

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [Japanese GAAP]



May 9, 2022

Company name: Prima Meat Packers, Ltd.
 Stock exchange listing: Tokyo Stock Exchange
 Securities Code number: 2281
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 Scheduled date of the Annual General Meeting of Shareholders: June 28, 2022
 Scheduled date of commencing dividend payments: June 29, 2022
 Scheduled date of filing annual securities report: June 28, 2022
 Availability of supplementary briefing material on financial results: Yes
 Schedule of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	419,591	–	12,966	(39.6)	14,883	(33.6)	9,718	(31.4)
March 31, 2021	433,572	3.7	21,475	37.3	22,411	40.4	14,165	60.5

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥12,088 million [(31.5)%]
 Fiscal year ended March 31, 2021: ¥17,657 million [106.4%]

	Earnings per share	Diluted earnings per share	Return on equity	Return on assets	Operating margin
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	193.41	–	9.0	6.8	3.1
March 31, 2021	281.90	–	14.6	10.9	5.0

(Reference) Share of profit of entities accounted for using equity method:

Fiscal year ended March 31, 2022: ¥79 million

Fiscal year ended March 31, 2021: ¥182 million

Prima Meat Packers, Ltd. and its subsidiaries (“the Group”) has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year. As a result, changes in net sales from the previous fiscal year before the said accounting standard was applied are not presented.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	221,721	122,567	50.5	2,226.09
As of March 31, 2021	214,542	114,761	48.3	2,062.41

(Reference) Equity: As of March 31, 2022: ¥111,860 million
 As of March 31, 2021: ¥103,632 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	16,739	(23,713)	(6,616)	16,230
March 31, 2021	27,248	(12,205)	(7,509)	29,773

2. Dividends

	Annual dividends					Total dividends (Total)	Payout ratio (Consolidated)	Dividends on equity (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	–	20.00	–	65.00	85.00	4,278	30.2	4.4
March 31, 2022	–	20.00	–	45.00	65.00	3,272	33.6	3.0
Fiscal year ending March 31, 2023 (Forecast)	–	20.00	–	45.00	65.00		–	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Second quarter-end (Cumulative)	219,900	4.8	8,500	6.3	8,800	(0.6)	5,600	5.9	111.44
Full year	441,000	5.1	16,100	24.2	16,600	11.5	10,600	9.1	210.95

Notes:

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

New: –

Excluded: –

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2022: 50,524,399 shares

March 31, 2021: 50,524,399 shares

2) Total number of treasury shares at the end of the period:

March 31, 2022: 274,624 shares

March 31, 2021: 275,939 shares

3) Average number of shares during the period

Fiscal year ended March 31, 2022: 50,249,471 shares

Fiscal year ended March 31, 2021: 50,248,927 shares

(Note) The number of treasury shares that has been excluded when calculating total number of treasury shares at the end of the period, and average number of shares during the period includes the Company's shares owned by the Board Benefit Trust ("BBT").

(Reference) Overview of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(1) Non-Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2022	299,454	—	7,463	(36.2)	8,802	(32.4)	6,456	(26.8)
March 31, 2021	311,596	3.6	11,692	33.9	13,018	31.4	8,825	56.7

	Earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2022	128.50	—
March 31, 2021	175.63	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2022	144,700	74,406	51.4	1,480.72
As of March 31, 2021	143,742	71,841	50.0	1,429.72

(Reference) Equity: As of March 31, 2022: ¥74,406 million

As of March 31, 2021: ¥71,841 million

*These financial results are outside the scope of audit procedures by a certified public accountant or an audit firm.

* Explanation of the proper use of the financial results forecast and other notes

- The earnings forecasts and other forward-looking statements herein are based on information available to the Company at the time of preparation and certain assumptions deemed to be reasonable, and actual results may vary significantly due to various factors. For the assumptions and notes for earnings forecasts, please refer to "1. Overview of Operating Results, etc., (1) Overview of Operating Results for the Fiscal Year" on page 2 of the attachment.
- The Company plans to hold a financial results briefing session for institutional investors and analysts on May 18, 2022. Soon after the event, we plan to post financial results briefing materials to be distributed at the briefing on our website.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year

Items in this document which relate to the future are judgments made by Prima Meat Packers, Ltd. and its subsidiaries (“the Group”) as of the end of the fiscal year.

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter the “Revenue Recognition Standard”), etc. from the beginning of the fiscal year. Accordingly, the explanation on operating results does not mention year-on-year comparison for net sales. For details, please refer to “3. Consolidated Financial Statements and Primary Notes, (5) Notes to the Consolidated Financial Statements (Changes in accounting policies).”

In addition, comments that make comparisons with net sales from the previous corresponding period also are based on figures calculated excluding the effects of the Revenue Recognition Standard.

During the fiscal year, the Japanese economy witnessed the food service, tourism, and other industries being severely impacted as the nation was asked to stay at home under the ongoing pre-emergency measures and the declaration of the state of emergency, implemented as part of measures to prevent the further spread of the infection. There were signs of improvement in the COVID-19 situation during the fiscal year, restrictions on the restaurant industry and events were lifted in stages, normal business operations resumed, and economic activities gradually began to recover, but the outbreak of the Omicron strain led to the re-issuance of pre-emergency measures. As a result of the third round of vaccinations, the government has fully lifted pre-emergency measures as of the end of the fiscal year, but the pace of recovery remains sluggish. The impact of the Russian invasion of Ukraine has also further increased the uncertain outlook for the future.

In the food industry, despite robust expenditures associated with household demand, with the delayed recovery of customer traffic to restaurants, the business climate overall remains harsh, and the economy is characterized by a clear divide in recovery fortunes depending on business format. Furthermore, consumption behavior is changing and new lifestyle patterns are taking hold, such as expanding demand for online purchases, home-delivery and take-away services.

In our sector, manufacturing costs have been significantly impacted by deteriorating terms of trade, including higher raw materials and crude oil prices, the depreciated yen, high grain market prices and rising transportation and labor costs. Under these circumstances, based on the basic philosophy of “Contributing to food culture and society through great taste and excitement,” we set and worked to attain the basic policy goal in our medium-term management plan of “Strengthening basic sustainability through ESG measures,” “Expanding the scope of existing businesses and further strengthening the earnings base,” and “Business creation and global expansion for growth markets.”

In particular, as a food business, we concentrated on stepping up measures for prevention of infection, and on continuing to supply safe, worry-free products, to meet the expectations of our customers and consumers.

In addition, under the severe environment of the industry has experienced, we have made every effort to improve the efficiency of manufacturing plants and logistics, etc. However, due to unpredictable cost increases, the situation has exceeded the limit of cost absorption through corporate efforts, and in order to continuously supply food loss and environmentally friendly products, we implemented price revisions (changes in product standards and increase in delivery price) for household products and products for business of ham, sausages and processed foods.

As a result, net sales amounted to ¥419,591 million (¥433,572 million for the same period of the previous fiscal year), operating profit was ¥12,966 million (down 39.6% year on year), ordinary profit was ¥14,883 million (down 33.6% year on year), and profit attributable to owners of parent was ¥9,718 million (down 31.4% year on year).

Results by segment are as follows:

<Processed Foods Business>

1) Ham and sausage section

We implemented measures to increase our share in the retail product market, despite the overall market decline year on year due partly to a reactionary drop from last year. In the Koukun® Sausage series, one of our core brands, not only our standard two-piece bundle products size range but also the larger size range packed in zipper bag performed well. The series, with continuing the wide support of customers of all generations, and expanded sales share this year as well.

The retail products increased sales year on year mainly due to the contribution of the 90th anniversary sales promotion campaign. The products for business also increased sales year on year a partial recovery of the market and new product proposals. As marketing promotion strategies, we implemented the Tokyo Disney Resort® invitation

campaign and Prima Meat product present campaign, as well as other campaigns utilizing our official corporate Twitter account and LINE as part of new initiatives. As a result, we increased total net sales and volumes year on year in the ham and sausage section.

2) Processed foods section

The processed foods section continued to see strong performance from Prima Grill Hamburg and other hamburger steak products. However, due partly to a reactionary drop from last year, total retail product sales declined year on year. New products, such as plant-based meat Try Veggie, Stock Dish that can be stored at room temperature, and Tsumami-dori which matches snack demand, received high marks from consumers and are planning to expand sales. In the products for business, although there was a period of difficulty in procuring certain products due to the closing of processing plants caused by COVID-19 overseas and a decrease in demand for seasoned meat due to the escalating price of imported beef, the overall market recovered and sales increased due to a recovery trend in the flow of people. For the processed foods section overall, net sales declined year on year due to the significant impact of decline in retail product sales.

Despite the harsh business climate with fewer customers in the CVS market our vendor business for convenience stores managed to increase sales year on year, owing to development of new products to meet customers' needs. However, profit fell year on year due to rising prices of raw materials and fuel costs, as well as higher labor costs.

As a result, net sales were ¥285,571 million (¥293,334 million for the previous fiscal year; an increase from the previous fiscal year by subtracting the effect of the Revenue Recognition Standard from net sales for the fiscal year), and segment profit was ¥14,069 million (down 20.6% year on year).

<Fresh Meat Business>

The environment for the Fresh Meat Business was extremely harsh mainly due to high overseas market prices, high transport costs as a result of the prolonged shortage of containers, as well as soaring grain prices. Profitability deteriorated in our procurement and sales because of the supply shortage brought on by transport delays as a result of damages of disasters, in addition to our inability to pass soaring procurement costs for imports on to customers. Although the Group expanded domestic pork production operations in Japan and improved farm business productivity in the hog farming business, net sales and profit decreased year on year due in part to soaring feed prices.

As a result, net sales were ¥133,539 million (¥139,719 million for the previous fiscal year; a decrease from the previous fiscal year by subtracting the effect of the Revenue Recognition Standard from net sales for the fiscal year), and segment profit was ¥221 million (down 93.9% year on year).

<Other Business>

Net sales of Other Business (development, manufacture and sale of scientific instruments) were ¥480 million (down 7.3% year on year) and segment profit was ¥228 million (up 53.0% year on year).

(2) Overview of Financial Position for the Fiscal Year

<Assets>

The total assets at the end of the fiscal year were ¥221,721 million, an increase of ¥7,178 million compared to the end of the previous fiscal year. This was mainly due to increases of ¥6,005 million in construction in progress, ¥2,208 million in goodwill, ¥1,887 million in merchandise and finished goods, ¥1,465 million in retirement benefit asset, ¥935 million in machinery, equipment and vehicles, ¥669 million in notes and accounts receivable - trade, and a decrease ¥6,988 million in deposits paid.

<Liabilities>

Liabilities decreased by ¥626 million compared to the end of the previous fiscal year to ¥99,154 million. This was mainly due to increases of ¥1,686 million in notes and accounts payable – trade and ¥819 million in deferred tax liabilities, and decreases ¥2,820 million in income taxes payable, ¥1,287 million in long-term borrowings (including current portion of long-term borrowings).

<Net assets>

Net assets increased by ¥7,805 million compared to the end of the previous fiscal year to ¥122,567 million. This was mainly due to increases of ¥4,028 million in retained earnings and ¥2,034 million in revaluation reserve for land.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the fiscal year were ¥16,230 million, a decrease of ¥13,542 million compared to the end of the previous fiscal year (an increase of ¥7,558 million for the same period of the previous fiscal year).

<Cash flows from operating activities>

Cash flows from operating activities recorded a net cash inflow of ¥16,739 million (a net cash inflow of ¥27,248 million for the same period of the previous fiscal year). Main positive factors were profit before income taxes of ¥15,106 million, depreciation and amortization of ¥10,451 million, and an increase of ¥1,553 million in trade payable, while the main negative factors were income taxes paid of ¥6,377 million, and an increase of ¥2,645 million in inventories.

<Cash flows from investing activities>

Cash flows from investing activities recorded a net cash outflow of ¥23,713 million (a net cash outflow of ¥12,205 million for the same period of the previous fiscal year). This was primarily due to an outflow of ¥14,662 million for purchase of property, plant and equipment in order to renew production facilities, improve productivity, and stabilize quality and payments into deposits paid to subsidiaries and associates of ¥5,000 million.

<Cash flows from financing activities>

Cash flows from financing activities recorded a net cash outflow of ¥6,616 million (a net cash outflow of ¥7,509 million for the same period of the previous fiscal year). This was primarily due to an outflow of ¥4,270 million for dividends paid and repayments of long-term borrowings of ¥3,854 million.

(Reference) Trends in cash flow indicators

	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022
Equity ratio	42.8	42.2	45.6	48.3	50.5
Equity ratio on market value basis	80.9	50.6	62.1	81.7	49.9
Ratio of interest-bearing debt to cash flow	3.0	1.2	1.1	0.8	1.2
Interest coverage ratio	66.8	125.9	151.0	216.9	139.2

Equity ratio: Equity/Total assets

Equity ratio on market value basis: Market capitalization/Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest expense

- (Notes)
- All indicators are calculated based on consolidated figures.
 - Market capitalization is calculated based on the number of issued shares excluding treasury shares.
 - We use “Net cash provided by operating activities” from the consolidated statements of cash flows for “Cash flow from operating activities.”
 - We have included all interest-bearing debts in the consolidated balance sheets for “Interest-bearing debt.” Additionally, we use “Interest expenses paid” from the consolidated statements of cash flows for “Interest expense.”

(4) Future Outlook

Although COVID-19 has not reached a conclusion even after the second year, it is expected that social activities will continue to balance prevention of the infection with economic activities for the foreseeable future. Even after COVID-19 is brought under control, it is hard to imagine life in the future to exactly the way it was before. We expect that purchasing and consumption behavior will evolve in accordance with the new lifestyle.

In our industry, major raw materials and secondary materials such as flour, food oil, and packaging materials casts have been rising. In addition, rising oil prices and the depreciated yen, as well as distribution costs and labor costs, have had a significant impact on manufacturing costs. There is a strong likelihood that the pork market will be severely impacted by African swine fever (ASF) and classical swine fever (CSF) epidemic which have not yet been brought under control, and an expected global increase in feed costs. The situation needs to be watched closely.

Against this backdrop, to realize the Group vision of contributing “To food culture and society through great taste and excitement,” management will emphasize ESG principles, to increase sales and improve profit quality by strengthening marketing, development and product-commercialization capabilities. For this purpose, we are forming a clear idea of what kind of risks and opportunities can be expected in the medium-to-long term, and identifying major material issues where action needs to be taken. The “Sustainability Committee” was established by promoting efforts to resolve these issues and improve corporate value over the medium to long term. By setting goals for the future and taking due action, the Group will focus on striking the right balance between ensuring continuous growth and contributing to resolution of social issues.

With a basic policy of becoming a “Company that customers will always love and support,” we are taking concrete measures to ensure fulfilment of management plan goals by “Strengthening basic sustainability through ESG measures” and “Expanding the scope of existing businesses and further strengthening the earnings base.” At the same time, we are working for long-term Group development through “Growth investment and global expansion.”

The Company forecasts net sales of ¥441,000 million, operating profit of ¥16,100 million, ordinary profit of ¥16,600 million, and profit attributable to owners of parent of ¥10,600 million for the fiscal year ending March 31, 2023.

(5) Basic Policy for Distribution of Profit and Dividends for FY2021 and FY2022

The Company views distribution of profit to shareholders as a priority by management, and has a basic policy of paying out a stable dividend while ensuring maintenance of a healthy financial structure and full availability of internal reserves for necessary future investments.

In light of this basic policy, and after a comprehensive review of performance in the fiscal year ended March 31, 2022 and future investment plans, etc., the Company has decided to pay out an ordinary dividend of ¥65.00 per share (¥20.00 as an already-paid interim dividend, plus a ¥45.00 year-end dividend).

For the fiscal year ending March 31, 2023, the Company plans to pay a mid-term dividend of ¥20.00 per share and a year-end dividend of ¥45.00 per share.

2. Basic Policy on Selection of Accounting Standards

It is currently the policy of the Company to compile consolidated financial statements based on Japanese accounting standards, given that most stakeholders of the Group are shareholders, creditors and business partners in Japan, and in light of the resulting ease of comparison of consolidated financial statements period for period and with other companies in Japan.

In the future, we plan to consider adopting International Financial Reporting Standards, based on trends in proportions of overseas shareholders and in application of such accounting standards by competitors in Japan.

3. Consolidated Financial Statements and Primary Notes**(1) Consolidated Balance Sheets**

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	12,968	12,556
Notes and accounts receivable - trade	43,435	44,104
Merchandise and finished goods	14,909	16,796
Work in process	3,257	3,698
Raw materials and supplies	2,418	2,919
Deposits paid	20,016	13,028
Other	1,744	2,727
Allowance for doubtful accounts	(2)	(2)
Total current assets	98,747	95,828
Non-current assets		
Property, plant and equipment		
Buildings and structures	99,914	100,565
Accumulated depreciation	(50,615)	(52,610)
Buildings and structures, net	49,299	47,954
Machinery, equipment and vehicles	62,366	66,709
Accumulated depreciation	(43,541)	(46,949)
Machinery, equipment and vehicles, net	18,824	19,760
Leased assets	4,343	4,395
Accumulated depreciation	(2,815)	(2,662)
Leased assets, net	1,527	1,733
Land	19,178	19,694
Construction in progress	925	6,930
Other	5,344	5,362
Accumulated depreciation	(4,039)	(4,231)
Other, net	1,304	1,130
Total property, plant and equipment	91,060	97,204
Intangible assets		
Software	712	684
Software in progress	665	1,084
Goodwill	259	2,467
Other	29	617
Total intangible assets	1,666	4,854
Investments and other assets		
Investment securities	6,197	5,693
Long-term loans receivable	20	18
Long-term prepaid expenses	2,364	1,881
Retirement benefit asset	11,612	13,078
Deferred tax assets	1,656	1,847
Other	1,233	1,330
Allowance for doubtful accounts	(17)	(14)
Total investments and other assets	23,068	23,834
Total non-current assets	115,795	125,892
Total assets	214,542	221,721

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,958	49,644
Short-term borrowings	765	278
Current portion of long-term borrowings	3,444	3,555
Lease obligations	548	621
Income taxes payable	3,566	745
Provision for bonuses	1,530	1,626
Provision for bonuses for directors (and other officers)	20	–
Accrued expenses	9,131	7,888
Other	4,993	7,300
Total current liabilities	71,957	71,659
Non-current liabilities		
Long-term borrowings	16,322	14,923
Lease obligations	1,072	1,247
Deferred tax liabilities	2,811	3,630
Deferred tax liabilities for land revaluation	2,101	2,101
Provision for share awards for directors (and other officers)	67	83
Retirement benefit liability	4,823	4,825
Asset retirement obligations	385	401
Other	238	280
Total non-current liabilities	27,823	27,494
Total liabilities	99,781	99,154
Net assets		
Shareholders' equity		
Share capital	7,908	7,908
Capital surplus	8,601	10,185
Retained earnings	81,056	85,084
Treasury shares	(412)	(409)
Total shareholders' equity	97,153	102,769
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,295	2,095
Deferred gains or losses on hedges	(4)	(5)
Revaluation reserve for land	2,518	4,552
Foreign currency translation adjustment	141	468
Remeasurements of defined benefit plans	1,529	1,979
Total accumulated other comprehensive income	6,479	9,090
Non-controlling interests	11,128	10,706
Total net assets	114,761	122,567
Total liabilities and net assets	214,542	221,721

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Net sales	433,572	419,591
Cost of sales	360,167	367,971
Gross profit	73,405	51,620
Selling, general and administrative expenses	51,929	38,653
Operating profit	21,475	12,966
Non-operating income		
Interest income	32	35
Dividend income	113	98
Compensation income	96	1,259
Share of profit of entities accounted for using equity method	182	79
Rental income from land and buildings	119	92
Foreign exchange gains	60	52
Subsidy income	182	257
Other	458	439
Total non-operating income	1,246	2,314
Non-operating expenses		
Interest expenses	127	120
Loss on abandonment of inventories	100	122
Financing expenses	38	38
Feed price stability fund contribution	–	54
Other	43	62
Total non-operating expenses	310	397
Ordinary profit	22,411	14,883
Extraordinary income		
Gain on sale of non-current assets	17	44
Gain on sale of investment securities	31	250
Gain on sale of investments in capital of subsidiaries and associates	76	–
Subsidy income	164	217
Compensation income	223	53
Gain on bargain purchase	48	–
Other	4	0
Total extraordinary income	565	566
Extraordinary losses		
Loss on sale of non-current assets	3	52
Loss on retirement of non-current assets	561	272
Impairment losses	302	–
Loss on sale of investment securities	0	–
Loss on valuation of investment securities	174	5
Other	18	12
Total extraordinary losses	1,060	343
Profit before income taxes	21,916	15,106
Income taxes - current	6,132	3,247
Income taxes - deferred	55	987
Total income taxes	6,187	4,234
Profit	15,728	10,871
Profit attributable to non-controlling interests	1,563	1,152
Profit attributable to owners of parent	14,165	9,718

Consolidated Statements of Comprehensive Income

	(Million yen)	
	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Profit	15,728	10,871
Other comprehensive income		
Valuation difference on available-for-sale securities	726	(192)
Deferred gains or losses on hedges	76	0
Revaluation reserve for land	–	622
Foreign currency translation adjustment	240	320
Remeasurements of defined benefit plans, net of tax	934	450
Share of other comprehensive income of entities accounted for using equity method	(50)	15
Total other comprehensive income	1,928	1,216
Comprehensive income	17,657	12,088
Comprehensive income attributable to		
Owners of parent	16,082	10,919
Non-controlling interests	1,574	1,169

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,908	8,600	69,911	(409)	86,010
Changes during period					
Dividends of surplus			(3,020)		(3,020)
Profit attributable to owners of parent			14,165		14,165
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares		0		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Reversal of revaluation reserve for land					
Other					
Net changes in items other than shareholders' equity					
Total changes during period	-	0	11,144	(2)	11,142
Balance at end of period	7,908	8,601	81,056	(412)	97,153

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	1,567	(81)	2,518	(36)	594	4,562	9,561	100,134
Changes during period								
Dividends of surplus								(3,020)
Profit attributable to owners of parent								14,165
Purchase of treasury shares								(2)
Disposal of treasury shares								0
Change in ownership interest of parent due to transactions with non-controlling interests								0
Reversal of revaluation reserve for land								-
Other								-
Net changes in items other than shareholders' equity	727	76	-	178	934	1,916	1,567	3,484
Total changes during period	727	76	-	178	934	1,916	1,567	14,626
Balance at end of period	2,295	(4)	2,518	141	1,529	6,479	11,128	114,761

For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,908	8,601	81,056	(412)	97,153
Changes during period					
Dividends of surplus			(4,278)		(4,278)
Profit attributable to owners of parent			9,718		9,718
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				6	6
Change in ownership interest of parent due to transactions with non-controlling interests		1,584			1,584
Reversal of revaluation reserve for land			(1,411)		(1,411)
Other			(0)		(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	1,584	4,028	3	5,616
Balance at end of period	7,908	10,185	85,084	(409)	102,769

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,295	(4)	2,518	141	1,529	6,479	11,128	114,761
Changes during period								
Dividends of surplus								(4,278)
Profit attributable to owners of parent								9,718
Purchase of treasury shares								(2)
Disposal of treasury shares								6
Change in ownership interest of parent due to transactions with non-controlling interests								1,584
Reversal of revaluation reserve for land								(1,411)
Other								(0)
Net changes in items other than shareholders' equity	(199)	(0)	2,034	326	450	2,611	(422)	2,189
Total changes during period	(199)	(0)	2,034	326	450	2,611	(422)	7,805
Balance at end of period	2,095	(5)	4,552	468	1,979	9,090	10,706	122,567

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	21,916	15,106
Depreciation and amortization	9,923	10,451
Impairment losses	302	–
Amortization of goodwill	136	188
Gain on bargain purchase	(48)	–
Loss (gain) on valuation of investment securities	174	5
Increase (decrease) in allowance for doubtful accounts	(3)	(3)
Increase (decrease) in provision for bonuses	80	66
Increase (decrease) in provision for share awards directors (and other officers)	35	15
Increase (decrease) in retirement benefit liability	127	121
Decrease (increase) in retirement benefit asset	(708)	(957)
Interest and dividends income	(146)	(134)
Interest expenses	127	120
Loss (gain) on sales of investment securities	(30)	(250)
Share of loss (profit) of entities accounted for using equity method	(182)	(79)
Loss (gain) on sales of property, plant and equipment	(13)	7
Loss on retirement of property, plant and equipment	561	272
Subsidy income	(164)	(217)
Decrease (increase) in trade receivable	(522)	(427)
Decrease (increase) in other current assets	129	(534)
Decrease (increase) in inventories	(275)	(2,645)
Increase (decrease) in trade payable	2,300	1,553
Increase (decrease) in other current liabilities	463	(112)
Increase (decrease) in accrued consumption taxes	(904)	254
Other, net	118	81
Subtotal	33,395	22,884
Interest and dividends received	153	136
Interest paid	(125)	(120)
Income taxes paid	(6,339)	(6,377)
Subsidies received	164	217
Net cash provided by (used in) operating activities	27,248	16,739

(Million yen)

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Cash flows from investing activities		
Payments into deposits paid	–	(5,000)
Purchase of property, plant and equipment	(9,843)	(14,662)
Proceeds from sale of property, plant and equipment	66	978
Purchase of intangible assets	(550)	(948)
Purchase of investment securities	(119)	(15)
Proceeds from sale of investment securities	190	576
Loan advances	(5)	(0)
Proceeds from collection of loans receivable	32	0
Payments of leasehold deposits	(56)	(74)
Proceeds from refund of leasehold deposits	20	20
Decrease (increase) in time deposits	(1,420)	(1,015)
Purchase of long-term prepaid expenses	(254)	(162)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(132)	(2,880)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	309	–
Other, net	(443)	(529)
Net cash provided by (used in) investing activities	(12,205)	(23,713)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(266)	(496)
Repayments of lease obligations	(742)	(552)
Proceeds from long-term borrowings	–	2,566
Repayments of long-term borrowings	(3,475)	(3,854)
Dividends paid	(3,016)	(4,270)
Dividends paid to non-controlling interests	(7)	(7)
Purchase of treasury shares	(2)	(2)
Proceeds from sale of treasury shares	0	–
Net cash provided by (used in) financing activities	(7,509)	(6,616)
Effect of exchange rate change on cash and cash equivalents	24	48
Net increase (decrease) in cash and cash equivalents	7,558	(13,542)
Cash and cash equivalents at beginning of period	22,214	29,773
Cash and cash equivalents at end of period	29,773	16,230

(5) Notes to the Consolidated Financial Statements

(Notes on going concern assumption)

None

(Changes in accounting policies)

Adoption of the Accounting Standard for Revenue Recognition

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter the “Revenue Recognition Standard”), etc. from the beginning of the fiscal year, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time the control of those is transferred to customers.

The main changes resulting from the adoption of the Revenue Recognition Standard, etc. are as follows:

(1) Promotional sponsorship expenses and contract distribution expenses

Promotional sponsorship expenses and contract distribution expenses, which were previously recorded as selling, general and administrative expenses, are excluded from net sales, in principle.

(2) Paid supply transactions

Consideration received from subcontractors, which was previously recognized as revenue, is no longer recognized as revenue.

The Group has applied the Revenue Recognition Standard, etc. in accordance with the transitional treatment provided in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of retroactively applying the new accounting policies prior to the beginning of the fiscal year is adjusted in retained earnings at the beginning of the fiscal year, and the new accounting policies have been applied to the balance from the beginning of the period. This will not affect the balance at the beginning of the period.

As a result, for the fiscal year, net sales, cost of sales, and selling, general and administrative expenses decreased by ¥20,583 million, ¥4,288 million, and ¥16,294 million, respectively, compared with amounts in the previous method. There are no changes in operating profit, ordinary profit or profit before income taxes.

In accordance with the adoption of the Revenue Recognition Accounting Standard, etc., liabilities related to rebates which were included in “Accrued expenses” under “Current liabilities,” in the consolidated balance sheets of the previous fiscal year, but it has been included in “Other” under “Current liability” as repayment liability from the fiscal year.

However, in accordance with the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Accounting Standard, figures for the previous fiscal year have not been reclassified based on the new presentation method.

Adoption of Accounting Standard for Fair Value Measurement, etc.

The Group has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter the “Fair Value Measurement Standard”), etc. from the beginning of the fiscal year. The Company will prospectively apply new accounting policies stipulated in the Fair Value Measurement Standard, etc. in accordance with the transitional treatment provided in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This will not affect the Company’s consolidated financial statements.

(Changes in presentation method)

For consolidated balance sheets

“Goodwill” which was included in “Other” under “Intangible assets” for the previous fiscal year, has been separately presented from the fiscal year because their amount exceeded one-hundredth of the total amount of total assets. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Other” of ¥288 million that was posted under “Intangible assets” in the consolidated balance sheets for the previous fiscal year are reclassified into “Goodwill” of ¥259 million and “Other” of ¥29 million.

For consolidated statements of income

“Compensation income” which was included in “Other” under “Non-operating income” for the previous fiscal year, has been separately presented from the fiscal year because their amount exceeded ten-hundredth of the total amount of non-operating income. To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, “Other” of ¥555 million that was posted under “Non-operating income” in the consolidated statements of income for the previous fiscal year are reclassified into “Compensation income” of ¥96 million and “Other” of ¥458 million.

(Additional information)

Performance-linked stock remuneration plan for Directors and Executive Officers

The Company has introduced the Board Benefit Trust (BBT, hereinafter referred to as the “Plan”), a performance-linked stock remuneration plan for Directors (excluding part-time Directors) to further motivate the Directors to contribute to the medium- to long-term improvement in the business performance and corporate value, based on the resolution at the 71st Annual General Meeting of Shareholders held on June 28, 2018. At a meeting of the Board of Directors held May 13, 2019, a resolution was passed to change the title “Directors” as stated above to “Directors and some of the Executive Officers who are not concurrently serving as Directors.”

(1) Outline of the Plan

The Plan is a performance-linked stock remuneration plan under which the Company’s shares are acquired through a trust using money contributed by the Company as the source of funds (hereinafter the trust that is established based on the Plan is referred to as the “Trust”), and Directors excluding part-time Directors and some of the Executive Officers who are not concurrently serving as Directors (hereinafter referred to as the “Directors, etc.”) are provided with the Company’s shares and cash equivalent to the market value of the Company’ shares (hereinafter referred to as the “Company’s Shares, etc.”) through the Trust in accordance with the Regulations for Delivery of Shares to Officers established by the Company. The Directors, etc. shall receive the Company’s Shares, etc. upon their retirement, in principle.

(2) Company shares remaining in the Trust

Shares of the Company remaining in the Trust are recorded at their book value in the Trust as treasury shares in net assets (excluding incidental expenses). At the end of the year, consolidated basis, the book value of such treasury shares was ¥237 million, and the total of shares was 89 thousand shares.

(Segment information)

1. Overview of reportable segments

(1) Determination of reportable segments

- 1) Reportable segments of the Company [Prima Meat Packers, Ltd.] are business categories subject to performance evaluation and management resource allocation decisions on a monthly and yearly basis.
- 2) The Company has centered its management planning on the Processed Foods Business organization, which handles hams, sausages and processed foods, and on the Fresh Meat Business organization, which handles fresh meat products. Group enterprises also carry out business activities under the direction of the supervising Business organization. Therefore, the Processed Foods Business and Fresh Meat Business are both included in reportable segments.

(2) Type of products belonging to each reportable segment

The Processed Foods Business handles processed foods, etc. made and marketed by organizations and the Company's subsidiaries which produce and market hams, sausages and processed foods, while the Fresh Meat Business handles fresh meat products to be reared, prepared and marketed by organizations and Group companies which buy and market fresh meat products.

2. Method for calculating of net sales, profit or loss, assets, liabilities, and other amounts by reporting segment

The accounting treatment for reportable segments is carried out through principles and procedures that are almost the same as the methods adopted for preparation of the consolidated financial statements. Figures for profit in reportable segments are on an operating profit basis. Intersegment sales and transfers are based on prevailing market prices.

3. Information relating to net sales, profit or loss, assets, liabilities, and other amounts by reportable segment

For the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustment	Consolidated financial statements (Note 2)
	Processed Foods Business	Fresh Meat Business	Total				
Net sales							
Sales to external customers	293,334	139,719	433,054	518	433,572	–	433,572
Internal sales or transfers	14	20,583	20,597	46	20,644	(20,644)	–
Total	293,349	160,302	453,652	564	454,217	(20,644)	433,572
Segment profit (loss)	17,711	3,613	21,325	148	21,474	1	21,475
Segment assets (Note 3)	146,513	35,726	182,240	5,272	187,512	27,030	214,542
Other items							
Depreciation and amortization (Note 4)	8,507	910	9,417	505	9,923	–	9,923
Amortization of goodwill	18	117	136	–	136	–	136
Investment in entities accounted for using equity method	768	52	820	–	820	–	820
Increase in property, plant and equipment and intangible assets (Notes 5, 6)	9,381	1,777	11,159	540	11,699	665	12,364

(Notes) 1. “Other” comprises business segments not included in reportable segments, such as development, manufacture, and sale of scientific instruments.

2. Segment profit is reconciled with operating profit in the consolidated statements of income.

3. Adjustment for segment assets of ¥27,030 million is corporate assets that are not allocated to reportable segments. Corporate assets primarily consist of cash and deposits.

4. Depreciation and amortization includes amortization of long-term prepaid expenses.

5. Adjustment for increase in property, plant and equipment and intangible assets of ¥665 million is corporate assets that are not allocated to reportable segments.

6. Increase in property, plant and equipment and intangible assets includes increase in long-term prepaid expenses.

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31,2022)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated financial statements (Note 3)
	Processed Foods Business	Fresh Meat Business	Total				
Net sales							
Sales to external customers	285,571	133,539	419,111	480	419,591	–	419,591
Internal sales or transfers	14	22,060	22,074	58	22,132	(22,132)	–
Total	285,586	155,599	441,186	538	441,724	(22,132)	419,591
Segment profit (loss)	14,069	221	14,290	228	14,518	(1,551)	12,966
Segment assets (Note 4)	156,773	40,049	196,823	6,011	202,834	18,887	221,721
Other items							
Depreciation and amortization (Note 5)	8,994	1,014	10,008	443	10,451	–	10,451
Amortization of goodwill	68	120	188	–	188	–	188
Investment in entities accounted for using equity method	863	45	908	–	908	–	908
Increase in property, plant and equipment and intangible assets (Note 6, 7)	14,290	4,872	19,163	687	19,850	453	20,304

- (Notes) 1. “Other” comprises business segments not included in reportable segments, such as development, manufacture, and sale of scientific instruments.
2. Adjustment for segment loss of ¥1,551 million includes corporate expenses of ¥1,531 million that are not allocated to reportable segments. Corporate expenses primarily consist of general and administrative expenses that are not attributable to any reportable segments.
3. Segment profit is reconciled with operating profit in the consolidated statements of income.
4. Adjustment for segment assets of ¥18,887 million is corporate assets that are not allocated to reportable segments. Corporate assets primarily consist of cash and deposits.
5. Depreciation and amortization includes amortization of long-term prepaid expenses.
6. Adjustment for increase in property, plant and equipment and intangible assets of ¥453 million is corporate assets that are not allocated to reportable segments
7. Increase in property, plant and equipment and intangible assets includes increase in long-term prepaid expenses.

Related information

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

1. Information by products and services

(Million yen)

	Fresh meat	Ham and sausage	Processed foods	Other	Total
Sales to external customers	153,775	101,341	174,408	4,048	433,572

2. Information by geographical segment

(1) Net sales

This information is omitted because net sales from external customers in Japan accounted for more than 90% of net sales recorded in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment recorded in the consolidated balance sheets.

3. Information by major customer

(Million yen)

Name of customer	Net sales	Name of related segment
SEVEN-ELEVEN JAPAN CO., LTD.	119,927	Processed Foods Business

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

1. Information by products and services

(Million yen)

	Fresh meat	Ham and sausage	Processed foods	Other	Total
Sales to external customers	150,244	97,942	168,561	2,842	419,591

2. Information by geographical segment

(1) Net sales

This information is omitted because net sales from external customers in Japan accounted for more than 90% of net sales recorded in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment recorded in the consolidated balance sheets.

3. Information by major customer

(Million yen)

Name of customer	Net sales	Name of related segment
SEVEN-ELEVEN JAPAN CO., LTD.	117,950	Processed Foods Business

Information concerning impairment losses on non-current assets by reportable segment

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable segments			Other	Corporate and eliminations	Total
	Processed Foods Business	Fresh Meat Business	Total			
Impairment losses	–	302	302	–	–	302

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segments			Other	Corporate and eliminations	Total
	Processed Foods Business	Fresh Meat Business	Total			
Impairment losses	–	–	–	–	–	–

Information concerning amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Million yen)

	Reportable segments			Other	Corporate and eliminations	Total
	Processed Foods Business	Fresh Meat Business	Total			
Amount amortized in FY2020	18	117	136	–	–	136
Balance as of March 31, 2021	74	185	259	–	–	259

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segments			Other	Corporate and eliminations	Total
	Processed Foods Business	Fresh Meat Business	Total			
Amount amortized in FY2021	68	120	188	–	–	188
Balance as of March 31, 2022	1,189	1,278	2,467	–	–	2,467

Information concerning goodwill by reporting segment

(Gain on bargain purchase)

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

In the previous fiscal year, the Company acquired shares in Excel Farm Co., Ltd. through Pacific Ocean Breeding Co., Ltd. and brought the company under the scope of consolidation, leading to the recording of a ¥48 million gain on bargain purchase in the Fresh Meat Business segment.

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

None

(Significant changes in the amount of goodwill)

Fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

None

Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

In the Processed Foods Business segment, the Company purchased shares of Rudi's Fine Food Pte Ltd on August 4, 2021 and has included the said company and its subsidiary, Continental Deli Pte. Ltd. in the scope of consolidation from the fiscal year. The increase in goodwill from this event is ¥1,106 million for the fiscal year.

In the Fresh Meat Business segment, the Company purchased shares of TMG.Co., LTD on December 24, 2021 and has included the said company and its subsidiary, TMG INTERNATIONAL.Co., LTD in the scope of consolidation from the fiscal year. The increase in goodwill from this event is ¥1,213 million for the fiscal year.

(Per share information)

(Yen)

	As of March 31, 2021	As of March 31, 2022
Net assets per share	2,062.41	2,226.09
Earnings per share	281.90	193.41

- (Notes) 1. Diluted earnings per share is not stated, since there were no potential shares with a dilutive effect.
2. For the purposes of calculation of net assets per share, the Company's shares remaining in the Trust recorded as treasury shares in share capital are included in treasury shares to be deducted from total number of issued shares at the end of the fiscal year. For the purposes of calculation of earnings per share for the year, such shares are likewise included in treasury shares to be deducted in the calculation of the average number of shares outstanding during the period.
For the calculation of net assets per share, the number of deducted treasury shares issued at the end of the fiscal year is 89 thousand shares, and in the calculation of earnings per share for the period, the average total of deducted shares of treasury shares during the period is 89 thousand shares.
3. The basis for calculating earnings per share is as follows.

	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022
Earnings per share		
Profit attributable to owners of parent (Million yen)	14,165	9,718
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent associated with common shares (Million yen)	14,165	9,718
Average number of shares during the period (Thousand shares)	50,248	50,249

(Significant subsequent events)

None