

Financial Results Briefing for FY2025 (Ended March 31, 2026)

Showa Sangyo Co., Ltd. Securities Code 2004

May 20, 2026

”Good afternoon, everyone. I am Hideyuki Tsukagoshi, President of the company. Thank you very much for joining us today for the Showa Sangyo Group’s financial results briefing for the fiscal year ending March 2026, despite your busy schedules.”

Agenda

- 01 Overview of Financial Results for FY2025**
- 02 Medium-Term Management Plan 26–29**
- 03 Earnings Forecast for FY2026**

Reference Material

Today, I will first provide an overview of our financial results for the fiscal year ended March 2026. Then, I will explain our new Medium-Term Management Plan 26-29, followed by our earnings forecast for the fiscal year ending March 2027.

01 Overview of Financial Results for FY2025

Financial Highlights for FY2025

Net sales

335.4 billion yen

Revenue growth
0.9 billion yen
Percentage change
0.3%

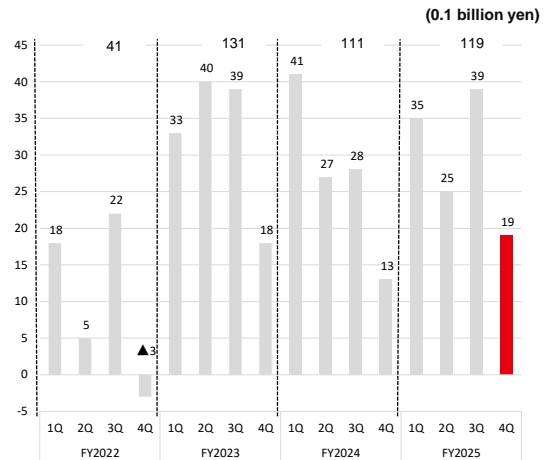
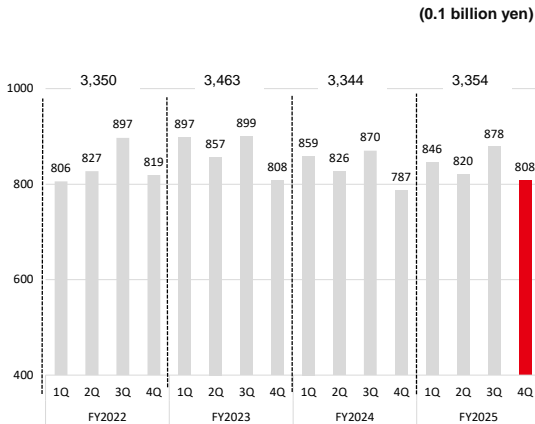
Operating profit

11.9 billion yen

Profit growth
0.8 billion yen
Percentage change
7.3%

- While the food business remained flat year on year, the animal feed business posted higher net sales

- Egg selling prices remained firm



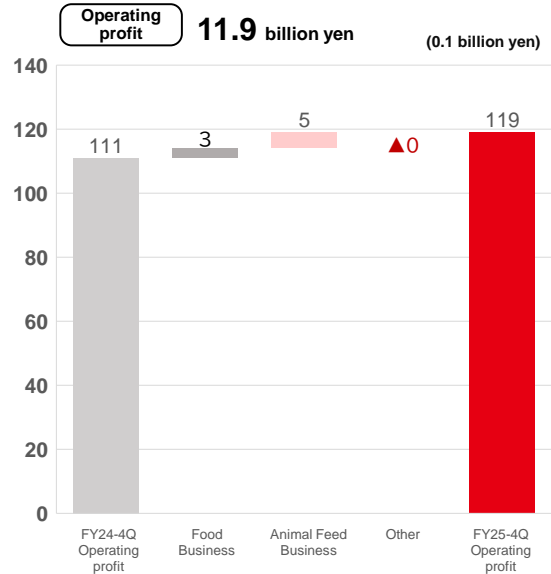
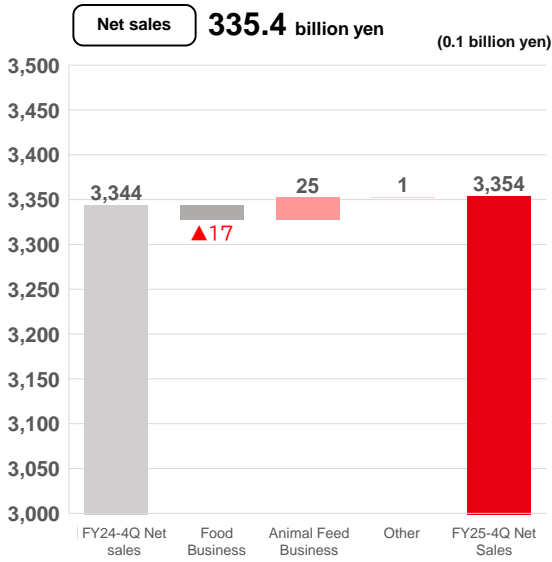
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Let's begin with the financial results for the fiscal year ended March 2026.

On a consolidated basis, net sales reached 335.4 billion yen, an increase of 900 million yen or 0.3% year-on-year. The main driver of this growth was the Feed Business, where strong performance in eggs offset the revenue decline in the Food Business caused by lower sales prices compared to the previous year. Operating profit was 11.9 billion yen, up 800 million yen or 7.3% year-on-year.

Financial Highlights for FY2025

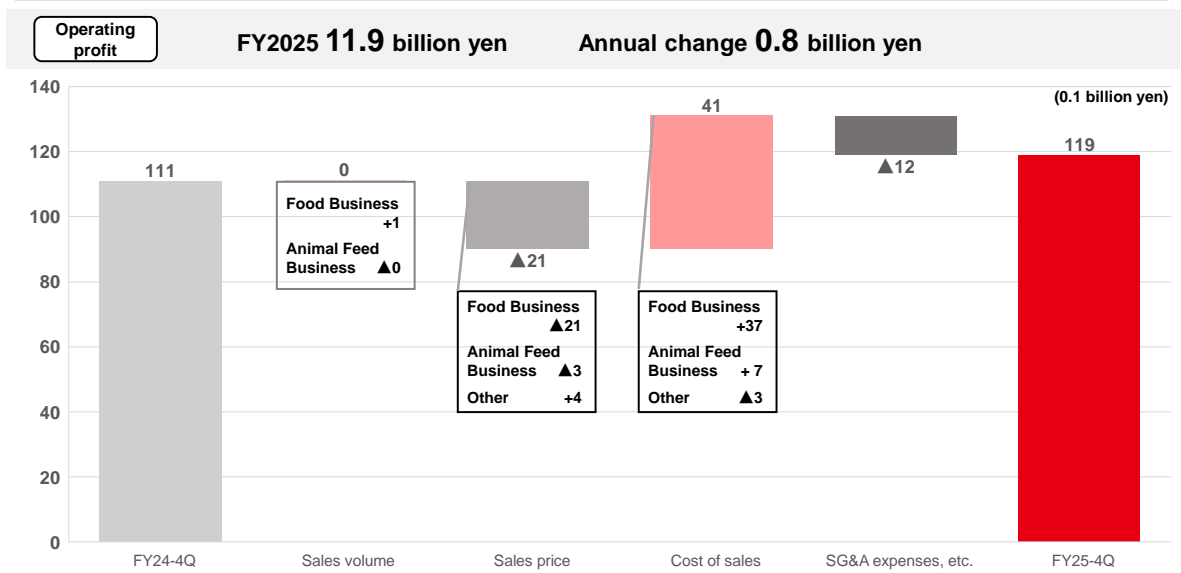


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This slide shows net sales and operating profit by segments. In the Food Business, revenue decreased due to a decline in sales prices following the drop in raw material grain markets. In the Feed Business, while sales volumes decreased, revenue grew due to steady egg prices. In terms of profit, the Food Business saw an increase of 300 million yen, and the Feed Business saw an increase of 500 million yen year-on-year.

Factors for Changes in Operating Profit for FY2025



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Next, regarding the factors for change in operating profit: As shown in the graph, sales price variance resulted in a 2.1 billion yen negative impact. However, the cost of sales variance contributed a positive 4.1 billion yen, as raw material grain prices were lower than the previous year. Despite rising SG&A expenses such as logistics costs, our efforts to maintain appropriate pricing led to a total increase of 800 million yen in operating profit.

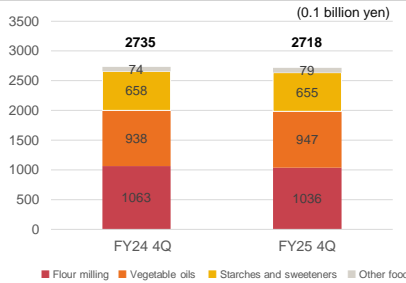
Net Sales and Operating Profit by Segment for FY2025

Food Business Net sales

FY25-4Q 271.8 billion yen

Annual change ▲1.7 billion yen

Percentage change ▲0.6%



- Net sales decreased mainly due to lower selling prices compared with the previous fiscal year, reflecting fluctuations in raw material grain prices
- In the vegetable oils business, sales at appropriate prices and value-added products contributed to earnings

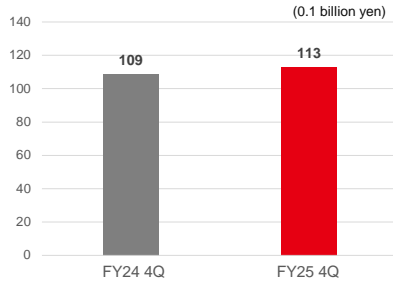
Net sales	FY24 4Q	FY25 4Q	Annual change	Percentage change
Flour milling	1,063	1,036	▲27	▲2.6%
Vegetable oils	938	947	8	0.9%
Starches and sweeteners	658	655	▲2	▲0.4%
Other food	74	79	5	6.7%
Food Business Total	2,735	2,718	▲17	▲0.6%

Food Business Operating profit

FY25-4Q 11.3 billion yen

Annual change 0.3 billion yen

Percentage change 3.2%



- Operating profit increased due to efforts to maintain appropriate selling prices reflecting higher SG&A expenses

Operating profit	FY24 4Q	FY25 4Q	Annual change	Percentage change
Food Business	109	113	3	3.2%

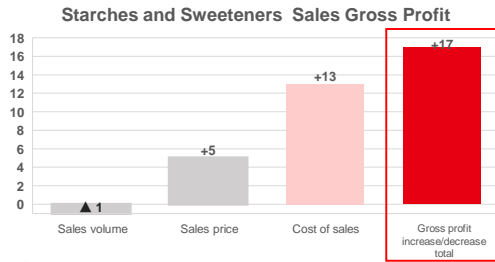
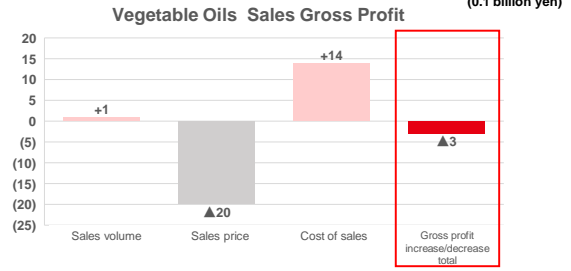
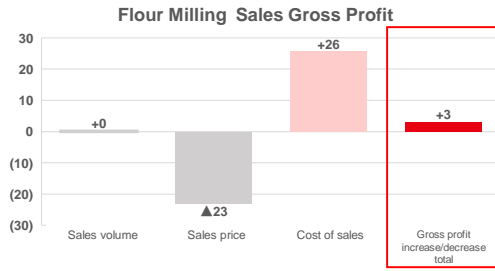
In the Flour Milling category, the government's selling price for imported wheat was lowered by an average of 4.6% in April 2025 and 4.0% in October. Following our price revisions in July and January, revenue in this category decreased by 2.6%. Operating profit for the Food Business was 11.3 billion yen, a 3.2% increase of 300 million yen year-on-year, achieved by maintaining appropriate pricing against rising SG&A expenses.

Factors for Changes in Operating Profit for FY2025 (by Food Business Category)

Food Business
Operating profit

FY2025 11.3 billion yen

Annual change 0.3 billion yen



Difference in sales gross profit (3 categories + Other food)
+1.6 billion yen

Difference in SG&A expenses, etc.
▲1.3 billion yen

Difference in operating profit of Food Business
0.3 billion yen

This slide provides a further breakdown.

In Flour Milling, sales of commercial-use flour were strong, but commercial and home-use premixes struggled. Sales price variance was negative 2.3 billion yen, but an improvement of 2.6 billion yen in the cost of sales resulted in a 300 million yen increase in sales margin.

In the Oil Extraction category, sales volumes slightly exceeded the previous year, but the decline in sales prices outweighed the improvements in cost, leading to a 300 million yen decrease in sales margin.

In the Starches and Sweeteners category, sales volumes remained flat. However, a 1.3 billion yen improvement in the cost of sales led to a 1.7 billion yen increase in sales margin.

The combined sales margin for these three categories and other food items resulted in a 1.6 billion yen increase.

Consequently, the Food Business achieved an operating profit of 11.3 billion yen.”

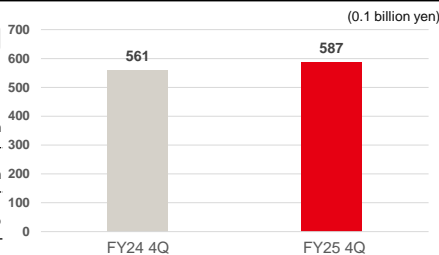
Net Sales and Operating Profit by Segment for FY2025

Animal Feed Business
Net sales

FY25-4Q **58.7** billion yen

Annual change **2.5** billion yen

Percentage change **4.6%**



• Net sales increased as the egg market remained firm, despite sales volume of compound animal feed and eggs being slightly lower year-on-year

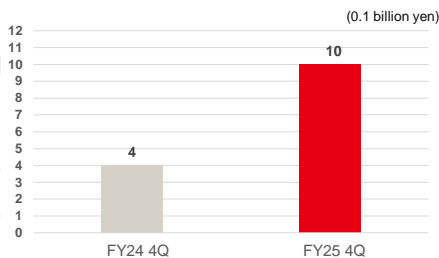
Net sales	(0.1 billion yen)			
	FY24 4Q	FY25 4Q	Annual change	Percentage change
Animal Feed Business	561	587	25	4.6%

Animal Feed Business
Operating profit

FY25-4Q **1.0** billion yen

Annual change **0.5** billion yen

Percentage change **107.2%**



• Profit increased driven by a steady performance of the egg market, despite lower sales volume year-on-year

Operating profit	(0.1 billion yen)			
	FY24 4Q	FY25 4Q	Annual change	Percentage change
Animal Feed Business	4	10	5	107.2%

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Segment Details: Feed Business

In the Feed Business, we strengthened collaboration with producers through proposal-based sales, livestock sales support, and value-added services. Sales volumes for compound feed and eggs were lower than the previous year due to the avian influenza outbreak starting in October 2024. While feed prices were lower, strong egg market prices led to higher egg sales prices. As a result, the Feed Business achieved net sales of 58.7 billion yen, up 2.5 billion yen, and an operating profit of 1.0 billion yen, up 500 million yen year-on-year.

Consolidated Balance Sheet

(0.1 billion yen)

Item	End of March 2025	End of March 2026	Change
Total assets	2,555	2,749	194
Current assets	1,127	1,150	23
Non-current assets	1,427	1,599	171
Total liabilities	1,168	1,223	54
Interest-bearing debt (including lease obligations)	505	510	4
Other liabilities	662	713	50
Total net assets	1,386	1,526	139

<Major Factors>

- Assets
 - (+) Increase in investment securities
 - (+) Increase in property, plant and equipment
- Liabilities
 - (+) Increase in deferred tax liabilities
 - (+) Increase in liabilities related to facilities and equipment
- Net assets
 - (+) Profit
 - (+) Increase in valuation difference on available-for-sale securities
 - (-) Dividend payments

This slide shows our consolidated balance sheet, and the details are as presented here.

Cost Factors Affecting Cost

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

- Raw material grain markets are significantly affected by factors, such as developments in the Middle East and U.S. biofuel policies, and therefore require continued close monitoring
- Despite pressure from ample global supply, grain markets were driven by rising geopolitical risks and higher oil prices, including crude oil price increases caused by the worsening situation in Iran

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

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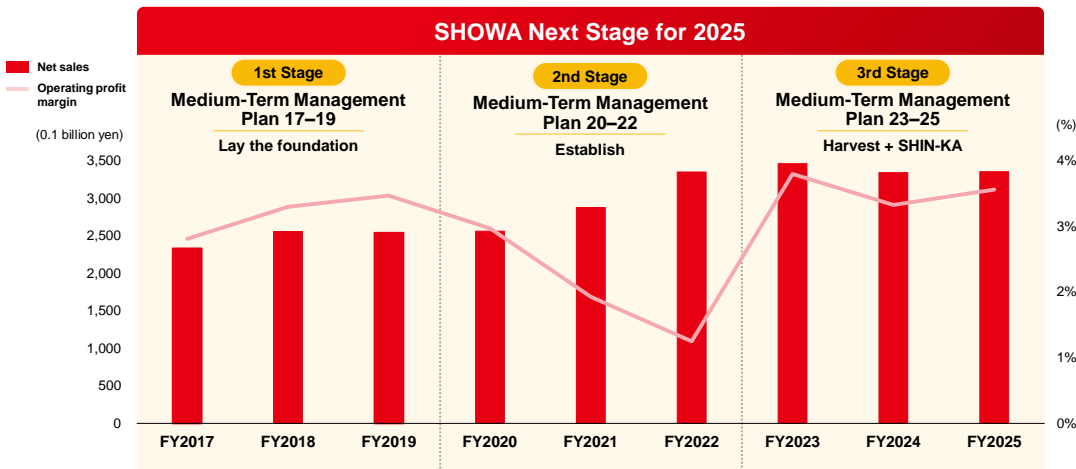
This table shows the quarterly trends for grain markets, ocean freight, exchange rates, and energy prices up to FY2026, as well as our assumptions for the FY2027 forecast. These factors are heavily influenced by the situation in the Middle East and U.S. biofuel policies. Given the continued volatility in exchange rates, we believe it is necessary to monitor these trends closely.”

02 Medium-Term Management Plan 26–29

”Next, I will explain the details and progress of the Medium-Term Management Plan 26-29.

Review of “SHOWA Next Stage for 2025”

- Achieved steady sales expansion over the past 10 years through the basic strategy of “Strengthening Our Core Businesses” and aggressive growth investments
- Although we faced a difficult business environment from FY2020 onward, including a sharp rise in the market price of raw material grains, we worked to reform our profit structure to make it less susceptible to changes in the external environment, and maintained high levels of both sales and profit



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This graph shows the trends in net sales and operating profit margin over the nine years of our previous long-term vision. Through the strengthening of our core businesses and aggressive investment, our revenue scale has expanded. Operating profit has also remained at high and stable levels despite negative impacts like grain market spikes. We believe our structural reforms to become more resilient to external environments are progressing steadily.

Review of “SHOWA Next Stage for 2025”

	Major Achievements	Key Points of the Next Medium- and Long-Term Strategy
Strengthening Our Core Businesses	<p>Profit growth</p> <ul style="list-style-type: none"> Increased profit through the acquisition of Boso oil and fat Co., Ltd. and San-ei Surochemical Co., Ltd. as subsidiaries Integrated group management in starches and sweeteners helped establish a strong industry position, achieving top-class levels in both volume and quality <p>Strengthening organizational capabilities</p> <ul style="list-style-type: none"> Acquired new customers by strengthening proposal capabilities through sales organization restructuring Achieved stable procurement by promoting the diversification of procurement regions for raw material grains 	<ul style="list-style-type: none"> Further focus on high value-added products Enhance profitability by strengthening integration and collaboration among group companies and restructuring the production system
Expansion of Our Business Fields	<p>In Japan</p> <ul style="list-style-type: none"> Expanded the oleochemical and fine chemical businesses through a capital and business alliance with Phytochemical Products Inc. Expanded frozen food businesses by making Toukatsu Foods Co., Ltd. a wholly owned subsidiary <p>Overseas</p> <ul style="list-style-type: none"> Entered the flour milling and egg businesses in Taiwan by applying the equity method to Kouchan Mill Co., Ltd. and Z.Y. Food Company Limited Established Showa Sangyo International Vietnam Co., Ltd. in Vietnam as a manufacturing base for premixes for the ASEAN market 	<ul style="list-style-type: none"> Further expand the oleochemical and fine chemical fields Enter the nutrition field Accelerate the expansion of business domains through M&A and alliances
Strengthening Sustainability Management	<p>Strengthening governance structure</p> <ul style="list-style-type: none"> Established a Compensation Advisory Committee and a Management Advisory Committee Transitioned to a company with an Audit and Supervisory Committee <p>Environmental considerations</p> <ul style="list-style-type: none"> Expected to achieve FY2025 targets for CO₂ emissions reduction (30% reduction vs. FY2013), food loss reduction (30% reduction vs. FY2018), and water consumption reduction (9% reduction vs. FY2019) Participating in decarbonization promotion project in Sosa City, Chiba Prefecture <p>Strengthening business foundation</p> <ul style="list-style-type: none"> Promoted D&I 	<ul style="list-style-type: none"> Strengthen the functions of the Board of Directors Improve capital efficiency through the full-scale introduction of ROIC-based management system

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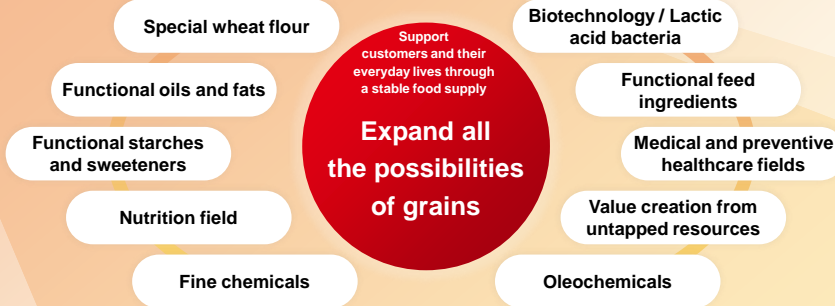
Regarding specific initiatives, we expanded revenue by making Boso Oil & Fat and Sanei Toka subsidiaries. In particular, our integrated group operation in Sugars and Starches has established a strong market position, growing to be among the industry leaders in both volume and quality.

In terms of business expansion, we entered the oleochemical and fine chemical fields through a capital and business alliance with Phytochemical Products Inc. Our future tasks include further strengthening the profitability of core businesses and executing growth investments, such as M&A, to nurture new revenue pillars.”

Vision for FY2035 (New Long-Term Vision)

··· Food Solution ···

Expansion of possibilities in the food domain
Imagine people's dietary lifestyles and further explore
the potential of grains



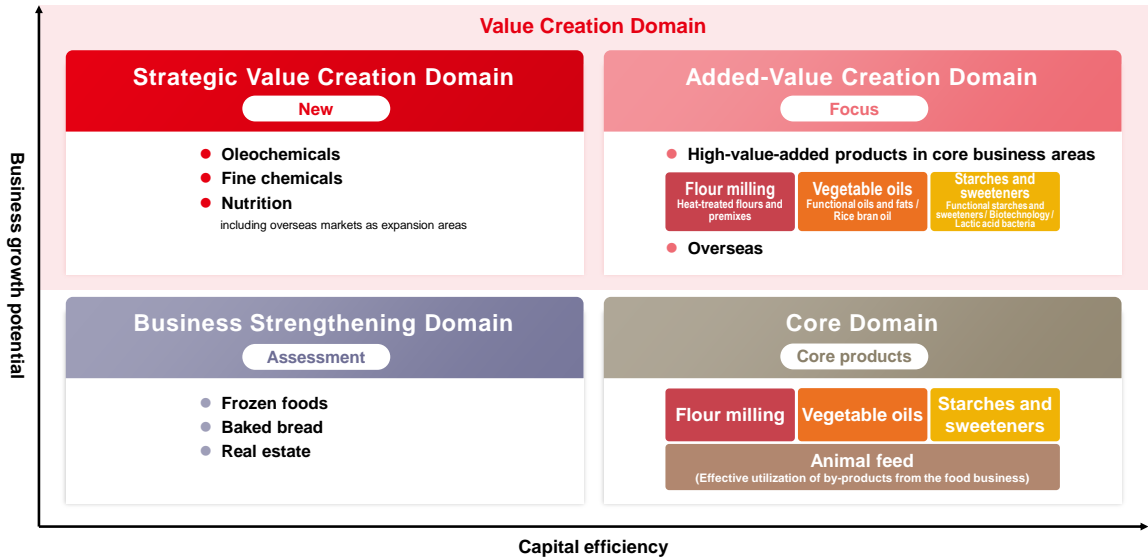
··· Life Solution ···

Expansion of possibilities for improving people's living environments
Circulate the value of grains to contribute to a sustainable society

New Long-Term Vision: SHOWA VISION 2035

”For our new long-term vision leading to our 100th anniversary in 2035, we have set our ideal state as 'Expanding the full potential of grains.' Starting from grains—our group's origin—we seek to expand possibilities not only in the food domain but also in 'Life Solutions' that improve living environments and contribute to a sustainable society.

Business Portfolio Management



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In this vision, we have organized our business portfolio into four quadrants based on growth potential and capital efficiency. Flour milling, oil extraction, starches and sweeteners, and feed are positioned as 'Base Fields.' Areas handling core products are defined as the 'Core Area,' while high-value-added products and overseas expansion are defined as the 'Value-Added Creation Area.'

We will aggressively invest in 'Strategic Value Creation' areas such as nutrition, oleochemicals, and fine chemicals. For 'Structure Strengthening' areas like frozen foods, baked bread, and real estate, we will work to improve ROIC while considering future directions."

Positioning of Medium-Term Management Plan 26–29

Strengthening Profit Structure

- Strengthen integration and collaboration among group companies
- Invest in restructuring of the production system
- Strengthen efforts to create value in focus areas (Food Solution)
- Expand efforts in new areas (Life Solution)
- Establish a stable profit structure in the core domain

Present

Step 1
Medium-Term
Management
Plan 26–29

Step 2
Expand business
domains
and transform
the business
portfolio

Step 3
Maximize profit
from
Food Solution /
Life Solution

SHOWA VISION 2035
**Expand all
the possibilities
of grains**

Medium-Term Management Plan Strategy

”The new four-year plan (2026–2029) is positioned as a ‘Period for Strengthening the Profit Structure.’ We will focus on creating value in Food Solutions, expanding Life Solutions, and establishing a stable, long-term earnings structure by strengthening group collaboration and restructuring production systems.

Medium-Term Management Plan 26–29: Quantitative Targets

Quantitative KPIs	FY2025 results	FY2026 plan	FY2029 targets	Difference (Compared with FY2025)
ROE	7.5%	6.3%	8.0%	0.5%
ROIC ^{*1}	5.1%	4.6%	6.0%	0.9%
Operating profit	11.9 billion yen	12.0 billion yen	14.0 billion yen	2.0 billion yen
Operating profit margin	3.6%	3.4%	4.0%	0.4%

Dividend Policy

Adopt the higher of a 40% dividend payout ratio or a 3.0% DOE as the standard^{*2}

^{*1} Upon the full-scale implementation of the ROIC management system, we thoroughly reviewed our approach to ROIC and consequently revised the calculation method.
 ROIC = After-tax business profit ÷ Invested capital (average of beginning and ending of the period); Business profit: Ordinary profit – financial income/expenses; Invested capital: Interest-bearing debt + shareholders' equity

^{*2} Excluding temporary and extraordinary factors such as business portfolio restructuring and asset sales

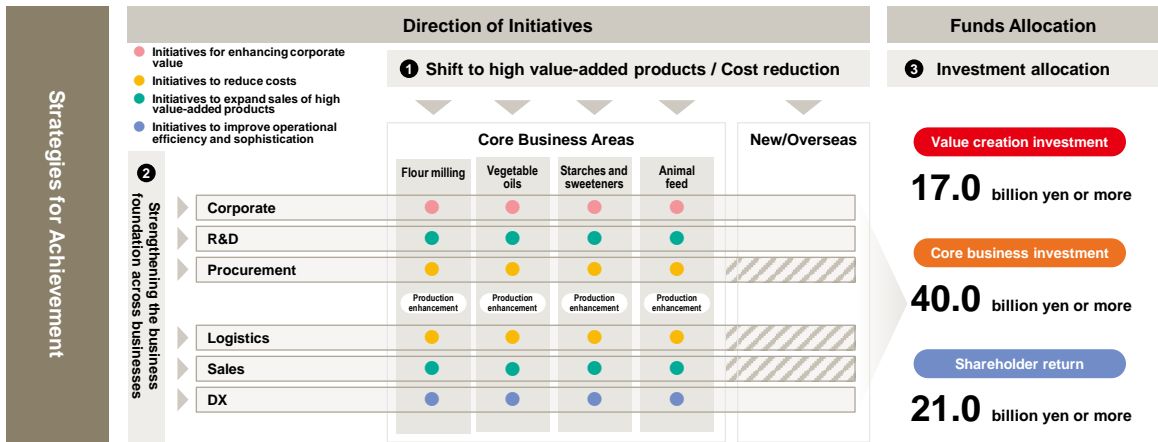
Our quantitative targets are an ROE of 8%, ROIC of 6%, operating profit of 14 billion yen, and an operating profit margin of 4%. We consider the ROE of 8%—the minimum line required by the market—to be a mandatory target. Our dividend policy will be based on a payout ratio of 40% or a DOE of 3%, whichever is higher.

Overall Policy for Achieving the Medium-Term Management Plan

Overall Policy

Strengthening Profit Structure

Initiatives to strengthen profitability in core business areas × Initiatives to strengthen the business foundation across businesses



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To strengthen our profit structure, we will pursue both field-specific profitability and group-wide foundation reinforcement. In our base fields, we will shift toward high-value-added products and reduce costs. Simultaneously, we will strengthen our foundation through DX and sales strategies. We have also established cross-departmental promotion systems to accelerate our overseas and new growth strategies.”

Specific Initiatives in “Added-Value Creation Domain”

Overseas business acceleration: Operation of the Vietnam base and promotion of global expansion
 Capture the growth of the ASEAN market with Showa Sangyo International Vietnam as a starting point

Held an opening ceremony

- April 22, 2026: Held an opening ceremony and media session
- Approximately 150 guests attended, including the Consulate General of Japan in Vietnam, major media, and influencers
- With Showa Sangyo President and others in attendance, they emphasized strong Japan-Vietnam cooperation

Launched the first manufactured product in Vietnam

- Officially announced “SHOWA TEMPURA Batter Mix”
- Japanese-quality premixes designed to meet local needs (vibrant yellow color and crispy texture)
- Conducted chef demonstrations



Positioning in Achieving the Medium-Term Management Plan Objectives

- Key initiatives in “Added-Value Creation Domain” (overseas)
- Defined Vietnam, where the growth of population and the food service industry continues, as a key base for ASEAN expansion
- Promoting the integration of a Vietnam-based global supply structure with local development capabilities

[Future Plans]

- Provide high value-added products by combining local development capabilities with technologies and quality control expertise cultivated in Japan, thereby building a competitive overseas supply system
- Expand brand recognition rapidly by capturing demand for Japanese-quality premixes

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Specific Global and Strategic Initiatives

”Regarding our overseas efforts in the ‘Value-Added Creation Area,’ the new Showa Sangyo International Vietnam premix plant began operations this March. We aim to capture the growth of the ASEAN market starting from Vietnam by merging our Japanese technical expertise with local development capabilities.

Specific Initiatives in “Strategic Value Creation Domain”

Phytochemical Products Inc. began verification testing using a demonstration facility toward the social implementation of upcycling technology for unused oil resources

Technical Features and Advantages

- Simultaneous production of functional materials and biofuels from vegetable oil by-products by utilizing reaction-separation technology developed by Tohoku University
- Unique upcycling process with low environmental impact and high efficiency
- Aim to establish mass production technology through automation and optimization

Background and Alliance Progress

- October 2024: Entered into a capital and business alliance with Phytochemical Products Inc., a startup originating from Tohoku University
- March 2026: Completion of the demonstration facility (Sendai City, Miyagi Prefecture)



Positioning in Achieving the Medium-Term Management Plan Objectives

- Key initiatives in “Strategic Value Creation Domain” (Oleochemicals and fine chemicals)
- Contribute to the circular economy, thereby realizing sustainability management
- Develop new earnings pillars to achieve the new long-term vision

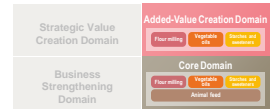
[Future Plans]

Aim to establish mass production technology and achieve early monetization through verification testing at the demonstration facility

In the ‘Strategic Value Creation Area,’ the demonstration plant for Phytochemical Products Inc. was completed in March. During this medium-term plan, we aim to establish mass-production technology for upcycling unused resources. We intend to develop this into a major revenue pillar for our 2035 vision.”

Shift to High Value-Added Products / Cost Reduction Initiatives

Summary of Strategies for Core Business Areas

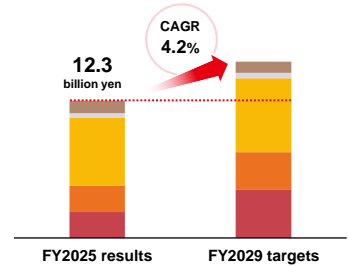


Profitability Improvement
FY2029 net sales of high value-added products* 116% (compared with FY2025)
* Calculated based on an internally established standard value

Operating profit (profit margin)	FY2025 results	Medium-Term Plan 26-29 average targets	Policies
Food Business	11.3 billion yen (4.2%)	12.7 billion yen (4.5%)	Strengthen profitability by expanding the Added-Value Creation Domain and improving efficiency in the Core Domain
Animal Feed Business	1.0 billion yen (1.7%)	0.8 billion yen (1.0%)	Contribute to maintaining profit levels in the animal feed business and maximizing profit in the food business

Operating profit

Food Business: Flour milling*1, Vegetable oils, Starches and sweeteners, Food Business (other than above)*2
 Animal Feed Business: Animal feed



*1 Including flour milling, premixes, and pasta
 *2 Including baked bread and frozen foods

High-Value-Added Shift and Cost Reduction

"We aim to expand sales of high-value-added products by 16% by FY2029 compared to FY2025.

Shift to High Value-Added Products / Cost Reduction Initiatives

Key Initiatives for Medium-Term Management Plan Objectives

Flour milling

- Optimize the product portfolio through expanded sales of high value-added products and other initiatives Added-Value Creation Domain
- Improve profitability by optimizing the functions of group companies Core Domain

Vegetable oils

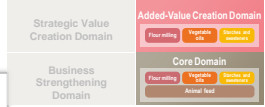
- Expand sales of high value-added products, including functional oils and fats and rice bran oil Added-Value Creation Domain
- Reduce costs by strengthening supply chain management Core Domain

Starches and sweeteners

- Further enhance key products, including functional starches and sweeteners and crystalline glucose Added-Value Creation Domain
- Create next-generation earnings sources Added-Value Creation Domain
- Establish a foundation for sustainable growth Core Domain

Animal feed

- Expand earnings in the livestock field centered on eggs Core Domain
- Contribute to maximizing earnings in the food business Core Domain



In Flour Milling, we will optimize our portfolio through high-value-added flour and differentiated premixes. In Oil Extraction, we will promote functional oils and rice oil while reducing costs through SCM enhancement. In Starches and Sweeteners, we will strengthen key products like functional sugars and crystalline glucose while developing next-generation revenue sources. In the Feed Business, we will expand revenue in the livestock sector, particularly eggs, and contribute to the overall profit maximization of the Food Business.

Specific Initiatives in “Shift to High Value-Added Products”

Boso oil and fat Co., Ltd. promoted earnings stabilization for vegetable oils by establishing a stable and safe long-term rice bran oil production system through capital investment in the Funabashi Plant.

Overview of Investment Plan

- **Total investment: Approx. 5.3 billion yen**
- Details: Renewal of rice bran oil refining equipment and construction of a new filling warehouse
- Start of construction: February 2026 / Completion: March 2030 (scheduled)

Key Points of Equipment Renewal

- Achieve refining capacity enhancement and further improvement in product quality
- Expand the filling process production area and product warehouses
- Ensure safety and improve the working environment through plant layout changes



Positioning in Achieving the Medium-Term Management Plan Objectives

- **Shift to high value-added products in the Added-Value Creation Domain of vegetable oils**
- **Strengthening strategic earnings pillars:** Further expand the rice bran oil business and improve profitability
- **Reducing volatility:** Stabilize earnings by increasing the ratio of rice bran oil, which is less affected by raw material market fluctuations
- **ESG / Cost reduction:** Improve the cost structure through the introduction of energy-saving equipment

[Future Plans]

Reinforce the production base of Boso oil and fat Co., Ltd., which has contributed significantly to earnings since joining the group in 2020, thereby expanding the rice bran oil business

As a specific example in Oil Extraction, we are investing 5.3 billion yen in Boso Oil & Fat to upgrade rice oil refining equipment and build a new warehouse. By increasing the ratio of rice oil—which is less affected by grain market volatility—we will strengthen our profit structure. These energy-saving facilities will also contribute to cost reduction.

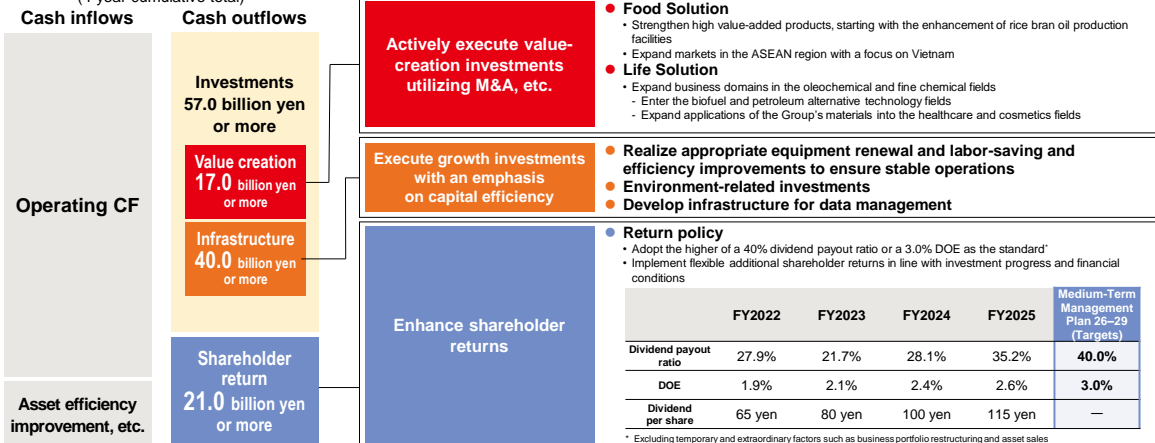
Strengthening the Business Foundation Across Businesses: Initiatives by Division

	Initiatives	Goals
Corporate	<ul style="list-style-type: none"> Fully implement an ROIC-based management system Develop a group management infrastructure 	Enhance corporate value
R&D	<ul style="list-style-type: none"> Advance material research and application development 	Enhance high value-added products
Procurement	<ul style="list-style-type: none"> Build a flexible raw material procurement system resilient to change 	Reduce procurement costs and secure stable procurement networks
Logistics	<ul style="list-style-type: none"> Relocate logistics hubs and implement integrated group-wide management 	Optimize logistics
Sales	<ul style="list-style-type: none"> Deepen solution proposal-based sales through business- and customer-specific sales organizations 	Maximize customer loyalty
DX	<ul style="list-style-type: none"> Leverage data management and generative AI 	Enhance operational efficiency and sophistication

Furthermore, all departments will parallelly pursue the initiatives shown on this slide to strengthen our group-wide foundation.”

Investment Allocation

- Aiming to achieve an ROE of 8%, strategically promote the strengthening of basic earning power and the sales of cross-shareholdings, etc.
- Prioritize the balance between growth investments and shareholder returns, thereby realizing corporate value improvement on a sustainable basis
(4-year cumulative total)



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Investment Allocation and Sustainability

"This slide shows our investment allocation. This four-year period is dedicated to strengthening our structure for growth investments. We will strategically promote the sale of policy-holding shares to achieve an ROE of 8%. Balancing growth investment with shareholder returns, we will realize sustainable corporate value improvement.

Our focus for 'Value Creation' includes biofuels, increasing rice oil capacity, and market expansion in ASEAN. Dividends will be managed based on the 40% payout / 3% DOE policy, considering investment progress and cash position.

Key Challenges for Sustainable Growth

Materiality	Themes to Address	Major Risks	Key Opportunities
Pursuit of the potential of grain-derived materials	<ul style="list-style-type: none"> • Exploration of the value of grains • Pursuit of new applications • Utilization of unused resources 	<ul style="list-style-type: none"> • Decline in competitiveness due to delays in commercialization • Decline in utilization rates of existing businesses 	<ul style="list-style-type: none"> • Market expansion through responses, such as addressing alternative needs • Acquisition of new markets through utilizing by-products and unused resources • Strengthening of technological capabilities and resources through external collaboration • Establishment of competitive advantage through intellectual property strategy
Contribution to dietary lifestyles	<ul style="list-style-type: none"> • Provision of food products that meet diverse needs • Access to better nutrition 	<ul style="list-style-type: none"> • Profit decline due to shrinking domestic demand and intensified competition • Reduced consumption of luxury products due to cost-conscious behavior 	<ul style="list-style-type: none"> • Competitiveness enhancement through addressing specific needs (health foods, nursing care foods, allergies, halal, etc.) • Expansion of one-stop solution proposals • Acceleration of product penetration in overseas markets • Demand capture through diversification of sales channels
Stable product provision trusted by society	<ul style="list-style-type: none"> • Sustainable and stable production • Provision of safe, reliable, and quality products • Stable and sustainable procurement • Environment- and human-friendly logistics 	<ul style="list-style-type: none"> • Occurrence of health damage caused by product incidents • Tightening of global grain supply and demand • Insufficient environmental and human rights responses across the supply chain • Dysfunction of logistics networks 	<ul style="list-style-type: none"> • Productivity innovation through smart factory implementation • Improvement in competitiveness through strategic procurement • Establishment of competitive advantage through food safety advancement • Establishment of a sustainable and stable supply system
Realization of a future-oriented global environment	<ul style="list-style-type: none"> • Response to climate change • Conservation of water resources • Response to biodiversity 	<ul style="list-style-type: none"> • Instability in raw material production due to climate change • Operational shutdowns due to water shortages and water quality deterioration • Damage to corporate value due to insufficient biodiversity response 	<ul style="list-style-type: none"> • Improvement in stakeholder evaluations • Acquisition of new markets through the creation of J-Credits • Expansion of biomass applications as renewable raw materials
Strengthening of human capital and organizational capabilities	<ul style="list-style-type: none"> • Cultivation of organizational culture • Improvement in job satisfaction • Human capital management • Promotion of D&I 	<ul style="list-style-type: none"> • Higher difficulty in talent acquisition and retention • Decline in engagement • Stagnation of innovation due to insufficient promotion of D&I 	<ul style="list-style-type: none"> • Maximization of employee potential through growth opportunity expansion and optimal talent placement • Cultivation of an organizational culture capable of responding flexibly to change
Management with integrity	<ul style="list-style-type: none"> • Business portfolio management • Risk management • Corporate ethics and compliance • Respect for human rights • Strengthening of dialogue with stakeholders 	<ul style="list-style-type: none"> • Management deterioration due to governance failures • Business suspension due to system failures, etc. 	<ul style="list-style-type: none"> • Enhancement of corporate competitiveness through strategic portfolio management • Brand image improvement through proactive IR and SR activities

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We have also identified six 'Materialities' (key issues) for the group's sustainable growth. We will address these to ensure the group's long-term success.

Kobe Plant: Establishment of “Sustainable Logistics System” Through Flour Milling Automated High-Bay Warehouse

Drastically improved logistics functions through automation and labor-saving, thereby achieving “white logistics” and “green logistics” simultaneously

**Improvement and Efficiency
Enhancement of Logistics Functions**

- **Investment of 3.5 billion yen:**
Construction of a new warehouse with a total floor area of 3,900 m² and a capacity of 190,000 bags
- **DX centralized control:** Automation and labor-saving by computerized control from manufacturing to storage, picking, and shipping



**Coordination with Medium-Term
Management Plan 26–29**

- **Initiatives for “Stable product provision trusted by society” of “Materiality”**
- **Establishment of a robust supply system:** Maintain resilient supply capabilities even under uncertain social conditions by utilizing DX

**White Logistics
(Social Responsibility)**

- **Addressing the 2024 problem:**
Reduce drivers' working hours, directly contributing to improved working conditions
- **Realization of voluntary action declaration:** Complete facility-related improvements as a shipper, thereby building a sustainable transportation system

**Green Logistics
(Environmental Impact Reduction)**

- **Reduction of CO₂ emissions:** Reduce emissions from vehicles by consolidating delivery bases and reducing loading and waiting times

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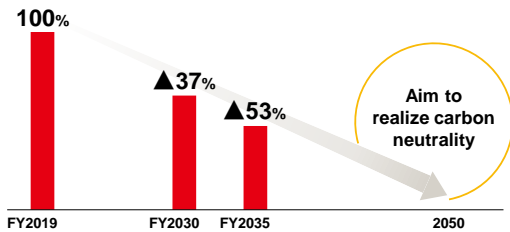
As a specific initiative for 'Stable Supply Trusted by Society,' we introduced the automated warehouse at our Kobe plant in February 2026. This DX-driven facility improves logistics efficiency through automation, achieving both 'White' and 'Green' logistics while contributing to decarbonization.

New Group Environmental Goals for Decarbonization and Environmental Impact Reduction

Recognizing decarbonization as a key management challenge, simultaneously promote multifaceted reductions in environmental impact, including reduction of food loss and water consumption, while aiming to achieve the 2050 targets

Item	Base Year	Target Fiscal Year	Target
Reduction of GHG emissions (Scope 1, 2)	FY2019	FY2030	▲37% or more
		FY2035	▲53% or more
		2050	Aim for carbon neutrality
Reduction of food loss	FY2018	FY2030	Continue ▲30% or more
Reduction of water consumption	FY2019	FY2030	▲12% or more (basic unit)
Reduction of plastic ^{*1} usage	-	FY2013	Oil handy bottle ^{*2} : ▲12% or more (basic unit)
		FY2030	Premix: Number of environmentally friendly products ^{*3} 70% or more

GHG emissions reduction targets (Scope 1, 2)



- Energy conservation and energy creation**
 - Continued use of cogeneration facilities
 - Introduction of energy-efficient equipment and facilities, and process and efficiency improvements
 - Introduction of on-site and off-site solar power generation
 - Methane fermentation power generation, and fuel conversion of process waste and by-products
- Fuel conversion and renewable energy utilization**
 - Fuel conversion of cogeneration facilities
 - Electrification of heat (steam) production facilities
 - Expanded use of biomass fuels and CO₂-free electricity
 - Stabilization of renewable energy utilization through the introduction of storage batteries and use of battery energy storage facilities
- Offsets and use of next-generation energy**
 - Purchase of non-fossil fuel electricity certificates and clean gas certificates
 - Utilization of J-Credits and response to the emissions trading system
 - Use of next-generation energy sources (e-methane, hydrogen, ammonia)

*1 One-way plastics used in packaging materials derived from fossil fuels *2 Handy bottles (1,000 g and 1,500 g) *3 Stocks with a plastic usage reduction rate of 10% or higher (compared with FY2013 plastic usage)
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We have also set new environmental targets, aiming for carbon neutrality by 2050. We will simultaneously pursue reductions in food loss and water usage.

Kashima Plant: Improvement in Risk Tolerance and Economic Efficiency **SHOWA** Through Operation of Biomass Power Generation Boiler

Achieve both environmental impact reduction and resilience to energy price fluctuation risks through the shift to renewable energy
Build a structure capable of generating stable earnings even under uncertain external conditions by reducing dependence on fossil fuels

Strengthening Energy Security

- Diversification of fuels: Utilize renewable energy sources such as wood chips
- Reduction of price fluctuation risks: Build a stable production system that is less affected by crude oil and LNG price hikes and supply uncertainties
- Start of operation: April 2026. Reinforce the foundation of the main plants.

Economic Rationale for Investment Recovery

- Capital investment: Approx. 4.0 billion yen
- Flexibility in investment recovery: Retain the potential to shorten the investment payback period through substitution effects amid rising fossil fuel prices



Positioning in Achieving the Environmental Objectives

- Specific initiatives to achieve the FY2030 target (37% reduction from FY2019)
- CO₂ reduction: approx. 37,000 tons/year
- Scale of reduction equivalent to **approx. 8%** of the Group's total GHG emissions (Scope 1, 2)

[Future Plans]

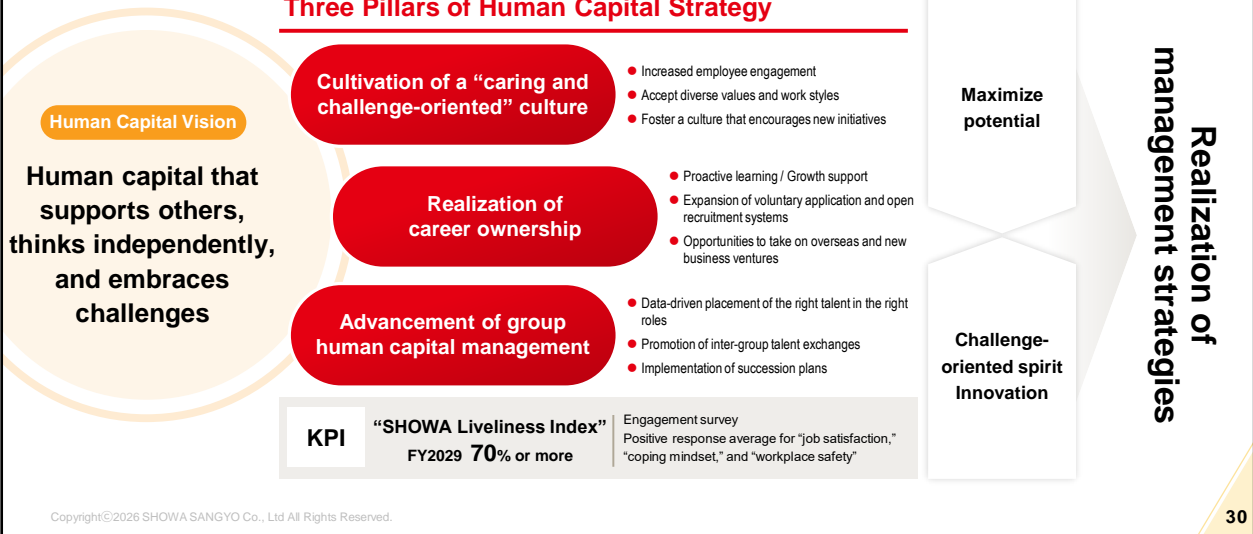
Contribute to enhancing medium- to long-term corporate value by fulfilling the social responsibility of reducing environmental impact and securing cost competitiveness amid rising fuel prices

The biomass power boiler at our Kashima plant, which started operating in April 2026, uses wood chips to reduce the group's total GHG emissions (Scope 1 & 2) by approximately 8%. This reduces our dependence on fossil fuels and enables stable earnings independent of energy price fluctuations.”

Human Capital Strategy

Aim to realize the human capital vision and the “desired future state” by unlocking the strengths of both the “organization” and “individuals” through three strategies

Three Pillars of Human Capital Strategy



Human Capital and Conclusion

”To achieve these goals, we have established a Human Capital Strategy with the vision: ‘People who support each other, think for themselves, and take on challenges.’ Since ‘people’ are the ones who execute our management plans, we believe it is vital to link our talent strategy with our business strategy.

Fostering a “Sense of Organizational Unity” to Support Achievement of **SHOWA** Medium-Term Management Plan Targets

Leveraging the 90th anniversary events as a starting point, fostered organizational unity and a culture of taking on challenges, while strengthening the organizational foundation for fully executing strategies

90th Anniversary Events

- Approximately 1,000 employees and their family members participated. Embodied the cultivation of a “caring and challenge-oriented” culture.
- **Future Exhibition:** An exhibition where attendees can experience future ideas envisioned by employees. The objective is to create a positive atmosphere that encourages free thinking.
- **Balloon release, etc.:** Provided opportunities for interaction with management executives, shared the new management philosophy, and aligned organizational direction.

Culture that Encourages Taking on Challenges

- **Ensuring psychological safety:** Establish a culture where employees can think independently and take on bold challenges without fear of failure through direct dialogue with management.
- **Autonomous talent in action:** A culture that encourages employees to take on challenges drives transformation under uncertain conditions.

Future Exhibition



Balloon Release



Positioning in Achieving the Medium-Term Management Plan Objectives

- **Driving force for strategy completion:** A strong organizational capability and a culture of taking on challenges will maximize the speed of executing the initiatives in the Medium-Term Management Plan 26–29.
- **Sustainable competitive advantage:** Defines difficult-to-imitate organizational unity as a source of profit growth and corporate value enhancement.

[Future Plans]

- **Two-way communication:** Establish regular direct dialogue through the president’s blog and plant visits.
- **Monitoring cultural establishment:** Quantitatively evaluate and improve cultural development fostering through engagement surveys and other measures.

On May 1st and 2nd, we held a 90th-anniversary event. Employees and management engaged in direct dialogue about the future. We believe fostering such a culture of challenge will accelerate the execution of our medium-term plan. We will continue dual-way communication and monitor the entrenchment of this culture.

03 Earnings Forecast for FY2026

Lastly, regarding our FY2027 forecast:

Earnings Forecast for FY2026

- Net sales are expected to increase from the previous year to 350.0 billion yen
- Operating profit is expected to be 12.0 billion yen, almost unchanged from a year earlier
- Depreciation expenses related to the biomass power generation boiler at the Kashima Plant and the high-bay warehouse at the Kobe Plant, as well as investment expenses for AI, etc., increased.

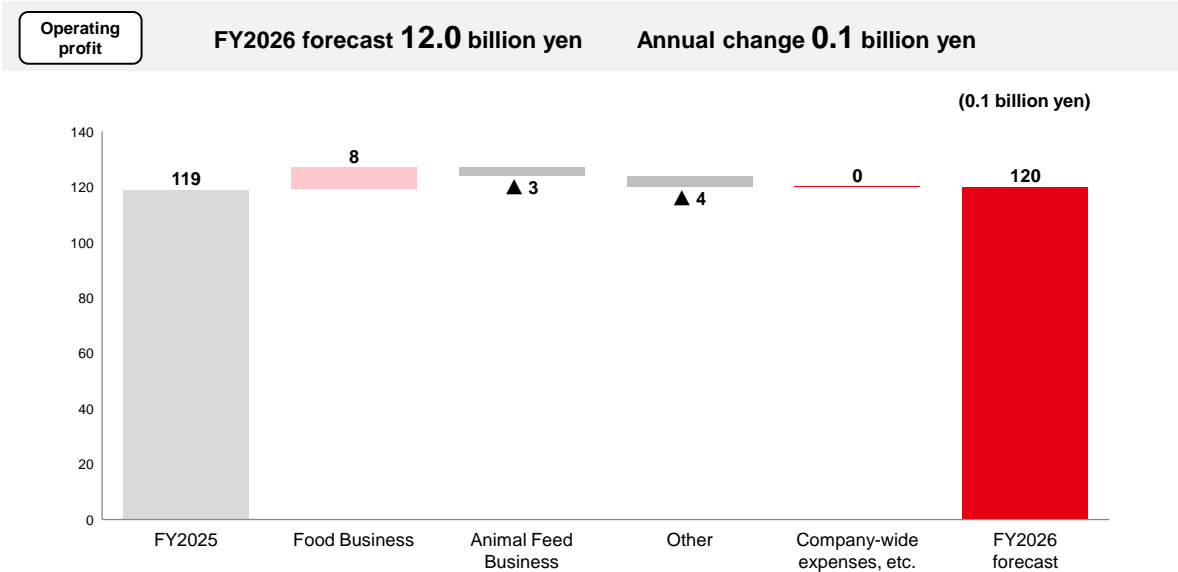
(0.1 billion yen)		FY2025	FY2026 forecast	Change (Year-on-Year)	Percentage change (Year-on-Year)
Net sales	Food	2,718	2,808	90	+3.3%
	Animal Feed	587	641	53	+9.1%
	Other	48	50	2	+4.1%
	Total	3,354	3,500	145	+4.3%
Operating profit	Food	113	121	8	+7.1%
	Animal Feed	10	7	▲3	▲27.3%
	Other	13	9	▲4	▲30.0%
	Company-wide expenses, etc.	▲17	▲17	0	+0.0%
	Total	119	120	1	+0.5%
Ordinary profit		144	140	▲4	▲3.2%
Profit		106	95	▲11	▲10.5%

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We expect net sales of 350 billion yen (up 4.3%) and an operating profit of 12 billion yen (slight increase). Net income is planned at 9.5 billion yen (slight decrease). While operating profit growth appears modest, this is due to increased depreciation from the investments I mentioned—the biomass boiler, Kobe warehouse, and Vietnam plant—as well as forward-looking investments in generative AI tools and digital talent development.

Earnings Forecast for FY2026 (Operating Profit)



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As shown in this graph, despite minor variations across segments, we expect operating profit to remain roughly at the same level as the previous year.



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.

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