

Financial Results Briefing for the Year Ended March 31, 2020

Great taste, great connections.



May 22, 2020

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(P.2-14)

II. Medium-term Business Plan (Rolling Plan)
(FY2020-FY2022) **(P.15-21)**

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1-(1).Financial Results for the Year Ended March 31, 2020

[Consolidated statements of income]

(millions of yen)

Item	FYE March 2019		FYE March 2020		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	413,023	100.0%	418,060	100.0%	101.2%
Processed Foods Business	278,714	67.5%	285,795	68.4%	102.5%
Fresh Meats Business	133,820	32.4%	131,719	31.5%	98.4%
Other	487	0.1%	545	0.1%	111.9%
Cost of Sales	350,266	84.8%	351,291	84.0%	100.3%
Gross Profit	62,756	15.2%	66,769	16.0%	106.4%
SG&A expenses	49,588	12.0%	51,132	12.2%	103.1%
Operating income	13,168	3.3%	15,636	3.8%	118.7%
Non-operating income	1,173	-	1,044	-	-
Non-operating expenses	512	-	722	-	-
Ordinary income	13,829	3.3%	15,959	3.8%	115.4%
Extraordinary income	843	-	2,409	-	-
Extraordinary loss	729	-	3,029	-	-
Income before income taxes	13,944	3.4%	15,338	3.7%	110.0%
Income taxes	4,440	-	5,461	-	-
Minority interests in income	751	-	1,054	-	-
Net income	8,287	2.0%	8,823	2.1%	106.5%

[Key Points]

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

•Ham/sausage	90,189 (YOY: 102%)
•Processed Foods	72,925 (YOY: 100%)
•Vendor products	102,970 (YOY: 102%)
•Fresh Meats	151,431 (YOY: 100%)
•Other	545 (YOY: 112%)

[Cost of sales]

•Ratio of raw materials and inventory	Down 1.0%
•Production expenses ratio	Up 0.2%
Cost of sales ratio	⇒ Down 0.8%

[SG&A expenses]

•SG&A expenses (personnel expenses ratio)	±0.0%
•SG&A expenses (expense ratio)	Up 0.2%
SG&A expenses to net sales ratio	⇒ Up 0.2%

Ordinary income to net sales ratio ⇒ Up 0.6%

[Income by business segment]

(millions of yen)

		FYE March 2019		FYE March 2020			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	278,714	-	285,795	-	102.5%	95.9%	298,000
	Fresh Meats Business	133,820	-	131,719	-	98.4%	94.6%	139,200
	Other	487	-	545	-	111.9%	68.1%	800
Operating income	Processed Foods Business	12,200	4.4%	13,857	4.8%	1,657	1,657	12,200
	Fresh Meats Business	755	0.6%	1,528	1.2%	773	▲ 272	1,800
	Other	212	43.5%	265	48.6%	53	165	100

[Non-consolidated Income]

(millions of yen)

	FYE March 2019		FYE March 2020		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	297,033	100.0%	300,862	100.0%	101.3%
Operating income	8,543	2.9%	8,730	2.9%	187
Ordinary income	9,551	3.2%	9,907	3.3%	356
Income before income taxes	10,073	3.4%	8,329	2.8%	-1,744
Net income	7,073	2.4%	5,631	1.9%	-1,442

[Income by group company]

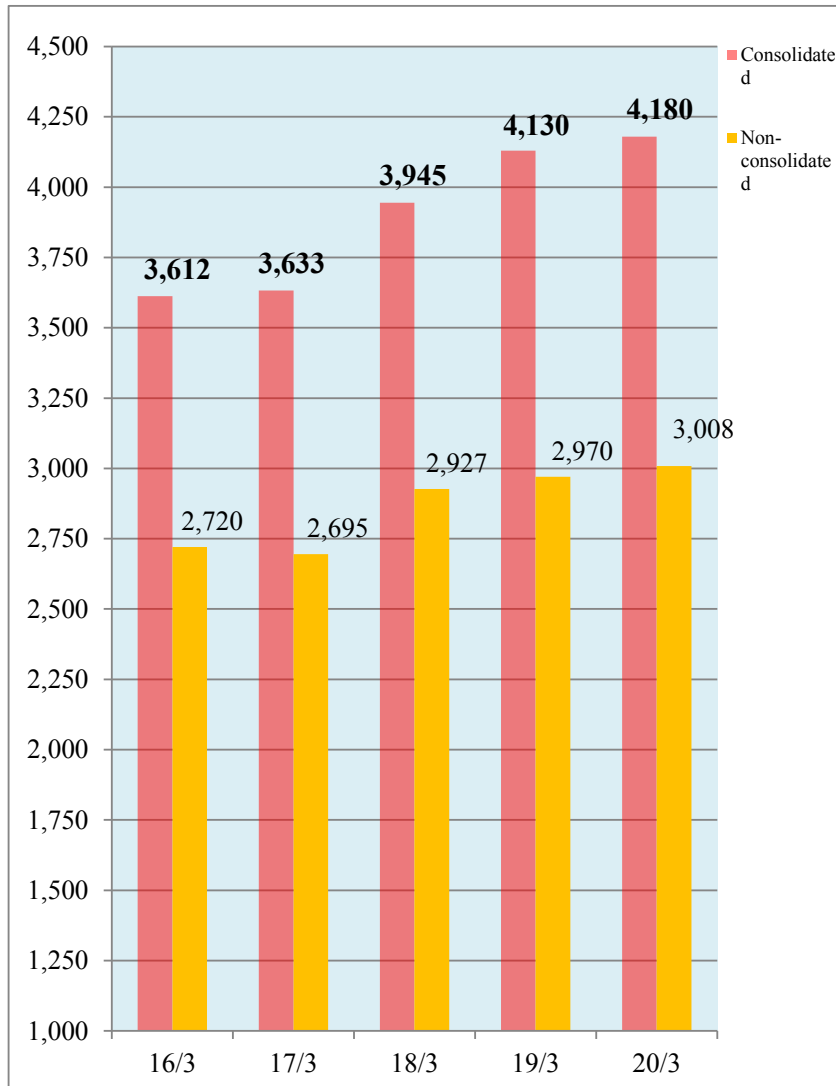
(millions of yen)

		FYE March 2019		FYE March 2020			
		Net sales	Operating income	Net sales	YOY	Operating income	YOY
Prima Meat Packers Ltd.		297,033	8,543	300,862	101.3%	8,730	187
Group Companies	Vendor(s) (1)	96,393	1,165	98,943	102.6%	2,582	1,417
	Other (including amendments for consolidation)	19,597	3,459	18,255	93.1%	4,324	865
Consolidated Total		413,023	13,168	418,060	101.2%	15,636	2,468

2. Changes in Net Sales and Operating Income

Net sales

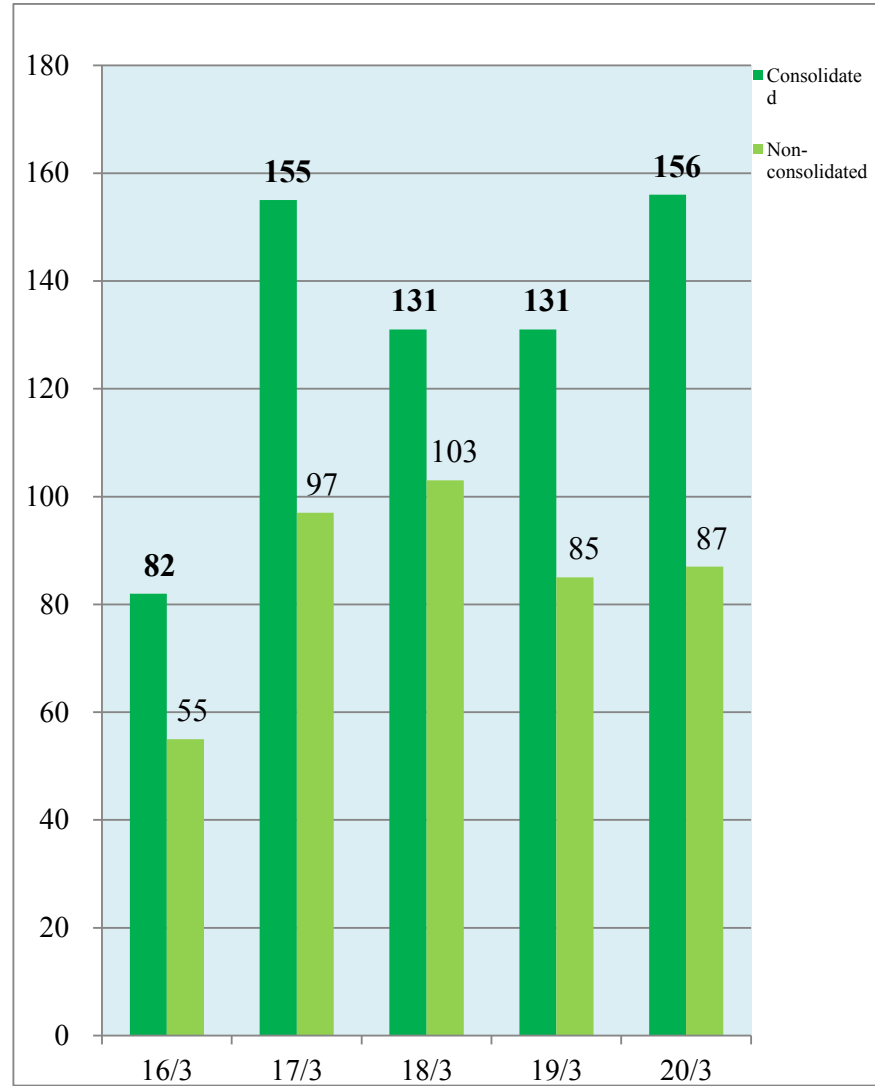
(hundred millions of yen)



(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 2020

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
- Spread of swine fever / African swine fever threatens procurement
- COVID-19 outbreak causing global economic uncertainties



thanks!!

desu

13 million friends gained

Measures

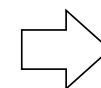
Outcomes

○Concentrate sales efforts on core products

- Core product sales ratio: 75.4%
- Appropriate management of number of product types

○Strengthen development of sales promotion strategy

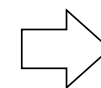
- New customers, customer base expanded (use of LINE)
- "Special present" promotional campaign
Invitation to Precious Night
- Diamond Horseshoe restaurant, Tokyo Disneyland
Private promotional campaign
- Promotional campaign in collaboration with Yoshimoto Kogyo
- Developed promotional campaign utilizing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



Sales volume of sausages and ham YOY: 102%
Sales volume of processed foods YOY: 100%

○Promote personnel saving and volume growth

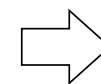
- Man-hour productivity improved in four core plants
- Transfer of production between plants has improved efficiency
- Completion of Ibaraki plant further boosted efficiency and supply capacity



YOY Up 2%

○Enhance production base and improve productivity in vendor plants

- 11 plants across Japan achieve growth in production volum and Increase sales
- New products proved popular; developed products that stav fresh longer



Sales volume YOY: 103%

3. Processed Foods Business in the Year Ended March 2020 (Reference materials)

(1) Ham/sausage

☆Total <Sales volume of sausages and ham YOY>

Breakdown	FYE March 2018	FYE March 2019	FYE March 2020	Composition ratio
Ham/sausage Sum	112%	104%	102%	100%
Consumer Products	115%	105%	106%	72%
Commercial Products	104%	101%	95%	26%
Gift Products	95%	95%	99%	2%

☆Main Products <Sales volume YOY>

Product name	FYE March 2018	FYE March 2019	FYE March 2020
Koukun Winner	129%	114%	120%
Tokachi Raw ham	111%	104%	104%
Loin ham group	111%	103%	93%
Bacon group	120%	102%	115%



Koukun Winner

☆Improved of Man-hour productivity YOY

FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020
15%	6%	6%	8%	5%	2%

(3) Vendor products <Net Sales YOY>

FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	FYE March 2020
103%	106%	105%	106%	107%	103%

(2) Processed Foods

☆Total <Sales volume of Processed Foods YOY>

Breakdown	FYE March 2018	FYE March 2019	FYE March 2020	Composition ratio
Processed Foods Sum	121%	102%	100%	100%
Consumer Products	110%	96%	108%	27%
Commercial Products	135%	112%	101%	45%
Seasoning raw meat	120%	96%	95%	28%

☆Main Products <Sales <販売数量対前年対比>

Product name	FYE March 2018	FYE March 2019	FYE March 2020
Salada Chicken	149%	96%	103%
Spring roll	99%	92%	91%
Range pot	234%	124%	76%
Raw chicken ball	114%	86%	97%

☆Improved of Man-hour productivity YOY

FYE March 2018	FYE March 2019	FYE March 2020
6%	1%	2%



Range products



Salada Chicken

3-(2). Processed Foods Business in the Year Ended March 2020

Income

(millions of yen)

	FYE March 2019	FYE March 2020	YOY	Difference
Net sales	278,714	285,795	102.5%	7,081
Operating income	12,200	13,857	113.6%	1,657

Ordinary income to net sales ratio 4.4% 4.8%

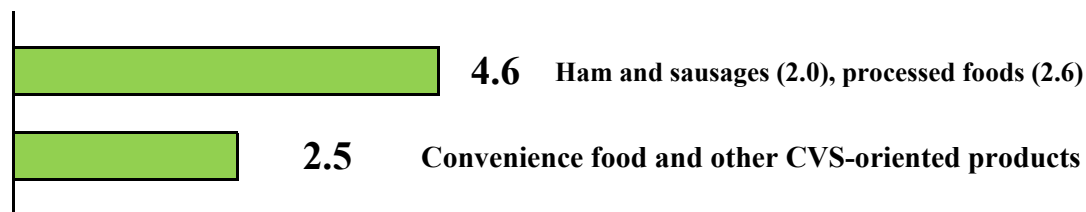


★Sales volume: YOY 129%

Factors behind earnings figures

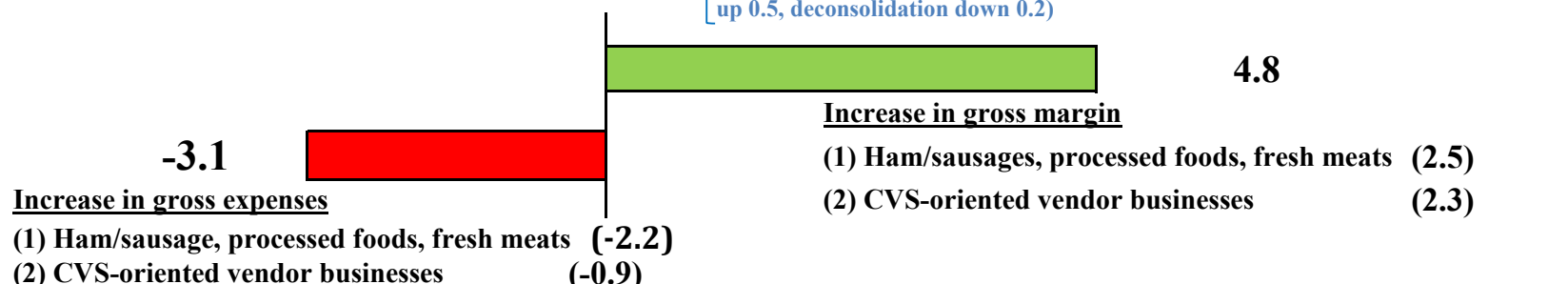
★Increase in net sales

7.1 billion yen



★Increase in operating income

1.7 billion yen



4-(1). Fresh Meats Business in the Year Ended March 2020

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 market
- Spread of swine fever / African swine fever threatens procurement
- More options available with TAG, TPP11, and Japan-EU EPA

The Company's imported pork brand



HyLife pork®

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
- Improve management and logistics
 - 1) Head office to coordinate and control all operations
 - 2) Consolidate distribution channels to improve efficiency and minimize costs

Outcomes

- Unified management across all farms led to increased farm productivity
- Better productivity midstream boosted profitability
 - Upstream-midstream coordination led to better efficiency across whole supply chain
- Employees feel more responsible for earnings, and have consequently achieved better sales
- Original brands sales composition ratio: 38%
- Overseas posts are now better staffed and managed more tightly
- Closer relationship with major suppliers
- After establishing our brand, market share increase
- Tighter control of transportation fees

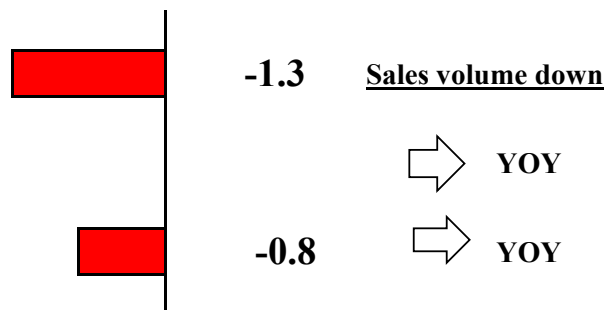
4-(2). Fresh Meats Business in the Year Ended March 2020

Income		(millions of yen)		
	FYE March 2019	FYE March 2020	YOY	Difference
Net Sales	133,820	131,719	98.4%	-2,101
Operating income	755	1,528	202.4%	773
Ordinary income to net sales ratio	0.6%	1.2%		

Factors behind earnings figures

★Decrease in net sales

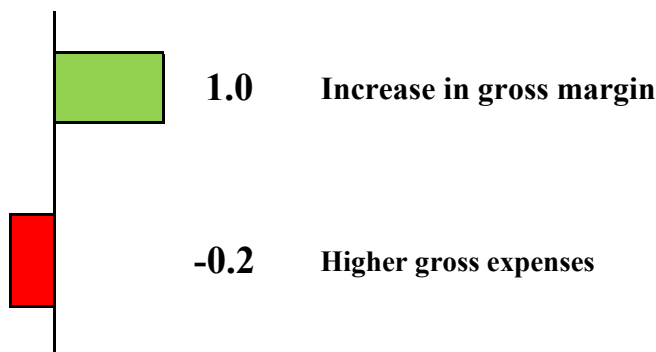
-2.1 billion yen



- ⇒ YOY Company net sales down (+0.05 from pork, -1.3 from beef, +0.3 from poultry, -0.35 from offal and other)
- ⇒ YOY Subsidiaries' net sales down (-0.2 from reducing or discontinuing outsourced sales, -0.6 from deconsolidation)

★Increase in operating income

0.8 billion yen



- ⇒ Company: +0.4 (-0.15 from pork, +0.85 from beef, -0.15 from poultry, -0.05 from other)
- Subsidiaries: +0.6 (0.4 from reduced feed costs, 0.1 from better productivity in processing, 0.1 from higher sales)
- ⇒ Company: +0.2, subsidiaries: -0.2, consolidation adjustments: -0.2

3. Variance from Plan – FYE March 2020

(Millions of yen, %)

Cumulative annual results		Results	Plan	Variance from plan	Revised plan	Variance from revised plan
Processed Foods Business	Net sales	285,795	298,000	95.9%	283,400	100.8%
	Operating income	13,857	12,200	1,657	-	-

Key variances

- Ham/Sausage, Processed Foods, etc.
Operating income was 0.6 bn yen more than in revised plan

Ham/Sausage sales in Q4 reached 109.0% of figure for same period last year, at an impressive 104.4% of initial forecast.
Operating income was 0.6 bn yen higher than expected.
Processed Food sales in Q4 reached 107.2% of figure for same period last year, representing 93.3% of the initial forecast.
Operating income was largely as expected.

- CVS-oriented vendor businesses
Operating income was 1.1 bn yen more than in revised plan

Continuing their strong performance from the first three quarters, vendor sales in Q4 reached 102.3% of figure for same period last year.
Stable raw material costs contributed to the result. Another factor was that a productivity drive kept personnel expenses in check.

(Millions of yen, %)

Cumulative annual results		Results	Plan	Variance from plan	Revised plan	Variance from revised plan
Fresh Meats Business	Net sales	131,719	139,200	94.6%	133,800	98.4%
	Operating income	1,528	1,800	▲ 272	-	-

Key variances

- Fresh Meats Business
Operating income was 0.3 bn yen less than in revised plan

From Q2, we reined in pushy sales in an effort to manage revenue on a client-by-client basis. We also shifted to a more profit-focused sales strategy involving smarter inventory management. On the production side, we improved productivity in farms and processing plants. These efforts yielded stable profits, but failed to completely offset the disappointing performance in Q1 (0.2 bn yen less than expected) and in part of Q2.

5. Consolidated Balance Sheets for the Year Ended March 2020

(millions of yen)

	FYE March 2019	FYE March 2020	Change
Current assets	82,857	87,310	4,453
Noncurrent assets	121,004	111,220	-9,784
Gross assets	203,862	198,530	-5,332
Current liabilities	74,706	68,171	-6,535
Noncurrent liabilities	34,519	30,225	-4,294
Total liabilities	109,226	98,396	-10,830
Shareholders' equity	80,237	86,010	5,773
Accumulated other comprehensive income	5,877	4,562	-1,315
Minority interests	8,521	9,561	1,040
Total net assets	94,635	100,134	5,499
Total liabilities and net assets	203,862	198,530	-5,332

[Current assets]

- Deposit increase 10.006 billion yen
- Decrease in cash and deposits -1.295 billion yen
- Decrease in notes and accounts receivable -3.445 billion yen

[Noncurrent assets]

- Decrease in property, plant and equipment -11.015 billion yen

[Total liabilities]

- Decrease in notes payable accounts payable -3.049 billion yen
- Decrease in long-term loans payable -3.778 billion yen
- Decrease in other current liabilities -4.004 billion yen

[Total net assets]

- Increase in retained earnings 5.802 billion yen

6. Cash Flow and Performance Indicators for the Year Ended March 2020

[Consolidated statements of cash flows]

(millions of yen)

	FYE March 2019	FYE March 2020	Change
Cash flows from operating activities	23,786	22,304	-1,482
Cash flows from investing activities	-14,887	-5,875	9,012
Cash flows from financing activities	-7,347	-7,924	-577
Cash and cash equivalents at end of period	13,732	22,214	8,481

[Cash flows from operating activities]

- Recording of quarterly net income before income taxes 15.338 billion yen
- Recording of depreciation and amortization 9.729 billion yen
- Recording impairment loss 2.6 billion yen

[Cash flows from investing activities]

- Income from sales of property, plant and equipment 11.685 billion yen
- Acquisitions of property, plant and equipment -14.091 billion yen
- Acquisition of long-term prepaid expenses -2.805 billion yen

[Cash flows from financing activities]

- Procurement of long-term loans payable -3.774 billion yen
- Payment of dividends -3.015 billion yen

[Performance indicators]

(millions of yen, %)

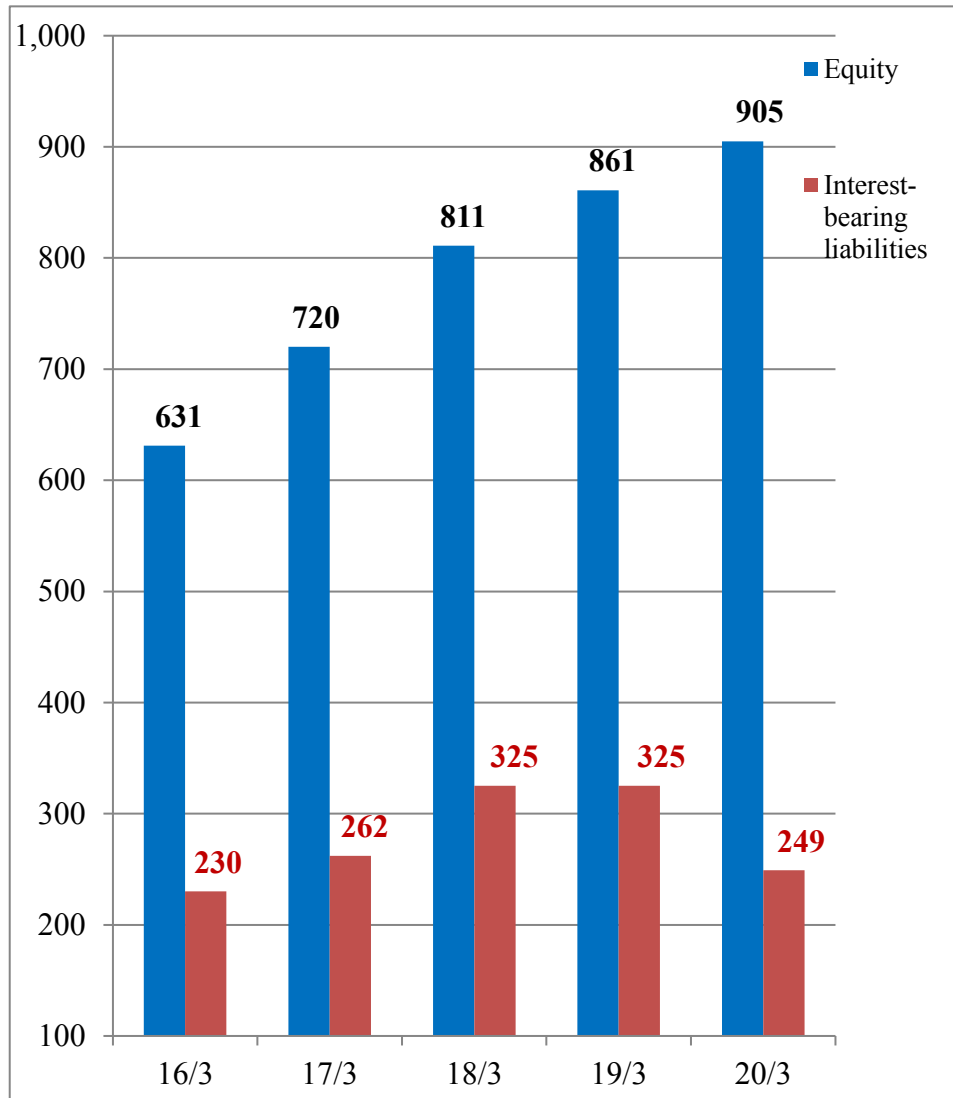
	FYE March 2019	FYE March 2020	Change
Equity	86,114	90,573	4,459
Equity ratio	42.2	45.6	3.4
Interest-bearing liabilities	32,505	24,948	-7,557
Debt equity ratio	0.34	0.28	-0.06

*Equity is total net assets minus minority interests.

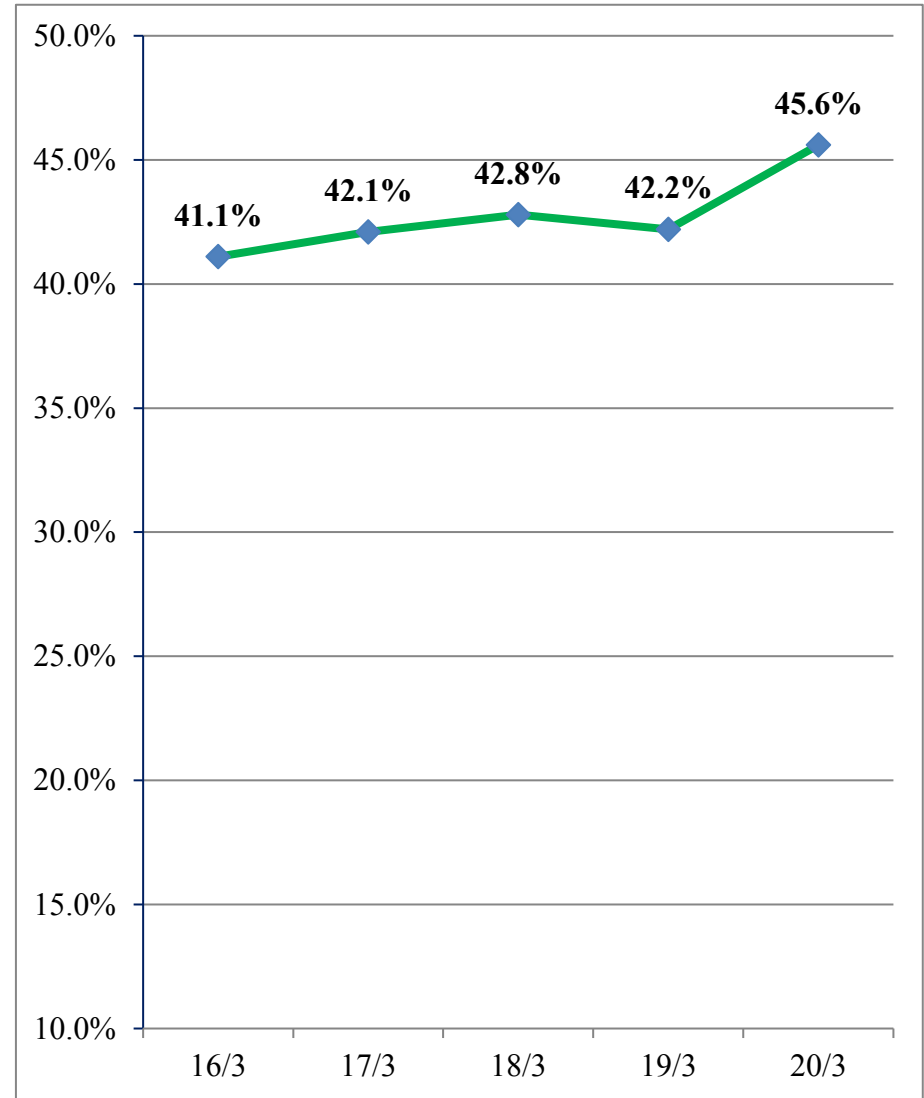
7. Changes in Equity, Interest-bearing Liabilities, and Equity Ratio

Equity and interest-bearing liabilities

(hundred millions of yen)



Equity ratio



(Note) rounded down to the nearest hundred million yen

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

**II. Medium-term Business Plan (Rolling Plan)
(FY2020-FY2022) (P.15-21)**

III. Referential Materials (P. 22-34)

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

Rigorous quality control

Environmental protection, legal compliance, internal controls, financial and non-financial disclosures

Talent management, positive workplace culture, enlightened attitudes

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

Strong operating base (overhaul cost structure, smart investment and procurement)

Better marketing, deeper penetration in growing sectors

Customer-oriented product design (healthy, trustworthy, delicious)

Create business and develop globally in order to capture growing markets

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

Develop and Introduce 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 2020	Forecast for FYE March 2021	Forecast for FYE March 2022	Forecast for FYE March 2023
Consolidated net sales	4,180	4,410	4,570	4,700
Previous medium-term business plan	4,380	4,560	4,730	
Operating income	156	145	156	163
Previous medium-term business plan	141	157	167	
Ordinary income	159	146	158	167
Previous medium-term business plan	144	160	172	
Net income	88	89	102	107
Previous medium-term business plan	92	101	112	
Note) Net income = Net income attributable to owners of parent company				
Capital expenditures	134	132	103	77
Previous medium-term business plan	218	103	82	
Depreciation and amortization	97	89	105	110
Previous medium-term business plan	100	109	113	
ROE	10.0%	9.4%	10.1%	10.0%
Previous medium-term business plan	10.1%	10.4%	10.6%	
ROIC	9.7%	9.0%	9.4%	9.5%
Previous medium-term business plan	8.3%	9.1%	9.2%	
WACC		4.2%		
Previous medium-term business plan		4.2%		
EBITDA	252	245	265	278
Previous medium-term business plan	245	271	286	

3. Forecast for FYE March 2021

Results for FYE March 2020

Forecast for FYE March 2021

		Q2 (accumulated)	Full year
Processed Foods Business	Net Sales	139,583	285,795
	Operating income	6,763	13,857

Q2 (accumulated)	Full fiscal year
151,500	307,400
6,560	12,620

(millions of yen, %)

YOY
107.6%
-1,237

[Points]

- Ham/sausage, processed foods business
→ -0.6 billion yen
⇒ YoY change in operating income Ham/sausage: -0.6 billion yen
→ Given initial increases in sales volume, we expect increased margins in both ham/sausage and processed foods. The forecasted figures will cover increased capital spending on Ibaraki plant, higher sales costs, and higher personnel and transport expenses. Because of the profit upswing in Q4 of the previous period, there will be a sizeable YoY dip. There is also the COVID-19 impact to consider, and this remains unclear.
- CVS-oriented vendor businesses
→ -0.6 billion yen
⇒ Prime Delica Co., Ltd.: -0.6 billion yen
→ We expect to see higher profits in proportion to expanding sales as well as gains from better productivity. However, we also plan to spend 4 billion yen in upgrading plants. We also anticipate increased costs, including in raw materials, distribution, and personnel. Performance in the previous period significantly exceeded expectations due to success of new products; this will create a sizeable YoY dip. There is also the COVID-19 impact to consider, and this remains unclear.

		Q2 (accumulated)	Full fiscal year
Fresh meats Business	Net Sales	66,548	131,719
	Operating income	639	1,528

Q2 (accumulated)	Full fiscal year
67,000	133,500
1,060	1,750

(millions of yen, %)

YOY
101.4%
222

[Points]

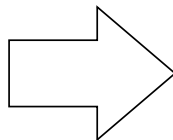
- Improved earnings in fresh meats business
→ -0.2 billion yen
⇒ Sales business: +0.3 billion yen. Contributing factors: Sales negotiations linked with market prices, tighter control of sales (shifted from parts to sets), better coordination with production, tighter cost control
Production business: +0.2 billion yen. Contributing factors: Group-wide productivity drive, expanded farm
Corporate division: -0.1 billion yen. Consolidation adjustments: -0.2 billion yen

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
- High distribution costs and labor shortages pushing up expenses; COVID-19 causing global economic uncertainty
- African swine fever driving competition in procurement of raw materials

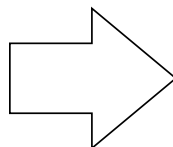
Sales growth, greater market share



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
- Develop new sales campaign for Small Worlds Tokyo

Reduce costs



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

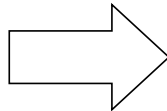
- Develop new technology and reform production processes
- Continue sustained efforts to ensure quality
- Actively address ecological challenges to increase corporate value
- Introduce PI into meat processing plants to improve safety, quality, and reduce costs
- Working with plants, develop core products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

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

Business environment

- More procurement options with TAG, TPP11, and 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
- High distribution costs and labor shortages pushing up expenses; COVID-19 causing global economic uncertainty

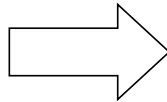
Strengthen sales capacity



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

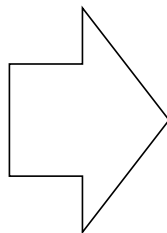
Strengthen procurement/development capacities



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



Ensure stable operations at Ibaraki plant to further boost production volume

- Use intense processing lines (firing, dicing, on-bias cutting)
- Upgrade individual quick freezing lines

Use high pressure processing to develop products from consumers' perspective and reduce food waste

Expand vendor business



Start second phase of Sagamihara vegetable plant construction

- Improve existing plants' productivity and develop vegetable products

Expand each vendor's supply area using products that stay fresh longer

Develop new products to boost net sales and sales volume

Expand sales overseas



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

Promote ESG management



Further improve corporate value, enhance corporate governance

I. Financial Results for the Year Ended March 31, 2021 (P. 2-14)

II. Medium-term Business Plan (Rolling Plan) (P.15-21)
(FY2020-FY2022)

III. Referential Materials (P. 22-34)

Changes in Consolidated Income

[Consolidated statements of income]

(millions of yen)

	Segment	FYE March 2018			FYE March 2019			FYE March 2020		
		First half	Second half	Full year	First half	Second half	Full year	First half	Second half	Full year
Net sales	Processed Foods Business	133,028	136,352	269,380	139,903	138,811	278,714	139,903	138,811	285,795
	Fresh Meats Business	62,181	62,482	124,663	64,724	69,096	133,820	64,724	69,096	131,719
	Other business	196	295	491	238	249	487	238	249	545
	Total	195,406	199,128	394,534	204,867	208,156	413,023	204,867	208,156	418,060
Cost of Sales		164,768	168,658	333,426	172,892	177,374	350,266	172,892	177,374	351,290
Gross Profit		30,637	30,471	61,108	31,974	30,782	62,756	31,974	30,782	66,769
Selling, general and adminis		23,433	24,545	47,978	24,730	24,858	49,588	24,730	24,858	51,132
Operating income		7,203	5,926	13,129	7,243	5,925	13,168	7,243	5,925	15,636
Non-operating loss		269	248	517	281	380	661	281	380	323
Ordinary income		7,473	6,173	13,646	7,524	6,305	13,829	7,524	6,305	15,959
Extraordinary income		▲ 87	1,231	1,144	273	▲ 158	114	273	▲ 158	▲ 621
Income before income taxes		7,386	7,404	14,790	7,797	6,147	13,944	7,797	6,147	15,338
Net income		4,931	5,482	10,413	4,757	3,530	8,287	4,757	3,530	8,823

(Reference) Net sales by product category

(millions of yen)

	Product category	FYE March 2018			FYE March 2019			FYE March 2020		
		First half	Second half	Full year	First half	Second half	Full year	First half	Second half	Full year
Net sales	Ham/sausage	43,024	43,134	86,158	43,024	43,077	88,183	43,024	43,077	90,189
	Processed foods (81,801	84,518	166,319	81,801	87,826	173,359	81,801	87,826	175,895
	Fresh meats	70,384	71,183	141,567	70,384	77,000	150,990	70,384	77,000	151,431
	Other	197	294	491	197	253	491	197	253	545
	Total	195,406	199,129	394,535	195,406	217,617	413,023	195,406	217,617	418,060

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	2,858	Processed foods (etc.)	Ham/sausage	902	Ham/sausage
			Processed foods (etc.)	727	<u>902</u>
Fresh Meats Business	1,317	Fresh meats	Vendor products	1,030	Processed foods (etc.)
			Fresh meats	199	<u>729</u>
Other	5	Processed foods (etc.)	Fresh meats	1,315	Fresh meats
			Other	2	<u>1,514</u>
			Other	5	<u>5</u>

Changes in Consolidated Balance Sheets

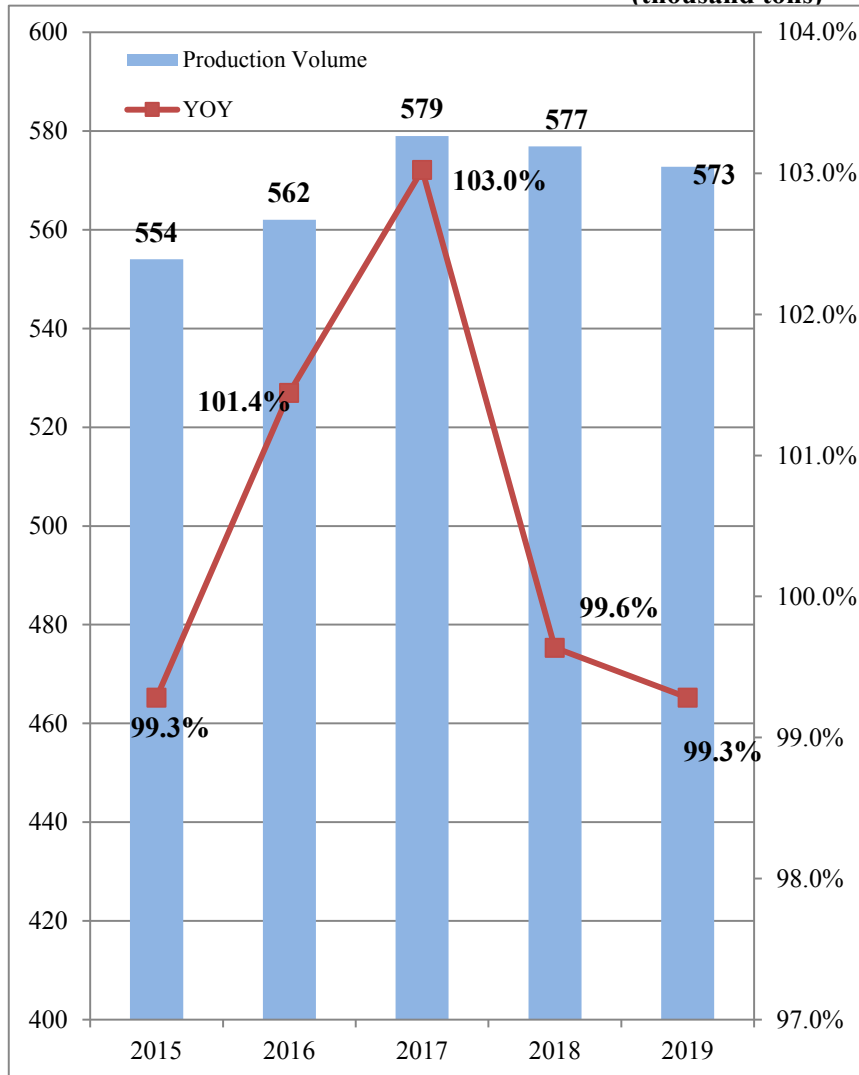
[Consolidated Balance Sheets]

(millions of yen)

	FYE March 2018		FYE March 2019		FYE March 2020	
	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	79,329	91,315	82,857	85,529	87,310
Noncurrent assets	88,013	110,422	116,757	121,004	114,840	111,220
Gross assets	157,043	189,751	208,073	203,862	200,369	198,530
Current liabilities	55,616	64,630	78,588	74,706	68,705	68,171
Noncurrent liabilities	27,072	36,846	36,746	34,519	32,397	30,225
Total liabilities	82,689	100,477	115,305	109,226	101,102	98,396
Shareholders' equity	61,584	74,714	77,684	80,237	83,942	86,010
Accumulated other	5,524	6,466	6,569	5,877	5,682	4,562
Minority interests	7,245	8,094	8,513	8,521	9,641	9,561
Total net assets	74,354	89,274	92,767	94,635	99,267	100,134
Total liabilities and ne	157,043	189,751	208,073	203,862	200,369	198,530
Equity	76,151	81,180	84,254	86,114	89,625	90,573
Equity ratio(%)	40.6	42.8	40.5	42.2	44.7	45.6

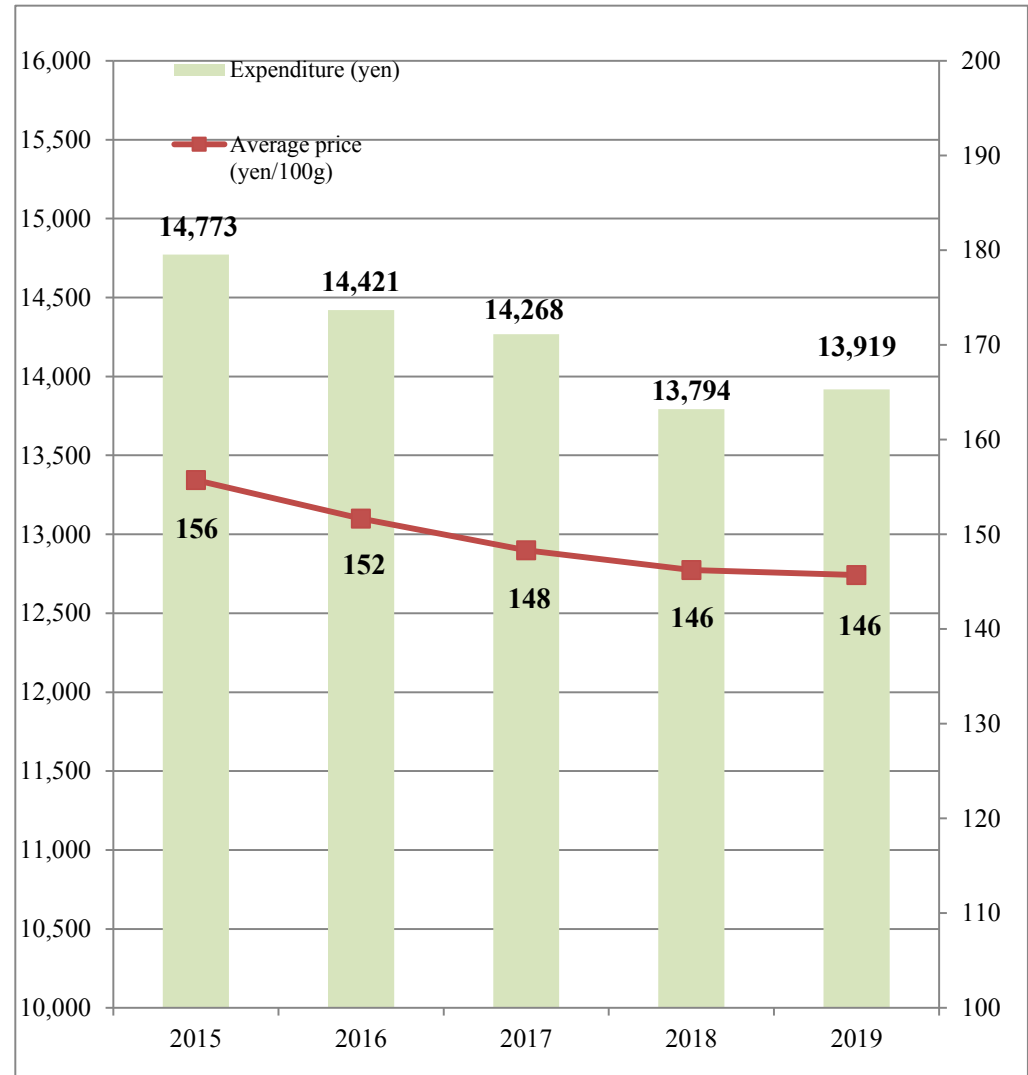
Data on Industry Trends

**(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)

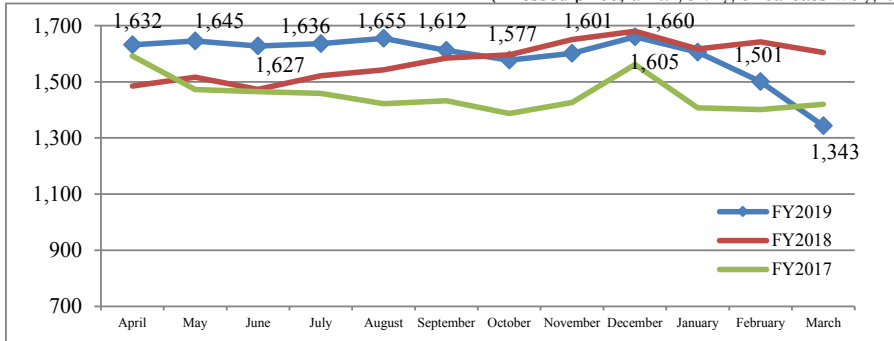


Report on the Family Income and Expenditure Survey, Bureau of Statistics (a nationwide survey of households with two or more members)

Data on Industry Trends 2

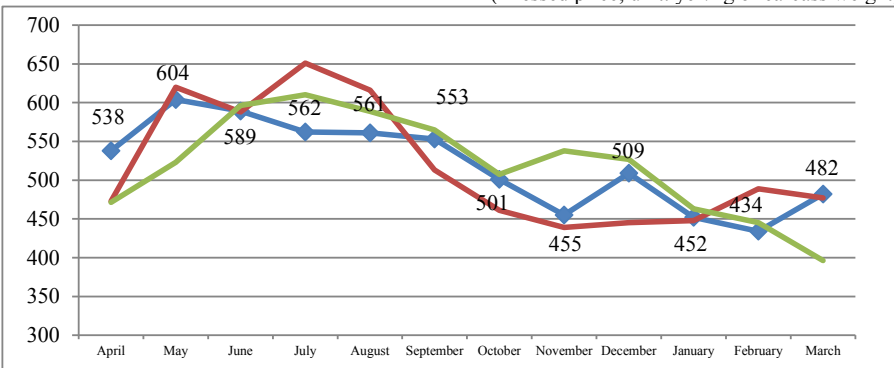
(1) Tax-excluded wholesale price (Tokyo) of B-3 crossbreed steers

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



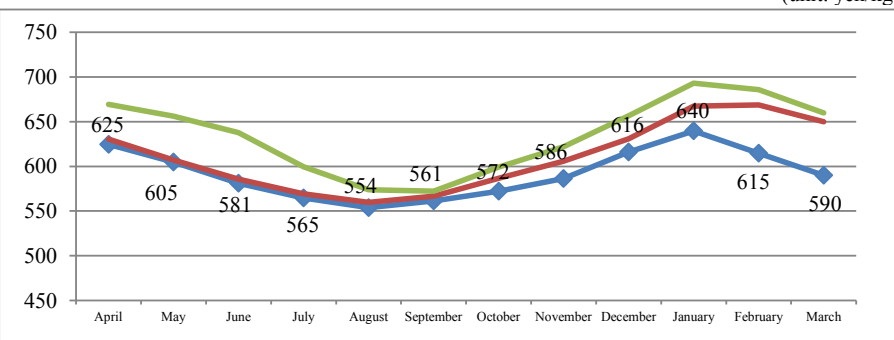
(2) Tax-excluded wholesale price of pork (Tokyo, ministerial ordinance)

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



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

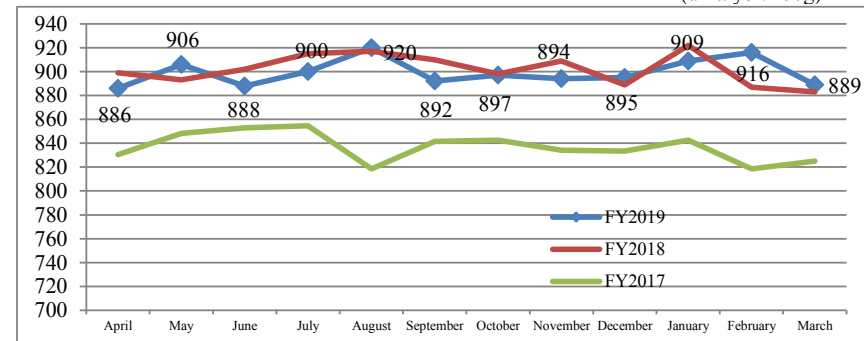
(unit: yen/kg)



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

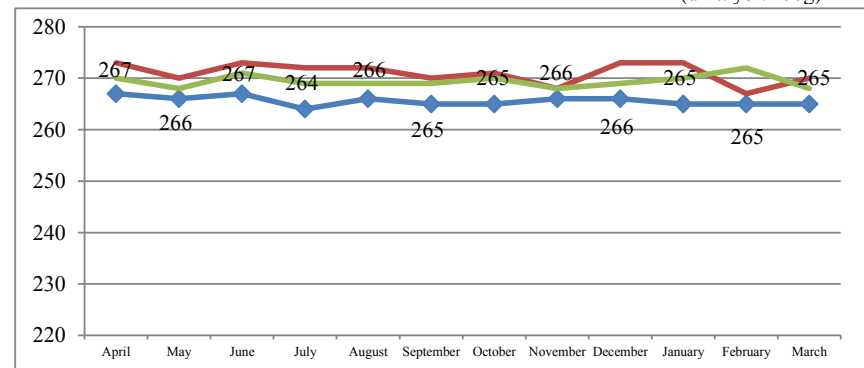
(4) Tax-excluded retail price of Japanese-produced beef loin (Tokyo)

(unit: yen/100g)



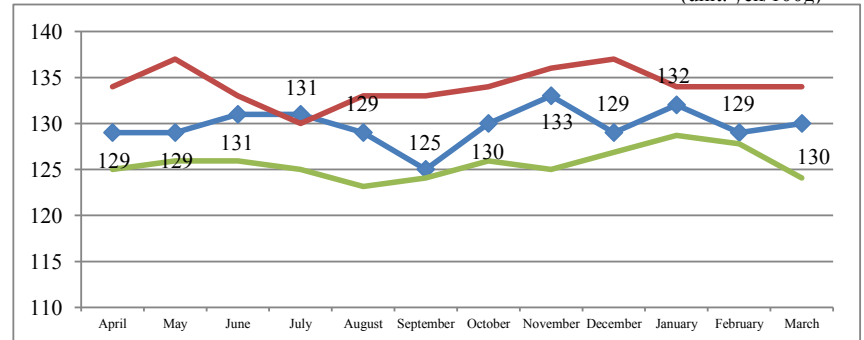
(5) Tax-excluded retail price of Japanese-produced pork loin (Tokyo)

(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, 2020)

■ 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	1895 (increased by 54)		
Business sites	Sales bases	6 branch offices	24 sales offices
	Production bases	4 plants	
Number of group companies	34		
	Consolidated subsidiaries	29	
	Companies accounted for using the equity method	5	
Number of employees across corporate group	16033 (increased by 1093)		
Group bases	Production bases	24 plants (in Japan) 4 bases (overseas)	

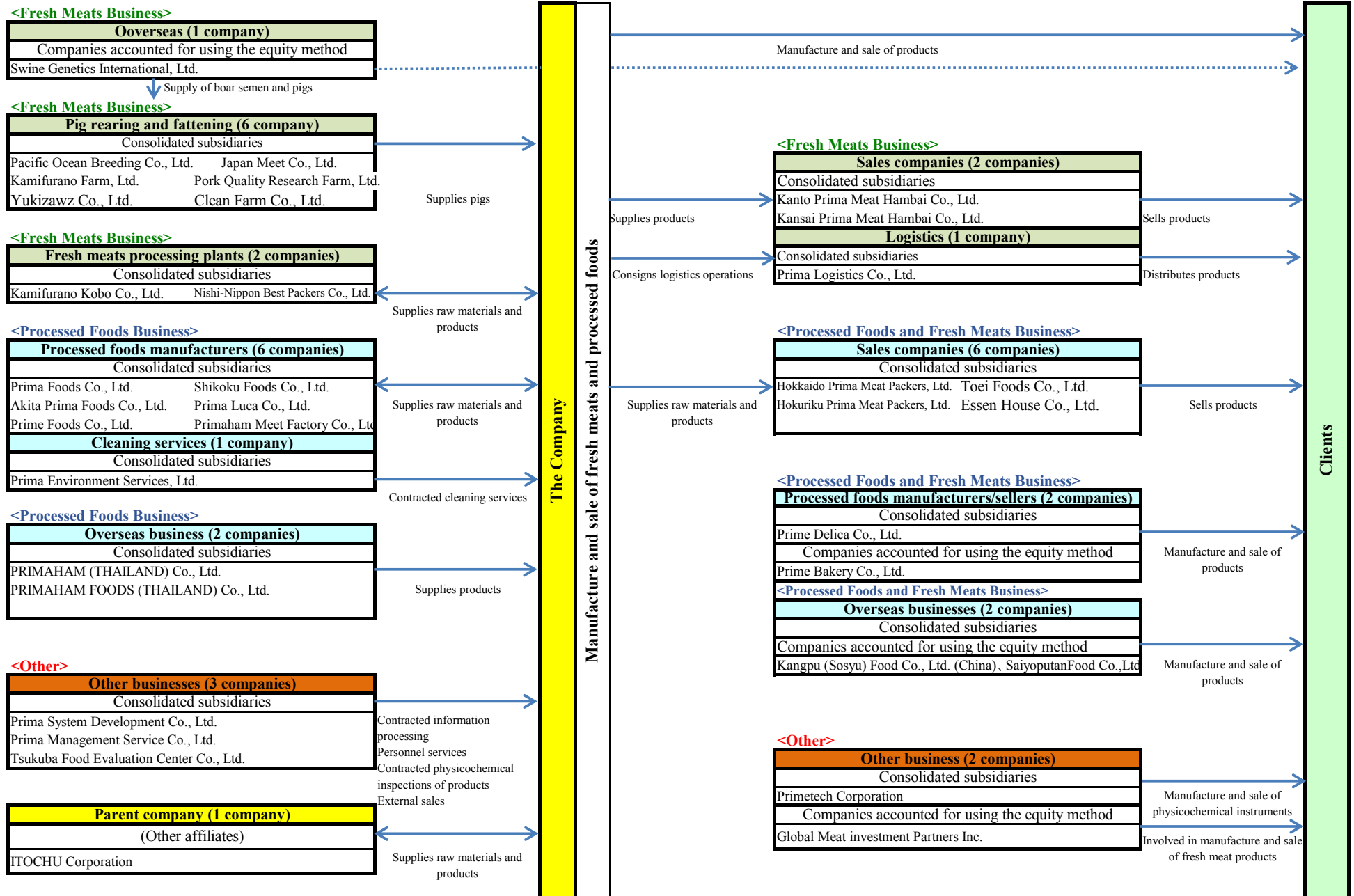
(Note)

1. Increase/decrease is in comparison to the end of the previous fiscal year (as of March 31, 2019)

■ 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, 2020)



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

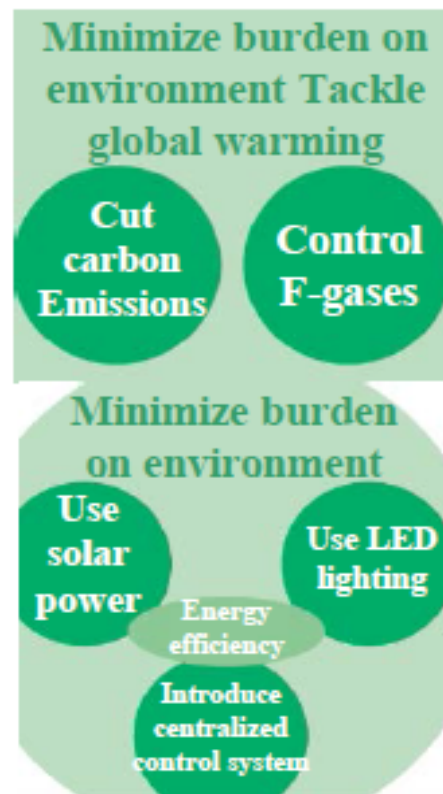
The packing room (15°C) uses an air conditioning system. 240 tons of slushy coolant is prepared in an ice tank during the night (when electricity rates are lower), and this coolant is then pumped through the system during the day to reduce energy consumption. **Energy consumption is now down 20%** compared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

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