

1Q FY2026 Financial Results Briefing

Fiscal Year Ending March 31, 2027

Showa Sangyo Co., Ltd.

Securities Code2004

Augst 19,2026

Thank you very much for taking the time to attend the Showa Sangyo Group Financial Results Briefing despite your busy schedules.

Agenda

- 01 Overview of 1Q FY2026 Financial Results**
- 02 Progress of the Medium-term Management Plan 26–29**
- 03 Reference Materials**

I will follow this agenda and provide an overview of our results for the first quarter of FY2027/3, as well as an update on the progress we have made under the Medium-term Management Plan 26-29 as of the end of the first quarter.
Let us begin.

01 Overview of 1Q FY2026 Financial Results

I will begin with an overview of our results for the first quarter of FY2027/3.

Key Highlights of 1Q FY2026 Financial Results

▣ Net sales: ¥92.3 billion (+9.1% YoY)
Operating Profit: ¥3.4 billion (-1.5% YoY)

▣ **Key factor 1:**

Net sales increased due to the effect of price revisions in response to higher raw material prices, despite sales volume remaining largely unchanged year on year.

▣ **Key factor 2:**

Operating profit decreased slightly due to higher depreciation expenses from capital investments and higher packaging material costs resulting from the worsening situation in the Middle East.

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Net sales amounted to ¥92.3 billion, an increase of approximately 9% compared with the same period of the previous fiscal year.

There were two main factors behind this increase.

First, both the Food Business and the Animal Food Business benefited from the effects of price revisions, resulting in higher sales.

Second, two Group companies changed their fiscal year-end, and their results for six months are reflected in the current period.

These two factors led to the increase in net sales.

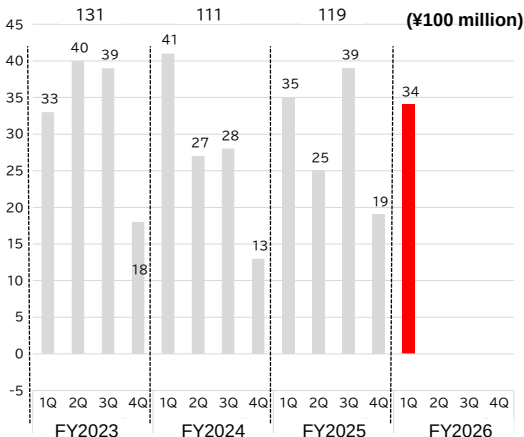
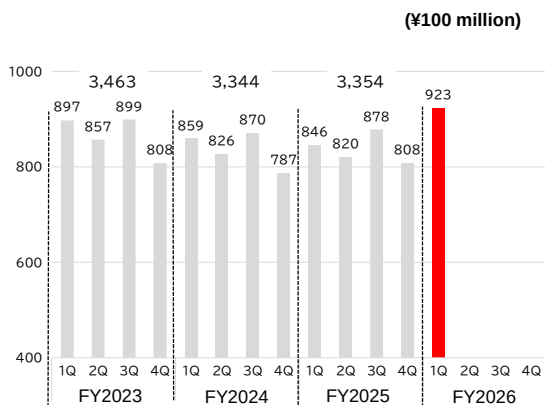
1Q FY2026 Financial Highlights

Net Sales

¥92.3 billion

Operating Profit

¥3.4 billion



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Operating profit amounted to ¥3.4 billion, representing a slight decrease of 1% compared with the same period of the previous fiscal year.

The main factors behind this decrease were the depreciation expenses associated with the two large-scale facilities that were completed and began operations toward the end of the previous fiscal year, as well as higher costs for raw materials, packaging materials, and other supplies resulting from the situation in the Middle East. Unfortunately, these increases were not fully offset by higher sales, resulting in a slight decrease in profit.

The charts show trends in net sales and operating profit by quarter over the past three fiscal years.

Although net sales in the first quarter of FY2027/3 increased significantly year on year, the change in the fiscal year-ends of the two companies mentioned earlier means that results for six months are reflected in the current period. As a result, net sales were at a higher level than in the corresponding quarters of the past three fiscal years.

With respect to operating profit, although depreciation expenses increased due to the operation of the large-scale facilities mentioned earlier, and although profits were affected by higher costs resulting from the situation in the Middle East, operating profit remained at a certain level.

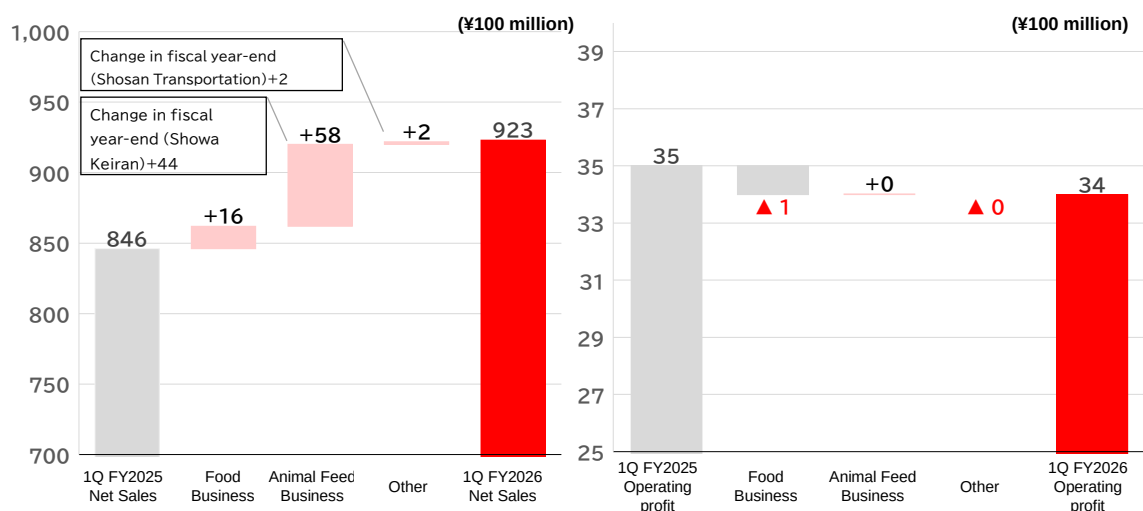
1Q FY2026 Financial Highlights

Net Sales

¥92.3 billion

Operating Profit

¥3.4 billion



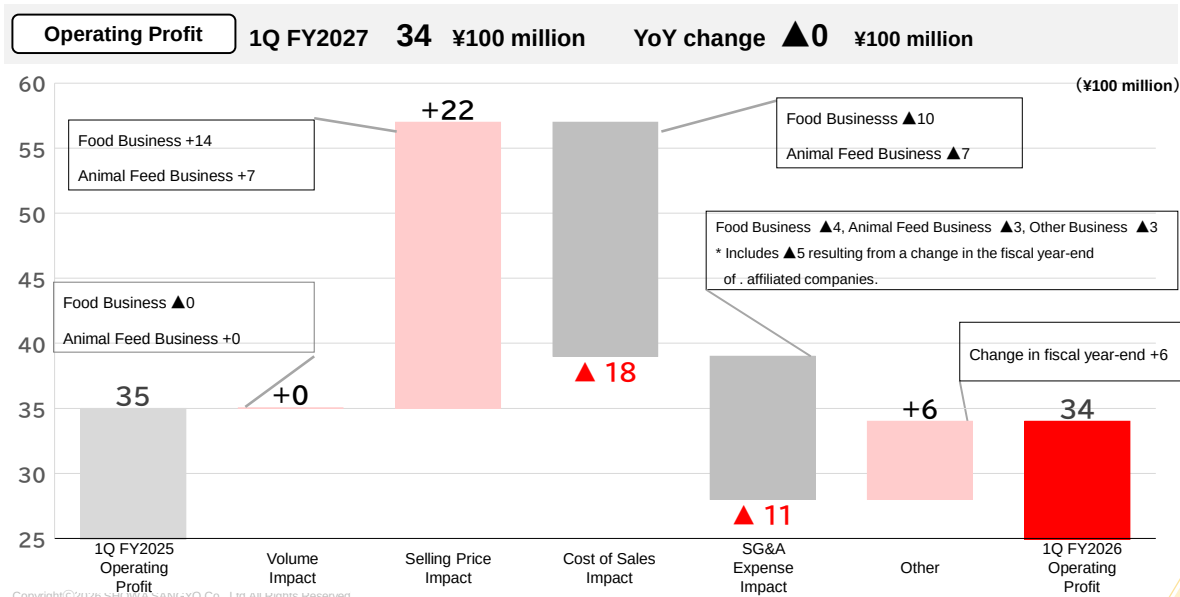
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The charts on this slide show the year-on-year changes in net sales on the left and operating profit on the right by business segment.

Net sales increased in the Food Business due to the effects of price revisions. Net sales in the Animal Food Business increased significantly due to the change in the fiscal year-end of a subsidiary.

With respect to operating profit, although the cost increases mentioned earlier affected earnings, operating profit in the first quarter was broadly in line with the previous fiscal year or slightly lower in each business.

1Q FY2026 Factors Affecting Operating Profit



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This slide shows the factors behind the change in operating profit from the previous fiscal year, resulting in operating profit of ¥3.4 billion.

I will explain the factors from left to right.

The impact of changes in sales volume was almost negligible across all businesses.

The impact of sales prices was positive by ¥2.2 billion. As a result of implementing price revisions in both the Food Business and the Animal Food Business, sales prices contributed to an improvement in profit.

The impact of raw material prices was negative by ¥1.8 billion. In both the Food Business and the Animal Food Business, increases in raw material prices had a negative impact on earnings. In the Food Business in particular, higher depreciation expenses and higher costs for materials and supplies also exerted downward pressure on profit.

As mentioned earlier, depreciation expenses increased by ¥1.9 billion year on year in the first quarter alone due to the operation of the large-scale facilities at the Kobe Plant and the Kagoshima Plant.

In addition, costs for materials and supplies increased by approximately ¥700 million in the first quarter due to the situation in the Middle East, as some customers requested price revisions from May onward.

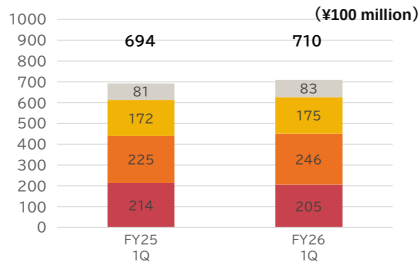
Selling, general and administrative expenses decreased by ¥1.1 billion. Looking at the breakdown of SG&A expenses, this was mainly due to higher personnel expenses and distribution costs. The impact by business is shown in the materials.

The effect of the change in the fiscal year-end of a subsidiary is shown as a ¥500 million decrease in SG&A expenses, while other factors contributed ¥600 million.

1Q FY2026 Segment Net Sales and Operating Profit

Food Business Net Sales

1Q FY2026	¥71.0 billion
YoY change	¥1.6 billion
YoY change (%)	2.4%

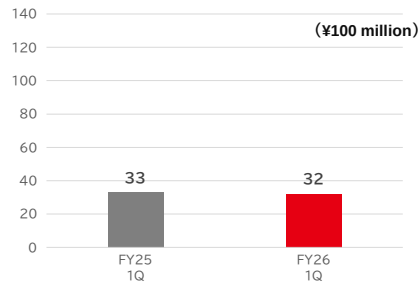


Net Sales	1Q FY2025	1Q FY2026	YoY change	YoY change(%)
Flour Milling	214	205	▲9	▲4.4%
Vegetable Oil	225	246	20	9.3%
Starches and sweeteners	172	175	3	1.9%
Other Food Products	81	83	2	2.5%
Food Business Total	694	710	16	2.4%

* Baked bread: Flour Milling Category → Other Food Category
Frozen food: Vegetable Oils Category → Other Food Category
* Comparative information has been prepared based on the revised classifications.
The segment classifications themselves remain unchanged.

Food Business Operating Profit

1Q FY2026	¥3.2 billion
YoY change	▲¥0.1 billion
YoY change (%)	▲3.0%



Operating profit	1Q FY2025	1Q FY2026	YoY change	YoY change(%)
Food Business	33	32	▲1	▲3.0%

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This slide shows the actual net sales and operating profit of the Food Business.

We have partially revised the category classification within the Food Business. Specifically, baked bread have been reclassified from the Flour Milling category to the Other Food Products category. Frozen food have also been reclassified in accordance with the revised classification.

The revised classification is used here to ensure comparability with the figures for the same period of the previous fiscal year.

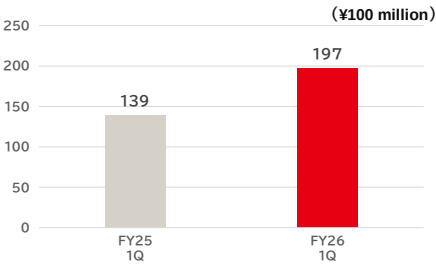
Regarding the year-on-year changes in net sales by category, the Flour Milling category decreased by ¥900 million, while the Vegetable Oils category increased by ¥2.0 billion. Both changes were primarily attributable to the effects of price revisions.

The factors behind the year-on-year changes in profit by category are shown on page 23 of the reference materials. Please refer to that page later for details.

1Q FY2026 Segment Net Sales and Operating Profit

Animal Feed Business
Net Sales

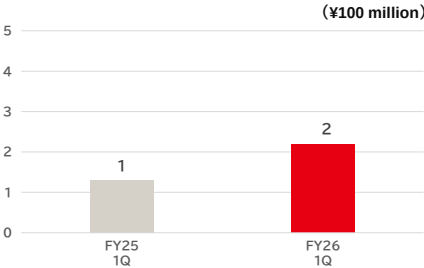
1Q FY2026	¥19.7 billion
YoY change	¥5.8 billion
YoY change (%)	41.9%



Net Sales	1Q FY2025	1Q FY2026	YoY change	YoY change(%)
Animal Feed Business	139	197	58	41.9%

Animal Feed Business
Operating profit

1Q FY2026	¥0.22 billion
YoY change	¥0.09 billion
YoY change (%)	64.8%



Operating Profit	1Q FY2025	1Q FY2026	YoY change	YoY change(%)
Animal Feed Business	1	2	1	64.8%

Next, this slide shows the actual net sales and operating profit of the Animal Food Business. I will omit a detailed explanation.

Consolidated Balance Sheets

(Unit: ¥100 million)

Item	As of March 31, 2026	As of June 30, 2026	Change
Total assets	2,749	2,792	43
Current assets	1,150	1,167	16
Non-current assets	1,599	1,625	26
Total liabilities	1,223	1,239	15
Interest-bearing liabilities (Including lease obligations)	510	543	33
Other liabilities	713	695	▲17
Total net assets	1,526	1,553	27

<Key Factors>

● Assets

- (+) Increase in inventories
- (+) Increase in investment securities

● Liabilities

- (+) Increase in interest-bearing liabilities
- (-) Decrease in income taxes payable

● Net Assets

- (+) Profit attributable to owners of parent
- (+) Increase in valuation difference on available-for-sale securities
- (-) Payment of dividends

Next, I will explain the consolidated balance sheet and the main factors behind the changes from the previous fiscal year-end.

The details are provided in the reference materials, so I will omit a detailed explanation here.

Cost Factors Affecting Cost

■ Cost environment [Raw materials, exchange rates, energy]

		FY2025				FY2026	FY2026
		1Q results	2Q results	3Q results	4Q results	1Q results	Assumptions
Wheat	yen/t ^{*1}	66,610	63,570	63,570	61,010	61,010	61,840
Soybean	¢/Bu ^{*2}	1,024	1,036	1,020	1,083	1,155	1,062
Rapeseed	C\$/MT ^{*3}	634	703	632	625	703	682
Corn	¢/Bu ^{*4}	471	428	406	434	445	450
Sea freight	US\$/t ^{*5}	45.8	51.6	57.3	52.4	67.2	50.0
Exchange rate	Yen/US\$ ^{*6}	148.40	145.38	149.07	155.99	157.84	157.00
LNG	yen/kg ^{*7}	91.5	85.7	82.9	85.9	87.3	80.2

*1: Average price of five brands three months prior to the relevant period

*2: Average Chicago market price two months prior to the relevant period

*3: Average ICE market price two months prior to the relevant period

*4: Average Chicago market price two months prior to the relevant period

*5: Average Panamax vessel of U.S. Gulf-Japan (based on corn)

*6: TTM average two months prior to the relevant period

*7: Average unit price calculated from value and quantity of imported goods in the country of origin based on the actual monthly preliminary figures of Trade Statistics of Japan disclosed two months prior to the relevant period

This slide summarizes the quarterly trends in grain commodity prices and other factors from the first quarter of FY2026/3 onward.

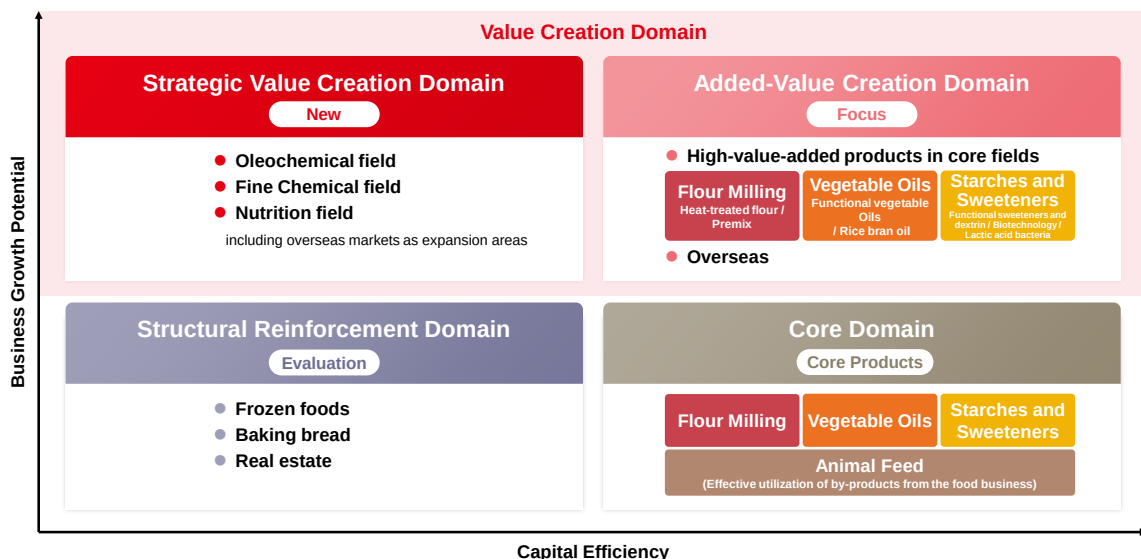
I will explain the raw material environment in more detail later.

This concludes my overview of the financial results for the first quarter.

02 Progress of the Medium-term Management Plan 26–29

Next, I would like to report on the progress made under the Medium-term Management Plan 26-29, focusing on topics related to each business area during the first quarter.

Business Portfolio Management



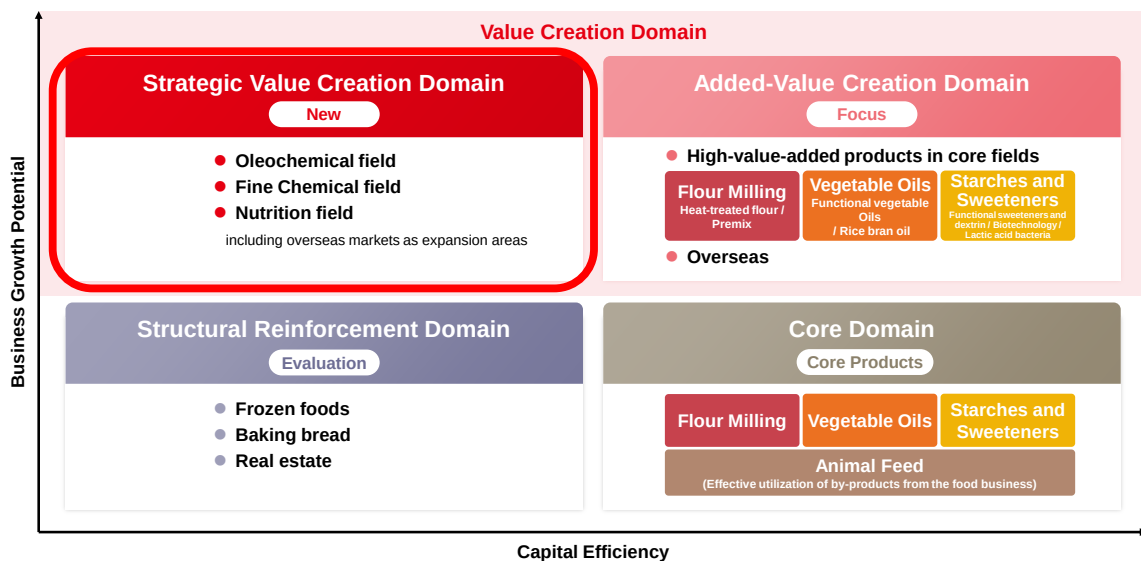
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This slide shows our business portfolio, which was presented as part of the materials explaining our long-term vision.

To realize our long-term vision, “SHOWA VISION 2035,” we are working to strengthen our earnings structure by expanding high-value-added products in our core businesses and strengthening our business foundation. At the same time, we are further expanding our efforts to achieve growth in new business fields through overseas expansion and initiatives in new fields.

Based on the initiatives we have presented for strengthening our earnings structure in each of the four domains, I will explain the key topics for the first quarter in order.

Business Portfolio Management



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First, the topics for the first quarter relate to the Strategic Value Creation Domain, shown in the upper left of the figure. This domain includes the oleochemical, fine chemical, and nutrition fields, which are new fields that we are taking on as a company.

Progress of Strategic Value Creation Domain

■ New Initiatives in the Oleochemicals Field

- Launched a demonstration trial using rice bran oil-derived biodiesel fuel **World's First**
- in a portion of Japan Airlines (JAL) ground support equipment at Yamagata Airport.
- Upcycling by-products into renewable energy



Upcycling rice bran fatty acids into biodiesel fuel

Towing tractor

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I would like to introduce our initiatives in the oleochemical field.

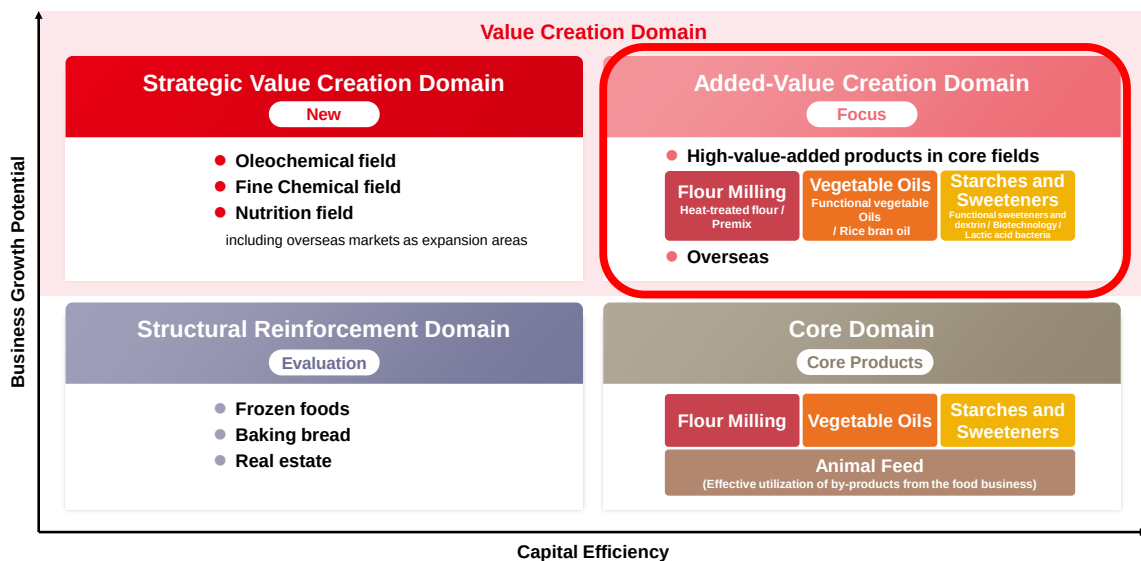
We manufacture and sell rice bran oil. Fatty acids generated during the rice bran oil production process are used to produce biodiesel fuel. We began a demonstration project in May 2026 to use this rice bran oil-derived biodiesel fuel in vehicles used for ground operations by Japan Airlines at Haneda Airport.

Japan Airlines is a business partner of ours, and the technology for producing this biodiesel fuel was developed by Tohoku University. Haneda Airport is located close to our plant, and because the location is suitable for conducting demonstrations under a variety of weather conditions, we are able to carry out demonstrations under different weather conditions.

Demand for biofuels is increasing worldwide every year.

To ensure a stable supply of raw materials for biofuels, we believe that it is important to explore new resources beyond waste oil and expand the range of raw material options. Based on the results of this demonstration project, we are considering various initiatives aimed at commercializing the upcycling of by-products into renewable energy.

Business Portfolio Management



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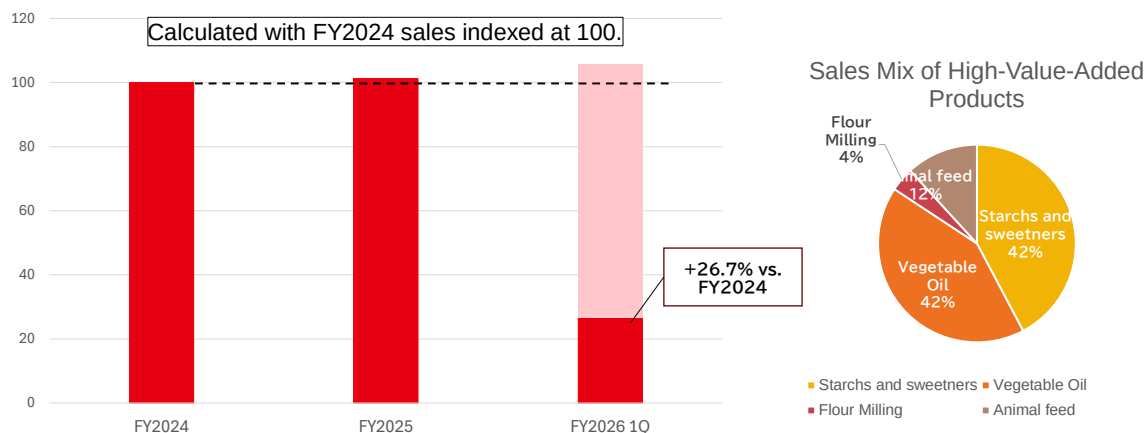
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Next, I will discuss initiatives involving high-value-added products in our core businesses, including flour milling, vegetable oils, starches and sweeteners, and animal feed. These initiatives relate to the Added-Value Creation Domain shown in the upper right of the figure.

Progress in Added-Value Creation Domain

■ Sales Trends for High-Value-Added Products ※Calculated based on internal standards.

- Targeting 120% of FY2024 sales by FY2029.



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We are working to expand sales of high-value-added products in order to strengthen the earnings structure of our core businesses.

As a specific target, we aim to increase net sales of high-value-added products in FY2029 to 120% of the level recorded in FY2024, the final fiscal year of the Medium-term Management Plan.

The bar chart on the left compares the levels in FY2025 and the first quarter of FY2026, using net sales in FY2024 as an index of 100.

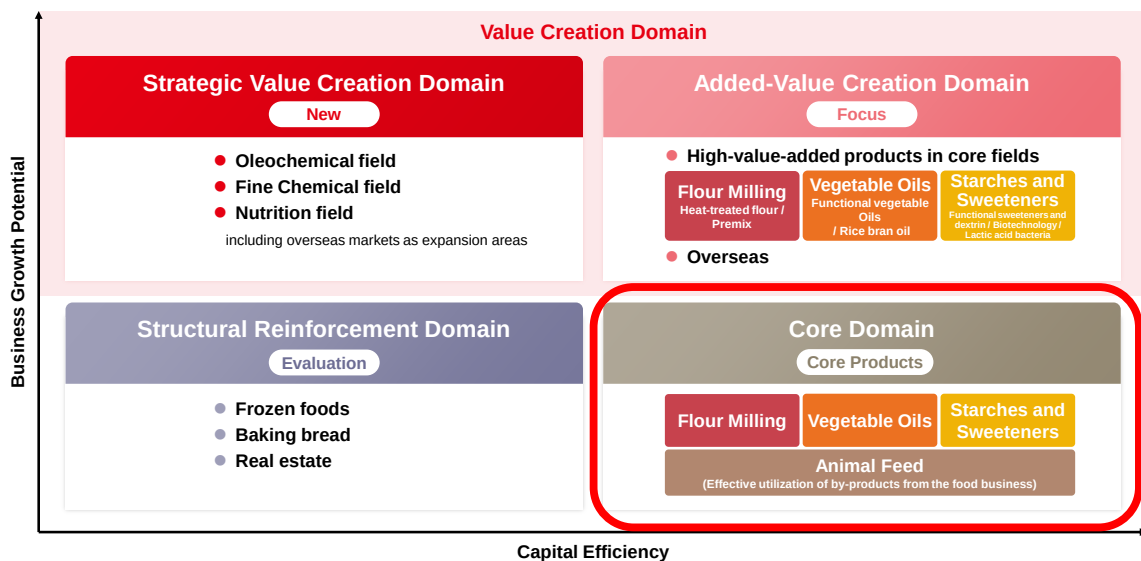
Net sales of high-value-added products in the first quarter were 26.7% higher than in FY2024. This is above the quarterly progress benchmark of 25%.

For reference, I will also explain the pie chart on the right.

It shows the composition of high-value-added products by category in the Food Business and the Animal Food Business.

In terms of the composition, Starches and Sweeteners and Vegetable Oils account for the largest shares. The main product groups include functional sweeteners and lactic acid bacteria in the Starches and Sweeteners category, and rice bran oil and functional oils in the Vegetable Oils category.

Business Portfolio Management



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Next, I will explain the Core Domain shown in the lower right of the figure. This domain consists of our core businesses of flour milling, vegetable oils, and starches and sweeteners.

Progress in Core Domain

□ Impact on Costs and Strategic Responses

Cost Impact

Grain Market Trends

- Rising production costs for edible oils due to prolonged high prices in the soybean and rapeseed markets, compounded by the continuing depreciation of the yen.
- A government-mandated price increase of approximately 2.5% for the sale of imported wheat (average across five key brands).

Cost Impact

Middle East Situation

- Cost increases due to price hikes for certain packaging materials.
- Procurement of containers and other materials has stabilized since June.

Responses

Implementation of Price Revisions

⇒ Maintain a structure that ensures stable profits.

- Edible Oil Products (Commercial and Household Use)
 - Effective from April 1 delivery: Price increase of 15% or more
 - Effective from June 1 delivery: Price increase of 25% or more
- Wheat Products (Commercial Use)
 - Effective from June 20 delivery: Price increase of 75–100 yen per bag

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In the Core Domain, we are proceeding with various initiatives while monitoring cost impacts in order to secure stable earnings and generate stable cash flow.

With respect to raw material commodities, production costs for edible oils have increased due to the halt in soybean and canola crushing operations, as well as the depreciation of the yen.

In addition, the government selling price for imported wheat was raised by an average of 2.5% in April.

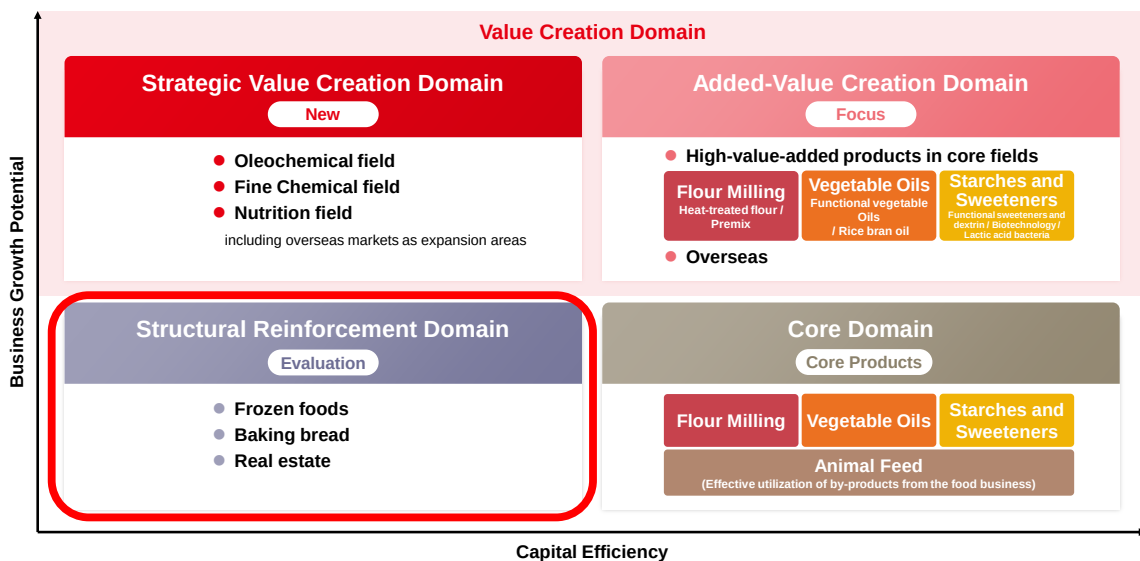
Furthermore, the situation in the Middle East has resulted in higher costs due to price increases for certain materials and packaging materials.

In response to these increases in manufacturing costs, we implemented price revisions for our vegetable oil products and flour products.

We will continue working to maintain a structure that enables us to secure stable profits.

As we are immediately after the start of operations at our large-scale facilities, annual depreciation expenses are expected to increase by approximately ¥1.9 billion compared with the previous fiscal year. However, in order to achieve our full-year operating profit target of ¥12.0 billion, in addition to securing stable profits in our core businesses, we are also working to expand sales of high-value-added products, as introduced earlier.

Business Portfolio Management



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Finally, I will discuss the Frozen food, Baked bread, and real estate businesses among our existing businesses, shown in the lower left of the figure. Each of these businesses continued to secure a certain level of profit in the first quarter, as they have in the past. However, compared with the businesses in our Core Domain mentioned earlier, their business scale cannot be described as large. There were no particular topics to report for these businesses as of the first quarter. However, as we work to maximize corporate value through the optimal allocation of resources, we are currently considering how these businesses should be developed going forward.



Notes regarding forecasts and projections

- The figures included in this material are formulated based on information currently available and certain assumptions judged to be reasonable. As this material contains potential risks and uncertainties, we do not guarantee their achievement or future performance.
- Furthermore, as actual results, etc., may also significantly differ from initial projections and plans mentioned in this material, you should refrain from making investment decisions based solely on this material.
- Showa Sangyo Group will not necessarily review the management plan or assume any obligation to do so, regardless of future information, events or consequences caused by them.

This concludes my presentation. Thank you very much for your kind attention.