

COMPANY RESEARCH AND ANALYSIS REPORT

FEED ONE CO., LTD.

2060

Tokyo Stock Exchange Prime Market

13-Feb.-2026

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FISCO Ltd.

<https://www.fisco.co.jp>

Contents

Summary	01
1. Overview of 1H FY3/26 results	01
2. FY3/26 forecasts	01
3. Topics	02
4. Shareholder returns policy	02
Company profile	03
1. Company profile and history	03
2. Business description	05
Business environment	06
Business overview	07
1. Animal feed business	07
2. Aquatic feed business	10
3. Food business	11
Results trends	12
1. Overview of 1H FY3/26 results	12
2. Financial position and management indicators	13
Outlook	14
Topics	15
1. Developing proprietary technological capabilities in the animal feed field, creating high value-added products, and capturing market share	15
2. Constructing a state-of-the-art, environmentally friendly cattle-farming research facility within the Fukushima Research Center	15
3. Working to realize next-generation aquaculture in the aquatic feed field	16
Shareholder returns policy	17

FEED ONE CO., LTD. | 13-Feb.-2026
2060 Tokyo Stock Exchange Prime Market | <https://www.feed-one.co.jp/english/ir/>

Summary

The leading company in the feed industry. Developing high value-added products with its proprietary technological capabilities and capturing market share

FEED ONE CO., LTD. <2060> (hereafter, also “the Company”) manufactures and sells compound feed, which is essential for the production of livestock and marine products such as meat, fish, eggs, and milk. Regarding sales volume of animal feed, the Company has a 15% market share, second only to the National Federation of Agricultural Cooperative Associations (hereafter, “JA Zen-Noh”), and is the largest in the industry among private companies. The Company was established in 2015 through the merger of Kyodo Shiryo Co., Ltd. and Nippon Formula Feed Mfg. Co., Ltd., which were positioned at the 4th and 5th in the private companies in the animal feed industry at that time, and FEED ONE HOLDINGS CO., LTD., which was established by the two companies in 2014. Kyodo Shiryo had strengths in pig feed and cattle feed, while Nippon Formula Feed Mfg. had strengths in poultry feed and aquatic feed, so the merger eliminated the bias in the sales mix of compound feed, resulting in a well-balanced business portfolio. The Company’s three business segments are the animal feed business, the aquatic feed business and the food business.

1. Overview of 1H FY3/26 results

In its 1H FY3/26 consolidated results, the Company recorded a decrease in sales and profit, with a 4.0% decrease year on year (YoY) in net sales to ¥142,344mn, a 2.9% decrease in operating profit to ¥3,257mn, a 2.4% decrease in ordinary profit to ¥3,714mn, and a 7.1% decrease in profit attributable to owners of parent to ¥2,873mn. In the mainstay animal feed business, both the average sales price and sales volume were lower than in the same period of the previous fiscal year. The decrease in sales volume was largely attributable to external factors such as a reduction in the number of animals raised due to heat stress and disease, as well as the impact of reviewing unprofitable sales. Although cost of sales decreased YoY and sales, general, and administrative (SG&A) expenses were also controlled, segment profit for the animal feed business declined 8.2% YoY to ¥4,536mn. In the aquatic feed business and food business, segment profit increased due to stricter profitability management. However, as the performance of the mainstay animal feed business had a significant impact on overall results, the Company recorded lower sales and profit on a company-wide basis.

2. FY3/26 forecasts

In its FY3/26 consolidated results, the Company has maintained its initial forecasts and expects an increase in sales and ordinary profit, with a 5.1% YoY increase in net sales to ¥311,000mn, a 7.2% increase in operating profit to ¥6,800mn, a 3.1% increase in ordinary profit to ¥7,000mn, and a 3.5% decrease in profit attributable to owners of parent to ¥5,200mn. In 1H, the Company was affected by hot summer weather and high sea temperatures, but in 2H, air and sea temperature conditions are expected to improve, so a recovery in sales volume is anticipated. The Company expects higher sales and profit in the mainstay animal feed business, reflecting higher gross profit driven by margin improvements and higher sales volume; higher sales and profit in the aquatic feed business due to higher sales volume, etc.; and higher sales and lower profit in the food business due to higher egg prices from the impact of avian influenza. The progress rate for ordinary profit in 1H against the full-year plan was steady at 53.1%, and FISCO thinks that achieving the profit target (ordinary profit of ¥7,000mn) is fully possible.

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FEED ONE CO., LTD. | 13-Feb.-2026
2060 Tokyo Stock Exchange Prime Market | <https://www.feed-one.co.jp/english/ir/>

Summary

3. Topics

The Company has increased its market share and achieved growth in its business performance, even as the distribution volume of animal feed has remained flat. The driving force behind this has been the sale of high value-added products developed through the Company's proprietary technological capabilities. The Company specializes in compound feed for young animals such as chicks, piglets, and calves, as well as for livestock that are raised over long periods, including dairy cows, layer hens, breeding chickens, and breeding pigs. These compound feeds are not simply designed to increase nutritional value and promote faster growth. Rather, they are needed to improve survival rates during the early stages of an animal's life, support the development of skeletal structure and digestive organs that underpin subsequent growth, and maintain health to ensure high performance over the long term, and these factors make their formulation more challenging. The Company has previously launched products such as feed for use with milking robots, along with Sow Manna, which supports the development of sows resistant to heat stress. More recently, the Company has achieved significant research and development results, including Luminous, a compound feed designed to maximize the potential of high-performance dairy cows selected through dairy cattle genome analysis (patent application filed in October 2025), and a compound feed to alleviate symptoms of gastric ulcers in fattening pigs (patent application filed in September 2025, the product scheduled for release in spring 2026). The Company's strength lies in its structure, which includes more than 60 research personnel and enables development by incorporating feedback from production sites such as farms and factories through collaboration among its sales, manufacturing, and research centers. This is a competitive advantage that other companies in the industry cannot match. In addition, the Company is actively working to introduce overseas technologies and obtain the latest information, including through a technical partnership with Provimi North America—a major player in the animal nutrition field and a subsidiary of Cargill, Incorporated, which is a leading US grain company—and a collaboration with Kansas State University in the US Midwest, where livestock research is advanced. These efforts are also driving the Company's technological capabilities. In September 2025, the Company launched a project to construct a state-of-the-art, environmentally friendly cattle-farming research facility within the Fukushima Research Center, investing over ¥1.0bn.

4. Shareholder returns policy

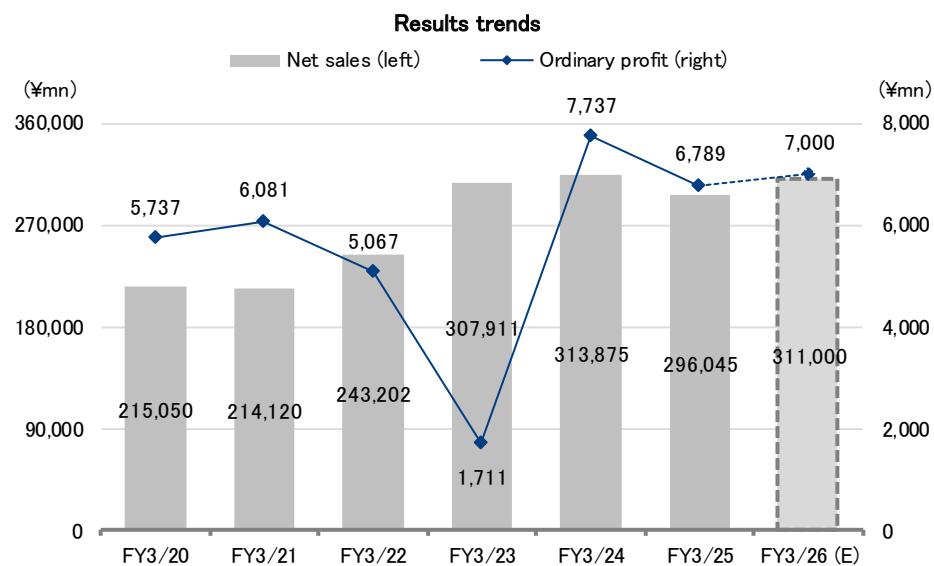
The Company revised its dividend policy from FY3/26 to strengthen shareholder returns. Specifically, its new basic policy is to enhance internal reserves to strengthen the financial base, which is the foundation of its long-term development, and pay progressive dividends targeting a consolidated dividend on equity ratio (DOE) of 3%. The Company has effectively had a progressive dividend policy, but made its intention of continuing with it clear by stating it in its dividend policy. By using DOE instead of the consolidated dividend payout ratio (targeting at least 25%), which can be affected by temporary earnings fluctuations, it seeks stable shareholder returns while enhancing medium- to long-term returns. In FY3/26, the Company plans a ¥6.5 per share increase in the annual dividend to ¥42.0 (¥16.0 interim ordinary dividend, ¥5.0 commemorative dividend (already paid), ¥21.0 year-end dividend, and DOE of 2.9%). The commemorative dividend of ¥5.0 was implemented in 1H to mark the 10th anniversary of the Company's full merger. We at FISCO expect the Company to continue paying stable dividends while raising the dividend amount.

FEED ONE CO., LTD. | 13-Feb.-2026
 2060 Tokyo Stock Exchange Prime Market | <https://www.feed-one.co.jp/english/ir/>

Summary

Key Points

- With the potential for market expansion increasing due to inbound demand and the export of domestically produced livestock and marine products, expectations for compound feed manufacturers are rising, and the business environment remains favorable
- In 1H FY3/26, both net sales and all profits decreased. The main cause was a decrease in sales volume due to hot summer weather and other factors
- Ordinary profit is forecast to be ¥7,000mn (up 3.1% YoY) in FY3/26. The progress rate in 1H was steady at 53.1%
- The Company's winning pattern is to develop high value-added products through its proprietary technological capabilities and capture market share
- Strengthening shareholder returns through the new dividend policy (progressive dividends, DOE 3% target). For FY3/26, the Company plans to pay a ¥42.0 dividend (¥21.0 interim already paid, ¥21.0 year-end scheduled)



Source: Prepared by FISCO from the Company's financial results

Company profile

Has grown to become a leading company in the feed business in the 10 years since the management integration of 2 companies

1. Company profile and history

The Company manufactures and sells compound feed, which is essential in the production of livestock and marine products such as meat, fish, eggs, and milk. It has a 15% market share of sales volume for animal feed, second only to JA Zen-Noh, and is the largest private company in the industry.

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FEED ONE CO., LTD. | **13-Feb.-2026**
2060 Tokyo Stock Exchange Prime Market | <https://www.feed-one.co.jp/english/ir/>

Company profile

The Company was established in 2015 through the merger of Kyodo Shiryo and Nippon Formula Feed Mfg., which were positioned at 4th and 5th in the private companies in the animal feed industry at that time, and FEED ONE HOLDINGS, which had been established by the two companies in 2014. Kyodo Shiryo had strengths in pig feed and cattle feed, while Nippon Formula Feed Mfg. had strengths in poultry feed and aquatic feed, so the merger eliminated the bias in the sales mix of compound feed, resulting in a well-balanced business portfolio. The two companies, which had different corporate cultures, were able to carry out organizational changes and consolidations, and rebuild their business foundations in a short period of time largely because they shared a strong sense of urgency about the shrinking domestic livestock and fisheries market due to the TPP agreement and population decline. The Company made aggressive investments such as opening the Kitakyushu Factory (now the Kitakyushu Aquatic Feed Factory) in 2017 and the Kitakyushu Animal Feed Factory in 2020, thereby solidifying its dominance in the industry through highly productive and efficient processes. The Company has factories and sales branches nationwide and has established supply systems for each area. The Company also focuses on research and development, and is leading technological development in the industry while leveraging its network of overseas companies and universities. As of the end of March 2025, the Company had 21 consolidated subsidiaries and 925 employees. Mitsui & Co., Ltd. <8031> is the largest shareholder, and the Company works closely with Mitsui & Co., Ltd., mainly on the procurement of raw materials for compound feed.

In 2024, the Company formulated its long-term vision and “Medium-Term Management Plan 2026 – 1st STAGE for NEXT 10 YEARS –” to outline its direction for the 10 years from FY3/25. The Company’s newly declared purpose is to “Feed the world for the future, live and smiles,” and clearly acknowledges that the Company is part of the social infrastructure supporting the supply of Japanese-made animal protein. The Company’s vision is “Committed to ‘ONE,’ striving to be the company of choice,” which expresses the Company’s pride and responsibility as a leading company in the feed industry. The Company also plans capital investment of approximately ¥80.0bn during the 10 years from the start of the Medium-Term Management Plan. In May 2025, the Company acquired land for the new aquatic feed factory (Toyokawa Factory; tentative name), with planned total investment of ¥13.0bn.

In 2022, following the change in market classifications at the Tokyo Stock Exchange (TSE), the Company moved from the First Section of the TSE to the Prime Market.

Company history

Month/Year	History
March 2014	Kyodo Shiryo Co., Ltd. and Nippon Formula Feed Mfg. Co., Ltd. agree to establish FEED ONE HOLDINGS CO., LTD. by means of joint transfer of shares, drafted a share-transfer plan, and conclude a general memorandum of understanding on that basis
October 2014	FEED ONE HOLDINGS is established
May 2015	FEED ONE HOLDINGS, Nippon Formula Feed Mfg. and Kyodo Shiryo conclude an absorption-type merger agreement
October 2015	FEED ONE HOLDINGS, Kyodo Shiryo and Nippon Formula Feed Mfg. merge, company name changed to FEED ONE CO., LTD.
March 2017	The newly constructed Kitakyushu Factory starts operations (it was renamed Kitakyushu Aquatic Feed Factory in April 2020)
July 2020	The newly constructed Kitakyushu Animal Feed Factory starts operations
April 2022	Moves from the 1st Section of the Tokyo Stock Exchange to the Prime Market in conjunction with the change in market classification of the Tokyo Stock Exchange
March 2024	Formulates “Medium-Term Management Plan 2026 – 1st STAGE for NEXT 10 YEARS –”
April 2025	The Company absorbed Tomakomai Feed Co., Ltd. and Tohoku Shiryo Co., Ltd., and established the Tomakomai Factory and the Hachinohe Factory

Source: Prepared by FISCO from the Company’s website and materials

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FEED ONE CO., LTD. | **13-Feb.-2026**
2060 Tokyo Stock Exchange Prime Market | <https://www.feed-one.co.jp/english/ir/>

Company profile

2. Business description

The Company's mainstay business is animal feed. It comprises 7 domestic business divisions (Hokkaido, Tohoku, Kanto, Chubu, Kansai, Kitakyushu, Minamikyushu), has 8 sales branches and 13 production plants, and manufactures and sells approximately 3.70 million tons of feed per year. The business handles a balanced range of compound feed for poultry, pigs, and cattle. While the annual distribution volume of animal feed has remained flat at around 24.0 million tons for the past ten years, the Company has continued to increase its sales volume. In 1H FY3/26, the animal feed segment accounted for 76.9% of the Company's total net sales and 86.0% of segment profit, making it the Company's core business.

The aquatic feed business manufactures approximately 100,000 tons of aquatic compound feed per year with a production system centered around the Kitakyushu Aquatic Feed Factory, and sells feed throughout the country from Hokkaido to Okinawa. Of the approximately 600,000 tons of annual distribution volume for aquatic feed, the Company holds an approximately 18% share, ranking second in the industry. The Company is focusing on developing and selling products aimed at realizing sustainable aquaculture, such as low fish meal feed and fish meal-free feed. The fish meal-free feed Madai DP Sustaina ZERO, which went on sale in August 2023, has become the Company's biggest hit product since its integration. Due to the difference in market size between the aquatic feed and animal feed businesses, the aquatic feed business accounted for 8.3% of the Company's total net sales and 12.7% of segment profit, both relatively low ratios. However, with expectations for market expansion driven by the rise of land-based aquaculture and exports of farmed yellowtail, this is a business with strong growth potential going forward.

The food business manufactures products at affiliated companies related to meat processing (Feed One Foods Co., Ltd., Yokohama Meat Co., Ltd.) and egg processing (Gold Egg Corp., Magic Pearl Co., Ltd.), and sells products mainly to retailers and the food service industry. Although this business also accounts for a relatively low proportion at 14.8% of the Company's total net sales and 1.0% of its segment profit in 1H FY3/26, it has added value unique to a compound feed manufacturer, and an advantage in traceability by being responsible for upstream and downstream operations.

Segment overview

		Composition ratio (1H FY3/26)	
		Net sales	Segment profit
Animal feed business	Comprises 7 domestic business divisions, has 8 sales branches and 13 production plants, and manufactures and sells approximately 3.70 million tons of feed per year. The business handles a balanced range of compound feed for poultry, pigs, and cattle.	76.9%	86.0%
Aquatic feed business	This business manufactures approximately 100,000 tons of aquatic feed per year with a production system centered around the Kitakyushu Aquatic Feed Factory, and sells compound feed throughout the country from Hokkaido to Okinawa. It focuses on developing and selling next-generation aquaculture feed.	8.3%	12.7%
Food business	Manufactures products at affiliated companies related to meat processing (Feed One Foods, Yokohama Meat) and egg processing (Gold Egg, Magic Pearl), and sells products mainly to retailers and the food service industry.	14.8%	1.0%
Other	Includes the overseas business and the real estate leasing business * Net sales are not consolidated because overseas operations are accounted for by the equity method.	0.0%	0.3%

Source: Prepared by FISCO from the Company's financial results and integrated report

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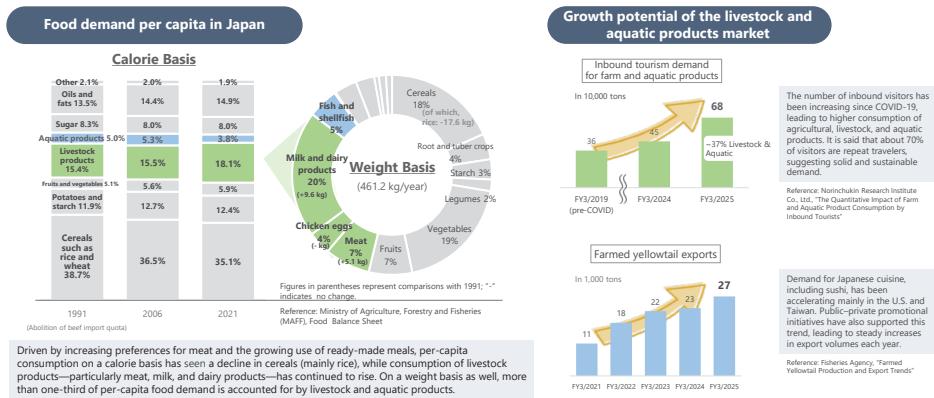
Business environment

With the potential for increased demand for domestically produced livestock and marine products, expectations for compound feed manufacturers are rising

In the mid-2010s, the domestic livestock and aquaculture industries were expected to contract due to factors such as increased imports following the conclusion of the TPP agreement and decreasing demand resulting from the population decline. However, over the past 10 years, the annual distribution volume of animal feed and aquatic feed was approximately 24.0 million tons and 600,000 tons, respectively, showing a stable trend for compound feed despite some minor fluctuations. As a guide to the size of the compound feed market, Japan's annual rice consumption is approximately 7.0 million tons. While this domestic rice consumption continues to decline, demand for domestically produced animal products is on the increase. This is likely due to growing meat demand among Japanese, inbound demand stemming from the increase in overseas visitors, and expanding wagyu exports, indicating that Japan's livestock farming is a solid industry.

Regarding aquaculture, cultured fish is attracting more attention amid trends like heightened health awareness and the popularity of conveyor belt sushi restaurants, despite the fact that Japanese people are eating less fish. Although the volume of caught fish is declining, demand for cultured fish is on the rise due to clearly recorded production history and stable supply. In addition, the popularity of Japanese cuisine such as sushi is accelerating, particularly in the US and Taiwan. Collaboration between the public and private sector in promotional activities is also providing support, and among other products, the export volume of farmed yellowtail is increasing every year.

Trends and future potential of demand for livestock and marine products in Japan



Source: The Company's results briefing materials

Concerns over the procurement of imported livestock and marine products are also leading to a potential increase in demand for domestically produced livestock and marine products. Japan's self-sufficiency rate for livestock and marine products is relatively low—40% for beef, 49% for pork, 65% for chicken, and 54% for marine products—and it is highly dependent on imports. On the other hand, concerns have arisen regarding the surge in import prices due to depreciation of the yen, restrictions on production volumes in foreign countries to reduce environmental impact, and import regulations resulting from strengthened quarantine measures to prevent livestock diseases, all of which are expected to increase demand for domestically produced livestock and marine products.

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FEED ONE CO., LTD. | **13-Feb.-2026**
2060 Tokyo Stock Exchange Prime Market | <https://www.feed-one.co.jp/english/ir/>

Business environment

One of the main characteristics of compound feed is that food byproducts (byproducts generated by food manufacturing) are used as raw materials. This is a core function of the food recycling loop and of interest as an important initiative toward realizing a resource recycling society.

In this context, the livestock farming and fisheries industries are pursuing high production efficiency and businesses are increasing in scale, as is the case with manufacturing. For example, chicken production volume has increased over 30% in the past 20 years, yet the distribution volume of chicken feed has remained more or less the same. This means that chickens can grow on less feed, and reflects the sophisticated technological capabilities required of compound feed manufacturers in order to achieve high production efficiency. This example illustrates the expectation for the Company to harness further the technological superiority of the Company's animal feed business and aquatic feed business.

■ Business overview

In the mainstay animal feed business, the Company strengthened the functions of raw material procurement, manufacturing, development, and sales, capturing a market share of 15%

The Company's three business segments are the animal feed business, the aquatic feed business, and the food business. Business descriptions and strengths by segment are as follows.

1. Animal feed business

In the animal feed business, the Company handles almost the entire process from procuring raw materials for compound feed to manufacturing, development, and sales, and has strengths in each process.

(1) Raw material procurement

[Strength 1: Mitsui & Co. Group's global procurement network]

The Company's cost of goods sold comprises approximately 80% of its net sales. Corn accounts for roughly half the raw materials used in animal feed, followed by other grains—including wheat—and soybean oil cake. Corn is mainly produced in the United States and Brazil, and is greatly affected by fluctuations in market prices, as well as foreign exchange rates and ocean freight rates. In terms of procurement, being part of the Mitsui & Co. Group provides the advantage of being able to secure sufficient quantities at the right time and price. In 1H FY3/26, the Company's animal feed sales prices declined YoY, reflecting the impact of lower corn prices on the Chicago market due to an increase in planted acreage and expectations for a bumper crop.

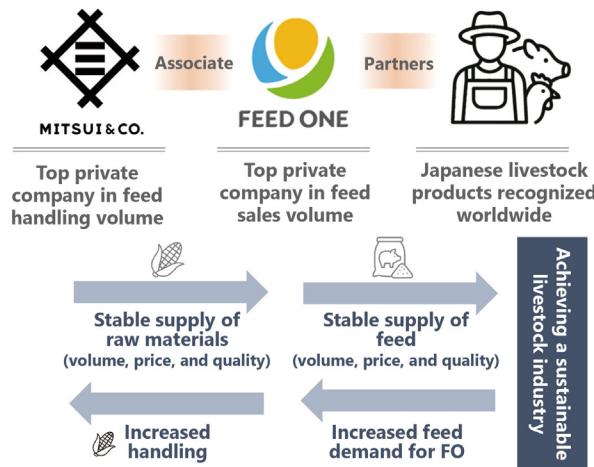
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FEED ONE CO., LTD. | 13-Feb.-2026

2060 Tokyo Stock Exchange Prime Market | <https://www.feed-one.co.jp/english/ir/>

Business overview

Synergy effects with Mitsui & Co., Ltd.



A partnership between Mitsui & Co. and Feed One that shapes the market through procurement and sales capabilities

Source: The Company's results briefing materials

(2) Manufacturing

[Strength 2: Stable supply and scale of products based on bolstering the production base]

In the animal feed business, 13 production plants located nationwide from Hokkaido to Kyushu meet local demand, so a system of local production for local consumption is in place. The annual sales volume of 3.70 million tons corresponds to a market share of 15%, second only to JA Zen-Noh and the number one private company by a significant margin. The sales volume composition ratio by animal type is well-balanced at over 30% each for cattle, pigs, and, chickens. One advantage of having a good balance is that even if an infectious disease (e.g. avian influenza) occurs in one animal type, other animal types can cover the loss to some extent. The manufacture of compound feed is a typical equipment-based industry, and it is easy to achieve economies of scale through large-scale equipment, with highly productive facilities being advantageous. Some of the Company's production facilities are more than 50 years old, and addressing aging equipment is a key issue. The Company is making proactive investments, such as opening the state-of-the-art Kitakyushu Animal Feed Factory in 2020. With a relatively large sales volume, the Company has the advantage of being able to produce at lower costs.

(3) Product development / R&D

[Strength 3: Lineup of products underpinned by patented technologies]

The Company has a well-established research and development system that includes three research laboratories, and has a history of releasing differentiated products. It has launched products in response to changes in the market, such as FIBEGEAR DROP, a feed exclusively for use with milking robots in line with the digitalization of milking, and Nori Nori Pork, which addressed issues relating to pigs with advanced breeding, and has obtained many patents. For over 10 years, the Company has also been working on feed that addresses heat stress in livestock, and is increasing sales volume by matching its products to customer needs amid severe heat waves in recent years.

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FEED ONE CO., LTD. | **13-Feb.-2026**
2060 Tokyo Stock Exchange Prime Market | <https://www.feed-one.co.jp/english/ir/>

Business overview

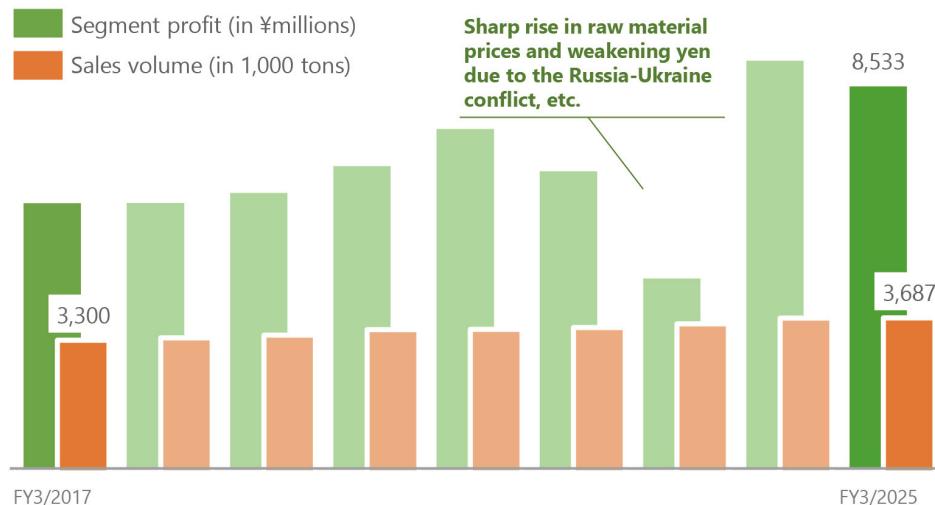
(4) Sales / prices

[Strength 4: The Company has established a system that allows it to grasp customer needs in detail by locating sales branches throughout Japan]

[Strength 5: Customer service utilizing the latest technologies such as dairy cow genome analysis and raw milk fatty acid composition analysis]

Customers for the Company's products are farmers who raise chickens, pigs, and cattle. Some sales activities are carried out by staff from authorized dealers, but in general the Company's staff at each branch office handle sales activities. The Company's specialty is proposal sales and consulting sales, and it has a system in place whereby staff with expertise in each animal species can propose products that meet the needs of customers. The Company also works closely with research laboratories, and technical staff of the research laboratories often accompany sales staff on customer visits. Compound feed consulting that utilizes the latest technology with dairy cow genome analysis and raw milk fatty acid composition analysis is a typical example of its attentive customer service. Regarding sales prices, since prices are revised quarterly in the animal feed industry, although there is a time lag, fluctuations in raw material prices are reflected in sales prices. The main factors behind the decrease in net sales in 1H FY3/26 were a decline in the number of animals raised due to heat stress and disease, as well as a decrease in sales volume resulting from stricter profitability management.

Animal feed business results trends



Source: The Company's results briefing materials

Animal feed business 1H results trends

	1H FY3/25 results	1H FY3/26 results	YoY	
			Change amount	Change
Net sales	116,275	109,487	-6,787	-5.8%
Segment profit	4,941	4,536	-405	-8.2%
Segment profit margin	4.2%	4.1%	-	-0.1pp

Source: Prepared by FISCO from the Company's financial results

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FEED ONE CO., LTD. | **13-Feb.-2026**
2060 Tokyo Stock Exchange Prime Market | <https://www.feed-one.co.jp/english/ir/>

Business overview

2. Aquatic feed business

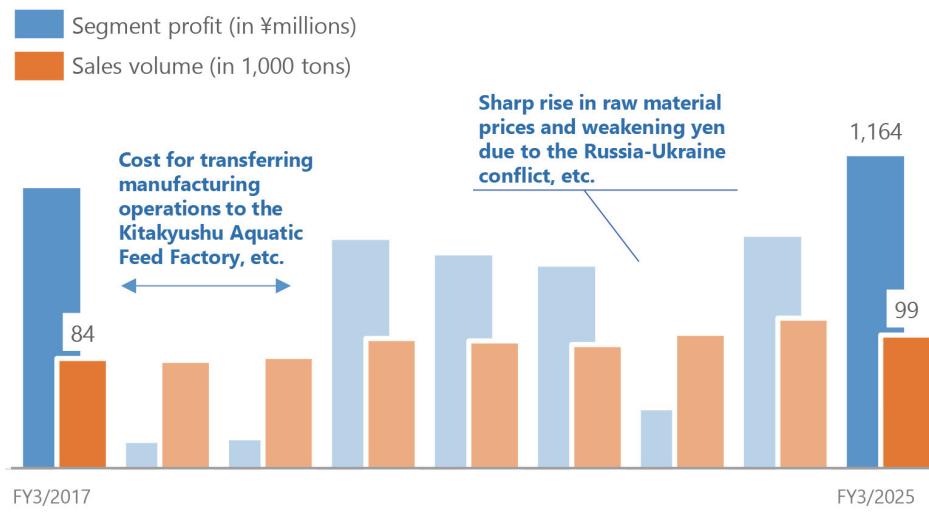
[Strength 1: Stable production and supply system centered on Kitakyushu Aquatic Feed Factory]

[Strength 2: Cutting-edge research and development system centered around the Aquatic Research Center]

[Strength 3: Specialists in marine product sales assigned to each branch office and technical backup system]

The business process of the aquatic feed business shares much in common with the animal feed business. The aquatic feed business purchases raw materials, produces compound feed, and sells it to aquaculture producers across Japan. Fish meal, which accounts for approximately 40% of raw materials, is dependent on natural resources. As a result, there are global concerns about issues like resource depletion and the pressure on supply and demand. These concerns create strong upward pressure on fish meal prices. The Company's Chita Factory and cutting-edge Kitakyushu Aquatic Feed Factory are responsible for aquatic feed production. In Japan's marine aquaculture market, the main fish species are red sea bream and yellowtail, with the Company excelling in feed for red sea bream. Madaï DP Sustaina ZERO, an eco-friendly, fish meal-free feed for red sea bream, has been the greatest hit product for the Company since it was integrated by the merger of two companies, and this product's future development is worth watching closely. In 1H FY3/26, net sales and sales volume decreased due to factors such as high sea temperatures, a decline in the number of cultured fish, and thorough profitability management. However, profitability improved as a result of lower raw material prices and the average sales price exceeding the level for the same period in the previous fiscal year. Although the Company manufactures and sells feed, it is also proactively working to establish its own breeding technologies and adopt new raw materials. For example, it has a compensatory growth technique with which weight gain is anticipated similar to that of a post-diet rebound by temporarily restricting feeding. In this way, the Company aims to achieve business growth by enhancing its core competencies through the realization of sustainable, next-generation aquaculture.

Aquatic feed business results trends



Source: The Company's results briefing materials

Aquatic feed business 1H results trends

	1H FY3/25 results	1H FY3/26 results	YoY	
			Change amount	Change
Net sales	13,533	11,811	-1,722	-12.7%
Segment profit	444	669	224	50.4%
Segment profit margin	3.3%	5.7%	-	2.4pp

Source: Prepared by FISCO from the Company's financial results

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FEED ONE CO., LTD. | 13-Feb.-2026
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Business overview

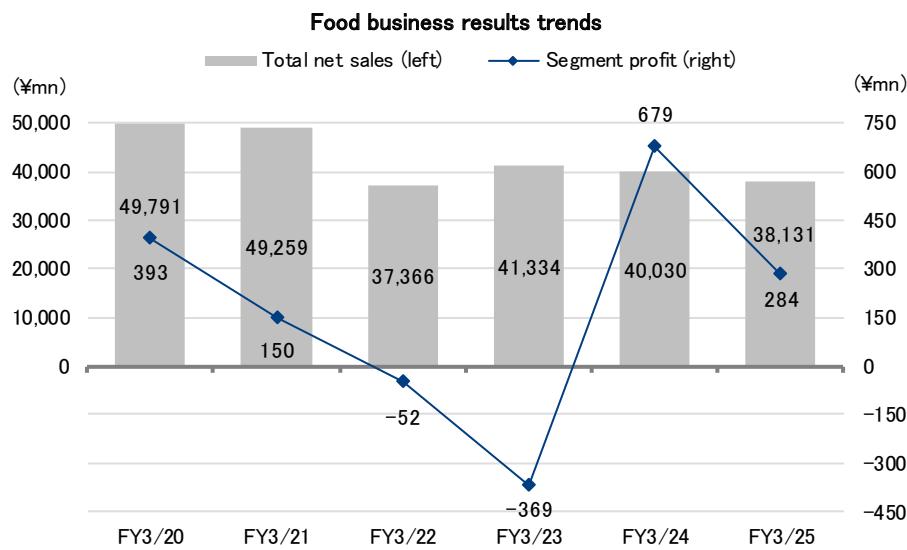
3. Food business

[Strength 1: Safe and reliable foods that only compound feed manufacturers can deliver]

[Strength 2: Ability to supply products finely tailored to the needs of consumers as a packer with manufacturing bases in the areas of consumption]

[Strength 3: Capacity to develop high-quality specialty products in collaboration with livestock producers]

The food business can trace its beginnings to the purchasing of animal products (poultry eggs, pork, etc.) from buyers of compound feed. This business involves selling purchased animal products and processed products to major mass retailers and the food service industry, and the Company has established a strong position as a supplier, capturing a high market share at major mass retailers. While purchase prices are based on the daily market prices for poultry eggs and pork carcasses, depending on the customer, there may be a time lag in price fluctuations being reflected in sales prices, making it easier to generate profit when the market declines. In addition, Magic Pearl, a seasoned boiled egg product sold by a subsidiary of the Company, Magic Pearl Co., was launched in 1980, and has since become an enduringly popular product primarily sold at stores in train stations. With a change in consumer attitudes from making boiled eggs to buying them, the retail market has grown to around ¥3.0bn, which is roughly three times larger than in 2013. Under these circumstances, continued growth is expected in the future after a new factory with expanded production capacity began operating in March 2025.



Source: Prepared by FISCO from the Company's financial results

Food business 1H results trends

	1H FY3/25 results	1H FY3/26 results	YoY	
			Change amount	Change
Net sales	18,482	21,039	2,557	13.8%
Segment profit	19	55	36	183.7%
Segment profit margin	0.1%	0.3%	-	0.2pp

Source: Prepared by FISCO from the Company's financial results

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Results trends

In 1H FY3/26, sales and profit decreased, mainly due to lower sales volume resulting from hot summer weather and disease

1. Overview of 1H FY3/26 results

In its 1H FY3/26 consolidated results, the Company recorded lower sales and profit, with a 4.0% YoY decrease in net sales to ¥142,344mn, a 2.9% decrease in operating profit to ¥3,257mn, a 2.4% decrease in ordinary profit to ¥3,714mn, and a 7.1% decrease in profit attributable to owners of parent to ¥2,873mn.

In the animal feed business, the average sales price of animal feed decreased YoY and sales volume decreased 2.0%, resulting in net sales decreasing 5.8% to ¥109,487mn. The decrease in sales volume was largely attributable to external factors such as a reduction in the number of animals raised due to heat stress and disease, as well as the impact of reviewing unprofitable sales. Cost of sales decreased, mainly due to the weak market for corn, which is a raw material for compound feed in the animal feed business. However, gross profit showed a slight decline. SG&A expenses were largely unchanged YoY (a slight decrease), and segment profit for the animal feed business decreased 8.2% to ¥4,536mn. In the aquatic feed business, sales volume decreased due to external factors such as high sea temperatures and a decline in the number of cultured fish, as well as internal factors such as a review of unprofitable sales. As a result, net sales decreased 12.7% to ¥11,811mn. Meanwhile, the profit environment improved due to factors such as lower raw material prices and higher average sales prices, resulting in segment profit increasing 50.4% to ¥669mn. In the food business, net sales increased 13.8% to ¥21,039mn, while segment profit increased 183.7% to ¥55mn after improved profits due to a review of sales price conditions, etc. Sales and profit decreased because results for the mainstay animal feed business are strongly reflected in company-wide results.

1H FY3/26 consolidated results

	1H FY3/25			1H FY3/26	
	Results	vs. net sales	Results	vs. net sales	YoY
Net sales	148,298	100.0%	142,344	100.0%	-4.0%
Cost of sales	132,154	89.1%	126,357	88.8%	-4.4%
Gross profit	16,143	10.9%	15,987	11.2%	-1.0%
SG&A expenses	12,787	8.6%	12,730	8.9%	-0.4%
Operating profit	3,355	2.3%	3,257	2.3%	-2.9%
Ordinary profit	3,805	2.6%	3,714	2.6%	-2.4%
Profit attributable to owners of parent	3,092	2.1%	2,873	2.0%	-7.1%

Source: Prepared by FISCO from the Company's financial results

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Results trends

Maintaining a sound financial base that will enable capital investments of approximately ¥60.0bn over the next six years, as stated in the Medium-Term Management Plan

2. Financial position and management indicators

Total assets at the end of 1H FY3/26 increased ¥1,263mn from the end of the previous fiscal year to ¥125,436mn. Current assets decreased ¥4,950mn, mainly reflecting a decrease of ¥3,492mn in raw materials and supplies, and a decrease of ¥2,865mn in notes and accounts receivable - trade. Non-current assets increased ¥6,214mn, partly due to a ¥4,593mn increase in construction in progress associated with construction of the new aquatic feed factory.

Total liabilities decreased ¥1,917mn to ¥66,907mn. Current liabilities decreased ¥11,848mn, mainly reflecting a decrease of ¥10,258mn in short-term borrowings, and a decrease of ¥2,356mn in notes and accounts payable - trade. Non-current liabilities increased ¥9,931mn, mainly due to an increase of ¥9,451mn in long-term borrowings. The balance of interest-bearing debt (the sum of short-term borrowings and long-term borrowings) decreased ¥806mn to ¥26,472mn. Net assets increased ¥3,181mn to ¥58,528mn, mainly reflecting an increase in retained earnings, which was due to factors including the recording of profit attributable to owners of parent.

Regarding management indicators for 1H FY3/26, the current ratio was 196.1% (159.6% at the end of FY3/25), while the equity ratio was 46.0% (44.0%). Because the Company has secured committed credit facilities, it also has a sound and stable financial base. The Company can be described as one of the few in its industry with the solid financial base needed to carry out the investments (approximately ¥60.0bn over six years) set forth in its medium-term management plan.

Consolidated balance sheets and management indicators

	End of FY3/25	End of 1H FY3/26	(¥mn)
Current assets	80,085	75,135	-4,950
Cash and deposits	10,342	10,098	-244
Notes and accounts receivable - trade	43,211	40,345	-2,865
Raw materials and supplies	16,451	12,959	-3,492
Non-current assets	44,086	50,300	6,214
Construction in progress	648	5,241	4,593
Total assets	124,172	125,436	1,263
Current liabilities	50,168	38,320	-11,848
Notes and accounts payable - trade	29,106	26,750	-2,356
Short-term borrowings	12,878	2,620	-10,258
Non-current liabilities	18,656	28,587	9,931
Long-term borrowings	14,400	23,852	9,451
Total liabilities	68,825	66,907	-1,917
Total net assets	55,347	58,528	3,181
Total liabilities and net assets	124,172	125,436	1,263
Stability			
Current ratio (current assets ÷ current liabilities)	159.6%	196.1%	36.5pp
Equity ratio	44.0%	46.0%	2.0pp

Source: Prepared by FISCO from the Company's financial results

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Outlook

The Company's progress rate for ordinary profit in 1H was steady at 53.1% and ordinary profit for FY3/26 is expected to increase 3.1% YoY to ¥7,000mn

In its FY3/26 consolidated results, the Company has maintained its initial forecasts and expects an increase in sales and ordinary profit, with a 5.1% YoY increase in net sales to ¥311,000mn, a 7.2% increase in operating profit to ¥6,800mn, a 3.1% increase in ordinary profit to ¥7,000mn, and a 3.5% decrease in profit attributable to owners of parent to ¥5,200mn.

Turning to the operating environment, there is a risk of a downturn in animal feed demand due to a reduction in the number of livestock breeding farms and a temporary decrease in the number of livestock caused by heat stress and disease, and a downturn in aquatic feed demand due to factors such as the need to restrict feeding because of high sea temperatures. However, based on the outlook for brisk food demand—including inbound demand—there is not expected to be a significant decline in feed distribution volume. While there are risks—for example, supply uncertainties and price increases for animal feed raw materials associated with factors such as climate change, and increased manufacturing costs due to rising energy prices—FISCO thinks profits will remain relatively stable because the mainstay animal feed business revises sales prices every quarter. FISCO also assumes that the impact of US tariffs on the Company will be limited in the short term because corn, which is the main raw material in animal feed, is exempt from tariffs and prices are revised every quarter. Although the Company was affected by hot summer weather and high sea temperatures in 1H, air and sea temperature conditions are expected to improve in 2H, so a recovery in sales volume is anticipated.

Under these circumstances, in FY3/25 the Company started its Medium-Term Management Plan, under which it seeks to realize its Purpose and Vision, enable its strengthened production structure and powerful sales network to collaborate, and harness its strengths to improve collaboration between businesses—with a focus on the animal feed business—while working toward sustained earnings improvement. These strengths include the ability to leverage economies of scale in raw material procurement, a financial base that allows aggressive capital investment, an R&D structure that utilizes global knowledge, and value enhancement through sales of livestock and marine products.

The Company expects higher sales and profit in the mainstay animal feed business, reflecting higher gross profit driven by margin improvements and higher sales volume, higher sales and profit on higher sales volume in the aquatic feed business, and higher sales and lower profit in the Food business on higher egg prices due to the impact of avian influenza. The progress rate for ordinary profit in 1H against the full-year plan was steady at 53.1%, and FISCO thinks that achieving the profit target (ordinary profit of ¥7,000mn) is fully possible.

FY3/26 consolidated forecasts

	FY3/25		FY3/26			(\$mn)
	Results	vs. net sales	Forecast	vs. net sales	YoY	
Net sales	296,045	100.0%	311,000	100.0%	5.1%	45.8%
Operating profit	6,343	2.1%	6,800	2.2%	7.2%	47.9%
Ordinary profit	6,789	2.3%	7,000	2.3%	3.1%	53.1%
Profit attributable to owners of parent	5,387	1.8%	5,200	1.7%	-3.5%	55.3%

Source: Prepared by FISCO from the Company's financial results

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Topics

The Company's winning pattern is to develop high value-added products through its proprietary technological capabilities and capture market share

1. Developing proprietary technological capabilities in the animal feed field, creating high value-added products, and capturing market share

The Company has increased its market share and achieved growth in its business performance, even as the distribution volume of animal feed has remained flat. The Company's market share, which was 13% in FY3/16, increased to 15% in FY3/24, with sales volume rising by approximately 400,000 tons. The driving force behind this has been the sale of high value-added products developed through the Company's proprietary technological capabilities. The Company specializes in compound feed for young animals such as chicks, piglets, and calves, as well as for livestock that are raised over long periods, including dairy cows, layer hens, breeding chickens, and breeding pigs. These compound feeds are not simply designed to increase nutritional value and promote faster growth. Rather, they are needed to improve survival rates during the early stages of an animal's life, support the development of skeletal structure and digestive organs that underpin subsequent growth, and maintain health to ensure high performance over the long term, and these factors make their formulation more challenging. The Company has previously launched products such as feed for use with milking robots, along with Sow Manna, which supports the development of sows resistant to heat stress. More recently, the Company has achieved significant research and development results, including Luminous, a compound feed designed to maximize the potential of high-performance dairy cows selected through dairy cattle genome analysis (patent application filed in October 2025), and a compound feed to alleviate symptoms of gastric ulcers in fattening pigs (patent application filed in September 2025, the product scheduled for release in spring 2026). The Company's strength lies in its structure, which includes more than 60 research personnel and enables development by incorporating feedback from production sites such as farms and factories through collaboration among its sales, manufacturing, and research centers. This is a competitive advantage that other companies in the industry cannot match. In addition, the Company is actively working to introduce overseas technologies and obtain the latest information, including through a technical partnership with Provimi North America—a major player in the animal nutrition field and a subsidiary of Cargill, Incorporated, which is a leading US grain company—and collaboration with Kansas State University in the US Midwest, where livestock research is advanced. These efforts are also driving the Company's technological capabilities.

2. Constructing a state-of-the-art, environmentally friendly cattle-farming research facility within the Fukushima Research Center

The Company has decided to relocate its cattle-farming research facility, Iwaki Research Center (Iwaki City, Fukushima Prefecture), to the Fukushima Research Center (Ono-machi, Tamura-gun, Fukushima Prefecture) at a cost of approximately ¥1.0bn. The aims are to: (1) promote the development of high value-added cattle feed that meets the latest needs; (2) consolidate research functions for cattle, pigs, and chickens; and (3) thoroughly implement cloud-based and automated data management, labor-saving measures, and animal welfare compliance. Accelerating research and development is expected to enhance the Company's competitive advantage and increase its market share for cattle feed. Construction started in September 2025, with operations scheduled to begin in July 2027.

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Topics

Construction of a state-of-the-art, environmentally friendly cattle-farming research facility

Background and objectives

- (1) Promote development centered on high value-added cattle feed that meets the latest needs
 - Improve test accuracy and strengthen training to accelerate growth, including peripheral technologies
- (2) Consolidate research function of cattle, pig, and chicken
 - Achieve accelerated development, enhanced sales training, and improved test accuracy and reproducibility simultaneously
- (3) Ensure thorough cloud-based data management, automation, labor-saving, and animal welfare compliance
 - Also serve as an advanced "advertising showcase farm"

Expected effects

Accelerate research and development to enhance competitive advantage and expand market share in cattle feed




Source: The Company's results briefing materials

3. Working to realize next-generation aquaculture in the aquatic feed field

The Company's sales volume of aquatic feed ranks second in the industry (an 18% market share), putting it among the top group of companies. One of the main reasons for this is capital investment in the Kitakyushu Aquatic Feed Factory, which is one of the largest of its kind in Japan and opened in 2017. Based on the effect of such investments, the Company has risen to the top position in the industry for red sea bream feed. The Company possesses a robust research and development infrastructure that enables testing with a wide variety of fish species, and continues to create new value through its technological capabilities under the slogan of "realizing next-generation aquaculture," making it a leading company in the industry. Reducing the use of fish meal, which is a natural resource, is a social issue for realizing sustainable aquaculture, and the Company leads the industry in having a low fish meal inclusion rate. The Company is also proactive in developing new raw materials and has established technology for the effective utilization of insect protein raw materials (patent pending). The Company is engaged in research on breeding techniques, working on the development of a new breeding style called compensatory growth, in which feed is intentionally withheld during periods when the growth of cultured fish is inefficient, thereby contributing to reduced breeding costs and environmental conservation. The Company aims to enhance its competitive advantage and expand its market share by developing dedicated products.

Creating value that only the Company can provide under the slogan of "realizing next-generation aquaculture"

Realization of the next-generation aquaculture

We will tackle the four tasks below in pursuit of sustainability in the aquaculture industry.

Initiatives for next-generation aquaculture that only Feed One can deliver

 Fish meal reduction <small>Due to resource • Concerns over supply uncertainty • Concerns over soaring prices</small>	 Adoption of new raw materials <small>Through technological innovation • Creation of new value • Cost reduction</small>	 New form of feed <small>New forms of aquaculture • Land-based aquaculture • Offshore aquaculture</small>	 Husbandry techniques <small>Pursuit of production efficiency • Productivity improvement • Workload reduction</small>
Development and promotion of the ZERO series <small>Due to resource • Concerns over supply uncertainty • Concerns over soaring prices</small>	Establishment of effective use of insect protein <small>Establishment of effective use of insect protein</small>	Establishment of manufacturing technology for flexible EPs and tiny EPs <small>Establishment of manufacturing technology for flexible EPs and tiny EPs</small>	Establishment of innovative technology including compensatory growth <small>Establishment of innovative technology including compensatory growth</small>
— Current progress —			
<small>ZERO for sea bream and trout has been released.</small>	<small>We have filed a patent application.</small>	<small>They will be manufactured at the new factory.</small>	<small>Field testing is in progress.</small>

Detailed example Adoption of insect protein as a feed ingredient
which works as more than just a fish meal replacement

Functionality expected for insect protein as a feed ingredient

Functionality beyond a fish-meal replacement is anticipated.
 We aim to establish proprietary feed formulations.









Patent application in July 2024 (jointly with Shintos Corporation)
We have confirmed that feed containing insect protein increased mucus on the surface of all studied fish species.

Red sea bream	+29%	Yellowtail	+14%
Greater amberjack	+52%	Striped jack	+29%

*FEED ONE research

Improved protection function helps prevent bacteria from entering the body through the body surface.

We will establish proprietary feed formulations to enhance our competitive advantage, release the product as dedicated feed for preventing fish diseases, and expand market share.

Source: The Company's results briefing materials

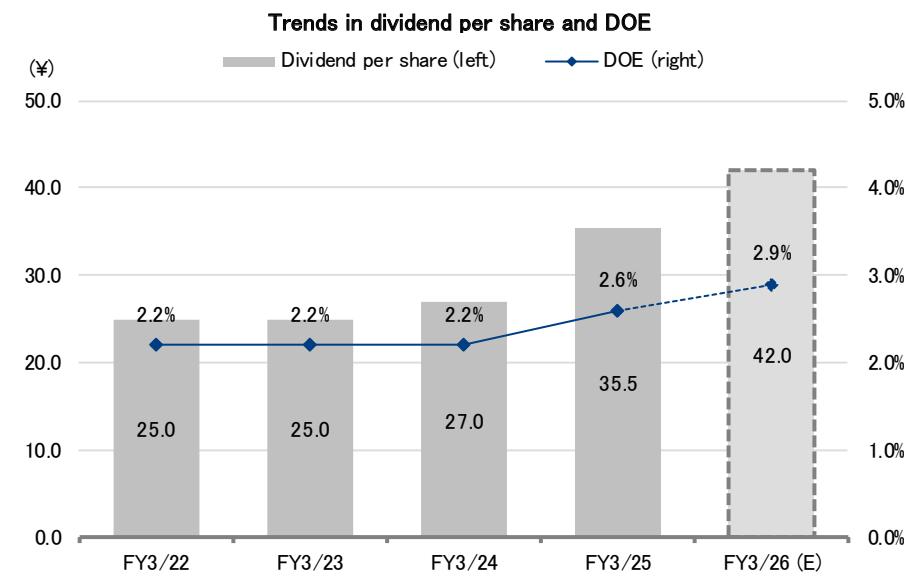
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Shareholder returns policy

Strengthening shareholder returns through a new dividend policy that sets progressive dividends as the basic approach and targets a DOE of 3%. A dividend of ¥42.0 is planned for FY3/26

The Company revised its dividend policy from FY3/26 to strengthen shareholder returns. Specifically, the Company set a target DOE of 3%, with a basic policy of enhancing internal reserves to strengthen its financial base for long-term growth and adopting a progressive dividend policy. The Company has effectively had a progressive dividend policy, but made its intention of continuing with it clear by stating it in its dividend policy. By using DOE instead of the consolidated dividend payout ratio (targeting at least 25%), which can be affected by temporary earnings fluctuations, it seeks stable shareholder returns while enhancing medium- to long-term returns.

In FY3/26, the Company plans a ¥6.5 per share increase in the annual dividend to ¥42.0 (¥16.0 interim ordinary dividend, ¥5.0 commemorative dividend (already paid), ¥21.0 year-end dividend, and DOE of 2.9%). The commemorative dividend of ¥5.0 was implemented in 1H to mark the 10th anniversary of the Company's full merger. We at FISCO expect the Company to continue paying stable dividends while raising the dividend amount.



Note: Dividend per share in FY3/26 of ¥42.0 includes a ¥5.0 commemorative dividend.

Source: Prepared by FISCO from the Company's results briefing materials

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