# Financial Results for the Fiscal Year Ending Mar. 2025

May 20, 2025

## FEED ONE CO., LTD.

TSE Prime Symbol: 2060

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



## FY3/2025 Summary of Results/Kubota

## FY3/2026 earnings Forecast/Kubota

Management strategy/Shoji



Shoji Hidehiro President and Representative Director



Kazuo Kubota Director, Managing Executive Officer, Chief Operating Officer of Administrative Unit

## FY3/2025 Summary of Results/Kubota

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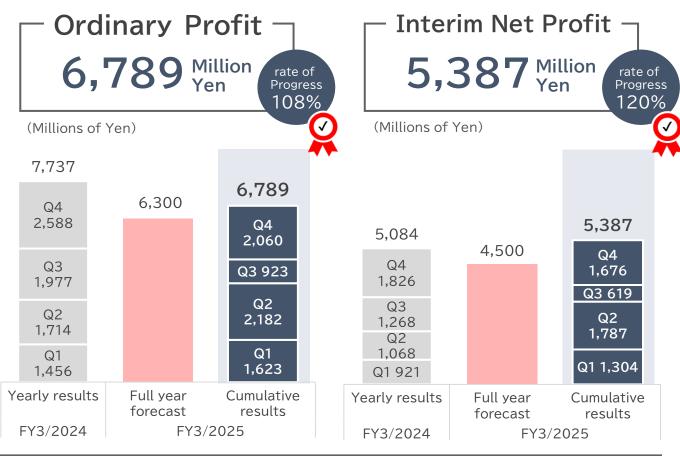
## **Financial Summary**

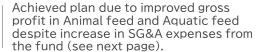


Gross profit increased from the previous year. Ordinary profit decreased y-o-y due to an increase in SG&A expenses, but final profit reached a record high.

(Millions of Yen)

	FY3/2024	FY3/2025		
			YoY difference	YoY
Net Sales	313,875	296,045	-5.7%	96.4%
Cost of Sales	283,153	264,171	-6.7%	_
Gross Profit	30,721	31,874	+3.8%	100.2%
SG&A expenses	22,972	25,531	+11.1%	_
Operating Profit	7,748	6,343	-18.1%	104.0%
Ordinary Profit	7,737	6,789	-12.3%	107.8%
Interim Net profit	5,084	5,387	+6.0%	119.7%





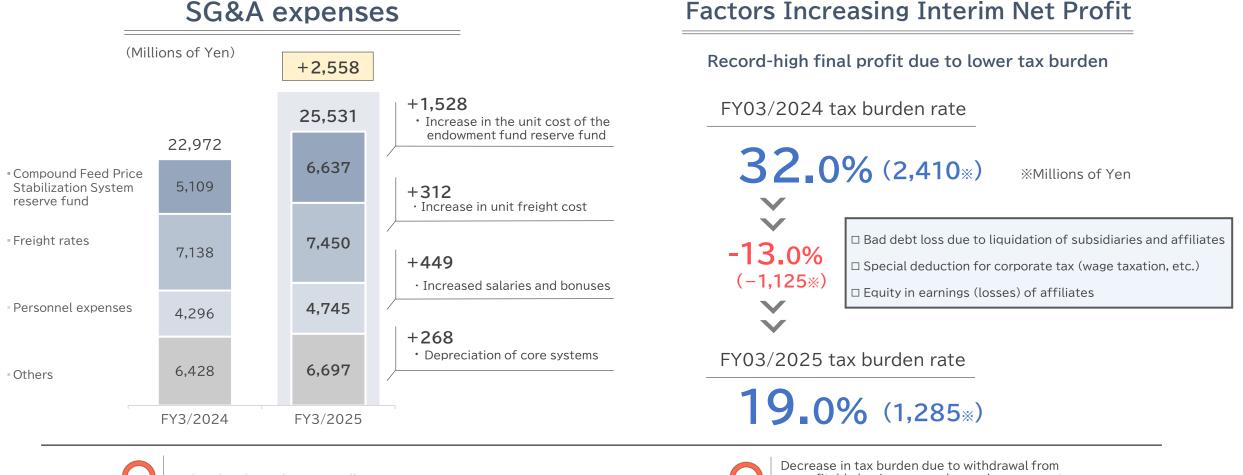


Record-high profit due in part to higherthan-planned ordinary profit and special deduction for corporate tax (see next

## Supplemental information on SG&A expenses and final profit

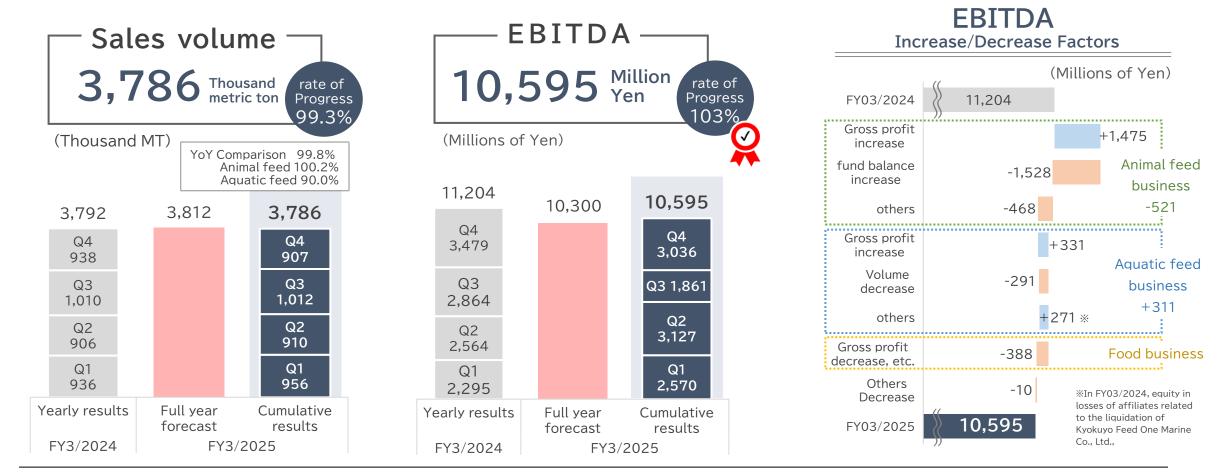


SG&A expenses were within the range of the initial plan. Tax burden decreased significantly due to withdrawal from unprofitable businesses and taxation on wages, etc.





Sales volume was slightly below plan, but EBITDA achieved plan due to thorough profitability management.





Animal feed sales exceeded the previous year's level, but fell short of the plan, as did total sales volume.

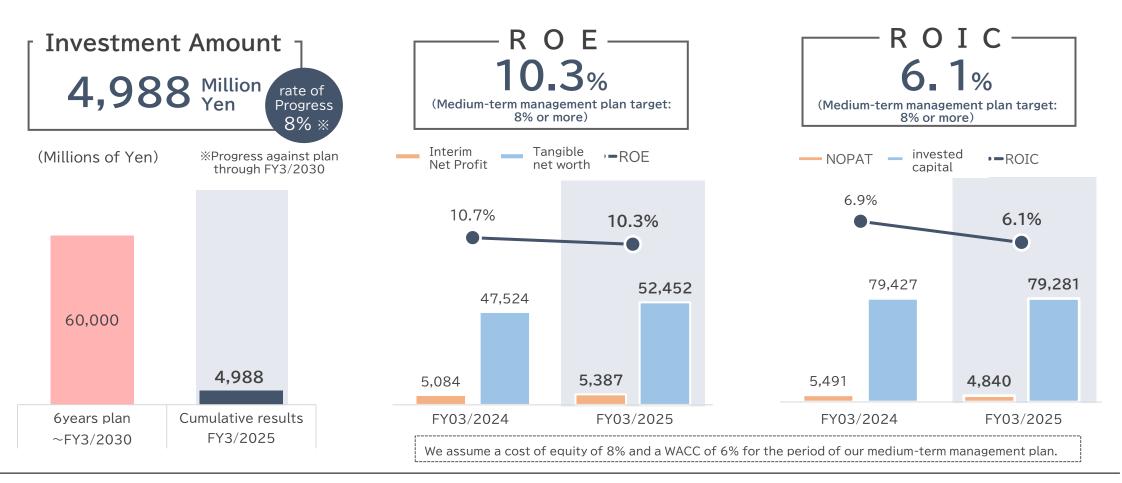


No significant change in depreciation and amortization and achieved the plan for the same reasons as for ordinary profit.

## **Management Indicators**



Investment progressed as originally planned; ROE and ROIC exceeded mid-term management plan targets





Progressed without major deviations from plans, including the construction of a new plant at MAGIC PEARL Co.



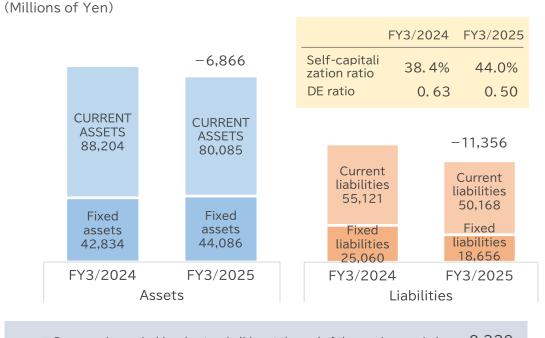
First year significantly exceeded mid-term management plan target due to decrease in tax burden





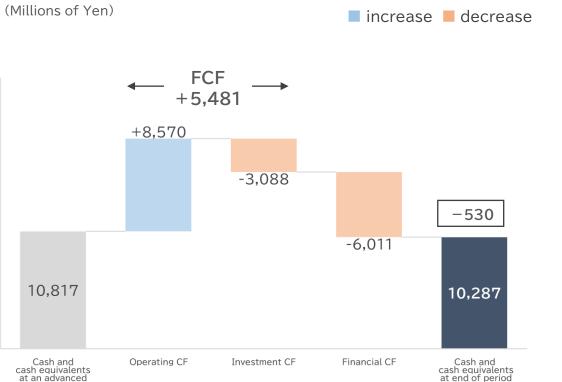
Financial stability improved with an equity ratio of 44% and a DE ratio of 0.5x.

### **Consolidated Balance Sheet**



□ Decrease in receivables due to a holiday at the end of the previous period	-9,329
and lower sales prices □ Increase in property, plant and equipment (new plant of Magic Pearl Co., Ltd. etc.)	+1,126
Decrease in interest-bearing debt due to increase in equity capital, etc.	-4,479

## Consolidated Statements of Cash Flows



stage of development



Due to the accumulation of shareholders' equity (retained earnings) and the decrease in working capital due to the holiday at the end of the previous fiscal year, the equity ratio increased by 5.6ppt. Operating CF was used for investments and repayment of interestbearing debt. Investing CF was used for investment in a new plant of Magic Pearl Co.



#### Profit in the Animal feed business declined year-on-year due to an increase in SG&A expenses despite thorough profitability management. Profit in the food business also decreased due to soaring market prices of livestock products.

(Millions of Yen)

Segment		FY3/2024	FY3/2025		
				YoY difference	YoY
	Net Sales	247,055	232,259	-14,796	-6.0%
Animal feed	Segment profit	9,107	8,533	-574	-6.3%
	EBITDA	11,594	11,073	-521	-4.5%
	Net Sales	26,779	25,640	-1,138	-4.3%
Aquatic feed	Segment profit	864	1,164	+300	+34.8%
	EBITDA	1,367	1,679	+311	+22.8%
Food	Net Sales	40,030	38,131	-1,898	-4.7%
	Segment profit	679	284	-394	-58.1%
	EBITDA	845	457	-388	-45.9%
Other/	Net Sales	10	14	+4	+43.9%
Adjustments	Segment profit	-2,913	-3,193	-279	-

\*Segment profit:Ordinary profit basis

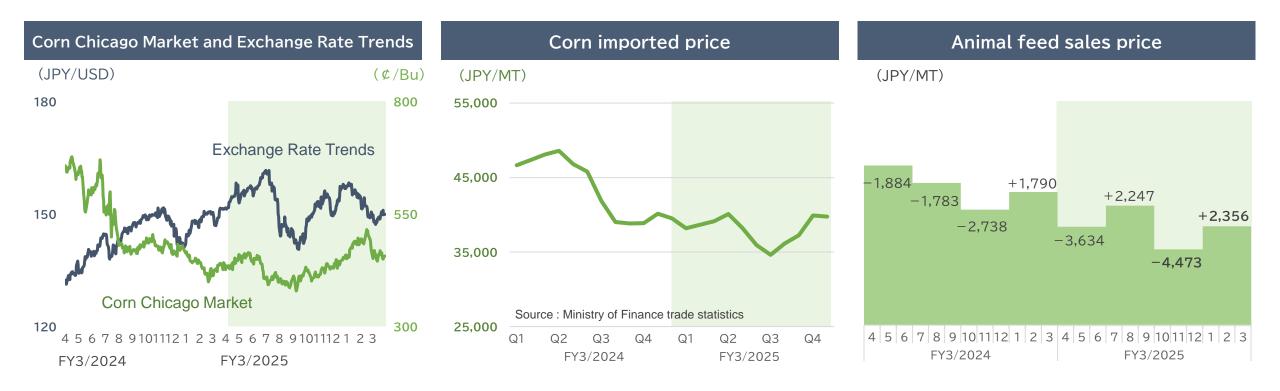
\*EBITDA:Ordinary profit + Interest expenses-Interest profit + Depreciation and amortization and amortization of goodwill

\*Other = overseas business, real estate rental business, etc.

\*Adjustment = corporate expenses not allocated to business segments



Despite the yen's depreciation, the Chicago market remained soft, and Animal feed sales prices declined from the previous year despite repeated price cuts and price hikes.



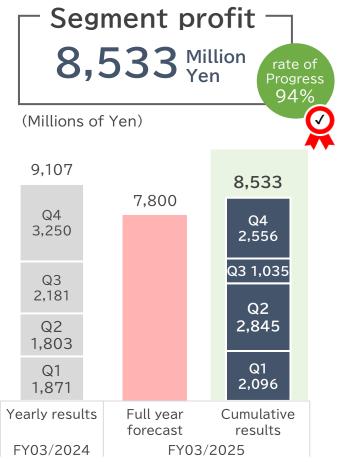
- The yen depreciated against the U.S. dollar due to economic indicators and monetary policy in Japan and the U.S.
- Chicago market softens as production outlook exceeds market forecasts
- Import prices of corn remained significantly lower than in the same period of the previous year (-12.2% YoY)

 Animal feed sales price -6.4% YoY (-4,067JPY/MT)

## Performance by Segment / Animal feed business



Segment profit decreased from the previous year due to an increase in SG&A expenses, but achieved the plan due to thorough profitability management.

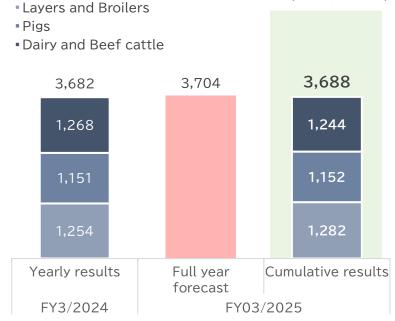




Sales volume fell short of the plan, but segment profit achieved the plan due to thorough profitability management.







\*Total sales volume includes sales excluding chickens, pigs, and cattle.

- Average gross profit increased from the previous year due to thorough profitability management, but segment profit decreased from the previous year due to increased SG&A expenses.
- Sales volume increased from the previous year, although it fell short of the plan. Sales of poultry and swine increased, but sales of cattle temporarily decreased due to strict profitability management.

[Reference] National Animal feed sales volume was 99.5% YoY (according to our own research)

## Performance by Segment / Aquatic feed business

FY3/2025

Volume fell short of plan due to high seawater

but achieved plan due to improved margins resulting from price revisions and other factors.

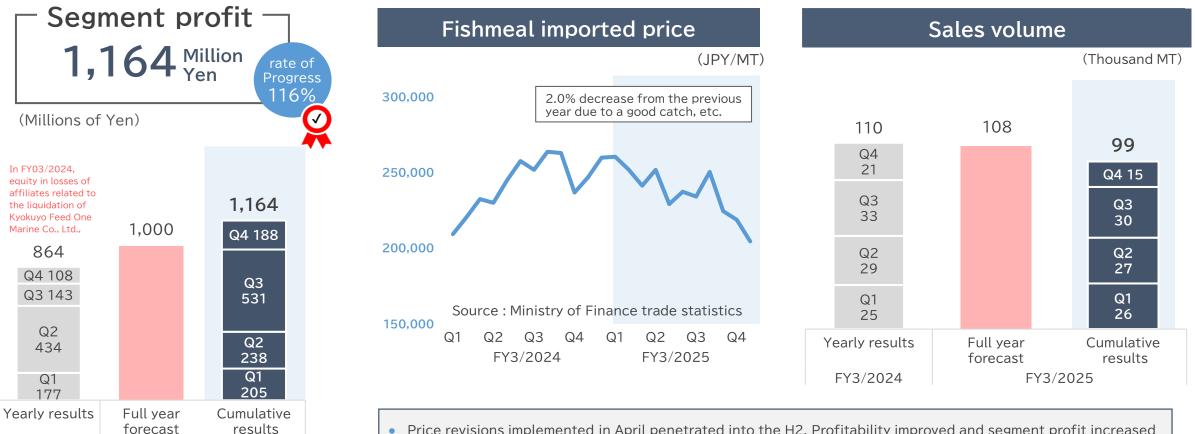
temperatures and other factors.

FY3/2024



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Sales volume decreased from the previous year due to heat, etc., but segment profit remained at the same level as the previous year, excluding special factors.

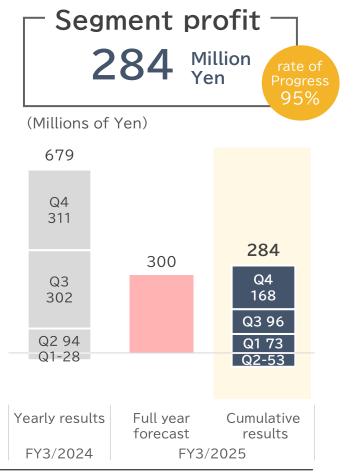


- Price revisions implemented in April penetrated into the H2. Profitability improved and segment profit increased yoy in H2.
- Sales volume was 90% of the previous year's level, but sales of Sustaina ZERO, a fishmeal-free feed for red sea bream (+4.5 Thousand tons), led the way, resulting in a 102% increase over the previous year.

[Reference] Nationwide Aquatic feed production volume was 90.4% YoY (according to our own research)



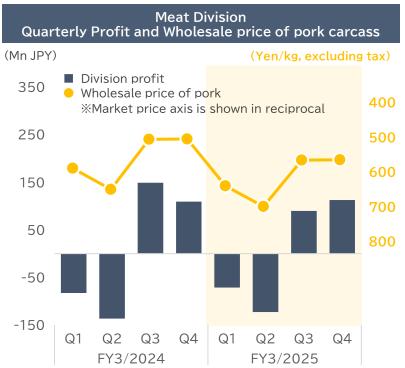
Segment profit remained at the same level as the previous year, despite a sharp year-on-year decline in the egg division, due to thorough profitability management in the meat division despite a sharp rise in market prices.





Market prices of livestock products soared due to livestock diseases. Profitability was slightly lower than planned despite thorough profitability management.





• **Poultry & Egg Division**: While the first half of the fiscal year was almost in line with the plan, profitability deteriorated in the second half of the fiscal year due to higher purchase prices as the market price of eggs soared due to the bird flu epidemic.

• **Meat Division**: In the first half of the year, the segment was in the red due to soaring market prices caused by hot weather and other factors. Segment profit declined YoY despite softening conditions and improved profitability in the second half and beyond.

## FY3/2025 Summary of Results/Kubota

FY3/2026 earnings Forecast/Kubota

Management strategy/Shoji





Despite concerns about declining demand for food products, the short-term impact will be minor due to the nature of the core Animal feed business.

# Impact of **TRUMP 2.0**



#### Characteristics of Animal Feed Business

 $\hfill\square$  Most of the ingredients in compound feed are imported raw materials

□ The main ingredient, corn, is a tax-free raw material

□ Revise feed selling prices every three months in accordance with raw material price trends.

 $\square$  Manufactured compound feed is sold only to domestic customers

#### Although there are concerns about rising market volatility the short-term impact on our business is negligible.

### Japan's Livestock Industry Continues to Face Uncertainties

Production costs of domestic livestock products are declining

## POSITIVE

#### Decrease in imported raw material prices

Market prices for grains used as raw material for formula feed imported by Japan are expected to fall due to the strong yen, declining corn exports to China, and reduced subsidies for biofuels.

Lower material costs

Expecting easing of material prices due to reduced corporate willingness to make capital investments due to uncertainty about the future

#### Decrease in food demand

Decline in demand for eating out and eating in Japan due to economic downturn and decrease in number of travelers

## Livestock export slowdown

Although the impact is limited because not many livestock products are exported to the U.S., there are fears that the market for Wagyu beef, for which domestic demand in Japan is declining, will fall.

#### Livestock import increase

High prices in the U.S. have also increased the price of imported livestock products in Japan. Limited impact on domestic demand for livestock products in Japan

## NEGATIVE

Demand for domestic livestock products declines

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#### Accelerating investment in feed mills while strengthening profitability, ordinary profit and EBITDA are expected to increase YoY

	FY3/2025 FY3/2026			
		(Announced May 8, 2025)	YoY difference	YoY
Net Sales	296,045	311,000	+14,954	+5.1%
Cost of Sales	264,171	277,200	+13,028	+4.9%
Gross Profit	31,874	33,800	+1,925	+6.0%
SG&A expenses	25,531	27,000	+1,468	+5.8%
Operating Profit	6,343	6,800	+456	+7.2%
Ordinary Profit	6,789	7,000	+210	+3.1%
Interim Net profit	5,387	5,200	-187	-3.5%

#### Millions of Yen

### **Management Indicators**





#### Segment profit is expected to increase in the Animal feed and Aquatic feed businesses, but decrease in the food business

#### (Millions of Yen)

		FY3/2025		FY3/2026	
Segment				YoY difference	YoY
	Net Sales	232,259	239,000	+6,740	+2.9%
Animal feed	Segment profit	8,533	8,800	+266	+3.1%
	EBITDA	11,073	11,500	+426	+3.9%
Aquatic feed	Net Sales	25,640	28,000	+2,359	+9.2%
	Segment profit	1,164	1,200	+35	+3.1%
	EBITDA	1,679	1,800	+120	+7.2%
Food	Net Sales	38,131	44,000	+5,868	+15.4%
	Segment profit	284	200	-84	-29.7%
	EBITDA	457	400	-57	-12.5%

## Q1 Forecasts

No major changes in performance are expected in Q1.

Price revisions in Q1 had only a slight price increase and had a negligible impact on the sales difference Volume is expected to be lower than in Q1 last year

Hamachi, a major fish species, remains scarce in ponds, but is expected to recover in Q2 and beyond. Fishmeal market is expected to remain soft.

Egg prices expected to remain high due to the impact of the avian influenza

	FY3/2025	FY3/2026		
Sales volume	(Thousand MT)	(Thousand MT)	ΥοΥ	supplementary information
Animal feed	3,688	3,700	+0.3%	Strategically curtail manufacturing for investment and maintenance
Aquatic feed	99	112	+13.1%	Increased demand due to introduction of fry



Approx15Billion yen

Three-fourths of the required funds are provided by operating cash flow, while maintaining financial discipline and borrowing

#### Six-Year Strategy

- □ In addition to the construction of a new Aquatic products plant, aggressive investment will be made in livestock feed mills and research and development (total amount: about 60 billion yen)
- Business activities generate annual operating CF of about 10 billion yen (net income + depreciation)
   Review policy stocks and underutilized assets, and cover shortfalls through borrowing

#### BS Management

- □ Generate cash by reducing working capital through CCC improvement
- □ Cash management system (CMS) implementation to streamline funds

#### Cash Allocation(6years) Cash Out Cash In Approx. Dividend FY3/2027~ Interim Net **10**billion yen FY3/2030 **Profit** over over **20**Billion yen **30**Billion yen FY3/2027~ FY3/2030 FY3/2026 5.2 Billion **Operating CF** FY3/2025 5.3 Billion Investment over Approx 55 billion yen **45**Billion Yen Focus on Feed factory **Depreciation and** Of this amount, Approx amortization the TOYOKAWA 60Billion ven FACTORY is 25Billion ven 13 billion ven over FY3/2026 10Billion yen Borrowing or selling assets

FY3/2025 5Billion yen

## FY3/2025 Summary of Results/Kubota

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Established a business foundation in the 10 years following the business integration and recorded record profits in the final year of the merger

## Phase 1(FY3/2016-FY3/2024 [10years])

First Medium-Term Management Plan (FY3/2016-FY3/2018) Second Medium-Term Management Plan (FY3/2019-FY3/2021) Third Medium-Term Management Plan (FY3/2022-FY3/2024)

Theme/Optimal redistribution of business

Theme / Business Portfolio Optimization

Theme/Realization of revenue maximization

**Management Indicators** *X*In the first phase, management indicators are sales volume, ordinary profit, and ROE.



#### Group portfolio review



#### Investment and R&D results

April 2017
 Kitakyushu Aquatic Feed
 Factory completed



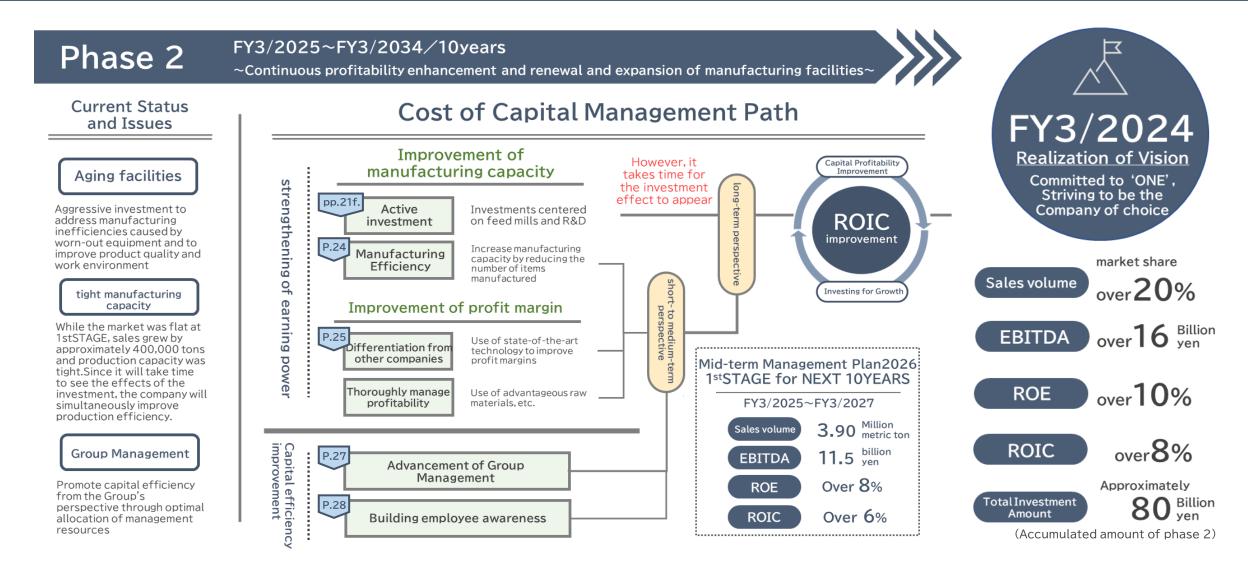
July 2020
 Kitakyushu Animal Feed
 Factory completed



 Increased production capacity mainly in Hokkaido area
 Introduced new core system



Under the promotion of capital cost management, strengthen profitability and renew and enhance the production system to achieve Vision





With the volume of Aquatic feed distribution firm, there is potential for market expansion. However, a major issue is how to respond to changes in the aquaculture environment.

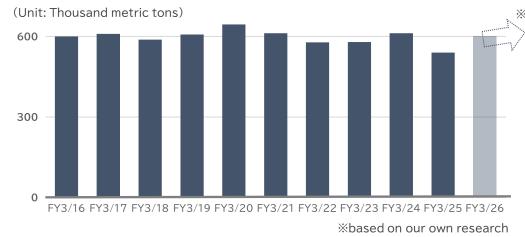
## Aquatic Feed Distribution and Challenges for Japan's Aquaculture Industry

#### Aquatic Feed Distribution

Expansion

Factors

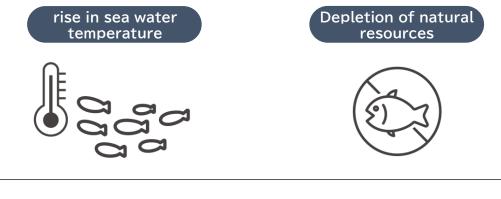
Distribution volume of compound feed has remained almost flat based on 600.000 t. The 600.000 t line is expected to be maintained in the future. although it may increase or decrease depending on the external environment.



<sup>\*</sup> Future Market Decrease in natural fish catch / Increase in export of marine products / Increase in land-based aquaculture Spread of compounded feed for greater vellowtail/tuna aquaculture

### Challenges for Japan's Aquaculture Industry

In addition to feed that responds to changes in aquaculture such as landbased aquaculture, needs for compounded feed continue to diversify, including feed that responds to high sea water temperatures and feed for newly emerging aquaculture fish.

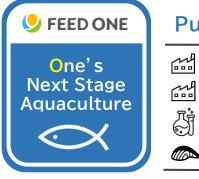


- Poor growth and increased disease
- Changes in suitable aquaculture areas
- Changes in Aquaculture Forms (inshore aquaculture, offshore aquaculture, etc.)
- Soaring prices and supply uncertainty of fishmeal, the main raw material
- Increased demand for farmed fish due to decrease in wild caught fish



Feed One's next-generation aquaculture will continue to support Japan's fish-eating culture

### Our goal in the fisheries feed business



#### Pursuing Sustainability in Aquaculture

- Developing advanced feeds to meet needs
- Cultivate raw materials that create new value
  - Establishment of husbandry management techniques
  - Creating value for marine products beyond freshness

For stable production of farmed fish **Diffusion of** fishmeal-free feed

health of farmed fish Effective use of insect protein

For maintaining the Elasticity EP/Extremely New proposal for small diameter, etc. Development **Development** of of new form feed for new fish species of feed



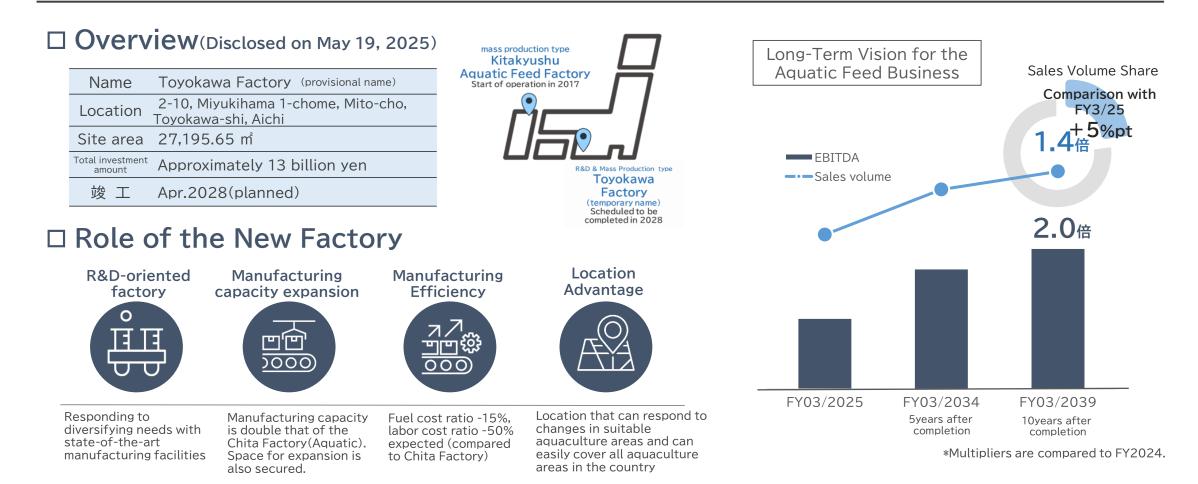
## Feed One 's compound feed = the future of aquaculture

Japanese food



Decided to construct a new fishery plant in Aichi Prefecture to replace the Chita Plant (Aquatic) to realize the vision of the fishery feed business.

### **Overview and Role of the New Factory**



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To achieve a market share of 20% or more, the most important issue is not only to increase facilities but also to improve manufacturing efficiency

### Increase manufacturing capacity by reducing the number of items manufactured

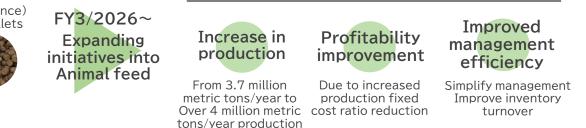




 $\sim$  DP (dry pellet) production $\sim$ 

Aiming for a 30% reduction in the entire fishery plant in FY3/26, accelerating manufacturing efficiency

Expected effects of a 10% reduction in items



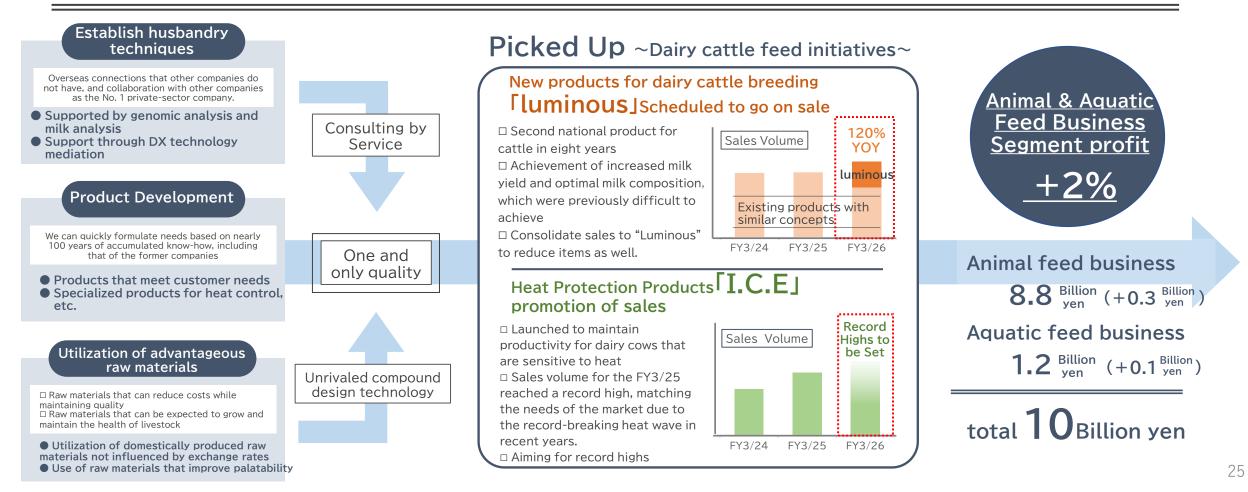
volume bottom-up

~Differentiation from other companies~



Although the contribution of each product to earnings is not large, we will steadily strengthen profitability by building up synergies among research, manufacturing, and sales.

### Leverage cutting-edge technology to improve profitability



## **Picked Up**



We have been selling special feed for the hot season for more than 10 years, and we will create further value by sublimating and deploying our accumulated know-how.

## A Feed-Based Approach to Heat Effects on Livestock



#### Decreased productivity of livestock products

Possible decrease in the number of eggs laid and egg weight due to poor appetite caused by summer heat, etc., and decrease in milk production and meat production of livestock for meat

#### Increased risk of infectious diseases in livestock

Heat and humidity deteriorate the husbandry environment and reduce the immunity of livestock, making them more susceptible to infectious diseases.

#### Decreased fertility of livestock

Heat stress can reduce fertility in livestock, leading to reduced pregnancy rates and increased fetal mortality.

### Approach from feed

Heat control products are lined up for each type of livestock. Valid data is applied across livestock breeds to further advance the quality of each product.



#### Example of approach

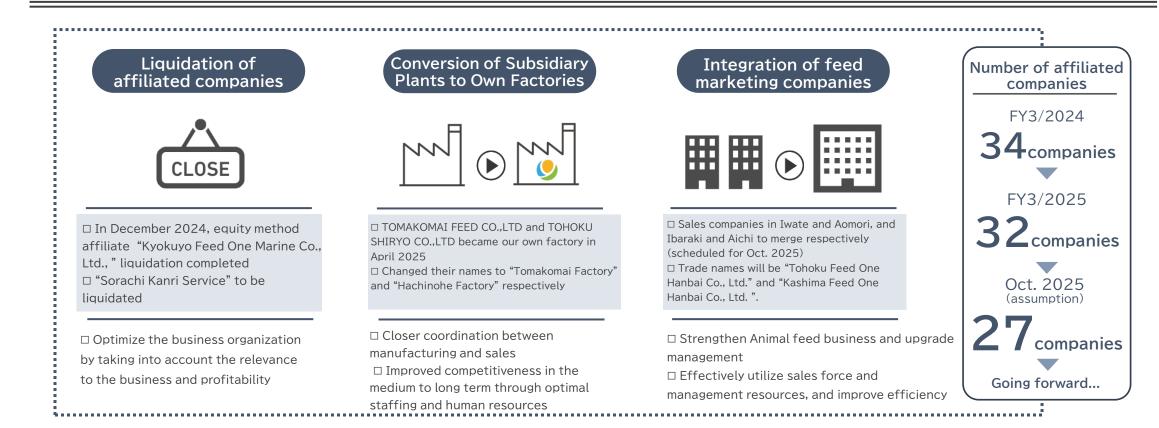
Herbal formulation to maintain feed intake in summer (i.e., maintain livestock productivity)
 Capsaicin to induce drinking water and decrease body temperature through sweating
 Grape seed and turmeric to maintain gut bacteria balance through antioxidant effects

~Advancement of Group Management~



Constantly considering organizational optimization and organizing background to enhance management sophistication and strengthen governance.

## Absorption or consolidation of subsidiaries



Improve capital efficiency through optimal allocation of management resources

## Cost of Capital Management Path (5)

#### ~Building employee awareness~



In addition to tying performance-linked compensation to executives, make sure that each and every employee is informed so that they can act with the same perspective as the company.

## Penetration of capital cost management to increase employee productivity

## Dissemination of information through in-house newsletters

□ Introduced ROIC as a new management indicator from FY3/25 □ Since the indicator was not familiar to the company, it was distributed to all employees in the company newsletter titled "One 's ROIC private school " which describes the background of introduction, target guidelines, and achievement points (also conducted a comprehension questionnaire).

## Held study sessions for employee training

ROIC is defined as one of the evaluation criteria and study sessions are being held to promote deeper understanding
 Six meetings are scheduled for FY26 at this time

Second year training / Young employee training / Mid-career training Manager training / New manager training / Senior manager training



## Human Capital Management Initiatives



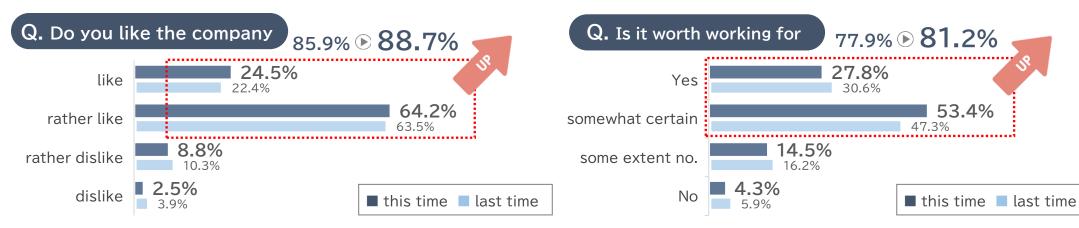
Employee engagement increased over last year due to enhanced work-life balance through health management and revision of personnel systems, etc.

### Increased Employee Engagement

Increase employee engagement and increase the productivity of each and every employee.

Excellent Health Management Corporation - Large Corporation Category White 500 Certification	Revision of Personnel System	Special Incentive Scheme introduced
Set 11 KPIs as health management indicators	Improving the working environment by increasing work options	100,000 yen special incentive for shareholding members
•Smoking rate •Adequate weight ratio •Health checkup rate •Average monthly overtime work hours, etc.	<ul> <li>Increase freedom of choice of residence and improve benefits ·Enhance staggered work hours and telecommuting systems ·Enhance</li> </ul>	<ul> <li>Improve employees' sense of participation in management</li> <li>Improve work ethic</li> </ul>
Fixed-point observation and disclosure of results for each indicator on our website	nursing care leave system and shorter working hours for childcare	Introduced to commemorate the 10th anniversary of full integration for these purposes

#### **Employee Engagement Survey Results**



# **Dividend Policy**



Switched from dividend payout ratio to DOE to clarify progressivity, and will also pay a commemorative dividend in FY2026 to celebrate the 10th anniversary of the full integration.

## Change in dividend policy

To clarify that we have been paying substantial progressive dividends and will continue to do so in the future, we will clearly state progressive dividends in our dividend policy and adopt DOE instead of dividend payout ratio, which is easily affected by temporary fluctuations in business performance, in an effort to enhance medium- and long-term returns to shareholders while ensuring stable shareholder returns.

#### Before

We aim to achieve a consolidated dividend payout ratio of 25% or more, based on the enhancement of retained earnings to strengthen our financial position as the foundation for long-term development and stable dividend payments.

#### After



We aim to achieve a consolidated dividend on equity ratio (DOE) of 3%, based on the enhancement of retained earnings to strengthen our financial position as the foundation for long-term development and progressive dividend payments.

#### . . . . . . . . . . . . . 2.9% DOE 2.6% 2.2% 2.2% 42.0 35.5 27.0 21.0 25.0 25.0 interim dividend 21.0 commemorative dividend 14.5 12.5 12.5 5.0 Year-end dividend (Unit: Yen/share) 16.0 12.5 14.5 12.5 FY3/23 FY3/26 FY3/27 30 FY3/22 FY3/24 FY3/25 FY3/28 FY3/29 FY3/30 . . . . . . . . . . . . . . . .

## Dividend Policy for FY3/2026

- 1. Implement the new dividend policy of progressive dividends
- 2. Commemorative dividend (5.0 yen) to mark the 10th anniversary of full integration

 $\$ Commemorative dividend is paid in the interim period

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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