	117	123	
Note) Net income = Net income attributable to owners of parent company				
Capital expenditures	166	281	256	187
Previous medium-term business plan	183	296	246	
Depreciation and amortization	105	110	122	141
Previous medium-term business plan	103	112	122	
ROE	9.0%	9.4%	9.3%	9.0%
Previous medium-term business plan	10.1%	10.3%	10.0%	
ROA	4.5%	4.7%	4.7%	4.6%
Previous medium-term business plan	4.9%	5.3%	5.3%	
ROIC	7.8%	8.5%	8.7%	8.3%
Previous medium-term business plan	9.7%	10.4%	9.9%	
WACC			4.3%	
Previous medium-term business plan			4.2%	
EBITA	234	271	299	319
Previous medium-term business plan	269	299	312	

Strategic priorities for the Processed Foods segment

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Business conditions, issues	<ul style="list-style-type: none"> ● Production costs have soared (with the weak yen, soaring oil prices, high costs for raw materials and energy) ● We are still negotiating price increases with key vendors following price changes in February 2022 ● Industrial trends are set to change: Demand for dining and leisure services will recover with the transition to a post-Covid landscape (gradual easing of restrictions, demand for economic reopening balanced with public health)
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	Actions	
Marketing campaigns	<ul style="list-style-type: none"> • Strengthen marketing for mainstay products (over 30) to maintain market share • Use 20th anniversary of Koukun to boost brand awareness and win more loyal fans 2-in-1 pack, ziplock pack • Organize marketing campaigns and events Invitations to Disney events, Takarazuka events, Small Worlds Tokyo • Reach out to broader audience on social media (Twitter, Line and apps) • Foods for commercial use: Recover market share and strengthen assault • Gift items, processed foods, online store: Rebuild, launch new initiatives 	 
Price changes	<ul style="list-style-type: none"> • Price changes: Negotiate price increases with key vendors Price changes for national brands, private brands, foods for commercial use • Weak yen, high oil prices, further cost increases: Prepare for future countermeasures 	
Production	<ul style="list-style-type: none"> • Ensure health and safety in production sites • Make production more competitive Ham/sausage, processed foods: Further improve man-hours productivity Increase production capacity in tandem with market share to ensure stable supply Introduce new tech (e.g. AI-driven inspections) Build plant in Kagoshima: To be completed in December, the plant will be climate-friendly (with less CO2 emissions) 	<p><Eco packaging></p> 
Global development	<ul style="list-style-type: none"> • Overseas businesses: Acquire ham/sausage production and sales companies in Singapore 	
Vendor subsidiaries	<ul style="list-style-type: none"> • Expand sales and production volume with 12 plants operating across Japan • Develop products (or revamp existing ones) to reflect emerging lifestyles and shopping behavior and higher costs 	

Processed Foods Business

Operating income plan (FY2022)

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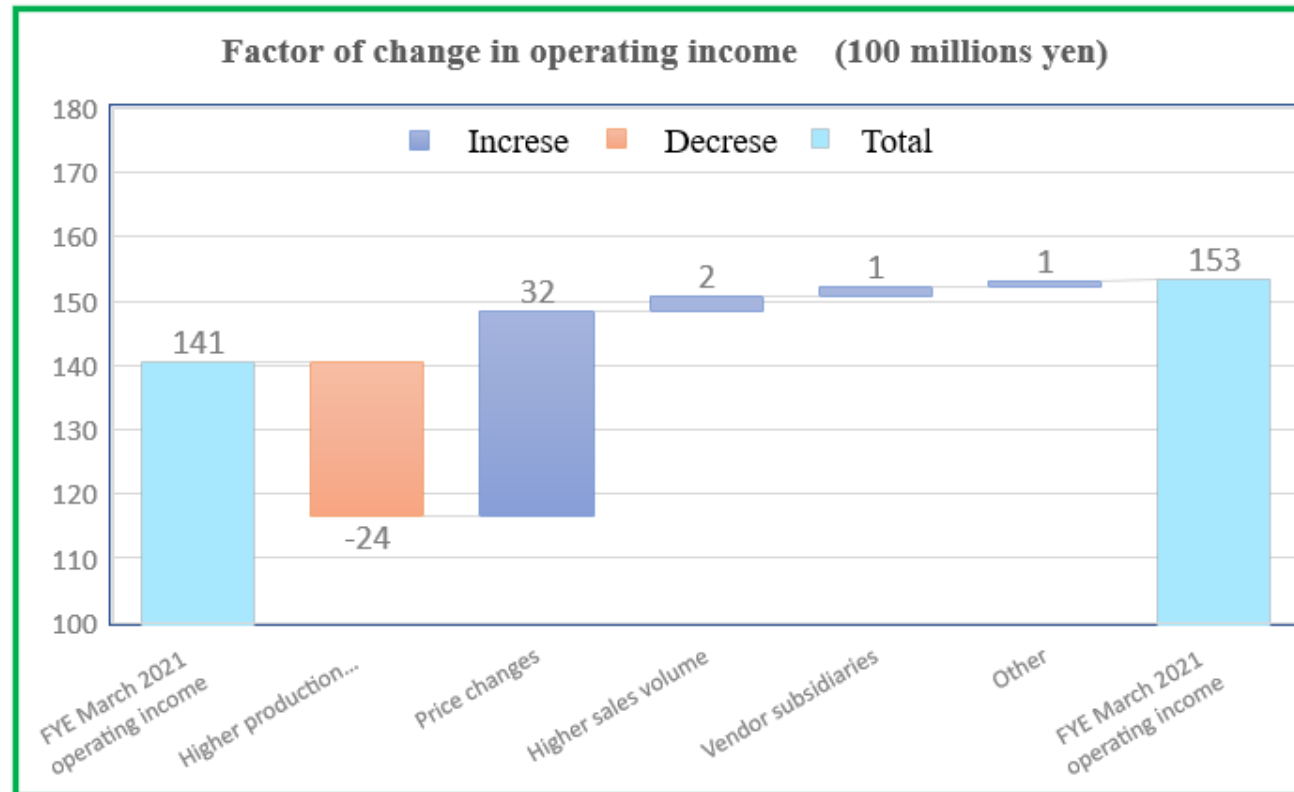
【Processed Foods Business】

	FYE2020	FYE2021
Net sales	2,798	2,856
Operating income	177	141

(100 millions yen)

FYE2022	YOY(%)
	YOY
3,126	109
153	13

FYE2022	
H1	H2
1,561	1,566
79	75



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Factor	Amount
FYE March 2021 operating income	141
Higher production costs	-24
Price changes	32
Higher sales volume	2
Vendor subsidiaries	1
Other	1
FYE March 2021 operating income	153

《Vendor plan》

(100 millions yen %)

	FYE2021	FYE2022	YOY(%)
Net sales	1,021	1,060	104
Operating income	21.5	22.8	1.4

Strategic priorities for the Fresh Meat segment

Great taste, great connections



Business conditions, issues	<ul style="list-style-type: none"> ● The outlook for the meat industry remains tough (overseas meat prices remain high, delays in container shipping persist, the yen remains weak) ● High grain prices have pushed up feed prices, leading to heavier production costs in Japan ● Demand for dining and leisure services is recovering and should fuel demand for commercial-use foods
-----------------------------	--

Sales, procurement	<ul style="list-style-type: none"> • To adapt to market price trends, negotiate price changes more effectively • Re-emphasize importance of final profit among employees, differentiate management between products and suppliers • Engage with new key clients • Strengthen efforts in food service and leisure industries, where recovery is expected
Production/hog farming	<ul style="list-style-type: none"> • Continue strengthening our group's hog farms Improve coordination between production and sales teams • Improve productivity Boost shipments from our hog farms and improve their quality and indicators • Controlling feed cost increases (associated with high grain prices): Overhaul feed blends for better efficiency • Miyagi: Proceed with farm enlargement plan • Improve animal welfare
Products	<ul style="list-style-type: none"> • Further strengthen original brands • Develop overseas businesses in collaboration with Itochu Corporation
New initiatives, new business sectors	<ul style="list-style-type: none"> • Online store: Work with The Meat Guy (an online store offering fresh meats) • Local packing: Introduce initiative to Nishi-Nippon Best Packers Co., Ltd. • Start fourth line of fresh meat (lamb, mutton); add overseas suppliers (frozen foods, countermeasures for container freight delays)

Fresh Meat business

Operating income plan (FY2022)

Great taste, great connections



【Fresh Meat Business】

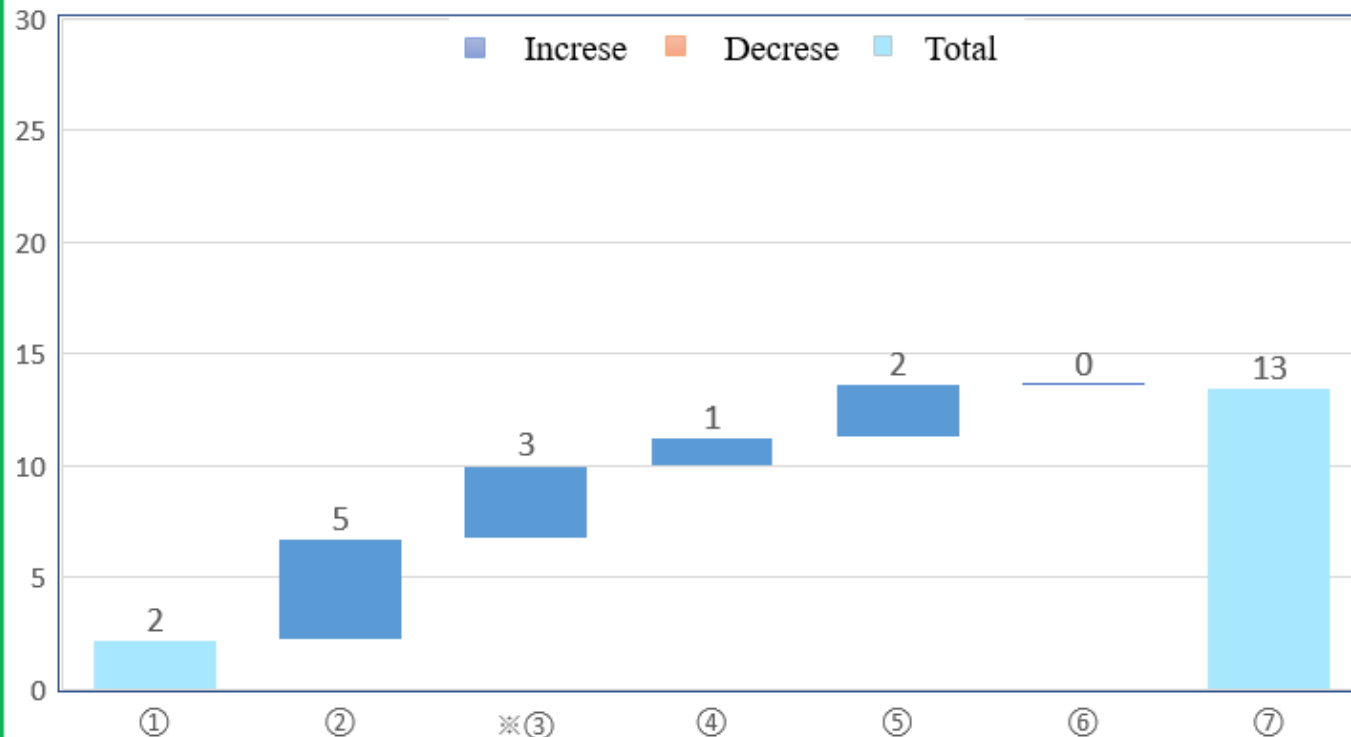
(hundred millions of yen)

	FYE 2020	FYE 2021
Net sales	1,378	1,335
Operating income	36	2

FYE 2022	YOY(%)
1,278	96
13	11

FYE 2022	
H1	H2
636	642
9	5

Factor of change in operating income (100 millions yen)

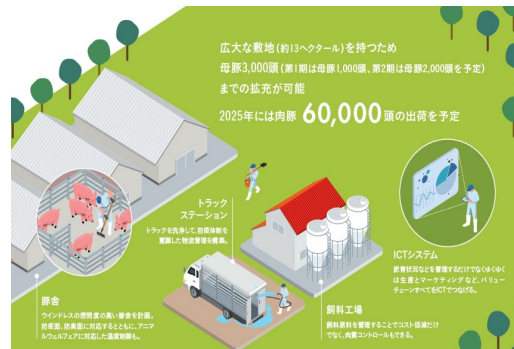


Hundred millions of yen

Factor	Amount
① FYE March 2021 operating income	2
② Improvement in gross profit	5
※③ Improvement in drip loss and animal feed	3
④ Hog farming business	1
⑤ Sales companies	2
⑥ Other	0
⑦ FYE March 2021 operating income	13

*Drip loss: Based on current fresh meat sales
Animal feed: Based on current grain price trends

Actions(new Miyagi farm, new Kagoshima plant)



Two-site method (farrowing facilities separated from fattening farms)



Measures to reduce CO2 emissions:

- Heating system fueled by LNG
- Cooling system that uses natural refrigerant (no CFCs/ HCFCs)
- Solar panels

Solar system (Ibaraki plant)



New Initiatives: Online Store, Overseas Businesses

Great taste, great connections

PRIMAHAM



In Dec 2021, we acquired TMG International, which operates The Meat Guy, an online store offering fresh meats (on a direct-to-consumer basis)



Singapore:
In Aug 2021, we fully integrated Rudi's Fine Food Pte Ltd, a purveyor of pork products. This year, we started assigning employees to the company.



Sustainability Strategy

General sustainability strategy: Pursue sustainable corporate development to create a positive impact in society

- September 2020: Material issues defined
- April 2021: Vision updated
- October 2021: General sustainability strategy established
Sustainability Committee established
Sustainability webpage launched

Six subcommittees formulate plans to address the ten material issues

◇ Subcommittees:

- Environment • Talent • Governance
- Compliance • Procurement • Quality, product

development



Referential Materials

Changes in Consolidated Income

Great taste, great connections



[Consolidated statements of income]

		FYE March 2020			FYE March 2021			Previous (retroactively adjusted)	(hundred millions of yen)		
Segment		H1	H2	Full year	H1	H2	Full year		H1	H2	Full year
Net sales	Processed Foods Business	1,396	1,462	2,858	1,441	1,492	2,933	2,798	1,422	1,434	2,856
	Fresh Meats Business	665	652	1,317	679	718	1,397	1,378	673	663	1,335
	Other business	3	3	5	2	3	5	5	2	2	5
	Total	2,064	2,117	4,181	2,122	2,213	4,336	4,181	2,097	2,099	4,196
Cost of Sales		1,738	1,775	3,513	1,760	1,842	3,602	3,602	1,827	1,853	3,680
Gross Profit		326	342	668	362	372	734	580	270	246	516
Selling, general and administrative expenses		251	261	511	251	268	519	365	190	196	387
Operating income		75	81	156	111	103	215	215	80	50	130
Non-operating loss		4	▲ 1	3	3	6	9	9	9	11	19
Ordinary income		79	80	160	115	110	224	224	89	60	149
Extraordinary income		23	▲ 29	▲ 6	▲ 3	▲ 2	▲ 5	▲ 5	1	1	2
Income before income taxes		102	51	153	111	108	219	219	89	62	151
Net income		57	31	88	70	72	142	142	53	44	97

(Reference) Net sales by product category

		FYE March 2020			FYE March 2021			Previous (retroactively adjusted)	(hundred millions of yen)		
Product category		H1	H2	Full year	H1	H2	Full year		H1	H2	Full year
Net sales	Ham/sausage	449	453	902	505	520	1,025	974	497	482	979
	Processed foods (etc.)	855	904	1,759	847	909	1,756	1,662	839	846	1,686
	Fresh meats	757	757	1,514	767	783	1,550	1,505	747	755	1,502
	Other	3	3	5	2	3	5	40	13	15	28
	Total	2,064	2,117	4,181	2,122	2,213	4,336	4,181	2,097	2,099	4,196

Changes in Consolidated Balance Sheets

[Consolidated Balance Sheets]

(hundred millions yen)

	FYE March 2020		FYE March 2021		FYE March 2022	
	End of first half	End of year	End of first half	End of year	End of first half	End of year
Current assets	855	873	934	987	961	958
Noncurrent assets	1,148	1,112	1,129	1,158	1,213	1,259
Gross assets	2,004	1,985	2,063	2,145	2,173	2,217

Current liabilities	687	682	710	720	744	717
Noncurrent liabilities	324	302	288	278	260	275
Total liabilities	1,011	984	998	998	1,004	992
Shareholders' equity	839	860	910	972	992	1,028
Accumulated other	57	46	51	65	60	91
Minority interests	96	96	104	111	118	107
Total net assets	993	1,001	1,064	1,148	1,170	1,226
Total liabilities and net assets	2,004	1,985	2,063	2,145	2,173	2,217

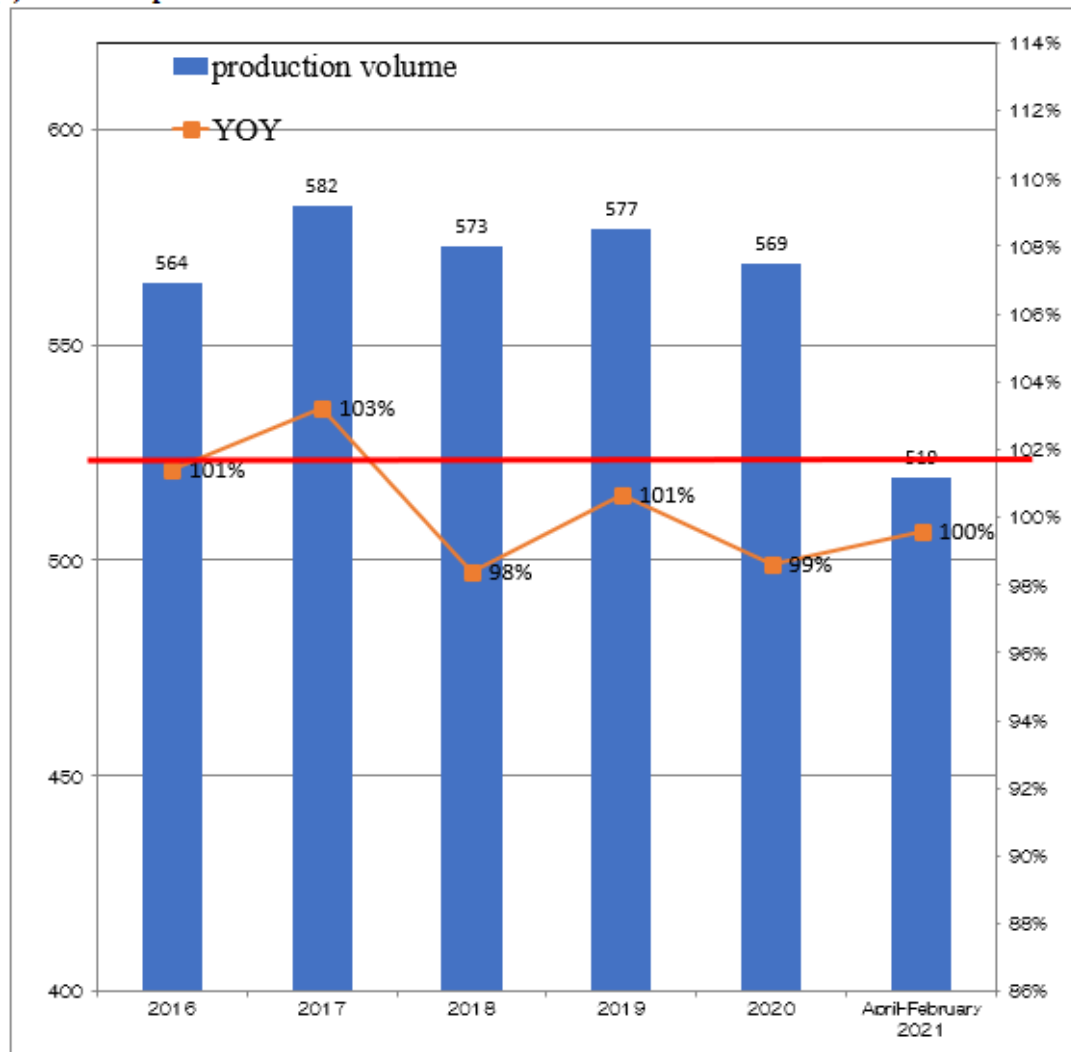
Equity	896	906	960	1,036	1,051	1,119
Equity ratio(%)	44.7	45.6	46.6	48.3	48.4	50.5

Data on Industry Trends (Production Volume ham and sausages)

Great taste, great connections



(1) Industrial production volume



Breakdown of industry production

	FYE March 2018		FYE March 2019		FYE March 2020		April-February 2021	
	Volume	YOY(%)	Volume	YOY(%)	Volume	YOY(%)	Volume	YOY(%)
Ham group	111,717	101.6	113,514	101.6	111,494	98.2	104,427	98.5
Pork loin ham	76,953	101.8	78,377	101.8	78,236	99.8	71,138	98.6
Lachs ham	8,592	100.9	8,671	100.9	9,127	105.3	8,727	103.6
Bacon group	96,962	100.4	97,302	100.4	97,991	100.7	89,227	99.8
Sausage group	316,966	101.0	320,211	101.0	317,069	99.0	290,016	100.0
Wiener	237,415	101.6	241,188	101.6	242,350	100.5	215,858	97.4
Frankfurt	35,775	96.7	34,606	96.7	30,255	87.4	32,421	117.6
Bologna	17,657	93.7	16,540	93.7	17,314	104.7	16,748	105.4
Dry	7,028	101.5	7,136	101.5	6,823	95.6	6,094	97.8
Grilled pork	22,100	98.1	21,688	98.1	21,687	100.0	20,413	101.8
Press	10,942	110.6	12,104	110.6	10,091	83.4	8,512	92.4
Total	573,058	100.7	576,912	100.7	568,857	98.6	519,096	99.6

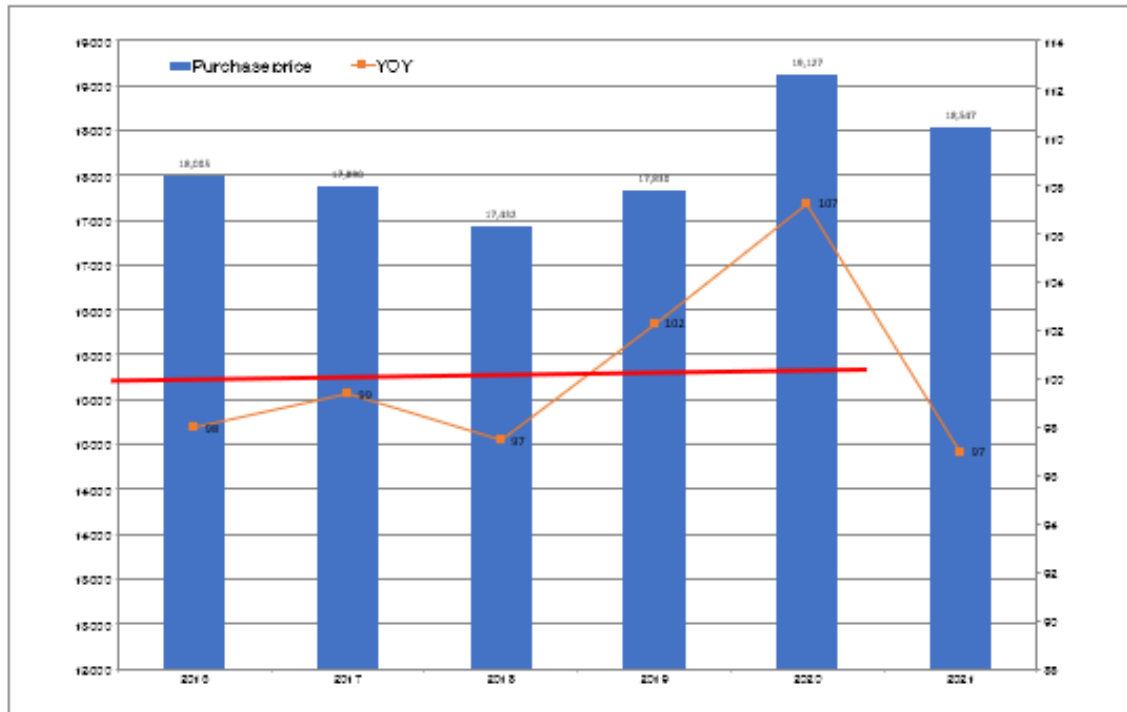
(Memo) Information from JAPAN HAM&SAUSAGE PROCESSORS COOPERATIVE ASSOCIATION

Data on Industry Trends :Household survey

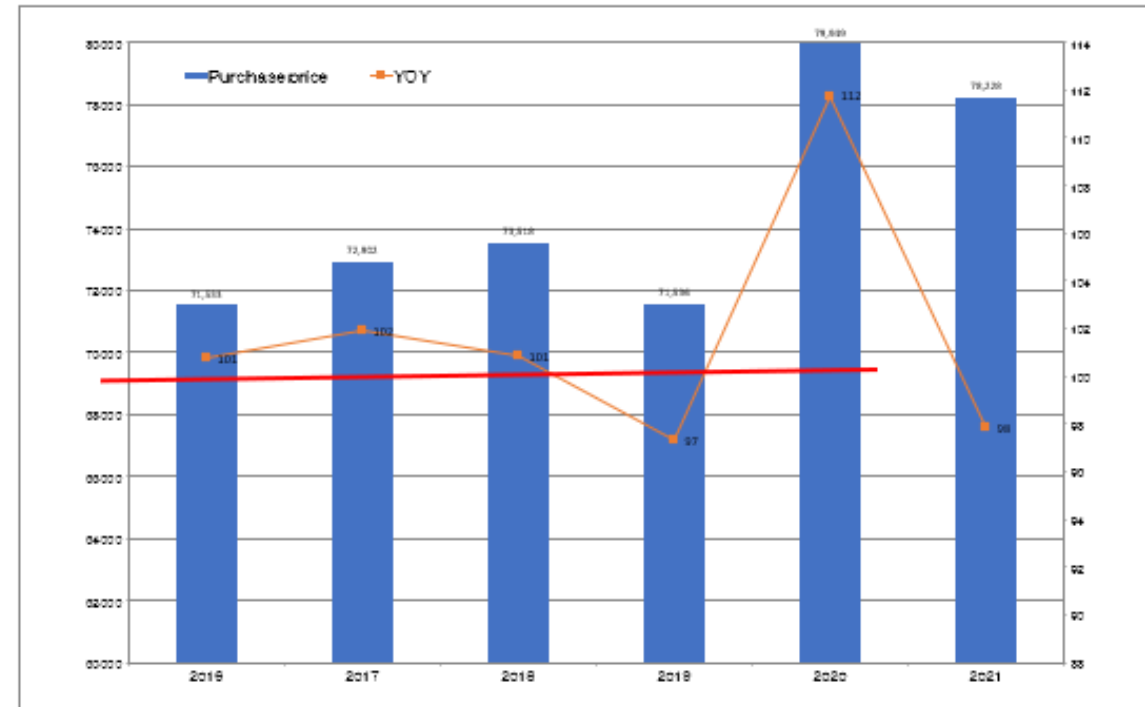
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(1)Household survey: Annual household spending on ham/sausage products (# yen)



(2)Household survey: Annual household spending on fresh meat and seafood (# yen)



Household survey: Ham/bacon/sausage breakdown

(yen %)

	January-December 2018		January-December 2019		January-December 2020		January-September 2021		January-March 2022	
	Purchase price	YOY	Purchase price	YOY	Purchase price	YOY	Purchase price	YOY	Purchase price	YOY
Ham	4,979	93.4	5,092	102.3	5,155	101.2	3,534	99.2	921	93.5
Bacon	7,343	98.8	7,359	100.2	7,904	107.4	5,651	96.7	1,820	99.3
Sausage	2,575	99.0	2,582	100.3	2,890	111.9	2,050	95.8	634	93.1
Other processed meats	2,532	100.2	2,796	110.4	3,173	113.5	3,152	99.3	711	100.0
Processed meats total	17,432	97.4	17,830	102.3	19,127	107.3	18,547	97.0	4,088	97.1
Foods total	952,172	100.6	965,535	101.4	962,375	99.7	952,812	99.0	227,611	100.8

Household survey: Beef/pork/poultry breakdown

	January-December 2018		January-December 2019		January-December 2020		January-September 2021		January-March 2022	
	Purchase price	YOY	Purchase price	YOY	Purchase price	YOY	Purchase price	YOY	Purchase price	YOY
Beef	21,871	99.6	21,178	96.8	23,677	111.8	23,210	98.0	5,091	93.7
Pork	30,591	101.9	29,637	96.9	32,861	110.9	31,892	97.1	8,067	100.2
Poultry	15,877	100.4	15,587	98.2	17,281	110.9	16,916	97.9	4,293	101.4
Ground beef and pork	2,566	99.3	2,612	101.8	3,080	117.9	2,958	96.0	718	98.2
Other fresh meats	2,610	103.9	2,520	96.6	3,048	121.0	3,253	106.7	748	100.4
Fresh meat	73,518	100.8	71,536	97.3	79,949	111.8	78,228	97.8	18,916	98.5

Trends by retail category

Great taste, great connections



		Hundred millions of yen											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Supermarkets	2020	10,044	9,376	10,339	10,162	10,834	10,860	10,807	11,202	10,151	10,487	10,558	12,778
	2021	10,648	9,577	10,906	10,816	11,201	11,095	11,363	11,255	10,510	10,884	10,868	13,010
	2022	11,091	10,172	11,123									
	Source: Japan Chain Stores Association	% of same month of prev year	104	106	102								
Convenience stores	2020	8,857	8,491	8,775	8,170	8,497	8,793	9,079	9,479	9,060	9,142	8,886	9,379
	2021	8,510	7,965	8,983	8,822	8,924	8,923	9,616	9,344	9,140	9,101	8,775	9,715
	2022	8,739	7,993	9,127									
	Japan Franchise Association	% of same month of prev year	103	100	102								
Department stores	2020	4,704	3,661	3,404	1,209	1,515	3,829	3,913	3,231	3,340	3,754	4,179	5,465
	2021	3,265	3,233	4,077	3,179	2,465	3,716	4,020	2,783	3,188	3,848	4,497	5,921
	2022	3,751	3,172	4,260									
	Japan Department Stores Association	% of same month of prev year	115	98	104								
Drugstores	2020	5,683	6,064	6,097	6,180	6,070	6,124	6,203	6,416	5,847	5,817	5,848	6,498
	2021	5,859	5,551	5,947	6,010	6,182	6,175	6,339	6,442	6,033	6,088	5,916	6,587
	2022	6,175	5,802										
	METI Monthly Report on the Current Survey of Commerce	% of same month of prev year	105	105									

		Hundred millions of yen			
		2018	2019	2020	2021
Supermarkets		129,883	124,325	127,597	132,134
		101	96	103	104
Convenience stores		109,646	111,607	106,608	107,816
		102	102	96	101
Department stores		58,870	57,547	42,204	44,183
		99	98	73	105
Drugstores		64,667	70,096	72,342	73,129
		105	108	103	101

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Away-from-home dining	2020	101.9	104.8	82.7	60.4	67.8	78.1	85.0	84.0	86.0	94.3	92.2	84.5	
	Monthly figures only show % of same month of prev year	2021	79.0	77.7	97.1	136.7	119.8	100.1	102.1	91.4	91.8	99.5	99.8	109.5
	Japan Food Services Association	2022	112.2	104.8	105.9									

		Hundred millions of yen			
		2018	2019	2020	2021
Away-from-home dining		257,692	262,684	182,005	
		100	102	69	

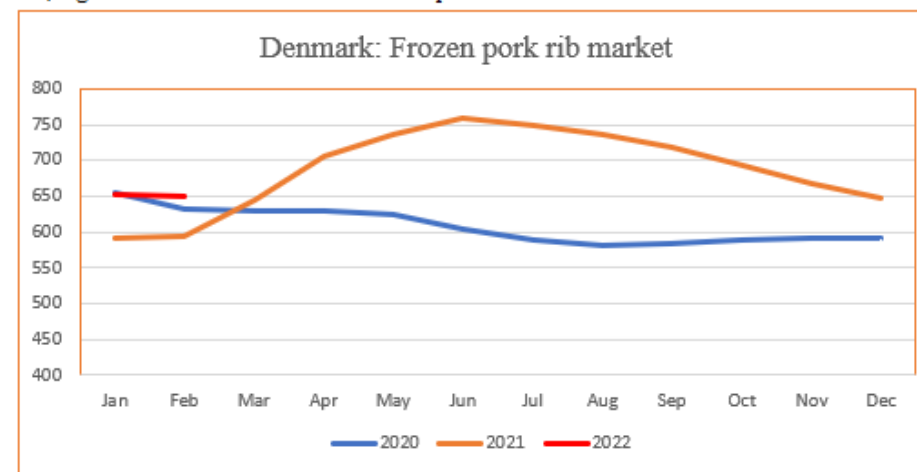
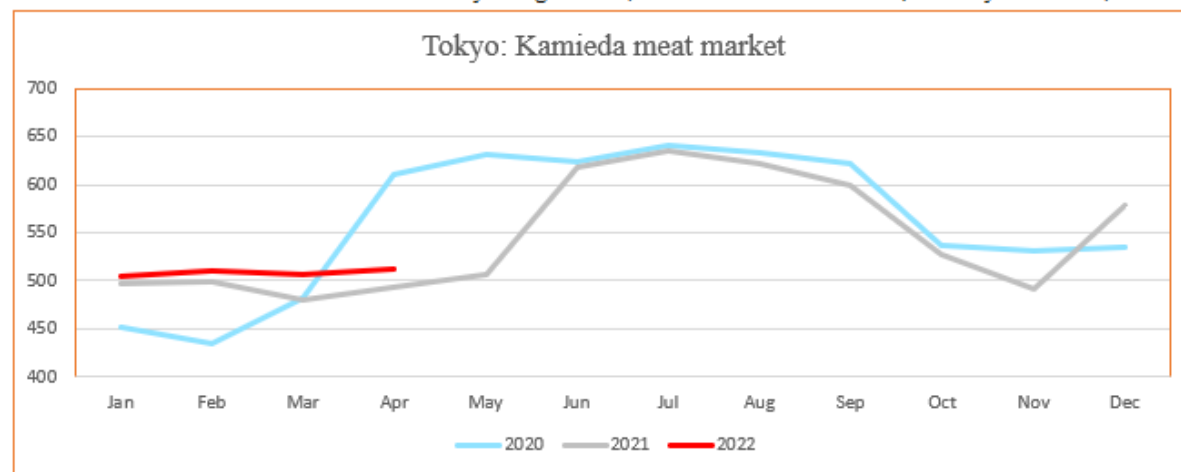
Data on Industry Trends (Pork)



Trends in pork demand

			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Production volume		2020	80,864	73,425	79,535	80,239	71,318	72,535	73,967	68,179	71,876	80,156	79,406	82,555	916,671
		2021	78,800	73,648	83,976	80,131	72,872	73,971	71,419	71,268	75,182	76,972	82,305	82,143	922,666
		2022	79,561	73,703	83,139										
		% of same month of prev year	101	100	99										
Volume of imports		2020	72,280	66,987	67,628	101,568	79,864	79,522	75,011	68,431	65,416	72,415	70,497	71,474	883,985
		2021	66,620	64,209	68,957	98,642	71,194	75,228	74,607	78,140	74,211	77,876	78,461	74,466	928,994
		2022	92,518	71,813	71,838										
		% of same month of prev year	124	112	104										
Estimated closing inventory	Imports	2020	187,738	185,042	185,075	200,821	214,884	211,865	204,074	200,507	193,386	184,855	175,578	167,897	
		2021	160,131	161,399	157,880	159,043	159,623	162,439	160,643	165,573	165,491	161,448	154,751	145,676	
		2022	154,046	156,035	156,094										
		% of same month of prev year	96	97	99										
	Domestic	2020	21,474	23,077	25,062	23,124	20,858	23,208	21,378	20,340	19,685	19,333	19,411	20,414	
		2021	24,433	22,875	24,104	25,593	25,852	25,290	23,926	22,888	21,928	21,359	21,604	22,912	
		2022	23,226	23,161	24,001										
		% of same month of prev year	104	101	100										

Sources: Ministry of Agriculture, Meat distribution statistics; Ministry of Finance, Trade statistics; Agriculture & Livestock Industries Corporation

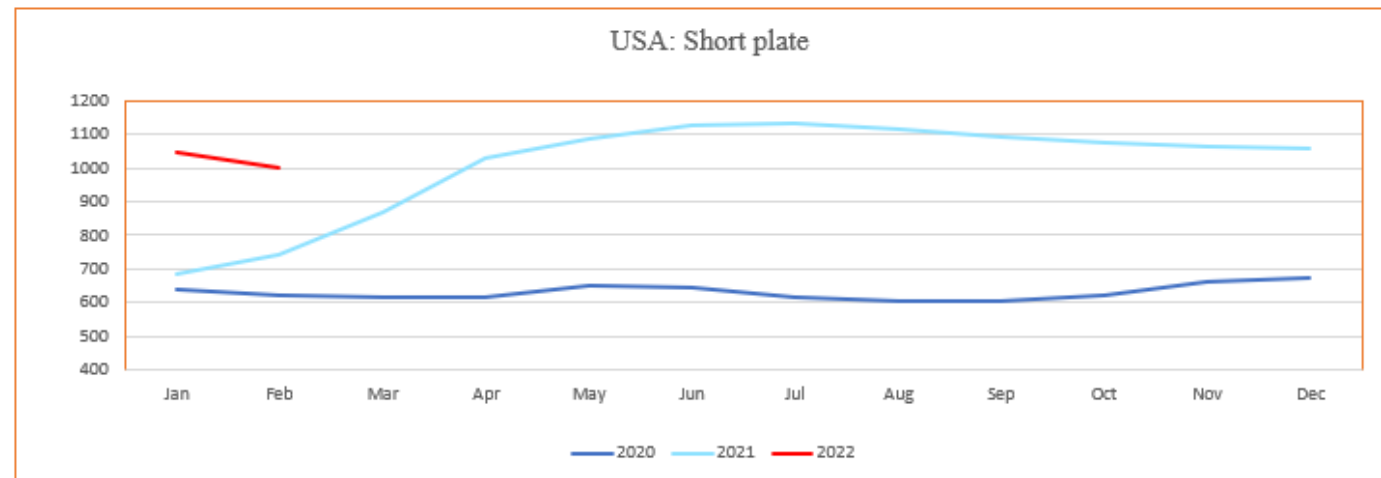


Data on Industry Trends (Beef)

Trends in beef demand

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Production volume	2020	25,803	24,758	25,572	27,096	25,244	27,825	30,660	25,688	27,110	29,433	33,750	31,285	335,556
	2021	24,878	24,445	28,145	29,036	25,458	26,733	29,501	25,549	26,717	28,581	34,186	31,355	336,115
	2022	25,761	24,696	28,541										
	% of same month of prev year	104	101	101										
Volume of imports	2020	47,410	41,826	47,577	69,035	50,040	50,709	52,640	47,207	44,258	50,951	49,409	49,249	590,992
	2021	44,005	37,287	46,198	55,296	49,633	52,219	52,005	53,761	50,566	55,203	42,651	45,695	569,107
	2022	40,397	37,770	33,911										
	% of same month of prev year	92	101	73										
Estimated closing inventory	Imports	2020	114,897	111,607	116,128	130,495	136,234	136,878	133,770	132,291	125,263	122,325	116,327	112,403
		2021	114,303	112,517	104,931	104,824	110,378	114,528	116,799	121,091	128,479	132,959	126,186	120,374
		2022	121,305	119,414	114,655									
		% of same month of prev year	106	106	109									
	Domestic	2020	10,367	10,267	10,715	11,492	11,536	10,575	10,306	10,214	10,738	10,771	11,285	12,099
		2021	12,022	12,550	12,544	12,798	12,855	13,263	13,590	13,684	14,290	14,608	14,162	13,508
		2022	13,210	14,071	13,170									
		% of same month of prev year	110	112	109									

Sources: Ministry of Agriculture, Meat distribution statistics; Ministry of Finance, Trade statistics; Agriculture & Livestock Industries Corporation



Data on Industry Trends (Chicken)

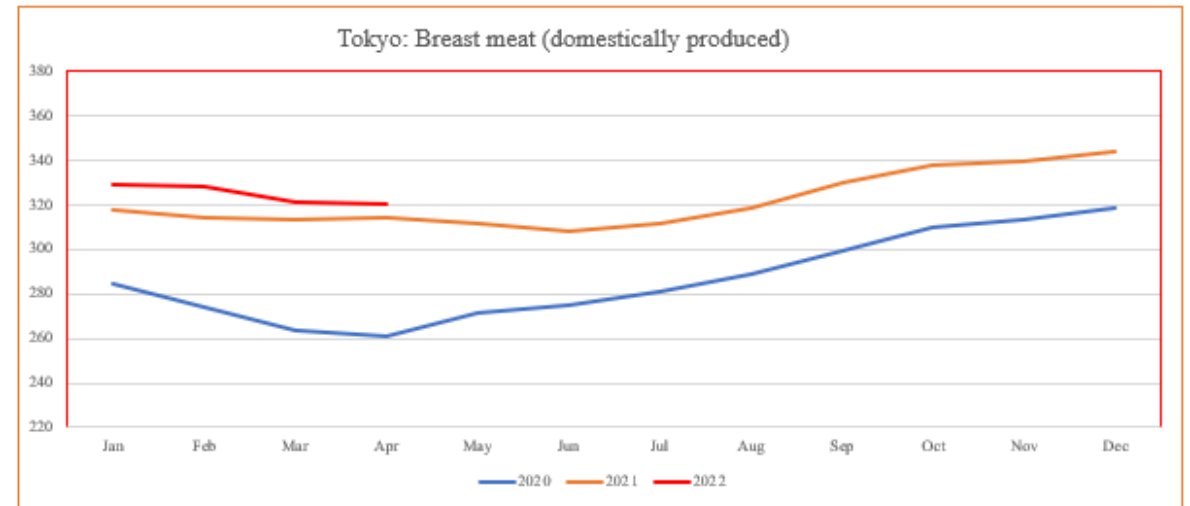
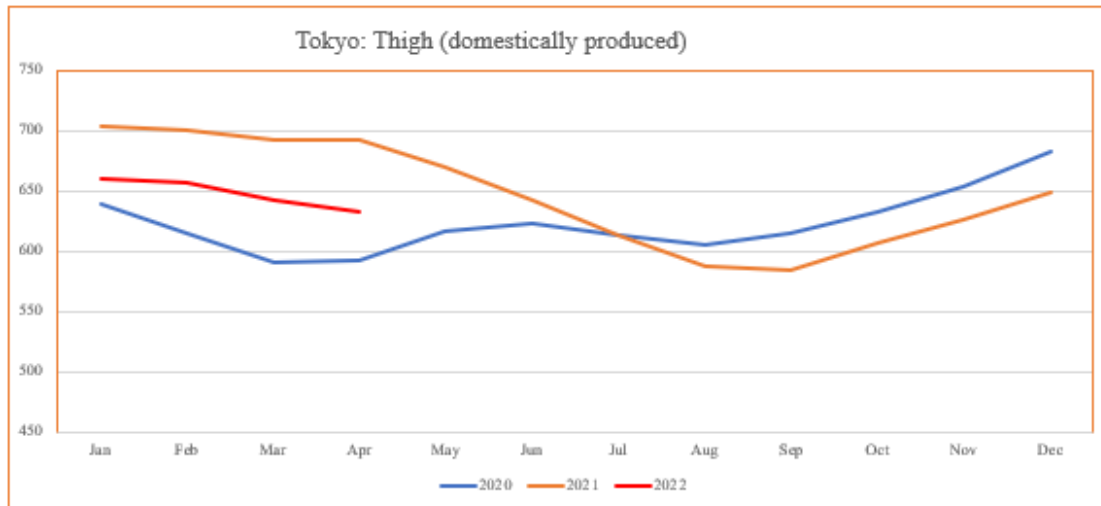
Great taste, great connections



Trends in chicken demand

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	
Production volume	2020	137,411	136,700	138,129	141,312	136,238	138,537	138,339	128,060	132,019	145,631	139,264	152,225	1,648,625	
	2021	132,289	131,134	140,799	139,841	137,646	138,019	137,138	130,939	136,605	145,516	146,726	156,924	1,685,351	
	2022	137,166	135,353	143,478											
	% of same month of prev year	104	103	102											
Volume of imports	2020	41,620	43,919	46,695	46,706	36,119	50,653	51,578	40,313	41,476	47,895	45,309	42,711	552,832	
	2021	48,930	45,514	55,627	50,157	46,229	42,812	44,750	46,934	45,194	51,212	57,772	60,671	594,223	
	2022	53,783	49,572	45,135											
	% of same month of prev year	110	108	81											
Estimated closing inventory	Imports	2020	136,786	137,930	139,326	144,500	148,263	152,234	140,627	139,153	138,438	134,141	131,274	124,252	
		2021	129,519	129,694	135,022	129,756	129,408	121,729	113,731	111,440	107,584	108,208	114,671	114,420	
		2022	123,211	129,272	125,160										
		% of same month of prev year	95	100	93										
	Domestic	2020	29,321	29,780	31,121	27,202	21,105	18,552	29,522	27,979	27,776	26,806	26,426	26,839	
		2021	26,512	27,514	28,780	31,656	32,759	34,119	34,539	34,866	33,773	34,669	33,556	35,481	
		2022	35,092	33,901	32,493										
		% of same month of prev year	132	123	113										

Sources: Ministry of Agriculture, Meat distribution statistics; Ministry of Finance, Trade statistics; Agriculture & Livestock Industries Corporation



■ Corporate data

Head office	Shinagawa Seaside West Tower, 4-12-2 Higashi-Shinagawa, Shinagawa-ku, Tokyo		
Representative	Naoto Chiba, President and Representative Director		
Detail of business	Manufacture and sale of hams and sausages, fresh meats, processed foods, and other products		
Established	July 9, 1948		
Capital	7,908 million yen		
Fiscal year-end	March 31		
Number of employees	1,958 (increased by 37)		
Business sites	(note)	Sales bases	6 branch offices 25 sales offices Production bases 4 plants
Number of group companies	(note)	36 Consolidated subsidiaries 34 Companies accounted for using the equity method 2	
Number of employees across corporate group	15,389 (Decreased by 99)		
Group bases	Production bases	25 plants (in Japan) 4 bases (overseas)	

(Note)

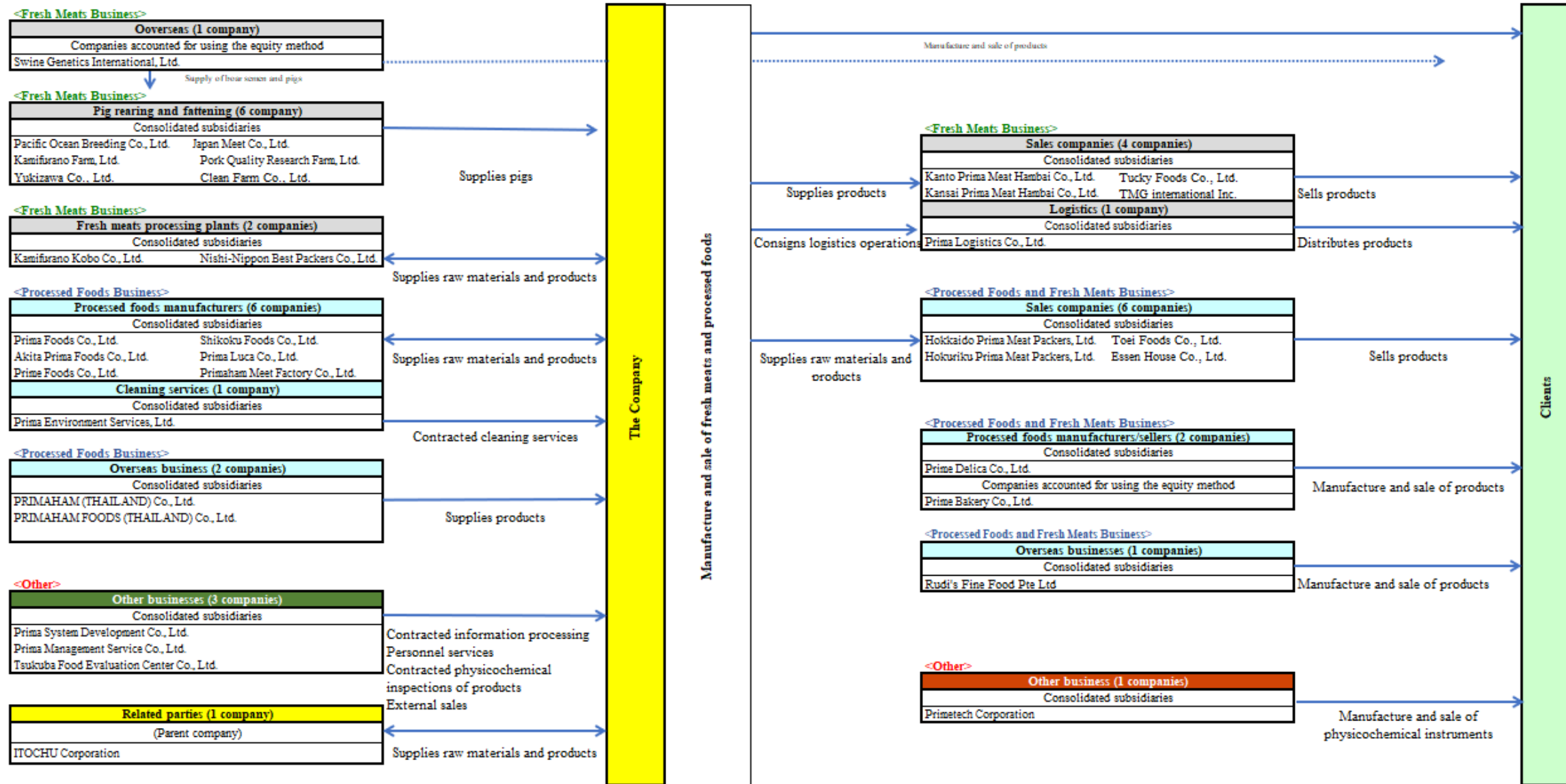
1. Increase/decrease is in comparison to the end of the previous fiscal year (as of March 31, 2021)

■ Company history

September 1931	Takegishi Ham Company founded in Kanazawa
July 1948	Takegishi Livestock Co., Ltd. founded in Takaoka
August 1962	Listed on the first sections of the Tokyo Stock Exchange and Osaka Securities Exchange
May 1965	Name of company changed to Prima Meat Packers, Ltd.
March 1984	Becomes official sponsor of Tokyo Disneyland
April 2004	Mie plant gains ISO14001 certification
March 2005	Becomes official silver sponsor of professional baseball team Tohoku Rakuten Golden Eagles
April 2005	Head office and other production plants gain ISO14001 certification
May 2007	Four plants across Japan (ham/sausage) gain ISO22000 certification
July 2008	Processed foods plants and distribution centers gain ISO22000 certification (total of 26 business centers)
April 2010	Becomes official gold sponsor of professional baseball team Tohoku Rakuten Golden Eagles
September 2011	80th anniversary of company's foundation
June 2016	Ibaraki sausage plant completed, operations commenced
April 2019	Ibaraki ham + bacon plant completed, operations commenced
April 2019	Confrontation of official sponsorship contract with Small Worlds Tokyo

Prima Meat Packers Data

Great taste, great connections



Precautionary Notes

The projected figures used in this document are the results of the company's assessments and predictions based on currently available information, and they are subject to various risks and uncertainties.

Therefore, the actual performance may differ from the projected figures.

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