



Supplementary Materials for Financial Results FY Ended Mar. 2024

May 10th, 2024

FEED ONE CO., LTD.

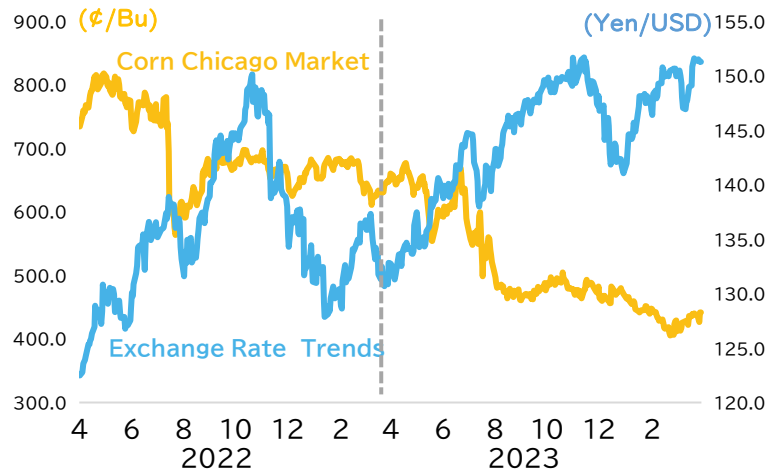
TSE Prime Symbol:2060

Business Environment

1. Impact of Imported Raw Materials

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

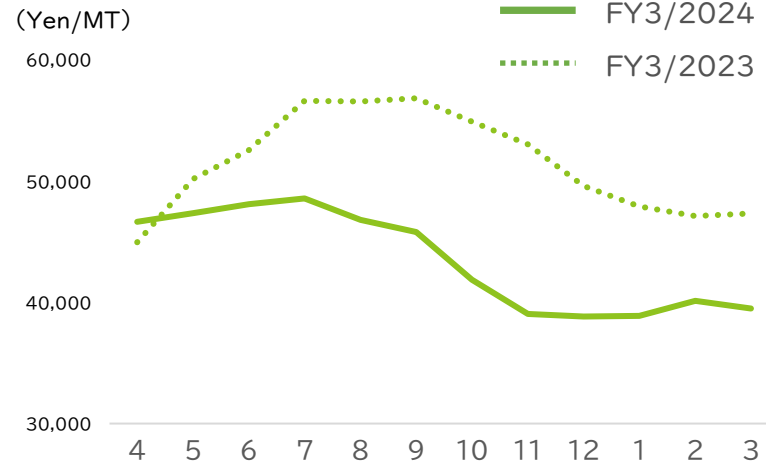
Corn Chicago Market and Exchange Rate Trends



Exchange Rate Trends: **YoY 106.7%**

Corn Chicago Market : **YoY 73.8%**

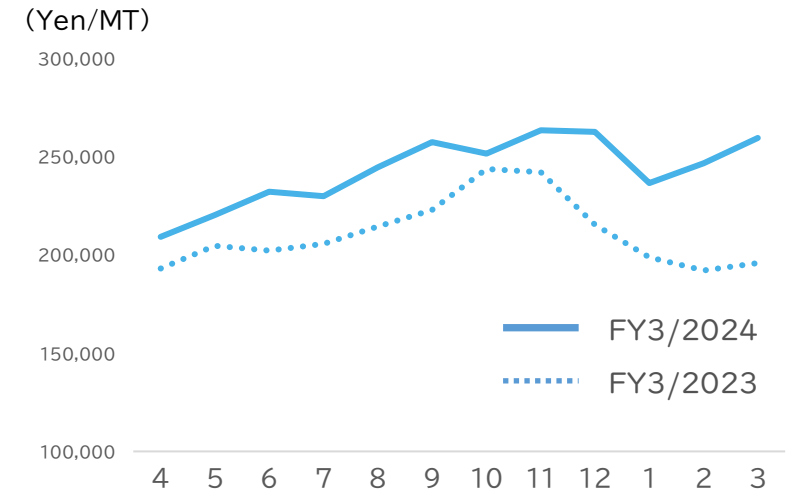
Corn imported price



Source : Ministry of Finance trade statistics

Corn imported price : **YoY 84.4%**

Fishmeal imported price



Source : Ministry of Finance trade statistics

Fish meal imported price : **YoY 114.3%**

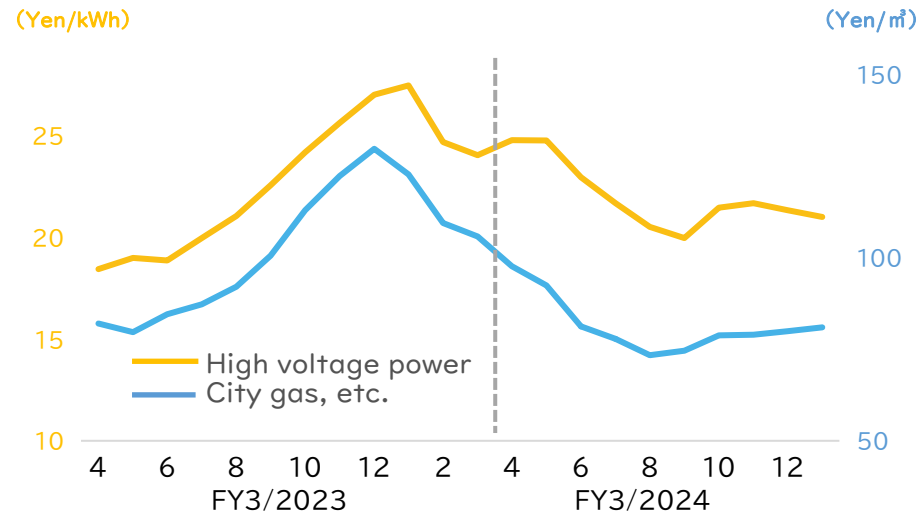
- The yen continued to depreciate against the U.S. dollar due to the interest rate differential between Japan and the U.S. and other factors.
- The Chicago market for corn softened due to a stable production outlook.
- Corn import prices were well below the previous year's levels.

- Anchovy, the raw material, was not caught in Peru due to the El Niño phenomenon.
- Fish meal import prices were significantly higher than the previous year.

Business Environment

2. Energy Cost Trends

Changes in unit prices of electricity and gas



Source : Energy Information Center, Inc.

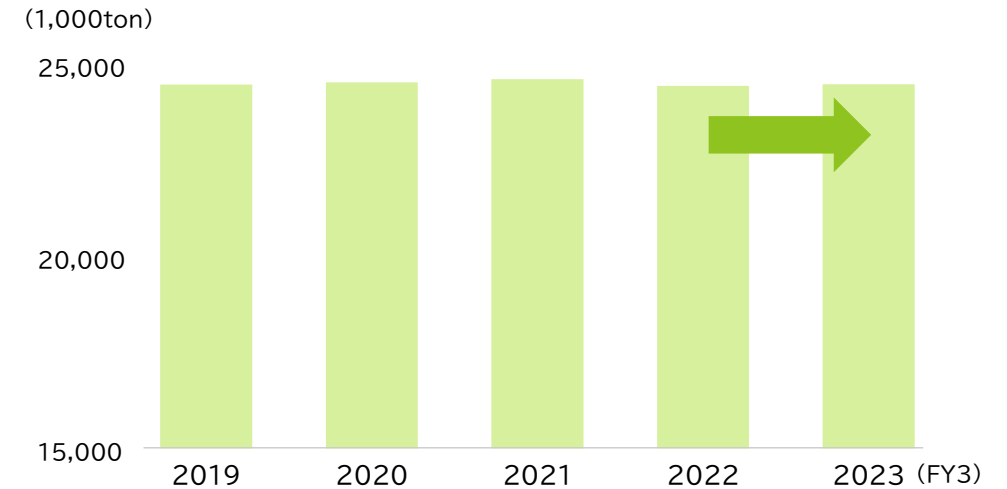
Unit price of electricity: YoY 98.2%

Gas price per unit : YoY 80.5%

- Unit electricity prices trended downward and were below the previous year's level.
- Gas unit prices have been soft since the end of last year and are significantly lower than the previous year.

3. Livestock compound feed distribution volume Trends

Livestock compound feed distribution volume



Source : Ministry of Agriculture, Forestry and Fisheries

Livestock compound feed distribution volume : Remained generally flat

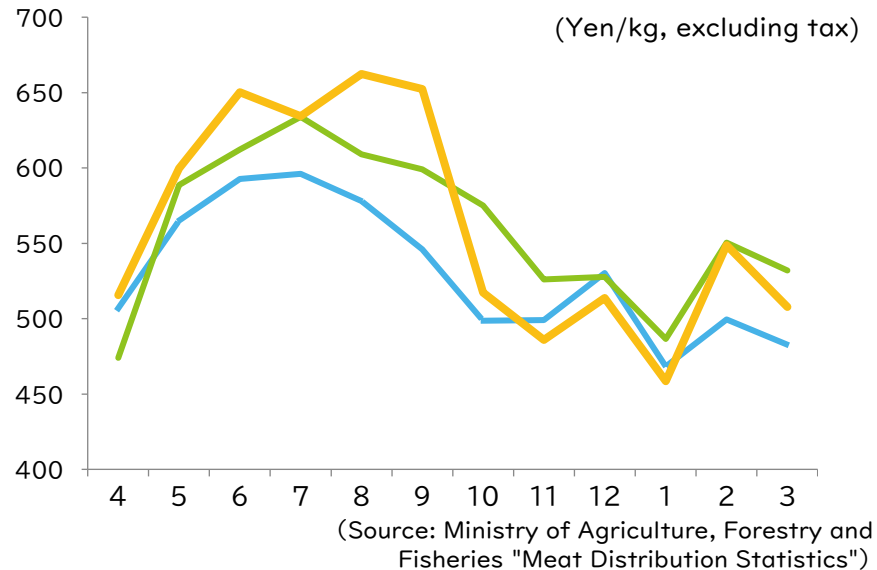
- Since the fall of 2022, the avian influenza pandemic has temporarily reduced the number of birds kept. This year, the number of birds reared recovered and feed distribution volume also recovered.

Business Environment

4. Livestock Products Market Conditions

The Food business handles mainly pork carcasses and eggs sales.

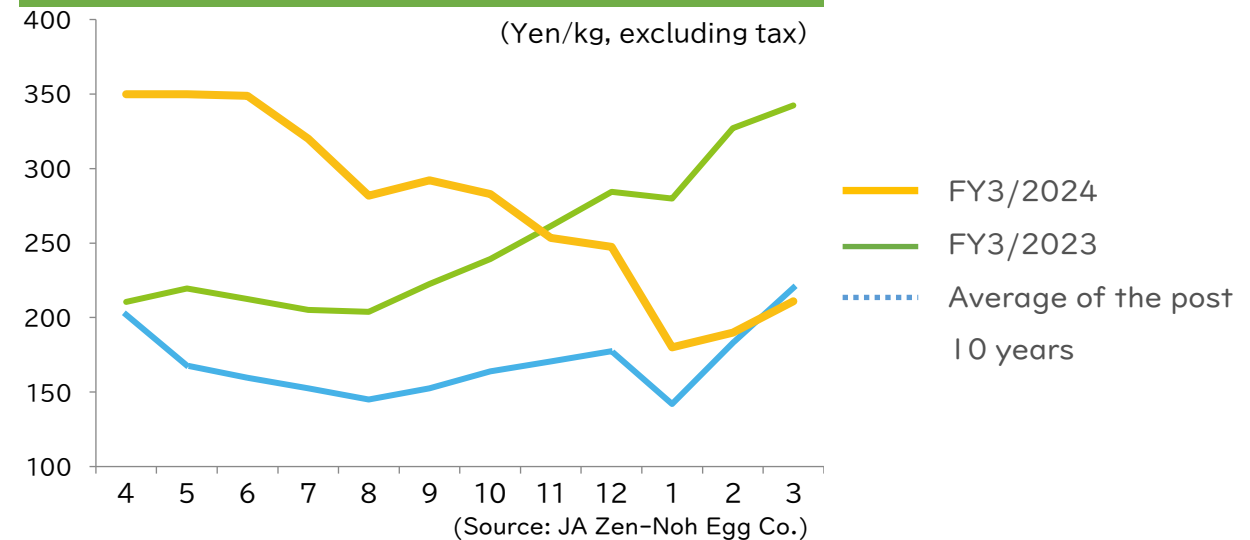
Wholesale price of pork carcass (3 markets, high quality)



Wholesale price of pork carcass : **YoY 100.5%**

- Market prices were higher than the previous year due to a decrease in the number of animals shipped, caused by the record summer heat wave.
- The market price declined as the number of cattle shipped recovered due to cooler temperatures from October onward.

Egg wholesale price (Zen-Noh: Tokyo M)

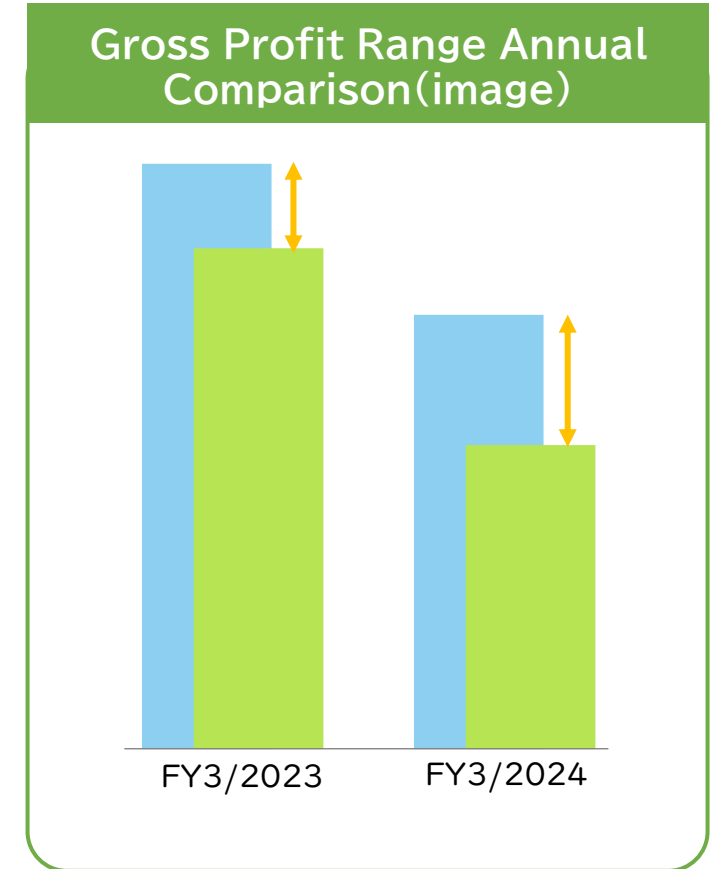
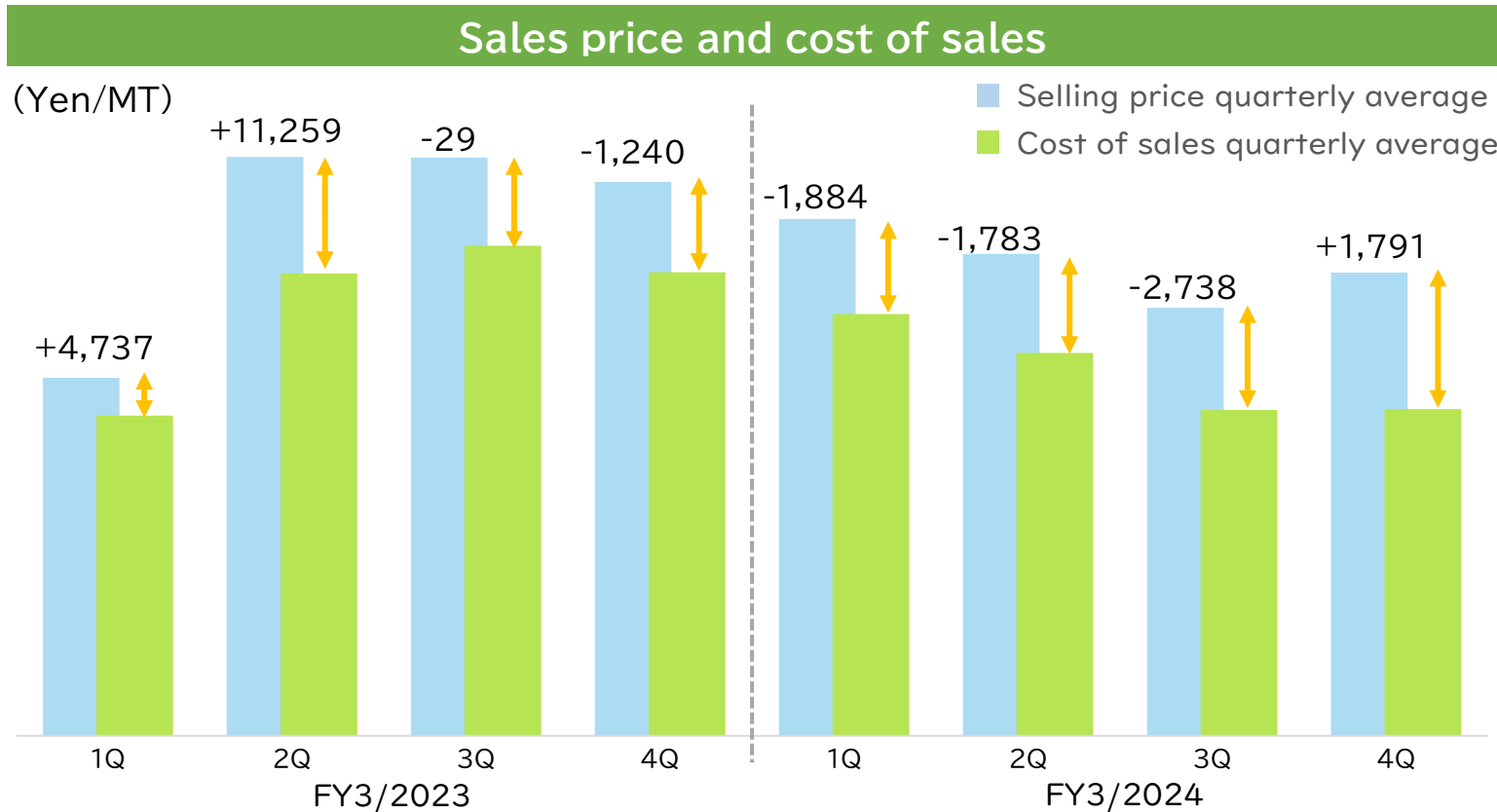


Egg wholesale price : **YoY 109.9%**

- Market prices were well above the previous year's levels due to a decrease in shipments in the first half of the year as a result of the avian flu.
- Market prices were well below the previous year's levels as the number of birds kept recovered from November onward.

Animal feed : Selling Price and Cost of Sales Trends

Selling prices peaked in the second quarter of the previous fiscal year and declined continuously, rising for the first time in six fiscal quarters in the fourth quarter of the current fiscal year. Gross profit margin improved from the previous quarter.



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 the FY3/2024

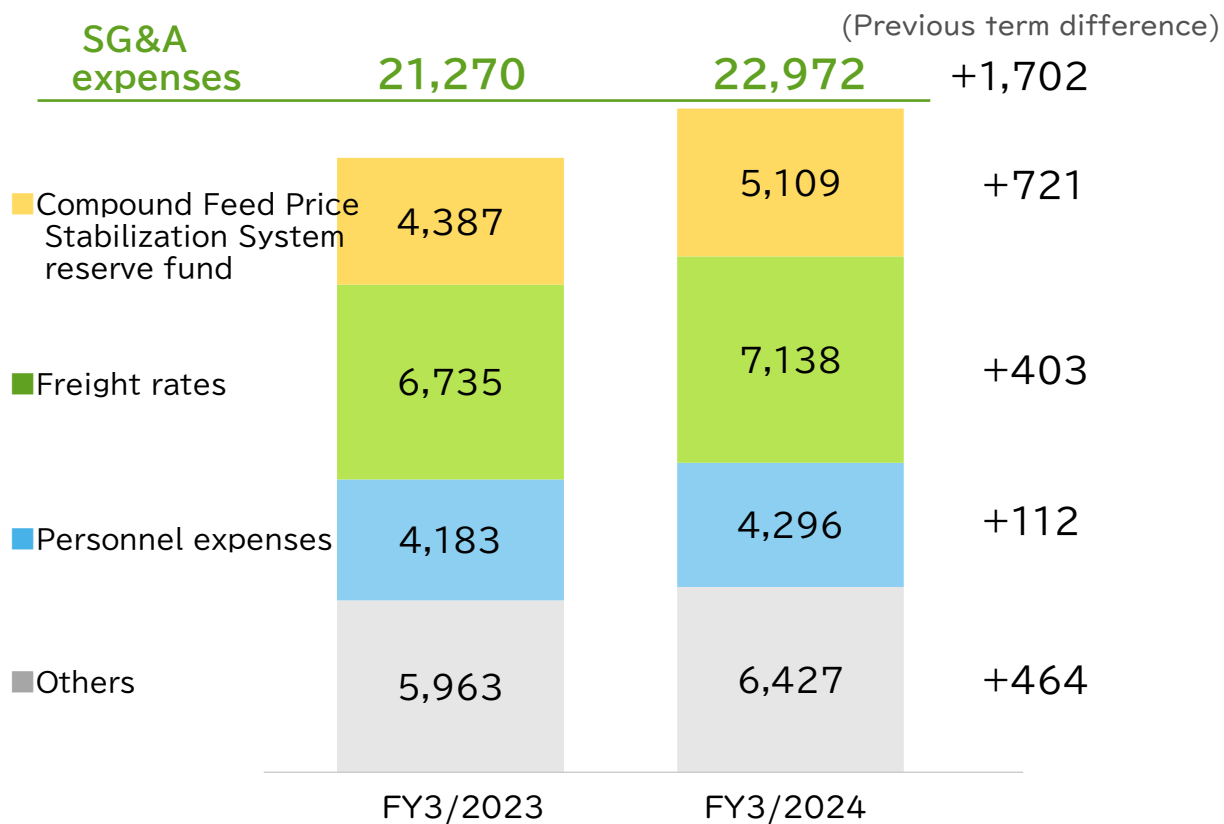
Net sales was increased due to higher sales volume in Feed business and higher sales prices of Aquatic feed. Gross profit was increased due to lower cost of sales resulting from lower raw material prices, etc.

(Millions of Yen)

| | FY3/2023 | FY3/2024 | | |
|---|----------|----------|----------------|------------------|
| | | | YoY difference | YoY |
| Net Sales | 307,911 | 313,875 | +5,963 | +1.9% |
| Cost of Sales | 285,218 | 283,153 | -2,064 | -0.7% |
| Gross profit | 22,693 | 30,721 | +8,028 | +35.4% |
| SG&A expenses | 21,270 | 22,972 | +1,702 | +8.0% |
| Operating profit | 1,422 | 7,748 | +6,325 | 4.4 _x |
| Ordinary profit | 1,711 | 7,737 | +6,026 | 3.5 _x |
| Profit attributable to owners of parent | 1,030 | 5,084 | +4,053 | 3.9 _x |

SG&A Expenses

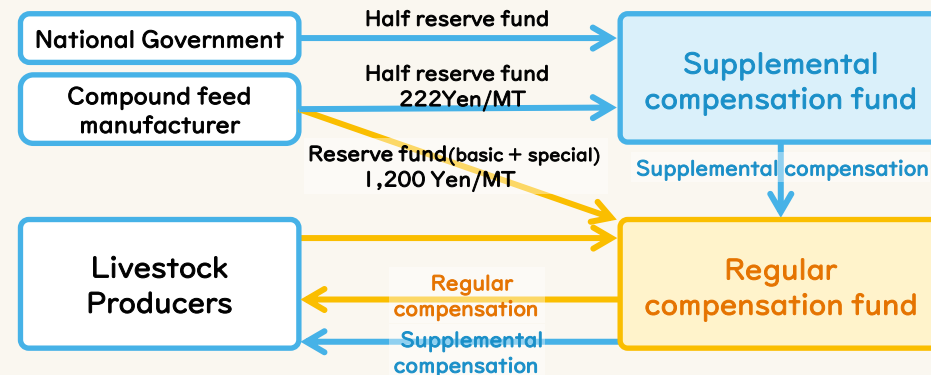
- Increase in reserve for Compound Feed Price Stabilization System charges.
- Freight rates increased due to higher sales volume and higher unit prices.
- Personnel expenses increased due to salary base increases.
- "Others" increased in sales activity expenses and system-related expenses.



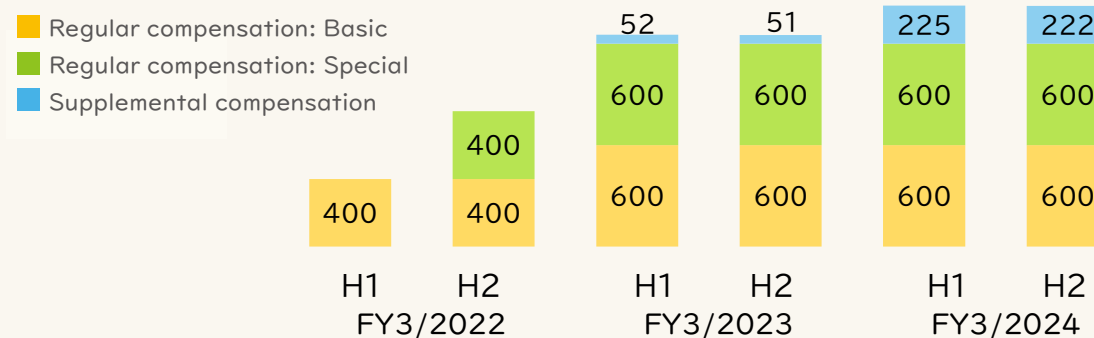
Compound Feed Price Stabilization System

- ▶ 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(compound feed manufacturer)



FY3/2024 Segment Status

Sales and profits increased in all businesses.

Sales volume increased in both Animal feed and Aquatic feed.

(Millions of Yen)

| | FY3/2023 | FY3/2024 | | |
|---------------|----------------|----------|----------------|-----------------------------|
| | | | YoY difference | YoY |
| Feed business | Net Sales | 264,073 | 267,340 | + 3,266 +1.2% |
| | Segment profit | 3,925 | 9,380 | + 5,455 1.4 _x |
| Food business | Net Sales | 41,334 | 44,105 | + 2,771 +6.7% |
| | Segment profit | - 369 | 860 | + 1,230 returning to profit |

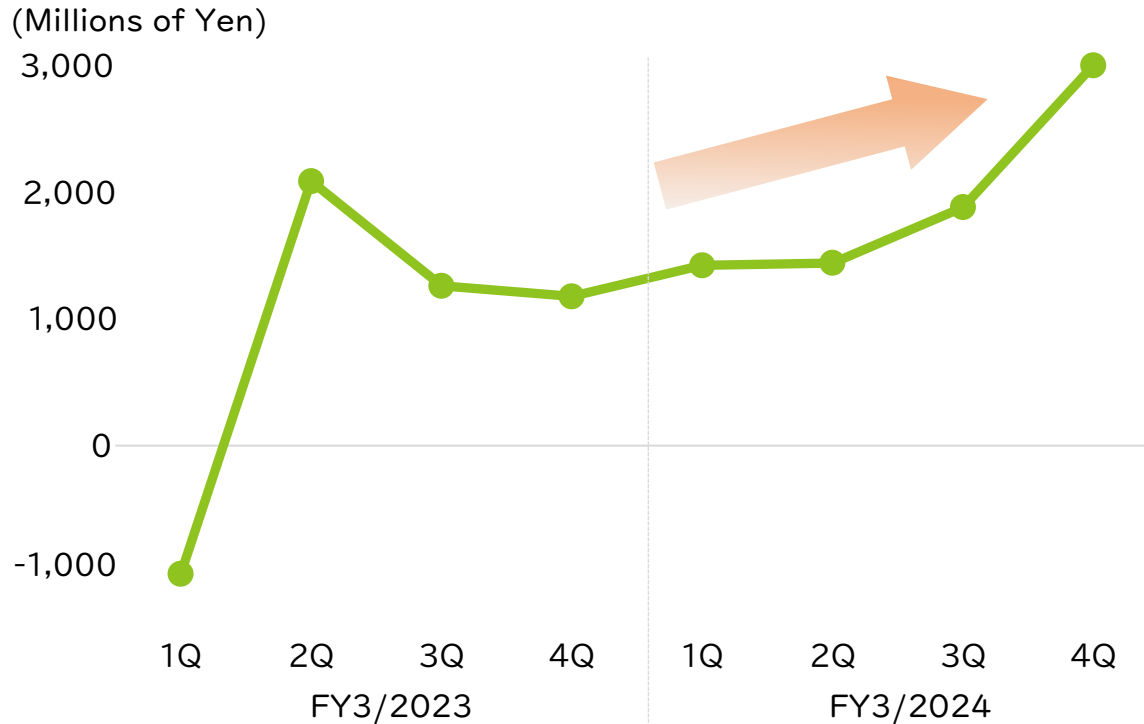
*Segment profit: Operating profit

(Thousand metric tons)

| Sales volume | FY3/2023 | FY3/2024 | | |
|--------------|----------|----------|--------|--|
| | | | YoY | Comments |
| Animal feed | 3,586 | 3,681 | + 2.7% | For layers +1%, for broilers +5%, for pigs +4%, for cattle +1% |
| Aquatic feed | 100 | 110 | + 9.8% | For marine fish +13%, for freshwater fish -13% |

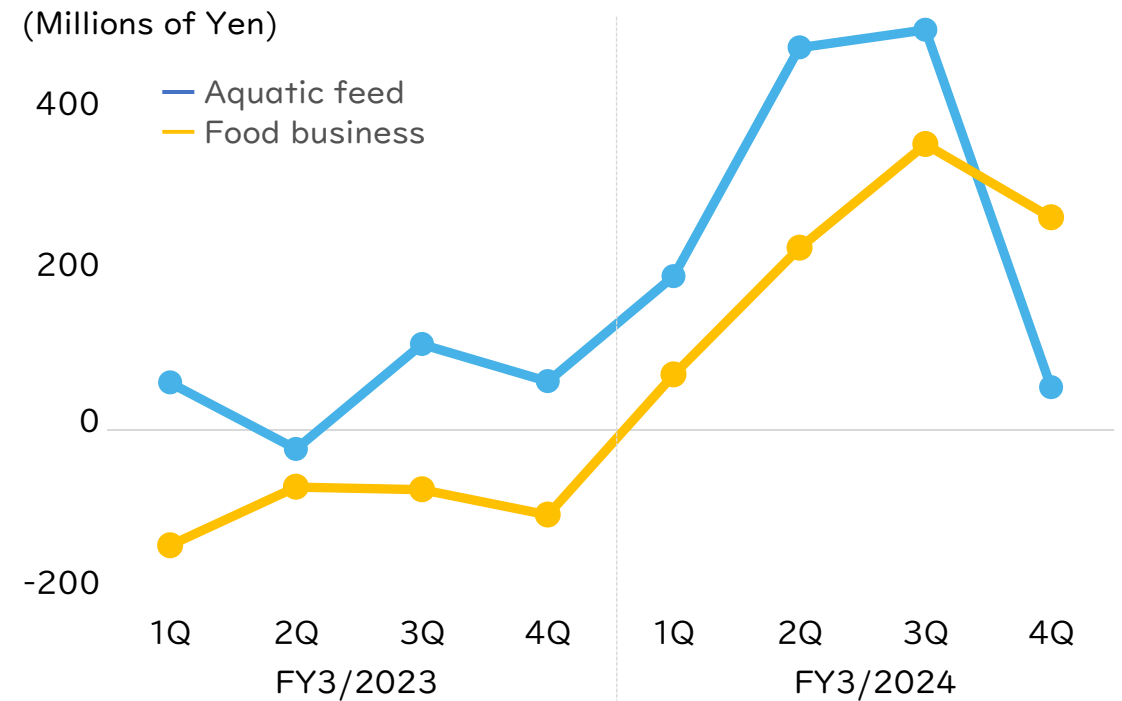
Quarterly Financial Results(Operating profit)

Animal feed



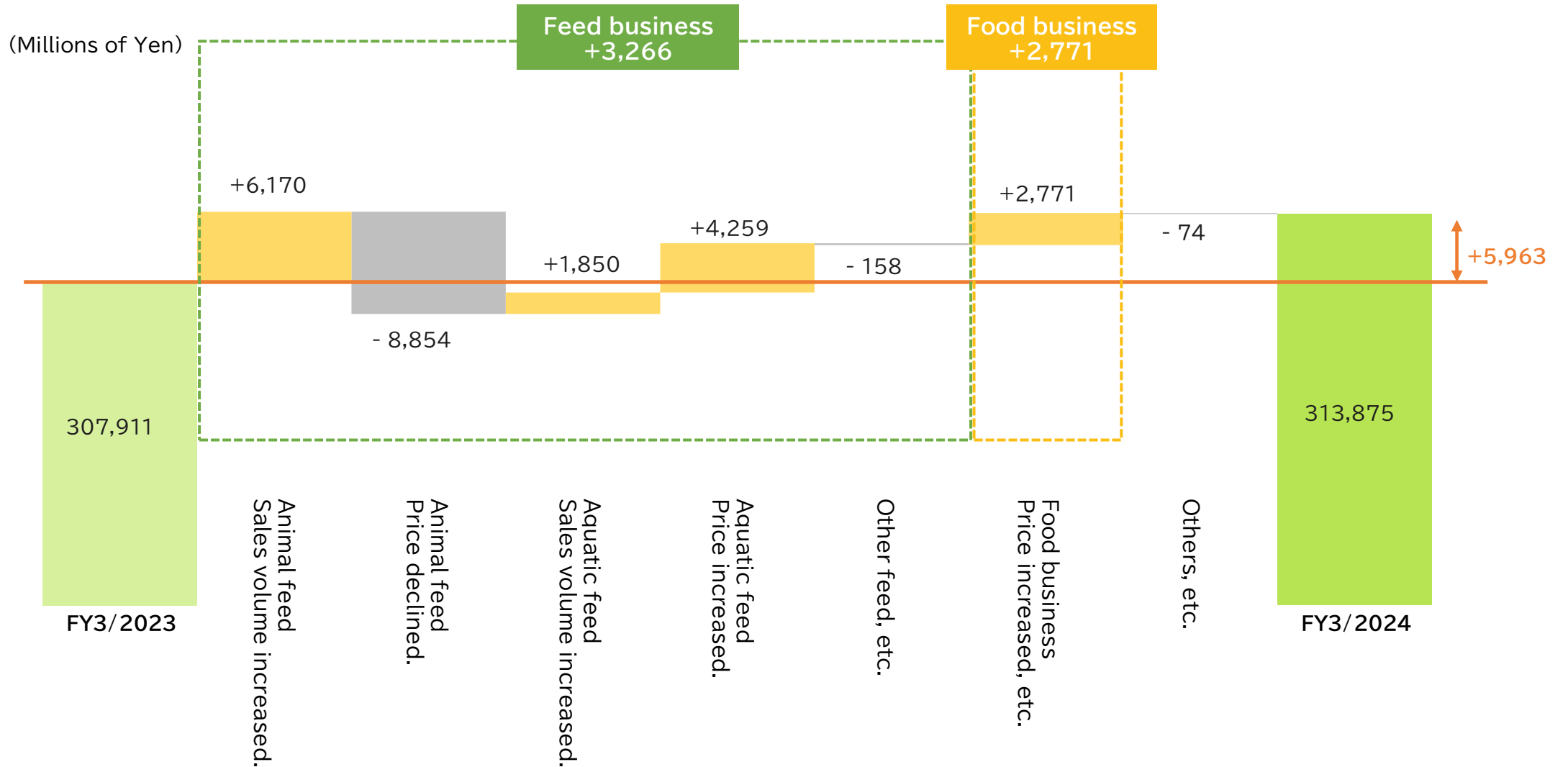
- Profitability of Animal feed, a stable revenue base, was strengthened by an increase in gross profit margin due to periodic price revisions and by passing on increased costs to selling prices.

Aquatic feed and Food business

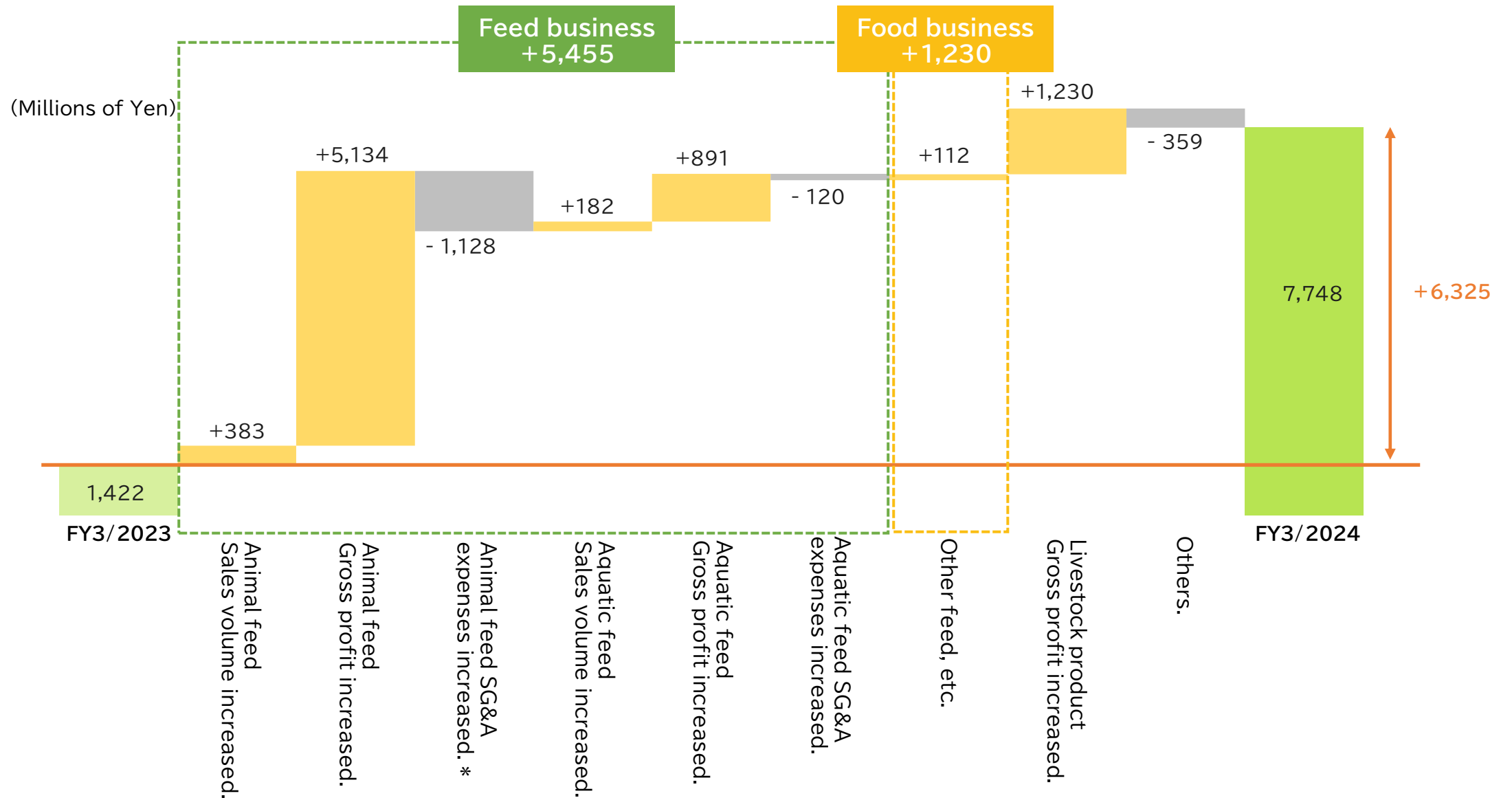


- Aquatic feed posted higher profits due to price revisions implemented in the H1 of the fiscal year. 4Q profits declined due to higher raw material prices.
- Food business saw a significant improvement in earnings due to a review of sales conditions and a decline in market prices in the H2 of the fiscal year.

Factors of Net Sales Increase / Decrease



Factors of Operating profit Increase / Decrease Factors



* Increase in reserve fund for Compound Feed Price Stabilization System: -721million yen.

Consolidated Financial Condition

Consolidated balance sheets

(100 million yen)

() : YoY difference

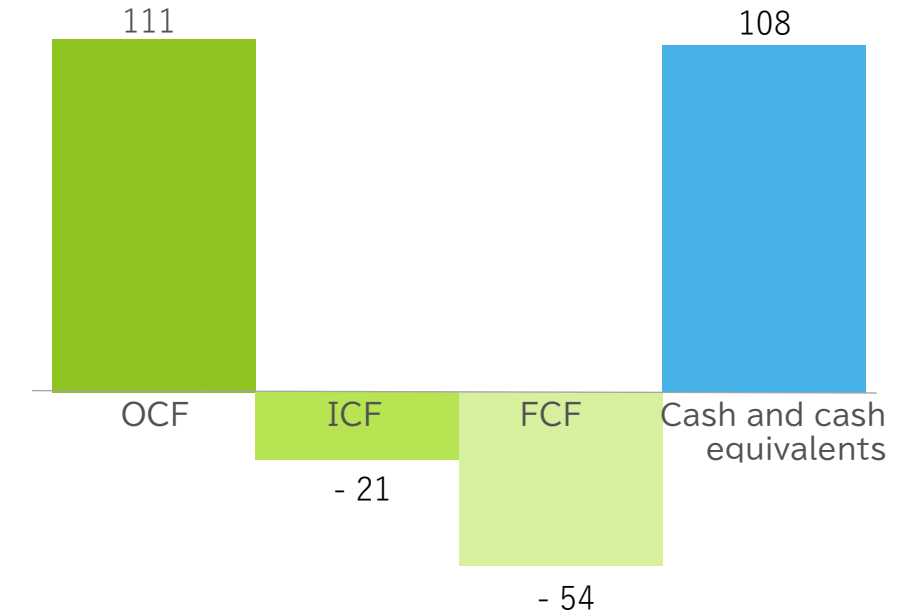
| | | | |
|---------------------------------------|-----------|---|-----------|
| Current assets 882 (+23) | | Current liabilities 551 (-49) | |
| Cash and deposits | 108 (+34) | Notes and accounts payable - trade | 343 (-21) |
| Notes and accounts receivable - trade | 569 (+17) | Short-term borrowings | 105 (-62) |
| Inventories | 173 (-32) | Non-current liabilities 250 (+25) | |
| Non-current assets 428(+7) | | Long-term borrowings | |
| Property, plant and equipment | 301(-14) | 211(+19) | |
| Investments and other assets | 111(+16) | Net assets 508 (+55) | |

Total assets 1,310 (+31)

※The end of March 2024 was a bank holiday.

Consolidated statements of cash flows

(100 million yen)



OCF : Net profit 75

ICF : Capital investment -26

FCF : Repayments of long-term borrowings -42

Cash and cash equivalents : Net increase / decrease +34

FY3/2025 Earnings Forecast



FY3/2025 Earnings Forecast

(Millions of Yen)

| | FY3/2024 | FY3/2025 | | |
|---|----------|----------|----------------|--------|
| | | | YoY difference | YoY |
| Net Sales | 313,875 | 307,000 | -6,875 | -2.2% |
| Cost of Sales | 283,153 | 275,200 | -7,953 | -2.8% |
| Gross profit | 30,721 | 31,800 | +1,079 | +3.5% |
| SG&A expenses | 22,972 | 25,700 | +2,728 | +11.9% |
| Operating profit | 7,748 | 6,100 | -1,648 | -21.3% |
| Ordinary profit | 7,737 | 6,300 | -1,437 | -18.6% |
| Profit attributable to owners of parent | 5,084 | 4,500 | -584 | -11.5% |

Prerequisite

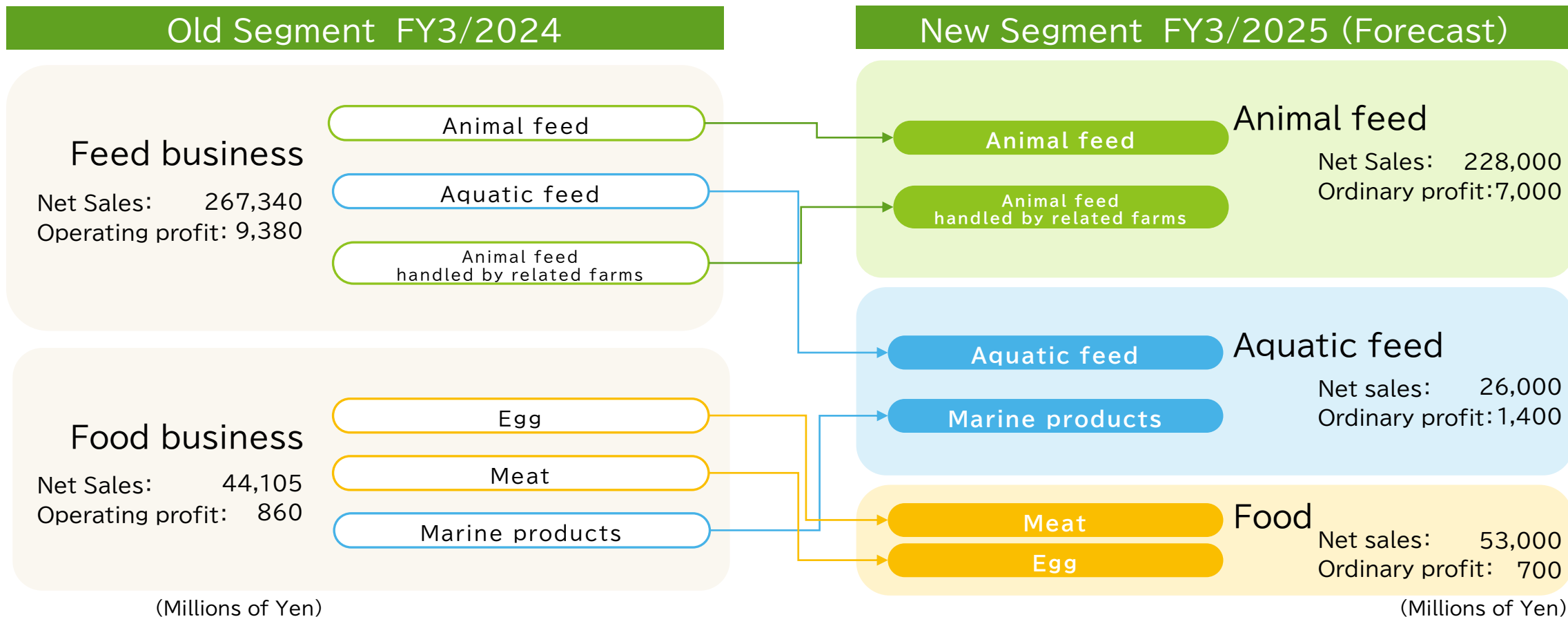
Net Sales and Cost of Sales: Selling prices of Animal feed were set based on raw material prices. Raw material prices were assumed to be lower than in the previous year.

SG&A: Compound Feed Price Stabilization System reserve fund was assumed to be 1820 yen/MT (1422 yen/MT in H2 of the previous year), an increase of about 1.5 billion yen from the previous year. Distribution, labor, and depreciation of the new core system are expected to increase by about 1.0 billion yen.

Segment Change

The "Reportable Segments" were changed for "clearer disclosure."

- Changes
 - Business consolidation criteria (Changed from Products handled to Business organization)
 - Profit items (Changed from Operating profit to Ordinary profit)



FY3/2025 Segment Forecast

(Millions of Yen)

| | | FY3/2024 | FY3/2025 | | |
|--------------|----------------|----------|----------------|---------|--------|
| | | | YoY difference | YoY | |
| Animal feed | Net Sales | 247,055 | 228,000 | -19,055 | -7.7% |
| | Segment profit | 9,056 | 7,000 | -2,056 | -22.7% |
| Aquatic feed | Net Sales | 26,779 | 26,000 | -779 | -2.9% |
| | Segment profit | 921 | 1,400 | +479 | +52.0% |
| Food | Net Sales | 40,031 | 53,000 | +12,969 | +32.4% |
| | Segment profit | 681 | 700 | +19 | +2.8% |

*Segment profit: Ordinary profit

*Segment profit of Aquatic feed for FY3/2024 includes liquidation loss of Kyokuyo Feed One Marine Co., Ltd., an affiliate company.

(Thousand metric tons)

| Sales volume | FY3/2024 | FY3/2025 | | |
|--------------|----------|----------|-------|--|
| | | | YoY | Comment |
| Animal feed | 3,681 | 3,704 | +0.6% | For layers +2%, for broilers +3%, for pigs +1%, for cattle -1% |
| Aquatic feed | 110 | 108 | -1.9% | For marine fish -3%, for freshwater fish +7% |

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