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MEMBERSHIP

May 10, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (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 21, 2024
 Scheduled date to commence dividend payments: June 6, 2024
 Scheduled date to file annual securities report: June 21, 2024
 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, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	313,875	1.9	7,748	444.6	7,737	352.2	5,084	393.2
March 31, 2023	307,911	26.6	1,422	(66.9)	1,711	(66.2)	1,030	(71.8)

Note: Comprehensive income For the fiscal year ended March 31, 2024: ¥6,431 million [356.5%]
 For the fiscal year ended March 31, 2023: ¥1,408 million [(64.0)%]

Fiscal year ended	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
	Yen	Yen	%	%	%
March 31, 2024	132.97	–	10.7	6.0	2.5
March 31, 2023	27.01	–	2.3	1.4	0.5

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2024: ¥(312) million
 For the fiscal year ended March 31, 2023: ¥(42) 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, 2024	131,038	50,856	38.4	1,314.03
March 31, 2023	127,913	45,314	35.0	1,172.57

Reference: Equity

As of March 31, 2024: ¥50,280 million

As of March 31, 2023: ¥44,768 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, 2024	11,138	(2,168)	(5,474)	10,817
March 31, 2023	(7,816)	(1,187)	12,881	7,322

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, 2023	–	12.50	–	12.50	25.00	960	92.6	2.1
Fiscal year ended March 31, 2024	–	12.50	–	14.50	27.00	1,037	20.3	2.2
Fiscal year ending March 31, 2025 (Forecast)	–	13.50	–	13.50	27.00		23.0	

Note: Total cash dividends includes dividends (¥6 million for the fiscal year ended March 31, 2023, and ¥4 million for the fiscal year ended March 31, 2024) 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, 2025 (from April 1, 2024 to March 31, 2025)

(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	%	Yen
Full year	307,000	(2.2)	6,100	(21.3)	6,300	(18.6)	4,500	(11.5)	117.60

*** 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: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (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, 2024	38,477,128 shares
As of March 31, 2023	38,477,128 shares

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

As of March 31, 2024	212,836 shares
As of March 31, 2023	297,519 shares

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

Fiscal year ended March 31, 2024	38,235,630 shares
Fiscal year ended March 31, 2023	38,166,314 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 (166,960 shares for the fiscal year ended March 31, 2024, and 253,960 shares for the fiscal year ended March 31, 2023) 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 and Medium-Term Management Plan presentation for institutional investors and analysts on Tuesday, May 21, 2024 in a hybrid format that combines an on-site meeting with live streaming, and the content of the briefing and presentation will be posted on the Company’s website promptly 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, 2024 (from April 1, 2023 to March 31, 2024), the outlook for the Japanese economy remained uncertain due to factors including high energy prices caused by tensions around the world, fluctuations in financial and capital markets, and rising domestic prices. On the other hand, various economic indicators have begun to show positive signs as social activities normalized against the backdrop of the lifting of activity restrictions related to COVID-19, consumer spending and inbound demand showed a recovery trend, and the employment and income environment remained strong.

In the feed industry, Chicago futures prices of corn, which is the major raw material, continued to trend downward, supported by an outlook for stable harvests. Consequently, the Group lowered the price of formula feed for livestock subsequently in April, July and October, spanning three consecutive quarters. However, raw material prices denominated in yen remained high due to the persistently high ocean freight rates and the ongoing depreciation of the yen in the foreign exchange market, and we raised prices in January. The business environment remains unpredictable partly due to the ongoing depreciation of the yen and heightened geopolitical risks.

With regard to livestock products, the market price of pork was higher than in the same period of the previous fiscal year on the back of a decline in the number of animals shipped as a result of worsening development due to record-breaking heat and diseases. However, the market price since October was lower than in the same period of the previous fiscal year, due to a recovery in the number of swine shipped in response to decreasing temperatures since the autumn. The market price of chicken eggs was higher than in the same period of the previous fiscal year due to a decrease in supply caused by an outbreak of avian influenza across Japan that began in October 2022 and a record-breaking heat wave. However, the market price since November was lower than in the same period of the previous fiscal year, reflecting a steady recovery of production and an upward trend in supply due to factors such as the resumption of operations in farms affected by avian influenza outbreaks. The market price of beef was lower than in the same period of the previous fiscal year, due to a decrease in demand for beef resulting from consumers' heightened cost-consciousness due to soaring prices.

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 Medium-Term Management Plan, which concludes in the current fiscal year.

As for the Group's operating results for the fiscal year ended March 31, 2024, net sales were ¥313,875 million (up 1.9% year-on-year), operating profit was ¥7,748 million (up 444.6% year-on-year), ordinary profit was ¥7,737 million (up 352.2% year-on-year), and profit attributable to owners of parent was ¥5,084 million (up 393.2% year-on-year). Operating profit, ordinary profit, and profit attributable to owners of the parent all reached the highest profits since the Company's establishment.

Operating results by segment are as follows.

(i) Feed business

In the feed business, animal feed sales volume increased despite the lower average sales price than the previous year, while both the average sales price and sales volume of aquatic feed were significantly higher than the previous fiscal year, with net sales reaching ¥267,340 million (up 1.2% year-on-year). Operating profit amounted to ¥9,380 million (up 139.0% year-on-year) mainly due to significant progress in improving the profitability of both animal feed and aquatic feed, despite a year-on-year increase in selling expenses caused by factors such as increased contributions to the Feed Price Stabilization Fund.

(ii) Food business

In the food business, net sales reached ¥44,105 million (up 6.7% year-on-year), mainly due to significantly higher market prices of pork and chicken eggs in the first half compared to the same period of the previous fiscal year, despite their lower market prices in the second half and thereafter compared to the same period of the previous fiscal year. Operating profit was ¥860 million (operating loss of ¥369 million in the previous fiscal year), mainly due to the progress made in revising sales price conditions in food-related subsidiaries and lower purchase costs resulting from declining market prices of pork and chicken eggs in the second half and thereafter.

(iii) Other businesses

This segment includes sales of livestock and fishery equipment and real estate leasing businesses, etc. Net sales were ¥2,429 million (down 3.0% year-on-year), and operating profit was ¥269 million (up 1.0% year-on-year).

(2) Overview of financial position for the fiscal year

(Assets)

The total assets as of March 31, 2024 amounted to ¥131,038 million (up 2.4% from the end of the previous fiscal year) due to an increase in cash and deposits and other factors.

(Liabilities)

The total liabilities as of March 31, 2024 amounted to ¥80,182 million (down 2.9% from the end of the previous fiscal year) due to a decrease in notes and accounts payable - trade, a decrease in short-term borrowings and other factors.

(Net assets)

Total net assets as of March 31, 2024 amounted to ¥50,856 million (up 12.2% from the end of the previous fiscal year) due to an increase in retained earnings due to the recording of profit attributable to owners of parent and other factors.

(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, 2024 increased by ¥3,495 million from the end of the fiscal year ended March 31, 2023, amounting to ¥10,817 million at the end of the current fiscal year.

The situation of each cash flow and its factors in the fiscal year ended March 31, 2024 are as follows.

(Cash flows from operating activities)

Cash flows from operating activities amounted to an income of ¥11,138 million (expense of ¥7,816 million in the previous fiscal year) in the fiscal year ended March 31, 2024 as 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 ¥2,168 million (expense of ¥1,187 million in the previous fiscal year) in the fiscal year ended March 31, 2024 due to a decrease in cash from the purchase of property, plant and equipment and intangible assets, etc.

(Cash flows from financing activities)

Cash flows from financing activities amounted to an expense of ¥5,474 million (income of ¥12,881 million in the previous fiscal year) in the fiscal year ended March 31, 2024 due to a decrease in cash from repayments of short-term borrowings, etc.

(4) Future outlook

The Japanese economy is expected to recover at a gentle pace, despite an expected improvement in the employment situation, as rebound demand from the suppressed conditions caused by the COVID-19 pandemic has run its course, and high prices will also have an impact. In the environment surrounding the Group, raw material prices declined slightly, but remained high, partly due to the depreciation of the yen. Repeated increases in contributions to the Feed Price Stabilization Fund and an increase in logistics expenses due to Japan's logistics crisis, the "2024 problem" are expected, which will result in an ongoing and uncertain situation in terms of revenue.

In this environment, the Group has started its Medium-Term Management Plan 2026 from fiscal 2024, and has newly set the Purpose of "Feed the world for the future, lives and smiles," and has renewed its Mission of "Sowing a grain of sincerity will produce benefits many times over" and its Vision of "To be a company of choice by focusing on the '1'." Our Mission incorporates the following wish: "The unseen efforts and thoughts of various people are involved in order to produce a single grain of feed. Moreover, such efforts and thoughts are directed toward the safety and security of customers using the feed and of the end consumers. In the rapidly changing environment of the livestock and fisheries industries, as a leading company it is our mission to hold on to this belief and to continue our sincere efforts to provide a stable supply of feedstuffs." Our Vision explains the following: "We aim to be consistent with the 'ONE (1)' in our name by truly being a leading company that puts 'safety and security first' and is 'No. 1 in the industry' so that all stakeholders, including producers, business partners, shareholders, and employees of our group companies, feel that choosing FEED ONE is always the right choice." In preparation for the realization of the Purpose and Vision, as well as for large-scale investments to be made over the next ten years, we will strive to improve our basic earning capacity during the period of this Medium-Term Management Plan.

For the Group's consolidated operating results for the fiscal year ending March 31, 2025, we project net sales of ¥307,000 million, operating profit of ¥6,100 million, ordinary profit of ¥6,300 million, and profit attributable to owners of the parent of ¥4,500 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, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	7,379	10,876
Notes and accounts receivable - trade	51,375	51,829
Electronically recorded monetary claims - operating	3,885	5,149
Merchandise and finished goods	3,070	2,856
Raw materials and supplies	17,156	14,041
Animals	357	408
Other	2,791	3,335
Allowance for doubtful accounts	(180)	(292)
Total current assets	85,836	88,204
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,177	24,195
Accumulated depreciation	(11,174)	(11,793)
Buildings and structures, net	13,002	12,401
Machinery, equipment and vehicles	29,123	29,792
Accumulated depreciation	(17,905)	(19,613)
Machinery, equipment and vehicles, net	11,217	10,179
Land	6,114	6,265
Leased assets	1,045	1,089
Accumulated depreciation	(318)	(401)
Leased assets, net	727	687
Construction in progress	68	167
Other	2,137	2,205
Accumulated depreciation	(1,599)	(1,725)
Other, net	538	480
Total property, plant and equipment	31,668	30,181
Intangible assets		
Other	916	1,542
Total intangible assets	916	1,542
Investments and other assets		
Investment securities	8,531	10,143
Long-term loans receivable	12	1
Distressed receivables	327	252
Deferred tax assets	274	199
Other	702	681
Allowance for doubtful accounts	(356)	(169)
Total investments and other assets	9,491	11,109
Total non-current assets	42,076	42,834
Total assets	127,913	131,038

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,482	34,360
Short-term borrowings	16,803	10,580
Lease liabilities	126	133
Income taxes payable	467	2,262
Provision for bonuses	558	772
Asset retirement obligations	–	77
Other	5,636	6,933
Total current liabilities	60,074	55,121
Non-current liabilities		
Long-term borrowings	19,208	21,178
Lease liabilities	658	602
Deferred tax liabilities	203	685
Provision for share awards for directors (and other officers)	173	111
Retirement benefit liability	2,234	2,313
Asset retirement obligations	3	3
Liabilities from application of equity method	–	119
Other	42	46
Total non-current liabilities	22,523	25,060
Total liabilities	82,598	80,182
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	9,737	9,737
Retained earnings	23,952	28,075
Treasury shares	(244)	(173)
Total shareholders' equity	43,445	47,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,229	2,316
Deferred gains or losses on hedges	32	139
Foreign currency translation adjustment	61	213
Remeasurements of defined benefit plans	(0)	(28)
Total accumulated other comprehensive income	1,323	2,640
Non-controlling interests	546	576
Total net assets	45,314	50,856
Total liabilities and net assets	127,913	131,038

(2) Consolidated statements of income and comprehensive income
(Consolidated statements of income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	307,911	313,875
Cost of sales	285,218	283,153
Gross profit	22,693	30,721
Selling, general and administrative expenses	21,270	22,972
Operating profit	1,422	7,748
Non-operating income		
Interest income	10	8
Dividend income	145	156
Stockpile storage revenue	141	136
Other	373	233
Total non-operating income	670	535
Non-operating expenses		
Interest expenses	158	183
Share of loss of entities accounted for using equity method	42	312
Other	181	49
Total non-operating expenses	382	545
Ordinary profit	1,711	7,737
Extraordinary income		
Gain on sale of non-current assets	37	15
Gain on sale of investment securities	305	206
Subsidy income	61	-
Total extraordinary income	404	221
Extraordinary losses		
Loss on sale of non-current assets	13	20
Loss on retirement of non-current assets	43	46
Impairment losses	208	204
Loss on cancellation of leases	-	0
Loss on liquidation of subsidiaries	0	-
Loss on valuation of investment securities	-	2
Loss on closing of factory	211	149
Loss on sale of membership	-	11
Total extraordinary losses	476	434
Profit before income taxes	1,639	7,524
Income taxes - current	492	2,363
Income taxes - deferred	103	46
Total income taxes	596	2,410
Profit	1,042	5,113
Profit attributable to non-controlling interests	12	29
Profit attributable to owners of parent	1,030	5,084

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit	1,042	5,113
Other comprehensive income		
Valuation difference on available-for-sale securities	280	1,087
Deferred gains or losses on hedges	(39)	106
Remeasurements of defined benefit plans, net of tax	60	(27)
Share of other comprehensive income of entities accounted for using equity method	63	151
Total other comprehensive income	365	1,317
Comprehensive income	1,408	6,431
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,396	6,401
Comprehensive income attributable to non-controlling interests	12	29

(3) Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2024

(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	23,952	(244)	43,445
Changes during period					
Dividends of surplus			(960)		(960)
Profit attributable to owners of parent			5,084		5,084
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		0	0
Disposal of treasury stock by stock benefit trust				73	73
Net changes in items other than shareholders' equity					
Total changes during period	–	0	4,123	71	4,194
Balance at end of period	10,000	9,737	28,075	(173)	47,639

	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	1,229	32	61	(0)	1,323	546	45,314
Changes during period							
Dividends of surplus							(960)
Profit attributable to owners of parent							5,084
Purchase of treasury shares							(1)
Disposal of treasury shares							0
Disposal of treasury stock by stock benefit trust							73
Net changes in items other than shareholders' equity	1,087	106	151	(27)	1,317	29	1,347
Total changes during period	1,087	106	151	(27)	1,317	29	5,542
Balance at end of period	2,316	139	213	(28)	2,640	576	50,856

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	1,639	7,524
Depreciation	3,235	3,291
Impairment losses	208	204
Share of loss (profit) of entities accounted for using equity method	42	312
Increase (decrease) in allowance for doubtful accounts	242	125
Increase (decrease) in provision for bonuses	(127)	214
Increase (decrease) in retirement benefit liability	127	39
Increase (decrease) in provision for share awards for directors (and other officers)	16	(62)
Interest and dividend income	(155)	(165)
Interest expenses	158	183
Loss (gain) on valuation of investment securities	-	2
Loss (gain) on sale of investment securities	(305)	(206)
Loss on liquidation of subsidiaries	0	-
Loss (gain) on sale and retirement of non-current assets	19	51
Subsidy income	(61)	-
Loss (gain) on sale of membership	-	11
Decrease (increase) in trade receivables	(12,565)	(1,759)
Decrease (increase) in inventories	(4,635)	3,278
Increase (decrease) in trade payables	5,579	(2,114)
Other, net	(696)	726
Subtotal	(7,278)	11,658
Income taxes paid	(538)	(519)
Net cash provided by (used in) operating activities	(7,816)	11,138
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,070)	(2,649)
Proceeds from sale of property, plant and equipment and intangible assets	101	59
Purchase of investment securities	(4)	(4)
Proceeds from sale of investment securities	484	432
Proceeds from liquidation of subsidiaries	6	-
Loan advances	(25)	(150)
Proceeds from collection of loans receivable	168	12
Proceeds from subsidy income	1	-
Interest and dividends received	162	175
Other, net	(12)	(44)
Net cash provided by (used in) investing activities	(1,187)	(2,168)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	5,560	(6,287)
Proceeds from long-term borrowings	10,500	3,850
Repayments of long-term borrowings	(1,877)	(1,815)
Interest paid	(147)	(186)
Dividends paid	(967)	(963)
Repayments of lease liabilities	(132)	(129)
Commission expenses paid	(78)	(14)
Purchase of treasury shares	(1)	(1)
Proceeds from sale of treasury shares	27	73
Net cash provided by (used in) financing activities	12,881	(5,474)
Net increase (decrease) in cash and cash equivalents	3,877	3,495
Cash and cash equivalents at beginning of period	3,444	7,322
Cash and cash equivalents at end of period	7,322	10,817

(5) Notes to consolidated financial statements

(Notes on premise of going concern)

Not applicable.

(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 Directors, 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 ended 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, 2024.

(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, 2023 was ¥214 million and the number of shares was 253,960, while the book value of these shares at the end of the fiscal year ended March 31, 2024 was ¥140 million and the number of shares was 166,960.

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

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 animal feed, aquatic 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, 2023
(from April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Reportable segments			Other Note 1	Total	Adjustments Note 2	Consoli- dated financial statement amounts Note 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 the sale of 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.

Fiscal year ended March 31, 2024
(from April 1, 2023 to March 31, 2024)

(Unit: Millions of yen)

	Reportable segments			Other Note 1	Total	Adjustments Note 2	Consoli- dated financial statement amounts Note 3
	Feed business	Food business	Total				
Net sales							
Revenue from contracts with customers	267,340	44,105	311,445	2,429	313,875	–	313,875
Net sales from external customers	267,340	44,105	311,445	2,429	313,875	–	313,875
Intersegment sales or transfers	1,587	3	1,590	405	1,995	(1,995)	–
Total	268,927	44,108	313,036	2,834	315,870	(1,995)	313,875
Segment profit	9,380	860	10,240	269	10,509	(2,761)	7,748
Segment assets	105,774	12,869	118,644	3,038	121,682	9,356	131,038
Other items							
Depreciation	2,575	367	2,942	214	3,157	134	3,291
Investments in entities accounted for using equity method	3,271	433	3,704	–	3,704	–	3,704
Increase in property, plant and equipment and intangible assets	1,398	263	1,662	354	2,016	739	2,755

- Notes 1 The category “Other” includes operating segments other than reportable segments, such as the sale of livestock and fishery equipment and real estate leasing businesses.
- 2 The adjustments are as follows.
- (1) The adjusted segment profit of ¥(2,761) million includes corporate expenses of ¥(2,772) 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 ¥9,356 million includes corporate assets of ¥11,788 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 is adjusted with operating profit in the consolidated statements of income.

(Per share information)

(Yen)

	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Net assets per share	1,172.57	1,314.03
Basic earnings per share	27.01	132.97

- 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, 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, and in the fiscal year ended March 31, 2024, the number of the Company's shares outstanding at the end of the period held by the trust account was 166,960 and the average number of shares outstanding during the period was 196,537.

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

(Millions of yen)

Item	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent	1,030	5,084
Value not attributable to shareholders of common shares	–	–
Profit attributable to owners of parent related to common shares	1,030	5,084
Average number of shares outstanding during the period (Shares)	38,166,314	38,235,630

(Subsequent events)

Not applicable.

4. Other

(1) Transition to a company with audit and supervisory committee

The Company plans to transition from the current “company with board of corporate auditors” to “company with audit and supervisory committee” subject to approval at the 10th Ordinary General Meeting of Shareholders scheduled to be held on June 21, 2024. For details, please refer to the “Notice of Transition to a Company With Audit and Supervisory Committee” announced on February 21, 2024.

(2) Change to officers

(i) Change to Representative Directors

Not applicable.

(ii) Changes to other officers

For changes to other officers, please refer to the “Notice of Changes of Officers After Transition to a Company With Audit and Supervisory Committee, Personnel Changes to Officers, and Change in Organization” announced on February 21, 2024, the “Notice of Personnel Changes to Officers” announced on March 22, 2024, and the “Notice of Personnel Changes to Officers” announced today (May 10, 2024).