

# Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]



July 31, 2023

Company name: Prima Meat Packers, Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Securities Code number: 2281  
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 Scheduled date of filing quarterly securities report: August 9, 2023  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing material on quarterly financial results: None  
 Schedule of quarterly financial results briefing session: None

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

## 1. Consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(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	%
Three months ended June 30, 2023	109,283	4.6	3,607	5.9	3,915	7.3	2,218	(1.1)
June 30, 2022	104,451	(0.2)	3,405	(29.1)	3,650	(27.9)	2,242	(24.6)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥3,702 million [35.5%]  
 Three months ended June 30, 2022: ¥2,732 million [(12.2)%]

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	44.15	–
June 30, 2022	44.62	–

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	235,838	124,624	48.4
As of March 31, 2023	229,887	123,194	49.2

(Reference) Equity: As of June 30, 2023: ¥114,260 million  
 As of March 31, 2023: ¥113,169 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen –	Yen 20.00	Yen –	Yen 45.00	Yen 65.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		20.00	–	45.00	65.00

(Note) Revision to the dividend forecast announced most recently: None

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% 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)	231,900	9.5	5,600	2.3	5,800	(0.5)	3,500	(5.1)	69.65
Full year	470,300	9.2	11,500	18.3	12,000	14.2	7,600	68.7	151.24

(Note) Revision to the financial results forecast announced most recently: None

### Notes:

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

New: –

Excluded: –

(2) Accounting applied especially for the preparation of quarterly consolidated financial statements: Yes

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

1) Changes in accounting policies due to the revision of accounting standards: None

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

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

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

June 30, 2023: 50,524,399 shares

March 31, 2023: 50,524,399 shares

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

June 30, 2023: 273,464 shares

March 31, 2023: 273,366 shares

3) Average number of shares during the period:

Three months ended June 30, 2023: 50,250,984 shares

Three months ended June 30, 2022: 50,249,695 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.

\* These quarterly financial results are outside the scope of quarterly review 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. Qualitative Information on Quarterly Financial Results for the Period, (1) Explanation on Operating Results” on page 2 of the attachment.

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## 1. Qualitative Information on Quarterly Financial Results for the Period

### (1) Explanation on Operating Results

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 first quarter ended June 30, 2023, consolidated basis.

During the three months ended June 30, 2023, the Japanese economy was on a recovery trend, as domestic consumers’ behavioral sentiment was revitalized, partly due to the classification of COVID-19 as a category 5 infectious disease, and demand for dining out and tourism, including inbound tourism, recovered significantly, while sales in the distribution sector, including department stores and convenience stores, were also increasing steadily.

Meanwhile, manufacturing costs continued to rise due to the continued rise in raw material prices and energy costs, another weakening of the yen, and higher labor costs. As a result, multiple mark-ups have been implemented in various industries during the period as in the previous fiscal year, and the number of mark-ups for overall food products is expected to exceed that of the previous fiscal year. In response to this situation, although wage levels are showing an upward trend through basic wage hikes and other factors, they are not sufficient compared to the rate of rising prices, and the market environment is hardly conducive to directly increasing consumption due to a growing awareness of the need to protect one’s livelihood.

In our sector, we continue to face a severe business environment due to many factors that cause significant fluctuations in the livestock meat market, such as high local raw material market prices, high feedstuff prices, continued weak yen levels, and disease issues, in addition to the above-mentioned rising in manufacturing costs.

Under these circumstances, based on the Group’s “Mission” of “Contributing to food culture and society through great taste and excitement,” we implemented various measures as we set the basic policy, in achieving our Medium-term Business Plan, to “Implement ESG strategy and make business foundation more sustainable,” “Further expand the domains of the two existing business segments and further strengthen their sales and profit bases,” and “Invest in growth projects and expand globally.”

As a result, net sales amounted to ¥109,283 million (up 4.6% year on year), operating profit was ¥3,607 million (up 5.9% year on year), ordinary profit was ¥3,915 million (up 7.3% year on year), and profit attributable to owners of parent was ¥2,218 million (down 1.1% year on year) for the quarterly period under review.

Results by segment are as follows:

#### <Processed Foods Business>

Following the price revisions last year, we implemented third price revisions in April 2023 for hams and sausages and other processed foods, raising the delivery prices for customers. While the industry as a whole continued to face a challenging environment with the sales amount in the retail product market overall decreased year on year, we constantly increased our share in the retail product market as in the previous fiscal year. However, this was not enough to compensate for the rise in manufacturing costs, causing profit to fall below that of the previous fiscal year.

#### 1) Ham and sausage section

Sales of the Koukun® Sausage series, one of our core brands, continued to perform well, not only in the standard two-piece bundle size range, but also in the larger size range packed in a zipper bag. As part of sales promotion measures, we have continued to implement campaigns such as the Tokyo Disney Resort® invitation campaign and social media marketing campaigns, which enabled us to continue to expand the market share during the period. The newly rebuilt Kagoshima plant started full-scale operations this spring, contributing to the stable supply of products. As a result, although net sales and sales volume of both retail and commercial-use products increased steadily year on year, profit fell below that of the previous year due to higher raw material costs exceeding the effect of spread of price increases.

#### 2) Processed foods section

In the processed foods section, retail products such as the Stock Dish products that can be stored at room temperature and the Salad Chicken Bar that is convenient to eat enjoyed popularity among consumers, and we steadily expanded their sales. Net sales of commercial-use products also expanded following the recovery in the market and the effect of price revisions; however, they were not large enough to cover the significant

rise in purchasing costs of raw materials among others, causing profit to fall below that of the same period of the previous fiscal year.

Our vendor business for convenience stores also experienced a rise of both net sales and profit year on year due to the development of new products that cater to customer requests, although manufacturing costs increased due primarily to soaring raw material prices, high fuel prices, and higher labor costs.

As a result of the above, net sales were ¥77,111 million (up 5.0% year on year) and segment profit was ¥3,347 million (down 10.1% year on year) in the Processed Foods Business.

#### <Fresh Meat Business>

The purchasing environment for the Fresh Meat Business has continued to be harsh owing to factors such as high market prices of livestock meat overseas, grain prices remaining at a high level, and rise in purchasing costs from abroad due to the weaker yen. Although the rise in store prices at customers' shops are not high enough to cover the rise in raw material prices, we were able to secure higher net sales and profit year on year as we passed on the procurement costs to customers in stages and gradually shifted to transactions that are linked to market prices. Although the price of domestic pork has remained high, the hog farming business is also in a challenging situation in terms of profitability due to the continuing high price of feedstuff. However, fattening operations at the new farm in Miyagi are progressing smoothly as planned, and we expect to begin shipments in the summer and beyond. We will continue to engage in various efforts to expand sales of high-quality pork at a fair price.

As a result of the above, net sales were ¥32,044 million (up 3.7% year on year) and segment profit was ¥300 million (compared to segment loss of ¥177 million for the same period of the previous fiscal year) in the Fresh Meat Business.

#### <Other Business>

Net sales from Other Business (development, manufacture and sale of scientific instruments) were ¥127 million (up 0.3% year on year) and segment profit was ¥58 million (down 3.7% year on year).

## (2) Explanation on Financial Position

### <Assets>

Total assets at the end of the first quarter were ¥235,838 million, an increase of ¥5,950 million compared to the end of the previous fiscal year. This was mainly due to increases of ¥5,936 million in inventories, ¥1,640 million in investment securities, ¥1,583 million in intangible assets, ¥1,390 million in cash and deposits, and ¥1,068 million in notes and accounts receivable - trade, and a decrease of ¥5,998 million in deposits paid.

### <Liabilities>

Liabilities increased by ¥4,521 million compared to the end of the previous fiscal year to ¥111,213 million. This was mainly due to an increase of ¥7,345 million in notes and accounts payable - trade, and decreases of ¥975 million in long-term borrowings (including current portion of long-term borrowings), ¥798 million in income taxes payable, and ¥601 million in provision for bonuses.

### <Net assets>

Net assets increased by ¥1,429 million compared to the end of the previous fiscal year to ¥124,624 million. This was mainly due to increases of ¥866 million in valuation difference on available-for-sale securities and ¥313 million in foreign currency translation adjustment.

## Cash Flows

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the first quarter amounted to ¥8,370 million, a decrease of ¥5,727 million compared to the end of the previous fiscal year (a decrease of ¥4,779 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 ¥5,688 million (a net cash inflow of ¥1,889 million for the same period of the previous fiscal year). The main factors were profit before income taxes of ¥3,777 million, depreciation and amortization of ¥2,698 million, an increase of ¥1,044 million in trade receivables, an increase of ¥5,916 million in inventories, an increase of ¥7,321 million in trade payables, and income taxes paid of ¥2,003 million.

### <Cash flows from investing activities>

Cash flows from investing activities recorded a net cash outflow of ¥8,193 million (a net cash outflow of ¥2,810 million for the same period of the previous fiscal year). This was primarily due to outflows of ¥5,276 million for purchase of property, plant and equipment in order to upgrade production facilities, improve productivity, and stabilize quality, and ¥1,731 million for the acquisition of intangible assets for the purpose of building a core system.

### <Cash flows from financing activities>

Cash flows from financing activities recorded a net cash outflow of ¥3,282 million (a net cash outflow of ¥2,181 million for the same period of the previous fiscal year). This was primarily due to outflows of ¥2,190 million for dividends paid and repayments of long-term borrowings of ¥975 million.

## (3) Explanation on Consolidated Financial Results Forecast and Other Forward-looking Information

There are no changes to the consolidated financial results forecast for the fiscal year ending March 31, 2024 from the forecast presented in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023” announced on May 8, 2023.

2. Quarterly Consolidated Financial Statements and Primary Notes(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	10,861	12,251
Notes and accounts receivable - trade	46,471	47,539
Merchandise and finished goods	18,994	24,138
Work in process	4,498	4,828
Raw materials and supplies	3,479	3,942
Deposits paid	7,041	1,043
Other	3,966	3,719
Allowance for doubtful accounts	(2)	(4)
Total current assets	95,311	97,459
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	53,979	56,388
Land	19,923	20,010
Other, net	28,407	25,714
Total property, plant and equipment	102,309	102,113
Intangible assets		
Goodwill	1,506	1,488
Other	5,802	7,403
Total intangible assets	7,308	8,891
Investments and other assets		
Investment securities	6,154	7,794
Retirement benefit asset	12,891	13,017
Other	5,969	6,624
Allowance for doubtful accounts	(57)	(62)
Total investments and other assets	24,957	27,373
Total non-current assets	134,576	138,379
Total assets	229,887	235,838



(Million yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	49,287	56,632
Short-term borrowings	323	348
Current portion of long-term borrowings	3,774	3,655
Income taxes payable	2,160	1,361
Provision for bonuses	1,637	1,036
Other	17,683	16,800
Total current liabilities	74,867	79,835
Non-current liabilities		
Long-term borrowings	19,783	18,927
Provision for share awards for directors (and other officers)	92	95
Retirement benefit liability	4,714	4,772
Asset retirement obligations	406	407
Other	6,828	7,174
Total non-current liabilities	31,825	31,378
Total liabilities	106,692	111,213
Net assets		
Shareholders' equity		
Share capital	7,908	7,908
Capital surplus	10,198	10,198
Retained earnings	86,324	86,284
Treasury shares	(405)	(405)
Total shareholders' equity	104,025	103,985
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,302	3,169
Deferred gains or losses on hedges	(4)	27
Revaluation reserve for land	4,546	4,539
Foreign currency translation adjustment	1,215	1,528
Remeasurements of defined benefit plans	1,084	1,010
Total accumulated other comprehensive income	9,143	10,274
Non-controlling interests	10,024	10,364
Total net assets	123,194	124,624
Total liabilities and net assets	229,887	235,838

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

## Quarterly Consolidated Statements of Income

For the Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	104,451	109,283
Cost of sales	91,517	96,391
Gross profit	12,934	12,892
Selling, general and administrative expenses	9,528	9,284
Operating profit	3,405	3,607
Non-operating income		
Interest and dividend income	54	66
Share of profit of entities accounted for using equity method	8	25
Subsidy income	101	97
Other	144	206
Total non-operating income	308	396
Non-operating expenses		
Interest expenses	32	40
Loss on abandonment of inventories	23	23
Other	7	24
Total non-operating expenses	63	88
Ordinary profit	3,650	3,915
Extraordinary income		
Gain on sale of non-current assets	1	1
Other	0	–
Total extraordinary income	1	1
Extraordinary losses		
Loss on sale of non-current assets	2	6
Loss on retirement of non-current assets	33	116
Other	1	17
Total extraordinary losses	36	139
Profit before income taxes	3,615	3,777
Income taxes	1,218	1,215
Profit	2,396	2,561
Profit attributable to non-controlling interests	154	343
Profit attributable to owners of parent	2,242	2,218

Quarterly Consolidated Statements of Comprehensive Income  
For the Three Months Ended June 30

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	2,396	2,561
Other comprehensive income		
Valuation difference on available-for-sale securities	(39)	869
Deferred gains or losses on hedges	0	31
Foreign currency translation adjustment	469	305
Remeasurements of defined benefit plans, net of tax	(94)	(74)
Share of other comprehensive income of entities accounted for using equity method	0	7
Total other comprehensive income	335	1,140
Comprehensive income	2,732	3,702
Comprehensive income attributable to		
Owners of parent	2,584	3,355
Non-controlling interests	148	346

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Cash flows from operating activities		
Profit before income taxes	3,615	3,777
Depreciation and amortization	2,573	2,698
Impairment losses	–	13
Amortization of goodwill	81	41
Increase (decrease) in allowance for doubtful accounts	(0)	6
Increase (decrease) in provision for bonuses	(586)	(603)
Increase (decrease) in retirement benefit liability	16	47
Decrease (increase) in retirement benefit asset	(271)	(228)
Increase (decrease) in provision for share awards for directors (and other officers)	3	3
Interest and dividend income	(54)	(66)
Interest expenses	32	40
Share of loss (profit) of entities accounted for using equity method	(8)	(25)
Loss (gain) on sale of property, plant and equipment	1	4
Loss (gain) on valuation of investment securities	–	3
Loss on retirement of property, plant and equipment	33	116
Decrease (increase) in trade receivables	(437)	(1,044)
Decrease (increase) in other current assets	(845)	(307)
Decrease (increase) in inventories	(5,464)	(5,916)
Increase (decrease) in trade payables	3,173	7,321
Increase (decrease) in other current liabilities	694	1,133
Increase (decrease) in accrued consumption taxes	(66)	623
Increase (decrease) in long-term accounts payable - other	(6)	0
Other, net	(58)	20
Subtotal	2,425	7,660
Interest and dividends received	66	71
Interest paid	(33)	(40)
Income taxes paid	(569)	(2,003)
Net cash provided by (used in) operating activities	1,889	5,688

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Cash flows from investing activities		
Decrease (increase) in deposits paid	5,000	–
Purchase of property, plant and equipment	(7,673)	(5,276)
Proceeds from sale of property, plant and equipment	10	917
Purchase of intangible assets	(120)	(1,731)
Purchase of investment securities	(4)	(304)
Proceeds from sale of investment securities	–	0
Loan advances	–	(5)
Proceeds from collection of loans receivable	0	0
Payments of leasehold deposits	(7)	(6)
Proceeds from refund of leasehold deposits	86	10
Decrease (increase) in time deposits	38	(974)
Purchase of long-term prepaid expenses	(20)	(780)
Other, net	(120)	(43)
Net cash provided by (used in) investing activities	(2,810)	(8,193)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	151	12
Repayments of lease liabilities	(159)	(121)
Proceeds from long-term borrowings	1,000	–
Repayments of long-term borrowings	(978)	(975)
Dividends paid	(2,187)	(2,190)
Dividends paid to non-controlling interests	(7)	(7)
Purchase of treasury shares	(0)	(0)
Net cash provided by (used in) financing activities	(2,181)	(3,282)
Effect of exchange rate change on cash and cash equivalents	21	59
Net increase (decrease) in cash and cash equivalents	(3,081)	(5,727)
Cash and cash equivalents at beginning of period	16,230	14,098
Cash and cash equivalents at end of period	13,149	8,370

## (4) Notes to the Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

None

(Notes in the case of significant changes in shareholders' equity)

None

(Accounting applied especially for the preparation of quarterly consolidated financial statements)

Item	For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)
Tax expense	The Group reasonably estimates the effective tax rate after applying tax effect accounting on profit before income taxes for the fiscal year ending March 31, 2024 and calculates tax expense by multiplying profit before income taxes by the effective tax rate thus obtained.

(Segment information, etc.)

## 1. For the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

## (1) Information relating to net sales and profit or loss by reportable segment

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statements of income (Note 3)
	Processed Foods Business	Fresh Meat Business	Total				
Net sales							
(1) Sales to external customers	73,410	30,914	104,324	127	104,451	–	104,451
(2) Intersegment sales or transfers	2	6,080	6,083	13	6,096	(6,096)	–
Total	73,413	36,994	110,407	141	110,548	(6,096)	104,451
Segment profit (loss)	3,721	(177)	3,544	60	3,604	(198)	3,405

(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 ¥198 million includes corporate expenses of ¥199 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 (loss) is reconciled with operating profit in the quarterly consolidated statements of income.

## (2) Information concerning impairment loss on non-current assets or goodwill, etc. by reportable segment

None

2. For the three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Information relating to net sales and profit or loss by reportable segment

(Million yen)

	Reportable segments			Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statements of income (Note 3)
	Processed Foods Business	Fresh Meat Business	Total				
Net sales							
(1) Sales to external customers	77,111	32,044	109,155	127	109,283	–	109,283
(2) Intersegment sales or transfers	2	5,512	5,515	13	5,528	(5,528)	–
Total	77,114	37,556	114,670	141	114,812	(5,528)	109,283
Segment profit (loss)	3,347	300	3,647	58	3,705	(98)	3,607

- (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 ¥98 million includes corporate expenses of ¥98 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 (loss) is reconciled with operating profit in the quarterly consolidated statements of income.

(2) Information concerning impairment loss on non-current assets or goodwill, etc. by reportable segment

None