

Second Quarter Financial Results for the Year Ended March 31, 2020

**Great taste, great connections**

** PRIMAHAM**

**Nov 13, 2019**

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March 31, 2020**

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## **Second Quarter**

**Financial Results for the Year Ended March 31, 2020**

## 1-(1). Second Quarter 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
<b>Net sales</b>	204,867	100.0%	<b>206,400</b>	100.0%	100.7%
Processed Foods Business	139,903	68.3%	<b>139,583</b>	67.6%	99.8%
Fresh Meats Business	64,724	31.6%	<b>66,548</b>	32.2%	102.8%
Other	238	0.1%	<b>268</b>	0.1%	112.6%
Cost of Sales	172,892	<b>84.4%</b>	<b>173,813</b>	<b>84.2%</b>	100.5%
<b>Gross Profit</b>	31,974	15.6%	<b>32,587</b>	15.8%	101.9%
SG&A expenses	24,730	<b>12.1%</b>	<b>25,055</b>	<b>12.1%</b>	101.3%
<b>Operating income</b>	7,243	<b>3.5%</b>	<b>7,531</b>	<b>3.6%</b>	104.0%
Non-operating income	539	-	<b>558</b>	-	-
Non-operating expenses	259	-	<b>145</b>	-	-
<b>Ordinary income</b>	7,524	3.7%	<b>7,945</b>	3.8%	105.6%
Extraordinary income	375	-	<b>2,390</b>	-	-
Extraordinary loss	101	-	<b>111</b>	-	-
<b>Income before income taxes</b>	7,797	3.8%	<b>10,224</b>	5.0%	131.1%
Income taxes	2,623	-	<b>3,349</b>	-	-
Minority interests in income	417	-	<b>1,127</b>	-	-
<b>Net income</b>	4,757	2.3%	<b>5,747</b>	2.8%	120.8%

### [Key Points]

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

•Ham/sausage	44,916 (YOY: 99.6%)
•Processed Foods	34,599 (YOY: 98%)
•Vendor products	50,931 (YOY: 102%)
•Fresh Meats	75,684 (YOY: 102%)
•Other	269 (YOY: 113%)

#### [Cost of sales]

•Ratio of raw materials and inventory	Down0.54%
•Production expenses ratio	Up 0.36%
<b>Cost of sales ratio</b>	⇒ <b>Down 0.2%</b>

#### [SG&A expenses]

•SG&A expenses (personnel expenses ratio)	Up 0.04%
•SG&A expenses (expense ratio)	Up 0.02%
<b>SG&amp;A expenses to net sales ratio</b>	⇒ <b>Up 0.1%</b>

<b>Ordinary income to net sales ratio</b>	⇒ <b>Up 0.1%</b>
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## 1-(2).Second Quarter Financial Results for the Year Ended March 31, 2020

### [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	139,903	-	<b>139,583</b>	-	99.8%	94.2%	148,200
	Fresh Meats Business	64,724	-	<b>66,548</b>	-	102.8%	96.4%	69,000
	Other	238	-	<b>268</b>	-	112.6%	-	250
Operating income	Processed Foods Business	6,286	4.5%	<b>6,863</b>	4.9%	577	453	6,410
	Fresh Meats Business	857	1.3%	<b>639</b>	1.0%	-218	-361	1,000
	Other	100	-	<b>143</b>	-	43	73	70

### [Non-consolidated Income]

(millions of yen)

	FYE March 2019		FYE March 2020		
	Results	Net sales ratio	Results	Net sales ratio	YOY
Net sales	154,862	100.0%	<b>157,292</b>	100.0%	101.6%
Operating income	4,933	3.2%	<b>4,558</b>	2.9%	-375
Ordinary income	5,532	3.6%	<b>5,321</b>	3.4%	-211
Income before income taxes	5,773	3.7%	<b>5,237</b>	3.3%	-536
Net income	4,016	2.6%	<b>3,685</b>	2.3%	-331

### [Income by group company]

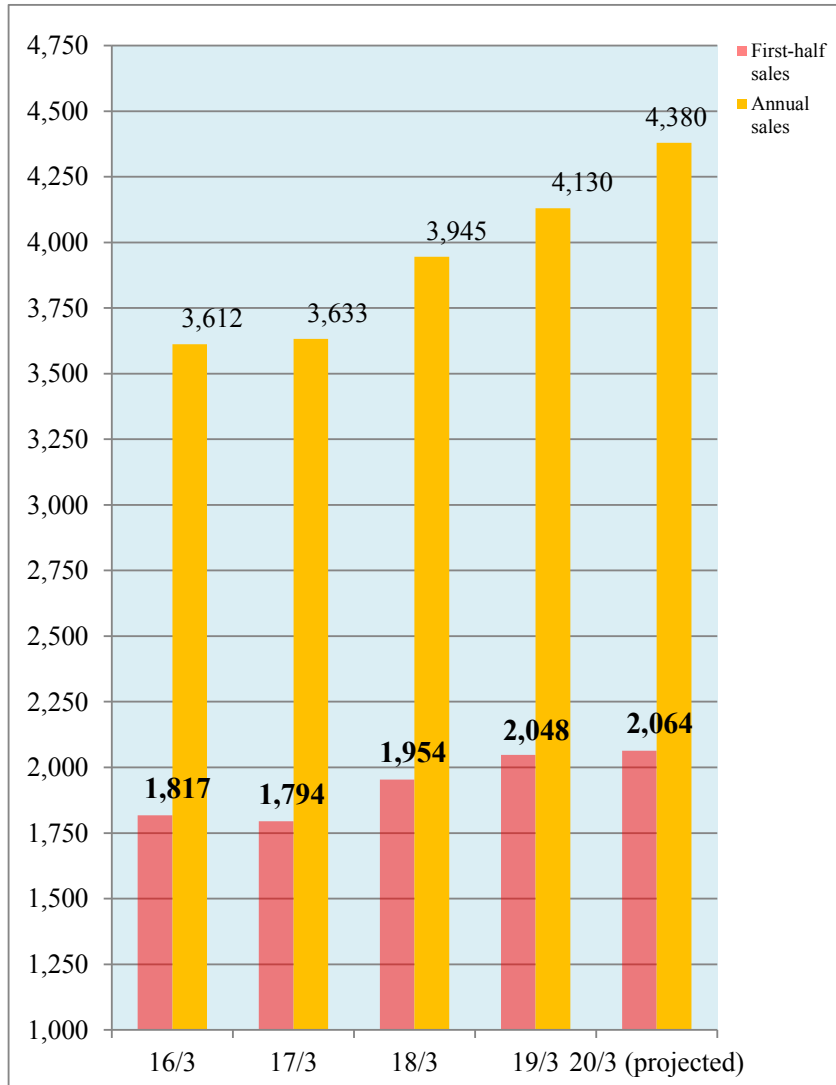
(millions of yen)

		FYE March 2019		FYE March 2020			
		Net sales	Operating income	Net sales	YOY	Operating income	YOY
Prima Meat Packers Ltd.		154,862	4,933	<b>157,292</b>	101.6%	<b>4,558</b>	-375
Group Companies	Vendor(s) (1)	48,104	856	<b>48,985</b>	101.8%	<b>1,326</b>	470
	Other (including amendments for consolidation)	1,902	1,454	<b>123</b>	-	<b>1,647</b>	193
Consolidated Total		204,867	7,243	<b>206,400</b>	100.7%	<b>7,531</b>	288

## 2. Changes in Net Sales and Operating Income

### Net sales

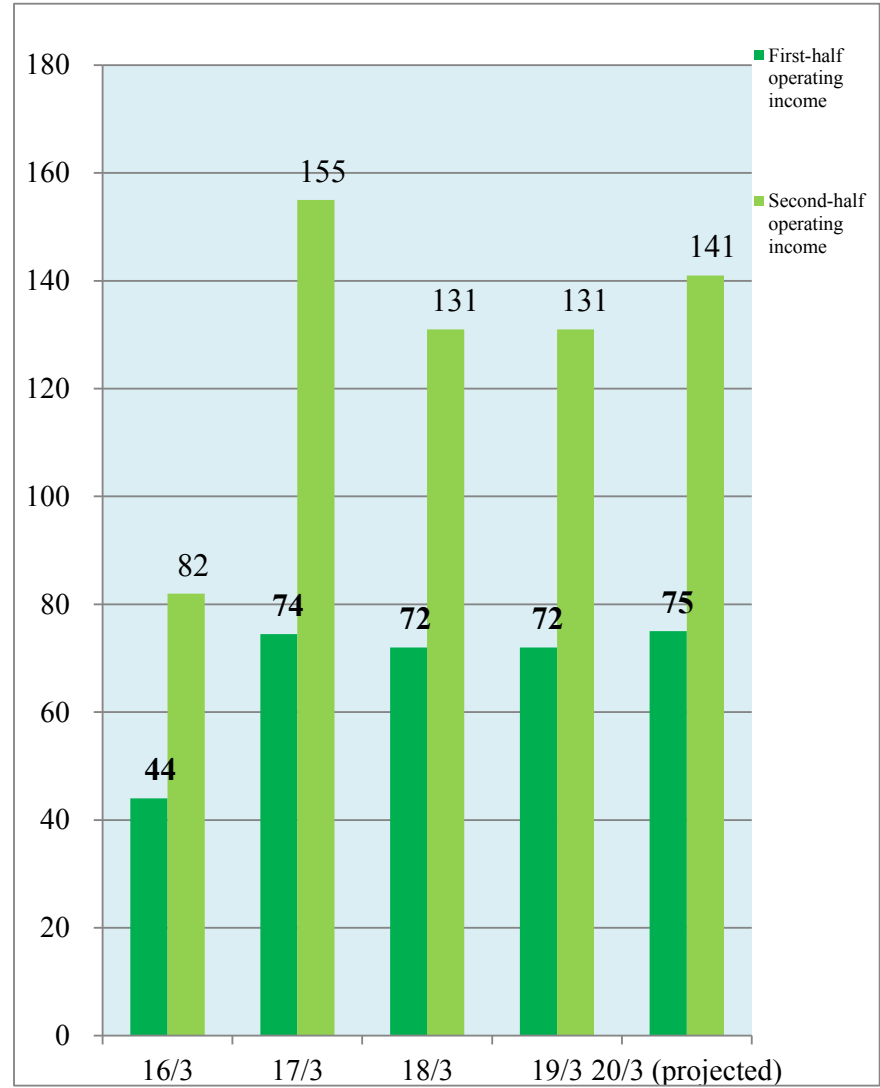
(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen  
The figures for March 2019 are projected figures.

### Operating income

(hundred millions of yen)



(Note) rounded down to the nearest hundred million yen

### 3-(1). Processed Foods Business– First Half, 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
- African swine fever has created unease over raw materials
- US-China trade war has created global economic



12.07 million friends gained

### Measures

- Concentrate sales efforts on core products
- Strengthen development of sales promotion strategy
- Promote personnel saving and volume growth
- Enhance production base and improve productivity in vendor plants

### Outcomes

- Core product sales ratio: 75.2%
  - 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
    - Advertising campaign featuring Tao Tsuchiya (Koukun and gift products)
  - Man-hour productivity improved in four core plants →
  - PI in group plants
  - More client stores thanks to stay-fresh-long products
  - Introduction of innovative facilities led to improvement in quality/sanitary control and productivity →
- Sales volume of sausages and ham  
 YOY: 99%  
Consumer: 101%  
Commercial: 94%
- Sales volume of processed foods  
 YOY: 99%  
Consumer: 102%  
Commercial: 105%  
Others: 87%
- YOY      Up 3%  
             Down -2%
- Sales volume  
YOY: 102%

### 3. Processed Foods Business– First Half, Year Ended March 2020

#### (1) Ham/sausage

☆Total<Sales volume of sausages and ham YOY>

Breakdown	FYE March 2018	FYE March 2019	First Half (Results)	Composition ratio
Ham/sausage Sum	112%	104%	99%	100%
Consumer	115%	105%	101%	71%
Commercial	104%	101%	94%	28%
Gift Products	95%	95%	100%	1%

☆Main Products<Sales volume YOY>

Product name	FYE March 2017	FYE March 2018	First Half (Results)
Koukun Winner	129%	114%	116%
Tokachi Raw ham	111%	104%	104%
Loin ham group	111%	103%	89%
Bacon group	120%	102%	107%



Koukun Winner

☆Improved of Man-hour productivity YOY

FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	First Half (Results)
15%	6%	6%	8%	5%	3%

#### (3) Vendor products<Net Sales YOY>

FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019	First Half (Results)
103%	106%	105%	106%	110%	102%

#### (2) Processed Foods

☆Total<Sales volume of Processed Foods YOY>

Breakdown	FYE March 2017	FYE March 2018	First Half (Results)	Composition ratio
Processed Foods Sum	121%	102%	99%	100%
Consumer	110%	96%	102%	29%
Commercial	135%	112%	105%	45%
Seasoning raw	120%	96%	87%	26%

☆Main Products<Sales volume YOY>

Product name	FYE March 2017	FYE March 2018	First Half (Results)
Salada Chicken	149%	96%	99%
Spring roll	99%	92%	92%
Range pot	234%	124%	158%
Raw chicken ball	114%	86%	84%

☆Improved of Man-hour productivity YOY

FYE March 2018	FYE March 2019	First Half (Results)
6%	1%	-2%



Range pot



Salada Chicken



### 3-(2). Processed Foods Business – First Half, Year Ended March 2020 2

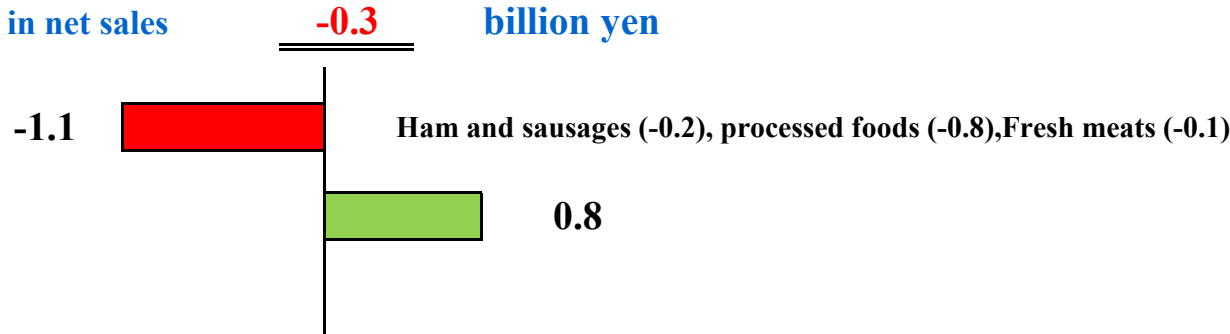
<b>Income</b>		(millions of yen)		
	FYE March 2019	FYE March 2020	YOY	Difference
Net sales	139,904	139,583	99.8%	▲ 321
Operating income	6,286	6,763	107.6%	477
Ordinary income to net sales ratio	4.5%	4.8%		



Happy Halloween campaign

#### Factors behind earnings figures

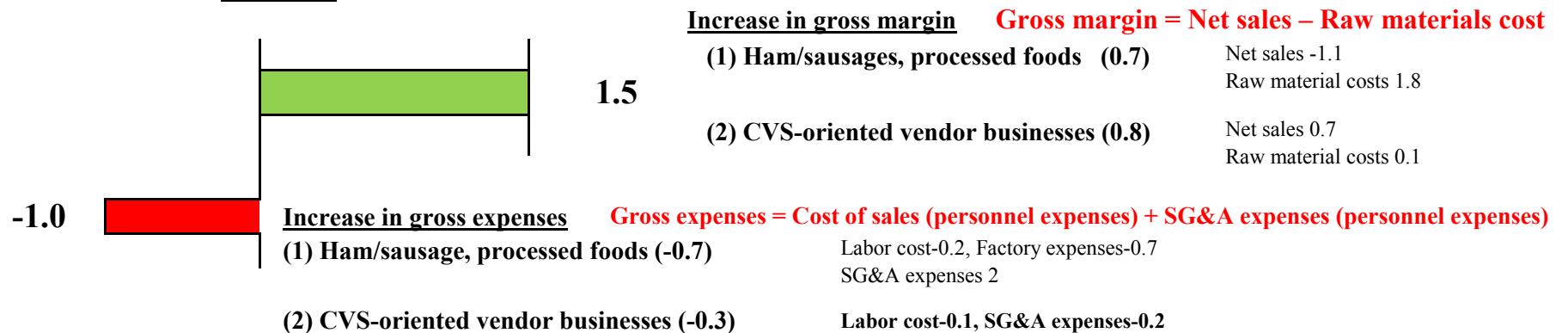
★Decrease in net sales



★Increase in operating income

**0.5** billion yen

(Ham/sausage 0.1, Processed Foods -0.1, Vendor Businesses 0.5)



## 4. Fresh Meats Business – First Half, Year Ending 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
- The spate of natural disasters across Japan has slowed economic recovery
- US-China trade war has created global economic uncertainty
- The TPP11 and Japan-EU EPA will reduce tariffs



### 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

- Developed effective pig feed across whole group
- Improved pork categories for more efficient production
  - Better fattening, higher shipment volume
- Removed problematic elements in procurement and sales
- Original brands sales volume:
  - Sales composition ratio 38%
- Overseas posts are now better staffed and managed more tightly
- Closer relationship with major suppliers
  - e.g., High Life, Prime Pork
- After establishing our brand, market share increase
- Tighter control of transportation fees

## 4-(2). Fresh Meats Business – First Half, Year Ending March, 2020

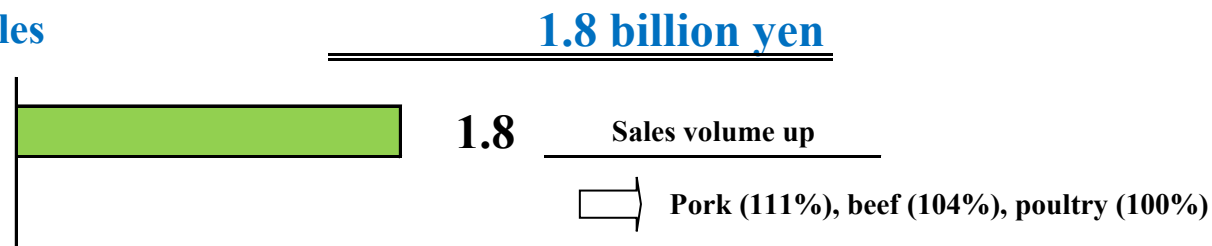
<b>Income</b>		(millions of yen)	
	FYE March 2019	FYE March 2019	YOY
Net sales	64,725	<b>66,548</b>	102.8%
Operating income	857	<b>639</b>	74.6%
Ordinary income to net sales ratio	1.3%	1.0%	



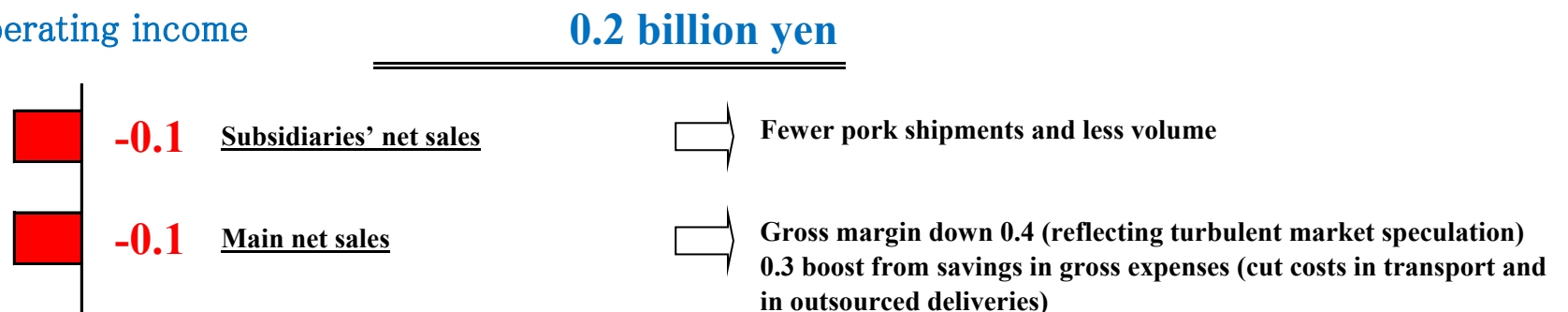
Roast pork prepared using Kagoshima Black Pig

### Factors behind earnings figures

#### ★ Increase in net sales



#### ★ Increase in operating income



### 3. Variance from Plan – First Half, Year Ended March, 2020

(millions of yen, %)

Q2 (accumulated)		Results	Plan	Variance	Last year	Year-on-year change
Processed Foods Business	Net sales	139,583	148,200	94.2%	139,904	99.8%
	Operating income	6,763	6,400	363	6,286	477

[Key variances]

- Ham/sausage and processed foods business  
Operating margin variance: -0.3 bn  
1Q -0.34 bn 2Q +0.31 bn



Ham/sausage: Sales volume 92% of target, net sales 92% → Operating income down 0.11 bn

Processed foods: Sales volume 92% of target, net sales 93% → Operating income up 0.08 bn

→ Although net sales fell short of target, raw material costs remained stable, and we saved personnel expenses significantly through more efficient production.

Less-than-expected sales volume resulted in fewer payment charges and less advertising costs.

- CVS-oriented vendor businesses  
Operating margin variance: +3.9 bn  
1Q +0.33 bn 2Q +0.06 bn



Vendor business 1: Net sales 98% of target Vendor business 2: Net sales 93% of target

Vendor business 1: Operating income 0.39 bn more than expected Vendor business 2: Operating income as expected

→ Less-than-expected net sales were offset by stable raw material costs and well-controlled labor costs.

(millions of yen, %)

Q2 (accumulated)		Results	Plan	Variance	Last year	Year-on-year change
Fresh Meats Business	Net sales	66,548	69,000	96.4%	64,742	102.8%
	Operating income	639	1,000	-361	857	-218

[Key variances]

- Fresh Meats Business  
Operating margin variance: -0.36 bn  
1Q +0.21 bn 2Q +0.15 bn



Procurement/sales: down 0.41 bn

Production: up 0.05 bn

→ Turbulent market speculation was major factor behind less-than-expected gross margin.

## 5. Consolidated Balance Sheets for the Year Ended March 2020 First Half

(millions of yen)

	FYE March 2019	FY March 2020/1H	Change
<b>Current assets</b>	82,857	<b>85,529</b>	8,152
<b>Noncurrent assets</b>	121,004	<b>114,840</b>	3,697
<b>Gross assets</b>	203,862	<b>200,369</b>	-3,493
<b>Current liabilities</b>	74,706	<b>68,705</b>	-6,001
<b>Noncurrent liabilities</b>	34,519	<b>32,397</b>	22
<b>Total liabilities</b>	109,226	<b>101,102</b>	-8,124
<b>Shareholders' equity</b>	80,237	<b>83,942</b>	3,705
<b>Accumulated other comprehensive income</b>	5,877	<b>5,682</b>	-1,379
<b>Minority interests</b>	8,521	<b>9,641</b>	1,120
<b>Total net assets</b>	94,635	<b>99,267</b>	13,509
<b>Total liabilities and net assets</b>	203,862	<b>200,369</b>	-3,493

### [Current assets]

• Cash and deposits	2.585 billion yen
• Decrease in notes and accounts receivable	-3.252 billion yen
• Increase in inventory assets	3.287 billion yen

### [Noncurrent assets]

• Decrease in property, plant and equipment	-8.086 billion yen
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### [Total liabilities]

• Decrease in notes payable accounts payable	-1.991 billion yen
• Decrease in long-term loans payable	-1.912 billion yen
• Decrease in other current assets	-5.280 billion yen

### [Total net assets]

• Increase in retained earnings	3.733 billion yen
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## 6. Cash Flow and Performance Indicators for the Year Ended March 2020 First Half

### [Consolidated statements of cash flows]

(millions of yen)

	FYE March 2019/1H	FYE March 2020/1H	Change
Cash flows from operating activities	17,331	<b>8,009</b>	-9,322
Cash flows from investing activities	-9,836	<b>-1,063</b>	8,773
Cash flows from financing activities	-2,326	<b>-4,630</b>	-2,304
Cash and cash equivalents at end of period	17,350	<b>16,054</b>	-1,296

### [Cash flows from operating activities] [Cash flows from investing activities] [Cash flows from financing activities]

• Recording of quarterly net income before income taxes 10.242 billion yen	• Acquisitions of property, plant and equipment -9.721 billion yen	• Procurement of long-term loans payable -1.913 billion yen
• Recording of depreciation and amortization 4.612 billion yen	• Selloff of property, plant and equipment 11.320 billion yen	• Payment of dividends -2.009 billion yen
• Decrease in trade payables 3.257 billion yen	• Acquisition of long-term prepaid expenses -2.171 billion yen	

### [Performance indicators]

(millions of yen, %)

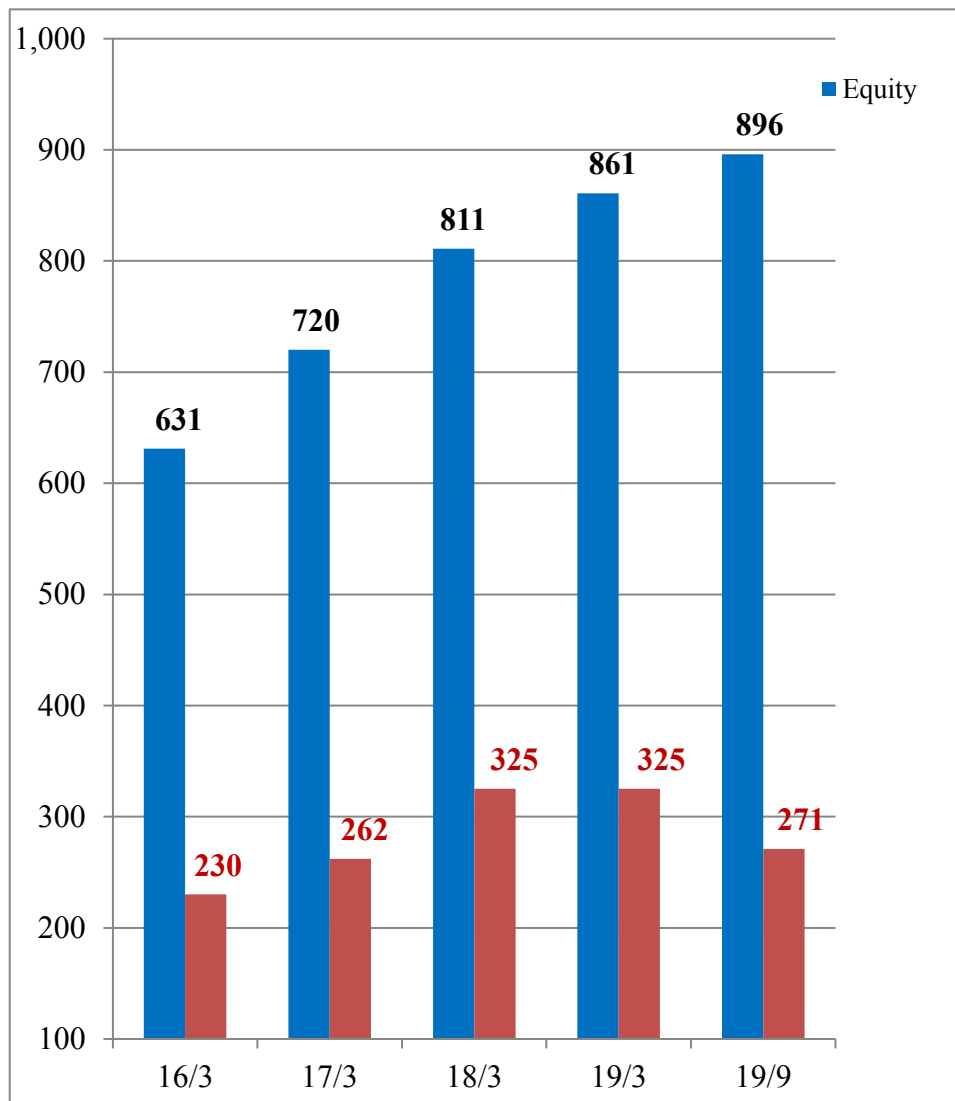
	FYE March 2018	FYE March 2020/1H	Change
Equity	81,180	<b>84,254</b>	3,074
Equity ratio	42.8	<b>40.5</b>	-2.3
Interest-bearing liabilities	32,505	<b>33,129</b>	624
Debt equity ratio	0.49	<b>0.39</b>	-0.10

\*Equity is total net assets minus minority interests.

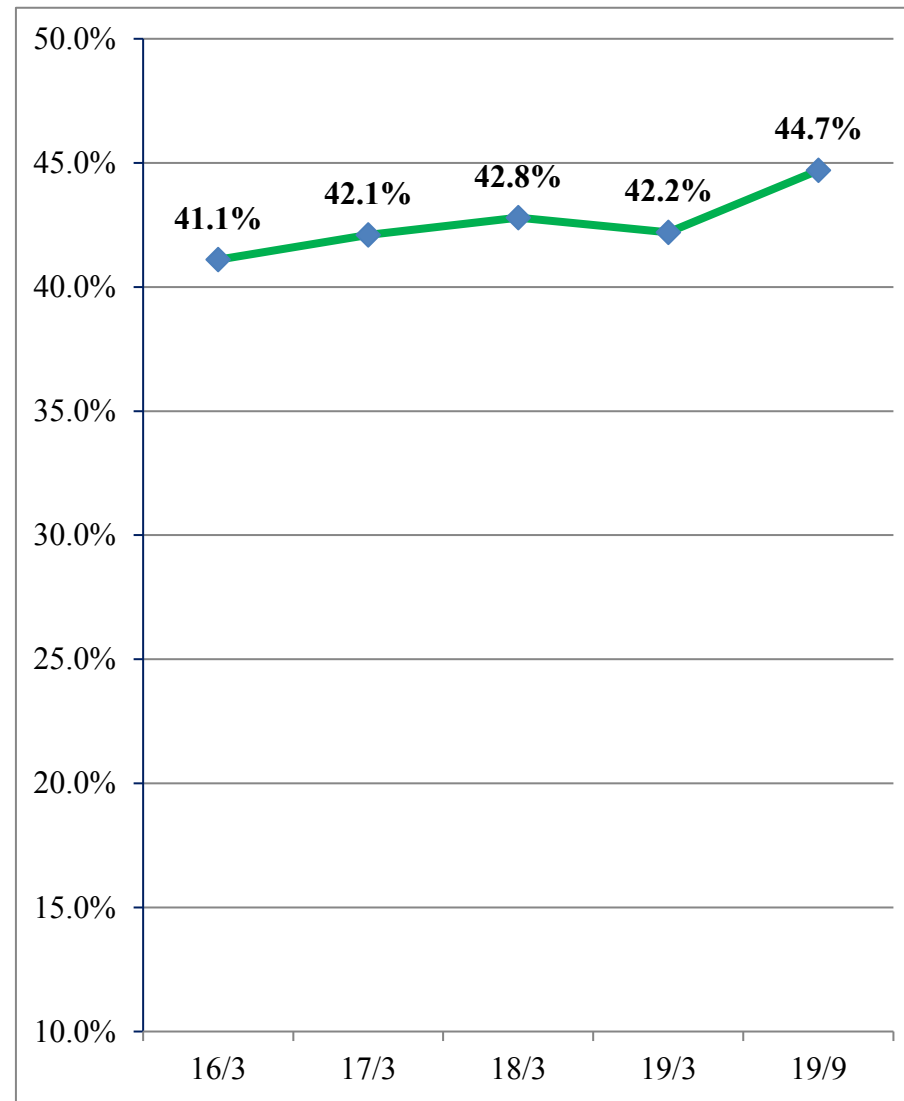
## 7. Changes in Equity, Interest-bearing Liabilities, and Equity Ratio

### Equity and interest-bearing liabilities

(hundred millions of yen)



### Equity ratio



(Note) rounded down to the nearest hundred million yen

# **Forecast for FYE March 2020**



# 1. Initiatives of the Processed Foods Business for the Second Half of FYE March 2020

## <Business Environment/Challenges>

- Intensification in competition for thrifty consumers



- Revive year-end gifts, secure profits in fourth quarter



## <Measures>

- Concentrate sales effort on core products, aim to expand vendor businesses and sales area development
- Continue efforts to cut costs and increase efficiency
- Improve man-hour productivity
- Launch nationwide TV commercial and LINE for "Koukun Wiener" product → Secure and expand sales
- Develop new theme park-related promotional campaign
- Market product commemorating completion of Ibaraki plant (4-pack)
- Expand stay-fresh-long products in vendor business

- Bolster year-end gift lineup by further enhancing "Takumi no Zen / Takumi Ippin" series and "Kodawari Ippin" Aim for at least +110% year-on-year
- Expand sales of winter-oriented produces (nabe/hot pot materials, etc.)



## 2. Initiatives of the Fresh Meats Business for the Second Half of FYE March 2020

### Business Environment/Challenges

- **Procurement prices remain high**
  - Australian cattle prices remain high
  - With strong demand in the US, prices remain high
  - Buying among Chinese firms requires attention
- **Effects of upcoming TPP-11 and Japan-EU EPA, TAG**
- **Intense competition over sales resulting in lower profit margins**
- **Japanese livestock businesses continue to downsize**

### Measures

- **Focus sales efforts on group products, original brand products, and value-added products**
- **Work with partners to minimize production costs**
- **Push for better cheaper procurement as position allows**
- **Secure profits by marketing differentiated group products and original brand products**
- **Enhance processing of byproducts, open new sales channels**
- **Procurement and sales teams to work together to rationalize inventory**
- **Streamline workflows to enable control of indirect expenses**
- **Expand group's production business**
- **Strengthen relationships with partners to secure stable supply**

### 3. Forecast for FYE March 2020

#### 【Consolidated profit and loss】

(millions of yen)

	Results for FYE March 2019	Forecast for FYE March 2020	YOY	Year plan
<b>Net Sales</b>	413,023	<b>438,000</b>	106.0%	438,000
<b>Gross Profit</b>	13,168	<b>14,100</b>	107.1%	14,100
<b>Operating Income</b>	13,829	<b>14,400</b>	104.1%	14,400
<b>Net Income</b>	8,287	<b>9,200</b>	111.0%	9,200

#### 【First Half and Second Half】



(millions of yen)

	First Half (Results)	Second Half (Forecast)
Net Sales	206,400	231,600
Gross Profit	7,531	6,569
Operating Income	7,945	6,455
Net Income	5,747	3,453

(millions of yen)

Second Half (Plan)	Planning ratio
220,200	105.2%
6,660	▲ 91
6,790	▲ 335
4,380	▲ 927

#### 【Income by business segment】

(millions of yen)

	Results for FYE March 2019	Forecast for FYE March 2020	YOY	
<b>Net Sales</b>	<b>Processed Foods Business</b>	278,714	<b>298,000</b>	106.9%
	<b>Fresh Meats Business</b>	133,820	<b>139,200</b>	104.0%
	<b>Other</b>	487	<b>800</b>	164.3%
<b>Gross Profit</b>	<b>Processed Foods Business</b>	12,200	<b>12,200</b>	100.0%
	<b>Fresh Meats Business</b>	755	<b>1,800</b>	-
	<b>Other</b>	212	<b>100</b>	-

(millions of yen)

Year plan	Planning ratio
298,000	100.0%
139,200	100.0%
800	100.0%
12,200	0
1,800	0
100	0

## 4. Topics

### 1. Investment for sustainable growth

#### (1) Expand operations at Ibaraki plant

- • Aim for output of 4,300 t / month
- Improve man-hour productivity by 20%
- Reduce energy consumption by 10%
- Aim to expand range of IQF'd products

#### (2) Use new production methods to create demand and tackle environmental issues

- Use high pressure processing (HPP) to extend shelf life, cut food waste, and reduce added preservatives



HPP'd Mon chéri

Shelf life extended from 35 to 55 days

#### (3) Sponsor Small Worlds Tokyo

- Use new promotional campaign to add more intangible value

### 2. Payout ratio

- • FYE March 2015: 7.0%
- FYE March 2016: 15.2%
- FYE March 2017: 15.1%
- FYE March 2018: 24.2%
- FYE March 2019: 36.4%



# Referential Materials

## Changes in Consolidated Income

### 【Consolidated statements of income】

(millions of yen)

	Segment	FYE March 2018			FYE March 2019			FYE March 2020 (Forecast)				
		First half	Second half	Full year	First half	Second half	Full year	1Q	2Q	First half	Second half (Forecast)	Full year (Forecast)
Net sales	Processed Foods Business	133,028	136,352	<b>269,380</b>	139,903	138,811	<b>278,714</b>	67,345	72,238	139,583	158,417	298,000
	Fresh Meats Business	62,181	62,482	<b>124,663</b>	64,724	69,096	<b>133,820</b>	33,587	32,961	66,548	72,652	139,200
	Other business	196	295	<b>491</b>	238	249	<b>487</b>	125	18	143	657	800
Total		195,406	199,128	<b>394,534</b>	204,867	208,156	<b>413,023</b>	101,058	105,342	206,400	231,600	438,000
Cost of Sales		164,768	168,658	<b>333,426</b>	172,892	177,374	<b>350,266</b>	85,254	88,559	173,813		
Gross Profit		30,637	30,471	<b>61,108</b>	31,974	30,782	<b>62,756</b>	15,803	16,784	32,587		
Selling, general and admin		23,433	24,545	<b>47,978</b>	24,730	24,858	<b>49,588</b>	12,275	12,780	25,055		
Operating income		7,203	5,926	<b>13,129</b>	7,243	5,925	<b>13,168</b>	3,528	4,003	7,531	6,569	14,100
Non-operating loss		269	248	<b>517</b>	281	380	<b>661</b>	286	128	414		
Ordinary income		7,473	6,173	<b>13,646</b>	7,524	6,305	<b>13,829</b>	3,815	4,130	7,945	6,455	14,400
Extraordinary income		▲ 87	1,231	<b>1,144</b>	273	▲ 158	<b>114</b>	2,324	▲ 45	2,279		
Income before income taxes		7,386	7,404	<b>14,790</b>	7,797	6,147	<b>13,944</b>	6,139	4,085	10,224		
Net income		4,931	5,482	<b>10,413</b>	4,757	3,530	<b>8,287</b>	3,124	2,623	5,747	3,453	9,200

### 【Reference】 Net sales by product category

(millions of yen)

	Product category	FYE March 2018			FYE March 2019			FYE March 2020 (Forecast)				
		First half	Second half	Full year	First half	Second half	Full year			First half	Second half (Forecast)	Full year (Forecast)
Net sales	Ham/sausage	43,024	43,134	<b>86,158</b>	45,106	43,077	<b>88,183</b>			44,916	50,484	95,400
	Processed foods (etc.)	81,801	84,518	<b>166,319</b>	85,533	87,826	<b>173,359</b>			85,530	98,570	184,100
	Fresh meats	70,384	71,183	<b>141,567</b>	73,990	77,000	<b>150,990</b>			75,684	82,316	158,000
	Other	197	294	<b>491</b>	238	253	<b>491</b>			269	231	500
Total		195,406	199,129	<b>394,535</b>	195,406	217,617	<b>413,023</b>			206,400	231,600	438,000

## 5. Net Sales Comparison (by segment and by product category) for the Year Ended March 2019 First Half

Net sales by segment	Net sales by product category																					
(hundred millions of yen)	(hundred millions of yen)																					
<b>Processed Foods Business</b> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-top: 10px;">1,396</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #e0f2f1;">Ham/sausage</td> <td style="text-align: right;">449</td> <td style="text-align: right;">Ham/sausage <u>449</u></td> </tr> <tr> <td style="background-color: #ffeb3b;">Processed foods (etc.)</td> <td style="text-align: right;">344</td> <td style="text-align: right;">← Processed foods (etc.) <u>856</u></td> </tr> <tr> <td style="background-color: #e0f2f1;">Vendor products</td> <td style="text-align: right;">509</td> <td style="text-align: right;">←</td> </tr> <tr> <td style="background-color: #ffe0b2;">Fresh meats</td> <td style="text-align: right;">93</td> <td style="text-align: right;">← Fresh meats <u>757</u></td> </tr> <tr> <td style="background-color: #e0f2f1;">Fresh meats</td> <td style="text-align: right;">664</td> <td style="text-align: right;">←</td> </tr> <tr> <td style="background-color: #ffe0b2;">Processed foods</td> <td style="text-align: right;">2</td> <td style="text-align: right;">← Other <u>3</u></td> </tr> <tr> <td style="background-color: yellow;">Other</td> <td style="text-align: right;">3</td> <td style="text-align: right;">3</td> </tr> </table>	Ham/sausage	449	Ham/sausage <u>449</u>	Processed foods (etc.)	344	← Processed foods (etc.) <u>856</u>	Vendor products	509	←	Fresh meats	93	← Fresh meats <u>757</u>	Fresh meats	664	←	Processed foods	2	← Other <u>3</u>	Other	3	3
Ham/sausage	449	Ham/sausage <u>449</u>																				
Processed foods (etc.)	344	← Processed foods (etc.) <u>856</u>																				
Vendor products	509	←																				
Fresh meats	93	← Fresh meats <u>757</u>																				
Fresh meats	664	←																				
Processed foods	2	← Other <u>3</u>																				
Other	3	3																				
<b>Fresh Meats Business</b> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-top: 10px;">665</div>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #e0f2f1;">Fresh meats</td> <td style="text-align: right;">664</td> <td style="text-align: right;">←</td> </tr> <tr> <td style="background-color: #ffe0b2;">Processed foods</td> <td style="text-align: right;">2</td> <td style="text-align: right;">←</td> </tr> <tr> <td style="background-color: yellow;">Other</td> <td style="text-align: right;">3</td> <td style="text-align: right;">3</td> </tr> </table>	Fresh meats	664	←	Processed foods	2	←	Other	3	3												
Fresh meats	664	←																				
Processed foods	2	←																				
Other	3	3																				

## Changes in Consolidated Balance Sheets

### [Consolidated Balance Sheets]

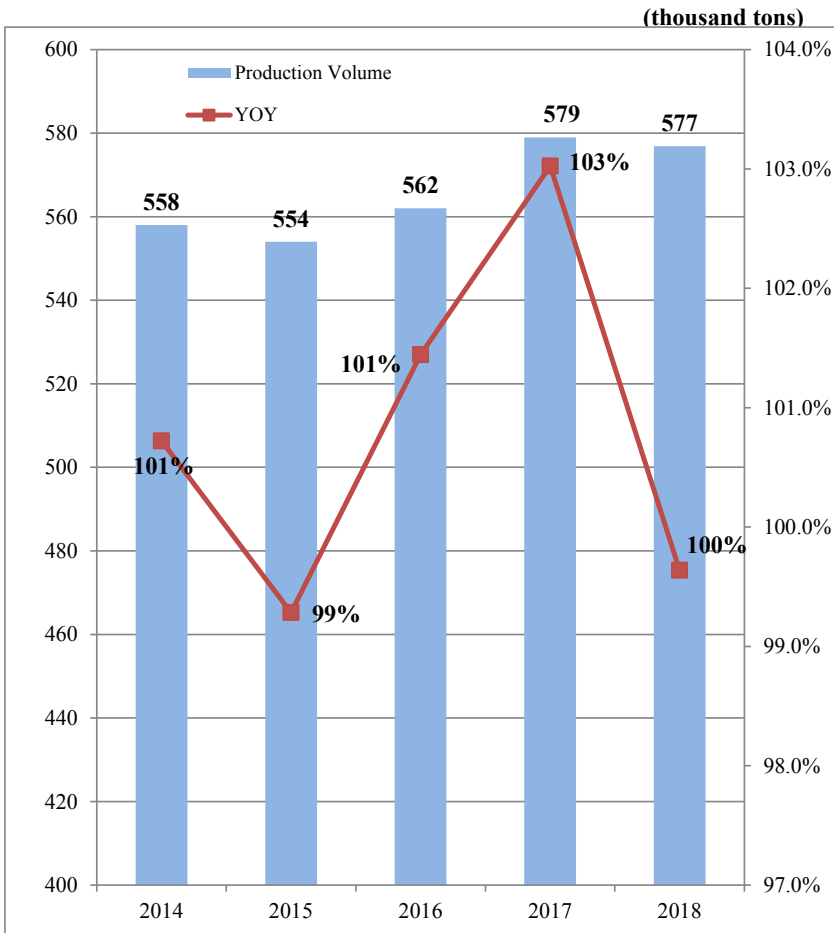
(millions of yen)

	FYE March 2017		FYE March 2018		FYE March 2019	
	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	<b>78,113</b>	69,030	<b>79,329</b>	91,315	<b>82,857</b>
Noncurrent assets	88,013	<b>92,806</b>	88,013	<b>110,422</b>	116,757	<b>121,004</b>
Gross assets	157,043	<b>170,919</b>	157,043	<b>189,751</b>	208,073	<b>203,862</b>
Current liabilities	55,616	<b>60,413</b>	55,616	<b>64,630</b>	78,588	<b>74,706</b>
Noncurrent liabilities	27,072	<b>31,307</b>	27,072	<b>36,846</b>	36,746	<b>34,519</b>
Total liabilities	82,689	<b>91,721</b>	82,689	<b>100,477</b>	115,305	<b>109,226</b>
Shareholders' equity	61,584	<b>66,335</b>	61,584	<b>74,714</b>	77,684	<b>80,237</b>
Accumulated other comprehensive income	5,524	<b>5,683</b>	5,524	<b>6,466</b>	6,569	<b>5,877</b>
Minority interests	7,245	<b>7,179</b>	7,245	<b>8,094</b>	8,513	<b>8,521</b>
Total net assets	74,354	<b>79,198</b>	74,354	<b>89,274</b>	92,767	<b>94,635</b>
Total liabilities and net assets	157,043	<b>170,919</b>	157,043	<b>189,751</b>	208,073	<b>203,862</b>
Equity	67,109	<b>72,019</b>	76,151	<b>81,180</b>	84,254	<b>86,114</b>
Equity ratio	42.7	<b>42.1</b>	40.6	<b>42.8</b>	40.5	<b>42.2</b>



# Data on Industry Trends

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

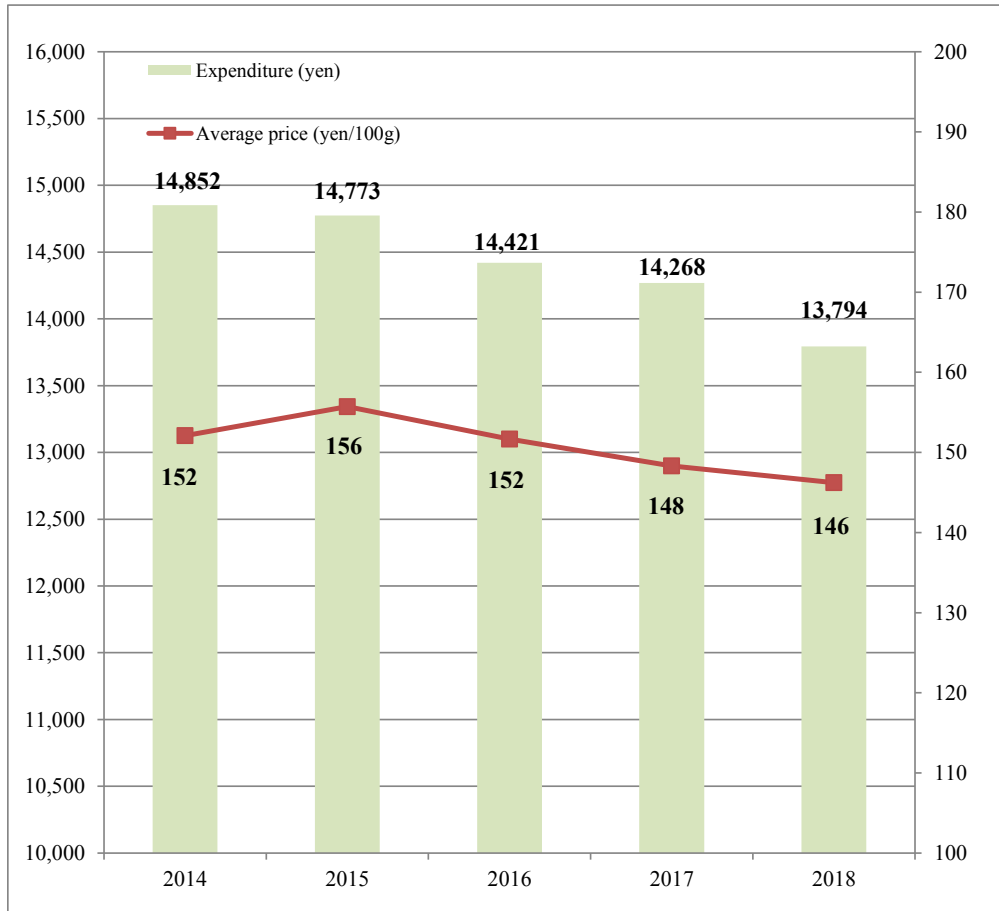


(Note) Data from Japan Ham & Sausage Processors Cooperative Association

2019(1-8) (t)

	Production Volume	YOY
Sausage	206,596	98.5%
Ham	71,968	99.5%
Bacon	63,508	100.5%
Pressed ham	16,327	91.3%
Roasted pork	13,034	96.1%

(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)

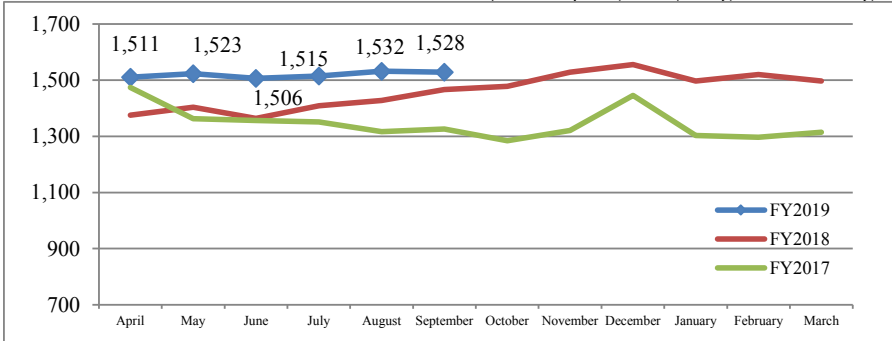
2019 (1-9)

	family consumption	YOY
Volume (g)	6,882	99.2%
price(yen)	9,956	97.8%
avarege price (yen/100g)	144.7	98.6%

## Data on Industry Trends 2

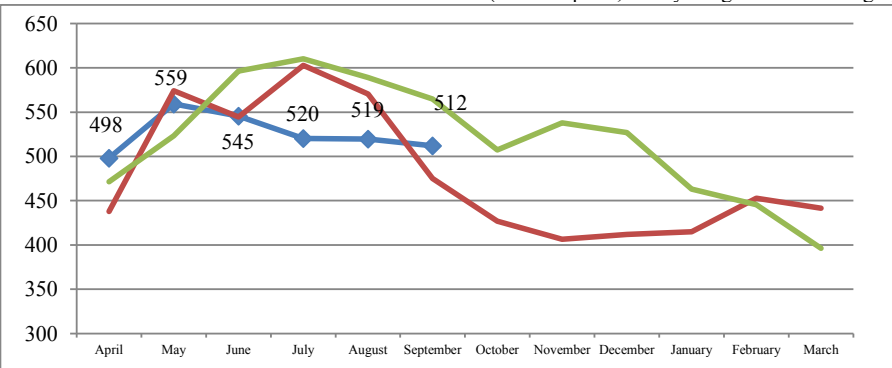
(1) Tax-excluded wholesale price (Tokyo) of B-3 crossbreed steers

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



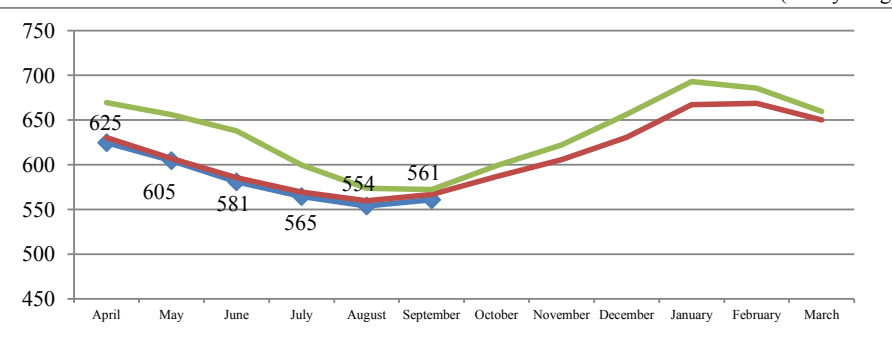
(2) Tax-excluded wholesale price of pork (Tokyo, ministerial ordinance)

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



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

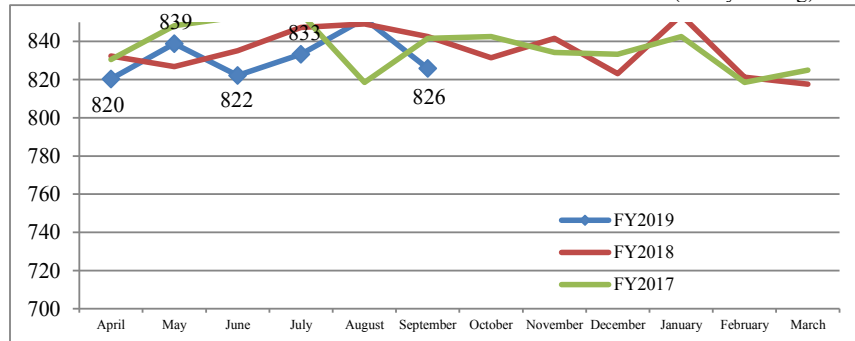
(unit: yen/kg)



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

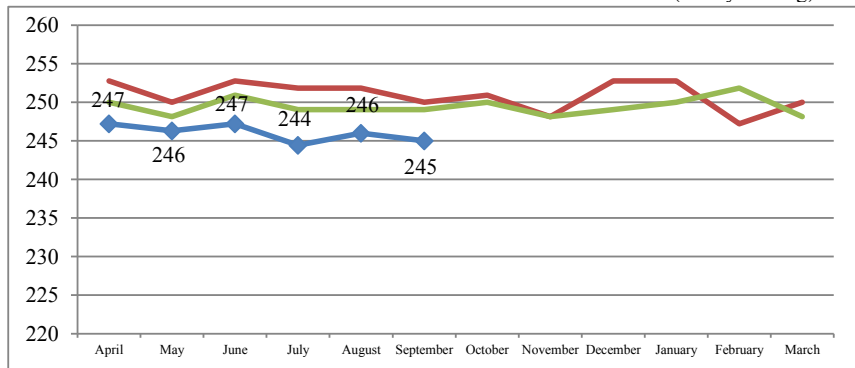
(4) Tax-excluded retail price of Japanese-produced beef loin (Tokyo)

(unit: yen/100g)



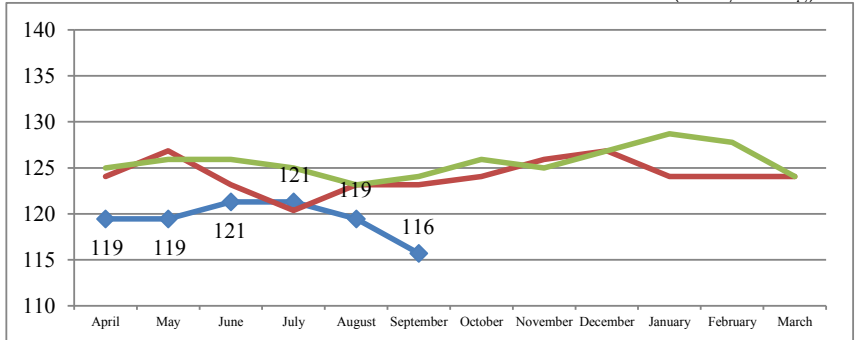
(5) Tax-excluded retail price of Japanese-produced pork loin (Tokyo)

(unit: yen/100g)



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

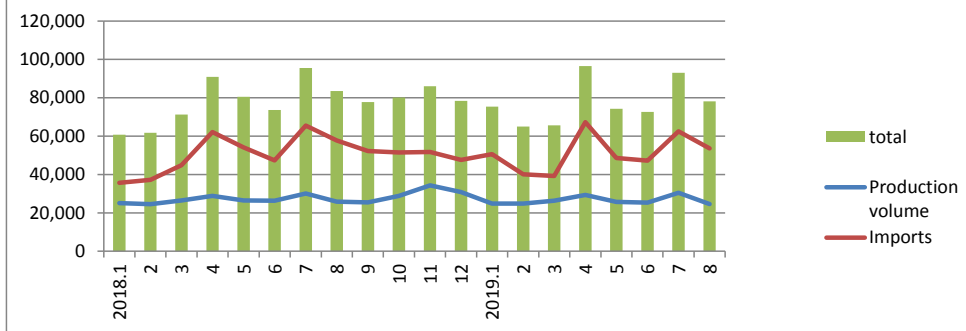
(unit: yen/100g)



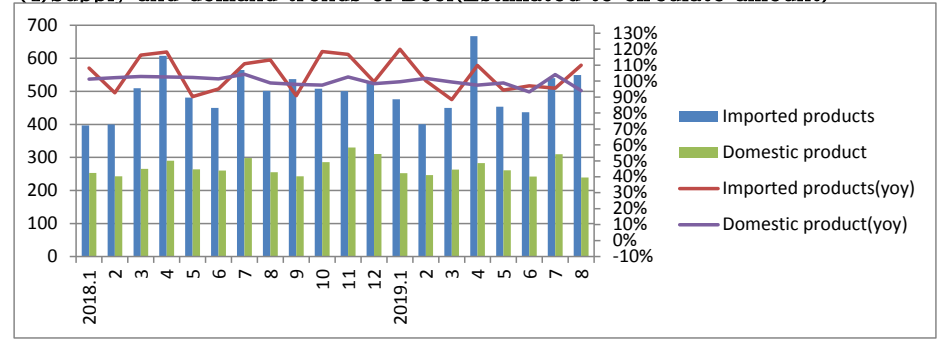
Ministry of Internal Affairs and Communications (Report on the Retail Price Survey)

### Data on Industry Trends 3

(1) Beef supply and demand table (Production volume•Imports) (ton)

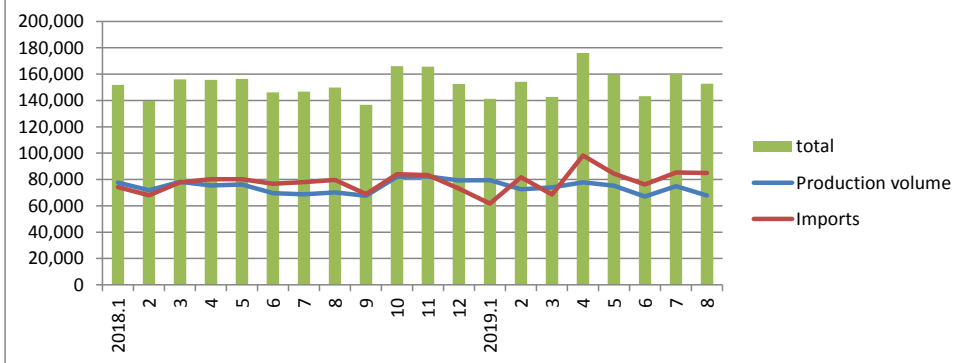


(4) Supply and demand trends of Beef (Estimated to circulate amount)

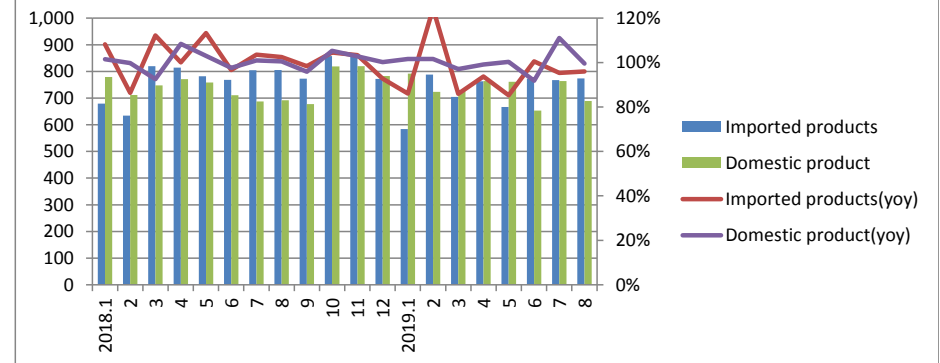


(One hundred tons/%)

(2) Pork supply and demand table (Production volume•Imports) (ton)

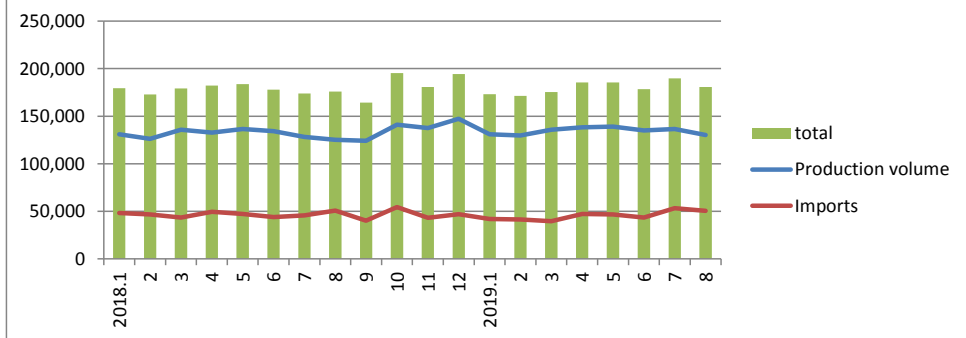


(5) Supply and demand trends of Pork (Estimated to circulate amount)

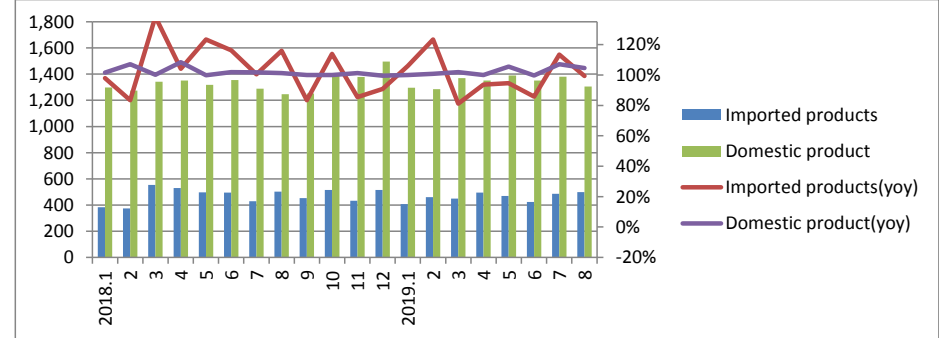


(One hundred tons/%)

(3) Poultry supply and demand table (Production volume•Imports) (ton)



(6) Supply and demand trends of Chicken (Estimated to circulate amount)



(One hundred tons/%)

# Profile

(As of Sept 30, 2019)

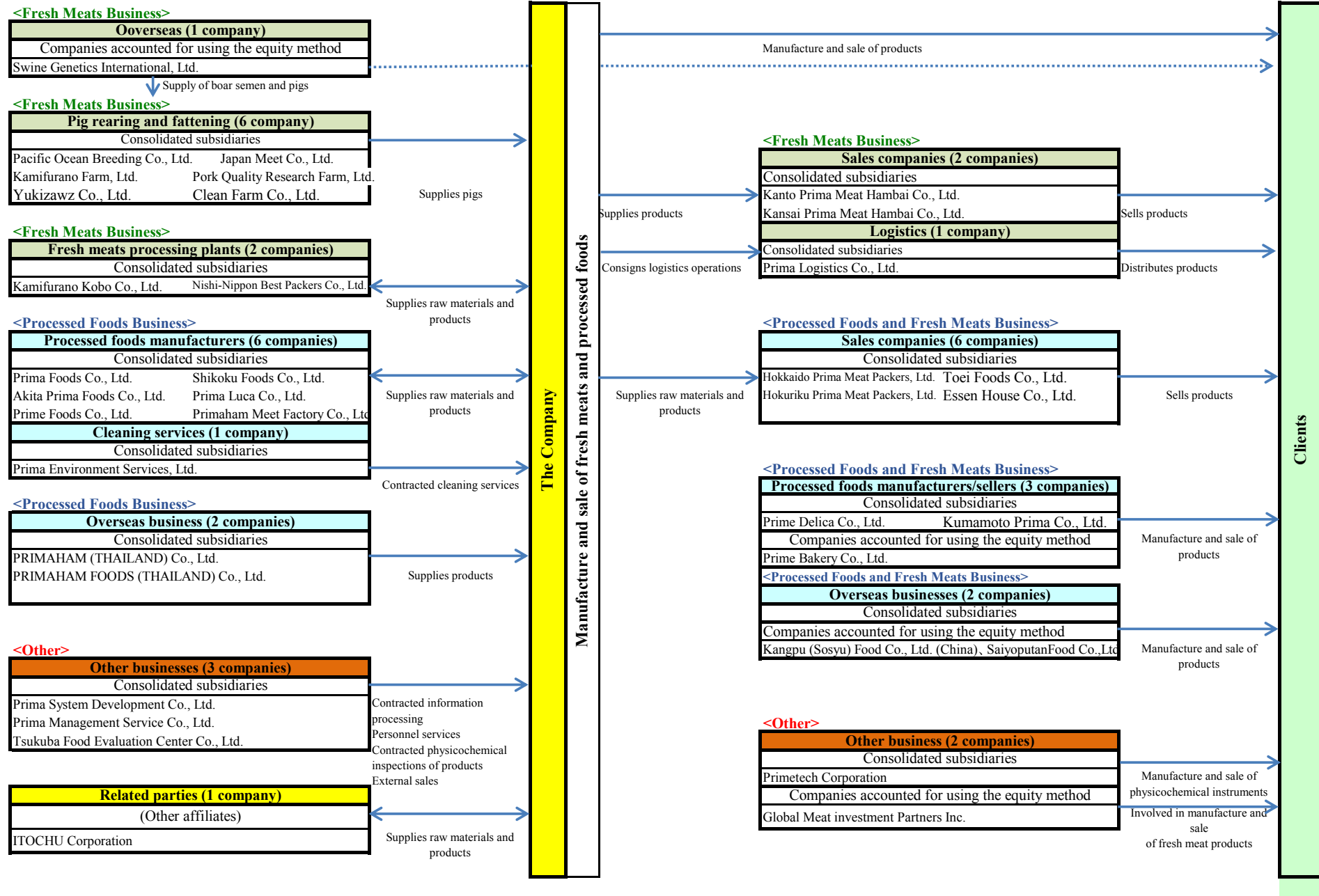
## ■ Corporate data

Head office	Shinagawa Seaside West Tower, 4-12-2 Higashi-Shinagawa, Shinagawa-ku, Tokyo		
Representative	Tetsuya Matsui, President and Representative Director		
Detail of business	Manufacture and sale of hams and sausages, fresh meats, processed foods, and other products		
Established	July 9, 1948		
Capital	7,908 million yen		
Fiscal year-end	March 31		
Number of employees	1,891 (increased by 50)		
Business sites	(note)	Sales bases	6 branch offices 25 sales offices Production bases 4 plants
Number of group companies	(note)	35	
		Consolidated subsidiaries	30
		Companies accounted for using the equity method	5
Number of employees across corporate group	15,086 (increased by 146)		
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
June 2016	Ibaraki sausage plant completed, operations commenced
March 2019	Ibaraki new plant completed, operations commenced

# Corporate Group Data (as of Sept 30, 2018)



## 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

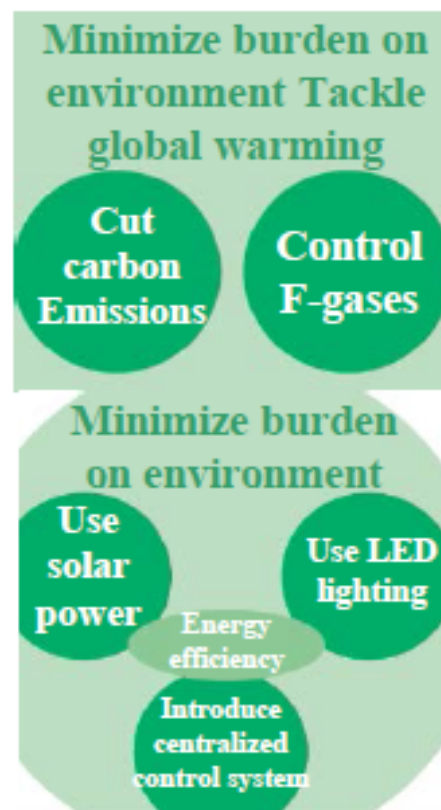
The packing room (15°C) uses an air conditioning system. 240 tons of slushy coolant is prepared in an ice tank during the night (when electricity rates are lower), and this coolant is then pumped through the system during the day to reduce energy consumption. **Energy consumption is now down 20%** compared 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  
→The Red Cup Campaign is a WFP program that supports school meals. We donate a percentage of the profits from sales of our products.
- 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 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.



## Participation in a cleanup event that connects us with the local community





## **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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**TEL.           03-6386-1800**

**FAX.           03-5462-1701**

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