



# Supplementary Materials for Financial Results Q3 of FY Ending Mar. 2025

February 6, 2025

FEED ONE CO., LTD.

TSE Prime Symbol:2060

飼料で食の未来を創り、命を支え、笑顔届ける

## Summary of the external environment and financial results for each segment for the Q3 (Apr-Dec)

### Animal feed business

P07

P08

- ▶ Corn import prices were softer than in the same period of the previous year due to production prospects that exceeded market forecasts, despite the ongoing depreciation of the yen.
- ▶ Segment profit increased YoY due to sales volume expansion, despite deteriorated gross profit margin in the Oct-Dec period due to price revisions.

### Aquatic feed business

P09

- ▶ Fishmeal import prices started at high levels due to poor catches in the previous year. Most recently, prices have softened due to a recovery in catches but are still higher than the same period last year.
- ▶ Segment profit improved in the Oct-Dec period due to the penetration of price revisions, although sales volume was lower than in the same period of the previous year.

### Food business

P10

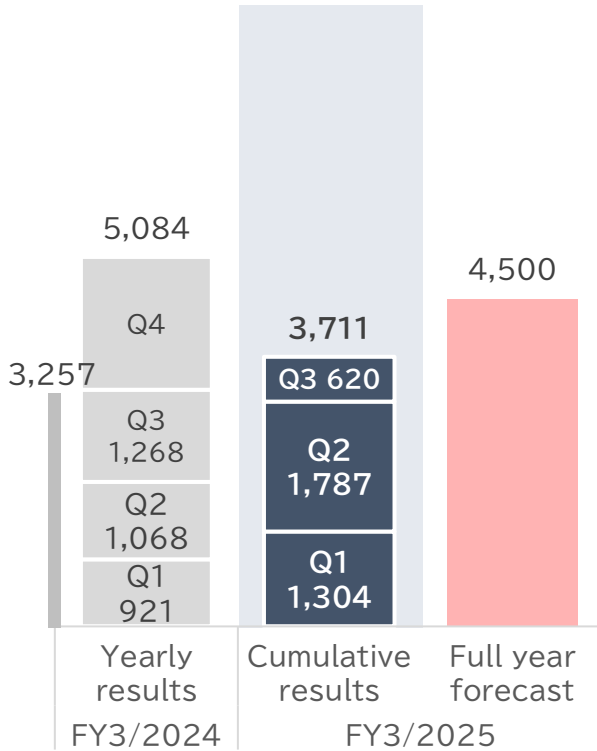
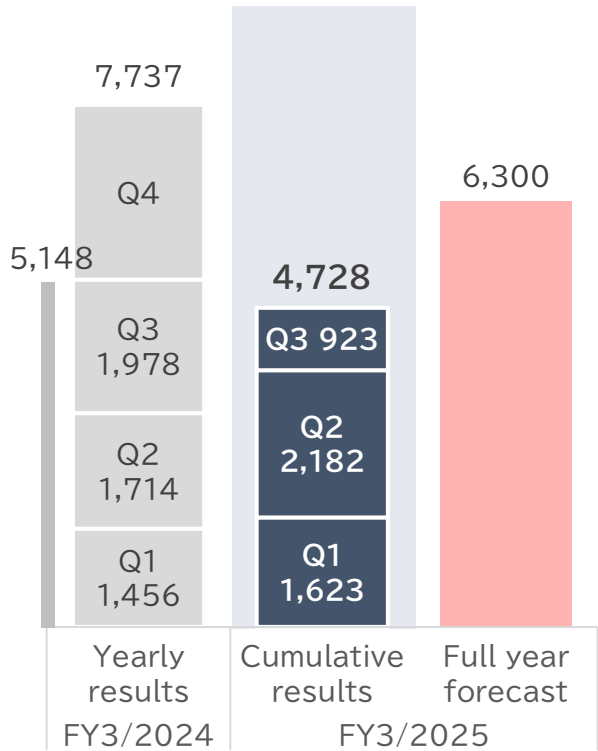
- ▶ Pork carcass market prices rose sharply during the summer due to a decrease in supply caused by the heat wave and other factors. Although it declined toward the end of the year, it exceeded that of the same period of the previous year.
- ▶ The egg market was lower than the same period of the previous year, although the market continued to rise after the beginning of the period due to the heat wave and the avian influenza pandemic.
- ▶ Segment profit was lower than in the same period of the previous year due to the impact of market prices of livestock products.

# Financial Results for Q3 FY3/2025

Ordinary profit decreased due to an increase in SG&A expenses, including amortization expenses for a new backbone system.

(Millions of Yen)

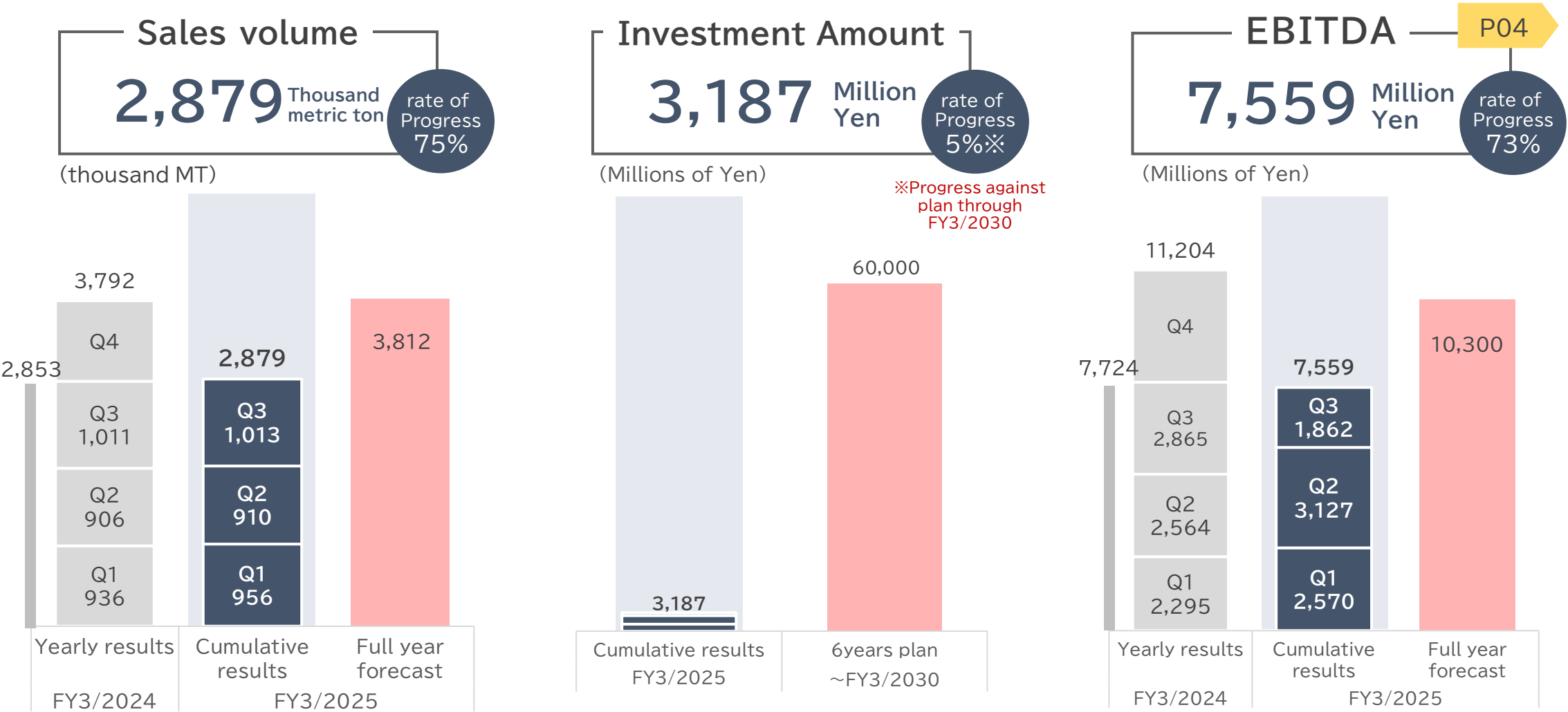
	FY3/2024	FY3/2025		
	Q3	Q3	YoY difference	YoY
Net Sales	238,369	225,521	-5.4%	73.5%
Cost of Sales	216,367	201,804	-6.7%	—
Gross Profit	22,001	23,716	+7.8%	74.6%
SG&A expenses	16,938	19,444	+14.8%	—
Operating Profit	5,063	4,271	-15.6%	70.0%
Ordinary Profit	5,148	4,728	-8.2%	75.1%
Interim Net profit	3,257	3,711	+13.9%	82.5%





# KPI Progress

Set KPIs for sales volume, total investment, EBITDA, ROIC, and ROE with an awareness of capital cost.

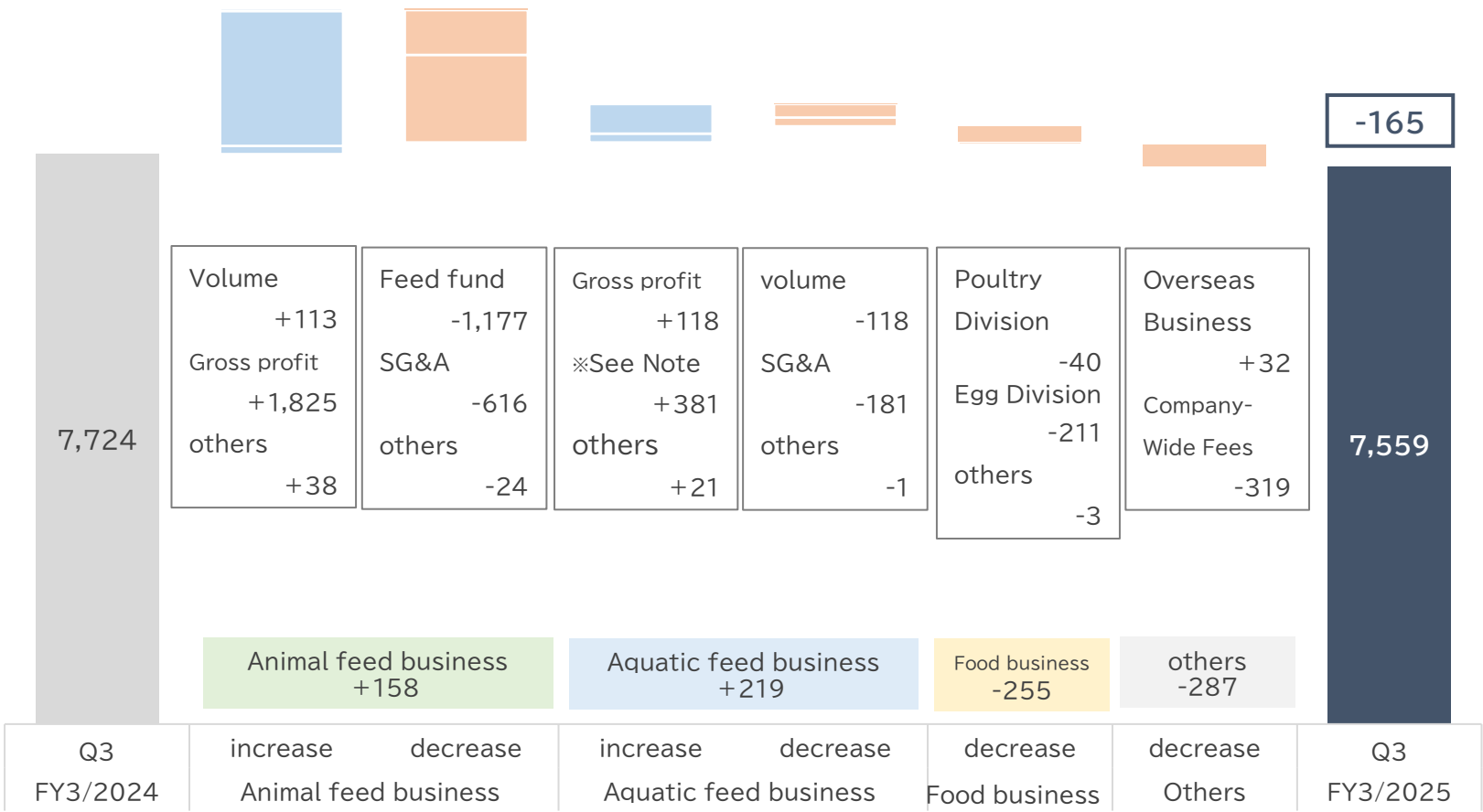


# EBITDA Increase/Decrease Factors

Increase in gross profit in Animal and Aquatic feed businesses, but -2.1% YoY due to increase in SG&A expenses

(Millions of Yen)

■ increase ■ decrease

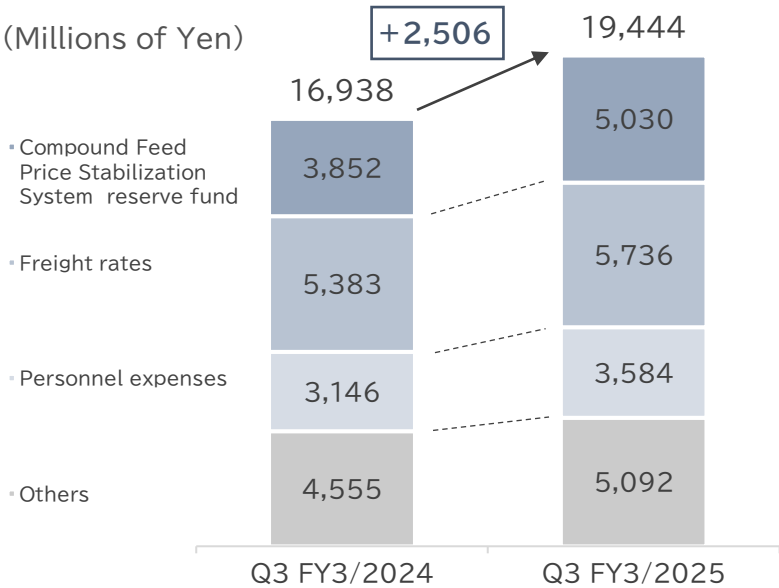


## SG&A expenses

- Fund cost of reserves increased
- Freight rates increased due to higher volumes and unit prices
- Personnel costs increased due to higher salary levels
- Increase in depreciation and amortization due to new core system, etc.

P16

(Millions of Yen)



※Loss related to liquidation of Kyokuyo Feed One Marine (equity in losses of affiliated companies) was recorded in FY24.3

# Consolidated Financial Condition

Temporary capital needs due to year-end (month-end holiday) will be covered by borrowings.

## Consolidated Balance Sheet

(Millions of Yen)

( ) : YoY difference

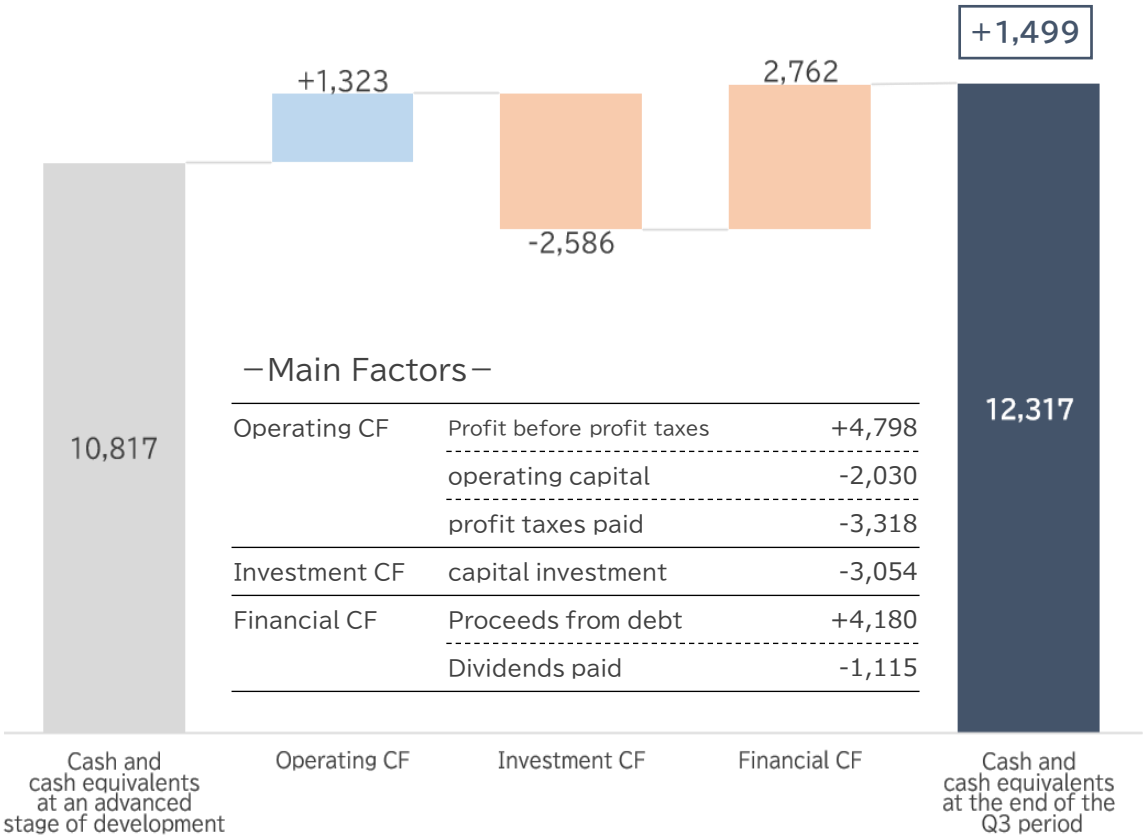
Current assets			Current liabilities		
91,892(+3,688)			61,846(+6,725)		
Cash and deposits	12,387	(+1,511)	Notes and accounts payable trade	33,686	(-674)
Notes and accounts receivable-trade	52,259	(+430)	Short-term borrowings	20,957	(+10,377)
Inventories	18,755	(+1,448)	Profit taxes payable	181	(-2,081)
Non-Current assets			Non-Current liabilities		
43,487(+653)			19,501(-5,559)		
Property plant and equipment	30,591	(+410)	Long-term borrowings	14,990	(-6,188)
Investments and other asset	11,294	(+184)	Net assets		
			54,032(+3,176)		

Total assets 135,380(+4,341) Self-capitalization ratio 39.4%(+1.0ppt)

## Consolidated Statements of Cash Flows

(Millions of Yen)

■ increase ■ decrease



# Segment Status

Animal and Aquatic feed businesses increased due to improved gross profit , while food businesses decreased due to higher purchase prices.

(Millions of Yen)

Segment		Q3 FY3/2024	Q3 FY3/2025		
				YoY difference	YoY
Animal feed	Net Sales	185,922	175,949	-9,972	-5.4%
	Segment profit	5,856	5,977	+120	+2.1%
	EBITDA	7,711	7,870	+158	+2.1%
Aquatic feed	Net Sales	21,134	21,104	-30	-0.1%
	Segment profit	755	976	+220	+29.2%
	EBITDA	1,132	1,351	+219	+19.3%
Food	Net Sales	31,304	28,456	-2,848	-9.1%
	Segment profit	368	116	-251	-68.3%
	EBITDA	494	239	-255	-51.6%
Other/ Adjustments	Net Sales	7	11	+3	+42.9%
	Segment profit	-1,831	-2,341	-509	—

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

\*Segment profit: Ordinary profit basis

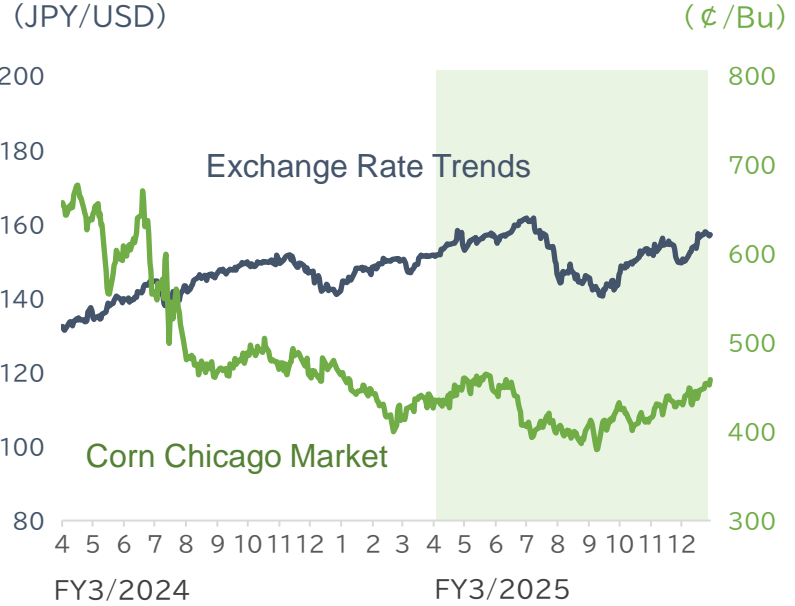
\*EBITDA: Ordinary profit + Interest expenses-Interest profit + Depreciation and amortization and amortization of goodwill



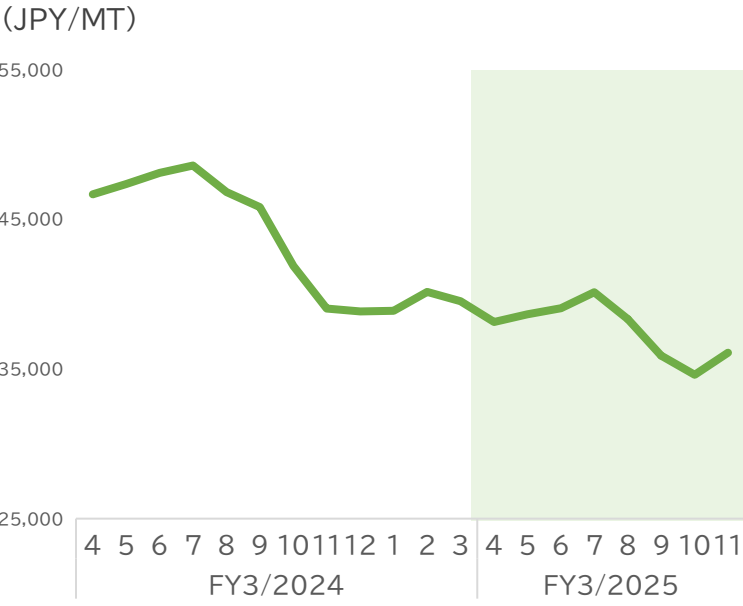
# Market Environment for Animal Feed Business

Animal feed sales prices for October-December were reduced due to soft market conditions in Chicago despite the yen's ongoing depreciation.

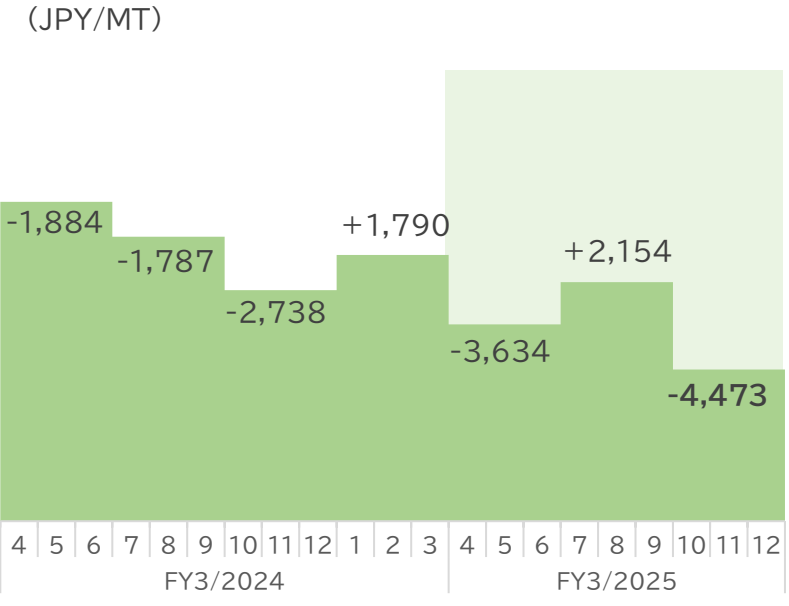
## Corn Chicago Market and Exchange Rate Trends



## Corn imported price



## Animal feed sales price



P15

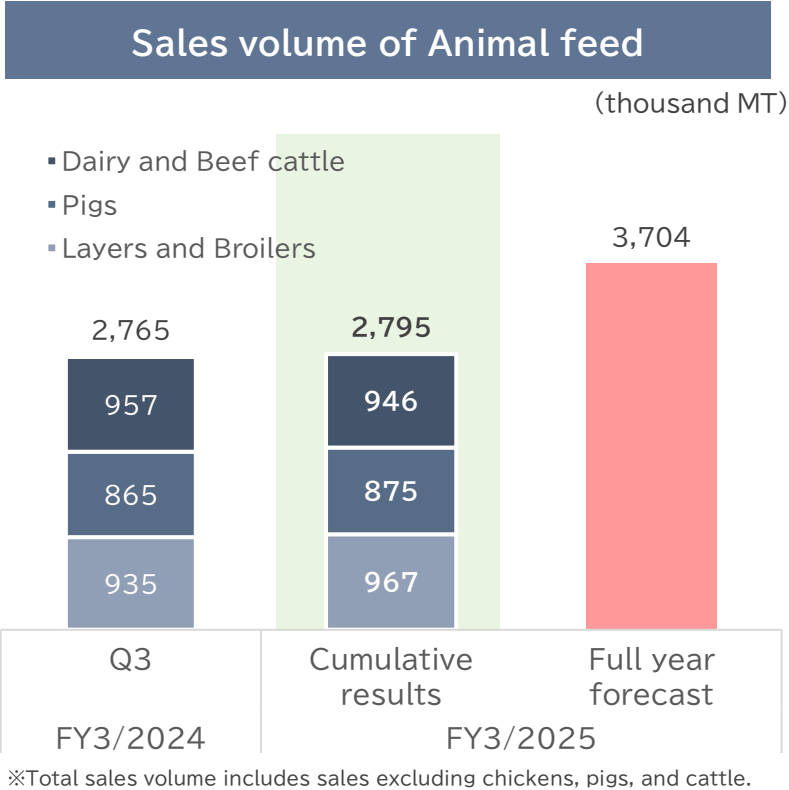
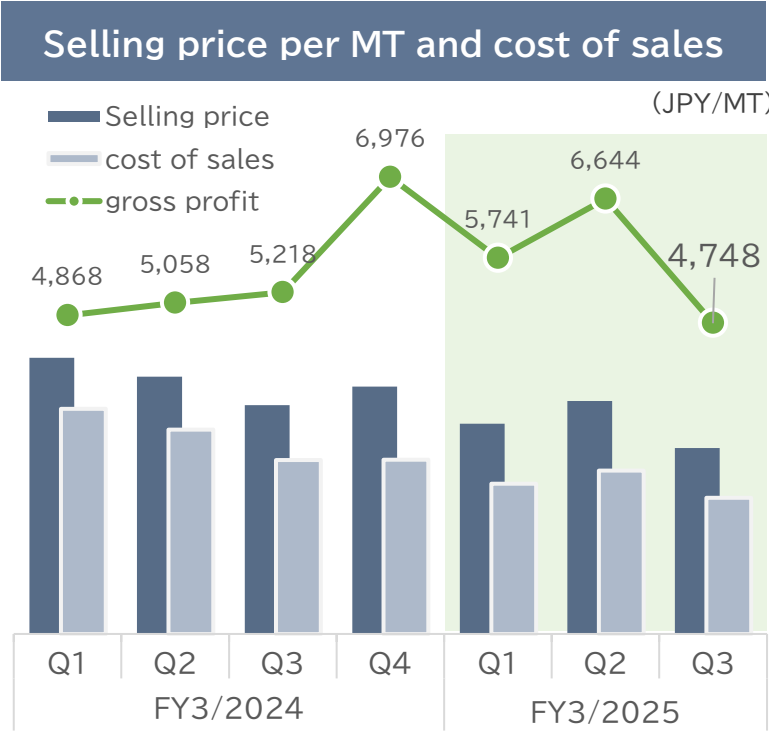
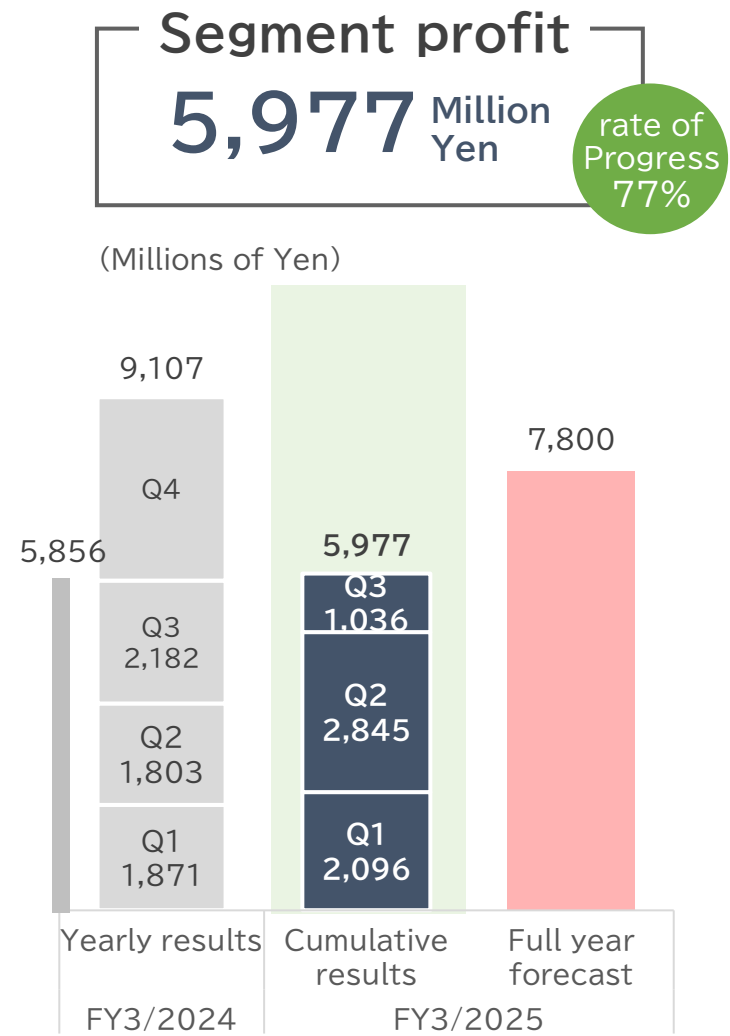
- The yen depreciated against the U.S. dollar due to economic indicators and monetary policy in Japan and the U.S.
- Chicago market softens due to production outlook exceeding market forecasts, but has been on an upward trend since September
- Import prices of corn remained significantly lower than in the same period of the previous year (-16.3% YoY)

- Animal feed sales price: -6.6% YoY



# Performance by Segment / Animal feed business

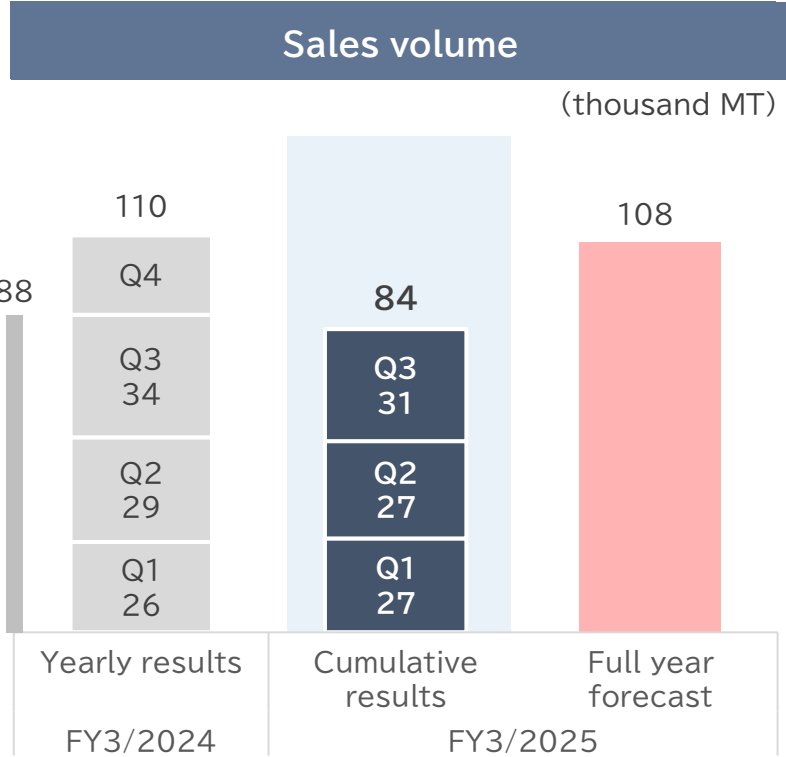
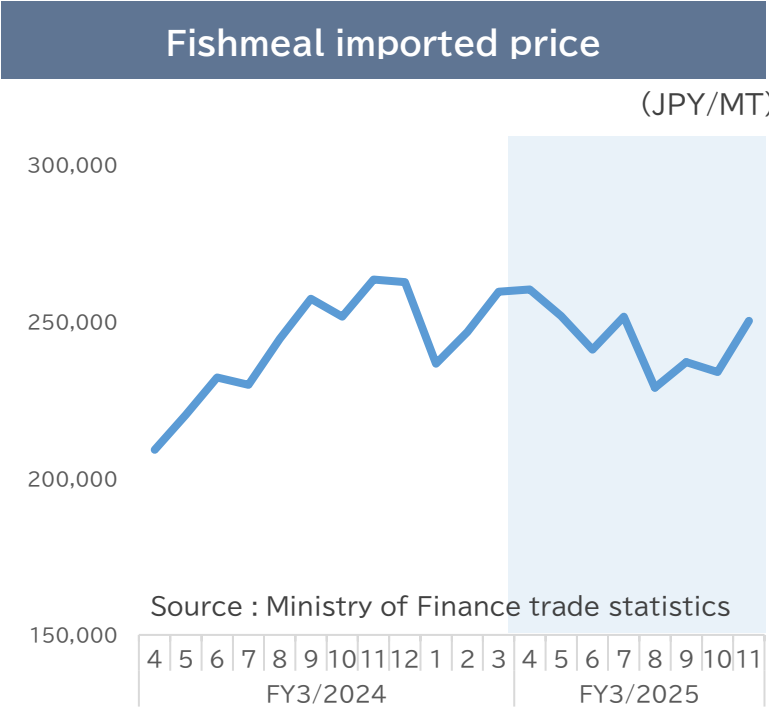
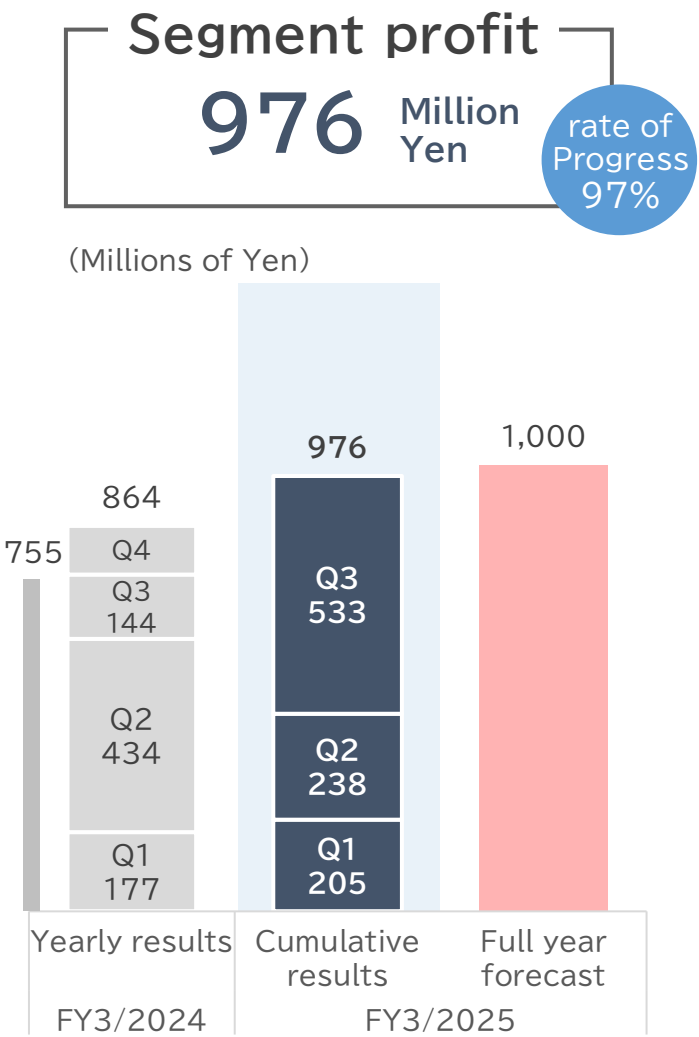
Segment profit increased YoY due to sales volume expansion, despite deteriorated gross profit margin in the Oct-Dec period due to price revisions.



- Gross profit deteriorated in October-December due to price revision below raw material prices.
  - Sales volume increased 1.1% YoY, driven by sales expansion in pig and poultry farming to major customers, despite a decrease in cattle farming.
- [Reference] Nationwide sales volume of Animal feed increased 0.7% YoY (according to our research)

# Performance by Segment / Aquatic feed business

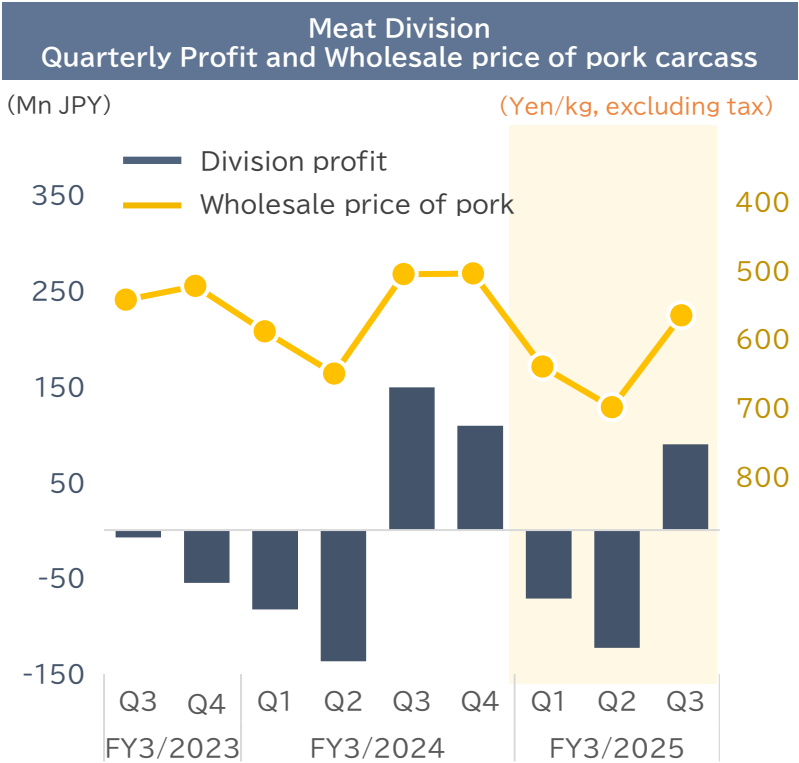
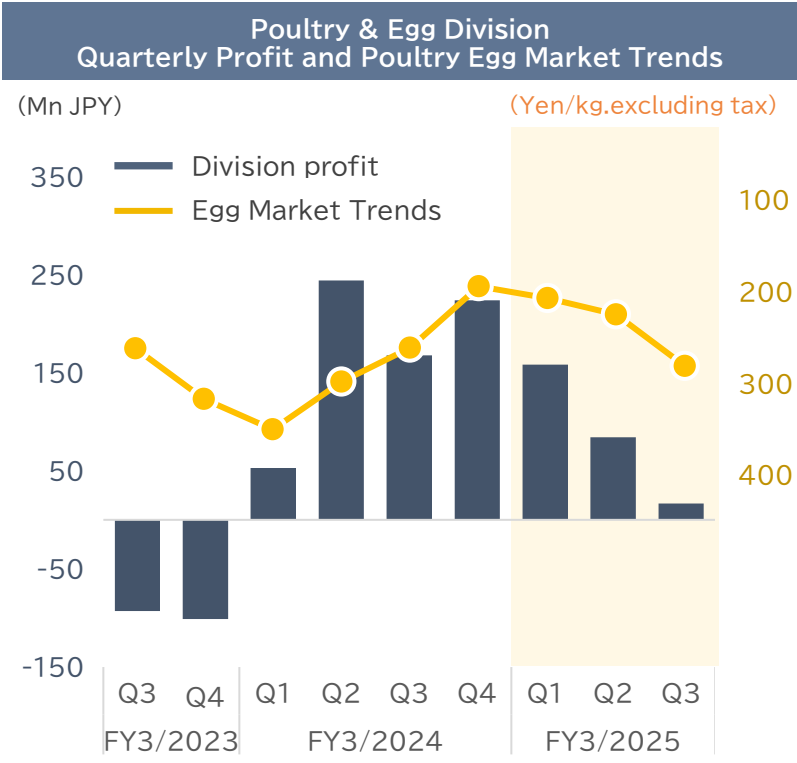
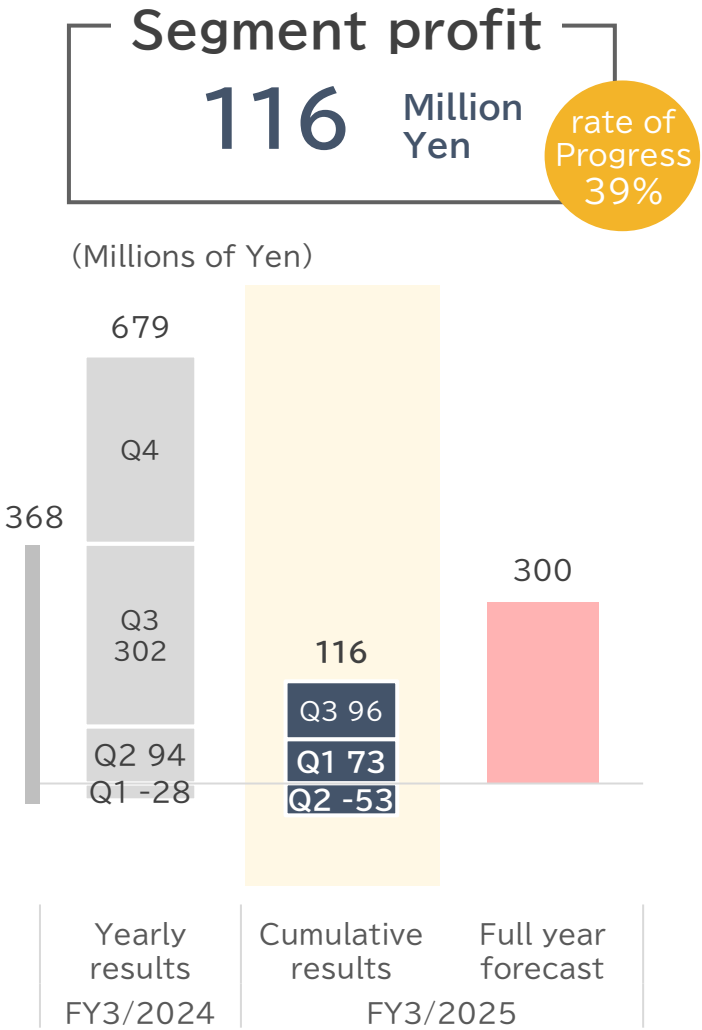
Segment profit improved in the Oct-Dec period due to the penetration of price revisions, although sales volume was lower than in the same period of the previous year.



- Profit structure improved due to the penetration of price revisions implemented in April. Gross profit recovered to a full-year average higher than the previous year.
  - Sales volume for red sea bream was strong, but was affected by feeding restrictions due to high water temperatures, etc. -4.9% YoY
- [Reference] National Aquatic feed production volume: -4.1% YoY (according to our survey)

# Performance by Segment / Food business

Segment profit was lower than in the same period of the previous year due to the impact of market prices of livestock products.



- Poultry & Egg Division: Poultry egg prices rose against the trend due to the avian influenza pandemic (see Topics). Gross profit deteriorated due to higher purchase prices.
- Meat Division: Pork carcass market price declined in October-December due to recovery in the number of pigs shipped. Gross profit improved due to lower purchase prices.

# FY3/2025 earnings Forecast

No change from the initial forecast.

Full-year forecasts for net sales are expected to fall short due to price revisions for Animal feed, but profits are expected to be achieved.

(Million of Yen)

	FY3/2024	FY3/2025		
		Forecast	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%
Net Profit attributable to owners of the parent company	5,084	4,500	-584	-11.5%

Fore  
cast

Animal feed business



Gross profit recovered due to price revision in Q4, and full-year forecast is expected to be achieved.

Aquatic feed business



Q4 volume decline due to low water temperatures, but gross profit margin was maintained, and full-year forecast is expected to be achieved.

Food business



Avian influenza pandemic. Continued concern over higher purchase prices due to soaring egg prices.

External environment will have little impact on the achievement of the full-year forecast for the fiscal year Ending March 31, 2025

## Impact of Trump 2.0 on our business

- ❑ [Feed material] Since more than 80% of Animal feed is imported (see P15), there are concerns that the price of imported raw materials will rise due to higher tariffs and a weaker yen caused by the widening interest rate gap between Japan and the U.S. However, the impact of higher purchase prices will be minimal since most of the raw materials for this fiscal year have already been purchased.
- ❑ [reference] In the Animal feed business, selling prices are revised once a quarter in response to fluctuations in the price of imported raw materials, making it easy to maintain gross profit margins unless there are sharp fluctuations (see P15).

## Impact of the Avian Influenza Pandemic on Our Business

- ❑ This season, 50 cases occurred and about 9.27 million birds have been targeted for culling (as of Jan.31, according to the website of the Ministry of Agriculture, Forestry and Fisheries).
- ❑ Egg prices have soared due to a decrease in egg supply. With no prospects for a conclusion in sight, the price is expected to remain high in the future.
- ❑ In the food business, gross profit may deteriorate if selling prices cannot be revised in response to soaring egg purchase prices.
- ❑ In the Animal feed business, there are concerns about a decline in sales volume due to a decrease in the number of cattle being fed, but the impact is minor because there is no bias in the composition of Animal feeds or sales areas.



# 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"> <li>Full-year financial results announcement</li> </ul>	<ul style="list-style-type: none"> <li>Securities report</li> </ul>		<ul style="list-style-type: none"> <li>Financial results Q1 announcement</li> </ul>			<ul style="list-style-type: none"> <li>Financial results Q2 announcement</li> <li>Semiannual Securities report</li> </ul>			<ul style="list-style-type: none"> <li>Financial results Q3 announcement</li> </ul>	
	<ul style="list-style-type: none"> <li>Financial results and Medium-term management plan briefing</li> </ul>		<ul style="list-style-type: none"> <li>Ordinary general meeting of shareholders</li> </ul>			<ul style="list-style-type: none"> <li>Date of interim dividend</li> </ul>	<ul style="list-style-type: none"> <li>Financial results briefing</li> </ul>				<ul style="list-style-type: none"> <li>Date of year-end dividend</li> </ul>
May 10, 2024	Full-year financial results announcement of FY Ending Mar. 2024		August 9, 2024	Financial results Q1 announcement of FY Ending Mar. 2025		November 8, 2024	Financial results interim Announcement of FY Ending Mar. 2025		February 6, 2025	Financial results Q3 announcement of FY Ending Mar. 2025	
May 21, 2024	Financial results and medium-term Management plan of FY Ending Mar. 2024										
June 21, 2024	The 10th Ordinary general meeting of shareholders					November 19, 2024	Financial results interim of FY Ending Mar. 2025				
	Securities report of FY Ending Mar. 2024										

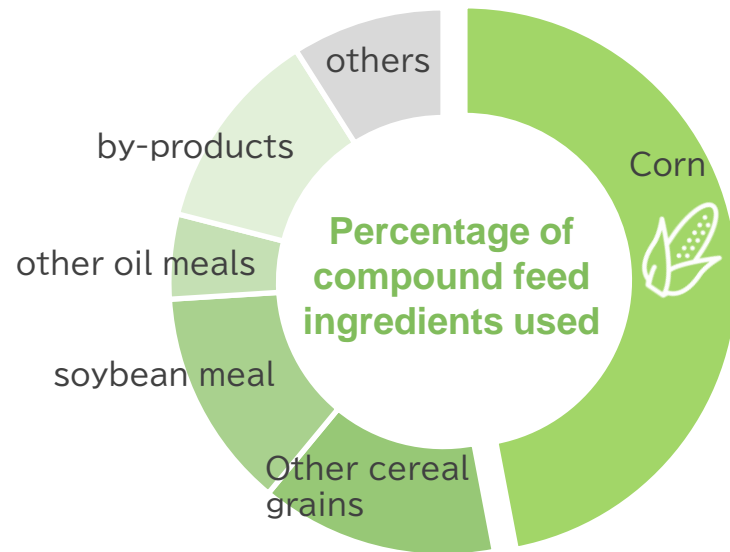
## appendix ~Characteristics of the Animal feed business~

# Characteristics of the Animal feed business

The Animal feed business is a business model that makes it easy to secure a certain level of gross profit because sales prices are revised in response to fluctuations in the price of imported raw materials.

## Imported raw materials account for more than 80%

The majority of compound feed is made from imported raw materials, which are greatly affected by market prices, foreign exchange rates, and ocean freight rates.



### [Net sales] Review sales prices in response to fluctuations in the price of imported raw materials

- Sales price is reviewed once a quarter in response to changes in the price of imported raw materials.
- Sales are not an indicator of performance because of the significant impact of price revisions.

### [Cost of sales] Raw material costs account for 90% of cost of sales

- Raw material costs account for more than 90% of cost of sales.
- More than 80% of which will be imported raw materials.

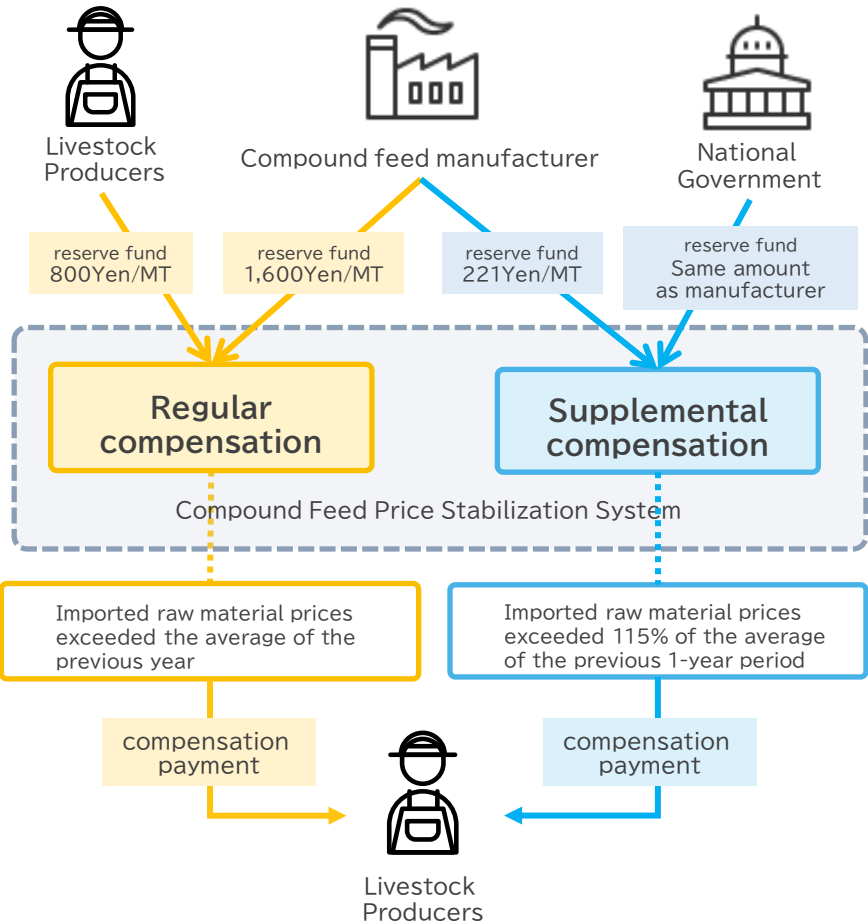
### [SG&A expenses] Compound Feed Price Stabilization System

- Aim to mitigate the impact of rising feed prices on livestock operations.
- The government, compound feeds manufacturers, and producers accumulate a supplemental fund.
- Funds are replenished to producers when triggering conditions are met.
- The reserve is charged to SG&A expenses. Reserve of 1,821 yen/tons for production volume in Q3.

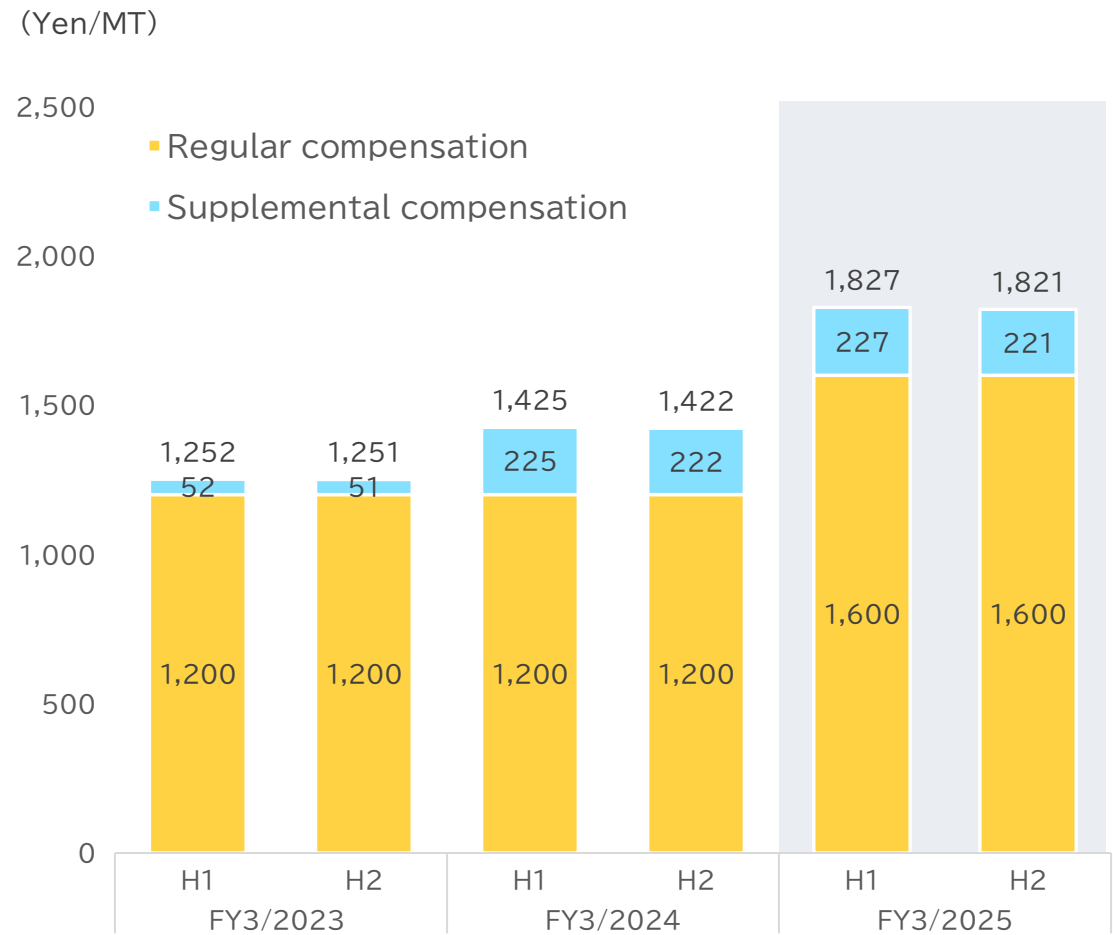
# [reference] Compound Feed Price Stabilization System

Aim to mitigate the impact of rising feed prices on livestock operations.

## Mechanism of the system (Example: H2 FY3/2025)



## Changes in reserves (Compound feed manufacturer)



# Strengths of the Animal Feed Business

High market competitiveness and a sales mix that hedges risk are major strengths.

## market competitiveness

Solid technical capabilities from raw material purchasing to sales



Raw material purchasing power  
Stability of procurement is ensured through collaboration with our shareholder Mitsui & Co.



– Manufacturing sites located  
13 production plants nationwide, covering customers throughout Japan

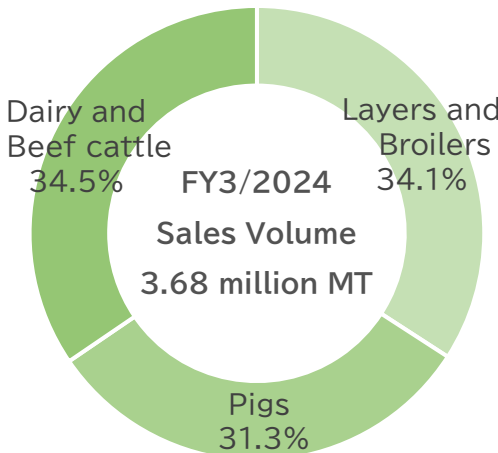


– Technical skills of employees  
We have deepened our expertise in each livestock species, and professionals in this field are available to serve our customers.

Based on three research centers in Japan, we also collaborate with universities and research institutes in Japan and universities in the U.S., etc.

## Unbiased sales

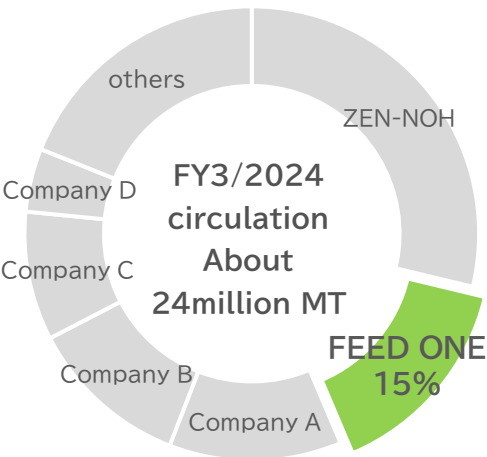
Almost equal in sales composition



Features a well-balanced livestock composition that minimizes the impact of infectious diseases on livestock, etc.

## market share

No. 1 private company



While the market has remained flat, we have increased our sales by more than 400,000 MT in the 10 years since the business integration and increased our market share from 13% to 15%.

**Toward sustainable growth under our Vision  
「Committed to ‘ONE’, striving to be the company of choice」**



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

For questions or inquiries regarding this material, don't hesitate to get in touch with our IR representative at [ir@feed-one.co.jp](mailto:ir@feed-one.co.jp).

