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MEMBERSHIP

November 8, 2023

## Consolidated Financial Results for the Six Months Ended September 30, 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  
 Inquiries: GENERAL MANAGER, KOJI MOCHIZUKI  
 FINANCE & ACCOUNTING DIVISION,  
 ADMINISTRATIVE UNIT  
 Telephone: +81-45-311-2300  
 Scheduled date to file quarterly securities report: November 9, 2023  
 Scheduled date to commence dividend payments: December 1, 2023  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly 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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	156,645	8.1	2,844	—	3,171	—	1,989	—
September 30, 2022	144,890	22.9	(99)	—	103	(97.4)	(29)	—

Note: Comprehensive income For the six months ended September 30, 2023: ¥3,088 million [468.9%]  
 For the six months ended September 30, 2022: ¥542 million [(81.3)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	52.07	—
September 30, 2022	(0.78)	—

## (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	134,881	47,995	35.1
March 31, 2023	127,913	45,314	35.0

Reference: Equity

As of September 30, 2023: ¥47,409 million

As of March 31, 2023: ¥44,768 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	12.50	–	12.50	25.00
Fiscal year ending March 31, 2024	–	12.50			
Fiscal year ending March 31, 2024 (Forecast)			–	12.50	25.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 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	%	Yen
Full year	323,000	4.9	3,500	146.0	3,500	104.5	2,300	123.1	60.11

Note: Revisions to the forecast of financial results most recently announced: None

**\* Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2023	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 September 30, 2023	212,009 shares
As of March 31, 2023	297,519 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	38,210,682 shares
Six months ended September 30, 2022	38,154,506 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 six months ended September 30, 2023, 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).”

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

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

Caution regarding forward-looking statements, etc.

The forward-looking statements contained in this report, including earnings forecasts, 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. Qualitative information regarding financial results for the six months ended September 30, 2023 (3) Explanation of forecast of consolidated financial results and other forward-looking statements” on page 4 of the attached material to this quarterly 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 Quarterly Financial Results and Quarterly Financial Results Briefing content

The Supplementary Materials for Quarterly 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 Quarterly Financial Results Briefing for institutional investors and analysts on Tuesday, November 21, 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. Qualitative information regarding financial results for the six months ended September 30, 2023

### (1) Explanation of operating results

During the six months ended September 30, 2023 (April 1, 2023 to September 30, 2023), the outlook for the Japanese economy remained uncertain due to factors including rising energy and raw material prices caused by tensions around the world, fluctuations in financial and capital markets, rising domestic prices, and the economic impact of the slow recovery of the Chinese economy. However, declining COVID-19 cases have led to the steady resumption of normal social activity and a gradual recovery.

In the feed industry, prices of corn, which is the major raw material, continued to trend downward, supported by an outlook for stable harvests, despite ongoing political instability, including the conflict between Russia and Ukraine.

The Group lowered the price of formula feed for livestock in January of this year, with subsequent price cuts following in April and July. Nonetheless, the business environment remains challenging due to factors such as increased contributions to the Feed Price Stabilization Fund and the continued depreciation of the yen.

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 decline in the number of animals shipped as a result of worsening development due to record-breaking heat and disease. 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 a widespread outbreak of avian influenza that began in October last year and a record-breaking heat wave. The market price of beef was lower than the same period of the previous fiscal year, due to an increase in the number of cattle shipped, and 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.

As for the Group's operating results for the six months ended September 30, 2023, net sales were ¥156,645 million (up 8.1% year-on-year), operating profit was ¥2,844 million (operating loss of ¥99 million in the same period of the previous fiscal year), ordinary profit was ¥3,171 million (ordinary profit of ¥103 million in the same period of the previous fiscal year), and profit attributable to owners of parent was ¥1,989 million (loss attributable to owners of parent of ¥29 million in the same period of the previous fiscal year).

Operating results by segment are as follows.

#### (i) Feed business

In the feed business, livestock feed sales volume increased from the same period of the previous fiscal year and the average sales price also rose due to the passing-on of prices in response to soaring energy prices, while the average sales price of fishery products feed increased significantly despite a decrease in sales volume from the same period of the previous fiscal year, with sales for the six months ended September 30, 2023 reaching ¥132,472 million (up 6.6% year-on-year). Operating income was ¥3,670 million (up 212.3% year-on-year), mainly due to improved profit environments for both livestock feed and fishery products feed compared to the same period of the previous fiscal year.

#### (ii) Food business

In the food business, net sales for the six months ended September 30, 2023 reached ¥22,876 million (up 17.5% year-on-year), mainly due to higher market prices for livestock products than in the same period of the previous fiscal year. Operating profit was ¥277 million (operating loss of

¥201 million in the same period of the previous fiscal year) mainly due to the progress of a review of sales price conditions.

(iii) Other businesses

This segment includes sales of livestock and fishery equipment and real estate leasing businesses, etc. Net sales for the six months ended September 30, 2023 were ¥1,297 million (up 9.8% year-on-year), and operating income was ¥131 million (up 14.8% year-on-year).

**(2) Explanation of financial position**

(i) Assets, liabilities, and net assets

(Assets)

Total assets as of September 30, 2023 amounted to ¥134,881 million (up 5.4% from the end of the previous fiscal year), mainly as a result of an increase in cash and deposits and an increase in trade receivables due to the fact that the last day of the second quarter of the current fiscal year was a holiday for financial institutions.

(Liabilities)

Total liabilities as of September 30, 2023 amounted to ¥86,886 million (up 5.2% from the end of the previous fiscal year), mainly as a result of an increase in trade payables, which was affected by the fact that the last day of the second quarter of the current fiscal year was a holiday for financial institutions, despite a decrease due to the repayment of short-term borrowings.

(Net assets)

The total net assets as of September 30, 2023 amounted to ¥47,995 million (up 5.9% 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, an increase in valuation difference on available-for-sale securities and other factors.

(ii) Overview of cash flows

Cash and cash equivalents (hereinafter referred to as “cash”) as of September 30, 2023 increased by ¥3,998 million from the end of the fiscal year ended March 31, 2023, amounting to ¥11,320 million.

The situation of each cash flow and its factors in the six months ended September 30, 2023 are as follows.

(Cash flows from operating activities)

Cash flows from operating activities amounted to an income of ¥12,499 million (expense of ¥10,756 million in the same period of the previous fiscal year) as an increase in cash due to the recording of profit before income taxes and a decrease in demand for working capital for reasons including the end-of-month holiday.

(Cash flows from investing activities)

Cash flows from investing activities amounted to an expense of ¥1,210 million (expense of ¥945 million in the same period of the previous fiscal year) 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 ¥7,290 million (income of ¥12,755 million in the same period of the previous fiscal year) due to a decrease in cash from repayments of short-term borrowings, etc.

**(3) Explanation of forecast of consolidated financial results and other forward-looking statements**

The forecast of financial results and dividends for the fiscal year ending March 31, 2024 is unchanged from the forecast announced on May 12, 2023.

**2. Quarterly consolidated financial statements and significant notes thereto****(1) Quarterly consolidated balance sheets**

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	7,379	11,379
Notes and accounts receivable - trade	51,375	53,830
Electronically recorded monetary claims - operating	3,885	4,341
Merchandise and finished goods	3,070	2,910
Raw materials and supplies	17,156	15,921
Animals	357	403
Other	2,791	3,200
Allowance for doubtful accounts	(180)	(142)
<b>Total current assets</b>	<b>85,836</b>	<b>91,844</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,002	12,778
Machinery, equipment and vehicles, net	11,217	10,695
Land	6,114	6,108
Leased assets, net	727	671
Construction in progress	68	21
Other, net	538	537
<b>Total property, plant and equipment</b>	<b>31,668</b>	<b>30,812</b>
Intangible assets		
Other	916	1,422
<b>Total intangible assets</b>	<b>916</b>	<b>1,422</b>
Investments and other assets		
Investment securities	8,531	9,967
Long-term loans receivable	12	10
Distressed receivables	327	284
Deferred tax assets	274	195
Other	702	664
Allowance for doubtful accounts	(356)	(322)
<b>Total investments and other assets</b>	<b>9,491</b>	<b>10,801</b>
<b>Total non-current assets</b>	<b>42,076</b>	<b>43,036</b>
<b>Total assets</b>	<b>127,913</b>	<b>134,881</b>



(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	36,482	45,193
Short-term borrowings	16,803	7,438
Lease liabilities	126	123
Income taxes payable	467	929
Provision for bonuses	558	584
Other	5,636	7,089
Total current liabilities	60,074	61,358
Non-current liabilities		
Long-term borrowings	19,208	21,861
Lease liabilities	658	597
Deferred tax liabilities	203	654
Provision for share awards for directors (and other officers)	173	116
Retirement benefit liability	2,234	2,252
Asset retirement obligations	3	3
Other	42	43
Total non-current liabilities	22,523	25,528
Total liabilities	82,598	86,886
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	9,737	9,737
Retained earnings	23,952	25,461
Treasury shares	(244)	(172)
Total shareholders' equity	43,445	45,026
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,229	2,021
Deferred gains or losses on hedges	32	166
Foreign currency translation adjustment	61	194
Remeasurements of defined benefit plans	(0)	0
Total accumulated other comprehensive income	1,323	2,383
Non-controlling interests	546	585
Total net assets	45,314	47,995
Total liabilities and net assets	127,913	134,881

**(2) Quarterly consolidated statements of income and comprehensive income**  
**Quarterly consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	144,890	156,645
Cost of sales	134,386	142,821
Gross profit	10,504	13,824
Selling, general and administrative expenses	10,603	10,980
Operating profit (loss)	(99)	2,844
Non-operating income		
Interest income	5	5
Dividend income	104	112
Share of profit of entities accounted for using equity method	42	130
Other	243	197
Total non-operating income	395	445
Non-operating expenses		
Interest expenses	63	94
Other	129	23
Total non-operating expenses	192	118
Ordinary profit	103	3,171
Extraordinary income		
Gain on sale of non-current assets	32	6
Total extraordinary income	32	6
Extraordinary losses		
Loss on sale of non-current assets	4	7
Loss on retirement of non-current assets	30	21
Impairment losses	29	6
Loss on cancellation of leases	–	0
Loss on liquidation of subsidiaries	0	–
Loss on valuation of investment securities	–	2
Loss on closing of factory	–	144
Total extraordinary losses	64	182
Profit before income taxes	71	2,996
Income taxes - current	136	843
Income taxes - deferred	(56)	123
Total income taxes	79	967
Profit (loss)	(8)	2,028
Profit attributable to non-controlling interests	20	38
Profit (loss) attributable to owners of parent	(29)	1,989

**Quarterly consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit (loss)	(8)	2,028
Other comprehensive income		
Valuation difference on available-for-sale securities	148	792
Deferred gains or losses on hedges	215	133
Remeasurements of defined benefit plans, net of tax	5	1
Share of other comprehensive income of entities accounted for using equity method	182	132
Total other comprehensive income	551	1,060
Comprehensive income	542	3,088
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	521	3,049
Comprehensive income attributable to non-controlling interests	20	38

**(3) Quarterly consolidated statements of cash flows**

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	71	2,996
Depreciation	1,630	1,598
Impairment losses	29	6
Share of loss (profit) of entities accounted for using equity method	(42)	(130)
Increase (decrease) in allowance for doubtful accounts	157	(31)
Increase (decrease) in provision for bonuses	7	26
Increase (decrease) in retirement benefit liability	102	20
Increase (decrease) in provision for share awards for directors (and other officers)	(6)	(57)
Interest and dividend income	(110)	(117)
Interest expenses	63	94
Loss (gain) on valuation of investment securities	–	2
Loss (gain) on sale and retirement of non-current assets	1	22
Loss on liquidation of subsidiaries	0	–
Decrease (increase) in trade receivables	(11,825)	(2,907)
Decrease (increase) in inventories	(3,225)	1,348
Increase (decrease) in trade payables	3,168	8,710
Other, net	(440)	1,206
Subtotal	(10,416)	12,787
Income taxes paid	(340)	(288)
Net cash provided by (used in) operating activities	(10,756)	12,499
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(1,213)	(1,260)
Proceeds from sale of property, plant and equipment and intangible assets	42	16
Purchase of investment securities	(2)	(2)
Proceeds from liquidation of subsidiaries	6	–
Loan advances	–	(105)
Proceeds from collection of loans receivable	104	1
Interest and dividends received	116	125
Other, net	(0)	13
Net cash provided by (used in) investing activities	(945)	(1,210)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	4,035	(9,485)
Proceeds from long-term borrowings	10,300	3,650
Repayments of long-term borrowings	(931)	(877)
Interest paid	(56)	(95)
Dividends paid	(478)	(482)
Repayments of lease liabilities	(66)	(64)
Commission expenses paid	(73)	(8)
Purchase of treasury shares	(0)	(1)
Proceeds from sale of treasury shares	27	73
Net cash provided by (used in) financing activities	12,755	(7,290)
Net increase (decrease) in cash and cash equivalents	1,052	3,998
Cash and cash equivalents at beginning of period	3,444	7,322
Cash and cash equivalents at end of period	4,497	11,320

**(4) Notes to quarterly consolidated financial statements**

**(Notes on premise of going concern)**

Not applicable.

**(Notes when there are significant changes in amounts of equity)**

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 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 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,” provision for share awards for directors (and other officers) have been recorded based on the estimated amount of liabilities for share awards in the second quarter ended September 30, 2023.

**(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 second quarter ended September 30, 2023 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)**

Six months ended September 30, 2022  
(from April 1, 2022 to September 30, 2022)

## 1. Disclosure of sales and profit (loss) for each reportable segment, and breakdown of revenue

(Unit: Millions of yen)

	Reportable segments			Other Note 1	Total	Adjustments Note 2	Amounts in quarterly consolidated statements of income Note 3
	Feed business	Food business	Total				
Net sales							
Revenue from contracts with customers	124,241	19,466	143,708	1,181	144,890	–	144,890
Net sales from external customers	124,241	19,466	143,708	1,181	144,890	–	144,890
Intersegment sales or transfers	767	0	768	160	928	(928)	–
Total	125,009	19,467	144,477	1,341	145,819	(928)	144,890
Segment profit (loss)	1,175	(201)	974	114	1,088	(1,188)	(99)

- 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 adjusted segment profit or loss of ¥(1,188) million includes corporate expenses of ¥1,193 million that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses not attributable to the reportable segments.
- 3 Segment profit (loss) is adjusted with operating loss in the quarterly consolidated statements of income.

## 2. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Major impairment losses on non-current assets)

In the feed business segment, the book value of assets no longer expected to be used in the future was reduced to the recoverable amount, and impairment losses of ¥7 million was recognized as extraordinary losses.

Impairment losses not allocated to reportable segments amounted to ¥22 million.

Six months ended September 30, 2023  
(from April 1, 2023 to September 30, 2023)

1. Disclosure of sales and profit (loss) for each reportable segment, and breakdown of revenue

(Unit: Millions of yen)

	Reportable segments			Other Note 1	Total	Adjustments Note 2	Amounts in quarterly consolidated statements of income Note 3
	Feed business	Food business	Total				
Net sales							
Revenue from contracts with customers	132,472	22,876	155,348	1,297	156,645	–	156,645
Net sales from external customers	132,472	22,876	155,348	1,297	156,645	–	156,645
Intersegment sales or transfers	794	0	795	173	968	(968)	–
Total	133,266	22,877	156,144	1,470	157,614	(968)	156,645
Segment profit	3,670	277	3,948	131	4,080	(1,236)	2,844

- 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 adjusted segment profit of ¥(1,236) million includes corporate expenses of ¥1,241 million that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses not attributable to the reportable segments.
  - 3 Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

2. Information about impairment losses of non-current assets or goodwill, etc. for each reportable segment

(Major impairment losses on non-current assets)

Impairment losses not allocated to reportable segments amounted to ¥6 million.