



おいしさのみなもと

FEED ONE

Supplementary Materials for Financial Results Q1 of FY Ending Mar. 2024

August 9, 2023

FEED ONE CO., LTD.

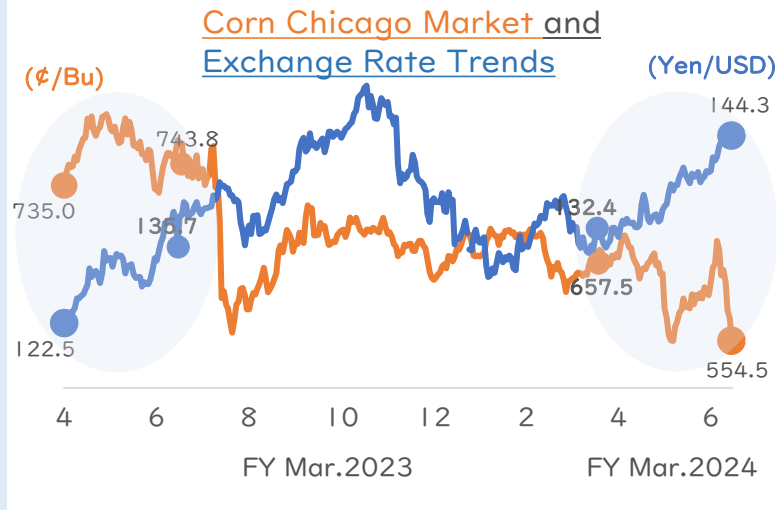
TSE Prime Symbol:2060

1. Impact of Imported Raw Materials

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

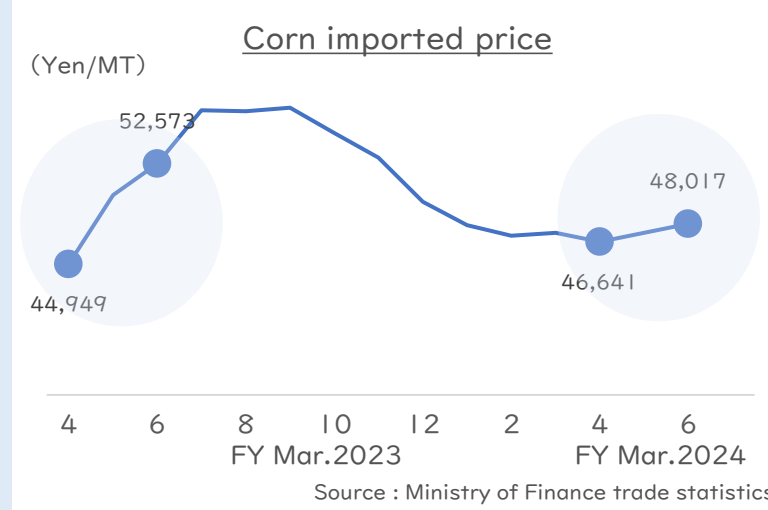
Despite the weaker yen exchange rate, corn import prices were lower than in the same period last year due to the softening of Corn Chicago market.

In addition to the weak yen, fishmeal import prices were much higher than in the same period of the previous year due to reduced quotas and postponement of fishing in Peru, the main producer.

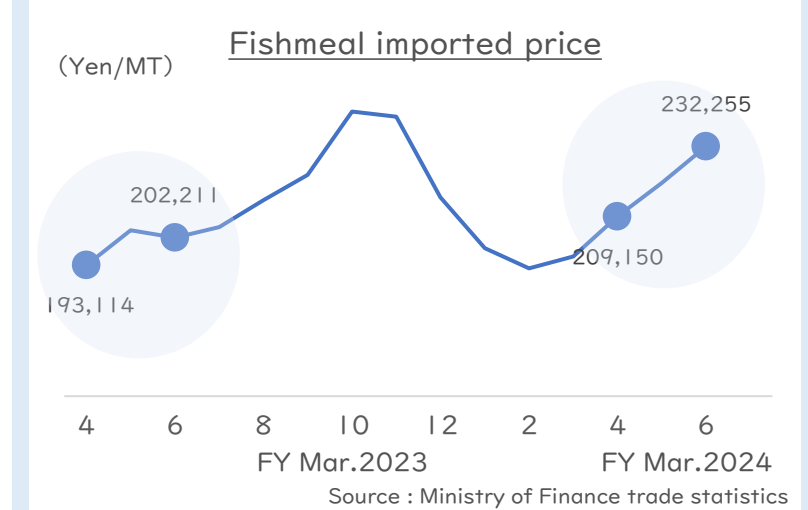


Exchange Rate Trends: YoY 105.8%

Corn Chicago Market : YoY 80.4%



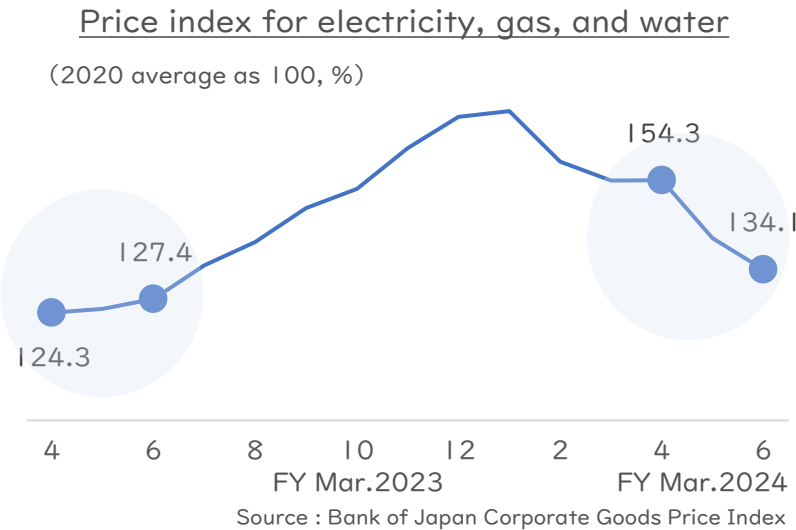
Corn imported price : YoY 96.2%



Fish meal imported price : YoY 110.7%

2. Energy Cost Trends

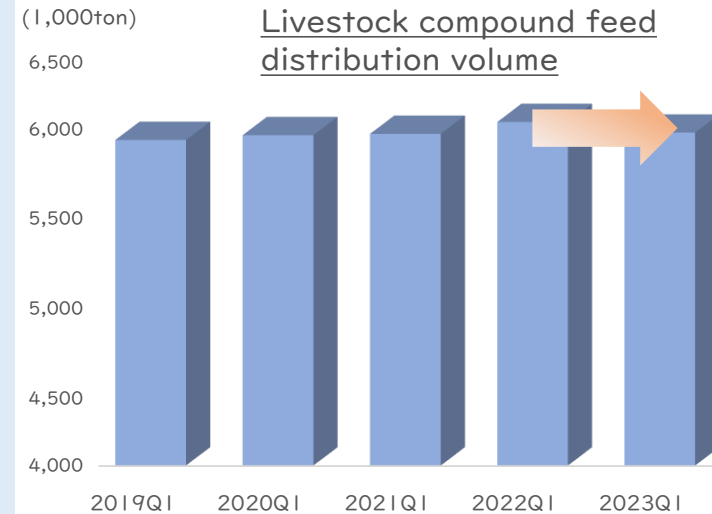
The energy price index for electricity, gas, and other energy prices has been on a downtrend recently due to price-fixing measures and lower crude oil prices, but increased YoY.



Price index for electricity, gas, and water
: YoY 114.0%

3. Livestock compound feed distribution volume Trends

Livestock compound feed distribution volume remained generally flat overall due to an increase in the number of swine and beef cattle, despite the lingering impact of the "bird flu" pandemic of the previous year.

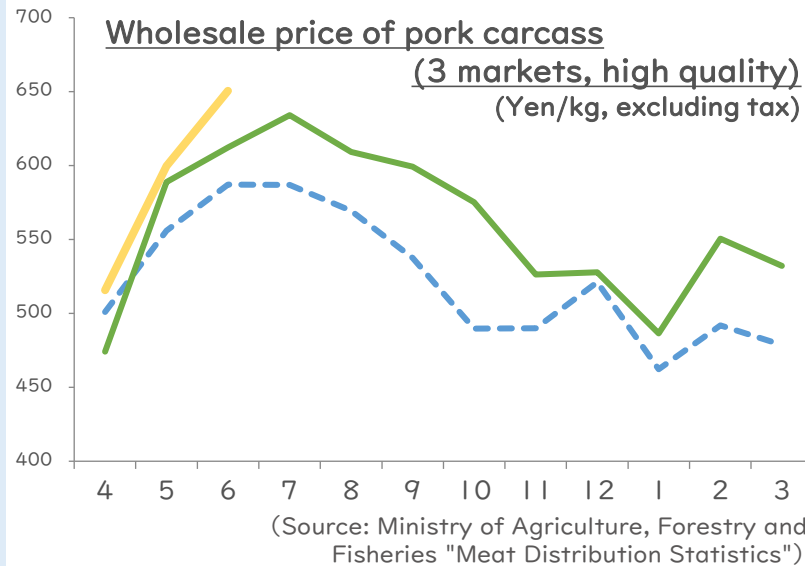


Livestock compound feed distribution volume
: Remained generally flat

4. Livestock Products Market Conditions

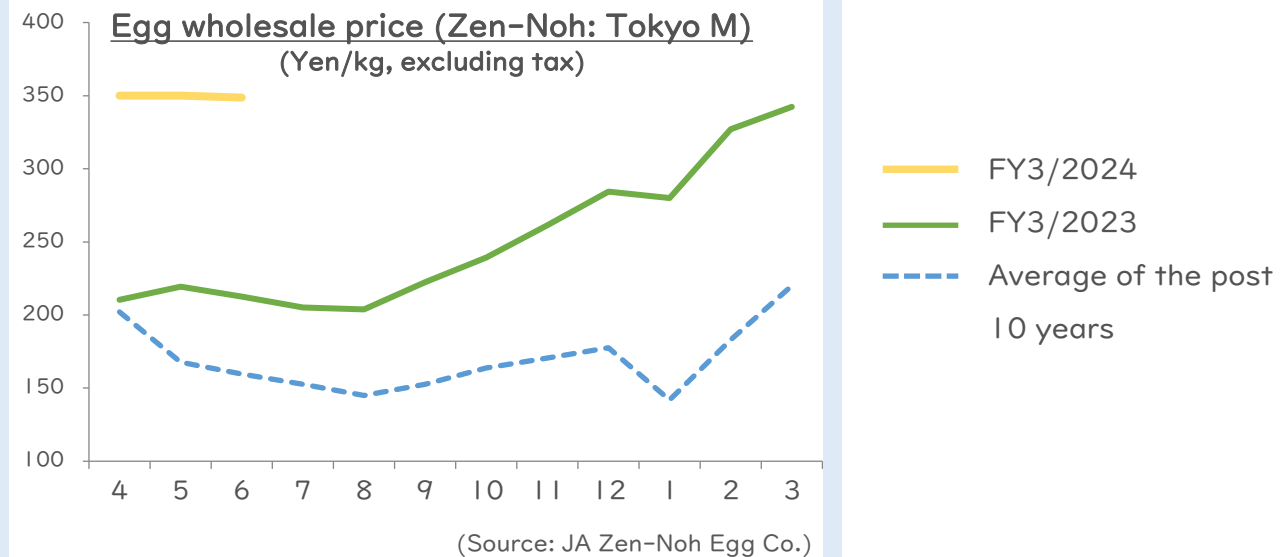
The Food business handles mainly pork carcasses and eggs sales.

The Livestock Products Market is recovering from a decline in the number of animals shipped due to disease, but demand is increasing, and the market has exceeded last year's prices.



Wholesale price of pork carcass :
YoY 105.4%

The egg market was significantly higher than the previous year due to the impact of reduced shipments caused by the nationwide spread of "bird flu".



Egg wholesale price : **YoY 163.2%**

Summary of Financial Results for Q1 FY Mar.2024

Although the cost of sales rose due to soaring raw material and energy prices, this was compensated for by higher selling prices, resulting in higher sales and profits.

(Millions of Yen, %)

(百万円)

	Q1 FY Mar.2023	Q1 FY Mar.2024		
			YoY difference	YoY
Net Sales	67,131	79,782	+12,650	+18.8%
Cost of Sales	63,589	73,102	+9,513	+15.0%
Gross Profit	3,542	6,679	+3,137	+88.6%
SG&A expenses	5,243	5,493	+249	+4.8%
Operating Profit	-1,700	1,186	+2,887	-
Ordinary Profit	-1,474	1,456	+2,931	-
Net Profit attributable to owners of the parent company	-984	921	+1,905	-

YoY

● Net Sales

Sales increased due to higher sales volumes and sales price increases for Animal feed and Aquatic feeds, and sales price increases in the food business.

● Cost of Sales

Raw material costs and energy-related expenses increased significantly.

● SG&A expenses

Compound Feed Price Stabilization System reserve fund and Logistics costs increased.

Q1 FY Mar.2024 Segment Status

Both sales and profit increased due to higher sales volume and sales price hikes in all businesses.

(Millions of Yen)

		Q1 FY Mar.2023	Q1 FY Mar.2024		
				YoY difference	YoY
Feed business	Net Sales	56,998	67,588	+ 10,590	+18.6%
	Segment profit	- 1,021	1,691	+ 2,713	—
Food business	Net Sales	9,525	11,508	+ 1,983	+20.8%
	Segment profit	- 134	64	+ 199	—

※Segment profit: Operating profit

(Thousand metric tons)

Sales volume	Q1 FY Mar.2023	Q1 FY Mar.2024		
			YoY	Comment
Animal feed	881	910	+ 3.3%	For layers +2%, for broilers +5%, for pigs +7%, for cattle -0%
Aquatic feed	21	25	+ 19.5%	For marine fish +24%, for freshwater fish -10%

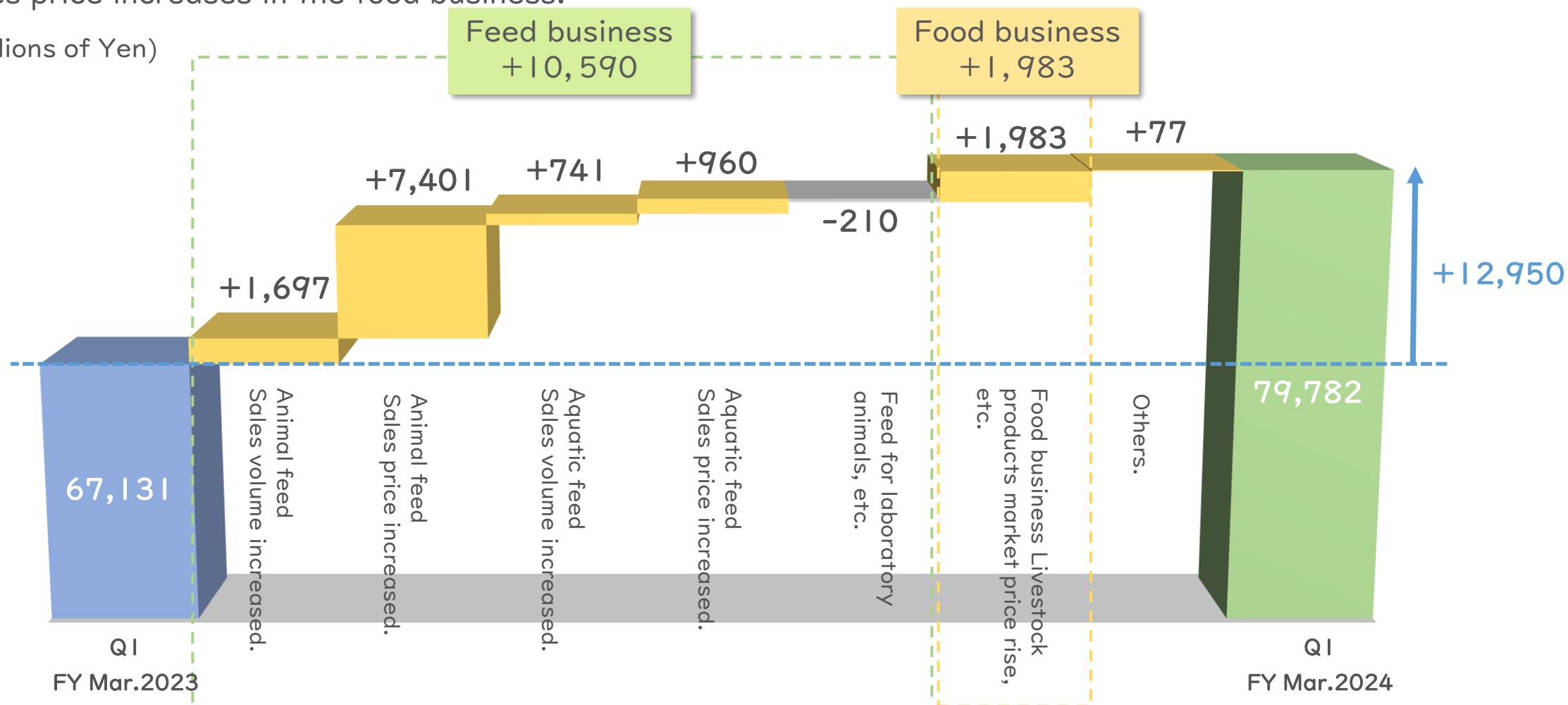
Factors of Net sales increase / decrease



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Sales increased due to increased volume and sales price revisions in the feed business and sales price increases in the food business.

(Millions of Yen)

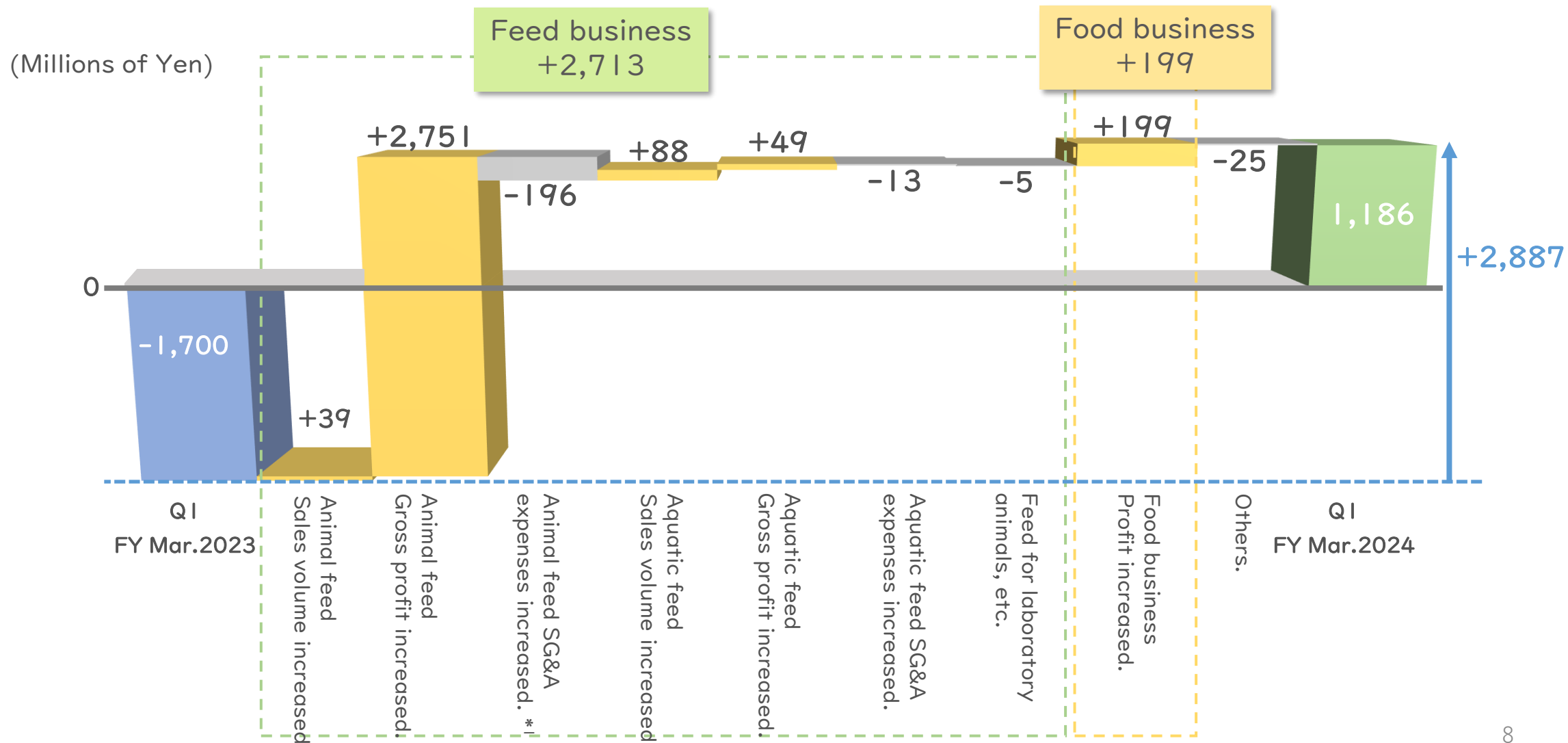


Factors of Operating profit Increase / decrease



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Operating profit increased mainly due to higher gross profit in Animal feed.



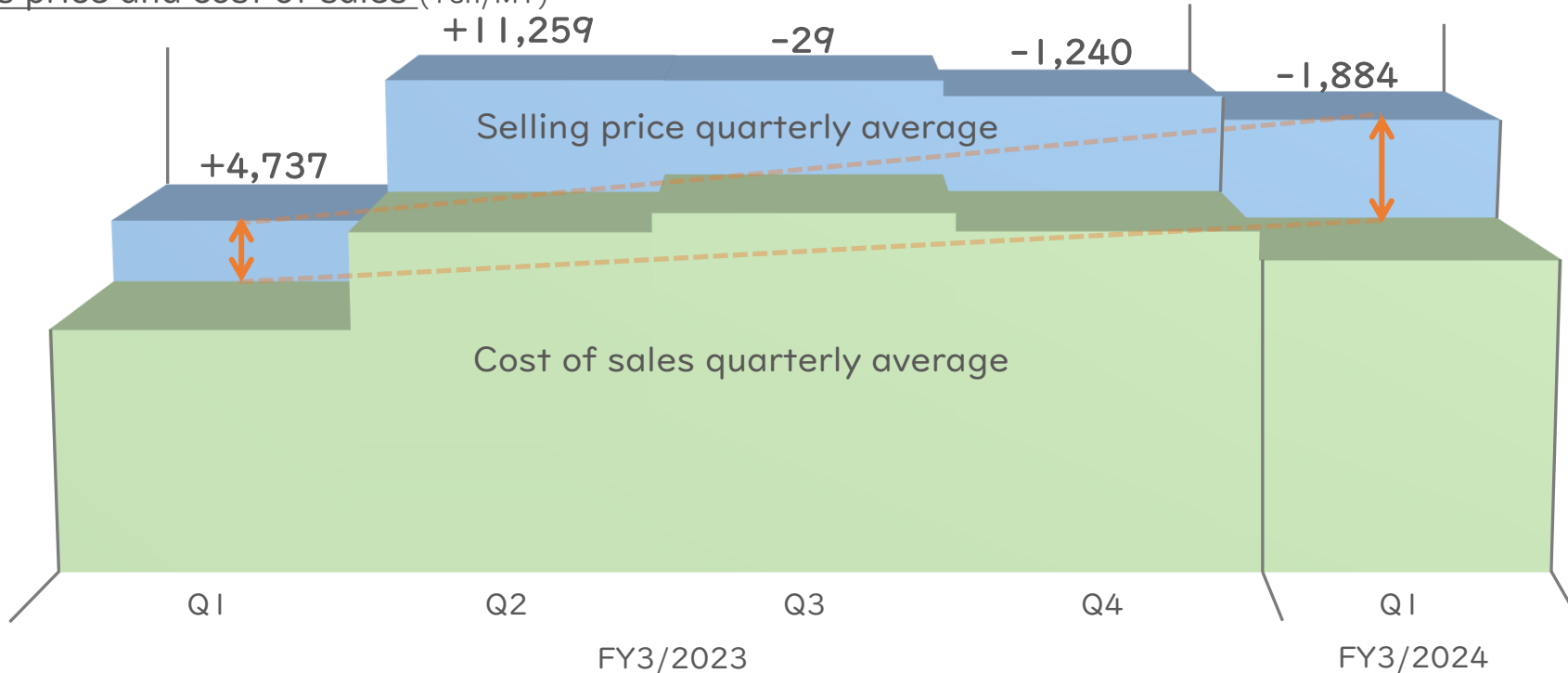
Animal feed : Selling Price and Cost of Sales Trends



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Compared to Q1 of the previous year, the increase in selling prices exceeded the increase in cost of sales, resulting in a significant increase in gross profit.

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.

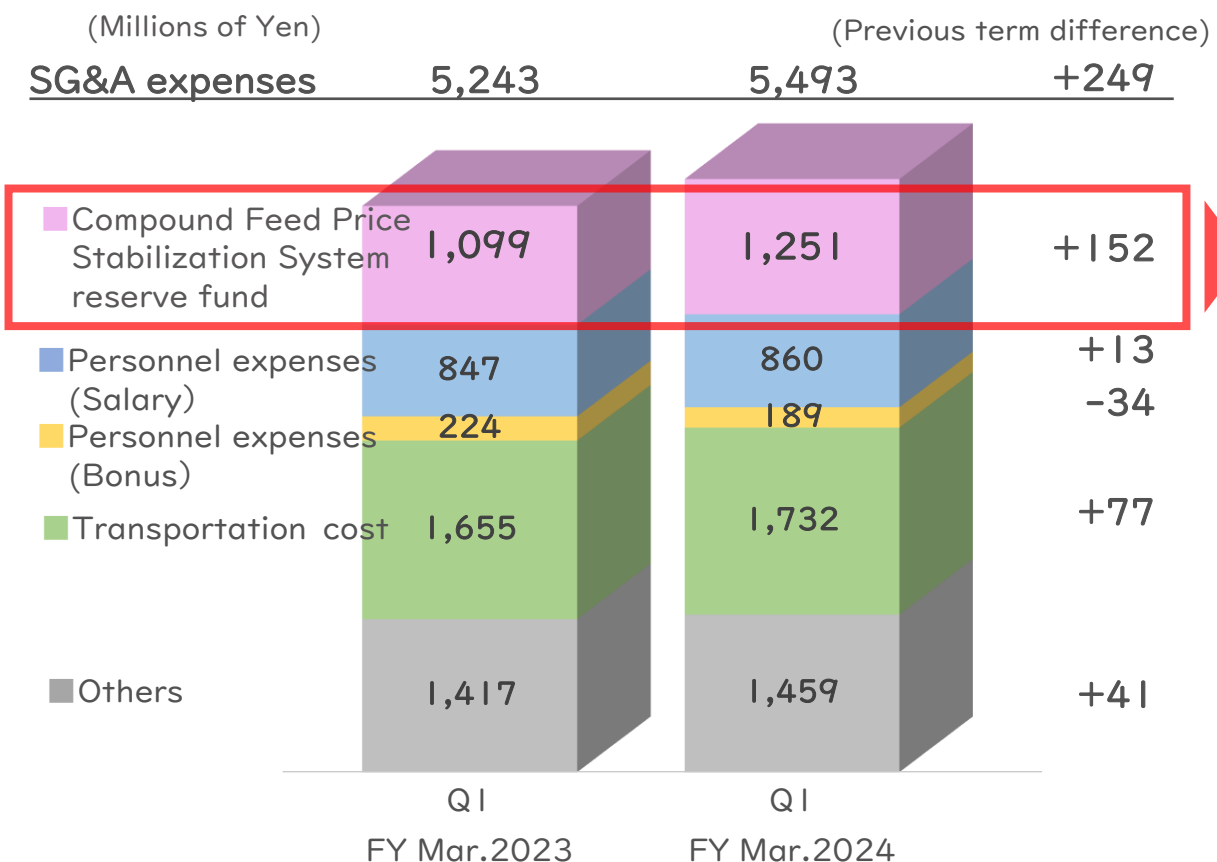
SG&A Expenses



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The reserve for the Compound Feed Price Stabilization System was increased.

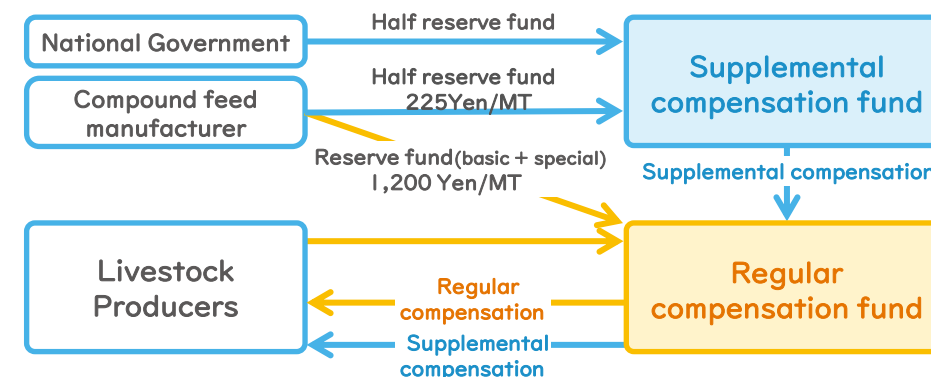
Personnel expenses increased due to freight and other activity costs and wage increases.



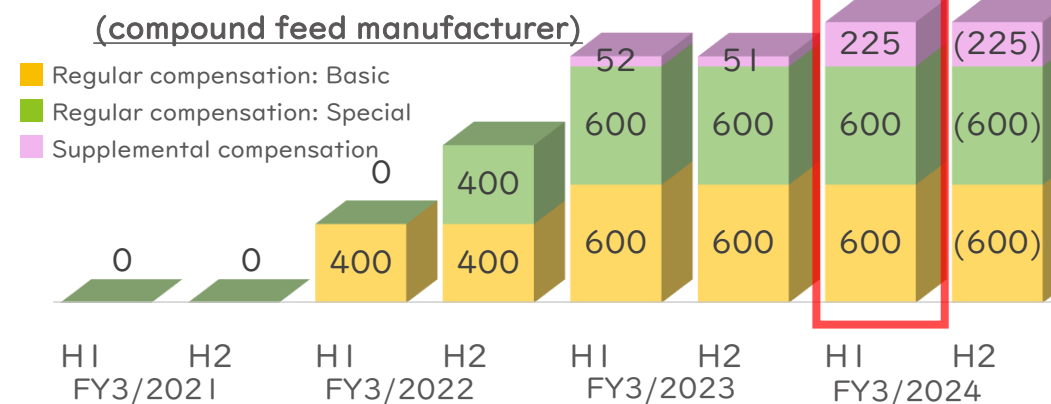
Compound Feed Price Stabilization System

- ▶ Aim to mitigate the impact of rising feed prices on livestock operations.
- ▶ Compensation payments were made from FY23.3 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: H1 FY3/2024)



Transition of reserve fund



Quarterly Financial Results

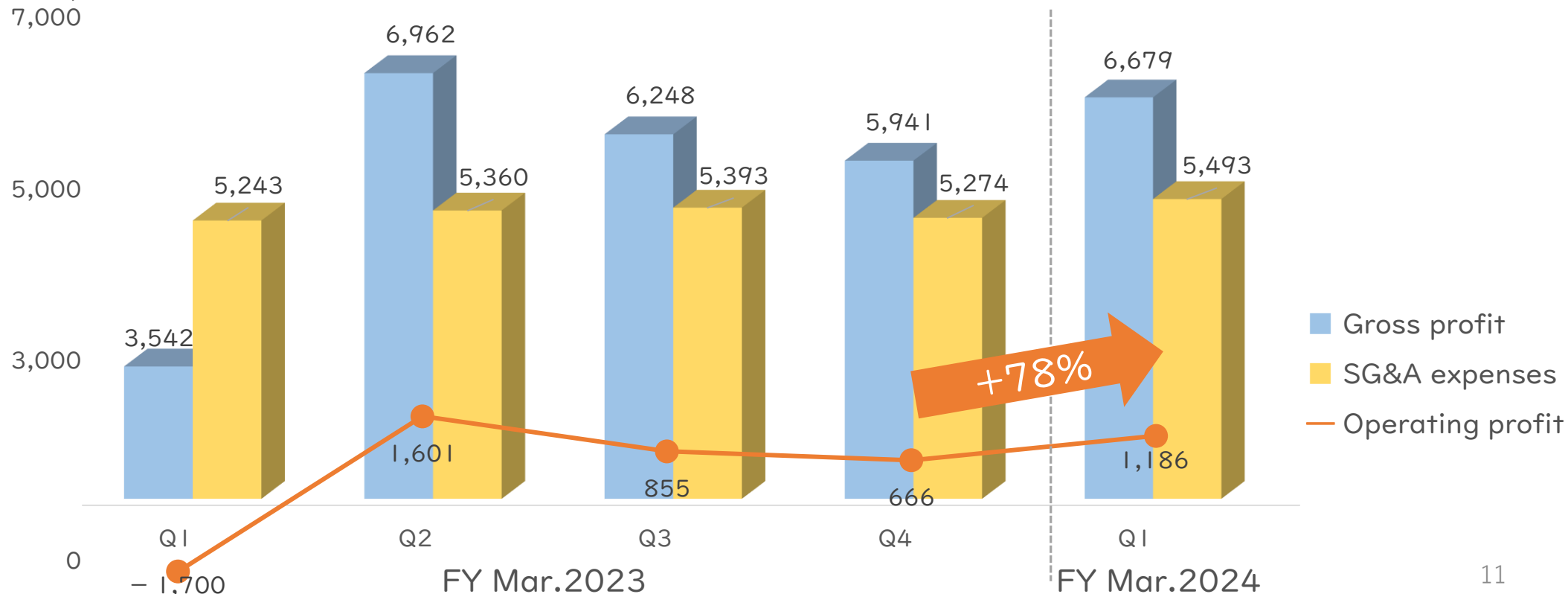


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In Q1 of the previous fiscal year, the company posted an operating loss because it was unable to implement price revisions in response to soaring raw material prices. From Q2 onward, the company strengthened profitability and secured operating profit by appropriately revising prices and reducing raw material costs through the use of feed rice and other advantageous raw materials.

In Q1, each business segment strengthened its profitability, and operating profit increased by 78% compared to Q4 of the previous year.

(Millions of Yen)
7,000



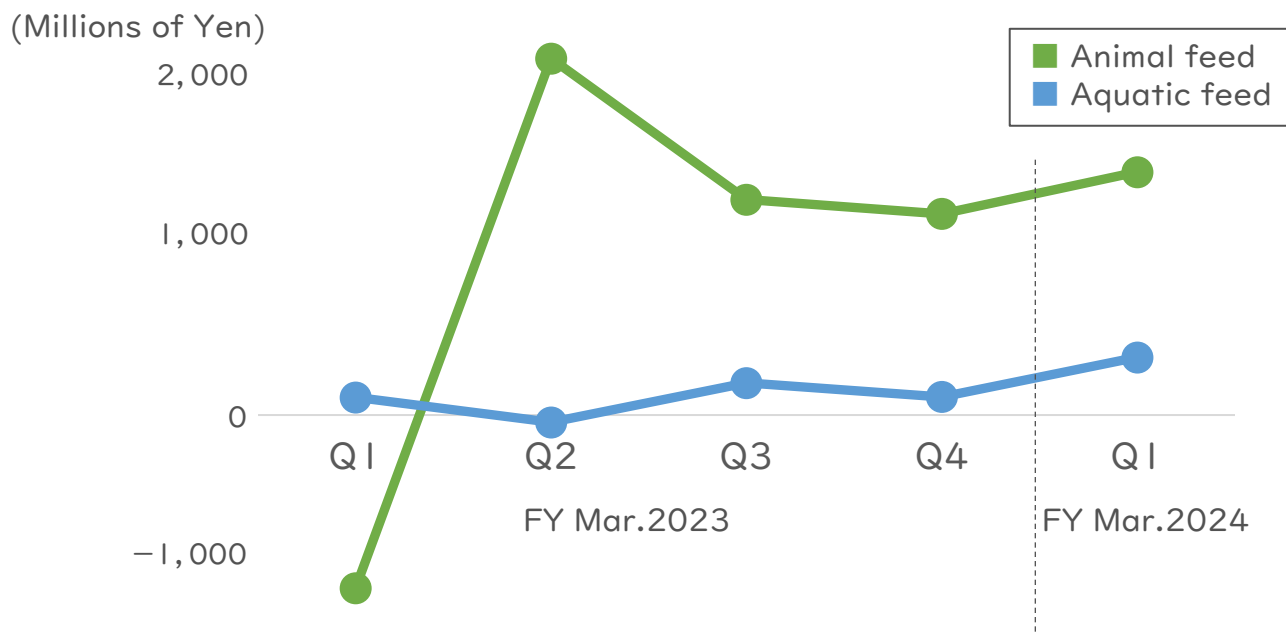
Quarterly Financial Results



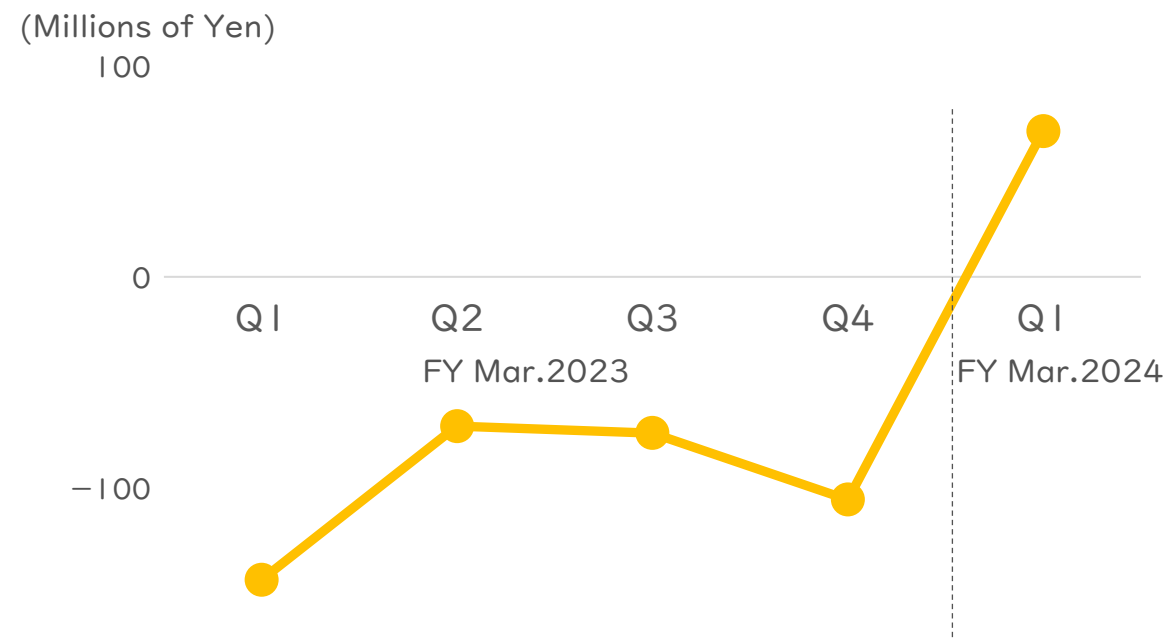
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Profitability of Animal feed, which has a stable revenue base, was further strengthened. In the Aquatic feed, which had been an issue, a major price revision is underway, and in the Food business, earnings improved as mass retailers and other customers reviewed their sales conditions.

Operating profit of Animal feed and Aquatic feed



Operating profit of Food business



Consolidated Financial Condition



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Lower corn import prices led to lower inventories and borrowings.

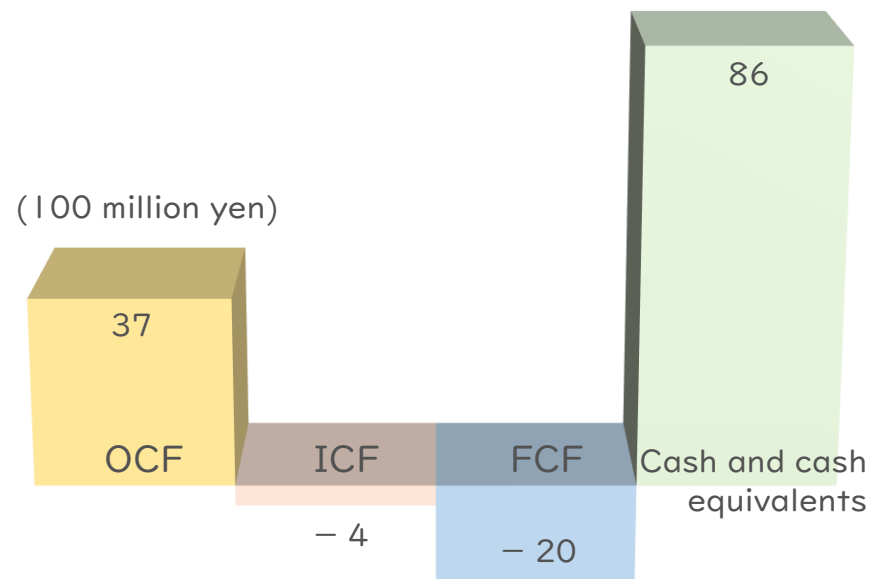
Consolidated balance sheets (YoY difference)

(100 million yen)

Current assets		Current liabilities	
857 (-1)		561 (-39)	
Cash and deposits	86 (+12)	Notes and accounts payable - trade	358 (-5)
Notes and accounts receivable - trade	544 (-8)	Short-term borrowings	126 (-41)
Inventories	191 (-14)		
Non-current assets		Non-current liabilities	
425(+5)		254 (+29)	
Property, plant and equipment	312 (-4)	Long-term borrowings	218 (+26)
Investments and other assets	103 (+8)		
Total assets		Net assets	
1,283 (+3)		467 (+14)	

Consolidated statements of cash flows

(100 million yen)



- OCF : Net profit 13, Working capital 17
- ICF : Capital investment -5
- FCF : Repayments of long-term borrowings -14
- Cash and cash equivalents : Net increase / decrease 12



Topics

Topics



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New Product Introduction Pig Feed "Nori Nori Pork" released in May

Feed for thin-fat control meat pigs

Patent pending

ハリハリ
ポーク

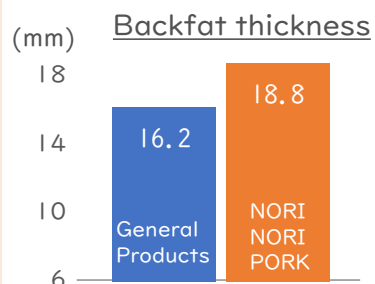
NORI NORI PORK



Issue : With the progress of breeding for high production, less fat has been accumulated, resulting in frequent economic losses on farms due to downgrading caused by thin backfat.

Product Features

- (1) Design to increase total energy intake during fattening period
- (2) Protein and amino acid balance for fat "Nori" (accumulation)
- (3) Special technology to improve nutrient utilization efficiency



Increased energy intake promotes fat accumulation and increases backfat thickness!

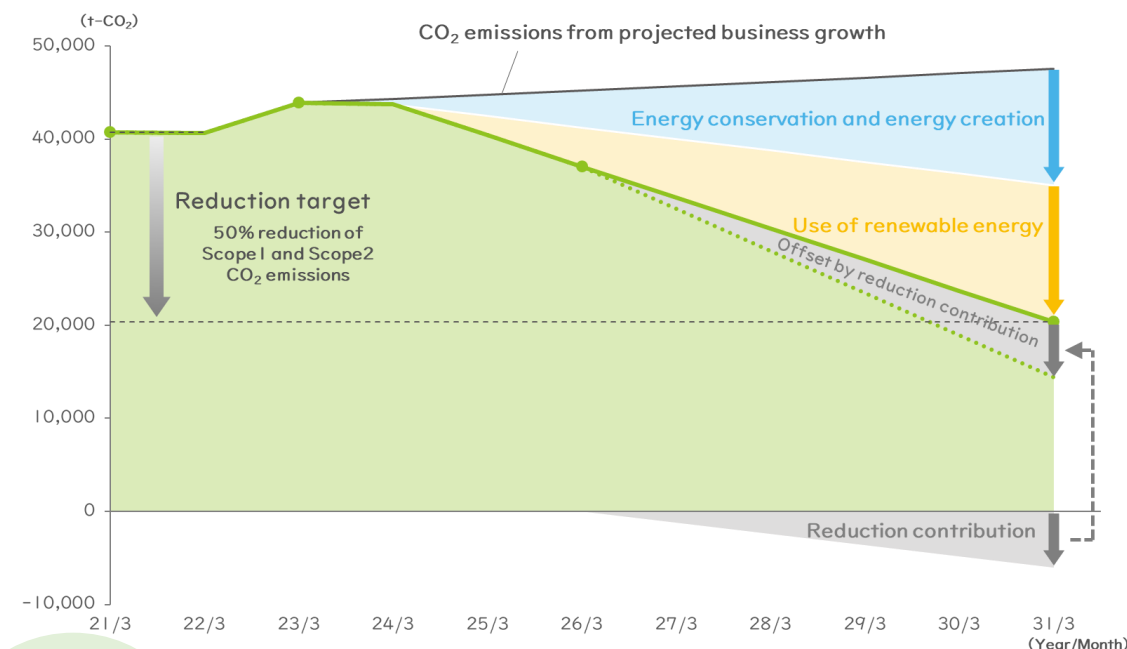
Support farm management by improving farm productivity and profitability!

Responding to Climate Change

"TCFD Report 2023" Disclosure

Announced CO₂ reduction roadmap to mid-term targets

Three reduction measures were formulated to achieve the FY2030 mid-term target of "50% reduction of Scope I and Scope2 CO₂ emissions" in the Group.



It is important to contribute to the decarbonization of the entire supply chain through our business activities, and we will further accelerate our efforts by implementing reduction measures that include the amount of reduction contribution.

Topics

Recognized as "Excellent Health Management Corporation 2023 (Large Corporation Category)"

For the third year in a row

Our company's efforts to address employee health from a managerial perspective have been recognized.



Health support by public health nurses

- Interviews with employees on health
- Issues Health management seminars
- Monthly health column, etc.

Introduced the "WellGo" health management app.

- Walking Campaign
- Redeem points for merchandise
- Linkage with stress checks , etc.



We are actively investing in our human resources by working to create an environment where employees, the driving force behind our growth, can work with peace of mind over the long term.

Efforts to Promote Milk Consumption

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



Examples of Initiatives

- Sponsorship of milk promotions
- Donation of milk
- Sponsorship of milk consumption promotion campaigns



X(Formerly Twitter) Official Account "ONE's Channel" is launched.

As a forum for communication with our stakeholders, we provide information about our business, SDGs initiatives, industry trivia, and food-related information.

Please take a look and follow us!





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