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(Securities Code: 2060)  
June 4, 2021

**To Our Shareholders with Voting Rights:**

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

**NOTICE OF CONVOCATION OF  
THE 7TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

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

The 7th Ordinary General Meeting of Shareholders of FEED ONE CO., LTD. (the “Company”) will be held as described below.

You may exercise your voting rights in writing or via electromagnetic means (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 24, 2021, Japan time.

In order to prevent the spread of COVID-19 infections, the Company requests that shareholders refrain from attending the meeting in person, regardless of their state of health, and instead exercise your voting rights in advance.

[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 25, 2021, 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 7th Fiscal Year (April 1, 2020 - March 31, 2021), 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 7th Fiscal Year (April 1, 2020 - March 31, 2021)

**Matters to be resolved**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of Nine (9) Directors  
**Proposal 3:** Election of One (1) Corporate Auditor

# Reference Documents for the General Meeting for Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

Matters related to year-end dividends

The Company's dividend policy is to provide dividends in accordance with its business performance while at the same time focusing on making profit returns to shareholders in a stable manner. Based on this policy, the Company intends to maintain and strengthen its long-term management base.

With regard to appropriation of a year-end dividend for the 7th fiscal year, the Company proposes as follows, comprehensively considering financial conditions, a dividend payout ratio and other factors.

Additionally, the Company has carried out a consolidation of shares, effective on October 1, 2020, in which five shares of the Company's common stock were consolidated into one share. As a result, the annual dividend for the fiscal year under review, including the interim dividend of 2.50 yen paid before, amounts to 25 yen per share when converted after the consolidation of shares.

1) Type of dividend property

Cash

2) Matters related to the allotment of dividend property and total amount thereof

12.50 yen per common share of the Company

493,232,838 yen in total amount



3) Effective date of dividends from surplus


June 28, 2021



## Proposal 2: Election of Nine (9) Directors



The terms of office of all nine (9) Directors will expire at the closing of this General Meeting of Shareholders. The Company considers the current number of Directors to be on the appropriate scale that will enable prompt decision-making by the Company's Board of Directors. Accordingly, the Company proposes the election of nine (9) Directors.

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

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
1	 Takashi Yamauchi (July 20, 1955)	April 1980      Joined MITSUI & CO., LTD. April 1998      Head, Feedstuff & Grain Group, Feedstuff & Livestock Division, Food Business Unit October 2001    General Manager, Feedstuff & Grain Department, Feedstuff & Livestock Division, Food Business Unit April 2006      General Manager, Feedstuff & Livestock Division, Food & Retail Business Unit June 2006      Director, Nippon Formula Feed Mfg. Co., Ltd. March 2008      General Manager, Food & Retail Planning & Administrative Division, Food & Retail Business Unit, MITSUI & CO., LTD. April 2009      Deputy COO (Chief Operating Officer), Food & Retail Business Unit April 2012      Deputy COO (Chief Operating Officer), Food Business Unit June 2012      Representative Director and President, Nippon Formula Feed Mfg. Co., Ltd. October 2014    Representative Director and President, the Company    To present	27,207 shares
[Reason for nomination as candidate for Director] After joining MITSUI & CO., LTD., Mr. Takashi Yamauchi was mainly engaged in food, feedstuff and grain departments. He then served as a Representative Director in Nippon Formula Feed Mfg. Co., Ltd. and the Company, and well versed in the feedstuff, livestock, and fisheries industry. Based on the above, the Company believes that he is qualified to lead management of the whole Group and promote business execution, and thus nominates him again as a candidate for Director.			
2	 Takashi Noguchi (June 24, 1956)	April 1979      Joined The Bank of Yokohama, Ltd. May 2000      General Manager, Kamiooka Branch April 2006      Executive Officer April 2010      Managing Executive Officer June 2011      Director and Managing Executive Officer in charge of Brand Strategy Division, Sales Management Department, and Operations Management Department General Manager, Business Division Head Office General Manager, Brand Strategy Division and Supervisor, Block Business Division Head Office May 2012      Advisor, Kyodo Shiryō Co., Ltd. June 2012      Director, Senior Managing Officer October 2014    Director, Senior Managing Officer, the Company April 2019      Director, Vice President April 2021      Representative Director, Vice President; General Manager, Administrative Unit and in charge of Aquatic Feed Division To present	16,731 shares
[Reason for nomination as candidate for Director] In light of his extensive work experience at the financial institutions and knowledge of finance and accounting, the Company believes that Mr. Takashi Noguchi is qualified to strengthen business management and administration of the Group, and thus nominates him again as a candidate for Director.			

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
3	 Naoki Hatanaka (May 13, 1958)	April 1981      Joined Nippon Formula Feed Mfg. Co., Ltd. January 2004    General Manager, Sales Department, Kanto Branch April 2010      Executive Officer June 2012      Director July 2013      Managing Director; General Manager, Feed Business Unit October 2014    Director, the Company October 2015    Director, Managing Executive Officer April 2016      Director, Senior Managing Officer April 2019      Director, Senior Managing Officer; General Manager, Animal Feed Business Unit and in charge of Research & Development Center To present	6,021 shares
		[Reason for nomination as candidate for Director] Mr. Naoki Hatanaka has been mainly engaged in sales departments and has supervised the feed business in Nippon Formula Feed Mfg. Co., Ltd. In light of these achievements and wealth of business experience to date, the Company believes that he is qualified to strengthen the feed business of the Company, and thus nominates him again as a candidate for Director.	
4	 Tsuneo Suzuki (March 2, 1957)	April 1980      Joined MITSUI & CO., LTD. June 2009      Representative Director and President, San-ei Surochemical Co., Ltd. July 2013      Executive Officer, Nippon Formula Feed Mfg. Co., Ltd. October 2014    Senior Executive Officer, the Company April 2017      Managing Executive Officer June 2017      Director, Managing Executive Officer April 2019      Director, Senior Managing Officer April 2020      Director, Senior Managing Officer; Executive Secretary and in charge of Corporate Planning & Strategy Division and Quality Assurance Division To present	6,853 shares
		[Reason for nomination as candidate for Director] After joining MITSUI & CO., LTD., Mr. Tsuneo Suzuki was mainly engaged in feedstuff and grain departments, and then served as a Representative Director in a food manufacturer. From these achievements, he is well versed in the feedstuff and food industry. Based on the above, the Company believes that he is qualified to strengthen the corporate planning and strategy department of the Company, and thus nominates him again as a candidate for Director.	
5	 Yukihiro Arakida (October 10, 1961)	April 1984      Joined Kyodo Shiryō Co., Ltd. April 2008      General Manager, Kansai Branch April 2010      Executive Officer October 2014    Executive Officer, the Company April 2017      Senior Executive Officer June 2018      Director, Senior Executive Officer April 2019      Director, Managing Executive Officer; General Manager, Food Service Unit To present	2,409 shares
		[Reason for nomination as candidate for Director] Mr. Yukihiro Arakida has been mainly engaged in sales departments and has extensive knowledge of the livestock and fisheries industry based on the experience of supervising sales in the feedstuff business at Kyodo Shiryō Co., Ltd. and the experience in the corporate planning and strategy department of the Company. Based on the above, the Company believes that he is qualified to strengthen the food business of the Company, and thus nominates him again as a candidate for Director.	

No.	Name (Date of birth)	Past experience, positions, responsibilities and significant concurrent positions	Number of shares of the Company held
6	 <p>Akio Ishizuka (October 30, 1943)</p>	<p>December 2001      Presiding Judge, Fukuoka High Court  December 2004      Chief Judge, Niigata Family Court  April 2007          Part-time Lecturer, Dokkyo Law School, Dokkyo University  July 2007          Registered as a lawyer with Saitama Bar Association  April 2008          Visiting Professor, Dokkyo Law School, Dokkyo University  June 2011          External Auditor, Nippon Formula Feed Mfg. Co., Ltd.  April 2015          Part-time Lecturer, Dokkyo Law School, Dokkyo University  June 2015          External Director, the Company      To present</p> <p>[Significant concurrent positions]  Representative Lawyer, Nakaurawa Law Office</p> <p>[Reason for nomination as candidate for External Director and expected roles]  Mr. Akio Ishizuka provides appropriate advice and supervision for the management of the Company, leveraging his experience as a judge and his expertise in law. In addition, as a lawyer, he is qualified to oversee management from an objective and independent perspective based on an overall grasp of corporate society, including laws and regulations. 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. 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
7	 <p>Kikue Kubota (March 6, 1948)</p>	<p>June 1972          Research Associate, Faculty of Education, Saitama University  October 1982      Lecturer, Faculty of Home Economics, Ochanomizu University  April 1999          Professor, Faculty of Human Life and Environmental Sciences  April 2005          Trustee, Vice President  April 2013          Professor Emeritus, Ochanomizu University  Professor, Nodai Research Institute, Tokyo University of Agriculture  Visiting Professor, Kanagawa Institute of Technology  April 2016          Auditor (part-time), Tokyo University of Marine Science and Technology  June 2019          External Director, the Company  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
8	 <p>Keizo Goto (July 14, 1950)</p>	<p>April 1973      Joined the Ministry of Finance</p> <p>July 1998      Director, Kanto Shinetsu National Tax Tribunal</p> <p>August 1998    Regional Commissioner, Sendai Regional Taxation Bureau</p> <p>July 1999      Regional Commissioner, Nagoya Regional Taxation Bureau</p> <p>July 2000      Deputy Director-General</p> <p>July 2001      Deputy General Manager, National Tax Tribunal</p> <p>July 2002      Trustee, The Open University of Japan Foundation</p> <p>June 2005      Full-time Auditor, Japan Freight Railway Company</p> <p>July 2008      Senior Managing Director, The Financial Futures Association of Japan</p> <p>April 2014      Designated Lecturer (Designated Professor), Graduate School of Economics, Rikkyo University</p> <p>June 2020      External Director, the Company      To present</p>	— shares
		<p>[Reason for nomination as candidate for External Director and expected roles]</p> <p>Mr. Keizo Goto has experience of working at regional taxation bureaus and serving as Designated Professor at the Graduate School of Economics, Rikkyo University, and therefore has expertise in finance and economics, etc. He is nominated again as a candidate for External Director because the Company believes that he is qualified to oversee management from an objective and independent perspective leveraging his experience from serving as a Full-time Auditor of Japan Freight Railway Company and can help improve the transparency and reinforce the supervisory functions of the Company's Board of Directors.</p> <p>The Company expects that he will play roles in supervising corporate management from a viewpoint of an expert in the field of finance and economics, etc. as well as from an objective position independent of business executors.</p> <p>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>	
9*	 <p>Osamu Watanabe (November 6, 1971)</p> <p><span style="border: 1px solid black; padding: 2px;">New appointment</span></p>	<p>April 1994      Joined MITSUI &amp; CO., LTD.</p> <p>December 2006    Deputy General Manager, Produce &amp; Provisions Division, Kuala Lumpur Branch, MITSUI &amp; CO. (Asia &amp; Pacific) Pte Ltd</p> <p>July 2012      Chief, Dongyangguang Business Promotion Office, Metal Business Department, Mineral &amp; Metal Resources Business Unit, MITSUI &amp; CO., LTD.</p> <p>January 2014    Chief, Multigrain Promotion Office, Grain Business Second Department, Food Business Unit</p> <p>April 2017      General Manager, Overseas Sales Department, Kadoya Sesame Mills Incorporated</p> <p>July 2019      Corporate Officer and General Manager, Overseas Sales Department</p> <p>August 2020    General Manager, Food and Retail Business Division, MITSUI &amp; CO. (Malaysia) Sdn Bhd</p> <p>April 2021      General Manager, Fats and Oils and Staple Food Business Department, Food Business Unit, MITSUI &amp; CO., LTD.</p> <p style="text-align: right;">To present</p>	— shares
		<p>[Significant concurrent positions]</p> <p>General Manager, Fats and Oils and Staple Food Business Department, Food Business Unit, MITSUI &amp; CO., LTD.</p> <p>[Reason for nomination as candidate for External Director and expected roles]</p> <p>Mr. Osamu Watanabe has knowledge of the grain, fats and oils business in which he was mainly engaged at MITSUI &amp; CO., LTD. He also has work experience in overseas business and food business, including serving as a corporate officer and general manager of overseas sales department of a company handling food products. He is nominated as a candidate for External Director because the Company believes that he can help reinforce the management structure of the Company by providing advice on the Company's business activities from a broad perspective.</p> <p>The Company expects that he will play roles in helping reinforce the management structure of the Company by leveraging his work experience in overseas business and food business and providing advice on the Company's business activities from a broad perspective.</p>	

- Notes:
1. The number of shares of the Company held presented above is the number held as of March 31, 2021. The Company carried out a consolidation of shares, effective on October 1, 2020, in which five shares of the Company's common stock were consolidated into one share.
  2. There are no special interests between any of the Director candidates and the Company.
  3. Mr. Akio Ishizuka, Ms. Kikue Kubota, Mr. Keizo Goto and Mr. Osamu Watanabe are candidates for the position of External Director.
  4. The Company has designated Mr. Akio Ishizuka, Ms. Kikue Kubota and Mr. Keizo Goto as independent officers of the Company as prescribed by the Tokyo Stock Exchange and has registered them as such with the exchange. There are no business relationships, such as advisory contracts, between the Company and the three candidates.
  5. Mr. Osamu Watanabe is a business executor (employee) of MITSUI & CO., LTD., a specified associated company (main business partner) of the Company, and there are transactions for raw materials, etc. between the Company and the said company.
  6. The Company has entered into a liability limitation agreement with Mr. Akio Ishizuka, Ms. Kikue Kubota and Mr. Keizo Goto, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act.  
Upon approval of their reappointments, the Company will continue the liability limitation agreement with them. Additionally, if an appointment of Mr. Osamu Watanabe is approved, the Company will enter into the liability limitation agreement with him, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act.  
The overview of the agreement is as follows:
    - (1) The Company shall enter into a liability limitation agreement in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act to limit the liability for damages as specified under Article 423, Paragraph 1 of the said Act. However, the limit of liability under the said agreement shall be the amount stipulated by laws and regulations.
    - (2) The abovementioned liability limit shall be applicable only when the External Director acted in good faith and without gross negligence in the performance of the duties giving rise to such responsibilities.
  7. The Company has entered into a directors and officers liability insurance contract with an insurance company, which shall compensate for damages to be borne by the insureds. The candidates will be insured under this insurance contract. Additionally, the Company plans to renew the insurance contract with the same contents at the time of next renewal.
  8. Mr. Akio Ishizuka assumed office as an External Director of the Company on June 26, 2015, and will have held this position for 6 years at the closing of this General Meeting of Shareholders. Ms. Kikue Kubota assumed office as an External Director of the Company on June 21, 2019, and will have held this position for 2 years at the closing of this General Meeting of Shareholders. Mr. Keizo Goto assumed office as an External Director of the Company on June 23, 2020, and will have held this position for 1 year at the closing of this General Meeting of Shareholders.




### Proposal 3: Election of One (1) Corporate Auditor

The term of office of Mr. Eiichi Yano as Corporate Auditor will expire at the closing of this General Meeting of Shareholders. Accordingly, the Company proposes the election of one (1) Corporate Auditor.

The Board of Corporate Auditors has given its consent to the submission of this proposal.

The candidate for the position of Corporate Auditor is as follows.

Name (Date of birth)	Past experience, positions and significant concurrent positions		Number of shares of the Company held
 Eiichi Yano (April 14, 1964)	April 1987	Joined The Norinchukin Bank	1,320 shares
	July 2012	Chief, Career Development Dept., Human Resources Div.	
	June 2014	General Manager, Foreign Exchange Operations Management Div.	
	June 2017	Full-time External Corporate Auditor, the Company To present	
[Reason for nomination as candidate for External Corporate Auditor] Mr. Eiichi Yano has broad insight on management and finance acquired at financial institutions. He has been serving as a full-time external corporate auditor of the Company for four years, during which he has accumulated knowledge of the feedstuff, livestock, and fisheries industry. Furthermore, he has also been serving as an auditor at an important subsidiary of the Company and well versed in management conditions of the Group companies. The Company expects that he will help further strengthen the audit system for its businesses by leveraging his wisdom and expertise acquired from a company-wide viewpoint. Based on the above, the Company nominates him again as a candidate for External Corporate Auditor.			

- Notes:
1. The number of shares of the Company held presented above is the number held as of March 31, 2021. The Company carried out a consolidation of shares, effective on October 1, 2020, in which five shares of the Company's common stock were consolidated into one share.
  2. There are no special interests between Mr. Eiichi Yano and the Company.
  3. Mr. Eiichi Yano is a candidate for the position of External Corporate Auditor.
  4. The Company has not designated Mr. Eiichi Yano as an independent officer of the Company as prescribed by the Tokyo Stock Exchange because he used to be a business executor (employee) of The Norinchukin Bank, a business partner with the Company.
  5. The Company has entered into a liability limitation agreement with Mr. Eiichi Yano, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act. Upon approval of his reappointment, the Company will continue the liability limitation agreement with him.

The overview of the agreement is as follows:

- (1) The Company shall enter into a liability limitation agreement in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act to limit the liability for damages as specified under Article 423, Paragraph 1 of the said Act. However, the limit of liability under the said agreement shall be the amount stipulated by laws and regulations.
  - (2) The abovementioned liability limit shall be applicable only when the Corporate Auditor acted in good faith and without gross negligence in the performance of the duties giving rise to such responsibilities.
6. The Company has entered into a directors and officers liability insurance contract with an insurance company, which shall compensate for damages to be borne by the insureds. The candidates will be insured under this insurance contract. Additionally, the Company plans to renew the insurance contract with the same contents at the time of next renewal.
  7. Mr. Eiichi Yano assumed office as an External Corporate Auditor of the Company on June 29, 2017, and will have held this position for 4 years at the closing of this General Meeting of Shareholders.



## **Business Report**

(April 1, 2020 - March 31, 2021)

### **1. Overview of the Corporate Group**

#### **(1) Business Progress and Results**

During the consolidated fiscal year under review (from April 1, 2020 to March 31, 2021), the Japanese economy experienced a rapid stagnation of economic activities as corporate activities were restricted and personal consumption fell sharply, as a result of a declaration of a state of emergency aimed at preventing the spread of COVID-19, which led to people staying home and businesses temporarily closing as per government requests. After the declaration was lifted in May, economic activities resumed and showed a gradual recovery. However, another declaration of a state of emergency was issued again in January, and the outlook continues to remain uncertain.

While the outlook and the end of the pandemic remain unpredictable, the Company is continuing to provide a stable supply of formula feed to livestock and fishery producers and a supply of safe and secure livestock and aquatic products to consumers, in order to fulfill our social mission and responsibility of providing a stable supply of safe and secure food products. At present, the Group believes that the impact on its financial position and business performance will be minimal, but revisions may be required to the earnings forecast depending on future trends.

In the feed industry, the prices of corn and soybean meal have soared since the end of 2020 into 2021, mainly due to crop concerns resulting from unseasonable weather in Brazil and Argentina, the main producers in South America, in addition to China's purchasing of U.S. corn in large quantities.

As for livestock products, the market price of pork was significantly higher compared to the previous fiscal year, mainly due to an increase in demand for domestic pork for household consumption. While the egg market was significantly lower year-on-year due to overproduction, from November the price rose significantly towards the end of the year, due to a reduction in supply following an outbreak of avian influenza across Japan. Meanwhile, the beef market fell below levels of the previous fiscal year, mainly due to a decline in consumption caused by COVID-19.

In this environment, in order to achieve its three-year mid-term management plan, the Group has promoted initiatives such as streamlining its raw materials procurement and production system, improving the quality of products and services supplied to livestock and fishery producers, and reducing costs.

As a result, during the consolidated fiscal year under review, the Group posted sales of 214,120 million yen (down 0.4% year-on-year), operating profit of 5,672 million yen (up 4.8% year-on-year), and ordinary profit of 6,081 million yen (up 6.0% year-on-year). Profit attributable to owners of parent was 4,438 million yen (up 15.5% year-on-year).

Performance by business segment is as follows.

#### **Feed Business**

In the Feed Business, sales decreased 0.2% to 162,180 million yen, mainly due to the average sales prices for both animal and aquatic feed decreasing compared to the previous fiscal year, as well as the sales volume of aquatic feed declining slightly despite the sales volume of animal feed remaining at the same level year-on-year. Operating profit increased 7.5% year-on-year to 7,557 million yen, mainly due to a large decrease in selling, general and administrative expenses such as contributions to the Feed Price Stabilization Fund.

#### **Food Business**

In the Food Business, the eggs market declined year-on-year despite the pork market performing significantly higher compared to the previous fiscal year. Sales decreased 1.1% year-on-year to 49,259 million yen, mainly due to a contraction of commercial demand for eggs and the resulting decrease in handling volume of eggs, affected by COVID-19 in addition to the outbreak of avian influenza. Operating profit decreased 61.7% year-on-year to 150 million yen, mainly due to an increase in purchasing costs resulting from higher prices in the pork market and a decrease in the

handling volume of eggs.

### Other Businesses

Sales decreased 1.9% year-on-year to 2,681 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 4.2% year-on-year to 346 million yen.

#### (2) Capital Expenditures

During the consolidated fiscal year under review, the total amount of capital expenditures was 8,120 million yen, mainly due to construction of a new plant and 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 6.5 billion 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 6,333 million yen.

#### (4) Issues to Be Addressed

The future outlook remains extremely uncertain due to concerns regarding an economic recession arising from the global spread of COVID-19, outbreaks of diseases such as CSF (classical swine fever) and avian influenza in the feed, livestock, and fishery industry, changes in raw materials and foreign exchange markets, the effects of trade issues originating in the U.S., and other factors.

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.

The third mid-term management plan will launch in FY2021. Under the basic policy of “completing management integration,” the Group will strive to further strengthen its “Animal Feed” earnings base, accelerate the growth of “Aquatic Feed,” “Food Business,” and “Overseas Businesses,” and expand its businesses under the basic strategy of promoting and strengthening the base of ESG management.

#### (5) Trends in Assets and Income

(In millions of yen, unless otherwise specified.)

Item	4th fiscal year (FY2017)	5th fiscal year (FY2018)	6th fiscal year (FY2019)	7th fiscal year (FY2020)
Sales	207,562	212,886	215,050	214,120
Ordinary profit	4,103	4,466	5,737	6,081
Profit attributable to owners of parent	2,971	4,657	3,842	4,438
Basic earnings per share (yen)	15.08	23.66	97.64	112.78
Total assets	87,257	88,934	90,880	99,251
Net assets	33,304	36,413	38,906	42,794

Notes: 1. The status of the 7th 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 previous consolidated fiscal year.

(6) Material Subsidiaries (As of March 31, 2021)

Company name	Major business description
FEED ONE FOODS Co., Ltd.	Processing and sales of meat
GOLD EGG CORPORATION	Processing and sales of eggs
Feed Globe Corporation	Purchase and sales of feed, livestock products, etc.
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

Note: Feed Globe Corporation split off its purchasing and sales businesses of formula feed, etc., and changed its corporate name to Sorachi Kanri Service Corporation effective April 1, 2021.

(7) Principal Business (As of March 31, 2021)

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, 2021)

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, Tamura-gun, 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
Feed Globe Corporation	Iwamizawa-shi, Hokkaido
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

(9) Employees (As of March 31, 2021)

1) Corporate group (consolidated)

Number of employees	Changes from the end of the previous consolidated fiscal year
933 (413)	0 (-15)

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
529 (54)	15 (-3)

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, 2021)

Lender	Outstanding amount of loan
The Bank of Yokohama, Ltd.	3,593 million yen
The Norinchukin Bank	2,704 million yen
Sumitomo Mitsui Banking Corporation	1,826 million yen
Sumitomo Mitsui Trust Bank, Limited	1,273 million yen
Mizuho Bank, Ltd.	1,130 million yen

## 2. Status of Shares (As of March 31, 2021)

- (1) Total number of shares authorized to be issued      100,000,000 shares
- (2) Total number of shares issued      39,477,128 shares
- (3) Number of shareholders      16,851 persons  
(Changes from the end of the previous fiscal year: -2,790)
- (4) Major shareholders

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

- Notes: 1. The major shareholders presented above are based on the shareholder registry as of March 31, 2021.
2. The ratio of shares held is calculated after deducting treasury shares (18,501 shares).
3. 105,460 shares of the Company, held by the Custody Bank of Japan, Ltd. (Trust Account) as trust assets for the “trust for share-based remuneration for directors (and other officers),” are not included in the number of treasury shares.
4. Effective October 1, 2020, the Company carried out a consolidation of shares in which five of the Company’s common shares were consolidated into one share, resulting in a decrease of 157,908,512 shares in the total number of shares issued.

### 3. Company Officers

#### (1) Status of Directors and Corporate Auditors (As of March 31, 2021)

Name	Positions, responsibilities and significant concurrent positions	
Takashi Yamauchi	Representative Director and President	
Takashi Noguchi	Director	(Vice President; General Manager, Administrative Unit and in charge of Aquatic Feed Division)
Naoki Hatanaka	Director	(Senior Managing Officer; General Manager, Animal Feed Business Unit and in charge of Research & Development Center)
Tsuneo Suzuki	Director	(Senior Managing Officer; Executive Secretary; in charge of Corporate Planning & Strategy Division and Quality Assurance Division)
Yukihiro Arakida	Director	(Managing Executive Officer; General Manager, Food Service Unit)
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	(Designated Lecturer, Graduate School of Economics, Rikkyo University)
Keiichi Tsukahara	Director	(General Manager, Livestock & Fisheries Business Division, Food Business Unit, MITSUI & CO., LTD.) (Chairman, San Chuang Enterprise (ShenZhen) Limited)
Eiichi Yano	Full-time Corporate Auditor	
Shunji Saito	Full-time Corporate Auditor	
Isao Tsubaki	Corporate Auditor	(Representative Director, Tsubaki General Management Research Center Co., Ltd.)

- Notes:
- At the 6th Ordinary General Meeting of Shareholders held on June 23, 2020, Mr. Keizo Goto and Mr. Keiichi Tsukahara were elected and assumed office as Directors.
  - Directors, Mr. Akio Ishizuka, Ms. Kikue Kubota, Mr. Keizo Goto, and Mr. Keiichi Tsukahara are External Directors.
  - Corporate Auditors, Mr. Eiichi Yano, and Mr. Isao Tsubaki are External Auditors.
  - The Company has designated Directors, Mr. Akio Ishizuka, Ms. Kikue Kubota, and Mr. Keizo Goto, and Corporate Auditor, Mr. Isao Tsubaki 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. Isao Tsubaki 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) 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 consult with the Nomination and Remuneration Committee, which is mainly composed of External Directors, regarding the individual remuneration, etc. for Directors. The remuneration shall follow a process that ensures the transparency and objectivity of the procedures for determining officer remuneration.
- The remuneration shall be designed to be an incentive linked to short-term performance, based on the mid-term management plan, and for the medium- to long-term enhancement of corporate value.
- The amount of remuneration for each position shall not deviate from that of other companies in the same industry or companies with similar size, while maintaining a level that can secure and maintain excellent human resources.

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 the Board of Corporate Auditors.

The target for performance-linked remuneration for the fiscal year under review was an ordinary profit of 5.5 billion yen, and the achieved result was 6.0 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<sup>\*1</sup>

= Base amount + allocation amount: (actual ordinary profit - (ordinary profit in the mid-term management plan + 100 million yen))<sup>\*2\*3</sup> x allocation ratio by position x evaluation coefficient

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

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

<sup>\*3</sup> 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 President	84%	0%	15%	69%	18%	12%	63%	25%	11%
Director, Vice President	86%	0%	13%	72%	16%	10%	66%	23%	10%
Director, Senior Managing Officer	87%	0%	12%	73%	15%	10%	68%	21%	9%
Director, Managing Executive Officer	87%	0%	13%	73%	15%	10%	68%	21%	10%

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 26, 2015; ten (10) Directors (including three (3) External Directors), 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 30 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 Representative Director, following consultation with the Nomination and Remuneration Committee.

- ii) Name of the delegated person, his/her position, and responsibilities on the date the details are decided  
Delegated person: Takashi Yamauchi, Representative Director and President
- iii) Delegated authority  
Authority to decide the amount of individual remuneration for Directors
- iv) Reason for delegating authority  
The Company determined that delegating decisions within the scope of the advice and opinion of the Nomination and Remuneration Committee is within the reasonable scope of the Representative Director's authority, as the Board of Directors consulted with the Nomination and Remuneration Committee and the Chairman of the Nomination and Remuneration Committee expressed his opinion to the Board of Directors that the individual remuneration is reasonable in light of the Company's policies.
- v) Measures to ensure that authority is properly exercised  
The Company notifies individual Directors of the amount of remuneration, and reports the amount to 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	10	217	157	38	21
(of which External Director)	(5)	(20)	(20)	-	-
Corporate Auditor	3	43	43	-	-
(of which External Auditor)	(2)	(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 21 million yen, recorded in the fiscal year under review.

(4) Matters Regarding External Officers

- 1) Relationship between the Company and other companies where external officers concurrently serve as executives, etc.
  - Director, Mr. Keiichi Tsukahara is a business executor (employee) of MITSUI & CO., LTD. and Chairman of San Chuang Enterprise (ShenZhen) Limited, both specified associate companies (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.  
There are no special relationships, including transactions, between the Company and San Chuang Enterprise (ShenZhen) Limited.
  - Corporate Auditor, Mr. Isao Tsubaki is a Representative Director of Tsubaki General Management Research Center Co., Ltd.  
There are no special relationships, including transactions, between the Company and Tsubaki General Management Research Center Co., Ltd.

2) 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 13 meetings of the Board of Directors after his appointment, 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.
Keiichi Tsukahara	External Director	Mr. Tsukahara 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 working primarily in the grain and fats and oils 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.
Eiichi Yano	External Auditor	Mr. Yano attended all 17 meetings of the Board of Directors and all 27 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.
Isao Tsubaki	External Auditor	Mr. Tsubaki attended all 17 meetings of the Board of Directors and 26 of 27 meetings of the Board of Corporate Auditors, and asked questions and expressed his opinions as necessary, based on his expert knowledge cultivated as a certified public accountant.

3) 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.
Keiichi Tsukahara	External Director	Mr. Keiichi Tsukahara 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 management experience including serving as a COO of an overseas corporation and as an Executive Officer of a company handling meat, in addition to his knowledge of the grain, fats and oils business. He attends meetings of the Board of Directors and other important meetings, and expresses his opinions drawing on his knowledge.

#### 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, 2021  
Compensation, etc., for the fiscal year ended March 31, 2021      53 million yen  
Total amount of monetary and other property benefits payable by the Company or its subsidiaries to Accounting Auditor      53 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 Internal Reporting System Regulations are recognized within the Group, and periodically report the status of reporting each year to the Board of Directors of the Company. The Board of Directors shall conduct follow-up activities on such reports, and take necessary measures to improve the effectiveness of the internal reporting system. In addition, the Board of Directors shall evaluate the internal reporting system and continuously improve the system.
  - 5) The Board of Directors of the Company shall educate, train, and familiarize the Group regarding compliance, including the internal reporting system, and shall assign and train personnel in charge of compliance who possess the necessary skills and aptitude.
  - 6) The Compliance Committee shall decide on matters including action policies, by investigating and deliberating on various issues related to the Group’s compliance, and inform and instruct the Group, accordingly.
  - 7) The Group will not engage in any relationship with anti-social forces that threaten civil society, and will never conduct anti-social transactions with such forces. In addition, the entire company shall take a resolute stance against such anti-social forces, by closely collaborating with police and other external specialized institutions.
- (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,” at least once per month in principle, 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 seven times, the Executive Committee was held 16 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 27 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 2.5 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.

Effective October 1, 2020, the Company carried out a consolidation of shares in which five of the Company's common shares were consolidated into one share.

# Consolidated Financial Statements

(April 1, 2020 - March 31, 2021)

## Consolidated Balance Sheet

(As of March 31, 2021)

(In millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>54,861</b>	<b>Current liabilities</b>	<b>42,188</b>
Cash and deposits	2,893	Notes and accounts payable - trade	25,544
Notes and accounts receivable - trade	34,421	Short-term borrowings	9,680
Electronically recorded monetary claims - operating	1,896	Lease obligations	132
Merchandise and finished goods	1,917	Income taxes payable	1,137
Raw materials and supplies	10,384	Provision for bonuses	735
Animals	285	Other	4,957
Other	3,111	<b>Non-current liabilities</b>	<b>14,268</b>
Allowance for doubtful accounts	(49)	Long-term borrowings	11,221
<b>Non-current assets</b>	<b>44,390</b>	Lease obligations	762
<b>Property, plant and equipment</b>	<b>34,521</b>	Deferred tax liabilities	10
Buildings and structures	13,477	Provision for share-based remuneration for directors (and other officers)	103
Machinery, equipment and vehicles	12,776	Retirement benefit liability	2,099
Land	6,538	Asset retirement obligations	5
Leased assets	814	Other	64
Construction in progress	258	<b>Total liabilities</b>	<b>56,457</b>
Other	656	<b>(Net assets)</b>	
<b>Intangible assets</b>	<b>363</b>	<b>Shareholders' equity</b>	<b>41,559</b>
Other	363	<b>Share capital</b>	<b>10,000</b>
<b>Investments and other assets</b>	<b>9,505</b>	<b>Capital surplus</b>	<b>10,484</b>
Investment securities	8,019	<b>Retained earnings</b>	<b>21,197</b>
Long-term loans receivable	348	<b>Treasury shares</b>	<b>(122)</b>
Distressed receivables	411	<b>Accumulated other comprehensive income</b>	<b>730</b>
Deferred tax assets	449	<b>Valuation difference on available-for-sale securities</b>	<b>859</b>
Other	700	<b>Deferred gains or losses on hedges</b>	<b>28</b>
Allowance for doubtful accounts	(424)	<b>Foreign currency translation adjustment</b>	<b>(109)</b>
		<b>Remeasurements of defined benefit plans</b>	<b>(47)</b>
		<b>Non-controlling interests</b>	<b>504</b>
		<b>Total net assets</b>	<b>42,794</b>
<b>Total assets</b>	<b>99,251</b>	<b>Total liabilities and net assets</b>	<b>99,251</b>

## Consolidated Statement of Income

(April 1, 2020 - March 31, 2021)

(In millions of yen)

Description	Amount	
<b>Sales</b>		<b>214,120</b>
Cost of sales		192,163
<b>Gross profit</b>		<b>21,956</b>
Selling, general and administrative expenses		16,284
<b>Operating profit</b>		<b>5,672</b>
Non-operating income		
Interest and dividend income	168	
Share of profit of entities accounted for using equity method	17	
Stockpiling and storage income	140	
Subsidy income	164	
Other	194	685
Non-operating expenses		
Interest expenses	99	
Sales discounts	31	
Business commencement and closing expenses	94	
Other	51	276
<b>Ordinary profit</b>		<b>6,081</b>
Extraordinary income		
Gain on sale of non-current assets	117	
Gain on sale of investment securities	32	
Gain on sale of businesses	21	
Subsidy income	535	706
Extraordinary losses		
Loss on sale of non-current assets	16	
Loss on retirement of non-current assets	90	
Loss on tax purpose reduction entry of non-current assets	26	
Impairment losses	42	
Loss on sale of investment securities	106	
Loss on sale of shares of subsidiaries and associates	5	
Loss on valuation of shares of subsidiaries and associates	8	
Loss on abandonment of inventories	18	315
<b>Profit before income taxes</b>		<b>6,472</b>
Income taxes - current	1,950	
Income taxes - deferred	21	1,972
<b>Profit</b>		<b>4,500</b>
<b>Profit attributable to non-controlling interests</b>		<b>61</b>
<b>Profit attributable to owners of parent</b>		<b>4,438</b>

## Consolidated Statement of Changes in Equity

(April 1, 2020 - March 31, 2021)

(In millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	10,508	18,238	(115)	38,631
Changes during period					
Dividends of surplus			(1,480)		(1,480)
Profit attributable to owners of parent			4,438		4,438
Purchase of treasury shares				(10)	(10)
Disposal of treasury shares		0		0	0
Disposal of treasury shares by the trust for share-based remuneration				3	3
Change in ownership interest of parent due to transactions with non-controlling interests		(24)			(24)
Net changes in items other than shareholders' equity					
Total changes during period	-	(24)	2,958	(6)	2,927
Balance at end of period	10,000	10,484	21,197	(122)	41,559

	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	2	26	(130)	(41)	(143)	418	38,906
Changes during period							
Dividends of surplus							(1,480)
Profit attributable to owners of parent							4,438
Purchase of treasury shares							(10)
Disposal of treasury shares							0
Disposal of treasury shares by the trust for share-based remuneration							3
Change in ownership interest of parent due to transactions with non-controlling interests							(24)
Net changes in items other than shareholders' equity	857	2	21	(5)	874	86	960
Total changes during period	857	2	21	(5)	874	86	3,888
Balance at end of period	859	28	(109)	(47)	730	504	42,794

# Non-Consolidated Financial Statements

(April 1, 2020 - March 31, 2021)

## Non-Consolidated Balance Sheet

(As of March 31, 2021)

(In millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>48,935</b>	<b>Current liabilities</b>	<b>35,346</b>
Cash and deposits	1,053	Accounts payable - trade	23,442
Notes receivable - trade	6,030	Short-term borrowings	5,725
Accounts receivable - trade	27,084	Lease obligations	114
Merchandise and finished goods	1,507	Accounts payable - other	1,272
Raw materials and supplies	10,212	Accrued expenses	1,601
Advance payments to suppliers	324	Income taxes payable	971
Prepaid expenses	473	Deposits received	1,637
Accounts receivable	1,294	Provision for bonuses	582
Short-term loans receivable	1,481	<b>Non-current liabilities</b>	<b>8,370</b>
Other	213	Long-term borrowings	5,788
Allowance for doubtful accounts	(740)	Lease obligations	741
<b>Non-current assets</b>	<b>33,457</b>	Provision for retirement benefits	1,733
<b>Property, plant and equipment</b>	<b>23,690</b>	Provision for share-based	103
Buildings	7,708	Asset retirement obligations	3
Structures	1,369	<b>Total liabilities</b>	<b>43,716</b>
Machinery and equipment	8,873	<b>(Net assets)</b>	
Vehicles	43	<b>Shareholders' equity</b>	<b>37,882</b>
Tools, furniture and fixtures	321	<b>Share capital</b>	<b>10,000</b>
Land	4,570	<b>Capital surplus</b>	<b>12,677</b>
Leased assets	778	Legal capital surplus	2,500
Construction in progress	23	Other capital surplus	10,177
Other	2	<b>Retained earnings</b>	<b>15,328</b>
<b>Intangible assets</b>	<b>159</b>	Other retained earnings	15,328
Leasehold interests in land	1	Retained earnings brought	15,328
Software	154	<b>Treasury shares</b>	<b>(124)</b>
Other	2	<b>Valuation and translation adjustments</b>	<b>793</b>
<b>Investments and other assets</b>	<b>9,607</b>	<b>Valuation difference on available-for-sale securities</b>	<b>765</b>
Investment securities	4,469	<b>Deferred gains or losses on hedges</b>	<b>28</b>
Shares of subsidiaries and associates	4,014	<b>Total net assets</b>	<b>38,676</b>
Investments in capital	35		
Long-term loans receivable	333		
Long-term loans receivable from subsidiaries and associates	170		
Distressed receivables	144		
Long-term prepaid expenses	65		
Deferred tax assets	157		
Other	460		
Allowance for doubtful accounts	(242)		
<b>Total assets</b>	<b>82,393</b>	<b>Total liabilities and net assets</b>	<b>82,393</b>



## Non-Consolidated Statement of Income

(April 1, 2020 - March 31, 2021)

(In millions of yen)

Description	Amount	
<b>Sales</b>		<b>179,278</b>
Cost of sales		162,627
<b>Gross profit</b>		<b>16,650</b>
Selling, general and administrative expenses		11,734
<b>Operating profit</b>		<b>4,915</b>
Non-operating income		
Interest and dividend income	184	
Reversal of allowance for doubtful accounts	2	
Stockpiling and storage income	140	
Subsidy income	164	
Other	132	624
Non-operating expenses		
Interest expenses	59	
Sales discounts	31	
Business commencement and closing expenses	48	
Other	35	175
<b>Ordinary profit</b>		<b>5,364</b>
Extraordinary income		
Gain on sale of non-current assets	111	
Gain on sale of investment securities	32	
Gain on sale of shares of subsidiaries and associates	2	
Gain on sale of businesses	37	
Subsidy income	508	692
Extraordinary losses		
Loss on sale of non-current assets	2	
Loss on retirement of non-current assets	67	
Impairment losses	14	
Loss on sale of investment securities	106	
Loss on valuation of shares of subsidiaries and associates	26	
Provision of allowance for doubtful accounts for subsidiaries and associates	124	
Loss on abandonment of inventories	18	360
<b>Profit before income taxes</b>		<b>5,696</b>
Income taxes - current	1,668	
Income taxes - deferred	40	1,709
<b>Profit</b>		<b>3,986</b>

## Non-Consolidated Statement of Changes in Equity

(April 1, 2020 - March 31, 2021)

(In millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	10,000	2,500	10,177	12,677	12,822	12,822
Changes during period						
Dividends of surplus					(1,480)	(1,480)
Profit					3,986	3,986
Purchase of treasury shares						
Disposal of treasury shares			0	0		
Disposal of treasury shares by the trust for share-based remuneration						
Net changes in items other than shareholders' equity						
Total changes during period	-	-	0	0	2,506	2,506
Balance at end of period	10,000	2,500	10,177	12,677	15,328	15,328

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(117)	35,382	(52)	26	(26)	35,355
Changes during period						
Dividends of surplus		(1,480)				(1,480)
Profit		3,986				3,986
Purchase of treasury shares	(10)	(10)				(10)
Disposal of treasury shares	0	0				0
Disposal of treasury shares by the trust for share-based remuneration	3	3				3
Net changes in items other than shareholders' equity			818	2	820	820
Total changes during period	(6)	2,499	818	2	820	3,320
Balance at end of period	(124)	37,882	765	28	793	38,676