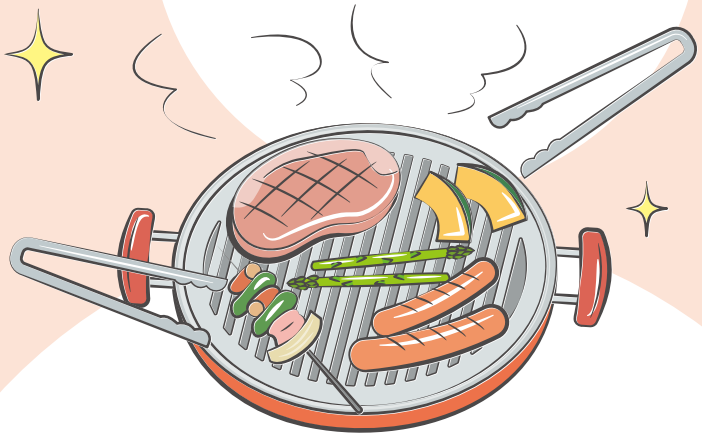
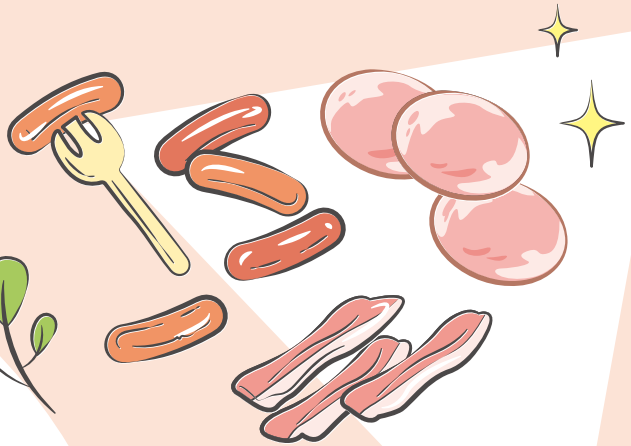
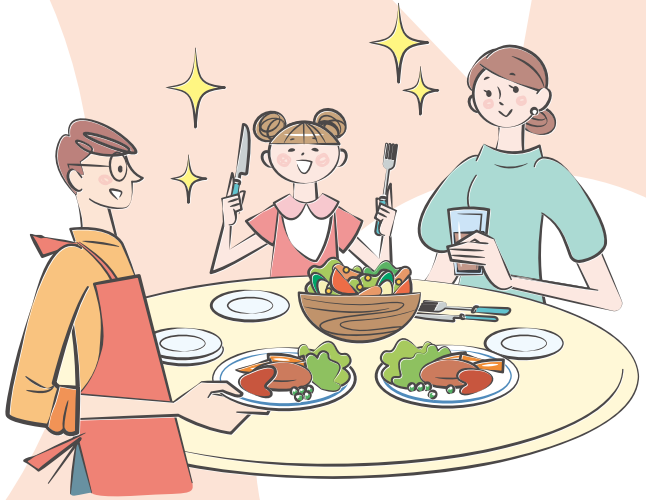
PRIMAHAM





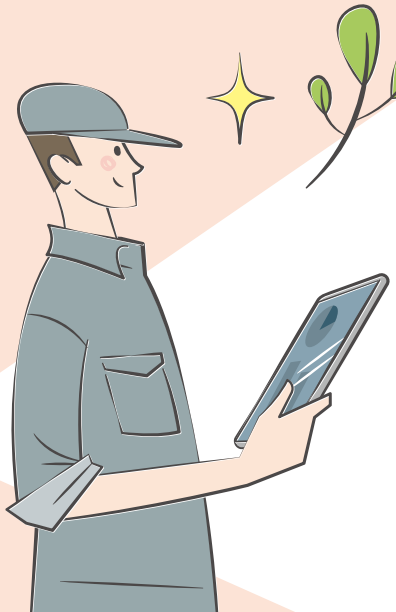


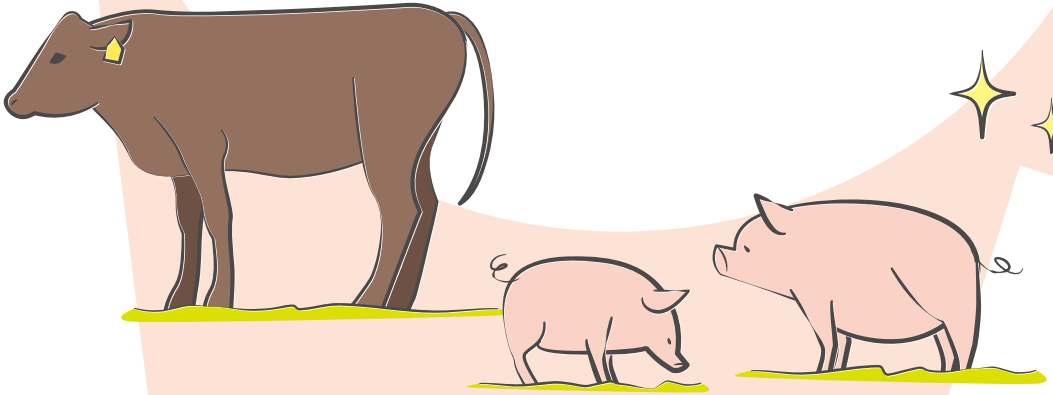
Contribute to food culture and society through great taste and excitement

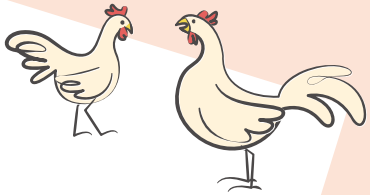


Prima Meat Packers Group
INTEGRATED REPORT

2024



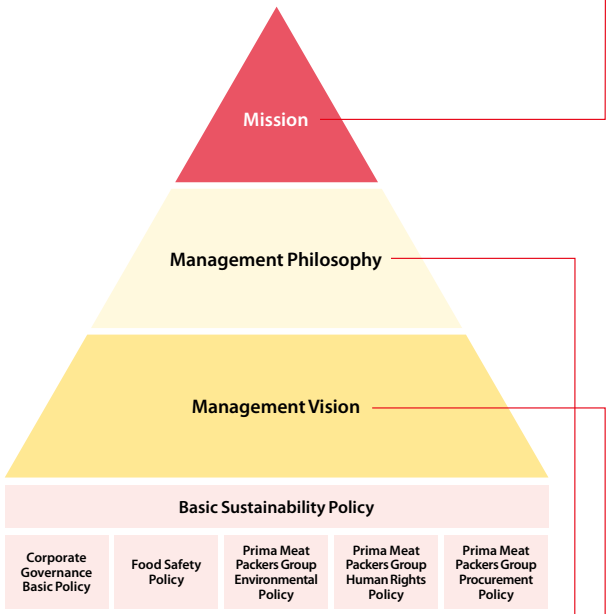




Corporate Ethos

Mission

Contribute to food culture and society through great taste and excitement



Management Philosophy

- Be candid and sincere.
- Create quality products that sustain Prima Group.
- Provide value to customers through continuous innovation.

Management Vision

1. We will each demonstrate our creative and persuasive skills and ability to act swiftly.
2. We will contribute to healthy, well-rounded dietary habits by combining our outstanding product development and technical skills and using our integrated strengths to provide safe, great tasting food and related information.
3. We will boldly transform Prima Group into a highly profitable integrated food business.

At a glance

Prima Meat Packers Group in numbers

Year founded

1931

Consolidated number of employees

Japan 14,615



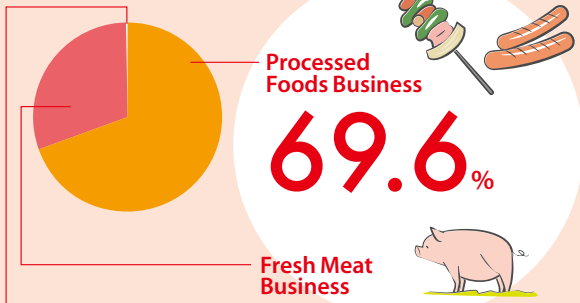
Overseas 1,395

As of March 31, 2024

Consolidated net sales

See page 55 for the assumptions underlying this figure.

¥448.4 billion



Consolidated number of patents

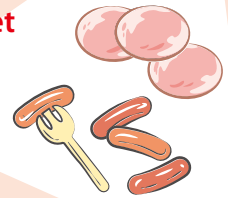
Japan 73 Overseas 10

Share of Japanese market

Ham and sausage market

2nd

Based on a fiscal 2023 SCI consumer panel by Intage



Number of Group companies

31

As of September 1, 2024

Overseas production locations

Thailand 2

Singapore 1

As of September 1, 2024

Editorial Policy

We have published this integrated report to give our shareholders and stakeholders a deeper understanding of our organization, and to help them understand our medium- to long-term strategy for enhancing corporate value and how we are implementing the strategy. For this year's report, we have tried to give readers a clearer idea of our corporate history and brand strengths, and how they align with our corporate purpose. We have also presented information about the capital, business, and sustainability strategies aligned with our medium-term business plan (fiscal 2024 to 2026) to convey future objectives more clearly. This report also describes the metrics and targets for our material issues, including the progress we have made toward these targets, the challenges that remain, and the actions we will take. We are open to your suggestions for how we could further improve the quality of our disclosures in future reports.

In compiling this report, we followed the International Integrated Reporting Framework of the International Financial Reporting Standards Foundation.

To give a more complete picture of Prima Meat Packers Group, we have added a disclosure chart showing other sources of our reporting. Whereas this integrated report presents a broad narrative, the other sources are more detail-oriented. They include our annual securities report, investor relations website, and sustainability website.

Scope of Report and Contact for Inquiries

Time period covered: Fiscal 2023 (April 1, 2023 to March 31, 2024)
(includes some information from outside of this time period)

Organizations covered: Prima Meat Packers, Ltd. and Prima Meat Packers Group* companies

Date published: September 2024 (next issue to be published in September 2025)

Contact for inquiries regarding the Integrated Report: Tel: +81-3-6386-1800

* Prima Meat Packers Group is referred to as Prima Group in some parts of this document.

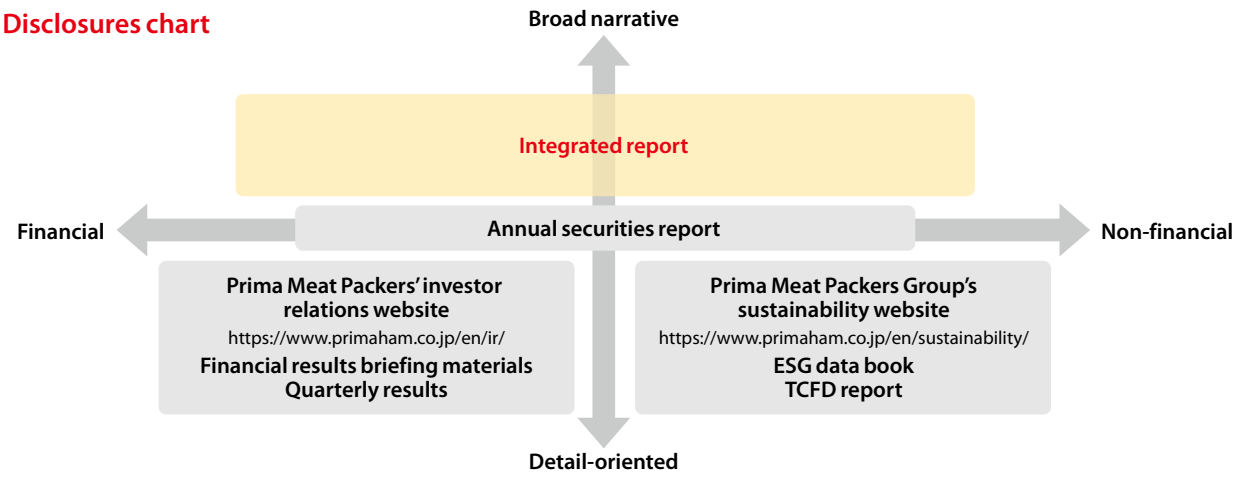
Disclaimer on Projections

The data and projections in this integrated report are based on information available at the time this report was published. Actual results may differ substantially from these projections due to various factors. The Company assumes no obligation to update these projections based on new information and future events.

About the front cover

The front cover depicts our products and operations delivering great taste and excitement to people in line with our corporate vision: contribute to food culture and society through great taste and excitement.

Disclosures chart



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President's Message

Looking beyond conventional solutions in pursuit of a goal and a dream

Creating the value the world wants

Nothing happens unless first a dream.

This was a phrase I encountered during a business trip in New York, when I worked for ITOCHU Corporation. I noticed the phrase on a billboard from a taxi that I was riding to the airport. It left a lasting impression and has inspired me in my career ever since.

My dream today is to achieve Prima Meat Packer's goal: contribute to food culture and society through great taste and excitement. When I became a managing director in 2016, I started visiting workplaces and asking employees what "great taste" means to them as food industry professionals. They told me that taste depends on the person and that there is no universal standard for taste. This got me thinking: Could we come up with our own definition of tastiness and enshrine in the public's mind the Prima standard? We soon got to work on a scientific analysis for quantifying and visualization of tastiness. The project has gained momentum and we are now ready to apply the standard in our product development and marketing operations.

Questioning prevailing wisdom in this way marks the start line for transforming the status quo and creating new value. Dreams and goals are the driving force for breaking through the status quo.

But the value we create must be something that people want. We cannot impose our values on others. Take, for example, processed pork products such as ham and sausages, a critical product category for us. In this category, most of the world-class brands are American and European—Japanese brands barely feature. Prima products do match

Mission
p. 08

Special Feature 2
p. 20



Naoto Chiba
President and CEO

the needs of the Japanese market, but they align less well with the expectations and values in other countries. Meanwhile, overseas markets for processed and fresh meat offer bright prospects for sales growth, especially with the population growth in Southeast Asia. We have acted to capitalize on these growth opportunities. In 2021, we acquired Rudi's Fine Food Pte Ltd, a Singapore-based company that processes and sells meat. To step up our overseas businesses, we will foster global market awareness in our employees and take on the challenge of developing products of world-class quality.

Back in Japan, the shrinking and aging population poses a huge concern. This is one of the "society" factors—the S in the PEST analysis*1 (an analysis we regularly conduct to monitor external factors affecting our business prospects). To address this situation, we are leaning into online retail, or e-commerce. In our processed foods business, we have sold consumer products online for some years, but last year we launched a new online store called Takegishi Meat Packers. The store offers a choice range of meat products prepared using good old-fashioned methods. As for our fresh meat business, group company TMG International runs an online meat store called The Meat Guy and is building a strong brand presence on social media. We will continue to develop e-commerce in this way.

I also keep a close eye on technology, the T in PEST. When it comes to developing products for overseas markets (something I mentioned earlier), innovations such as Chat GPT can help in research. Our production sites have started using AI-powered quality testing equipment. We will continue to make active use of new technology in our efforts to develop business.

Special Feature 1
p. 19

*1 A PEST analysis is a method for identifying how external factors (political, economic, socio-cultural, and technological) are influencing the company's operations and evaluating how they will influence such in the future.

Special Feature 1
p. 18

Medium-term business plan from fiscal 2024 to 2026: Three strategic tasks

Our current medium-term business plan, covering fiscal years 2024 to 2026, sets out three priority tasks: 1) make the business foundation more sustainable, 2) adapt earnings base to changes in external environment, and 3) invest in growth and expand globally.

For the first task (make the business foundation more sustainable), our strategy is to inculcate a greater awareness of cost of capital. We are building up the earning power of our businesses to improve our return on equity (ROE) and give shareholders a greater return. In fiscal 2024, we increased consolidated dividend payout ratio from 30 percent to 40 percent.

Regarding the second task (adapt earnings base to changes in external environment), the "changes" we have identified include higher production and distribution costs brought by high meat prices and the low yen. To adapt our earnings base to these changes, we will, in addition to providing tasty products, use effective sales campaigns and promotional events along with sales price revisions to keep growing our market share. One proactive measure we have taken this fiscal year is to create the Marketing Department as part of a move to organizationally integrate product development with sales and marketing. We will keep taking fresh measures such as this with an eye on what the market needs and how we should sell it to the market.

Another strategy for this task is to make our fresh meat business more profitable. Part of this strategy involves analyzing the changes in the external environment and learning from competitors that excel in earning power to clarify where we are falling short. Guided by the findings, we will channel into the fresh meat business our longstanding competencies, such as our close connections with retailers, and develop new measures to improve profitability.

For the third task (invest in growth and expand globally), the "growing markets" we are targeting include those in Southeast Asia (I mentioned this market already) and the Middle East. Critical to this task, then, is the question of how we penetrate these markets. We will offer these markets poultry, fish, and other products that are less likely to offend the religious dietary restrictions there. This task will also require

Medium-Term Business Plan
p. 13

President's Message
Value Creation Story
Growth strategy
Corporate Governance
Data Section

investment to expand our plants and farms, develop new technologies, and develop products for overseas markets and for e-commerce.

Addressing an age imbalance and increasing diversity at the top

Critical to the competitiveness of any company is the ability to attract and nurture talent. For traditional Japanese recruitment (hiring new graduates in spring), we are increasing touchpoints with students by providing internships and organizing company briefings. We have also defined innovation themes for making our plants greener and more productive with a view to increasing candidate interest in our employment opportunities and attracting a broader spread of graduate talent, spanning academic interests and business categories (sales, manufacturing, R&D). Then, there is the internal training we provide to recruits. We have separate training programs for freshly recruited graduates, employees who have been with us for some years, and for manager-class employees. Each program supports employees' professional growth. As part of our efforts to cultivate a globally fluent

Talent
p. 40

PEST analysis (as of December 2023)

Politics — Political factors

- ● Rising geopolitical tensions: US–China tensions, Russia, Mid East, East China Sea (Taiwan), North Korea
- ● Prolonged conflict, new conflicts: Ukraine–Russia, Israel–Palestine
- ■ Progress in international treaties (TPP, RCEP, COP28, Paris Protocol, IPEF)
- ▲ Curbs on trucker overtime in Japan (streamlining distribution, modal shift)

Economy — Economic factors

- ● Global stagflation: US, Europe, and China in economic decline, developing countries at risk of defaulting
- ▲ Trends in monetary policy and exchange rate: Concerns about higher interest rates in Japan, dollar in isolated gain against yen
- ◆ Concern about downturn in corporate performance in Japan (Acquisitions of SMEs)
- ● Widening gap between Japan's corporate goods price index (CGPI) and its consumer price index (CPI)

Society — Socio-cultural factors

- ● Demographic changes in Japan: Shrinking population, aging population, increase in single-person and dual-income households, rise of Gen Z (as a share of total population)
- ● Increasingly complex demand landscape (growing health consciousness, emphasis on simplicity, fandom marketing, small pleasures)
- ● Securing stable supply channels: Higher procurement costs, infection risk, opening new procurement channels
- ■ Growing global concern for sustainability: The need to meet societal expectation and build reputation for sustainability (TCFD)

Technology — Technological factors

- ▲ Information and communications technologies (6G, AI, IoT, VR)
- ■ Alt-protein (soy, cultured meat, algal proteins)
- ◆ Technological innovations related to halal certification
- ◆ Labor saving innovations
- ◆ Food preservation innovations
- ◆ Diversified and hyper-accelerated communications (social media)

Measures to address anticipated risks and potential issues

- ● Reinforcing existing businesses: Strengthen existing business segments by reforming cost structure or passing on the cost increases and by pinpointing target markets.
- ◆ Engaging with society: Engage in efforts to address socio-environmental problems (carbon transition, reducing food waste, going plastic-free, animal welfare).
- ■ Sowing seeds of future growth: Leverage technological innovations. Improve existing products and develop new products. Expand overseas businesses. Scrutinize investment strategy.
- ▲ Laying organizational foundations: Manage exchange rate risk and inventory risk more effectively. Deploy digital technology. Attract, identify, and groom future leaders (including non-Japanese people).

workforce, we have program in which employees can learn a foreign language in North America. The age composition of our workforce is somewhat unbalanced: few of our employees are aged in their 30s and 40s. This is because we scaled back recruitment during a sluggish period. Consequently, we lack talent in production technology who could take on roles such as foreperson at production sites or a plant maintenance supervisor. To plug this gap, we need to recruit candidates in this age group (as opposed to just recruiting new graduates). Other plans include hiring more non-Japanese candidates and providing more opportunities for dynamic networking between group companies in Japan and overseas.

One of our medium- to long-term strategic tasks is to nurture talent for top leadership. Executive officers who head up a division (but who are not directors) are now invited to observe board meetings so that they can gain strategic insights. Employees aspiring to senior leadership roles can, by observing what goes on during board meetings, learn important perspectives related to board roles such as monitoring and strategic planning. Another part of this task concerns board diversity. One of our directors, one of our auditors, and one of our executive officers are women, and we want to increase gender diversity in the future.



Committing to material issues and pursuing our dream

We have defined material ESG issues, and in fiscal 2023 we added three environmental issues (the E in ESG): reducing water usage, reducing plastic usage, safeguarding biodiversity. We added these three issues in consideration of feedback from our dialogues with overseas institutional investors and ESG rating agencies and in consideration of how these issues impact our prospects of sustainable business growth. We added "reduce water use" because this is an important theme in Europe and other regions around the world and because our business activities are water-intensive. We added "reduce plastic use" because, while we have made some progress in reducing plastic waste, we need to reduce our use of plastic. As for safeguarding biodiversity, we added this to signal our commitment to complying with the Taskforce on Nature-related Financial Disclosures (TNFD), which has garnered global attention along with the Taskforce on Climate-related Financial Disclosures (TCFD).

We have also expressed our commitment to social performance (the S in ESG). In 2023, we established the Prima Meat Packers Group Human Rights Policy and Prima Meat Packers Group Procurement Policy. In 2024, we published the Supplier Code of Conduct.

In conclusion, with the external business environment growing ever more challenging, it is imperative that our employees have a dream and goal and that they think and act creatively to overcome the challenges. I always impress upon employees the importance of having a challenge-taking mindset that looks beyond conventional solutions and of being prepared to change yourself. That is how we, as an organization, will achieve our vision.

Sustainability
p. 29

Measures to comply with TCFD Recommendations
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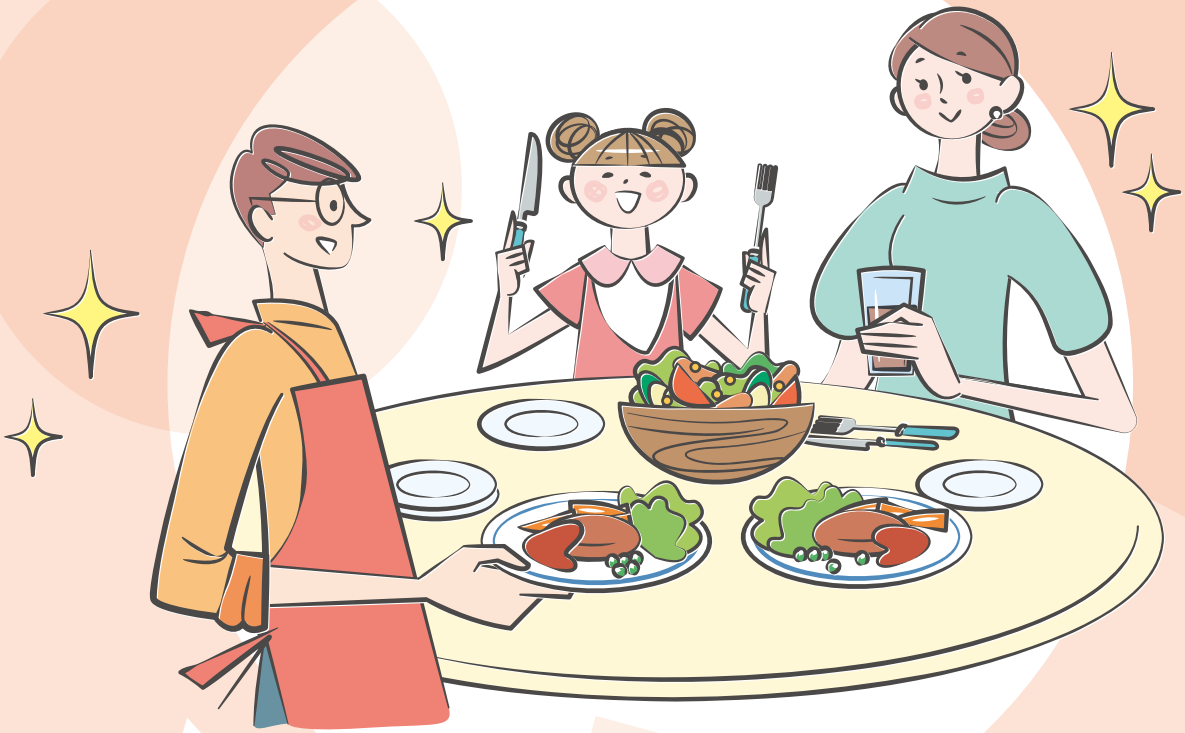




Section 1

Value Creation Story

08 Our Purpose
09 Our History
10 Brand Strengths
11 Value Creation Process

Our Purpose

Over the years, we have built up the value of Prima Meat Packers Group by following our management philosophy. While remaining true to this philosophy, we will embrace a mindset of continuous change so that we will always create value for food culture in a volatile era. In this way, we will help bring about a better future for people and the planet.

Management Philosophy —The basics

- Be candid and sincere.
- Create quality products that sustain Prima Group.
- Provide value to customers through continuous innovation.

Putting our management philosophy into effect

Developing healthy products with added nutrition

As well as developing food with reduced salt or reduced sugar, we develop food products added nutrition. We also have plans to develop foods with function claims (FFCs) in the future.

p. 31

Driving industry-wide environmental action

We are committed to reducing Prima Meat Packers Group's greenhouse gas emissions, waste output, water consumption, and plastic consumption. We are also committed to protecting biodiversity.

p. 33

Quantifying taste sensations for scientific analysis

We use sensory analysis surveys and scientific instrumentation to quantify how a piece of food feels in the mouth, how it tastes, and how it looks. In this way, we are visualization of tastiness.

p. 20

Adding user-friendliness for each generation

Aside from our usual sales channels, we sell directly to consumers through our new online store, enabling us to cater to a wide range of needs.

p. 18

Building a healthy body





Protecting the global environment

Mission

Contribute to food culture and society through great taste and excitement



Great taste, time to enjoy





Simple, easy products

Our History

Prima Meat Packers started manufacturing and selling ham and sausages in 1931, a time when the Japanese population consumed very little meat other than seafood. Since then, we have never stopped pushing boundaries in our mission to deliver great taste and excitement.



The spirit of our founder, Masanori Takegishi

Our founder, Masanori Takegishi, believed that Japan could accomplish greater national growth with a physically fitter population. Acting on this belief, he launched a business to manufacture and sell ham and sausage products, still rare in Japan at the time, with a view to leading the country's meat industry and providing the population with high-quality and affordable meat.

Net sales (¥ billion)

450

300

150

Founda-tion

1962
Prima Meat Packers listed on the first sections of the Tokyo Stock Exchange and Osaka Exchange.

1956
Prima Meat Packers becomes first pork producer in Japan to sell standard primal cuts.

Source of competitive advantage
We have built a network of supply chains in Japan and overseas founded on strong relationships with local suppliers. p. 10

1950
Prima Meat Packers starts importing raw meat.

1974
Prima Meat Packers becomes first meat producer in Japan to introduce best-before dates.

1972
Prima Meat Packers forms partnership with Oscar Mayer.

Source of competitive advantage
After launching the hog farming business, we built an integrated system of Japanese pork production. p. 10

1971
Hog farming subsidiary founded.

1992
Global expansion launched.

1989
Build a Wienermoble "Prima Wiener"

Source of competitive advantage
Aside from ham and sausages, we excel at developing original brands. p. 10

1986
Prima Meat Packers opens dedicated plant for supplying convenience stores.

1983
Prima Meat Packers becomes official sponsor of Tokyo Disneyland®.

Source of competitive advantage
We have an extensive network of partners allowing us to respond flexibly to customers' needs. p. 10

2000
Original fresh meat brands launched.

Source of competitive advantage
We develop original fresh meat brands in partnership with suppliers. p. 10

A catalyst for rapid growth

Around this time, performance slumped. Faced with the challenging circumstances, we discontinued some businesses and suspended regular recruitment of new graduates. The crisis became an important learning experience, which helped us achieve our present high level of productivity and rigorous cost controls.

2002
Koukun® Sausage launched.

2006
Prima Meat Packers starts upgrading production facilities.

2008
Prima Meat Packers launches sale of allergen test kits.

2014,2017
Two plants in Thailand certified as compliant with Japanese Agricultural Standards (JAS).

Source of competitive advantage
We manage quality throughout the meat supply chain. p. 10

2007
ISO 22000 certification obtained by four of Prima Meat Packers' plants.

Source of competitive advantage
We have streamlined production processes, creating state-of-the-art production facilities that are cost-competitive. p. 10

2016 2018
Prima Meat Packers begins full-scale renovation of production facilities.

2019
Digital transformation project launched (Prima Next Project).

Brand growth

2023
New plant in Kagoshima enters service.

Brand growth

2023
High-tech farm in Miyagi enters service.

Brand growth

1931 1970 1980 1990 2000 2010 2020 (FY)

1931–

Founded with a mission to improve people's lives

Prima Meat Packers was the first company in the Japanese meat industry to sell standard Japanese primary cuts of pork, and it developed innovative solutions in distribution channels to strengthen sales as well as manufacturing. The internal Company slogan chosen at the time was "We sell what we make. We will sell our Prima brand by ourselves."

1970–

Worldwide quality assurance

Prima Meat Packers worked with an overseas quality expert to build a proprietary system of quality management. Under this system, the Company launched a succession of winning products that excelled in quality. The Company then launched a hog farming business, laying the foundation for an integrated system of domestic pork production.

1980–

Adapting to shifting consumer trends

To expand business, Prima Meat Packers built dedicated plants for supplying convenience stores, as well as those for food processing. It also established overseas production sites. The plants in Japan obtained quality assurance certification.

2000–

Bouncing back from adversity with tighter management

In the early years of this century, we experienced tough business conditions and had to make hard decisions, such as closing down some business locations. Aiming to turn performance around, we tightened cost management. Through such efforts, we have bounced back stronger than ever.

2020–

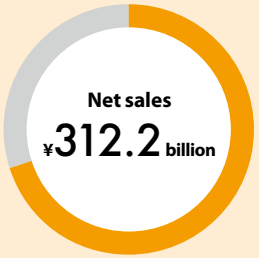
Mission for further growth

As consumer needs continue to diversify, Prima Meat Packers continues to expand its lineup and invest in initiatives to unlock further growth. These initiatives include building a new food processing plant, expanding the hog farming business, penetrating overseas markets, and transforming workflows.

Brand Strengths

With over 90 years of innovation, Prima Meat Packers Group has a number of sources of competitive advantage.

Processed foods business

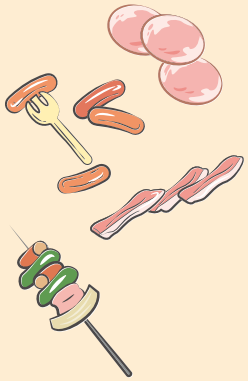


Modern, Cost-competitive Plants

Raising the production capacity of our plants

To ensure efficient production, we have rolled out automated packaging, linear production lines, and other equipment upgrades among our plants. The plants boast short lead times and a high production capacity. With the New Kagoshima Plant entering service, our cost competitiveness has further improved.





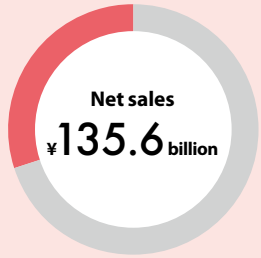
Excelling at In-house Product Development

Keeping pace with diversifying diets

We produce processed food products (including ham, sausages, and burgers), as well as a range of deli items, filled pastries, and desserts. We monitor market trends and needs so that the finished products will match consumers' lifestyles and preferences and add value to their lives.

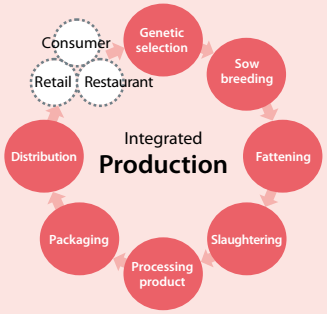


Fresh meat business



Integrated Domestic Pork Production Process

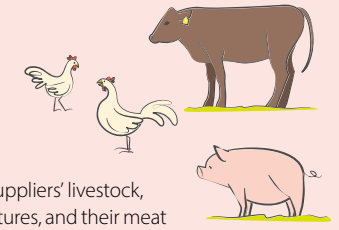
Integrated production that ensures safety, reliability, and great taste



To achieve safety, reliability, and great taste, we have integrated all operations throughout the pork supply chain. The Miyagi farm achieves high levels of production by using advanced technology and science-based practices.

Original Brand Meat

Joint development of original brands that suit the Japanese palate



We work with suppliers to provide original meat brands. Our suppliers' livestock, which include cattle, swine, and poultry, enjoy wide-open pastures, and their meat quality is well-received by our customers. For example, we teamed up with HyLife, a leading pork producer in Canada, to develop Three Herb Pork, a tender, juicy brand of pork. Sourced from three-way crossbred pigs, the pork appeals to the Japanese palate. Additionally, the feed for the pigs includes herbal extracts.

Number of original brands (as of September 2024) **14**

Groupwide

Food Safety Management System

Integrated food quality management

The Group conforms to international standards for managing food safety such as FSSC 22000 and ISO 22000. This means we follow an integrated approach to quality management, extending from product development through to procurement, production, and distribution. Our Thailand-based suppliers conform to the Japanese Agricultural Standards (JAS).

Number of FSSC 22000 certified sites **16**

Collaborative Development of Products and Services

Embracing collaboration to respond flexibly to demand

We embrace collaboration to respond swiftly to the needs of customers. For example, we procure raw meat jointly with the ITOCHU Group, develop products jointly with suppliers and other partners, receive technical guidance from outside organizations, and invite customers to thrilling private events co-organized with a theme park operator.



Domestic and International Procurement Networks

Working with suppliers to meet strict quality standards

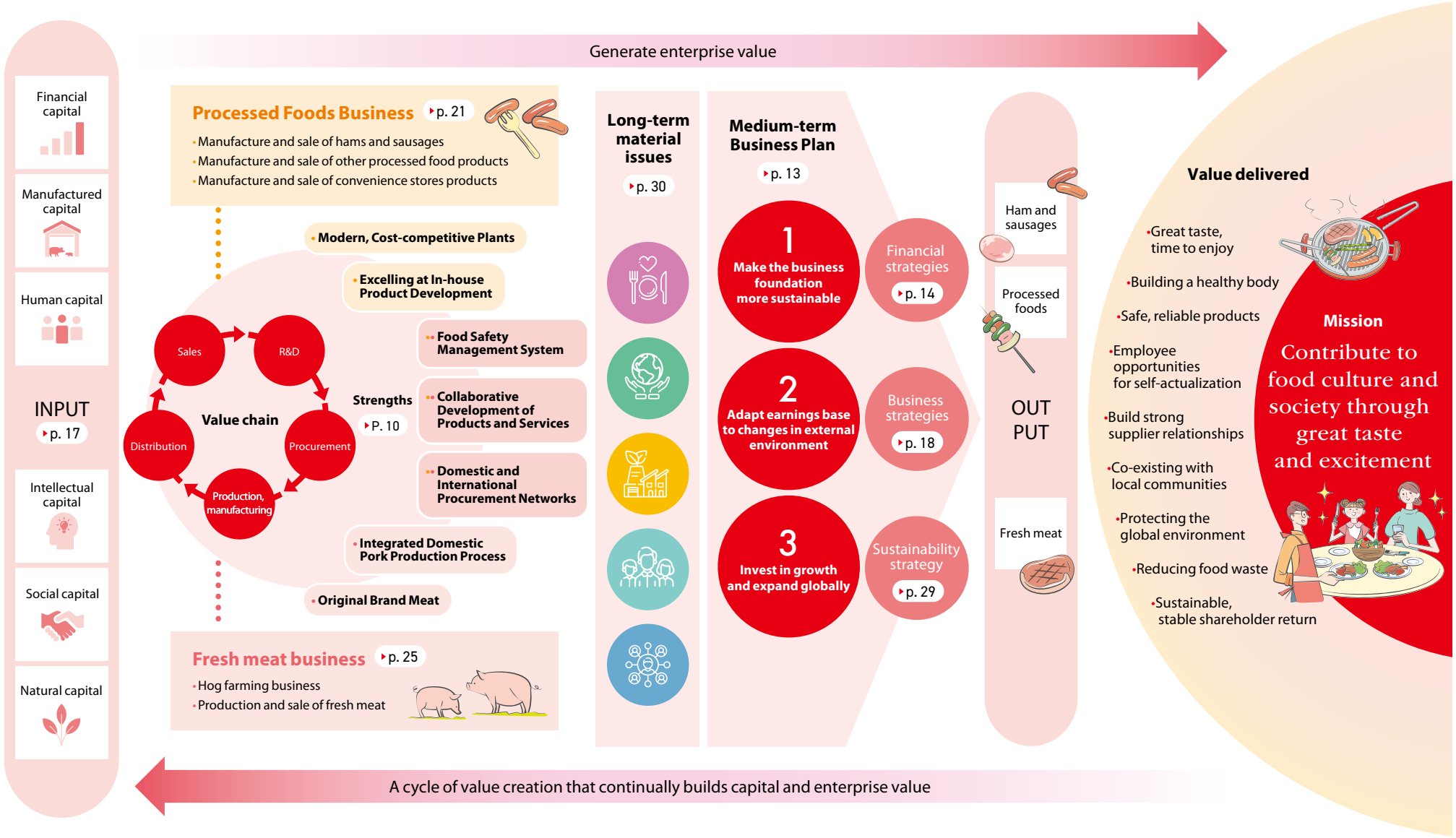
Leveraging our membership of the ITOCHU Group, we have secured international supply sources for raw meat. We engage with all suppliers via an importing company, to ensure their commitment to our strict quality standards.

Main overseas regions we procure from

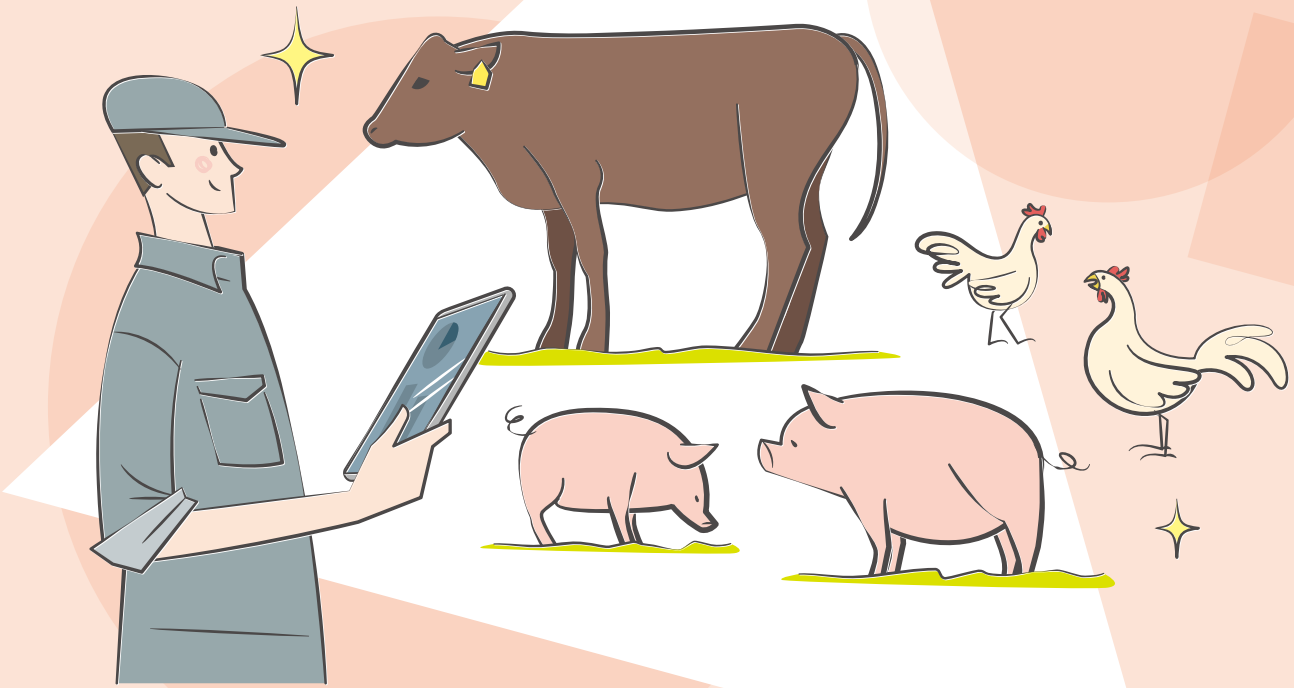
North and South Americas
Europe
Asia

Value Creation Process

We use medium- and long-term strategies to strengthen our capacity for sustainable growth as a food manufacturer.



With extensive capital and long-cultivated sources of competitive advantage, we have built up a processed foods business and fresh meat business. We have recognized the need to identify what risks and opportunities we will need to address in the medium and long term to ensure we can sustain business growth in an era of dramatic shifts in social trends and global challenges. With this in mind, we defined our material issues and established a medium-term business plan setting out financial, business, and sustainability strategies. For these strategies, we follow a PDCA cycle of continuous improvement. Through this process, we will deliver value to shareholders and make our vision a reality.





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Medium-term Business Plan

Tighter control of cost of capital to enhance our value

In fiscal 2023, we recorded growth in revenue (consolidated net sales) and profit. Although sales price revisions failed to absorb the cost increases (which were the result of high raw materials prices and the low yen), this was more than offset by strong B2B sales (vendor products).

Our current medium-term business plan runs from fiscal 2024 to fiscal 2026. The plan emphasizes tighter control over cost of capital. For the processed foods business, the plan focuses on expanding market share. For the fresh meat business, it focuses, as the previous plan did, on maximizing profit margins in B2B and B2C sales.

Looking back on fiscal 2022

1
- We set material metrics and targets for them
- We equipped the new plant in Kagoshima with solar panels and switched fuel to LNG
- We acted to safeguard animal welfare at the new farm in Miyagi

Outstanding task: **We must start working toward the targets we set.**

2
- We further increased the market share and brand recognition of Koukun® Sausage
- We boosted the production capacity of the new plant in Kagoshima
- We ran promotional campaigns and other promotional events

Outstanding task: **We must keep rolling out price increases. We must also take into account market needs and higher production costs when developing products.**

3
- We collaborated with Rudi's Fine Food and a Thai subsidiary
- We equipped the new Miyagi farm with digital technology to enable data monitoring of the farm environment

Outstanding task: **We must actively develop the Group's businesses in Japan and overseas.**

Looking back on fiscal 2023

- We published the Prima Meat Packers Group Human Rights Policy and the Prima Meat Packers Group Procurement Policy
- We followed the TCFD recommendations in our disclosures
- We added three material issues

Outstanding task: **Do more to address material issues**

- We expanded sales of Koukun® Sausage and improved brand recognition of Smile Up!
- The new plant in Kagoshima entered service, boosting our production capacity
- We launched Prima Meat Packers' online store, Takegishi Meat Packers
- The new farm in Miyagi entered service, boosting pork shipments

Outstanding task: **Revise sales prices further, become more cost competitive, develop more B2B products**

- Among the vendor products, we expanded sales of smoothies and Cup Deli items
- The Meat Guy (an online meat store) underwent a revamp

Outstanding task: **Invest in Japanese and overseas markets with bright growth prospects, develop new technology**

Prima Meat Packers Group's Medium-term Business Plan (Fiscal 2024–2026)

Medium-term Business Plan: Basic Policy

We will hone our sales capacity, development, and merchandising expertise to increase and strengthen sales and profits while promoting ESG management, to be a company that customers always love and support.

1 Make the business foundation more sustainable
- Exert tighter control over cost of capital
- Inculcate a change mindset in talent acquisition and talent development
- Take action to drive the carbon transition and the transition to a circular economy

2 Adapt earnings base to changes in external environment
- Improve earnings base in existing businesses
- Adapt risk–return management to changes in the business environment
- Build a sustainable supply chain

3 Invest in growth and expand globally
- Expand business in Japan and overseas, mainly through collaboration with ITOCHU Corporation
- Penetrate growing markets, achieve digital transformation, develop and introduce new technology

(¥ billion)

Consolidated profit/loss	Fiscal 2022 results	Fiscal 2023 target	Fiscal 2023 results
Net sales	430.7	470.3	448.4
Operating profit	9.7	11.5	11.8
Ordinary profit	10.5	12.0	12.9
Net income attributable to owners of parent	4.5	7.6	7.5
ROE	4.0 %	6.6 %	6.4 %
ROA	2.0 %	3.2 %	3.2 %
ROIC	3.3 %	5.9 %	5.9 %
Cost of capital	4.9 %	—*	4.6 %
WACC	4.0 %	4.0 %	3.9 %

* Undisclosed

(¥ billion)

Consolidated profit/loss	Rolling plan		
	Fiscal 2024 plan	Fiscal 2025 plan	Fiscal 2026 plan
Net sales	470.0	500.0	510.0
Operating profit	16.0	15.5	17.5
Ordinary profit	17.0	16.5	18.5
Net income attributable to owners of parent	10.0	10.0	11.5
ROE	8.3 %	7.8 %	8.5 %
ROA	4.1 %	4.0 %	4.5 %
ROIC	8.3 %	7.6 %	8.4 %
Cost of capital	4.6 %	4.6 %	4.6 %
WACC	3.9 %	3.9 %	3.9 %

Interview with the Chief Financial Officer

Financial stability combined with active investment to build our value



Takahiro Uchiyama
Senior Managing Executive Officer, Head of Administration Division

An expert in finance, accounting, and other areas of business administration, Takahiro Uchiyama has assisted the management of the Corporate Strategy Department, managed the Human Resources Department, managed (what was) the First Management Division, and managed (what was) the IT Division. He assumed his current posts in April 2024.

Active investment for a stable business foundation and future growth

Fiscal 2023 was another year of challenging circumstances. We faced severe market turbulence, with the low yen, high prices in overseas meat markets, high raw materials costs and utility costs, and animal disease outbreaks.

In Prima Meat Packers Group's processed foods business, we enacted a fourth round of sales price revisions in October 2023. The price revisions, which followed the previous round in April 2023, covered consumer products in the ham and sausage category and other processed food items. They helped us achieve earnings growth in fiscal 2023, but much of the growth was led by higher B2B sales (sales to convenience stores). The processed foods business as a whole continued to experience tough conditions. Conditions were similarly tough in the fresh meat business. We faced high prices in overseas meat markets, not helped by the low yen, which pushed up import costs. Costs were pushed up further by reductions in stocks of meat imports. Fortunately, we continued adjusting the terms of our business transactions to reflect these market conditions. Consequently, net sales and profit both topped the previous year's level.

With conditions likely to remain tough in fiscal 2024, we need to make production more efficient and boost production capacity. The company has been reforming business management for more than ten years and, on the financial side, its balance sheet remains healthy. While maintaining decent profits, we should invest actively in projects that will increase our future growth prospects.

Capital expenditure on existing assets, renewable energy shift

Our production sites, which operate day in day out, require investment. Urgent action is necessary to address the poor state of repair of our decades-old plants. The priorities for investment include labor saving and efficiency improvements.

To reduce our greenhouse gas emissions, we are accelerating the rollout of renewable energy in our plants. The Kagoshima Plant has a power purchase agreement (PPA) for solar power. In fiscal 2024, all our ham and sausage plants started using renewable energy.

As for marketing and branding, in the processed foods business, our promotional campaigns for Koukun® Sausage have proved successful in expanding market share. Building on this success, we will conduct similar campaigns for other processed food products too. In the fresh meat business, we will work to build a strong brand identity for the brand of pork raised in our farm in Miyagi and for original brands procured from overseas locations.

In both business segments, we are leaning into e-commerce. In the processed foods business, we have opened Takegishi Meat Packers, an online store that offers something a touch of class: ham and bacon products that are meticulously prepared using good old-fashioned methods. In the fresh meat business, our e-commerce strategy focuses on The Meat Guy, an online meat store run by TMG International (a subsidiary of ours since December 2021). The Meat Guy website has undergone a revamp and is engaging actively on social media. In both cases, we are still just sowing the seeds, but they will bear fruit as direct channels to general consumers.

Investments in non-financial capital: Talent, digital transformation

As for non-financial capital, to build the value of our organization, we have again invested in measures to attract top talent and provide an effective system of talent development. We restarted our overseas study program, suspended during the pandemic, to help train up a team who can lead overseas business with bright growth prospects. As well as hiring new graduates (the traditional hiring practice in Japan), we are actively seeking older candidates who have the professional skills and career experience to hit the ground running.

We continue to invest in digitizing our business systems too. Preparations are underway for the launch in fiscal 2025 of our digital transformation project, Prima Next Project (PNP). PNP will optimize our resource allocations, improving profitability and efficiency of capital in our business operations.

Investing in future growth, diversifying funding sources

Major potential investments are reviewed by the Executive Council and Board of Directors after being vetted by the Business Review Committee. Before making any investment decision, we consider profitability indicators like return on invested capital along with a broad range of other factors, including the time it would take to recoup the investment and the size of the return.

We used to have a poor equity ratio. That was during a period of sluggish business performance, which left us financially vulnerable. The equity ratio has recovered since then, and it now stands close to 50%. The next step is to use financial leverage to inject more cash into projects that will increase our growth prospects. Our interest-bearing debt has fallen over the past several years, such that our liabilities now are low-interest and long-term. We intend to diversify our funding sources—instead of relying only on bank loans, we will consider offering corporate bonds and sustainability bonds. With greater investment in future growth, we can expand our business operations, improve our return on equity, and build the overall value of our organization.

Shareholder-centric business management: Minimum payout ratio raised to 40%

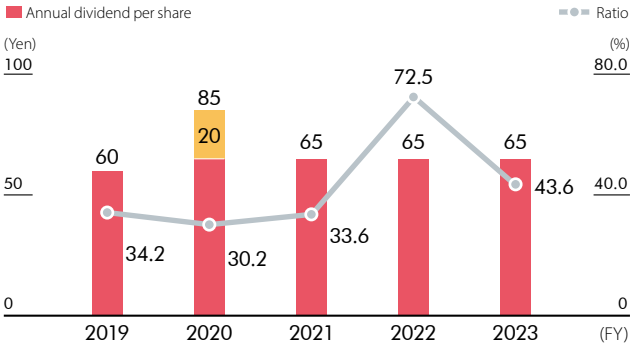
Shareholder returns is a topic that features prominently in board meetings, with outside directors actively contributing to the discussion. We remain committed to a balanced approach, in which we give shareholders generous returns while reinvesting profits in projects to grow our businesses.

For the fiscal 2023 dividend, we delivered a stable dividend, setting a minimum payout ratio of 30% and increasing the portion of the earnings that we set aside to reinvest in strengthening our strategic resources and maximizing our future growth prospects.

For fiscal 2024 and beyond, we will remain committed to a stable dividend policy and raise the benchmark for minimum payout ratio from 30% to 40%, demonstrating our commitment to shareholder-centric business management.

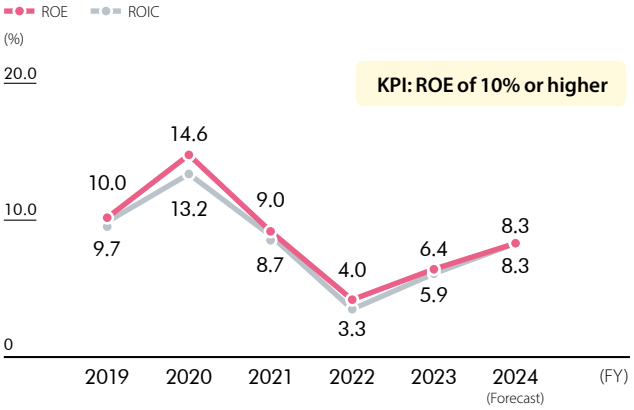
We will remain committed to strengthening our earnings base, delivering stable dividends (with a minimum payout ratio of 40%), and building the overall value of our organization.

Annual dividend per share / Ratio



* The fiscal 2020 dividend consisted of a regular dividend of ¥65 and a commemorative dividend of ¥20.

Return on equity (ROE) and return on invested capital (ROIC)



Investment Strategy

Principles for investment

- Major potential investments are generally vetted by the Executive Council with advice from the Business Review Committee. The Executive Council regularly monitors existing investments.
- Criteria used when vetting investments include ROIC, NPV, payback period, and environmental impacts.

Actual and budgeted capital expenditure

Fiscal 2023: Actual	Fiscal 2024: Budget	Fiscal 2025: Budget	Fiscal 2026: Budget
¥14.7 billion	¥25.7 billion	¥12.3 billion	¥10.5 billion

Investment budget

Budget 1 Capital expenditure in plants

With the new plant in Kagoshima entering full service in April 2023, we have boosted our capacity to produce popular food products such as Koukun® Sausage, steamed chicken strips, and snacks made from locally sourced ingredients. We will accelerate investment in production equipment in this and other plants to make them more cost-competitive. We will also roll out the latest AI-powered inspections and advanced hygiene control.

Main budget allocations

- More production lines for pork loin ham products
- AI-powered inspections
- Advanced hygiene control system

Budget 2 Capital expenditure in the hog farming business

We are building up our domestic hog farming business. Central to this strategy is in the new farm in Miyagi, which entered service in 2023. Situated across 26 hectares, the farm consists of breeding and fattening facilities that use digital technology to monitor swine biodata and the farm environment. Other facilities include a feed mill and a distribution center. The distribution center has a space for storing goods. It also has a fogging chamber where a fogging machine disinfects all objects destined for the farm site. To address animal welfare concerns, the farm uses free-access stalls. We have started rolling out these innovations in other farms.

Main budget allocations

- Data monitoring infrastructure (cameras and sensors for monitoring biodata and environmental data)
- Free-access stalls

Budget 3 Capital expenditure for reducing carbon footprint

We are also taking action to reduce our climate impact. The new plant in Kagoshima has switched its boiler fuel from fuel oil to liquefied natural gas.

In addition, the new plant uses natural refrigerants instead of ozone-harming fluorinated refrigerants. It also uses renewable energy generated by onsite solar panels. Our plant in Hokkaido converts plastic waste into biomass fuel.

Main budget allocations

- Boilers compatible with liquefied natural gas
- Refrigeration that uses natural refrigerants
- Renewable energy system

Budget 4 Capital expenditure for the Prima Next Project

Our digital transformation project, Prima Next Project, will involve updating our internal systems and transforming workflows and workstyles (including standardizing workflows). The project forms part of our agenda of business process re-engineering (reviewing and re-designing workflows and organizational processes) and change management (helping employees prepare for the organizational changes with a view to entrenching the changes). Preparations are underway to launch the project in fiscal 2025.

Main budget allocations

- System upgrade to facilitate business process re-engineering and change management.

Budget 5 Capital expenditure for talent development

We are investing in efforts to attract and cultivate the talent who will help enhance our enterprise value. In particular, we want to cultivate the leadership talent to manage the Group's operations and a globally fluent workforce to drive our overseas expansion. We offer junior employees overseas study programs and apprenticeships. We also provide a future managers training courses run by outside experts.

Our program for nurturing talent provides rank-specific training courses, in which employees gain the necessary skills, the knowledge, and competences. The program contributes toward an empowering environment in which employees fulfill their potential, bringing benefits to both the employees themselves and to the organization as a whole.

Main budget allocations

- Overseas study programs for junior employees
- Overseas on-the-job apprenticeships
- Rank-specific training courses
- Future managers training courses

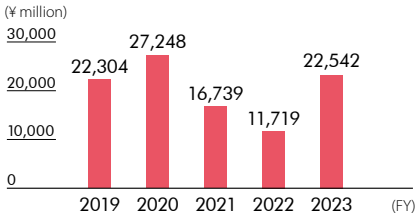
Capital Assets

Financial capital

Leveraging solid income to fund future growth

One of our core strategies for the medium to long term is to enhance strategic management. In fiscal 2023, we posted annual operating cash flows of ¥22.5 billion. We are reinvesting the profits in activities for expanding operations and increasing growth prospects while monitoring investments more closely to ensure capital efficiency.

Cash flows from operating activities (consolidated)



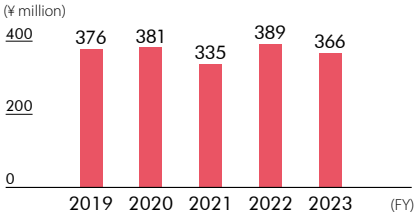
We will continue to maintain fiscal health as we invest toward higher growth.

Intellectual capital

Embracing technology and innovation

We recently started developing health-oriented foods, including sugar-free products and reduced-salt products. We have also started using technologies to extend shelf life, such as high pressure processing and individual quick freezing. We also use information and communications technology for saving labor and enabling the production of high-quality products. Alongside this, we engage in joint research with academia to develop high-quality products and enhance quality management.

R&D expenditures (consolidated)



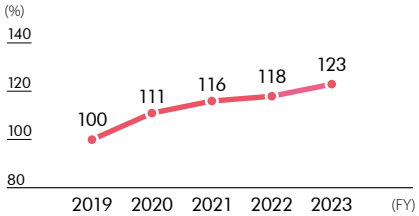
We actively invest in research and development. Our budget covers basic research, such as advanced techniques for processing/producing meat. It also covers applied research, such as practical solutions for developing and producing products.

Manufactured capital

Leading the industry in production efficiency

In the processed foods business, we are building an efficient production system by using automation and streamlining plant production. In the fresh meat business, we are building an integrated system of domestic pork production. In fiscal 2023, our manufactured capital was further enhanced with the launch of our new plant in Kagoshima and our new pork farm in Miyagi, resulting in higher levels of production efficiency.

Production volume over past five years
(non-consolidated) With production volume in fiscal 2019 scaled at 100



Production volume rose each year thanks to more efficient production in the processed foods business. We will continue to expand production capacity by bringing new plants into service and investing in facilities. The greater production capacity will increase our competitiveness.

Social capital

Trusting stakeholder relationships

To strengthen and expand our supply chain networks for raw meat, we work closely with fellow members of the ITOCHU Group, engage in joint product development with partners, and engage in joint research with universities and research institutions. We also sponsor popular theme parks. These sustained collaborative ties have enhanced trust and love for the Prima Meat Packers brand—and a beloved brand is a priceless asset.

Supply sources for raw meat (non-consolidated)



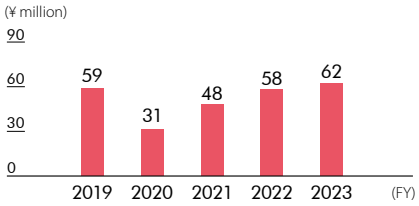
Our geographically dispersed supply networks give us the flexibility to choose just the right raw materials for each product. They also disperse the procurement risks, enabling stable supply and business continuity.

Human capital

A diverse, inclusive, empowering workplace

We have launched a program to strategically and systematically develop our leadership talent pool and build a more globally fluent workforce. Alongside this, we are cultivating an organizational culture that cherishes diverse backgrounds and experience. We also have a program to support employee satisfaction (the Employee-satisfaction Revolution Project) and a program for developing employee career paths.

Training expenditure (non-consolidated)



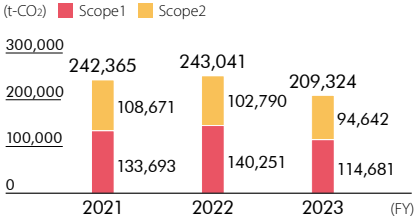
We provide a workplace in which a diverse mix of employees feel empowered and engaged. We also provide a range of training programs and follow-ups to help employees grow professionally.

Natural capital

Fulfilling our environmental responsibility

We work to acquire the technology and expertise to make our businesses greener. Our efforts include consuming less energy during production, reducing greenhouse emissions, using more renewable energy, cutting waste, and using less plastic packaging (or using recycled plastic packaging).

CO_2 emissions



Total emissions decreased from the previous year's level despite an increase in production volume. We will continue investing capital and undertaking efforts to improve environmental performance.

Special Feature 1

Capturing a Growing Market with E-Commerce and Global Expansion



One of the basic policies set out in our medium-term business plan is to Invest in growth and expand globally. For "creating business," we are leaning into e-commerce, both in our fresh meat and processed foods businesses. For "expanding globally," we are expanding our sales network mainly in Singapore and Thailand. Through these projects, we are building new income sources for the Prima Meat Packers Group.

E-commerce

Building The Meat Guy's brand awareness with a website revamp

Group company TMG International runs The Meat Guy, an online meat store. With a broad lineup (including beef and rare meats), a strong brand recognition and following, and extensive sales channels, The Meat Guy has a strong position in the burgeoning sector of online meat stores. To bolster The Meat Guy's expertise and turn it a new growth driver for our organization, TMG International has added more than 400 products to the store. The Meat Guy has an active presence on social media (it has accounts on Instagram, YouTube, and X), where its content, including tips about defrosting and cooking the meat, has proved very popular.

To capitalize on the growth in the e-commerce sector, The Meat Guy website was revamped in fiscal 2023, expanding the lineup of products and optimizing the search engine. The revamp improved usability in three ways: it optimized the search engine, added more payment options, and reduced webpage loading times. To promote its wares and build its following, The Meat Guy continues to engage on social media while also organizing an on-site barbecue event in collaboration with the Japan Barbecue Association.



The Meat Guy
https://www.themeatguy.jp/en/



Sales promotions on social media

We will continue building synergies between Prima Meat Packers and TMG International to drive more traffic to the store and build the value of The Meat Guy brand.

The Meat Guy marks a new adventure for Prima Meat Packers, insofar as it involves communicating directly with consumers to direct them to the store and make a purchase. Employees tell me that they are excited by the thrill of this challenge. Their positive energy has spread to partners and customers, leading to a growing fan base for the website. An engaged employee is one who thinks independently, contributes ideas during discussions, and takes on new challenges. An engaged workplace is what I strive for as a leader.



Tomoo Sasaki
President and Representative Director of TMG International



Prima Meat Packers' online meat store https://eshop.primaham.co.jp/



Prima Meat Packers' online meat store: Premium quality sparing no time or effort

Prima Meat Packers sells seasonal gift products on its online store. The Covid pandemic prompted a surge in people buying gift products for their own use. Responding to rising demand for premium-quality products, we embraced a new sales model. Specifically, in December 2023, we opened a new online store offering a choice range of premium products. Named after Prima Meat Packers' original name (Takegishi Meat Packers), the online store represents a return to the basics. The lineup includes roast ham, bacon, baby back ribs. Meat orders are prepared in a good old-fashioned way, which includes rubbing in salt by hand.

At Prima Meat Packers, we had long relied on sources of competitive advantage such as our hit product Koukun® Sausage and our efficient production system, but we had barely anything that could really differentiate us from the competition. We wanted to develop something special, something not found elsewhere. We therefore launched an online meat store, a brand of roast ham and bacon products that are prepared using painstaking methods, marking them apart from the run-of-the-mill consumer pork products. The time from order to delivery takes one and a half months, and users can track the progress of their order on the website. I cannot recommend it highly enough.



Masanori Shima
Head of Delicatessen/E-Commerce sales dept at Prima Meat Packers' East Japan Branch

Overseas Business

Singapore as stepping stone for global expansion

In August 2021, Prima Meat Packers acquired Rudi's Fine Food Pte Ltd to bolster its overseas businesses. With Singapore as its home market, Rudi's is now expanding its lineup. In fiscal 2023, we strengthened cooperation with Thai Foods Group PCL and Thai Foods Further Co Ltd (companies that process and sell poultry in Thailand and Vietnam) to launch sales of Japanese jumbo yakitori in Singapore. Since jumbo yakitori is a novel product category for Singapore, competition is minimal. For Japanese food service companies looking to open locations in Singapore, we have started offering local business intel and other support services.

With the acquisition of Rudi's, we now have access to a much stronger production and sales network in Southeast Asia, which includes two Thai poultry producers. We are now eyeing the Halal market. With Thai Foods Further producing Halal-certified poultry, we now have the option to market Halal foods in Singapore. Eventually, we want to expand to other Southeast Asian markets and to the Middle East.



Tsuyoshi Tohmura
President of Rudi's Fine Food Pte Ltd





Above: Yakitori tasting in Singapore
Below: Christmas sale in Singapore

Special Feature 2

Visualization of Tastiness to Deliver Excitement



Inside Prima Meat Packers' Development Division, the Product Strategy Department, Product Development Department, and R&D Center are collaborating to make our products tastier, safer, healthier, simpler, greener, and more affordable. The R&D Center is playing a central role in efforts to visualize tastiness. Through such research and collaboration, we are adding more value to our products and further differentiating them from the competition.

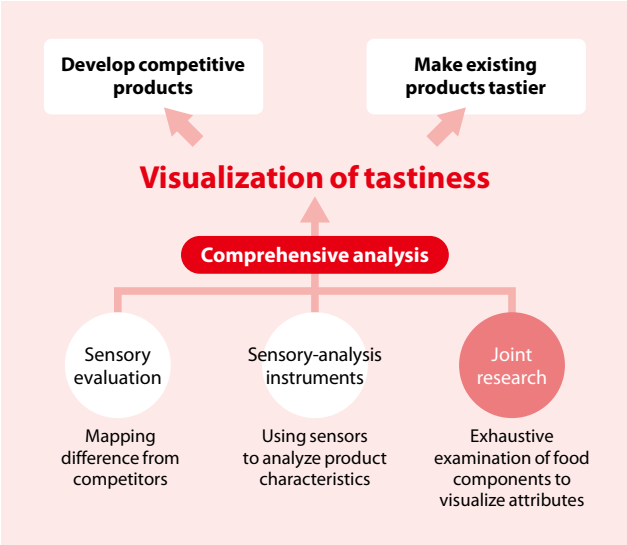
Scientifically analyzing mouthfeel, flavor, visual appearance

When tasting food, you use all five senses. Prima Meat Packers' R&D Center has sensory evaluations and scientific analysis to visualize taste—to quantify three key elements that affect how we perceive food: mouthfeel, flavor, visual appearance.

For sensory evaluations, the team uses a short check-all-that-apply (CATA) survey. The CATA is a multi-choice survey that presents a list of descriptors such as "hard," "sort," and "salty." After tasting a food sample, respondents select ("check") one or more of the listed attributes to describe their impression of the sample. This simple method provides a quick way to map out the differences in taste perception between our food products and those of our competitors. For scientific analysis, we use sensors to objectively evaluate a sample's mouthfeel, flavor, and visual appearance.

Our R&D team also engages in joint research with Kobe University. The project involves an exhaustive analysis of the components of edible meat to visualize the attributes of a meat product. We use the findings to clarify the mouthfeel, flavor, and visual appearance of our products.

This research has culminated in a universal metric for rating the tastiness of any food. We can use this yardstick to gain insights into what elements to focus on when developing new products or improving existing ones.



The R&D team will continue its visualization of tastiness and share the findings with the Product Strategy Department and Product Development Department, so that the Development Division can identify the strengths and weaknesses in all categories of the products it handles and clarify how to give our new products a competitive edge.

Visualization of tastiness of beer or soup is relatively straightforward, but doing the same for non-liquid foods has proved a lot harder. Nonetheless, our research has culminated in an objective yardstick that delivers a much more granular evaluation of the food. Our research environment has improved too, allowing us to collaborate with a university and gain insights that we may never have discovered ourselves. We will continue to research ways to deliver great taste and excitement and build up the value of Prima Meat Packers Group.



Keiichi Kato
R&D Center, Development Division
Prima Meat Packers

Processed Foods Business

Using a top market share and high productivity to propel us to greater heights



Yuji Shinkawa

Senior Managing Executive Officer
Head of Sales Division, Head of East Japan Branch

Yuji Shinkawa has extensive expertise in marketing and sales. He previously headed the Company's Chubu Branch and East Japan Branch, and has headed the Sales Division since April 2021. Since joining the Company, Mr. Shinkawa has devoted himself to sales, forging relations with numerous business partners.



Toshihiro Tago

Managing Executive Officer
Head of Production Division

Toshihiro Tago has extensive expertise in the Company and in the industry. Mr. Tago has worked in frontline production and at the Corporate Strategy Department. He has also served as foreperson at the Ibaraki plant. He has headed the Production Division since April 2021.

Top share in ham & sausage market —Building on the momentum with new measures

In fiscal 2023, Koukun® Sausage was the biggest selling sausage in Japan by number of units sold.[*1] For some months in 2024, it topped the ham and sausage category.[*2] At a time of sluggish sales growth for processed food products, our steamed chicken breasts have achieved a top market share,[*3] with steamed chicken strips proving particularly popular. We have also seen strong sales growth in Smile Up! a brand of ham and bacon multipacks launched in September 2023.

Never resting on our laurels, we will use our commanding share as a springboard for further success. In our marketing, we will take an adaptive approach that combines speed with observation. This hybrid approach will help us identify changes in market shifts and then grab the opportunities.

*1 Source: Point-of-sale data by KSP-SP
*2 Source: SCI consumer panel by Intage
*3 Source: Data from Macromill's quick purchase report

Output doubled in decade —Next step, full automation

One of our top priorities is to improve productivity in our plants. Our plants are engaging in Prima Innovation (PI)[*4] and deploying our proprietary production equipment. In Japan's ham and sausage market, our share has increased, and we have doubled production output compared to 2013. We will continue to improve productive capacity and ensure continuity of supply.

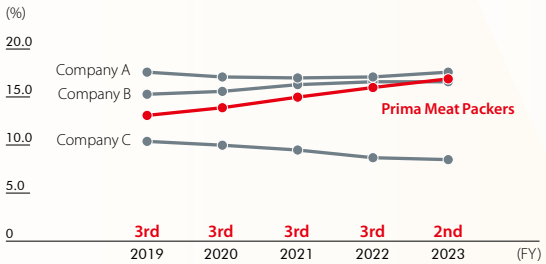
Eventually, we want to fully automate production lines. This task involves many hurdles, not least quality management. However, automation will solve the problem of labor shortages, combatting key-person dependency (relying too much on one person for a particular job), and enable a dynamic relocation of production. We also want to create zero-waste plants by eliminating production waste and increase the percentage of waste that gets recycle. In such plants, employees will be spared from monotonous work and can do more humanlike, engaging jobs. We will discuss with employees ideas about a plant of the future.



*4 Prima Innovation is a series of practices for improving performance in quantitative metrics, which, depending on the case, may include operation rate and work efficiency rate.

Market presence

Ham, sausage: Annual comparison in market share



Source: Results of SCI consumer panel (a national consumer panel survey provided by Intage) on the amount consumers spend on ham and sausage products (the sample consisted of people aged 15–69 before fiscal 2021 and people aged 15–79 in and after fiscal 2022)

SWOT analysis

Strengths

- The Ibaraki plant and others boast superior productivity and competitiveness.
- Our cutting-edge tech and equipment allow us to differentiate our products.
- We have an integrated system of development, production, and sales.
- We have deepened our client relations through our pitching and through top-to-top selling (when the top executive sells directly to the buyer's top executive).
- We use our sponsorships to promote our products.
- We have a flexible production system in which we monitor trends among our vendors and then quickly launch products tailored to these trends.
- We have proprietary tech for developing our own production equipment.

Weaknesses

- We face higher costs in procuring raw materials and products from overseas suppliers.
- Swine disease can impact supply and market conditions.
- Most of our products, by their nature, have a short life and require refrigeration.
- We have few e-commerce opportunities.
- Some of our plants are aging.

Opportunities

- In the post-pandemic transition, demand for eating out and leisure has risen.
- Markets and distribution networks could change in our favor as we enter the new normal.
- We could boost sales by embracing e-commerce.
- The health-conscious market is growing.
- Overseas markets offer rich opportunities.
- Technological innovation could transform production processes.

Threats

- Raw material prices, oil prices, and distribution costs are soaring amid turbulent exchange rates (the low yen).
- Supply crunches and outbreaks of swine disease could drive up competition in procurement in Japan or overseas.
- Price wars can easily occur in our industry.
- We may struggle to negotiate price increases.
- Japan's shrinking population is creating a labor shortage and diminishing domestic demand.

Business strategies

Adapt earnings base to changes in external environment

To build a strong earnings base that can adapt to changes in the external environment, we will expand the market share of big sellers like Koukun® Sausage and the Smile Up! series, expand our food service business (including commercial-use national brands), and develop our range of frozen products and deli items.

Invest in growth and expand globally

We want to bolster our e-commerce, including Takegishi Meat Packers, our online store that offers a touch of class. To expand globally, we will stabilize operations at our Singaporean subsidiary Rudi's Fine Food and coordinate with our Thai subsidiaries and associates.

Increase competitiveness and production capacity

To increase production capacity, we will automate production processes and use our proprietary technology to improve the efficiency of our existing production equipment. To increase our competitiveness in a holistic sense, we will keep providing technical training sessions led by external professionals.

Set KPIs for sales and production and work toward them with a PDCA cycle

Increase market share*

We will increase the Japanese market share for ham and sausages and get the top spot for sales revenue and sales volume.

Strengthen sales

We will strengthen retail store visits, focusing on creating more opportunities for direct communication with customers. We will also increase the number of stores stocking our key products.

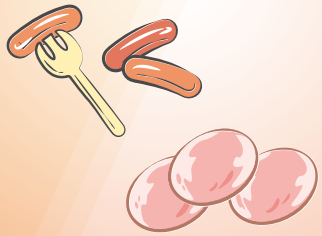
Boost productivity

Every year, we set specific quantitative targets for production capacity. By boosting capacity, we aim to get Koukun® Sausage into the top spot for sales revenue and sales volume.

* We base market share on data from SCI, a Japan-wide consumer panel survey (which reveals who is buying what, when and where they are buying it, and how much they are buying). Key metric: Average monthly amount spent per 100 people Sample: Men and women aged 15–79 across Japan

Future vision

Support healthy and vibrant diets, adapting to diverse needs



Looking back on fiscal 2023

Confidence in Our Products: Increasing Market Share and Ensuring Supply Continuity

Processed Foods Business

Ham and sausage | Processed Foods | B2B (sales to retail vendors)

Net sales

¥312.2 billion

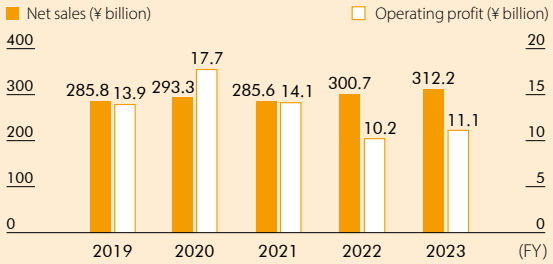
Change from previous year: Up ¥11.6 billion

Segment's operating profit

¥11.1 billion

Change from previous year: Up ¥0.9 billion

Annual comparison in net sales and operating profit



Koukun® Sausage at the top

We have worked to increase the market share of Koukun® Sausage through promotional campaigns in partnership with theme parks we officially sponsor and through social media engagement. Consequently, in fiscal 2023, Koukun® Sausage topped the Japanese sausage market in number of units sold (based on point-of-sale data obtained by KSP-SP).

For some months in 2024, Koukun® Sausage topped the ham and sausage category (same source). We aim for a top annual share. Recognizing that market share is an indicator of consumers' confidence in the product, we will develop fresh measures reflecting the importance of this objective.



Food services: Restructure and expand business in the food service sector

To maximize earnings in our food service business, we will improve productivity by shifting from handling a wide range of small-lot products, which has proved unprofitable, and enhancing our commercial-use national brands.

We will step up efforts to promote these commercial-use national brands across Japan to build our production share.

Looking toward our centenary and building new mainstay businesses for the next ten years

We want to make delicatessen and flash-frozen foods one of our mainstay businesses. There is a growing opportunity here: frozen food sales are on the rise, with supermarkets giving increasing floorspace to these items.

In fiscal 2023, we acted to develop this business. Our West Japan Branch Mass (sales) Department opened a section dedicated to delicatessen and frozen foods.

In December 2023, we launched an online store, Takegishi Meat Packers, which offers a touch of class.



Installing cutting-edge tech to boost productivity and production capacity

Our new plant in Kagoshima fully entered service in April 2023. Operations at the plant have succeeded in boosting production volume amid a profit squeeze from high raw material and energy costs and from the adverse exchange rate.

We have also improved production capacity across Prima Meat Packers Group. Our Ibaraki plant uses original automation tech and robotics, including devices for packing Koukun® Sausage products and transporting the products around the plant. We have started rolling out this technology to the plants of our Group companies.

Looking ahead

Strengthening Mainstay Businesses and Investing in Future Growth Drivers

Adapt earnings base to changes in external environment

Our strategy to further strengthen our earnings base involves maintaining Koukun® Sausage's top market share in units sold (which we achieved in fiscal 2023) and building the market share of our new series, Smile Up!.

For the food service business, we will develop our commercial-use national brands and build their sales, setting a revenue target for fiscal 2026: 1.5 times the revenue recorded in fiscal 2023 level. For flash-frozen food and deli items, our sales branches and sales agents across Japan will market the products and forge new sales channels.

We will also invite customers to a private theater performance by a popular theater troupe. These and other wide-ranging promotional activities will increase our fan base and build up our brand identity.



Invest in growth and expand globally

In autumn 2023, we launched our own online store for consumers, Takegishi Meat Packers. This is a new kind of undertaking. The store offers consumers a touch of class, something other than run-of-the-mill products. Those looking for more sumptuous fare can use the website to order chilled pork products supplied from designated farms in Japan. Orders are prepared by hand using meticulous methods. see p. 18

Around the end of fiscal 2023, Rudi's, our Singapore-based subsidiary, started selling Thai-produced yakitori in Singapore. With Japanese-style yakitori being something of a first for Singapore, Rudi's has an opportunity to lead the market without getting dragged into competition.

Since Singapore has a large Halal market, Rudi's will ensure that its lineup always has a generous range of Halal options (foods that Muslims are permitted to eat under Islamic law). see p. 19

Increase competitiveness and production capacity

We will increase production efficiency by automating more production processes and continually updating existing production equipment. One of our competitive advantages is our ability to develop original production equipment using our proprietary technology. We will magnify this advantage by effectively integrating AI and other innovations with this technology.

In fiscal 2023, the Production Division launched a series of workshops to facilitate the internal transfer of technical knowhow and bring in technological innovations from outside. The workshops, to which we invited outside experts as guest speakers, covered a wide range of topics, including raw materials, secondary materials (such as seasoning), packaging materials (such as cardboard), and goods transportation. For some topics, employees of Group companies attended too. We will continue running the workshops with a view to increasing our competitiveness across the spectrum of processes from manufacturing to transportation and to give employees a sense of personal growth and increase their engagement.

Tickets to Tokyo Disney Resort® and a 40th anniversary promo campaign

We have served as an official sponsor of Tokyo Disneyland® and Tokyo Disney Sea® since the parks first opened. We use the sponsorship to organize events held at the parks that create opportunities for direct interaction with our customers. Since fiscal 2014, we have organized a Private Evening Party every year for our customers and downstream supply-chain partners. The parties have proved a big hit. In October 2023, we held the tenth such event at Tokyo Disney Sea®. Some 10 thousand customers attended.

To mark the 40th anniversary of Tokyo Disney Resort®, we held a campaign in April 2023, giving customers a chance to win tickets to the park or commemorative goods. Many took part.



A private event at Tokyo Disney Sea® (October 18, 2024)

Fresh Meat Business

Making the fresh meat business more competitive by leveling up fresh meat sales and hog farming



Makoto Amino
Managing Executive Officer
Head of Meat Business Division

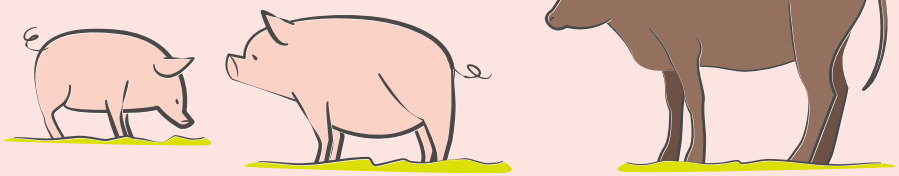
Makoto Amino has extensive experience in general trading and Prima Meat Packers' fresh meat business. Mr. Amino became Head of Meat Production Department in April 2021. He assumed his current post in October 2023.











No dream, no ideal: Renewing the fresh meat business

For ten years now, the fresh meat business has been stuck on an earnings plateau, with sales revenue and operating profit never rising beyond a certain level. We need to chart a new course of growth with higher sales volume and profit margin.

We need to stabilize profitability and productivity in the hog farming business, find new meat packers and other distribution channels, and strengthen the export business. These actions are necessary to expand our share of the market of Japanese and imported fresh meat and place profitability on a trajectory of growth. We have also launched new initiatives and ventures to make the business more competitive. One example is that production sites have started using modified atmosphere packaging (MAP) to preserve the freshness of the products. Other examples include selling fresh meat online and using new defrosting techniques that minimize drip loss and color degradation. We are also committing to sustainability and ESG with initiatives for improving animal welfare, environmental performance, and quality assurance. In these ways, we are renewing the business model for the fresh meat business.

No dream, no ideal. No ideal, no plan. No plan, no action. No action, no success. Thus, no dream, no success. These are the words of Yoshida Shōin, a Japanese educator active in the mid-19th century. True to Mr. Yoshida's words, we will follow our dream to forge a new future for our fresh meat business.

SWOT analysis

Strengths

- We have integrated all operations in domestic pork production.
- As a member of the ITOCHU Group, we have solid relations with overseas suppliers.
- We have our own fresh meat brands.
- We have plants for processing meat.
- We can extend our processed meat brands to fresh meat products.
- We have our own e-commerce website.

Weaknesses

- We have been slow in overseas sales and exports.
- We have only a few meat production sites overseas.
- We have relatively few mid-ranking employees.
- We have been late in using digital technology.
- We have no beef and poultry production sites in Japan.

Opportunities

- World population growth is creating more sales opportunities, particularly in Asia.
- Our membership of the ITOCHU Group gives us access to new business sectors.
- Recent trade agreements have opened up more meat import opportunities.
- We have an opportunity to upgrade our freezing, defrosting, and refrigeration technologies.
- Advances in AI technology are creating business opportunities.
- We can use academic-industrial partnerships to introduce technology into our farms.
- If we produce halal foods, we could tap into a large market.
- Inbound-tourist demand is rising.
- Addressing animal welfare

Threats

- Japan's shrinking and aging population means less purchasing power in the domestic market.
- Supply crunches, caused by outbreaks of animal disease or other factors, could drive up competition in procurement in Japan or overseas.
- A decline in livestock farming in Japan means smaller procurement networks for domestically produced meat.
- We are ill-prepared for the case that Japan introduces Western standards in animal welfare.
- We face cost pressures from higher prices for meat imports and animal feed and from exchange rate movements.

Business strategies

Stronger sales capacity

We will enhance sales operations in a way that earns the confidence of downstream business partners. Alongside this, we will keep a close watch on costs and adjust pricing as necessary to maximize contribution margin. We will also actively develop new and value-added products.

Better merchandising and branding

We will develop original brands and new products as part of a proactive marketing approach. We will also improve inter-divisional collaboration and strengthen partnerships with suppliers. These actions will improve our merchandising and branding.

Building up the Japanese pork production business

To develop Japanese pork production into a core business, we will deal more effectively with rising animal feed prices and improve productivity. To increase consolidated profit, we will integrate Japanese pork production operations. We will also keep sustainability a top priority.

A more sustainable business foundation, tighter Groupwide management

We will tighten strategic management over the Group companies with a focus on creating a culture of cost-of-capital consciousness. To improve capacity for sustainable business foundation, we will improve employee engagement, create a more strategic approach to talent development, improve quality assurance, and demonstrate develop environmental initiatives.

Set KPIs for sales and production and work toward them with a PDCA cycle

Raise pig shipments

Using highly productive sows, we aim to reach the top level in Japan for pig shipments.

Expand sales

We will coordinate with the processed foods business to improve sales strategy and increase sales volume.

Expand supplier base

We will expand our supplier base for pork, beef, and chicken in Japan and overseas and build strong partnerships with the suppliers.

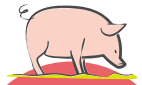
Reduce incident rate

We will reduce the incident rate by providing an optimum environment for the animals on our farms.

Future vision

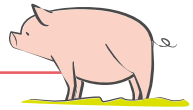
Offer fresh meat with excellent added value





Looking back on fiscal 2023

Improvements made in sales, quality, and ESG



Fresh Meat Business

Fresh Meat Sales | Hog Farming Business

Net sales

¥135.6 billion

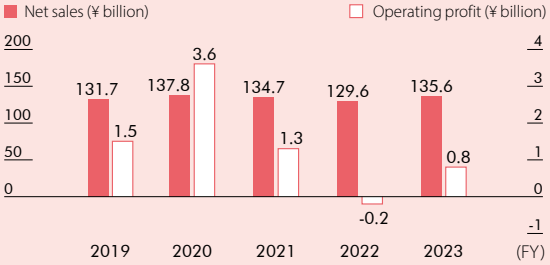
Change from previous year: Up ¥6.1 billion

Segment's operating profit

¥0.8 billion

Change from previous year: Up ¥1 billion

Annual comparison in net sales and operating profit



Boost sales growth

To enhance sales and marketing, we improved junior employees' product awareness and tightened relationships with senior managers (e.g. executive officers) of our business partners.

We acted to maximize marginal contribution. Specifically, at progress-tracking meetings, we identified issues and precise costs with a view to creating savings and profit. We also adjusted sales prices to reflect the low yen and cost increases. On the sales side, we worked to boost sales of pork, beef, and chicken, and enhanced e-commerce performance by improving The Meat Guy website. see p. 18

We acted to improve merchandising. In the Japanese pork production business, we integrated our own pork production operations with pork sales operations. Production and sales are on track in the new farm in Miyagi, which entered full service in fiscal 2023. In the pork imports business, we started importing pork brands from Mexico and the EU, adding to our existing pork imports from North America.





Expand Japanese pork production, work closer with partners

We made progress in developing Japanese pork production into a core business by integrating production and sales operations. Profit growth improved after we tightened supply chain collaboration between upstream operations (production and shipment) and downstream operations (processing, distribution, sales).

Another area we focused on was animal welfare, one of our material issues. see p. 39 We established the Prima Meat Packers Animal Welfare Policy in line with our criteria for environmental conditions on farms (established in 2022) as part of our sustainability-focused business practices.



Improving quality assurance

Workplaces in the fresh meat business had suffered a shortage of staff versed in quality management. We therefore reassigned some experts to these workplaces from the processed foods business to strengthen quality assurance.

We acted to improve skills in employees in Group companies, including those based overseas, through a multi-year project to develop our talent. This project involves strengthening on-the-job training and making effective use of job rotation.

Looking ahead

Improving earning power and efficiency to take the business to the next level

Enhance sales operations

We will manage profit in a segmented manner (segmenting profit into client category, livestock category, and product category) and shift from a passive to a proactive marketing approach to gain a larger market share and rebuild our earnings base.

For Japanese pork, we will win new business for our Group farms and make effective use of offal and by-products. To create more profit growth opportunities, Nishi-Nippon Best Packer Co., Ltd., will launch a retail-ready packaging business.

We will develop business in new markets, including food services, manufacturing, wholesale, and deli items. We will also communicate with business partners and inform employees about inventory levels as part of a proactive approach to prevent mismatches between relative volumes of meat cuts and demand, thereby reducing food loss.

Better merchandising and branding

For pork, we will strengthen our Kamifurano Pork brand and other brands. To hedge the risk of prices rising due to higher costs, we will increase sales pork imported from Mexico and the EU.

For beef, we will keep developing and growing the sales of our Japanese beef brand (Akita Beef) and international beef brands (including Limestone Coast Angus, a new brand of Australian Angus beef).

Meanwhile, we will develop new products, including new-standard meat cuts and rare cuts with added value, offal and by-products, and frozen goods. We actively collaborate with partners from the fattening stage onward to develop new initiatives. This collaboration will include attending regular meetings with product teams, having product team accompany us in trade negotiations with business partners, and organizing workshops and events for downstream business partners.

New imported meat brands

Pork **Mexico**

GCM

Mexico's largest pork producer, GMC has an integrated and sustainable system of pork production, with free-access stalls for sows and innovations such as its own biomass power generators.



Beef **Australia**

Limestone Coast Black Angus

This is a top-quality brand of Angus beef from South Australia. Painstaking care to ensure the best meat quality. The cattle are reared without growth hormones or antibiotics.



Building up the Japanese pork production business

The pork farms typically wait for downstream business partners to place orders before arranging shipment, creating cases where output falls short of production capacity. To make the farms fully productive, we will manage each farm's spare capacity separately and offer shipments to alternative downstream business partners.

We will continue to commit to sustainability and ESG initiatives. This includes going further in supporting animal welfare in line with the policy we established in July 2024. It also includes ensuring that our food is safe and healthy. see p. 38

A more sustainable business foundation, tighter Groupwide management

We will also encourage a culture of cost-of-capital consciousness. This includes strengthening Groupwide management, investment review processes, and inventory management. Alongside this, we will review the full spectrum of business processes and make improvements. For example, we will optimize procurement by consolidating the Group's fresh meat procurement functions.

We are also rolling out plenty of initiatives under the Groupwide Employee-satisfaction Revolution Project. One initiative is organizing opportunities for one-on-one communication between junior employees to encourage respect for individuality and diversity. Another initiative is publishing a monthly online newsletter called Hot Meat Info. to encourage resource sharing. To better inform employees about our strategy and direction, the Meat Business Division holds a divisional meeting for presenting policies and a divisional awards ceremony for employees.

To improve our system of quality assurance, we will get more business sites certified to quality management standards such as the Safe Quality Food (SQF) management system, hazard analysis and critical control point (HACCP), and ISO standards. We will participate in public-private projects organized by the Ministry of Agriculture, Forestry and Fisheries of Japan, and take action to address the "2024 problem" (tighter regulation on trucker overtime).

Sustainability at the Prima Meat Packers Group

Basic approach

Our business activities are driven by our belief that by achieving sustainable business growth, we contribute toward a sustainable society.

In September 2020, we undertook a materiality analysis to identify the risks and opportunities that will affect our growth prospects in the medium and long term and the define our material issues—the sustainability themes that we should prioritize along with our business strategies. In October 2021, we established the Sustainability Basic Policy, which serves as the fulcrum of our ongoing efforts to drive sustainable corporate development.

WEB **Sustainability Basic Policy**
https://www.primaham.co.jp/en/sustainability/policy.html

Organizational framework

To help us build medium- and long-term value, we established the Sustainability Committee in November 2021. A voluntarily established body for advising the Board of Directors, the Sustainability Committee advises the Board of Directors on goal-setting and action plans for the material issues. It also monitors progress in addressing the material issues and updates the materiality matrix when necessary. Additionally, it routinely reports on matters that the board seeks advice on.

The Sustainability Committee is chaired by the president and CEO, and its membership consists of senior executives and other managers. The committee has six subcommittees.

Material issues

In September 2020, we defined 10 material issues and set metrics and targets. Over the years that followed, we worked action plans to achieve the targets. In April 2024, we updated the set of material issues to reflect the significant changes in the socio-environmental conditions. Specifically, we added three more material issues: reducing water usage, reducing plastic usage, and safeguarding biodiversity.

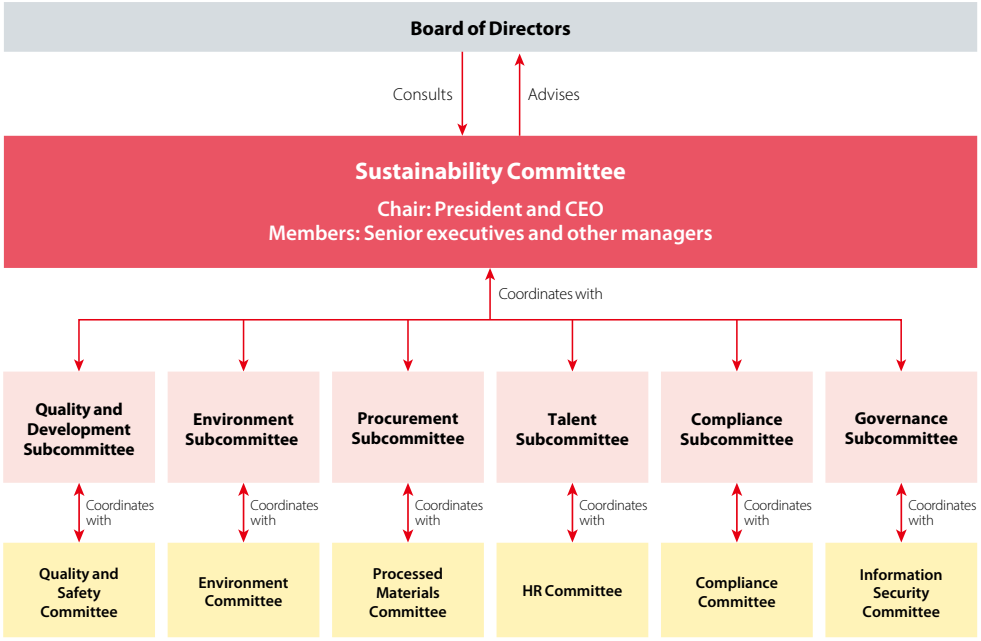
In addressing the 13 material issues, we follow a PDCA cycle in which the Sustainability Committee monitors the progress of each action.

WEB **Process for specifying material issues**
https://www.primaham.co.jp/en/sustainability/process.html

Sustainability milestones

September 2020	Material issues identified
October 2021	Sustainability Basic Policy set
November 2021	Sustainability Committee established
August 2022	Setting metrics and targets for material issues
December 2022	Determining what information to disclose in line with TCFD Recommendations
March 2023	Setting action plans
September 2023	Prima Meat Packers Group Human Rights Policy established Prima Meat Packers Group Procurement Policy established
April 2024	Supplier Code of Conduct established Three issues added to set of material issues (reducing water usage, reducing plastic usage, safeguarding biodiversity) Prima Meat Packers Group Environmental Policy revised
July 2024	Animal Welfare Policy established

Framework for sustainability management



Initiatives for the Material Issues

Category	Material issues	Metrics and targets	Key results in fiscal 2023
Creating healthy, well-rounded dietary habits p. 31	Securing safe, reliable food	・Food Safety Management System (FSMS) operating in all major plants and farms by end of fiscal 2030	・FSMS operating in 93% of major plants and farms
	Recommending health-conscious products	・Larger lineup of health-oriented foods	
Contributing to global environmental protection p. 33	Reducing greenhouse gas emissions at scopes 1 and 2	・Fiscal 2030: GHG emissions from fossil fuel combustion in Japan (excludes emissions from overseas sources and from livestock) down 24.3% from fiscal 2021 level	・GHG emissions reduction down 11.0% (153,798 t-CO_2e)
	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	・Plastic waste down 4.0% (33.2 kg/t) ・Food waste down 7.1% (60.6 kg/t) ・96.4% of the food waste recycled
	Reducing water usage	・Fiscal 2030: Water usage (volume of water withdrawn per unit of product created) down 3% from fiscal 2021 level	・Water usage up 1.6% (15.6 m^3 / t)
	Reducing plastic usage	・Less plastic used in packaging	
	Safeguarding biodiversity	・Impact on biodiversity lessened as a result of efforts to reduce greenhouse gas emissions, water usage, and waste	
Strengthening supply chain management p. 37	Achieving sustainable procurement of raw materials	・Procurement policy established for stable supply of raw materials ・All tier 1 suppliers performing first-person audits	・Prima Meat Packers Group Procurement Policy established (in September 2023)
	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	・Prima Meat Packers Group Animal Welfare Policy established (in July 2024)
Creating a workplace that promotes job satisfaction p. 40	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 ・Fiscal 2030, Prima Meat Packers and its disability-friendly subsidiaries: Employees with disabilities account for at least 2.7% of total workforce	・64% take-up rate for paid leave ・55.6% take-up rate for paternity leave ・Women accounted for 47% of new full-time employees hired in fiscal 2024 ・Employees with disabilities accounted for 2.3% of workforce
	Hiring and developing outstanding human resources	・Fiscal 2030, Prima Meat Packers: Women occupy at least 10% of management posts	・Women occupying 4.7% of management posts
	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 the management platform p. 41	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	

Creating healthy, well-rounded dietary habits

Two-Track Innovation in Healthy Foods: Something Less, Something More

The Quality & Development Subcommittee

Since its launch in November 2021, the Quality & Development Subcommittee has focused on one of Prima Meat Packers Group's material issues: recommending health-conscious products. The subcommittee's discussions on this topic have helped steer the Development Division's efforts to develop such products. For health-oriented food, four aspects are considered: sugar-free, low in salt, protein-rich, and added functionality (extra health benefits). The "Prima Healthy" logo is attached to products that satisfy our health-food standards. Under the Prima Healthy® brand, we have developed pork loin ham and bacon that is free of sugar and with 30% less salt. The products boast a worldclass level of salt reduction with no compromise in taste. In fiscal 2022, our sugar-free bite-sized calpas sausages, which is Japan's first sugar-free dry sausage, was honored at the 52nd Japan Food Industry and Technology Distinguished Service Awards (products and technology category).

The Environmental Management Division, Development Division, and Production Division work together to develop environmentally sustainable products. To help reduce food loss, we are working on initiatives to extent shelf life, including the use of high pressure processing (HPP), a non-thermal technique that neutralizes microorganisms quickly. To reduce use of plastic, we reinvented the packaging for Koukun® Sausage. The new packaging uses 30.6% less film and no drawstring tape, reducing annual CO_2 emissions by 2,200 tons.

Actions in fiscal 2023

In fiscal 2023, we expanded our range of products with the Prima Healthy® label, indicating that the product is protein-rich or has added function (extra health benefits). Among the products high in protein, we expanded the range of steamed chicken strips to include chicken bars as well as chicken blocks. We also changed the nutrition label to make it displays the amount of protein more clearly. For the products with added function, we introduced a family-friendly mascot and launched a children's product fortified with calcium.

Future actions

We now take a two-track approach to innovation in health foods: something less, something more. "Something less" means reducing the amount of salt or sugar in the product. "Something more" means fortifying the product with extra protein or adding extra nutritional or health benefits. For something less, as well as reducing salt content, we are developing technology that gives food a nice salty taste but prevents the salt content getting absorbed into the body. However, the team is proceeding with caution, since this technology could have physiological implications.

As for something more, we are developing what will be Prima Meat Packers Group's first Food with Nutrient Function Claims (FNFC). We will clarify the details of the upcoming FNFC during fiscal 2024.

Amid growing concerns about future shortages of animal proteins, we engage in basic research into alt-protein, meaning protein from plant sources such as legumes (including soy) and root vegetables (including konjac). We also work with a university research institute on joint research projects for combining food safety with tastiness and for addressing environmental impacts.

We will keep drawing insights from external partners to guide our efforts to develop health-oriented food products and environmentally sustainable products.

Quality and Development Subcommittee

Members	Heads and other members of Development Division and Quality Assurance Division
No. of meetings in fiscal 2023	12
Main activities	・Clarifying progress in addressing material issues ・Communicating relevant information

A horizontal approach to keep pace with evolving health needs

With consumers growing increasingly health conscious, health needs are growing increasingly diverse. It is therefore important that we review our product composition, clarifying the target demographics and marketing approaches—what health benefits the product offers, which age group, gender, or lifestyle it is for, and how the value of the product is delivered. In future product development projects, we may focus on concepts such as sleep hygiene and skincare.

It is hard to keep pace with evolving needs with a vertical organizational structure. Reaching across divisional boundaries, the Quality and Development Subcommittee coordinates joint efforts on issues between the Development Division and other divisions such as the Environmental Management Division, Sales Division, Production Division, and the Meat Business Division. In my own activities on the subcommittee, I have gained perspectives from outside the Development Division, including packaging designs that could make distribution more efficient and ideas for products that could be great sellers and help the environment.

We continue our horizontal, cross-organizational efforts with an aim of having Prima Healthy® products make up 20% of our total products by fiscal 2030.

Keiko Sasajima
Executive Officer
Head of Development Division



Prima Meat Packers Group's Sustainable Products

Part of our philosophy is to continuously innovate to support food culture that align with evolving lifestyles.

Health-oriented food

With people becoming more health-conscious, we develop products that meet consumers' health needs, including products that are sugar-free, low in salt, protein-rich, or that have added functionality (extra health benefits).

Sugar-free, reduced salt



Fresh! Single-portion ham and bacon slices with no sugar and 30% less salt

Despite having no sugar and 30% less salt, these products deliver in taste.



Sugar-free steamed chicken strips from Japanese-reared poultry

This is a sugar-free version of our steamed chicken strips, ideal for the health-conscious.

High in protein



Sugar-free steamed chicken strips from Kyushu-reared poultry

This is our high-protein steamed chicken series. One bag contains over 20 grams of protein. Japanese-made, the series uses Kyushu-reared chicken and salt from the Goto sea.

Alt-protein

We have a range of soy-based products providing a meat-free source of protein, giving consumers a new option.



Try Veggie®

Try Veggie is a series of soy meat products that come in trial size (encouraging consumers to "try out" veggie alternatives).

Environmentally friendly products

We have redesigned our packaging. The new packaging uses less plastic and has a reduced carbon footprint. To reduce food loss, we are working on products that kept at room temperature for a long time without spoiling, enabling longer shelf life and a later best-before date.

Using less plastic



Koukun® Sausage

We replaced the drawstring design with an eco-package that uses 30.6% less plastic and no drawstring tape.



Sugar-free steamed chicken strips from Kyushu-reared poultry

By reducing the length and width of the packaging, we cut the amount of plastic used in the packaging by 24%.



Gran Tokachi Salami for the grown-up palate

We switched to paper for the outer packaging and used biomass ink for some of the text, reducing carbon footprint.



"Perfect for salads" series

The packaging uses a resealable lidding film called Futapita. This design helps cut waste because it allows you to reseal the package without resorting to cling film.

Reducing food loss



Takumi no Zen giftpack

By neutralizing microorganisms with high-pressure processing, we extent shelf lives from 35 days to 60 days.



Stock Dish®

The product remains fresh at room temperature for as long as 180 days, making it an ideal complement to a household's regularly replenished stockpile of emergency food supplies.

Contributing to global environmental protection

Adding new material issues and taking a horizontal, Group-wide approach to environmental sustainability

The Environment Subcommittee

The Environment Subcommittee is an interdivisional body with members mainly from the Environment Management Division but also with members from the Production Division, Meat Business Division, Sales Division, and from Group companies. The subcommittee facilitates cross-organizational efforts to achieve two material issues: reducing greenhouse gas emissions and reducing the volume of waste output.

To reduce greenhouse gas emissions, we develop actions in a strategic manner, assigning order of priority, to ensure that the actions are effective and non-wasteful. We also consider how cost-effectiveness the investments will be and what technological issues may arise. Recent actions include a phased replacement of refrigeration and freezing equipment, and the phasing out of ozone-harming fluorinated refrigerants, in plants.

As for reducing the volume of waste output, we commit to targets for reducing waste intensity and work on waste reduction initiatives that avoid compromising business growth. For reducing food waste, each plant has taken the initiatives to develop an environmental management system. As of April 2024, 40.3% of the production sites across the Group are now certified to ISO 14001 (an international standard for environmental management systems) or Eco-Action 21 (a standard provided by Japan's Ministry of the Environment). For reducing plastic waste, as well as cutting the amount of plastic waste that Prima Meat Packers generates, we are cutting plastic waste generated from the raw materials we procure.

Actions in fiscal 2023

Three material issues were recently added to our set of material issues to reflect the global interest in socio-environmental problems: reducing water usage, reducing plastic usage, safeguarding biodiversity.

For reducing water use, we have followed a process of continuous improvement through the ISO 14001 framework. In fiscal 2023, we stepped up efforts to reach our target for fiscal 2030, which is to cut water intensity (water use by unit of production) in plants by 3% from the fiscal 2021 level. For reducing plastic use, the Development Division is spearheading actions such as using thinner and more compact packaging and going label-less. For example, the new packaging for Koukun® Sausage uses less plastic and has a lower carbon footprint. As for safeguarding biodiversity, mindful of the rising prominence of the Taskforce on Nature-related Financial Disclosures, we have started measuring the nature-related dependencies and impacts and identifying the nature-related risks and opportunities across our Group.

In conjunction with the addition of the three material issues, we updated the Prima Meat Packers Group Environmental Policy in April 2024. The updated policy has a broader coverage in keeping with the times.

WEB **Prima Meat Packers Group Environmental Policy**
https://www.primaham.co.jp/en/company/csr/environment.html

Future actions

To meet our targets set for fiscal 2030, we are stepping up efforts to reduce greenhouse gas emissions and shift to renewable energy. Leading the field, Prime Delica has installed solar panels and signed a power purchase agreement,* with the effect that renewable energy now accounts for 40% of the company's energy. Prima Meat Packers is taking similar actions. Its plant in Kagoshima has started shifting to solar, while the plant in Ibaraki shifted the entirety of its electricity purchases to renewable sources in fiscal 2024. Other major production sites will follow.

In some cases, we are piloting some initiatives for increasing the amount of waste that gets recycled. We are proceeding with the trials with a view to eventually rolling out the initiatives across the Group.

Environmental Subcommittee

Members	Heads and other members of the Production Division, Meat Business Division, Sales Division, Development Division, Corporate Strategy Division, and the Administration Division, along with members of Prima Delica and Pacific Ocean Breeding
No. of meetings in fiscal 2023	4
Main activities	• Clarifying progress in addressing material issues, discussing additional material issues • Making decisions on environmental matters, communicating relevant information

* Power purchase agreement (PPA): A long-term contract that the customer signs with an electricity supplier to purchase power generated by the electricity supplier's solar power facility.

Rising environmental awareness has led to independent action in each division

Environmental management was once the sole preserve of the Environmental Management Committee, but this situation changed with the establishment of the Environmental Subcommittee under the Sustainability Committee. The subcommittee organizes exchanges of opinion between members from the Production Division, Meat Business Division, Sales Division, and Group companies. This approach enables us to identify issues and set environmental targets at Group-wide level, while leaving each division or company to develop specific actions. Guided by the subcommittee discussions, members of the various divisions and companies now actively report independent actions they are taking. The growing environmental awareness in our organization is leading, slowly but surely, to a situation in which the subcommittee is leading action on the environment.

In fiscal 2023, the Environmental Subcommittee met four times. During these meetings, members discussed the new material issues, the update to the Prima Meat Packers Group Environmental Policy, and the shift to renewable energy.

Tackling environmental issues is a marathon, not a sprint. Instead of fixating on an annual goal or result, we will follow a PDCA cycle of continuous improvement and aim to achieve the target for 2030.

Akio Matsumoto
Head of the Administration Division's Environmental Management Division



Environmental Impacts Overview

Protecting the environment is included in our set of material issues. As part of environmental management, we are committed to helping bring about the carbon transition, a circular economy, and harmony with nature.

Inputs Resources and energy used in business operations

Water
5,710,000 m³

Animal feed
150 kt

Livestock (swine, cattle, poultry)
Non-consolidated:
330 kt

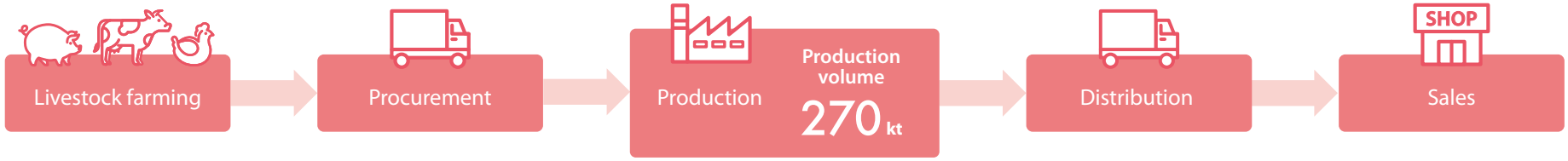
Energy
Crude oil equivalent:
90 megaliters

Electricity: Total
243,800 MWh

Electricity: Renewable
35,870 MWh

Plastic packaging
Non-consolidated:
6 kt

Business operations



Outputs Environmental impacts of business operations

Wastewater
4,340,000 m³
Intensity (cubic meters of water used / ton of production):
16.0 m³/t

CO_2 emissions at scopes 1 and 2
210 kt-CO_2e
Intensity (tons of CO_2 emitted / ton of production):
0.78 t-CO_2e/t

CO_2 emissions at scope 3
Non-consolidated:
2,990 kt-CO_2e

Waste: Total
39 kt

Waste: Food waste
16 kt
Intensity (tons of food waste/ ton of food handled):
0.06 t/t

Percent recycled
96.4 %

Plastic waste
9 kt
Intensity (tons of food waste/ ton of food handled):
0.03 t/t

* Figures other than those labelled as "non-consolidated" are based on consolidated data
* The animal feed input is an estimate
* Intensity = Tons of food/plastic waste divided by tons of food/plastic handled
* Plastic waste does not just include plastic packaging

Applying the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Endorsing the TCFD recommendations

Climate change is a serious global threat and one that drastically impacts business strategies and strategic planning across Prima Meat Packers Group.

In September 2022, we endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We now structure our disclosures around the four thematic areas that the TCFD recommends: governance, strategy, risk management, and metrics and targets.

Governance

One of the advisory bodies to the Board of Directors is the Sustainability Committee see p. 29. This committee is responsible for coordinating action on material issues, including those related to climate change. For each material issue, it sets a goal, creates an action plan, monitors progress, and reports its findings to the Board of Directors.

In fiscal 2023, the committee met three times. During these meetings, the members discussed, among other things, changes to the set of material issues, extra measures to take in view of the outlook for GHG emissions reductions (these extra measures included procuring more renewable energy), and changes to the Prima Meat Packers Group Environmental Policy.

In fiscal 2024, the committee decided to update the set of climate-related risks and opportunities in view of changes in the external business environment, the opinions of external experts, and the results of scenario analysis based on past climate change data.

Strategy

Our medium-term business plan see p. 13 commits us to taking action related to the carbon transition and circular economy. Under this policy, the Sustainability Committee and its subcommittees organize Group-wide action to fight climate change. Having identified the climate-related risks and opportunities that will potentially affect Prima Meat Packers Group, we use this information in our scenario analyses, in which we analyze future climate scenarios. We also run simulations to understand the financial impacts of the future risks. We then develop and implement measures based on the findings.

Read more about our scenario analyses on the following section of our website: Disclosing information in line with TCFD recommendations.

Risk management

The Sustainability Committee analyzes climate-related risks and opportunities and reports its findings to the Board of Directors. The Board of Directors reviews the findings, identifies areas of significant concern, and then makes decisions for planning and executing actions to address the environmental challenges. We define as an organization-wide risk any risk that could influence the operations or performance of Prima Meat Packers Group. Once the policies and plans are set, the Sustainability Committee and its subcommittees organize specific actions to address the risks.

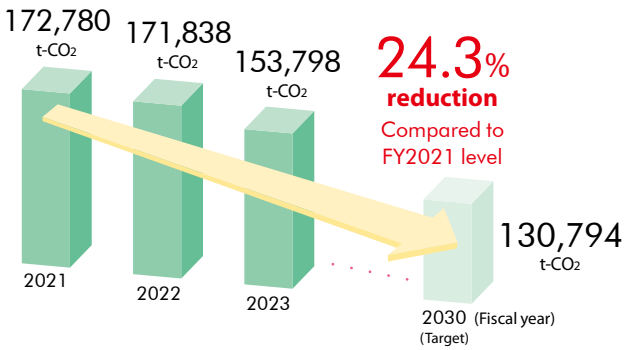
Metrics and targets

Reducing greenhouse gas emissions is one of our material issues. In fiscal 2022, the Board of Directors set a goal for fiscal 2030: reducing greenhouse gas emissions from fossil fuel combustion in Japan by 24.3% from the fiscal 2021 level.*

In fiscal 2023, we invested in projects such as expanded procurement of renewable energy and phasing out fluorinated refrigerants. As a result of this investment, GHG emissions was down 10.5% from the previous year's level. We also calculated and disclosed our scope 3 emissions on a non-consolidated basis. We will continue combatting climate change across our value chain.

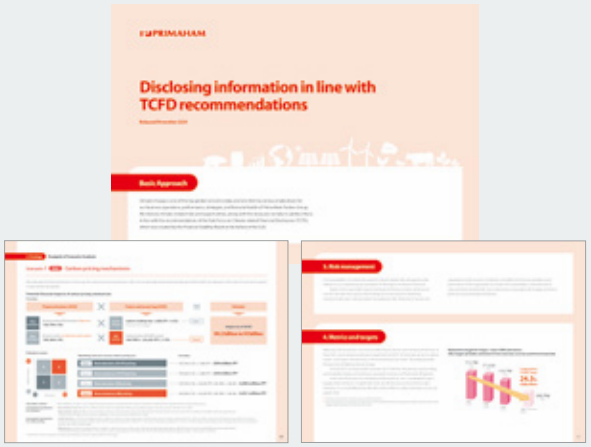
* Excludes emissions from overseas sources and from livestock.
* The 24.3% reduction (compared to the fiscal 2021 level) was determined by annualizing the Japanese government's 2030 target of 46% reduction from the fiscal 2013 level.

Reduction target for GHG emissions (excluding emissions from overseas sources and from livestock)



TCFD disclosures

WEB https://www.primaham.co.jp/en/sustainability/assets/images/pdf/tcfdreport2024_en.pdf



Climate-related Risks and Opportunities

Risk categories			Climate-related risks	Potential financial impacts	Timing*1	Financial impact*2
Major category	Subcategory	Sub-subcategory				
Transition risks	Policy and legislation	Carbon pricing mechanisms (tax hikes)	・Higher expenditures on energy-efficient technologies and renewable energy technology ・Higher tax burden if GHG emissions cut is too small ・Higher costs of raw materials and packaging ・Higher costs of feed and livestock medicines	Expenditure	Medium term	High
		Tighter mandates on GHG emissions and plastic waste Rising electricity costs due to changes in energy mix	・Higher manufacturing costs (for purchasing and recycling plastic packaging) following passage of Plastic Recycling Law ・Higher energy-related costs (costs of renewable shift) following revision to Law on Rational Use of Energy ・Requirement to upgrade manufacturing assets following tightening of energy legislation	Expenditure	Medium term	Medium
	Technology	Technological innovations that support a carbon transition (transition to lower-carbon or zero-carbon economy)	・More capital investments in technology due to rollout of energy-efficient technology ・Impairment of existing assets due to accelerated technological innovation ・Reduced time between technology upgrades	Expenditure Assets	Medium term	High
	Market	Shifts in consumer behavior	・If consumers perceive we are not doing enough to tackle climate change and plastic waste: Poorer brand perception Poorer ESG ratings and reduced capital availability Poorer perceptions among jobseekers and local residents Diminished employee loyalty ・Poorer sales due to increase in ethical consumerism in Japan	Revenue	Medium term	Low
		Higher raw material costs	・Higher animal feed prices ・Higher costs of packaging and additives	Expenditure	Short term	High
	Reputation	Negative perceptions of business sector	・Poorer perceptions of meat industry ・Poorer brand perceptions due to plastic packaging	Revenue Expenditure	Long term	Low
Physical risks	Acute	Increased severity of extreme weather events (typhoons, torrential rain, blizzards, severe thunderstorms)	・Damage to traffic infrastructure ・Stoppages following damage to production assets ・Transport difficulties due to supply chain disruption or damage to warehouse	Expenditure Assets	Long term	High
		Epidemics and pandemics	・Stoppages due to infections in workforce ・Supply disruption due to outbreak of animal disease ・Shortage of raw materials for processed food products	Revenue	Short term	High
	Chronic	Water withdrawal and drought risk in water-stressed areas	・Restrictions on our plant and farm operations due to water withdrawal and water supply restrictions	Revenue	Long term	High
		Rising mean temperatures, changes in precipitation patterns, rising sea levels	・Water ingress in assets in coastal areas ・Less revenue due to poorer animal feed harvests and adverse livestock conditions ・Areas that rely on groundwater for irrigation and industrial water use: inadequate water supply due to groundwater salinization ・Higher costs of managing employee health ・Harder to attract labor for outdoor jobs due to normalization of heat extremes ・Higher supply costs ・Adverse conditions for livestock and poultry, and poorer meat quality, due to increased seasonal heat stress ・Rising cost of temperature and humidity control in piggery	Revenue Expenditure	Long term	Medium

Opportunity categories			Climate-related risks	Potential financial impacts	Timing*1	Financial impact*2
Major category	Subcategory	Sub-subcategory				
Opportunities	Resource efficiency	Use of more efficient modes of transport, use of more efficient production and distribution processes	・Joint distribution, modal shift ・Better efficiency through segmenting processes and automating packaging ・Lower transportation costs with rise in domestic pork (to reduce food miles) ・Shift to low-carbon production methods	Expenditure	Short term	Medium
		Use of recycling	・Lower packaging supply costs with higher rates of packaging recycling	Expenditure	Medium term	Low
	Energy source	Use of renewable energy (shift from thermal power generation)	・Lower energy costs with increased use of renewable energy ・Higher ESG ratings and increased capital availability (as more investors favor use of renewable energy)	Expenditure	Medium term	Low
	Products and services	Development and expansion of low-emission goods and services	・Longer shelf lives due to better packaging ・Expansion of products packaged sustainably (minimal, recycled, or biomass packaging) ・More vegetables sourced from Japanese GAP-certified farms ・Higher demand for animal manure due to reduced use of petrochemical fertilizers ・Development of feed formulae that reduce animal methane emissions ・Higher demand for low-carbon beef (beef produced with less GHG emissions) ・Chance to reposition organization as purveyor of protein-rich foods in general (including plant and insect sources) ・Growing demand for products that contribute to food loss reduction ・Business expansion opportunities driven by new protein source utilization and growing demand for food waste reduction	Revenue	Medium term	High
	Resilience	Resource substitutes/diversification (to mitigate procurement risk)	・Increased reliability of supply chain (globally dispersed, more diverse)	Revenue Expenditure	Medium term	Low

*1 Timing of embodiment: short term (0 to 5 years), medium term (5 to 10 years), long term (10 to 30 years) *2 Financial impact: Small (0.5 billion yen or less), medium (0.5 to 1 billion yen), large (over 1 billion yen)

Strengthening supply chain management

Building a sustainable supply chain in line with the Prima Meat Packers Group Procurement Policy

The Procurement Subcommittee

The Procurement Subcommittee focuses on two of the material issues: achieving sustainable procurement of raw materials and addressing animal welfare. To achieve sustainable procurement of raw materials, we are strengthening supply chain management. Specifically, we are working to source raw materials from a greater range of countries and to have multiple supplier sources for each product. Additionally, when evaluating suppliers, we now consider environmental performance and human rights as well as price and quality.

As for addressing animal welfare, to raise our animal welfare standards, we have established our own criteria for protecting the Five Freedoms (five aspects of welfare for animals under human control), which are derived from the codes of the World Organization for Animal Health (WOAH) and the policies set by Japan's Ministry of Agriculture, Forestry and Fisheries.

Actions in fiscal 2023

In September 2023, we established and made public the Prima Meat Packers Group Procurement Policy. The policy gives top importance to securing safe, reliable food in line with Prima Meat Packers' policies on food safety and quality. It also enshrines our commitment to supporting environmental sustainability, animal welfare, and respect for human rights across our supply chain.

For our supply chain, we have stepped up risk management and taken further steps to embed risk management as a continual process. In April 2024, we established and made public the Prima Meat Packers Group Supplier Code of Conduct and launched a process to assess our tier-1 suppliers of critical meats.* In this assessment, we use a self-assessment tool provided by the Global Compact Network Japan (one of the local networks of the UN's Global Compact). The self-assessment includes items on quality management, governance, and human rights. To these, we have added items on animal welfare.

A key animal-welfare concern is the use of gestation crates (also known as sow stalls). Gestation crates have grown increasingly controversial around the world. The EU and some US states have banned their use. In July 2023, Japan's Ministry of Agriculture, Forestry and Fisheries released a series of technical guidelines for different types of livestock (e.g. Technical Guidelines for Management of Beef Cattle). In conjunction with this development, Prima Meat Packers altered its approach to hog farming and implemented the new approach in farms it directly manages.

* Tier-1 suppliers of critical meats: We categorize the suppliers by type of livestock in view of the categories and volumes of materials we procure from each supply source region.

WEB **Prima Meat Packers Group Procurement Policy**
https://www.primaham.co.jp/en/sustainability/procurement.html

WEB **Prima Meat Packers Group Supplier Code of Conduct**
https://www.primaham.co.jp/en/sustainability/supplier.html

Future actions

For procurement of raw materials, we want to extend the coverage of the self-assessment survey across our supply chain. We are putting in place measures to increase the coverage of the survey to 100% of our tier-1 suppliers of critical meats. Additionally, we will extend the coverage of the Prima Meat Packers Group Procurement Policy and Supplier Code of Conduct to suppliers of additives and other materials used to make processed pork products and to suppliers of cardboard and other packaging materials.

For animal welfare, having established and made public the Prima Meat Packers Group Animal Welfare Policy in July 2024, we will follow a PDCA cycle of continual improvement to achieve the goals set out in the policy and improve the quality of our disclosures.

Procurement Subcommittee

Members	Members of the Procurement Department and Meat Business Division, and members of Pacific Ocean Breeding.
No. of meetings in fiscal 2023	6
Main activities	・Clarifying progress in addressing material issues ・Communicating relevant information

Strong supplier relationships are key to supply chain resilience

Procuring meat has become increasingly fraught with risks, including the risk of animal disease and political and geopolitical risks. Climate change and the growing population suggest that the world is heading for a protein crisis, with demand for protein set to outpace supply sometime between 2025 and 2030. To ensure continuity of raw materials supply in these circumstances, we need to build strong relationships with suppliers. We made a start in fiscal 2023 and 2024 by establishing the Prima Meat Packers Group Procurement Policy, Supplier Code of Conduct, and Animal Welfare Policy.

Stable continuity of supply is possible when we have the support of suppliers. Prima Meat Packers has sent staff to visit the suppliers at their sites, culminating in solid relationships. When setting out the Prima Meat Packers Group Procurement Policy, we took time to ensure that the policy would be acceptable to our suppliers. We will continue building trusting relationships with suppliers to ensure the quality of our products and the continuity of supply.

Kiyoatsu Umemura
Head of the Procurement Department, Sales Division



Ensuring suppliers in and outside Japan meet our quality standards

Prima Meat Packers Group procures fresh meat and other materials from suppliers around the world, including in Canada, the USA, Australia, and Brazil. We diversify our supply sources so that we can choose just the meat we need and so that our supply chain will be resilient against risks such as natural disasters, animal diseases, and future climate-related risks.

In fiscal 2023, we bolstered our supply network, adding eight new source countries and securing multiple supply sources for each meat category (pork, beef, poultry). Our procurement staff visit overseas suppliers at their sites, establishing the strong rapport necessary to ensure that the meat we procure satisfies our quality standards.

For meat suppliers in Japan, we regularly visit the suppliers' sites and assess them against our independent criteria, which includes items on the quality management system for processing sites, sanitation in facilities, and processing standards. For our own hog farms, we integrate the entire process from healthy sow breeding to mating, farrowing, and shipping.

In April 2024, we established the Supplier Code of Conduct. We are now assessing our tier-1 suppliers of critical meats.

Animal Welfare Policy

One of our material issues is addressing animal welfare. To address animal welfare, we have changed our approach to hog farming and implemented the new approach in the farms directly managed by Prima Meat Packers or a Group company. In July 2024, we established and made public the Prima Meat Packers Group Animal Welfare Policy, setting out our basic policy on animal welfare, the measures we take to safeguard animal welfare, and the coverage of the policy.

The policy was based on the codes of the World Organization for Animal Health, the livestock-specific technical guidelines released by Japan's Ministry of Agriculture, Forestry and Fisheries, and on the advice of Shusuke Sato, professor emeritus at Tohoku University. We will disclose our actions and goals in our integrated reporting and on our website.

A four-party joint commitment to making processed meat distribution more sustainable

In December 2023, Prima Meat Packers released a joint statement with three other organizations in the meat processing industry—Nippon Ham, Itoham Yonekyu Holdings, and Marudai Food—committing our four organizations help supporting sustainable distribution in the industry and contributing more generally to the SDG agenda (the official pledge translates as "meat processing industry pledge to contribute to the SDGs and to sustainable distribution").

The joint statement includes a pledge to lead the way in building collaboration with distribution and sales partners, which is the most urgent item in the action plan of the Japan Ham & Sausage Processors Cooperative Association. The association released the action plan in response to the Government of Japan launching a package of policies for reforming distribution. Recognizing our responsibility to ensure the continuity of the supply of processed meat products into the future, we and the other three signatories have committed to improving operational efficiency in distribution operations and aligning them with the SDGs so that ham and sausage distribution networks are as sustainable as possible.

The statement sets out three actions: reducing drivers' workload, changing delivery terms to increase efficiency, and organizing more joint deliveries. In other words, we will roll back the industrial practice of requiring truck drivers to take on duties unrelated to truck driving, extend delivery lead times for staple items from one day to two days or more, and allow less-than-truckload shipping.

These actions will address the problems in distribution, contributing to sustainable development in its economic aspect and in its social and environmental aspects (by, for example, saving energy and reducing CO_2 emissions to combat climate change).



An expert's view

I am confident that Prima Meat Packers Group's Animal Welfare Policy signals the organization's commitment to following a PDCA cycle of continuous improvement in animal welfare.

What impresses me is that the commitment to safeguarding the Five Freedoms extends not just to the farm managers but to managers and employees across the corporate group, and that the organization has set clear goals and discloses its progress toward these goals. Instead of just focusing on neutralizing the negatives, the animal welfare agenda, spearhead by WOAH, is increasingly emphasizing the need to create positives too. Guided by its Animal Welfare Policy, Prima Meat Packers Group will create positives in five domains.



Shusuke Sato
Professor Emeritus,
Tohoku University

Safeguarding animal welfare

With animal welfare as one of our material issues, we have committed to safeguarding animal welfare in farms.

Free-access stalls

Nikushitsu Kenkyu Farm uses free-access stalls in its Kurobuta pork breeding site. The free-access stalls allow sows to move freely during gestation, reducing their stress. Our plant is for free-access stalls to be installed as standard on all new hog sheds.



The free-access stalls allow sows to change their posture and roam

Farrowing crates



Movable crate

Nikushitsu Kenkyu Farm and Kamifurano Farm use movable farrowing crates to house sows during farrowing and lactation. The crate can be adjusted according to the size of the sow. Our Miyagi farm uses open crates. The open design allows piglets to interact with neighboring litters, which makes it easier to manage the subsequent process of fattening the herd.



Open crate

AI camera

One of the Miyagi Farm's fattening sheds has an AI camera system that automatically monitors the bodyweight of the pigs. By tracking bodyweight changes in real time, the system helps the farm detect physiological changes and identify improvements to make in the fattening process.



Pig bodyweight is monitored in real time to identify physiological changes

Environmental enrichment

The Miyagi Farm and Kamifurano Farm give the pigs toys to reduce their stress and aggression and create positive experiences. Use of toys has reduced aggressive interactions between pigs.



A toy for pigs to chew on

Employee training

In fiscal 2023, Pacific Ocean Breeding invited an outside expert to lead a training course (six sessions, once a month). Prima Meat Packers is planning a similar training course to teach employees correct knowledge about animal welfare.



Training for employees involved in hog farming

Creating a workplace that promotes job satisfaction

Hiring and training strategically, building a more inclusive and engaging workplace

The Talent Subcommittee

The Talent Subcommittee focuses on three material issues: Respecting and promoting diverse workstyles, hiring and developing outstanding human resources, and occupational health and safety that focuses on mental and physical health.

For hiring and developing outstanding human resources, we are strengthening hiring practices. That means hiring, in addition to the yearly intake of new graduates, candidates who have the professional experience to hit the ground running. Over the past ten years, we have hired 415 new graduates and 40 candidates with professional experience, resulting in a more stable workforce. We have given preference to candidates in their late 30s to early 40s to correct the age imbalance that had emerged after the Company scaled back hiring in the past.

To prepare a talent pool of future candidates for managerial posts, we provide a future managers' training program, which incorporates an assessment run by an external organization. Believing in meritocratic appointments, we use objective evaluations to ensure that only those with the right aptitudes and potential get promoted to management.

Actions in fiscal 2023

We released the Prima Meat Packers Group Human Rights Policy to enshrine an understanding of the importance of respecting human rights and a commitment to upholding our corporate social responsibility. During the process of drafting the policy, we consulted with outside experts. Our subcommittee also held several workshops to improve human rights awareness among our members and among division managers. Guided by the policy, we have set two goals for 2030 aligned with the material issue of respecting and promoting diverse workstyles: human rights due diligence survey conducted once a year and 100% employee attendance of human rights training. We are developing action plans to achieve these goals. We had previously incorporated human rights training into our training course for preventing workplace harassment, but in fiscal 2024 we started preparing a dedicated human rights course.

For respecting and promoting diverse workstyles, we achieved the following results. On a non-consolidated basis, Prima Meat Packers raised the take-up rate for paid leave to 64% and reduced annual work hours by 20 hours compared to the previous year. To achieve our numeric targets for fiscal 2030, we will continue reducing overtime, encouraging employees to take up parental leave and replacement leave.

As for hiring and developing outstanding human resources, focusing on empowering women in the workplace, we have increased hiring and promotion of women candidates. In fiscal 2023, women accounted for more than 40% of all hires and 4.7% of management positions (compared to 1.2% in fiscal 2018). We will continue hiring more women and appointing women to management positions.

Future actions

To improve employee engagement, we are working to make our organization one that adapts to change and continues to create new value, one that people want to work for, and one that empowers employees to fulfill their potential and work more productively.

The Talent Subcommittee (Employee-satisfaction Revolution Project)

Members	Head of the Administration Division, members of departments, and the Secretariat
No. of meetings in fiscal 2023	12
Main activities	・Clarifying progress in addressing material issues ・Discussing measures to improve employee engagement and build a better workplace environment

The Human Rights Policy is a step to creating a workplace in which all employees feel engaged

Fiscal 2023 saw the release of the Prima Meat Packers Group Human Rights Policy, something that the Talent Subcommittee had worked on ever since its launch. Releasing the policy is by no means the end goal. From now on, we will use the policy as a guide to assess human rights compliance in our organization and identify improvements to make. For example, we will assess whether Prima Meat Packers' plants are respecting the human rights of foreign employees classified as specified skilled workers or technical intern trainees. To ensure that the policy is applied impartiality and credibly, we will enlist the support of the outside experts who had advised us during the drafting of the policy.

We will also go further in empowering women in the workplace. In the fresh meat industry, most sales jobs involve route sales (selling and delivering products to customers directly) and route sales reps tend to be men. Over the past ten years, we have changed our approach to sales, giving opportunities regardless of gender. We will keep up efforts to make the workplace more empowering for women.

We remain committed to building a workplace of value creation, in which a diverse set of employees feel engaged and empowered to fulfill their potential.

Takayuki Kanai
Executive Officer, Head of Human Resources Department





Section 3

Corporate Governance

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Overview of Corporate Governance Structure

Basic Approach

We recognize that rigorous corporate governance is essential to achieving sustainable growth and maximizing the value of our organization over the medium to long term. On this basis, we commit to building a system of corporate governance that facilitates dynamic and adaptive decision-making, rigorous monitoring, adequate disclosures, and business management that is transparent and sincere. We will continually review our approach to corporate governance and make the necessary changes.

Corporate Governance Basic Policy
https://www.primaham.co.jp/en/ir/library/attaches/pdf/CorporateGovernanceBasicPolicy.pdf

Corporate Governance Structure

Board of Directors

The Board of Directors plays a monitoring role. Directors monitor the execution of business by verifying whether managers are acting impartially and transparently, and by exercising authority in matters of regulatory compliance and strategic direction. Board membership reflects our basic approach to corporate governance. Specifically, three of the board members are outsiders who are independent from the Company. They bring diverse and expert perspectives to the board (one has a background in law and the other two in executive leadership) see p. 52 .

In nominating candidates for board membership, we aim for a board that can adapt to social trends and the business landscape.

We have also established the Executive Advisory Committee and the Sustainability Committee, which serve as advisory bodies to the Board of Directors (see "Executive Advisory Committee" on p. 43 , and "Sustainability Committee" on p. 29).

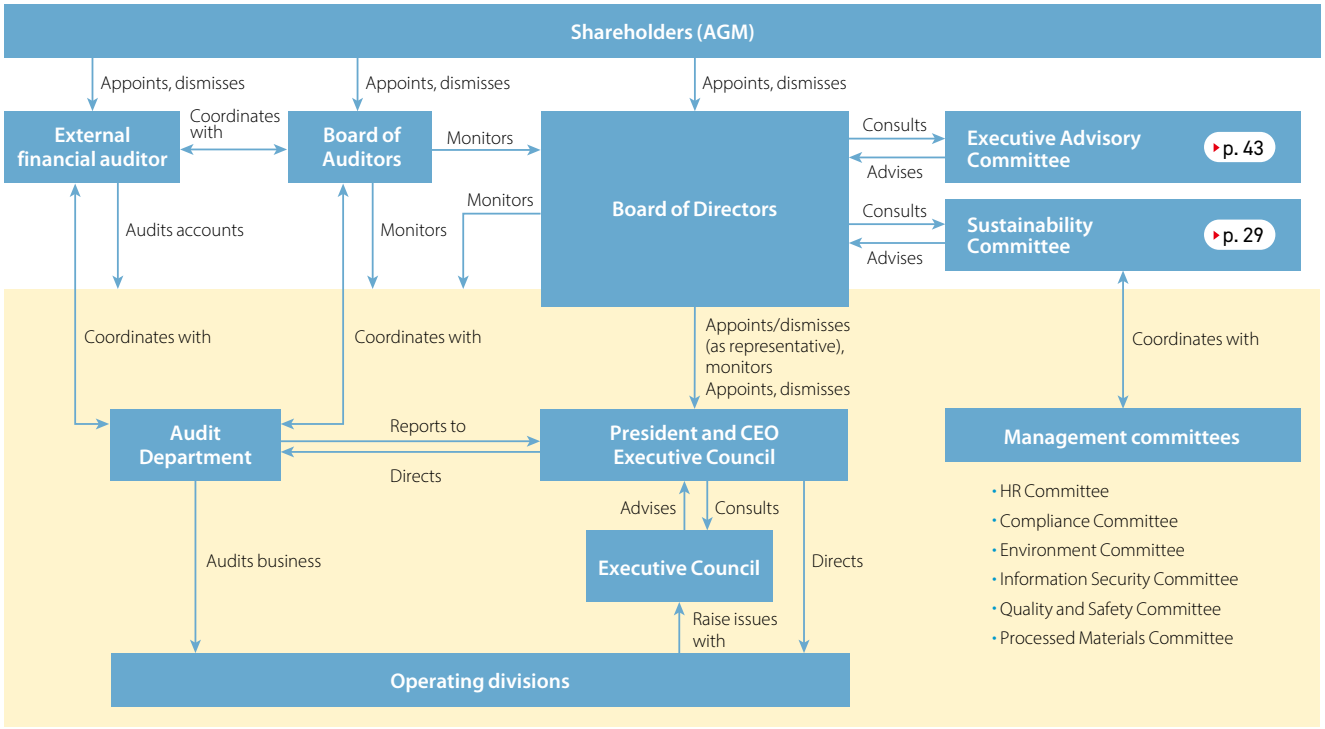
Executive Council, management committees

To ensure that the Board of Directors can make wise and swift decisions, operational matters are delegated to the Executive Council and to the various management committees. Members of the Executive Council include directors and executive officers (managers who have executive authority without fiduciary duties). The Executive Council and the management committees meet to review important business matters. The Executive Council also receives updates on the execution of important business processes.

Board of Auditors

The Board of Auditors is independent from the Board of Directors and from the management. This independence allows the members to monitor both directors and those who execute the Company's business, ensuring transparency and accountability in

Corporate Governance Structure



Main board agenda items in fiscal 2023

Management strategies	Governance
• Medium-term business plan • Reports of business execution • Sustainability matters (setting policies on human rights and procurement, preparing TCFD-compliant disclosures)	• Remuneration of executive officers • Executives' performance evaluations • Evaluation of board effectiveness • Review of value in retaining shares held under cross-shareholding arrangements • Revision of status of compliance with Corporate Governance Code • Internal controls

management performance. The board has four members, two of whom are from outside the Company. They rigorously monitor management from an impartial perspective, attending meetings of the Board of Directors, the Executive Council, and key management committees, and requesting regular or as-and-when needed reports from directors and executive officers. They may also request reports from a Group company if necessary. Additionally, they coordinate with the Company's Audit Department and the external financial auditor.

Training and support

Directors and executive officers attend externally run training courses to refine their leadership skills and strategic thinking.

Corporate auditors attend seminars and cross-industry gatherings to gain more skills in auditing and supervising management.

Outside directors receive briefings from the relevant operating divisions regarding business projects, workflows, and issues. Well in advance of board meetings, we hold briefing meetings where outside directors are informed of the agenda for the upcoming meeting, including the items to be discussed and the motions to be proposed. Additionally, outside directors and outside corporate auditors attend gatherings to share their expert insights.

Site inspections by outside directors

To enhance outside directors' understanding of our businesses, we provide opportunities for outside directors to inspect our Group business sites and hold dialogues with the employees there. Outside directors inspected two sites in fiscal 2023.



An inspection at one of our group's food processing plants

Executive Advisory Committee

The role of the Executive Advisory Committee is to ensure independence and transparency in the deliberation of matters such as the appointment, dismissal, and remuneration of officers. Consisting of the president and three independent outside directors, the Executive Advisory Committee advises the management on these matters and as such equates to a voluntarily established advisory committee for nominations and remuneration.

Main roles

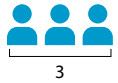
- **Appointment and dismissal**
  The committee reviews the president's proposals for appointing or dismissing executive officers, directors, or auditors.
- **Remuneration**
  The committee reviews the remuneration for each director and executive officer and advises on a level of remuneration within the remuneration range decided by shareholders at the AGM.
- **Leadership succession planning**
- **Important matters concerning corporate governance**
- **Conflicts of interest with the controlling shareholder**

Main topics discussed during meetings of the Executive Advisory Committee

	Meeting	Agenda
Fiscal 2021	1st	Change to auditor remuneration, revision to rules for executive stock compensation, revision to policy for determining remuneration for each director, revision to in-house rules on remuneration of executive officers
	2nd	Evaluation of executive officers' performance in fiscal 2020
	3rd	Related-party transactions
	4th	Setting remuneration for officers in fiscal 2021
	5th	Implications of Corporate Governance Code revisions, report of evaluation of board performance evaluation in fiscal 2020 (responses, analysis)
	6th	Establishing the rules for appointing and dismissing senior executives, establishing a plan for leadership succession
	7th	Auditor appointments, executive officer appointments, executive officer reshuffle
Fiscal 2022	1st	Evaluation of executive officers' performance in fiscal 2021
	2nd	Revision to the rules on director remuneration, related-party transactions
	3rd	Setting remuneration for officers in fiscal 2022
	4th	Implications of Corporate Governance Code revisions
	5th	Director appointments, auditor appointments, executive officer appointments
	6th	Executive officer reshuffle
Fiscal 2023	1st	Dividend and dividend policy for fiscal 2022
	2nd	Evaluation of executive officers' performance in fiscal 2022
	3rd	Revision to the rules on executive officer remuneration, related-party transactions
	4th	Setting remuneration for executive officers in fiscal 2023, executive officer reshuffle
	5th	Implications of Corporate Governance Code revisions
	6th	Executive officer reshuffle
	7th	Implications of Corporate Governance Code revisions
	8th	Executive officer reshuffle
	9th	Director appointments, executive officer appointments, executive officer reshuffle

Improvements in governance

Insider / Outsider: Woman / Outsider: Man

(FY)	Actions	Directors*1	% who are outsiders	Corporate auditors*1	% who are outsiders
2012	• First outside director appointed	 5 1	17% (1/6)	 1 2	66% (2/3)
2015	• Company announces basic approach to corporate governance • Company announces independence criteria for outside officers • Number of outside corporate auditors increased				
2016	• Number of outside directors increased Purpose To make Board of Directors more transparent	 6 2	25% (2/8)	 3	100% (3/3)
2017	• First board performance evaluation conducted Purpose To make Board of Directors more effective • Executive Advisory Committee established Purpose To ensure independence and transparency in appointments and remuneration				
2018	• Performance-linked pay introduced Purpose To further incentivize directors to contribute toward the building medium- to long-term success and corporate value	 7 2	22% (2/9)		
2019	• Board membership reduced Purpose To clearly separate business execution from monitoring, thereby enabling slicker strategic decision-making and more dynamic business execution To increase the percentage of members who are outside directors, thereby strengthening the board's monitoring function and enhancing corporate governance	 3 2	40% (2/5)	 1 2	66% (2/3)
2020	• Basic approach to corporate governance updated Purpose To safeguard the interests of stakeholders				
2021	• Basic approach to corporate governance updated Purpose To establish rules for appointing and dismissing (or proposing the appointment and dismissal of) senior managers and establish a plan for leadership succession, thereby making the nomination process for corporate officers more transparent • Number of outside corporate auditors increased			 1 3	75% (3/4)
2022	• Number of outside directors increased • Skill matrix set	 3 3	50% (3/6)		
2023	• Percentage of outside directors increased (they now make up majority) • Inside corporate auditors appointed from within the company proper	 2 3	60% (3/5)	 2 2	50% (2/4)
2024	• Outsiders again make up majority on Board of Directors • Skill matrix reset	 *2 2 3	60% (3/5) *2		

*1 The numerical data for directors and corporate auditors indicates the number of persons who were elected as director/corporate auditor at the AGM held in that year. *2 One of the two internal directors resigned on August 5, 2024.

Evaluating the Effectiveness of the Board of Directors

All directors and corporate auditors participate in the process of evaluating the performance of the Board of Directors. The evaluation of board performance in fiscal 2023 was conducted in May 2024, with support from an external organization. The external organization managed the questionnaire survey to maintain respondent confidentiality.

The Board of Directors and the Executive Advisory Committee convened in June to analyze and discuss the response data provided by the organization. For over 70% of the question items, the respondents (directors and corporate auditors) reported no problem. The respondents also gave high scores for items related to the board's overall effectiveness. These responses suggested that the board generally performed effectively in fiscal 2023.

However, the responses also indicated some areas for improvement. Guided by this feedback, the board is working to further improve its performance for better corporate governance.

Issues identified in fiscal 2023 and how they were addressed between June 2023 and June 2024

Management of the Board of Directors

- Feedback suggested that board members need more time to digest and review meeting materials in advance of the meeting. In July 2023, we started holding briefing sessions for matters that outside directors and outside auditors needed to review in advance of the meeting. Requests for clarifications are addressed as much as possible during these prior sessions, making for smoother and more effective board meetings. Feedback about these briefing sessions has been positive, but has also revealed ongoing issues about the briefing materials, including when they are provided and what they contain.

Board discussions

- Feedback highlighted a lack of follow-up opportunities for assessing the progress of our business plan. In the third quarter of the year under review, we published the first interim report that included a progress report. Since then, we have continued to publish progress reports quarterly.

Support structures for directors and auditors

- In March 2024, directors and auditors inspected meat processing plants operated by Group companies PrimaFineFoods and Prime Foods. More opportunities for inspecting plants will be provided in fiscal 2024.

Collecting feedback from shareholders

- We have again recognized this as an issue and will address it.

Issues recognized in fiscal 2024 and how they will be addressed between June 2024 and June 2025

Choosing a corporate governance structure and ensuring its effectiveness

- Feedback suggested that the Board of Directors is too small to enable wide-ranging and insightful discussions. Respondents also said that board discussions lack depth because of a lack of directors who were employees. To address these concerns, we will consider multiple options for increasing board membership, bearing in mind the need to enhance the board's supervising function and increase alignment with Japan's Corporate Governance Code. In connection with this, we will consider our criteria for nominating board candidates and broaden the candidates to include our executives.
- Feedback highlighted the need to expand the deliberative scope of our Executive Advisory Committee (which serves as a nomination and remuneration committee), such that it regularly monitors human capital strategy, succession planning, and the like. Feedback also highlighted the need to choose the right corporate governance structure. To that end, the Executive Advisory Committee will discuss topics other than those discussed in board meetings.

Board proceedings, briefing directors

- Feedback suggested that board meetings focus too much the monitoring the execution of business and not enough on matters of strategic importance. It also suggested that more must be done to incorporate shareholder perspectives into board discussions. To address these issues, we will assign a priority level to each agenda item and take re-emphasize the importance of being concise during speeches and presentations. We will also provide more opportunities for discussing non-agenda topics such as global and industrial trends, discussing matters of interest to shareholders, and matters related to our business portfolio.
- Feedback suggested that directors receive meeting materials too late. One reason is that, compared to in the past, more time and effort is taken to prepare the materials. To address this issue, we will continue standardizing the number of agenda items in board meetings and setting timely deadlines for issuing the materials, with members notified of the deadline in advance.
- Feedback suggested that the Board of Directors should engage further in digital transformation, as represented by the organization-wide digital transformation project, Prima Next Project. The board will continue to receive regular updates on this project.

Evaluating the Effectiveness of the Board of Directors

- Feedback highlighted the lack of interim reporting on progress made to address the issues raised in board effectiveness evaluations. We will continue to review the format for improvement reporting and the frequency of reporting.

Director training

- Feedback highlighted the dearth of training opportunities for directors to obtain the knowledge they require. We will examine possible workshops and seminars for directors and provide such training opportunities to directors who desire them.

Incorporating investor feedback

- Responses criticized the current approach to reporting dialogues with investors, in which directors receive summaries of investor feedback. As well as continuing to interview summaries/transcripts to directors, we will consider expanding the interview summaries/transcripts.

Cross-shareholdings

Our cross-shareholding arrangements are subject to annual review by the Board of Directors. The board considers whether the arrangements still offer value in terms of fostering transactional relations with the issuer, and whether they bring qualitative benefits.

Following the board's review in fiscal 2023, we sold all the shares that we had held under four cross-shareholdings arrangements, three of which were with unlisted issuers and one of which was with a listed issuer. Following a tender offer, we sold some of the shares we had held under another cross-shareholding arrangement. The review concluded that all other cross-shareholding arrangements continue to offer reasonable value and as such need not be disposed of for the time being. However, in some cases, the review raised questions over whether we profit from trade relations with the counterpart cross-shareholder.

The board will review these arrangements again in fiscal 2024.

Nominating and Remunerating Officers

Process for appointing and dismissing officers (senior executives, directors, and auditors)

In appointing and dismissing senior executives, and in nominating candidates for election as directors or auditors, we consider a broad set of criteria, including whether candidates have the requisite knowledge and experience, the ability to manage risks, the ability to execute business or monitor the execution thereof, and whether the candidate pool covers the Company's organizational functions and operating divisions. The president proposes the protocols, the Executive Advisory Committee reviews the protocols, and the Board of Directors ultimately determines them.

Selecting outside director and outside corporate auditor candidates

To enhance oversight of directors and business execution in general, we now have three outside directors and two outside corporate auditors. The reasons for the latest nominations are stated on pages 52 and 53.

Remuneration for officers

Remuneration for inside directors (outside directors are excluded) comprises a fixed base salary and performance-linked pay.

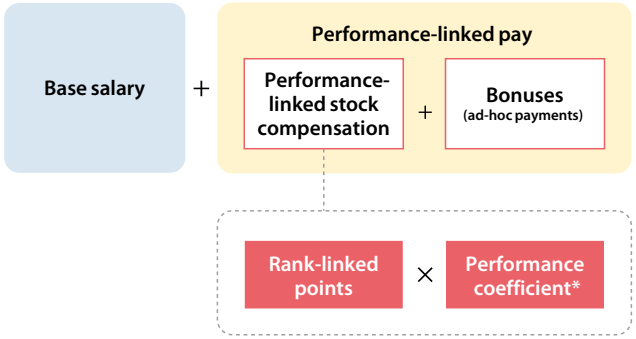
The fixed base salary, paid monthly, reflects the person's hierarchical rank and duties. In setting the amount, we also consider salary levels in other companies, Company performance, and employee salary level.

The performance-linked component consists of stock compensation and bonuses. The level of stock compensation reflects the Company's medium- to long-term business performance and enterprise value. Eligible directors earn points according to how well the Company attained its yearly consolidated target for operating profit. Upon their retirement as directors, they receive remuneration commensurate with the total accumulated points. As for bonuses, we sometimes provide bonuses for short-term accomplishments in performance.

The Board of Directors determines, within a range approved by shareholders at the AGM, the relative weight of each remuneration component and how much each recipient will receive. In determining these items, the board follows the policy mentioned below and consults the opinion of the Executive Advisory Committee, on which the president sits.

77th Annual General Meeting of Shareholders
https://www.primaham.co.jp/en/ir/attaches/pdf/Notice_of_the_77th_Annual_General_Meeting_of_Shareholders.pdf

Remuneration structure



* The performance indicator is the budgeted consolidated operating profit in the Medium-term Business Plan.

Remuneration for officers (fiscal 2023)

Officer class	Total remuneration (¥ million)	By component (¥ million)			Eligible recipients
		Base salary	Performance-linked pay	Bonuses	
Directors (outside directors)	155 (32)	144 (32)	10 (-)	- (-)	7 (3)
Auditors (outside auditors)	49 (31)	49 (31)	- (-)	- (-)	6 (3)
Total (outside officers)	205 (63)	194 (63)	10 (-)	- (-)	13 (6)

Skills matrix for directors and auditors

Accurate as of September 1, 2024

		Diversity		Skills						Board attendance in fiscal 2023			
										Board of Directors		Board of Auditors	
		Age	Gender	Senior mgmt.	Global	Finance, accounts	Sustainability, human capital	Internal control, legal, compliance	Sales, marketing	Meetings Attended	% attended	Meetings Attended	% attended
Directors	**Naoto Chiba** President and CEO	65	Male	✓	✓			✓	✓	15/15	100	-	-
Directors	**Takeshi Yamashita** Outside Director (part-time)	78	Male		✓		✓	✓		15/15	100	-	-
Directors	**Yuzo Ide** Outside Director (part-time)	69	Male	✓	✓		✓		✓	15/15	100	-	-
Directors	**Yoshino Tsujita** Outside Director (part-time)	60	Female	✓	✓	✓				15/15	100	-	-
Corporate Auditors	**Naofumi Sakai** Corporate Auditor	60	Male	✓				✓	✓	11/11	100	11/11	100
Corporate Auditors	**Hideki Shimozawa** Outside Corporate Auditor	61	Male			✓		✓		15/15	100	16/16	100
Corporate Auditors	**Kuniaki Abe** Corporate Auditor (part-time)	55	Male	✓	✓				✓	11/11	100	11/11	100
Corporate Auditors	**Akemi Sunaga** Outside Corporate Auditor (part-time)	63	Female	✓		✓		✓		15/15	100	16/16	100

* For Naofumi Sakai and Kuniaki Abe, "meetings attended" indicates the number of meetings attended since the person became a corporate auditor.

Why we chose these skills

Senior management
Senior management expertise and experience are necessary to decide on strategic-level matters and monitor the execution of business.

Global
Global expertise and experience are necessary to lead and manage one of the key strategies in the medium-term plan: invest in growth projects and expand globally.

Finance, accounts
Expertise and experience in finance and accounting are necessary to make the business foundation more sustainable.

Sustainability, human capital
Expertise and experience in sustainability and human capital are necessary to drive sustainable management.

Internal control, legal, compliance
Specialized expertise and experience in internal control, legal matters, and compliance are necessary to effectively manage business risks and monitor whether business is operating in a robust manner.

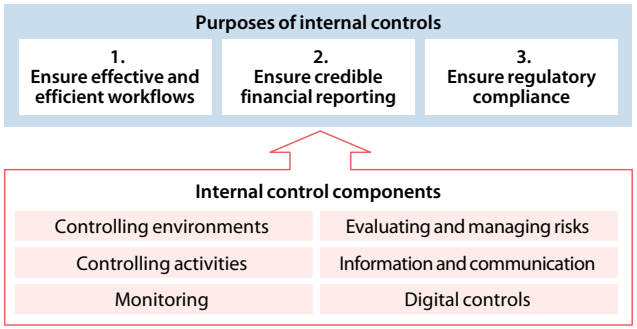
Sales, marketing
Expertise and experience in sales and marketing are necessary to create more and better opportunities for revenue and profit growth.

Internal Control System

Guided on the Board of Directors' basic approach to internal controls, we have developed a system of internal controls for ensuring legal and regulatory compliance, compliance with our Articles of Incorporation, and sound management in general.

The Audit Department provides guidance and support to enhance controls across the Group. For example, it evaluates the effectiveness of controls and, where issues have been detected, it follows up on the corrective and preventive action.

For follow-up, the department conducts four kinds of audits divisional audits (conducted in head office's operating divisions area audits (conducted in regional branches, plants, and logistics centers), business site audits (conducted in sales offices), and Group company audits.



Risk Management

Basic Approach

To prevent or minimize the damage of business risks, we have established the Risk Management Rules, which stipulate measures for preventing risks from occurring in the first place and the optimal ways to respond to risk events once they occur.

Situational risks that emerge

1. When we commit a mistake that seriously harms our business partners or customers
2. When we are held responsible for committing a legal violation
3. When our financial disclosures lose their credibility
4. When we sustain severe damage in a natural disaster
5. When sensitive information is unduly divulged or leaked to third parties
6. When our continued operation is otherwise threatened

Risk Management

Our Risk Management Rules categorize risks according to causal factors and specify measures for preventing the risks from materializing. Such measures include establishing rules, producing manuals, and issuing directives. Prima Meat Packers has established code of conduct detailing specific routine workflows to ensure that the management philosophy is put into practice. The Company has also established a Food Safety Policy to ensure that all our business activities contribute toward the goal of delivering safe and tasty meals to the table.

When risk events materialize, we follow the Risk Event Response Manual, which outlines the steps to follow in accordance with the anticipated severity of the damage. If the damage is expected to be extensive, the business continuity plan (BCP) will be enacted, with a central task force headed by the president coordinating the emergency responses of the affected departments.

The employee handbooks we issue each year include content on the initial steps to take if a risk event materializes during routine work operations (there are separate instructions for serious customer complaints, food poisoning incidents, work accidents, traffic accidents, and natural disasters). This information gives employees an idea of the right actions to take in an emergency.

Climate-related Risks

Climate change is a worldwide problem and one that impacts our business operations. Examples of the climate-related risks we face include higher prices for raw materials and animal feed. Recognizing climate change as a major source of business risk, we have endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and we disclosed climate-related information in accordance with the recommendations see p. 35.

Business Continuity Planning

Part of our risk management strategy involves business continuity planning. We develop plans to keep our businesses operational during a natural disaster or a wave of infections. During such events, we will promptly place ourselves on an emergency footing to manage the dangers, and work to contain the damage. Mindful of our corporate social responsibility, we will work to recover normal operations and assist the recovery efforts of affected communities and government bodies.

Monitoring Risks

Every fiscal half-year, risk information is reported to the Board of Directors of Prima Meat Packers. The risk information is categorized as follows: Food safety and reliability risks, regulatory risks, occupational health and safety risks, compliance risks, information security risks, and transaction risks. For high-magnitude risks, the board is continually updated about the risk in question until the risk is resolved or no longer a concern. In this way, we work to minimize threats to our business operations.

Of the risk categories mentioned above, food safety and reliability risks are the most critical concern to us as a food manufacturer. Accordingly, we make extra efforts to communicate such risks across the Group. For example, we hold quarterly meetings to discuss customer feedback about our products, inform each business about regulatory developments, and inform production sites about the measures they should take to ensure food safety and reliability. We also hold monthly meetings to discuss price trends in raw materials and make sure that our businesses are procuring their materials for a reasonable price.

Defending against Cyberthreats

Cyberthreats have become an all-too-familiar menace to companies. Attackers around the world are growing more sophisticated and devious by the day. Accordingly, we are bolstering our cybersecurity infrastructure. The new infrastructure will consist of multiple systems, including internet connection monitoring, endpoint detection and response (checking for suspicious activity on devices), Secure Sockets Layer virtual private network (for protecting communications between mobile devices and networks), and an authentication system for controlling access. It will also consist of a high-security network.

Alongside this, we are improving cybersecurity training for employees, with an emphasis on context-aware cybersecurity—cybersecurity sensitive to time, place, and occasion. The purpose is to make employees ready to respond to cyberthreats at any time, understand the threats and responses specific to a particular place, and understand the right responses and reporting requirements for the occasion in question. It is important to ensure that operating system software is updated and that data is saved; we are therefore putting in place procedures for such.

Anti-infection Measures

On March 17, 2020, we initiated a business continuity plan to deal with the growing threat of COVID-19. As part of the plan, we established a taskforce headed by the president. The taskforce worked to prevent or contain infections on Company premises primarily to protect employees and other stakeholders but also to fulfill our social responsibility to maintain stable supplies of food products. Through these actions, we created value in the following ways: 1) We raised confidence among employees and other stakeholders, 2) forged new sales channels and distribution means to expand our clientele, 3) created new business opportunities and ways of working, and 4) built solid supply chains.

Risks Affecting Performance

The following table shows the main risks that could potentially affect our business and financial performance.

Category	Risk	Description	Actions
Business environment	**Price fluctuations in raw materials** Material risk	Because we produce and sell fresh meat, processed pork (ham and sausages), and other processed foods, our performance may be affected by price rises in the livestock market or oil market, from which we procure raw materials and goods for such products. • Price fluctuation in livestock market • Livestock disease • Safeguard action (international trade restrictions) on raw meat imports • Animal feed prices • Packaging • Fuel and electricity costs in plants • Distribution costs	• Procure raw materials from multiple sources • Find and secure alternative sources of raw materials • Use commodity futures contracts • Revise standards for inventory levels • Secure ample stocks • Adjust sales price
	Exchange rate fluctuation	Because we source raw materials and goods from the U.S., Europe, China, and other overseas areas, exchange rate fluctuations may affect our performance. Additionally, because the financial results of our overseas subsidiaries are denominated in local currency, our consolidated performance may be affected by the exchange rate that applies when we translate the results into Japanese yen.	• Use foreign exchange contracts to deal with short-term currency fluctuation • Ensure that sales prices reflect latest exchange rates
Business operation	**Securing safe, reliable food** Material risk	If any of the following issues occur in the production and sale of our products, we may harm customers' health and our credibility may be affected, which may threaten our continued operation: • A serious quality issue • A prolonged quality issue • Allergen contamination	• Apply quality management standards (HACCP, ISO 22000, FSSC 22000) • Display accurate product information on packaging and on website • If an incident arises, notify the public immediately and take corrective and preventive action
	Impairment of goodwill and fixed assets	Our performance and financial health may be adversely affected if we fail to produce the expected cash flows as a result of tangible or intangible fixed assets diverging from what was stated in the business plan. • A newly acquired subsidiary fails to perform as well as expected • Business assets diverge from figures stated in the business plan	• Set purchase price after thorough review at Executive Council • Establish procedures for managing recent acquisitions • Review performance of investments at Executive Council
	Regulatory compliance Material risk	A Group business may be severely damaged if it commits a legal violation. • After violating the Food Sanitation Act or Food Labeling Act, a business is placed under administrative measures, resulting in reputational damage • After violating the cross-border trade laws, a business is placed under administrative measures, hurting its ability to produce and sell products • After violating the Antimonopoly Act, a business is placed under administrative measures, resulting in transaction restrictions and reputational damage • After violating labor laws, a business is placed under administrative measures, resulting in reputational damage • After violating environmental and recycling laws, a business is placed under administrative measures, harming its ability to recover and produce goods and causing reputational damage	• Observe quality management standards • Communicate code of conduct, use Compliance Committee to inculcate compliance culture, provide compliance training • Provide in-house rules, ensure directives are complied with, provide anti-bullying training • Ensure that environmental management system and Environment Committee are operating properly
Environment, emergencies	**Natural disasters, accidents, incidents** Material risk	If a natural disaster or accident harms the life, health, or property of a Group company or one of our distributors, the affected entity may be forced to suspend supplies and rearrange production, distribution, and sales networks, resulting in severe damage to performance. • Natural disasters (e.g., earthquake, typhoon, major snowfall, tornado, volcanic eruption, torrential downpour) • Accidents (e.g., fire, explosion, traffic accident) • Incidents (e.g., terrorist incident, kidnapping, blackmail) • Armed conflict (e.g., civil unrest)	• Secure ample stocks • Buy extra supplies of key goods • Develop business continuity plan and run drills
	Infectious disease Material risk	If an infectious disease persists, we may be unable to continue business activities, resulting in severe damage to performance. • Forced to suspend non-critical workflows • Forced to suspend production lines and sale of products • Office or plant forced to suspend operations	Measures to prevent infection among employees and their families during epidemics/pandemics • Encourage healthy behavior • Limit meetings, restrict travel Action for business continuity • Develop business continuity plan and run drills • Develop business management framework for each business location • Bring in staff from other departments to help in production • Provide work-from-home and staggered-hours schemes • Use videoconferencing for board meetings
	Major system malfunction Material risk	If a major system malfunction occurs (as a result of a cyberattack or other reason), we may be unable to continue business activities, resulting in severe damage to performance. • Forced to suspend non-critical workflows • Forced to suspend production lines and sale of products • Leakage of confidential business data or personal data	• Establish a backup system • Establish a method whereby data is received at multiple locations • Strengthen cybersecurity • Develop a business continuity plan and run drills

* In the Risk column, "**Material risk**" indicates that the risk in question is particularly dangerous.

Messages from Outside Directors



The outside directors on our board represent a broad spectrum of knowledge and experience. They contribute toward a robust system of corporate governance, underpinned by principles such as impartiality and transparency. Below, the three outside directors discuss the challenges we face, their impressions about how our organization is doing, and what they would like to see us doing in the future.

Yuzo Ide
Outside Director

Mr. Ide joined Wacoal Corp. in 1977. After Wacoal became a holding company (Wacoal Holdings Corporation) and established Wacoal Corp. as its operating company, Mr. Ide became a corporate officer of the operating company in April 2006 and then a director and vice president (as well as corporate officer) of the company in April 2014. In June 2014, he became a director of Wacoal Holdings Corporation. He became an outside director of Prima Meat Packers in June 2020.

Takeshi Yamashita
Outside Director

A visiting lawyer at Hibiya Park Law Offices, Mr. Yamashita specializes in trade law (compliance, risk management, AGM management, insurance law, financial law) and intellectual property law (copyright and legal matters for IT companies). Among other things, he has served as professor at Meiji Gakuin University's Graduate Law School (now the Graduate School of Business and Law). He is an auditor at the Association of Risk Management and serves on the Procurement and Disposal Review Committee of the Bank of Japan.

Yoshino Tsujita
Outside Director

After working in an overseas securities company, Ms. Tsujita joined Japan Tobacco Inc. At Japan Tobacco, she managed corporate planning and investor relations. In March 2020, she founded an apparel business, Relier Inc. She became an outside director of Prima Meat Packers in June 2022.

Providing a legal heads-up

Compared to when I first joined the board, Prima Meat Packers ("the Company") is now much more committed to corporate governance. It has separated monitoring from business execution and established the Executive Advisory Committee, on which outside directors make up the majority. It has enabled me and other outside directors to engage in discussions about strategic matters. Moreover, it has bolstered the administrative support for outside directors, such that we are now well briefed ahead of board meetings.

Prima Meat Packers Group must always remain committed to producing quality food products. Like any manufacturer, it needs to procure the right raw materials. Supply chain management is of paramount importance and will always underlie the Company's operating and financial performance. To help the Company build strong partnerships and a solid base for manufacturing, I have anticipated and advised the management about the general legal trends and challenges the Company will need to navigate. I continue to give the management a heads-up on issues that are relevant to the Company's business, along with my future predictions.

Sustainability is an increasingly important topic, not least in the food sector. The Company now recognizes sustainability as a strategic priority. Three years ago, it established the Sustainability Committee, which has several subcommittees dedicated to different sustainability themes. This setup has proved effective in furthering sustainability initiatives.

One thing the Company must do to unlock further growth is to bolster its human capital. To drive a global expansion, the Company requires globally minded, globally fluent talent. It must nurture a global mindset among employees across the Group and assemble a team of employees who want to shine on the world stage. To do so, the Company must make its own organizational culture more international.



Takeshi Yamashita
Outside Director



Yuzo Ide
Outside Director

Advising on employee engagement and global growth

The year 2022 brought volatilities beyond expectation: a plummeting yen, high import prices, soaring energy costs, steep prices for animal feed, and heavy labor costs. With the Board of Directors' quick and decisive leadership, the Company navigated these challenges. It led the industry in revising sales prices and in testing further cost-cutting measures. As a result, corporate performance stabilized in fiscal 2023.

To help the Company become even more resilient to such challenges, I advise the management on two main topics, drawing on my experience in manufacturing.

The first topic is human capital. To further engage and empower employees, the Board of Directors must do more than issue top-down directives. It must take the perspective of employees and consider what the challenges are and how to address them. I have always urged the management to create more opportunities for free dialogue between managers and subordinates and between the CEO of Prima Meat Packers and Group companies. In June 2024, I heard news on the Executive Council that the Company would fully launch 1-on-1 meetings this fiscal year. The Company is yet to decide who will attend these meetings and what they will cover. Employee feedback suggests that they should cover career planning. To make the organization bigger and stronger, the management must listen to employees—what work they want to do, where they see the Company in the future, and so on—and use this feedback to reshape the talent development system. The 1-on-1 meetings will, I hope, provide greater opportunities for dialogue across the Group.

The second topic concerns global expansion. To drive growth in its overseas businesses, the Company should exert leadership over its overseas Group companies. I advise the CEO to hold plenty of dialogues with overseas managers to inculcate the organization's values and beliefs across the global group.

Offering a distanced perspective and pushing for more vibrant board meetings

In 2023, the Company started providing preliminary sessions on the agenda for an upcoming board meeting. The sessions in 2023 were a great opportunity for outside directors and corporate auditors to question the management and scrutinize the agenda items. Our feedback is incorporated into board presentations and discussions, making for better-quality decisions.

However, the preliminary session was too introspective and company-centric. Directors should take a step outside the usual frame and consider how shareholders and investors might see the Company. As outside directors, we can offer a more distanced perspective. I always assume a stakeholder's perspective and never hold back from raising questions or doubts during a presentation or discussion at board meetings. When I feel that a project or undertaking is not proceeding satisfactorily, I highlight the delay (while being sensitive to the circumstances in question) and push for corrective action.

A stakeholder-centric approach requires greater dialogue with stakeholders. At board meetings, we hear reports of stakeholder dialogues that have occurred, but we never get to hear what went on during the dialogues. I have advised the management to share with directors the details of stakeholders briefings and question-and-answer sessions so that we can incorporate this information into board discussions.

The external business environment and socioeconomic landscape will become increasingly volatile in the years ahead. The Company must turn the challenges into fresh opportunities for developing products that are competitive and that embody the Prima brand values. It should also accelerate global business expansion. When it comes to global business, my own experience shows that nothing is more important than building solid relationships with people in the target countries. By impressing upon the employees of Prima Meat Packers the importance of communicating with local employees and business partners, I can help the Company in global business development.



Yoshino Tsujita
Outside Director

Directors and Corporate Auditors

Directors



Naoto Chiba President and CEO

Apr. 1983 Joined ITOCHU Corporation
Apr. 2014 Executive Officer of ITOCHU Corporation, Chief Operating Officer of Food Products Marketing & Distribution Division
Apr. 2015 Seconded to Dole Asia Holdings Pte. Ltd. (Executive Vice President, Director)
Apr. 2016 Managing Executive Officer assigned to Processed Foods Business Division and Fresh Meat Business Division, in charge of Audit Department of the Company
Jun. 2018 President and Representative Director of the Company
Jun. 2019 President and Executive Officer of the Company (current position)

Reason for nomination
Naoto Chiba is qualified to lead the Group effectively and contribute toward further growth. He has led the Company toward greater success and has extensive experience and results as a business leader. As chair of the Board of Directors, he has managed the board's business effectively.

Number of the Company's shares owned 23,122
Number of shares to be granted under the performance-linked stock remuneration plan 12,304
Total 35,426



Takeshi Yamashita Director

Part-time Independent Outside

Apr. 1985 Professor at Hiroshima University
Apr. 1997 Professor at Tokai University
Jul. 1997 Registration as an attorney
Apr. 1999 Part-time Lecturer of International Corporate Strategy at Graduate School of Hitotsubashi University
Jun. 2003 Corporate Auditor of the Company
Dec. 2003 Joined Hibiya Park Law Offices (current position)
Jun. 2012 Director of the Company (current position)

Reason for nomination
Takeshi Yamashita is qualified to audit and supervise the management impartially. As a university professor and attorney, he has extensive experience and specialized knowledge.

Number of the Company's shares owned 0



Yuzo Ide Director

Part-time Independent Outside

Apr. 1977 Joined Wacoal Corp. (current Wacoal Holdings Corp.)
Apr. 2006 Corporate Officer of Wacoal Corp. (operating corporation)
Apr. 2008 Director and Senior Managing Corporate Officer of Wacoal Corp. (operating corporation)
Apr. 2014 Director and Vice President Corporate Officer of Wacoal Corp. (operating corporation)
Jun. 2014 Managing Director of Wacoal Holdings Corp.
May 2020 Outside Director of Cosmo Co., Ltd. (current position)
Jun. 2020 Director of the Company (current position)

Reason for nomination
Yuzo Ide is qualified to serve as an outside director. Having managed corporate planning for a big-name global manufacturer, he has extensive experience coupled with in-depth knowledge about global expansion and strategic planning. If elected as outside director, he will contribute toward Prima Meat Packers' strategic planning, while supervising, supporting, and advising the management from an independent standpoint.

Number of the Company's shares owned 1,564



Yoshino Tsujita Director

Part-time Independent Outside

Mar. 1987 Joined Swiss Bank Securities Corporation
Jan. 1989 Joined Salomon Brothers Asia Securities Ltd.
Jun. 1999 Vice President of The Chase Manhattan Bank
Feb. 2001 Vice President of JPMorgan Securities Japan Co., Ltd.
Mar. 2002 Joined Japan Tobacco Inc.
Jun. 2006 General Manager, Corporate Planning Division of Japan Tobacco Inc.
Sep. 2014 General Manager, Compliance Office of Japan Tobacco Inc.
Apr. 2016 General Manager, Media and Investor Relations Division of Japan Tobacco Inc.
Mar. 2020 Representative Director of Relier Inc. (current position)
Apr. 2020 Outside Director of Yukiguni Maitake Co., Ltd. (current position)
Jun. 2022 Director of the Company (current position)
Sep. 2022 Director, Yukai Engineering Inc. (current position)

Reason for nomination
Yoshino Tsujita is qualified to serve as an outside director. With her extensive corporate experience in Japan and abroad, Tsujita offers insights in business management and diversity, along with in-depth knowledge of accounting and finance. If elected as outside director, she will contribute toward Prima Meat Packers' strategic planning, while supervising, supporting, and advising the management from an independent standpoint.

Number of the Company's shares owned 891

* The three outside directors (Takeshi Yamashita, Yuzo Ide, and Yoshino Tsujita) fulfill Prima Meat Packers' independence criteria, in that they pose no potential conflict of interest with general shareholders as defined by the TSE.

Corporate Auditors



Naofumi Sakai Corporate Auditor

Sep. 1987	Joined the Company
Apr. 2014	General Manager, Planning & Coordination Department, Sales Division of the Company
Apr. 2019	General Manager, Fresh Meats Business Management Department, Fresh Meats Business Division of the Company
Apr. 2023	Assistant to General Manager, Corporate Strategy Department, Corporate Strategy Division of the Company
Jun. 2023	Standing Corporate Auditor of the Company (current position)

Reason for nomination
Naofumi Sakai has abundant experience and specialized knowledge in the industry. He has been involved in the Company's business for many years and has extensive experience in internal control.

Number of the Company's shares owned 1,169



Hideki Shimozawa Corporate Auditor

Independent Outside

Apr. 1986	Joined The Mitsui Trust and Banking Company, Limited (current Sumitomo Mitsui Trust Bank, Limited)
Jul. 2008	Manager, Takamatsu Branch of The Chuo Mitsui Trust and Banking Company, Limited
Nov. 2009	General Manager, Head Office Business Division 5 of The Chuo Mitsui Trust and Banking Company, Limited
Feb. 2011	General Manager, Credit Card and Financing Planning Department of The Chuo Mitsui Trust and Banking Company, Limited
Jun. 2019	Standing Corporate Auditor of the Company (current position)

Reason for nomination
Hideki Shimozawa is qualified to serve as outside corporate auditor in light of his extensive experience in banking.

Number of the Company's shares owned 2,200



Kuniaki Abe Corporate Auditor

Part-time

Apr. 1991	Joined ITOCHU Corporation
Apr. 2011	General Manager, Food Products Marketing & Distribution Strategy Department, Food Products Marketing & Distribution Division of ITOCHU Corporation
Apr. 2013	Executive Officer of FamilyMart Co., Ltd.
Apr. 2016	General Manager, Food Development Division of ITOCHU Corporation
Apr. 2017	General Manager, Retail Development Division of ITOCHU Corporation
Apr. 2019	General Manager, Planning & Administration Department, Fresh Food Division of ITOCHU Corporation
Apr. 2022	Executive Officer of ITOCHU Corporation
Apr. 2023	Executive Officer, Chief Operating Officer, Head of Fresh Food Division, Itochu Corporation (current position)
Jun. 2023	Corporate Auditor at the Company
Apr. 2024	Senior Executive Director, Head of Fresh Food Division (current position)

Reason for nomination
Kuniaki Abe is qualified to serve as corporate auditor in light of his extensive experience and specialized knowledge in general trading.

Number of the Company's shares owned 0



Akemi Sunaga Corporate Auditor

Part-time Independent Outside

Oct. 1989	Joined Auditing Department of Aoyama Audit Corporation
Feb. 1991	Joined Auditing Department of Chuo Audit Corporation
Aug. 1993	Registered as Certified Public Accountant
Oct. 1994	Registered as Certified Public Tax Accountant
Nov. 1994	Founded Sunaga CPA Firm, became its representative (current position)
Nov. 1996	Founded Marunouchi Business Consulting Ltd., became Representative Director (current position)
Jan. 2012	Founded Marunouchi Business Consulting Tax Co., became Senior Partner (current position)
Jun. 2016	Outside Auditor at Matsumotokiyoshi Holdings
Jun. 2017	Senior Partner of Marunouchi Audit Corporation
Jun. 2020	Outside Director and Audit and Supervisory Committee Member at Ushio Inc. (both current positions), Outside Director and Audit and Supervisory Committee Member at Yomeishu Seizo Co., Ltd. (both current positions)
Jun. 2021	Corporate Auditor at the Company (current position)
Jan. 2022	Senior Partner of Marunouchi Audit Corporation (current position)
Jun. 2022	Outside Director of KYB Corporation (current position)
Mar. 2023	Outside Auditor at Lion Corporation (current position)

Reason for nomination
Akemi Sunaga is qualified to serve as an outside corporate auditor in light of her extensive experience as a certified public accountant and certified tax accountant.

Number of the Company's shares owned 687

* The two outside corporate auditors (Hideki Shimozawa and Akemi Sunaga) fulfill Prima Meat Packers' independence criteria, in that they pose no potential conflict of interest with general shareholders as defined by the TSE.

Executive Officers

President and Executive Officer

Naoto Chiba

Senior Managing Executive Officers

Takahiro Uchiyama
Head of Administration Division

Yuji Shinkawa
Head of Sales Division, and East Japan Branch, Sales Division

Managing Executive Officers

Toshihiro Tago
Head of Production Div.

Satoshi Nakajima
Acting Head of Administration Division

Makoto Amino
Head of Meat Business Div. and Meat Procuring Dept.

Kenichi Tai
Head of Corporate Strategy Div., Head of Corporate Strategy Dept., in charge of Prima Next Project

Executive Officers

Shinichi Koga
Head of Financial & Accounting Dept.

Tatsuya Kudo
Head of Quality Assurance Div.

Takayuki Kanai
Head of Human Resources Dept.

Keiko Sasajima
Head of Development Div.

Yasushi Miyatake
Head of IT Promotion Dept., Corporate Strategy Div. and Prima Next Project Leader

Jyunshi Hachiro
Foreperson at Mie Plant, Production Div.

Shin Sasaki
Head of West Japan Branch, Sales Div.

Masayuki Izumi
Head of Meat Procuring Division

Hiroyuki Teramura
Head of Food Service Division

Hayashi Yoshihiko
Head of Ibaraki Plant, Production Division

Appendix

Data Section

55 Eleven-year Summary Consolidated Financial Statements

57 Sustainability Data Highlights

58 Company Information/ Stock Information

Eleven-year Summary Consolidated Financial Statements

Financial (consolidated)

(FY)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Statements of income (¥ million)											
Net sales	303,600	341,183	361,223	363,336	394,534	413,023	418,060	418,147	420,717	430,740	**448,429**
Cost of sales	256,169	293,272	310,871	303,483	333,426	350,266	351,290	360,167	367,971	382,986	**398,289**
Gross profit	47,431	47,911	50,351	59,853	61,108	62,756	66,769	57,980	52,745	47,753	**50,140**
Selling, general and administrative expenses	38,618	40,698	42,104	44,287	47,978	49,588	51,132	36,504	38,708	38,028	**38,320**
Operating profit	8,813	7,213	8,247	15,565	13,129	13,168	15,636	21,475	14,037	9,725	**11,820**
Non-operating income	995	1,126	930	859	873	1,173	1,044	1,246	1,189	1,232	**1,587**
Non-operating expenses	510	604	401	322	356	512	722	310	342	447	**523**
Ordinary profit	9,298	7,735	8,776	16,102	13,646	13,829	15,959	22,411	14,883	10,510	**12,884**
Profit before income taxes	8,794	8,039	10,029	15,337	14,790	13,944	15,338	21,916	15,106	5,900	**13,427**
Profit attributable to owners of parent	4,192	6,392	6,429	10,009	10,413	8,287	8,823	14,165	9,718	4,505	**7,489**
Investment and Research (¥ million)											
Capital expenditures (including software)	10,282	13,722	14,102	16,347	22,448	19,549	13,378	12,364	16,563	23,875	**14,703**
Depreciation and amortization	4,729	5,711	6,467	7,001	8,578	8,459	9,729	9,923	10,451	10,958	**11,338**
R&D expenditures	453	469	473	399	381	396	376	381	335	389	**366**
Cash flows (¥ million)											
Cash flows from operating activities	10,689	7,850	5,209	26,003	10,866	23,786	22,304	27,248	16,739	11,719	**22,542**
Cash flows from investing activities	(10,976)	(10,376)	(12,617)	(14,790)	(21,373)	(14,887)	(5,875)	(12,205)	(23,713)	(15,089)	**(19,420)**
Free cash flows	(287)	(2,526)	(7,408)	11,213	(10,507)	8,899	16,429	15,043	(6,973)	(3,370)	**3,122**
Cash flows from financing activities	(36)	(818)	9,347	1,335	3,187	(7,347)	(7,924)	(7,509)	(6,616)	1,206	**(7,574)**
Cash and cash equivalents at end of period	8,240	4,988	6,927	19,468	12,168	13,732	22,214	29,773	16,230	14,098	**9,765**
Net interest-bearing debt	8,109	12,149	12,672	2,801	16,453	14,313	1,035	(10,833)	(4,960)	7,505	**6,353**

Note that the following applies to the financial information presented in this integrated report:

* The new ASBJ revenue standard is applied to the results for fiscal 2020 and 2021 (unaudited).
* Up to and including fiscal 2020, revenue pertaining to the government's scheme for regulating animal feed prices (haigo shiryo kakaku antei seido) were recognized as "non-operating income," and expenses pertaining to such were recognized as "non-operating expenses." In fiscal 2021, the former is recognized as "net sales" and the latter as "selling, general and administrative expenses."

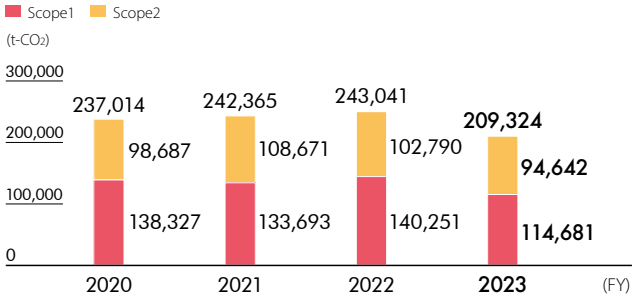
Financial (consolidated)

(FY)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Balance sheet (¥ million)											
Current assets	51,814	61,088	69,241	78,113	79,329	82,857	87,310	98,747	95,828	95,311	**103,192**
Tangible fixed assets	52,094	59,741	66,231	73,852	89,724	100,275	89,259	91,060	97,204	102,309	**98,961**
Intangible fixed assets	844	966	1,282	1,371	1,155	1,288	1,146	1,666	4,854	7,308	**12,386**
Total net assets	119,261	141,661	153,511	170,919	189,751	203,862	198,530	214,542	221,721	229,887	**244,793**
Total liabilities	71,953	85,134	83,481	91,721	100,477	109,226	98,396	99,781	99,154	106,692	**114,580**
Net worth	40,086	49,948	63,158	72,019	81,180	86,114	90,573	103,632	111,860	113,169	**119,313**
Net assets	47,307	56,526	70,030	79,198	89,274	94,635	100,134	114,761	122,567	123,194	**130,213**
Information per share (¥) *1											
Net profit	93.65	142.95	131.68	198.80	206.85	164.78	175.57	281.90	193.41	89.66	**149.03**
Net assets	895.76	1,117.22	1,254.38	1,430.45	1,612.51	1,713.26	1,802.47	2,062.41	2,226.09	2,252.09	**2,374.23**
Annual dividend	10	10	20	30	50	60	60	85 *2	65	65	**65**
Key indicators											
Operating margin (%)	2.9	2.1	2.3	4.3	3.3	3.2	3.7	5.0	3.3	2.3	**2.6**
Return on equity (ROE) (%)	11.1	14.2	11.4	14.8	13.6	9.9	10.0	14.6	9.0	4.0	**6.4**
Return on assets (ROA) (%)	3.7	4.9	4.4	6.2	5.8	4.2	4.4	6.9	4.5	2.0	**3.2**
Return on invested capital (ROIC) (%)	11.3	9.4	9.9	12.5	10.4	9.0	9.7	13.2	8.7	3.3	**5.9**
Equity ratio (%)	33.6	35.3	41.1	42.1	42.8	42.2	45.6	48.3	50.5	49.2	**48.7**
Net debt equity ratio (times)	0.17	0.21	0.18	0.04	0.18	0.15	0.01	(0.09)	(0.04)	0.05	**0.05**
Payout ratio (%)	10.7	7.0	15.2	15.1	24.2	36.4	34.2	30.2	33.6	72.5	**43.6**
Stock price at end of period (JPY)	1,075	1,675	1,425	2,460	3,050	2,054	2,453	3,490	2,202	2,201	**2,303**
Price book-value ratio (PBR) (times) *3	1.20	1.50	1.14	1.72	1.89	1.20	1.36	1.69	0.99	0.98	**0.97**

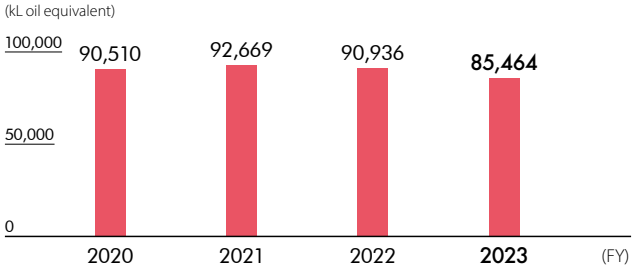
*1 On June 26, 2015, we issued new shares by third-party allotment. On October 1, 2018, we conducted a reverse stock split, consolidating every five shares into one.
For the information per share in 2018 and earlier years, we have adjusted the information on the basis that the reverse stock split had occurred.
*2 The annual dividend for fiscal 2020 includes a commemorative dividend of ¥20.
*3 Price book-value ratio is based on the stock price at the end of the period.

Sustainability Data Highlights

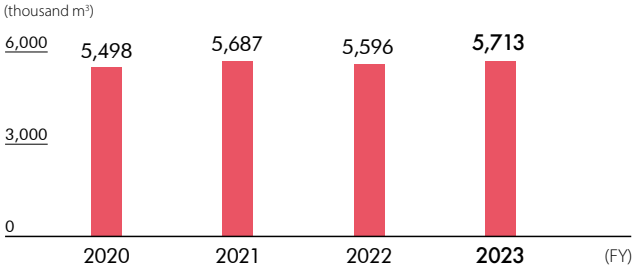
Greenhouse gas emissions



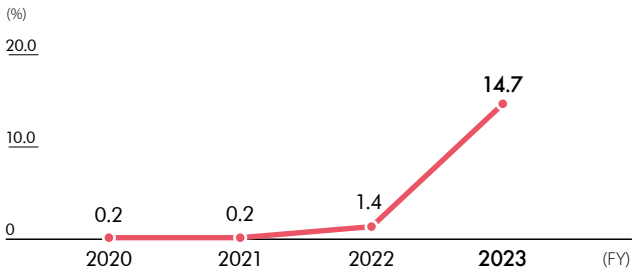
Energy consumption



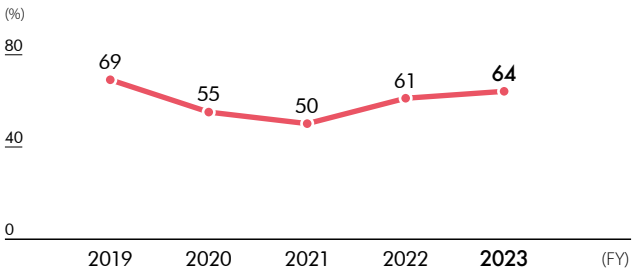
Water consumption



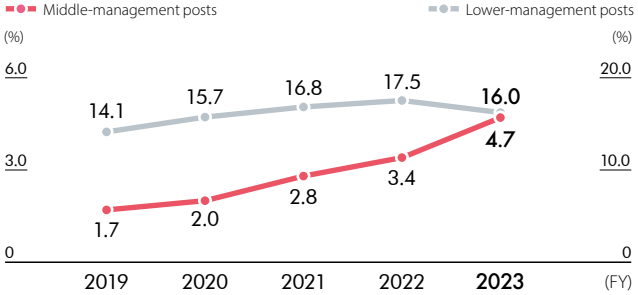
Renewable energy ratio*1



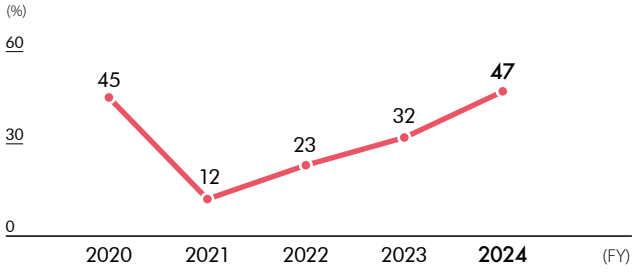
Paid leave take-up rate (non-consolidated)



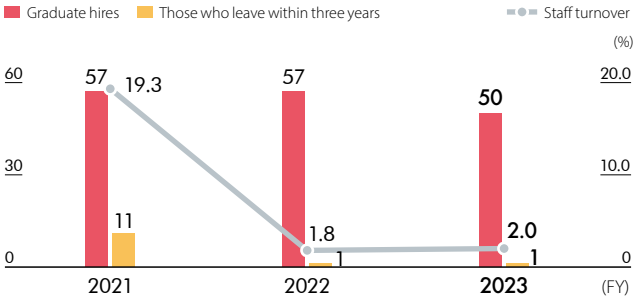
Percentage of women occupying middle- or lower-management posts (non-consolidated)*2



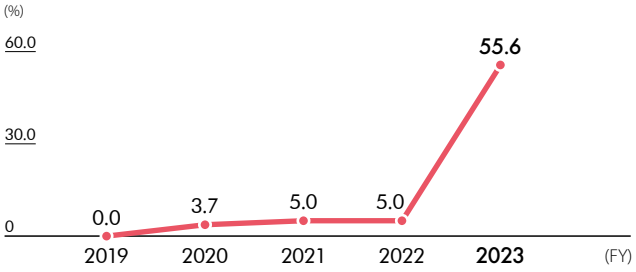
Percentage of new hires who are women (non-consolidated)*2



Percentage of graduate hires who leave within three years (non-consolidated)



Percentage of male employees taking childcare leave (non-consolidated)*3



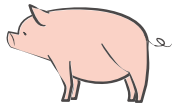
*1 Renewable energy includes our own solar power generation and electricity purchased through power companies' renewable energy plans starting from FY2022.
*2 For new graduates. Total including secondments.
*3 For those who take 5 days or more of childcare leave

Company Information

(As of March 31, 2024)

Company name	Prima Meat Packers, Ltd.
Head office	Shinagawa Seaside West Tower, 4-12-2 Higashi-Shinagawa, Shinagawa-ku, Tokyo 140-8529, Japan Tel: +81-3-6386-1800 https://www.primaham.co.jp/en/company/profile.html#access-map
Representative	Naoto Chiba, President and CEO
Detail of business	Manufacture and sale of hams and sausages, fresh meats, processed foods, and other products
Founded	September 1, 1931
Established	July 9, 1948
Capital	¥7,908 million
Number of employees	2,044 Note: The figure includes executive officer and the annual average number of temporary employees.
Branch offices	East Japan Branch: Tohoku (Miyagi Pref.), Kanto (Tokyo) West Japan Branch: Chubu (Aichi Pref.), Kansai (Osaka Pref.), Chugoku / Shikoku (Hiroshima Pref.), Kyushu (Fukuoka Pref.)
Plants	Hokkaido, Ibaraki, Mie, Kagoshima
Logistics centers	Kanto (Ibaraki Pref.), Mie, Fukuoka
Research institutions	R&D Center (Ibaraki Pref.), Manufacturing and Technology Department (Technical Development Div.) (Ibaraki Pref.)

Information about our Group companies is available here:
https://www.primaham.co.jp/en/company/group_company.html



Stock Information

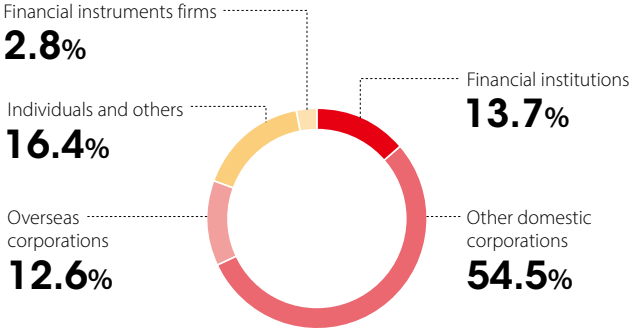
Major Shareholders (March 31, 2024)

Name	Number of shares held (thousand shares)	Ownership ratio (%)
ITOCHU Corporation	22,950	45.59
The Master Trust Bank of Japan Ltd. (Trust Account)	3,717	7.39
ITOCHU-SHOKUHIN Co.,Ltd.	2,262	4.50
Custody Bank of Japan, Ltd. (Trust Account)	1,378	2.74
Takegishi Gakuen Educational Corporation	910	1.81
Sanshoku Co.,Ltd.	700	1.39
STATE STREET BANK AND TRUST COMPANY 505223	520	1.03
Nippon Life Insurance Company	446	0.89
JP MORGAN CHASE BANK 385781	419	0.83
JPMorgan Securities Japan Co., Ltd.	407	0.81

Status of Shares

Number of shares authorized	70,000,000
Total number of shares issued	50,524,399 (incl. 187,541 treasury shares)
Number of shareholders	23,889

Stock distribution by type of shareholder (March 31, 2024)



Trends in share price and trade volume (TSE)

