STARZEN

ANNUAL REPORT

2019

Management Vision

Our Goal is to Become a Global Daily-Life Related Company Delivering Happiness through Our Food Value Chain

Management Philosophy

Become a Company with Which Our Customers Are Happy to Do Business

We recognize the fulfillment of our responsibilities to all stakeholders as our Companywide mission.
To this end, we give constant consideration to what we ought to do to earn the trust of our clients and help them grow. By doing so, we strive to improve the level of customer satisfaction.

Grow through Our Work

To continue to be a company needed by society for consistently providing safe and secure products, we have established a workplace environment in which all employees can enjoy their work while striving to resolve issues and grow on their own initiative through their profession.

Take Action as Team Starzen

To leverage our strengths to their full potential as "Team Starzen," we will implement an approach involving "divisional optimization," in which employees fulfill their individual responsibilities, and "Groupwide optimization," in which Group companies collaborate to expand our business performance.

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Editorial Policy

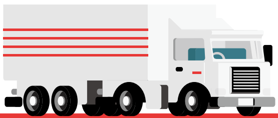
Annual Report 2019 targets all of the Starzen Group's stakeholders, including its shareholders and other investors. This report communicates the management vision and philosophy of the Group, the details of each business, and other important matters. This report has been published with the purpose of deepening stakeholders' understanding of the Group and to create opportunities for new dialogue.

Cautionary Note Regarding Forward-Looking Statements

This annual 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.

The Ongoing Evolution of Starzen

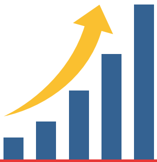
Since its establishment, the Starzen Group has steadily grown as it continues to respond to changing market conditions and consumer needs.



1948-1961

Alleviating Food Shortages

Starzen was established in the era of post-war food shortages in Japan. We opened the way for the nationwide distribution of meat in Japan by pioneering the long distance transport of pig carcasses using cold-storage freight cars, introducing Japan's first refrigerator trucks. Amid growing demand for meat in Japan, we anticipated domestic meat supply shortages and broke new ground for the country in launching a meat import business.



1962-1985

Responding to Changes in Dietary Habits

Spurred by high economic growth, meat consumption in Japan increased. Dietary habits rapidly westernized and meat became popular food at home. When McDonald's arrived in Japan in 1971, we handled the delivery of beef patties for them. As we grew greatly as a company, we listed our shares initially on the Second Section of the Tokyo Stock Exchange, and later, the First Section. As well, we developed a nationwide network of sales branches.

1986-2001

Responding to Diversifying Dietary Habits

In response to the growth of the food service industry and the diversification of consumer tastes, we started to provide processed meat products and greatly expanded our prepackaging business. With the deregulation of beef imports in 1991, we also established a base in the United States by anticipating the increase in volume of imported meat. We worked to strengthen our domestic and overseas supply bases.

1948	Established as Zenkoku-Chikusan Co., Ltd.
1952	Starts delivering beef carcasses to US army in Japan under the occupation of the General Headquarters (GHQ)
1955 –1956	Begins imports from Australia to meet growing demand for meat
1957	Commences Japan's first long-distance transport of pig carcasses
1958	Commences Japan's first transport of pig carcasses using refrigerator trucks
1960	Commences processing and sale of boneless pork. Establishes Japan's first standards related to boneless pork, preparing way for expanding meat distribution

1962	Establishes the Yokohama Factory, commences production of ham and sausage
	Listed on the Second Section of the Tokyo Stock Exchange
1970	Company name changed to Zenchiku Co., Ltd.
	Establishes standards for boneless beef
1971 -1972	Commences deliveries of beef patties for McDonald's Japan
	Establishes Chiba Frozen Foods Plant
1972	Establishes Zenchiku (Australia) Pty. Ltd.
1977	Listed on the First Section of the Tokyo Stock Exchange
1984	Establishes Matsuo Plant specializing in meat processing and prepackaging

1987	Adopts CI (Corporate Identity)
1988	Establishes Zenchiku Land & Livestock Co. Subsequently expands operations in the United States ahead of the deregulation of beef imports in 1991
1991	Formulates Management Philosophy and Management Vision
1992-	Expands processing capacity in main producing areas with the establishment of Tsugaru Zenchiku Co., Ltd. (1992), Sendai Zenchiku Co., Ltd. (1993), and Sannohe Zenchiku Co., Ltd. (1994), and Misawa Meat Co., Ltd.'s relocation of a large plant specializing in pork (1996)
1996	Begins adoption of HACCP (Hazard Analysis Critical Control Point), an international standard for food quality and safety control
1998	Commences operations at the Kawasaki and Funabashi packaging centers
1999	Company name changed to Starzen Co., Ltd.
2000	Forms business and capital alliance with LM Foods Co., Ltd. (currently LOHMEYER CORPORATION), a long-established brand of ham and sausage

Addressing the Need to Reduce Food Loss by Extending Expiration Dates

▸ **Vacuum Seal Packaging System**

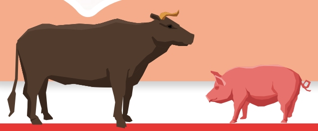
Responding to Growth in the Number of Single-Person Households

▸ **Broadening Product Range, Flavored Products of Single-Serving Size**

Helping Tackle Labor Shortages at Retailers and Restaurants

▸ **Packaged sliced meat products**

Products to Meet Diversifying Needs



2002-2010

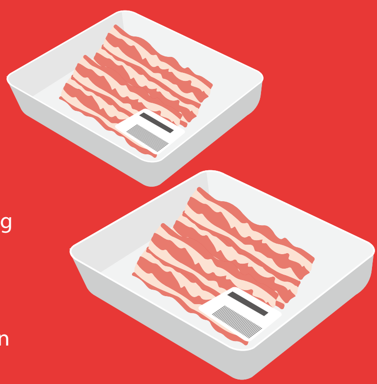
Pursuing Food Safety and Security

In response to growing safety and security awareness, we established traceability for beef and pork. As part of efforts to strengthen our safety management and quality control system, our offices have been acquiring internationally recognized "SQF (Safe Quality Food)" certification. We have also been stepping up initiatives with regard to CSR. Since 2010, to disseminate Japanese food culture, we have been making active efforts to export meat from Japan to countries worldwide.

2011-Present

Responding to Changing Lifestyles

Taking into account Japan's declining birthrate and aging population, we are promoting plant automation to address future labor shortages. To respond to the growing demand for highly processed products, we have been expanding roast beef production capacity and established a plant that specializes in the production of baked hamburg steak. We have also expanded the floor area of our prepackaging facilities. In addition, we have been promoting bold initiatives to address globalization, including expanding exports and other overseas business in collaboration with Mitsui & Co., Ltd.



2003	Introduces compliance system to fulfill social responsibility
	Establishes traceability system
	Begins distributing sourcing information on domestic beef
2004	Begins distributing sourcing information on domestic pork
	Promotes acquisition of SQF (Safe Quality Food) certification. Iwaki Sales Branch becomes first distribution business in Japan to acquire SQF certification
2010	The Akune Plant exports the first shipments of beef processed by Starzen Group to Singapore, Macao, and Thailand, introducing the deliciousness of Wagyu to the world

2012	Turns LOHMEYER CORPORATION into a wholly owned subsidiary
2014-	Promotes mechanization by installing new equipment, introducing automated transportation refrigerators (2014), HAMDAS-RX automated pork ham deboning machines (2017), and WANDAS Mini Mark II automated pork shoulder deboning machine (2018); all at the Misawa Pork Center of subsidiary STARZEN MEAT PROCESSOR Co., Ltd.'s Aomori Plant. Introduces HAMDAS-RX at STARZEN MEAT PROCESSOR's Akune Plant (2018)
2016	Forms capital alliance with Mitsui & Co., Ltd.
2017	Expands overseas business; concludes a capital and business alliance with ADiRECT Singapore Pte. Ltd. and commences exports to Taiwan
	Expands roast beef production capacity at LOHMEYER CORPORATION's Tochigi Plant
2018	Start of new Medium-Term Management Plan. Aiming to be a comprehensive meat processing manufacturer
	Establishes plant dedicated to the production of baked hamburg steak in Motomiya City, Fukushima Prefecture
2019	Expands processing center (prepackaging facility) capacity. Increases the floor area of Koriyama Processing Center, establishes joint venture in China with Mitsui & Co., Ltd. and a local Chinese partner

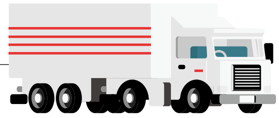
Starzen **Today**

Net Sales

¥ **351.2** billion

(Fiscal year ended March 31, 2019)

Sales Branches



53

(As of the end of March 2019)

Number of Processing and Manufacturing Facilities

18

(As of the end of June 2019)

Employees

2,566

(As of the end of March 2019)

The Power of "All Starzen"

The Starzen Group began its business as a livestock trader and meat wholesaler. With "All Starzen" spirit, we have built a food value chain able to supply high-value-added products.

For details please see
P.19 The Power of "All Starzen"

Procurement

I feel delight when I see our imported products around the city.

P.20

Production / Breeding and Fattening

I feel a sense of responsibility to be at the starting point of our food value chain.

P.19

Processing

We are moving forward in the successful promotion of automation across the Group.

P.21

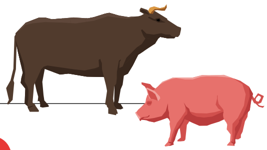
SQF* Certifications Acquired

SQF certification by company **55** locations, the most in Japan

(As of the end of September 2019)

* Safe Quality Food, an international standard for food safety and quality

Cooperating Producers



Approximately **250**

(As of the end of June 2019)

Number of Customer Companies

Approximately **6,100**

(Fiscal year ended March 31, 2019)

Number of Export Countries / Regions

29

(As of the end of June 2019)

Manufacturing

I am collaborating throughout the Group and focusing on new product development.

P.22-23

Sales

I strive to improve profitability of the Starzen Group.

P.24

Manufacturing

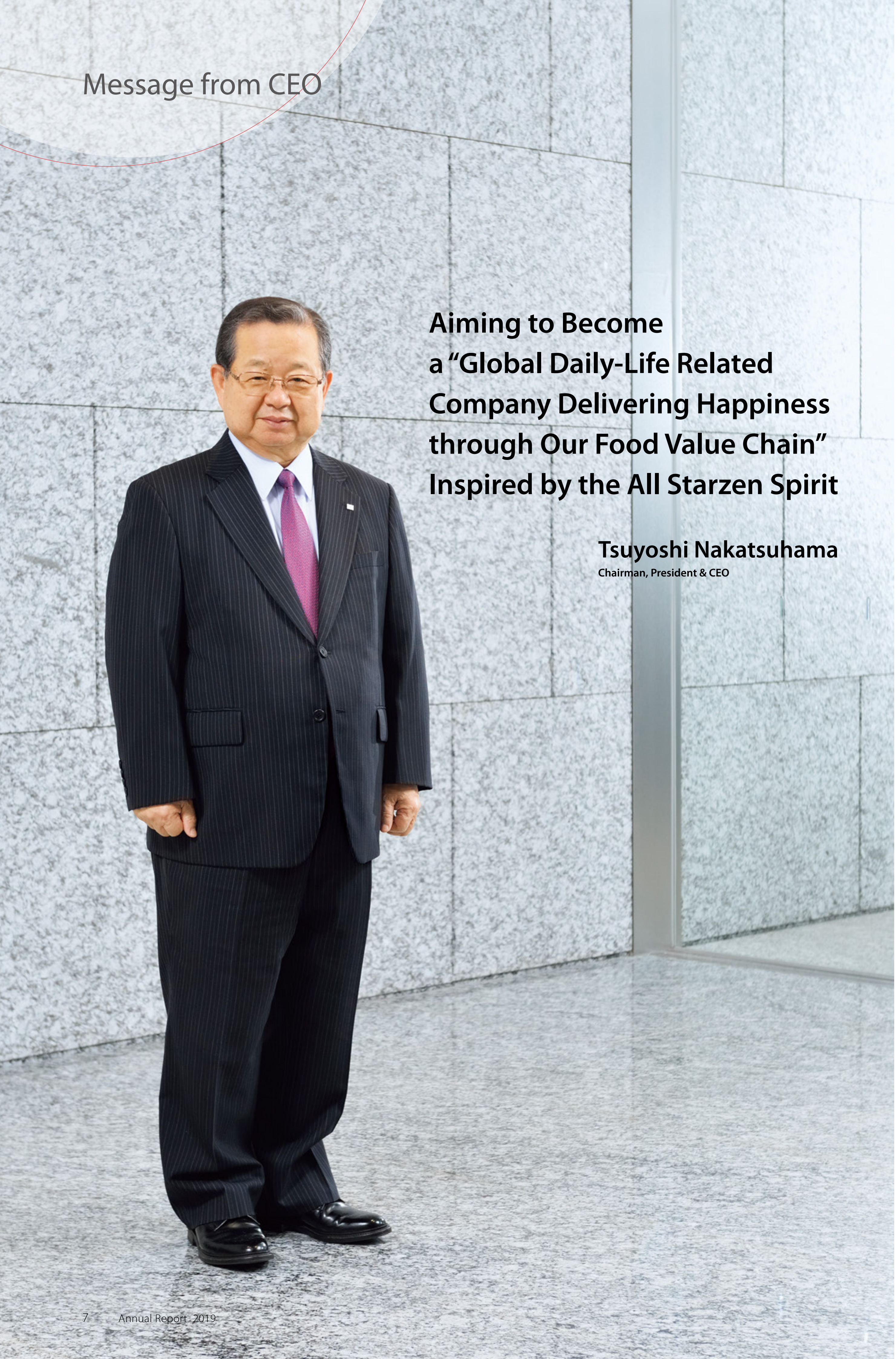
High-value-added products are helping strengthen the sales effectiveness of the Starzen Group.

P.22-23

Quality Control

We certify product quality and food safety through Groupwide collaboration.

P.25-26



Aiming to Become a "Global Daily-Life Related Company Delivering Happiness through Our Food Value Chain" Inspired by the All Starzen Spirit

Tsuyoshi Nakatsuhama
Chairman, President & CEO

Expanding the "All Starzen" Spirit

Since being appointed Starzen's president and CEO in 2012, I have strived to cultivate the "Team Starzen" corporate culture that encourages all employees to work together to achieve Groupwide results. We need each employee to show self-motivation and a "fighting, frontier spirit." We must also always strike a balance between the total optimization and partial optimization at the Group. I have been seeking to have all our employees identify with this culture for the past seven years.

I believe my primary mission as company president is to maximize the potential of our employees and to bring them together. Employees make remarkable contributions to the entire group when encouraged to express their individual capabilities. In April 2019, we restructured the company to advance our development as a unified Group. The aim was to concentrate decision making at the head office to facilitate prompt decisions and quick responsiveness in rapidly changing markets. We are only six months on, but I think it is already clear that the change has enhanced our ability to meet customer needs and respond to changes in the external environment. We plan to further integrate Group companies in April 2020 as part of concerted efforts to further improve the Group's flexibility and responsiveness.

From the time I first joined the Company, I have believed that there is still room to further develop Starzen's great potential. We aim to become a "global daily-life related company delivering happiness through our food value chain" inspired by the All Starzen spirit across the entire Group.

A Look Back at the Fiscal Year Ended March 31, 2019

The fiscal year ended March 31, 2019, the first year of our Medium-Term Management Plan, was a year in which the whole meat industry faced serious headwinds. We too confronted severe challenges. Factors behind the harsh business environment included rising purchasing prices of domestic and imported beef and sharp increases in personnel and logistics costs owing to labor shortages. Even in this situation, with the determined efforts of our Group employees, we managed to increase handling volume by responding flexibly to customer needs. However, from a profit perspective, the year was disappointing due to difficulty in passing on higher costs to selling prices. In addition, operating rates at our baked hamburg steak plant in Motomiya City, which commenced operations in October 2018, were lower than we had projected, which led to declines in processed food profit margins. As a result, although net sales rose 3.3% year on year, to ¥351,212 million, operating income declined 18.1%, to ¥4,788 million, ordinary income fell 11.7%, to ¥6,418 million, and profit attributable to owners of parent decreased 10.8%, to ¥4,565 million.

Outlook for the Fiscal Year Ending March 31, 2020

The environment surrounding the meat industry has been changing more rapidly than we had expected and is very different to what we had anticipated when we drew up the current Medium-Term Management Plan in October 2017. In the fiscal year ending March 31, 2020, we expect the business environment to remain harsh. Negative impacts include such factors as the outbreak of African Swine Fever in China, rising international meat prices due to growth in global demand for meat, consumers in Japan becoming increasingly price-conscious owing to the consumption tax hike, and rising logistics costs due to labor shortages. On the brighter side, we believe that declines in import tariffs under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP11) and the Japan-EU Economic Partnership Agreement could open up new business opportunities.

Based on a thorough understanding of this business environment, Starzen Group has again identified strengthening sales effectiveness as a priority theme for the fiscal year ending March 31, 2020. Leveraging the power of the team, we will strive to improve sales effectiveness and procurement capabilities to further expand our business. In parallel, we will pursue efforts to enhance the productivity and efficiency of operations and work to reinforce our business foundations. For the fiscal year ending March 31, 2020, we are forecasting consolidated net sales of ¥365,000 million, operating income of ¥5,100 million, ordinary income of ¥6,800 million, and profit attributable to owners of parent of ¥4,800 million.

Key Initiatives for the Future

Sales Strategy

One of Starzen's greatest strengths is its ability to build relationships of trust with customers. We take pride in the feedback from customers that they are happy to do business with us because we listen carefully to their needs and problems and make every effort to respond to them.

As noted above, today's meat industry faces many issues. Labor shortages in Japan stemming from a declining birthrate and an aging population is particularly serious. We are also aware that our customers—including retail stores, supermarkets, and restaurants—are in the same boat. Looking to reduce the burden on back office personnel, those customers are increasingly demanding products that are ready to display as soon as they are delivered. Restaurants also face growing needs for ready-to-cook products that anyone can cook immediately, reflecting the varied cooking skills of their staff and the diversity of their nationalities. Meanwhile, ready-to-eat products are gaining popularity among consumers amid growth in the number of single-person and dual-income households.

In order to meet increasingly diverse customer needs, Starzen will continue to expand its processing center capabilities. Processing centers mainly handle meat slicing operations under contract for supermarkets and other retail outlets. They do much more than just slice and package meat. Starzen Group has accumulated extensive technology and know-how over many years. One example is vacuum skin packaging technology, which keeps the meat fresh and extends expiration dates. We are also stepping in to handle all back office procedures for retail stores to present our products attractively. By working directly with customers on product disposal and labor shortage issues, we are gaining their trust and they, in turn, are entrusting work to us. We want to achieve further growth through such close interaction with customers.

Improving Efficiency, Reducing Costs

Along with helping resolve customers' issues, I believe we need to examine what we can do to promote operational efficiency and reduce costs within the Group's operations. We must also invest in information and communication technology (ICT) for our future success. Reflecting a sense of crisis in these areas, our Corporate Division in the head office is taking the lead in implementing workstyle reform projects across the entire Group. The underlying theme is transformation into a highly profitable structure capable of ensuring sustained growth over the long term and contributes to the enrichment of people's dietary habits. To that end, we see speeding up decision making, strengthening competitiveness, and raising productivity as priority management issues. Specifically, we will review business processes from production, procurement, processing, manufacturing, through to sales. Sometimes we may need to change working styles with which people are accustomed and work flows that are well-established. This is the position we are in today. Such reforms may be painful. However, I am convinced that Starzen will be able to make the necessary changes if we all do our utmost from the perspective of what is best for the Group in terms of total optimization rather than partial optimization. I am determined to lead this project to success.

Overseas Business

We will also continue to work on overseas businesses, including exports and trilateral trade, to make up for the contraction in the Japanese market as the country's population declines. In autumn 2019, Starzen, together with Mitsui & Co., Ltd. and a local Chinese partner, plans to establish a joint venture in Guangdong, China, for the processing and sale of meat and processed foods. China has become one of the world's leading meat consumers as the country's population has grown and economy has developed. The new company will adopt Starzen's business model while using Mitsui & Co., Ltd.'s global network and the local Chinese partner's sales network to meet growing meat demand in China. We face challenges in the form of differences in language, culture, and lifestyle, but we believe Starzen's business model will work through close communication. We are making use of our history and the skills we have cultivated as a stepping stone to expanding sales channels.

Our People: The Source of Our Strength

Developing human resources is essential to meet the diverse needs of customers and steadily advance a whole range of initiatives. I hope that, like our customers and business partners, our employees are also glad to work for Starzen; in other words, they find their jobs rewarding and are happy to work with us. Our employees are the custodians of the company's distinctive DNA that values determination and dedication.

I would like to nurture reliable people who can pass on the Company's traditions and DNA and who can act on their own initiative while always seeing things from the other person's perspective. We are also working to promote diversity in human resources. We are determined to create a working environment in which diverse human resources, including women, are encouraged to play active roles, and to create workplaces where every individual feels inspired to work energetically with ambitions for the future as team members of "All Starzen."

We must also consider corporate social responsibility in the context of our relationships with various stakeholders. As stated in the United Nation's Sustainable Development Goals (SDGs), companies are playing an increasingly important role in addressing social issues. We are working in particular on reducing food loss and waste, as stipulated by law in Japan. Measures we are taking include introducing technologies that maintain the freshness of packaged sliced meat and extend expiration dates, and skin packaging technology that keeps meat vacuum-sealed. We will continue to step up contributions to the SDGs in a variety of ways in alignment with Starzen's business.

I believe that by fulfilling our social responsibilities as a company, we will both motivate employees and establish a positive cycle for developing dynamic employees ready to take up and overcome challenges. The Starzen Group will continue to grow as a "global daily-life related company delivering happiness through our food value chain." I would like to ask our shareholders, investors, and other stakeholders for their continued understanding and support.

September 2019

T. Nakatsuhama

Tsuyoshi Nakatsuhama
Chairman, President & CEO

Progress with Medium-Term Management Plan

Overview of Medium-Term Management Plan

(Fiscal Year Ended March 31, 2019–Fiscal Year Ending March 31, 2021)

Basic Strategy 1

Taking on Challenges as a Comprehensive Meat Processing Manufacturer

Realizing growth by providing added value and developing commercial sales channels

Basic Strategy 2

Enhancing Group Competitiveness through Business Process Reforms

Reducing costs through drastic reforms to business processes within the Group

Basic Strategy 3

Strengthening Corporate Functions

Support operations by strengthening corporate functions and bolster Group competitiveness

Targets

▸ Net Sales
¥380.0 billion

▸ Operating Income
¥10.0 billion

▸ Maintain ROE
Over 10%

▸ Investments (Including Strategic Investments)
¥18.0 billion over three years

▸ Improve Shareholders' Equity Ratio
Over 40%

▸ Stabilize Financial Foundation
Debt-to-equity ratio of 0.8 times or less

▸ Dividends
Aim to raise dividend per share under a basic policy of issuing stable dividends

Changes in the Business Environment and Issues

Supply Chain	Business Environment and Issues
Production / Breeding and Fattening	■ Difficulties securing domestic suppliers due to the decrease in the number of commercial farmers in Japan and dealing with rapidly rising prices owing to outbreaks of swine fever and Porcine Epidemic Diarrhea (PED) ■ Difficulties securing overseas suppliers due to the impact of African Swine Fever in China and expanding demand for meat accompanying growth in the global population
Processing	■ Difficulties securing processing technicians due to the declining workforce in Japan ■ Easing the burden of work undertaken by processing technicians
Manufacturing	■ Responding to growing needs for prepackaging at retailers stemming from labor shortages in store operations ■ Responding to growing need for ready-to-eat meals (premade dishes, etc.), a result of the increasing number of single-person households and dual-income households
Sales	■ Responding to growing demand for Wagyu (domestic cattle) driven by population increases and economic growth in emerging nations ■ Responding to the shift in demand to domestic pork and chicken and imported meat owing to persistently high prices of domestic beef ■ Responding to growth in demand for imported meat and imported processed products accompanying declines in tariffs under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (TPP11) and the Japan-EU Economic Partnership Agreement. Responding to further increase in demand for imports if bilateral talks lead to a Japan-US Trade Agreement on Goods (TAG)

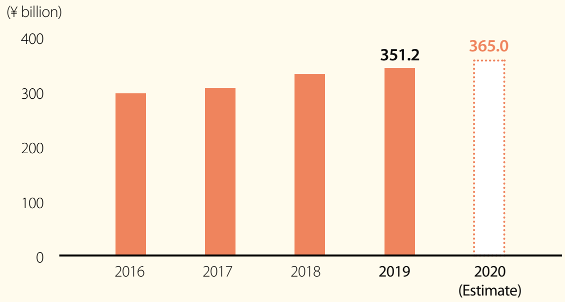
Progress in Fiscal 2018

In the fiscal year ended March 31, 2019, the business environment saw sustained improvement in the income environment and steady economic recovery. Meanwhile, consumers in Japan became increasingly careful in their spending on food. In the meat industry, consumer spending has been on a downward trend despite moderate growth in the volume of meat consumed, which is happening amid growth in volumes of relatively inexpensive imported meat as consumers pay increasingly close attention to prices. The business environment remained harsh as the cost of procuring beef remained high, selling competition intensified, and logistics and other costs rose due to labor shortages.

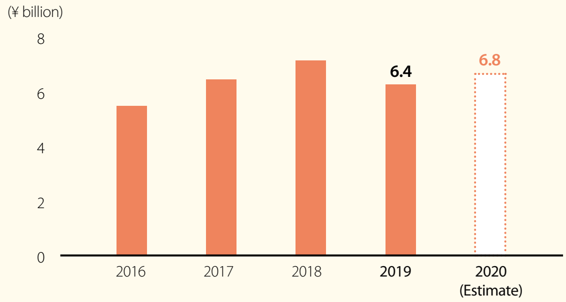
Against this backdrop, the Group embarked on a medium-term management plan covering the three years from the year ended March 31, 2019, aimed at setting the stage for further growth. Among specific measures, we opened a new baked hamburg steak plant in response to growing demand for processed foods. We also entered into a capital and business alliance agreement with Sunnyside Co., Ltd., with a view to strengthening our sales network in areas where we had not yet entered the market. In addition, we introduced the WANDAS Mini Mark II automated pork shoulder deboning machine at the Misawa Pork Center of subsidiary STARZEN MEAT PROCESSOR Co., Ltd.'s Aomori Plant to save labor.

As a result, consolidated net sales for the fiscal year ended March 31, 2019 increased 3.3% year on year, to ¥351,212 million. Profits, however, decreased from the previous fiscal year. Operating income fell 18.1%, to ¥4,788 million, amid a decline in the gross profit margin due to such factors as high purchasing prices and intensifying domestic sales competition, and higher logistics and other costs. Ordinary income fell 11.7%, to ¥6,418 million, and profit attributable to owners of parent decreased 10.8%, to ¥4,565 million.

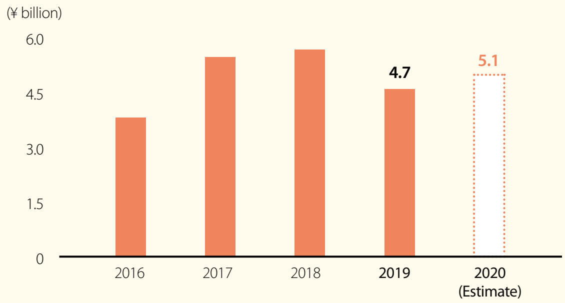
Net Sales



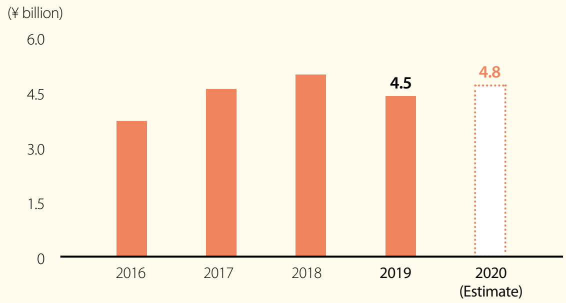
Ordinary Income



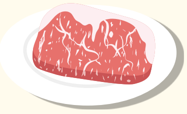
Operating Income



Profit Attributable to Owners of Parent

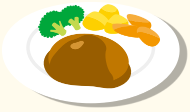


Results by Division in Fiscal 2018



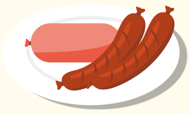
Meat

In the domestic business, both transaction volume and net sales increased year on year, reflecting efforts to expand the volume of transactions by such means as winning new business partners, strengthening business with established customers, and reinforcing sales of original brands. With the business environment remaining harsh, however, the domestic business struggled to make a profit. Results by product in the domestic business were as follows. Sales of domestic meat were flat year on year due to the impact of the shift in demand to imported meat and, in the second half, lower domestic market prices for pork. In terms of profits, the environment for the pork business was favorable as the purchase price of domestic pork remained low. Gross profit, however, was weighed down by difficulties in passing on high purchasing prices for domestic beef to selling prices, due to high market prices and a reduction in the number of commercial farmers in Japan. With imported meat, transaction volume and net sales both increased supported by the shift in demand from domestic meat and by efforts to expand sales of original brands, such as Pride of Québec and Wheat Bran Fed Three-breed Pork. With regard to profits, although severe conditions continued, including high purchasing prices for imported beef and intensifying sales competition, gross profit rose underpinned by improvements in the sales environment for imported chicken from December 2018. In the export business, both transaction volume and net sales grew significantly year on year, centering on exports of domestic beef. Exports to Taiwan through collaboration with Mitsui & Co., Ltd. were robust. Overall, the meat division's net sales grew 3.2% year on year, to ¥281,654 million. Although the meat division earned more gross profit on some products than in the previous fiscal year, its total gross profit declined.



Processed Meat

Processed meat sales remained buoyant, with net sales up 4.3% year on year, to ¥51,092 million, amid ongoing strength in sales driven largely by the expansion of hamburg steak and roast beef sales. Gross profit, in contrast, decreased, partly as a result of expenses incurred in conjunction with the new baked hamburg steak plant.



Ham and Sausage

The ham and sausage division stepped up its sales promotion activities to achieve enough sales volume to boost its net sales 1.6% year on year, to ¥13,791 million. However, it was unable to fully pass on cost increases by raising sales prices. Its gross profit consequently declined.

Other Products

Net sales of other products increased 14.6% year on year, to ¥1,963 million.

Outlook for Fiscal 2019

The Japanese meat industry is expected to continue to face an adverse operating environment marked by multiple headwinds. These include the impact of an African Swine Fever outbreak in China, international meat price inflation driven by growth in global meat demand, heightened frugality among Japanese consumers in response to the consumption tax hike, and rising distribution costs due to labor shortages. On the other hand, the industry will likely benefit if import tariffs on meat products are reduced by the TPP11 agreement and/or the Japan-EU Economic Partnership Agreement.

Faced with such an environment, the Group will expand its operations while endeavoring to upgrade its sales and meat-sourcing capabilities, by leveraging teamwork under the theme of "sales force revitalization." Additionally, the Group will strengthen its management foundation through initiatives to increase operational efficiency and reform how its employees do their jobs. For the fiscal year ending March 31, 2020, the Group is forecasting consolidated net sales of ¥365,000 million, operating income of ¥5,100 million, ordinary income of ¥6,800 million, and profit attributable to owners of parent of ¥4,800 million.

Basic Strategy 1

Taking on Challenges as a Comprehensive Meat Processing Manufacturer

Expanding Processing Center Capabilities

In recent years, we have been expanding processing center capabilities to help reduce food loss and waste, which has become a social problem, and tackle problems with labor shortages.

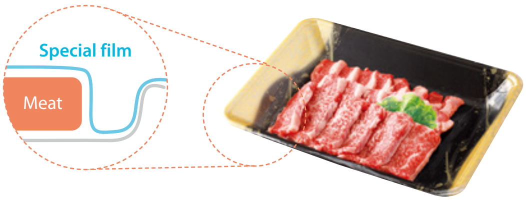
Expanding Processing Center Capabilities

▸ Vacuum Seal Packaging

Packaging with a special film maintains a vacuum seal, which allows us to extend expiration dates to seven days after processing and maintains the vivid color of the meat.

Vacuum Seal Packaging System

The packaging prevents contact with the air and both extends the expiration date and maintains the coloring of the meat.



▸ Technology to Extend Expiration Dates

By slicing only raw materials with minimal bacteria under strict sanitary conditions, we have been able to extend the expiration date from the usual three days from the date of manufacture to five days.

▸ Products to Ease the Impact of Labor Shortages

We have been developing packaged sliced products and products that need only heating in a microwave to complete the cooking process. This meets the needs of supermarkets and restaurants struggling with labor shortages and of drugstores and mini-supermarkets with no in-store processing facilities. We are easing the staff workload at customer retail outlets while responding to growth in the number of single-person households and dual-income households.

Increasing Floor Area of Koriyama Processing Center

We have expanded the processing area of Koriyama Processing Center to increase production. As well as bringing a succession of new machines on line, we carried out maintenance on existing lines ahead of the start of full-scale operations in May 2019. Koriyama Processing Center is the only facility in the Starzen Group that can process chicken. With the market for chicken side dishes expanding, we have introduced a new horizontal slicer for the production of chicken cutlets. We are also introducing deep-drawing vacuum seal packaging machines and vacuum seal packaging equipment as part of efforts to extend expiration dates. We expect this expansion to increase Koriyama Processing Center's transaction volume by 140% year on year in fiscal 2019.

Horizontal slicer

Deep-drawing vacuum seal packaging machine

Starting to Handle Meat Substitutes (Plant-Based Meat)

Collaboration with Otsuka Foods Co., Ltd.

Since June 2019, Otsuka Foods Co., Ltd. has been undertaking production of "Zero Meat" hamburg steak and sausage substitute foods under contract. Zero Meat is a meat-free, soy-protein hamburg steak with the texture and flavor of meat. Demand for meat substitutes using plant-based protein is expected to increase, driven by expanding demand for meat accompanying global population growth, a lack of animal protein due to livestock disease problems, and diversification of lifestyles. We are responding to evolving needs as we deepen our collaboration with Otsuka Foods Co., Ltd.

Zero Meat brand series

Strengthening Our Overseas Business

Establishment of Joint Venture Company in China

In autumn 2019, Starzen, together with Mitsui & Co., Ltd. and a local Chinese partner, will establish a three joint venture (JV) in Guangdong, China, for the processing and sale of meat and processed foods. The JV, San Chuang Enterprise (ShenZhen) Ltd., will process and sell livestock and fishery products in China. China has become one of the world's leading countries in meat consumption but as China's population has grown, its domestic supply capacity has reached its peak. This is expected to lead to ongoing growth in the country's demand for imported meat. This trend has been particularly clear in the beef market. With that in mind, we decided to establish the JV to meet growing demand for meat in China by bringing together Mitsui & Co., Ltd.'s global network and business management knowledge and our meat distribution business know-how. We aim to meet growing demand for livestock and fishery products in China, especially imported beef.

Starzen will send two of its employees to the JV to provide their knowledge and experience regarding technology and quality control related to the meat distribution business. In China, eating beef has not yet become deeply embedded in dietary habits. Treatment methods from portion production through to processing and cooking are also not as advanced as with pork. We believe that we can contribute to the integration of beef food culture in China by spreading our knowledge.

The main production regions for beef imported by China are the United States and Argentina. However, San Chuang Enterprise will handle popular Australian beef. It will sell mainly in the Shenzhen area of Guangdong Province. Starzen, with its broad import bases, will contribute to stable supplies. In addition to beef, we expect the JV to handle various high-quality proteins such as pork, chicken, and marine products, and to expand its sales area in the future.

Overview of JV

Company name	San Chuang Enterprise (ShenZhen) Limited (planned)
Headquarters	Shenzhen, Guangdong Province, China
Business description	Wholesale and processing of livestock and fishery products, wholesale of alcoholic beverages
Start of operations	Autumn 2019
Paid-in capital	CNY30 million (approx. ¥500 million)
Investment ratio	Mitsui 55%, Starzen 25%, Chinese partner 20%

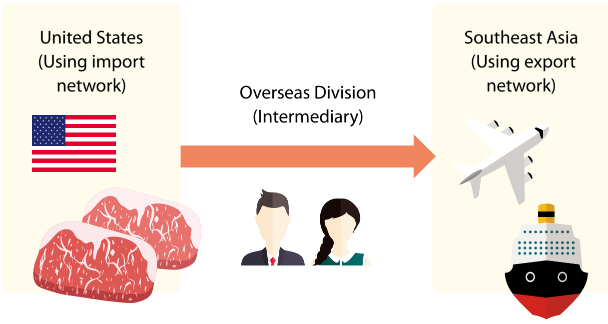
Export Business

Volumes in our export business have been growing steadily. In order to expand exports, we have obtained the cooperation of Mitsui & Co., Ltd., which has a global network. We are also working with industry groups to disseminate Wagyu cutting and cooking methods. We have meat processing plants and facilities certified to export meat and, with the plants of outsourcing contractors, we can export to 29 countries and regions. Our Akune Plant in particular is one of only seven facilities in Japan to have been certified to export to the EU. In the fiscal year ended March 31, 2019, we newly acquired certifications for Australia and Russia as export certified facilities.

Trilateral Trade

In April 2019, we established the Overseas Business Department of the Overseas Sales Group to spearhead trilateral trade within the Overseas Division. Applying the procurement network built through meat imports and the sales network built through meat exports to trilateral trade, we are selling meat from the world's main production areas to countries mainly in Asia.

Examples of Trilateral Trade



Automation of Meat Processing Plants

Introduction of HAMDAS and WANDAS

At meat processing plants, securing human resources and ensuring a healthy and safe environment have become issues amid labor shortages due to the decline in Japan's population and depopulation of rural areas in recent years. In addition, heightened consumer awareness of food safety and security have led to demand to further improve plant hygiene. Starzen has promoted mechanization by introducing the HAMDAS-RX automated pork ham deboning machine ("HAMDAS" below) and the WANDAS Mini Mark II automated pork shoulder deboning machine ("WANDAS" below). In January 2017, in a first for Japan, we introduced HAMDAS at the Misawa Pork Center of subsidiary STARZEN MEAT PROCESSOR Co., Ltd.'s Aomori Plant. In January 2018, we introduced Japan's second such machine at STARZEN MEAT PROCESSOR's Akune Plant. In October 2018, we introduced WANDAS at the Misawa Pork Center, and in late September 2019, we plan to do the same at STARZEN MEAT PROCESSOR's Kaseda Plant. We are continuing to consider the automation of deboning processes for other parts of the meat.

Benefits of Introduction

HAMDAS

(Automated pork ham deboning machine)

- Increased speed of deboning process

Before introduction	240 bones removed per hour
After introduction	320 bones removed per hour

- Reduced employee numbers (Employees working on processing line)

Before introduction	10 people
After introduction	5 people

WANDAS

(Pork shoulder deboning machine)

- Increased speed of deboning process

Before introduction	300 bones (left + right total) removed per hour
After introduction	400 bones (left + right total) removed per hour

- Number of employees needed reduced by one through automation of pork shoulder loading and pre-processing improvements

Automated Transportation Refrigerators

Storage and retrieval operations within refrigerators take place at low temperatures, previously putting a heavy burden on employees. In response, we introduced automated transportation refrigerators at the Misawa Pork Center in April 2014. We automated all the post-packaging processes, from the warehousing of goods packed in cardboard to the sorting of goods by delivery truck after being taken out of the warehouse. The system handles inventory management, removing the burden of inventory work on employees and contributing to labor saving.

Automated transportation refrigerators

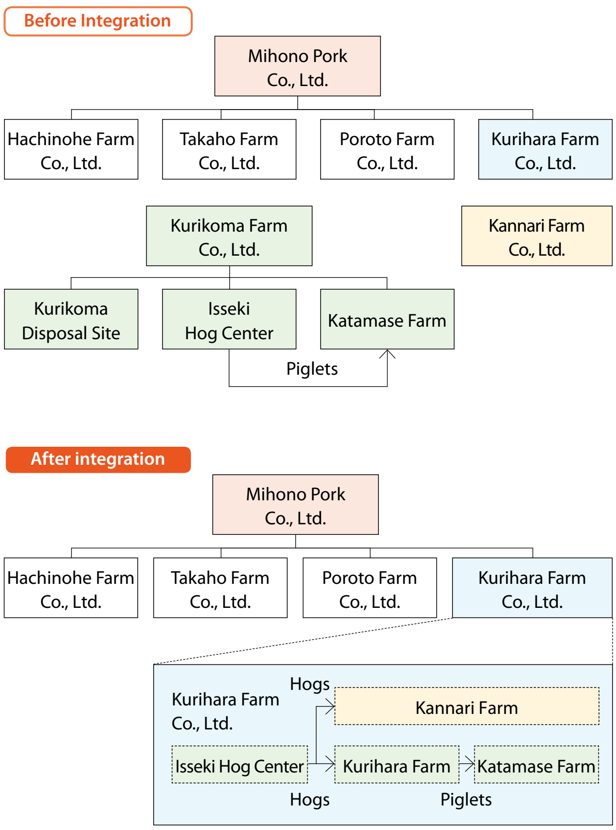
Expanding Production and Breeding and Fattening Business

The Starzen Group is strengthening its domestic production business in anticipation of a decrease in the number of commercial farmers in Japan. We have been actively promoting initiatives in this area, including the 2016 establishment of Ashoro Asahigaoka Farm Co., Ltd. (Wagyu breeding farm), and Hokkaido Hamanaka Beef Farm Co., Ltd. (crossbred cattle fattening farm). Recently, we have also started to strengthen the procurement base for domestic pork through our equity method affiliate Mihono Pork Co., Ltd.

Mihono Pork Co., Ltd. produces pork in the Tohoku region together with Group farms. Among them, Kurihara Farm Co., Ltd., through an absorption-type demerger on November 1, 2018, took over the operations of Kurikoma Farm Co., Ltd. and Kannari Farm Co., Ltd., also in Miyagi Prefecture, thus expanding its production base. Previously, Kurihara Farm Co., Ltd. handled integrated production from breeding to fattening. After the integration, Katamase Farm, which the company acquired in taking over Kurikoma Farm, has been designated as a fattening farm, while the main Kurihara Farm is being used as a breeding farm. This move is designed to improve management efficiency and expand production scale.

Kurihara Farm has invested about ¥3,000 million to expand its pork production business and has commenced two-phase facility upgrading work. Work for the first phase was completed in February 2019. The second phase, involving large-scale expansion to increase pork production , began in July 2019. After the completion of phase two work, pork shipments from Kurihara Farm are expected to increase to 3,880 head per month by November 2020, from 2,050 head per month before construction.

Farms under the Mihono Pork Co., Ltd. Umbrella



Strengthening Domestic Production

Fertilized Egg Business

In June 2019, calves were born from fertilized eggs produced at the Starzen Fertilized Egg Laboratory. There are many difficulties in the fertilized egg business, in which eggs are collected from cows after slaughter, artificially cultured, fertilized, and transplanted. The first deliveries of calves took place in 2019, two years after the establishment of the laboratory in 2017. Calves are currently being reared at Hokkaido Hamanaka Beef Farm Co., Ltd., in Hokkaido, and with the cooperation of a farm in Kagoshima Prefecture. We now need to closely monitor health conditions and fattening processes to confirm whether the calves can grow safely.

From Fertilization of Eggs to Birth of Calves

Basic Strategy 2

Enhancing Group Competitiveness through Business Process Reforms

We are implementing the following measures to support transformation to a highly profitable structure.

Promoting Organizational Restructuring

We are restructuring the Group to improve the efficiency of business processes, speed up decision making, reduce costs in indirect departments, and strengthen "All Starzen" cohesion. In April 2019, the Company's wholly owned subsidiaries Starzen International Co., Ltd., and Starzen Foods Co., Ltd., merged into Starzen Co., Ltd., as the Overseas Division and Production Division. We plan to merge Starzen Sales Co., Ltd. and Zenchiku Sales Co., Ltd., into Starzen Co., Ltd. in April 2020.

Group Reorganization

April 2019

Starzen International Co., Ltd. Starzen Foods Co., Ltd.	Merger into Starzen Co., Ltd.

April 2020 (Plan)

Starzen Sales Co., Ltd. Zenchiku Sales Co., Ltd.	Merger into Starzen Co., Ltd.

Promotion of Zeus (Zenith Engagement Ultimate System) Project

Alongside organizational restructuring, we are promoting workstyle reforms to speed up decision making, strengthen competitiveness, improve productivity, and reduce costs. Over the three years from 2019, we intend to upgrade legacy systems and implement business process reforms by effectively applying existing data such as sales data using AI and IoT.

Centralizing Sales Branches Accounting

In July 2018, we centralized the accounting operations of approximately 50 sales branches of Starzen Sales Co., Ltd. throughout Japan within the Business Accounting Department of the General Accounting Division. These operations include monthly settlement of accounts and the management of receivables and payables. We promote standardization and efficiency by bringing accounting work together in one place.

Basic Strategy 3

Strengthening Corporate Functions

Establishment of Logistics Department

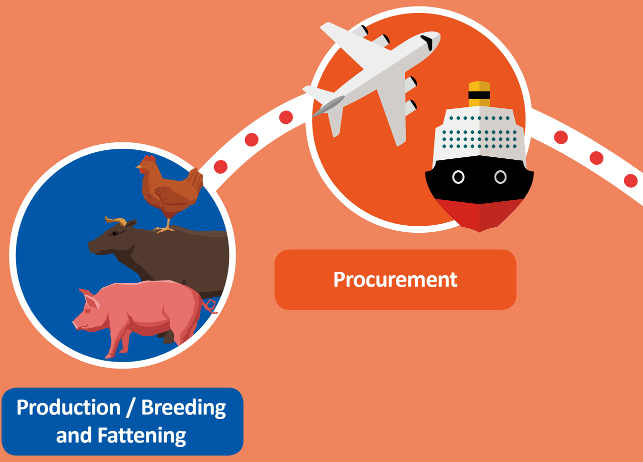
We established the Logistics Department to oversee the distribution network of 12 Starzen Logistics Co., Ltd. bases nationwide with approximately 600 delivery trucks. We plan to make effective use of our extensive logistics network to shield profits from pressure related to sharp increases in logistics costs.

Special Feature

The Power of "All Starzen"

The "All Starzen" Business Model

The Starzen Group began its business as a livestock trader and meat wholesaler. Over many years, it has broadened its scope. Today, under the "All Starzen" banner, we offer a wide range of high-value-added products through integrated operations spanning production/breeding and fattening through to processing, manufacturing, and sales.



Production / Breeding and Fattening

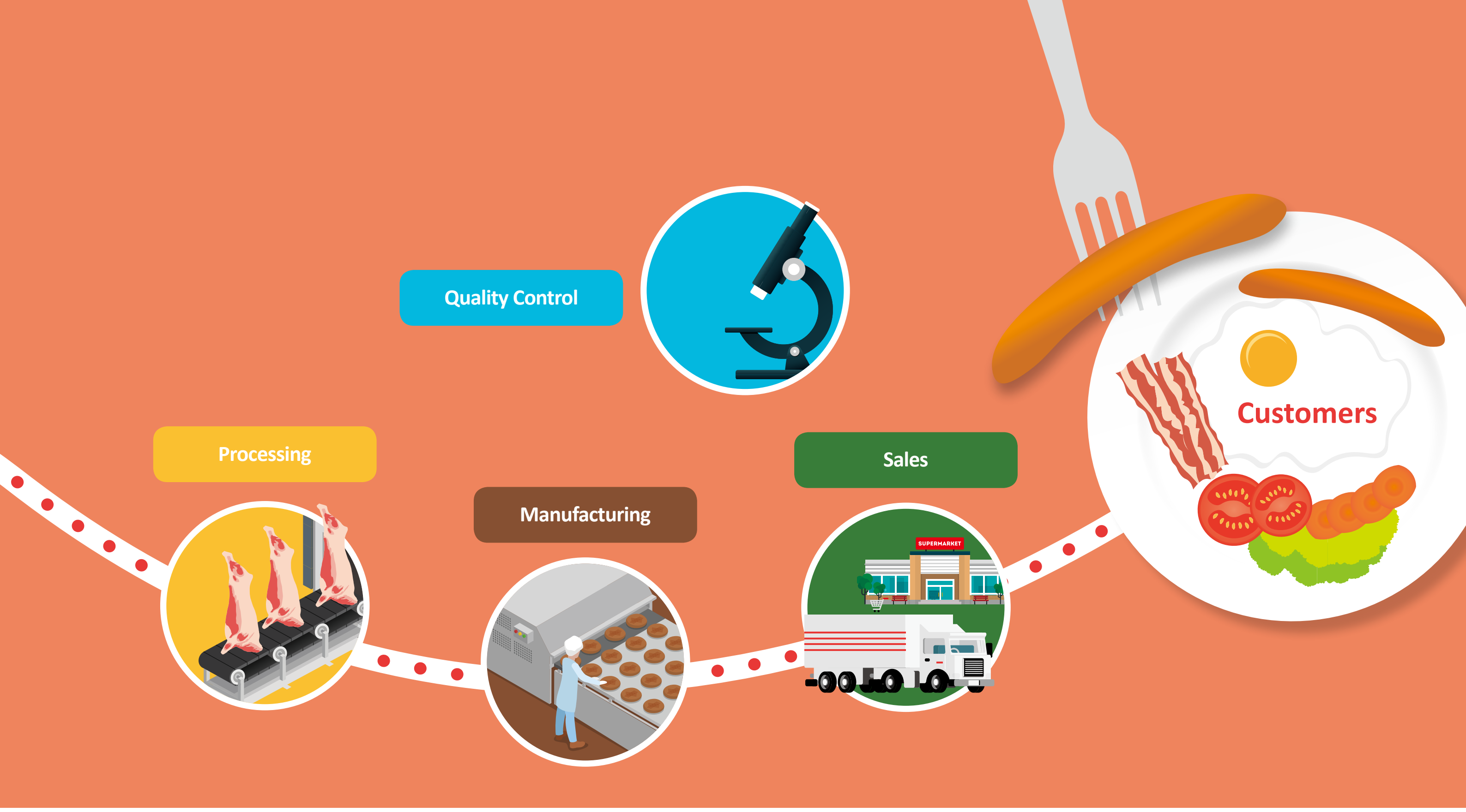
Farms in Japan face problems with declining numbers of commercial farmers due to such reasons as the aging of the population and a lack of successors. In order to ensure the stable supply of high-quality domestic meat, the Starzen Group invests in and jointly operates domestic hog raising businesses. In our domestic beef production business, we have established Wagyu (domestic cattle) breeding farms, crossbred cattle fattening farms, and the Starzen Fertilized Egg Laboratory for Japanese Wagyu Beef. In June 2019, a Japanese Wagyu Beef calf was born using a fertilized egg from the Starzen Fertilized Egg Laboratory. Leveraging our strength in having our own beef and pork farms, we are also working on brand development in cooperation with the Sales Division to provide higher value that satisfies market needs.

I feel a sense of responsibility to be at the starting point of our food value chain.

Emi Takeuchi
Hokusatsu Ebino Farm Co., Ltd.

Hokusatsu Ebino Farm is a hog farm that handles everything from birthing and rearing through to fattening. Every day, the farm workers raise hogs so that consumers can eat with peace of mind. On the farm, I am in charge of the breeding department. My main duties include supervising the copulation of hogs, caring for pregnant hogs and subsequent births, and looking after nursing mother hogs and preweaned piglets. Working with live animals brings its own feeling of tension every day, but what I find particularly rewarding is the moment when we send small piglets that have been nurtured and safely weaned on to the breeding department.

The livestock industry today faces problems with a shortage of successors, but in my position, I feel a sense of responsibility and pride in being at the production site "starting point" of the Group's total supply system. From here on, I aim to contribute to All Starzen by helping raise even higher-quality hogs while looking for ways to increase the efficiency of production.



Procurement

Amid intensifying competition to procure meat as the global population grows, the Starzen Group has over many years been working with long-standing partner farmers and partner packers in Japan and overseas to put in place the foundations for stable procurement. Our wide-ranging procurement base enables us to diversify risks related to such factors as epidemics and natural disasters and to fulfill our responsibility to supply customers. In addition, we have begun branding imported meat. With imported meat, we are looking to appeal not only on prices, but we are also developing original brands that offer outstanding safety and quality. Overseas processed products are in strong demand for commercial use. We are working with local manufacturers to jointly develop products that have been highly appreciated by customers.

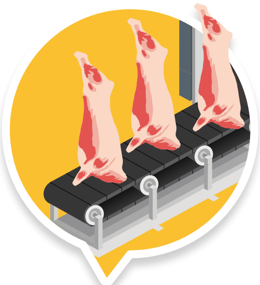
I feel delight when I see our imported products around the city.

Yuji Son
Imported Offal Department
Overseas Division

The Imported Offal Department was newly established in April 2019 to handle imports of beef and pork by-products* and sell them to Group companies and customers. Japan's imported beef by-product market is sourced mainly from the United States and Australia. We also import from these countries, but for the past three years we have been focusing on imports from Canada. Canadian beef by-products have been gaining popularity recently due to their reliable quality and attractive pricing under TPP11. Our sales volume increased about seven times from 2016 to 2019. This growth has in my view been driven by sustained efforts by our sales unit to promote proposal-based sales to customers since we first started these operations. That shows the benefits of the All Starzen approach. It has to be said, though, that in terms of market share, our presence in the imported pork by-products market lags behind that of imported beef by-products, where we have a high share. I will focus on expanding sales of imported pork by-products.

When I see the products we imported around town, I feel delight that our products are getting onto Japanese tables. I will continue to do what I can to help procure safe and high-quality products as part of the Group effort to meet customer demands, and thus expand our industry share.

* General term for all parts of beef, pork, and chicken other than dressed meat. Includes internal organs such as the liver and tongues, tendons, ears, feet, etc.



Processing

The Group has established seven processing plants throughout Japan to process beef and pork. These plants are adjacent to slaughterhouses and carry out high-quality processing of fresh beef, pork, and by-products. All seven plants have received SQF (Safe Quality Food) certification, an international standard for ensuring food safety and quality. They deliver safe and secure products through strict daily hygiene management in accordance with the SQF system. We are also focused on nurturing processing specialists and we pride ourselves on industry-leading processing technologies.

We are moving forward in the successful promotion of automation across the Group.

Takahito Hiranai
Misawa Pork Center

The Misawa Pork Center is one of the largest pork processing plants in Japan. We are actively introducing automation in anticipation of future labor shortages due to depopulation in rural areas and the declining birthrate and aging population. I am in charge of the processing of pork hams. During our testing stage with the HAMDAS-RX automated pork ham deboning machine ("HAMDAS" below), I was honestly skeptical about whether we needed automation and how well it would work. Once it was up and running, though, I was impressed by its effectiveness not only in terms of high processing accuracy but also how automation reduces the heavy labor of deboning work. Benefits from introducing the system will vary depending on the scale of the plant involved, so careful assessment is required. But I believe the Misawa Pork Center will be a good model for other plants, as with our second HAMDAS system installed at the Akune Plant in January 2018.

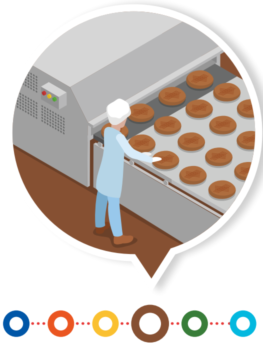
Going forward, the Misawa Pork Center will examine automating processes involving other parts of the carcass to improve operational efficiency and save labor. From a safety angle, we are undertaking 5S (sort, set in order, shine, standardize, sustain) activities based on guidance from the Quality Assurance Division and the Plant Management Division. In addition, we hold regular Business Improvement Committee meetings aiming to improve quality throughout the Group by sharing information between plants on issues and approaches that prove helpful.

HAMDAS-RX

Example of Plant Automation

Misawa Pork Center	
Apr. 2014	Introduction of automated transportation refrigerators
Jan. 2017	Introduction of HAMDAS-RX automated pork ham deboning machine for the first time in Japan
Oct. 2018	Introduction of WANDAS Mini Mark II automated pork shoulder deboning machine
Akune Plant	
Jan. 2018	Introduction of HAMDAS-RX automated pork ham deboning machine, the second in Japan
Kaseda Plant	
Sept. 2019	Introduction of Japan's second WANDAS Mini Mark II

Starzen was the first company to introduce these machines at meat processing plants in Japan



Manufacturing

Responding to labor shortages at retailers and restaurants, the Group has established four processing centers across Japan. These produce packaged slices of table meat as well as various side dishes and products that only need to be heated in a microwave to prepare. The centers reduce the burden of store labor and have been well received. For processed meat products, we produce ham, sausages, bacon, roast beef, hamburg steaks, and other products using mainly raw meat from our procurement units. In addition to our original brands, we provide custom-made products tailored to customer specifications.

I am collaborating throughout the Group and focusing on new product development.

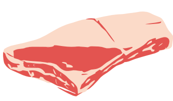
Kensuke Nakamura
East Japan Processing Center Business Department
Starzen Sales Co., Ltd.

The Kanto Processing Center at which I work manufactures ready-to-eat products such as packaged sliced meat and various side dishes. These include roast beef and roast pork with cut vegetables. With many customers facing problems with labor shortages, prepackaged products ready to display as soon as they are delivered are becoming increasingly popular. We design products according to the needs of each customer and have the precision to handle orders down to just a few packaging units. We always value horizontal cooperation within the Group. When developing new products, however, we cooperate with business units other than processing centers, including the Procurement Division, the Sales Division, the Product Development Division, and the Quality Assurance Division to leverage the full strengths of the Group.

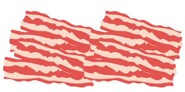
Our key challenge is actively dealing with labor shortages. Production volumes are rising due to increasing demand for prepackaged products. At the same time, there are serious shortages of technicians at manufacturing and processing sites. In order to maintain a stable supply system, we urgently need to secure human resources and improve production efficiency. We must also improve the working environment through such means as automation. To further improve the quality of products, we are also improving the technical guidance given to employees and quality management to meet the demand of increasing safety awareness.

Flow of the Prepackaging Process

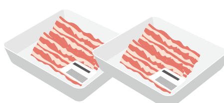
1. Process meat



2. Slice and cut



3. Package in a manner so that product is ready for store shelves



4. Deliver product to supermarkets and other retail stores

High-value-added products are helping strengthen the sales effectiveness of the Starzen Group.

Takeru Nakamura
Motomiya Plant
Production Division

The Motomiya Plant was established in October 2018 and is dedicated to the production of baked hamburg steak. The Starzen Group has long received high praise for the hamburg steak it produces. We were in need of a new plant to expand our production capacity, as the existing Matsuo Plant was nearing its limit. The Motomiya Plant has been installed with the latest machinery and other equipment. It can respond to customer needs though manufacturing high-value-added products.

I think the Motomiya Plant represents the full strengths of All Starzen. We manufacture hamburg steaks from a steady supply of raw materials from STARZEN MEAT PROCESSOR Co., Ltd. within the Overseas Division. Our products go to diverse customers with various business formats in a wide range of locations, centering on Starzen Sales Co., Ltd. and Zenchiku Sales Co., Ltd. This is possible because of the Starzen Group's integrated structure from upstream to downstream. Our mission is to reflect in our products customer needs that can be understood only through our direct sales system. Going forward, I will continue to contribute to strengthening the sales effectiveness of the Starzen Group through the stable supply of safe and reliable products.

Anniversary Upgrades of "Plump and Soft Hamburg Steak" and "Cheese-In Hamburg Steak"

To commemorate the establishment of the Motomiya Plant in October 2018, and as a thank you to customers for their long-term patronage, we rolled out new versions of "Plump and Soft Hamburg Steak" and "Cheese-In Hamburg Steak." By making full use of the capabilities of the Motomiya Plant, with its state-of-the-art equipment, we have managed to produce delicious products by improving the quality of the ingredients while keeping prices and volumes unchanged. Sales volume has doubled compared with sales of the previous products, supported by aggressive All Starzen promotional activities.

Sales

Starzen has over 50 sales branches across Japan. At these sales branches, we value face-to-face contact with customers in which we receive their orders and directly deliver our products to them using Company-owned trucks. The opportunity to meet customers and converse with them gives us deeper understanding of their needs and also helps us quickly grasp market trends. By working closely with our customers to resolve the issues they are facing together, we are able to gain a good sense of what kinds of products we should be developing in our production and food processing operations. Close contact with customers helps us acquire the knowledge needed for proposal-based sales from the customer's perspective. This approach embodies the tradition of the Starzen Group and is a core Group strength.

I strive to improve profitability of the Starzen Group.

Motoaki Fujiwara
Shonan Sales Center
Starzen Sales Co., Ltd.

Shonan Sales Center conducts proposal-based sales of meat and processed meat products for customers in western Kanagawa Prefecture. Its staff visit customers every day to make deliveries and hold face-to-face business discussions. My mission as the center manager is to create a supportive work environment for staff while taking measures that will enhance customer satisfaction and increase the profits of the entire Starzen Group.

In recent years, Shonan Sales Center has been rearranging delivery routes with a view to improving delivery efficiency and strengthening sales effectiveness. Restructuring in the retail industry has led to growing sales at mass-volume retailer customers of the Shonan Sales Center. This made me feel that we needed to assign sales staff specializing in sales to such mass-volume retailers. We worked with local sales offices to optimize delivery efficiency while being careful to gain the understanding of customers. This enabled more-detailed negotiations with mass-volume retailers, while also reducing the working hours of staff. We will continue to take on various challenges to perpetuate the Starzen Group tradition of proposal-based sales to customers that are useful to them and reflect wisdom gained through close contact with them.

Our "Chef Lady" Specialist Food Marketing Team

"Chef Lady" is a specialized team that makes sales promotions and marketing proposals from the consumer's perspective. Chef Lady experts suggest ideas for store menus, help plan sales promotions, suggest improvements to sales floors, and conduct market research and surveys into current trends. Besides being a team of professionals with extensive food-related qualifications, our Chef Lady expert offer practical advice from the standpoint of housewives. They also provide key input for Starzen's planning of hit products.

Quality Control

Our management vision sets out the goal of becoming "a global daily-life related company delivering happiness through our food value chain." Adhering to that goal, the Starzen Group has established the following Quality Policy in an effort to further enhance the quality of its products and satisfy its customers.

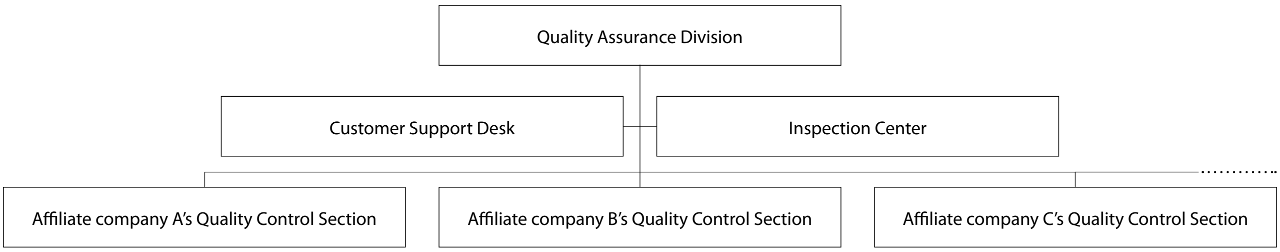
The Starzen Group Quality Policy

1. Adherence to Laws and Regulations
The Starzen Group adheres to all items required by law, including food-related regulations.

2. Establishment of a Groupwide Quality Assurance Structure
To ensure the safety and security of its food products, the Starzen Group continues to enhance its quality assurance structure through Groupwide collaboration.

3. Customer First
The Starzen Group earnestly listens to customer feedback and strives to provide its customers with accurate and thorough information.

Safety Management and Quality Control at Starzen Group Companies



Initiatives to Enhance the Starzen Group's Safety Management and Quality Control

Establishment of Quality Assurance Division

The Quality Assurance Division is an independent business unit that guarantees the safety and quality of products related to all processes from product planning and design to purchasing, processing and manufacturing, distribution, and sales. We are strengthening our system for building quality into our products by engaging in product creation from the product design stage and planning products that meet customers' quality demands. In addition, each Group company has established a Quality Control Section under the direct control of the Quality Assurance Division. In this way, we are building a system that maintains Groupwide quality assurance at the highest level.

Obtaining SQF and other External Certification

The Starzen Group is promoting the acquisition of SQF (Safe Quality Food) certification at branches, an international standard for ensuring food safety and quality based on HACCP. Currently, 55 Group locations have received SQF certification. Through regular third-party inspections for international standards such as SQF as well as internal inspections conducted by the Group Quality Assurance Division, we seek to ensure the safety and quality of the products we supply from both internal and external perspectives.

Initiatives to Reduce Food Loss and Waste

One of the targets of Sustainable Development Goal (SDG) 12 ("responsible consumption and production") is to halve per-capita global food waste. Improving the quality of production and processing plants by further raising hygiene levels can extend the expiration date of food and contribute to reducing food loss. In addition, we are reducing the volume of waste through the involvement of the Quality Assurance Division from the product planning stage to ensure production systems that do not produce defective products.

We certify product quality and food safety through Groupwide collaboration.

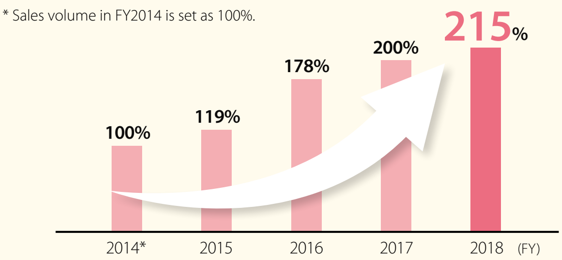
Naomi Kurono
Product Management Section,
Quality Assurance Department, Quality Assurance Division

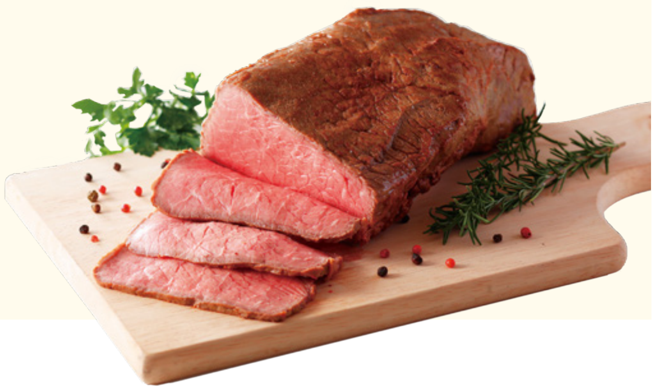
The Quality Assurance Division guarantees the safety and quality of all processes related to our products. Although we are an independent business unit, it is vital that we think and act as All Starzen because cooperation with each department including sales, product development, and manufacturing will lead to the creation of products trusted by customers. I support the production of safe and high-quality products by identifying and pointing out sanitation and quality control issues in the manufacturing process under food-related laws and Group standards. I am also responsible for inspecting product packaging. No matter how good a product is, if an allergen is not listed on the packaging, a serious accident could result, so the product must be recalled. Exaggerated claims in labeling amount to misleading representation, and sales in such cases are prohibited. Normally, quality management operations tend to involve responding after the problem has come to light. But I think we must build quality into our products from the planning stage so that we can identify risks before anything can occur. The job carries a lot of responsibility, but I feel proud to play my part in supporting the quality of our products. Looking ahead, I would like to learn about manufacturing a wide range of food products, not just meat and processed meat, to help realize the Company's aim of becoming a "comprehensive meat processing manufacturer." My aim is to become a specialist in quality control that satisfies the quality requirements of a diverse array of customers.

Expanding Sales of Roast Beef through All Starzen

Our roast beef has received high praise for both taste and quality. We are committed to selecting raw materials based on **the Group's extensive procurement network**.
Manufacturing is handled by LOHMEYER CORPORATION's Tochigi Plant. Based on accumulated know-how, we **produce a variety of products for a wide range of applications**, from retail to dining out and gifts. After production, roast beef can be **sliced at one of our processing centers**, used by **pre-packaging** facilities to create meat salads combined with vegetables, and used in specially prepared dishes according to customer requirements. For ease of use at the cooking site of a store or a restaurant, the roast beef may be presented with the sliced surface evenly arranged, or separated into individual pieces such as rolls. **Applications for roast beef have widened** beyond sandwiches to include rice bowls and side dishes such as hand-rolled sushi. All processing and manufacturing plants are SQF-certified and have **strict quality control systems**. We are helping reduce food loss and waste through the use of high-quality products and patented technology.

Increasing Sales of Roast Beef





CSR Activities

Basic Policy

The Starzen Group is committed to contributing to the development of a sustainable society by addressing social issues through business activities that align with our compliance policies. We believe that CSR activities across "All Starzen" will lead to the attainment of the sustainable development goals (SDGs).

Specific Initiatives

Reducing Food Loss and Waste

We are introducing technology to extend the expiration dates of food. As an example, we have introduced equipment to slice and vacuum seal fresh meat from our own plants while meeting the strictest sanitary standards, thus improving shelf life (see also page 14 for details).

Support for Regional Communities

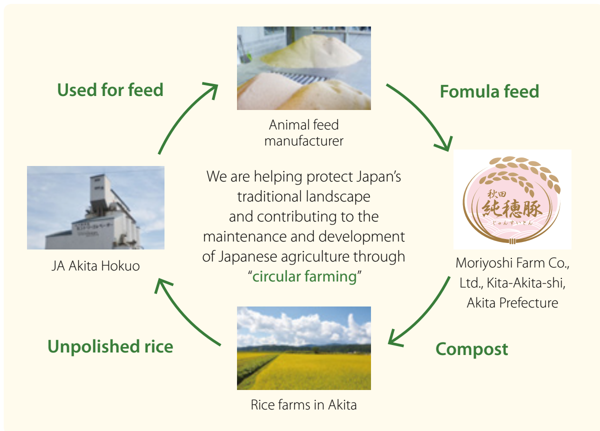
We provide school lunches to elementary schools and undertake cleaning and beautification activities near our offices, participate in welfare activities, and support local sports events. As an example, in October 2018, we donated branded pork processed by the Misawa Pork Center from hogs raised in Misawa City, Aomori Prefecture, to nearby elementary schools, contributing to local production for local consumption.

Key Initiatives for Compliance

We hold regular meetings of the Compliance Committee, which consists of directors and outside professionals. The Company actively promotes compliance-related activities such as publishing educational articles in internal newsletters, presents lectures during training, and has established various consultation offices inside and outside the Company available to all employees.

Promoting Environmentally Sustainable Agriculture

In cooperation with Japan Agricultural Co-operative (JA) Akita Hokuo, we produce fermented compost. This is used to grow animal feed rice in paddy fields covering 250 hectares. Coming full circle, that rice is used as fodder for high-grade Akita Junsuiton pork. This initiative was recognized at the Food Action Nippon Award 2015 for its contribution to improving food self-sufficiency and preventing the increase in degraded farmland and fallow fields.



Donations to the UN World Food Programme

The United Nations World Food Programme (WFP) aims to deliver food support as part of the UN's Sustainable Development Goal 2: Zero Hunger—to end hunger, achieve food security, improve nutrition, and promote sustainable agriculture. Since 2018, we have been a councilor to the WFP, and we support its activities through donations.

SDGs

The 2030 Agenda for Sustainable Development ("the 2030 Agenda") is a set of international development goals adopted by the UN Sustainable Development Summit held in September 2015. The 2030 Agenda consists of 17 goals and 169 targets.

Human Resources

Basic Policy

The Company believes that human resources are the most important management asset for realizing the growth of the Starzen Group as a whole. The Company actively recruits and cultivates human resources with the aim of realizing its management vision. In addition, as stated by its management philosophy, the Company emphasizes the creation of a workplace environment in which its employees can grow through their positions.

Human Resource Development Program

Implementing Training

Management Cram School

President Tsuyoshi Nakatsuhama serves as a lecturer and explains to employees selected as candidates for management positions what Starzen Group managers should keep in mind, the history of the Starzen Group, and the importance of taking a comprehensive view. He aims to nurture human resources who can propose business development and other plans.

Business Leader Training

The Company holds visits to Group company sites in Japan and overseas comprised of its next-generation managerial candidates. During the visits they see for themselves challenges within the Group and develop the ability to propose improvement measures. In fiscal 2018, six employees visited Zenchiku Australia and related farms and exchanged opinions with local staff. At the same time, we set problem-solving themes for each person and they gave presentations to management.


Training in Australia

Other Training Programs

As part of career development, we provide opportunities to learn about management, morals, and harassment as part of efforts to meet the need for diverse business skills, including a knowledge of meat and marketing while respecting diversity in people and values. We also conduct on-site training across Group companies to promote mutual understanding between different fields and raise awareness of the All Starzen concept.


Training conducted by the president

Cultivating Expert Human Resources

In addition to training, we encourage employees to acquire Oniku Kentei ("meat expert") qualifications and the "Level 1 Meister Certification for beef and pork portion production" qualification, among other meat-related qualifications. By doing so, we aim to expand the ranks of our qualified professionals.

Oniku Kentei (total, topics 1 to 7)

Employees who have passed the level 1 skill exam: 1,205

Employees who have passed the level 2 skill exam: 227

Level 1 Meister Certification for beef and pork portion production*

Certified employees (beef): 17

Certified employees (pork): 35

Ham, sausage, and bacon manufacturing technicians*

Employees who have passed the level 1 skill exam: 15

Employees who have passed the level 2 skill exam: 24

* As of March 31, 2019

Promoting the Active Role of Employees

Promoting the Active Participation of Women

To promote the recruitment and cultivation of a diverse pool of human resources, the Company is endeavoring to encourage and facilitate the active participation of women. As part of this effort, we have established a system that provides female employees with leave before and after giving birth and for childrearing. In addition, to realize a balance between raising children and pursuing a career, the Company has introduced a system that gives women the option to work shorter hours until their children reach the age of nine (longer than stipulated by Japanese law). The ratio of women giving birth who took maternity leave or childcare leave in fiscal 2018 was nearly 100%.

Promoting Workstyle Reforms

To ensure that all employees can plan their paid leave, the Company has introduced a "scheduled paid leave" system in which employees apply for all of the paid leave allotted to them for the year beforehand in April. This system helps encourage employees to make more use of their paid leave.

Recruiting

Employee Recruitment Numbers

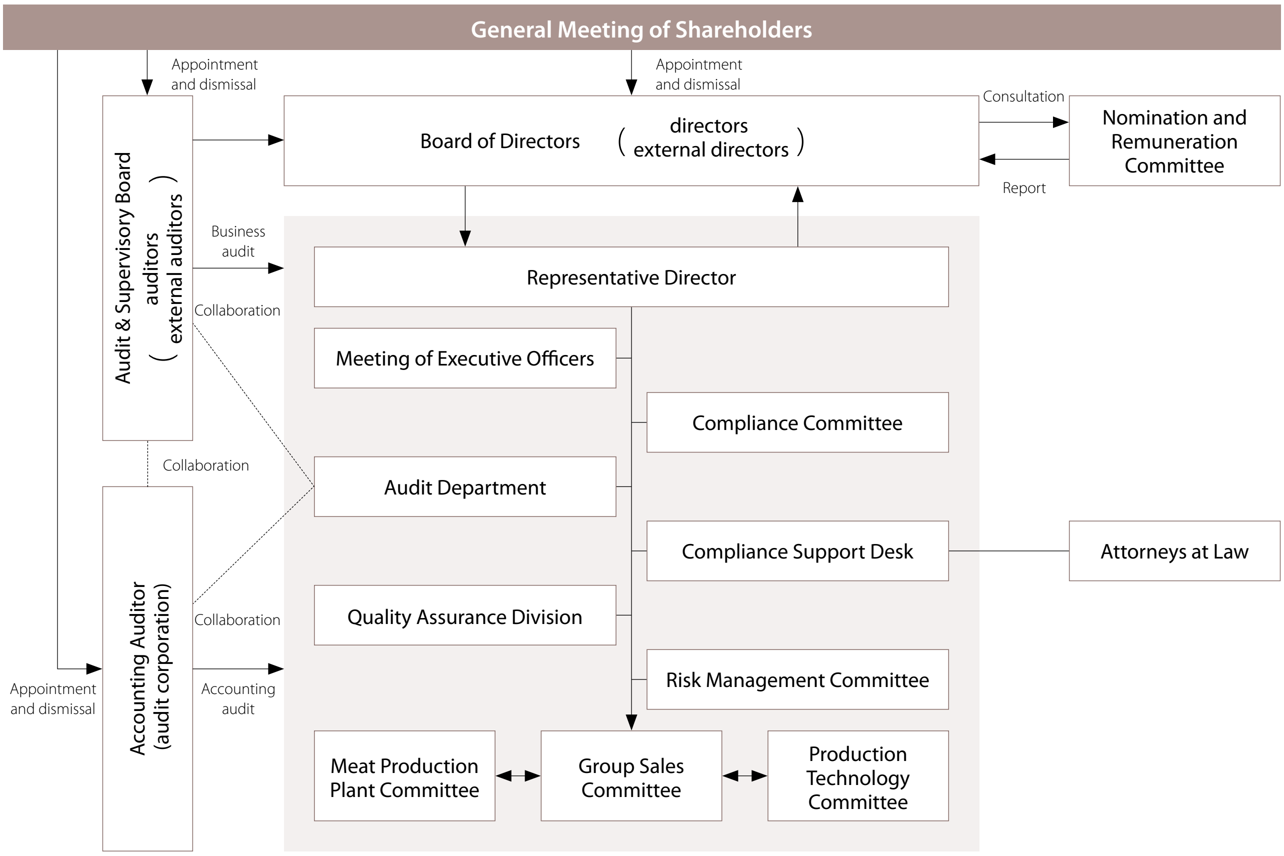
The Company actively recruits both new graduates and mid-career hires. In the fiscal year ended March 31, 2019, the Company hired 114 new graduates (87 men and 27 women) (consolidated).

Corporate Governance

Basic View

The Starzen Group has adopted as key elements of its management philosophy "Become a Company with Which Our Customers are Happy to Do Business," "Grow through Our Work," and "Take Action as Team Starzen," while our management vision is expressed in "Our Goal is to Become a Global Daily-Life Related Company Delivering Happiness through Our Food Value Chain." To put these into practice while fulfilling its social responsibilities to all stakeholders, realizing sustainable growth, and improving corporate value over the medium to long term, the Company is striving to strengthen its corporate governance. With the aim of maintaining a balance between management supervision and business execution and ensuring transparency, fairness, speed, and decisiveness of decision making, the Company is making concerted efforts to enhance its corporate governance structure, appropriately taking into account the intentions behind each principle of Japan's Corporate Governance Code. In addition, we have drawn up our "Code of Conduct and Corporate Behavior Guidelines" in order to conduct corporate activities with transparency and fairness with an emphasis on corporate ethics, and we are striving to ensure strict compliance with them.

Corporate Governance Structure (As of June 27, 2019)



Organizational structure	Company with Audit and Supervisory Board
Number of directors	13
Number of external directors	3
Term of office for directors under articles of incorporation	1
Number of Audit & Supervisory Board members	4
Number of external Audit & Supervisory Board members	3
Accounting auditor	Ernst & Young ShinNihon LLC

Explanation of Structure and Instructional Design

Board of Directors

Role and Overall Composition

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.

The Board of Directors is made up of people who are able to fulfill the obligations of the director role and possess various insights, experiences, and capabilities. The Company shall appoint no more than 20 members to the Board. Of these members, the Company appoints several external directors (at the very least, two people who fulfill the Independence Criteria for Independent External Directors).

External directors (including independent external directors) participate in important decision making at 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. To that end, they request information from the Company as necessary. In addition, they exchange opinions with the Audit & Supervisory Board with regard to the Company's management.

From an independent standpoint, the independent external directors 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 from the perspective of general shareholders to protect the rights of these shareholders and ensure that profits are shared with them.

Appointment

1. The Company appoints persons to the position of director who possess knowledge and experience that enables them to engage in management in an appropriate, fair, and efficient manner, in addition to possessing a sufficient amount of social trust. In regard to candidates for external directors, as a general rule, the Company appoints persons who fulfill the following requirements to ensure that the Board of Directors can sufficiently leverage its supervisory functions.
   - Persons who have a high level of expertise and an abundance of experience in areas such as corporate management, risk management, internal controls including adherence to laws, corporate ethics, management quality, and macroeconomics
2. In regard to executive officers, the Board of Directors appoints persons that are well-versed in Company-related matters and are able to fulfill all the responsibilities required of the executive officer position.
3. In regard to the appointment of candidates for external directors and executive offers, the Board of Directors decides on appointments. The reasons for the appointment of each director are disclosed appropriately.

Term of Office

As specified under the articles of incorporation, the term of office for Audit & Supervisory Board members 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 Audit & Supervisory Board members shall not exceed eight years in consideration of ensuring independence.

Audit & Supervisory Board and Audit & Supervisory Board Members

Role and Overall Composition

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. In this manner, the Audit & Supervisory Board conducts audits of the execution of duties by the Board of Directors, as well as the internal control systems, business conditions, and financial performance of the Company and its subsidiaries.
The Company shall endeavor to improve the system to ensure the effectiveness of the corporate auditors. In addition to cooperating with the Audit Department, corporate auditors exchange opinions with external directors and provide information obtained through audit activities.

Appointment

1. For inside Audit & Supervisory Board member candidates, the Company appoints persons who possess knowledge and experience that enables them to engage in auditing activities in an appropriate, fair, and efficient manner, in addition to possessing a sufficient amount of social trust. For external Audit & Supervisory Board member candidates, as a general rule, the Company appoints persons who fulfill the following requirements to ensure that the Audit & Supervisory Board can sufficiently leverage its auditing functions.
   - Persons who have a high level of expertise and an abundance of experience in areas such as corporate management, risk management, internal controls (including adherence to laws), corporate ethics, management quality, and macroeconomics
2. In regard to the appointment of Audit & Supervisory Board member candidates, the Board of Directors decides on

appointment after receiving the consent of the Audit & Supervisory Board relating to the proposal for appointment at the General Meeting of Shareholders. The reasons for appointment are disclosed appropriately.

Term of Office

As specified under the articles of incorporation, the term of office for Audit & Supervisory Board members shall be until the close of the General Meeting of Shareholders relating to the last fiscal year ending within four years after election. As a general rule, the term of office for external Audit & Supervisory Board members shall not exceed eight years in consideration of ensuring independence.

Nomination and Remuneration Committee

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

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.

Training

The Company provides individual directors and Audit & Supervisory Board members with opportunities to receive training that best caters to them and helps cover the costs of such training. These opportunities are offered to directors and Audit & Supervisory Board members—including external directors and external Audit & Supervisory Board members—when they assume office in order to have them gain the necessary knowledge related to the Company's business, financial conditions, and organizational structures, in addition to acquiring a sufficient understanding of the roles and responsibilities that are required for their position. The Company offers these opportunities throughout the period directors and Audit & Supervisory Board members hold their position to allow them to further reinforce their knowledge and understanding.

Management Succession Plans, etc.

The Company regards the selection of the President and CEO as its most important strategic decision and formulates plans for succession (next-generation management) to ensure proper management. The Nomination and Remuneration Committee deliberates on successor plans and reports its decisions to the Board of Directors. It continuously discusses and reviews plans taking into account changes in the business environment. The Board of Directors appropriately supervises the status of the execution of the succession plans. In addition, in the event of significant damage to the Company's reputation or trust in it due to misconduct by the CEO, the Board of Directors will dismiss the CEO based on reports from the Nomination and Remuneration Committee.

Attendance

Name	Attendance during the fiscal year ended March 31, 2019
Wataru Ohara	Board of Directors' meetings 13 out of 13
Isao Fujiwara	Board of Directors' meetings 13 out of 13
Hideki Hojo	Board of Directors' meetings 13 out of 13, Audit & Supervisory Board meetings 8 out of 8
Makiko Yamamoto	Board of Directors' meetings 13 out of 13, Audit & Supervisory Board meetings 8 out of 8
Shingo Ogoshi	Board of Directors' meetings 13 out of 13, Audit & Supervisory Board meetings 8 out of 8

Evaluation of Effectiveness

Evaluation of the Effectiveness of the Board of Directors

Based on the Company's 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 and other methods in order to ensure effective decision making by the Board. The method and results of these evaluations in the fiscal year ended March 31, 2019, are as follows.

▶ Evaluation Method

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

Content of Survey 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 programs
7. Governance structure and overall effectiveness of the Board of Directors
8. Other

▶ Evaluation Result

Based on the results of the survey of directors and Audit & Supervisory Board members, the Company has determined that the overall effectiveness of the Board of Directors has been secured. It was judged that an environment conducive to the expression of opinions had been maintained and that improvements had been made in such areas as collaboration between the external directors and Audit & Supervisory Board members, the prompt distribution of materials used to examine agenda items, and explanations ahead of meetings.

From the perspective of corporate governance, we are working to make improvements in key areas identified by the survey as requiring attention, including finding the time needed to review important projects, enhancing feedback to the Board of Directors on dialogue with investors, and training methods for directors.

Advisors and Counselors

Leveraging their knowledge and experience, the Company's advisors and counselors offer advice from the standpoint of not being legally involved in the Company's management. This advice is only offered when solicited by the representative director. Additionally, advisors and counselors indirectly contribute to the Company's business performance in such ways as engaging in industrial and financial circle activities, local contribution activities, and activities to maintain relationships with business partners.

Advisors are strictly selected from individuals who have previously held a director position at the Company, while counselors are chosen from experts in various fields. The Board of Directors approves the appointment of advisors and counselors.

Officer Remuneration

(1) 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
   - Strengthen officer incentive to improve business performance through the introduction of performance-based remuneration
   - When determining individual compensation, consider industry standards and reference remuneration levels of other companies with which making comparisons is appropriate. At the same time, evaluate the validity of remuneration amounts. When doing so, compare remuneration levels with those of other officers at the Company and officers of companies that belong to the same industry as the Company
2. The Nomination and Remuneration Committee examines systems related to director and executive officer remuneration and individual remuneration amounts and reports the results of these examinations to the Board of Directors.
3. The Nomination and Remuneration Committee reports the process used for determining director and executive officer compensation to the Board of Directors. Additionally, the specific amount allocated to directors and executive officers is decided on by the representative director and kept within limits determined through a resolution of the General Meeting of Shareholders.

(2) Remuneration for directors and executive officers

Remuneration for directors (excluding external directors) and executive officers comprises a fixed remuneration and a performance-based remuneration in order to offer further incentive to help realize sustainable growth for the Company in the future. Remuneration for external directors consists only of a fixed remuneration.

(3) 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.

Officer Classification	Total Remuneration Amount, Etc. (Millions of yen)	Total Amount by Remuneration Type, Etc. (Millions of yen)			Number of Officers for which Remuneration is Applicable
		Fixed Remuneration	Performance-Based Remuneration	Retirement Bonus	
Directors (excluding external directors)	319	118	200	—	8
Audit & Supervisory Board members (excluding external Audit & Supervisory Board members)	14	14	—	—	1
External directors	34	34	—	—	5

Note: One director is not included above as he does not receive remuneration.

Reason for Appointment of External Officers

Name	Independent Officer	Significant Concurrent Positions	Reasons for Appointment
Wataru Ohara	○	President & CEO of Teikoku-Soko Co., Ltd. Outside Audit & Supervisory Board member at Oriental Motor Co., Ltd.	Mr. Ohara has many years' experience as a manager of financial institutions and operating companies and has extensive experience and insight into corporate management. He has been appointed as an external director to oversee the decision-making process of the Group and to offer appropriate advice for the common benefit of the shareholders.
Hiroyuki Umeno	○	—	Mr. Umeno has been engaged in banking and finance for many years and has specialized knowledge and insight. He has been appointed as an external director to oversee the decision-making process of the Group and to provide appropriate advice for the common benefit of the shareholders.
Yutaka Nagoya	—	—	As Operating Officer of the Food Business Unit at Mitsui & Co., Ltd., Mr. Nagoya has extensive knowledge regarding the entire food business, including the livestock business. He has been appointed as an external director to oversee the decision-making process of the Group and to provide appropriate advice for the common benefit of the shareholders.
Hideki Hojo	○	—	Mr. Hojo has been appointed as an external corporate auditor because he has abundant experience and extensive insights from his work at financial institutions and the Company believes he will provide appropriate checks and advice as an external corporate auditor.
Makiko Yamamoto	○	Attorney at law, TMI Associates Outside Director at SIGMAXYZ Inc.	Ms. Yamamoto has been appointed as an external corporate auditor because the Company believes she will appropriately perform her duties as an external corporate auditor from the professional perspective of a lawyer.
Shingo Ogoshi	○	Senior Partner of Ogoshi Accounting & Tax Corporation	Mr. Ogoshi has been appointed as an external corporate auditor because the Company believes he will appropriately perform his duties as an external corporate auditor from the professional perspective of a lawyer.

Strategic Shareholdings*

Basic Policy

The Company holds shares in the companies of its customers and business partners (strategic shareholdings) in the event it deems that doing so will help improve the corporate value of the Starzen Group over the medium to long term. For example, cross-shareholdings can contribute to corporate value improvement in such ways as helping the Company establish stable, long-term relationships with customers and business partners or strengthen existing relationships through business collaboration.

Confirming the Status of Strategic Shareholdings

The Company verifies the medium- to long-term economic rationality and future outlooks of its strategic shareholdings. In addition, the Company confirms the purpose and reasonableness of its strategic shareholdings at the Board of Directors' meeting held at the start of each fiscal year.

Status of Strategic Shareholdings

(As of March 31, 2019)

Shares: 57

Total value recorded on the balance sheet: ¥4.6 billion

* Shares held for purposes other than investment

Dialogue with Shareholders

To thoroughly secure shareholder rights and equality, the Company strives to establish an environment in which shareholders can exercise their rights appropriately. Furthermore, in order to realize sustainable growth and improve corporate value over the medium to long term, the Company has established a structure for holding constructive dialogue with shareholders in settings other than the General Meeting of Shareholders.

Main IR Activities during Fiscal 2018

Activities	Number of times held / issued
Earnings briefings	2
General Meeting of Shareholders	1
Annual Reports	1
Business Reports	2

Opinions from External Officers

Director (External)

Wataru Ohara

I believe that the Board of Directors provides an environment in which external directors can freely express their opinions and maintain its effectiveness. At the same time, the level of business expertise required is high and I would like the Company to continue to take time to brief new external officers. As an external director, I see myself as a stakeholder representative. I aim to fulfill my responsibility to ensure that external perspectives and diverse viewpoints are taken into account in decision making and that decisions do not reflect solely internal considerations. In that way, I will strive to prevent erroneous management decisions.

Director (External)

Hiroyuki Umeno

I have been involved in corporate management from a financial aspect in my roles as an employee of financial institutions. Following my retirement, I participated in the management of multiple organizations. I was appointed as an external director by Starzen in June 2019 to apply the knowledge gained from these experiences to the Company's management. The issues companies need to address are becoming increasingly diversified and the management environment is changing day by day. For this reason, it is important to regularly review the corporate governance system. I intend to provide appropriate advice and recommendations for the sustainable growth of Starzen and the enhancement of its corporate value over the medium to long term.

Director (External)

Yutaka Nagoya

I was only appointed as an external director of the Board of Directors as recently as June 2019. In that time, however, I have felt that active discussions by appropriate directors take place at meetings of the Board of Directors. I also feel that appropriate management decisions are made and that governance is functioning effectively. In various roles at a trading company, I have been involved in food-related businesses, overseas corporate management, and human resources and general affairs. I will do all I can to use that experience to provide support not only from a "defensive" but also an "aggressive" perspective. I aim to offer appropriate advice for management decisions that contribute to augmenting Starzen's value.

Full-time Auditor (External)

Hideki Hojo

As an Audit & Supervisory Board member, my focus is on whether the decision-making process is rational, whether decisions conform to the law, and whether they contribute to the long-term growth of Starzen. In general, I believe that corporate management needs to respond flexibly to the constantly changing external environment and to develop and execute the necessary strategies. I expect more discussions to be held not only on individual issues but also on themes related to business direction and management strategy. We will ensure that the Company continues to grow as it makes a great leap forward.

Auditor (External)

Makiko Yamamoto

I aim to ensure that the decision-making process on all matters is well-balanced and is consistent with the Company's responsibilities to its stakeholders and to the Company's management vision, especially from a long-term perspective. As a lawyer, I am aware of the need for strict compliance with professional ethics and laws and ordinances. Our internal control system and compliance system continue to evolve in order to function effectively. All the same, I believe we need to improve awareness of matters relating to laws and contracts in everyday business. I look forward to working on building a stronger foundation in the future.

Auditor (External)

Shingo Ogoshi

In recent years, the number of investment projects at Starzen has increased. I pay close attention to whether robust risk management has been part of the decision-making process. Aggressive management is of course important, but it requires sound risk management based on the foundations of corporate governance. As an external Audit & Supervisory Board member who is a certified public accountant, I intend to play a role in aggressive corporate governance. As part of this, I will actively discuss the appropriateness of assessments of investment projects under review, of risk management from a quantitative perspective, and of the effectiveness of future recovery plans.

Board Members and Executive Officers

(As of June 27, 2019)

1 Tsuyoshi Nakatsuhama

Chairman, President & CEO

2 Akira Nagano

Executive Vice President
Representative Director

3 Koichi Terashi

Senior Managing Director
General Manager of Quality Assurance Division

4 Kazuhiko Yokota

Managing Director
General Manager of Sales Division

5 Kaoru Mohara

Director
General Manager of Breeding and Farming Division

6 Yasuaki Irie

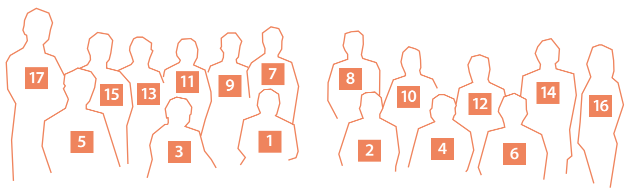
Director
General Manager of SMP Management Division

7 Masao Uzurahashi

Director
General Manager of Overseas Division

8 Motoyasu Hasebe

Director
General Manager of Production Division



9 Masamichi Takahashi
Director

10 Ryoichi Takahama
Director
Director, Deputy General Manager of Sales Division

11 Wataru Ohara
Director (external)
President & CEO, Teikoku-Soko Co., Ltd.
Outside Audit & Supervisory Board Member, Oriental Motor Co., Ltd.

12 Hiroyuki Umeno
Director (external)

13 Yutaka Nagoya
Director (external)
Operating Officer of Food Business Unit, Mitsui & Co., Ltd.

14 Toshio Nakai
Full-time Auditor

15 Hideki Hojo
Full-time Auditor (external)

16 Makiko Yamamoto
Auditor (external)
Attorney at Law, TMI Associates
Outside Director, SIGMAXYZ Inc.

17 Shingo Ogoshi
Auditor (external)
Senior Partner of Ogoshi Accounting & Tax Corporation

Board Members and Executive Officers

(As of June 27, 2019)

Directors

1 Tsuyoshi Nakatsuhama

Apr.	1972	Joined Starzen Co., Ltd.
Mar.	2000	Executive Officer, General Manager of Sales Division
Apr.	2002	President & CEO, Zenchiku Sales Co., Ltd.
Jun.	2004	Director, General Manager of Sales Division
Oct.	2008	President & CEO, Starzen Meat Group Co., Ltd. (currently STARZEN MEAT PROCESSOR Co., Ltd.)
Apr.	2010	President & CEO, LOHMEYER CORPORATION
Jun.	2011	Senior Managing Director
Apr.	2012	President & CEO
Apr.	2018	Chairman, President & CEO (current position)

2 Akira Nagano

Apr.	1978	Joined Starzen Co., Ltd.
Apr.	1996	General Manager of 1st Department, Zenchiku Sales Co., Ltd.
Mar.	1999	General Manager of Business Development Department
Apr.	2003	Managing Director, LOHMEYER CORPORATION
Apr.	2006	Executive Officer, General Manager of General Affairs Division
Apr.	2009	Executive Officer, General Manager of Planning and Administrative Division
Jun.	2011	Managing Director, General Manager of Planning and Administrative Division
Apr.	2016	Senior Managing Director
Jun.	2017	Representative Senior Managing Director
Apr.	2018	Executive Vice President, Representative Director (current position)

3 Koichi Terashi

Feb.	1981	Joined Starzen Co., Ltd.
Jan.	2001	General Manager of Mass Retailer Business Department
Apr.	2007	Executive Officer, General Manager of Domestic Meat Department
Oct.	2008	President & CEO, Starzen Eastern Area Sales Co., Ltd. (currently Starzen Sales Co., Ltd.)
Apr.	2010	President & CEO, Starzen Meat Group Co., Ltd. (currently STARZEN MEAT PROCESSOR Co., Ltd.)
Jun.	2011	Director
Apr.	2016	Managing Director
Jun.	2017	Representative Managing Director
Apr.	2018	Representative Senior Managing Director
Apr.	2019	Senior Managing Director, General Manager of Quality Assurance Division (current position)

4 Kazuhiko Yokota

Apr.	1986	Joined Starzen Co., Ltd.
Mar.	1999	Sales Branch Manager of Fujisawa Sales Branch
Feb.	2006	General Manager of Mass Retailer Business Department
Oct.	2010	President & CEO, Starzen Broad Area Sales Co., Ltd. (currently Starzen Sales Co., Ltd.)
Apr.	2013	Executive Officer
Jan.	2014	Executive Officer, General Manager of Sales Division
Apr.	2015	Managing Executive Officer
Jun.	2016	Director
Apr.	2017	President & CEO, Starzen Sales Co., Ltd. (current position)
Apr.	2018	Managing Director
Apr.	2019	Managing Director, General Manager of Sales Division (current position)

5 Kaoru Mohara

Apr.	1979	Joined Starzen Co., Ltd.
Jun.	2004	General Manager of Domestic Meat Department, Domestic Meat Division
Feb.	2006	General Manager of Administration Department, Starzen Meat Group Co., Ltd. (currently STARZEN MEAT PROCESSOR Co., Ltd.)
Apr.	2007	Executive Officer
Apr.	2011	President & CEO, STARZEN MEAT PROCESSOR Co., Ltd.
Jun.	2015	Director
Apr.	2018	Managing Director
Apr.	2019	Director, General Manager of Breeding and Farming Division (current position)

6 Yasuaki Irie

Apr.	1984	Joined Mitsui & Co., Ltd.
Apr.	2006	General Manager of Grain Office, Grain, Fats and Oils Department, Mitsui & Co., Ltd.
Sept.	2008	Senior Vice President, Multigrain S.A. (Brazil)
Oct.	2010	General Manager of Kyushu Food Division, Mitsui & Co., Ltd.
Apr.	2014	Executive Vice President, Starzen International Co., Ltd.
Jun.	2014	President & CEO, Starzen International Co., Ltd.
Apr.	2015	Executive Officer
Jul.	2015	Director
Feb.	2018	Executive Vice President, STARZEN MEAT PROCESSOR Co., Ltd. President & CEO, Starzen Farm Co., Ltd.
Jun.	2018	President & CEO, STARZEN MEAT PROCESSOR Co., Ltd. (current position)
Apr.	2019	Director, General Manager of SMP Management Division (current position)

7 Masao Uzurahashi

Sept.	2008	Joined Starzen Co., Ltd.
Oct.	2011	President & CEO, STARZEN EUROPE ApS
Jan.	2014	General Manager of Broad Area Sales Department, Starzen Broad Area Sales Co., Ltd. (currently Starzen Sales 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 Executive Vice President, Starzen International Co., Ltd.
Jun.	2017	Director
Apr.	2018	President & CEO, Starzen International Co., Ltd.
Apr.	2019	Director, General Manager of Overseas Division (current position)

8 Motoyasu Hasebe

Apr.	1988	Joined Mitsui & Co., Ltd.
Apr.	2009	President & CEO, Mitsui & Co. HRD Institute
May	2014	Director, Senior Executive Officer, TOHO BUSSAN KAISHA, LTD.
Sept.	2015	Executive Vice President, Starzen International Co., Ltd.
Apr.	2016	Executive Officer President & CEO, Starzen International Co., Ltd.
Apr.	2017	Senior Executive Officer
Apr.	2018	Operating Officer of Food & Retail Management Business Unit, Mitsui & Co., Ltd.
Jun.	2018	Director (external)
Apr.	2019	Director, General Manager of Production Division (current position)

Directors

9 Masamichi Takahashi

Apr. 1986	Joined Starzen Co., Ltd.
Apr. 2009	General Manager of Domestic Pork Broiler Department, Starzen Meat Group Co., Ltd. (currently STARZEN MEAT PROCESSOR Co., Ltd.)
Apr. 2010	Director, General Manager of Domestic Pork Broiler Department, Starzen Meat Group Co., Ltd. (currently STARZEN MEAT PROCESSOR Co., Ltd.)
Apr. 2013	Director, Plant Manager of Misawa Plant (currently Aomori Plant), STARZEN MEAT PROCESSOR Co., Ltd.
Apr. 2016	Senior Managing Director, Plant Manager of Aomori Plant, STARZEN MEAT PROCESSOR Co., Ltd.
Apr. 2017	Executive Officer (current position)
Apr. 2018	Senior Managing Director, STARZEN MEAT PROCESSOR Co., Ltd. (current position)
Jun. 2019	Director (current position)

10 Ryoichi Takahama

Apr. 1988	Joined Starzen Co., Ltd.
Apr. 2009	Director, Sales Branch Manager of Kobe Sales Branch, Starzen Western Area Sales Co., Ltd. (currently Starzen Sales Co., Ltd.)
Apr. 2011	Director, General Manager of Broad Area Sales Department, Starzen Broad Area Sales Co., Ltd. (currently Starzen Sales Co., Ltd.)
Apr. 2013	Senior Managing Director, Starzen Broad Area Sales Co., Ltd. (currently Starzen Sales Co., Ltd.)
Apr. 2014	President & CEO, Starzen Broad Area Sales Co., Ltd. (currently Starzen Sales Co., Ltd.)
Apr. 2016	Managing Director, General Manager of Chukyo and Kinki Area Division, Starzen Sales Co., Ltd.
Apr. 2018	Executive Officer (current position)
Apr. 2019	Managing Director, General Manager of Sales Management Division, Starzen Sales Co., Ltd. (current position)
Jun. 2019	Director, Deputy General Manager of Sales Division, (current position)

11 Wataru Ohara

Apr. 1975	Joined The Mitsui Bank Limited (currently Sumitomo Mitsui Banking Corporation)
Apr. 2007	Managing Executive Officer, Sumitomo Mitsui Banking Corporation Managing Executive Officer, Sumitomo Mitsui Financial Group, Inc.
Apr. 2008	Director, Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation Senior Managing Executive Officer, Sumitomo Mitsui Banking Corporation
Apr. 2009	Representative Director and Deputy President, Sumitomo Mitsui Banking Corporation Deputy President, Sumitomo Mitsui Financial Group, Inc.
Jun. 2010	Representative Director, Deputy President, Sumitomo Mitsui Financial Group, Inc.
Jun. 2011	Advisor, Sumitomo Mitsui Banking Corporation
Jun. 2012	Director, Teisoh Co., Ltd. (currently Teikoku-Soko Co., Ltd.)
Apr. 2013	President & CEO, Teikoku-Soko Co., Ltd. (current position)
Jun. 2017	Director (external), Starzen Co., Ltd. (current position)

12 Hiroyuki Umeno

Apr. 1981	Joined The Norinchukin Bank
Oct. 2002	General Manager of Wakayama Office, The Norinchukin Bank
Jul. 2005	Deputy General Manager of Procedures & Operations Planning Division, The Norinchukin Bank
Nov. 2007	General Manager of Sapporo Branch, The Norinchukin Bank
Aug. 2010	Senior Managing Director, National Federation of Forest Owners' Co-operative Association
Jun. 2013	Senior Managing Director, The Cooperative Servicing Co., Ltd.
Jun. 2019	Director (external), Starzen Co., Ltd. (current position)

13 Yutaka Nagoya

Apr. 1987	Joined Mitsui & Co., Ltd.
Apr. 2007	General Manager of Grain Office, Grain, Fats and Oils Department, Mitsui & Co., Ltd.
Apr. 2009	General Manager of Human Resources Planning Office, Human Resources and General Affairs Division; General Manager of Food and Retail Business Division
Jun. 2013	Director & Executive Vice President, United Grain Corporation
Apr. 2016	Operating Officer of Food Business Unit, Mitsui & Co., Ltd. (current position)
Jun. 2019	Director (external), Starzen Co., Ltd. (current position)

Audit & Supervisory Board Members

14 Toshio Nakai

Apr.	1978	Joined Starzen Co., Ltd.
Jan.	1989	President & CEO, ZENCHIKU (AUSTRALIA) PTY. LTD.
Apr.	2005	Executive Officer, General Manager of Finance and Accounting Division
Jun.	2011	Managing Director, General Manager of Finance and Accounting Division
Apr.	2015	Managing Director, General Manager of Business Operations Division
Apr.	2016	Senior Managing Director
Jun.	2017	Full-Time Auditor (current position)

15 Hideki Hojo

Apr.	1975	Joined The Mitsui Bank Limited (currently Sumitomo Mitsui Banking Corporation)
Apr.	2001	General Manager of Corporate Information Office, Sumitomo Mitsui Banking Corporation
Oct.	2002	General Manager of Corporate Collaboration Department, Daiwa Securities SMBC Co. Ltd. (currently Daiwa Securities Co. Ltd.)
Dec.	2004	Chief of General Affairs Office, Administration Department, TOREX SEMICONDUCTOR LTD.
Jun.	2012	Full-Time Auditor (external), Starzen Co., Ltd. (current position)

16 Makiko Yamamoto

Jul.	1995	Joined TMI Associates
Sept.	2005	Simmons & Simmons, London
Sept.	2006	Attorney at Law, TMI Associates
Jul.	2012	Simmons & Simmons, London
Sept.	2014	Attorney at Law, TMI Associates (current position)
Jun.	2016	Auditor (external), Starzen Co., Ltd. (current position)

17 Shingo Ogoshi

Apr.	2005	Joined ChuoAoyama PricewaterhouseCoopers (currently MISUZU Audit Corporation)
Jul.	2007	ShinNihon LLC (currently Ernst & Young ShinNihon LLC)
Jul.	2015	Ogoshi Nobuyoshi Accounting & Tax Corporation (currently Ogoshi Accounting & Tax Corporation)
Nov.	2015	Senior Partner of Ogoshi Accounting & Tax Corporation (current position)
Jun.	2016	Auditor (external), Starzen Co., Ltd. (current position)

Financial and Non-Financial Highlights

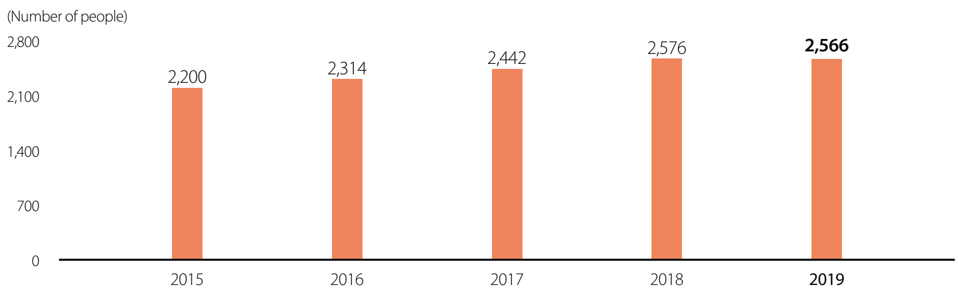
Starzen Co., Ltd.
Years ended March 31

Financial Highlights

	2009	2010	2011	2012
Operating Results (Consolidated) (Billions of yen)				
Net sales	244.5	238.7	262.8	259.3
Operating income	2.4	3.8	2.9	2.6
Ordinary income	2.6	4.0	3.3	3.0
Profit attributable to owners of parent	0.5	1.4	1.6	0.9
Financial Position (Billions of yen)				
Total assets	81.5	86.4	95.4	94.0
Net assets	23.0	24.4	25.1	25.9
Cash Flows (Billions of yen)				
Cash flows from operating activities	0.2	5.7	1.0	1.0
Cash flows from investing activities	(2.3)	(4.5)	(5.4)	(4.4)
Cash flows from financing activities	(2.5)	1.5	1.1	0.6
Management Indicators (%)				
ROE	2.5	6.2	6.8	3.6
ROA	3.3	4.8	3.7	3.2
Equity ratio	27.8	27.8	26.2	27.5
Per Share Information (Yen)				
Earnings per share	7.70	19.33	22.25	12.42
Net assets per share	304.25	322.46	334.64	346.20
Dividends per share	7	7	7	7

Non-Financial Highlights

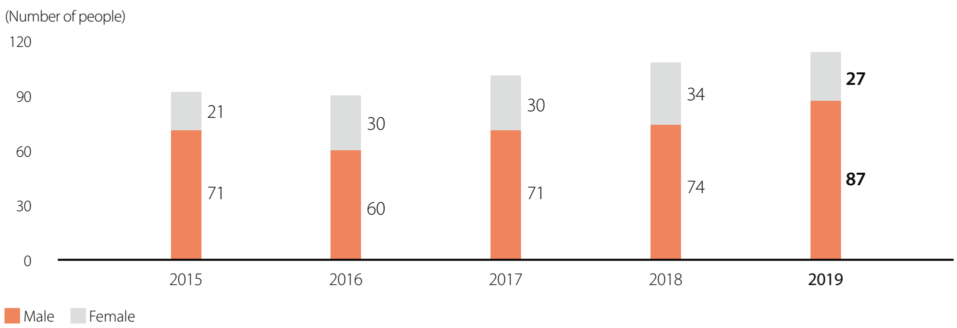
Number of Employees (Consolidated)



2013	2014	2015	2016*	2017	2018	2019
254.1	256.5	282.5	303.4	313.9	340.1	**351.2**
1.8	1.9	3.8	3.9	5.5	5.8	**4.7**
2.1	2.6	4.6	5.5	6.5	7.2	**6.4**
0.8	1.7	2.8	3.7	4.5	5.1	**4.5**
94.8	93.7	111.9	104.4	117.3	122.8	**125.9**
28.3	29.4	32.8	34.9	43.3	47.8	**52.2**
4.9	4.6	(5.8)	13.3	1.8	1.1	**7.0**
(2.8)	(3.2)	(2.0)	(1.3)	(1.7)	(4.4)	**(4.0)**
(2.3)	(0.0)	9.2	(9.6)	3.3	(2.8)	**(2.7)**
3.2	6.0	9.1	11.2	11.7	11.2	**9.1**
2.3	2.8	4.5	5.1	5.9	6.1	**5.2**
29.8	31.5	29.4	33.4	36.9	39.0	**41.5**
11.03	21.87	35.37	472.51	493.21	542.44	**472.02**
354.07	369.28	409.82	4,337.11	4,606.88	5,051.12	**5,363.43**
7	7	8	90	100	120	**120**

* A share consolidation was implemented on common stock with a ratio of ten shares to one share on October 1, 2015

Number of New Graduates Employed (Consolidated)



Consolidated Balance Sheet

Starzen Co., Ltd.
At March 31, 2018 and 2019

(Millions of yen)

	2018	2019
ASSETS		
Current assets:		
Cash and deposits	10,065	**10,246**
Notes and accounts receivable–trade	36,597	**34,533**
Merchandise and finished goods	21,896	**23,424**
Work in process	334	**345**
Raw materials and supplies	1,716	**1,999**
Other	7,005	**8,225**
Allowance for doubtful accounts	(46)	**(100)**
Total current assets	77,568	**78,674**
Non-current assets:		
Property, plant and equipment		
Buildings and structure	27,930	**30,315**
Accumulated depreciation	(16,578)	**(17,381)**
Buildings and structure, net	11,352	**12,933**
Machinery, equipment and vehicles	15,067	**16,833**
Accumulated depreciation	(11,252)	**(12,083)**
Machinery, equipment and vehicles, net	3,815	**4,750**
Land	10,335	**10,870**
Leased assets	1,935	**2,081**
Accumulated depreciation	(654)	**(808)**
Leased assets, net	1,281	**1,272**
Construction in progress	1,719	**92**
Other	1,460	**1,552**
Accumulated depreciation	(1,185)	**(1,222)**
Other, net	275	**329**
Total property, plant and equipment	28,779	**30,249**
Intangible assets		
Goodwill	483	**345**
Leased assets	0	**0**
Other	597	**675**
Total intangible assets	1,081	**1,021**
Investments and other assets		
Investment securities	12,411	**13,143**
Retirement benefit asset	1	**12**
Real estate for rent	1,158	**1,117**
Long-term loans receivable	6	**1**
Deferred tax assets	1,152	**1,105**
Other	726	**682**
Allowance for doubtful accounts	(72)	**(92)**
Total investments and other assets	15,384	**15,970**
Total non-current assets	45,245	**47,241**
Deferred assets		
Bond issuance cost	32	**22**
Total deferred assets	32	**22**
Total assets	122,846	**125,938**

(Millions of yen)

	2018	2019
LIABILITIES		
Current liabilities:		
Accounts payable–trade	16,156	**17,425**
Short-term loans payable	11,015	**5,992**
Current portion of convertible bonds payable	—	**2,817**
Current portion of long-term bonds payable	6,945	**7,555**
Lease obligations	330	**326**
Income taxes payable	1,447	**881**
Provision for bonus	1,709	**1,562**
Accounts payable–other	6,832	**7,527**
Other	2,062	**1,624**
Total current liabilities	46,500	**45,713**
Non-current liabilities:		
Bonds payable	3,100	**3,100**
Convertible bonds payable	3,769	**—**
Long-term loans payable	16,870	**19,825**
Lease obligations	1,014	**1,008**
Net defined benefit liability	1,854	**1,862**
Other	1,851	**2,182**
Total non-current liabilities	28,460	**27,980**
Total liabilities	74,961	**73,693**
NET ASSETS		
Shareholders' equity:		
Capital stock	11,136	**11,612**
Capital surplus	11,991	**12,467**
Retained earnings	23,520	**26,942**
Treasury stock	(142)	**(7)**
Total shareholders' equity	46,507	**51,015**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,632	**1,433**
Deferred gains or losses on hedges	(94)	**12**
Foreign currency translation adjustment	(147)	**(202)**
Remeasurements of defined benefit plans	(12)	**(20)**
Total accumulated other comprehensive income	1,378	**1,223**
Non-controlling interests	—	**6**
Total net assets	47,885	**52,244**
Total liabilities and net assets	122,846	**125,938**

Consolidated Statement of Income / Consolidated Statement of Comprehensive Income

Starzen Co., Ltd.
Years ended March 31, 2018 and 2019

Consolidated Statement of Income

(Millions of yen)

	2018	2019
Net sales	340,119	**351,212**
Cost of sales	309,525	**320,639**
Gross profit	30,593	**30,572**
Selling, general and administrative expenses	24,749	**25,784**
Operating income	5,844	**4,788**
Non-operating income:		
Interest income	12	**13**
Dividend income	95	**99**
Real estate rent	431	**432**
Insurance and dividend income	238	**512**
Equity in earnings of associates	994	**1,045**
Reversal of allowance for doubtful accounts	8	**—**
Other	378	**320**
Total non-operating income	2,160	**2,423**
Non-operating expenses:		
Interest expenses	388	**412**
Expenses for real estate rent	146	**147**
Amortization of bond issuance cost	15	**10**
Provision of allowance for doubtful accounts	33	**56**
Other	150	**167**
Total non-operating expenses	734	**793**
Ordinary income	7,270	**6,418**
Extraordinary income:		
Gain on sales of non-current assets	5	**0**
Gain on sales of investment securities	—	**25**
Subsidy income	—	**271**
Total extraordinary income	5	**297**
Extraordinary losses:		
Loss on sales of non-current assets	0	**—**
Loss on retirement of non-current assets	98	**63**
Loss on valuation of investment securities	4	**22**
Impairment loss	10	**0**
Loss on disaster	—	**45**
Total extraordinary loss	114	**131**
Profit before income taxes	7,160	**6,584**
Income taxes:		
Current	2,144	**1,827**
Deferred	(103)	**184**
Total income taxes	2,040	**2,012**
Profit	5,120	**4,572**
Profit attributable to non-controlling interests	—	**6**
Profit attributable to owners of parent	5,120	**4,565**

Consolidated Statement of Comprehensive Income

(Millions of yen)

	2018	2019
Profit	5,120	**4,572**
Other comprehensive income:		
Valuation difference on available-for-sale securities	128	**(189)**
Deferred gains or losses on hedges	(118)	**105**
Foreign currency translation adjustments	7	**(36)**
Remeasurements of defined benefit plans	3	**5**
Share of other comprehensive income of associates accounted for using the equity method	72	**(40)**
Total other comprehensive income	93	**(155)**
Comprehensive income	5,214	**4,416**
Comprehensive income attributable to:		
Owners of parent	5,214	**4,410**
Non-controlling interests	—	**6**

Consolidated Statement of Cash Flows

Starzen Co., Ltd.
Years ended March 31, 2018 and 2019

(Millions of yen)

	2018	2019
Cash flows from operating activities:		
Profit before income taxes	7,160	**6,584**
Depreciation	2,433	**2,615**
Impairment loss	10	**0**
Increase (decrease) in provision for bonuses	285	**(146)**
Increase (decrease) in net defined benefit liability	23	**(2)**
Increase (decrease) in allowance for doubtful accounts	(5)	**73**
Amortization of goodwill	138	**138**
Interest and dividend income	(108)	**(112)**
Equity in (earnings) losses of associate	(994)	**(1,045)**
Interest expenses	388	**412**
Loss on retirement of non-current assets	98	**63**
Gain on sales of non-current assets	(4)	**(0)**
Loss (gain) on sales of investment securities	—	**(25)**
Loss (gain) on valuation of investment securities	4	**22**
Loss on disaster	—	**45**
Decrease (Increase) in notes and accounts receivable–trade	(7,055)	**1,987**
Decrease (increase) in inventories	481	**(1,836)**
Subsidy income	—	**(271)**
Decrease (increase) in advance payments	(1,058)	**(1,049)**
Increase (decrease) in notes and accounts payable–trade	1,017	**1,327**
Increase (decrease) in accounts payable–other	(81)	**313**
Other	228	**128**
Subtotal	2,963	**9,220**
Interest and dividend income received	169	**281**
Interest expenses paid	(379)	**(417)**
Proceeds from subsidy income	92	**279**
Income taxes paid	(1,683)	**(2,345)**
Payments associated with disaster loss	—	**(18)**
Net cash provided by (used in) operating activities	1,163	**7,000**
Cash flows from investing activities:		
Payments into time deposits	(286)	**(318)**
Proceeds from withdrawal of time deposit	240	**311**
Payments for the acquisition of fixed assets	(3,259)	**(3,952)**
Proceeds from the sale of fixed asset	47	**18**
Purchases of investment securities	(1,110)	**(210)**
Proceeds from sales of investment securities	—	**70**
Net decrease (increase) in short-term loans receivable	(44)	**(18)**
Payments of long-terms loans receivable	(0)	**(0)**
Collection of long-term loans receivable	7	**8**
Other	(58)	**(0)**
Net cash provided by (used in) investing activities	(4,464)	**(4,091)**
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(486)	**(5,023)**
Repayments of long-term loans payable	(7,870)	**(7,794)**
Proceeds from long-term loans payable	7,940	**11,359**
Repayments of lease obligations	(323)	**(330)**
Redemption of bonds	(3,400)	**—**
Proceeds from issuance of bonds	2,079	**—**
Proceeds from sales of treasury stock	132	**219**
Purchases of treasury stock	(9)	**(4)**
Cash dividends paid	(945)	**(1,140)**
Net cash provided by (used in) financing activities	(2,884)	**(2,713)**
Effect of exchange rate changes on cash and cash equivalents	(6)	**(20)**
Net increase (decrease) in cash and cash equivalents	(6,192)	**175**
Cash and cash equivalents at beginning of year	15,885	**9,793**
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	100	**—**
Cash and cash equivalents at end of year	9,793	**9,969**

Corporate Information

Corporate Information (As of March 31, 2019)

Trade Name	Starzen Co., Ltd.
Representative	Tsuyoshi Nakatsuhama
Headquarters	Konan Building, 5-7 Konan, 2-chome, Minato-ku, Tokyo, 108-0075
Established	June 17, 1948
Capital	11,612.77 million yen
Main Businesses	1. Processing and sale of meat 2. Production, processing, and trade of livestock 3. Import and export of meat and livestock 4. Manufacture, processing, and trade of food products
Customers	Supermarkets, meat specialty stores, department stores, restaurants, fast food chains, convenience stores, co-operatives, food processing manufacturers, meat wholesalers, and others
Employees	2,566 (Consolidated)

Main Group Companies (As of April 1, 2019)

Starzen Co., Ltd.

Sale of meat, processed meat products, and other processed foods	Starzen Sales Co., Ltd., Zenchiku Sales Co., Ltd., Nick Foods Co., Ltd.
Processing of meat	STARZEN MEAT PROCESSOR Co., Ltd., Maruzen Co., Ltd., Meat Service Co., Ltd., Douou Meat Center Co., Ltd.
Meat and processed meat products	LOHMEYER CORPORATION, King Shokuhin Co., Ltd.
Production and livestock breeding	Unzen Ariake Farm Co., Ltd., Hokusatsu Ebino Farm Co., Ltd.
Logistics and storage	Starzen Logistics Co., Ltd.
Other businesses	Aoki Foods Co., Ltd., Starzen IT Solutions Co., Ltd.
Overseas subsidiaries	ZENCHIKU (AUSTRALIA) PTY. LTD., STARZEN (AMERICA), INC., STARZEN EUROPE ApS, STARZEN SINGAPORE PTE. LTD.

Notifications on Corporate Website

TOP PAGE

Our corporate website offers the latest investor relations (IR) information as well as detailed product information and an online shopping feature.

https://www.starzen.co.jp/en/

IR INFORMATION

This page offers original content, including various IR materials such as materials used at corporate briefing sessions (certain materials only available in Japanese).

https://www.starzen.co.jp/en/ir/index.html

RECIPES

This page introduces our recommended recipes as well as tips and advice on how to properly cook meat (Japanese only).

https://www.starzen.co.jp/recipe/index.html

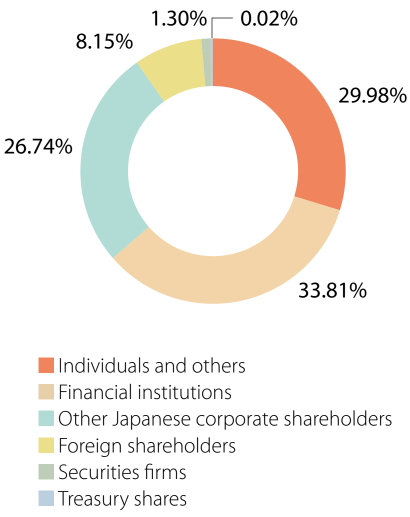
Investor Information

(As of March 31, 2019)

Investor Information

Securities Code	8043
Stock Exchange Listings	Tokyo Stock Exchange, First Section
Fiscal Year	April 1 to March 31
General Shareholders' Meeting	End of June
Administrator of Shareholders' Registry	Mizuho Trust & Banking Co., Ltd. 2–1, Yaesu 1-chome, Chuo-ku, Tokyo 103–8670
Unit Share	100 shares
Number of Shares Authorized	22,000,000 shares
Number of Shares Issued	9,741,191 shares
Number of Shareholders	15,495 shareholders
Contact Information	Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Business Planning Department 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507

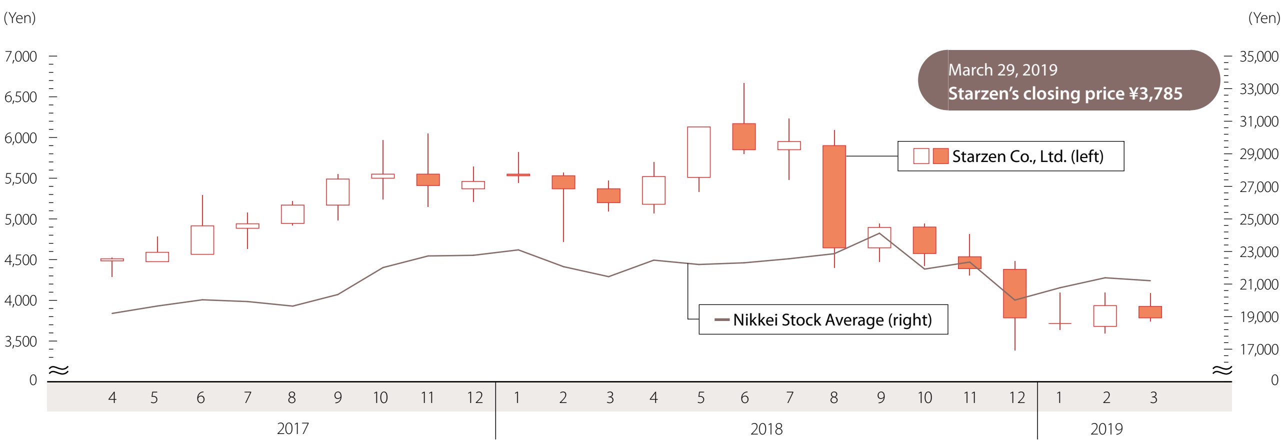
Composition of Shareholders



Major Shareholders

Name of Shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
Mitsui & Co., Ltd.	1,554	15.96
Japan Trustee Services Bank, Ltd. (trust account)	352	3.61
Sumitomo Mitsui Banking Corporation	324	3.33
The Master Trust Bank of Japan, Ltd. (trust account)	321	3.29
The Norinchukin Bank	304	3.12
MUFG Bank, Ltd.	279	2.87
Uzurahashi Kosan Co., Ltd.	234	2.41
Starzen Employee Shareholding Association	227	2.33
Japan Trustee Services Bank, Ltd. (trust account 9)	204	2.09
Mizuho Bank, Ltd.	160	1.64

Trend in Share Price



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