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(Securities Code: 2060)

June 7, 2023

(Electronic provision measures commencement date: May 31, 2023)

To Our Shareholders with Voting Rights:

Hidehiro Shoji
Director and President
FEED ONE CO., LTD.
2-23-2 Tsuruyacho, Kanagawa-ku,
Yokohama-shi, Kanagawa

**NOTICE OF CONVOCATION OF
THE 9TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

The 9th Ordinary General Meeting of Shareholders of FEED ONE CO., LTD. (the “Company”) will be held as described below.

In convening this meeting, the Company has taken electronic provision measures, and matters to be provided electronically (matters subject to electronic provision measures) are posted on the following website as “NOTICE OF CONVOCATION OF THE 9TH ORDINARY GENERAL MEETING OF SHAREHOLDERS.”

The Company’s website: <https://www.feed-one.co.jp/ir/library/shareholder/>

In addition to the above, the information is posted on the following website.

Tokyo Stock Exchange website: <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

Please access the website shown above, enter the Company’s name or securities code (2060) to search, and select “Basic information” and “Documents for public inspection/PR information” in this order to confirm the information.

If you are unable to attend the meeting, you may exercise your voting rights in writing or through the Internet. Please review the Reference Documents for the General Meeting for Shareholders provided below and exercise your voting rights by one of the following methods by no later than 5:20 p.m. on Thursday, June 22, 2023, Japan time.

[Exercising voting rights in writing (by mailing)]

Please indicate your vote of approval or disapproval of the proposals on the enclosed Voting Rights Exercise Form and return the form to us by the aforementioned deadline.

[Exercising voting rights through the Internet, etc.]

Please cast your vote of approval or disapproval of the proposals by the aforementioned deadline.

1. Date and Time: Friday, June 23, 2023, at 10:00 a.m. Japan time

2. Place: Nichirin banquet room (5F),
Yokohama Bay Sheraton Hotel & Towers
1-3-23 Kitasaiwai, Nishi-ku, Yokohama-shi, Kanagawa

3. Meeting Agenda:

- Matters to be reported**
1. The Business Report, Consolidated Financial Statements for the Company's 9th Fiscal Year (April 1, 2022 - March 31, 2023), and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company's 9th Fiscal Year (April 1, 2022 - March 31, 2023)

Matters to be resolved

Proposal: Election of Nine (9) Directors

Reference Documents for the General Meeting for Shareholders



Proposals and References



Proposal: Election of Nine (9) Directors

The terms of office of all ten (10) Directors will expire at the closing of this General Meeting of Shareholders. In order to promote generational change in the Board of Directors aiming for a further leap forward toward sustainable growth, and with the purpose of reviewing the composition and functions of the Board and reinforcing its supervisory functions further, the Company proposes the election of nine (9) Directors, including five (5) External Directors.

The candidates for the position of Director are as follows. (* indicates new candidates.)

No.	Name			Current positions at the Company
1	Hidehiro Shoji			Representative Director and President
2	Yukihiro Arakida			Director, Managing Executive Officer General Manager, Food Service Unit
*3	Kazuo Kubota			Managing Executive Officer General Manager, Administrative Unit and in charge of Aquatic Feed Division
*4	Yoshinao Tashiro			Managing Executive Officer General Manager, Animal Feed Business Unit and in charge of Research & Development Center
5	Kikue Kubota	External Director	Independent officer	External Director
6	Keizo Goto	External Director	Independent officer	External Director
7	Takao Tsuji	External Director	Independent officer	External Director
*8	Yasushi Handa	External Director	Independent officer	–
*9	Shuichi Matsuzawa	External Director		–

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
*4	 Yoshinao Tashiro (November 25, 1964)	<p>April 1988 Joined Kyodo Shiryō Co., Ltd.</p> <p>April 2012 General Manager, Minamikyushu Branch</p> <p>April 2017 Executive Officer, the Company</p> <p>April 2022 Senior Executive Officer</p> <p>April 2023 Managing Executive Officer; General Manager, Animal Feed Business Unit and in charge of Research & Development Center To present</p> <p>[Reason for nomination as candidate for Director] Mr. Yoshinao Tashiro has been mainly engaged in sales departments and has experienced the feed business sales and served as General Manager of branches across the nation at Kyodo Shiryō Co., Ltd. At the Company, he has successively held positions such as General Manager of Minamikyushu Branch and General Manager of Hokkaido Business Division, and has also served as General Manager of Animal Feed Business Unit. Because of his abundant experience in frontline sales operation and work experience at Business Unit, the Company believes that he is qualified to strengthen the feed business of the Company, and thus nominates him as a candidate for Director.</p>	3,321 shares
5	 Kikue Kubota (March 6, 1948)	<p>June 1972 Research Associate, Faculty of Education, Saitama University</p> <p>October 1982 Lecturer, Faculty of Home Economics, Ochanomizu University</p> <p>April 1999 Professor, Faculty of Human Life and Environmental Sciences</p> <p>April 2005 Trustee, Vice President</p> <p>April 2013 Professor Emeritus, Ochanomizu University Professor, Nodai Research Institute, Tokyo University of Agriculture Visiting Professor, Kanagawa Institute of Technology</p> <p>April 2016 Auditor (part-time), Tokyo University of Marine Science and Technology</p> <p>June 2019 External Director, the Company</p> <p>July 2019 Auditor (part-time), Tokyo University of Agriculture To present</p> <p>[Significant concurrent positions] Professor Emeritus, Ochanomizu University Auditor (part-time), Tokyo University of Marine Science and Technology Auditor (part-time), Tokyo University of Agriculture</p> <p>[Reason for nomination as candidate for External Director and expected roles] Ms. Kikue Kubota has long been engaged in studies in food science and other fields at Ochanomizu University, where she serves as Professor Emeritus, and has expertise mainly in the food business of the Company. She also serves as an auditor of a national university corporation. She is nominated again as a candidate for External Director because the Company believes that she can provide helpful advice and suggestions concerning the Company's overall management from an objective perspective. The Company expects that she will play roles in supervising corporate management from a viewpoint of an expert in the field of food business as well as from an objective position independent of business executors. Although she has no direct experience in corporate management other than having served as an External Director, for the reasons stated above, she is deemed capable of appropriately carrying out the duties of an External Director.</p>	— shares

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
7	 Takao Tsuji (September 28, 1949)	<p>April 1973 Joined Nissho Iwai Corporation (current Sojitz Corporation)</p> <p>June 1999 Director, NISSHO ELECTRONICS CORPORATION</p> <p>March 2001 Managing Director</p> <p>June 2002 President and Representative Director</p> <p>June 2009 Chairman of the Board of Directors</p> <p>June 2013 External Director, JVCKENWOOD Corporation</p> <p>May 2014 President, Representative Director of the Board, COO, CIO, CRO</p> <p>April 2016 President, Representative Director of the Board, CEO</p> <p>April 2018 Representative Director of the Board, Chairman & CEO</p> <p>April 2019 Representative Director of the Board, Chairman</p> <p>June 2019 Outside Director, Dexerials Corporation</p> <p>July 2021 Special Advisor, JVCKENWOOD Corporation</p> <p>June 2022 External Director, the Company</p> <p> Outside Director (Audit & Supervisory Committee Member), SNT Corporation</p> <p> Outside Director, TACHIBANA ELETECH CO., LTD.</p> <p>December 2022 Outside Director, FUJI SOFT INCORPORATED To present</p> <p>[Significant concurrent positions]</p> <p>Outside Director (Audit & Supervisory Committee Member), SNT Corporation</p> <p>Outside Director, TACHIBANA ELETECH CO., LTD.</p> <p>Outside Director, FUJI SOFT INCORPORATED</p> <p>[Reason for nomination as candidate for External Director and expected roles]</p> <p>In addition to work experience at trading companies, Mr. Takao Tsuji has wealth of experience and broad insight which he gained through managing two listed companies. He is qualified to oversee and supervise management from an objective and independent perspective as an experienced corporate manager. He is nominated again as a candidate for External Director because the Company believes that he can help improve the transparency and reinforce the supervisory functions of the Company's Board of Directors.</p> <p>The Company expects that he will play roles in helping reinforce the management structure of the Company by leveraging his corporate management experience and providing advice on the Company's business activities from a broad perspective.</p>	3,000 shares
*8	 Yasushi Handa (October 29, 1956)	<p>April 1982 Assistant Judge, Tokyo District Court</p> <p>April 1992 Judge, Nagoya District Court</p> <p>April 1996 Judge, Nagano District Court; General Manager, Iida Branch</p> <p>April 2000 Judge, Tokyo High Court</p> <p>April 2004 Presiding Judge, Sapporo District Court</p> <p>April 2007 Presiding Judge, Tokyo District Court</p> <p>August 2018 Chief Judge, Kochi District Court and Family Court</p> <p>January 2020 Presiding Judge, Fukuoka High Court</p> <p>January 2022 Registered as an attorney-at-law</p> <p>February 2023 Waseda Legal Commons, LPC To present</p> <p>[Reason for nomination as candidate for External Director and expected roles]</p> <p>Mr. Yasushi Handa has a wealth of legal expertise based on his experience as a judge that he gained through serving as Presiding Judge in many district courts as well as his service as an attorney-at-law, and is qualified to oversee management from an objective and independent perspective. He is nominated as a candidate for External Director because the Company believes that he can help improve the transparency and reinforce the supervisory functions of the Company's Board of Directors.</p> <p>The Company expects that he will play roles in supervising corporate management from a viewpoint of a legal expert as well as from an objective position independent of business executors. Although he has no direct experience in corporate management other than having served as an External Director, for the reasons stated above, he is deemed capable of appropriately carrying out the duties of an External Director.</p>	— shares

<Reference>

The Company expects candidates for the position of Director to play active roles particularly in the following fields, based on their expertise and experience.

	Name	List of skills						
		Management experience	Industry knowledge (livestock, raw materials, etc.)	Sales / Marketing	Finance / Accounting / Economy / Financing	Legal affairs	International business	Academic research
Director	Hidehiro Shoji	●	●	●			●	
	Yukihiro Arakida		●	●				
	Kazuo Kubota		●	●	●		●	
	Yoshinao Tashiro		●	●				
External Director	Kikue Kubota							●
	Keizo Goto				●		●	●
	Takao Tsuji	●					●	●
	Yasushi Handa					●		
	Shuichi Matsuzawa	●			●		●	

Business Report

(April 1, 2022 - March 31, 2023)

1. Overview of the Corporate Group

(1) Business Progress and Results

During the consolidated fiscal year under review (from April 1, 2022 to March 31, 2023), the Japanese economy saw progress in moves toward normalizing economic activities, following the relaxation of behavioral restrictions that had been placed to combat COVID-19. However, the outlook continues to remain uncertain, due to the prolonged situation between Russia and Ukraine that causes energy and resource prices to soar across the globe, a shift in monetary policies in various countries resulting in fluctuations in financial and capital markets, price hikes associated with the foregoing, and bankruptcies of major financial institutions in Europe and the United States.

In the feed industry, the price of corn, which is a primary raw ingredient, remained at a historically high level throughout the year, owing to the global concerns over supply of grains following the situation between Russia and Ukraine, coupled with the rising trend that had continued given a recovery in demand for ethanol associated with the rise in price of crude oil. Moreover, due to the ongoing depreciation of the yen, prices of primary raw ingredients and many other raw materials in Japan are significantly higher compared to the previous fiscal year.

As for livestock products, demand for domestic pork remained strong due to a decrease in the numbers of domestic shipments, the price of imported pork that turned out to be high with a rise in local market prices, and instability caused by loading port strikes in North America, and as a result, the market price of pork is up compared to the previous fiscal year. In the egg market, while the number of birds fed was decreasing given the rise in production costs, the avian influenza spread across Japan and resulted in a drop in supply, and the price was up significantly compared to the same period in the previous fiscal year. With regard the beef market, consumers are becoming increasingly conservative in their spending to cope with price hikes, which resulted in a drop in demand for beef, and price was down to a level lower compared to the same period in the previous fiscal year.

In this environment, in order to achieve its three-year mid-term management plan, the Group has been promoting initiatives such as diversifying its raw materials procurement, streamlining production system, improving the quality of products supplied to livestock and fishery producers, and delivering services conducive to improvement in production performance.

During the consolidated fiscal year under review, the Group posted sales of 307,911 million yen (up 26.6% year-on-year), operating profit of 1,422 million yen (down 66.9% year-on-year), and ordinary profit of 1,711 million yen (down 66.2% year-on-year). Profit attributable to owners of parent was 1,030 million yen (down 71.8% year-on-year).

Performance by business segment is as follows.

Feed Business

In the Feed Business, sales increased 29.8% year-on-year to 264,073 million yen, mainly due to sales volume of animal and aquatic feed increasing year-on-year, and a significant increase in the average sales prices. Operating profit decreased 39.9% year-on-year to 3,925 million yen, due to increased contributions to the of Feed Price Stabilization Fund and increases in manufacturing costs and selling, general and administrative expenses owing to soaring fuel and logistics costs, in addition to a sharp rise in raw materials, such as corn and fish flour, which are primary raw ingredients.

Food Business

In the Food Business, sales increased 10.6% year-on-year to 41,334 million yen, mainly due to the market price of pork that remained at a high level from the beginning of the fiscal year, and a sharp rise in egg prices as a result of the spread of avian influenza. However, we recorded an operating loss of 369 million yen (operating loss of 52 million yen in the previous fiscal year), mainly due to an increase in purchasing costs at our food business subsidiaries because of soaring pork and egg market prices, in addition to the higher production costs at our farming subsidiaries that were affected by a rise in animal feed prices.

Other Businesses

Sales increased 2.7% year-on-year to 2,503 million yen, as a result of sales of livestock and fishery equipment and other products to distributors and livestock and fishery producers, and operating profit decreased 6.8% year-on-year to 266 million yen.

(2) Capital Expenditures

During the consolidated fiscal year under review, the total amount of capital expenditures was 2,103 million yen, mainly due to streamlining of production facilities in the Feed Business segment.

(3) Financing

The Company has entered into a syndicated loan agreement with nine financial institutions for a total of 6,500 million yen, with the aim of consolidating borrowing conditions and contact points, and securing flexibility and stability in fund procurement. As of the end of the fiscal year under review, the outstanding balance under this agreement was 5,002 million yen.

The Company has entered into a sustainability-linked syndicated loan agreement with four financial institutions for a total of 10,000 million yen. As of the end of the fiscal year under review, the outstanding balance under this agreement was 10,000 million yen.

In addition to the above, the Company has entered into a syndicated commitment credit line agreement with two financial institutions for a total of 10,000 million yen. As of the end of the fiscal year under review, there was no outstanding balance under this agreement.

As of the end of the fiscal year under review, the total outstanding balance under these agreements was 15,002 million yen.

(4) Issues to Be Addressed

Owing to the concerns over supply of grains following the situation between Russia and Ukraine, the prices of many raw materials have soared and remain high, with formula feed prices also rising significantly, which would lead to an increase in the contributions to the Feed Price Stabilization Fund, and coupled with increases in fuel and logistics costs, we believe it is likely that the business environment surrounding the Group will continue to be extremely challenging in terms of profit. The future outlook is expected to remain extremely uncertain due to concerns over outbreaks of diseases such as CSF (classical swine fever) and avian influenza, fluctuations in financial and capital markets following a shift in monetary policies in many countries, associated price hikes, and bankruptcies of major financial institutions in Europe and the United States.

In this environment, the Group believes that its absolute mission is to provide a stable supply of products to livestock and fishery producers, and to provide safe and secure food products to consumers, and is striving to put this into practice. In FY2023, the final year of our third mid-term management plan, the Group is aiming to improve corporate value by formulating and accomplishing measures for improving profitability and achieving sustainable growth, toward making a further leap forward in the period of the fourth mid-term management plan.

(5) Trends in Assets and Income

(In millions of yen, unless otherwise specified.)

Item	6th fiscal year (FY2019)	7th fiscal year (FY2020)	8th fiscal year (FY2021)	9th fiscal year (FY2022)
Sales	215,050	214,120	243,202	307,911
Ordinary profit	5,737	6,081	5,067	1,711
Profit attributable to owners of parent	3,842	4,438	3,659	1,030
Basic earnings per share (yen)	97.64	112.78	94.65	27.01
Total assets	90,880	99,251	108,504	127,913
Net assets	38,906	42,794	44,840	45,314

Notes: 1. The status of the 9th fiscal year is as presented above, in “(1) Business Progress and Results.”

2. Effective October 1, 2020, the Company carried out a consolidation of shares at a ratio of one share for every five common shares. Basic earnings per share is calculated on the assumption that the share consolidation was conducted at the beginning of the sixth consolidated fiscal year.

(6) Material Subsidiaries (As of March 31, 2023)

Company name	Major business description
FEED ONE FOODS Co., Ltd.	Processing and sales of meat
GOLD EGG CORPORATION	Processing and sales of eggs
Kitakyushu Feed One Hanbai Co., Ltd.	Purchase and sales of feed
Kashima Feed One Hanbai Co., Ltd.	Purchase and sales of feed
Minamikyushu Feed One Hanbai Co., Ltd.	Purchase and sales of feed
Hokkaido Feed One Hanbai Co., Ltd.	Purchase and sales of feed
Hachinohe Feed One Hanbai Co., Ltd.	Purchase and sales of feed, livestock products, etc

(7) Principal Business (As of March 31, 2023)

Business segment	Business description
Feed Business	Production, processing, and sales of feed
Food Business	Purchase, production, processing, and sales of livestock and aquatic products
Other Businesses	Sales of livestock and fishery equipment

(8) Major Sales Offices and Factories (As of March 31, 2023)

1) The Company

Name	Location	Name	Location
Head Office	Kanagawa-ku, Yokohama-shi, Kanagawa	Kitakyushu Branch Office	Hakata-ku, Fukuoka-shi, Fukuoka
Research & Development Center	Ono-machi, Tamuragun, Fukushima	Minamikyushu Branch Office	Miyakonojo-shi, Miyazaki
East Hokkaido Branch Office	Kushiro-shi, Hokkaido	Ishinomaki Factory	Ishinomaki-shi, Miyagi
Central Hokkaido Branch Office	Chuo-ku, Sapporo-shi, Hokkaido	Kashima Factory	Kamisu-shi, Ibaraki
Tohoku Branch Office	Miyagino-ku, Sendai-shi, Miyagi	Nagoya Factory	Minato-ku, Nagoya-shi, Aichi
Kanto Branch Office	Kamisu-shi, Ibaraki	Chita Factory	Chita-shi, Aichi
Chubu Branch Office	Minato-ku, Nagoya-shi, Aichi	Kitakyushu Aquatic Feed Factory	Wakamatsu-ku, Kitakyushu-shi, Fukuoka
Kansai Branch Office	Kurashiki-shi, Okayama	Kitakyushu Animal Feed Factory	Wakamatsu-ku, Kitakyushu-shi, Fukuoka
Shikoku Branch Office	Uwajima-shi, Ehime		

2) Locations of major subsidiaries

Company name	Location
FEED ONE FOODS Co., Ltd.	Kanagawa-ku, Yokohama-shi, Kanagawa
GOLD EGG CORPORATION	Yao-shi, Osaka
Kitakyushu Feed One Hanbai Co., Ltd.	Kita-ku, Kumamoto-shi, Kumamoto
Kashima Feed One Hanbai Co., Ltd.	Ishioka-shi, Ibaraki
Minamikyushu Feed One Hanbai Co., Ltd.	Miyakonojo-shi, Miyazaki
Hokkaido Feed One Hanbai Co., Ltd.	Iwamizawa-shi, Hokkaido
Hachinohe Feed One Hanbai Co., Ltd.	Hachinohe-shi, Aomori

(9) Employees (As of March 31, 2023)

1) Corporate group (consolidated)

Number of employees	Changes from the end of the previous consolidated fiscal year
910 (382)	-22 (-2)

Note: The number of employees refers to the number of full-time employees, and the average number of temporary employees for the year is shown in parentheses.

2) The Company (non-consolidated)

Number of employees	Changes from the end of the previous fiscal year
513 (53)	-12 (-2)

Note: The number of employees is the number of full-time employees, and the average number of temporary employees for the year is shown in parentheses.

(10) Major Lenders and Amounts of Loans (As of March 31, 2023)

Lender	Outstanding amount of loan
The Bank of Yokohama, Ltd.	9,080 million yen
The Norinchukin Bank	6,852 million yen
Sumitomo Mitsui Banking Corporation	4,430 million yen
Sumitomo Mitsui Trust Bank, Limited	3,284 million yen
Mizuho Bank, Ltd.	1,977 million yen

2. Status of Shares (As of March 31, 2023)

- (1) Total number of shares authorized to be issued 100,000,000 shares
- (2) Total number of shares issued 38,477,128 shares
- (3) Number of shareholders 17,494 persons
(Changes from the end of the previous fiscal year: -256)
- (4) Major shareholders

Shareholder	Number of shares held	Ratio of shares held
	Thousand shares	%
MITSUI & CO., LTD.	9,838	25.60%
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,438	8.95%
Daiwa Kogyo LLC	1,207	3.14%
Custody Bank of Japan, Ltd. (Trust Account)	1,188	3.09%
THE KEIHIN CO., LTD.	1,047	2.72%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	857	2.23%
Asahi Mutual Life Insurance Company	803	2.09%
The Bank of Yokohama, Ltd.	781	2.03%
STATE STREET BANK AND TRUST COMPANY 505223	722	1.88%
Yonkyu Co., Ltd.	600	1.56%

- Notes: 1. The major shareholders presented above are based on the shareholder registry as of March 31, 2023.
2. The ratio of shares held is calculated after deducting treasury shares (43,559 shares).
3. 253,960 shares of the Company, held by the Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the “trust for share-based remuneration for directors (and other officers),” are not included in the number of treasury shares.

3. Company Officers

(1) Status of Directors and Corporate Auditors (As of March 31, 2023)

Name	Positions, responsibilities and significant concurrent positions
Takashi Yamauchi	Representative Director and Chairman
Hidehiro Shoji	Representative Director and President
Naoki Hatanaka	Director (Senior Managing Officer; General Manager, Animal Feed Business Unit and in charge of Research & Development Center)
Yukihiro Arakida	Director (Managing Executive Officer; General Manager, Food Service Unit)
Yoshimasa Umemura	Director (Managing Executive Officer; General Manager, Administrative Unit and in charge of Aquatic Feed Division)
Akio Ishizuka	Director (Representative Lawyer, Nakaurawa Law Office)
Kikue Kubota	Director (Professor Emeritus, Ochanomizu University) (Auditor (part-time), Tokyo University of Marine Science and Technology) (Auditor (part-time), Tokyo University of Agriculture)
Keizo Goto	Director
Osamu Watanabe	Director (General Manager, Fats and Oils and Processed Materials Solution Business Department, MITSUI & CO., LTD.)
Takao Tsuji	Director (Outside Director (Audit & Supervisory Committee Member), SNT Corporation) (Outside Director, TACHIBANA ELETECH CO., LTD.) (Outside Director, FUJI SOFT INCORPORATED)
Eiichi Yano	Full-time Corporate Auditor
Toru Aoyama	Full-time Corporate Auditor
Naohiro Chikada	Corporate Auditor (Representative, Chikada Certified Public Accountant Office) (Representative Partner, Koa Audit Corporation) (Outside Director (Audit & Supervisory Committee Member), SKIYAKI Inc.) (Representative Director, Chiyoda Accounting Office)

- Notes:
- At the 8th Ordinary General Meeting of Shareholders held on June 24, 2022, Mr. Hidehiro Shoji, Mr. Yoshimasa Umemura and Mr. Takao Tsuji were elected and assumed office as Directors, and Mr. Toru Aoyama and Mr. Naohiro Chikada were elected and assumed office as Corporate Auditors.
 - Directors, Mr. Akio Ishizuka, Ms. Kikue Kubota, Mr. Keizo Goto, Mr. Osamu Watanabe and Mr. Takao Tsuji are External Directors.
 - Corporate Auditors, Mr. Eiichi Yano, and Mr. Naohiro Chikada are External Auditors.
 - The Company has designated Directors, Mr. Akio Ishizuka, Ms. Kikue Kubota, Mr. Keizo Goto, and Mr. Takao Tsuji, and Corporate Auditor, Mr. Naohiro Chikada, as independent officers in accordance with the provisions of the Tokyo Stock Exchange, and has registered them as such with the exchange.
 - Corporate Auditor, Mr. Naohiro Chikada is a certified public accountant, and possesses considerable knowledge in finance and accounting.

(2) Summary of the Liability Limitation Agreement

The Company and its External Directors and External Auditors have entered into a liability limitation agreement based on the provisions of Article 427, Paragraph 1 of the Companies Act. An outline of the contents of the agreement is as follows.

- If External Directors or External Auditors become liable for damages to the Company due to negligence of their duties, the liability shall be limited to the minimum liability amount stipulated in Article 427, Paragraph 1 of the Companies Act.
- The abovementioned liability limit shall be applicable only when the External Director or External Auditor acted in good faith and without gross negligence in the performance of his/her duties giving rise to such responsibilities.

(3) Summary of the Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The scope of the insured persons under the insurance contract covers Directors, Corporate Auditors, Executive Officers, managerial employees, externally dispatched officers, and retired officers, and the insured persons shall not bear any insurance premiums. This insurance contract covers litigation costs and compensation for damages to be borne by the insured person resulting from any claims made against them during the term of the policy.

However, so that the properness of the performance of duties by officers is not impaired, there are certain exemptions such as the insured person not being eligible for compensation for damages attributable to any actions taken by said insured person with the knowledge that such actions are in violation of laws and regulations.

(4) Remuneration, etc. for Directors and Corporate Auditors for the Fiscal Year Under Review

1) Matters concerning policies for determining the details of individual remuneration, etc. for each Director

i) Method for determining policies

The Company's policies for determining remuneration are decided by the Board of Directors, and the Company has established basic policies, as follows.

[Basic policies]

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

ii) Outline of details in policies

Remuneration for Directors consists of monetary remuneration (fixed remuneration and performance-linked remuneration) and non-monetary remuneration (stock remuneration). The remuneration for External Directors consists of fixed remuneration only. Based on the above policies, monetary remuneration and non-monetary remuneration are each calculated by comprehensively considering factors such as position, the achievement rate against performance targets, division evaluations, the market environment, and social situations. The payment ratio for each type of remuneration is determined by the Nomination and Remuneration Committee, taking into consideration the balance between the total amount of monetary remuneration and non-monetary remuneration, as well as a comparison with the remuneration of other companies in the same industry or companies of similar size.

The index for performance-linked remuneration is the ordinary profit in the mid-term management plan of the Company, in order to clarify the performance evaluation of each Director, taking into account a wide range of factors including changes in the business environment and risks associated with the operation of equity method affiliated companies. Of the monetary remuneration and non-monetary remuneration, performance-linked remuneration accounts for 0 to 25%, corresponding to the status of achievement of the mid-term management plan by position, while non-monetary

remuneration accounts for 9 to 15%, by position.

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

The target for performance-linked remuneration for the fiscal year under review was an ordinary profit of 5.8 billion yen, and the achieved result was 1.7 billion yen.

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

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

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

1. Fixed monetary remuneration and non-monetary remuneration

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

2. Performance-linked monetary remuneration

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

(Formula)

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

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

^{*2} The total allocation to Directors and Executive Officers is 3.5% of the difference between actual ordinary profit and ordinary profit in the mid-term management plan + 100 million yen. The allocation amount for Directors for the fiscal year ended March 31, 2022 is 1.7% of the difference stated above.

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

3. Composition of remuneration

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

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

- 2) Matters concerning provisions in the Articles of Incorporation or resolutions of General Meetings of Shareholders concerning remuneration, etc. for Company officers
- i) Date of resolution of General Meeting of Shareholders and the number of Company officers concerning the resolution
- Monetary remuneration:
Resolution of General Meeting of Shareholders on June 24, 2022; ten (10) Directors (including five (5) External Directors)
Resolution of General Meeting of Shareholders on June 26, 2015; four (4) Corporate Auditors
 - Non-monetary remuneration: resolution of General Meeting of Shareholders on June 28, 2018; five (5) Directors (excluding External Directors)
- ii) Outline of details in provisions
The total amount of remuneration shall not exceed 300 million yen for Directors (not exceeding 40 million yen for External Directors), and shall not exceed 90 million yen for Corporate Auditors.
Non-monetary remuneration shall be separate from the above, and shall not exceed 90 million yen over three years.
- 3) Matters concerning delegating decisions on the details of individual remuneration, etc. for each Director
- i) Decision on the delegation
Decisions have been made by the Board of Directors to delegate the decision to the Nomination and Remuneration Committee.

- ii) Name of the delegated person, his/her position, and responsibilities on the date the details are decided

Delegated persons:

Position	Name	Nomination and Remuneration Committee
(Independent) External Director	Akio Ishizuka	Chairman
(Independent) External Director	Kikue Kubota	Member
(Independent) External Director	Keizo Goto	Member
External Director	Osamu Watanabe	Member
(Independent) External Director	Takao Tsuji	Member
Representative Director and Chairman	Takashi Yamauchi	Member
Representative Director and President	Hidehiro Shoji	Member

- iii) Delegated authority
Authority to decide the amount of individual remuneration for Directors
- iv) Reason for delegating authority
The Company determined that the decision of individual remuneration for each Director shall follow a process that ensures the transparency and objectivity. The Company judged that it is reasonable that the Nomination and Remuneration Committee, which is composed mainly of independent External Directors, makes that decision within the scope of the basic policies for determining the details of individual remuneration, etc. for each Director.
- v) Measures to ensure that authority is properly exercised
Representative Directors notify individual Directors of the amount of remuneration, upon receiving decisions by the Nomination and Remuneration Committee.

4) Total amount of remuneration, etc. for Directors and Corporate Auditors

(In millions of yen, unless otherwise specified.)

Position	Number of persons provided	Total amount of remuneration, etc.	Total amount of remuneration, etc. by type		
			Fixed remuneration	Performance-linked remuneration	Non-monetary remuneration
Director	12	213	167	24	22
(of which External Director)	(5)	(30)	(30)	-	-
Corporate Auditor	5	43	43	-	-
(of which External Auditor)	(3)	(24)	(24)	-	-

- Notes:
1. External officers of the Company have not received any officer remuneration from subsidiaries of the Company during the fiscal year under review, other than the above remuneration, etc.
 2. The total amount of remuneration, etc. for Directors includes the provision for share-based remuneration for directors (and other officers), for the trust for share-based remuneration for directors (and other officers), of 22 million yen, recorded in the fiscal year under review.

(5) Matters Regarding External Officers

- 1) Relationship between the Company and other companies where external officers concurrently serve as executives, etc.
 - Director, Mr. Osamu Watanabe is a business executor (employee) of MITSUI & CO., LTD., which is a specified associate company (major business partners). MITSUI & CO., LTD. is a major shareholder of the Company, and there are transactional relationships of raw materials, etc. between the Company and the said company.
 - Corporate Auditor, Mr. Naohiro Chikada is Representative Director of Chiyoda Accounting Office. There are no special relationships, including transactions, between the Company and Chiyoda Accounting Office.
- 2) Relationship between the Company and other companies where external officers concurrently serve
 - Director, Mr. Takao Tsuji is Outside Director of SNT Corporation, TACHIBANA ELETECH CO., LTD. and FUJI SOFT INCORPORATED. There are no special relationships, including transactions, between the Company and the said companies.
 - Corporate Auditor, Mr. Naohiro Chikada is Outside Director of SKIYAKI Inc. There are no special relationships, including transactions, between the Company and the said company.

3) Major activities during the fiscal year under review

Name	Position	Major activities
Akio Ishizuka	External Director	Mr. Ishizuka attended all 17 meetings of the Board of Directors, and asked questions and expressed his opinions as necessary, based on his expert knowledge as an attorney. He also serves as a chairman of the Nomination and Remuneration Committee, which was established for the purpose of improving the appropriateness and objectivity of decision-making regarding the selection of Director candidates and remuneration.
Kikue Kubota	External Director	Ms. Kubota attended all 17 meetings of the Board of Directors, and asked questions and expressed her opinions as necessary, based on her expert knowledge of the food business. She also serves as a member of the Nomination and Remuneration Committee, which was established for the purpose of improving the appropriateness and objectivity of decision-making regarding the selection of Director candidates and remuneration.
Keizo Goto	External Director	Mr. Goto attended all 17 meetings of the Board of Directors, and asked questions and expressed his opinions as necessary, based on his expert knowledge of finance and economics and the experience he has cultivated as a Full-time Auditor of the Japan Freight Railway Company. He also serves as a member of the Nomination and Remuneration Committee, which was established for the purpose of improving the appropriateness and objectivity of decision-making regarding the selection of Director candidates and remuneration.
Osamu Watanabe	External Director	Mr. Watanabe attended all 17 meetings of the Board of Directors, and asked questions and expressed his opinions as necessary, based on his experience working primarily in the grain and food business. He also serves as a member of the Nomination and Remuneration Committee, which was established for the purpose of improving the appropriateness and objectivity of decision-making regarding the selection of Director candidates and remuneration.
Takao Tsuji	External Director	Mr. Tsuji attended all 13 meetings of the Board of Directors after his appointment, and asked questions and expressed his opinions as necessary, based on his experience which he gained through managing two listed companies. He also serves as a member of the Nomination and Remuneration Committee, which was established for the purpose of improving the appropriateness and objectivity of decision-making regarding the selection of Director candidates and remuneration.
Eiichi Yano	External Auditor	Mr. Yano attended all 17 meetings of the Board of Directors and all 28 meetings of the Board of Corporate Auditors, and asked questions and expressed his opinions as necessary, based on his wide knowledge on management and finance, cultivated at a financial institution.
Naohiro Chikada	External Auditor	Mr. Chikada attended all 13 meetings of the Board of Directors and all 20 meetings of the Board of Corporate Auditors after his appointment, and asked questions and expressed his opinions as necessary, based on his expert knowledge cultivated as a certified public accountant.

4) Overview of duties performed by External Directors in relation to the roles they are expected to fulfill

Name	Position	Major activities
Akio Ishizuka	External Director	Mr. Akio Ishizuka, as a legal expert, is expected to supervise corporate management from an objective standpoint independent of business executors. He attends meetings of the Board of Directors and other important meetings, and expresses his opinions from a legal standpoint.
Kikue Kubota	External Director	Ms. Kikue Kubota, as a food sector expert, is expected to take on the role of supervising corporate management from an objective standpoint independent of business executors. She attends meetings of the Board of Directors and other important meetings, and expresses her opinions drawing on her knowledge.
Keizo Goto	External Director	Mr. Keizo Goto, as an expert in finance and economics, etc., is expected to take on the role of supervising corporate management from an objective standpoint independent of business executors, leveraging his experience as a Full-time Auditor of Japan Freight Railway Company. He attends meetings of the Board of Directors and other important meetings, and expresses his opinions drawing on his knowledge.
Osamu Watanabe	External Director	Mr. Osamu Watanabe is expected to take on the role of reinforcing the management structure of the Company by providing advice on the Company's business activities from a broad perspective, leveraging not only his knowledge of the grain, fats and oils business, but also his experience including serving as a corporate officer and general manager of the overseas sales department of a company handling food products,, He attends meetings of Board of Directors and other important meetings, and expresses his opinions drawing on his knowledge.
Takao Tsuji	External Director	Mr. Takao Tsuji is expected to take on the role of reinforcing the management structure of the Company by providing advice on the Company's business activities from a broad perspective, leveraging his corporate management experience. He attends meetings of Board of Directors and other important meetings, and expresses his opinions drawing on his knowledge from an objective standpoint independent of business executors.

4. Accounting Auditor

- (1) Accounting Auditor's Name
Deloitte Touche Tohmatsu LLC
- (2) Accounting Auditor's Compensation, etc., for the Fiscal Year Ended March 31, 2023
Compensation, etc., for the fiscal year ended March 31, 2023 50 million yen
Total amount of monetary and other property benefits payable by the Company or its subsidiaries to Accounting Auditor 50 million yen
Note: Under the audit agreement between the Company and the Accounting Auditor, the amount of compensation, etc. for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act are not distinguished; therefore, the above amount includes compensation, etc. for audits based on the Financial Instruments and Exchange Act.
- (3) Reasons for the Board of Corporate Auditors to Have Agreed on Accounting Auditor's Compensation, etc.
The Board of Corporate Auditors has given its consent based on Article 399, Paragraph 1 of the Companies Act regarding compensation, etc. of the Accounting Auditor, upon making the necessary verification of the contents of the audit plan of the Accounting Auditor, previous records of audits and compensation, the status of execution of duties by the Accounting Auditor, and the appropriateness of the basis for calculation of the estimates of audit compensation.
- (4) Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor
If it is deemed that the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Board of Corporate Auditors shall dismiss the Accounting Auditor, based on the unanimous consent of the Corporate Auditors. In this case, the Corporate Auditor selected by the Board of Corporate Auditors shall report the dismissal of the Accounting Auditor, and the reasons for the dismissal at the first General Meeting of Shareholders held after the dismissal.
In addition, if it is deemed necessary, such as when it is deemed difficult for the Accounting Auditor to execute its duties appropriately, the Board of Corporate Auditors shall determine the contents of the proposal regarding dismissal or non-reappointment of the Accounting Auditor, for the General Meeting of Shareholders.

5. Systems to Ensure the Appropriateness of Operations

- (1) Systems to Ensure Compliance of the Execution of Duties by Directors, Executive Officers, and Employees with Laws and Regulations and the Articles of Incorporation
 - 1) In accordance with laws and regulations, the Articles of Incorporation, resolutions at the General Meeting of Shareholders, and internal regulations, the Board of Directors of the Group shall decide on important matters related to management, and supervise the execution of duties by Directors.
 - 2) To ensure that the Directors, Executive Officers, and employees of the Group comply with laws and regulations, and promote appropriate corporate activities, the Group shall make them aware of the “FEED ONE Group Employee Code of Conduct.”
 - 3) Corporate Auditors shall audit the execution of duties by Directors, in cooperation with the Accounting Auditor and the Internal Auditing Division.
 - 4) The Company shall ensure that the “Regulations for Internal Reporting” are recognized within the Group, and periodically report the status of reporting each year to the Board of Directors of the Company. The Board of Directors shall conduct follow-up activities on such reports, and take necessary measures to improve the effectiveness of the internal reporting system. In addition, the Board of Directors shall evaluate the internal reporting system and continuously improve the system.
 - 5) The Board of Directors of the Company shall educate, train, and familiarize the Group regarding compliance, including the internal reporting system, and shall assign and train personnel in charge of compliance who possess the necessary skills and aptitude.
 - 6) The Compliance Committee shall decide on matters including action policies, by investigating and deliberating on various issues related to the Group’s compliance, and inform and instruct the Group, accordingly.
 - 7) The Group will not engage in any relationship with anti-social forces that threaten civil society, and will never conduct anti-social transactions with such forces. In addition, the entire company shall take a resolute stance against such anti-social forces, by closely collaborating with police and other external specialized institutions.
- (2) Systems for the Storage and Management of Information Related to Execution of Duties by Directors and Executive Officers
 - 1) Important documents and records related to the duties of Directors, Executive Officers, and employees of the Group shall be appropriately stored and managed in accordance with applicable laws and regulations, “Regulations for Document Management,” “Regulations for Information Security,” and other regulations.
 - 2) The personal information of the Group shall be managed in accordance with “Regulations for Personal Information Protection” and other regulations.
 - 3) The confidential information of the Group shall be managed in accordance with “Regulations for Business Confidentiality Preservation.”
- (3) Regulations and Other Systems for Managing Risk of Loss
 - 1) In order to manage risks associated with the quality of the Group, the Group shall establish a “Quality Policy” and a management system under the leadership of the Quality Assurance Division, which prevents the occurrence of quality risks, including the safety of the Group’s products. In addition, the Quality Assurance Committee shall investigate and deliberate on various issues related to quality, establish action policies, etc., and inform and instruct the Group, accordingly.
 - 2) In order to manage risks that may arise from the business development of the Group, the Group shall operate the “Regulations for Company-wide Risk Management,” and the Corporate Planning & Strategy Division shall comprehensively manage risk information and conduct periodic reports to the Board of Directors, etc. In addition, each division shall manage the specific individual risks pertaining to the operations in their charge.
- (4) Systems to Ensure the Effective Execution of Duties by Directors and Executive Officers
 - 1) The Group shall establish an executive officer system in order to clarify functions and speed up management, by separating the decision-making and supervisory functions from the business execution functions.
 - 2) In order to ensure a common understanding between the decision-making and supervisory functions and the business execution functions, and to ensure the effectiveness and

- efficiency of operations, reliability of financial reports, and compliance with relevant laws and regulations, important matters shall be decided at the meetings of the Board of Directors held every month, after deliberation by the Executive Committee.
- 3) The Group's business operations and authorities shall be classified based on internal rules, such as "Regulations for Division of Duties" and "Regulations of Administrative Authorities," and the person in charge of each division shall operate the division appropriately, based on his/her authority and responsibility.
- (5) Systems to Ensure the Appropriateness of Operations of the Corporate Group Comprising the Company and its Subsidiaries
 - 1) Each Group company's execution of business operations shall be managed by the Group Strategy Meeting attended by Representative Directors and related Directors, Executive Officers, and employees, "Regulations for the Management of Subsidiaries and Associates," "Regulations of Administrative Authorities," and others.
 - 2) The Internal Auditing Division, which is independent from lines of operation, shall periodically implement internal audits of the Company and each of the Group companies, investigate the status of operation and maintenance of the internal control system, and report the results of such investigations, matters for improvement, and other relevant matters to the Board of Directors of the Company.
 - (6) Matters Related to Employees Who are Requested by Corporate Auditors to Assist them in their Duties
In addition to making the General Affairs Division a secretariat of the Board of Corporate Auditors, if a Corporate Auditor requests the assignment of employees to assist with his/her duties, employees to assist the duties of the Corporate Auditor shall be assigned.
 - (7) Matters Related to the Independence of Employees Set Forth in the Previous Paragraph from Directors, and Matters Related to Ensuring the Effectiveness of Instructions to Such Employees
Directors, Executive Officers, and employees of the Group shall take care not to interfere with the independence of the duties of the employees who assist with the duties of Corporate Auditors, and the Director in charge of the General Affairs Division shall obtain prior consent from the Board of Corporate Auditors on personnel affairs regarding employees who assist with the duties of Corporate Auditors.
 - (8) System for Directors, Executive Officers, and Employees to Report to Corporate Auditors, and Other Systems for Reporting to Corporate Auditors
 - 1) Directors, Executive Officers, and employees shall establish a system for Corporate Auditors to attend important internal meetings such as Executive Committee and Group Strategy Meetings, in addition to the meetings of the Board of Directors, and to receive reports as appropriate. They shall also report the decision-making of management and status of execution of business operations to the Corporate Auditors, through periodic reports that are required by the Corporate Auditors, circulation of documents including important approval documents and minutes, and other means. In addition, if a Corporate Auditor requests an explanation regarding the status of execution of the business operations of the Group, Directors, Executive Officers, and employees of the Group shall promptly and appropriately respond to such requests.
 - 2) Directors, Executive Officers, and employees of the Group, or persons who have received reports from them shall promptly report to the Corporate Auditors if they become aware of the occurrence of an event that may significantly affect the management of the Group.
 - (9) System to Ensure that Persons Who Have Made Reports are Not Subjected to Disadvantageous Treatment on the Grounds that They Have Made Such Reports
The Group will not subject persons who have made reports to Corporate Auditors to any disadvantageous treatment, based on such grounds.
 - (10) Matters Related to Policies on Procedures for Prepayment or Reimbursement of Expenses Incurred in the Execution of Duties of Corporate Auditors, and Other Policies on Procedures for Expenses or Debts Incurred in the Execution of Such Duties
If a Corporate Auditor requests prepayment of expenses, etc. based on the Companies Act, to the Company in the execution of his/her duties, the Company shall promptly process such expenses or debts, unless the expenses or debts in such request are deemed unnecessary for the execution of duties by such Corporate Auditor.

- (11) Other Systems to Ensure Effective Audits by Corporate Auditors
Representative Directors and Directors shall periodically exchange opinions with Corporate Auditors, recognize the importance of audits by the Corporate Auditors, and establish a collaborative system for audit operations, in order for the Corporate Auditors to collaborate with the Accounting Auditor and the Internal Auditing Division, to audit the execution of duties by Directors.

6. Overview of the Status of Operation of Systems to Ensure the Appropriateness of Operations

Based on systems to ensure the appropriateness of operations, the Company strives to develop a system to ensure the appropriateness of the operations of the corporate group, and to operate it appropriately.

The status of operations during the consolidated fiscal year under review is as follows.

- Ensuring the appropriateness of operations in general

The Company holds a “Group Strategy Meeting,” in order to check the status of execution of the business operations of the Group. Important matters are deliberated at the “Executive Committee,” which is also held at least once per month in principle, and decisions are made at the meetings of the Board of Directors. During the fiscal year under review, the Group Strategy Meeting was held 9 times, the Executive Committee was held 15 times, and meetings of the Board of Directors were held 17 times.

The execution of the business operations of the Group companies is managed by establishing and operating “Regulations for the Management of Subsidiaries and Associates.” In addition, the Internal Auditing Division conducts internal audits of each Group company, and periodically reports the results to the Board of Directors. At the same time, this division collaborates with Corporate Auditors, the Accounting Auditor, and External Directors, and exchanges opinions.

- Compliance

During the fiscal year under review, the Company held four meetings of the “Compliance Committee,” which was established by the Representative Director and President, and investigated and deliberated on various issues related to the Group’s compliance. In addition, the Company conducted compliance training for Directors, Executive Officers, employees, and other staff to increase compliance awareness, and ensures that the Group is fully aware of the internal reporting system, which has an outside attorney, an External Auditor, and the Internal Auditing Division as contact points.

- Risk management system

The Company has established a company-wide risk management system based on “Regulations for Company-wide Risk Management.” In addition, individual risks that arise during the course of the Company’s business are managed by internal regulations and committee meetings held by each division, including the “Compliance Committee” and “Credit Committee.”

- Ensuring the effectiveness of audits by Corporate Auditors

The Board of Corporate Auditors of the Company is composed of one internal Corporate Auditor and two External Auditors.

During the fiscal year under review, the meetings of the Board of Corporate Auditors were held 28 times, and reports were received from Directors on their status regarding execution of business operations. Furthermore, Full-time Corporate Auditors shared concurrent positions of Corporate Auditors at important subsidiaries, and attended important meetings such as the meetings of the Board of Directors of each company. In addition, the Board of Corporate Auditors exchanges opinions with Representative Directors, External Directors, and the Internal Auditing Division, in addition to the Accounting Auditor, and requests important reports from Directors, Executive Officers, and employees, to deliberate and make decisions on various matters.

In addition, the internal Corporate Auditor and External Auditors attend important meetings such as the “Executive Committee,” “Group Strategy Meeting,” and “Compliance Committee,” depending on their roles.

The Corporate Auditors and Representative Directors have agreed upon a system for reporting to Corporate Auditors or the Board of Corporate Auditors, which includes attendance at important meetings by Corporate Auditors, inspection of important documents, and periodic and special reporting of matters to Corporate Auditors, in order to ensure the effectiveness of audits by Corporate Auditors.

7. Basic Policy Related to the Determination of Dividends of Surplus

In order to secure flexibility in its capital policy, the Company stipulates in its Articles of Incorporation that the matters stipulated in each item of Article 459, Paragraph 1 of the Companies Act may be conducted by the resolution of the Board of Directors.

The Company aims for a consolidated dividend payout ratio of 25% or more, with enhancement of internal reserves to strengthen its financial structure, which will serve as a foundation for long-term development, and stable dividends as its basis.

Internal reserves will be utilized effectively as investment funds to maintain and enhance the competitiveness of the Company, in the future.

In principle, the Company pays dividends twice a year in the form of an interim dividend and a year-end dividend. For the fiscal year under review, an interim dividend of 12.5 yen per share has been paid, and based on the above policy, as a result of comprehensively taking into account the performance and financial status of the fiscal year under review, the Company will pay a year-end ordinary dividend of 12.5 yen per share.

Consolidated Financial Statements

(April 1, 2022 - March 31, 2023)

Consolidated Balance Sheet

(As of March 31, 2023)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	85,836	Current liabilities	60,074
Cash and deposits	7,379	Notes and accounts payable - trade	36,482
Notes and accounts receivable - trade	51,375	Short-term borrowings	16,803
Electronically recorded monetary claims - operating	3,885	Lease liabilities	126
Merchandise and finished goods	3,070	Income taxes payable	467
Raw materials and supplies	17,156	Provision for bonuses	558
Animals	357	Other	5,636
Other	2,791	Non-current liabilities	22,523
Allowance for doubtful accounts	(180)	Long-term borrowings	19,208
Non-current assets	42,076	Lease liabilities	658
Property, plant and equipment	31,668	Deferred tax liabilities	203
Buildings and structures	13,002	Provision for share awards for directors (and other officers)	173
Machinery, equipment and vehicles	11,217	Retirement benefit liability	2,234
Land	6,114	Asset retirement obligations	3
Leased assets	727	Other	42
Construction in progress	68	Total liabilities	82,598
Other	538	(Net assets)	
Intangible assets	916	Shareholders' equity	43,445
Other	916	Share capital	10,000
Investments and other assets	9,491	Capital surplus	9,737
Investment securities	8,531	Retained earnings	23,952
Long-term loans receivable	12	Treasury shares	(244)
Distressed receivables	327	Accumulated other comprehensive income	1,323
Deferred tax assets	274	Valuation difference on available-for-sale securities	1,229
Other	702	Deferred gains or losses on hedges	32
Allowance for doubtful accounts	(356)	Foreign currency translation adjustment	61
		Remeasurements of defined benefit plans	(0)
		Non-controlling interests	546
		Total net assets	45,314
Total assets	127,913	Total liabilities and net assets	127,913

Consolidated Statement of Income

(April 1, 2022 - March 31, 2023)

(In millions of yen)

Description	Amount	
Net sales		307,911
Cost of sales		285,218
Gross profit		22,693
Selling, general and administrative expenses		21,270
Operating profit		1,422
Non-operating income		
Interest and dividend income	155	
Stockpile storage revenue	141	
Subsidy income	163	
Other	210	670
Non-operating expenses		
Interest expenses	158	
Sales discounts	46	
Share of loss of entities accounted for using equity method	42	
Commission expenses	78	
Other	56	382
Ordinary profit		1,711
Extraordinary income		
Gain on sale of non-current assets	37	
Gain on sale of investment securities	305	
Subsidy income	61	404
Extraordinary losses		
Loss on sale of non-current assets	13	
Loss on retirement of non-current assets	43	
Impairment losses	208	
Loss on liquidation of subsidiaries	0	
Loss on closing of factory	211	476
Profit before income taxes		1,639
Income taxes - current	492	
Income taxes - deferred	103	596
Profit		1,042
Profit attributable to non-controlling interests		12
Profit attributable to owners of parent		1,030

Consolidated Statement of Changes in Equity

(April 1, 2022 - March 31, 2023)

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	9,737	23,882	(271)	43,348
Changes during period					
Dividends of surplus			(960)		(960)
Profit attributable to owners of parent			1,030		1,030
Purchase of treasury shares				(1)	(1)
Disposal of treasury stock by stock benefit trust				27	27
Net changes in items other than shareholders' equity					
Total changes during period	-	-	69	26	96
Balance at end of period	10,000	9,737	23,952	(244)	43,445

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	948	72	(1)	(61)	957	534	44,840
Changes during period							
Dividends of surplus							(960)
Profit attributable to owners of parent							1,030
Purchase of treasury shares							(1)
Disposal of treasury stock by stock benefit trust							27
Net changes in items other than shareholders' equity	280	(39)	63	60	365	12	377
Total changes during period	280	(39)	63	60	365	12	474
Balance at end of period	1,229	32	61	(0)	1,323	546	45,314

Non-Consolidated Financial Statements

(April 1, 2022 - March 31, 2023)

Non-Consolidated Balance Sheet

(As of March 31, 2023)

(In millions of yen)

Description	Amount	Description	Amount
(Assets)		(Liabilities)	
Current assets	78,748	Current liabilities	52,445
Cash and deposits	4,806	Accounts payable - trade	33,951
Notes receivable - trade	8,917	Short-term borrowings	12,725
Accounts receivable - trade	43,067	Lease liabilities	111
Merchandise and finished goods	2,467	Accounts payable - other	1,505
Raw materials and supplies	16,900	Accrued expenses	2,046
Advance payments to suppliers	383	Income taxes payable	390
Prepaid expenses	1,196	Deposits received	1,299
Accounts receivable - other	484	Provision for bonuses	416
Short-term loans receivable	1,271	Non-current liabilities	17,176
Other	265	Long-term borrowings	14,336
Allowance for doubtful accounts	(1,011)	Lease liabilities	540
		Deferred tax liabilities	200
Non-current assets	31,678	Provision for retirement benefits	1,923
Property, plant and equipment	21,401	Provision for share awards for directors (and other officers)	173
Buildings	7,555	Asset retirement obligations	3
Structures	1,226	Total liabilities	69,622
Machinery and equipment	7,339	(Net assets)	
Vehicles	51	Shareholders' equity	39,610
Tools, furniture and fixtures	251	Share capital	10,000
Land	4,323	Capital surplus	11,931
Leased assets	592	Legal capital surplus	2,500
Construction in progress	57	Other capital surplus	9,431
Other	2	Retained earnings	17,925
Intangible assets	832	Other retained earnings	17,925
Leasehold interests in land	0	Retained earnings brought forward	17,925
Software	91	Treasury shares	(246)
Software in progress	738	Valuation and translation adjustments	1,194
Other	1	Valuation difference on available-for-sale securities	1,161
Investments and other assets	9,444	Deferred gains or losses on hedges	32
Investment securities	4,405	Total net assets	40,804
Shares of subsidiaries and associates	4,234		
Investments in capital	34		
Long-term loans receivable	1		
Long-term loans receivable from subsidiaries and associates	156		
Distressed receivables	469		
Long-term prepaid expenses	65		
Other	451		
Allowance for doubtful accounts	(373)		
Total assets	110,427	Total liabilities and net assets	110,427

Non-Consolidated Statement of Income

(April 1, 2022 - March 31, 2023)

(In millions of yen)

Description	Amount	
Net sales		266,960
Cost of sales		248,900
Gross profit		18,059
Selling, general and administrative expenses		16,464
Operating profit		1,594
Non-operating income		
Interest and dividend income	166	
Stockpile storage revenue	141	
Subsidy income	161	
Other	139	609
Non-operating expenses		
Interest expenses	110	
Sales discounts	46	
Commission expenses	78	
Other	49	285
Ordinary profit		1,917
Extraordinary income		
Gain on sale of non-current assets	27	
Gain on sale of investment securities	305	
Subsidy income	61	394
Extraordinary losses		
Loss on sale of non-current assets	1	
Loss on retirement of non-current assets	21	
Impairment losses	208	
Loss on liquidation of subsidiaries	0	
Provision of allowance for doubtful accounts for subsidiaries and associates	78	
Loss on closing of factory	211	521
Profit before income taxes		1,791
Income taxes - current	350	
Income taxes - deferred	124	474
Profit		1,316

Non-Consolidated Statement of Changes in Equity

(April 1, 2022 - March 31, 2023)

(In millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings		Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at beginning of period	10,000	2,500	9,431	11,931	17,570	17,570	(273)	39,228
Changes during period								
Dividends of surplus					(960)	(960)		(960)
Profit					1,316	1,316		1,316
Purchase of treasury shares							(1)	(1)
Disposal of treasury stock by stock benefit trust							27	27
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	355	355	26	382
Balance at end of period	10,000	2,500	9,431	11,931	17,925	17,925	(246)	39,610

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	881	72	953	40,182
Changes during period				
Dividends of surplus				(960)
Profit				1,316
Purchase of treasury shares				(1)
Disposal of treasury stock by stock benefit trust				27
Net changes in items other than shareholders' equity	280	(39)	240	240
Total changes during period	280	(39)	240	622
Balance at end of period	1,161	32	1,194	40,804