

INTEGRATED REPORT **2022**



Management Vision

OUR VISION

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

Management Philosophy

OUR PHILOSOPHY

Be a Company with Which Customers Feel Fortunate to Do Business

We recognize that our mission is to fulfill our social responsibility to all stakeholders. We strive to increase customer satisfaction through a constant focus on helping customers grow and earning their trust.

Become a Company Where Our Employees Are Happy to Work

We are developing workplace environments and systems to ensure our people can continue working with us for many years with peace of mind. This is based on our recognition that enhancing the satisfaction of our employees, as our closest stakeholder, is essential for us to grow sustainably and to fulfill our social responsibilities to customers and other stakeholders.

Grow through Our Work

To remain a company deemed essential by society by consistently supplying safe and reliable products, we foster a workplace environment in which all employees enjoyably work to solve problems and personally grow through their jobs.

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Editorial Policy

Integrated Report 2022 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. This integrated report newly features a section on our value creation process to more clearly articulate the Group's value proposition and approach toward sustainable growth.

During the editorial process, we referenced the International Integrated Reporting Framework of the Value Reporting Foundation (currently, the 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 2021 (From April 1, 2021 to March 31, 2022)

Note: Includes some information pertaining to periods outside of the above.

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About the Cover

The cover expresses the Group's future vision and its steady forward-looking efforts while addressing changes in the business environment.

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.

Integrated food supplier

During its nearly seven decades in business since 1948, Starzen has played an important role in developing Japan's food culture through our meat-focused business operations.

Net sales

¥**381.4**
billion

Ordinary income

¥**9.1**
billion

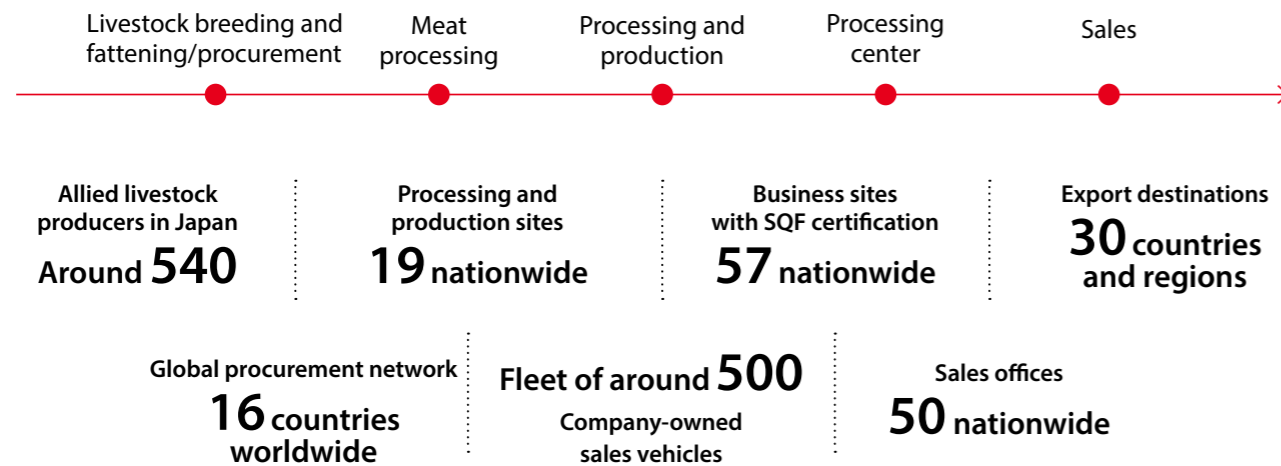
Number of customers*

Around **3,000**
companies

* Annual net sales of ¥4 million or higher

Rock-solid supply chain enabling 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 meats and processed foods.



Group of meat distribution professionals

Starzen has earned a high degree of trust from its various customers worldwide for its unique solutions capabilities and responsiveness as a meat professional.

Employees

2,756

Human resources with specialist credentials in foods and meats

Number of employees who passed the *Oniku Kentei* meat exam
Level-1: 1,347
Level-2: 179

Number of employees who passed the beef/pork portioning Meister Certification exams
Beef: 22
Pork: 43

Founding to 1970

1948: Founded as Zenkoku-Chikusan Co., Ltd.

The Company was initially involved in buying and selling of work cattle. In 1949, the Company ventured into the meat business, successfully delivering cow carcasses to U.S. forces in Japan and establishing a footprint in meat wholesaling. The Company became a pioneer in Japan's livestock industry after becoming the first in Japan to import frozen beef from Australia on a trial basis and to transport hog carcasses over long distances using ice-cooled trucks.



Company employees pictured with cow carcasses bound for U.S. forces in Japan (1954)



Opens Akune Office (1957)

1971 to 1990

Increases processing capacity and expands sales network including overseas

With the Westernization of Japanese diets during the country's rapid economic growth period, the Company expanded its business presence by capturing the needs of the times. In 1972, the Company concluded a sales agreement to supply McDonald's Japan with domestically produced hamburger patties and opened the Chiba Frozen Foods Plant. The Company also expanded its domestic meat processing plants and sales offices and established its first overseas offices in Australia and the United States.



Opens Chiba Frozen Foods Plant (1972)



Establishes ZENCHIKU TANCREP PASTORAL COMPANY PTY. LIMITED (1972)

1991 to 2010

Develops quality assurance system and expands imports

The environment surrounding food in Japan underwent significant upheaval amid the deregulation of imported beef and the growing number of dual-income households. The Company expanded its supply infrastructure for imported meats and fortified its presence in the processed foods and prepackaging businesses. At the same time, the Company built up its quality assurance system by acquiring the Safe Quality Food (SQF) certification and establishing a traceability system, amid rising consumer awareness toward food safety caused by livestock diseases and food-related incidents. In 1999, the Company changed its name to "Starzen" to symbolize its commitment to be a shining star for the world.



Opens Misawa Meat, the predecessor to STARZEN MEAT PROCESSOR's Aomori Plant Misawa Pork Center (1996)



Opens Kawasaki Packing Center (currently, Kanto Processing Center) (1998)

2011 to Today

Grows ambitions as a manufacturer of meat products and promotes sustainable management

While Japan is experiencing a low birthrate and an aging population as well as labor shortages, internationally food security faces threats from rising populations and conflict. The Company is working to add even greater value to its products and raise management efficiency to transform itself into a respected multinational meat product manufacturer. The Company is also expanding exports and the functions of its overseas sites, and is fortifying its overseas business. With corporate social responsibilities increasing, we are working on various measures to achieve sustainable management, which include reducing food loss, streamlining logistics, and lowering greenhouse gas (GHG) emissions by transitioning to renewable energy.



STARZEN MEAT PROCESSOR Aomori Plant Misawa Pork Center Introduces automated conveyance cold storage (2013)



Ceremony marking the first beef export for the EU (2014)



Kazuhiko Yokota
Representative Director,
President & CEO
Starzen Co., Ltd.

Building a more vibrant and robust business foundation to transform into a New Starzen Group

Review of fiscal 2021

In fiscal 2021, an unstable operating environment persisted amid the COVID-19 pandemic and natural disasters striking overseas production areas. Nevertheless, the entire Group diligently worked together to provide a stable supply of products under its mission to support people's lives with food and never waste the precious life of livestock. As a result, earnings for fiscal 2021 exceeded our initial target and we recorded our highest ever net sales and ordinary income.

The Starzen Group's greatest strength can be found in its supply chain. To ensure our supply chain remained intact, we took thorough steps to prevent the spread of COVID-19 in workplaces and proactively expanded business operations while also considering the safety of employees and other stakeholders. These efforts are what has led to our strong earnings results.

Increasing earnings power and building a foundation for sustainable growth

In refining our future management strategies, we must correctly address structural changes in the marketplace caused by Japan's declining population over the medium to long term, climate change, and geopolitical risks.

These changes in operating environment also represent a

growth opportunity for the Group. We will further solidify our domestic business foundation to increase earnings power while also actively looking to overseas markets, especially Asia, where future growth is anticipated.

Pursuing value unique to Starzen

The Group is working to enhance product brand value and fortify its functions as a manufacturer in order to increase profitability.

Of our sales, meats account for around 80%. Meats are a commodity whose price fluctuates with market conditions, but I believe we can add greater value. Toward this end, we need to strengthen meat brands unique to Starzen and inform customers and consumers about the value proposition of each. For example, we revamped our Kodawari Pork brand of domestically raised pork in January 2022 to make proposals by production area. The Mizusako Chikusan Group, a major domestic producer of Wagyu beef that we have partnered with for a decade as of November 2022, raises Wagyu beef tailored to domestic consumer needs while carefully monitoring cattle health and environmental impacts. It is my hope to share these stories behind the production area, feed, pasture environment, and products together with producers.

To strengthen our manufacturing functions, we are consolidating our core processed meat product brands and taking steps to bolster functions unique to Starzen. Processed meat products offer a high profit margin, but they also are highly dependent on customer preferences. We have increased our lineup of mainstay hamburger steak and roast beef products to expand selection in response to the diverse preferences of customers.

As for other processed meat products such as ham, sausage, and bacon, which are dominated by major manufacturers, we will consolidate brands and increase production efficiency, while developing quality-focused products utilizing the flavor of meats with our strong

standing in ingredients. We are increasing sales of Lohmeyer products, which enjoy an established brand presence, tailoring and updating proposals and flavors to match current trends while still using traditional processing techniques. In addition to increasing uptake at mass retailers with focus on quality and growing sales opportunities at department store special events, we have seen an increasing number of customers return every year to purchase our seasonal products, such as *Osechi*, foods served during New Year's holidays, and Christmas hors d'oeuvres.

Going forward, we will step up development of items unique to Starzen and bring these widely recognized products to consumers around the world. As part of this process, we will work to further expand upon the competitive advantages of our plants and processing centers near production areas.

At the stores of our supermarket customers, the number of experienced meat handlers are declining, making it difficult for the stores to sell hand-prepared assortments of meat cuts and produce specific products such as roast beef on-site as this requires special attention in terms of hygiene controls. From the perspective of reducing food loss and waste, our processing facilities excel, as they have obtained SQF certification and can produce products with extended best-before dates through sophisticated hygiene controls. Our processing centers also make prepared foods using meats, microwave products, and meal kits to meet consumers' time-performance* needs in modern living. In this manner, processing centers are expected to play an increasingly larger role in the future.

* Results and satisfaction gained for time spent (time-effectiveness)

Diversifying sales channels

We will also work to diversify sales channels to address changing consumer purchase behavior and market structures. The Group's sales force is a team of specialists in meat with a high degree of product knowledge and know-how. We have earned the trust of customers from various businesses through our ability to provide highly customized and optimized sales proposals.

In the domestic market, sales channels have diversified during the COVID-19 pandemic to include television shopping and e-commerce, in addition to the traditional mass retailers, supermarkets, and butcher shops.

Moreover, we plan to greatly increase our sales volume in international markets over the next four to five years. In expanding exports, the fact that processing plants of our

subsidiary STARZEN MEAT PROCESSOR Co., Ltd. have obtained export certification licenses for countries and regions around the world is a major strength. In particular, export certification standards in the EU and the United States are strict and certified plants in Japan are limited. Furthermore, 65 employees at STARZEN MEAT PROCESSOR have the beef/pork portioning Meister Certification. This is a difficult accreditation program in which only 311 certifications have been awarded in Japan as of March 2022. We take pride in the fact that we not only have the infrastructure in place, but also the skilled workers for portioning cuts.

In spring 2022, we launched Akune Gold as an exclusively exported brand. Akune Gold is a brand of Wagyu beef processed at the Akune Plant of STARZEN MEAT PROCESSOR, the flagship site of our meat exports. This brand is set apart

Initiatives with partners

We are promoting collaboration with external partners as a potential way to further expand our business footprint and fortify the supply chain.

For example, in terms of meat substitutes in the spotlight recently, we are developing and selling 'Zero Meat' with Otsuka Foods Co., Ltd. Zero Meat is made from soybeans, which reproduces the delicious taste of meat without the use of animal-derived ingredients. The Zero Meat lineup includes hamburger steak, sausage, and ham. These products represent a fusion of Otsuka Foods' R&D capabilities and our production know-how in meats and processed meats.

To expand our lineup of high-value-added products, in July 2021, we concluded a business partnership agreement with Fuji Global Kitchen Inc., which has an established presence in in-flight meal production. With the COVID-19 pandemic persisting, we are developing meal kits for the food service industry where consumers can enjoy their favorite restaurant tastes at home. Fuji Global Kitchen features a workforce of

from others because of the plant's advanced processing technology and quality control standards. The Group has a long history with Akune City in Kagoshima Prefecture. With Japan looking to expand Wagyu beef exports, we believe that cooperation with the community where the plant is located is indispensable.

Furthermore, we are strengthening the sales function of overseas business locations. Originally, the main role of these locations was to procure meat for importing to Japan, but recognizing the long-term growth of overseas markets, we will strengthen sales within the regions where we operate and increase transactions between overseas business locations and third countries. In December 2021, we established Starzen (Shanghai) Co., Ltd. as a new subsidiary in China. Ultimately, we aim to expand the Starzen model of business cultivated in Japan to other international locations.

culinary professionals and advanced expertise in frozen foods cultivated through in-flight meal production. By maximizing the delicious taste of high-quality meats provided by Starzen, we are now able to develop authentic meal kits suitable to food service brands.

As a way to expand sales channels, we concluded a capital and business partnership with Taisho Kaneyama Farm Co., Ltd. in March 2022. Taisho Kaneyama Farm engages in beef and pork production, meat portioning and prepacking, production of processed foods, and wholesaling of these products in the Tohoku region. Currently, we are holding joint business meetings and conducting joint sales as well as sharing know-how in product development and production aimed at growth of both companies.

Additionally, we are partnering with other various companies across Japan, and internationally, we are working with ADIRECT Singapore and a Thai company. Going forward, we intend to grow through co-creation.

Initiatives for sustainability — Identifying ESG materiality and stepping up our measures

In November 2021, Starzen established the Fundamental Policy on Sustainability and in February 2022, we identified 10 forms of materiality covering five themes that should be addressed over the medium to long term. We also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In fiscal 2022, we will work to incorporate materiality into each department, formulate specific strategies, and set key performance indicators (KPIs).

We have identified climate change as one form of materiality. We have set a target of reducing GHG emissions

by 46% compared to fiscal 2020 levels by the end of fiscal 2030 and launched the Climate Change Project. Natural disasters such as torrential rains and droughts caused by global warming have affected our business in various ways; for example, significant delays in meat shipments from producing countries, disruptions in domestic logistics, and soaring feed prices. We must be clearly aware of these global operating risks when exploring our business development.

As a theme for human capital, we established "Creating an attractive workplace where employees are happy to work."

As part of this effort, in the wake of the pandemic, we have introduced telecommuting and staggered work hours, and are also promoting the free address system at our offices. In addition to boosting productivity and operational streamlining, we aim to increase engagement by respecting the independence of each employee and creating a workplace where our people can share their individuality and creativity. Our goal is to be a corporate group that respects individuality, draws out the best in each other, engages in frank discussions, and achieves major targets. Since May 2022, I have been visiting the Group's business locations in Japan and overseas to hold town hall meetings. As the purpose of these meetings is to better understand frontline operations and draw out individuals' thoughts and true feelings, I seek out two-way dialogue with an emphasis on listening, rather than speaking one-sidedly. Our plan is to actively promote operational streamlining using remote and online tools. From the viewpoint of increasing engagement, though, we believe that face-to-face communication is also vital.

In terms of human resource development, we will increase the allocation of resources to investments in our people. By increasing opportunities for external training, we aim to develop human resources with a broad perspective and knowledge befitting of an even more diverse modern society.

In order to promote sustainability management, it is also important to foster awareness within the Company. We have supported the activities of Donald McDonald House Charities Japan (DMHC) (see page 19 for details) since 1999. However, since the level of awareness within the Company was still low, we produced and shared a video of a conversation with a Managing Director of DMHC internally to firmly convey the importance of this relationship. Following this, we held a fundraiser that raised voices of empathy and received the



largest amount of donations to date. In this way, we foster employee awareness of sustainability by having them realize that we are broadly connected to society in everyday places other than business transactions. We will continue expanding growth opportunities so that our people continue to be reliable partners to our customers and suppliers, and that each and every one of us can feel our growth every day.

In order to achieve our governance theme of "Realizing highly effective corporate governance," we are first reforming the Board of Directors. To make the Board of Directors a forum for more in-depth and vigorous discussions, we reduced the number of directors and increased the ratio of independent outside directors to more than one-third. In addition, we have newly appointed a female director to diversify the Board of Directors. Currently, we are in the process of reforms and are taking on various challenges. I believe that it is precisely in times of change that more transparent governance is necessary.

Working alongside stakeholders as Team Starzen

Based on these growth paths, we are currently formulating a new medium-term management plan starting in fiscal 2023. In enhancing our functions as a manufacturer, we expect that investment in R&D and assets such as plant equipment and machinery will increase. Therefore, we will incorporate management indicators such as return on invested capital (ROIC) and appropriately verify investment efficiency. While actively investing in businesses and human resources for sustainable growth, we also regard shareholder returns as one of management's most important tasks and toward this end we are committed to paying out stable dividends.

The Starzen Group has a great deal of potential. There is room for growth in the domestic market as well, and we will

tackle challenges in overseas markets by leveraging the strengths we have cultivated in Japan. In addition, we will get on track in terms of sustainability management, aiming to be a company that can be trusted by all stakeholders as a corporate group deemed essential and indispensable.

Based on our vision of delivering everyday happiness through our food value chain, we will continue to work alongside our stakeholders to be a company with which customers feel fortunate to do business and a company that our employees are happy to work for. I ask for your continued understanding and support as we move forward.

Management Vision

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

Management Philosophy

Be a Company with Which Customers Feel Fortunate to Do Business
Become a Company Where Our Employees Are Happy to Work
Grow through Our Work

External environment

Increasing severity of environmental issues

Worker shortages

Rising concern for food safety/ security

Diversifying food needs and values among consumers

Growing importance of a sustainable supply chain

Requests to strengthen management foundation

Inputs

Financial capital
Ability to generate stable cash flow and sound financial base

- Total assets¥142,428 million
- Operating cash flow¥1,420 million
- Net worth*/total assets45.1%

*Net worth consists of shareholders' equity and accumulated other comprehensive income.

Manufacturing capital
Sophisticated product development capabilities enabling in the supply of various products

- Seven meat processing plants with slaughterhouses
- Seven processed food manufacturing plants
- Five meat processing centers

Intellectual capital
Know-how and advanced processing technologies amassed over the years

- Advanced meat processing technologies
- Industry-academia collaboration
- R&D spending to improve quality

Human capital
Diverse workforce of meat professionals

- Human resources with special credentials in foods and meats
- Positive corporate culture that embraces ambition
- 2,756 employees on a consolidated basis

Social and relationship capital
High-level quality management system and strong partnerships with stakeholders around the world

- Traceability system
- Extensive sourcing network in Japan and abroad
- Number of customers: Around 3,000 companies
- Nationwide logistics network in Japan
- Business sites with SQF certification (57 locations)
- Six overseas locations including subsidiaries, offices, and partners
- 30 export destinations
- Partnerships with research institutes, venture firms, and companies from different industries

Natural capital
Initiatives for environmental conservation

- Energy usage of 79.9 kl/t (intensity)
- Water usage of 4.2 m³/t (intensity)

Group business

Business model

Deliver safe meats tailored to customer needs using an integrated value chain that prevents loss and waste

Medium-Term Management Plan
Strengthen earnings base and respond to change

See page 21 for details.

Nationwide logistics network **High-level quality assurance system that places the customer first** **Robust ICT infrastructure connecting the Group**

Outputs

- Meats from various livestock production sites and brands both in Japan and overseas
- Abundant processed food products
- Products using technology to extend expiration/best-before dates
- Simple, delicious products that can be quickly prepared
- Prepackaging products that address retail store labor shortages
- Ability to export meats to 30 countries and regions
- Highly flexible deliveries using the Group's logistics functions
- Provision of new sales opportunities linking differing business formats
- New product proposals linking different channels and business formats

Outcomes

Provision of safe, secure, and ample food

- Provision of safe and secure food
- Contributions to healthy and vibrant diets
- Support for diverse lifestyles

Active utilization of diverse human resources

- Realization of better living through provision of job opportunities
- Provision of growth opportunities through work
- Creation of a workplace environment where employees are happy to work
- Improvement of employee engagement
- Development of global human resources

Establishment of sustainable supply chain

- Reduction of food and profit loss
- Building of sustainable supply chain
- Solutions to business partner issues through our functions and provision of new sales opportunities

Development of food culture and local economies in Japan and overseas

- Development of food culture in Japan and overseas
- Promotion of livestock farming
- Contribution to local economies through procurement and employment in Japan and abroad

Stable shareholder returns

- Provision of medium- to long-term shareholder value through sustainable creation of corporate value

Mitigation of environmental impacts

- Mitigation of environmental impacts through business activities
- Establishment of sustainable livestock cycle

Increased business opportunities with new and existing partners

- Creation of opportunities for new capital investment and R&D

Sustainability management See page 13 for details.

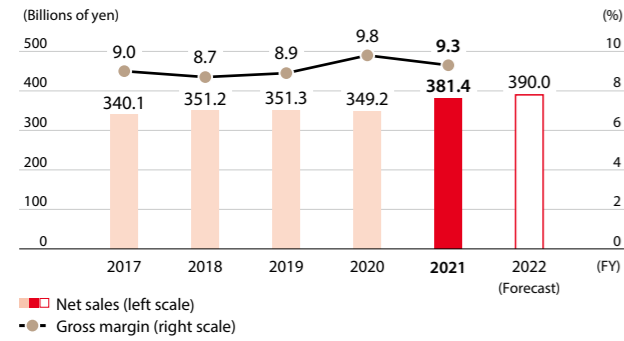
Materiality

- E Environment** • Environmental sustainability
- S Social** • Creating an attractive workplace where employees are happy to work
- G Governance** • Realizing highly effective corporate governance
- Pursuing safe, secure, and healthy food
- Maintaining and improving a stable and sustainable sourcing and supply chain system

Financial Highlights

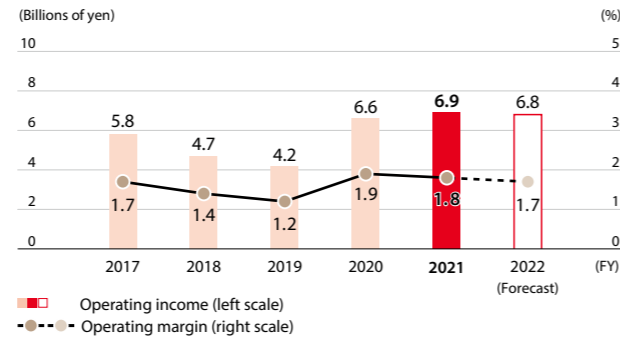
Net sales / Gross margin

¥381.4 billion / 9.3 %



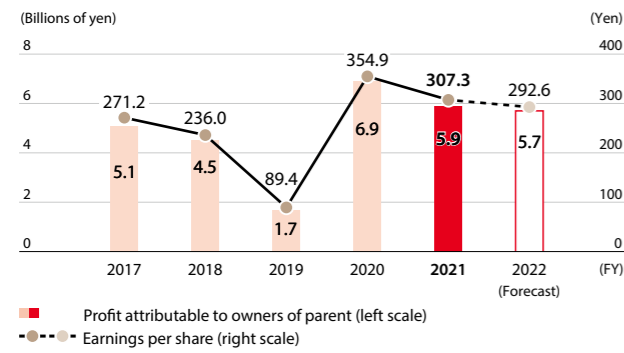
Operating income / Operating margin

¥6.9 billion / 1.8 %



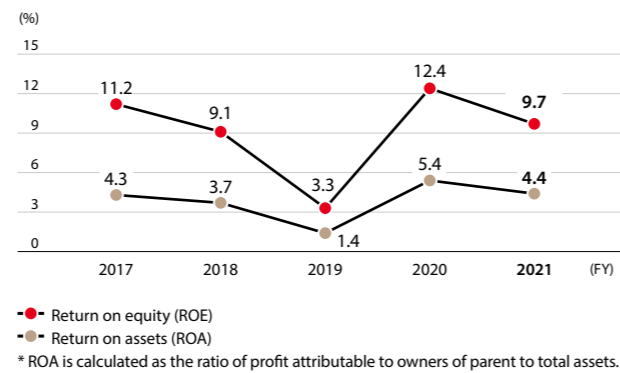
Profit attributable to owners of parent / Earnings per share

¥5.9 billion / ¥307.3



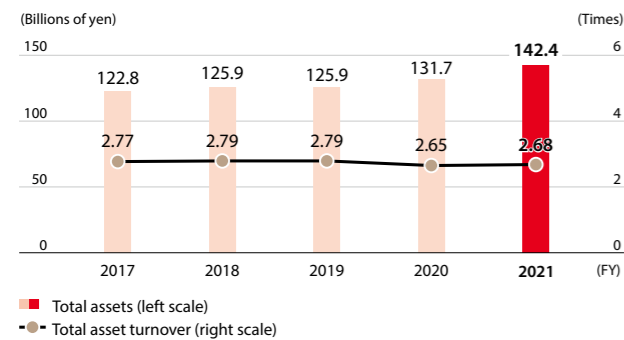
ROE / ROA*

ROE of 9.7 % / ROA of 4.4 %



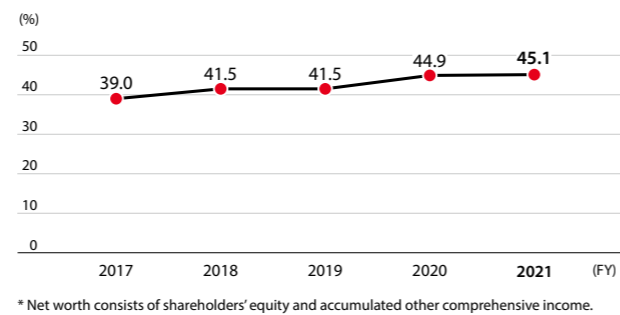
Total assets / Total asset turnover

¥142.4 billion / 2.68 times



Net worth*/total assets

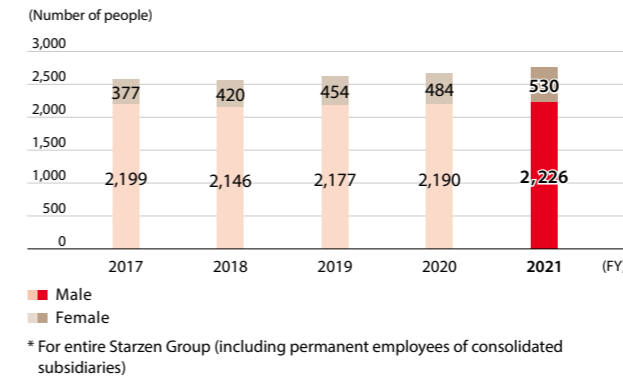
45.1 %



Non-Financial Highlights

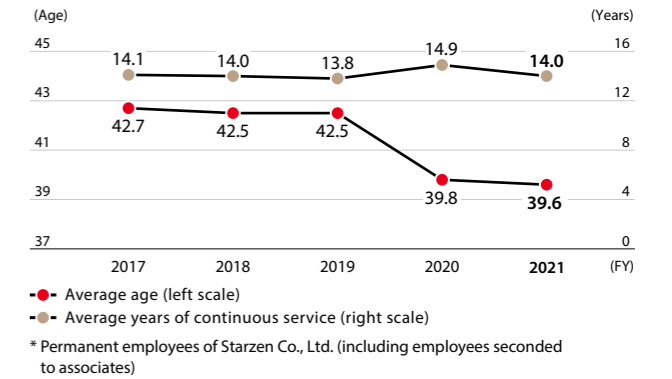
Employees*

2,226 men / 530 women



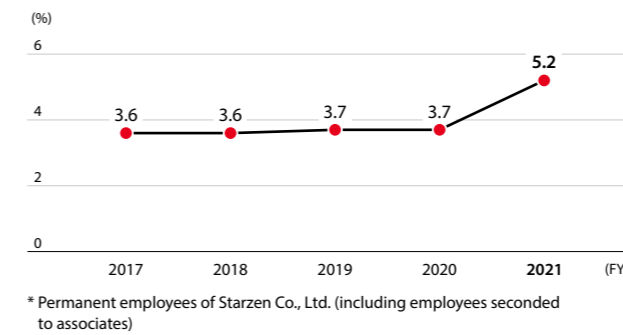
Average age* / Average years of continuous service*

Average age 39.6 years / Average years of continuous service 14.0 years



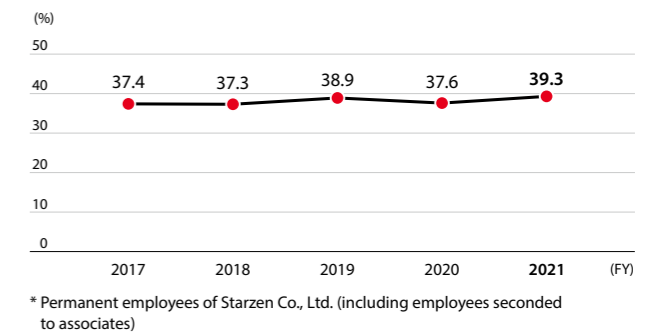
Female manager representation*

5.2 %



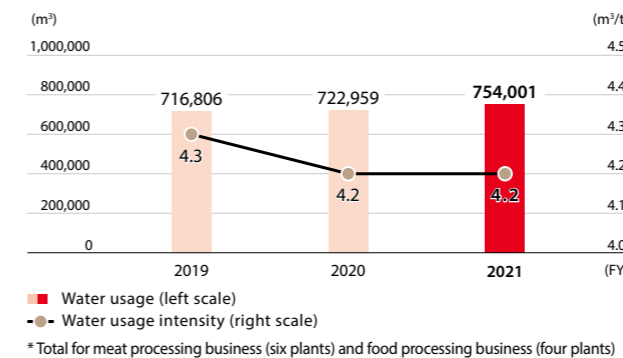
Ratio of managerial staff hired mid-career*

39.3 %



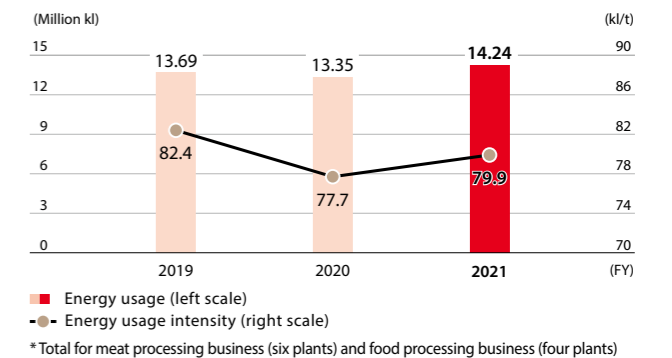
Water usage* / Intensity*

754,001 m³ / 4.2 m³/t



Energy usage* / Intensity*

14.24 million kl / 79.9 kl/t



Sustainability Management

Starzen engages in sustainability management with the aim of contributing to a sustainable society and a sustainable meat industry.

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.

Fundamental Policy on the Environment, Fundamental Policy on Human Rights, and Fundamental Policy on Industrial Safety and Health

We are a signatory to the United Nations (UN) Global Compact, which is a voluntary initiative where companies and organizations participate in the creation of a worldwide framework for achieving sustainable growth as good corporate citizens through their own responsible and creative leadership.

Starzen supports the Ten Principles of the UN Global Compact covering the four areas of human rights, labor, environment, and anti-corruption, and engages in corporate activities following these principles, based on its Fundamental Policy on the Environment, Fundamental Policy on Human Rights, and Fundamental Policy on Industrial Safety and Health.

Fundamental Policy on the Environment

1. Environmentally friendly products and services
2. Improve our environmental performance
3. Continuous improvement of the environmental management system
4. Compliance with relevant laws and regulations
5. Cooperation with local communities

Fundamental Policy on Human Rights

1. Respect for human rights
2. Compliance with relevant laws and regulations
3. Scope of application
4. Freedom of association and right to collective bargaining
5. Prohibition of forced or child labor
6. Healthy and rewarding workplaces
7. Respect for diversity

Fundamental Policy on Industrial Safety and Health

1. Management system for safety and health
2. Compliance with relevant laws and regulations
3. Education for safety awareness
4. Continuous improvement of the work environment
5. Health and wellbeing

Sustainability Management

Sustainability Committee

In October 2020, Starzen established the Sustainability Committee, comprising the President & CEO as well as directors and executive officers as main members.

The committee convenes three times per year and includes Mr. Eiji Hosoda, Professor of the Department of Economics (School of Political Science and Economics) and Vice President of Tokai University, as an outside member. Committee meetings held in fiscal 2021 discussed the formulation of the Fundamental Policy on Sustainability, the identification of materiality, and future initiatives and KPI setting.

Endorsement of the TCFD recommendations

Starzen officially endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in December 2021. Climate change is one of the issues of

materiality that we identified in February 2022. Following our endorsement of the TCFD recommendations, we will analyze the risks and revenue opportunities presented by climate change and evaluate their financial impacts. In turn, we will proactively disclose information on governance, strategy, risk management, and indicators and targets as appropriate.



Raising awareness among employees

Starzen believes that sustainability should be linked to corporate management and implemented proactively by raising awareness among each and every employee. We encourage all of our people, as consumers, to be mindful of sustainability during the course of their actions.

Materiality

In February 2022, the Starzen Group identified issues of materiality that need to be addressed over the medium to long term in order to achieve a sustainable society. With the aim of achieving our management vision “to become a global company that delivers everyday happiness through our food value chain” and also helping resolve social issues, the entire Group will work as one to achieve a sustainable society through solutions to these issues in order to be a company that is indispensable to society in the future.

Materiality

	Themes	Materiality	Relevant SDGs	Policy
Environment	Theme 1 Environmental sustainability	Climate change		The Company will work to suppress and reduce CO ₂ 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.
		Reducing food loss and waste		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.
Social	Theme 2 Creating an attractive workplace where employees are happy to work	Labor practices		One of the tenets of our Management Philosophy is to make Starzen a company that our employees are happy to work for. 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. 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.
		Occupational health and safety		
		Employee satisfaction		
	Theme 3 Pursuing safe, secure, and healthy food	Quality and safety		Since the Company's founding, we have wanted to always deliver safe, secure, healthy, and tasty 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.
	Health and nutrition			
Governance	Theme 4 Maintaining and improving a stable and sustainable sourcing and supply chain system	Strengthening the supply chain		To realize sustainable sourcing and supply, the Company will pursue the procurement of raw materials while considering social issues such as the global environment and animal welfare. In addition, we will work to train and cultivate raw material suppliers who will work with us to tackle the climate change issues facing the livestock industry and accompanying challenges. We will also work to diversify our suppliers and build long-term, stable relationships with them to prepare for the risk of supply chain interruptions caused by natural disasters and other events.
		Promoting animal welfare		Reaffirming that our business exists thanks to the precious lives of livestock, we will pursue the five animal 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.
	Theme 5 Realizing highly effective corporate governance	Enhancing corporate governance		To realize sustainable growth and improve 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 Prime Market and that is capable of swift, bold, transparent, and fair decision-making.

The Starzen Group has established a target to reduce GHG emissions 46% by fiscal 2030 compared to the base year of fiscal 2020. As environmental issues grow more serious, we will build a sustainable business model and mitigate our environmental impacts. In addition, we will work on effective use of food resources, and reduce food loss throughout the supply chain.

Initiatives to Reduce GHG Emissions

Launch of the Climate Change Project

We launched the Climate Change Project to address the materiality of climate change and reach the target of reducing our GHG emissions by 46%. This project, which is headed up by the director in charge of climate change, is comprised mainly of members who are core human resources at plants within the Group. The project is working to set KPIs, propose measures, and promote energy conservation activities aimed at reducing our GHG emissions.



Climate Change Project kick-off meeting

Introduction of the ecoCloud system

The STARZEN MEAT PROCESSOR Co., Ltd. (SMP) Aomori Plant Misawa Pork Center introduced the ecoCloud system in August 2021. EcoCloud is a cloud-based system linking equipment and temperature monitoring. It helps to conserve energy by automatically controlling the operation of refrigerators and freezers based on the temperature inside

the plant. After completing our review of its annual effects on energy conservation, we intend to roll the system out at other SMP plants.

The system also visualizes the operational status of equipment, which contributes to reducing labor related to management operations.

Introduction of renewable energy

Following the SMP Akune Plant and SMP Kaseda Plant, we introduced our third solar power generation system at the Akune Plant Processed Food Production Center in February 2022.

Installing solar power generation systems is difficult at

some of the Group's plants due to structural or facility-related reasons. Going forward, we plan to explore the introduction of renewable energy with an eye toward other types than solar power.

	Solar power generation (Annually)	CO ₂ reduction amount (Annually)
Fiscal 2020	495.50 MWh	238 t-CO ₂
Fiscal 2021	720.34 MWh	346 t-CO ₂

Scope of data: SMP Akune Plant, SMP Kaseda Plant, and SMP Akune Plant Processed Food Production Center (Power generation began in March 2022)



Solar power generation system at SMP Akune Plant Processed Food Production Center

Controlling exhaust gases in our logistics sectors

The Group operates a fleet of around 500 vehicles including 409 transport vehicles. We are now implementing logistics reforms for reducing the exhaust gas of our fleet. These reforms are also linked to our work style reforms for employees. We have introduced a modal shift using railway

or marine shipping for certain mainline logistics routes, improved collection efficiency by consolidating refrigerated and freezer storage in the Greater Tokyo Area, and reviewing delivery routes.

Trends in number of transport vehicles and operating hours

	Number of transport vehicles (Annual average)	Operating hours per vehicle (Annually)
Fiscal 2020	418 vehicles	1,458 hours
Fiscal 2021	409 vehicles	1,430 hours

Ratio of oil usage of Company-owned sales vehicles to CO₂ emissions

	Oil usage	CO ₂ emissions	Sales weight (Reference)
Fiscal 2020	—	—	—
Fiscal 2021	99.4%	97.2%	103.5%

Initiatives to Reduce Food Loss and Waste

One of our materiality items is to reduce food loss and waste. To ensure we never waste the precious life of livestock, the Group is working to extend shelf life and best-before dates. Our meats, which are produced with fewer initial bacteria numbers under the strict hygiene controls of the Group's plants are placed in vacuum-seal packaging or gas exchange packaging that greatly extends the best-before date compared to conventional sliced meat packaging. In fiscal 2022, we are expanding the number of products that use these packaging formats and exploring whether the best-before dates of vacuum-sealed products at plants near production areas can be extended even further.



Vacuum-sealed product using a paper tray laminated with barrier film



Initiatives with Society

Materiality Theme (2)

Creating an attractive workplace where employees are happy to work

We have identified one of our materiality themes as “Creating an attractive workplace where employees are happy to work.” Recognizing that employee satisfaction is vital, we are developing workplace environments and systems to ensure our people can continue working with us for many years with peace of mind and to support their autonomous growth.

Increasing development of young employees and next-generation leadership

We have a systemized training program in place encompassing rank-specific, selection-based, and theme-based training. This ensures that we elevate the abilities and independence of young employees and develop future candidates for executive management positions. In fiscal 2022, we increased opportunities for outside training and introduced training for

the development of female managers in order to promote greater career opportunities for women.

To support employees in obtaining qualifications, we recruit employees internally to take specific exams and defray the cost of these exams in an effort to support employee growth by increasing their skill levels and motivation at work.

Training system diagram

Rank	Rank-specific training	Selection-based training	Theme-based training	Support for obtaining qualifications
Managerial staff	General manager training	Executive management development training	Mid-career hiree training Job-based training	Professional qualifications, TOEIC, and pre-assignment language training
	Female manager training	Next-generation manager development training		
	Newly appointed manager training			
Team leaders and mid-level employees	Newly appointed team leader training	Business leader training	On-the-job/instructor training	
	Female team leader training			
	Newly appointed supervisor training			
Young and newly hired employees	Fifth year training			
	Third year training			
	New hire training			

Certification holders

Ready-made Meal exam	Level-1: 8	Level-2: 13	Level-3: 77
Food Labeling exam	Advanced: 1	Intermediate: 40	Introductory: 40
Oniku Kentei meat exam	Level-1: 1,347	Level-2: 179	
Level-1 beef/pork portioning Meister Certification exams		Certified beef butchers: 22	Certified pork butchers: 43
Ham, sausage, and bacon production skill certification exams	Level-1: 21	Level-2: 22	

Establishment of a comfortable working environment

During the COVID-19 pandemic, we introduced telework and staggered working hours to enable more flexible work styles. We intend to continue offering these options to employees going forward. At the same time, we are developing workplace environments that encourage interactions across department lines, recognizing that we require new measures to promote

communication in a new normal. The head office building is completely address free and employees can choose where they work based on their job duties. Each floor is designed with a different concept in mind so as to create inspiring workplaces where employees can be creative.

Results of free address system introduction

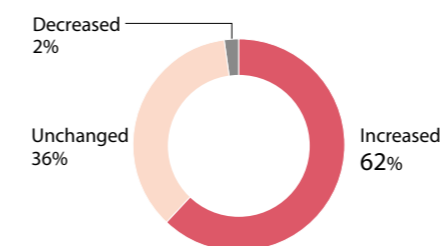
We conducted a survey three months after the free address system was introduced in February 2022. More than 60% of employees said that communication with other departments increased, indicating that effects are steadily being realized. As a secondary effect, we have seen positive results in terms of costs as well, with offices going paperless and reducing the amount of office supplies purchased.

Going forward, we plan to gradually roll out the free address system at our other offices across Japan.

Cost reduction effects

	Reduction effects (one month average)
Number of sheets printed (black and white)	10%
Number of sheets printed (color)	50%
Office supplies	20%

Did your communication with people from other departments increase since introduction of the free address system?



Active Floor for open communication



Focus Floor with quiet environment for idea creation

Town hall meetings between the President & CEO and employees

The President & CEO visits the Company's business locations across Japan where he hosts town hall meetings with employees. At these meetings, the President & CEO engages employees directly to promote their understanding of important management decisions and policies, and enable them to ask questions and share their views freely. The President & CEO takes the time to answer each and every question and employee opinions are reflected in internal systems where possible.



Town hall meeting in progress

Improvement of employee engagement

In fiscal 2021, we revamped our target management system. An objective, fair, and equitable evaluation system is in place with clear evaluation indicators based on individual targets linked to both management and organizational targets. Feedback is provided for personnel evaluations to employees to ensure greater understanding and approval of employees. Our well-balanced pay system rewards employees who produce results and we are working to further increase employee engagement.

In November 2022, we introduced an all new personnel management system that better visualizes human resource information in order to harness the individuality and skill sets of employees, assign the right person to the right job, and develop our people based on their career aspirations. Access to the detailed information of each employee allows the Company to build mechanisms that lead to greater job satisfaction and improved performance.

Maintenance and improvement of employee health

Starzen is working to become a company with excellent organizational health practices to improve employees' health and increase their productivity. In fiscal 2020, we received “Silver” certification as an Excellent Enterprise of Health and Productivity Management from the National Federation of Health Insurance Societies. Going forward, we will work toward achieving Gold certification by practicing occupational health and safety and health management that includes employees' families. In fiscal

2022, we greatly expanded the age groups eligible for comprehensive health exams.

In September 2020, we added cancer screenings to our Group insurance plan, expanding coverage and benefits. Starzen is committed to designing systems that provide comfortable and attractive working environments where employees can work for a long time with peace of mind.

Initiatives with Society

Materiality Theme (3)
Pursuing safe, secure, and healthy food

Materiality Theme (4)
Maintaining and improving a stable and sustainable sourcing and supply chain system

The Starzen Group is committed to delivering happiness through food. We are building a sustainable supply chain so that we can consistently deliver safe, high-quality meats to more people around the world, even in a time where people's idea of happiness is more diverse than ever before.

Connecting everything from production to sales via SQF

Safe Quality Food (SQF) is an international certification for food safety and quality.

The Group became the first Japan distribution business to acquire SQF certification when the Iwaki Sales Branch did so in 2004. Since then, the Group's business sites have continued

to obtain this certification, with 57 certified as of March 31, 2022. In recent years, we are encouraging and supporting allied livestock producers to obtain SQF certification so that our entire value chain, from production to sales, is linked with SQF.

Sustainable procurement

Environmental issues such as climate change and the world's growing population are changing the supply base of meats. The Group is also working to diversify suppliers and build long-term, stable relationships with them to prepare for the

risk of supply chain interruptions. We are also promoting initiatives together with suppliers, such as branding older cows that have been raised for long periods of time.

Installation of drinking water systems and surveillance cameras at slaughterhouses

The Group is working to ensure animal welfare. We are in the process of installing drinking water systems and surveillance cameras at the Group's slaughterhouses, with this work slated to be completed by October 2022. In addition, we are working with outside experts to produce video-based training content for employees on how to handle livestock humanely.

When building an addition at the SMP Akune Plant and Processed Food Production Center in July 2022, we installed a misting system as a countermeasure against high

temperatures and added insulation to the roof in an effort to provide livestock with greater comfort.



SMP Akune Plant's drinking water system



Berthing facility with misting system

Topic

Supporting the activities of DMHC

For many years, the Group has supported the activities of Donald McDonald House Charities Japan (DMHC). DMHC runs accommodation facilities for sick children and their families.

Our Vision of delivering happiness through food is made possible by healthy living. We strongly support the philosophy behind DMHC's activities, and we are now expanding our assistance having upgraded our sponsorship from Silver to Gold in June 2022.



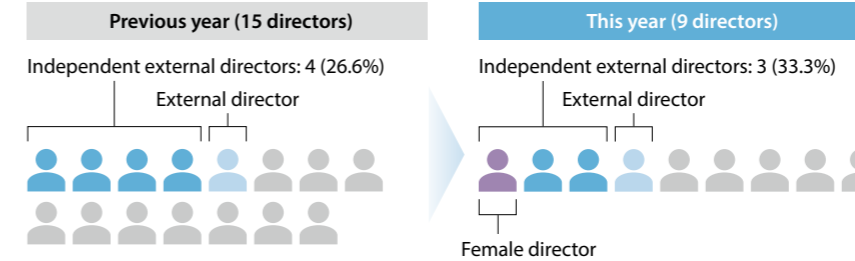
Initiatives for Governance

Materiality Theme (5)
Realizing highly effective corporate governance

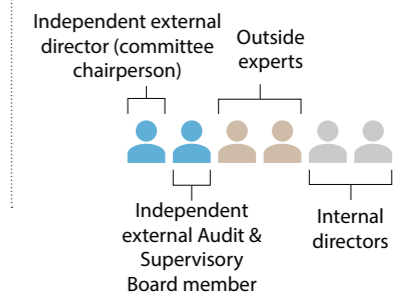
We believe that enhancing corporate value over the medium to long term requires not only increasing earnings power, but also maintaining sound corporate activities. Toward this end, we continuously review our approach to corporate governance.

During the extensive review process, we aimed to strike a proper balance between management oversight and business execution and make decisions transparently, fairly, swiftly, and decisively.

Composition of the Board of Directors



Composition of Nomination and Remuneration Committee



History of Starzen's corporate governance

(Year)	2000	2005	2010	2015	2016	2017	2018	2019	2020	2021	2022
Separation of management and business execution	● July 1999 Introduced executive officer system										● July 2020 Substantially transferred authority by revising the Regulations on Authority
Officer appointments				● April 2015 Remuneration Committee	● January 2016 Nomination Committee			● June 2017 Nomination and Remuneration Committees integrated			
Committees	● April 2003 Ethics Committee	● June 2008 Risk Management Committee		● April 2014 Changed name of Ethics Committee to Compliance Committee					● October 2020 Sustainability Committee		

Recently, we significantly reduced the number of directorships, increased the ratio of external directors to one-third, and appointed the Company's first female director, serving to increase diversity.

Since 2015, we have established the Remuneration Committee and Nomination Committee. Today, these two committees have been combined into the Nomination and Remuneration Committee,

which is chaired by an external director and a majority of whose members include external members. The committee reports its findings to the Board of Directors on matters including the selection and dismissal of officers including the President & CEO, succession planning, and the officer remuneration system. Going forward, we will further strengthen corporate governance while paying particularly close attention to the items listed in the table below.

Revitalization of the Board of Directors	<ul style="list-style-type: none"> Enhance opportunities for information sharing with external directors and provide training to increase knowledge Clarify discussion points of Board meeting agenda items through sufficient preliminary discussions by the Management Meeting
Strengthening of internal control	<ul style="list-style-type: none"> Expand internal audits (expand scope and diversify methods) and strengthen collaboration in three-pronged audits
Enhanced Group governance	<ul style="list-style-type: none"> Clarify responsibilities and create mechanisms for information sharing by reviewing the Subsidiaries and Associates Management Regulations

Medium-Term Management Plan Policy and Progress

The three-year period of Starzen's Medium-Term Management Plan (running from April 1, 2020 to March 31, 2023) is positioned as a time to solidify the Group's footing for future growth. Under this plan, our efforts focus on fortifying our earnings foundation through enhancements to existing businesses and exploration of the next growth opportunities. At the same time, we are working to improve our corporate infrastructure to expand our operations through digital transformation (DX = Utilizing ICT to the fullest extent possible for business process reforms, etc.). The measures set out in this Medium-Term Management Plan are yielding strong results despite the COVID-19 pandemic, an unexpected factor of the external environment.

Numerical targets and progress

The numerical targets for the final year of the Medium-Term Management Plan are net sales of ¥380 billion, ordinary income of ¥6 billion, and EBITDA of ¥9.5 billion. Each of these targets were actually achieved in the plan's first year.

Regarding the other quantitative target of ¥35 billion in investments over the three years, we do not intend to achieve

this target because of our more prudent approach to investing given rising uncertainty in the business environment caused by COVID-19. Furthermore, targets for maintaining net worth/total assets and ROE and keeping the debt-to-equity (D/E) ratio below 1.0x have been achieved as indicated in the table below.

	Target	Fiscal 2021	Progress
Net sales	¥380.0 billion	¥381.4 billion	100%
Ordinary income	¥6.0 billion	¥9.1 billion	151%
EBITDA	¥9.5 billion	¥9.8 billion	103%
Maintain net worth/total assets	40% or higher	45.1%	+5.1 pts
Maintain ROE	7% or higher	9.7%	+2.7 pts
D/E ratio	1.0x or less	0.65x	—

Progress of the basic strategies during the Medium-Term Management Plan (Six themes)

Theme	Positioning and aim	Progress
1. Strengthen and maintain foundation of core business	Heart of earnings power	Establishing and rebuilding brands for meat raw materials in Japan and abroad Automating and mechanizing plants in response to labor shortages
2. Strengthen foundation as a manufacturer of meat products	New earnings base	Establishing new processing centers and expanding business alliances with outside companies aimed at increasing processing capacity Extending product life using sophisticated hygiene controls and packaging technology
3. Grow into a global company and explore opportunities in meat substitutes	New growth opportunities	Made inroads into China and Thailand and expanded operations at existing overseas business Number of customers adopting Zero Meat, co-developed with Otsuka Foods Co., Ltd., continues to increase
4. Business process reform	Pursuit of effectiveness and efficiency	Undertaking logistics reforms and a DX project to streamline operations and speed up decision-making
5. Strengthening of corporate functions	Improved Group competitiveness	Clarified directors' domains of supervision and promoting separation of management and business execution Enhancing human capital by revamping human resource regime and expanding training
6. Step up sustainability initiatives	Increasing presence as a good corporate citizen	Established the Fundamental Policy on Sustainability and identified materiality Initiated division-specific measures and working on fostering internal mindsets

1 Strengthen and maintain foundation of core business

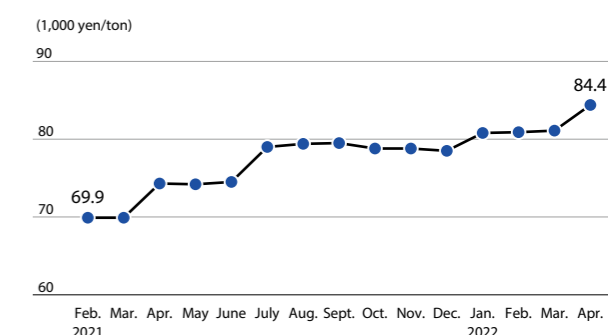
The Starzen Group has grown since its founding by positioning meat wholesaling as a core business. Japan's population is shrinking and the environment surrounding our supply chain is experiencing growing uncertainty amid the COVID-19 pandemic and international conflict. Nevertheless, food is indispensable to people's lives and in order to maintain local economies, we have the responsibility to continue growing with this business segment as the heart of our earnings power.

▶ Improve production business and strengthen export business

Japan's production base is facing increasing uncertainty amid unprecedented surges in feed prices and the declining number of producers. The Group is increasing the sustainability of its domestic production base through collaboration with producers, including transplanting fertilized eggs for breeding.

Also, with demand for Wagyu beef growing around the world, we are bolstering our export business. In spring 2022, we launched a brand exclusively for export called Akune Gold using Wagyu beef shipped from the SMP Akune Plant. We are setting this Wagyu beef apart from others by fully highlighting the advantages of our plants with advanced hygiene control practices located near production areas.

Price trends of growth blend feed for beef production

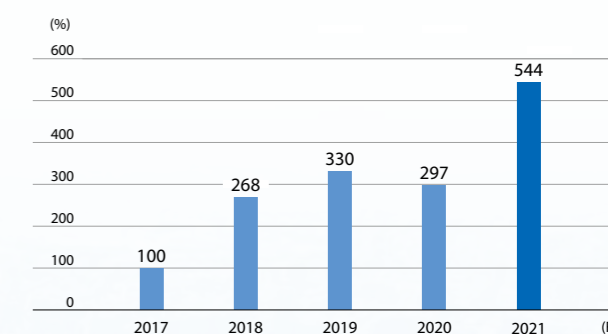


Note: Retail price (including consumption tax)
Source: Agriculture & Livestock Industries Corporation (alic)

▶ Develop products less susceptible to market prices

Generally, meat is transacted according to market prices, which makes it difficult to predict future selling prices, resulting in unstable business performance. For this reason, the Group has worked on developing and expanding sales of meats and processed meat products with high added value and less susceptible to market prices. For example, for domestic pork brand Kodawari Pork, which is produced at designated partner farms, we are now able to make proposals according to production area, increasing our marketing capability. Additionally, Hyokan Cold Storage, a method of aging domestic pork for a set period of time inside a special warehouse, has seen its volume increase five-fold compared to fiscal 2017 when it was launched.

Volume of pork produced using Hyokan Cold Storage aging



▶ Mitigate labor shortages and labor burden at plants

Our plants near production areas that process meats are generally located at a distance from cities. These plants have faced challenges with labor shortages due to declining populations and depopulated rural areas.

The Group's plants are increasing recruitment using improved benefits and promoting labor-saving solutions for processing work. Our pork processing plants have already introduced deboning machines for pork ham and pork shoulder. Currently, we are testing new processing robots for the mechanization and automation of other parts. We will also work to secure and train engineering talent in order to further increase the effectiveness of mechanization.



HAMDAS-RX automated pork ham deboning machine



WANDAS Mini Mark II automated pork shoulder deboning machine

2 Strengthen foundation as a manufacturer of meat products

Processed foods are expected to occupy a larger portion of families' budgets in the future because of lifestyle changes, the increasing number of dual-income households, and improving quality of processed foods.

Starzen positions the growth market of processed foods as a new earnings base. We are building a business foundation suitable for a processed food manufacturer by expanding marketing functions and pursuing R&D through industry-academia collaboration, while capitalizing on our unique strengths of rich lineup of meat raw materials and advanced hygiene control levels.

Strengthen function as a manufacturer of processed foods

We are rebranding our own high-margin brands to bolster earnings power. We are focusing particularly on pursuing quality (value) over quantity. One example of this is our launch of Nasu no Mori, a processed meat brand of ham and sausage. Furthermore, we are working to expand D2C* such as the e-commerce channel to increase selling capabilities.

In addition, we are enhancing our quality assurance system and pursuing joint research with universities and other research institutes aimed at strengthening product development utilizing our hygiene control functions. These efforts have already yielded results as we obtained Ministry of Health, Labour and Welfare approval for gas exchange packaging that extends product life. Going forward, we will take a science-based approach to improving product quality.

* D2C is an acronym for direct to consumer.



Gas exchange packaging line

Develop processing centers

Products made at processing centers are seeing increased demand during the COVID-19 pandemic driven by meal kits and seasoning kits.

We have two types of processing centers: those located close to consumption areas and those attached to plants near production areas. Our processing centers located near consumption areas are able to address even the most detailed requests of customers, while our processing centers inside plants with slaughterhouses near production areas excel at freshness.

On March 31, 2022, we concluded a capital and business partnership with Taisho Kaneyama Farm Co., Ltd. With its headquarters in Yamagata Prefecture, Taisho Kaneyama Farm engages in beef and pork production as well as meat wholesaling in the Tohoku area. It also has strong processing center functions. By deepening collaboration, we aim for the greater growth of both companies.



Taisho Kaneyama Farm headquarters in Shonai Town

Refinements to the hamburg steak business

We manufacture hamburg steaks at the Matsuo Plant in Chiba Prefecture and the Motomiya Plant in Fukushima Prefecture. Although capable of producing a variety of products, we faced the issue of reduced productivity caused by too many small-lot OEM products. Therefore, we narrowed the field of products we produce and established a two-plant production system for the same products, helping us to increase productivity and level plant utilization rates. Two-plant production is also effective as a business continuity plan (BCP) countermeasure.

We have worked to expand our lineup of unique high-margin proprietary products in terms of raw materials, seasonings, and specifications in order to further increase marketing capabilities as a manufacturer of meat products. The sales ratio of our own brands continues to rise as we have targeted stock demand from the COVID-19 pandemic.



Left: Cheese-in hamburger steak
Right: Hamburger steak made from Wagyu beef and domestic pork

3 Grow into a global company and explore opportunities in meat substitutes

While Japan's population is declining and its markets shrinking, the world population continues to increase. Meat consumption in Asia is forecast to grow substantially going forward amid the economic development of emerging countries.

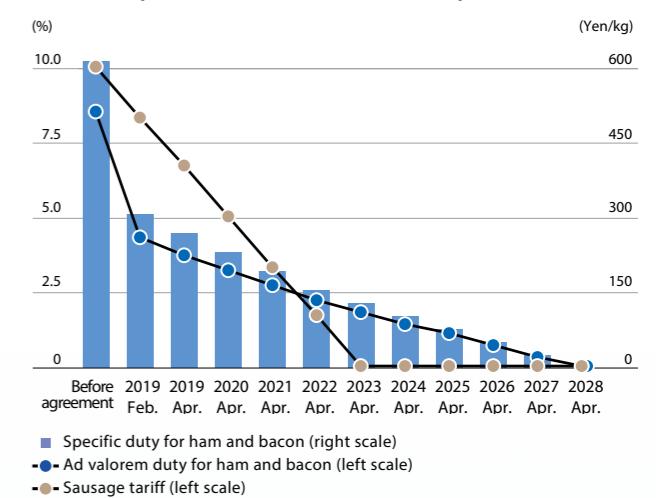
Therefore, we have defined our next growth opportunities as expansion into global markets and meat substitutes as a new source of protein. We will build a stable global supply chain amid the threat of worsening food shortages.

Strengthen imported processed meats and secure overseas procurement base

Various trade agreements have been signed that are lowering tariffs placed on imported processed foods. We are expanding our handling of bacon and sausage produced in Europe. Since product management standards differ from Japan, we intend to increase partnerships with companies capable of producing meats according to specifications suited to distribution in Japan.

The procurement environment for imported meats is expected to become even more unstable amid the increasing number of natural disasters, labor strikes at ports, container shortages, and Russia's invasion of Ukraine. In recent years, we have been working to diversify procurement areas and expand imports from new regions such as Europe and South America. Looking ahead, we will carry out research on the ground in these areas and consider making investments in local producers.

Tariffs on processed funds under the Japan-EU EPA



Develop overseas business locations and increase local sales

We have subsidiaries located in the United States, Australia, and Denmark and business partnerships in place with food wholesalers in Thailand and Singapore. We have also set up a representative office in Thailand. In December 2021, we established a new subsidiary in Shanghai, China.

In the past, our overseas business locations mainly played the role of facilitating the supply of meats to Japan, but amid the growing popularity of Japanese meats worldwide that began with Wagyu beef, we are strengthening our sales functions tailored to the needs of local markets.

Our new subsidiary in Shanghai was established to build a sales network for the potential Wagyu beef market in China. Until China lifts its ban on Wagyu beef exports from Japan, we will sell beef produced in the United States and Australia imported from our subsidiaries in these countries.



Fresh meat section at a retailer in the United States

Tackle challenges in meat substitutes

We have been producing and marketing Zero Meat hamburger steak, along with ham and sausage, made from soybeans without the use of animal ingredients, together with Otsuka Foods Co., Ltd.

The Zero Meat series features consumer and commercial product lines. Having established a reputation for delicious taste, both have seen uptake increase at retailers and major food service chains. Our planned shipment volume for this year has increased six-fold compared to last year.

Consumer-use Zero Meat products were the first in Japan to obtain Japanese Agricultural Standard (JAS) certification for soy meat food, a new regime established by the Ministry of Agriculture, Forestry and Fisheries in February 2022. We are working with Otsuka Foods to increase sales of Zero Meat as a product that is easily accessible to consumers and differentiated from other meat substitutes.



Zero Meat Demi-Glace-Type Hamburger

Meat Business

Starzen produces meats with high levels of safety and quality at its seven plants located in Japan, capitalizing on its stable procurement base. We aim to further increase our market share by shifting from quantity to quality and focusing on our core competencies.



Strengths

- Group-affiliated farms located at major production areas in Japan
- Extensive sourcing network in Japan and overseas
- Meat processing plants located next to slaughterhouses with advanced hygiene control systems
- In-house meat processing professionals

Awareness of environment

- Worker shortages due to declining population near plants
- Soaring meat prices
- Rising demand for meat worldwide and growing procurement risks attributed to climate change, etc.

Key targets

- Increase value of brand meats
- Mitigate labor shortages at plants
- Respond to food loss
- Address animal welfare

Review of fiscal 2021

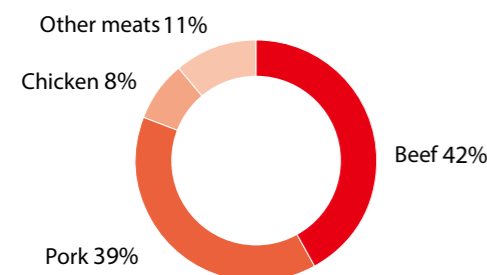
Profits increased amid streamlining efforts and stabilizing procurement base

Japan's meat industry is facing a major turning point. There are many issues that the industry needs to address in pursuit of greater growth. These include labor shortages due to Japan's changing demographics, growing awareness of food safety among consumers, and the emergence of supply chain risks caused by the COVID-19 pandemic and international conflict.

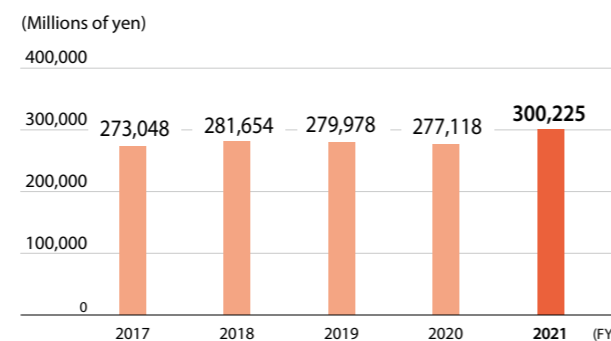
Amid this, we are stepping up our efforts to address labor shortages and streamline work processes. In recent years, we have worked to increase productivity and quality in our meat production by introducing Japan's first-ever automated pork ham deboning machine, HAMDAS-RX, and automated pork shoulder deboning machine, WANDAS Mini Mark II. In fiscal 2021, the second year of the Medium-Term Management

Plan, we worked on further improving profitability by promoting initiatives to mechanize and reduce labor used at our seven plants in Japan and also to transition them to smart factories. Additionally, to pursue the greater stabilization of our procurement base, we are working together with prominent corporate producers among our nationwide network of associate farms in Japan. Outside of Japan, we are strengthening partnerships with existing meat packers and expanding regions and meat packers who we purchase from. As a result of these initiatives, net sales of the meats segment in fiscal 2021 rose 8.3% year on year to ¥300,225 million and gross profit was up slightly compared to fiscal 2020.

Breakdown of net sales



Trend in net sales



Domestic meat Initiatives for the future

Strategically utilizing Starzen's assets

Business environment and main policies

Japan's meat market is expected to diminish in size moderately over the long term due to the country's aging population and declining birthrate.

For our meat business to achieve sustainable growth amid this situation, we must strategically utilize our own assets. We are actively investing management resources in various areas including production system optimization, rigorous hygiene controls, improving processing technologies, strengthening branding of domestic meats, and differentiation through expanded functions. By focusing on our core competencies, we will further grow our market share in the domestic meat market.

Processing structure

In terms of our production system, in July 2022 we completed expansion work at the SMP Akune Plant and Akune Meat Distribution Center aimed at increasing processing capacity of beef, which is expected to see a substantial increase in export volume. Both facilities address animal welfare and the humane treatment of livestock, which are considered as an issue in the industry, as they feature berthing facilities with drinking water and other improvements. We will continue building an agile production system through expansion of the supply chain tailored to market trends and initiatives at each plant to reduce labor and usher in work style reforms.

With regard to hygiene controls and processing technology, all seven of our plants in Japan have obtained the SQF certification for food safety and quality. We are also focusing on the development and utilization of employees engaged in production operations, with a large number having passed skill exams (beef/pork portioning Meister Certification exams). Our branding of domestic meats involves broadly marketing the brand value of our meats, such as Kodawari Pork, pursuing deliciousness and safety by caring for the feed and breeding environment.

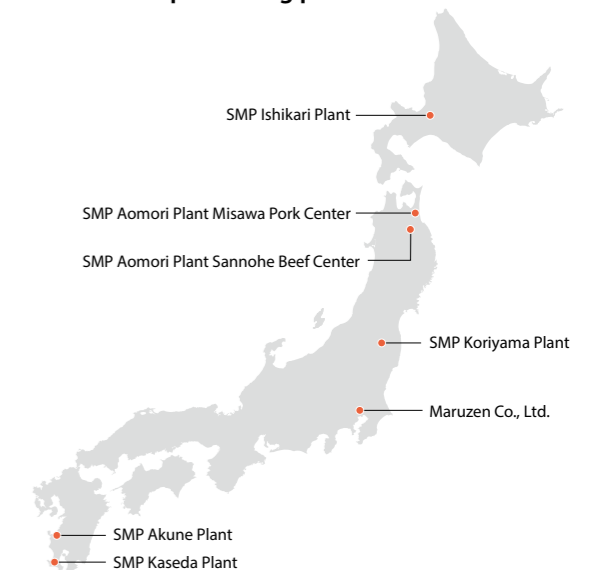


Kodawari Pork, Starzen's original brand of domestic pork



HAMDAS-RX automated pork ham deboning machine

List of meat processing plants



Initiatives to enhance earnings power

To enhance our earnings power, we are working to increase the added value of our meat raw materials and their market penetration. One example is the introduction of Hyokan Cold Storage warehouses, where meat is aged in a cold temperature environment that stops bacteria without actually freezing the meat. In turn, we sell pork produced at these facilities under the banner of Hyokan Cold Storage aging. We will continue working to strengthen both our production and sales bases as well as to increase the market share and earnings power of our domestic meat business focusing on ongoing cost cutting.

Imported meat Initiatives for the future

Minimizing procurement risks and strengthening relationships with overseas producers

▶ Operating environment and main policies

For the past several years, the market environment for imported meats has faced an uncertain future. Buoyed by tariff reductions resulting from various trade agreements, the import volume of meats and processed meat products continues to grow, but risks of livestock diseases in breeding and fattening have also materialized. Amid this, as a company that procures meats from 16 countries, we experienced supply instability during the shutdown of overseas meat packers due to the COVID-19 pandemic, but our long-term efforts to build relationships with overseas suppliers has proven successful and enabled us to maintain our supply volume.

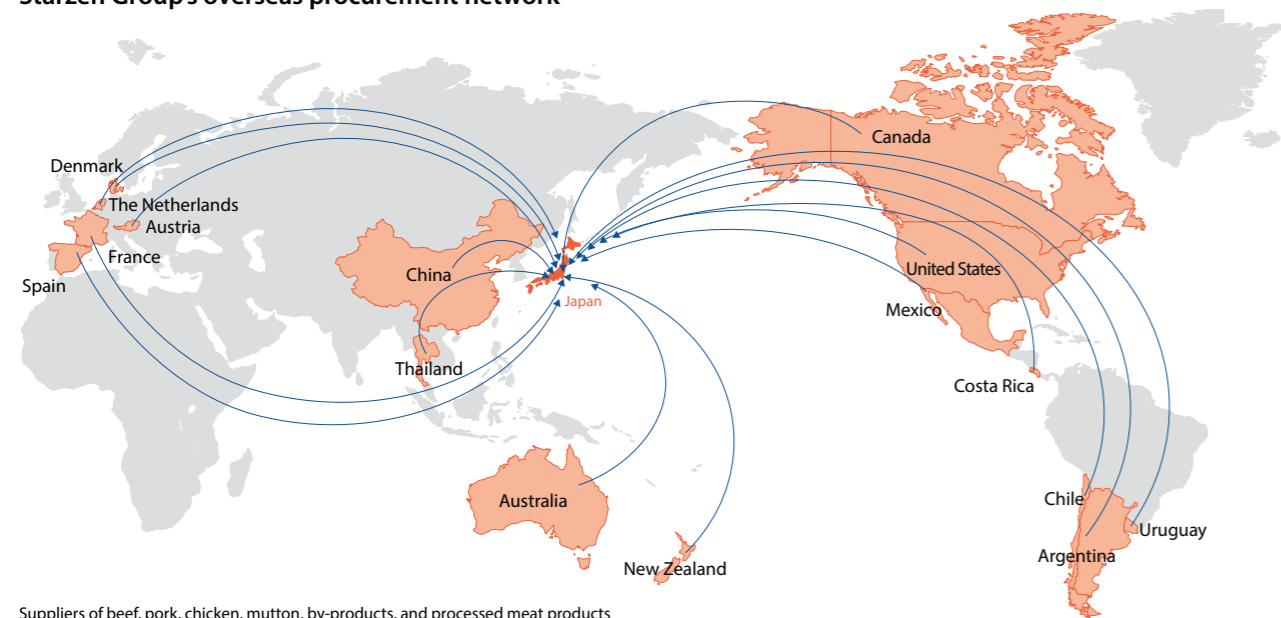
▶ Minimizing procurement risks

One of our greatest challenges in procuring imported meats is to minimize procurement risks. Currently, we import beef, pork, chicken, and mutton, along with their processed meat products, primarily from North America, Australia, Europe, and South America. Given rising geopolitical risks such as the war in Ukraine and U.S.–China trade friction and supply chain disruptions, we need to further diversify our production areas and suppliers. We intend to expand or procurement network while considering characteristics and tariffs of each production area and focus on securing meat that satisfies the needs of domestic distributors and overseas markets.

▶ Strengthening relationships

One of our important management themes is to further strengthen relationships with overseas meat packers. Presently, we have an investment in G&K O'Connor Pty. Ltd. of Australia, and looking ahead, we will find ways to stabilize our supply of meat, including possible capital alliances with other overseas suppliers. Additionally, by stepping up plant audits performed by staff of our local subsidiaries, we will monitor meat quality and hygiene control systems to ensure the safety and quality of imported meats. Our local subsidiaries serve the dual purpose of export hub for domestic meats and procurement base for purchasing meat from local suppliers for export to Japan or other countries. We plan to continue upgrading our meat procurement and supply systems while further deepening collaboration with our overseas subsidiaries.

Starzen Group's overseas procurement network



Topic 1

Business partnership with the Mizusako Chikusan Group Marks 10th anniversary

In November 2022, our business partnership with the Mizusako Chikusan Group (below, "MC Group") marked its 10th anniversary. Headquartered in Ibusuki City, Kagoshima Prefecture, the MC Group is one of Japan's leading producers of Wagyu beef. It operates farms mainly in Kagoshima Prefecture, with its multifaceted operations spanning from breeding to fattening, feed production, meat processing, and meat wholesaling. In 2012, Starzen and the MC Group concluded a business partnership agreement focusing on production, slaughter, processing, sharing and mutual utilization of information regarding sales of Wagyu beef, along with meat supply capacity enhancement. This was the first business partnership in the field of livestock for both companies. Through this collaboration, Starzen has built a stable sourcing system for Wagyu beef and is increasing sales of its original brands Satsuma Beef and Ibusuki Beef. Upon this milestone, we stand committed to further deepening our collaboration with the MC Group and further elevating the corporate value of both companies.



Cattle fattening at a farm operated by the Mizusako Chikusan Group



Mizusako Chikusan Group production Satsuma Beef, Starzen's original Kuroge Wagyu beef brand

Topic 2

Wagyu beef cattle fertilized egg transplanting business

Wagyu beef cattle fertilized egg transplanting is a method of using "surrogate motherhood" in which fertilized eggs produced from Wagyu beef cattle are transplanted into dairy cows or crossbred cows to give birth to Wagyu beef cattle. This business is garnering attention in the meat

industry as an initiative offering various social benefits, such as resolving the labor shortage of Wagyu beef cattle farmers, increasing the income of dairy cattle farmers, and ensuring a stable supply of Wagyu beef. In response to this, the Group established the Starzen Fertilized Egg Laboratory for Wagyu Beef Cattle at the SMP Kaseda Plant in 2017. We have established a win-win scenario in which fertilized eggs of Wagyu beef cattle produced in-house are transplanted into fattening milking cows by dairy farmers, and after giving birth, we purchase them back at a fair price. Through the fertilized egg transplanting business, the Group intends to further stabilize the procurement of Wagyu beef, which has strong market demand, and at the same time, develop collaborative relationships with dairy cattle farmers and other producers, leading to the further development of the livestock and meat industries in Japan.



Fertilized egg research

Overseas Business

The Starzen Group is able to export Japanese meats to 30 countries and regions around the world including the United States, Europe, and Southeast Asia. At the same time, we are actively investing management resources in the establishment of a global supply chain that includes exporting Australian Wagyu beef to other countries besides Japan.



Overview of overseas operations

Expanding business based on the characteristics and needs of each country and region

▶ Europe

Focusing on increasing procurement partners

STARZEN EUROPE ApS is a wholly owned subsidiary of Starzen established in 2009 in Denmark as a hub for exporting European meats and processed meat products to Japan. STARZEN EUROPE procures high-quality meats and processed meats from within the EU, mainly Denmark and France, and also disseminates local market and livestock industry information to Japan. In recent years, it is focusing on increasing procurement partners of imported processed meats thanks to reduced tariffs resulting from trade agreements.



STARZEN EUROPE ApS
(Located inside INCUBA Skejby)

▶ Asia

Tapping into new markets and expanding networks

In Southeast Asia, where demand for meat is growing substantially, we are tapping into new markets and establishing a source of overseas earnings for the Group through ADIRECT Singapore, a specialized food trading company, our representative office in Bangkok, Thailand, and by placing seconded employees with local companies. In the massive Chinese market, we established Starzen (Shanghai) Co., Ltd. in December 2021 to build a sales network locally.



Bangkok Representative Office
(Located inside Bhiraj Tower at EmQuartier)

▶ United States

Aiming to expand business foundation

Based in Los Angeles, California, STARZEN (AMERICA), INC. exports beef, pork, chicken and other meats produced in North America and Latin America to Japan and also sells meats domestically in the United States, predominantly along the West Coast. It is helping Starzen to expand its business footprint in the United States through such measures as developing high-value-added products together with local meat processors.



STARZEN (AMERICA), INC.
(Located inside Torrance Tech Park)

▶ Australia

Strengthening the Wagyu beef business

Established in 1972, STARZEN AUSTRALIA PTY LTD mainly procures Australian beef sold by the Group and engages in third-country trade outside Japan. In recent years, it has entered the Australian Wagyu beef business, which it sells to Asian countries and domestically within Australia. In addition to Eight Blossom Beef, in August 2022 the company released a new brand of Australian Wagyu beef called Imperial Blossom Beef.



STARZEN AUSTRALIA PTY LTD
(Located inside WeWork)

Overview of export business

Delivering Japanese meats to 30 countries and regions with an advanced processing structure

Since it began exporting Wagyu beef in 2009, Starzen has expanded the reach of Japanese beef and pork into overseas markets. Our strengths in the export business include an advanced processing structure and extensive global network. Our processing structure has earned a strong reputation from

overseas markets for its leading processing techniques and rigorous hygiene controls. Today, our global network features a distribution system that allows us to distribute in 30 countries and regions around the world, including the United States, Hong Kong, Singapore, Macao, Thailand, and Taiwan.



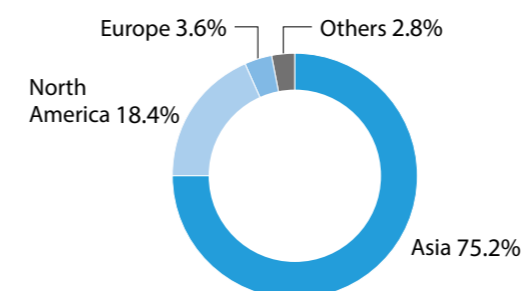
Review of fiscal 2021

Export volume increased substantially following the diversification of sales channels

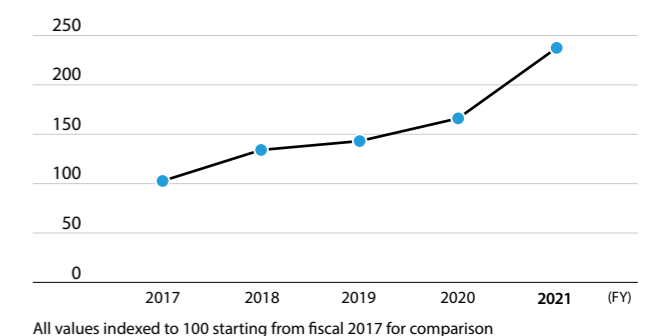
Since 2020, we have stepped up exports of Japanese meats, primarily Wagyu beef for its strong international reputation, because of diminished in-bound tourism demand caused by the COVID-19 pandemic. Export value continues to see robust growth, increasing 43% year on year in fiscal 2021 buoyed by the rising export unit price of Japanese beef. In

addition to restaurant chains, our success in diversifying sales channels to include e-commerce and retailers was a major factor in boosting export volume. Major Japanese retailers are accelerating their overseas store openings, increasing opportunities for sales of Wagyu beef, representing another tailwind for the export business.

Beef exports by area in fiscal 2021 (Japan to other countries)



Trend in exports



Initiatives for the future

Strengthening the supply chain and diversifying product lineup

▶ Operating environment and main policies

Demand for Japanese meats is expected to remain high going forward driven by growing interest in Japanese food in Europe and North America as well as economic growth in emerging countries in Asia. We plan to further grow our global business operations while deepening partnerships with local meat companies.

▶ Strengthening the supply chain

Our greatest challenges in the overseas segment are strengthening the supply chain and diversifying our product lineup. As for the supply chain, we will establish a third-country trade network connecting other countries and build a supply system that can quickly adapt to the local needs of each market by providing instruction on processing techniques to overseas meat companies. Additionally, we will propose menu ideas that capitalize on the uniqueness of Japanese meats directly to buyers overseas to broadly market the added-value nature of Wagyu beef to overseas consumers and increase the distribution of Japanese meats worldwide.

▶ Diversifying our product lineup

In terms of product lineup, we will expand from sales of premium cuts such as loin and fillet to regular cuts such as shoulder and thigh to grow our product proposals. This will allow us to increase sales and expand our targets to a broader mix of buyers including the middle class, and shift from the market environment where Japanese meats are equated to high-priced premium meats. The popularity of Wagyu beef overseas is expected to further increase going forward. We are now working to further grow our business overseas mainly through exports of Wagyu beef.

▶ Akune Plant's initiatives

As the flagship exporting base for Starzen, the SMP Akune Plant has obtained certification that allows it to export meats to 25 countries and regions around the world, including the United States and the EU, which both have rigorous meat distribution standards in place. As interest in Wagyu beef grows around the world mainly in Asia, Europe, and North America, the Wagyu beef at the SMP Akune Plant is processed using the latest equipment, highly refined cutting techniques of the plant's professional staff, and strict hygiene controls, earning it a strong reputation among customers. The SMP Akune Plant launched the Akune Gold brand of Wagyu beef exclusively for export, which is set apart from competing brands using marketing stories created for each export destination.



To enable a larger audience to enjoy our Wagyu beef, we began offering vacuum-seal packaging for exporting sliced and cut meats. Sales of Akune Gold and vacuum-sealed products continue to increase steadily in overseas markets. These products, which represent high quality meats that build on Starzen's uniqueness, satisfy the needs of overseas markets in terms of the growing demand for Wagyu beef.

Vacuum-seal technologies that maintain high quality



Vacuum-seal packaging line for export



Vacuum-seal packaging

Topic 1

Australian Wagyu beef brand developed by the Starzen Group wins award

▶ Differences between Wagyu beef produced in Japan and other countries

Wagyu is a breed created through repeated crossbreeding of Japanese native breeds, and only the four breeds of Japanese Black, Japanese Brown, Japan Shorthorn, and Japanese Polled, and hybrids between these breeds, are recognized as Wagyu in Japan. On the other hand, foreign Wagyu is beef with a Wagyu pedigree raised overseas, and Australian Wagyu beef accounts for a large share of the market. Overseas, foreign Wagyu beef, which is more affordable than genuine Wagyu beef, is growing in popularity. We have a sales structure in place for both Wagyu beef and Australian Wagyu beef.

▶ Australian Wagyu beef brands Eight Blossom Beef and Imperial Blossom Beef

The Australian Wagyu beef brands Eight Blossom Beef and Imperial Blossom Beef developed by STARZEN AUSTRALIA together with local producers are popular in overseas markets. Eight Blossom Beef won a silver medal in two categories of an Australia Wagyu beef contest held in April 2022. Imperial Blossom Beef, branded in August 2022 following the success of Eight Blossom Beef, is a F4 Wagyu beef produced from 93% purebred Wagyu beef cattle. We are now looking to export it to Asian countries such as China and Indonesia along with the Middle East and the EU.



Topic 2

Full-fledged start of operations at wholly owned subsidiary Starzen (Shanghai)

In April 2022, we commenced operations at our wholly owned subsidiary in China named Starzen (Shanghai) Co., Ltd. Against the backdrop of a growing population and rising standard of living, demand for meat in China is increasing and at the same time demand for imported meats is also growing because of a shortfall of domestically produced meats. Given this situation, Starzen (Shanghai) plans to continue deepening its presence in the Chinese market by focusing on supplying Australian Wagyu beef and American beef. We will work to penetrate Starzen products in the Chinese market, home to the world's largest population, while also eyeing sales of Wagyu beef and the production and selling of processed meats in the future, by utilizing our expertise. In June 2022, China's lockdown of Shanghai was lifted. To capture consumers'

gradually returning consumption appetite, we will deploy an agile sales strategy combining real and virtual channels to further strengthen our business foundation in the Chinese meat market.



Starzen (Shanghai) Co., Ltd. (Located inside New Caoyang Science and Technology Building)

Processed Meat Business

Starzen engages in the processed meat business, including roast beef, hamburger steak, ham and sausage, utilizing our knowledge and know-how from the meat business. These high-quality products made from our own raw materials have earned a strong reputation from the market and consumers.



Strengths

- Able to provide stable supplies using the Group's extensive procurement network
- Manufacturing an array of products using long-standing technologies and know-how
- Achieving various synergies through initiatives with business alliance partners

Awareness of environment

- Elevated raw materials prices
- Growing demand for processed meats
- Polarization consumption trends
- Growth of substitute meat market and diversification of protein sources

Key targets

- Improve productivity
- Expand national brand products
- Expand high-value-added products
- Develop new products by collaborating with outside companies
- Reduce loss and waste
- Grow Zero Meat brand

Review of fiscal 2021

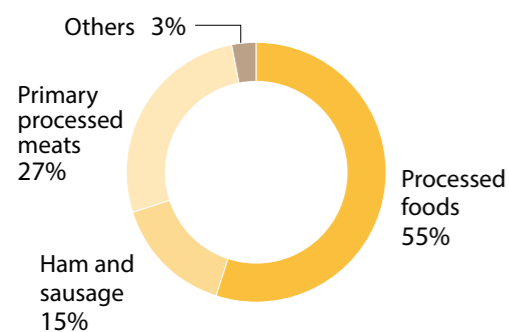
Profits increased amid product expansion and channel diversification

Starzen operates five processing centers across Japan; namely the Tagajo Processing Center, Koriyama Processing Center, Kanto Processing Center (Akishima), Kanto Processing Center (Kawasaki), and Kansai Processing Center. We also operate hamburger steak production plants at Matsuo and Motomiya and a ham and sausage production plant in Nasu. This gives us a nationwide network of production bases where we engage in the processed meat business using our own raw materials. The variety of processed meats we produce include roast beef, hamburger steak, and ham and sausage. In addition to our own branded products, we also produce products according to customer specifications. Our core lineup includes beef patties for major hamburger chains as well as hamburger steak and roast beef for large casual dining restaurant chains.

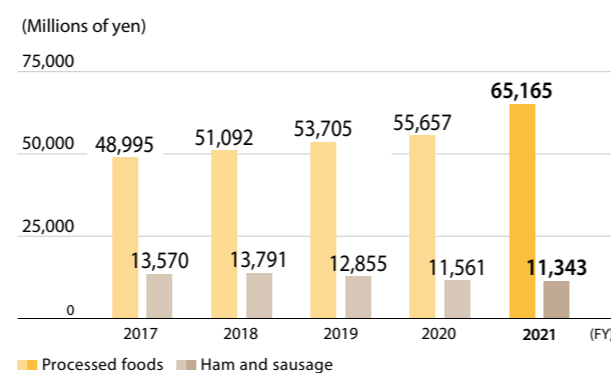
In response to growing demand to cook at home during the COVID-19 pandemic, we are expanding products that make meat preparation simpler, including the Butcher's Meal Kit series. We are also working to diversify sales channels by focusing on e-commerce.

The sales environment for processed meats in fiscal 2021 was generally strong. Commercial-use processed meats for restaurants faced challenges, but was offset by the strong results of consumer-use hamburger steak, roast beef, and primary processed meats. As a result, net sales of the processed meat business in fiscal 2021 totaled ¥76,508 million, up 13.8% year on year. We will continue to fortify our foundation as a manufacturer of meat products by adjusting our lineup in line with changes in social structure and markets.

Breakdown of net sales



Trend in net sales (Processed foods / Ham and sausage)



Initiatives for the future

Strengthening existing businesses while also focusing on growth opportunities

▶ Processed foods

The processed foods category is a major component of our processed meat segment. In terms of hamburger steak, we supply an assortment of high-quality products through a number of sales channels including e-commerce and retail for major hamburger chains, restaurants, home meal replacements (HMR), and volume sellers. Our hamburger steak is made from a wide range of raw materials, from Wagyu beef and domestic pork to imported meats such as American and Australian beef. As for roast beef and roast pork, our product lineup targets a wide range of customers, from commercial to consumer use, enabling us to meet the needs of various customers. In March 2022, we released a new product called Black Pepper Roast Beef.

This product draws out the savoriness of red meat and is available in both frozen and refrigerated types. As a new trial in fiscal 2021, we began offering roast beef made from Wagyu beef to sushi restaurants marketed as *ototo* (fatty, rich), *chutoro* (medium fat), and *akami* (lean, red meat), referencing the tuna sashimi categories. This product appeals to customers looking for a wider variation of ingredients and is expected to increase the number of buyers.

Two challenges facing our processed foods is increasing the ratio of national brands and diversifying sales channels. Currently, the ratio of national brands to sales volume of all processed foods remains somewhat low. Looking ahead, we will further increase profitability through our efforts to enhance our product and sales capabilities in national brands, while carefully identifying customer needs. As for sales channel diversification, we plan to actively expand into e-commerce.



Wagyu Roast Beef



Black Pepper Roast Beef



Hamburg steak made from Wagyu beef and domestic pork



Plump and Juicy Hamburg Steak

▶ Primary processed meats

Primary processed meats refer to products with basic processing such as sliced and cut meats. In addition to these primary processed meats, our processing centers also produce products with further processing procedures such as seasoned meats, meal kits, and ready-made salads using roast beef. This primary processing was traditionally carried out in the backyard of retail stores, but the number of customers who outsource this process is now growing against the backdrop of labor shortages, shrinking store floor space in urban areas, and the growing number of drugstores and discount shops carrying foods.

All of our processing centers have obtained SQF* certification and offer an advanced hygiene control system. They are also able to extend best-before dates using packaging technologies such as vacuum-seal packaging and gas exchange packaging, which helps to reduce food loss and waste. Going forward, we will look to expand convenient meal solutions, such as microwave products and seasoned products. We plan to expand our lineup of microwave products and develop seasoned products that make meal prep easier to meet demand among consumers for quick and convenient meals.

In recent years, there is growing demand for by-products underpinned by changing consumer needs and an increasing number of people who are staying home to eat and drink alcohol. Among them, uncooked products are growing the most. At the Processed Food Production Center near the SMP Akune Plant, we produce uncooked by-products, which are difficult to handle, from fresh by-product ingredients processed at the SMP Akune Plant.

Currently, we are focusing on expanding the lineup along with establishing product brands and series.

Buoyed by increasing stock demand during the COVID-19 pandemic, a growing number of retailers nationwide are carrying frozen raw meats. Refrigerated primary processed meats face limited coverage because they cannot be transported to markets located far away from our processing centers or plants, but in frozen form we can distribute them nationwide through our sales offices.

Additionally, frozen products can be distributed through e-commerce. We intend to increase the number of uncooked products capturing the growing demand for frozen products.

* SQF is an acronym for Safe Quality Food, an international certification standard.



Pork Cartilage Simmered and Soft



Seasoned Korean-Style Short Ribs for Barbecuing



Easy microwave preparation Domestic Chicken Gizzard Ajillo Style Plate

▶ Ham and sausage

We produce ham and sausage using carefully selected raw materials for each product harnessing the Group's extensive procurement network. In addition to consumer products, we supply commercial-use ham and sausage to major restaurant chains.

Starzen brand ham and sausage products are unique and differentiated from others. As a specific example, we supply extra spicy products and in 2021 we launched the Nasu no Mori series, a new brand focusing on great-tasting ingredients.

With over 100 years in business, the Lohmeyer brand supplies department stores and mass retailers focused on quality mainly with the Black Label series of premium domestic pork. Its products are also popular for special occasions and gifts.

Going forward, we will continue to increase the quality of products and sales by meeting a broad range of needs.



Home Bistro Taste Extra Spicy Choriso

▶ Meat substitutes

Meat substitutes is a collective term used for products made from vegetable-derived ingredients such as soybeans and cultured meat made by cultivating cow and other livestock cells to grow outside of their body. In recent years, demand has been growing for meat substitutes around the world for concerns over tight meat supplies and rising health consciousness among consumers.

We co-developed the Zero Meat series of meat substitutes made from processed soybeans together with Otsuka Foods Co., Ltd. We are now working to expand the lineup to include both consumer and commercial use as a way to accelerate our initiatives for food sustainability. In May 2022, Zero Meat's consumer-use hamburger became the first product in Japan to receive JAS certification for soy meat foods from the Japan Food Research Laboratories.



Zero Meat Demi-Glace-Type Hamburger

▶ Imported processed meat products

Traditionally, imported processed meat products were mainly commercial-use frozen foods. With demand growing among consumers, too, sales of consumer-use food products are increasing. To expand our sales volume of imported processed meat products, we are aiming to work with meat packers in the United States, Canada, France, and Australia with the goal to produce processed foods overseas using original import brands as ingredients and penetrate these imported processed meat products in the Japanese market.

Growing collaboration with partners —Fuji Global Kitchen and Taisho Kaneyama Farm—

Through co-creation with partners, we are working to generate new value and enhance corporate value. In July 2021, we concluded a business partnership agreement with Fuji Global Kitchen Inc., which produces in-flight meals, regarding the processed foods business.

We will combine Fuji Global Kitchen's advance technical prowess in processed foods with our wealth of management resources, technologies, and knowledge in meat products to steadily enhance the corporate value of both companies. Currently, our development staff for food service solutions have been permanently assigned to Fuji Global Kitchen's plant to promote joint product development.

In April 2022, we acquired a 34% stake in Taisho Kaneyama Farm Co., Ltd., which engages in beef and pork production and meat processing, along with meat wholesaling mainly in the Tohoku region, and initiated a capital and business partnership. Both companies will promote joint development of meat products and also scale up mutual sales of processed meats and mutual utilization of facilities, functions, and human resources. We will also promote cooperation to address the Sustainable Development Goals (SDGs).



Taisho Kaneyama Farm's headquarters in Shonai Town



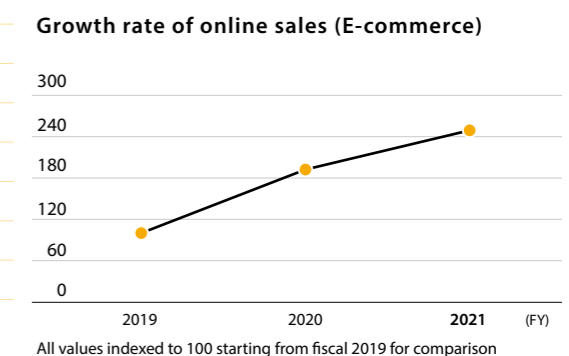
Taisho Kaneyama Farm's processing facility

Stepping up our response to the growing e-commerce channel

Japan's social economy is shifting to a new norm centered around the key word "remote" against the backdrop of the COVID-19 pandemic. Our sales channels, too, have undergone significant diversification over the past several years. In fiscal 2021, net sales from the e-commerce channel were roughly 2.5 times higher than in fiscal 2019 prior to the pandemic. In addition to higher sales of processed meats such as roast beef and hamburger steak, sales of seasoned frozen meats processed at our processing centers continue to see strong sales.

with the aim of further expanding sales of premium meats such as Wagyu beef. Moreover, we will strive to further increase our presence by conveying to broader audiences the high quality and safety of our meats and processed foods by disseminating various information on meats via the internet.

We are working to expand our lineup of attractive products regardless of price in order to transition away from price-based marketing. Additionally, we will step up our response to the growing e-commerce sales channel



Logistics

We are exploring a value chain for a new era—from upstream to downstream and beyond toward the world.



Starzen Group's logistics system

The Group has established a logistics system that delivers products to customers reliably through close collaboration between sales offices responsible for delivery to customers and Starzen Logistics Co., Ltd., which covers mainline logistics

connecting our 50 sales offices located nationwide with production areas and refrigerated and freezer storage warehouses. We will further refine these strengths to create a more efficient and constantly evolving value chain.

Issues facing the logistics industry

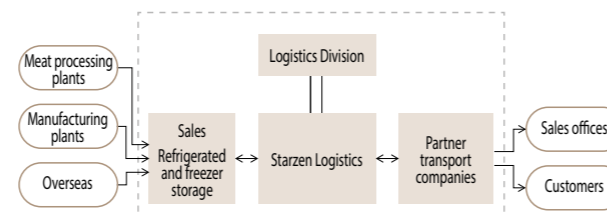
In recent years, a number of long-standing issues have manifested, including rising shipping fees caused by soaring fuel costs as well as driver shortages and aging. Amid rising transport volume, reducing GHG emissions is a priority issue.

This requires further increasing operational efficiency and reconsidering logistics routes. The Group will continue working on solutions to address the "2024 problem" facing logistics, including Groupwide logistics reforms.

Review of fiscal 2021

The consolidation of refrigerated and freezer storage warehouses that we use, review of mainline logistics routes, and digitalization of logistics data through the Zeus Project have proven to be successful in both addressing the "2024 problem" and reining in costs. We also made railway transport from Sapporo to Kansai a regular route to lower CO₂ emissions. Additionally, we have begun streamlining transport and product management by using pallet-based transportation and standardizing distribution box specifications.

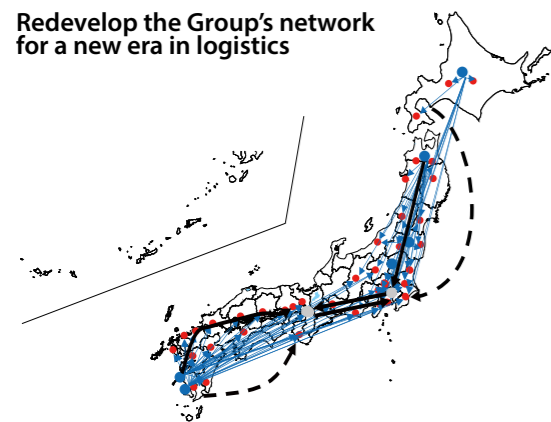
Logistics Division system diagram



Initiatives for the future

- Further increase the quality of the Group's logistics by collaborating with partners
- Redevelop logistics and sales offices
- Effectively utilize Company-owned sales vehicles nationwide
- Expand joint delivery network

Redevelop the Group's network for a new era in logistics



Anticipated effects

- **Establishment of optimal logistics network**
 - Resolve industry issues and build a safe and reliable transportation and delivery system
 - Aim for optimal operations in "White Logistics" based upon a win-win relationship with partners
 - Aim to redevelop optimal transportation and delivery routes of our 500 Company-owned sales vehicles nationwide
- **Cost reduction and environmental countermeasures with better efficiency in logistics**
 - Promote cost reductions and environmental measures by relocating logistics facilities, eliminating waste in transport and delivery, visualizing logistics costs, and building a joint delivery network with outside companies
 - Reduce CO₂ emissions and address environmental issues by promoting a further modal shift, consolidating refrigerated and freezer storage, and modifying routes.
- **Development of human resources in logistics**
 - Develop next-generation human resources in logistics with perspectives of total optimization through personnel exchanges between all divisions and departments across the Group

ICT Infrastructure

Through digital transformation (DX), we will connect our value chain, from upstream to downstream, and fortify the Group's competitiveness.



Starzen's vision for DX

In 2018, the Ministry of Economy, Trade and Industry released its DX Report, which called attention to the "2025 Digital Cliff" of IT systems. The 2025 Digital Cliff refers to Japan's aging legacy IT systems and the shortage of engineers, which will make it difficult for businesses to maintain and update these legacy systems from 2025 onwards, possibly affecting business operations.

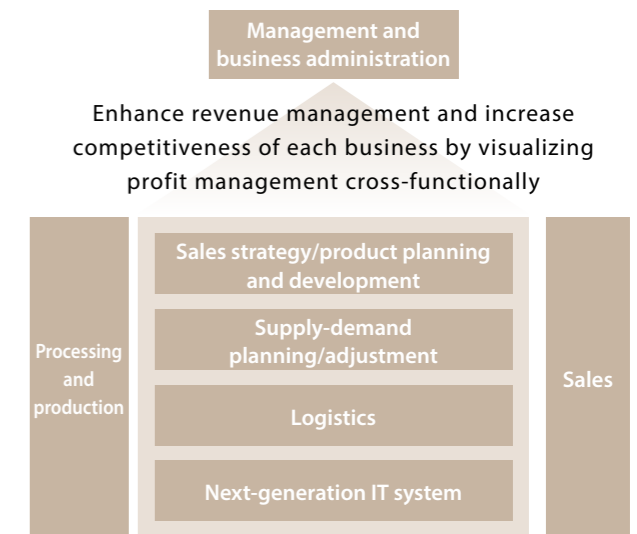
Since its legacy IT system is becoming obsolete, the Group launched a DX project (Zeus Project) in fiscal 2019 to renew its core IT systems.

The Zeus Project aims to increase productivity in the value chain by transforming operations (business process reform) and to improve the accuracy of management analysis by renewing the core IT system and then utilize it as a new source of competitiveness (utilization of digital technology).

The Zeus Project entered the build-out phase in fiscal 2020 following concept formulation. Currently, the project is

moving ahead with both the migration to a new IT system and operational reforms.

Conceptual Diagram of the Zeus Project



Progress of the Zeus Project

Under the Zeus Project, we are now proceeding with new core IT system development after entering the build-out phase from fiscal 2020 following the concept formulation phase that lasted until fiscal 2019.

The project will also steadily introduce other effective

measures ahead of the completion of the new core IT system. For example, in May 2022 we started linking our IT systems with outside logistics and warehouse providers. This is expected to streamline receiving operations at our sales offices and reduce overhead by several tens of millions of yen each year.

Future initiatives and anticipated effects

- **Operational streamlining through phased introduction of new core IT system**
 - Starting with the upstream meat processing division, we will introduce the new core IT system in phases, from supply-demand planning to sales, to streamline operations.
- **Operational transformation for streamlining operations and increasing competitiveness**
 - We will promote operational transformation to reduce work time and workload, and lower costs.
 - We will consider utilizing digital technology to address operational issues standing in the way of greater competitiveness.
- **Mindset reform accompanying use of new system and operational transformation**
 - We aim to boost productivity and enhance product quality by using the new system to visualize production processes and cost management.

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.

Safety and quality assurance system

The Starzen Group focuses first and foremost on making safe and secure products. With “customer first” as a constant motto, one of the Starzen Group’s most important missions is to deliver delicious products that customers can enjoy with peace of mind. Reporting directly to the President & CEO, the Quality Assurance Division regularly instructs quality control managers of each subsidiary and business site on making improvements to maintain a high degree of quality

assurance within the Group. The Starzen Group encourages all of its business offices to obtain Safe Quality Food (SQF) certification under the Hazard Analysis and Critical Control Point (HACCP) system. Going forward, by obtaining SQF certification in the production 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.

Quality guidance for suppliers and production partners in Japan and overseas

We have seen an increase in the number of products whose production we outsource to outside partners following the uptick in volume of highly processed products. We have developed manuals and provide guidance to share our know-how to ensure that the production processes of contract producers meet the same stringent quality standards of the Starzen Group.

Additionally, we plan to increase audits and guidance for overseas suppliers because of the expected increase in product volume following the reduction of tariffs. Previously, persons in charge at our local subsidiaries had performed plant audits, but going forward, we will consider dispatching quality assurance experts locally to perform audits.

Developing human resources in quality management

We provide various types of training on quality management and produce training videos on food labeling to constantly raise the level of Groupwide quality control knowledge.

To develop young human resources, persons in charge of quality management use two-way dialogue in each age group to listen to the current situation, provide guidance, and share best practices with junior colleagues, thereby raising each other’s knowledge and encouraging understanding of differences between production plants. In addition, persons in charge of quality management take part in an all-hands-on-deck meeting once a month online. By discussing the

latest quality management trends obtained through study sessions with peers in the same industry as well as problems and improvements at each plant, and sharing the results at these meetings, they all are striving

to raise the skill and knowledge level in quality management.



Quality Assurance Division meeting

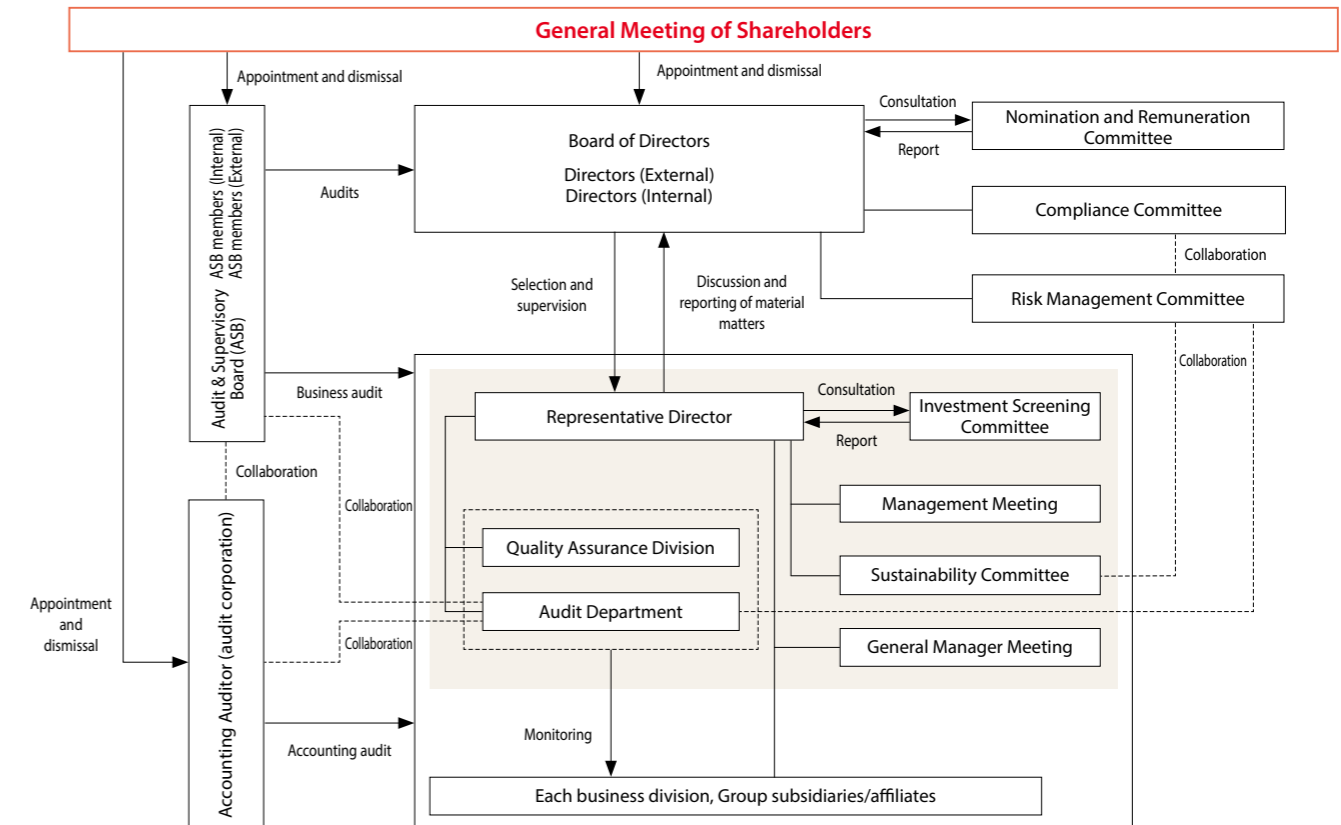
Foundation Supporting Sustainable Growth

Corporate Governance

Basic Policy

For the Starzen Group, corporate governance represents a vital and critical foundation for carrying out swift and bold decision making in a transparent and fair manner and for fortifying corporate competitiveness.

Corporate governance structure (As of July 31, 2022)



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

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. Aside from these tasks, in an effort to enhance the speed of decision-making related to business execution, the Board of Directors has delegated authority over all other matters pertaining to business execution to the executive officers in charge of each business division.

► Overall composition

The Board of Directors comprises a maximum of 20 directors, in accord 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 (at least two of whom must meet Independence Criteria for Independent External Directors).

▶ **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 independence 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.

▶ **Term of office**

As specified under the Articles of Incorporation, the term of office for directors shall be until the close of the General Meeting of Shareholders relating to the fiscal year ending within one year after election. As a general rule, the term of office for external directors shall not exceed eight years in consideration of ensuring independence.

Evaluation of effectiveness

▶ **Evaluation of the effectiveness of the Board of Directors**

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 2021, are as follows.

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

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 organization independent from the Board of Directors. As such an organization, the Audit & Supervisory Board has the authority to request business reports from the Company or its subsidiaries according to law. In addition, the Audit & Supervisory Board has control over audits of business and financial performance and the appointment and dismissal of accounting auditors. The Company endeavors to provide sufficient staffing to ensure effective oversight by Audit & Supervisory Board members.

▶ **Overall composition**

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.

▶ **Term of office**

Audit & Supervisory Board members' term of office expires at the conclusion of the annual General Meeting of Shareholders for the last fiscal year ending within four years of the director's appointment per the provisions of the Articles of Incorporation. External Audit & Supervisory Board members are limited to serving a maximum of eight years in total from the standpoint of ensuring their independence.

(2) **Evaluation result**

Survey results for fiscal 2021 indicated improvement on Board meeting operations including the prior distribution of documents, swift follow up to issues, and content of agenda. However, issues in terms of information sharing outside of agenda items and training were pointed out. Board meetings respect diverse opinions, and, overall, the Company has determined that Board effectiveness is ensured.

As a company listed on the Prime Market of the Tokyo Stock Exchange, the Company will continuously pursue improvement in the Board of Directors' effectiveness, including regularly holding information exchanges, resolving problems within domains of responsibility, improving training to increase knowledge, and strengthening response to the SDGs and 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, executive officers, and advisors

▶ **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.

Officer remuneration

Remuneration for directors and executive officers

▶ **Policy and procedure**

- (1) The Company has established the following items as its basic policy for determining remuneration for directors and executive officers.
 - Ensure the transparency, fairness, and objectivity of officer remuneration.
 - Design a remuneration scheme that incentivizes improvement in operating performance.
 - 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.
- (2) The Nomination and Remuneration Committee reviews and reports to the Board of Directors on directors and executive officers' remuneration scheme and methods of setting their individual remuneration.
- (3) Remuneration of 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**

Directors' (excluding external directors) and executive officers' remuneration consists of base remuneration, performance-based remuneration, and stock remuneration, 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 only of a fixed remuneration.

Remuneration for Audit & Supervisory Board members

- (1) Remuneration for Audit & Supervisory Board members comprises only a fixed remuneration.
- (2) 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 2021

Classification	Number of recipients (Persons)	Total amount by remuneration type, etc. (Millions of yen)			Total (Millions of yen)
		Base remuneration	Performance-based remuneration	Stock remuneration	
Directors	15	165	172	44	382
Of which, external directors	(5)	(17)	—	—	(17)
Audit & Supervisory Board members	4	47	—	—	47
Of which, external Audit Supervisory Board members	(3)	(29)	—	—	(29)
Total	19	213	172	44	430

Note: One director is not included above as they do not receive remuneration.

Compliance

Basic Policy

The Starzen Group regards compliance as one of management's most important tasks. In addition to complying with laws and regulations, we recognize that a broader scope of compliance is necessary to fulfill the expectations of society and established the Code of Conduct and Corporate Behavior Guidelines for each employee to act in good faith, in addition to our Management Vision and Management Philosophy. We are also making various efforts to maintain the fairness and soundness of our operations. 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, comprising outside experts and internal members, as an advisory body to the Board of Directors, with the purpose of increasing social trust and establishing and promoting a spirit of compliance within the Group. The committee meets three times a year. 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 headquarters department in charge of compliance. Serious incidents are reported to the Board of Directors and Compliance Committee

to make improvements to the compliance promotion system and compliance program operations. When necessary, the auditing division and Risk Management Committee are involved in an effort to strengthen compliance.



First Compliance Committee meeting in fiscal 2022

Main initiatives in fiscal 2021

- The Starzen Group distributes to employees a Compliance Card that contains the basic principles on how Group personnel should conduct themselves in an effort to make the Code of Conduct and Corporate Behavior Guidelines known to all.
- We are fostering greater awareness of compliance through e-learning and distribution of compliance reports.
- The Starzen Group endeavors to promote mutual understanding and communication among employees through surveys and one-on-one meetings during Compliance Promotion Week

Support desk

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

Compliance Support Desk (including Whistleblower Hotline)

- 1 Support Desk (internal)
- 2 Compliance Support Desk (external: private sector)
- 3 Whistleblower Hotline (external: law office)

Risk Management

Basic Policy

The Starzen Group ensures its business continuity and stable development by dealing with the various risks it faces; namely, economic loss, business interruption or suspension, and loss of trust or brand image standing in the way 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, comprising the heads of each division and Group company as an organization that 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	Specific risk events	Countermeasures
Compliance	<ul style="list-style-type: none"> • Violations, findings, and disciplinary action involving related laws • Compliance with Japan's Corporate Governance Code • Response to the "2024 problem" facing Japan's logistics industry 	<ul style="list-style-type: none"> • Top management communication, employee training, and frontline coaching • Established the Compliance Regulations • Hold regular meetings of the Compliance Committee
Food safety	<ul style="list-style-type: none"> • Contamination, shipment of defective product, health damages • Recalls (recall cost and reputational damage, etc.) • Improper/Falsified labeling 	<ul style="list-style-type: none"> • Increase organizational strengths and capacity of the Quality Assurance Division • Maintain level utilizing external certification regime (SQF and ISO) • Quick and appropriate response to complaints
Stable procurement of meat	<ul style="list-style-type: none"> • Outbreak of livestock/poultry disease causing production to shutdown • Operating delays, labor strike at port, or customs clearance problems • Rising costs due to soaring electricity, fuel, and feed prices along with personnel costs 	<ul style="list-style-type: none"> • Diversify suppliers for stable supply and strengthen collaborative systems with partner farms • Share market information and enhance inventory management • Gather information on import destinations and diversify suppliers (meat packers and production areas)
Fluctuating meat prices	<ul style="list-style-type: none"> • Decline of profitability due to negative spread between purchase price and selling price • Profitability squeezed by rising surplus inventory and existing inventory • Impacts on domestic meat prices caused by lower import duties 	<ul style="list-style-type: none"> • Maintain appropriate inventory levels • Manage buying/selling on balance • Expand sales of added-value products such as brand meats and processed foods, etc.
SDGs and ESG	<ul style="list-style-type: none"> • Insufficient efforts to reduce CO₂ • Insufficient efforts to build a green supply chain • Insufficient efforts to ensure animal welfare 	<ul style="list-style-type: none"> • Established the Sustainability Committee • Established the Climate Change Project • Reduce food loss and waste with technologies extend best-before dates and with pig farming using eco-friendly feed
Information security	<ul style="list-style-type: none"> • Information leakage (insider, confidential, customer, personal information, etc.) • Cyberattack or computer virus • System failure (network or power source) 	<ul style="list-style-type: none"> • Hold regular meetings of the Information Management Committee • Continue to strengthen information systems and security • Ensure discipline when handling external emails
Human resources and labor matters	<ul style="list-style-type: none"> • Exodus of talent due to declining appeal of the Company or job duties • Worker shortage in regional areas due to depopulation or aging population • Shortage of talent due to insufficient human resource development 	<ul style="list-style-type: none"> • Create attractive workplaces (convincing personnel evaluations and compensation, rewarding work, and positive workplace culture, etc.) • Expand training regime • Introduced a career-track based human resource regime • Promote mechanization and labor savings

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 appointed as Representative Director because he is indispensable to facilitating the Group's management and further enhancing corporate value.



Masao Uzurahashi
Managing Director General Manager of Overseas Division

Sept. 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, General Manager of Overseas Division, Starzen Co., Ltd. (current position)

Supervisor of Sales Division, Overseas Division, McDonald's Division, and Logistics Division
Reasons for appointment
As the General Manager of the Overseas Division, Mr. Uzurahashi is responsible for the Group's overseas business and overall export/import operations. Mr. Uzurahashi was appointed as Managing Director because he is indispensable for boosting overseas transactions amid growing demand for meat in international markets and further enhancing corporate value.



Masamichi Takahashi
Director President & CEO, STARZEN MEAT PROCESSOR Co., Ltd.

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. (current position)
Apr. 2020 President & CEO, STARZEN MEAT PROCESSOR Co., Ltd. (current position)

Supervisor of Breeding and Farming Division and Production Division
Reasons for appointment
As the President & CEO of STARZEN MEAT PROCESSOR Co., Ltd., Mr. Takahashi is responsible for the Group's overall meat processing operations and oversees the production business which administers the Group's farms. Mr. Takahashi was appointed as Director because he is indispensable for further enhancing corporate value using his many years of experience in his field.



Ryuso Sadanobu
Director

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.
Jul. 2009 General Manager of Finance Department
Apr. 2013 Executive Officer, General Manager of Finance Department
Apr. 2015 Executive Officer, General Manager of Finance and Accounting Division
Jun. 2021 Director (current position)

Supervisor of Finance and Accounting Division
Reasons for appointment
Mr. Sadanobu is responsible for the Group's Finance and Accounting Division having served previously in the key position of General Manager of the Finance and Accounting Division. Mr. Sadanobu was appointed as Director because he is indispensable for further enhancing corporate value using his many years of experience at a financial institution.



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.
Nov. 2015 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 Corporate Division
Reasons for appointment
Since joining the Company, Mr. Sana has served in the key positions of General Manager of the Human Resources Department and General Manager of the Administrative Division, and he plays an important role in strengthening corporate governance based on his broad knowledge and experience. Mr. Sana was appointed as Director because he is indispensable for further enhancing corporate value.



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 non-financial company. He possesses extensive experience in and keen insight into all aspects of corporate management. The Company appointed 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.



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. (current position)
Jun. 2021 Outside Director, Prifoods Co., Ltd. (current position)
Jun. 2021 Outside Director, TOHO BUSSAN KAISHA, 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 appointed 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.



Masanori Matsuishi
Director (External)

Apr. 1986 Research Associate, Nippon Veterinary and Zootechnical College (currently, Nippon Veterinary and Life Science University)
Apr. 2008 Professor, Nippon Veterinary and Life Science University
Apr. 2015 Vice Chairman, Japan Society for Meat Research (currently, Japan Society for Meat Science and Technology) (current position)
Apr. 2021 Head of School of Food Science and Technology, Nippon Veterinary and Life Science University (current position)
Jun. 2021 Director (External), Starzen Co., Ltd. (current position)

Reasons for appointment
Having served in important positions for a university and the Japan Society for Meat Science and Technology, Mr. Matsuishi has broad experience and high-level expertise in the field of meat sciences. The Company appointed him as an external director to benefit from his oversight of the Starzen Group's decision-making processes from a specialized and objective perspective and ability to offer appropriate advice from the standpoint of shareholders' common interests.



Mariko Eto
Director (External)

Oct. 2003 Registered as attorney with Daini Tokyo Bar Association Joined New Tokyo International Law Office (formerly, Bingham Sakai Mimura Aizawa (Foreign Law Joint Enterprise))
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) Outside Audit & Supervisory Board Member, fundbook, Inc. (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 appointed 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.

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 also maintains abundant experience at the Company, having served in important positions in the Administrative Division. The Company appointed 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.



Masashi Hirata
Full-time Audit & Supervisory Board Member (External)

Apr. 1987 Joined the Taiyo Kobe Bank, Ltd. (currently, Sumitomo Mitsui Banking Corporation)
Jan. 2019 General Manager of Internal Audit Department (New York), Sumitomo Mitsui Banking Corporation, and Chief Audit Executive, SMBC Americas Holdings, Inc.
Apr. 2020 Counselor, Starzen Co., Ltd.
Jun. 2020 Audit & Supervisory Board Member (External) (current position)

Reasons for appointment
Mr. Hirata possesses a wealth of international experience and broad financial knowledge, having worked in the audit operations of a financial institution's overseas subsidiary. The Company appointed him as an external Audit & Supervisory Board member because he can utilize this experience and knowledge to increase the soundness and transparency of the Company's audit operations.



Shingo Ogoshi
Audit & Supervisory Board Member (External)

Apr. 2005 Joined ChuoAoyama PwC
Jul. 2007 ShinNihon LLC (currently, Ernst & Young ShinNihon LLC)
Jul. 2015 Ogoshi Nobuyoshi Accounting & Tax Corporation
Nov. 2015 Senior Partner of Ogoshi Accounting & Tax Corporation (current position)
Jun. 2016 Audit & Supervisory Board Member (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. The Company appointed Mr. Ogoshi as an external Audit & Supervisory Board member because he can utilize this experience and knowledge to increase the soundness and transparency of the Company's audit operations.

Board of Directors' skills matrix

Name	Main position(s)	Corporate management	Sales and marketing	Production	Global business	Finance and accounting	Legal affairs and risk management
Kazuhiko Yokota	Representative Director, President & CEO	○	○	○			
Masao Uzurahashi	Managing Director	○	○		○		
Masamichi Takahashi	Director	○		○			
Ryuso Sadanobu	Director					○	
Tsunehiro Sana	Director					○	○
Wataru Ohara	Director (External) (Independent officer)	○				○	○
Kaku Yoshisato	Director (External)	○			○		
Masanori Matsuishi	Director (External) (Independent officer)			○			
Mariko Eto	Director (External) (Independent officer)						○

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

Company Data

11-Year Consolidated Financial Summary

(FY)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Financial Performance (Millions of yen)											
Net sales	259,399	254,124	256,581	282,575	303,402	313,943	340,119	351,212	351,356	349,242	381,432
Cost of sales	235,363	231,250	234,687	258,166	278,462	285,468	309,525	320,639	320,089	314,880	345,981
Gross profit	24,035	22,873	21,893	24,409	24,940	28,475	30,593	30,572	31,266	34,361	35,451
Selling, general and administrative expenses	21,358	21,043	19,924	20,558	21,025	22,912	24,749	25,784	27,037	27,675	28,545
Operating income	2,677	1,830	1,969	3,850	3,914	5,562	5,844	4,788	4,229	6,686	6,905
Non-operating income	1,316	1,290	1,488	1,628	2,373	1,760	2,160	2,423	2,216	2,791	2,878
Non-operating expenses	941	962	816	815	726	723	734	793	650	870	617
Ordinary income	3,052	2,158	2,641	4,663	5,561	6,599	7,270	6,418	5,795	8,607	9,165
Profit before income taxes	2,527	1,921	2,550	4,594	5,842	6,297	7,160	6,584	3,956	8,334	8,489
Profit attributable to owners of parent	927	861	1,748	2,833	3,796	4,578	5,120	4,565	1,743	6,921	5,984
Capital investment	4,904	3,369	3,641	3,035	2,109	2,007	3,743	4,062	2,924	3,440	3,195
Depreciation	2,630	3,110	3,027	3,009	2,744	2,650	2,433	2,615	2,809	2,765	2,949
R&D expenses	47	43	47	40	34	44	63	86	117	86	79
Cash Flows (Millions of yen)											
Cash flows from operating activities	1,054	4,967	4,661	(5,893)	13,365	1,876	1,163	7,000	1,459	11,084	1,420
Cash flows from investing activities	(4,499)	(2,831)	(3,261)	(2,006)	(1,349)	(1,761)	(4,464)	(4,091)	(3,412)	(3,445)	(3,451)
Cash flows from financing activities	633	(2,338)	(36)	9,221	(9,636)	3,338	(2,884)	(2,713)	890	(2,001)	(1,590)
Free cash flow (Operating cash flows + Investing cash flows)	(3,444)	2,135	1,399	(7,899)	12,016	115	(3,301)	2,909	(1,952)	7,638	(2,030)
Cash and cash equivalents at the end of year	7,241	7,163	8,595	10,109	12,462	15,885	9,793	9,969	8,896	14,530	10,952
Financial Condition (End of fiscal year) (Millions of yen)											
Current assets	55,337	56,222	53,464	71,398	64,816	76,875	77,568	78,674	80,232	83,568	93,572
Current liabilities	48,461	43,490	39,126	48,917	40,637	48,181	46,500	45,713	44,695	42,900	55,119
Net assets	25,976	28,333	29,465	32,829	34,914	43,327	47,885	52,244	52,310	59,125	64,001
Total assets	94,023	94,848	93,777	111,906	104,446	117,386	122,846	125,938	125,932	131,726	142,428
Total liabilities	68,046	66,514	64,312	79,076	69,532	74,059	74,961	73,693	73,621	72,600	78,426
Interest-bearing liabilities	40,754	39,717	41,644	51,933	43,303	43,647	41,701	39,290	41,605	41,020	41,180
Net worth*1	25,839	28,303	29,515	32,867	34,897	43,327	47,885	52,238	52,310	59,122	64,179
Per Share Information (Yen)											
Earnings*2	62.10	55.15	109.35	176.85	236.26	246.61	271.22	236.01	89.47	354.91	307.37
Net assets*2	1,731.00	1,770.35	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
Dividends*2	35	35	35	40	45	50	60	60	55	65	65
Main Indicators											
Return on assets (ROA) (%)	0.98	0.91	1.85	2.75	3.51	4.13	4.26	3.67	1.38	5.37	4.37
Return on equity (ROE) (%)	3.65	3.18	6.05	9.08	11.20	11.70	11.23	9.12	3.33	12.42	9.71
Operating margin (%)	1.03	0.72	0.77	1.36	1.29	1.77	1.72	1.36	1.20	1.91	1.81
EBITDA (Millions of yen)	5,315	5,040	5,125	6,989	6,670	8,287	8,415	7,541	7,176	9,463	9,860
Net worth/total assets (%)	27.5	29.8	31.5	29.4	33.4	36.9	39.0	41.5	41.5	44.9	45.1
Liquidity ratio (%)	114.19	129.28	136.65	145.96	159.50	159.55	166.81	172.10	179.51	194.80	169.76
Interest coverage ratio (Times)	2.08	10.33	10.57	(12.89)	33.48	4.95	3.07	16.79	4.83	42.67	5.45
Debt-to-equity (D/E) ratio (Times)	1.58	1.40	1.41	1.58	1.24	1.01	0.87	0.75	0.80	0.69	0.64

*1 Net worth consists of shareholders' equity and accumulated other comprehensive income.

*2 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.

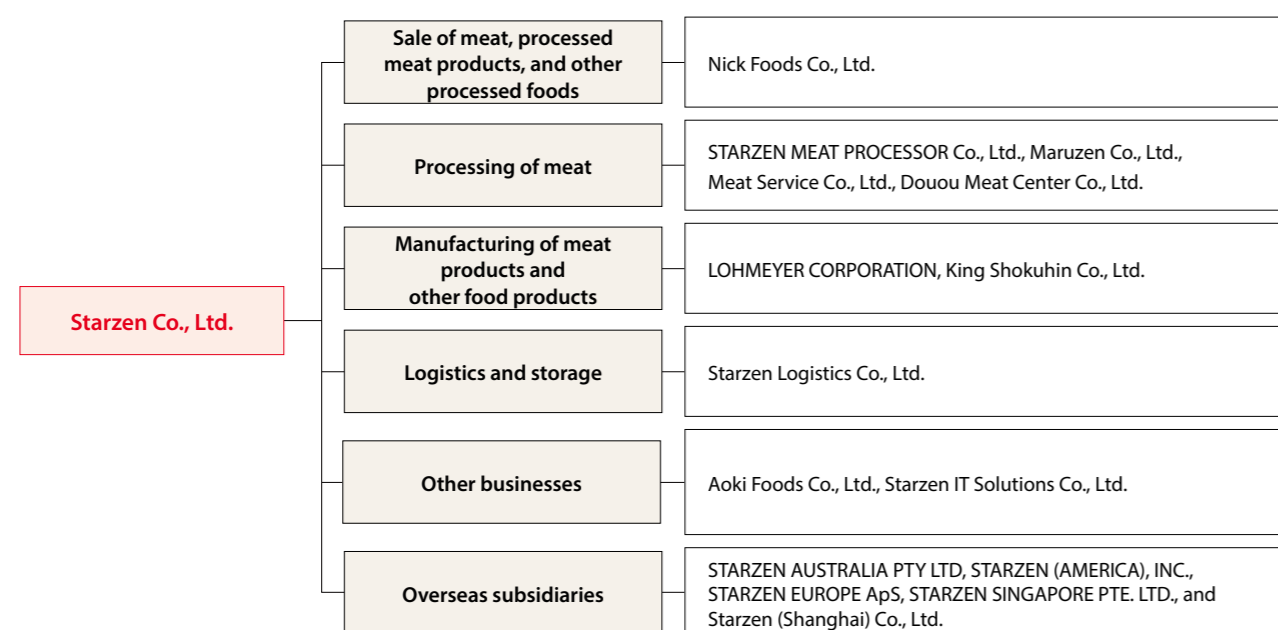
Company Data

Corporate Information (As of March 31, 2022)

Corporate information

Company name	Starzen Co., Ltd.	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
Representative	Kazuhiko Yokota	Customers	Supermarkets, meat specialty stores, department stores, restaurants, fast food chains, convenience stores, co-operatives, food processing manufacturers, meat wholesalers, and others
Headquarters	Starzen Shinagawa Building, 4-13 Konan, 2-chome, Minato-ku, Tokyo 108-0075, Japan	Employees	2,756 (Consolidated)
Established	June 17, 1948		
Capital	¥11,658.27 million		

Main Group companies (As of April 1, 2022)



Information disclosure system

Financial information	Non-financial information
Integrated Report 2022	
IR Information https://www.starzen.co.jp/en/ir/ Securities Report https://www.starzen.co.jp/en/library/securities.html (in Japanese only) Financial Results https://www.starzen.co.jp/en/ir/library/financial.html Medium-Term Management Plan https://www.starzen.co.jp/en/ir/file/Notice_of_Formulation_of_the_New_Medium_Term_Management_Plan.pdf	Sustainability https://www.starzen.co.jp/sustainability/ (in Japanese only) Corporate Governance Report https://www.starzen.co.jp/ir/file/governance_hokoku.pdf (in Japanese only)
Others	
Corporate Information and Overseas Locations https://www.starzen.co.jp/en/company/gaiyo.html	Product Information https://www.starzen.co.jp/en/product/

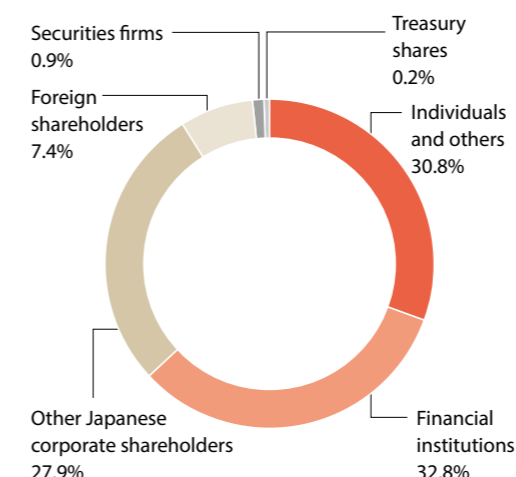
Company Data

Investor Information (As of March 31, 2022)

Stock information

Securities code	8043	Unit share	100 shares
Stock exchange listing	Tokyo Stock Exchange, Prime Market	Number of shares authorized	44,000,000 shares
Fiscal year	April 1 to March 31	Number of shares issued	19,522,552 shares
General Meeting of Shareholders	End of June	Number of shareholders	15,999 shareholders
Administrator of shareholders' registry	3-3 Marunouchi, 1-chome, Chiyoda-ku, Tokyo 100-8241, Japan Mizuho Trust & Banking Co., Ltd.	Contact information	8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507 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)

Composition of shareholders

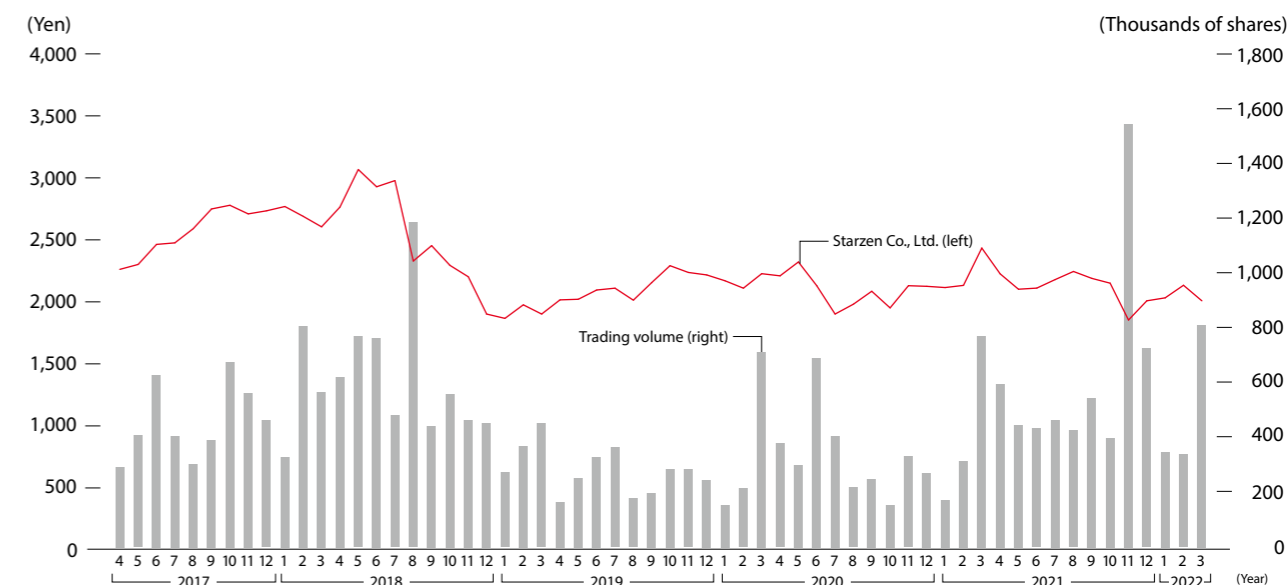


Major shareholders

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Mitsui & Co., Ltd.	3,109	15.96
The Master Trust Bank of Japan, Ltd. (Trust account)	1,766	9.07
Custody Bank of Japan, Ltd. (Trust account)	734	3.76
Sumitomo Mitsui Banking Corporation	649	3.33
The Norinchukin Bank	608	3.12
MUFG Bank, Ltd.	559	2.87
Starzen Employee Shareholding Association	477	2.45
Uzurahashi Kosan Co., Ltd.	469	2.41
Mizuho Bank, Ltd.	320	1.64
Yokohama Reito Co., Ltd.	306	1.57

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.

Trend in share price



Note: The Company executed a two-for-one stock split of its common shares with the record date of March 31, 2021. The above graph of Starzen's stock price trends assumes that the stock split took place in April 2017.



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