



# STARZEN GROUP 2024

## INTEGRATED REPORT

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## Editorial Policy

Integrated Report 2024 targets all of the Starzen Group's stakeholders, including its shareholders and other investors, with the goal of deepening understanding of the Group and also providing new opportunities for dialogue. For this report, to expand on the points we want to convey, we have prepared special features on four topics: initiatives to improve ROE, human resources strategy, initiatives to adapt to changes in the external environment, and future capital & financial strategies. The report also aims to provide a more concrete understanding of the relationships among the Group's business strategy, financial capital, and non-financial capital, as well as our challenges and initiatives related to capital efficiency. During the editorial process, we referenced the International Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation of Japan's Ministry of Economy, Trade and Industry.

## Reporting Period

Fiscal 2023 (April 1, 2023 to March 31, 2024)

Note: Contains some information applicable to other periods.

## Reporting Boundary

Starzen Co., Ltd. and its consolidated subsidiaries

Note: Contains information on some non-consolidated subsidiaries and associates.

## Cautionary Note Regarding Forward-Looking Statements

This integrated report includes forward-looking statements about the future performance of the Starzen Group. These statements are based on assumptions and beliefs that are judged from the information available at the time the report was published and involve risks and uncertainties related to economic trends, intensifying competition, laws and regulations, tax systems, and various other policies. Starzen therefore wishes to caution that actual results may differ materially from its expectations.

## About the Cover

The cover expresses the idea of our thriving, diverse workforce spreading smiles all over the world while embodying the core values Starzen has cherished since its founding: reliable quality, honesty and integrity in all endeavors, a spirit of embracing new challenges, teamwork, and a desire to make a difference in the world.



## Information Disclosure System

Financial information		Non-financial information	
Integrated Report 2024			
<b>IR Information</b>	<a href="https://www.starzen.co.jp/en/ir/">https://www.starzen.co.jp/en/ir/</a>	<b>Sustainability</b>	<a href="https://www.starzen.co.jp/en/sustainability/">https://www.starzen.co.jp/en/sustainability/</a>
<b>Securities Report</b>	<a href="https://www.starzen.co.jp/ir/library/securities.html">https://www.starzen.co.jp/ir/library/securities.html</a> (in Japanese only)	<b>Corporate Governance Report</b>	<a href="https://www.starzen.co.jp/sustainability/file/governance_hokoku.pdf">https://www.starzen.co.jp/sustainability/file/governance_hokoku.pdf</a> (in Japanese only)
<b>Financial Results</b>	<a href="https://www.starzen.co.jp/en/ir/library/financial.html#library01">https://www.starzen.co.jp/en/ir/library/financial.html#library01</a>		
<b>Medium-Term Management Plan</b>	<a href="https://www.starzen.co.jp/en/ir/management_policy/#management_policy01">https://www.starzen.co.jp/en/ir/management_policy/#management_policy01</a>		
Others			
<b>Company Information</b>	<a href="https://www.starzen.co.jp/en/company/">https://www.starzen.co.jp/en/company/</a>	<b>Product Information</b>	<a href="https://www.starzen.co.jp/en/product/">https://www.starzen.co.jp/en/product/</a>
		<b>Domestic and Overseas Network</b>	<a href="https://www.starzen.co.jp/en/company/?active-tab=tab-5#company-info05">https://www.starzen.co.jp/en/company/?active-tab=tab-5#company-info05</a>

# 01

## Value Creation Story

03	CEO Message
08	Financial Highlights / Non-Financial Highlights
09	History of Starzen
11	Starzen's Strengths
12	Formulation of the New Management Philosophy and Brand Vision
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## CEO Message

# Face every task before you with sincerity and dedication

We can achieve overall optimization as “Team Starzen” if everyone dedicates themselves to completing each task. To remain competitive, we will not stick to the same way of doing things, but adapt to the changing times with a sense of urgency.

### We aim to win the trust of stakeholders by embodying our Management Philosophy and Brand Vision.

In April 2024, my fourth year as President & CEO, we revamped our Management Philosophy and Brand Vision for the first time in 33 years. (P.12) This new Management Philosophy and Brand Vision is something I have been conceptualizing since I took office. Although I have a strong passion for Starzen's brand concept, this was not something I could do alone. Fourteen employees that were selected as ambassadors took the lead in envisioning the future of Starzen, building on its past history and involving various departments in the process.

While formulating this project, the ambassadors were also shouldering their own work responsibilities, but I feel the project was an opportunity to learn about Starzen's many

challenges and aspirations in the process of reflecting on its history and envisioning its future. We are now entering the stage of instilling the new Management Philosophy and Brand Vision throughout Starzen. Formulating them was merely a means to an end, and their effects can only be felt once they have been instilled throughout the Company. We must ensure that all employees understand our vision for the Starzen Group and that this vision becomes a point of reference for making decisions when they face difficulties in the course of their work.

I believe that these kinds of initiatives, and fostering a sense of belonging among our employees, will lead to gaining the trust of our customers and various stakeholders.



**Kazuhiko Yokota**

Representative Director,  
President & CEO

# Creating an environment where people, who are the engine of long-term corporate growth, can maximize their capabilities

I believe that the source of a company's continued long-term growth lies in large part in the power of its people. Since becoming President & CEO, I have created opportunities to speak directly with employees in each department, including overseas offices, through town hall meetings. When I speak with employees, I invite them to feel free to email me their thoughts and opinions directly, even if it's just a few words, and I always make sure to reply. Even casual impressions and requests often provide opportunities for insights, such as identifying issues on-site and improving business operations. In particular, when it comes to on-site operational issues where there is room for improvement, after obtaining the person's permission, I often share the information with the business division so that improvement measures can be implemented. Through these engagement activities, we are fostering a culture where employees recognize issues on their own and take the initiative to solve them.

In many cases, however, the issues raised as feedback from frontline employees are things we are already working on or aware of. These cases remind me how important it is to inform employees that the issues they raise are indeed recognized as something to be addressed by management.



Town hall meeting

Visualizing these on-site issues and the Company's policies and efforts to address them will help ensure the effectiveness and transparency of the Group's management.

Furthermore, improving employee engagement also helps foster integrity and a sense of responsibility, which are of utmost importance for Starzen, as it handles perishable foods, a product that requires freshness.

The Group's mission is to ensure a stable supply of food, which requires us to deliver meat and processed foods to our customers on an ongoing basis. Integrity is the most important aptitude required to fulfill our mission of treating the precious lives of livestock with care and delivering safe and reliable products from the production site to our customers. When each of us approaches our work with a sense of responsibility, we will build a foundation that inspires customers to continue to choose Starzen, even in these rapidly changing times. Confucius once said, "There is one principle that runs through all." Instead of blindly sticking to the path you've chosen for yourself, you must navigate many different paths that are intricately intertwined. That's why it is important to have an attitude of taking seriously even the smallest things in front of you. As a representative of a company that deals with food, I have these words displayed in my office as my personal motto, to lead by example in a meaningful way.

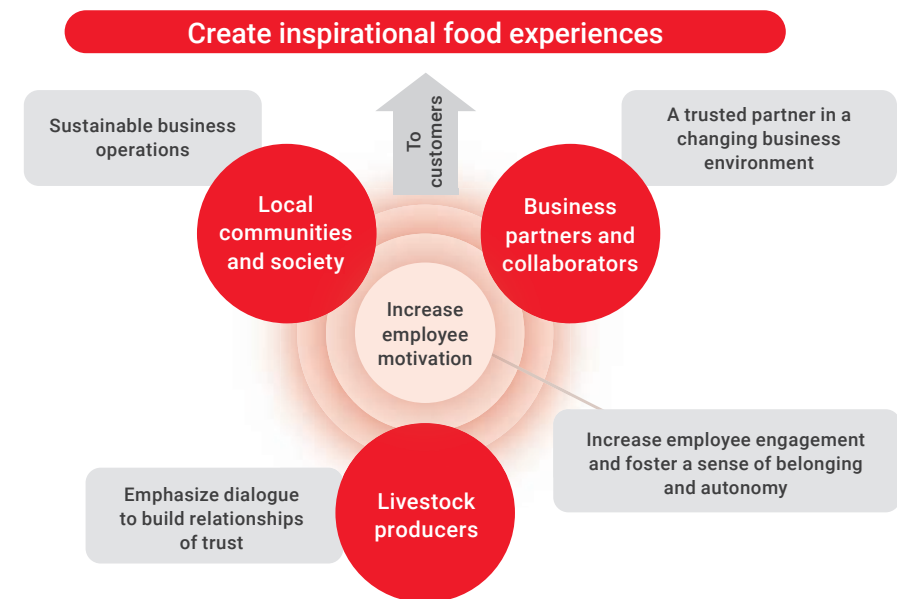
For our Company to continue to grow, it is of course important to create a comfortable working environment for our employees, but it is equally important to draw out their autonomy. This idea led to the development of our internal recruitment system. In my case, I had a lot of sales experience in the Kanto region, but never got the opportunity to work in other areas or in other jobs when I was young. I therefore wanted to create a system where anyone who expressed interest in taking on a new challenge would be given a chance. I believe that

especially nowadays, young employees tend to focus on career planning for their own growth, and a system that allows them to request transfers and gain work experience is essential for improving employee retention.

Starzen is focusing on aggressive overseas business expansion as a future growth strategy. Therefore, if there are employees who can take advantage of the system to demonstrate their capabilities overseas, for example someone who joined the Company hoping to work in overseas business but was assigned to another department, this will lead to more effective use of Starzen's human resources.

Rather than an organizational culture that places too much importance on seniority and predictability, I want to create an environment where even young people can excel if they have the ability. I will assess each individual's abilities, motivation, aptitude, and so on, and when it comes to measures to maintain the competitiveness of the Starzen Group, I will do my utmost to improve any areas that are within my power. I believe that creating this kind of organizational culture will become increasingly important going forward as the competition for talent becomes increasingly fierce.

## Approach to Sustainable Growth





## Our relationship of trust with livestock producers, which is a strength

In the Starzen Group, it is extremely important for all employees involved in the meat supply chain to carry out their work with an understanding of the characteristics and strengths of livestock producers. Although the work of livestock producers has become increasingly mechanized in recent years, they still work 365 days a year with no days off. Getting to know the livestock producers, who are upstream in the supply chain, also means caring for the precious lives of the livestock they have raised with such effort.

In 2012, we formed a business partnership with the Mizusako Farm Group, one of Japan's leading Wagyu beef producers.

Australian farm visit



I first met President Mizusako when I was in charge of mass retail sales and became involved in an initiative that provided images and information on beef producers. Even at that time, he was raising a large number of Wagyu cattle at a young age, and had received inquiries about sales and partnership opportunities from various companies. However, I'm told that the deciding factor in his decision to partner with Starzen was our attitude of appreciating producers and respecting the lives of livestock. We have maintained a long relationship ever since, and sometimes visit farms in Australia together to receive advice based on their knowledge and expertise regarding Wagyu cattle.

We have been able to differentiate ourselves from other companies by partnering with producers who have a wealth of experience in Wagyu cattle breeding methods and know-how and then utilizing this knowledge to develop products. Moreover, the knowledge and insight gained from getting together with producers for carcass training sessions, manager meetings, and farm visits is also put to good use in our sales activities.

Our mission is to convey to our customers the appeal of beef that has been carefully raised by dedicated producers, along with their passions, so that consumers can fully appreciate each delicious bite.



## “Team Starzen” is essential for expanding overseas business

Starzen has accumulated expertise and knowledge over a long history of procuring meat from overseas, dating back to the beginning of Japan's liberalization of meat imports in the 1950s. Meanwhile, it was also necessary to build up new capabilities in areas such as local sales overseas and sales to third countries. However, we have many employees in the sales department in Japan who have knowledge of domestic meat and the skills to make suggestions on how to eat it. It is important for the entire Group to take advantage of this strength and work together as “Team Starzen” to engage in overseas business with a sense of urgency.

One example of how our technical prowess can

be an advantage in expanding overseas is our slicing skills. Eating thinly sliced meat is not a major cultural phenomenon overseas, but when Japanese restaurant chains expand abroad and offer dishes such as shabu-shabu and sukiyaki, they attract attention from the local communities. On the other hand, not many local people have the skills to thinly slice meat. The Starzen Group has numerous technicians skilled in slicing and processing meat to the required specifications, and we can handle both slicing the meat in Japan and exporting it or executing the processing and delivery at an overseas partner plant. We expect demand to grow, especially in Taiwan and Southeast Asia.

## The appeal of Wagyu beef in overseas markets

Every year, we invite overseas business partners to Japan for our regularly scheduled tours, showing them around our plants and the farms of our partner producers, in order to deepen mutual understanding. The tours, which allow participants to see firsthand how Wagyu cattle is fattened and to confirm the hygiene standards and processing techniques of our plants, have been extremely popular with participants. Visitors pay particular attention to our demonstrations on how to cut and eat cuts other than the loin cuts commonly used for steaks overseas. For our employees, having people from overseas witness their skills is inspiring and helps to increase their motivation. Starzen has a history of expanding business operations beyond the sale and purchase of meat, which is how the Company got started, and we are proud that our

beef handling techniques are superior to those of other major ham and sausage manufacturers.

At the beginning of the year, I attended a meeting in Barcelona, Spain, where I had the opportunity to speak with the president of an Italian company. Italians have a strong passion for food, especially delicious food, and value the quality of artisanal techniques. He highly praised the potential of Japanese Wagyu beef, admiring the beautiful marbling and meticulous quality control. Actually, visiting Europe and experiencing the food culture firsthand reminded me of the attractiveness and potential of Europe as a market. I am therefore confident that there will be further export opportunities to overseas markets for Wagyu beef products processed using the techniques we have cultivated over many years.

## Seeing changes in the business environment as an opportunity

The Starzen Group believes in closely aligning with customer needs, and has established a style of product development based on customer requests and collaborative development.

In Japan, with its declining birthrate, aging population, and decreasing population, it is essential to develop product strategies that respond to changes in the business environment.

Going forward, we will work with major meal providing companies to expand our offerings of meals for the elderly, where demand is expected to grow due to rising life expectancies. I believe our soft and chopped foods, which do not compromise on texture or flavor, can contribute to the diet of elderly people who are concerned about their

chewing ability and those who need home care. By taking the initiative ahead of other companies, we aim to expand our market share.

It is also essential to strengthen product development to accommodate the diversifying lifestyles and tastes of consumers. Since we mainly supply OEM products, we currently do not offer many Starzen brand products. However, we have many employees who work with manufacturers, restaurant chains, and others to develop and market private brand products. We will also work to aggregate and share such knowledge about product development and apply it to in-house product development.

## The nature of our business makes logistics reform particularly important.

Prior to my appointment as President & CEO, during my time working in sales for a mass retailer, I came to realize that logistics can make a difference in competitiveness. For many overseas retailers, logistics is at the heart of their strategy. To raise awareness of the importance of logistics within Starzen and change our employees' mindset around logistics, we established the Logistics Division in 2021 and began drawing attention to its capabilities both within and outside the Company. We ensure a stable supply of food through a combination of mainline logistics connecting livestock production areas, plants, and consumption areas, and last-mile delivery connecting our approximately 50 sales offices to customers. For Starzen, which handles perishable foods, having refrigeration facilities close to consumption areas and being able to deliver directly to customers is a major advantage.

To address the "2024 problem\*" that Japan is facing in logistics, we are first advancing efficiency improvements starting from where we can take action, such as reviewing the lead time settings for orders and the frequency of deliveries.

In the meat industry, where there are many

irregular (variable weight) products, and products are handled in multiple storage temperature ranges, improving logistics efficiency is not a simple task. However, I see great potential in cross-sector analysis and improvements and collaborative efforts with other companies in the same industry, not only in terms of efficiency but also in terms of environmental goals such as reducing greenhouse gas (GHG) emissions.

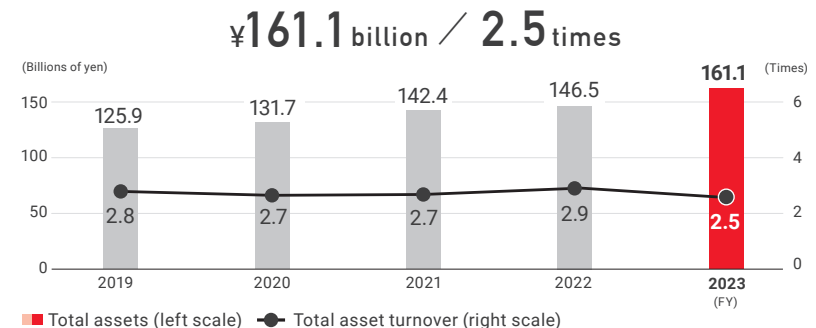
To address many of these issues, we are currently leveraging our experience and knowledge in meat and logistics to build new systems and reform operations under our ongoing digital transformation (DX) project named Zeus.

We are also proceeding with initiatives aimed at management that is conscious of capital efficiency.

In February 2024, we announced that we would transfer the logistics center owned by Starzen Logistics Co., Ltd. and instead establish new sites in the east and west of Japan to handle logistics and sales. Going forward, we will continue our efforts to restrain the increase of total assets and enhance capital efficiency while increasing total asset turnover.

\* Concerns about a decrease in freight transport capacity, a drop in profits, and a worsening shortage of drivers due to reduced income, as a result of Japan's new working time regulations for truck drivers introduced in 2024.

### Total assets / Total asset turnover\*



\* Total asset turnover = Net sales ÷ Average total assets for the fiscal year (average of total assets for each quarter)



## Respond quickly to changes in the external environment and enhance corporate value

Consolidated	Fiscal 2023 results	Fiscal 2024 targets	Fiscal 2025 targets
Net sales	¥410.5 billion	¥412.0 billion	¥440.0 billion
EBITDA	¥12.0 billion	¥12.3 billion	¥12.0 billion
Ordinary income	¥10.7 billion	¥10.8 billion	¥10.0 billion
ROE	10.1 %	13.3 %	8.0 % or higher
ROIC	6.3 %	6.3 %	5.5 % or higher

Since I became President & CEO in 2021, our EBITDA has increased, and with the recovery in demand after the COVID-19 pandemic as a tailwind, we were able to achieve record profits in fiscal 2023. ROE, an indicator of return on capital, has exceeded the target value, indicating that earning power is certainly on track. On the other hand, our price-to-book (P/B) ratio is below 1x, suggesting that the market does not yet recognize our progress.

Since enhancing corporate value is one of the greatest responsibilities of a manager, my first priority is to steadily implement our medium-term management plan to put our growth strategy on track, while also promoting transformation in

various fields to adapt to changes in the environment. We cannot continue to succeed in the competitive era ahead without an urgent recognition that if we stick with the same old approach we will be left behind.

Under our new Management Philosophy, “Connecting people and food around the world through inspirational experiences,” we will continue to enhance employee motivation, reform logistics based on business characteristics, and promote management that is conscious of capital efficiency. In this way, we aim to enhance corporate value to meet the expectations of all our stakeholders.

## Final thoughts

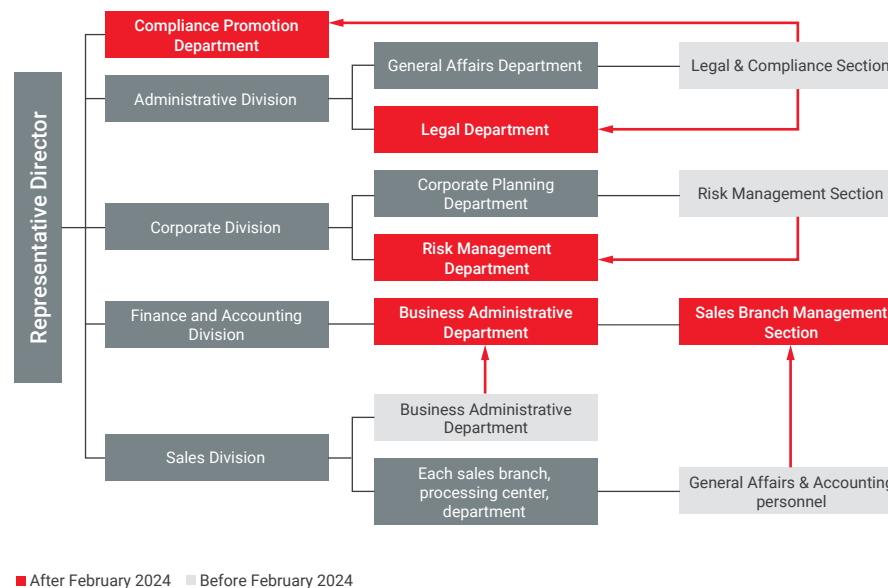
Last but not least, let me take this opportunity to express my sincere regret at the occurrence of improper transactions at one of the sales offices within the Starzen Group. We are now in the process of establishing new organizational structures to prevent recurrence and strengthen checks and balances.

Specifically, we are taking the following measures: (1) Conducting training to strengthen the Groupwide compliance promotion system, (2) Transferring accounting staff from sales offices to the Finance and Accounting Division to strengthen

fraud prevention measures, (3) Strengthening inventory check systems at sales offices, (4) Using core IT systems to check for fraudulent transactions in the accounting domain, and (5) Promoting the rotation of personnel. We will also strive to prevent recurrence by encouraging our employees to base their decisions and actions on our newly established Management Philosophy and Brand Vision.

I would like to ask all our stakeholders for your continued support of the Starzen Group.

## Organization chart after strengthening anti-fraud capabilities

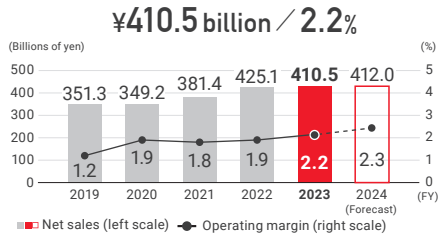




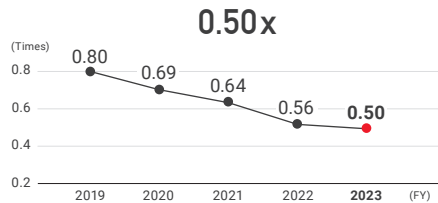
# Financial Highlights / Non-Financial Highlights

## Financial Highlights

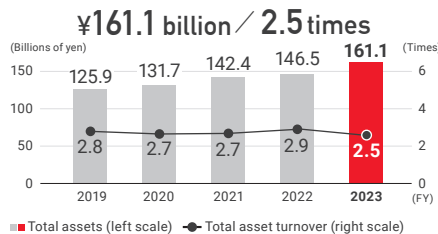
### Net sales / Operating margin



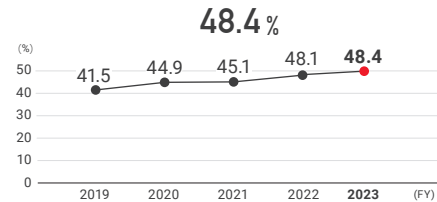
### Debt-to-equity (D/E) ratio



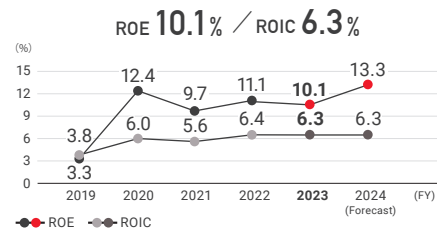
### Total assets / Total asset turnover



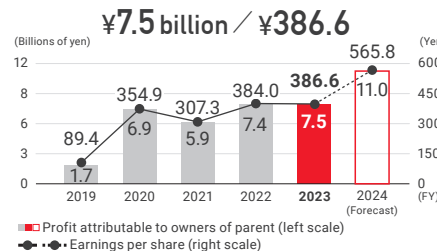
### Net worth / Total assets



### ROE / ROIC

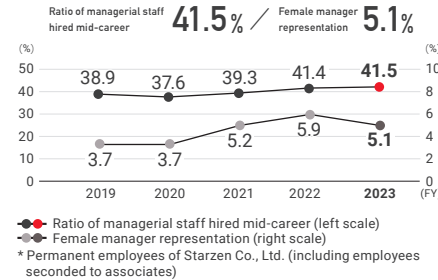


### Profit attributable to owners of parent / Earnings per share



## Non-Financial Highlights

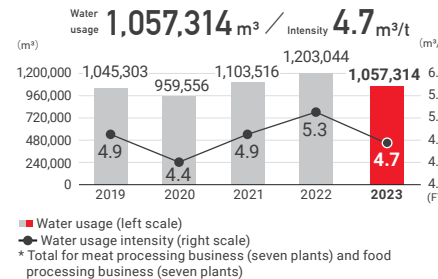
### Ratio of managerial staff hired mid-career\* / Female manager representation\*



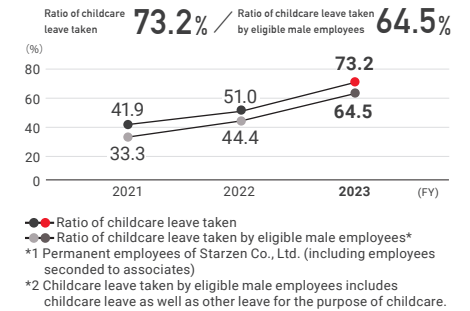
### Number of employees with specialty certifications\*



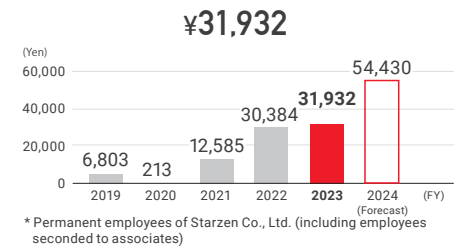
### Water usage\* / Intensity\*



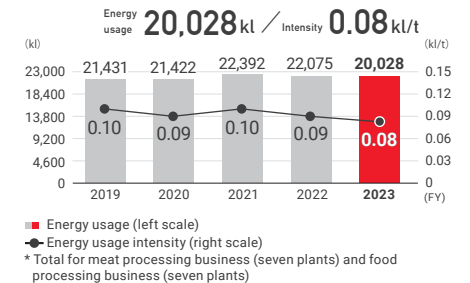
### Ratio of childcare leave taken\*1 / Ratio of childcare leave taken by eligible male employees\*2



### Training costs per employee\*



### Energy usage\* / Intensity\*



# History of Starzen

For nearly seven decades since its foundation in 1948, Starzen has made a significant contribution to the development of food culture in Japan through its business operations focused on meat and processed meat products.



Company employees pictured in front of beef carcasses bound for U.S. forces in Japan (1954)

## 1948

**Taking on a pioneering challenge for the meat industry in Japan, the Company successfully delivered beef carcasses to U.S. forces in Japan, thereby establishing a footprint in meat wholesaling**

The Company began its business in 1948 by buying and selling livestock and entered the meat wholesale business the following year. The Company then attracted attention in the industry with a bold bid to supply beef carcasses to the U.S. military stationed in Japan (a special procurement of the U.S. military) and started deliveries in 1952. Doing business with the U.S. military, which has strict standards and hygiene inspections, led to increased sales and a solid business foundation. The Company became a pioneer in Japan's meat industry after becoming the first domestic company to transport pork carcasses over long distances using ice-cooled trucks and to import frozen beef from Australia on a trial basis.



## 1971

**Increases processing capacity and expands sales network  
Business grows by meeting increasing demand for Western-style food in Japan**

In the 1970s, with rapid economic growth, Western-style eating habits began to take hold in Japan, and we expanded our business to meet the demand. In 1971, the Company began supplying imported hamburger beef patties to McDonald's Japan, which had opened its first restaurant and dispatched engineers to the United States several times to acquire manufacturing techniques for establishing a domestic production system for hamburger patties. The following year, we signed a sales agreement for hamburger beef patties made in Japan and opened Japan's first plant dedicated to 100% beef hamburger patties.



Chiba Frozen Foods Plant for manufacturing hamburger patties

In 1995, to prepare for future labor shortages, we entered the prepackaging business, handling everything from slicing to packaging, and in 1997 we strengthened our prepackaging business by opening a Shibaura branch office within the Tokyo Bunniku Meat Center. Similarly, at the Matsuo Plant, which was spun off in 1998 and became Starzen Foods, we have been constructing a production system that captures the needs of the times, for example by launching a plant dedicated to hamburger steak products.

## 1989

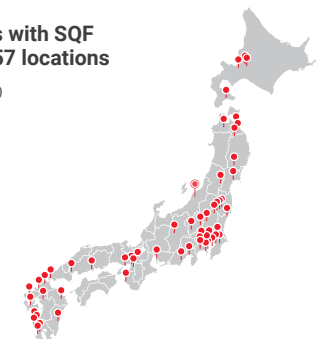
**Responding to growing food safety awareness**

In April 1989, as concerns about meat safety heightened in anticipation of beef import liberalization, the Company took the lead in establishing the Meat Safety and Inspection Center ahead of the competition. We established strict testing systems for E. coli, salmonella, and antibiotics, and installed identical facilities at each plant to focus on supplying safe meat and processed foods. Following the mass food poisoning by O-157 in 1996, we received a request from companies affiliated with the Tokyo Meat Market Association to expand the scope of testing. In collaboration with the Association, the inspection center was dissolved and Tokyo Meat Safety Inspection Center Co., Ltd. was established in April 1997. In February 2003, we became the first company in the industry to build a traceability system that can track information on the production history of domestic cattle with barcodes. The information was made public on the internet, and in June 2004 information on the production history of domestic hogs was also made public.

In addition, to ensure food safety and quality, the Company set out to obtain Safe Quality Food (SQF) certification, an international food safety standard approved by the Global Food Safety Initiative (GFSI), and in October 2004 our Iwaki Sales Branch became the first in the distribution industry to obtain this certification. Since then, we have continued to promote certification at each plant and business office, and through thorough safety and quality control, we are further increasing trust across our entire business.

**Business sites with SQF certification: 57 locations**

(As of March 31, 2024)



# History of Starzen

## 2008

### Responding to changes in the environment Strengthening overseas business

Aiming to speed up and improve the efficiency of management, in 2008 we started decentralizing operations by splitting into separate companies based on region and business. In response to major changes in domestic conditions, including the nationwide expansion of major business partners, the Group structure was reorganized again starting 2013. Following the separation into separate companies, the Company implemented a complete reversal by changing its organizational structure to one that consistently focuses on overall optimization across all departments: fattening, manufacturing, sales, logistics, and management. As a result, the Group as a whole was able to strengthen its sales capabilities, improve operational efficiency, reduce costs, and reinforce its organizational structure. In Japan, the declining birthrate and aging population, along with women's participation in the workforce, have led to an increase in single-person and dual-income households, expanding demand for processed foods,



Ceremony marking the start of beef exports to the EU (2014)

while at the same time creating a serious labor shortage. We are therefore working on mechanization and labor-saving in our own plants with the aim of improving efficiency, while at the same time focusing on becoming a manufacturer of meat products, for example by expanding our processing centers that manufacture prepackaged products that address retail store labor shortages and other high-value-added products, including easy-to-use, time-saving products for consumers.

In anticipation of a future contraction of the Japanese market, in 2009 we started working to obtain certification as an export handling facility, and in 2014 we began exporting to the EU from our Akune Plant. In 2014, we were awarded the Food Industry Technology Achievement Award (International Category) by Shokuhin Sangyo Shimbunsha Co., Ltd. (the food industry newspaper company) in recognition of our contributions to domestic beef exports to the EU and other destinations.



HAMDAS-RX automated pork ham deboning machine (2017)

## 2020

### Promoting sustainability management

To fulfill our increasing social responsibilities as a company, we established the Sustainability Promotion Section in April 2020 and the Sustainability Committee in October 2020 to promote sustainability management. In February 2022, we identified the material issues that we need to address over the medium to long term, and in particular, we announced CO<sub>2</sub> reduction targets as a measure against climate change. As part of this initiative, we launched the Climate Change Project (now the GHG Reduction Committee), which is made up of core personnel from plants within the Group, and are achieving efficient energy usage by installing solar panels, utilizing renewable energy, and introducing an energy management system. We are also committed to reducing environmental impact in our products. As part of our efforts to reduce food loss and waste, we are working to expand the availability of products with an extended shelf life. We are also promoting the introduction of environmentally conscious packaging materials, such as recycled trays.

Furthermore, in an effort to reduce greenhouse gas emissions from cattle, we are testing the effectiveness of feed additives in Hokkaido and Australia with the aim of realizing a sustainable livestock industry.

In addition, recognizing that the growth of each and every employee is essential to enhance corporate value, we are focusing on developing a comfortable working environment. We are creating an environment where everyone can thrive by strengthening employee training, introducing an internal recruitment system, rolling out a free address office system, and enhancing employee benefits.



# Starzen's Strengths

Starzen is an integrated food supplier for the meat industry. We are involved in the procurement, processing, manufacturing, and sales of meat products and deliver safe, reliable, and high-quality meat and processed foods to customers in Japan and internationally.

Net sales **¥410.5 billion** / Ordinary income **¥10.7 billion** ROE **10.1%** Number of customers **5,131 companies**  
(Data for the past year)

## Robust supply chain ensuring stable supplies, from upstream to downstream

Starzen has established a global supply system connecting producer to customer through its Groupwide network, thereby enabling stable supplies of safe, high-quality meat and processed foods.



## Our relationship of trust with livestock producers

One of our Group's strengths is the relationships of trust we have built with livestock producers. Employees in our meat procurement department place great importance on dialogue with livestock producers through regular carcass training sessions and staff meetings. They also accompany sales representatives on sales calls to understand customer needs and share this information with livestock producers. In addition, by sharing information between the meat procurement and sales departments through sales promotion meetings held several times a year, this means that information from livestock producers is also shared with the sales department, ensuring stable sales of domestically produced meat.

We believe if all employees involved in the meat supply chain understand the characteristics and strengths of livestock producers, it will lead to creating strong relationships and strengthening our product proposal and development capabilities.



Business partner Mizusako Farm



Sharing information at study sessions and competitive shows

## Strengthening overseas expansion

Demand for meat overseas is expected to continue to grow, especially in emerging countries. The Group has set a medium- to long-term goal of increasing our overseas sales ratio to 15% by 2030, and is working to expand facilities at plants with export certification licenses and bolster our Wagyu beef export system. At the same time, we are conducting tours of the Wagyu supply chain and inviting export customers from countries such as the United States, Europe, and Southeast Asia to participate. We aim to deepen their understanding of breeding methods, hygiene management at plants, and processing techniques, as well as to strengthen relationships of trust by holding cutting seminars. We are also working to add proposal and sales functions to our overseas subsidiaries, which traditionally have been mainly used as procurement sites. We have placed employees who are skilled in proposing and selling Wagyu beef in overseas sales departments to collaborate with local staff to strengthen sales.

Furthermore, in Australia, we have been developing a breeding and fattening business in collaboration with local producers since 2020. In April 2024, our Australian Wagyu, developed jointly by Starzen Australia PTY LTD and local producers, won first place at the 2024 Wagyu Branded Beef Competition (in Australia). Going forward, we are considering strengthening collaborations and integrations with other companies as part of our growth strategy in overseas markets.



Cutting seminar

Wagyu being fattened in Australia

# Formulation of the New Management Philosophy and Brand Vision

To adapt to these rapidly changing times and enable employees to demonstrate their capabilities while respecting diverse values and abilities, we have set out new guidelines based on our Company history, revised our Management Philosophy, and established a new Brand Vision.

## Management Philosophy

Connecting people and food around the world through inspirational experiences



**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**

## Brand Vision

***Itadakimasu***—appreciate the food that gives you strength and energy;  
***Arigato***—express appreciation to bring happiness

Since our founding, we have always valued efforts to make a difference in the world and to always give our best with honesty and integrity in all endeavors.

With the desire to make meat accessible, we have continued to take on unprecedented challenges and devoted ourselves to the development of the industry.

Believing in new possibilities, we have shifted our focus from meat to food.

Starzen desires to become a star that shines brilliantly in the world, like the stars that dazzle in the night sky.

Our mission and commitment to connecting food has brought us to where we are today through the support of our stakeholders.

- Our promise is to value the life of every human and animal
- Our responsibility is to create safe and secure products

- Our ability is to provide a stable farm-to-table approach

We believe that “food” has the power to inspire creativity in everyday life with:

- The power to bring well-being to our loved ones
- The power to heal and motivate us for tomorrow
- The power to connect people in the places where we gather
- The power to bring a smile to people’s faces

Appreciating food by expressing “Itadakimasu” and being thankful will lead to a brighter and more vibrant society that will bring smiles and happiness to the world.

Starzen will continue to inspire and create new possibilities through food.





# Formulation of the New Management Philosophy and Brand Vision

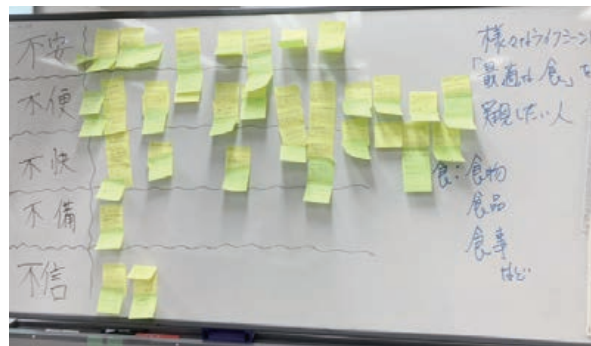
## Process of establishing the Management Philosophy and Brand Vision

In revising our Management Philosophy, we aimed to create an organization where employees can think and act independently. Therefore, we started by appointing a group of promotion members, selected from employees who had the desire and qualities to bring about change, to implement the process. We appointed 14 ambassadors without bias in terms of age, gender, department, or position, and tasked them with defining the significance of the Starzen Group's existence in society based on considerations such as the founder's vision, analysis of the Company's internal and external environment, and the Company's values. The creation of the new Management Philosophy and Brand Vision required a process of roughly six months of reexamining the Group from every angle. The reason for choosing this bottom-up approach was that there was a concern that with the traditional top-down style of policy revision, employees working at each site would not feel that it was something that affected them personally, and the revision would end up being nothing more than empty words. To revise the philosophy into one that would resonate with the employees they represent, the ambassadors insisted on a bottom-up approach with themselves as the subjects in which they engaged in in-depth discussions about the ideal state of the Starzen Group.



## Instilling the Management Philosophy companywide

A company does not change just by revamping its Management Philosophy and Brand Vision. What is important is for each employee to internalize the philosophy and translate it into concrete behavior. Until such behavior becomes natural to employees, we will be in the stage of instilling the new philosophy, which is an effort that will need to continue over the medium to long term.



Going forward, we will compare the new Management Philosophy and Brand Vision with on-site operations at each location and department, identify any gaps or issues that arise, and provide opportunities for employees to discuss solutions among themselves. By coming up with solutions to even small problems on the ground, putting them into practice, and steadily accumulating successful experiences in overcoming them, we will foster an autonomous, self-reliant corporate culture.



In revising our Management Philosophy and Brand Vision for the first time in 33 years, we made it our top priority to motivate all employees to identify with the process and take action themselves while respecting their diverse opinions, and then proceeded after thorough discussions. Moving forward, we will spread this philosophy throughout the Company and continue to embody our vision as a corporation that continues to create inspirational food experiences.

## Improvement of corporate value brought about by the new Management Philosophy and Brand Vision

Instilling the new Management Philosophy and Brand Vision is an important step in enhancing corporate value. The goal is not merely to share a common philosophy, but to use that philosophy as a foundation to achieve sustainable growth and contribute to society. When all employees work together toward a common goal and work on their daily tasks, our competitiveness is further enhanced.

Furthermore, to translate the new Management Philosophy and Brand Vision into reality, we will optimally allocate management resources and promote efficient and effective business operations. This will increase customer satisfaction and our reputation in the market, ultimately leading to increased shareholder value. We will also promote innovation and create new business opportunities while fulfilling our social and environmental responsibilities. Through these efforts, we will enhance our brand value as a company that continues to create inspirational food experiences and achieve long-term improvements in corporate value.

## Improvement of corporate value brought about by the revamped Management Philosophy and Brand Vision

1. Fostering empathy and trust with customers

- Improve empathy
- Strengthen brand image
- Increase customer satisfaction

2. Improving employee engagement

- Increase motivation
- Increase retention
- Strengthen human resource development

3. Promoting innovation

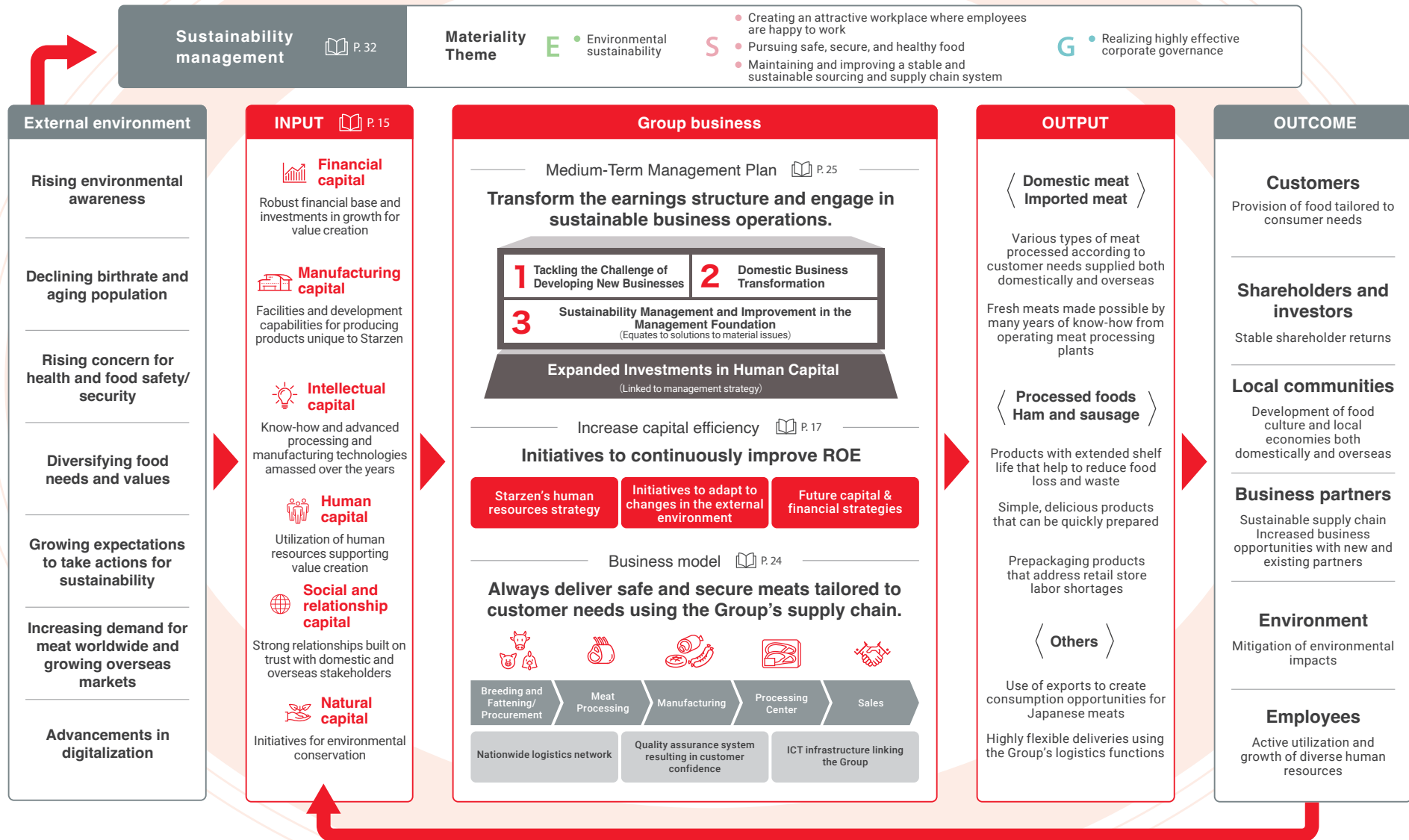
- Integrate diverse perspectives
- Foster a culture of challenge

4. Strengthening social contributions

- Strengthen collaboration with stakeholders
- Realize a sustainable society

# Value Creation Process

## Management Philosophy Brand Vision P. 12



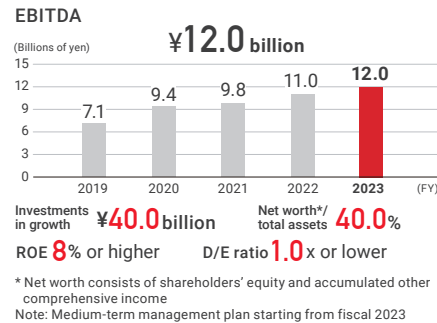
# Six Forms of Capital

The following six forms of capital represent the source of the Group's value creation. Utilizing these forms of capital enables us to provide high-value-added products that meet the needs of the market and supply them in a stable manner. This capital is also what enables us to develop business activities that help resolve various social issues and contribute to the realization of a sustainable society while at the same time providing appropriate returns to shareholders. We aim to create greater value by continuously improving and effectively utilizing these forms of capital.

## Financial capital

Robust financial base and investments in growth for value creation

In our medium-term management plan that kicked off in fiscal 2023, we have set quantitative targets such as ROE and return on invested capital (ROIC), and will grow profits by making investment decisions that are conscious of capital efficiency and investing in growth to expand our business domains. While maintaining financial soundness by improving total asset turnover and engaging in disciplined fundraising, we will strive for the long-term growth of the Group and provide appropriate returns to shareholders.

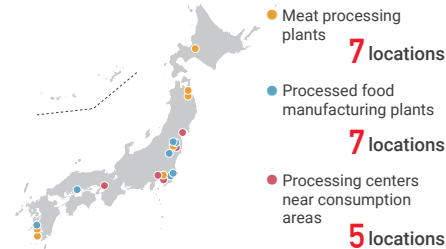


## Manufacturing capital

Facilities and development capabilities for producing products unique to Starzen

We have an extensive procurement network in Japan and overseas, as well as meat processing plants attached to livestock processing plants, to ensure fresh, reliable raw materials.

Based on customer requests from face-to-face sales, we have built an integrated production system to commercialize these raw materials and products processed from them at various plants and facilities.

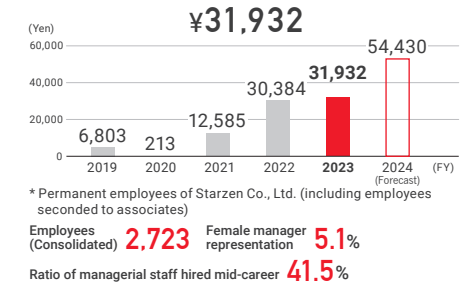


## Human capital

Utilization of human resources supporting value creation

We believe that human resources are our most important asset for implementing our business activities. With this in mind, our Management Philosophy states, "Become a Company Where Our Employees Are Happy to Work." In order to create a system that enables employees to play an active role and grow, we are taking various actions, such as expanding the training system, improving the workplace environment, and enhancing benefits. (P. 19)

### Training costs per employee\*

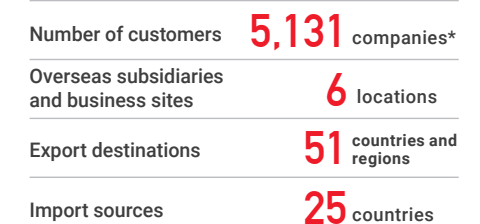


## Social and relationship capital

Strong relationships built on trust with domestic and overseas stakeholders

The Group strives to build good relationships with customers and other stakeholders. We are particularly committed to delivering safe and secure products to consumers, and have therefore built relationships of trust with a wide range of customers, including retailers, restaurants, meal providing companies, wholesalers, and food manufacturers.

In recent years, we have been actively working to further strengthen our overseas procurement base and increase overseas sales, and are building out our overseas network toward this end.



\* Data for the past year

## Natural capital

Initiatives for environmental conservation

Emissions reduction rate by scope	
Scope 1 and 2	42% reduction in fiscal 2030 (compared to fiscal 2022)
Scope 3	25% reduction in fiscal 2030 (compared to fiscal 2022)
FLAG Scope 3	30.3% reduction in fiscal 2030 (compared to fiscal 2022)

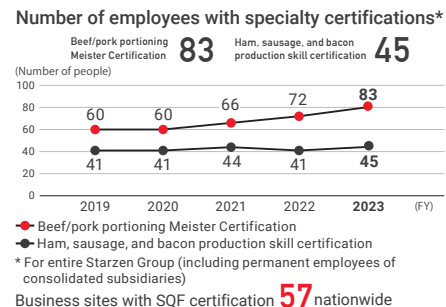
Notes:  
Scope 1: Direct greenhouse gas emissions by the business itself (fuel combustion, industrial processes)  
Scope 2: Indirect emissions associated with the use of electricity, heat, and steam supplied by other companies  
Scope 3: Indirect emissions other than Scope 1 and Scope 2 (emissions of other companies related to the business' activities)  
FLAG Scope 3: Scope 3 emissions specifically related to forest and land use

## Intellectual capital

Know-how and advanced processing and manufacturing technologies amassed over the years

Of our employees, 128 hold technical certifications for production of beef and pork cuts as well as for manufacturing ham and sausages.

We are utilizing our know-how and technology in processing, manufacturing, sales, and quality control of meat and processed meat products amassed over the years for product development and proposals. This includes promoting the acquisition of SQF certification, an international standard for food safety and quality, complementing our network of certified sites that is already the largest number in Japan.



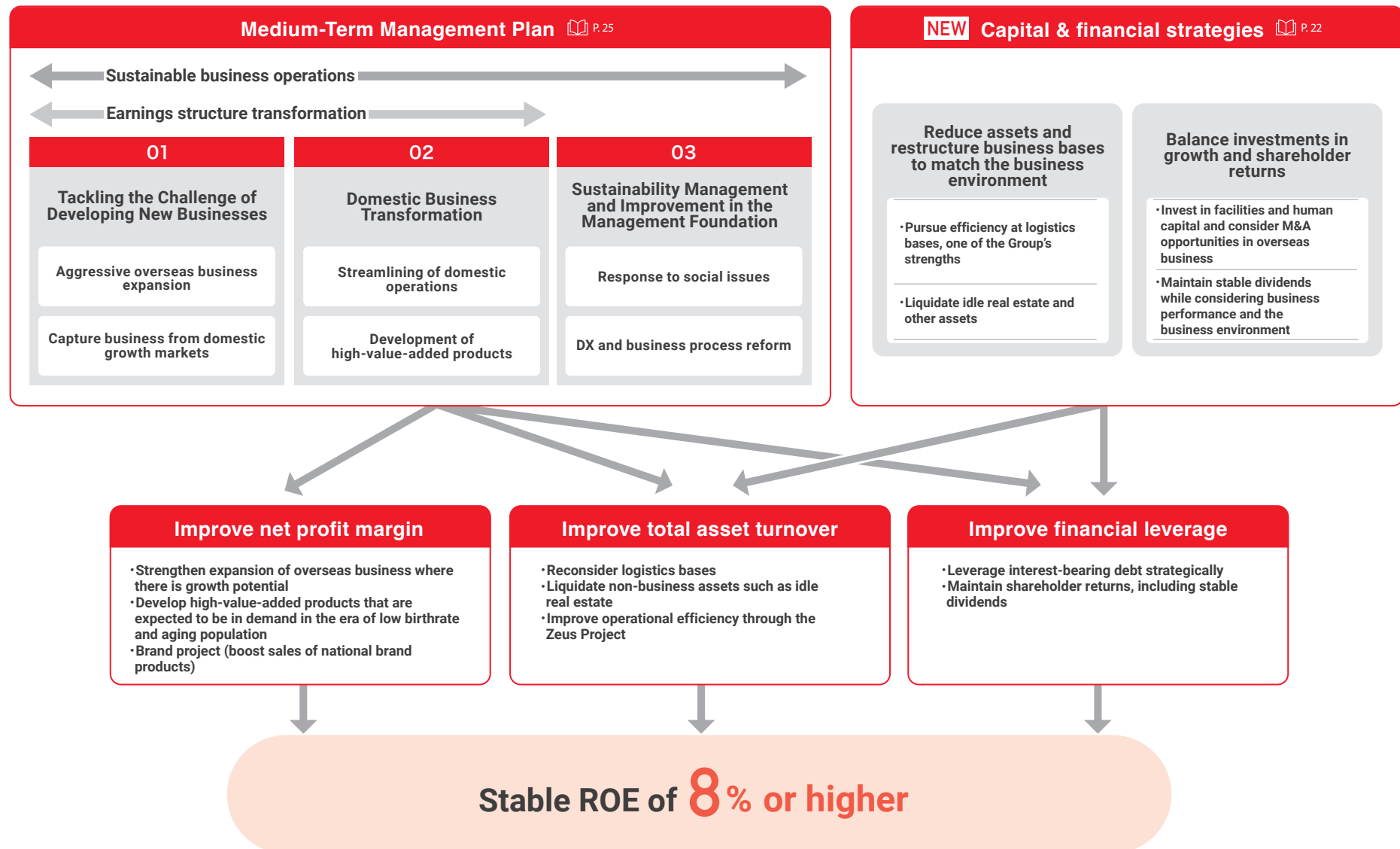
# 02

## Increase Capital Efficiency

- 17 | Initiatives to Continuously Improve ROE
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# Initiatives to Continuously Improve ROE

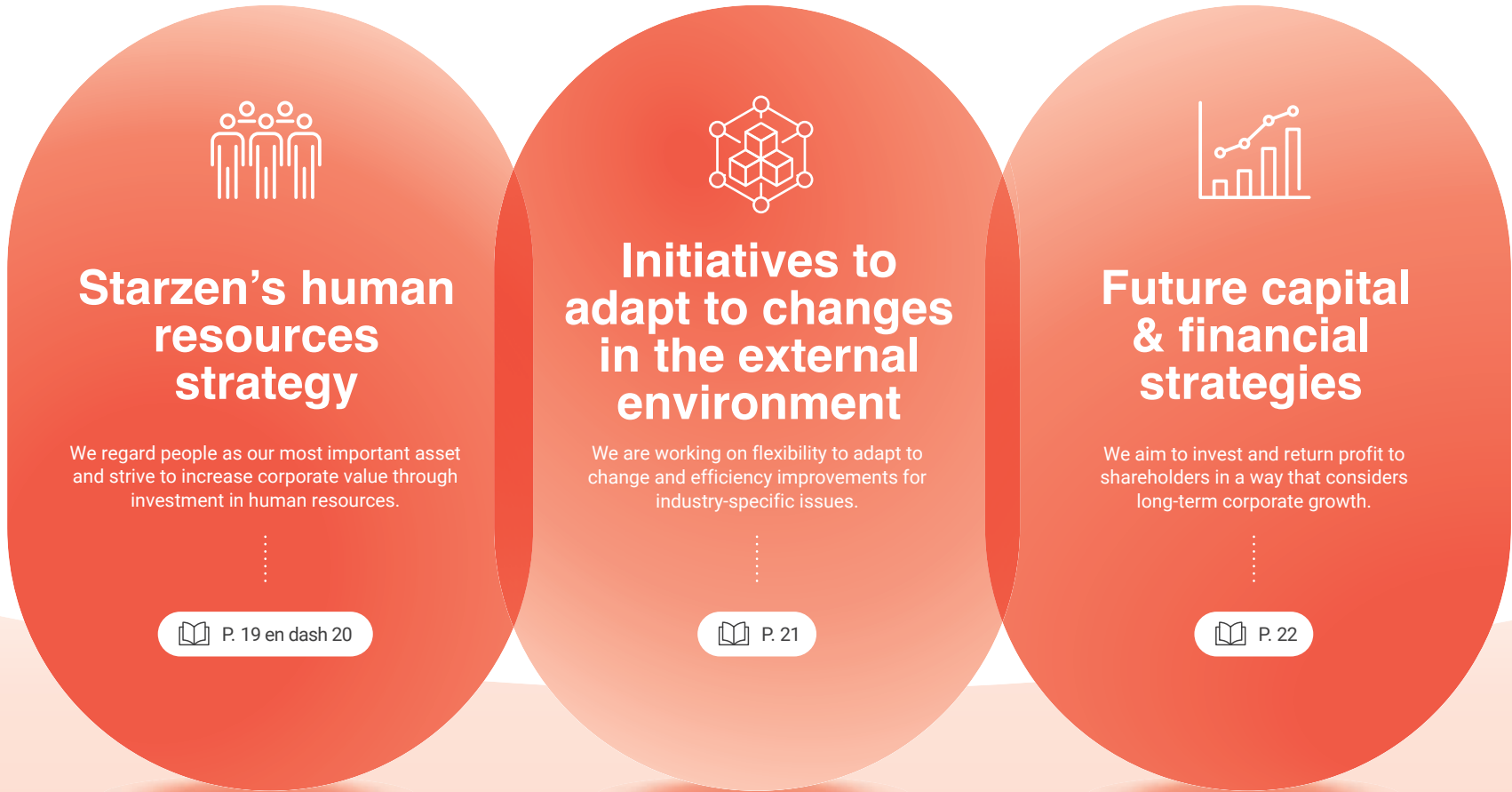
In addition to the earnings structure transformation and sustainable business operations set out in the medium-term management plan, we aim to achieve continuous improvement in ROE by taking a more capital efficiency-oriented approach that contributes to management that is conscious of the cost of capital and stock price.





# Initiatives to Continuously Improve ROE

This section introduces the three strengths of the Starzen Group that will support its earnings structure transformation and sustainable business operations as set forth in the medium-term management plan. We will carefully distinguish between what should never change (principles that have been important to the Starzen Group since its founding) and what needs to be changed in response to changes in the environment, and will further strengthen relationships with our stakeholders, including shareholders, employees, and business partners.



# Starzen's Human Resources Strategy

For our organization to flourish, we need to use the Management Philosophy and Brand Vision to get everyone on the same page and take a broader view of individual capabilities, while also ensuring we can respond flexibly to various situations and tasks. We are supporting our human resources by updating our Management Philosophy and Brand Vision for the first time in 33 years and aiding those employees who proactively seek to acquire the skills needed to adapt to our changing world.

## Our approach to human capital

Employees of the Starzen Group can be characterized by their serious and hardworking approach to their work. This is part of our Company's DNA. We see this as a vital element for us to achieve our mission of striving for stable supplies of meats. However, we need to be able to change with the times. We are working to enhance value to the Company by investing in human resources, nurturing creative and autonomous individuals who aim for personal growth through their work and are happy that they work at Starzen. To this end, we introduced an internal recruitment system in fiscal 2023 to help employees tackle new challenges in their careers.

Departments that want to develop their human resources can advertise for transfer applicants from within the Company. The internal recruitment system helps find the right employees with the desire and ability to work in that department. This has led to the discovery of talent that did not materialize in the previous approach to organizational management, the prompt securing of job-ready human resources from within the Company, and the promotion of career autonomy among employees. In the future, we will consider expanding the system to the entire Group so that more employees can reap the benefits.

### Human resources strategy: Establishing an optimal talent portfolio

#### Improvement of corporate value



#### Expanded investments in human capital (linked to management strategy)

##### Re-skilling Strategic workforce plan

Recruitment based on the workforce plan  
Introduction of e-learning

##### Investing in human resources for growth businesses

Internal recruitment system  
Increased personnel mobility

##### Streamlining of existing operations

Promotion of DX  
Acquisition of knowledge  
Strengthening training

## Supporting employees' personal growth

Rather than considering our human resources strategy in isolation, we need to coordinate with the management strategy and the work being done to instill the newly updated Management Philosophy of "Connecting people and food around the world through inspirational experiences."

To achieve this, we have selected 14 ambassadors from across the Starzen Group and have started an internal branding campaign to help build workplace environments that promote job satisfaction and personal growth. We expect this to disseminate the Management Philosophy and foster a new organizational culture of creativity and autonomy for all employees.

Starzen President Kazuhiko Yokota is working to engage our employees by visiting all sites and making time for face-to-face talks to instill the Management Philosophy and explain our business direction.

At the same time, we are focusing on delivering personal learning opportunities for employees to help develop staff independence.

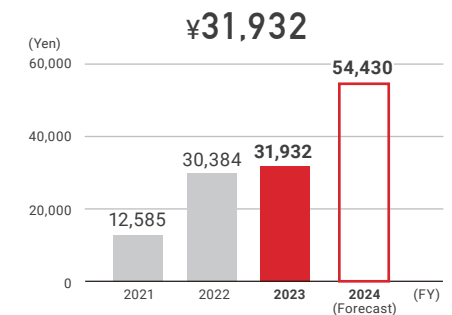
We will continue to provide training for different career stages, such as programs based on years of service, training upon promotion, and selected training for senior management, and we also have a special program for executive candidates, where we have invited Mr. Kunio Ito, Director of Hitotsubashi University CFO Education and Research Center, to be an instructor on a one-year curriculum aimed at preparing participants to make proposals to the Company's leadership. We have launched an e-learning system with over 3,000 courses tailored to career levels and objectives, available to all employees, including not only younger staff but also mid-level and veteran employees. By implementing a voluntary system to sign up for these courses, we offer growth opportunities for employees taking the initiative to learn. We are aiding employees to acquire new knowledge through this type of re-skilling and be capable of

adapting to progress and change, which will enhance value to the Starzen Group.

We also recognize that people are the source of Company growth, so we are considering expanding the current employee stock ownership scheme so that our staff perform their job roles with the mindset and perspective of shareholders. We expect to enhance value to the Company if more employees are aware of the Starzen stock price.

Moving forward, we will implement a range of programs so that all employees can get behind the concept of making Starzen a company where people are happy to work, as outlined in the Management Philosophy.

## Training costs per employee\*



\* Permanent employees of Starzen Co., Ltd. (including employees seconded to associates)

# Starzen's Human Resources Strategy

We are creating mechanisms for growth with the goal of improving employee engagement. We are providing comfortable working environments, securing diversity in the workforce, and assigning the right person to the right job by visualizing human resources and linking to our management strategy. Through these efforts, we are creating environments where all our employees can excel.

## Providing comfortable working environments

In February 2022, we redesigned the floor concept at the head office building to allow employees to choose where they work based on their needs at the time. We changed office layouts and introduced a free address office system across floors. The new layout has fostered greater communication across the department, generating additional benefits such as better mutual understanding and collaboration between departments.

Over a three-year period starting in fiscal 2023, we plan to make similar changes to working environments across the Group's business sites, including plants and offices. In the first year alone, we have implemented these changes at 10 sites. The changes involve more than just a free address office system. We are also renovating the sites, standardizing furnishings, and replacing flooring, walls, and exterior finishes in a bid to improve employee motivation.

Furthermore, we are running a series of town

hall meetings, including at overseas sites, where the president can interact directly with employees. These meetings provide a venue for an exchange of views on-site. The president also encourages employees to submit any follow-up questions or comments directly to him by email after the meetings. We think it is very important to have channels in place to provide management with feedback on issues raised at the operational level.



Renovated office

## Securing diversity in the workforce

We appropriately evaluate employee abilities and work achievements and take an active approach to human resource allocation and promotion. As a result, more than 40% of the Group's managers are mid-career hires.

Promoting career opportunities for women is also an important issue, and we are working to create a comfortable working environment with the goal of increasing female manager representation to 10% by the end of fiscal 2027.

Specifically, we have increased the period during which shortened work schedules are provided for childcare for parents of children who have yet to enter fourth grade of elementary school, and we have established a system that allows employees to choose flexible work styles through telework and staggered working hours.

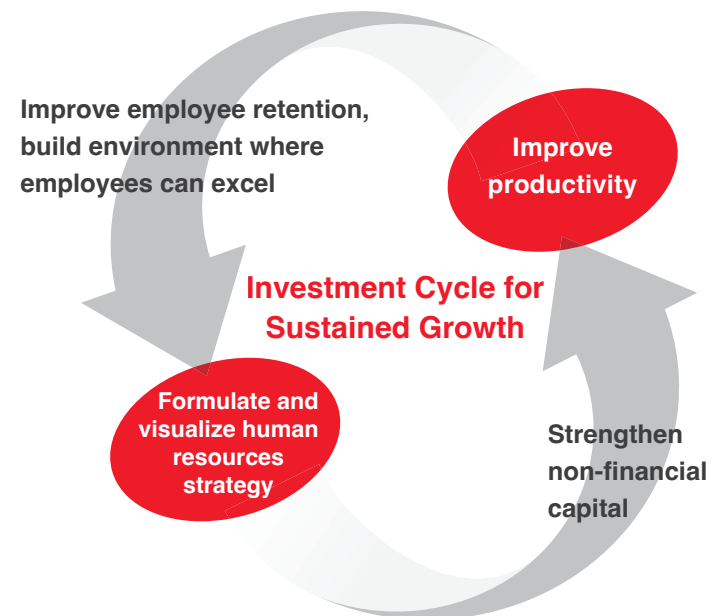
To encourage male employees to take childcare leave, we have increased the number of days of maternity leave for spouses from two days to five days, and treat childcare leave at the time of birth as special paid leave.

Managerial staff hired mid-career	Male employees taking childcare leave
40% or higher	64.5%
Targeting 10% female manager representation by the end of fiscal 2027	

## Assigning the right person to the right job by visualizing human resources and linking to our management strategy

We have introduced a new personnel management system that will help us to (1) secure the human resources needed to achieve the three policies in the medium-term management plan, namely "Tackling the Challenge of Developing New Businesses," "Domestic Business Transformation," and "Sustainability Management and Improvement in the Management Foundation," and (2) create the right environments for these human resources to excel. Using this system, we plan to integrate the management of data on our human capital across the Group, which will allow us to "visualize our human resources," and then use this data to be able to assign the necessary human resources to the departments where they are needed.

One example of staff allocation linked with our management strategy is the rotation of domestic sales staff into the overseas division. Our domestic sales staff have specialist meat expertise and sales know-how. The most important requirements when selling Wagyu beef in overseas markets, aside from language skills, are specialist knowledge about Wagyu beef such as the ability to create proposals for different cuts or sales of non-loin. This job rotation scheme is now generating results for us. Looking ahead, we hope that being able to assign the right person to the right job will contribute to personal growth for our employees and allow us to make greater use of our human resources.

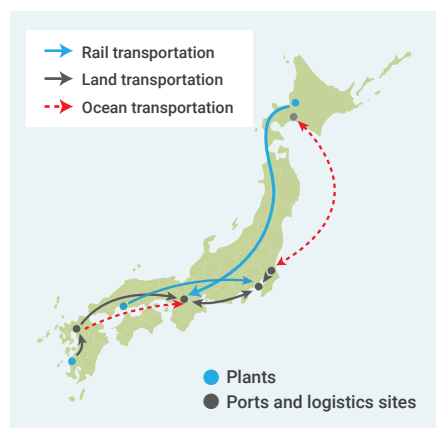


# Initiatives to Adapt to Changes in the External Environment

## Logistics reforms, modal shifts

The “2024 problem” in logistics raises concerns that goods cannot be transported as before due to stricter regulations on the maximum overtime hours for truck drivers. In response, the Starzen Group has implemented a major review of mainline routes, which were the backbone of domestic logistics. We have looked at measures to address the 2024 problem, while also working to improve efficiency. We are making a number of changes to improve the efficiency of logistics across the Group. These include the establishment of transit hubs as the tighter regulations make non-stop transportation between the Tohoku and Kanto regions increasingly difficult. We are also consolidating transportation routes with poor load efficiencies and changing to delivery routes.

At the same time, we are working to streamline all logistics-related processes, such as arranging transport and delivery services, storage, and inventory verification. We are also revising and tightening on-site work rules in sync with systemization, aiming to maximize the benefits from these changes.



Modal shifts

For some long-distance mainline routes, we are implementing modal shifts where we switch from truck transportation to other modes of transport such as ferry or rail.

We have been looking at the Hokkaido en dash Kansai and Hiroshima en dash Tokyo routes for some products, and have been using rail for regular services for a number of years already. Modal shifts can reduce CO<sub>2</sub> emissions by as much as 59.9% per route when compared with truck transportation, so we expect enormous environmental benefits from these changes.

As part of the reorganization of our logistics sites, we have decided to transfer our current logistics center in Minato-ku, Tokyo and instead establish a new logistics site in Higashi Ogishima in Kawasaki City. In the Kansai region, we will move into the newly constructed Itami sales branch. These new sites will increase our storage capacity for refrigerated and frozen products 2.7-fold compared with current facilities, which will help us address the 2024 problem and allow us to curb distribution costs and improve efficiency.



In February 2024, we announced that we would transfer real estate owned by Starzen Logistics Co., Ltd. and replace this asset with two new sites in the east and west of Japan to handle logistics and sales. The aim is to address the “2024 problem” facing logistics and improve the efficiency of our logistics operations. We will continue working to overhaul our logistics operations and improve efficiency.

## DX and business process reform

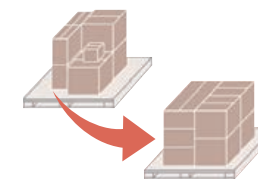
Since many products in the meat industry are irregular (variable weight) products, their product specifications are complex and varied, which makes work processes cumbersome and DX all the more difficult. We aim to leverage our extensive specialist expertise in meat products at the Starzen Group to overcome these difficulties. In April 2019, we launched the Zeus Project for DX across the Group. The project is being led by the Group's ICT Division and departments involved in operational transformation, in collaboration with the business divisions.

The goal is the renewal of many of our operational and analytical systems, especially core systems, and significant improvements in on-site work procedures. We are already generating results in a phased fashion at each site.

It is extremely important to operate core IT systems, such as the development of product master data or standardization of product

cardboard boxes. This has a significant impact across the many worksites handling our products and is essential for efficiency improvements. We are therefore working on this as a high priority.

For our overseas business that plays a significant role in the Group, we are currently building new IT systems to streamline a wide range of import processes. In other domains, we are working to share complex and highly individualized tasks, while also bearing in mind the need to change worksite procedures as well.

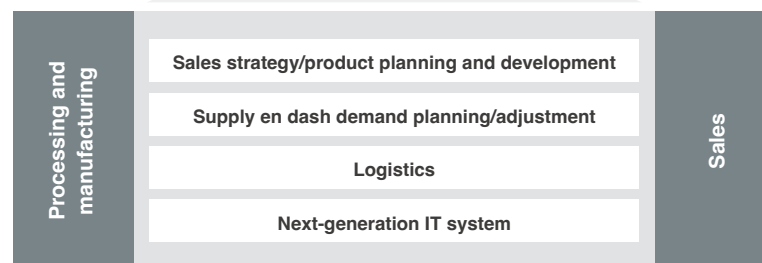


Standardization of cardboard boxes

## Conceptual Diagram of the Zeus Project

### Management and business administration

Visualizing profits by business and becoming more competitive



# Future Capital & Financial Strategies

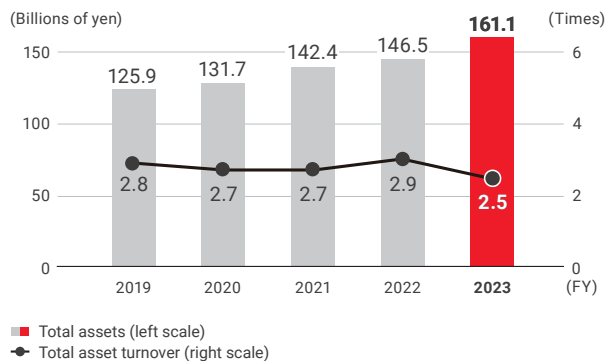
## Improving capital efficiency

The Starzen Group is engaged in various programs to achieve further improvements in capital efficiency. We had some success in fiscal 2023 when ROE rose above 10%, but our P/B ratio was still below 1x by the end of the fiscal year, so we still have work to do to improve capital efficiency.

That said, our business is such that we have to maintain inventories at a certain level if we are to maintain stable supplies as outlined in our mission. In the future, we will focus on keeping inventories at just the right level, while also taking steps to optimize our asset balance. In concrete terms, we will dispose of inefficient logistics sites and idle real estate, substitute assets, and reorganize business sites to suit the operating climate, with the goal of improving capital efficiency.

Under the medium-term management plan that started in April 2023, we aim to steadily execute our growth strategies and work to increase ROE further while also improving our P/B ratio.

### Total asset turnover



We are streamlining domestic operations and increasing the sales weighting of high-value-added products, and improving capital efficiency through a review of non-business assets, in order to improve our P/B ratio as outlined in the medium-term management plan, while also working to improve capital efficiency through a review of non-business assets. On top of this, we are carefully considering the optimal balance between growth investments and shareholder returns and aim to achieve a sustainable increase in corporate value.

## Balancing growth investments and shareholder returns

The Starzen Group plans to invest ¥40 billion during the medium-term management plan starting in fiscal 2023. To continuously increase ROE, we consider it essential to work on proactive business development in overseas markets where there is strong demand for Wagyu and other types of meat, improve production capabilities at export hubs located in Japan, and reorganize sites to make our logistics more efficient.

To proactively develop our business in overseas markets, we need to step up our meat procurement capabilities overseas, including possible participation in the management of livestock farms, while also expanding our sales networks, particularly in Asia and North America. We are carefully examining the best timing for investments and measures to increase synergies within the Group.

In order to improve production capabilities at export hubs located in Japan, we will invest in the Akune Plant that functions as a core site in the south, in order to expand manufacturing lines for products in vacuum-seal packaging that have an extended shelf life and are in strong demand overseas. We are also considering functional enhancements at the Aomori Plant that serves as a core site in the north.

For more efficient logistics, our investments include the new logistics center in Higashi Ogishima that will serve as a core distribution facility for the Kanto region and northward, plus the newly constructed Itami sales branch that will help bolster our sales and logistics functions in the Kansai region. We have also decided to sell the existing logistics center in Minato-ku.

We are currently reviewing various other ideas aimed at improving capital efficiency.

Balancing investment in growth with enhanced shareholder returns is a key challenge for management. We will carefully assess investment returns and take a prudent approach to strengthening our dividend policy.

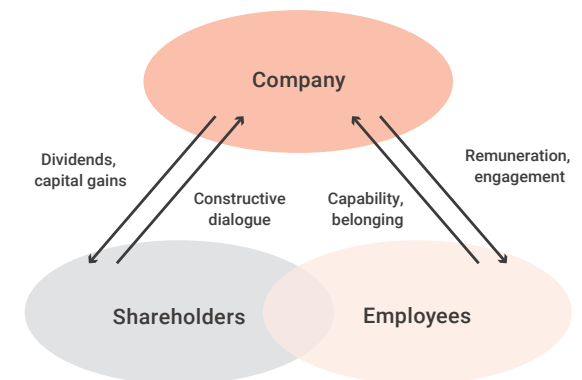
## Aiming for a lasting win-win-win outcome for shareholders, employees, and corporate value

Taking a proactive approach in our investor relations is essential if we are to foster a shared vision with our shareholders and enhance corporate value. As well as information disclosure, such as explanations of our business strategies in the medium-term management plan, we will work on constructive dialogue with our shareholders.

We also have plans to revitalize the employee stock ownership scheme in order to bring employee goals in line with management objectives. By having employees hold the Company's shares as members of a stock ownership scheme, we hope to raise their interest in the Company's stock price and business performance. We also hope to increase corporate value by having our employees approach their work from a management perspective.

By taking a multifaceted approach in this way, we aim to help each and every employee achieve personal growth while also supporting sustainable development for the Company as a whole.

### Long-term dynamics of cooperative relationships





# 03

## Medium- to Long-Term Strategy

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# Business Model

## Starzen Group's Robust Supply Chain

We produce and sell a variety of meat and processed meat products from Japan and overseas, delivering happiness and vibrant diets to people all over the world.

The Starzen Group has grown its business footprint from meat wholesaling, transforming its distribution format from livestock to carcasses, portion cuts, and processed meats, while also expanded its functions as a leader in the industry. Today, we have created a system that allows us to resolve customer issues and make proposals that meet the diversifying needs of consumers as "Team Starzen," with the Group handling everything from breeding and fattening/procurement, and processing to the manufacture, sales, and quality control of processed products and prepackaging.

Based on the six forms of capital that serve as the source of value creation, our total supply chain makes it possible to provide and ensure high-value-added products and stable supply so as to meet market needs.



### Breeding and Fattening/Procurement

In Japan, we have built a stable procurement base for domestically produced cattle, hogs, and chickens, which we produce at our own Group-affiliated farms, or have established business alliances with producers in major production areas. Overseas, we have developed cooperative relationships with local packers in Europe, the United States, Asia, and Latin America in an effort to stably import supplies of high-quality meat.



### Meat Processing

We operate seven fully integrated livestock processing plants nationwide that process beef, pork, and by-products. Each plant has obtained SQF certification, an international food safety management system, and manufactures safe, secure, and high-quality products, supplying them not only in Japan but also exporting them overseas.



### Manufacturing

We use raw materials procured in-house to manufacture processed meat products such as ham, sausage, roast beef, and hamburger steak. In addition to our own brands, we also offer contract manufacturing according to the customer's desired specifications.



### Processing Center

At our processing centers near consumption areas, we manufacture products such as prepackaged products that reduce the in-store workload of customers. We are also strengthening our approach to each sales channel, including retail, e-commerce, and food service, by manufacturing products with extended best-before dates using fresher raw meats at our local processing centers near production areas.



### Sales

We deliver products from approximately 50 sales offices in Japan using Company-owned as well as contracted vehicles. By interacting directly with customers, we are able to respond flexibly to sales and make sales proposals that accurately suit their needs. In addition, we are growing our overseas sales, mainly for Wagyu beef.

### Six Forms of Capital



#### Financial capital

Robust financial base and investments in growth for value creation



#### Manufacturing capital

Facilities and development capabilities for producing products unique to Starzen



#### Intellectual capital

Know-how and advanced processing and manufacturing technologies amassed over the years



#### Human capital

Utilization of human resources supporting value creation



#### Social and relationship capital

Strong relationships built on trust with domestic and overseas stakeholders



#### Natural capital

Initiatives for environmental conservation

# Medium-Term Management Plan Targets and Progress Report

## About the medium-term management plan started in fiscal 2023

### Medium-term management plan overview

	Policy	Basic strategy	Business environment, challenges, and opportunities
Sustainable business operations Earnings structure transformation	<b>1</b> Tackling the Challenge of Developing New Businesses	Aggressive overseas business expansion  Capture business from domestic growth markets	• Increasing demand for meat internationally • Plants with export licenses ready to supply popular Wagyu beef, etc.  • Changes in lifestyles • Room to expand in non-retail segments, etc.
	<b>2</b> Domestic Business Transformation	Streamlining of domestic operations  Development of high-value-added products	• Depopulation in rural areas and labor shortages • “2024 problem” facing logistics, etc.  • Greater competition in commoditized products • Growing market for cooked foods, etc.
	<b>3</b> Sustainability Management and Improvement in the Management Foundation	Response to social issues  DX and business process reform	• Growing environmental awareness and ethical consumption • Co-existence between society and companies, etc.  • Inefficient operations • Highly complex and aging IT systems, etc.

### Fiscal 2025 targets

EBITDA ¥12 billion	ROE 8% or higher	ROIC 5.5% or higher	Net worth/ total assets 40% or higher
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2024 is the first year we have reported progress on the medium-term management plan. The plan includes targets for fiscal 2025, its final year, of consolidated net sales of ¥440 billion, EBITDA of ¥12 billion, ROE of 8% or higher, ROIC of 5.5% or higher, and net worth/total assets of 40% or higher.

In the first year of the medium-term management plan, the business climate was tough as feed prices in Japan drove up breeding and fattening costs and prices for imported meat remained high due to yen depreciation and high prices in overseas markets. However, we still achieved record profits by managing inventory in line with demand to minimize the risk of price fluctuations as much as possible and by increasing the weighting of high-value-added products handled by the processed foods category.

ROE tracked steadily in line with the medium-term management plan target of 8% or higher, and we expect to maintain ROE at this level in fiscal 2024. Going forward, we will continue to

rein in any increase in total assets, improve total asset turnover, and enhance capital efficiency in order to achieve the targets outlined in the medium-term management plan, including quantitative targets related to capital efficiency such as ROE and ROIC.

Consolidated	Fiscal 2023	(YoY change)	Fiscal 2025 targets
Net sales	¥410.5 billion	( -3.4%)	¥440.0 billion
EBITDA	¥12.0 billion	( ¥0.9 billion)	¥12.0 billion
Ordinary income	¥10.7 billion	( 4.8%)	¥10.0 billion
ROE	10.1%	( -1.0 point)	8.0% or higher
ROIC	6.3%	( -0.2 points)	5.5% or higher

### Future outlook and investment policy

In the future, we will actively develop overseas businesses with significant untapped potential and move into domestic growth markets. We will focus on developing products suited to business environments characterized by low birthrates and an aging population, as well as labor shortages, and we will also reform our core logistics operations and pursue greater efficiencies through DX.

When pursuing these initiatives, we are prioritizing long-term programs to respond to the ever-changing external environment, such as climate change and corporate governance, and have positioned sustainability management as our strategic focus.

We expect to invest ¥40 billion during the three-year medium-term management plan.

Through the initiatives listed below, we plan to achieve consolidated net sales of ¥412.0 billion, EBITDA of ¥12.3 billion, ordinary income of ¥10.8

billion, and profit attributable to owners of parent of ¥11.0 billion in fiscal 2024, the second year of the medium-term management plan.

Invest a total of ¥40 billion over three years		
<b>1</b>	Aggressive overseas business expansion	¥6.0 billion
<b>2</b>	Streamlining of domestic operations	¥11.0 billion
	Development of high-value-added products	¥6.0 billion
<b>3</b>	DX and business process reform	¥5.0 billion
	Maintenance and upgrades	¥6.0 billion

# Tackling the Challenge of Developing New Businesses

During the medium-term management plan, we are tackling the challenge of developing new businesses as a way to transform our earnings structure. Overseas, demand for meat is rising as populations increase and emerging markets develop economically. In Japan, we are targeting business development in the following areas: increased sales to food services companies with growth potential, the *furusato* tax program, and senior food products. We are working to grow sales in these areas as new business initiatives.

## Aggressive overseas business expansion

### Initiatives to increase exports

In light of the falling birthrate and aging population in Japan and rising demand for meat in overseas markets, the Starzen Group has set a medium- to long-term target of increasing overseas sales to 15% of the total by 2030. To achieve this, we are working to increase exports, particularly of Wagyu beef, and to expand our fattening business in Australia.

To increase Wagyu beef exports, the Sannohe Beef Center at our Aomori Plant in Aomori Prefecture has obtained an export license for Wagyu beef to Taiwan, one of our major export markets. Combined with our Akune Plant in Kagoshima Prefecture, we now have two sites with export licenses in the north and south of the country. We are developing flexible supply systems in order to increase exports to countries and regions other than Taiwan.

Group employees are also working to obtain meat portioning Meister Certification, which will ensure reliable product quality through high-level

technical skills, increase our reputation with overseas customers, and increase exports.

We set up a committee to promote Meister Certification in 2023. We regularly run cutting contests and study groups, and are working to create an environment where employees are highly motivated to obtain these qualifications. To date, around 25% of people passing the Meister Certification tests are Starzen employees. Having Meister-certified staff process our beef and pork products increases the added value of our products and allows us to differentiate our Company from the competition.

One challenge with exports, however, is how to develop demand for meat cuts other than loin and fillet cuts. Shoulder and round meats are complicated to cut and slice, so we are expanding our product offerings to include vacuum-seal packaging of meat that has been cut and sliced at our plant.

We are applying our expertise in meat

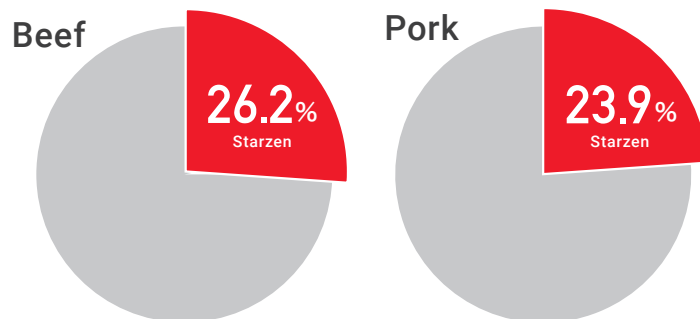
processing, logistics, and marketing developed in Japan to develop business in overseas markets in a bid to grow sales.

In 2023, we started offering Starzen Group-hosted tours of our facilities, inviting overseas business partners to participate in cutting seminars and visit our domestic farms and plants. So far, business partners from America, Europe, and Southeast Asia have taken the tours and seen firsthand our commitment to quality in our cutting techniques and our breeding and fattening operations by livestock producers, as well as the standards of hygiene and technical expertise at our plants. We expect this initiative to drive further sales growth.

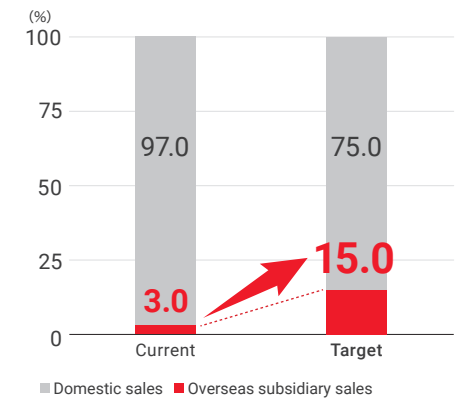
### Stepping up local sales in overseas markets

We are also working to add proposal and sales functions to our overseas subsidiaries, which have been mainly used as procurement sites. We are strengthening sales by assigning employees skilled in proposing and selling Wagyu beef from the domestic sales department to overseas sales departments and encouraging collaboration between the two. Over the past few years, Japanese retail companies and food services companies have been actively attempting to move into overseas markets. To support such moves, the Starzen Group has collaborated with local partner companies with meat processing functions, such as ADiRECT Singapore Pte Ltd, with which we have a capital alliance, and Unibright FOODS, INC. in Los Angeles, in order to deliver products in formats that meet customer needs and to expand local sales.

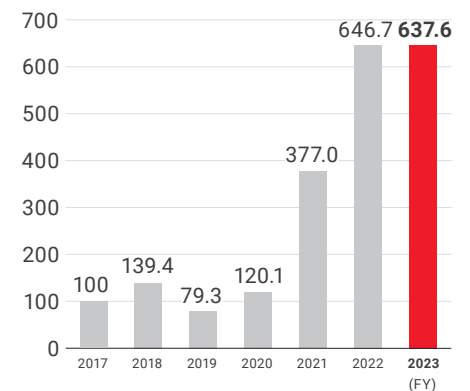
Percentage of successful candidates obtaining beef/pork portioning Meister Certification who are Starzen employees



Overseas sales ratio



Trend in sales of our overseas subsidiaries



Note: Change in sales when fiscal 2017 is 100

# Tackling the Challenge of Developing New Businesses

## Australian Wagyu Fattening Business

To expand sales in overseas markets, we have been developing an Australian Wagyu cattle breeding and fattening business in collaboration with local producers. A few years ago, we launched two original Australian Wagyu beef brands, Eight Blossom Beef and Imperial Blossom Beef, and are developing them mostly for the China market. The Eight Blossom Beef brand was crowned champion in the 2024 Wagyu Branded Beef Competition in Australia in recognition of its high quality. This has boosted local brand recognition of our beef.

The Chinese economy is in a slump at present, but we are revamping our brands in the aftermath of the COVID-19 pandemic and plan to tap into the China market again. To avoid the risk of our business being overly concentrated in the China market, we are also strengthening sales efforts in Southeast Asia, North America, and Europe, working to expand the foundation of our Australian Wagyu business.



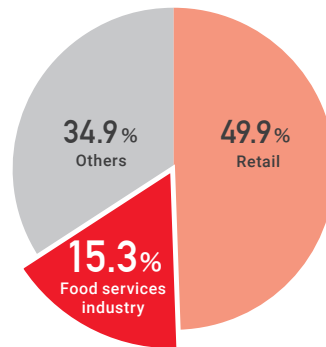
Acceptance speech at the award ceremony



## Capture business from domestic growth markets

### Renewed approaches to food services companies

#### Customer composition



Japan is facing falling birthrates, demographic aging, and a shrinking population, but there are still various business sectors and companies that are growing. The food services industry is one of those sectors experiencing a rapid recovery now that the pandemic has wound down. For Starzen, the food services industry still accounts for a low share of domestic sales by industry, and we believe there is ample room to increase this figure. We have positioned the food services industry as a growth market and are working to increase our share, for example by holding sales pitch events for major food services chains. In addition, we are strengthening our support for customers aiming to move into overseas markets, as described above. By leveraging Starzen Group procurement networks, domestic meat export infrastructure, and partnerships with local processors, we aim to bolster sales functions at overseas sites and help food services industry customers developing business overseas.

### Strengthening our involvement with the *furusato* tax program

One new initiative is to step up our involvement with the *furusato* tax program. The program allows rural municipalities to offer "return gifts" in exchange for monetary donations on which the donor can claim a tax credit. This market has grown over the years, rising 16% year on year in fiscal 2023 to ¥1,117.5 billion. However, the rules governing this program have now been tightened to ensure the integrity of the system, so the return gifts can only be items that are directly tied to the local municipality. The Starzen Group maintains connections with producers across the country and has its own processing and manufacturing facilities, process centers, and sales offices. This allows us to approach municipalities across the country and continue expanding our selection of return gifts, even under the current restrictions. At present, we supply 19 municipalities with 166 types of product.

In March 2024, we launched a special section on our corporate website for Furusato Tax Program Return Gifts to encourage more people to use this scheme.

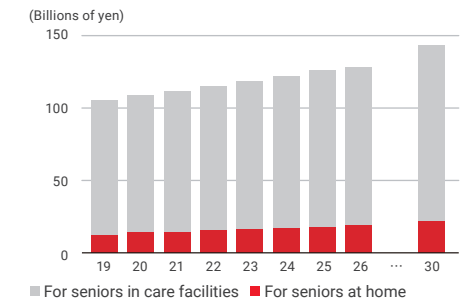


Hamanaka-cho Return Gift: Hamanaka Black Beef sirloin steak

### Expanding development of senior food products

Japan's population is getting older and living longer, so the market for food products for seniors, including both seniors living at home and in care facilities, is expected to grow to some ¥140 billion by 2030. In line with our Management Philosophy of "Connecting people and food around the world through inspirational experiences," we are developing products in collaboration with major meal providing companies to address the needs of seniors who want to continue enjoying food despite being less able to chew, as well as the challenge of labor shortages in food preparation settings. Specifically, we are focusing on developing soft and chopped foods that are easy to prepare and serve, and do not compromise on texture or flavor.

#### Long-term care food market to grow to ¥140 billion by 2030



Note: Figures from 2024 are forecasts. Source: Fuji Keizai



# Domestic Business Transformation

With all costs currently rising, we are shifting our strategy from “price” to “value,” putting in place a system to meet the diversifying needs of consumers, and promoting the development of high-value-added products. Furthermore, for the purpose of streamlining logistics and addressing the “2024 problem” of logistics in Japan, we are implementing a modal shift, standardizing our cardboard boxes, and promoting the systematization of work in conjunction with the Zeus Project.

## Initiatives for high-value-added products

### Product development system that meets customer needs

As consumer needs diversify year by year, we receive more requests from customers for faster product development and more processing steps to manufacture products. To respond directly to such requests, we have consolidated marketing, product development, and sales promotion planning into a single organization, and established an organizational structure that reflects a market-oriented approach. As costs rise, we have been able to strengthen our collaboration with our customers and develop products that offer value to them and their consumers. The Group's strengths include the fact that we own our own fully integrated livestock processing plants, processed food manufacturing plants, and processing centers, and the fact that we procure meat raw materials from Japan and overseas as well as developing products in-house. We operate two types of processing centers: processing centers near production areas that process and manufacture products that make

the most of the characteristics of our rigorous hygiene controls and fresh raw materials; and processing centers near consumption areas that manufacture easy-to-use, time-saving products that improve customer productivity by replacing in-store work for customers who are suffering from labor shortages and that offer greater consumer convenience. In this way, we are able to accommodate the needs of our customers by processing and manufacturing based on the characteristics of each processing center.



### Products that address labor shortages

Among our customers in the retail industry, who face chronic labor shortages, there has been a growing need for products that can replace or reduce the work done in the back of the store. In response to customer requests, we can handle prepackaging of meat slices or supply meal kits including meat, sauces, and other ingredients that can be rearranged and displayed in-store.

Similarly, we can significantly reduce the workload for customers who process goods at their own processing centers by supplying them with standardized raw materials that are easier to use and have better yields. We are able to provide raw

material products of such high quality standards using our in-house meat processing expertise and have received high praise from many customers.



Assorted cuts for yakiniku (grilled meat) are assembled at processing centers near consumption areas

### Products with extended shelf lives

The Group has identified reducing food loss and waste as a material issue and is approaching the issue from multiple angles by extending the shelf life of everything from raw meat to sliced meat displayed in stores and even processed foods.

At the Group's fully integrated livestock processing plants, we thoroughly implement advanced hygiene controls and process meat with fewer initial bacteria counts.

Furthermore, we are able to greatly extend the best-before date compared to conventional sliced meat packaging by placing meat with fewer initial bacteria counts into vacuum-seal packaging or gas exchange packaging.

In particular, the vacuum-seal packaged products manufactured at the Akune Plant have a shelf life of 40 days when refrigerated, since every step from slaughter and processing to vacuum-seal packaging is completed within a single building, making them compatible with overseas export. In addition to the longer shelf life, our cutting techniques and the attractive packaging that

highlights the marbling of the Wagyu beef have also been well received overseas, leading to increased sales.

The Group is also undertaking initiatives to extend the shelf life of specified heated meat products such as roast beef and roast pork by incorporating an oxygen absorber into the packaging based on our patented technology. By controlling the oxygen level inside the packaging, we are able to prevent discoloration and deterioration in quality due to oxidation, yielding a product with a longer than normal shelf life.

These efforts to extend shelf life not only reduce food loss and waste, but also contribute to expanding our sales area as well as the improvement of profitability at customer stores by reducing discounting and disposal losses.



Wagyu beef sirloin steak in vacuum-seal packaging



Gas exchange packaging production line



Roast beef packaged with an oxygen absorber

# Domestic Business Transformation

## National brand product rebranding

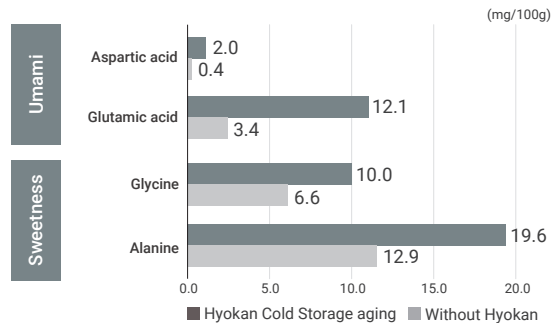
We have launched a brand project to make our products known to a larger number of consumers. We are currently rebranding our core processed food categories, including hamburg steaks, roast beef, and Lohmeyer products. We are also working on a project involving cross-departmental team building to come up with strategies to develop and sell products that will continue to be chosen by consumers.



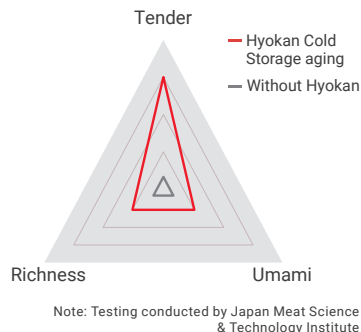
## Hyokan Cold Storage aging

One way we have expanded sales is by adding Hyokan Cold Storage aged pork to our product lineup in 2018. Aging the meat at sub-zero temperatures without freezing it overcomes the problems associated with conventional aging methods, such as reduced yield and short shelf life. Aging increases the quantity of amino acids, which contribute umami (savory) and sweet flavors, resulting in delicious, tender meat. In 2023, we signed an exclusive trademark licensing agreement with Hyokan Co., Ltd., the provider of the Hyokan Cold Storage aging technology, and we are currently working to expand sales and promote the spread of Hyokan Cold Storage aged meat and meat products.

### Amino acid composition



### Sensory test results



## Streamlining of domestic operations

To address the “2024 problem” facing logistics and improve the efficiency of our logistics operations, we announced that we will establish new sites in the east and west of Japan to handle logistics and sales. To improve our in-house storage capacity and streamline our pickup and mainline route transportation operations, we have decided to establish a new logistics center in Kawasaki City and relocate our sales branch in Itami City, Hyogo Prefecture to a new building for further business expansion in the Kansai area. In the logistics industry, there has been a shift from the traditional manual loading and unloading to pallet transportation to reduce the workload of truck drivers, and Starzen is also moving in this direction as appropriate. Previously, the cardboard box specifications for our beef and pork products varied across production plants, resulting in poor loading efficiency and making them unsuitable for pallet transportation. To overcome this problem, we have revised and standardized cardboard box sizes to promote pallet transportation and reduce the workload of our drivers, which has also been effective in reducing the storage burden at our sales offices.

Additionally, in order to comply with stricter regulations limiting overtime work for truck drivers, we are piloting a modal shift from truck to ferry and rail transportation. Modal shifts can reduce CO<sub>2</sub> emissions by as much as 59.9% per route, so we expect enormous environmental benefits from these changes. We are currently reviewing the operations of the Group's approximately 50 sales offices in Japan in terms of logistics efficiency issues. As the population continues to concentrate in certain areas and decline in others across Japan, we will divide our sales offices into offices that focus on sales and distribution centers that specialize in delivery, considering the characteristics of each area and the efficiency of

delivery to customers there. By doing this, we will streamline our business sites and our asset size. We will now work to overhaul our logistics operations and improve efficiency.



# Sustainability Management and Improvement in the Management Foundation

## Response to social issues

Consideration of the global environment is essential to our long-term growth. We regard climate change in particular as a priority issue that should be addressed from both the perspective of the sustainable protection of the natural environment and its financial impact on the Starzen Group.

Our major climate change countermeasures in fiscal 2023 included efforts to reduce methane gas emissions from cattle.

At Hokkaido Hamanaka Cattle Farm, we started giving the livestock AjiPro®-L rumen-protected lysine developed by Ajinomoto plus feed supplemented for a balanced amino acid profile. This is an attempt to increase the productivity of cattle, shorten the fattening period, and reduce GHG emissions. Based on these results, we will

consider expanding the number of cattle given this feed to contribute to sustainable livestock farming.

For the Starzen Group, whose mission is to provide a stable supply of meat and processed meat products, animal welfare initiatives are indispensable. To facilitate the transition toward free-stall barns, we are currently working with Ibaraki University on researching the optimal free-stall layout for Japanese cattle farms.

It will take some time to verify the effectiveness of our initiatives in the areas of cattle methane gas emission reductions and animal welfare. Going forward, the Group will continue to verify the effectiveness of these initiatives and explore the possibilities of a more harmonious coexistence with society.

In aiming for sustainable management, consideration for the global environment is essential for our long-term growth. As a countermeasure against climate change, we have begun feeding trials of feeds designed to reduce methane gas emissions at Hokkaido Hamanaka Cattle Farm. Furthermore, in relation to animal welfare, we are conducting research into free-stall barns. We also aim to use DX to improve business efficiency across the entire Group, leading to better visibility of business profits.



Hokkaido Hamanaka Cattle Farm



Hokkaido Hamanaka Cattle Farm

## DX and business process reform initiatives

The Starzen Group has management resources, including advanced meat-related knowledge and skills, that it has cultivated for over 70 years. At the same time, we urgently need to improve operational efficiency to address the challenges we face, which include difficulty in interdepartmental cooperation accompanying site expansion and business growth, rising costs due to more complex business procedures, and aging systems. To address such problems, we launched the Zeus Project, the Group's DX initiative, in April 2019.

The project is currently being led by the Group's Systems Division and departments involved in operational transformation, in collaboration with the business divisions. The goal is the renewal of many of our operational and analytical systems, especially core systems, and significant improvements in on-site work procedures. We are already generating results in a phased fashion at each site.

### Promoting core IT system renewal with an aim toward business process reform

#### STEP 01

**Simplify data entry and information gathering work.**

- Develop master data and renew parts of core IT systems.
- Reap results at an early stage by implementing short-term improvement measures.

◀ March 31, 2025

#### STEP 02

**Facilitate information-sharing and speed up actions.**

- Thoroughly renew core IT systems.
- Provide basic data through information consolidation (integrate information from each system for better visualization).

◀ March 31, 2027

#### STEP 03

**Utilize accumulated data for more accurate analysis.**

- Analyze and utilize information with greater sophistication (utilize data in sales strategy and product development).
- Speed up management-level decision-making by integrating internal and external data (market data).

▽  
**Increase quality of customer service and quality of products**

# 04

## Initiatives for Sustainable Growth

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41	Initiatives for Society



# Initiatives for Sustainability



## Working to further our sustainability initiatives

**Ryoichi Takahama**  
Director

### Management message

The Starzen Group has been a pioneer in the meat industry ever since the Company was founded in 1948. We have led the way in livestock production, fattening, and procurement in Japan and overseas, as well as in processing, manufacturing, and sales, and we have grown our business as Japan's food culture has evolved. The livestock industry and other agricultural businesses are now facing various crises, including global-scale climate change, drought, crop pests, and livestock diseases. Our Group business is based on the fattening and production of healthy livestock, so we consider environmental initiatives to be particularly important amongst the ESG materiality themes that we will engage with over the medium and long term.

We will strengthen measures across the whole Group to tackle climate change and food loss and waste. In terms of specific programs, we have divided the period between fiscal 2020 and fiscal 2030 into three phases and will work to further our sustainability initiatives in a phased manner. In phase 1 through fiscal 2023, our initiatives were recognized externally and received a "B" score

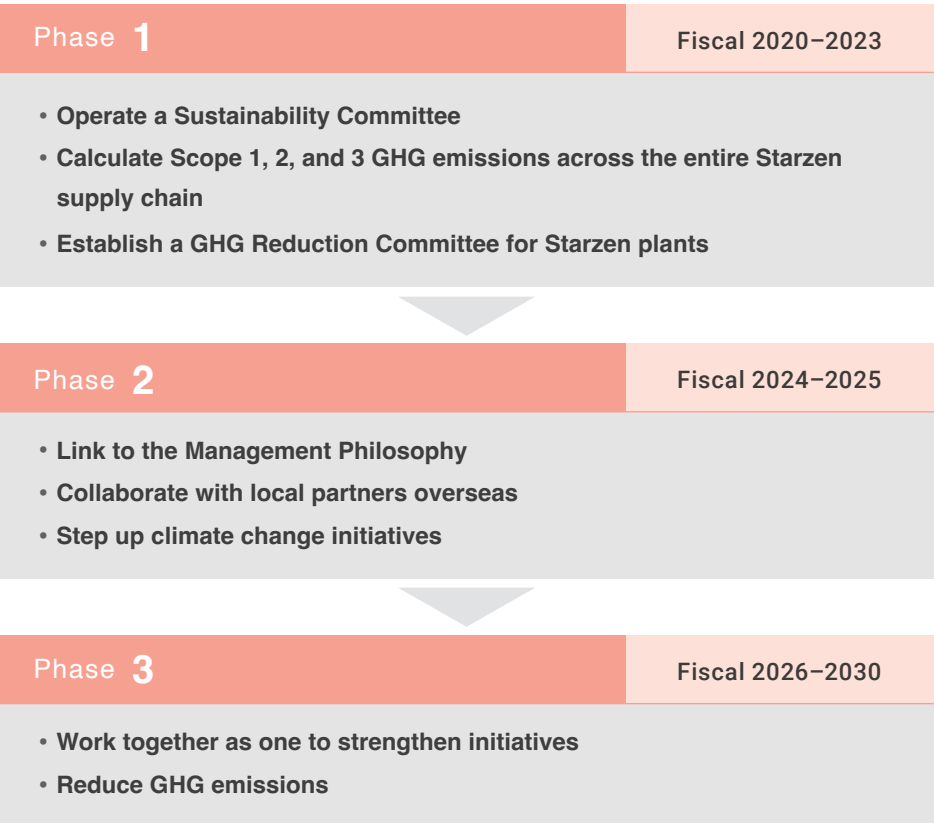
rating in CDP Climate Change Report 2023 published by the Carbon Disclosure Project (CDP). The CDP provides a global platform to evaluate the environmental impacts of business activities. In June 2024, the Starzen Group received international certification from the Science Based Targets initiative (SBTi), a third-party organization that certifies corporate greenhouse gas (GHG) reduction targets. The Group's GHG reduction targets for its overall Scope 1, 2, 3, and FLAG Scope 3 emissions (CDP 15) have therefore been approved as consistent with the 1.5°C target outlined by the Paris Agreement.

In phase 2 from fiscal 2024, we aim to further instill the Group's sustainability initiatives across the organization and realize our new Management Philosophy and Brand Vision. Our goal is to foster a corporate culture that enhances our corporate value by ensuring that each and every employee views the sustainability initiatives as a personal responsibility.

### Fundamental policy on sustainability

Since its founding, the Starzen Group has had as its mission to provide people with essential food and thereby aims to continue contributing to society. We will endeavor to continually improve our corporate value and realize a sustainable society by working to resolve various environmental, social, and economic issues through food while meeting the expectations of our stakeholders.

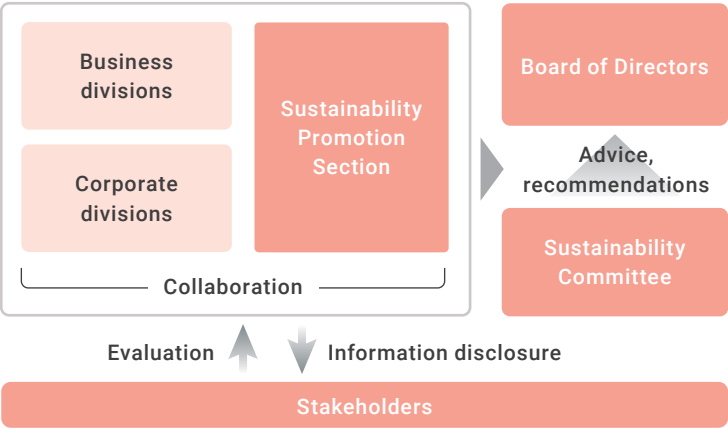
### Sustainability initiative phases



# Initiatives for Sustainability

## Systems to promote sustainability

We have established the Sustainability Committee as an advisory body to the Board of Directors and are developing programs on sustainability and the social responsibilities of the Starzen Group. The Sustainability Committee meets four times a year with external officers in attendance as well. The committee deliberates on the status of reviews on policies for sustainability management covering the entire Group and the progress of actual measures, and reports its findings to the Board of Directors. The Sustainability Promotion Section that reports to the Sustainability Committee is responsible for drafting policies on sustainability and promoting more environmentally aware business activities, relating to the Sustainable Development Goals (SDGs) or ESG for example, by instilling these concepts across the organization.



Sustainability Committee membership (As of June 2024)

Position	Name	Roles
Committee Chairperson	Ryoichi Takahama	Director, General Manager of Corporate Division
External Committee Members	Wataru Ohara	Independent External Director
	Toshiaki Tada	External Audit & Supervisory Board Member
Internal Committee Members	Masao Uzurahashi	Managing Director
	Masamichi Takahashi	Managing Director
	Tsunehiro Sana	Director
	Tatsuya Karasawa	Executive Officer, General Manager of Production Division
	Koichi Koike	General Manager of Logistics Division
Observers	Kouhei Kanno	Full-time Audit & Supervisory Board Member
	Ryuso Sadanobu	Full-time Audit & Supervisory Board Member
Secretariat	Hidegori Harada	Operating Officer, General Manager of Audit Department
	Sustainability Promotion Section	

## Stakeholder engagement

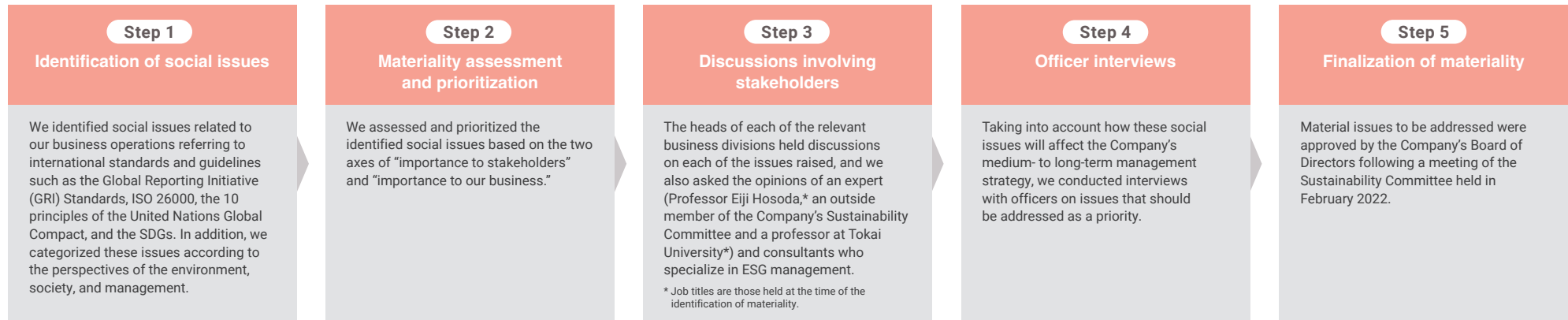
When managing our business, we place great importance on collaborative value creation with our various stakeholders, including our customers and business partners, consumers, shareholders and investors, employees, local communities, and government bodies. We strive to build appropriate relationships with all these stakeholders.

Stakeholders	Opportunities, methods
Customers and business partners	<ul style="list-style-type: none"><li>• Collaboration through business operations, and on quality, safety, and legal and regulatory compliance through plant inspections / business meetings (new product briefings) / establishment of consortia / communication through individual business discussions and meetings</li><li>• Whistleblower hotline for business partners</li></ul>
Consumers	<ul style="list-style-type: none"><li>• Customer support desks / consumer monitoring surveys / proposals through various events and store sales / information broadcasting and communication through websites and social networks</li></ul>
Shareholders and investors	<ul style="list-style-type: none"><li>• General Meeting of Shareholders / results briefings for investors / various reports / information disclosure via online and other channels / individual meetings with investors</li></ul>
Employees	<ul style="list-style-type: none"><li>• Various training programs / internal awareness of and briefings on medium-term management plans, etc. / individual meetings / internal and external support desks / town hall meetings</li></ul>
Local communities and environment	<ul style="list-style-type: none"><li>• Environmental conservation activities / nutrition education activities / local communication through sports / activities to support reconstruction of disaster zones / acceptance of site visits / participation in local events / support for forest conservation activities and programs to reduce environmental impacts</li></ul>
Government bodies and industry	<ul style="list-style-type: none"><li>• Dialogue with industry bodies and regular exchanges of information / participation in and collaboration with various external research forums and industry bodies</li></ul>

# Materiality Identification Process

## Identification process

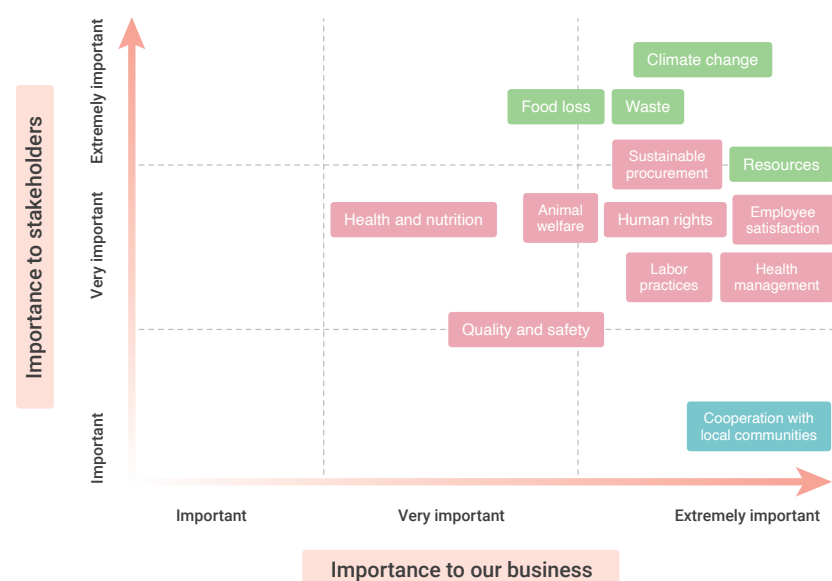
Making reference to international standards and guidelines, we assessed the importance of the social issues identified based on the two axes of “importance to stakeholders” and “importance to our business.” We then drew on the views of experts and those involved within the Company, and assigned priorities to these issues.























### Step 1 Identification of social issues



### Step 2 Materiality assessment and prioritization





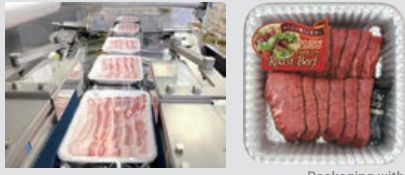

# Materiality and Results from Initiatives

	Materiality	Target	Policy	Results from recent initiatives
E Environment	<b>Climate change</b>    	<ul style="list-style-type: none"> <li>GHGs by fiscal 2030 Scope 1 and 2: 42% reduction Scope 3: 25% reduction (versus fiscal 2022 levels)</li> <li>Reduction of water/intensity</li> </ul>	The Company will work to suppress and reduce CO <sub>2</sub> and other GHG emissions in all areas of its business, including livestock breeding and fattening, meat processing, production, and product distribution. We will also review methods of raising livestock and pursue ways to conserve water resources and reduce GHGs produced by livestock.	<ul style="list-style-type: none"> <li>In 2023, started feeding trials in Hokkaido and Australia using feed to reduce cattle GHG emissions <a href="#">P. 36</a></li> <li>In October 2023, started using Starzen's proprietary "Ecostar" logo denoting our environmentally friendly products <a href="#">P. 37</a></li> <li>In November 2023, installed solar power generation equipment at Aoki Foods (the fourth Group site) <a href="#">P. 36</a></li> <li>In January 2024, switched to natural refrigerants in freezer storage facilities at the Matsuo Plant</li> <li>In February 2024, received a "B" score rating in CDP Climate Change Report 2023 <a href="#">P. 38</a></li> <li>In June 2024, obtained international certification from the Science Based Targets initiative (SBTi) <a href="#">P. 38</a></li> </ul>
	<b>Reducing food loss and waste</b>  	Extend the shelf life and best-before dates	Reaffirming that our business exists thanks to the blessings that come from the precious lives of livestock, we will utilize new technologies to extend the shelf life and best-before dates. In addition, we will promote pig farming using eco-friendly feed, work on effective use of food resources, and reduce food loss throughout the supply chain.	<ul style="list-style-type: none"> <li>In October 2022, presented on gas exchange packaging at the Annual Meeting of the Japanese Society of Food Microbiology; in January 2023, started up the Gas Exchange Packaging Technology Review Committee for the Review of Gas Pack Technology Utilization with the aim of establishing technologies to extend product shelf lives</li> </ul>
S Society	<b>Labor practices</b>   	<ul style="list-style-type: none"> <li>Development/utilization of diverse human resources</li> <li>Establishment of comfortable working environments</li> </ul>	<p>One of the tenets of our Management Philosophy is to make Starzen a company that our employees are happy to work for.</p> <p>Putting the health and safety of our employees first, we will prepare a comfortable and attractive working environment where employees can work for a long time with peace of mind.</p> <p>We will also foster a corporate culture in which everyone respects each other's thoughts and opinions and will work to create a workplace where each individual is enthusiastic about their job and can be proactive and autonomous in their work.</p>	<ul style="list-style-type: none"> <li>From fiscal 2024, raised the maximum employee retirement age from 70 to 75 years</li> <li>Ran training sessions for selected employees to develop management human resources (10 sessions in fiscal 2023)</li> <li>From fiscal 2023, expanded the support offered to employees posted away from their families</li> <li>From 2023, expanded the coverage of group long-term disability income insurance</li> <li>From 2024, started offering e-learning courses</li> </ul>
	<b>Occupational health and safety</b> 	Maintenance and improvement of employee health		<ul style="list-style-type: none"> <li>From 2023, increased the amounts offered to cover the cost of repeat testing in health check-ups, started online medical consultations</li> <li>As a measure to prevent excessive workloads, implemented alerts at departments where long working hours have tended to occur</li> </ul>
	<b>Employee satisfaction</b>  	Improvement of employee engagement		<ul style="list-style-type: none"> <li>Implemented town hall meetings as a venue for dialogue between the president and employees (34 sessions in fiscal 2023)</li> <li>Started promoting "internal branding" to instill the Vision across the Company <a href="#">P. 19</a></li> <li>Introduced a free address office system. This system is being rolled out across business sites, starting with the Company headquarters (introduced at 10 sales offices in fiscal 2023)</li> <li>From fiscal 2022, introduced a new personnel management system</li> <li>We plan to visualize HR data and consolidate this information for future use in assigning the right person to the right job and developing our people.</li> </ul>
	<b>Quality and safety</b>  	Establishment of a value chain that connects everything from production to sales via SQF certification	<p>Since the Company's founding, we have wanted to always deliver safe, secure, healthy, and delicious food to our customers. Based on this desire, we will continue striving to become a company that brings happiness to our customers through food as an integrated food supplier.</p>	<ul style="list-style-type: none"> <li>From fiscal 2024, audited quality control systems at all sales offices and introduced new ranking systems</li> <li>From fiscal 2024, ran unannounced hygiene inspections at all sales offices <a href="#">P. 43</a></li> </ul>
	<b>Health and nutrition</b>  	Provision of various proteins through expansion of plant-based product sales		<ul style="list-style-type: none"> <li>Participated as one of the founding companies of the Japan Soy Meat Association <a href="#">P. 41</a></li> </ul>
	<b>Strengthening the supply chain</b>  	Creation of a robust supply chain		<ul style="list-style-type: none"> <li>Worked with major overseas packers to formulate proposed reductions in Scope 3 GHG emissions</li> <li>Joined the New Zealand Roundtable for Sustainable Beef (NZRSB)*, a body to promote sustainability in the New Zealand beef industry, and attended the NZRSB annual conference</li> <li>* NZRSB is a multistakeholder forum focused on the production of sustainable beef in New Zealand.</li> </ul>
	<b>Promoting animal welfare</b> 	<ul style="list-style-type: none"> <li>Realization of the "Five Freedoms," which are the basis of animal welfare</li> <li>Establishment of a comfortable and healthy farming environment</li> </ul>	<p>Reaffirming that our business exists thanks to the precious lives of livestock, we will pursue the "Five Freedoms" prescribed for animal welfare while taking the lead in improving the livestock farming environment together with veterinarians and universities and other research institutes, so that livestock can live their lives in safety and comfort. As the first step, we will gradually promote free-access-stall pig farms and work to improve the breeding environment so that sows have a safe and healthy gestation period.</p>	<ul style="list-style-type: none"> <li>Implemented animal welfare measures under the guidance of Ibaraki University with which we have a joint research contract</li> <li>Installed drinking water facilities and surveillance cameras in livestock processing plants at all Group companies</li> <li>Provided opportunities for regular discussions with outside experts</li> </ul>
G Governance	<b>Enhancing corporate governance</b> 	Lasting improvement of corporate value	To realize sustainable growth and enhance corporate value in the medium to long term, we will sincerely engage with all stakeholders, including our shareholders, and build a robust organization befitting of a company that is listed on the Tokyo Stock Exchange Prime Market and that is capable of swift, bold, transparent, and fair decision-making.	<ul style="list-style-type: none"> <li>Surveyed directors and Audit &amp; Supervisory Board members on the Board of Directors</li> <li>Introduced a system of open discussions from broad perspectives to promote active discussions at Board of Directors' meetings</li> <li>Elevated the Risk Management Section to department status and recruited more staff to strengthen risk management capabilities</li> </ul>



# Initiatives for the Environment

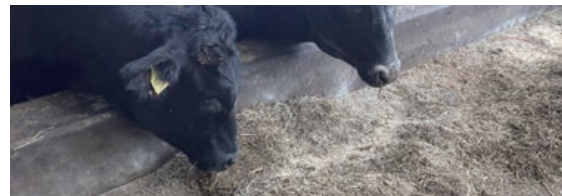
Climate change is directly connected to the environment needed to raise healthy livestock and plays a crucial role in the Starzen Group's business, so we are moving ahead with programs to reduce greenhouse gas (GHG) emissions across the supply chain.

Breeding and fattening/procurement	Processing and manufacturing	Processing center	Logistics and Products
<ul style="list-style-type: none"> <li>Measures to reduce methane gas</li> <li>Trial feeding of Asparagopsis</li> <li>Trial feeding of amino acid-supplemented feed</li> <li>Initiatives using eco-friendly feed</li> </ul>	<ul style="list-style-type: none"> <li>Activities by the GHG Reduction Committee (P.37)</li> <li>Visualization of local power supply, etc.</li> <li>Solar panel installation: Four plants</li> <li>Partial introduction of renewable energy (Chiba Plant)</li> </ul>	<ul style="list-style-type: none"> <li>Switch to eco-friendly packaging materials (P.37)</li> <li>Greater extension of shelf lives</li> <li>Gas exchange packaging</li> <li>Vacuum-seal packaging</li> <li>Packaging with oxygen absorber</li> </ul>	<ul style="list-style-type: none"> <li>Promoting a modal shift</li> <li>Standardized carboard box specifications</li> <li>Increased sales of soy meat products (P.41)</li> </ul>
 <p>Asparagopsis      Eco-friendly feed</p>	 <p>Solar panels</p>	 <p>Gas exchange packaging      Packaging with oxygen absorber</p>	 <p>Soy meat products</p>

## Initiatives to reduce GHG emissions from cattle

In October 2023, we started a feeding trial at Hokkaido Hamanaka Cattle Farm, giving the livestock AjiPro®-L rumen-protected lysine developed by Ajinomoto plus feed supplemented for a balanced amino acid profile. This test is aimed at increasing amino acid absorption by the cattle to increase productivity, which should reduce the time needed for fattening and lower GHG emissions. After assessing the impacts on meat quality, weight gain, and other factors, we will consider expanding the number of cattle given this feed.

In another trial in Australia that started in 2023, Australian Wagyu cattle are being given feed supplemented with Asparagopsis, which is a common seaweed native to Tasmania that has been shown to reduce methane gas emissions. Feed mixed with the algal oil extract, manufactured by the bioresearch company Sea Forest, is being given to 100 head of cattle. The animals are being monitored for health and weight gain, and tests are being conducted to



Hokkaido Hamanaka Cattle Farm



Asparagopsis cultivation

determine impacts on physical condition and meat quality, as well as effects to curb methane gas.

## Introducing clean energy

The Starzen Group is aiming for a 42% reduction in GHG emissions (Scope 1 and 2) by fiscal 2030 compared to fiscal 2022. To achieve this target, we are working to install solar power generation systems at Group plants that generate most of our GHG emissions. As of September 2024, we have solar power generation systems in operation at four sites nationwide and the electricity generated there is used at all our plants. In November 2023, we installed solar power equipment at Aoki Foods Co., Ltd., and we expect this to reduce CO<sub>2</sub> emissions by around 162 tons per annum.



Solar panels at Aoki Foods

# Initiatives for the Environment

The Starzen Group's business is built on the sustainable production of livestock products, and the conservation of the natural environment is indispensable for this purpose. The entire Group engages in initiatives for the environment from various perspectives.

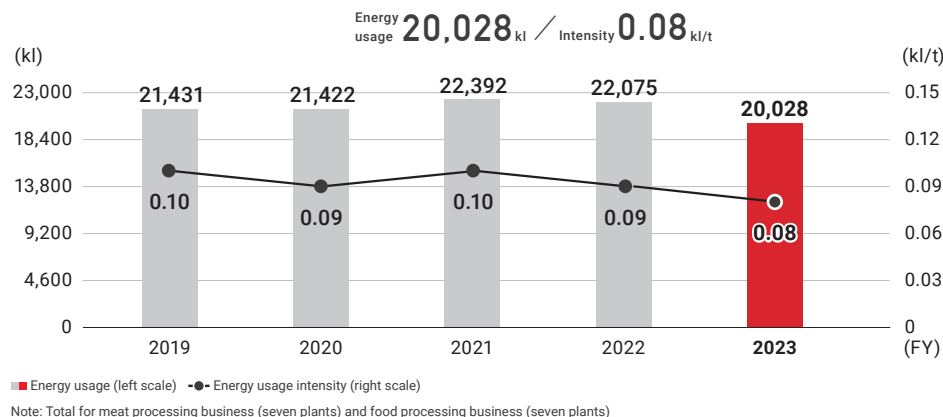
## Energy efficiency and renewable energy transformation

Most of the Starzen Group's Greenhouse gases (GHGs) are emitted at our plants. We are determined to address these emissions, for example by installing highly efficient equipment at each plant. We are also pushing ahead with the introduction of renewable energy systems. The Group is installing solar power generation systems and switching to electricity generated without the use of fossil fuels. GHGs emitted by the Logistics Division are also being reduced, for example through a stepwise expansion of modal shifts (P.21).

## GHG Reduction Committee

As part of our efforts to address the issue of climate change, the Starzen Group endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in December 2021 and has been reporting climate-related information based on the TCFD framework since June 2023. The Group has set a target of a 42% reduction in Scope 1 and 2 GHG emissions and a 25% reduction in Scope 3 emissions by fiscal 2030. These targets were certified by the SBTi in June 2024 (P.38). The GHG Reduction Committee, comprised of managers at each plant, is working to ramp up energy-saving initiatives and roll out these programs across the Group. Specific initiatives include the step-wise introduction of an energy management system that can visualize the status of energy consumption in real time.

Another program implemented in January 2024 involved switching to natural refrigerants in the freezers at our Matsuo Plant, which is a processed food manufacturing plant. We have also used heat-reflective coatings on plant roofs to help keep the plants cool inside, thereby reducing electricity consumption. At meat processing facilities, we have introduced energy-efficient turbo blowers that contribute to energy savings, and we expect this initiative to reduce CO<sub>2</sub> emissions.



## Initiatives for food loss and waste

Japan generates over 4.7 million tons of food waste every year. Usually, meat and processed meat products are discounted in stores as they approach their best-before dates, but if they remain unsold, they are thrown out. The Group's meat processing plants are addressing this issue by placing meat with fewer initial bacteria counts into vacuum-seal packaging, gas exchange packaging, or packaging with an oxygen absorber under advanced hygiene controls. This allows us to extend the best-before date significantly compared to conventional sliced meat packaging. Extending best-before dates can help to reduce food waste and loss, and also reduce waste in delivery.

	Air-containing packaging	Gas exchange packaging
Domestic beef	4 days	7 days or longer
Domestic pork	4 days	7 days or longer
Domestic beef by-products	2-3 days	10 days
Domestic pork by-products	2-3 days	8-10 days

Note: When stored at 4°C or less

## Adoption of eco-friendly packaging materials

We are actively working to change our packaging materials in order to reduce our environmental impact. Plastic has long been the main packaging material used for many products, but we are working to reduce plastic use. For example, we have changed the packaging on many of our meat gift products, starting from the 2023 year-end gift season.

We are also gradually transitioning to recyclable eco-friendly plastic trays. We quantified the use of recycled trays and found that, in 2023, the proportion of eco-friendly trays used (by weight) was 40.4%, which equates to a reduction of 182 tons of CO<sub>2</sub>.

Additionally, in order to convey our environmental efforts to our customers, we will expand our proprietary "Ecostar" logo denoting our environmentally friendly products based on our own standards.



The name Ecostar came from an internal "eco-friendly Starzen" campaign for a logo to express our dedication to environmental efforts across the Starzen Group.

# Initiatives for the Environment

## Using the TCFD Framework to disclose risks and opportunities

In February 2022, the Starzen Group identified issues of materiality that it must address over the medium to long term in order to realize a sustainable society. Among these, social and environmental issues caused by climate change are urgent issues. The medium-term management plan includes an investment plan to promote initiatives that address these issues, including the installation of renewable energy and energy-saving equipment. We have also identified risks and opportunities for the Group by conducting scenario analyses and estimating the impacts on our business, the domestic and overseas livestock industries, and consumers. We have used the TCFD framework to organize these risks and opportunities into four categories: governance, strategy, risk management, and metrics and targets, with information disclosed based on actual figures for fiscal 2022.

TCFD [↗](#)

### Progress of each TCFD category and future response policy

Governance	In order to promote sustainability management, the Group has established the Sustainability Committee as an advisory body to the Board of Directors. The committee meets quarterly to deliberate on the formulation of policies related to sustainability promotion and the progress of materiality, reporting and making recommendations to the Board of Directors. Based on the committee's reports and recommendations, the Board of Directors is able to fully understand the status of the Group's efforts to promote sustainability and utilizes the information in the formulation of various strategies.
Strategy	The Group has formulated a scenario detailing the impacts on its business if the global average temperature rises by 1.5/2°C or 4°C by 2100 compared to preindustrial levels. Based on the scenario, we will estimate the financial impacts of risks and opportunities that will significantly affect the Group's business and reflect the findings in our future strategies.
Risk management	In accordance with the Risk Management Regulations, the Risk Management Committee, which meets quarterly, deliberates and discusses Groupwide risks, including sustainability, and reports and makes recommendations to the Board of Directors. In our risk management, we have formulated a matrix based on the frequency of occurrence and the scale of damage, and we have established a system for fixed-point observation of material risks by the committee.
Metrics and targets	<p>The Group has established targets for a 42% reduction in Scope 1 and 2 GHG emissions and a 25% reduction in Scope 3 emissions by fiscal 2030 compared to fiscal 2022. Trends in the Group's GHG emissions are posted on our corporate website. Going forward, we will continue to work to reduce our GHG emissions toward carbon neutrality.</p> <p>GHG emissions <a href="#">↗</a></p>

## "B" score rating from the CDP

The Starzen Group received a "B" score rating in CDP Climate Change Report 2023 published by the Carbon Disclosure Project (CDP). The CDP provides a global platform for companies or local governments to disclose environmental information on climate change, deforestation, and water security.

A "B" score is defined as the "Management" level and indicates that there is evidence of actions associated with good environmental management, based on awareness of the organization's impact on the environmental issue. The score not only evaluates our information disclosure using the TCFD framework but also reflects our initiatives to combat climate change, such as the disclosure of Scope 1, 2, and 3 emissions.



## SBTi certification of targets as consistent with 1.5°C

The Science Based Targets initiative (SBTi) is a partnership between the World Wide Fund for Nature (WWF), CDP, World Resources Institute (WRI), and the United Nations Global Compact. The SBTi recognizes that companies have an important role to play in combating climate change, provides support by promoting best practice in science-based target setting, and independently certifies companies' GHG reduction targets. The Starzen Group has joined this effort and its GHG reduction targets through fiscal 2030 have been certified as consistent with the 1.5°C target outlined by the Paris Agreement.

Obtaining SBTi certification is a first step toward achieving our goal of becoming a company that is chosen by customers and can continue to grow. In the future, we plan to proactively introduce renewable energy systems to address Scope 1 and 2 emissions. For Scope 3, meat is responsible for some 95% of these emissions, so we need to focus on curbing emissions from beef production. One solution is to reduce methane emissions from cattle belching, and we have started trials in Japan and overseas on feed additives to achieve this.



# Initiatives for the Environment

## Overview of scenario analysis

After aggregating information on business risks and opportunities, as well as identifying the risks and opportunities of climate change that the Company faces, we narrowed down the key points to those with a particularly high degree of impact.

Based on the published climate change scenarios, we objectively predicted the future and made assumptions on various risks and opportunities in order to quantitatively analyze the impact on our business under the 1.5°C and 4°C scenarios.

## Identification of risks and opportunities

The results of identifying and assessing the importance of climate change risks and opportunities that may affect the Group's business are as follows.

Type	Risk/opportunity items		Impacts on business		Importance
	Category	Item	Risks/ opportunities	Impacts due to risks/opportunities	
Transition risk/possible opportunities	Policy/ regulations	Rising carbon prices	Risks	• Increased carbon tax burden or rising purchasing costs in response to increased carbon tax burden of suppliers	Large
		Regulations on feed, water, and land	Risks	• Rising purchasing costs for beef and pork due to suppliers passing on regulatory compliance costs to product prices	Medium
		Regulations to control livestock excrement	Risks	• Increasing costs for investigations and countermeasures	Small
		Stricter regulations on plastics	Risks	• Increasing manufacturing costs due to the implementation of laws on plastics recycling (higher costs to purchase and recycle containers and packaging materials)	Small
	Markets	Changes in consumer tastes	Risks	• Declining demand for products with large environmental impacts	Large
			Opportunities	• Growing demand for development of products with low environmental impacts and for alternative sources of protein	
		Rising fuel and electricity prices	Risks	• Increasing transportation and storage costs due to rising fuel prices, etc.	Medium
			Opportunities	• Lower production costs from the utilization of solar, geothermal, or other forms of renewable energy	
		Declining demand for fossil resources	Risks	• Rising costs for packaging materials and additives, and rising costs of refrigerants due to changes in demand for fossil resources	Small
	Technologies	Development of new low-carbon production technologies	Risks	• Growing capital investments to expand adoption of energy-efficient equipment and declining asset value of existing facilities due to the faster pace of technological innovation	Medium
			Opportunities	• Growing demand for compost made from livestock excrement due to reduced access to petroleum-derived fertilizer	Medium
		Development of low-carbon products	Opportunities	• Increasing sales from the marketing of certified-sustainable beef products	Large
Physical risk/possible opportunities	Chronic	Increase in average temperature	Risks	• Adverse impacts on livestock, rising electricity costs related to refrigeration, freezing, and HVAC	Medium
		Impacts on crops used as feed caused by long-term changes in rainfall and weather patterns	Risks	• Rising prices for feed commodities because of poor crop yields caused by water stress • Rising cost to restructure supply chains following the shift in areas suited for production • Difficulty sourcing groundwater due to saline intrusion in areas where groundwater is used for irrigation or industrial purposes	
	Acute	Increasing frequency and severity of extreme weather	Risks	• Declining productivity and damage to farms or livestock caused by the increasing frequency and severity of storm and flood damage • Suspension of operations due to plant collapse or production equipment damages • Suspension of transportation due to disruptions in logistics networks or warehouse damages, etc.	Medium



# Initiatives for the Environment

## Scenario analysis definitions

Referring to the climate change scenarios published by the International Energy Agency (IEA) and others, we selected scenarios in which the average global temperature is expected to rise by 1.5/2°C or by 4°C, respectively, by 2100 compared to preindustrial levels.

Recognizing that the effects of climate change are likely to materialize over a medium- to long-term time horizon, we are analyzing the impacts of climate change in 2050 as our timeline. The assumptions used for each scenario are described below.

## Trial calculation of impacts on our business and response

We organized the main climate change risks and opportunities facing the Group’s business based on external information and estimated the impact of material risks and opportunities on our business based on forward-looking data on each risk and opportunity. We examined how our responses affect these impacts based on the estimates. The results are shown below. (ND = no data)

Type	Risk/opportunity items		Impacts on business	Financial impacts		Timing of impact occurrence	Response
	Category	Subcategory	Risks/opportunities	1.5/2°C	4°C		
Transition risk/possible opportunities	Policy/regulations	Rising carbon prices	Increased carbon tax burden or rising purchasing costs in response to increased carbon tax burden of suppliers	↓	ND	Short term	<ul style="list-style-type: none"> <li>Adoption of renewable energy and energy-saving measures</li> <li>Extension of product shelf life using skin-packing with gas barrier and vacuum-seal packaging</li> <li>Measures to reduce GHG emissions</li> </ul>
	Markets	Changes in consumer tastes	Risks: Declining demand for products with large environmental impacts Opportunities: Growing demand for development of products with low environmental impacts and for alternative sources of protein	↗	ND	Medium term	<ul style="list-style-type: none"> <li>Development of low-carbon products such as certified sustainable beef, etc.</li> <li>Establishment of production system and sales channels in preparation for rising demand</li> <li>Sales of Zero Meat brand</li> </ul>
Physical risk/possible opportunities	Chronic	Increase in average temperature	Adverse impacts on livestock	ND	↘	Long term	<ul style="list-style-type: none"> <li>Promoting animal welfare</li> <li>Introduction of cooling systems in cattle sheds</li> <li>Cooperation with suppliers to improve breeding and fattening environments</li> </ul>
			Adverse impacts on feed or raw materials procurement	ND	↓	Long term	<ul style="list-style-type: none"> <li>Support for suppliers to mitigate flood damage</li> <li>Diversification of procurement methods</li> </ul>
			Rising electricity costs related to refrigeration, freezing, and HVAC	ND	↘	Long term	<ul style="list-style-type: none"> <li>Adoption of and transition to energy-saving, high-efficiency industrial and business equipment</li> </ul>

1.5/2°C

The impact of physical risks will remain limited, but responding to transition risks, such as various regulations and customer requests, will be necessary.

4°C

Governments’ low-carbon policies are also limited, the transition to a low-carbon society is restricted to a limited extent, and physical risks will increase due to rising average temperature.

# Initiatives for Society

Our aim is to resolve social issues through food to help build a society where future generations can lead healthy lives. We are engaged in a wide range of initiatives to achieve this, including promotion of education on food culture and appreciation, support for local communities, development of sustainable procurement and supply systems, and pursuit of food safety and security.



## Yakumo Shorthorn Wagyu cattle raised on organic feed at Yakumo Farm

The Starzen Group sources and markets Japanese Shorthorn Wagyu from cattle bred and fattened at Yakumo Farm, part of the Field Science Center attached to the School of Veterinary Medicine at Kitasato University. Yakumo Farm obtained organic JAS certification in 2009. The farm does not use chemical fertilizers or agrochemicals and raises livestock on organic grass using only farm-grown feed. The farm has developed a natural cycle for beef production where cattle manure is composted and spread on grasslands, and the compost is used to grow pasture grass.

In December 2023, the Ishikari Plant at Starzen Meat Processor Co., Ltd. was awarded JAS certification as a repacker of organic livestock products, which has allowed us to market Yakumo Shorthorn Wagyu portion cuts processed at this plant as a JAS-certified organic product.



Yakumo Shorthorn Wagyu cattle

## Pursuing the possibilities of soy meat through our Zero Meat series

The Japan Soy Meat Association was established on September 1, 2023, with Starzen Group President Kazuhiko Yokota appointed as Vice Chair. The Association is working on a review of Japanese Agricultural Standards (JAS) standards for soy meat food products to make standards consistent internationally, and also plans to run campaigns to advertise and promote the consumption of soy meat. The Starzen Group has partnered with Otsuka Foods Co., Ltd. to manufacture and market for commercial use the Zero Meat series of soy meat food products, including hamburger steak and ham- and sausage-style products all made from soybeans without the use of animal ingredients. The Zero Meat series has been well received for being delicious, healthy, and environmentally

friendly for both consumer and commercial-use products. We are growing sales, particularly to restaurant chains, because the Zero Meat series helps to keep costs down at a time when prices for imported meat materials are rising. Going forward, we are committed to increasing sales of Zero Meat products as a means to set ourselves apart in order to meet the diverse tastes of consumers.



Zero Meat Demi-Glace-Type Hamburger

## Ashoro grassland business

In August 2022, our Group-affiliated farm in Ashoro-cho, Hokkaido acquired some 300 ha of grassland locally. The acquisition was aimed at increasing our domestic production capacity for roughage to promote supply stability and cost savings, in response to recent disruptions to roughage imports and rising prices. The grass is fed to cattle raised on Group-affiliated farms and

also supplied as feed to local livestock producers, so we are more self-sufficient for roughage and are supporting the local community. Going forward, we plan to promote sustainable livestock management with an emphasis on the environment through research into reduced greenhouse gas emissions and circular production using farm compost.



Grassland in Ashoro



Ashoro Asahigaoka Farm

# Initiatives for Society



## Gifting beef and pork for school meals

Since 2014, the Starzen Group has been gifting Wagyu beef and domestic pork for school meals at elementary and middle schools in communities where we have production facilities, through the various plants operated by Starzen Meat Processor. This program aims to foster a sense of gratitude amongst the students for the bounties of the region, help them understand the appeal of locally

produced foods, and promote local pride and love for their hometowns. So far, the Group has supplied food in Misawa and Sannohe in Aomori Prefecture and in Minamisatsuma in Kagoshima Prefecture.



School meals in Misawa (left) and Minamisatsuma (right)

## Supporting the activities of RMHC

Ronald McDonald House is a global charity with 380 facilities worldwide where families can stay while their child is undergoing medical treatment in a nearby hospital. Ronald McDonald House Charities Japan (RMHC) was established in 1999 and the first facility, Setagaya House, was built in 2001. The Starzen Group has been a corporate sponsor of RMHC from the outset and is actively involved in programs such as charity marathons and annual fundraising drives to support RMHC operations. In 2023, Starzen President Kazuhiko Yokota visited a House facility as a volunteer, helping to prepare meals for families staying there, as part of efforts to raise awareness among Starzen employees and broaden the scope of the Company's support activities. To help families in a

more direct fashion, the Starzen Group regularly gifts sausages, seasoned meats, and other products to the 12 RMHC Houses around Japan.



Volunteering at RMHC

## Efforts to ensure animal welfare

The Starzen Group has identified "promoting animal welfare" as a materiality and is working to realize the "Five Freedoms" representing international norms for animal welfare. In 2022, to reduce livestock stress, we eliminated teeth clipping of piglets at Group-affiliated farms, installed drinking water facilities at all livestock processing plants in the Group, and completed the installation of video cameras to ensure proper handling of livestock and prevent accidents. We also produce training videos and run short courses to train employees on

humane livestock handling, and expanded this training program in fiscal 2024 to include headquarters staff and drivers transporting livestock. In addition, we are engaged in research into free stalls through an industry en dash academia collaboration with Ibaraki University, with which we have a joint research contract, and continue to arrange opportunities for regular discussions with external experts so we can apply their recommendations to better manage farm facilities.



# Initiatives for Society

## Quality assurance system

We are working to build a quality assurance system befitting a leading manufacturer of meat products and to raise awareness of quality among employees.

### Starzen Group Quality Policy

#### 1. Legal and regulatory compliance

The Starzen Group complies with all legal and regulatory requirements pertaining to food.

#### 2. Groupwide quality assurance regime

The Starzen Group continuously upgrades its quality assurance regime on a coordinated Groupwide basis to ensure that its food products are safe and reliable.

#### 3. Customer first

The Starzen Group earnestly listens to customer feedback and strives to provide complete, accurate information to customers.

The Starzen Group focuses first and foremost on making safe and secure products. With “customer first” as a continuous motto, one of the Group’s most important missions is to deliver delicious products that customers can enjoy with peace of mind. Based on this, the Group encourages its applicable business sites to obtain SQF certification under the Hazard Analysis and Critical Control Point (HACCP) system.

By obtaining SQF certification in the breeding and fattening business, including partner producers, we will build an integrated quality assurance system, spanning from upstream to downstream meat distribution, thereby aiming to further increase the quality of our meats. Our integrated management structure built under SQF spanning from production to distribution is a first in Japan.

### Integrated management structure under SQF spanning all processes from production to distribution

#### SQF certification obtained at **57** Group locations in Japan

Integrated management under SQF from production (farms) to distribution (business locations)

##### Breeding and fattening



Farms: 1 location



Domestic plants: 20 locations



Domestic business locations: 36 locations

Also, in order to strengthen our foundation as a processed meat manufacturer, we are working to foster a culture of food safety. As a culture rather than a rule, we aim to instill an awareness of hygiene management in each and every employee. Reporting directly to the President & CEO, the Quality Assurance Division regularly instructs quality control managers of each subsidiary and business site, who in turn educate staff at their respective business sites. We also use SQF as a tool for this training.

## Hygiene guidance for Group business locations

Starting in fiscal 2024, we introduced a new ranking system for our sales offices. Throughout the year, each sales office’s quality control system is closely monitored and then evaluated on a three-point scale (A, B, or C) in March. In the future, we plan to implement hygiene guidance tailored to the evaluations at each sales office. Also starting in fiscal 2024, we began conducting unannounced hygiene inspections at each business location. This includes our plants which undergo annual inspections in accordance with international certification requirements for unannounced audits. These audit results are also included in the new ranking system’s evaluation criteria. Unlike an

advance notice audit, this check aims to further improve hygiene levels by checking everyday conditions at the site.



Hygiene inspection

## Developing human resources in quality management

We conduct various training programs and distribute educational videos to raise the level of knowledge on quality control among all Group employees. Specifically, we hold online training for quality control personnel at sales offices nationwide on important topics related to food safety, such as temperature control and food labeling. Quality control personnel then share the training content across all business offices to improve the knowledge of all sales office employees.

In addition, we provide tailored training to quality control personnel at our plants based on their career stage. We reviewed our training system last fiscal year and decided to focus on developing the next generation of quality control personnel. We also provide training not only for young quality

control personnel but also for mid-career employees, including transferees and mid-career hires. This includes classroom sessions for acquiring knowledge and on-the-job training at plants.



Quality control training

# 05

## Foundation Supporting Sustainable Growth

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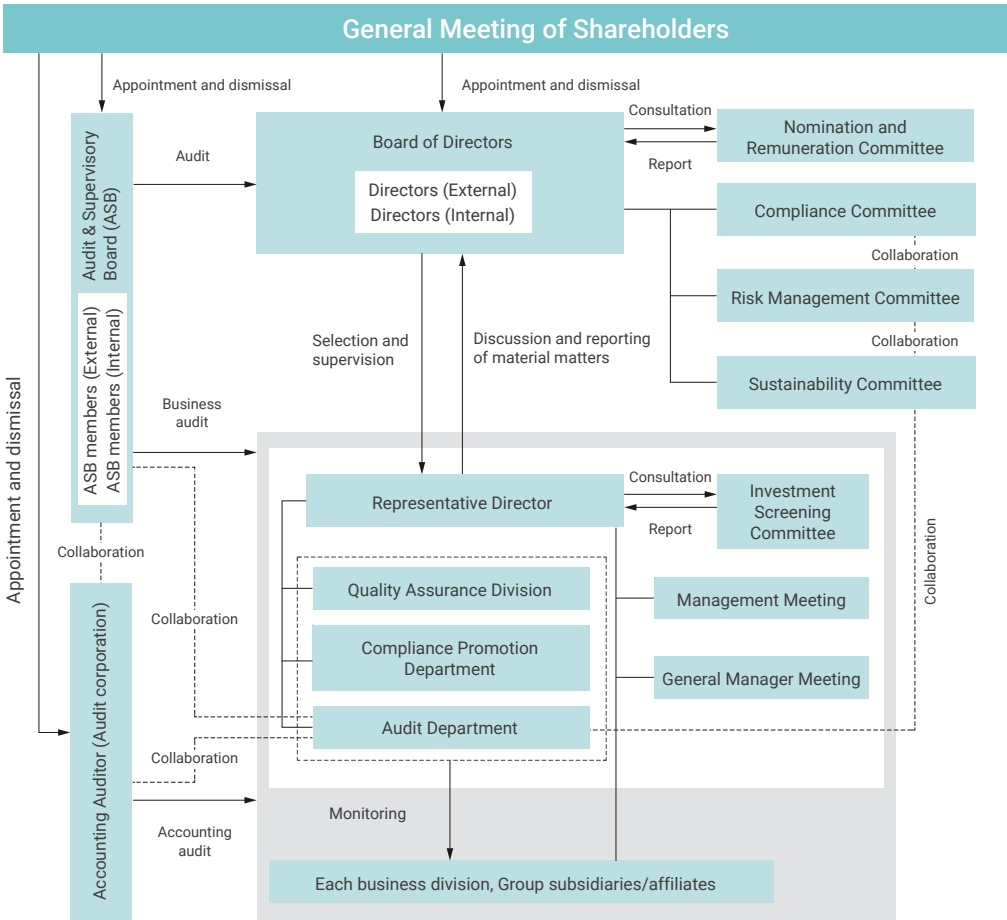
# Corporate Governance

Starzen has strengthened its corporate governance in order to achieve sustainable growth and enhanced corporate value while fulfilling its social responsibilities to all stakeholders, including shareholders, customers, suppliers, debtholders, local communities, and employees. The Company will continue to enhance its corporate governance in full accord with the principles of Japan's Corporate Governance Code. By doing so, it aims to strike a proper balance between management oversight and business execution and make decisions transparently, fairly, swiftly and decisively.

## Corporate governance structure

The Company adopts the governance structure of a Company with an Audit and Supervisory Board. The Board of Directors makes important decisions pertaining to management and oversees the execution of business, while the Audit & Supervisory Board and Audit & Supervisory Board members independent from the Board of Directors audit the execution of duties by the Board of Directors and other matters. To facilitate swift decision-making related to the execution of business, the Company has adopted the executive officer system where management-level decision-making is separated from oversight and business execution. Furthermore, to complement and enhance governance functions, the Company's Management Meeting and General Manager Meeting convene monthly to discuss and share essential matters, and the Company has also established the Nomination and Remuneration Committee, Compliance Committee, Risk Management Committee, and Sustainability Committee as advisory committees to the Board of Directors, as well as the Investment Screening Committee as an advisory body to the Representative Director.

Corporate governance structure (As of March 31, 2024)



Organizational structure	
Company with an Audit and Supervisory Board	
Number of directors	
9 persons	
Of which, number of external directors	
4 persons	
Directors' term of office under Articles of Incorporation	
1 year	
Number of Audit & Supervisory Board members	
3 persons	
Of which, number of external Audit & Supervisory Board members	
2 persons	
Accounting auditor	
Ernst & Young ShinNihon LLC	

# Corporate Governance

## Explanation of structure and instructional design

### Board of Directors and directors

#### Role of the Board of Directors

The Board of Directors formulates business strategies and plans and is also responsible for important management decision-making and the supervision of business execution as required by laws and regulations, the Articles of Incorporation, and Company rules.

#### Overall composition

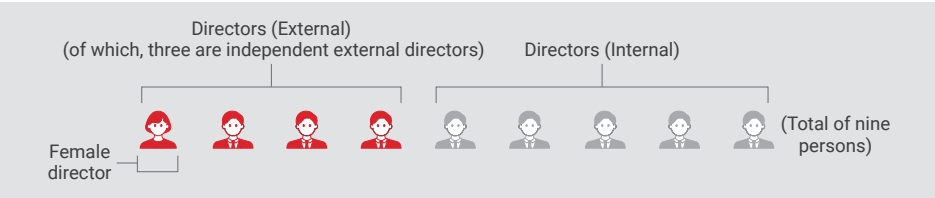
The Board of Directors comprises a maximum of 20 directors, in accordance with the Articles of Incorporation. Directors are required to possess a wide range of knowledge, experience, and skills, and they are appointed from among candidates capable of performing the duties required of directors. The Company appoints multiple external directors and selects independent external directors to comply with the provisions of Japan's Corporate Governance Code.

#### Role of external directors

External directors participate in important decision-making by the Board of Directors and monitor the decision-making process. They also offer advice based on their own experience and insight regarding reports on management progress at Board meetings.

In particular, independent external directors, using their independent standpoint, ensure that there are no conflicts of interest between the Company's management and its shareholders. At the same time, they monitor the Company's management to protect the rights of shareholders and ensure that profits are shared with them.

#### Composition as of June 28, 2024



### Skills matrix for directors (expertise, knowledge, experience, etc.)

Position	Name	Field					
		Corporate management	Sales and marketing	Production	Global business	Finance and accounting	Legal affairs and risk management
Directors	Internal	Kazuhiko Yokota	○	○	○		
		Masao Uzurahashi	○	○		○	
		Masamichi Takahashi	○		○		
		Tsunehiro Sana				○	○
		Ryoichi Takahama		○	○		
	External	Wataru Ohara	○			○	○
		Kaku Yoshisato	○			○	
		Mariko Eto					○
		Shingo Ogoshi				○	

Note: The above list does not represent all of the knowledge possessed by each director.

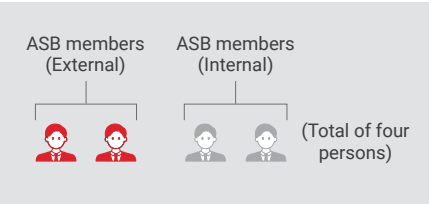
### Audit & Supervisory Board and Audit & Supervisory Board members

#### Role of the Audit & Supervisory Board and its members

Assuming responsibility on behalf of the shareholders, the Audit & Supervisory Board functions as an institution independent from the Board of Directors. In such capacity, the Audit & Supervisory Board has the authority to request business reports from the Company or its subsidiaries according to law. In addition, through audits of business and financial performance and the appointment and dismissal of accounting auditors, the Audit & Supervisory Board audits the execution of duties by the Board of Directors, as well as the internal control system, performance, and financial condition of the Company and its subsidiaries. The Company endeavors to provide sufficient staffing to ensure effective oversight by Audit & Supervisory Board members.

Audit & Supervisory Board members include individuals with appropriate expertise in finance and accounting. Members are limited by the Articles of Incorporation to a maximum of six, at least half of whom must be external members.

#### Composition as of June 28, 2024



# Corporate Governance

## Nomination and Remuneration Committee

### Roles

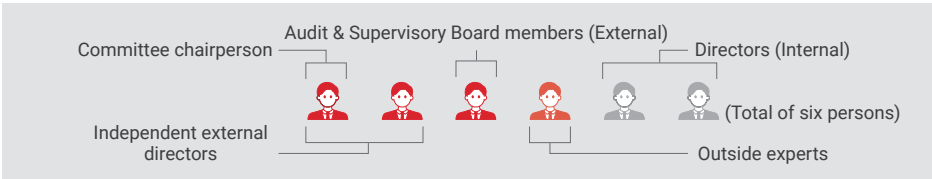
Serving as an advisory body for the Board of Directors, the Nomination and Remuneration Committee deliberates and reports to the Board of Directors regarding the following matters.

- 1 The appointment and dismissal of directors and executive officers, and management succession plans
- 2 Remuneration systems for directors and executive officers
- 3 Appointment, dismissal, and remuneration of advisors and counselors if appointed after the retirement of the Representative Director and President & CEO

### Overall composition

The Nomination and Remuneration Committee is chaired by an independent committee member. As a general rule, the Nomination and Remuneration Committee is made up of a majority of independent members in order to ensure the independence of the committee itself.

#### Composition as of June 28, 2024



## Compliance Committee

### Roles, etc.

The Compliance Committee was established in order to establish a compliance structure at the Group. In principle, it meets four times per year. The committee deliberates on the contents of the compliance program defining the establishment of the compliance structure, confirms the program's implementation, and reports its findings to the Board of Directors as necessary.

### Composition

The Compliance Committee is chaired by the Representative Director and President & CEO and comprises two external officers as external members, four internal directors and three executive officers as internal members, and two full-time Audit & Supervisory Board members who act as observers.

## Risk Management Committee

### Roles, etc.

The Risk Management Committee was established in order to examine and assess various risks facing the entire Group. In principle, it meets four times per year. The Risk Management Committee assesses and analyzes all types of risk in terms of the expected scale of damages and frequency of occurrence. Based on this, the committee examines measures for improving response levels companywide and reports its findings to the Board of Directors.

### Composition

The Risk Management Committee is chaired by the director in charge of the Corporate Division and comprises two external officers as external members, three internal directors and four executive officers as internal members, and two full-time Audit & Supervisory Board members who act as observers.

## Sustainability Committee

### Roles, etc.

The Sustainability Committee was established to promote sustainability management. In principle, it meets four times per year. The committee deliberates on the status of reviews on policies for sustainability management covering the entire Group and the progress of actual measures and reports its findings to the Board of Directors.

### Overall composition

The Sustainability Committee is chaired by the director in charge of the Corporate Division and comprises two external officers as external members, three internal directors, one executive officer, and two full-time Audit & Supervisory Board members who act as observers.

# Corporate Governance

## Strengthening of corporate governance structure

(Year)	en dash 2000	2005	2010	2015	2016	2017	2018	2019	2020	2021	2022	2023
Management structure	● July 1999 Introduced executive officer system								● July 2020 Substantially transferred authority by revising the Regulations on Authority			
Officer appointments				● April 2015 Established Remuneration Committee		● January 2016 Established Nomination Committee		● June 2017 Nomination and Remuneration committees integrated		● June 2022 Increased independent directors (external) to at least one-third of the Board of Directors		
Committees	● April 2003 Established Ethics Committee		● April 2014 Changed name of Ethics Committee to Compliance Committee					● October 2020 Established Sustainability Committee		● April 2020 Established Investment Screening Committee		
	● June 2008 Established Risk Management Committee											

At the General Meeting of Shareholders held in June 2022, we significantly reduced the number of directorships, increased the ratio of external directors to one-third, and appointed the Company's first female director. To further strengthen governance functions, as of April 2023, in addition to the Nomination and Remuneration Committee, external officers now participate in the Compliance Committee, Risk Management Committee, and Sustainability Committee as external members, and a new Compliance Promotion Department reporting directly to the president was established in February 2024. Going forward, we will further strengthen corporate governance by fulfilling the items listed below.

Revitalization of the Board of Directors	<ul style="list-style-type: none"><li>● Ensure thorough prior review by the Investment Screening Committee, promote understanding through prior explanation to external officers.</li><li>● Provide more opportunities for external officers to understand operations, such as on-site visits.</li></ul>
Strengthening of risk management and internal control	<ul style="list-style-type: none"><li>● Strengthen collaboration with committees.</li><li>● Identify and share risk governance situations.</li><li>● Strengthen on-site accounting operations and improve effectiveness of checks and balances.</li></ul>
Enhanced Group governance	<ul style="list-style-type: none"><li>● Promote collaboration between the Board of Directors and each committee.</li><li>● Establish mechanism for sharing information between the Corporate Division and departments in charge of subsidiaries/associates.</li></ul>

## Evaluation of effectiveness

### Evaluation of Board of Directors' effectiveness

In accordance with the Basic Policy on Corporate Governance, the Company annually analyzes and evaluates the efficiency of Board of Directors' meetings and the effectiveness of Board decisions through self-checks in order to ensure effective decision-making by the Board. The method and results of these evaluations in fiscal 2023 are as follows.

#### Evaluation method

The Company held a survey of directors and Audit & Supervisory Board members. Based on survey answers, the Company conducted an analysis and evaluation of the effectiveness of the Board of Directors. In addition, the Company identified issues to be addressed going forward.

Questions	
① Composition of the Board of Directors	⑤ Relationship with shareholders and other investors
② Operational status of the Board of Directors	⑥ Training
③ Support structure for external directors	⑦ Governance structure and overall effectiveness of the Board of Directors
④ Roles and expectations for Audit & Supervisory Board members	⑧ Other

#### Evaluation results

The results of the survey conducted in June 2024 indicated that the Board of Directors engaged in active discussions and was able to enhance the pre-briefings on agenda items ahead of Board of Directors' meetings and implement training for executives, among other accomplishments. As such, the effectiveness of the Board of Directors has been ensured in general.

On the other hand, the evaluation pointed out that there was room for improvement regarding dialogue with investors and shareholders and training to deepen understanding of field operations, among other areas. The Company has already started to make efforts in response to these findings and is working to further increase the effectiveness of the Board of Directors.

Corporate governance

Remuneration for directors and executive officers

Fundamental policy

The Company determines directors’ and executive officers’ remuneration according to the following basic policy.

- 1

Ensure the transparency, fairness, and objectivity of officer remuneration.
- 2

Design a remuneration scheme that incentivizes improvement in operating performance.
- 3

When setting individual remuneration amounts, determine the appropriateness in light of remuneration levels at suitably comparable companies. Also take into account the Company’s other officers’ and employees’ remuneration level.

Determination process

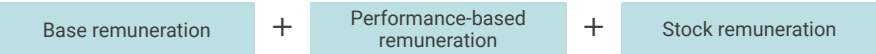
The Nomination and Remuneration Committee deliberates on the remuneration scheme for directors and executive officers, discusses methods of setting their individual remuneration, and reports to the Board of Directors.

Remuneration for each director is determined by the Board of Directors within the total amount of remuneration approved in advance by the General Meeting of Shareholders. When approving remuneration, the Board of Directors emphasizes a decision-making process that is transparent, fair, and objective, respecting the reports by the Nomination and Remuneration Committee.

The remuneration amount of each executive officership is determined by resolution of the Board of Directors emphasizing a decision-making process that is transparent, fair, and objective, and that respects the reports by the Nomination and Remuneration Committee.

Remuneration for directors and executive officers

The remuneration for internal directors and executive officers consists of base remuneration, performance-based remuneration, and stock remuneration with limited transferability, the last of which is intended to incentivize its recipients to pursue sustained growth in the Company’s corporate value. Remuneration for external directors consists solely of a fixed amount.



Remuneration for Audit & Supervisory Board members

Remuneration for Audit & Supervisory Board members consists solely of a fixed amount. Remuneration for individual Audit & Supervisory Board members is determined by the Board and kept within limits determined through a resolution of the General Meeting of Shareholders.

Total remuneration paid in fiscal 2023

Classification	Number of recipients (Number of people)	Total amount by remuneration type, etc. (Millions of yen)			Total (Millions of yen)
		Base remuneration	Performance-based remuneration	Stock remuneration	
Director (Of which, external directors)	8 (3)	135 (18)	112 –	25 –	272 (18)
Audit & Supervisory Board members (Of which, external Audit Supervisory Board members)	3 (2)	44 (25)	– –	– –	44 (25)
Total	11	179	112	25	317

Note: One unremunerated director is not included in the table above.

Cross-shareholdings

The Company may hold equity stakes in business partners only when it deems such investments to be conducive to medium- to long-term growth in the Starzen Group’s corporate value by, for example, helping to build stable, long-term relationships with such business partners or strengthen existing relationships through business alliances.

The Company assesses whether cross-shareholdings are owned for appropriate objectives and whether the benefits and risks of owning them are commensurate with its cost of capital. The Board of Directors checks this during its first meeting of every fiscal year and discloses its findings. Based on the review, the Company will move to reduce its equity stake in companies for which it determines ownership is of limited value.



# Compliance

## Basic policy

The Starzen Group has established the Management Philosophy and Brand Vision, which all officers and personnel across the entire Group act in accordance with. It has also issued the Code of Conduct and Guidelines for Conduct and is committed to fostering impeccable ethics in order to gain the trust of business partners and stakeholders. At the same time, we carry out compliance activities, having instituted the Compliance Regulations, Fundamental Policy on Sustainability, Fundamental Policy on Human Rights, Fundamental Policy on Industrial Safety and Health, and Fundamental Policy on the Environment.

## Compliance promotion system

We established the Compliance Committee, which meets regularly every year, as an advisory body to the Board of Directors, with the purpose of increasing social trust and establishing a spirit of compliance within the Group. General managers and presidents of subsidiaries/associates, who serve as compliance officers, are responsible for administering our compliance program based on deliberations of the Compliance Committee. Compliance managers, serving under compliance officers, operate the compliance program appropriately. In case of a compliance violation or possible violation, information is shared immediately according to the reporting line of manager, officer, and then the headquarters department in charge of compliance. Serious incidents are reported to the Compliance Committee and the Board of Directors to make improvements to the compliance promotion system and compliance program operations. When a serious incident came to light last year, we immediately responded by setting up an internal investigative committee and also set up a special investigative committee composed of experts, including lawyers and certified public accountants. To address the situation, we are strengthening cooperation with the auditing division and also coordinating with the Risk Management Department and the Risk Management Committee to further strengthen compliance.



Compliance Committee

### Main initiatives and matters for consideration in fiscal 2023

- Held compliance training to help managers from across Japan cultivate a better understanding of the incentives underlying this scandal and measures to prevent recurrence
- Promoting mutual trust with employees and building relationships of trust through regular one-on-one meetings held semiannually and compliance week held once a year
- To ensure thorough compliance management, increased the frequency of the Compliance Committee meetings to four times a year, and appointed the newly established Compliance Promotion Department as the secretariat in place of the Legal & Compliance Section

## Support Desk

We have established the Compliance Support Desk (including the Whistleblower Hotline) that employees and their families and business partners can use at any time in order to achieve a more open workplace environment and enhance self-improvement to prevent compliance violations, as outlined below. We check to make sure that corrective measures and recurrence prevention are functioning effectively.

### Contact points and consultation flow chart



# Risk Management

## Basic policy

The Starzen Group ensures its business continuity and stable development by dealing appropriately with the various risks it faces, including economic loss, business interruption or suspension, and loss of trust or brand image. These risks could impede achievement of our Management Philosophy, Management Targets, and management strategy.

## Risk management system

To avoid operating risks and minimize damages should they materialize, we have established the Risk

Management Regulations and the Risk Management Committee, which deliberates on the issues and countermeasures related to Groupwide risk management and promotion.

## Monitoring

The Risk Management Committee reviews the Group's risk management policy, system, and countermeasures. It also analyzes risks that have emerged and reviews risk assessments quarterly to confirm and examine the prevention and recurrence prevention of these risks. The committee's risk assessment results are reported to the Board of Directors.

### Important risks and countermeasures

Risk category	Anticipated risk events
Compliance	<ul style="list-style-type: none"><li>• Violation of laws and regulations, or internal rules</li><li>• Misrepresentation in financial reports or disclosure of false information</li><li>• Response to the "2024 problem" facing Japan's logistics industry</li></ul>
Food safety	<ul style="list-style-type: none"><li>• Contamination, shipment of defective products, health damages</li><li>• Recalls (recall cost and reputational damage, etc.)</li><li>• Improper/falsified labeling</li></ul>
Stable procurement of meat	<ul style="list-style-type: none"><li>• Outbreak of livestock/poultry disease causing production shutdown</li><li>• Operating delays, labor strikes at ports, or customs clearance problems</li><li>• Rising costs due to soaring electricity, fuel, and feed prices along with personnel costs</li></ul>
Fluctuating meat prices	<ul style="list-style-type: none"><li>• Decline of profitability due to negative spread between purchase price and selling price</li><li>• Profitability squeezed by rising surplus inventory and existing inventory</li><li>• Impacts on domestic meat prices caused by lower import duties</li></ul>
Overseas business/export transactions	<ul style="list-style-type: none"><li>• Damage claims due to contract violation</li><li>• Receivables management</li><li>• Geopolitical instability</li></ul>
SDGs/ESG	<ul style="list-style-type: none"><li>• Lack of initiatives to reduce GHG emissions</li><li>• Distrust from investors and reduced corporate value due to disclosure insufficiencies</li><li>• Insufficient efforts to ensure animal welfare</li></ul>
Information security	<ul style="list-style-type: none"><li>• Information leakage (insider, confidential, customer, personal information, etc.)</li><li>• Cyberattack or computer virus</li><li>• System failure (network or power source)</li></ul>
Human resources and labor matters	<ul style="list-style-type: none"><li>• Worker shortages due to depopulation or aging population</li><li>• Exodus of talent due to declining appeal of the Company or job duties</li></ul>

Countermeasures
<ul style="list-style-type: none"><li>• Top management communication, expanded employee training, frontline coaching, use of the internal anonymous whistleblower system, etc.</li><li>• Strengthen internal controls, implement personnel rotations, and conduct internal audits</li><li>• Streamline logistics operations and restructure of logistics bases</li></ul>
<ul style="list-style-type: none"><li>• Enhanced quality control and quality assurance system</li><li>• Maintain quality control level utilizing external certification regime (SQF)</li><li>• Quicker information-sharing and periodic reviews of product standards (including raw materials)</li></ul>
<ul style="list-style-type: none"><li>• Diversify suppliers for stable supply and strengthen collaborative systems with partner farms</li><li>• Gather information on import destinations and diversify suppliers (meat packers and production areas)</li><li>• Energy-saving measures through the visualization of energy consumption and investing in facilities with high energy-saving effects</li></ul>
<ul style="list-style-type: none"><li>• Monitor appropriate inventory levels</li><li>• Improve management of buying/selling products on balance</li><li>• Expand sales of added-value products such as brand meats and processed foods, etc.</li></ul>
<ul style="list-style-type: none"><li>• Clarify quality and other standards in contracts</li><li>• Utilize external information and trade credit insurance and regularly review credit</li><li>• Stricter payment terms</li></ul>
<ul style="list-style-type: none"><li>• Strengthen initiatives to reduce GHG emissions by the Sustainability Committee and GHG Reduction Committee</li><li>• Appropriate and proactive disclosure</li><li>• Regularly gather information from relevant organizations, repair facilities, and training employees</li></ul>
<ul style="list-style-type: none"><li>• Conduct security training for employees, establish regulations, and make them known to all</li><li>• Continue to strengthen information systems and security, establish a crisis management system</li><li>• Execute contracts with multiple network companies and training for changeover to backup equipment</li></ul>
<ul style="list-style-type: none"><li>• Establish Human Resources Committee and promote mechanization and labor savings</li><li>• Create attractive workplaces (convincing personnel evaluations and compensation, rewarding work, and comfortable workplace culture, etc.), introduce an internal recruitment system, and enhance training systems</li></ul>

# Directors



**Kazuhiko Yokota**

Representative Director,  
President & CEO

Apr. 1986 Joined Zenchiku Co., Ltd. (currently, Starzen Co., Ltd.)  
Apr. 2013 Executive Officer, Starzen Co., Ltd.  
Apr. 2015 Managing Executive Officer  
Jun. 2016 Director  
Apr. 2018 Managing Director  
Apr. 2020 Senior Managing Director  
Apr. 2021 Representative Director, President & CEO (current position)

## Reasons for appointment

Mr. Yokota has served as an officer for the Company and Group companies. Since becoming President & CEO in April 2021, he has been responsible for the Group's overall management and led the Group based on his wealth of knowledge and experience. Mr. Yokota was reappointed as Representative Director because he is indispensable for facilitating the Group's management and further enhancing corporate value.



**Tsunehiro Sana**

Director

Apr. 1985 Joined The Mitsubishi Bank, Ltd. (currently, MUFG Bank, Ltd.)  
Jan. 2013 General Manager of Kamakura Branch, MUFG Bank, Ltd.  
Nov. 2015 Joined Starzen Co., Ltd.  
General Manager of Group Human Resources Department, Planning and Administrative Division  
Oct. 2017 General Manager of Planning and Administrative Division  
Apr. 2020 Executive Officer, Administrative Division  
Jun. 2022 Director (current position)

Supervisor of Administrative Division and Finance and Accounting Division

## Reasons for appointment

Since joining the Company, Mr. Sana has served in key positions in the Administrative Division and the Corporate Division, and he plays an important role in establishing management strategies and strengthening corporate governance based on his broad knowledge and experience. Mr. Sana was reappointed as Director because he is indispensable for the Company's aim of further enhancing corporate value.



**Kaku Yoshisato**

Director (External)

Apr. 1991 Joined Mitsui & Co., Ltd.  
Apr. 2019 General Manager of Oils & Fats, Staple Food Project Division, Food Business Unit, Mitsui & Co., Ltd.  
Jun. 2020 Director (External), Starzen Co., Ltd. (current position)  
Apr. 2021 General Manager, Livestock & Fisheries Project Division, Food Business Unit, Mitsui & Co., Ltd.  
Apr. 2024 Director, Deputy General Manager of Food Business Unit, Mitsui & Co., Ltd. (current position)  
Jun. 2024 Director (External), J-OIL MILLS, Inc. (current position)  
Jun. 2024 Director (External), FEED ONE Co., Ltd. (current position)

## Reasons for appointment

Mr. Yoshisato has served in a number of key positions at Mitsui & Co., Ltd. He possesses keen insight and an extensive network in the food industry. The Company reappointed him as an external director to benefit from his oversight of the Starzen Group's decision-making processes and ability to offer appropriate advice from the standpoint of shareholders' common interests.



**Masao Uzurahashi**

Managing Director

Sep. 2008 Joined Starzen Co., Ltd.  
Apr. 2014 Director, General Manager of Broad Area Sales Department, Starzen Broad Area Sales Co., Ltd.  
Apr. 2015 Managing Director, Starzen International Co., Ltd.  
Apr. 2016 Executive Officer, Starzen Co., Ltd.  
Executive Vice President, Starzen International Co., Ltd.  
Jun. 2017 Director, Starzen Co., Ltd.  
Apr. 2018 President & CEO, Starzen International Co., Ltd.  
Apr. 2021 Managing Director (current position)

Supervisor of Sales Division, Overseas Division, and McDonald's Division

## Reasons for appointment

As Managing Director, Mr. Uzurahashi is responsible for the Group's overseas business, import/export operations, sales and overall logistics operations. Mr. Uzurahashi was reappointed as Managing Director because he is indispensable for boosting overseas transactions amid growing demand for meat in international markets and further enhancing corporate value.



**Ryoichi Takahama**

Director

Apr. 1988 Joined Zenchiku Co., Ltd. (currently, Starzen Co., Ltd.)  
Apr. 2018 Executive Officer, Starzen Co., Ltd.  
Apr. 2019 Managing Director, General Manager of Sales Management Division, Starzen Sales Co., Ltd.  
Jun. 2019 Director, Deputy General Manager of Sales Division, Starzen Co., Ltd.  
Apr. 2021 Director, General Manager of Logistics Division  
Jun. 2022 Senior Executive Officer, General Manager of Logistics Division  
Oct. 2023 Senior Executive Officer, General Manager of Corporate Division  
Jun. 2024 Director (current position)

Supervisor of Corporate Division, ICT Division, and Logistics Division

## Reasons for appointment

Mr. Takahama has served in a number of key positions in the sales and logistics sectors, and is currently General Manager of the Corporate Division, where he is responsible for formulating and advancing the Group's management strategies and plans. Mr. Takahama was newly appointed as Director because he is indispensable for the Company's aim of further enhancing corporate value using his many years of experience in his field.



**Mariko Eto**

Director (External)

Apr. 1994 Joined Mitsui & Co., Ltd.  
Apr. 2002 Enrolled in Legal Training and Research Institute of Japan  
Oct. 2003 Registered as attorney with Daini Tokyo Bar Association  
Joined New Tokyo International Law Office  
Apr. 2015 Joined TMI Associates  
Jan. 2017 Partner, TMI Associates (current position)  
Jun. 2020 Audit & Supervisory Board Member (External), Starzen Co., Ltd.  
Jun. 2022 Director (External) (current position)  
Jun. 2022 Outside Audit & Supervisory Board Member, fundbook, Inc. (current position)  
Jun. 2023 Outside Director, Nitto Denko Corporation (current position)  
Mar. 2024 Director (External) (Audit & Supervisory Committee Member), ASICS Corporation (current position)

## Reasons for appointment

As an attorney-at-law handling corporate law and labor issues, Ms. Eto has specialist expertise and broad experience. She has contributed to sound and highly transparent audit operations as an external Audit & Supervisory Board member since June 2020. The Company reappointed her as its first female external director in June 2022 to benefit from her oversight of the Starzen Group's decision-making processes as an attorney-at-law well-versed in corporate law and ability to offer appropriate advice from the standpoint of shareholders' common interests.



**Masamichi Takahashi**

Managing Director

Apr. 1986 Joined Zenchiku Co., Ltd. (currently, Starzen Co., Ltd.)  
Apr. 2010 Director, STARZEN MEAT PROCESSOR Co., Ltd.  
Apr. 2016 Managing Director, Plant Manager of Aomori Plant  
Apr. 2017 Executive Officer, Starzen Co., Ltd.  
Apr. 2018 Senior Managing Director, STARZEN MEAT PROCESSOR Co., Ltd.  
Jun. 2019 Director, Starzen Co., Ltd.  
Apr. 2020 President & CEO, STARZEN MEAT PROCESSOR Co., Ltd.  
Apr. 2023 Managing Director, Starzen Co., Ltd. (current position)

Supervisor of Production Division and STARZEN MEAT PROCESSOR Co., Ltd.

## Reasons for appointment

As Managing Director, Mr. Takahashi is responsible for the Group's overall meat processing operations and supply of processed foods. Mr. Takahashi was reappointed as Managing Director because he is indispensable for the Company's aim of further enhancing corporate value using his many years of experience in his field.



**Wataru Ohara**

Director (External)

Apr. 1975 Joined The Mitsui Bank Limited (currently, Sumitomo Mitsui Banking Corporation)  
Jun. 2010 Representative Director and Executive Vice President, Sumitomo Mitsui Financial Group, Inc.  
Apr. 2013 Representative Director and CEO, Teisoh Co., Ltd. (currently, Teikoku-Soko Co., Ltd.)  
Jun. 2017 Director (External), Starzen Co., Ltd. (current position)  
Jun. 2022 Special Advisor, Teikoku-Soko Co., Ltd.

## Reasons for appointment

Mr. Ohara has many years of experience as a senior executive of both a financial institution and a non-financial company. He possesses extensive experience in and keen insight into all aspects of corporate management. The Company reappointed him as an external director to benefit from his oversight of the Starzen Group's decision-making processes and ability to offer appropriate advice from the standpoint of shareholders' common interests.



**Shingo Ogoshi**

Director (External)

Apr. 2005 Joined ChuoAoyama PwC  
Jul. 2007 ShinNihon LLC (currently, Ernst & Young ShinNihon LLC)  
Jul. 2015 Ogoshi Nobuyoshi Accounting & Tax Corporation (currently, Ogoshi Accounting & Tax Corporation)  
Nov. 2015 Senior Partner of Ogoshi Accounting & Tax Corporation (current position)  
Jun. 2016 Audit & Supervisory Board Member (External), Starzen Co., Ltd.  
Jun. 2024 Director (External) (current position)

## Reasons for appointment

As a certified public accountant and certified tax accountant, Mr. Ogoshi possesses advanced specialist expertise in accounting and finance. He has contributed to sound and highly transparent audit operations as an external Audit & Supervisory Board member for the last eight years starting in June 2016. The Company has newly appointed him as an external director in order to utilize these experiences and insights and to benefit from his oversight of the Starzen Group's decision-making processes based on his ability to offer appropriate advice from the standpoint of shareholders' common interests.

# Audit & Supervisory Board Members



**Kouhei Kanno**  
Full-time Audit & Supervisory Board Member

Apr. 1980 Joined the Tokai Bank, Ltd. (currently, MUFG Bank, Ltd.)  
Jan. 2002 Deputy General Manager of Treasury Department, UFJ Bank Ltd. (currently, MUFG Bank, Ltd.)  
Jul. 2010 General Manager of General Affairs Department, Tokyo Bubuniku Meat Center Co., Ltd. (currently, Starzen Logistics Co., Ltd.)  
Apr. 2016 General Manager of Planning and Administrative Division, Starzen Co., Ltd.  
Jun. 2020 Full-time Audit & Supervisory Board Member (current position)

## Reasons for appointment

Mr. Kanno has advanced knowledge of corporate finance based on his many years of experience at a financial institution. He has also accumulated extensive experience at the Company, having served in important positions in the Administrative Division. The Company reappointed Mr. Kanno as an Audit & Supervisory Board member because he can utilize this experience and knowledge to increase the soundness and transparency of the Company's audit operations.



**Ryuso Sadanobu**  
Full-time Audit & Supervisory Board Member

Apr. 1981 Joined The Mitsui Bank Limited (currently, Sumitomo Mitsui Banking Corporation)  
Dec. 2006 Senior Vice President, Head Office, Sumitomo Mitsui Banking Corporation  
Jun. 2008 Joined Starzen Co., Ltd.  
Apr. 2013 Executive Officer, General Manager of Finance Department  
Apr. 2015 Executive Officer, General Manager of Finance and Accounting Division  
Jun. 2021 Director  
Jun. 2024 Full-time Audit & Supervisory Board Member (current position)

## Reasons for appointment

Mr. Sadanobu, who is responsible for the Group's Finance and Accounting Division, having served previously in key positions in finance and accounting, has served as a director of the Company for three years starting in June 2021. Because he has many years of experience and knowledge in financial institutions and will be able to contribute to improving the effectiveness of the Company's audit operations, the Company has newly appointed him as an Audit & Supervisory Board member.



**Toshiaki Tada**  
Audit & Supervisory Board Member (External)

Apr. 1996 Registered as Attorney  
Dec. 1996 Joined Hibiya Sogo Law Offices  
Jul. 2001 Weil, Gotshal & Manges Law Firm New York Office  
Sep. 2002 Hibiya Sogo Law Offices  
Jun. 2008 Audit & Supervisory Board Member (External), Denki Kagaku Kogyo Co., Ltd. (currently, Denka Company Limited)  
Jun. 2012 Audit & Supervisory Board Member (External), Itochu Techno-Solutions Co., Ltd.  
Jun. 2020 Audit & Supervisory Board Member (External), Kurita Water Industries Ltd.  
Jan. 2024 Representative Attorney, Hibiya Sogo Law Offices (current position)  
Jun. 2024 Audit & Supervisory Board Member (External), Starzen Co., Ltd. (current position)

## Reasons for appointment

Mr. Tada has been active as an attorney for many years, primarily in the field of corporate law, including antitrust law and compliance, and has extensive experience and advanced specialized knowledge. Furthermore, we expect that he will utilize his extensive experience and deep insight as an auditor at other companies in auditing Starzen's management, and have therefore newly appointed him as an external Audit & Supervisory Board member.



**Michitaro Wakayama**  
Audit & Supervisory Board Member (External)

Oct. 2003 Joined ShinNihon LLC (currently, Ernst & Young ShinNihon LLC)  
Oct. 2019 Representative Director, OCS Partners Co., Ltd. (current position)  
Dec. 2019 Director of Wakayama Michitaro Certified Public Accountant & Tax Accountant Office (current position)  
Jun. 2020 Audit & Supervisory Board Member (External), Prudential Life Insurance Co., Ltd.  
Jun. 2023 Audit & Supervisory Board Member (External), Central General Development Co., Ltd.  
Jun. 2024 Audit & Supervisory Board Member (External), Starzen Co., Ltd. (current position)

## Reasons for appointment

Mr. Wakayama has extensive practical experience and specialized knowledge as a certified public accountant and tax accountant. He is also actively involved in areas such as corporate management structures, governance structure improvements, and M&A support. We expect that he will utilize his extensive experience and deep insight in auditing Starzen's management from an independent standpoint, and have therefore newly appointed him as an external Audit & Supervisory Board member.

# Messages from External Directors



Our medium-term management plan that began in 2023 includes three key priorities: “Tackling the Challenge of Developing New Businesses,” “Domestic Business Transformation,” and “Sustainability Management and Improvement in the Management Foundation.” In fiscal 2024, in response to changes in the times and the environment, we revamped our Management Philosophy and Brand Vision for the first time in 33 years and are working to align employees’ attitudes and improve our corporate image with “instilling the new Management Philosophy and Brand Vision” as a major theme for the fiscal year.

Realizing a sustainable society and actively contributing to it while enhancing corporate value will be essential for future corporate management. It is also necessary to respond to the contraction of the domestic market caused by Japan’s population decline, which is a problem inherent to the food-related industry.

I think Starzen has been steadily tackling such management issues over the past year. Although these are by no means flashy initiatives that will attract public attention, definite improvements can be seen in the laying of the groundwork for new businesses and overseas expansion, as well as in the reform of the profit structure. In addition, with regard to logistics reform, which is a major issue, we have begun efforts to consolidate and streamline our operations by establishing a two-base system, with one logistics base each in

the east and west of Japan.

Furthermore, I feel that the effectiveness of the Board of Directors is steadily improving, based on, among other things, the proactive involvement of external directors and Audit & Supervisory Board members in committee initiatives on issues such as compliance management and strengthening governance. Amid this progress, inappropriate transactions were discovered at one of our sales offices last year. However, I believe that necessary and sufficient measures have been taken, including a thorough investigation by external committee members and the implementation of preventive measures to prevent recurrence that reflect the opinions of the external directors based on that investigation.

The Nomination and Remuneration Committee and the Sustainability Committee, of which I am a member, are also actively working on issues such as the systematic training of future executives; strengthening diversity, including increasing the number of female executives; reducing greenhouse gas emissions; and animal welfare.

Although Starzen still has many areas that need improvement, I believe that our corporate management has made steady progress over the past few years. As an external director myself, I would like to continue to play a role in encouraging active efforts to address these management issues and oversee their progress.



Starzen’s business performance for fiscal 2023 reached record highs in each profit indicator. I believe this is the result of management and employees coming together and working hard every day.

In April 2024, we revamped our Management Philosophy and formulated a new Brand Vision. We also created a brand video starring Group employees and their families in which the employees are shown working diligently on their daily tasks with the new Management Philosophy and Brand Vision in their hearts. Every time I watch this brand video, I am deeply moved by our Company employees’ sincere and hardworking approach to their job, and their radiant smiles fill me with joy. On the other hand, in fiscal 2023, a very unfortunate scandal occurred. We on the Board of Directors took seriously the results of a special investigative committee’s investigation and recommendations for measures to prevent recurrence, discussed measures to prevent recurrence, and passed the relevant resolutions. In addition to reaffirming the sincere thoughts expressed in the brand video, it is extremely important for Starzen’s future growth to implement thorough measures to prevent recurrence, and the Board of Directors intends to closely follow up on the implementation of these measures.

Fiscal 2024 will be the second year of the medium-term management plan. The plan’s goals include “Sustainability Management and

Improvement in the Management Foundation” and “earnings structure transformation.” The strategies we are advancing to achieve these goals include “response to social issues” such as GHG reduction, “DX and business process reform” such as the visualization of operations and results, “Tackling the Challenge of Developing New Businesses” such as overseas business expansion, and “Domestic Business Transformation” such as reorganization of our manufacturing, sales, and logistics bases. The Board of Directors has already passed resolutions on several specific agenda items for implementing these measures. For important agenda items, a system has been established giving the Board of Directors several opportunities to exchange opinions before voting and to hear progress reports in a timely manner, thereby ensuring the effectiveness of the Board of Directors. As an external director, I intend to fulfill my role of appropriate management oversight to contribute to the medium- to long-term growth of Starzen.



# Messages from External Directors



**We aim to **implement sustainable management** that takes into account changes in the global and social environments.**

**Mariko Eto**  
Director (External)

In fiscal 2023, it was revealed that there were fraudulent transactions at one of our sales offices. This incident betrayed the expectations of our customers and our employees who work diligently every day. During the investigation period, I and the rest of the Company spent every day asking ourselves whether there was anything we could have done to prevent this fraud from occurring. Currently, we are in the implementation stage of measures to prevent recurrence, which were formulated based on a thorough investigation, but I believe it's important to continue to reflect on how we can get to a place where we can say with certainty that we've done our best in the future.

Also, on a completely different topic, I feel the same way (how can we say with certainty that we've done our best) when it comes to environmental issues in sustainability management. It is clearer than ever that climate change is upon us. In light of this reality, we are switching to recyclable eco-trays to reduce our environmental impact, and we are also taking on the challenge of introducing vacuum-seal packaging as an effort to reduce food loss and waste. This makes it possible to extend the best-before date compared to regular prepackaged sliced products, which is something that consumers are very excited about.

As a meat company, we are exposed to changes in the global and social environments on a daily basis, and we hold discussions at meetings of the Board of Directors from the perspective of what measures can lead to long-term improvements in corporate value. For example, we are working with the mindset that this year's new employees will play an active role as the backbone of our Company 10 or 20 years from now, and what we do today will lay the foundation for this.

I intend to continue doing my utmost to meet the expectations of all our stakeholders.



**We will **promote appropriate risk-taking** to achieve sustainable growth.**

**Shingo Ogoshi**  
Director (External)

The theme of our medium-term management plan starting in fiscal 2023 is to transform the earnings structure and engage in sustainable business operations. To strengthen sustainability management to resolve social issues related to our business, such as GHG reduction and animal welfare, the entire workforce, which is what supports the business, must share the same values. Our newly established Management Philosophy and Brand Vision reflect the values that Starzen employees have discussed and upheld themselves, and I hope that awareness of these values will serve as a solid foundation for sustainability management.

On the other hand, in fiscal 2023, due to the discovery of improper transactions at a certain sales office, our quarterly financial report was delayed, causing great concern to all of our stakeholders. The establishment of a special investigative committee comprised of experts and a thorough investigation had the secondary effect of identifying the areas that needed to be strengthened in the three lines of defense in our internal control system. Of course, it is necessary to thoroughly implement measures to prevent recurrence, but we must also utilize this experience to strengthen compliance management.

In fiscal 2024, we will further intensify our efforts regarding measures aimed at earnings

structure transformation as outlined in the medium-term management plan. New challenges come with risks, but sustainable growth requires risk control and appropriate risk-taking. As an external director with expertise in accounting and auditing, I attend meetings of the Risk Management Committee and the Compliance Committee, and in addition to discussions at the Board of Directors, I am responsible for supervising business execution from various perspectives. I hope to contribute to the sustainable growth of Starzen by fulfilling my monitoring and supervision responsibilities, which will lead to the enhancement of corporate value by ensuring that decisions are made based on appropriate risk identification and control.

# 06

## Company Data

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# 11-Year Consolidated Financial Summary

	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
<b>Financial Performance</b> (Millions of yen)											
Net sales	256,581	282,575	303,402	313,943	340,119	351,212	351,356	349,242	381,432	425,173	410,534
Cost of sales	234,687	258,166	278,462	285,468	309,525	320,639	320,089	314,880	345,981	386,603	369,658
Gross profit	21,893	24,409	24,940	28,475	30,593	30,572	31,266	34,361	35,451	38,569	40,875
Selling, general and administrative expenses	19,924	20,558	21,025	22,912	24,749	25,784	27,037	27,675	28,545	30,407	31,896
Operating income	1,969	3,850	3,914	5,562	5,844	4,788	4,229	6,686	6,905	8,162	8,978
Non-operating income	1,488	1,628	2,373	1,760	2,160	2,423	2,216	2,791	2,878	3,468	2,658
Non-operating expenses	816	815	726	723	734	793	650	870	617	1,346	854
Ordinary income	2,641	4,663	5,561	6,599	7,270	6,418	5,795	8,607	9,165	10,284	10,782
Profit before income taxes	2,550	4,594	5,842	6,297	7,160	6,584	3,956	8,334	8,489	10,245	11,033
Profit attributable to owners of parent	1,748	2,833	3,796	4,578	5,120	4,565	1,743	6,921	5,984	7,483	7,512
Capital investment	3,641	3,035	2,109	2,007	3,743	4,062	2,924	3,440	3,195	3,101	6,302
Depreciation	3,027	3,009	2,744	2,650	2,433	2,615	2,809	2,765	2,949	2,916	3,040
R&D expenses	47	40	34	44	63	86	117	86	79	76	86
<b>Cash Flows</b> (Millions of yen)											
Cash flows from operating activities	4,661	(5,893)	13,365	1,876	1,163	7,000	1,459	11,084	1,420	7,214	12,776
Cash flows from investing activities	(3,261)	(2,006)	(1,349)	(1,761)	(4,464)	(4,091)	(3,412)	(3,445)	(3,451)	(4,192)	(4,847)
Cash flows from financing activities	(36)	9,221	(9,636)	3,338	(2,884)	(2,713)	890	(2,001)	(1,590)	(3,169)	(2,099)
Free cash flow (Operating cash flows + Investing cash flows)	1,399	(7,899)	12,016	115	(3,301)	2,909	(1,952)	7,638	(2,030)	3,022	7,929
Cash and cash equivalents at the end of year	8,595	10,109	12,462	15,885	9,793	9,969	8,896	14,530	10,952	10,876	16,823

# 11-Year Consolidated Financial Summary

	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
<b>Financial Condition</b> (End of fiscal year) (Millions of yen)											
Current assets	53,464	71,398	64,816	76,875	78,583	78,674	80,232	83,568	93,572	95,482	105,236
Current liabilities	39,126	48,917	40,637	48,181	46,500	45,713	44,695	42,900	55,119	49,456	54,412
Net assets	29,465	32,829	34,914	43,327	47,885	52,244	52,310	59,125	64,001	70,175	78,001
Total assets	93,777	111,906	104,446	117,386	123,000	125,938	125,932	131,726	142,428	146,520	161,180
Total liabilities	64,312	79,076	69,532	74,059	75,115	73,693	73,621	72,600	78,426	76,344	83,179
Interest-bearing liabilities	41,644	51,933	43,303	43,647	41,701	39,290	41,605	41,020	41,180	39,533	39,331
Net worth	29,515	32,867	34,897	43,327	47,885	52,238	52,310	59,122	64,179	70,409	77,999
<b>Per Share Information</b> (Yen)											
Earnings*	109.35	176.85	236.26	246.61	271.22	236.01	89.47	354.91	307.37	384.04	386.63
Net assets*	1,846.40	2,049.10	2,168.56	2,303.44	2,525.56	2,681.72	2,680.00	3,031.43	3,295.42	3,610.96	4,012.10
Dividends*	35	40	45	50	60	60	55	65	65	75	80
<b>Main Indicators</b>											
ROA (%)	2.8	4.5	5.1	5.9	6.0	5.2	4.6	6.7	6.7	7.1	7.0
ROE (%)	6.0	9.1	11.2	11.7	11.2	9.1	3.3	12.4	9.7	11.1	10.1
ROIC (%)	2.0	3.7	4.7	5.3	5.6	4.8	3.8	6.0	5.6	6.4	6.3
Operating margin (%)	0.8	1.4	1.3	1.8	1.7	1.4	1.2	1.9	1.8	1.9	2.2
EBITDA (Millions of yen)	5,126	6,990	6,671	8,288	8,416	7,542	7,177	9,463	9,860	11,079	12,018
Net worth/total assets (%)	31.5	29.4	33.4	36.9	38.9	41.5	41.5	44.9	45.1	48.1	48.4
Liquidity ratio (%)	136.6	146.0	159.5	159.6	169.0	172.1	179.5	194.8	169.8	193.1	193.4
Interest coverage ratio (Times)	10.6	(12.9)	33.5	4.9	3.1	16.8	4.8	42.7	5.4	10.7	23.7
Debt-to-equity (D/E) ratio (Times)	1.41	1.58	1.24	1.01	0.87	0.75	0.80	0.69	0.64	0.56	0.50

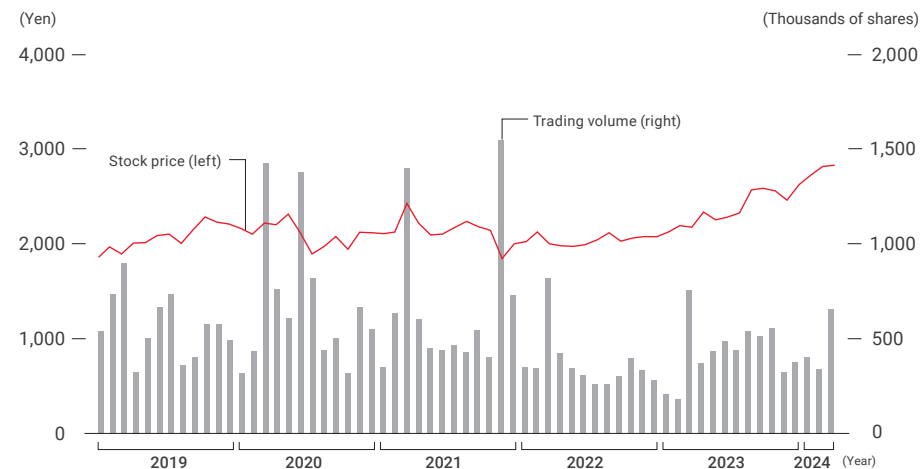
\* A share consolidation was implemented on common stock with a ratio of 10 shares to one share on October 1, 2015. In addition, a share split was implemented on common stock with a ratio of one share to two shares on April 1, 2021.  
Figures prior to fiscal 2020 have been retroactively adjusted for comparison purposes.

# Corporate Information / Stock Information (As of March 31, 2024)

## Corporate information

Company name	Starzen Co., Ltd.
Representative	Kazuhiko Yokota
Headquarters	Starzen Shinagawa Building, 4-13 Konan, 2-chome, Minato-ku, Tokyo 108-0075, Japan
Established	June 17, 1948
Capital	¥11,658.27 million
Main businesses	1. Processing and sale of meat 2. Production, processing, and trade of livestock products 3. Import and export of meat and livestock products 4. Manufacture, processing, and trade of food products
Customers	Supermarkets, meat specialty stores, department stores, restaurants, fast food chains, convenience stores, co-operatives, food processing manufacturers, meat wholesalers, and others
Employees	2,723 (Consolidated)

## Trend in stock price and trading volume



Note: The Company executed a two-for-one stock split of its common shares effective on April 1, 2021. The above graph of Starzen's stock price trends assumes that the stock split took place in January 2019.

## Stock information

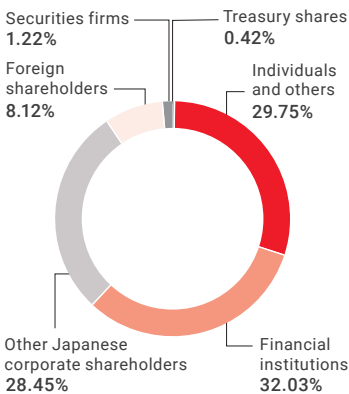
Securities code	8043
Stock exchange listing	Tokyo Stock Exchange, Prime Market
Fiscal year	April 1 to March 31
General Meeting of Shareholders	End of June
Administrator of shareholders' registry	3-3 Marunouchi, 1-chome, Chiyoda-ku, Tokyo 100-8241, Japan Mizuho Trust & Banking Co., Ltd.
Unit share	100 shares
Number of shares authorized	44,000,000 shares
Number of shares issued	19,522,552 shares (includes treasury stock of 81,535 shares)
Number of shareholders	15,000
Contact information	8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507, Japan Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Business Planning Department Toll free in Japan: 0120-288-324 (9:00 am to 5:00 pm; closed Saturdays, Sundays, and national holidays)

## Major shareholders

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Mitsui & Co., Ltd.	3,109	15.99
The Master Trust Bank of Japan, Ltd. (Trust account)	1,671	8.59
Custody Bank of Japan, Ltd. (Trust account)	798	4.10
Sumitomo Mitsui Banking Corporation	649	3.34
The Norinchukin Bank	608	3.13
MUFG Bank, Ltd.	559	2.87
Starzen Employee Shareholding Association	522	2.68
Uzurahashi Kosan Co., Ltd.	469	2.41
Mizuho Bank, Ltd.	320	1.64
Jumonji Chicken Company Ltd.	310	1.59

Notes: 1. The shareholding ratio is calculated after subtracting treasury shares from the number of shares issued and outstanding.  
2. The number of shares held is rounded off to the nearest one thousand.

## Composition of shareholders



Be sure to take our survey for Integrated Report 2024. We value your thoughts and feedback, which will be used to make our future integrated reports even better.

