

*This documentation is an English translation of a statement written originally in Japanese. The Japanese original should be considered as the primary version.*

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# New Medium-Term Management Plan

November 28, 2022

Securities Code: 8043

# 1. Progress of the Current Medium-Term Management Plan (Fiscal 2020 to Fiscal 2022)

**Theme: Strengthen Earnings Base and Respond to Change**

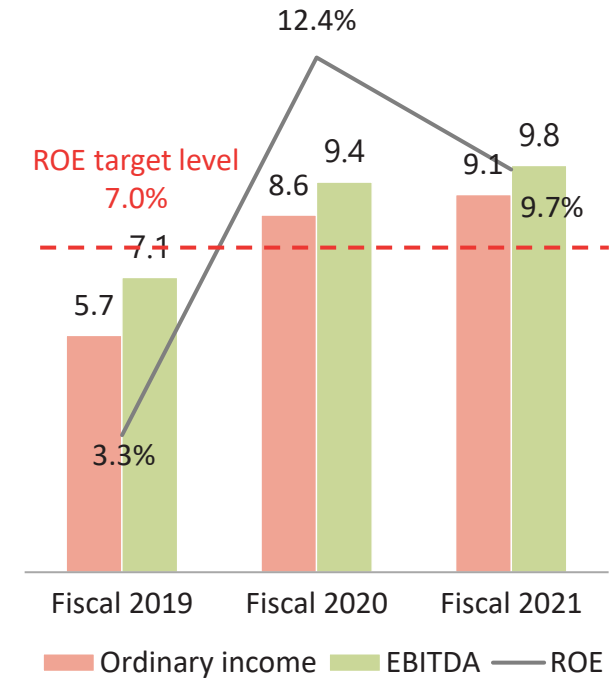
**All numerical targets achieved in fiscal 2021**

## Numerical Targets and Results

(Billions of yen)

	Fiscal 2022 (MTP target)	Fiscal 2019	Fiscal 2020	Fiscal 2021
Net sales	380.0	351.3	349.2	381.4
Ordinary income	6.0	5.7	8.6	9.1
EBITDA	9.5	7.1	9.4	9.8
ROE	7% or higher	3.3%	12.4%	9.7%
Net worth/total assets	40% or higher	41.5%	44.9%	45.1%
D/E ratio	1.0 or less	0.8	0.7	0.6

Main Targets and Performance Trends



# 1. Progress of the Current Medium-Term Management Plan (Fiscal 2020 to Fiscal 2022)

## Theme: Strengthen Earnings Base and Respond to Change

We have initiated measures, but issues and opportunities have changed due to the COVID-19 pandemic

### Actions for key measures

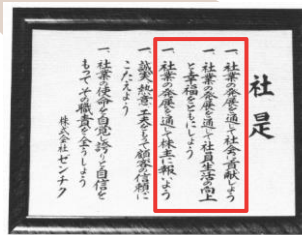
Item	Results	Issues/Opportunities
<b>1</b> Strengthen and Maintain Foundation of Core Business	<ul style="list-style-type: none"><li>• Built out original meat brands</li><li>• Invested in and automated meat processing plants</li></ul>	<ul style="list-style-type: none"><li>• Growing competition in domestic market</li><li>• Growing demand for Wagyu beef overseas</li></ul>
<b>2</b> Strengthen foundation as a manufacturer of meat products	<ul style="list-style-type: none"><li>• Established new processing centers and promote business alliances</li><li>• Extended product life</li></ul>	<ul style="list-style-type: none"><li>• Changing food product markets</li><li>• Growing opportunities in processed foods</li></ul>
<b>3</b> Grow into a global company and explore opportunities in meat substitutes	<ul style="list-style-type: none"><li>• Expanded business operations at overseas subsidiaries</li><li>• Manufacturing/marketing Zero Meat</li></ul>	<ul style="list-style-type: none"><li>• Growing opportunity for sales in overseas markets</li><li>• Stable procurement of imported meats</li><li>• Growing demand for ethical consumption</li></ul>
<b>4</b> Build foundation to support all of the above	<ul style="list-style-type: none"><li>• Launched Zeus project for DX</li><li>• Began redeveloping logistics offices</li><li>• Established Fundamental Policy on Sustainability</li><li>• Expanded personnel and training systems</li></ul>	<ul style="list-style-type: none"><li>• Further streamlining of operations</li><li>• Risk of logistics snags</li><li>• Response to climate change</li><li>• Shortage and development of talent</li></ul>

## 2 . Management Vision / Management Philosophy

Contribute to value creation for society, employees, shareholders, and customers through our business growth

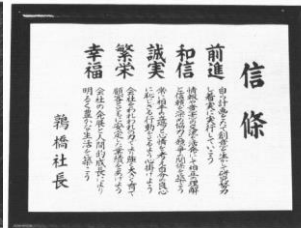
Founder's commitment  
"Benefit people around the world"

Original motto



Contribute to society through business growth  
Work together to improve the quality of life and happiness of employees  
Reward shareholders

Original creed



Over 70 years

Current Management Vision / Management Philosophy

Management Vision  
Our goal is to become a global company that delivers everyday happiness through our food value chain.

Management Philosophy



Be a Company with Which Customers Feel Fortunate to Do Business



Become a Company Where Our Employees Are Happy to Work



Grow through Our Work

Built a system for delivering safe, high quality meat products to customers in Japan

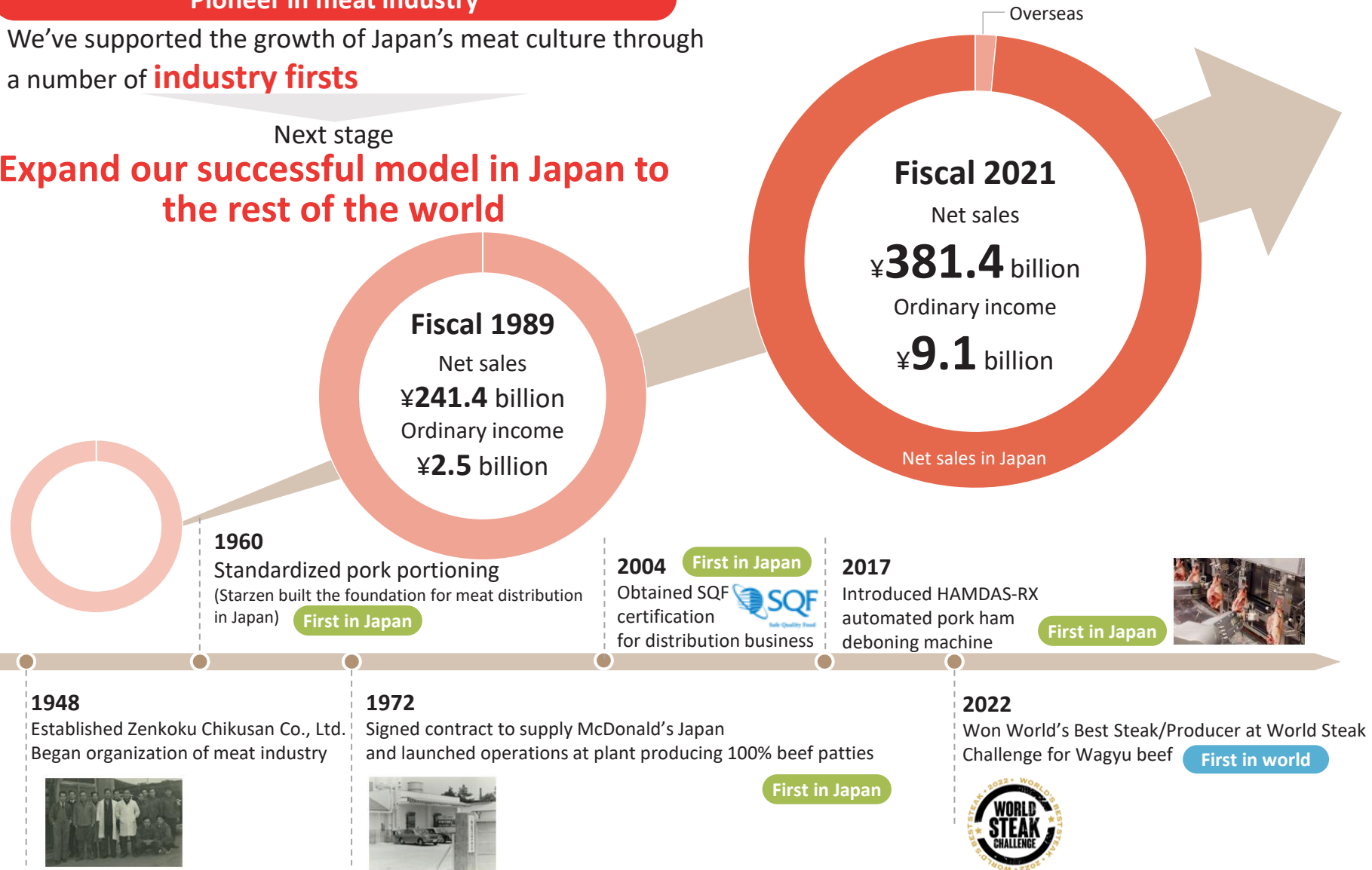
# 3. Starzen's History and Performance

## Pioneer in meat industry

We've supported the growth of Japan's meat culture through a number of **industry firsts**

Next stage

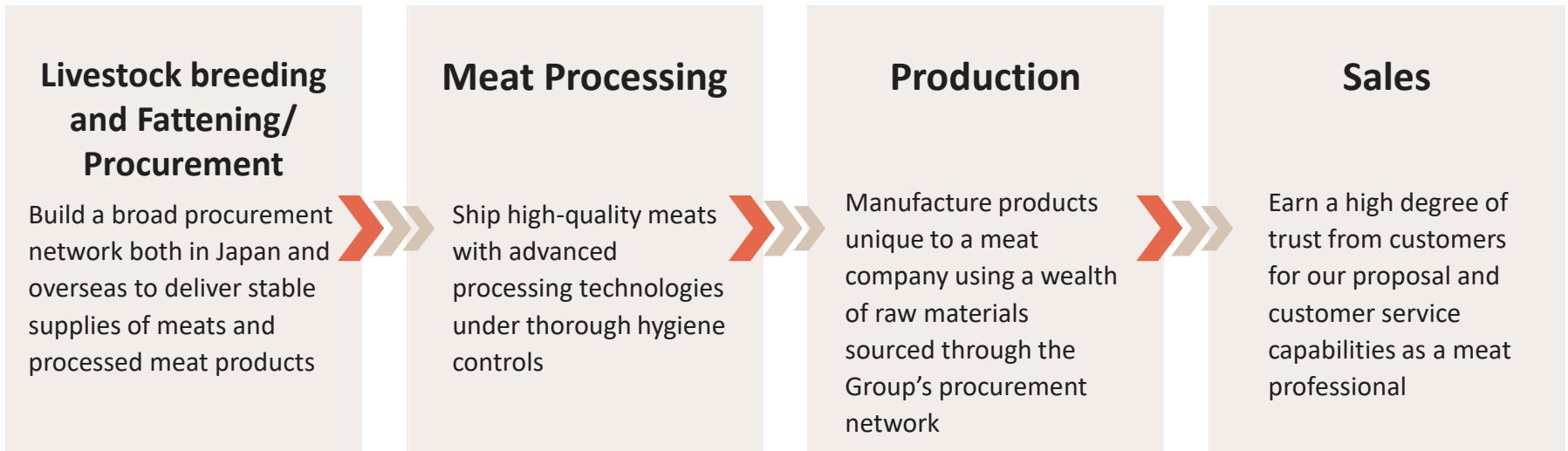
**Expand our successful model in Japan to the rest of the world**



# 4. Starzen's Business Model and Strengths Underpinning its Value Creation

Vertically integrated supply chain spanning from livestock breeding and fattening/procurement to processing, production and sales

Growing system for delivering safe, high quality meat products to customers around the world in a stable manner



**Robust distribution network** (nationwide network connecting production areas and customers)

**Top level quality assurance system** (57 business sites with SQF certification)

**Group of meat professionals** (over 70 years in business)

# 5. Overview of New Medium-Term Management Plan (1)

Theme: “Transform the earnings structure and engage in sustainable business operations”

Fiscal 2025 targets

EBITDA

¥**12.0** billion

ROIC

**5.5%** or higher

Net worth/total assets

**40%** or higher

Management Strategy

1

Tackle the Challenge of Developing New Businesses

2

Domestic Business Transformation

Earnings Structure Transformation

3

Sustainability Management and Improvement in the Management Foundation  
(= solution to materiality)

Sustainable Business Operations

# 5. Overview of New Medium-Term Management Plan (2)

Human resources strategy, “establish optimal talent portfolio”

Improvement of corporate value



Expanded investments in human capital

(Linked to management strategy)

Re-skilling  
Strategic  
workforce plan

Investing in  
human resources  
for growth  
businesses

Internal recruitment system  
Increase personnel mobility

Streamlining of  
existing  
operations

Promotion of DX  
Acquisition of knowledge



# 6. Details of New Medium-Term Management Plan: Management Strategy and Policy

Formulated management strategy and policy for further growth and corporate value creation

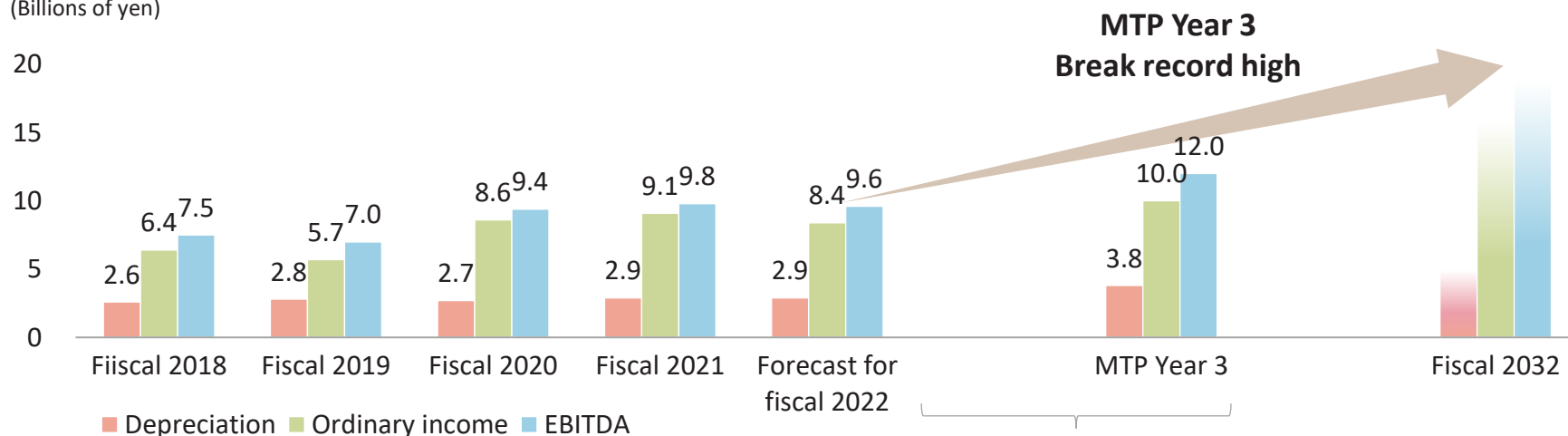
	Management Strategy	Policy	Business Environment, Issues and Opportunities
	<b>1 Tackle the Challenge of Developing New Businesses</b>	Aggressive Overseas Business Expansion	<ul style="list-style-type: none"> <li>Increasing demand for meat internationally</li> <li>Plants with export licenses ready to supply popular Wagyu beef, etc.</li> </ul>
		Capture Business from Domestic Growth Markets	<ul style="list-style-type: none"> <li>Changes in lifestyles</li> <li>Room to expand in non-retail segments, etc.</li> </ul>
	<b>2 Domestic Business Transformation</b>	Streamlining of domestic operations	<ul style="list-style-type: none"> <li>Depopulation in rural areas and labor shortages</li> <li>“2024 problem” facing logistics, etc.</li> </ul>
Development of high-value-added products		<ul style="list-style-type: none"> <li>Greater competition in commoditized products</li> <li>Growing market for cooked foods, etc.</li> </ul>	
<b>3 Sustainability Management and Improvement in the Management Foundation</b>	Response to social issues	<ul style="list-style-type: none"> <li>Growing environmental awareness and ethical consumption</li> <li>Co-existence between society and companies, etc.</li> </ul>	
	Digital transformation and business process reform	<ul style="list-style-type: none"> <li>Inefficient operations</li> <li>Highly complex and aging IT systems, etc.</li> </ul>	

# 6. Details of New Medium-Term Management Plan: Financial Targets

**Depreciation from upfront investments will temporarily depress ordinary income**  
**Plan to break record high for profits in its final fiscal year by increasing the portfolio weighting of the international business and high-value-added products**

## EBITDA and Ordinary Income Plan

(Billions of yen)



Other Quantitative Targets	
Net sales	¥440 billion
Net worth/total assets	40% or higher
ROIC	5.5% or higher
ROE	8% or higher
D/E ratio	1.0 or less

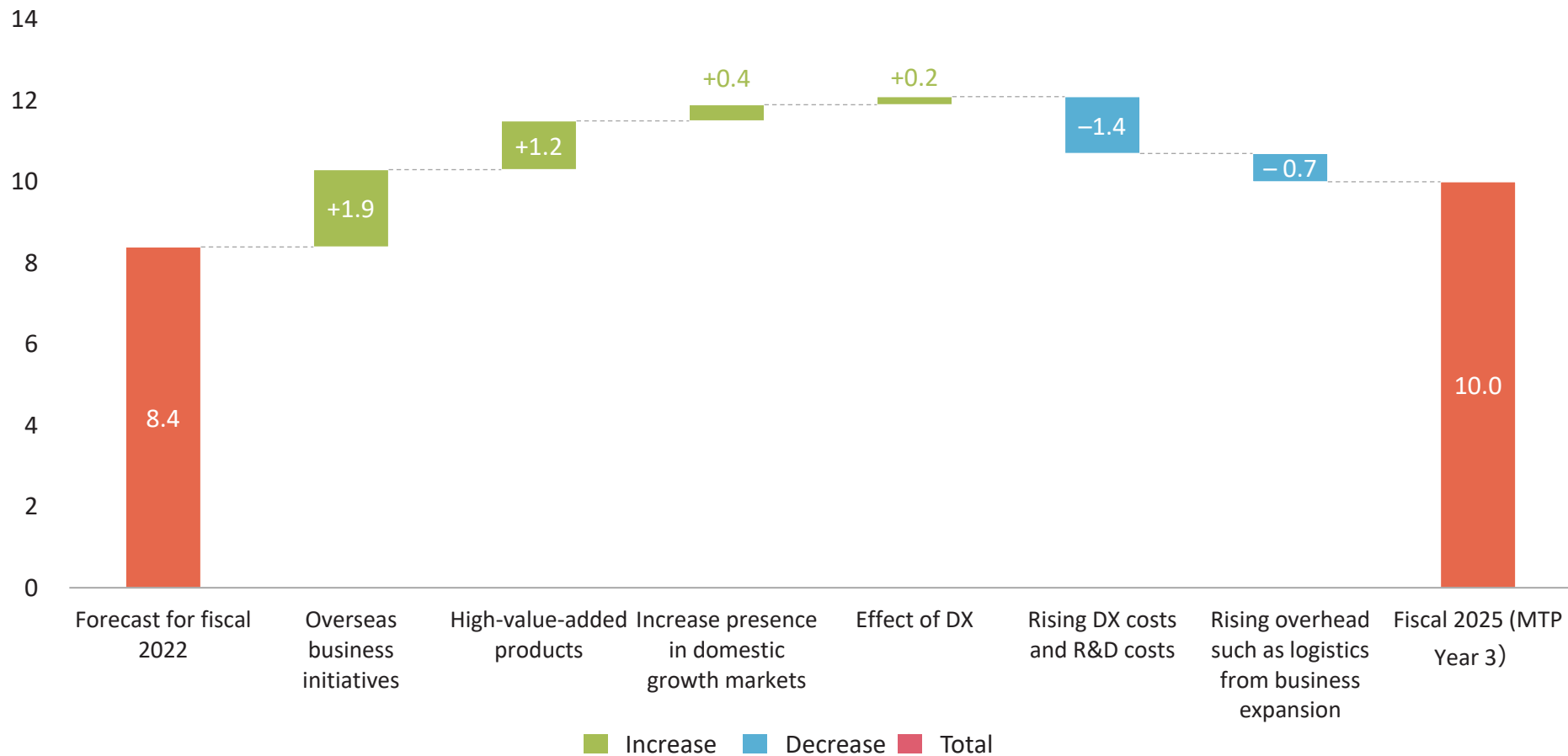
## Invest ¥40 billion over 3 years

1	Aggressive Overseas Business Expansion	¥12 billion
2	Streamlining of domestic operations	¥11 billion
	Development of high-value-added products	¥6 billion
3	Digital transformation and business process reform	¥5 billion
	Maintenance and upgrades	¥6 billion

# 6. Details of New Medium-Term Management Plan: Factors Driving Changes in Ordinary Income

## Factors Driving Changes in Ordinary Income

(Billions of yen)



# 7. Policies under the New Medium-Term Management Plan

## 1 Tackle the Challenge of Developing New Businesses

### Aggressive Overseas Business Expansion

#### Business Environment

- Demand for meat continues to increase internationally
- Plants with export licenses where we can supply popular Wagyu beef

#### Key Measures

- (1) Roll out Starzen's business model overseas
- (2) Increase meat procurement capacity using alliances with overseas meat packers



Wagyu beef brand for export

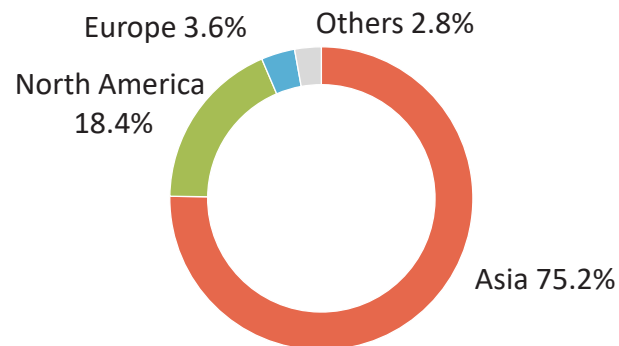


Fresh meat section at a retailer in the United States



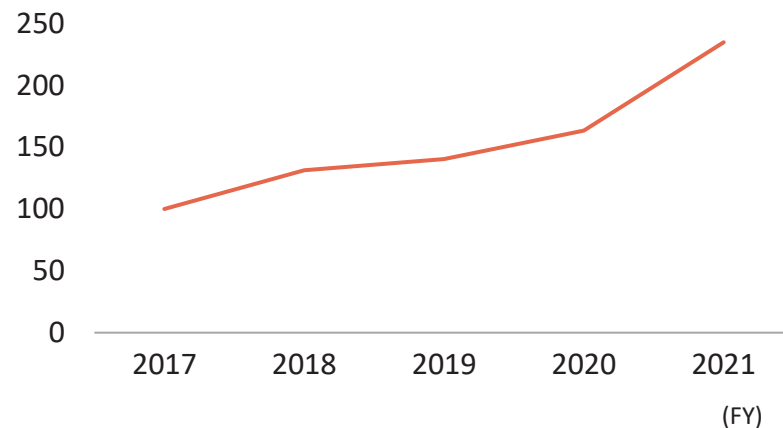
World's Best Steak

#### Beef Exports by Area in Fiscal 2021 (Japan to Other Countries)



#### Trend in Starzen's Exports

All values indexed to 100 starting from fiscal 2017 for comparison



# 7. Policies under the New Medium-Term Management Plan

## 1 Tackle the Challenge of Developing New Businesses

### Capture Business from Domestic Growth Markets

#### Business Environment

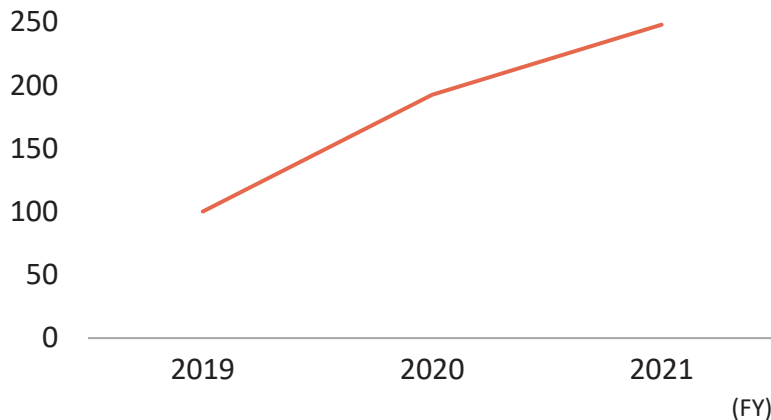
- Expanding purchase channels and changes in product mix resulting from changing lifestyles

#### Key Measures

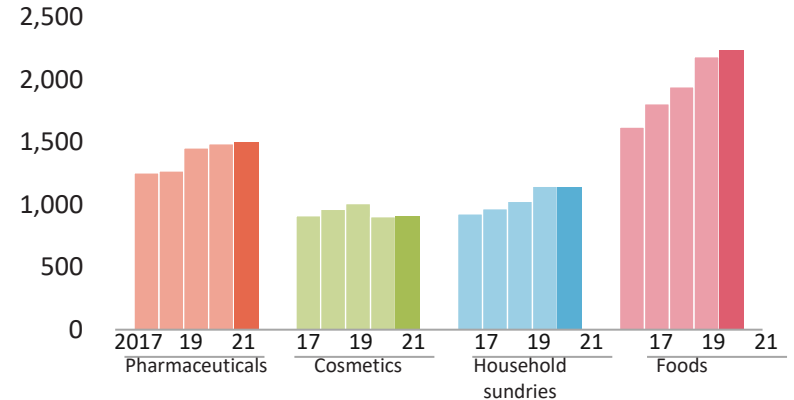
- (3) Develop products for D2C channel
- (4) Propose products to growth markets and customers using out integrated supply chain

#### Growth Rate of Starzen's Online Sales (E-Commerce)

All values indexed to 100 starting from fiscal 2019 for comparison

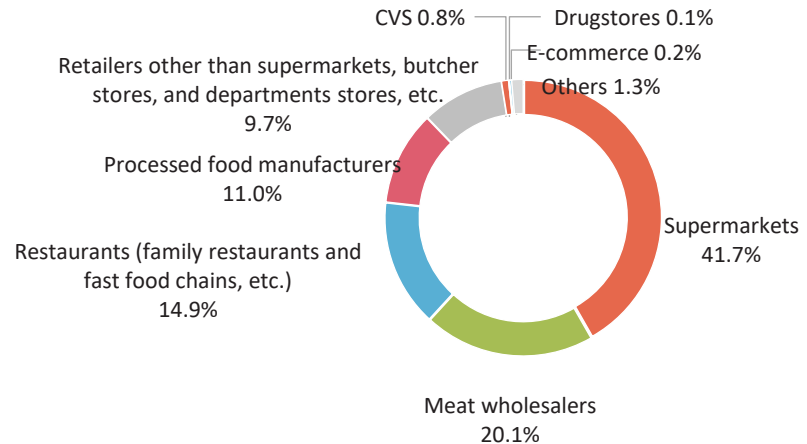


#### Trend in Drugstore Net Sales by Product Category (Billions of yen)



Source: Prepared based on Time Series Data of Census of Commerce by the Ministry of Economy, Trade and Industry

#### Breakdown of Starzen's Product Destinations (Fiscal 2021)



# 7. Policies under the New Medium-Term Management Plan

## 2 Domestic Business Transformation

### Streamlining of domestic operations

#### Business Environment

- Declining population and tougher competition in meat market
- Growing exports
- “2024 problem” facing logistics
- Forecast depopulation in rural areas and worker shortages
- Unstable international situation

#### Key Measures

- (1) Redevelop meat processing plants in East and West Japan and expand production areas domestically/internationally
- (2) Establish 2 major logistics hubs in East and West Japan
- (3) Build out sales offices in line with local characteristics

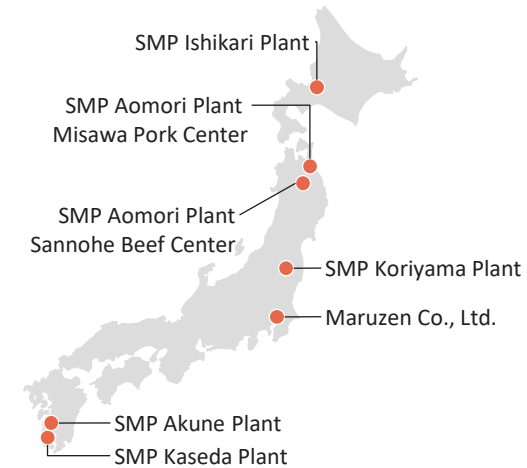
#### Meat Processing Plants



Kodawari Pork, Starzen’s original brand of domestic pork



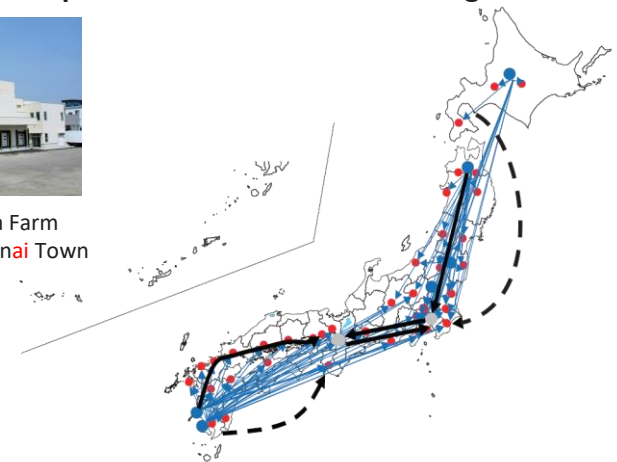
HAMDAS-RX automated pork ham deboning machine



#### Redevelop the Group’s network for a new era in logistics



Taisho Kaneyama Farm  
headquarters in Shonai Town



# 7. Policies under the New Medium-Term Management Plan

## 2 Domestic Business Transformation

### Development of high-value-added products

#### Business Environment

- Changes in consumer preferences (polarization of food market and growing consumption of cooked foods)

#### Key Measures

- (4) Further enhance Starzen's No. 1 products  
Promote differentiation using Starzen's proprietary technologies and strengths



Wagyu Roast Beef



Black Pepper Roast Beef



Pork Cartilage  
Simmered and Soft



Seasoned Korean-  
Style Short Ribs for  
Barbecuing

#### Vacuum seal technologies that maintain high quality

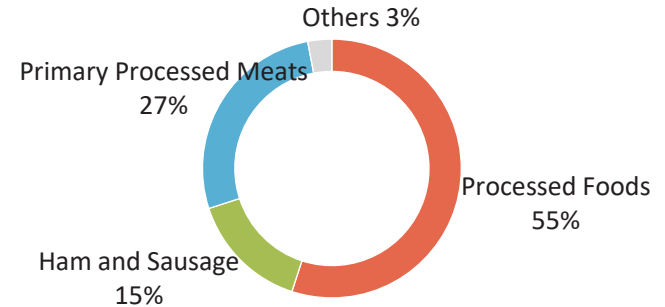


Vacuum-seal packaging lines for export



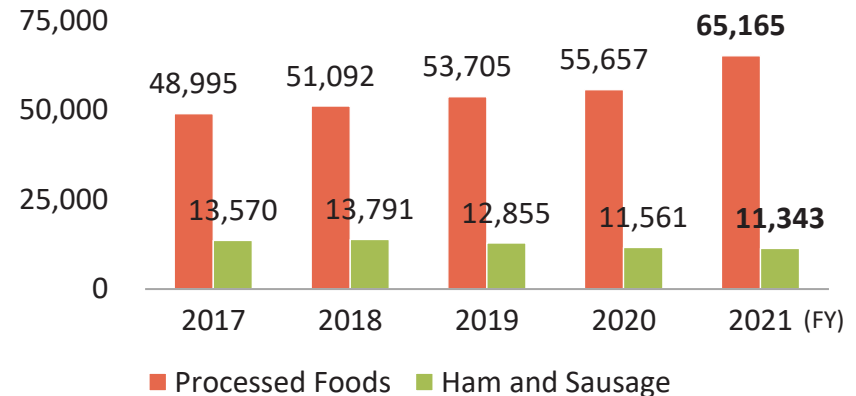
Vacuum-seal packaging

#### Breakdown of Starzen's Processed Food Net Sales (Fiscal 2021)



#### Trend in Net Sales of Starzen's Processed Foods

(Millions of yen)





# 7. Policies under the New Medium-Term Management Plan

## 3 Sustainability Management and Improvement in the Management Foundation

### Response to social issues

#### Business Environment

- Growing environmental awareness and ethical consumption
- Presence of companies and co-existence between society and companies, etc.

#### Key Measures

- (1) Expand energy conservation activities and use of renewable energy
- (2) Strengthen efforts in meat substitutes through partnerships with outside entities
- (3) Research eco-friendly feed and animal welfare



Solar power generation system at STARZEN MEAT PROCESSOR Co., Ltd., Akune Plant Processed Food Production Center



Zero Meat Demi-Glace-Type Hamburger



STARZEN MEAT PROCESSOR Co., Ltd. Akune Plant's drinking water system



STARZEN MEAT PROCESSOR Co., Ltd. Akune Plant's berthing facility with misting system



## 7. Policies under the New Medium-Term Management Plan

### 3 Sustainability Management and Improvement in the Management Foundation

#### Digital transformation and business process reform

##### Business Environment

- Highly dependent (on individual skills), complex and aging IT systems
- Inefficient operations
- Yet to achieve full visualization throughout the entire supply chain

##### Key Measures

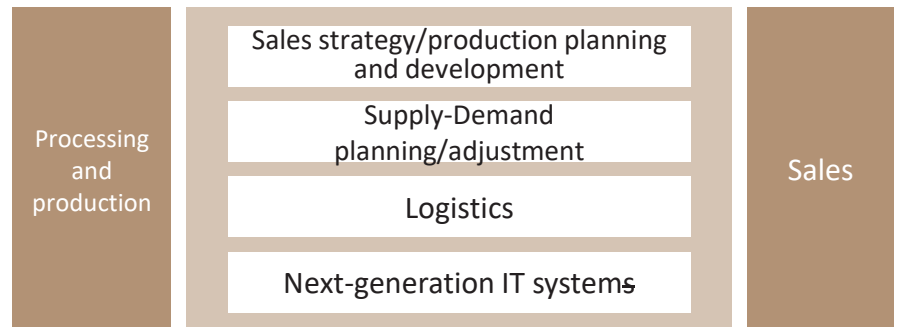
- (4) Replace/revamp core IT system, etc.
- (5) Visualize operations/performance, increase work style efficiency, review approaches to managerial accounting



##### Conceptual Diagram of the Zeus Project

Management and business administration

Enhance revenue management and increase competitiveness of each business by visualizing profit management cross-functionally



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This presentation was prepared by the Company for the purpose of providing investors with an understanding of the current situation of Starzen Co., Ltd. (hereinafter referred to as the "Company") to serve as a reference for investors. The contents have been prepared based on the generally recognized economic and social conditions as of November 28, 2022 and certain assumptions judged by the Company to be reasonable. However, this content is subject to change without notice due to changes in the business environment and other reasons. The materials and information provided in this presentation, including forward-looking statements, are based on current expectations, projections and risky assumptions and contain uncertainties that could cause substantively different results from these statements. These risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, interest rates and foreign exchange rate fluctuations. Even if new information arises or events occur in the future, etc., the Company bears no obligation to update or revise the forward- looking statements contained in this presentation.