



Supplementary Materials for
Financial Results Q1
of FY Ending Mar. 2025

August 9, 2024

FEED ONE CO., LTD.

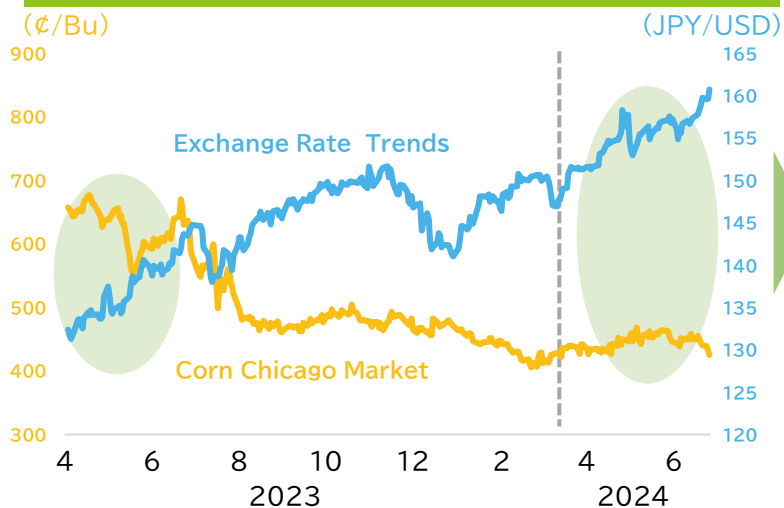
TSE Prime Symbol:2060

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.

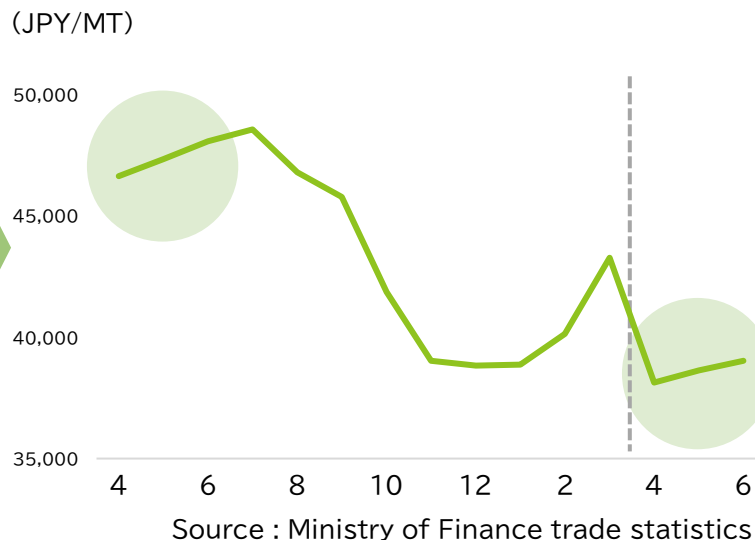
Corn Chicago Market and Exchange Rate Trends



Exchange Rate Trends: YoY 113.5%

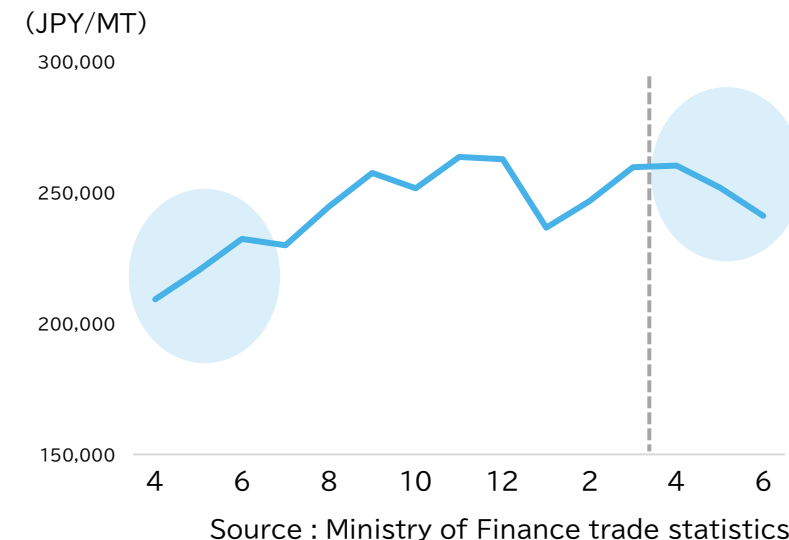
Corn Chicago Market : YoY 71.1%

Corn imported price



Corn imported price : YoY 81.4%

Fishmeal imported price



Fish meal imported price : YoY 114.8%

- The yen weakened against the USD due to the difference in interest rates between Japan and the U.S. and was in the 160 yen/USD range in late June.
- Corn Chicago Market softened as production forecasts exceeded market expectations.
- Corn import prices were well below the previous year's levels.

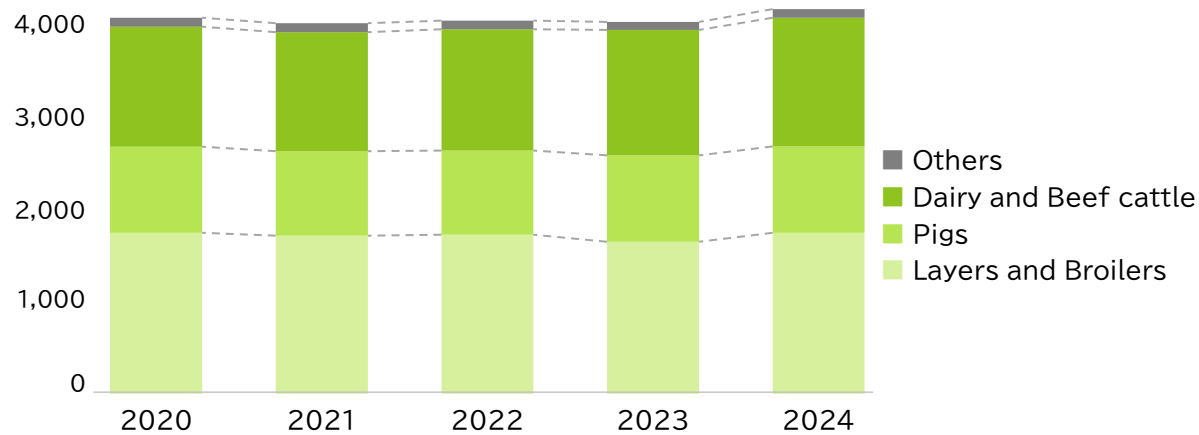
- Fishmeal prices have risen due to the weak yen and poor catches in Peru.
- Most recently, prices have softened due to the economic slowdown in China and the recovery of catches in Peru.

Business Environment

2. Livestock Compound Feed Distribution Volume Trends

Distribution volume (Apr-May)

(Thousand metric tons)



Source : Ministry of Agriculture, Forestry and Fisheries

Livestock compound feed distribution volume
: YoY (Apr-May) 103.4%

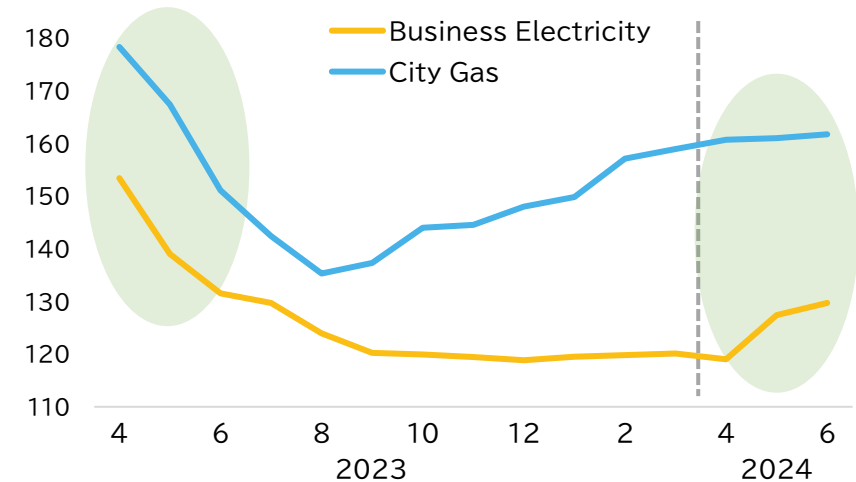
*Not published for Jun.

- Recovery of Layers and Broilers as farms with outbreaks of avian influenza, which had raged since October 2022, restarted operations.

3. Energy Cost Trends

CGPI for Electricity and Gas

(2020 average as 100, %)



Source : Bank of Japan Corporate Goods Price Index

Business Electricity : YoY 88.7%

City Gas : YoY 97.3%

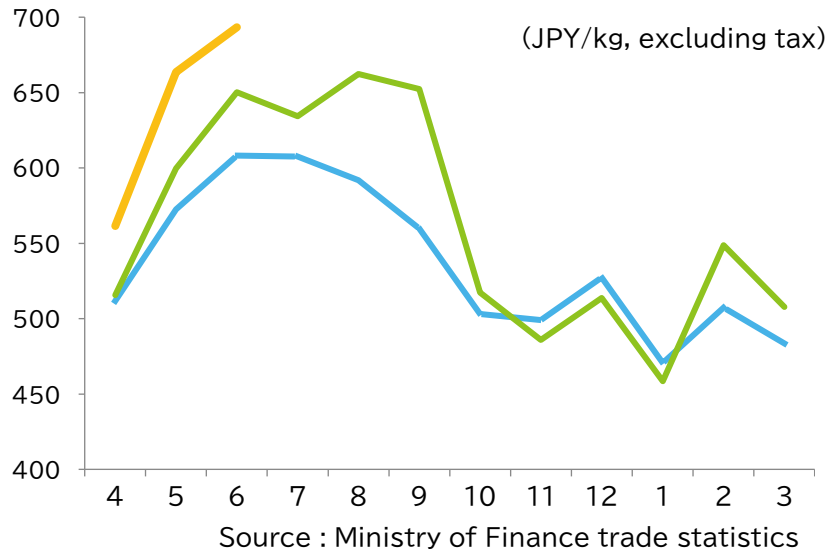
- City gas prices are on an upward trend, partly due to the situation in Gaza and the reduction of government subsidies.
- Business Electricity has been soft but has been on an upward trend recently due to an increase in the renewable energy charge and a reduction in government subsidies.

Business Environment

4. Livestock Products Market Conditions

The Food business handles mainly pork carcasses and eggs sales.

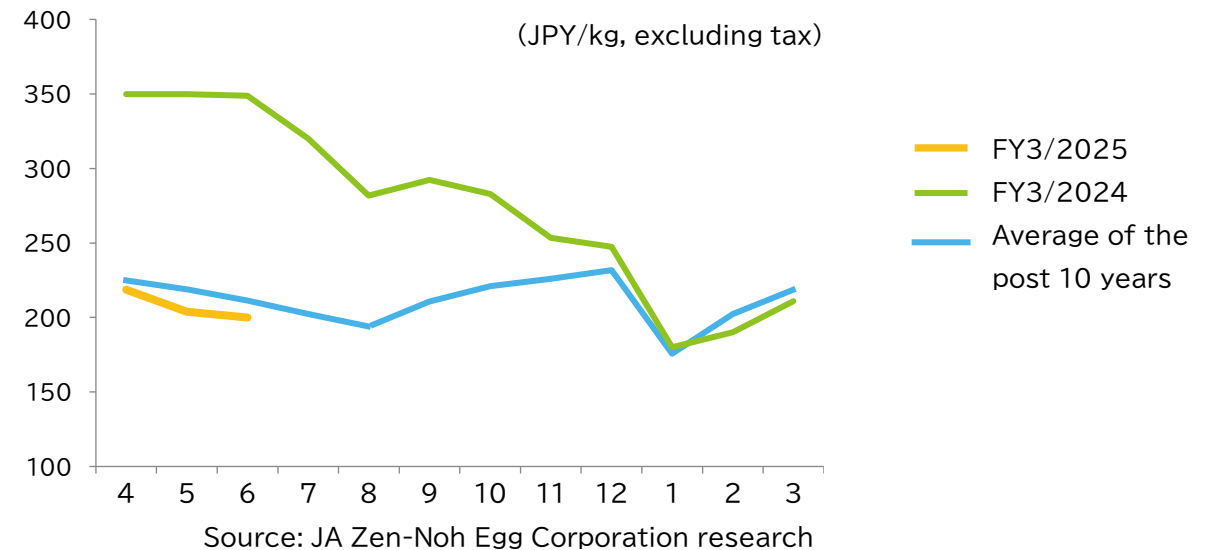
Wholesale price of pork carcass
(3 markets, high quality)



Wholesale price of pork carcass : YoY 108.7%

- The number of pigs shipped decreased due to Infectious Diseases in Livestock and poor breeding due to the extremely hot summer, and prices were higher than the previous year.

Egg wholesale price
(Zen-Noh: Tokyo M)



Egg wholesale price : YoY 59.3%

- Despite an increase in egg production due to the Recovery of farms with outbreaks of avian influenza, prices were well below the previous year's levels due to the lack of recovery in egg demand.

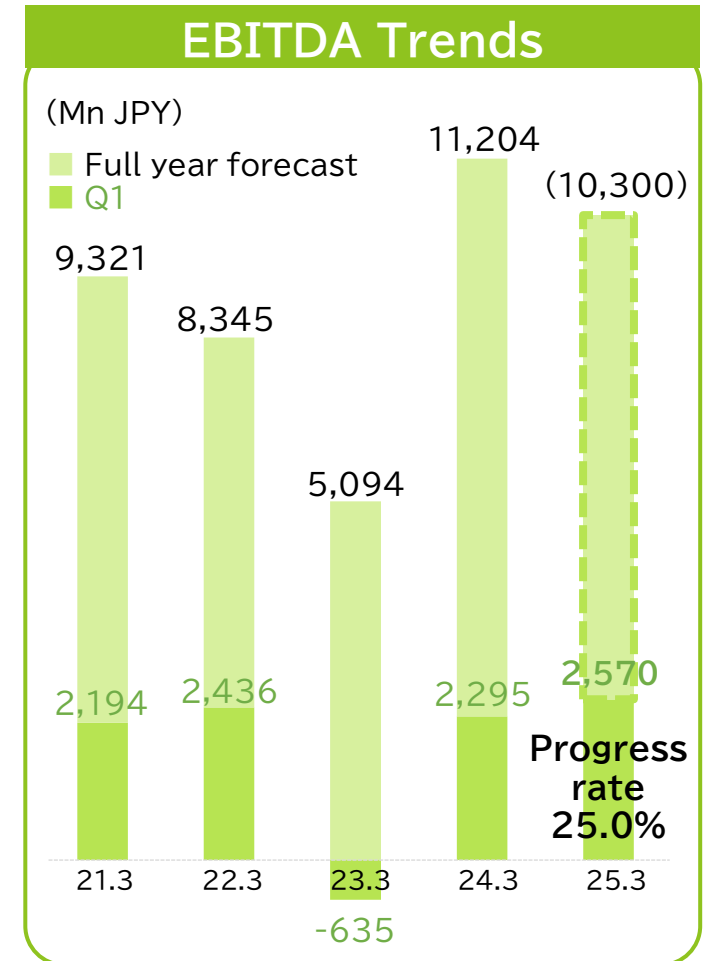
Summary of Financial Results for Q1 FY3/2025

Sales volume increased, but net sales decreased due to lower selling prices.

Profit increased mainly due to lower cost of sales caused by lower raw material prices for Animal feed.

(Mn JPY)

| | Q1 FY3/2024 | Q1 FY3/2025 | | Progress Rate for Full year Forecast |
|--|--------------|--------------|---------------|--|
| | | | YoY | |
| Net Sales | 79,782 | 74,288 | -6.9% | 24.2% |
| Cost of Sales | 73,102 | 66,483 | -9.1% | - |
| Gross profit | 6,679 | 7,804 | +16.8% | 24.5% |
| SG&A expenses | 5,493 | 6,507 | +18.5% | - |
| Operating profit | 1,186 | 1,297 | +9.3% | 21.3% |
| Ordinary profit | 1,456 | 1,623 | +11.4% | 25.8% |
| Profit attributable to owners of parent | 921 | 1,304 | +41.6% | 29.0% |
| EBITDA | 2,295 | 2,570 | +12.0% | 25.0% |

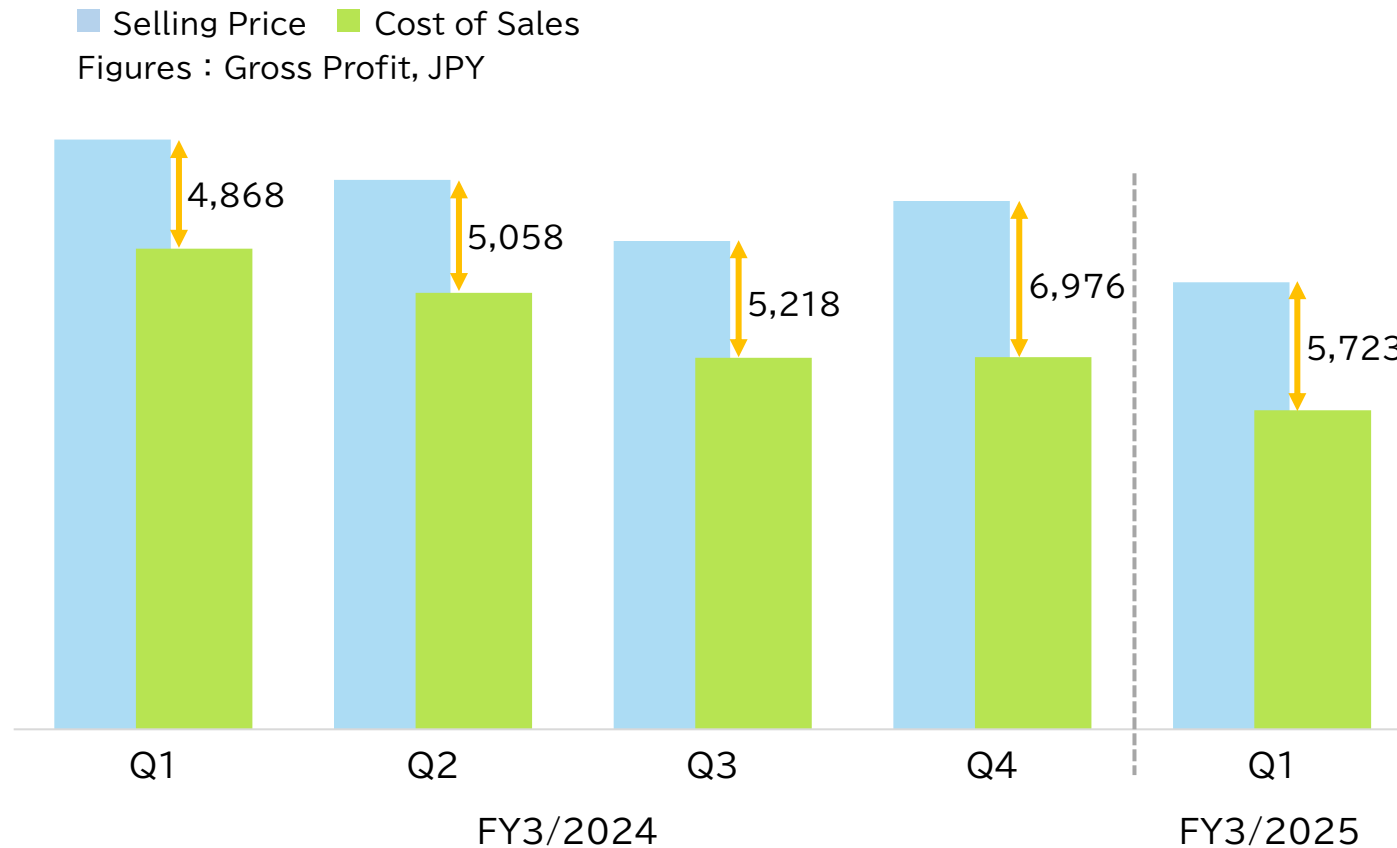


*EBITDA: Ordinary profit + Interest expenses - Interest profit + Depreciation and amortization, amortization of goodwill

Animal feed : Selling Price, Cost of Sales and Gross Profit

Selling prices rose for the first time in six quarters in the Q4 of the previous year but declined again in the Q1. Gross profit margin increased 17.8% YoY.

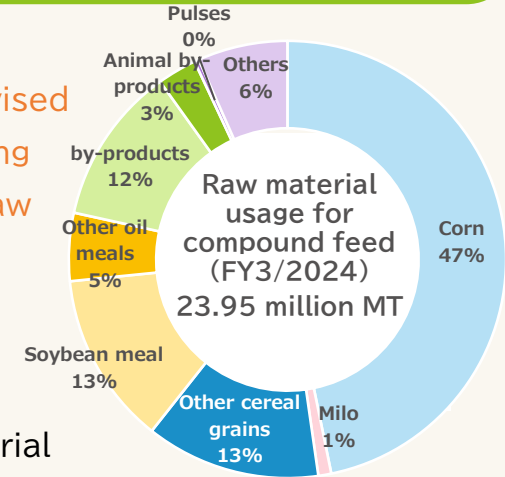
Selling price and cost of sales trends (Yen/MT)



FYI : Animal Feed Industry Commentary (Sales Price Revision)

▶ The selling price of compound feed is revised quarterly by converting the market price of raw materials, foreign exchange rates, and ocean freight rates.

▶ The ratio of raw material costs to cost of sales accounts for less than 90%.

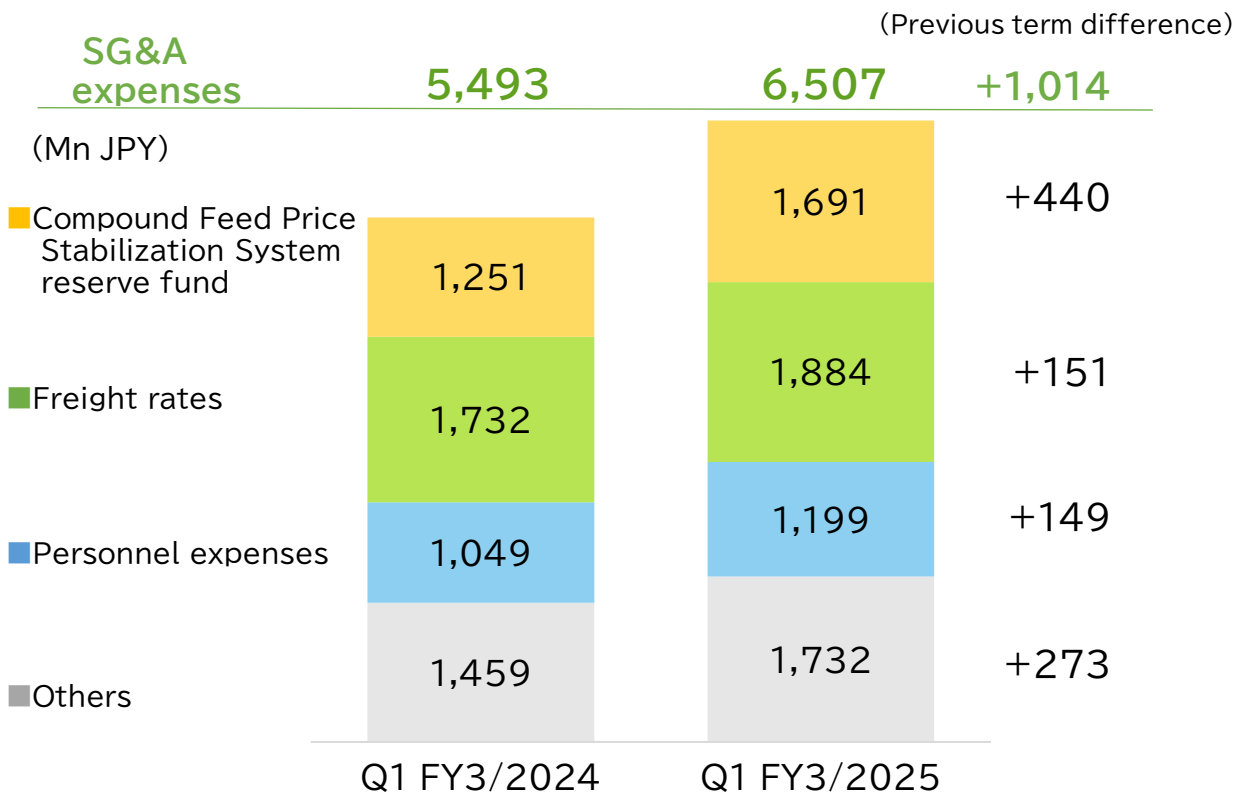


Source : Ministry of Agriculture, Forestry and Fisheries

Although our Animal feed sales volume in Q1 FY2025 was up about 2% YoY, net sales were down about 7% YoY due to lower selling prices resulting from lower raw material prices. Thus, **“Net sales” in the feed industry is not a measure of business growth**, as selling prices are greatly affected by the market price of raw materials.

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 due to depreciation and amortization of the new core system.



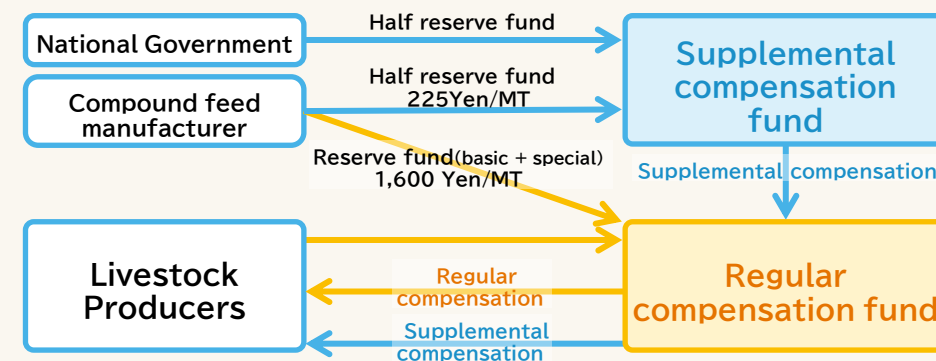
FYI : Animal Feed Industry Commentary

-Compound Feed Price Stabilization System-

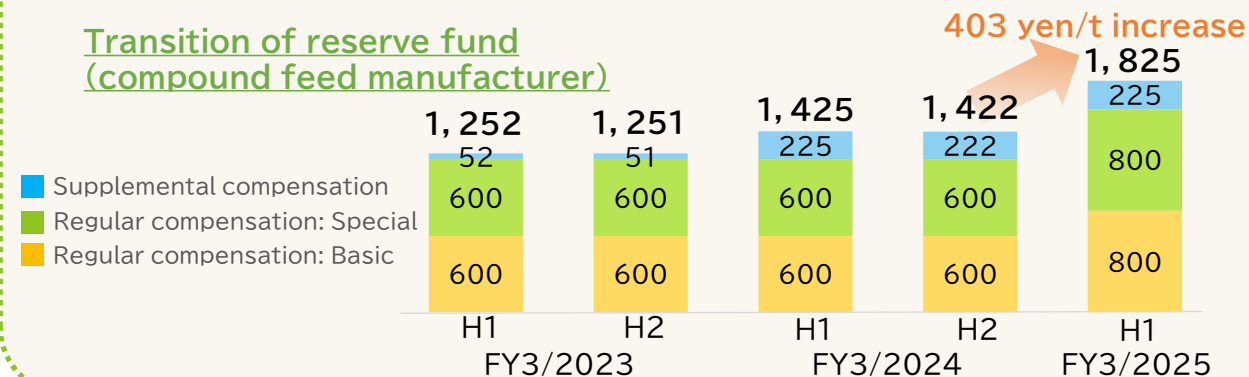
- ▶ This system is designed to reduce the impact of high feed prices on the operations of livestock producers.
- ▶ Compensation payments were made from FY3/2023 and a reserve was generated. In the same period, the price of imported raw materials rose sharply, causing the reserve fund to increase and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

- **Regular compensation fund:** Triggered when the price of imported raw materials exceeds the average of the immediately preceding one-year period
- **Supplemental compensation fund:** Triggered when the price of imported raw materials exceeds 115% of the average of the immediately preceding one-year period

Mechanism of the system (Example: H1 FY3/2025)



Transition of reserve fund (compound feed manufacturer)



Q1 FY3/2025 Segment Status

(Mn JPY)

| Segment | Q1 FY3/2024 | Q1 FY3/2025 | | | |
|-----------------------|----------------|-------------|----------------|--------|---------------------|
| | | | YoY difference | YoY | |
| Animal feed | Net Sales | 63,274 | 58,592 | -4,681 | -7.4% |
| | Segment profit | 1,871 | 2,096 | +224 | +12.0% |
| | EBITDA | 2,479 | 2,722 | +242 | +9.8% |
| Aquatic feed | Net Sales | 5,951 | 6,709 | +757 | +12.7% |
| | Segment profit | 177 | 205 | +28 | +16.0% |
| | EBITDA | 301 | 330 | +28 | +9.5% |
| Food | Net Sales | 10,552 | 8,982 | -1,569 | -14.9% |
| | Segment profit | -28 | 73 | +102 | returning to profit |
| | EBITDA | 13 | 113 | +99 | 8.3 _x |
| Other/ Adjustments | Net Sales | 2 | 3 | +0 | +26.1% |
| | Segment profit | -563 | -752 | -189 | - |

*The segment was changed this year. (Old) Feed, Food, Other → (New) Animal feed, Aquatic feed, Food, Other

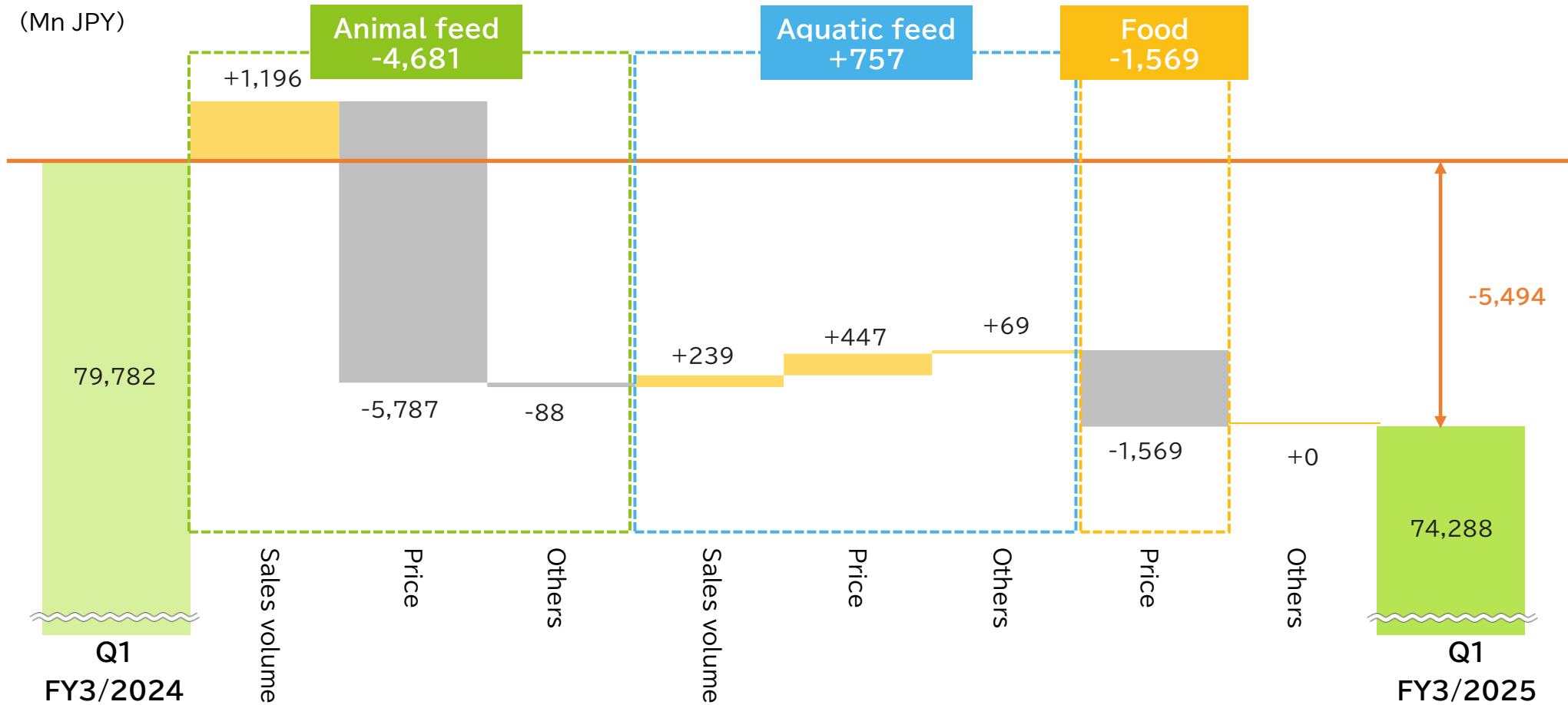
*Net Sales·EBITDA:Segment Net Sales· Segment EBITDA

*Segment profit:Ordinary profit basis

*EBITDA:Ordinary profit + Interest expenses-Interest profit + Depreciation and amortization and amortization of goodwill

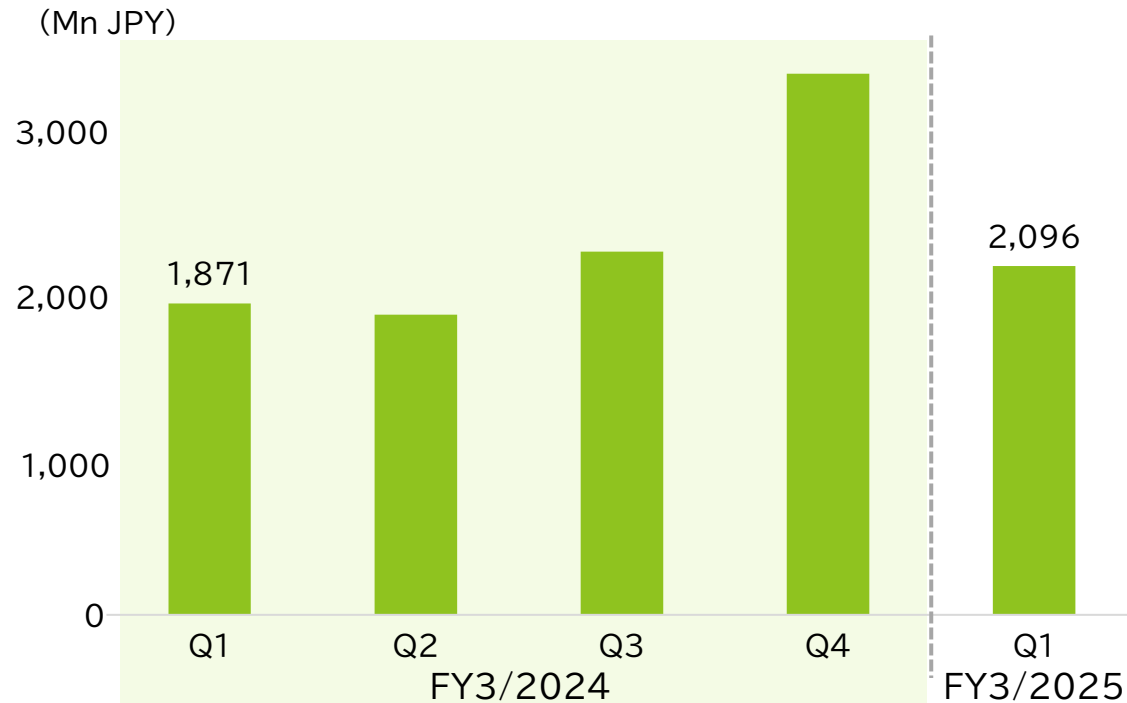
Factors of Net sales increase / decrease

Net sales decreased significantly due to lower sales prices of Animal feed.

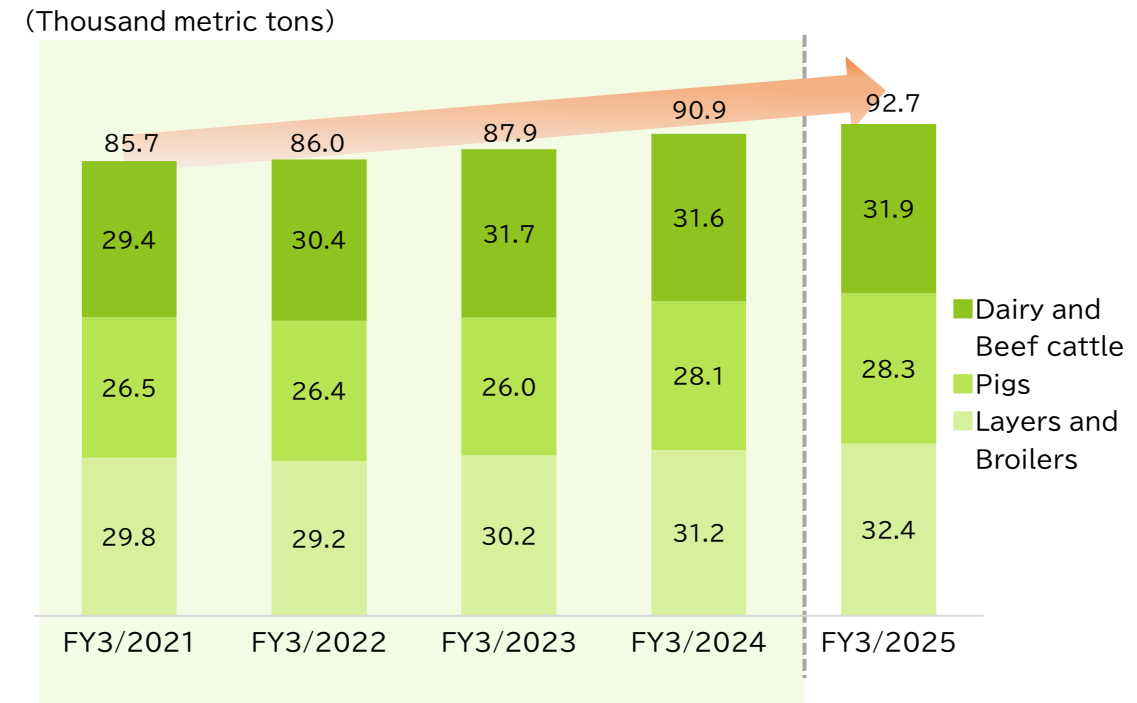


Animal feed business : Quarterly Financial Results

Segment profit



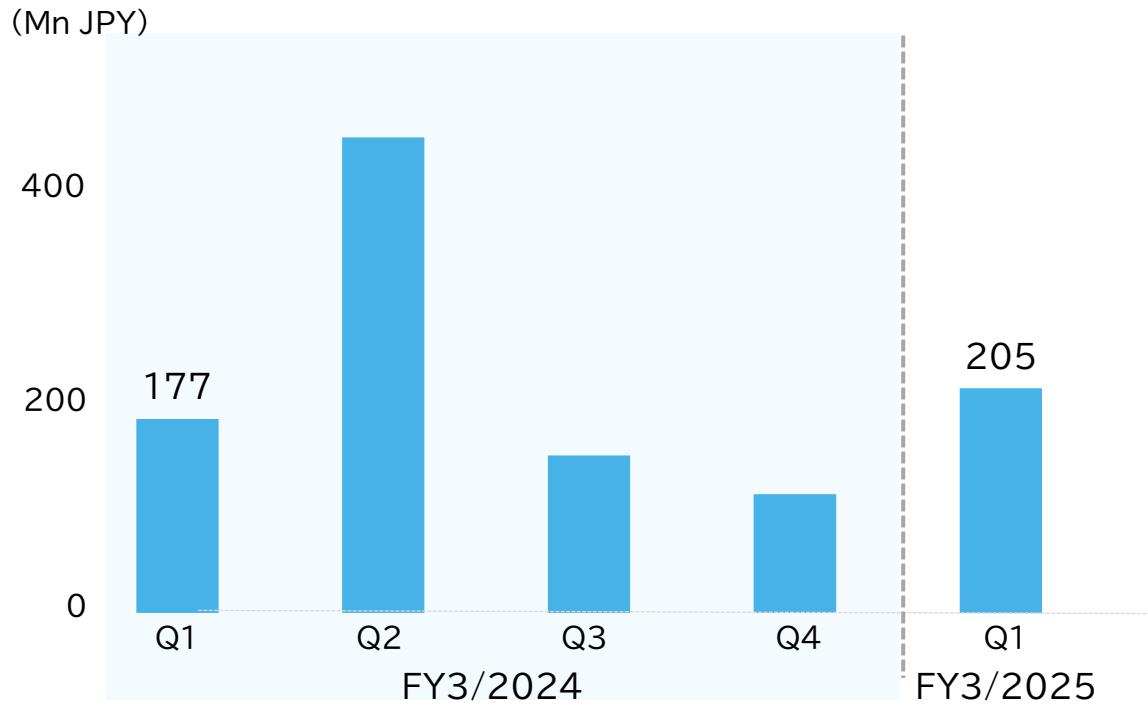
Sales volume of Animal feed by year for the Q1



- Profitability was strengthened through aggressive use of advantageous raw materials and sales enhancement of high-margin products.
- Sales volume increased due to an increase in the number of animals raised because of recovery from Infectious Diseases in Livestock and consulting sales that contribute to producers' management.

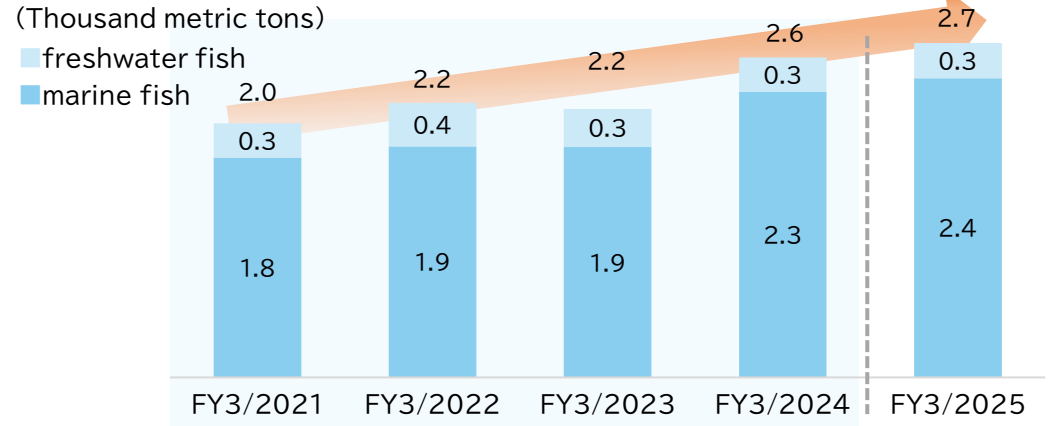
Aquatic feed business : Quarterly Financial Results

Segment profit



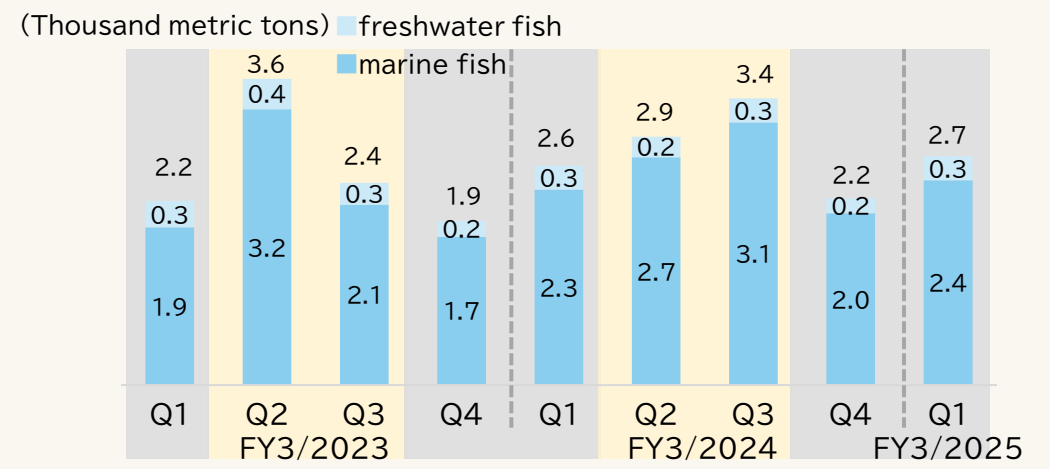
- Gross profit increased due to the implementation of sales price increases in the previous fiscal year.
- Sales volume increased due to expanded sales of "Sustaina ZERO," a fishmeal-free feed for sea bream launched in August last year, and other products.

Sales volume of Aquatic feed by year for the Q1



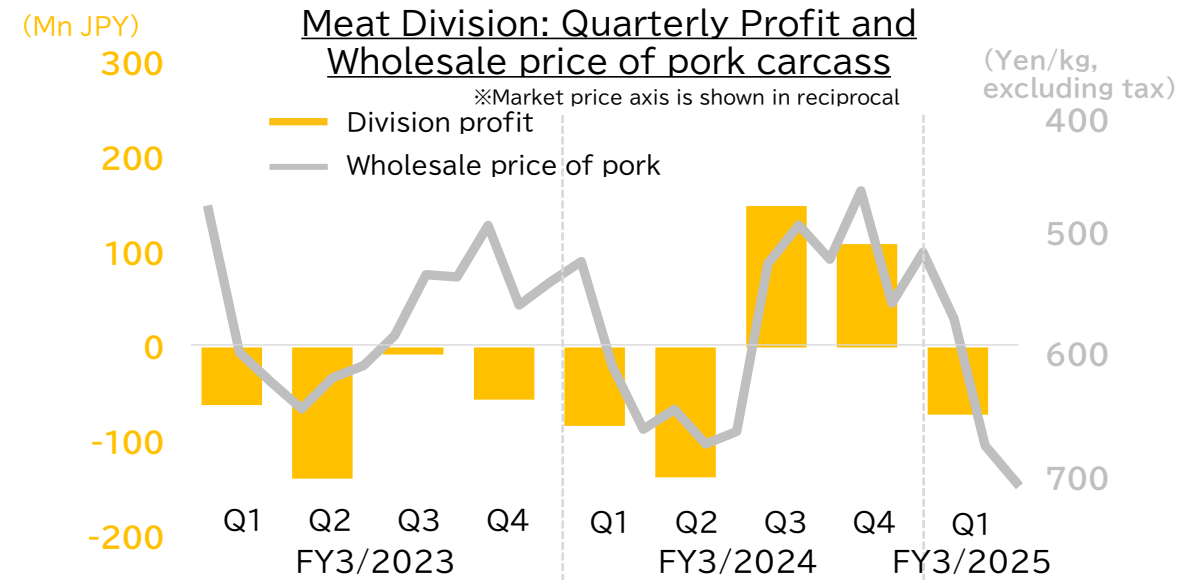
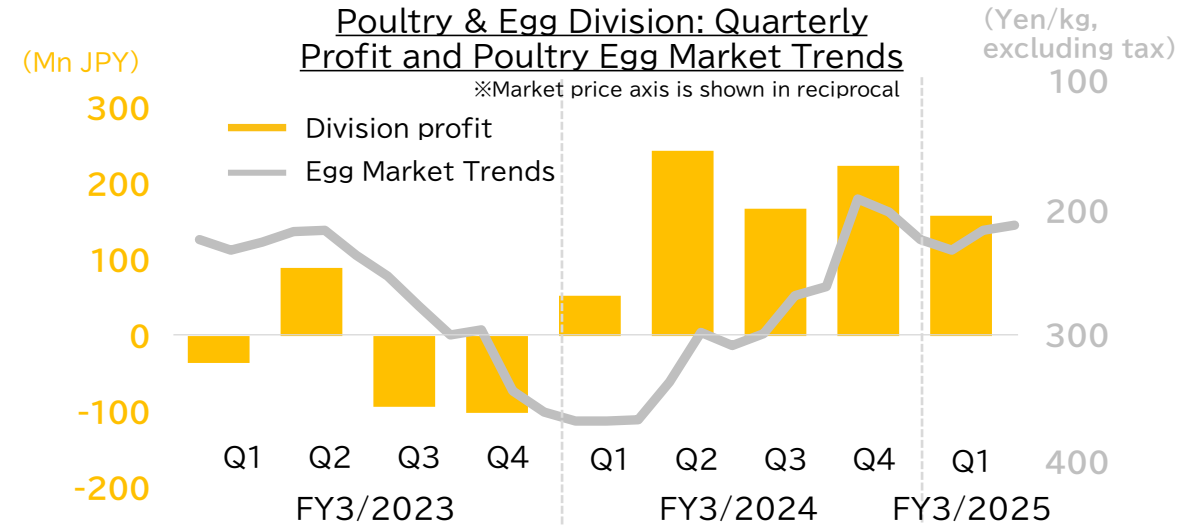
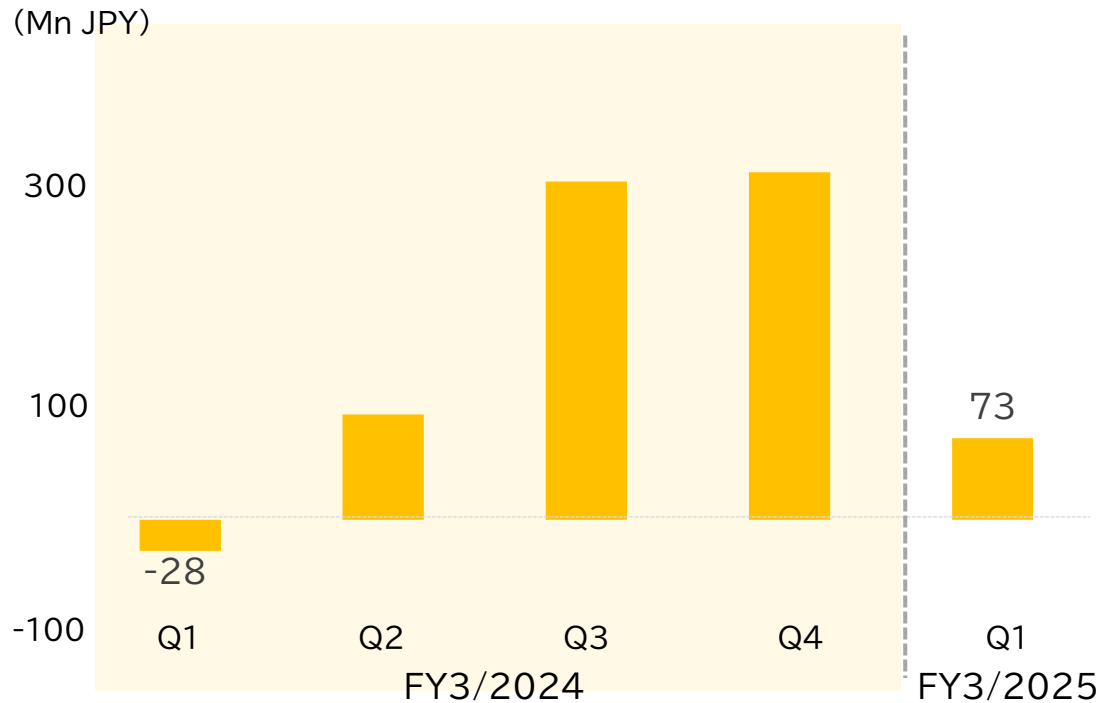
FYI : Aquatic Feed Industry Commentary -Sales Volume Trends-

- ▶ Feed intake of farmed fish fluctuates greatly with changes in water temperature. Feed intake increases during the summer months when water temperatures rise and decreases during the winter months.



Food business : Quarterly Financial Results

Segment profit

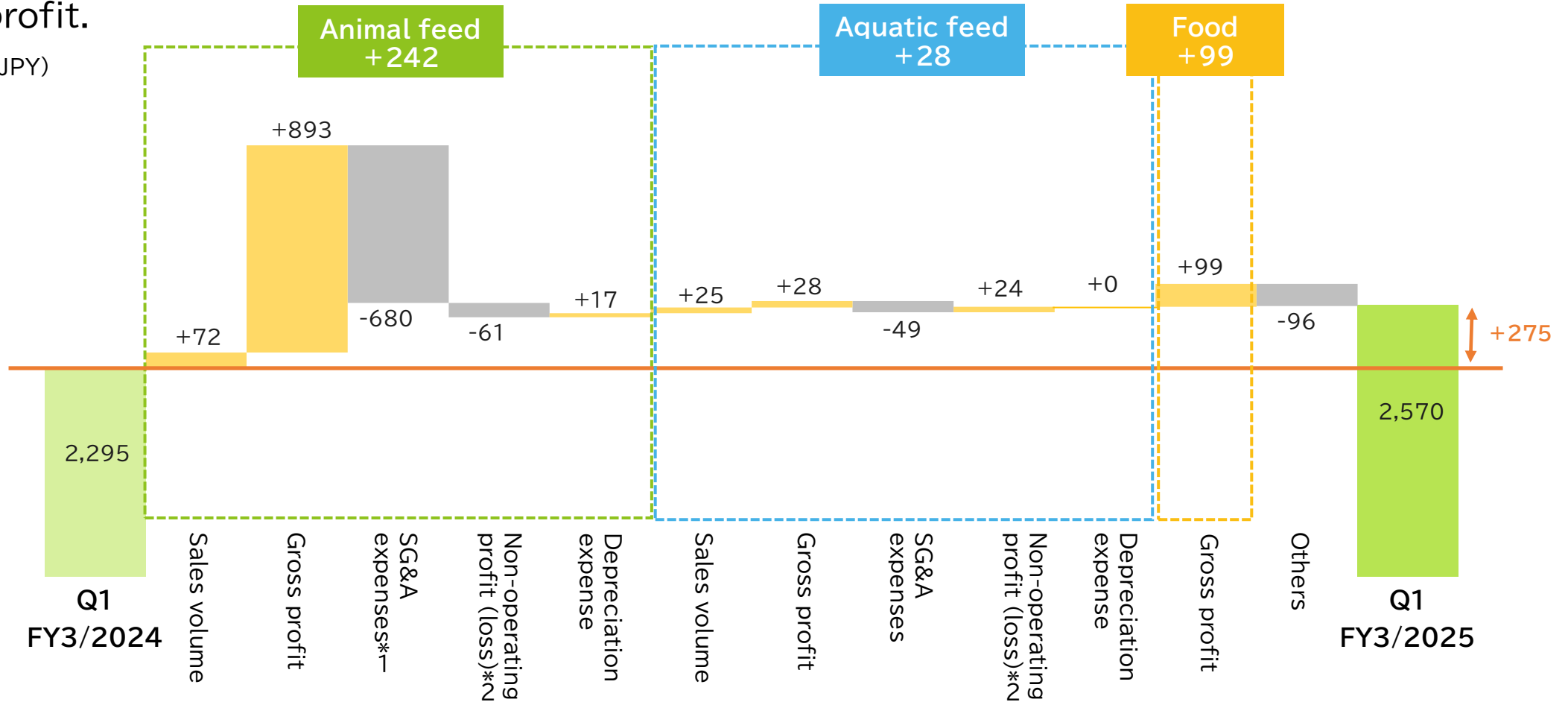


- Earnings in the Food business are greatly affected by the market price of livestock products. (See graph on the right)
- Profitability improved in all divisions because of revisions to sales terms and conditions, etc. However, the market price of pork carcasses soared to an all-time high, and the profitability of the meat division deteriorated.

Factors of EBITDA increase / decrease

SG&A expenses increased due to an increase in the reserve for reserve for Compound Feed Price Stabilization System charges for animal feed. On the other hand, EBITDA increased due to higher gross profit.

(Mn JPY)



*1 Compound Feed Price Stabilization System reserve fund increased:-440 millions of Yen

*2 Non-operating profit/loss includes equity in earnings of affiliates

*EBITDA: Ordinary profit + Interest expenses-Interest profit + Depreciation and amortization and amortization of goodwill

Consolidated Financial Condition

Consolidated balance sheets

(Bn JPY)

() : YoY difference

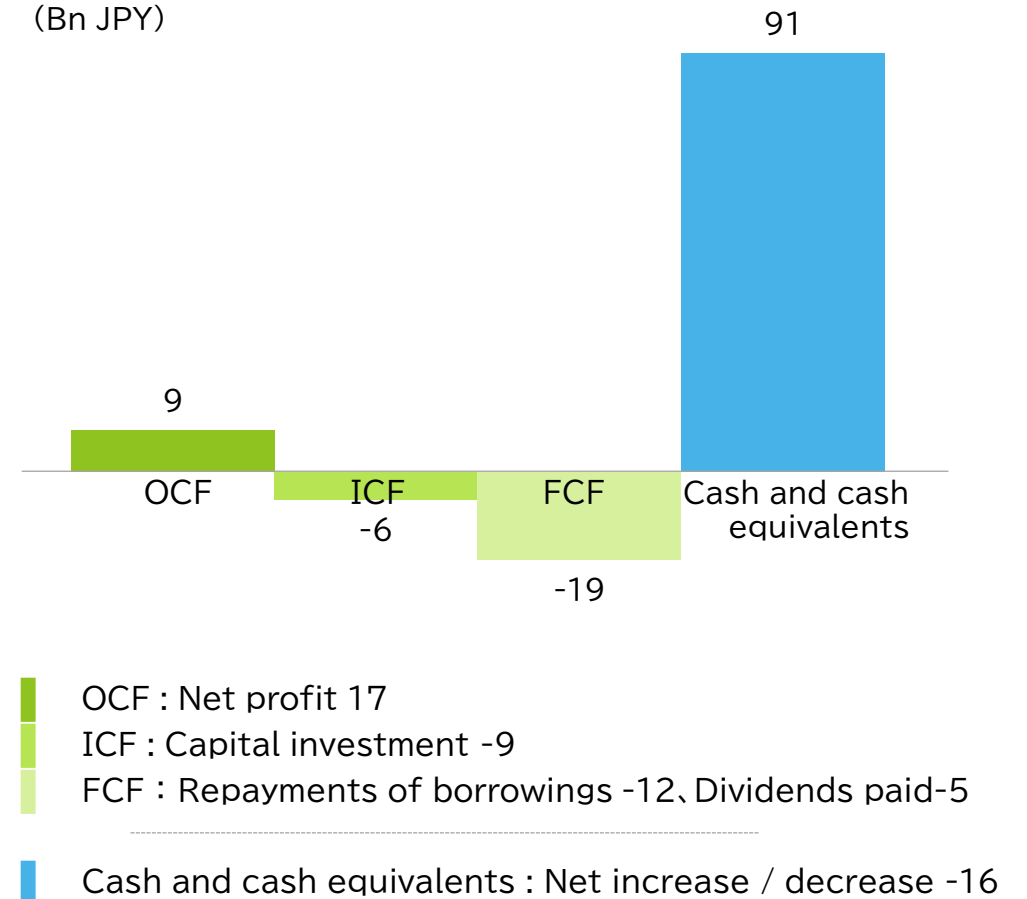
| | |
|---|--|
| <p>Current assets 868 (-13)</p> <div style="border: 1px dashed black; padding: 5px;"> <p>Cash and deposits 92 (-16) Notes and accounts receivable - trade 562 (-7) Inventories 182 (+9)</p> </div> | <p>Current liabilities 533 (-17)</p> <div style="border: 1px dashed black; padding: 5px;"> <p>Notes and accounts payable - trade 348 (+4) Short-term borrowings 97 (-8) profit taxes payable 5 (-17)</p> </div> |
| <p>Non-current assets 435(+6)</p> <div style="border: 1px dashed black; padding: 5px;"> <p>Property, plant and equipment 304(+2) Investments and other assets 114(+3)</p> </div> | <p>Non-current liabilities 248 (-2)</p> <div style="border: 1px dashed black; padding: 5px;"> <p>Long-term borrowings 207(-4)</p> </div> |
| <p>Net assets 521 (+13)</p> | |

Total assets 1,303 (-6)

*The ended March 2024 and at the end of June was a bank holiday.

Consolidated statements of cash flows

(Bn JPY)



FYI :

Consolidated balance sheets: Cash and deposits 9,262million yen
Time deposits with a deposit term exceeding three months -69million yen
Consolidated statements of cash flows: Cash and cash equivalents 9,193million yen

Topics



Topics

Sustainability

Materiality Revision

- > Newly established our Purpose and renewed management philosophy from FY2024.
- > As we enter the next decade, we have revised the materiality tied to the new management philosophy.

New Management Philosophy



New Materiality

- 01 Contributing to the supply chain with “The Source of Deliciousness”
- 02 Contributing to the enrichment of people’s lives
- 03 Harmonizing the environment and society through the feed business
- 04 Fostering human resources to create the future of food
- 05 Build an organization trusted by society

おいしさのみなもと

R&D

Feed for thin-fat control meat pigs
“Nori Nori Pork” won the IPPS AWARD 2024.

- > Exhibited at the largest poultry and swine industry exhibition in Japan.
- > “Nori Nori Pork” won the IPPS AWARD 2024.

※“Nori Nori Pork”
Maintains the high increase in body mass that is characteristic of piglets of foreign high-producing breeds, New thin-fat countermeasure feed for meat pigs that realizes a new technology to accumulate backfat.



Strengthening Governance (1)

Transition to a Company with the Board of Corporate Auditors

- > Strengthen the supervisory function of the Board of Directors and accelerate management decision-making.

Strengthening Governance (2)

Revision of performance-linked compensation for executives

- > Capital efficiency indicators (ROE, ROIC) and non-financial indicators (CO₂ reduction, employee engagement) have been set as indicators for performance-linked compensation.
- > Increase the ratio of stock-based compensation and strengthen efforts to improve corporate value.

Strengthening Governance (3)

Start of operation of new core system

- > Operation began in April 2024.
- > Total investment in building a new core system(Includes total cost for 10 years): Approximately 4 billion yen
- > Promote advanced business operations through standardization and efficiency.

Topics

Health and Productivity Management

Certified Health and Productivity Management Organization(Large organizations)

- Health and Productivity Management KPIs have been expanded to reflect social trends.
- Further promote the creation of a safe and comfortable workplace.



Work-style Reform

Obtaining Kurumin Certification

- Establishing a system to increase work style options.
e.g.) Balancing private life and work
Responding to life events and lifestyle changes



Environment

Kitakyushu Aquatic Feed Factory Certified as a “Decarbonization Leading Company” of Kitakyushu City

- Utilizing the “100% Renewable Energy Kitakyushu Model” promoted by Kitakyushu City, the factory has introduced renewable energy for all electricity used at the plant.



Social Contribution Activities

Meiji University American Football Club, City Boys Supporting young people in building their bodies (food sponsorship)

- Intake of animal protein is considered important for muscle building.
- In order to support the physical development of young people who will lead the future, we provided pork belly and onion skewers made by FEED ONE FOODS Co., Ltd.



Members of the Meiji University American Football Club, City Boys

Public relations activities

Display of station signs, Video ad delivery

- As the first step in raising awareness of the company name, we began posting train station advertisements and distributing video advertisements.
- Aiming to improve company recognition through future phased measures



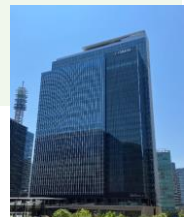
FEED ONE's video ad here→



Company Information

Moved head office to the Minato Mirai area

- With the move to the new building, all departments are consolidated on the same floor.
- Expectations for smoother communication between departments



FY3/2025 IR Calendar

| 1st quarter | | | 2nd quarter | | | 3rd quarter | | | 4th quarter | | |
|---------------|--|---|--|---|--|-------------------|---|------|------------------|---|---|
| Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. |
| | <ul style="list-style-type: none"> Full-year financial results announcement | <ul style="list-style-type: none"> Securities report | | <ul style="list-style-type: none"> Financial results Q1 announcement | | | <ul style="list-style-type: none"> Financial results Q2 announcement Semiannual Securities report | | | <ul style="list-style-type: none"> Financial results Q3 announcement | |
| | <ul style="list-style-type: none"> Financial results and Medium-term management plan briefing | | <ul style="list-style-type: none"> Ordinary general meeting of shareholders | | <ul style="list-style-type: none"> Date of interim dividend | | <ul style="list-style-type: none"> Financial results briefing | | | | <ul style="list-style-type: none"> Date of year-end dividend |
| May 10, 2024 | Full-year financial results announcement of FY Ended Mar. 2024 | | August 9, 2024 | Financial results Q1 announcement of FY Ended Mar. 2025 | | November 8, 2024 | Financial results Q2 announcement of FY Ended Mar. 2025 | | February 6, 2025 | Financial results Q3 announcement of FY Ended Mar. 2025 | |
| May 21, 2024 | Financial results and medium-term Management plan of FY Ended Mar. 2024 | | | | | November 19, 2024 | Financial results Q2 of FY Ending Mar. 2025 | | | | |
| June 21, 2024 | The 10th Ordinary general meeting of shareholders Securities report of FY Ended Mar. 2024 | | | | | | | | | | |

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