



# Financial Results

## Q I of FY Ending March 2023

August 9, 2022

**FEED ONE CO., LTD.**

TSE Prime Symbol:2060

**FEED ONE**

# Summary of Financial Results for First Quarter of FY Ending March 2023

Animal feed sales increased due to higher sales prices. Profits declined significantly due to higher raw material prices and increased SG&A expenses.

(Millions of Yen, %)

	Q1 FY 2022	Q1 FY 2023	YoY
Net Sales	56,811	67,131	18.2
Cost of Sales	50,981	63,589	24.7
SG&A expenses	4,405	5,243	19.0
Operating Profit	1,424	-1,700	—
Ordinary Income	1,637	-1,474	—
Net income attributable to owners of the parent company	1,117	-984	—

## YoY change

### ● Net sales

Sales increased due to higher sales volumes of livestock feed and higher selling prices.

### ● Operating Income and Ordinary Income

Cost of sales increased due to higher corn price and distribution costs and the sharp depreciation of the yen. An increase in SG&A expenses due to an increase in the reserve for the compound feed price stabilization program led to a significant decrease in profit.

# The First Quarter FY 2022 segment status

(Millions of Yen, %)

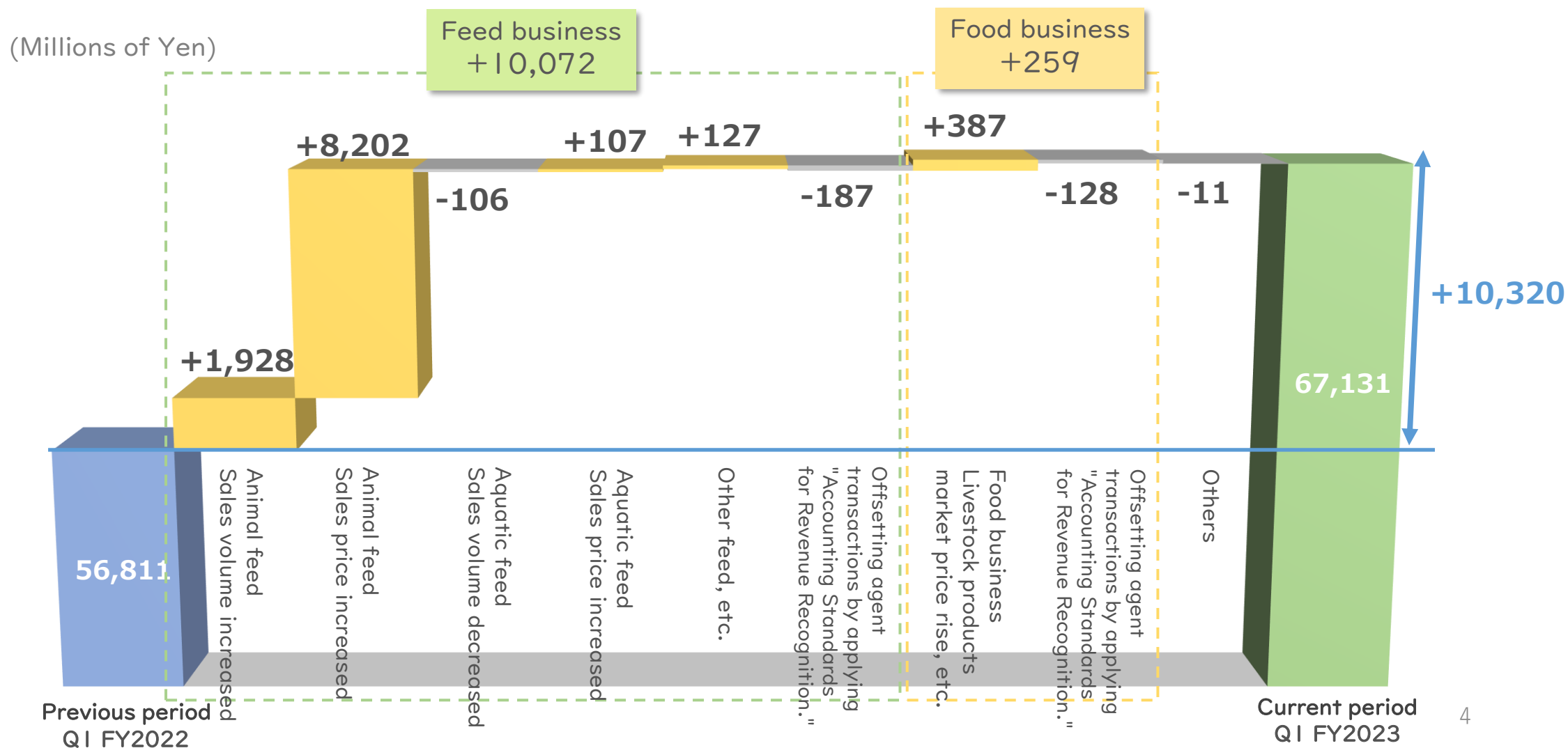
		Q1 FY2022	Q1 FY2023	YoY difference	YoY
Feed business	Net Sales	46,925	56,998	+10,072	+ 21.5
	Segment profit	2,048	-1,021	-3,069	-
Food business	Net Sales	9,266	9,525	+259	+ 2.8
	Segment profit	-76	-134	-58	-
Others	Net Sales	619	607	-11	-1.9
	Segment profit	68	58	-10	-14.6

(Thousand metric tons)

Sales volume	Q1 FY2022	Q1 FY2023	YoY	Comments
Animal feed	86.3	88.1	+ 2.2	For layers +4%, for broilers +3%, for pigs -2%, for cattle +4%
Aquatic feed	2.2	2.2	- 2.2	For marine fish -0%, for freshwater fish -13%

# Factors of Net sales increase / decrease

Net sales increased due to higher volumes and sales prices of animal feed.



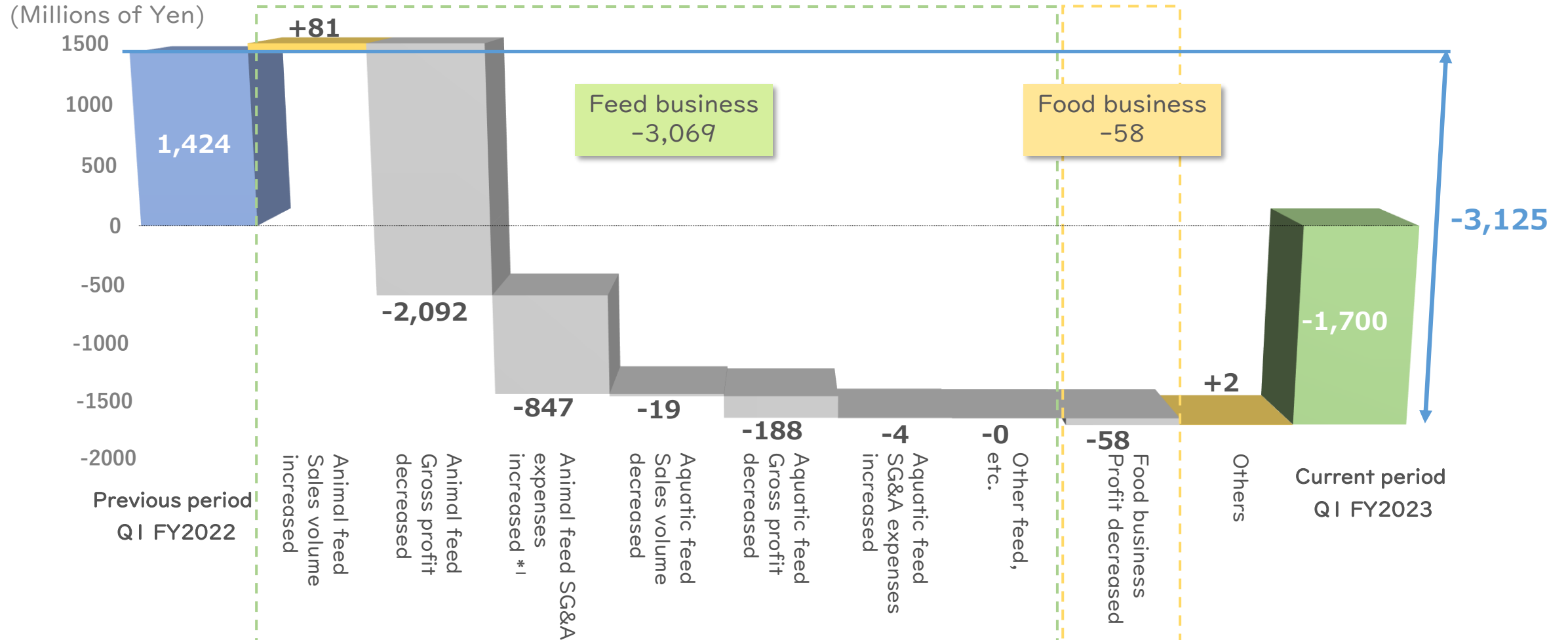


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# Increase / decrease factors of operating profit

Feed business: Animal feed profitability declined due to higher raw material prices and increased contributions to the Feed Stabilization Fund.

Food business: Meat business profitability declined due to higher purchase costs caused by soaring pork market prices.

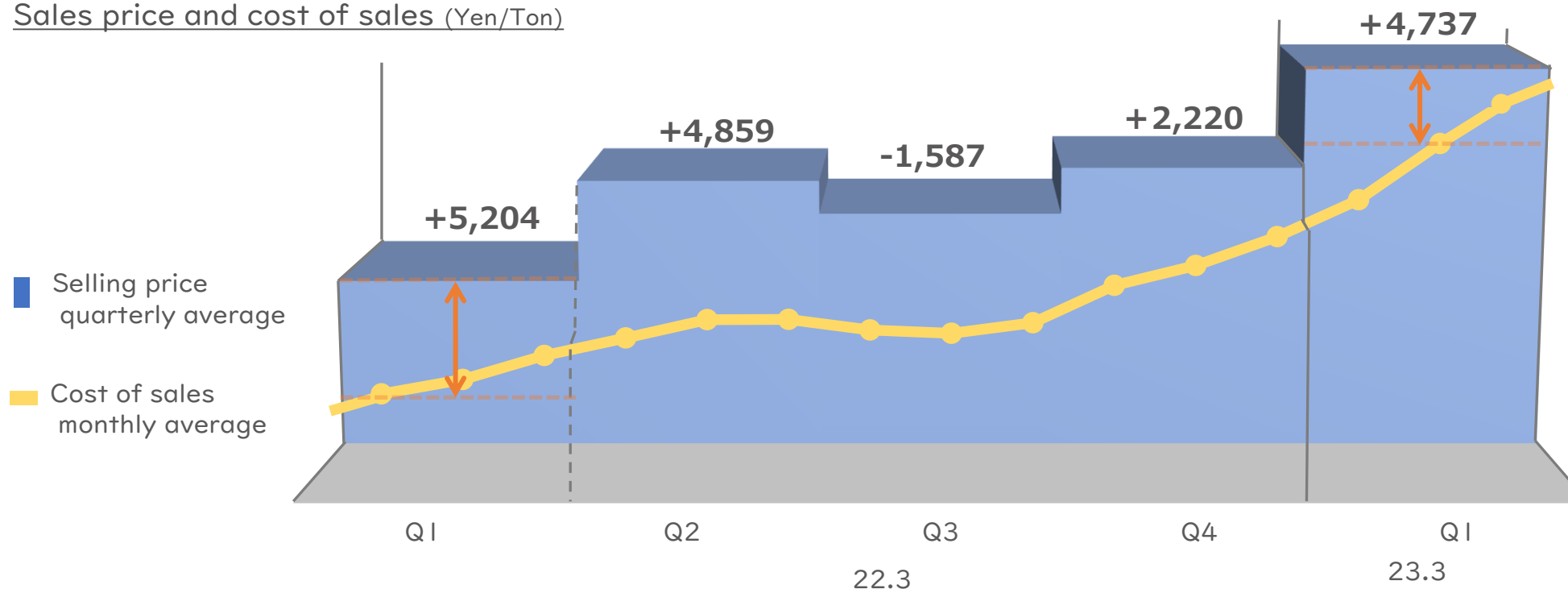


# Animal feed sales price and cost of sales trends

The increase in sales cost was more than the increase in selling price, resulting in a significant decrease in gross profit.

- ▶ The selling prices are supposed to be revised quarterly by fluctuations in raw material prices.
- ▶ The ratio of raw material costs to the cost of sales is over 80%, and imported corn prices, which account for 50% of raw materials, are significantly higher than in the same period of the previous year.

Sales price and cost of sales (Yen/Ton)



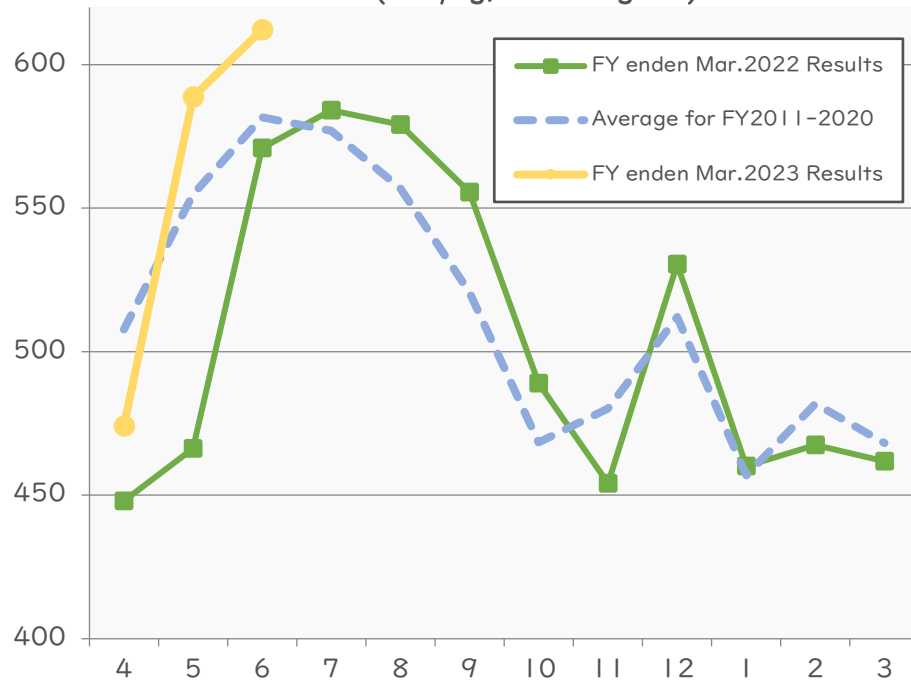


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# Food Business and Livestock Products Market Situations

Earnings in the meat business declined due to higher pork prices. Earnings in the egg business improved due to lower egg prices. Overall, operating income in the food business declined.

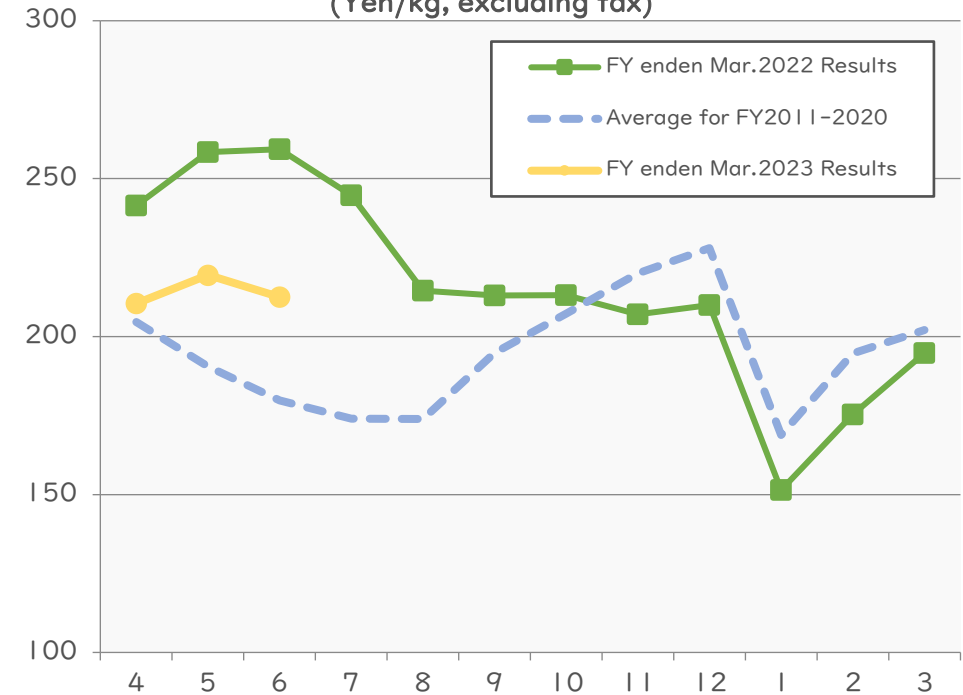
Wholesale price of pork (3 major markets, high quality)  
(Yen/kg, excluding tax)



(Source: Ministry of Agriculture, Forestry and Fisheries "Meat Distribution Statistics")

- Pork market prices were higher than the previous year. This was due to an increase in demand for domestically produced pork as a result of higher imported pork prices.

Egg wholesale price (Zen-Noh: Tokyo M)  
(Yen/kg, excluding tax)



(Source: JA Zen-Noh Egg Co.)

- The egg market price was lower than the previous year's results due to a recovery in production but was higher than the average for the past ten years due to higher production costs.

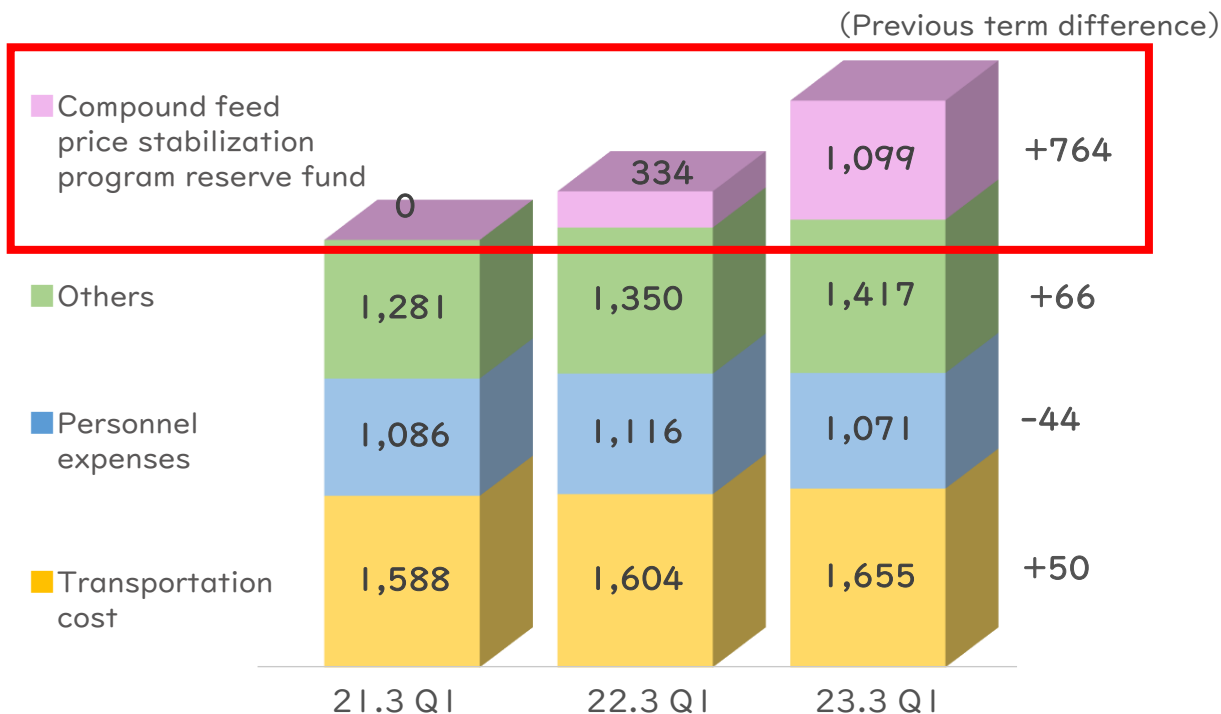


# SG & A expenses and Details of compound feed price stabilization program.

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### SG&A expenses

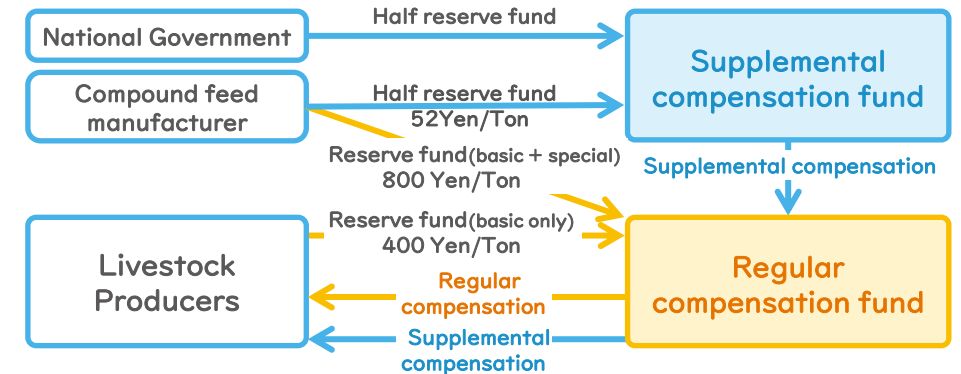
- ▶ The reserve for the compound feed price stabilization program increased.
- ▶ Other activity expenses and the cost of building the next-generation core system increased.



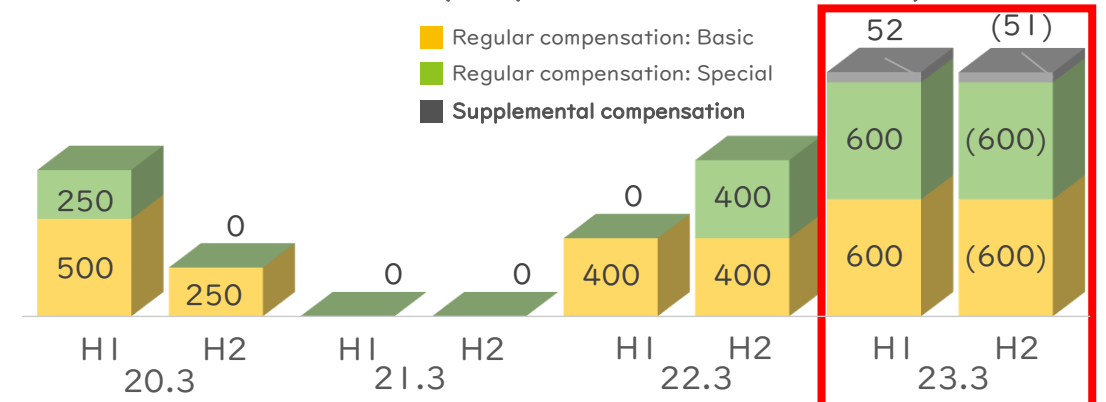
### Current Status of the compound feed price stabilization program.

- ▶ Increased due to the generation of reserve fund for the compound feed price stabilization program.
- ▶ In FY2023, our expense for Feed Price Stabilization Program was increased, and an additional reserve fund for the Supplemental Compensation Program also started.

### Mechanism of the system (Example: Q1 FY 2023)



### Transition of reserve fund (compound feed manufacturer)







# FY Ending Mar. 2023 earnings Forecast

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# FY Ending Mar. 2023 earnings Forecast

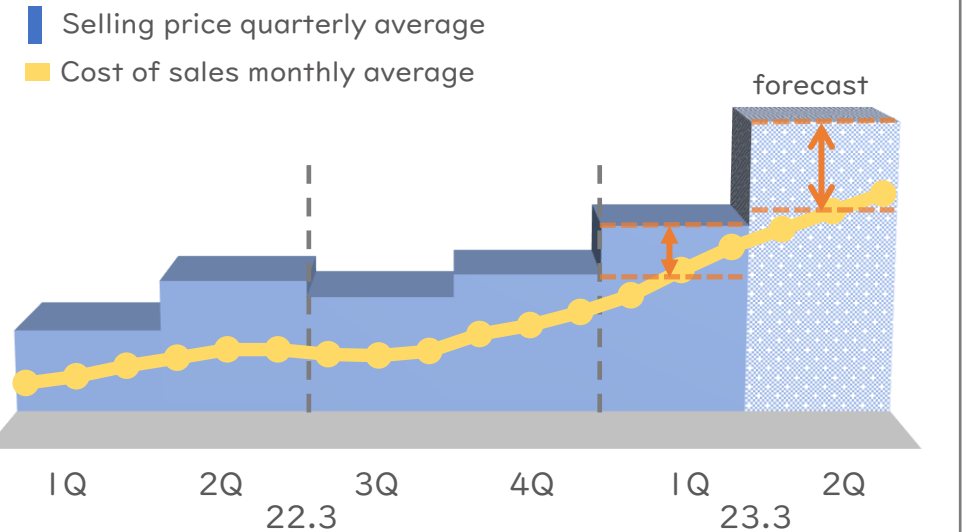
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No changes from the initial forecast. Gross profit for the second quarter is expected to improve significantly due to higher animal feed selling prices and cost of sales reduction efforts.

(Millions of Yen, %)

	FY ended Mar. 2022	FY ended Mar. 2023	YoY
Net Sales	243,202	301,000	23.8
Cost of Sales	220,490	275,300	24.9
SG&A expenses	18,418	21,600	17.3
Operating Profit	4,293	4,100	-4.5
Ordinary Income	5,067	4,000	-21.1
Net income attributable to owners of the parent company	3,659	2,500	-31.7

Animal feed selling price and cost of sales (Yen/Ton)



(Thousand metric tons)

Sales volume	FY ended Mar. 2022	FY ended Mar. 2023		
			YoY	Comments
Animal feed	3,521	3,586	1.8	For egg-laying hens +1%, broilers +5%, pigs +1%, cattle +1%
Aquatic feed	93	104	13.0	For marine fish +13%, for freshwater fish +12%



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