



## Integrated Report 2021

Fiscal Year Ended March 31, 2021



**FEED ONE CO., LTD.**

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## Management Philosophy

### Mission

The first step in producing feed is to form an image of the future of food, in terms of contributing to the sustainability of the livestock and fishery industries.

### Vision

We aim to be a Company that consistently produces food that is trustworthy and exciting to the palate.

### Values

We constantly strive to provide solutions that address the needs and issues of customers and consumers.  
To supply our customers with safe and reliable foods in a stable manner, we conduct thorough compliance with regulations.  
We develop highly specialized personnel who can grasp changing trends and constantly tackle challenges.  
We sincerely strive to build trust with society through thoughtfulness, fairness, and humility.

### Logo



FEED ONE wants to be a company that is always grateful for the bounty of the good earth, as it contributes to the world's food culture through the production and sale of compound feeds.

The FEED ONE logo crystallizes these thoughts, along with the motifs of earth, sea and sun, in a single image.

At the same time, the logo expresses the energy of life (yellow) and the operations by which it grows:

the livestock industry (green) and the fisheries industry (blue).

Enclosing all of these elements in a shape resembling an egg expresses our desire to deliver to customers a stable supply of safe, trustworthy feeds.

### Corporate Slogan

## The Source of Deliciousness

The slogan represents our strong commitment to making as many people as possible aware that feeds are deeply connected with the production of meat, fish, eggs, and dairy products we routinely eat and that FEED ONE is producing and delivering the feeds to customers every day.

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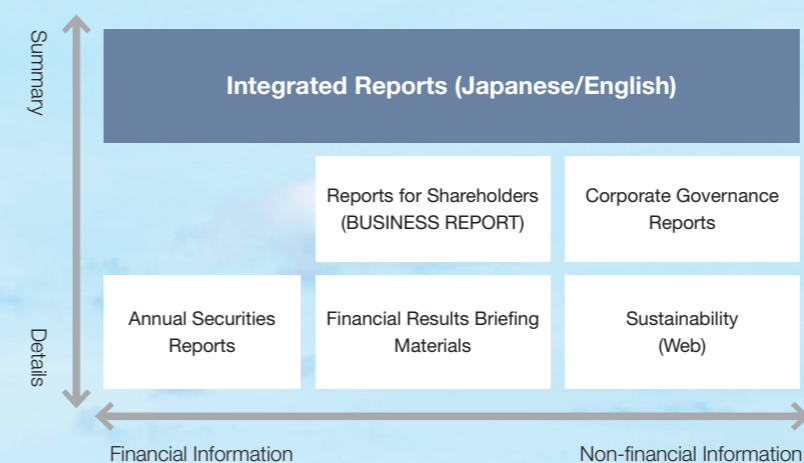
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### Communication Map



### Editorial Policy

FEED ONE CO., LTD. places great importance on proactive dialogue with stakeholders in all of its business activities.

The purpose of this report is to report our management strategies and our business and CSR activities to help readers comprehensively understand the social and economic value we create.

### Guideline Used as Reference

The International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC)

### Scope of Report

The report covers business activities from April 1, 2020 through March 31, 2021 (including the contents of some business activities that started in or after April 2021) are covered.

## History of FEED ONE

Nippon Formula Feed Mfg. Co., Ltd., established in 1929

Kyodo Shiryo Co., Ltd., established in 1946

2014

October 2014

FEED ONE HOLDINGS CO., LTD. established (business integration)

2015

October 2015

FEED ONE CO., LTD. established (full integration)

- Changed the trade names of the Group's subsidiaries
- Launched four new products of the FEED ONE brand (animal feed)

2016

March 2016

Completed the construction of an aquatic feed factory in India



October 2016

Launched FIBEGEAR DROP, a patented product



2017

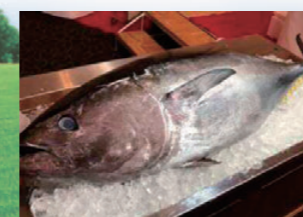
April 2017

Completed the construction of the Kitakyushu factory (renamed the Kitakyushu aquatic feed factory in April 2020)



November 2017

Began shipping fully-farmed Pacific bluefin tuna



2018

July 2018

Feed One Foods Co., Ltd. established through the integration of FEED ONE's meat business and two affiliated companies



Started analysis services for dairy cattle genomes



2019

February 2019

Started analysis services for raw milk fatty acid compositions



2020

April 2020

Magic Pearl Co., Ltd. established through the integration of two affiliated companies



July 2020

Completed the construction of the Kitakyushu animal feed factory

CLOSE UP

Completed the construction of the Kitakyushu animal feed factory in July 2020

FEED ONE's next-generation solutions contributing to SDGs

The Kitakyushu animal feed factory provides *manufacturing solutions* that combine systems with people, products, and information to maximize the efficiency and productivity at production sites, with a focus on IoT, energy saving, and labor saving. Those solutions will help achieve the sustainable development goals (SDGs).

We have implemented tablet terminals for operating and controlling manufacturing facilities, thereby increasing the mobility of the factory, and automatically detecting malfunctions. As a result, the time required for restoring manufacturing operations has shortened.

In addition, we have installed cutting-edge 24-hour unmanned automated shipping facilities and consolidated workspaces into one floor, which resulted in a 30% improvement of the workforce efficiency compared with the old factory.

We also aim to reduce the factory's energy consumption by 30% by linking these cutting-edge facilities and systems and properly controlling the amounts of electricity and steam for each process.

The new factory is designed to serve as a next-generation factory contributing to SDGs that is friendly to people and the environment.



## Business Areas of FEED ONE

FEED ONE operates in three business segments. The feed business deals in animal, lab animal, aquatic, and beekeeping feeds. The food business delivers meat, eggs, and marine products; and the other businesses include the sale of livestock and fishery equipment and the real estate leasing business.

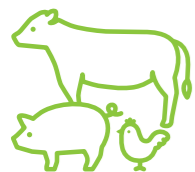
As the most reliable partner of customers, FEED ONE aspires to become a leading company that contributes to the sustainable growth of the industry.

### Feed Business

#### Animal Feed, Aquatic Feed, Lab Animal Feed, Beekeeping Feed



We leverage the technologies and development skills we have accumulated over many years to provide safe and reliable feeds tailored to the needs of customers, which contribute to improving customers' productivity.



##### ● Animal Feed

We provide safe and reliable feeds, primarily for poultry, pig, and cattle, which help solve problems at production sites and address differentiation needs based on experiments at our facilities and analyses of field data.



##### ● Aquatic Feed

Fish are essential to Japan's food culture. A lot of fish are farmed. We deliver high-quality formula feeds indispensable for aquaculture by leveraging the technologies we have long accumulated as a pioneer in this field.



##### ● Lab Animal Feed

In animal experiments, nutritional factors are one of the important factors that have a great impact on experimental animals. We produce feed for those animals by strictly managing processes, ranging from the purchase of raw materials, blending, granulation, storage, analysis to transportation.



##### ● Beekeeping Feed

We manufacture substitute pollens which are supplied during the building-up period when it is desired to increase the number of bee larvae or when there is not much pollen, as well as beekeeping sugar when there is not much nectar, supporting beekeeping businesses and contributing to the development of the beekeeping industry.

### Overseas Businesses

In Vietnam, the world's seventh largest country in terms of the number of pigs raised, we manufacture and sell animal feed primarily for pigs. In India, the world's second largest country in terms of aquaculture production volume, we manufacture and sell aquatic feed.



### Food Business

#### Purchase, Production, Processing, and Sale of Livestock and Aquatic Products



We have built an integrated food value chain, spanning from production to sale of meat, eggs, and aquatic products as three pillars of our business.



##### ● Food Business

We manufacture and sell products meeting the needs of our customers through a nationwide network of affiliated companies processing meat, those processing and distributing eggs, and those producing marine products.



##### ● Livestock Farm Business

We own an affiliated company farming eggs in Kyoto Prefecture and other affiliated companies farming pigs in Aomori and Iwate Prefectures to produce safe and reliable eggs and pork.

### Other Businesses

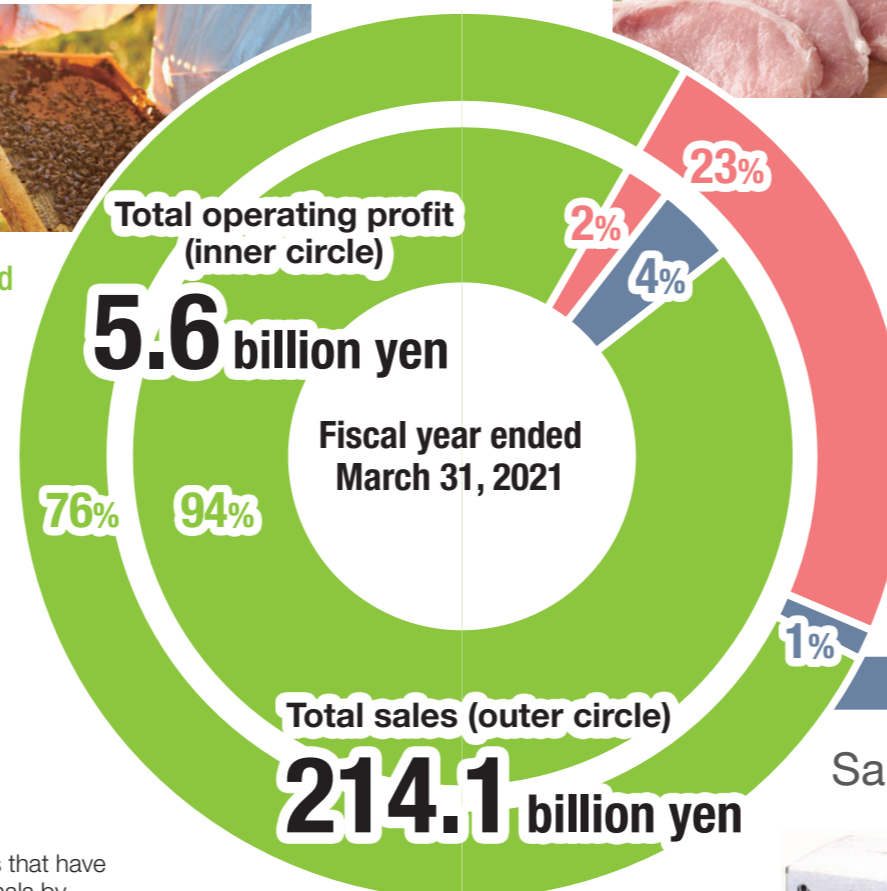
#### Sales of Livestock and Fishery Equipment



Besides feeds, we make proposals related to the environment of livestock barns.

##### ● Livestock and Fishery Equipment

We not only sell feeds but also propose solutions tailored to customers' requests such as pre-mixed feeds, construction materials for livestock barns, and a variety of supplies, materials, and equipment.

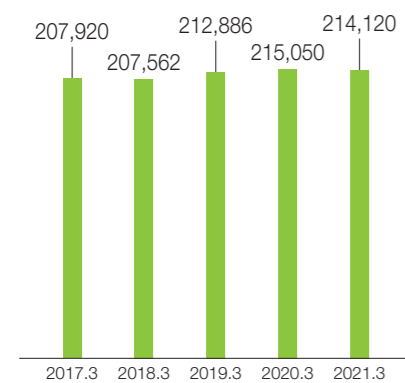


# Financial and Non-Financial Highlights

## Financial Highlights

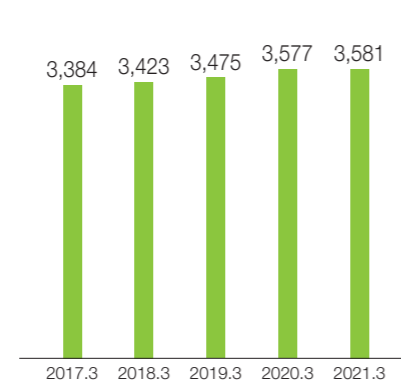
### Sales

(Million yen)



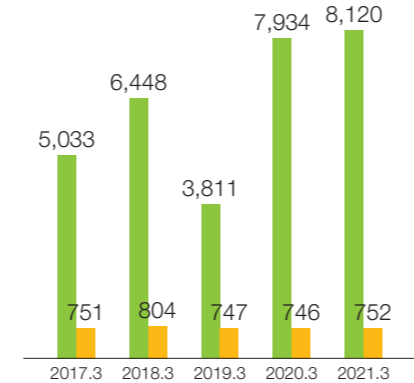
### Sales volume of formula feed

(Thousand metric tons)



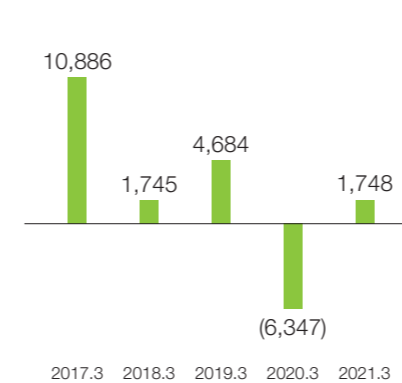
### Capital Expenditures / Research and Development Expenses

■ Capital expenditures (million yen)  
■ Research and development expenses (million yen)



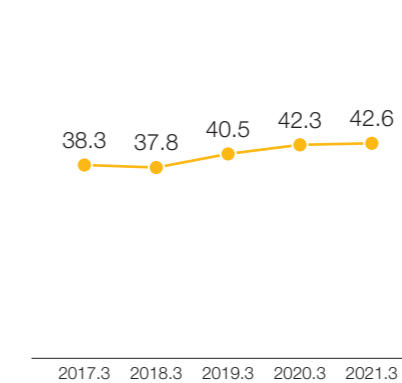
### Free Cash Flow

(Million yen)



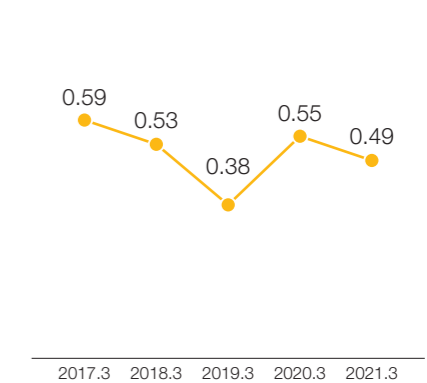
### Equity Ratio

(%)



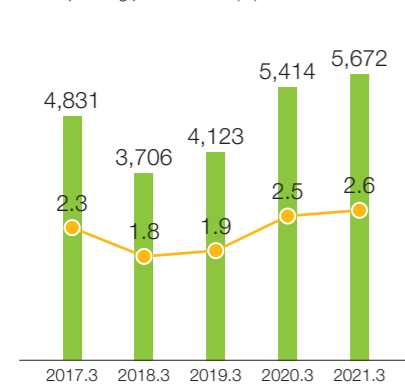
### Debt to Equity (D/E) Ratio

(times)



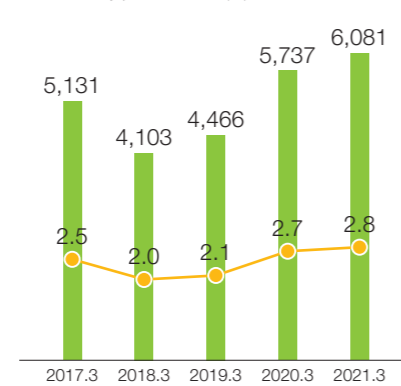
### Operating Profit / Operating Profit to Sales

■ Operating profit (million yen)  
● Operating profit to sales (%)



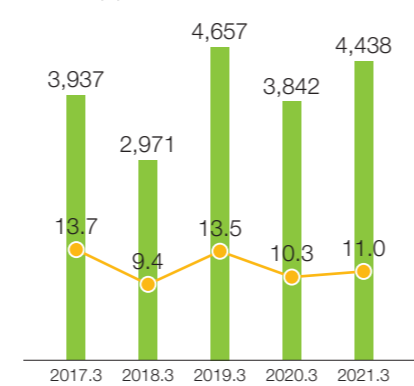
### Ordinary profit / Ordinary Profit to Sales

■ Ordinary profit (million yen)  
● Ordinary profit to sales (%)



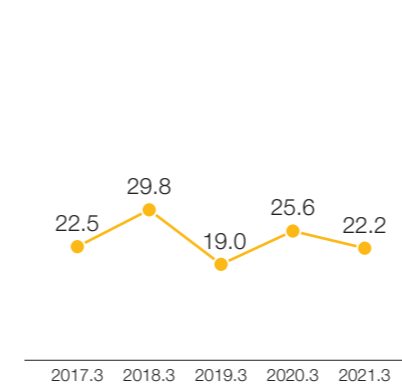
### Profit Attributable to Owners of Parent / ROE

■ Profit attributable to owners of parent (million yen)  
● ROE (%)



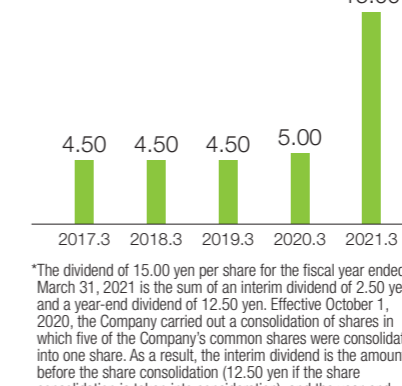
### Dividend Payout Ratio

(%)



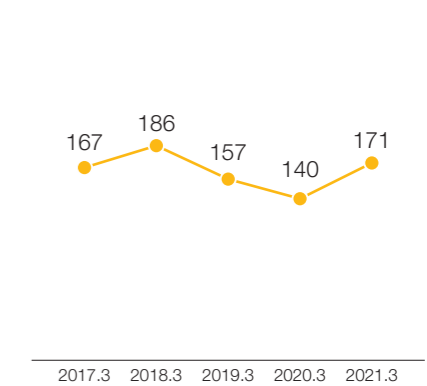
### Dividend Per Share

(yen)



### Total Shareholder Return

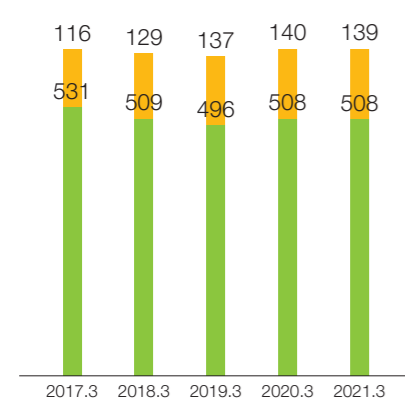
(%)



## Non-financial Highlights

### Number of Employees

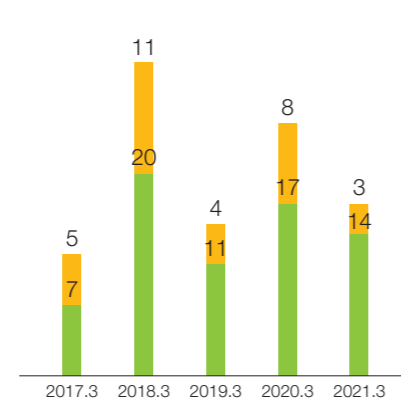
■ Male  
■ Female



\*The numbers above include full-time employees, contract employees, part-time employees, rehired employees, and temporary employees.

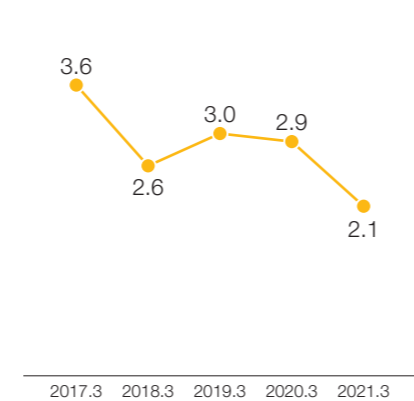
### Number of New Graduates Hired

■ Male  
■ Female



### Turnover Rate

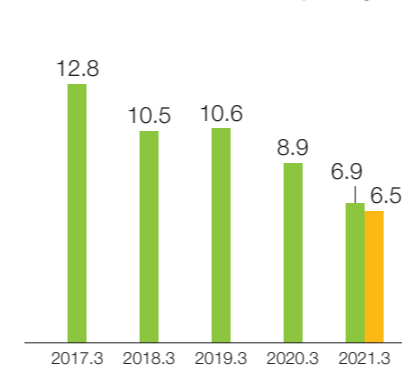
(%)



\*The figures above represent the rates of employees who resigned for personal reasons, except full-time employees who have reached their retirement age.

### Average Overtime Working Hours Per Month

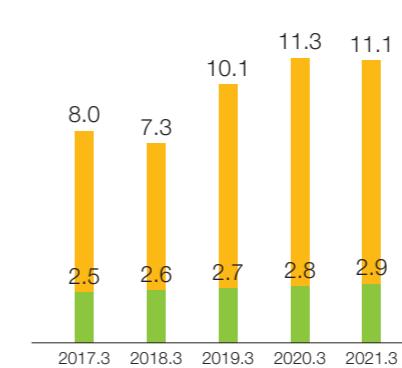
■ Hours worked in excess of contract-based standard working hours  
■ Hours worked in excess of statutory working hours



\*Overtime working hours worked by full-time employees in non-management positions, contract employees, part-time employees, and rehired employees  
\*Data on hours worked over statutory working hours is available from the fiscal year ended March 31, 2021, the year when the Company began aggregating it.

### Number of Days of Paid Leave and Summer Vacation Taken Per Year

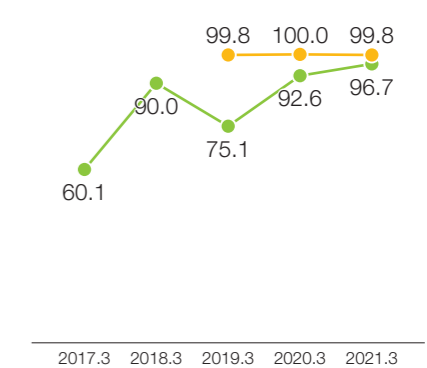
■ Average number of days of summer vacation taken  
■ Average number of days of paid leave taken



\*Full-time employees, contract employees, part-time employees, rehired employees, and temporary employees

### Participation Rates for Stress Check Tests and Health Checkup

● Participation rate for stress check tests (%)  
● Participation rate for Health checkups (%)



\*Full-time employees, contract employees, part-time employees, rehired employees, and temporary employees  
\*The head office has been aggregating participation rates for health checkups data since the fiscal year ended March 31, 2019.

## Commitment Statement from Top Management



As a company that supports the supply of safe and secure food products, we will contribute to society by expanding the range of value we offer.

**Takashi Yamauchi**

Representative Director and President

### Q What do you think about the significance of FEED ONE, and how the Company should build relationships with society?

Feed is essential for the production of meat, fish, eggs, and milk, which are major sources of protein for humans. Although its presence is not prominent in our daily lives, it plays a major role upstream in the food value chain. Our main business is the production and sale of animal feed and aquatic feed, and we are also involved in the sale of livestock and marine products such as meat and eggs. We are proud to say that our efforts support the supply of safe and secure food from the very core.

Our management philosophy is based on three pillars—Mission, Vision, and Values. In addition to pursuing our Mission, which is to contribute to the sustainability of the livestock and fishery industries, and Vision, a company that consistently produces food that is trustworthy and exciting to the palate, we adhere to our Values by constantly striving to grow as a company that lives up to the trust of society through emphasis on thoughtfulness, fairness, and humility while working closely with consumers and farmers.

Our slogan, “Oishisa no Minamoto,” which means “the source of deliciousness,” expresses our desire to deliver rich food value through our value chain.

The Company was established in 2014 as a result of the business integration of Kyodo Shiryō Co., Ltd. and Nippon Formula Feed Mfg. Co., Ltd. The management

philosophy that I mentioned was established at that time as an expression of the ideal state of the Company in the future. Before the business integration, the two companies had completely different corporate cultures, even though they operated within the same industry, but as a result of the integration, they were able to restructure their businesses and integrate their corporate cultures in an ideal way, and as such, the Company has since achieved steady growth.

As we moved along this path, we placed particular importance on communication with our stakeholders. Communication includes consulting-based sales activities (consulting sales) to solve the problems of livestock and fish farmers, who are our direct customers, creation of business partnerships with product distributors and raw material suppliers, dissemination of information to the shareholders and investors who support our business, and pursuing IR activities, and various contributions we make to build relationships with local communities that also connect us with consumers. Regarding our employees, who are the lifeblood of the Company, we emphasize dialogue with each and every one of them and focus on creating attractive workplaces through work-style reform and health and productivity management.

By expanding such communication and continuing to support the supply of safe and secure food, we have built a relationship of trust with society.

### Q In the current market environment, what are FEED ONE's strengths and where do you see opportunities for growth?

At present, the COVID pandemic negatively impacts the market environment for livestock and marine products. With inbound demand, which had been growing significantly prior to COVID, now almost zero, and the food service industry having been plagued with business restrictions or orders to shut doors temporarily, consumption remains at a low level, and demand continues to decline due to such factors as the suspension of school lunches. On the other hand, with people spending more time at home as they refrain from going out and performing more work remotely, the consumption of food at home has been increasing. Moreover, growing preferences for domestically-produced food are leading to a rise in demand for home-cooked meals.

The impact of the COVID pandemic aside, medium- to long-term negative factors include a shrinking market due to a declining domestic population and an aging society with fewer children, a decrease in the number of farmers, and an increase in inexpensive imported livestock products. Nevertheless, demand for domestic livestock and aquaculture products is climbing due to changes in food preferences and concerns about food

safety and security. Post-COVID, meanwhile, inbound demand will likely recover and exports of livestock and marine products are expected to increase.

Our share in the animal feed market was second only to JA Zen-Noh (the National Federation of Agricultural Cooperative Associations) in terms of sales volume in fiscal 2020, and we have the largest share among commercial (i.e., non-agricultural cooperative) players.

In addition to enjoying a favorable balance in terms of livestock species (poultry, pigs, and cattle) due to synergies from the integration of the two companies, another of our strengths is that we introduced an area business division system in 2019, which has greatly improved production and sales efficiency. In FY2019 and FY2020, we set record highs for ordinary profit for two consecutive years. Differentiating factors in the competitive environment include our introduction of advanced technologies in the development of animal feed through technological exchanges with overseas manufacturers, and our support of farmers through consulting sales to ensure that their needs are met.

Looking at growth opportunities in the market environment going forward, our animal feed business is enjoying favorable conditions, including the rising prices of imported livestock products and the trend of consumers' preferences returning to domestic livestock products. In the aquatic feed business, while natural catches have declined, aquaculture has maintained a certain level of production, and this trend is expected to continue to strengthen. To meet this demand, in 2017 we built one of Japan's largest aquatic feed factories in the city of Kitakyushu in Fukuoka Prefecture, and in 2020 we constructed a new animal feed factory in the same location to expand our capacity.



## Commitment Statement from Top Management

Our food business is building an integrated food value chain that supplies feed to farmers, buys distinctive types of meat and eggs, and processes and sells them. In addition, our Magic Pearl seasoned boiled eggs have been penetrating the market, and we will continue to provide valuable products through the development of such brands.

Our Vietnamese operation for animal feed and Indian operation for aquatic feed, both of which are part of our overseas businesses, have turned profitable in recent years. Despite the current stagnation due to the impacts of the COVID pandemic, the two countries have seen markets for livestock and marine products continue to expand against the backdrop of rising living standards. Future business growth can be expected.

**Q Please outline the direction of your new three-year mid-term management plan and your future growth strategy.**

Yes, we have begun implementing our third mid-term management plan, “Make the leap! 2023” (FY2021 to FY2023).

Looking back at the changes we have seen over the years, which formed the background to the new plan, our first mid-term management plan (FY2015-FY2017) was designed to fully integrate the two merged companies, while reorganizing our asset portfolio through the

restructuring of affiliated companies, and the establishment of the Kitakyushu aquatic feed factory to put in place a structure that would enable us to focus on our core business. And under our second mid-term management plan (FY2018-2020), we invested in the construction of the Kitakyushu animal feed factory and the maintenance of facilities at other factories. We also achieved results from the introduction of the area business division system, strengthening our business base and improving profitability. Our food business reorganized its operations with the aim of boosting profitability. Specifically, our meat business established Feed One Foods Co., Ltd., and our egg business implemented reforms to consolidate all related operations into Gold Egg Corp. and Magic Pearl Co., Ltd. Under the third mid-term management plan, “Make the leap! 2023,” we will fully utilize our reinforced business base to unlock our earning power, as we aim to build a corporate structure that will deliver sustainable growth and further expand our earnings. And we will finalize the business integration in the final year of the plan, which will be the 10th year since the business integration.

Under the current mid-term management plan, we aim to achieve ordinary profit of 6.2 billion yen, ROE of 9%, and sales volume of 3.78 million metric tons of feed in FY2023. ROE is set to decrease from the current 11%, but this is because we expect to make capital investments worth 10.5 billion yen (over three years) and also incur increased depreciation expenses for the Kitakyushu animal feed factory. Ordinary profit of 6.2 billion yen is a somewhat conservative target, too, but it is based on the assumption that the reserve for the Formula

Feed Price Stabilization Fund\* will increase and we will proactively make capital investment.

As basic strategies for achieving these targets, we will further enhance the profitability of animal feed, and accelerate the growth of aquatic feed, the food business, and the overseas businesses.

Our animal feed business, the core business, will expand production lines, mainly for cattle feed, in regions where demand is expected to grow. We will also boost sales volume by providing total consulting solutions including the feed specifically for automatic milking and genome analysis services for dairy cows, making full use of cutting-edge technologies.

We have positioned the aquatic feed business, the food business, and the overseas businesses as growth businesses. The aquatic feed business will focus on developing low fish meal and fish meal free feed that will contribute to the sustainable development of the fisheries industry and capture the growing demand for aquaculture. The food business plans to expand the range of our consumer products and increase the production of popular goods in order to meet growing consumption from staying at home in the wake of the COVID pandemic. A major challenge for the overseas businesses is to bring the businesses into the black so that all expenses, including administrative costs, are more than offset by revenues. In Vietnam, we have focused on the production and sale of the country's first flake feed with a high digestibility and absorption rate for cattle and are planning to expand our production capacity. In India, we aim to turn the business around over the next three years by resuming efforts to expand sales to major aquaculture companies, which we had suspended due to the COVID pandemic, and by improving productivity and curtailing costs.

Although earnings from our growth businesses, which are the aquatic feed business, the food business, and the overseas businesses, have remained unstable relative to their sales, we are determined to establish these businesses plus the animal feed business as four pillars of profitability by implementing a range of measures for improving their profitability and accelerating their growth.

\*The Formula Feed Price Stabilization System is a system under which farmers, manufacturers, and the government set aside funds to mitigate the impact of rising formula feed prices on the livestock business. If certain conditions are met, farmers will be compensated under the system.

**Q What's your stance on ESG management and the SDGs, and what action are you taking in those areas?**

Another basic strategy stated in “Make the leap! 2023” is to “promote ESG management and strengthen our business platform.” We recognize that addressing ESG (Environmental, Social and Governance) issues and the

SDGs (Sustainable Development Goals) is essential to our continued existence as a company, and we are actively pursuing these initiatives across the Group, led by the ESG Committee, which comprises members from each division.

Animal feed has a sustainable aspect in that it makes effective use of food byproducts as raw materials, but there are still social issues to be resolved, such as food loss. In addition to making more effective use of such materials, we are also conducting R&D on feed that helps reduce cattle burping, as this is a source of methane. And in the area of aquatic feed, we will focus on protecting natural resources and preventing marine pollution through the development of low-fish meal and fish meal-free feeds and the promotion of our fully-farmed Pacific bluefin tuna business. To supplement these efforts, we are implementing a variety of measures to reduce greenhouse gas (GHG) emissions, with a goal of achieving net-zero CO<sub>2</sub> emissions by FY2050.

Regarding social issues, we have sought to prosper in harmony with local communities through dietary education workshops at schools and the promotion of sports. Furthermore, as part of our efforts to create comfortable workplaces, we have also focused on facilitating women's participation. Specifically, we are increasing the ratio of female employees, developing systems for childcare leave and shorter working hours, and providing support through training programs. Having to adapt to the COVID situation, we have also made substantial progress with work-style reform, which we had already been pursuing for some time. As such, more and more employees are taking advantage of the schemes for telecommuting and staggered work hours.

In order to strengthen corporate governance, we are increasing the ratio of external directors, so as to undergo monitoring and receive recommendations from outside perspectives, thereby increasing management transparency while revitalizing the Board of Directors. External directors also participate in meetings, such as Executive Committee meetings and Group strategy meetings, and actively contribute to the enhancement of our value as an enterprise in discussions regarding the formulation of mid-term management plans. They also serve as members and chairpersons of the Nomination and Remuneration Committees, and thus play a role in ensuring the effectiveness of governance.

As a leading commercial manufacturer of formula feeds, we will continue to lead the industry and expand the scope of our value offerings through comprehensive and global business development. In the future, we will further raise the level of importance of ESG management and SDGs to contribute to the realization of a sustainable society.



## Message from the Vice President



We will achieve sustainable growth while maintaining financial soundness, improving profitability, and enhancing capital efficiency.

**Takashi Noguchi**

Representative Director, Vice President  
General Manager, Administrative Unit; in  
charge of Aquatic Feed Division

**Q Looking back on the period from the business integration to the present, how do you see the transformation of Feed One from your vantage point as General Manager of the Administrative Unit?**

In the seven years since the business integration of Kyodo Shiryō Co., Ltd. and Nippon Formula Feed Mfg. Co., Ltd., we at FEED ONE have staked our survival on creating a group management structure and organization that maximizes synergies while fusing and blending the two companies' vastly different corporate cultures. By

eliminating all the shackles, success stories, pride, and feelings of attachment connected with the old companies, and tilling a new, uniform soil that will bring about new growth, we have solidified our position as a manufacturer of compound animal and aquatic feeds with the highest sales volume among commercial (i.e., non-agricultural cooperative) players in the sector.

Among the various reforms we have undertaken, the most significant are the reorganization and restructuring of our salesforce and the optimization of our portfolio. To be specific, we have avoided simply integrating one of the two predecessor companies into the existing sales system of the other and have established a consulting sales system to support farmers for each livestock species from a "market-in" perspective in animal feed, our core business, and have adopted a regional business division system where each division comprises

subsidiaries, branches, and factories. Regarding our portfolio, we disposed of underutilized assets, sold some businesses, consolidated/eliminated subsidiaries, and reduced the number of shares held for strategic purposes.

As a result, over the past seven years, we have generated 7.1 billion yen in cash through asset disposals and others, while at the same time making a cumulative total of 34.9 billion yen in capital investments, including the construction of two new factories, and reducing our debt-to-equity ratio from 1.17 in FY2014 to 0.49 in FY2020. In addition, cost-consciousness in operations has taken root in administrative and procurement departments, creating synergies such as lower fixed costs and raw material costs.

At the beginning of the business integration, some in the industry likened the difference in corporate culture between the two companies to Beauty and the Beast, or in a Japanese context, to "court noble and stray samurai." They were concerned about whether we would be able to truly come together, but we believe that our honest implementation of a merger of equals toward best practices has brought us success.

Now, when I look around the Company, I can see that employees have a strong love for the Company and pride in their work, and that they are deploying their individuality and acquired expertise to tackle their jobs with energy and enthusiasm. We also pride ourselves on being an employee-friendly company, and strive to improve employee satisfaction through regular employee surveys as well as exchanges of opinions and meetings involving management and employees. We will continue to carefully nurture our relationship with each and every one of our employees, and together we will achieve sustainable growth and enhance the value of the Company.

**Q Please tell us about your mission as Vice President and the role you will play in the future.**

I was appointed representative director in this fiscal year, so I feel an even greater sense of responsibility for steering the Company's operations. As for my own mission for the development of the Company, I recognize that going forward I will be required to play a key role in putting together management strategies in addition to my long-standing role of overseeing the Administrative Unit.

Specifically, I believe that my role will be to integrate management-accounting and financial-accounting management, to reconcile our long-term business strategy story with our cash-generation story, and to provide support for sustainable growth. At the same time, I think that one of the responsibilities of a representative director is to supervise management as a guardian of GRC (Governance, Risk, and Compliance) within the Group. It will also be my job to strengthen talent

management so that we can find the right people to nurture as successors for the senior management team.

In addition, as a good partner of President Yamauchi, I will maintain close communication with him, draw clear lines of decision-making authority, and step up the speed of management by delegating approval power to administrative departments.

**Q Please tell us what the key points are for understanding FEED ONE's financial situation and explain the future direction for the Company.**

For many companies, top-line sales serve as an indicator of growth potential. However, one of the peculiarities of animal feed, which accounts for nearly 70% of our total sales, is that the raw materials make up an extremely high percentage, approximately 80%, in fact, of the cost. And this figure is also incredibly volatile, being heavily affected by market prices of imported grains, exchange rates, ocean freight charges, and other factors. As a result, in the domestic market for animal feed, prices are revised each quarter to reflect changes in raw material costs. Due to these circumstances, the unit prices of our products fluctuate from quarter to quarter, and we would like people to understand that increases or decreases in our sales do not necessarily mean that our business has grown or shrunk.

In addition to ordinary profit of 6.2 billion yen and ROE of 9%, we have also declared feed sales volume of 3.78 million metric tons as a numerical target for the final year of the third mid-term management plan, "Make the leap! 2023." This is because we have identified sales volume as a KPI for growth potential for the aforementioned reasons. Also, the Formula Feed Price Stabilization System results in increases/decreases in the reserve for price fluctuations, which also affects the setting of profit and ROE targets.

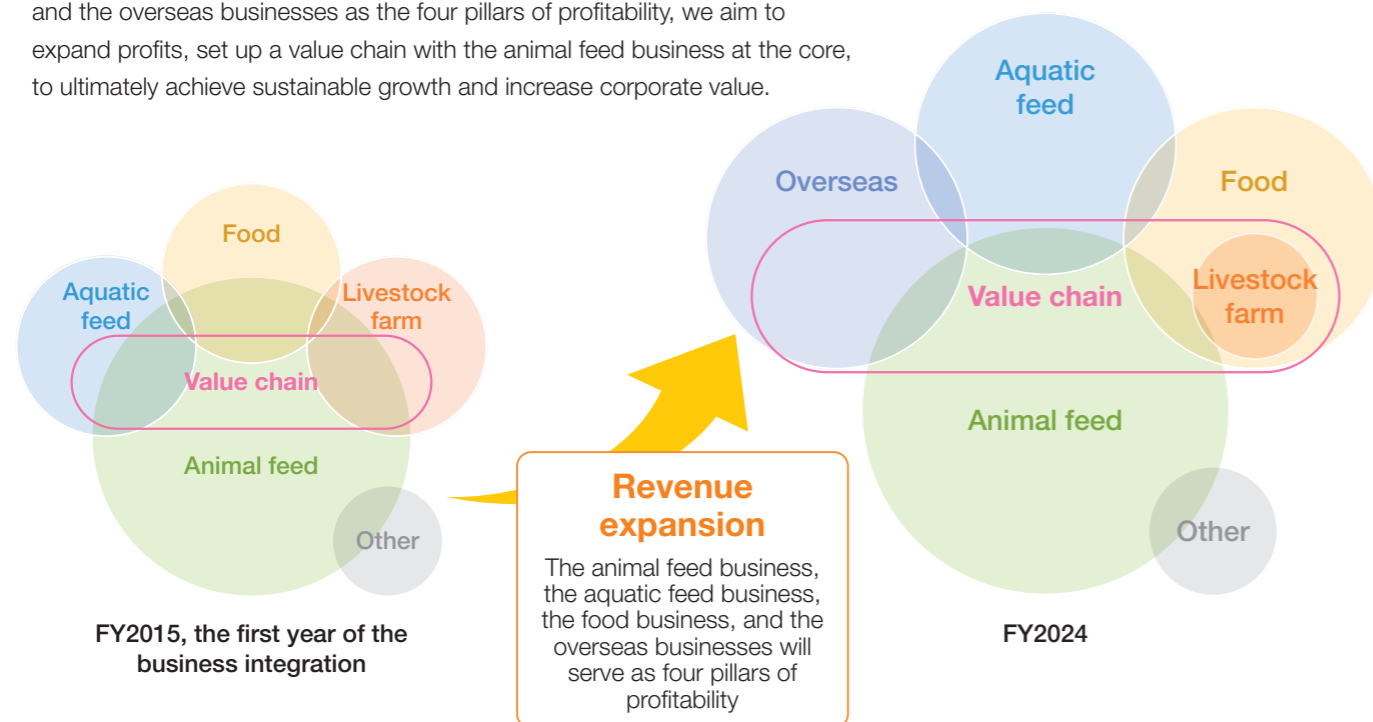
We intend to strengthen our business platform by developing new technologies and modernizing our factories, and to use the funds generated from our core business, animal feed, to invest for further growth. Investments in feed production facilities take nearly 20 years to recoup, which is considerably longer than typical investment payback periods. Nevertheless, we will be making such investments to ensure our growth is sustainable. And as part of this effort, we will maintain our financial soundness and improve our earnings by controlling debt levels yet also employing leverage to increase our capital efficiency.

In this way, we will continue to provide clear information to shareholders and investors so that they can understand the business risks arising from the peculiarities of our industry, business structure, etc. We will also strive to enhance shareholder returns.

## Business Vision

A leading company that contributes to the sustainable growth of the entire industry as the strongest partner for our customers

With the animal feed business, the aquatic feed business, the food business, and the overseas businesses as the four pillars of profitability, we aim to expand profits, set up a value chain with the animal feed business at the core, to ultimately achieve sustainable growth and increase corporate value.

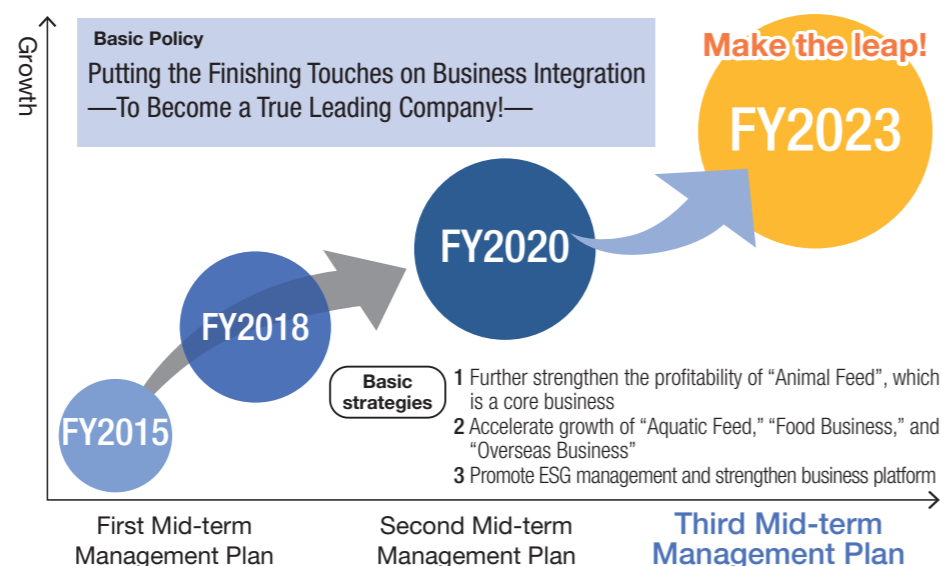


## Mid-term Management Plan

### The Third Mid-term Management Plan: Make the leap! 2023

#### Role & Basic Policy

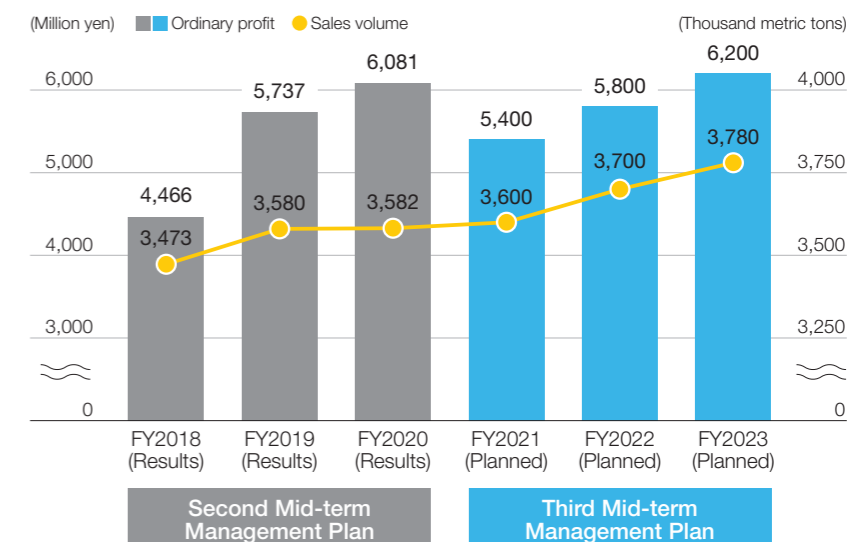
The role of the third mid-term management plan is to increase profit by fully utilizing the business platform strengthened in the second mid-term management plan and to build a further foundation to enable sustainable growth.



### Quantitative Plan (Consolidated)

We will continue to aim for an increase in the sales volume year by year, targeting 3.78 million metric tons in the final fiscal year, up 6% from the fiscal year ended March 31, 2021.

We also aim to achieve a record ordinary profit of 6.2 billion yen in the final fiscal year, although ordinary profit will decline temporarily with an increase in SG&A.



	FY2018 (Results)	FY2019 (Results)	FY2020 (Results)	FY2021 (Planned)	FY2022 (Planned)	FY2023 (Planned)
Sales volume (thousand metric tons)	3,473	3,580	3,582	3,600	3,700	3,780
Sales (million yen)*	212,886	215,050	214,120	215,600	220,400	224,900
Ordinary profit (million yen)	4,466	5,737	6,081	5,400	5,800	6,200

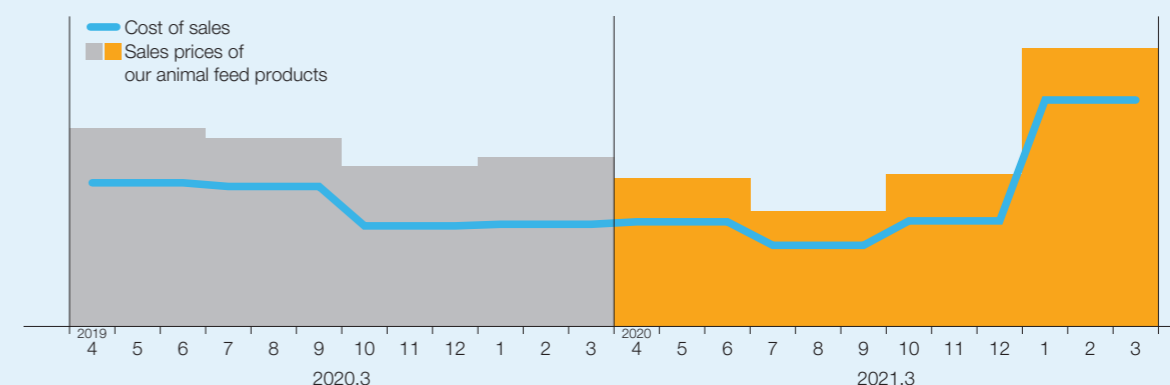
\*The figures for the third mid-term management plan are calculated based on the results in January through March 2021.

### Sales in the Feed Industry

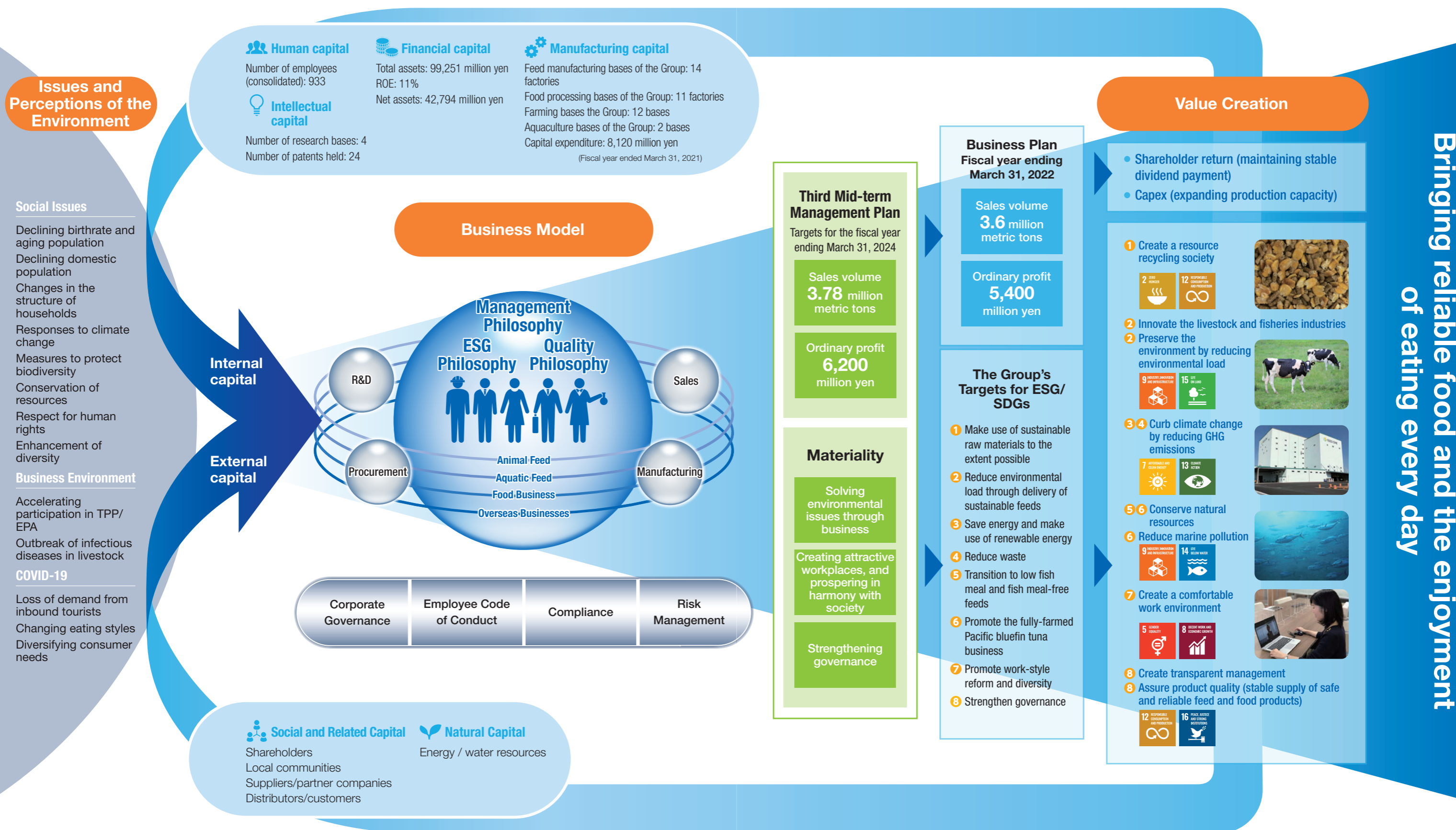
In the feed industry, imported grains account for a majority of raw materials. As imported grains are susceptible to market conditions and foreign exchange rates, their prices are revised in April, July, and October every year in line with changes in market conditions and exchange rates.

In extreme cases, the price is raised by more than 10,000 yen per metric ton through a series of price hikes or lowered by more than 10,000 yen at a time.

These cases suggest that, in the feed industry, sales do not serve as the metrics to measure business growth as sales prices fluctuate significantly depending on the prices of raw materials.



## Value Creation Process



Business Strategy




### Animal Feed

#### Business Vision

We will contribute to improving productivity by making effective use of cutting-edge technologies and deliver safe and reliable formula feed tailored to varying needs at production sites.

To address the issue of GHG emissions, which has drawn attention in recent years, we will develop technology that helps reduce methane gas from cattle. Specifically, FEED ONE aims to build new technology that will enable us to balance methane gas reduction and production performance using its proprietary methane gas measurement tool and its own research farms.

We will contribute to the development of the livestock production using formula feed by providing comprehensive supports, including feed management and disease control services and technical information, so that customers can operate their livestock businesses in a manner they desire.



### Aquatic Feed

#### Business Vision

Fish meal accounts for about 40% of all raw materials for aquatic formula feeds which support the production of farmed fish in Japan. Most of the fish meal is made from wild-caught fish that were conventionally considered unsuitable for human consumption. Amid growing concerns about the "protein crisis," wild-caught fish, used as raw materials for fish meal, may be diverted for human consumption. We will develop sustainable and high-quality formula feeds that are not dependent on fish meal, and will also strive to ensure a stable supply of formula feeds. Further, we will propose the best possible way of feeding that unlocks the full potential of formula feeds. We will also make efforts to preserve the environment of fishing grounds by reducing the emissions of phosphorus, nitrogen, and other substances, thereby supporting our customers in operating their business.

We will contribute to the development of the aquaculture industry by developing, producing, and selling safe and secure formula feeds catering to the needs of customers.

Business Overview

We satisfy customers' needs in a highly customized and expeditious manner from eight branch offices across Japan. We also operate 14 factories nationwide (including joint-venture factories), producing and selling 3,500,000 metric tons of animal feed per year. The Kitakyushu animal feed factory, completed in July 2020 and equipped with cutting-edge facilities, supplies products tailored to the needs of customers. We also implement biosecurity measures in line with *FEED ONE Unified Guidelines* on hygiene management across all our factories to prevent transmission of animal infectious diseases such as avian flu and swine fever.

Strengths and Challenges

- Strengths**

  - Supply products stably from strengthened production facilities (the newly opened Kitakyushu animal feed factory and the heat processing facilities at existing factories)
  - Provide products with patented technologies (e.g., FIBEGEAR DROP) and a feed design service (product strategy)
  - Facilitate the penetration of advanced technologies such as genome and raw milk analyses (customer service)
- Challenges**

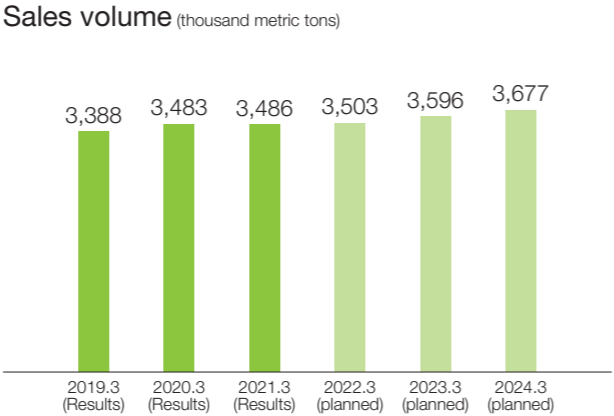
  - To improve productivity by leveraging IoT technologies (new technologies/IoT)
  - To launch feeds with lower environmental load (help achieving SDGs)

Performance Review and Future Outlook

**Sales Volume of Formula Feed (Animal Feed)**

In fiscal 2020, the sales volume increased year-on-year, despite the negative impact of the outbreak of animal infectious diseases such as avian flu and swine fever. In fact, the volume of livestock products produced in Japan increased during the fiscal year, backed by an increase in household consumption driven by growing demand from staying at home, while demand from inbound travelers declined amid the COVID-19 pandemic.

During the third mid-term management plan period, we aim for a sales volume of 3,677,000 metric tons in FY2023 (up 5% from FY2020), the final year of the mid-term management plan. We expect that the production facilities strengthened and high value-added products launched during the second mid-term management plan period will help us achieve the sales volume target.



Business Overview

We produce nearly 100,000 metric tons of aquatic formula feeds per year at the Kitakyushu aquatic feed factory completed in April 2017 and other factories, distributing feed to every corner of Japan, from Hokkaido to Okinawa. High-quality products, including feed for juvenile fish, are exported to countries such as Vietnam and Indonesia via dealers. Part of the fish farmed using our feed products are sold to mass retailers and restaurant chains. Nanyo Gyogyo Co., Ltd. and Kyokuyo Feed One Marine Co., Ltd., affiliated companies of the Company, produce fully farmed Pacific bluefin tuna.

Strengths and Challenges

- Strengths**

  - A broad network of factories designed to produce feeds in various forms, ranging from granules to large diameter extruded pellets (EP)
  - Research facilities that can conduct feeding trials expeditiously using fish, such as yellowtail and red sea bream
  - Sale of farmed fish that meet the needs of producers and consumers
- Challenges**

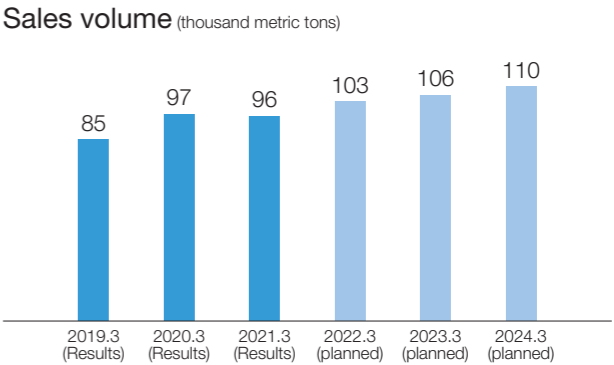
  - To develop high-quality aquatic formula feeds not dependent on fish meal
  - To strengthen the production and supply capacity to keep up with the growing demand for formula feeds

Performance Review and Future Outlook

In fiscal 2020, the demand for farmed fish plunged due to temporary restaurant closures in the wake of the COVID-19 pandemic. As a result, the demand for feeds seems to have declined about 3% year-on-year across Japan. The sales volume of our aquatic feed was 98.5% of that of the previous fiscal year, but the decline was slightly smaller than the nationwide average. Meanwhile, ordinary profit was 76.6% of that of the previous fiscal year on the back of the contribution of support funds to fish farmers amid the COVID-19 crisis.

Japan's Fisheries Agency said in the *Comprehensive Strategy for Turning Aquaculture into a Growth Industry*, a policy document that it prepared in July 2020, that Japan aims to produce 240,000 metric tons of yellowtail (171% vs. 2020) and 110,000 metric tons of sea red bream (176% vs. 2020) in 2030, given the growing demand for farmed fish in regions such as North America and Asia. The numeric targets include 240,000 MT for yellowtail (171% vs. 2020) and 110,000 MT for sea red bream (176% vs. 2020). This also suggests that

the demand for aquatic feeds will likely grow in pace with the growing demand for farmed fish. We will continue to strengthen our production and supply capacity to meet the growing demand.



Business Strategy



### Food Business

#### Business Vision

We will contribute to building an affluent and healthy society by ensuring a stable supply of foods containing various nutrients. As a leading supplier of formula feed, we will seek materials that are truly high in quality by making maximum use of our know-how in livestock farming and fisheries and developing products in collaboration with livestock and marine products farmers. In addition, we deliver not only delicious but also safe and secure food to consumers so they can enjoy meals that bring both physical and mental wellbeing. To this end, we will build an integrated food value chain spanning from processing, distribution to sales of products.



### Overseas Businesses

#### Business Vision

Demand for protein has been increasing year by year in line with the growth of global population. Livestock and aquatic products, including beef, pork, poultry, milk, eggs, and fish, are some of the foods that help satisfy such growing demand for protein. Formula feeds are essential to increased production of these livestock and marine products, as well as to improving their production efficiency.

We are committed to working with partner companies to contribute to the development of the livestock and fisheries industries in countries where we operate, especially in Asian countries where the population is on the rise and the economy has been growing rapidly. Specifically, we are contributing to the development of the industries by producing and selling safe, secure, and high-quality formula feeds in these countries. We will also share the insights we have gained overseas with customers in Japan in the form of feedback and proposals.

Moreover, we will continue to play an important role in realizing a sustainable recycling society both in Japan and abroad as we use by-products that are unsuitable for direct human consumption, such as soybean meal, fish meal, and rice bran, as raw materials for formula feed.

#### Business Overview

Sales from the food business amount to approximately 50.0 billion yen per year, accounting for nearly one-fourth of FEED ONE's overall sales. We produce and distribute products that meet the needs of consumers across Japan, with the offices of affiliated companies nationwide, which include meat processing companies (Feed One Foods Co., Ltd. and Yokohama Meat Co., Ltd. ), poultry and egg processing and distribution companies (Gold Egg Corp., Magic Pearl Co., Ltd.), and marine products producing companies (Nanyo Gyogyo K.K. and Kyokuyo Feed One Marine Co., Ltd.) We also produce safe and secure pork, and eggs at the Group's farms (Nambu Farm Co., Ltd., Daiichi Genshu Farm Co., Ltd., Mihono Pork Co., Ltd. and Green Farm Sogo Co., Ltd.)

#### Strengths and Challenges

##### Strengths

- Safe and secure foods that only feed manufacturers can deliver
- Supply products finely tailored to the needs of consumers as a packer with manufacturing bases in the areas of consumption
- Develop high-quality specialty products in collaboration with farmers

##### Challenges

- To expand and renovate production facilities that are eco-friendly and allow for effective utilization of resources, as well as increasing the volume of supply from these facilities
- To upgrade processed products and develop products much easier to use

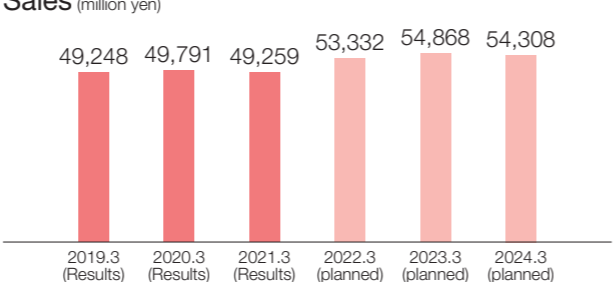
#### Performance Review and Future Outlook

In fiscal 2020, FEED ONE's overall sales slightly declined year-on-year following the outbreak of avian flu and swine fever, which made it difficult for the Company to expand revenues. Nonetheless, production and sales were on the steady rise. The Group also plans to expand its food production capacity with an eye to increasing the production volume in the future. In addition, we have begun selling easy-to-cook meals and small packaged products to consumers, whose supply has been expanding.

In Japan, despite the leveling-off of its population, the consumption of meat and eggs tends to moderately grow. Recently, with changes in lifestyle, easy-to-cook meals are preferred more than before. The consumption of meat and eggs per person has been expanding as essential sources of protein for the elderly. In fact, the significance of domestically producing meat and eggs is rising on the back of growing

demand for sources of protein around the world, especially in China.

#### Sales (million yen)



Period	Sales (million yen)
2019.3 (Results)	49,248
2020.3 (Results)	49,791
2021.3 (Results)	49,259
2022.3 (planned)	53,332
2023.3 (planned)	54,868
2024.3 (planned)	54,308

\*Sales represent the amount before application of the Accounting Standard for Revenue Recognition

#### Business Overview

In Vietnam, we established KYODO SOJITZ FEED COMPANY LIMITED in the southern province of Long An jointly with general trading company Sojitz Corporation in 2011. Since the start of the operation of its factory in 2013, the company has been producing and selling animal feeds for poultry, pig, and cattle farming.

In India, we established NIPPAI SHALIMAR FEEDS PRIVATE LIMITED in West Bengal jointly with the Shalimar Group, a leading local poultry farming company, in 2014. Since the start of the operation its factory in 2016, the company has been producing and selling aquatic feeds for prawns and freshwater fish.

In Indonesia, we are working on R&D of formula feeds and farming technologies for fish species in tropical areas in partnership with Nitto Seimo Co., Ltd. and PT. LUCKY SAMUDRA PRATAMA.

#### Strengths and Challenges

##### Strengths

- High-quality formula feed production technology developed in Japan
- Product design and development catering to local needs
- Supply of safe and secure Japan-brand feed products

##### Challenges

- To further expand business in countries where the demand for protein is soaring, such as Vietnam and India
- To develop international human resources with a view to expanding business overseas

#### Performance Review and Future Outlook

As a domestic feed manufacturer, we have expanded business overseas ahead of peers and have recorded net profits on a single-year basis both at the animal feed business in Vietnam and at the aquatic feed business in India.

The formula feed markets will likely expand in line with the growing demand for protein in countries, including Vietnam, a country where the economy has been growing rapidly, and India, a country where the fisheries market is huge. Major formula feed manufacturers based in South East Asia and Europe have expanded into these regions, whereas a large number of local small- and medium-sized manufacturers operate there. We, however, still see much room for quality improvement in their products. We will tap into and expand sales in these regions, leveraging the high-quality feed production technologies and brands we have developed in Japan.

We aim to improve our operating performance through efforts such as upgrading production facilities and expanding

sales areas. We are also committed to contributing to the development of the livestock and fisheries industries in countries including Vietnam and India by improving the production efficiency and enhancing the safety of livestock and marine products.

#### Business in Vietnam



Period	Sales volume (thousand metric tons)
2019.3 (Results)	65
2020.3 (Results)	82
2021.3 (Results)	118
2024.3 (planned)	187

#### Business in India



Period	Sales volume (thousand metric tons)
2019.3 (Results)	15
2020.3 (Results)	18
2021.3 (Results)	16
2024.3 (planned)	30

# Sustainability Policy



We will promote initiatives aimed at realizing a sustainable society across our value chain.

**Tsuneo Suzuki**  
Director, Senior Managing Officer,  
Executive Secretary; in charge of  
Corporate Planning & Strategy Division  
and Quality Assurance Division

**Q What does FEED ONE think about sustainability? How have you incorporated sustainability into your business operation?**

In February 2021, we launched the ESG Committee, chaired by President Yamauchi. I serve as secretary of the committee. In December 2020, President Yamauchi sent a message to all employees, announcing the Company's ESG Philosophy and Materialities (key issues) in response to the world's growing momentum for addressing ESG (Environmental, Social and Governance) issues, SDGs (Sustainable Development Goals) and sustainability. The ESG Committee was set up to promote ESG across the entire Company, with executives from business divisions and the Administrative Unit, as well as the general managers of their respective divisions, as members of the committee, and with approximately 60 organizations, including affiliated companies, making up the subordinate operating divisions.

The ESG Committee meets quarterly to decide on operational policies for ESG/SDGs, and also supports and manages the progress of related initiatives in business divisions. In addition, the third mid-term management plan "Make the leap! 2023," which started this fiscal year, has set "promoting ESG management and strengthening the business platform" as one of the basic strategies, and the committee has ordered each division to set targets related to SDGs when formulating their goals.

Our business, which supports the stable supply of rich and varied food, will not be viable without the blessings of nature, and we have always been conscious of sustainability in our activities. In recent years, however, the awareness of climate change risks has been mounting, and Japan has accelerated its efforts to achieve carbon neutrality by 2050. In the face of these trends both in Japan and overseas, we believe that we need to drive our sustainability initiatives in line with the global trends more than ever and actively communicate such initiatives to stakeholders.

**Q Please explain the progress of your initiatives and future developments with regard to ESG/SDGs agendas that you are particularly focusing on.**

Our sustainability initiatives are built on the following three materialities: "solving environmental issues through business," "creating attractive workplaces and prospering in harmony with society," and "strengthening governance." Specifically, we have implemented sustainability initiatives with the aim of achieving quantitative and qualitative targets linked to SDGs. Among the targets related to SDGs set by each division under the mid-term management plan, we have also picked up the targets that the whole company should focus on cross-organizationally and have set them as group-wide targets for each fiscal year.

Addressing climate change risks is one of our most imminent challenges. We plan to disclose the impact of climate change on our business activities under the Task Force on Climate-related Financial Disclosure (TCFD) or an equivalent framework. In the past, we disclosed and reported information related to greenhouse gas (GHG) emissions on a non-consolidated basis to the Ministry of Economy, Trade and Industry in accordance with the Energy Conservation Law, but we will assess such information more precisely and will promote its visualization, risk analysis, and benchmarking.

We will set GHG reduction targets to achieve carbon neutrality by 2050 and aim to achieve these targets through initiatives in each business unit. We, as a manufacturer, have deployed feed factories throughout Japan, and these factories emit more than 30,000 metric tons of CO<sub>2</sub> annually. We have worked to reduce CO<sub>2</sub> emissions by curbing energy consumption in the production process and introducing energy-saving equipment at each factory, aiming to ultimately achieve net-zero CO<sub>2</sub> emissions by implementing measures such as introducing renewable energy. We are also involved in GHG emissions through the food supply chain, from the production of raw materials to products. In fact, the entire food supply chain has emitted a huge amount of GHG than the total amount emitted by the Company and its group companies. We, therefore, should implement effective reduction measures in collaboration with stakeholders in the process of procuring raw materials and in the development and sale of our products. More specifically, we have been striving to utilize alternative raw materials that do not rely on imported grains and develop and promote feeds containing fewer substances of concern.

GHG emission is not the only issue to be addressed within the value chain. The depletion of natural resources, the pollution of surrounding environments, food loss, and human rights violations in workplaces are also among other SDGs issues that we should address. In addition to

addressing these issues, we will build a framework whereby we can pursue sustainability across the entire value chain jointly with all stakeholders.

As one of the measures to achieve these goals, we are strengthening our ties with the Ministry of Agriculture, Forestry and Fisheries (MAFF) and are actively participating in projects promoted by the MAFF, working not only with the feed industry but also with the food industry. This way, we intend to take the lead in creating a model of ensuring sustainability for the feed industry.

We also have been making efforts to create attractive workplaces, prosper in harmony with society, and strengthen governance. Internally, we aim to create a workplace where each and every employee can prove themselves by enhancing our internal systems such as the systems for human resource development and work-style reform. We have also focused on compliance, risk management, quality improvement, and quality assurance to earn the trust of our stakeholders. We will also continue to fulfill our social responsibility, as a feed manufacturer, to ensure a stable supply of safe and reliable food.

**Q Please tell us about the measures you are taking to raise awareness of and promote the understanding and penetration of sustainability within the Company.**

Within the Company, the ESG Committee conducts educational activities to foster a corporate culture in which each and every employee sees ESG/SDGs management and the realization of sustainability as concerns of their own and takes the initiative in addressing them. The ESG Committee recommends and distributes reference books to department heads, holds web-based seminars for all employees, and promotes the understanding and penetration of ESG/SDGs and sustainability. To this end, we implement initiatives such as the "My SDGs Declaration" project, in which employees declare their commitment to actions related to SDGs. At the same time, we are promoting efforts to raise employees' awareness through participation in grassroots activities such as volunteering to cooperate in local cleanup activities and events.

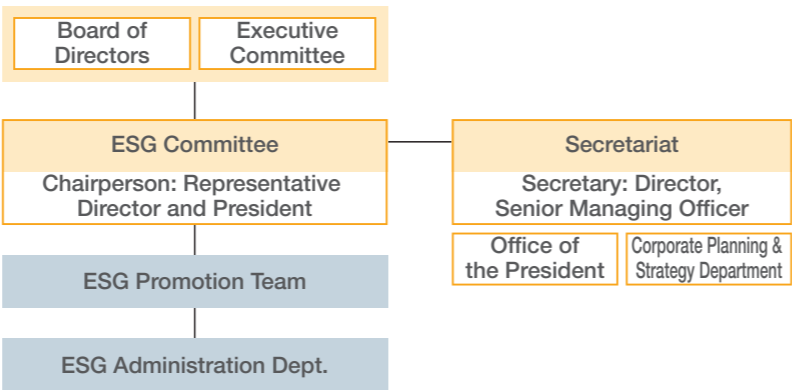
We will continue to take concrete measures to solve environmental and social issues and accelerate our efforts throughout the value chain to realize a sustainable society, with all employees working together to come up with various ideas, while taking into consideration the need to gain the understanding and cooperation of stakeholders.

Efforts for ESG/SDGs

FEED ONE's ESG Philosophy

Our business supports the food value chain centering on formula feed or the “source of deliciousness,” and it is based on blessings of nature and social infrastructure. We will strive to earn the trust of all stakeholders by fostering harmony among humans, society and the environment while acting in accordance with our management philosophy and code of conduct.

Framework to promote ESG/SDGs



Materialities (key issues)

**E** Solving environmental issues through business

We strive to solve environmental issues through our business so as to have both the Company and society grow sustainably. Such efforts include utilizing food by-products and food loss proactively when we supply animal and aquatic feed, products of our core business.

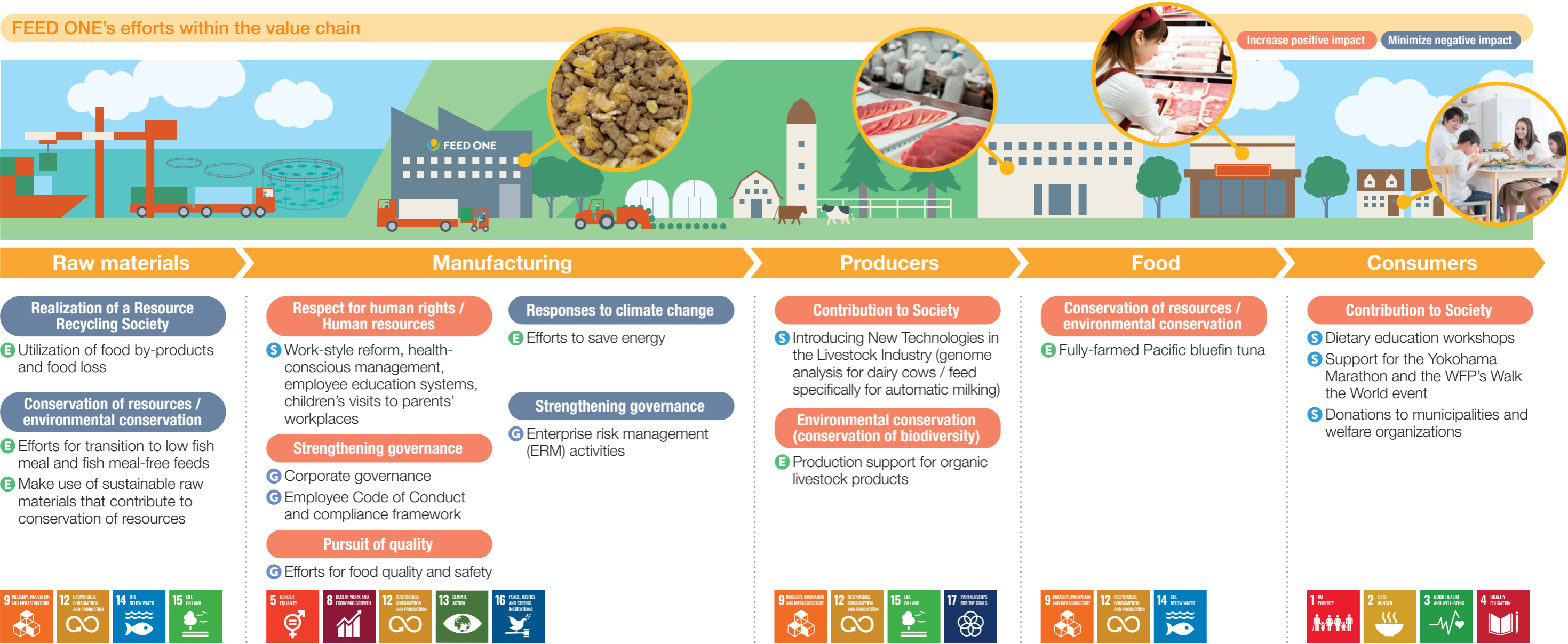
**S** Creating attractive workplaces, and prospering in harmony with society

Having employees have pride in the Company and exercise their abilities forms a foundation for the Company to provide products and services satisfying all stakeholders. Based on such a belief, we strive to promote diversity and create an attractive workplace that is comfortable and satisfying. As a member of local communities, the Company fulfills its responsibilities and supports society by seeking to prosper in harmony with local communities and providing education and making donations to contribute to the rich and varied diet of local people.

**G** Strengthening governance

In order to continue to be a company trusted by society, we will strive to further strengthen corporate governance and the systems for governing the entire Company and disclose information appropriately. That will ensure objectivity and transparency of management.

FEED ONE's efforts within the value chain



# Environment

## <Solving Environmental Issues Through Business>

Based on the environmental issues of “climate change,” “resource conservation,” and “environmental conservation—conservation of biodiversity,” FEED ONE will fulfill its social responsibility by actively working to prevent global warming, conserve biodiversity, and foster environmental awareness among its employees.

### Responding to Climate Change

#### —Efforts to Reduce GHG Emissions

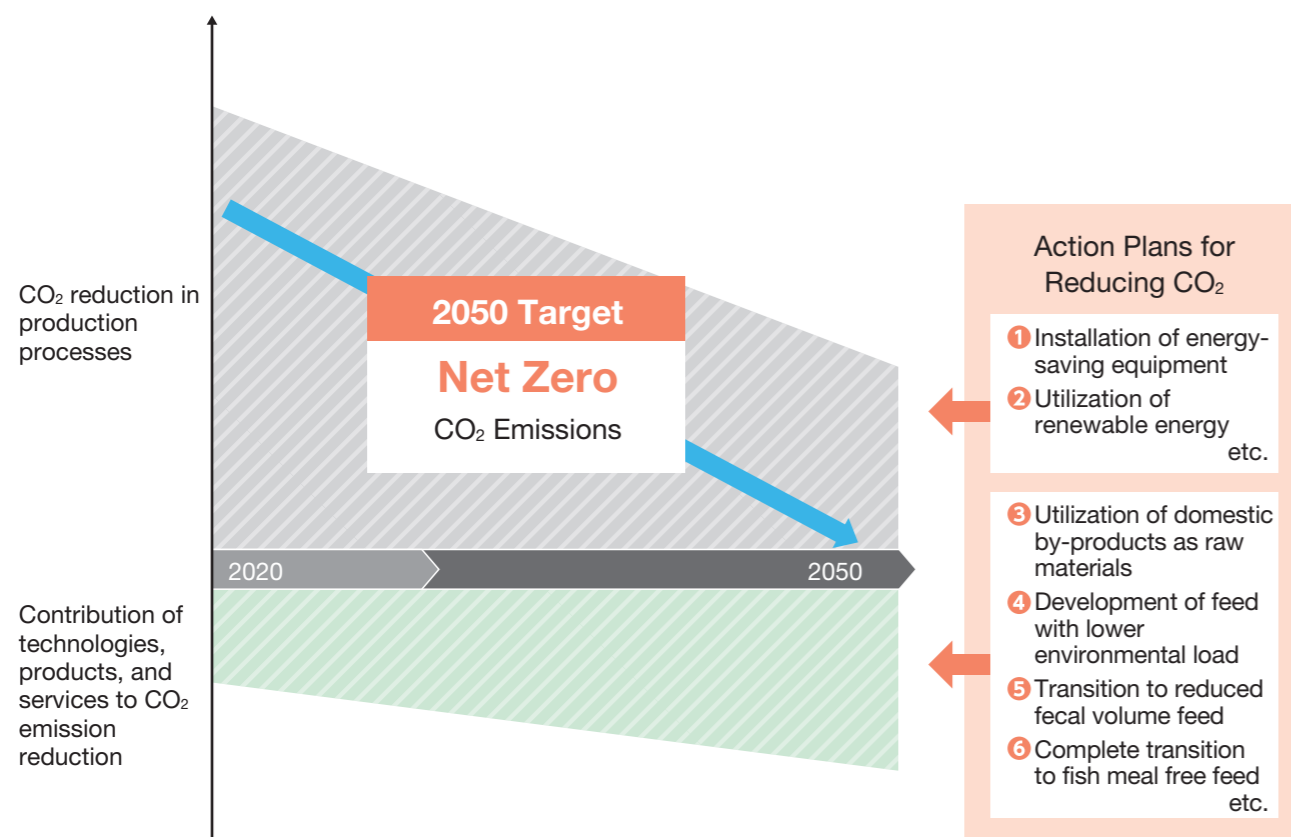
Climate change caused by GHG emissions is said to be one of the most material environmental issues. As the world accelerates its efforts to build a decarbonized society under the Paris Agreement adopted in 2015, the Group has also recognized that addressing climate change is a top priority and has set a long-term GHG emissions reduction target of achieving carbon neutrality by 2050. Although this target is extremely challenging, we will first promote our current efforts in Scope 1 (direct emissions) and Scope 2 (indirect emissions generated by energy consumption) to the fullest, and contribute to achieving the target through business activities such as

the introduction of renewable energy and the development of sustainable feed. In addition, we assume that Scope 3 (other indirect emissions) will account for the largest share of our overall supply chain, so we will need to collaborate with our suppliers to achieve a drastic reduction in GHG emissions across our entire business. We will contribute to the realization of a sustainable society by promoting collaboration with our suppliers to reduce GHG emissions throughout our procurement activities.

Relevance to SDGs



#### Working Toward Net Zero in 2050



### Contribution to the Realization of a Resource Recycling Society

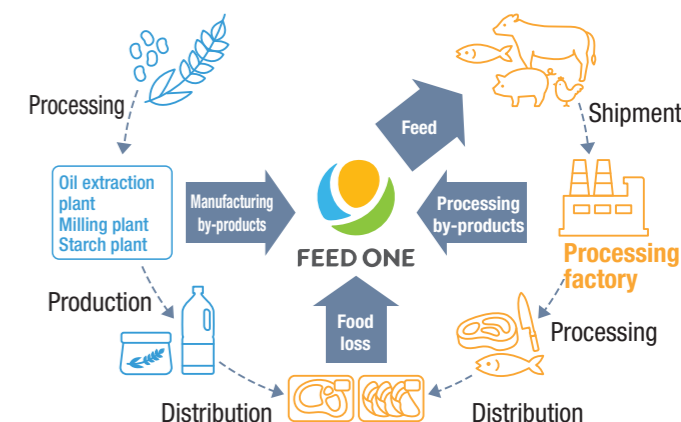
#### — Utilization of food by-products and food loss

Some ingredients of formula feeds are by-products, such as soybean meal and wheat bran, which are generated during food production. We are helping to recycle food by utilizing those by-products in the feed.

In Japan, a total of 25.5 million metric tons of food waste is generated annually by businesses and households, of which an estimated 6 million metric tons is “food loss” that is still edible but is discarded. We are already the first company in the industry to use “fried meal,” which is made by drying and processing food loss from bentos and other food products generated at convenience stores among others, as a feed ingredient. The usage, however, is limited due to logistics and costs, and the challenge is how to expand it in the future.

In addition to the utilization of food by-products, we will continue to promote the incorporation of food loss into formula feeds and reduce food loss by encouraging

food consumption in dietary education workshops, with the aim of realizing a resource recycling society.



Relevance to SDGs



### Production support for organic livestock products

#### — Supply of organic JAS-certified feed

With consumers becoming more health-conscious and safety-conscious, and with the promotion of animal welfare, agriculture, forestry, fisheries, and processing methods that utilize the blessings of nature without relying on chemical substances such as pesticides and chemical fertilizers are gaining attention. Agricultural products, processed foods, feed, and livestock products that are produced using the power of nature without relying on chemical substances are called “organic,” and inspection/certification are performed under the Act on Japanese

Agricultural Standards (JAS Act) to ensure that it is managed according to international standards.

We have been supporting the production of organic livestock products for many years, procuring organic feed ingredients, and manufacturing organic feed in accordance with JAS organic standards at the only factory in Japan that can produce organic JAS-certified formula feeds. By supporting the production of organic livestock products, we are contributing to the conservation of the global environment and biodiversity.

#### Procurement of organic JAS-certified raw materials



Together with our partners in different countries, we support organic JAS certification and procure organic feed ingredients.

#### Manufacture of organic JAS-certified feed



Kashima Feed Co., Ltd., an affiliated company of ours, is the only factory in Japan that can produce organic JAS-certified formula feeds.

#### Producers of organic JAS-certified livestock products



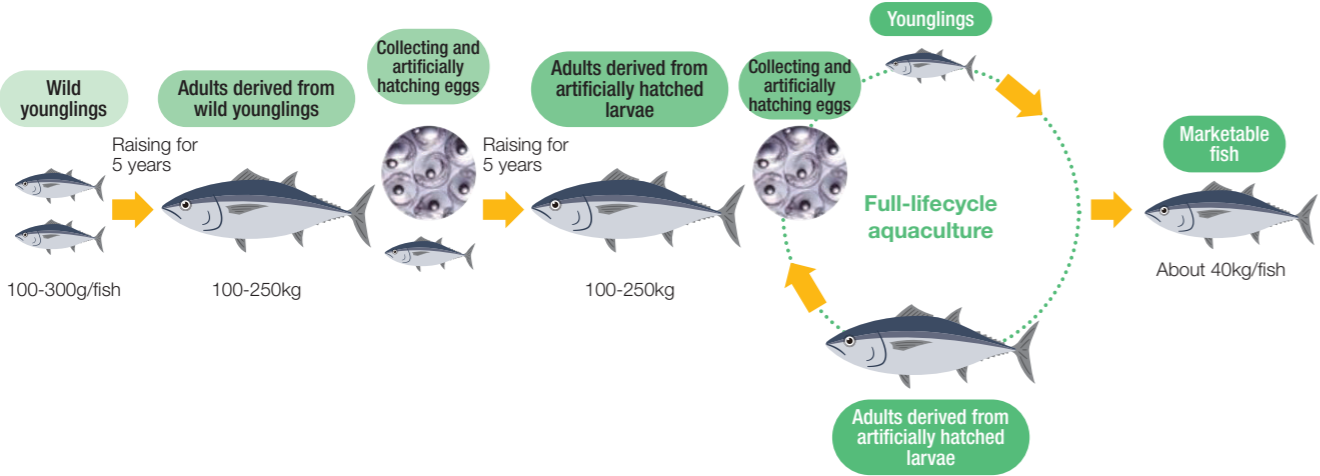
Through the supply of organic JAS-certified feed, we have been promoting the production of organic JAS-certified livestock products with producers for many years.

Conservation of biodiversity  
— Fully-farmed Pacific bluefin tuna

Against the backdrop of increasing global demand for food, the securing of aquatic resources is becoming increasingly difficult year by year due to overfishing and illegal operations among other reasons. In order to properly conserve aquatic resources and promote their sustainable use, we began research into full-lifecycle aquaculture of Pacific bluefin tuna in 1986 and succeeded in fully farming Pacific bluefin tuna in 2014. Since November 2017, Kyokuyo Feed One Marine Co., Ltd., an affiliate of the Company, has been shipping our “Hon-Maguro no Kiwami TUNAGU,” fully-farmed bluefin tuna product.

Although Pacific Bluefin tuna has been fully farmed, there are still issues to be overcome, such as the low survival rate of juvenile fish and switching from raw to formula feed. It is said that bluefin tuna requires 13 to 14 kilograms of raw feed to grow by one kilogram. We are conducting research and development of formula feed dedicated for bluefin tuna from the perspective of

protecting the ecosystem, conserving aquatic resources, and avoiding marine pollution caused by leftover feed.



Preservation of marine resources  
— Initiatives for development of low fish meal feed and fish meal free feed

Japanese aquatic feed mainly contains fish meal derived from natural resources (wild fish). With the growing depletion of natural resources around the world, the demand for aquaculture is increasing year by year, and the feed that does not depend on fish meal is required.

Under such circumstances, FEED ONE is working to develop low fish meal feeds which maintain good

breeding performance and we sell many types of low fish meal feeds.

In addition, we are further promoting low fish meal and fish meal free feeds by searching for new materials that can replace fish meal.

Relevance to SDGs

Relevance to SDGs

Social  
Creating attractive workplaces,  
and prospering in harmony with society

To meet expectations from society and fulfill responsibilities as a corporate citizen, we respect human rights, create a comfortable environment for anyone to work in, and gives back to society through our business, based on our materiality target, “Creating attractive workplaces, and prospering in harmony with society,” aiming for a sustainable world.

Relevance to SDGs

Respect for Human Rights

As we advocate “fairness” in the Values of our management philosophy, we respect the human rights of all stakeholders involved in business activities, including employees and business partners and recognize the importance of ensuring good labor practices.

Therefore, in accordance with the FEED ONE Employee Code of Conduct, we require all group companies to conduct sincere business in compliance with laws and regulations and with respect for human rights. As a measure to foster awareness of human rights and harassment, we have held e-learning training programs each year for the employees of FEED ONE and the group companies. Such programs include the education on power harassment, sexual harassment, and diversity.

Excerpt from the Employee Code of Conduct

Regulatory compliance	We, as members of our society and the international community, take responsibility for ourselves, comply with laws and regulations, corporate ethics, and social norms, and strive to maintain social order.
Prohibition of unfair discrimination and harassment	We endeavor to eradicate unfair discrimination, sexual or any other harassment based on gender, nationality, age, ethnicity, race, religion, beliefs, or physical disabilities.

Human Resources

FEED ONE puts emphasis on employee education. Based on the idea that a company can grow together with its employees, we aim to strengthen the organization by developing human resources who will contribute to the Company in the future.

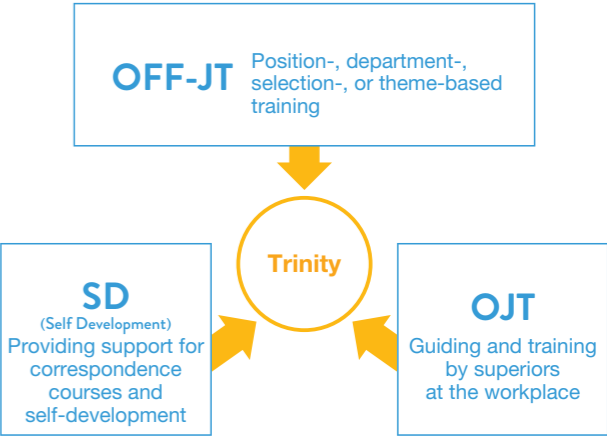
Employee education system

Our comprehensive employee education system supports the growth of each and every employee. It includes position-based training starting with training for new employees, theme-based training aiming at acquiring specific knowledge and skills, or self-development support.

The position-based training ranges from new employee training to leader training which targets employees who are expected to be department heads in the future. It provides knowledge and abilities required at each position, such as logical thinking and problem-solving. We also provide subsidies and incentives for taking correspondence courses or acquiring qualifications to employees who want to develop and learn by themselves.

Relevance to SDGs

How the education system works



Work-style Reforms, and Health and Productivity Management

In order to secure and develop excellent human resources, FEED ONE is committed to providing an environment that supports work-life balance for employees by improving the work environment and welfare programs. In particular, we are actively introducing initiatives such as promoting paid leave acquisition, introducing reduced working hours, telecommuting, or a reemployment system, and respecting diversity, with an aim to create a workplace where employees can work without anxiety over the long term. Our system allows a variety of work-styles, enabling employees to choose their own styles along with their careers.

We are engaged in health and productivity management under the leadership of Representative Director and Vice President Noguchi, as Chief Health Officer.

Considering employees as the most important management resource, we aim to improve labor productivity by maintaining and enhancing the health of our employees and keep growing sustainably to be a pleasant company to work for. We conduct stationary observations on KPIs set as indicators of health and productivity management, aiming to increase employee satisfaction, improve their work environment and health awareness by improving the numerical values through a range of measures.

Relevance to SDGs



What we have been working on for health and productivity management

- Preventing second-hand smoke by smoking cessation during working hours, and offering subsidies for non-smoking outpatient expenses
- Operating a health consultation desk that provides advice or suggestions for further examination from a professional standpoint by a public health nurse.
- Providing e-learning to improve health literacy
- Regularly delivering health information through in-house newsletters or monthly columns by public health nurses
- Implementing a walking campaign aimed at resolving lack of exercise and making exercise a habit
- Offering subsidies for interview costs at the EAP consultation desk
- Organizing seminars on health for employees
- Introducing no overtime days

Health and Productivity Management KPI	FY2020
Participation rate for Health checkups	99.8%
Participation rate Stress check tests	96.7%
Average hours worked in excess of statutory working hours per month	6.5 hours
Average number of days of paid leave taken per year	11.1 days
Average number of days of summer vacation taken per year	2.9 days

Voice

Balancing Childcare and Work

Maya Inoue, Office of the President

I took childcare leave for one year from 2020 and returned to work in March 2021. I am currently applying the company's short-time working system.

Since my parents do not live nearby, my husband and I take care of our child but manage to balance childcare and work by additionally using the telecommuting system. These systems allow us to spend more time with our child and to effectively separate work and personal time.

The most difficult time to balance childcare and work is when the child is sick and has to stay at home. The company has a system that allows us to use our partner babysitter at a discounted price, and we can use it together with telecommuting. Having the babysitter take care of my child, I can work beside them. We can also take paid leave on an hourly basis or institutional leave according to our conveniences such as the nursery school events or our lifestyles. All these provide a flexible working style.

Although balancing childcare and work is hard, I manage it with an extensive support system as well as the support from my boss and team members.

I believe that the experience of the career design training for young females, which I took as a new employee also motivates me to continue working.

Contribution to Society

FEED ONE, as a member of society, seeks to contribute to the development of the whole society. We believe that continuing to support the stable supply of food that is indispensable to our daily lives and accumulating activities that are efficient for the global environment protection or the developments of culture, education, and local communities will earn the trust of society and lead to prosperity in harmony with society.

Relevance to SDGs



Introducing New Technologies in the Livestock Industry

In recent years, the shortage of human resources in the livestock industry has become a serious issue, and expectations for mechanization, automation, or digitalization are increasing.

① Developing and selling dedicated feed for automatic milking system (AMS)

The AMS project team formed in 2015 has worked on farmer support, including AMS introduction and management advice based on AMS data analysis, as well as the development of dedicated feed for AMS, which obtained a patent in 2016 and has been well received by producers.



② Providing genomic analysis service for dairy cows

FEED ONE, which started a genomic analysis service for dairy cows in July 2018, was the first domestic feed manufacturer to introduce the service. By analyzing DNA, dairy cows' genetic abilities such as fertility, milk quality, disease resistance, and body shape can be quantified. As a result, the individual cow's performance evaluation, which previously took three years or more, has become possible immediately after birth, which has dramatically shortened the time required for selective breeding.

In addition, this technology has enabled us to use analysis results to propose the right cattle feed plans, which contribute to further improving the production performance and management of producers.



Relevance to SDGs



Organizing Food and Nutrition Education Activities

We hold food and nutrition seminars for students of the local elementary, middle, and high schools, where they enjoy obtaining correct information about food and learning about the importance of food through cooking and eating products of livestock and fishes fed with our formula feeds.

Formula feed is the "source of deliciousness" necessary and indispensable for the production of safe and delicious meat and marine products. The aim of our food and nutrition seminar, which takes advantage of our characteristics as a formula feed manufacturer, is to deepen consumers' understanding of the food value chain linking feed, farms, meat and marine products, domestic and imported products differences, natural and aquaculture differences, and nutrition.

At the same time, it also aims to enlighten consumers about the significance of our industry, which they have few opportunities to be directly involved.

In addition, by passing on this knowledge to young people, we help them develop skills to choose good food by themselves and enhance health awareness.

In response to lifestyle changes, we will continuously consider initiatives that contribute to the rich and varied diet of the local people, such as utilizing the Web for food and nutrition seminars.



# Corporate Governance

## <Strengthening Corporate Governance>

FEED ONE aims to enhance its corporate value by ensuring more objective and transparent management as well as further strengthening and improving the compliance framework.

### Basic Policy and Framework for Corporate Governance

#### Basic Policy

The Group regards corporate governance as a management priority. Our basic policy is to establish an optimal management structure to ensure effective, transparent, and sound management practices to gain trust of stakeholders including shareholders, customers, business partners, local communities, and employees, while striving to increase corporate value.

#### Governance Framework and Design

The Company appoints External Directors to enhance the Board of Directors’ risk management framework and ensure transparent management, while introducing an executive officer system and establishing the Executive Committee, etc. for efficient management. This is for expediting decision-making and streamlining business execution without compromising the enhancement of supervisory functions. In addition, we have adopted the Board of Corporate Auditors system, comprising three Corporate Auditors including two External Corporate Auditors to ensure an objective supervision from an independent position over the Company’s decision on management and business executions.

The Board of Directors, which is composed of Directors and Corporate Auditors, makes important

decisions on business executions, and meets once per month in principle. Furthermore, the Executive Committee, which is composed of Executive Officers, in addition to the Board of Directors members, meets at least once per month in principle to deliberate important matters related to the management. The Board of Corporate Auditors, which is composed of Corporate Auditors, meets once per month in principle.

In addition, the Company has the Compliance Committee, the Credit Committee and other committees, which are composed of Directors in charge, Executive Officers, and employees to manage risks that may arise from the business development of the Group and to discuss important matters. Corporate Auditors, including two External Corporate Auditors, attend important meetings and Committees depending on their roles.

The Company also has the Nomination and Remuneration Committee composed of External Directors and Representative Directors. We follow procedures designed to ensure objectivity and transparency in the nomination and remuneration of Directors, and the Nomination and Remuneration Committee submits a proposal to the Board of Directors after consultation and recommendation.

The members of the Company’s major committees are as below:

Title	Name	Board of Directors	Board of Corporate Auditors	Nomination and Remuneration Committee
Representative Director	Takashi Yamauchi	Chairman	—	Member
Representative Director	Takashi Noguchi	Member	—	Member
Director	Naoki Hatanaka	Member	—	—
Director	Tsuneo Suzuki	Member	—	—
Director	Yukihiro Arakida	Member	—	—
External Director	Akio Ishizuka	Member	—	Chairman
External Director	Kikue Kubota	Member	—	Member
External Director	Keizo Goto	Member	—	Member
External Director	Osamu Watanabe	Member	—	Member
External Corporate Auditor	Eiichi Yano	Observer	Chairman	—
Corporate Auditor	Shunji Saito	Observer	Member	—
External Corporate Auditor	Isao Tsubaki	Observer	Member	—

#### Skills Matrix

Comprehensively considering the composition of the Board of Directors to enhance governance, the Company has appointed members of the Board of Directors as shown in the previous page to fully utilize their skills in business activities.

We will flexibly review the skills of each Director responding to changes in business and social environment, to enable flexible corporate management and ensure appropriate governance.

		Qualifications						
		Corporate management	Industry expertise (feed, raw materials, etc.)	Marketing and sales	Finance, accounting and economics	Legal affairs	International business experience	Academic research
Directors	Takashi Yamauchi	●	●					
	Takashi Noguchi	●	●		●			
	Naoki Hatanaka		●	●				
	Tsuneo Suzuki	●	●					
	Yukihiro Arakida		●	●				
External Directors	Akio Ishizuka					●		
	Kikue Kubota							●
	Keizo Goto				●			●
	Osamu Watanabe						●	

### External Officers Framework / Evaluation of the Effectiveness of the Board of Directors

#### External Officers Framework

The Company has four External Directors and two External Corporate Auditors.

##### ① External Directors

Name	Reason for nomination and expected roles	Attendance at meetings	Independent Officer	Significant concurrent positions
Akio Ishizuka	Mr. Akio Ishizuka provides appropriate advice and supervision for the management of the Company, leveraging his experience as a judge and his expertise in law. In addition, as a lawyer, he is qualified to oversee management from an objective and independent perspective based on an overall grasp of corporate society, including laws and regulations. The Company believes that he can help improve the transparency and reinforce the supervisory functions of its Board of Directors. The Company expects that he will play roles in supervising corporate management from a viewpoint of a legal expert as well as from an objective position independent of business executors.	17/17	○	Representative Lawyer, Nakaurawa Law Office
Kikue Kubota	Ms. Kikue Kubota has long been engaged in studies in food science and other fields at Ochanomizu University, where she serves as Professor Emeritus, and has expertise mainly in the food business of the Company. She also serves as an auditor of a national university corporation. The Company believes that she can provide helpful advice and suggestions concerning the Company’s overall management from an objective perspective. The Company expects that she will play roles in supervising corporate management from a viewpoint of an expert in the field of food business as well as from an objective position independent of business executors.	17/17	○	Professor Emeritus, Ochanomizu University Auditor (part-time), Tokyo University of Marine Science and Technology Auditor (part-time), Tokyo University of Agriculture
Keizo Goto	Mr. Keizo Goto has experience of working at regional taxation bureaus and serving as Designated Professor at the Graduate School of Economics, Rikkyo University, and therefore has expertise in finance and economics, etc. The Company believes that he is qualified to oversee management from an objective and independent perspective leveraging his experience from serving as a Full-time Auditor of Japan Freight Railway Company and can help improve the transparency and reinforce the supervisory functions of the Company’s Board of Directors. The Company expects that he will play roles in supervising corporate management from a viewpoint of an expert in the field of finance and economics, etc. as well as from an objective position independent of business executors.	13/13*1	○	—

Name	Reason for nomination and expected roles	Attendance at meetings	Independent Officer	Significant concurrent positions
Osamu Watanabe	Mr. Osamu Watanabe has knowledge of the grain, fats and oils business in which he was mainly engaged at MITSUI & CO., LTD. He also has work experience in overseas business and food business, including serving as a corporate officer and general manager of overseas sales department of a company handling food products. The Company believes that he can help reinforce the management structure of the Company by providing advice on the Company's business activities from a broad perspective. The Company expects that he will play roles in helping reinforce the management structure of the Company by leveraging his work experience in overseas business and food business and providing advice on the Company's business activities from a broad perspective.	— *1	— *2	General Manager, Fats and Oils and Staple Food Business Department, Food Business Unit, MITSUI & CO., LTD.

② External Corporate Auditors

Name	Reason for nomination and expected roles	Attendance at meetings	Independent Officer	Significant concurrent positions
Eiichi Yano	Mr. Eiichi Yano has broad insight on management and finance acquired at financial institutions. He has been serving as a full-time External Corporate Auditor of the Company for four years, during which he has accumulated knowledge of the feedstuff, livestock, and fisheries industry. Furthermore, he has also been serving as an auditor at an important subsidiary of the Company and well versed in management conditions of the Group companies. The Company expects that he will help further strengthen the audit system for its businesses by leveraging his wisdom and expertise acquired from a company-wide viewpoint.	17/17	— *2	—
Isao Tsubaki	Mr. Isao Tsubaki possesses expert knowledge and experience accumulated as a certified public accountant and tax accountant. The Company expects that he will help further strengthen the audit system of its business by incorporating his experience into the audit system.	17/17	○	Representative Director, Tsubaki General Management Research Center Co., Ltd.

\*1. The attendance above covers the meetings of the Board of Directors held in FY2020. Director Mr. Goto attended all meetings of the Board of Directors held after he assumed the office of External Director of the Company in June 2020. Furthermore, as Director Mr. Watanabe assumed the office of External Director of the Company in June 2021, his attendance at the meetings of the Board of Directors in FY2020 is not presented.

\*2. The Company has not designated Director Mr. Watanabe and Corporate Auditor Mr. Yano as independent officers because Mr. Watanabe currently works at a business partner of the Company and Mr. Yano previously worked at a business partner of the Company. Furthermore, the Company has not set out independence criteria or policies for selecting External Directors and External Corporate Auditors. However, the selection process follows the independence criteria prescribed by the Tokyo Stock Exchange so as not to cause conflicts of interest with general shareholders.

Evaluation of the effectiveness of the Board of Directors

The Board of Directors of the Company conducts a survey including self-evaluation for all Directors and Corporate Auditors including External Directors and External Corporate Auditors on a yearly basis to analyze

and evaluate its effectiveness. Based on these analyses, we consider that the Board of Directors as a whole functions effectively.

Initiatives for enhancing corporate governance / Policy and procedures for nomination

Policy and procedures for nomination

The Company takes into account all the competencies, attributes and proven track record a candidate possesses in the nomination of a Director or Corporate Auditor candidate. In addition, when nominating an External Officer, we select a person who can provide opinion from an objective perspective.

In line with the above policy, the Company has established the Nomination and Remuneration

Committee, which is mainly composed of independent External Directors, to review the appropriateness of the candidate screening process and remuneration for Directors.

The Board of Directors selects candidates for Director or Corporate Auditor based on the procedures above including the recommendation at the Nomination and Remuneration Committee.

Basic Design of Officer Remuneration

Basic Policies

- In principle, the Company shall consult with the Nomination and Remuneration Committee, which is mainly composed of External Directors, regarding the individual remuneration, etc. for Directors. The remuneration shall follow a process that ensures the transparency and objectivity of the procedures for determining officer remuneration.
- The remuneration shall be designed to be an incentive linked to short-term performance, based on the mid-term management plan, and for the medium- to long-term enhancement of corporate value.
- The amount of remuneration for each position shall not deviate from that of other companies in the same industry or companies with similar size, while maintaining a level that can secure and maintain excellent human resources.

considering factors such as position, the achievement rate against performance targets, division evaluations, the market environment, and social situations. The payment ratio for each type of remuneration is determined by the Nomination and Remuneration Committee, taking into consideration the balance between the total amount of monetary remuneration and non-monetary remuneration, as well as a comparison with the remuneration of other companies in the same industry or companies of similar size.

The index for performance-linked remuneration is the ordinary profit in the mid-term management plan of the Company, in order to clarify the performance evaluation of each Director, taking into account a wide range of factors including changes in the business environment and risks associated with the operation of equity method affiliated companies. The composition of remuneration is as follows.

Outline of Details in Policies

Remuneration for Directors consists of monetary remuneration (fixed remuneration and performance-linked remuneration) and non-monetary remuneration (stock remuneration). The remuneration for External Directors consists of fixed remuneration only. Based on the above policies, monetary remuneration and non-monetary remuneration are each calculated by comprehensively

Reason for the Board of Directors (Nomination and Remuneration Committee) to have judged that the details of individual remuneration, etc. for each Director for the fiscal year under review is in line with the policies

The Nomination and Remuneration Committee makes judgments by comparing the amount of remuneration for each position with remuneration of other companies in the same industry or companies of similar size.

(Reference) Formula for calculating individual remuneration for each Director and the composition ratio thereof

1. Fixed monetary remuneration and non-monetary remuneration

Remuneration is set for each position based on a median of officer remuneration survey data from an external research institution, which takes into account the size of listed and unlisted companies (sales, number of employees, market capitalization, etc.).

2. Performance-linked monetary remuneration

The following formula is used to calculate remuneration with the ordinary profit in the mid-term management plan of the Company as an indicator.

(Formula) Performance-linked monetary remuneration\*1 = Base amount + allocation amount: (actual ordinary profit - (ordinary profit in the mid-term management plan + 100 million yen))\*2\*3 × allocation ratio by position × evaluation coefficient

\*1 The maximum of the performance-linked monetary remuneration is 150% of the base amount.

\*2 The total allocation to Directors and Executive Officers is 3.5% of the difference between actual ordinary profit and ordinary profit in the mid-term management plan + 100 million yen. The allocation amount for Directors for the fiscal year ended March 31, 2020 is 1.7% of the difference stated above.

\*3 Performance-linked monetary remuneration is not paid if actual ordinary profit is less than 80% of ordinary profit in the mid-term management plan + 100 million yen.

3. Composition of remuneration

The composition of individual remuneration by position is as shown in the following table. (Rounded down to the nearest decimal place)

Total amount of remuneration, etc. by officer category, total amount of remuneration, etc., by type, and number of eligible officers

Position	Actual ordinary profit < (ordinary profit in the mid-term management plan + 100 million yen) × 80%			Actual ordinary profit = ordinary profit in the mid-term management plan + 100 million yen			Allocation amount ≤ base amount × 150%		
	Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration
Representative Director and President	84%	0%	15%	69%	18%	12%	63%	25%	11%
Representative Director and Vice President	86%	0%	13%	71%	16%	11%	66%	23%	10%
Director, Senior Managing Officer	87%	0%	12%	73%	15%	10%	68%	21%	9%
Director, Managing Executive Officer	87%	0%	13%	73%	15%	10%	68%	21%	10%

Management Structure

1 Takashi Yamauchi

Representative Director and President



April 1980  
April 1998  
October 2001  
April 2006  
June 2006  
March 2008  
April 2009  
April 2012  
June 2012  
October 2014

Joined MITSUI & CO., LTD.  
Head, Feedstuff & Grain Group, Feedstuff & Livestock Division, Food Business Unit  
General Manager, Feedstuff & Grain Department, Feedstuff & Livestock Division, Food Business Unit  
General Manager, Feedstuff & Livestock Division, Food & Retail Business Unit  
Director, Nippon Formula Feed Mfg. Co., Ltd.  
General Manager, Food & Retail Planning & Administrative Division, Food & Retail Business Unit, MITSUI & CO., LTD.  
Deputy COO (Chief Operating Officer), Food & Retail Business Unit  
Deputy COO (Chief Operating Officer), Food Business Unit  
Representative Director and President, Nippon Formula Feed Mfg. Co., Ltd.  
Representative Director and President, the Company

2 Takashi Noguchi

Representative Director and Vice President



April 1979  
May 2000  
April 2006  
April 2010  
June 2011  
May 2012  
June 2012  
October 2014  
April 2019  
April 2021

Joined The Bank of Yokohama, Ltd.  
General Manager, Kamiooka Branch  
Executive Officer  
Managing Executive Officer  
Director and Managing Executive Officer in charge of Brand Strategy Division, Sales Management Department, and Operations Management Department  
General Manager, Business Division Head Office  
General Manager, Brand Strategy Division and Supervisor, Block Business Division Head Office  
Advisor, Kyodo Shiryō Co., Ltd.  
Director, Senior Managing Officer  
Director, Senior Managing Officer, the Company  
Director, Vice President  
Representative Director, Vice President; General Manager, Administrative Unit and in charge of Aquatic Feed Division

3 Naoki Hatanaka

Director



April 1981  
January 2004  
April 2010  
June 2012  
July 2013  
October 2014  
October 2015  
April 2016  
April 2019

Joined Nippon Formula Feed Mfg. Co., Ltd.  
General Manager, Sales Department, Kanto Branch  
Executive Officer  
Director  
Managing Director; General Manager, Feed Business Unit  
Director, the Company  
Director, Managing Executive Officer  
Director, Senior Managing Officer  
Director, Senior Managing Officer; General Manager, Animal Feed Business Unit and in charge of Research & Development Center

4 Tsuneo Suzuki

Director



April 1980  
June 2009  
July 2013  
October 2014  
April 2017  
June 2017  
April 2019  
April 2020

Joined MITSUI & CO., LTD.  
Representative Director and President, San-ei Sucochemical Co., Ltd.  
Executive Officer, Nippon Formula Feed Mfg. Co., Ltd.  
Senior Executive Officer, the Company  
Managing Executive Officer  
Director, Managing Executive Officer  
Director, Senior Managing Officer  
Director, Senior Managing Officer; Executive Secretary and in charge of Corporate Planning & Strategy Division and Quality Assurance Division

5 Yukihiro Arakida

Director



April 1984  
April 2008  
April 2010  
October 2014  
April 2017  
June 2018  
April 2019

Joined Kyodo Shiryō Co., Ltd.  
General Manager, Kansai Branch  
Executive Officer  
Executive Officer, the Company  
Senior Executive Officer  
Director, Senior Executive Officer  
Director, Managing Executive Officer; General Manager, Food Service Unit

6 Akio Ishizuka

External Director



December 2001  
December 2004  
April 2007  
July 2007  
April 2008  
June 2011  
April 2015  
June 2015

Presiding Judge, Fukuoka High Court  
Chief Judge, Niigata Family Court  
Part-time Lecturer, Dokkyo Law School, Dokkyo University  
Registered as a lawyer with Saitama Bar Association  
Visiting Professor, Dokkyo Law School, Dokkyo University  
External Auditor, Nippon Formula Feed Mfg. Co., Ltd.  
Part-time Lecturer, Dokkyo Law School, Dokkyo University  
External Director, the Company

7 Kikue Kubota

External Director



June 1972  
October 1982  
April 1999  
April 2005  
April 2013  
April 2016  
June 2019  
July 2019

Research Associate, Faculty of Education, Saitama University  
Lecturer, Faculty of Home Economics, Ochanomizu University  
Professor, Faculty of Human Life and Environmental Sciences  
Trustee, Vice President  
Professor Emeritus, Ochanomizu University  
Professor, Nodai Research Institute, Tokyo University of Agriculture  
Visiting Professor, Kanagawa Institute of Technology  
Auditor (part-time), Tokyo University of Marine Science and Technology  
External Director, the Company  
Auditor (part-time), Tokyo University of Agriculture

8 Keizo Goto

External Director



April 1973  
July 1998  
August 1998  
July 1999  
July 2000  
July 2001  
July 2002  
June 2005  
July 2008  
April 2014  
June 2020

Joined the Ministry of Finance  
Director, Kanto Shinetsu National Tax Tribunal  
Regional Commissioner, Sendai Regional Taxation Bureau  
Regional Commissioner, Nagoya Regional Taxation Bureau  
Deputy Director-General  
Deputy General Manager, National Tax Tribunal  
Trustee, The Open University of Japan  
Foundation  
Full-time Auditor, Japan Freight Railway Company  
Senior Managing Director, The Financial Futures Association of Japan  
Designated Lecturer (Designated Professor), Graduate School of Economics, Rikkyo University  
External Director, the Company

9 Osamu Watanabe

External Director



April 1994  
December 2006  
July 2012  
January 2014  
April 2017  
July 2019  
August 2020  
April 2021  
June 2021

Joined MITSUI & CO., LTD.  
Deputy General Manager, Produce & Provisions Division, Kuala Lumpur Branch, MITSUI & CO. (Asia & Pacific) Pte Ltd  
Chief, Dongyangguang Business Promotion Office, Metal Business Department, Mineral & Metal Resources Business Unit, MITSUI & CO., LTD.  
Chief, Multigrain Promotion Office, Grain Business Second Department, Food Business Unit  
General Manager, Overseas Sales Department, Kadoya Sesame Mills Incorporated  
Corporate Officer and General Manager, Overseas Sales Department  
General Manager, Food and Retail Business Division, MITSUI & CO. (Malaysia) Sdn Bhd  
General Manager, Fats and Oils and Staple Food Business Department, Food Business Unit, MITSUI & CO., LTD.  
External Director, the Company

Message from External Director

Growing into an industry-leading company by encouraging diverse human resources to fulfill their potential and building a foothold for sustainable growth, helped by the participation of all employees and the strong ability to respond quickly to issues and needs.

Kikue Kubota

External Director



Corporate Culture of FEED ONE Seen from External Perspective

I assumed the position of External Director in June 2019, when the Company had finished the first year of its second mid-term management plan and the business foundation established through the business integration had started to show positive effects and the earnings were increasing steadily. Back then, I was impressed by the confidence and vitality such successful experiences had brought into the Company and the friendly atmosphere among employees. Unfortunately, I have not visited factories and branch offices since the outbreak of COVID-19 and therefore have had no chance to get close to employees working in these sites. However, I can feel the strength, the sense of unity, and the sincere corporate culture to actively tackle growth strategies through Executive Committee meetings and other opportunities.

Looking at the activities of female employees, however, the percentage of female employees in key management positions such as department heads and managers is far from high, although the Company has positioned employees as the most important management resources, and has promoted health and productivity management as well as work-style reform. I believe that creating a workplace where diverse human resources can play an active role is one of the important reform agendas for the Company in the years ahead. As a female director, I would like to closely monitor and support such efforts.

Board of Directors and Corporate Governance

At the Board of Directors meetings, External Directors are requested to provide advice on various aspects, and we strive to provide meaningful advice from a professional perspective. The key management, including President Yamauchi and Inside Directors, listen seriously to and

reflect our advice in their management decisions. We, as External Directors, can also deepen our understanding of the business by participating in internal meetings as observers and taking courses that employees can take together.

With regard to corporate governance, the Nomination and Remuneration Committee, which I have joined as a member, is partly responsible for ensuring the effectiveness of corporate governance. Four out of six members of the committee are External Directors, and the committee is also chaired by an External Director, which has allowed for objective and fair discussions and deliberations with an emphasis from an outside perspective. In the future, it would be desirable to ensure diversity in terms of the knowledge and experience of the members of the Board of Directors, and to further enhance governance.

What we felt when formulating the Mid-term Management Plan

In the process of formulating the third mid-term management plan, we held meetings, participated primarily by Executive Officers and Directors in charge of business divisions and the corporate planning and strategy department, to discuss and actively exchange opinions all day. We, as External Directors, proposed that ESG/SDGs be incorporated into the key measures of the mid-term management plan, and this proposal is actually reflected in the plan. I believe that the strong commitment to full participation and speedy response seen in the formulation of the plan is one of the major characteristics of FEED ONE. I hope that the consistent implementation of this plan will help establish a foothold for sustainable growth. I also hope that the Company aspires to lead the industry as a company in which diverse human resources are able to fully demonstrate their abilities.

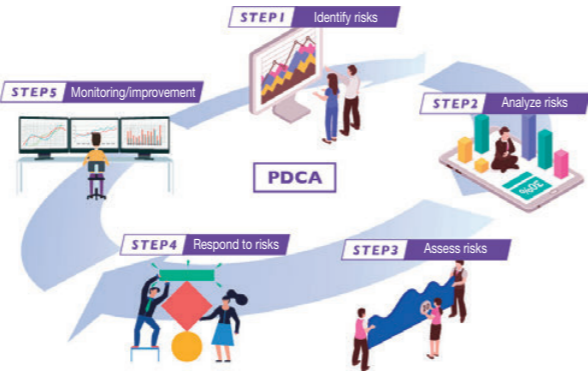
# Risk Management

The Group considers factors hindering the achievement of management and business objectives (mid-term management plans, business plans, etc.) to be risks, and implements measures to prevent those risks from materializing. As part of our crisis management, we have formulated a business continuity plan (BCP) to minimize damage in the event of a large-scale disaster and to ensure that we can continue our business.

## Enterprise risk management (ERM) system

In FY2016, the Group launched ERM activities to manage risks and countermeasures against them on a company-wide basis.

We have established enterprise risk management (ERM) regulations, and have set up risk management promotion teams at each business location. Each year, we work to minimize risk and improve operational efficiency throughout the company by implementing the PDCA cycle of risk identification, analysis, evaluation, and countermeasure implementation.



## Risk Management Activities

We are engaged in risk management activities at a total of 57 locations nationwide.

At each location, the PDCA cycle for risk management is implemented through annual self-check.

Regular meetings are held four times a year to share information on the progress of the measures against risks and the status of monitoring items.

In addition, reports are submitted to the Executive Committee twice a year for review by the management and feedback to related parties.

Activities		Frequency (per year)
Self-checks	Identify risks Analyze risks (calculate magnitude, analyze impact and frequency of occurrence) Assess risks (prioritization) Respond to risks (develop and implement countermeasures)	Annually
Regular meetings	Review self-check results Incorporate risk management into business plans Confirm the status of company-wide priority risk responses Confirm the status of monitoring items	Quarterly
Report to the management	Company-wide RM meetings, interim report meetings	Biannually
Training	New employee training, facilitator training	Multiple times a year

# Compliance

## Basic Policy for Compliance

FEED ONE has defined the following “Compliance” actions based on the “Employee Code of Conduct” in order to enhance its corporate value while pursuing solid and efficient corporate management.

1. Conform to laws and regulations, corporate ethics, and social norms, and strive to maintain social orders
2. Identify problems from client and consumer perspectives, and focus on solving them to enhance corporate value

## Compliance Framework

The Company regularly holds meetings of the “Compliance Committee,” which was established by the Representative Director and President, and investigates and deliberates on various issues related to the Group’s compliance.

In addition, the Company conducts compliance trainings for Directors, Executive Officers, employees, and other staff to increase compliance awareness, and introduced the internal reporting system, which has an outside attorney, an External Corporate Auditor, and the Internal Auditing Division as contact points.

## Internal Control Basic Policy

The Company has set forth the following basic policies to ensure compliance with laws and regulations and the Articles of Incorporation by Directors, Executive Officers, and employees in their executing duties:

- (1) In accordance with laws and regulations, the Articles of Incorporation, resolutions at the General Meeting of Shareholders, and internal regulations, the Board of Directors of the Group shall decide on important matters related to management, and supervise the execution of duties by Directors.

(2) To ensure that the Directors, Executive Officers, and employees of the Group comply with laws and regulations and promote appropriate corporate activities, the Group shall make them aware of the “FEED ONE Group Employee Code of Conduct.”

(3) Corporate Auditors shall audit the execution of duties by Directors, in cooperation with the Accounting Auditor and the Internal Auditing Division.

(4) The Company shall ensure that the Internal Reporting System Regulations are recognized within the Group and periodically report the status of reporting each year to the Board of Directors of the Company. The Board of Directors shall conduct follow-up activities on such reports and take
- necessary measures to improve the effectiveness of the internal reporting system. In addition, the Board of Directors shall evaluate the internal reporting system and continuously improve the system.

(5) The Board of Directors of the Company shall educate, train, and familiarize the Group regarding compliance, including the internal reporting system, and shall assign and train personnel in charge of compliance who possess the necessary skills and aptitude.

(6) The Compliance Committee shall decide on matters including action policies, by investigating and deliberating on various issues related to the Group’s compliance, and inform and instruct the Group, accordingly.

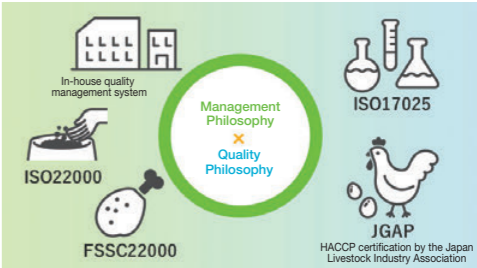
(7) The Group will not engage in any relationship with anti-social forces that threaten civil society and will never conduct anti-social transactions with such forces. In addition, the entire company shall take a resolute stance against such anti-social forces by closely collaborating with police and other external specialized institutions.

# Quality Assurance

Under its management philosophy, the FEED ONE Group pledges that it will “conduct thorough compliance with regulations to supply its customers with safe and reliable foods in a stable manner.” Furthermore, based on the quality philosophy of “being a part of the food chain linking farm to table, we will provide safe, secure, and high-quality products and services to meet the expectation and trust of our customers,” we obtain certificates in food quality and safety to provide safe and secure feed and food products.

## Initiatives to Produce Safe and Secure Feed (Feed Quality Assurance)

For ensuring feed safety, the Company has built a structure to comply with the Feed Safety Law to manage risks in every procedure. We constantly improve the quality to meet customer needs by implementing a monitoring system to check if the quality control process is functioning well and developing human resources.



## What is a food chain?

A food chain is a series of steps from primary production to final consumption. To supply safe food, measures to improve food safety are required to be taken thoroughly in the food chain from farm to consumers.



## Initiatives to ensure safe and secure meat, eggs, and aquatic products (Food Quality Assurance)

The FEED ONE Group provides three core food products—“meat, eggs, and aquatic products.” We confirm that a process control of food processing and manufacturing is in place based on HACCP principles, and that products are processed and manufactured in a hygienic environment.

## Financial Data for the Last 7 Years

	Fiscal year ended March 31, 2015**	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<b>Operating results</b> (Million yen)							
Sales	167,028	228,903	207,920	207,562	212,886	215,050	214,120
Cost of sales	149,617	204,769	182,917	183,629	189,757	191,401	192,163
Selling, general and administrative expenses	14,505	20,641	20,171	20,225	19,005	18,234	16,284
Operating profit	2,905	3,492	4,831	3,706	4,123	5,414	5,672
Ordinary profit	2,809	3,734	5,131	4,103	4,466	5,737	6,081
Profit attributable to owners of parent	1,906	2,308	3,937	2,971	4,657	3,842	4,438
Total assets	90,827	82,688	79,904	87,082	88,934	90,880	99,251
Net assets	26,309	27,298	30,968	33,304	36,413	38,906	42,794
Capital expenditures	1,913	3,778	5,033	6,448	3,811	7,934	8,120
Depreciation	1,492	2,096	1,855	2,370	2,395	2,513	3,157
Net cash provided by (used in) operating activities	1,176	6,056	11,777	9,199	4,842	1,127	7,737
Net cash provided by (used in) investing activities	(1,484)	(2,017)	(891)	(7,454)	(158)	(7,475)	(5,989)
Net cash provided by (used in) financing activities	600	(4,397)	(10,373)	(1,330)	(4,937)	6,512	(1,550)
Cash and cash equivalents at end of period	2,178	1,819	2,333	2,748	2,492	2,657	2,830
<b>Per share information</b> (Yen)							
Basic earnings per share*2	12.41	11.71	19.98	15.08	23.66	97.64	112.78
Dividend per share	3.00	4.00	4.50	4.50	4.50	5.00	15.00*3
Net assets per share*2	132.14	136.84	155.20	166.86	182.90	977.82	1,074.63
<b>Financial indicators</b> (%)							
Operating profit to sales	1.7	1.5	2.3	1.8	1.9	2.5	2.6
Profit to sales	1.1	1.0	1.9	1.4	2.2	1.8	2.1
Return on equity (ROE)	9.5	8.7	13.7	9.4	13.5	10.3	11.0
Return on assets (ROA)	4.3	4.3	6.3	4.9	5.1	6.4	6.4
Equity ratio	28.7	32.6	38.3	37.7	40.5	42.3	42.6

\*1. On October 1, 2014, Kyodo Shiryō Co., Ltd. and Nippon Formula Feed Mfg. Co., Ltd. merged. As a result, the Company was founded as a wholly owning parent company incorporated in a share transfer, making Kyodo Shiryō Co., Ltd. and Nippon Formula Feed Mfg. Co., Ltd. wholly-owned subsidiaries through a joint share transfer. Nippon Formula Feed Mfg. Co., Ltd. adopted the business combinations accounting as the acquiring company at the time of foundation. Accordingly, the consolidated operating results for the fiscal year ended March 31, 2015 (April 1, 2014 to March 31, 2015) represent the combined operating results of Kyodo Shiryō Co., Ltd. and other affiliated companies for the period from October 1, 2014 to March 31, 2015 based on the consolidated operating results of Nippon Formula Feed Mfg. Co., Ltd., the acquiring company, for the fiscal year.

\*2. Effective October 1, 2020, the Company carried out a consolidation of shares, in which five shares of the Company's common stock were consolidated into one share. Basic earnings per share and net assets per share are calculated on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2020.

\*3. Effective October 1, 2020, the Company carried out a consolidation of shares, in which five shares of the Company's common stock were consolidated into one share. Accordingly, for the fiscal year ended March 31, 2021, the dividend per share is presented after reflecting the effect of the share consolidation and the total annual dividend is presented as "—" If the effect of the share consolidation was not reflected in the dividend, a year-end dividend per share would be 2.50 yen and an annual dividend per share would be 5.00 yen for the fiscal year ended March 31, 2021.

# Financial Summary

## Operating Results

During the fiscal year under review (from April 1, 2020 to March 31, 2021), personal consumption fell and the restaurant industry was hard hit by business restrictions following the government's declaration of a state of emergency due to the spread of COVID-19. However, we believe the impact on the Group will be minimal mainly with a rising trend of eating at home.

The Group formulated the Second Management Plan for the three-year period from FY2018 to FY2020 targeting consolidated ordinary profit of 5.5 billion yen in the final year, while aiming to maximize its profit centered on four businesses—the animal feed business, the aquatic feed business, the food business and the overseas businesses. Under the Plan, we have constantly taken measures to enhance the raw material procurement and production system, improve product quality and service, and reduce costs.

During the fiscal year under review, the Group posted sales of 214,120 million yen, down 930 million yen

year-on-year, mainly due to declines in the sales prices of animal feed and egg prices, and an outbreak of avian influenza.

During the fiscal year under review, selling, general and administrative expenses decreased 1,950 million yen year-on-year to 16,284million yen. This was mainly due to a decrease of 1,699 million yen in reserve contributions to the formula feed price stabilization system, and a decrease of approximately 400 million yen in business expenses in line with limited activity amid the spread of COVID-19 pandemic.

As a result, during the fiscal year under review, the Group posted a record operating profit of 5,672 million yen and a record-high ordinary profit of 6,081 million, increasing by 257 million yen and 344 million yen, respectively, from the previous fiscal year.

changing crop yields affected by changes in crop planted areas and weather in locations including the U.S; rising consumption in China; changing ocean freight costs. We therefore revise the sales price of animal feed quarterly in line with the fluctuating raw material cost, but these factors may have a material impact on the Group's financial position and business results.

Total assets at the end of the fiscal year under review increased 8,370 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 4,781 million yen in current assets resulting from an increase in notes and accounts receivable - trade, and an increase of 3,409 million yen in property, plant and equipment mainly with the completion of the Kitakyushu animal feed factory, etc.

Total liabilities increased 4,482 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 6,145 million yen in non-current liabilities resulting from an increase in long-term borrowings related to the establishment of the Kitakyushu animal feed factory.

Net assets increased 3,888 million yen compared to the end of the previous fiscal year. This was mainly due to profit attributable to owners of parent, and an increase in valuation difference on available-for-sale securities resulting from an increase in the market value.

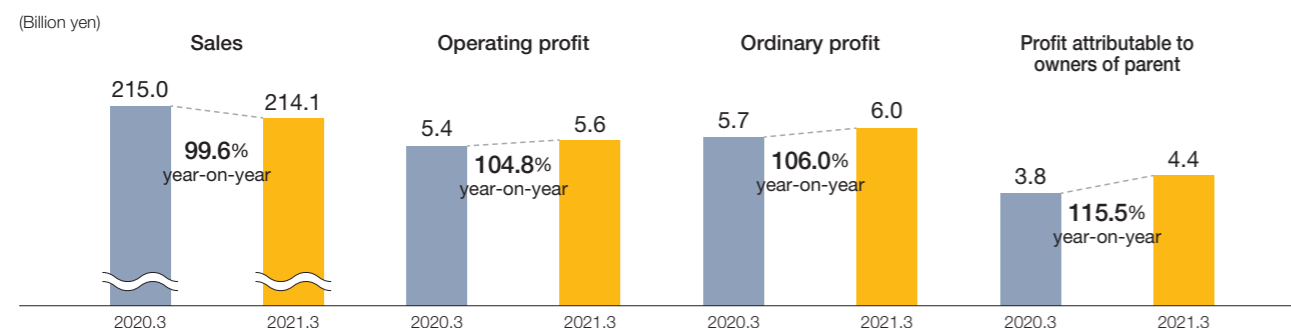
(Billion yen)

	Total assets	Liabilities and net assets
Figures in parentheses indicate year-on-year change	99.2 (+8.3)	99.2 (+8.3)
	Current assets	Total liabilities
	54.8 (+4.7)	56.4 (+4.4)
	Non-current assets	Net assets
	44.3 (+3.5)	42.7 (+3.8)

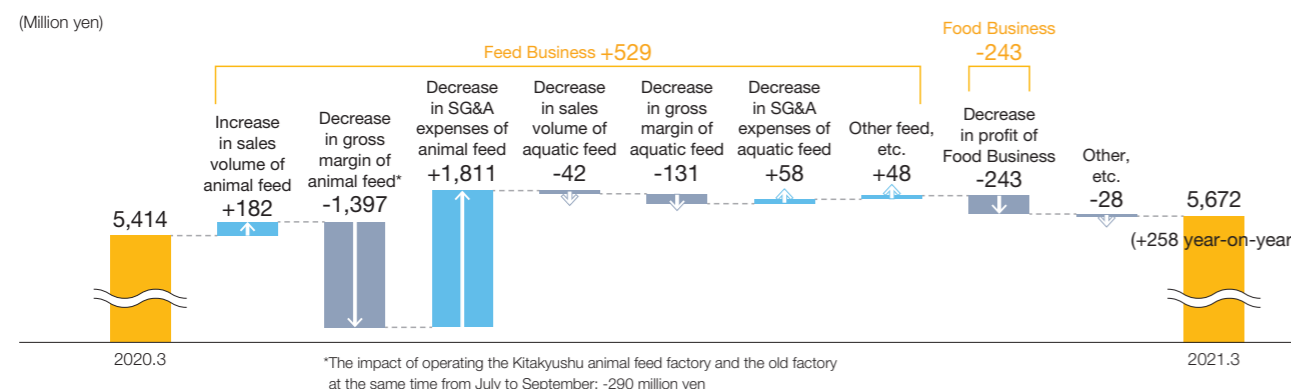
Increase in notes and accounts receivable - trade (+2.6), etc.  
 Increase in buildings and structures (+5.6)  
 Increase in machinery, equipment and vehicles (+4.1)  
 Decrease in construction in progress (-6.9), etc.

Increase in notes and accounts payable - trade (+5.1)  
 Decrease in short-term borrowings (-5.7)  
 Increase in long-term borrowings (+5.3), etc.

Increase in retained earnings (+2.9), etc.



## Factors for changes in operating profit



## Cash Flows

The Group's main financing needs are for operating expenses to manufacture and sell formula feed in the feed business; to nurture, purchase, and sell pigs, etc. in the food business; to purchase, partially process, and sell livestock and aquatic products, as well as investing to build, renew, and streamline production facilities, etc. Such financing needs are in principle covered by the Group's own funds and loans from financial institutions.

Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review was 2,830 million yen, an increase of 173 million yen compared to the end of the previous fiscal year.

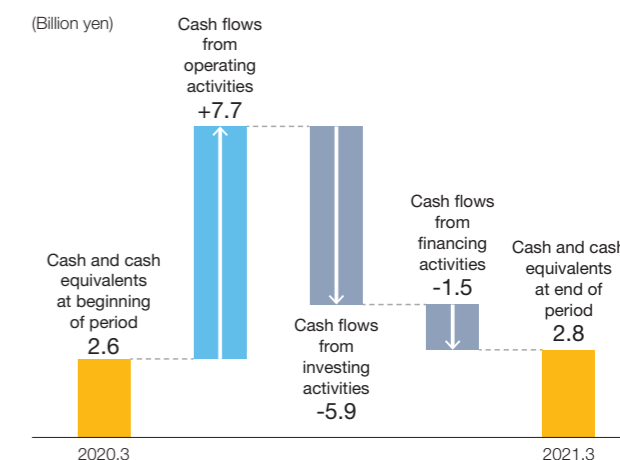
Net cash provided by operating activities amounted to 7,737 million yen (cash inflow of 1,127million yen in the previous fiscal year) because cash increased mainly due to the recognition of profit before income taxes, partially offset by a decrease in cash caused by the payment of income taxes.

Net cash used in investing activities amounted to 5,989 million yen (cash outflow of 7,475 million yen in the previous fiscal year). This was mainly due to a decrease in cash for capital expenditure, as in the previous fiscal year, related with the Kitakyushu animal feed factory completed in the fiscal year under review.

To finance part of the capital expenditures for the Kitakyushu animal feed factory, the Company signed a term loan agreement worth 6.5 billion yen in total in March 2018 with a bank syndicate where the Bank of

Yokohama, Ltd. acted as an arranger and agent, and the Norinchukin Bank and Mizuho Bank, Ltd. were co-arrangers.

Net cash used in financing activities amounted to 1,550 million yen (cash inflow of 6,512 million yen in the previous fiscal year), mainly due to decreases in short-term borrowings and in cash for dividend payment, despite an increase in funds procured from long-term borrowings to invest in the Kitakyushu animal feed factory.



## Financial Position

The Group mostly depends on imported raw materials component (corn, etc.) to manufacture and sell formula

feed, which is its main product. We therefore face risk related to highly volatile raw material cost, mainly due to

# Consolidated Financial Statemets

## Consolidated Balance Sheet

(Million yen)

	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,718	2,893
Notes and accounts receivable - trade	31,789	34,421
Electronically recorded monetary claims - operating	1,649	1,896
Merchandise and finished goods	1,922	1,917
Raw materials and supplies	10,094	10,384
Animals	291	285
Other	1,692	3,111
Allowance for doubtful accounts	(78)	(49)
<b>Total current assets</b>	<b>50,079</b>	<b>54,861</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	19,573	25,519
Accumulated depreciation	(11,734)	(12,042)
Buildings and structures, net	7,838	13,477
Machinery, equipment and vehicles	23,520	29,239
Accumulated depreciation	(14,852)	(16,462)
Machinery, equipment and vehicles, net	8,668	12,776
Land	6,666	6,538
Leased assets	437	1,199
Accumulated depreciation	(350)	(385)
Leased assets, net	86	814
Construction in progress	7,185	258
Other	2,285	2,202
Accumulated depreciation	(1,617)	(1,545)
Other, net	667	656
<b>Total property, plant and equipment</b>	<b>31,112</b>	<b>34,521</b>
Intangible assets		
Other	391	363
<b>Total intangible assets</b>	<b>391</b>	<b>363</b>
Investment and other assets		
Investment securities	7,364	8,019
Long-term loans receivable	392	348
Distressed receivables	426	411
Deferred tax assets	844	449
Other	692	700
Allowance for doubtful accounts	(423)	(424)
<b>Total investments and other assets</b>	<b>9,297</b>	<b>9,505</b>
<b>Total non-current assets</b>	<b>40,800</b>	<b>44,390</b>
<b>Total assets</b>	<b>90,880</b>	<b>99,251</b>

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	20,346	25,544
Short-term borrowings	15,442	9,680
Lease obligations	45	132
Income taxes payable	1,311	1,137
Provision for bonuses	752	735
Other	5,952	4,957
<b>Total current liabilities</b>	<b>43,851</b>	<b>42,188</b>
<b>Non-current liabilities</b>		
Long-term borrowings	5,860	11,221
Lease obligations	47	762
Deferred tax liabilities	10	10
Provision for retirement benefits for directors (and other officers)	45	—
Provision for share awards for directors (and other officers)	67	103
Retirement benefit liability	2,063	2,099
Asset retirement obligations	6	5
Other	21	64
<b>Total non-current liabilities</b>	<b>8,123</b>	<b>14,268</b>
<b>Total liabilities</b>	<b>51,974</b>	<b>56,457</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,000	10,000
Capital surplus	10,508	10,484
Retained earnings	18,238	21,197
Treasury shares	(115)	(122)
<b>Total shareholders' equity</b>	<b>38,631</b>	<b>41,559</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2	859
Deferred gains or losses on hedges	26	28
Foreign currency translation adjustment	(130)	(109)
Remeasurements of defined benefit plans	(41)	(47)
<b>Total accumulated other comprehensive income</b>	<b>(143)</b>	<b>730</b>
<b>Non-controlling interests</b>	<b>418</b>	<b>504</b>
<b>Total net assets</b>	<b>38,906</b>	<b>42,794</b>
<b>Total liabilities and net assets</b>	<b>90,880</b>	<b>99,251</b>

## Consolidated Financial Statements

## Consolidated Statement of Income

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Sales	215,050	214,120
Cost of sales	191,401	192,163
Gross profit	23,649	21,956
Selling, general and administrative expenses	18,234	16,284
Operating profit	5,414	5,672
Non-operating income		
Interest income	16	17
Dividend income	159	151
Share of profit of entities accounted for using equity method	—	17
Stockpile storage revenue	146	140
Subsidy income	7	164
Other	234	194
Total non-operating income	565	685
Non-operating expenses		
Interest expenses	103	99
Share of loss of entities accounted for using equity method	50	—
Sales discounts	24	31
Opening and closing business cost	20	94
Other	43	51
Total non-operating expenses	242	276
Ordinary profit	5,737	6,081
Extraordinary income		
Gain on sale of non-current assets	8	117
Gain on sale of investment securities	106	32
Gain on sale of shares of subsidiaries and associates	22	—
Gain on sale of businesses	—	21
Subsidy income	—	535
Total extraordinary income	137	706
Extraordinary losses		
Loss on sale of non-current assets	12	16
Loss on retirement of non-current assets	44	90
Loss on tax purpose reduction entry of non-current assets	—	26
Impairment losses	4	42
Loss on cancellation of leases	0	—
Loss on sale of investment securities	—	106
Loss on sale of shares of subsidiaries and associates	—	5
Loss on valuation of shares of subsidiaries and associates	—	8
Loss on valuation of golf club membership	14	—
Loss on closure of plant	30	—
Loss on abandonment of inventories	—	18
Non-recurring loss	62	—
Total extraordinary losses	168	315
Profit before income taxes	5,706	6,472
Income taxes - current	1,977	1,950
Income taxes - deferred	(111)	21
Total income taxes	1,866	1,972
Profit	3,840	4,500
Profit (loss) attributable to non-controlling interests	(2)	61
Profit attributable to owners of parent	3,842	4,438

## Consolidated Statement of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	3,840	4,500
Other comprehensive income		
Valuation difference on available-for-sale securities	(528)	857
Deferred gains or losses on hedges	27	2
Remeasurements of defined benefit plans, net of tax	17	(5)
Share of other comprehensive income of entities accounted for using equity method	(40)	21
Total other comprehensive income	(523)	874
Comprehensive income	3,316	5,375
(Breakdown)		
Comprehensive income attributable to owners of parent	3,319	5,313
Comprehensive income attributable to non-controlling interests	(2)	61

## Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	5,706	6,472
Depreciation	2,513	3,157
Impairment losses	4	42
Share of loss (profit) of entities accounted for using equity method	50	(17)
Increase (decrease) in allowance for doubtful accounts	2	(24)
Increase (decrease) in provision for bonuses	102	(17)
Increase (decrease) in retirement benefit liability	95	27
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(2)	(45)
Increase (decrease) in provision for share awards for directors (and other officers)	37	36
Interest and dividend income	(176)	(168)
Interest expenses	103	99
Loss (gain) on sale of investment securities	(106)	74
Loss (gain) on sale of shares of subsidiaries and associates	(22)	5
Loss on valuation of shares of subsidiaries and associates	—	8
Loss (gain) on sale of businesses	—	(21)
Loss (gain) on sale and retirement of non-current assets	48	(10)
Loss on tax purpose reduction entry of non-current assets	—	26
Loss on valuation of golf club membership	14	—
Subsidy income	—	(535)
Non-recurring loss	62	—
Decrease (increase) in trade receivables	3,339	(2,868)
Decrease (increase) in inventories	(250)	(278)
Increase (decrease) in trade payables	(8,296)	5,198
Other, net	14	(1,305)
Subtotal	3,239	9,857
Income taxes paid	(2,050)	(2,120)
Payment resulting from non-recurring loss	(62)	—
Net cash provided by (used in) operating activities	1,127	7,737
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(7,356)	(7,036)
Proceeds from sale of property, plant and equipment and intangible assets	28	219
Purchase of investment securities	(242)	(4)
Proceeds from sale of investment securities	149	663
Proceeds from sale of shares of subsidiaries and associates	1	12
Loan advances	(448)	(305)
Proceeds from collection of loans receivable	271	293
Proceeds from sale of businesses	—	15
Income from subsidies	—	35
Interest and dividends received	179	180
Other, net	(59)	(64)
Net cash provided by (used in) investing activities	(7,475)	(5,989)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,436	(6,705)
Proceeds from long-term borrowings	3,933	7,650
Repayments of long-term borrowings	(2,821)	(1,345)
Interest paid	(106)	(98)
Dividends paid	(888)	(1,475)
Repayments of lease obligations	(45)	(112)
Proceeds from sale and leaseback transactions	—	543
Purchase of treasury shares	(0)	(10)
Proceeds from sale of treasury shares	4	3
Net cash provided by (used in) financing activities	6,512	(1,550)
Net increase (decrease) in cash and cash equivalents	164	197
Cash and cash equivalents at beginning of period	2,492	2,657
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(23)
Cash and cash equivalents at end of period	2,657	2,830

Company Information

CompanyProfile (as of March 31, 2021)

Trade name:	FEED ONE CO., LTD.
Established:	October 1, 2014
Share capital:	10,000 million yen
Head office:	2-23-2 Tsuruyacho, Kanagawa-ku, Yokohama-shi, Kanagawa
Number of employees (consolidated):	933
Accounting auditor:	Deloitte Touche Tohmatsu LLC
Fiscal year-end:	March 31
Principal businesses of the Group:	Production, processing, and sale of feeds; and purchase, production, processing and sale of livestock and aquatic products

Directors and Corporate Auditors

(as of June 25, 2021)	
Representative Director and President	Takashi Yamauchi
Representative Director and Vice President	Takashi Noguchi
Director	Naoki Hatanaka
Director	Tsuneo Suzuki
Director	Yukihiro Arakida
Director (External)	Akio Ishizuka
Director (External)	Kikue Kubota
Director (External)	Keizo Goto
Director (External)	Osamu Watanabe (New)
Corporate Auditor (External)	Eiichi Yano
Corporate Auditor	Shunji Saito
Corporate Auditor (External)	Isao Tsubaki

Share Information (as of March 31, 2021)

Status of Shares

Total number of shares authorized to be issued	100,000,000 shares
Total number of shares issued	39,477,128 shares
Number of shareholders	16,851 shareholders

Major Shareholders

Shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)
MITSUI & CO., LTD.	9,838	24.93
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,924	4.88
Daiwa Kogyo LLC	1,207	3.06
THE KEIHIN CO., LTD.	1,047	2.65
The Bank of Yokohama, Ltd.	981	2.49
Custody Bank of Japan, Ltd. (Trust Account)	967	2.45
Tokio Marine & Nichido Fire Insurance Co., Ltd.	857	2.17
The Norinchukin Bank	840	2.13
Asahi Mutual Life Insurance Company	803	2.04
Yonkyu Co., Ltd.	600	1.52

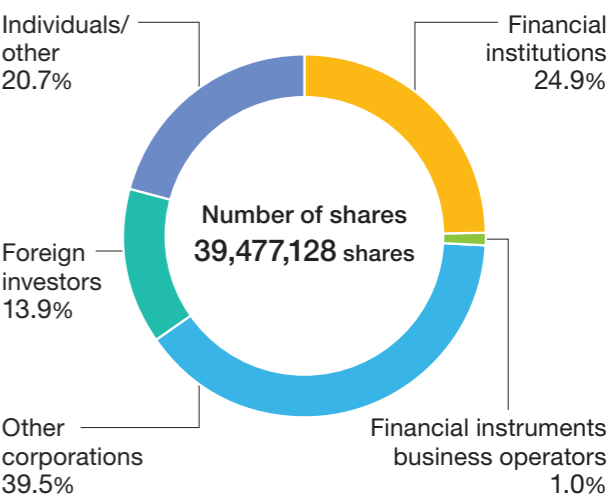
Notes:

1. The ratios of shares held are calculated after deducting treasury shares (18,501 shares).

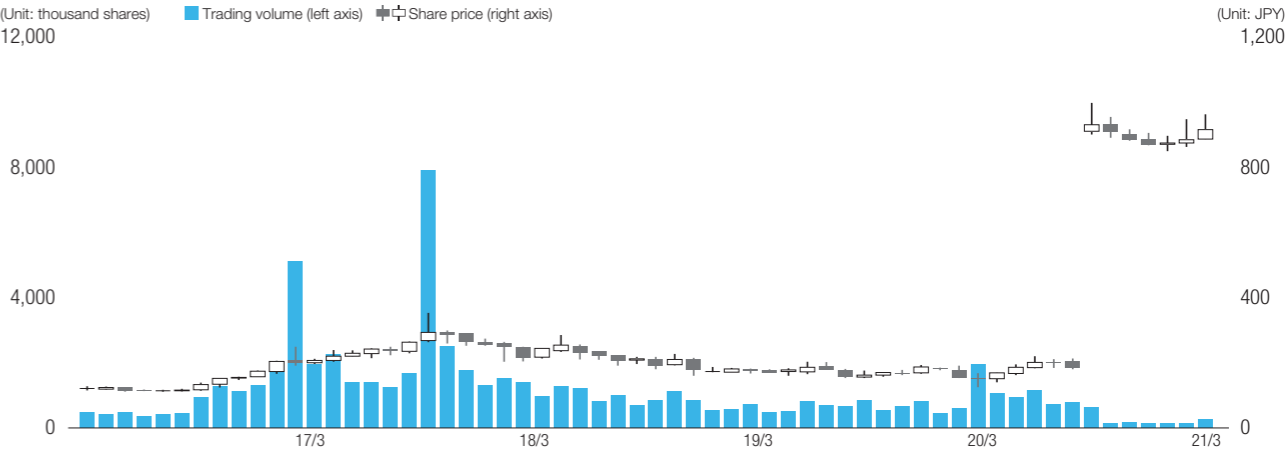
2. 105,460 shares of the Company, held by the Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the "trust for share-based remuneration for directors (and other officers)," are not included in the number of treasury shares.

3. Effective October 1, 2020, the Company carried out a consolidation of shares in which five of the Company's common shares were consolidated into one share, resulting in a decrease of 157,908,512 shares in the total number of shares issued.

Distribution of Shareholders



Trend of Share Price



\*Effective October 1, 2020, the Company carried out a consolidation of shares at a ratio of one share for every five common shares.