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MEMBERSHIP

May 12, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: FEED ONE CO., LTD.
 Listing: Tokyo
 Securities code: 2060
 URL: <https://www.feed-one.co.jp/> (in Japanese)
 Representative: REPRESENTATIVE DIRECTOR, HIDEHIRO SHOJI
 PRESIDENT
 GENERAL MANAGER,
 Inquiries: FINANCE & ACCOUNTING DIVISION, KOJI MOCHIZUKI
 ADMINISTRATIVE UNIT
 Telephone: +81-45-311-2300
 Scheduled date of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to commence dividend payments: June 8, 2023
 Scheduled date to file annual securities report: June 23, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	307,911	26.6	1,422	(66.9)	1,711	(66.2)	1,030	(71.8)
March 31, 2022	243,202	13.6	4,293	(24.3)	5,067	(16.7)	3,659	(17.6)

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥1,408 million [(64.0)%]
 For the fiscal year ended March 31, 2022: ¥3,915 million [(27.2)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2023	27.01	—	2.3	1.4	0.5
March 31, 2022	94.65	—	8.5	4.9	1.8

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2023: ¥(42) million
 For the fiscal year ended March 31, 2022: ¥109 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	127,913	45,314	35.0	1,172.57
March 31, 2022	108,504	44,840	40.8	1,161.40

Reference: Equity

As of March 31, 2023: ¥44,768 million

As of March 31, 2022: ¥44,306 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	(7,816)	(1,187)	12,881	7,322
March 31, 2022	2,740	(952)	(1,174)	3,444

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	12.50	—	12.50	25.00	961	26.4	2.2
Fiscal year ended March 31, 2023	—	12.50	—	12.50	25.00	960	92.6	2.1
Fiscal year ending March 31, 2024 (Forecast)	—	12.50	—	12.50	25.00		41.5	

Note: Total cash dividends includes dividends (¥5 million for the fiscal year ended March 31, 2022, and ¥6 million for the fiscal year ended March 31, 2023) for shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account) as the trust assets for the “trust for share-based remuneration for directors (and other officers).”

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
Full year	323,000	4.9	3,500	146.0	3,500	104.5	2,300	123.1	60.24

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: For details, please see “3. Consolidated Financial Statements and Significant Notes Thereto (5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 14 of the attached material.

- (3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	38,477,128 shares
As of March 31, 2022	38,477,128 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2023	297,519 shares
As of March 31, 2022	328,150 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	38,166,314 shares
Fiscal year ended March 31, 2022	38,663,457 shares

Note: The number of treasury shares excluded from the calculation of the number of treasury shares at the end of the period and the average number of shares outstanding during the period includes shares of the Company (253,960 shares for the fiscal year ended March 31, 2023, and 287,160 shares for the fiscal year ended March 31, 2022) held by Custody Bank of Japan, Ltd. (Trust Account) as the trust assets for the “trust for share-based remuneration for directors (and other officers).”

- * Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

- * Proper use of earnings forecasts, and other special matters

Explanation of forward-looking statements, etc.

The forward-looking statements contained in this report, including forecasts of financial results, are based on information currently available to the Company and certain assumptions that management believes to be reasonable. Actual financial and other results may differ substantially due to various factors. Please see “1. Overview of operating results, etc. (4) Future outlook” on page 4 of the attached material to this financial results report for the suppositions that form the assumptions for the earnings forecasts and cautions concerning the use thereof.

(How to acquire the Supplementary Materials for Financial Results and Financial Results Briefing content)

The Supplementary Materials for Financial Results are disclosed via TDnet on the same day, and are posted to the Company’s website as well. The Company plans to hold a Financial Results Briefing for institutional investors and analysts on Tuesday, May 23, 2023, and the content of this briefing will be posted on the Company’s website immediately after the briefing.

Attached Material

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1. Overview of operating results and others

(1) Overview of operating results for the fiscal year

During the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023), the Japanese economy made progress toward normalization of economic activities as activity restrictions related to COVID-19 were eased. However, the outlook remains uncertain due to factors such as the global rise in energy and raw material prices caused by the protracted situation in Russia and Ukraine, fluctuations in financial and capital markets due to changes in monetary policy in various countries, the accompanying rise in prices, and the collapse of financial institutions in Europe and the United States.

In the feed industry, the price of corn, which is the major raw material, increased due to the recovery of demand for ethanol associated with soaring crude oil prices. Amid this, corn prices trended at historic highs throughout the year due to concerns over the global supply of grains associated with the situation with Russia and Ukraine. In addition, due to the depreciation of the yen, prices in Japan of many raw materials, including major raw materials, significantly exceeded the previous year's levels.

As for livestock products, the market price of pork was higher compared to the previous fiscal year, due to ongoing high demand for Japanese domestic pork from shortages in the numbers of shipments in Japan and a sense of excessive local market prices of imported pork, as well as due to instability caused by strikes at loading ports in North America. In the egg market, prices were significantly higher than in the previous year, as a nationwide outbreak of avian influenza in Japan continued and supply declined amid a decline in the number of birds fed due to soaring production costs. The market price of beef was lower compared to the same period in the previous year, as consumers became increasingly defensive in their lifestyles amid rising prices and demand for beef declined.

In this environment, the Group took initiatives to diversify its raw material procurement, rationalize its production systems, improve the quality of finished goods provided to livestock and fishery producers, and provide services leading to improved production results in order to accomplish its three-year mid-term management plan.

As for the Group's operating results for the fiscal year ended March 31, 2023, net sales were ¥307,911 million (up 26.6% year-on-year), operating profit was ¥1,422 million (down 66.9% year-on-year), ordinary profit was ¥1,711 million (down 66.2% year-on-year), and profit attributable to owners of parent was ¥1,030 million (down 71.8% year-on-year).

Operating results by segment are as follows.

(i) Feed Business

In the feed business, net sales were ¥264,073 million (up 29.8% year-on-year) mainly due to higher sales volumes of livestock feed and fishery products feed compared to the previous fiscal year and a significant increase in average sales prices. Operating profit amounted to ¥3,925 million (down 39.9% year-on-year) due to an increase in contributions to the Feed Price Stabilization Fund, higher manufacturing costs, higher selling prices and general and administrative expenses, caused by soaring fuel and logistics expenses, in addition to the significant increase in prices of corn, fish meal and other raw materials.

(ii) Food Business

In the food business, net sales amounted to ¥41,334 million (up 10.6% year-on-year) mainly due to the high market price of pork from the beginning of the period and the sharp rise in the market price of eggs due to avian influenza. However, the operating loss amounted to ¥369 million (the operating loss in the previous fiscal year was ¥52 million) due to an increase in purchase costs at food-related subsidiaries due to soaring pork and egg market prices, as well as an increase in production costs at farm-related subsidiaries due to rising livestock feed prices.

(iii) Other Businesses

Net sales amounted to ¥2,503 million (up 2.7% year-on-year) and operating profit of ¥266 million (down 6.8% year-on-year) as a result of sales of livestock and fishery equipment and other products to distributors and livestock and fishery producers.

(2) Overview of financial position for the fiscal year

(Assets)

The total assets at the end of the fiscal year ended March 31, 2023 amounted to ¥127,913 million (up 17.9% year-on-year) due to an increase in cash and deposits, an increase in trade receivables resulting from an increase in average sales prices of livestock feed and fishery products feed, an increase in inventories resulting from an increase in raw materials prices, etc.

(Liabilities)

The total liabilities at the end of the fiscal year ended March 31, 2023 amounted to ¥82,598 million (up 29.7% year-on-year) due to an increase in trade payables resulting from an increase in raw material prices, an increase in borrowings to satisfy the demand for working capital, etc.

(Net assets)

The total net assets at the end of the fiscal year ended March 31, 2023 amounted to ¥45,314 million (up 1.1% year-on-year) due to an increase of retained earnings due to the recording of profit attributable to owners of parent despite a decrease in retained earnings due to the payment of dividends, etc.

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents (hereinafter referred to as “cash”) in the fiscal year ended March 31, 2023 increased by ¥3,877 million from the end of the fiscal year ended March 31, 2022 amounting to ¥7,322 million at the end of the consolidated fiscal year.

The situation of each cash flow and its factors in the fiscal year ended March 31, 2023 are as follows.

(Cash flows from operating activities)

Cash flows from operating activities amounted to an expense of ¥7,816 million (income of ¥2,740 million in the same period of the previous year) in the fiscal year ended March 31, 2023, as a decrease in cash due to a significant increase in demand for working capital more than offset an increase in cash due to the recording of profit before income taxes, etc.

(Cash flows from investing activities)

Cash flows from investing activities amounted to an expense of ¥1,187 million (expense of ¥952 million in the same period of the previous year) in the fiscal year ended March 31, 2023, mainly due to a decrease in cash from the purchase of tangible and intangible assets, which more than offset an increase in cash from sales of investment securities.

(Cash flows from financing activities)

Cash flows from financing activities amounted to an income of ¥12,881 million (expense of ¥1,174 million in the same period of the previous year) in the fiscal year ended March 31, 2023, as the increase in cash due to the increase in borrowings to satisfy the demand for working capital more than offset the decrease in cash due to payment of dividends, etc.

(4) Future outlook

The Japanese economy is expected to recover only moderately due to the impact of rising prices, although inbound demand is expected to increase as activity restrictions related to COVID-19 have been eased. In the environment surrounding the Group, prices of many raw materials have remained high, partly due to concerns over the supply of grains, etc., due to the situation with Russia and Ukraine. As a result, increases are expected in contributions to the Feed Price Stabilization Fund and fuel and logistics costs, which are to result in an ongoing and extremely challenging situation in terms of revenue.

In this environment, the Group has been striving to put into practice our absolute mission to ensure stable supply of finished goods to livestock and fishery producers and provide safe and secure food products to consumers. In fiscal 2023, the final year of the third mid-term management plan, we will aim to increase corporate value by formulating and implementing measures to improve profitability and enable sustainable growth, with a view to making further progress in the fourth mid-term management plan. For the Group's consolidated fiscal year ending March 31, 2024, we project net sales of ¥323,000 million, operating profit of ¥3,500 million, ordinary profit of ¥3,500 million, and profit attributable to owners of the parent of ¥2,300 million.

2. Basic rationale for selection of accounting standards

The Group's business activities are conducted almost exclusively with companies in Japan, and international transactions are limited. The number of foreign corporations and individuals outside of Japan and the number of shares held by them are also small. Under these circumstances, the Group has adopted the Japanese standard as its accounting standard.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated Balance Sheets

(Millions of yen)

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

(Millions of yen)

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

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

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

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

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

(3) Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	10,484	21,197	(122)	41,559
Changes during period					
Dividends of surplus			(974)		(974)
Profit attributable to owners of parent			3,659		3,659
Purchase of treasury shares				(895)	(895)
Cancellation of treasury shares		(743)		743	—
Disposal of treasury shares		(3)		136	132
Acquisition of treasury stock by stock benefit trust				(132)	(132)
Net changes in items other than shareholders' equity					
Total changes during period	—	(746)	2,684	(148)	1,789
Balance at end of period	10,000	9,737	23,882	(271)	43,348

	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	859	28	(109)	(47)	730	504	42,794
Changes during period							
Dividends of surplus							(974)
Profit attributable to owners of parent							3,659
Purchase of treasury shares							(895)
Cancellation of treasury shares							—
Disposal of treasury shares							132
Acquisition of treasury stock by stock benefit trust							(132)
Net changes in items other than shareholders' equity	88	44	107	(14)	226	29	256
Total changes during period	88	44	107	(14)	226	29	2,045
Balance at end of period	948	72	(1)	(61)	957	534	44,840

Fiscal year ended March 31, 2023

(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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,740	5,560
Proceeds from long-term borrowings	1,145	10,500
Repayments of long-term borrowings	(1,958)	(1,877)
Interest paid	(96)	(147)
Dividends paid	(971)	(967)
Repayments of lease liabilities	(136)	(132)
Commission fee paid	(1)	(78)
Purchase of treasury shares	(1,027)	(1)
Proceeds from sale of treasury shares	132	27
Net cash provided by (used in) financing activities	(1,174)	12,881
Net increase (decrease) in cash and cash equivalents	614	3,877
Cash and cash equivalents at beginning of period	2,830	3,444
Cash and cash equivalents at end of period	3,444	7,322

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the fiscal year ended March 31, 2023, and in accordance with the transitional treatment prescribed paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the new accounting policies set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement have been applied prospectively. This change has no impact on the consolidated financial statements.

(Notes - Additional information)

(Board Benefit Trust)

The Company has introduced a share awards plan, “Board Benefit Trust” (hereinafter referred to as the “BBT”), for the Company’s Directors (excluding Outside Directors; the same applies hereinafter) and Executive Officers who have entered into delegation agreements with the Company (hereinafter collectively referred to as “Directors, etc.”).

(1) Overview of transactions

Under the BBT, a trust established by monetary contribution by the Company as compensation for Directors, etc. (hereinafter referred to as the “Trust”) will acquire shares of the Company, and shares of the Company, etc. in a number equivalent to the number of points granted to each Director, etc. will be issued through the Trust in accordance with the “Share Issuance Regulations” established by the Company.

The Board of Directors approved an extension of the BBT on May 19, 2021. Under the extended BBT, the Company’s shares, etc. will be issued to Directors, etc. who hold office during the three fiscal years from the fiscal year ending March 31, 2022 to the fiscal year ending on March 31, 2025. In principle, the Company’s Directors, etc. will receive the issued shares of the Company, etc. when they retire from office.

As for accounting treatment for the BBT, the gross amount method is applied in accordance with the “Practical Solution on Transactions of Delivering the Group’s Own Stock to Employees etc. through Trusts” (Practical Issues Task Force No. 30, March 26, 2015). To prepare for the issuance of the Company’s shares to the Company’s Directors, etc., in accordance with the “Share Issuance Regulations,” provisions for share awards for directors (and other officers) have been recorded based on the estimated amount of liabilities for share awards in the fiscal year ended March 31, 2022.

(2) The Company’s shares remaining in the Trust

The Company’s shares remaining in the Trust are recorded as treasury shares under net assets at their book value in the Trust (excluding the amount of incidental expenses). The book value of these shares at the end of the fiscal year ended March 31, 2022 was ¥242 million and the number of shares was 287,160, while the book value of these shares at the end of the fiscal year ended March 31, 2023 was ¥214 million and the number of shares was 253,960.

(3) Book value of borrowings recorded under the application of the gross amount

Not applicable.

(Segment information)

1 Overview of reportable segments

The Company’s reportable segments are components of the Company for which separate financial information is available and are subject to periodic review by the Board of Directors for the purpose of determining the allocation of management resources and evaluating performance.

The Group designates the “feed business” and “food business” as reportable segments since the Group mainly engages in the production and sale of formula feed and purchase, production, processing, and sale of livestock and fishery products, and runs related businesses.

The main finished goods and merchandise in each reportable segment are livestock feed, fishery products feed, other feeds, etc., for the “feed business,” and livestock products, farmed fish, processed products, etc., for the “food business.”

2 Method for calculating amounts of net sales, profit or loss, assets and other items by reportable segment

The method of accounting treatment for reportable business segments conforms to the accounting policies adopted to prepare consolidated financial statements.

Profits of reportable segments are adjusted for operating profit. Intersegment internal revenue and transfers are based on current market prices.

3 Disclosure of sales, profit (loss), assets, liabilities, and other items for each reportable segment and breakdown of profit

Fiscal year ended March 31, 2022
(from April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reportable segments			Other Notes 1	Total	Adjustments Notes 2	Consolidated financial statement amounts Notes 3
	Feed business	Food business	Total				
Net sales							
Revenue from contracts with customers	203,398	37,366	240,764	2,437	243,202	—	243,202
Net sales from external customers	203,398	37,366	240,764	2,437	243,202	—	243,202
Intersegment sales or transfers	1,155	0	1,156	220	1,377	(1,377)	—
Total	204,554	37,366	241,921	2,658	244,579	(1,377)	243,202
Segment profit (loss)	6,531	(52)	6,478	286	6,764	(2,471)	4,293
Segment assets	90,581	10,861	101,443	2,973	104,416	4,087	108,504
Other items							
Depreciation	2,587	361	2,949	170	3,120	78	3,198
Investments in entities accounted for using equity method	2,696	638	3,334	—	3,334	—	3,334
Increase in property, plant and equipment and intangible assets	1,432	681	2,114	249	2,364	295	2,659

Notes 1 The category “Other” includes operating segments other than reportable segments, such as livestock and fishery equipment and real estate leasing businesses.

2 The adjustments are as follows.

- (1) The adjusted segment profit or loss of ¥(2,471) million includes corporate expenses of ¥2,479 million that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses not attributable to the reportable segments.
- (2) The adjusted segment asset of ¥4,087 million includes corporate assets of ¥5,900 million that are not allocated to each reportable segment. Corporate assets consist mainly of surplus operating funds (cash and deposits), long-term investment funds (investment securities), assets related to administrative operations of the reporting company, etc.

3 Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

Fiscal year ended March 31, 2023
(from April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reportable segments			Other Notes 1	Total	Adjustments Notes 2	Consolidated financial statement amounts Notes 3
	Feed business	Food business	Total				
Net sales							
Revenue from contracts with customers	264,073	41,334	305,408	2,503	307,911	—	307,911
Net sales from external customers	264,073	41,334	305,408	2,503	307,911	—	307,911
Intersegment sales or transfers	1,617	5	1,623	325	1,948	(1,948)	—
Total	265,691	41,340	307,031	2,828	309,860	(1,948)	307,911
Segment profit (loss)	3,925	(369)	3,555	266	3,822	(2,399)	1,422
Segment assets	106,295	11,222	117,518	2,967	120,485	7,427	127,913
Other items							
Depreciation	2,609	368	2,977	180	3,157	78	3,235
Investments in entities accounted for using equity method	2,930	499	3,429	—	3,429	—	3,429
Increase in property, plant and equipment and intangible assets	1,072	275	1,348	393	1,741	362	2,103

Notes 1 The category “Other” includes operating segments other than reportable segments, such as livestock and fishery equipment and real estate leasing businesses.

2 The adjustments are as follows.

(1) The adjusted segment profit or loss of ¥(2,399) million includes corporate expenses of ¥2,407 million that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses not attributable to the reportable segments.

(2) The adjusted segment assets of ¥7,427 million includes corporate assets of ¥9,496 million that are not allocated to each reportable segment. Corporate assets consist mainly of surplus operating funds (cash and deposits), long-term investment funds (investment securities), assets related to administrative operations of the reporting company, etc.

3 Segment profit (loss) is adjusted with operating profit in the consolidated statement of income.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Net assets per share	1,161.40	1,172.57
Basic earnings per share	94.65	27.01

Notes 1 Diluted earnings per share is not included since there are no residual shares.

2 Since the Company's shares held by Custody Bank of Japan, Ltd. (trust account) as trust assets of the Board Benefit Trust are treated as treasury shares, these shares are included in treasury shares that are deducted from the number of shares outstanding at the end of the period in the calculation of net assets per share. In the calculation of basic earnings per share, these shares are included in treasury shares that are deducted from the average number of shares outstanding during the period.

In the fiscal year ended March 31, 2022, the number of the Company's shares outstanding at the end of the period held by the trust account was 287,160 and the average number of shares outstanding during the period was 144,491, and in the fiscal year ended March 31, 2023, the number of the Company's shares outstanding at the end of the period held by the trust account was 253,960 and the average number of shares outstanding during the period was 268,506.

3 The basis for calculation of basic earnings per share is as follows.

(Millions of yen)

Item	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Profit attributable to owners of parent	3,659	1,030
Value not attributable to shareholders of common shares	—	—
Profit attributable to owners of parent related to common shares	3,659	1,030
Average number of shares outstanding during the period (Shares)	38,663,457	38,166,314

(Subsequent events)

Not applicable.

4. Other

Change to officers

For the changes to officers, please refer to the “Notice of Changes to Representative Directors and Personnel Changes to Directors and Other Officers, etc.” published on January 25, 2023 and the “Notice of Changes to Officers” published on April 26, 2023.