



Integrated Report 2022

Fiscal Year Ended March 31, 2022



MAKE THE LEAP

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.

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.

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.

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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.

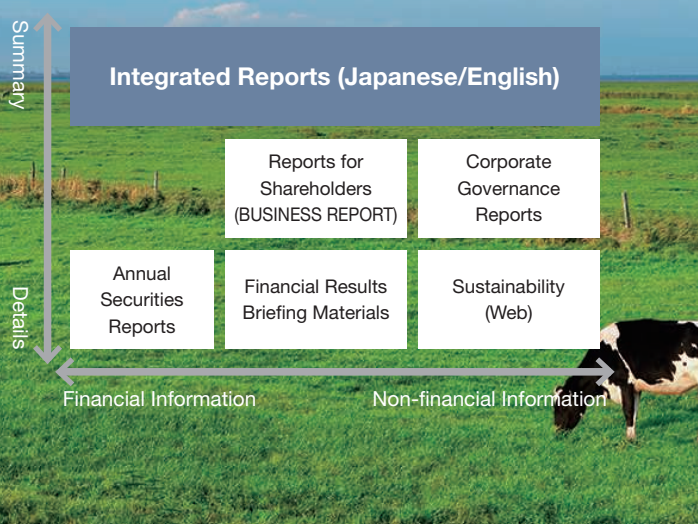
Guideline Used as Reference

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

Scope of Report

The report covers business activities from April 1, 2021 through March 31, 2022 (including the content of some business activities that started in or after April 2022).

Communication Map



History of FEED ONE

The FEED ONE Group was established in 2014 through the integration of Kyodo Shiryō Co., Ltd. and Nippon Formula Feed Mfg. Co., Ltd., two long-established companies.

FEED ONE has continued to enhance its corporate value by combining the strengths that the two companies had accumulated since their foundation.

Since its foundation, the Company has contributed to the development of the livestock and fishery industries by delivering products and services to customers under the FEED ONE brand, drawing on the strengths of the two companies.

The Company will continue to take on new challenges for delivering food security and the enjoyment of eating to ultimately contribute to the sustainable development of the industry, society, and planet.

First Medium-Term Management Plan (FY2015–FY2017)

FEED ONE CO., LTD.
established
Set the stage for its
10-year ideal state

Second Medium-Term Management Plan (FY2018–FY2020)

Optimizing Our Business

Basic strategy

1

Strengthen
production
facilities

2

Increase the
brand power
of the food
business

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

Kyodo Shiryō Co., Ltd., established in 1946

FEED ONE HOLDINGS CO., LTD.,
established in 2014

FY2014

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

Establishment
of companies
and factories

FY2015

- FEED ONE CO., LTD. established (full integration)
- Completed the construction of an aquatic feed factory in India, namely Nippai Shalimar Feeds Private Limited (affiliated company)



FY2016

- Launched FIBEGEAR DROP (automatic milking), a patented product



FY2017

- Completed the construction of the Kitakyushu factory (renamed the Kitakyushu Aquatic Feed Factory in April 2020)



FY2018

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



FY2019

- Started genomic analysis services for dairy cattle
- Started analysis services for raw milk fatty acid compositions



- Launched new food products
- Yamitsuki horumon (pork offal you will crave)
 - Tongisukan (pork version of Jingsukan, a Hokkaido-specialty grilled mutton dish)
 - Kokusan Buta Shiro Motsu (white offal of domestic pork)

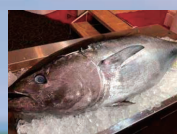
New products
and services

ESG/SDGs and
other topics

- Started internal and external initiatives
- Food and nutrition seminars
- Children's visits to parents' workplaces



- Began shipping fully-farmed Pacific bluefin tuna



- Started sponsoring and participating in social contribution events
- Yokohama Marathon
- WFP's Walk the World event

- Concluded an agreement to support for a parent-child communication program launched by the Kanagawa Prefectural Government

2018-FY2020)

Business Portfolio

Strategies

- 1 Establish the profit base of the overseas businesses
- 2 Optimally allocate management resources

Third Medium-Term Management Plan (FY2021-FY2023)

Putting the Finishing Touches on Business Integration—To Become a True Leading Company!—

Basic strategies

- 1 Further strengthen the profitability of Animal Feed, which is our core business
- 2 Accelerate growth of Aquatic Feed, Food Business, and Overseas Businesses
- 3 Promote ESG management and strengthen business platform

FY2020

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



- Completed the construction of the Kitakyushu Animal Feed Factory



- Launched Red sea bream DP Force ONE, low fish meal feed



Launched a new food product

- Shobu-no Motsu Nikomi (finest stewed pork offal)



- Formulated a plan of action for general employers according to the Act on the Promotion of Female Participation and Career Advancement in the Workplace
- Developed a common employers' action plan according to the Act on Advancement of Measures to Support Raising Next-Generation Children
- Accredited Class AA in the Yokohama Health and Productivity Management Certification 2021
- Became a recognized organization in the large enterprise category under the 2021 Certified Health & Productivity Management Outstanding Organizations Recognition Program
- Registered as Kanagawa SDGs Partner
- Launched the ESG Committee

FY2021

- Installed Vietnam's first flake feed production facility at Kyodo Sojitz Feed Co., Ltd. (affiliated company), an animal feed factory in Vietnam



- Launched Trout EP Seika, low fish meal feed for trout
- Launched Feed Care, synthetic milk for pigs



Launched a new food product

- Onikuyasan-no Kodawari Motsu Nikomi (Butcher's finest stewed pork offal)



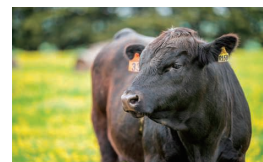
- Accredited Class AAA in the Yokohama Health and Productivity Management Certification 2022
- Became a recognized organization in the large enterprise category under the 2022 Certified Health & Productivity Management Outstanding Organizations Recognition Program
- Joined e-dash, a service platform to support decarbonization initiatives
- Developed a human rights policy
- Launched the "My SDGs Declaration" project
- Registered in the Kitakyushu SDGs Registration System (the Kitakyushu Animal Feed Factory and Kitakyushu Aquatic Feed Factory)
- Issued an Integrated Report as the first company in the feed industry
- Green Farm Sogo Co., Ltd. (affiliated company) awarded as a contributor to agriculture, forestry and fisheries in Kyoto
- Joined open innovation with startups (The Bank of Yokohama Accelerator Program)

FY2021

TOPICS

Installed Vietnam's first flake feed production facility at the animal feed factory (affiliated company) in Vietnam

In March 2022, we completed installing Vietnam's first flake cattle feed production facility at Kyodo Sojitz Feed Co., Ltd. We aim to grow further by tapping into the market for cattle feed through the provision of guidance on feed technologies we are excel at and the promotion of them.



Launched new products that leveraged our proprietary technologies

- **Launched Trout EP Seika, low fish meal feed for trout**
We successfully developed and started selling low fish meal feed made only from inexpensive and stably supplied raw materials. This meal feed has an equivalent feature to high fish meal feed in terms of trout growing speed. This product is low fish meal and eco-friendly feed.



- **Launched Feed Care, synthetic milk for pigs**
Feed Care is synthetic milk for pigs made from new and unique raw materials developed based on our latest research findings and knowledge. This easily digested milk enables pig farmers to stably grow baby pigs and maintain their health. This is innovative feed and expected to contribute to the livestock business. fish meal and eco-friendly feed.



At a Glance

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.



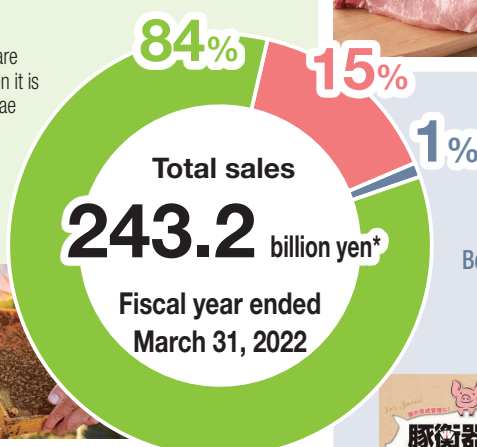
● Lab Animal Feed

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 procurement of raw materials, blending, granulation, storage, and 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

Manufacture and Sale in Vietnam and India

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.



*Sales of our overseas affiliated companies are not included in the Group's total sales because they are all entities accounted for using equity method.

Food Business

Production, Purchase, 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.

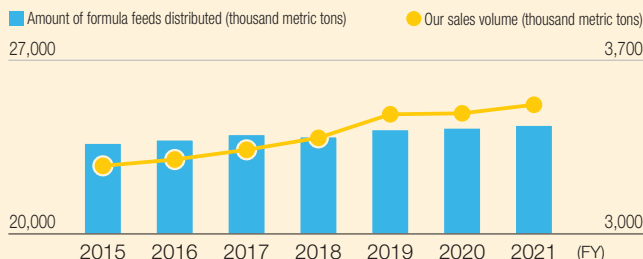


Note: The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; revised on March 31, 2020) and its implementation guidance since the beginning of the fiscal year ended March 31, 2022. Sales for the fiscal year ended March 31, 2022 are the figure that reflects the application of the accounting standard and its implementation guidance.

1 Industry's leading sales capability

Although domestic demand for formula feeds has remained unchanged, our sales volume has increased over the years. We are one of the top sellers in the animal formula feed industry.

Comparison between the amount of animal feeds distributed and our sales volume



FEED ONE's Strengths

2 Nationwide manufacturing capability that underpins stable supply

We operate 14 factories in Japan, including the Kitakyushu Animal Feed Factory, completed in 2020, and joint-venture factories. We actively make capital investments to help the stable supply of formula feeds.

3 Contribution to the development of the industry with our reliable research and development capability

We have a strong research and development capability. We meet the needs of society and customers by applying the technologies that we have long accumulated and the cutting-edge technologies to product development, quality control, feed technologies, etc.

4 Competitive procurement capability

We will purchase raw materials in a stable and competitive way by procuring them from multiple production areas and assigning personnel in charge of procuring raw materials to manufacturing bases nationwide.

5 Business development into Asia that is expected to have growing demand

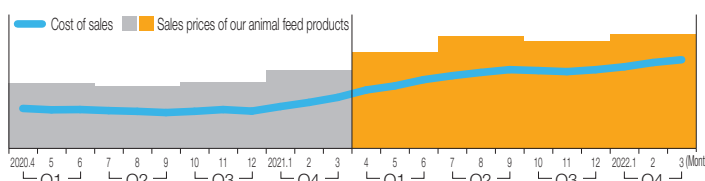
With our feed manufacturing technologies accumulated in Japan, we have actively developed our business centered in Asia where markets are expected to expand.



Industry Trends Related to the Feed Business

Sales in the Feed Industry

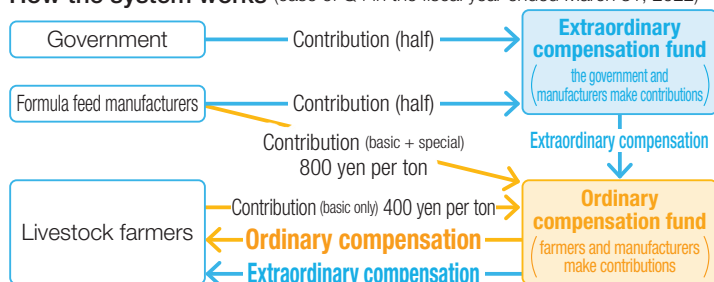
In the feed industry, imported grains account for a majority of raw materials. As imported grains are susceptible to market conditions and foreign exchange rates, their prices are revised in January, April, July, and October every year in line with changes in market conditions and exchange rates. The prices of raw materials have continued soaring these days due to changes in grain market conditions, exchange rates, and the global situation as well as rising ocean freight charges and other factors. We have accordingly continued raising prices. While the sales volume of animal feeds in FY2021 increased by approximately 1% year-on-year, their sales increased by approximately 27% year-on-year as we raised sales prices due to the aforementioned soaring prices of raw materials. This suggests that, in the feed industry, sales revenues do not serve as the metrics to measure business growth as the prices of raw materials greatly impact our sales prices.



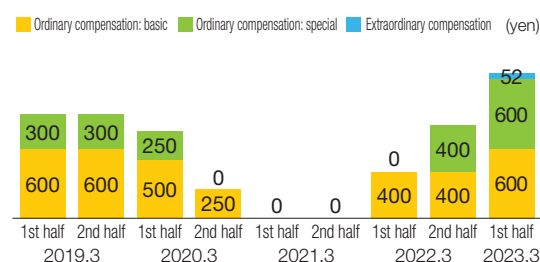
Current Status of the Formula Feed Price Stabilization System

- The two-phased system of ordinary and extraordinary compensation compensates farmers to mitigate the impact of rising feed prices on the livestock business.
- As enough funds had been reserved, fund collection was waived in the fiscal year ended March 31, 2021. However, compensation claims were filed thereafter due to a rise in the prices of imported raw materials, and fund collection was resumed in the fiscal year ended March 31, 2022.
- Compensation paid is expensed as selling, general and administrative expenses and one of the major factors affecting revenue.

How the system works (case of Q4 in the fiscal year ended March 31, 2022)



Changes in reserve funds (by formula feed manufacturers)



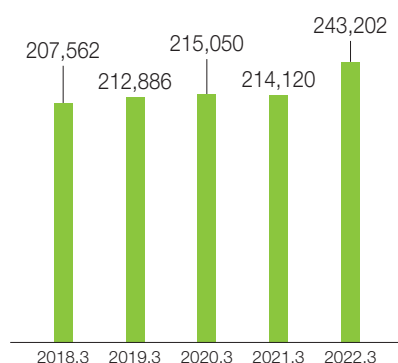
Financial and Non-Financial Highlights

Financial Highlights

Sales

243,202 million yen

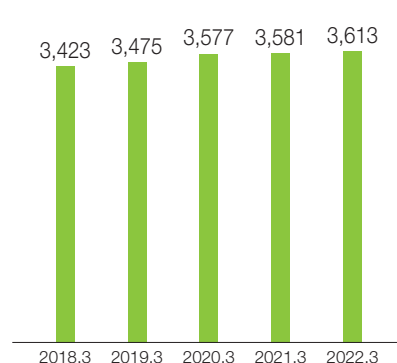
(Million yen)



Sales Volume of Formula Feed

3,613 thousand metric tons

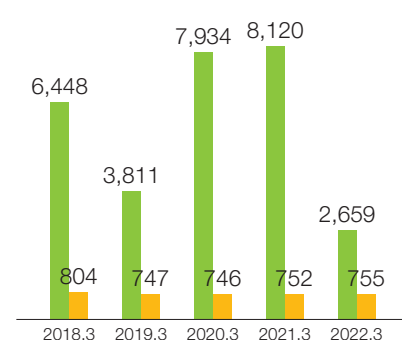
(Thousand metric tons)



Capital Expenditures / Research and Development Expenses

2,659 million yen / **755** million yen

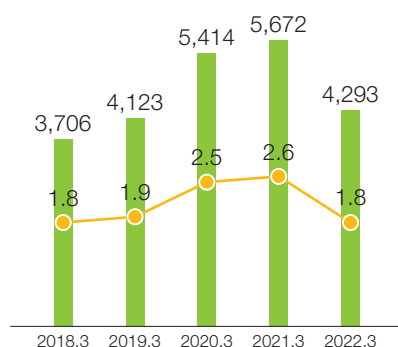
■ Capital expenditures (million yen)
■ Research and development expenses (million yen)



Operating Profit / Operating Profit to Sales

4,293 million yen / **1.8** %

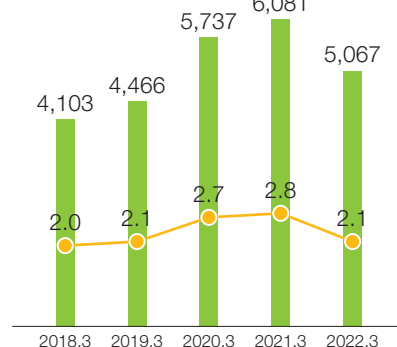
■ Operating profit (million yen)
● Operating profit to sales (%)



Ordinary Profit / Ordinary Profit to Sales

5,067 million yen / **2.1** %

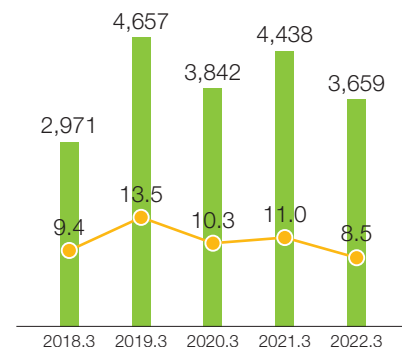
■ Ordinary profit (million yen)
● Ordinary profit to sales (%)



Profit Attributable to Owners of Parent / ROE

3,659 million yen / **8.5** %

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



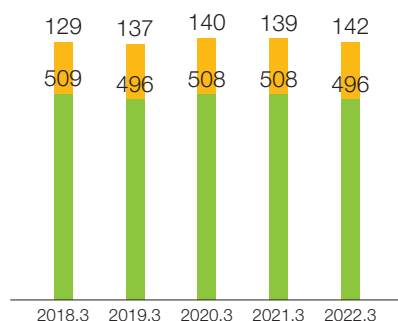
· The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; revised on March 31, 2020) and its implementation guidance since the beginning of the fiscal year ended March 31, 2022. The key management indicators, etc. for the fiscal year ended March 31, 2022 are the figures that reflect the application of the accounting standard and its implementation guidance.

Non-Financial Highlights

Number of Employees

Male: **496** Female: **142**

■ Male
■ Female

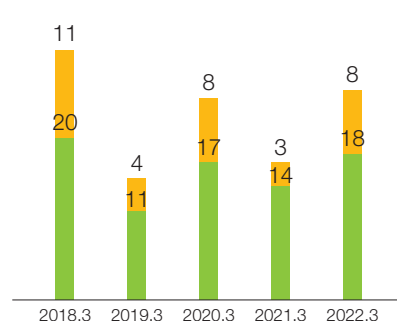


· The numbers above include employees excluding officers (i.e., full-time employees, contract employees, part-time employees, rehired employees, and temporary employees).

Number of New Graduates Hired

Male: **18** Female: **8**

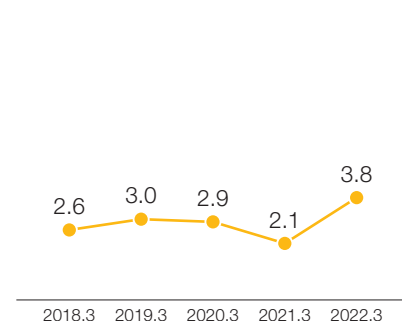
■ Male
■ Female



Turnover Rate

3.8 %

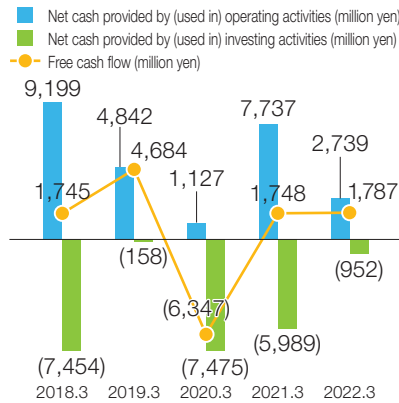
(%)



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

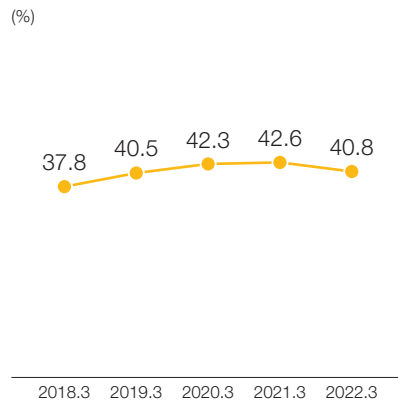
Cash Flows

Free cash flow: **1,787** million yen



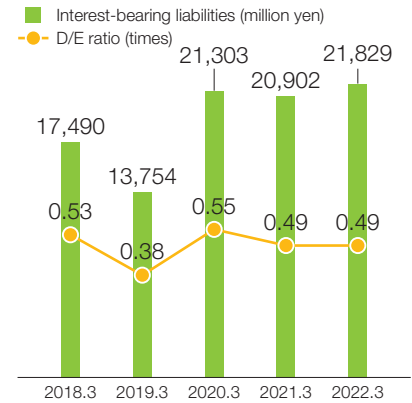
Equity Ratio

40.8 %



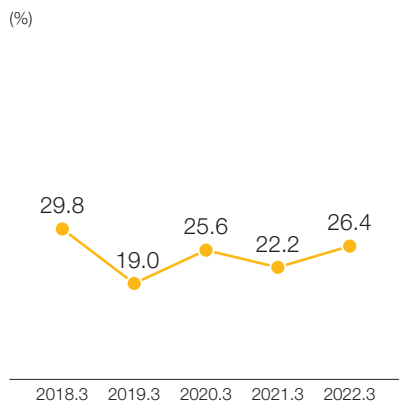
Interest-Bearing Liabilities / Debt to Equity (D/E) Ratio

21,829 million yen / **0.49** times



Dividend Payout Ratio

26.4 %



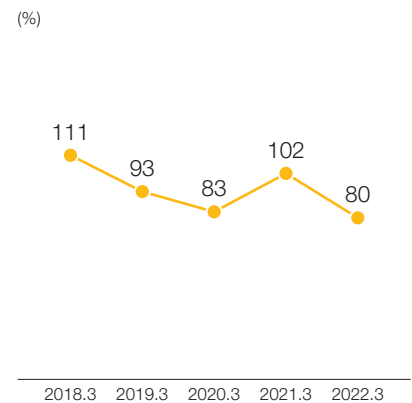
Dividend Per Share

25.00 yen



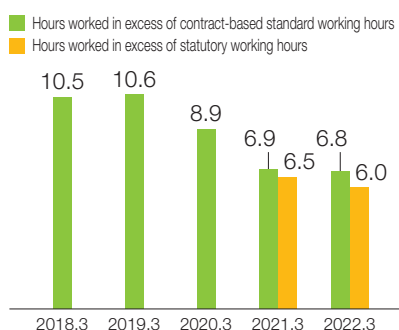
Total Shareholder Return

80 %



Average Overtime Working Hours Per Month

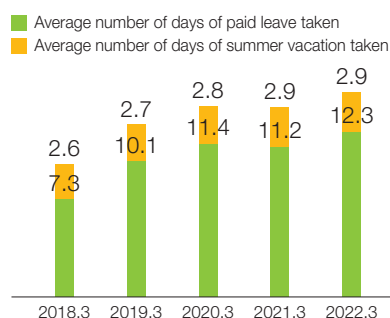
Hours worked in excess of contract-based standard working hours: **6.8** hours
Hours worked in excess of statutory working hours: **6.0** hours



· 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

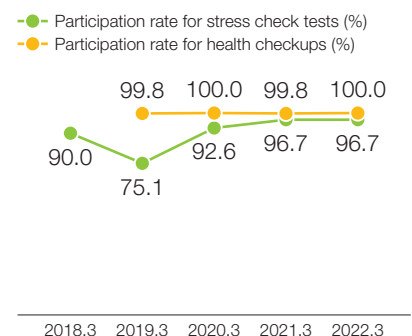
Average number of days of paid leave taken: **12.3** days
Average number of days of summer vacation taken: **2.9** days



· Full-time employees, rehired employees, contract employees, and temporary employees

Participation Rates for Stress Check Tests and Health Checkups

Participation rate for stress check tests: **96.7** %
Participation rate for health checkups: **100.0** %



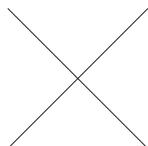
· Full-time employees, rehired employees, contract employees, part-time employees, and temporary employees
· The head office has been aggregating participation rates for health checkups data since the fiscal year ended March 31, 2019.

Dialogue Between the Chairman and the President



Takashi Yamauchi

Representative Director and Chairman



Hidehiro Shoji

Representative Director and President

We will improve our profitability, overcome changes in the business environment, and provide value that leads to sustainability.

Background to the Launch of the New Management System, and Aspirations upon Becoming President

Yamauchi: Eight years have passed since the integration of the two companies. During that time, I worked feverishly to take the helm of the Company. I am proud to say that with the support of our stakeholders, we have been able to complete building the foundations of the Company. As the environment surrounding the industry changes, I felt that to enable the further development of the Company, a complete renewal should be attempted—that the time had come to pass the baton on to a new president. This was

implemented based on the recommendation from the Nomination and Remuneration Committee. Although we are still in the midst of the Third Medium-Term Management Plan, the circumstances surrounding our industry, such as the grain market and foreign exchange market, have undergone greater-than-anticipated drastic change. That was why a decision was made to launch the new management system from the fiscal year ending March 31, 2023, in order to deal with the change early.

Shoji: After joining a general trading firm, I was involved for roughly 20 years with the feed industry, working mainly in the two companies before their integration. That is where I learned my basics as a working adult. Because of that background, my first thought when I was asked to serve as president was that doing so would give me an opportunity to make a major contribution—that doing so would be a way for me to repay the feed industry which has a very special place in my heart. Although I knew that it would be a huge responsibility, I was more than happy to accept.

After having gone through the integration, our Company has come to be known as a leading company, both quantitatively and qualitatively. The baton that has been handed over to me—to take on the finishing touches of the integration, continue the Company's development, and head toward the next stage of growth—is an extremely heavy one. However, I will leverage my past experience and give my utmost as I undertake these tasks.

Yamauchi: As Representative Director and Chairman, I will fulfill my role to support President Shoji in making and executing speedy, on-target business decisions and contribute to increasing the Company's corporate value. My expectations for President Shoji are that he will exhibit strong leadership that will steer the Company in the right direction using new, flexible thinking that is not attached to the way things were done in the past.

Shoji: I am sure there will be many times when I will be consulting you, Chairman Yamauchi. However, on those matters for which I should make decisions as president, I intend to do so with the strong leadership that you expect of me.

Creating relationships of trust with customers and business partners is of utmost importance in our industry. I will therefore begin by taking over the relationships of trust that Chairman Yamauchi has developed up to now while I also work to create new relationships with the support of those around me.

Matters Currently Taking Place in FEED ONE's Business Environment

Shoji: As you are aware, the situation in Ukraine, global warming, and other worldwide issues are resulting in the continued escalation of raw material costs. In animal feed, price revisions are carried out every quarter in accordance with the fluctuation of the market price of grain. However, these price revisions do not fully compensate for the impact that escalating costs have on our performance. With that said, our competitors are in the same situation as we are, so it is important that we maintain our competitive edge even under such circumstances. In regard to raw material procurement, we are promoting measures to ensure a stable supply, with our major shareholder Mitsui & Co., Ltd. at the center. For example, we are securing procurement routes that are not dependent on the United States, and we are also utilizing domestic raw materials through our network bases in rural areas. We intend to differentiate ourselves from other companies as well as strengthen our competitiveness.

Meanwhile, the escalation in energy and distribution costs, the labor crunch, and other changes in the business environment are factors for irreversible rising costs that differ from market price fluctuations. We need to establish the Company's policy and promote measures.

Yamauchi: We are an industry that cannot avoid market price fluctuations. As President Shoji mentioned, we will reduce their impact on our performance by strengthening our procurement capability. At the same time, efforts to provide products and services that meet the needs of our customers and add high value to technologies will probably become even more important. Such services include genomic analysis for dairy cows and raw milk fatty acid composition analysis.

Shoji: At the top of the list in the basic strategies outlined in the Medium-Term Management Plan is to further

strengthen the profitability of animal feed. I think that this is something that will lead to endurance against market price fluctuations. Angles for adding high value to products, services, and technologies include the reduction of environmental footprints by way of feed, and measures for reducing manpower and labor on the part of users. We are promoting various research and development for the provision of services that will contribute to solving social issues and are achieving results.

Another theme that we also need to focus our efforts on is to soundly communicate to the world the contribution that we are making to the environment and society through our initiatives and to have these initiatives fairly recognized.

Yamauchi: In recent years, there are some environmentally negative impressions of the livestock industry. They include nitrous oxide emissions from livestock excreta and the methane emitted by cattle when they belch. We would like to further increase people's awareness of the value provided by the Company, such as our effective use of food-processing by-products and food waste, and our development of sustainable feed.

Shoji: When I joined the general trading firm 34 years ago, domestic livestock products were being driven out by inexpensive imported livestock products. There was a sense of crisis that perhaps domestic livestock products would not be able to survive. However, they later maintained their market by enhancing quality and productivity. They also engaged in environmental-impact reducing measures. They succeeded in surviving purely because of the great efforts made by domestic livestock breeders and formula feed manufacturers. I believe that going forward, they will be able to continue overcoming change and seizing opportunities for growth.

Dialogue Between the Chairman and the President

Progress in the First Year of the Medium-Term Management Plan and Future Developments

Shoji: I was involved with the formulation of the current Medium-Term Management Plan as General Manager of the Corporate Planning & Strategy Division. Our Company is in the process industry, so we invest in production facilities. We use sales volume as a major KPI and create growth plans that anticipate future profitability. As for progress in this first year of the plan, we achieved sales volume as projected. However, with the escalating prices of raw materials from the latter half of FY2021, earning capacity fell in the second half of the year because the cost pass-through could not catch up sufficiently. Because of this, ordinary profit and ROE fell short of their projections. To overcome this situation going forward, we will implement improvement measures for achieving the targets of the final year.

In terms of qualitative progress based on the basic strategies, there are various initiatives underway toward further strengthening the profitability of animal feed as mentioned earlier. While we are working to strengthen aquatic feed, the food business, and the overseas businesses to accelerate the speed of their growth, there are unsurprising delays caused by the worsening business environment.

Yamauchi: One of the factors for not being able to achieve the projected ordinary profit is the reserve contributions to the Formula Feed Price Stabilization System. The market price of the grain that is used as the main ingredient had been stable for the past five years or so. This meant that no funds had been paid out and there was enough reserve. There was even a time when no contribution had to be made into the reserve fund. However, with the recent sudden, sharp escalation of the market price of grain, the funds dried up at once and the burden of the contribution to be paid into the reserve fund increased significantly.

Shoji: To further strengthen the profitability of animal feed, we will try to enhance our initiatives from both quality and quantity aspects in the next two years. From

the quality aspect, as in the case of Feed Care, synthetic milk for pigs that we launched in February 2022, we will accelerate our pace so that we can develop and commercialize as many unique and highly functional products as possible. Our policy is to focus efforts particularly on the development of products that contribute to the growth of young, months-old livestock. We will pursue the creation of high added-value products that are not easily affected by the market prices of raw materials. From the quantity aspect, we have prepared a structure in Hokkaido with Tomakomai Feed Co., Ltd. and Kushiroshiryo Co., Ltd. for increased production of cattle feed, which is one of our strengths. We would like to utilize these companies and carry out full-capacity operation.

Yamauchi: Of course, product development related to quality requires time, so it is not something that we can immediately speed up. However, we will check the content of the research as needed that we have already been carrying out and narrow down the focus of research.

Shoji: Aquatic feed is one of those businesses in which we aim to speed up growth. Feed for juvenile fish that meets the needs of our customers is producing good results. We will expand its sale, inclusive of Asia. Sales of eco-friendly low fish meal feed for red sea bream and trout are also growing. As the next phase, we aim to launch fish meal-free feed, and development is currently under way.

The emphasized theme for the food business is enhancement of consumer products. Following the increased production capacity of Magic Pearl seasoned boiled eggs, we will focus our efforts on stewed pork offal, pork offal for Korean barbecue, and other chilled products being sold by Feed One Foods Co., Ltd.

Yamauchi: Competition has become heated in the aquatic feed market in the domestic fisheries market that is shrinking as a whole. With soaring raw material costs, conditions are harsh for us as well. We believe that increasing our market share by launching new products will help overcome the situation. Having a hit consumer product will be the key to growth of the food business.

Shoji: The overseas businesses have been hard hit by the COVID-19 pandemic and have continued to face an uphill battle. In Vietnam in particular, there was a period when we could not leverage our production capability due to a lockdown. However, we took advantage of the constraint during the period and suppressed the production and sale of underperforming items, which improved our profitability. With the recovery of the market from the pandemic in the background, we are currently achieving steady profits. In March 2022, we prepared production facilities for supplying flake feed for dairy cattle at dairy farms directly operated by Vietnam's largest dairy manufacturer. Full operation of the facilities has commenced. Our expectations are that over the next year, the overall business in Vietnam will achieve a dramatic leap.



In India, we pulled out our seconded personnel from the local subsidiary two years ago due to the sudden spread of COVID-19. Operations were carried out from Japan for a while. However, personnel were re-dispatched to India last year. This fiscal year, we have embarked on efforts to revive the business by increasing the numbers of seconded employees and local sales staff members.

Yamauchi: Our business with Vietnam's largest dairy manufacturer is being carried out using flake feed production technology brought in from Japan. If this gets on track, we think that this will lead to major growth in the future, including expansion elsewhere.

Shoji: Achieving the goals of the Medium-Term Management Plan is, of course, important. However, the priority issue to be dealt with over the next two years will be to take expedient measures to compensate for the situation that was not anticipated when formulating the plan—that is, the need to increase the amount of the reserve fund due to escalation of raw material costs and fluctuation of market prices.



Promotion of ESG Management and Building Strong Relationships with Stakeholders

Shoji: One of the basic strategies in the Third Medium-Term Management Plan is “Promote ESG management and strengthen business platform.” We saw progress here in terms of implementing sustainability initiatives and improving the level of governance as required in the Tokyo Stock Exchange's Prime Market. In February 2021, the Company established the ESG Committee and is engaged in sustainability efforts ahead of others in the industry. I succeeded from Chairman Yamauchi the role of ESG Committee chairperson when I became the new president of the Company.

In April 2022, we established the Sustainability Promotion Department, a dedicated organization that undertakes business challenges related to sustainability. We put the organization in place for responding with speed to the changes of the times. In the same month, the Company announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and clarified the Company's disclosure policy. Over the past year, we had internal study sessions about the TCFD to deepen our understanding and examined what information should be disclosed. In June, we announced the TCFD Report based on the framework recommended by the TCFD. Going forward, we will periodically review climate-related risks and opportunities and their financial impacts. We will put more effort into further improving and expanding disclosure information and our initiatives related to climate change.

Yamauchi: The more you study about themes like ESG management, the SDGs, and TCFD, the deeper you find the content to be. I think we have just recently laid the groundwork and moved on to the stage of thinking about what we should do from now. Internally, we have created

opportunities to help each employee understand the SDGs, a global issue, and see it as their own issue and something familiar and easy-to-understand for them to undertake. Efforts included the “My SDGs Declaration” project. We will continue to work to spread SDGs awareness within the Company.

In aiming for a sustainable future, it will become increasingly important from now on for us to communicate to our stakeholders the social value that we create and lead that to developing strong relationships with them. Possible means of disseminating information include social media and video sharing websites. We will also actively communicate our efforts related to corporate accountability. I hope that many people will get to know that aspect of us.

Shoji: As for communication with employees, I spent two months before I became president visiting all of our bases. I created opportunities to talk individually with almost all of our employees. Many offered positive opinions on how their work and workplace could be improved. The opinions were reflected in measures in place. They include the improvement and introduction of systems and programs that support the active work of employees.

I believe that building solid relationships with all stakeholders, whether within or outside the Company, enhances the sustainability of management. While strengthening our unifying force, we will aim to become a company that coexists with all stakeholders and shares in its growth.

Message from the Officer in Charge of Finance

Kazuo Kubota

Senior Executive Officer,
Deputy Chief Operating Officer,
Administrative Unit, and General
Manager, Finance & Accounting
Division

We will achieve sustainable growth by reinforcing our financial foundation in anticipation of risks and opportunities and building a capital efficient management framework.



Please share your views on FEED ONE's strengths and challenges from your perspective as someone who was brought in from outside the Company to take charge of finance.

I joined FEED ONE from the Bank of Yokohama, Ltd. in April 2021 as General Manager of the Finance & Accounting Division. After joining the Company, I feel the feed industry plays an essential role in producing and supplying food, includes highly significant businesses, and makes a great contribution to help enable the sustainability of society. Therefore, I think the industry will be able to continue developing steadily without too many ups and downs.

The Company's feed business is characterized by a sales structure that covers many livestock species (such as cattle, pigs, poultry, and fish) without being overly dependent on a single species and 14 factories (including joint-venture factories) spread out across Japan. This

gives it strengths in terms of management balance, risk dispersion, and business continuity planning. Regarding raw materials procurement, it is also a significant strength to secure stable supplies through a strong partnership with Mitsui & Co., Ltd., one of our major shareholders.

In regard to challenges, I would say making the Company's businesses coherent. Eight fiscal years have passed since the business integration of the Company's predecessors. Although profits have been raised due to the results of operational efforts, such as the mixing of human resources and realization of synergies, the challenge of establishing company-wide rules, regulations, and procedure manuals still remains. We need to make these consistent as we upgrade systems going forward. Another challenge is communication with stakeholders. Although we have strengthened the sharing of information, particularly with shareholders and investors, through efforts such as holding financial results briefings, releasing English versions of disclosure

materials, and updating the Company website, as a company listed on the Tokyo Stock Exchange's Prime Market, I think we should communicate more proactively.



Looking back over the business environment and operating results in the fiscal year ended March 31, 2022, please explain important points from a financial perspective.

In the fiscal year ended March 31, 2022, the resumption of fund collection under the Formula Feed Price Stabilization System and increases in the price of imported grain, a major ingredient of formula feed, had a big impact on the Company's performance. Although sales volume increased 0.9% year on year, profits fell 16.7% year on year, more than was forecast at the beginning of the year.

In the fiscal year ended March 31, 2021, the prices of imported raw materials were relatively stable, so we were exempted from making contributions to the reserve fund, but the resumption of collection in the fiscal year under review led to an increase in SG&A expenses of approximately 2.0 billion yen.

There were many factors behind the rises in the prices of corn and other imported grains, including growing demand from the bioethanol industry in Europe and the U.S. and from China as well as abnormal weather events, and since February this year, the situation in Ukraine has driven further rises. This downturn in the supply environment has continued into the current fiscal year (fiscal year ending March 31, 2023), and this, combined with the foreign exchange situation caused by the rapid depreciation of the yen, is creating a headwind for the feed industry.

We revise the sales price of animal feed quarterly in line with fluctuating raw material costs. However, as our cash conversion cycle (the number of days it takes to recover spending on trade payables as trade receivables) is 36 days, when the prices of raw materials rise suddenly, our working capital increases by about five weeks' worth. We procure our working capital through loans from financial institutions. In the fiscal year ended March 31, 2022, short-term borrowings increased by about 1.7 billion yen year on year. This increase in liabilities resulted in our equity ratio falling to 40.8% compared to 42.6% in the previous fiscal year.

As you can see from the above, it has been a difficult year financially. However, we were able to make growth investments for the future as planned, investing about 2.6 billion yen, mainly on upgrading production lines.

Also, in August 2021, as part of our shareholder return efforts and capital policy, we carried out our first buyback of treasury shares since the business integration, repurchasing 1.2 million shares and disposing of 1 million shares within the fiscal year. We will continue to implement our capital policy after comprehensive consideration of factors including cash on hand, share price levels, and the market environment.



What kind of financial strategy do you think the Company should pursue to achieve sustainable growth?

The current outlook is more uncertain due to factors such as the continuation of the COVID-19 pandemic, growing geopolitical risk, the soaring prices of raw materials and energy, and yen depreciation. The amount of funds to be collected under the Formula Feed Price Stabilization System is also forecast to increase, so controlling liabilities and equity will be an important challenge in the business environment of the future.

In order to secure stable working capital in anticipation of such a situation, at the end of August 2022, we became the first formula feed manufacturer in Japan to agree a sustainability-linked loan, procuring 10 billion yen in long-term funds. As the KPI for this loan, we chose CO₂ emissions reduction rates based on our materialities (key issues) and have set sustainability performance targets (SPTs). The structure of the loan provides interest incentives for the achievement of SPTs, and for every interest incentive we achieve, we plan to spend an equivalent amount on ESG and SDGs activities. Aside from this long-term funding, we also concluded a commitment line contract with each of our primary and secondary banks, ensuring a total credit line of 10 billion yen. This will strengthen the business stability and financial soundness of the Company against any sudden changes in the business environment.

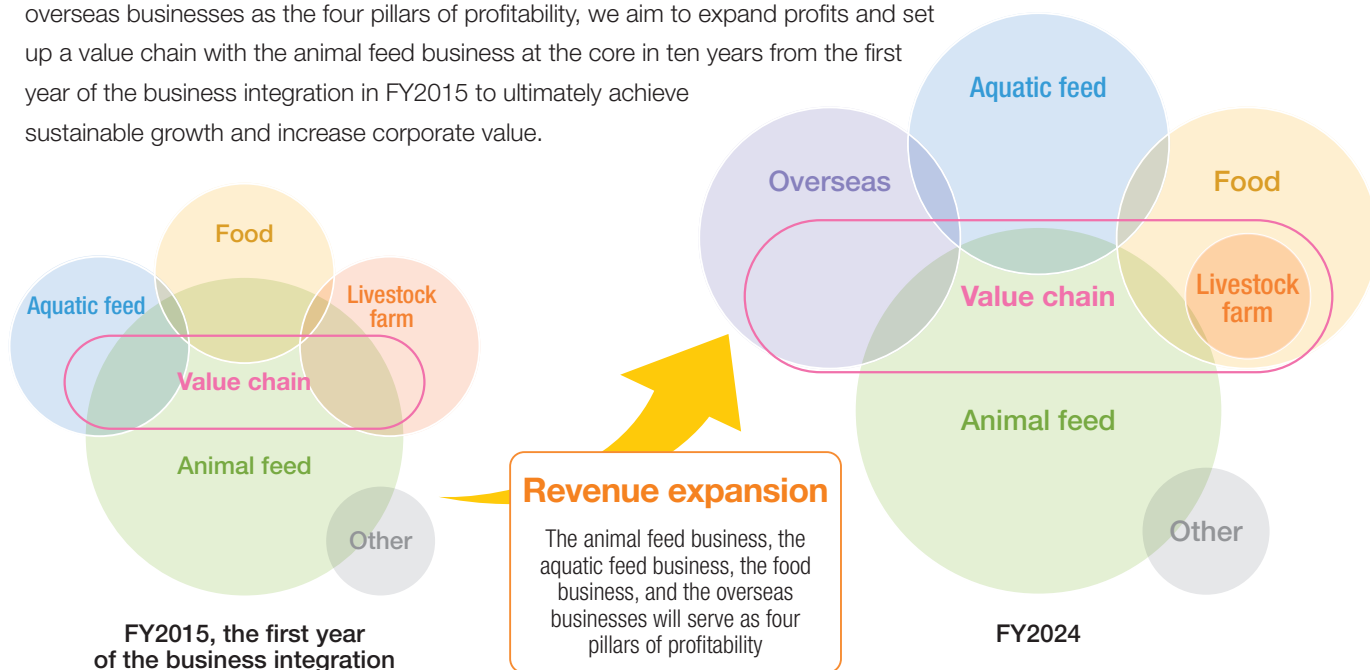
In the medium-term, we recognize that we need a framework for managing capital efficiency by business segment based on indicators such as ROIC (return on invested capital). However, although such management by business segment is desirable, our feed business and food business comprehensively cover the area of "food" in an interconnected manner from upstream to downstream, so judging business effectiveness based on results calculated individually for each business segment is difficult. Another characteristic of our business is that investments in feed production facilities take nearly 20 years to recoup, which is considerably longer than typical investment payback periods. Management decision-making needs to focus on capital efficiency while also keeping these characteristics in mind. I think that cultivating a corporate culture that does not concentrate solely on profit, but also considers capital efficiency, will enable us to maximize the use of management resources and accelerate the overall growth of the Company.

The Finance & Accounting Division is expected to play a role in enhancing the Company's financial framework in anticipation of risks and opportunities and in building a capital efficient management framework to ensure an accurate understanding of the management situation. We will further strengthen our efforts to achieve the sustainable growth of the Company's business.

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 and set up a value chain with the animal feed business at the core in ten years from the first year of the business integration in FY2015 to ultimately achieve sustainable growth and increase corporate value.

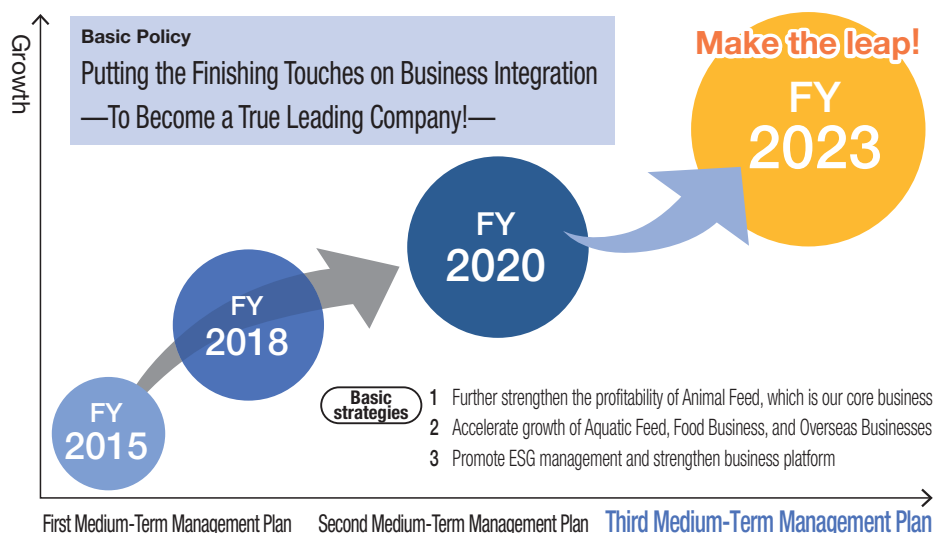


Medium-Term Management Plan

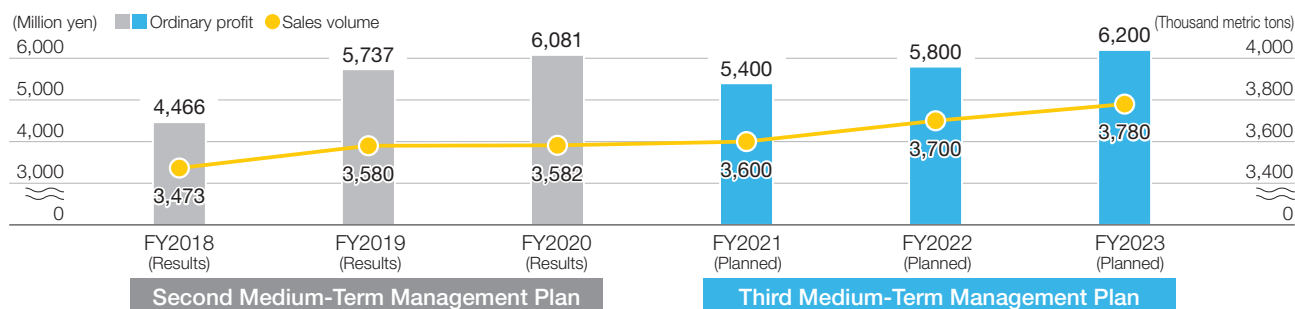
The Third Medium-Term Management Plan: Make the leap! 2023

Role & Basic Policy

The role of the Third Medium-Term Management Plan is to increase profit by fully utilizing the business platform strengthened in the Second Medium-Term Management Plan and to build a further foundation to enable sustainable growth.



Quantitative Plan (Consolidated)



FY2021 Progress and Issues in relation to the Basic Strategies

The fiscal year ended March 31, 2022 was the first year of the Third Medium-Term Management Plan. The outlook remained uncertain due to changes in the international situation, the outbreak of infectious diseases in livestock, and other factors. Under such situation, however, we promoted the ESG management as specified in the basic strategies, in addition to the four pillars of profitability to achieve the projected results in the plan. As a result, each of our businesses had concrete outcome.

Specific strategies

Progress

Further strengthen the profitability of Animal Feed, which is our core business

- 1 Carry out R&D that address the needs of customers and the times
- 2 Add facilities for cattle feed
- 3 Improve operational processes using IoT

- 1 Launched Feed Care, synthetic milk for pigs, in February 2022
- 2 Flake feed production line added at Tomakomai Feed Co., Ltd.; began operation in August 2021

Accelerate growth of Aquatic Feed, Food Business, and Overseas Businesses

- 1 Develop feed that addresses customer needs
- 2 Develop and expand sales of sustainable feed

- 1 Increased sales of Ambrose feed for juvenile fish (sales volume: up 36.3% YOY)
- 2 Expanded low fish meal feed product lineup (Launched *Trout EP Seika*, low fish meal feed for trout)

- 1 Consider rebuilding a manufacturing structure for popular consumer products
- 2 Develop and sell consumer products

- 1 Determined the policy for rebuilding Magic Pearl Co., Ltd.'s East Japan Business Unit factory
- 2 Made steady progress in sales of consumer products (sales: up 50% YOY)

- 1 **Vietnam** Increase sales volume by adding manufacturing facilities, expanding sales areas, etc.
- 2 **India** Reduce cost through better productivity and restore profitability through stronger sales

- 1 Vietnam's first flake feed production facility completed
- 2 Feed for freshwater fish: Recognition of quality spread in the market, leading to increased sales (sales volume: up 19.6% YOY)

Promote ESG management and strengthen business platform

- 1 Promote work-style reform
- 2 Engage in DX and new businesses
- 3 Strengthen governance
- 4 Build an ESG/SDGs structure

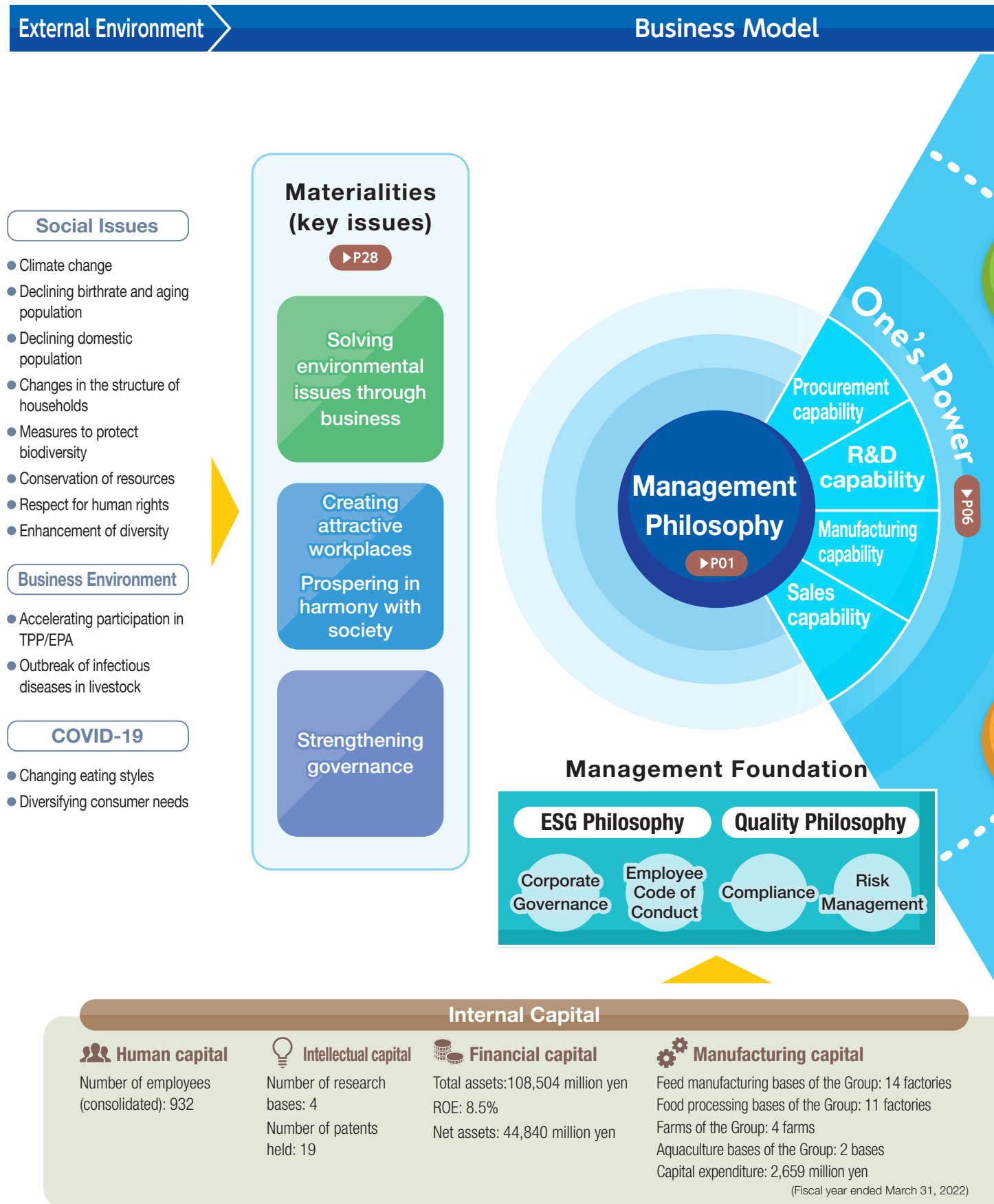
- Addressed climate-related risks
- Implemented human rights initiatives
- Started building the next core system toward operation in 2024

Business Plan for the Fiscal Year Ending March 31, 2023

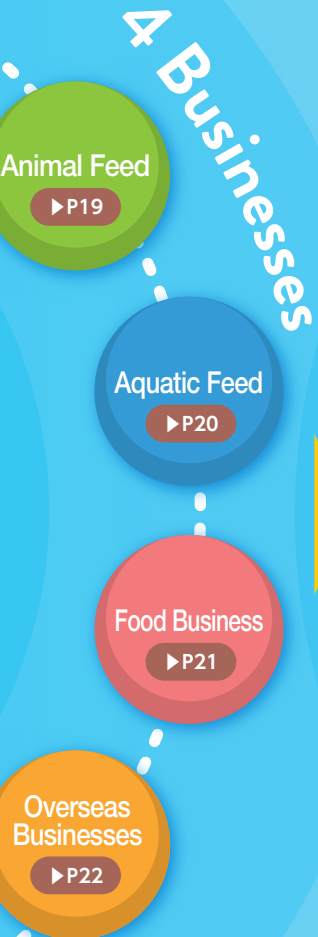
Sales volume for the fiscal year ending March 31, 2023 is expected to be 3,586 thousand metric tons for animal feed and 104 thousand metric tons for aquatic feed. The business environment will again be harsh this year as in last year. However, we will continue steadily promoting the basic strategies of the Medium-Term Management Plan and aim to become a True Leading Company.

(Thousand metric tons)	2022.3		2023.3		
Sales volume	3,613		3,690		
(Million yen, %)	2022.3	Composition	2023.3	Composition	YOY
Sales	243,202	100.0	301,000	100.0	+23.8
Cost of sales	220,490	90.7	275,300	91.5	+24.9
SG&A expenses	18,418	7.6	21,600	7.2	+17.3
Operating profit	4,293	1.8	4,100	1.4	(4.5)
Ordinary profit	5,067	2.1	4,000	1.3	(21.1)
Profit attributable to owners of parent	3,659	1.5	2,500	0.8	(31.7)

Value Creation Process



Output/Outcome



Make the leap! 2023 ▶ P15

Third Medium-Term Management Plan

(Targets for the fiscal year ending March 31, 2024)

Sales volume
3.78 million metric tons

Ordinary profit
6,200 million yen

Value Creation



Enhance corporate value through sustainable growth

▶ P15



Pursue the sustainability of the global environment

▶ P29



Contribute to society through business

▶ P42



Create a comfortable work environment

▶ P35



Offer safe and reliable food products

▶ P53

External Capital

Social and related capital

Shareholders
Local communities
Suppliers/partner companies
Distributors/customers

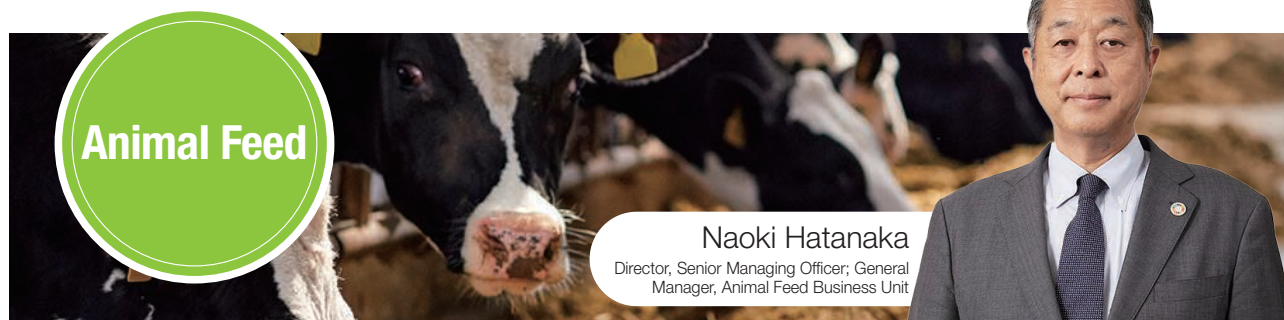


Natural capital

Energy/water resources

Bringing reliable food and the enjoyment of eating every day

Business Strategy



Business Vision

We will utilize the latest in nutrition theory and cutting-edge production technologies to deliver safe, reliable, and high-quality formula feed tailored to varying needs at production sites.

With prices of imported raw materials for feed soaring, we will also be unrestrained by fixed ideas and continue taking on the challenge of value creation, and thereby contribute to making livestock farming more productive and economical.

We are also pursuing the SDGs, taking action to accomplish the twin goals of *reducing environmental impact* and *improving productivity*. Specifically, we will be aiming to establish technology that can improve production efficiency while reducing methane emissions from cattle and phosphorous and nitrogen excretions from poultry and swine.

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

Business Overview and Strengths

We operate seven business divisions nationwide, and our manufacturing and sales activities are fully integrated. 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 approximately 3,500,000 metric tons of animal feed per year. Last year, we began shipping crumble & mash products, demand for which is rising in southern Kyushu, while in Hokkaido we moved forward with putting together a new production structure by increasing flake feed manufacturing equipment there.

Strengths

- Supply products stably from strengthened production facilities
- Provide products with patented technologies (feed specifically for automatic milking) and a proprietary feed design service
- Facilitate the spreading of advanced technologies such as genome and raw milk analyses (customer service)
- Regularly obtain the latest information on livestock nutrition and feed management technology from overseas

Surrounding Environment

Opportunities

- Need for products that are aligned with the SDGs (eco-friendly)
- Proliferation of smart livestock-rearing technology (IoT and DX)

Risks

- Soaring prices of imported raw materials for feed due to the situation in Ukraine becoming increasingly grim
- Logistics disruptions due to a COVID flare-up (delays in procuring imported raw materials)
- Decline in the number of animals due to livestock infectious diseases running rampant

Achievements and Challenges in FY2021

Achievements

Although we were affected by outbreaks of avian flu and swine fever in FY2021, the volume of animal formula feed sold was higher than the previous fiscal year. A COVID resurgence heavily impacted prices as the food service business slumped and demand increased due to people staying home more, but the volume of livestock products produced in Japan topped the previous year's figure.

In line with the Third Medium-Term Management Plan, we are aiming for sales volume of 3,610,000 metric tons in FY2023 (up 5% from FY2021), the final year of the Third Medium-Term Management Plan, by strengthening production facilities and launching high value-added products.

Challenges

With prices of imported raw materials for feed skyrocketing as a result of the tense situation in Ukraine, the stable supply of formula feed is expected to be further required, and demand for high-quality, high-function products is expected to rise substantially. Amid such circumstances, we will put together a formidable structure by strengthening our global raw material procurement network, and aim to offer distinctive, value-added products and expand our total support for customers.

Strategy

- Establish stable manufacturing and sales foundations
- Conduct R&D to come up with new products based on the latest in nutrition theory
- Procure raw materials flexibly in accordance with circumstances in society
- Improve feed manufacturing and processing technology in response to needs
- Expand our total consulting services

Aquatic Feed

Hiroshi Yamagami

Senior Executive Officer, General
Manager, Aquatic Feed Division

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, secure, and high-quality formula feeds catering to the needs of customers.

Business Overview and Strengths

We produce nearly 100,000 metric tons of aquatic formula feeds per year at the Kitakyushu Aquatic Feed Factory and other factories, distributing feed to every corner of Japan, from Hokkaido to Okinawa. We also export high-quality feed for juvenile fish. In addition, a specialist department for distributing marine products also handles farmed fish. Nanyo Gyogyo Co., Ltd. and Kyokuyo Feed One Marine Co., Ltd., affiliated companies of the Company, produce fully farmed Pacific bluefin tuna, demonstrating the fruits of their many years of bluefin tuna research.

Strengths

- A broad network of factories designed to produce feeds in various forms
- Research facilities that can conduct feeding trials expeditiously
- Distribution structure for farmed fish that is directly connected with producers

Surrounding Environment

Opportunities

- Increasing importance of environmental conservation and SDGs
- Diversification and increasing scale of domestic salmon farming business
- Increasing importance of artificially hatched larvae as means of tackling natural resource instability

Risks

- Soaring prices and unstable supply of raw materials
- Unstable supply (collection) of wild-caught fish eggs

Achievements and Challenges in FY2021

Achievements

In FY2021, the Aquatic Research Center and Feedstuff Materials Division worked together on the key task of improving the quality of feed for juvenile fish (feed intake and growth promotion), and their efforts produced results, as they succeeded in developing high-quality feed for juvenile fish superior to that offered by our competitors. As for efforts to develop feed that is not dependent on natural resources, we brought a low-fish-meal feed for trout to market, and this was well received. We also moved closer to eliminating the use of fish meal in feed for red sea bream. We also explored the potential for aquaculture technology innovation to contribute to the achievement of the SDGs and the improvement of production efficiency, and to that end, we actively collaborated with entities in other sectors. Such collaborations are enabling us to gradually obtain new insights.

Challenges

Japan's national government has defined an export strategy for farmed fish as a key policy, and a goal is to significantly expand production of yellowtail and red sea bream. We will therefore aim to establish an optimal supply structure so that we can meet the increased demand for feed as farmed fish production expands.

Strategy

- Bring products to market that are the number-one for quality in terms of efficiency and promotion of fish growth
- Establish an optimal supply structure
- Fully leverage marine product distribution functions
- Develop feed that is not dependent on natural resources
- Pursue aquaculture technology innovation (collaboration with other sectors)

Business Strategy



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 will 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 everything from processing to distribution and sale of products.

Business Overview and Strengths

Sales from the food business amount to approximately 37.4 billion yen per year, accounting for around 15% 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 food 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 Co., Ltd. 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

- 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

Surrounding Environment

Opportunities and Risks

Demands from business partners

- Obtaining international certifications that require higher levels of food safety (FSSC and SQF)
 - Pursuing ESG/SDGs management (e.g., food recycling, local production and local consumption)
 - Ensuring animal welfare
 - Pursuing DX
- Business partners have been making increasing demands in these areas, and we will be responding to them with a sense of urgency.

Achievements and Challenges in FY2021

Achievements

In FY2021, we moved forward with the development of frozen food products, to accompany our existing chilled products. As a result, sales of consumer products were 150% of the previous year's, while the share of consumer products in gross margin increased from 10.0% to 13.5%, making consumer products a major generator of earnings for the food business.

Challenges

We have been hit by intermittent outbreaks of swine fever and avian flu since 2019, and the COVID pandemic has led to changes in sales and consumption patterns. We have also been affected by soaring prices of raw materials stemming from the situation in Ukraine, by the depreciation of the yen, and other factors. All in all, prices of livestock products are more volatile than they have ever been before.

Although we in the food group are having difficulty promptly adapting to the dramatic changes that have replaced what used to be continuity in business transactions, we are quickening the pace of implementation of measures to bring about improvements, which we have developed based on our relationships of trust with our numerous business partners.

Strategy

- Expand and renovate production facilities to make them eco-friendly and capable of utilizing resources effectively, and increase the volume of supply from these facilities
- Upgrade processed products and develop more products that are easier to use
- Decarbonize the food supply chain in a way that only feed manufacturers can
- Ensure the welfare of animals at Group farms



Business Vision

Livestock and aquatic products, including beef, pork, poultry, milk, eggs, and fish, are some of the foods that help satisfy demand for protein, which is growing year by year as the world's population rises. 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 in which we operate, especially Asian countries, where the middle class is expanding rapidly as their economies grow. 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, such as soybean meal, fish meal, and rice bran, as raw materials for the manufacture of formula feed.

Business Overview and Strengths

In Vietnam, we established Kyodo Sojitz Feed Co., Ltd. in Long An Province jointly with general trading company Sojitz in 2011. Since the start of the operation of its factory in 2013, the company has been producing and selling animal feeds for poultry, swine, 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 of its factory in 2016, the company has been producing and selling aquatic feeds for prawns and freshwater fish.

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

Surrounding Environment

Opportunities

- Growing demand for protein as the world's population increases and the middle class expands
- Advances in livestock raising technology required to meet the rise in protein demand
- Increasing demand for safe and reliable food

Risks

- Geopolitical uncertainty sparked by the situation in Ukraine and instability in the market environment due to infectious diseases becoming epidemic
- Prices of raw materials for feed remaining at high levels due to high food and energy demand
- Spread of livestock diseases

Achievements and Challenges in FY2021

Achievements

Our operating environment remained harsh as a result of a worldwide economic slowdown due to the COVID pandemic and soaring prices of raw materials for feed, but we succeeded in strengthening the profitability of our Vietnam business by overhauling our marketing strategy. As for our India business, we massively increased sales volume of feed for freshwater fish and prawns from the previous year.

Challenges

Regarding our Vietnam business, FY2021 saw a year-on-year drop in sales volume as livestock demand receded due to the COVID pandemic, so expanding sales volume has become our most pressing task. In FY2021 we began selling cattle feed, and we will be aiming to expand our business base by developing new products and providing technical instructions on livestock rearing.

In our India business, we view improving profitability, which has declined due to soaring prices of raw materials for feed, as an immediate task. So we will boost profits by making manufacturing processes more efficient and leveraging our high-quality products to strengthen sales.

Strategy

- Leverage our feed production technology to expand our product line-up in Vietnam
- Work more closely with our business partners in Vietnam to expand the regions in which products are sold
- Expand the aquatic feed sales of our India business into neighboring regions
- Select new business partners and expand into new business fields through our consulting services related to feed production technology and feed management technology

R&D Strategy and Structure

R&D that provides safe, reliable, and delicious food

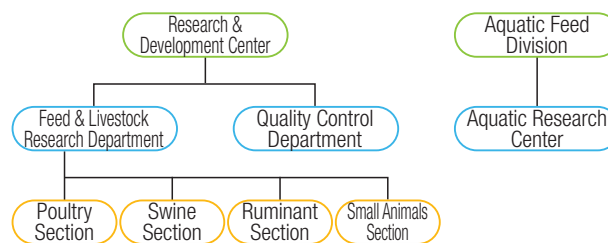
Food safety and reliability are strongly demanded. To ensure them in the food chain, from raw material procurement to the production site, we are striving to better collect information, improve the accuracy of chemical analysis and hygiene inspection technology, and speed up these processes in our R&D organization. To produce higher-quality, delicious livestock and aquatic products at low cost, we are working on the development of formula feeds and feeding technologies. We are also focusing on the development of feed with lower environmental load in relation to recent environmental issues to achieve sustainable livestock farming and fisheries. For example, we are researching into unused raw materials, eco-feed, and feed that helps reduce methane emitted by cattle.

R&D Organization

FEED ONE has a wealth of technology. At the core of these research activities are the Feed & Livestock Research Department and the Quality Control Department, which are managed by the Research & Development Center, and the Aquatic Research Center under the Aquatic Feed Division.

We not only provide sales support such as R&D and consulting, but also undertake joint research with public institutions and universities, applying the latest technologies obtained through the wide-range gathering of information, both domestically and internationally, to product development and quality control. We also hold seminars to introduce technical information to our customers.

We have a wide variety of staff, including experts in the livestock and aquatic fields and experts in analysis and inspection.



Feed & Livestock Research Department

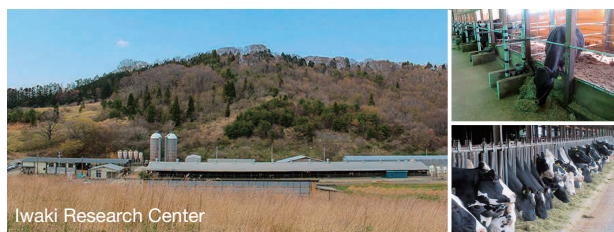
Fukushima Research Center raises swine and poultry. Iwaki Research Center raises beef cattle and dairy cattle. Both centers undertake R&D on animal feed and feeding technologies.

In developing new products and technologies, we undertake field tests of new feeds at test farms, and commercialize only those that yield reliable results.

Further, the Small Animals Section of the Kashima Research Center undertakes R&D on lab animal feed and beekeeping feed.



Fukushima Research Center



Iwaki Research Center

Quality Control Department

Kashima Research Center performs chemical analysis and microbiological tests, and the analytical test results are used for quality control throughout the Company.

Ensuring the quality and safety of feed, food, and livestock and aquatic products is our top priority of research and technology management.



Kashima Research Center

Aquatic Research Center

We breed tuna, yellowtail, red sea bream, and Kuruma prawn in Ainan-cho, Ehime Prefecture, and develop aquatic feed and feeding technologies.

In terms of the SDGs and the preservation of marine resources, we undertake R&D on feed not dependent on fish meal.



Production Structure

Production structure to ensure the stable supply of high-quality products

We operate through solid production and quality control structures in Japan and abroad to ensure the stable supply of high-quality formula feed that addresses wide-ranging customer needs, and engage in earth-conscious production.

Production Bases and Quality Control

We have 14 production bases in Japan, comprising our ISO22000-certified factories, subsidiaries, and joint ventures. A solid production structure is built to manufacture products at production sites best suited for customers and deliver them immediately.

Further, the head office, research centers, and factories perform together thorough quality control. For example, we exhaustively manage data on raw materials and formula design, perform risk management of each process, and have a regular audit.

We have two overseas production bases: Kyodo Sojitz Feed Co., Ltd. in Vietnam, a factory to manufacture feed for cattle, swine, and poultry; and Nippai Shalimar Feeds Private Limited in India, a factory to manufacture feed for freshwater fish and prawns. In the huge Asian market where growth is expected, we have a global production structure in place by fully utilizing our production technologies and quality control know-how that we have accumulated over many years at domestic factories.

Map of the FEED ONE Group's feed manufacturing factories



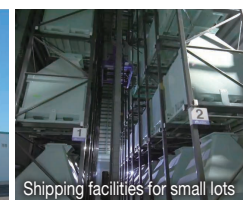
Kitakyushu Animal Feed Factory

Kitakyushu Animal Feed Factory, equipped with cutting-edge facilities and systems, started operation in July 2020. The 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. In addition, we have installed industry's first 24-hour unmanned automated shipping facilities compatible with small lots, 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 as well as introducing energy-saving equipment and analytical equipment that minimizes production losses.

In this way, the Kitakyushu Animal Feed Factory is designed to serve as a next-generation factory contributing to SDGs that is friendly to people and the environment, and we will further drive low cost operation.



Sustainability Policy

**As a leading company
in the feed industry,
we will contribute to
achieving food
sustainability.**

Yutaka Nagoya

Senior Executive Officer,
General Manager, Corporate Planning & Strategy Division



What are your thoughts on the approach to sustainability expected of FEED ONE?

The feed industry not only supports livestock cultivation and the supply of livestock products, but it also uses a lot of the by-products generated in the manufacturing processes of food product manufacturers, such as wheat bran and soybean meal. This circulation of resources raises social and environmental sustainability.

Within this, we are involved across the entire food value chain, primarily through our feed business and food business. I think this means we are expected to provide value to the stakeholders involved in each process, from the procurement of raw materials to delivery to consumers, and to contribute to the realization of a sustainable society.

At the raw material procurement stage, we are focusing on research and development concerning sustainable feed, including effectively using food manufacturing by-products and food loss, reducing and eliminating the use of fish meal in aquatic feeds with the aim of lowering environmental impact, and cultivating new raw materials. During the manufacturing stage, in addition to introducing energy-saving equipment at factories and utilizing IoT technology, we are also responding to climate change through efforts such as working to visualize waste volumes at each factory as a first step to reducing waste. In regard to producers, we are already contributing to

enhancing production efficiency by providing a genomic analysis service for dairy cows, which has been highly evaluated by users, and by marketing feed specifically for automatic milking. Additionally, in recent years, the amount of methane emitted by cattle belching has become an issue for the livestock industry, so we are working to establish ways to measure and reduce these emissions in order to reduce environmental impact and develop new technologies that will support the future of the industry. In regard to aquatic production, we have contributed to the preservation of marine resources by successfully realizing fully-farmed Pacific bluefin tuna, and research into switching from raw to formula feed is underway, which will enable us to further contribute to conserving marine resources and environments.

At Mitsui & Co., Ltd., I was stationed in Singapore for two years up to May 2022, when I returned to Japan and transferred to FEED ONE. During my time in Singapore, I witnessed a great deal of movement regarding food sustainability in the Asia and Oceania region for which I was responsible. Consumers in these countries and regions have a strong awareness of environmental and social issues, and how a company responds to these issues and what kind of initiatives it advances are becoming major factors in whether it will survive. After returning to Japan, I felt that the level of expectation for companies to address ESG and the SDGs had also risen significantly in Japan over the two years I was away. I think the awareness of Japanese consumers will soon be at a similar level to consumers overseas, so we need to be advancing initiatives ahead of other companies.

Viewed from an external perspective, the Company's sustainability efforts show a strong intent to take the initiative as the industry's leading company by building a framework for advancing ESG and SDGs efforts and by carrying out many specific measures. Going forward, changes in society and the environment around the food industry will accelerate, creating a situation in which we cannot afford to lose time. We will further enhance our efforts by formulating and implementing a roadmap for realizing a sustainable future.

To achieve this medium-term target, our initiatives will start with the formulation of a roadmap and action plan. We will then reduce energy usage at the manufacturing stage by continuing to introduce energy-saving equipment at each factory and by enhancing productivity through IoT. Also, to achieve carbon neutrality by FY2050, it is urgent that we gain an understanding of our Scope 3 emission volumes. Scope 3 is wide-ranging, making it difficult to measure, so we will accelerate the visualization and quantification of emission volumes for each category and reflect these in the formulation of a clear roadmap for the future.



Please explain the status of initiatives concerning climate change risks, including TCFD disclosure.

We cannot avoid the fact that our feed business, which uses grain as a main raw material, will be severely impacted by climate change so responding to this is an important management issue. In recognition of this, in April 2022, we declared our support for the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD) and disclosed information on governance, strategy, risk management, and metrics and targets related to climate change risks and opportunities.

In regard to governance, in February 2021 we established the ESG Committee with the President as Chairperson. The committee identifies and assesses climate change risks and opportunities and supports related initiatives while the Board of Directors receives reports on its activities and provides oversight and advice.

Looking at major risks and opportunities for the Company, we have identified six risks, including increases in expenses accompanying the introduction of carbon taxation systems, decreases in sales driven by climate change, and rises in the prices of raw materials, as well as three opportunities, including decreases in selling expenses due to reduced energy usage and increases in sales due to the development and sale of sustainable feeds. In terms of strategy, we have carried out scenario analysis for 2030 in order to understand the financial impact of these. For risk management, we are managing climate change risk in an integrated manner using the enterprise risk management (ERM) system and functions we operate.

We have also set CO₂ emissions as an indicator. Our medium-term (FY2030) target is to reduce Scope 1 and 2 emissions by 50% compared to FY2020 levels at the Company and our three group companies that generate the most emissions and our long-term (FY2050) target is to make the entire value chain carbon neutral.



Please tell us about future ESG efforts based on the three materialities.

We have identified “solving environmental issues through business,” “creating attractive workplaces, and prospering in harmony with society,” and “strengthening governance” as our three materialities for promoting ESG.

For our environmental materiality, we will advance initiatives in each of our value providing processes, mainly by responding to climate change risks as mentioned earlier. For governance, we will not only establish internal systems based on Japan's Corporate Governance Code, but we will also continue working thoroughly to ensure compliance, quality, and food safety. In March 2022, we formulated and released a new Human Rights Policy to clarify our approach to respecting the human rights of all stakeholders.

In order to further penetration and raise awareness of sustainability within the Company, in FY2021 we implemented the My SDGs Declaration project in which employees made declarations about how they would work to achieve the SDGs within their own lifestyles, and this initiative has helped to create realizations and change mindsets little by little. I can really feel the strong awareness regarding sustainability at our factories and group companies throughout Japan, including proactive efforts to register with local SDGs certification systems.

Also, since launching the ESG Committee, we have been setting the Group's targets for ESG/SDGs, and encouraging each division to incorporate ESG into business strategy. In FY2022, we continued initiatives and monitoring for each target and going forward, the entire Company will work as one to achieve our targets and deepen efforts to meet the expectations of society.

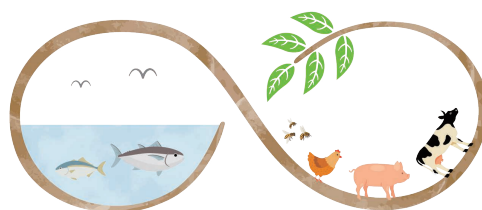
As a leading company in the feed industry, we will continue to support the stable supply of food and work together with all stakeholders to achieve a sustainable future.

Efforts for ESG/SDGs

The Group upholds the corporate philosophy to contribute to the sustainability of the livestock and fishery industries and provide the safety and security of food, placing formula feed at its core. Recognizing the impact that our business activities have on the environment and society, we will promote ESG management while engaging in dialogue with stakeholders based on the belief that contributing to the solution of social issues and the realization of a sustainable society through our business is equivalent to practicing our corporate philosophy.

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, as well as will contribute to the realization of a sustainable society.



Sustainability Promotion System

In February 2021, the Group established the ESG Committee, chaired by the Representative Director and President. Persons responsible for each of business divisions and other relevant departments are appointed as the Committee's members, and they formulate the basic policy on the Group's ESG/SDGs activities and concrete action plans and monitor their implementation, with the Sustainability Promotion Department serving as the secretariat.

The Board of Directors regularly receives reports on climate-related and other ESG/SDGs issues from the ESG Committee (about four times a year) and provides supervision and advice on such measures.

ESG Committee agenda for FY2021 and FY2022

FY	Date	Agenda
FY2021	1st meeting May 24	- Briefing on the Group's targets for ESG/SDGs - Report on activities and future plans
	2nd meeting August 23	- Report on the progress of the Group's targets for ESG/SDGs - Identification of initiatives to reduce CO₂ emissions and setting of reduction targets - Report on activities and future plans
	3rd meeting November 29	- Report on the progress of the Group's targets for ESG/SDGs - Discussion on the working group for TCFD - Report on activities and future plans
	4th meeting February 28	- Report on the progress of the Group's targets for ESG/SDGs - Report on the progress of the Task Force on TCFD (progress in scenario analysis) - Discussion on the formulation of the Human Rights Policy - Report on activities and future plans
FY2022	1st meeting May 23	- Discussion on the Group's targets for ESG/SDGs - Lookback on FY2021 and setting of FY2022 targets - Discussion on a draft of the TCFD Report to be disclosed - Discussion on initiatives for human rights - Report on activities and future plans

Materialities (key issues)

The Group has formulated three materialities (key issues) to promote ESG management. We will incorporate the materialities into the business strategy employed by each department to achieve the Medium-Term Management Plan and work on the issues by linking them with SDGs, thereby aiming to achieve our medium- to long-term targets and realize a sustainable society.

1 Process of identifying materialities

STEP1 Identification of social issues

Identify environmental and social issues of high relevance to the Group's business activities

STEP2 Assessment of importance

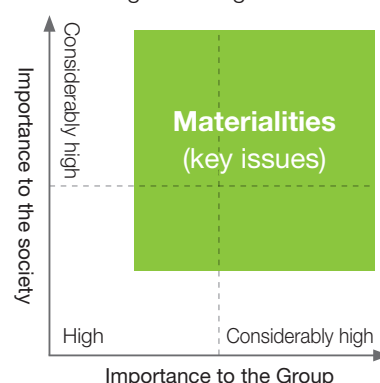
Assess the importance of the identified issues to the Company's business and the society

STEP3 Selection of materiality candidates

Select candidate items for materiality by verifying their appropriateness in consideration of the Company's business policies

STEP4 Identification of materialities

Determine materialities at a meeting of the ESG Committee chaired by the President and formulate measures to be taken



2 Identified materialities



Environment

Solving environmental issues through business

We will strive to solve environmental issues through our business so as to have both the Company and society grow sustainably. Such efforts include the proactive utilization of food by-products and food loss, the response to climate change, and the conservation of resources.

Social

Creating attractive workplaces, and prospering in harmony with society

We endeavor to create attractive and meaningful workplaces where employees can have pride in the Company and exercise their abilities. Also, we will support the society by seeking to prosper in harmony with local communities, and providing education and supports as well as making donations to contribute to the rich and varied diet of local people.

Governance

Strengthening governance

We will strive to further strengthen our corporate governance and systems for governing the entire Company and disclose information appropriately. That will ensure objectivity and transparency of management.

3 Linkages between themes to be worked on and SDGs

Materialities	Major themes to be worked on	Items to be worked on	Major relevant SDGs
E Solving environmental issues through business	Responses to climate change	Efforts to reduce GHG emissions	
	Realization of a resource recycling society	Utilization of food by-products, food loss, and profitable raw materials	
	Conservation of resources/ environmental conservation	Research and development on low fish meal and fish meal-free feeds	
		Fully-farmed Pacific bluefin tuna	
	Efforts to protect biodiversity	Production support for organic livestock products	
S Creating attractive workplaces, and prospering in harmony with society	Respect for human rights/ human resources	Promotion of human rights due diligence, work-style reform, and health and productivity management	
		Employee education systems, children's visits to parents' workplaces	
	Contribution to society	Participation in the Yokohama Marathon and the WFP's Walk the World event	
		Food and nutrition seminars	
G Strengthening governance		Donations to municipalities and welfare organizations	
	Strengthening of governance	Strengthening of corporate governance	
		Ensuring the implementation of the Employee Code of Conduct and compliance framework	
	Pursuit of quality	Risk management	
		Efforts for food quality and safety	

My SDGs Declaration

We launched the My SDGs Declaration project in April 2021 in order to arouse the interest of every employee in ESG and SDGs and have them contribute to achieving the SDGs. We share what we noticed in the course of implementing our own declaration through in-house newsletters.

I'll promote online-based ordering to go paperless and reduce communication costs!

Masayoshi Onodera
Deputy Section Chief,
Tomakomai Feed Co., Ltd.

Such efforts will not only reduce costs but also hedge risks associated with telecommuting amid the COVID-19 pandemic as we can complete the entire ordering process online.



I'll be conscious about saving water and electricity!

Kana Matsubara
Feed & Livestock Research Department,
Research & Development Center

I am always trying to be conscious about saving water and electricity, such as by frequently turning off the tap of shower when entering or leaving livestock farms and switching off the lights while at home during daytime.



My wife and I share housework and childcare!

Yosuke Kato
Senior Staff,
Finance & Accounting Division

My wife and I are a working couple as my wife has returned to work after taking childcare leave. With a motto to "enjoy housework and childcare together," we wake up at 5:00 a.m. and go to work after getting housework and childcare done.



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.

Efforts for Climate Change—Responding to TCFD Recommendations



The Group supports the food value chain through the production and sale of livestock and aquatic formula feed, mainly composed of grains and fish meal, and the production and sale of livestock and aquatic products, and its business is based on the blessings of nature. As such, a climate change will have a major impact on the Group’s business. To ensure stable supply of safe and secure food, we consider responding to climate change is important.

To achieve a decarbonized society under the Paris Agreement, we actively promote information disclosure utilizing the framework of “Governance,” “Strategy,” “Risk Management,” “Metrics and Targets” based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

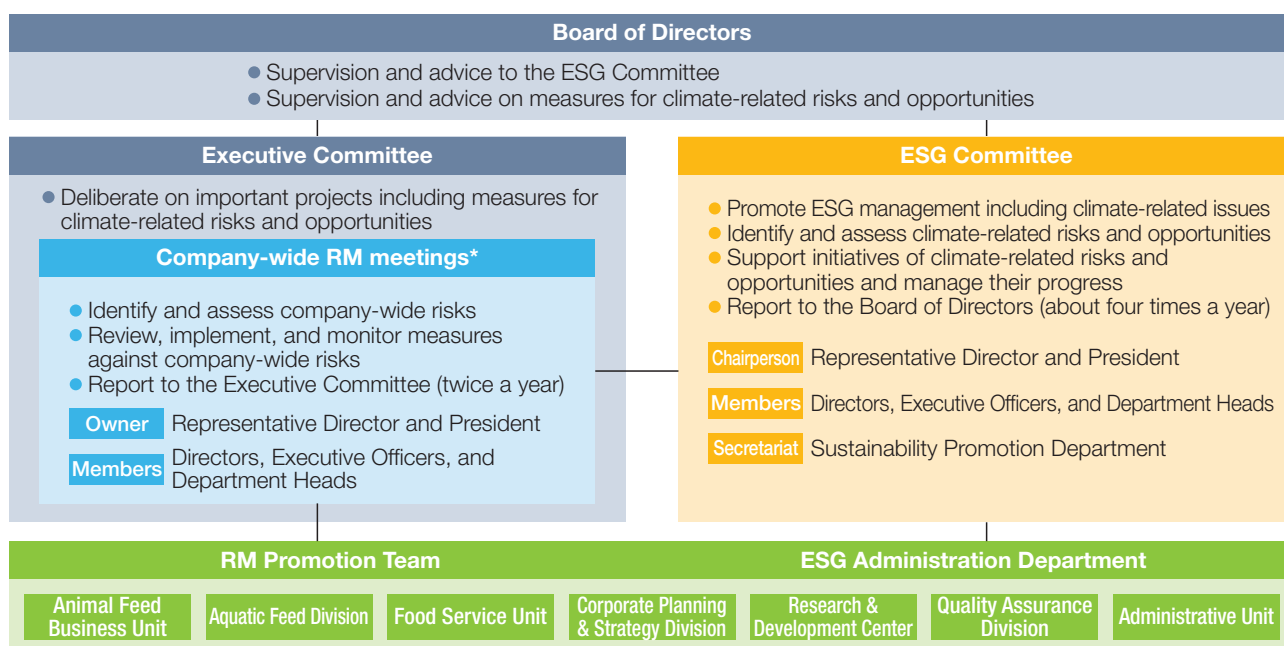
1. Governance

FEED ONE Group set up the ESG Committee to promote ESG/SDGs initiatives. The ESG Committee considers and discusses the Group’s issues and measures related to ESG including climate-related risks and opportunities. The Committee is a cross-organizational structure chaired by the Representative Director and President, and members are executives from business and administrative

departments and a department reporting to the President.

The Board of Directors regularly receives reports on ESG/SDGs including climate-related risks and opportunities from the ESG Committee (about four times a year) and provides supervision and advice on such measures. (Figure 1)

(Figure 1) System to promote sustainability including measures for climate-related issues



*A framework to operate ERM (Enterprise Risk Management)

2. Risk Management

(1) Process to identify and assess climate-related risks
Task Force on TCFD under the ESG Committee identifies climate-related risks and opportunities in light of internal and external factors.

For the identified climate-related risks and opportunities, we will utilize the system/framework (process, metrics) adopted under the ERM regulations to analyze and assess the quantitative and qualitative impact on the Group and develop measures.

(2) Process to manage climate-related risks

The ESG Committee will monitor measures taken for climate-related risks and opportunities, improve measures for such risks and opportunities by checking their appropriateness, and report important matters to the Board of Directors.

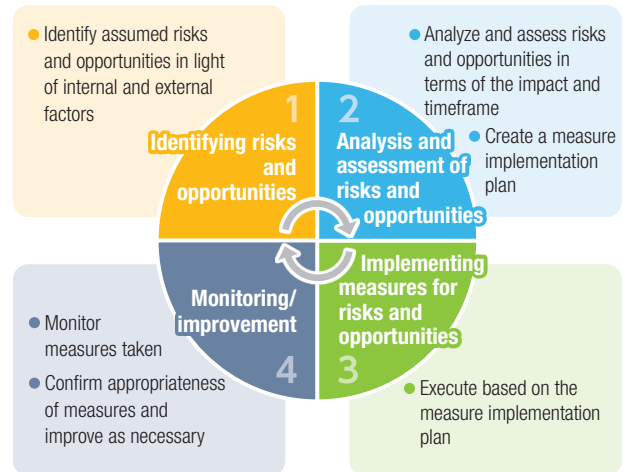
The Board of Directors supervises and advises on the measures for climate-related risks and opportunities which are reported by the ESG Committee.

(3) Integration of the process to identify, assess, and manage climate-related risks into overall risk management

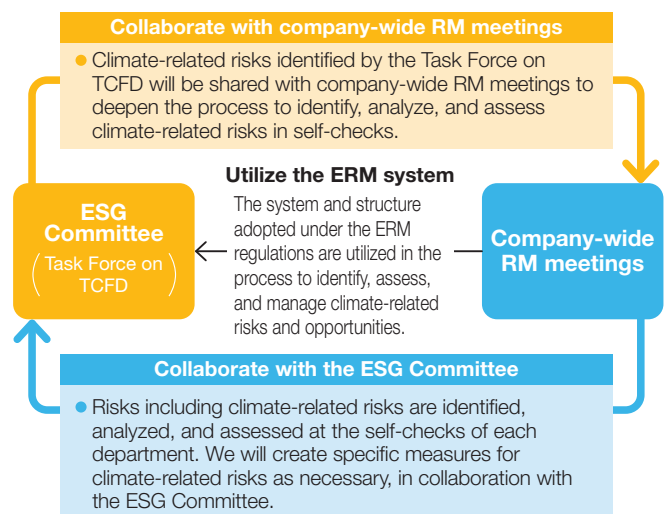
We have established the ERM regulations, and undertake risk management mainly at company-wide RM meetings. We have set up 57 promotion teams in total nationwide, and implement the PDCA cycle of risk management through the year. (Figure 2)

On climate-related risks, the Task Force on TCFD and company-wide RM meetings will collaborate together and manage overall risks to minimize group-wide risks and maximize opportunities. (Figure 3)

(Figure 2) Process to identify, assess, and manage climate-related risks and opportunities



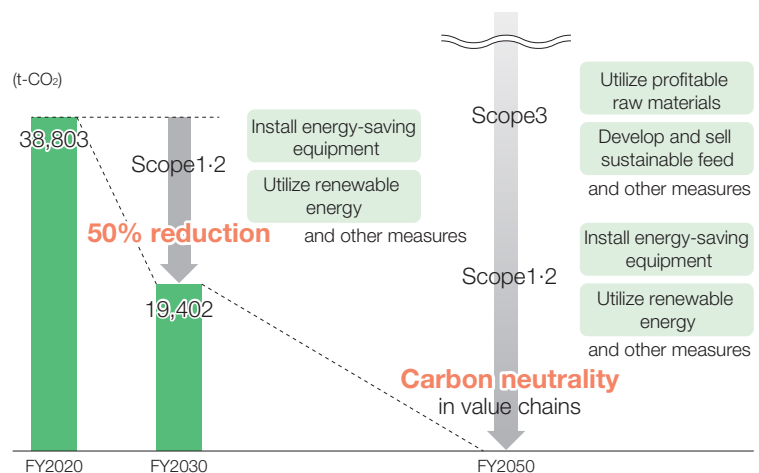
(Figure 3) Collaboration between the ESG Committee and company-wide RM meetings



3. Metrics and Targets

GHG reduction targets in the medium to long term

Current	
FY2020	Scope 1 and 2 CO ₂ emissions: 38,803 t-CO ₂
*Target scope: FEED ONE and three subsidiaries and associates with high CO ₂ emissions	
Medium-term targets	
FY2030	50% reduction of Scope 1 and 2 CO ₂ emissions versus FY2020 level
*Target scope: FEED ONE and its main subsidiaries and associates	
Long-term targets	
FY2050	Achieve carbon neutrality in value chains



4. Strategy

The Group considers addressing climate changes as the management's top priority, and analyzed the scenario in 2030 to understand the financial impact of climate changes.

In this scenario analysis, we made reference to several scenarios issued by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC).

FEED ONE Group's climate-related scenarios

Classification	Outline of scenarios	Main referenced scenarios
Beyond 2°C scenario	A scenario in which policies and regulations are implemented toward achieving a decarbonized society, and the global temperature will be controlled at about 1.5°C to 2°C above the pre-industrial levels	● IEA World Energy Outlook 2021 "SDS" ● IPCC RCP2.6
4°C scenario	A scenario in which no new policies and regulations are introduced to address climate changes, and the global temperature will rise about 4°C above the pre-industrial levels	● IEA World Energy Outlook 2021 "STEPS" ● IPCC RCP8.5

Results of scenario analysis and relevant measures

Magnitude of financial impact	High: Impact on profit and loss is over 500 million yen or a material impact on business operation Moderate: Impact on profit and loss is over 100 million yen and 500 million yen or less or a somewhat significant impact on business operation Low: Impact on profit and loss is 100 million yen or less or a minor impact on business operation	Timeframe	Short: Within five years Medium: Over five years and within 10 years Long: Over 10 years
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Classification	Risks/opportunities	Description of risks/opportunities
Transition risks	Policy and regulation	Rising cost by a carbon tax implementation A potential cost increase from a carbon tax implementation following more stringent global rules on CO₂ emissions to achieve a decarbonized society ● If a carbon tax is levied on the Group's CO₂ emissions (Scope 1 and 2) *Please refer to the top right for calculation details ● If a carbon tax is levied on the supply chain If a carbon tax is levied on logistics or packaging companies, such cost will be passed on to the freight cost of vehicles and cargo ships which mainly use fossil fuels, and to the cost of plastic packaging materials derived from fossil fuels. As a result, the Group may bear higher cost.
	Reputation	Declining profit due to a shift in demand toward sustainability-conscious, plant-based meat, etc. A potential decline in profit due to a shift in demand toward sustainability-conscious, meat alternatives, etc. with an adverse reputation around ruminants emitting methane, a potent GHG
Physical risks	Acute	Physical damage to livestock farmers and farms due to natural disaster, and a decrease in feed sales volume from a disruption of distribution network With climate change predictions, we expect an increased frequency of typhoons of unprecedented scale A potential decrease in feed sales volume due to concerned damage to a livestock barn of livestock producers in the mountainous areas of weak ground, or to a fish tank of aquaculture producers A potential disruption of distribution network due to the rising level of rivers, landslide, etc.
		Suspended factory operation due to a natural disaster With climate change predictions, we expect an increased frequency of typhoons of unprecedented scale Potential suspension of factory operations due to extended damage from storm surge Potential delay in delivering materials to factories caused by late arrival of cargo ships or disrupted road transportation
	Chronic	Impact on livestock and farmed fish by a rise in temperature and sea water temperature, and a decline in feed sales volume due to a change in optimal production location in Japan ● Impact on livestock In the 4°C scenario, breeding performance of swine and poultry in Japan may decline toward 2060 due to heat stress from rising temperature. Risk may increase such as death of cattle and declining milk yield. ● Impact on farmed fish The rate of sea temperature rise at the surface of 30 to 40 north latitude is +0.5°C in the short- to medium-term. We assume the rising sea temperature will have a minor impact on farmed fish.
		Declining profit due to the impact on raw material production/cost caused by climate changes ● Impact on corn and fish meal production The crop yield of corn, which is the main raw material of animal feed, is expected to decrease by 25% in 2030 in the US, the leading producer of corn. However, we assume stable procurement is possible because corn is expected to increase globally with the advancement of agricultural techniques and breed improvement. Fish meal, the main raw material of aquatic feed, is expected to decline globally in the medium to long term. However, its decline rate is small and we assume stable procurement is possible. ● Impact on corn and fish meal prices Corn prices could rise toward 2030 with a higher demand for bioenergy production, etc. A potential rise in fish meal price in the medium to long term due to rising energy cost and an increase in capital expenditures associated with technological innovations ● Sales price of formula feed Prices of animal feed are revised each quarter to reflect changes in raw material costs to prevent fluctuation risk. However, profit may decline due to a surge in raw material costs, making it difficult for us to revise the price appropriately. Prices of aquatic feed are not revised regularly and profit may decline if the increased raw material cost may not be passed on to sales price.
Opportunities	Resource efficiency	Reduce energy consumption by efficient production based on IoT technology Assume IoT technology will advance and penetrate into the market, with a rising demand for IoT solutions to reduce carbon emission in the entire society Improve profit with implementation and use of IoT technology, to achieve production efficiency at factories and to reduce energy consumption
	Products and services	An increase in feed sales volume by development and sales of sustainable feed and use of sustainable raw materials Expect a higher demand for feed that will reduce GHG emissions. Expect an increase in feed sales volume by promoting R&D of feed with lower environmental impact such as the feed to reduce methane emission from cattle and to reduce manure For aquatic feed, expect higher demand of low fish meal and fish meal-free feeds not dependent on natural resources. Conduct R&D of feed containing insect-derived materials to replace fish meal and feed material with GHG absorbing function (algae, methanotroph) to increase sales volume
		An increase in feed sales volume due to advanced technology to prevent heat stress of livestock Assume breeding performance of swine and poultry may decline toward 2060 in Japan due to heat stress from rising temperature, and risk may increase such as death of cattle and declining milk yield. Expect a rising demand for feed to prevent heat stress

Impact of a Carbon Tax Introduction

We have considered the following two types of the Scope 1 and 2 emissions, covering the Company and three subsidiaries and associates with high CO₂ emissions.

In a beyond 2°C scenario, if the Group does not address the reduction in CO₂ emissions and such emission increases with growing business activities, the

carbon tax amount in FY2030 will amount to approximately 420 million yen.

Meanwhile, if the Group could reduce CO₂ emissions by 50% in FY2030 (vs. FY2020 levels) as planned, carbon tax amount will decrease by approximately 120 million yen to approximately 300 million yen. Cost related to CO₂ emissions reduction is not included.

The Group's carbon tax amount expected in 2030 (million yen) and calculation method

a. If the Group took no initiatives to reduce CO₂ emissions b. If the Group reduced CO₂ emissions by 50% in FY2030 (vs. FY2020)

Type	Beyond 2°C scenario	4°C scenario	Calculation method
a	424	250	Calculate by multiplying a carbon tax* rate to FY2030 CO ₂ emissions which was adjusted with a business growth rate
b	303	164	Calculate by multiplying a carbon tax* rate to the CO ₂ emissions in FY2030 when the emissions are reduced by 50%, and after adjusting with a business growth rate

*Carbon tax: Beyond 2°C scenario: \$120/t-CO₂ (Refer to IEA World Energy Outlook 2021 "SDS" for advanced economies)

4°C scenario: \$65/t-CO₂ (Refer to IEA World Energy Outlook 2021 "STEPS" for EU)

Calculated at 130 yen to the dollar

Magnitude of financial impact		Timeframe	Measures for risks and opportunities
Beyond 2°C	4°C		
High	Moderate	Medium	● Initiatives to reduce CO₂ emissions (Scope 1 and 2) Install more energy-saving equipment to factories, improve productivity by utilizing IoT technology, and reduce energy consumption Install solar photovoltaic panels and renovate aging facilities ● Initiatives to reduce carbon tax cost in the supply chain Animal feed: Increase bulk-loading of formula feed, and reduce disassembling of used flexible container bags at factories Aquatic feed: Consider use of a plastic feed bag which contains recycled plastic materials Food business: Consider continued use of pulp mold for commercial egg products, and light-weighting of plastic packaging materials used in meat processing
Low	Low	Long	Promote R&D of feed with lower environmental impact such as the feed to reduce methane emission from cattle Branding of environmentally friendly livestock products by promoting sale of livestock products fed with feed with lower environmental impact
Low	Low	Short	● Initiatives for producers Build a system to provide necessary and timely support in case of disaster, by strengthening cooperation with livestock producers and local administration Gather and share with aquaculture producers the information on farms which can withstand waves, etc. to minimize damage, and develop feeds for such farms ● Efforts to prevent disruption of distribution network Establish a system to have alternate supply routes based on the business continuity plan
Low	Low	Short	Under the business continuity plan, we strive to secure safety of employees and conserve production and sale of feed In case a factory suffers a damage, minimize its damage by ensuring manufacturing support from undamaged factories
Low	Moderate	Long	Technological innovations are progressing such as breed improvement and development of equipment to ensure stable air conditioning of a livestock barn. We will continue to gather and issue information on feed management technology. Water temperature is expected to rise 2 to 3°C in the long term. Growth in demand for land-based closed recirculating aquaculture system, not subject to environment changes, is expected and we will consider the development of products for this system.
High	High	Long	● Active use of raw materials with good price and quality advantage (profitable raw materials) To diversify the risk of material procurement and price fluctuation for animal feed, we will import raw materials from various countries, and actively use profitable raw materials as alternatives to imported materials, such as domestic feed rice whose production is increasing in recent years. For aquatic feed, we will conduct R&D on low fish meal and fish meal-free feeds to promote switching of materials. We will also build a system to respond flexibly by enhancing collaboration with fish meal producers in and outside Japan, while monitoring the supply condition of producers. ● Appropriate price revision We will continue revising the sales prices of animal feed each quarter to an appropriate level. Sales prices of aquatic feed will be revised to reflect changes in raw material cost, though not regularly.
Low	Low	Medium	We improved the energy efficiency of the Kitakyushu Animal Feed Factory by 17%, while improving its productivity by controlling the electricity and steam amount of each process, and reducing energy consumption. Implement IoT technology at all factories to further improve energy efficiency
Moderate	Moderate	Short	For animal feed, we will develop and sell products that will improve the feed conversion rate of livestock and the feed to reduce manure. Develop products ahead of other companies such as developing feed to reduce methane emission from cattle to increase the sales volume of feed For aquatic feed, we are developing low fish meal and fish meal-free feeds, and started sale of low fish meal feed for some fish species. Use of insect-derived materials, algae, and methanotroph may be costly, and limited in volume. However, we will implement them ahead of other companies to increase the sales volume of feed.
Moderate	Moderate	Short	We have developed and sold feed and supplements to prevent heat stress, which has largely contributed to improving livestock productivity. We will further focus on R&D, continue gathering information on feed management technology and provide services.

Contribution to the Realization of a Resource Recycling Society

—Utilization of food by-products and food loss

Relevance to SDGs

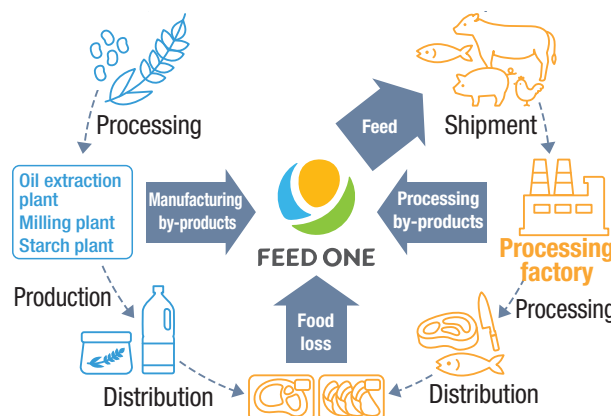


Some ingredients of formula feeds contain by-products, such as soybean meal and wheat bran, which are generated during food production. We are helping to recycle food by effectively utilizing those by-products in the feed.

In Japan, a total of 25.1 million metric tons of food waste is generated annually by businesses and households, of which a 5.7 million metric tons is food loss that is still edible but is discarded (on FY2019 estimate). While we rely on imported food, there is massive food waste, and reducing the waste is an issue to address.

We are the pioneer 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 its use in the future.

In addition to utilizing food by-products, we will continue to promote the use of food loss in formula feeds and reduce food loss by inspiring people to cherish food in food and nutrition seminars held as part of local contribution activities, with the aim of realizing a resource recycling society.



Conservation of Marine Resources/Environmental Conservation

—Fully-farmed Pacific bluefin tuna

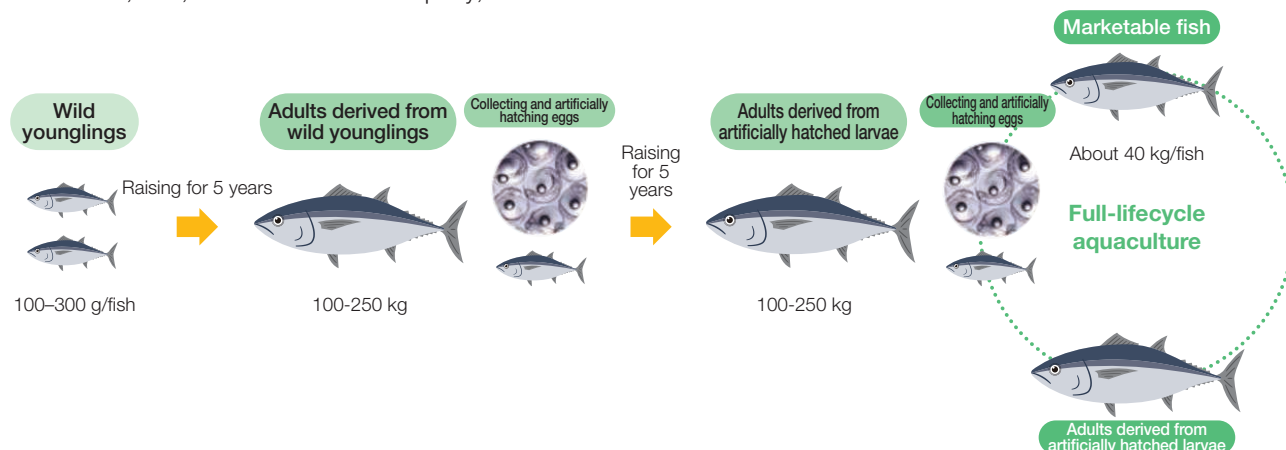
Relevance to SDGs



Against the backdrop of increasing global demand for food from a rise in the global population, 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, fishing of Pacific bluefin tuna has been restricted since 2015. Such resource is now on the rise, however, to promote their sustainable use, we started 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 overcome, such as the low survival rate of juvenile fish and switching from raw to formula feed. It is said that Pacific bluefin tuna requires 13 to 14 kilograms of raw feed to grow by 1 kilogram. We are conducting research and development of the formula feed dedicated for bluefin tuna from the perspective of protecting the ecosystem, conserving aquatic resources, and avoiding marine pollution caused by leftover feed.



Conservation of Marine Resources

—Efforts for transition to low fish meal and fish meal-free feeds

Relevance to SDGs



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, we are 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.

Conservation of Biodiversity

—Production and sale of beekeeping feed

Relevance to SDGs



Beekeeping is not just about harvesting honey but has a key role to perform pollination of farm products. Honeybees used to perform pollination of farm products also contribute to pollinating plants of nature, and help conserve biodiversity.

We manufacture the substitute pollens *Beehatcher* and *Beebreed* 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 to support feeding management of honeybees which protect biodiversity.



Conservation of Biodiversity

—Production support for organic livestock products (Supply of organic JAS-certified feed)

Relevance to SDGs



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 not dependent on chemical substances, we contribute 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.

Social

Creating Attractive Workplaces, and Prospering in Harmony with Society

To meet expectations from society and fulfill our responsibilities as a corporate citizen, we respect human rights, create a comfortable environment for anyone to work in, and give 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.



Message from the Officer in Charge of Human Resources

Creating a company where employees can work dynamically and grow

Yoshimasa Umemura

Director, Managing Executive Officer;
General Manager, Administrative Unit

Aiming to Enhance Employee Engagement

Within the Group, each group company carries out its own recruitment to secure the human resources it needs in accordance with the nature and content of its business. For example, at FEED ONE CO., LTD., we focus on recruiting new graduates for the main career track and then cultivate new employees by rotating them between different types of work, including sales, manufacturing, research, and management.

In regard to our work-style reform efforts, we have adapted to changes in legislation, including by facilitating the taking of annual paid leave and setting an upper limit on overtime working hours, and we are introducing new personnel systems to increase the diversity of work-styles. In April 2022, we introduced a life event system that enables employees to keep working in a specific location for a limited period in accordance with life events, and a pair transfer system that enables married couples within the Company to work in the same area. We have also increased the number of users for existing systems, such as the job return system for re-employing people who previously left the Company. Telecommuting and staggered work hours have been promoted during the COVID-19 pandemic, due to the need to prevent infections and avoid contact at workplaces, so these are already well established within the Company.

In regard to maintaining and enhancing employee health, since making a Health and Productivity Management Declaration in April 2020, I have served as a Chief Health Officer to lead efforts to advance initiatives on a company-wide basis. As part of these efforts, this

fiscal year we have started providing support for improving health-consciousness among employees by introducing a health and productivity management app that can be used on smartphones and PCs. In addition to enabling individual employees to accumulate data on themselves by entering health-related information, such as diet, step counts, and body weight, on a daily basis, the app can also be used to check the results of their annual health checkup and messages from public health nurses. Also, in July 2022, we released our Health and Productivity Management Strategy Map, which clarified what the Company will do and what each employee should do to continuously improve values for relevant KPIs, namely the smoking rate, the percentage of employees with a BMI of 25 or higher, the participation rate for health re-checkups, the percentage of highly-stressed employees, and turnover rate, as well as what will change as a result of this.

Furthermore, in regard to promoting the active participation of female employees in the workplace, as of August 2022, the ratio of female employees has finally passed the 20% mark at 22.4% of all employees, but the ratio of female managers remains low at 3.6%. However, there is an upward trend in the number of women wishing to join the Company as new graduates and the number of women taking livestock and aquaculture-related majors at university, so we expect these numbers to improve further in the future. We will continue to support the balancing of work and home lives by introducing personnel systems that lessen the burden on employees

at their workplaces and help our female employees to build careers by broadening the areas in which they can actively participate.

These human resources measures need to ensure that factors such as the numbers of business locations and employees, and the work experience of individual employees are balanced in a way that maintains the internal job rank system, predicated on business development that meets customer needs, and in order for this to lead to enhanced employee engagement, we need

a framework that monitors satisfaction levels and awareness in regard to the Company, workplaces, and duties, properly takes into account opinions and requests, and feeds them back into personnel management. We are currently advancing our Third Medium-Term Management Plan to put the finishing touches on our business integration. As part of this plan, we will carry out opinion surveys covering all employees through which we will monitor the status of employee engagement.

Background behind the Human Rights Policy Disclosure and Future Initiatives

In March 2022, we disclosed our Human Rights Policy which clarifies our thoughts regarding human rights and how we will handle them. This policy applies to all Group officers and employees and we expect various stakeholders, including business partners, to understand and practice respect for human rights in line with the policy, so that we can promote respect for human rights in a collaborative manner.

Previously, we had been developing businesses that specialize in the feed and food sectors, with a focus on the Japanese market, so our human rights efforts mainly covered inhouse issues and culminated in a code of conduct that addressed harassment and discrimination. However, in recent years we have been advancing initiatives based on our approach to ESG and the SDGs, so we recognize the need to review our human rights efforts in line with global standards, taking into account

our goal of realizing a sustainable, prosperous future. Accordingly, we have revised and clarified our policy.

Going forward, we will take an even broader perspective and practice human rights due diligence by working to identify and evaluate any negative impacts on human rights associated with our business activities and then taking steps to prevent or mitigate them. Specifically, we will identify and evaluate human rights issues under guidance from external experts and assign them an order of priority. We will then establish methods to address these issues on a daily basis through our business activities and carry out continuous monitoring. Taking the procurement of raw materials as an example, to date, we have ensured safety and quality by carrying out daily monitoring of production status, manufacturing methods, and storage and transportation status. We plan to add the monitoring of human rights issues to this process.

The Human Resources Sought by FEED ONE and How We Will Develop Them

The qualities we look for in the people we work with are the ability to take the initiative and act, a sincere disposition and ability to work together with others, and a willingness to take on challenges driven by a curiosity about everything. I think these three qualities are not just internal conditions, but also expected by our customers.

Our human resources development incorporates type of work and job ranks into a human resources evaluation through which we share our business targets and growth targets with the employee. Our position-based training covers all employees and the curriculum comprises seven levels for the main career track and five or six levels that engineering track and general track employees take separately. This training enables employees to accumulate position-appropriate business skills, including business manners, communication, and problem solving, which then leads into an executive development program that enhances management capabilities and leadership skills.

As part of our human resources development program, we also provide skill- and work-based training and internal certification exams specialized for each type of work, such as sales and manufacturing, while training for each job rank includes evaluator training, labor management, and IT skills. Separate to these, we have also established an online learning system for all

employees, which provides training on around 10 themes each year, such as compliance and mental health. We also have an application-based overseas training program.

Regarding the cultivation of next-generation leaders and candidates for executive positions, we have yet to reach a stage where specific succession plans are implemented for employees in their 20s and 30s. To date, we have been encouraging management-level employees to improve their skills through theme-based and position-based training that mainly focuses on topics related to organizational management and leadership. Going forward, as a company listed on the Tokyo Stock Exchange's Prime Market, we need to cultivate human resources who can consider management issues from the perspectives of business continuity and providing social value, so we need to enhance the content of training to cover skills for tackling the management and social issues that next-generation leaders and candidates for executive positions will need to address.

To start with, this fiscal year we will implement training based on the Human Rights Policy mentioned previously to foster awareness within the Company and promote its implementation within our business activities.

Respect for Human Rights

Relevance to SDGs



Initiatives for Human Rights

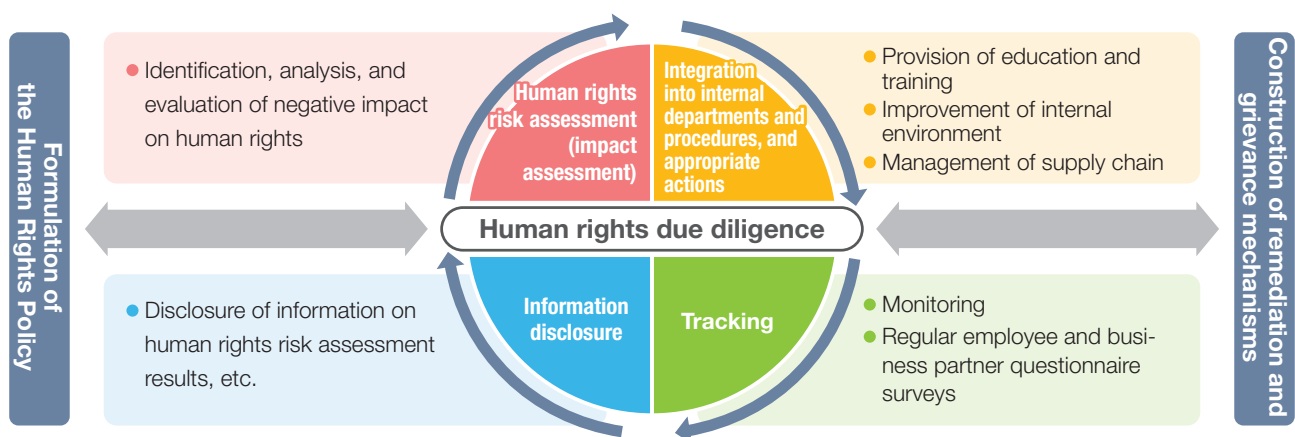
Considering human rights as one of the most material issues to be addressed in its initiatives for sustainability, the Company has instituted the Human Rights Policy on March 24, 2022 to clarify its approach to human rights and is promoting the initiatives.

Outline of the Human Rights Policy

We respect the human rights of all stakeholders involved in our business activities, including employees and business partners, and recognize the importance of ensuring good labor practices. Therefore, in accordance with a basic

policy set forth in the FEED ONE Group 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.

With respect for “human rights” as set out in the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, this policy applies to all the Group’s officers and employees and is promoted in cooperation with business partners and other related parties based on the United Nations Guiding Principles on Business and Human Rights. In doing so, their initiatives are supervised by the Board of Directors of the Company.



Outline of Initiatives for Addressing Human Rights Challenges

- We will not accept forced labor, child labor, or any other unfair labor practices.
- We will neither take part in any kind of discrimination, such as race, belief, gender, social status, religion, nationality, age, sexuality, gender identity, or physical or mental disabilities, nor accept any form of harassment.
- We will respect employees’ freedom of association and right to collective bargaining in labor-management relations.
- We will create a work environment where each individual can continue working safely and securely in good health in accordance with laws and regulations.
- We will take necessary action to prevent negative impacts on local communities in conformity with international standards.
- We will provide education and training and take appropriate action to address human rights challenges.
- We will construct a grievance mechanism to work on remediation and remedy.
- We will regularly report on the implementation and progress of initiatives to promote respect for human rights on our corporate website or through other communications.

Future Initiatives for Human Rights

The Company has operations not only in Japan, but also abroad.

As for human rights challenges set forth in the Human Rights Policy, the Company will assess (i) human rights risks associated with the Company’s business in Japan and (ii) those associated with the Company’s business in each country outside Japan.

We will identify where and what kinds of human rights risks exist within the Company and address internal human rights challenges. Meanwhile, we will also work on human rights challenges by assessing human rights risks of business partners and other stakeholders and those in the supply chain to identify challenges the Company should address.

At the same time, we will work on training and awareness building activities on human rights issues to build right understanding and awareness of such issues among all officers and employees so that they can think about the issues as their own problem and act accordingly.

Human Resources

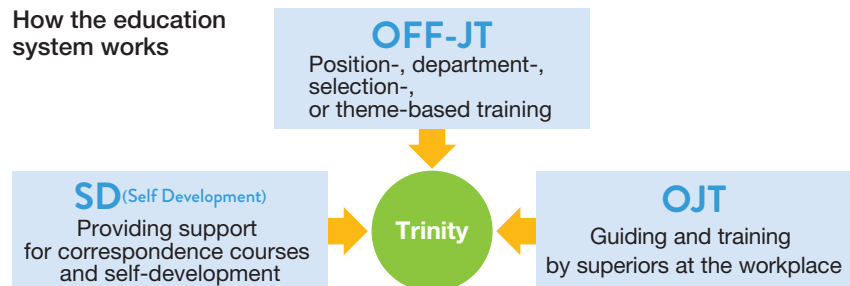
Relevance to SDGs



The Company puts emphasis on employee education.

We are intending to strengthen our organization by developing human resources who will energize the Company in the future.

How the education system works



Employee Education System

Our new employee training, which starts shortly after the joining of new employees, and position-based training are designed to learn basic capabilities such as logical thinking. Meanwhile, we provide theme-based training to have employees acquire specific knowledge and skills required in the course of their work.

The Company has systematized its employee education system to support the growth of each and every employee.

• New employee training

This program primarily comprises onsite experience-based training at sales locations, factories, research centers, livestock farms, and other such locations (the training content has been partially changed to prevent COVID-19 infection). Shortly after their joining, new employees participate in group training to learn about the Company's systems, the role of each department, and the basic knowledge on livestock and manufacturing as well as to acquire skills required as an employee in a feed company.

• Position-based training

We provide various position-based training programs for employees to acquire business skills required for each position, such as Pre-Hop Program for younger employees in their second year; Hop Program for middle-level employees; Step Program for potential managers; and Jump Program for middle-level managers. We also provide leader training to develop innovative leaders who will take charge of the Company's management in the future. With the themes of succession planning and problem formation and solving, the training is aimed at developing human resources who can adapt to the VUCA* era, giving an eye to the external environment.

*An acronym made up of four words: Volatility, Uncertainty, Complexity, and Ambiguity. It refers to the era in which existing values or business models are no longer viable. It is a word describing unforeseeable present-day circumstances.

• Theme-based training

We hold training courses on various subjects for employees to learn skills and ways of thinking required to perform their work duties, such as communication and IT skills, career design for female employees, labor management, newly appointed managers, and EAP.*

For example, we are seeking to reform the mindset of managers through our communication skill training to promote the active participation of female employees by inviting a specialist as a lecturer.

*EAP is an abbreviation for Employee Assistance Program. It refers to an employee assistance program to provide appropriate care for employees with mental and physical disorders.

• Specialized training

Our sales departments hold specialized training for their staff to learn advanced knowledge and skills. Such training is aimed at deepening the understanding about the ecology of livestock and farmed fish and the characteristics of their feed as well as at acquiring required skills by providing training on nutrition science with lecturers invited from overseas and holding a study session on genomic analysis. Also, we provide the Farm Walk Through training at customers' farms across the country with the attendance of experts in order for employees to improve their on-site advisory capabilities and deepen their feed management skills.

Self-development Support

We also actively support employees who want to learn and develop themselves by providing subsidies and incentives for taking correspondence courses and taking examinations to acquire qualifications. Under this support system, employees have obtained various qualifications.

*Examples of obtained qualifications: Official Business Skill Test in Bookkeeping, Japan Business Law Examination, TOEIC, class-1 health supervisor, and electrician

Work-style Reforms

Relevance to SDGs



We are actively introducing initiatives such as promoting paid leave acquisition, introducing staggered work hours, telecommuting, or a reinstatement system, and respecting diversity, with an aim to create a workplace where employees can work without anxiety over the long term by improving the work environment and enhancing welfare programs.

● Promotion of paid leave acquisition

Created an environment where employees can feel free to take paid leave by introducing paid anniversary leave, five consecutive days leave, and event leave.

● Staggered work hours system

Established a system that allows employees to advance or delay the start and end times by up to an hour per day.

● Telecommuting system

Established a system that allows employees to work from home as long as it does not adversely affect operations.

● Leave system

Established a system that allows employees to take up to 29 months' leave according to their length of service if they cannot attend work due to illness, injury, or other such reasons not caused while on duty.

● Caregiver leave

Established a system that allows employees to take a leave of absence for up to one year in total per subject family member, as a general rule.

● Reduced work hours for caregivers

Established a system that employees can use until they reach 60 years of age.

Introducing New Personnel System that Supports Diverse Work-styles

On occasion, the Company carries out a personnel transfer that results in the relocation of the employee's residence as it has business sites across the country. We recognized that high turnover of employees due to marriage or the transfer of their spouse was one of the

priority challenges to be addressed. In April 2022, we have therefore introduced a new personnel system that allows employees to choose their ways of working at the Company, taking into account their careers.

① Local job transition system (life event) (newly established in April 2022)

This system exempts employees from accepting a transfer that results in the relocation of their residence for a limited period of time of up to six years if they ask to be exempted from such a transfer due to personal life reasons. Employees are allowed to use this system no matter whatever the reason is, for example, marriage, childbirth, school enrollment, or attachment to where they live.

② Simultaneous transfer system for married couples (pair transfer) (newly established in April 2022)

This system makes an arrangement for a married couple who are both employees of the Company to be able to work in the same area as their spouse. If an employee works in the same area as his/her spouse, we will make an arrangement to transfer both of them to the same area at the same time. On the other hand, if an employee works in a different area from his/her spouse, we will make an arrangement to transfer either one or both of them so that they can work in the same area.

③ Job transition system for family caregivers and other employees who have a compelling reason (revised the previous system in April 2022)

This system exceptionally exempts employees from accepting a transfer that results in the relocation of their residence for a limited period of time set by the Company if they cannot accept such a transfer due to nursing care of a child or other family members, their own illness, or any other compelling reason.

Promoting Active Participation of Rehired Employees

The Company has revised its treatment of rehired employees in order to promote the active participation of employees who have reached the retirement age. Taking advantage of know-how that rehired employees have

cultivated to date, they are contributing to raising the job skill level of younger employees by passing down their skills and providing education to younger generations.

● Incentive special pay

We provide special pay to employees in the first half and the second half of the fiscal year separately from their fixed salary, according to their evaluation.

● Second career support system

This system allows employees to consider an option for reemployment by the Company (or for working for another company) by comparing treatment that we offer from those offered by other companies with the aid of an outplacement consulting firm.

Initiatives for Promoting Active Participation of Female Employees

We launched the FEED ONE Project to Help Women Shine in 2015 and put in place a system to help employees better balance their work and home lives reflecting the voices of female employees. The

percentage of employees returning to work after taking childcare leave has been maintained at 100% since 2016. The number of male employees who have taken childcare leave has been increasing since FY2021.

● Paid leave reserve system

This system allows employees to reserve their unused, expired paid leave of up to 60 days and use the leave for treatment of their own illness or injury not caused while on duty, fertility treatment, nursing care, or gradual entry to daycare for their children.

● Reduced work hour system for childcare

This system allows employees to reduce their normal work hours by 10 minute increments and can be used for longer than the statutory period, i.e., until children reach the third grade of elementary school.

● F leave (menstrual leave)

We changed the name of menstrual leave to F leave to reduce the hesitation employees may feel to apply for the leave and grant paid leave of up to two days per fiscal year.

● Early reinstatement support

To prevent career discontinuation by promoting early reinstatement, we provide a support grant of 300,000 yen for employees who return to work within 180 days after childbirth and 100,000 yen for employees who return to work within 270 days after childbirth.

● Job return system

This system promotes the reemployment of former employees who left their jobs due to marriage, childbirth, childcare, transfer of their spouse, or nursing care of their family members.

● Career design training for female employees

This training is intended to help female employees work with a clear picture of their own life events and career.

● Training for managers who have female subordinates

This training is mainly targeted for male managers to learn about changes of health conditions and types of harassment specific to females.



—Voice

Striving to Balance Work and Childcare

Daigo Ito Senior Staff, General Affairs Division, Administrative Unit

Q What made you take childcare leave?

My wife and I wanted to concentrate on childcare in tandem for a while just after my child was born as it was an important period for both parents and child. So, I decided to take childcare leave.

Q You were the first male employee who took childcare leave. What was the reaction of people around you?

When I consulted with my supervisor about my wish to take childcare leave, I remember clearly that he gave willing consent to my decision and supported me. I was able to be prepared for taking childcare leave without anxiety thanks to the supervisor's encouragement and team members' support.

Q Has anything changed after taking childcare leave?

Compared to before taking childcare leave, my motivation for both work and my personal life has increased significantly. As I understood how hard it is to raise a child, I was able to deepen my love for my family. At the same time, it made me rethink about the way to proceed with work and the way of working. The Company is now experiencing a rapid digitalization of its operations. The active use of an online meeting system and an electronic filing system has allowed us to work without going to the office. I am also striving to better balance work and childcare by utilizing systems that allow us to work flexibly, such as telecommuting system and hour-based paid leave system.

Health and Productivity Management

Relevance to SDGs



In 2019, we have established the post of Chief Health Officer (CHO) and announced our Health and Productivity Management Declaration. Considering employees as the most important management resource, the Company aims 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. The CHO and the Human Resources Division are taking the lead in promoting initiatives for health and productivity management in cooperation with the Health Committee established at each business site.

We keep track of KPIs for health and productivity management to measure the effectiveness of our initiatives. In doing so, we are intending to take appropriate measures to maintain and enhance the health of our employees, raise the health awareness among them, improve the work environment, and increase our productivity.

Challenges and Numerical Targets for Health and Productivity Management

We are promoting our initiatives by setting numerical targets for health and productivity management KPIs to be achieved by the end of FY2023, the final fiscal year of the Medium-Term Management Plan. In order to improve the health level of our employees, we have first set targets and then taken necessary measures primarily for KPIs with figures worse than the national average.

To prevent second-hand smoke, we thoroughly ban smoking during working hours and offer subsidies for non-smoking outpatient expenses. Through these measures, so far, 78% of the employees trying to quit smoking have succeeded in smoking cessation. We also implement a walking campaign twice a year to provide employees with opportunities for exercise as a preventative measure for lifestyle-related diseases. Approximately 30% of our employees participate in the campaign, which is intended to raise awareness of walking more than usual and importance of persistence. Furthermore, in October 2021, we started offering an online stretch class once a week to refresh employees during working hours and prevent low back pain among them. Approximately 20% of the employees at the head office attend the class every time.

As for support for employees' voluntary efforts to enhance their health, we strive to improve the health literacy of our employees by providing them with health information through a monthly health column written by a public health nurse as well as e-learning courses.

Health and productivity management KPIs	Results for FY2021	Targets to be achieved by the end of FY2023
Participation rate for health checkups	100%	100%
Participation rate for health re-checkups	59.2%	100%
Participation rate for stress check tests	96.7%	100%
Percentage of highly-stressed employees	12.2%	10% or less
Smoking rate	26.3%	18% or less
Percentage of employees with a BMI of 25 or higher	33.5%	30% or less
Average hours worked in excess of statutory working hours per month	6.0 hours	10 hours or less
Average number of days of paid leave taken per year	12.3 days	12 days or more
Average number of days of summer vacation taken per year	2.9 days	3 days

Disclosing Health and Productivity Management Strategy Map

In July 2022, the Company prepared a strategy map with a final goal of remaining a vibrant company by enhancing the mental and physical health of each individual employee. While the Company is committed to supporting people's daily diet, which is indispensable for health, the first thing we need to ensure is that our employees are in good health so that they can work lively. Accordingly, we have incorporated this concept into the strategy map and also included indicators leading to diverse ways of working and job satisfaction, in addition to those related to mental and physical health, in it. We will monitor figures for the indicators included in the strategy map as health and productivity management KPIs.

[Health and Productivity Management Strategy Map \(available in Japanese only\)](https://pdf.irpocket.com/C2060/JS39/fVuj/slue.pdf)

<https://pdf.irpocket.com/C2060/JS39/fVuj/slue.pdf>

Certified Health and Productivity Management Organization and Yokohama Health and Productivity Management Certification

As in 2021, the Company was named as a 2022 Certified Health and Productivity Management Organization in 2022 under the Certified Health and Productivity Management Organization Recognition Program, jointly selected by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi. Under the Certified Health and Productivity Management Organization Recognition Program, the Nippon Kenko Kaigi examines large enterprises, SMEs, and other organizations engaging in initiatives for overcoming health-related challenges in communities or for promoting health-conscious activities led by the Nippon Kenko Kaigi, and it recognizes outstanding enterprises carrying out efforts for health and productivity management.

The Company was also accredited Class AAA, the highest rating, in the Yokohama Health and Productivity Management Certification 2022 organized by Yokohama City where the head office is located.



Contribution to 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, formation of dietary culture, support for education, or developments of the industry and local communities will earn the trust of society and lead to prosperity in harmony with society. Based on this belief, FEED ONE, as a member of society, will contribute to the development of the whole society.

Introducing New Technologies in the Livestock Industry

Relevance to SDGs



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

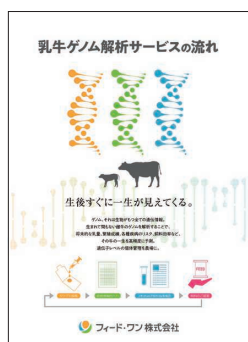
1 Developing and selling dedicated feed for automatic milking system (AMS)

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.

Organizing Food and Nutrition Education Activities

Relevance to SDGs



The Company holds food and nutrition seminars every year for students of local elementary, middle, and high schools, where they enjoy obtaining correct information about food and learning about the importance of food.

Through our food and nutrition seminar, which takes advantage of our characteristics as a formula feed manufacturer, we help young people develop skills to choose good food by themselves and enhance health awareness by passing on knowledge on food value chain system, differences in domestic and imported products, differences in wild and farmed fish, and nutrition. At the same time, the seminar also aims to enlighten consumers about the significance of our industry, which they have few opportunities to be directly involved in.

In FY2021, we held food and nutrition seminars online so that we were able to provide food and nutrition education to many students online, although we could not hold a cooking class, which is included in our normal program.

We also enriched the content of our website for food and nutrition education and virtual plant tour "Shiru Manabu (know and learn)," which had been launched on our corporate website in FY2020, to enhance learning opportunities as well as to contribute to promoting the consumption of domestic livestock and aquatic products.



Work Experience Program

Relevance to SDGs



We directly invited middle and high school students from across the country to the Company to support the career education of the generation who will shoulder the future by introducing people working at the Company and our SDGs initiatives.



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 efficient, 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 holding the Executive Committee meetings, 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 Credit Committee, the Compliance 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	Hidehiro Shoji	Member	—	Member
Director	Naoki Hatanaka	Member	—	—
Director	Yukihiro Arakida	Member	—	—
Director	Yoshimasa Umemura	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 Director	Takao Tsuji	Member	—	Member
External Corporate Auditor	Eiichi Yano	Observer	Chairman	—
Corporate Auditor	Toru Aoyama	Observer	Member	—
External Corporate Auditor	Naohiro Chikada	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.

		Skills						
		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	●	●	●			●	
	Hidehiro Shoji		●	●			●	
	Naoki Hatanaka		●	●				
	Yukihiro Arakida		●	●				
	Yoshimasa Umemura		●	●	●			
External Directors	Akio Ishizuka					●		●
	Kikue Kubota							●
	Keizo Goto				●		●	●
	Osamu Watanabe						●	
	Takao Tsuji	●					●	●

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

External Officers Framework

The Company has five 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.	17/17	○	—

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.	17/17	— ^{*2}	General Manager, Fats and Oils and Processed Ingredients Solutions Division, Food Business Unit, Mitsui & Co., Ltd.
Takao Tsuji	In addition to work experience at trading companies, Mr. Takao Tsuji has wealth of experience and broad insight which he gained through managing two companies listed on the First Section of the Tokyo Stock Exchange. The Company believes that he can help improve the transparency and reinforce the supervisory functions of the Company's Board of Directors by overseeing and supervising management from an objective and independent perspective as an experienced corporate manager. The Company expects that he will play roles in helping reinforce the management structure of the Company by leveraging his corporate management experience and providing advice on the Company's business activities from a broad perspective.	— ^{*1}	○	—

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 five 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}	—
Naohiro Chikada	Mr. Naohiro Chikada has professional knowledge accumulated as a certified public accountant and a tax accountant, and serves as an audit & supervisory committee member at other listed companies. The Company expects that he will help further strengthen the audit system for its businesses by reflecting his wealth of experience in corporate audits in the Company's audits.	17/17	○	Representative, Chikada Certified Public Accountant Office Representative Partner, Koa Audit Corporation Outside Director (Audit & Supervisory Committee Member), SKIYAKI Inc.

^{*1} The attendance above covers the meetings of the Board of Directors held in FY2021. Furthermore, as Director Mr. Tsuji assumed the office of External Director of the Company in June 2022, his attendance at the meetings of the Board of Directors in FY2021 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. The Company ensures the anonymity of the respondents by having them answer the questionnaire directly to an external institution.

Initiatives for enhancing corporate governance / Policy and procedures for nomination

■ Policy and procedures for nomination

The Company takes into account all the skills 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 delegate the Nomination and Remuneration Committee, which is mainly composed of External Directors, to decide 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 medium-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.

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 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 medium-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. Of the monetary remuneration and non-monetary remuneration, performance-linked remuneration accounts for 0 to 25%, corresponding to the status of achievement of the medium-term management plan by position, while non-monetary remuneration accounts for 9 to 15%, by position.

The remuneration for Corporate Auditors is determined based on consultation among Corporate Auditors.

The target for performance-linked remuneration for the fiscal year under review was an ordinary profit of 5.4 billion yen, and the achieved result was 5.0 billion yen.

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 medium-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 medium-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 medium-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 medium-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).

Position	Actual ordinary profit < (ordinary profit in the medium-term management plan + 100 million yen) × 80%			Actual ordinary profit = ordinary profit in the medium-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 Chairman	84%	0%	15%	69%	18%	12%	63%	25%	11%
Representative Director and President	84%	0%	15%	69%	18%	12%	63%	25%	11%
Director, Senior Managing Officer	87%	0%	12%	73%	15%	10%	68%	21%	9%
Director, Managing Executive Officer	87%	0%	12%	73%	15%	10%	68%	21%	10%

Management Structure

Takashi Yamauchi Representative Director and Chairman

April	1980	Joined Mitsui & Co., Ltd.
April	1998	Head, Feedstuff & Grain Group, Feedstuff & Livestock Division, Food Business Unit
October	2001	General Manager, Feedstuff & Grain Department, Feedstuff & Livestock Division, Food Business Unit
April	2006	General Manager, Feedstuff & Livestock Division, Food & Retail Business Unit
June	2006	Director, Nippon Formula Feed Mfg. Co., Ltd.
March	2008	General Manager, Food & Retail Planning & Administrative Division, Food & Retail Business Unit, Mitsui & Co., Ltd.
April	2009	Deputy COO (Chief Operating Officer), Food & Retail Business Unit
April	2012	Deputy COO (Chief Operating Officer), Food Business Unit
June	2012	Representative Director and President, Nippon Formula Feed Mfg. Co., Ltd.
October	2014	Representative Director and President, the Company
June	2022	Representative Director and Chairman



Hidehiro Shoji Representative Director and President

April	1988	Joined Mitsui & Co., Ltd.
August	2007	General Manager, Crude Sugar Office, Carbohydrate Fermentation Division, Food & Retail Business Unit
April	2013	General Manager, Carbohydrate Fermentation Division, Food Business Unit
June	2015	General Manager, Grain Logistics Division, Food Business Unit
April	2017	General Manager, Grain & Feed Division, Food Business Unit
April	2018	General Manager of Planning & Administrative Division (Food & Services)
April	2020	Senior Executive Officer; General Manager, Corporate Planning & Strategy Division, the Company
April	2021	Managing Executive Officer; General Manager, Corporate Planning & Strategy Division and jointly in charge of Aquatic Feed Division
June	2022	Representative Director and President



Naoki Hatanaka Director

April	1981	Joined Nippon Formula Feed Mfg. Co., Ltd.
January	2004	General Manager, Sales Department, Kanto Branch
April	2010	Executive Officer
June	2012	Director
July	2013	Managing Director; General Manager, Feed Business Unit
October	2014	Director, the Company
October	2015	Director, Managing Executive Officer
April	2016	Director, Senior Managing Officer
April	2019	Director, Senior Managing Officer; General Manager, Animal Feed Business Unit and in charge of Research & Development Center



Yukihiro Arakida Director

April	1984	Joined Kyodo Shiryō Co., Ltd.
April	2008	General Manager, Kansai Sales Department
April	2010	Executive Officer
October	2014	Executive Officer, the Company
April	2017	Senior Executive Officer
June	2018	Director, Senior Executive Officer
April	2019	Director, Managing Executive Officer; General Manager, Food Service Unit



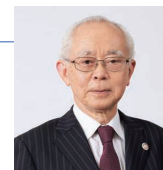
Yoshimasa Umemura Director

April	1981	Joined Nippon Formula Feed Mfg. Co., Ltd.
June	2004	General Manager, Kansai Sales Department, Chubu and West Japan Branch
April	2011	Executive Officer
June	2013	Director; General Manager, Administrative Unit; General Manager, Finance & Accounting Division
October	2015	Senior Executive Officer, the Company
April	2018	Managing Executive Officer
April	2022	Managing Executive Officer; General Manager, Administrative Unit and in charge of Aquatic Feed Division
June	2022	Director, Managing Executive Officer; General Manager, Administrative Unit and in charge of Aquatic Feed Division



Akio Ishizuka External Director

December	2001	Presiding Judge, Fukuoka High Court
December	2004	Chief Judge, Niigata Family Court
April	2007	Part-time Lecturer, Dokkyo Law School, Dokkyo University
July	2007	Registered as a lawyer with Saitama Bar Association
April	2008	Visiting Professor, Dokkyo Law School, Dokkyo University
June	2011	External Auditor, Nippon Formula Feed Mfg. Co., Ltd.
April	2015	Part-time Lecturer, Dokkyo Law School, Dokkyo University
June	2015	External Director, the Company



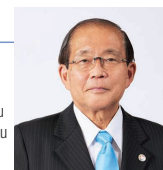
Kikue Kubota External Director

June	1972	Research Associate, Faculty of Education, Saitama University
October	1982	Lecturer, Faculty of Home Economics, Ochanomizu University
April	1999	Professor, Faculty of Human Life and Environmental Sciences
April	2005	Trustee, Vice President
April	2013	Professor Emeritus, Ochanomizu University Professor, Nodai Research Institute, Tokyo University of Agriculture
April	2016	Auditor (part-time), Tokyo University of Marine Science and Technology
June	2019	External Director, the Company
July	2019	Auditor (part-time), Tokyo University of Agriculture



Keizo Goto External Director

April	1973	Joined the Ministry of Finance
July	1998	Director, Kanto Shinetsu National Tax Tribunal
August	1998	Regional Commissioner, Sendai Regional Taxation Bureau
July	1999	Regional Commissioner, Nagoya Regional Taxation Bureau
July	2000	Deputy Director-General
July	2001	Deputy General Manager, National Tax Tribunal
July	2002	Trustee, The Open University of Japan Foundation
June	2005	Full-time Auditor, Japan Freight Railway Company
July	2008	Senior Managing Director, The Financial Futures Association of Japan
April	2014	Designated Lecturer (Designated Professor), Graduate School of Economics, Rikkyo University
June	2020	External Director, the Company



Osamu Watanabe External Director

April	1994	Joined Mitsui & Co., Ltd.
December	2006	Deputy General Manager, Produce & Provisions Division, Kuala Lumpur Branch, Mitsui & Co. (Asia Pacific) Pte. Ltd.
July	2012	Chief, Dongyangguang Business Promotion Office, Metal Business Department, Mineral & Metal Resources Business Unit, Mitsui & Co., Ltd.
January	2014	Chief, Multigrain Promotion Office, Grain Business Second Department, Food Business Unit
April	2017	General Manager, Overseas Sales Department, Kadoya Sesame Mills Incorporated
July	2019	Corporate Officer and General Manager, Overseas Sales Department
August	2020	General Manager, Food and Retail Business Division, Mitsui & Co. (Malaysia) Sdn Bhd
April	2021	General Manager, Fats and Oils and Staple Food Business Department, Food Business Unit, Mitsui & Co., Ltd.
June	2021	External Director, the Company



Takao Tsuji External Director

April	1973	Joined Nissho Iwai Corporation (current Sojitz Corporation)
June	1999	Director, NISSHO ELECTRONICS CORPORATION
March	2001	Managing Director
June	2002	President and Representative Director
June	2009	Chairman of the Board of Directors
June	2013	External Director, JVCKENWOOD Corporation
May	2014	President, Representative Director of the Board, COO, CIO, CRO
April	2016	President, Representative Director of the Board, CEO
April	2018	Representative Director of the Board, Chairman & CEO
April	2019	Representative Director of the Board, Chairman
June	2019	Outside Director, DEXTERIALS Corporation
July	2021	Special Advisor, JVCKENWOOD Corporation
June	2022	External Director, the Company



External Directors in Conversation



Akio Ishizuka

External Director

Takao Tsuji

External Director

**We will get closely involved in
FEED ONE's transformation, providing support and
raising the effectiveness of governance.**

An External Perspective on Changes in the Board of Directors

Ishizuka: Seven years have passed since I was appointed as External Director, and there has been a succession of changes during this period, including revisions to the systems surrounding corporate governance. In particular, companies are increasingly expected to enhance management transparency and governance effectiveness.

Within this environment, the Company has worked to clear all the conditions that are required of it by society, including complying with all the principles of Japan's Corporate Governance Code. It has also established a structure for the Board of Directors in which five of its 10

members are External Directors, including welcoming Ms. Kubota onboard as its first female External Director in 2019 and then Mr. Tsuji this year. I feel great changes have been made in terms of ensuring diversity and making discussions more dynamic.

Tsuji: Mr. Ishizuka was appointed at a time when changes regarding corporate governance were at their peak, and I think it must have been challenging to address such a wide variety of issues.

My previous positions were in the management of listed companies and my most recent experience has been working as a manager to make the monitoring

functions of external directors and external corporate auditors more effective. My impression of the Company's Board of Directors and Executive Committee so far is that the atmosphere is extremely good. There are no barriers between inside and outside members of the Company leading to dynamic exchanges of opinions between participants.

However, in general, I feel that recent corporate governance tends to focus more on establishing an outward appearance, with not enough effort put into enriching its core content. As External Directors, we need to be visiting workplaces in person more often to understand the actual management situation, while the management side should be properly receptive to the opinions of External Directors. There are not many companies where this is true. I want to actively contribute to enhancing the effectiveness of governance as a member of the Board of Directors.

Ishizuka: In order to function properly and fulfill our role of providing an external perspective, external directors need to receive the full support of their company, such as receiving information. In my opinion, the Company's support for its External Directors has been thoroughly enhanced in recent years. When I was initially appointed, all we received was a lecture held before Board of Directors meetings. Following that, we were given the opportunity to attend monthly meetings of the Executive Committee and now, we are able to participate in various internal online meetings, including meetings of the General Managers of business divisions and strategy meetings. This has vastly increased the volume of

information we receive and deepened our understanding of the Company's business.

Unfortunately, opportunities to visit actual workplaces have been curtailed by the COVID-19 pandemic, but before the pandemic, I was able to tour all of our factories and branch offices in various regions by accompanying members of the Board of Corporate Auditors. I feel the Company has responded appropriately to this proactive information gathering by External Directors.

Tsuji: That's true. The approach taken by the external directors receiving support from a company should also be examined. Inspections of overseas business locations pose problems in terms of scheduling and language, and it also requires a certain amount of preparation by the company, but there is no substitute for seeing the actual situation so these visits have a huge significance.

Ishizuka: One example I would like to raise is the Nomination and Remuneration Committee, particularly regarding the recent change of President. While the committee traditionally carried out substantial discussion based on its consultation and reporting processes, their main role was to approve matters that had already been decided and there was a lack of information related to human resources. This inevitably made it difficult to provide a differing opinion from an external perspective.

As a challenge going forward, I think that if External Directors can be more proactive in getting closer to workplaces and more fully communicating with leaders and core personnel, then it would lead to a better understanding of human resources information and make nomination and remuneration functions more effective.

Discussion by the Board of Directors and the Medium-Term Management Plan

Ishizuka: Regarding the topics of discussion that occupied a particularly large amount of the Board of Directors' time in FY2021, the first one was verification as to whether the large scale investments in the Kitakyushu Animal Feed Factory, Kitakyushu Aquatic Feed Factory, and the group company Shibushi Shiryō Co., Ltd. were producing results. Next was checking progress on the introduction of core systems, which was also a large investment. Another point of discussion was the significance of continuing Pacific bluefin tuna aquaculture, which needs to be verified in terms of economic feasibility, as well as its issues. These were the three biggest topics covered.

Other themes discussed included ways of showcasing the Company, such as the Integrated Report, establishing a compliance framework to deal with issues including harassment response, and the handling of ESG management and support for the TCFD.

Tsuji: I recently accompanied you on an observation of the Pacific bluefin tuna aquaculture business. It was extremely educational. While I understand its economic feasibility is an issue, the achievement of fully-farmed Pacific bluefin tuna is the result of around 30 years of research that started in 1986, so I personally feel that deciding whether to restructure the business based solely on numbers would be a mistake. How long the Company can keep supporting operations is always a key point when launching a business in a new field, so for the Pacific bluefin tuna aquaculture business, I think we need to once again establish a thorough plan, considering how it can grow within the business environment of the near future and how to get it generating profit.

Within the technologies the Company has cultivated to date, there are technologies that might not be new to the feed and aquaculture industries, but that we may be

able to leverage to generate innovation by applying them in other fields. I would like us to work on strengthening our creative abilities in order to secure new growth potential.

Ishizuka: On the other hand, regarding medium-term management plans, during the formulation of the Third Medium-Term Management Plan, I participated as an External Director not only in the discussions between Directors, but also in the process of considering the content of the plan based on the business plans prepared by each division. When we were confirming progress on the plan during its first year, the understanding I gained from participating in the plan's formulation proved extremely useful.

However, recently soaring raw material prices have led to steep rises in the amount we are paying to suppliers, so securing the funding needed to maintain stable operations has become a new topic of discussion. I am unfamiliar with corporate finance, so I am learning such things for the first time. Over the next two years, I intend to get a deeper understanding of the knowledge needed

to oversee the implementation of the Medium-Term Management Plan from an outside perspective.

Mr. Tsuji, what perspective do you plan to take to monitor the implementation of the plan going forward?

Tsuji: I think the management plans of many companies are just stating aspirations. This has resulted in a low rate of achievement of medium-term management plans among listed companies. To ensure that a plan's targets are not just left as aspirations and that they are achieved no matter what, it is necessary to break the plan down to a business location level by creating thorough problem and solution trees mapping out what is needed to meet each objective, as well as a deadline list clarifying who is responsible for each task, and by when and to what extent it needs to be done. It is also crucial to create a framework for management on a daily, weekly, monthly, and quarterly basis.

I plan to focus on how the Company is reviewing and managing progress on the Medium-Term Management Plan, and to provide advice when necessary.

Corporate Governance Challenges

Ishizuka: This touches on the topic discussed previously, but the FY2021 evaluation of the effectiveness of the Board of Directors also brought up the opinion that the provision of information by the Company to External Directors and the approach by External Directors to finding out the actual situation at the Company were both still lacking. While I think this has largely improved due to things like participation in online meetings, going forward, we should make effort to visit workplaces in person even more often.

There has also been consideration of occasionally holding extraordinary meetings of the Board of Directors on specific subjects to secure more time for discussion. I think this is a necessary step for enhancing Board discussions and making them more substantial.

Tsuji: I have also experienced Board of Directors meetings where certain topics were discussed in too much detail, meaning that there was not enough time to discuss more important issues. It is worth considering delegating authority to workplaces and the people responsible for execution to make discussion topics more concise.

What I question about corporate governance is the fact that the role of external directors is defined as providing oversight and supervision of inside directors and that a governance structure has been designed based on this relationship. I think that external directors

should also be evaluated by a third party and there needs to be a limit to their term of service.

As External Directors, there are various ways that we can contribute to the Company's activities for building relationships with stakeholders, such as attending meetings with institutional investors and participating in efforts to communicate with local communities. Going forward, I think we have to be more proactive in doing this.

Ishizuka: I used to work in the legal profession, where the thinking is a little removed from that of companies that pursue profit, so I feel that I am not completely immersed in this type of business world. Therefore, I hope I can leverage my legal knowledge to be useful to the Company as an External Director.

Amid greater demand for addressing diversity, I will continue to contribute to raising the Company's corporate value as someone who can examine management from a different angle than conventional corporate thinking.

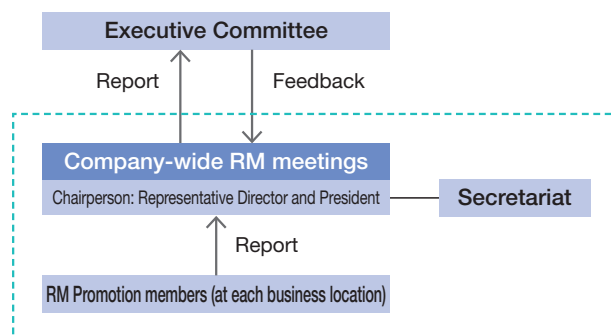
Risk Management

The Group considers factors hindering the achievement of management and business objectives (medium-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

The Group manages risks at 57 locations nationwide under the same standards by establishing the enterprise risk management (ERM) regulations and the company-wide RM meetings to operate the ERM system.

The plan, progress and results of the ERM activities at each business location are reported to the Executive Committee twice a year. Given the feed back from the Executive Committee, the activities will be further invigorated and improved across the Group.



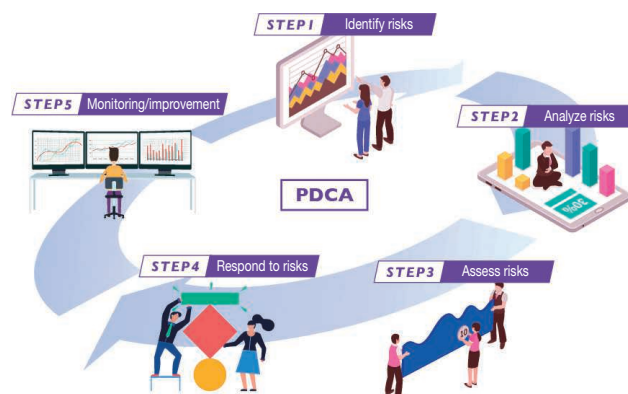
Risk Management Activities

Each business location of the Group has established the risk management promotion team, which engages in minimizing risk and improving operational efficiency across the Group by implementing the PDCA cycle of

identifying risks, analyzing/assessing risks, developing and implementing risk response measures, and monitoring/improving the activities throughout the year.

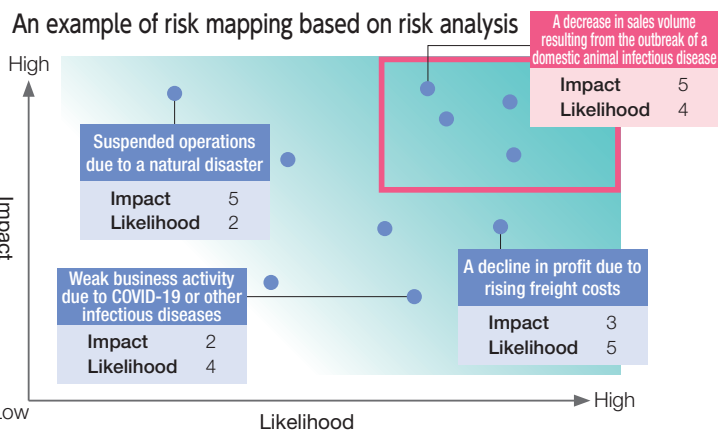
Main activities led by company-wide RM meetings

Items	Activities	Frequency
Self-check (self-assessment by each business location)	- Identify, analyze and assess risks - Develop risk response measures	Annually
Regular meetings	- Confirm the annual activity plan - Confirm the status of company-wide priority risk responses - Confirm the monitoring status - Share information to enhance risk awareness	Quarterly
Report to the Executive Committee (through company-wide RM meetings, and interim report meetings)	- Confirm the annual activity plan and company-wide priority risks - Report on progress of activities - Report on results of annual activities	Biannually
Training	- New employee training - Facilitator training	Multiple times a year



Risk Identification and Definition of Company-wide Priority Risks

The materiality of the risks identified at the annual self-checks are assessed quantitatively and qualitatively based on their impact and likelihood. We then understand and manage the risks of each location by plotting them on the risk map. Among the risks identified at each location, those determined to be material to the Company and of a company-wide nature are defined as the “company-wide priority risks,” against which supervisory and other relevant departments take measures.



Business Continuity Plan

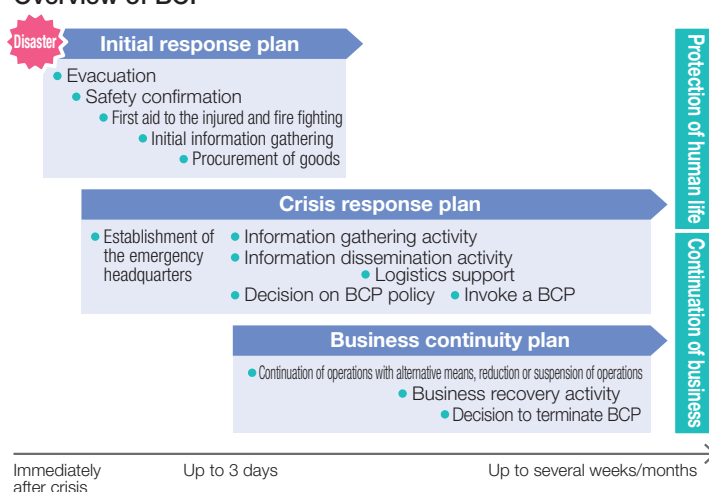
The Group has developed a business continuity plan (BCP) at each business location including feed manufacturing factories, to prepare for the events that may have a material impact on the corporate management (hereinafter, the “managerial crisis event”) such as large scale disasters, contingencies, and spread of infectious diseases.

The managerial crisis events are handled by the Crisis Response Committee chaired by Representative Director and President, and such crisis response comprises an initial response plan, a crisis response plan, and a BCP. The initial response plan addresses such matters as emergency actions to be taken immediately after the outbreak of crisis, securing of personal safety, emergency evacuation and rescue, safety confirmation, initial information gathering and prevention of secondary damage. The crisis response plan covers the procedures for crisis response measures to be taken by the Company from the recognition to the end of a crisis. The BCP outlines the actions to be taken for business continuity and recovery. We verify the effectiveness of the BCP every year by conducting a desktop exercise.

If an employee is infected as a result of the spread of an infectious disease like COVID-19,

this may affect our normal business operations as well as the supply of the Group’s formula feed and food products. Among others, if this happens at a feed factory, feed manufacturing may have to be suspended for the time being. So as a measure to prevent the spread and contraction of a disease, we have developed the action policy and employees’ action guidelines, and promoted remote working and staggered commuting. Further, we have reviewed the existing BCP and built a system responsive to such circumstances to minimize the impact.

Overview of BCP



Business Risks

We recognize that the following items may have a major impact on the Group’s business: Details of risks are also described in our Annual Securities Report (filed on June 24, 2022, <https://pdf.irpocket.com/C2060/mCOP/YO8J/xzf6.pdf>).

Risk item	Risk description	Main response measures
Risk of external factors including management environment		
Risk of material price fluctuations	- The profit margin may decline due to inability to pass on the increased material cost to a feed price - Changes in the reserve for the Formula Feed Price Stabilization System, which are recorded as selling, general and administrative expenses, may have an impact on the Group’s operating results.	Strive to strengthen relationship with business partners and diversify producers while maintaining quality
Risk of diseases, etc. of livestock and farmed fish	- An outbreak of a disease or deterioration of breeding environment may force a mass disposal and sales suspension of products. - An outbreak of a disease at a formula feed buyer may cause a negative impact on the manufacturing and sale of formula feed. - Deterioration of management conditions of a formula feed buyer may cause us to have difficulties in collecting debt, or force us to fulfill guarantee obligations under a financial guarantee contract.	Have our veterinarian team strengthen a quarantine system to prevent our feed manufacturing factories and farms, which are our consolidated subsidiaries, from becoming a source of infection or transmission.
Risk of disease, etc. among employees	The infection of employees due to the spread of an infectious disease may affect our normal business operations as well as the supply of the Group’s products and foods.	- Develop the action policy and guidelines for employees’ action, and promote active use of remote working and staggered commuting, etc. - Develop and review a BCP
Risk of climate change	- Climate change or climate change-induced natural disasters may cause a hike in material prices or damage to feed manufacturing factories. - Levying of a carbon tax to mitigate climate change	- Develop and implement measures in response to specific climate-related risks by analyzing and assessing the risk factors and financial impact. - Develop products and services and enhance corporate value by promoting climate change measures.
Risk of internal factors including management resources		
Risk at feed manufacturing factories	- In the event of a factory being damaged by a disaster, feed manufacturing may become difficult until its recovery, depending on unforeseeable causes and the scale of disaster. - A large-scale earthquake may cause buildings to collapse or machinery and equipment to break down. - Tsunami flooding and subsequent damage to buildings, machinery and equipment may cause difficulty in feed manufacturing until their recovery. - A long absence of an employee infected with a disease may cause difficulty in manufacturing operations.	- Promote job rotation, build a structure to confirm the safety of employees, and conduct an emergency drill. - Develop and review a BCP

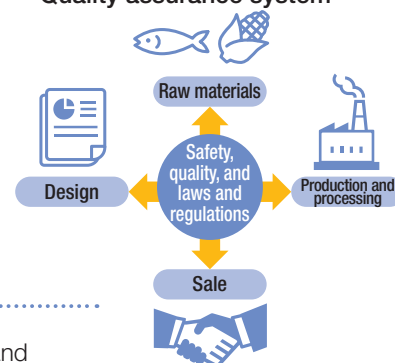
Quality Assurance

By ensuring quality assurance covering from the manufacturing and sale of feeds to the processing and sale of livestock and aquatic products, we contribute to sustainable development of the livestock and fishery industry.

Quality Philosophy

As 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.

Quality assurance system



Data Management of Raw Materials

We ensure safety, quality and regulatory compliance for raw materials used for feeds by confirming the documents required to be filed, specifications, manufacturing flows, and regulations to be complied with. Further, we conduct an in-house monitoring of hazardous substances. If raw materials of high risk are identified, we will take measures such as notifying so to the relevant raw material suppliers and restricting its use in feeds. We review the labeling on feeds to be supplied in response to the new rules for the genetically modified organization (GMO) labelling system, and share such information accordingly.

We ensure a system to supply safe raw materials also at affiliated food companies, by managing breeding at

production farms, and confirming the monitoring results related to safety.

There is a growing need also in Japan to acquire certifications such as SQF (Safe Quality Food), ASC (Aquaculture Stewardship Council (for aquaculture that has been independently assessed and certified as being environmentally and socially responsible)), and MEL (Marine Eco-Label), and we will further manage material data properly to gain trust from customers.

Quality and regulatory check

On-site confirmation

Acceptance inspection and monitoring

Conducting a Supplier Audit

We will conduct a periodic audit to the suppliers of feeds/feed ingredients as well as food processing factories, to

ensure that the materials and products we receive satisfy our quality standards.

Design Control

We have a systemized process to check regulatory compliance, let alone a design control, to ensure feed performance.

For the labelling and advertising materials, we check whether the description and labelling of both the feeds and food products comply with the laws and regulations, to provide correct information to customers.

Initiatives to Provide High-quality Feed and Food Products, and Certifications on Food Safety and Process Control

We are working to improve our product and service quality by building and operating the in-house quality management system. Our feed factories and related food companies have been certified as FSMS (Food Safety Management System) to ensure product safety. In addition to raw material management and hygiene control, we respond to managing food safety by

conducting a hazard analysis for each manufacturing process.

To ensure safety of feeds, our feed factories are also certified under the Guidelines of Good Manufacturing Practice (GMP) for feed and antibacterials set by Food and Agricultural Materials Inspection Center (FAMIC), an incorporated administrative agency of Japan.

Company Structure to Ensure Quality

The Quality Assurance Committee chaired by Representative Director and President will meet monthly to take measures for ensuring quality through reporting and discussion on information provided by customers and quality data.

In FY2021, we discontinued the ISO 9001 certifications of the head office, branch offices, and

research & development centers, and started self-verification based on our quality management system regulations. We are promoting measures for regulatory compliance and business improvement by regularly holding a briefing session on the Feed Safety Law, etc., and training sessions on ISO.

Compliance

Basic Policy for Compliance

The Company 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 the police and other external specialized institutions.

Financial Data for the Last 7 Years

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Operating results (Million yen)		
Sales	228,903	207,920
Cost of sales	204,769	182,917
Selling, general and administrative expenses	20,641	20,171
Operating profit	3,492	4,831
Ordinary profit	3,734	5,131
Profit attributable to owners of parent	2,308	3,937
Total assets	82,688	79,904
Net assets	27,298	30,968
Capital expenditures	3,778	5,033
Depreciation	2,096	1,855
Net cash provided by (used in) operating activities	6,056	11,777
Net cash provided by (used in) investing activities	(2,017)	(891)
Net cash provided by (used in) financing activities	(4,397)	(10,373)
Cash and cash equivalents at end of period	1,819	2,333
Per share information (Yen)		
Basic earnings per share* ¹	11.71	19.98
Dividend per share	4.00	4.50
Net assets per share* ¹	136.84	155.20
Financial indicators (%)		
Operating profit to sales	1.5	2.3
Profit to sales	1.0	1.9
Return on equity (ROE)	8.7	13.7
Return on assets (ROA)	4.3	6.3
Equity ratio	32.6	38.3

Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
207,562	212,886	215,050	214,120	243,202
183,629	189,757	191,401	192,163	220,490
20,225	19,005	18,234	16,284	18,418
3,706	4,123	5,414	5,672	4,293
4,103	4,466	5,737	6,081	5,067
2,971	4,657	3,842	4,438	3,659
87,082	88,934	90,880	99,251	108,504
33,304	36,413	38,906	42,794	44,840
6,448	3,811	7,934	8,120	2,659
2,370	2,395	2,513	3,157	3,198
9,199	4,842	1,127	7,737	2,739
(7,454)	(158)	(7,475)	(5,989)	(952)
(1,330)	(4,937)	6,512	(1,550)	(1,173)
2,748	2,492	2,657	2,830	3,444
15.08	23.66	97.64	112.78	94.65
4.50	4.50	5.00	15.00*2	25.00
166.86	182.90	977.82	1,074.63	1,161.40
1.8	1.9	2.5	2.6	1.8
1.4	2.2	1.8	2.1	1.5
9.4	13.5	10.3	11.0	8.5
4.9	5.1	6.4	6.4	4.9
37.8	40.5	42.3	42.6	40.8

*1. 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. 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.

*2. The dividend of 15.00 yen per share for the fiscal year ended March 31, 2021 is the sum of an interim dividend of 2.50 yen and a year-end dividend of 12.50 yen. 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. As a result, the interim dividend is the amount before the share consolidation (12.50 yen if the share consolidation is taken into consideration), and the year-end dividend of 12.50 yen is the amount after the share consolidation (the annual dividend per share is 25.00 yen if the share consolidation is taken into account).

*3. The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; revised on March 31, 2020) and its implementation guidance since the beginning of the fiscal year ended March 31, 2022. The key management indicators, etc. for the fiscal year ended March 31, 2022 are the figures that reflect the application of the accounting standard and its implementation guidance.

Financial Summary

Operating Results

During the fiscal year under review (from April 1, 2021 to March 31, 2022), the prices of many raw materials, including corn, which is the primary raw material, have soared to historical highs mainly due to the concerns over the supply of grains following the Russia-Ukraine situation and other geopolitical risks, whose impacts include increased demand for ethanol associated with a rise in crude oil price as well as strong demand for grains. As a result, formula feed prices have remained on the upward trend and fund collection for the Formula Feed Price Stabilization System was resumed. These have significantly impacted the Group's performance.

The outlook for the number of new COVID-19 cases and the emergence of its variants has remained uncertain. A considerable amount of time would be required for consumer spending and demand for dining out to return to their pre-pandemic levels. However, we believe at this moment that such impact on the Group will be minimal because the market prices of livestock products have remained high, supported primarily by solid demand for home-cooked meals.

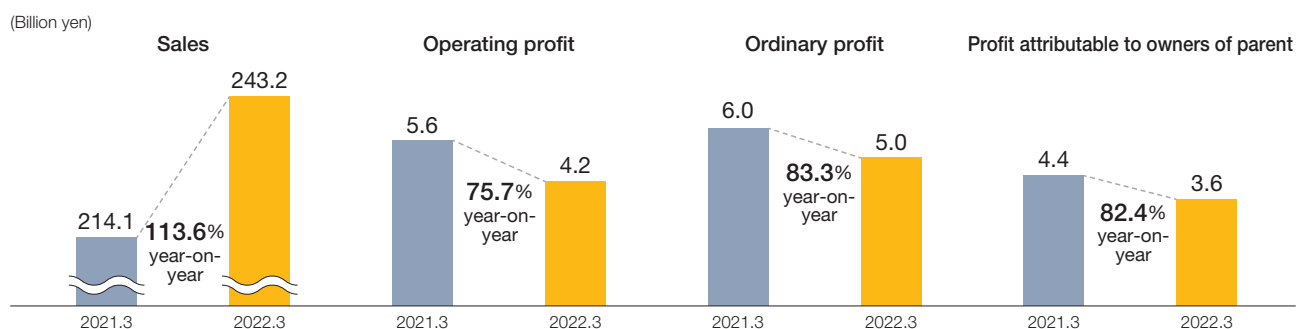
The Group formulated the Third Medium-Term Management Plan for the three-year period from FY2021 to FY2023 targeting consolidated ordinary profit of 6.2 billion yen in the final year, while aiming to maximize its profit centered on four businesses—the animal feed

business, the aquatic feed business, the food business, and the overseas businesses. The three-year period is a phase to put the finishing touches on business integration. To become a true leading company, we have sought 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 243,202 million yen, up 29,081 million yen year-on-year, due to increases in the sales price of animal feed and the market prices of livestock products. The increase in the sales price of animal feed is caused by the rising prices of raw materials. The Group posted cost of sales of 220,490 million yen, up 28,326 million yen year-on-year.

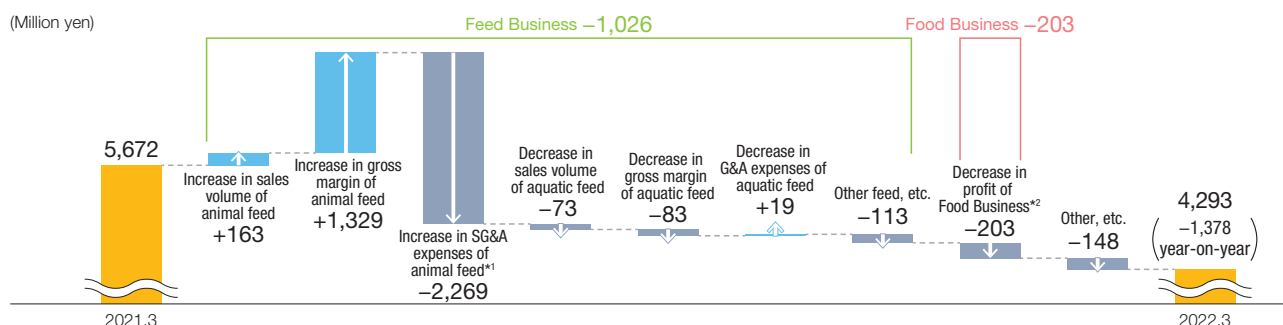
During the fiscal year under review, selling, general and administrative expenses increased 2,134 million yen year-on-year to 18,418 million yen. This was mainly due to the posting of 2,086 million yen following the resumption of the Formula Feed Price Stabilization System reserving.

As a result, during the fiscal year under review, the Group posted an operating profit of 4,293 million yen and an ordinary profit of 5,067 million yen, decreasing by 1,378 million yen and 1,014 million yen, respectively, from the previous fiscal year.



Note: The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; revised on March 31, 2020) and its implementation guidance since the beginning of the fiscal year ended March 31, 2022. The key management indicators, etc. for the fiscal year ended March 31, 2022 are the figures that reflect the application of the accounting standard and its implementation guidance.

Factors for changes in operating profit



*1. Mainly due to an increase in reserve contributions to the Formula Feed Price Stabilization System: -2,079 million yen

*2. A 5 million yen decrease in profit if we add subsidy income (+197 million yen year-on-year) received for pandemic relief measures on aquatic products and posted under non-operating income

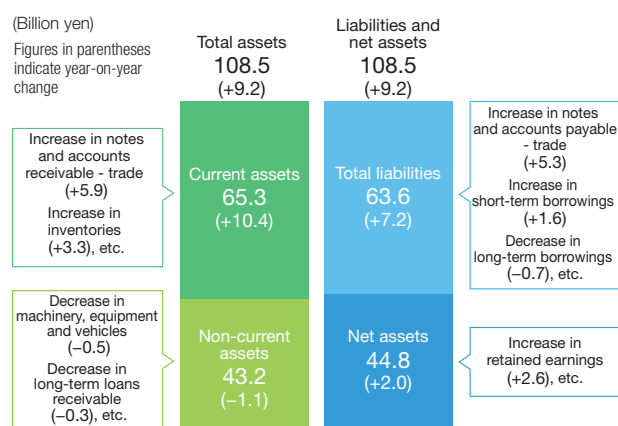
Financial Position

The Group mostly depends on imported raw materials, such as corn, to manufacture and sell formula feed, which is its main product. We therefore face the risk of large fluctuations in raw material costs, mainly due to changing crop yields affected by changes in crop planted areas and weather in locations including the U.S.; rising consumption in China; and changing ocean freight costs. We therefore revise the sales price of animal feed quarterly, but this factor 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 9,252 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 10,442 million yen in current assets primarily resulting from an increase in notes and accounts receivable - trade following the increased sales price of animal feed.

Total liabilities increased 7,206 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 7,834 million yen in current liabilities resulting from an increase in notes and accounts payable - trade following the rise in the prices of raw materials, and an increase in short-term borrowings to raise working capital.

Net assets increased 2,045 million yen compared to the end of the previous fiscal year. This was mainly due to an increase in retained earnings resulting from the posting of profit attributable to owners of parent, which was partially offset by a decrease resulting from the purchase and cancellation of treasury shares, the payment of dividends, etc.



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; and 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.

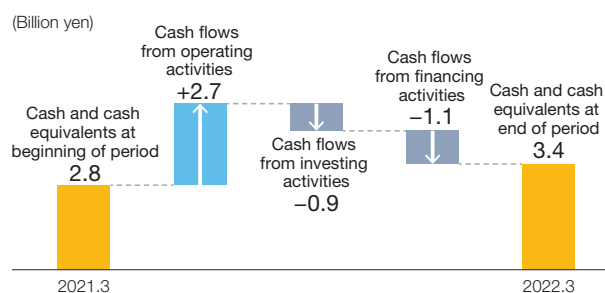
Cash and cash equivalents (hereinafter, "cash") at the end of the fiscal year under review was 3,444 million yen, an increase of 614 million yen compared to the end of the previous fiscal year.

Net cash provided by operating activities amounted to 2,739 million yen (cash inflow of 7,737 million 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 increased demand for working capital and the payment of income taxes.

Net cash used in investing activities amounted to 952 million yen (cash outflow of 5,989 million yen in the previous fiscal year) because cash decreased mainly due to the purchase of property, plant and equipment and intangible assets, partially offset by an increase in cash

mainly due to income from subsidies for the opening of the Kitakyushu Animal Feed Factory, proceeds from collection of loans receivable, and proceeds from sale of investment securities. In the previous fiscal year, cash decreased as we made capital expenditure for the Kitakyushu Animal Feed Factory; however, we made no large capital expenditure in the fiscal year under review.

Net cash used in financing activities amounted to 1,173 million yen (cash outflow of 1,550 million yen in the previous fiscal year) because cash decreased mainly due to the purchase of treasury shares and the payment of dividends, partially offset by an increase in cash mainly due to an increase in short-term borrowings to respond to demand for working capital.



Consolidated Financial Statements

Consolidated Balance Sheets

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	2,893	3,500
Notes and accounts receivable - trade	34,421	40,359
Electronically recorded monetary claims - operating	1,896	2,427
Merchandise and finished goods	1,917	2,345
Raw materials and supplies	10,384	13,269
Animals	285	335
Other	3,111	3,100
Allowance for doubtful accounts	(49)	(34)
Total current assets	54,861	65,303
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,519	25,521
Accumulated depreciation	(12,042)	(12,082)
Buildings and structures, net	13,477	13,438
Machinery, equipment and vehicles	29,239	30,322
Accumulated depreciation	(16,462)	(18,050)
Machinery, equipment and vehicles, net	12,776	12,271
Land	6,538	6,355
Leased assets	1,199	1,046
Accumulated depreciation	(385)	(227)
Leased assets, net	814	818
Construction in progress	258	45
Other	2,202	2,211
Accumulated depreciation	(1,545)	(1,627)
Other, net	656	583
Total property, plant and equipment	34,521	33,513
Intangible assets		
Other	363	530
Total intangible assets	363	530
Investment and other assets		
Investment securities	8,019	8,215
Long-term loans receivable	348	16
Distressed receivables	411	239
Deferred tax assets	449	315
Other	700	630
Allowance for doubtful accounts	(424)	(259)
Total investments and other assets	9,505	9,157
Total non-current assets	44,390	43,200
Total assets	99,251	108,504

Note: The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; revised on March 31, 2020) and its implementation guidance since the beginning of the fiscal year ended March 31, 2022. The amounts for the fiscal year ended March 31, 2022 are those that reflect the application of the accounting standard and its implementation guidance.

(Million yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	25,544	30,903
Short-term borrowings	9,680	11,350
Lease liabilities	132	128
Income taxes payable	1,137	441
Provision for bonuses	735	685
Other	4,957	6,513
Total current liabilities	42,188	50,022
Non-current liabilities		
Long-term borrowings	11,221	10,478
Lease liabilities	762	759
Deferred tax liabilities	10	10
Provision for share awards for directors (and other officers)	103	156
Retirement benefit liability	2,099	2,194
Asset retirement obligations	5	3
Other	64	38
Total non-current liabilities	14,268	13,641
Total liabilities	56,457	63,663
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	10,484	9,737
Retained earnings	21,197	23,882
Treasury shares	(122)	(271)
Total shareholders' equity	41,559	43,348
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	859	948
Deferred gains or losses on hedges	28	72
Foreign currency translation adjustment	(109)	(1)
Remeasurements of defined benefit plans	(47)	(61)
Total accumulated other comprehensive income	730	957
Non-controlling interests	504	534
Total net assets	42,794	44,840
Total liabilities and net assets	99,251	108,504

Consolidated Financial Statements

Consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Sales	214,120	243,202
Cost of sales	192,163	220,490
Gross profit	21,956	22,712
Selling, general and administrative expenses	16,284	18,418
Operating profit	5,672	4,293
Non-operating income		
Interest income	17	14
Dividend income	151	138
Share of profit of entities accounted for using equity method	17	109
Stockpile storage revenue	140	138
Subsidy income	164	379
Other	194	188
Total non-operating income	685	969
Non-operating expenses		
Interest expenses	99	94
Sales discounts	31	35
Opening and closing business cost	94	38
Other	51	28
Total non-operating expenses	276	195
Ordinary profit	6,081	5,067
Extraordinary income		
Gain on sale of non-current assets	117	6
Gain on sale of investment securities	32	45
Gain on sale of businesses	21	—
Subsidy income	535	196
Insurance claim income	—	18
Total extraordinary income	706	266
Extraordinary losses		
Loss on sale of non-current assets	16	25
Loss on retirement of non-current assets	90	59
Loss on tax purpose reduction entry of non-current assets	26	12
Impairment losses	42	143
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	2
Loss on abandonment of inventories	18	—
Total extraordinary losses	315	243
Profit before income taxes	6,472	5,090
Income taxes - current	1,950	1,317
Income taxes - deferred	21	83
Total income taxes	1,972	1,401
Profit	4,500	3,689
Profit attributable to non-controlling interests	61	29
Profit attributable to owners of parent	4,438	3,659

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	4,500	3,689
Other comprehensive income		
Valuation difference on available-for-sale securities	857	88
Deferred gains or losses on hedges	2	44
Remeasurements of defined benefit plans, net of tax	(5)	(14)
Share of other comprehensive income of entities accounted for using equity method	21	107
Total other comprehensive income	874	226
Comprehensive income	5,375	3,915
(Breakdown)		
Comprehensive income attributable to owners of parent	5,313	3,885
Comprehensive income attributable to non-controlling interests	61	29

Note: The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29; revised on March 31, 2020) and its implementation guidance since the beginning of the fiscal year ended March 31, 2022. The amounts for the fiscal year ended March 31, 2022 are those that reflect the application of the accounting standard and its implementation guidance.

Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	6,472	5,090
Depreciation	3,157	3,198
Impairment losses	42	143
Share of loss (profit) of entities accounted for using equity method	(17)	(109)
Increase (decrease) in allowance for doubtful accounts	(24)	1
Increase (decrease) in provision for bonuses	(17)	(49)
Increase (decrease) in retirement benefit liability	27	74
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(45)	—
Increase (decrease) in provision for share awards for directors (and other officers)	36	52
Interest and dividend income	(168)	(153)
Interest expenses	99	94
Loss (gain) on sale of investment securities	74	(45)
Loss (gain) on sale of shares of subsidiaries and associates	5	—
Loss on valuation of shares of subsidiaries and associates	8	2
Loss (gain) on sale of businesses	(21)	—
Loss (gain) on sale and retirement of non-current assets	(10)	77
Loss on tax purpose reduction entry of non-current assets	26	12
Subsidy income	(535)	(196)
Insurance claim income	—	(18)
Decrease (increase) in trade receivables	(2,868)	(6,483)
Decrease (increase) in inventories	(278)	(3,362)
Increase (decrease) in trade payables	5,198	5,358
Other, net	(1,305)	1,058
Subtotal	9,857	4,747
Income taxes paid	(2,120)	(2,025)
Proceeds from insurance income	—	18
Net cash provided by (used in) operating activities	7,737	2,739
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(7,036)	(2,623)
Proceeds from sale of property, plant and equipment and intangible assets	219	166
Purchase of investment securities	(4)	(20)
Proceeds from sale of investment securities	663	282
Proceeds from sale of shares of subsidiaries and associates	12	—
Loan advances	(305)	(200)
Proceeds from collection of loans receivable	293	603
Proceeds from sale of businesses	15	—
Income from subsidies	35	696
Interest and dividends received	180	164
Other, net	(64)	(21)
Net cash provided by (used in) investing activities	(5,989)	(952)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,705)	1,740
Proceeds from long-term borrowings	7,650	1,145
Repayments of long-term borrowings	(1,345)	(1,958)
Interest paid	(98)	(96)
Dividends paid	(1,475)	(971)
Repayments of lease liabilities	(112)	(136)
Proceeds from sale and leaseback transactions	543	—
Purchase of treasury shares	(10)	(1,027)
Proceeds from sale of treasury shares	3	132
Net cash provided by (used in) financing activities	(1,550)	(1,173)
Net increase (decrease) in cash and cash equivalents	197	614
Cash and cash equivalents at beginning of period	2,657	2,830
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(23)	—
Cash and cash equivalents at end of period	2,830	3,444

Company Information

Company Profile (as of March 31, 2022)

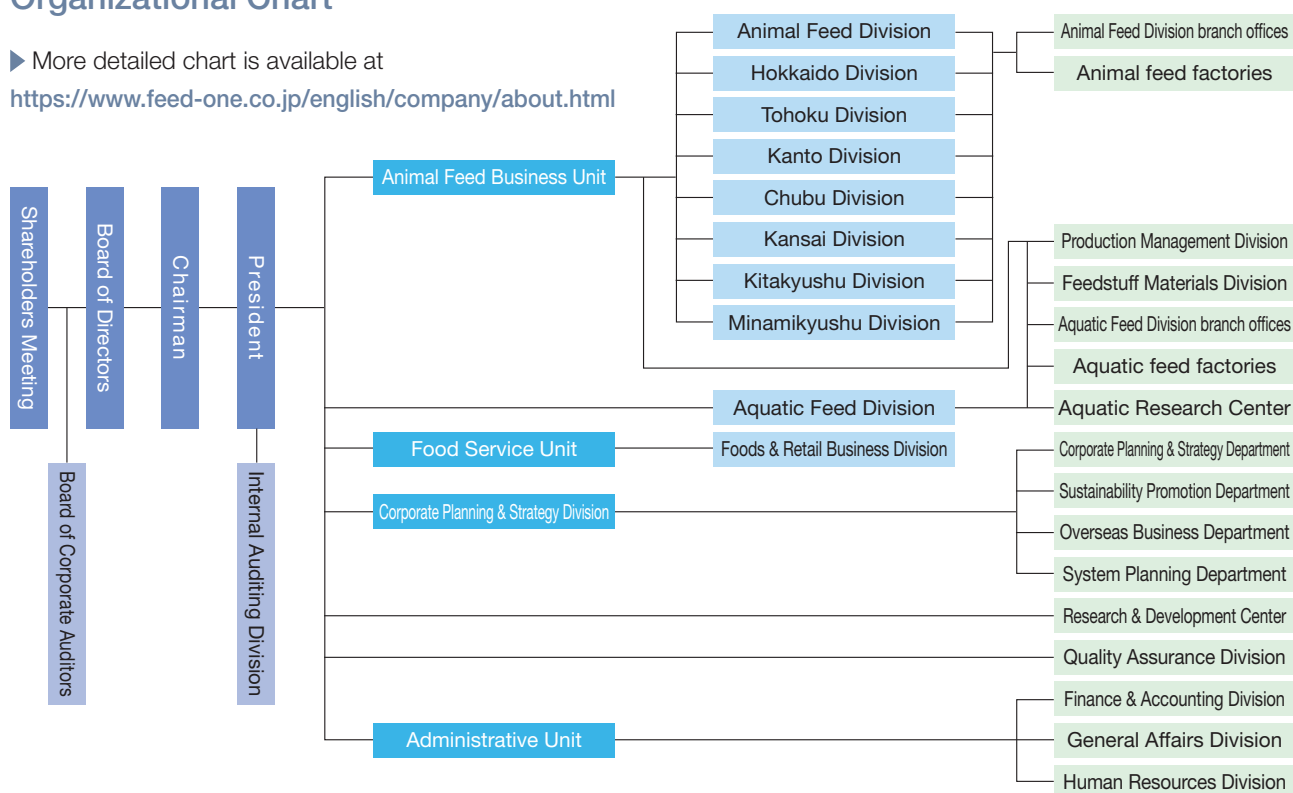
Trade name:	FEED ONE CO., LTD.
Established:	October 1, 2014
Share capital:	10,000 million yen
Head office:	2-23-2 Tsuruyacho, Kanagawa-ku, Yokohama-shi, Kanagawa
Number of employees (consolidated):	932
Accounting auditor:	Deloitte Touche Tohmatsu LLC
Fiscal year-end:	March 31
Principal businesses of 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 24, 2022)

Representative Director and Chairman	Takashi Yamauchi
Representative Director and President	Hidehiro Shoji (New)
Director	Naoki Hatanaka
Director	Yukihiro Arakida
Director	Yoshimasa Umemura (New)
Director	(External) Akio Ishizuka
Director	(External) Kikue Kubota
Director	(External) Keizo Goto
Director	(External) Osamu Watanabe
Director	(External) Takao Tsuji (New)
Corporate Auditor	(External) Eiichi Yano
Corporate Auditor	Toru Aoyama (New)
Corporate Auditor	(External) Naohiro Chikada (New)

Organizational Chart

► More detailed chart is available at
<https://www.feed-one.co.jp/english/company/about.html>



Share Information (as of March 31, 2022)

Status of Shares

Total number of shares authorized to be issued:	100,000,000 shares
Total number of shares issued:	38,477,128 shares
Number of shareholders:	17,750 shareholders
Stock listing:	Tokyo Stock Exchange, Prime Market (listed on April 4, 2022)
Securities code:	2060
Ordinary General Meeting of Shareholders:	Every June
Record date:	Year-end dividend resolved at the Ordinary General Meeting of Shareholders March 31 every year Interim dividend September 30 every year
Method of public notices:	Public notices are posted on our website. However, if public notices cannot be posted on our website for unavoidable reasons, they will be given in the Nikkei newspaper. Our website at: https://www.feed-one.co.jp/english/
Shareholder registrar:	1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited

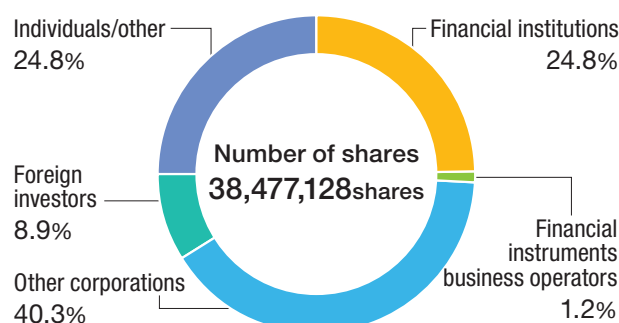
Major Shareholders

Shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)
Mitsui & Co., Ltd.	9,838	25.60
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,506	9.12
Daiwa Kogyo LLC	1,207	3.14
Custody Bank of Japan, Ltd. (Trust Account)	1,153	3.00
THE KEIHIN CO., LTD.	1,047	2.72
Tokio Marine & Nichido Fire Insurance Co., Ltd.	857	2.23
Asahi Mutual Life Insurance Company	803	2.09
The Bank of Yokohama, Ltd.	781	2.03
State Street Bank and Trust Company 505223	634	1.65
Yonkyu Co., Ltd.	600	1.56

Notes: 1. The ratios of shares held are calculated after deducting treasury shares (40,990 shares).

2. 287,160 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.

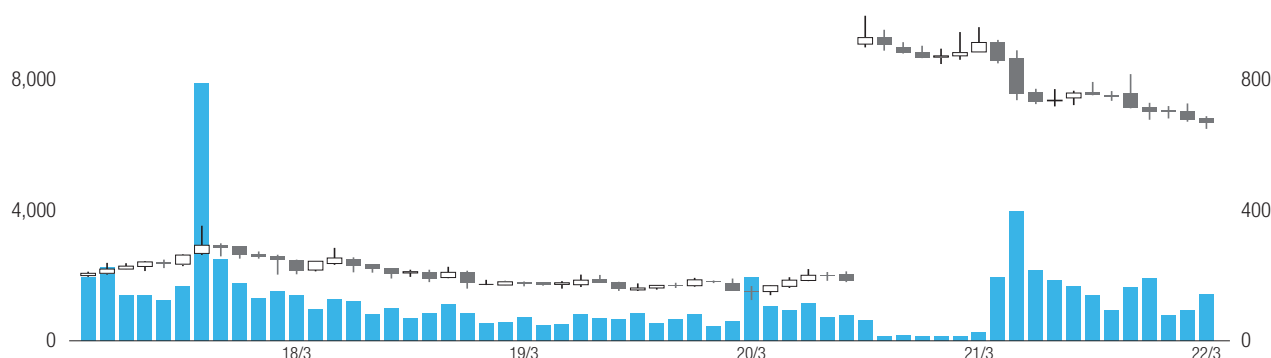
Distribution of Shareholders



Trend of Share Price

(Unit: thousand shares) ■ Trading volume (left axis) ■ Share price (right axis)
12,000

(Unit: JPY)
1,200



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



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