

First Half Results for the Year Ending March 31, 2023

November 21, 2022

Prima Meat Packers, Ltd.

Contents

- 1 First Half Results for the Year Ending March 31, 2023**
- 2 Forecasts for the Year Ending March 31, 2023
- 3 Appendix
- 4 External Environment Data

First Half Results for the Year Ending March 31, 2023: Consolidated Statements of Income

Great taste, great connections
PRIMAHAM

	*Result in comparative period, retroactively adjusted	Net sales ratio	(hundred millions of yen, %)				(Reference)
			FYE March 2023				
			H1	Net sales ratio	% of comparative period	YoY change	Comparative period, unadjusted
Net Sales	2,102	100.0	2,117	100.0	100.7	16	2,097
Processed Food Business	1,422	67.7	1,484	70.1	104.4	62	1,422
French Meat Business	677	32.2	630	29.8	93.1	-47	673
Others	2	0.1	3	0.1	106.7	0	2
Cost of Sales	1,827	86.9	1,871	88.4	102.4	44	1,827
Gross profit	275	13.1	246	11.6	89.5	-29	270
SG&A expenses	191	9.1	191	9.0	100.3	1	190
Operating income	84	4.0	55	2.6	65.1	-29	80
Ordinary income	89	4.2	58	2.8	65.9	-30	89
Income before income taxes	89	4.3	58	2.7	64.4	-32	89
Net income attributable to non-controlling interests	7	0.3	2	0.1	25.2	-5	7
Net income attributable to owners of parent	53	2.5	37	1.7	69.8	-16	53

*Result in comparative period, retroactively adjusted: For these figures, the new presentation method applied from the start of the period under review has been applied retroactively to revenue and expenses associated with the compound feed price stabilization system.

Released figures

Gross profit margin: 1.5% down (13.1% → 11.6%)

Cost to sales ratio: Turned upward (unfavorable) by 1.5% (86.9% → 88.4%)

Purchasing of raw materials and products: 0.9% up

Production costs to sales ratio: 0.6% up

SG&A: Turned downward (favorable) by 0.04% (9.06% → 9.02%)

Labor: 0.07% up

Admin: 0.11% down

Operating margin: 1.4% down (4.0% → 2.6%)

First Half Results for the Year Ending March 31, 2023: Segment Results

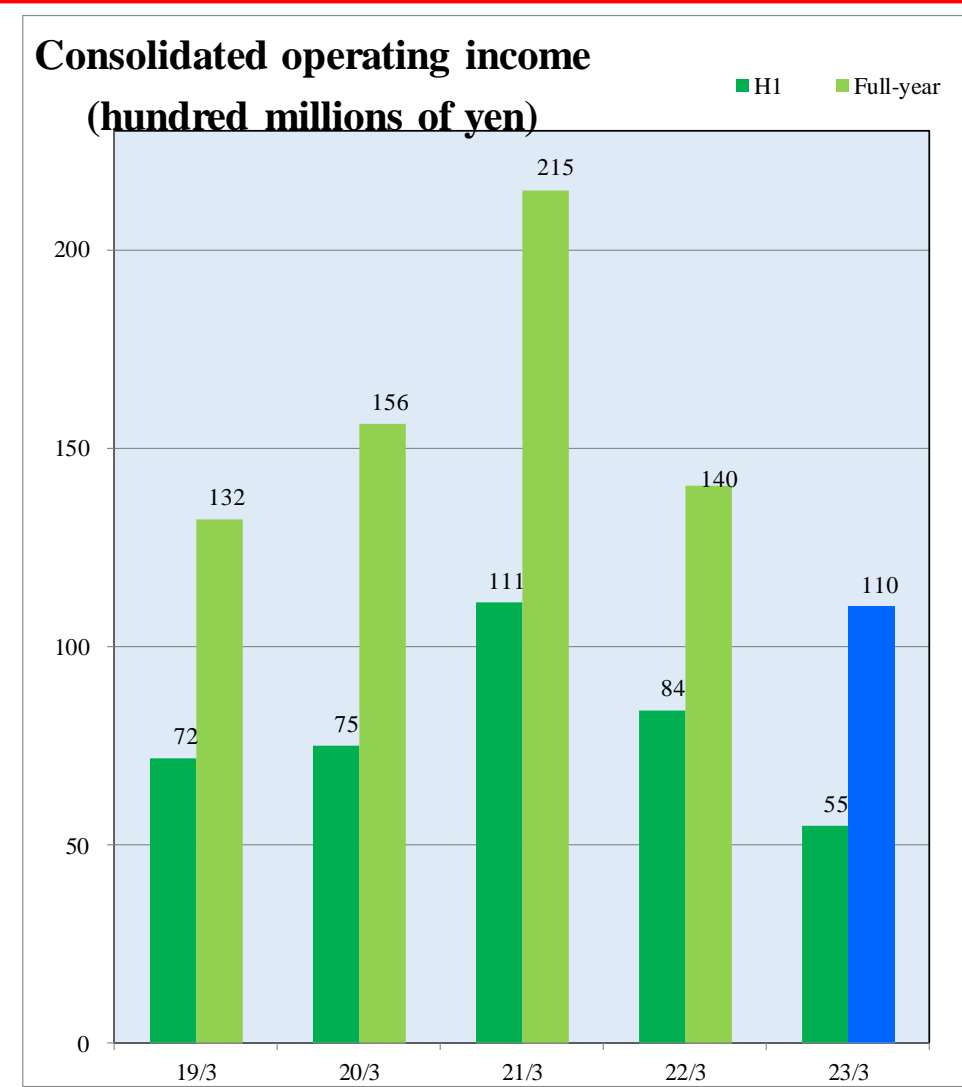
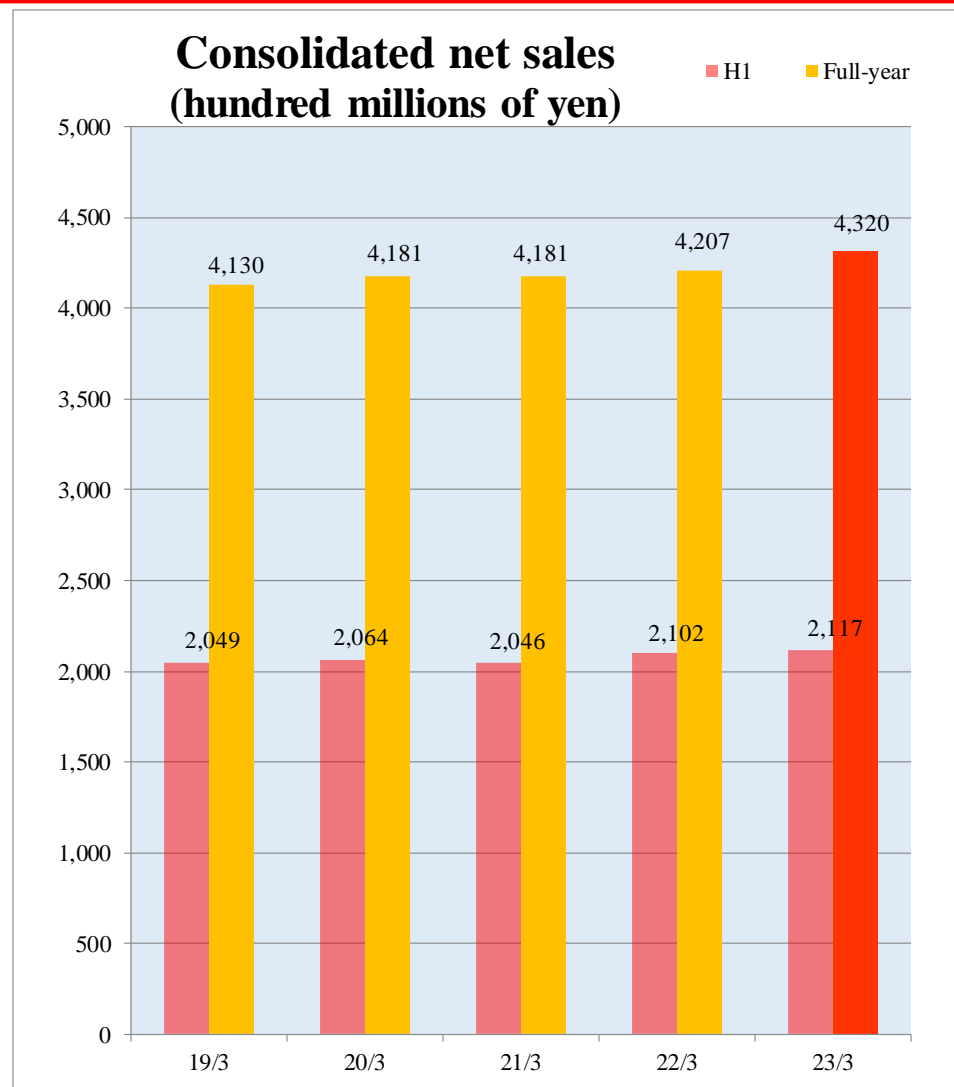
		(hundred millions of yen, %)				Operating income			(Reference)
		*Result in comparative period, retroactively adjusted	FYE March 2023			Nonconsolidated, subsidiaries	YoY change	Comparative period, unadjusted	
			HI	% of comparative period	YoY change				
Processed Foods segment	Net sales	1,422	1,484	104.4	62	Processed Foods segment	Nonconsolidated	-1	1,422
	Operating income	82	59	71.9	-23		Subsidiaries	-12	82
Fresh Meat segment	Net sales	677	630	93.1	-47		Vendors	-10	673
	Operating income	10	-2	-19.9	-12			6	
Others	Net sales	2	3	106.7	0	Fresh Meat segment	Nonconsolidated	-3	2
	Operating income	1	1	100.0	0		Subsidiaries	-9	1
Adjustment	Operating income	-9	-3	37.7	5	Adjustment		5	-9
Consolidated Total	Net sales	2,102	2,117	100.7	16				2,097
	Operating income	84	55	65.1	-29	Total		-29	80

*Adjustment: This refers to general (organization-wide) expenses not allocated to any particular segment.

Released figures

Business environment	<ul style="list-style-type: none"> ● We faced heavy production costs (with higher raw material costs and energy costs) amid the sinking yen and soaring oil prices. ● Sales prices had risen across a range of industries, but cost increases were yet to be fully passed on to customers. Accordingly, many companies hiked prices multiple times during the period. ● The fresh meat business faced harsh conditions, with costs of purchasing import products soaring because of further increases in raw meat prices and feed prices, coupled with the sinking yen.
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Changes in Net Sales and Operating Income



Notes: The new revenue recognition standard has been applied since the year ended March 31, 2021, and is retroactively applied to the previous years results shown below.

The figures for the year ending March 31, 2023, are the revised full-year forecasts announced on October 31.

Processed Foods Business: H1 Summary

	Actions taken	Outcomes												
Price hikes	<p>○We hiked prices of ham/sausage and other processed foods to absorb cost increases in key raw materials and energy.</p> <table border="0"> <tr> <td></td> <td style="text-align: center;">First price hike</td> <td style="text-align: center;">Second price hike</td> </tr> <tr> <td>Date</td> <td style="text-align: center;">1-Feb</td> <td style="text-align: center;">1-Sep</td> </tr> <tr> <td>Products</td> <td style="text-align: center;">200 ham/sausage products and other processed foods (164 consumer products, 36 commercial products)</td> <td style="text-align: center;">400 ham/sausage products and other processed foods (consumer products, commercial products)</td> </tr> <tr> <td>Size of increase</td> <td style="text-align: center;">5–12%</td> <td style="text-align: center;">Consumer products: 5–20% Commercial products: 5–30%</td> </tr> </table>		First price hike	Second price hike	Date	1-Feb	1-Sep	Products	200 ham/sausage products and other processed foods (164 consumer products, 36 commercial products)	400 ham/sausage products and other processed foods (consumer products, commercial products)	Size of increase	5–12%	Consumer products: 5–20% Commercial products: 5–30%	<p>○Ham/Sausage sales</p> <p style="text-align: center;">◇104% of comp period</p> <p>○Sales of other processed foods</p> <p style="text-align: center;">◇108% of comp period</p>
	First price hike	Second price hike												
Date	1-Feb	1-Sep												
Products	200 ham/sausage products and other processed foods (164 consumer products, 36 commercial products)	400 ham/sausage products and other processed foods (consumer products, commercial products)												
Size of increase	5–12%	Consumer products: 5–20% Commercial products: 5–30%												
Sales	<p>○We continued efforts to expand market share</p> <p>○We worked to boost Koukun brand recognition</p> <ul style="list-style-type: none"> • We ran a campaign commemorating brand's 20th anniversary 		<p>○Ham/Sausage sales vol: ◇100% of comp period</p> <table border="0"> <tr> <td>Consumer products</td> <td style="text-align: right;">99%</td> </tr> <tr> <td>Commercial products</td> <td style="text-align: right;">101%</td> </tr> </table>	Consumer products	99%	Commercial products	101%							
Consumer products	99%													
Commercial products	101%													
Marketing	<p>○We held more promotional campaigns and events</p> <ul style="list-style-type: none"> • Disney events, private theater show (Takarazuka Revue's Cosmos troupe), Koukun Day <p>○We worked to grow our social media audience (on Twitter and Line)</p> 	<p>○Sales vol of other processed foods: ◇100% of comp period</p> <table border="0"> <tr> <td>Prepared foods for consumers</td> <td style="text-align: right;">99%</td> </tr> <tr> <td>Prepared foods for commerce</td> <td style="text-align: right;">108%</td> </tr> <tr> <td>Seasoned meat</td> <td style="text-align: right;">88%</td> </tr> </table> <p>Share of B2C market: Ham/Sausage</p> <p style="text-align: center;">◇0.8% up YoY (SCI data, April–September)</p>	Prepared foods for consumers	99%	Prepared foods for commerce	108%	Seasoned meat	88%						
Prepared foods for consumers	99%													
Prepared foods for commerce	108%													
Seasoned meat	88%													
Production	<p>○We worked to increase cost competitiveness and boost production capacity</p> <ul style="list-style-type: none"> • Boosted production capacity of existin • Continued increasing man-hour productivity while minimizing increases in raw material costs • New Kagoshima under construction 	<p>Man-hours productivity</p> <table border="1"> <tr> <td>Ham/Sausage</td> <td>Processed foods</td> </tr> <tr> <td style="text-align: center;">+4%</td> <td style="text-align: center;">-1%</td> </tr> </table>	Ham/Sausage	Processed foods	+4%	-1%								
Ham/Sausage	Processed foods													
+4%	-1%													
Vendors	<p>○We faced margin pressure amid increases in raw material costs and production (e.g. labor) costs</p> <p>○We continued investing in new products, but none proved a hit.</p>	<p>Vendor business: Net sales</p> <p style="text-align: center;">◇99% of comp period</p>												

Processed Foods Business: H1 Results with YoY Comparisons

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1. Ham/Sausage

(1) Sales volume: All ham/sausage products

	FYE March 2021	FYE March 2022	FYE March 2023/H1	% of total
Ham/Sausage	110	104	100	
Consumer Products	117	103	99	76.0
Commercial Products	94	110	101	23.3
Gift Products	93	98	99	0.7

(2) Sales volume: Key consumer products

	FYE March 2021	FYE March 2022	FYE March 2023/H1
Koukun Sausage	123	110	106
Loin ham group	121	99	97
Bacon group	122	100	92
Tokachi Raw ham	116	98	90



► For Koukun Sausage, we recorded strong sales of twin-pack and large-pack products

(3) Improvement in person-hours productivity

	FYE March 2021	FYE March 2022	FYE March 2023/H1
Ham/Sausage	6% up	4% up	4% up



(4) Net sales in vendor business (1 company)

	H1 FYE 21/3	H1 FYE 22/3	FYE March 2023/H1
Net sales	106	103	99

2. Other processed foods

(1) Sales volume: All other processed foods products

	FYE March 2021	FYE March 2022	FYE March 2023/H1	% of total
Processed Foods	99	102	100	
Consumer Products	112	94	99	30.1
Commercial Products	87	118	108	48.5
Seasoning raw meat	105	88	88	18.2

(2) Sales volume: Key consumer products

	FYE March 2021	FYE March 2022	FYE March 2023/H1
Burgers	141	103	86
Meatballs	104	101	97
Chicken strips for salads	107	85	93
Uncooked chicken meatballs	106	108	96

(3) Improvement in man-hours productivity

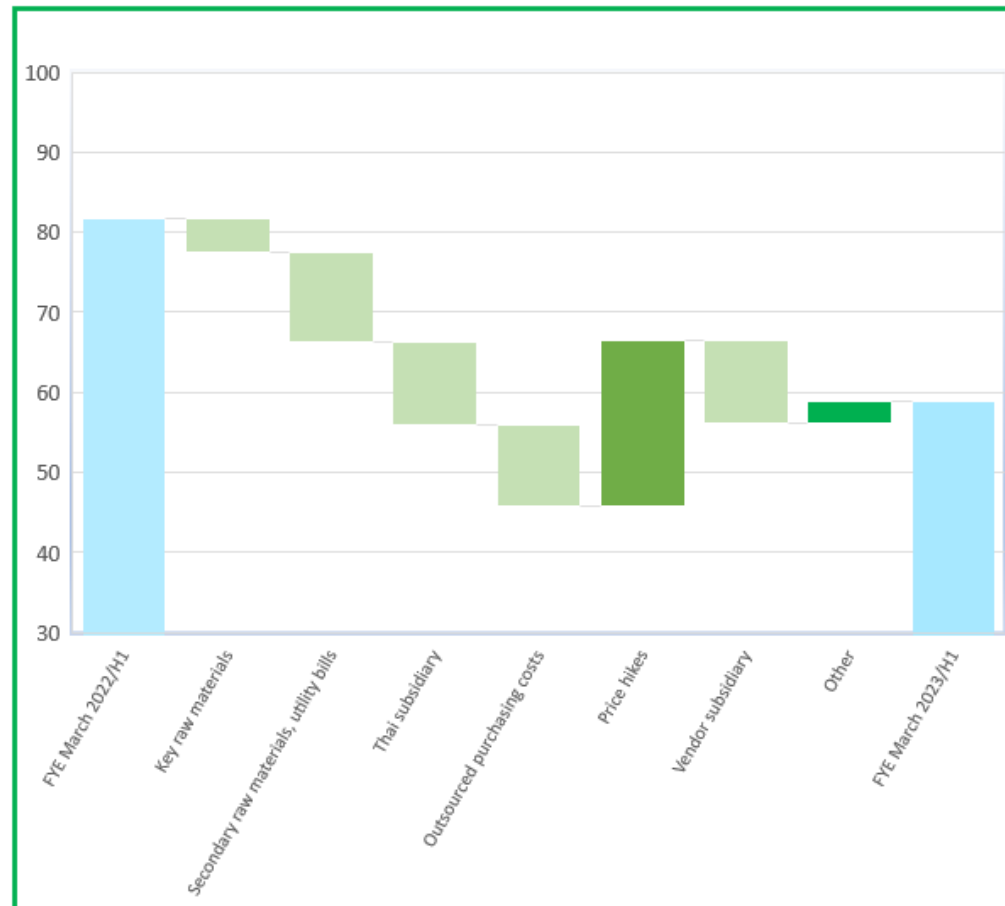
	FYE March 2021	FYE March 2022	FYE March 2023/H1
Processed Foods	4% up	No change	1% down



Processed Foods Business: Factors of Change in Operating Income

(hundred millions of yen, %)

	Comparative period result	FYE March 2023		
		H1 result	% of comp period	YoY change
Net sales	1,422	1,484	104.4	62
Operating income	82	59	71.9	-23



○ Cost increases **-¥3.6 bn** Higher raw materials and utility costs were compounded by higher costs associated with a Thai subsidiary and outsourced purchasing

○ Price hikes **+¥2.1 bn**

For ham/sausage products, the price hikes largely absorbed the cost increases.

Factor		Amount
FYE March 2022/H1 operating income		82
Cost increases	Key raw materials	-4
	Secondary raw materials, utility bills	-11
	Thai subsidiary	-10
	Outsourced purchasing costs	-10
-36		
Price hikes		21
+21		
Vendor subsidiary		-10
Other		3
FYE March 2023/H1 operating income		59

Fresh Meat Business: H1 Summary

External environment

- The yen plummeted
 - March: Averaged at ¥119 to the dollar
 - September: Averaged at ¥143 to the dollar
- We faced further price increases in overseas meat markets
- We faced sluggish domestic demand for fresh meat.
 - Beef demand plummeted.**
 - Ministry of Internal Affairs and Communications survey of households (containing 2 people or more) between April and September 2022:

Spending: % of comp period		Sales volume: % of comp period	
Beef	94.0	Beef	90.5
Pork	100.5	Pork	97.2
Poultry	100.7	Poultry	97.2
Fresh red meat and poultry	98.1	Fresh red meat and poultry	96.1
Other fresh red meat and poultry	91.4	Other fresh red meat and poultry	86.6
- We faced higher animal feed prices

	Period	Size of price increase
JA animal feed prices (national average)	Jan–Mar 2022	¥2,900 up
	Apr–Jun 2022	¥4,350 up
	Jul–Sep 2022	¥11,400 up

Record high



Internal environment

- Fresh meat sales:
 - We were late in passing on cost increases to customers
 - Net sales decreased YoY. The main factor was lower sales volume of imported chilled beef and pork, a result of higher costs coupled with less demand.

H1 sales results	Sales vol: % of comp period	Net sales: % of comp period
Imported beef	70%	88%
Imported pork	87%	90%
- Sales teams focused on margins

- Hog farming business:
- We worked to increase hog shipments, aiming for 600 k shipments by 2030

Year ended	Shipments
2020	380 k
2021	420 k
2022	440 k

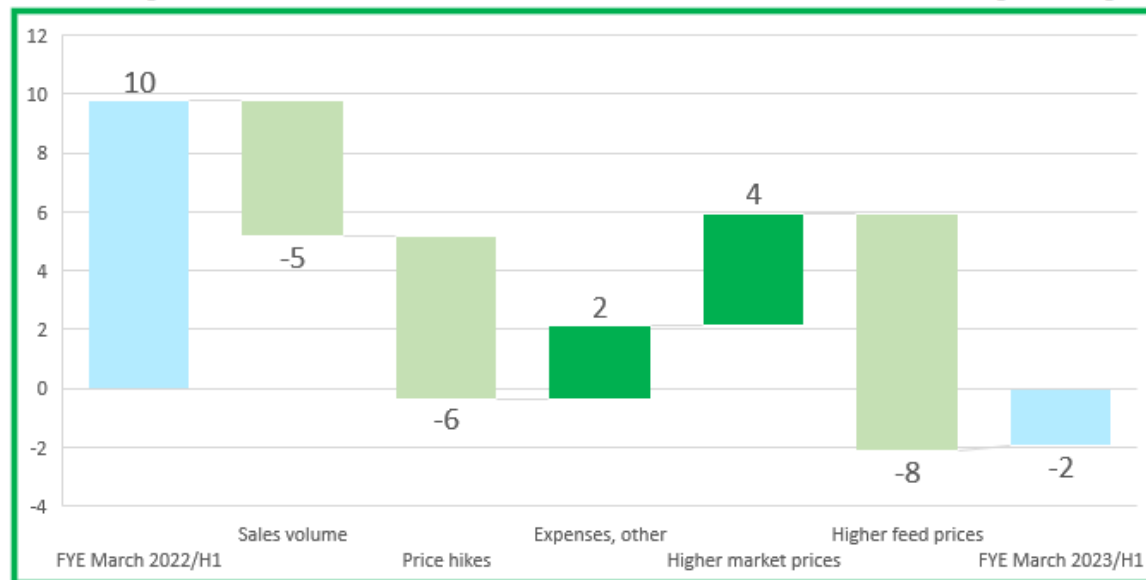
H1 result: 99% of comparative period
- We worked to improve productivity and quality
- We worked to improve animal welfare
- In March 2022, Nikushitsu Kenkyu Farm, Ltd., introduced movable farrowing crates.
- We continued work to prepare the new farm in Miyagi
- In July 2022, the farm imported highly productive sows

Fresh Meat Business: Factors of Change in Operating Income

(hundred millions of yen, %)

	*Result in comparative period, retroactively adjusted	FYE March 2023		
		H1 result	% of comp period	YoY change
Net sales	677	630	93.1	-47
Operating income	10	-2	-19.9	-12

*Feed compensation is included in net sales in both the H1 result and the comparative period.



Fresh meat sales -¥0.8 bn
 Lower sales volume: -¥0.5 bn
 Lateness in passing on cost increases: -¥0.6 bn
 Expenses and other factors: +¥0.3 bn

Hog farming business -¥0.4 bn
 High fresh meat prices in Japan: +¥0.4 bn
 High feed prices -¥0.8 bn

Factor		Amount
FYE March 2022/H1 operating income		10
Fresh meat sales	Sales volume	-5
	Price hikes	-6
	Expenses, other	2
Hog farming	Higher market prices	4
	Higher feed prices	-8
FYE March 2023/H1 operating income		-2

[Reference] Changes to compound feed price stabilization system

	Before	After
Revenue (compensation)	Non-operating income	Net sales
Expenses (deposits)	Non-operating expenses	Selling, general and administrative expenses

Consolidated Balance Sheets

(hundred millions of yen)

	FYE March 2022	FYE March 2023	
		1H	Change
Current assets	958	989	30
Cash and deposits	126	116	-10
Notes and accounts receivable	441	446	5
Inventory	234	307	73
Deposits	130	90	-40
Other	27	29	2
Noncurrent assets	1,259	1,308	49
Tangible fixed assets	972	1,008	36
Intangible fixed assets	49	59	11
Investment and other assets	238	240	2
Gross assets	2,217	2,296	79

	FYE March 2022	FYE March 2023	
		1H	Change
Total liabilities	992	1,049	57
Current liabilities	717	743	26
Noncurrent liabilities	275	306	31
Total shareholders' equity	1,028	1,042	14
Capital	79	79	0
Capital reserve	102	102	0
retained earnings	851	865	14
Treasury stock	-4	-4	0
Accumulated othe comprehensive income	91	97	6
Minority interests	107	109	2
Total net assets	1,226	1,248	22
Total liabilities and net assets	2,217	2,296	79

	FYE March 2022	FYE March 2023	
		1H	Change
Equity ratio	50.5	49.6	-0.9

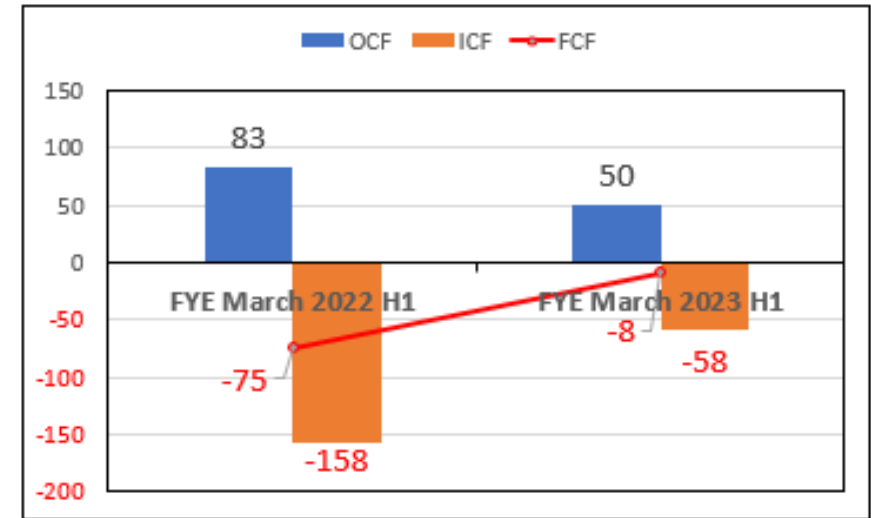
(hundred millions of yen, %)

	FYE March 2022	FYE March 2023	
		1H	Change
Interest-bearing dept	206	236	30
D/E ratio	0.18	0.21	0.03
Net interest-bearing debt	-50	30	79

Consolidated Cash Flow Statements

(hundred millions of yen)

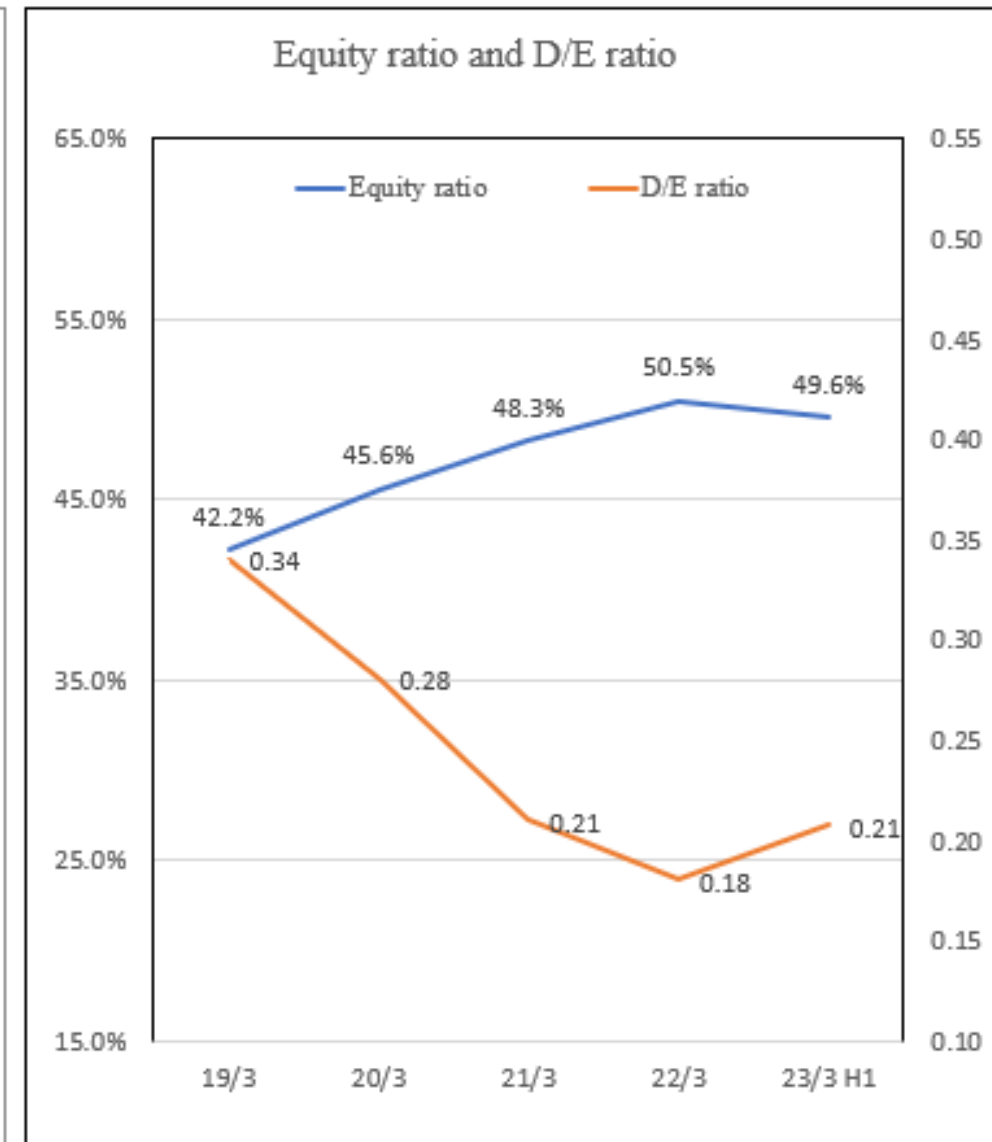
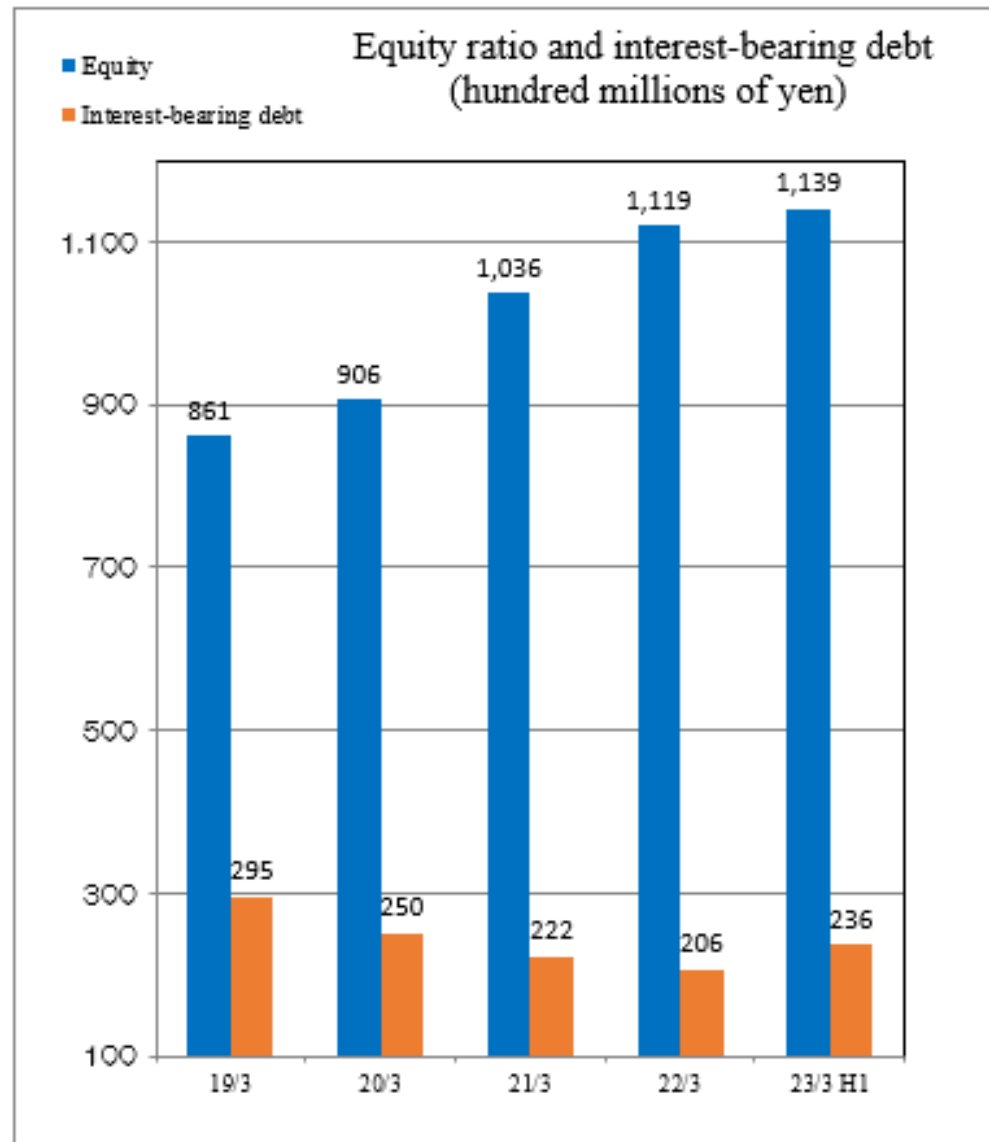
	FYE March 2022	FYE March 2023	
	H1	H1	Change
1. Cash flows from operating activities	83	50	-34
Income before income taxes	89	58	-32
Depreciation/amortization	51	53	2
Decrease (increase) in notes and accounts receivable—trade	2	-5	-7
Decrease (increase) in inventory assets	-52	-73	-21
Increase (decrease) in notes and accounts payable-trade	22	25	3
Other	-29	-8	21
2. Cash flows from investing activities	-158	-58	100
Spending on property, plant and equipment	-75	-98	-22
Spending on intangible assets	-8	-10	-2
Deposits	-50	50	100
Other	-25	-0	25
3. Cash flows from financing activities	-59	7	66
4. Cash and cash equivalents at end of period	164	161	-3
Free cash flow (1 + 2)	-75	-8	66



Depreciation/amortization, capital expenditures(hundred millions of yen)

	FYE March 2022		FYE March 2023		
	H1	Full-year	H1	YoY change	Full-year target
Depreciation/amortization	51	105	53	2	110
Capital expenditures	85	166	95	10	281

Changes in Equity and Interest-bearing Debt



Contents

- 1 First Half Results for the Year Ending March 31, 2023
- 2 Forecasts for the Year Ending March 31, 2023**
- 3 Appendix
- 4 External Environment Data

H2 and Full-Year Forecasts: Consolidated Statements of Income

[Full-year]

(hundred millions of yen, %)

	Result in comparative period, retroactively adjusted	Revised forecast (10/31)	YoY change	% of comp period	Initial forecast
Net sales	4,207	4,320	113	103	4,410
Operating income	140	110	-30	78	161
Ordinary income	149	116	-33	78	166
Net income attributable to owners of parent	97	73	-24	75	106

*This is the revised full-year forecast, which we announced on October 31.

○ Processed Foods segment

Cost increases in H1 should be covered in H2 by second round of price hikes, including prices changes in private brands.

○ Fresh Meat segment

Operating income should be similar last year's level.

Segment results in H2 of year ended March 2022

	Net sales	Operating income
Processed Foods	1,434	59
Fresh Meat	669	3
Other, adjustments	2	-6
Total	2,106	56

[H1]

(hundred millions of yen, %)

	Result in comparative period, retroactively adjusted	Result	YoY change	% of comp period
Net sales	2,102	2,117	16	100.7
Operating income	84	55	-29	65.1
Ordinary income	89	58	-30	65.9
Net income attributable to owners of parent	53	37	-16	69.8

[H2]

(hundred millions of yen, %)

Comparative period, retroactively adjusted	Forecast	YoY change	% of comp period
2,106	2,203	97	104.6
56	55	-1	98.1
60	58	-3	95.6
44	36	-8	81.5

Key Actions for Second Half

Processed Foods

▶ **Continue increasing market share, aiming for 11th consecutive year of share expansion in SCI ham/sausage section**

In FYE 2020 and previous years, the SCI surveyed monitors aged 15 to 69. Since FYE 2021, it surveys monitors aged 15 to 79.

- For Koukun (twin-pack, large-pack), improve brand recognition and use promo campaigns to build fan base

▶ **Launch second round of price hikes (from Sep 1)**

- For private brands, keep negotiating price hikes with vendors

▶ **Boost production capacity to ensure supply stability necessary for increasing market share**

- Existing plants: Increase operating days
- New plant in Kagoshima: Start phased line relocation in January 2023 so that the plant can fully enter full service in the spring

▶ **Vendor subsidiary**

- Keep developing new products
- Use new releases to cover cost increases

Fresh Meat

▶ **Fresh meat sales (purchasing, selling)**

- Go further in passing on purchase price increases
- Step up efforts to cut food loss, focusing on excess in-market inventory
- Keep margins in mind during sales talks and negotiations (to better reflect market fluctuations)
- Cultivate new production sources, explore prospect for importing frozen meats from EU (as a set with deliveries of chilled and defrosted meats)

▶ **Hog farming**

- Improve productivity and quality
- Improve animal welfare
- Launch operations at the new farm in Miyagi: Manage insemination–farrowing stages with view to commencing first shipments next autumn

Update on New Plant in Kagoshima and New Farm in Miyagi

◇ New plant in Kagoshima



December 2022:
Construction to be completed

January 2023:
Phased line relocation to begin

Spring 2023:
Plant to fully enter service

- The plant will boost production capacity for Koukun and other brands
- It will include facilities for producing light meals paired with drinking (local production, local consumption)
- It will use innovative tech, including AI-driven testing device
- It will reduce CO2 emissions (using LNG heating, natural coolant, and solar panels)

◇ New Farm in Miyagi



Phase 1 breeding site (Watari)
to be completed

Phase 1 fattening site
(Yamamoto) to be completed
(in FYE '23)

July 2022:
Farm welcomed first
sows

Year-end:
Insemination to
begin

Autumn 2023:
Shipments to begin

- Digital sensing and data systems will be used to monitor conditions on the farm
- The farm will use our own feed system for swine diets (including rice co-products)
- It will follow our own animal welfare standards, which will be in line with OIE standards
- It will form strong ties with the local community

Expanding Globally, Forging New Distribution Channels

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◆ Global expansion: Penetrating Singapore with Rudi's Fine Food



▶ Rudi's Fine Food produces and sells high-quality, European-style hams and sausages. Its clientele includes local big-name supermarket brands and 5-star hotels. Rudi's is forging new channels with local supermarkets.

▶ In the future, Rudi's will work with our Thai subsidiary, PRIMAHAM (THAILAND) Co., Ltd., to expand to other Southeast Asian markets.



◆ E-commerce: The Meat Guy



▶ An online meat store, the Meat Guy deals mainly in free-range, grass-fed beef (which is healthier and leaner than conventional beef).

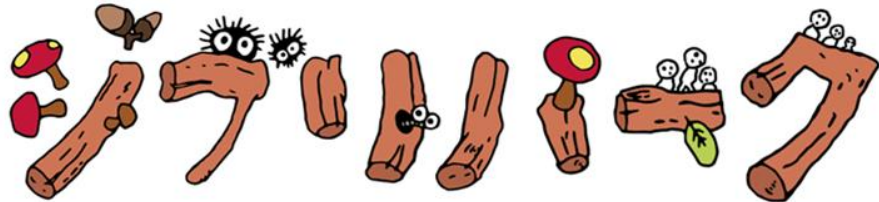
▶ Scrupulous about food safety, the Meat Guy sells beef with no added hormones or other additives. It offers as many as 400 varieties.

▶ Using its own meat plant, the Meat Guy produces a range of original products, such as fresh raw-meat sausages.



Official Sponsorship of Ghibli Park

Declaring that it would make Ghibli Park a place that people will continue to cherish for over a hundred years, Ghibli Park Co., Ltd., has committed to developing its theme park in a way that contributes to sustainability, ensuring that the park is loved by visitors of all ages and by the local community. Identifying with this vision, we became an official sponsor.

プリマハムは  を応援しています。

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Ghibli Park opened on November 1, 2022, in Nagakute, Aichi

Prima Meat Packers Group Integrated Report 2022



We published our 2022 integrated report online only (as a PDF) to save paper and reduce our carbon footprint. The Japanese edition was published in September 2022, and the English edition was published in November.

Integrated Report 

Main content:


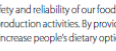
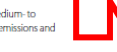

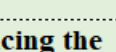
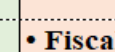




- (1) President's message
- (2) Value creation story
- (3) Medium-term business plan
- (4) Sustainable management
- (5) Business overview
- (6) Corporate governance

The screenshot displays the website's navigation menu at the top, including 'President's Message', 'Value Creation Story', 'Medium-term Business Plan', 'Sustainability Management', 'Business Overview', 'Corporate Governance', and 'Data Section'. The main content area is divided into two sections:

- Value Creation Process:** This section features a central diagram titled 'Value Creation Process' with a 'Medium-term Business Plan' at its core. The diagram is divided into 'Inputs' (Financial, Manufactured, Human, Intellectual, Social, Natural capital) and 'Outputs' (Ham and sausages). It also includes 'Brand Strengths' (Modern, cost-competitive plants; Excelling at in-house product development) and 'Material Issues' (Securing safe, reliable food; Reducing greenhouse gas emissions; Reducing the volume of waste output; Achieving sustainable procurement of raw materials; Addressing animal welfare). The 'Medium-term Business Plan' includes three key points: 1. Implement ESG strategy and make business foundation more sustainable; 2. Invest in growth; 3. Expand global presence. The 'Outcomes' section lists: Great taste, time to enjoy; Building a healthy body; Safe, reliable products; Simple, easy products.
- President's Message:** This section features a photograph of the President and a text block titled 'Thinking 10 years ahead and rebuilding our corporate culture'. The text discusses the challenges of the pandemic and the company's commitment to sustainable growth and employee well-being. It mentions the company's vision to contribute to food culture and society through great taste and excitement.

► In August 2022, we conducted a new materiality analysis, setting metrics and targets for material issues.

Materiality: Metrics and Targets

Category	Material Issues	Metrics and targets	Related SDGs
Creating healthy, well-rounded dietary habits	Securing safe, reliable food	• Food Safety Management System (FSMS) operating in all major plants and farms by end of fiscal 2030	
	Recommending health-conscious products	• Larger lineup of health-oriented foods	
Contributing to global environmental protection	Reducing greenhouse gas emissions	• Fiscal 2030: CO ₂ emissions from fossil fuel combustion in Japan (excludes emissions from overseas sources and from livestock) down 24.3% from fiscal 2021 level	
	Reducing the volume of waste output	• Fiscal 2030: Plastic and food waste per production unit down 5% from fiscal 2021 level • At least 98% of food waste produced during production is recycled	
Strengthening supply chain management	Achieving sustainable procurement of raw materials	• Procurement policy established for stable supply of raw materials • All tier 1 suppliers performing first-person audits	
	Addressing animal welfare	• Directly managed pork farms compliant with feed management standards of the World Organization for Animal Health • Animal welfare used as a criterion in supplier selection	
Creating a workplace that promotes job satisfaction	Respecting and promoting diverse workstyles	• Fiscal 2030, Prima Meat Packers: 90% take-up rate for paid leave and reduction in total no. of hours actually worked • Fiscal 2030, Prima Meat Packers: 100% take-up rate for paternity leave (at least five days leave) among full-time male employees, women account for at least 40% of new full-time employees • Fiscal 2030, all group companies: 100% of employees receive training in human rights awareness, yearly process in place for human rights due diligence • Prima Meat Packers and its disability-friendly subsidiaries: Employees with disabilities account for at least 2.7% of total workforce	
	Hiring and developing outstanding human resources	• Fiscal 2030, Prima Meat Packers: Women occupy at least 10% of management posts	
Strengthening the management platform	Occupational health and safety that focuses on mental and physical health	• A program is in place to promote mental and physical wellbeing of employees and their families	
	Strengthening corporate governance	• Business transactions are free, fair, and transparent • A program is in place to permeate compliance mindset among employees • Best practices followed in ESG reporting, improvement in ESG ratings • Information disclosed in fiscal 2022 in accordance with TCFD recommendations	

Examples of metrics and targets

Material issues	Metrics and targets
Reducing greenhouse gas emissions	• Fiscal 2030: CO ₂ emissions from fossil fuel combustion in Japan (excludes emissions from overseas sources and from livestock) down 24.3% from fiscal 2021 level
Reducing the volume of waste output	• Fiscal 2030: Plastic and food waste per production unit down 5% from fiscal 2021 level • At least 98% of food waste produced during production is recycled
Hiring and developing outstanding human resources	• Fiscal 2030, Prima Meat Packers: Women occupy at least 10% of management posts

Basic policy: We aim to contribute to a sustainable society through the sustainable growth of our Group

- September 2020: Identified material issues
- April 2021: Updated vision
- October 2021: Established Sustainability Basic Policy and Sustainability Committee
- December 2021: Opened sustainability webpage



- **August 2022:** Set metrics and targets for the material issues
- **September 2022:** Endorsed TCFD recommendations

Contents

- 1 First Half Results for the Year Ending March 31, 2023
- 2 Forecasts for the Year Ending March 31, 2023
- 3 Appendix**
- 4 External Environment Data

[Reference] Net Sales by Product Category in H1 of FYE March 2023

(hundred millions of yen, %)

Product category	*Result in comparative period,	FYE March 2023		By segment		
		H1	% of comp period	Processed Foods	Fresh Meat	Other
Ham/Sausage	491	510	103.9	510	0	0
Other processed foods	336	364	108.1	363	1	0
Prepared deli items (vendor subsidiary)	514	506	98.5	506	0	0
Fresh meat	746	722	96.7	99	622	0
Other	15	16	105.8	6	7	3
Total	2,102	2,117	100.7	1,484	630	3

Ham/Sausage net sales 103.9% of comparative period

▶ Price hikes, Koukun's strong performance

Processed foods net sales 108.1% of comparative period

▶ Price hikes drove up sales, but this was insufficient to cover higher costs

Fresh meat net sales 96.7% of comparative period

▶ Delay in passing on cost increases, lower demand

Sales volume declined YoY

[Reference] (hundred millions of yen, %)

	Comparative period result	FYE March 2023/H1		
		Net sales	% of comp period	Operating income
Vendor subsidiary (1 company)	514	506	98.5	6

Consolidated Statements of Income

(hundred millions of yen)

	Segment	FYE March 2020			FYE March 2021			FYE March 2022			FYE March 2023
		H1	H2	Full-year	H1	H2	Full-year	H1	H2	Full-year	H1
Net sales	Processed Foods Business	1,396	1,462	2,858	1,375	1,423	2,798	1,422	1,434	2,856	1,484
	Fresh Meat Business	665	652	1,317	669	709	1,378	677	669	1,347	630
	Other business	3	3	5	2	3	5	2	2	5	3
	Total	2,064	2,117	4,181	2,046	2,135	4,181	2,102	2,106	4,207	2,117
	Cost of sales	1,738	1,775	3,513	1,760	1,842	3,602	1,827	1,853	3,680	1,871
	Gross profit	326	342	668	286	293	580	275	252	527	246
	SG&A expenses	251	261	511	175	190	365	191	180	371	191
	Operating income	75	81	156	111	103	215	84	56	140	55
	Non-operating loss	4	-1	3	3	6	9	4	4	8	4
	Ordinary income	79	80	160	115	110	224	89	60	149	58
	Extraordinary income	23	-29	-6	-3	-2	-5	1	1	2	-1
	Income before income taxes	102	51	153	111	108	219	89	62	151	58
	Net income attributable to owners of parent	57	31	88	70	72	142	53	44	97	37

Notes: 1. The new revenue recognition standard has been applied since the year ended March 31, 2021, and is retroactively applied to the year ended March 2021.

2. The new presentation method applied from the start of the year ended March 31, 2022, has been applied retroactively to revenue and expenses associated with the compound feed price stabilization system.

[Reference] Net sales by product category (FYE March 2020 to H1 of FYE March 2023)

(hundred millions of yen)

	Segment	FYE March 2020			FYE March 2021			FYE March 2022			FYE March 2023
		H1	H2	Full-year	H1	H2	Full-year	H1	H2	Full-year	H1
Net sales	Ham/Sausage	449	453	902	481	493	974	491	488	979	510
	Other processed foods, prepared	855	904	1,759	802	860	1,662	850	846	1,696	364
	Fresh meat	757	757	1,514	745	760	1,505	746	752	1,498	722
	Other	3	3	5	18	22	40	15	19	34	16
	Total	2,064	2,117	4,181	2,046	2,135	4,181	2,102	2,106	4,207	2,117

Consolidated Balance Sheets

Great taste, great connections

PRIMAHAM

(hundred millions of yen)

	FYE Mar 2020		FYE Mar 2021		FYE Mar 2022		FYE Mar 2023
	H1	Year-end	H1	Year-end	H1	Year-end	H1
Current assets	855	873	934	987	961	958	989
Noncurrent assets	1,148	1,112	1,129	1,158	1,213	1,259	1,308
Total assets	2,004	1,985	2,063	2,145	2,173	2,217	2,296

Current liabilities	687	682	710	720	744	717	743
Noncurrent liabilities	324	302	288	278	260	275	306
Total liabilities	1,011	984	998	998	1,004	992	1,049
Shareholders' equity	839	860	910	972	992	1,028	1,042
Accumulated other comprehensive income	57	46	51	65	60	91	97
Non-controlling interests	96	96	104	111	118	107	109
Total net assets	993	1,001	1,064	1,148	1,170	1,226	1,248
Total liabilities and net assets	2,004	1,985	2,063	2,145	2,173	2,217	2,296

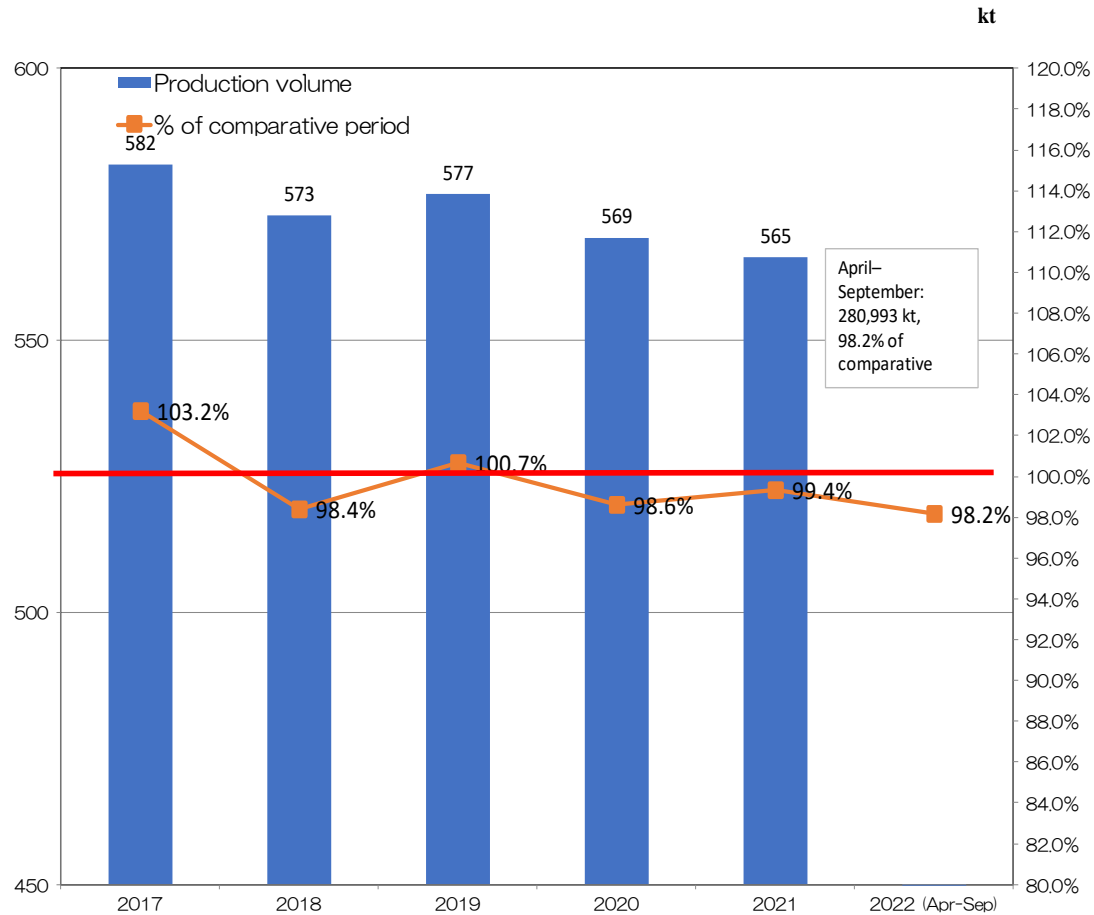
Equity capital	896	906	960	1,036	1,051	1,119	1,139
Equity capital ratio (%)	44.7%	45.6%	46.6%	48.3%	48.4%	50.5%	49.6%

Contents

- 1 First Half Results for the Year Ending March 31, 2023
- 2 Forecasts for the Year Ending March 31, 2023
- 3 Appendix
- 4 External Environment Data**

External Environment Data (1)

Production Volume in Industry: Ham/sausage production in Japan



[Production volume in industry by product category]

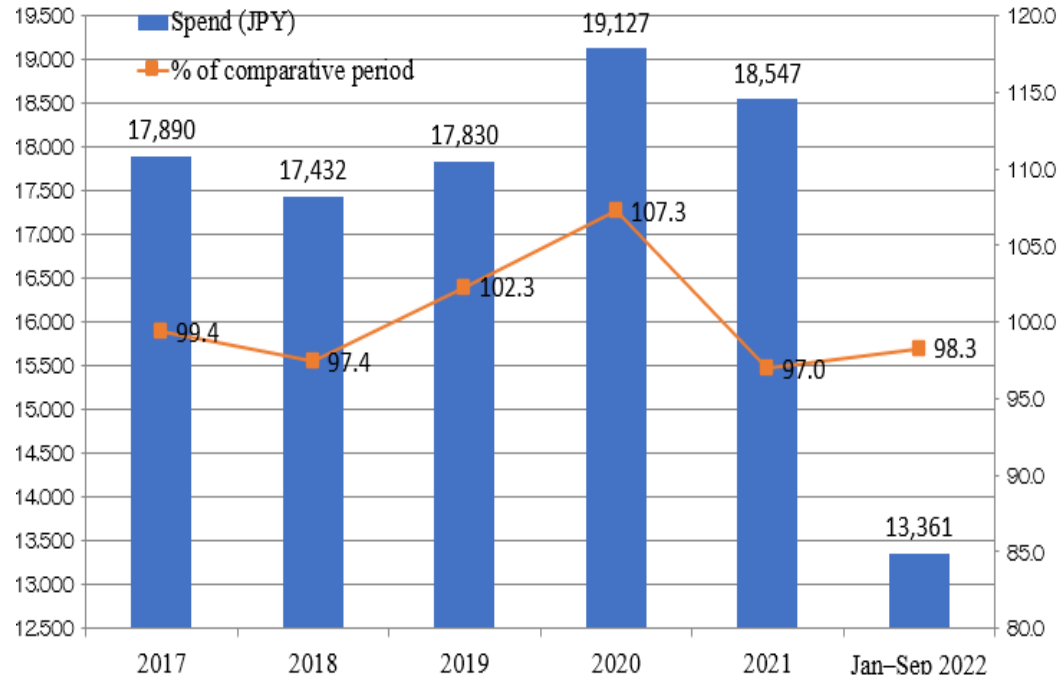
	FY2019	FY2020		FY2021		FY2022	April-September
	Prod vol	Prod vol	% of comp period	Prod vol	% of comparative period	Prod vol	% of comp period
Ham	113,514	111,494	98.2	109,829	98.5	56,460	98.3
Roast ham	78,377	78,236	101.8	76,967	98.4	39,740	97.3
Lachsschinken	8,671	9,127	100.9	9,481	103.9	4,889	102.4
Bacon	97,302	97,991	100.7	97,591	99.6	48,161	98.7
Sausage	320,211	317,069	99.0	315,984	99.7	154,004	97.0
Wiener	241,188	242,350	100.5	235,219	97.1	112,510	95.5
Frankfurter	34,606	30,255	87.4	35,384	117.0	18,888	102.5
Bologna	16,540	17,314	104.7	18,081	104.4	8,684	96.6
Dry	7,136	6,823	95.6	6,676	97.9	3,359	102.6
Roast pork	21,688	21,687	100.0	22,157	102.2	10,872	100.3
Grilled pork	12,104	10,091	83.4	9,278	91.9	5,335	108.9
Total	576,912	568,857	98.6	565,188	99.4	280,993	98.2

Source: Japan Ham & Sausage Processors Cooperative Association

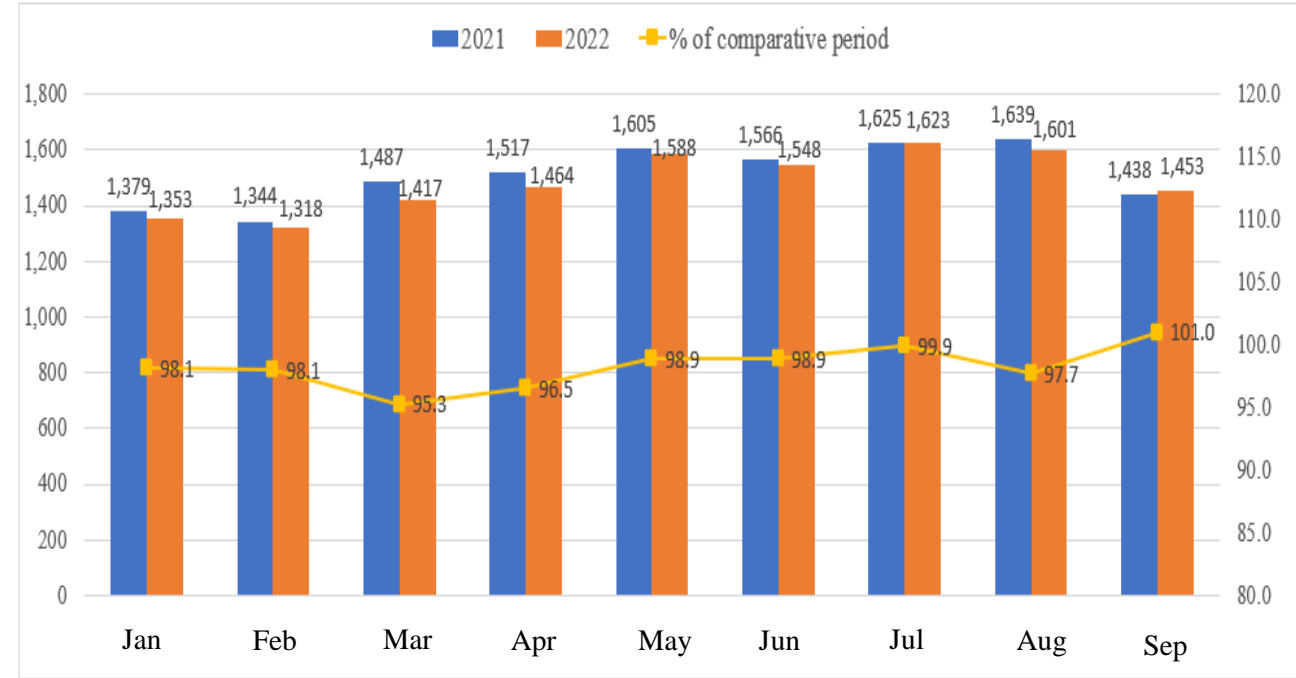
External Environment Data (2)

Household survey: Fresh red meat and poultry

Annual household spending on ham and sausages (JPY)



Monthly household spending on ham and sausages (JPY)



	Jan-Dec 2019		Jan-Dec 2020		Jan-Dec 2021		Jan-Sep 2022	
	Spend	% of comparative period	Spend	% of comparative period	Spend	% of comparative period	Spend	% of comparative period
Beef	21,178	96.8	23,677	111.8	23,210	98.0	15,761	93.9
Pork	29,637	96.9	32,861	110.9	31,892	97.1	23,816	100.4
Poultry	15,587	98.2	17,281	110.9	16,916	97.9	12,479	101.0
Aibiki (beef and pork ground together)	2,612	101.8	3,080	117.9	2,958	96.0	2,244	98.1
Other fresh red meat and poultry	2,520	96.6	3,048	121.0	3,253	106.7	2,177	94.3
Total	71,536	97.3	79,949	111.8	78,228	97.8	56,476	98.3

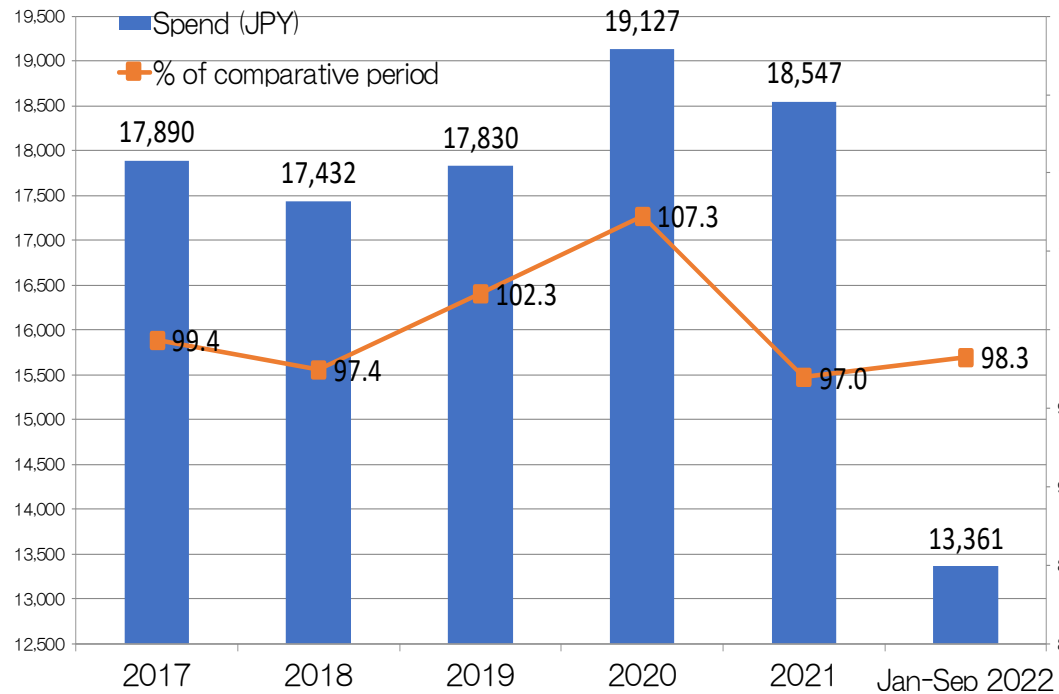
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ham	21	316	313	356	360	405	477	516	438	353		
	22	325	282	314	332	384	440	455	414	350		
Bacon	21	220	223	238	236	241	220	215	228	229		
	22	204	207	223	211	222	219	209	218	217		
Sausage	21	608	590	635	652	668	621	614	656	607		
	22	591	600	629	643	662	622	647	636	634		
Other processed	21	235	218	258	269	291	247	279	317	249		
	22	233	228	250	277	320	267	311	333	252		
Total	2021	1,379	1,344	1,487	1,517	1,605	1,566	1,625	1,639	1,438		
	2022	1,353	1,318	1,417	1,464	1,588	1,548	1,623	1,601	1,453		
% of comparative period		98.1	98.1	95.3	96.5	98.9	98.9	99.9	97.7	101.0		

Ministry of Internal Affairs and Communications survey of households (containing 2 people or more)

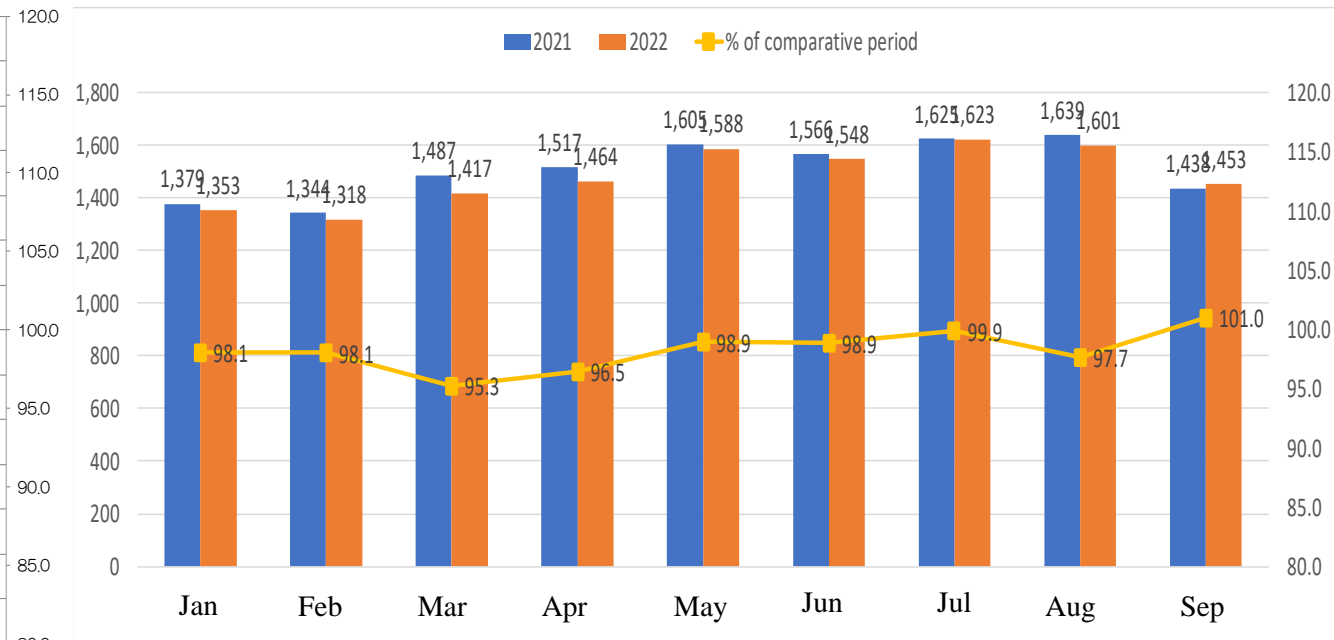
External Environment Data (3)

Household survey: Processed meat (ham/sausage)

Annual household spending on ham and sausages (JPY)



Monthly household spending on ham and sausages (JPY)



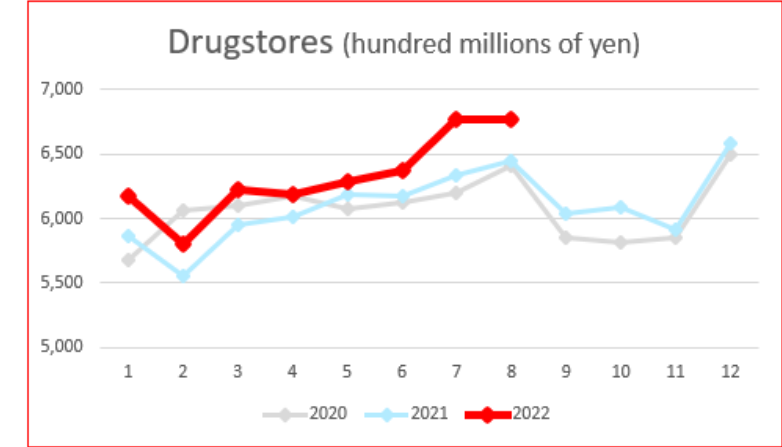
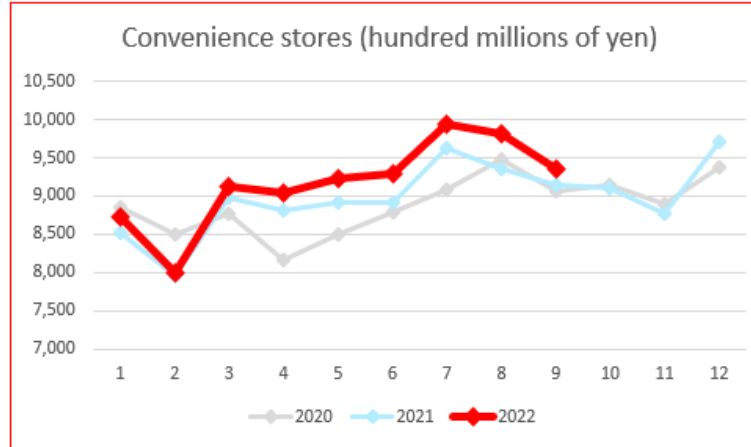
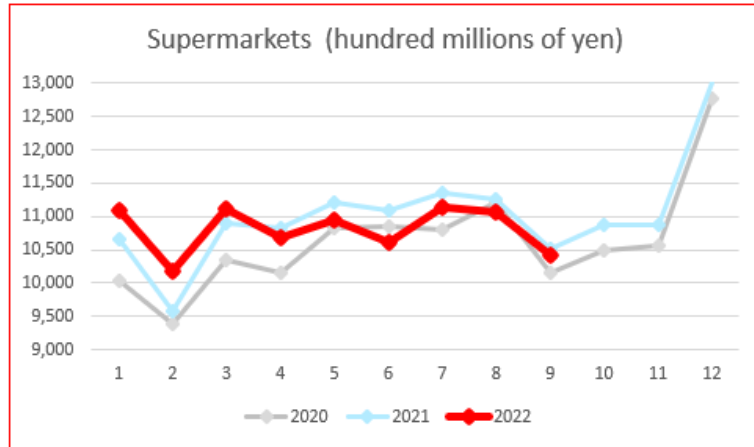
	Jan-Dec 2019		Jan-Dec 2020		Jan-Dec 2021		Jan-Sep 2022	
	Spend	% of comparative period	Spend	% of comparative period	Spend	% of comparative period	Spend	% of comparative period
Ham	5,092	102.3	5,155	101.2	5,036	97.7	3,296	93.3
Bacon	7,359	100.2	7,904	107.4	7,612	96.3	1,930	94.1
Sausage	2,582	100.3	2,890	111.9	2,744	94.9	5,664	100.2
Other processed meat	2,796	110.4	3,173	113.5	3,152	99.3	2,471	104.6
Total	17,830	102.3	19,127	107.3	18,547	97.0	13,361	98.3

Ministry of Internal Affairs and Communications survey of households (containing 2 people or more)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ham	21	316	313	356	360	405	477	516	438	353			
	22	325	282	314	332	384	440	455	414	350			
Bacon	21	220	223	238	236	241	220	215	228	229			
	22	204	207	223	211	222	219	209	218	217			
Sausage	21	608	590	635	652	668	621	614	656	607			
	22	591	600	629	643	662	622	647	636	634			
Other processed	21	235	218	258	269	291	247	279	317	249			
	22	233	228	250	277	320	267	311	333	252			
Total	2021	1,379	1,344	1,487	1,517	1,605	1,566	1,625	1,639	1,438			
	2022	1,353	1,318	1,417	1,464	1,588	1,548	1,623	1,601	1,453			
	% of comp	98.1	98.1	95.3	96.5	98.9	98.9	99.9	97.7	101.0			

External Environment Data (4)

Sales by distribution category: Supermarkets, convenience stores, drugstores



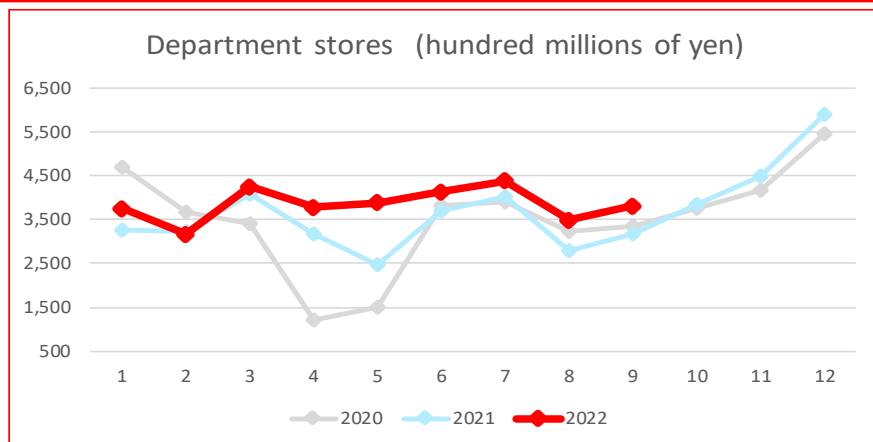
		(hundred millions of yen, %)											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Supermarkets (total sales turnover)	2020	10,044	9,376	10,339	10,162	10,834	10,860	10,807	11,202	10,151	10,487	10,558	12,778
	2021	10,648	9,577	10,906	10,816	11,201	11,095	11,363	11,255	10,510	10,884	10,868	13,010
	2022	11,091	10,172	11,123	10,688	10,950	10,605	11,148	11,056	10,428			
Source: Japan Chain Stores Association	% of comparative period	104	106	102	99	98	96	98	98	99			
Convenience stores (in-store sales among all 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	9,049	9,235	9,293	9,937	9,820	9,351			
Source: Japan Franchise Association	% of comparative period	103	100	102	103	103	104	103	105	102			
Drugstores (total product sales turnover)	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	6,225	6,189	6,284	6,378	6,764	6,774				
Source: Source: Current Survey of Commerce published by Ministry of Ministry of Economy, Trade and Industry	% of comparative period	105	105	105	103	102	103	107	105				

		[Inter-year changes] (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
Drugstores		64,667	70,096	72,342	73,129
		105	108	103	101

External Environment Data (5)

Sales by distribution category: Department stores, restaurants

Great taste, great connections



[Inter-year changes] (hundred millions of yen, %)

	2017	2018	2019	2020	2021
Department stores	59,533	58,870	57,547	42,204	44,183
		99	98	73	105

(hundred millions of yen)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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
Total sales	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	3,778	3,883	4,143	4,391	3,494	3,813			
Source: Japan Department Store	% of comparative	115	98	104	119	157	112	109	126	120			

[Inter-year changes] (hundred millions of yen, %)

	2017	2018	2019	2020	2021
Restaurant	256,804	257,692	262,684	182,005	
		100	102	69	

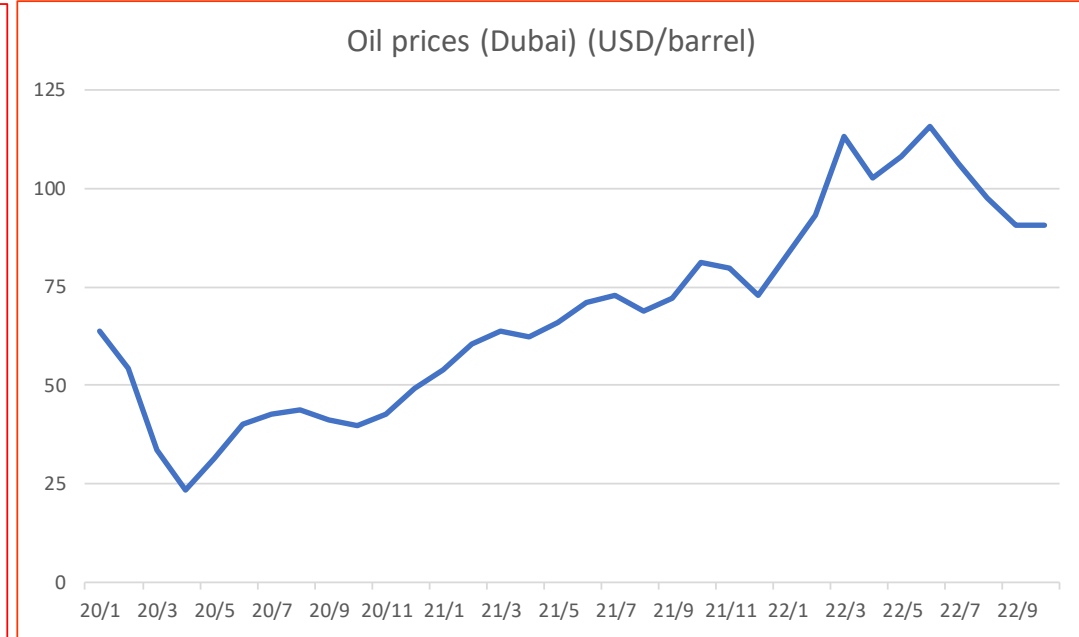
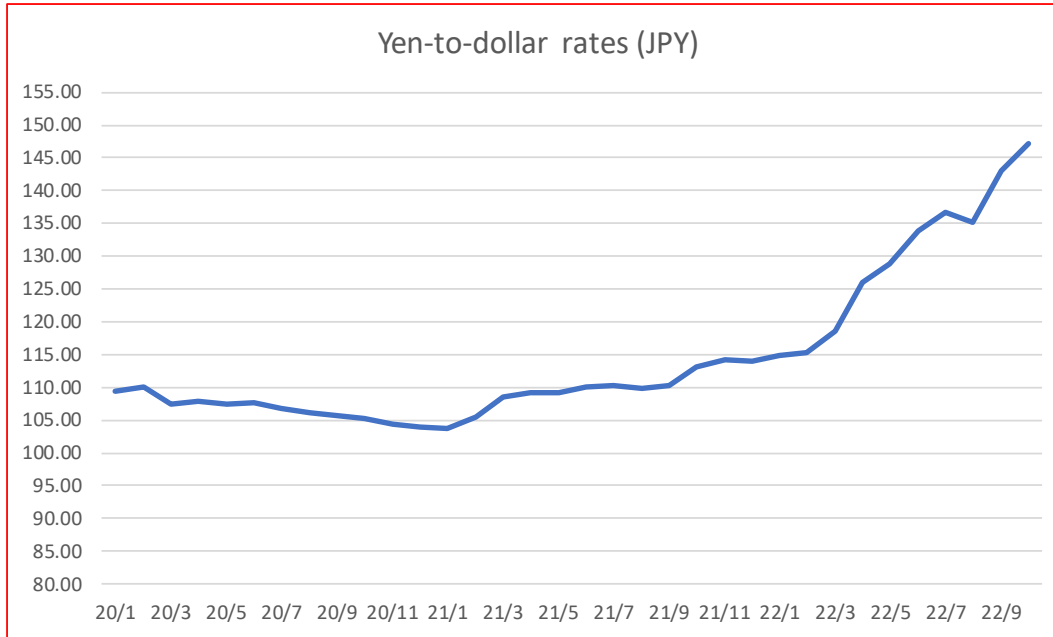
Percentage of sales in comparative period

(%)

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Restaurants	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
(% of sales in comparative period)	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
	2022	112.2	104.8	105.9	113.5	120.4	119.9	114.5	118.0	119.7			
Source: Japan Foodservice Association	% of comparative period in 2019	88.5	84.5	86.3	91.9	95.4	93.1	98.5	90.6	94.1			

External Environment Data (6)

Exchange rates, oil prices



		JPY											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Yen-to-dollar rates (monthly average)	2020	109	110	108	108	107	108	107	106	106	105	104	104
	2021	104	105	109	109	109	110	110	110	110	113	114	114
	2022	115	115	119	126	129	134	137	135	143	147		

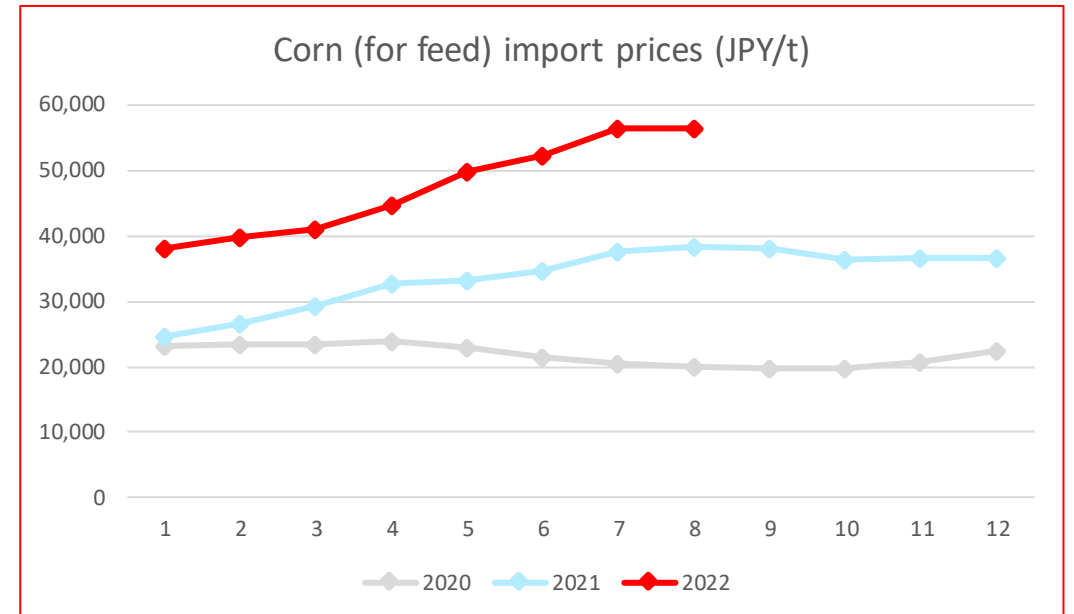
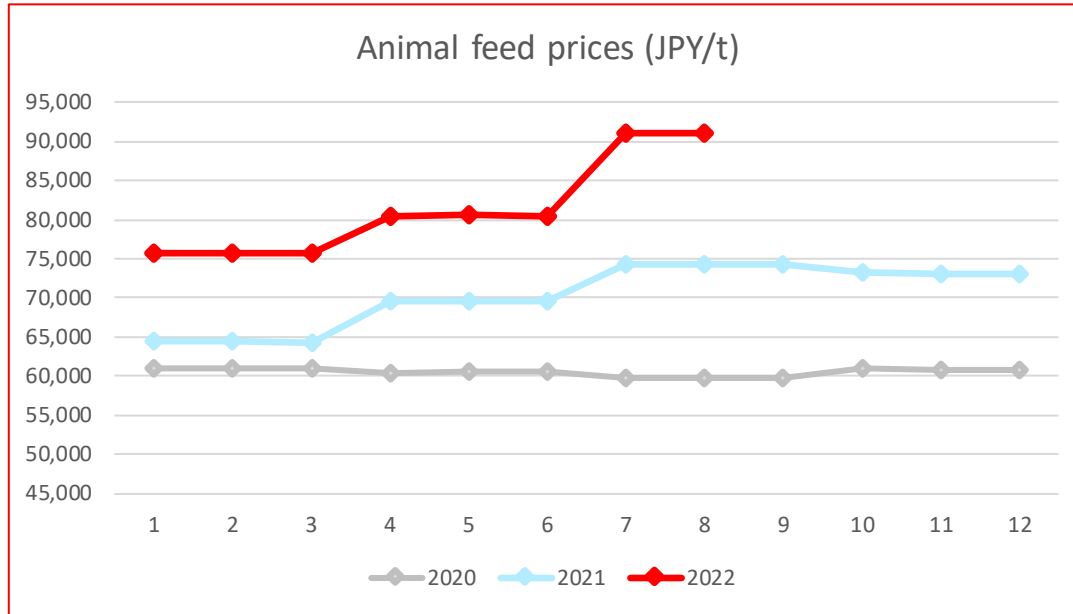
Source: Mizuho Bank's data on historical exchange rates

		USD/barrel											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Oil prices (Dubai) (monthly average)	2020	63.8	54.5	33.8	23.3	31.6	40.1	42.6	43.7	41.1	39.7	42.6	49.3
	2021	54.2	60.4	64.0	62.4	66.0	71.0	73.0	68.9	72.2	81.2	79.8	72.8
	2022	83.1	93.1	113.1	102.7	108.3	115.7	106.5	97.8	90.6	90.6		

Source: World Bank, Commodity Markets

External Environment Data (7)

Animal feed prices, imported corn prices

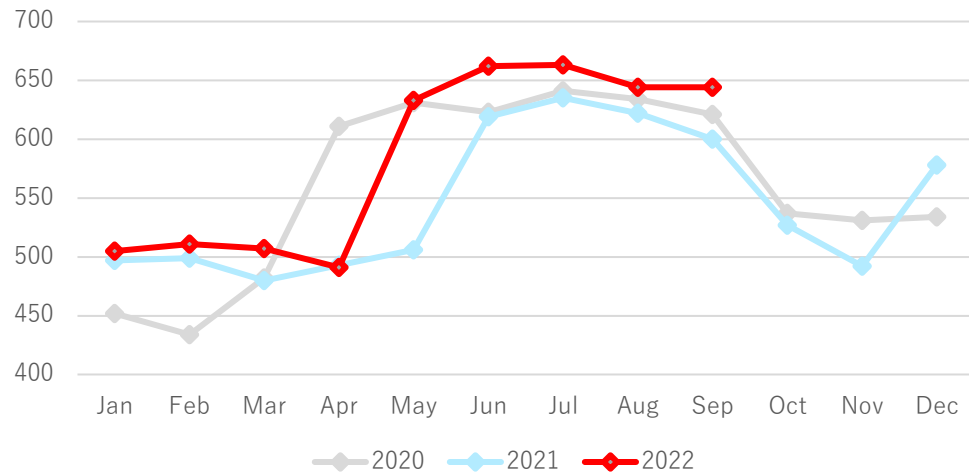


		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Animal feed prices (ex-works price, weighted-average price for all livestock feed)	2020	61,065	61,046	61,075	60,455	60,515	60,497	59,686	59,676	59,691	61,042	60,868	60,780
	2021	64,456	64,441	64,354	69,549	69,655	69,591	74,279	74,220	74,248	73,165	73,144	73,026
	2022	75,801	75,748	75,638	80,517	80,635	80,481	91,125	91,078				
Corn (for feed) import prices	2020	23,234	23,329	23,466	23,853	22,861	21,375	20,473	19,955	19,665	19,830	20,774	22,466
	2021	24,595	26,602	29,236	32,713	33,169	34,653	37,504	38,297	37,959	36,389	36,603	36,505
	2022	38,060	39,698	41,069	44,770	49,888	52,330	56,409	56,477				

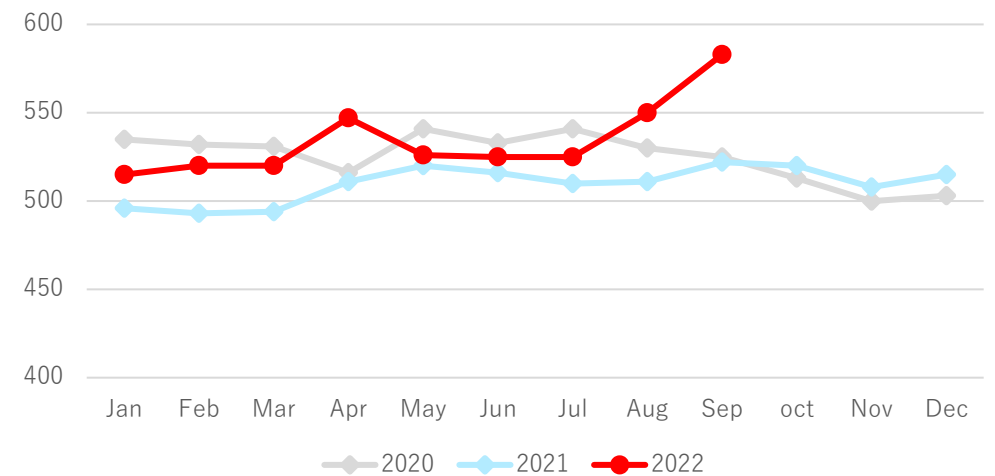
External Environment Data (8)

Meat market trends: Pork

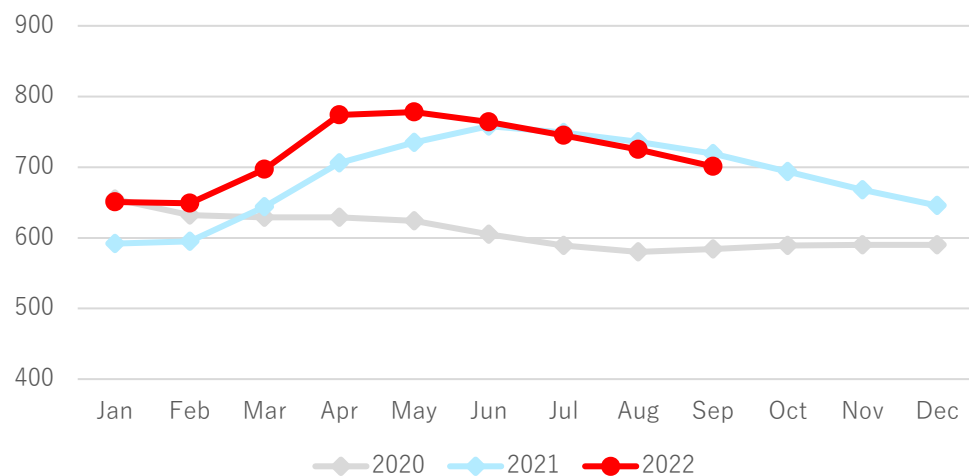
Tokyo: Pork carcasses (JPY/kg)



USA: Chilled pork loin (JPY/kg)



Denmark: Chilled pork belly (JPY/kg)

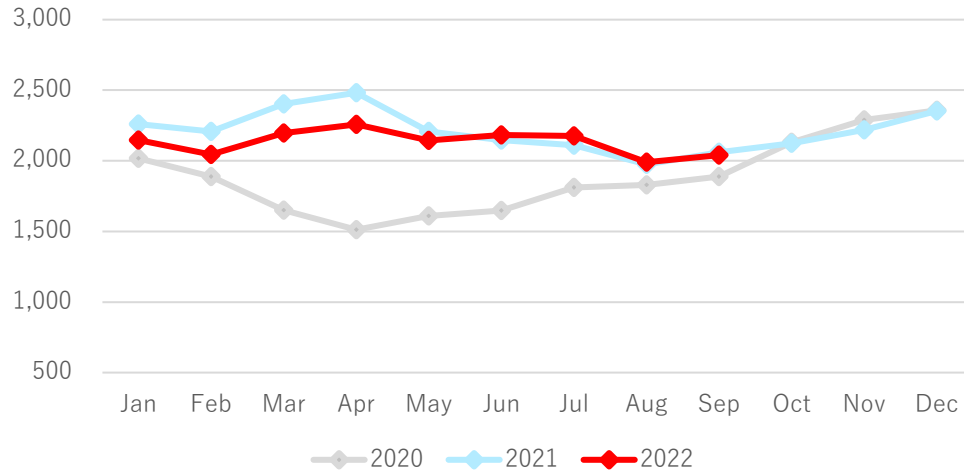


Source: Agriculture & Livestock Industries Corporation

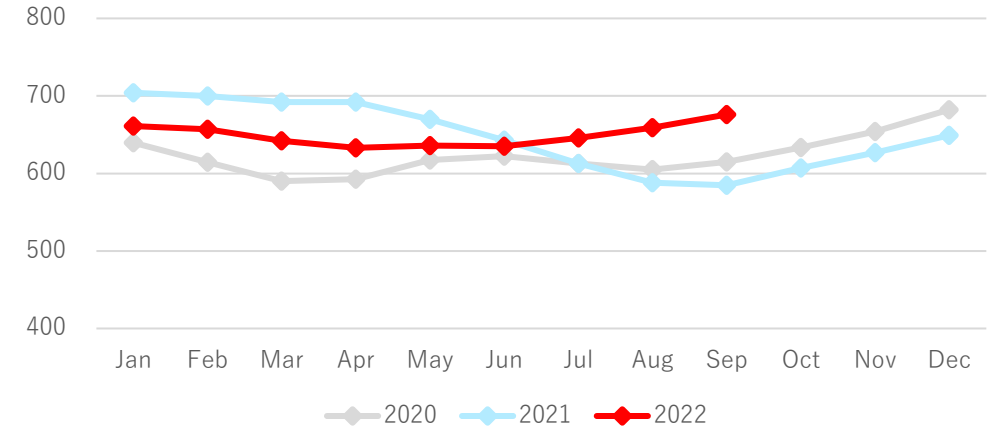
External Environment Data (9)

Meat market trends: Beef, poultry

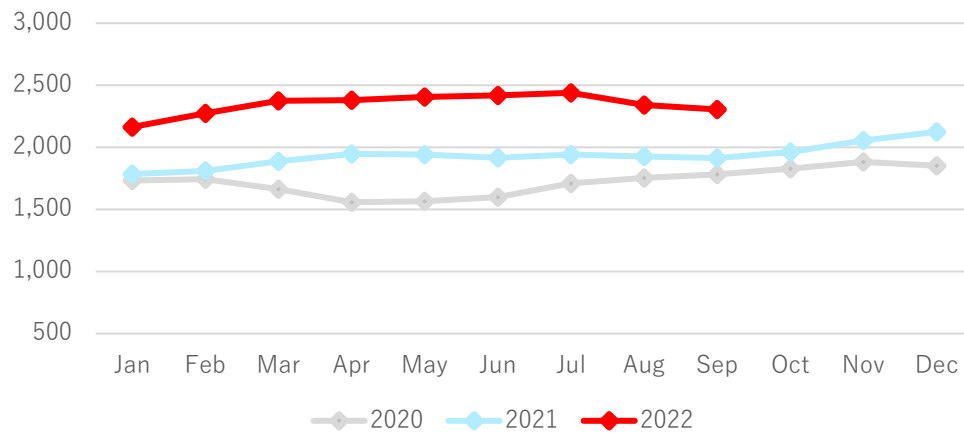
Tokyo: A-3 wagyu steers (JPY/kg)



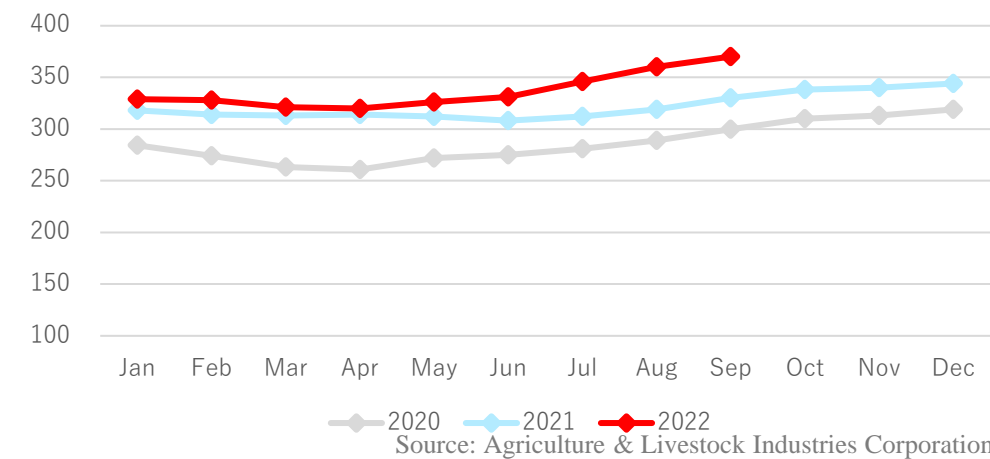
Tokyo: Domestically produced chicken thigh (JPY/kg)



Australia: Chilled strip loin from grain-fed cattle (JPY/kg)



Tokyo: Domestically produced chicken breast (JPY/kg)

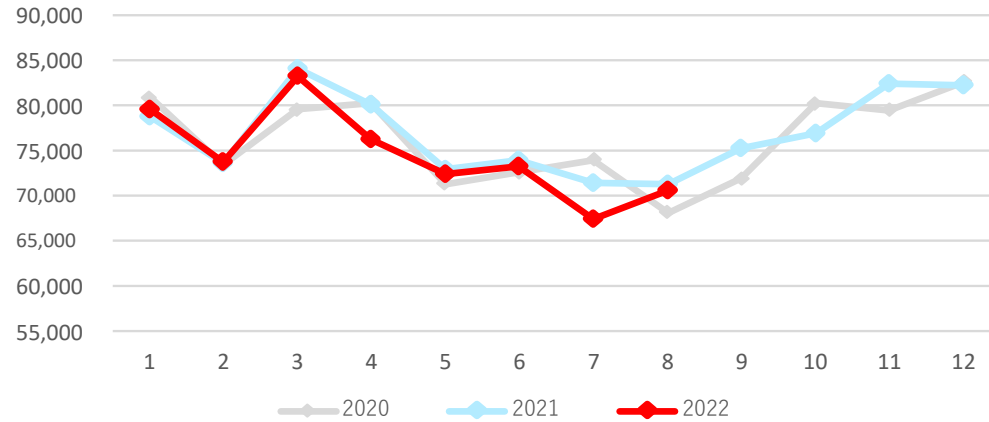


Source: Agriculture & Livestock Industries Corporation

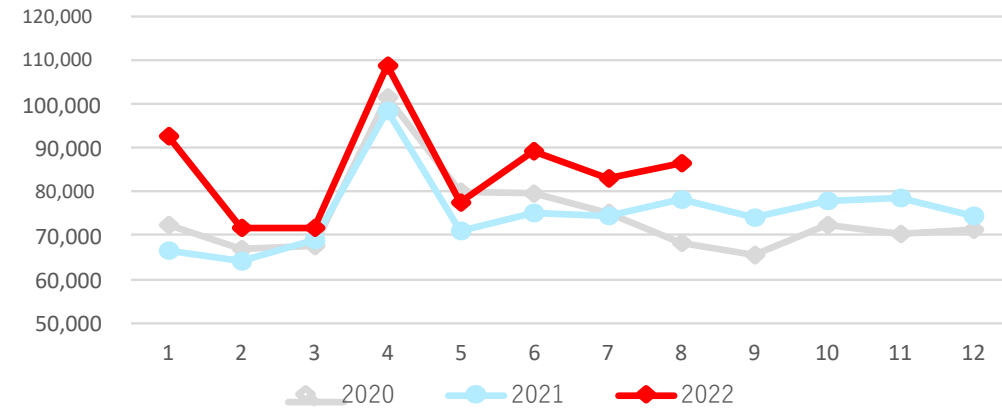
External Environment Data (10)

Supply and demand trends for pork

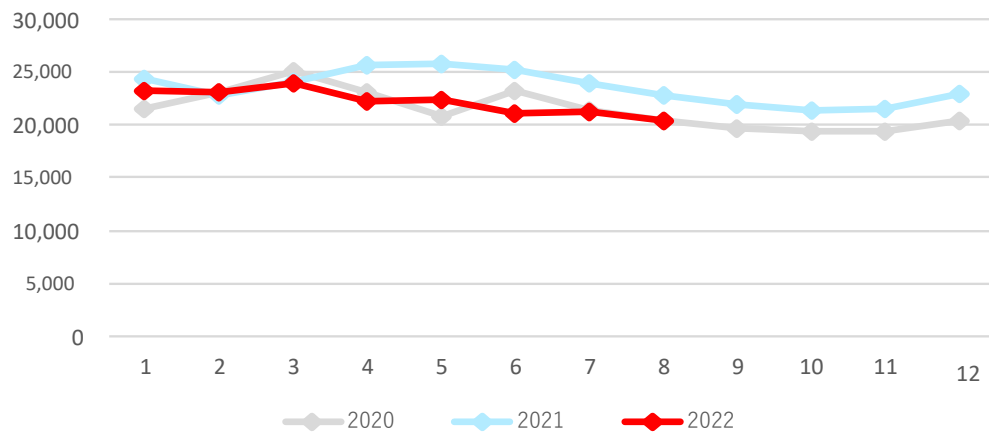
Domestic production of pork (t)



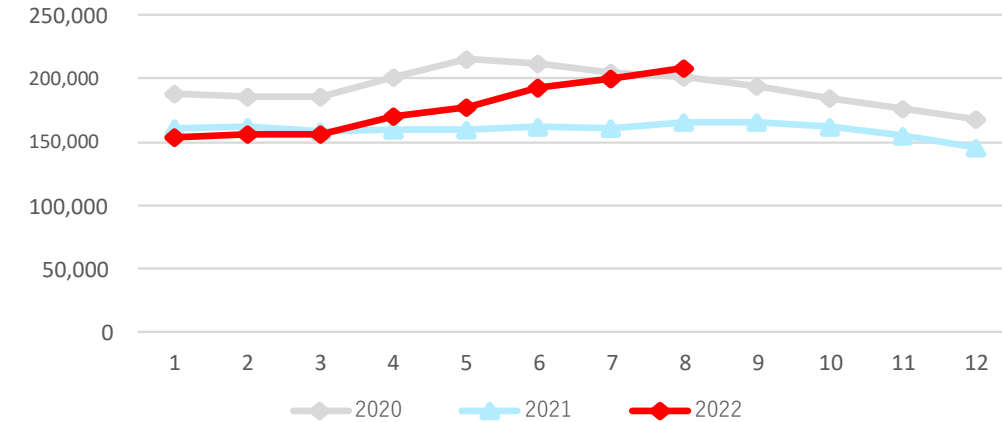
Pork imports (t)



Estimated year-end inventory of domestically produced pork (t)



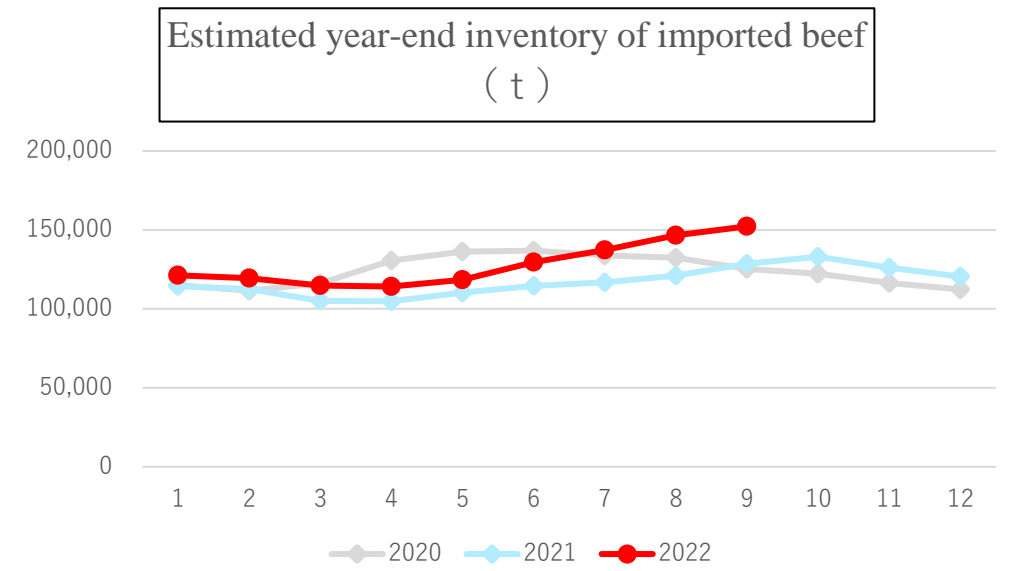
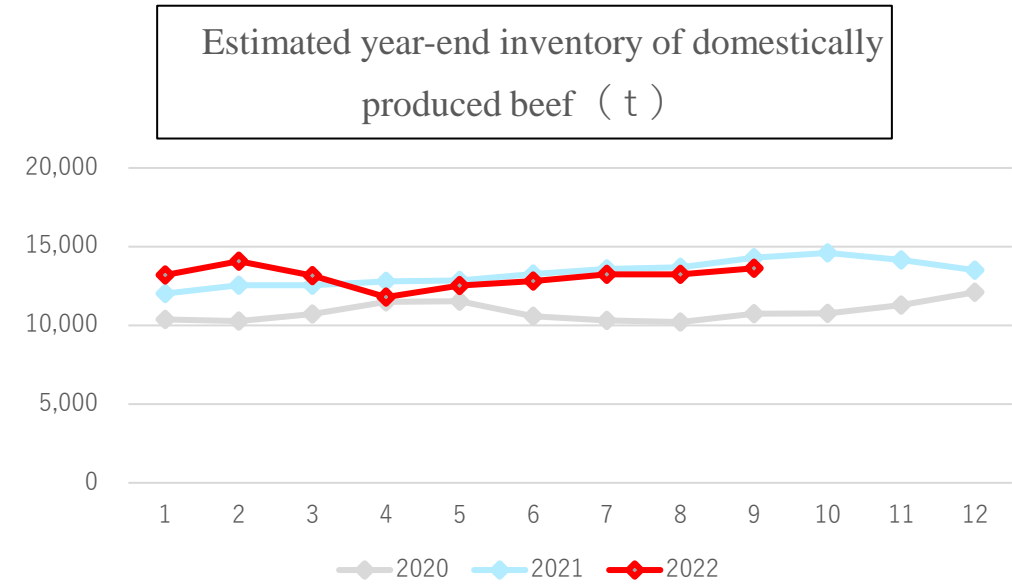
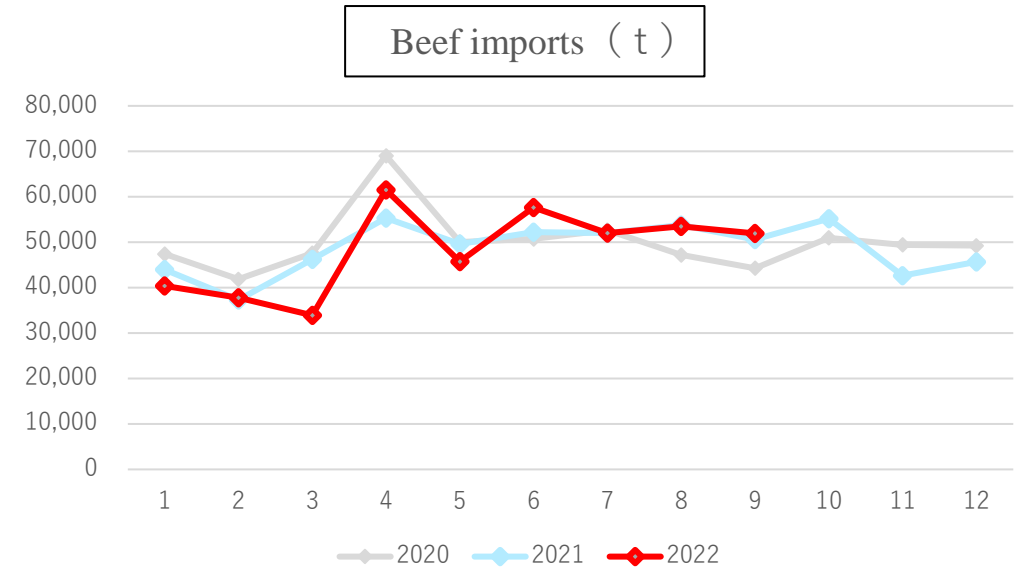
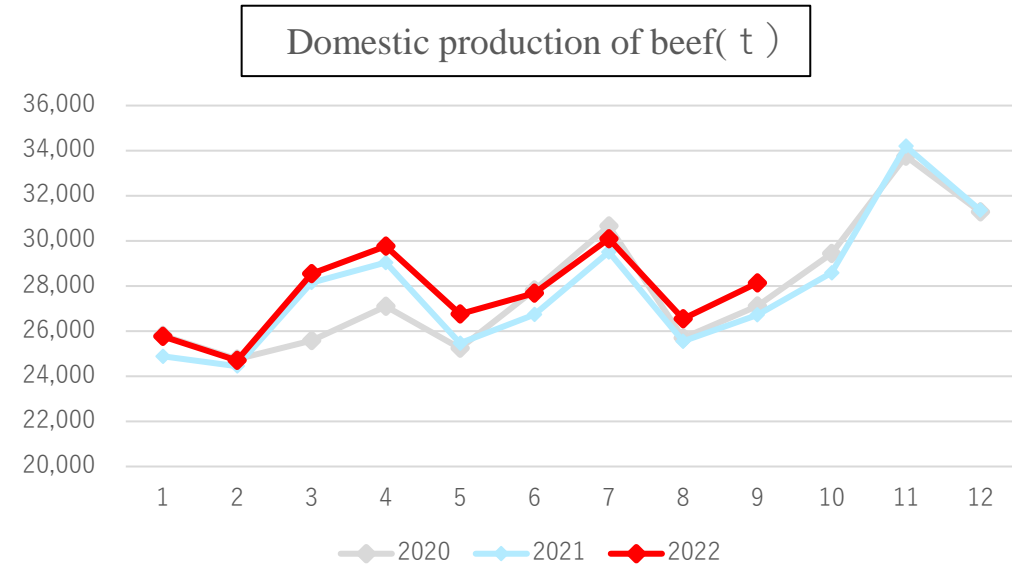
Estimated year-end inventory of imported pork (t)



Source: Agriculture & Livestock Industries Corporation

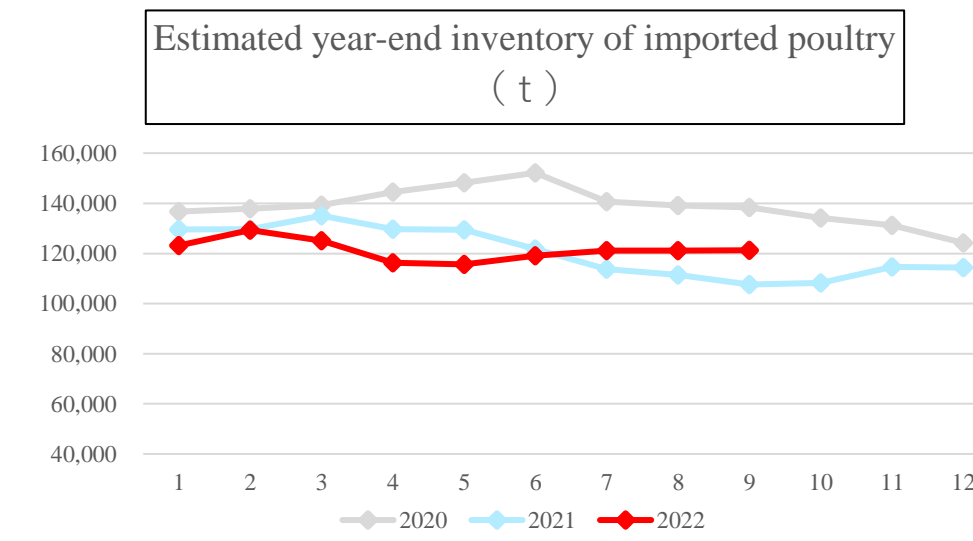
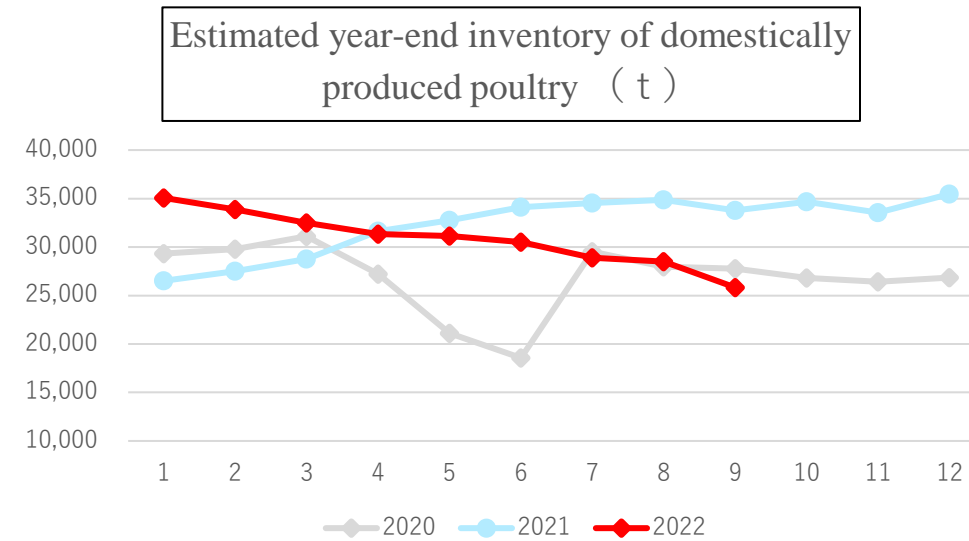
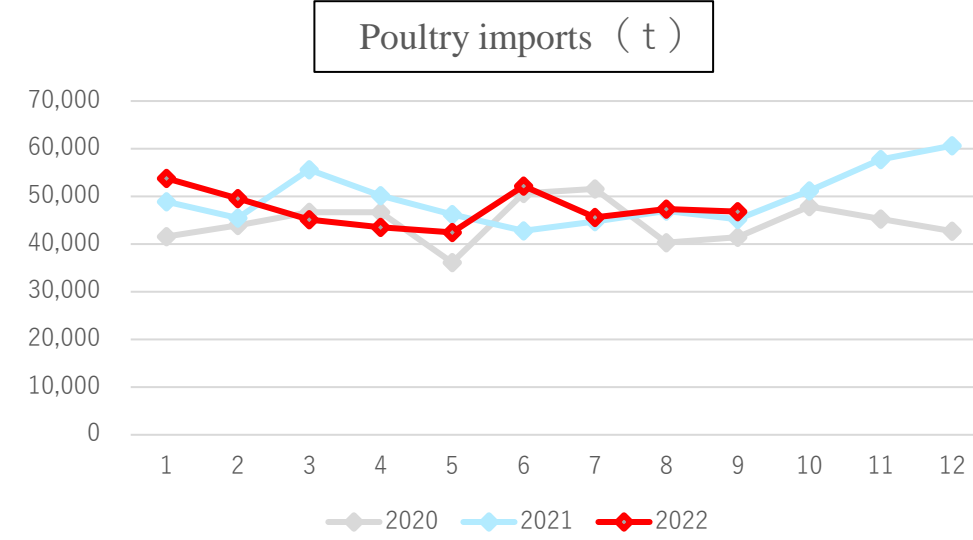
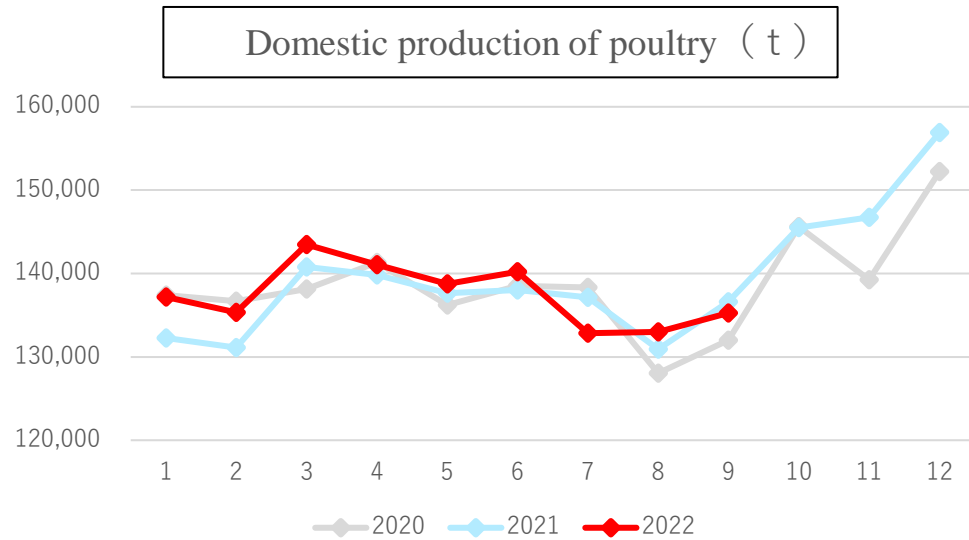
External Environment Data (11)

Supply and demand trends for beef



External Environment Data (12)

Supply and demand trends for poultry



Source: Agriculture & Livestock Industries Corporation

This document includes forecasts and other forward-looking statements. Such statements represent assumptions and suppositions based on information available at the time. They are subject to risk and uncertainties and do NOT represent guarantees of future performance. Actual performance and other future eventualities may therefore diverse significantly from what the forward-looking statements suggest.