



おいしさのみなもと

**FEED ONE**

Supplementary Materials for  
Financial Results Q3  
of FY Ending Mar. 2024

February 8, 2024

**FEED ONE CO., LTD.**

TSE Prime Symbol:2060

## I. Impact of Imported Raw Materials

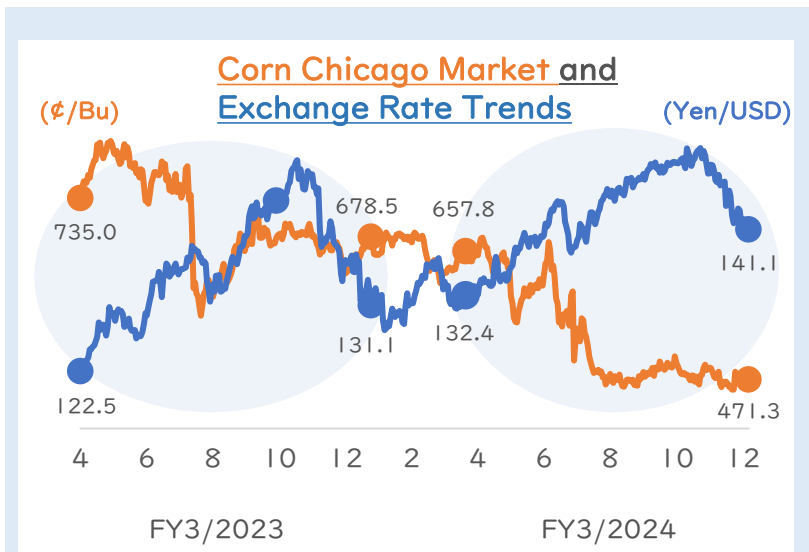
In feed materials, about 50% of Animal feed is corn and about 40% of Aquatic feed is fishmeal.

The yen depreciated against the U.S. dollar compared to the previous year.

The Chicago market for corn softened due to a stable production outlook.

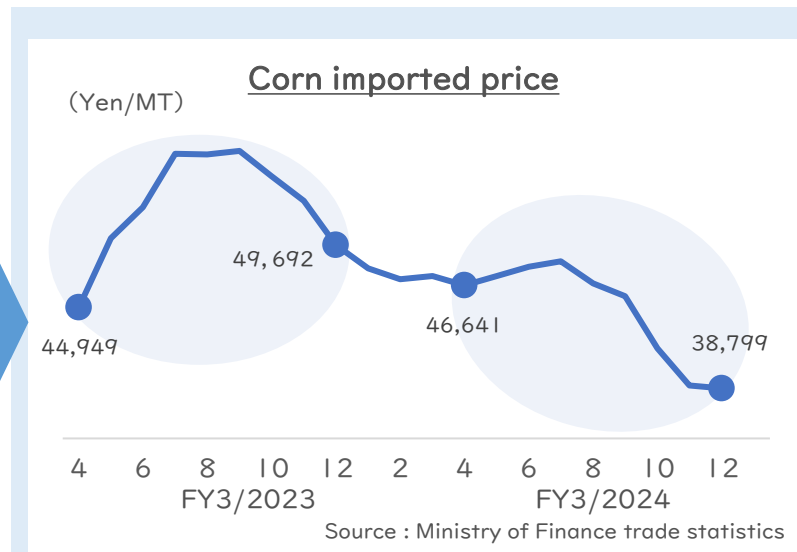
As a result of the above, corn import prices were significantly lower than in the same period of the previous year.

Fishmeal import prices were much higher than in the same period of the previous year due to the weaker yen, as well as the suspension of the first season (Apr.-Aug.) fishing in Peru, the main producer, and the reduction of the second season (Nov.-Jan.) catch quota.

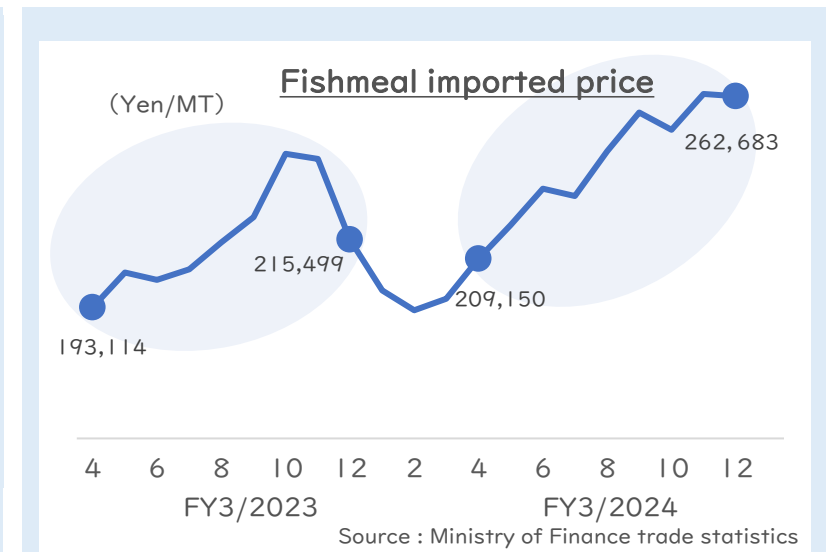


Exchange Rate Trends: YoY 104.9%

Corn Chicago Market : YoY 76.1%



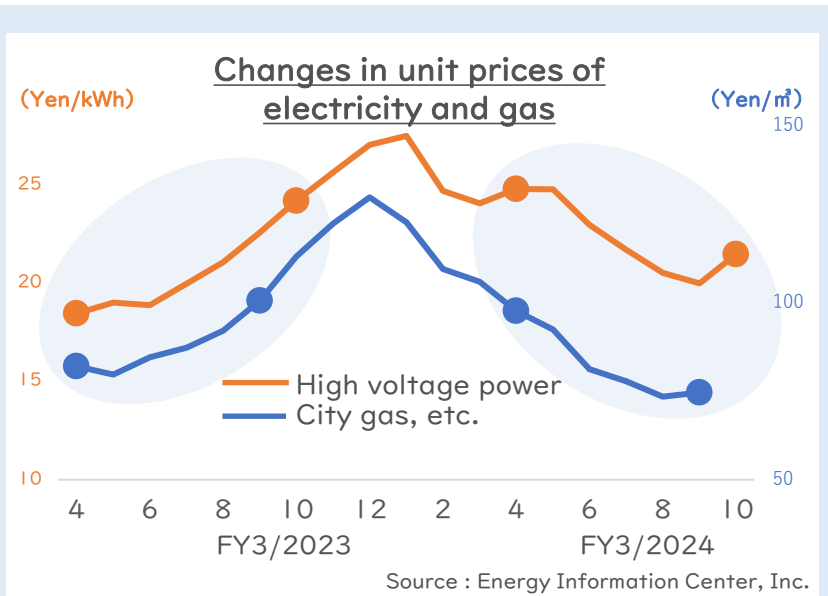
Corn imported price : YoY 84.5%



Fish meal imported price : YoY 110.1%

## 2. Energy Cost Trends

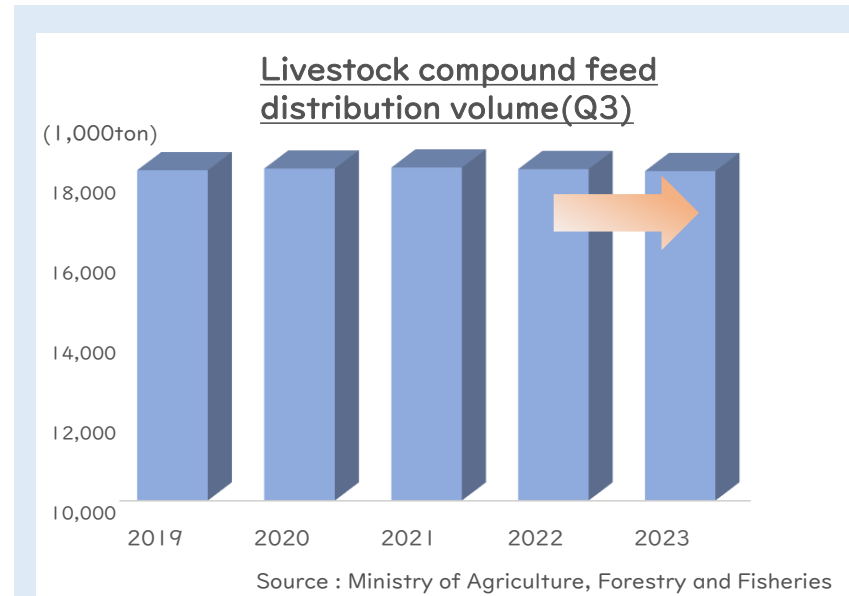
Unit electricity prices increased due to higher power generation costs. Unit gas prices declined due to lower natural gas prices, etc. Both electricity and gas prices increased due to the curtailment of the electricity and gas price reduction program from October of this fiscal year.



Unit price of electricity: **YoY 108.4%**  
 Gas price per unit : **YoY 94.5%**

## 3. Livestock compound feed distribution volume Trends

The distribution volume of compound feed for egg-laying hens decreased in the first half of the year due to the avian influenza that raged in the previous year, but began to recover in the second half, and the total volume remained flat.



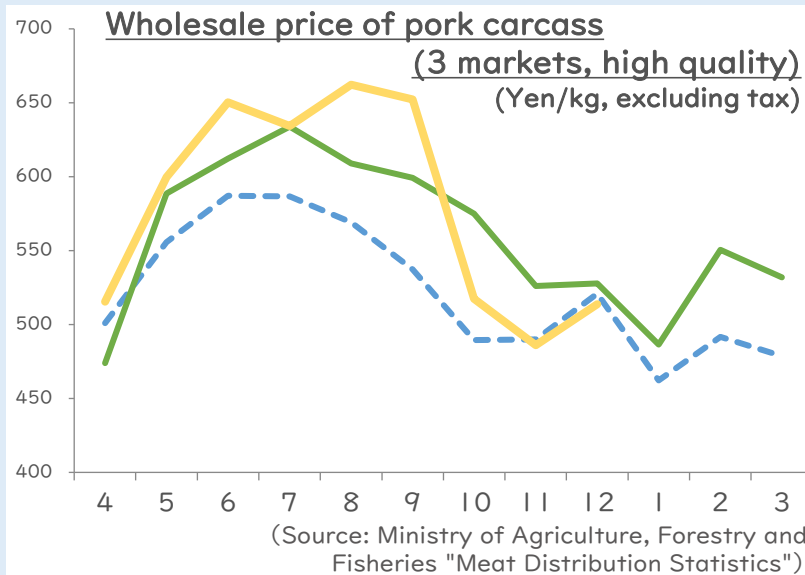
Livestock compound feed distribution volume : **Remained generally flat**

## 4. Livestock Products Market Conditions

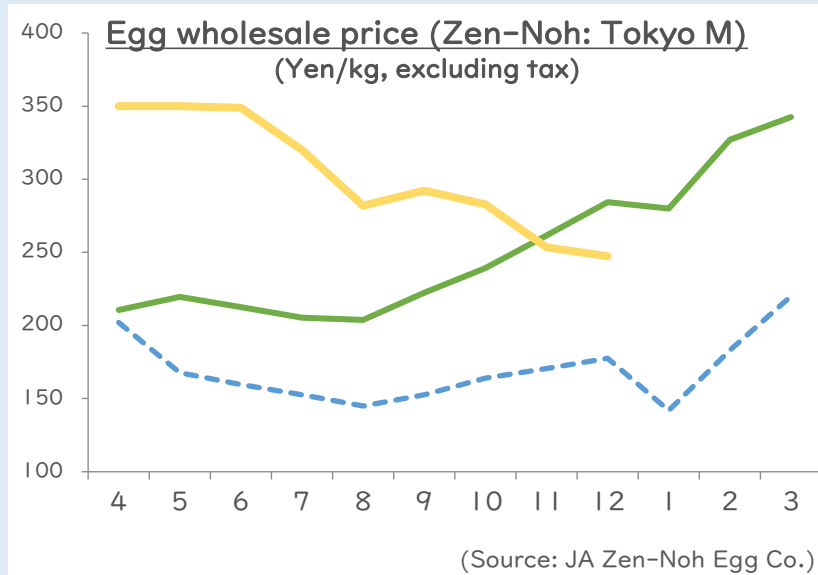
The Food business handles mainly pork carcasses and eggs sales.

Pork carcass market prices were higher than in the same period of the previous year due to a decrease in the number of pigs shipped during the summer due to the record-breaking heat wave but were lower than in the same period of the previous year from October onward due to a recovery in the number of pigs shipped as temperatures dropped in the fall and thereafter.

The egg market was significantly higher than in the same period of the previous year due to a decline in shipments caused by the nationwide spread of avian influenza from the previous period, but supply recovered with the resumption of operations and was lower than in the same period of the previous year from November onward.



Wholesale price of pork carcass : **YoY 101.6%**



Egg wholesale price : **YoY 132.4%**

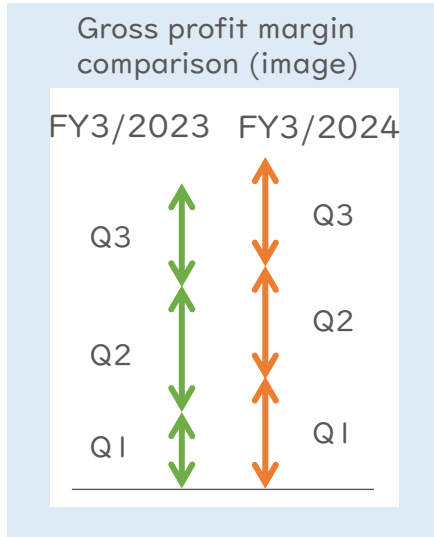
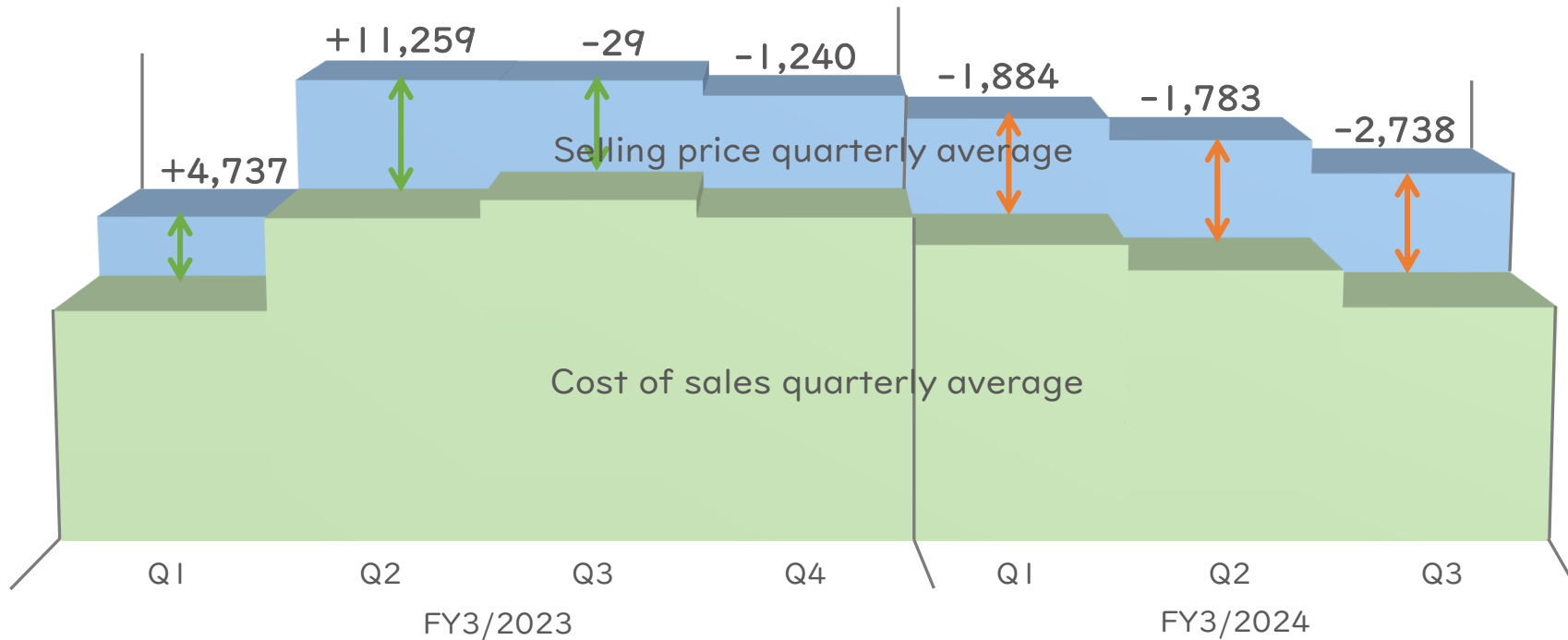
# Animal feed : Selling Price and Cost of Sales Trends



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Although sales prices peaked in the Q2 of the previous fiscal year and continuously declined, the range of gross profit through the Q3 of the current fiscal year remained above that of the same period of the previous year.

Sales price and cost of sales (Yen/MT)



- ▶ Imported corn accounts for 50% of the raw materials for animal feed.
- ▶ The selling price of compound feed is revised quarterly by converting the market price of raw materials, foreign exchange rates, and ocean freight rates.

# Summary of Financial Results for Q3 FY3/2024



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The increase in sales volume in the Feed business and the amount of increase in revenue due to the revision of sales prices in the Aquatic feed and Food business greatly exceeded the increase in cost of sales.

(Millions of Yen, %)

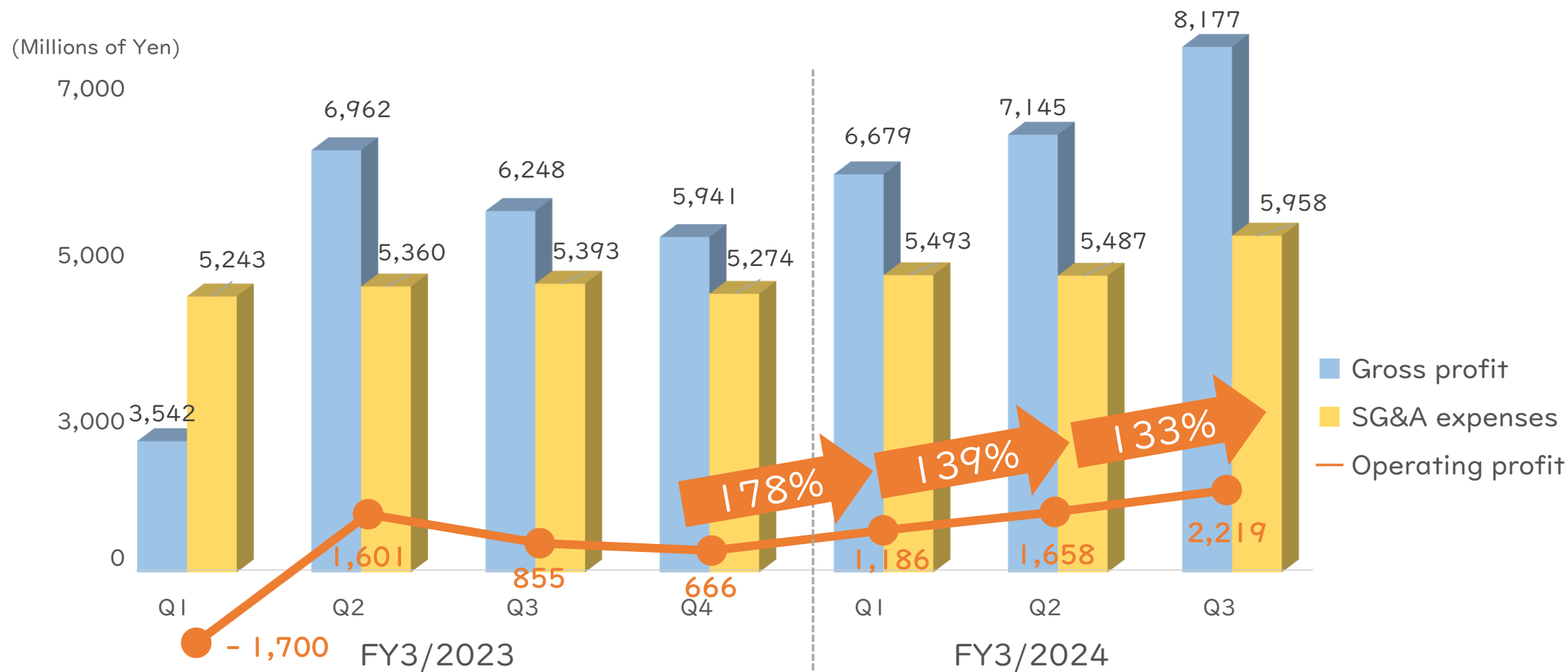
	Q3 FY3/2023	Q3 FY3/2024		
			YoY difference	YoY
Net Sales	228,746	238,369	+9,623	+4.2
Cost of Sales	211,993	216,367	+4,374	+2.1
Gross Profit	16,752	22,001	+5,249	+31.3
SG&A expenses	15,996	16,938	+941	+5.9
Operating Profit	756	5,063	+4,307	6.7x
Ordinary Profit	1,039	5,148	+4,108	5.0x
Net Profit attributable to owners of the parent company	636	3,257	+2,621	5.1x

# Quarterly Financial Results



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Profitability in all businesses (Feed and Food businesses) has been steadily enhanced every quarter by strengthening profitability.



# SG&A Expenses

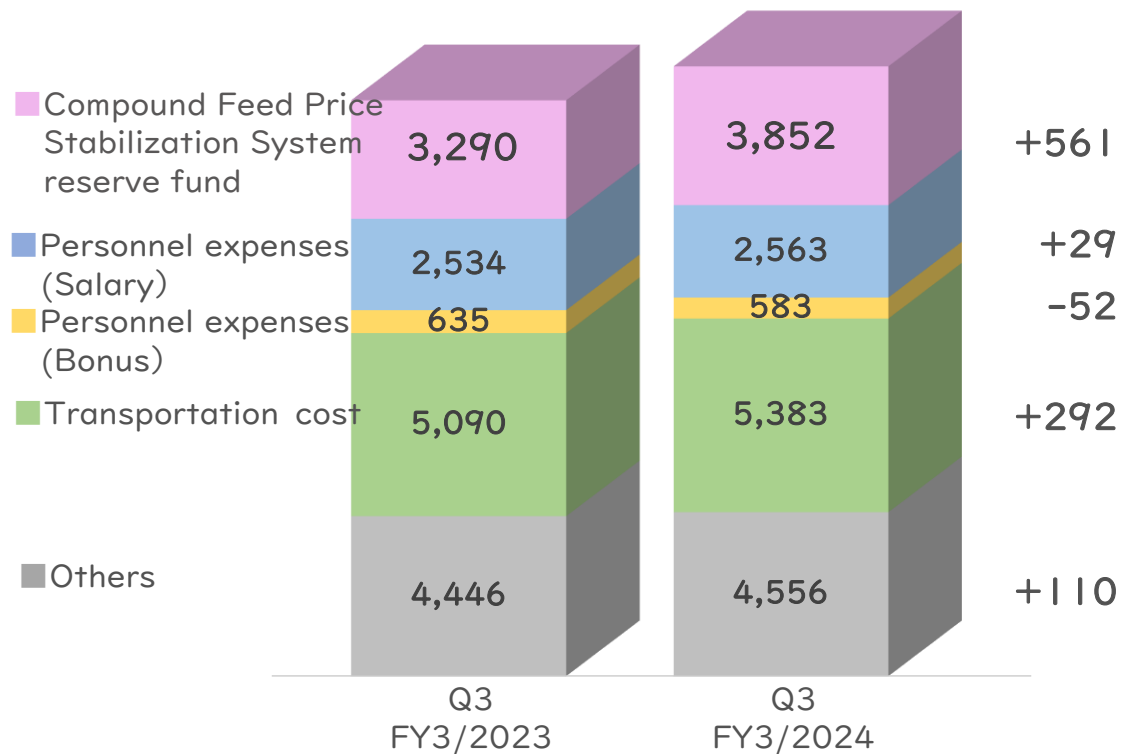
Compound Feed Price Stabilization System reserve fund and freight increased.

In Others, provision for doubtful accounts decreased, but operating activity expenses and system-related expenses increased.

(Millions of Yen)

(Previous term difference)

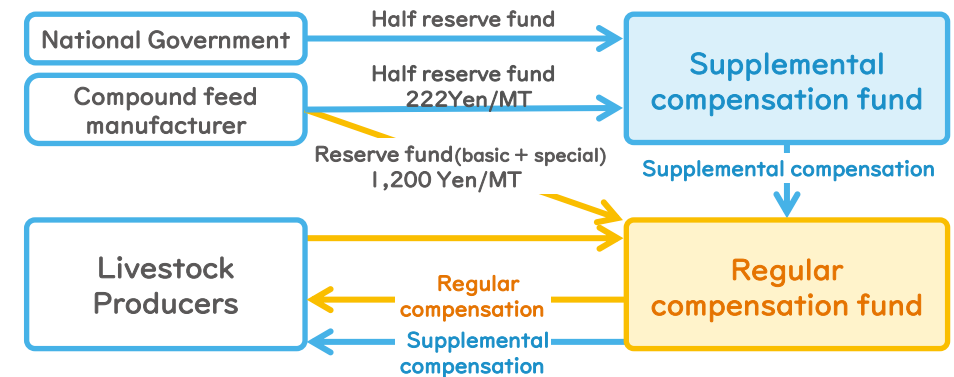
**SG&A expenses**    15,996    16,938    +941



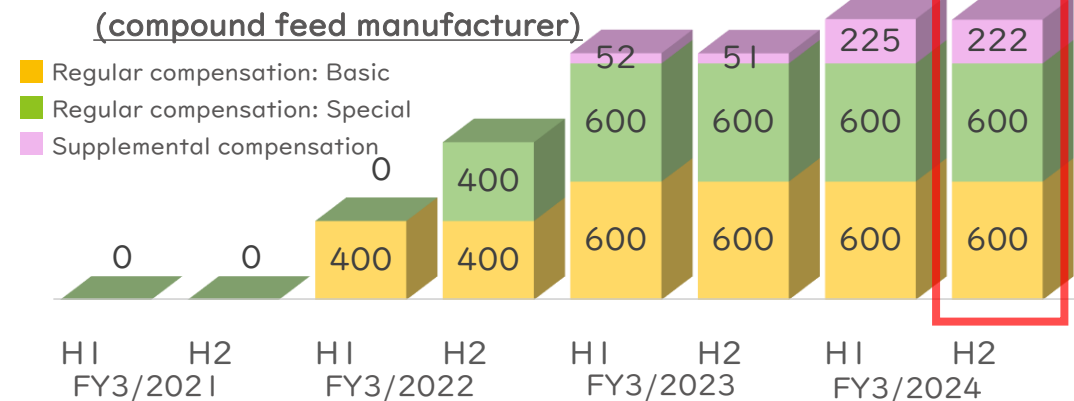
## Compound Feed Price Stabilization System

- ▶ Aim to mitigate the impact of rising feed prices on livestock operations.
- ▶ Compensation payments were made from FY3/2023 and a reserve was generated. In the same period, the price of imported raw materials rose sharply, causing the reserve fund to increase and the unit cost of the reserve fund to rise accordingly.

### Mechanism of the system (Example: H2 FY3/2024)



### Transition of reserve fund





# Q3 FY3/2024 Segment Status

Both sales and profits increased in each business segment. Sales volumes of Animal feed and Aquatic feed increased substantially.

(Millions of Yen,%)

	Q3 FY3/2023	Q3 FY3/2024			
			YoY difference	YoY	
Feed business	Net Sales	196,552	202,126	+ 5,573	+2.8
	Segment profit	2,616	6,138	+ 3,522	2.3x
Food business	Net Sales	30,321	34,315	+ 3,993	+13.2
	Segment profit	- 270	611	+ 882	—

※Segment profit:Operating profit

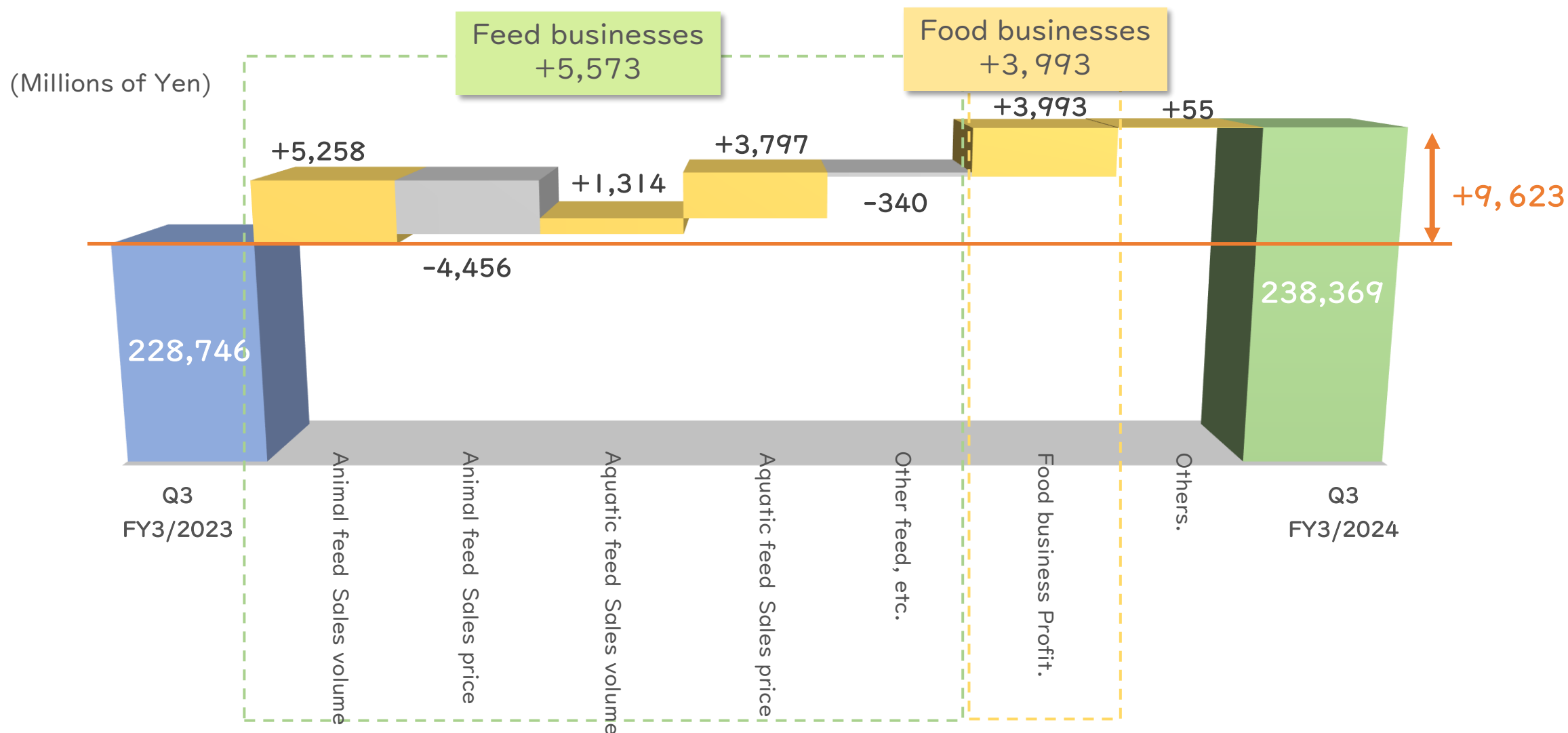
(Thousand metric tons, %)

Sales volume	Q3 FY3/2023	Q3 FY3/2024		
			YoY	Comments
Animal feed	2,683	2,764	+ 3.0	For layers+1%、for broilers+6%、for pigs+5%、for cattle+1%
Aquatic feed	81	88	+ 8.9	For marine fish+12%、for freshwater fish-14%

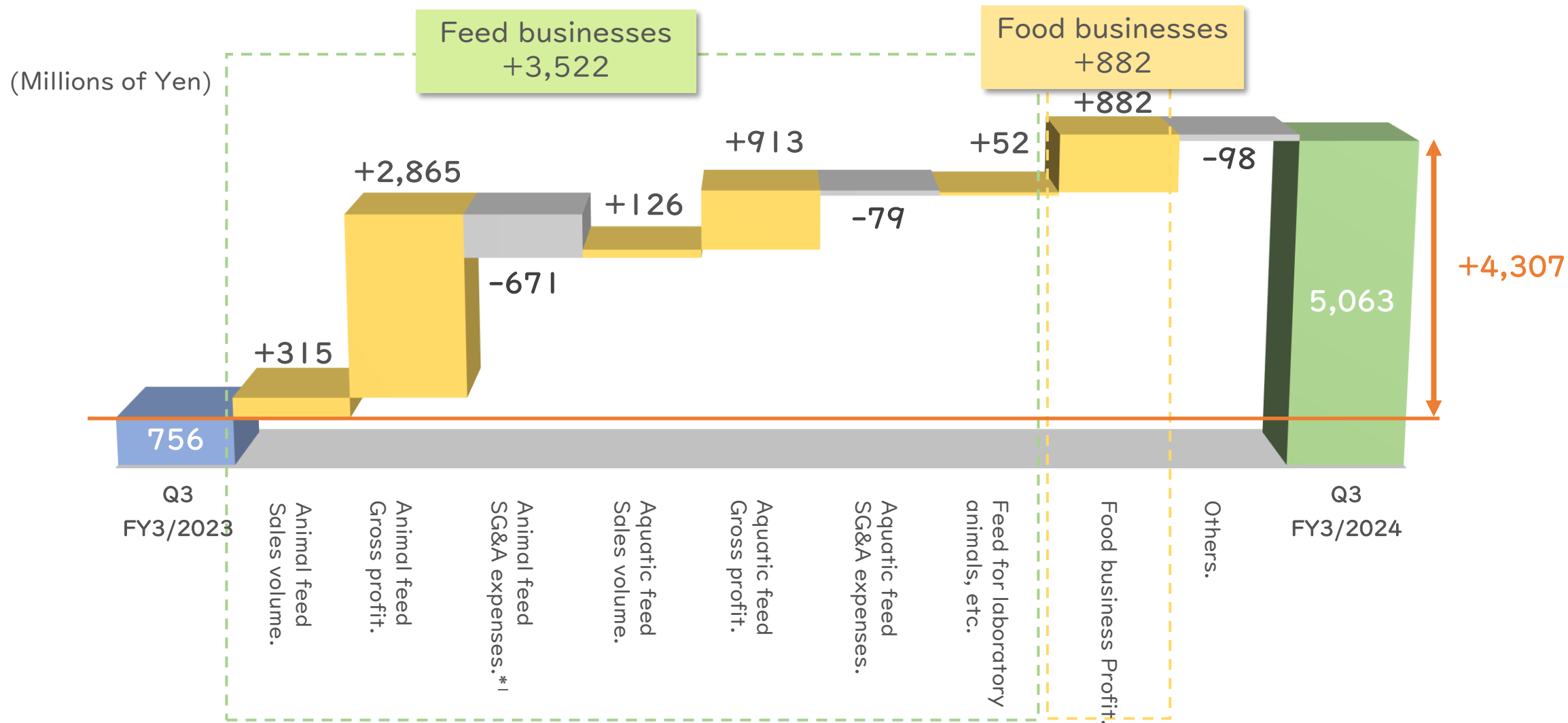
# Factors of Net sales increase / decrease



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# Factors of Operating profit Increase / decrease



※1 Compound Feed Price Stabilization System reserve fund increased: -652

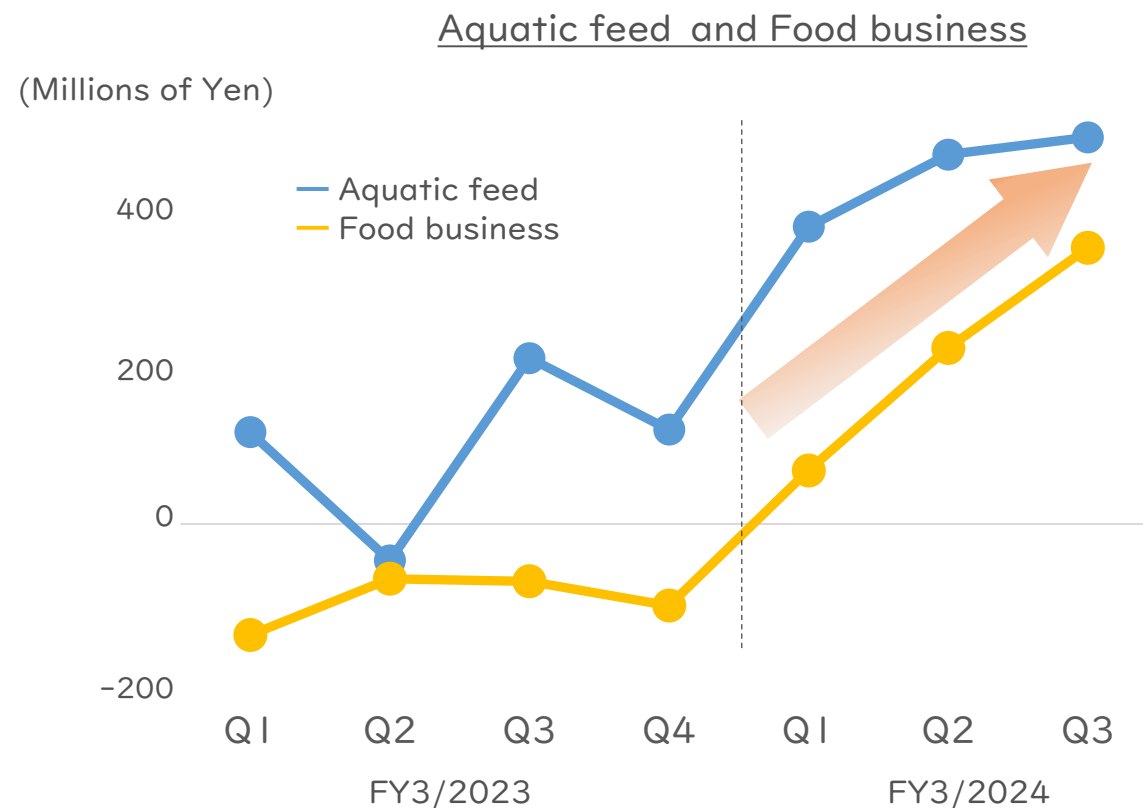
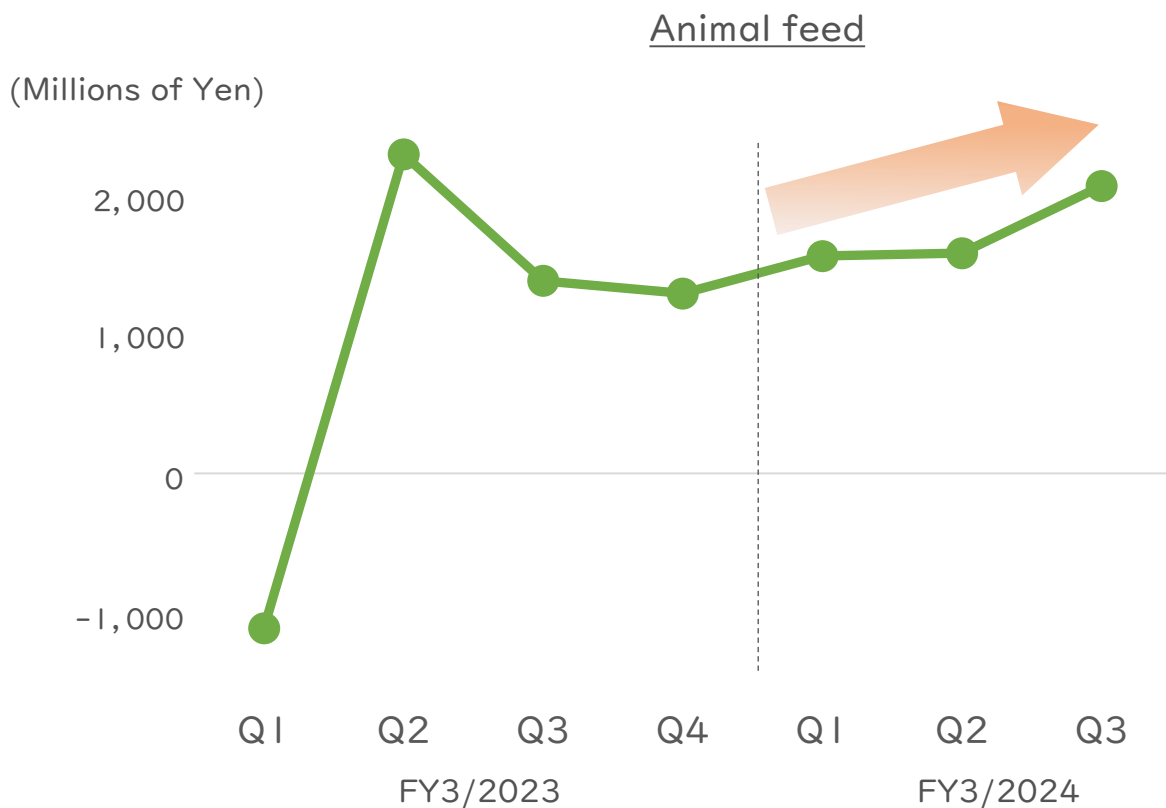
# Quarterly Financial Results(Operating profit)



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Profitability of Animal feed, a stable revenue base, was strengthened by an increase in gross profit margin due to periodic price revisions and by passing on increased costs to selling prices.

The price revision implemented in the H1 of the fiscal year for Aquatic feed penetrated the market, while the Food business saw a significant improvement in earnings due to a review of sales conditions and a decline in market prices in the H2 of the fiscal year.



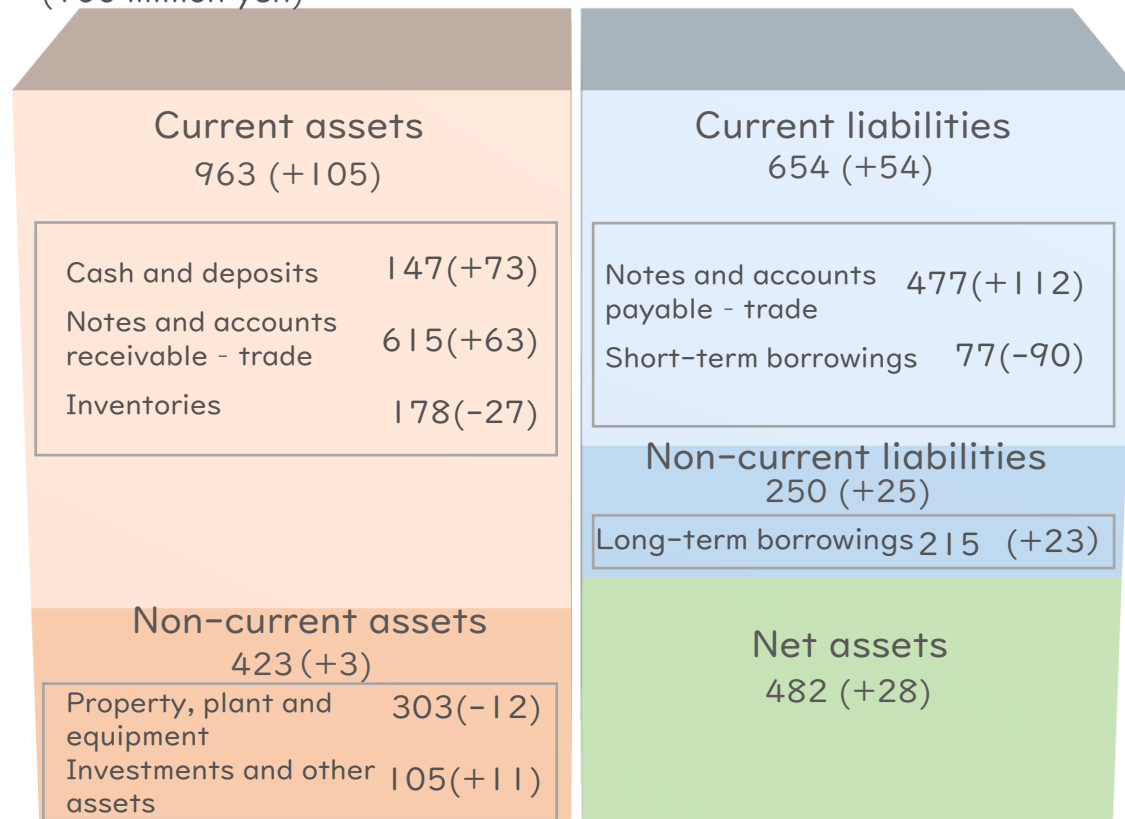
# Consolidated Financial Condition



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## Consolidated balance sheets (YoY difference)

(100 million yen)

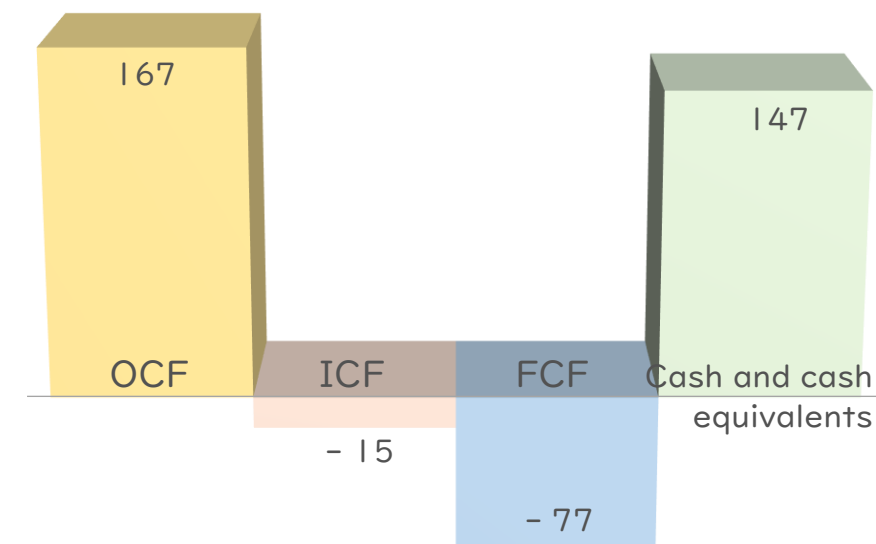


**Total assets 1,387 (+108)**

※The end of December 2023 was a bank holiday.

## Consolidated statements of cash flows

(100 million yen)



- OCF : Net profit 49, Working capital 76
- ICF : Capital investment -17
- FCF : Repayments of long-term borrowings -66
- Cash and cash equivalents : Net increase / decrease +73



# FY3/2024 Earnings Forecast

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# FY3/2024 Earnings Forecast



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(Millions of Yen,%)

	FY3/2024 Forecast at beginning of term	FY3/2024 Forecast earnings revision	FY3/2023		
			rate of change	rate of change	
Net Sales	323,000	313,000	-3.1	307,911	+1.7
Operating Profit	3,500	7,500	2.1x	1,422	5.2x
Ordinary Profit	3,500	7,500	2.1x	1,711	4.3x
Net Profit attributable to owners of the parent	2,300	4,800	2.1x	1,030	4.6x

## Background of Revision of Full-Year Consolidated Earnings Forecasts

Net Sales : Animal feed prices were reduced for the third consecutive quarter.

Profit : In the Animal feed, profitability strengthened due to an increase in gross profit margin and progress in passing on increased costs in the form of higher prices. The price revision implemented in the H1 of the fiscal year for Aquatic feed penetrated the market, while the Food business saw a significant improvement in earnings due to a review of sales conditions and a decline in market prices in the H2 of the fiscal year.

Based on the revised full-year earnings forecast for the fiscal year ending March 31, 2024, the year-end dividend forecast is increased by 2 yen from the previous forecast to 14.5 yen per share, and the annual dividend forecast is revised to 27 yen per share.



# Topics

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# Topics



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Together with SOFTBANK Corp. and others, the Company initiated a quality standardization project to establish a method for measuring freshness and umami of fish.



### Background of Project Launch

- ① Fish prices are determined solely by species and weight.
- ② A simple method for measuring freshness, a quality criterion for fish, has not been established. Free amino acids, which affect the umami of fish, have not been identified.
- ③ The "2024 problem" in the logistics and transportation industry will make it more difficult to transport fresh fish over long distances.

One method to solve the above issues is to produce delicious frozen fish and transport it without compromising quality.

With the support of Ehime Triangle Ehime, the Consortium will work on the following

1. Creating new standards for fish taste (umami)
2. Creating Standards for Delicious Frozen Fish
3. Establishment of a new method to measure fish freshness and umami in real time

Working to improve fish farming and management techniques suitable for frozen fish, We will use the knowledge gained to develop specialized feeds suitable for frozen fish.

## NIKKEI SDGs Management Survey

: 3-star certification

# NIKKEI SDGs

経営調査 2023 ★★

The 5th Nikkei SDG Management Survey covered 899 listed and leading non-listed companies throughout Japan.

The Company received a three-star rating with SDGs Strategic and Economic Value: A+, Social Value: A+, Environmental Value: A, and Governance: A+.

## “Eruboshi” Certification for promotion of women's activities: 2-star certification



The Law for the Promotion of Women's Activities in Employment (Law for the Promotion of Women's Activities) is a system for certifying companies that have implemented excellent initiatives for the advancement of women in their workplaces.

Exemption from relocation for a certain period of time due to life events, system that allows employees to continue working in the same area when they marry each other, system that allows employees to retain lapsed paid vacations as preserved paid vacations to be used for unpaid maternity, paternity, and childcare leave, job return system, etc. We aim to create a workplace where all employees can play an active role by introducing systems that can be utilized by both men and women alike.

# Topics

Affiliated company Green Farm Sogo, Ltd.'s "granular and powdered fermented compost made from chicken manure from own farms" was introduced in a collection of advanced cases by the Ministry of Agriculture, Forestry and Fisheries.



The company produces powdered and granular products from chicken manure from its own farms. Sales of powdered and granulated products increased demand and expanded the number of customers.

Ministry of Agriculture, Forestry and Fisheries HP:  
Case Studies of Utilization of Domestic Resource Origin Link

## Responses to climate change

Affiliated company Hokkaido Feed One Sales, Ltd.'s .

The Feed One Group has set a goal of halving its CO2 emissions by 2030 compared to the FY2020 level, and is actively pursuing this goal.

- The company installed solar panels in December 2023.

The Feed One Group is planning a major climate change response initiative.



Our company endorsed the "Kodomo-Mannaka Ouen Supporter" of the Agency for Children and Families.

The company shares and agrees with the aims of the Kodomo-Mannaka Declaration, which aims to realize a society in which children can grow up healthy and happy, and is promoting its efforts.

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## Initiatives

- Nutrition Education Classes
- Problem-solving classes at schools
- Children's visit day, etc.



## Efforts to Promote Milk Consumption

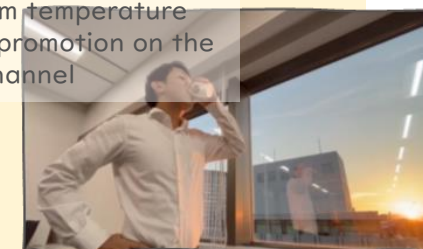
We promote the consumption of agricultural, livestock, and marine products, including dairy products, in order to support all primary industry workers who are facing difficult circumstances, such as soaring energy prices.

## Initiatives

- Sponsorship of milk promotion in retail stores
- Food support for milk that can be stored at room temperature
- Posting of videos supporting milk consumption promotion on the official X (formerly Twitter) account "ONE's Channel"



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Please be aware that actual performance and results may differ due to changes in various factors.

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