

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 Group

Integrated Report 2025



 **Paralym Art**[®]
障がい者アートを応援しています

Supporting art created by people with disabilities

Showa Sangyo Co., Ltd.

We are
the Grain Solution Company.



穀物ソリューション・カンパニー

SHOWA

昭和産業グループ

What is “grain” at the Showa Sangyo Group?

The Showa Sangyo Group mainly handles four types of grain:
wheat, soybeans, canola and corn.

We handle the largest volume of grain among
Japanese food manufacturers (Showa Sangyo research).

What is “a Grain Solution Company”?

The Group delivers an exhaustive range of ingredients that create a delicious taste in wheat flour, premixes such as tempura batter, vegetable oils, soy protein, sweeteners, and compound feed for livestock made from a variety of grains.

We propose solutions for issues in response to the needs
of customers and society.

Our mission is to listen to customers and deliver
“delicious answers = grain solutions.”

A company that takes advantage of synergies in every process from procurement of grain to production, research and development, and sale of products to extract solutions from “grain”.
This is what we do as the Showa Sangyo Group.



Our Founder
Hideo Ito

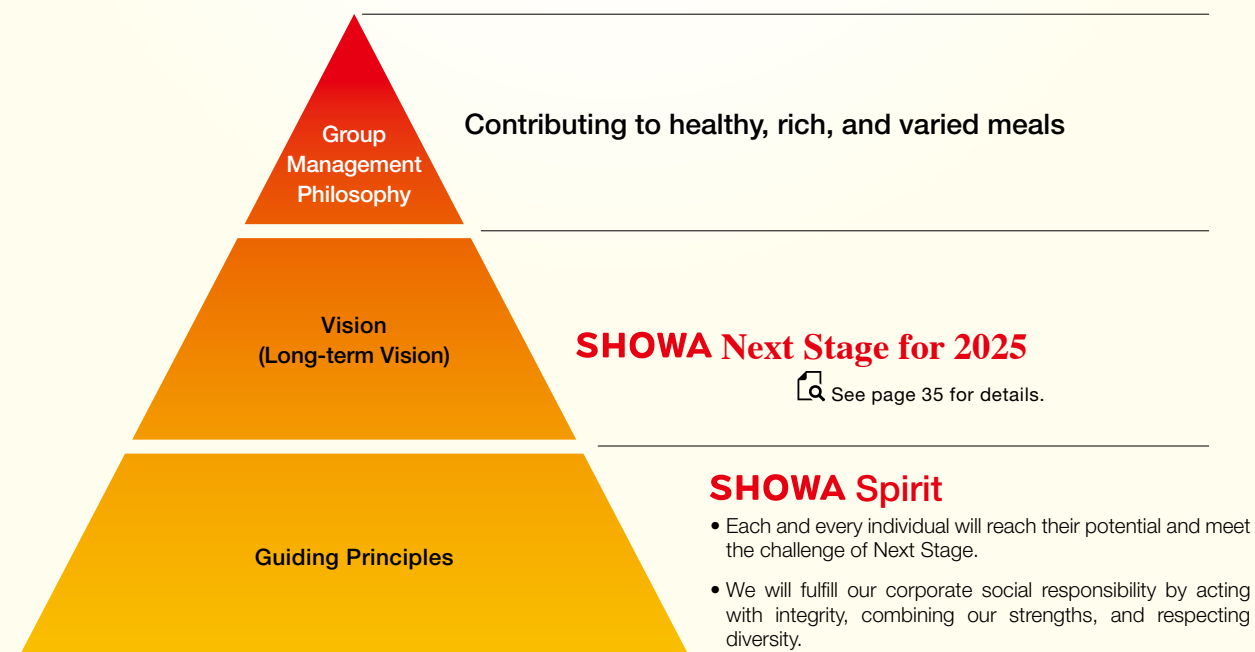
Prosperity Through Agriculture

Inheriting the ambition and DNA of our founder with the
“desire to make people’s lives prosperous through food” to
become a 100-year old company

Group Management Philosophy

Contributing to healthy, rich, and varied meals

Group Management Planning System



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Editorial Policy

In Integrated Report 2025, 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 together with previous reports in order to inform even more people.

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

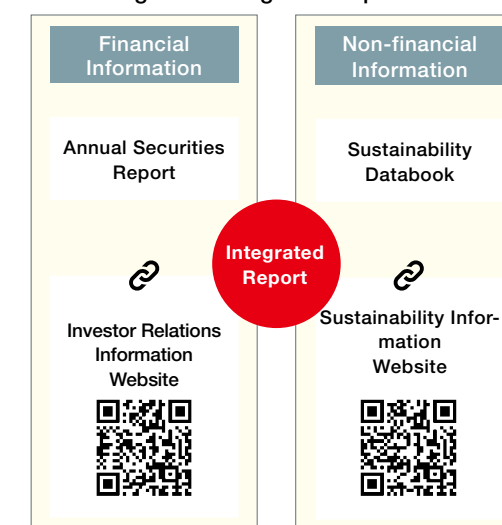
Scope of Reporting

Showa Sangyo Group (as of March 31, 2025)
Specific activities are mainly reported for Showa Sangyo Co., Ltd.

Reporting Period

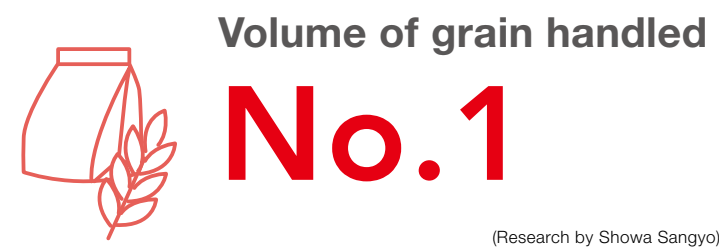
The report focuses on activities in FY2024 (from April 1, 2024 to March 31, 2025), but some sections of the report cover the latest information, such as the Business Overview section and the Medium-term Management Plan 23-25 in the sections on the Long-term Vision.

Positioning of the Integrated Report



At a Glance (FY2024 Results)

As a food manufacturer, the Showa Sangyo Group handles the largest volume of grain in Japan.



SHOWA TEMPURA BATTER MIX is the world's first tempura batter mix commercialized in 1960.

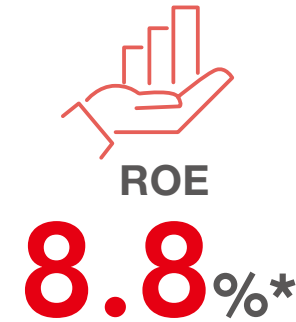
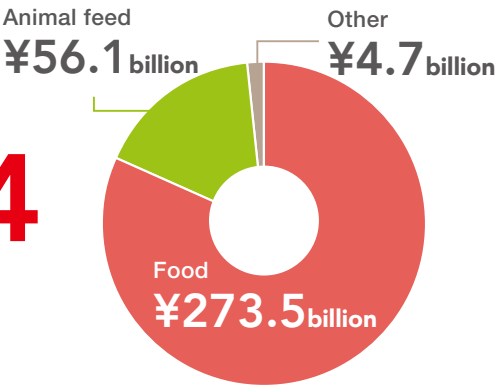


Our business model makes full use of grain, and we achieve a food recycling rate of 99.9%.

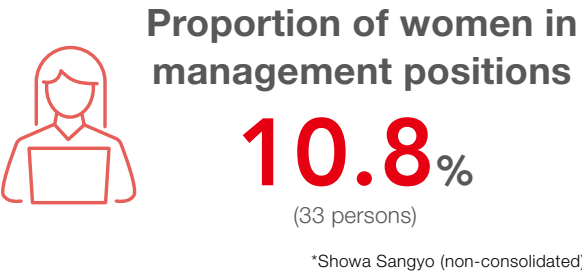
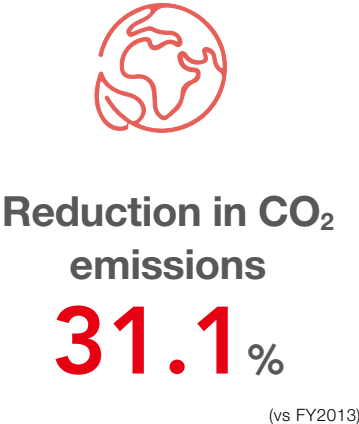


Consolidated net sales

¥334.4 billion

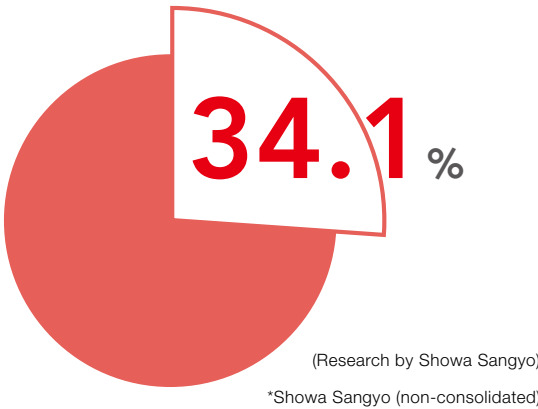


*Approximately ¥2.6 billion in gain on sale of non-current assets (extraordinary income) was generated due to the sale of the Motoyawata Building.

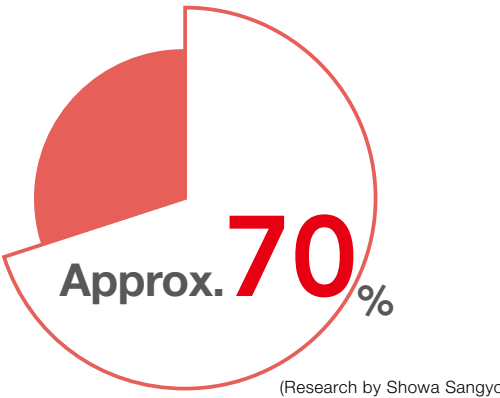


*Showa Sangyo (non-consolidated)

Household pancake mix No. 1 domestic market share



Edible and medical crystalline glucose No. 1 domestic market share



CEO's Message

As a One-of-a-kind Grain Solution Company, We Will Continue to Pursue the Enhancement of Corporate Value.

Entering My Third Year as President

Management That Leverages the Strengths of a Grain Solution Company

Since assuming the presidency in 2023, my foremost priority has been to transform the Showa Sangyo Group into a more agile organization—one that leverages the comprehensive strengths of our diverse grain operations to deliver effective customer-focused solutions. We handle a wide range of grains, including wheat, soybeans, canola, and corn, and our grain handling volume is the largest among food manufacturers in Japan. No other food manufacturer in Japan engages in grain-related businesses with such breadth, making our business model truly one-of-a-kind in the domestic market.

In the past, our sales organization was product-oriented, divided into separate categories such as flour milling, vegetable oils, and starches and sweeteners. We have since integrated these operations under the Foods Business and reorganized the sales structure into a one-stop model that delivers proposals by business format and customer segment.

Our customers, including manufacturers, the restaurant industry, and households to whom we deliver our products, use ingredients not individually but in combination. This creates a significant business opportunity that the Showa Sangyo Group is particularly well positioned to pursue. Over the past year, our sales organization has further advanced its transition to a structure that serves as a single point of contact for Group products, enabling one-stop proposals. In addition, solution sales covering everything from operations to menu development, which we have been promoting for some time, have taken root and become firmly established.

Another of our strengths is the long-standing product development and technical expertise we have cultivated in combining a wide variety of grains to create high-value-added products. A pioneering example of this was the launch of SHOWA TEMPURA BATTER MIX in Los Angeles in 1960. Targeting Japanese

Americans living in the United States, we developed a uniquely blended tempura batter, and when it was introduced in Japan the following year, it became a major hit. Since then, our premix technology has continued to evolve, and we now provide numerous premix products to food processing manufacturers, the restaurant industry, and retailers such as supermarkets, offering consistent taste and quality as well as operational efficiency. Today, these products are also highly regarded in Asia, and our distribution channels in the region continue to expand.

I believe that my role is to maximize the strengths of the Group and create corporate value as a truly one-of-a-kind Grain Solution Company.

A Corporate Culture That Brings out the Best in Each Employee

I have always wanted every employee in the Group to be proud of the company, feel a sense of belonging, and take satisfaction in their work. To achieve this, it is essential to create an environment in which each employee embraces the Group's philosophy and vision and finds purpose and fulfillment in their work. We are promoting initiatives that foster two-way communication throughout the organization.

In April 2025, we launched initiatives to deepen engagement with employees, including a CEO blog featured in the company newsletter, walking events with employees, and visits to Group companies. Conversations in these settings do not need to be limited to company matters or work. On the contrary, they provide opportunities for individuals to share their values and perspectives on life. Even a small degree of mutual understanding or empathy can make the company's policies and my messages feel more personal and relevant to employees.

Meanwhile, during the current fiscal year, I plan to carry out inspections of our production bases in Kashima, Kobe, and Funabashi three times each covering a total of nine days. Besides



H. Tsukagoshi
President and CEO
Showa Sangyo Co., Ltd.

gaining an understanding of the production systems at each plant, I intend to participate in actual operations at these plants. By doing so, I seek to create healthier and safer workplace environments, interact with employees in their respective positions, and foster an open organizational culture that values people.

I believe that if everyone can take pride in working for a good company, employees will be able to further draw out their potentials, and this will in turn strengthen the competitiveness of the Showa Sangyo Group. People are the vital force a company. I want our employees to work with energy and enthusiasm, and I will continue to advance initiatives that support this goal.



Participating in a walking event at Kashima Plant

Review of FY2024(fiscal year ended March 31, 2025)

Business Environment:

A Year in Which External Factors Affected Our Growth Trajectory

In FY2024, the second year of the Medium-term Management Plan 23–25, net sales amounted to 334.4 billion yen, operating profit to 11.1 billion yen, and ordinary profit to 13.5 billion yen.

The Medium-term Management Plan 23–25 was formulated as an aggressive strategy amid a challenging external environment, including soaring raw grain prices due to the situation in Ukraine, a weak yen, and rising energy and logistics costs, all of which weighed on profitability. Bold structural reforms and price adjustments, implemented to achieve a V-shaped recovery from the bottom, contributed to the strong performance in FY2023.

In FY2024, we maintained the same course and increased sales volume. However, net sales declined slightly because selling prices fell below the previous year due to a drop in raw grain prices. In addition, selling, general, and administrative expenses rose sharply due to higher logistics and labor costs, resulting in a decline in profit margins. In FY2025, we will continue implementing the initiatives of the Medium-term Management Plan 23–25 while mitigating the impact of external factors.

Strengthening Our Core Businesses:

Enhancing Production Capacity Through Group Collaboration

Under the current Medium-term Management Plan, we have prioritized structural reform with the aim of creating a profit structure that is less susceptible to external factors. In particular, the vegetable oils and starches and sweeteners categories experience greater price volatility in the market compared with the flour milling category, making stable profitability a key challenge for the Group. As one solution, we are enhancing production efficiency through

closer collaboration with Group companies.

Until recently, our sweetener factory outsourced the pressing of corn germ, a byproduct of corn starch production, because it lacked in-house pressing facilities. By making Boso oil and fat Co., Ltd., which possesses such facilities, a Group company, we established a supply chain within the Group to press corn germ, produce corn oil, and sell it. Subsequently, a capital alliance with Tsuji Oil Mills Co., Ltd., an industry leader in corn germ pressing capacity, further strengthened the supply chain. In the past, stable production of corn oil was considered difficult in the oilseed industry because demand for saccharified products rises in summer and falls in winter. However, by securing corn germ supply sources through the Group network, we have established a stable production system within the Group.

In recent years, growing interest in health and sustainability has driven steady growth in the corn oil market. By strengthening corn oil production, we aim to stabilize profitability in both the starches and sweeteners and vegetable oils categories and further expand the Group's market share.

Financial Performance:

Achieving Targets Through Enhanced Capital Efficiency

In FY2024, we once again achieved the Medium-term Management Plan targets for ordinary profit, return on equity (ROE), and return on invested capital (ROIC). This result was largely driven by efforts to strengthen each business from a Group-optimization perspective, with the earning power of each Group company making a significant contribution.

Under the current Medium-term Management Plan, we introduced ROIC and the cash conversion cycle (CCC) as financial indicators to enhance business portfolio management and strengthen cash flow management. The use of ROIC has improved the visibility of profitability and capital efficiency by busi-



ness. In the next Medium-term Management Plan, we will undertake more drastic business portfolio management based on ROIC and further advance management that is conscious of the cost of capital.

The CCC remains high, as we shortened payment terms in response to rising usance bills. While we have set targets to reduce inventory through product portfolio rationalization and consolidation, the work of streamlining products in each sales division is still ongoing. The reorganization of our sales departments has strengthened the “offensive” side by enhancing earning power, and we also aim to reinforce the “defensive” side, such as improving cash management, to further build a balanced and robust financial system.

Expansion of Our Business Fields:

Challenging New Areas

Among the five basic strategies set forth in the current Medium-term Management Plan, “Expansion of Our Business Fields” made particularly notable progress in FY2024. These initiatives involve venturing into new areas derived from existing businesses and are expected to contribute significantly to future growth.

See page 37 for details.

The first initiative is the oleochemical and fine chemical business, undertaken through a business partnership with Phytochem Products Inc., a startup originating from Tohoku University. This business uses byproducts from the Group's rice bran oil production process to manufacture and sell functional foods, cosmetics, biofuels, and plant-based lubricants.

In the fine chemical segment, pilot production of products has already begun, and efforts are underway to scale up to full production.

See page 21 for details.

The second initiative is the overseas export business. By centralizing export operations, which had previously been dispersed across individual business divisions, under the Overseas Business Development & Sales Department, we have strengthened our export strategy and expanded engagement with overseas customers. In the Asia region, our Group's commercial-use bread wheat flour is highly regarded, and exports to Hong Kong, Taiwan, and China are performing particularly well. With the Overseas Business Development & Sales Department at the core, the number of comprehensive proposals combining flour milling, vegetable oils, and starches and sweeteners has increased. As a result, exports in FY2025 are expected to grow more than 140% compared with FY2022, making this a promising area for continued growth.

See page 23 for details.

The third initiative is the plant-based food business. Since commercializing soy protein in 1969, the Company has continued developing products that meet the changing needs of the times. In response to growing interest in health and time-saving cooking, we launched the plant-based ingredient brand SOIA SOIYA in 2024 and now offer a range of products in the series. The taste has also evolved, and the products are moving beyond their former role as meat alternatives to establish a new category of soy-based foods. We will continue improving quality and proposing new menu ideas to offer products that are even more delicious and enjoyable.

	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Medium-term Management Plan Targets	Variance Compared to FY2022
Ordinary profit (Billions of yen)	6.5	16.5	13.5	13.0	200%
ROE (%)	7.1 ^{*1}	10.2	8.8 ^{*2}	7.0 or more	-
ROIC ^{*3} (%)	1.8	5.3	4.4	4.0 or more	2.2 percentage point increase
CCC (%)	91	87.3	85.5	75	16 days shorter
NET D/E Ratio (days)	0.48	0.35	0.31	0.6 or less	

^{*1} In FY2022, there was a gain on sale of non current assets (extraordinary income) of approximately 5.2 billion yen from the sale of the Shosan Ageo Building.

^{*2} In FY2024, there was a gain on sale of non current assets (extraordinary income) of approximately 2.6 billion yen from the sale of the Motoyawata Building.

^{*3} Definition of ROIC (Return on Invested Capital) ROIC = Operating profit after tax / Invested capital (interest bearing debt (net) + equity capital). The operating profit after tax is calculated assuming that income taxes are 30% of operating profit.

Progress of the Medium-term Management Plan 23–25 and Outlook

Sales Departments Reorganization: Evolution Toward a Solution-based Proposal Structure

The reorganization of our sales departments, launched in line with the start of the Medium-term Management Plan 23–25, was carried out with a strong conviction to make Showa Sangyo a truly one-of-a-kind company—the first such initiative since the Company’s founding. With Japan’s population declining and the food market contracting, our position as the third-largest company in each category is not sufficient to fully leverage the Group’s strengths. Therefore, we clearly defined a business model in which flour milling, vegetable oils, and starches and sweeteners are integrated to independently offer comprehensive solution proposals.

As a result of this reorganization of our sales departments, the Group has evolved into a user-centric structure that maximizes the strengths of its diverse business portfolio and delivers optimal solutions tailored to each customer. This approach has been particularly effective in proposals to the restaurant industry. Solution-oriented sales, which go beyond products to analyze store operations and identify challenges, then combine Group products to address them, have contributed significantly to steadily increasing sales. In addition, many successful cases have been achieved in sales to major processed food manufacturers, where efforts span the boundaries of the flour milling, vegetable oils, and starches and sweeteners categories.

The restructuring of the sales organization has enabled each sales representative to leverage the full range of the Group’s products, menus, and information to address customers’ latent needs in a one-stop manner. Moving beyond simply supplying food ingredients, we aim to enhance corporate value as “a Grain Solution Company” that contributes to solving food-related challenges—such as improving texture and flavor, optimizing production processes, and creating new food trends—by further establishing our unique business model.

In FY2025, as the second phase of the organizational restructuring, we are reviewing the functions of each site and consolidating certain functions at Headquarters. This will help address staffing shortages at each site while strengthening the connection between Headquarters and the sites. We aim for FY2025 to be a year in which the effects of both reorganization and the expansion of our business fields become more visible.

Group Synergy: Contribution of Group Companies’ Earning Power

The growth and initiatives of each Group company continue to make a significant contribution to the overall growth of the Group. San-ei Suicrochemical Co., Ltd. achieved record-high operating profit, ordinary profit, and net income for the fiscal year, and plans to establish a new development facility this year that integrates its a “SHIN-KA” technology with market-oriented initiatives. The biotechnology business, which operates the Group’s sole production site, and San-ei Suicrochemical’s proprietary technologies—such as crystallization and powder processing—are being further enhanced through “SHIN-KA,” generating additional Group synergy.



Visiting San-ei Suicrochemical Co., Ltd.

Sustainable Management: Initiatives Directly Linked to Business

As “a Grain Solution Company” handling a wide range of grains, the Group not only pursues sustainable profitability but also embraces a social responsibility to contribute to a sustainable global environment and maintain a value chain that delivers abundant food. This represents one of the Group’s reasons for existence. By linking sustainability initiatives directly to our business, we strive to ensure a stable food supply while promoting the realization of a sustainable society.

Since its founding, the Company has been committed to ensuring that not a single grain from the earth goes to waste. We have established a business model that promotes resource recycling by utilizing byproducts generated in the production of flour and vegetable oils as feed for livestock, among other uses.

The Group also focuses on reducing CO₂ emissions and waste generated in its business activities, as well as upcycling by-products. For example, diatomaceous earth generated during the production of saccharified products is repurposed and sold as a soil conditioner for agriculture, as well as a material to promote

composting and deodorization.

In addition, a biomass boiler, fueled by wood chips and other materials, has been newly installed at the Group’s main Kashima Plant, with operations scheduled to begin in FY2026. This initiative will replace the existing city gas–fueled cogeneration system, and is expected to reduce CO₂ emissions by approximately 37,000 tons per year, achieving a cumulative reduction of more than 37% across the Group compared with FY2013.

Toward the 100th Anniversary

Aiming to Be a One-of-a-Kind Company from the User’s Perspective

What I always emphasize to our employees is the importance of maintaining a challenge-oriented mindset: striving to be different and truly one-of-a-kind from the user’s perspective. Our focus should be on identifying the issues that exist within our customers and guiding them toward solutions. Achieving this requires not only a market-oriented perspective but also a user-oriented approach that addresses each customer’s latent needs. From this approach, entirely new products can emerge, and new markets can be created.

And we aim to expand these initiatives internationally.

In 2024, we established Showa Sangyo International Vietnam Co., Ltd. (SSIV), a wholly owned premix subsidiary, and are preparing to begin operations within FY2025. Looking ahead, we aim to use SSIV as a base to expand our business in the ASEAN region, strengthen the value chain in Vietnam, and further grow our overseas operations.



Groundbreaking ceremony for the new SSIV plant

Becoming a Company that Delivers Value to Society Through New Food Solutions

FY2025 marks the 90th anniversary of the Company’s founding. To coincide with this milestone, we launched the Long-

The Kobe Plant’s multi-story warehouse, scheduled to begin operations in February 2026, will use computer systems to centrally manage manufacturing, storage, picking, and shipping, thereby improving logistics efficiency. The Company supports the Ministry of Land, Infrastructure, Transport and Tourism’s “White Logistics” initiative and, in its voluntary action declaration, has outlined improvements on the shipper’s side, including warehouse layout changes, of which this project is a part.

term Vision, SHOWA Next Stage for 2025, and have been working toward achieving the “Grain Solution Company Next Stage.” Concurrently, a project is underway within the Company to prepare for the 100th anniversary in 2036. Centered on younger and mid-level employees who will lead the future, participants from various departments are collaborating to define the ideal future state of the Showa Sangyo Group.

The Group possesses ample potential for further growth, including its human capital, accumulated technological expertise, and product development capabilities. What is required of the management team is to combine the strengths of each Group company and fully harness this potential. As we approach the 100th anniversary, this will be steadily realized through even closer, unified Group management.

I believe that one of a company’s reasons for existence is to ensure the happiness of all its employees. I also believe that a company where employees are fulfilled is better able to create value for all stakeholders, including shareholders, business partners, and society as a whole.

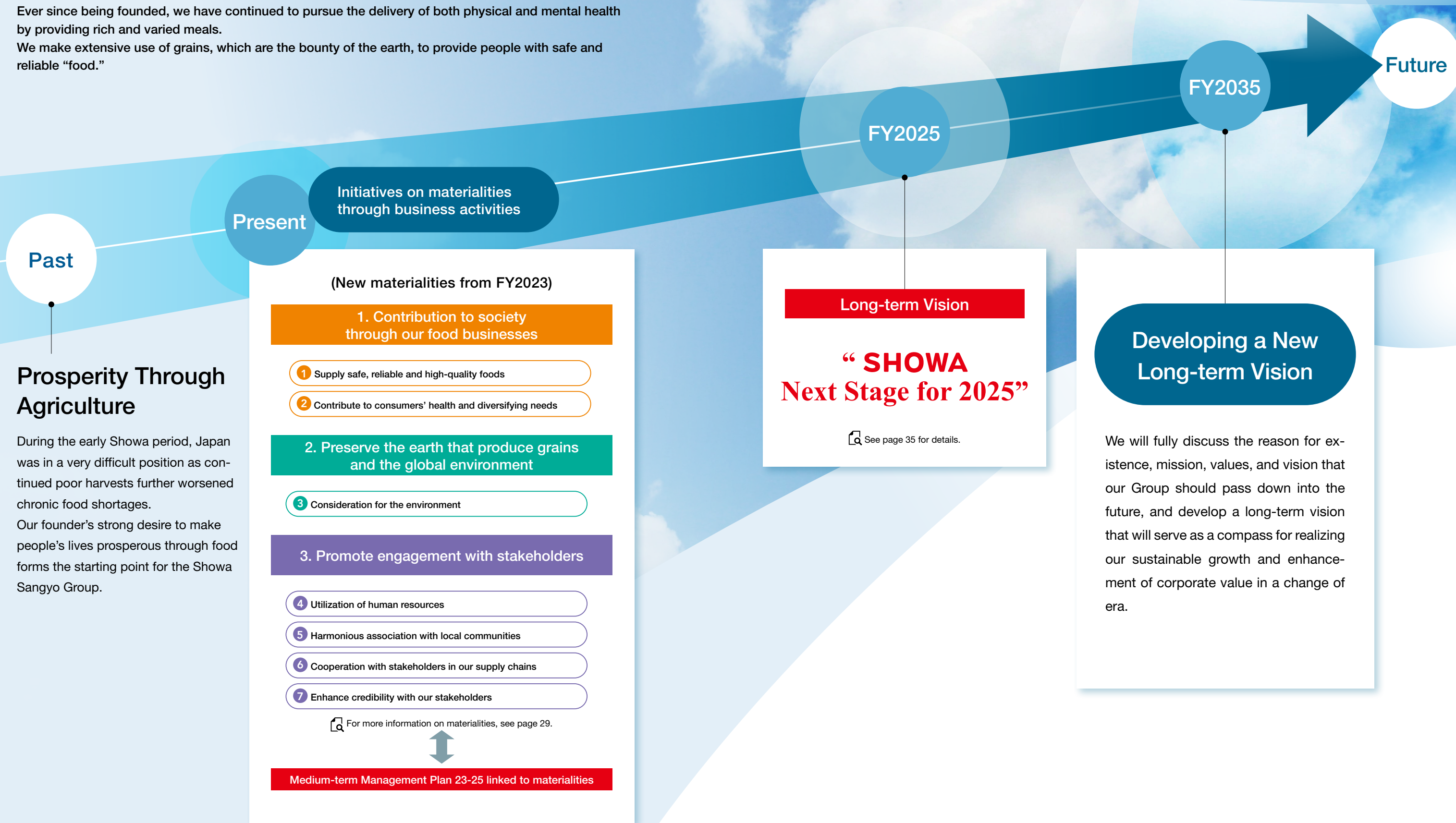
We will continue to maximize the potential and capabilities of each employee, our greatest asset, while pursuing a truly one-of-a-kind business model unique to the Showa Sangyo Group. By maintaining a forward-looking mindset and continuously taking on new challenges, we aim to meet the expectations of all our stakeholders. We sincerely ask for your continued understanding and support of the Group.



Members of the 100th anniversary project team exchange views

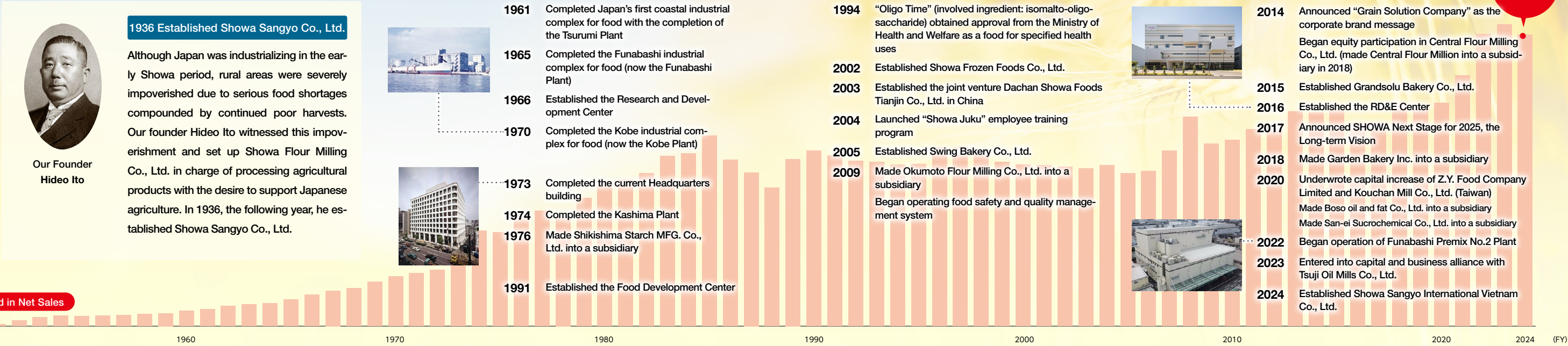
Thoughts on Value Creation
















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.”



Value Creation Journey

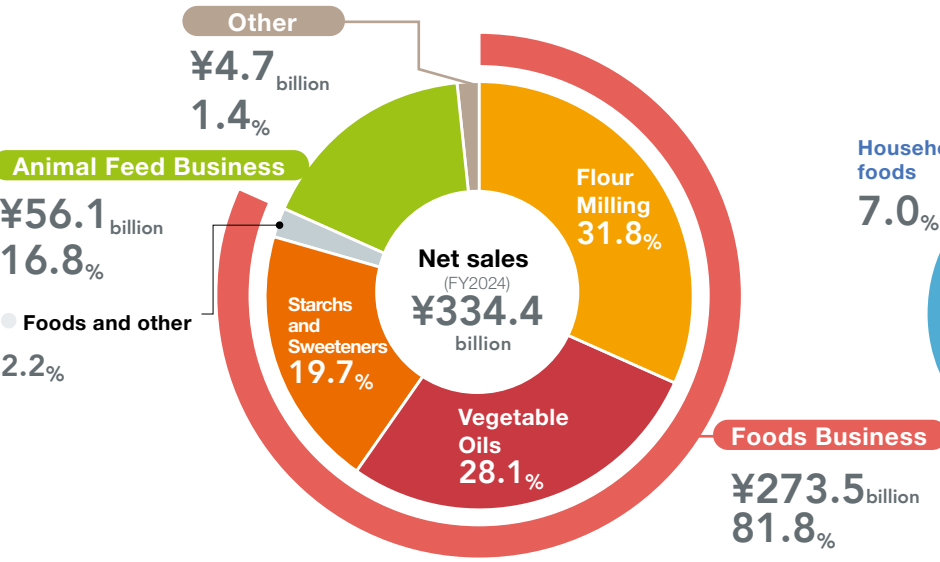
Ever since being founded, the Showa Sangyo Group has grown its business while helping to solve a variety of social issues through “food.” Up until today, we have changed in step with the times. Going forward, we aim to be a company with sustainable growth potential that contributes to healthy, rich and varied meals 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 and values have also been transformed by COVID-19, which began spreading in 2020, and the impact of rising prices from around 2021. This has required product development in the areas of simple and time-saving foods, in addition to products with high value added not offered by other companies.</p>
History of our products	<div><p>1956 Launched KESSHO BUDOTO</p></div> <div><p>1957 Launched SHOWA HOTCAKE- NO-MOTO</p></div> <div><p>1961 Launched SHOWA SOKUSEKI TEMPURA BATTER MIX</p></div> <div><p>1969 Launched SHOWA SOY PRO- TEIN FRESH, a soy protein food product</p></div> <div><p>1983 Launched SHOWA OUGON TEMPURA BATTER MIX, a high-grade tempura batter mix</p></div> <div><p>1984 Launched SHOWA SUPPLEMENT OKAMA-NI-PON, wheat germ oil capsules for cooking rice</p></div> <div><p>1992 Launched SHOWA ONI- KU-WOYAWARAKAKUSU- RU KARAAGE-KO</p></div> <div><p>1994 Launched SHOWA OLIGO TIME SYRUP, a food for specified health use</p></div> <div><p>2000 Launched SHOWA OIL OLEIN RICH, sunflower oil which is rich in oleic acid</p></div> <div><p>2005 Launched SHOWA CAKENO-YONA HOTCAKE MIX</p></div> <div><p>2011 Launched SHOWA RENJIDE- CHINSURU KARAAGE-KO</p></div> <div><p>2014 Launched SHOWA OISHIKU YAKERU MAHO-NO OKONOMIYAKI-KO</p></div> <div><p>2020 Launched SHOWA KENKO RICE BRAN OIL</p></div> <div><p>2022 Launched SHOWA MO AGENAI!! YAKITEMPURA- NO-MOTO</p></div> <div><p>2024 Launched SHOWA TOASTER DE KANTAN FUN- WARI BREAD MIX</p></div>			

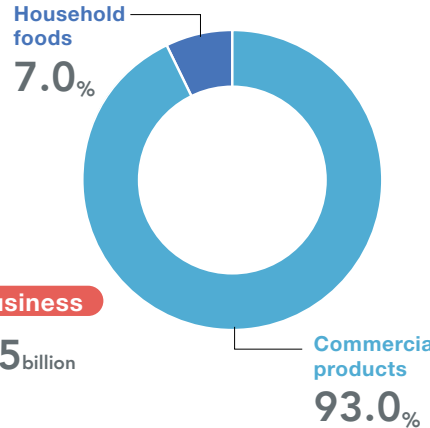
Business Overview

Percentage of net sales by business



Percentage of commercial products/household foods (FY2024)

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



Foods Business

Flour Milling Category

We manufacture and sell various types of wheat flour for bread, cakes, noodles, etc., as well as premixes and pasta to meet user needs, made from wheat. Moreover, in the Baking Bread Business, we have an integrated system that covers everything from the supply of raw materials such as wheat flour and premixes to the manufacture and baking of frozen bread dough and confectioneries.



- Wheat flour
- Premix
- Pasta
- Baking bread

- [Main Group companies]**
(As of June 30, 2025)
- 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 International Vietnam Co., Ltd
 - Kouchan Mill Co., Ltd.

Vegetable Oils Category

We manufacture and sell various vegetable oils developed for various uses such as tempura, fried foods and donuts, made from soybeans, canola, corn and rice bran and other raw materials, as well as soybean meal and canola meal used as raw material for animal feed, and soy protein used in processed meat and seafood products. We also manufacture and sell frozen food such as takoyaki using our own wheat flour and vegetable oil.



- Vegetable oil
- Soy protein
- Frozen food

- [Main Group companies]**
(As of June 30, 2025)
- Boso oil and fat Co., Ltd.
 - Nagaokayuryo Co., Ltd.
 - Kumaiyushi Co., Ltd.
 - Musashiyushi Co., Ltd.
 - Minaminihonkomeabura Co., Ltd.
 - Tokyoyushikogyo Co., Ltd.
 - Showa Frozen Foods Co., Ltd.
 - Tsuji Oil Mills Co., Ltd.

Starches and Sweeteners Category

We manufacture and sell corn starch, sweeteners made from corn including glucose, high-fructose corn syrup, corn syrup, and iso-malto-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 starch

- [Main Group companies]**
(As of June 30, 2025)
- 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, pigs, cattle, and fish using by-products generated by the Group's flour mills, oil mills, and starch and sweetener plants such as bran, soybean meal, and gluten feed as raw materials, in the layer poultry business. In addition, we engage in integrated operations from sale of compound feed through to egg production in the layer poultry business.



- Compound feed
- Eggs

- [Main Group companies]**
(As of June 30, 2025)
- 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, 2025)
- 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.

Evolution of a Grain Solution Company

Strengths of “a Grain Solution Company”

Utilizing the Showa Sangyo Group’s food ingredients in an integrated way through grain 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

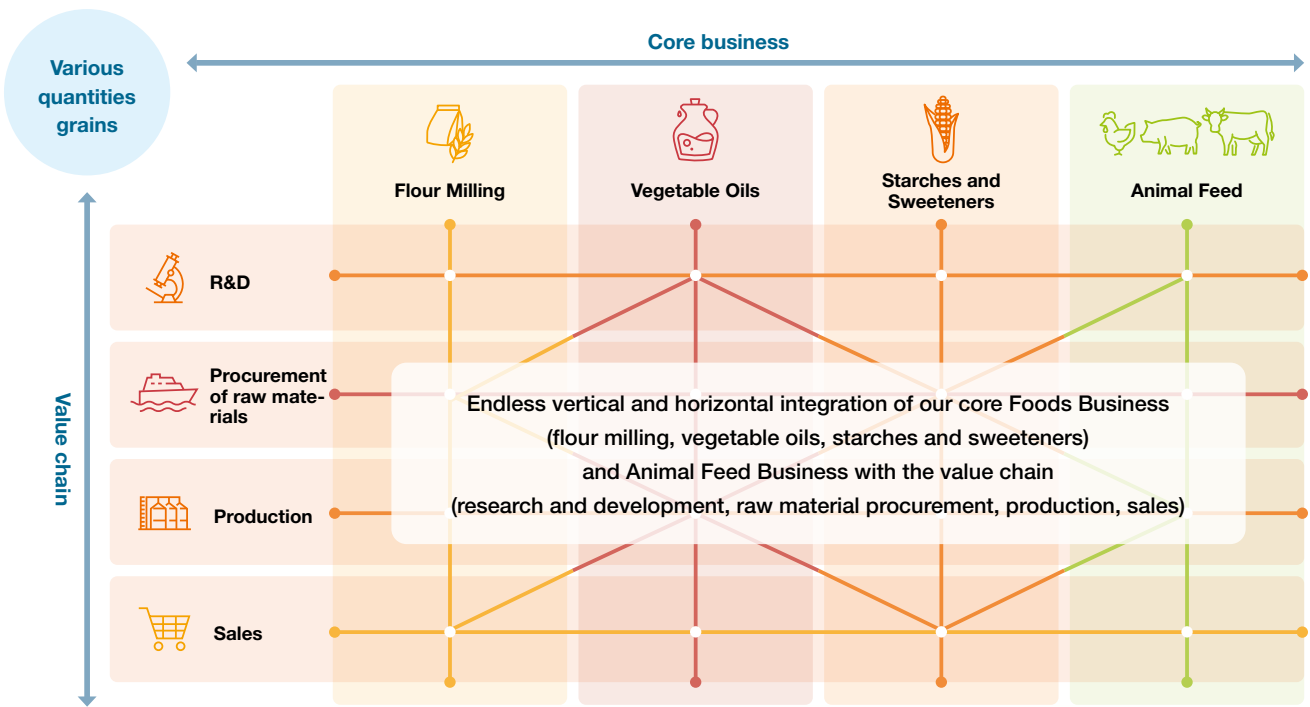
It is precisely because our Group handles various grains that we can create synergies for new value creation through masterful use of the grain expertise we have. By linking research and development, raw material procurement, production, and sales in

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.

Reasons 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 combining 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.

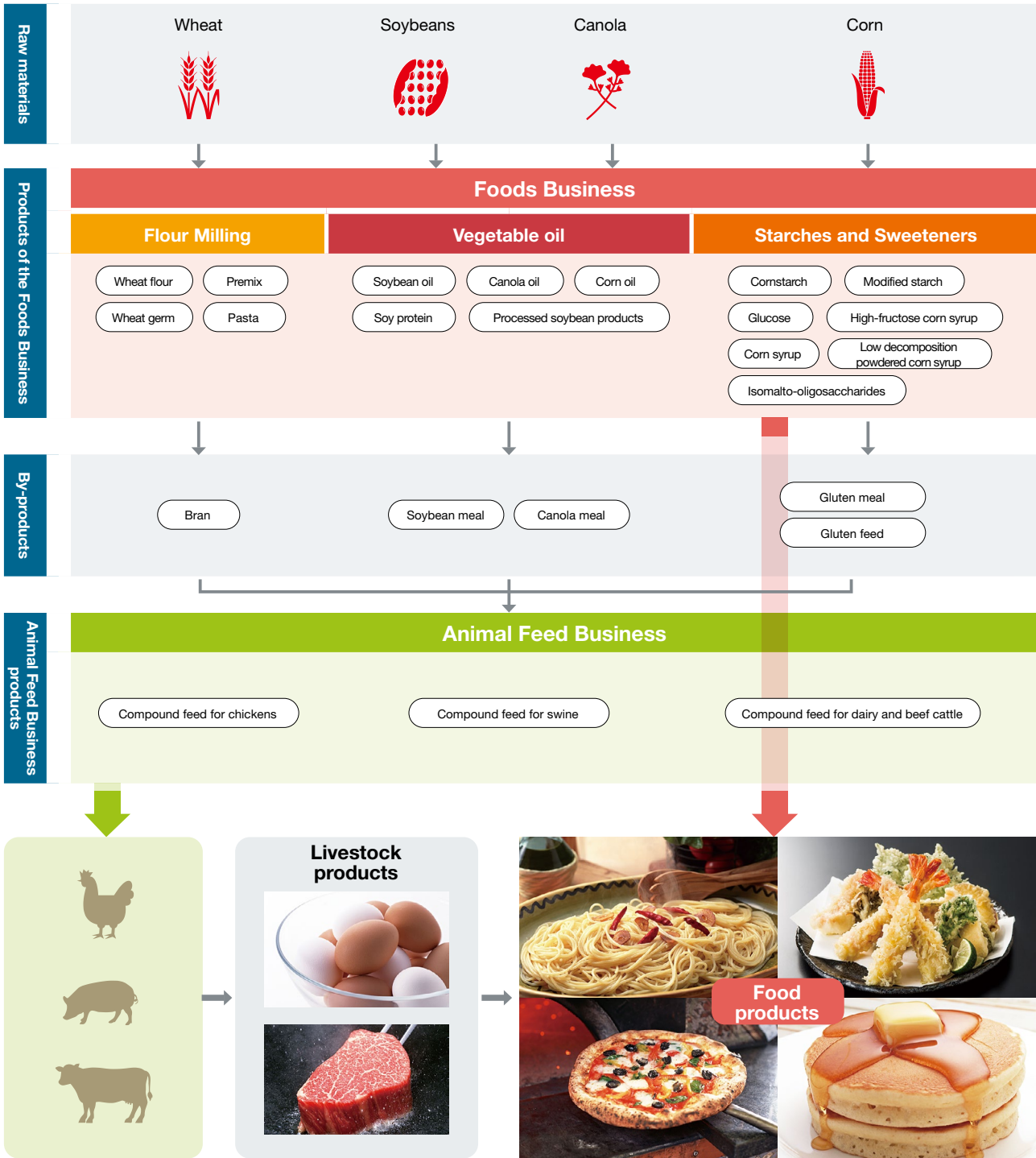


99.9% Food Recycling—Only Possible with a Grain Solution Company

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 Foods Business (flour milling, vegetable oils, and starches and sweeteners) primarily 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.

*Average of the past five years (FY2020–FY2024); Showa Sangyo (non-consolidated)



Example ①

Strengthening and Promoting the Oleochemical and Fine Chemical Fields

For the Showa Sangyo Group to continue growing and developing, venturing into new fields is essential.

Here, we introduce various initiatives in the oleochemical and fine chemical fields, a new market where efforts are gradually beginning to yield results.

The Showa Sangyo Group's Oleochemical and Fine Chemical Business
An initiative to upcycle byproducts generated during vegetable oil production into alternatives to petroleum-based raw materials (oleochemicals) and high-purity, high-value-added materials (fine chemicals)

Background

■ To deepen problem-solving capabilities and promote innovation, the personnel system was revamped in April 2021, creating a new position for employees selected through an internal application process who are motivated to launch new businesses and drive innovation.

■ In July 2020, the Boso oil and fat Group became part of the Showa Sangyo Group.

→ Initiated considering a new field of the rice bran-derived oleochemical business

Initiative and Results

■ Took on the challenge of promoting commercialization in the oleochemical and fine chemical fields

→ Acquired new technology through investment in Phytochem Products Inc.

→ Utilized Boso oil and fat's byproduct (rice wax) in adhesives for the packaging of in-house products

→ Commercialized rice ceramide products for food and cosmetics applications

Background of the Initiative



Project Leader, Oleochemical and Fine Chemical Commercialization Study **Shinya Sonobe**

In the past, when I was part of what is now the Functional Food Material Research Section., I focused on upcycling underutilized resources, including developing biomass garbage bags. At that time, the Company had little technical expertise in this area, so I drew on our internal network to collaborate with other companies through open innovation. I navigated a range of challenges, from pilot testing to finding partners and identifying potential customers.

When a new position for creating businesses was established in 2021, one of the initiative themes was the rice bran-derived oleochemical business. I felt that my prior experience could contribute to this project, so I applied. In April 2022, I was appointed and have been leading the project since then.



Chief Market Division Boso oil and fat Co., Ltd. **Yu Watanabe**

At Boso oil and fat, we already had sales channels for byproducts such as fatty acids and waxes for non-food applications, and I worked as a sales representative in this area.

In April 2022, when Mr. Sonobe launched the oleochemical and fine chemical commercialization study at Showa Sangyo, a similar project was initiated at Boso oil and fat, and I joined as a sales representative.



General Manager, Business Planning Department **Yasutaka Mizumoto**

At Showa Sangyo, three initiatives were launched as new business creation themes, with the Business Planning Department, established in April 2023, taking the lead on the oleochemical and fine chemical theme. This was a topic I had explored during my time in the Vegetable Oil & Soy Protein Research Section as part of the Medium-term Management Plan, so I felt that my prior experience could help advance the commercialization of this business.

Challenges, Insights, and Results from the Initiative

Sonobe → When I first began the initiative, I didn't fully understand what the challenges would be, and I was assigned to a secondment at Boso oil and fat. I started by talking with various people there to gain insights. While Boso oil and fat had the raw materials, it lacked the extraction, refining, and separation technologies, as well as the production lines necessary for commercialization. Around that time, the project team learned about Phytochem Products Inc. through a trade show. After arranging a meeting, we discovered that they handled rice bran-derived raw materials, which allowed us to begin building a working relationship with the company.

As a research division, investing in a company we wanted to collaborate with would have been difficult and not a readily available option. However, with the Business Planning Department taking the lead, we were able to work more closely with Showa Sangyo's management, which ultimately enabled us to enter into a capital and business alliance with Phytochem Products Inc.

Watanabe → When sales were handled solely by Boso oil and fat, we were short on human resources. While staff were in place, there was no one in a position to steer the business. Whenever we tried to take on something new, the hurdles felt high, which was frustrating. That changed with the launch of the cross-organizational project. Being able to engage in active discussions at problem-solving workshops and report directly to management helped establish a clear organizational process. The speed at which we could advance

a single initiative increased dramatically, and I came to appreciate the significant benefits of collaborating with Showa Sangyo as part of the Group.

During the project, we showcased Boso oil and fat's rice ceramide and Phytochem Products' offerings for the first time at a cosmetics trade show. We also applied an adhesive containing rice-wax, a byproduct of rice bran, to the packaging of our own products.

Mizumoto → When I was in the Vegetable Oil & Soy Protein Research Section and first explored this theme, the Group lacked sufficient management resources, making it difficult to differentiate from other companies or achieve a competitive advantage, and the project did not come to fruition. However, with Boso oil and fat, a rice-focused company, now part of the Group, and the capital and business alliance with Phytochem Products, which possesses advanced technological capabilities, all the necessary pieces are finally in place, giving us a real sense of progress.



Future Challenges and Goals

Sonobe → For the fine chemical business, we will continue pursuing upcycling approaches, such as those currently being applied to byproducts from rice bran. The Showa Sangyo Group also handles soybeans and canola, so I see plenty of room for further expansion. Within this, I want to focus on contributing to health, something the Showa Sangyo Group can uniquely achieve.

Regarding oleochemicals, I believe there will always be demand for raw materials as alternatives to petroleum. We want to maintain the capability to make proposals at any time. For fuels, in addition to using them within the Group for production and transportation, we will also address environmental challenges through initiatives in collaboration with local governments.

Watanabe → After three years of project work, we have finally reached the stage of commercialization, and expanding sales is the next step. While many users purchase oils and fatty acids in large volumes, we plan to promote these new products by emphasizing their functional benefits and effectiveness. We will continue to gather market insights and drive product development.

Mizumoto → We want to showcase our work in the oleochemical and fine chemical fields as a model case within the company and foster a culture where employees are encouraged to actively share their own ideas. When an exceptional idea arises, we hope it will be properly evaluated and linked to management decisions, and we would be pleased if the Business Planning Department could serve that role.

TOPICS | About Phytochem Products Inc.

Phytochem Products Inc. is a startup originating from Tohoku University. The company operates a prototype plant that uses reaction separation technology with ion exchange resins to efficiently and simultaneously produce multiple high-purity active ingredients. From byproducts generated during the production of rice bran oil, it manufactures functional materials such as super vitamin E, paraffin, and plant sterols, and engages in their production and sales.

Last year, we entered into a capital and business alliance with Phytochem Products. By combining the byproducts generated within the Group with their reaction separation technology, we are exploring new possibilities for grains while building a multifaceted partnership to accelerate development and strengthen sales, with the aim of driving business expansion.



Example 2

Expansion of
the Export Business through
Group Collaboration

Expanding our overseas business is one of the key themes for broadening the Showa Sangyo Group's business domains.

Here, we highlight the effects of strengthening the sales structure to promote exports, as well as the initiatives and outcomes achieved through enhanced collaboration among Group companies.



Background

- Previously, each sales division handled export sales for the products under its own jurisdiction.
- Collaboration among Group companies in the export business was limited.
- Through organizational restructuring, export operations were centralized under the Overseas Business Development & Sales Department, establishing a “one-stop” sales structure.
- At the same time, collaboration among Group companies was strengthened (e.g., holding joint Group meetings). At the same time, collaboration among Group companies was strengthened (e.g., holding joint Group meetings).

Initiative and result

- Proposed Kida Flour Mills products through Showa Sangyo's sales channels, with joint promotion conducted by both Showa and Kida.
- Shosan Shoji also centralized its export operations, selling products handled by both companies through joint Showa-Shosan efforts.
- Showa Sangyo: Sales increased approximately 120% compared with FY2022 (achieving Medium-term Management Plan 23–25 target)
- Shosan Shoji: 10 new trading partners acquired; sales grew sharply to about 250%

Centralizing Export Operations into a “One-Stop” Sales Structure



Deputy General Manager, Overseas Business Development & Sales Department, and Export Promotion Group Leader

Koji Imai

Under the previous sales structure, exports were managed separately by different divisions: the Flour Milling Department handled commercial-use wheat flour, the Oils & Fats Department managed commercial-use tempura batter, and the Household Foods Department oversaw household tempura batter. Although customer information was shared across divisions, coordination in sales remained a challenge.

In response, the organizational restructuring two years ago introduced a “one-stop” approach, where a single representative handles each company, and all export-related operations were consolidated under the Export Promotion Group. This change has strengthened engagement with customers, contributing to growth in both the number of clients and sales volume.



Export Promotion Group, Overseas Business Development & Sales Department

Saki Toda

With the shift to a one-stop approach and the expanded range of products, the scope of conversations with customers has naturally broadened. Previously, I was exporting household tempura batter to Asia through the Household Foods Department. After the organizational restructuring, during a meeting, a customer mentioned that Japanese restaurants in the region use large amounts of tempura batter. I then proposed not only small household-size packages but also large commercial-use packages, which led to a new adoption. Under the new sales structure, I feel that my own skills have improved, and as a result, both the quality and range of proposals have increased, bringing greater satisfaction to our customers. Moving forward, I aim to deepen my understanding of the Group's broad product lineup and further enhance my proposal capabilities.



Household tempura batter for export

Joint Meeting of Flour Milling Group Companies

Imai → I believed that sharing the products, sales channels, and promotional materials of each company within the Showa Sangyo Group across the entire Group would create further business opportunities and enhance overall Group value. Accordingly, in May 2024, one year after the organizational restructuring, we held a joint meeting of the four flour milling group companies—Showa Sangyo, Okumoto Flour Milling, Kida Flour Mills, and Central Flour Milling.

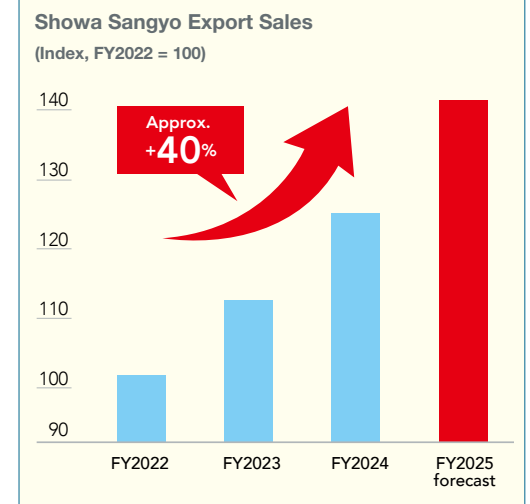


Assistant General Manager, Sales Department, Kida Flour Mills Co., Ltd.

Ryo Hirama

Since we did not have a department dedicated to overseas operations, each sales staff member handled export sales individually, and collaboration with Group companies, including Showa Sangyo, was limited; we primarily worked with partner export trading companies. In this context, a joint meeting was held to share each company's export status, identify opportunities for collaboration and overlaps, and exchange information on challenges related to language support and quality assurance, leading to active discussions.

Building on this joint meeting, collaboration began to take shape, enabling the adoption of our Hokkaido wheat flour through Showa Sangyo's sales channels. We continued joint promotional activities, including local training sessions, inviting customers to Japan for workshops at the Showa Sangyo RD&E Center, and tours of the Kashima and Funabashi plants.



Expanding Proposals Through Collaboration Between Showa Sangyo and Shosan Shoji



Food Sales Department, Section Manager Shosan Shoji Co., Ltd.

Keisuke Ono

At Shosan Shoji, we also reorganized our export operations to align with Showa Sangyo's restructuring, consolidating tasks that had previously been dispersed across multiple sales offices into the Food Sales Department, where I am based. Bringing everything together under a single organization has made it easier to share successful cases and apply them across the board.

In addition, by consolidating the export departments of Showa Sangyo and Shosan Shoji within each company, collaboration between the two companies has become much smoother, allowing us to conduct joint sales activities.

Toda → Previously, if Showa Sangyo's products were not selected, we sometimes hit a dead end. Now, even when our products aren't adopted, we can maintain customer contact by proposing products handled by Shosan Shoji.

Ono → Currently, we are focusing on a new scheme: selling Showa Sangyo's wheat flour and vegetable oils to manufacturers as raw materials, then exporting the finished products from those manufacturers. This approach creates a dual sales effect.

Bringing a Diverse Product Lineup to the World

Imai → As a result of these initiatives, Showa Sangyo's export sales in FY2024 grew approximately 120% compared with FY2022. Shosan Shoji also added 10 new trading partners, expanding its export sales to roughly 250% of FY2022 levels. We can truly feel the Group's brand strength increasing.

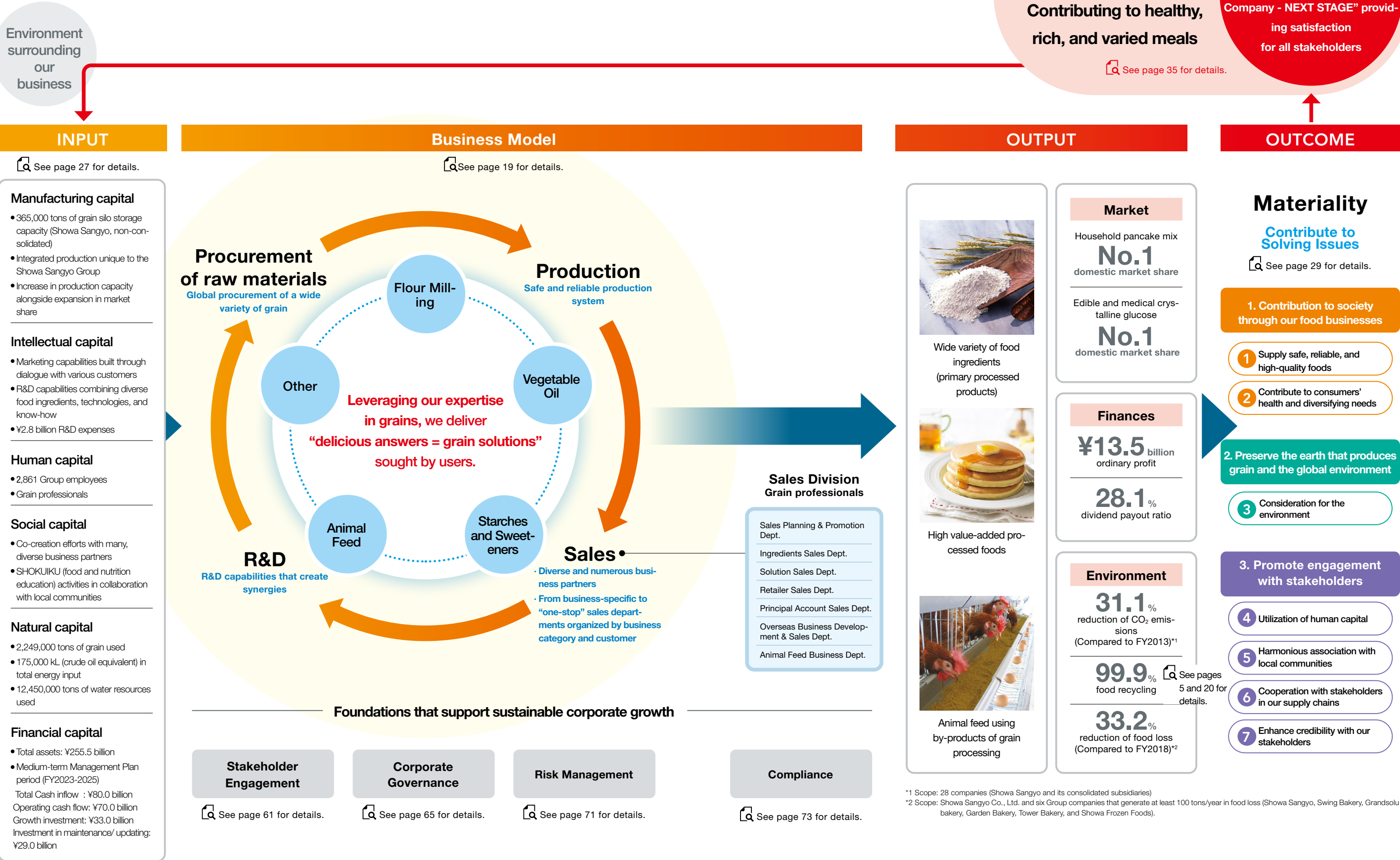
These achievements could not have been realized by the sales

department alone. Support from numerous departments—quality assurance, intellectual property, development, manufacturing, logistics, and more—was essential.

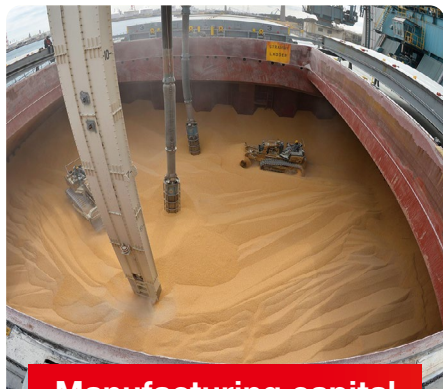
Our greatest strength lies in our diverse product lineup, and the potential for growth remains vast. Going forward, we aim to harness the full power of the Group to showcase its appeal worldwide.

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



Manufacturing capital

■ Integrated production unique to our Group

- The by-products generated during the manufacturing processes of the Flour Milling, Vegetable Oils, and Starches and Sweeteners Categories are effectively utilized by the Animal Feed Business as raw materials for compound feed. These by-products include bran, soybean meal, canola meal, and gluten feed.
- As our unique corn oil supply chain, the Vegetable Oils Category and Starches and Sweeteners Category jointly engage in integrated production within the Group, from corn sourcing to cornstarch and corn germ production as well as corn germ oil extraction and refining.

■ Our own grain silos

- We have one of the largest grain silos in Japan and also store grain for other companies. The total capacity of our these silos at our three plants is about 365,000 tons (Showa Sangyo, non-consolidated). This is the equivalent of about 216 fifty-meter swimming pools for sporting events.
- All of our plants are located in coastal areas, which gives us an advantage in terms of raw material procurement. The Kashima and Kobe plants have dedicated berths capable of receiving Panamax-class large-scale grain carriers.

■ Safety and reliability initiatives

- Based on our “3 Principles of Safety and Reliability,” all standards are being reviewed, from raw material procurement to shipping. Furthermore, we are engaging in activities aimed at improving the level of our manufacturing environment.



Intellectual capital

■ Our strengths as professionals in grains

- Our product development capability is a combination of diverse food ingredients, technologies, and know-how. It is through this capability that we deliver value from a customer perspective.
- We identify our customers’ true needs through our marketing ability. We have cultivated this ability by capturing, accumulating, and combining the needs in various fields through close communication with a diverse and large number of customers.

■ Maximization of the use of intangible assets

- We are working to utilize production data at plants to achieve high-yield and stable production. Additionally, we are digitalizing know-how and other technologies and information to facilitate more effective sharing. We are also promoting efforts to increase our R&D efficiency by using digital technology to visualize the structures of foods and the flowability of powders.
- To properly and reliably protect our Group’s products and services and those of our customers, we apply for patents and take measures against counterfeit products overseas. We also use intellectual property information such as patents in our Group’s sales activities.
- In the plant-based foods business, we have launched a new soy protein product, which has unlimited possibilities beyond being a meat substitute, under the SOIA SOIYA brand. It is an entirely new soy protein product that combines our knowledge and technological capabilities cultivated over more than 50 years since starting sales of soy protein products in 1969.



Human capital

■ Grain professionals

- Since our inception, we have thoroughly researched a wide variety of grains such as wheat, soybeans, canola, and corn. We are now grain professionals who fully understand the power and potential of even one grain of each ingredient.

■ A workplace where employees can work with energy and peace of mind

- Under the Showa Sangyo Group Diversity Management Declaration, we will create an environment in which diverse human resources can work comfortably and positively influence each other so that they can easily demonstrate their individual abilities. In doing so, we will foster an organizational culture that promotes employee well-being and enables them to perform at their best as individuals and as teams.
- Showa Sangyo has been recognized under the Recognition Program for the Outstanding Organizations of KENKO Investment for Health (large enterprise category) co-sponsored by the Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi for four consecutive years since 2022. We announced the Showa Sangyo Health Declaration in 2017 and have since been working to improve the workplace environment and promote self-care.

■ Develop human resources capable of creating value in the midst of change

- As a Grain Solution Company, we need to further enhance our ability to identify the true causes of customers’ problems and provide optimal solutions, as well as our ability to face the uncertain future and create new value in a forward-looking manner. Therefore, we have defined two concepts for our human resources development: boosting problem-solving skills and driving innovation. Based on these concepts, we will develop the next generation of leaders who will shoulder our businesses.



Social capital

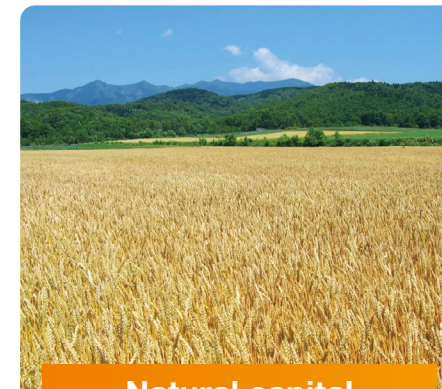
■ Stakeholder engagement

- We disclose information to each stakeholder and facilitate dialogue with them in various situations. Our Investor Relations (IR) activities are designed to provide all stakeholders with a deeper understanding of the direction in which our Group is moving.
- In January 2024, we formulated the Multi-Stakeholder Policy to guide corporate management in building relationships not only with shareholders, but also with other diverse stakeholders.
- Since 2023, we have been hosting the Funabashi Plant Family Tour, an experience-based KOKUIKU (grain education)* event, jointly with Funabashi City government. The event is for families living in Funabashi City and includes a plant tour and pancake-making class. Through the event, participants learn about the SDGs in a fun way.

* KOKUIKU (grain education) is an abbreviated name given to the slogan, “Nurturing people well through grain,” of Showa Sangyo’s SHOKUIKU (food and nutrition education) activities.

■ Strengthening supply chain management

- In January 2024, we as a Group registered the Declaration of Partnership Building to build new partnerships by promoting cooperation, coexistence, and co-prosperity with our supply chain business partners and value-creating companies.
- To strengthen BCP measures, we are addressing driver shortages, collaborating with the Group’s grain silo companies, preparing for disasters, and promoting infectious disease control.



Natural capital

■ Initiatives to achieve 99.9% food recycling

- We achieve 99.9% food recycling by effectively utilizing by-products from flour, vegetable oil, starch, and sweetener manufacturing processes mainly as raw materials for 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.

■ Reducing burden on the environment

- As a Group, we have set an environmental target of reducing CO₂ emissions by at least 30% by FY2025 and by 46% by FY2030 from the FY2013 levels. In FY2024, we reduced CO₂ emissions by 31.1% from FY2013 as a result of our various efforts.
- A new biomass boiler for power generation will be installed at the Kashima Plant, our main plant. The capital investment is approximately 3.7 billion yen. The boiler is scheduled to be completed in FY2025 and put into operation in FY2026.
- An Internal Carbon Pricing System* was introduced in April 2024. As a first step, we are operating the system solely within Showa Sangyo and plan to gradually extend it to our Group companies as we verify its effectiveness.

* The Internal Carbon Pricing System is a system to drive decarbonization by evaluating investment plans and other projects based on entities’ own internal carbon price to make decisions.



Financial capital

■ Total assets

- Total assets decreased by 6.7 billion yen from 262.2 billion yen as of March 31, 2024 to 255.5 billion yen as of March 31, 2025.

■ Funding allocation plan (FY2023-2025)

- Of the three-year cumulative cash inflow of 80.0 billion yen, we anticipate cash flows from operating activities of 70.0 billion yen.
- Of the three-year cumulative cash outflow of 80.0 billion yen, we anticipate growth investment of 33.0 billion yen and investment in maintenance / replacement of 29.0 billion yen.

■ Asset light initiatives



















- To effectively utilize management resources and improve capital efficiency, we sold the Motoyawata Building in April 2024.
- It is our policy to reduce cross-shareholdings in accordance with our shareholding criteria. In FY2024, we sold some shares as a result of the Board’s verification of the significance of our shareholdings.

■ Enhancing shareholder return

- In May 2024, we repurchased and cancelled 3.4 billion yen of treasury shares to address concerns about future share dilution.
- Our policy is to continuously pay dividends at the dividend payout ratio of 30%. While taking into consideration our business results and financial status, in FY2024, we increased annual cash dividends by ¥20.0 from the previous fiscal year and paid annual cash dividends per share of ¥100.0.

Materialities and KPIs

The Showa Sangyo Group has stipulated three materiality themes and seven materialities 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 supplies 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 	<ul style="list-style-type: none"> ① Strengthening Our Core Businesses ⑥ 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 yen / 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 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 resources	Health and productivity management Promotion of D&I Human resources 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 resources management Transform into a highly engaged organization Maintaining sound worker and employer relations 	<ul style="list-style-type: none"> ④ Rebuilding Our Platform ⑥ 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 	<ul style="list-style-type: none"> ⑥ 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.) 	<ul style="list-style-type: none"> ⑥ Reinforcing Stakeholder Engagement 		 
(7) Enhance credibility with our stakeholders	Business management upgrade Promoting digitalization 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 environmental 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 	<ul style="list-style-type: none"> ④ Rebuilding Our Platform ⑥ 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

The Showa Sangyo 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 ISO 22000*2, FSSC 22000*3, ISO 9001*4, and the AIB Food Safety System*5, and is uniquely reorganized by our Group for efficient use.

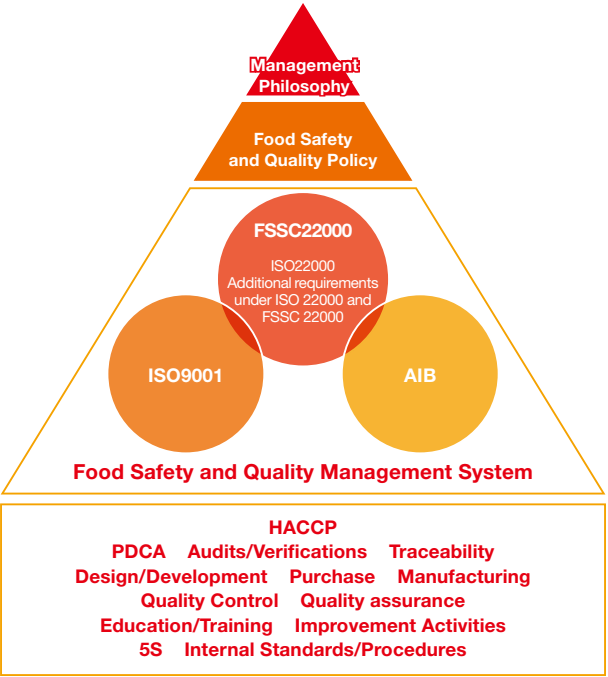
3 Principles of Safety and Reliability

Principle 1. Raw material procurement stage Do not bring in problematic materials	Principle 2. Plant manufacturing stage Do not make problematic products	Principle 3. Shipping Delivery stage Do not deliver problematic products
<ul style="list-style-type: none">• Supplier management On-site investigations audits of main raw materials Plant investigations audits of secondary raw materials Plant investigations audits of packaging materials• Detailed checks Precision audits of quality assurance certificate• Quality inspections investigation of received raw materials• Introduction of food defense equipment• Health and productivity management of employees Response to food poisoning and infections	<ul style="list-style-type: none">• Risk assessment of new product development• Strengthen traceability system• FSQMS verification activities Audit activities of own plants Patrol activities of Group companies• Education of quality managers 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

We are making efforts to communicate and instill the idea of FSQMS throughout the Group, including transportation companies, through internal audits, lectures, and training sessions on food safety and quality activities. We are also striving to maintain and enhance our related capabilities by managing the precision of our analyses.

As for the lectures and training sessions, we take measures, such as using web access and videos, in addition to holding in-person sessions to provide greater opportunities to participate, regardless of time, place, or number of participants. Through the above and other initiatives, we are working to foster a culture of food safety and quality.

Furthermore, we are forming a foreign law and regulation investigation audit system to expand business abroad, providing technical support for overseas Group companies, and strengthening quality control systems for agribusiness, plant-based 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 shipping, and are continuously monitored in order to prevent shipping of products hazardous to humans.

*2 ISO 22000: International standards for food safety management systems intended for production, distribution, and sales of safe food.

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

*4 ISO 9001: International standards 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.

Safe, Reliable, and Stable Supplies (Equipment Maintenance and Investment)

The Showa Sangyo Group believes that ensuring stable supplies of safe and reliable products is an important responsibility as a food manufacturer. To fulfill this responsibility, we must operate our production equipment in a stable manner while achieving both food safety and work safety. To this end, we are undertaking the following initiatives.

Ensuring safety

An important point here is to protect the safety of food products so that consumers can eat them with peace of mind. In addition to complying with the relevant laws and regulations such as the Food Sanitation Act, we define the required equipment specifications under our FSQMS and always install equipment capable of ensuring food safety. Equally important is work safety. As a personnel-related measure, we provide safety education, including external lectures. As an equipment-related measure, we have standardized the equipment manufacturing to ensure the safety of workers.

Stable operation of production equipment

There are tens of thousands of pieces of equipment in a plant, and operating them for a long period without failure is essential in ensuring stable supplies of products. Showa Sangyo keeps an equipment register to manage every piece of equipment and creates a maintenance calendar to manage maintenance methods suited for

each piece. We implement preventive maintenance through periodic maintenance operations and predictive maintenance based on diagnosis of equipment status. We are also making proactive efforts to create a system to prevent failure by using equipment failure information in designing production equipment.

Addressing labor shortages

In recent years, there has been a rising concern for a decline in the working population, and labor shortages are threatening stable plant operation. For repetitive tasks, we are investing in labor-saving equipment utilizing industrial robots and working to save labor by utilizing the Internet of Things (IoT) technology and digital transformation (DX) tools. In this way, Showa Sangyo seeks to achieve stable operation into the future. We also focus on nurturing personnel in charge of equipment maintenance and operation by providing education on maintenance skills and helping them obtain relevant qualifications.



Kashima Oil Filling Plant:
An industrial robot that keeps empty bottles in line and places them into a box



Funabashi Premix Plant:
Using tablet devices for remote monitoring and entering data into an electronic form

Ensuring safety	Stable operation of production equipment	Addressing labor shortages
<ul style="list-style-type: none">• Ensuring food safety<ul style="list-style-type: none">▶ Design of equipment that complies with laws and regulations and the Company's own FSQMS▶ Creation of manuals at the time of construction (address the risk of contamination by foreign objects)• Ensuring occupational safety<ul style="list-style-type: none">▶ Improvement of safety education and the work-place environment▶ Acquisition of qualifications and skills▶ Participation in external lectures▶ Standardization of equipment manufacturing	<ul style="list-style-type: none">• Preventing equipment failure<ul style="list-style-type: none">▶ Management of maintenance methods using an equipment register and maintenance calendar▶ Establishment of guidelines for updating aging equipment• Anticipating and preventing equipment failure<ul style="list-style-type: none">▶ Predictive maintenance by monitoring equipment status• Preventing recurrence of failure<ul style="list-style-type: none">▶ Development of failure information tools▶ Use of failure information in equipment design	<ul style="list-style-type: none">• Labor-saving<ul style="list-style-type: none">▶ Utilization of robots in filling and packaging processes▶ Mechanization of inspection work• Reducing workload<ul style="list-style-type: none">▶ Digitalization of manufacturing records and daily reports▶ Automation of administrative work using RPA▶ Remote monitoring of manufacturing processes• Human resources development<ul style="list-style-type: none">▶ Implementation of maintenance skills training▶ Acquisition of qualifications and skills

Response to the 2024 Logistics Problem

To accelerate our response to the so-called “2024 problem” in Japan’s logistics industry, we formulated a voluntary action plan for ensuring the appropriate logistics conduct and improving logistics productivity in March 2024. The plan is based on “the Guideline for Shippers and Logistics Operators on Efforts to Optimize Logistics and Improve Logistics Efficiency,” which were jointly published in June 2023 by “the Ministry of Economy, Trade and Industry, the Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Land, Infrastructure, Transport and Tourism.”

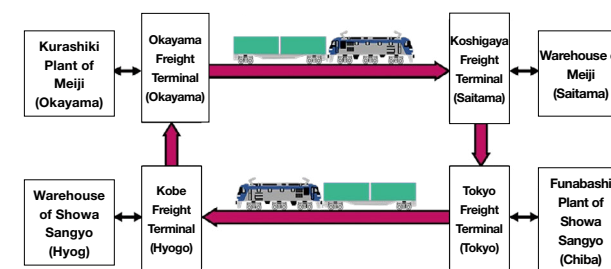
In April 2025, the Act for Partially Amending the Act on “the Advancement of Integration and Streamlining of Distribution Business and the Motor Truck Transportation Business Act” (“Revised Motor Truck Transportation Business Act”) was partially enforced. As the revised act obligates all shippers to make efforts to improve logistics efficiency, we are working to increase the efficiency of our logistics based on the three criteria used to evaluate the implementation status of required actions.

Increasing loading efficiency, etc.

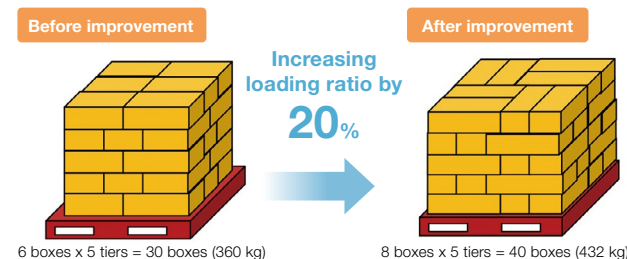
Example joint effort with a food manufacturer to make use of empty containers on a backhaul leg

We have switched from trucks to railroad freight cars for transporting products from the Funabashi Plant in Chiba Prefecture to a warehouse in Hyogo Prefecture. The modal shift has been made possible by utilizing empty auto floor containers of Meiji Co., Ltd. on a backhaul of their route. In addition to reducing long-distance transportation by truck drivers, the effort also reduces CO₂ emissions and contributes to a reduction of environmental burden.

Diagram of joint operation of Meiji and Showa Sangyo



Actual improvement example



Promoting the “design for logistics” concept

We are working to increase the efficiencies of storage and transportation by revising product designs to match the pallet size and consequently increasing the loading ratio.

Shorter cargo waiting time

Introducing a truck entry management system

We have completed the installation of a truck entry management system in all of our plants by March 2025 and started monitoring the time spent on waiting for cargoes and time needed for cargo handling. For warehouses where the waiting time tends to be longer, we will reduce it by effectively assigning operators or allocating cargoes to other warehouses. As for cargo handling, we recommend the use

of pallets for loading and unloading.

Some plants also manage the booking of the check-in time and have successfully reduced the waiting time. In receiving materials and other supplies, we have also relaxed the designated delivery time requirement, allowing truck drivers to make a delivery at their convenience.

Shorter cargo handling time

Updating the flour mill automated high-bay warehouse within the Kobe Plant

The updated automated high-bay warehouse centrally manages all processes using computers, from manufacture to storage, picking, and shipping, in order to automate processes, save labor, reduce cargo loading and waiting times, and ultimately, enhance logistics functions and increase their efficiency.

Our voluntary action plan includes improvement of facilities on

the shipper side, and the updated warehouse represents one such measure.



Rendering of a completed facility

Stable Procurement Initiatives

We have strengthened supply chain management (consideration for the environment and human rights, diversification of procurement risk, etc.) based on the Showa Sangyo Group Procurement Policy to ensure the sustainable and safe procurement of raw materials. As geopolitical and climate change risks become more apparent, we are also spreading our procurement activities across multiple regions.

In addition, we stockpile raw materials using the Group’s grain silos to prepare for the unexpected. We hold a stockpile of 2.3 months’ supply of wheat for food and three weeks’ supply of animal feed grains, which are antic-

ipated to be the recovery periods in the event of an emergency such as a disaster.

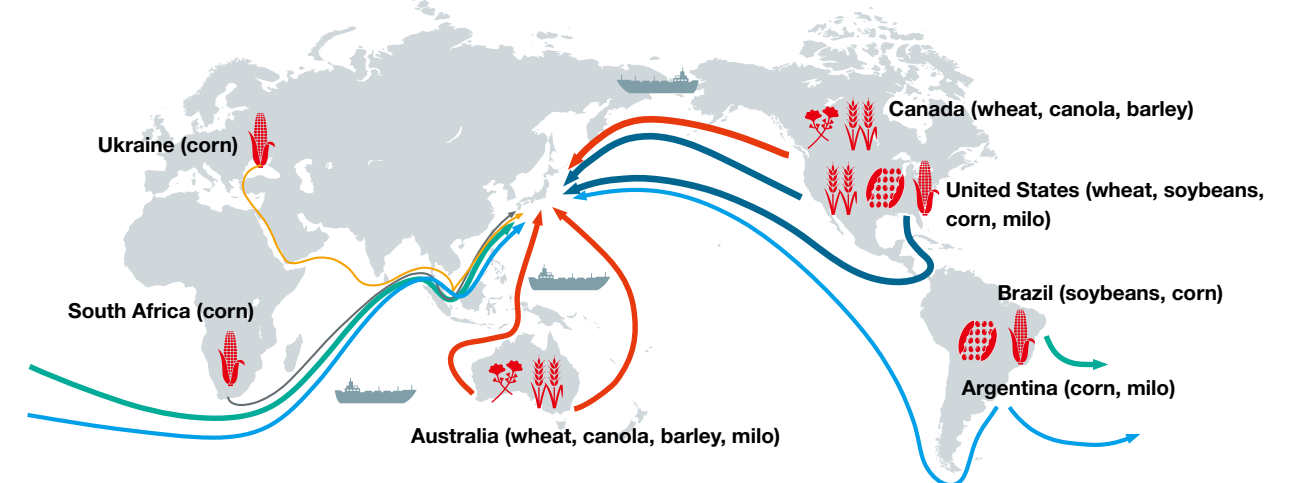


Showa Sangyo Group Procurement Policy

In all of our purchasing transactions and procurement activities, the Showa Sangyo Group regards suppliers and parties it conducts business with as its business partners and will comply with laws, regulations, and other social norms.

In doing so, we recognize that efforts of not only the Showa Sangyo Group but also the entire supply chain are essential. Based on fair corporate activities, we will undertake socially responsible procurement activities in cooperation with our suppliers and business partners.

Raw material procurement areas and transportation routes



Tatsuya Matsuoka

Grain Procurement Dept.,
Feed Grain & Grain Silo Group

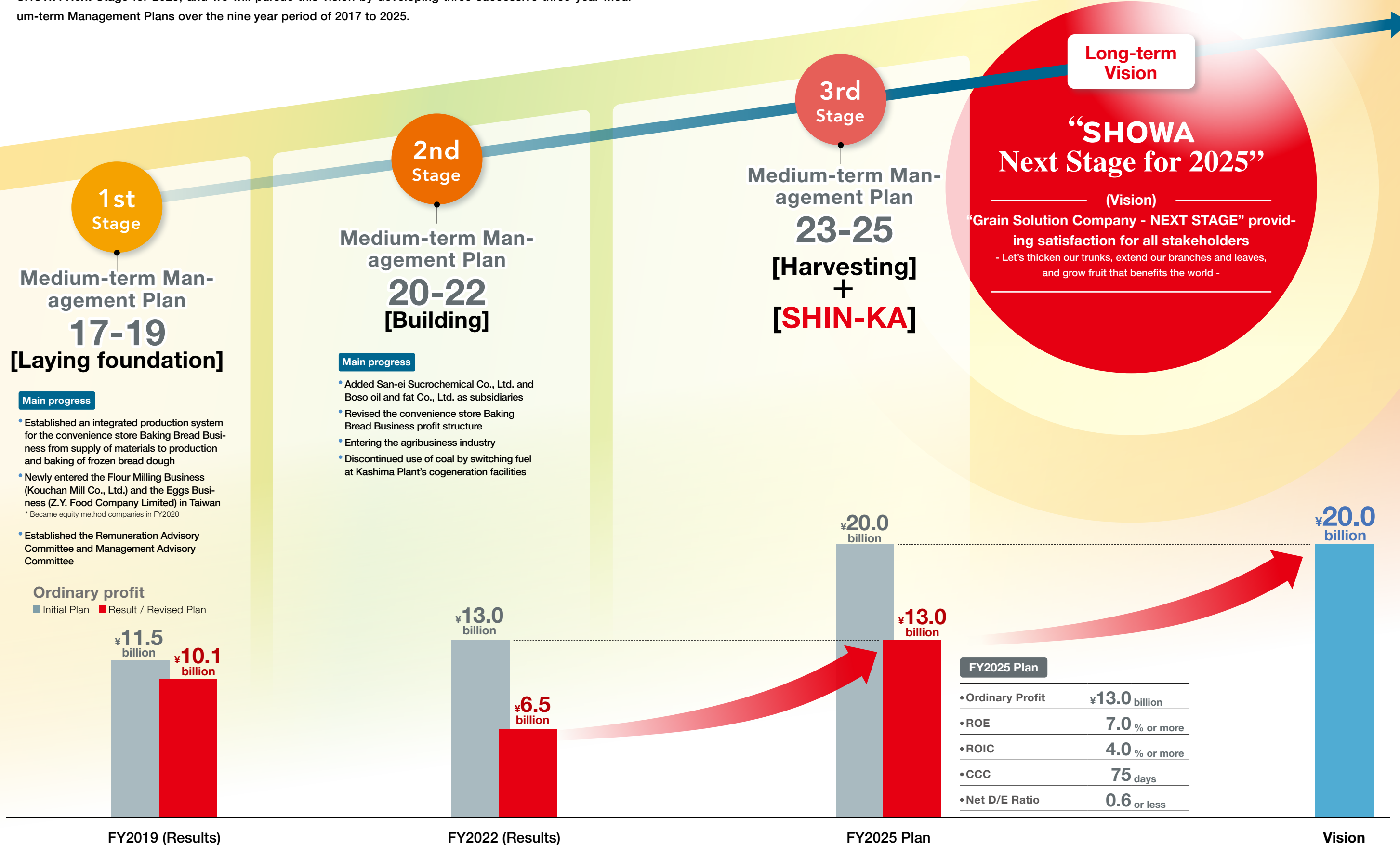
Facilitating procurement of corn from other regions in response to the Panama Canal transit restrictions

Since the end of 2023, low water levels in the Panama Canal have hindered the passage of grain ships, requiring more days for transporting products between the Gulf Coast of the United States and Japan. The situation started to improve in around summer 2024, and the canal again became passable for grain ships. Such a situation, however, is a climate change risk and can happen again in the future. Under this recognition, we have further diversified our corn procurement sources across more regions, mainly by increasing the ratio of corn purchased from the West Coast of the United States.

We are now required to conduct raw material procurement activities beyond the existing scheme and adapt them to changes in the environment. We will work to ensure stable supplies of raw materials while also promoting communication with trading companies.

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.



Medium-term Management Plan 23-25



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.

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 materiality.

Main progress

(1) Strengthening Our Core Businesses	<ul style="list-style-type: none"> Extended a best-before date of commercial and household cooking oil products in bottle with a handle Promoted a structural reform of our businesses, including Group-wide efforts for optimizing production bases and resolving issues
(2) Expansion of Our Business Fields	<ul style="list-style-type: none"> Formed a capital and business alliance with Phytochem Products Inc., a start-up originated from Tohoku University, for expanding into the oleochemical and fine chemical business fields Established Showa Sangyo International Vietnam Co., Ltd., a company engaging in manufacture and sales of premixes, in Vietnam
(3) Reducing Burden on the Environment	<ul style="list-style-type: none"> Utilizing food residues and other materials from food factories in and outside the Group as raw materials for animal feed Utilizing industrial waste from Group factories as soil amendments and compost fermentation promoting materials
(4) Rebuilding Our Platform	<ul style="list-style-type: none"> Reorganized our structure on April 1, 2025, to adjust the functions of each base, integrate the relevant functions into the Headquarters, and optimize the organizational functions of each department
(5) Reinforcing Stakeholder Engagement	<ul style="list-style-type: none"> Revamped our corporate website to provide more information to each stakeholder Repurchased and cancelled 3.4 billion yen of treasury shares in May 2024 to alleviate concerns about stock dilution in the future

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 further profit by steadily implementing each of the measures.

		FY2022 Results	FY2024 Results	FY2025 Plan	Compared to FY2022
Ordinary profit	(Billions of yen)	6.5	13.5	13.0	200%
ROE	(%)	7.1 ^{*1}	8.8 ^{*2}	7.0% or more	–
ROIC ^{*3}	(%)	1.8	4.4	4.0% or more	2.2 percentage point increase
CCC	(Day)	91	85.5	75	16 days shorter
NET D/E Ratio		0.48	0.31	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} Approximately ¥2.6 billion in gain on sale of non-current assets (extraordinary income) was generated due to the sale of the Motoyawata Building.
^{*3} Definition of ROIC: 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.

Non-Financial KPIs

Environmental targets	Medium-term Management Plan Targets	Showa Sangyo Group Environment Targets
See page 55 for details.		
Reduction of CO ₂ emissions	FY2025 Targets -30% or more Compared to FY2013	FY2030 Targets -46% or more
Reduction of food loss	FY2025 Targets -30% or more Compared to FY2018	FY2030 Targets -30% or more
Reduction of water usage (basic unit)	FY2025 Targets -9% or more Compared to FY2019	FY2030 Targets -12% or more
Reduction of plastic usage (basic unit)	FY2025 Targets -7% or more Compared to FY2013	FY2030 Targets -25% or more

Digital strategies	Medium-term Management Plan Targets
See page 49 for details.	
Promoting digitalization	• Digitalization promotion costs: 4.5 billion yen over 3 years (1.2 billion yen for growth investment)
[Main measure 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 per year
[Main measure 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

Human capital management	Medium-term Management Plan Targets
See page 57 for details.	
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

* D&I: Diversity and inclusion

RD&E strategy	Medium-term Management Plan Targets
See page 44 for details.	
Expansion of Our Business Fields	• Strengthen R&D in frozen food business and new business fields • Improve production technology of overseas production bases
Utilization of IT/AI technology	• Promotion of smart factories
Reduction of costs through production improvement activities	• Cost reduction: More than 1 billion yen / over 3 years in total



Business Management & Sales Strategy

Message from Manager of Business Management & Sales Division



Takaaki Suzuki
Director Senior Managing Officer
In charge of Business Management & Sales Division

Scope of supervision:
In charge of Business Management & Sales Division (Business management and sales strategy and overall sales activities of the Showa Sangyo Group)

Essential Initiatives for Achieving the Effects of Our Organizational Restructuring

In FY2024, the second year of the Medium-term Management Plan 23-25, Showa Sangyo continued to operate within a dramatically evolving environment. Although the future still remains uncertain, one distinct change is that the economy has emerged from prolonged deflation and moved into a phase of full-fledged inflation. Various costs such as wages and logistics expenses are increasing while Japan's population is shrinking, which makes it increasingly difficult to attain growth just by expanding volume. In such an environment, it is extremely important to appropriately pass on cost increases to sales prices and gain an understanding of our customers.

The restructuring of our sales organization two years ago was part of efforts to provide customer value commensurate with increases in sales prices. At this point, however, more time will be needed before we can realize our ideal state. This is because under our previous organization, we required expertise only in one specialized field. In contrast, under our new organization, we must now acquire expertise in three fields consisting of flour, vegetable oils, and starches and sweeteners. Each salesperson should become a marketer, which enables them to undertake solution-based selling that requires an understanding of our customers, market trends, and the diverse range of products handled by the Showa Sangyo Group. Rather than simply relaying customer requests to the product development departments, solution-based selling involves putting ourselves in the shoes of our customers, getting to the bottom of customer issues, and proposing solutions. Although we have set lofty goals, positive results are already beginning to emerge thanks to the hard work of our employees.

To fully reap the benefits of our organizational restructuring, we must enhance the skills of our sales personnel as well as flexibly reevaluate our organizational structure. Two years have passed since our restructuring and our user-oriented sales style, which involves closely tailoring to customers' needs, is steadily permeating among sales personnel. Nonetheless, there is no denying that our promotion structure for developing nation-

al brand (NB) products still has some areas of ambiguity. With this in mind, we have established a new specialized team for NB product development and clarified areas of responsibility while investing resources to strengthen functions. Our current structure is still incomplete and we will continue to steadily rotate the PDCA cycle as we evolve into an optimal organization.

Results of an Expansion of Our Business Fields and the Development of New Businesses through a New Approach

Under the Medium-term Management Plan's basic strategy of Expansion of Our Business Fields, we are beginning to achieve notable results, particularly in exports. By consolidating functions in the Overseas Business Development & Sales Dept., we have been advancing organizational initiatives and have attained our profit target in just two years. To date, our overseas business has been centered on China and Hong Kong. In view of the global economic landscape, however, we will need to further expand our target countries in the future. Leveraging the halal certification obtained by our Kobe Plant, we will also expand our business into Malaysia, Indonesia, Singapore, and other countries. When operations get into full swing at Showa Sangyo International Vietnam Co., Ltd. (SSIV), which is currently under construction in Vietnam, we plan to export locally produced premix products to Southeast Asia and Europe.

Turning to our oleochemicals and fine chemicals businesses, in October 2024 we entered into a capital and business alliance with Phytochemical Products Inc., a start-up originated from Tohoku University, thereby accelerating the speed of our initiatives in these fields. The concept of cultivating new businesses via open innovation through industry-academia collaboration is new to the Show Sangyo Group. This marks the first time we have taken this approach and thus there are still many unknowns. Nonetheless, I have high expectations that this will yield important results.

Strategy by Business

Foods Business



External Environment

It is anticipated that demographic changes (aging population, family structure, etc.), growing awareness of health, and greater interest in sustainability will continue in the domestic market. Moreover, since the COVID-19 pandemic, needs and consumption styles around "food" in Japan have become increasingly segmented and diversified, and the speed of this process has accelerated. On the other hand, the procurement of raw materials is becoming increasingly unstable, mirroring such factors as climate change, the emergence of geopolitical risks, and growing global demand. Concurrently, the

cost of delivering products to customers is also likely to rise due to increasing logistics costs and responses to rising labor costs spurred by an improved employment and income environment.

In overseas markets, consumer purchasing power and needs are expected to rise due to global population growth and the expansion of the middle-income segment in emerging countries.

Going forward, it will be increasingly necessary to respond to diversifying needs while simultaneously providing a stable supply of products.

Flour Milling Category

Strengths

- 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
- Overseas business development (East Asia and Southeast Asia) utilizing Showa Sangyo's high technological capabilities

Review of FY2024

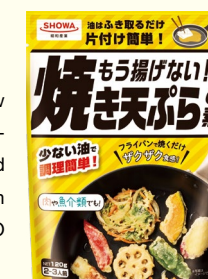
The volume of wheat flour sales increased from the previous year due to growth in overseas sales as well as to favorable sales volume of pasta, mainly for restaurants. Meanwhile, demand for flour as a substitute for rice partially contributed to sales. Additionally, we strengthened collaboration among the five companies and their seven plants in the flour milling group and promoted such initiatives as improving productivity, lowering costs, and reducing our environmental burden while also continuing to reduce costs by optimizing our production bases. For premix products, we optimized our bases in eastern and western Japan, including those of Group companies, and worked on transferring production of sachet products, including contracted products, to the Funabashi Premix No. 2 Plant.

Strategy for FY2025

In light of wheat price revisions and cost increases in other secondary ingredients, labor, logistics, energy, and packaging materials, we have implemented price revisions for wheat flour, premix products, and pasta. Leveraging the strength of our one-stop sales structure organized by business category, we will achieve an even higher level of synergies and develop new customers and markets. We will also continue working for further increases in productivity through collaboration among the five companies and their seven plants in the flour milling group. For premix and pasta products, we will collaborate with Group companies to improve operations and optimize bases in order to engage in production and sales that meet the needs of customers. For baking bread, the Group will join forces to strengthen product development and implement initiatives to improve productivity and reduce waste loss in order to ensure profits.

SHOWA MO AGENA!!! YAKITEMPURANO-MOTO Series wins the Excellent Hit Award at the Food Hit Awards as we leap ahead in new product development

Launched in September 2022, SHOWA MO AGENA!!! YAKITEMPURANO-MOTO has earned high acclaim for enabling a new cooking style of "just grill with no deep-frying." This product has become popular with numerous customers as evidenced by cumulative sales topping 2.8 million units as of April 2025. In February 2025, it garnered the Excellent Hit Award at the 43rd Hit Food Award (sponsored by the Japan Food Journal) in recognition of its innovativeness. In March 2025, we launched a new product in the series, SHOWA MO AGENA!!! YAKIKARAAGENO-MOTO. In conjunction, we also revamped the packaging for SHOWA MO AGENA!!! YAKITEMPURANO-MOTO to further increase its brand recognition.





Vegetable Oils Category

Strengths

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

Review of FY2024

Sales volume of commercial-use oils and fats increased due to in-bound demand in addition to a pick-up in demand for restaurants and tourism owing to a recovery in domestic traffic. Likewise, sales volume of home-use oils and fats also rose from the previous year. Nevertheless, besides unstable raw materials supplies and exchange rates, the cost environment worsened due to rising expenses, particularly logistics and labor costs. In response, we announced price revisions for oil and fat products and worked to create fair pricing proportionate to our costs. We also strengthened and promoted problem-solving-type sales that provide value commensurate with prices. As a result, we achieved growth in sales of functional oils with various additional functions.

Strategy for FY2025

To ensure stable supplies of safe and reliable products for our customers, we will work to offer products at fair prices and make product proposals that meet customer requirements and solve issues they face.

We will also strengthen our proposal capabilities to solve our customers' issues and improve the quality of their products from various perspectives. This includes offering oil for frying that prolongs the texture of freshly fried food, oil for frying that lasts longer with reduced deterioration, oil for cooking rice that reduces ageing, and frozen food that allows shorter cooking times. In addition, we will contribute to increasing customers' sales with proposals for a wide range of oil types leveraging our strength in pressing all the four major types of oil that are processed from raw materials (soybeans, canola, corn, and rice) in Japan within our own Group.

Communicating new possibilities of plant-based foods

Backed by over 50 years of experience in developing soy protein products, Showa Sanyo launched SOIA SOIYA as a new plant-based food brand. It provides free-use and fun ingredients that utilize grains as raw materials and thereby fulfill consumer desire for such ingredients. We collaborate with culinary experts and restaurant owners to propose new plant-based ingredients that can be used in a variety of cooking methods besides such traditional uses as a meat substitute. By providing health-conscious and creatively stimulating eating experiences and supporting the development of a wide range of menus for many customers, we aim to communicate a new standard for plant-based foods.

Starches and Sweeteners Category

Strengths

- Industry-leading scale of operations
- Framework for stable supply with three manufacturing sites in the Group and eastern Japan's largest manufacturing site in the Kashima area
- Approximately 70% share of the crystalline glucose market (Showa Sangyo research)
- Affinity with other categories, including premix products and vegetable oils

Review of FY2024

In response to a variety of issues such as the 2024 logistics problem, Showa Sangyo manufactures products at three production bases: the main plant in the Kanto region (Kamisu City, Ibaraki Prefecture), and at two Group companies in the Chukyo region, namely, Shikishima Starch MFG (Suzuka City, Mie Prefecture) and San-ei Sucrochemical (Chita City, Aichi Prefecture). These locations are relatively advantageous in terms of providing logistics for major consumption areas. Additionally, our "one-stop" proposal-based sales for each business category has been acclaimed by customers, which has led to an increase in sales volume for functional products such as powdered corn syrup.

Strategy for FY2025

Amid rising awareness of sustainability, the Starches and Sweeteners Category, which accounts for a high proportion of the CO₂ emissions and water usage within the Group, will continue working to reduce its environmental impact as a priority with the aim of solving issues to realize a sustainable society and enhancing corporate value through this process.

Besides expanding sales of distinctive products such as powdered corn syrup that can contribute to richer and healthier lifestyles, we will work to ensure stable supplies of corn germ, the raw material for corn oil, and deploy synergies with other categories such as the Vegetable Oils Business.

Animal Feed Business

Strengths

- 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 FY2024

In FY2024, although sales volume rose from the previous year, the ongoing weakening of the yen and softening egg prices created a harsh business environment. In such an environment, we worked to achieve sales at fair prices, to promote proposal-type sales for the requirements and issues of each customer, and to expand sales of high value-added products.

Strategy for FY2025

Although the cost environment such as grain prices and exchange rates is expected to continue shifting rapidly in FY2025, we are strengthening our core business by offering products at fair prices commensurate with costs and expanding sales of high-value-added products. Furthermore, to continue improving customer value, we will strengthen relationships of trust through sales activities that involve working closely with customers, including livestock analysis and support for value adding.

Expanding our business base in the egg production sector

Showa Sangyo acquired shares in Kimishima Farm, which had previously been its contract egg farm, and welcomed it as a Group company (a wholly owned subsidiary of Showa Keiran). Situated in Omitama City, Ibaraki Prefecture, the farm raises approximately 140,000 egg-laying hens. Going forward, we will work to develop and sell even more value-added eggs and improve farm performance based on collaboration between Showa Sangyo and Showa Keiran.

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 FY2024 and Strategy for FY2025

In the Warehousing Business, despite the impact of the spread of avian influenza in FY2024, the volume of cargo handled rose from the previous year due to strengthened initiatives with trading companies and principal customers. In FY2025, with rising risks for grain procurement due to changes in the global situation, we will work to realize stable supply by deepening our partnerships with import trading companies and strengthening our BCP framework. We will also further promote our unique business model under which

the Raw Material Purchasing Department is in charge of silo operations.

At our plant factory, we aim to build a sustainable agribusiness. In FY2024, it carried out systematic and stable production of high-quality vegetables unaffected by weather conditions. In FY2025, R&D, technology, and sales functions will work as one to realize stable factory operations, improve productivity, and introduce and offer new high-value-added vegetables.



RD&E Strategy

Message from Manager of Technical Division



Masashi Ohno
Director Managing Officer
In charge of Technical Division

Scope of supervision:
In charge of Technical Division (R&D, production and technology, quality assurance, logistics)

Taking on the challenges of the VUCA era with technological innovation and value creation

Showa Sangyo possesses unique business portfolio, which includes handling a wide variety of grains in large quantities. By leveraging this strength, we at the Technical Division fully utilize the diverse possibilities of grains and create value-added products and new businesses through innovation that combines user-oriented and product-out approaches in this unpredictable VUCA (volatility, uncertainty, complexity, and ambiguity) era. From an organizational perspective, we strengthened our foundation by restructuring into an organization for the integrated handling of functions from procurement to logistics and environmental strategies and by fortifying quality assurance governance. Furthermore, we are strengthening our planning functions, promoting DX in production systems, strengthening alignment with business strategies, and creating new businesses.

Growth foundation supported by technology and human resources

Sustainably increasing our corporate value requires that we utilize digital technologies and strengthen our human resources. With this in mind, we are promoting DX in production systems through the use of AI and IoT. We are also utilizing generative AI and machine learning to carry out R&D and advance user analysis in addition to promoting DX in our logistics. Although we have attained progress in some fields, I believe we must further accelerate change with an eye toward the next generation. We aim to achieve both a comfortable and rewarding work environment and increase productivity by enhancing business efficiency and utilizing generative AI, RPA, and no-code tools, as well as promoting DX in production systems.

Creating future value through new businesses

We are taking on challenges while leveraging open innovation to create new businesses. In the oleochemicals field, we are developing biofuels through upcycling. In the fine chemicals field, we are working to establish mass production technologies for functional materials such as rice bran oil-derived

super vitamin E. Furthermore, in the plant-based food field, we are promoting research and commercialization to maximize the potentials of soy protein. In the agricultural field, we are pursuing technological innovations to produce high-quality plants that are unaffected by climate change. We will concentrate our resources on focused research themes such as solving social issues related to people's health, beauty, and the environment.

Sustainability management that resolves social issues

We have positioned environmental responses as a top-priority issue and aim to reduce CO₂ emissions in 2026 by operating biomass power generation boilers. Also, we provide problem-solving environmental solutions that utilize our unique business portfolio. For example, our Animal Feed Business upcycles waste diatomaceous earth discharged from the starch and sweetener factory for use as a soil conditioner and fermentation aid for compost. Regarding logistics, as responses to the 2024 problem we are promoting automation and labor saving by renovating the Kobe Plant's flour mill automated high-bay warehouse, shortening cargo waiting times, and improving delivery efficiency by rebuilding the plant's berth for cargo loading.

Overseas strategy—bringing Japanese food culture to the world

We are actively deploying the technological and development capabilities cultivated in Japan at overseas Group companies. Through seminars for local customers and the development of products exclusively for export, we have begun to globally roll out a diverse range of products, including SHOWA TEMPURA BATTER MIX and Japanese food ingredients as well as wheat flour for bread. In the future, we must strengthen our product development, production, and quality assurance systems that capture the needs of overseas customers locally. We will also continue to strengthen our organizational structure.

Looking ahead, the Group will continue to bring together its technological capabilities and overall strengths and continue taking on the challenge of solving social issues and further increasing our corporate value.

RD&E Strategy

The RD&E strategy is the Showa Sangyo Group's unique technological strategy that integrates Research, Development, and Engineering. By integrating RD&E and business strategies, we aim to strengthen our core businesses and expand our business fields. To achieve these goals, it is critical to combine a market-in approach with a product-out approach: the former is an approach that starts with the customer's needs and the potential needs that the R&D engineer has insight into, while the latter adds high value by deepening the technology.

The Medium-term Management Plan 23-25 sets forth the following RD&E strategies to create value that only the Showa Sangyo Group can provide. They are evolution of the "Grain Solution"; driving differentiation strategy; expansion of our business fields; and establishment of production technology to ensure implementation of the key strategy.

Evolution of the Grain Solution

Boost product development by increasing collaboration between customers and sales and by deepening proprietary technologies

By restructuring into a one-stop sales organization, we are promoting R&D from a user-oriented perspective. For example, to meet the desire for softer ingredients for deep-friend foods, besides offering suggestions for frying oil and flour products, we are expanding our proposals beyond the scope of our businesses such as by developing new oils to be kneaded into flour. By tapping into the latent needs of individual customers, we are strengthening our solution proposals that transcend previous ideas.

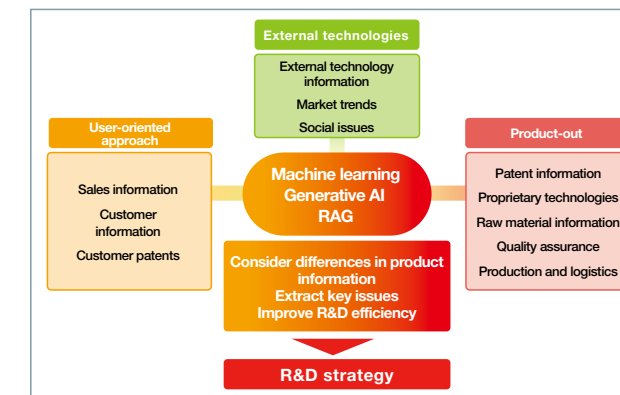
Enhancing the development efficiency by utilizing digital technologies

In R&D fields, we are utilizing generative AI and building Retrieval-Augmented Generation (RAG). We utilize these to extract latent customer needs from massive volumes of big data such as daily reports on sales. They are also used to identify differences in vast amounts of raw material information and cross-analyze external

technical information such as academic papers to enhance the efficiency of our own research. We have begun initiatives to combine this with technical information from patents and documentary literature as well as with accumulated in-house technologies to identify key issues and enhance the efficiency of our R&D structure.

We are also considering methods to realize rapid decision-making and accelerate development by combining equipment analysis and machine learning with production design and compounding, which previously relied on human senses and experience.

Generative AI and RAG construction concept diagram



Driving Differentiation Strategy

Strengthening development of value-added products in line with business strategy

Grains : We are researching Showa Sangyo's proprietary processing technologies to fully utilize the characteristics of wheat. Amid the rising need for domestically produced wheat, we created wheat flour with a distinctive melt-in-the-mouth texture by appropriately processing domestically produced wheat flour. We will continue to pursue new appeals for wheat through further research on processing technologies.

Leveraging Group synergies, we have also advanced the development of oils that utilize the functions of rice oil and corn oil. We launched Kome Coat S, an oil for cooking rice made mainly from rice oil, and CK-UP Frying Oil that utilizes corn oil to help prevent oil stains.

Additionally, using our proprietary technologies we discovered short-chain carbohydrate AmyloSoln has the capacity for crystallization and forming complexes with other ingredients. We are now

promoting its use in fields such as cosmetics. Our R&D on AmyloSoln earned the Poster Award from the Japanese Society of Applied Glycoscience. We also gave a presentation as the recipient of the Topics Award at the 2024 annual meeting of the Kanto Branch of the Japan Society for Bioscience, Biotechnology, and Agrochemistry.

Health : Focusing on the health functions contained in Showa Sangyo's products, we launched four functional food products, namely, Mametan (soy meat), Soybean Germ, Domestic Wheat Strong Flour, and Functional Bone Care Drink (Yogurt Flavor). We will focus on trace amounts of functional substances contained in grains as we continue to make proposals linked to good health from everyday meals.



Topics Award of the 2024 annual meeting of the Kanto Branch of the Japan Society for Bioscience, Biotechnology, and Agrochemistry

Sustainable : We discovered that waste diatomaceous earth, a byproduct of starch and sweetener plants, can reduce odors and promote fermentation in the livestock compost production process, thus expanding its use through the sales network of the Feed Business. We also discovered that byproducts from the oil and fat refining process can be used as a mushroom trophosome and we received an Excellence Award at the Poster Presentation of the Japanese Society of Mushroom Science and Biotechnology in 2024. Leveraging our strength of possessing the Animal Feed Business, we are strengthening sustainable research by discovering value in unused resources through our unique solution-oriented R&D.

Furthermore, we are exploring new possibilities for grains and continue to make considerations in biomass plastics. Besides our

Expansion of Our Business Fields

Initiatives in the oleochemicals and the fine chemicals fields

To fully utilize grains, we formed a capital and business alliance with Phytochem Products Inc., a start-up originated from Tohoku University. While promoting R&D in new business domains through open innovation, we will also build multifaceted collaborative relationships such as by strengthening sales.

See pages 21-22 for details.

To commercialize plant-based food

In 2024, the Showa Sangyo Group launched a new ingredient brand, SOIA SOIYA, as plant-based food is attracting attention amid growing awareness of food diver-



sity, sustainability, and health. The lineup primarily features HMSP (High Moisture Solution Protein) that is formed into belt shapes using our proprietary technology. This product can be used in a wide range of cooking, such as simmering, grilling, frying, and boiling. We will continue to widely promote the SOIA SOIYA project in collaboration with culinary experts and restaurant owners. In 2025, we launched HMSP Chashu-style (Soy Sauce Flavor) as we further expand our lineup of processed foods.

Challenge for agribusiness

We started the challenge for agribusiness in 2020, where we produce and sell vegetables in a plant factory with artificial light. In 2023, we obtained the Japan Good Agricultural Practice (JGAP) certification and operate with consideration of the SDGs to provide a stable supply of fresh vegetables unaffected by climate change. We have

previously commercialized “Daichi no Mino-Re;,” a garbage bag blended with biomass, we have discovered through open innovation that byproducts generated in the manufacturing process of flour, oils, and sugars can be processed into biomass concrete. At the Expo 2025 Osaka, Kansai, Japan, we provided the raw materials for biomass concrete used in the roofing material of Gallery WEST and “Daichi no Mino-Re;” garbage bags.



Composting with filtration aids

also begun to produce high quality herbs by integrating and refining our growing technology with the environmental control technology that we use to increase lettuce productivity. We will continue to undertake research into production technologies and high-value-added plant production using open innovation.

Expanding overseas business

Flour milling: We actively license our technology to Kouchan Mill Co., Ltd. (Taoyuan City, Taiwan) and Dachan Showa Foods Tianjin Co., Ltd (Tianjin City, China) and deploy flour milling technologies used in Japan. Through the overseas promotion of proposals utilizing Showa Sangyo’s flour milling technologies, we are ensuring stable production at our overseas production plants.

Feed and livestock : Z. Y. Food Company Limited (Tainan City, Taiwan) has launched *Shangpinyu*, Taiwan’s first egg that can be used as a raw food. Through the overseas deployment of a system that supplies safe and reliable eggs from Japan, we aim to undertake chicken egg sales in overseas markets, where there is a rising need for safety and reliability.



Export promotion: We focused on improving packaging technologies for products for export. We are developing packaging materials that comply with local regulations and improve durability so that products can be transported long distances. In this way, we are strengthening product quality maintenance and raising competitiveness in international markets.

Establishment of Production Technology to Ensure Implementation of the Key Strategy

Promoting smart factories that utilize digital technologies

The Showa Sangyo Group is promoting smart factories using IoT and sensing technologies, with efforts centered on improving four key pillars consisting of safety, reliability, stability, and affordability. Through smart factories, we aim to optimize predictive maintenance

and production efficiency while maintaining stable operations and achieving environmental impact reductions, high-quality product manufacturing, labor savings, and skill transfers.

See page 50 for details.

Aiming for Utilization of Intangible Assets

The Showa Sangyo Group leverages its expertise in grains to provide grain solutions through collaboration in its value chain consisting of R&D, raw materials procurement, production, and sales. The Technical Division continually keeps in step with management strategies, business strategies, sales strategies, and strategies at each stage, protecting intellectual property to support strategic advantages and contributing to providing grain solutions. Furthermore, by leveraging our wide range of business areas, we have begun offering sustainable technologies that are unique to Showa Sangyo.

Number of our registered intellectual property rights (As of July 31, 2025)

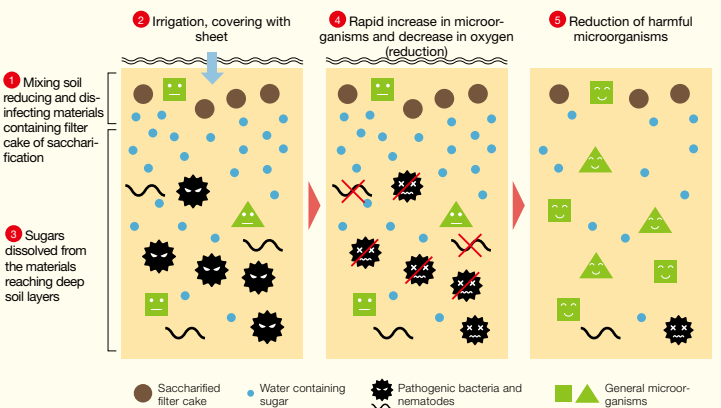
	In Japan	Overseas
Patents	250	13
Trademarks	588	82

Strategy	R&D Strategy Sales Strategy	Business Strategy	Management Strategy
Examples of intellectual property utilization for each strategy	• Visualization of intellectual property • Intellectual property rights acquisition for our defense	• Acquisition of trademark rights to protect our brands for overseas expansion	• Collection and analysis of information and proposals for expansion of business fields
IP landscape implementation			

Examples of intellectual property use (1) Utilization of patents

Showa Sangyo discovered that waste diatomaceous earth, a byproduct of starch and sweetener plants, has soil reduction and disinfection effects and obtained a patent (Patent No. 7471122 [Soil conditioner and method for producing the same]). This enables environmentally friendly crop production without using chemicals and is expected to also help preserve biodiversity. Additionally, we confirmed that the disinfection effect reaches deeper into the soil than conventional soil reduction and disinfection methods that utilize organic matter.

This technology has attracted much interest from agribusiness companies. We will continue to protect and utilize the knowledge gained from our unique technology as we aim for harmonious coexistence with our stakeholders.



Examples of intellectual property use (2) Protecting our brands utilizing trademark rights

Along with an expansion in overseas business, Showa Sangyo is also working strategically to protect its brand value internationally. We are obtaining trademark rights in each country where we undertake business and respond to third-party applications for inappropriate applications for our important trademarks.

In recent years, there has been an increase in counterfeit products in overseas e-commerce markets, including in China. In response, we are firmly enforcing our trademark rights and taking legal action, which includes administrative arrests. We will continue to strengthen our counterfeit product response system, such as by regularly expanding the scope of market monitoring, as we work to assure quality for our customers and maintain the credibility of the Showa Sangyo brand.



Financial Strategy and Promoting Digitalization

Message from Manager of Corporate Division

**Yoshihiro Hosoi**Director Managing Officer
In charge of Corporate Division

Scope of supervision:

In charge of Corporate Division (management planning, public relations and investor relations, finances, human resources, and general affairs)

Showa Sangyo's financial results

In FY2024, rising logistics costs and labor costs as well as volatile fluctuations in the dollar-yen exchange rate made it difficult to forecast business results. Despite these challenges, Showa Sangyo exceeded its profit targets set in the Medium-term Management Plan 23-25 for the second consecutive year.

We also generated stable cash flow, which led to a decrease in interest-bearing debt, thus raising our financial soundness.

Furthermore, Showa Sangyo now has the option of covering the redemption of corporate bonds, which we had considered refinancing in FY2025, with its own funds as planned at the time of issuance.

Measures for increasing corporate value

Our stock price reflects the market's evaluation of Showa Sangyo. To increase our corporate value, we will implement measures that are conscious of increasing our stock price and preventing PBR from declining below 1.0. Accordingly, we will consider growth strategies that can meet the expectations of investors in response to reforms of the Tokyo Stock Exchange such as the review of TOPIX constituent stocks.

We aim to sophisticate our business portfolio using ROIC to achieve management with an awareness of the cost of capital and our stock price. In our business portfolio strategy, we continuously analyze our current situation using the weighted average cost of capital (WACC).

Furthermore, while maintaining and expanding our existing businesses, I believe we must invest primarily in overseas businesses and new businesses that will become our future earnings foundation. We will also need to utilize financial leverage as necessary and make investments that efficiently mobilize assets and capital. When funds become needed for our growth strategies, we will raise funds

appropriately in accordance with our procurement policy.

Shareholder return

Showa Sangyo aims to continue paying stable dividends over the long term while striving for a stable management base.

One of the guidelines for the dividend payout ratio is around 30%. To promote initiatives to enhance corporate value over the medium to long term, we will continue to discuss appropriate shareholder return indicators and levels while taking into consideration the balance with growth investments and internal reserves.

Asset-light management

Our policy is to reduce our cross-shareholdings in accordance with the Corporate Governance Code.

The significance, rationale, and cost of capital for holding specific cross-held shares are reviewed annually by the relevant department, and the results are reported to the Board of Directors. Shares that are determined to be no longer suitable for holding are reduced by sale or other measures. In FY2024 as well, some shares were sold as a result of the Board of Directors' review of the appropriateness of the holdings. As future initiatives, we will make specific considerations for the target net asset ratio for cross-shareholdings and a reduction schedule.

We are also reevaluating our real estate portfolio. As part of these efforts, we sold the Motoyawata Building in Ichikawa City, Chiba Prefecture, in April 2024. We will continue reviewing our assets to improve capital efficiency through the effective use of management resources.

Financial Strategy

Fund procurement policy

When fund procurement becomes necessary, we closely monitor interest rate trends and financial markets, which remain unstable, and procure funds at the most favorable and stable terms for the Showa Sangyo Group while using an appropriate mix of direct financing such as issuing corporate bonds and commercial paper. Concurrently, we are conscious of maintaining an appropriate balance between long-term and short-term funds.

For the procurement of long-term funds, we also seek to proactively utilize SDG bonds and SDG loans, including the Sustainability Linked Loan that we have already agreed to, as a measure to fulfill the Group's social responsibilities and contribute to the sustainable development of society.

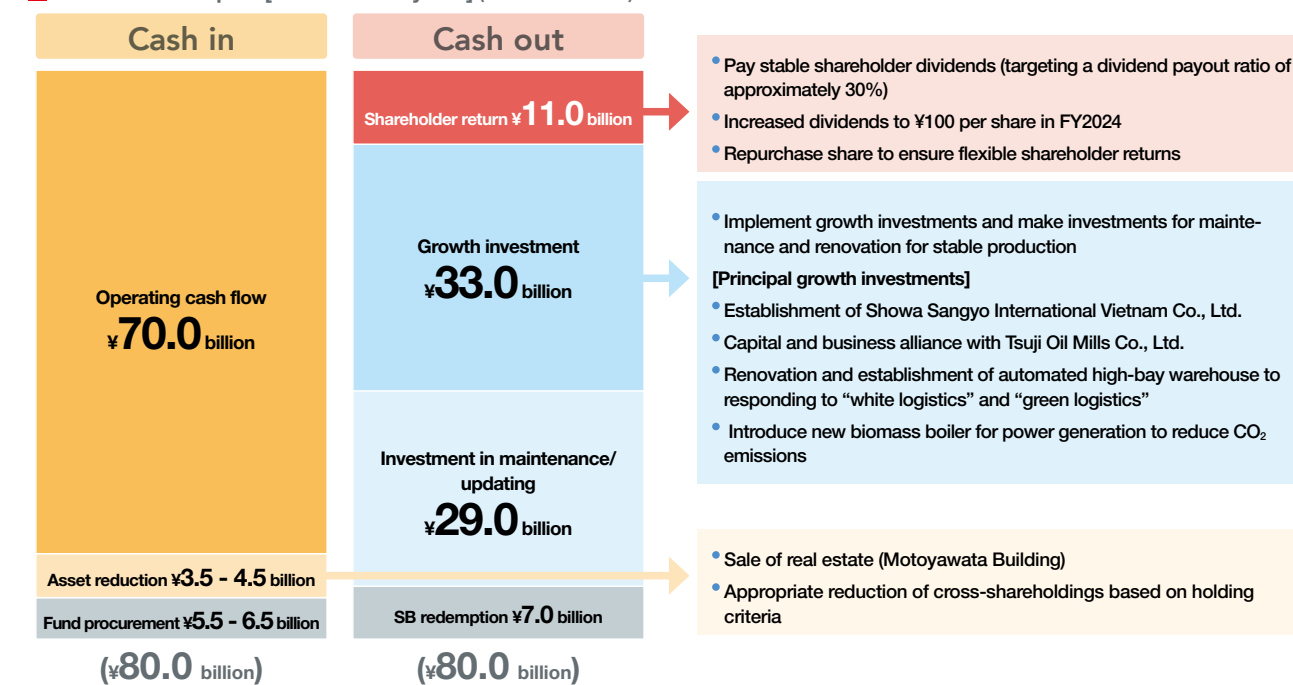
Business investment plan

Besides investing to ensure sustained growth in our core businesses, we will continue to proactively consider growth investments to expand our business domains, including through M&A and overseas expansion.

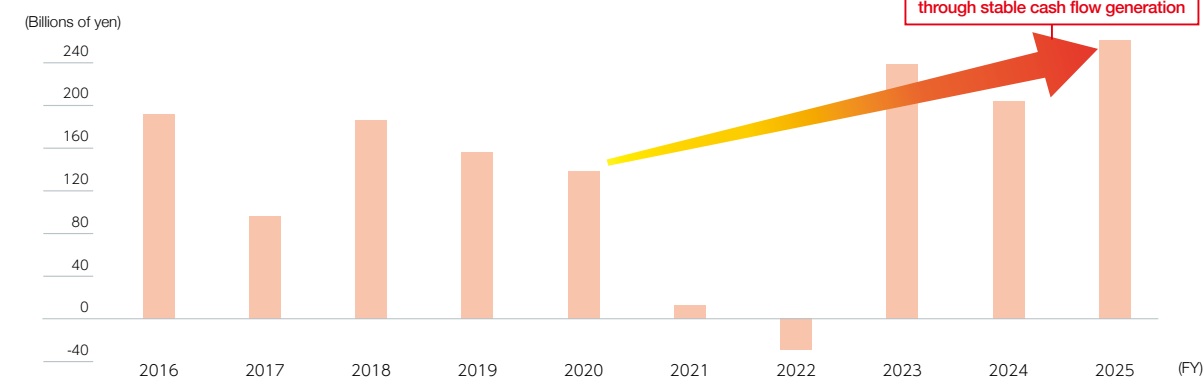
As demand in Japan is not expected to grow in the future due to the country's declining population, we believe it is critical to allocate funds to necessary investments as a corporate group. We will thoroughly discuss each investment proposal to ensure that it meets our hurdle rate criteria, that it is promising, and that its review process is appropriate.

We will discuss optimal investments for Showa Sangyo toward formulating our next medium-term management plan and long-term vision.

Fund allocation plan [total for three years] (FY2023 to FY2025)



Change in operating cash flow (FY2016-FY2025)



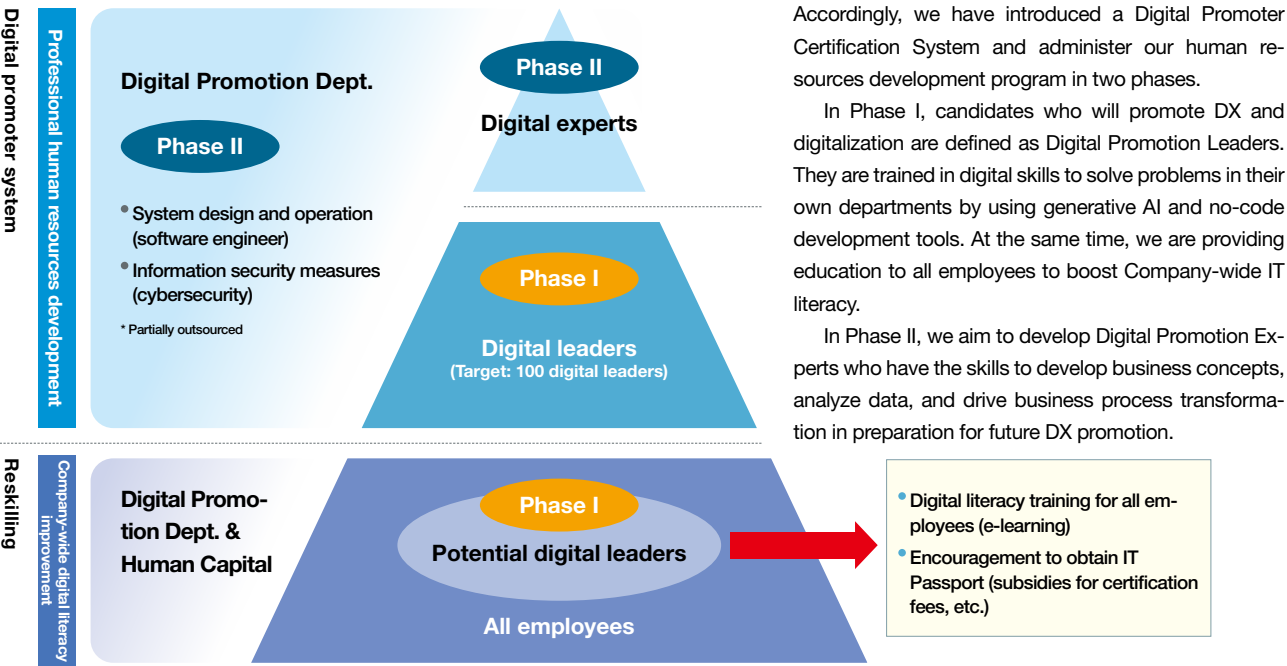
Promoting Digitalization

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 resources who promote DX in our “Medium-term Management Plan 23-25.”

KPI and Targets

KPI	Medium-term Management Plan Target Promoting
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

Development of Human Resources for Digitalization



We aim to raise employee awareness of DX and digitalization and foster a Company-wide corporate culture. Accordingly, we have introduced a Digital Promoter Certification System and administer our human resources development program in two phases.

In Phase I, candidates who will promote DX and digitalization are defined as Digital Promotion Leaders. They are trained in digital skills to solve problems in their own departments by using generative AI and no-code development tools. At the same time, we are providing education to all employees to boost Company-wide IT literacy.

In Phase II, we aim to develop Digital Promotion Experts who have the skills to develop business concepts, analyze data, and drive business process transformation in preparation for future DX promotion.

Yuichi Nakajo
Project Leader
Digital Promotion Dept.

Starting the generative AI project

We are focusing on the use of generative AI to accelerate our digitalization as part of our management strategy. In February 2025, I was appointed as a dedicated Generative AI specialist and commenced a project aimed at Company-wide deployment of generative AI.

Around two years ago, Showa Sangyo began trial operations of generative AI targeting certain members. We will promote project activities by harnessing the knowledge gained from this trial. I will lead Showa Sangyo's digital transformation as a key driver in opening the way to the Company's future toward raising business productivity and creating new value.

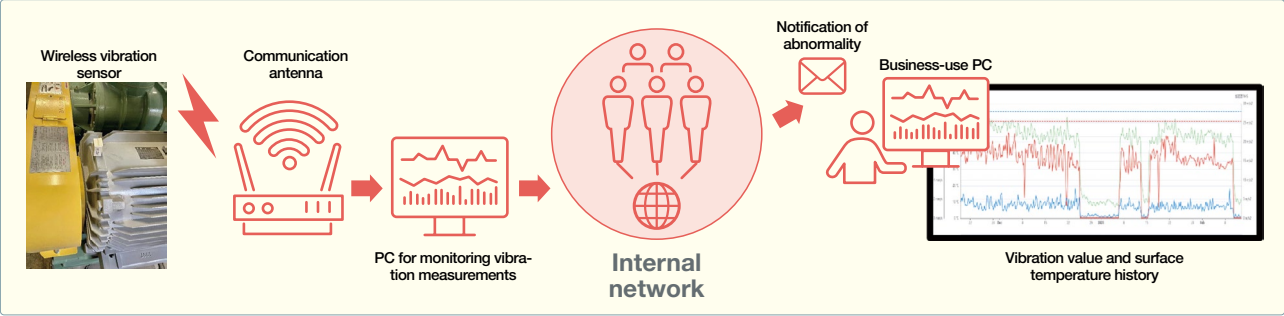
Promoting of Smart Factories

Showa Sangyo is promoting the use of digital technologies to improve productivity and contribute to the conservation of the environment. We aim to realize predictive maintenance and optimize manufacturing processes by adopting IoT and sensing technologies to collect and analyze process data.

Predictive maintenance initiatives

We have created equipment registers for all equipment at our manufacturing plants to determine maintenance methods based on an assessment of the degree of importance and implement systematic inspections and maintenance using maintenance calendars. Among maintenance methods, predictive maintenance involves performing maintenance based on the operating status of rotating machinery and other machinery. Staff responsible for maintenance diagnose the condition of equipment by measuring vibration levels and other factors while the equipment is in operation and perform maintenance as needed. However, as we possess numer-

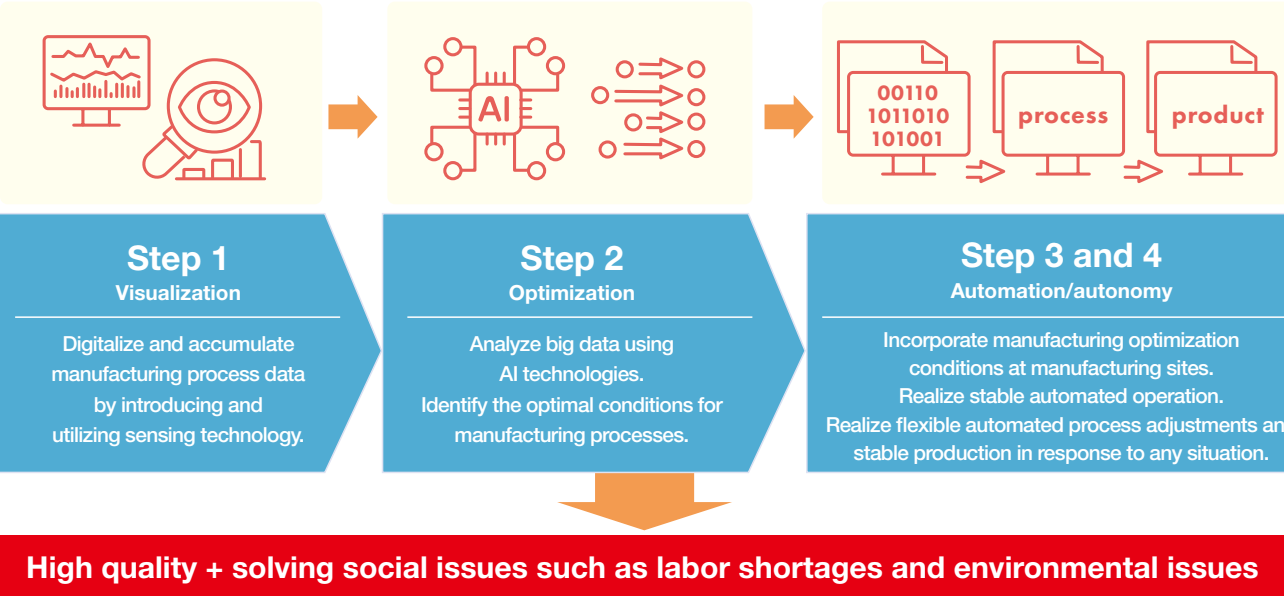
ous pieces of equipment, this also increases the workload on the maintenance staff. For this reason, measurements were performed only a few times a year, making it difficult to identify tendencies in equipment condition. In response, we have been installing sensors capable of continuously measuring vibration levels and other factors. This will allow the maintenance staff to continuously check the equipment condition utilizing business-use PCs, which will contribute to appropriately timed maintenance planning. As an additional benefit, data can be transmitted wirelessly, which reduces wiring and other costs.



Manufacturing-related DX to optimize manufacturing processes

To undertake sustainable production activities, we are promoting the creation of smart factories, with a focus on improving the four areas of safety, reliability, stability, and affordability. We are utilizing ever-advancing ICT and sensing technologies to en-

able the visualization of the entire factory and analyzing collected data using AI technology to find the optimum conditions for manufacturing processes.





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.

Materiality-related Initiatives to Achieve Sustainability

In order to drive our efforts to achieve sustainability, we have broken down the identified materialities and associated risks

and opportunities into initiatives in each of our businesses in the Medium-term Management Plan 23-25.

See page 29 for details.

Materiality Themes	Materiality
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 produces grains and the global environment	③ Consideration for the environment
3. Promote engagement with stakeholders	④ Utilization of human resources ⑤ Harmonious association with local communities ⑥ Cooperation with stakeholders in our supply chains ⑦ Enhance credibility with our stakeholders

Through these initiatives in each business, we aim for the co-creation of value with stakeholders, which consists of achieving healthy and abundant diets, creating a sustainable global

environment, building diverse and sustainable supply chains, and increasing corporate value over the medium to long term.

Process to Identify Materiality in the Medium-term Management Plan 23-25

1. Extracting Social Issues

Referring to global guidelines like SDGs, ISO 26000, 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).

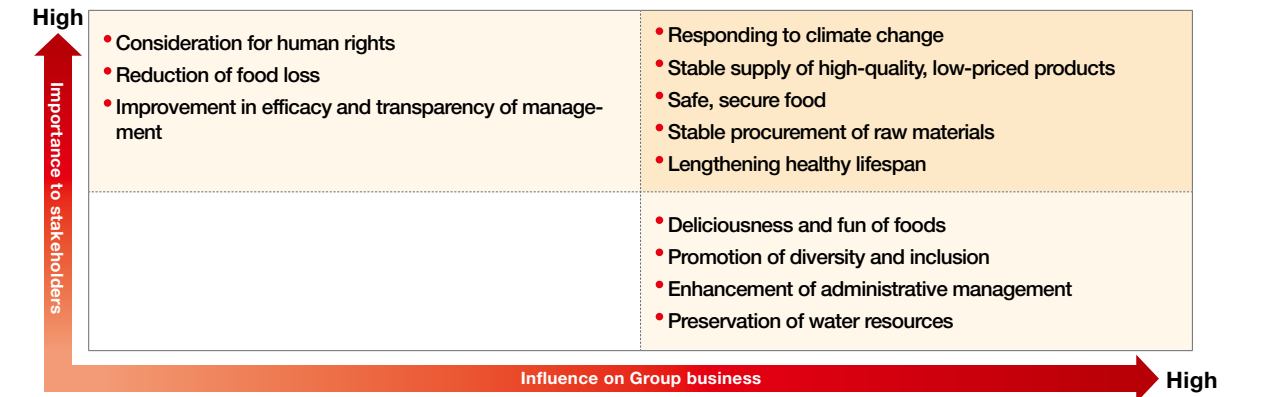
In the “Medium-term Management Plan 20-22,” we detailed and promoted the seven critical issues for each business.

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.

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.

Mapping



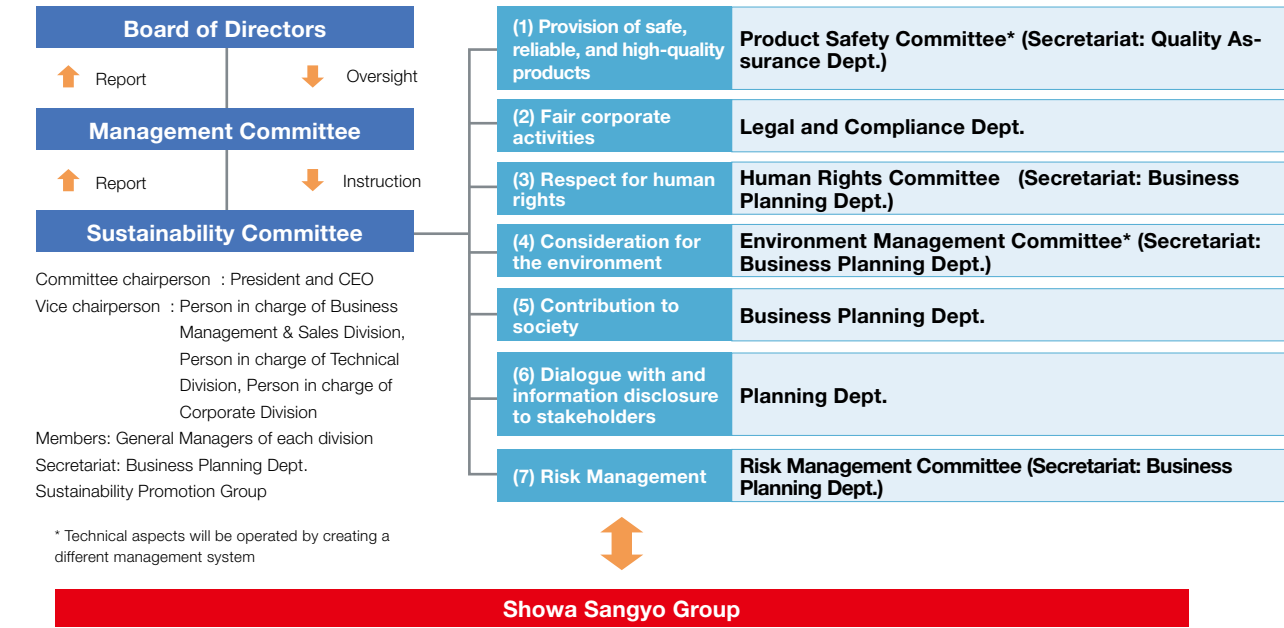
Sustainability Promotion System

Under the Sustainability Committee, in which the President and CEO serves as the chairperson and all division heads as vice-chairpersons, seven specialized committees and departments deal with six social issues that the Group considers important. They are (1) Provision of safe, reliable, and high-quality products; (2) Fair corporate activities; (3) Respect for human rights; (4) Consideration for the environment; (5) Contribution to society; (6) Dialogue with and information disclosure to stakeholders; (7) Risk management, on which the Group is focusing.

to society; and (6) Dialogue with and information disclosure to stakeholders. One additional topic is (7) Risk management, on which the Group is focusing.

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



* Technical aspects will be operated by creating a different management system



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 “Metrics and Targets,” as we seek proactive dialogue with all of our stakeholders.

1. Governance

Our TCFD Committee, an expert committee, works to identify and appropriately manage significant climate-related risks and opportunities. This committee operates within the Environment Management Committee, which reports to the Sustainability Committee (the third committee is chaired by the President and CEO with all the directors serving as members or observers, and all the general managers of each division serving as members). The TCFD Committee conducts scenario analysis based on TCFD Recommendations, works closely with related committees and Group companies, formulates plans to address these

2. Strategy

We have assessed the impact of three of the Intergovernmental Panel on Climate Change (IPCC) climate change scenarios (1.5°C, 2°C and 4°C) on our finances and business strategy. At the same time, we are conducting scenario analyses to confirm the resilience of the Group's strategy to climate-related risks and opportunities, and to assess the need for additional measures.

In FY2022 as well, we conducted analysis and evaluation on the Starches and Sweeteners Category*1 following FY2021 and started analysis and evaluation on the Vegetable Oils Category*2, which has the second largest environmental burden among our businesses.

In FY2023, in addition to these two categories, we started analysis and evaluation of the Flour Milling Category*3 as an effort to improve the Group's overall ability to respond to climate change.

3. Risk Management

As described in 1. Governance, the assessment and response plan for the Group's overall significant climate change-related risks identified by the TCFD Committee are reported to and overseen by the Board of Directors. In addition to the system described in 1. Governance above, the TCFD Committee works with the four environmental subcommittees of the Environment Management Committee and the Business Strategy Promotion Committee in order to identify important risks and opportunities. The four environmental subcommittees are CO₂ Emissions Re-

duction Subcommittees, Food Loss Reduction Subcommittee, Water Usage Reduction Subcommittee, and Plastic Usage Reduction Subcommittee. Also, the Risk Management Committee, which is placed under the Sustainability Committee, performs risk management for the entire Company and monitors the risks identified by the TCFD Committee along the two axes of “financial impacts” and “frequency of occurrence.” It also operates the PDCA (plan-do-check-act) cycle for risk reduction and checks the progress made by the entire Group toward its targets.

This means that we have analyzed and evaluated the three categories, which account for more than 95% of the Group's total CO₂ emissions (Scopes 1 and 2) and water usage (both calculated by using the FY2019 figures).

We make Group-wide efforts for our scenario analysis, as the TCFD Committee as well as various divisions and Group companies involved in each category work together to conduct discussions.

For the analysis and evaluation of the Flour Milling Category conducted in FY2023, we used the procedures and methods developed for the Starches and Sweeteners Category and Vegetable Oils Category in preceding fiscal years. In addition, we share relevant information among the categories and Group companies. In this way, we ensure that our initiatives will serve to enhance the resilience of our Group.

See page 55 for details of risk management.

Scenario analysis: Financial impacts of risks and opportunities

Risk/Opportunity				Financial impact			
				1.5°C / 2°C		4°C	
Type 1	Type 2	Item	Content of risks with particularly high impact from among the critical risks	2030 (medium term)	2050 (long term)	2030 (medium term)	2050 (long term)
				Flour Milling, Vegetable Oils, Starch and Sweetener	Flour Milling, Vegetable Oils, Starch and Sweetener	Flour Milling, Vegetable Oils, Starch and Sweetener	Flour Milling, Vegetable Oils, Starch and Sweetener
Transitional risk	Policies, laws, and regulations	Carbon tax / carbon price	• Carbon tax applied to manufacturing processes	C,B,A	C,B,A	—	—
			• Increase in facility investment to achieve low carbon manufacture	C,C,C	C,C,B	—	—
		New regulations promoting decarbonization	• Increase in costs of switching to packaging materials with less environmental burden	C,C,C	C,C,C	—	—
	Market	Response to low carbon demand	• Reduced share by our products due to increased market share by sustainable products	A,A,A	A,A,A	—	B,B,B
			• Increased cost of procuring raw materials due to increased demand for biofuels	C,A,A	C,A,A	C,B,C	C,A,B
	Reputation	Evaluation by investors	• Increase in capital procurement costs in accordance with credit rating deterioration	All: C	All: C	All: C	All: C
Physical risk	Acute	Intensification of abnormal weather	• Problematic plant operation due to frequent wind and flood damage	—	All: C	—	All: C
			• Reduction in manufacturing efficiency due to negative influence (worsening quality) on grain production locations	A,—,C	A,—,B	A,—,C	A,—,A
	Chronic	Average temperature rise	• Increase in raw material procurement cost due to negative influence on grain production locations	A,A,A	A,A,A	A,A,A	A,A,A
		Water shortage	• Increase in raw material procurement cost due to negative influence on grain production locations	—,—,C	—,—,C	—,—,C	—,—,C
Opportunity	Market	Changes in consumer preferences	• Increase in demand for vegetable protein in plant-based food market	—,C,—	—,C,—	—	—
		Changes in client desires	• Increase in demand for vegetable oil products with low environmental burden	—,C,—	—,C,—	—	—
			• Increase in demand for biofuel materials	—,C,—	—,C,—	—,C,—	—,C,—

Please see the corporate website for details.(Japanese text only)
<https://www.showa-sangyo.co.jp/corporate/sustainability/environment/friendly/climate/>

4. Metrics and Targets

Keeping in line with Japan's greenhouse gas emissions reduction target, which was approved by the Cabinet on October 22, 2021, the Showa Sangyo Group has set a target of achieving a 46% reduction in its CO₂ emissions by FY2030 compared with the FY2013 levels.

As a food manufacturer, the Showa Sangyo Group has also defined its own environmental targets for reducing food loss, water usage per basic unit , and plastic usage per basic unit, in addition to the CO₂ reduction target. We will continue to study and take further actions to achieve our environmental targets.

See page 29 for details of the KPIs and targets.

*1 Of the Foods Business segment, which is subject to reporting by the Showa Sangyo Group, the Starches and Sweeteners Category covers such products as sweeteners, cornstarch, and lactic acid bacteria, as well as related services. This business scope corresponds to that of the Starches and Sweeteners Business in the previous fiscal year's report (mentioned in relation to our response to climate change and initiatives related to the TCFD recommendations).

*2 Of the Foods Business segment, which is subject to reporting by the Showa Sangyo Group, the Vegetable Oils Category covers such products as commercial and household cooking oil, soy protein, processed soybean products, canola meal, and defatted rice bran, as well as related services. This business scope corresponds to that of the Vegetable Oils Business in the previous fiscal year's report (mentioned in relation to our response to climate change and initiatives related to the TCFD recommendations).

*3 Of the Foods Business segment, which is subject to reporting by the Showa Sangyo Group, the Flour Milling Category covers such products as commercial and household flour, premixes, pasta, bakery goods, and bran, as well as related services. This business scope corresponds to that of the Flour Milling Business in the previous fiscal year's report (mentioned in relation to our response to climate change and initiatives related to the TCFD recommendations).



Reducing Burden on the Environment

KPI and Targets

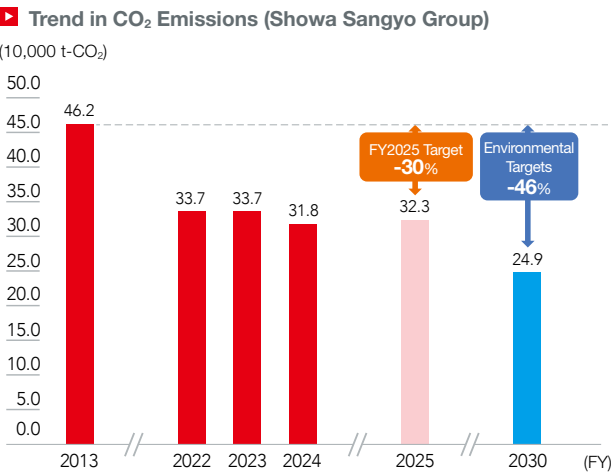
	Year for Standard	Medium-term Management Plan Targets (FY2025)	Showa Sangyo Group Environment Targets
Reduction of CO ₂ emissions	FY2013	-30% or more	FY2030 Targets -46% or more
Reduction of food loss	FY2018	-30% or more	FY2025 Targets -30% or more
Reduction of water usage (basic unit)	FY2019	-9% or more	FY2030 Targets -12% or more
Reduction of plastic usage* (basic unit)	FY2013	-7% or more	FY2030 Targets -25% or more

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

Reduction of CO₂ Emissions

The Showa Sangyo Group has set targets for a reduction of 30% or more by FY2025 under Medium-term Management Plan 23-25 and 46% or more by FY2030 (both compared to FY2013). Progress towards these targets is managed by the CO₂ Emissions Reduction Subcommittee composed of Showa Sangyo and Group companies with high CO₂ emissions.

Toward achieving these targets, we have made efforts as shown in the table below in addition to promoting energy conservation activities by adopting new technologies and sharing environmental best practices of individual Group companies. As a result, in FY2024, we reduced our CO₂ emissions by 31.1% from FY2013. Going forward, we will make capital investment in energy conservation by utilizing the Internal Carbon Pricing system that Showa Sangyo adopted in FY2024, while increasing the use of renewable energy such as biofuels as a boiler fuel. Additionally, since switching from city gas, which is used as a fuel for generating electricity and steam, to non-fossil fuels is key to achieving carbon neutrality, we pay attention to trends in the commercialization of next-generation thermal energy, such as hydrogen and e-methane.



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

* The aggregation range for calculation of CO₂ emissions has fluctuations due to increases and decreases in the number of Group companies. In FY2024, the aggregation range includes 28 companies (Showa Sangyo and its consolidated subsidiary companies).

FY	Business site	Main initiatives	CO ₂ reductions (/year)
2021	[Kashima Plant]	• Switch of fuel for cogeneration equipment (coal to town gas)	Approx. 63,000 tons
2022	[Kashima Plant]	• Use of by-products, etc. from oil and fat manufacturing processes as biomass fuels (fatty acids, dark oil, etc.)	Approx. 5,800 tons
	[Itako Mix Branch Plant]	• Installation of solar power generating facilities based on PPA model*	Approx. 150 tons
2023	[Funabashi Plant]	• Installation of solar power generating facilities based on PPA model	Approx. 200 tons
2024	[Itako Mix Branch Plant] [Funabashi Plant] [RD&E Center]	• Introduction of renewable energy power	Approx. 7,600 tons
2025-2026	[Kashima Plant]	• Introduction of biomass boiler (scheduled to be completed during FY2025 and to commence operation in FY2026)	Approx. 37,000 tons (forecast)

* PPA model (Power Purchase Agreement): A business model in which the power consumer purchases the electricity from solar power generation facilities installed and paid for by the power generator for a certain period of time

Reduction of Food Loss

The Showa Sangyo Group has set a target for a reduction of 30% or more (compared to FY2018) in food loss by FY2025. Progress toward the target is managed by the Food Loss Reduction Subcommittee composed of Showa Sangyo and Group companies with high volumes of food loss.

Food loss incurs processing costs and leads to an increase in environmental burden, including CO₂ emission and requirement for landfilling of incineration ash, etc. when burned as combustible garbage.

In FY2024, the amount of food loss generated decreased by 33.2% from FY2018, as we improved the accuracy of supply and demand forecasts, integrated and abolished brands, extended best-before dates, and promoted activities to reduce loss generated from manufacturing processes.

We will continue to undertake activities to reduce food loss to maintain this level of reduction while working to make effective use of resources and reduce environmental burden.

Reduction of Water Usage

The Showa Sangyo Group has set targets for a reduction in water usage basic units (usage divided by production volume) of 9% or more by FY2025 and 12% or more by FY2030 (both compared to FY2019). Progress towards these targets is managed by the Water Usage Reduction Subcommittee composed of Showa Sangyo and Group companies with high water usage.

Amid the progression of global warming and the growing global population, “water risk” always ranks high with the threat

increasing year by year. Accordingly, we must work to reduce “water risk” in our business activities.

In FY2024, we worked on process improvement to reduce water used and water for cleaning in our manufacturing processes, resulting in a reduction of 10.3% compared to FY2019.

We will continue working to reduce water usage going forward in order to make effective use of limited water resources.

Reduction of Plastic Usage

The Showa Sangyo Group has set targets for a reduction in usage basic units of single-use plastics derived from fossil fuels which are used once and then thrown away of 7% or more by FY2025 and 25% or more by FY2030 (both compared to FY2013). Progress towards these targets is managed by the Plastic Usage Reduction Subcommittee composed of Showa Sangyo and Group companies with high single-use plastic usage.

As part of our initiatives to achieve the targets, we have been looking into packaging materials with little environmental burden, new packaging technologies, and other measures.

In response to the ongoing needs for sachet products and smaller volume products, both of which will increase the packaging material weight per product, we undertook various initiatives in FY2024, such as using a biomass material in the packaging film of a household premix product and making packaging materials thinner while maintaining their required strengths. As a result, we reduced our usage of single-use plastics by 2.4% from FY2013.

In the future as well, we will continue to make efforts to reduce our plastic usage.

Using a biomass material in the packaging of tempura batter mix

The Showa Sangyo Group has been exploring ways to improve packaging materials used for its products as an effort to reduce its use of single-use plastics, which are used only once and then discarded.

In FY2024, as part of this effort, we replaced 10% of the plastic used in the packaging film of our household SHOWA TEMPURA BATTER MIX product (700 gram series) with a biomass material. The package now bears the Biomass Mark, which is attached to products certified by Japan Organics Recycling Association.

Partially replacing the conventional petroleum-derived material with a biomass material caused different adhesion performance particularly at the sealed section. In response, we repeated tests using an actual packaging line and redefined our packaging parameters.

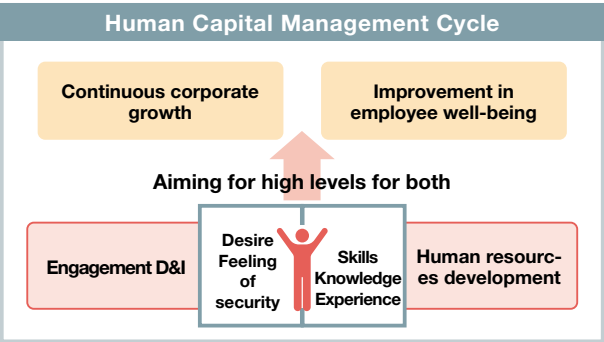
In the future, we will examine the possibility of using biomass materials in other products and continue to reduce environmental burden by saving petroleum resources.





Human Capital Management

The Showa Sangyo Group promotes human capital management as part of Key Strategy Rebuilding Our Platform, which is one of the Five Key Strategies under Medium-term Management Plan 23-25 in order to realize SHOWA Next Stage for 2025, our ideal identity for FY2025 (Long-term Vision). The Showa Sangyo Group places the highest priority on “human resources” as management capital which supports continuous growth of the corporation, and by performing proactive and continual strategic investment in “human resources,” we achieve “continuous corporate growth” and “improvement in employee well-being.”



KPI and Targets

Initiative themes	Medium-term Management Plan Targets
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

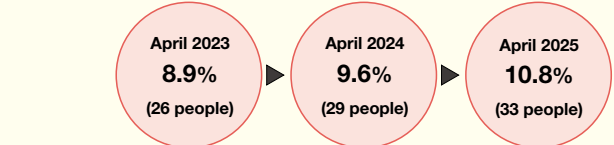
A workplace where employees can work with energy and peace of mind

We have positioned the drastic promotion of D&I as a priority area under the Key Strategy Reinforcing Stakeholder Engagement in the Medium-term Management Plan 23-25, and established the D&I Promotion Section, a dedicated organization for advancing diversity management, within the Human Capital Strategy Department. We will create an environment in which diverse human resources can work comfortably and positively influence each other so that they can easily demonstrate their individual abilities. In doing so, we will foster an organizational culture that promotes employee well-being and enables them to perform at their best as individuals and as teams.

Drastic Promotion of D&I

Progress on KPIs

Proportion of women in management positions:



Status of key initiatives

Promoting active participation by women

Showa Sangyo is taking a variety of initiatives, such as considering measures and holding events, with the aim of “realizing more diversity in the participation of female employees in management.”

In FY2024, building on the initiatives from FY2023, we sent female managers and management position candidates nominated by the company on courses for female employees to provide opportunities to broaden their perspectives away from work. The Human Capital Strategy Department also conducted interviews with all female managers to facilitate discussions on career development.

Promoting active participation by people with disabilities

Showa Sangyo established the INC Promotion Team within the D&I Promotion Section as an organization dedicated to promoting employment of people with disabilities. We assign employees to roles and develop work areas suited to each individual, ensuring that em-

ployees with disabilities can find meaning in their work and contribute actively to the Showa Sangyo Group both daily and over the long term.

In FY2024, we newly outsourced 18 tasks drawn from various departments, totaling 580 hours for the year. Continuing from FY2023, we also baked and sold bread made from the Group’s frozen dough to employees on our company anniversary. The freshly baked bread, developed through menu planning and repeated trials by the INC Promotion Team members, was very well received by employees.

As of March 31, 2025, the employment rate of people with disabilities was 2.6%, once again meeting the statutory employment requirement, as was achieved in FY2023.



Sakura Uemoto
INC Promotion Team
Diversity & Inclusion (D&I)
Promotion Section,
Human Capital Strategy
Department

Comments from employees in the Diversity & Inclusion (D&I) Promotion Section

In my role creating business cards, I handle everything from preparing drafts and placing orders to managing delivery, using the ordering system based on submitted forms. It can get busy, especially during personnel transfers, but completing the process gives me a real sense of accomplishment. I also find it very rewarding to see so many employees enjoying the freshly baked bread we sell during in-house events.

A workplace in which it is easy to work for diverse employees

Based on the Act on Promotion of Public Understanding of Diversity of Sexual Orientation and Gender Identity, we have revised rules of employment and various other rules to give consideration to employees with diverse sexual orientation and gender identity.

Improvement of Employee Engagement

Target engagement score

The target score will be announced in conjunction with the release of the next Medium-term Management Plan scheduled for February 2026.

Status of key initiatives

Implementation and utilization of engagement surveys

Based on the results of the annual engagement survey, Showa Sangyo implements improvement activities in each workplace. By fostering workplaces with a high level of psychological safety and supporting managers in developing the skills to promote this environment, we aim to enhance each employee’s well-being and increase their motivation to contribute to the Company. In addition, we are analyzing survey items that have a strong impact on engagement scores. These key factors will be used in our proprietary indicators, to be announced in the future, and serve as a reference for workplace improvement initiatives.

Examples of key factors by department

	Corporate Division	Business Management & Sales Division	Technical Division
Key factors affecting engagement scores	● Sense of purpose in work ● Integrity of supervisors	● Value of work ● Alignment with the Company	● Value of work ● Willingness to seek advice ● Job satisfaction

Initiatives to increase the sense of belonging

Employees’ sense of belonging to the Company is measured through the engagement survey under the category “employee engagement,” expressed as a standardized score. In FY2022, when the survey was first conducted, the Company-wide score was below the average of the survey provider’s benchmark group. Recognizing the importance of fostering employee attachment and motivation to work energetically, as well as preventing turnover, we have strengthened initiatives to enhance employees’ sense of belonging to the Company and their organizations.

1 Review of the recognition system

In FY2024, as part of our efforts to further instill a “culture of praise,” we improved the existing recognition system. To create a framework that shares and spreads



Group photo at the Ceremony for SHOWA Awards 2024

In FY2024, we held the Nijiirō Seminar, an online study session on promoting understanding of LGBTQ issues, featuring external experts. Our consultation office staff participated to learn best practices and approaches. The content of the seminar was also distributed as a video within the Showa Sangyo Group to raise awareness more broadly.

outstanding initiatives across workplaces and encourages both individuals and teams to strive for higher performance, we revised the selection process, clarified evaluation criteria, and significantly adjusted the award amounts.

In addition, the previous recognition program, which was limited to certain offices, was revised into a departmental recognition system, allowing it to be used as a “tool for praise” independent of personnel evaluations. In FY2024, 179 employees—representing over 10% of the workforce—received departmental awards.

2 Showa Sangyo Group Entrance Ceremony

In April 2025, we held the first-ever Showa Sangyo Group Entrance Ceremony, bringing together 91 new employees from the Company and Group companies. The ceremony aimed to share the Group’s philosophy and vision, foster a sense of unity, and strengthen cohesion across the entire Group. Following the ceremony, joint training for new employees was conducted, beginning with opportunities to get to know one another as members of the same Group and progressing through programs designed to deepen understanding of the Group’s business and policies. This helped participants appreciate the importance of moving forward together as a united Group. The event concluded with a networking session, providing a valuable opportunity to build connections across company boundaries.

3 SHOWA Meister (tempura) initiative

As the first manufacturer to bring the world tempura batter mix, we have introduced and operate the SHOWA Meister (tempura) in-house recognition program. We renewed the program in FY2023 to address the theme of increasing the sense of belonging.

From October 2024 to January 2025, we held the “Tempura Love Contest,” where Showa Sangyo Group employees showcased their passion for tempura. The 131 submissions included photos of tempura made by employees and their families, introductions of restaurants where recommended tempura could be enjoyed, as well as personal stories and short humorous poems related to tempura.

As a result of these and other initiatives, the FY2024 employee engagement score increased by 1.4 points compared with FY2022, while at the same time, the number of voluntary resignations decreased.



Promotion of health and productivity management

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 (selfcare promotion)” and “advancement of working style reform (improvement in workplace environment).” 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.

In FY2024, as part of initiatives to improve lifestyle habits, we focused on five areas for employees: exercise, sleep, diet, alcohol consumption, and smoking.

Exercise: We held the Smart Steps Walk event, where employees competed to achieve step count goals using a smartphone app, with 452 Showa Sangyo Group employees participating. In addition, as a related event, we organized “Walk with President Tsukagoshi!” at



Scene from the “Walk with President Tsukagoshi!” event

our Headquarters and Kobe Plant. These initiatives provided an enjoyable way for employees to exercise while promoting self-care.

Sleep and Diet: Employee surveys indicated a correlation between sleep duration and presenteeism. In response, we held a seminar at our Headquarters on the relationship between diet, gut health, and quality sleep. We plan to continue offering this seminar in the future.

Alcohol consumption: Seminars on responsible drinking were held at our Headquarters, Kashima Plant, and Kobe Plant, with a total of 112 participants learning how to manage alcohol consumption appropriately.

Smoking: As part of our smoking countermeasures, we offer an online smoking cessation program for employees who wish to participate.

In recognition of the initiatives described above, we were selected under the Certified Health & Productivity Management Outstanding Organizations Recognition Program for the fourth year in a row.



The responsible drinking seminar



Developing human resources capable of creating value in the midst of change

To respond to rapidly changing business environments and leverage the Group’s strengths to stay competitive, it is essential to cultivate both the ability to identify the root causes of customer issues and provide optimal solutions, and the ability to confront an uncertain future and create new value with a forward-looking perspective. To further improve these two capacities, we are establishing “enhancing problem-solving abilities” and “promoting innovation” as concepts in the Company’s human resources development and we will systematically develop the next generation of leaders to carry the business forward.

Strategic investment in human capital

Progress on KPIs

Investment in reskilling: (vs. FY2021)



Status of key initiatives

Education and Training Initiatives

The core of our Company’s training system is level-specific training, which we perform with “supporting the growth of autonomous human resources and fostering next-generation leaders” as our goal. All training is mutually linked with the personnel system and various measures for career development, so training serves the role of signposts that lead to career development of oneself and one’s subordinates. Furthermore, separate from level-specific training, we hold

an annual “Showa Juku,” for education of all employees including those of Group companies for the purpose of gaining understanding of management policy and obtaining information necessary as the Company’s employees.

- Showa Juku FY2024 themes
- Compliance training and audits

*Please see the corporate website for more details on the training system. (Japanese text only)

<https://www.showa-sangyo.co.jp/corporate/sustainability/social/employee/human-capital/>

1 Enhancing correspondence education

As part of our career development support, we operate a correspondence education program. Employees can voluntarily select from 200 diverse courses set by the company twice a year and receive full reimbursement of tuition fees if they meet the specified requirements. Starting in FY2025, we introduced

new e-learning content covering a wide range of fields, providing employees with the opportunity to learn anytime, anywhere, and acquire knowledge relevant to their careers and work. By expanding the content of the correspondence education program, we aim to support employees’ autonomous growth and strengthen the overall skill level of the organization.

2 Promoting reskilling by holding career design training

We hold career design training for employees aged in their 40s and 50s to provide a situation in which they can think about their own careers and actively participate on an ongoing basis. After the training, we provided career consulting with career consultants for those employees who wanted it and encouraged independent study through distance education, stepping up our investment in reskilling our employees.

3 Promoting investment in DX talent development

To realize the “creation of new value using DX,” we are fostering human resources who drive digital transformation. This includes providing digital literacy training for all employees as well as digital skills education for selected members.



Digital skills training

For details, see p.49

4 Introduction of overseas management training

To strengthen our overseas talent in support of the Key Strategy “Expansion of Our Business Fields” under the Medium-term Management Plan 23–25, we have introduced new e-learning content for employees assigned abroad. The program offers a wide range of content—from developing the mindset needed to succeed overseas to improving skills and practical application—providing an environment where employees can engage in self-directed learning.

Initiatives to enhance human resources management

In FY2023, we introduced a talent management system, creating an environment where employee information can be shared and utilized according to access rights. By leveraging this system, we ensure a well-managed cycle from recruitment and placement to training and evaluation, thereby advancing the sophistication of our human resources management.

1 Utilization of the talent management system

In FY2024, we implemented the personnel evaluation workflow within the talent management system and registered employees’ qualifications and skill information, advancing the centralized management of human resources data.

2 Strengthening mid-career recruitment

Based on workforce planning, we are reinforcing mid-career

recruitment to secure the necessary personnel. In FY2024, in addition to traditional recruitment through staffing agencies, we launched an alumni registration site to create opportunities for former employees to return. The site allows users to access company news, apply for job openings, receive scouting offers, and consult with coordinators, helping us attract experienced talent.

3 Introduction of a New Assignment Support Program

With business locations both in Japan and overseas, we have implemented measures to accommodate employee transfers for regional and general positions.

In FY2024, reflecting further changes in the transfer environment, we reviewed the existing company housing system and renewed it as the New Assignment Support Program. Specifically, this included increasing rent subsidies for leased company housing and removing the rent ceiling. This program reduces the psychological and financial burden on employees relocating to new assignments, supports diverse working styles, and promotes the effective placement of personnel in the right roles.

Initiatives to promote innovation

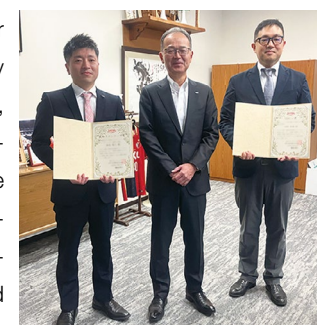
1 Integration with the personnel framework

Within our personnel framework, we have established the Grade P (planning, pioneer) position to support and encourage employees who drive activities that expand the Group’s business domains or develop sources of corporate value—essentially, those who lead “the setting of goals from a medium- to long-term perspective and the creation of new strengths.” Grade P is assigned to employees with a strong desire to generate innovation. In FY2024, one employee was newly appointed to this grade, bringing the total to four as of March 31, 2025. Each Grade P employee is engaged in new initiatives aimed at the Key Strategies of the Medium-term Management Plan 23–25: “Expansion of Our Business Fields” and “Rebuilding Our Platform.”

2 Holding the New Business Contest

To develop human resources and foster a corporate culture that can create new strengths with a future-based mindset, we have been holding “New Businesses Creation Contest SHOWA 3.0” since FY2022.

In FY2024, we invited a speaker who had launched a new business through a similar contest at another company to give a lecture. As a result, we received a record 37 submissions in FY2024. We are currently identifying challenges and preparing plans to advance these initiatives toward commercialization.



Contest awarddees with President Tsukagoshi



Stakeholder Engagement

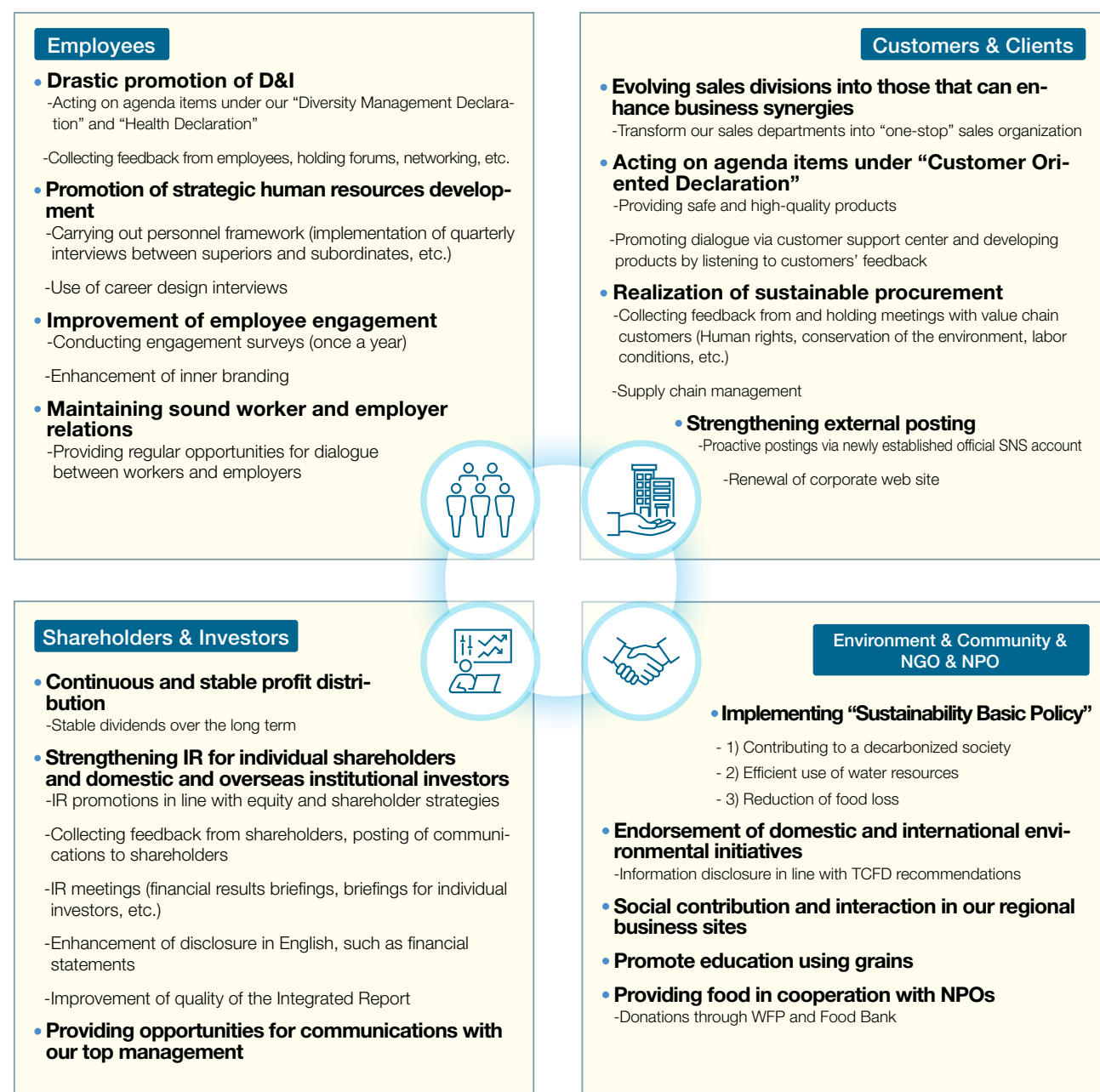
The Showa Sangyo Group engages in information disclosure and dialogue in various ways with all of our stakeholders.

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.

Measures to Reinforce Stakeholder Engagement



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	Stakeholder interests, expectations, and the outcomes and impacts of engagement initiatives
 Employees	<ul style="list-style-type: none">• Respect for human rights • Proper management in the personnel framework• Improvement of engagement, value of work • Workplace in which it is easy to work • Promote work-life balance• Promotion of diversity and inclusion • Human resources development, education <p>▶ See the left page for the measures.</p> <ul style="list-style-type: none">• Multi-Stakeholder Policy <p> https://www.showa-sangyo.co.jp/corporate/sustainability/showasangyo/stakeholder/ (Japanese text only)</p> <ul style="list-style-type: none">• Showa Sangyo Health Declaration• Proportion of women in management positions 10.8% (as of April 1, 2025)• “Eruboshi (2 stars)” acquired in 2021
 Customers & Clients	<ul style="list-style-type: none">• Stably supply safe, reliable and high-quality foods • Fair business practices and trademark transactions• Proposals that make use of our strength of handling various grains • Improve quality through collaboration <p>▶ See the left page for the measures.</p> <ul style="list-style-type: none">• Multi-Stakeholder Policy and the Declaration of Partnership Building <p> https://www.showa-sangyo.co.jp/corporate/sustainability/showasangyo/stakeholder/ (Japanese text only)</p>
 Shareholders & Investors	<ul style="list-style-type: none">• Appropriate information disclosure • Highly transparent management• Strengthening IR for individual shareholders and domestic and overseas institutional investors• Improve corporate value • Providing opportunities for communications with our top management• Continuous and stable profit distribution <p>▶ See the left page and the table below for the measures and their results</p>
 Environment & Community & NGO & NPO	<ul style="list-style-type: none">• Endorsement of domestic and international environmental initiatives• Providing food in cooperation with NPOs • Use renewable energy • Reduction of CO₂ emissions and waste• Contribute to and interact with communities around plants and sites • Sincere dialogue and activities <p>▶ See the left page for the measures.</p> <ul style="list-style-type: none">• Utilization of plant tours • Continuous dialogue with the region at all offices and plants

Status of IR-related Activities (FY2024)

Our basic stance is to disclose information promptly in accordance with the fair disclosure rules. We will respond to our stakeholders' requests by providing information accurately, promptly and proactively.


Activities	Results	Contents
Financial briefings for analysts	2 times	Explanation of financial results and initiatives for institutional investors and analysts in May (4Q) and November (2Q).
Plant tours for analysts	1 time	Tour of our mainstay Kashima Plant (silos, berth, manufacturing process, etc.).
Individual IR for analysts and institutional investors	41 times	Briefing for institutional investors and securities analysts on our business, financial results, and initiatives on a case-by-case basis.
Small meetings for institutional investors	1 time	Briefing for institutional investors on our business, medium-term plan, and progress.
Company briefings for individual investors	2 times	Briefing for individual investors on our business, business model, shareholder returns, etc.
Individual financial briefings for major shareholders	6 times	Separate explanation on financial results and initiatives in May (4Q) and November (2Q).



Strengthening External Posting

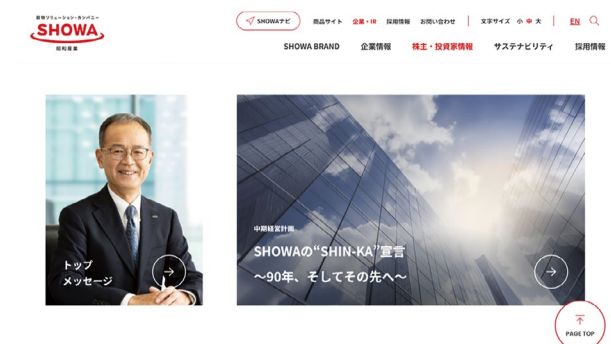
To enhance awareness and understanding of Showa Sangyo among stakeholders, we have consolidated corporate, IR, and sustainability information into a clear and accessible format. Accordingly, our corporate website was renewed in June 2024.

In particular, for our corporate website, we have reorganized the structure of the IR pages to enhance accessibility and usability for analysts and investors, while promoting timely and proactive information disclosure. Additionally, by improving the functionality of our e-commerce site and showcasing examples of our environmental initiatives, we aim to provide stakeholders with a deeper understanding of Showa Sangyo's distinctive strengths.

 <https://www.showa-sangyo.co.jp>
(Japanese text only)



Homepage

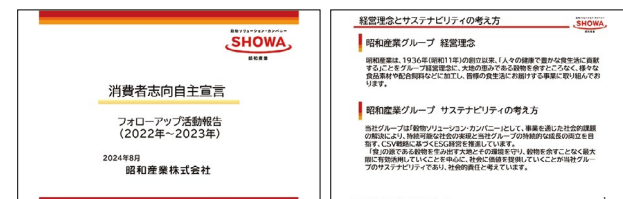



Shareholder & Investor Information – Home

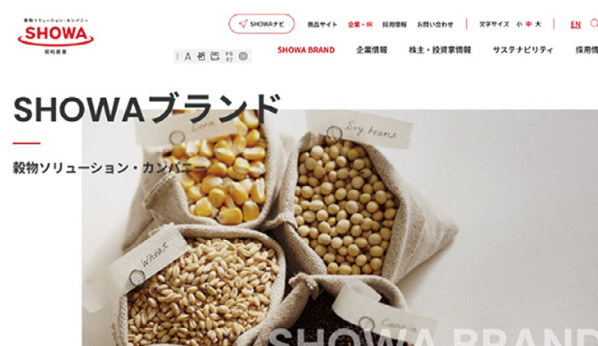
Customer Oriented Declaration

We have issued the Customer Oriented Declaration and are promoting consumer-oriented management to contribute to the creation of a sustainable and desirable society. By earning the trust and satisfaction of our customers, we aim to enhance social value.

In the Follow-Up Activity Report, we introduce initiatives to advance sustainability, as well as examples of product improvements and development based on customer and societal needs.



 For more details on the Follow-Up Activity Report, please visit our corporate website at the following URL.(Japanese text only)
<https://www.showa-sangyo.co.jp/LinkClick.aspx?fileticket=duB%2bCSgnz3U%3d>



Showa Brand Site – Home



Featured Information – Home

Philosophy

Since its founding in 1936, Showa Sangyo has embraced the Group management philosophy of “contributing to healthy, rich, and varied meals.” Making full use of grains, the bounty of the earth, we process them into a wide range of food ingredients and compound feeds for livestock, delivering them to enrich people's daily lives.

Approach and Policy

1. Commitment from top management
2. Ensuring effective corporate governance
3. Active engagement of employees (fostering corporate culture and awareness)
4. Organic collaboration among business divisions, quality assurance, customer service, and legal departments
5. Enhanced information provision and two-way communication with customers
6. Product improvements and development based on customer and societal needs



Chairman's Message

We will further strengthen the governance system in order to increase the corporate value of the Showa Sangyo Group

K. Nitsuma

Chairman
Showa Sangyo Co., Ltd.

The Showa Sangyo Group is “a Grain Solution Company” that makes full use of grains, the earth's bounty, to provide people with safe and reliable food in a stable manner under the management philosophy of “Contributing to healthy, rich, and varied meals.” As a food manufacturer that handles the largest volume of grains in Japan, we are leveraging our Group's unique strengths to combine ingredients processed from a wide variety and large volume of grains and their processing technologies. In doing so, we continue to prosper and grow as a corporate group that uncovers customers' true needs by engaging with them and provides new value as a total food coordinator.

We will continue to enhance and strengthen our Group governance system, aiming to be recognized as a one-of-a-kind corporate group that is both valuable and indispensable to society.

we have introduced a system that delegates authority over budgets, performance, and other management matters to the officers responsible for each business. This allows us to monitor and evaluate the performance of Group companies effectively. In addition, on April 1, 2025, we established the Group Governance Department by separating the Group Governance Section from the Planning Department of the Corporate Division. Recognizing corporate governance as one of our most critical management priorities, we are committed to ensuring its effective implementation.

Showa Sangyo Group Code of Conduct

Responding to changes in the business environment and achieving sustainable growth entails thorough compliance with laws and regulations, as well as a strengthened risk management system. To ensure this, we have established the Showa Sangyo Group Code of Conduct. This Code of Conduct is based on the guiding principles, SHOWA Spirit. By instilling this spirit in all employees, we are committed to enforcing compliance, upholding business ethics, strengthening the brand, increasing added value, and reducing environmental burdens.

Furthermore, we reaffirm that compliance is one of our most critical management priorities. We are fully committed to making the Showa Sangyo Group a corporate group that does not allow any misconduct and absolutely does not tolerate fraud.

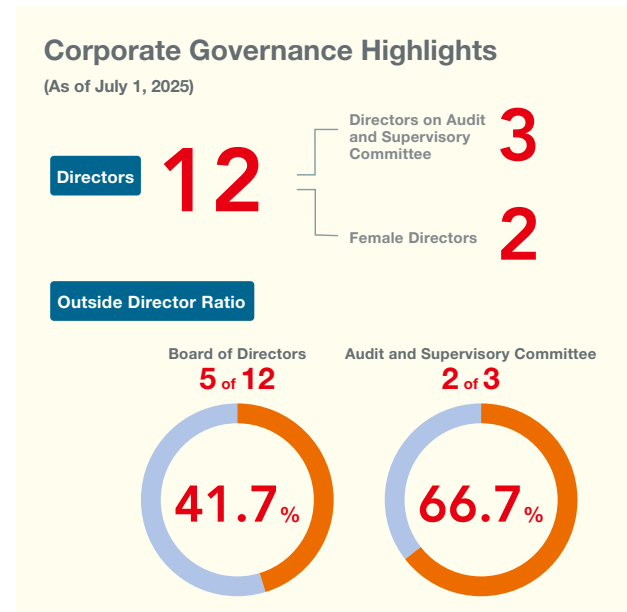
As “a Grain Solution Company,” we will continue to strive for further development of the Group's governance to live up to the trust and expectations of our customers. All Group employees will work as one to move forward “toward the 90th anniversary, and beyond” with our eyes firmly fixed on the future.

We sincerely ask for your continued support.



Corporate Governance

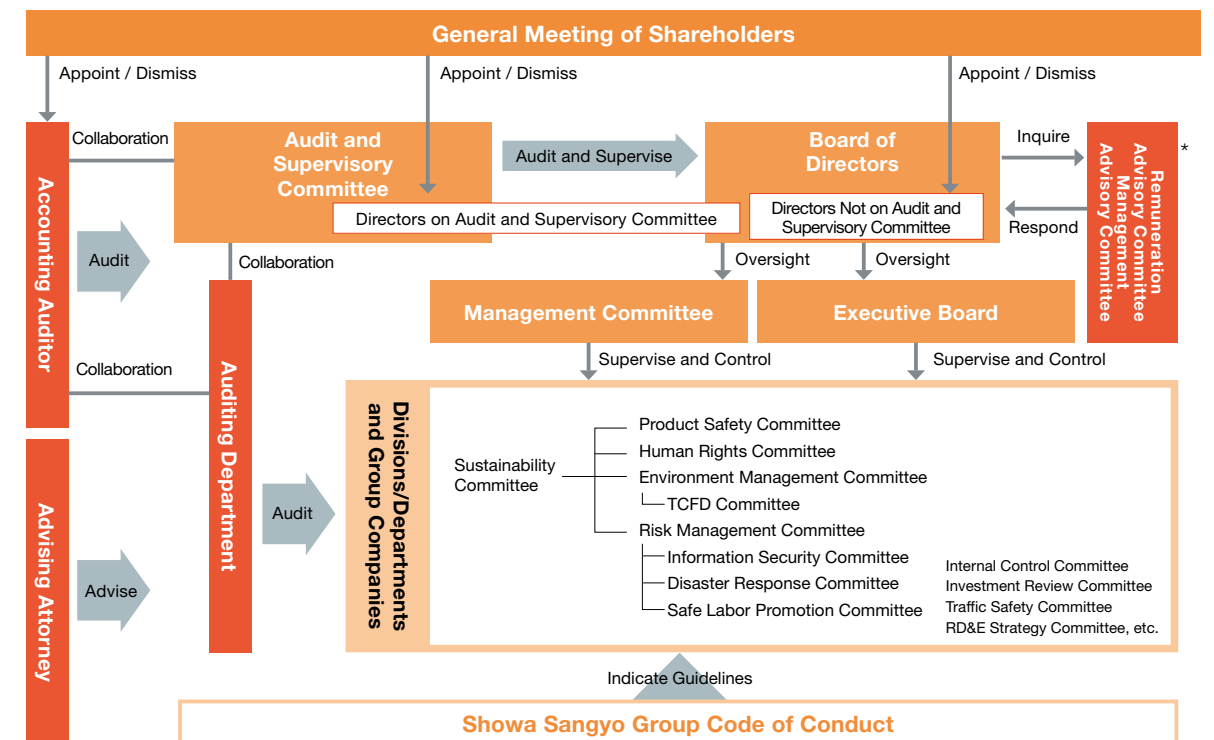
In accordance with its management philosophy of “contributing to healthy, rich, and varied meals,” the Showa Sangyo Group aims to enhance the trust of all stakeholders, including shareholders, customers, and employees, as well as to realize its sustainable growth and the medium to long term enhancement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



History of Our Governance Initiatives

- FY2015**
 - Appointment of First Outside Director (1 of 8)
- FY2016**
 - Start of Board of Directors Effectiveness Assessments
- FY2017**
 - Transition to Company with Audit and Supervisory Committee
 - Establishment of Remuneration Advisory Committee
 - Increase of Outside Director (3 of 11)
 - Establishment of Executive Remuneration Policy
 - Introduction of Restricted Stock Compensation System
- FY2018**
 - Establishment of Management Advisory Committee
- FY2021**
 - Appointment of Outside Directors as at least a third of the Board (4 of 11)
 - Appointment of first female Director (1 of 11)
- FY2022**
 - Disclosure of Director Skill Matrices
- FY2024**
 - Increase of Outside Director (5 of 11)
 - Increase of female Director (2 of 11)

Corporate Governance System Chart



* Discretionary advisory bodies of the Board of Directors

Board of Directors

The Company's Board of Directors consists of a total of twelve members, including five 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 cross-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.

For details, please refer to the Corporate Governance Guidelines and the Corporate Governance Report. (Japanese text only)
<https://www.showa-sangyo.co.jp/corporate/ir/management/cg/policy/>

I hope that your various measures will produce results and increase profitability

Naoko Mikami Outside Director



Over the past five years, harsh conditions persisted in line with deterioration in the external environment, as evidenced by the COVID-19 pandemic, surging grain prices caused by geopolitical risks, sharp depreciation of the yen, rising energy costs, and the so-called “2024 logistics problem.” Amid the situation, the Showa Sangyo Group has undertaken measures to promote functional integration for improved profitability, while expanding each business through TOB and M&A. At the same time, the positive effects of the Group's steady, strenuous efforts for a constant cost reduction and transforming itself into a one-stop sales organization are beginning to bear fruit, as shown in its gradually improving financial KPIs.

As for the Board of Directors, animated discussions are held

with attention paid to effective governance of the Group's management. An increase in the number of outside directors over the previous year has also resulted in deeper discussions incorporating more diverse and knowledgeable external opinions.

This year marks the final year of the Showa Sangyo Group's long-term vision SHOWA Next Stage for 2025, and the Group is entering a period to “harvest” the crops of their efforts. I hope to hold more in-depth discussion with the Group toward formulating a new long-term vision.

I intend to monitor and oversee efforts of the Company's management for ensuring safety and reliability based on my experiences in the fields of development, production, and quality assurance in the manufacturing industry.



Major Initiatives of the Board of Directors

The main items considered by the Board of Directors in FY2024 are as follows:

Items to be discussed	The number of the items	Contents
Voting Items	40	M&A, reorganization, repurchase and cancellation of treasury shares, investment, capital increase, loan of funds, revision of the Rules of the Board of Directors, etc.
Reporting Items	37	Information disclosure based on the TCFD recommendations, human capital management, human rights, overseas businesses, R&D, intellectual properties, safety of products, information security measures, activities of the Risk Management Committee, measures to improve compliance, progress in the Medium-term Management Plan, succession planning, officer training, 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 FY2024, all 11 directors responded to a questionnaire-based survey in May 2025, 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 delibera-

tion 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. There was, however, an issue pointed out in the questionnaire results, which related to the provision of information to outside directors. We will continue to evaluate the effectiveness of the Board of Directors on a regular basis with a view to improving it.

Reason for Appointment as Outside Directors

Name	Attendance at Board of Directors and Audit and Supervisory Committee Meetings (FY2024)		Reason for Appointment
	Board of Directors	Audit and Supervisory Committee	
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.
Akira Karasawa (appointed on June 25, 2024)	13/13	—	We expect that he will strengthen the Board's decision-making and oversight functions with his expertise in agriculture, forestry, fisheries and policies concerning the food industry in general, as he has served as Director-General for Policy Planning of the Ministry of Agriculture, Forestry and Fisheries and Ambassador Extraordinary and Plenipotentiary.
Mami Taira (appointed on June 25, 2024)	13/13	—	We expect that she will strengthen the Board's decision-making and oversight functions through her expertise in finance and accounting as a certified public accountant and tax accountant, as well as her high-level insight into corporate governance.
Toshihiro Teshima	16/16	13/13	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	16/16	13/13	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. Regarding important matters to be discussed at the Board of Directors, such as M&As, the responsible departments explain details to outside directors in advance to provide information needed to make judgment. We also encourage outside directors to visit our

plants, R&D centers, and Group companies, have discussion with respective supervisors and staff members, and understand the actual conditions of Showa Sangyo.

As part of succession planning, we hold an interview with officers who are director candidates.

Remuneration of Directors and Officers

Basic Policy on Determining Remuneration

On March 1, 2024, Showa Sangyo revised and announced its Executive Remuneration Policy for directors' remuneration. Its purpose is to ensure that the executive remuneration functions as a sound incentive to contribute to the sustainable growth of

the Group and to the enhancement of its corporate value over the medium and long term. To this end, it establishes the following basic policies:

- (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) Executive remuneration must be at a level sufficient to secure and retain excellent human resources.

(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 once in FY2024.

Remuneration System

The remuneration system for directors (excluding those who are Audit and Supervisory Committee members) 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

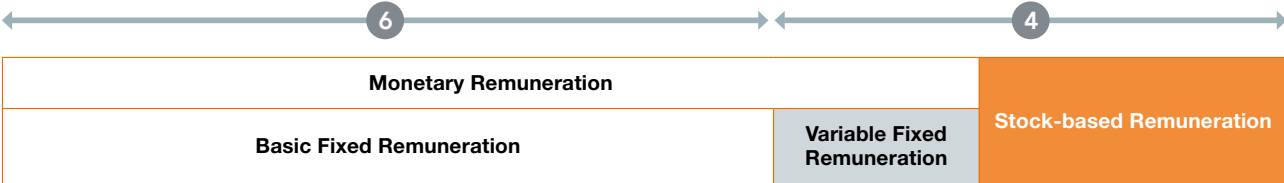
director in the previous fiscal year. Each month, a certain amount is paid under each type of remuneration. As a general rule, the ratio of these remunerations is 6:4 in favor of basic fixed remuneration (6) against variable fixed remuneration and stock-based remuneration (4). Of the portion consisting of variable fixed remuneration and stock-based remuneration, stock-based remuneration accounts for more than half, as we intend to promote the sharing of value with our shareholders.

Variable fixed remuneration represents a director's commitment to single-year performance, a milestone toward achieving our medium- to long-term performance targets. It is thus determined based on the Company's business results and the degree of contribution of individual director's performance. Individual performance is evaluated on the basis of roles and responsibilities assigned to each director.

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.

For outside directors, we only pay basic fixed remuneration.

Remuneration System Diagram





List of Officers

(As of July 1, 2025)

Directors



Chairman
Kazuhiko Niitsuma
Number of shares owned:
75,494

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



President and CEO
Hideyuki Tsukagoshi
Number of shares owned: 23,634

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



Director Senior Managing Officer
Takaaki Suzuki
Number of shares owned: 6,550

Career
Apr. 1990 Joined the Company
Jun. 2014 General Manager, Principal Account Sales Division
Apr. 2020 Officer
Apr. 2020 General Manager, Osaka Branch
Apr. 2022 General Manager, Flour Milling Department
Apr. 2023 General Manager, Ingredients Sales Dept.
Apr. 2024 Managing Officer
Apr. 2025 Senior Managing Officer in charge of Business Management & Sales Division (current position)
Jun. 2025 Director Senior Managing Officer (current positions)



Director Managing Officer
Tatsuya Yamaguchi
Number of shares owned: 33,358

Career
Apr. 1984 Joined the Company
Apr. 2007 General Manager, Sapporo Branch
Jun. 2009 General Manager, Household Foods Department
Jun. 2014 Officer
Apr. 2018 Managing Officer
Jun. 2018 Director Managing Officer (current position)
Apr. 2024 In charge of Business Management & Sales Division
Apr. 2025 In charge of Business Planning Department, Food Business Department, Animal Feed Business Department, Grain Procurement Department, Sales Planning & Promotion Department, and Retailer Sales Department



Director Managing Officer
Masashi Ohno
Number of shares owned:
12,901

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



Director Managing Officer
Yoshihiro Hosoi
Number of shares owned: 9,696

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)
Jun. 2023 Director Managing Officer (current position)



Outside Director
Naoko Mikami
Number of shares owned:
1,500

Career
Apr. 1983 Joined Ajinomoto Co., Inc.
Apr. 2007 Visiting Professor of Musashino University
Jan. 2010 Joined C'BON COSMETICS Co., Ltd.
Jun. 2011 Executive Officer, in charge of Production Department
Jun. 2012 Director, in charge of Production Department
Apr. 2017 In charge of Administration Division
Jun. 2017 Managing Director and Executive Officer
Jun. 2019 Representative Director, Vice President, and Executive Officer
Jan. 2020 Representative Director, Vice President, Executive Officer, in charge of Product Development Division
Jun. 2021 Outside Director of the Company (current position)
Mar. 2022 Outside Director of Earth Corporation (current position)
Mar. 2024 Outside Director of Kuraray Co., Ltd. (current position)
Mar. 2025 Outside Director of Kirin Holdings Co., Ltd. (current position)



Outside Director
Akira Karasawa
Number of shares owned: 100

Career
Apr. 1983 Joined the Ministry of Agriculture, Forestry and Fisheries
Apr. 2010 Director-General of the Fisheries Policy Planning Department, Fisheries Agency
Jul. 2014 Director-General of the Crop Production Department, the Agricultural Production Bureau, the Ministry of Agriculture, Forestry and Fisheries
Oct. 2015 Director-General for Policy Planning of the Ministry of Agriculture, Forestry and Fisheries
Jul. 2019 Ambassador Extraordinary and Plenipotentiary to the Republic of Palau
Feb. 2023 Executive Advisor of The Norinchukin Bank (current position)
Jun. 2024 Outside Director of the Company (current position)
Jun. 2025 Outside Director of Genki Global Dining Concepts Corporation (current position)



Outside Director
Mami Taira
Number of shares owned: 0

Career
Oct. 1987 Joined Tohmtsu Awoki & Sanwa (currently Deloitte Touche Tohmatsu LLC)
Oct. 1990 Joined Yoshio Hayakawa Tax Accountant Office
Sep. 1991 Registered as a certified public accountant
Apr. 1992 Registered as a tax accountant
Oct. 2002 Partner of Hayakawa/Taira Tax Accountant Office (current position)
May 2011 Outside Audit and Supervisory Board Member of Aeon Mall Co., Ltd.
May 2014 Outside Director
Mar. 2016 Outside Audit and Supervisory Board Member of ISEKI & CO., LTD.
Jun. 2016 Outside Director, Audit and Supervisory Committee Member, Suzuden Corporation (current position)
Jun. 2020 Outside Director, Audit and Supervisory Committee Member, Sushiro Global Holdings Co., Ltd. (currently FOOD & LIFE COMPANIES Ltd.) (current position)
Jun. 2024 Outside Director of the Company (current position)



Outside Director (Audit and Supervisory Committee Member)
Toshihiro Teshima
Number of shares owned: 900

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.
Jul. 2007 General Manager, General Planning Department, Yasuda Enterprise Development Co., Ltd.
Jun. 2008 Senior Managing Director
Apr. 2017 Executive Officer and General Manager, Corporate Legal Department, Sompō Japan Nipponkoa Insurance Inc. (currently Sompō Japan Insurance Inc.)
Apr. 2018 Director and Managing Executive Officer, Sompō Japan Nipponkoa Insurance Inc. (currently Sompō Japan Insurance Inc.)
Jun. 2021 Director, Sompō Holdings, Inc.
Jun. 2023 Outside Director (Audit and Supervisory Committee Member) of Mizuho Trust & Banking Co., Ltd. (current position)
Jun. 2023 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)
Mar. 2024 Outside Audit & Supervisory Board Member of Katakura Industries Co., Ltd. (current position)




Director (Standing Audit and Supervisory Committee Member)
Susumu Oyanagi
Number of shares owned: 22,401

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
Jun. 2013 Officer
Apr. 2016 Managing Officer
Jun. 2018 Director Managing Officer
Apr. 2023 Director
Jun. 2023 Director Audit and Supervisory Committee Member (current position)



Outside Director (Audit and Supervisory Committee Member)
Joji Sugo
Number of shares owned: 300

Career
Apr. 1984 Joined The Chiba Bank, Ltd.
Jun. 2002 General Manager, Makuharishintoshin Branch
Feb. 2006 General Manager, Ichikawa Regional Corporate Banking Department, Ichikawa Branch
Jun. 2011 General Manager, Treasury Division
Jun. 2013 General Manager, Credit Division
Jun. 2014 Executive Officer and General Manager, Credit Division
Jun. 2016 Director and Managing Executive Officer
Jun. 2018 Deputy President of Chibagin Research Institute, Corporation
Jun. 2021 President of Chibagin JCB Card Co., Ltd. and Chibagin DC Card Co., Ltd. (currently Chibagin Card Co., Ltd.)
Jun. 2023 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)
Jun. 2024 Chair of the board, CHIBAGIN LEASING CO., LTD. (current position)

 Please see the corporate website for the list of officers.
<https://www.showa-sangyo.co.jp/corporate/outline/officer/>

Director Skill Matrix

Name	Expected Knowledge / Experience							
	Business Management	Business Strategy	Overseas Business	R&D	Engineering / Logistics	Treasury / Finance	Governance / Risk Management	Digitalization
Kazuhiko Niitsuma	●	●	●				●	
Hideyuki Tsukagoshi	●	●					●	
Takaaki Suzuki	●	●	●					
Tatsuya Yamaguchi	●	●						
Masashi Ohno	●			●	●			
Yoshihiro Hosoi	●					●	●	●
Naoko Mikami	●			●	●			
Akira Karasawa		●	●				●	
Mami Taira	●					●	●	
Susumu Oyanagi	●					●	●	●
Toshihiro Teshima	●					●	●	
Joji Sugo	●					●	●	

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



Risk Management

In accordance with the Basic Policy on Risk Management, the Showa Sangyo Group continues to strengthen prompt and appropriate responses to address serious risks to corporate management and other matters.

Basic Policy on Risk Management

The Showa Sangyo Group continuously analyzes risks in all aspects of its corporate activities and aims for sustained growth as a corporate group trusted by society by responding appropriately and promptly to risks that have a significant impact on society, the environment, and corporate management.

- Regularly analyze risks and implement appropriate countermeasures.
- For significant risks, designate a response organization and systematically implement preventive measures.
- In the event of a crisis, establish a response organization and give top priority to saving lives and protecting the environment.

Promotion System

To ensure steady implementation of initiatives based on the Basic Policy on Risk Management, we have established the Risk Management Committee, chaired by the person in charge of the Corporate Division. Once a year, the Committee identifies risks that could hinder the achievement of management targets. The Committee then conducts risk assessment by assessing the severity of each identified risk in accordance with the risk criteria

consisting of a matrix of management impact and the likelihood of occurrence. 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.

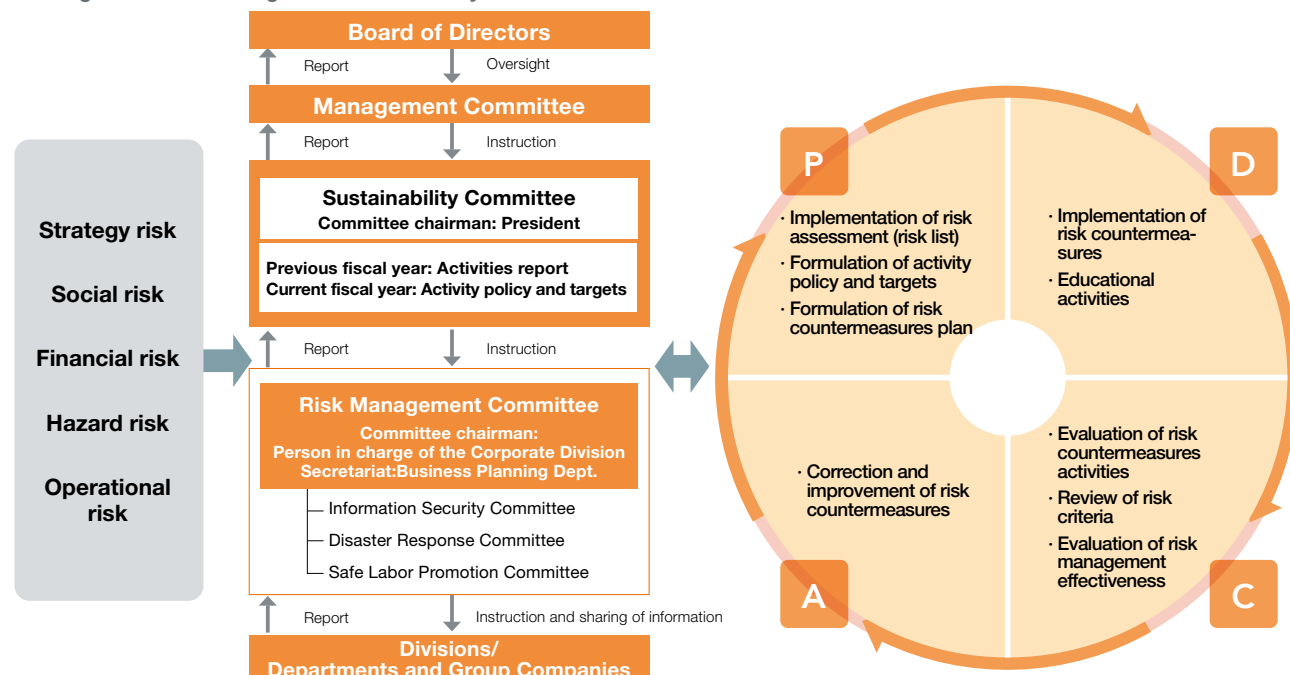
Business Continuity Plan (BCP)

The purpose of our BCP is to ensure the continuation or early recovery of our business operations, with the safety of human life as the highest priority, in the event of an emergency that could significantly affect our business, such as a major natural

disaster or pandemic.

In addition, to ensure the functionality of the BCP and increase its effectiveness, we regularly review and update various manuals and conduct drills as part of our peacetime efforts.

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
4. 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.
5. Declining birth rate, aging society and declining population	<ul style="list-style-type: none">• Concerns about loss of growth opportunities due to shrinkage of the Japanese market in the core business
6. Corporate acquisitions and joint ventures	<ul style="list-style-type: none">• Risk of impairment, including goodwill
7. Logistics-related risks	<ul style="list-style-type: none">• Concerns about logistics slowdowns due to driver shortages• Impact on business performance and financial position due to rising logistics costs, etc.

Risk Category	Main Related Risks
8. Information security	<ul style="list-style-type: none">• Shutdown of system due to cyberattack• Compensation for damages due to information leaks
9. 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.)
10. Compliance	<ul style="list-style-type: none">• Possibility of legal penalties and social sanctions• Concerns about undermining stakeholder trust
11. Securing human resources	<ul style="list-style-type: none">• Concerns about a serious shortage of human resources due to a decline in the labor force, changes in the employment situation, etc.
12. Intellectual property	<ul style="list-style-type: none">• Loss of competitive advantage due to inadequate rights management• Concerns about loss of trust in our brand due to infringement of rights

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

Respect for human rights

The Showa Sangyo Group recognizes that addressing human rights issues—such as unfair workplace treatment, forced labor, and harassment—while protecting employees' human rights and ensuring compliance with relevant laws and regulations, is a matter of critical importance. If we fail to create a workplace that eliminates all forms of discrimination and bias and respects the individuality, character, and abilities of each employee, the Showa Sangyo Group and its brand reputation could be damaged. This could also lead to reduced employee productivity, difficulty in attracting talented personnel, and a potential decline in the Group's overall competitiveness.

The Group has established the Basic Policy on Human Rights. Based on this policy, we are working to create workplaces where employees respect one another and can fully leverage their individual strengths. In addition, in 2020, we established the Showa Sangyo Group Procurement Policy to share our human rights principles with our suppliers. In FY2023, we conducted a human rights risk assessment across all Group companies. Evaluating potential human rights violation risks in terms of severity and likelihood, we identified three priority human rights risks to address: "long working hours," "industrial accidents," and "harassment." Based on the results of the assessment, we will establish a Human Rights Committee in FY2025 to drive human rights initiatives across the organization.

Human Rights Risk Assessment Results

Likelihood of occurrence			Severity
		<ul style="list-style-type: none">• Industrial accidents• Long working hours• Harassment	
<ul style="list-style-type: none">• Restrictions on forming or activities of labor unions	<ul style="list-style-type: none">• Unpaid wages• Discrimination in recruitment activities• Discrimination in promotions and career advancement• Discriminatory expressions in advertising and other communications	<ul style="list-style-type: none">• Labor issues concerning foreign technical interns	
<ul style="list-style-type: none">• Bribery	<ul style="list-style-type: none">• Leakage of consumer personal information• Transactions violating antitrust laws	<ul style="list-style-type: none">• Human rights violations (in procurement)• Consumer health hazards• Health hazards from chemical substances• Impact on local communities from accidents or fires	



Compliance

Based on the Showa Sangyo Group Code of Conduct, we ensure compliance by acting in pursuit of what is right as human beings with an awareness of the demands of society rather than simply complying with laws and regulations to continue being a company that is trust by all stakeholders. Therefore, to ensure sound corporate activities, senior management will position compliance as the most important management issue and take the lead in promoting it while each and every employee will play a role as a compliance practitioner.

Basic Policy on Compliance

- (i) Fair market transactions
- (ii) Appropriate information management and protection of intellectual property rights
- (iii) Appropriate relationships with government and administrative authorities
- (iv) Blocking relationships with anti-social forces



Please see the corporate website for more details on the Basic Policy on Compliance. (Japanese text only)
<https://www.showa-sangyo.co.jp/corporate/sustainability/governance/compliance/>

System

The Compliance Committee (Committee chairman: Person in charge of the Corporate Division) serves as the central body in the development, maintenance, and enhancement of the Group's compliance system. It clarifies and disseminates the Group's compliance policy, identifies issues that change depending on social circumstances, and deliberates on and discusses countermeasures.

In FY2025, we established the Compliance Office in the Legal and Compliance Department. It establishes guidelines for com-

pany-wide compliance activities and employee awareness raising activities and promotes the development and enhancement of systems for compliance with corporate ethics and laws and regulations through comprehensive surveys of and dissemination of information on laws and regulations that must be observed in business activities, reporting on the operational status of the internal reporting system, and highlighting points for strengthening the response to laws and regulations.

Promotion Activities

In FY2024, we conducted a Compliance Awareness Survey for employees and, based on the results, proactively implemented education and awareness initiatives to strengthen compliance. In addition to distributing compliance newsletters and compliance e-mail magazines to the entire Group via the intranet, we held compliance workshops across all internal departments and organized lectures by external experts for the presidents of our Group companies.

Moreover, in initiatives to strengthen our educational programs, we have distributed a "Compliance Manual" and "Compliance Handbook" to all Group officers and employees, in addition to conducting regular reviews and training.

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.



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 mea-

sures 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.

Internal Reporting System

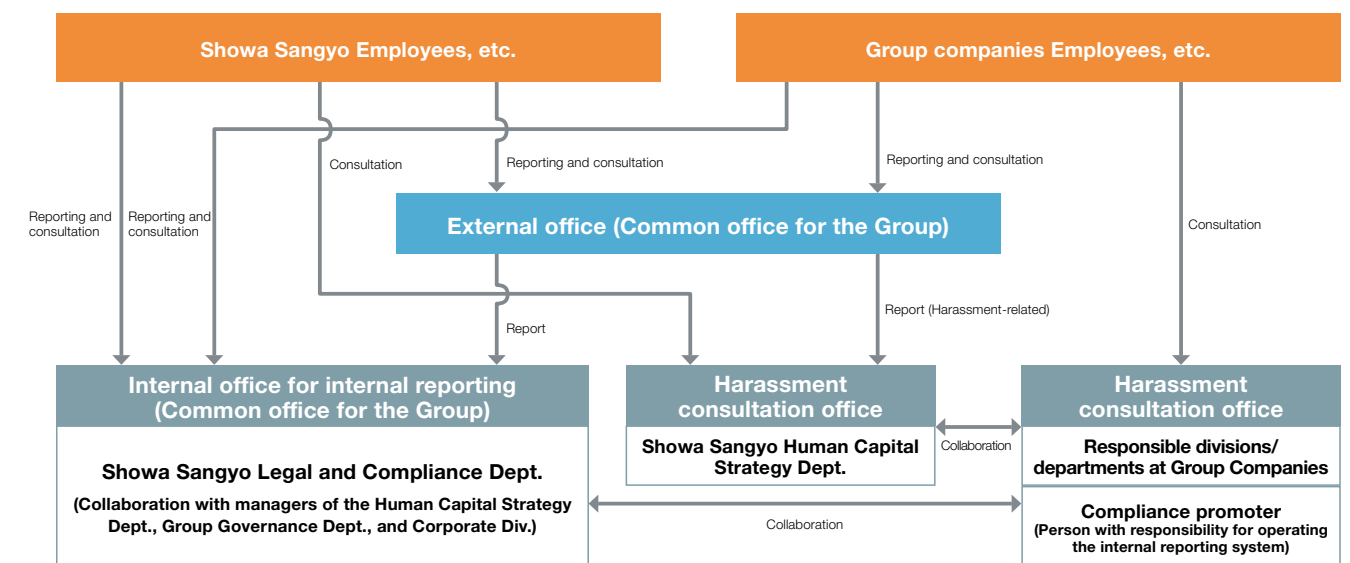
The Group has established an internal reporting system, which protects whistleblowers and handles reports. Based on the content of these reports, we strive to improve the workplace by detecting misconduct at an early stage and identifying issues for improvement to create places where employees can work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



Initiatives to prevent recurrence of misconduct

As announced in December 2024, fraudulent activities, including false orders and embezzlement, were discovered involving a former employee. We have filed a civil lawsuit with the Tokyo District Court seeking damages.

The Showa Sangyo Group has taken this incident very seriously. We established an internal investigation committee, chaired by an outside director and supported by external attorneys, to identify the facts, analyze the root cause, and develop measures to prevent recurrence. Based on the committee's recommendations, we also launched a Compliance Improvement Project, chaired by the President & CEO, to further strengthen compliance.

Through this project, we have reviewed and implemented various measures, including the creation of systems to prevent misconduct, reaffirming our commitment to becoming a corpo-

rate group that does not allow any misconduct and absolutely does not tolerate fraud. The entire Showa Sangyo Group has been united in its efforts to prevent recurrence.

In November 2024, we conducted compliance education via e-learning for all Group employees. In February 2025, we held an employee-participation compliance workshop in all departments, providing opportunities for each employee to reflect on compliance adherence. At the same time, we implemented measures to prevent misconduct, including reviewing business processes and establishing regulations.

Having fulfilled its role, the project was dissolved at the end of March 2025. From April 2025 onward, the Legal and Compliance Department continues to plan, implement, and monitor initiatives to promote compliance across the Group.



Corporate Profile (As of March 31, 2025)

Company Name	Showa Sangyo Co., Ltd.
Representative	President and CEO Hideyuki Tsukagoshi
Headquarters Location	2-2-1, Uchikanda, Chiyoda-ku, Tokyo
Domestic Offices	Kansai Branch, Chubu Branch, Tohoku Branch, Hokkaido Branch, Kyushu Branch, Chugoku Branch, and RD&E Center
Established	February 18, 1936
Capital	¥14,293,508,177
Number of Employees	Company: 1,303 Consolidated: 2,861

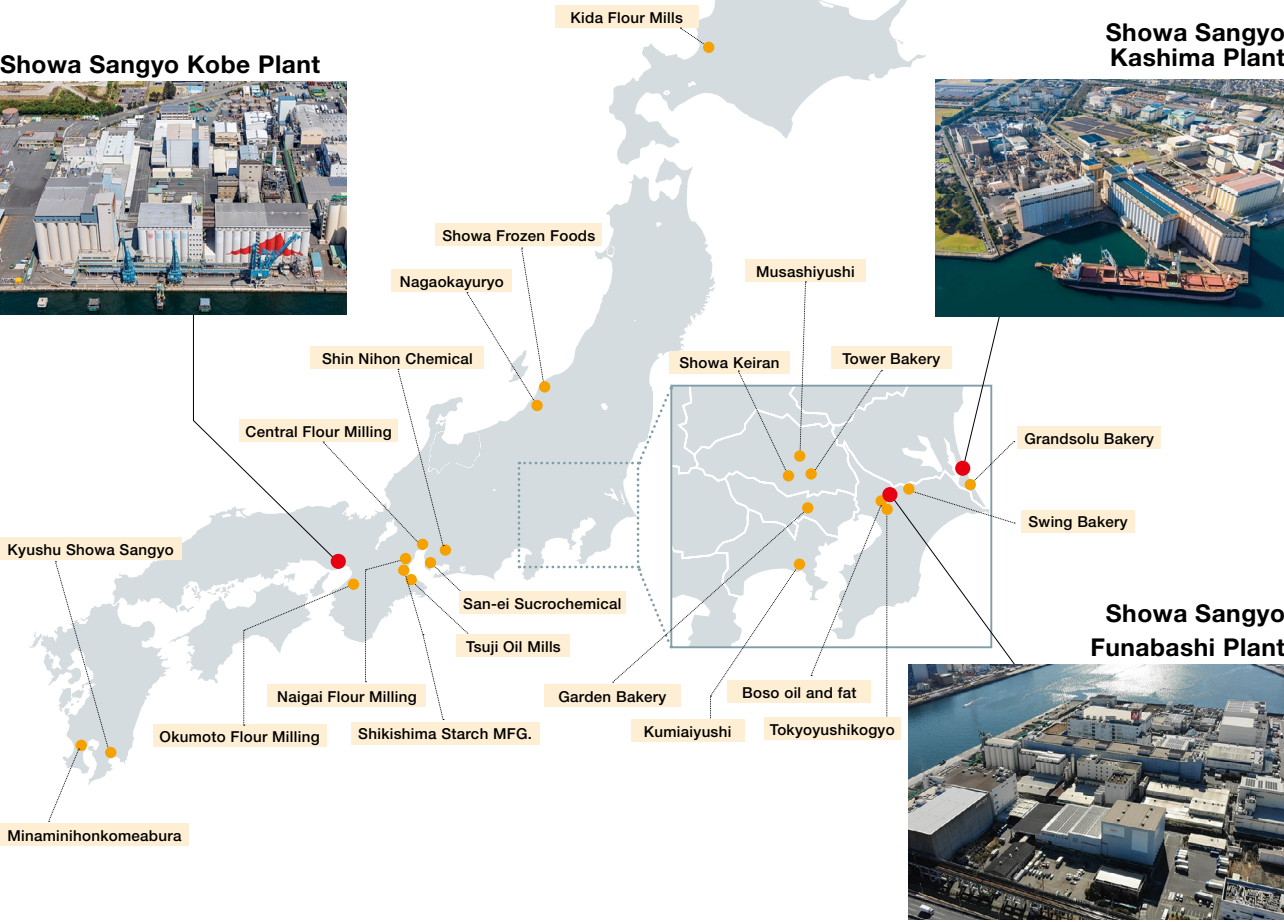
Main Group Companies

(As of June 30, 2025)

● 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.	Manufacturing and sales of vegetable oils
● Shikishima Starch MFG. Co., Ltd.	Manufacturing 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 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.	Manufacturing and sales of vegetable oils
● Kumiai-yushi Co., Ltd.	Production and sales of soap, fatty acid
● Musashiyushi Co., Ltd.	Manufacturing and sales of vegetable oils
● Minamihonkomeabura Co., Ltd.	Manufacturing and sales of vegetable oils
● Tokyoyushikogyo Co., Ltd.	Manufacturing and sales of vegetable 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
● Showa Sangyo International Vietnam Co., Ltd.	Manufacturing and sales of premixes
● 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
▼ Mochidomeseiyu Co., Ltd.	Production and sales of vegetable oils
▼ Kimishima Farm Ltd.	Production of eggs through chicken farming
▼ Okuzumi Shoten Co., Ltd.	Wholesale of foods, feed and others
▼ Hyogo Shiryō K.K.	Wholesale of feed and fertilizers
▼ Traisuru Co., Ltd.	Wholesale of foods
▼ 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.	Manufacturing and sales of vegetable 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

Domestic Production Sites (including Group Companies)



Foreign Business

● Flour ▼ Premix ■ Animal feed/chicken eggs



Conceptual image of completed plant



Financial and Non-financial Highlights (11 Years)

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating Results												
Net sales	(Millions of yen)	245,111	247,823	233,206	233,166	255,905	254,017	255,997	287,635	335,053	346,358	334,425
Operating profit	(Millions of yen)	7,142	7,951	8,786	6,556	8,443	8,808	7,594	5,564	4,184	13,146	11,126
Operating profit margin	(%)	2.9	3.2	3.8	2.8	3.3	3.5	3.0	1.9	1.2	3.8	3.3
Ordinary profit	(Millions of yen)	8,108	8,977	9,514	7,737	9,786	10,160	9,213	6,576	6,525	16,558	13,591
Profit attributable to owners of parent	(Millions of yen)	5,287	5,941	6,167	4,893	7,254	6,764	10,115	4,006	7,776	12,358	11,599
Financial Position												
Total assets	(Millions of yen)	160,778	157,941	164,959	170,544	174,711	173,451	213,309	231,306	247,770	262,238	255,504
Net assets	(Millions of yen)	69,180	71,600	75,368	81,049	86,211	88,721	103,080	109,089	116,362	133,253	138,619
Equity ratio	(%)	41.3	43.6	44.4	45.8	47.4	49.2	46.7	45.7	45.6	49.4	52.8
ROA	(%)	5.1	5.6	5.9	4.6	5.7	5.8	4.8	3.0	2.7	6.5	5.3
Interest-bearing debt	(Millions of yen)	36,413	33,502	32,922	34,343	30,925	29,940	45,421	52,927	61,394	53,998	50,586
Debt-equity ratio	(Times)	0.55	0.49	0.45	0.44	0.37	0.35	0.46	0.50	0.54	0.42	0.37
Return On Equity (ROE)	(%)	8.4	8.8	8.7	6.5	9.0	8.0	10.9	3.9	7.1	10.2	8.8
Cash Flows												
Cash flows from operating activities	(Millions of yen)	13,800	13,036	19,098	9,582	18,590	15,634	13,769	1,334	-2,930	23,751	20,274
Cash flows from investing activities	(Millions of yen)	-9,122	-8,428	-9,923	-11,773	-8,208	-7,599	-26,376	-11,729	-6,155	-12,401	-11,385
Free cash flow	(Millions of yen)	4,677	4,607	9,174	-2,191	10,382	8,034	-12,606	-10,395	-9,086	11,350	8,888
Cash flows from financing activities	(Millions of yen)	-4,733	-4,443	-4,753	-404	-7,525	-4,686	13,800	8,405	6,136	-9,435	-10,057
Per Share Indicators												
Earnings per share	(Yen)	33.09	37.18	194.26 ^{*1}	154.97	229.65	216.45	319.67	120.61	232.59	369.44	356.01
Net assets per share	(Yen)	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	3,875.58	4,156.73
Dividend per share	(Yen)	9.00	10.00	10.00	30.00 ^{*2}	60.00	65.00	65.00	60.00	65.00	80.00	100.00
Dividend payout ratio	(%)	27.2	26.9	25.7	32.3	26.1	30.0	20.3	49.7	27.9	21.7	28.1
Other												
Capital investment	(Millions of yen)	7,430	8,570	12,595	7,654	7,847	9,697	12,434	9,877	9,449	14,402	11,479
Depreciation	(Millions of yen)	7,397	7,304	7,582	7,930	8,556	8,146	8,816	9,990	9,906	10,214	10,417
R&D expenses	(Millions of yen)	2,011	1,970	2,222	2,119	2,222	2,212	2,489	2,643	2,734	2,715	2,819
Non-financial Indicators												
CO ₂ emissions ^{*3}	(10,000 t)	34.0	33.7	32.9	32.5	34.0	33.5	40.9	36.8	33.7	33.7	31.8
Energy consumption (crude oil equivalent) ^{*3}	(1,000 kl)	133	136	136	137	148	147	184	182	178	177	175
Water consumption ^{*3}	(1,000 t)	5,734	5,841	5,749	6,144	6,342	6,247	14,990	14,779	13,980	13,259	12,450
Number of employees on the consolidated basis	(Employees)	2,057	2,042	2,103	2,139	2,376	2,421	2,899	2,870	2,863	2,858	2,861

^{*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 the number of Group companies. In FY2023, the aggregation range includes 27 companies (Showa Sangyo and its consolidated subsidiary companies).

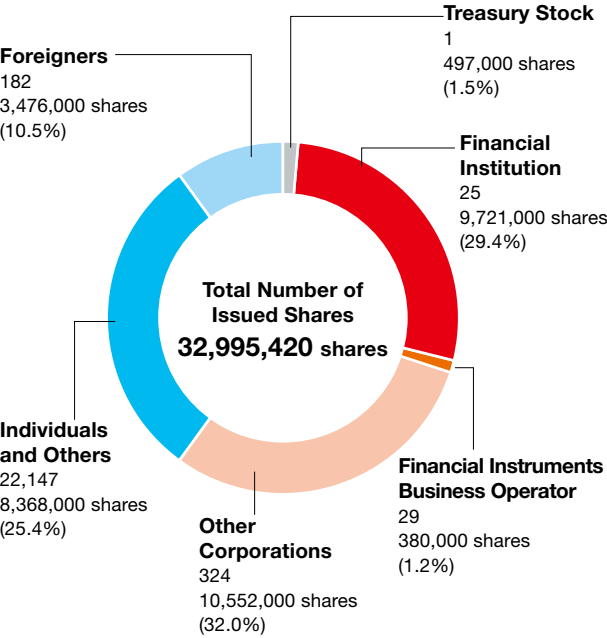


Share Information

(As of March 31, 2025)

Stock Code	: 2004	Total Number of Authorized Shares	: 131,000,000 shares
Listed Stock Exchange	: TSE Prime	Total Number of Issued Shares	: 32,995,420 shares (including 497,121 shares of treasury stock)
Number of Shares Per Unit	: 100 shares	Number of Shareholders	: 22,708

Stock Distribution Status by Owner



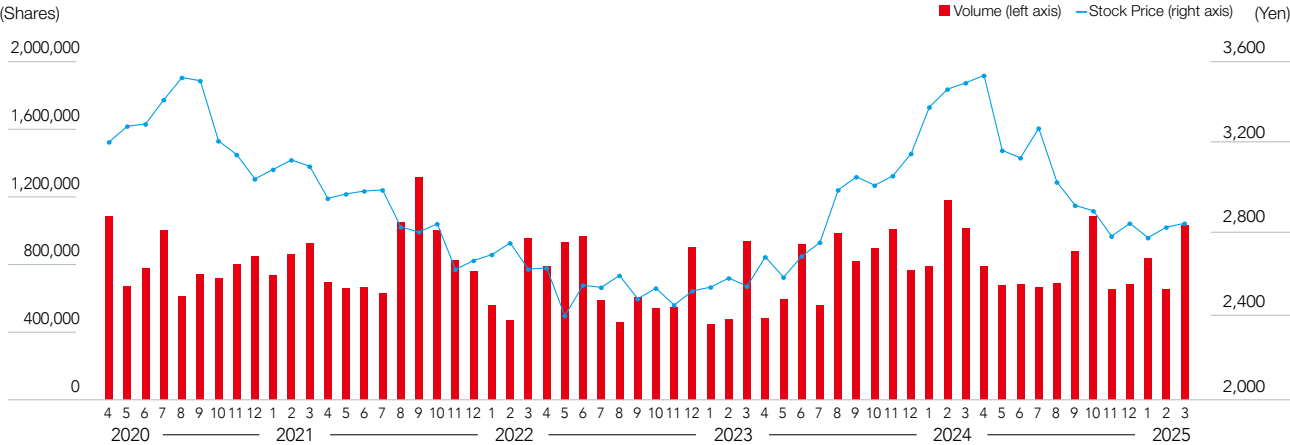
Major Shareholder

Shareholder Name	Number of Shares Held (thousands of shares)	Shareholding Ratio (%)
ITOCHU Corporation	2,290	7.0
The Master Trust Bank of Japan, Ltd. (trust account)	2,036	6.3
The Chiba Bank, Ltd.	1,542	4.7
MITSUI & CO., LTD.	1,540	4.7
Yuasa Funashoku Co., Ltd.	1,233	3.8
Showa Sangyo Business Partner Stockholder Association	1,179	3.6
The Norinchukin Bank	1,103	3.4
Cargill Japan LLC	940	2.9
Pension Trust Business, Mizuho Trust & Banking Co., Ltd., Mizuho Bank, Ltd.	900	2.8
Showa Sangyo Group Employee Stock Ownership	795	2.4

(Note) Shareholding ratio is calculated excluding treasury stock.

Stock Price

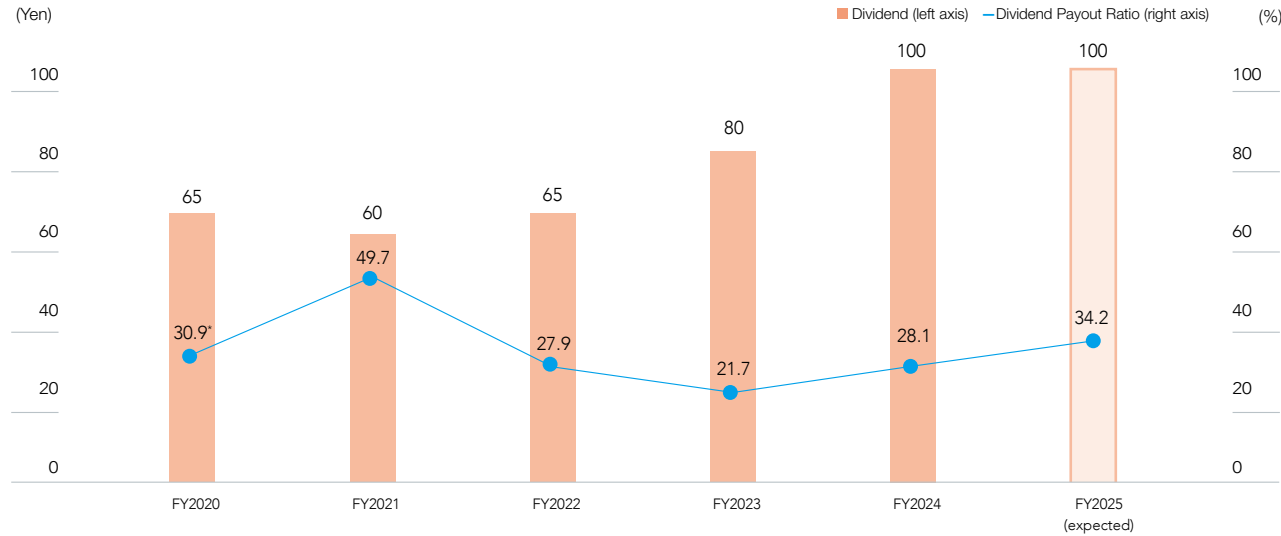
Trends in Stock Price / Volume



		FY2020	FY2021	FY2022	FY2023	FY2024
Highest Stock Price	(Yen)	3,645	3,140	2,673	3,605	3,615
Lowest Stock Price	(Yen)	3,000	2,590	2,359	2,515	2,658
Return On Equity (ROE)	(%)	10.9	3.9	7.1	10.2	8.8
Price-Book Ratio (PBR)	(Times)	1.01	0.83	0.75	0.90	0.68

Shareholder Return (Dividends)

Trend in Dividend / Dividend Payout Ratio per 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%.

About the Cover Illustration

Showa Sangyo supports Paralym Art, which aims at “creating a world where people with disabilities can fulfill their dreams through art.”

The cover illustration for this report was provided by Paralym Art.



Artist Profile



<Artist Name> RIE
<Title> Grain Party
<Artwork Concept>

Through creating this artwork, I had the opportunity to reflect on the fact that the ingredients for a feast—and the systems that make their supply possible—are not something to be taken for granted. I aimed to convey a sense of warmth in the artwork, making the food appear both inviting and delicious.

Biography

RIE has loved drawing since elementary school and majored in Art and Design in high school. In June 2022, she joined ARIGATOU FARM and began working at Tsuzuki, a Type B Employment Support Facility. With a keen eye for observation, she specializes in expressing the strength, beauty, and vitality of horses. Her work spans a wide range of media, from traditional canvas painting to digital art.



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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