Supplementary Materials for Interim Financial Results for the FY Ending Mar. 2025

November 8, 2024

FEED ONE CO., LTD.

TSE Prime　Symbol：2060

飼料で食の未来を創り、命を支え、笑顔を届ける

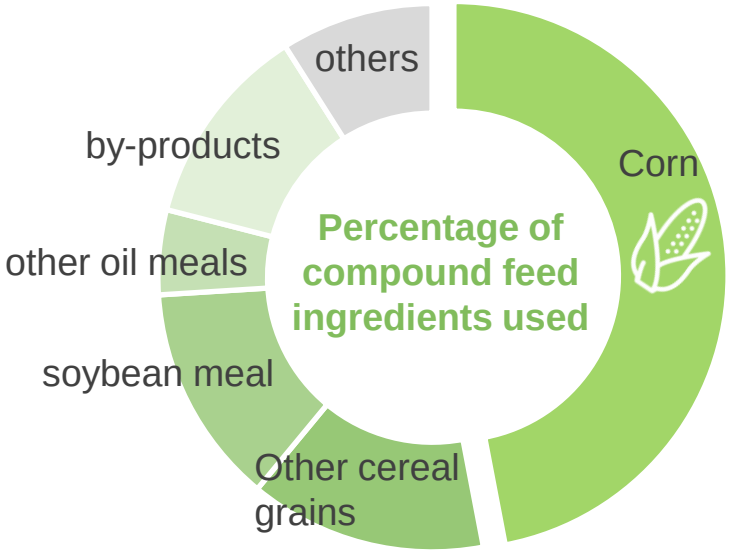
Business Characteristics of the Animal feed business

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Animal feed is greatly affected by price fluctuations 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

P08

- The 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.
- 87% of which will be imported raw materials..

[SG&A expenses] Compound Feed Price Stabilization System

P05

- Aim to mitigate the impact of rising feed prices on livestock operations.
- The government, formula feed manufacturers, and producers accumulate a supplemental fund.
- Funds are replenished to producers when triggering conditions are met.
- Reserve is charged to SG&A expenses. **1,825 yen/MT of Production volume** for the current interim period.

Summary of Financial Results for H1 FY3/2025

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Decrease due to price revision of Animal feed. Increase due to higher sales volume of Animal feed

(Millions of Yen)

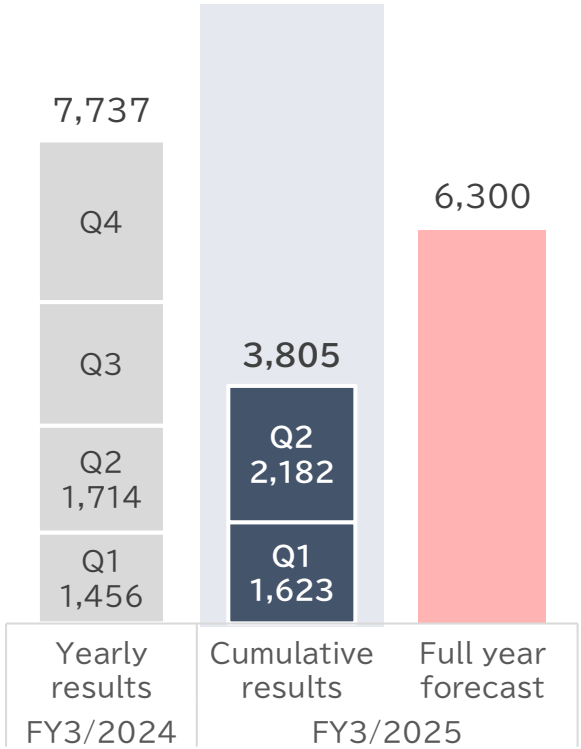
	H1 FY3/2024	H1 FY3/2025		
	Q2	Q2	YoY difference	YoY
Net Sales	156,645	148,298	−5.3%	48.3%
Cost of Sales	142,821	132,154	−7.5%	−
Gross Profit	13,824	16,143	+16.8%	50.8%
SG&A expenses	10,980	12,787	+16.5%	−
Operating Profit	2,844	3,355	+18.0%	55.0%
Ordinary Profit	3,171	3,805	+20.0%	60.4%
Interim Net profit	1,989	3,092	+55.4%	68.7%

Ordinary Profit

3,805 Million Yen

rate of Progress 60%

(Millions of Yen)

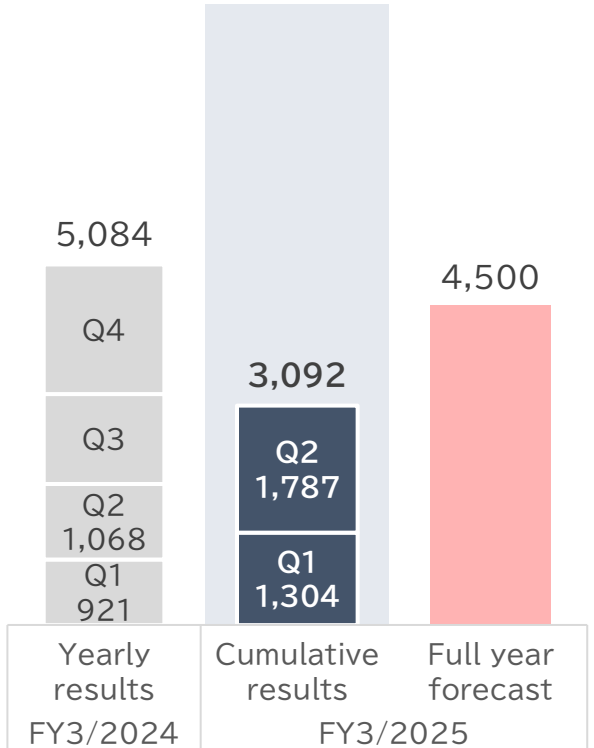


Interim Net Profit

3,092 Million Yen

rate of Progress 69%

(Millions of Yen)



KPI Progress

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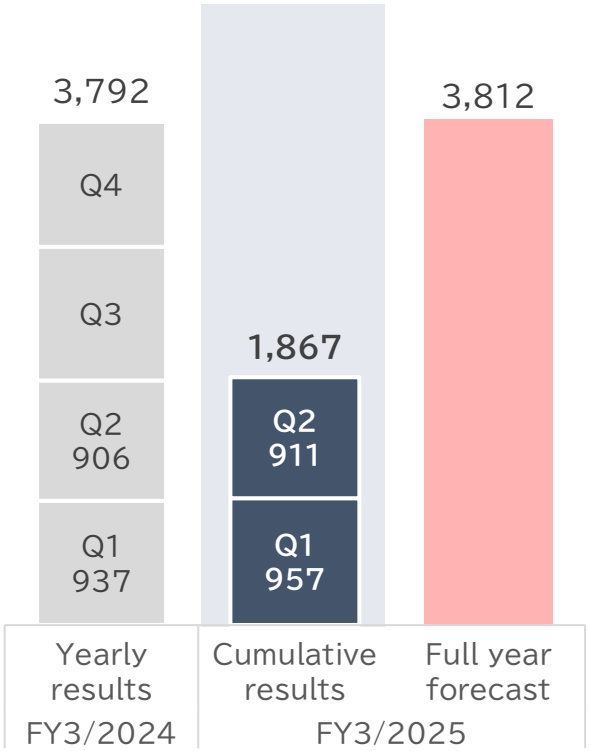
Set KPIs for sales volume, total investment, EBITDA, ROIC, and ROE with an awareness of capital cost

Sales volume

1,867 Thousand metric ton

rate of Progress 49%

(thousand MT)



Total Investment Amount

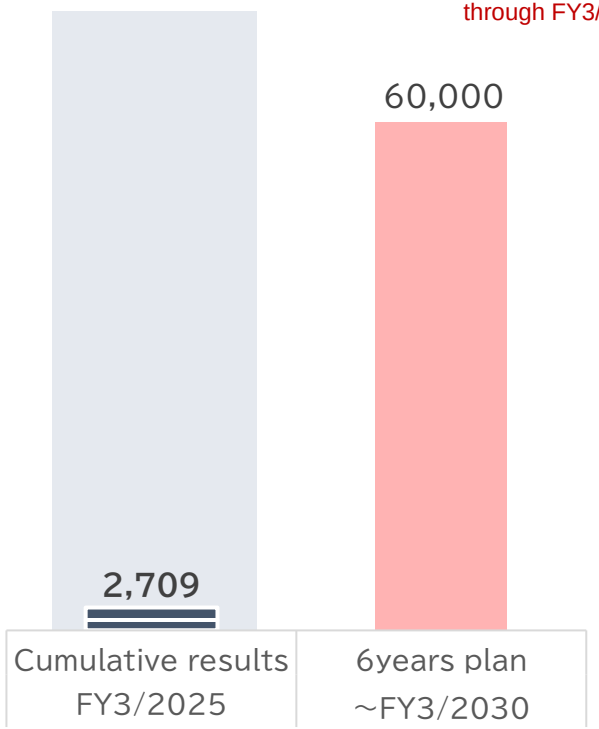
P04

2,709 Million Yen

rate of Progress 5%※

(Millions of Yen)

※Progress against plan through FY3/2030



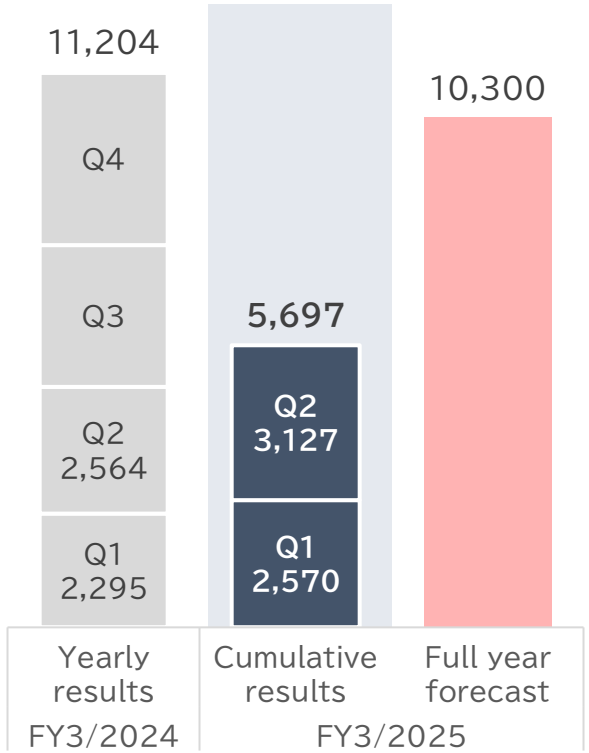
EBITDA

P05

5,697 Million Yen

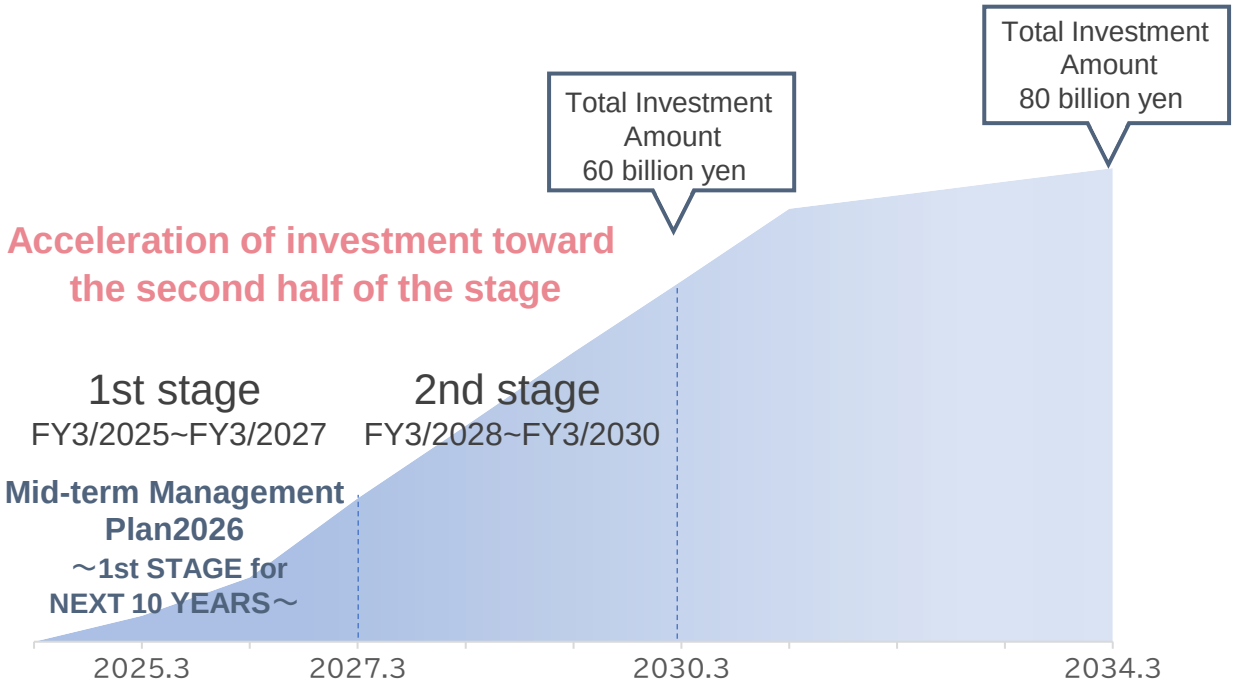
rate of Progress 55%

(Millions of Yen)



capital investment

1st stage is preparatory stage for investment, focus over 2nd stage



Investment Policy

- Feed manufacturing facilities
- Food processing equipment
- R&D facility renewal

- Human capital investment
- digital transformation
- Overseas

60 billion yen over 6 years for 1st and 2nd stages

Fiscal year ending Mar.2025 Major investments in the current interim period



- Animal feed factory in Kitakyusyu
  - −Pellet line expansion
- Magic Pearl Co., Ltd
  - −Construction of a new plant（Finalized in March 2025）
- Green Farm Sogo Co., Ltd
  - −Renewal of egg washing and sorting machine

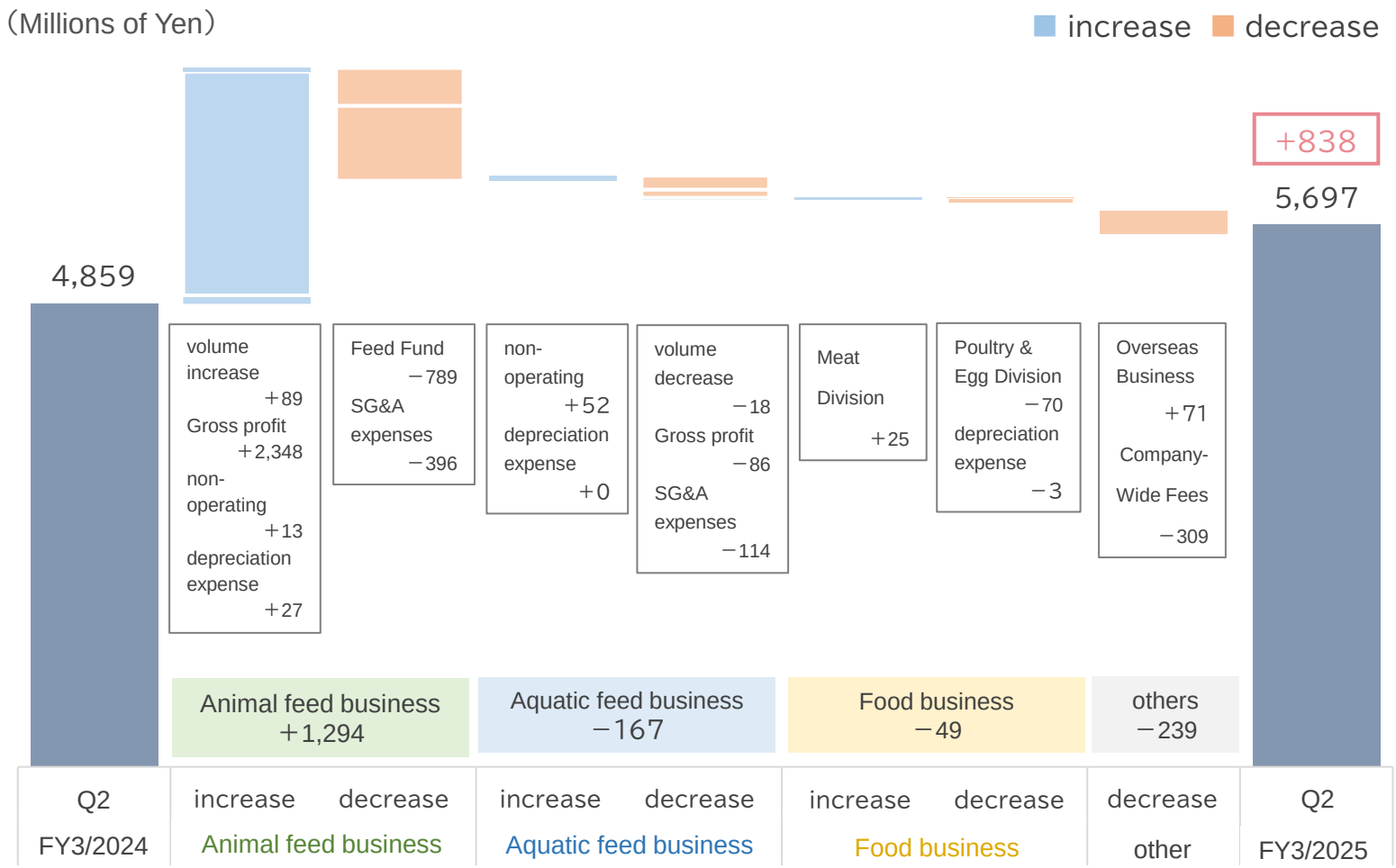
BS Management Policy

・Most of the necessary funds will be provided by operating cash flow, and interest-bearing debt will be raised while maintaining financial discipline such as DER.

・Improve asset efficiency by improving CCC and optimizing assets held

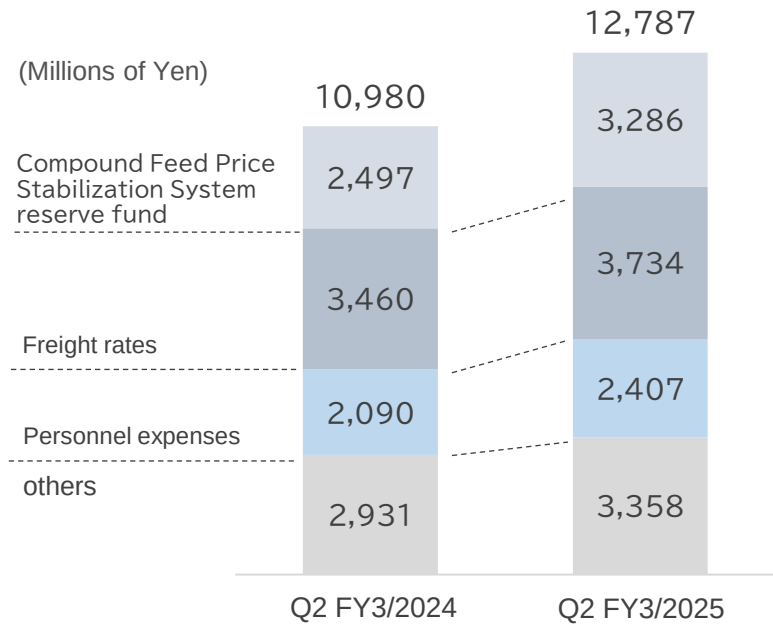
EBITDA Increase/Decrease Factors

Increase of 17.2% YoY due to higher gross profit in Animal feed business despite increase in SG&A expenses



SG&A expenses

- Fund cost of reserves increased（＋400Yen/MT）
- 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.



Consolidated Financial Condition

Operating CF was mainly used to repay debt

Consolidated Balance Sheet

(Millions of Yen)

() : YoY difference

current assets 80,719(−7,484)

Cash and deposits 9,534(−1,342)
Notes and accounts receivable – trade 45,294(−6,534)
Inventories 18,994(+ 1,688)

Non-current assets 43,589(+755)

Property, plant and equipment 30,934(+752)
Investments and other assets 10,971(−138)

current liabilities 52,162(−2,959)

Notes and accounts payable – trade 29,963(−4,397)
Short-term borrowings 12,798(+2,218)
profit taxes payable 1,118(−1,144)

Non-current liabilities 18,887(−6,173)

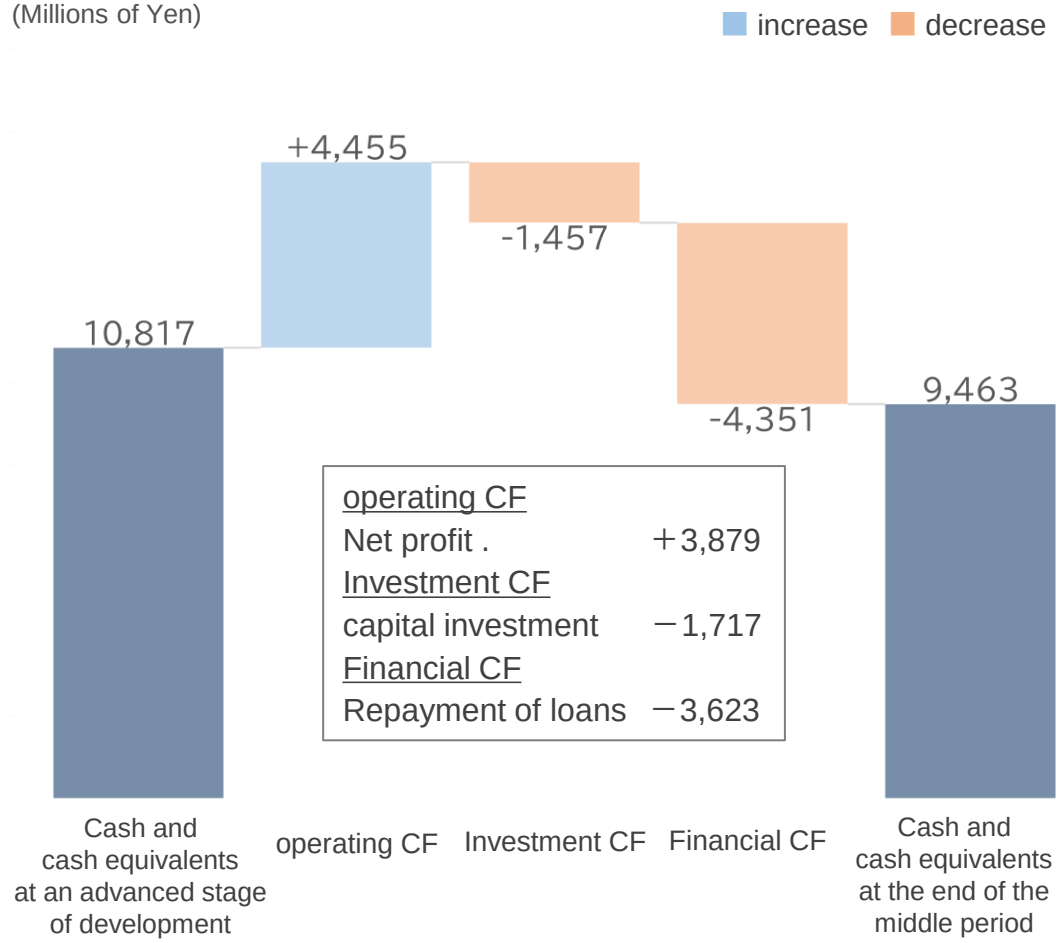
Long-term borrowings 15,345(−5,833)

Net assets 53,260(+2,403)

Total assets 124,309(−6,729) **Self-capitalization ratio** 42.3%(+3.9ppt)

Consolidated Statements of Cash Flows

(Millions of Yen)



Segment Status

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Segment profit in the Aquatic feed and Food businesses declined year-on-year, but Animal feed grew significantly, up 34.5% YoY

（Millions of Yen）

Segment		Q2 FY3/2024	Q2 FY3/2025		
				YoY difference	YoY
Animal feed	Net Sales	122,698	116,275	−6,422	−5.2%
	Segment profit	3,675	4,941	+1,266	+34.5%
	EBITDA	4,903	6,198	+1,294	+26.4%
Aquatic feed	Net Sales	12,924	13,533	+608	+4.7%
	Segment profit	612	444	−167	−27.3%
	EBITDA	862	694	−167	−19.4%
Food	Net Sales	21,017	18,482	−2,535	−12.1%
	Segment profit	65	19	−45	−69.9%
	EBITDA	149	100	−49	−32.7%
Other/ Adjustments	Net Sales	4	6	+2	+42.8%
	Segment profit	−1,181	−1,600	−419	−

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

*Segment profit：Ordinary profit basis

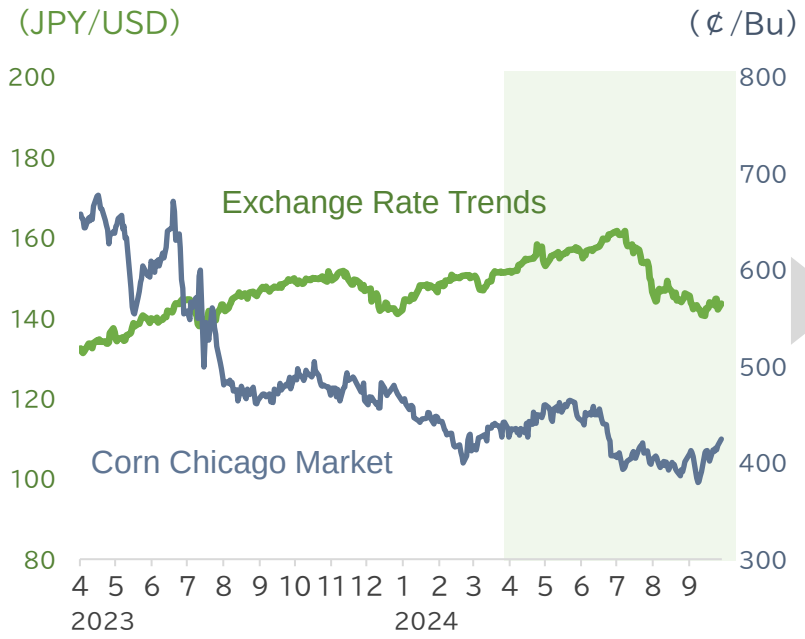
*EBITDA：Ordinary profit + Interest expenses-Interest profit + Depreciation and amortization and amortization of goodwill

Market Environment for Animal Feed Business

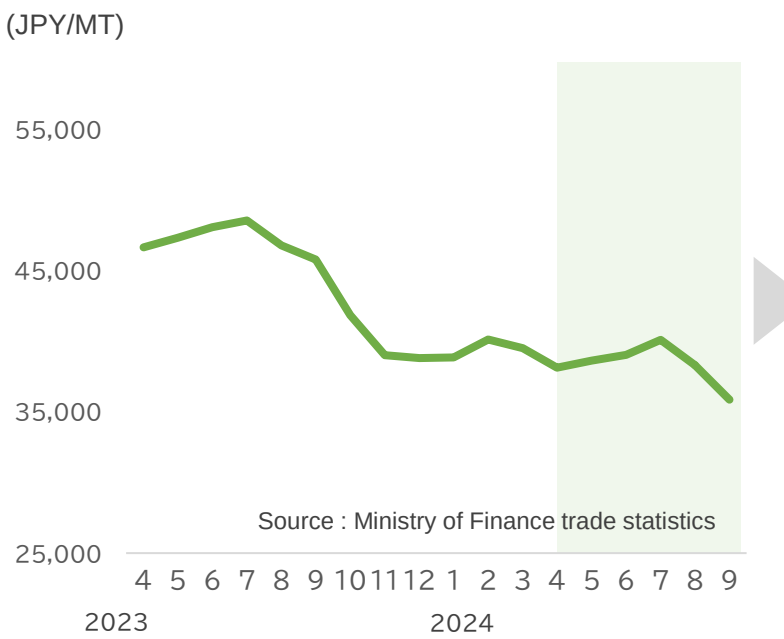
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The Corn Chicago Market remained soft, but the yen appreciated against the U.S. dollar. YoY sales price declined

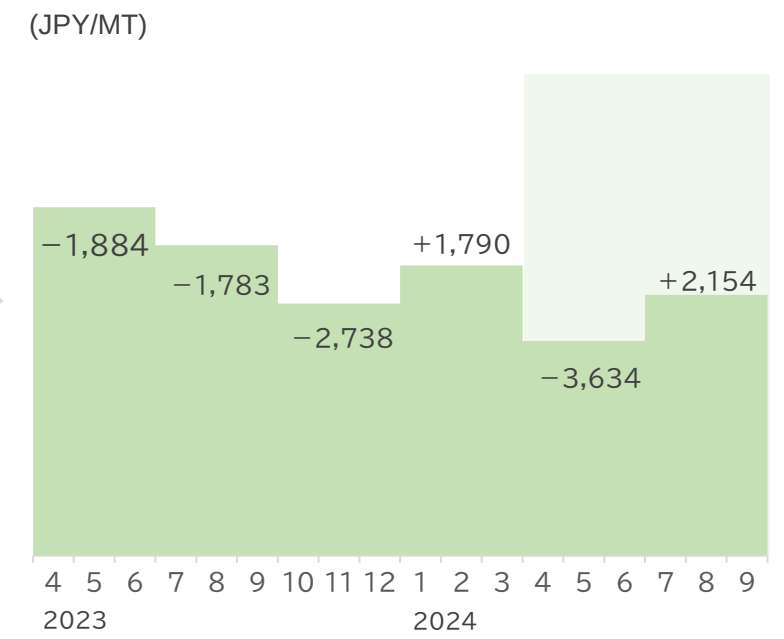
Corn Chicago Market and Exchange Rate Trends



Corn imported price



Animal feed sales price



- The yen appreciated against the U.S. dollar on expectations of a rate cut in the U.S. and a rate hike by the Bank of Japan
- Chicago market softens as production outlook exceeds market forecasts
- Import prices of corn remained significantly lower than in the same period of the previous year (-17.7% y-o-y)

- Animal feed sales price: -6.6% y-o-y

Performance by Segment／Animal feed business

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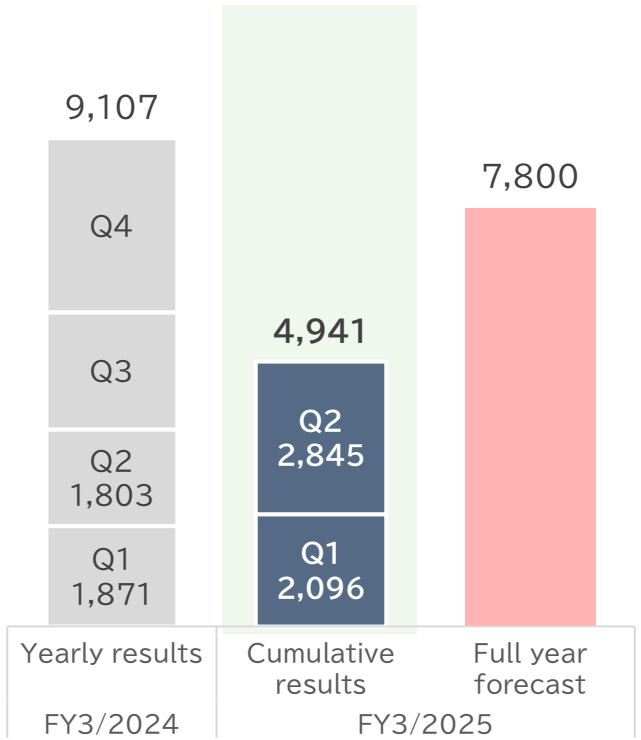
Segment profit increased 34.5% YoY due to improved gross profit per unit and increased sales volume

Segment profit

4,941 Million Yen

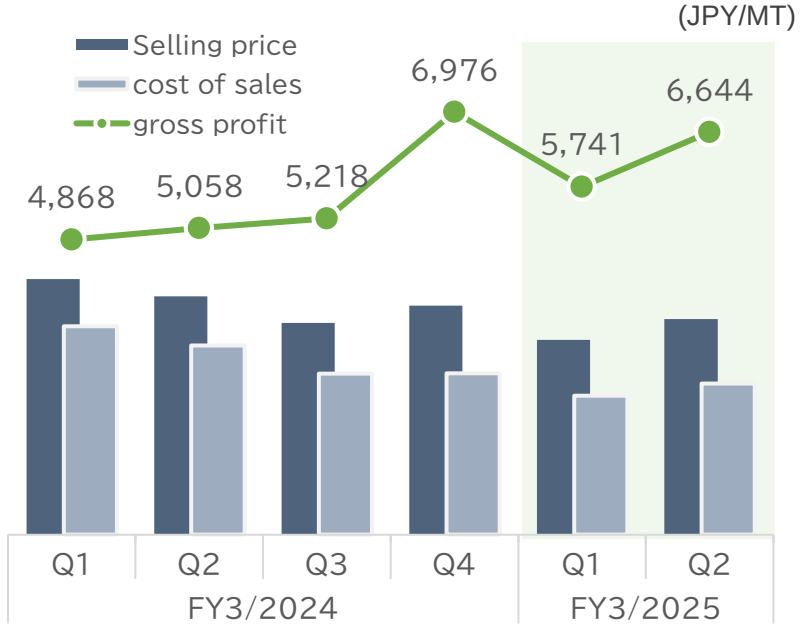
rate of Progress 63%

(Millions of Yen)



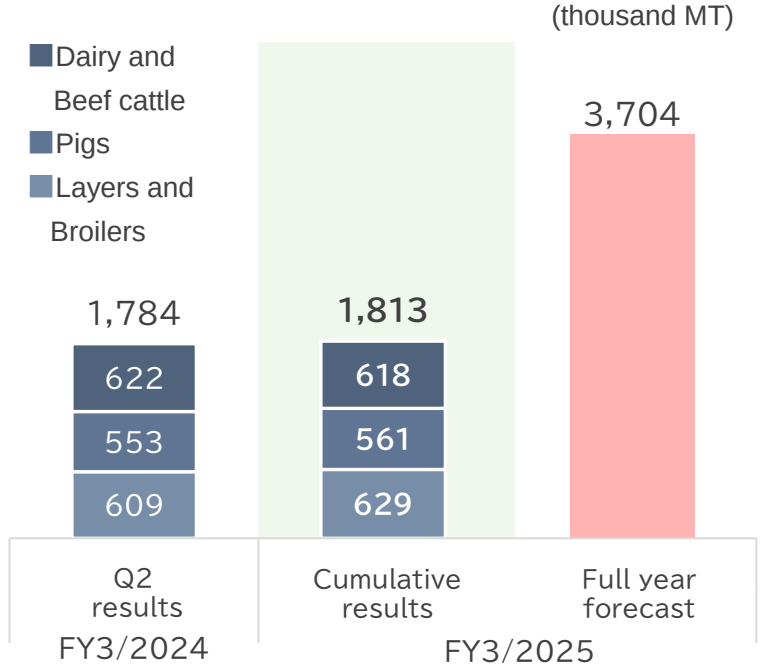
Selling price per MT and cost of sales

(JPY/MT)



Sales volume of Animal feed

(thousand MT)



※Total sales volume includes sales excluding chickens, pigs, and cattle.

- Profitability was strengthened through aggressive use of advantageous raw materials and sales enhancement of high-margin products.
- Sales volume increased 1.3% y-o-y due to recovery of livestock infectious diseases

[Reference] Nationwide sales volume of Animal feed increased 0.5% y-o-y (according to our research)

Performance by Segment／Aquatic feed

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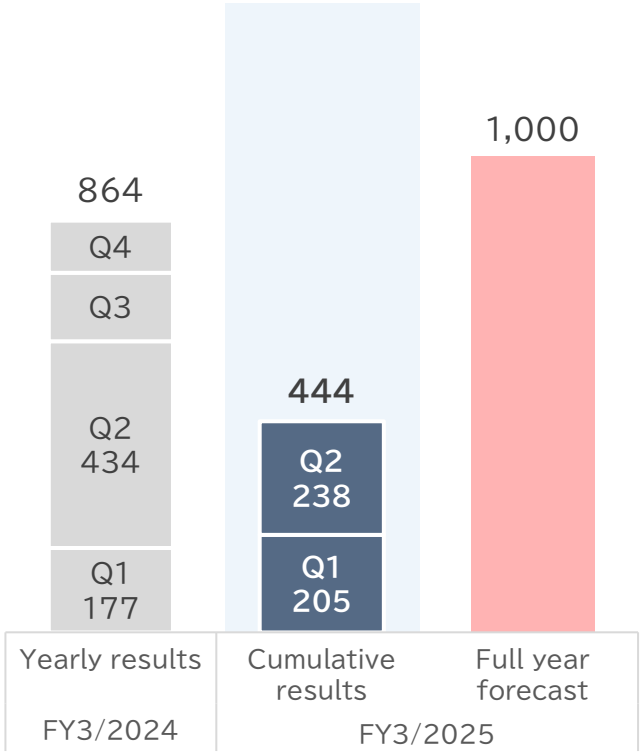
Segment profit declined 27.3% YoY due to higher cost of sales and lower sales volume

Segment profit

444 Million Yen

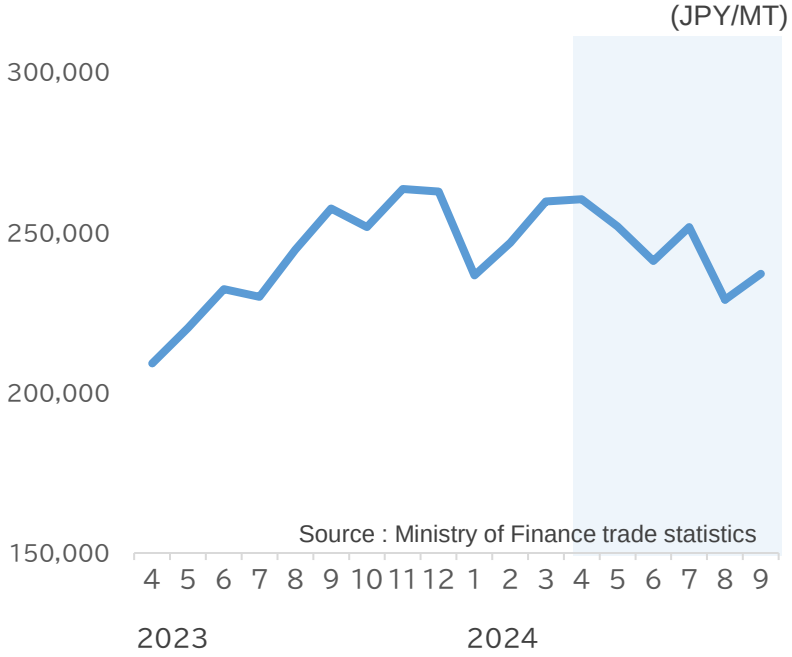
rate of Progress 44%

(Millions of Yen)



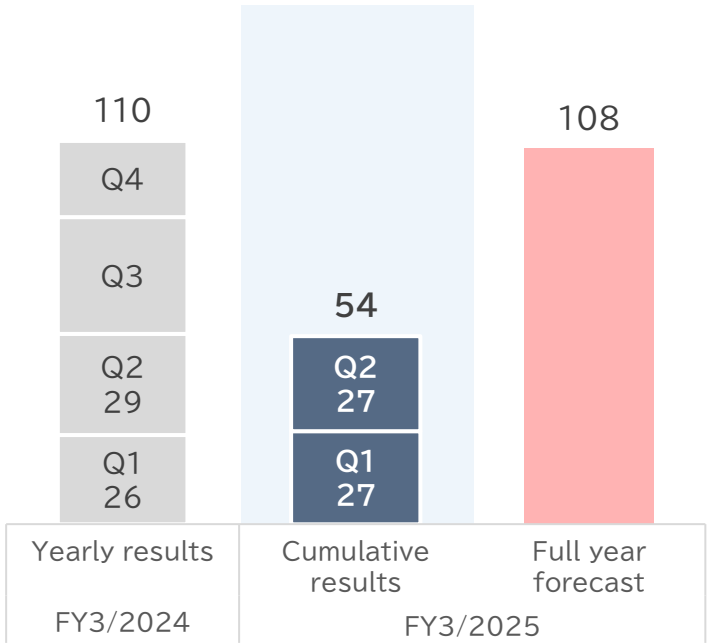
Fishmeal imported price

(JPY/MT)



Sales volume

(thousand MT)



- Fishmeal prices increased 7% y-o-y, resulting in higher cost of sales
- Impacted by rising sea water temperatures, etc.: -1.3% y-o-y

[Reference] National Aquatic feed production volume: -2.0% y-o-y (according to our survey)

Performance by Segment／ Food business

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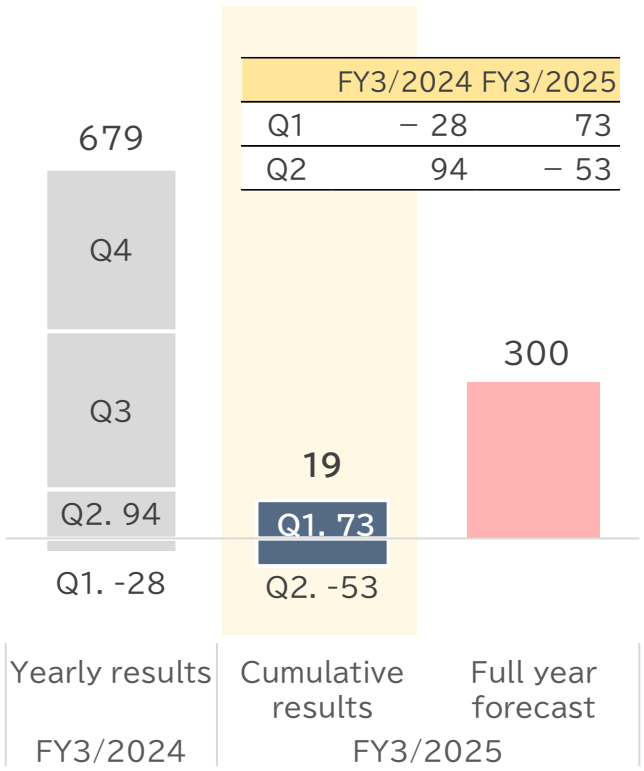
Segment profit declined 69.7% YoY due to lower margins in the egg division and losses in the meat division

Segment profit

19 Million Yen

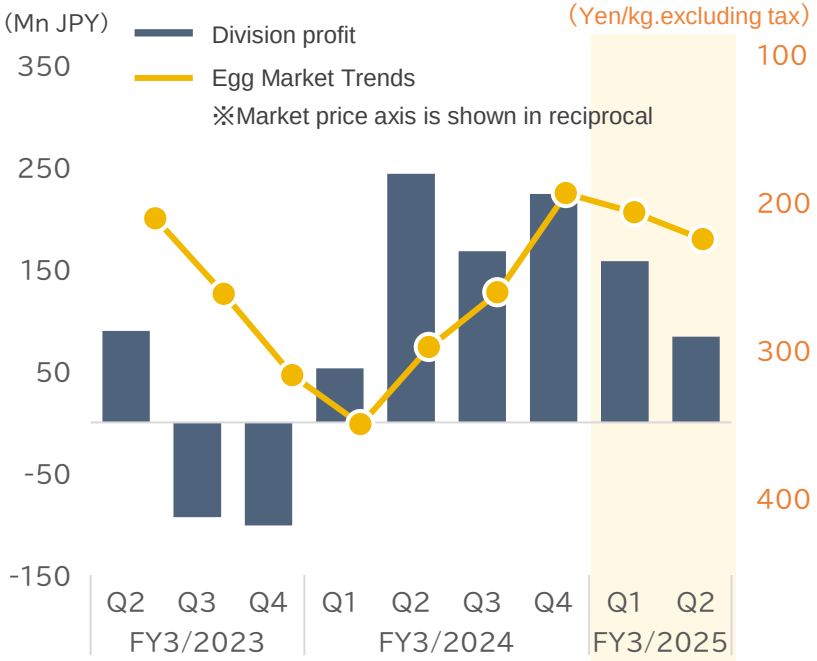
rate of Progress 6%

(Millions of Yen)

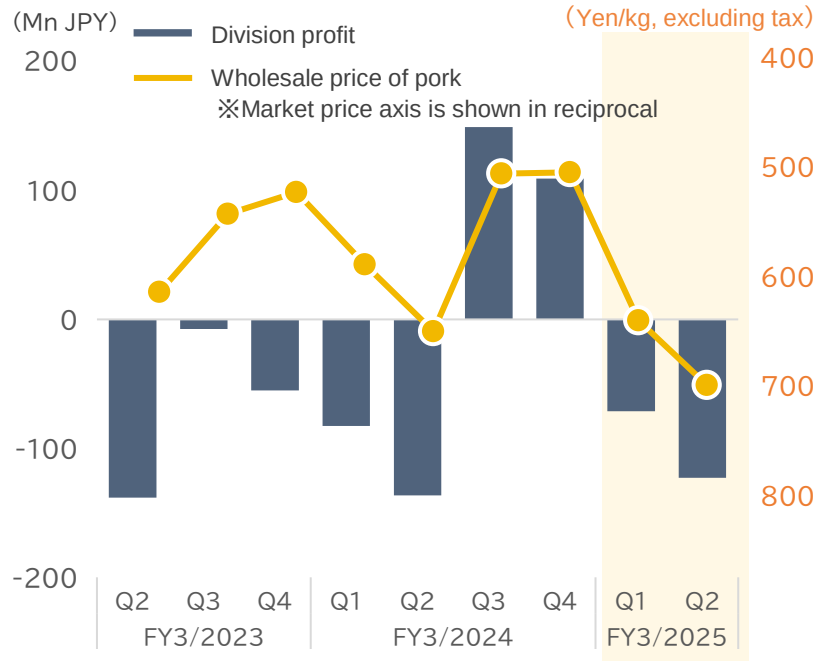


	FY3/2024	FY3/2025
Q1	− 28	73
Q2	94	− 53

Poultry & Egg Division
Quarterly Profit and Poultry Egg Market Trends



Meat Division
Quarterly Profit and Wholesale price of pork carcass



- [Poultry & Egg Division] Insufficient supply due to hot weather, etc. Decreased margins due to higher purchase prices caused by rising egg prices.
- [Meat Division] Market prices soared due to a decrease in the number of cattle shipped due to the effects of heat and other factors.

FY3/2025 earnings Forecast

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No change from the initial forecast, but dividend forecast has been revised (increased dividend) based on dividend policy

(Million of Yen)

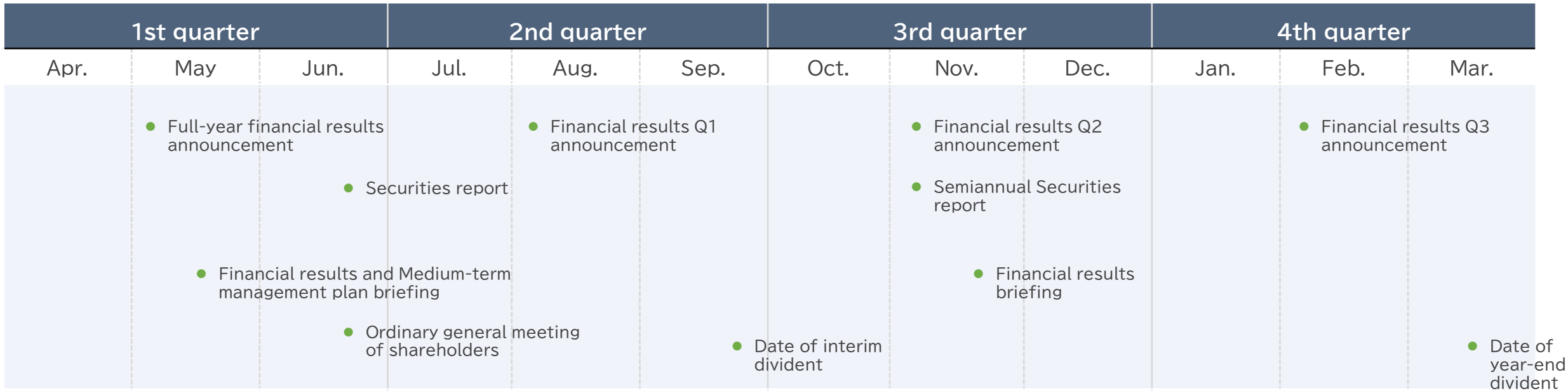
	FY3/2024	FY3/2025	(Announced May 10, 2024)	
		Forecast	YoY difference	YoY
Net Sales	313,875	307,000	−6,875	−2.2%
Cost of Sales	283,153	275,200	−7,953	−2.8%
Gross Profit	30,721	31,800	+1,079	+3.5%
SG&A expenses	22,972	25,700	+2,728	+11.9%
Operating Profit	7,748	6,100	−1,648	−21.3%
Ordinary Profit	7,737	6,300	−1,437	−18.6%
Net Profit attributable to owners of the parent company	5,084	4,500	−584	−11.5%

Dividend forecast (increased) (Yen,%)	dividend			
	interim	Year-end	Total (year)	Dividend payout ratio
Previous Forecast (Announced May 10, 2024)	13.5	13.5	27.0	23.0%
Forecast this time (Announced October 29, 2024)	14.5	15.0	29.5	25.1%

Revision of the annual dividend forecast to 29.5 yen per share based on the target consolidated dividend payout ratio of 25% or more

FY3/2025 IR Calendar

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May 10, 2024	Full-year financial results announcement of FY Ended Mar. 2024
May 21, 2024	Financial results and medium-term Management plan of FY Ended Mar. 2024
June 21, 2024	The 10th Ordinary general meeting of shareholders
	Securities report of FY Ended Mar. 2024
August 9, 2024	Financial results Q1 announcement of FY Ended Mar. 2025
November 8, 2024	**Financial results interim Announcement of FY Ended Mar. 2025**
November 19, 2024	**Financial results interim of FY Ending Mar. 2025**
February 6, 2025	Financial results Q3 announcement of FY Ended Mar. 2025

The opinions and forecasts contained in this document are based on the company's judgment at the time the document was prepared, and the accuracy of such information is not guaranteed.
Please be aware that actual performance and results may differ due to changes in various factors.

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