

Financial Results Briefing for the First Half of FY2025 (Ending March 31, 2025)

November 15, 2024



- 1 Financial Results for the First Half of FY2025**
- 2 Earnings Forecast for FY2025
- 3 Progress of Medium-Term Management Plan 23–25
- 4 Other Topics

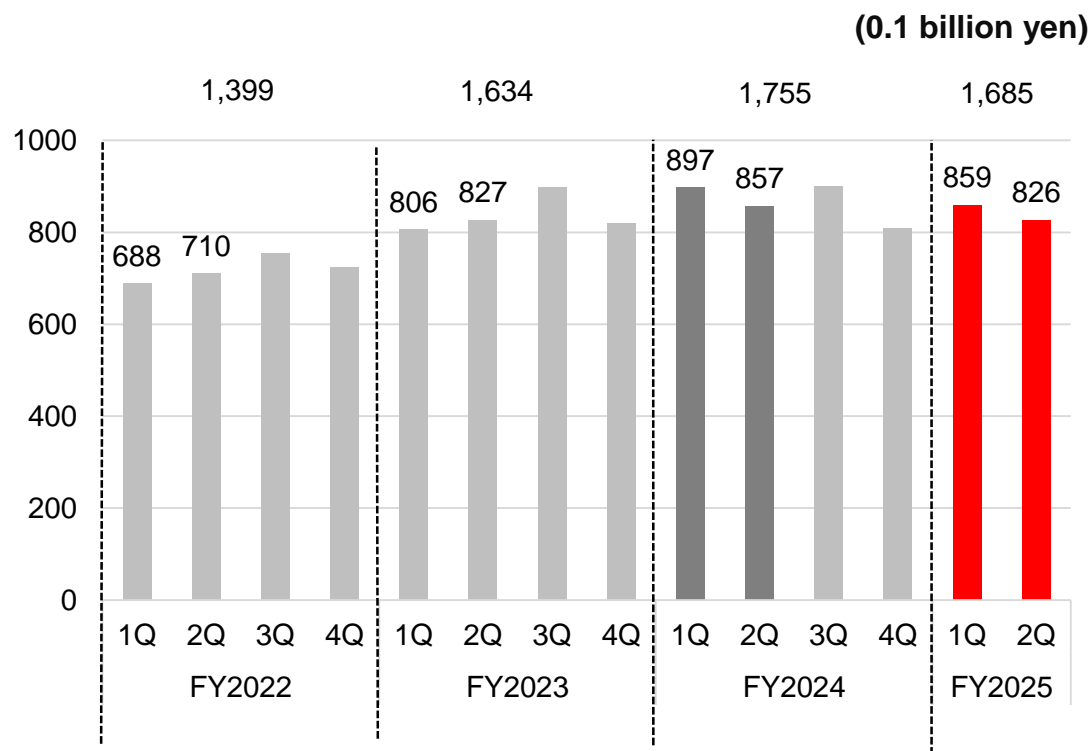
Financial Highlights for the First Half of FY2025

Net sales

168.5 billion yen

Net sales decrease
▲7.0 billion yen
Percentage change
▲4.0%

- Net sales decreased due to lower selling prices resulting from lower raw material prices, despite an increase in sales volume

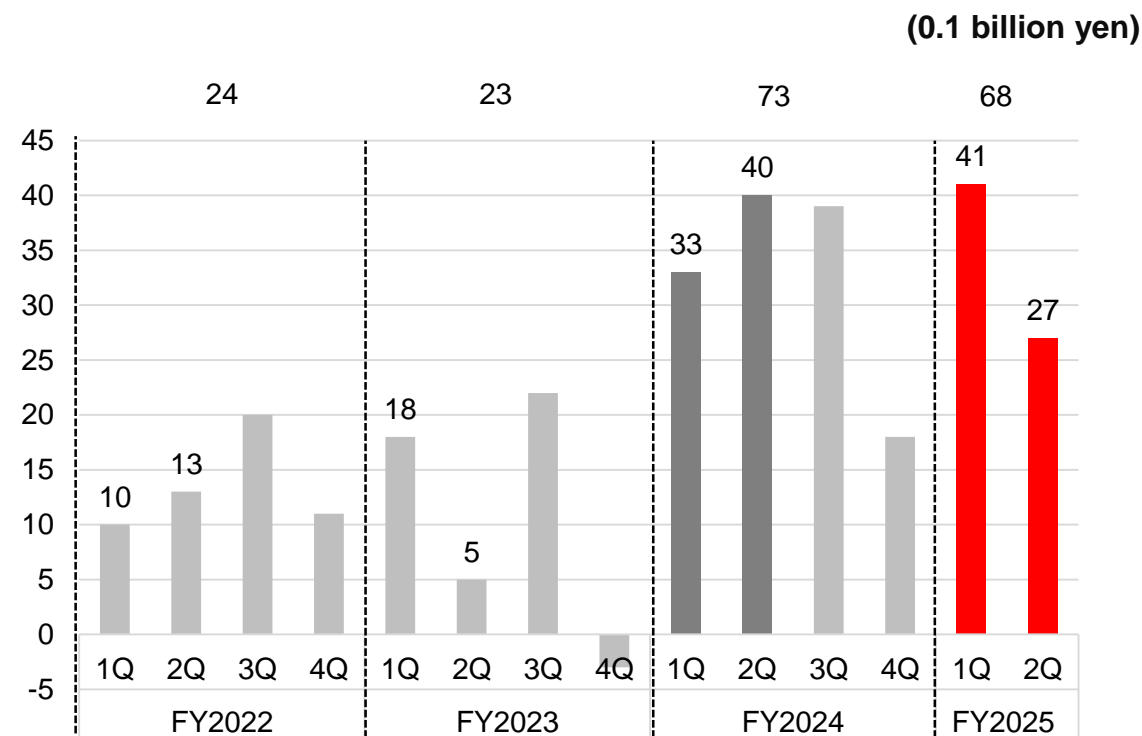


Operating profit

6.8 billion yen

Profit decrease
▲0.4 billion yen
Percentage change
▲6.6%

- Sales volume increased, but this was almost offset by a lower sales price and increased cost of sales
- Profit decreased due to higher SG&A expenses, including personnel and distribution expenses



Financial Highlights for the First Half of FY2025

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168.5 billion yen

Net sales decrease
▲7.0 billion yen
Percentage change
▲4.0%

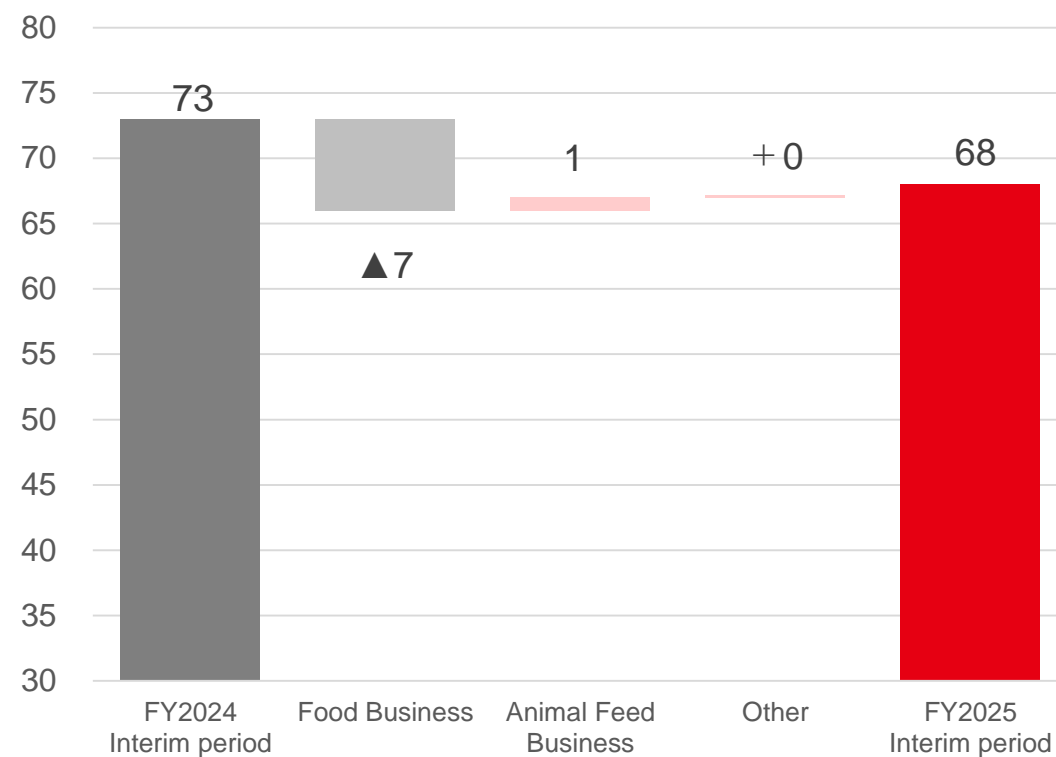
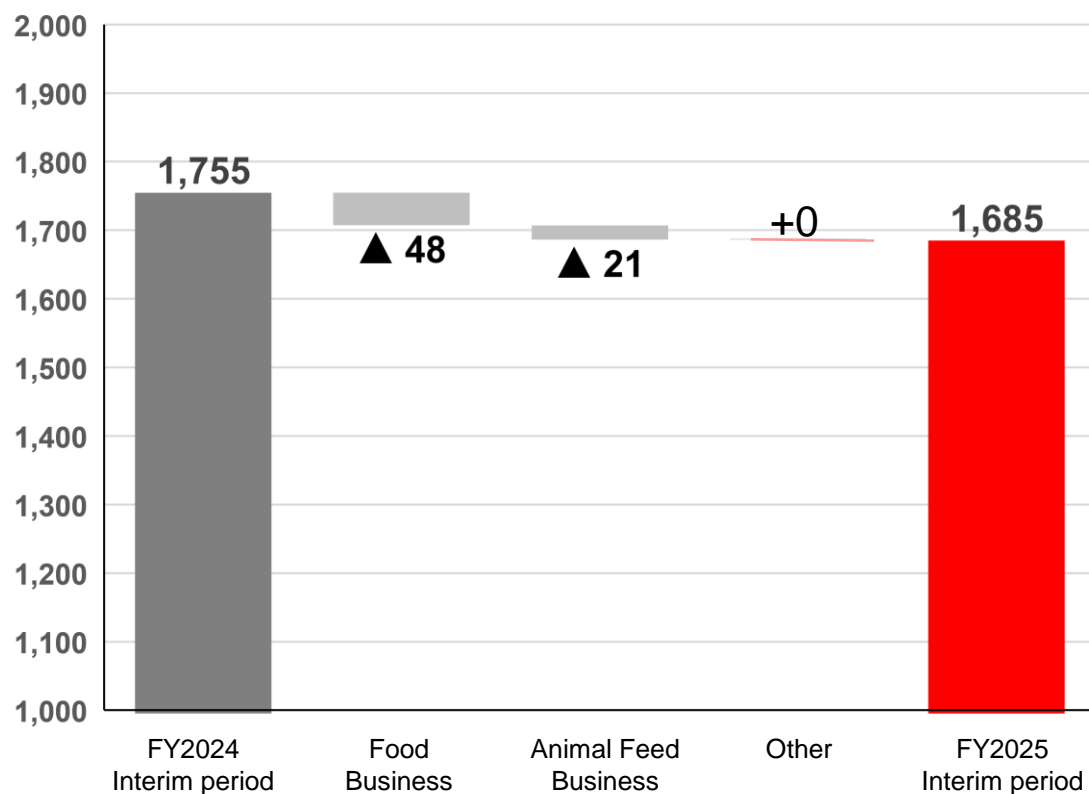
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(0.1 billion yen)

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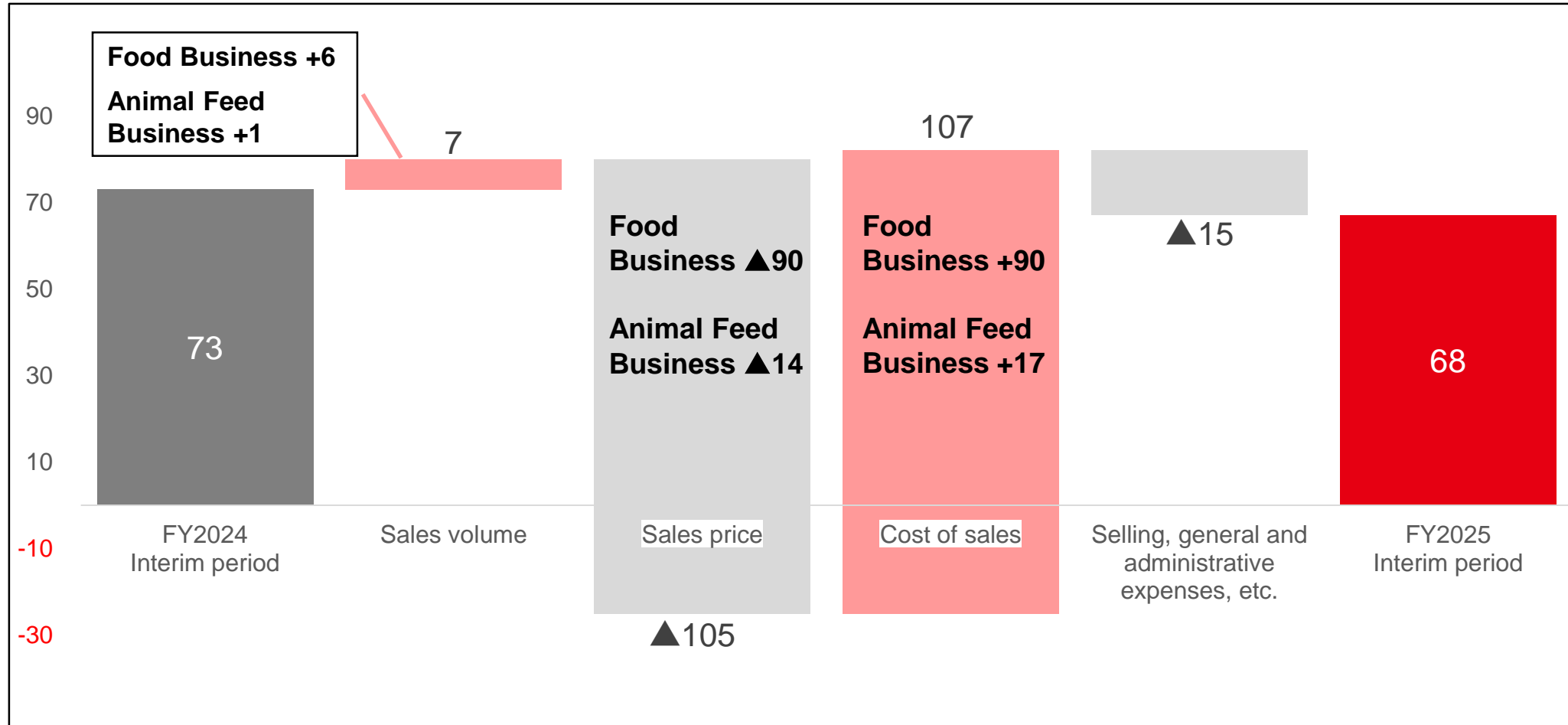


Factors for Changes in Operating Profit for the First Half of FY2025

Operating
profit

First half of FY2025 **6.8 billion yen** Annual change **▲0.4 billion yen**

(0.1 billion yen)

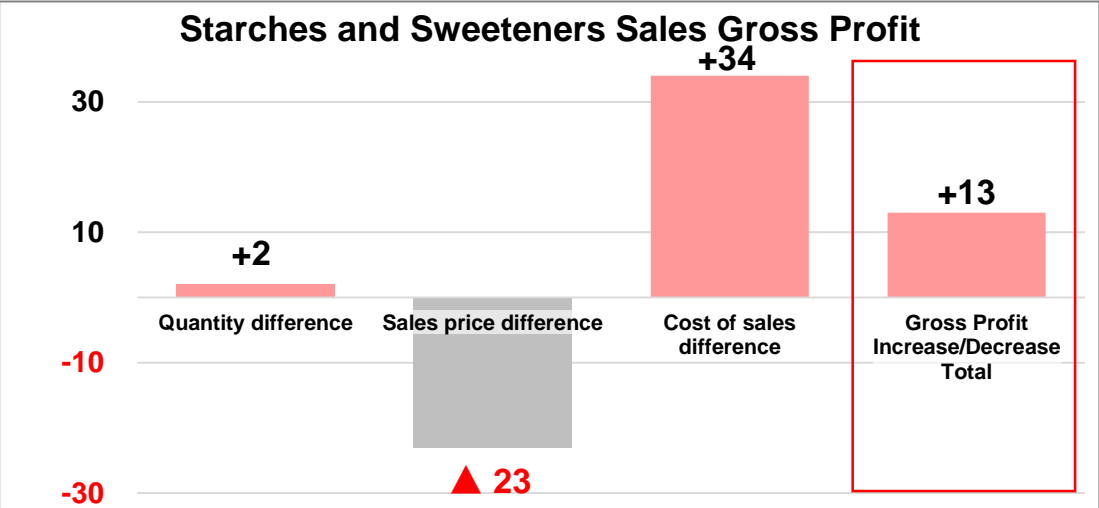
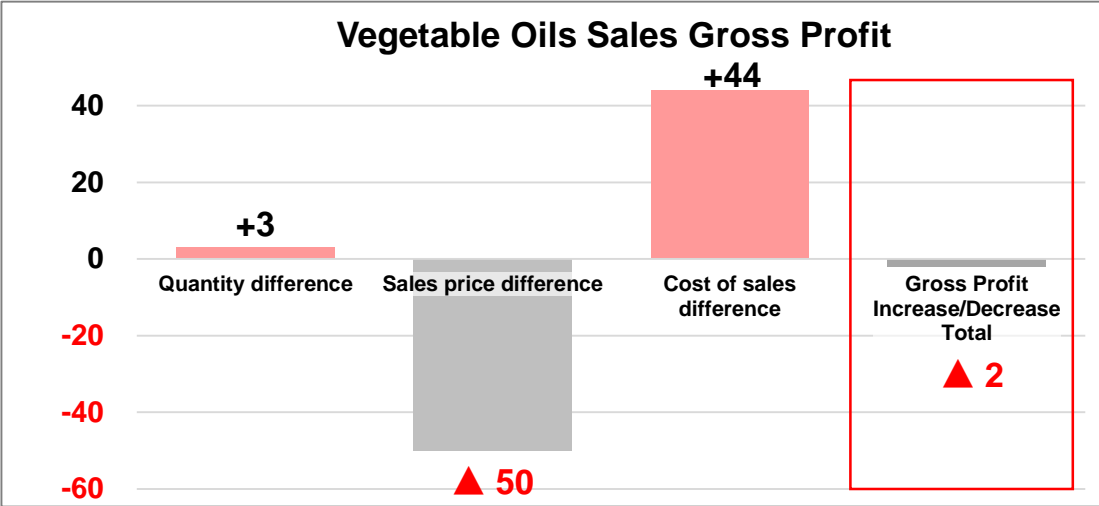
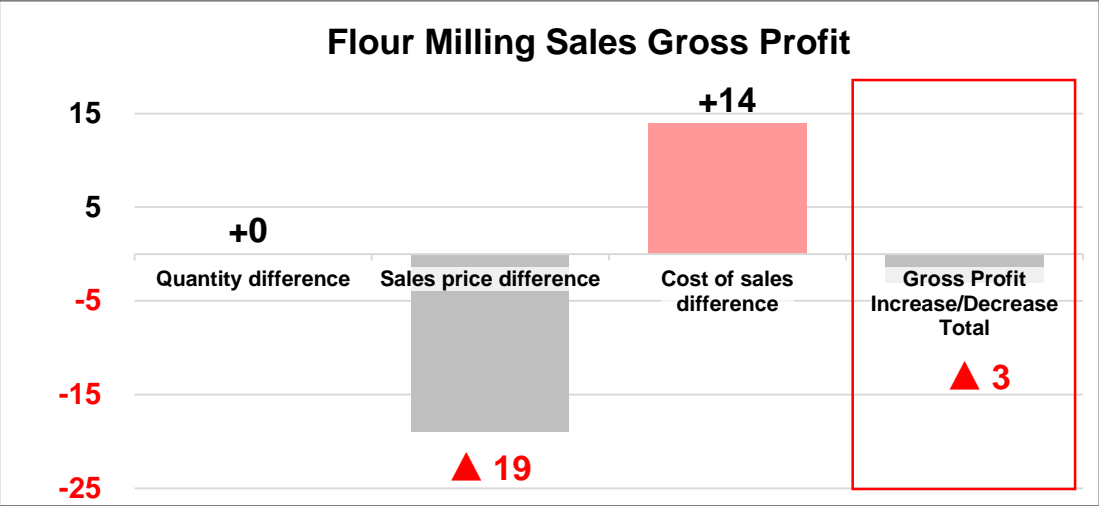


Factors for Changes in Operating Profit for the First Half of FY2025 (by Food Business Category)

Food Business
operating profit

First half of FY2025 **6.5 billion yen** Annual change **▲0.7 billion yen**

(0.1 billion yen)



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

Difference in operating profit of Food Business
▲0.7 billion yen

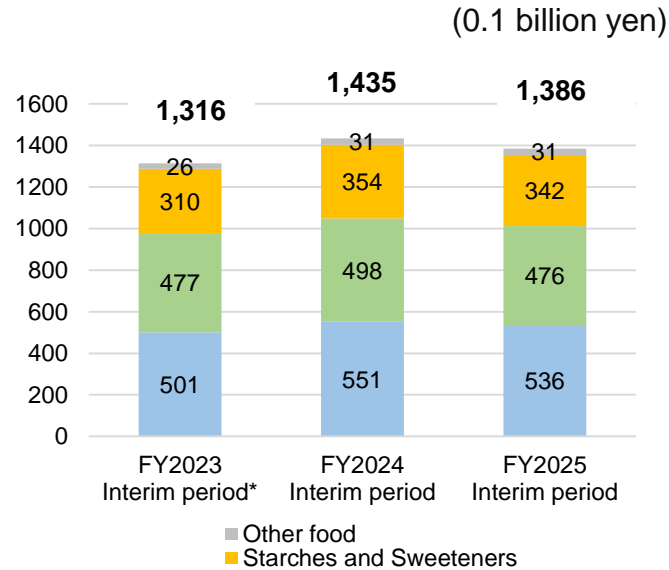
Net sales and operating profit by segment for the first half of FY2025

Food Business Net sales

First half of FY2025 **138.6 billion yen**

Annual change **▲4.8 billion yen**

Percentage change **▲3.4%**



Net sales decreased due to lower selling prices compared with the same period a year ago, as a result of lower government selling prices for imported wheat as well as lower prices of main raw materials

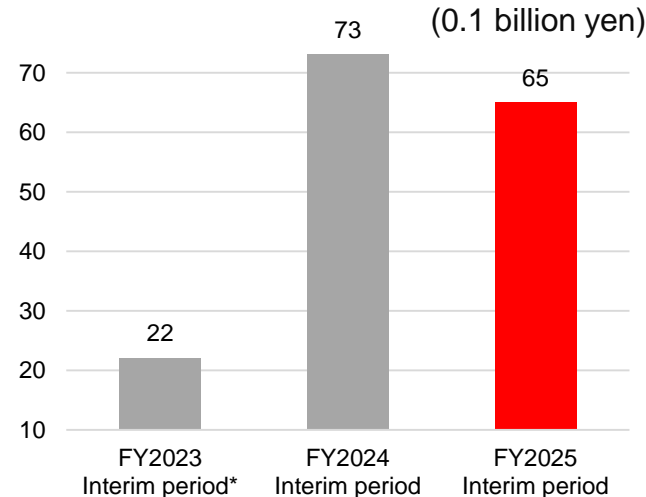
Net sales	First half of FY2024	First half of FY2025	Annual change	Percentage change	1Q annual change (Apr-Jun)	2Q annual change (Jul-Sep)
Flour milling	551	536	▲14	▲2.7%	▲8	▲6
Vegetable oils	498	476	▲21	▲4.4%	▲6	▲15
Starches and Sweeteners	354	342	▲11	▲3.3%	▲7	▲4
Other food	31	31	0	0.8%	▲1	1
Food Business Total	1,435	1,386	▲48	▲3.4%	▲23	▲24

Food Business Operating profit

First half of FY2025 **6.5 billion yen**

Annual change **▲0.7 billion yen**

Percentage change **▲10.3%**



Sales volume increased from the same period a year ago due to a recovery in demand and the implementation of sales measures to take advantage of such opportunity, but profit decreased due to the significant impact of SG&A expenses

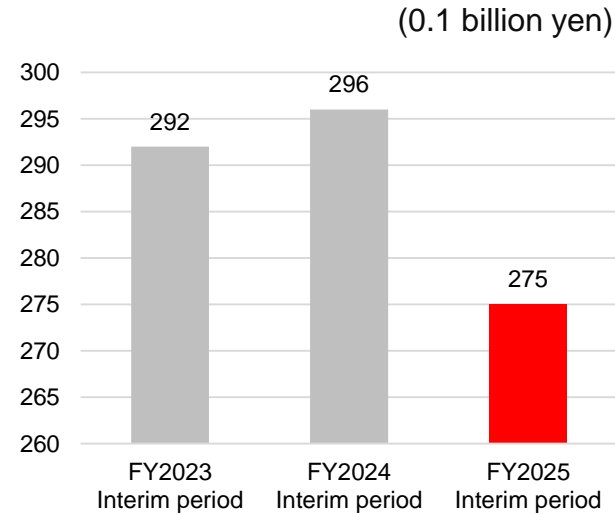
Operating profit	First half of FY2024	First half of FY2025	Annual change	Percentage change	1Q annual change (Apr-Jun)	2Q annual change (Jul-Sep)
Food Business	73	65	▲7	▲10.3%	6	▲13

* The accounting segments have been changed from FY2024, and the figures for FY2023 have been recalculated based on the new segments.

Net sales and operating profit by segment for the first half of FY2025

Animal Feed Business Net sales

First half of FY2025	27.5 billion yen
Annual change	▲2.1 billion yen
Percentage change	▲7.3%

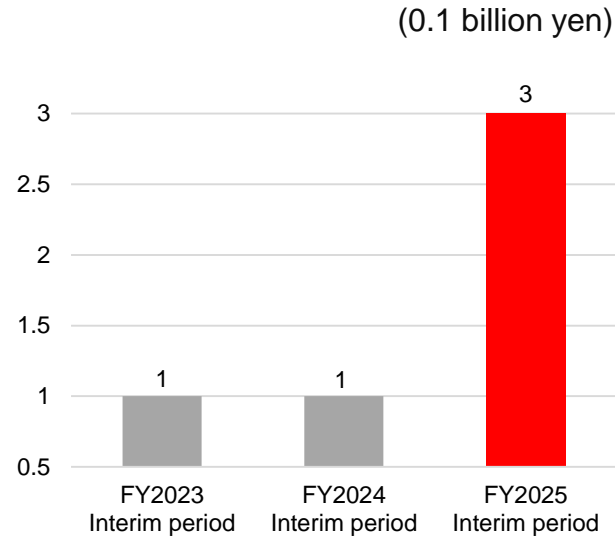


Net sales fell due to lower sales prices of compound animal feed than in the previous year as a result of falling raw material prices, and a weak egg market caused by easing of the supply-demand balance

	First half of FY2024	First half of FY2025	Annual change	Percentage change	1Q annual change (Apr–Jun)	2Q annual change (Jul–Sep)
Net sales						
Animal Feed Business	296	275	▲21	▲7.3%	▲15	▲6

Animal Feed Business Operating profit

First half of FY2025	0.3 billion yen
Annual change	+0.1 billion yen
Percentage change	+166.0%



Profit grew due to higher sales volume of compound animal feed and eggs from the same period a year ago as a result of a recovery in egg production at farms that experienced a bird flu outbreak

	First half of FY2024	First half of FY2025	Annual change	Percentage change	1Q annual change (Apr–Jun)	2Q annual change (Jul–Sep)
Operating profit						
Animal Feed Business	1	3	1	166.0%	1	0

Consolidated Balance Sheets/Consolidated Cash Flows

■ Consolidated Balance Sheet (0.1 billion yen)

Item	End of March 2024	End of September 2024	Change
Total assets	2,622	2,583	▲39
Current assets	1,227	1,198	▲28
Non-current assets	1,394	1,384	▲10
Total liabilities	1,289	1,234	▲55
Interest-bearing debt	533	571	38
Other liabilities	756	662	▲94
Total net assets	1,332	1,349	16

■ Consolidated Cash Flows (0.1 billion yen)

Item	First half of FY2024	First half of FY2025	Change
Operating cash flow	105	77	▲27
Investment cash flows	▲67	▲48	18
Acquisition of property, plant and equipment	▲49	▲74	▲25
Sale of property, plant and equipment	0	29	29
Other	▲17	▲3	14
Free cash flow	38	28	▲9
Financing cash flows	▲19	▲14	5
Cash and cash equivalents at end of period	80	95	14

<Major Factors>

- Operating cash flow
 - (+) Decrease in trade receivables
 - (-) Increase in inventories, decrease in notes and accounts payable, income taxes paid
- Investment CF
 - (-) Acquisition of property, plant and equipment
 - (+) Sale of property, plant and equipment
- Financing CF
 - (-) Repurchase and cancellation of treasury shares using free cash flow as a source of funds
(Total number of shares acquired: 990,000 shares, acquisition value: 3.4 billion yen)

Factors Affecting Cost

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

- Raw material grain market softened compared with the previous year's results
- Energy prices (sea freight, LNG) are on the rise
- The Japanese yen is weakening against the U.S. dollar

	FY2024				FY2025 results		October-March Assumptions
	April-June	July-September	October-December	January-March	April-June	July-September	
Wheat yen/t*1	72,530	76,750	76,750	68,240	68,240	67,810	67,810
Soybean ¢/Bu*2	1,501	1,440	1,333	1,295	1,171	1,168	995
Rapeseed C\$/MT*3	793	745	748	657	609	632	585
Corn ¢/Bu*4	653	592	479	463	429	430	400
Sea freight US\$/t*5	53.0	48.9	59.8	62.7	62.3	62.3	65.0
Exchange rate Yen/US\$ *6	133.39	140.04	147.35	146.87	150.96	157.44	147.00
LNG yen/kg*7	103.2	75.8	89.1	98.8	94.8	93.8	96.4

- *1: Average price of five brands three months prior to the relevant period
 *2: Average Chicago market price two months prior to the relevant period
 *3: Average ICE market price two months prior to the relevant period
 *4: Average Chicago market price two months prior to the relevant period

- *5: Average Panamax vessel of U.S. Gulf-Japan (based on corn)
 *6: TTM average two months prior to the relevant period
 *7: Average unit price calculated from value and quantity of imported goods in the country of origin based on the actual monthly preliminary figures of Trade Statistics of Japan disclosed two months prior to the relevant period

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Earnings Forecast for FY2025

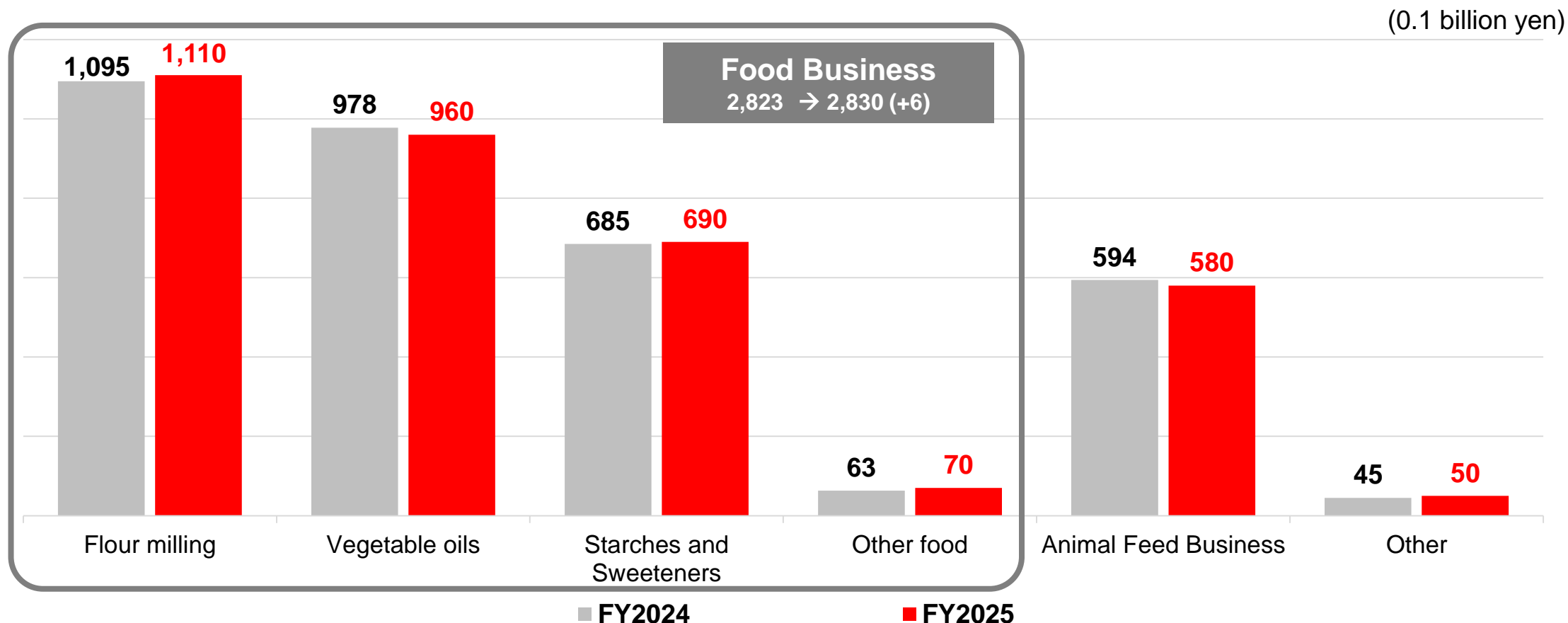
- Net sales are expected to be 346.0 billion yen, almost unchanged from a year earlier
- Operating profit is expected to be 12.0 billion yen, down 1.1 billion yen from the same period a year ago, due to higher distribution costs and personnel expenses, etc.

(0.1 billions of yen)		FY2024	FY2025 forecast	Change (Year-on-Year)	Percentage of change (Year-on-Year)
Net sales	Food	2,823	2,830	6	
	Animal feed	594	580	▲14	
	Other	45	50	4	
		3,463	3,460	▲3	▲0.1%
Operating profit	Food	128	115	▲13	
	Animal feed	7	8	1	
	Other	13	13	0	
	Company-wide expenses, etc.	▲17	▲17	—	
		131	120	▲11	▲8.7%
Ordinary profit		165	130	▲35	▲21.5%
Profit		123	110	▲13	▲11.0%

Earnings Forecast for FY2025 (Net sales, by Food Business Category)

Net sales forecast

FY2024 346.3 billion yen ⇒ FY2025 346.0 billion yen (annual change ▲0.3 billion yen)

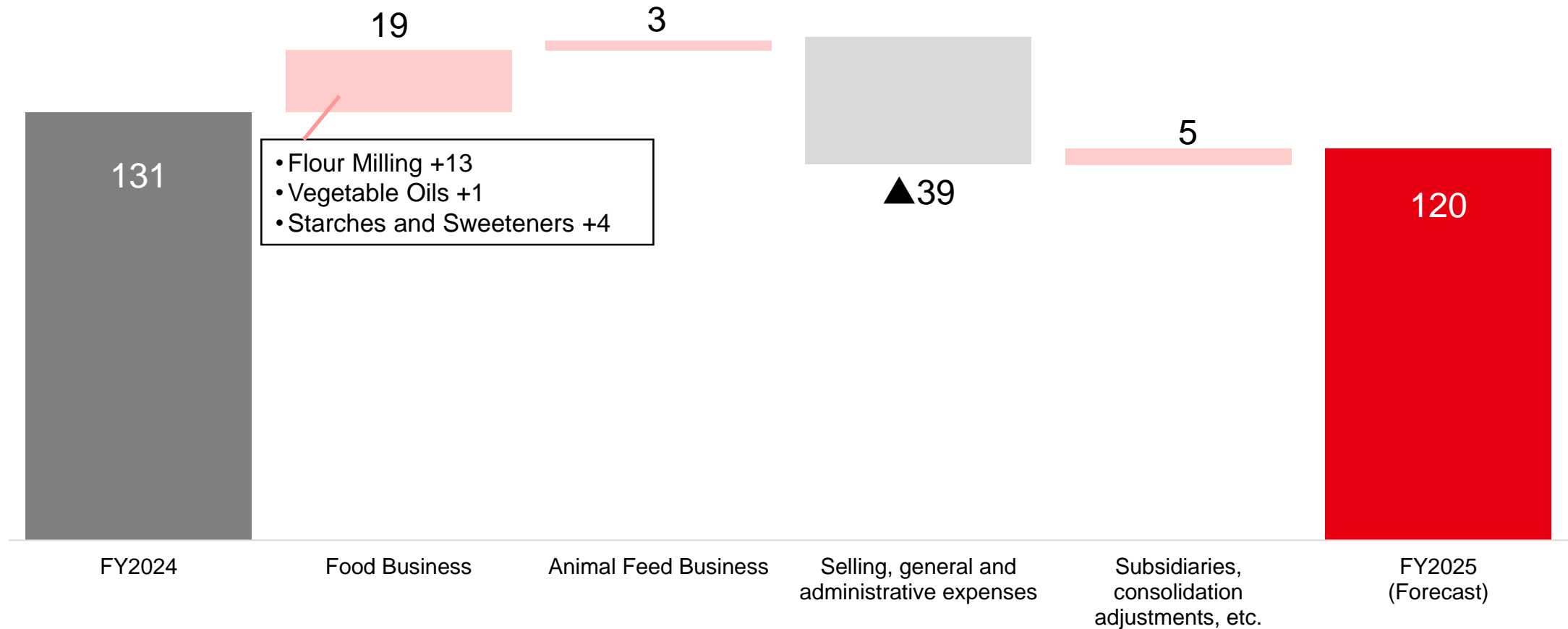


Earnings Forecast for FY2025 (Operating Profit)

Operating
profit

Forecast for FY2025 **12.0 billion yen** Annual change **▲1.1 billion yen**

(0.1 billion yen)



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Five Key Strategies of Medium-Term Management Plan 23-25

1 Strengthening Our Core Businesses

1. Evolution of the “Grain Solution”
 - Enhancement of sales by transformation into “one-stop” sales system
2. Expansion of business and enhancement of profitability through Group collaboration
3. Optimization of product composition
4. Expansion of value-added products sales through a differentiation strategy
5. Strengthening stable procurement

2 Expansion of Business Fields

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

Sophistication of sustainability management to support our Group’s sustainable growth

3 Reducing Burden on the Environment

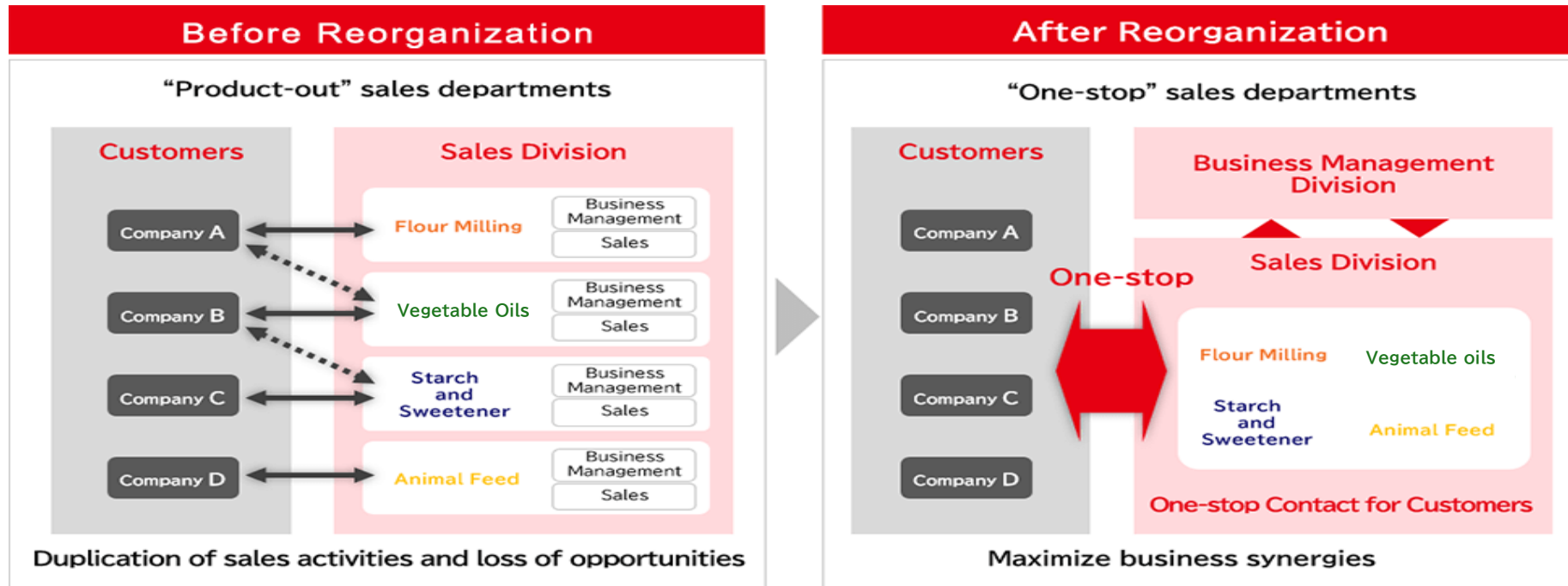
4 Rebuilding Our Platform

5 Enforcing Stakeholder Engagement

Evolution of “Grain Solutions”

—The most drastic reorganization of the sales system since the company’s founding

Provide optimal solutions for each customer by making the most of our “diverse business portfolio”



Number of new transactions*

* Includes new transactions with existing clients



Compared with before reorganization

196%

UP

Sales volume of value-added product

● Domestic wheat flour



Compared with before reorganization

131%

UP

● Functional vegetable oils (semi-fluid fats)



Compared with before reorganization

152%

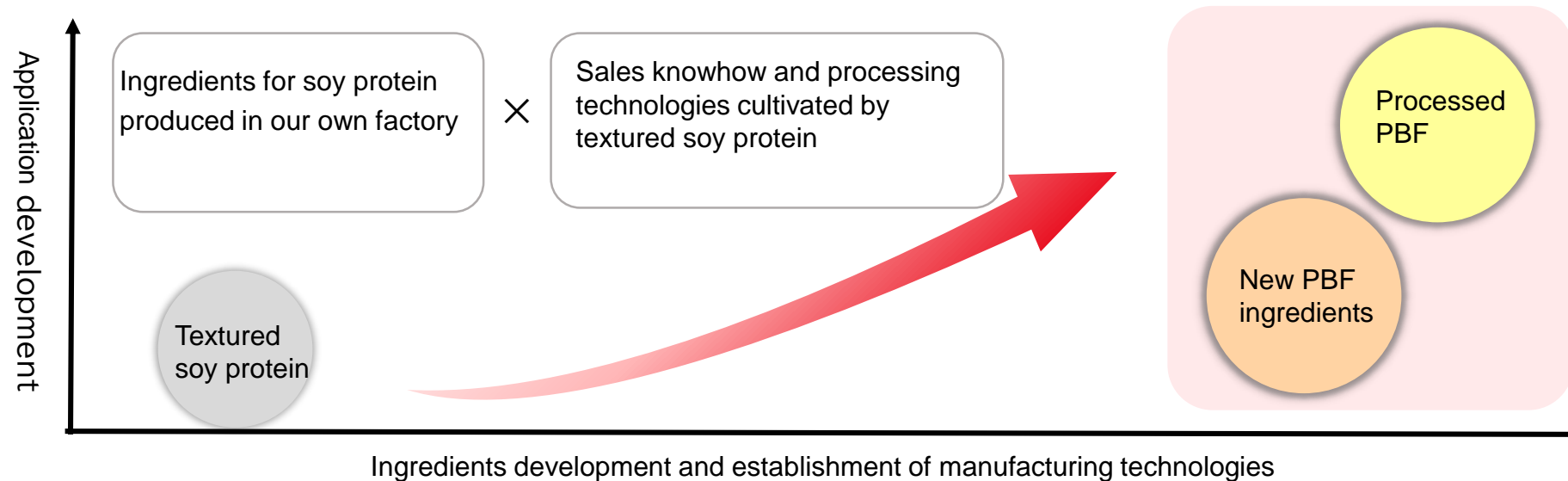
UP

Challenge to New Businesses

Promote new businesses that will serve as a foundation for future earnings by strengthening research and development of new value-added products.

① Plant-based food (PBF) business

We will capture the growing demand of PBF in Japan and overseas by developing new ingredients and applications and following people's growing interest in PBF due to their environmental awareness and health consciousness.



② Fine chemicals business

Strengthen **health food** and **cosmetics** fields by developing functional ingredients derived from rice, soybeans, and sunflowers

③ Oleochemical business

Promote the **oleochemical** business by utilizing by-products generated in the manufacturing process of rice bran oil and sunflower oil.

(1) SOIA SOIYA, a new brand of plant-based ingredients

Plant-based ingredients attract attention as food diversity, sustainability, and health consciousness grow
Proposing a new soy protein product that changes the conventional image of soy protein
as a mere “substitute” for meat

SOIA SOIYA

Ingredients that can be used
“as you like”

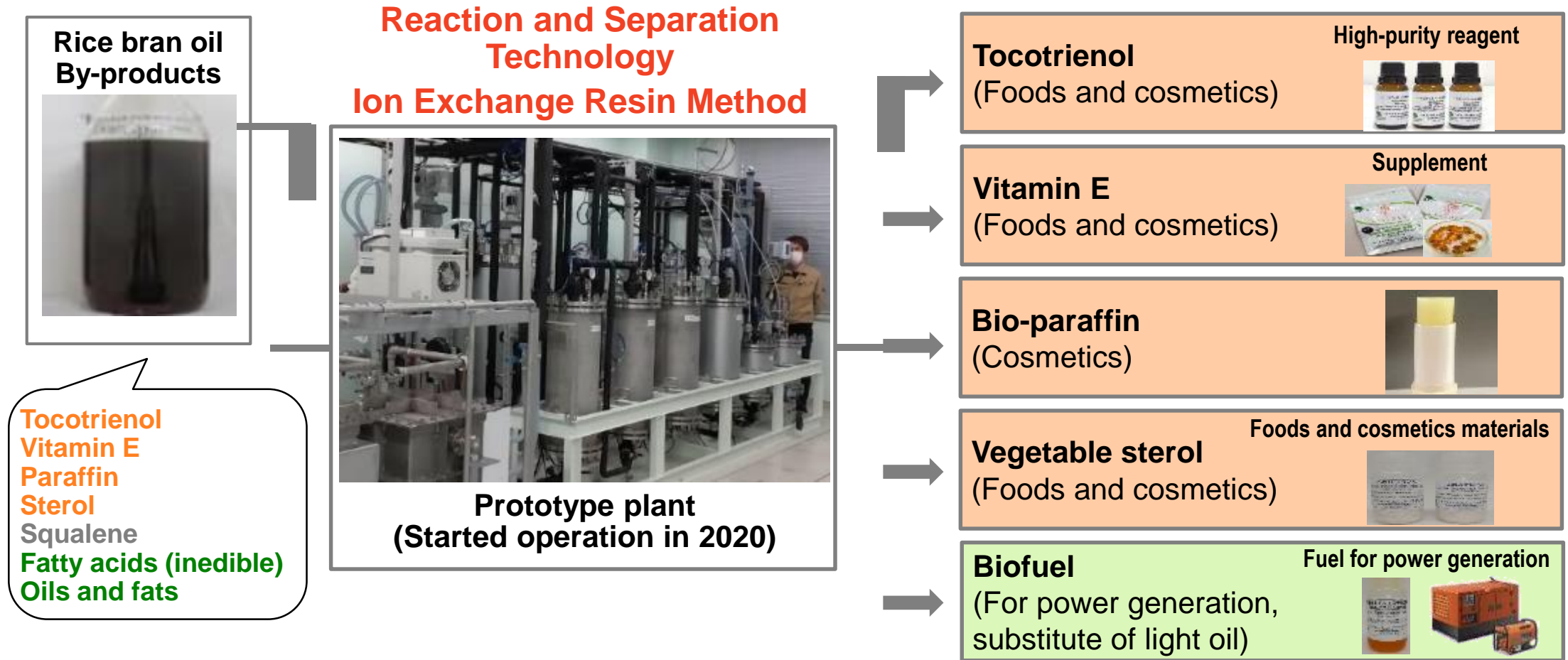


HMSP (High moisture solution protein)



Tackle new businesses

(2) Promoting Expansion of Business Fields



**Production of functional materials from the by-products of rice bran oil
using the Ion Exchange Resin Method**

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Sponsorship for Expo 2025 Osaka, Kansai as a participating supplier for venue maintenance and service

Sponsorship 1

By-products of primary grain processing

[Raw materials]
Rapeseed, Corn



[By-products]
Rapeseed meal,
Corn gluten meal



[Conceptual image
of molded item]
Formed into plates



Conceptual image of gallery (as of May 30, 2024)

Sponsorship 2

Garbage bags blending biomass “Mino-Re: of the Earth”



Train ad buyout to celebrate the 10th anniversary of “Maho” product series

“Oishiku Yakeru Maho no Okonomiyaki-ko”
(Okonomiyaki powder for easy and nice cooking) of “Maho” product series
Implemented train ad buyout in a whole train car to commemorate the 10th anniversary!



JR Keihin-Tohoku Line and Negishi Line (1 train)

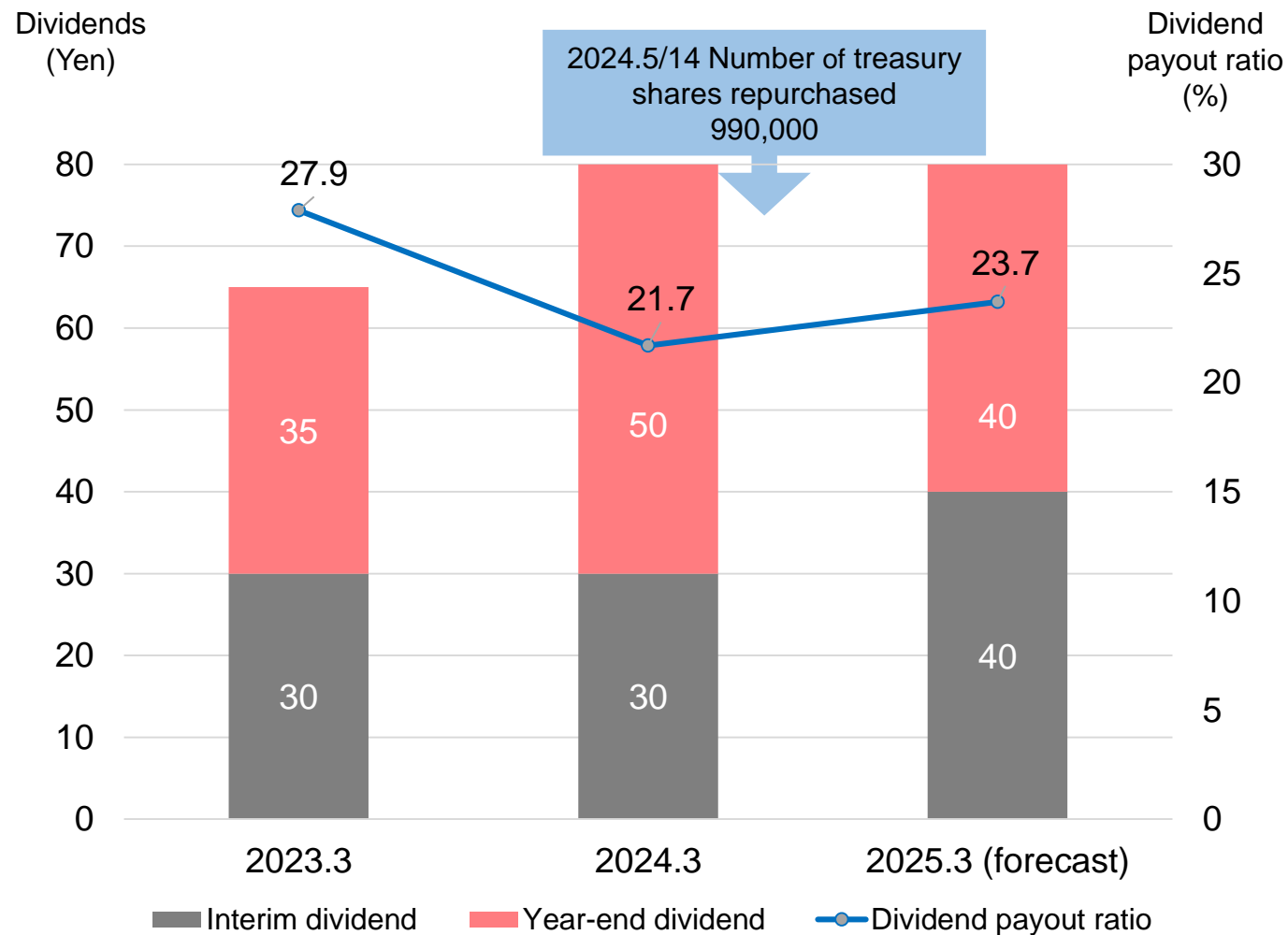
Reference Material

Return to Shareholders

(Distribution of profit)

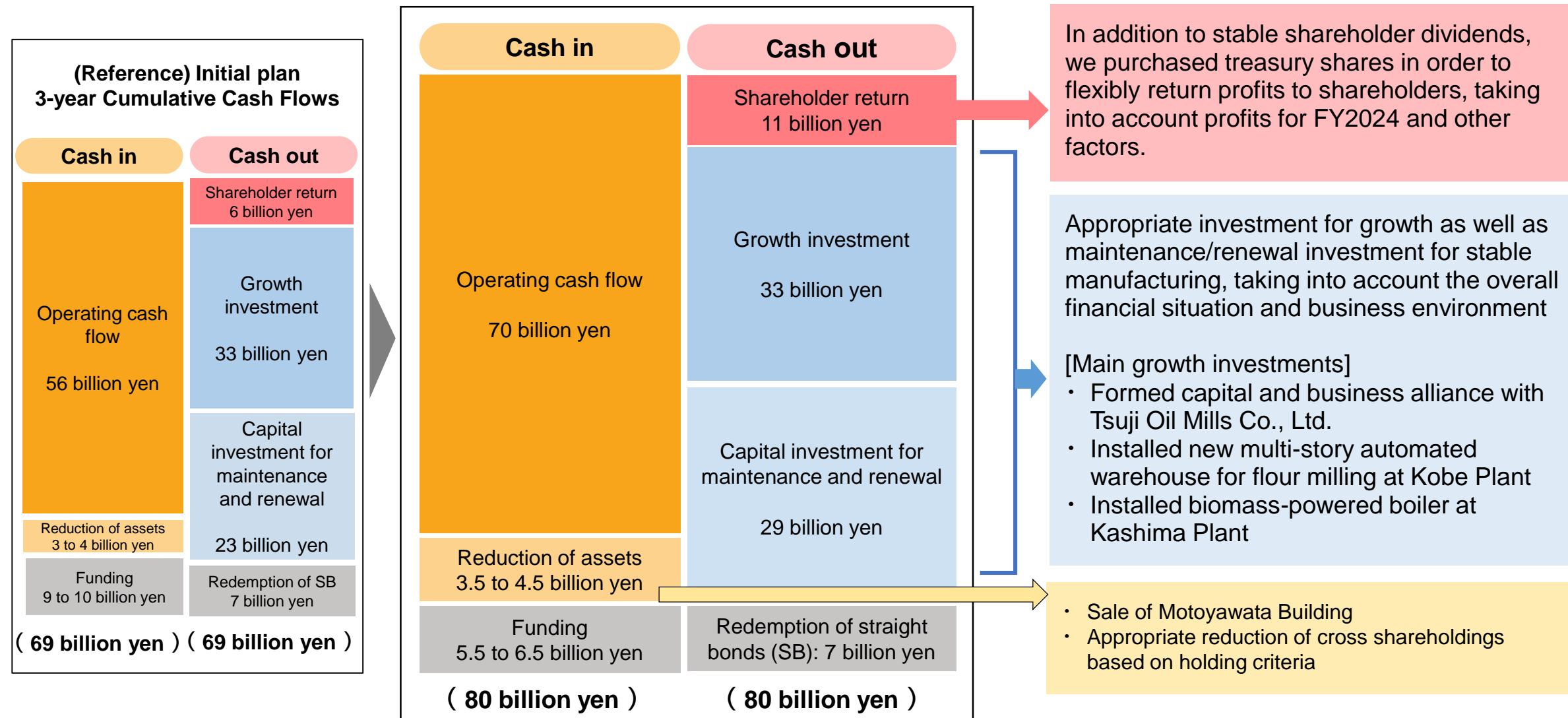
**Continue to pay
stable dividends**

with a target payout ratio of approximately 30%, while paying attention to the need to invest for future corporate growth and enhance shareholder returns



Capital Allocation (3-year-aggregate) (Fiscal 2024–2026)

Revised capital allocation plan based on FY2024 results and FY2025 forecast, as well as capital policy

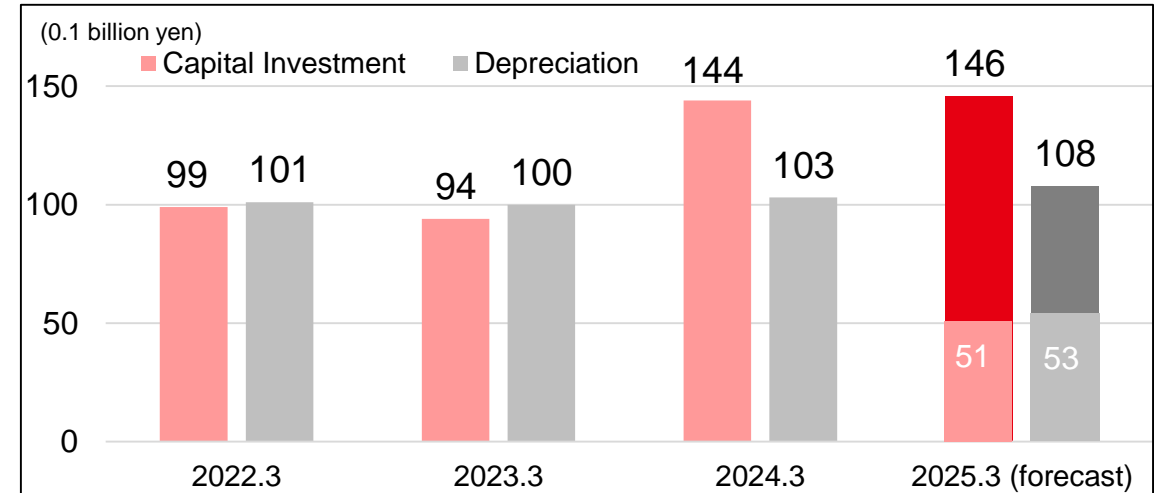


Capital Investment and R&D Expenses

Investments to strengthen core businesses and strategic investments in growth areas to promote sustainable growth of the group

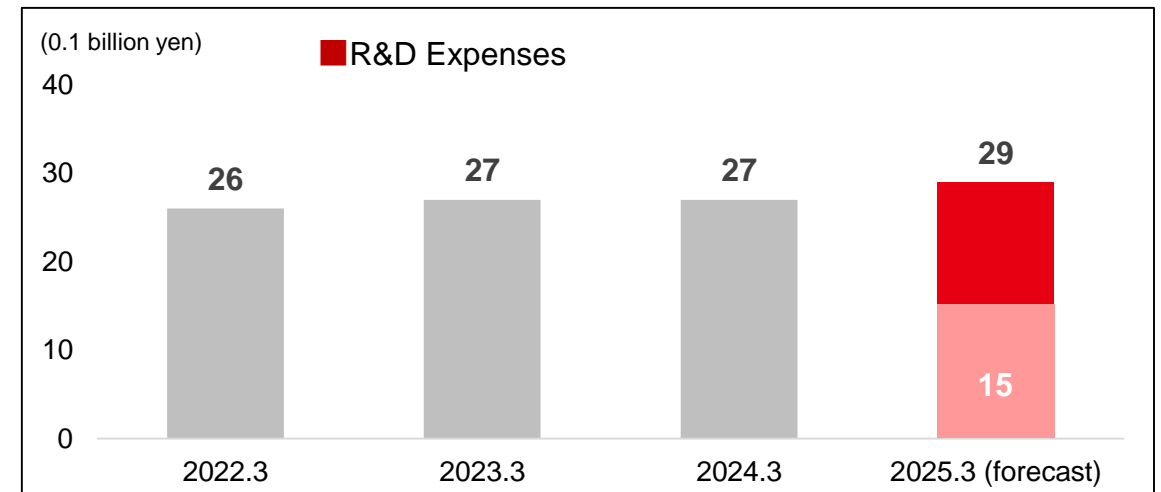
Major Capital Investments in FY2025

- Growth investment
 - (1) Renewal of multi-story automated warehouse for flour milling (scheduled to begin operations in February 2026)
→ Improvement and streamlining of logistics functions
 - (2) Installation of biomass-powered boiler (operation scheduled for FY2026)
→ Projected reduction of approx. 37,000 tons/year of CO₂ emissions
- Capital investment for maintenance and renewal
 - Update of oil and fat refining facilities
 - Update of facilities at San-ei Sucrochemical Co., Ltd.



Major R&D Activities (FY2025)

- Strengthening Our Core Businesses
 - Development of numerous applications including CVS and food service
 - Strengthen research and development to create high-value-added materials such as flour, fats and oils, and starches and sweeteners with new functionality
- Expansion of Business Fields
 - Strengthen development of plant-based foods
 - Development of functional materials
 - Research and development to expand applications to the cosmetics field



Non-financial KPIs

Environmental targets	Medium-term Management Plan objectives	Showa Sangyo Group Environmental targets	Human capital management	Medium-term Management Plan objectives
Reduction of CO ₂ emissions	▲30% or more <small>(Compared with FY2014)</small>	FY2031 ▲46% or more	Promotion of D&I	• Percentage of female employees in managerial positions: FY2026 10% or more
Reduction of food loss	▲30% or more <small>(Compared with FY2019)</small>	FY2026 ▲30% or more	Promotion of strategic human capital investment	• Reskilling investment amount: Twice or more in FY2026 (compared with FY2022)
Reduction of water consumption (basic unit)	▲9% or more <small>(Compared with FY2020)</small>	FY2031 ▲12% or more	Increased employee engagement	• Engagement score: Targets to be announced during the period of Medium-Term Plan FY2024–2026
Reduction of plastic usage (basic unit)	▲7% or more <small>(Compared with FY2014)</small>	FY2031 ▲25% or more		
Digitalization strategy	Medium-term Management Plan objectives		RD&E strategy	Medium-term Management Plan objectives
Promotion of digitalization	• Digitalization promotion expenses: 4.5 billion yen over 3 years (Growth investment: 1.2 billion yen)		Expansion of Business Fields	• Strengthening of research and development in the frozen foods business and new business fields • Improvement of technical capabilities of overseas production sites
[Key measures (1)] Introduction of multi-faceted analytical DB and Dashboard	• Sales transformation through effective use of customer information (Customer analysis → enhanced customer proposals) • Cost reduction: -60 million yen/year		Utilization of IT and AI technologies	• Promotion of smart factories
[Key measures (2)] Development of human resources to promote DX	• Future DX human resources: 100 trained • Cost reduction through deployment of “No-code development tools”: -70 million yen/year		Cost reduction through production improvement activities	• Cost savings: 1 billion yen or more in 3-year cumulative total

Change in Quarterly Net Sales and Operating Profit

(millions of yen)		1Q			2Q			3Q			4Q		
		2024.3	2025.3	Change	2024.3	2025.3	Change	2024.3	2025.3	Change	2024.3	2025.3	Change
Net sales	Food	73,665	71,315	▲2,350	69,864	67,377	▲2,486	73,545	—	—	65,252	—	—
	Animal feed	14,967	13,444	▲1,522	14,726	14,068	▲657	15,318	—	—	14,450	—	—
	Other	1,166	1,169	3	1,192	1,206	14	1,108	—	—	1,100	—	—
	Total	89,799	85,929	▲3,870	85,783	82,653	▲3,129	89,972	—	—	80,803	—	—
Operating profit	Food	3,353	3,971	617	3,967	2,592	▲1,374	3,889	—	—	1,639	—	—
	Animal feed	▲7	112	120	126	204	78	197	—	—	396	—	—
	Other	302	385	82	357	351	▲5	352	—	—	307	—	—
	Company-wide expenses, etc.	▲336	▲350	▲14	▲412	▲400	12	▲471	—	—	▲516	—	—
	Total	3,313	4,118	805	4,039	2,748	▲1,290	3,966	—	—	1,827	—	—



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Notes regarding forecasts and projections

The figures included in this material are formulated based on information currently available and certain assumptions judged to be reasonable. As this material contains potential risks and uncertainties, we do not guarantee its achievement or future performance.

Furthermore, as actual results, etc., may also significantly differ from initial projections and plans mentioned in this material, you should refrain from making investment decisions based solely on this material.

Showa Sangyo Group will not necessarily review the Medium-Term Management Plan or assume any obligation to do so, regardless of future information, events or consequences caused by them.