

# FEED ONE Integrated Report 2024





Purpose

**“Feed the world  
for the future,  
lives and smiles”**



# Creating the Future of Food with Feed

FEED ONE was established in 2014 through the merger of Nippon Formula Feed (founded in 1929) and Kyodo Shiryo (1946). At that time, we were facing such issues as a shortage of agricultural workers in Japan due to a declining birth rate and an aging population, intensified competition due to market uncertainties triggered by the TPP Agreement, and price fluctuations of imported raw materials. In the midst of these challenges, we sought to maintain a sustainable food supply chain in Japan by uniting two compound feed manufacturers boasting unique strengths of their own to generate synergies, thereby ensuring stable food supply for livestock and aquaculture, while also seeking to tap into new growth markets overseas.

## Products creating the future

Launched **FIBEGEAR DROP** (dedicated feed for automatic milking systems), a patented product

Started genomic analysis services for dairy cattle

Launched *Nori Nori Pork* (a feed for improving thin-fat pork)

Launched *Lumino Scratch* (synthetic milk for cows)





# Sustaining Life

The humble dining table is where we casually spend a lot of time. It is a culmination of nature's blessings and human endeavor. However, what is considered "normal" may eventually become a thing of the past. Globally, abnormal weather and disasters caused by climate change are shaking the foundations of the food supply system. The world's population is growing and so is its demand for meat and fish, leading to deforestation, the depletion of natural resources, and new environmental problems such as methane emissions from cow burps. Given all of this, we believe it is important to create a cycle that protects, nurtures, and efficiently utilizes resources without waste, rather than consuming them unilaterally.

Initiatives to reduce our environmental footprint

Researching feed that lowers cattle methane emissions

Launched *Sustena ZERO* (a fish meal-free feed)

Adopted renewable energy at our manufacturing sites





# Delivering Smiles

As a top-class feed manufacturer in Japan, FEED ONE supports a sustainable food supply chain. We will continue to take on challenges to bring smiles to the faces of all people involved, including producers, business partners, employees, and consumers. In doing so, we can enrich people's dining tables for the next 50, 100 years, and beyond.

## Our challenges

**Deliver safe and inspiring food to consumers**

**Build an organization where every employee can work  
with a sense of safety and fulfillment**

**Prosper sustainably with the community**

**Engage in fair and equitable transactions with business partners  
and solve problems**

**Create corporate value together with shareholders and  
investors through dialogue**

**Eliminate the wasteful use of resources and protect and  
nurture nature's bounties**



## Mission, Vision, and Values



**一粒万倍**  
**A single seed can**  
**eventually produce**  
**a great harvest**

In the midst of a rapidly changing environment enveloping the livestock and fisheries industries, we consider it our mission as a leading company to ensure a stable supply of feed, upholding the sentiment expressed in our mission and understanding the unseen efforts of many hands entrusted in the production of each grain of feed, all dedicated towards the safety and peace of mind of those who utilize our feed and our consumers.



**Committed to 'ONE',**  
**striving to be the**  
**company of choice**

By emphasizing 'ONE' in our company name, we strive to become a true leading company committed to a 'Safety First' mantra and aim to be the 'Number One' in the industry. We aim to be a company that all stakeholders, including producers, partners, shareholders, and employees of the Group, can trust, believing that 'Choosing FEED ONE is the right choice.'



**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 engage in thoroughgoing compliance management.**

**We nurture highly specialized personnel capable of adapting to the changing times and constantly taking on challenges.**

**We sincerely strive to earn the trust of society through thoughtfulness, fairness, and humility.**



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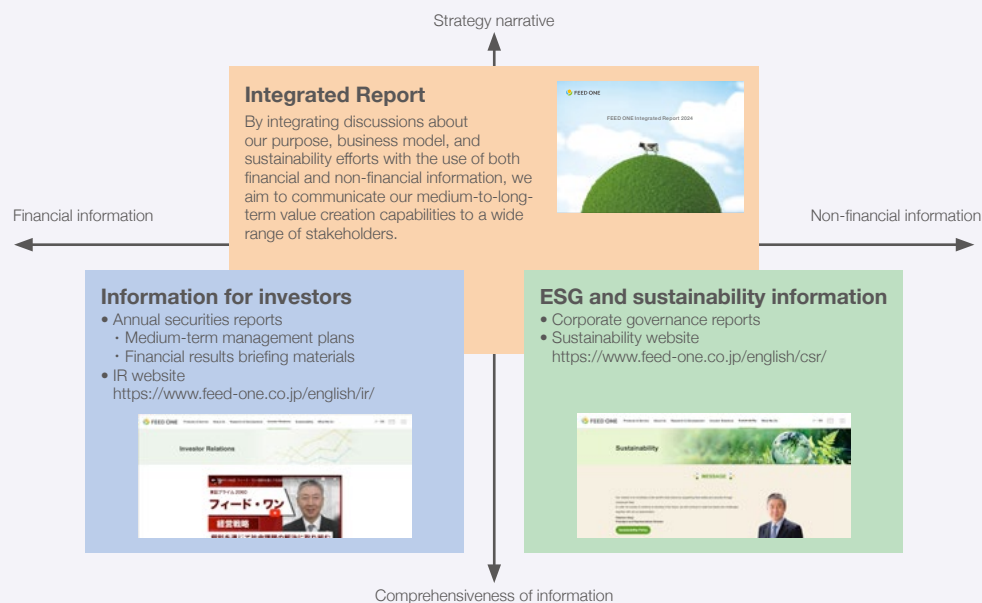
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## Editorial Policy

As FEED ONE marks its 10th anniversary since its establishment, we have newly formulated a purpose, long-term vision, and medium-term management plan. This integrated report aims to provide shareholders, investors, and a wide range of stakeholders with an understanding of the Company's capacity to create value over the medium to long term by comprehensively discussing earnings, investment plans, capital cost management, and other financial information alongside non-financial information such as human capital, environmental initiatives, and governance.

In preparing this report, we referenced guidelines and trends related to IR and ESG in Japan and overseas, including the Integrated Reporting Framework advocated by the IFRS Foundation and the Guidance for Collaborative Value Creation developed by Japan's Ministry of Economy, Trade and Industry.

Going forward, we will position the integrated report as one engagement tool for fostering constructive dialogue with all stakeholders, and

endeavor to enhance sustainable corporate value. We therefore warmly welcome the honest opinions of all readers.

## Reporting Period

April 2023 to March 2024  
(some information from after April 2024 is also included)

## Reporting Scope

The activities of the Group centered around FEED ONE Co., Ltd.

## Disclaimer regarding forward-looking statements

Information regarding the Company's future earnings targets, strategies, and forecasts is based on assumptions and judgments made from currently available information. Actual results may differ due to changes in the economic environment surrounding the Company, product demand, fluctuations in raw material prices and exchange rates, and other factors.



## Message from the President



## Targeting further growth in the next stage as a leading company

**Hidehiro Shoji**

Representative Director and President

During the three-year period of the Third Medium-term Management Plan that kicked off in FY2021, we implemented three basic strategies under the basic policy of putting the finishing touches on the business integration and becoming a true leading company.

### Third Medium-term Management Plan (FY2021–FY2023) Basic strategies

- ① **Further strengthen the profitability of the mainstay animal feed business**
- ② **Accelerate growth of the aquatic feed, food, and overseas businesses**
- ③ **Promote ESG management and strengthen business platforms**

For the first basic strategy, we focused on shoring up the foundation for growth in the animal feed business by expanding flake feed production lines at our subsidiaries TOMAKOMAI FEED and KUSHIRO SHIRYO, thereby augmenting our production system. On the other hand, because we rely heavily on imported formula feed ingredients, earnings were hit hard by the impacts of external factors, including yen depreciation and tensions in society.

Regarding the second basic strategy, profits were squeezed considerably by higher prices for fishmeal—a raw material in the aquatic feed business—and sky-high livestock prices triggered by avian influenza and swine fever in the food business. In terms of topline growth in the feed business, we achieved a certain level of success, but we recognize the need to further strengthen the structure of this business to better adapt to changes in the external environment.

In the overseas business, we focused on expanding sales of high-margin, high-quality products in Vietnam by leveraging the concept of “Japanese quality.” This led to record-high profits. On the other hand, in India, the impact of COVID-19 and stagnant produce markets hindered the establishment of our business foundation, so we are currently working to bolster our structure once again.

Lastly, for the third basic strategy, I believe we were able to successfully implement initiatives as planned. Namely, the establishment of a framework for addressing environmental

### Putting the finishing touches on the business integration

FEED ONE was established as a holding company in 2014 through the merger of Nippon Formula Feed and Kyodo Shiryō, and 2024 will therefore mark our 10th anniversary. Owing to the fact that the merger was between the fourth and fifth largest companies in the industry based on feed sales volume, employees of both companies felt a strong sense of crisis about whether they could survive in this highly competitive environment. Soon after the merger, there was skepticism within the industry about the integration due to differences in the corporate cultures of the two companies, but ultimately, that very sense of crisis became the driving force that lifted morale and helped both companies leverage their respective strengths and aim to become a leading company. The business integration progressed more smoothly than anticipated, and even though the total amount of formula feeds distributed in Japan remains unchanged at around 24 million tons annually, our animal feed sales volume steadily increased by about 12% and our aquatic feed sales volume by about 37% compared to FY2015. As a result, we have grown to become a leading company in the feed industry.



## Message from the President

issues such as climate change through our business activities (i.e., by lowering our GHG emissions), as well as resource conservation and environmental protection (biodiversity). We also pursued workstyle reforms and strengthened our corporate governance.

From a quantitative point of view, we fell slightly short of our targets in FY2021, the first year of the Third Medium-term Management Plan. In FY2022, we recorded a sharp profit decline due to such factors as soaring raw material costs, a steep increase in contributions to the compound feed price stabilization system, and rising energy costs. In the midst of these challenges, our employees worked together to diligently promote activities to help customers understand the added value of our products. As a result of implementing such measures as passing on rising costs and reviewing sales terms, we booked record-high earnings in FY2023, the final year of the plan. Net sales came to 313.8 billion yen, ordinary profit was 7.7 billion yen, and profit attributable to owners of parent was 5.0 billion yen, all above the targets we had set for the final year of the Third Medium-term Management Plan. This achievement is a testament to our sales capabilities and has reinforced our belief that our value-based sales approach offers services that cannot be matched by our competitors. Going forward, we will continue to boost the profitability of our mainstay animal feed business while also steadily implementing numerous measures under the new medium-term management plan with a view to driving further growth in the aquatic feed and food businesses. We will also aim to become a highly resilient company that can flexibly adapt to, and overcome, any changes in the operating environment.

	FY2023			
	Medium-term targets	Result	vs. target	Average during plan period
<b>Net sales (Millions of Yen)</b>	224,900	313,875	+88,975	288,329
<b>Ordinary profit (Millions of Yen)</b>	6,200	7,737	+1,537	4,838
<b>Feed sales volume (million MT)</b>	3.78	3.79	+0.01	3.69
<b>ROE</b>	9.0%	10.7%	+1.7%	7.2%



## The next 10 years: Phase 2

Our new medium-term management plan will commence in FY2024. Instead of following the line of extension from the successful experience of growing into a leading company in the feed industry over the past 10 years since the merger, we have designated the next decade to be “Phase 2” with the intention of entering a new phase and driving further growth. In line with this, we announced our Medium-term Management Plan 2026, under which we aim to build a sustainable management foundation and improve profitability in a way that is becoming of a “true leading company” in the feed industry. Moreover, we have adopted a new purpose: Feed the world for the future, lives and smiles.

As for the specific wording of this purpose statement, we focused on articulating what our employees practice on a daily basis. The employees that work on the frontline of production are always in touch with the “lives” of cows, pigs, chickens, and fish through the provision of animal and aquatic feed, and endeavor to ensure a stable supply of compound feed. The statement expresses the fact that our employees undertake noble-minded work that is essential to people’s lives, and we hope to further boost their confidence and self-awareness.

At the same time, the next 10 years will also be a phase for tackling the challenges that have gone unresolved. I recognize there to be four major challenges for the Company. The first is the aging of our production facilities, with some factories having been in operation for over 50 years. To guarantee stable business continuity and generate further growth, we will prioritize the construction and renovation of manufacturing facilities in the new medium-term management plan, and we will actively make capital investments to ensure this happens.

Next is human capital management. The feed industry still retains many outdated practices and mindsets, so undertaking reforms will not be easy. That said, by wasting no time in prioritizing the enhancement of employee engagement and diversity in the Company, more



## Message from the President

than 80% of responses in recent engagement surveys have been positive. Up ahead, we will continue to step up our investments in people, mainly by improving our HR systems and enhancing training programs, with the aim of creating a workplace where all employees feel motivated, can thrive, and reach their full potential.

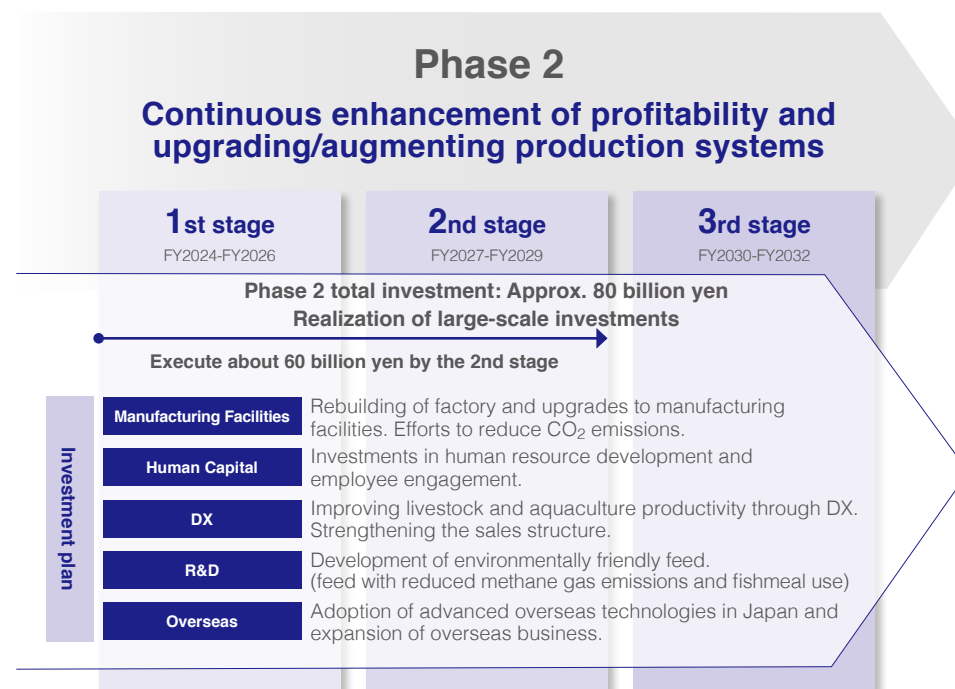
Also, considering that we will most likely face labor shortages over the longer term, digitally transforming our business presents a major challenge. We have completed the installation of a new backbone system to serve as the foundation of our accounting operations, so the next phase will be to start utilizing it. We will also press ahead with the rollout of digital technology that can improve work efficiency for sales reps.

Lastly, developing environmentally friendly feed and expanding sales. As a first step, in July 2023, we became the first in Japan to adopt the GreenFeed methane measurement system from US-based C-Lock Inc. Using this measurement system, we plan to refine the data on methane emissions generated by cattle and use it in the development of new feed that can reduce emissions. We are also working to expand the sales of feed that uses less fishmeal in an effort to create high-value-added products that help protect the global environment.

As outlined above, to address the challenges we currently face, in Phase 2 over the next 10 years, we will focus on revamping and beefing up our production systems for the future and building a foundation to strengthen ongoing profitability. We have earmarked 80 billion yen for large-scale investments in Phase 2, with 60 billion yen to be invested in the first six years, followed by 20 billion yen during the remainder. To reliably strengthen the earnings base in our core operations and appropriately monitor the company's profitability, we have set EBITDA and ROIC as new KPIs from FY2024. We are targeting EBITDA of over 16 billion yen and ROIC of 8% or more by FY2033.

### Financial KPI targets 10 years from now

	FY2026	FY2033
<b>EBITDA</b>	11.5 billion yen	16 billion yen or more
<b>ROE</b>	8% or more	10% or more
<b>ROIC</b>	6% or more	8% or more
<b>Feed sales volume (final FY)</b>	3.90 million metric tons	4.80 million metric tons: 20% share



## Message from the President



### Based on the conviction that the industry has growth potential, we will continue to press ahead

In terms of the market environment over the next 10 years through to FY2033, some people have expressed concerns about the future of the feed and livestock/aquaculture industries due to a gloomy outlook reflecting a decline in the consumption of meat and fish owing to an aging population and the popularity of alternative and lab-grown meats. However, I believe there is no need to be overly pessimistic. In the past, there had been forecasts of stagnation in the industry, yet for several decades, the domestic distribution volume of formula feed has consistently hovered around 24 million tons. In recent years, the elderly have more actively consumed beef and pork, while unexpected phenomena like the sharp increase in tourists visiting Japan have significantly boosted demand.

Moreover, a heightened awareness of food safety has led consumers to recognize that domestically produced ingredients, which are tasty and have clearly identifiable distribution channels, provide a sense of security. The demand for high-value livestock and aquatic products is expected to grow stronger not only in Japan, but also in international markets in the future.

As I mentioned before, we plan to invest heavily to the tune of 80 billion yen in Phase 2, and I am confident that this industry still has significant growth potential, with substantial returns on investment expected. Moving forward, we will continue to press ahead towards realizing our long-term vision for FY2033: Committed to 'ONE', striving to be the company of choice.

### Revising our materiality items to accelerate sustainability management

After first establishing our items of materiality in 2020, some significant changes in the external environment have occurred, including efforts toward achieving carbon neutrality, changes in working styles, the emergence of human rights issues, and mounting geopolitical risks, all of which may impact our businesses. As such, we recently revised our materiality items in conjunction with the refresh of our management philosophy, including the Company's purpose. In doing so, we can be clear about what challenges we should be addressing and make our business activities more effective, thereby accelerating our sustainability management. For our new materiality items, we have adopted more specific descriptions to help employees understand the connection between their work and materiality. Going forward, we plan to further raise awareness of each item within the organization.



#### Supporting the Food supply chain

We provide a stable supply of safe and secure feed and food products and we support good food and health every day.



#### Through providing feed, we strive to harmonize the environment and society

We aim to realize a resource-recycling society and facilitate efforts to address climate change and biodiversity.



#### Contributing to the enrichment of people's lives

Contribute to developing the livestock and fisheries industries and realize sustainable and abundant lives for people.



#### Developing human resources

Create a work environment in which all people can play an active role and develop human resources to create new value.



#### Build the organization as a trustworthy by society

Strengthen governance by ensuring that each employee has high ethical standards.

**Please see page 33 for more information about materiality.**

The new items of materiality are strongly related to our businesses, and I believe that steadily promoting them will not only help us solve environmental and social issues, but also contribute to the growth of the Company.



## Message from the President

For example, with “developing human resources,” we can contribute to accelerated human capital management, including improvements in employee engagement, driving the empowerment of women in the workplace, and developing the next generation of leaders. And with “through providing feed, we strive to harmonize the environment and society,” we can expect to open up new markets through the production and sale of environmentally friendly feed and low-fishmeal or fishmeal-free feed, as well as the effective use of food by-products and food waste in the production of our formula feeds, which in turn will lead to the production of animal protein.

### Establishing a management system that prioritizes human life

At all of our manufacturing sites where large machinery and equipment are installed, there are numerous risks of serious workplace accidents. As a manager, I am once again establishing a management system that places the utmost importance on ensuring human safety. We will continue to exhaustively identify hazardous areas where the risk of accidents exists and strengthen safety training. Furthermore, we will establish an organization under the Board of Directors to address HSE (health, safety, and environment) issues and promote the further reinforcement of our management and audit systems.

### In constant pursuit of being a true leading company

We chalked up record-high profit in FY2023, and in terms of sales volume, we have grown to become a leading company in the feed industry.

Plus, with the large-scale investments that we have planned for Phase 2, we believe that by strengthening our production facilities and human capital, we can further shore up our position and continue to reliably provide feed to producers for the next 10 to 20 years.

Looking ahead, the external environment is becoming increasingly uncertain, and given the nature of our industry, the situation will remain difficult to control. However, over the past decade, we have built a solid track record and enhanced our competitive advantage. This gives us great confidence, and no matter how challenging the conditions may become, we are certain that we can overcome them. As a company listed on the Tokyo Stock Exchange Prime Market, we are confident that we will continue to generate solid profits and pay stable and higher dividends.

Moreover, regardless of how the world changes in the future, safe, reliable, and delicious food ingredients produced by Japanese producers, such as meat, fish, milk, and eggs, will be accepted not only by the Japanese people, but also by consumers overseas, thus driving up domestic and international demand. Whether you are in Japan or somewhere else in the world, feeling happy after eating delicious food is universal. Guided by our purpose of feed the world for the future, lives and smiles, FEED ONE will continue to move forward as a true leading company, proud of our daily efforts to ensure the stable supply of protein—the source of life.



## Value Creation Process

Starting with its purpose, FEED ONE sustains growth while committed to 'ONE', striving to be the company of choice, by creating value for all stakeholders.





## Capital Strength and Reinforcement

	Human capital	Intellectual capital	Financial capital
Importance	At FEED ONE, people are the driving force behind growth. By providing a workplace where all employees, of diverse backgrounds, can work with enthusiasm and a sense of purpose, we aim to unlock individual potential, maximize the sum total of the organization, and contribute to the creation of new value.	FEED ONE ensures its competitive edge with comprehensive knowledge of customer needs and advanced production technologies, while working to reduce environmental impact and develop unique products that help improve productivity in the livestock and fishery industries.	Strengthening financial capital is crucial for not only generating the cash flow necessary for growth investments and shareholder returns, both domestically and overseas, but also for maintaining a robust financial foundation that can withstand changes in the external environment.
Strengths	<b>Strategy-driving talent, accumulation of knowledge, and systems and culture that foster a diverse organization</b> <b>[Detailed training programs]</b> <ul style="list-style-type: none"> <li>A diverse range of training programs are available, including on-the-job training for new employees assigned to factories, position-based training, theme-based training, specialized training, and labor-management relations training</li> </ul> <b>[Benefit programs for long-term employee retention]</b> <ul style="list-style-type: none"> <li>Systems allow employees to work while balancing their life events and lifestyles, such as telework, staggered hours, shortened working hours, and exemptions from relocations</li> </ul> <b>[High employee engagement]</b> <ul style="list-style-type: none"> <li>Many employees express a strong affinity for the Company, wish to continue working for the long term, and feel motivated in their work</li> </ul>	<b>Research system for creating patents, brands, and superior products</b> <b>[Animal Feed]</b> <ul style="list-style-type: none"> <li>By strengthening the uniqueness of product and sales capabilities, we have secured the top market share in Japan for feed in terms of sales volume among trading firms</li> <li>Aim to enhance our domestic and international networks to quickly access the latest technologies</li> </ul> <b>[Aquatic Feed]</b> <ul style="list-style-type: none"> <li>Maintain a research system that promotes the active adoption of alternative raw materials to fishmeal with an eye on next-generation fisheries and a sustainable society; understand true customer needs through the integration of production and sales systems</li> <li>Well-equipped research infrastructure, including offshore fish cages</li> <li>Kitakyushu Aquatic Feed Factory boasts the largest production capacity in Japan's aquatic feed industry</li> <li>Sale of <i>Sustena ZERO</i>, a fishmeal-free feed that contributes to sustainable fisheries</li> </ul>	<b>Reasons for agile and stable financial base</b> <ul style="list-style-type: none"> <li>Diversification of sales areas, customers, and product lines (livestock species) enables risk hedging in terms of sales and accounts receivable collection</li> <li>A stable level of gross profit is maintained because livestock feed prices are adjusted quarterly to reflect changes in prices for imported raw materials</li> <li>While the supply of imported grains, which account for 80% of livestock feed ingredients, fluctuates due to factors such as harvest conditions, strong collaboration with Mitsui &amp; Co., Ltd., a major shareholder, ensures stable procurement</li> <li>We have built strong relationships with financial institutions, securing agile and stable fund raising options</li> <li>Since its establishment, FEED ONE has never reduced dividends and continues to offer stable dividend payments</li> </ul>
Challenges	<b>[High turnover due to relocation]</b> <ul style="list-style-type: none"> <li>Enhance our systems and work environment to accommodate changes in life events and lifestyles</li> </ul> <b>[Insufficient uptake and track record in diversity]</b> <ul style="list-style-type: none"> <li>Due to a focus on hiring new graduates, not enough perspectives from mid-career hires; issues need addressing in hiring and promoting individuals with disabilities and foreign nationals</li> </ul>	<b>[Animal/Aquatic Feed]</b> <ul style="list-style-type: none"> <li>Reinforce development capabilities and invest heavily to ensure business sustainability into the future</li> <li>Expand new businesses related to the livestock and fishery industries both domestically and internationally, and foster talent</li> <li>Rising prices for primary raw materials (corn for livestock, fishmeal for fisheries)</li> <li>In aquatic feed, shortage of reliable and affordable alternatives to protein ingredient resources other than fishmeal</li> </ul>	<ul style="list-style-type: none"> <li>Raise funds necessary for equipment and growth investments aimed at laying the foundation for the next 10 years</li> <li>Build a group financing system</li> <li>Manage with a focus on capital efficiency (management of ROIC and improvement of CCC)</li> <li>Enhance corporate value (efforts to improve PBR and investor relations)</li> </ul>
Medium- to long-term initiatives Strategies and measures	<ul style="list-style-type: none"> <li>Work style reforms, particularly regarding working hours in sales</li> <li>Optimize personnel allocation</li> <li>Actively recruit mid-career talent</li> <li>Enhance training programs</li> <li>KENKO Investment for Health</li> <li>Revise personnel evaluation system</li> <li>Promote the active role of women</li> <li>Ensure appropriate information disclosure</li> </ul>	<b>[Animal Feed]</b> <ul style="list-style-type: none"> <li>Strengthen development capabilities through further investment in R&amp;D</li> <li>Enhance initiatives focused on animal welfare and greenhouse gas reduction</li> <li>Strengthen long-term talent development through initiatives like job rotation</li> </ul> <b>[Aquatic Feed]</b> <ul style="list-style-type: none"> <li>Shift from a labor-intensive sales model to a consulting-oriented approach to fisheries, including research labs</li> <li>Advance the development of low fishmeal and fishmeal-free feeds as core next-generation feed products, aim to achieve No.1 market share in the industry</li> <li>Develop innovative breeding technologies that enable sustainable production and growth</li> </ul>	<ul style="list-style-type: none"> <li>Establish a robust financial structure in preparation for equipment and growth investments (staged fundraisings, building a group financing system)</li> <li>Promote management with awareness of cost of capital</li> <li>Prepare easy-to-understand disclosure documents (enhance content about management indicators and non-financial information)</li> </ul>
KPIs for strategies and measures	<ul style="list-style-type: none"> <li>Ratio of female managers: 6% (end of FY2026)</li> <li>Ratio of women, mid-career hires, and foreign nationals in management positions: 15% (end of FY2030)</li> <li>Turnover rate: 2% (end of FY2026)</li> <li>Training participation rate: 100%</li> <li>Number of employees dispatched for overseas training: 6 (end of FY2026)</li> <li>Paternity leave utilization ratio: 80% (end of FY2026)</li> </ul>	<b>[Animal Feed]</b> <ul style="list-style-type: none"> <li>Create a lineup of original products that enhance profitability at customers while contributing to the health of farmed animals and the achievement of SDGs</li> </ul> <b>[Aquatic Feed]</b> <ul style="list-style-type: none"> <li>Aim to achieve 115% sales volume in aquatic feed by FY2026 compared to FY2022</li> <li>Target top market share in Japan over next 10 years</li> <li>Aim for 50% or higher sales ratio of low-fishmeal feeds in our feed products (with less than 30% animal-derived content)</li> <li>Develop a full lineup of next-generation feeds for major fish species, contributing to the sustainable growth of the fisheries industry</li> </ul>	<b>[Policies]</b> <p>Numerical targets of Medium-term Management Plan 2026 –1st STAGE for NEXT 10 YEARS –</p> <ul style="list-style-type: none"> <li>EBITDA: 11.5 billion yen</li> <li>ROE: 8%</li> <li>ROIC: 6%</li> </ul> <p>Targets for FY2033, after ten years and three medium-term management plans</p> <ul style="list-style-type: none"> <li>EBITDA: 16.0 billion yen or more</li> <li>ROE: 10% or more</li> <li>ROIC: 8% or more</li> </ul>

## Capital Strength and Reinforcement

	<b>Manufacturing capital</b>	<b>Social and related capital</b>	<b>Natural capital</b>
<b>Importance</b>	A thorough commitment to manufacturing processes and equipment is essential to provide customers with safe and high-quality feed at an optimal cost.	Our business requires collaboration with producers, our suppliers, as well as raw material suppliers, trading companies, distributors, food-related companies, and consumers, both domestically and internationally. We aim to contribute to the advancement of food culture by strengthening collaboration across the entire supply chain.	We are actively addressing environmental issues based on the three key pillars of climate change, resource conservation, and environmental preservation (including biodiversity), while fulfilling our social responsibility through proactive efforts to prevent global warming, preserve biodiversity, and foster environmental awareness among employees.
<b>Strengths</b>	<b>Nationwide network of factories and bases support stable supply</b> <b>[Feed]</b> <ul style="list-style-type: none"> <li>Reliable supply of products thanks to strong production infrastructure</li> <li>Production system based on 14 factories, including those of our own, subsidiaries, and joint ventures, all certified under ISO 22000</li> <li>Risk management and regular audits of manufacturing processes</li> <li>Strict quality control</li> </ul> <b>[Food]</b> <ul style="list-style-type: none"> <li>FEED ONE has processing facilities near major areas of consumption, enabling shorter lead times for delivery to partners</li> </ul>	<b>Domestic and international customers, business partners, and other stakeholders</b> <ul style="list-style-type: none"> <li>As a publicly listed company on the Prime Market, FEED ONE has enhanced its social credibility and has sustained growth by latching onto social trends</li> <li>FEED ONE's market share is about 15% in livestock feed (second in the industry after JA ZEN-NOH and the top among commercial firms) and approximately 20% in fisheries feed (second in the trading industry), and it does business with leading domestic producers, distributors, and suppliers</li> <li>By assigning raw material procurement managers to not only the headquarters but also to regional offices, we are reinforcing our local raw material procurement efforts</li> <li>FEED ONE conducts joint research with domestic universities, research institutions, and industries</li> <li>We collaborate with universities and companies in the United States on livestock technology</li> <li>In the overseas business, we have established joint ventures in Vietnam and India</li> <li>We procure raw materials through Mitsui &amp; Co., Ltd., a major shareholder</li> </ul>	<b>Utilize resources with reduced environmental impact</b> <ul style="list-style-type: none"> <li>We have long been effectively utilizing food by-products as raw materials for formula feeds, contributing to the creation of a resource-recycling society</li> <li>We are aggressively investing in facilities likely to improve energy efficiency</li> </ul>
<b>Challenges</b>	<b>[Feed]</b> <ul style="list-style-type: none"> <li>Large fluctuations in imported feed ingredient prices due to geopolitical risks</li> <li>Reliable supply of formula feeds and growing demand for high-quality, high-performance products</li> <li>Build a robust system by strengthening the global raw material procurement network, provide unique value-added products, and augment comprehensive support</li> </ul> <b>[Food]</b> <ul style="list-style-type: none"> <li>Exposure to highly volatile market conditions</li> </ul>	<ul style="list-style-type: none"> <li>Develop new markets</li> <li>Develop new raw materials</li> <li>Overseas business development</li> </ul>	<ul style="list-style-type: none"> <li>Measures to address climate change across the Group, including suppliers</li> <li>Promote energy conservation and reduce waste</li> <li>Effectively use limited resources to help form a resource-recycling society</li> <li>Achieve a sustainable society by protecting biodiversity</li> </ul>
<b>Medium- to long-term initiatives Strategies and measures</b>	<b>[Feed]</b> <ul style="list-style-type: none"> <li>Improve efficiency of existing machinery and equipment</li> <li>Apply new insights and technologies</li> <li>Actively invest in equipment to reduce CO<sub>2</sub> emissions by 50% by FY2030 (compared to FY2020) and achieve carbon neutrality across the supply chain by FY2050 (through energy conservation, energy creation, renewable energy alternatives, etc.)</li> </ul> <b>[Food]</b> <ul style="list-style-type: none"> <li>Expand production capacity for processed and value-added products</li> </ul>	<b>[Solve social issues and innovate through intra-industry and cross-industry collaboration]</b> <ul style="list-style-type: none"> <li>Strengthen strategic alliances with companies from different industries</li> <li>Participate in public-private-academic partnership projects aimed at solving social issues and driving product innovation               <ol style="list-style-type: none"> <li>Dx: Project to standardize quality specifications for methods to measure freshness and flavor of fish</li> <li>Dx: Analyze hog barn environments with sensors to balance health maintenance for hogs with cost reductions (Hokkaido Feed One Hanbai Co., Ltd.)</li> <li>Dx: Promote increases in feed transportation efficiency by visualizing remaining feed volumes through feed inventory management solutions</li> <li>Collaborate with rice producers for feed: Reduce methane emissions by extending the mid-drying period in rice cultivation</li> <li>Effectively utilize recycled resources (building a food recycling loop) through participation in a project organized by SEF (Save the Earth Foundation)</li> <li>Participate in the SCAFF2030, an initiative aimed at achieving sustainable production and consumption in the food and agriculture industries</li> </ol> </li> </ul>	Create a roadmap for CO <sub>2</sub> reductions by FY2030 <b>[Energy conservation and renewable energy activities]</b> <ul style="list-style-type: none"> <li>Improve intensity at production sites and install energy-efficient equipment</li> <li>Utilize renewable energy sources, such as solar power</li> </ul> <b>[Switch to renewable energy]</b> <ul style="list-style-type: none"> <li>Purchase electricity derived from renewable energy sources</li> </ul> <b>[Offsets through contributions to reductions]</b> <ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions from livestock</li> </ul> <b>[Other]</b> <ul style="list-style-type: none"> <li>Utilize domestically sourced raw materials</li> <li>Develop and sell sustainable feed</li> </ul>
<b>KPIs for strategies and measures</b>	<b>[Feed]</b> <ul style="list-style-type: none"> <li>Continuously improve intensity by at least 1% year on year</li> <li>Introduce inline NIR for moisture management</li> <li>Implementation of LNG-based cogeneration systems</li> <li>Advance processing technologies</li> </ul> <b>[Food]</b> <ul style="list-style-type: none"> <li>Construct a new plant for seasoned boiled eggs (Magic Pearl): Increase sales volume 20%</li> </ul>	<ul style="list-style-type: none"> <li>Create new business opportunities</li> <li>Develop and sell feeds that help solve social issues</li> <li>Gain the latest technologies through overseas training and academic exchanges</li> <li>Provide technology overseas and import technologies from abroad</li> <li>Expand domestic and international business by leveraging the above initiatives</li> </ul>	<ul style="list-style-type: none"> <li>By FY2030: Reduce CO<sub>2</sub> emissions by 50% compared to FY2020 level</li> <li>By FY2050: Achieve carbon neutrality across entire supply chain</li> </ul>



## Risks and Opportunities in Supply Chains

We support the food supply chain, from raw material procurement to feed production, usage in livestock and fisheries, food processing, and consumption, while engaging with a variety of stakeholders. In this context, we continuously assess the risks and opportunities that impact both our stakeholders and the Company. As necessary, we consider countermeasures and incorporate them into our management plans.



### Procurement of raw materials



### Production of feed

Stakeholders	Suppliers, shareholders and investors, employees, local communities, living organisms and the global environment, government authorities and regulatory bodies, and industry groups	
Related risks/opportunities	<ul style="list-style-type: none"> <li>• Climate change <b>Risks</b> Poor grain harvests due to abnormal weather, rising procurement costs, and depletion of natural resources</li> <li>• Rising procurement costs for natural resources used as feed ingredients</li> <li>• Fluctuations in raw material prices due to exchange rates</li> <li>• Supply restrictions and price volatility of raw materials caused by changes in international conditions and geopolitical risks</li> <li>• Use of domestically produced raw materials</li> <li>• Proliferation of SDGs <b>Risks</b> Reduction in availability of food by-products and recovered oils <b>Opportunities</b> Emergence of new initiatives and projects</li> <li>• Rising awareness of human rights</li> </ul>	<ul style="list-style-type: none"> <li>• Climate change <b>Opportunities</b> Technological innovation aimed at decarbonization <b>Risks</b> Increase in operational costs due to the introduction of carbon taxes</li> <li>• Declining labor population in Japan <b>Risks</b> Reduced operating rate due to labor shortages <b>Opportunities</b> Promotion of labor-saving measures</li> <li>• Advancements in AI, big data, and robotics <b>Opportunities</b> Stabilization of quality and improvement in operational efficiency</li> <li>• Increasing awareness of safety and quality <b>Risks</b> Reputational damage due to accidents or legal violations <b>Opportunities</b> Gaining trust through appropriate responses and information disclosure</li> <li>• Capital investment <b>Risks</b> Rising construction material and construction costs, along with higher interest rates <b>Opportunities</b> Promoting quality improvements, energy efficiency, and labor-saving measures</li> </ul>
Related social indicators	<ul style="list-style-type: none"> <li>• In FY2023, import prices for feed raw materials up 1.9x for corn and 1.7x for fishmeal compared with FY2020 (Ministry of Finance's Trade Statistics)</li> </ul>	<ul style="list-style-type: none"> <li>• Decline in working-age population to two-thirds of current level by 2050 74 million in 2020 → 53 million in 2050 (Ministry of Economy, Trade and Industry's Future Human Resources Vision)</li> </ul>
FEED ONE's approach	<ul style="list-style-type: none"> <li>• Use of food by-products and reducing food waste</li> <li>• Diversification of raw material supply sources</li> <li>• Switch to low-fishmeal and fishmeal-free feed for aquatic feed</li> <li>• Use of domestically produced feed rice</li> <li>• Exploration and development of new feed ingredients</li> </ul>	<ul style="list-style-type: none"> <li>• Collaboration with sales division and improvement of processing technology</li> <li>• Commitment to quality and food safety</li> <li>• Promotion of systemization and labor-saving measures</li> <li>• Efforts in energy conservation</li> <li>• Strengthening of health, safety, and environment (HSE) measures</li> </ul>

## Risks and Opportunities in Supply Chains



## Use by producers



## Production of food



## Sales and distribution of food

Stakeholders	Suppliers, shareholders and investors, employees, local communities, living organisms and the global environment, government authorities and regulatory bodies, and industry groups		
Related risks/ opportunities	<ul style="list-style-type: none"> <li>Decline in the domestic farming population <b>Risks</b> Shrinking formula feed market due to a decrease in consumption of livestock and aquaculture products</li> <li><b>Opportunities</b> Industry restructuring among domestic feed producers and growing demand for agricultural reforms through labor-saving and automation</li> <li>Increasing demand for feed that reduces environmental impact</li> <li>Emergence of new demand due to mechanization and DX in production management</li> <li>Changes in compound feed specifications driven by advances in breeding</li> <li>Promotion of animal welfare initiatives</li> <li>Growing demand for food driven by economic growth abroad</li> <li><b>Opportunities</b> Growth of formula feed markets</li> </ul>	<ul style="list-style-type: none"> <li>Rising awareness of food safety <b>Risks</b> Reputational damage from quality issues, etc.</li> <li>Diversification of lifestyles in Japan</li> <li><b>Opportunities</b> Expansion of ready-made meal market</li> <li>Reduced supply of livestock products due to diseases such as avian influenza and swine fever</li> <li>Growing demands related to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Expansion of ethical consumption <b>Opportunities</b></li> <li>Increasing needs for traceability across the entire supply chain</li> <li>Recycling of food waste</li> </ul>
Related social indicators	<p>[Japan] 2023 Compared to 2013, the number of households raising livestock has continued to decrease: dairy cattle to 65%, beef cattle to 63%, pigs to 61%, laying hens to 65%, and broilers to 87%. Meanwhile, the number of animals per farm has increased, with dairy cattle up to 147%, beef cattle to 161%, hogs to 153%, laying hens to 152%, and broilers to 128%, indicating a trend towards larger-scale operations (Ministry of Agriculture, Forestry and Fisheries' Statistical Yearbook).</p> <p>[World] Per capita meat consumption is projected to reach 40.3 kg by 2032, an increase of 2.5 kg compared to 2019–2021 (Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries). Per capita fish consumption is projected to reach 21.2 kg by 2032, an increase of 0.8 kg compared to 2020–2022 (OECD).</p>	<ul style="list-style-type: none"> <li>In 2023, household spending on prepared foods increased to 118.8% of the 2018 level (Ministry of Internal Affairs and Communications' Family Income &amp; Expenditure Survey.)</li> </ul>	<ul style="list-style-type: none"> <li>Number of GFSI-approved certifications in Japan: Over 3,000 food factories and more than 1,100 farms (on an organizational basis) (GFSI Japan)</li> </ul>
FEED ONE's approach	<ul style="list-style-type: none"> <li>Investment in research facilities</li> <li>Strengthening the development of environmentally friendly feed</li> <li>Introduction of new technologies (e.g., dairy cattle genomic analysis, IoT)</li> <li>Compliance with animal welfare standards</li> <li>Move the expertise in breeding and production technologies developed domestically to overseas markets</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition and maintenance of food safety certifications such as FSSC 22000</li> <li>Enhancing the competitiveness of processed products</li> <li>Reducing CO<sub>2</sub> emissions through capital investments</li> <li>Securing suppliers in preparation for diseases such as avian influenza and swine fever</li> <li>Reducing waste and plastic usage</li> </ul>	<ul style="list-style-type: none"> <li>Responding to certification requirements for livestock and aquaculture products</li> <li>Strengthening the quality assurance system</li> <li>Holding food education seminars</li> </ul>



## Message from the Officer in Charge of Finance and Human Resources



**Our development into a leading company was 10 years in the making; we are now shifting to an investment phase for further growth**

### Achievement of the MTMP and reflecting on the 10 years since the merger

Our Third Medium-term Management Plan (Make the leap! 2023) commenced in FY2021. In putting the finishing touches on the business integration, we focused on strengthening profitability in the animal feed business, accelerating growth in the aquatic feed, food, and overseas

businesses, and reinforcing the foundations for ESG management. In FY2023, we posted record-high ordinary profit (one of our three KPIs) of 7.7 billion yen, well above the 6.2 billion yen target set in the Third Medium-term Management Plan. We also achieved the two other KPI targets: feed sales volume and ROE.

The merger 10 years ago was driven by a sense of crisis, including the shrinking feed market against the backdrop of hectic changes in the external environment, such as the signing of the TPP Agreement. However, the feed market has remained largely stable, and during this time, the Group has been able to increase feed sales volume annually, thereby expanding our market share.

I believe this success largely owes to not only the complementary strengths and regional structures of the two former companies involved in the merger, but also to each employee's sense of urgency and their capacity to perform in their respective roles. I feel that the collective effort of the entire Company in continuing to support producers has contributed to the enhancement of our corporate value.

In terms of our finances, in addition to steadily building profits, we have endeavored to reduce interest-bearing debt through the sale of non-operating and unprofitable assets. As a result, we managed to improve the debt-to-equity ratio (which was above 1.0x at the time of the merger) to 0.63x in FY2023 and establish a sound financial structure. Volatility in raw material prices—fueled mainly by corn prices and exchange rates—has a significant impact on demand for working capital in the formula feed business, so I believe that being able to improve our financial position ahead of our planned large-scale investments was a major achievement.

### The key to the achievement of our new purpose and long-term vision

In our new plan, the Medium-term Management Plan 2026, which kicked off in FY2024, we have set ourselves a new purpose and a long-term vision. As a leading company in the feed industry, the main themes in this plan are the ongoing strengthening of profitability and carrying out upgrades/capacity expansions to our production systems. Over the next 10 years, we intend to make large-scale investments to the tune of around 80 billion yen.

In all of this, the first issue we need to address is the aging of our production equipment, which is in fact an issue affecting the entire industry. I recognize that establishing a production system to continuously support the livestock and fisheries industries is an important responsibility. In addition, addressing human life/safety risks on the production frontline is also a top priority for management, which is why I believe that upgrading aging production equipment as soon as possible is crucial.

Having constructed and operated animal feed and aquatic feed factories in the Kitakyushu

## Message from the Officer in Charge of Finance and Human Resources

area, we have the know-how to operate state-of-the-art factories. By leveraging that experience and pursuing more effective new investments, I am confident that we can gain a significant competitive advantage over our industry peers.

Furthermore, investments in overseas operations will be key to future growth. In Vietnam, we are looking at expanding into the north of the country, while in India, we intend to stabilize our business there by introducing Japanese technology. Additionally, we will step up the exchange of information with overseas partner organizations and actively incorporate the latest technologies from Europe and the United States related to the livestock and aquaculture industries into our domestic businesses.

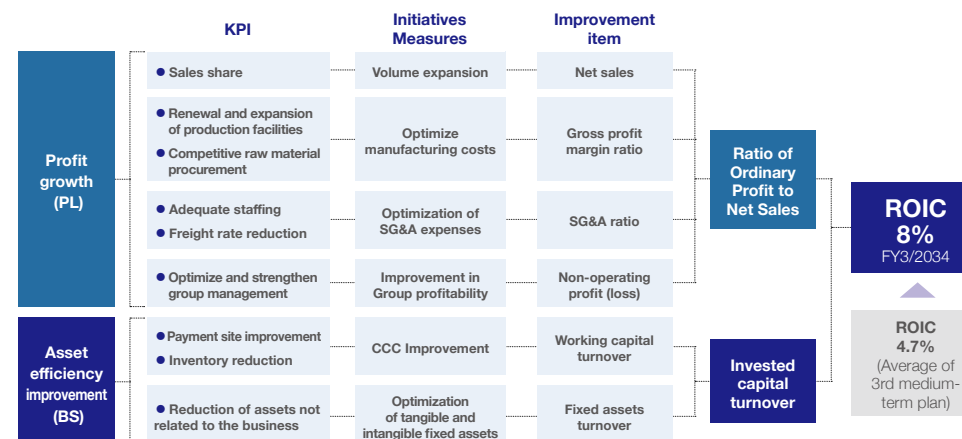
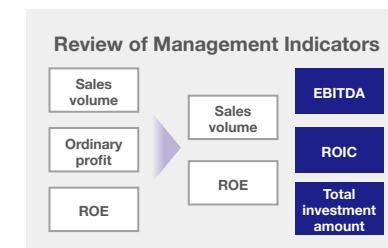
The funds for our investments will primarily be sourced from operating cash flow, but we also plan to sell non-operating assets and make use of external debt while being mindful of financial soundness based on the debt-to-equity ratio.

### Enhancing investment efficiency with the use of ROIC-based management

For the Medium-term Management Plan 2026, we have combined the management of administrative and financial accounting, and also refreshed our KPIs. We replaced the usual KPI of ordinary profit with EBITDA and also added total investment and ROIC as new KPIs. Aggressive investments are needed to achieve further growth, but due to the nature of our business operations, the impacts of our investments do not materialize in the short term. By adopting EBITDA as an indicator, we intend to execute investments in a planned manner so that opportunities for strengthening our profitability are not undermined.

On top of that, with the introduction of ROIC as a KPI, we will look to drive a change in mindset within the organization. Until recently, we had focused on strengthening our earnings capacity by increasing sales volume from the perspective of the profit and loss (P/L) statement. Along with this P/L point of view, we will also strongly emphasize the balance sheet (B/L), thereby streamlining Group funds by improving the cash conversion cycle (CCC) and introducing a cash management system (CMS). We will also enhance our capital efficiency by further reducing unprofitable assets.

The success of this overhaul concerning our management indicators depends on how well we can foster an awareness among employees. We will therefore harness every opportunity to involve business units in an effort to have these management indicators take root throughout the Group.



### Strengthening our IR activities and engaging in dialogue with a view to improving PBR and PER

Unfortunately, the Group's current PBR is below 1.0x, and the PER too is only around 7.0x, which I recognize to be a significant issue. One factor here I think is that we have not done enough to inform investors about the future outlook for the feed industry, and in particular, the Group's competitive superiority and growth potential. Going forward, we will strengthen our IR activities to deepen the understanding of our business through dialogue with investors, and also practice a style of management that is more aware of capital costs.

In addition, even as we turn our attention to making large-scale investments, we will target a

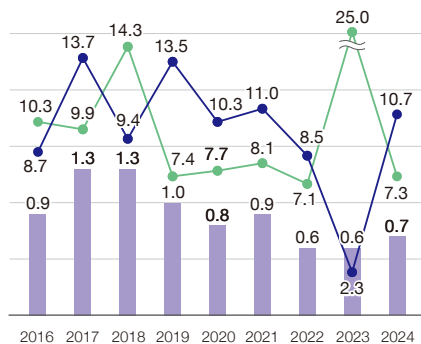


## Message from the Officer in Charge of Finance and Human Resources

dividend payout ratio of at least 25% and aim to maintain a stable dividend and gradually increase dividends over time. We want our investors to not only enjoy long-term returns from large-scale investments, but also benefit from stable dividends, which we are committed to as part of our management approach.

### Indicator

■ PBR ● ROE ◆ PER



## Heightening employee engagement with a better workplace environment

Based on the belief that human resources are the source of corporate growth, we have been improving our various systems and schemes, such as staggered working hours, telecommuting, and support for employees engaged in childcare and nursing care, so as to create a more accommodating work environment and to flexibly respond to different lifestyles and working styles in line with the changing times. Also, to combat rising prices, we have hiked wages by more than 12% over a two-year period for non-management employees in a bid to improve not only our systems, but also employee compensation.

I believe that the various initiatives we have implemented so far are reflected in the results of the employee engagement survey that was conducted in March 2024. In those results, 85% of

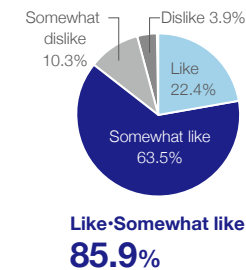
employees indicated that they like the Company, while 77% feel that it is a rewarding place to work.

I believe that this employee loyalty has become the driving force of the Group's growth and is also the source of our competitiveness. Up ahead, we will continue to find out what motivates our employees and use that information to further improve our corporate value.

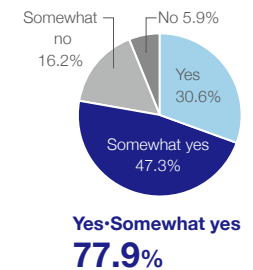
One of our current challenges is empowering women. Since the merger in 2014, we have gradually stepped up our hiring of women over the past 10 years, but we still have very few female managers. In order to prevent disruptions to the careers of working women owing to childbirth or childcare, we will further strengthen our measures geared towards overhauling our HR systems and developing a better workplace environment.

### Employee Engagement (conducted March 2024, 97% response rate)

#### Q: Do you like the company?



#### Q: Is it a rewarding place to work?



## Targeting bigger things with the new plan

If we can steadily execute the investments called for in the Medium-term Management Plan 2026, I am confident that we can invariably improve our competitive advantage in the industry and solidify our position as a leading company. A bright future awaits us, so I am hoping that we can share the fruits of our labors with all stakeholders. Above all, the Group has many honest employees who can think logically and are fiercely loyal to the Company. We will look to make even greater strides by further honing this biggest strength.



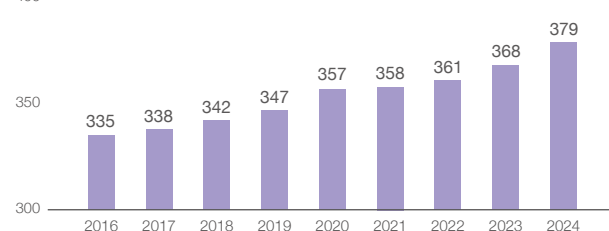
## Review of Past Medium-term Management Plans

1st Medium-term Management Plan (FY2015-FY2017)	2nd Medium-term Management Plan (FY2018-FY2020)	3rd Medium-term Management Plan (FY2021-FY2023)	10 Years of Results After Merger
<b>Theme</b>  <b>Maximize earnings through optimal business reallocation</b>	<b>Theme</b>  <b>Business Portfolio Optimization</b>	<b>Theme</b>  <b>Maximize earnings through optimal business reallocation</b> <b>Putting the Finishing Touches on Business Integration</b>	<b>Growing into a leading company in the feed industry</b> <ul style="list-style-type: none"> <li>15% share in livestock feed industry (Second-highest industry share after JA ZEN-NOH, first among trading companies)</li> </ul>
<b>Basic strategies</b> <ul style="list-style-type: none"> <li>Increase earnings through business expansion</li> <li>Improve profitability by reducing costs</li> </ul>	<b>Basic strategies</b> <ul style="list-style-type: none"> <li><b>&lt;Strengthening of core businesses&gt;</b> <ul style="list-style-type: none"> <li>Feed Business: Strengthen production facilities (aggressively invest in production equipment, aim to reduce production costs)</li> </ul> </li> <li><b>&lt;Expand growth businesses&gt;</b> <ul style="list-style-type: none"> <li>Food Business: Increase the brand power (rebuild production and sales structure, reduce market trading risks)</li> <li>Overseas Businesses: Establish the profit base (strengthen sales capabilities)</li> </ul> </li> </ul>	<b>Basic strategies</b> <ul style="list-style-type: none"> <li>Further strengthen the profitability of Animal Feed, which is our core business</li> <li>Accelerate growth of Aquatic Feed, Food Business, and Overseas Businesses</li> <li>Promote ESG management and strengthen business platform</li> </ul>	<b>Steady increase in feed sales volume</b> <ul style="list-style-type: none"> <li>Rate of growth in FY2023 (compared with FY2015) Animal feed+12% Aquatic feed+37%</li> </ul>
<b>Targets and results</b>  <b>&lt;Targets for final fiscal year&gt;</b> <ul style="list-style-type: none"> <li>Net Sales: 250.0 billion yen</li> <li>Ordinary Profit: 4.8 billion yen</li> <li>ROE: 10.0%</li> </ul> <b>&lt;Results (average during medium-term management plan)&gt;</b> <ul style="list-style-type: none"> <li>Net Sales: 214.7 billion yen</li> <li>Ordinary Profit: 4.3 billion yen</li> <li>ROE: 10.5%</li> <li>EBITDA*: 6.6 billion yen</li> <li>Sales Volume*: 3.38 million metric tons</li> </ul>	<b>Targets and results</b>  <b>&lt;Targets for final fiscal year&gt;</b> <ul style="list-style-type: none"> <li>Net Sales: 228.5 billion yen</li> <li>Ordinary Profit: 5.5 billion yen</li> <li>ROE: 10.0%</li> </ul> <b>&lt;Average during plan&gt;</b> <ul style="list-style-type: none"> <li>Net Sales: 214.0 billion yen</li> <li>Ordinary Profit: 5.4 billion yen</li> <li>ROE: 10.1%</li> <li>EBITDA*: 8.2 billion yen</li> <li>Sales Volume*: 3.54 million metric tons</li> </ul>	<b>Targets and results</b>  <b>&lt;Targets for final fiscal year&gt;</b> <ul style="list-style-type: none"> <li>Net Sales: 224.9 billion yen</li> <li>Ordinary Profit: 6.2 billion yen</li> <li>ROE: 9.0%</li> <li>Sales Volume: 3.78 million metric tons</li> </ul> <b>&lt;Average during plan&gt;</b> <ul style="list-style-type: none"> <li>Net Sales: 288.3 billion yen</li> <li>Ordinary Profit: 4.8 billion yen</li> <li>ROE: 7.2%</li> <li>EBITDA*: 8.2 billion yen</li> <li>Sales Volume: 3.69 million metric tons</li> </ul>	<b>Consolidation of group companies</b> <ul style="list-style-type: none"> <li>No. of consolidated subsidiaries 28 to 20 companies from FY2015 to FY2023</li> </ul>
			<b>Strengthening of financial structure</b> <ul style="list-style-type: none"> <li>Equity Ratio: 32.6 to 38.4 % from FY2015 to FY2023</li> <li>Debt Equity Ratio: 1.02 to 0.63 times from FY2015 to FY2023</li> </ul>
			<b>Dividend Enhancement</b> <ul style="list-style-type: none"> <li>Annual dividend 20 to 27 yen from FY2015 to FY2023</li> </ul>
			<b>Strengthen R&amp;D system</b> <ul style="list-style-type: none"> <li>With a base of four research labs in Japan, aggressively adopt foreign technologies from research institutions of grain majors and American universities, in addition to domestic universities and research institutions</li> </ul>
			<b>Reinforcement of sales structure</b> <ul style="list-style-type: none"> <li>Introduce division-based system for livestock feed business</li> <li>Use Big Data</li> <li>Introduce comprehensive consulting services for genome analysis</li> </ul>

\*Only results shown because management indicators were revised in FY2024

### Sales volume

(10 thousand metric tons)



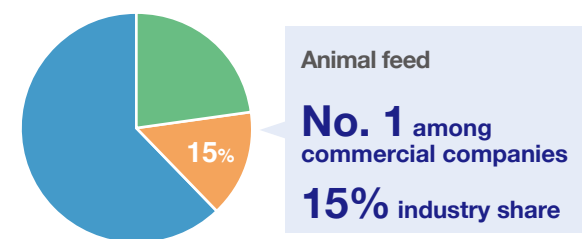
### Steadily increase feed sales volume

Growth rate in FY2023 (FY2015)

**Animal feed +12% ↑**  
**Aquatic feed +37% ↑**

### Share of feed industry

■ JA ZEN-NOH ■ FEED ONE ■ Other





## Long-term Vision

Over the 10 years since its integration in 2014, FEED ONE has grown into a leading company in the feed industry.

The next 10 years, through to FY2033, are positioned as the second phase, during which we will aim to realize our Vision: Committed to 'ONE', striving to be the company of choice, through continuous strengthening of profitability and the renewal and enhancement of our production system.

### Background for Setting the Long-term Vision

#### Recognition of External Environment

- Increasing scale of domestic livestock farms (more livestock per farm)
- Growing production and consumption of meat and fish in emerging countries, particularly in Asia
- Expanding ready-made meal market
- Labor shortages in various sectors due to the declining working-age population
- Transition to a decarbonized and circular society
- Rising awareness of biodiversity conservation
- Spread of digital technologies like generative AI and the emergence of new businesses

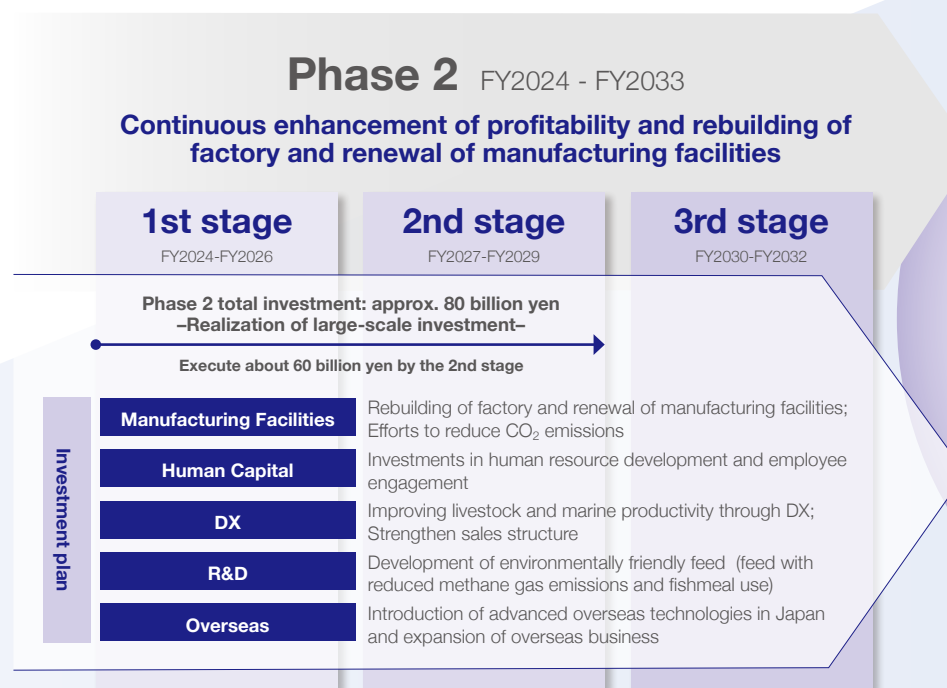
Opportunities and risks in the value chain [⑤ P.16](#)

#### Key Challenges for the Company

(Issues from the previous medium-term management plan)

- Aging of manufacturing plants (lagging in productivity, safety, and environmental performance)
- Promoting diversity (e.g., increasing the ratio of female managers)
- Advancing DX in production and sales (centralizing and utilizing information)
- Developing and launching environmentally friendly feed
- Expanding and stabilizing overseas operations

Capital strengths and reinforcement [⑤ P.14](#)



**FY2033**

#### Realization of Vision

**Committed to 'ONE',  
striving to be the  
company of choice**

#### Management Indicators

EBITDA	<b>16 billion yen</b> or more
ROE	<b>10%</b> or more
ROIC	<b>8%</b> or more
Market share*	<b>20%</b> or more

\*Animal feed business

## Outline of Medium-term Management Plan 2026 –1st STAGE for NEXT 10 YEARS –

Expediently invest on an unprecedented scale for FEED ONE by the middle of the 2nd phase, which includes the 1st stage (FY2024 to FY2026).

At the same time, FEED ONE aims to strengthen synergies among businesses and reinforce earnings capabilities, and focus management on capital efficiency by revising management indicators.

### Management Indicators

Management indicators have been revised for the 1st stage of the 2nd phase onward. The previous three indicators, namely sales volume, ordinary profit, and ROE, have been expanded to five: EBITDA, ROE, ROIC, total investment, and sales volume.

This change will enhance management's focus on the execution of capital investments and the cost of capital.

Management Indicators	3rd Medium-term Management Plan	Targets
EBITDA	8.2 billion yen (average during the plan)	11.5 billion yen (FY2026)
ROE	7.2% (average during the plan)	8% or more (FY2026)
ROIC	4.7% (average during the plan)	6% or more (FY2026)
Total investment amount	7.4 billion yen (Total investment from FY2021 to FY2023)	60 billion yen (Total investment during 1st and 2nd stages, from FY2024 to FY2029)
Feed sales volume	3.69 million tons (average during the plan)	3.90 million tons (FY2026)

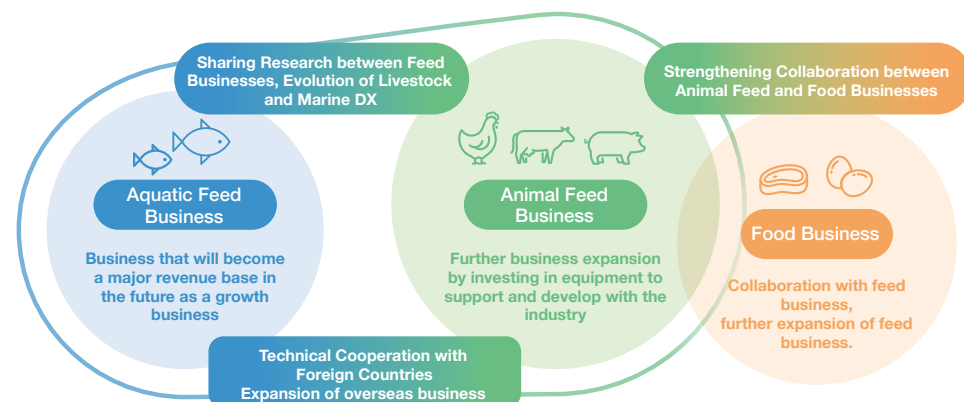
\*Our assumed cost of equity: 8%, WACC: 6%

(Our assumed cost of capital is calculated using a CAPM based formula that takes into account the beta and DE ratios of comparable listed companies.)

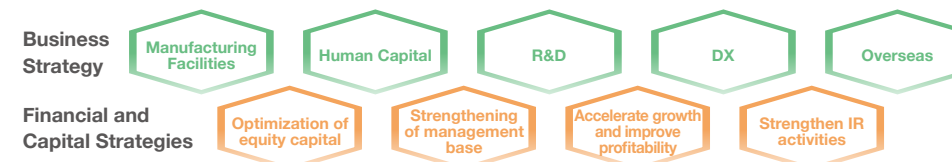
(Reference)	3rd Medium-term Management Plan	Targets
Net sales	288.3 billion yen	327.2 billion yen (FY2026)
Ordinary profit	4.8 billion yen	7.0 billion yen (FY2026)

### Business Policy

In addition to individual business initiatives, we will promote synergies across businesses. Specifically, we envision sharing research between the livestock and aquaculture feed businesses, advancing DX, strengthening collaboration with the food business, and expanding technical alliances and business overseas.



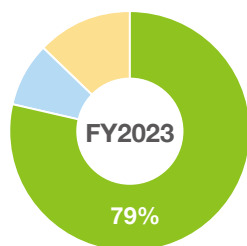
Leveraging our strength in overseas expansion, we will continue to contribute to the development of the livestock and fisheries industries through the introduction of technologies. At the same time, we will expand our business operations in countries such as Vietnam and India by leveraging our technologies in Japan.



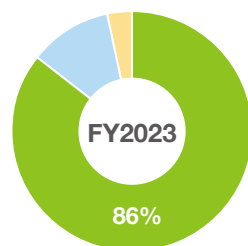


## Business Strategy **Animal Feed Business**

■ Net sales by segment



■ Ordinary profit by segment

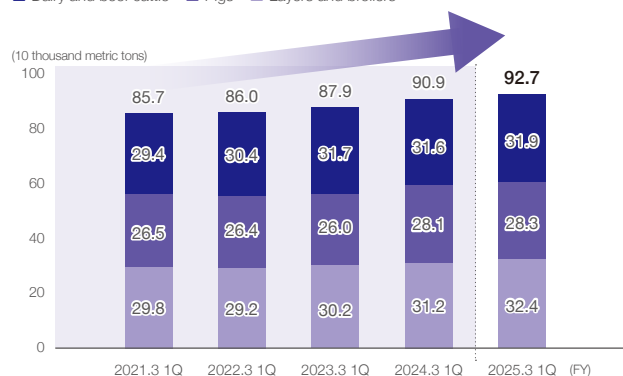


### Business Vision

With the aim of achieving sustainable development in both the livestock industry and broader society, we will pursue technological innovation to improve the production efficiency of producers and reduce environmental impacts. Also, we will support the increasingly sophisticated farm management practices of customers through consulting services for livestock breeding management and disease control. We will think outside the box and continue to take on the challenge of creating value, contribute to improvements in business management for producers, and provide feeds that help improve production efficiency and profit margins.

■ First quarter sales volume of animal feed

■ Dairy and beef cattle ■ Pigs ■ Layers and broilers



### Business Overview and Strengths

#### Overview

The animal feed business in Japan comprises seven business divisions, eight sales branches, and 14 production factories. We sell approximately 3.68 million metric tons of animal feed annually.

#### Strengths

- (1) Ability to respond swiftly owing to our Japan-wide network of sales branches and the meticulous gathering of information about customer needs
- (2) Stable supply of products owing to a strengthened production base (factories)
- (3) Lineup of products underpinned by patented technologies, such as *Nori Nori Pork* (a feed for improving thin-fat pork)
- (4) Ability to facilitate the uptake of advanced technologies based on genome and raw milk fatty acid analyses (customer service)
- (5) Capacity to regularly obtain the latest information on livestock nutrition and feed management technology from overseas
- (6) First in Japan to adopt US-made methane measuring equipment, called Green Feed, at our dairy research facility. We plan to utilize this device to promote the development of feed that reduces methane emissions from cattle.
- (7) Development of products that comply with animal welfare standards and accumulation of breeding techniques.

#### Challenges

- (1) Contribute to improvements in business management for producers by proposing product development and feed management technologies to enhance productivity while feed prices remain high
- (2) Strengthen the following efforts aimed at improving the efficiency of logistics in order to overcome the so-called "2024 problem" in the logistics industry: tank level monitoring systems, restructuring of regional distribution systems, factory shipment reservation systems, etc.

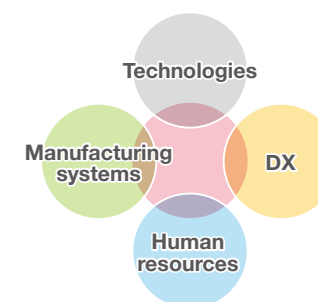
### Growth Strategy

- (1) Consolidate and reorganize factories, and also build new factories
- (2) Evolve heat treatment technology and develop new feed shapes (including the introduction of the latest technology from the EU)
- (3) Develop and launch groundbreaking new products incorporating the latest nutritional theories through strengthened overseas partnerships
- (4) Speed up IoT and DX technology initiatives (boost employee numbers in the DX Department)
- (5) Promote efficiency and transparency of the sales structure (introduce and manage a sales activity management system)

### Achievements and Challenges in FY2023

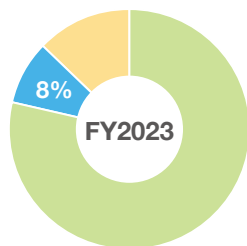
#### Achievements

- Despite the lingering effects of HPAI (highly pathogenic avian influenza) and the dairy crisis, sales volume (3.68 million metric tons) was well above the previous year (+103% YoY)
- Having formulated a new medium-term management plan, for FY2024 we are targeting a sales volume of around 3.70 million metric tons (+103.3% YoY)

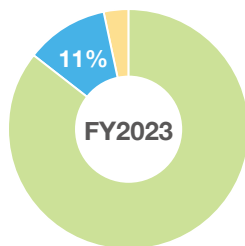


## Business Strategy Aquatic Feed Business

■ Net sales by segment



■ Ordinary profit by segment



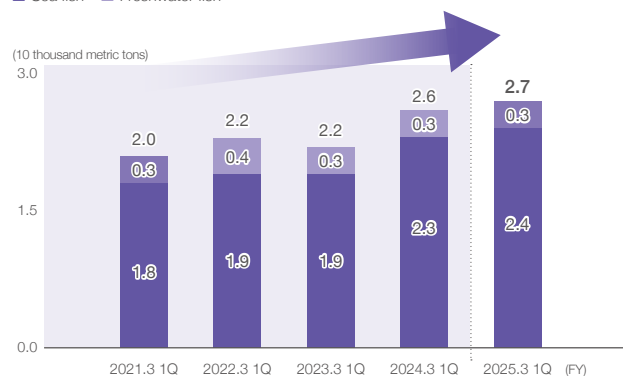
### Business Vision

Roughly 40% of the ingredients in Japan's aquaculture fish feed consists of fish meal. Given the concerns about a future protein crisis, we will develop sustainable, high-quality formula feeds that do not rely on fish meal and limit the environmental impacts of phosphorus and nitrogen emissions. We will endeavor to ensure a stable supply of formula feeds and also focus on environmental conservation.

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

■ First quarter sales volume of aquatic feed

■ Sea fish ■ Freshwater fish



### Business Overview and Strengths

#### Overview

With a production system centered on the Kitakyushu Aquatic Feed Factory, we produce around 110,000 metric tons of aquatic formula feeds per year, distributing it to every corner of Japan, from Hokkaido to Okinawa. We also export high-quality feed for juvenile fish. In addition, a specialized department for distributing marine products also handles farmed fish. In recent years, the price of fish meal, a key ingredient, has continued to rise, putting the survival of the aquaculture industry at risk. We are stepping up efforts aimed at realizing the next generation of aquaculture by developing and promoting advanced fish meal-free and low-fish meal feeds, as well as by providing innovative feeding management techniques to guarantee the sustainable development of the aquaculture industry.

#### Strengths

- (1) Stable production and supply system centered on large production plants
- (2) Cutting-edge research and development system centered around the Aquatic Research Center
- (3) A technical backup system involving rapid field testing and sales promotion with researchers stationed at branches
- (4) Strengthening and expanding the sales system for aquatic products with the presence of sales staff from the Aquatic Products Department at branches to enhance feed links

### Achievements and Challenges in FY2023

#### Achievements

- Brought to market *Sustena ZERO*, a fish meal-free feed for red sea bream. Achieved comparable farming results compared to existing products that use fish meal.
- Effects of promoting growth while also reducing the amount of feed used was observed in a demonstration test for the practical application of compensatory growth.
- Started collaborating with other industries to leverage IoT technology in the aquaculture sector

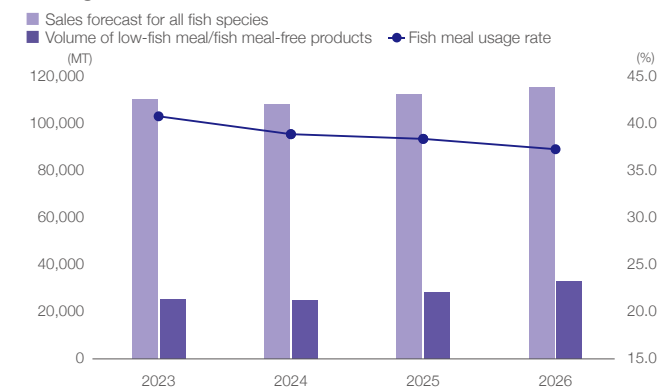
#### Challenges

- Researching and developing various alternative ingredients, such as insects, fungi, and algae, to replace fish meal
- To support aquaculture producers in reducing costs and establishing advantageous sales (selling to higher markets), we are assigning research and technology personnel and specialists in marine product sales to each branch so that we can establish a system to propose one-stop solutions—from feed and farming management technology to the sales and distribution of produce—to meet customer needs and in line with the operating environment

### Growth Strategy

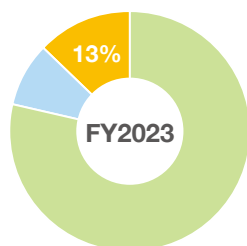
- Reduce our dependence on fish meal and promote low-fish meal feed; reduce our fish meal usage from 40.8% in FY2023 to 37.3% by FY2026.
- Create strengths not found at other companies (establishment of next-generation aquaculture technology, enhancement of sales skills)

■ Low-fish meal/fish meal-free feed sales target and fish meal usage rate

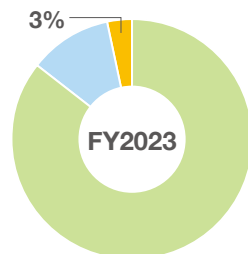


## Business Strategy **Food Business**

■ Net sales by segment



■ Ordinary profit by segment



### Business Vision

The main objective of the food business is the establishment of a business model that combines livestock products with feeds. As a leading company in the formula feed business, we contribute to building a prosperous and healthy society by making full use of our know-how in livestock farming and ensuring a stable supply of protein-based food products in collaboration with producers.

### Business Overview and Strengths

#### Overview

Sales in the food business amount to approximately 40.0 billion yen annually, accounting for around 13% of FEED ONE's overall sales. We produce and distribute products that meet the needs of consumers across Japan through a Japan-wide network of affiliated companies that includes 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.).

#### Strengths

- (1) Safe and reliable foods that only feed manufacturers can deliver
- (2) Ability to supply products finely tailored to the needs of consumers as a packer with manufacturing bases in the areas of consumption
- (3) Capacity to develop high-quality specialty products in collaboration with producers

### Achievements and Challenges in FY2023

#### Achievements and Challenges

- Commenced sales to all stores of major retailers
- Changed the number of working days per week at some affiliated companies as part of work style reforms (from six to five days)
- Expanded capacity of processing equipment for seasoned boiled eggs, with operations scheduled to come online in 2025

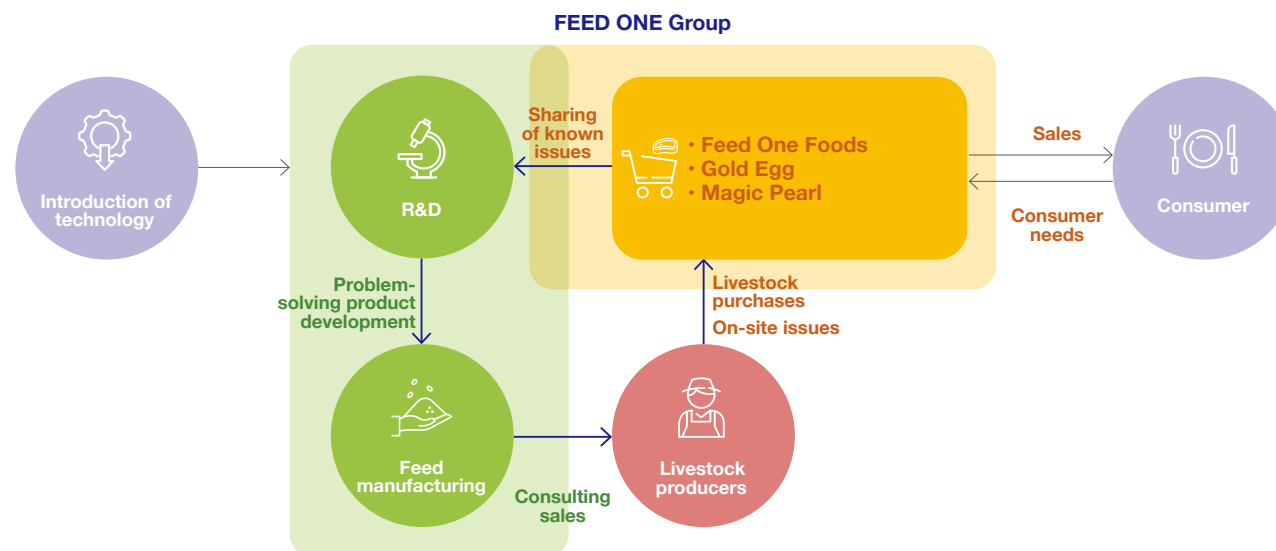
### Growth Strategy

Through the procurement and sales of livestock, the FEED ONE Group will build a feedback loop model that links the challenges of producers and needs of consumers to the development of feed products.

#### ■ Establishment of a business model that combines livestock products with feed

##### Roles of the food business

- Maximize producer profits
- Realize synergies with feed sales





## Business Strategy **Further expansion**

### Business Overview and Strengths

#### Overseas Businesses

##### Overview

##### Vietnam

In 2011, through a joint investment with Sojitz Corporation, we established a local subsidiary in Vietnam for the manufacturing and sales of livestock feeds. We are actively promoting the technology and high quality we cultivated in Japan to increase the market share of our products in the local market.

##### India

In 2013, through a joint investment with a local corporation, we established a local subsidiary in India for the manufacturing and sales of freshwater fish feed and shrimp feed. Operations started in earnest in 2016 and since then we have continued to tap into the local market.

##### Strengths

- Production management framework that can meet local needs and product supply structure to guarantee quality consistency
- Differentiation based on Japan's feed production and feeding technology
- Formula design technology that makes effective use of a wide range of local beneficial raw materials
- Utilization of a partner network

### Achievements and Challenges in FY2023

#### Overseas Businesses

##### Achievements and Challenges

##### Vietnam

- Record-high profit since commencing operations: Improved profitability due to factors such as lower raw material prices and manufacturing costs
- Expanded sales via aggressive promotions
- Entry into the northern Vietnam market and start of outsourced production
- For business growth, augmenting manufacturing facilities and securing and developing human resources will be key

##### India

- Due to the sky-high prices of aquatic feed ingredients and the

global decline in shrimp prices, among other factors, demand for aquatic feed in the state of West Bengal in India has significantly decreased. As such, with the aim of improving profitability, we are working to streamline inventory, make improvements to plant equipment, and refine customer information.

### Growth Strategy **Overseas Businesses**

##### Vietnam

- Further expand sales volume and profit base by securing new manufacturing locations
- Expand production capacity and improve efficiency of existing factories
- Improve customer satisfaction and gain new customers through the introduction of new products and services, as well as via the improvement of existing ones
- Enhance customer service by utilizing sophisticated feeding techniques provided by FEED ONE experts

##### India

- Develop products targeting high-margin items
- Strengthen the ability to solve local issues by dispatching FEED ONE specialists
- Optimize raw materials/product inventory and improve financial standing by strengthening receivables management

### Business Strategy Guided by Capital Costs

#### All Businesses

##### Management Indicators

Starting with the Medium-term Management Plan 2026, we have replaced the KPI of ordinary profit with EBITDA and also added ROIC as a new indicator to assess investment efficiency. In each business segment, a system has been established for the purpose of improving and evaluating earnings with the new indicators.

##### Business Strategy and Investment Strategy

In each business division, in addition to profit growth, we will look to improve the cash conversion cycle (CCC) and streamline assets with a view to enhancing asset efficiency.

Moreover, the Group has plans for some major investments

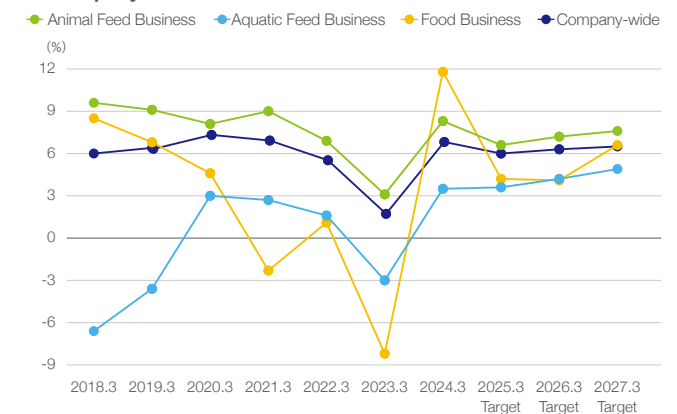
over the next ten years; we have set the cost of capital (WACC) at 6% and therefore intend to apply a discount rate of 6% to our valuations when deciding on an investment. The hurdle rate will be reviewed and evaluated every year. For large-scale investments, after evaluations are carried out by the Investment Committee, the potential returns on investment will be reviewed by the Executive Committee and the Board of Directors to determine whether they are appropriate in relation to the cost of capital. We will continue to formulate and execute strategies geared towards enhancing market competitiveness, achieving sustainable growth, and increasing corporate value over the longer term.

##### Business division-based management

Each business division will also keep track of its cost of capital and take steps to improve capital efficiency. By strengthening the profitability of each business, generating cash flow, and lowering the cost of capital, we will look to implement measures to further optimize invested capital on a Company-wide level and drive business growth and a higher growth rate.

KPI	Formulas
<b>ROIC (Company-wide)</b>	$\frac{(\text{ordinary profit} + \text{interest paid} - \text{interest received}) \times (1 - \text{effective tax rate})}{\text{Invested capital (interest-bearing debt} + \text{shareholders' equity)}}$
<b>ROIC (each business)</b>	$\frac{(\text{ordinary profit} + \text{interest paid} - \text{interest received}) \times (1 - \text{effective tax rate})}{\text{Invested capital (working capital} + \text{non-current assets)}}$

##### ■ Company-wide ROIC and in each business



## R&D Strategy

The demands of society and the needs of the market in relation to feed and food are growing increasingly complex and diverse year after year. In this environment, we are actively developing, acquiring, and applying new technologies through our own research centers to quickly bring groundbreaking products to market.

	Research & Development Center		Aquatic Research Center (one location in Japan)
	Feed & Livestock Research Department (two locations in Japan)	Quality Control Department (one location in Japan)	
<b>Characteristics</b>	<ul style="list-style-type: none"> <li>Engages in the development of animal feed and related technologies at the Company's testing farm</li> <li>Continuously gathers the latest information via a network of public institutions and technology partners in Japan and overseas and has established a system for conducting research and studies at the Company's testing farm</li> </ul>	<ul style="list-style-type: none"> <li>Conducts analyses primarily focused on safety and reliability in the fields of livestock, aquaculture, and food</li> <li>Establishes analysis systems for quality assurance and deploys them to manufacturing sites</li> <li>Performs analyses related to the taste of livestock and aquaculture produce</li> <li>Guarantees objective reliability by obtaining accreditations under international standards</li> </ul>	<ul style="list-style-type: none"> <li>Has its own equipment, including land-based tanks and sea cages, and has established a system capable of conducting in-house technological development and testing</li> </ul>
<b>Topics of focus</b>	<ul style="list-style-type: none"> <li>Improving productivity in the livestock industry</li> <li>Utilizing unused resources</li> <li>Minimizing environmental footprint</li> <li>Upholding animal welfare standards</li> </ul>	<ul style="list-style-type: none"> <li>Further improving accuracy and efficiency of analyses (reviewing methods of analysis and adopting state-of-the-art analytical equipment)</li> </ul>	<ul style="list-style-type: none"> <li>Developing next-generation feeds with a core focus on further reducing the use of fishmeal to ensure sustainable practices in aquaculture</li> <li>Feed that does not rely on natural resources (low-fishmeal/low fishoil/fishmeal-free, etc.)</li> <li>Fully farmed aquaculture produce that does not rely on wild fry (artificial seed production of yellowtail, etc.)</li> </ul>
<b>Main achievements and accreditations in FY2023</b>	<ul style="list-style-type: none"> <li>Development of <i>Nori Nori Pork</i>, a swine feed that contributes to a faster growth rate and increased fat content</li> <li>Total of 87 trials (annual output) and 176 cases of information collection from domestic and international sources (report basis)</li> </ul>	<ul style="list-style-type: none"> <li>Deployment of inline NIR to multiple factories</li> <li>ISO/IEC 17025 accreditation (accreditation number: 70118)</li> <li>(Number of trials and information collection included in the total shown in the column to the left)</li> </ul>	<ul style="list-style-type: none"> <li>Development of <i>Sustena ZERO</i>, a fishmeal-free feed for red sea bream</li> <li>Large-scale demonstration testing of compensatory growth*</li> <li>Total of 41 trials (annual output) and collection of information from domestic and international sources</li> </ul> <p>*A phenomenon where growth of farmed fish is promoted restricting feed intake for a certain period followed by the resumption of feeding</p>
<b>Research framework issues Future considerations</b>	Evolution of a research framework capable of continuing to lead the industry: Further strengthening of cooperation in livestock and aquaculture research, developing groundbreaking products with ideas and creativity, nurturing human resources, developing feed in collaboration with customers, conducting technical research utilizing IoT, and taking up the challenge of addressing SDG-related issues.		



## R&D Strategy

### Voices of project leaders



Our new product *Nori Nori Pork*, which achieves both growth rate and back fat accumulation, took home the 2024 IPPS Award in the pig farming category at the International Poultry & Pig Show!

In the ever-changing livestock industry, I aim to solve problems by developing new technologies.

#### Shuya Moriai

Assistant Section Chief  
Research & Development Center

In charge of pig feed R&D and the development of breeding management technology

#### Taking on new challenges

In recent years, the pig farming industry has seen an increase in piglet growth rates due to advancements in breeding, but on the other hand, a significant issue has emerged with reduced fat accumulation and only thin layers of fat on the product at the time of shipment. This has resulted in lower gradings and a deterioration in margins for farms. Traditionally, in breeds genetically predisposed to minimal fat accumulation, attempts to increase backfat with feed often led to reduced growth. This made it difficult to improve thin fat layers while maintaining productivity.

After several years of experimental research, we successfully developed a new technology that allows backfat accumulation while maintaining productivity, even in breeds with a tendency for thin fat layers. Accordingly, we filed a patent application for this technology. Last fiscal year, we launched a new product called *Nori Nori Pork*, which incorporates this patented technology, and so far it has been well received by customers who have actually used it. I should also add that at the International Poultry & Pig Show (IPPS) held in April 2024, *Nori Nori Pork* garnered high praise from attendees and even won the IPPS Award in the pig farming category.

#### Job satisfaction and future aspirations

I find a great sense of fulfillment in easing the concerns and solving the problems of customers with the products we have developed, and in seeing their joy when these solutions lead to stronger earnings.

For the very reason that the livestock industry continues to change daily and customer needs are growing more diverse is why I believe it is crucial now to waste no time in creating and providing high-value-added new products and technologies to address a greater number of challenges. In the development process, we tend to fail more often than not, and results that we can feel happy with are often out of reach. However, by continuing to challenge myself without fear of failure, I aim to create unique products for FEED ONE and engage in R&D so that as many customers as possible can feel satisfied with our products.



We have established a networked system to centrally manage component analysis at all of our factories across Japan. We will continue to evolve our framework for analysis and monitoring, thereby addressing challenges in the field and providing customers with safer and higher-quality feed.

#### Yoshinobu Fujita

Deputy Section Chief  
Research & Development Center

In charge of evaluating the quality and safety of ingredients and products (contract analysis service), providing technical support to factory quality control operations, and conducting research on new analytical evaluation methods

#### Taking on new challenges

The globalization of raw materials in recent times has culminated in various new ingredients being used in formula feeds. I believe it is important to quickly provide highly reliable results of analyses of these ingredients in order to evaluate their safety and so that we can manufacture high-quality products. To that end, I consider it a key challenge that we actively utilize new analytical equipment and unique analysis methods, along with maintaining and enhancing the skills of the personnel involved.

In my department, we have established a system to deploy and operate near-infrared (NIR) analyzers at all of our factories. NIR is a groundbreaking analytical method that we can use to obtain component values non-destructively by irradiating samples with near-infrared light. Once the system is up and running, it only takes two minutes to measure all of the major components of a sample. As of 2024, we have networked the NIR analyzers deployed at all of our factories, which means we can centrally manage component values. And recently, we have been pressing ahead with the installation of "inline NIR," which means that the NIR device is directly installed on the factory production line to continuously and automatically monitor component variations.

#### Job satisfaction and future aspirations

I believe that the challenges that truly need to be addressed for sustainable growth lie on the frontline. This is why I aim to promote collaboration with other departments centered around the work of analysis and address challenges from the standpoint of being on the frontline to achieve higher levels of customer satisfaction.

My department has been accredited with ISO/IEC 17025 (accreditation number 70118) for the analysis of items critical to the quality control and nutritional design of ingredients and products, such as standard ingredients, minerals, and amino acids. Under this international standard, we endeavor to ensure the objective reliability of our analytical results. We are also capable of performing various analyses of other items, a service that I hope our customers will come to take advantage of.

# VOICE



## R&D Strategy

### Voices of project leaders



The situation around feed is becoming more challenging due to the depletion of natural resources and soaring raw material costs exacerbated by the weak yen. In light of this, I am listening to the feedback of producers and driving the development of alternative ingredients that are truly needed in an impending era where the dependence on fishmeal must be reduced.

#### Shinya Murayama

Assistant Section Chief  
Aquatic Research Center

Conducts research into new alternative ingredients to fishmeal, develops low-fishmeal feeds, and studies feeds with new properties

#### Taking on new challenges

In FY2023, the sharp drop in anchovy catches in Peru not only triggered an enormous surge in the prices of fishmeal and fish oil, but it also precipitated a global scramble for limited supply. Fishmeal and fish oil are the key ingredients in aquatic feed and are therefore indispensable for feed manufacturers. I believe it is the responsibility of feed manufacturers to advance R&D of alternative ingredients in preparation for situations like this. Therefore, to address this issue, we are currently exploring a wide range of new ingredients, such as insects, fungi, and algae. We continue to undertake research on a daily basis in an effort to commercialize these products as quickly as possible and get them into the hands of producers.

#### Job satisfaction and future aspirations

When I accompany our sales reps on visits to producers, I explain our research policy and initiatives whilst considering their needs and how we as a company can assist them.

I have received very positive feedback from some of the producers I visited, including comments along the lines of “It was great to have such a meaningful exchange of ideas” and “We would love to hear more proposals like this.” By having these face-to-face conversations with our customers, I feel a great sense of fulfillment in being able to take a step closer towards producers and work with them to solve their challenges, rather than just conducting research.

The environment in which the feed business operates is tougher than ever, mainly due to sky-high fishmeal prices and depreciation in the yen. In these circumstances, I want to consider what we, as a feed manufacturer, can do and what is expected of us by producers. I want to think outside the box when engaging in R&D and supporting producers so that they can say they are glad they chose to work with FEED ONE.



Our fishmeal-free feed *Sustena ZERO* has been highly lauded by producers and the feed industry for its superior performance. Moreover, by introducing innovative feeding methods, we will address customer concerns with flexible solutions unshackled from the past in a bid to generate more efficient growth.

#### Gakuto Oishi

Senior Staff  
Aquatic Research Center

In charge of the development of fish meal-free feed and the establishment of new feed management technology

#### Taking on new challenges

In recent years, a whole host of factors, including smaller catch volumes in Peru and sudden yen weakness, have combined to drive up feed prices. In the midst of this, FEED ONE is advancing the development of feed not reliant on fish meal, from the perspective of resource conservation and in order to improve business management for our customers.

On the development of fish meal-free feed, after taking stock of the results of breeding trials and feedback from customers to make numerous improvements, we launched *Sustena ZERO* in August 2023, a fish meal-free feed for red sea bream. At the time of its launch, it was featured in the *Nikkei* and *The Minato Daily* newspapers, while customers also gave it the thumbs up, saying things like “We were able to reduce production costs without any impact on growth.”

In addition, we are also looking into a feeding management technique called “compensatory growth,” which applies the concept of a rebound after dieting in humans. In FY2023, we actually sought the cooperation of red sea bream producers and commenced trials in summer. The results demonstrated that implementing a feeding restriction for a certain period leads to better growth and feed efficiency. Our customers too have been glowing in their praise. Both technologies still have room for improvement, so we will continue with our research to improve their performance in the future.

#### Job satisfaction and future aspirations

Despite the challenges of working with living things, what I find fulfilling is that I am involved in the origins of food, and as a researcher, not only do I seek out facts, but there is an onus on me to achieve outcomes in order to alleviate customer concerns.

The environment surrounding the aquaculture industry has changed dramatically in recent years, and the traditional ways of doing things no longer hold sway. To break down this situation, I aim to contribute to the sustainable development of aquaculture by collaborating with both internal and external stakeholders, preserving the positive aspects of traditional methods, and making improvements where necessary.

# VOICE

## Message from the Sustainability Officer



## Targeting further improvement in corporate value by steadily advancing our new items of materiality and One's Actions\*

### Focus on measures to address environmental and human rights issues in the third MTMP

In line with our Third Medium-term Management Plan, we have pressed ahead with initiatives aimed at addressing the Company's items of materiality (key issues) with a focus on ESG (environment, social, governance). From a structural point of view, in 2021 we established the ESG Committee (renamed the Sustainability Committee in October 2024), and we continue

to review and discuss the progress of our activities on a quarterly basis. Moreover, to further accelerate our in-house initiatives, we established the Sustainability Promotion Office in April 2022, which was later renamed the Corporate Branding Office in October 2024 due to organizational changes.

One of our major achievements in tackling environmental issues was the development of fish meal-free feed, which we began selling in 2023. While fish meal is considered an essential ingredient in aquaculture feed, there are a number of challenges associated with its use, namely prolonged sky-high global prices and the depletion of natural marine resources. That is why we developed *Sustena ZERO*, a feed for red sea bream that stacks up against high-quality traditional feed but without the use of fish meal. This product has earned glowing reviews from producers engaged in the farming of red sea bream.

From the standpoint of coexistence and mutual prosperity with society, we have made progress on efforts to address human rights. Given that we rely on imports for many of our formula feed ingredients, we recognize the importance of respecting human rights in the locations from where we source these ingredients. Currently, we have started to identify, and are taking steps to mitigate the human rights risks within the Company. Moving forward, we will also steadily conduct human rights due diligence across the entire supply chain.

\*One's Actions: The concrete measures derived from our newly formulated items of materiality

### Formulation of new items of materiality in response to changes

Since the formulation of our items of materiality in 2020, the operating environment has changed considerably, particularly in terms of environmental problems growing conspicuously worse, heightened geopolitical risks, and calls for the creation of workplace environments that respect human rights and individual freedoms. In light of all this, we have formulated new items of materiality (key issues) in an effort to do more through our business activities to help solve environmental and societal issues.

On top of that, we have drawn up a new set of concrete measures that we call "One's Actions." The One's Actions are linked directly to the five items of materiality. As we go about setting the actions in motion to address the items of materiality, we are cognizant of the need for the large-scale capital investments that we have planned for Phase 2 (the next 10 years). We will therefore carefully assess where the links to the new items of materiality lie and make informed decisions accordingly.

Of the five items, we recognize that our initiatives to address environmental issues, which

## Message from the Sustainability Officer



we have hitherto focused on in the Third Medium-term Management Plan, need to be further strengthened over the next 10 years if we are to make the Company's business itself more sustainable.

We have therefore clearly defined how climate change impacts our operations and set CO<sub>2</sub> emission reduction targets for FY2030 and FY2050 (medium- and long-term targets). To be more precise, we are targeting a 50% reduction by FY2030 (compared to FY2020) and carbon neutrality in the supply chain by FY2050. We have developed a decarbonization roadmap that includes energy-saving and energy-creation measures, a transition to renewable energy, and offsets through our contributions to reducing emissions.

One of the initiatives geared towards achieving our targets is the reduction of methane emitted from livestock production sites. We are currently researching and developing feed that suppresses methane and also incorporating technology from outside of Japan.

I should also add that drastically reducing greenhouse gas emissions will be no easy feat for us to accomplish alone; it requires a united approach across the entire supply chain. In recognizing this, in FY2024 we kicked off a partnership with a grower of feed rice, an ingredient in formula feeds.

In this way, by taking our usual initiatives to the next level and rolling out new ones, we will steadily take steps toward our goal of carbon neutrality by FY2050.

## In conclusion

In the 10 years since the merger, we have steadily increased feed sales volume and grown into a leading company in the feed industry. The next 10 years will be a crucial "Phase 2" for us to further enhance corporate value to become the kind of company we aspire to be, as indicated in our newly established purpose and revamped mission and vision.

I believe it is important that employees firmly recognize that their daily work is a part of supporting the sustainability of society. It is this recognition that will drive the evolution of how we approach and undertake our work and help us become the company we aspire to be.

I will continue to lead our employees as the flagbearer for the new items of materiality and the One's Actions, and also monitor their progress closely. I look forward to the support of all our stakeholders in the future as we continue to make significant contributions to the environment and the community as a leading company in the feed industry.





## Sustainability Initiatives

### Sustainability Policy

Our business supports the food value chain centering on formula feed, which serves as the “The Source of Deliciousness”, with nature and social infrastructure as a base. 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 also contribute to the realization of a sustainable society.

### Sustainability Promotion System

The FEED ONE Group set up the Sustainability Committee to promote sustainability initiatives. The Committee considers and discusses issues and measures related to sustainability including climate-related risks and opportunities, and human capital. The Committee has also set the Group’s “One’s Actions” targets linked with the Medium-term Management Plan and business plan, provides support and advice on the initiatives, and manages their progress.

The Sustainability 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 Executive Committee regularly receives reports from the Sustainability Committee on sustainability topics, including climate-related risks and opportunities, human capital, and human rights, and provides supervision and advice on such measures.



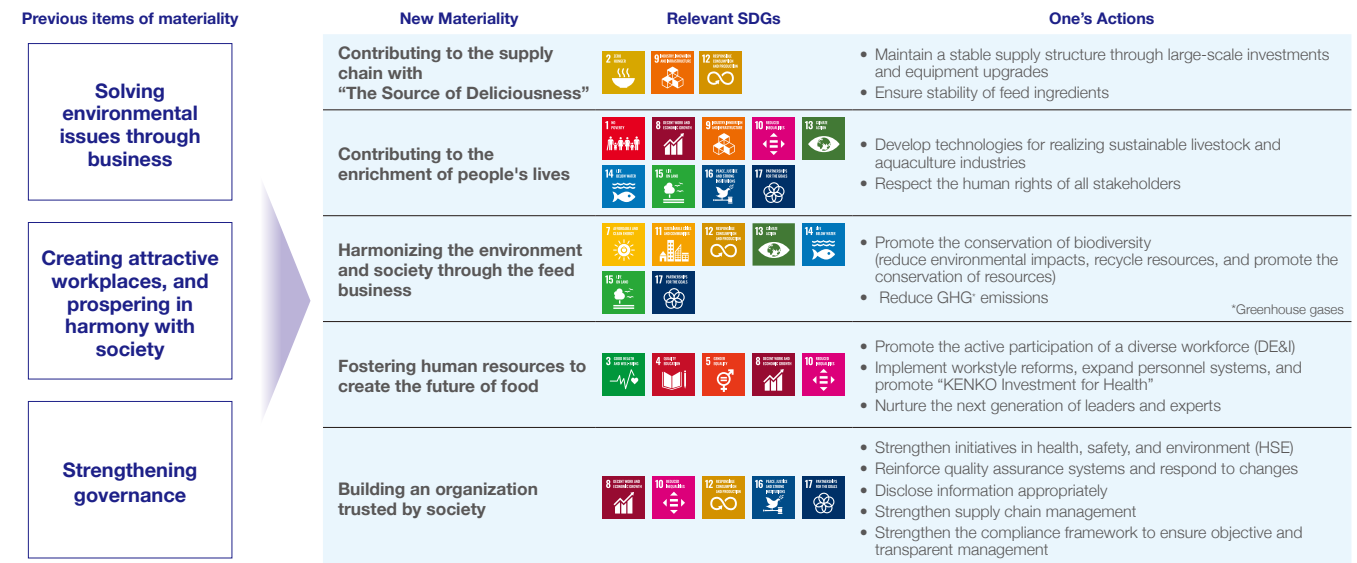
### Materiality Revision

The Group identifies material issues from the perspective of sustainability management that are important to society and stakeholders and significantly impact the Group's business.

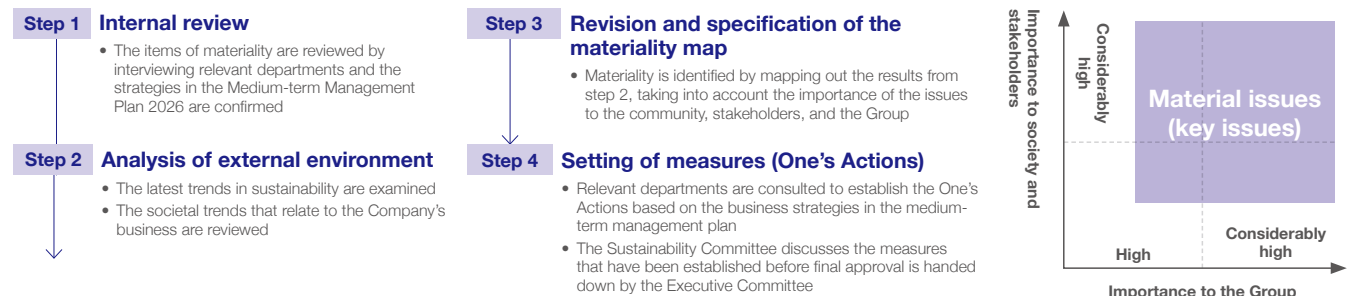
Given the numerous societal issues that companies are currently grappling with, such as climate change and other environmental problems and human rights concerns in the supply

chain, we undertook a review of the three items of materiality that we identified in FY2020 and reorganized them in FY2024.

The items of materiality have been linked to the strategies in each department's medium-term management and business plans with the aim of achieving our medium- and long-term targets and bringing about a sustainable society.



### Process of identifying and reviewing items of materiality (key issues)



## Environmental Stewardship

The Group's business is based on the blessings of nature, and we are committed to fighting climate change, resource conservation, and the protection of biodiversity.

### Climate change action: Disclosure of information based on TCFD recommendations

We declared our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) created by the Financial Stability Board in April 2022, and disclosed climate-related information in June 2022 around the four thematic areas of Governance, Risk Management, Metrics and Targets, and Strategy.

An outline of our FY2023 initiatives and relevant sections are offered below.

#### Governance

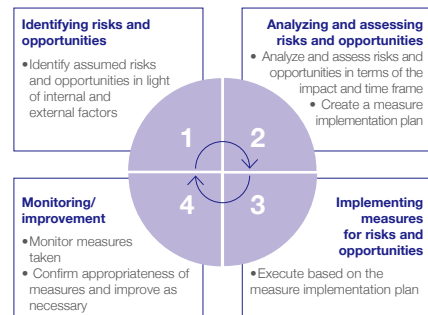
The Group recognizes climate change-related risks and opportunities as major issues of its business activities, and the Sustainability Committee chaired by the Representative Director and President considers and discusses the Group's issues and measures.

The Sustainability Committee chair regularly reports to the Executive Committee on climate-related risks and opportunities, and the Executive Committee provides supervision and advice on such measures.

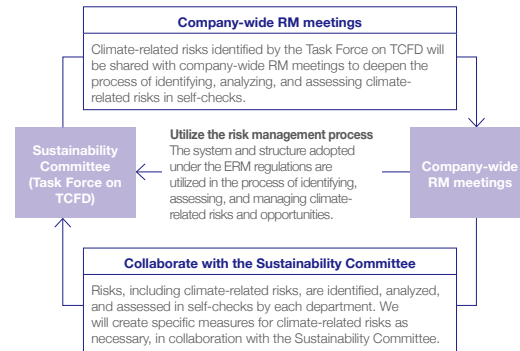
#### Risk Management

Climate change opportunities and risks are compiled by the TCFD Task Force, which is part of the Sustainability Committee. It performs analyses, prioritizes issues, and considers what action to take. The most important matters are reported to, and deliberated on by, the Executive Committee. In addition, risk management matters are mainly addressed at company-wide RM meetings, facilitated by 57 teams nationwide. These teams implement the risk management PDCA cycle throughout the year. The TCFD Task Force collaborates with these company-wide RM meetings to ensure comprehensive risk management, and aims to minimize risks and maximize opportunities across the entire group.

#### Process of identifying, assessing, and managing climate-related risks and opportunities



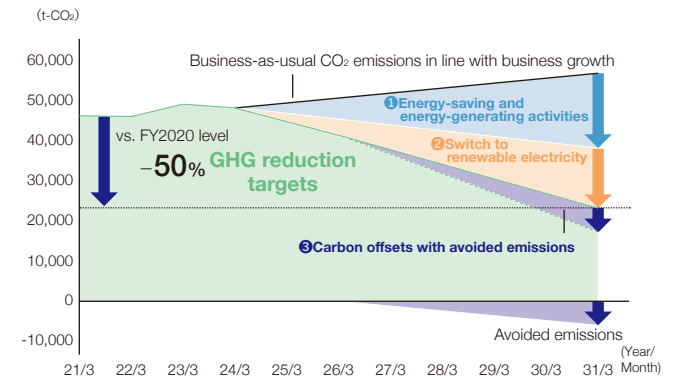
#### Collaboration between the Sustainability Committee and company-wide RM meetings



### Metrics and Targets

The Group has set CO<sub>2</sub> emissions as a key metric in an effort to minimize risks and maximize opportunities related to climate change. We aim to halve our Scope 1 and 2 CO<sub>2</sub> emissions by 2030 (compared to FY2020) and achieve carbon neutrality in the supply chain by FY2050.

We have formulated three reduction measures to achieve our medium- to long-term targets: (1) energy-saving and energy-generating activities, (2) switching to renewable energy electricity, and (3) carbon offsets with avoided emissions. We have also prepared, and are currently implementing, a decarbonization roadmap that takes into account increased emissions owing to business growth up until the target year of FY2030.



#### Actual CO<sub>2</sub> emissions (Unit: t-CO<sub>2</sub>)

Item	Target scope	FY2020	FY2021	FY2022	FY2023
<b>Scope1-2 (YoY)</b>		46,626	46,267	49,546	48,412
Total			(-0.8%)	(+7.1%)	(-2.3%)
Scope 1	FEED ONE and subsidiaries*	16,393	17,353	20,684	19,046
Scope 2	FEED ONE and subsidiaries*	30,233	28,913	28,862	29,366
<b>Scope3 (YoY)</b>		1,433,714	1,634,175	1,730,980	1,737,428
Total			(+14.0%)	(+5.9%)	(+0.4%)
Category 1 [Purchased goods and services]	FEED ONE and subsidiaries*	1,391,146	1,611,030	1,712,159	1,717,291
Category 2 [Capital goods]	FEED ONE and subsidiaries*	29,172	10,375	7,581	9,918
Category 3 [Fuel- and energy-related activities]	FEED ONE and subsidiaries*	6,625	6,363	4,602	4,728
Category 5 [Waste generated in operations]	FEED ONE (factories and Research & Development Center) and subsidiaries*	953	1,047	950	944
Category 6 [Business travel]	FEED ONE (Head Office)	71	78	104	162
Category 7 [Employee commuting]	FEED ONE	336	359	346	346
Category 12 [End-of-life treatment of sold products]	FEED ONE	854	842	862	897
Category 13 [Downstream leased assets]	FEED ONE	4,558	4,081	4,375	3,142

\* Consolidated subsidiaries (feed manufacturing factories and food and farm subsidiaries)

Notes 1: Excludes categories 8 [Upstream leased assets], 10 [Processing of sold products], 11 [Use of sold products], 14 [Franchises], and 15 [Investments]

2: For category 1, we calculate the procurement of raw materials (purchases of feed ingredients and livestock products)

## Environmental Stewardship

### Climate change action: Disclosure of information based on TCFD recommendations



Please visit our website for more detailed information.

<https://www.feed-one.co.jp/english/csr/environment/tcfcd.html>

## Strategy

The Group considers action on climate change to be a top management priority, and conducted a 2030 scenario analysis to understand the financial impact of climate change. In this 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 to achieve a decarbonized society, and the global temperature increase is limited to around 1.5°C to 2°C above pre-industrial levels	<ul style="list-style-type: none"> <li>• IEA World Energy Outlook 2023[NZE]</li> <li>• IEA World Energy Outlook 2023[APS]</li> <li>• IPCC SSP 1-2.6 • IPCC RCP 2.6</li> </ul>
4°C scenario:	A scenario in which no new policies and regulations are introduced to address climate change, and the global temperature rises about 4°C above pre-industrial levels	<ul style="list-style-type: none"> <li>• IEA World Energy Outlook 2023[STEPS]</li> <li>• IPCC SSP 5-8.5 • IPCC RCP 8.5</li> </ul>

### 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 operations	Time frame	Short: Within five years
	Moderate: Impact on profit and loss is between 100 million and 500 million yen or a somewhat significant impact on business operations		Medium: Between five and 10 years
	Low: Impact on earnings is 100 million yen or less or a minor impact on business operations		Long: Over 10 years

## Impact of a Carbon Tax Introduction

We examined the following two patterns for Scopes 1 and 2 emissions at the Company and its consolidated subsidiaries (feed manufacturing factories and food and farm subsidiaries).

In the 1.5°C scenario, if the Group does not address CO<sub>2</sub> emission reduction and such emissions increase in line with growing business activities, the carbon tax amount in FY2030 will amount to approximately 1.2 billion yen.

Meanwhile, if the Group can reduce CO<sub>2</sub> emissions by 50% in FY2030 (vs. FY2020 levels) as planned, the carbon tax amount will decrease by approximately 700 million yen to approximately 500 million yen. Costs related to CO<sub>2</sub> emission reduction are not included.

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

- a. If the Group takes no initiatives to reduce CO<sub>2</sub> emissions  
b. If the Group reduces CO<sub>2</sub> emissions by 50% in FY2030 (vs. FY2020)

Type	1.5°C scenario:	4°C scenario:	Calculation method
a	1,206	1,034	Calculated by multiplying the carbon tax' rate by FY2030 CO <sub>2</sub> emissions adjusted for business growth rate
b	490	420	Calculated by multiplying the carbon tax' rate by FY2030 CO <sub>2</sub> emissions when emissions are reduced by 50%, and after adjusting for business growth rate

\*Carbon tax: 1.5°C scenario \$140/t-CO<sub>2</sub> (Refer to IEA World Energy Outlook 2022 "NZE" for advanced economies)

4°C scenario \$120/t-CO<sub>2</sub> (Refer to IEA World Energy Outlook 2022 "STEPS" for EU)

Calculated at 150 yen to the US dollar

Classification	Risks/opportunities	Magnitude of financial impact		Time frame	Measures for risks and opportunities	
		Beyond 1.5 / 2°C	4°C			
Transition risks	Policy and regulation	Rising costs from carbon-tax introduction	High	High	Medium	Initiatives to reduce CO <sub>2</sub> emissions (Scopes 1 and 2) <ul style="list-style-type: none"> <li>• Energy-saving activities</li> <li>• Installation of energy-efficient equipment</li> <li>• Switch to renewable energy-derived power sources</li> <li>• Install solar photovoltaic equipment</li> <li>• Leverage IoT technology</li> </ul>
	Reputation	Declining profit due to a shift in demand toward sustainability-conscious, plant-based meat, etc.	Low	Low	Long	Initiatives to reduce carbon tax costs in the supply chain <ul style="list-style-type: none"> <li>• Animal feed: Increase bulk-loading of formula feed, and reduce disassembling of used flexible container bags at factories</li> <li>• Aquatic feed: Use of plastic bags that contain recycled materials</li> <li>• Food business: Reduce the consumption of plastic packaging materials</li> </ul>
Physical risks	Acute	Physical damage to livestock farmers and farms due to natural disasters, and a decrease in feed sales volume from disruptions to distribution networks	Low	Low	Short	Measures for producers <ul style="list-style-type: none"> <li>• Build a system to provide necessary and timely support in case of disaster</li> </ul>
		Suspended factory operations due to natural disasters	Low	Low	Short	Measures to prevent disruptions to distribution networks <ul style="list-style-type: none"> <li>• Establish a system to have alternate supply routes based on a business continuity plan</li> </ul>
	Chronic	Impact on livestock and farmed fish from rising sea water temperatures, and a decline in feed sales volume due to a change in optimal production locations in Japan	Low	Moderate	Long	Implement a business continuity plan to secure the safety of employees, safeguard the production and sale of feeds, and receive product support from affected factories <ul style="list-style-type: none"> <li>• Animal feed: Communicate up-to-date information about feed management technology</li> <li>• Aquatic feed: Develop products suitable for land-based recirculating aquaculture for which demand is expected to increase</li> </ul>
		Declining profit due to the impact of climate change on raw material production/costs	High	High	Long	Active use of raw materials with good price and quality advantages <ul style="list-style-type: none"> <li>• Animal Feed: Actively use domestic raw materials such as rice</li> <li>• Aquatic Feed: Build a system to respond flexibly</li> </ul>
Opportunities	Resource efficiency	Reduce energy consumption via efficient production based on IoT technology	Low	Low	Medium	Appropriate price revisions <ul style="list-style-type: none"> <li>• Animal Feed: Continue quarterly revision of sales prices to an appropriate level</li> <li>• Aquatic Feed: Review sales prices to reflect changes in raw material costs</li> </ul>
	Products and services	An increase in feed sales volume from development and sales of sustainable feed and use of sustainable raw materials	Moderate	Moderate	Short	Make further improvements in energy efficiency by visualizing the amount of energy consumption in each process and by adopting IoT technology <ul style="list-style-type: none"> <li>• Animal feed: Develop products ahead of other companies, such as developing feed to reduce methane emissions from cattle, to increase feed sales volume</li> <li>• Aquatic feed: Make use of insect-derived ingredients, algae, and methanotroph and take steps to commercialize them ahead of other companies, thereby increasing the sales volume of feed</li> </ul>
		An increase in feed sales volume due to advanced technology to prevent heat stress in livestock	Moderate	Moderate	Short	We will press ahead with R&D with a focus on mainly feed and supplements that prevent heatstroke, and continue to gather information on feed management technology and provide services <ul style="list-style-type: none"> <li>• By developing feed for recirculating aquaculture systems ahead of our competitors, we will aim to expand feed sales volume in new markets</li> </ul>
	Market	An increase in feed sales volume owing to the expansion of land-based recirculating aquaculture, which is not affected by rising sea temperatures	Low	Low	Short	



## Environmental Stewardship

### Climate change action

#### Development of feed that lowers cattle methane emissions

##### —Adoption of the GreenFeed system, a methane breathalyzer for cattle—

Methane in cattle burps is one of the greenhouse gases, accounting for approximately 15% (as of FY2020) of the greenhouse gases emitted from livestock, such as cattle, in Japan's agriculture, forestry, and fisheries sector. We recognize that developing feed that lowers methane emissions is essential for the stable supply of animal protein and the sustainable development of the livestock industry.

On the other hand, the precise measurement of methane emissions for development purposes requires considerable costs and effort, and because the measurements are conducted in a sealed environment, the cattle are the ones that carry the biggest burden of this process. To address this issue, we were the first in Japan to install C-Lock's GreenFeed system at our research center in November 2023.

The device operates by activating a fan when a cow puts its head into the feeding trough, allowing it to collect a sample of the exhaled breath for the precise measurement of emissions. With this equipment, we will press ahead with product development that not only reduces methane emissions, but also delves deeper into feeding management.



#### Kitakyushu Aquatic Feed Factory

##### Adoption of renewable energy sources

In April 2024, the Kitakyushu Aquatic Feed Factory began utilizing renewable energy for all of its electricity needs. In recognition of this decarbonization initiative, FEED ONE was recognized under the Kitakyushu City's decarbonized power certification scheme as a so-called "Decarbonization Pioneering Company".



#### Chita Factory

##### Installation of automated control device in steam system

With the aim of reducing heat loss from outdoor steam pipes, we installed an automated control device in the steam system at the Chita Factory.

By installing this device, we can control steam pressure during periods of low demand to lower the steam temperature, thereby contributing to the reduction of heat loss.



#### Shibushishiryo Co., Ltd.

##### Heat pump installation

At one of our affiliates, Shibushishiryo, we installed a heat pump with the aim of reducing the consumption of fuel as a boiler heat source.

The heat pump is an energy-saving technology that recovers unused thermal energy for applications like air conditioning and hot water supply. By using the heat pump to recover thermal energy from low-temperature wastewater generated in the factory and reusing it as a heat source for the boiler, we have been able to reduce the amount of heavy oil used in steam production.



#### Collaboration with feed rice growers

##### Creating environmental value by extending the mid-season drainage period

In Japan, CO<sub>2</sub> emissions from rice farming account for approximately 24% of all emissions in the agriculture, forestry, and fisheries sector (FY2021 estimate). The government has set a GHG reduction target for farmland soil, aiming for a reduction of 1.04 million tons of CO<sub>2</sub> by FY2030 (vs. FY2013).

We use "feed rice" as an ingredient in our compound feeds, and we have launched an environmental value creation project aimed at reducing methane emissions in the rice paddies of feed rice producers by extending the mid-season drainage period. The environmental value generated through this project will be utilized in the form of J-Credits to offset our reduction contributions.

## Environmental Stewardship

### Biodiversity protection and conservation

#### Development and sale of *Sustena ZERO*, a fish meal-free feed

In recent years, in South America—the world's main fish meal-producing region—restrictions have been placed on catches of sardines and other fish used as an ingredient in fish meal, which has led to unstable supply. In addition, the price of fish meal has increased due to the impact of exchange rates.

Under these circumstances, we had long worked on the development and sales of feed that uses less fish meal, but we have now successfully developed and commercialized fish meal-free feed that contains no fish meal at all. In August 2023, we brought to market *Sustena ZERO*, a fish meal-free feed for red sea bream.



We will seek to popularize the use of fish meal-free feed while maintaining high growth and taking environmental considerations into account. And by establishing feeding management techniques that promote efficient growth rates with the use of compensatory

#### VOICE

#### Developing next-generation feeds to ensure a sustainable aquaculture industry

While fish meal is considered extremely important to aquaculture compound feeds from the perspectives of palatability and growth performance, the development of fish meal-free feed is groundbreaking. We will continue to develop fish meal-free feed, which has been made possible not only through collaboration between sales and research, but also with the cooperation of producers.



**Takashi Takahara**  
Head of Aquatic Research Center  
Aquatic Feed Department

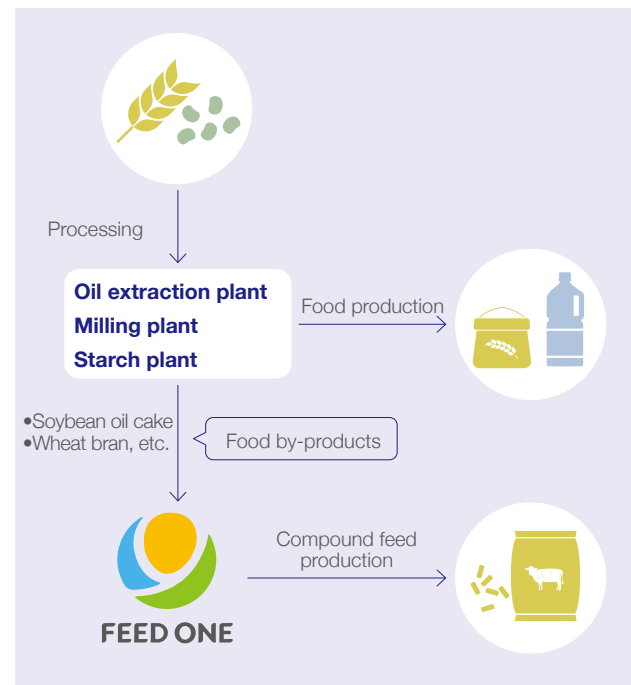
growth\*, we will continue to contribute to the realization of sustainable aquaculture.

\* Compensatory growth is known as a phenomenon where growth of farmed fish is promoted by restricting feed intake for a certain period followed by the resumption of feeding. In some cases, growth comparable to, or even greater than, that achieved with "continuous feeding" has been observed.

### Resource conservation

#### Effective use of food by-products

In the production of edible vegetable oils and wheat flour, inedible parts (food by-products) such as soybean oil cake and bran are generated. We are contributing to food recycling by effectively utilizing these by-products as ingredients for compound feeds.



### Establishment of food recycling loops

In Japan, around 24.02 million tons of food waste are generated annually by businesses and households, with about 4.72 million tons of this estimated to be "food loss"—food that is still edible but discarded (FY2022).

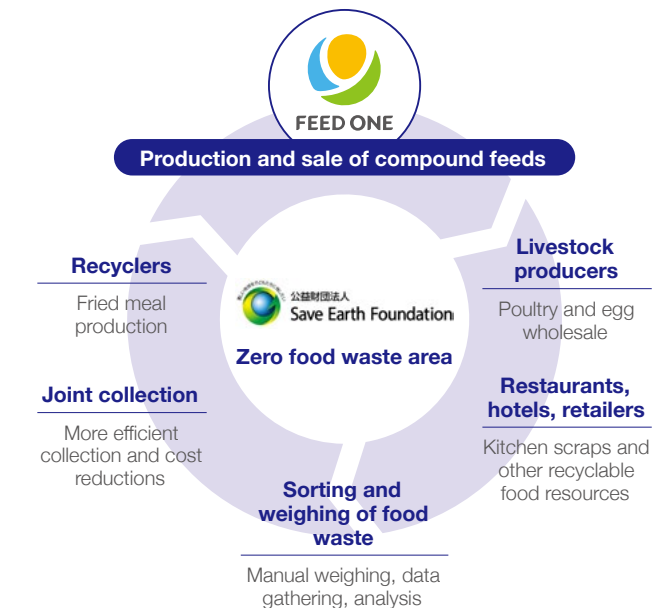
Faced with the challenge of reducing food loss, we make use of "fried meal"—a by-product that has been heat-treated and dried—as a raw material for animal feed.

The food loss that serves as the raw material for fried meal is limited in production volume due to constraints related to quality assurance, logistics, and costs, so securing a stable supply proves challenging.

To overcome this challenge, we collaborate with food-related businesses and recycling operators to participate in a project aimed at establishing a food recycling loop.

In 2023, we successfully established a food recycling loop in Kyoto and we are now working on expanding this initiative to other regions.

#### Food recycling loop established in Kyoto



# Respect for Human Rights

## Concept and Policy

The FEED ONE Group recognizes that respecting the human rights of all stakeholders is a vital issue in achieving a sustainable society. With this in mind, we established our Human Rights Policy in March 2022 to further clarify our approach to respecting human rights and to strengthen our efforts in this area.

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.



### Human Rights Policy

[https://www.feed-one.co.jp/english/csr/social/human\\_rights.html](https://www.feed-one.co.jp/english/csr/social/human_rights.html)

## Governance

The Sustainability Committee takes the lead in promoting human rights initiatives. The committee regularly reports on these efforts to the Executive Committee, which supervises and provides advice on these initiatives.

### VOICE

### Promoting Respect for Human Rights Initiatives Across the Entire Group

As social expectations increase regarding responses to human rights issues not only within its own operations but also throughout the supply chain, FEED ONE formulated the Sustainable Supply Chain Policy in November 2023. Given our extensive use of imported grains as raw materials, collaboration with our suppliers to promote these initiatives is essential.

In addition to strengthening internal systems and structures, we are also committed to continuously promoting understanding of human rights through education and training for all employees.

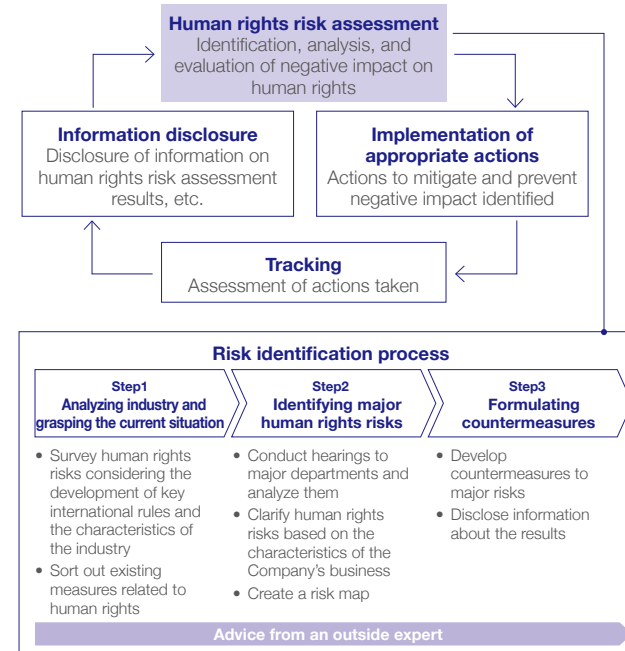


**Takeshi Miyazaki**  
General Manager, Corporate  
Branding Office

## Initiatives

### Overview of Human Rights Due Diligence

With the support of external experts from Owls Consulting Group, Inc., FEED ONE conducts evaluations and identifies significant human rights risks within the Company. Additionally, we work on measures aimed at reducing and preventing these risks.



### Priority Human Rights Risks and Action Policies

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

Major human rights risk identified	Subjects	Action policies
<b>Rights of workers and community residents in the supply chain (assuming human rights violation including child labor, forced labor, and land rights violation)</b>	▲ ■	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.
<b>Technical intern trainees</b>	●	Conduct actual condition surveys of foreign technical intern trainees
<b>Harassment (power/moral harassment)</b>	●	Enhance and improve training on harassment
<b>Occupational safety and health in the Company and cooperating companies</b>	●	Maintain and strengthen existing measures
<b>Long working hours, overwork</b>	●	Maintain and strengthen existing measures
<b>Rights of community residents associated with the Company's facility operation</b>	■	Maintain and strengthen existing measures
<b>Consumers'safety and their rights to know</b>	■	Maintain and strengthen existing measures

### Progress on Human Rights Due Diligence

We conducted evaluations and identified significant human rights risks within the Company and some Group companies. As a result, we did not find any cases of companies with inferior human rights measures or any instances of stakeholders requiring immediate remediation for human rights violations.

### Education and Training

In FY2023, we provided human rights education to both executives and employees. This included hosting internal seminars and distributing pamphlets about human rights.

### Supply Chain Initiatives

As part of building a supplier management framework, we formulated the Sustainable Supply Chain Policy and have been working to communicate and instill this policy with our business partners. Starting next fiscal year, we plan to gain a better understanding of the situation at our suppliers through self-assessment questionnaires (SAQ). In addition, we will proceed with surveys of actual conditions for foreign technical intern trainees at Group companies.



**Supply Chain Initiatives Policy (Japanese Only)**  
<https://www.feed-one.co.jp/csr/social/pdf/index-02.pdf>



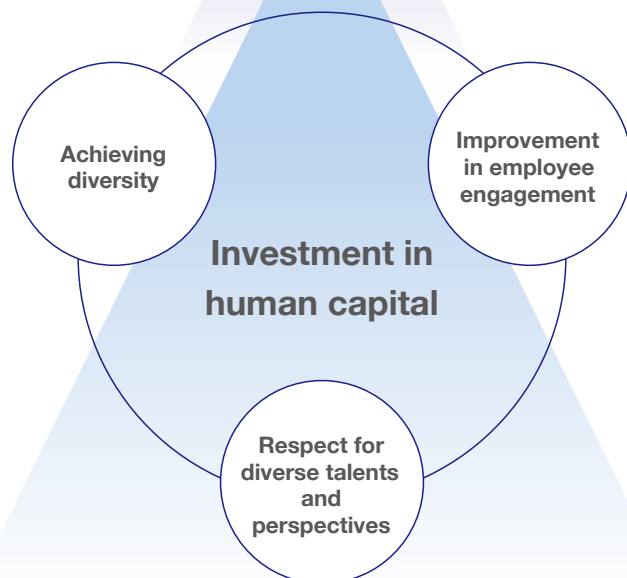
# Human Resource Management

## Basic Approach

FEED ONE considers employees as an asset of prime importance. The Company believes that diverse talent interacting with one another fosters individual growth, which in turn drives corporate growth and leads to value creation. We therefore invest in people to create a workplace where all employees can find their work rewarding, maintain their health, and fully utilize their abilities in their work.

## Value Creation

Strengthening the management foundation



## Current Issues and Measures for Resolution

	Current issues	Measures	KPI
<b>Education, training, and evaluation</b> ②P.40	Instill new management philosophy Develop personnel to drive business forward	Enhance position-based training	Achieve 100% participation in compliance training
	Train personnel to promote ESG management	My Career Design training	
	Foster a culture that empowers women and promotes diversity	My Career Design training Information exchange meetings for female sales staff	
	Improve employee engagement	Self-development support system Revise evaluation system	
<b>DE&amp;I Use of diverse personnel</b> ②P.41	Low percentage of female managers (2.2%) Low percentage of female full-time employees (20.5%)	Strengthen mid-career hiring over new graduate-focused recruitment Roadmap creation	Ratio of female managers: 6% Ratio of female full-time employees: 25% Ratio of women, mid-career hires, and foreign nationals in management positions: 15% (End of FY2030)
	Insufficient employee awareness	Employee mindset reform	Paternity leave utilization ratio: 80%
	Employment of people with disabilities (2.1%) Support for LGBTQ+	Expand assignments for employees with disabilities Disclose support policies for LGBTQ+	Ratio of employees with disabilities: 2.5%
<b>Improve workplace environments</b> ②P.42	Accommodate diverse work styles and lifestyles due to life events (relocation system, work location)	Review existing systems Consider new human resource systems Disclose information to employees	Vacation days taken (annual leave, summer leave): 16 days Turnover rate: 2.0%
	Instill health and productivity management	Involve all regions in various initiatives	Health and productivity management KPIs
<b>Optimize personnel allocation</b>	Insufficient linkage between business and personnel strategies Strategic personnel allocation	Create career maps Standard employee survey Expand job transfer system	No. of employees (job type, grade, region)

## Human Resource Management Education, Training, and Evaluation

### Basic Approach

FEED ONE is committed to fostering talent that embodies its management philosophy. Through various training programs, we strive to instill this management philosophy while aiming to develop personnel who can advance the business and ESG management, as well as acquire specialized knowledge to adapt to the ever-changing social environment. In addition, we place great importance on enabling employees to achieve personal fulfillment through their work. By providing self-development support systems that encourage autonomy, we help each employee build their career while improving engagement.

### KPIs and Targets

Since FY2019, we have been conducting compliance training for all employees to raise awareness of compliance, including ethics and morals. From FY2020, we expanded this training to include employees at affiliated companies, making every effort to ensure thorough awareness of compliance across the entire Group.

KPI	(FY2019-2023)	Target
Compliance training participation rate	100%	100%

### Initiatives

We offer education and training with the goal of fostering a culture where employees with diverse backgrounds recognize and respect one another, and where individual abilities and experiences are fully utilized. Looking ahead, we view the development of personnel who can drive our business forward under the new management philosophy as a key challenge. To address this, we will work to deepen understanding of our purpose, refine the training curriculum, and strengthen training for newly appointed managers. Additionally, we plan to expand the scope of the My Career Design training and provide coaching skill education for managers, aiming to create an organization where each employee can find their work rewarding and achieve self-fulfillment at FEED ONE.

#### Employee Training System

In addition to position-based training starting from the time of hire, we operate a comprehensive employee education system that includes theme-based training and self-development support, aimed at helping employees acquire the knowledge and skills necessary for their roles. We also provide numerous

specialized training programs, such as feed safety law training in quality assurance for all employees, and advanced knowledge and skills training to meet diverse customer needs.

#### My Career Design Training (Theme-Based Training)

It is essential that not only employees facing sudden life events, but all employees perceive such events as something that could happen in their own lives. To further promote female participation and diversity, we believe that it is crucial to reform awareness from the top down, and this is why we have given training to department heads that includes discussions. This has fostered a culture of supporting employees in various circumstances at the department level.

#### Distance Learning System (Self-Development Support)

Believing that individual growth leads to organizational growth, we have introduced a distance learning system that allows employees to freely choose from about 160 courses aligned with their goals, such as improving business skills or obtaining qualifications. We offer financial support and incentive systems to provide learning opportunities for all employees.

#### Female Sales Staff Information Exchange Meetings (Specialized Training)

To build a system that flexibly accommodates diverse work styles and to enhance skills and human interaction, female employees from across the country, particularly in sales and research roles, gather to exchange opinions on various challenges and issues unique to women. These opinions are shared with executives and used as reference for improving the workplace environment and designing human resource systems.

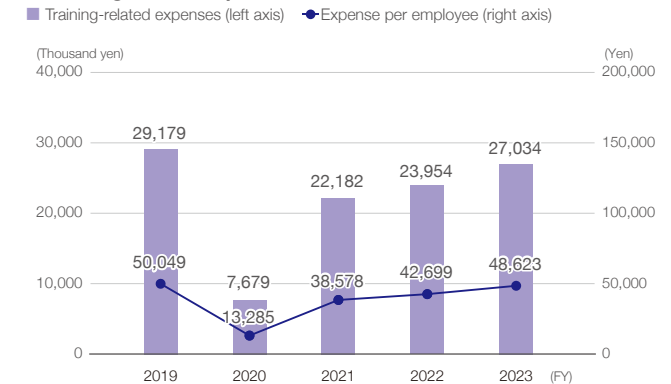
#### Livestock and Aquatic Feed Sales Representative Certification Exam

##### (Internal Qualification) (Specialized Training)

By assigning sales representatives by livestock type and enhancing their expertise, we provide comprehensive consulting sales that address the specific issues faced by our customers. Employees can enhance their ability to support customers by acquiring this qualification, which covers specialized knowledge in areas such as nutrition, physiology, and management.



#### ■ Training-related expenses



#### Introduction of Competency Evaluations

We have introduced competency evaluations to assesses behavioral characteristics with the aim of ensuring fair and satisfying personnel evaluations. We have created competency requirements based on positions and grades to assess the ability of managers to carry out their duties, and for non-management employees to perform their work based on their job qualifications. To prevent discrepancies in personnel evaluations among evaluators, we provide assessment training for managers who conduct evaluations and training for employees being evaluated to ensure they understand the purpose and concepts of their evaluation.

#### VOICE

#### Creating a Workplace Where Diverse Talent Can Thrive

For FEED ONE to continue growing, we believe it is essential to create an organization where diverse talent can fully utilize their strengths. To promote diversity and create a workplace that is both comfortable and motivating, we offer a variety of educational and training opportunities. FEED ONE will continue working to build an organizational environment where employees can work with peace of mind and thrive.



**Tetsuo Iwabuchi**  
General Manager,  
Human Resources  
Division

## Human Resource Management DE&I (Use of Diverse Personnel)

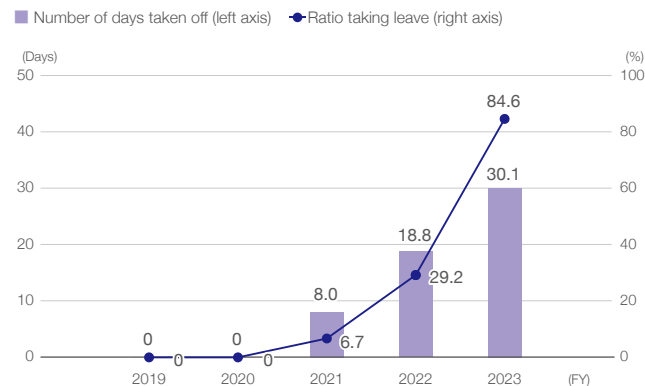
### Basic Approach

We believe that the sustainable growth of a company depends on all employees of diverse backgrounds recognizing and respecting each other, and fully utilizing their unique abilities and experiences. To achieve this, we aim to create a work environment where employees can maximize their potential and thrive.

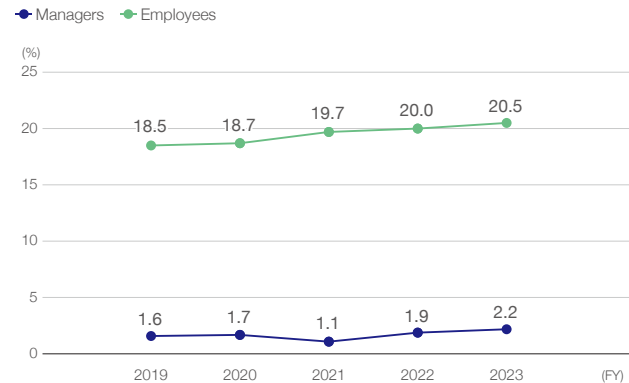
### KPIs and Targets

KPI	FY2023 results	Target (FY2026)
Ratio of mid-career hires, women, and foreigners in management positions	11.6%	15% (FY2030)
Ratio of female managers	2.2%	6%
Ratio of female full-time employees	20.5%	25%
Paternity leave utilization ratio	84.6%	80%
Ratio of employees with disabilities	2.1%	2.5%

### Ratio of male employees taking paternity leave



### Ratio of female managers and female full-time employees (As of March in 2019 and 2020, full-year averages for 2021-2023)



### Initiatives

#### Promotion of Women's Participation

Under the Women Shine at FEED ONE Project, which launched in 2015, we aim to make it easier for employees to work by introducing various systems, such as a reduced working hours system for childcare until a child reaches third grade, and an early return-to-work allowance for parental leave. We have also increased the recruitment of female employees, expanded their assigned departments, and created roadmaps to help female employees and managers visualize and develop their careers at FEED ONE.

#### Parental Leave for Male Employees

We are promoting awareness of the parental leave system and providing training for division heads to create an environment where male employees can easily request leave. In addition, we have introduced a system that allows employees to save up to 60 days of unused annual paid leave as reserved paid leave. Under this system, parental leave is now included as a reason for taking reserved paid leave, allowing employees to take paid parental leave instead of unpaid leave, reducing financial concerns and enabling them to focus on childcare.

### Support for All Employees

We are strengthening the recruitment of employees regardless of gender, disability, or nationality with the intention of creating a corporate culture where diverse employees and diverse perspectives are naturally accepted.

In terms of employing people with disabilities, we are expanding job roles and work locations, and making necessary accommodations to help individuals fully utilize their abilities. However, we recognize that employment of people with disabilities remains a challenge for the Company, particularly in factory jobs where additional safety considerations are required, and in some cases, commuting is difficult due to the location of our business sites.

With regard to support for LGBTQ+, we have implemented gender-neutral clothing guidelines (Smart Biz) and established internal human resource consultation resources, in addition to external consultation services, so employees can seek advice confidentially without the Company's knowledge.

### VOICE

#### Diversity, Equity & Inclusion DE&I is Essential for Growth

We believe that DE&I initiatives are an integral part of a corporate growth strategy.

By creating an organization where diverse personnel can work and receive appropriate support, all employees can work energetically and consistently deliver results. This is the crux of our growth strategy going forward.

To achieve this, it is important to instill the concept of DE&I in all employees. Since 2017, we have been providing training programs to promote women's participation, and we are actively incorporating DE&I training to foster an organizational culture that supports the realization of DE&I.



**Shogo Okuda**  
Manager, Human  
Resources Division



## Human Resource Management Work Environment Improvement (Workplace Comfort and Job Satisfaction)

### Basic Approach

We believe in promoting work styles that respect work-life balance and accommodate diverse family structures and working styles, because it increases the range of choices available to employees and allows them to work with motivation and a sense of fulfillment. To achieve this, we are working to create a workplace environment where it is easy for employees to use our systems, while fostering a spirit of collaboration among all employees.

### KPIs and Targets

KPI	FY2023 results	Target (FY2026)
Average number of paid leave days taken	13.6 days	16 days
Turnover rate	3.1%	2.0%

### Initiatives

#### Work Styles Adapted to Life Events and Lifestyles

We have introduced systems that provide more work style options so that employees can continue to work at the Company even when life events happen or their lifestyles change. We also regularly review appropriate staffing levels and workloads, and consider both revisions to existing systems and new systems that allow employees to choose various work styles.

#### Examples of systems:

- Life event system: Exemption from relocation due to personal reasons (up to six years)
- Pair transfer system: Allows married employees to transfer in order to work in the same area
- Annual paid leave: Employees can be granted up to 23 days of paid leave per year that can be flexibly used, such as taking leave in hourly increments or up to five consecutive days
- Flexible housing options: In addition to the traditional company housing system, we have introduced new allowances to improve treatment of employees who have been relocated

#### Improvement of Employee Engagement

We aim to be a company where all employees feel motivated and want to work at FEED ONE. As a measure of this, we have started to conduct engagement surveys. The survey consists

of three questions: “Do you like FEED ONE?”, “Do you want to continue working here?”, and “Do you find your work fulfilling?”. In the March 2024 survey, 85.9% of employees responded “like” or “somewhat like,” 85.0% answered “want to continue working” or “somewhat want to continue,” and 77.9% answered “find it fulfilling” or “somewhat find it fulfilling.” To further improve engagement, we are also working to clarify the direction of the Company by sharing the details behind management decisions with employees.

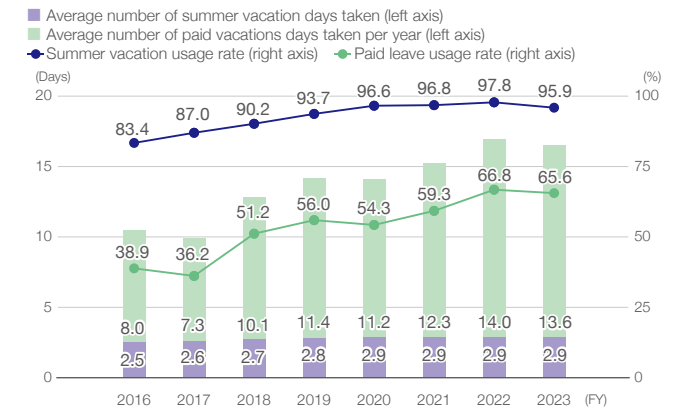
#### Health and Productivity Management

Since 2019, FEED ONE has been recognized as an Outstanding Health and Productivity Management Organization for four consecutive years. We promote health management through initiatives such as twice-yearly walking campaigns and seminars through our health management app, aiming to prevent illness and improve health literacy. Additionally, when employees need to take sick leave, we offer comprehensive support from the time they go on leave until they return to work, collaborating with public health nurses, occupational physicians, human resource personnel, and external counselors. We are also considering initiatives that will make employees want to participate more, involving all our business locations, with the goal of encouraging more employees to be health-conscious and take proactive steps for their well-being.

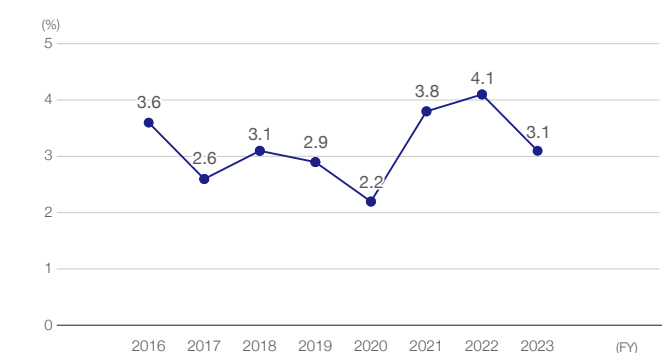


**Health and Productivity Management**  
<https://www.feed-one.co.jp/english/csr/social/health.html>

#### ■ Paid Leave



#### ■ Turnover Rate



#### VOICE

#### Pursuit of Employee Comfort is First Step to Becoming a Preferred Employer

We believe that making the workplace more comfortable for women will also make it easier for male employees to work. On the other hand, for FEED ONE, which focuses on the recruitment of career-track employees, one of the biggest challenges in promoting women's participation and improving employee engagement is relocation. While eliminating relocations is difficult at present due to the need for balanced staffing and career development, we are working to implement systems that allow the Company and employees to meet halfway on various issues, because we want more employees to feel like working here is in their best interests. We will continue to improve our initiatives so that we can be a company where employees want to work and in a healthy manner.



**Yukari Takahata**  
 Deputy General  
 Manager, Human  
 Resources Division

# Corporate Governance

## Basic Policy and Framework

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 the trust of stakeholders, including shareholders, customers, business partners, local communities, and employees, while striving to increase corporate value.

Please visit the link below for more information about our corporate governance.



### Corporate Governance Report

<https://pdf.irpocket.com/C2060/CG2x/XuJZ/HV4y.pdf> (Japanese only)

## Timeline of strengthening corporate governance to enhance corporate value

2018

### Introduction of stock-based remuneration plan

We introduced a stock-based remuneration plan for internal directors with the aim of raising awareness about contributing to improvements in medium-to-long-term earnings and the enhancement of corporate value by sharing the future benefits and risks related to the share price with shareholders.

2019

### Appointment of first female external director

2023

### Board majority of external directors

In an effort to implement a generational change in the Board and make greater progress toward sustainable growth, we reviewed the composition and functions of the Board and sought to further strengthen its supervisory function by establishing a structure in which the external directors constitute the majority.

2024

### Transition to a company with an Audit and Supervisory Committee

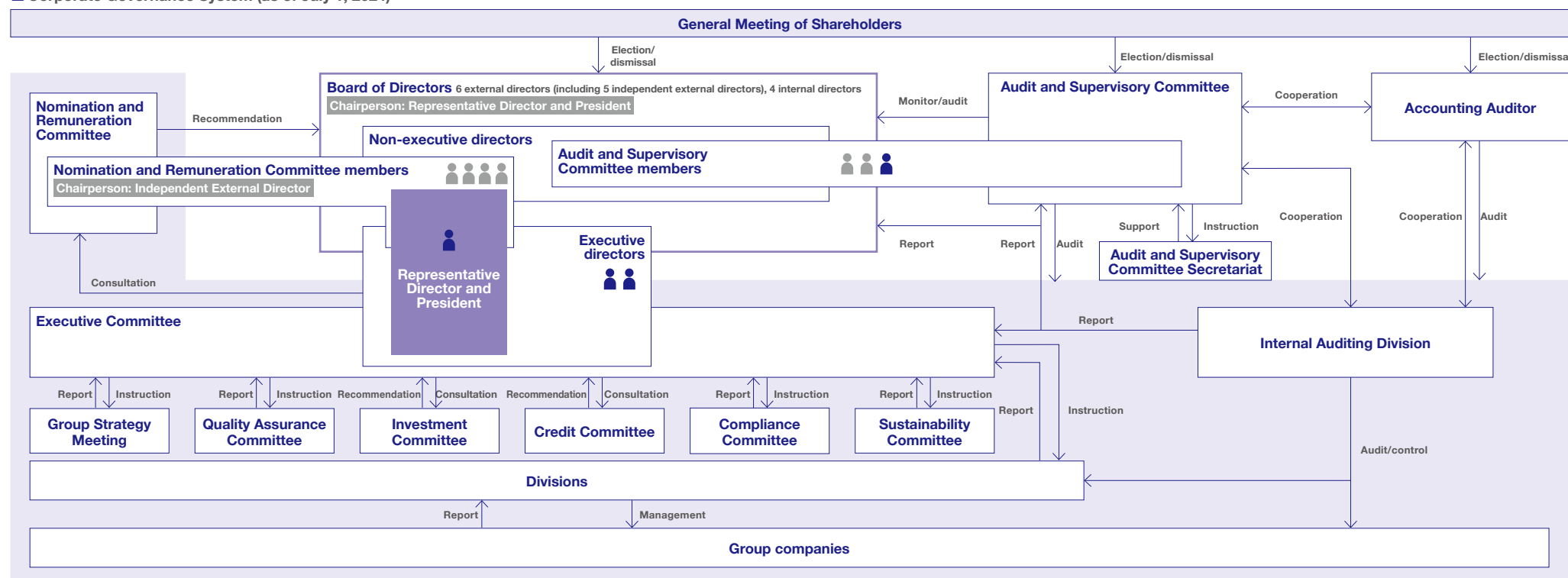
We transitioned to a company with an Audit and Supervisory Committee to strengthen the supervisory function of the Board and facilitate faster decision making.

### Changes to stock-based remuneration plan

We established capital efficiency indicators (ROE, ROIC) and non-financial indicators (CO<sub>2</sub> reductions, employee engagement) as metrics for performance-linked remuneration. We will also lift the ratio of stock-based remuneration to further strengthen efforts to enhance corporate value.

## Corporate Governance System (as of July 1, 2024)

External Director Internal Director



## Corporate Governance

### Deliberations of the Board of Directors

The Board of Directors has adopted a structure under which it formulates the Group's strategies and supervises business execution, with the aim of sustainable growth and the enhancement of medium-to-long-term corporate value. The following topics were discussed in detail in FY2023.

Item	Description
Frequency of meetings	In principle, monthly (18 meetings held in FY2023)
Specific topics discussed	<ul style="list-style-type: none"> <li>The Third Medium-term Management Plan and the new medium-term management plan</li> <li>Management indicators for the next medium-term management plan and beyond</li> <li>Dissolution of Kyokuyo Feed One Marine Co., Ltd.</li> <li>Transition to a company with an Audit and Supervisory Committee</li> <li>Evaluation of the effectiveness of the Board of Directors</li> <li>Human resources strategy</li> <li>Strategic shareholdings and the significance of holdings for investment purposes</li> <li>Information disclosure in line with TCFD recommendations</li> <li>Credit portfolio</li> <li>Analysis of capital costs</li> <li>Occupational health and safety</li> <li>Dialogue with investors</li> </ul>

In July 2023, we implemented changes to the criteria for presenting items to the Board of Directors, and as a result of delegating authority to the Company's executives, the time previously spent on discussions related to business execution was allocated to in-depth discussions on medium- and long-term strategies and sustainability initiatives, which helped enhance the deliberations of the Board.

### Policy and Procedures for Nomination of Directors

In selecting senior executives and nominating directors (excluding directors who are Audit and Supervisory Committee members), we consider the overall capabilities, qualities, and achievements of each candidate, while for the nomination of external directors, our policy is to appoint individuals who can provide opinions from an objective standpoint. Furthermore, regarding the nomination of candidates for directors who are Audit and Supervisory Committee members, our policy is to comprehensively consider their capacity to appropriately supervise the execution of duties by directors (excluding directors who are Audit and Supervisory Committee members) and to prevent violations of laws and regulations or the Company's Articles of Incorporation, as well as their ability to conduct audits neutrally and objectively, thereby contributing to the soundness of management.

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 (excluding directors who are Audit and Supervisory Committee members).

For director candidates who are not Audit and Supervisory Committee members, decisions are made by the Board of Directors with reference to recommendations from the Nomination and Remuneration Committee. For candidates who are Audit and Supervisory Committee members, decisions are made by the Board after receiving recommendations from the Nomination and Remuneration Committee and obtaining the approval of the Audit and Supervisory Committee.

### External director training

The Company's directors actively gather information and enhance their knowledge regarding the operating environment surrounding the Company, as well as business conditions, in order to fulfill their roles and enable the Board to demonstrate its supervisory function. We continuously provide opportunities for directors to acquire and enhance their knowledge so they can fulfill the roles and responsibilities expected of them.

### Main initiatives

- All directors and executive officers complete e-learning programs.
- Directors gain an overview of the Group's overall management through various submissions and reports at Board meetings.
- Directors are provided opportunities to hear from external experts and attend training outside of the Company.
- To deepen their understanding of business execution, external directors attend important meetings such as Executive Committee meetings, Group Strategy Committee meetings, animal feed business manager meetings, and aquatic feed business meetings.
- External directors have the opportunity to visit business sites to deepen their understanding of business operations.

### Site visits by external directors

In FY2023, in Hokkaido, the external directors visited our feed raw material handling and storage facilities, the Central Hokkaido Branch Office, and the dairy producers that use our feed, while in the Chubu region, they visited a feed manufacturing plant and food-related companies.

In FY2024, the external directors visited the Feed & Livestock Research Department (Fukushima Research Center) of the Research & Development Center to deepen their understanding of our R&D structure.



## Makeup of the Board of Directors / Skills Matrix

Name	Title	Attendance at Board meetings	Attendance at Nomination and Remuneration Committee meetings	Attendance at Board of Corporate Auditors meetings	Skills							
					Corporate management	Industry knowledge (livestock, feed, etc.)	Sales	Finance, accounting, economics, financial affairs	Legal	Global business	Academia	DX
Hidehiro Shoji	Representative Director and President	(18/18)	(11/11)		●	●	●			●		
Kazuo Kubota	Director	(14/14)*1				●	●	●		●		
Yoshinao Tashiro	Director	(14/14)*1				●	●					
Kikue Kubota	External Director (Independent)	(18/18)	(11/11)								●	
Takao Tsuji	External Director (Independent)	(18/18)	(11/11)		●					●	●	●
Yasushi Handa	External Director (Independent)	(14/14)*1	(10/10)*1						●		●	
Kaku Yoshisato	External Director	*2	*2			●		●		●		
Toru Aoyama	Director, Audit and Supervisory Committee Member	(18/18)		(28/28)		●		●				
Keizo Goto	External Director (Independent), Audit and Supervisory Committee Member	(18/18)		*3				●		●	●	
Naohiro Chikada	External Director (Independent), Audit and Supervisory Committee Member	(18/18)		(28/28)				●				

\*1 Denotes the number of meetings attended by Kazuo Kubota, Yoshinao Tashiro, and Yasushi Handa since being appointed at the Annual General Meeting of Shareholders held on June 23, 2023.

\*2 The number meetings attended by Kaku Yoshisato in FY2023 is not listed because he was newly appointed as a director at the Annual General Meeting of Shareholders held on June 21, 2024.

\*3 The number meetings attended by Keizo Goto in FY2023 is not listed because he was newly appointed as a director (who is also an Audit and Supervisory Committee member) at the Annual General Meeting of Shareholders held on June 21, 2024.



## Corporate Governance

### Evaluation of the Effectiveness of the Board of Directors

The Board of Directors conducts an annual survey, including self-evaluations, of all internal and external directors including Audit and Supervisory Committee members, with the aim of enhancing the functions of the Board and ultimately increasing corporate value. The results are analyzed and assessed to evaluate the effectiveness of the Board overall. In order to obtain objective opinions, we enlist the services of external organizations for support in analyzing the survey results and providing comparisons with other companies.

### Results of FY2022 evaluation

In the FY2022 analysis, while the Board was seen to be functioning effectively overall, it was recognized that considerable time was being spent on discussions related to business execution, leaving insufficient time for in-depth discussions on issues such as medium- and long-term strategies, sustainability initiatives, and risk management.

### Addressing issues

- Reviewing Board agenda item criteria
- To create more opportunities for discussions at Board meetings, we introduced reports from various departments on topics that had not previously been addressed.

In July 2023, we implemented changes to the criteria for presenting items to the Board of Directors, and as a result of delegating authority to the Company's executives, the time previously spent on discussions related to business execution was allocated to in-depth discussions on medium- and long-term strategies and sustainability initiatives, which helped enhance the deliberations of the Board.

### Topics reported at Board meetings in FY2023

Meeting date		Report item	Responsible department
8th meeting	August 29, 2023	Review of the Third Medium-term Management Plan and discussion about the new medium-term management plan	Corporate Planning & Strategy Division
9th meeting	September 26, 2023	Human resources strategy	Human Resources Division
10th meeting	October 24, 2023	Credit portfolio report	General Affairs Division
11th meeting	November 8, 2023	Issues at feed factories and medium- to long-term policy	Production Management Division
12th meeting	November 24, 2023	Reports on product quality (complaints, etc.)	Quality Assurance Division
		Report on the new backbone system	System Planning Department
13th meeting	December 22, 2023	R&D report	Animal Feed Division
14th meeting	January 25, 2024	Overseas business progress report	Overseas Business Department
		Report on analysis of capital costs	Finance & Accounting Division
15th meeting	February 8, 2024	Report on occupational health and safety (workplace accidents)	Human Resources Division, Production Management Division
17th meeting	March 22, 2024	Discussions about ESG strategy (roadmap)	Sustainability Promotion Department
		IR activity report	Sustainability Promotion Department

### Results of FY2023 evaluation

The evaluation of the effectiveness of the Board of Directors in FY2023 was analyzed, discussed, and assessed at the meeting of the Board on May 20, 2024. The following is an overview of the results.

As a result of the analysis, even though the Board's supervisory function was deemed to be working adequately and a higher level of effectiveness had been achieved, it was also recognized that there are some challenges that need to be continuously addressed going forward.

### Issues identified

- Providing Board materials at an appropriate time so that they can be reviewed prior to Board meetings.
- Ensuring proper monitoring of potential risks across the Group and the methods for addressing them.
- Considering the establishment of a framework for constructive dialogue with shareholders.
- Reviewing succession plans.
- Considering the composition of the Board, including diversity from a gender perspective.

Based on the results of this effectiveness evaluation, we will continue to work on enhancing the Board's functions by properly examining these issues and addressing them swiftly.

### Succession planning

We consider the development of succession plans for selecting and nurturing director candidates and a successor for president as a top management priority. The plans are continuously discussed by the Nomination and Remuneration Committee, which is composed of a majority of independent external directors.

In FY2023, we revamped how we evaluate the Company's directors. In addition to the usual performance evaluation, we outlined the qualities and abilities required of directors and established a new evaluation method, which we started using in FY2024.

In FY2024, we worked on documenting the desired profiles for directors and the president, and at the same time, we prepared an emergency plan to address unexpected situations involving the president.

To achieve our long-term vision, we will continue to develop a skills matrix and criteria for the selection and dismissal of directors. Moreover, we will formulate training plans to address the skill gaps among individuals and press ahead with the creation of a talent pool for the next generation of directors and president.

## Corporate Governance

### Basic Design of Director Remuneration

#### Basic Policies

We position the remuneration of directors (excluding external directors and directors who serve as Audit and Supervisory Committee members) as a key tool for achieving sustained growth, enhancing medium- to long-term corporate value, and pursuing sustainability. In FY2024, we undertook a review of the remuneration system. Remuneration is determined based on a transparent and fair process, in accordance with the following policies.

- In principle, the Company shall delegate the Nomination and Remuneration Committee, which is mainly composed of external directors, to decide on individual remuneration for directors. The remuneration shall follow a process that ensures the transparency and objectivity of the procedures for determining director remuneration.
- Remuneration shall be designed to be an incentive linked to short-term earnings based on business plans, and for the purpose of enhancing medium- to long-term corporate value based on medium-term management plans.
- Similar companies shall be referenced so as to set remuneration amounts by position at a level that ensures the attraction and retention of talented individuals.

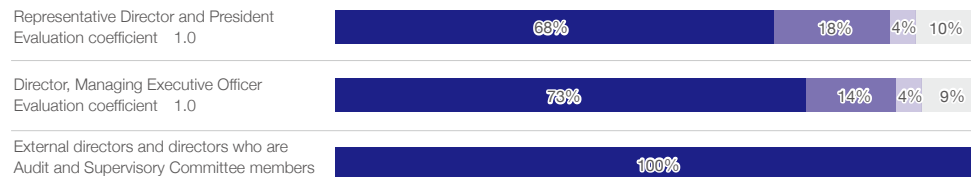
#### Makeup of remuneration

Remuneration for directors consists of monetary remuneration (fixed remuneration and short-term performance-linked remuneration) and non-monetary remuneration (medium-term performance-linked remuneration and long-term incentive remuneration). Remuneration for external directors and directors who are Audit and Supervisory Committee members 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 earnings targets, division evaluations, the market environment, and social circumstances.

The payment ratio for each type of remuneration is determined by the Nomination and Remuneration Committee, taking into consideration the balance between monetary remuneration and non-monetary remuneration, as well as a comparison with the remuneration of other companies in the same industry or companies of similar size.

#### Weightings

- Fixed remuneration (monetary)
- Short-term performance-linked remuneration (monetary)
- Medium-term performance-linked remuneration (stock-based)
- Long-term incentive (stock-based)



#### Fixed remuneration

The fixed remuneration for directors corresponds to monetary remuneration, which is paid as a fixed amount on a monthly basis. Revisions to fixed remuneration are determined primarily based on

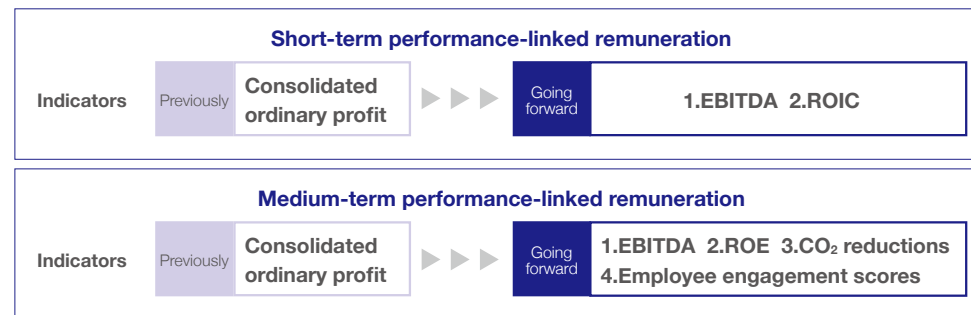
changes in position or role, taking into account changes in business conditions and circumstances affecting remuneration levels.

#### Variable remuneration

In order to clarify the performance evaluation of each director while broadly taking into account fluctuations in business environment factors and risks related to equity-method affiliates, we have set the performance-linked remuneration indicators as follows. For short-term performance-linked remuneration (monetary compensation), the indicators are EBITDA and ROIC (return on invested capital) in consolidated business plans. For medium-term performance-linked remuneration (non-monetary compensation), the indicators are EBITDA, ROE (return on equity), CO<sub>2</sub> reductions, and employee engagement scores in medium-term management plans. In addition, stock-based remuneration is paid every year as a long-term incentive according to position.

Performance-linked remuneration is set with a variable range from 0% to 150%, depending on the achievement of the targets for each indicator.

The weighting of variable remuneration in the total amount of individual remuneration is structured within a range of 10% to 39%, depending on performance-linked remuneration. The weighting of non-monetary remuneration in the total amount of individual remuneration is structured within a range of 10% to 15%.



Reference: Total amount of remuneration by officer type and remuneration type, and number of eligible officers (FY2023)

Category	Total remuneration (¥ million)	Total remuneration by type (¥ million)			Number of eligible officers
		Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors (excluding external directors)	161	108	35	17	7
Corporate auditors (excluding external auditors)	19	19	-	-	1
External officers	58	58	-	-	9

At the 10th Annual General Meeting of Shareholders held on June 21, 2024, an amendment to the Company's Articles of Incorporation was approved, and the Company transitioned to a company with an Audit and Supervisory Committee on the same date. However, the information in the table above pertains to the current fiscal year (ending March 31, 2024) and reflects the Company's situation prior to transitioning to a company with an Audit and Supervisory Committee.

## Board of Directors and Executive Officers



**Hidehiro Shoji**  
Representative Director and President

**Background**

April 1988 Joined Mitsui & Co., Ltd.  
April 2020 Joined the Company  
June 2022 Representative Director and President

**Concurrent positions**

Chairman, Japan Feed Manufacturers Association (JFMA)  
President, Zennikki (fund for stabilizing Japanese formula feed prices and livestock)



**Takao Tsuji**  
External Director

**Background**

April 1973 Joined Nissho Iwai Corporation  
(current Sojitz Corporation)  
June 2022 External Director, the Company

**Concurrent positions**

Outside Director (Audit & Supervisory Committee Member), SNT Corporation  
Outside Director, TACHIBANA ELETECH CO.,LTD.  
Outside Director, FUJI SOFT INCORPORATED



**Keizo Goto**  
External Director, Audit and Supervisory Committee Member

**Background**

April 1973 Joined the Ministry of Finance  
June 2020 External Director, the Company



**Naohiro Chikada**  
External Director, Audit and Supervisory Committee Member

**Background**

April 1992 Joined Chuo Shinko Audit Corporation  
June 2024 External Director, the Company

**Concurrent positions**

Head Certified Public Accountant (CPA)- Tax Accountant, Chikada Certified Public Accountant Office  
CEO, Chiyoda Accounting Corporation  
Audit & Supervisory Board Member, Tokyo Tatemono Co., Ltd.



**Kazuo Kubota**  
Director

**Background**

April 1987 Joined The Bank of Yokohama, Ltd.  
April 2021 Joined the Company  
June 2023 Director, Managing Executive Officer



**Yasushi Handa**  
External Director

**Background**

April 1992 Judge, Nagoya District Court  
June 2023 External Director, the Company

**Concurrent positions**

Senior Counsel, Waseda Legal Commons, LPC  
Professor, Gakushuin University Law School



**Yoshinao Tashiro**  
Director

**Background**

April 1988 Joined the Company  
June 2023 Director, Managing Executive Officer



**Kaku Yoshisato**  
External Director

**Background**

April 1991 Joined Mitsui & Co., Ltd.  
June 2024 External Director, the Company

**Concurrent positions**

Corporate Councilor and Food Business Unit advisor Mitsui & Co., Ltd.  
External Director, Starzen Co., Ltd.  
Outside Director, J-OIL MILLS, INC.



**Kikue Kubota**  
External Director

**Background**

April 1999 Professor, Faculty of Human Life and Environmental Sciences, Ochanomizu University  
June 2019 External Director, the Company

**Concurrent positions**

Professor Emeritus, Ochanomizu University  
Auditor, Tokyo University of Agriculture



**Toru Aoyama**  
Director, Audit and Supervisory Committee Member

**Background**

April 1984 Joined the Company  
June 2024 Director

### Executive Officer

**Kanya Shibamoto**

Managing Executive Officer  
General Manager, Kitakyushu Division; General Manager, Kitakyushu Branch

**Hiroshi Yamagami**

Senior Executive Officer in charge of Aquatic Feed Division

**Yuji Kawasaki**

Executive Officer  
General Manager, Quality Assurance Division

**Kazuhiko Kumagai**

Executive Officer  
Deputy Chief Operating Officer, Animal Feed Business Unit; General Manager, Animal Feed Division

**Takehiro Hayashi**

Executive Officer  
General Manager, Chubu Division; General Manager, Chubu Branch

**Yuichi Takashima**

Executive Officer  
General Manager, Kanto Division; General Manager, Kanto Branch

**Takashi Onoda**

Executive Officer  
General Manager, Research & Development Center

**Mineyuki Nitta**

Executive Officer  
General Manager, Corporate Planning & Strategy Department; General Manager, Foods & Retail Business Division

**Masahiro Hashimoto**

Executive Officer  
General Manager, Aquatic Feed Division



## Message from an External Director



**Kikue Kubota**  
External Director

**Even when FEED ONE takes on the challenge of establishing new operations outside the scope of its current businesses with a view to further growth, I hope its style of diversity management, where women, foreign nationals, and mid-career hires can all thrive, will serve as a major strength.**

### Leveraging my experience and knowledge to contribute to diversity management

As an external director, I believe I am expected to provide insights not only as a food science expert, but also advice and opinions from the perspective of a woman who has experienced such life events as marriage, childbirth, and parenting. I applaud the Company for focusing its efforts on human capital management over the past few years, implementing numerous reforms to ensure that employees can benefit from fair opportunities and compensation. That said, there is still room for improvement when it comes to promoting the active participation of women. Ample support must be provided in all areas of the Company to ensure that the careers of women are not disrupted by life events. The Company must also get serious about increasing the proportion of women in managerial positions. I want to see FEED ONE become a company where female employees can balance work and life, paving the way for both a fulfilling career and a good life.

On the other hand, there are some women who simply do not desire to rise to a higher position. This is very unfortunate. Ten years have passed since the merger, and the Company has worked hard to develop role models for women in management positions in the Company. It is important for these role model employees to spearhead efforts in communicating the appeal of managing an organization by talking with each female employee. In addition, I think the Company ought to organize more seminars and the like so that female employees have the opportunity to consult with others about their lives and careers.

Moreover, to further empower women, the working styles of men also play a crucial role. One of the Company's KPIs is improvement in the uptake of paternity leave. When male employees experience parental leave, it allows them to better understand the perspectives of women and helps them view the issue of balancing work and life as a concern of their own. And by taking care of their children, their understanding of others and management skills will improve, which I believe is an experience they can leverage when they return to the workplace. It is important that the Company creates an environment in which everyone, regardless of gender, can work comfortably and further their careers.

Having different types of people with a diverse range of values and attributes, including women, working together within a single organization is undoubtedly beneficial for business. If this kind of corporate culture can be developed, it will further accelerate diversity management and become the source of new ideas and innovation. Even when the Company

## Message from an External Director

takes on the challenge of establishing new operations outside the scope of its current businesses with a view to further growth, I hope that its style of diversity management, where women, foreign nationals, and mid-career hires can all thrive, will become a major strength.

### Future investments will likely hone existing strengths

The Company's strengths lie in its robust management policies and efforts to enhance the added value of feed products. It is worth noting that FEED ONE provides feeds that contribute to the productivity and profitability of producers by strengthening production systems and R&D with the latest technologies, including digital technology. This value offering has also led to the establishment of strong relationships of trust with producers, which has made the Company the preferred choice in a crowded field of feed manufacturers. This is also contributing to the stability of the business and earnings.

In addition, the Company's solid focus on addressing environmental and social issues is another strength, especially the way it is working to reduce greenhouse gas emissions from livestock and curtail the use of fish meal, a natural resource, in its feeds. Going forward, FEED ONE has plans for large-scale investments in these areas, and I am confident they will serve to further hone the strengths that it already possesses.

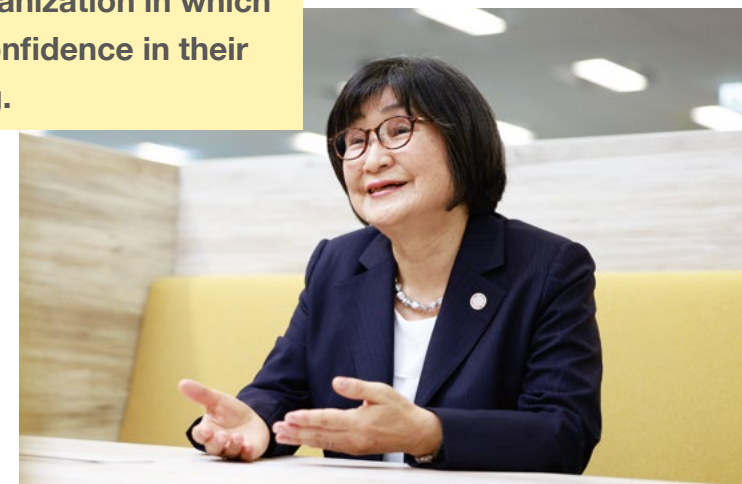
### In support of food, the source of life

The Company has established a new purpose to mark the start of its so-called "Phase 2" of a long-term vision targeting FY2033. During the formulation process, ideas and opinions were collected from many individuals, including external directors like myself, and plenty of time was allocated for discussions. Owing to the fact that its creation was a collective effort, it has quickly gained traction among employees, and there is also a great deal of enthusiasm towards its realization.

The protein that comes from livestock and farmed fish raised on the feed the Company provides is fundamental to sustaining human life. By channeling the Company's purpose into their work, I think all employees have been able to once again realize the important role they play in helping people lead fulfilling and joyful lives. Even when employees go about their work on the frontlines of production, I am fairly sure this purpose will serve as a major source of

support and confidence. An organization in which employees have confidence in their work is truly strong. I believe that the Company will continue to grow and bolster its potential and organizational capabilities even further. As an external director, I will continue to offer my support and do my utmost to help sustain this momentum.

**Even when employees go about their work on the frontlines of production, the Company's purpose will serve as a major source of support and confidence. An organization in which employees have confidence in their work is truly strong.**



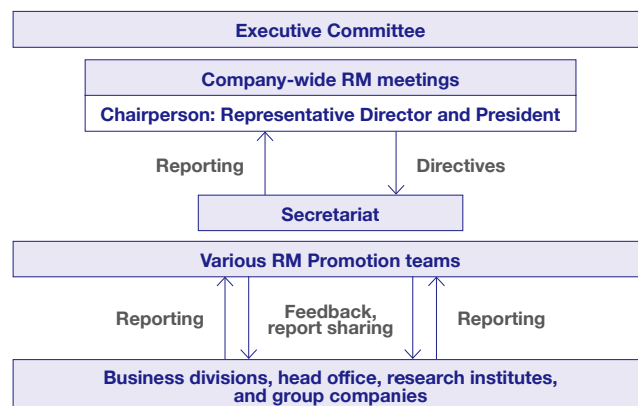
## Risk Management

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 companywide 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

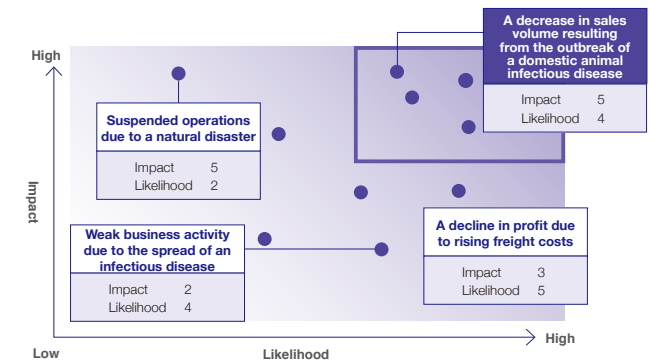
Items	Activities	Frequency
<b>Self-check (self-assessment by each business location)</b>	<ul style="list-style-type: none"> <li>Identify, analyze and assess risks</li> <li>Develop risk response measures</li> </ul>	Annually
<b>Regular meetings</b>	<ul style="list-style-type: none"> <li>Confirm the annual activity plan</li> <li>Confirm the status of company-wide priority risk responses</li> <li>Confirm the monitoring status</li> <li>Share information to enhance risk awareness</li> </ul>	Quarterly
<b>Report to the Executive Committee (through company-wide RM meetings, and interim report meetings)</b>	<ul style="list-style-type: none"> <li>Confirm the annual activity plan and company-wide priority risks</li> <li>Report on progress of activities</li> <li>Report on results of annual activities</li> </ul>	Biannually
<b>Training</b>	<ul style="list-style-type: none"> <li>New employee training</li> <li>Facilitator training</li> </ul>	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.

#### An example of risk mapping based on risk analysis



### 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.

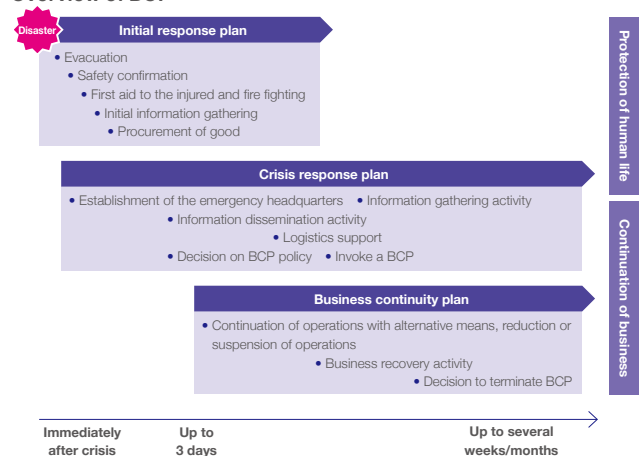
The managerial crisis events are handled by the Crisis Response Committee chaired by Representative Director and President, and such crisis response comprises an initial response plan, a crisis response plan, and a BCP. The initial response plan addresses such matters as emergency actions to be taken

## Risk Management

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 targeted email attacks, 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 training on targeted email attacks, 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 21, 2024 at <https://pdf.irpocket.com/C2060/gEye/BjC0/d2uZ.pdf> [available in Japanese only]).

Risk item	Risk description	Main response measures
<b>Risk of external factors including management environment</b>		
<b>Risk of raw material price fluctuations</b>	<ul style="list-style-type: none"> <li>The profit margin may decline due to inability to pass on the increased raw material cost to a feed price</li> <li>Changes in the reserve for the Formula Feed Price Stabilization System, which are recorded as selling, general and administrative expenses, may have an impact on the Group's operating results.</li> </ul>	<ul style="list-style-type: none"> <li>Strive to strengthen relationships with business partners and diversify producers while maintaining quality</li> </ul>
<b>Risk of diseases, etc. of livestock and farmed fish</b>	<ul style="list-style-type: none"> <li>An outbreak of a disease or deterioration of breeding environment may force a mass disposal and sales suspension of products.</li> <li>An outbreak of a disease at a formula feed buyer may cause a negative impact on the manufacturing and sale of formula feed.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Risk of climate change</b>	<ul style="list-style-type: none"> <li>Climate change or climate change-induced natural disasters may cause a hike in raw material prices or damage to feed manufacturing factories.</li> <li>Levying of a carbon tax to mitigate climate change</li> </ul>	<ul style="list-style-type: none"> <li>Develop and implement measures in response to specific climate-related risks by analyzing and assessing the risk factors and financial impact.</li> <li>Develop products and services and enhance corporate value by promoting climate change measures.</li> </ul>
<b>Risk related to information security</b>	<ul style="list-style-type: none"> <li>Targeted email attacks, unauthorized access to information systems, sophisticated cyberattacks, computer virus infections, etc.</li> <li>Risk of information system failure or internal information leakage to external parties</li> </ul>	<ul style="list-style-type: none"> <li>Make internal network access control system more secure</li> <li>Conduct training on targeted email attacks</li> <li>Desktop exercises on cybersecurity incidents</li> </ul>
<b>Risk of disease, etc. among employees</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Develop the action policy and guidelines for employees' action, and promote active use of remote working, staggered commuting, etc.</li> <li>Develop and review a BCP</li> </ul>
<b>Risk of internal factors including management resources</b>		
<b>Risk at feed manufacturing factories</b>	<ul style="list-style-type: none"> <li>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.</li> <li>A large-scale earthquake may cause buildings to collapse or machinery and equipment to break down.</li> <li>Tsunami flooding and subsequent damage to buildings, machinery and equipment may cause difficulty in feed manufacturing until their recovery.</li> <li>A long absence of an employee infected with a disease may cause difficulty in manufacturing operations.</li> </ul>	<ul style="list-style-type: none"> <li>Promote job rotation, build a structure to confirm the safety of employees, and conduct an emergency drill.</li> <li>Develop and review a BCP</li> </ul>



## Quality Assurance

To realize our Quality Philosophy, we engage in five major quality assurance activities.

### Quality Philosophy

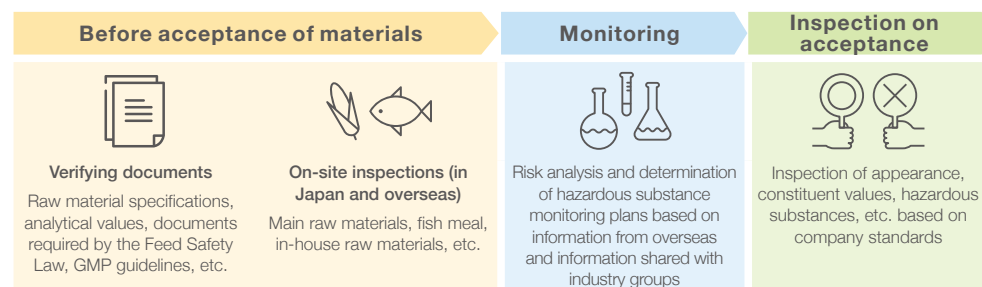
**As a part of the food chain linking farm to table, we will provide safe, secure, and high-quality products and services to meet the expectation and trust of our customers.**

### Obtaining Certification for Providing High-Quality, Safe Feed and Food Products

All of our feed factories are ISO 22000 certified (food safety management system), and have been verified by Japan's Food and Agricultural Materials Inspection Center (FAMIC) as complying with the Good Manufacturing Practice (GMP) guidelines for feed, ensuring feed safety. Affiliated food companies are also either ISO 22000 or FSSC 22000 certified, further bolstering food safety standards.

### Various Types of Monitoring

We confirm the safety, quality, and regulatory compliance of raw materials used for feeds by obtaining the documents required to be filed, specifications, constituents, and manufacturing flows. In particular, the Quality Control Department of our Research & Development Center monitors and analyzes hazardous substances, such as mycotoxins and pesticides, according to the degree of risk. If there is a problem, we restrict the use of such materials and request that the supplier make necessary corrections.



Number of hazardous substance monitoring analyses

Number of analyses	FY2021	FY2022	FY2023
Raw materials	1,219	1,148	967
Products	182	226	167

### External Audits

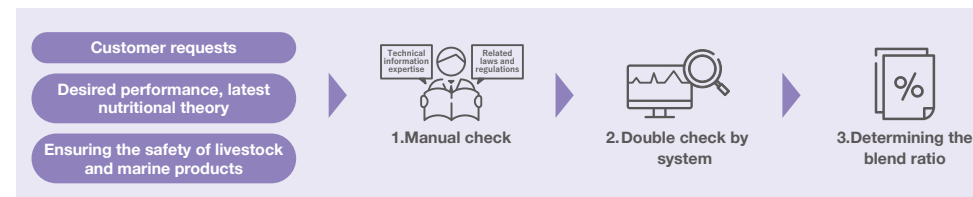
We regularly conduct audits of our raw material suppliers, feed manufacturing contractors, food companies, and factories of food suppliers to ensure that the raw materials and products meet the quality we require.

Number of external audits

FY2021	FY2022	FY2023
9	20	20

### Design Management

In the design of feed products, we established and are operating a systemized management framework to confirm safety, quality, and compliance with laws and regulations.



### Company Structure

The Quality Assurance Committee, chaired by Representative Director and President, meets to take ongoing measures to ensure safety and improve quality through reporting and discussion on feedback and requests from customers and quality data.

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 foster awareness of regulatory compliance by holding briefing sessions on the Feed Safety Law, Premiums and Representations Act, and other relevant laws and regulations.

# Compliance

## Basic Policy for Compliance

The Company has defined the following compliance actions based on the Business Conduct Guidelines for Employees and Officers of FEED ONE Group 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, full-time Audit and Supervisory Committee members, 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 Business Conduct Guidelines for Employees and Officers of FEED ONE Group.
3. Audit and Supervisory Committee 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 and subsequent follow-up each year to the Board of Directors of the Company. The Board of Directors shall 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 antisocial 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.

## Business Conduct Guidelines for Employees and Officers of FEED ONE Group

We have established the Business Conduct Guidelines for Employees and Officers of FEED ONE Group to outline how our group's executives and employees should behave and our basic approach to compliance, and we strive to ensure thorough compliance.

### Business Conduct Guidelines for Employees and Officers of FEED ONE Group.

1. Compliance with Laws and Regulations
2. Cutting off Relations with Antisocial Forces
3. Environmental Preservation
4. Contributions to Society
5. Responsibility for Safety of Products Handled
6. Compliance with Antitrust Law, etc.
7. Prohibition of Unfair Competition
8. Prohibition of Bribery and Excessive Gifts and Excessive Entertainment
9. Conflicts of Interest Between Employees and the Company
10. Respect for Human Rights and Prohibition of Discrimination and Harassment
11. Improvement of the Working Environment
12. Prohibit Actions that Endanger the Safety and Health of Other Officers and Employees
13. Report, Consultation, and Sanction
14. Thorough Information Management
15. Insider Trading Regulations
16. Protection of Personal Information
17. Appropriate Use of Information Systems

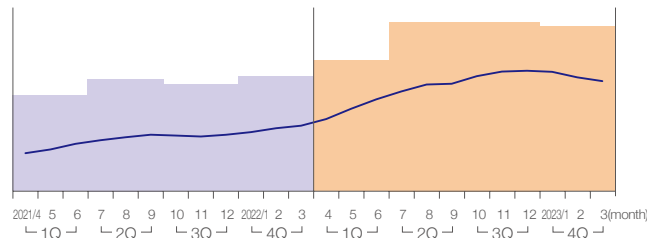
## Industry Data

### Selling prices influenced by the raw material market

#### Sales alone not a reliable measure of business growth

In the feed industry, imported grains account for a majority of raw materials and are therefore susceptible to market conditions and foreign exchange rates. Their prices are revised in January, April, July, and October every year in line with such changes in market conditions and exchange rates. In recent years, due to factors such as grain market prices, exchange rates, ocean freight costs, and tensions in global affairs, raw material prices have sky-rocketed and remained at high levels. For aquatic feed as well, the price of fish meal, which accounts for over 40% of the raw materials, continues to rise due to a significant decline in catch volumes in South America, the primary production region. As a result, we have been compelled to revise feed sales prices. As a result, there have been instances in the past where the sales volume of formula feed increased by approximately 2% year on year, while sales increased by over 25%, driven by higher sales prices due to sky-high raw material costs. Given that sales prices are heavily influenced by raw material prices, sales in the feed industry is not a reliable measure of business growth.

— Cost of sales    ■ FEED ONE animal feed sales prices

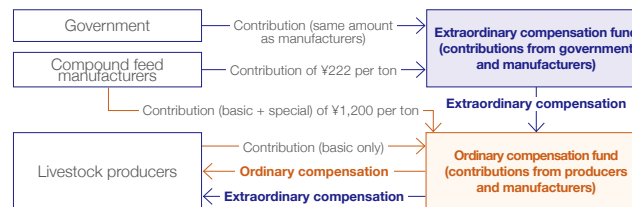


### Compound feed price stabilization system

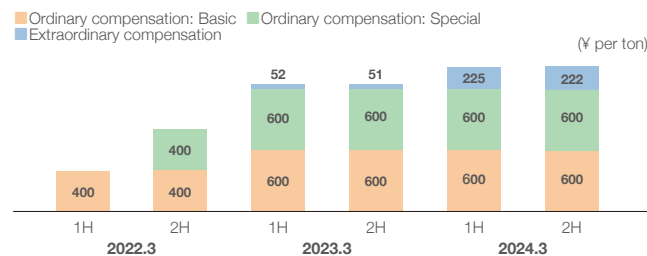
#### Scheme for the continued coexistence of Japan's livestock industry and feed manufacturers

The compound feed price stabilization system is a unique scheme in the feed industry that provides subsidies to mitigate the impact on the operations of producers during times of sharp compound feed price increases. It consists of two tiers: the ordinary compensation fund, to which producers and feed manufacturers make contributions, and the extraordinary compensation fund, to which feed manufacturers and the government make contributions. Due to the sharp rise in the prices of imported raw materials, the extraordinary compensation fund was activated in FY2022 to make up the shortfall that the ordinary compensation fund was unable to provide for. As the prices of imported raw materials are expected to remain elevated, from FY2023 onward, feed manufacturers have resumed making contributions to the extraordinary compensation fund and have also responded by contributing a higher unit price per ton. The contributions to the funds are recorded as selling expenses.

#### How the system works (example based on second half of FY2023)



#### Reserve funds (compound feed manufacturers)



### Domestic and international trends in the livestock, aquaculture, and food industries

#### (1) Japan's livestock industry growing larger and increasingly oligopolistic

Compared to 2013, the number of farms raising either dairy cows, beef cattle, pigs, layer hens, or broilers has decreased by approximately 20% to 40%<sup>\*1</sup>. Japan's working-age population is projected to decrease to two thirds of its current size by 2050<sup>\*2</sup>, while the decline in the number of farms is expected to continue in the future. On the other hand, the number of livestock per farm has increased by around 30% to 60%<sup>\*1</sup>, and the production volume of various livestock products has remained stable due to such factors as increased meat consumption among Japanese people, export demand, and domestic consumption driven by inbound tourism. All of this suggests that livestock farms are growing larger and increasingly oligopolistic.

#### (2) Growing demand for meat and fish mainly in emerging countries

The global outlook for per capita meat consumption suggests an increase of 2.5kg by 2032, based on the average annual consumption from 2019 to 2021<sup>\*3</sup>. The forecast for fish consumption also points to an increase of 0.8kg, going by the average annual consumption from 2020 to 2022<sup>\*4</sup>. At the same time, the world population surpassed 8.0 billion in 2023 and is expected to reach 9.7 billion by 2050<sup>\*5</sup>. In particular, demand for meat and fish is forecasted to expand, mainly in Asia and Africa.

#### (3) Mounting demand for convenient and safe food

Owing to the diversification of lifestyles, including single-person households and dual-income households, spending on ready-to-eat foods in 2023 increased by about 20% compared to 2018<sup>\*6</sup>. Given the recent price inflation, we expect to see growth in demand for foods that are easy to prepare at home. In the midst of heightened demand for food safety in Japan and overseas, strict management at farms and food factories is required more than ever before. In terms of the global certification system GFSI (Global Food Safety Initiative), in Japan, over 3,000 food factories and more than 1,100 farms<sup>\*7</sup> are making rapid progress on standardizing their food management practices at a high level.

\*1 Source: Ministry of Agriculture, Forestry and Fisheries' Statistical Yearbook

\*2 Source: Ministry of Economy, Trade and Industry's Future Human Resources Vision

\*3 Source: Policy Research Institute, Ministry of Agriculture, Forestry and Fisheries

\*4 Source: OECD data

\*5 Source: United Nations estimates

\*6 Source: Ministry of Internal Affairs and Communications' Family Income & Expenditure Survey

\*7 Source: GFSI Japan data

## Financial Data for the Last 8 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	Fiscal year ended March 31, 2024
<b>Operating results</b> (Million yen)								
Sales	207,920	207,562	212,886	215,050	214,120	243,202	307,911	313,875
Cost of sales	182,917	183,629	189,757	191,401	192,163	220,490	285,218	283,153
Selling, general and administrative expenses	20,171	20,225	19,005	18,234	16,284	18,418	21,270	22,972
Operating profit	4,831	3,706	4,123	5,414	5,672	4,293	1,422	7,748
Ordinary profit	5,131	4,103	4,466	5,737	6,081	5,067	1,711	7,737
Profit attributable to owners of parent	3,937	2,971	4,657	3,842	4,438	3,659	1,030	5,084
Total assets	79,904	87,082	88,934	90,880	99,251	108,504	127,913	131,038
Net assets	30,968	33,304	36,413	38,906	42,794	44,840	45,314	50,856
Capital expenditures	5,033	6,448	3,811	7,934	8,120	2,659	2,103	2,755
Depreciation	1,855	2,370	2,395	2,513	3,157	3,198	3,235	3,291
Net cash provided by (used in) operating activities	11,777	9,199	4,842	1,127	7,737	2,740	-7,816	11,138
Net cash provided by (used in) investing activities	-891	-7,454	-158	-7,475	-5,989	-952	-1,187	-2,168
Net cash provided by (used in) financing activities	-10,373	-1,330	-4,937	6,512	-1,550	-1,174	12,881	-5,474
Cash and cash equivalents at end of period	2,333	2,748	2,492	2,657	2,830	3,444	7,322	10,817
<b>Per share information</b> (Yen)								
Basic earnings per share*1	19.98	15.08	23.66	97.64	112.78	94.65	27.01	132.97
Dividend per share	4.50	4.50	4.50	5.00	15.00*2	25.00	25.00	27.00
Net assets per share*1	155.20	166.86	182.90	977.82	1,074.63	1,161.40	1,172.57	1,314.03
<b>Financial indicators</b> (%)								
Operating profit to sales	2.3	1.8	1.9	2.5	2.6	1.8	0.5	2.5
Profit to sales	1.9	1.4	2.2	1.8	2.1	1.5	0.3	1.6
Return on equity (ROE)	13.7	9.4	13.5	10.3	11.0	8.5	2.3	10.7
Return on assets (ROA)	6.3	4.9	5.1	6.4	6.4	4.9	1.4	6.0
Equity ratio	38.3	37.8	40.5	42.3	42.6	40.8	35.0	38.4

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



## Share Information (as of March 31, 2024)

### Status of Shares

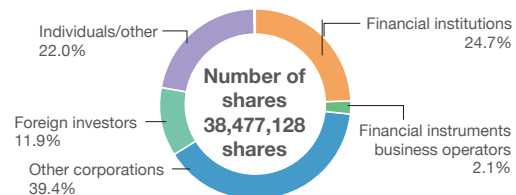
<b>Total number of shares authorized to be issued:</b>	100,000,000 shares
<b>Total number of shares issued:</b>	38,477,128 shares
<b>Number of shareholders:</b>	15,641 shareholders
<b>Stock listing:</b>	Tokyo Stock Exchange, Prime Market
<b>Securities code:</b>	2060
<b>Ordinary General Meeting of Shareholders:</b>	Every June
<b>Record date:</b>	Year-end dividend resolved at the Ordinary General Meeting of Shareholders March 31 every year Interim dividend September 30 every year
<b>Method of public notices:</b>	Public notices are posted on our website. However, if public notices cannot be posted on our website for unavoidable reasons, they will be placed in the <i>Nikkei</i> newspaper. Our website address: <a href="https://www.feed-one.co.jp/english/">https://www.feed-one.co.jp/english/</a>
<b>Shareholder registrar:</b>	1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited

### Major Shareholders

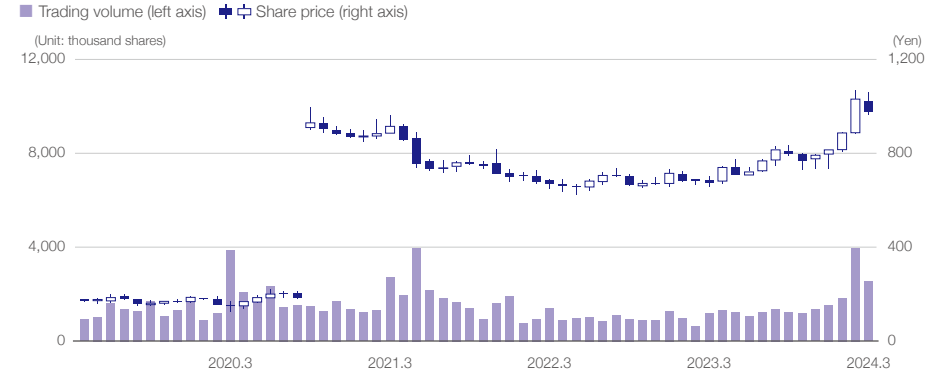
Shareholder	Number of shares held (thousand shares)	Ratio of shares held (%)
Mitsui & Co., Ltd.	9,838	25.60%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,517	9.15%
Daiwa Kogyo LLC	1,207	3.14%
Custody Bank of Japan, Ltd. (Trust Account)	1,199	3.12%
THE KEIHIN CO., LTD.	1,047	2.72%
STATE STREET BANK AND TRUST COMPANY 505223	879	2.28%
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%
Yonkyu Co., Ltd.	600	1.56%

Notes: 1. The major shareholders presented above are based on the shareholder registry as of March 31, 2024.  
 2. The ratios of shareholding are calculated after deducting treasury shares (45,876 shares).  
 3. 166,960 shares of the Company, held by the Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the "trust for stock-based remuneration for directors (and other officers)," are not included in the number of treasury shares.

### Distribution of Shareholders



### Trend of Share Price

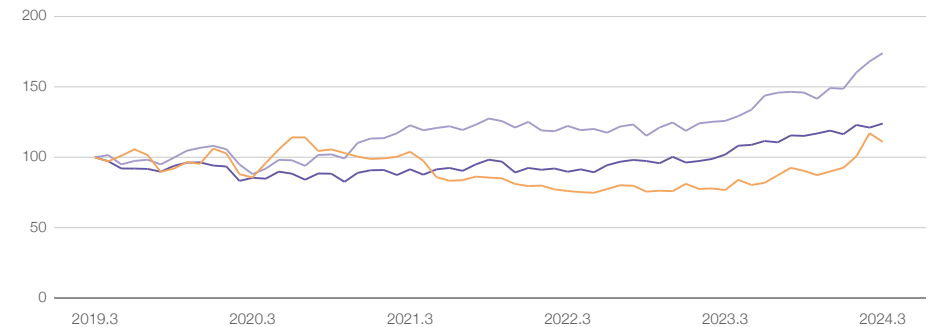


Note: Effective October 1, 2020, the Company carried out a consolidation of common stock at a ratio of one share for every five shares.

#### Total shareholder return (TSR)

	2020.3	2021.3	2022.3	2023.3	2024.3
FEED ONE	89	110	85	88	125
TOPIX	88	123	122	126	174

FEED ONE TOPIX Foods TOPIX



\*Closing price of March 29, 2019 indexed as 100.

# Company Overview and External Recognition

## Company Overview

### Company Profile (as of March 31, 2024)

**Trade name:** FEED ONE CO., LTD.

**Established:** October 1, 2014

**Share capital:** 10,000 million yen

**Head office:** 5-1-2, Minatomirai, Nishi-ku,  
Yokohama-shi, Kanagawa

**Number of employees  
(consolidated):** 902

**Accounting auditor:** Deloitte Touche Tohmatsu LLC

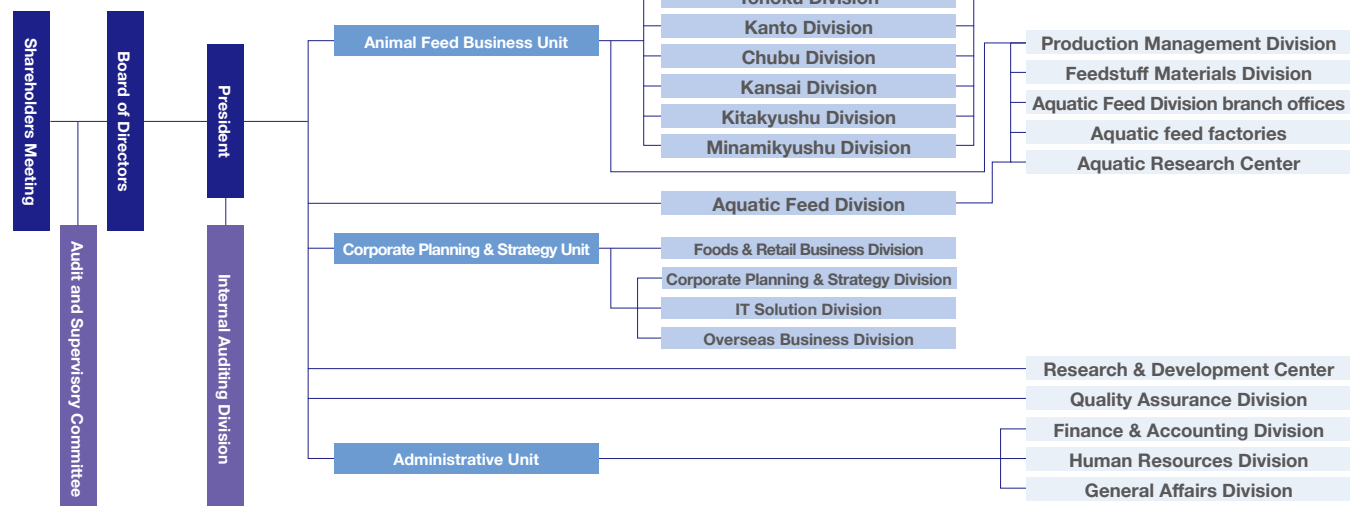
**Fiscal year-end:** March 31

**Principal businesses  
of the Group:** Production and sale of formula feeds and  
purchase, sale, production, and processing  
of livestock and aquatic products  
Other businesses related to the above  
(farm management guidance, operation of  
livestock veterinary care facilities, etc.)

\* New address after the head office relocation on July 1, 2024

### Organizational Chart

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



## External Recognition

### In recognition of products and services

2024 IPPS Award for Nori Nori Pork, a feed that improves thin-fat pork



### In recognition of management

Three-star rating in the 5th Nikkei SDGs Management Survey

**NIKKEI  
SDGs**

経営調査 2023 ★★★

Selected in 2024 as an organization  
having outstanding health and productivity  
management (large company category)



"Kurumin" certification



"Eruboshi" certification (2 stars)





**FEED ONE CO., LTD.**

5-1-2, Minatomirai, Nishi-ku, Yokohama-shi, Kanagawa

TEL: +81-45-211-6520

URL: <https://www.feed-one.co.jp/english/>