



Maximizing the potential of grain



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Editorial Policy

In Integrated Report 2023, we convey our vision and value creation initiatives based on the Showa Sangyo Group's management philosophy, which is "Contributing to healthy, rich, and varied meals," to stakeholders in a way that is easy to understand, with the aim of creating better communication, leading to further value creation. In producing the report, we referenced *International Integrated Reporting Framework* by the Value Reporting Foundation (VRF) (now the IFRS Foundation), *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation* by Japan's Ministry of Economy, Trade and Industry, and other guidelines.

The contents of this report are published on our website in order to inform even more people.

<https://www.showa-sangyo.co.jp/en/ir/>

Scope of Reporting

Showa Sangyo Group (as of March 31, 2023) Specific activities are mainly reported for Showa Sangyo Co., Ltd.

Reporting Period

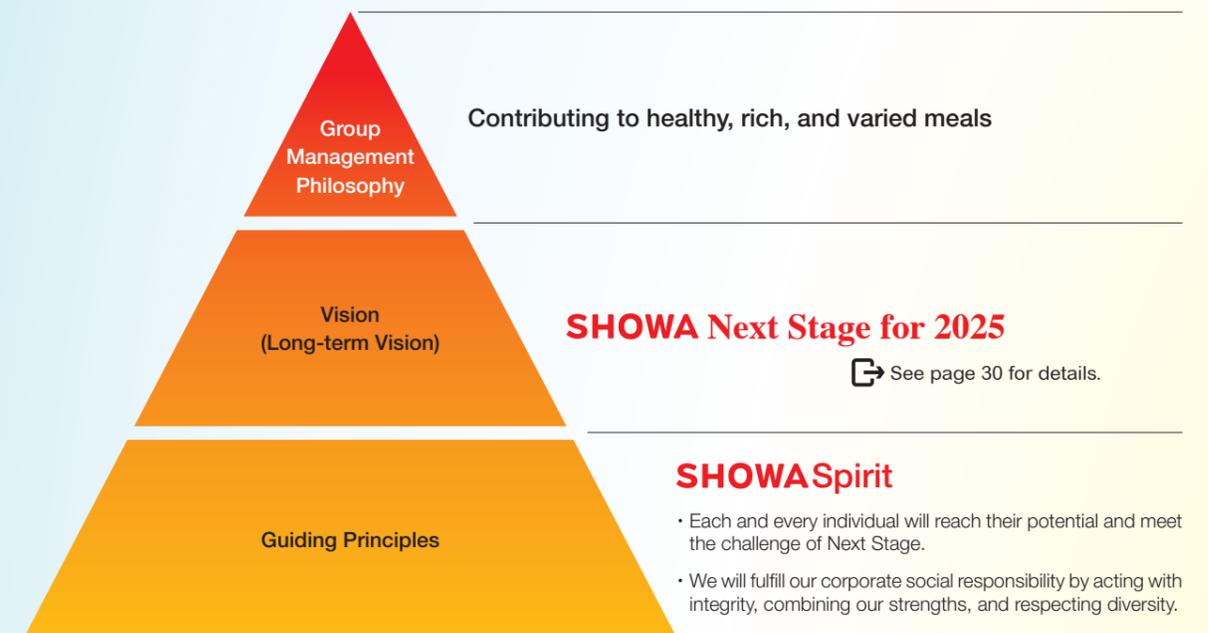
The report focuses on activities in FY2022 (April 1, 2022 to March 31, 2023), but some sections of the report cover the latest information, such as the Business Overview section and the Medium-term Management Plan 23-25 in the sections on the Long-term Vision.



Group Management Philosophy

Contributing to healthy, rich, and varied meals

Group Management Planning System



We will continue to develop our strength as “Professionals in Grains.”

Since its founding in 1936, Showa Sangyo has processed wheat, soybeans, canola, corn, and other grains, which are the bounty of the earth, into such products as wheat flour, premixes, vegetable oils, and sweeteners, and delivered them to many customers. In the 87 years since then, we have continued to exhaustively study each of these grains, making the Showa Sangyo Group into “Professionals in Grains” with extensive knowledge of the power and potential contained in every kernel.

The fact that we are a single corporate group that deals in multiple grains makes us unique amongst Japan's many food manufacturers. Our Group is a Grain Solution Company that solves our customers' food challenges and needs by combining the wide-ranging foods and materials we offer. The scope of our business is not limited to the food industry, but extends to customers in a wide range of industries.

As a company that makes our dealing in grain, our livelihood is intertwined with grain. Our strong desire to not waste a single kernel has led to our 99.9% food recycling rate. Moving forward, we will continue to leverage our expertise in grains and work behind the scenes to fulfill our social mission of ensuring the safety, reliability and stable supply of the food that ends up on people's dinner tables.



Chairman
Showa Sangyo Co., Ltd.





H. Tsukagoshi

President and CEO
Showa Sangyo Co., Ltd.

Continuation and Transformation Toward Our 90th Anniversary

When Showa Sangyo was formulating its Long-term Vision for FY2025, the year it marks the 90th anniversary of its founding, I was involved in the formulation of the Long-term Vision and Medium-term Management Plan as the head of the Management Planning Dept. I feel a sense of destiny and responsibility in having assumed the position of CEO at the same time we start the Medium-term Management Plan that will take us to FY2025.

Showa Sangyo Group has long walked the path towards realizing its founders ideal of "Prosperity Through Agriculture."* Today, we contribute to healthy, rich, and varied meals as a Grain Solution Company that leverages a unique business model of dealing in a wide variety of grain. In our Long-term Vision, we look beyond this towards our Next Stage as a Grain Solution Company.

I see my two missions as being the continuation of what we have built together with our previous CEO and current Chairman Kazuhiko Niitsuma, as well as taking the lead in making the transformational changes that will allow its continued growth.

The COVID-19 pandemic and other major changes in the social environment have brought the biggest challenge facing our Group into sharp relief. The challenge is that our company deals in many highly volatile commodities and therefore has a profit structure that is greatly affected by changes in the business environment. As the domestic market is expected to shrink in the future due to Japan's declining and aging population, we must evolve as a company that can survive over the long term even in this context.

After considering various approaches to address these issues, in April 2023 we implemented the first fundamental reorganization of the company since its founding. This was in an effort to maximize the Group's strengths as a Grain Solution Company.

The most notable characteristic of our Group is how many different food-related businesses we deal in as a single corporate group, including flour milling, oil processing, and starches and sweeteners businesses. No other single corporate group in Japan deals in as diverse a range of food products as we do. While we may not be the leader in any one of these businesses, we process a total volume of multiple grains larger than that of any other company in Japan. In the past, we have aimed to be competitive by taking advantage of economies of scale at the entrance, such as by leveraging our scale in procurement and R&D. At the exit, however, sales have been vertically divided and product-oriented. This means that our sales strategies and competition strategies were compartmentalized in each business unit. By instead having sales organizations for each customer, we will be able to think about what we can offer each individual customer from a combination of our Group's multiple businesses.

It should also be mentioned that our flour milling, oil processing, starches and sweeteners, and other businesses each had their own customers, and that together they make us one of the Japan's largest food manufacturers in terms of total customer base. Our ability to offer a wide range of solutions to so many customers is a major strength of our Group.

The main purpose of this reorganization is to develop these advantages and strengths that other companies cannot imitate.

On the other hand, making this reorganization a success will require increasing the knowledge and other capabilities of our employees. To achieve this, it is important that our employees all share the same values and are highly motivated. My main focus at the moment is leading all employees in the direction of this growth.

*This motto was coined by the founder Hideo Ito when he founded the company. It expresses his desire to make Japan more prosperous through food, and his belief that a thriving agriculture industry was essential to that goal.



Review of Previous FY/MMP Performance and Business Environment

For details on the review of the Medium-term Management Plan, see page 32.

The period of Medium-term Management Plan 20-22 saw an extremely harsh business environment due to the COVID-19 pandemic, the situation in Ukraine, sharp rises in raw grain and energy prices, and rising import costs caused by the rapid depreciation of the yen against the dollar. While we achieved our net sales target, ordinary profit and ROE fell far short of our targets. Meanwhile, we believe that we have been able to steadily make investments for our next stage of growth, including M&A, capital injections, and capital expenditures.

The addition of new types of oils other than general-purpose oils, such as Boso oil and fat's rice oil and Tsuji Oil Mills' corn oil, has prepared us to respond to the changing environment. In the Starches and Sweeteners Business, the addition of San-ei Sucrochemical to our portfolio has given us a distinctive new product in the form of medical-grade glucose. Most notable about this product is the approximately 80% domestic market share enjoyed by San-ei, which has now made us one of the industry leaders. In this and other ways, we have taken measures that will lead to the strengthening our core businesses and the expansion of our business fields. The strength of our Group has grown by leaps and bounds in the last three years. One notable example of a successful business initiative by a Group member company is the convenience store bread business, which delivers bread to several thousand convenience stores in the Kanto region. Amid the economic downturn caused by

the COVID-19 pandemic and soaring energy prices, they contributed significantly to profits through workplace-level improvement activities that boosted productivity.

On another note, the No. 2 Premix Plant inside of our Funabashi Plant became operational last June. In addition to strengthening our premises business, we expect the new plant's manpower reduction measures will alleviate our labor shortage issues and improve efficiency, and that it will also allow us to deliver customers the smaller bags and smaller volumes they desire.

We also made capital investments to reduce CO₂ emissions in production processes. This included setting new Group environmental targets and converting the Kashima Plant's cogeneration facilities from coal to town gas. In terms of human capital, we steadily implemented initiatives to contribute to solving social issues, including diversity and

FY2022 Results

Results	Medium-term Management Plan 20-22 Targets
(1) Net Sales: ¥335.0 billion	¥280 billion
(2) Operating Profit: ¥4.1 billion	—
(3) Ordinary Profit: ¥6.5 billion	¥13 billion
(4) ROE: 7.1%	9.0% or more
(5) Dividend payout ratio: 27.9%	Approx. 30%

Forecast for FY2023

(1) Net Sales.....	¥ 360 billion
(2) Operating Profit.....	¥ 7.5 billion
(3) Ordinary Profit.....	¥ 8.6 billion

inclusion, such as achieving the statutory employment ratio of people with disabilities and our goal of more than doubling the number of female managers.

In part due to the reclassification of COVID-19 as a Class 5 infectious disease, we expect to see a pickup in the domestic economy from FY2023. At the same time, raw grain and energy prices remain high due in part to the protracted situation in Ukraine, and the yen's depreciation in the foreign exchange market continues to be a factor. As such, the business environment surrounding the Group continues to be challenging. While continuing to strive towards strengthening our core businesses and the expansion of our business fields, we will work to transform our profit structure to one less susceptible to changes in the business environment.

[Medium-term Management Plan 23-25] Recognized Issues and Key Measures

For details on the Medium-term Management Plan, see page 34.

In Medium-term Management Plan 23-25, we established five basic strategies alongside new financial indicators. Of these five strategies, we will focus most heavily on promoting (1) Strengthening Our Core Businesses and (2) Expansion of Our Business Fields, while also promoting three strategies that support our business strategy from the perspective of strengthening our sustainability management capabilities. Through strategies (1) and (2), we will realize two primary outcomes. The first is optimizing our product mix by strengthening the sales of our unique product lines. The second is strengthening the development and sales of value-added products leveraging the Group's unique materials and technologies. By doing so, we will develop our profit structure to one less susceptible to changes in the business environment.

The highlight of the new Medium-term Management Plan is the aforementioned our organizational reshuffle, the first since the company's founding. By radically transforming our sales organization into a "one-stop shop," we will enhance our sales capabilities. By integrating our separate sales desks for each business category and customer, we can maximally leverage our diverse business, which is one of our strengths, thereby adopting a market-oriented system that provides customers with the best solutions.

[Medium-term Management Plan 23-25] Financial Indicators and Targets

Indicators	FY2025 Targets	Compared to FY2022
(1) Ordinary Profit	¥13 billion	200%
(2) ROE	7.0% or more	—
(3) ROIC*	4.0% or more	2.2 points up
(4) CCC	75 days	16 days shorter
(5) NET D/E Ratio	0.6 or less	—

*Definition of ROIC (Return on Invested Capital)
 ROIC = Operating profit after tax ÷ Invested capital (Net interest-bearing debt + Shareholders' equity)
 Operating profit after tax is calculated with income taxes as 30% of operating profit.

[Medium-term Management Plan 23-25] Five Basic Strategies

- (1) Strengthening Our Core Businesses
- (2) Expansion of Our Business Fields
- (3) Reducing Burden on the Environment
- (4) Rebuilding Our Platform
- (5) Reinforcing Stakeholder Engagement

While it is a big change, we have been discussing it for more than five years. We took the first step towards reorganization two years ago when we established the Solution Sales Department for the restaurant industry, which has delivered an approximately two-fold improvement in performance. We have received positive feedback from customers about our new proposals, and we feel that we are on the right track for the future.

We also reshuffled organizations outside of the Business Management & Sales Division involved in sales, establishing a Technical Division and a Corporate Division (see the figure on the next page). The Technical Division, which is involved with research and development, researches the various potentials of grain that the Group possesses. As it goes about doing this, the Business Management & Sales Division listens to the needs and desires of customers. Responding to these needs and desires in turn leads to the creation of proposals with high added value. While our sales model is primarily BtoB, the way we ultimately deliver value is BtoC. That is, we deliver value to consumers through our customers. We believe it is important that sales and development are closely connected.

The Corporate Division was established as part of a

functional reorganization aimed at allowing each part of the division to better leverage their particular expertise on a Group-wide basis. It will control the business portfolio more precisely than ever before as it evolves into a Group-wide Corporate Division.

One important initiative to both strengthen our existing businesses and develop new ones is the expansion of our overseas businesses.

Though we have set up shop in China, Taiwan, and Vietnam, our first wholly-owned overseas premix plant will become operational in Vietnam in 2025.

In addition, we are working to expand our comprehensive foods business across regional borders by engaging in M&A of overseas businesses and pursuing capital and business alliance agreements with overseas partners based on two basic policies: "Expansion of Our Business Fields" and "Achieving High Added Value by Expanding the Value Chain." In this way, we aim to "Take the SHOWA Business Model Overseas."

Further, by centralizing our scattered export operations into the Overseas Business Development & Sales Department, we will comprehensively manage our export strategy, aiming to increase sales volumes and profitability by exporting more products to more places.

As for the expansion of products with uniqueness and added value, we will develop products with higher levels of processing. More specifically, we will be strengthening our frozen food business, which revolves around Showa Frozen Foods' processed wheat products such as their mainstay takoyaki, wontons, and petit cakes. Further, we will expand into new areas where we can leverage the synergies of our Group, such as premix-based processed products and plant-based foods. We will work to promote our fine chemicals business, which is focused on the fields of health food and cosmetics, as well as our oleochemical business, which utilizes by-products.

Human Capital Management

➡ For details on human capital management, see page 60.

With Medium-term Management Plan 20-22, we set a target and achieved of more than doubling our number of women in management positions.

Our Women's Advancement Task Force took active measures such as organizing panel discussions between managers aimed at raising the consciousness of female employees and holding lectures by female executives and external directors. Such efforts lead to the achievement of

the target. With Medium-term Management Plan 23-25, we have set a target for the proportion of women in management positions of at least 10% by FY2025, and will work towards realizing this goal.

In terms of institutional reforms, we renewed our personnel framework for the first time in some 20 years in FY2021. Most notably, we believe that the success of employees is the most important factor in the continued activities of a company, which is why we introduced a system that would allow innovators to thrive. This new system allows employees to raise their hand and propose new business ideas, and if they pass muster, the employee will be allowed to work exclusively on them for three years. As of now, three themes have been approved, and each of the three innovators is working full time towards the future commercialization of their ideas.

We will also strengthen our general reskilling efforts. In Medium-term Management Plan 23-25, we have set a target of more than double our investment in reskilling by FY2025 (vs. 2021). We will work on the career building and reskilling of individual employees in coordination with staffing arrangements based on our business strategy.

up through sales, I tend to focus on the business side of things, but having taken a fresh look at what we have compiled, I realized that the things expected of companies by society are very wide-ranging.

These new materialities represent the Group's reassessment of our current situation in line with our stakeholders' expectations and the changing world around us. We will be developing policies for the issues shown here in coordination with Medium-term Management Plan 23-25.

As for our environmental initiatives, in particular, these are deeply linked to the fact that the Group's business is the processing of raw grain into products. We recognize that protecting the environment, including the soil, fertilizer, and water that produce our grain, is linked to the sustainability of this business. While we previously set environmental targets for FY2030, we have also set new targets for FY2025 in line with Medium-term Management Plan 23-25. In addition, we have set a new reduction target for the amount of plastic we use in containers and packaging materials. We plan to steadily implement a series of measures to achieve these goals. We will also work to create a roadmap towards a carbon neutral future.

The Group will aim to fulfil its responsibilities as a public institution while also achieving sustainable growth of corporate value for the benefit of employees. As the new leader of Showa Sangyo, I will do my best to manage the company, so we ask our stakeholders for their further understanding and continued support of our Group.

Development of measures in coordination with the materialities

➡ For more information on materialities, see page 26.

➡ For details on environmental initiatives, see page 58.

In parallel with the new Medium-term Management Plan, we have also revised our materialities. As someone who came

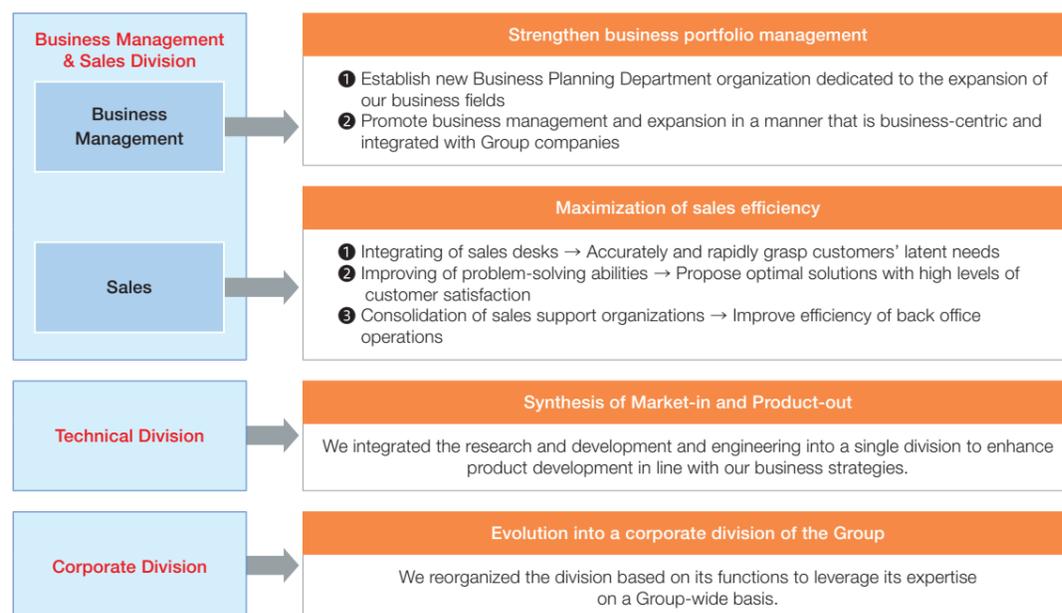
Hideyuki Tsukagoshi

President and CEO



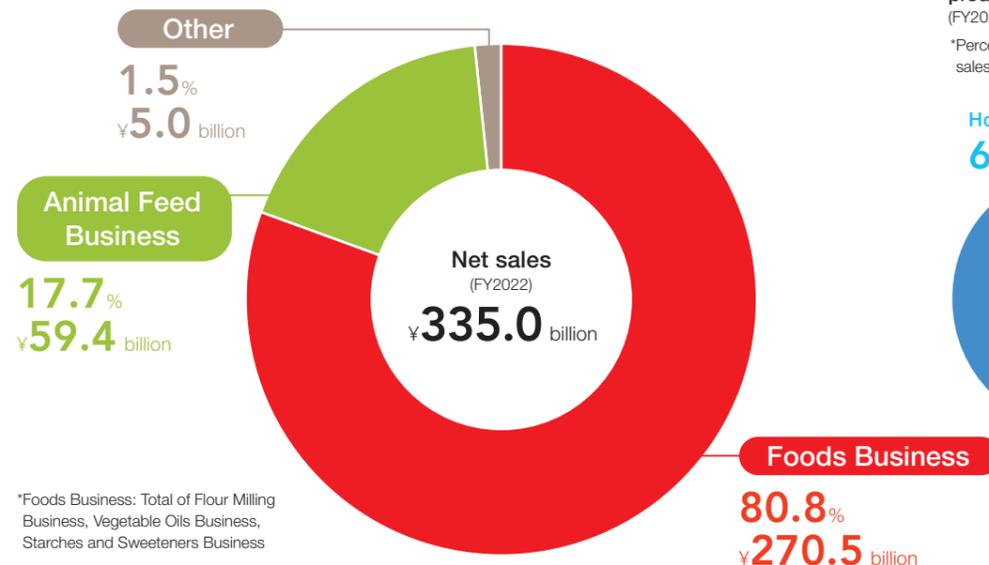
Building Systems Linked to the Revision of the Sales Organization

We will conduct a radical reorganization of our Research and Development, Engineering, and Corporate divisions, as well, and built systems for advancing Medium-term Management Plan 23-25.



Business Overview

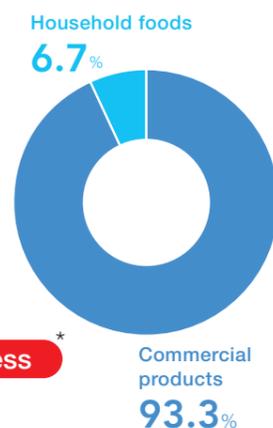
Percentage of net sales by business



*Foods Business: Total of Flour Milling Business, Vegetable Oils Business, Starches and Sweeteners Business

Percentage of commercial products/household foods (FY2022)

*Percentage of Foods segment net sales for Showa Sangyo Co., Ltd.



Flour Milling Business

Wheat flour is the most versatile food product and is a key ingredient that is indispensable in our meals. As commercial products, we manufacture and sell a variety of wheat flour suitable for uses such as bread, cakes, and noodles, as well as premixes and pasta to meet user needs. We also provide premixes and pasta as household foods.



- Wheat flour
- Premixes
- Pasta
- Baking bread
- Bran

[Main Group companies]

- (As of June 30, 2023)
- Okumoto Flour Milling Co., Ltd.
 - Kida Flour Mills Co., Ltd.
 - Naigai Flour Milling Co., Ltd.
 - Central Flour Milling Co., Ltd.
 - Swing Bakery Co., Ltd.
 - Grandsolu bakery Co., Ltd.
 - Garden Bakery Inc.
 - Tower Bakery Co., Ltd.
 - Showa Sangyo Vietnam Co., Ltd.
 - Kouchan Mill Co., Ltd.

Vegetable Oils Business

We manufacture and sell a variety of vegetable oils made from soybeans, canola, corn, rice bran, and other raw materials and developed to suit various uses, such as tempura, fried foods, and donuts. We also provide defatted soybeans used as raw material for animal feed and soy protein used in processed meat and seafood products.



- Cooking oil
- Soy protein
- Frozen food

[Main Group companies]

- (As of June 30, 2023)
- Boso oil and fat Co., Ltd.
 - Nagaokayuryo Co., Ltd.
 - Kumiai-yushi Co., Ltd.
 - Musashiyushi Co., Ltd.
 - Minaminihonkomeabura Co., Ltd.
 - Tokyoyushikogyo Co., Ltd.
 - Showa Frozen Foods Co., Ltd.
 - Tsuji Oil Mills Co., Ltd.

Starches and Sweeteners Business

We manufacture and sell corn starch, sweeteners made from corn including glucose, high-fructose corn syrup, corn syrup, and isomalto-oligosaccharides, and modified starches made from corn. These products have a wide range of uses ranging from beer, soft drinks, confectionary, and bread in the food sector through to applications in the industrial sector.



- Sweeteners
- Cornstarch
- Modified starches

[Main Group companies]

- (As of June 30, 2023)
- Shikishima Starch MFG. Co., Ltd.
 - San-ei Sucrochemical Co., Ltd.
 - Shin Nihon Chemical Co., Ltd.

Animal Feed Business

We manufacture and sell compound feed for poultry, swine, dairy and beef cattle, and fish farming as well as nutrient rich substrate for mushroom bed cultivation. The location of Group company plants in coastal areas makes it possible to obtain raw materials directly from the quay. In addition, we can also obtain secondary raw materials such as wheat bran and defatted soybeans from our own flour mills and oil processing plants, which is very effective in terms of procurement of raw materials. We provide total support for the livestock business, including production and development of high-quality animal feed, distribution of products, and management advice.

- Compound feed
- Eggs

[Main Group companies]

- (As of June 30, 2023)
- Kyushu Showa Sangyo Co., Ltd.
 - Showa Keiran Co., Ltd.
 - Z.Y. Food Company Limited



Other

In addition to the Warehousing Business, which stores and handles imported grain, and the Real Estate Business, which leases the Group's real estate holdings, the Showa Sangyo Group is also involved in the insurance agency business, the automobile leasing business, the transportation business, and agribusiness.



Kashima plant silos

Plant factory

[Main Group companies]

- (As of June 30, 2023)
- Shosan Shoji Co., Ltd.
 - Shosan Kaihatsu Co., Ltd.
 - Shourei Co., Ltd.
 - Oban Co., Ltd.
 - Shosan Business Services Co., Ltd.
 - Shosan Transportation Co., Ltd.
 - Star Bakery Co., Ltd.
 - Nagoya futo Silo Co., Ltd.
 - Shibushi Silo Co., Ltd.
 - Kashima Silo Co., Ltd.

Thoughts on Value Creation

Ever since being founded, we have continued to pursue the delivery of both physical and mental health by providing rich and varied meals. We make extensive use of grains, which are the bounty of the earth, to provide people with safe and reliable “food.”

Past

Prosperity Through Agriculture

During the early Showa period, Japan was in a very difficult position as continued poor harvests further worsened chronic food shortages. Our founder’s desire to make Japan prosperous through food, which required thriving agriculture forms the starting point for the Showa Sangyo Group.

Present

Initiatives on materialities through business activities

(New materialities from FY2023)

1. Contribution to society through our food businesses

- 1 Supply safe, reliable and high-quality foods
- 2 Contribute to consumers’ health and diversifying needs

2. Preserve the earth that produce grains and the global environment

- 3 Consideration for the environment

3. Promote engagement with stakeholders

- 4 Utilization of human capital
- 5 Harmonious association with local communities
- 6 Cooperation with stakeholders in our supply chains
- 7 Enhance credibility with our stakeholders

See page 53 for details about the revision of materialities.



Medium-term Management Plan 23-25 linked to materialities

(Provision of value to stakeholders)

- Customers**
 - Supply safe, reliable and high-quality foods
 - Improve quality management and ensure traceability
- Global environment**
 - Reduction of CO₂ emissions
 - Reduce waste
 - Use renewable energy
- Employees**
 - Respect human rights and diversity
 - Human capital development
 - Promote work-life balance
- Local communities**
 - Contribute to and interact with communities around plants and sites
 - Contribute to food education
- Business partners (suppliers and contractors)**
 - Improve quality through collaboration
 - Ensure occupational safety and improve the working environment
- Shareholders & Investors**
 - Continuous and stable profit distribution
 - Improve corporate value
- NGO/NPO**
 - Provide support with donations
 - Provide support and sponsor activities through cooperation
- Government**
 - Cooperate with policies to solve public issues
 - Create stockpile for disasters

Future 2025

Long-term Vision

“Grain Solution Company - Next Stage” providing satisfaction for all stakeholders

See page 30 for details about our Long-term Vision.

Value Creation Journey

Ever since being founded, the Showa Sangyo Group has grown its business while helping to solve a variety of social issues through “food.” Since being founded, we have changed in step with the times. Going forward, we aim to be a company with sustainable growth potential that contributes to people’s health and futures through a wide range of businesses based on grain.

Period	Founding period (From 1936)	1960 through 1980s	1990 through 2000s	From 2010
Historical background	Severe food shortages	Expansion in demand and diversification in eating habits	More sophisticated “food” needs	Changing lifestyles and values
Value created by the Showa Sangyo Group	<p>Creating an integrated system in the agricultural processing sector and contributing to agricultural development</p> <p>Commenced production and sale of wheat flour, cooking oil, corn syrup, and fertilizer with the aim of creating an integrated system from soil preparation at the farming stage through to product processing and sales. We supported the development of Japanese agriculture while also helping to solve the post-war food shortages.</p>	<p>Realizing stable supply of a wide variety of products through construction of industrial complexes for food</p> <p>With the diversification in eating habits during Japan’s period of high economic growth, we foresaw an increase in grain imports from overseas and concentrated all of our plants in coastal areas. While expanding our production facilities and silos and solving the cost issues involved in mass production of a wide variety of products, we met new needs with the launch of various household foods in addition to commercial products.</p>	<p>Strengthening product development in a wide range of fields to provide products that match the times</p> <p>With increasingly sophisticated “food” needs and diversification in the raw material properties and type of products demanded, we strengthened our product development in a variety of grains and evolved our processing technologies, in addition to focusing efforts on recipe proposals. We continued to develop products that delighted customers, including products combining functional properties with delicious foods and health-conscious products.</p>	<p>Creating unique value-added as a “Grain Solution Company”</p> <p>Consumption styles related to “food” have become even more sophisticated and diverse, requiring product development to meet the needs of the times, such as health-conscious consumers. In addition, people’s lifestyles were completely transformed by COVID-19, which began spreading in 2020. Stay-at-home demand increased as people avoided eating out in restaurants. This required product development in the areas of simple foods and food that is delicious even after some time due to the growth in cooking at home and take-out food.</p>
History of our products	 <p>1956 Launched KESSHO BUDOTO</p>  <p>1957 Launched SHOWA HOTCAKE-NO-MOTO</p>  <p>1961 Launched SHOWA SOKUSEKI TEMPURA BATTER MIX</p>	 <p>1969 Launched SHOWA SOY PROTEIN FRESH, a soy protein food product</p>  <p>1983 Launched SHOWA OUGON TEMPURA BATTER MIX, a high-grade tempura batter mix</p>  <p>1984 Launched SHOWA SUPPLEMENT OKAMA-NI-PON, wheat germ oil capsules for cooking rice</p>	 <p>1992 Launched SHOWA ONIKU-WO-YAWARAKAKUSURU KARAAGE-KO</p>  <p>1994 Launched SHOWA OLIGO TIME SYRUP, a food for specified health use</p>  <p>2000 Launched SHOWA OIL OLEIN RICH, sunflower oil which is rich in oleic acid</p>  <p>2005 Launched SHOWA CAKE-NO-YONA HOTCAKE MIX</p>	 <p>2011 Launched SHOWA RENUJ-DE-CHINSURU KARAAGE-KO</p>  <p>2020 Launched SHOWA KENKO RICE BRAN OIL</p>  <p>2021 Launched SHOWA MO TSUTSUMANAI! MAZEGYOUZA-NO-MOTO</p>  <p>2021 Launched SHOWA MANMARU OKINA HOTCAKE-NO-MOTO</p>  <p>2022 Launched SHOWA MO AGENAI! YAKITEMPURA-NO-MOTO</p>

Main topics for the Group in each period



Our Founder
Hideo Ito

1936 Established

Although Japan was industrializing in the early Showa period, rural areas were severely impoverished due to serious food shortages compounded by continued poor harvests. Our founder Hideo Ito witnessed this impoverishment and set up Showa Flour Milling Co., Ltd. in charge of processing agricultural products with the desire to support Japanese agriculture. In 1936, the following year, he established Showa Sangyo Co., Ltd.

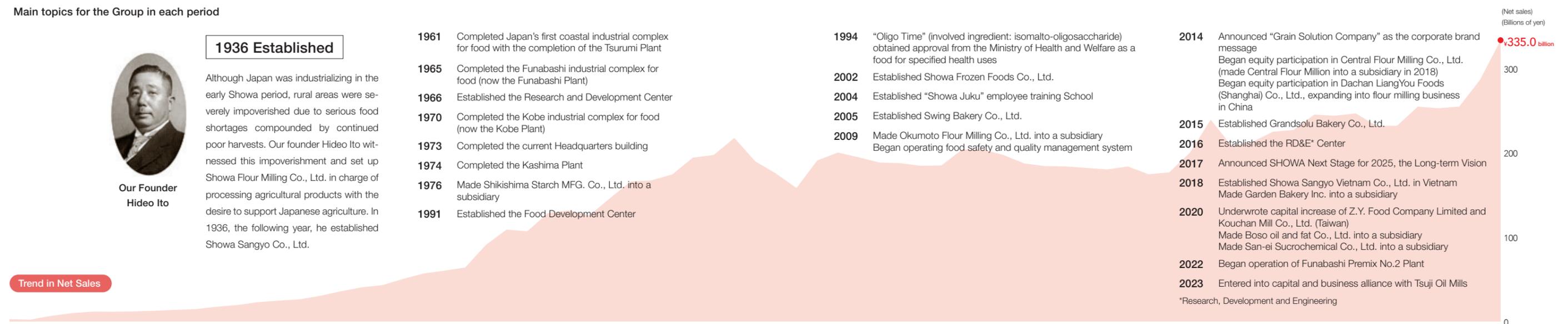
- 1961** Completed Japan’s first coastal industrial complex for food with the completion of the Tsurumi Plant
- 1965** Completed the Funabashi industrial complex for food (now the Funabashi Plant)
- 1966** Established the Research and Development Center
- 1970** Completed the Kobe industrial complex for food (now the Kobe Plant)
- 1973** Completed the current Headquarters building
- 1974** Completed the Kashima Plant
- 1976** Made Shikishima Starch MFG. Co., Ltd. into a subsidiary
- 1991** Established the Food Development Center

- 1994** “Oligo Time” (involved ingredient: isomalto-oligosaccharide) obtained approval from the Ministry of Health and Welfare as a food for specified health uses
- 2002** Established Showa Frozen Foods Co., Ltd.
- 2004** Established “Showa Juku” employee training School
- 2005** Established Swing Bakery Co., Ltd.
- 2009** Made Okumoto Flour Milling Co., Ltd. into a subsidiary
Began operating food safety and quality management system

- 2014** Announced “Grain Solution Company” as the corporate brand message
Began equity participation in Central Flour Milling Co., Ltd. (made Central Flour Milling into a subsidiary in 2018)
Began equity participation in Dachan LiangYou Foods (Shanghai) Co., Ltd., expanding into flour milling business in China
- 2015** Established Grandsolu Bakery Co., Ltd.
- 2016** Established the RD&E* Center
- 2017** Announced SHOWA Next Stage for 2025, the Long-term Vision
- 2018** Established Showa Sangyo Vietnam Co., Ltd. in Vietnam
Made Garden Bakery Inc. into a subsidiary
- 2020** Underwrote capital increase of Z.Y. Food Company Limited and Kouchan Mill Co., Ltd. (Taiwan)
Made Boso oil and fat Co., Ltd. into a subsidiary
Made San-ei Sucrochemical Co., Ltd. into a subsidiary
- 2022** Began operation of Funabashi Premix No.2 Plant
- 2023** Entered into capital and business alliance with Tsuji Oil Mills

*Research, Development and Engineering

Trend in Net Sales

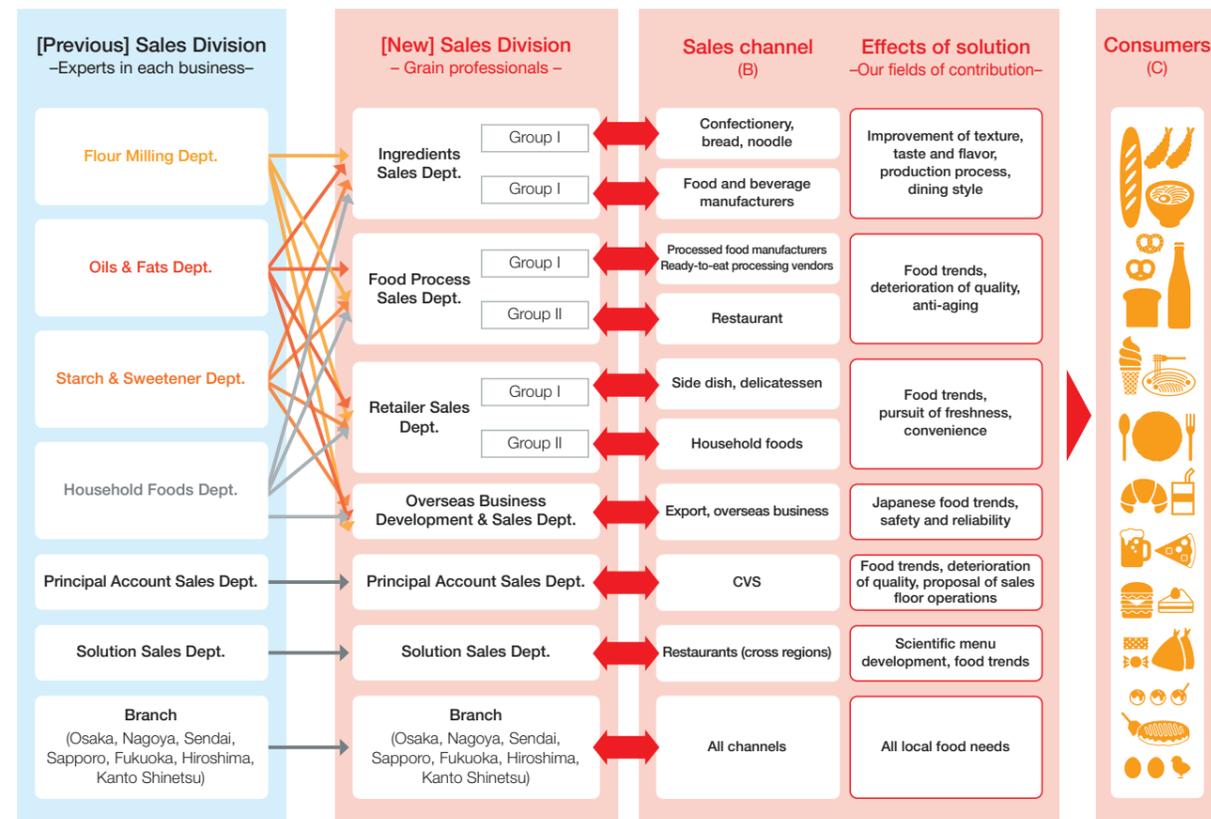


Value Creation Case Studies

The radical reorganization, which was the first since the company was founded, was not simply a reorganization of sales departments but was designed to fundamentally transform our business model. We implemented various initiatives for the company-wide reorganization in April 2023. These initiatives included a previous test operation by the Solution Sales Dept., the development and reconstruction of a number of platforms supporting the reorganization, and the consolidation of corresponding marketing organizations. We will continue to develop the organizational structure based on these experiences.

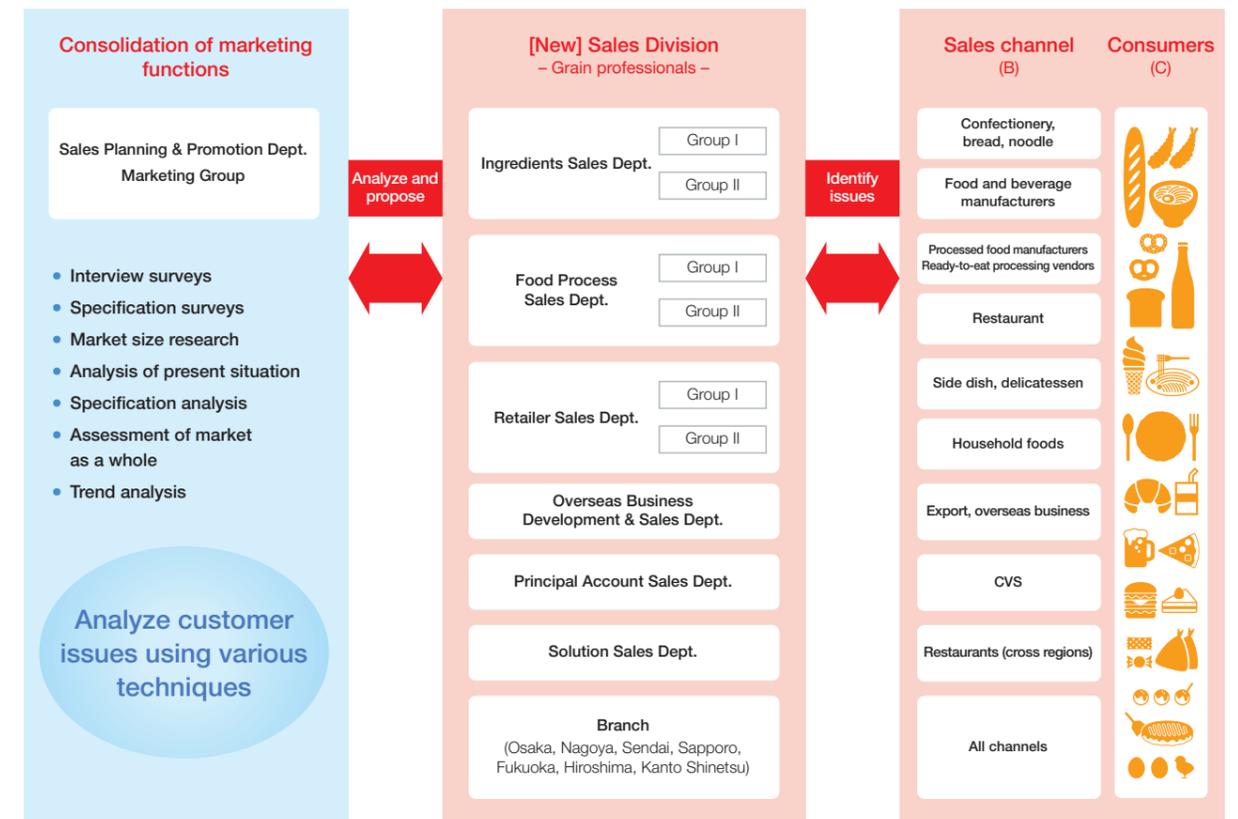
(1) Reorganization of Sales Departments (Foods Business)

As grain professionals, the departments responsible for each sales channel are attentive to meeting the needs of business partners (BtoB) and provide proposals for one-stop **“delicious answers = grain solutions”** that consumers seek (BtoC).

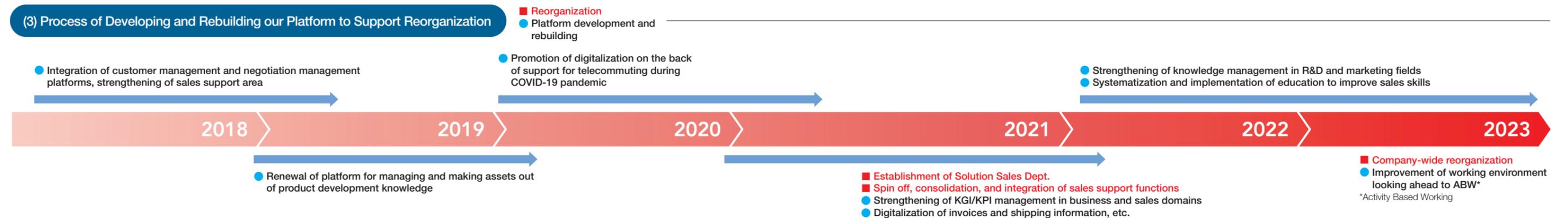


(2) Consolidation and Upgrade of Marketing Departments

Marketing functions, which were previously dispersed in multiple departments, were consolidated and integrated. We propose optimal solutions with high levels of customer satisfaction by creating a department that responds to sales channels.

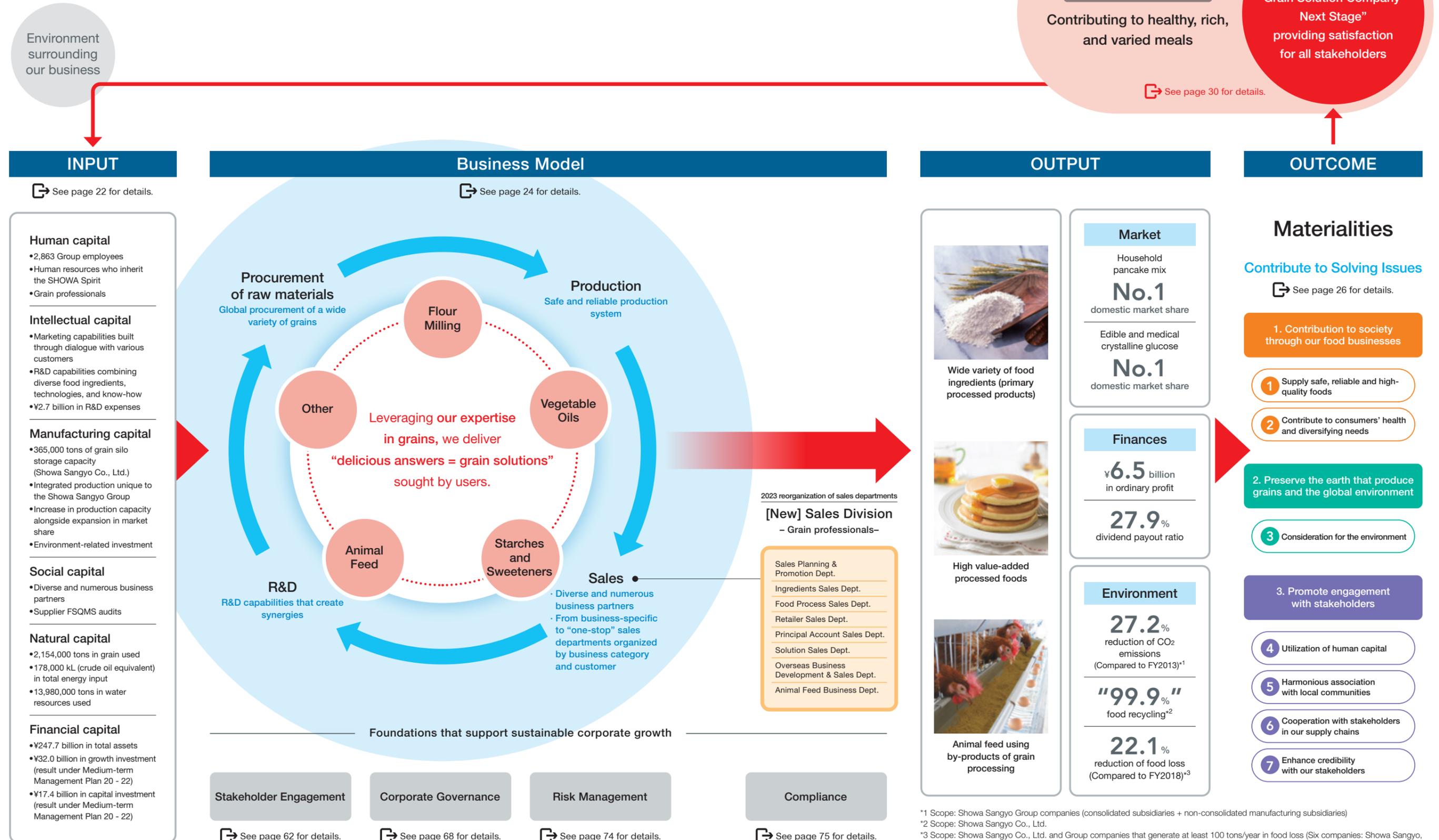


(3) Process of Developing and Rebuilding our Platform to Support Reorganization



Value Creation Process

We leverage our expertise in grains, which is the strength of the Showa Sangyo Group, from every angle, to provide the “delicious answers = grain solutions” that users seek.



Management Capital

	Characteristics of Showa Sangyo Group	Initiatives for Further Evolution
 <p>Human capital</p>	<ul style="list-style-type: none"> Human resources who inherit the SHOWA Spirit Grain professionals New value creation and trusting relationships born through associating with a diverse array of customers 	<ul style="list-style-type: none"> Drastic promotion of D&I <ul style="list-style-type: none"> Proportion of women in management positions: At least 10% in FY2025 Strategic investment in human capital <ul style="list-style-type: none"> Investment in Reskilling: More than double in FY2025 (vs. 2021) Enhancement of employee engagement <ul style="list-style-type: none"> Engagement Score: Target score to be announced during the term of the "Medium-term Management Plan 23-25"
 <p>Intellectual capital</p>	<ul style="list-style-type: none"> Marketing capabilities built through dialogue with various customers R&D capabilities combining diverse food ingredients, technologies, and know-how Fusion of technologies through cooperation of R&D technicians and technologists from different fields Application design skills that best display diverse materials and products and are built through mutual creation with customers over many years Timely value provision to customers 	<ul style="list-style-type: none"> Strengthening development of plant-based food, while also moving forward with fine chemicals business, oleochemical business, and agribusiness Strengthening open innovation Research and development using IT and AI technologies Ensuring business freedom and strengthening our market competitiveness by utilizing intellectual property
 <p>Manufacturing capital</p>	<ul style="list-style-type: none"> Our own grain silos in each manufacturing base (Kashima, Kobe, Funabashi, Group companies), and dedicated berths in main bases Top-class unloading capacity for a food maker 2,750 t/h *1 Top-class grain storage capacity for a food maker 365,000 t *1 Highly efficient energy usage only possible at a worksite using flour (mainly electricity) and vegetable oils, starches and sweeteners (mainly steam) Integrated production unique to our Group <ul style="list-style-type: none"> Utilization of by-products from manufacturing flour, oil, starches and sweeteners in the Animal Feed Business Extracting and refining oil using germ from the Starches and Sweeteners Business and sell corn oil in the Vegetable Oils Business Synergy among worksites 	<ul style="list-style-type: none"> Improving productivity through movement towards smart factories Handling production of small amounts of diverse products in an efficient way Seeking efficiency in facilities
 <p>Social capital</p>	<ul style="list-style-type: none"> Diverse and numerous business partners Supplier FSQMS audits Sales structure that links with research and development to rapidly solve customer issues Efficient raw material procurement through use of larger-sized procurement vessels with mixed cargo of grains Efficient delivery system through mixed cargo of diverse products Deployment of the company's unique Food Safety and Quality Management System (FSQMS), and ensuring safety and reliability through FSSC22000, ISO 22000 certification 	<ul style="list-style-type: none"> Strengthening supply chain management Strengthening BCP countermeasures <ul style="list-style-type: none"> Responding to lack of drivers, linking with Group grain silo companies *2, natural disaster countermeasures, infection countermeasures, etc.
 <p>Natural capital</p>	<ul style="list-style-type: none"> Reduce CO₂ emissions (switch from coal to town gas as fuel for cogeneration facilities) Food recycle rate 99.9% *1 Renew utility facilities (strengthen biomass boiler, etc.) 	<ul style="list-style-type: none"> Strengthen lifecycle assessment (LCA) design technology through considering the environment, and promote utilization of by-products Shrink inventory and reduce food loss through use of IT and improving supply-demand forecast precision Strengthen environmental management structure in order to take measures that reduce CO₂ emissions, food loss, water usage, and plastic usage
 <p>Financial capital</p>	<ul style="list-style-type: none"> Total assets 247.7 billion yen Growth investments 32.0 billion yen (result under "Medium-term Management Plan 20-22") Capital investments 17.4 billion yen (result under "Medium-term Management Plan 20-22") 	<ul style="list-style-type: none"> Asset reduction (Review of cross-shareholdings and real estate) Stakeholder returns (Continuation of long-term, stable dividends at a dividend payout ratio of around 30%) Working capital <ul style="list-style-type: none"> Restrict increases in working capital through shortening of CCC*3 by optimizing inventories

*1 Showa Sangyo Co., Ltd. *2 Nagoya futo Silo, Kashima Silo, Shibushi Silo *3 Cash conversion cycles

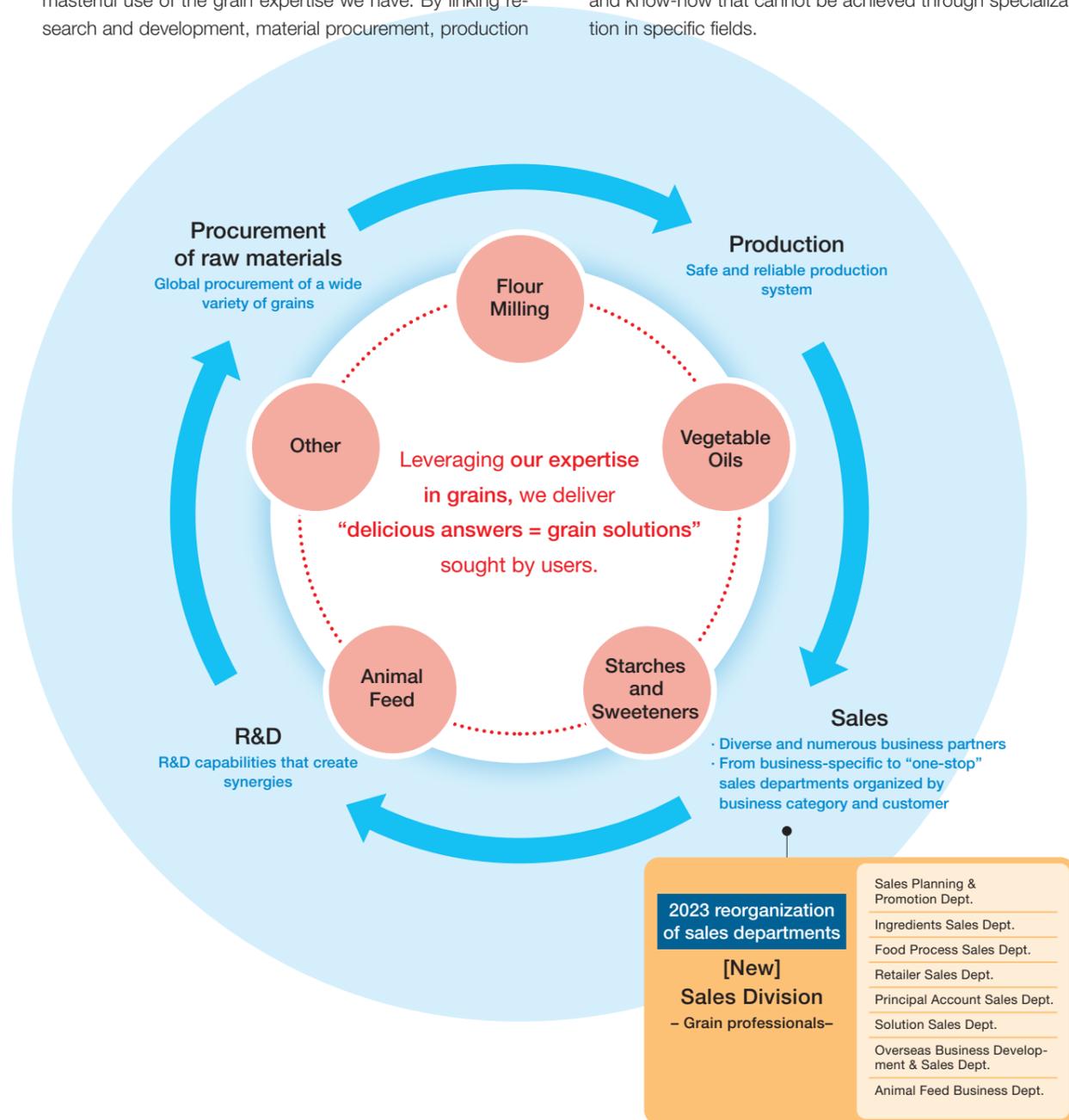
Strengths of a Grain Solution Company

Utilizing Showa Sangyo Group's food ingredients in an integrated way in order to solve various and numerous customer issues in the form of products and services that rapidly meet customer needs—that is, supplying “grain solutions” is a unique strength of this Group, one not found in dedicated food makers. We fully demonstrate our characteristics as a “Grain Solution Company” by combining our Group companies' food ingredients with processing technology from other fields in order to deliver “delicious answers” to our customers.

Showa Sangyo Group's Business Model

It is precisely because our Group handles various grains that we can create synergies for new value creation through masterful use of the grain expertise we have. By linking research and development, material procurement, production

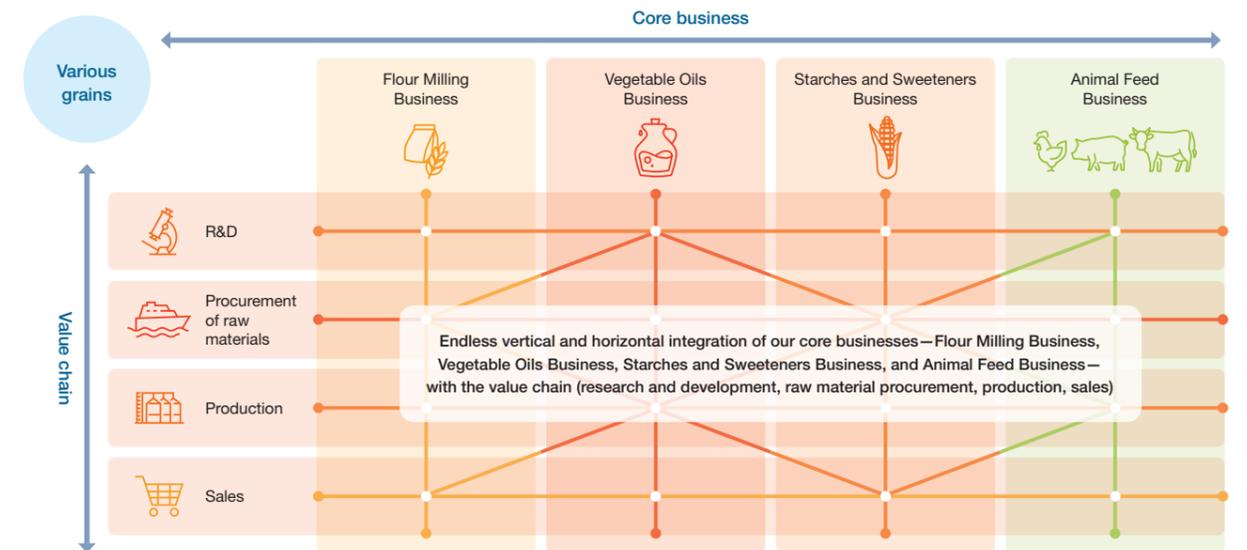
and sales in the value chain, we achieve and spur further evolution of solutions to issues through broad knowledge and know-how that cannot be achieved through specialization in specific fields.



The Reason We Can Achieve Grain Solutions

As a platform for diverse and numerous grains, our Group has developed businesses across a broad range of fields. We dig up insight and the true needs of each of our customers by detecting, accumulating, and combining various needs through deep communication with our diverse and numerous customers. Additionally, we create new products and provide new value that customers require by combin-

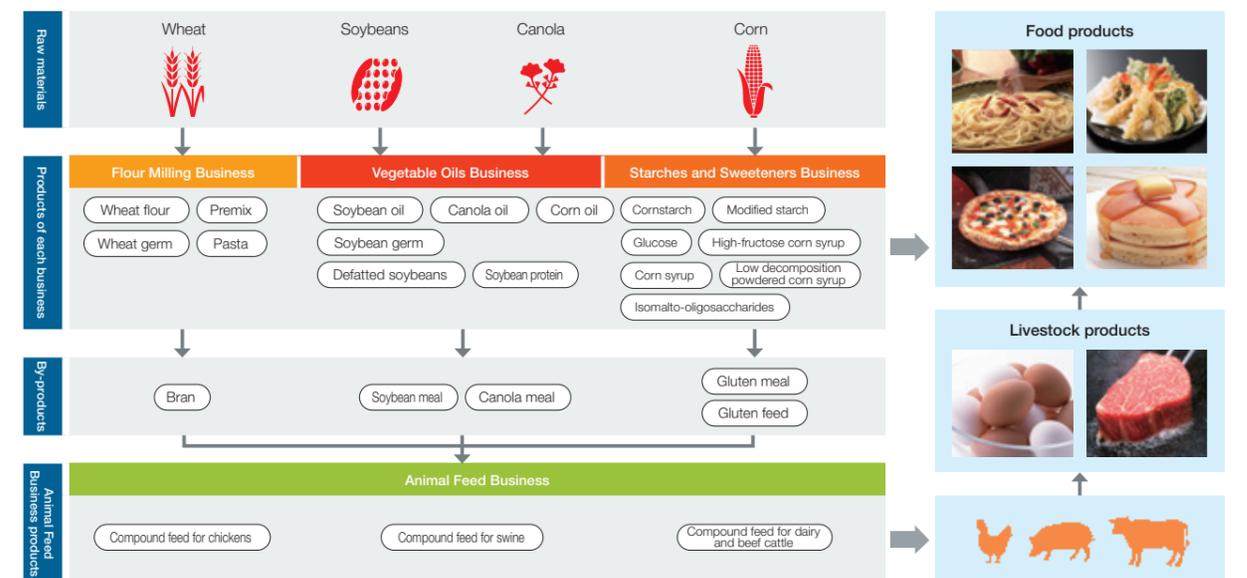
ing diverse food ingredients, technology and know-how spanning the range of businesses of our Group. As a “Grain Solution Company,” we have become an inimitable presence, with a synergy of marketing power formed thanks to our variety of customers and development skills in numerous technological fields.



99.9% Food Recycling—Only Possible with a Grain Solution Company

We achieve a food recycling rate of 99.9% through effective use of by-products (bran, soybean meal, gluten feed, etc.) produced during manufacturing processes in the Flour Milling Business, Vegetable Oils Business, and Starches and Sweeteners Business as raw ingredients in compound animal feed.

Our business model maximizes use of nature's bounty of grain, including use beyond raw ingredients in compound animal feed, such that none is wasted, as we engage in various initiatives to build a sustainable society with limited burden on the environment.



Materialities

The Showa Sangyo Group has stipulated three materiality themes and seven materialities (🔗 for details, see page 53) in order to advance initiatives for achieving sustainability.

Materialities	Priority themes	Related opportunities and risks ○Opportunity ●Risk	Main initiatives in the Medium-term Management Plan 23-25	Related Medium-term Management Plan Key Strategies	Related KPIs in the Medium-term Management Plan 23-25	Target SDGs for contribution
1. Contribution to society through our food businesses						
(1) Supply safe, reliable and high-quality foods	Expansion of customer base Ensuring safe, reliable, and stable supply (🔗 for details, see page 28) Maintaining stable operations	○ Diverse and numerous customer contacts ○ Earning customer trust through safe, secure, and stable supplies ● Loss of customer trust due to product accidents	<ul style="list-style-type: none"> Reinforcing product sales by transforming into “one-stop” sales models Strengthening business scope expansion and profitability through links among Group companies Optimization of product lineup and sales price Seeking more procurement regions for raw grains Centrally managing energy procurement in the Group Operating food safety and quality management system 	(1) Strengthening Our Core Businesses (5) Reinforcing Stakeholder Engagement	<ul style="list-style-type: none"> Growth in ordinary profit through strengthening core businesses: +2.7 billion yen Cost reduction through production improvements: More than 1 billion / over 3 years in total 	
(2) Contribute to consumers' health and diversifying needs	Contribution to human's health Contribution to diversifying needs	○ Diversified customer needs (health, time saving, convenience) ○ Acquisition of market competitiveness by launching eco-friendly products ○ Creation of new markets by utilizing new materials ● Loss of growth opportunities due to shrinking domestic market in our core businesses	<ul style="list-style-type: none"> Expansion of value-added products sales by differentiation strategy Advancement into new frozen food category for foods with premix products and soy protein products as raw materials Advancement into new businesses, such as plant-based foods, fine chemicals, and oleochemical Expanding overseas businesses by strengthening existing businesses in the ASEAN region and developing new businesses Strengthening export business by utilizing our branding and quality 	(2) Expansion of Our Business Fields	<ul style="list-style-type: none"> Growth in ordinary profit in overseas business and frozen food business: +800 million yen 	
2. Preserve the earth that produce grains and the global environment						
(3) Consideration for the environment	Responding to climate change Consideration for biodiversity	○ Cost reduction through energy-saving and reduction of food loss ● Inadequate grain procurement due to climate change ● Loss of trust due to delayed response to environmental issues	<ul style="list-style-type: none"> Continuous efforts to achieve environmental targets (reduction in water usage, food loss, CO₂ emissions, plastic usage) Advanced utilization of biomass Promotion of modal shift Establishing a roadmap toward carbon neutrality 	(3) Reducing Burden on the Environment	<ul style="list-style-type: none"> Reduction of CO₂ emissions: 30% or more Reduction of food loss: 30% or more Reduction of water usage: 9% or more Reduction of plastic usage: 7% or more 	
3. Promote engagement with stakeholders						
(4) Utilization of human capital	Health and productivity management Promotion of D&I Human capital development	○ Improving productivity by improving job satisfaction ○ Decrease in turnover rate, secure superiority in opportunities to recruit ● Difficulty in hiring and increase in turnover rate due to delay in response	<ul style="list-style-type: none"> Transform into an organization to take full advantage of our diversity activities Promoting strategic investment and enhancing human resource management Transform into a highly engaged organization Maintaining sound worker and employer relations 	(4) Rebuilding Our Platform (5) Reinforcing Stakeholder Engagement	<ul style="list-style-type: none"> Proportion of women in management positions: At least 10% Investment in reskilling: More than double (vs. 2021) 	
(5) Harmonious association with local communities	Promotion of CSR activities (food donation, etc.)	○ Gaining fans of our Group ● Loss of trust due to lack of interaction with local communities	<ul style="list-style-type: none"> Implementing Sustainability Basic Policy Promote education using grains Providing food in cooperation with NPOs Social contribution and interaction in our regional business sites 	(5) Reinforcing Stakeholder Engagement		
(6) Cooperation with stakeholders in our supply chains	Enhancement of sustainable procurement Optimization of logistics system	○ Cost reduction through efforts across the supply chain ● Logistics failure due to delay in responding to social issues ● Loss of customer trust due to inability to procure raw materials	<ul style="list-style-type: none"> Optimization of delivery routes (including joint shipping) Supply chain management Business partner surveys (human rights, environment, working environment, etc.) 	(5) Reinforcing Stakeholder Engagement		
(7) Enhance credibility with our stakeholders	Business management upgrade Promoting digitalization (🔗 for details, see page 29) Strengthening IR activities Risk Management and compliance	○ Improve productivity and reduce costs through business management upgrades ● Loss of social trust due to violation of laws and regulations ● Lower evaluation from investors due to insufficient disclosure ● Occurrence of opportunity loss and unexpected loss due to negligence in digital investment	<ul style="list-style-type: none"> Advancing business portfolio management by introducing ROIC Permeation and improvement of CCC management Establishment of organizational foundation by reorganization Endorsement of domestic and international initiatives Strengthening IR to individual shareholders and foreign and domestic institutional investors, disclosure in English of IR documents, and providing opportunities for communications with our top management Proactive information disclosure via SNS, etc. Development of HR to promote DX 	(4) Rebuilding Our Platform (5) Reinforcing Stakeholder Engagement	<ul style="list-style-type: none"> ROIC: 4.0% or more CCC: 75 days Future HR to promote DX: Training of 100 staff members Cost reduction due to digitalization: 130 million yen / year 	

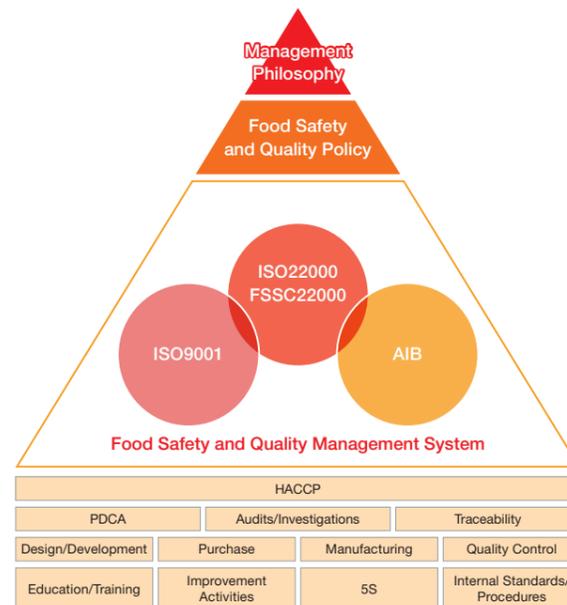
Ensuring Safe, Reliable, and Stable Supplies

Strengthening Food Safety and Quality Management System

Our Group establishes its “3 Principles of Safety and Reliability” and employs its own “Food Safety and Quality Management System (FSQMS)” to ensure performance of them. With HACCP*1 as its pillar, this system takes into account features from ISO22000*2, FSSC22000*3, ISO9001*4, and the AIB Food Safety System*5, and is uniquely reorganized by our Group for efficient use. The principles of this FSQMS are applied to Group companies, and through internal audits, lecture sessions, precision management and quality control technology training, we are raising the baseline of the supply chain, including all Group companies and even Group delivery companies, as we intend to maintain and improve permeation and influence of the principles.

Additionally, for the lecture sessions and training sessions, we take measures, such as using remote access, web access, and recorded video, to provide the opportunity to take the session regardless of time, place, or number of people.

Furthermore, we are forming a foreign law and regulation audit system to expand business abroad, and are strengthening quality control systems for agribusiness, frozen food and cosmetic materials to expand into new businesses.



*1 HACCP (Hazard Analysis Critical Control Point): In this system, critical control points are established for all processes from arrival of raw materials to manufacture and delivery, and are continuously monitored in order to prevent delivery of products hazardous to humans.

*2 ISO22000: International specifications for food safety management systems intended for production, delivery and sales of safe food

*3 FSSC22000 (Food Safety System Certification 22000): International specifications for food safety systems that clarifies which items should be maintained in order to guarantee food safety, based on ISO22000.

*4 ISO9001: International specifications for quality management systems

*5 AIB (American Institute of Baking) Food Safety System: Framework for external auditors to perform on-site audits at plants in accordance with the “AIB Consolidated Standards for Food Safety,” which places emphasis on GMP (Good Manufacturing Practice), a guideline for manufacturing safe food. It includes ideas about food defense, and the following five items are inspected in the audit: Operational methods and personnel practices, Maintenance for food safety, Cleaning practices, Integrated pest management, and Adequacy of prerequisite and food safety programs.

3 Principles of Safety and Reliability

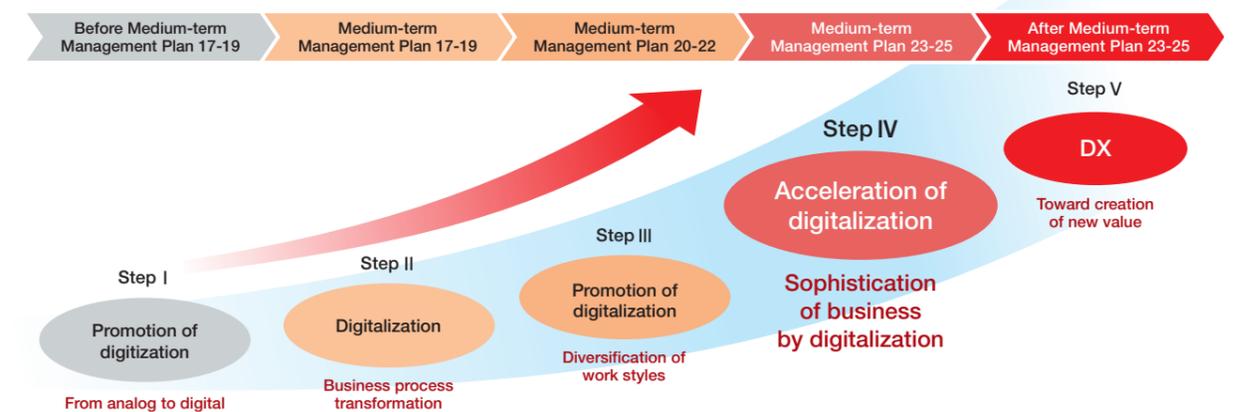
Based on the ideas in the “3 Principles of Safety and Reliability,” our Group engages in revisions of all standards in the processes from the stage of procurement of raw materials to delivery, and activities to improve the level of the manufacturing environment.

3 Principles of Safety and Reliability

Principle 1. Raw material procurement stage Do not bring in problematic materials	Principle 2. Plant manufacturing stage Do not make problematic products	Principle 3. Delivery stage Do not deliver problematic products
<ul style="list-style-type: none"> Supplier management <ul style="list-style-type: none"> On-site audits of main raw materials Plant audits of secondary raw materials Plant audits of packaging materials Precision audits of quality assurance certificate Quality investigation of received raw materials Introduction of food defense facilities Health and productivity management of employees <ul style="list-style-type: none"> Response to food poisoning and infections 	<ul style="list-style-type: none"> Risk assessment of new product development Strengthen traceability system FSQMS investigation activities <ul style="list-style-type: none"> Audit activities of own plants Patrol activities of Group companies Education of quality managers <ul style="list-style-type: none"> Analysis technology (precision management) Sensory evaluation (taste/smell tests) Training at Group companies 	<ul style="list-style-type: none"> Audit of our own warehouses Surveys/instruction for logistics storage warehouses Contamination prevention during loading and at the time of delivering at the destination Shutting and locking trucks Education of workers such as drivers Sanitation/Quality improvement activities at foreign production bases

Promoting Digitalization

In order to achieve “creation of new value using DX,” the Showa Sangyo Group promotes the optimization and advancement of business duties using digital technologies, and the development of human capital who promote DX in our “Medium-term Management Plan 23-25.”

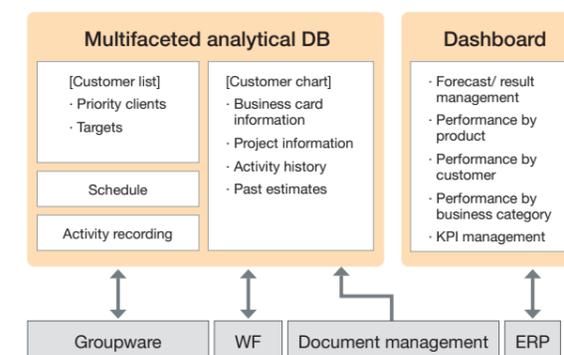


KPI and Targets

KPI	Medium-term Management Plan Target
Promoting digitalization	<ul style="list-style-type: none"> Digitalization promotion costs: 4.5 billion yen over 3 years (1.2 billion yen for growth investment)
Main measures 1 Introduction of multifaceted analytical DB and Dashboard	<ul style="list-style-type: none"> Sales transformation through effective use of customer information (customer analysis → sufficient customer proposals) Cost reduction: 60 million yen per year
Main measures 2 Development of HR to promote DX	<ul style="list-style-type: none"> Future HR to promote DX: training of 100 staff members Cost reduction by deploying “No-code development tools”: 70 million yen per year

Introduction of Multifaceted Analytical DB and Dashboard

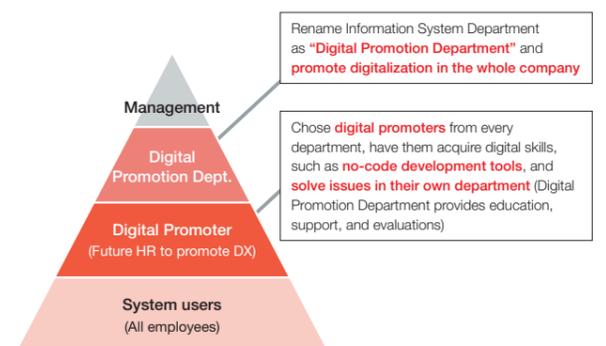
We are building a database for centralized management of customer information in order to provide digital support for our reform into a “one-stop” sales organization. In conjunction with that, we are introducing a dashboard for effective use of all information.



Development of HR to Promote DX

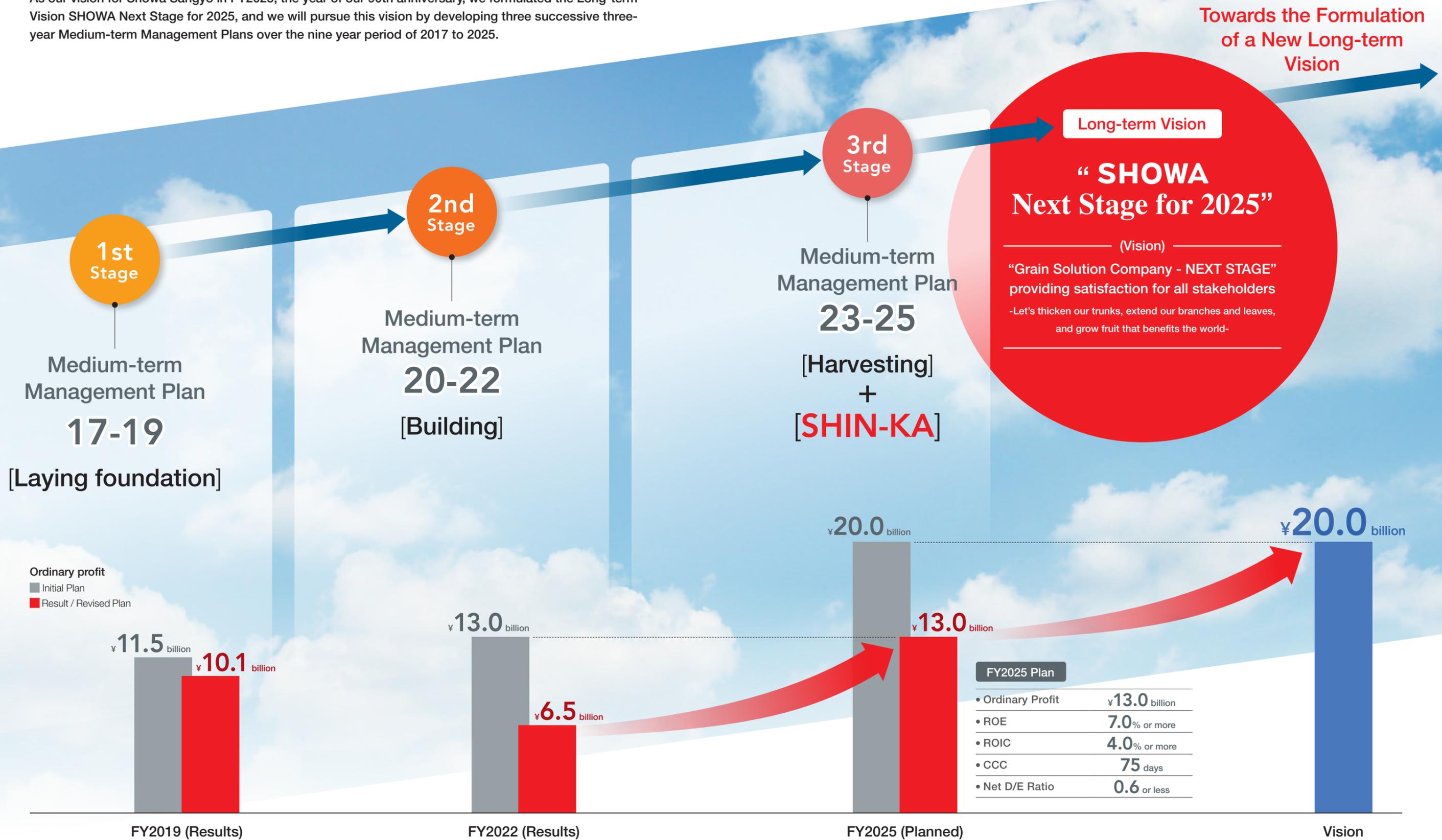
We design our human resource training program for the roles in digital promotion.

We foster practical digital skills, such as with no-code development tools, in members specifically chosen as future DX human resource candidates so they can digitally solve issues in their own departments.



Roadmap to Realization of Long-term Vision

As our vision for Showa Sangyo in FY2025, the year of our 90th anniversary, we formulated the Long-term Vision SHOWA Next Stage for 2025, and we will pursue this vision by developing three successive three-year Medium-term Management Plans over the nine year period of 2017 to 2025.



Review of Long-term Vision "SHOWA Next Stage for 2025"

Here, we review the key strategies and outcomes of the 1st Stage and 2nd Stage Medium-term Management Plans in the Long-term Vision.

Long-term Vision "SHOWA Next Stage for 2025"

1st Stage
of the Long-term Vision

Medium-term Management Plan **17-19**

Basic Policy

1st Stage Medium-term Management Plan

"Foundation stage to pursue our Long-term Vision"
-Establishing a stable profit base and preparing for further growth-

	Targets	Results	Evaluation
Net sales	¥260.0 billion	¥254.0 billion	○
Ordinary profit	¥11.5 billion	¥10.1 billion	△
ROE	9.0% or more	8.0%	△
Equity ratio	50.0% or more	49.2%	○

Major KPIs

2nd Stage
of the Long-term Vision

Medium-term Management Plan **20-22**

Basic Policy

2nd Stage Medium-term Management Plan

[Building]
"SHOWA New Value Creation"
-What is the value only Showa can create?-

	Targets	Results	Evaluation
Net sales	¥280.0 billion	¥335.0 billion	○
Ordinary profit	¥13.0 billion	¥6.5 billion	×
ROE	9.0% or more	7.1%	△
Dividend payout ratio	Approx. 30%	27.9%	○

Major KPIs

Key Strategies and Outcomes

Despite record-high ordinary profit, we fell short of our targets due to the impact of higher logistics, labor, energy, and other costs.

Key Strategy	Evaluation	Major Outcomes	Issues
(1) Strengthening Our Core Businesses	◎	<ul style="list-style-type: none"> Establishing an integrated production system for the convenience store bread business Strengthening our production capacity (Soy Protein / Starch Syrup) 	<ul style="list-style-type: none"> Exploring synergies between our businesses Strengthening development of high value-added products
(2) Expansion of Our Business Fields	△	<ul style="list-style-type: none"> Taiwan: Launch of new Flour Milling and Eggs businesses Establishment of Showa Sangyo International Vietnam Co., Ltd. 	<ul style="list-style-type: none"> Expansion of businesses in current overseas business areas Cultivation of the next growth business
(3) Contribute to Solving Social Issues	○	<ul style="list-style-type: none"> Reduction of CO₂ emissions through introduction of gas cogeneration systems Development of garbage bags made from biomass 	<ul style="list-style-type: none"> Contribution to a sustainable society Strengthening non-financial strategies that contribute to our corporate value
(4) Rebuilding Our Platform	○	<ul style="list-style-type: none"> Building a business strategy promotion system Establishing a Remuneration Advisory Committee and Management Advisory Committee 	<ul style="list-style-type: none"> Advancing of our business portfolio management system Strengthening Group management
(5) Reinforcing Stakeholder Engagement	○	<ul style="list-style-type: none"> Strengthening the posting of information on the corporate website Strengthening IR for individual investors 	<ul style="list-style-type: none"> Strengthening dialog with our stakeholders Strengthening external communication

Key Strategies and Outcomes

We faced a severe business environment due to the COVID-19 pandemic, a sharp rise in the raw grain prices, and soaring import and energy costs. Though net sales exceeded the plan thanks to a focus on appropriate price revisions, ordinary profit and ROE did not reach their targets.

Key Strategy	Evaluation	Major Outcomes	Issues
(1) Strengthening Our Core Businesses	○	<ul style="list-style-type: none"> Acquisition of San-ei Surochemical as a subsidiary Sales integration with Naigai Flour Milling Revision of the Baking Bread Business profit structure Start of operations at Funabashi Premix No.2 Plant 	<ul style="list-style-type: none"> Transformation to a "one-stop" sales organization Strengthening the development/sale of value-added products
(2) Expansion of Our Business Fields	△	<ul style="list-style-type: none"> Acquisition of Boso oil and fat Co., Ltd. as a subsidiary Taiwan: Conversion of Flour Milling and Eggs businesses to equity method affiliates Entering the agribusiness industry Strengthening the development/sale of plant-based foods 	<ul style="list-style-type: none"> Expansion of overseas business and strengthening of exports Expansion of frozen food business Challenge to new businesses
(3) Contribute to Solving Social Issues	○	<ul style="list-style-type: none"> Disabled employment: Achievement of the statutory employment rate Discontinued use of coal at Kashima Plant's cogeneration facilities TCFD Endorsement and Disclosures (Starches and Sweeteners Business) Achievement of target of "more than doubling the proportion of women in management positions" Setting new Group Environmental Targets 	<ul style="list-style-type: none"> Continuous efforts to achieve our environmental goals Promotion of D&I
(4) Rebuilding Our Platform	○	<ul style="list-style-type: none"> Introduction of the new personnel framework Strengthening solution-based sales by establishing the Solution Sales Department Introduction of "Zero Trust" security system 	<ul style="list-style-type: none"> Advancing our business portfolio management Leveraging our intangible assets
(5) Reinforcing Stakeholder Engagement	○	<ul style="list-style-type: none"> Issuing Integrated Reports Listing on the Prime Market Strengthening external communication abilities by opening official social media accounts 	<ul style="list-style-type: none"> Strengthening proactive communication and dialog



Medium-term Management Plan 23-25

The Showa Sangyo Group has formulated a medium-term management plan for the period from FY2023 to FY2025 as the final stage of SHOWA Next Stage for 2025, the Long-term Vision.

Basic Concept

Showa Sangyo, which will celebrate its 90th anniversary in FY2025, fulfills a social mission to provide stable supplies of safe and secure food while continuing to grow toward realization of the Group's vision.

Having made our "SHIN-KA" declaration, we will evolve our grain solutions as Professionals in Grains and pursue the intrinsic value of ingredients, while being committed to deepening sustainability management through initiatives aimed at contributing to people's health and reducing burden on the environment.

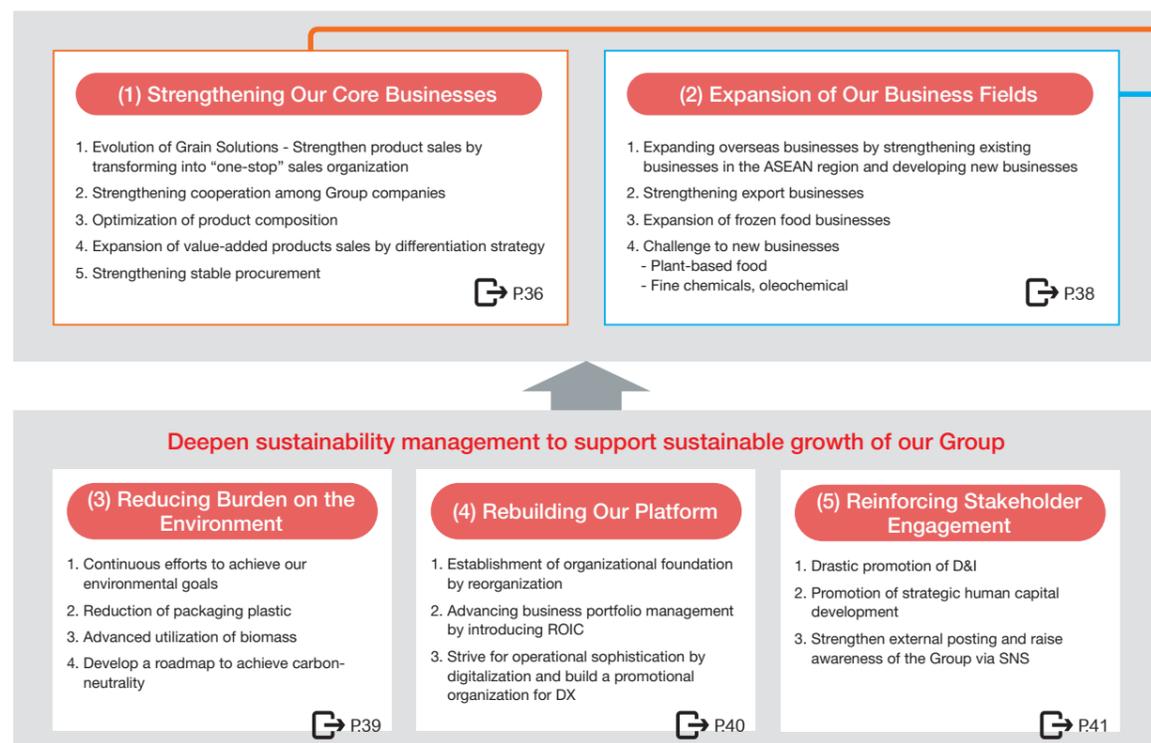
SHOWA's declaration:

"SHIN-KA"



Five Key Strategies

We will implement two business strategies, "strengthening our core businesses" and "expansion of our business fields." At the same time, we will also focus on "reducing burden on the environment," "rebuilding our platform," and "reinforcing stakeholder engagement," which will support our business strategies from the perspective of enhancing our sustainability management capabilities. These five key strategies are also linked to our materialities. [See page 26 for details.](#)



Financial KPIs and Quantitative Effects of Priority Measures

Under Medium-term Management Plan 23-25, we have introduced ROIC as a new management indicator, as we are working to advance business portfolio management by developing business evaluation and rules for allocating management resources. In addition, focusing on the KPIs that make up ROIC, including cash conversion cycles (CCCs), will increase corporate value.

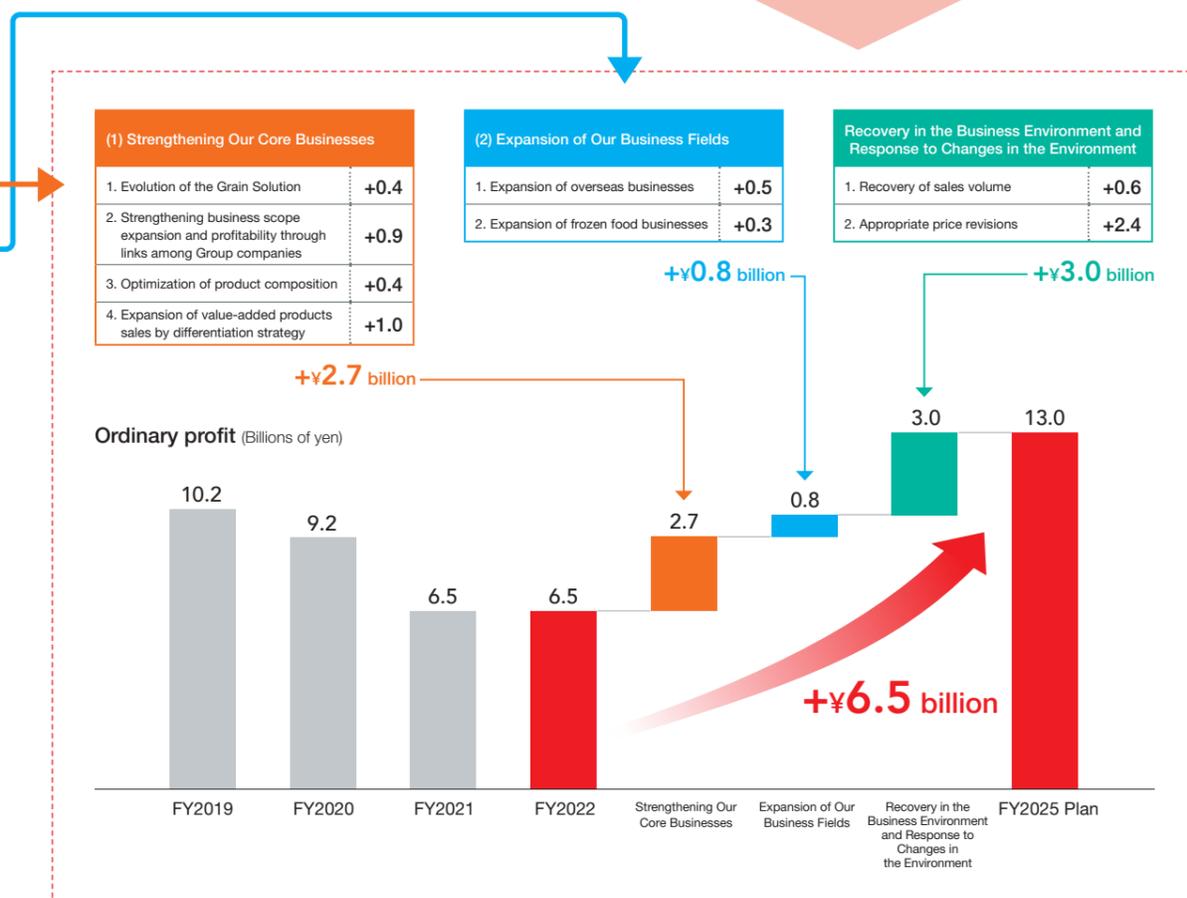
We also aim to generate profit of ¥6.5 billion by steadily implementing each of the measures.

	FY2021 Results	FY2022 Results	FY2025 Plan	Compared to FY2022
Ordinary Profit (Billions of yen)	6.5	6.5	13.0	200%
ROE (%)	3.9	7.1*1	7.0 or more	—
ROIC*2 (%)	2.6	1.8	4.0 or more	2.2 percentage point increase
CCC (day)	78	91	75	16 days shorter
NET D/E Ratio	0.4	0.5	0.6 or less	—

*1 Approximately ¥5.2 billion in gain on sale of non-current assets (extraordinary income) was generated in FY2022 due to the sale of the Shosan Ageo Building.

*2 Definition of ROIC (Return on Invested Capital)

ROIC = Operating profit after tax ÷ Invested capital (Net interest-bearing debt + Shareholders' equity)
Operating profit after tax is calculated with income taxes as 30% of operating profit.



Key Strategy (1) | Strengthening Our Core Businesses

We will work on five priority measures in “strengthening our core business.”

Measures for Key Strategy (1)

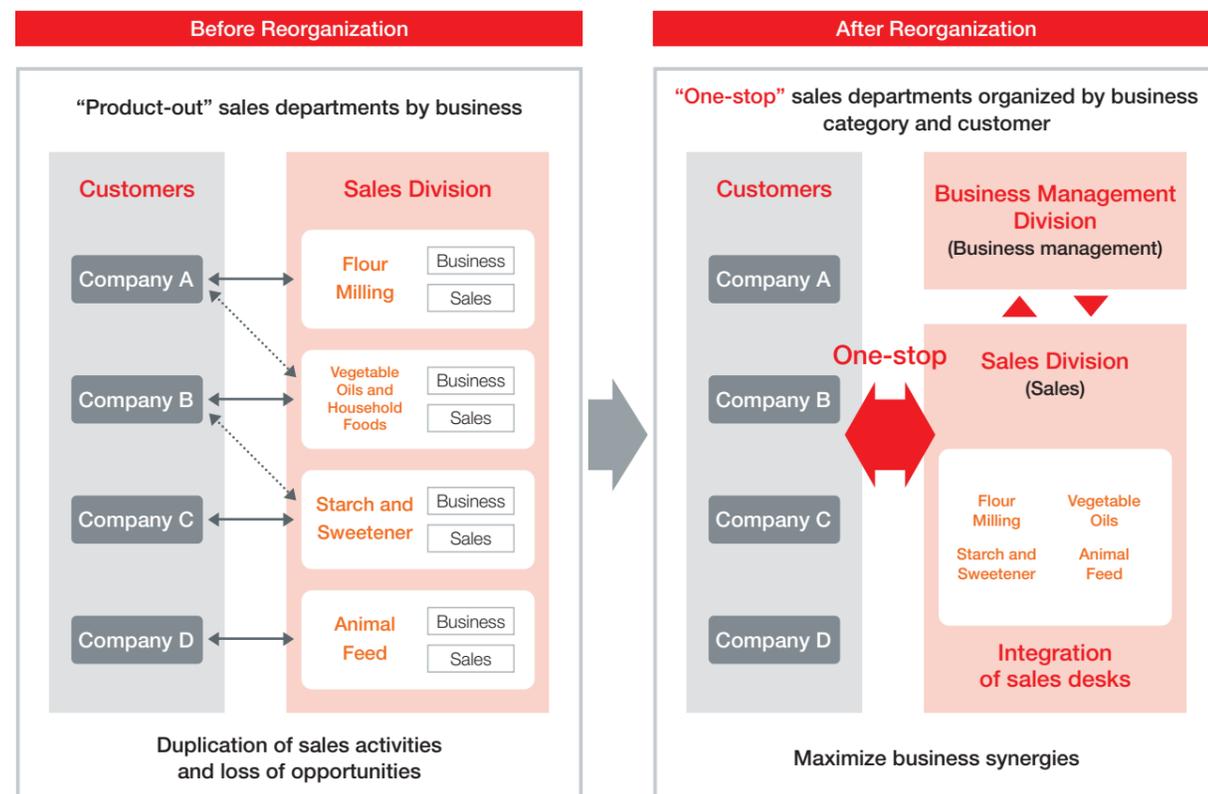
1. Evolution of Grain Solutions
- Strengthen product sales by transforming into “one-stop” sales models
2. Strengthening cooperation among Group companies
3. Optimization of product composition
4. Expansion of value-added products sales by differentiation strategy
5. Strengthening stable procurement

1. Evolution of Grain Solutions - Strengthen product sales by transforming into “one-stop” sales models

In order to further evolve as a Grain Solution Company, we will implement the first radical reorganization of our sales departments since our foundation.

The “product-out” sales departments for each business before the reorganization sometimes resulted in duplication of sales activities and loss of opportunities. Going forward, however, we will evolve our sales departments into units with specialized sales functions that respond to customer needs as a “one-stop shop,” and integrate our sales desks for each business category. By doing this, we can maximally leverage our diverse business portfolio, which is one of our strengths, thereby adopting a market-oriented posture that provides customers with the best solutions.

Diagram of Sales Department Reorganization



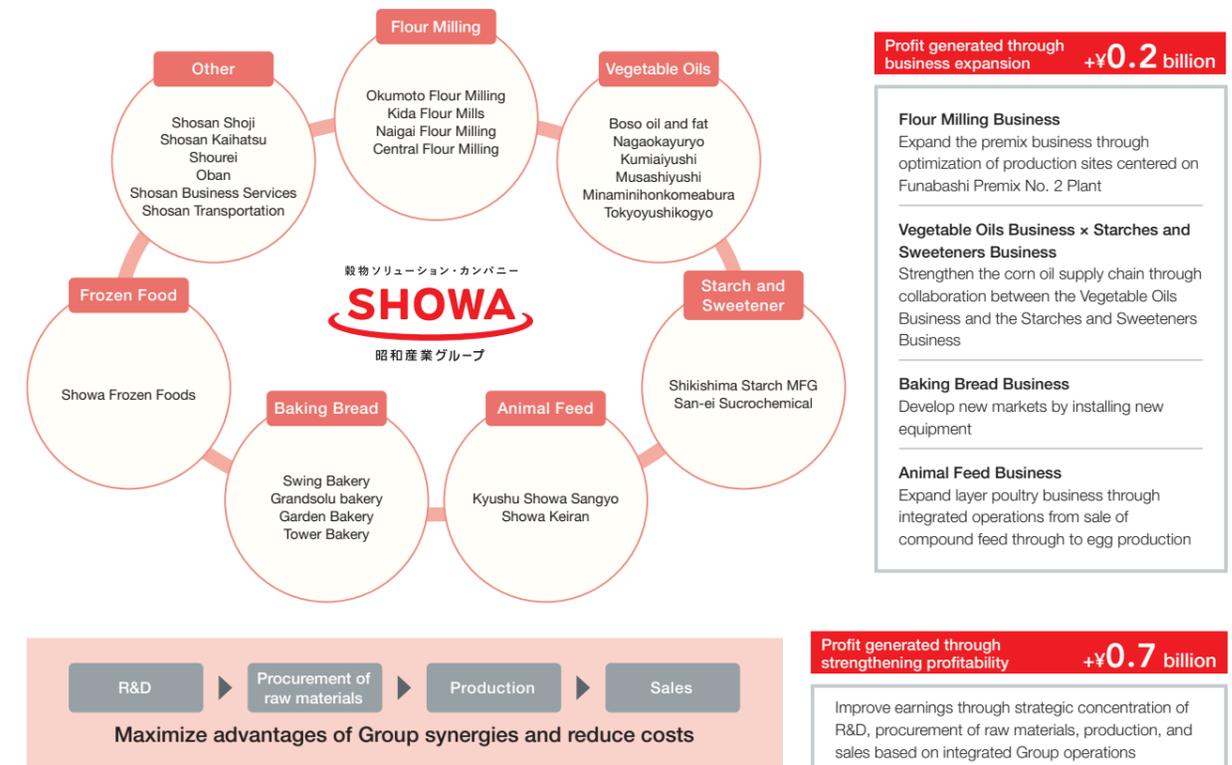
We will make the Business Management Division independent of the Sales Division, promote integrated Group management centered on business, and strengthen business portfolio management.

See page 42 for details.

2. Strengthening Cooperation Among Group Companies

By integrating the operations of Group companies along business lines, we will maximize the advantages of Group synergies, thereby improving earnings through strategic concentration of R&D, procurement of raw materials, production, and sales.

Strengthening Cooperation Among Group Companies



3. Optimization of Product Composition

As a high percentage of the products handled by the Group are commodities, the time required for appropriate price revisions in response to rising costs is an issue. Under Medium-term Management Plan 23 - 25, we will shift to an earnings structure that is impacted less by changes in the business environment by strengthening sales of our unique products and optimizing product composition.

4. Expansion of Value-added Products Sales by Differentiation Strategy

We will shift to an earnings structure that is impacted less by changes in the business environment by developing value-added products based on the Group's unique materials and technology and strengthening sales.

5. Strengthening Stable Procurement

We will further strengthen stable procurement and cost control for raw grain and the energy required for processing it in order to maintain stable supply of food, which is the social mission of the Group.

Stable Procurement Measures

Raw grain: We will aim to reduce procurement risk by diversifying the regions where we procure grains.

Energy: The newly established Technical Planning Department will be the organization that formulates energy procurement policy and controls costs for the Group as a whole, including Group companies.

Key Strategy (2) | Expansion of Our Business Fields

For the Showa Sangyo Group to maintain growth despite the decline in the Japanese population, in addition to “Strengthening Our Core Business,” initiatives aimed at “Expansion of Our Business Fields” are essential to establish a foundation for new earnings.

Measures for Key Strategy (2)

1. Expanding overseas businesses by strengthening existing businesses in the ASEAN region and developing new businesses
2. Strengthening export businesses
3. Expansion of frozen food businesses
4. Challenge to new businesses
 - Plant-based food
 - Fine chemicals, oleochemical

1. Expanding Overseas Businesses by Strengthening Existing Businesses in the ASEAN Region and Developing New Businesses

As demand in the Japanese market contracts, we will actively strengthen overseas businesses from the perspective of capturing growth overseas and diversifying the risk of fluctuation in earnings.

In addition to strengthening business in China, Taiwan, and Vietnam, where we have already expanded, we are working to expand our comprehensive foods business across regional borders by engaging in M&A and pursuing capital and business alliance agreements with overseas partners based on two basic policies: “(1) Expansion of Our Business Fields” and “(2) Achieving High Added Value by Expanding the Value Chain.” In this way, we aim to “Take the SHOWA Business Model Overseas.”

2. Strengthening Export Businesses

We will centralize export operations in the Overseas Business Development & Sales Department and aim to increase sales volume and increase earnings by expanding the number of export destinations and products. We will capture further demand in the ASEAN region, which is currently our main export destination, and expand sales in North America and Europe.

3. Expansion of Frozen Food Businesses

In addition to strengthening our existing business, which revolves around Showa Frozen Foods’ processed wheat products such as their mainstay takoyaki, wontons, and petit cakes, we will expand into new fields where we can generate Group synergies, such as premixes and plant-based foods through M&A and capital and business alliances, including overseas.

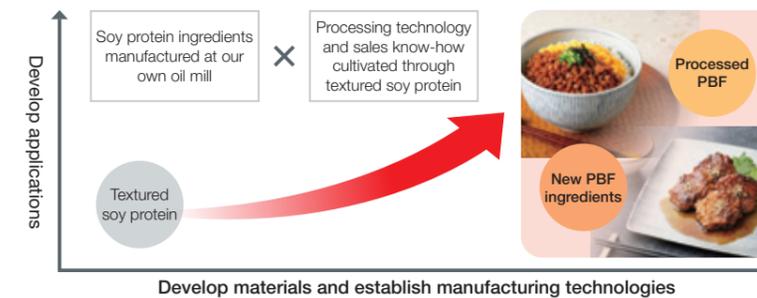
4. Challenge to New Businesses

In the plant-based food (PBF) business, where demand is growing in Japan and overseas, we will work to commercialize new PBF ingredients as well as developing processed foods based on our existing textured soy protein. Moreover, we will work to strengthen our fine chemicals business, which is focused on the fields of health food and cosmetics, as well as promoting our oleochemical business, which utilizes by-products produced in the cooking oil manufacturing process.

Areas Where We Challenge to Expand Our Business Fields

(1) Plant-based food (PBF) business

Accurately capture growing demand in Japan and overseas by developing new ingredients and applications for plant-based food (PBF), which has been drawing attention recently due to rising awareness of the environment and health



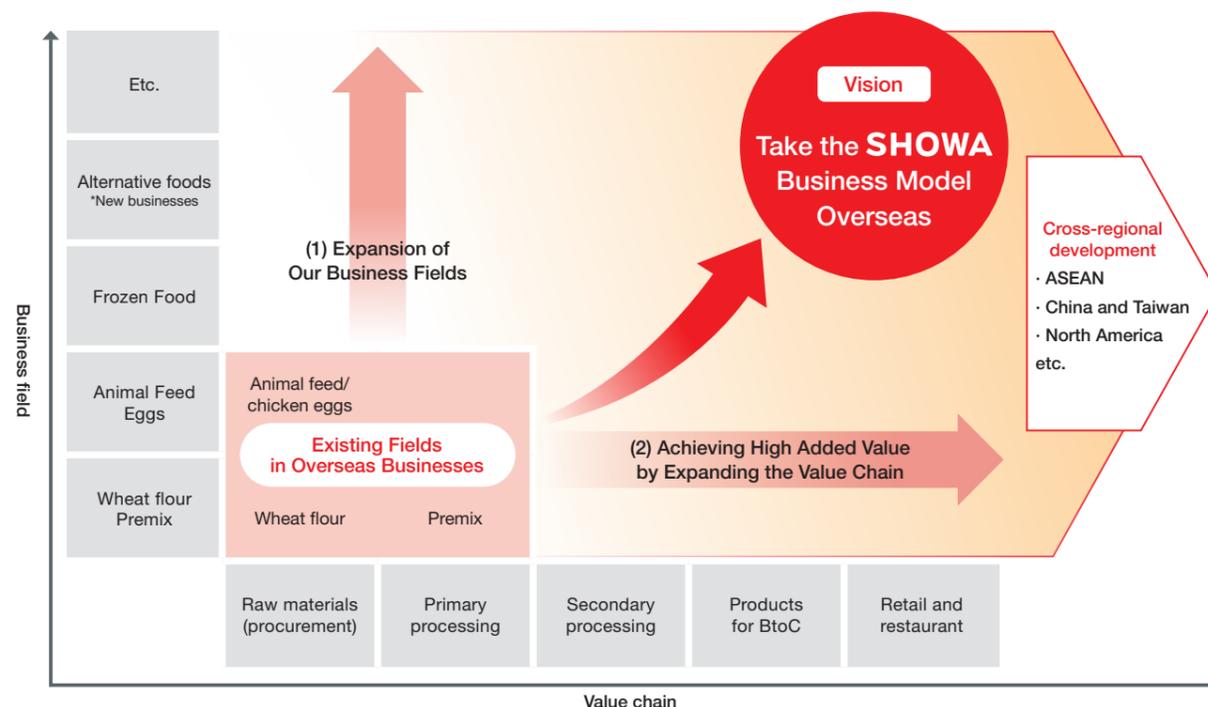
(2) Fine chemicals business

Strengthen health food area and cosmetics area through development of functional materials derived from rice, soybeans, and sunflowers

(3) Oleochemical business

Promote the oleochemical business which utilizes the by-products generated in the manufacturing process for rice bran oil and sunflower oil

Diagram of Measures for Expansion of Overseas Businesses



Key Strategy (3) | Reducing Burden on the Environment

The deterioration of the global environment poses a major risk to the Group’s procurement of grains, our main raw material, and reducing burden on the environment is one of the Group’s materialities. In order to ensure the achievement of the Showa Sangyo Group Environment Targets, we have set target values for FY2025, the final year of Medium-term Management Plan 23-25.

Furthermore, we added a new target for reducing plastic usage as our fourth environmental target to accelerate our environmental initiatives.

See page 58 for details.

Environmental Targets	Medium-term Management Plan Targets	Showa Sangyo Group Environment Targets
Reduction of CO ₂ emissions	2025 Targets -30% or more (Compared to FY2013)	2030 Targets -46% or more
Reduction of food loss	2025 Targets -30% or more (Compared to FY2018)	2025 Targets -30% or more
Reduction of water usage (basic unit)	2025 Targets -9% or more (Compared to FY2019)	2030 Targets -12% or more
NEW Reduction of plastic usage* (basic unit)	2025 Targets -7% or more (Compared to FY2013)	2030 Targets -25% or more

*Single-use plastic used in petroleum-derived container and packaging materials

Key Strategy (4) | Rebuilding Our Platform

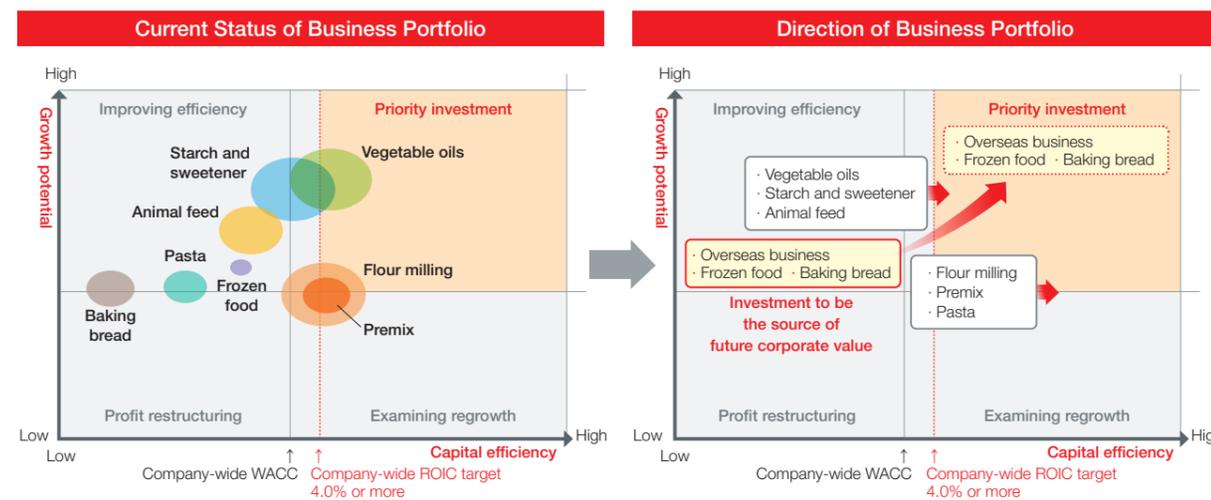
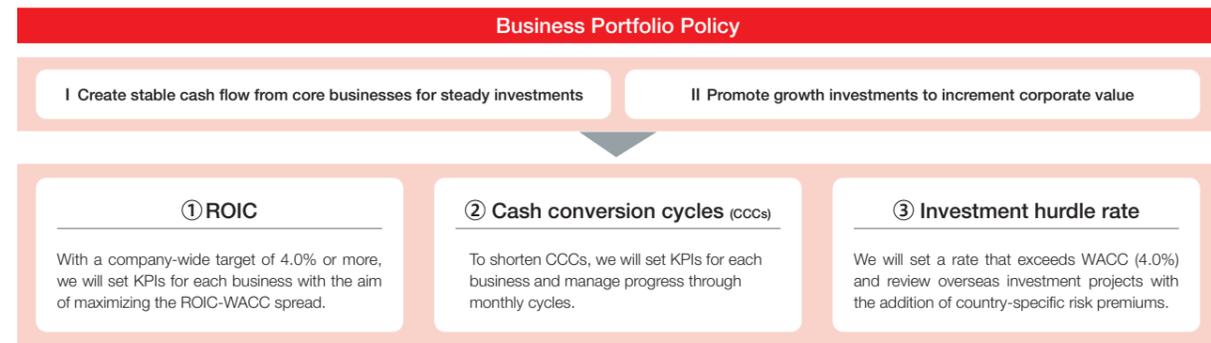
We will steadily implement our business strategy and focus on “rebuilding our platform” in order to support the sustainable growth of the Group.

Measures for Key Strategy (4)

- 1. Advancing business portfolio management by introducing ROIC
- 2. Promoting human capital management
- 3. Promoting digital strategies
- 4. Promoting RD&E* strategy

*Research, Development and Engineering

Diagram of Advancing Business Portfolio Management



[Definitions] Capital efficiency (X): Average ROIC for the last 3 FY
 Growth potential (Y): Average net sales growth rate for the last 3 FY
 Bubble size: Invested capital in the most recent FY

1. Advancing Business Portfolio Management by Introducing ROIC

We will work to continuously increase corporate value by improving capital efficiency using ROIC as an indicator for business evaluation. By creating stable cash flow from core businesses for steady investments and promoting growth investments with a focus on the overseas businesses, the frozen food business, and the Baking Bread Business that will serve as the foundation of future earnings, we will shift our business portfolio towards an earnings structure that is less affected by changes in the external environment.

2. Promoting Human Capital Management

We consider human resources to be the most important management capital for supporting the Group's sustainable growth. We will continuously make strategic investments in human resources and activate human resources to the maximum degree for our sustainable growth and employees' well-being

See page 60 for details.

3. Promoting Digital Strategies

We will move forward with the digitalization of our operations to promote digitalization in addition to training human resources for DX to create new value through digital transformation and working to solve issues at each site using digital strategies.

See page 29 for details.

4. Promoting RD&E Strategy

We will integrate the Research and Development Division and the Production Technology Division through the reorganization of the Technical Division to enhance product development in line with our business strategies. In addition, based on the new organizational structure, we will steadily implement our key strategies from a technical perspective by promoting research and development of value-added products and establishing production technology in new business fields in cooperation with business divisions.

See page 46 for details.

Category	Medium-term Management Plan Targets
Human Capital Management	
Drastic promotion of D&I	• Proportion of women in management positions: Above 10% in FY2025
Strategic investment in human capital	• Investment in Reskilling: More than double in FY2025 (vs. FY2021)
Improvement of employee engagement	• Engagement Score: Target score to be announced during the term of the Medium-term Management Plan 23-25
Digital Strategies	
Promoting digitalization	• Digitalization promotion costs: 4.5 billion yen over 3 years (1.2 billion yen for growth investment)
Main measures ① Introduction of multifaceted analytical DB and Dashboard	• Sales transformation through effective use of customer information • Cost reduction: 60 million yen per year
Main measures ② Development of HR to promote DX	• Future HR to promote DX: Training of 100 staff members • Cost reduction by deploying “No-code development tools”: 70 million yen per year
RD&E Strategy	
Expansion of Our Business Fields	• Strengthen R&D in frozen food businesses and new business fields • Improve production technology of overseas production bases
Utilization of IT/AI technology	• Promotion of smart factories utilizing digital technologies
Reduction of costs through production improvement activities	• Cost reduction: More than ¥1 billion / over 3 years in total

Key Strategy (5) | Reinforcing Stakeholder Engagement

We strive for improvement in trust through timely, relevant information disclosure and promotion of dialogue with all of our stakeholders. Furthermore, we will foster bidirectional communication and learn the expectations and worries of stakeholders and society, as we move forward with initiatives that fulfill our social responsibility.

See page 62 for details.



Sales Strategy (Message from Manager of Business Management & Sales Division)



Junji Kokuryo
 Director Senior Managing Officer
 In charge of Business
 Management & Sales Division

Five Key Strategies in Medium-term Management Plan 23-25



Three Years of Refining Our Value in a Challenging Business Environment

The three-year period of Medium-term Management Plan 20-22 saw an extremely harsh business environment due to the COVID-19 pandemic, the increasingly tense situation between Russia and Ukraine, sharp rises in raw grain and energy prices, and the rapid depreciation of the yen against the dollar.

We struggled to sell our commodity products, which are particularly susceptible to changes in the environment, at reasonable prices. On the other hand, however, we fully identified the changes in the market that came with the changes in the environment and focused on proposing value commensurate with prices. As a result, we were able to meet the expectations of customers.

The period can be described as three years of building up our strength during which each and every employee has become aware of and further refined the value of the "Compounded Synergy Solution" which is our strength, while learning from issues related to the earnings structure.

Mindset Transformation Creates a Running Start for Reorganization

The Showa Sangyo Group is a unique manufacturer handling a broad range of raw materials centered on wheat, soybeans, canola, corn, and other grains. Our strength lies in the ability to propose new value by combining these raw materials.

Therefore, it is important for the Business Management & Sales Division to focus on proposing new value without being restricted by business domains based on a market-in approach with the concept of being a producer that solves the issues of customers.

The Solution Sales Department, which was newly established in April 2021, is an organization designed to apply

this concept in both tangible and intangible terms. Primarily responsible for sales and proposals directed at restaurants, the Solution Sales Department provides solutions that range from developing menus to improving operational efficiency.

In October 2021, the back office operations that were scattered across various sales departments were centralized and integrated in order to reform the functions of the Sales Division. By standardizing rules and operations that were previously different for each business, we have eliminated overburdening, waste, and overdependence on specific employees. By doing this, we have made progress in making operations efficient by digitalizing tasks that have been standardized, such as the sending of invoices, for example.

The result of these changes has activated our organization. There have been more proposals based on frontline ideas and business improvements throughout the organization than ever before, and our organization was revitalized even more.

This transformation of mindset was precisely the final piece of reorganization that was needed. In April 2023, we decided to transform the sales departments from product-out sales departments for each business into one-stop sales models organized by business category and customer in order to embed this new way of thinking, elevate the substance of the transformation into a habit, and to give it scope in the form of organizational capability.

First Radical Reorganization Since Being Founded

The aim of the reorganization is evolution into an organizational structure with a market-in focus that combines various assets to provide optimal solutions for each customer by making the most of the diverse business portfolio which is the Group's strength.

Therefore, we restructured our organization into sales departments organized by business category and customer. On top of this, we provided education and training for sales staff before the reorganization to enable them to acquire knowledge of products in categories they have not previously handled, and we will continue expanding our training programs to improve the expertise of sales staff in all categories.

In addition, organizations related to sales activities, such as marketing organizations, were also consolidated from each business to ensure evolution into organizations that accommodate all channels, as well as supporting proposals with an awareness of the consumer perspective (BtoBtoC) beyond the customer's business category.

By doing this, we will provide proposals that include the Animal Feed Business centered on eggs in addition to food ingredients such as flour, oil, starch and sweetener with the aim of establishing a unique, highly-competitive business model as a Grain Solution Company that can help to solve all kinds of issues related to food, such as improving texture and flavor, improving production processes, and creating new food trends.

Advancing the Business Portfolio and Cross-business Synergies

Under Medium-term Management Plan 23-25, we will advance business portfolio management with the introduction of ROIC and other measures. We will also work to increase earnings through integrated operations of Group companies in each business through maximizing the advantages of Group synergies and strategic centralization of R&D, procurement of raw materials, production, and sales.

We also consider it is important to create cross-business synergies that optimize the business portfolio and maximize value creation. For example, when we welcomed Boso oil and fat and San-ei Sucrochemical into the Group in 2020, we strengthened the corn oil supply chain through cross-business synergies in the Vegetable Oils and Starches and Sweeteners businesses. The capital and business alliance with Tsuji Oil Mills in May 2023 made it possible to further strengthen competitiveness and expand the scale of operations with the aim of taking the initiative in the corn oil business.

Expanding Frozen Food Businesses and Strengthening Overseas Businesses

Due to demographic trends in Japan and the impact of the COVID-19 pandemic, the trend toward "time saving, convenience, and instant food" is not considered to be temporary, and we believe demand for frozen food will remain strong in the future.

In addition to increasing the production capacity of our existing business, which revolves around processed wheat products which are the mainstay products at Group company Showa Frozen Foods, we will expand into new fields where we can generate Group synergies, such as premix-based processed products and plant-based foods with an eye also on M&A and capital and business alliances.

On the theme of overseas businesses, we will strengthen businesses in China, Taiwan, and Vietnam, where we have already expanded, in addition to aiming for cross-regional expansion of business leveraging our strengths, with "Expansion of Our Business Fields" and "Achieving High Added Value by Expanding the Value Chain" as our two basic policies. Moreover, with the reorganization, we will enhance collaboration by centralizing product exports for each business in the organization that handles overseas business and actively propose Japanese food menus, such as tempura, to increase sales.

Promoting Digital Transformation (DX) Strategies in Business Management and Sales Fields

With the acceleration of initiatives on digital measures triggered by the COVID-19 pandemic, we have made progress in turning customer information and marketing knowledge into assets in the business management and sales fields.

More recently, we have been moving forward with DX in conjunction with business reforms by further promoting paperless operations in addition to introducing hot desking at the headquarters offices of the Business Management & Sales Division.

Going forward, we hope to meet the challenge of DX through a variety of approaches including the use of no-code tools in order to realize business reform without being constrained by conventional ways of thinking and the development of a data platform that enables matrix analysis of business management (vertical) and sales (horizontal).

Financial Strategy (Message from Manager of Corporate Division)



Yoshihiro Hosoi
 Director Managing Officer
 In charge of Corporate Division,
 General Manager of Planning
 Management Dept.

About the Corporate Division

I have been in charge of the Corporate Division since April 2023. I believe the mission of the Corporate Division is “keeping up with the times (constantly updating to the latest information in specialized fields), being accurate (ensuring tasks are implemented correctly), and being efficient (achieving in a shorter period of time with fewer people).”

We also drive initiatives to reinforce governance functions, develop a working environment in which employees can reach their full potential, and strengthen Group-wide corporate functions to steadily implement SHIN-KA, the basic concept of Medium-term Management Plan 23-25.

Financial Results for the Fiscal Year Ended March 31, 2023

The fiscal year ended March 31, 2023 was a year when business results were difficult to predict due to raw grain prices which surged from the second half of the previous fiscal year and the impact of US dollar/yen exchange rate among other factors. At the same time, operating cash flow deteriorated as rising manufacturing costs led to increases in inventories and accounts receivable, and free cash flow was negative despite the sale of owned assets. The associated increase in interest-bearing debt made it a challenging year on the financial front with deterioration in the D/E ratio and CCC*.

*CCC: Cash conversion cycles

Financial Strategy under the Medium-term Management Plan (Outlook for Future Fund Procurement)

The ratio of short-term funds has become relatively higher due to the issuance of commercial paper to support the increase in short-term working capital resulting from persistently high raw grain prices and energy costs since FY2022, the depreciation of the yen, and other factors.

In addition, we were initially planning repayment using funds on hand for the ¥7.0 billion bond redemption in March 2026, but we are now planning to combine this with refinancing as well.

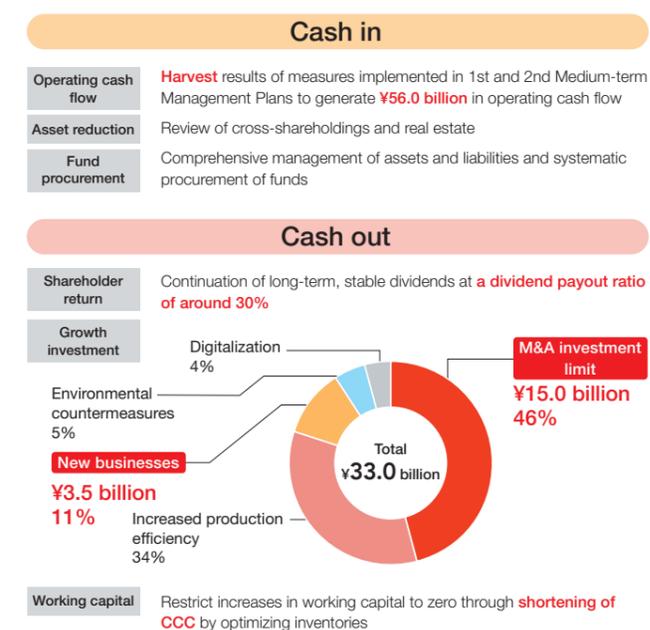
We will continue to closely watch interest rate trends and procure funds with the most advantageous terms and conditions for the Group, while appropriately incorporating direct financing, such as bonds and commercial paper. At the same time, we are conscious of maintaining an appropriate balance between long-term and short-term funds.

When considering procurement of long-term funds, we will actively look into SDGs bonds and other methods to fulfil the Group’s social responsibilities and promote initiatives that contribute to the sustainable development of society.

Business Investment Plan

The core of our business investment will naturally be investment in equipment for flour milling, vegetable oils, and starches and sweeteners in the foods segment, which is the Group’s main product group. However, we envisage consumption volume for the Group’s main products will experience a long-term downward trend due to the decline in the Japanese population, so it is also important to allocate funds to expanding our business fields, including M&A and overseas expansion.

Fund Allocation Plan [Total for Three Years] (FY2023 to FY2025)



We will discuss investment projects thoroughly, including the process for checking whether investment projects meet the established hurdle rate criteria.

In terms of the big picture, the industry is likely to be stable as the world’s need for food itself will not decline dramatically, and we will continue to make steady investments to enable steady supplies of the Group’s main products and the continuous creation of appropriate business operations.

Shareholder Return as Distribution of Profit

We aim to continue paying stable dividends over the long term while striving for a stable management base. In order to enhance corporate value over the medium to long term, we believe dividends should be determined taking into consideration the balance with growth investment and internal reserves. One of the guidelines for the dividend payout ratio is around 30%.

We will also consider a combination of various capital strategies to promote initiatives aimed at the enhancement of corporate value required by society.

Holding Policy for Cross-shareholdings

Our basic policy is to reduce cross-shareholdings in accordance with the Corporate Governance Code. The department with responsibility reviews individual stocks once a year, taking into account the significance, rationality, and

capital cost of holdings, and reports to the Board of Directors. Based on an asset light perspective, we sell or otherwise reduce stocks deemed not appropriate for holding.

We have a strong awareness about the importance of strengthening initiatives in non-financial areas, such as sustainability. In addition, the experience of the COVID-19 pandemic has reaffirmed the importance of business continuity management (BCM) for providing stable supplies of food ingredients as a food manufacturer. Although we can deal with expected events using disaster prevention and other manuals prepared in advance, we also believe it is necessary to train human resources with the ability to handle unexpected events and events that exceed expectations in a flexible manner.

The demands on the Corporate Division are growing year after year, but corporate competitiveness will be reduced if the division becomes bigger than necessary. While increasing the productivity of our existing tasks, we will appropriately direct human resources and funds toward the new tasks required by stakeholders.

RD&E* Strategy (Message from Manager of Technical Division)

*Research, Development and Engineering



About the Technical Division

The Showa Sangyo Group provides safe, secure, and high quality products in addition to value based on the perspective of customers through product development leveraging unique technologies and synergies with meeting diverse needs promptly as the starting point. Under Medium-term Management Plan 23-25, the Technical Division is strengthening its planning functions through reorganization to integrate each initiative into business strategy. We will establish non-financial KPIs for RD&E strategy and environmental targets with the aim of strengthening our core businesses and expansion of our business fields. To realize these goals, it is important to generate the innovation unique to the Showa Sangyo Group through synthesis of a “market-in” approach that starts with customer needs identified through communication and dialogue with customers and latent needs discerned by researchers and developers and a “product-out” approach that increases high value-added through a deepening of technology. To realize the Group’s “SHIN-KA,” we will contribute to people’s health by maximizing the power of grains and finding new functionalities while helping to realize a sustainable society by using all parts of the grain.

Strengthening Our Core Businesses as Professionals in Grains

While working to enhance safety, security, stability, and low costs, which are the four basic factory principles of manufacturing, the Group will reduce the burden on the environment by reducing CO₂ emissions and other means, build a production system for high value-added products based on customers needs, reduce costs through production improvements, and promote the development of smart factories utilizing digital technology. To create new value, we will pursue a strategy of

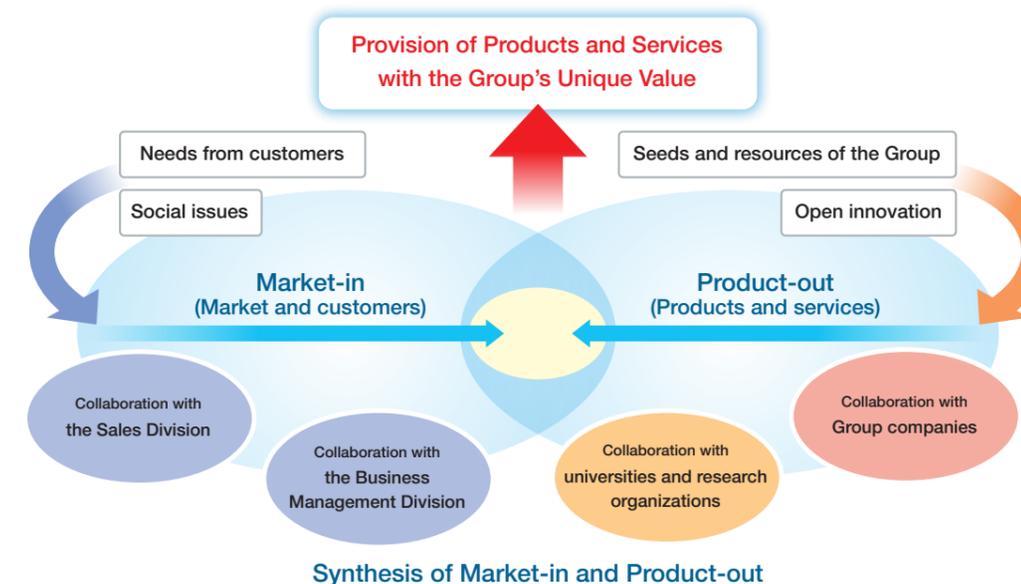
differentiation leveraging our strengths in handling a number of grains and ingredients and in providing “grain solutions” through synergies. We will also understand the needs of customers and deliver value promptly by strengthening collaboration with the Business Management & Sales Division, which has undergone reorganization into one-stop sales departments organized by business category and customer.

For example, we will promote R&D that includes Japan-grown wheat flour and wholemeal flour with better flavor and texture that pursues deliciousness and health functions, premixes that perform their function with the addition of only small amounts to wheat flour, functional frying oil with reduced absorption that improves the texture of fried food, and modified starches for premixes. We also conduct research into functionality in order to expand the applications of the Group’s materials beyond food. From the perspective of reducing burden on the environment, we have promoted product development of *SHOWA MO AGENAI!! YAKITEMPURA-NO-MOTO*, which allows frying with a small amount of oil, as well as design and development to reduce plastic packaging materials. We have also conducted research into the use of biomass for packaging inks and the caps on oil and fat products and upcycling for using by-products generated in plant manufacturing processes in soil conditioners.

Meeting the Challenge of Expanding Our Business Fields

In the expansion of overseas businesses, we will provide Group companies with technical support related to the development of wheat flour, premix, and egg products, production, and quality assurance with the aim of strengthening business in Vietnam, China and Taiwan. To strengthen export businesses, we will enhance product development and establish production and quality assurance systems that are

▶ Diagram of RD&E Strategy



aligned with the needs, culture, and laws of each country. In the frozen food business, we will take on the challenge of product development that can create synergies using the Group’s premix and soy protein products as raw materials.

In the challenge of new businesses, we have introduced job grades with responsibility for creating new value under the personnel framework that was revised in FY2021, and we are looking into and promoting new businesses. In the agribusiness area, we are increasing production volume and the varieties of vegetables that can be produced by upgrading equipment at plant factories and improving cultivation technology. We will also take on the challenge of developing high value-added vegetables in the future. In the plant-based food (PBF) business, we will identify the needs of customers not only for meat substitutes but also for environmentally-friendly protein and healthy ingredients to promote development of ingredients and applications. The Group has increased the grains and materials it handles and also expanded the range of functional ingredients they contain with the addition of Boso oil and fat and San-ei Sucrochemical to the Group and the capital and business alliance with Tsuji Oil Mills. We will expand our business fields beyond the food sector to the chemical product sector including materials for cosmetics and biofuel, and take on the challenge of the oleochemical and fine chemical sectors by conducting R&D for materials with health functions, and identifying the value of using by-products from rice bran.

In promoting new businesses, we will work on short-, medium- and long-term open innovation with external research organizations, universities, and private-sector companies with the aim of strengthening and streamlining research and development.

Aiming for Maximum Utilization of Intangible Assets

The merging of the Research and Development Division and the Engineering Division to form the Technical Division has strengthened integration. Going forward, we will ensure the implementation of RD&E strategy through stronger collaboration with the Business Management & Sales Division. As digitalization accelerates, we are promoting the sharing of technology and information, including know-how, by converting it into an electronic format with the aim of high yield, stable production based on the utilization of production data at plants. We will also improve the efficiency of R&D as the utilization of digital technology makes it possible to visualize food structure and powder fluidity and to design mixtures for premixes. Although we are promoting digitalization, we believe that human resources are still key. We will visualize human capital through a human resources portfolio and allocate the right human resources based on business strategy in addition to enhancing our unique education system, on-the-job training, and the use of external seminars. We are also creating places where employees engaged in similar initiatives can share information with the aim of strengthening communication within the Group.

Moreover, we will apply for patents and take measures to deal with counterfeit products overseas in order to properly and securely protect the products and services of the Group and its customers. We will also utilize patents and other intellectual property information in the Group’s sales activities. Going forward, we will strengthen our “defensive IP strategy” to make business expansion easier in core business. At the same time, we will devise and execute an “active IP strategy” in line with business strategy for the challenge in new businesses.

Strategy by Business

Flour Milling Business

Strengths of the Flour Milling Business

- Development and proposal capabilities using technical knowledge that has synergies with other businesses
- Production system that takes advantage of seven production sites (flour milling, premixes, and pasta), including Group companies
- Diverse and extensive sales channels possessed by other businesses and Group companies
- Development of overseas business (East Asia and Southeast Asia) based on advanced technical capabilities

External Environment (Issues and Opportunities)

In Japan, due to population decline, the market is contracting and the workforce is decreasing. In this environment, the issue is responding to falling demand against a backdrop of soaring raw material prices and rising logistics costs. On the other hand, consumption that was lost due to the COVID-19 pandemic is showing signs of recovery, particularly in restaurants, and demand for social issues solutions that address issues such as labor-saving measures and reduction of waste and food loss has remained strong. There is increasing differentiation and variety in health-conscious products, and initiatives to stimulate demand for domestically-produced raw materials are underway throughout the supply chain.

Overseas, markets are expected to expand, primarily in Asian countries where there is population growth and significant increases in per capita GDP.

Review of FY2022

The flour milling business recorded sales and profit growth as a result of price revisions for wheat flour and premixes in line with price revisions for wheat and the acquisition of new business partners. We acquired new business partners using our market analysis capabilities to make proposals that meet the needs of customers, including major restaurant chains and bread manufacturers.

Moreover, in addition to consolidating production and improving processes through an integrated system of operations for the seven plants of five Group companies, we continued strengthening our handling of products in small bags with the operation of the Funabashi Premix No. 2 Plant and reforming the earnings structure in the Baking Bread Business.

Strategy for FY2023 and Beyond

In light of price revisions for wheat, and fluctuating energy and logistics costs, we will strive for optimization of sales prices for wheat flour and premixes. We are working to increase sales volume and improve profitability by developing new products, customers, and markets, further increasing production efficiency, strengthening our handling of smaller bags and small lot production for commercial products leveraging the strengths of the Funabashi Premix No. 2 Plant, and creating a high level of synergies through “one-stop” proposals by business category accompanying the reorganization that started in April 2023.

In household products, we will expand sales of spaghetti divided into single portions imported from Turkey that we began selling in December 2022, and we will work to strengthen exports, primarily of export-only products such as tempura batter.

In the Baking Bread Business, we will work to increase productivity and reduce labor and indirect costs in order to continually improve earnings through integrated Group operations.



Funabashi Premix No.2 Plant

Establishment of Showa Sangyo International Vietnam Co., Ltd. (tentative name)

We will establish Showa Sangyo International Vietnam Co., Ltd. (tentative name) in Vietnam as a production site for premixes and the prepared sugar business for Japan and ASEAN countries with the aim of expanding our business fields by leveraging knowledge from Japan, including tempura batter and pancake mix. Using the company as a base for expansion of our business fields in ASEAN countries, we will aim to meet needs on a global basis and increase the high value-added in the Group's business by strengthening the value chain. Operations at the new company are scheduled to commence in 2025.

Vegetable Oils Business

Strengths of the Vegetable Oils Business

- Extraction and production of oil from a variety of oil raw materials, including soybeans, canola, corn, and rice bran
- Proposal of the optimum oils and fats for a wide range of sales channels and end products
- Integrated production of soy protein from raw soybeans
- Efficient production system based on our own plants in east and west Japan and utilizing Group company and partner plants
- Location of plant in Kashima, the largest consumption area for by-products (meal), with direct supply via conveyor to some major users

External Environment (Issues and Opportunities)

Since the COVID-19 pandemic, boundaries between restaurant, ready-to-eat, and home cooked meals have broken down, market needs have become increasingly diverse and segmented, and the speed of change has also increased.

The Showa Sangyo Group will develop, propose, and sell products that serve as solutions for customers' needs and issues. This includes proposing oil and fat products that are suitable for take-out products, introducing types of oil that bring out deliciousness, and selling very convenient frozen food and ready-to-eat soy meat products that can be easily enjoyed at home.

Review of FY2022

While there was a moderate trend of recovery from the impact of COVID-19, the business environment remained extremely challenging as demand cooled due to raw grain prices, which remained at historically high levels, the depreciation in the value of the yen, soaring energy costs, and rising commodity prices.

In this environment, while giving top priority to optimization of sales prices, we worked at the same time to propose value commensurate with prices, such as value-added oils and fats to solve the issues of customers, premium oils and

fats such as rice bran oil that are aligned with health awareness, and soy protein products.

Strategy for FY2023 and Beyond

Although the impact of the COVID-19 pandemic has diminished, the uncertain business environment is expected to continue with concerns about rising raw material, resource, and energy prices and sharp foreign exchange fluctuations, as well as sluggish consumption due to rising commodity prices. In such an environment, we will continue to provide proposals with value for customers.

The Showa Sangyo Group extracts all of the main four types of oil (soybean, canola, corn, and rice) for which the raw materials are processed in Japan in-house within the Group. As “Professionals in Oil Extraction” as well as “Professionals in Grains,” we contribute to our customers' sales by providing proposals for a wide range of oils.

We will also work to solve our customers' issues by providing proposals for functional oils and fats with functions that include effects suited to the use or end product or long-lasting effects that reduce deterioration and proposals for frozen food that reduces cooking time and saves labor.

Expanding the Lineup of Plant-based Food

Due to growing awareness of health and concern about environmental problems over the past few years, there has been a dramatic increase in the visibility of plant-based food (PBF) and soy meat.

On the other hand, it is also the case that there are still many people who, despite being interested in these foods, have never eaten them or do not know how to cook them. Therefore, leveraging the knowledge of Showa Sangyo, which has been handling soy meat for many years, we expanded the lineup of the “SOYKITCHEN” series of soy meat products for household use which allow delicious soy meat to be enjoyed easily. These products are the pasta sauce *SHOWA TAPPURI-DAIZU-MEAT NO CREAM SAUCE* and *SHOWA SONOMAMATSUKAERU! MAMETAN*, a soy meat that does not need to be rehydrated. Amid concerns about a global “protein shortage” crisis, we will strive to solve social issues by increasing the available options for food with a lower environmental impact.





Starches and Sweeteners Business

Strengths of the Starches and Sweeteners Business

- Industry-leading scale of operations
- Approximately 70% share of the crystalline glucose market (based on research by Showa Sangyo)
- Framework for stable supply with three manufacturing sites in the Group
- Affinity with other businesses, including the premix business and the Vegetable Oils Business

External Environment (Issues and Opportunities)

As reducing the burden on the environment becomes increasingly important, the Starches and Sweeteners Business, which accounts for a high percentage of the Group's CO₂ emissions and water consumption, is implementing initiatives to reduce burden on the environment as a matter of priority.

In markets such as preventive medicine, health, and liquid diets, which are related to the aging of Japan's population, we will also promote proposals for the Group's unique product groups, which include powdered syrup, crystalline glucose and lactic acid bacteria.

Review of FY2022

Despite a trend of recovery in demand, which had slowed due to the COVID-19 pandemic, raw material and energy costs have continued to rise since the previous fiscal year. In addition to giving top priority to optimization of sales prices, we strengthened BtoB marketing with integrated sales, research, and development, pursued further synergies in collaboration with other businesses in the Group, and promoted value proposal-based sales, including proposals targeted at the increasing need for ESG and BCP action.

Strategy for FY2023 and Beyond

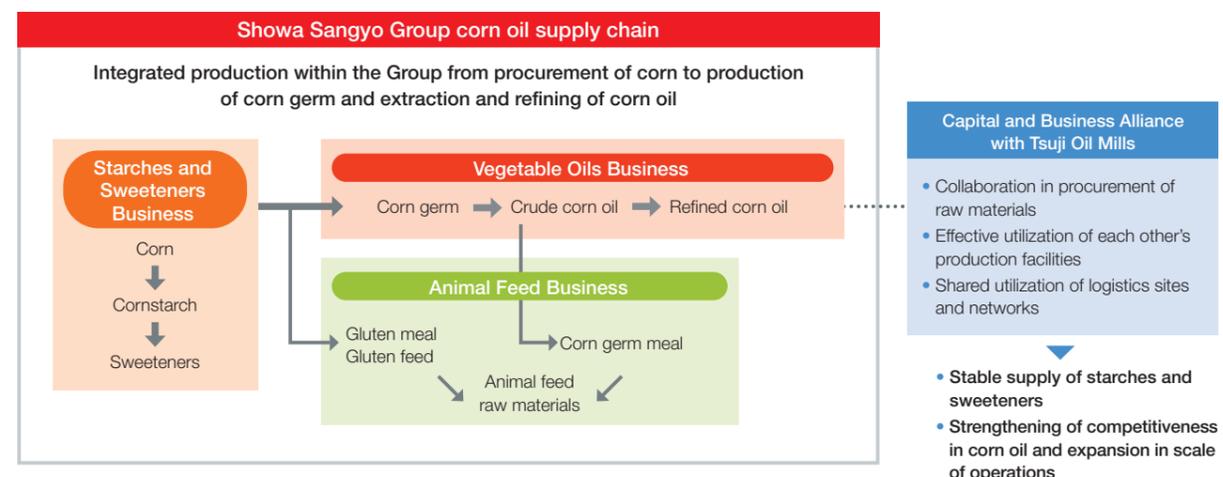
We will aim for a recovery in sales volume to pre-pandemic levels through even greater synergistic effects based on "one-stop" proposals by business category accompanying the reorganization underway since April 2023.

Taking advantage of the framework now in its third year that combines the three manufacturing sites in the Group, which are the Showa Sangyo Kashima Plant, San-ei Sucrochemical, and Shikishima Starch, we will further strengthen our systems for stable supply and low cost operations. At the same time, we will work to increase the competitiveness of the Starches and Sweeteners Business by accelerating our differentiation strategy in the creation of new demand.

In addition, the capital and business alliance with Tsuji Oil Mills Co., Ltd. is designed to further stabilize supply and increase efficiency in the Starches and Sweeteners Business, which boasts an industry-leading scale of operations, and we will aim to establish a framework for stable supply that is unique to the Group through collaboration with the Vegetable Oils Business.

Strengthening Cooperation Among Group Companies

Strengthening Corn Oil Supply Chain Through Collaboration Between Businesses



Animal Feed Business

Strengths of the Animal Feed Business

- Group production sites in the Kashima and Shibushi areas, Japan's leading areas of demand for animal feed
- Stable supply framework for animal feed raw materials through by-products produced in other businesses
- Collaboration with silo business, including Group companies

Review of FY2022 and Strategy for FY2023 and Beyond

FY2022 was a year when animal feed raw materials were at the highest level ever due to soaring grain prices and the impact of depreciation in the value of the yen. In this environment, while putting top priority on optimization of sales prices, we worked to promote proposal-based sales closely matched to each customer's requests and issues and to expand sales of high value-added animal feed.

The full-scale impact of higher manufacturing costs for animal feed due to rising energy and personnel costs will be apparent in FY2023 and beyond. In addition to passing on costs appropriately, we will continue to promote sales activities that are closely matched to our customers, including support for livestock product analysis and increasing high value-added products. We will also work on sales of animal feed and eggs after assessing the impact and status of avian influenza, which is in the recovery phase.

Promoting Utilization of Unused Raw Materials

We have been working on the utilization of unused raw materials to use materials that are usually processed as waste as new animal feed raw materials. So far, we have made animal feed out of materials such as potato protein and sea squirt shells. We will continue to promote efforts in collaboration with Group companies as an initiative based on the perspective of "CSV management," which means realizing ESG aspects such as contributing to a circular society at the same time as economic benefits.

Other

Strengths of the Warehousing Business

- Combined grain storage capacity of Group companies among the highest in Japan
- Largest volume of grain handled among Japanese food manufacturers (Showa Sangyo research)
- Equipped with berths where Panamax ships and other large-scale grain vessels can dock, facilitating low-cost operations in transporting grain raw materials
- Operation of business in regions with high demand for animal feed in the hinterland, such as Kashima and Shibushi

Strengths of the Plant Factory

- Production management, quality control, and other technology developed over many years as a food manufacturer
- Diverse and extensive sales channels possessed by other businesses
- Acquisition of JGAP certification from Japan GAP Foundation

Review of FY2022 and Strategy for FY2023 and Beyond

In FY2022, as the impact of the COVID-19 pandemic continued and the international situation also changed rapidly, the Warehousing Business worked for efficient cargo handling in collaboration with the grain silo companies in the Group.

In FY2023, the situation is uncertain, but we will continue to strengthen partnerships with import trading companies for stable procurement of raw grain.

In the plant factory, to address the issues of Japanese agriculture, we aim to "build a sustainable agribusiness," which will systematically produce high-quality vegetables in a stable manner without being affected by the climatic environment. We worked to maintain stable operations, increase productivity, and to develop high value-added vegetables. We will continue to strengthen collaboration between R&D, technology, and sales with the aim of further business expansion.

Sustainability

Sustainability Basic Policy

The Showa Sangyo Group believes that in order to achieve our Group management philosophy of “contributing to healthy, rich, and varied meals,” it is our social mission and responsibility as a Grain Solution Company which handles diverse and numerous grains to protect the land and surrounding environment that produce grains, a source of food, and to maximize effective use such that no grain is wasted.

In order to fulfill this responsibility as a public institution

in society, we aim to achieve both a sustainable society and continued improvement in corporate value for our Group, as we move forward with ESG management.

Along with these efforts in sustainability, our Group aims for coexistence with society through deeper engagement with all of our stakeholders.

Sustainability Promotion System

We have established a Sustainability Committee in which the President serves as Chairman and all of the persons in charge of each division serve as Vice Chairman. Under the Sustainability Committee, in addition to committees for six social issues our Group thinks are critical ((1) Provision of safe, reliable, high-quality products, (2) Fair corporate activities, (3) Respect for human rights, (4) Consideration for the environment, (5) Contribution to society, (6) Dialogue and information disclosure with stakeholders,) we have established a committee which handles (7) Risk management, which we

have been working on. Furthermore, we will place a Safe Labor Promotion Committee as an expert subcommittee in the (7) Risk Management Committee, as we intend to move forward with ensuring of safety for laborers and formation of pleasant workplace environments.

Also, items decided by the Sustainability Committee are reported at Management Committee meetings and Board of Directors meetings to receive oversight from the Board of Directors.

Diagram of Sustainability Promotion System



Materiality Establishment Process

1. Extracting Social Issues

Referring to global guidelines like SDGs, ISO26000, UNGC, and SASB, our Group has prepared a relationship between “importance for society” and “importance for business.”

2. Identifying ESG Critical Issues (up to FY2018)

We evaluated various social issues from the two perspectives of “importance for society” and “importance for business.” As a result, ESG Critical Issues were established for social issues highly relevant to society and highly linked to our Group business after passing through discussion in the CSR Committee (now the Sustainability Committee).

3. Investigating Response Policy for Critical Issues (FY2019)

Regarding ESG Critical Issues, in order to find comprehensive solutions, we examined the relationships among issues and established three critical items (consideration for the

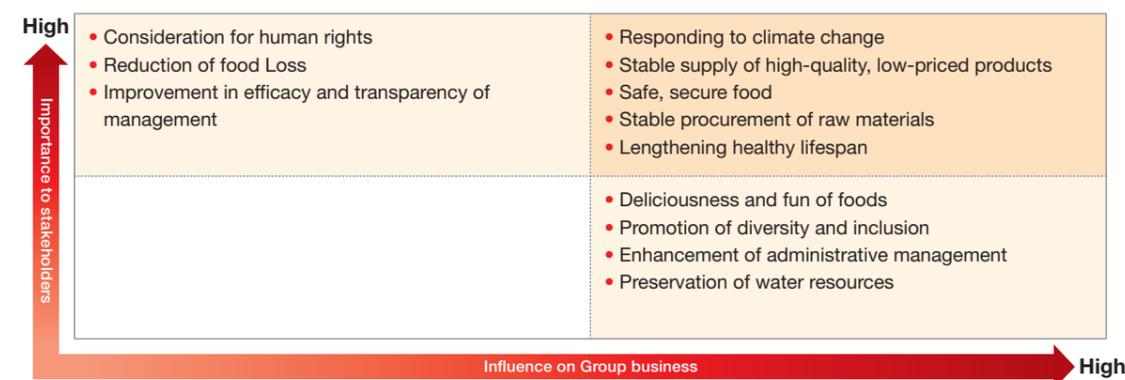
environment; evolution of grain solutions; employee activity promotion) and seven critical issues (sustainable production activities; sustainable resource utilization; diverse value response; safe, reliable, stable supply; diversity; health and productivity management; corporate citizen activities).

In the “Medium-term Management Plan 20-22,” we detailed and promoted the seven critical issues for each business.

4. Renewal of the Critical Issues (FY2023)

We reconsidered the critical issues upon hearing the opinions and hopes expressed in dialogue with stakeholders and seen in social conditions. We evaluated (mapped) the various social issues taking “importance to stakeholders” as the vertical axis and “influence on Group business” as the horizontal axis.

Mapping



The Showa Sangyo Group has stipulated three materiality themes and seven materialities based on the evaluation results from this mapping and their relationships in order to advance initiatives to achieve sustainability.

In our current “Medium-term Management Plan 23-25,”

we detail and promote our initiatives for achieving sustainability and implementing business strategy for each business based on the risks and opportunities related to these materialities (Page 26).

Materiality Themes	Materialities
1. Contribution to society through our food businesses	(1) Supply safe, reliable and high-quality foods (2) Contribute to consumers' health and diversifying needs
2. Preserve the earth that produce grains and the global environment	(3) Consideration for the environment
3. Promote engagement with stakeholders	(4) Utilization of human capital (5) Harmonious association with local communities (6) Cooperation with stakeholders in our supply chains (7) Enhance credibility with our stakeholders

Responding to TCFD Recommendations

Recently, the influence of climate change on society and corporate activities has grown enormously. As a Grain Solution Company, Showa Sangyo Group deals with diverse and numerous grains—the bounty of the earth—and recognizes that climate change is a particularly critical issue that society must squarely face and which requires rapid response. In accordance with TCFD Recommendations, our Group has disclosed 4 items, “Governance,” “Strategy,” “Risk Management,” and “Indicators and Targets,” as we seek proactive dialogue with all of our stakeholders.

1. Governance

In order to establish the important risks and opportunities associated with the climate and to respond with proper management, we have established a TCFD Committee as an expert committee within the Environment Management Committee under the Sustainability Committee, in which the President serves as Chairman, and Managing Directors from each Division all serve as Vice Chairman. The TCFD Committee identifies risks and opportunities through scenario analysis based on TCFD Recommendations, enacts plans to respond to those risks and opportunities each year, and upon obtaining acknowledgement for the progress conditions from the Management Committee, via the Sustainability Committee and Environment Management Committee, reports to the Board of Directors once or more per year.

2. Strategy

In continuation of the previous year, in 2022, we continued analysis and evaluation of the “Starches and Sweeteners Business,” the business in our Group with the largest environmental burden, and we also analyzed and evaluated the “Vegetable Oils Business”^{*1}, which has the second largest environmental burden. This resulted in an analysis and evaluation of about 82% of our entire Group’s CO₂ emissions (Scope 1, 2) and about 95% of our water usage (values calculated from start of response in 2019) from these two businesses.

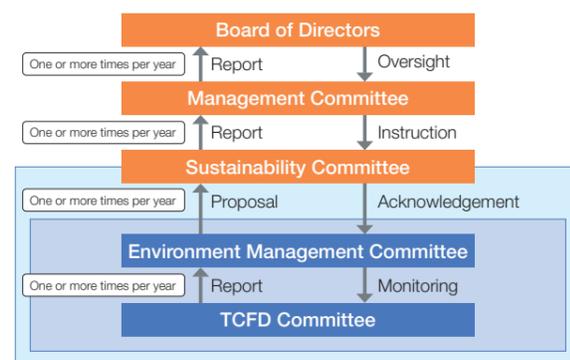
For the scenario analyses, discussions were held with TCFD Committee members and each division relevant to each business, as well as Group companies, all coming together (For details on management system, see 3. Risk Management). The procedures and methods acquired during analysis and evaluation of the Starches and Sweeteners Business performed in 2021 were put to use in analysis and evaluation of the Vegetable Oils Business performed in 2022, and by sharing information among multiple businesses, these initiatives have enhanced the resilience of our Group.

Also, in addition to the “CO₂ Emission Reduction Subcommittee” and the “Water Usage Reduction Subcommittee,” which work towards achieving environmental targets for our Group, we linked with the “Business Strategy Promotion Committee” which is in charge of planning and promoting business strategy for starches and sweeteners, and vegetable oils.

Moving forward, we plan to expand targeted businesses for analysis beyond Starches and Sweeteners Business

and Vegetable Oils Business to “Flour Milling Business”^{**2}, improve climate change responsiveness across the whole Group, and continue information disclosure.

TCFD Governance Organization



Scenario Analysis Step

- (1) Identify the risks and opportunities for our Group brought about by climate change, and express the impact on our businesses (business impact) as a narrative.
- (2) Taking the size of business impact as an axis, prioritize the importance of risks and opportunities for each of the six items in the supply chain: Research and Development; Material Procurement; Transportation and Storage; Production; Sales and Marketing; Delivery.
- (3) Define scenarios, and based on the highly important risks and opportunities extracted in step (2), prepare our Group’s perspective for each of the scenarios according to PEST analysis and Five Forces analysis.
- (4) Utilize internal and external data, quantify business impact based on the perspective in Step (3), and clarify influence of climate change.
- (5) Prepare response conditions for our Group’s risks and opportunities, and continue investigation so they are reflected in the business strategies of our Medium-term Management Plan, etc.

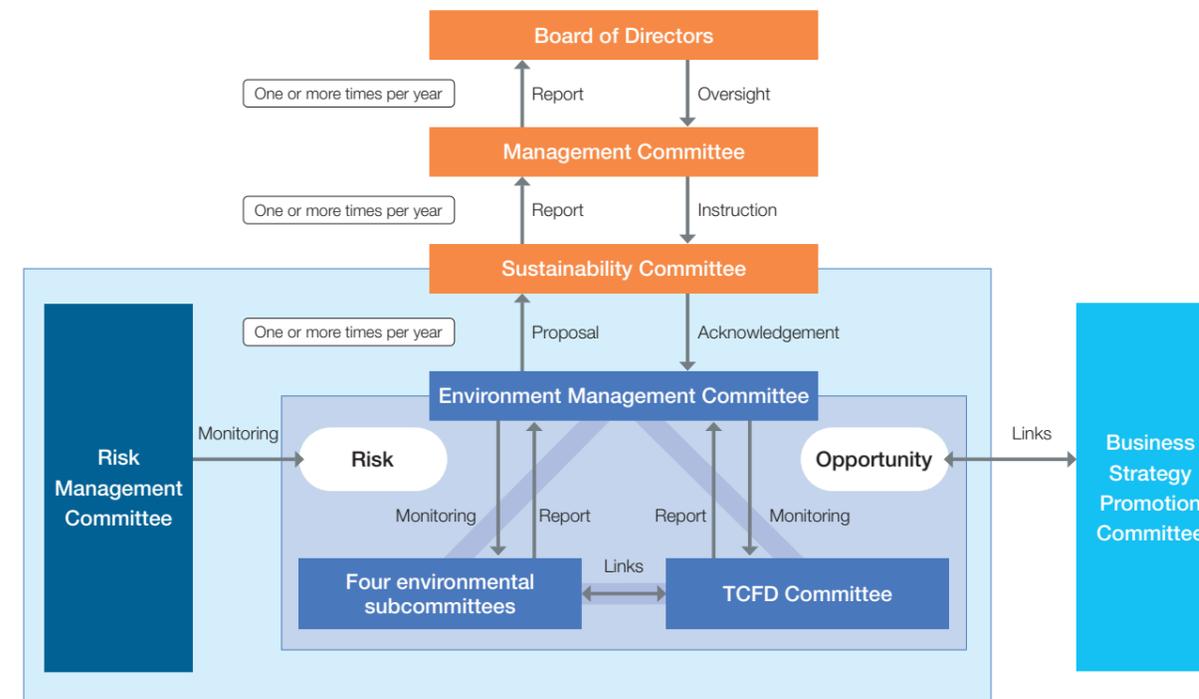
3. Risk Management

In addition to the system indicated in “1. Governance,” the TCFD Committee linked with the four environmental sub-committees^{*3} within the Environment Management Committee and the Business Strategy Promotion Committee in order to identify important risks and opportunities.

Also, the Risk Management Committee, under the Sustainability Committee, is the committee that performs risk

management for the entire Company, monitoring risks along two axes—the monetary amount affected by risks identified by the TCFD Committee and frequency of occurrence—and confirming PDCA cycles for risk reduction and progress toward goals for the entire Group.

TCFD Management System



4. Indicators and Targets

Our Group has established reduction targets for CO₂ emissions, food loss, and water usage as “Showa Sangyo Group Environment Targets,” and in April 2023, added a reduction target for plastic usage.

We continue to recognize consideration for the environment as a major mission for our Group as we move forward with all of our activities.

^{*1} Indicates the business scope that handles services and products such as industrial-use and domestic-use cooking oil, soy protein, defatted soybeans, canola meal, and defatted rice bran, from among the “food businesses” which are the reported segments in our Group.
^{*2} Indicates the business scope that handles services and products such as industrial-use and domestic-use flour, premix, pasta, and bakery goods, from among the “food businesses” which are the reported segments from our Group.
^{*3} In addition to our previous “CO₂ Emissions Reduction Subcommittee,” “Food Loss Reduction Subcommittee,” and “Water Usage Reduction Subcommittee,” we established a “Plastic Usage Reduction Subcommittee” in 2023.

Premises for Scenario Analysis

Scenario	Future prediction of global rise in average temperature restricted to around 1.5°C-2°C by 2100	Future prediction of average global temperature rising by 4°C or more by 2100
Perspective	Strong push to reduce carbon use to achieve carbon neutrality on a worldwide scale	No developments in initiatives as climate change countermeasures beyond the current policy and regulations, and increase in greenhouse gas emissions
Affected Business	Group's Vegetable Oils Business and Starches and Sweeteners Business	Group's Vegetable Oils Business and Starches and Sweeteners Business
Method for Evaluating Influence	Evaluate the influence of assumed risks and opportunities based on the size of the financial impact in the event of occurrence	Evaluate the influence of assumed risks and opportunities based on the size of the financial impact in the event of occurrence
Affected Year	Periods up to 2030 and up to 2050	Periods up to 2030 and up to 2050

Scenario Analysis: Financial Impact of Risks

Evaluation of Financial Impact A: Financial impact is expected to be 2 billion yen or more
B: Financial impact is expected to be between 1 billion yen and 2 billion yen C: Financial impact is expected to be below 1 billion yen

Type 1	Risk		Vegetable Oils Business	Starches and Sweeteners Business	Social changes; Critical risks recognized by our Group		Financial impact item	Financial impact				Response to critical risk
	Type 2	Item			Content of risks with particularly high impact from among the critical risks	1.5°C/2°C		4°C				
						2030		2050	2030	2050		
Transitional risk	Policies, laws, and regulations	Carbon tax / carbon price	●	●	<ul style="list-style-type: none"> Due to stronger regulations, a carbon tax is applied to the CO₂ emissions in Group production and across the entire supply chain, so costs increase. There is demand for switching over to renewable energy and CO₂ reduction in the production process, so due to investment in additional facilities, costs increase. 	<ul style="list-style-type: none"> Carbon tax applied to production activities Increase in facility investment to achieve low carbon manufacture 	Increase in cost of sales (increase in indirect costs)	Vegetable Oils: B Starches and Sweeteners: A	Vegetable Oils: A Starches and Sweeteners: A	—	—	<ul style="list-style-type: none"> Reduction in CO₂ emissions due to energy conservation and purchase of renewable energies, etc. Increase in low carbon energy procurement rate with our own facilities Procurement of low cost low carbon energy
		New regulations promoting decarbonization	●	●	<ul style="list-style-type: none"> Due to stronger regulations on petroleum-derived plastics, there is a transition to replacements and costs increase. 	<ul style="list-style-type: none"> Increase in costs of switching to packaging materials with less environmental burden 	Increase in cost of sales (increase in direct cost)	Vegetable Oils: C Starches and Sweeteners: C	Vegetable Oils: C Starches and Sweeteners: C	—	—	<ul style="list-style-type: none"> Investigating use of alternative materials
	Market	Response to low carbon demand	●	●	<ul style="list-style-type: none"> Changes in customer behavior due to higher environmental awareness Due to higher environmental awareness, there is an increase in demand for biofuels derived from soy, canola, and corn, and the cost of procuring raw materials increases. 	<ul style="list-style-type: none"> Reduced share by our products due to increased market share by sustainable products Increase in cost of procuring raw materials due to increased demand for biofuels 	<ul style="list-style-type: none"> Reduction in net sales (reduction in quantity sold) Increase in cost of sales (increase in direct cost) 	Vegetable Oils: B Starches and Sweeteners: B	Vegetable Oils: A Starches and Sweeteners: A	Vegetable Oils: — Starches and Sweeteners: —	Vegetable Oils: C Starches and Sweeteners: C	<ul style="list-style-type: none"> Development of sustainable products Pricing of futures raw materials market and hedges by exchange contract
		Reputation	Evaluation by investors	●	●	<ul style="list-style-type: none"> Due to delays in response to climate change and information disclosure, corporate value drops, and capital procurement costs increase. 	<ul style="list-style-type: none"> Increase in capital procurement costs in accordance with credit rating deterioration 	Increase in non-operating expenses (increase in capital procurement cost)	All: C	All: C	All: C	All: C
Physical risk	Acute	Intensification of abnormal weather	●	●	<ul style="list-style-type: none"> Manufacturing and procurement costs increase, as frequent wind and flood damage negatively affect plant operation, grain production regions and the whole supply chain, leading to plant operation halts, and reduction in amount and quality of the harvest from grain production regions. 	<ul style="list-style-type: none"> Problematic plant operation due to frequent wind and flood damage Reduction in production efficiency due to negative influence (worsening quality) on grain production locations 	<ul style="list-style-type: none"> Increase in cost of sales (increase in expenses) Increase in cost of sales (increase in direct cost) 	—	All: C	—	All: C	<ul style="list-style-type: none"> Facility investment to make continuous operation of plants possible during times of wind and flood damage Development of manufacturing technology to increase manufacturing efficiency (reduction in material processing and manufacturing time)
	Chronic	Average temperature rise	●	●	<ul style="list-style-type: none"> Procurement and manufacturing costs may increase due to reduced harvests and worsening quality of soy, canola, and corn, caused by global climate change. Procurement costs increase due to the necessity of changing grain import routes, due to more frequent storms on the ocean. 	<ul style="list-style-type: none"> Increase in raw material procurement cost due to negative influence on grain production locations 	Increase in cost of sales (increase in direct cost)	Vegetable Oils: A Starches and Sweeteners: B	Vegetable Oils: A Starches and Sweeteners: A	Vegetable Oils: A Starches and Sweeteners: A	Vegetable Oils: A Starches and Sweeteners: A	<ul style="list-style-type: none"> Acquisition and centralization of grain production region information from suppliers Evaluation of decentralization of raw material procurement suppliers
		Water shortage	●	●	<ul style="list-style-type: none"> As a result of the negative influence on grain production regions due to chronic water shortage, raw material procurement costs increase and profit decreases. 	<ul style="list-style-type: none"> Increase in raw material procurement cost due to negative influence on grain production locations 	Increase in cost of sales (increase in direct cost)	Vegetable Oils: — Starches and Sweeteners: C	Vegetable Oils: — Starches and Sweeteners: C	Vegetable Oils: — Starches and Sweeteners: C	Vegetable Oils: — Starches and Sweeteners: C	

Scenario analysis: Financial Impact of Opportunities

Evaluation of Financial Impact A: Financial impact is expected to be 2 billion yen or more
B: Financial impact is expected to be between 1 billion yen and 2 billion yen C: Financial impact is expected to be below 1 billion yen

Type 1	Opportunity		Vegetable Oils Business	Starches and Sweeteners Business	Social changes; Critical opportunities recognized by our Group		Financial impact item	Financial impact				Response to critical opportunity
	Type 2	Item			Content of opportunities with particularly high impact from among the critical opportunities	1.5°C/2°C		4°C				
						2030		2050	2030	2050		
Opportunity	Market	Changes in consumer preferences	●	—	<ul style="list-style-type: none"> The plant-based food market expands due to heightened buying due to consumers' consideration for sustainability, and demand for vegetable protein, etc. increases. 	<ul style="list-style-type: none"> Increase in demand for vegetable protein in plant-based food market 	Increase in net sales (increase in quantity of sales)	Vegetable Oils: C	Vegetable Oils: C	—	—	<ul style="list-style-type: none"> Expansion of sales and stable supply in plant-based food market
		Changes in client desires	●	—	<ul style="list-style-type: none"> Demand for multi-purpose vegetable oils increases, and demand for vegetable oil products manufactured with low environmental burden increases. 	<ul style="list-style-type: none"> Increase in demand for vegetable oil products with low environmental burden 	Increase in net sales (increase in quantity of sales)	Vegetable Oils: C	Vegetable Oils: C	—	—	<ul style="list-style-type: none"> Sale of vegetable oil products manufactured with low environmental burden along the entire product lifecycle
			●	—	<ul style="list-style-type: none"> Demand for biofuel materials as a low carbon energy increases. 	<ul style="list-style-type: none"> Increase in demand for biofuel materials 	Increase in net sales (increase in quantity of sales)	Vegetable Oils: C	Vegetable Oils: C	Vegetable Oils: C	Vegetable Oils: C	<ul style="list-style-type: none"> Sales and promotion of effective use of manufacturing process by-products in biofuels

In the Starches and Sweeteners Business, we expect promotion of product development and proposals due to heightened needs for products that "quench thirst and prevent heatstroke" accompanying average temperature increase, as well as product development and proposals due to expansion of an immunology market.

Our Group will continue to make investigations to properly reflect opportunities due to climate change in our management plan and business strategy. We will continue our initiatives in reducing environmental burden in manufacturing and along the entire product lifecycle, and move forward with strengthening a sustainable supply chain united with customers, in order to grasp customer environmental strategy and to meet demand standards relative to environmental burden.

Reducing Burden on the Environment

KPI and Targets

	Year for Standard	Medium-term Management Plan Targets (FY2025)	Showa Sangyo Group Environment Targets
Reduction of CO ₂ emissions	Compared to FY2013	-30% or more	2030 Targets -46% or more
Reduction of food loss	Compared to FY2018	-30% or more	2025 Targets -30% or more
Reduction of water usage (basic unit)	Compared to FY2019	-9% or more	2030 Targets -12% or more
NEW Reduction of plastic usage* ¹ (basic unit)	Compared to FY2013	-7% or more	2030 Targets -25% or more

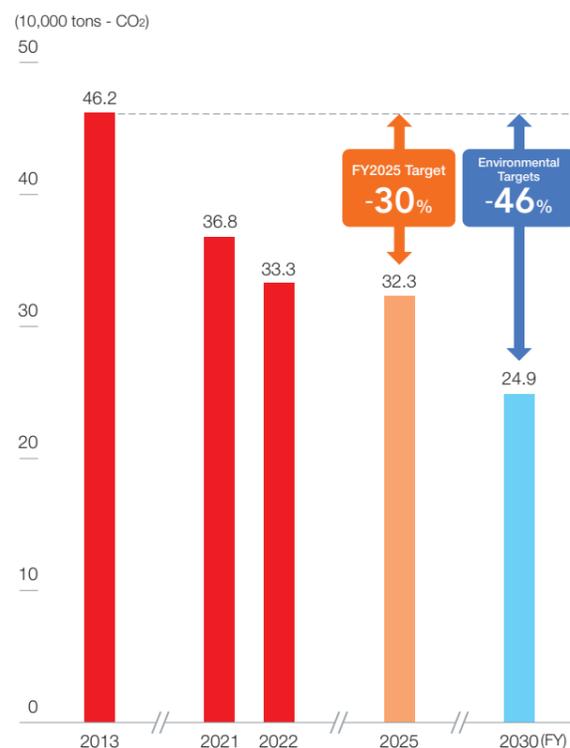
*1 Single-use plastic used in petroleum-derived container and packaging materials

Reduction of CO₂ Emissions

Looking to reduce CO₂, Showa Sangyo Group aims for “46% reduction or more by 2030 compared to FY2013” in line with the government’s goal, as we continue with initiatives in CO₂ reduction. We have achieved a roughly 63,000 tons annual reduction in CO₂ by switching from coal to town gas as fuel for our cogenerational facilities at the Kashima Plant in September 2021. Also, thanks to initiatives in which we extracted biomass fuel (fatty acids, dark oils) from by-products and waste produced during the oil and fat manufacturing process, and used that biomass fuel in our company, we reduced CO₂ by about 2,400 tons in 2022, a 27% reduction from FY2013. We have introduced carbon neutral power and solar power generation, and additionally, we plan to use biomass fuel.

Additionally, in order to achieve carbon neutrality, we are examining promotion of long-term energy conservation activities and expanded use of biomass fuels. Furthermore, since switching electric power and town gas, which is a steam fuel, to non-fossil fuels is key, we are paying attention to the trend towards practical use of hydrogen, fuel ammonia, and next-generation thermal energy industries.

● Trend in CO₂ Emissions (Showa Sangyo Group)



*In the calculation of CO₂ emissions, the most recent adjusted emission factor for each year is used for the emission factor of power purchased from electric power companies.

*The calculation of CO₂ emissions includes a total of 27 companies, Showa Sangyo plus 26 consolidated subsidiary companies. (The aggregation range has fluctuations due to increases and decreases in Group companies.)

Reduction of Food Loss

Food loss incurs processing costs and is thought to be an environmental burden because when burned as combustible garbage, it causes CO₂ emission and requires landfilling of incineration ash, etc.

Originally, our Group has continued its initiatives to prevent perfectly usable food from being thrown away, and in our “Medium-term Management Plan 23-25,” we have established a target of “30% or more reduction in food loss by FY2025 compared to FY2018” for the Company and five Group companies with over 100 tons per year of food

loss, as we manage food loss in our Food Loss Reduction Subcommittee.

In FY2022, we optimized raw material usage through process improvements, enhanced accuracy of supply and demand predictions, and worked on lengthening best-before date, resulting in a reduction of 22.1% compared to FY2018.

Moving forward, we will promote reduction activities, and fulfill our responsibility to make efficient use of resources and reduce environmental burden.

Reduction of Water Usage

As global warming advances and global population continues to increase, water risks are extremely high priority, with threats growing stronger each year. Water resources are an absolute necessity for our Group’s business activities, so in order to limit the influence of water intake on the environment, we are working to reduce water usage, primarily through the “Water Usage Reduction Subcommittee” established in FY2021.

Regarding the water usage basic units, which equal water usage (excluding sea water) divided by production amount,

we have established targets in the Medium-term Management Plan 23-25 of 9% or more reduction by FY2025 and 12% or more reduction by FY2030 compared to FY2019 for our Group.

By reworking existing processes and deploying effective measures, we have achieved a 6.5% reduction in FY2022 compared to FY2019.

Moving forward, our Group will continue working to reduce water usage in order to make effective use of limited water resources.

Reduction of Plastic Usage

In order to reduce plastic usage, our Group has rethought the weight of plastic in our previously existing products, selected packaging materials, and changed used compositions.

Also, we inaugurated the “Plastic Usage Reduction Subcommittee” in FY2023, and established numerical targets for plastic reduction amounts for our company and our Group company Tower Bakery, which are large waste generator businesses. Specifically, taking basic units (plastic usage basic units) of amount of plastics which are used once and

then thrown away (“single-use plastics”) divided by production amount, we have targets of 7% or more reduction by FY2025, and 25% or more reduction by FY2030 compared to FY2013 as a standard year.

Our Group continues to rethink its containers and packaging materials, as we strive to reduce amount of plastic used and reduce environmental burden.

Received the Special Prize “24th Logistics Environment Award”!

Originally, we mainly used land transportation via large trucks for long transportation between plants. However, for the route from the Kashima Plant (Ibaraki Prefecture) to the Kobe Plant (Hyogo Prefecture), we introduced marine transport using a ferry, and land relay transportation using switching, as a target for responding to the 2024 problem of logistics and reducing environmental burden.

Anyway, we switched from normal large-sized trucks to trailers that are even larger in order to respond to the lack of drivers which was a worrisome issue.

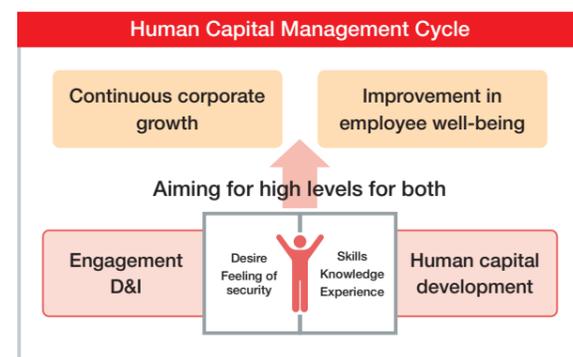
This initiative in “achieving reduction of CO₂ emissions and law-abiding sustainable operation” was received well, and we received the Special Prize at the “24th Logistics Environment Award” ceremony, held by the Japan Association for Logistics and Transport.

Moving forward, we will continue to give consideration to environmental problems and strive to achieve and expand sustainable operation.



Human Capital Management

The Showa Sangyo Group places the highest priority on human capital as management capital which supports continuous growth of the corporation, and by performing proactive and continual strategic investment in human capital, we achieve “continuous corporate growth” and “improvement in employee well-being.”



KPI and Targets

Initiative themes	Medium-term Management Plan Targets
1. Drastic promotion of D&I	Proportion of women in management positions: Above 10% in FY2025
2. Strategic investment in human capital	Investment in Reskilling: More than double in FY2025 (vs. FY2021)
3. Improvement of employee engagement	Engagement Score: Target score to be announced during the term of the Medium-term Management Plan 23-25

1. Drastic Promotion of D&I

The “INC Policy,” which represents the three basic principles stipulated in the “Showa Sangyo Group Diversity Management Declaration,” is the behavior standard for each and every one of our employees.

To further reform into an institution that “actively utilizes” diversity, we have established a Diversity & Inclusion (D&I) Promotion Section, which is a dedicated D&I organization within the Human Capital Strategy Department, and evaluate and execute D&I promotion policy in an integrated way.

We will further enhance the “Employee First” philosophy stipulated in the “Showa Sangyo Health Declaration,” as we promote self-care and improve working environments.

Promotion of Women Activities

Based on the “Showa Sangyo Group Diversity Management Declaration,” we have striven to foster corporate culture and prepare working environments in which each and every employee can fully exhibit their capabilities without any constraints. In particular, we consider “Women Activity Promotion” a critical area, as we create an inter-divisional “Women’s Advancement Task Force” and move forward with initiatives. In 2022, we held the “SHOWA Diversity Forum 2022” in order to achieve diversity in the decision-making layer and to create new value. We have implemented a total of three lectures and panel discussions led by women directors or managers, which became places for formation of career image regardless of gender, improvement in motivation and desire for challenge, and realization of new value systems.



Promotion of Employment of Disabled Persons

In order for employees with a disability to enjoy work and be active both daily and for the long term with our Group, we assign individuals to proper workplaces and develop proper work environments. At the end of March, 2023, 31 disabled persons were active, exceeding the legally stipulated number by six people, as we achieved a legal employment rate (2.7%) in continuation of the previous year.

INC Policy

“Inclusion”

We accept diverse value systems and perspectives of each and every one of our employees, we utilize those differences, and we create innovation.

“Normalization”

We respect the individuality of each and every one of our employees, and we realize a workplace where they can shine equally as a normal matter of affairs, not something special.

“Cooperation”

Each and every one of our employees shares our Corporate Philosophy from mutually equal positions, facing the same targets, and working together to proactively grow.

Health and Productivity Management

• Showa Sangyo Health and Productivity Management Declaration

Based on the idea that “employee health is the foundation of the Company,” we announced the “Showa Sangyo Health Declaration” in April, 2017, as we strive for “cultivation of a corporate culture where employees put health first (self-care promotion)” and “advancement of working style reform (improvement in workplace environment.)” These efforts have been well received, as we were certified for the second consecutive year in 2023 under the “2023 Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large enterprise category).”



• Health and Productivity Management Promotion System

Every year, the Management Committee establishes the year’s policy on health and productivity improvement measures, and centered around the Human Capital Strategy Department, we link with industrial physicians, health insurance associations, and all offices and plants, so the entire Company works as one as we strive to promote health of our employees.

2. Strategic Investment in Human Capital

We systematically rotate the cycle of employee placement, training & education, and evaluation to improve our human resource management in line with HR planning based on our business strategies, while respecting individual career development.

Personnel Framework

We reconstructed our personnel framework in 2021. In the newly deployed personnel framework, the two concepts of (1) “enhancing our problem solving abilities” (a strength of our Group) and (2) “promoting innovation” (where we create new value through future-based mindset) are taken as axes, and through each system of grading, evaluating, remunerating and through education and training programs, we intend to promote behavior focused on effective human capital development and management target achievement.

In the personnel framework, an evaluation system is set in place as a management tool for developing the capabilities of subordinates. As the start of each term, individual targets will be established in line with management strategy and division targets, and through evaluation meetings with the superior held every quarter, we promote behavior for target achievement and support the growth of each and every employee.

3. Improvement of Employee Engagement

Based on the results of the engagement survey performed in FY2022, we establish and execute action plans for each section.

We aim to improve the well-being of each and every employee and their desire to contribute to the company through creation of workplaces based on human relationships with a high degree of psychological safety, and encouraging such through acquisition of management skills by managers.

• Achieved 100% Health Check Rate and Enhanced Health Check Follow-ups

Since FY2020, we have achieved a 100% health check rate for employees every year. Also, regarding our follow-up system after health checks, based on the judgement of industrial physicians, we recommend receiving additional secondary examinations or offer meetings with industrial physicians, etc., as we aim for early detection of those unwell either in physical health or mental health in order to provide guidance.

• Utilized the Results of Stress Checks

Based on stress checks performed every year, we grasp the percentage of people with high stress, and use the stress check results in stress prevention measures through utilization of self-care, subordinate assistance, and meetings with industrial physicians, etc. We continue to utilize this system in measures for the entire Company as we analyze each item in the stress check in order to achieve more effective mental health care.

Stakeholder Engagement

The Showa Sangyo Group engages in information disclosure and dialogue in various ways with all of our stakeholders. While gaining trust from stakeholders by increasing management transparency, we aim to have everyone gain a deeper understanding of our Group's unique business model, as we move to increase opportunities for dialogue and provide more optimal, relevant information disclosure, and further advance our partnerships.

Medium-term Management Plan 23-25 "Reinforcing Stakeholder Engagement"

We strive for improvement in trust through timely, relevant information disclosure and promotion of dialogue with all of our stakeholders. Furthermore, we will foster bidirectional communication and learn the expectations and worries of stakeholders and society, as we move forward with initiatives that fulfill our social responsibility.



Dialogue with Our Stakeholders

We are proceeding with IR activities with the goal of deepening the understanding of our Group's direction in all of our stakeholders. Along with reflecting the various opinions and desires expressed in dialogue in our Group's corporate activities, we will link this to creation of value as a "Grain Solution Company" that solves customer issues through grains.

Primary Stakeholders	Interests and Expectations of Stakeholders	Measures for Improving Engagement	Results/Impact
Employees	<ul style="list-style-type: none"> • Proper management in the personnel framework • Improvement of engagement, value of work • Workplace in which it is easy to work • Human capital development, education • Promotion of diversity and inclusion 	<ul style="list-style-type: none"> • Investment in employees • Promotion of health and productivity management • Whistleblowing system • Harassment consultation office • Production technology improvement presentations, RD&E* presentations • Volunteer leave, leave of absence system • Establishment of INC Policy <p>*Research, Development and Engineering</p>	<ul style="list-style-type: none"> • Showa Sangyo Health Declaration • Proportion of women in management positions 7.9% • "Eruboshi (2 stars)" acquired in 2021
Customers & Clients	<ul style="list-style-type: none"> • Stable supply of safe, reliable products • Proposals that make use of our strength of handling various grains • Fair business practices, transactions 	<ul style="list-style-type: none"> • Information provision, exchange of opinions based on the Customer Oriented Declaration • Broadcast of raw material procurement policy • Food Safety and Quality Management System • 3 Principles of Safety and Reliability 	<ul style="list-style-type: none"> • Providing safe and high-quality products • Dialogue through customer support center • Product development using customer feedback • Product development that contributes to the needs of "health," "environment," and "time-saving convenience"
Shareholders & Investors	<ul style="list-style-type: none"> • Appropriate information disclosure • Highly transparent management • Continuous and stable profit distribution • Strengthening IR for individual shareholders and domestic and overseas institutional investors • Providing opportunities for communications with our top management 	<ul style="list-style-type: none"> • Issuing Integrated Reports • More substantial information provision to shareholders • General meeting of shareholders • Financial briefings, small meetings • Company briefings for individual investors 	<ul style="list-style-type: none"> • Financial briefings for analysts: Two times • Individual IR for analysts: 17 cases • Company briefings for individual investor: Zero times • Individual financial briefings for major shareholders: Five times • Release of briefing video on the website
Environment & Community & NGO & NPO	<ul style="list-style-type: none"> • Endorsement of domestic and international environmental initiatives • Providing food in cooperation with NPOs • Sincere dialogue and activities 	<ul style="list-style-type: none"> • Promote education using grains • Donations through WFP and Food Bank • Promotion of regional exchange • One-coin fundraising 	<ul style="list-style-type: none"> • Utilization of plant tours (after recovery from COVID-19 crisis) • Continuous dialogue with the region at all offices and plants

Messages from Outside Directors

As the Showa Sangyo Group enters a period of major changes, including a new representative director, we received messages from the Outside Directors who bring an important outside perspective to the Group's governance.

As part of the Group's governance system, I will play a constructive role in improving corporate value

Takashi Yanagiya
Outside Director



This situation in which various global risks are compounded and amplified, leading to larger crises, is known as a "polycrisis." This was the buzzword of the World Economic Forum Annual Meeting, better known as Davos, held in January 2023. In the age of the polycrisis, companies that are unable to change the status quo due to the high risk of change, as well as those that put off solving their many issues, have little hope of achieving lasting development. Companies must identify "what to change, and what not to change" and aim to increase their corporate value.

In FY2023, the Showa Sangyo Group announced Medium-term Management Plan 23-25, entitled "SHOWA's declaration: "SHIN-KA," aiming to grow as a Grain Solution Company. Most notable in the plan is the transformation from business-specific sales departments to "one-stop"

customer-specific sales departments. This evolution into solutions-based sales will allow the Group to respond appropriately to customer needs, and it is the Group's first reorganization since its founding. It represents a bold challenge towards the next stage of growth.

The current management team shares a commitment to accelerating the speed of growth without being stuck in the past. This attitude is reflected in the company's track record in its M&As and other recent dealings. As a director who is part of the Group's governance system, I will play a constructive role in improving corporate value.

I will contribute to risk control and support the realization of the Medium-term Management Plan

New Toshihiro Teshima
Outside Director
(Audit and Supervisory Committee Member)



Since its founding in 1936, Showa Sangyo has continued its tireless efforts to continuously supply a stable supply of safe and secure food products to its consumers. Without even resorting to the current situation in Ukraine or the COVID-19 pandemic as examples, it is easy to imagine how many environmental changes and hardships the Group has faced since its founding. Every time, management has taken the right course, and the Group has grown as a Grain Solution Company.

What is the role of Outside Directors at Showa Sangyo, a company which continues to create social value? Ultimately, I believe it is contributing to the sound, sustainable growth of the company. I believe that the governance of a company has immutable parts that are baked into its institutional design, as well as parts that can be customized depending on the

company's current environment, situation, strategies, and other factors. In addition to fulfilling my supervisory role as an Outside Director, I want to play a role in building a governance system that is well regarded by all stakeholders. I hope to do this by engaging in thorough dialog with Showa Sangyo's executives about its unique corporate culture, its management strategies, its issues that need addressing, and other topics.

In my previous position at SOMPO Group, I experienced both executive and supervisory roles. From that experience, I have come to believe that the essence of governance is the transparency of and accountability in its execution, as well as appropriate supervision and advice by Outside Directors. By leveraging my previous experience, I will contribute to areas including risk control and support the realization of the Medium-term Management Plan.

I commend the drastic measures the Group has taken to achieve its Long-term Vision

Naoko Mikami
Outside Director



I feel that Showa Sangyo is continuing to steadily take on the challenges that will take it ever closer to achieving its Long-term Vision. It has made significant efforts in acquisitions through TOBs, M&As, and overseas expansion, and I am beginning to see noticeable results of these efforts.

In the past few years, we have suffered from the effects of climate change and volatility in global affairs, such as the weakening yen and other exchange rate fluctuations, as well as the rising cost of raw materials. Despite this, this year the Group achieved an increase in profit due in part to gains on the sale of fixed assets. In the future, I expect to see tangible results of past efforts such as price revisions and sales expansion of high-value-added products.

In April 2023, the Group released its new Medium-term Management Plan 23-25. I can confirm that in each process

of the plan's development, the validity of the logic used to set and achieve steady yet achievable numbers was reliably evaluated. I also commend the Group for boldly implementing a radical reorganization of its sales departments in April 2023, the first since its founding, in order to achieve these numerical targets.

In the area of ESG management, meanwhile, the Group is working steadily towards compliance with TCFD recommendations. In addition to its efforts to develop high value-added products as part of the "Evolution of the Grain Solution," the Group has positioned women's advancement as one of its key management issues. To that end, the Group organized a Diversity Form, which I attended in an independent capacity.

I will contribute to the sustainable enhancement of the Group's corporate value by providing appropriate advice and supervision

New Joji Sugo
Outside Director
(Audit and Supervisory Committee Member)



I assumed my position as an Outside Director of Showa Sangyo Co., Ltd. at the General Meeting of Shareholders in June 2023. My impression of the Group from the outside is that it is a stalwart company that truly has long "walked together with food" for nearly nine decades. There is currently uncertainty in the external environment because of, among other things, raising raw grain prices caused by factors such as tensions over the current situation in Ukraine and extreme weather across the globe. In this context, I am certain that the Showa Sangyo Group will play an increasingly larger role as it aims to continuously provide a stable supply of food.

During my time in finance, I experienced a wide range of financial operations, including corporate sales, credit screening of client companies, and securities investment, including overseas securities. I will draw upon this experi-

ence in a wide range of duties including not only working to improve the performance of the Showa Sangyo Group, but I will also strengthening corporate governance and risk management. I see my biggest role as an Outside Director and Audit and Supervisory Committee member as providing the appropriate advice and supervision needed to achieve the sustainable growth of the Showa Sangyo Group, as well as the medium to long term enhancement of its corporate value, from an independent and impartial standpoint and a variety of perspectives.

In line with the Group's management philosophy of "contributing to healthy, rich, and varied meals," I am committed to make use of my past experience to contribute to increasing the value of the Grain Solution Company that is the Showa Sangyo Group.

List of Officers (As of June 23, 2023)

Directors



Kazuhiko Niitsuma
Chairman
Number of shares owned: 60,576

Career
Apr. 1981 Joined the Company
June 2001 General Manager, Principal Account Sales Division
Nov. 2006 General Manager, Flour Milling Department
June 2009 Officer
June 2012 Managing Director
June 2014 Senior Managing Director
Apr. 2016 President
Apr. 2020 President and CEO
Apr. 2023 Chairman (current position)



Hideyuki Tsukagoshi
President and CEO
Number of shares owned: 9,398

Career
Feb. 1992 Joined the Company
June 2013 General Manager, Fukuoka Branch
Apr. 2015 General Manager, Management Planning Department
Apr. 2018 Officer
Apr. 2021 Managing Officer
June 2021 Director Managing Officer
Apr. 2023 President and CEO (current position)



Susumu Oyanagi
Director (Standing Audit and Supervisory Committee Member)
Number of shares owned: 21,501

Career
Apr. 1983 Joined The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.)
Apr. 2008 General Manager, Securities Department, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2010 General Manager, Credit Engineering Department
Apr. 2012 General Manager, General Affairs Department of the Company
June 2013 Officer
Apr. 2016 Managing Officer
June 2018 Director Managing Officer
Apr. 2023 Director
June 2023 Director Audit and Supervisory Committee Member (current position)



Toshihiro Teshima
Outside Director (Audit and Supervisory Committee Member)
Number of shares owned: 0

Career
Apr. 1983 Joined Yamaichi Securities Co., Ltd.
Apr. 1987 Joined Smith Barney, Harris Upham Co., Ltd.
Sep. 1992 Joined Yasuda Fire & Marine Insurance Co., Ltd.
July 2007 General Manager, General Planning Department, Yasuda Enterprise Development Co., Ltd.
June 2008 Senior Managing Director
Apr. 2017 Executive Officer and General Manager, Corporate Legal Department, Sompo Japan Nipponkoa Insurance Inc. (currently Sompo Japan Insurance Inc.)
Apr. 2018 Director and Managing Executive Officer, Sompo Japan Nipponkoa Insurance Inc. (currently Sompo Japan Insurance Inc.)
June 2021 Director, Sompo Holdings, Inc.
June 2023 Outside Director (Audit and Supervisory Committee Member) of Mizuho Trust & Banking Co., Ltd. (current position)
June 2023 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)



Junji Kokuryo
Director Senior Managing Officer
Number of shares owned: 20,994

Career
Apr. 1984 Joined the Company
May 2011 General Manager, Principal Account Sales Dept.
June 2014 Officer
Apr. 2018 Managing Officer
June 2018 Director Managing Officer
Apr. 2021 Director Senior Managing Officer (current position)
Apr. 2023 In charge of Business Management & Sales Division (current position)



Tatsuya Yamaguchi
Director Managing Officer
Number of shares owned: 24,662

Career
Apr. 1984 Joined the Company
Apr. 2007 General Manager, Sapporo Branch
June 2009 General Manager, Household Foods Department
June 2014 Officer
Apr. 2018 Managing Officer
June 2018 Director Managing Officer (current position)
Apr. 2023 In charge of Ingredients Sales Dept., Food Process Sales Dept., Retailer Sales Dept., and Branch Offices (current position)



Joji Sugo
Outside Director (Audit and Supervisory Committee Member)
Number of shares owned: 0

Career
Apr. 1984 Joined The Chiba Bank, Ltd.
June 2002 General Manager, Makuharishintoshin Branch
Feb. 2006 General Manager, Ichikawa Regional Corporate Banking Department, Ichikawa Branch
June 2011 General Manager, Treasury Division
June 2013 General Manager, Credit Division
June 2014 Executive Officer and General Manager, Credit Division
June 2016 Director and Managing Executive Officer
June 2018 Deputy President of Chibagin Research Institute, Corporation
June 2021 President, Chibagin JCB Card Co., Ltd. (current position)
June 2021 President, THE CHIBAGIN DC CARD., LTD. (current position)
June 2023 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)



Masashi Ohno
Director Managing Officer
Number of shares owned: 5,805

Career
Apr. 1987 Joined the Company
Apr. 2016 General Manager, Funabashi Plant
Apr. 2019 Officer
Apr. 2022 Managing Officer
June 2022 Director Managing Officer (current position)
Apr. 2023 In charge of Technical Division (current position)



Yoshihiro Hosoi
Director Managing Officer
Number of shares owned: 2,800

Career
Apr. 1985 Joined the Company
May 2011 General Manager, Real Estate Department
Apr. 2016 General Manager, Information System Department
Apr. 2018 Officer
Apr. 2022 Managing Officer
Apr. 2023 In charge of Corporate Division (current position)
June 2023 Director Managing Officer (current position)



Takashi Yanagiya
Outside Director
Number of shares owned: 3,200

Career
Oct. 2001 Managing Director at Nomura Securities Co., Ltd.
Apr. 2002 Representative Director and Senior Managing Director
June 2003 Representative Executive Officer and Senior Managing Executive Officer
Apr. 2006 Representative Executive Officer and Vice President
Apr. 2008 Executive Officer and Vice Chairman
Oct. 2008 Senior Managing Directors and Vice Chairman
Apr. 2012 Standing Advisor
Aug. 2012 Advisor
June 2013 Outside Director, Alpha Systems Inc.
June 2014 Outside Director, Hearts United Group Co., Ltd. (currently DIGITAL HEARTS HOLDINGS Co., Ltd.) (current position)
June 2015 Outside Director of the Company (current position)
May 2016 Chairman, Board of Trustees, Meiji University (current position)



Naoko Mikami
Outside Director
Number of shares owned: 700

Career
Apr. 1983 Joined Ajinomoto Co., Inc.
Apr. 2007 Visiting Professor of Musashino University
Jan. 2010 Joined C'BON COSMETICS Co., Ltd.
June 2011 Executive Officer, in charge of Production Department
June 2012 Director, in charge of Production Department
Apr. 2017 In charge of Administration Division
June 2017 Managing Director and Executive Officer
June 2019 Representative Director, Vice President, and Executive Officer
Jan. 2020 Representative Director, Vice President, Executive Officer, in charge of Product Development Division
June 2021 Senior Advisor at YA-MAN LTD. (current position)
June 2021 Outside Director of the Company (current position)
Mar. 2022 Outside Director of Earth Corporation (current position)

Officers

Senior Managing Officer

Hidekazu Takahashi In charge of Technical Planning Dept., Logistics Dept., Kashima Plant, Kobe Plant, and Funabashi Plant

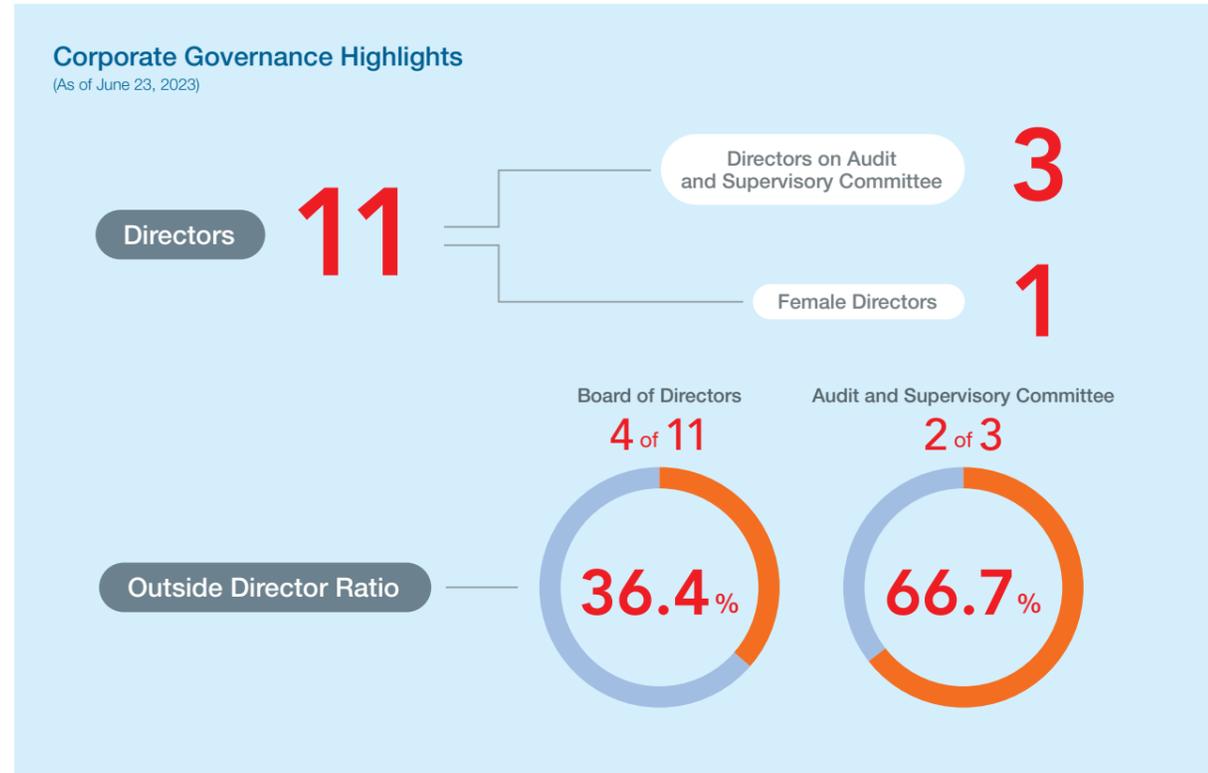
Managing Officer

Hiroshi Ino In charge of Group Personnel, Group Governance
Takaya Komai General Manager, Osaka Branch

Officers

Keiichi Hinokuma Representative Director and President, Shosan Shoji Co., Ltd.
Takayuki Ota Representative Director and President, San-ei Sucochemical Co., Ltd.
Toshiyuki Kaneko Representative Director and President, Boso oil and fat Co., Ltd.
Kenji Ogawara Representative Director and President, Okumoto Flour Milling Co., Ltd.
Noriaki Arakawa Representative Director and President, Kyushu Showa Sangyo Co., Ltd.
Michiyo Senba General Manager, Funabashi Plant
Takaaki Suzuki General Manager, Ingredients Sales Dept.
Toshihiko Nagai General Manager, Kashima Plant
Masabumi Suzuki General Manager, Research & Engineering Dept.
Kentarou Abe General Manager, Animal Feed Business Dept.
Yukinobu Oyama General Manager, Food Business Dept.
Hidenori Takahashi General Manager, Planning Dept.
Daisuke Kawazu General Manager, Development Dept.
Hidefumi Takeuchi General Manager, Overseas Business Development & Sales Dept.

Corporate Governance



Basic Policy

In accordance with its management philosophy of “contributing to healthy, rich, and varied meals,” the Showa Sangyo Group aims to enhance the trust of all stakeholders, including shareholders, customers, and employees, as well as to realize its sustainable growth and the medium to long term

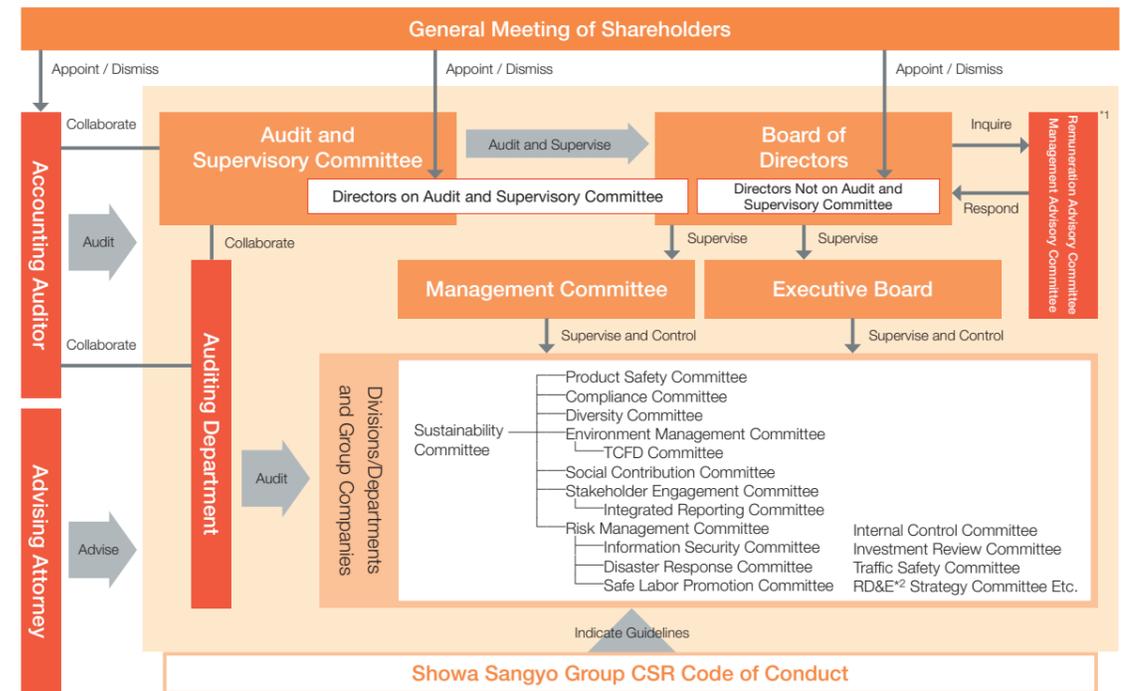
enhancement of its corporate value. As the concrete policy for achieving this goal, we have established the Showa Sangyo Corporate Governance Guidelines, and we will work to ensure the effectiveness of corporate governance as one of our most important management issues.

For details, please refer to the Corporate Governance Guidelines and the Corporate Governance Report (Japanese text only)
 Corporate Governance Guidelines <https://www.showa-sangyo.co.jp/csr/governance/guideline.html>
 Corporate Governance Report <https://www.showa-sangyo.co.jp/pdf/corporate/csr/governance-report.pdf>

History of Our Governance Initiatives



Corporate Governance System Chart



*1 Discretionary advisory bodies of the Board of Directors
 *2 Research, Development and Engineering

• Board of Directors

The Company's Board of Directors consists of a total of 11 members, including four outside directors. The Board of Directors makes decisions on the execution of important business operations of the Group and supervises the execution of duties by directors and officers.

• Audit and Supervisory Committee

The Audit and Supervisory Committee consists of two outside directors and one inside director, for a total of three members. The Audit and Supervisory Committee supervises the execution of duties by the Board of Directors in cooperation with the Accounting Auditor and the Company's Auditing Department.

• Executive Board

We established the Executive Board as a subordinate organization of the Board of Directors for the purpose of reporting on matters related to, among other things, the execution of duties by directors and officers, and for the purpose of keeping management on the same page. The board is composed of directors (including outside directors) and officers and meets once a month.

• Management Committee

We established the Management Committee as a subordinate organization of the Board of Directors for the purpose of discussing important matters related to the execution of the business, and for the purpose of keeping management on the same page. The committee is composed of the manager or director in charge of each division, all officers at the managing officer level and above, and all of directors on the Audit and Supervisory Committee (excluding outside directors).

• Management Advisory Committee

This committee composed solely of outside directors is a discretionary advisory body of the Board of Directors. It functions to ensure the appropriateness, objectivity, timeliness, and transparency of processes related to matters such as evaluation of the performance of directors and officers, as well as to their selection and dismissal. It also addresses management issues such as the development of the next generation of management talent.

• Remuneration Advisory Committee

This committee composed solely of outside directors is a discretionary advisory body of the Board of Directors that responds to inquiries on matters such as proposed remuneration for directors and officers. The Board of Directors determines executive compensation after receiving a response from the committee, ensuring objectivity and transparency in the compensation determination process. Remuneration for directors is determined in accordance with the publicly-available Executive Remuneration Policy and the Policy on Determination of Details of Remuneration, etc. for Directors.

• About Our Committees

We have established various inter-divisional committees as organizations to deal with the various long-term themes related to the management of the Group. Each committee is chaired by a director and works to resolve the various issues for which it is responsible through decision-making and proposals to management regarding said matters.

Director Skill Matrices

Based on the Group's management philosophy of "contributing to healthy, rich, and varied meals," we have formulated SHOWA Next Stage for 2025, our Long-term Vision of the Group as a Grain Solution Company for the period until the end of FY2025. We are currently pursuing the realization of this vision through the development and implementation of three Medium-term Management Plans each covering a three-year period. Throughout this entire process, we will strive to achieve the sustainable growth of our Group and the enhancement of our corporate value in order to fulfil our responsibilities to all of our stakeholders.

We believe that our directors have the knowledge, experience, and other qualifications needed to advance this effort,

and expect they will be able to demonstrate their expertise in the process. The skill matrices of each director is as shown below.

All of the directors possess the skills to promote ESG management, which enables the Group to solve social issues through its business and enhance its corporate value from the perspective of its CSV strategies. All of the directors who are Audit and Supervisory Committee members have audit-related skills, and all independent outside directors have experience in corporate management.

Note that the skills matrices below do not represent all of the knowledge, experience, and other qualifications possessed by the Company's directors.

Items on the Director Skill Matrices

Skill Items	Expected Knowledge / Experience
Business Management	As an internal director, they currently serve or have experience serving as a director in management position of any of the companies within the Group, or have an equivalent level of knowledge to such a person, and are expected to demonstrate their expertise as a director of the Company. On the other hand, our outside directors have the knowledge and experience of having served as directors in management positions at other companies, and are expected to demonstrate their expertise as a director of the Company.
Business Strategy	They are well-versed in the state of raw grain affairs overseas. In addition to their knowledge and experience in working closely with government agencies and related organizations, they have knowledge and experience in building relationships with various stakeholders while keeping abreast of market trends in the food industry in order for the Company to implement its management strategies. As such, we expect them to demonstrate their expertise as a director of the Company to help it contribute to society by procuring raw grains that support the domestic food supply from overseas and conducting our business as a Grain Solution Company.
Overseas Business	They have knowledge and experience negotiating with overseas companies on behalf of a company to conclude business alliances and other agreements. As such, we expect them to demonstrate their expertise as a director of the Company.
R&D Engineering / Logistics Treasury / Finance Governance / Risk Management IT / Information	They are not only well versed in the field in question, but also have the knowledge and experience to provide appropriately management and oversight. Therefore, we expect that they will be able to demonstrate their expertise as a director of the Company to help the Group execute its management strategy and achieve sustainable growth and increase its corporate value.

Name	Position / Responsibility in the Company	Attribute	Expected Knowledge / Experience							
			Business Management	Business Strategy	Overseas Business	R&D	Engineering / Logistics	Treasury / Finance	Governance / Risk Management	IT / Information
Male Kazuhiko Niitsuma	Chairman		●	●	●				●	
Male Hideyuki Tsukagoshi	President and CEO		●	●					●	●
Male Junji Kokuryo	Director Senior Managing Officer In charge of Business Management & Sales Division		●	●	●					
Male Tatsuya Yamaguchi	Director Managing Officer In charge of Ingredients Sales Dept., Food Process Sales Dept., Retailer Sales Dept., and Branch Offices		●	●						
Male Masashi Ohno	Director Managing Officer In charge of Technical Division		●			●	●			
Male Yoshihiro Hosoi	Director Managing Officer In charge of Corporate Division, General Manager of Planning Management Dept.		●					●	●	●
Male Takashi Yanagiya	Outside Director	Outside Director Independent Officer	●		●			●		
Female Naoko Mikami	Outside Director	Outside Director Independent Officer	●			●	●			
Male Susumu Oyanagi	Director (Standing Audit and Supervisory Committee Member)		●					●	●	●
Male Toshihiro Teshima	Outside Director (Audit and Supervisory Committee Member)	Outside Director Independent Officer	●					●	●	
Male Joji Sugo	Outside Director (Audit and Supervisory Committee Member)	Outside Director Independent Officer	●					●	●	

*Skills listed are areas in which directors are expected to demonstrate particular expertise.

Major Initiatives of the Board of Directors

The main items considered by the Board of Directors in FY2022 are as follows:

Voting Items

Formulation of Medium-term Management Plans, re-organizations, establishment of overseas subsidiaries, business alliances, introduction of new facilities and equipment, sales of owned assets, loans to business partners, disbursement of support funds, etc.

Reporting Items

Reports on Risk Management Committee activities, information security measures, overseas business, promotion of women activities initiatives, research and development, the state of intellectual property, etc.

Board of Directors Effectiveness Assessments

The Company's Corporate Governance Guidelines stipulate that "the Board of Directors shall analyze and evaluate the effectiveness of the Board of Directors as a whole every year based on self-evaluations of each director." Regarding FY2022, all 11 directors responded to a questionnaire-based survey in May 2023, and the results were analyzed and evaluated by the Board of Directors.

With regard to the overall operation of the Board of Directors, the Board believes that the frequency of meetings

and deliberation time are appropriate, and that a sufficient number of directors, including independent outside officers, have been secured in order to ensure the effectiveness of its decision-making and oversight functions. On the other hand, it was pointed out that there is room for improvement in the Board's composition.

We will continue to evaluate the effectiveness of the Board of Directors on a regular basis to ensure its effectiveness.

Reason for Appointment as Outside Director

Name	Attendance at Board of Directors and Audit and Supervisory Committee Meetings (FY2022)		Reason for Appointment
	Board of Directors	Audit and Supervisory Committee	
Takashi Yanagiya	16/16	-	We expect that he will strengthen the decision-making and auditing functions of the Board of Directors by leveraging his experience in corporate management and his extensive knowledge of capital markets.
Naoko Mikami	16/16	-	We expect that she will strengthen the decision-making and oversight functions of the Board of Directors by leveraging her experience and extensive knowledge of corporate management.
Toshihiro Teshima <small>(Assumed Office June 23, 2023)</small>	-	-	We expect that he will further strengthen the Company's risk management by leveraging his many years of experience at a non-life insurance company and his extensive knowledge of risk management.
Joji Sugo <small>(Assumed Office June 23, 2023)</small>	-	-	We expect that he will strengthen the Company's financial policy, etc., by leveraging his long years of experience at financial institutions and his extensive knowledge.

Assistance System for Outside Directors

Assistance is provided to outside directors through the Board of Directors Secretariat. As the Board of Directors has made the move to paperless meeting, outside directors are provided with computers that give them early access to meeting materials. With regard to important agenda items such as M&As, detailed explanations are provided in advance by the department in charge, etc. in an effort to

provide the information needed to make decisions.

We also provide outside directors with opportunities to see our plants, R&D facilities, and Group companies in person, while engaging in discussions with local managers, staff, etc. This is done in an effort to make them aware of the actual situation of the company.

Remuneration of Directors and Officers

• Basic Policy on Determining Remuneration

The Company established and disclosed an Executive Remuneration Policy effective April 1, 2017. It establishes the following basic policies with the intention of assuring that

executive remuneration functions as a sound incentive to contribute to the sustainable growth of the Group and the medium to long term enhancement of its corporate value.

- (1) Executive remuneration must contribute to the sustainable growth of the Group and the medium to long term enhancement of its corporate value.
- (2) Executive remuneration must contribute to sharing value with shareholders and fostering a shareholder-oriented management mindset.
- (3) Executive remuneration must consider not only short term performance, but it should also be linked to medium and long term performance.
- (4) Remuneration levels must be sufficient to attract and retain excellent personnel.
- (5) Consideration must be given to creating value for various stakeholders.
- (6) Executive remuneration must be designed to be both transparent and objective, and it must be decided through an appropriate process that ensures this.

• Process for Determining Remuneration

In order to ensure transparency and objectivity in the process of determining directors' remuneration, as well as the results of said process, the Board of Directors entrusts the President and CEO with the final decision on directors' remuneration by resolution of the Board of Directors, after deliberation by the Remuneration Advisory Committee, a

discretionary advisory body of the Board of Directors. The Remuneration Advisory Committee meets as required in the process of determining the remuneration system for directors and the specific amounts of remuneration for each director. The committee met a total of three times in FY2022.

• Remuneration System

The remuneration system for directors consists of monetary remuneration and stock-based remuneration.

Monetary remuneration consists of a basic fixed remuneration determined in accordance with the nature of the position, including job duties, as well as monetary remuneration as a short-term incentive (variable fixed remuneration) determined with consideration given to the performance of the Company and the individual director in the previous fiscal year. As a general rule, the ratio of these remunerations is 7:3 in favor of basic fixed remuneration (7) against variable fixed remuneration and stock-based remuneration (3). In order to share value with the Company's shareholders, between variable fixed remuneration and stock-based

remuneration, stock-based remuneration accounts for the majority. Variable fixed remuneration is determined based on the individual's level of contribution to the Company, including the company's performance and their individual performance, with consideration of the nature of each director's commitment to single-year performance as milestones for achieving medium to long term performance targets.

Meanwhile, stock-based remuneration is determined in accordance with the director's position, etc., after comprehensively considering their roles, responsibilities, etc. It serves as a medium to long term incentive to enhance the Group's corporate value over this same time scale, and to share interests with the Company's shareholders.

Remuneration System Diagram



Risk Management

Basic Policy

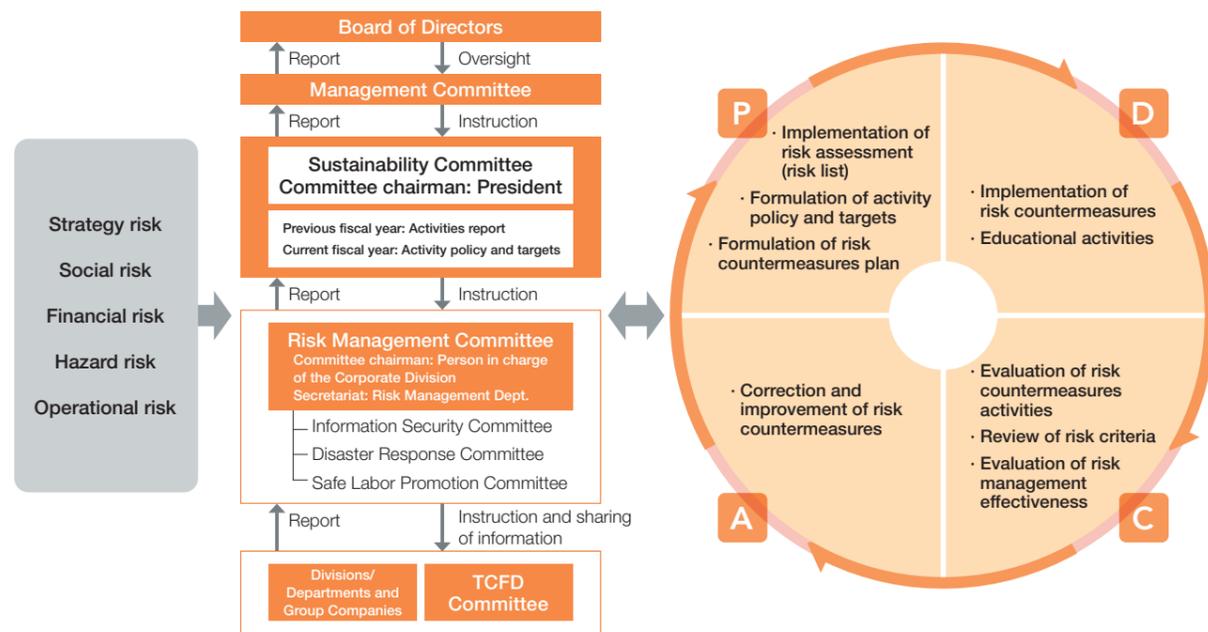
The Showa Sangyo Group has established the Risk Management Committee in accordance with the Basic Policy on Risk Management and works to strengthen prompt and appropriate responses to address serious risks to corporate management.

Risk Management Promotion System

At the Group, Risk Management Committee identifies risks with the potential to hinder the achievement of management targets once a year. The committee evaluates the identified risks in accordance with risk criteria consisting of a matrix formed from "level of impact on management" and "likelihood of occurrence" and implements risk assessment to determine the severity of the risk.

In particular, for very serious risks, the person in charge of each division reports to the Risk Management Committee on the response policy, and the committee monitors the response status and implements improvements and guidance, thereby developing ongoing risk management activities to reduce risk.

Diagram of Risk Management Promotion System



Identifying Serious Risks

The risks that could have a serious impact on management are as follows.

Risk Category	Main Related Risks
1. Raw grain procurement (fluctuations in grain prices and foreign exchange, etc.)	<ul style="list-style-type: none"> Sharp fluctuations in grain prices and foreign exchange markets Sustainable procurement of raw grain
2. Product safety	<ul style="list-style-type: none"> Concerns about product safety and reliability Increased costs for product recalls due to product defects Customer attrition due to decline in trust
3. Disasters, accidents, and infectious diseases	<ul style="list-style-type: none"> Inability of employees to attend work Disruption of supply chain Shutdown of plant operations

Risk Category	Main Related Risks
4. Information security	<ul style="list-style-type: none"> Shutdown of system due to cyberattack Compensation for damages due to information leaks
5. Climate change	<ul style="list-style-type: none"> Risk of transition to low-carbon society Physical risk due to intensification of abnormal weather and average temperature rise, etc.
6. Human rights	<ul style="list-style-type: none"> Decline in competitiveness and corporate value (decline in employee productivity, loss of outstanding human resources, damage to corporate image and trust, etc.)
7. Corporate acquisitions and joint ventures	<ul style="list-style-type: none"> Risk of impairment, including goodwill

Please see the corporate website for the main measures to address each risk. (Japanese text only)
<https://www.showa-sangyo.co.jp/csr/governance/risk-management.html>

Compliance

Basic Policy

Aware of being a corporate citizen, the Showa Sangyo Group implements activities led by the Compliance Committee with each and every employee serving as a compliance practitioner to create a more robust organization.

System

The Compliance Committee (Committee chairman: Person in charge of the Corporate Division) plays the central role in clarifying and disseminating the Group's compliance policy, identifying issues that change depending on social circumstances, and deciding and implementing countermeasures.

In addition to legal compliance, we follow social norms and ethical values, and employees receive extensive education according to their duties.

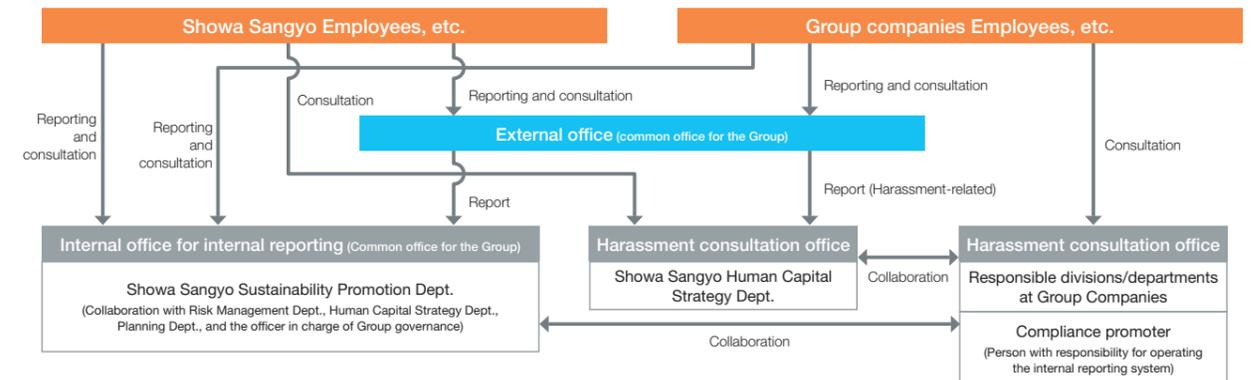
Internal Reporting System

The Group has established an internal reporting system, which protects whistleblowers and handles reports. Based on the content of these reports, we strive to improve the workplace by detecting misconduct at an early stage and identifying issues for improvement to create places where employees can work with more peace of mind.

We revised the system based on the objectives of the amended Whistleblower Protection Act, and implemented the revised Showa Sangyo Group Internal Reporting System Rules on April 1, 2022. Together with revising the rules, we also gave consideration to convenience for employees, including establishing a new external office for reporting on legal violations in general and enabling anonymous reporting.

In terms of consultation on harassment, we have established and operate a harassment consultation office in accordance with the Showa Sangyo Group Harassment Prevention Rules.

Showa Sangyo Group Internal Reporting System Report Receiving and Handling Framework (Outline)



Blocking Relationships with Anti-social Forces

The Showa Sangyo Group does not maintain any relationships with anti-social forces or with groups or companies that have relationships with anti-social forces.

In terms of specific measures to achieve this, we have established a response system to ensure the blocking of such relationships, including automation of primary screening for counterparty risk checks.

Promotion Activities

In FY2022, we implemented the "Questionnaire on Awareness and Status of Compliance" for employees with the objective of ascertaining employee awareness of compliance and compliance issues in workplaces.

Based on the results of the questionnaire, we have actively deployed educational and awareness-raising activities aimed at strengthening compliance. First, we distributed a compliance calendar that combines illustrations and slogans to workplaces as a compliance awareness-raising tool. Also as a tool to raise awareness of familiar and important topics, we started distributing the Compliance Newsletter in a four-frame comic format via the company intranet. We have distributed these newsletters each month on an ongoing basis.

In addition, in light of recent legal revisions, we are working to disseminate information to ensure legal compliance related to the internal reporting system and the Act on the Protection of Personal Information. With regards to the internal reporting system, we actively communicate the basic policy and system of the reporting system through training for new employees and the company intranet and strive to enhance operations.

We will continue to promote understanding and awareness of compliance education and work to enhance management systems.

Corporate Profile (As of March 31, 2023)

Company Name	Showa Sangyo Co., Ltd.
Headquarters Location	2-2-1, Uchikanda, Chiyoda-ku, Tokyo
Representative	President and CEO, Hideyuki Tsukagoshi
Established	February 18, 1936
Capital	¥14,293,508,177
Number of Employees	Company: 1,276 Consolidated: 2,863

Main Group Companies (As of June 30, 2023)

(As of June 30, 2023)

● Consolidated Subsidiary ▼ Unconsolidated Subsidiary ■ Equity Method Company

Company Name	Business Duties
● Shosan Shoji Co., Ltd.	Wholesale of foods and feed and insurance agency business, etc.
● Okumoto Flour Milling Co., Ltd.	Manufacturing and sales of flour, premixes and pasta, etc.
● Boso oil and fat Co., Ltd.	Production and sales of rice oils
● Shikishima Starch MFG. Co., Ltd.	Manufacturing and sales of corn starch and corn sweeteners
● San-ei Sucrochemical Co., Ltd.	Manufacturing and sales of corn sweeteners, lactic acid bacteria and Bifidobacterium
● Kyushu Showa Sangyo Co., Ltd.	Manufacturing and sales of animal feed and sales of livestock produce
● Kida Flour Mills Co., Ltd.	Manufacturing and sales of flour and premixes
● Naigai Flour Milling Co., Ltd.	Manufacturing and sales of flour
● Central Flour Milling Co., Ltd.	Manufacturing and sales of flour
● Swing Bakery Co., Ltd.	Manufacturing and sales of bread
● Grandsolu bakery Co., Ltd.	Manufacturing and sales of frozen dough
● Garden Bakery Inc.	Manufacturing and sales of bread
● Tower Bakery Co., Ltd.	Manufacturing and sales of bread and frozen dough
● Nagaokayuryo Co., Ltd.	Production and sales of rice oils
● Kumiaiyushi Co., Ltd.	Production and sales of soup, fatty acid
● Musashiyushi Co., Ltd.	Production and sales of rice oils
● Minaminihonkomeabura Co., Ltd.	Production and sales of rice oils, corn oils
● Tokyoyushikogyo Co., Ltd.	Production and sales of rice oils, corn oils
● Showa Frozen Foods Co., Ltd.	Manufacturing and sales of frozen foods
● Showa Keiran Co., Ltd.	Washing and sorting of eggs and purchase and sales of feed
● Shosan Kaihatsu Co., Ltd.	Commercial building and other property rental business
● Shourei Co., Ltd.	Freezer and refrigerated warehouse operations
● Oban Co., Ltd.	Wholesale of ingredients for Japanese confectionery and cookware
● Shosan Business Services Co., Ltd.	Consulting on corporate management for Showa Sangyo Group companies and other businesses
● Shosan Transportation Co., Ltd.	Truck transportation and loading/unloading operations
● Star Bakery Co., Ltd.	Property rental business
▼ Okada Unso Co., Ltd.	Freight truck transportation
▼ Showa Sangyo Vietnam Co., Ltd.	Technical consulting for food plants
■ Nagoya futo Silo Co., Ltd.	Grain silo
■ Kouchan Mill Co., Ltd.	Manufacturing and sales of flour
■ Tsuji Oil Mills Co., Ltd.	Production and sales of rice oils, corn oils
■ Z.Y. Food Company Limited	Production and washing and sorting of eggs and purchase and sales of feed
■ Shibushi Silo Co., Ltd.	Grain silo
■ Kashima Silo Co., Ltd.	Grain silo
■ Shin Nihon Chemical Co., Ltd.	Manufacturing and sales of food enzyme

Japanese Domestic Offices and Plants - 3 Manufacturing Bases



Kobe Plant

Located in the east of Kobe Port, this manufacturing and logistics base in western Japan has a berth suited for panamax class large-scale grain vessels

Location: Kobe City, Hyogo Prefecture
 Lot Area: About 73,000 m²
 Products: Flour, premix, vegetable oil



Kashima Plant

Featuring a berth at which a panamax class large-scale cargo vessel can dock, this is a main plant, which logistically is conveniently located about 80km from Tokyo, a large consumer

Location: Kamisu City, Ibaraki Prefecture (Kashima Coastal Industrial Zone) and other locations
 Lot Area: About 390,000 m² (including Itako Mix Branch Plant, etc.)
 Products: Flour, vegetable oil, cornstarch and sweeteners, processed soybean products, premix

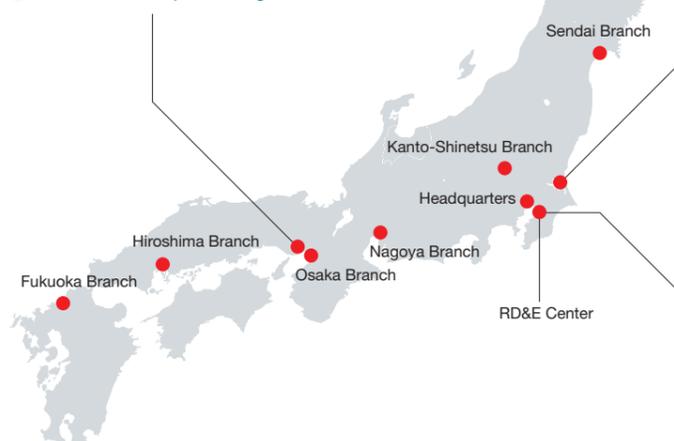


Funabashi Plant

Manufacturing and logistical base in the capital area, which acts mainly as a flour milling plant and handles secondary processing of flour. Adjacent with RD&E* Center in the same lot

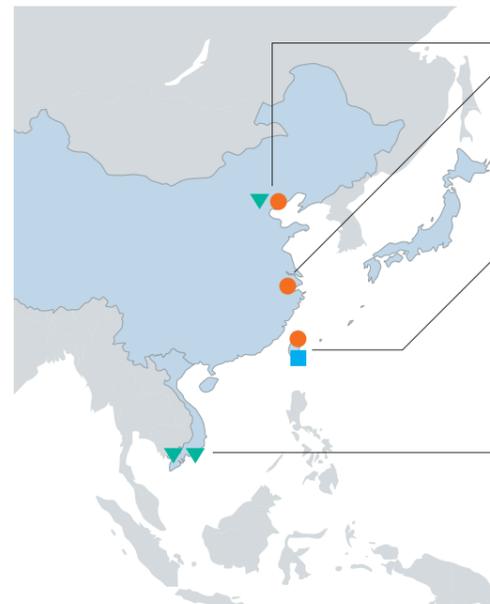
Location: Funabashi City, Chiba Prefecture
 Lot Area: About 77,000 m² (including RD&E Center)
 Products: Flour, premix, pasta

*Research, Development and Engineering



Foreign Business

● Flour ▼ Premix ■ Animal feed/chicken eggs



China

- ▼ Dachan Showa Foods Tianjin Co., Ltd
 - Manufacturing and sales of premixes
- Dachan LiangYou Foods Co., Ltd
 - Manufacturing and sales of flour



Taiwan

- Kouchan Mill Co., Ltd
 - Manufacturing and sales of flour
- Z. Y. Food Company Limited
 - Production and washing and sorting of eggs and purchase and sales of feed



Vietnam

- ▼ International Mix Joint-Venture Company
 - Manufacturing and sales of premixes
- ▼ Showa Sangyo International Vietnam
 - Manufacturing and sales of premixes, and prepared sugar (planned to begin operation in 2025)



Financial and Non-financial Highlights (11 Years)

		FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating Results												
Net sales	(Millions of yen)	228,150	246,418	245,111	247,823	233,206	233,166	255,905	254,017	255,997	287,635	335,053
Operating profit	(Millions of yen)	8,015	8,550	7,142	7,951	8,786	6,556	8,443	8,808	7,594	5,564	4,184
Operating profit margin	(%)	3.5	3.5	2.9	3.2	3.8	2.8	3.3	3.5	3.0	1.9	1.2
Ordinary profit	(Millions of yen)	8,707	9,638	8,108	8,977	9,514	7,737	9,786	10,160	9,213	6,576	6,525
Profit attributable to owners of parent	(Millions of yen)	4,680	6,458	5,287	5,941	6,167	4,893	7,254	6,764	10,115	4,006	7,776
Financial Position												
Total assets	(Millions of yen)	152,926	154,544	160,778	157,941	164,959	170,544	174,711	173,451	213,309	231,306	247,770
Net assets	(Millions of yen)	58,620	61,716	69,180	71,600	75,368	81,049	86,211	88,721	103,080	109,089	116,362
Equity ratio	(%)	36.5	38.2	41.3	43.6	44.4	45.8	47.4	49.2	46.7	45.7	45.6
ROA	(%)	5.8	6.3	5.1	5.6	5.9	4.6	5.7	5.8	4.8	3.0	2.7
Interest-bearing debt	(Millions of yen)	39,470	39,634	36,413	33,502	32,922	34,343	30,925	29,940	45,421	52,927	61,394
Debt-equity ratio	(Times)	0.71	0.67	0.55	0.49	0.45	0.44	0.37	0.35	0.46	0.50	0.54
Return On Equity (ROE)	(%)	8.8	11.2	8.4	8.8	8.7	6.5	9.0	8.0	10.9	3.9	7.1
Cash Flows												
Cash flows from operating activities	(Millions of yen)	9,877	10,926	13,800	13,036	19,098	9,582	18,590	15,634	13,769	1,334	-2,930
Cash flows from investing activities	(Millions of yen)	-6,546	-9,432	-9,122	-8,428	-9,923	-11,773	-8,208	-7,599	-26,376	-11,729	-6,155
Free cash flow	(Millions of yen)	3,331	1,493	4,677	4,607	9,174	-2,191	10,382	8,034	-12,606	-10,395	-9,086
Cash flows from financing activities	(Millions of yen)	-3,380	-2,309	-4,733	-4,443	-4,753	-404	-7,525	-4,686	13,800	8,405	6,136
Per Share Indicators												
Earnings per share	(Yen)	28.45	39.80	33.09	37.18	194.26 ^{*1}	154.97	229.65	216.45	319.67	120.61	232.59
Net assets per share	(Yen)	341.78	369.75	415.45	430.83	2,318.46 ^{*1}	2,476.29	2,622.82	2,738.26	3,079.85	3,161.88	3,378.49
Dividend per share	(Yen)	8.00	9.00	9.00	10.00	10.00	30.00 ^{*2}	60.00	65.00	65.00	60.00	65.00
Dividend payout ratio	(%)	28.1	22.6	27.2	26.9	25.7	32.3	26.1	30.0	20.3	49.7	27.9
Other												
Capital investment	(Millions of yen)	7,466	8,716	7,430	8,570	12,595	7,654	7,847	9,697	12,434	9,877	9,449
Depreciation	(Millions of yen)	7,296	7,460	7,397	7,304	7,582	7,930	8,556	8,146	8,816	9,990	9,906
R&D expenses	(Millions of yen)	1,877	1,943	2,011	1,970	2,222	2,119	2,222	2,212	2,489	2,643	2,734
Non-financial Indicators												
CO ₂ emissions ^{*3}	(10,000 t)	31.5	34.1	34.0	33.7	32.9	32.5	34.0	33.5	40.9	36.8	33.3
Energy consumption (crude oil equivalent) ^{*3}	(1,000 kl)	128	132	133	136	136	137	148	147	184	182	178
Water consumption ^{*3}	(1,000 t)	5,618	5,861	5,734	5,841	5,749	6,144	6,342	6,247	14,990	14,779	13,980
Number of employees on the consolidated basis	(Employees)	2,004	2,037	2,057	2,042	2,103	2,139	2,376	2,421	2,899	2,870	2,863

*1 Showa Sangyo implemented a reverse stock split with a ratio of 1:5 for the Company's common stock on October 1, 2017. Accordingly, earnings per share and net assets per share are calculated as if the reverse stock split had been implemented at the beginning of FY2016.

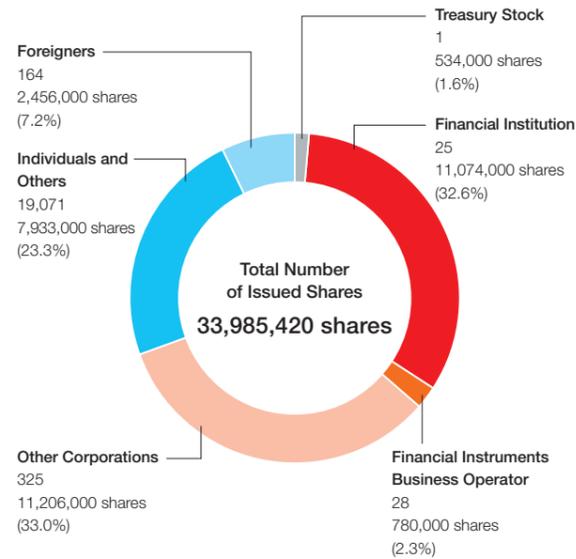
*2 The dividend per share of 30 yen in 2017 consists of an interim dividend of 5 yen before the reverse stock split and a year-end dividend of 25 yen after the reverse stock split.

*3 The aggregation range has fluctuations due to increases and decreases in Group companies. The aggregation range for FY2022 is 26 consolidated subsidiaries.

Share Information (As of March 31, 2023)

Stock Code : 2004	Total Number of Authorized Shares : 131,000,000 shares
Listed Stock Exchange : TSE Prime	Total Number of Issued Shares : 33,985,420 shares (including 534,486 shares of treasury stock)
Number of Shares Per Unit : 100 shares	Number of Shareholders : 19,614

Stock Distribution Status by Owner



Major Shareholder

Shareholder Name	Number of Shares Held (thousands of shares)	Shareholding Ratio (%)
ITOCHU Corporation	2,540	7.6
The Master Trust Bank of Japan, Ltd. (trust account)	2,189	6.5
The Chiba Bank, Ltd.	1,542	4.6
MITSUI & CO., LTD.	1,540	4.6
Yuasa Funashoku Co., Ltd.	1,233	3.7
Sompo Japan Insurance Inc.	1,197	3.6
Showa Sangyo Business Partner Stockholder Association	1,131	3.4
The Norinchukin Bank	1,103	3.3
Sojitz Corporation	1,000	3.0
Cargill Japan LLC	940	2.8

(Note) Shareholding ratio is calculated excluding treasury stock.

Stock Price

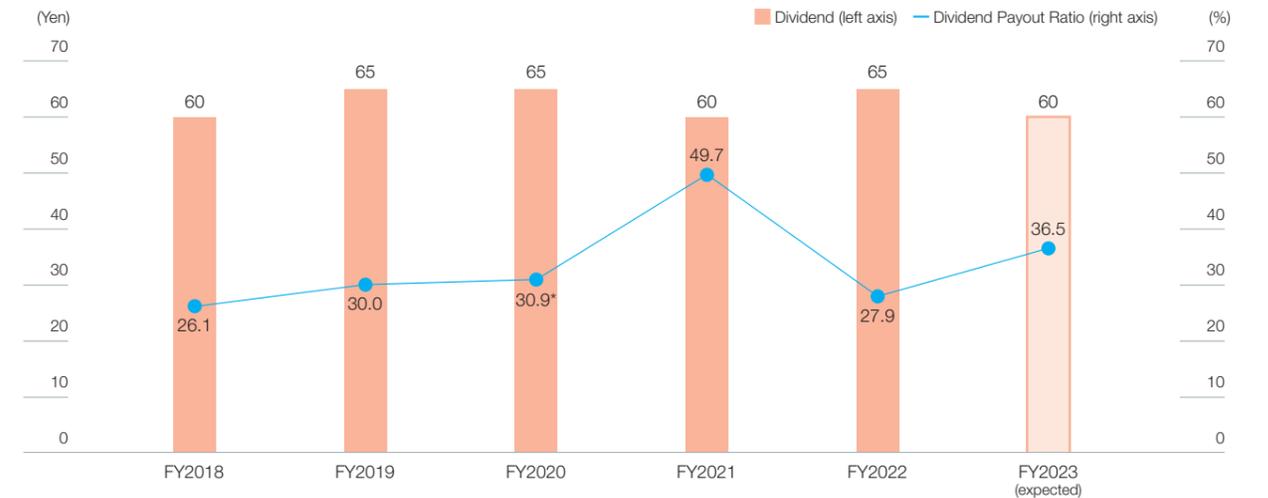
Trends in Stock Price / Volume



	FY2018	FY2019	FY2020	FY2021	FY2022
Highest Stock Price (Yen)	3,095	3,265	3,645	3,140	2,673
Lowest Stock Price (Yen)	2,701	2,853	3,000	2,590	2,359
Return On Equity (ROE) (%)	9.0	8.0	10.9	3.9	7.1
Price-Book Ratio (PBR) (Times)	1.14	1.17	1.01	0.83	0.74

Shareholder Return (Dividends)

Trend in Dividend / Dividend Payout Ratio per 1 Share



*The dividend payout ratio for FY2020 excludes the influence due to gain on negative goodwill. The dividend payout ratio including the influence due to gain on negative goodwill is 20.3%

On Issuing the "Showa Sangyo Group Integrated Report 2023"

The "Showa Sangyo Group Integrated Report" is created as a communication tool to spur dialogue with all of our diverse stakeholders, particularly all of our investors.

Every year, we are careful to include the various opinions and perceptions of all of our stakeholders who read that year's report in the following year's Integrated Report to the greatest extent possible.

Starting this fiscal year, we have begun our newest Medium-term Management Plan, as we work for three years to achieve "our ideal identity" in 2025, the last fiscal year for the Long-term Vision.

Through the re-defining of materialities, five key strategies, financial KPIs and non-financial KPIs in

the pages of the Medium-term Management Plan, we hope you will be able to understand our future direction, which utilizes our strengths as a Group which has a unique business model.

Moving forward, we will continue striving for proactive information disclosure, necessary for growth of our Group, by deepening the content of our reports, as we also strive for transparent and fair dialogue, so we humbly ask for your continued offering of frank opinions.

Hidenori Takahashi

Officer, General Manager of Planning Department
Showa Sangyo Co., Ltd.



穀物ソリューション・カンパニー

SHOWA

昭和産業グループ

Showa Sangyo Co., Ltd.

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Date of publication: December 2023