

Financial Results Briefing for the Year Ended March 31, 2019

Great taste, great connections



May 28, 2019

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II. Medium-term Business Plan (Rolling Plan)
(FY2019-FY2021) **(P.15-21)**

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1-(1).Financial Results for the Year Ended March 31, 2019

[Consolidated statements of income]

(millions of yen)

Item	FYE March 2018		FYE March 2019		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	394,534	100.0%	413,023	100.0%	104.7%
Processed Foods Business	269,380	68.3%	278,714	67.5%	103.5%
Fresh Meats Business	124,663	31.6%	133,820	32.4%	107.3%
Other	491	0.1%	487	0.1%	99.2%
Cost of Sales	333,426	84.5%	350,266	84.8%	105.1%
Gross Profit	61,108	15.5%	62,756	15.2%	102.7%
SG&A expenses	47,978	12.2%	49,588	12.0%	103.4%
Operating income	13,129	3.3%	13,168	3.2%	100.3%
Non-operating income	873	-	1,173	-	-
Non-operating expenses	356	-	512	-	-
Ordinary income	13,646	3.5%	13,829	3.3%	101.3%
Extraordinary income	1,723	-	843	-	-
Extraordinary loss	579	-	729	-	-
Income before income taxes	14,790	3.7%	13,944	3.4%	94.3%
Income taxes	4,449	-	4,440	-	-
Minority interests in income	-72	-	751	-	-
Net income	10,413	2.6%	8,287	2.0%	79.6%

[Key Points]

[Net sales by product category] (millions of yen)

•Ham/sausage	88,183 (YOY: 102%)
•Processed Foods	72,847 (YOY: 102%)
•Vendor products	100,516 (YOY: 106%)
•Fresh Meats	150,990 (YOY: 107%)
•Other	487 (YOY: 99%)

[Cost of sales]

•Ratio of raw materials and inventory	Down 0.8%
•Production expenses ratio	Up 1.1%
Cost of sales ratio	⇒ Up 0.3%

[SG&A expenses]

•SG&A expenses (personnel expenses ratio)	Down 0.1%
•SG&A expenses (expense ratio)	Down 0.1%
SG&A expenses to net sales ratio	⇒ Down 0.2%

Ordinary income to net sales ratio ⇒ Down 0.1%

[Income by business segment]

(millions of yen)

		FYE March 2018		FYE March 2019			Comparison to beginning of medium-term business	Beginning of medium-term business plan
		Results	Net sales ratio	Results	Net sales ratio	YOY		
Net Sales	Processed Foods Business	269,380	-	278,714	-	103.5%	96.6%	288,600
	Fresh Meats Business	124,663	-	133,820	-	107.3%	103.5%	129,300
	Other	491	-	487	-	99.2%	487.0%	100
Operating income	Processed Foods Business	11,687	4.3%	12,200	4.3%	513	▲ 2,100	14,300
	Fresh Meats Business	1,207	1.0%	755	1.0%	-452	▲ 1,145	1,900
	Other	236	48.1%	212	48.1%	▲ 24	12	200

[Non-consolidated Income]

(millions of yen)

	FYE March 2018		FYE March 2019		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	292,799	100.0%	297,033	100.0%	101.4%
Operating income	10,330	3.5%	8,544	3.5%	-1,786
Ordinary income	11,618	4.0%	9,552	4.0%	-2,066
Income before income taxes	13,059	4.5%	10,073	4.5%	-2,986
Net income	9,171	3.1%	7,073	3.1%	-2,098

[Income by group company]

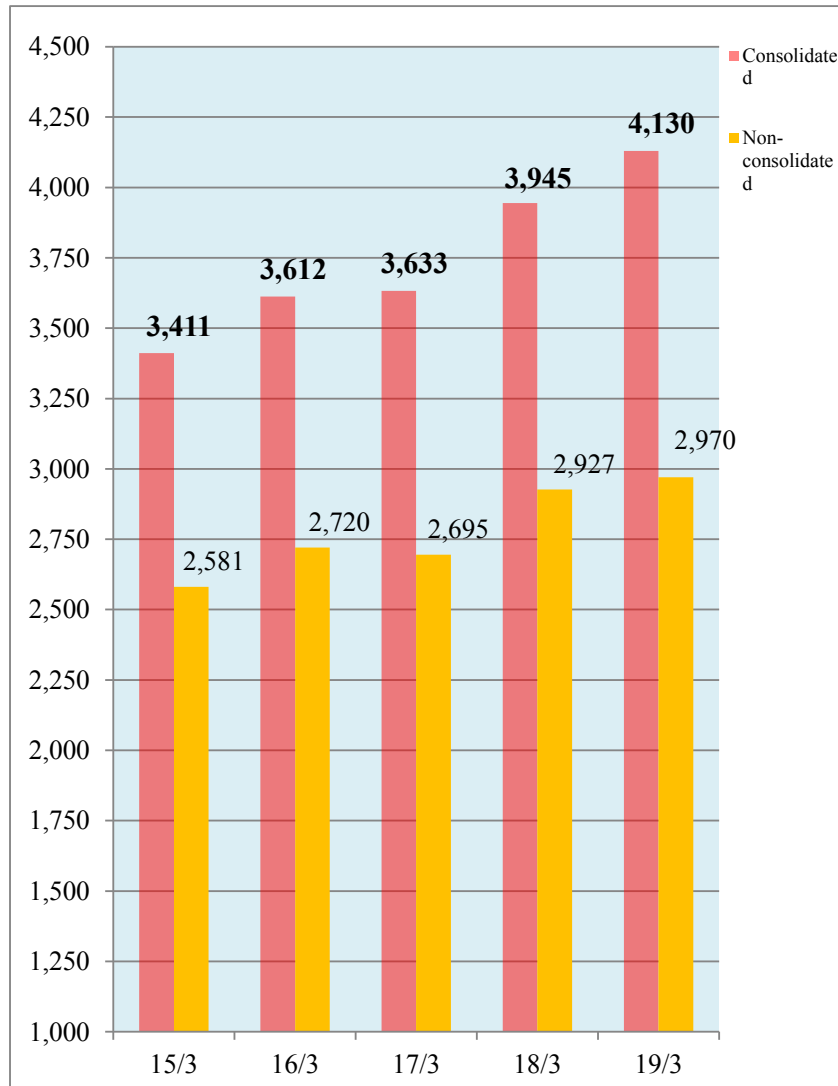
(millions of yen)

		FYE March 2018		FYE March 2019			
		Net sales	Operating income	Net sales	YOY	Operating income	YOY
Prima Meat Packers Ltd.		292,799	10,330	297,033	101.4%	8,544	-1,786
Group Companies	Vendor(s) (1)	90,006	▲ 180	96,393	107.1%	1,165	1,345
	Other (including amendments for consolidation)	11,729	2,979	19,597	167.1%	3,459	480
Consolidated Total		394,534	13,129	413,023	104.7%	13,168	39

2. Changes in Net Sales and Operating Income

Net sales

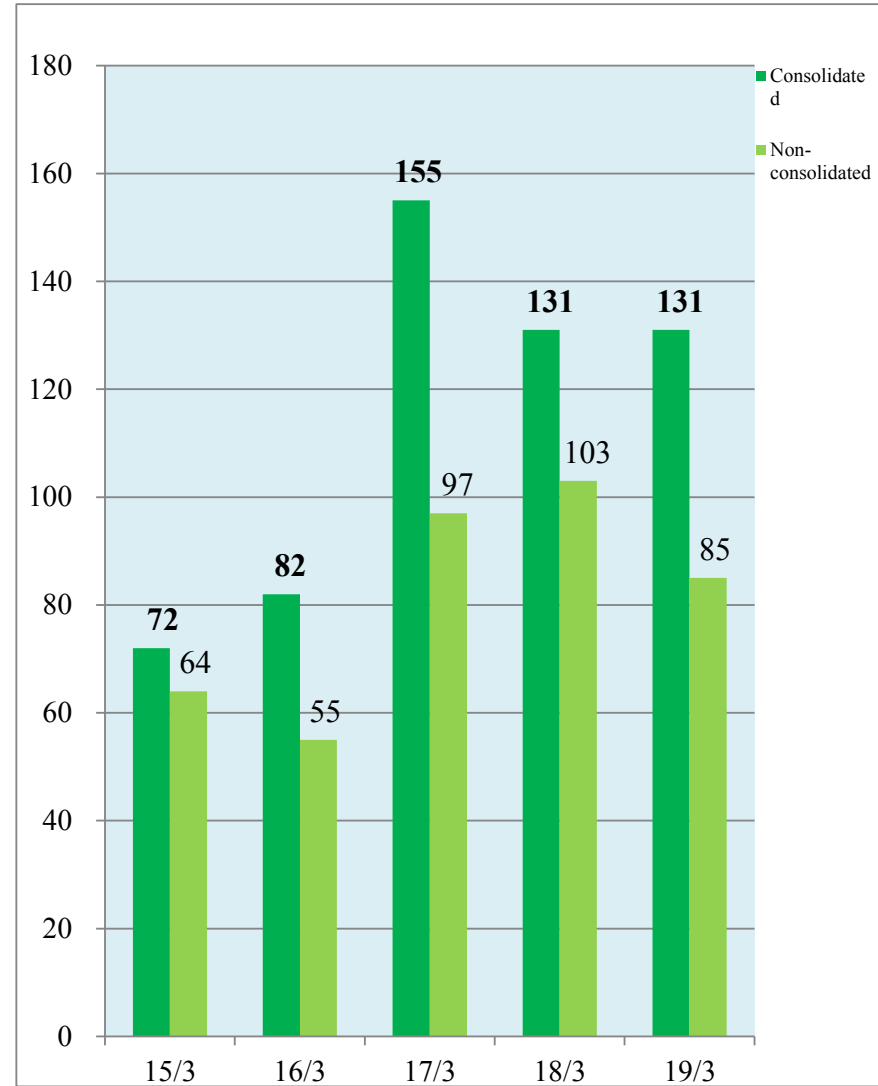
(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen

Operating income

(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen

3-(1). Processed Foods Business in the Year Ended March 2019

Business environment

- Personal consumption→Increase in thriftiness
- Increase in low-price strategies, reflecting consumer environment
- Chronic labor shortage has made it harder to recruitment staff
- Severe secondary market and Intensification of competition among companies
- Seasonal products performed poorly amid unseasonably warm winter



thanks!!

desu

12 million friends gained

Measures

Outcomes

○Concentrate sales efforts on core products

- Core product sales ratio: 74.3%
- Appropriate management of number of product types

○Strengthen development of sales promotion strategy

- New customers, customer base expanded (use of LINE)
- "Special present" promotional campaign
Invitation to Precious Night
- Diamond Horseshoe restaurant, Tokyo Disneyland
Private promotional campaign
- Promotional campaign in collaboration with Yoshimoto Kogyo
- Developed promotional campaign utilizing Legoland® Japan

Sales volume of sausages and ham YOY: 104%
Sales volume of processed foods YOY: 102%

○Promote personnel saving and volume growth

- Man-hour productivity improved in four core plants
- Transfer of production between plants has improved efficiency

YOY Up 5%

○Enhance production base and improve productivity in vendor plants

- 11 plants across Japan achieve growth in production volum and Increase sales
- Operation of Sagamihara vegetable plant

and its production volume has increased 20%

Sales volume YOY: 107%

3. Processed Foods Business in the Year Ended March 2019 (Reference materials)

(1) Ham/sausage

☆Total<Sales volume of sausages and ham YOY>

Breakdown	FYE March 2018	FYE March 2019	Composition ratio
Ham/sausage Sum	112%	104%	100%
Consumer	115%	105%	70%
Commercial	104%	101%	28%
Gift Products	95%	95%	2%

☆Main Products<Sales volume YOY>

Product name	FYE March 2018	FYE March 2019
Koukun Winner	129%	114%
Tokachi Raw ham	111%	104%
Loin ham group	111%	103%
Bacon group	120%	102%



Koukun Winner

☆Improved of Man-hour productivity YOY

FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019
15%	6%	6%	8%	5%

(3) Vendor products<Net Sales YOY>

FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019
103%	106%	105%	106%	107%

(2) Processed Foods

☆Total<Sales volume of Processed Foods YOY>

Breakdown	FYE March 2018	FYE March 2019	Composition ratio
Processed Foods Sum	121%	102%	100%
Consumer	110%	96%	25%
Commercial	135%	1123%	45%
Seasoning raw	120%	96%	30%

☆Main Products<Sales volume YOY>

Product name	FYE March 2018	FYE March 2019
Salada Chicken	149%	96%
Spring roll	99%	92%
Range pot	234%	124%
Raw chicken ball	114%	86%

☆Improved of Man-hour productivity YOY

FYE March 2018	FYE March 2019
6%	1%



Range pot



Salada Chicken



3-(2). Processed Foods Business in the Year Ended March 2019

Income

(millions of yen)

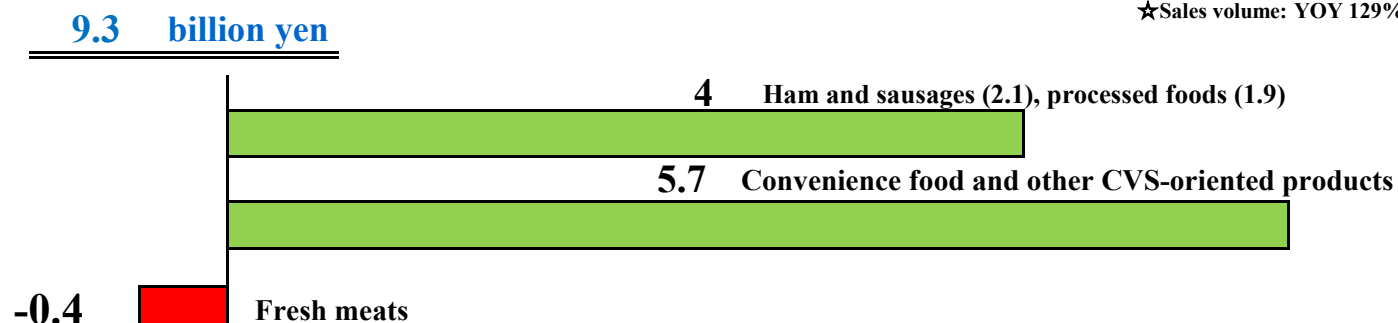
	FYE March 2018	FYE March 2019	YOY	Difference
Net sales	269,380	278,714	103.5%	9,334
Operating income	11,687	12,200	104.4%	513
Ordinary income to net sales ratio	4.3%	4.4%		



★Sales volume: YOY 129%

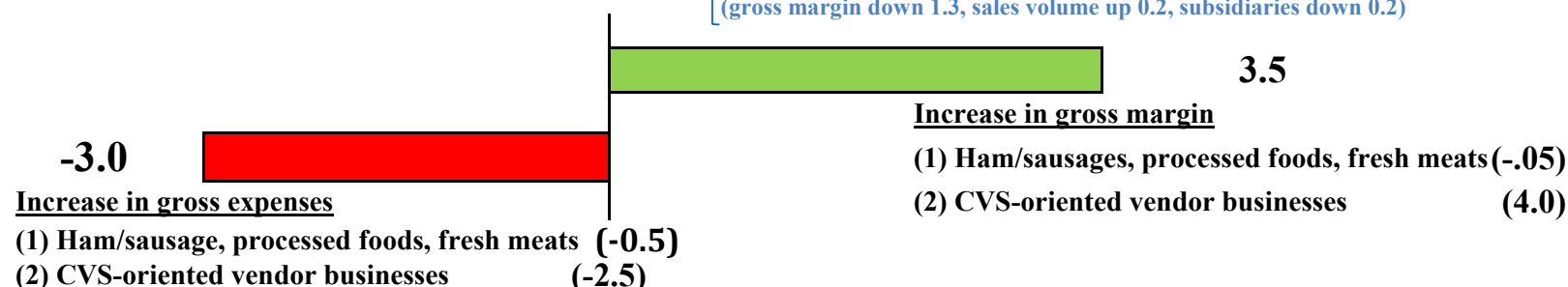
Factors behind earnings figures

★Increase in net sales



★Decrease in operating income

0.5 billion yen



4-(1). Fresh Meats Business in the Year Ended March 2019

Business environment

- Personal consumption→Increase in thriftiness
- Increase in low-price strategies, reflecting consumer environment
- Chronic labor shortage has made it harder to recruitment staff
- Downturn in the domestic pork and chicken poultry market
- Trump's antagonistic trade policies have prompted uncertainty in the global economy
- The TPP11 and Japan-EU EPA will reduce tariffs



HyLife pork®

The Company's imported pork brand

Measures

- Strengthen the Japanese-produced pork integration business (expand production)
- Strengthen sales capacity
 - 1) Reform employees' attitudes toward earnings
 - 2) Pursue selective and concentrated marketing to increase market share and expand revenue base
 - 3) Train sales team, strengthen management skills
- Strengthen merchandise power
 - * Expand sales of original brands

Outcomes

- Gained two limited farm companies as subsidiaries
- Acquired Japan Meat Co., Ltd, and Yukizawa
 - The companies ship 270-420 thousand pigs a year
- Employees feel more responsible for earnings, and have consequently achieved better sales
- Original brands sales volume:
 - Up 65% YOY
- Overseas posts are now better staffed and managed more tightly
- Closer relationship with major suppliers
- After establishing our brand, market share increase
 - Herb Sangenton pork, Thai-produced rice-fed chicken, etc

4-(2). Fresh Meats Business in the Year Ended March 2019

Income

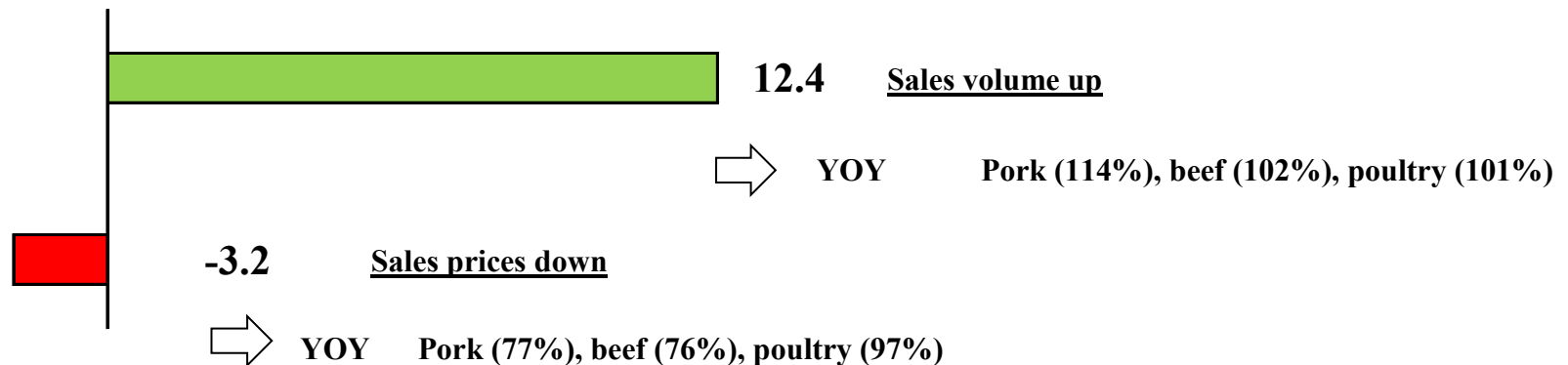
(millions of yen)

	FYE March 2018	FYE March 2019	YOY	Difference
Net Sales	124,663	133,820	107.3%	9,157
Operating incon	1,207	755	62.6%	-452
Ordinary income to net sales ratio	1.0%	0.6%		

Factors behind earnings figures

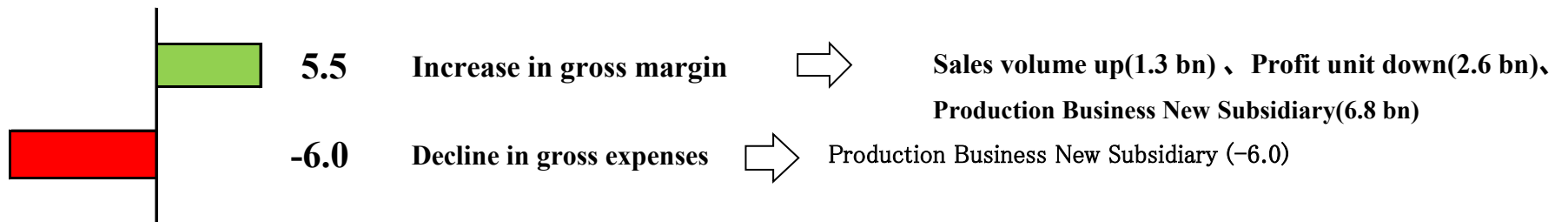
★Increase in net sales

9.2 billion yen



★Increase in operating income

-0.5 billion yen



3. Variance from Plan – FYE March 2019

(Millions of yen, %)

Cumulative annual results		Results	Plan	Variance from plan	Revised plan	Variance from revised plan
Processed Foods Business	Net sales	278,714	288,610	96.6%	280,400	99.4%
	Operating income	12,200	14,280	▲ 2,080	12,900	▲ 700

Key variances

- **Ham/Sausage, Processed Foods, etc.**
Operating income was 0.5 bn yen less than in revised plan
Ham and sausages achieved strong sales in terms of volume, but this was offset by sales promotion expenses, high raw materials costs, and low sales prices.
End-of-year gifts: 100% (compared to target of 110%).
- **CVS-oriented vendor businesses**
Operating income was 0.2 bn yen less than in revised plan
The factors behind the 0.2 bn decline include menu reorganization and a temporary dip in sales of desserts and other items in February.

(Millions of yen, %)

Cumulative annual results		Results	Plan	Variance from plan	Revised plan	Variance from revised plan
Fresh Meats Business	Net sales	133,820	129,300	103.5%	129,300	103.5%
	Operating income	755	1,950	▲ 1,195	1,900	▲ 1,145

Key variances

- **Fresh Meats Business**
Operating income was 1.1 bn yen less than in revised plan
Although the production business performed well in the first half, it struggled to make a profit in the second half due to sluggish demand. The market for Japanese-produced pork hit a slump in October, and the unseasonably warm winter undercut the spike in demand for nabe (hot pot) ingredients.
With the market slump, the sales business struggled to earn a profit.

5. Consolidated Balance Sheets for the Year Ended March 2019

(millions of yen)

	FYE March 2018	FYE March 2019	Change
Current assets	79,329	82,857	3,528
Noncurrent assets	110,422	121,004	10,582
Gross assets	189,751	203,862	14,111
Current liabilities	64,630	74,706	10,076
Noncurrent liabilities	35,846	34,519	-1,327
Total liabilities	100,477	109,226	8,749
Shareholders' equity	74,714	80,237	5,523
Accumulated other comprehensive income	6,466	5,877	-589
Minority interests	8,094	8,521	427
Total net assets	89,274	94,635	5,361
Total liabilities and net assets	189,751	203,862	14,111

[Current assets]

- Cash and deposits 1.819 billion yen
- Increase in notes and accounts receivable-trade 1.902 billion yen

[Noncurrent assets]

- Increase in property, plant and equipment 10.551 billion yen

[Total liabilities]

- Increase in notes and accounts payable 8.332 billion yen
- Decreased long-term debt -2.233 billion yen

[Total net assets]

- Increase in retained earnings 5.713 billion yen

6. Cash Flow and Performance Indicators for the Year Ended March 2019

[Consolidated statements of cash flows]

(millions of yen)

	FYE March 2018	FYE March 2019	Change
Cash flows from operating activities	10,866	23,786	12,920
Cash flows from investing activities	-21,373	-14,887	6,486
Cash flows from financing activities	3,187	-7,347	-10,534
Cash and cash equivalents at end of period	12,168	13,732	1,564

[Cash flows from operating activities]

- Income before income taxes
13.944 billion yen
- Recording of depreciation and amortization
8.459 billion yen
- Increase in accounts receivable
7.866 billion yen

[Cash flows from investing activities]

- Acquisitions of property, plant and equipment
12.924 billion yen
- Expenses from business transfer
1.199 billion yen

[Cash flows from financing activities]

- Repayment of long-term loans payable
5.847 billion yen
- Payment of dividends
2.512 billion yen

[Performance indicators]

(millions of yen, %)

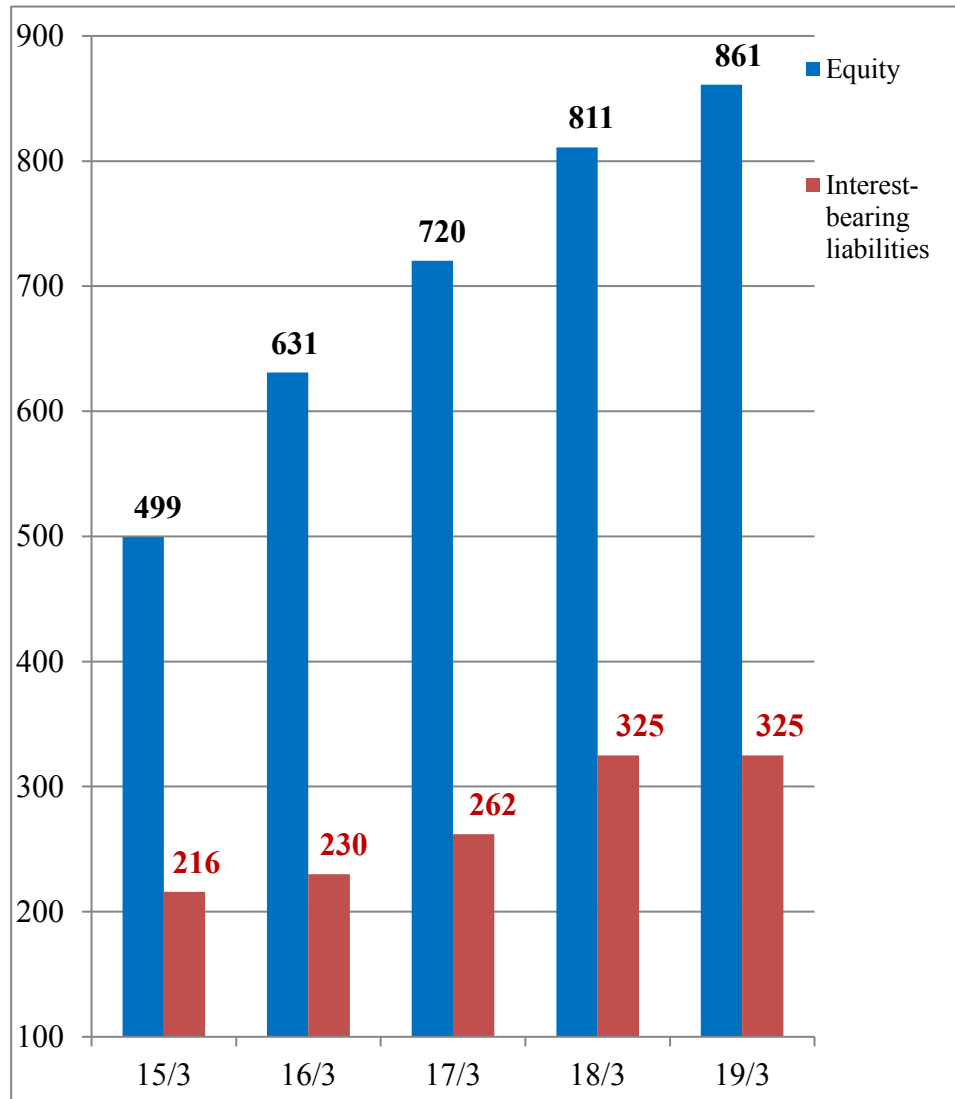
	FYE March 2018	FYE March 2019	Change
Equity	81,180	86,114	4,934
Equity ratio	42.8	42.2	-0.6
Interest-bearing liabilities	32,505	32,505	0
Debt equity ratio	0.40	0.34	-0.06

*Equity is total net assets minus minority interests.

7. Changes in Equity, Interest-bearing Liabilities, and Equity Ratio

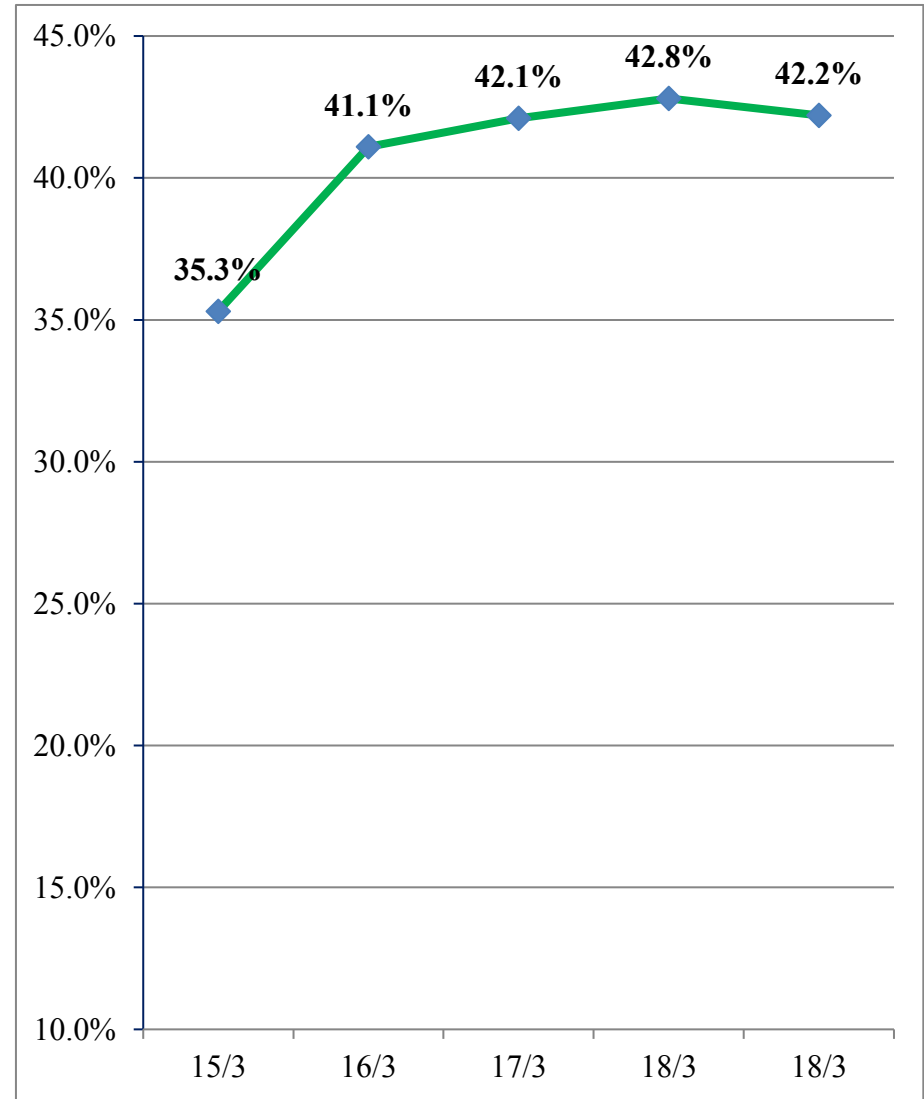
Equity and interest-bearing liabilities

(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen

Equity ratio



I. Financial Results for the Year Ended March 31, 201(P. 2-12)

**II. Medium-term Business Plan (Rolling Plan)
(FY2019-FY2021) (P.15-21)**

III. Referential Materials (P. 22-32)

1. 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.

○Basic Policy

Make continuous management innovations through strengthening corporate governance and promoting CSR

Continuous strengthening of quality assurance system

Human resources development, legal compliance, environmental conservation, internal control systems

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

Reform cost structure

Strengthen sales capacity

Merchandise policy from consumers' perspective (peace of mind, safe, tasty, healthy)

Create business and develop globally in order to capture growing markets

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

Develop innovative production technology

Strengthen consolidated management among group companies

☆We will aim for a payout ratio of 30% while maintaining an equity ratio of 40% and an ROE of >10%.

2. Consolidated Income Medium-term Business Plan (Rolling Plan)

	(Unit: hundred millions of yen)			
	Results for FYE March 2019	Forecast for FYE March 2020	Forecast for FYE March 2021	Forecast for FYE March 2022
Consolidated net sales	4,130	4,380	4,560	4,730
Previous medium-term business plan	4,180	4,360	4,560	
Operating income	132	141	157	167
Previous medium-term business plan	164	165	169	
Ordinary income	138	144	160	172
Previous medium-term business plan	163	163	168	
Net income	83	92	101	112
Previous medium-term business plan	110	110	113	
Note) Net income = Net income attributable to owners of parent company				
Capital expenditures	195	218	103	82
Previous medium-term business plan	158	290	97	
Depreciation and amortization	85	100	109	113
Previous medium-term business plan	79	104	127	
ROE	9.9%	10.1%	10.4%	10.6%
EBITDA	216	245	271	286

3. Forecast for FYE March 2020

Results for FYE March 2019

		Q2 (accumulated)	Full year
Processed Foods Business	Net Sales	139,904	278,714
	Operating income	6,286	12,200

Forecast for FYE March 2020

		Q2 (accumulated)	Full fiscal year	(millions of yen, %)	
				YOY	
		148,200	298,000	106.9%	
		6,400	12,200	0	

[Points]

- Ham/sausage, processed foods business → YOY change in operating income: Down 0.4 bn (ham/sausage down 0.3 bn, processed foods down 0.1 bn)

→The ham/sausage business recorded 0.8 bn in losses related to depreciation and amortization of Ibaraki Sausage Plant and lease burden.

Ham/sausage and processed foods businesses are expected to see an increase in sales volume and a decline in profit prices.

- CVS-oriented vendor businesses → YOY change in operating income: Up 0.4 bn (Prime Delica up 0.3 bn, Kumamoto Prima up 0.1 bn)

→Profits were generated by higher sales volume and improved productivity.

		Q2 (accumulated)	Full fiscal year	(millions of yen, %)	
Fresh meats Business	Net Sales	64,725	133,820	69,000	139,000
	Operating income	858	755	1,000	1,800
				YOY	
				103.9%	
				1,045	

[Points]

- Improved earnings in fresh meats business →1.0 bn

Sales business: 0.8 bn ← This result reflects our efforts to manage profitability by product category and major client and to coordinate marketing with the production business.

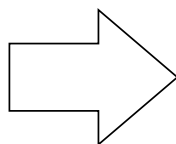
Production business: 0.2 bn ← This result reflects our efforts to improve productivity and select feed across the upstream group.

4-(1). Business Environment and Key Measures (Processed Foods Business) for the Year Ended March 2020

Business environment

- Increasing trend toward high-value added products, health-oriented products, and convenience-oriented products, co-presence of firmly rooted low-end products
- Consolidation/oligopolization of distribution, growth of drug stores
- Growth of ready-meals and convenience food, rising demand for meals that are tasty and healthy
- Rising transportation prices, rising expenses associated with personnel shortages, and trade friction contributing to economic uncertainty

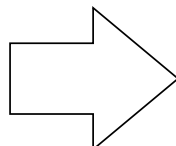
Sales growth, greater market share



Continuously increase sales volumes and expand revenue base

- Select and concentrate strategic sales channels
- Strengthen relationship with key customers through regular promotional campaigns (Win hearts and minds of customers by utilizing Tokyo Disney Resort, booking events at Tokyo Disneyland, utilizing (newly) Legoland® Japan and Yoshimoto comedy shows, etc.)
- Develop products by making use of innovative production technology
- Improve sales and sales volumes by implementing marketing strategies that prioritize company-wide profit
- Use joint ventures to increase both parties' potential
- Plan events to commemorate our 88th anniversary and the opening of new plant

Reduce costs



Continue to pursue innovative manufacturing and construct a production system that ensures security and safety

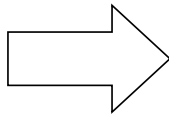
- Develop new technology and reform production processes
- Continue sustained efforts to ensure quality
- Actively address ecological challenges to increase corporate value
- Introduce PI into meat processing plants to improve safety, quality, and reduce costs
- Working with plants, develop core products / develop products using new techniques and ma

4-(2). Business Environment and Key Measures (Fresh Meats Business) for the Year Ended March 2020

Business environment

- Businesses making changes to comply with new trade agreements (e.g., TPP11, Japan-EU EPA)
- Fluctuations in cost balance because of intensifying global procurement competition
- Swine fever in China, changes in supply/demand balance and distribution of meats at a global level
- Consolidation/oligopolization of distribution, diversification of stores/retail forms

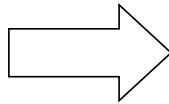
Strengthen sales capacity



Construct sales structure that reflects client changes

- Emphasize how employees are accountable for earnings, improve profitability
- Make better headway in growing sectors
- Educate and train sales staff in sales skills

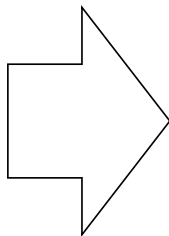
Strengthen procurement/development capacities



Procurement and product development capable of responding to changes in the business environment

- Improve profit and profitability of original brands
- Promote customer-oriented product development
- Collaborate with ITOCHU Group in developing business globally

Strengthening of production department



Expand Japanese-produced pork integration business

- Strengthen cooperation between group farms and processing plants, promote scientific management
- Introduce innovation (automation, digitization) in group farms and processing plants
- Introduce innovation (automation, digitization) in group farms and processing plants

5. Initiatives for FY2019 (Ending March 2020)

Expand and improve farms and plants



Expand and strengthen the Japanese-produced pork integration business, positioning it at the center of the group

- Expand Japanese-produced pork production business, enhance meat processing
- Further integrate production and processing subsidiaries into group

Improve productivity in ham/sausage processing plants



Start operations at the Ibaraki ham and bacon plant

- Having acquired plant in March 2019, introduce innovative line structure to prepare for full launch
- Following launch, transfer products between plants to optimize production

Relentlessly aim to improve product development and streamline manufacturing

Expand vendor business



Start second phase of Sagamihara vegetable plant construction

- Improve existing plants' productivity and develop vegetable products

Expand Niihama plant's supply coverage

Improve Kumamoto Prima's profitability in vendor business

Expand sales overseas



Expand sales efforts overseas in tandem with major clients' overseas expansion, train a team with foreign language proficiency

Promote ESG management



Reform executive officer system, separate oversight from business execution, further improve corporate value, enhance corporate governance

I. Financial Results for the Year Ended March 31, 2019 (P. 2-14)

II. Medium-term Business Plan (Rolling Plan) (P.15-21)
(FY2019-FY2021)

III. Referential Materials (P. 22-32)

Changes in Consolidated Income

[Consolidated statements of income]

(millions of yen)

		FYE March 2017			FYE March 2018			FYE March 2019		
	Segment	First half	Second half	Full year	First half	Second half	Full year	First half	Second half	Full year
Net sales	Processed Foods Business	121,368	123,298	244,666	133,028	136,352	269,380	139,903	138,811	278,714
	Fresh Meats Business	57,927	60,326	118,253	62,181	62,482	124,663	64,724	69,096	133,820
	Other business	142	274	416	196	295	491	238	249	487
Total		179,438	183,898	363,336	195,406	199,128	394,534	204,867	208,156	413,023
Cost of Sales		150,164	153,319	303,483	164,768	168,658	333,426	172,892	177,374	350,266
Gross Profit		29,274	30,579	59,853	30,637	30,471	61,108	31,974	30,782	62,756
Selling, general and adminis		21,828	22,459	44,287	23,433	24,545	47,978	24,730	24,858	49,588
Operating income		7,446	8,119	15,565	7,203	5,926	13,129	7,243	5,925	13,168
Non-operating loss		266	271	537	269	248	517	281	380	661
Ordinary income		7,712	8,390	16,102	7,473	6,173	13,646	7,524	6,305	13,829
Extraordinary income		12	▲ 777	▲ 765	▲ 87	1,231	1,144	273	▲ 158	114
Income before income taxes		7,724	7,613	15,337	7,386	7,404	14,790	7,797	6,147	13,944
Net income		4,775	5,234	10,009	4,931	5,482	10,413	4,757	3,530	8,287

(Reference) Net sales by product category

(millions of yen)

		FYE March 2017			FYE March 2018			FYE March 2019		
	Product category	First half	Second half	Full year	First half	Second half	Full year	First half	Second half	Full year
Net sales	Ham/sausage	39,416	38,931	78,347	43,024	43,134	86,158	43,024	43,077	88,183
	Processed foods (72,571	76,495	149,066	81,801	84,518	166,319	81,801	87,826	173,359
	Fresh meats	67,309	68,198	135,507	70,384	71,183	141,567	70,384	77,000	150,990
	Other	142	274	416	197	294	491	197	253	491
Total		179,438	183,898	363,336	195,406	199,129	394,535	195,406	217,617	413,023

5. Net Sales Comparison (by segment and by product category) for the Year Ended March 2018

Net sales by segment		Net sales by product category			
(hundred millions of yen)		(hundred millions of yen)			
Processed Foods Business	2,787	Processed foods (etc.)	Ham/sausage	882	Ham/sausage
			Vendor products	1,005	<u>1,734</u>
Fresh Meats Business	1,338	Fresh meats	Fresh meats	176	Fresh meats
			Fresh meats	1,334	<u>1,510</u>
Other	5	Processed foods (etc.)	Processed foods (etc.)	4	Other
			Other	5	<u>5</u>

Changes in Consolidated Balance Sheets

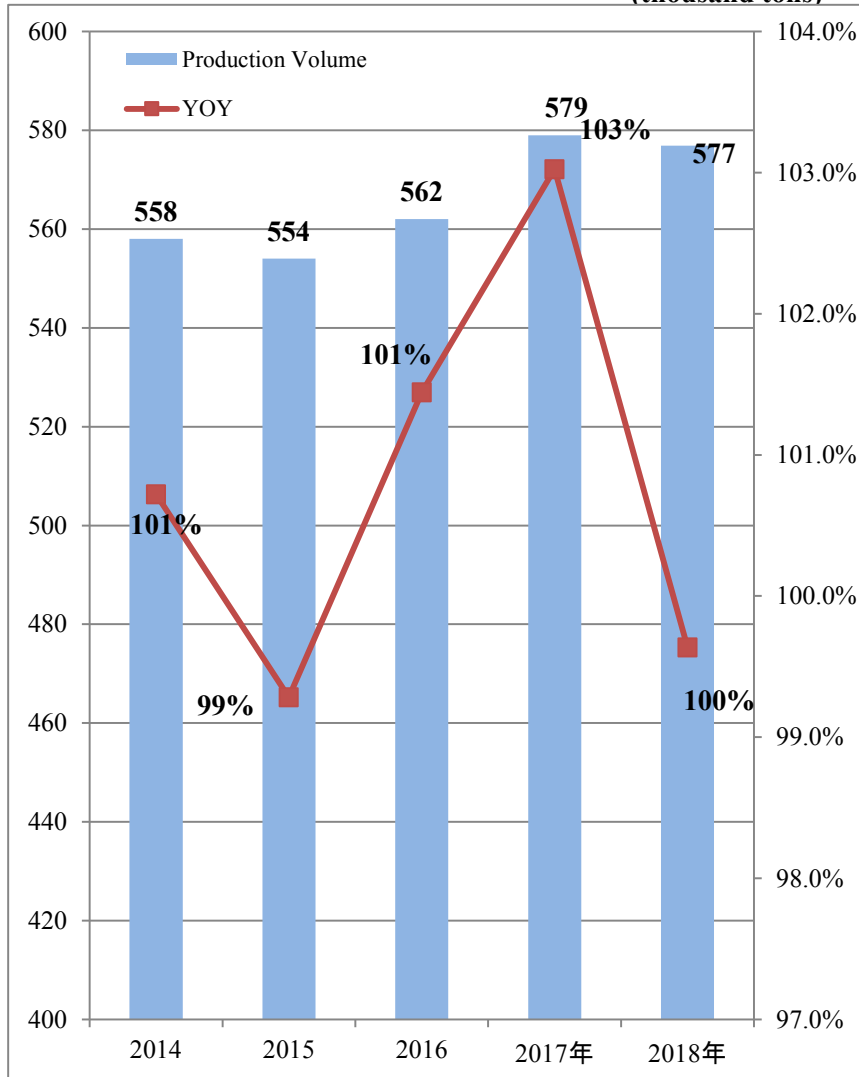
[Consolidated Balance Sheets]

(millions of yen)

	FYE March 2017		FYE March 2018		FYE March 2018	
	End of first half	End of year	End of first half	End of year	End of first half	End of year
Current assets	69,030	78,113	69,030	79,329	91,315	82,857
Noncurrent assets	88,013	92,806	88,013	110,422	116,757	121,004
Gross assets	157,043	170,919	157,043	189,751	208,073	203,862
Current liabilities	55,616	60,413	55,616	64,630	78,588	74,706
Noncurrent liabilities	27,072	31,307	27,072	36,846	36,746	34,519
Total liabilities	82,689	91,721	82,689	100,477	115,305	109,226
Shareholders' equity	61,584	66,335	61,584	74,714	77,684	80,237
Accumulated other	5,524	5,683	5,524	6,466	6,569	5,877
Minority interests	7,245	7,179	7,245	8,094	8,513	8,521
Total net assets	74,354	79,198	74,354	89,274	92,767	94,635
Total liabilities and ne	157,043	170,919	157,043	189,751	208,073	203,862
Equity	67,109	72,019	76,151	81,180	84,254	86,114
Equity ratio(%)	42.7	42.1	40.6	42.8	40.5	42.2

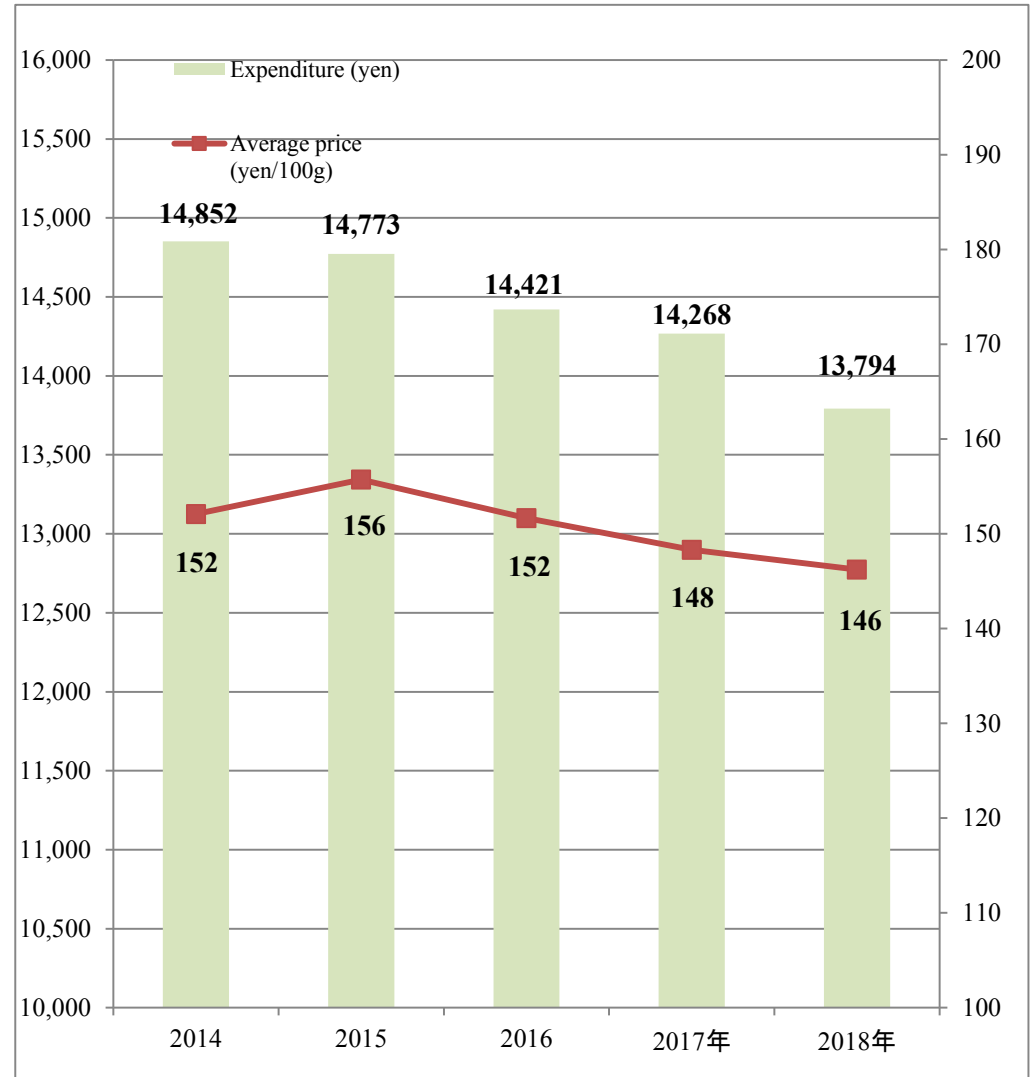
Data on Industry Trends

(1) Change in Production Volume of ham/sausages (Japan)
(thousand tons)



(Note) Data from Japan Ham & Sausage Processors Cooperative Association

(2) Household Expenditure on Ham/sausages (annual figures, taxes excluded)

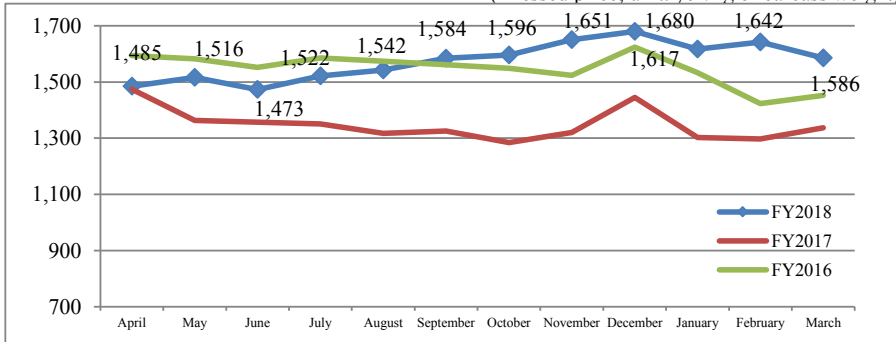


Report on the Family Income and Expenditure Survey, Bureau of Statistics (a nationwide survey of households with two or more members)

Data on Industry Trends 2

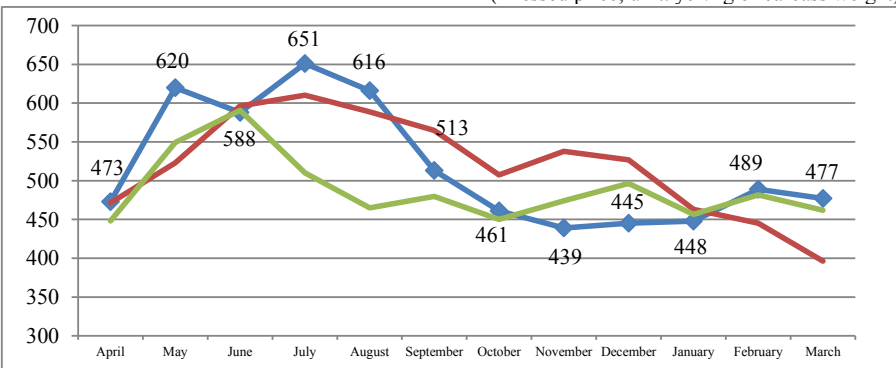
(1) Tax-excluded wholesale price (Tokyo) of B-3 crossbred steers

(Dressed price; unit: yen/kg of carcass weight)



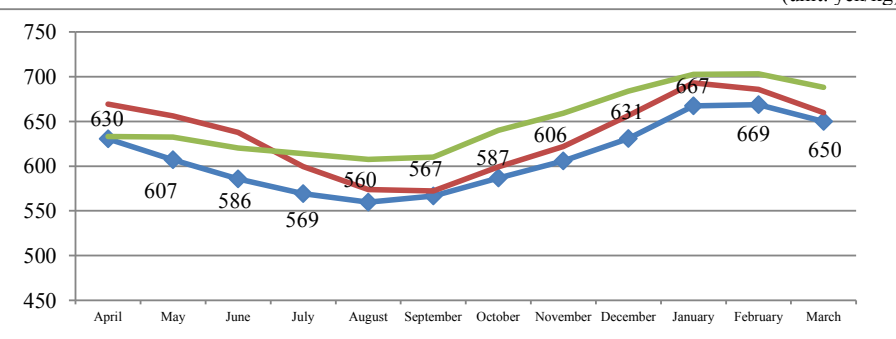
(2) Tax-excluded wholesale price of pork (Tokyo, ministerial ordinance)

(Dressed price; unit: yen/kg of carcass weight)



(3) Tax-excluded wholesale price (Tokyo) of chicken (leg)

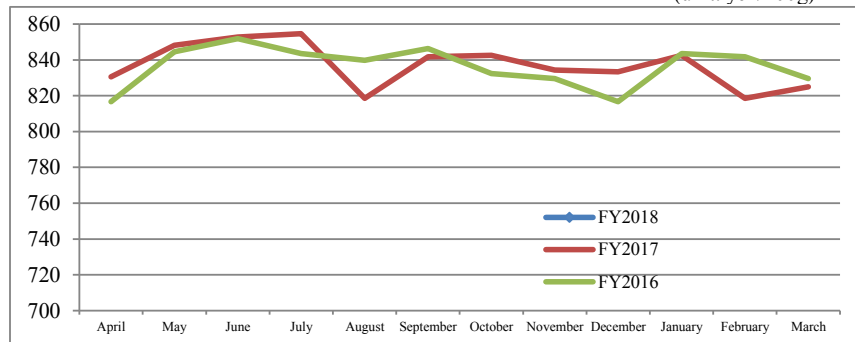
(unit: yen/kg)



Ministry of Agriculture, Forestry and Fisheries (Survey on Meat Distribution)

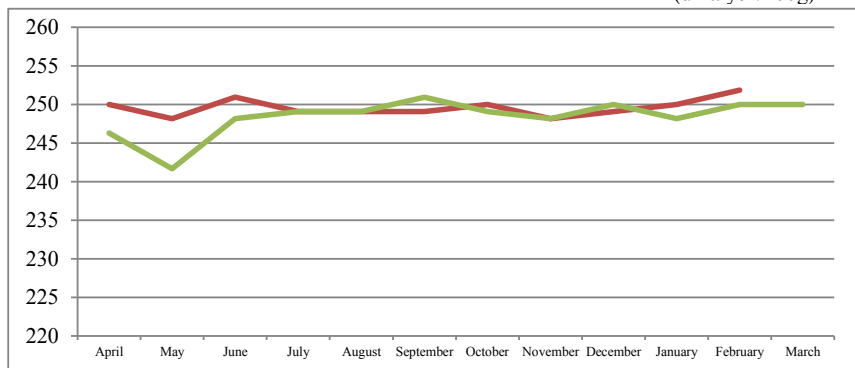
(4) Tax-excluded retail price of Japanese-produced beef loin (Tokyo)

(unit: yen/100g)



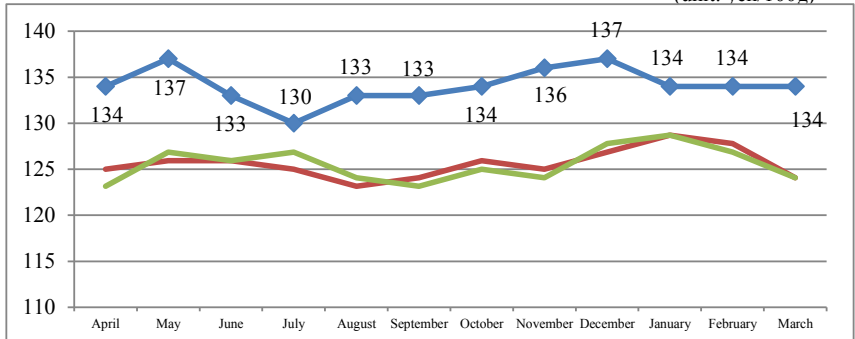
(5) Tax-excluded retail price of Japanese-produced pork loin (Tokyo)

(unit: yen/100g)



(6) Tax-excluded wholesale price (Tokyo) of Japanese-produced chicken (leg)

(unit: yen/100g)



Ministry of Internal Affairs and Communications (Report on the Retail Price Survey)

Profile

(As of March 31, 2016)

■ 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	1841 (increased by 27)		
Business sites	Sales bases	6 branch offices	24 sales offices
	Production bases	4 plants	
Number of group companies	35		
	Consolidated subsidiaries	30	
	Companies accounted for using the equity method	5	
Number of employees across corporate group	14940 (increased by 743)		
Group bases	Production bases	24 plants (in Japan)	
		4 bases (overseas)	

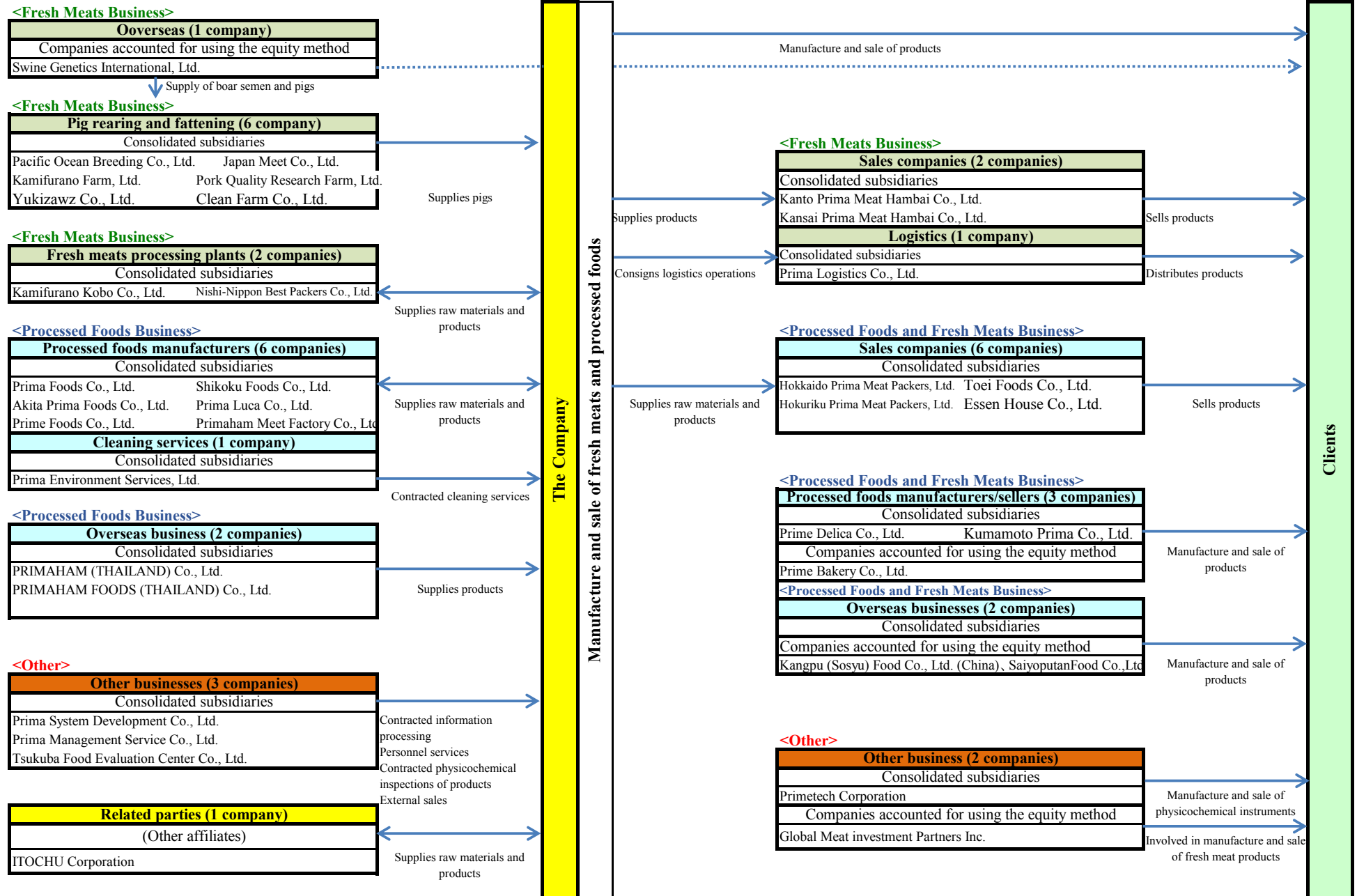
(Note)

1. Increase/decrease is in comparison to the end of the previous fiscal year (as of March 31, 2018)

■ 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
December 2016	Sign an official sponsor contract with LEGOLAND® Japan

Corporate Group Data (as of Apr 1, 2019)



Prima Group's Environmental Activities (1)

Environmental policy:

Regarding environmental protection as a top priority, we contribute toward a sustainable society by **cutting carbon emissions and minimizing our burden on the environment** in general. We adopt environmental management practices that will lead to a society of low-emissions, recycling, and symbiosis with nature.

Ibaraki Sausage Plant eco-friendly equipment 1

1. Super-cooled thermal storage system

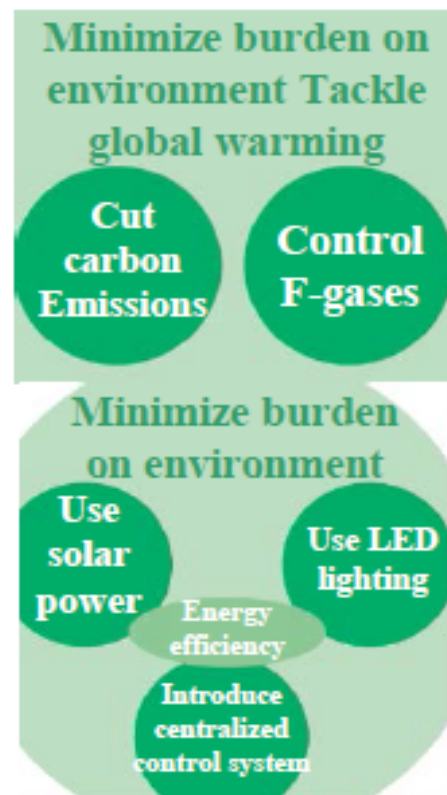
The packing room (15°C) uses an air conditioning system. 240 tons of slushy coolant is prepared in an ice tank during the night (when electricity rates are lower), and this coolant is then pumped through the system during the day to reduce energy consumption. **Energy consumption is now down 20%** compared to before the system was introduced.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases

2. Heating system

Switched fuel from heavy oil to propane, which is more energy-efficient. Switched fans from damper type to inverter type, resulting in **75% reduction in energy consumption**.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases



Prima Group's Environmental Activities (2)

Ibaraki Sausage Plant eco-friendly equipment 2

3. EcoCute

EcoCute heats water efficiently using leftover heat from refrigeration units. The heated water is pumped throughout the plant. It is also pumped into a heating tank. With this system, the plant is **30% more energy efficient** than before.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases

4. Refrigeration units (NewTon)

Eight units are used to cool heated water following heat treatment. The plant controls the amount of the units it operates according to the load, resulting in a 30% reduction in energy consumption on a unit to unit basis and a 35% reduction in in auxiliary power consumption outside the refrigeration units and refrigeration unit power consumption.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases

5. Compressors

The plant uses six 37-tonkw oil-free screw compressors and controls the amount in operation according to the load, thus cutting unnecessary power. This system enables a 25% reduction in energy consumption compared to before.

Minimize burden on environment			Tackle global warming	
Use solar power	Use LED lighting	Introduce centralized control system	Cut carbon emissions	Control F-gases



Prima Group's CSR activities

Prima Group supports the United Nations World Food Programme (WFP)

In Japan, the Japan Association for the World Food Programme aims to raise awareness about hunger and how the WFP provides food assistance. It also aims to extend the opportunities and means for individuals to get involved and thus significantly boost the level of Japan's material and immaterial support. Prima Group supports these aims and participates in WFP campaigns.

- Red Cup Campaign (WFP)
 - The Red Cup Campaign is a WFP program that supports school meals. We donate a percentage of the profits from sales of our products.
- WFP Walk the World in Kanto and Kansai
 - Walk the World is a WFP charity walk event that helps to end child hunger in developing countries. We donate a portion of the participation fees.



Forestry program that began in 2006

Under the direction of Saitama Norin, an agricultural and forestry association in Saitama Prefecture, we engage in afforestation, tree felling, and other forestry work. We continue to participate in the program, as we believe that it helps tackle the causes of climate change. We also engage in other forestry programs in other locations.



Ongoing participation in a cleanup event that connects us with the local community

Staff at all Japan-based sites of the group participate in local events that connect them with communities

Vehicles of all group companies fitted with telematics and dashcams

These technologies enhance road safety. They also enhance fuel efficiency and reduce carbon emissions because they reduce sudden stops and starts and discourage speeding.



Educational workshop (for elementary and high school students)

Our workshop teaches food preservation techniques, including the history of food preservation. Participants gain insight into how to avoid wasting food. The workshop introduces examples of foods often found in people's fridges to illustrate different preservation techniques and labelling.



Management Vision

Great taste, great connections

Valuing the bonds we share with our customers, we will forge a cheerful and abundant future through the great taste of our products and the great connections between people.

Management philosophy - The basics -

- **Be honest and dedicated**
- **The lifeblood of Prima is its products and quality**
- **Contribute to customers' lives by continuously innovating**

Management vision

- 1. Each and every one of us shall use our imaginative faculties and come up with creative ideas and proposals**
- 2. We shall utilize our exceptional productive development skills and technical prowess in a comprehensive effort to provide our customers with great tasting food and information related to such; in this way, we shall contribute toward an abundant and healthy dietary life.**
- 3. We shall resolutely pursue self-improvement with a view to becoming a highly profitable comprehensive food business**

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.

Inquiries

General Affairs/Public Relations Department, Prima Meat Packers, Ltd.

TEL. 03-6386-1800

FAX. 03-5462-1701

Website (Japanese) <http://www.primaham.co.jp/>