



Integrated Report 2023

Fiscal Year Ended March 31, 2023

MAKE THE LEAP



FEED ONE CO., LTD.

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Our Values

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.

Management Philosophy

Mission

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

Vision

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

Values

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

Logo



FEED ONE wants to be a company that is always grateful for the bounty of the good earth, as it contributes to the world's food culture through the production and sale of compound feeds. The FEED ONE logo crystallizes these thoughts, along with the motifs of earth, sea and sun, in a single image. At the same time, the logo expresses the energy of life (yellow) and the operations by which it grows: the livestock industry (green) and the fisheries industry (blue). Enclosing all of these elements in a shape resembling an egg expresses our desire to deliver to customers a stable supply of safe, trustworthy feeds.

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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.

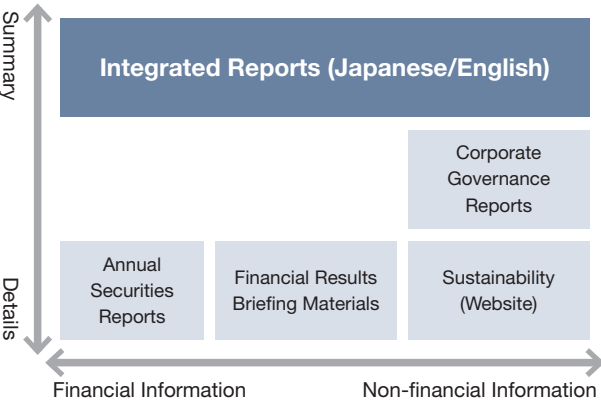
Guideline Used as Reference

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

Scope of Report

The report covers business activities from April 1, 2022 through March 31, 2023 (including the content of some business activities that started in or after April 2023).

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 through delivering food security and the enjoyment of eating to ultimately contribute to the sustainable development of the industry, society, and planet.

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

Kyodo Shiryō Co., Ltd.,
established in 1946

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

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 Portfolio

Basic strategies

- 1 Strengthen production facilities
- 2 Increase the brand power of the food business
- 3 Establish the profit base of the overseas businesses
- 4 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

TOPICS FY2022

Installed Vietnam's first equipment that produces a milk substitute for cattle at the animal feed factory (affiliated company) in Vietnam

We installed Vietnam's first equipment that produces a milk substitute for cattle at Kyodo Sojitz Feed Co., Ltd., following the installation of the flake cattle feed production facility last year. We aim to grow further by tapping into the market for cattle feed through the provision of nutritional management support and technical guidance.



Installed LNG-based cogeneration systems at the Kitakyushu Animal Feed Factory and Kitakyushu Aquatic Feed Factory

Aiming to reduce CO₂ emissions and achieve carbon neutrality, we installed liquefied natural gas-based cogeneration systems at the Kitakyushu Animal Feed Factory and Kitakyushu Aquatic Feed Factory to improve energy efficiency during steam generation by effectively using part of the waste heat produced from power generation.



FY2014

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

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 (dedicated feed for automatic milking system), 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

- 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)

FY2020

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

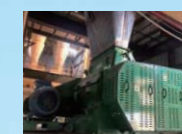


- Completed the construction of the Kitakyushu Animal Feed Factory



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)



FY2022

- Installed LNG-based cogeneration systems at the Kitakyushu Animal Feed Factory and Kitakyushu Aquatic Feed Factory



- Installed Vietnam's first equipment that produces a milk substitute for cattle



- Launched Lumino Scratch, synthetic milk for cows



Establishment of
companies and factories

New products
and services

ESG/SDGs and
other topics

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 and eggs; 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, pigs, 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 sell pollen substitutes, which are supplied during the building-up period when it is desired to increase the number of bee larvae or during the period when there is not much pollen, and beekeeping sugar, which is supplied when there is not much nectar, supporting beekeeping businesses and contributing to the development of the beekeeping industry.

Food Business

Production, Purchase, Processing, and Sale of Livestock Products

We have built an integrated food value chain, spanning from production to sale of products, with meat and eggs as the mainstay of its business.

Food Business

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

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

Sale of Livestock and Fishery Equipment

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

Livestock and Fishery Equipment

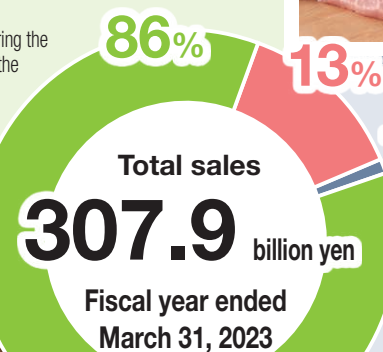
We not only sell feeds but also propose solutions tailored to customers' requests such as pre-mixed feeds, construction materials for livestock barns, and a variety of supplies, materials, and equipment.

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.

Note: 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.

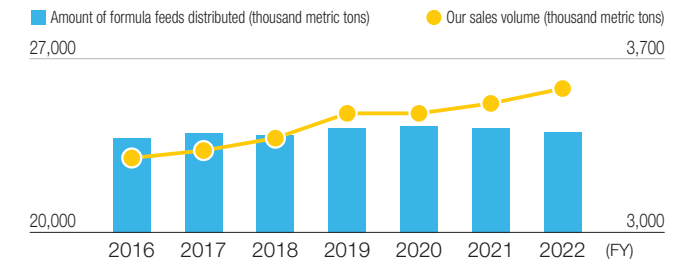


One's Power FEED ONE's Strengths

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



2 Nationwide manufacturing capability that underpins stable supply

We operate 14 animal and aquatic feed factories (including joint-venture factories) in Japan. 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 expansion from Asia, where the demand is expected to grow, to the world

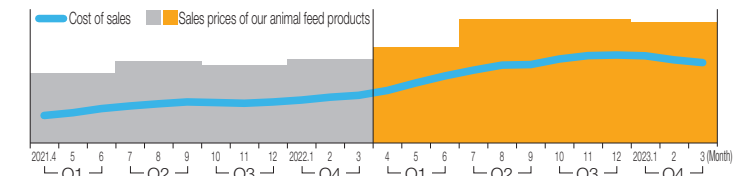
With our feed manufacturing technologies accumulated in Japan, we have developed our business centered in Asia, where markets are expected to expand. We will also expand our business more broadly to the world.



Industry Trends Related to the Feed Business

Sales in the Feed Industry

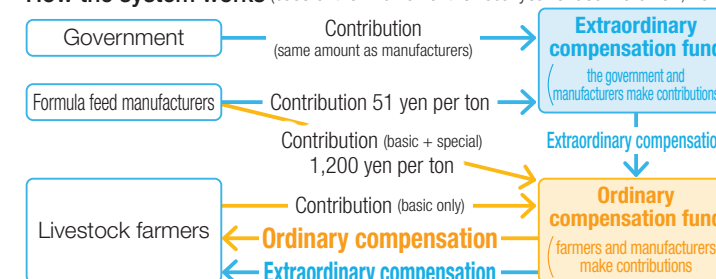
In the feed industry, imported grains account for a majority of raw materials. As imported grains are susceptible to market conditions and foreign exchange rates, their prices are revised in January, April, July, and October every year in line with changes in market conditions and exchange rates. The situation over the past few years has seen raw material prices soar and remain high mainly due to the effects of grain market prices, exchange rates, ocean freight charges, and tensions in the global situation. In the aquatic feed industry, fish meal accounts for more than 40% of raw materials. South America, the leading producer of fish meal, had a sharp decline in fish catch, causing continuous price hikes. We therefore had no choice but to revise the sales prices of our aquatic feed products. As a result, while the sales volume of our formula feeds in FY2022 increased by approximately 2% 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 do not serve as the metrics to measure business growth as the prices of raw materials greatly impact our sales prices.



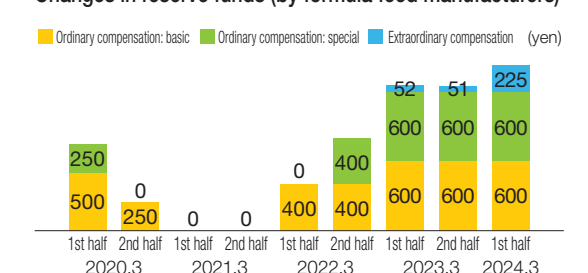
How the Formula Feed Price Stabilization System Works

- This system aims to mitigate the impact of rising feed prices on the livestock business.
- As compensation claims were filed, fund collection was resumed in the fiscal year ended March 31, 2022. Contribution per ton increased and fund collection for extraordinary compensation started in the fiscal year ended March 31, 2023.

How the system works (case of the 2nd half of the fiscal year ended March 31, 2023)



Changes in reserve funds (by formula feed manufacturers)



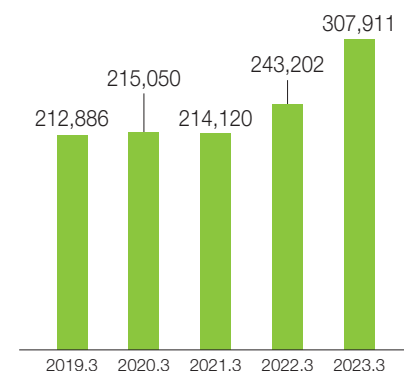
Financial and Non-Financial Highlights

Financial Highlights

Sales

307,911 million yen

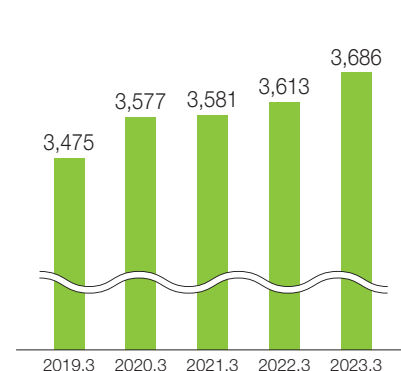
(Million yen)



Sales Volume of Formula Feed

3,686 thousand metric tons

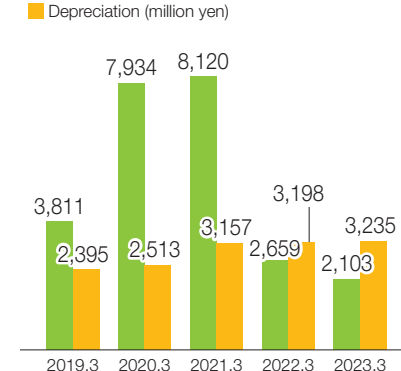
(Thousand metric tons)



Capital Expenditures / Depreciation

2,103 million yen / **3,235** million yen

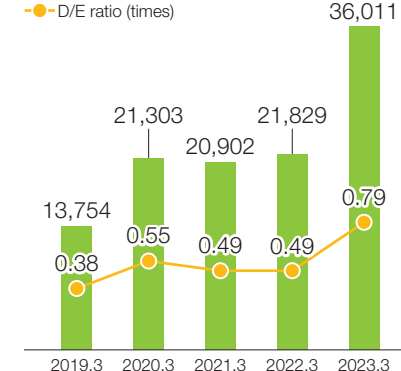
■ Capital expenditures (million yen)
■ Depreciation (million yen)



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

36,011 million yen / **0.79** times

■ Interest-bearing liabilities (million yen)
■ D/E ratio (times)

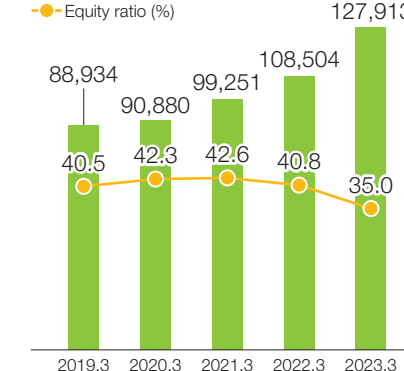


· The amount of interest-bearing liabilities at the end of each fiscal year is the sum of short-term borrowings and long-term borrowings.

Total Assets / Equity Ratio

127,913 million yen / **35.0** %

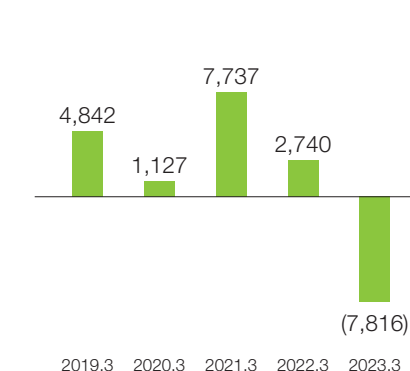
■ Total assets (million yen)
■ Equity ratio (%)



Net Cash Provided by (Used in) Operating Activities

(7,816) million yen

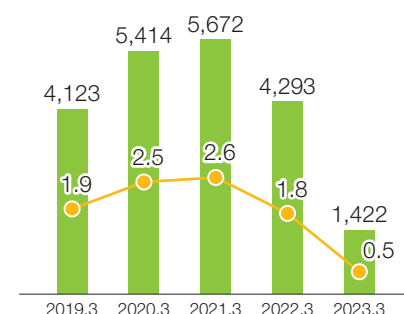
(Million yen)



Operating Profit / Operating Profit to Sales

1,422 million yen / **0.5** %

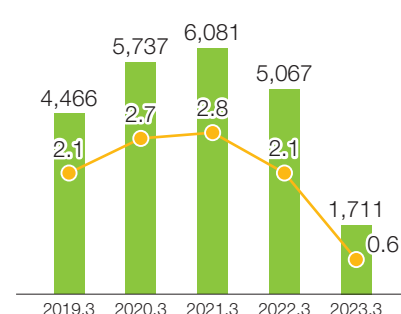
■ Operating profit (million yen)
■ Operating profit to sales (%)



Ordinary Profit / Ordinary Profit to Sales

1,711 million yen / **0.6** %

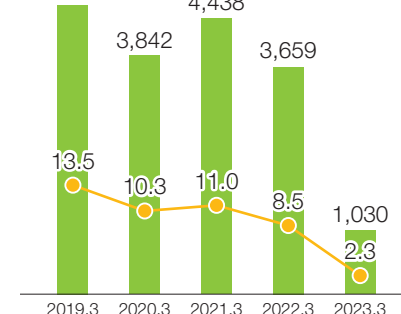
■ Ordinary profit (million yen)
■ Ordinary profit to sales (%)



Profit Attributable to Owners of Parent / ROE

1,030 million yen / **2.3** %

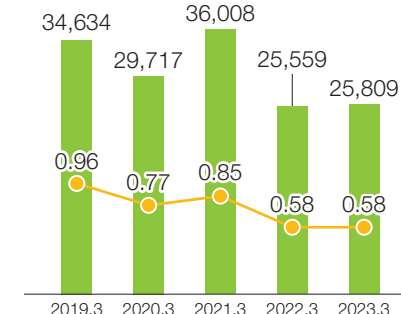
■ Profit attributable to owners of parent (million yen)
■ ROE (%)



Stock Valuation Metrics

25,809 million yen / **0.58** times

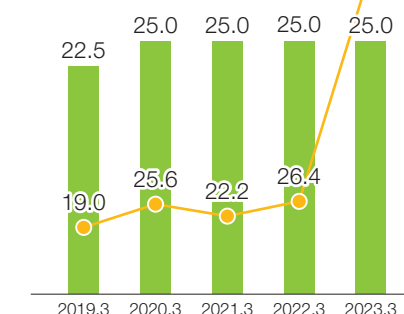
■ Market capitalization (million yen)
■ P/B ratio (times)



Dividend Per Share / Dividend Payout Ratio

25.0 yen / **92.6** %

■ Dividend per share (yen)
■ Dividend payout ratio (%)

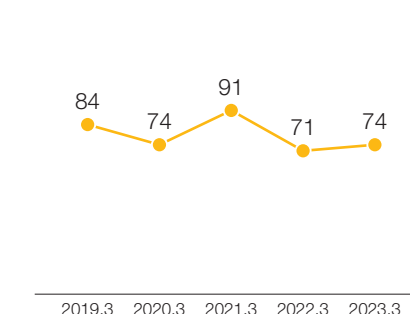


· Effective October 1, 2020, the Company carried out a consolidation of shares in which five of the Company's common shares were consolidated into one share. The dividend per share in the graph, however, has been converted based on the number of shares after the share consolidation.

Total Shareholder Return

74 %

(%)

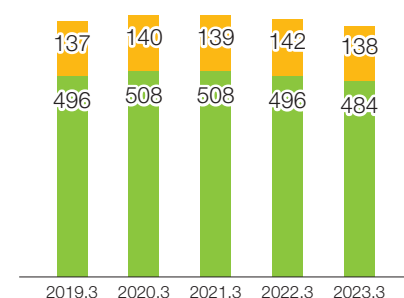


Non-Financial Highlights

Number of Employees

Male: **484** Female: **138**

■ Female
■ Male

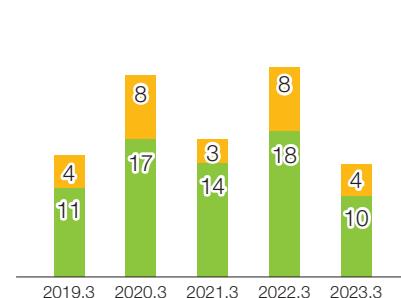


· The numbers above include employees excluding officers (i.e., full-time employees, contract employees, part-time employees, rehired employees, and temporary employees).

Number of New Graduates Hired

Male: **10** Female: **4**

■ Female
■ Male

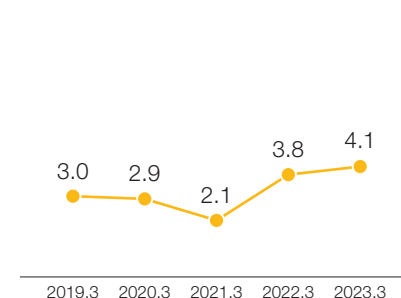


2019.3 2020.3 2021.3 2022.3 2023.3

Turnover Rate

4.1 %

(%)

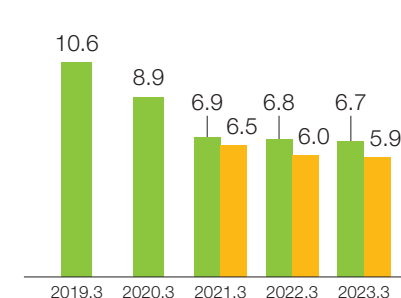


· The figures above represent the rates of employees who resigned for personal reasons, except full-time employees who have reached their retirement age.

Average Overtime Working Hours Per Month

Hours worked in excess of contract-based standard working hours: **6.7** hours
Hours worked in excess of statutory working hours: **5.9** hours

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

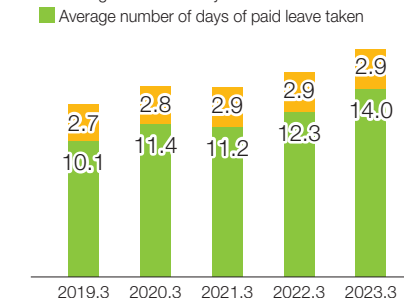


· Overtime hours worked by full-time employees in non-management positions, contract employees, part-time employees, and rehired employees
· Data on hours worked over statutory working hours is available from the fiscal year ended March 31, 2021, the year when the Company began aggregating it.

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

Average number of days of paid leave taken: **14.0** days
Average number of days of summer vacation taken: **2.9** days

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

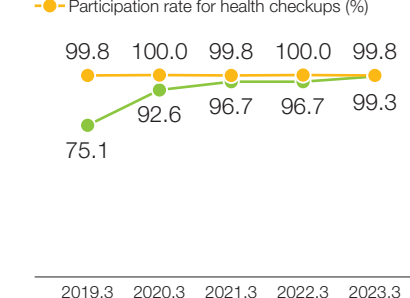


· Full-time employees, contract employees, rehired employees, and temporary employees
· The number of days of summer vacation granted to the eligible employees is 3.

Participation Rates for Stress Check Tests and Health Checkups

Participation rate for stress check tests: **99.3** %
Participation rate for health checkups: **99.8** %

■ Participation rate for stress check tests (%)
■ Participation rate for health checkups (%)



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

Message from the President



Hidehiro Shoji
Representative Director and President

We will press forward to create value from *the source of deliciousness* as a lifeline that supports food supply chains.

FEED ONE's Significance of Existence and Aims to Be Achieved Through Business

FEED ONE is contributing to food supply chains through business development that aims to support the production of livestock and marine products as a formula feed manufacturer and to deliver food products. We must maintain this role without being swayed by changes in the times and continue to constantly fulfill our functions. In recent years we have seen major societal changes, including the progression of global warming, the outbreak

of the COVID-19 pandemic, and the crisis in Ukraine, and these have had a considerable impact on food supply chains. However, they have also made us more keenly aware of our own responsibilities and we will strive to continue fulfilling our role. Our mission is to continue to provide stable supplies of safe and reliable feed and foods and by doing this, we will contribute to improving the health of people by

delivering enriching and enjoyable diets. Another of our missions is to contribute to the sustainability of society as food industry infrastructure by providing support for recycling within supply chains. We have positioned the realization of a resource recycling society as an important management theme and are working to fulfill our corporate responsibilities through our business activities. A specific example is our efforts to collaborate with local communities and partners in the retail, restaurant, and other industries on initiatives such as effectively using food production byproducts as ingredients in formula feed, and reducing food loss by actively using "fried meal" made by heating, drying and processing food loss, thereby building food recycling loops. Going forward, we also plan to engage in upcycling (adding value to an unused resource and making it into a new product) in our formula feed business. A year has passed since I was appointed as Representative Director and President in June 2022. As a

new president, I worked to share my thoughts on the role and missions of the Company, as outlined above, with all employees and this confirmed to me that they are firmly entrenched within the Company as a fundamental of our business activities. Also, FY2023 will be the 10th fiscal year since the business integration of our two predecessor companies. We recognize that we cannot realize future growth solely by continuing with current initiatives, so we are working to spread awareness throughout the Company of our new direction of "continue, discontinue, and begin." We are positioning the period of FY2024, the start year of the next Medium-term Management Plan, and thereafter as our second growth phase, during which we will drive further development by revising initiatives that are unfeasible or wasteful, regardless of past successes experience, while at the same time taking on the challenge of new business areas with a firm awareness of risk.

The Current Business Environment and Progress on the Medium-Term Management Plan

FY2022 was the second fiscal year of the Third Medium-Term Management Plan "Make the leap! 2023," and in the first quarter we recorded our first-ever operating loss since our establishment due to a considerable increase in cost of sales following steep rises in the prices of energy and imported raw materials, including corn. We returned to profitability from the second quarter onward by revising sales prices and working to reduce costs, but the effects of the increases in cost and SG&A expenses were felt throughout the year, resulting in a large and unavoidable decrease in profit. Speaking of this deterioration in the cost environment, the price of corn, which is one of the main ingredients of animal feed, reached a historic high due to global instability of grain supplies. This was driven by an increase in demand for ethanol in the US, as well as the crisis in Ukraine. The price of fish meal, which is one of the main ingredients of aquatic feed, also increased due to a decline in catch quantities of South American sardines resulting from unseasonable weather, as well as a rise in demand from China. The yen depreciated even more than in the previous fiscal year, which had an impact on the prices of imported raw materials. Energy costs also rose year on year and price indexes that include electricity, gas, and water soared. In addition to this, an increase in reserve contributions to the Formula Feed Price Stabilization System had a considerable impact on SG&A expenses. On the other hand, we made steady progress on the material issues for each of our businesses outlined in our Medium-term Management Plan, which led to an improvement in sales and production capabilities.

Specifically, in the animal feed business, we completed efforts to strengthen production systems in Hokkaido by adding extra facilities for cattle feed, thereby enabling increased production of flake feed, and the in-house production of milk substitute for calves, which contributed to firm sales of strategic products. Also, our total consulting services, which leverage the high levels of expertise possessed by our sales personnel to provide services in areas such as genome analysis for dairy cows, consulting for livestock feeding and the enhancement of farm environments, has become one of our strengths, and it contributed to raising sales volumes while also solving the issues of producers. In the aquatic feed business, we have made progress on the development and sales expansion of sustainable feeds that preserve marine resources. In addition to increasing sales volumes of low fish meal feeds, development of fish meal-free feeds is progressing smoothly and we have successfully launched *Sustena ZERO*, a fish meal-free feed for red sea bream. Also, as I mentioned, the price of fish meal remains high, the growth in demand for low fish meal and fish meal-free feeds with price advantage serves as a tailwind for the Company. In the food business, we enhanced our lineup of frozen food products, represented by products such as processed foods on skewers, to meet the need of retailers such as supermarkets to save on manpower, and this has increased sales volumes. By focusing on these kinds of consumer products, which are less affected by market forces, we are aiming to build a sales base that will ensure profit.

Message from the President

In our overseas business, we are producing and selling feeds in Vietnam and India. In FY2022, our Vietnamese business performed well and is now making a considerable contribution to profits and our Indian business also recorded a profit. We have completed Vietnam's first facilities for producing flake feeds and milk substitute for cattle, and we will leverage excellent Japanese technology to improve business performance and expand our share of the Vietnamese market.

FY2023 will be the final year of our current Medium-term Management Plan, and while we are forecasting to sell approximately 3,720 thousand metric tons of feed, roughly in line with our target of 3,780 thousand metric tons, we also expect results to fall considerably below our

targets of 6.2 billion yen for ordinary profit and 9.0% for ROE. Even though this is attributable to the deterioration of business environment beyond what we anticipated when formulating the plan, our management team also recognizes our responsibility.

Although this severe cost environment is expected to continue in the final year of our current Medium-term Management Plan, we will work to improve profits by increasing sales volumes in the feed business, expanding sales of high value-added products, and adjusting sales prices to reflect the prices of raw materials and energy. The entire Company will work together to make steady progress on material issues so that we can outperform our current forecasts as much as possible.

Long-Term Outlook on Sustainable Growth and Reforms Going Forward

Taking a long-term perspective on future growth opportunities, I think in general, a lot of people are anticipating that the Japanese market will shrink due to the declining birthrate and aging population, but in terms of the business environment around the Company, demand for domestically produced animal protein is expected to remain stable into the future, so we think that we can cultivate a stronger position in this market and expand the value created at the front line. While formula feed production volumes in Japan have remained at the same level for the past 30 years, formula feeds have made the rearing and weight gain of livestock and farmed fish considerably more efficient and it has supported increases in the production of domestic livestock and marine products. I think we can say that Japanese producers and feed manufacturers have both worked

together to overcome the many crises they have faced, including the liberalization of beef imports, in a way that has maintained and developed the livestock and fishery industries while also making them more resilient.

I am confident that we can continue to play a leading role in the feed industry and ensure the domestic market remains appealing.

Alongside our domestic efforts, we are also considering growing business overseas where greater opportunities exist. We will use our current achievements in Vietnam and India as a foothold for accelerating business development in order to take advantage of growing protein consumption in Asia.

Another growth opportunity we are looking at is the growing number of business opportunities that are arising due to new technologies. There is still plenty of room for production improvements and value addition at livestock and marine production sites. Innovations achieved through introduction of cutting-edge nutritional technologies and AI, as well as the realization of DX, etc. present chances to create unprecedented new value.

We plan to capture these growth opportunities and realize sustainable growth into the future by utilizing the high-level knowledge and expertise of formula feed production and the livestock and farmed fish feed management technologies we have cultivated to date and by actively investing in the incorporation of advanced technologies and in human resource development and utilization.

Currently, we are operating an animal feed business, which is our mainstay business, and an aquatic feed business, food business, and overseas businesses as the four pillars of our operations. We are currently formulating our next Medium-term Management Plan, which will begin in FY2024, and we intend to clarify our future vision for this business portfolio through the plan, and implement necessary changes to our business model.

Regarding the overarching direction we plan to take, in the animal feed business we will focus on adding value at the business sites of producers. Rather than selling at low cost, we will deepen and develop systems for each type of livestock to build high-level expertise that can solve customer issues. In the aquatic feed and food businesses, we need to continue supporting the current recovery in profitability while also determining the scale of future profit contributions. In the overseas business, we will formulate our growth strategy based on the certain amount of progress we have made on the current Medium-term Management Plan.

In regard to future initiatives, the most pressing issues are to renew factories for the animal feed and aquatic feed businesses and to rebuild production structures to enhance production efficiency. In the food business, we are also considering capital investment aimed at strengthening production related to meat processing and eggs, as well as enhancing sanitation standards.

On the development side, we will focus on themes such as exploring the potential of new food byproducts as feed ingredients, expanding the scope of the fish meal-free feed, reducing substances of concern included in livestock excretion and belching, and livestock health enhancement and animal welfare.

Furthermore, we plan to take on various challenges with the aim of transforming the entire livestock and

fishery industries in Japan, including tackling labor shortages at production sites and in the logistics industry through initiatives to reduce the manpower required by operations, such as promoting the use of tank level monitoring systems.



Contributing to the SDGs and Practicing ESG Management to Keep Our Place in Society

We recognize that contributing to the achievement of the SDGs and promoting ESG management are essential if we are to keep our place within society. In particular, there are many environmental themes that are closely associate with our business, such as the realization of a resource recycling society, response to climate change, resource and environmental conservation, and biodiversity protection. We will protect the global environment and raise food sustainability by working to address each of these themes.

In regard to social themes, we think that we should focus on strengthening human resources base and ensuring respect for human rights within the Company. From a human capital management perspective, we also believe that efforts on personnel measures such as work-style reforms, diversity promotion, and health and productivity management are some of the most important matters concerning the sustainable growth of the Company. By creating attractive workplaces, we will raise the engagement of each individual employee and make the Company more dynamic.

We will also strengthen the governance that supports these endeavors and underpins the relationships of trust we have with our stakeholders. We will enhance

management transparency and raise corporate value by maintaining the levels of corporate governance required of companies listed on the TSE Prime Market and by actively utilizing the supervision and advice provided by our external directors, who make up more than half of the members of our Board of Directors. We view that our corporate governance has just started to satisfy the minimum level of the Prime Market requirements and we will continue to further strengthen and enhance governance structures.

FEED ONE is a lifeline that upholds food supply chains and we are proud of the role we play in supporting the stable supply of livestock and marine products in Japan. We are particularly happy to have contributed to the improvements in physical constitution and strength, and the lengthening of lifespans seen among Japanese people in recent years as a result of increases in animal protein intake.

Going forward, we will continue to work with all stakeholders to share the benefits of an enriching food environment by creating value in supply chains through formula feed that is *the source of deliciousness*.



Talent Strategy



Kazuo Kubota

Director,
Managing Executive Officer
General Manager,
Administrative Unit and in
charge of Aquaculture Feed
Division

Message from the Officer in Charge of Human Resources

Building an attractive company as the biggest fan of our employees

Human capital at FEED ONE: From the perspective of the General Manager, Administrative Unit

I joined FEED ONE from the Bank of Yokohama, Ltd. in April 2021, and have been serving as General Manager of Administrative Unit since April 2023. After joining the Company, I have traveled across the country and been impressed to see every one of our employees involved in *the source of deliciousness* (our corporate slogan), and feeling a strong sense of responsibility toward contributing to the sustainable development of the livestock and fishery industries as part of our corporate philosophy. We have many sincere and dedicated people, and I can personally sense how the elements of our management philosophy—thoughtfulness, fairness, and humility—are being embodied by our staff, giving me confidence in our company's potential for future growth.

What FEED ONE's ideal talent looks like and the role of the Administrative Unit

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. Each and every employee needs to continually drive innovation as the strongest partner of our customers, and we recognize that the perspectives and

sensibilities of the younger generation are valuable assets for the Company.

Recently, the term *human capital* has been gaining attention. I fully agree with the notion that human resources equal capital. I recognize that it is essential to grasp our company's issues and challenges, and to honestly disclose our efforts and results toward achieving the ideal state and direction we are aiming for. To elevate FEED ONE's human capital, I feel it is the mission of the General Manager of Administrative Unit not only to understand the needs of our employees, but also to proactively provide opportunities for them.

Enhancing organizational strength and a focus on developing the next generation of leaders

Regarding talent development, we first conduct group training for new employees, where they learn about the business outline and roles of every department. After that, they undergo two weeks of sales training and lab training, followed by a 7-month training program at the factory. By learning the fundamentals of manufacturing at the beginning, they can acquire the knowledge needed to become a full-fledged employee of an formula feed company. After that, with an eye on medium to long-term career development, we implement job rotation, allowing employees to gain experience in multiple departments during the early part of their careers.

For our mid-career employees, we offer position-based training aimed at acquiring the skills necessary for their roles. In addition, we also provide meticulous educational and training programs, including theme-based training on topics such as communication and IT skills, as well as specialized sales training to meet advanced customer needs and legal training aimed at maintaining the safety and reliability of our products. I believe that these programs contribute to both fostering employee motivation and gaining the trust of our customers.

One of the key themes we focus on in our talent strategy is the development of the next generation of leaders. Being an executive in a company listed on the Prime Market requires strong senses of moral and ethics as a major premise. But I also believe that qualities such as foresight, a willingness to take on new challenges, and the ability to empathize with their subordinates are essential for leaders. I feel it's a critical responsibility of the management team to strategically place talent and nurture future leaders within the company.

Enhancing engagement through supporting the performance and growth of our employees

For FY2023, in response to inflation, we implemented the first base pay increase since our foundation, resulting in an approximate 6.8% raise for union members when combined with regular pay increases. This increase was higher than that requested by the labor union, implemented out of strong management intent to create an environment where all our employees can live comfortably.

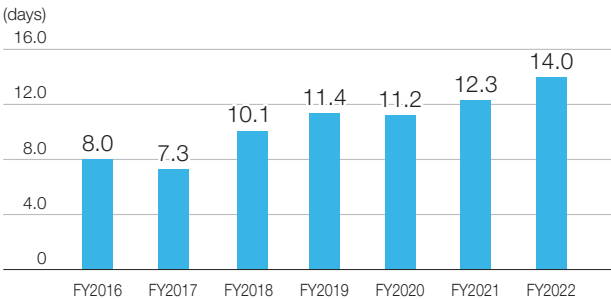
We're committed to providing a comfortable work environment through measures such as improving paid leave utilization rates, reducing overtime, as well as implementing flexible working arrangements and remote work options for employees with children. I feel that these efforts are gradually beginning to yield results.

I believe that a balanced approach to work, along with fulfilling time off, contributes to enhanced job performance.

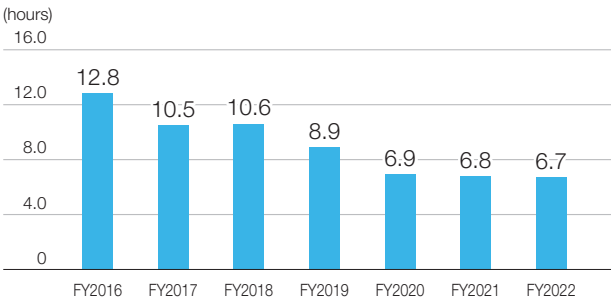
When it comes to initiatives for promoting active participation of female staff, we have significantly revised our hiring policies and other company programs. In FY2022, our ratio of female full-time employees increased to 20%. The ratio of female staff taking childcare leave remains at 100%, while for male staff it has increased from 13.3% in the previous year to 34.8%. We have also introduced new programs such as the pair transfer system, which allows employees who marry within the Company to work in the same area, as well as the life event system, which exempts employees from relocation for a certain period without needing to provide a specific reason. We're committed to valuing the diversity of our employees while ensuring a comfortable work environment for the long term.

I strongly believe that we need to continually review and update our policies in a flexible way, in response to both shifts in the perspectives of the younger generation as well as other changes in the external environment. I aim to fine-tune our systems by maintaining open communication, to ensure that our employees can continually perform at their best.

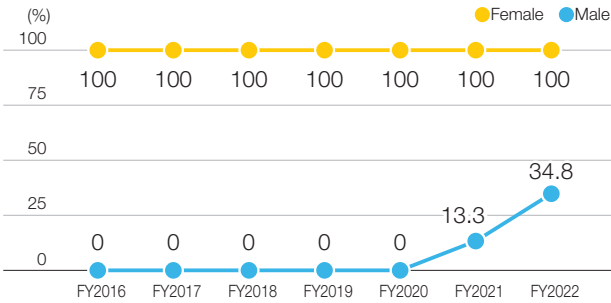
Number of paid leave days taken per employee:



Average overtime working hours per month



Childcare leave uptake



Enabling each and every employee to work with a sense of fulfillment and pride

FEED ONE is engaged in a business with high social significance. I believe it is the role of management to ensure that, while solving social issues, each and every employee is able to continually carry out their work with a sense of fulfillment and pride.

As the biggest fan of our employees, the entire Administrative Unit is committed to working together with one another to build an attractive company.

Value Creation Process



Social Issues

- Climate change
- Declining birthrate and aging population
- Declining domestic population
- Changes in the structure of households
- Measures to protect biodiversity
- Conservation of resources
- Respect for human rights
- Enhancement of diversity

Business Environment

- Increasing geopolitical risks
- Outbreak of infectious diseases in livestock

Post-COVID society

- Changing eating styles
- Diversifying consumer needs

Material issues

▶P32

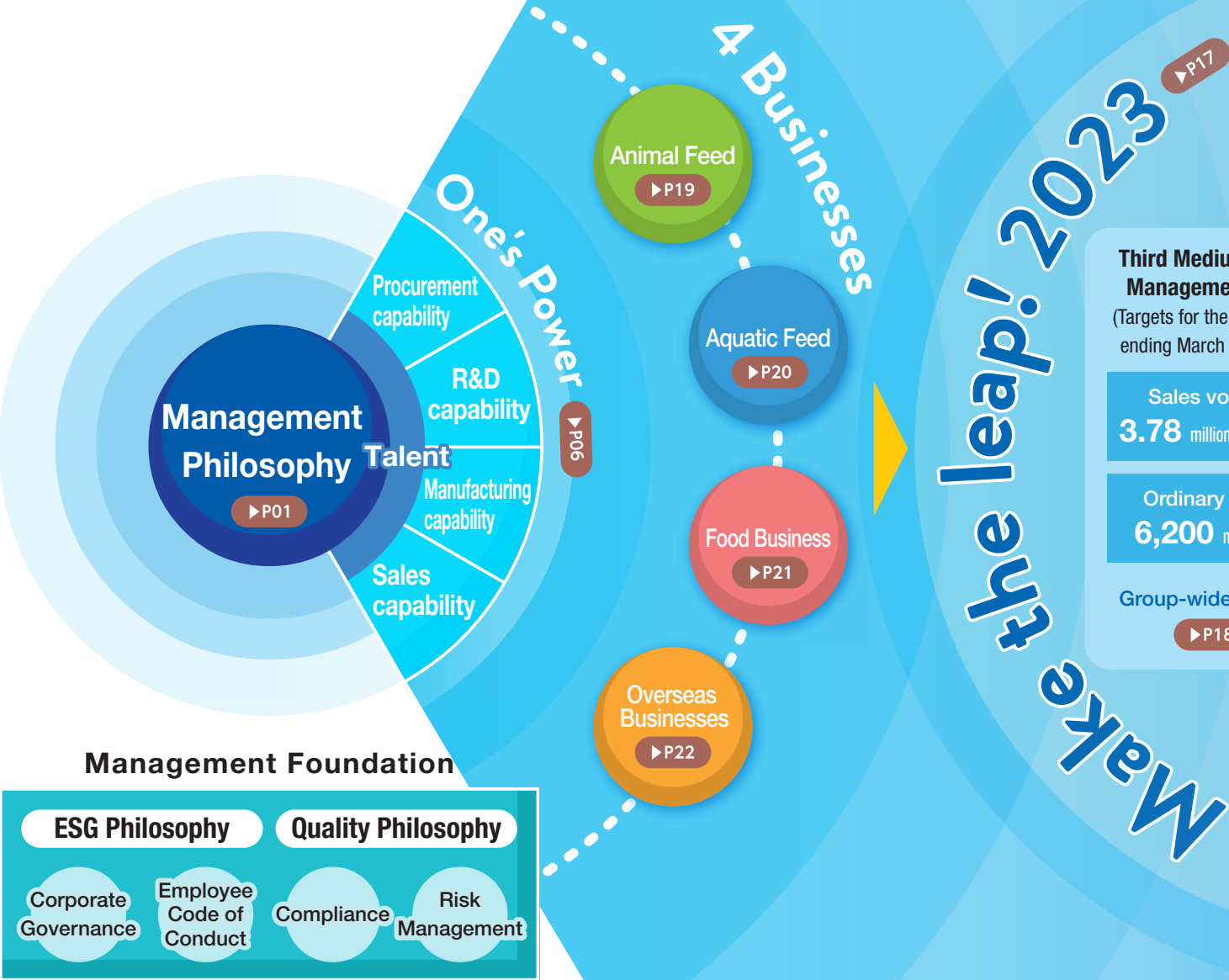
Solving environmental issues through business

▶P33

Creating attractive workplaces
Prospering in harmony with society

▶P34

Strengthening of governance



Value Creation

Enhance corporate value through sustainable growth ▶P17

Pursue the sustainability of the global environment ▶P33

Contribute to society through business ▶P44

Create a comfortable work environment ▶P41

Offer safe and reliable food products ▶P55

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

Group-wide targets ▶P18

Internal Capital

Human capital

Number of employees (consolidated): 910

Intellectual capital

Number of research bases: 4
Number of patents held: 16

Financial capital

Total assets: 127,913 million yen
ROE: 2.3%
Net assets: 45,314 million yen

Manufacturing capital

Feed manufacturing bases of the Group: 14 factories
Food processing bases of the Group: 11 factories
Farms of the Group: 4 farms
Aquaculture bases of the Group: 2 bases
Capital expenditure: 2,103 million yen
(Fiscal year ended March 31, 2023)

External Capital

Social and related capital

Shareholders
Local communities
Suppliers/partner companies
Distributors/customers

Natural capital

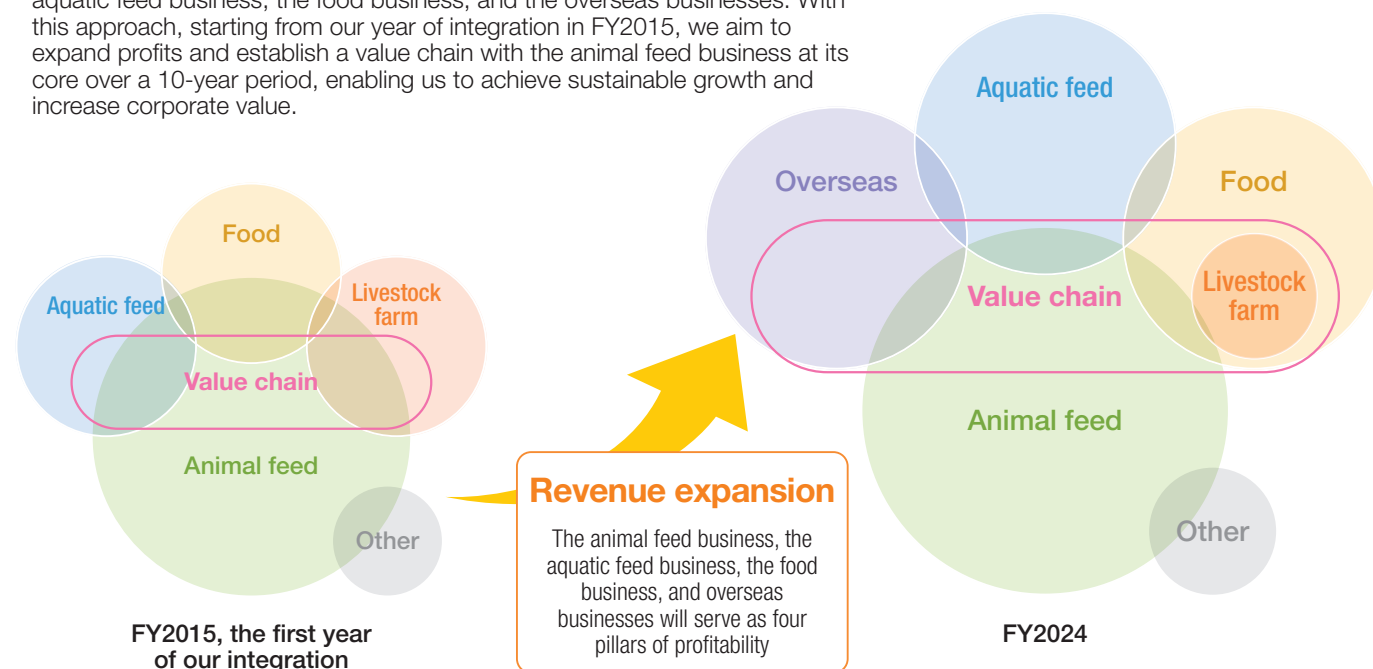
Energy/water resources

Bringing reliable food and the enjoyment of eating every day

Business Vision

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

We are focusing on four main revenue-generating pillars: animal feed business, aquatic feed business, the food business, and the overseas businesses. With this approach, starting from our year of integration in FY2015, we aim to expand profits and establish a value chain with the animal feed business at its core over a 10-year period, enabling us to achieve sustainable growth and increase corporate value.

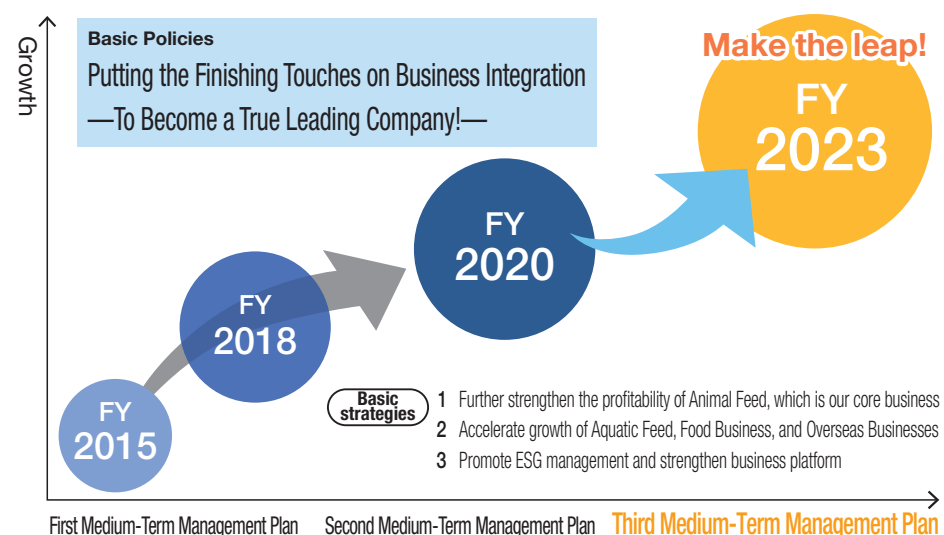


Medium-Term Management Plan

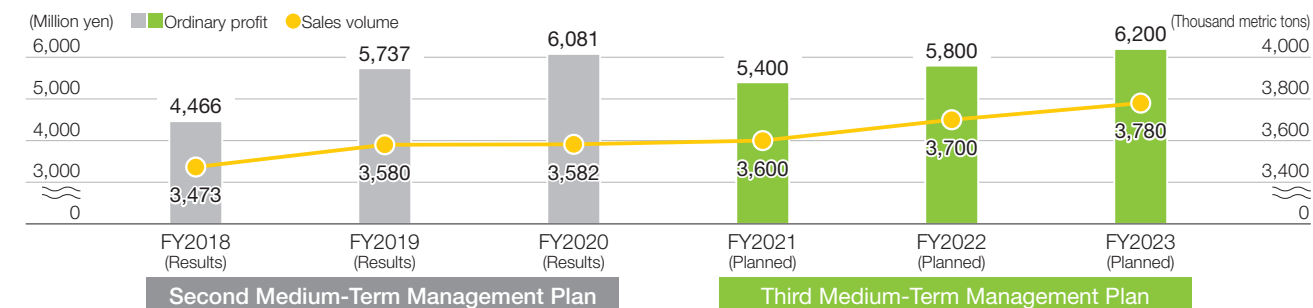
The Third Medium-Term Management Plan: Make the leap! 2023

Role & Basic Policy

The role of the Third Medium-Term Management Plan is to increase profits 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)



FY2022 Progress and Issues in Relation to the Basic Strategies

The fiscal year ended in March 31, 2023, which marks the second year of the Third Medium-Term Management Plan, faced significant challenges in terms of profitability due to major changes in the international landscape and historically high raw material costs. However, we have steadily moved forward in implementing our various strategies.

Specific strategies	Progress
Further strengthen the profitability of Animal Feed, our core business	
<ol style="list-style-type: none"> 1 Expand sales of cattle feed 2 Expand our total consulting services to support customers' management 	<ul style="list-style-type: none"> Expanded our flake feed production line at two bases in Hokkaido (established a system to increase production by 10%) Established a new facility for the production of cow milk substitute at Tomakomai Feed Co., Ltd (January 2023) Improvement of genome analysis, feed provision and farm environment Progress toward further expanding cattle feed quantities through a combination of equipment and services
Accelerate growth of Aquatic Feed, Food Business, and Overseas Businesses	
Aquatic Feed <ol style="list-style-type: none"> 1 Develop and expand sales of sustainable feed 2 Expand of sales of feed for juvenile fish, such as Ambrose 	<ul style="list-style-type: none"> Aimed for the early launch of fish meal-free feed (scheduled for August 2023) Achieved a 123.6% year-on-year increase in sales volume of feed for juvenile fish Made efforts to increase exports to the Asia region, in addition to expanding domestic sales
Food Business <ol style="list-style-type: none"> 1 Build a foundation for sales of consumer goods that are less affected by market fluctuations 	<ul style="list-style-type: none"> Achieved over 20 product lines in the consumer goods range Achieved 2.1 times increase in net sales compared to the fiscal year ended March 2021 Leveraged the advantages of having production bases in consumption areas
Overseas Businesses <ol style="list-style-type: none"> 1 Proactively expand into rapidly growing Asian markets leveraging "Japanese Quality" as our strength 	<ul style="list-style-type: none"> Introduced Vietnam's first cow milk substitute production facility, following the establishment of a flake feed production facility during the previous year Considering a supply base in the northern region of Vietnam to enable further sales expansion
Promote ESG management and strengthen business platform	
<ol style="list-style-type: none"> 1 Respond to climate change 2 Address human rights 3 Proactively invest in human capital 	<ul style="list-style-type: none"> Declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (April 2022) and disclosed our TCFD Report (June 2022) Installed LNG-based cogeneration systems at the Kitakyushu Animal Feed Factory and Kitakyushu Aquatic Feed Factory (November 2022) Created Health and Productivity Management Strategy Map Adopted the healthcare management app "WellGo"

Business Plan for Fiscal Year Ending March 31, 2024

Sales volume for the fiscal year ending March 31, 2024 is expected to be 3,617 thousand metric tons for animal feed and 104 thousand metric tons for aquatic feed. While the future outlook remains uncertain, in this fiscal year, we aim to become a true leading company through steadily implementing our fundamental strategy as the final year of the Medium-term Management Plan.

(Thousand metric tons)	2023.3		2024.3		
Sales volume	3,687		3,721		
(Million yen, %)	2023.3	Composition	2024.3	Composition	YoY
Sales	307,911	100.0	323,000	100.0	+4.
Cost of sales	285,218	92.6	296,800	91.9	+4.
Gross profit	22,693	7.4	26,200	8.1	+15.
SG&A expenses	21,270	6.9	22,700	7.0	+6.
Operating profit	1,422	0.5	3,500	1.1	+146.
Ordinary profit	1,711	0.6	3,500	1.1	+104.
Profit attributable to owners of parent	1,030	0.3	2,300	0.7	+123.

Business Strategy

Animal Feed



Kazuhiko Kumagai Executive Officer, Deputy Chief Operating Officer, Animal Feed Business Unit, and General Manager, Animal Feed Division

Business Vision

Due to the prolonged conflict between Russia and Ukraine, livestock production is in a difficult situation resulting from the soaring prices of raw materials for feed, fuel, and other resources.

We will be unrestrained by fixed ideas and continue taking on the challenge of value creation, contribute to the improvement of farmers' business management, and provide feeds that help improve production efficiency and profit margins.

We are constantly striving for technological innovation by incorporating the latest nutritional theories from our overseas partnership system.

We are also pursuing the SDGs, taking action to accomplish the twin goals of *reducing environmental impact* and *improving productivity*. Specifically, we will strengthen our efforts to create feeds that reduce methane emissions from cattle and phosphorous and nitrogen excretions from poultry and swine.

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

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 and secure formula feeds catering to the needs of customers.

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. In FY2022, Tomakomai Feed Co., Ltd. began producing cattle milk replacer. Well-suited to meet needs in Hokkaido, the cattle milk replacer has been well received.

- Strengths
- Supply products stably from strengthened production foundation
 - Launch products with patented technologies (pending), such as *Nori Nori Pork* (a feed for improving thin-fat pork)
 - Facilitate the spreading of advanced technologies such as genome and raw milk fatty acid 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)
 - Need for smart livestock-rearing technology (IoT and DX, etc.)
 - Ensuring animal welfare
- Risks
- Soaring prices of raw materials for feed, fuel, and other resources due to the prolonged conflict in Ukraine
 - Decrease in the number of animals raised due to the spread of infectious diseases such as AI (avian influenza) and CSF (classical swine fever)
 - Changes in legal systems regarding animal welfare, etc. (higher production costs)
 - Soaring prices of raw materials for feed and other resources and the declining productivity of livestock farming due to global warming

Achievements and Challenges in FY2022

- Achievements
- Although approximately 17.71 million chickens were culled nationwide due to an outbreak of AI (avian influenza), our sales volume exceeded that of the previous year (up 2% from FY2021).
- In FY2023, the final year of the Third Medium-Term Management Plan, we aim for sales volume of approximately 3,620,000 metric tons (up 0.9% from FY2022).
- Challenges
- Contribute to the improvement of farmers' business management by proposing product development and feed management technologies to improve productivity while feed prices remain high
 - Strengthen efforts towards logistics efficiency enhancements to address logistics challenges in 2024 (tank level monitoring systems, restructuring of regional distribution systems, etc.)

Strategy

- Launch innovative new products incorporating the latest nutritional theories through strengthened overseas partnerships
- Speed up IoT and DX technology initiatives (assign dedicated DX division personnel)
- Promote efficiency and visualization of sales structure (sales structure evolution)

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

Achievements and Challenges in FY2022

- Achievements
- In FY2022, for our efforts to develop feed that is not dependent on natural resources, we succeeded in developing a high-performance fish meal-free feed for red sea bream. We are on track to become a pioneer in the industry for the commercialization of a fish meal-free feed that outperforms high fish meal feed. 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
- With the unprecedented deterioration of the raw material situation becoming more pronounced, raw materials for aquatic feed are in the worst state, not only in terms of soaring prices but also in terms of unstable supply. We will make every effort to quickly rebuild a stable production and supply system with new profitable raw materials, breaking away from the conventional formula design that is dependent on natural resources.

Strategy

- Bring products to market that are the number-one for quality
- 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



Food Business

Mineyuki Nitta General Manager, Foods & Retail Business Division

Business Vision

As a leading supplier of formula feed, we contribute to building an affluent and healthy society by making maximum effective use of our know-how in livestock farming and ensuring a stable supply of protein-based food products in collaboration with 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 production farms to processing, distribution, and sale of products.

Business Overview and Strengths

Sales from the food business amount to approximately 41.3 billion yen per year, accounting for around 13% of FEED ONE's overall sales. We produce and distribute products that meet the needs of consumers across Japan, with affiliated companies nationwide, which include food processing companies (Feed One Foods Co., Ltd. and Yokohama Meat Co., Ltd.) and poultry and egg processing and distribution companies (Gold Egg Corp., Magic Pearl Co., Ltd.). We also produce safe and secure pork, sows, 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.) in cooperation with our animal feed business.

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

- 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
- Enhanced traceability, automation, and labor-saving by pursuing DX

Achievements and Challenges in FY2022

Achievements

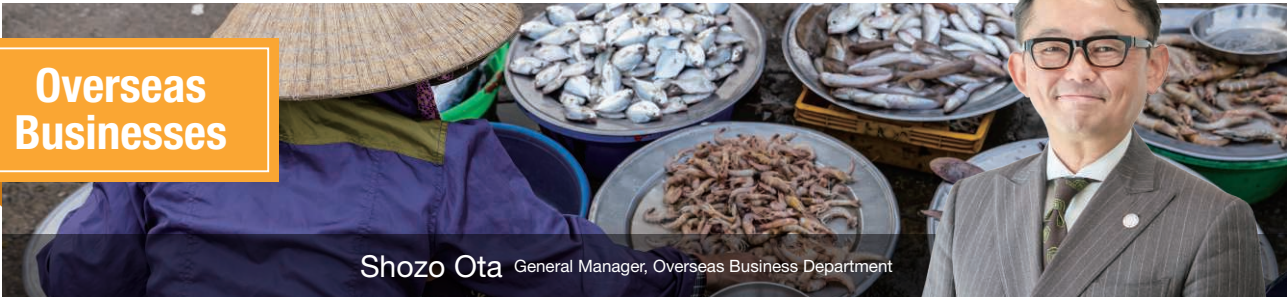
Partly due to the changing needs of customers from the COVID-19 pandemic, the development of chilled and frozen food products, such as barbecue meats in the summer and hot pot meats in the winter, has accelerated, and we now offer a lineup of more than 20 processed food items. As a result, sales of processed foods have grown 2.1 times in two years. We will continue to develop and offer new products that meet customer needs to further strengthen and expand our profit base.

Challenges

For pork and eggs, which account for 90% of the products we handle, the market environment was extremely volatile, and the high market prices continued throughout the year, resulting in a challenging profit environment. We will continue to improve our profit structure to reduce the burden of market risks by promoting thorough condition revisions and increasing the sales proportion of processed and value-added products, which are less affected by market fluctuations. We are in the process of expanding our production capacity for processed and value-added products, as well as updating the facilities of each company, and are considering investment plans for the construction of a new factory and enhancement of production lines.

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



Overseas Businesses

Shozo Ota General Manager, Overseas Business Department

Business Vision

While it is difficult to expect market expansion in Japan, the population of Asia and the world as a whole is growing, and many countries are experiencing significant economic growth. The demand for food, and especially for protein, is steadily on the rise in the global market, and expectations placed on formula feed manufacturers who supply ingredients therefor are growing year by year. In addition to our core business of feed manufacturing, our involvement in the distribution and processing of animal and aquatic products is also one of our strengths. Our policy is to contribute to the world's food supply by developing our animal and aquatic-related businesses globally, not limiting ourselves to feeds, and then incorporating their growth and responding to the increasing demand for protein with our technological expertise.

Business Overview and Strengths

In Vietnam, we established Kyodo Sojitz Feed Co., Ltd. jointly with the Japanese general trading company Sojitz Corporation in 2011 to produce and sell animal feed, mainly for chickens, pigs, and cattle. In India, we established Nippai Shalimar Feeds, a joint venture company with the local broiler integrator Shalimar Group, in 2014. The company is engaged in the aquatic feed business for prawns and fish.

Strengths

- Production management framework that can meet local needs and assure Japanese quality
- Formula design technology that makes the most of diverse local profitable raw materials
- Utilization of a global network

Surrounding Environment

Opportunities

- Vietnam** Increased demand for dairy products due to the westernization of diets and the accompanying expansion of domestic dairy production
- India** Positioned as a protein supplying country for the global market with a focus on prawns

Risks

- Vietnam** Loss of feed demand due to a decrease in the number of animals raised resulting from livestock disease outbreaks and farmers' postponing livestock introductions
- India** Decrease in the number of farmed prawns and the demand for feed, triggered by shrinking demand for eating out in major export destinations of prawns
- India** Heat waves, monsoons, and other adverse effects on aquaculture due to abnormal weather conditions

Achievements and Challenges in FY2022

Achievements

In Vietnam, profitability improved significantly by expanding sales of highly profitable brands, reducing production costs, and appropriately transferring higher raw material costs to sales prices, resulting in an approximately 250 million yen profit increase year-on-year and the record-high profit. In India, we have strengthened profitability by improving production efficiency and quality as well as by improving capital efficiency through optimizing inventories. The company achieved a profit for the second time on a yearly basis since its foundation.

Challenges

Regarding our Vietnam business, we are facing the challenge of securing a new manufacturing base in order to further expand our profit base. We are currently exploring various possibilities, such as entering into a production outsourcing contract, selecting an optimal production location, or acquiring an existing factory. In our India business, since shipping volume fluctuates greatly due to weather, the global commercial environment, seasonality, and other factors, we recognize that pursuing even higher quality and acquiring core demand are our challenges. We are sending our technicians on more frequent business trips and working to improve quality.

Strategy

- Vietnam**
 - Further strengthen profitability by optimizing product quality and production costs
 - Further expand sales volume and profit base by securing new manufacturing bases
 - Recruit and train local staff capable of providing guidance on feed management technology in cattle feed sales
- India**
 - Differentiate from competitors by leveraging thorough production cost reduction and quality improvement tailored to local needs
- New Businesses**
 - Establish new overseas operating companies in business fields where synergies can be generated with existing overseas operating companies

Global Strategy



Shozo Ota
General Manager,
Overseas Business Department

Leveraging the strengths that the Group has cultivated over the years, we aim to seize global qualitative and quantitative growth opportunities by addressing the issue of worldwide protein supply, thereby creating a sizeable profit base.

What are some of the challenges you face in your overseas business?

In the Third Medium-Term Management Plan, “Make the leap! 2023,” we have positioned our overseas business as a pillar of earnings next to animal feed, aquatic feed, and food business. At present, our overseas business is steadily increasing its presence, even though it has not yet reached our targets for scale and profitability. The Vietnam business, now in its 12th year, is steadily gaining strength by capturing the country’s economic growth, and the India business is gradually improving its

profitability, having recorded a profit on an annual basis for the second time last fiscal year. However, based on current results alone, we believe it will be difficult to develop this business into an earnings pillar during the next mid-term management plan period as we aim for. Therefore, in addition to strengthening our existing businesses, it is essential that we acquire a foundation for new businesses. In order to develop new overseas businesses, we recognize following issues as significant challenges: understanding global protein supply issues; redefining our strengths to make full use of them; and expanding the pool of human resources to promote overseas businesses. We are in the process of developing various measures to address these challenges.

What growth scheme is your overseas business aiming for?

The Overseas Business Department operates two bases: Kyodo Sojitz Feed Co., Ltd. in Long An Province, Vietnam, established in August 2011, and Nippai Shalimar Feeds Private Limited (Japan-India joint venture) in West Bengal, India, established in March 2014. In Vietnam, the company produces and sells animal feed. It has been highly acclaimed for its Japanese quality, advanced Japanese-style production management and quality standards, and marketing style tailored to the local market, and in the past few years, it has finally turned to profit. For the fiscal year ended March 31, 2023, it recorded its record-high profit, with a 250 million yen increase year-on-year. In India, the company is engaged in the production and sale of feed for Indian major carp and Pacific white shrimp. Going forward, we will expand our profit base, leveraging quantitative and geographical expansion by securing a new manufacturing base in our Vietnam business, which is steadily strengthening its profitability. We will develop new businesses with a focus on synergy with existing businesses. We will proceed with the development of new businesses and the selection of potential locations for expansion with a focus on Southeast Asia, where growth is continuing, without limiting to existing business regions. This is not limited to the horizontal development of animal feed production and sales but also includes provision of the technologies and functions that the Group has developed in Japan, such as consulting and technology to support local customers’ livestock businesses and the entire value chain. We hope to thus solve problems faced by the region, and eventually link this to earnings. We have already established a task force in October 2022 to begin considering potential projects. In the fiscal year ending March 31, 2024, we will be making preparations to develop specific projects based on these concepts. In addition, we intend to actively appoint overseas personnel who have been trained through the Group’s overseas trainee program as personnel for these new businesses.

What global strategy is the Feed One Group pursuing?

The Overseas Business Department effectively utilizes the Feed One Group’s relationships in all directions to improve business quality through practical overseas human resource development and to achieve dramatic growth through new business development. To date, through opportunities to collaborate with stakeholders in businesses in which we do not have a stake, the Group has accumulated knowledge by utilizing

our strengths in many regions and taking action to solve issues in global protein supply, such as proposing factory facility improvements and feed quality improvements for poultry farming integration in Morocco and outsourcing work related to feeding technology in our dairy farming business in Indonesia. We will continue to utilize the overseas trainee program promoted by the Group, to dispatch trainees to target regions where there is a large gap between the future expansion of demand for protein and the supply of animal and aquatic products and feeds, in addition to Vietnam and India, where we have existing overseas business locations. We will conduct on-site surveys to accurately understand the issues facing the region and to build new businesses that will contribute to solving these issues by leveraging our strengths. It our policy to have the Overseas Business Department support the trainee program, to build business based on the results of the training, and through the process, to realize the enhancement of the pool of our overseas human resources. In addition, for regions such as North America and Europe, the Animal Feed Division has been collaborating through technical exchanges of its advanced technologies, and we expect to utilize these relationships to make a significant contribution to the global strategy of the Group. When the New Business Development Task Force of the Overseas Business Department started considering potential businesses, we first discussed what we could do and what we wanted to do, without considering feasibility. From there, we narrowed it down to the work each of us truly wanted to do. These discussions fostered an environment in which each staff member took initiative to move forward with the projects for which he or she was responsible. With a determination to create businesses and expand overseas, we believe that our team members who have shown growth will help us achieve our overseas business goals.

Financial Strategy and Capital Policy

Koji Mochizuki

General Manager,
Finance & Accounting Division

We will establish a presence fitting of a leading company and pursue sustainable growth by enhancing financial soundness and promoting group-wide business management.

Please tell us about FEED ONE's strengths and issues.

The animal feed industry depends on imported grains for about 80% of the ingredients that go into feed. This makes the price highly volatile as it can be impacted by not only changes in overseas market prices of grain, but also factors such as changes in foreign exchange rates and ocean freight rates. This is the reason prices in the Japanese animal feed industry are revised every quarter based on changes in the prices of ingredients. Our animal feed business accounts for almost 80% of the Company's net sales. Therefore, one of our biggest characteristics is that net sales, our top line, do not serve as an indicator for judgements regarding the growth of the business, as they can fluctuate in accordance with price revisions.

Price revisions are affected by the trends in competing companies, so sometimes there is a discrepancy between the amount that we revise prices and the amount of change in raw material prices, but from a long-term perspective, we always maintain a certain level of gross profit. However, if reserve contributions to the Formula Feed Price Stabilization System (see p. 6) increased due to a sudden rise in the price of imported grain, it would have a considerable impact on operating profit. While we strive to maintain stable profits by revising sales prices in line with rises in raw material prices, this also increases working capital. This means we will also face the risk of increased borrowings, which in turn leads to a downturn in our equity ratio.

Another characteristic of the Company is the diversification of our business risks. Formula feed production is a primary industry. As feed is a production

material for the livestock and fish farming industries, profit margins are not particularly high. However, the structure of the business is not overly weighted toward a particular target animal (cattle, pigs, chickens, fish, etc.) or a particular customer, and we have established a wide network of production sites comprising 14 factories across Japan, thereby diversifying business risks.

Please explain the main points of your financial strategy based on the business environment in the fiscal year ended March 31, 2023.

In the first quarter of the fiscal year ended March 31, 2023, we recorded our first quarterly operating loss since the business integration, which was a turbulent start to the year, but we were able to end the year in the black with an ordinary profit of 1.7 billion yen.

In the feed business, raw material prices soared as the market price of imported grain rose due to factors including the outbreak of conflict between Russia and Ukraine in February 2022, and the rapid depreciation of yen, mainly due to the gap between interest rates in the US and Japan. In the first quarter, the increase in raw material prices was so rapid it outpaced sales price revisions, but from the second quarter onward, we were able to adjust sales prices in line with changes in raw material prices. This meant we were able to maintain annual gross profit at around the same level as the previous fiscal year. However, reserve contributions to the Formula Feed Price Stabilization System also increased due to the rising prices of imported materials, so operating profit in the feed business decreased by 2.6 billion yen year-on-year to 3.9 billion yen.

In the food business, factors such as bird flu and swine fever put a strain on supplies, leading to higher prices. Furthermore, as sales prices to customers such as volume retailers were not revised, the food business recorded an operating loss of 300 million yen, its second consecutive year of operating loss.

Our cash conversion cycle (the number of days it takes to collect trade receivables after trade payables are paid) is about one and a half months, so in the fiscal year ended March 31, 2023, the steep rise in raw material prices led to a sudden increase in working capital. This resulted in increases in interest-bearing liabilities of 65% and total assets of 18% year on year. We procure our working capital through loans from financial institutions and in August, we became the first feed producer to procure a total of 10 billion yen through long-term sustainability linked loans. Furthermore, in consideration of the uncertain outlook regarding the external environment, we have also moved to improve our financial soundness by accumulating cash and deposits and securing 10 billion yen in commitment line agreements.

Please share your financial strategy for realizing sustainable growth as a leading company.

The fiscal year ending March 31, 2024 will be the final year of our Third Medium-Term Management Plan and an important year leading to our next Medium-term Management Plan.

In the Finance & Accounting Division, we have identified three challenges to be addressed as a division supporting the continued existence and development of the Company.

The first of these is to further enhance financial soundness. We recognize that we are in a period of VUCA (Volatility, Uncertainty, Complexity, and Ambiguity) where the outlook on factors such as grain markets, exchange rates, and interest rates is difficult to forecast. We will focus on anticipating all kinds of risk and building schemes for avoiding each risk, particularly by securing liquidity on hand. In June 2023, we procured a total of 3 billion yen in long-term borrowings in order to ensure stable working capital.

The next challenge is to promote group-wide business management. Our Group has 20 subsidiaries with differing business descriptions and establishment histories, and each of these companies operates independently. We will work to strengthen group governance through operational reforms by integrating back-office operations and outsourcing part of them, drawing on accounting systems and other digital tools.

The third challenge is to enhance value as a company listed on the Prime Market. Going forward, we will include financial indicators that are conscious of capital cost, such as ROIC (return on invested capital), in our KPIs as we explore new ways to evaluate businesses. The Finance & Accounting Division will also support efforts to realize sustainable growth and to enhance corporate value in a way that is suitable for a leading company by actively disclosing non-financial information, such as measures to address environmental issues through formula feed and human capital initiatives.

In order to realize sustainable growth, it will be essential to invest capital into our factories, particularly by introducing environmentally-friendly equipment. Furthermore, we will also need to strengthen our overseas business and to consider the acquisition of new businesses through M&A, and we recognize that raising funds for this is the key mission of the Finance & Accounting Division. Although the fund-raising and management of tens of billions of yen is a big challenge, we will tackle it as an opportunity to enhance corporate value. By doing so, we intend to take on challenges with a forward-looking attitude to not only grow FEED ONE's share of the feed market, but also to ensure that we are evaluated as a leading company in terms of finance.

R&D Strategy

Yoshinao Tashiro

Director, Managing Executive Officer
General Manager, Animal Feed Business
Unit and in Charge of Research &
Development Center

We contribute to domestic food security by creating high value-added products and technologies that support livestock and dairy farmers.



Q Could you please explain the structure and activities of the research and development function that supports the Animal Feed Business?

As Feed & Livestock Research Department, we have established Poultry Section and Swine Section at the Fukushima Research Center (in Ono Town, Fukushima Prefecture), and Ruminant Section at the Iwaki Research Center (in Iwaki City, Fukushima), where we conduct experimental research on feed development for different types of livestock. Additionally, at the research facilities in our Quality Control Department at the Kashima Research Center (in Kamisu City, Ibaraki Prefecture), we perform chemical analyses and microbiological tests, the results of which are utilized for quality control throughout the company.

The primary objective of our research and development is to ensure the quality and safety of our feed, as well as to create novel and differentiated products and technologies that meet the needs of livestock and dairy farmers. In addition to feed, we also develop various technologies, including genomic analysis, that contribute to improving the productivity of livestock and dairy farmers. This ability to provide value through "total support" is a unique strength of our company.

In the field of cattle farming, our achievements to date include the development of FIBEGEAR DROP (Japan's first feed product designed specifically for automatic milking system), the introduction of the first genomic analysis technology for selecting highly productive successor cattle in Japan, and the provision of a feed design system that utilizes genomic analysis data to draw out genetic potential. In the area of pig farming, our artificial milk Feed Care, which contributes to the stable development and health maintenance of piglets, has received high acclaim. Most recently, we launched *Nori Nori Pork*, a thin-fat control feed for meat pigs, in May 2023.

Q Could you tell us about the themes you are currently focused on and the direction of for the future?

Our major challenges are improving feed efficiency and reducing environmental impact. We are aiming to achieve both of these things.

Improving feed efficiency means aiming for higher growth rates and production levels using less feed. We are focusing on research into low-protein feed that achieves efficient nutrient supply through available amino acid design. In regard to reducing environmental impact, there is a growing demand for sustainable livestock farming through measures such as reducing the greenhouse gases and nitrogenous wastes emitted by livestock, as well as utilizing food waste. In particular, since the methane gas emitted by cattle is significantly affected by the feed they are given, we are advancing our research in this area and focusing on the development of feed designed specifically to reduce methane emissions.

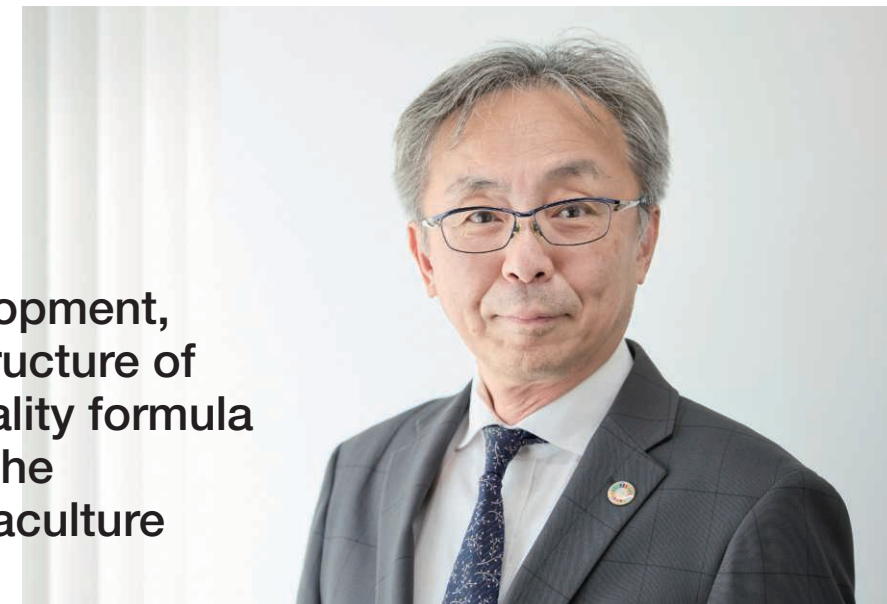
Additionally, in response to labor shortages within the livestock industry, we have assigned dedicated staff to commence our Livestock DX initiative, which promotes the development of tools and the introduction of technology that utilize digital means, such as devices to reduce the workload at production sites and feed tank remaining amount management systems.

Going forward, we will be focusing on cultivating the talent who will be responsible for next-generation research and development, while striving to streamline and accelerate development operations and enhance of quality control. With a long-term perspective, we will continue to create high value-added formula feed that supports livestock and dairy farmers, in order to contribute to domestic food security.

Hiroshi Yamagami

Senior Executive Officer, General
Manager, Aquatic Feed Division

We will pursue the development, production, and sales structure of sustainable and high-quality formula feed that contributes to the advancement of the aquaculture industry.



Q Could you say a bit about the development themes of aquatic formula feed?

There are two development themes surrounding aquatic formula feeds that support the aquaculture industry, against the backdrop of the protein crisis.

One is the reform of Japan's aquaculture schemes to replace low-cost proteins with high-cost proteins. Aquatic compound feeds are manufactured using fishmeal as the main ingredient, which is made from low-cost fish that were previously not considered fit for human consumption. Recently, due to several factors including a reevaluation of these fish as being in fact fit for human consumption, a sharp decrease in catch due to resource depletion, as well as increasing demand for fishmeal stemming from an expansion in global demand for aquaculture, the international price of fishmeal has surged. Furthermore, from the perspective of the Sustainable Development Goals (SDGs), the development of formula feeds that do not rely on marine resources like fishmeal is becoming a matter of urgency, as it is anticipated that securing fishmeal will become difficult due to growing demand for protein ingredients internationally.

The other theme is the development of formula feeds to address the advancements in full-cycle aquaculture and artificially hatched larvae production technologies (breeding), which have been brought about by the instability and extinction concerns around natural resources. The production of fully-farmed Pacific bluefin tuna has garnered attention; however, the production of hatched larvae for aquaculture requires feed for the juvenile fish stage immediately after hatching that is extremely high-performing in terms of feeding habits and nutrition. The development of feeds for juvenile fish is very challenging and is drawing attention as a key point to evaluate the technological level of different companies.

At FEED ONE, our sales department, research department, and raw materials department are all working together on developments related to this theme.

Q Could you talk about FEED ONE's research and development achievements and future initiatives?

The Group has concluded an initiative to develop feed that resolves these two development themes. We have launched this product to high acclaim.

In terms of developing formula feeds that are not dependent on fish meal, we have launched low fish meal feed for trout and sea bream, reducing the fish meal content from 40% to between 10 and 20%. This has been received positively by our customers. As the next phase, we are advancing the development of fish meal-free feeds that do not contain fish meal at all. Having obtained favorable results in field tests, we plan to launch a new fish meal-free product for sea bream called *Madai DP Sustena ZERO* in August 2023. With this product, we aim to pioneer a new market in fish meal-free feeds. Additionally, alongside developing the feed itself, we are also actively engaged in developing aquaculture techniques that include feeding methods, in order to maximize the performance of the feed.

In regard to starter feeds for juvenile fish and prawns, we have successfully developed high-quality products that surpass our competitors, to high acclaim. Although the impact of feeds for juvenile fish and prawns on net sales is small due to low absolute feeding volume, we value securing strong reputation in the starter feed market. Supplying excellent products for juvenile fish contributes to the reliability evaluation of our technical capabilities and quality, including our manufacturing methods. Going forward, we plan to develop our business with an eye on expanding exports of our high performance products leveraging our cultivated technical prowess to Asian region, which is set to grow, in addition to the domestic market.

Sustainability Policy



Yutaka Nagoya

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

As a leading company in the feed industry, we will overcome the present crisis and contribute to the sustainable development of the livestock and fishery industries.

What are your thoughts on the role that FEED ONE plays in achieving a sustainable society?

Before the global spread of COVID-19, the food supply chain was relatively stable. However, the unexpected crisis revealed how fragile this supply chain actually is. The rise in geopolitical risks has made commodity prices and exchange rates extremely unstable, and fluctuations continue to this day. In these unpredictable times, it is very important to have a mindset of protecting oneself. The rising cost of feed is often the sole focus within the media. However, with the important role we play in the food supply chain, we feed manufacturers are committed to procuring competitively priced, profitable raw materials from various domestic and international

sources, in order to protect the stable supply of food in Japan. In addition to securing stable supplies of feed ingredients, we are currently preoccupied in dealing with immediate crises such as rising fuel costs and chronic labor shortages—with little room to spare. However, to take a longer-term view, it is necessary to tackle current issues in a way that doesn't compromise what future generations will need, while preserving the global and natural environment appropriately. As feed manufacturers, we are enhancing environmental and social sustainability in resource circulation. We do so by exploring options with less environmental impact, including food by-products and residues generated in the manufacturing process of food producers, and using these as raw materials. In addition, we have recently been focusing on the development of feeds with low environmental impact that also reduce phosphorus and waste excretion levels. In terms of

reducing environmental impact, it is also important to address the methane gas contained in cattle's eructation. It is said that it produces 4% of the world's greenhouse gases. We are selecting effective materials through our unique measurement methods and conducting research and development into technology that not only reduces methane gas emissions from the eructation, but also optimizes nutritional balance and improves digestibility. We aim to balance environmental impact reduction with increased production efficiency. Moreover, in the area of aquaculture feed, as the depletion of natural resources becomes increasingly severe, we are among the first in the industry to focus on the development of low-fish meal and fish meal-free feeds. We are committed to reducing the amount of fish caught and lessening the impact on marine ecosystems by using alternative protein sources, such as insect-based raw materials, to replace fish meal. We believe that this will not only facilitate a sustainable feed supply but also contribute to the protection of marine resources.

Could you explain the progress that has been made in tackling the risks of climate change?

We have set reduction targets to decrease CO₂ emissions in Scope 1 and Scope 2 by 50% from FY2020 levels by FY2030, as well as achieving carbon neutrality by 2050. (Refer to page 36, "Metrics and Targets") As reduction measures to achieve these goals, we are considering major investments into restructuring our production systems (factories). However, we are initially focusing on improving carbon intensity at each location as well as implementing and upgrading energy-saving equipment. Plans include switching from heavy oil boilers to gas boilers and increasing boiler combustion efficiency through the introduction of heat pumps. We are also considering the installation of solar panels and biomass generators that utilize factory waste. In particular, for biomass power generation, we recognize the need to explore from a broader perspective, including ways of collaborating with neighboring feed factories. In addition to this, beyond reducing our own emissions, such as the methane gas reductions I mentioned earlier, we also aim to contribute to greenhouse gas reductions at the producer level through our feed. As a leading company in the feed industry listed on the Tokyo Stock Exchange's Prime Market, we are aware of our responsibility to take a leading role in contributing to the industry's efforts toward Environmental, Social and Governance (ESG) management and the achievement of the Sustainable Development Goals (SDGs). We intend to pursue grounded, practical initiatives to fulfill this responsibility.

Could you talk about the current state of sustainability awareness within the company and the themes you will be focusing on going forward?

We have ongoing awareness-raising activities, with ESG and SDGs initiatives being steadily instilled throughout the organization. We hold an ESG committee meeting quarterly, where each department shares the policies they are pursuing and the progress being made. This way, we are able to confirm that each department has a good understanding of what they should be focusing on currently, such as research and development of sustainable feed, the introduction of energy-saving equipment and various sensors, 5S activities in the factories, as well as work-style reforms and the health and productivity management. In addition to existing initiatives, we have strengthened our efforts regarding human rights since last year. Recently, there has been increasing interest in corporate initiatives related to human rights. Our commitment to respecting human rights and taking appropriate actions leads to increased trust and transparency with our stakeholders, which in turn enhances our brand value and market competitiveness. We have engaged human rights consultants and conducted lectures on the characteristics of human rights risks highlighted by international organizations and NGOs. This has heightened awareness of human rights within the company. Following this, we began a process of human rights due diligence and pinpointing key areas with potential human rights risks. Through interviews with various departments, we have carried out assessments on the significance of human rights risks that should be considered. In terms of "Severity" (the seriousness of damage to human rights if the risk materializes), we have identified risks of forced labor and child labor among raw material suppliers. As for "Likelihood of Occurrence" (the ease with which the risk can materialize), we have identified risks such as work safety within the company, long working hours, and consumer safety. As you know, our work is never finished when it comes to human rights efforts; it's an ongoing challenge that corporations should address by finding creative ways to improve and mitigate the risks and issues they face. By proactively addressing human rights, feed manufacturers can positively impact the entire livestock and fishery industries, reducing human rights risks across the sector. We have established a medium-to-long-term roadmap for human rights initiatives and are enhancing our training programs to deepen understanding of human rights issues within the company. Additionally, after communicating our procurement policies to suppliers, we aim to assess human rights risks within the supply chain and steadily proceed with measures to mitigate them.

Efforts for ESG/SDGs

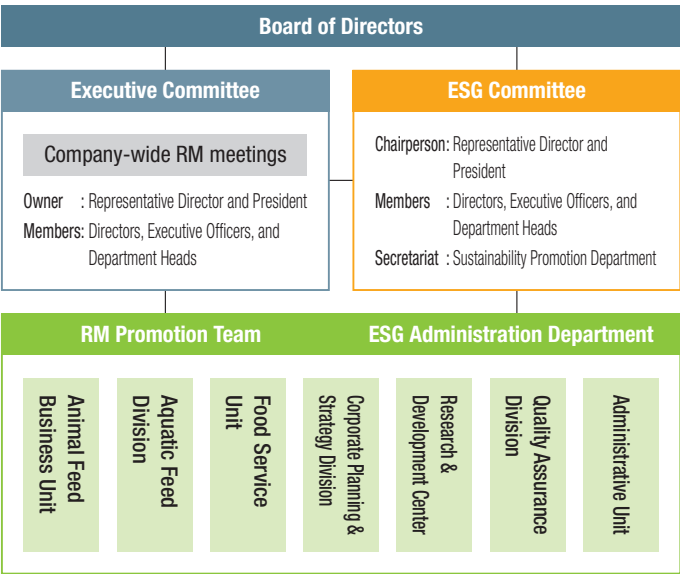
FEED ONE's ESG Philosophy

Our business supports the food value chain centering on formula feed, which serves as 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, and will contribute to the realization of a sustainable society as well.

Sustainability Promotion System

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 and human capital. The Committee has also set the Group's targets for ESG/SDGs linked with the Medium-term Management Plan and business plan, provides support and advice on the initiatives, and manages their progress.

The Committee adopts a cross-organizational structure chaired by the Representative Director and President, and persons responsible for each of the business and administrative departments and departments reporting to the President are appointed as members of the Committee. The Board of Directors regularly receives reports from the ESG Committee on ESG/SDGs including climate-related risks and opportunities and human capital, and provides supervision and advice on such measures.

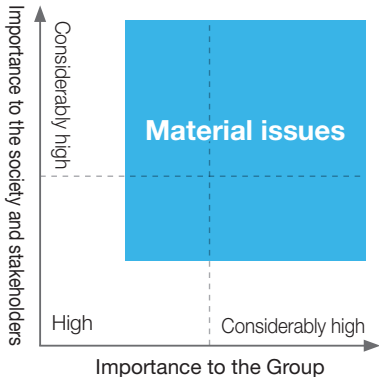


Material issues

The Group has identified three material issues from the perspective of ESG management, which are important to the society and stakeholders and has a great impact on the Group's business. We have also set the Group's targets for ESG/SDGs based on the business strategy of each department in the Medium-Term Management Plan as an embodiment of the ideas of the material issues, and will work on the issues by linking them with SDGs, thereby aiming to achieve our medium- to long-term targets and realize a sustainable society.

◆ Process of identifying material issues

- 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 candidates for material issues
Select candidate items for material issues by verifying their appropriateness in consideration of the Company's business policies
- STEP4** Identification of material issues
Determine material issues at a meeting of the ESG Committee chaired by the Representative Director and President and formulate measures to be taken
- STEP5** Setting the Group's targets for ESG/SDGs
Set the Group's targets for ESG/SDGs based on the business strategy of each department in the Medium-Term Management Plan as an embodiment of the ideas of the material issues.



◆ Material issues identified



- 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.

◆ Key initiatives for the Group's targets for ESG/SDGs in FY2022

We have implemented the following initiatives in FY2022 and are steadily making progress to achieve the Group's targets for ESG/SDGs. ESG Committee manages the progress of initiatives, reviews them annually and revises them as necessary.

The Group's targets for ESG/SDGs	Major relevant SDGs	FY2022 key initiatives
R&D of sustainable feed	2 ZERO WASTE, 13 CLIMATE ACTION, 15 LIFE ON LAND	<ul style="list-style-type: none">Effective use of domestic byproducts materialsEffective use of food loss and building food recycling loopsActive use of domestic grain materialsR&D of phosphorus-reducing feedR&D of feed which can reduce methane emitted by cattle's eructationR&D of manure-reducing feed to help reduce methane and nitrous oxide emissions from livestock excreta
Reduce production cost and CO ₂ emissions by implementing and using energy-saving equipment and various sensors and by sourcing renewable energy	7 AFFORDABLE AND CLEAN ENERGY, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	<ul style="list-style-type: none">Implementation of LNG-based cogeneration systemsImplementation of boiler-pressure regulators (Bison Cyclone)Installation of LED-lighting for factories
Reduce waste materials and industrial waste by promoting 5S activities	2 ZERO WASTE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	<ul style="list-style-type: none">Reduction of rendering shipment volumeReduction of food packaging materials (plastic usage of vacuum bag)
Develop and commercialize low fish meal and fish meal-free feeds	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER	<ul style="list-style-type: none">R&D of fish meal-free feeds for red sea bream and rainbow troutR&D of low fish meal feeds for yellowtail
Promote fully-farmed Pacific bluefin tuna business (development and use of feeds for Pacific bluefin tuna and related technologies)	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER	<ul style="list-style-type: none">Improvement in formula feeds for the production of hatched larvae and in-house production of enzyme treated fish mealDevelopment of technologies related to Pacific bluefin aquaculture business
Drive work-style reforms and health and productivity management	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none">Implemented the online application <i>WellGo</i> for health managementRollout of online stretching lessons for the entire companyRecognition as an organization in the large enterprise category under the 2023 Certified Health and Productivity Management Outstanding Organizations Recognition Program
Work on initiatives for human rights	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	<ul style="list-style-type: none">Trainings on human rights (Officers and Department Heads of Head Office)Identification of major human rights risks

My SDGs Declaration

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

Adding kitchen waste compost to the soil of my kitchen garden.

Assistant Section Chief of Aquatic Research Center
Shinya Murayama

I add kitchen waste to the soil of my kitchen garden, and grow onions and potatoes. What used to be disposed can be used as valuable resources.

Return food trays to the recycling box!

Manager of Minamikyushu Branch
Moemi Nishikawa

I cook for myself whenever possible and return food trays to the recycling box located at supermarkets, etc. I am even more aware of recycling in daily life, and shop with recycling in mind.

I will grow more flowers to increase green plants.

Deputy Section Chief, the Kitakyushu Animal Feed Factory
Hiroataka Arai

My entire family is obsessed with roses and now growing 10 varieties of roses. Increasing roses from receiving new seedlings or from cutting, and the garden is full of greenery.

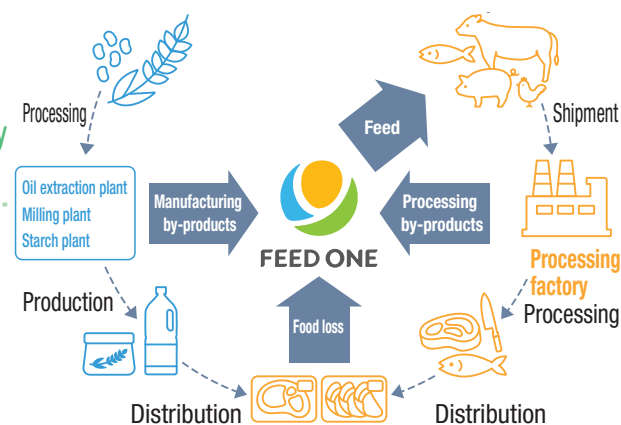
Environment

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.

Contribution to the Realization of a Resource Recycling Society —Effective use of food by-products—

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 as feed materials.



—Initiatives to build food recycling loop through collaboration across industries—

In Japan, a total of 24.02 million metric tons of food waste is generated annually by businesses and households, of which a 5.23 million metric tons is food loss that is still edible but is discarded (on FY2021 estimate). While Japan relies on imported food, there is massive food waste, reduction of which is deemed an issue to address, and industries have taken various initiatives to tackle this.

We are the pioneer in the industry to use “fried meal,” which is made by drying and processing food loss as a

feed ingredient. The production volume, however, is limited due to quality control, logistics and costs, and the challenge is how to expand its use in the future.

To overcome this issue, we have collaborated with food-related business and recycling business operators to participate in the project to build a food recycling loop.

We are working to fundamentally 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.

Food loss reduction/food recycling



Conservation of Marine Resources —Research and development of low fish meal and fish meal-free feeds—

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 Marine Resources/Environmental Conservation —Fully-farmed Pacific bluefin tuna—

Amid the increasing global demand for food from a rise in the global population, to appropriately conserve aquatic resources, we have collaborated with Kyokuyo Feed One Marine Co., Ltd. for fully-farmed bluefin tuna.

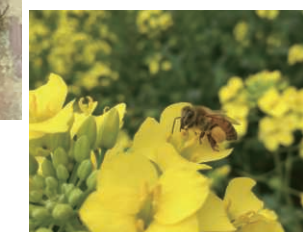
Shipment of *Hon-Maguro no Kiwami TUNAGU*, fully-farmed bluefin tuna product has started in 2017.

In addition to conservation of aquatic resources with R&D on formula feed for Pacific bluefin tuna, we are working to reduce marine pollution.

Conservation of Biodiversity —Production and sale of beekeeping feed—

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)—

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.

Responses to climate change—Disclosure of information based on TCFD Recommendations—

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Group's business is based on blessings of nature, and efforts for climate change are among its priorities. In recognition of this, we declared in April 2022, our support for the recommendation of the Task Force on Climate-related Financial Disclosures (TCFD), and disclosed

climate-related information in June 2022 around four thematic areas of Governance, Risk Management, Metrics and Targets, and Strategy.

Outline of FY2022 initiatives and relevant sections are stated below.

Governance

Relevant pages▶▶P.31 Sustainability Promotion System

The Group recognizes climate change-related risks and opportunities as major issues of its business activities, and the ESG Committee chaired by the Representative Director and President considers and discusses the Group's issues and measures.

The ESG Committee regularly reports to the Board of Directors on climate-related risks and opportunities, and the Board of Directors provides supervision and advice on such measures.

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 enterprise risk management (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.

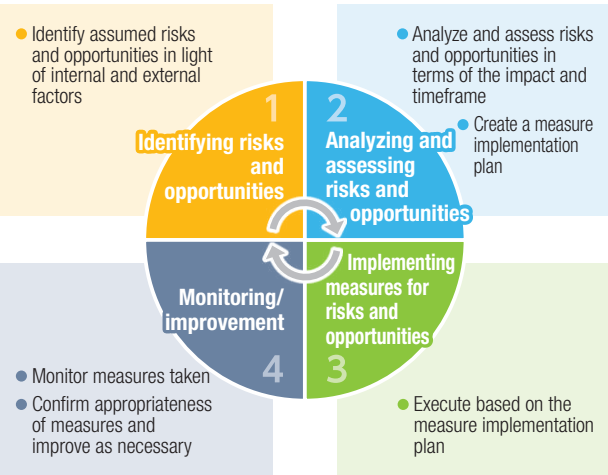
The Board of Directors supervises and advises on the measures for climate-related risks and opportunities which are reported by the ESG Committee.

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

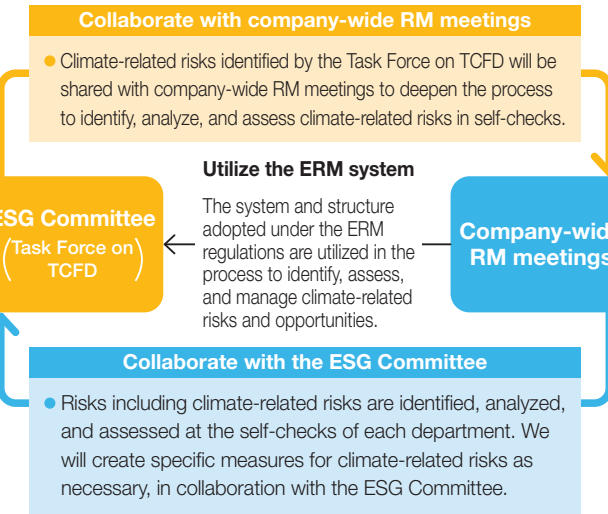
We have established the ERM regulations, and undertake risk management mainly at company-wide risk management (RM) meetings. We have set up 57 promotion teams in total nationwide, and implement the PDCA cycle of risk management through the year. (Figure 1)

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 2)

(Figure 1) Process to identify, assess, and manage climate-related risks and opportunities



(Figure 2) Collaboration between the ESG Committee and company-wide RM meetings

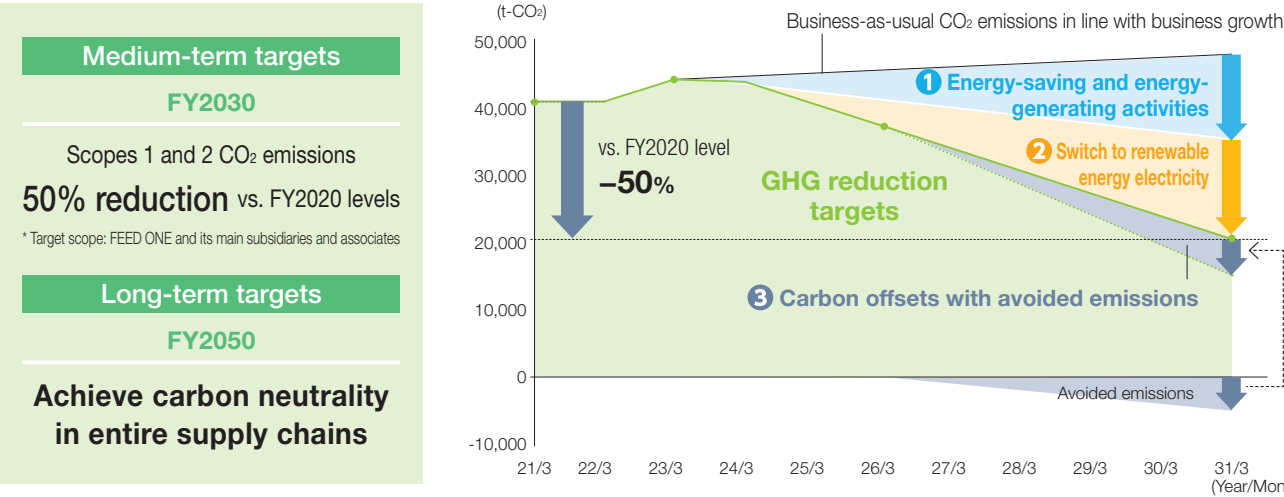


Metrics and Targets

The Group has set CO₂ emissions as key metrics to minimize risks and maximize opportunities related to climate change, and set the medium-term to long-term targets for FY2030 and FY2050.

We have started various initiatives to achieve the reduction targets, and firstly set three reduction measures

to achieve the medium-term targets: (1) energy-saving and energy-generating activities, (2) switch to renewable energy electricity, and (3) carbon offsets with avoided emissions. We then prepared a decarbonization roadmap by taking account of increased emissions due to business growth until the target fiscal year of 2030.



Actual CO₂ emissions (Unit: t-CO₂)

	Target scope	FY2020	FY2021	FY2022
Scopes 1 and 2				
Emissions (Scopes 1 and 2)		40,774	40,664	43,914
YoY		—	(0.3)%	+8.0%
Scope 1	FEED ONE and its major subsidiaries and associates (factories)	14,435	15,347	18,739
Scope 2	(Heat)	2,280	1,108	820
	(Electricity)	24,059	24,209	24,356
Scope 3				
Emissions		1,420,061	1,784,969	1,860,584
YoY		—	+25.7%	+4.2%
Category 1 [Purchased goods and services]	FEED ONE (purchased raw materials)	1,418,931	1,783,749	1,859,445
Category 5 [Waste generated in operations]	FEED ONE (factories and Research & Development Center) and its major subsidiaries and associates (factories)	724	782	688
Category 6 [Business travel]	FEED ONE (Head Office)	71	78	104
Category 7 [Employee commuting]	FEED ONE	336	359	346

FY2022 achievements

Implement gas cogeneration system

A system to effectively use some waste heat produced when generating electricity with liquefied natural gas to improve energy efficiency upon steam generation

Quantitative effect

CO₂ emissions: ca. 200 t-CO₂/year reduction

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 the 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
1.5°C and well-below 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 around 1.5°C to well-below 2°C above the pre-industrial levels	● IEA World Energy Outlook 2022 "NZE" ● IEA World Energy Outlook 2022 "SDS" ● IPCC SSP 1-2.6 ● 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 2022 "STEPS" ● IPCC SSP 5-8.5 ● IPCC RCP 8.5

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 but 500 million yen or less or a somewhat significant impact on business operation Low : Impact on earnings is 100 million yen or less or a minor impact on business operation	Timeframe Short : Within five years Medium: Over five years but within 10 years Long : Over 10 years
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Classification		Risks/opportunities	Description of risks/opportunities	Magnitude of financial impact		Timeframe	Measures for risks and opportunities
				Beyond 1.5/2°C	4°C		
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 CO ₂ emissions to achieve a decarbonized society ● If a carbon tax is levied on the Group's CO ₂ emissions (Scopes 1 and 2) *Please refer to the above 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.	High	High	Medium	● Initiatives to reduce CO ₂ emissions (Scopes 1 and 2) • Improve intensity by energy saving activities (productivity improvement, etc.) • Renovate aging factory facilities • Install solar photovoltaic equipment to factories and offices • Reduce energy consumption by improving productivity by leveraging IoT technology ● 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: Continue using pulp mold for commercial egg products, and reduce the consumption of plastic packaging materials used in meat processing
	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	Low	Low	Long	• Methane emitted by cattle when they belch and from livestock excreta • R&D of feed with lower environmental impact to reduce nitrous oxide emissions • Branding of environmentally friendly livestock products by promoting sale of livestock products fed with feed with lower environmental impact
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, the frequency of typhoons of unprecedented scale will increase 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 Assume risk of distribution network disruption due to the rising level of rivers, landslide, etc. caused by increased rainfall	Low	Low	Short	● Measures 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 ● Measures to prevent disruption of distribution network Establish a system to have alternate supply routes based on the business continuity plan
		Suspended factory operation due to a natural disaster	With climate change predictions, the frequency of typhoons of unprecedented scale will increase Assume increased risk of suspended 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	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 risk by ensuring manufacturing support from undamaged factories
	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 Under the 4°C scenario, we assume higher risk of declining breeding performance of swine and poultry in Japan toward 2060 due to heat stress from rising temperature, as well as higher risk of death of cattle and declining milk yield. As such, impact of a chronic rise in temperature on livestock is concerned. ● 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.	Low	Moderate	Long	Animal Feed : 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 to contribute to improving the productivity of livestock. Aquatic Feed: Water temperature is expected to rise 2 to 3°C over the long term (by 2100). 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.
		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, 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 are expected to rise toward 2030 with a higher demand for bioenergy production, etc. A rise in fish meal price is expected 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.	High	High	Long	● Active use of raw materials with good price and quality advantage Animal Feed : To diversify the risk of material procurement and price fluctuation for animal feed, we will import from various countries, and actively use domestic raw materials as alternatives to imported materials, such as feed rice whose production is increasing in recent years. 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 Animal Feed : Continue quarterly revision of the sales prices to an appropriate level Aquatic Feed: Sales prices will be revised to reflect changes in raw material cost, though not regularly.
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	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
	Products and services	An increase in feed sales volume by development and sales of sustainable feed and use of sustainable raw materials	● Animal Feed: 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 ● 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	Moderate	Moderate	Short	● 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 ● 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 work towards implementing them ahead of other companies to increase the sales volume of feed.
		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.	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.

◆ Impact of a Carbon Tax Introduction

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

In the 1.5°C scenario, if the Group does not address the reduction in CO₂ emissions and such emission increases in line with growing business activities, the carbon tax amount in FY2030 will amount to approximately 600 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 230 million yen to approximately 370 million yen. Cost related to CO₂ emissions reduction is not included.

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

Type	1.5°C scenario:	4°C scenario:	Calculation method
a	605	417	Calculate by multiplying a carbon tax* rate to FY2030 CO ₂ emissions which was adjusted with a business growth rate
b	371	239	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: 1.5°C scenario \$140/t-CO₂ (Refer to IEA World Energy Outlook 2022 "NZE" for advanced economies)
4°C scenario \$90/t-CO₂ (Refer to IEA World Energy Outlook 2022 "STEPS" for EU)
Calculated at 140 yen to the US dollar

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.

Human Capital Management

FEED ONE considers employees as an asset of prime importance. We are committed to creating an environment for employees to work enthusiastically and developing human resources.

The Qualities of People Sought by FEED ONE and Our Education System

◆ Instilling Value Standard for Employees’ Action

The Company’s Management Philosophy consists of Mission, Vision, and Values. We provide various trainings to develop employees who can act in accordance with the Values, which show a value standard for employees. Through these trainings as well as a human resource evaluation and its feedback, we develop human resources who meet the expectations of society in an age of uncertainty.



Recruitment Standards

Qualities of People Sought by FEED ONE

Who takes the initiative and act

Who has a sincere disposition and ability to work together with others

Who has a willingness to take on challenges driven by a curiosity about everything

Management Philosophy

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.

◆ Recruitment

We focus on taking a time to communicate with job seekers, recruiting people who have the right qualities we seek, and nurturing them.

◆ New employee training

This program primarily comprises onsite experience-based training at sales locations, factories, research centers, livestock farms, and other such locations. New employees learn about the Company’s systems, the role of each department, and the basic knowledge on animals and manufacturing.

◆ Position-based training

After the new employee training, we provide position-based training programs comprised of six hierarchies. We also organize leader training for the candidates of department heads to change their awareness.

◆ Theme-based training

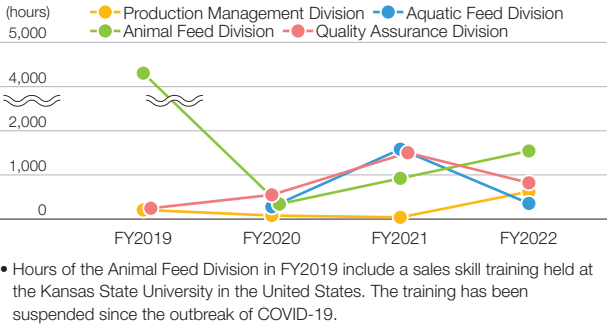
We hold various theme-based training courses as follows: training for newly appointed managers and line managers; career design training for female employees to promote female participation and career advancement; training for male managers who have female subordinates; and “my own career” design training to help all employees in the department consider unexpected life events that occur to individual employees in the same department regardless of gender as their own events—this reflects the arrival of era for males to take a greater part in childcare and nursing care.

◆ Specialized training

We provide all employees with training programs on the Feed Safety Law. We also hold many other specialized training programs aiming to help employees acquire advanced knowledge and skills to address diverse customer needs.

In addition to these internal education and training systems, we carry on human resources development internally through a self-development support system under which employees are provided subsidies for taking correspondence courses or incentive money for taking examinations to acquire qualifications.

Status of Specialized Training Held (hours)



Employee Engagement

To measure employee engagement, we implement a questionnaire survey in every term of the Medium-Term Management Plan covering all employees and a questionnaire survey on career plans in every August. During mandatory stress check tests, we also conduct an engagement survey using the Utrecht Work Engagement Scale. These results are carefully handled to consider new systems in light of changes of the times.

◆ Current status of work-style in the Company

The company-wide averages for FY2022 were 5.9 hours for hours worked in excess of statutory working hours, 97.8% for the rate of employees who took summer vacation, 14.0 days for the number of days of paid leave taken, and 4.1% for the turnover rate. We were able to maintain hours worked in excess of statutory working hours at a relatively low level, and the number of days of paid leave taken remained at a positive level. While the turnover rate has remained at a low level, we have a strong sense of crisis over the loss of valuable human resources.

◆ Wage gap between male and female employees

Detail data regarding wage gap in the Company are published on the Database on Companies Promoting Women’s Participation and Advancement in the Workplace

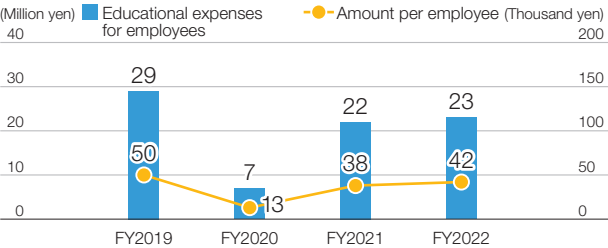
Our Issues

The ratio of female employees has gradually increased (22.2% of full-time employees) as a result of various initiatives, such as the introduction of the early reinstatement support from maternity leave or childcare leave and the reduced work hour system for childcare that can be used for the period until children reach the third grade of elementary school, both of which were implemented based on suggestions from the project team for promoting active participation of female employees, as well as our efforts to proactively recruit female employees. The ratio of female managers, however, has remained low (1.9%). Currently we have a pair transfer system that

◆ 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, many employees have obtained various qualifications.

Educational expenses for employees



(<https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=42650>) (available in Japanese only) on the website of the Ministry of Health, Labour and Welfare. At FEED ONE, at an entire worker level, assuming that a wage per one male worker is 100%, a wage per one female worker is 59.4%. This is because there are differences between males and females, for instance, in the ratio of managers and others. There is, however, no difference of treatment in a salary system by gender.

◆ Gap between regular and non-regular employees

Between regular and non-regular employees, there are differences in salary, retirement payments, and bonuses reflecting the scope of duties, the degree of responsibilities, possibility of transfers, and others. There is, however, no difference of treatment in a welfare program, which does not relate to a nature of job types, duties, or abilities.

enables married couples within the Company to work in the same area and a life event system that temporarily exempts employees from transfer regardless of reasons. Yet, to prevent career discontinuation resulting from life events, we are still seeking how systems supporting to balance personal life and work should be.

We believe that promoting diversity, including promoting active participation of female employees, also contributes to improving work environments of male employees and employees with disabilities, not just female employees. Such initiatives, we believe, also contribute to work-style reforms.

Work-style Reforms

We are actively striving to improve work environments and enhance welfare programs so that employees can work putting a high value on work-life balance.

Relevance to SDGs

3

GOOD HEALTH AND WELL-BEING

5

GENDER EQUALITY

8

DECENT WORK AND ECONOMIC GROWTH

Leave systems exceeding statutory leaves

● Annual paid leave up to 23 days

● Institutional leave including consecutive days leave and anniversary leave

● Paid leave reserve system up to 60 days ①

● Caregiver leave up to one year

● Leave system up to 29 months

Initiatives for promoting active participation of female employees

● Career design training for female employees

● Training for managers who have female subordinates

● Holding exchange meetings for female sales staff

● Assigning female employees to various departments

● F leave (menstrual leave exceeding statutory leaves)

● Support grant system for employees who return to work early from maternity leave or childcare leave

Career maintenance and continuation

● Job return system

● Local job transition system (life event) ②

● Simultaneous transfer system for married couples (pair transfer) ③

Diverse work-styles

● Staggered work hours system ④

● Telecommuting system

● Reduced work hour system for childcare for the period until children reach the third grade of elementary school

● Reduced work hours for caregivers for an indefinite period

Promoting active participation of rehired employees

● Incentive special pay in accordance with evaluation

● Second career support system

①

This system allows employees to reserve their soon-to-be-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. Under the system, employees can use maternity leave, which is usually unpaid, as paid leave. Additionally, the system has been available for childcare leave since January 2023, enabling both male and female employees to take childcare leave without feeling concern about income decreases.

②

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, attachment to where they live, or reasons related to a partner.

③

This system makes an arrangement of a transfer for a married couple who are both employees of the Company to be able to work in the same area as their spouse as long as possible. 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. After that, the transfer of the employee to the other area will be made at the same timing of his/her spouse's transfer.

④

This system allows employees to advance or delay the start and end times up to one hour. With the system having no limits on the reason or the number of days, employees can use it for reasons, for example, that they want to commute at off-peak times, or they want to delay the time arriving at the office on a specific day due to affairs related to their child.

Voice Striving to Balance Work and Childcare Yuta Kimoto, Shikoku Branch, Aquatic Feed Division

My wife and I were blessed with the second child in 2023. Although there was an option that my wife went back to her hometown and gave birth there, we decided to have the baby at our current place of residence in consideration of our first-born daughter, who is a three-year-old kindergarten pupil. I wanted to care our children in cooperation with my wife considering anxiety that my wife would feel right after childbirth. So, I decided to take childcare leave. During childcare leave, I strongly felt how hard it is to do daily household chores and to rear children. By actually getting involved in housework and childcare, I believe I was able to get close to the feeling of my wife. At the same time, I believe the bond between me and my children deepened as I took my daughter to and from kindergarten and spent time with my second-born child at the precious time of the newborn period. I was deeply anxious for taking childcare leave because of my duty as a sales position that involved a lot of onsite business. When I consulted with my supervisor about taking childcare leave, however, he gave a willing consent to my decision. In addition, my colleagues gave me some caring words, "We, all the members in the branch, will back you up," and gave me encouraging support. Thanks to them, I was able to spend the period of childcare leave in peace.

Health and Productivity Management

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 asset, the Company is promoting Health and Productivity Management by enhancing the mental and physical health of each individual employee to remain a vibrant company.

◆ 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 set targets and then taken necessary measures primarily for KPIs with figures worse than the national average*. We ban smoking during working hours starting from April 2022 and offer subsidies for non-smoking outpatient expenses to lower the smoking rate and improve employees' health conditions. We also implement a walking campaign twice

a year to make exercise habits established among employees and take a preventative measure for lifestyle-related diseases, with approximately 30% of our employees participating in the campaign every time. Our on-going measures have helped employees become more aware of the idea of Health and Productivity Management, resulting in gradual decreases in the smoking rate and the percentage of employees with a BMI of 25 or higher. The results in the last fiscal year are shown on the Company's website.

[Details about the Health and Productivity Management](https://www.feed-one.co.jp/csr/social/health.html)
<https://www.feed-one.co.jp/csr/social/health.html>

Health and Productivity Management KPIs	Targets to be achieved by the end of FY2023	Results for FY2021	Results for FY2022
Participation rate for health checkups	100%	100%	99.8%
Medical consultations after health checkups	100%	59.2%	50.6%
Participation rate for stress check tests	100%	96.7%	99.3%
Of which, percentage of highly-stressed employees	10% or less	12.2%	14.4%
Smoking rate*	18% or less	26.3%	22.4%
Percentage of employees with a BMI of 25 or higher*	30% or less	33.5%	31.8%
Number of employees with a monthly overtime hours over 60 hrs	0	4	2
Of which, employees in non-managerial positions	0	1	0
Average hours worked in excess of statutory working hours per month	10 hours or less	8.4 hours	8.4 hours
Of which, employees in non-managerial positions	10 hours or less	6.0 hours	5.9 hours
Average number of days of paid leave taken per year	12 days or more	12.3 days	14.0 days

◆ Certified Health and Productivity Management Organization

For the third consecutive year from 2021, the Company was qualified as a Certified Health and Productivity Management Organization in 2023 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.

Voice Building Career Using Job Return System Misako Sato, Nagoya Factory, Chubu Division, Animal Feed Business Unit

I joined the Company as an employee on the main career track, who has the possibility of a transfer nationwide, and retired once when got married. After my pregnancy and childbirth, I was considering to work again flexibly with cherishing our family time together. At that time, I knew that FEED ONE newly introduced a pair transfer system. I thought this system would allow me to build career tapping into my experience thus far as well as balance work and childcare. So, I decided to go back to work using a job return system. Although assigned to unexperienced department, I had little anxiety as I already understood the corporate culture. In addition, colleagues around me gave me a warm welcome. Currently I am working with reduced work hours and utilize hour-based paid leave system and other systems depending on my child's health conditions and other circumstances, aided by cooperation of those around me. As activities outside my duty, I belong to a mountaineering circle, one of the clubs in the Company. These days I participate in its activities with my two-year-old son.

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Respect for Human Rights

◆ Initiatives for Human Rights

Considering human rights as one of the most material issues to be addressed in its initiatives for sustainability, the Company instituted the Human Rights Policy on March 24, 2022. Additionally, in the fiscal year ended March 31, 2023, the Company worked on human rights due diligence with the support of Owls Consulting Group, Inc. Specifically, we assessed and identified major human rights risks of the Company and formulated a policy to mitigate and prevent such risks.

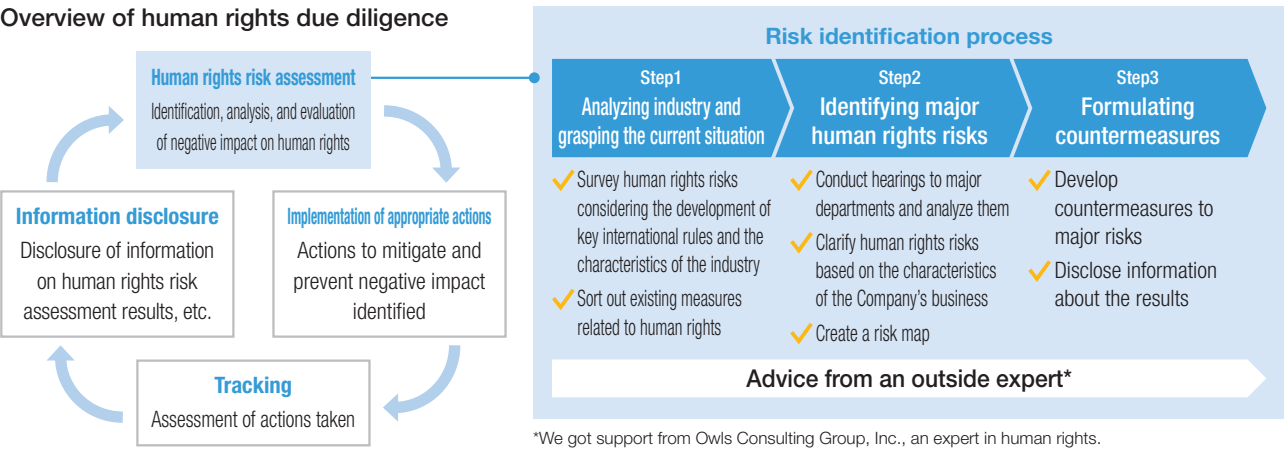
◆ Outline of the Human Rights Policy

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.

This policy applies to all the Group's officers and employees, 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. The policy aims to promote initiatives based on the United Nations Guiding Principles on Business and Human Rights and drive respects for human rights in cooperation with business partners and other related parties under the supervision of the Board of Directors.

◆ Overview of Human Rights Due Diligence and Risk Identification Process



◆ Identification of Human Rights Risks and Formulation of Action Policies

Subject of human rights violation: ● The Company ▲ Suppliers ■ Community residents, consumers, etc.

Major human rights risk identified	Subjects	Action policies
Rights of workers and community residents in the supply chain (assuming human rights violation including child labor, forced labor, and land rights violation)	▲ ■	Establish a management scheme of suppliers in accordance with a procurement policy 1. Develop a procurement policy and communicate it to suppliers 2. Examine the status of their compliance with the policy through Self-Assessment Questionnaire (SAQ), on-site audit, etc.
Technical intern trainees	●	Conduct actual condition surveys of foreign technical intern trainees
Harassment (power/moral harassment)	●	Enhance and improve training on harassment
Occupational safety and health in the Company and cooperating companies	●	Maintain and strengthen existing measures
Long working hours, overwork	●	Maintain and strengthen existing measures
Rights of community residents associated with the Company's facility operation	■	Maintain and strengthen existing measures
Consumers' safety and their rights to know	■	Maintain and strengthen existing measures

◆ Future Initiatives for Human Rights

The Company will launch on establishing a supplier management scheme as one of its initiatives to be taken for human rights going forward. At the same time, we will work on the enhancement and improvement of training

on human rights issues including harassment. Through these activities, we aim 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.

Contribution to Society

Formula feed the Company manufactures day after day is absolutely indispensable for our food. On top of this, as a corporate citizen, we believe that we have an obligation to work on initiatives contributing to the global environment protection, formation of dietary culture, support for education, or developments of the industry and local communities as a member of society. We also believe that these activities will earn the trust of society and lead to prosperity in harmony with society. Based on this belief, FEED ONE will pursue initiatives contributing to the development of the whole society.

◆ Introducing New Technologies in the Livestock Industry

As a shortage of human resources and aging of producers in the livestock industry have become serious social issues, the Company is endeavoring to solve such issues by introducing new technologies.

1 Developing and selling dedicated feed for automatic milking system (AMS)
Amid the ongoing smarter use of technologies in the livestock industry, we have worked on the development of dedicated feed for AMS and support for farmers, including dissemination of AMS and feed management advice based on AMS data analysis after its introduction. AMS obtained a patent in 2016 and has been well received by producers.

2 Providing genomic analysis service for dairy cows
FEED ONE was the first domestic feed manufacturer to introduce a genomic analysis service for dairy cows. With this service, dairy cows' genetic abilities can be quantified by analyzing DNA.
This enables us to forecast individual cow's performance with high precision and use analysis results to propose cattle feed plans, which contributes to improving the production performance and management of producers.

◆ Initiatives for Milk Consumption Support

Milk consumption falls during the spring vacation and the year-end and New Year holidays because schools are closed for a long time, whereas raw milk production increases in these seasons. This disturbs the supply-demand balance and affects the management of dairy farmers, presenting a challenge to them. The Company is striving to solve this challenge.

1 Boosting milk consumption within the Company
At the head office and branches throughout the country, we purchase milk (a milk preservable at normal room temperature) produced in the area where they are located and serve it to visitors. Through this effort and others, we are promoting milk consumption.

2 Supporting sales promotion and donating to food banks, etc.
We are implementing activities to promote milk sales at retail stores. Meanwhile, we are actively working on donating milk to food banks. This activity supports families in need for food and in turn supports producers.



◆ Food and Nutrition Seminars

Through our food and nutrition seminar, we help the young generation develop skills to choose good food by themselves and enhance health awareness and help them enjoy learning accurate knowledge about food and the importance of food. In doing so, we pass on knowledge on food value chain system, differences in domestic and imported products, differences in wild and farmed fish, and nutrition, and so on, by taking advantage of our characteristics as a formula feed manufacturer. 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 the seminar, we are striving to fulfill our social responsibility as a company engaged in food by appealing participants to make good use of food and to reduce food waste to zero.



◆ Work Experience Program

As part of a career education support, we hold a work experience program by directly inviting middle and high school students from across the country to the Company. The work experience program aims to get students to have an image of how they work in the future by knowing people working at a company. In the program, we present a lecture about our initiatives to achieve SDGs and others to provide opportunities to learn the issues of society today and what a company can do to solve the issues. Through these efforts, we contribute to the career education of the generation who will shoulder the future.



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 aims to expedite decision-making and streamline business execution without compromising the enhancement of supervisory functions. To these ends, the Company appoints External Directors to enhance the Board of Directors’ risk management framework and ensure transparent management. 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 execution.

The Board of Directors, which is composed of Directors and Corporate Auditors, makes important decisions on business execution, and meets at least once

per month in principle. Furthermore, the Company has introduced an executive officer system. 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 at least once per month in principle.

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

The Company also has the Nomination and Remuneration Committee composed of External Directors and Representative Director. 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	Hidehiro Shoji	Chairman	—	Member
Director	Yukihiro Arakida	Member	—	—
Director	Kazuo Kubota	Member	—	—
Director	Yoshinao Tashiro	Member	—	—
External Director	Kikue Kubota	Member	—	Member
External Director	Keizo Goto	Member	—	Member
External Director	Takao Tsuji	Member	—	Chairman
External Director	Yasushi Handa	Member	—	Member
External Director	Shuichi Matsuzawa	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 the business and social environment, to enable flexible corporate management and ensure appropriate governance.

		List of skills						
		Corporate management	Industry expertise (feed, raw materials, etc.)	Marketing and sales	Finance, accounting and economics	Legal affairs	International business experience	Academic research
Directors	Hidehiro Shoji	●	●	●			●	
	Yukihiro Arakida		●	●				
	Kazuo Kubota		●	●	●		●	
	Yoshinao Tashiro		●	●				
External Directors	Kikue Kubota							●
	Keizo Goto				●		●	●
	Takao Tsuji	●					●	●
	Yasushi Handa					●		
	Shuichi Matsuzawa	●			●		●	

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
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	○	—
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 listed companies. The Company believes that he is qualified to oversee and supervise management from an objective and independent perspective as an experienced corporate manager 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 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.	13/13*1	○	Outside Director (Audit & Supervisory Committee Member), SNT Corporation Outside Director, TACHIBANA ELETECH CO., LTD. Outside Director, FUJII SOFT INCORPORATED

Name	Reason for nomination and expected roles	Attendance at meetings	Independent Officer	Significant concurrent positions
Yasushi Handa	Mr. Yasushi Handa has wealth of legal expertise based on his experience as a judge that he gained through serving as Presiding Judge at district courts and a high court as well as his service as an attorney-at-law. The Company believes that he is qualified to oversee management from an objective and independent perspective 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 a legal expert as well as from an objective position independent of business executors.	— *1	○	—
Shuichi Matsuzawa	Mr. Shuichi Matsuzawa has primarily experienced M&As and business investment in startups at Mitsui & Co., Ltd. Then, he accumulated broad work experience in business investment and corporate management in the area of food and food products both in Japan and abroad. 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 food business and overseas business and providing advice on the Company's business activities from a broad perspective.	— *1	— *2	Senior General Manager; Assistant to General Manager, Food Business Unit, Mitsui & Co., Ltd. Outside Director, Mitsui DM Sugar Holdings Co., Ltd.

② External Corporate Auditors

Name	Reason for nomination and expected roles	Attendance at meetings	Independent Officer	Significant concurrent positions
Eiichi Yano	Mr. Eiichi Yano has broad insight on management and finance acquired at a financial institution. He has been serving as a full-time External Corporate Auditor of the Company for six 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 another listed company. 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. Representative Director, Chiyoda Accounting Office

*1 The attendance above covers the meetings of the Board of Directors held in FY2022. The attendance of Mr. Takao Tsuji covers the meetings of the Board of Directors held since he assumed office at the Ordinary General Meeting of Shareholders held on June 24, 2022. As Mr. Yasushi Handa and Mr. Shuichi Matsuzawa assumed office at the Ordinary General Meeting of Shareholders held on June 23, 2023, their attendances at the meetings of the Board of Directors in FY2022 are not presented.

*2 The Company has not designated Mr. Shuichi Matsuzawa and Mr. Eiichi Yano as independent officers because Mr. Matsuzawa 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 abilities, credentials, and proven track record a candidate possesses in the nomination of a Director or Corporate Auditor candidate. In addition to such consideration, when nominating an External Officer, we select a person who can provide opinions 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 of similar size, while maintaining a level that can secure and maintain excellent human resources.

monetary remuneration and that of 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 5.8 billion yen, and the achieved result was 1.7 billion yen.

◆ 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

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, 2022 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 President	84%	0%	15%	69%	18%	12%	63%	25%	11%
Director, Managing Executive Officer	87%	0%	13%	73%	15%	10%	68%	21%	10%

Management Structure

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, Planning & Administrative Division (Food & Services)

April 2020

Senior Executive Officer; General Manager, Corporate Planning & Strategy Division, the Company

April 2021

Managing Executive Officer

June 2022

Representative Director and President (present position)



Yukihiro Arakida

Director

April 1984

Joined Kyodo Shiryō Co., Ltd.

April 2008

General Manager, Kansai Branch

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 (present position)



Kazuo Kubota

Director

April 1987

Joined The Bank of Yokohama, Ltd.

October 2010

General Manager, Tamachi Branch

May 2015

General Manager, International Operations Department

April 2017

Executive Officer; Deputy General Manager, Sales Division; in charge of Wholesale Department

April 2018

Executive Officer; General Manager, Southern Region Division

April 2021

Senior Executive Officer; General Manager, Finance & Accounting Division, the Company

April 2023

Senior Executive Officer; General Manager, Administrative Unit

June 2023

Director, Managing Executive Officer; General Manager, Administrative Unit and in charge of Aquatic Feed Division (present position)



Yoshinao Tashiro

Director

April 1988

Joined Kyodo Shiryō Co., Ltd.

April 2012

General Manager, Minamikyushu Branch

April 2017

Executive Officer, the Company

April 2022

Senior Executive Officer

April 2023

Managing Executive Officer; General Manager, Animal Feed Business Unit

June 2023

Director, Managing Executive Officer; General Manager, Animal Feed Business Unit and in charge of Research & Development Center (present position)



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
Visiting Professor, Kanagawa Institute of Technology

April 2016

Auditor (part-time), Tokyo University of Marine Science and Technology

June 2019

External Director, the Company (present position)

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 (present position)



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, Dexerials Corporation

July 2021

Special Advisor, JVCKENWOOD Corporation

June 2022

External Director, the Company (present position)
Outside Director (Audit & Supervisory Committee Member), SNT Corporation
Outside Director, TACHIBANA ELETECH CO., LTD.

December 2022

Outside Director, FUJI SOFT INCORPORATED



Yasushi Handa

External Director

April 1982

Assistant Judge, Tokyo District Court

April 1992

Judge, Nagoya District Court

April 1996

Judge, Nagano District Court; General Manager, Iida Branch

April 2000

Judge, Tokyo High Court

April 2004

Presiding Judge, Sapporo District Court

April 2007

Presiding Judge, Tokyo District Court

August 2018

Chief Judge, Kochi District Court and Family Court

January 2020

Presiding Judge, Fukuoka High Court

January 2022

Registered as an attorney-at-law

February 2023

Waseda Legal Commons, LPC

June 2023

External Director, the Company (present position)



Shuichi Matsuzawa

External Director

April 1988

Joined Mitsui & Co., Ltd.

October 2007

Representative Director and President; Managing Partner, WR Hambrecht Japan, Inc.

April 2014

General Manager, Overseas Business Strategy Office, Food Business Unit, Mitsui & Co., Ltd.

October 2017

General Manager, Business Development Department, Nutrition & Agriculture Business Unit

March 2020

General Manager, Food & Retail Products Unit, Americas Business Unit; SVP, Mitsui & Co. (U.S.A.), Inc.

September 2022

Senior General Manager; Assistant to General Manager, Food Business Unit, Mitsui & Co., Ltd.

June 2023

Outside Director, Mitsui DM Sugar Holdings Co., Ltd.
External Director, the Company (present position)



Message from an External Director

Keizo Goto

External Director



I will support sharing of value derived from *the source of deliciousness* from an external standpoint.

FEED ONE's Strengths From an External Perspective

I originally worked at the Ministry of Finance and after many years of involvement in operations related to budgets, taxation systems and tax affairs, and the financial and securities markets, I also taught at universities and graduate schools. I was appointed as an External Director of the Company in June 2020, making this my fourth year of service.

Over the past three years, factors such as the COVID-19 pandemic and the crisis in Ukraine have had a huge impact on the business environment, and with an additional impact of the outbreaks of diseases such as

bird and swine flu, we find ourselves in a situation where the underlying strength of the Company is fully tested. I have been incredibly impressed by how the Company has demonstrated powerful resilience in the face of dramatic changes in the environment and how it has worked to overcome difficulties. When I was first appointed as an External Director, Takashi Yamauchi, who was president at the time, gave me a letter. It expressed his firm resolve to maintain feed supplies and to continue supporting people's diets no matter how severe the business environment would be.

As shown by our corporate slogan, “the source of deliciousness,” we are positioned at the starting point of food value chains. Being conscious of our role in securing and maintaining these value chains is key to creating the value expected by society and is also the prerequisite for our business to keep its place in society and keep growing continually.

I recognize the strengths of the Company as good internal coordination and communication, strong technological capabilities in regard to product development and manufacturing, and speedy decision-making and response.

In regard to internal coordination and communication in particular, I feel the atmosphere within the Company is good, with young employees actively expressing their opinions in meetings and a proactive organizational culture that supports and respects taking on challenges. I especially want to praise the way senior management and executives communicate with employees and

maintain proper dialogue. I believe that the social capital and human capital generated from these internal bonds, combined with our technological excellence, leads to the creation of value that is unique to FEED ONE. Additionally, the Company always take swift and precise action to turn threats into opportunities, leading to continued growth. For example, the measures taken in response to the recent, sudden deterioration of the cost environment mean that profits are expected to recover within FY2023.

In July, we launched ONE's Channel, FEED ONE's official social media account. I think an issue going forward will be to actively publicize the future potential of the Company and make it more widely known through this kind of communications activity. In the future, I believe we should also expand growth opportunities by demonstrating our technological capabilities in product development and manufacturing, which are our unique strengths, in the global market with the aim of accelerating the development of the overseas business.

Features of the Company's Board of Directors and Corporate Governance

Majority of our current Board of Directors, five of the nine members, are External Directors. Majority of our Board of Corporate Auditors are external members, too, comprising one full-time external corporate auditor, one external corporate auditor, and one inside full-time corporate auditor. When I was first appointed as an External Director in FY2020, the Board of Directors comprised five inside directors and four External

Directors, so I think you can say that the increase in the proportion of External Directors since I joined reflects an approach that puts greater value on external oversight.

In addition to Board of Directors meetings, we External Directors also attend monthly Executive Committee meetings, as well as various other meetings held remotely. At each of these meetings, External Directors possessing corporate management experience and expert food science knowledge actively participate in dynamic discussions. I also leverage my knowledge and experience to give opinions regarding intellectual property rights, thereby striving to contribute from diverse perspectives.

We also strive to comply with every principle of the Corporate Governance Code, including adapting to recent revisions, in order to achieve a level of corporate governance that is beyond what is required of companies listed on the Tokyo Stock Exchange's Prime Market.

As part of our efforts to enhance corporate governance, we voluntarily established the Nomination and Remuneration Committee as an advisory body to the Board of Directors. This committee considers matters such as the selection of director candidates and the appropriateness of remuneration systems for directors, and in FY2022, it thoroughly deliberated on the appointment of Hidehiro Shoji as the new president and reported its conclusion to the Board of Directors. The Committee is composed of all representative directors and External Directors, and an External Director also serves as the chair. It has a structure that shows respect for the opinion of External Directors and

that ensures the objectivity and transparency of each discussion process.

Also, in order to analyze and evaluate the effectiveness of the Board of Directors, each year we carry out a questionnaire survey of all directors and auditors. The results of the FY2022 survey evaluated the Board as being effective overall. However, it also highlighted an issue particularly, that deliberations regarding the execution of duties are taking up too much time, so there is not enough time for deeper discussion on matters such as medium- to long-term strategy, sustainability initiatives, and risk management.

My personal opinion is that to enhance corporate value, the Board of Directors needs to have deeper, more wide-ranging discussions that take a medium- to long-term perspective. When deliberating on the execution of duties, I think it is important that we remain conscious of themes that support our goal of medium- to long-term growth, such as the promotion of ESG management, strengthening of technological development, and development of the overseas business, so that we can take a stance that is not solely focused on immediate matters but that also encourages discussion with a view to the future.

As an External Director, I will contribute to making the Board of Directors more effective by further deepening

my understanding of the Company's business and the feed industry so that I can provide useful opinions from an external perspective.



Future Expectations of Feed One and Our Role

The Mission under our Management Philosophy states, “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.” I think that as we plant this “first step” firmly onto the ground, ahead of us lies a broad land of value provision that spreads across the world, and a prosperous future where we share prosperity with all stakeholders. I want all of our employees to aim high and make steady progress so that we can expand the value we provide and realize this prosperous future.

Our products and technologies, which are *the source of deliciousness*, not only support the development of the livestock and fishery industries in Japan, as well as the everyday diets of the Japanese people, but can also contribute to food cultures in every part of the world, having the potential to be an essential component of food value chains on a global basis. We are particularly focused on using genome analysis technology to improve breeding practices and raise productivity and on reducing environmental impact through recycled feeds, and low fish meal and fish meal-free feeds. The global potential of these is considered to be enormous.

To date, as External Directors, we have received a wealth of information aimed at providing an understanding

of the details of the Company's business and also obtained knowledge through various opportunities to visit business sites and observe operations first hand. Going forward, I hope to be provided with further enhanced information and observation opportunities, and have dialogues with even more employees, so that I can support further development of our business. At the same time, I would also like to be able to hear evaluations and suggestions for External Directors.

My father and elder brother both did work that was related to agriculture so I was the only one who lived a life working outside of a field. However, as a member of FEED ONE, I am finally able to work in a way that is connected to food and agriculture. The Company's initiatives have increased my interest in the SDGs and health and productivity management, and as a result, I have also changed my lifestyle. I am greatly looking forward to creating the future of food together.

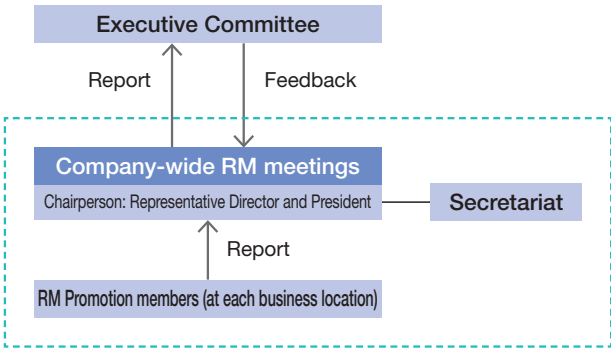
Risk Management

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 feedback from the Executive Committee, the activities will be further invigorated and improved across the Group.



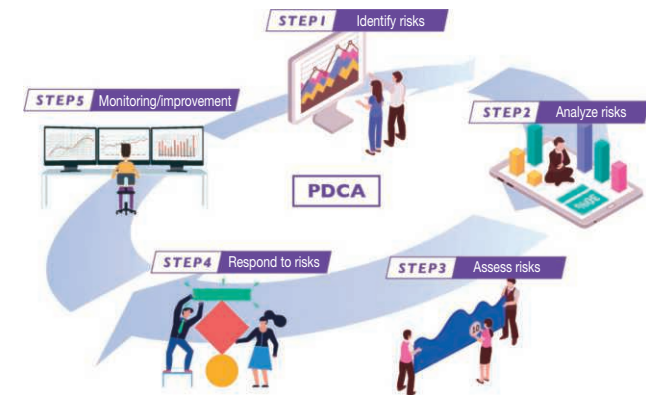
Risk Management Activities

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.

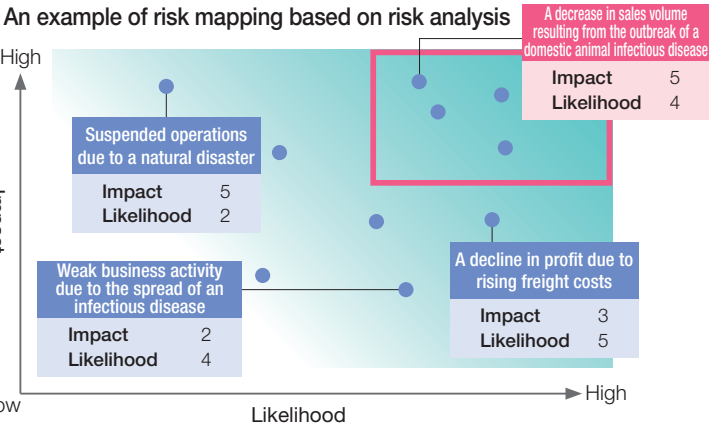
Main activities led by company-wide RM meetings

Items	Activities	Frequency
Self-check (self-assessment by each business location)	<ul style="list-style-type: none">Identify, analyze and assess risksDevelop risk response measures	Annually
Regular meetings	<ul style="list-style-type: none">Confirm the annual activity planConfirm the status of company-wide priority risk responsesConfirm the monitoring statusShare information to enhance risk awareness	Quarterly
Report to the Executive Committee (through company-wide RM meetings, and interim report meetings)	<ul style="list-style-type: none">Confirm the annual activity plan and company-wide priority risksReport on progress of activitiesReport on results of annual activities	Biannually
Training	<ul style="list-style-type: none">New employee trainingFacilitator 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

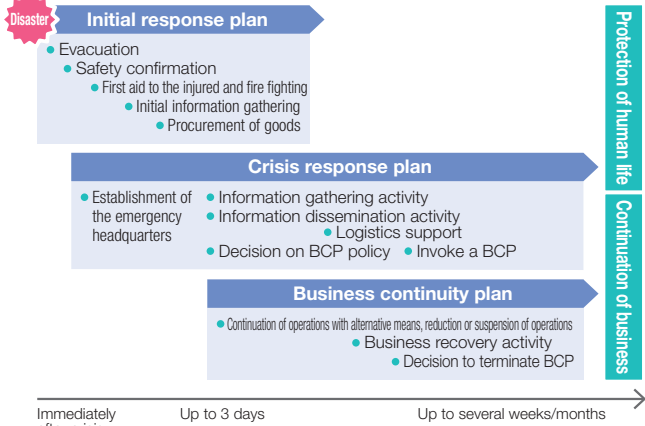
The Group has developed a business continuity plan (BCP) at each business location including feed manufacturing factories, to prepare for the events that may have a material impact on the corporate management (hereinafter, the “managerial crisis event”) such as large-scale disasters, contingencies, and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

As computer networks and information systems have recently been playing increasingly important roles, information security measures have become indispensable for companies to continue their business activities. There is a risk of an information system failure or internal information leakage to external parties resulting

from spear-phishing emails, unauthorized access to information systems, sophisticated cyberattacks, computer virus infections, etc. Such an event may affect our business activities, including a decrease in revenue caused by a loss of credibility, as well as claims for damages. We are therefore working to strengthen our security system by, for example, making our internal network access control system more secure, conducting spear phishing awareness training, and confirming how to deal with a cybersecurity incident when it occurs.

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 23, 2023 at <https://pdf.irpocket.com/C2060/ba4w/ALy7/IY6Y.pdf> [available in Japanese only]).

Risk item	Risk description	Main response measures
Risk of external factors including management environment		
Risk of raw material price fluctuations	<ul style="list-style-type: none">The profit margin may decline due to inability to pass on the increased raw material cost to a feed priceChanges 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.	<ul style="list-style-type: none">Strive to strengthen relationships with business partners and diversify producers while maintaining quality
Risk of diseases, etc. of livestock and farmed fish	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">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	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">Develop the action policy and guidelines for employees’ action, and promote active use of remote working, staggered commuting, etc.Develop and review a BCP
Risk of climate change	<ul style="list-style-type: none">Climate change or climate change-induced natural disasters may cause a hike in raw material prices or damage to feed manufacturing factories.Levying of a carbon tax to mitigate climate change	<ul style="list-style-type: none">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	<ul style="list-style-type: none">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.	<ul style="list-style-type: none">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 industries.

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.

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, constituents, and manufacturing flows. 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 their use in feeds.

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.

Conducting a Supplier Audit

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

Design Control

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

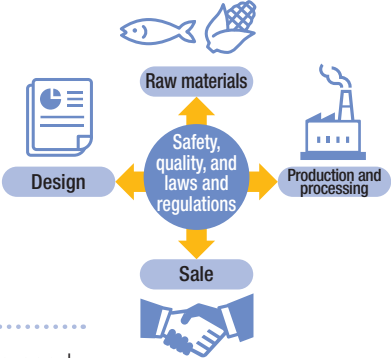
Initiatives to Provide High-quality Feed and Food Products, and Certifications on Food Safety and Process Control

We are working to improve our product and service quality by building and operating the in-house quality management system. Our feed factories and affiliated 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.

Company Structure to Ensure Quality

The Quality Assurance Committee, chaired by Representative Director and President, meets monthly to take measures for ensuring quality through reporting and discussion on feedback and requests from customers and quality data.

Quality assurance system



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 raw material data properly to gain trust from customers.



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

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.

To ensure safety of feeds, our feed factories are also certified under the Guidelines of Good Manufacturing Practice (GMP) for feed set by Food and Agricultural Materials Inspection Center (FAMIC), an incorporated administrative agency of Japan, while complying with various guidelines including the Guidelines for Preventing the Contamination of Feed Products with Toxic Substances.

We work to improve operations by promoting activities based on our quality management system regulations and regularly holding training sessions on ISO.

We also work to ensure regulatory compliance by holding briefing sessions on the Feed Safety Law and other relevant laws and regulations.

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 training sessions 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 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 Regulations for Internal Reporting 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, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Operating results (Million yen)							
Sales	207,920	207,562	212,886	215,050	214,120	243,202	307,911
Cost of sales	182,917	183,629	189,757	191,401	192,163	220,490	285,218
Selling, general and administrative expenses	20,171	20,225	19,005	18,234	16,284	18,418	21,270
Operating profit	4,831	3,706	4,123	5,414	5,672	4,293	1,422
Ordinary profit	5,131	4,103	4,466	5,737	6,081	5,067	1,711
Profit attributable to owners of parent	3,937	2,971	4,657	3,842	4,438	3,659	1,030
Total assets	79,904	87,082	88,934	90,880	99,251	108,504	127,913
Net assets	30,968	33,304	36,413	38,906	42,794	44,840	45,314
Capital expenditures	5,033	6,448	3,811	7,934	8,120	2,659	2,103
Depreciation	1,855	2,370	2,395	2,513	3,157	3,198	3,235
Net cash provided by (used in) operating activities	11,777	9,199	4,842	1,127	7,737	2,740	(7,816)
Net cash provided by (used in) investing activities	(891)	(7,454)	(158)	(7,475)	(5,989)	(952)	(1,187)
Net cash provided by (used in) financing activities	(10,373)	(1,330)	(4,937)	6,512	(1,550)	1,174	12,881
Cash and cash equivalents at end of period	2,333	2,748	2,492	2,657	2,830	3,444	7,322
Per share information (Yen)							
Basic earnings per share* ¹	19.98	15.08	23.66	97.64	112.78	94.65	27.01
Dividend per share	4.50	4.50	4.50	5.00	15.00* ²	25.00	25.00
Net assets per share* ¹	155.20	166.86	182.90	977.82	1,074.63	1,161.40	1,172.57
Financial indicators (%)							
Operating profit to sales	2.3	1.8	1.9	2.5	2.6	1.8	0.5
Profit to sales	1.9	1.4	2.2	1.8	2.1	1.5	0.3
Return on equity (ROE)	13.7	9.4	13.5	10.3	11.0	8.5	2.3
Return on assets (ROA)	6.3	4.9	5.1	6.4	6.4	4.9	1.4
Equity ratio	38.3	37.8	40.5	42.3	42.6	40.8	35.0

*1. Effective October 1, 2020, the Company carried out a consolidation of shares at a ratio of one share for every five common shares. 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 at a ratio of one share for every five common shares. 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 and the following fiscal year are the figures that reflect the application of the accounting standard and its implementation guidance.

Financial Summary

Operating Results

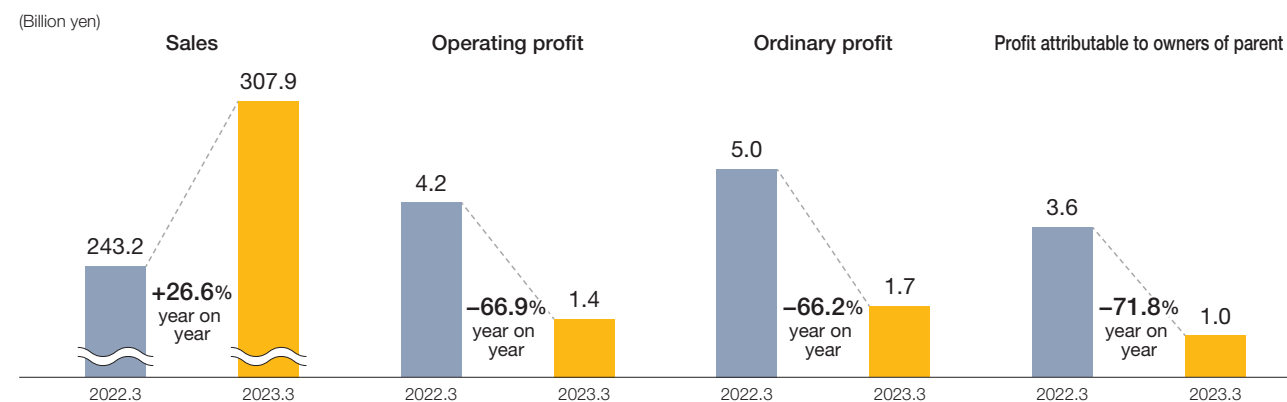
The Group formulated the Third Medium-Term Management Plan for the three-year period from FY2021 to FY2023, aiming to maximize its profit centered on four businesses—the animal feed business, the aquatic feed business, the food business, and the overseas businesses. Positioning the three-year period as a phase to put the finishing touches on business integration, we have sought to diversify raw material procurement sources, streamline the production system, and improve product quality and service, among other initiatives.

During the fiscal year under review (from April 1, 2022 to March 31, 2023), the prices of raw materials used for feed remained at historical highs throughout the year. This is mainly due to the concerns over the supply of grains following the Russia-Ukraine situation and other geopolitical risks in the midst of a globally continued rise in prices of corn, one of the primary feed materials, given increased demand for ethanol. In addition, the raw material prices in Japan were also affected by the depreciation of the yen against the dollar resulting from the widening interest rate gap. The market prices of livestock products, such as pork and eggs, remained high as well, due to supply shortages of the products, etc.

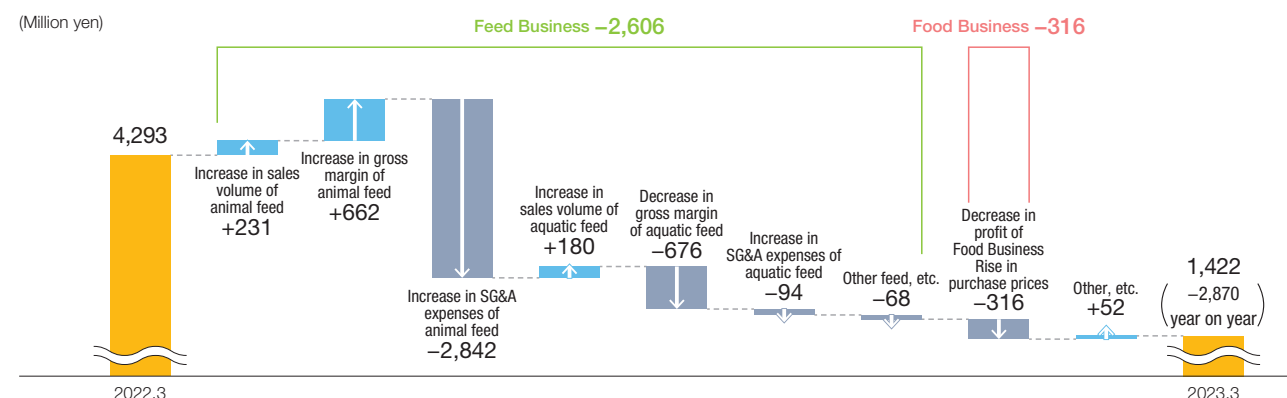
During the fiscal year under review, the Group posted sales of 307,911 million yen, up 64,709 million yen year-on-year. This was mainly due to year-on-year increases in the sales volumes and sales prices of both animal and aquatic feeds and a significant rise in the sales prices of foods with the soaring market prices of livestock products. The Group posted cost of sales of 285,218 million yen, up 64,728 million yen year-on-year. This was attributable to rising prices of raw materials and energy. The year-on-year increase in cost of sales exceeded that in sales.

During the fiscal year under review, selling, general and administrative expenses increased 2,852 million yen year-on-year to 21,270 million yen. This was mainly due to an increase of 2,301 million yen in reserve funds for the Formula Feed Price Stabilization System.

As a result, during the fiscal year under review, the Group posted an operating profit of 1,422 million yen and an ordinary profit of 1,711 million yen, decreasing by 2,870 million yen and 3,355 million yen, respectively, from the previous fiscal year.



Factors for changes in operating profit



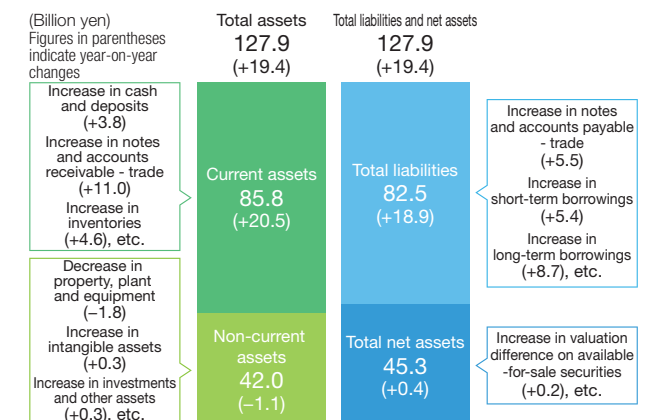
Financial Position

The Group depends on the overseas supply of 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.; increasing demand in China; and changing ocean freight costs. We therefore revise the sales price of animal feed quarterly, but this factor has a material impact on the Group's financial position.

Total assets at the end of the fiscal year under review increased 19,408 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 20,533 million yen in current assets primarily resulting from an increase in trade receivables following the increased sales prices of animal and aquatic feeds.

Total liabilities increased 18,934 million yen compared to the end of the previous fiscal year. This was mainly due to an increase of 10,052 million yen in current liabilities primarily resulting from an increase in trade payables following the rise in the prices of raw materials, and an increase in short-term borrowings to raise working capital, as well as an increase of 8,882 million yen in non-current liabilities primarily resulting from an increase in long-term borrowings to ensure financial stability.

Net assets increased 474 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, and an increase in valuation difference on available-for-sale securities, which were partially offset by a decrease resulting from the payment of dividends, etc.



Cash Flows

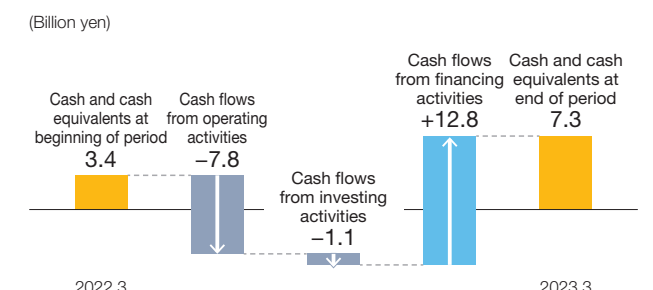
The Group's main financing needs are for operating expenses to manufacture and sell formula feed in the feed business; to nurture, purchase, and sell pigs, etc. in the food business; and to purchase, partially process, and sell livestock and aquatic products, as well as investing to build, renew, and 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 7,322 million yen, an increase of 3,877 million yen compared to the end of the previous fiscal year. This was because we accumulated cash and deposits to strengthen our business security and financial soundness in response to growing financing needs in the face of the changing external environment with an uncertain outlook.

Net cash used in operating activities amounted to 7,816 million yen (cash inflow of 2,740 million yen in the previous fiscal year) because cash decreased due to significantly increased demand for working capital, partially offset by an increase in cash due to the recognition of profit before income taxes.

Net cash used in investing activities amounted to 1,187 million yen (cash outflow of 952 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 proceeds from sale of investment securities.

Net cash provided by financing activities amounted to 12,881 million yen (cash outflow of 1,174 million yen in the previous fiscal year) because cash increased mainly due to an increase in borrowings to respond to demand for working capital, partially offset by a decrease in cash mainly due to the payment of dividends. In August 2022, the Company concluded a commitment line agreement with the maximum limit of 10,000 million yen and a sustainability-linked loan agreement with the total amount procured of 10,000 million yen. We set CO₂ emissions reduction rates as sustainability performance targets (SPTs) based on our sustainability-related material issues.



Consolidated Financial Statements

Consolidated Balance Sheets

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	3,500	7,379
Notes and accounts receivable - trade	40,359	51,375
Electronically recorded monetary claims - operating	2,427	3,885
Merchandise and finished goods	2,345	3,070
Raw materials and supplies	13,269	17,156
Animals	335	357
Other	3,100	2,791
Allowance for doubtful accounts	(34)	(180)
Total current assets	65,303	85,836
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,521	24,177
Accumulated depreciation	(12,082)	(11,174)
Buildings and structures, net	13,438	13,002
Machinery, equipment and vehicles	30,322	29,123
Accumulated depreciation	(18,050)	(17,905)
Machinery, equipment and vehicles, net	12,271	11,217
Land	6,355	6,114
Leased assets	1,046	1,045
Accumulated depreciation	(227)	(318)
Leased assets, net	818	727
Construction in progress	45	68
Other	2,211	2,137
Accumulated depreciation	(1,627)	(1,599)
Other, net	583	538
Total property, plant and equipment	33,513	31,668
Intangible assets		
Other	530	916
Total intangible assets	530	916
Investment and other assets		
Investment securities	8,215	8,531
Long-term loans receivable	16	12
Distressed receivables	239	327
Deferred tax assets	315	274
Other	630	702
Allowance for doubtful accounts	(259)	(356)
Total investments and other assets	9,157	9,491
Total non-current assets	43,200	42,076
Total assets	108,504	127,913

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,903	36,482
Short-term borrowings	11,350	16,803
Lease liabilities	128	126
Income taxes payable	441	467
Provision for bonuses	685	558
Other	6,513	5,636
Total current liabilities	50,022	60,074
Non-current liabilities		
Long-term borrowings	10,478	19,208
Lease liabilities	759	658
Deferred tax liabilities	10	203
Provision for share awards for directors (and other officers)	156	173
Retirement benefit liability	2,194	2,234
Asset retirement obligations	3	3
Other	38	42
Total non-current liabilities	13,641	22,523
Total liabilities	63,663	82,598
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	9,737	9,737
Retained earnings	23,882	23,952
Treasury shares	(271)	(244)
Total shareholders' equity	43,348	43,445
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	948	1,229
Deferred gains or losses on hedges	72	32
Foreign currency translation adjustment	(1)	61
Remeasurements of defined benefit plans	(61)	(0)
Total accumulated other comprehensive income	957	1,323
Non-controlling interests	534	546
Total net assets	44,840	45,314
Total liabilities and net assets	108,504	127,913

Consolidated Financial Statements

Consolidated Statements of Income

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Sales	243,202	307,911
Cost of sales	220,490	285,218
Gross profit	22,712	22,693
Selling, general and administrative expenses	18,418	21,270
Operating profit	4,293	1,422
Non-operating income		
Interest income	14	10
Dividend income	138	145
Share of profit of entities accounted for using equity method	109	—
Stockpile storage revenue	138	141
Subsidy income	379	163
Other	188	210
Total non-operating income	969	670
Non-operating expenses		
Interest expenses	94	158
Sales discounts	35	46
Share of loss of entities accounted for using equity method	—	42
Commission expenses	1	78
Other	65	56
Total non-operating expenses	195	382
Ordinary profit	5,067	1,711
Extraordinary income		
Gain on sale of non-current assets	6	37
Gain on sale of investment securities	45	305
Subsidy income	196	61
Insurance claim income	18	—
Total extraordinary income	266	404
Extraordinary losses		-
Loss on sale of non-current assets	25	13
Loss on retirement of non-current assets	59	43
Loss on tax purpose reduction entry of non-current assets	12	—
Impairment losses	143	208
Loss on liquidation of subsidiaries	—	0
Loss on valuation of shares of subsidiaries and associates	2	—
Loss on closing of factory	—	211
Total extraordinary losses	243	476
Profit before income taxes	5,090	1,639
Income taxes - current	1,317	492
Income taxes - deferred	83	103
Total income taxes	1,401	596
Profit	3,689	1,042
Profit attributable to non-controlling interests	29	12
Profit attributable to owners of parent	3,659	1,030

Consolidated Statements of Comprehensive Income

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	3,689	1,042
Other comprehensive income		
Valuation difference on available-for-sale securities	88	280
Deferred gains or losses on hedges	44	(39)
Remeasurements of defined benefit plans, net of tax	(14)	60
Share of other comprehensive income of entities accounted for using equity method	107	63
Total other comprehensive income	226	365
Comprehensive income	3,915	1,408
(Breakdown)		
Comprehensive income attributable to owners of parent	3,885	1,396
Comprehensive income attributable to non-controlling interests	29	12

Consolidated Statements of Cash Flows

(Million yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	5,090	1,639
Depreciation	3,198	3,235
Impairment losses	143	208
Share of loss (profit) of entities accounted for using equity method	(109)	42
Increase (decrease) in allowance for doubtful accounts	1	242
Increase (decrease) in provision for bonuses	(49)	(127)
Increase (decrease) in retirement benefit liability	74	127
Increase (decrease) in provision for share awards for directors (and other officers)	52	16
Interest and dividend income	(153)	(155)
Interest expenses	94	158
Loss (gain) on sale of investment securities	(45)	(305)
Commission expenses	1	78
Loss on liquidation of subsidiaries	—	0
Loss on valuation of shares of subsidiaries and associates	2	—
Loss (gain) on sale and retirement of non-current assets	77	19
Loss on tax purpose reduction entry of non-current assets	12	—
Subsidy income	(196)	(61)
Insurance claim income	(18)	—
Decrease (increase) in trade receivables	(6,483)	(12,565)
Decrease (increase) in inventories	(3,362)	(4,635)
Increase (decrease) in trade payables	5,358	5,579
Other, net	1,058	(774)
Subtotal	4,748	(7,278)
Income taxes paid	(2,025)	(538)
Proceeds from insurance income	18	—
Net cash provided by (used in) operating activities	2,740	(7,816)
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,623)	(2,070)
Proceeds from sale of property, plant and equipment and intangible assets	166	101
Purchase of investment securities	(20)	(4)
Proceeds from sale of investment securities	282	484
Proceeds from liquidation of subsidiaries	—	6
Loan advances	(200)	(25)
Proceeds from collection of loans receivable	603	168
Income from subsidies	696	1
Interest and dividends received	164	162
Other, net	(21)	(12)
Net cash provided by (used in) investing activities	(952)	(1,187)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,740	5,560
Proceeds from long-term borrowings	1,145	10,500
Repayments of long-term borrowings	(1,958)	(1,877)
Interest paid	(96)	(147)
Dividends paid	(971)	(967)
Repayments of lease liabilities	(136)	(132)
Commission expenses paid	(1)	(78)
Purchase of treasury shares	(1,027)	(1)
Proceeds from sale of treasury shares	132	27
Net cash provided by (used in) financing activities	(1,174)	12,881
Net increase (decrease) in cash and cash equivalents	614	3,877
Cash and cash equivalents at beginning of period	2,830	3,444
Cash and cash equivalents at end of period	3,444	7,322

Company Information

Company Profile (as of March 31, 2023)

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): 910

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 23, 2023)

Representative Director and President Hidehiro Shoji

Director Yukihiro Arakida

Director Kazuo Kubota (New)

Director Yoshinao Tashiro (New)

Director (External) Kikue Kubota

Director (External) Keizo Goto

Director (External) Takao Tsuji

Director (External) Yasushi Handa (New)

Director (External) Shuichi Matsuzawa (New)

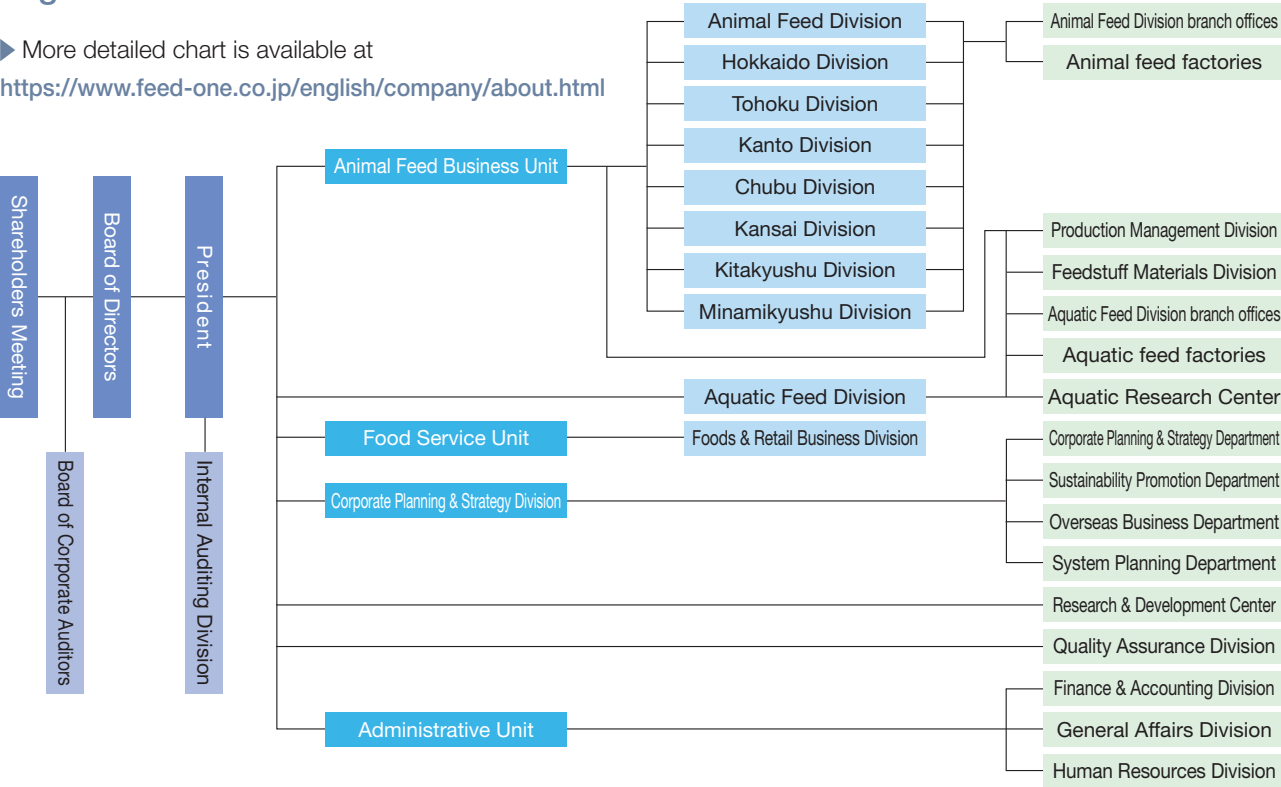
Corporate Auditor (External) Eiichi Yano

Corporate Auditor Toru Aoyama

Corporate Auditor (External) Naohiro Chikada

Organizational Chart

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



Share Information (as of March 31, 2023)

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: 17,494 shareholders

Stock listing: Tokyo Stock Exchange, Prime Market

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/>

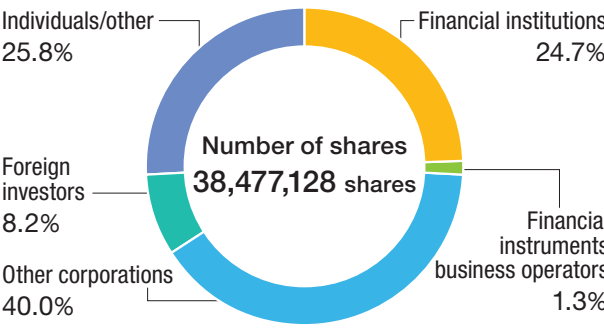
Shareholder registrar: 1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited

Major Shareholders

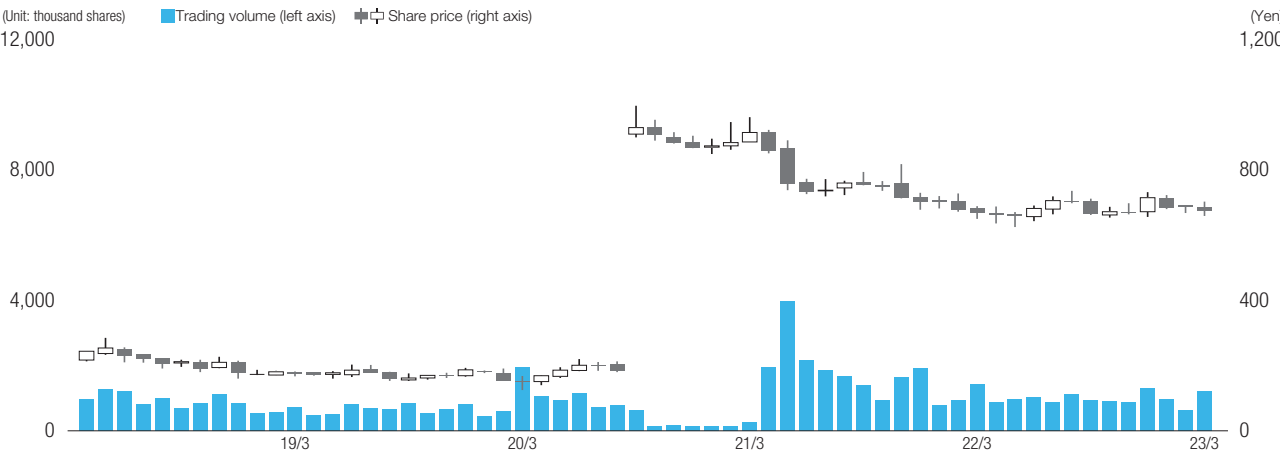
Shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)
Mitsui & Co., Ltd.	9,838	25.60
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,438	8.95
Daiwa Kogyo LLC	1,207	3.14
Custody Bank of Japan, Ltd. (Trust Account)	1,188	3.09
THE KEIHIN CO., LTD.	1,047	2.72
Tokio Marine & 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	722	1.88
Yonkyu Co., Ltd.	600	1.56

Notes: 1. The major shareholders presented above are based on the shareholder registry as of March 31, 2023.
2. The ratios of shareholding are calculated after deducting treasury shares (43,559 shares).
3. 253,960 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



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