

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



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## **Notice of Formulation of the New Medium-Term Management Plan**

Starzen Co., Ltd. (hereinafter “the Company”) formulated a new three-year medium-term management plan (fiscal 2023–2025) spanning from April 1, 2023 to March 31, 2026. An outline of this plan is presented below.

The new medium-term management plan was formulated using a backcasting approach in which measures and numerical targets are calculated based on such factors as the market size 10 years into the future and the future vision for the Starzen Group. This three-year period from fiscal 2023 is positioned as a time to lay the groundwork for continuously contributing to society through the Company’s long-term development.

During this period, the Company will work to transform its earnings structure and resolve social issues, which in turn will aid the Starzen Group in enhancing corporate value and contributing to realizing a sustainable society.

Furthermore, the Company intends to review the new medium-term management plan on a rolling basis annually in order to address changes in the business environment in a flexible and expedited manner.

### **1. Themes of the New Medium-Term Management Plan**

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

- We will establish a new earnings base by restructuring our domestic business into a more resilient supply chain as well as expanding sales in overseas business and in domestic growth markets.
- We will endeavor to continually improve our corporate value and realize a sustainable society by working to resolve environmental, social, and economic issues through food.

## 2. Basic Strategy

Policy	Basic Strategy
<p align="center"><b>Development of New Businesses</b></p>	<p><b>(1) Aggressive Overseas Expansion</b></p> <ul style="list-style-type: none"> <li>• Roll out Starzen’s business model overseas and increase meat procurement capabilities outside Japan, etc.</li> </ul> <p><b>(2) Capture Business from Domestic Growth Markets</b></p> <ul style="list-style-type: none"> <li>• Strengthen the DtoC channel and propose products to growth markets that harness the Company’s strengths, etc.</li> </ul>
<p align="center"><b>Domestic Business Transformation</b></p>	<p><b>(3) Streamlining of domestic operations</b></p> <ul style="list-style-type: none"> <li>• Restructure production, sales, and logistics sites, etc.</li> </ul> <p><b>(4) Development of high-value-added products</b></p> <ul style="list-style-type: none"> <li>• Increase Starzen’s No. 1 products and “only one” products, etc.</li> </ul>
<p align="center"><b>Sustainability Management and Improvement in the Management Foundation</b></p>	<p><b>(5) Response to social issues</b></p> <ul style="list-style-type: none"> <li>• Reduce greenhouse gas emissions, research animal welfare, and bolster efforts in meat substitutes, etc.</li> </ul> <p><b>(6) Digital transformation and business process reform</b></p> <ul style="list-style-type: none"> <li>• Renew the core IT system, visualize operations and performance, and streamline work styles, etc.</li> </ul>

## 3. Numerical Targets

### Final year

Net sales of 440 billion yen, ordinary income of 10 billion yen, and EBITDA of 12 billion yen

Note: Although the depreciation burden due to upfront investments for digital transformation (DX) and business process reform will temporarily suppress ordinary income, the Company plans to achieve record-high profit in the final year of the medium-term management plan due to an increase in the composition ratio of overseas business and high-value-added products.

Reference: Trailing Three-Year Performance (Underlined text indicates record highs)

Fiscal 2021 Results: Net sales of ¥349.2 billion, ordinary income of 8.6 billion yen, and EBITDA of 9.4 billion yen

Fiscal 2022 Results: Net sales of 381.4 billion yen, ordinary income of 9.1 billion yen, and EBITDA of 9.8 billion yen

Fiscal 2023 Forecast: Net sales of 390.0 billion yen, ordinary income of 8.4 billion yen, and EBITDA of 9.6 billion yen

## 4. Other Quantitative Targets

The framework of the plan also includes maintaining and increasing return on invested capital (ROIC)\* (5.5% or higher), maintaining and increasing return on equity (ROE) (8.0% or higher), and maintaining net worth as a percentage of total assets (40% or higher).

(1) Investment Plan

Investment totaling **approximately 40 billion yen** over the three-year period of the new medium-term management plan (34 billion yen in new investment and 6 billion yen in maintenance and updates)

- Aggressive overseas expansion: Approx. 6 billion yen to 12 billion yen
- Streamlining domestic operations: Approx. 11 billion yen
- Development of high-value-added products: Approx. 6 billion yen
- DX and business process reform: Approx. 5 billion yen
- Maintenance and upgrades: Approx. 6 billion yen

(2) Stabilize the financial base: D/E ratio of 1.0 or less

\* ROIC = (Operating income after tax + Equity in earnings/losses of affiliates) / (Interest-bearing liabilities + Net assets)

Currently, the Starzen Group's weighted average cost of capital (WACC) is around 4%.