

Q4 and Full-Year FY10/2025

# FY10/2025 Results

SHOEI FOODS CORPORATION (TSE Prime Market, Code: 8079)



# I. Q4 and Full-Year FY10/2025 Results

II. Earnings Forecast for the FY10/2026

III. Medium-term Management Plan

# Financial Highlights



- ◆ Sales increased in all segments—Japan, the United States, and China—resulting in consolidated net sales for the current fiscal year rising 8.4% compared to the same period last year.
- On the profit front, although SG&A increased due to expenses related to digital transformation and rising labor costs, profits significantly exceeded expectations. This was achieved through appropriate price adjustments reflecting rising raw ingredient costs.

(Millions of yen)

|   | Full-year FY10/24 | F                  | Full-year FY10/25   |         |            | and Fortist of          | Davisad                 |
|---|-------------------|--------------------|---------------------|---------|------------|-------------------------|-------------------------|
|   | Result            | Initla<br>forecast | Revised<br>Forecast | Result  | YoY change | vs. Initial<br>forecast | vs. Revised<br>Forecast |
| Net sales                               | 115,208           | 115,000            | 120,000             | 124,897 | +8.4%      | +8.6%                   | +4.0%                   |
| Gross profit                            | 18,617            | -                  | 1                   | 19,649  | _          | -                       | _                       |
| Operating profit                        | 4,844             | 4,400              | 4,550               | 4,942   | +2.0%      | +12.3%                  | +8.6%                   |
| Ordinary profit                         | 4,950             | 4,500              | 4,600               | 4,992   | +0.8%      | +10.9%                  | +8.5%                   |
| Profit attributable to owners of parent | 3,170             | 3,000              | 2,750               | 3,035   | -4.2%      | +1.1%                   | +10.3%                  |
| Operating margin                        | 4.2%              | 3.8%               | 3.7%                | 3.9%    | _          | achieved                | achieved                |

Exchange Rate : USD JPY 142.73 JPY 148.88

: RMB JPY 20.46 JPY 20.88 : HKD JPY 18.37 JPY 19.13

### Performance Trends

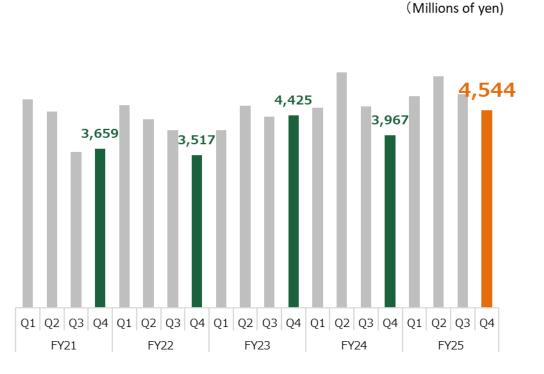




- ◆ Sales (August-October) increased steadily, setting a new record high for the quarter.
- ◆ Gross profit (August-October) also set a new record high for the same quarter.

# **Net Sales Trend (Quarterly)** (Millions of yen) Q1 Q2 Q3 Q4 FY25 FY21 FY22 FY23 FY24

#### **Gross Profit Trend (Quarterly)**



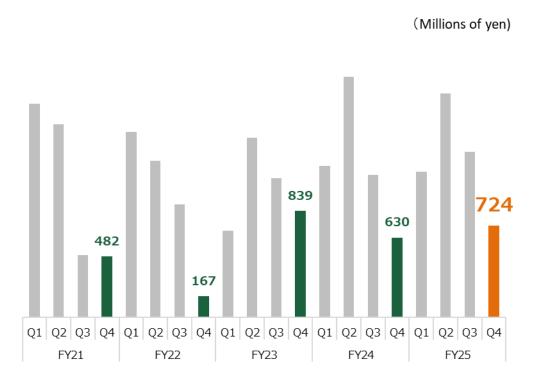
### Performance Trends

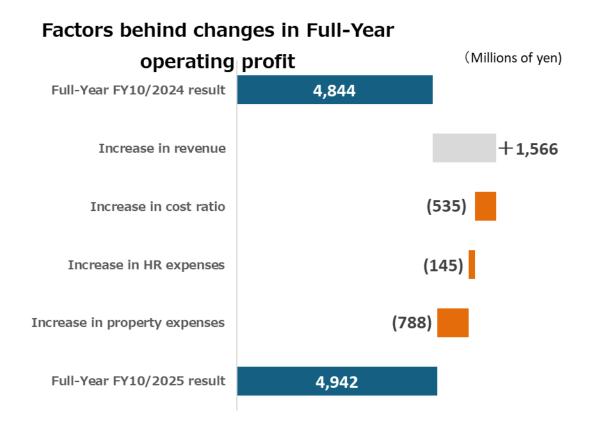




- ◆ Operating profit (August-October) increased by 14.9% compared to the same quarter of the previous year.
- ◆ Through price adjustments, we offset rising labor and property costs even on a cumulative basis, achieving an increase in profit of ¥98 million.

#### **Operating Profit Trend (Quarterly)**





# Description of Business by Segment



**Japan** 

**USA** 

The company's main business is the procurement, processing, manufacturing, and sale of food ingredients (dairy products, oils and fats, confectionery ingredients, dried fruits, canned foods, food ingredients for restaurants, etc.) for the food industry, mainly the confectionery and baking industries, as well as the manufacturing and sale of retail confectionery and dried fruit products (nuts and dried fruits). The company owns seven plants in Japan.

#### ShoEi Foods (U.S.A.), Inc.

- i. Procures walnuts from local farmers and processes them (in-shell or shelled), primarily for export
- ii. Purchases and sells prunes
- iii. Procures dried fruits in the U.S. and exports them to Japan (the Company)
- iv. Operates farms producing prunes, walnuts, and almonds
- v. Imports dried fruits and sells them within the U.S.

# ShoEi Foods Qingdao Co., Ltd. Yanji ShoEi Foods Co., Ltd.

- Processing and manufacturing of confectionery ingredients and dried fruits
- ii. Export of processed and manufactured goods to Japan, Europe, etc.
- iii. Sale in China and Hong Kong via ShoEi International Trading Shanghai Co., Ltd.& ShoEi International Trading Hong Kong Co., Ltd.

### ShoEi International Trading Shanghai Co., Ltd.

ShoEi International Trading Hong Kong Co., Ltd.

- Mainly imports dried fruits for sale in China and Hong Kong
- ii. Selling products processed and manufactured by ShoEi Foods Qingdao Co., Ltd.& Yanji ShoEi Foods Co., Ltd.in China and Hong Kong







# Performance by Segment



(Millions of yen)

|            | Net sales            |                      |        |        | Segment profit       |                      |        |        |
|------------|----------------------|----------------------|--------|--------|----------------------|----------------------|--------|--------|
|            | Full-year<br>FY10/24 | Full-year<br>FY10/25 | Amount | %      | Full-year<br>FY10/24 | Full-year<br>FY10/25 | Amount | %      |
| Japan      | 102,699              | 109,128              | +6,429 | +6.2%  | 4,441                | 4,602                | +160   | +3.6%  |
| USA        | 8,940                | 9,984                | +1,043 | +11.6% | 379                  | 470                  | +90    | +23.8% |
| China      | 10,527               | 11,681               | +1,154 | +10.9% | 448                  | 321                  | (126)  | -28.3% |
| Adjustment | (6,957)              | (5,896)              | +1,061 | _      | (424)                | (450)                | (26)   | _      |
| Total      | 115,208              | 124,897              | +9,688 | +8.4%  | 4,844                | 4,942                | +98    | +2.0%  |

#### Japan

- ◆ Sales revenue increased by 6.2% year-on-year to ¥109,128 million, driven by higher sales of key products including imported dairy products, nuts, dried fruits, confectionery, and retail items. This growth resulted from progress in raising selling prices to counter rising raw ingredinet costs.
- ◆ Segment profit increased 3.6% year-on-year to ¥4,602 million. This was driven by higher gross profit, which resulted from progress in price increases and improved factory utilization rates, despite increased selling, general, and administrative expenses primarily due to rising DX-related costs, including consulting fees for core IT system replacement.

#### **USA**

- ◆ Sales revenue increased by 11.6% year-on-year to ¥9,984 million. Although both our mainstay walnuts and prunes saw reduced intake and sales volumes due to crop conditions, this was offset by price increases reflecting higher market prices.
- ◆ Segment profit for walnuts improved in terms of profit margin for shelled sales, but decreased overall due to lower sales volume. Meanwhile, profit for prunes increased due to higher sales volume and price increases in Japan. Consequently, overall segment profit rose 23.8% year-on-year to ¥470 million.

#### China

- ◆ Sales revenue increased by 10.9% year-on-year to ¥11,681 million, driven by increased domestic sales of nuts, primarily almonds, despite a decline in exports of Chinese seeds and dried fruits.
- ◆ Segment profit decreased by 28.3% year-on-year to ¥321 million. While gross profit increased due to higher sales within China, this was offset by temporary expenses incurred as part of efforts to improve profitability, including logistics and the reassessment of role allocation between bases.

### **Business Portfolio**

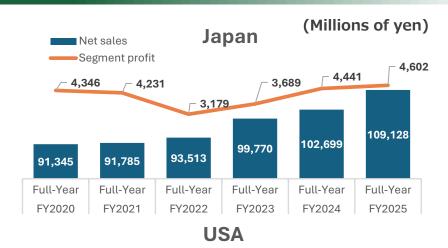


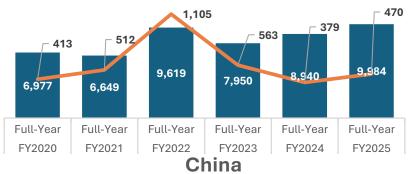
#### **Basic Policy on Business Portfolio**

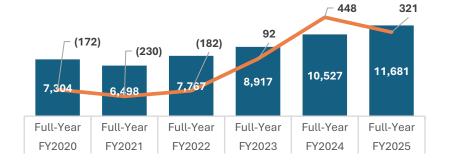
- Although our business is limited to the food industry, we explain the breakdown of our business by dividing it into three segments: Japan, the United States, and China.
- In addition to this, we also provide information on sales by product category (dairy products and fats, confectionery ingredients, dried fruits and canned goods, confectionery and retail products) to help you better understand our business, but as these categories are closely related to each other, we do not manage them as a business portfolio.
- The status of business segments is explained in disclosure materials such as earnings statements and supplementary earnings materials.
- In addition to checking performance progress at the end of each quarter, we also hold internal monthly meetings to review performance trends.

#### **Status of Reviewing Business Portfolio**

- The Japan segment is our core business, and as you can see from the segment performance data in the chart above, sales and profits are both progressing steadily.
- For the U.S. segment, walnut sales volume decreased due to crop conditions, but prices rose. Similarly, prune prices increased, leading to higher revenue and profits.
- For the China segment, the Hong Kong subsidiary continues to perform solidly, while domestic sales in China are recovering. Revenue growth continues, and profits have stabilized in the black. Performance improvements stem from efforts such as expanding the product lineup and promoting integrated manufacturing and sales to boost sales of products from our own factories.







# Main Products by Category



| category                      | Subcategory                      | Main Products  |  |  |  |
|-------------------------------|----------------------------------|--|--|--|--|
| Dairy products, oils          | Dairy products                   | Butter, milk powder, condensed milk, liquid dairy products, cheese, lactose, whey                                    |  |  |  |
| and fats                      | Oils and fats                    | Fats and oils for confectionery, frozen desserts and bread (margarines, shortening, etc.)                            |  |  |  |
|                               | Confectionery Materials          | Processed chocolate, baked confectionery, fruits soaked in liquor (rum raisins, etc.), peel products, fruit fillings |  |  |  |
|                               | Chestnut products                | Chestnut paste, chestnuts in syrup-kanroni, marron glacé   |  |  |  |
| Confectionery raw ingredients | Japanese confectionery Materials | Sweet potato, xingren powder, oak leaf, preserved cherry leaves with salt  |  |  |  |
|                               | Bread making materials           | Joshinko-powdered non-glutinous rice, cake flour   |  |  |  |
|                               | Purchased products               | Leavening agents/jelly, chocolate/cocoa, honey/sugar, alcohol (liqueurs, etc.), matcha, sesame                       |  |  |  |
|                               | Nuts & Seeds                     | Almonds, walnuts, macadamia nuts, coconut, pistachios, cashews, hazelnuts, pine nuts, pumpkin seeds                  |  |  |  |
| Dried fruits                  | Dried Fruits                     | Raisins, prunes, cranberries, blueberries, pineapples  |  |  |  |
| and canned foods              | Fruit Processed Products         | Processed apples, processed mangoes, canned yellow peaches, canned pineapples  |  |  |  |
|                               | Raw Materials for Food Service   | Pasta, sweet corn, processed tomatoes, olive oil, dessert ingredients, frozen fruit puree                            |  |  |  |
| Confectionery                 | Confectionery                    | Chocolate confectionery, biscuits  |  |  |  |
| and retail products           | Retail products                  | Nuts in retail bag, prunes in retail bag, other dried fruit in retail bags, vegetable products                       |  |  |  |

# Sales Composition by product category



#### (Millions of yen)

|                                   | Full-year FY10/24 |                        | Full-year FY10/25 |                        | YoY change |        |
|-----------------------------------|-------------------|------------------------|-------------------|------------------------|------------|--------|
|                                   | Net sales         | Percentage<br>of total | Net sales         | Percentage<br>of total | Amount     | %      |
| Dairy products, oils and fats     | 35,937            | 31.2%                  | 38,595            | 30.9%                  | +2,658     | +7.3%  |
| Confectionery raw ingredients     | 19,339            | 16.8%                  | 20,648            | 16.5%                  | +1,308     | +6.7%  |
| Dried fruits and canned foods     | 40,174            | 34.9%                  | 44,763            | 35.9%                  | +4,588     | +11.4% |
| Confectionery and retail products | 19,524            | 16.9%                  | 20,878            | 16.7%                  | +1,353     | +6.9%  |
| Other                             | 232               | 0.2%                   | 12                | 0.0%                   | (219)      | -94.5% |
| Total                             | 115,208           | 100.0%                 | 124,897           | 100.0%                 | +9,688     | +8.4%  |

### Dairy products, oils and fats

Due to price increases, sales of imported dairy products such as powdered milk and butter rose, and sales of domestically procured items also increased. Furthermore, sales of dairy products from domestic production subsidiaries also increased due to the effect of price hikes, resulting in a 7.3% year-on-year increase in sales of dairy products and fats and oils.

### Confectionery raw ingredients

Sales of chestnut products such as chestnut paste declined, but sales of in-house processed products like chocolate confectionery, baked goods for confectionery use, and fruit liqueur-soaked products, as well as domestically procured items like chocolate, increased. As a result, sales of confectionery ingredients rose 6.7% compared to the same period last year.

### Dried fruits and canned foods

Reflecting higher unit prices, sales of almonds, walnuts, coconuts, and raisins increased in Japan, while domestic sales also rose in China. Additionally, sales of walnuts and prunes increased in the United States, leading to an 11.4% year-on-year increase in sales of dried fruits and canned goods.

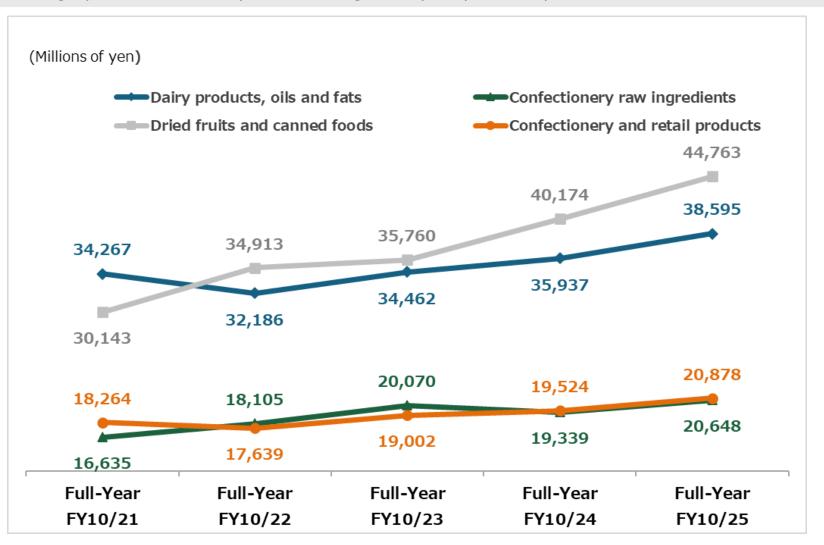
### Confectionery and retail products

Sales of confectionery and retail products increased by 6.9% year-onyear, driven by higher sales of NB and PB chocolate confections reflecting rising cocoa ingredient prices, as well as increased sales of retail items such as small bags of prunes.

# Sales Composition by product category



Sales revenue is trending upward across all product categories, partly due to price increases.



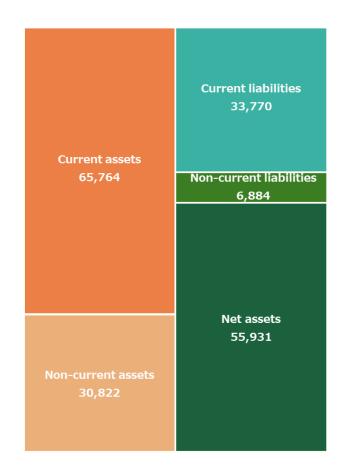
## Consolidated Financial Position



- Notes and accounts receivable, along with inventories, increased, leading to a rise in current assets and a corresponding increase in total assets.
- ◆ Non-current liabilities decreased, but current liabilities increased, resulting in an overall increase in total liabilities.
- ◆ Net assets increased due to an increase in retained earnings

(Millions of yen)

|              |                   |                                       | Oct. 31, 2024 | Oct. 31, 2025 | Amount  |
|--------------|-------------------|---------------------------------------|---------------|---------------|---------|
|              |                   | Cash and deposits                     | 11,194        | 11,505        | +310    |
|              | Current           | Notes and accounts receivable - trade | 21,823        | 23,753        | +1,930  |
|              | assets            | Inventories                           | 23,775        | 28,652        | +4,877  |
|              |                   | Other current assets                  | 2,354         | 1,852         | (502)   |
|              |                   | Total current assets                  | 59,147        | 65,764        | +6,616  |
| Assets       |                   | Property, plant and equipment         | 23,438        | 22,792        | (645)   |
|              | Non-              | Intangible assets                     | 631           | 491           | (140)   |
|              | current<br>assets | Total investments and other assets    | 6,688         | 7,538         | +850    |
|              |                   | Total non-current assets              | 30,758        | 30,822        | +64     |
|              | Total asse        | ts                                    | 89,905        | 96,586        | +6,680  |
|              | Current lia       | bilities                              | 25,789        | 33,770        | +7,981  |
| Liabilities  | Non-curre         | nt liabilities                        | 9,946         | 6,884         | (3,062) |
|              | Total liabi       | lities                                | 35,736        | 40,655        | +4,919  |
|              | Sharehold         | ers' equity                           | 47,259        | 48,268        | +1,009  |
| Net assets   |                   | d other comprehensive                 | 5,910         | 6,559         | +648    |
|              | Non-contr         | olling interests                      | 999           | 1,103         | +103    |
|              | Total net a       | essets                                | 54,169        | 55,931        | +1,761  |
| Total liabil | ities and n       | et assets                             | 89,905        | 96,586        | +6,680  |
| Interest-be  | earing debt       |                                       | 17,486        | 22,319        | +4,832  |



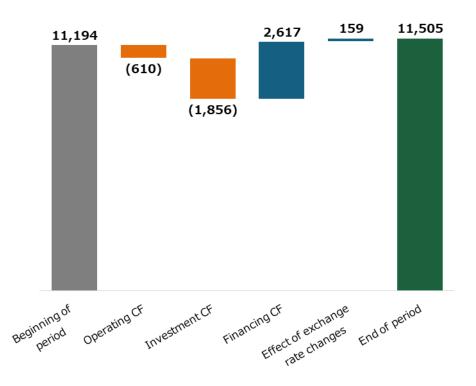
### Cash Flows



- Cash flows from operating activities turned negative as trade receivables and inventory increased while trade payables decreased.
- Cash flows from investing activities turned negative due to the implementation of capital expenditures.
- Cash flows from financing activities turned positive, primarily due to short-term borrowings covering the negative cash flows from operating activities.
- Cash and cash equivalents increased.

#### (Millions of yen)

|   | Full-year<br>FY10/24 | Full-year<br>FY10/25 | Amount  |
|---|----------------------|----------------------|---------|
| Cash flows from operating activities                        | 3,085                | (610)                | (3,696) |
| Cash flows from investing activities                        | (2,626)              | (1,856)              | +769    |
| Cash flows from financing activities                        | (2,081)              | 2,617                | +4,699  |
| Effect of exchange rate change on cash and cash equivalents | (132)                | 159                  | +291    |
| Net increase (decrease) in cash and cash equivalents        | (1,754)              | 310                  | +2,064  |
| Cash and cash equivalents at beginning of period            | 12,948               | 11,194               | (1,754) |
| Cash and cash equivalents at end of period                  | 11,194               | 11,505               | +310    |





I. Q4 and Full-Year FY10/2025 Results

II. Earnings Forecast for the FY10/2026

III. Medium-term Management Plan

# Earnings Forecast for the FY 10/2026 and Management Targets



- For the consolidated results of the fiscal year ending October 2026, we anticipate both increased revenue and increased profit.
- ◆ Due to the nature of our business, fluctuations in raw ingredient prices and exchange rates cause variations in the purchase cost of imported ingredients, which in turn affects our selling prices. Consequently, our sales revenue fluctuates based on these external factors. Therefore, rather than focusing on sales revenue, we prioritize increasing gross profit and operating profit as our primary management objectives.
- For the time being, we plan to actively invest in facilities, digital transformation, and human resources. However, aiming for the sustained enhancement of corporate value, we will pursue a policy of securing a return on equity (ROE) that sufficiently exceeds the cost of capital, targeting an 8% achievement over the medium to long term.

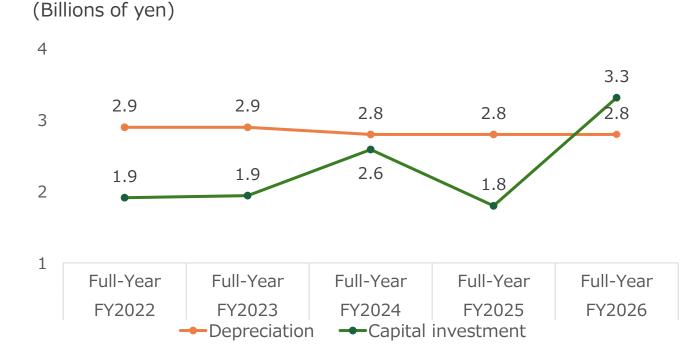
(Millions of yen, unless otherwise stated)

|   | H1                        |                                     |        | Full-Year                 |                                     |        |  |
|---|---------------------------|-------------------------------------|--------|---------------------------|-------------------------------------|--------|--|
|   | Current Period<br>Results | Next Period<br>Earnings<br>Forecast | Amount | Current Period<br>Results | Next Period<br>Earnings<br>Forecast | Amount |  |
| Net sales                               | 65,764                    | 68,000                              | +3.3%  | 124,897                   | 130,000                             | +4.0%  |  |
| Operating profit                        | 2,913                     | 3,000                               | +2.9%  | 4,942                     | 5,100                               | +3.1%  |  |
| Ordinary profit                         | 2,941                     | 3,030                               | +2.9%  | 4,992                     | 5,150                               | +3.1%  |  |
| Profit attributable to owners of parent | 1,731                     | 1,900                               | +9.7%  | 3,035                     | 3,400                               | +11.9% |  |
| Net income per share                    | 102.79 yen                | 113.47 yen                          |        | 181.31yen                 | 203.06yen                           |        |  |

# Capital Investment Plan



- ◆ Capital investment in FY 10/2025 was approximately 1.8 billion yen.
- ◆ We are planning to invest approximately 3.3 billion yen in capital expenditures in FY 10/2026. This will be broken down into approximately 2.7 billion yen for tangible fixed assets and approximately 0.6 billion yen for intangible fixed assets.
- Investments in property, plant and equipment are planned for facility upgrades and new installations aimed at improving production efficiency at our manufacturing subsidiaries both in Japan and overseas.
- ◆ As for intangible fixed assets, we are planning to invest in IT to promote DX (Digital Transformation).



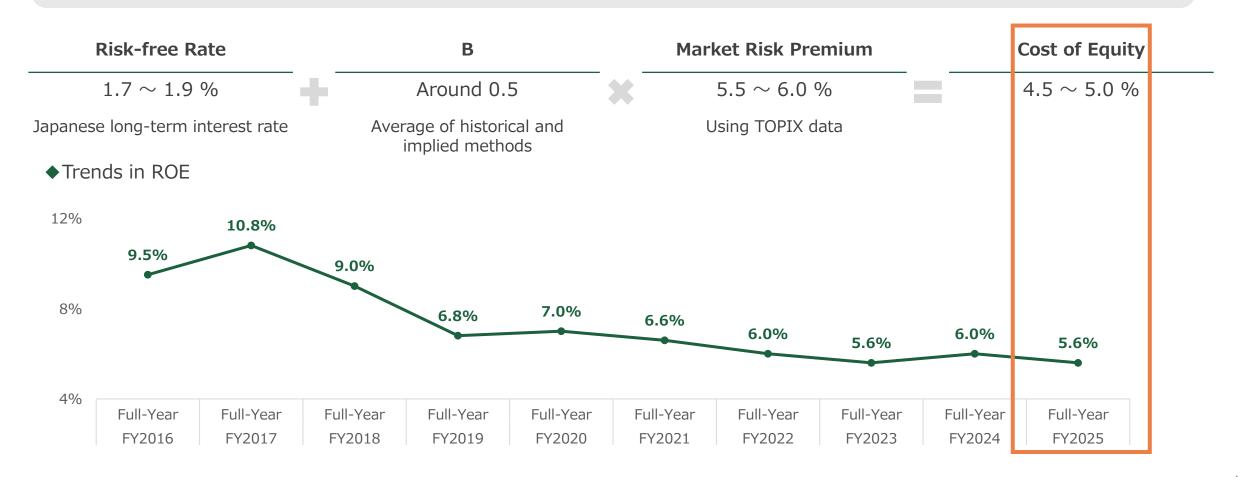
#### **\langle** Breakdown of capital investment

tangible fixed asset 2.7 billion yen intangible fixed asset 0.6 billion yen total 3.3 billion yen

# Cost of Equity



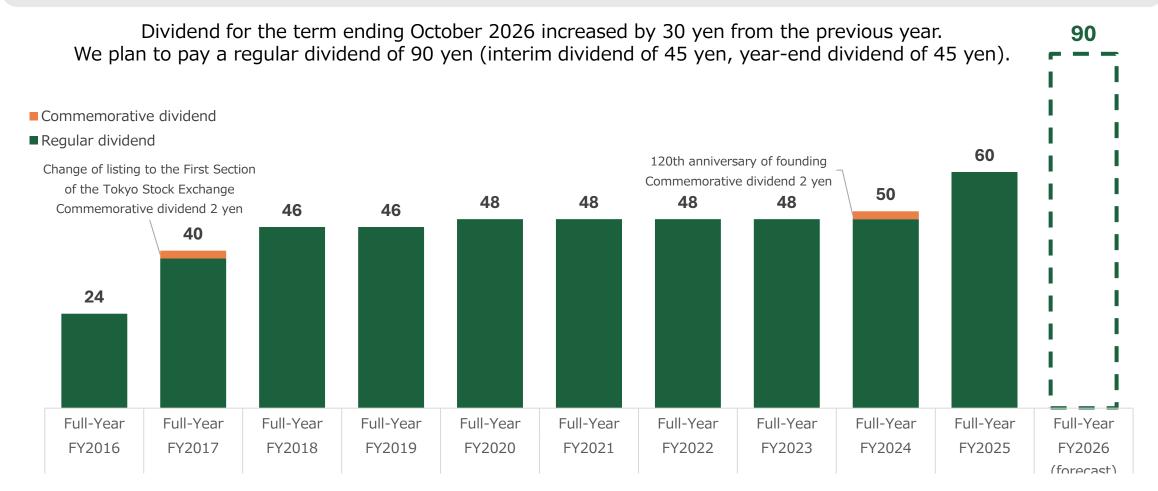
- ◆ We estimate our Cost of Equity to be 4.5%-5.0%, calculated using the CAPM model.
- ◆ We recognize the need for further improvement in the equity spread (ROE minus Cost of Equity) and remain committed to increasing ROE and reducing our Cost of Equity.



# Shareholder Return Policy



With regard to profit distribution, we regard returning profits to shareholders as a key management issue, and our basic policy is to maintain stable dividends. We also make comprehensive decisions based on factors such as business investment for achieving medium- to long-term growth and the level of internal reserves, and our basic policy is to pay dividends from retained earnings twice a year, as an interim dividend and a year-end dividend.





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# Mission Statement and Corporate Vision



#### **Mission Statement**

Our mission is to contribute to society through creation of a new food culture. We will achieve this mission by always providing our customers with safe and reliable food from carefully selected sources both domestically and globally.

#### **Corporate Vision**

# Beyond ingredients, creating New Value!

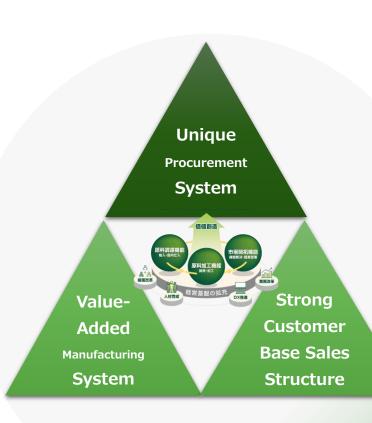
By pursuing the possibilities of ingredients through passion for food and endless challenges, we aim to pave the way for people's enjoyment and a healthy future.



Sincere and challenging human resources who are enthusiastic about creating a food culture and employee who will support the future of **ShoEi** Group!

### Our Business Characteristics and Strengths





#### **Unique Procurement System**

- Dedicated product-specific managers and an extensive procurement network covering diverse overseas production regions.
- A system that continuously monitors local crop conditions, enabling timely responses to price fluctuations and supply shortages.
- An integrated system for managing volumes and prices across the entire value chain—from import procurement and inventory control to production management and sales.

#### **Value-Added Manufacturing System**

- Differentiation through value-added products created via secondary processing.
- A flexible production framework that enables prompt responses to customer needs.
- A collaborative development framework that advances together with the customer from the initial stages of product development.
- An in-house quality assurance system providing safe and reliable ingredients under stringent quality control standards.

#### **Strong Customer Base Sales Structure**

- Handles a broad range of food ingredients as a specialized food trading company, with a portfolio of over 1,000 products.
- A strong customer base cultivated over more than 120 years since the Company's founding.
- A resilient sales structure that ensures stable supply and mitigates market volatility by assuming inventory risk in-house.

#### **Business Environment**



### Recognition of External Environment

Growing Challenges in Securing a Stable Supply of Food Ingredients Due to Climate Change

- Concerns over supply stability due to declining agricultural yields caused by climate change, along with increasing volatility in prices of imported raw ingredients and resources.
- Rising energy and logistics costs driven by international instability and heightened geopolitical risks.
- Global inflation and widening fluctuations in financial markets and foreign exchange rates.

Market Changes and Diversifying Consumer Needs

- Rising prices have caused personal consumption to stagnate, with consumers shifting toward lower-priced items due to thrift-mindedness.
- Growing environmental awareness is increasing interest in reducing food waste.

The Need for Human Capital Management

- Labor shortages due to declining birthrates and an aging population increase the difficulty of recruiting talent.
- Human capital management—including human rights, women's advancement, and workforce diversity—gains greater emphasis, demanding the creation of environments supporting diverse work styles.
- The need for human capital investment rises, encompassing extended employment for seniors and reskilling initiatives.

Increasing Need to Strengthen IR

- The reduction of cross-shareholdings and the Tokyo Stock Exchange's reforms are increasing the need for enhanced disclosure. Strengthening IR activities has become even more important for lowering the cost of capital and maintaining an appropriate share price. Companies are now required to disclose annual securities reports before shareholders' meetings, provide mandatory English disclosures, and reinforce their IR frameworks.
- Awareness of shareholder returns is also rising.

Importance of Information Systems

- Ransomware and other cyberattacks are growing more sophisticated and frequent, with system failures increasingly disrupting operations.
- The expanding use of SaaS and generative AI ,enhancing opportunities for operational efficiency.

#### **Business Environment**



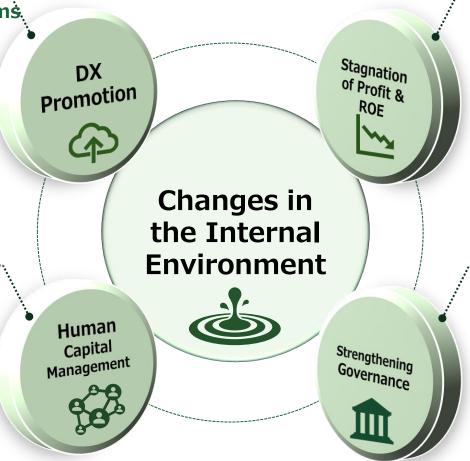
#### Assessment of Internal Environment

#### **Promoting DX (Digital Transformation) Projects**

- Renewal of the core IT systems.
- Leveraging data utilization
- Strengthening information security framework

# **Addressing Increasing Related Challenges**

- Talent acquisition / Human resource development
- Reforming the HR system
- Improving employee engagement



#### Strengthening Efforts for Profit Improvement

- Responding to foreign exchange (FX) fluctuations
- Continued implementation of price pass-through
- Clarification of shareholder return policy

# **Strengthening Group-wide Governance**

- Enhancing transparency of information disclosure
- Advancement of internal control / internal audit

## Management Strategy and Measures - Overview



Growth
Strategy as a
Food Specialty
Trading
Company

- Maintain and Expand Trade Areas
- Challenge New Fields
- Deepen Focus on Growth Areas
- Diversify Sourcing Risks

Growth
Strategy as a
Food
Manufacturer

- Expand Growth Businesses
- Strengthen Production Capabilities
- Promote Rationalization
- Initiatives for Safety and Security

Expansion of Management Foundation

- Promote Digital Transformation (DX)
- Strengthen Human Capital Management
- Review Logistics Operations
- Enhance Corporate
   Governance
- Expand IR and PR Functions
- Promote Sustainability

# Management Strategy and Measures (i)





#### Maintain and Expand

- Strengthen initiatives with existing clients
- Maintain and expand market share of major products
- Strengthen and expand sales of products with competitive advantage

#### Challenge New Fields

- Develop new products / Introduce new items
- Cultivate new markets and domains
- Explore transactions with new business axes and formats

#### Deepen Growth Areas

- Expand transactions with growing industries and sectors
- Expand product lineup for growing industries
- Develop overseas markets, including Southeast Asia

#### Diversify Sourcing Risks

- Build a multi-origin purchasing system for imported raw ingredients
- Promote supplier diversification

# Management Strategy and Measures (ii)





Expand Growth Business

- Strengthen and expand sales of products with competitive advantage
- Nurture in-house processed products for growing markets

Strengthen Production Capabilities

- Increase production capacity through line expansion and equipment installation
- Expand value-added product groups by strengthening development functions

Promote Rationalizat ion

- Rationalize manufacturing processes through mechanization and labor-saving measures
- Review production management and cost management

Safety and Security

- Respond to regulations on allergens, additives, etc.
- Introduce specification sheet creation systems

# Management Strategy and Measures (iii)



|                             | DX Promotion                              | <ul> <li>Promote core IT system replacement project</li> <li>Visualize management by promoting data utilization</li> <li>Strengthen information security and improve infrastructure environment</li> </ul> | nt 🔷 |
|-----------------------------|---|--|------|
|                             | Strengthen<br>Human Capital<br>Management | <ul> <li>Establish new personnel system and strengthen<br/>recruitment/development initiatives</li> <li>Ensure accuracy of human capital disclosure data</li> </ul>  |      |
| Strengthening<br>Management | Review of<br>Logistics                    | <ul> <li>Respond to revised logistics laws and improve efficiency</li> <li>Promote BCP (Business Continuity Plan) measures</li> </ul>  |      |
| Foundation                  | Strengthen<br>Corporate<br>Governance     | <ul> <li>Establish legal and compliance organization</li> <li>Revise executive compensation system</li> </ul>  | 血    |
|                             | Expand IR/PR<br>Functions                 | <ul><li>Revise corporate website</li><li>Hold financial results briefings</li></ul>  |      |
|                             | Promote<br>Sustainability                 | Improve external ESG evaluation scores   |      |

## TOPICS — Growth Strategy Initiatives as a Food Trading Company **ShoEi**



### **Australian Nuts and Dried Fruits Seminar** in Australia Pavilion at Osaka-Kansai Expo

On June 12, 2025, the Australian Embassy's Commercial Section hosted a seminar on Australian nuts and dried fruits at the Australia Pavilion of the Osaka-Kansai Expo. The event also featured a panel discussion with Australian producers of almonds, macadamia nuts, and dried fruits, together with representatives from the Japan Dried Fruits Importers Association and the Japan Nut Association, highlighting the appeal of Australian nuts and dried fruits.





Following presentations by local producers on production area conditions, harvest trends, and shipping status, our President and CEO, Hidemitsu Honda—who also serves as Chairman of the Japan Dried Fruits Importers Association—introduced our Company's business activities and business model. He also provided insights into import trends and sales developments in the Japanese nuts and dried fruits market.

During the panel discussion, participants exchanged views on topics such as "What is needed to further promote Australian nuts and dried fruits in Japan?" and "Why do U.S. products dominate the Japanese market?" The seminar was highly productive, attracting approximately 55 participants, including companies that use or are interested in Australian nuts and dried fruits, as well as representatives from the Australian Embassy.



# TOPICS — Growth Strategy Initiatives as a Food Trading Company **ShoEi**





#### **Expansion of Product Lineup with the Launch of Indian Tomato Paste**

We have launched a new "Tomato Paste" made with tomatoes from India, the world's second-largest tomato producer. India's long harvest period and distinct geographical location compared to other major tomato-producing countries (China, Turkey, the United States, Europe, and others) also helps mitigate risks such as climate change.





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In addition to our Indian tomato paste, we offer tomato products sourced from Italy, Turkey, Australia, and other regions worldwide and leverage this diverse selection to provide tailored application proposals that meet our customers' specific needs.



プレーンダイス









## TOPICS — Growth Strategy Initiatives as a Food Trading Company **ShoEi**





#### Strengthening global expansion

In January 2025, we implemented an organizational restructuring at our Chinese group company, ShoEi International Trading Shanghai Co., Ltd. This involved reviewing the logistics and warehouse network and centralizing management functions at headquarters.

Furthermore, we are promoting integrated manufacturing and sales initiatives. Through mutual information sharing between production and sales and sales personnel accompanying factory operations, we are working to reduce costs and strengthen our proposal capabilities.



Additionally, to enhance customer loyalty, we have expanded our efforts beyond traditional trade show participation and technical exchange meetings with customers. Starting in May 2025, we launched online sales via our website, strengthening contact with smaller customers and enabling us to meet their smallvolume purchase needs.





### **Topics** — Growth Strategy Initiatives as a Food Manufacturer





## Product design tailored to customer needs



[P-blo] is a satisfying snack combining crispy, aromatic deep-roasted peanuts with a smooth-melting cocoa dough.

Amidst the necessity to adjust chocolate product prices due to soaring cocoa costs, we developed [P-blo]. It delivers satisfaction comparable to peanut chocolate while reducing cocoa usage, focusing instead on flavor and melt-in-the-mouth texture.

Although it does not meet chocolate standards due to its reduced cocoa content, consumer surveys indicate it achieves satisfaction levels comparable to chocolate products.

Leveraging the advantage of owning group company farms in the United States, we strengthened sales of our own brand of small-bag prunes, primarily using ingredients harvested from our group farms.



### **Topics** — Growth Strategy Initiatives as a Food Manufacturer





Product design tailored to customer needs



Fruit Sauce with Pulp—a timesaving product designed to meet customer demand during labor shortages!

We actively propose various applications tailored to customer needs, such as shaved ice, ice cream, and dessert sauces!





Matcha







**Chestnut paste** 

Recipe Example: Mango Yogurt Smoothie & Apple Pancakes

New Flavor **Mont Blanc Paste!** Tailored to meet the needs of the younger demographic market!

We will expand our diverse product lineup with various seasonal flavors beyond our traditional chestnut paste!

### **Topics** — Growth Strategy Initiatives as a Food Manufacturer





Product design tailored to customer needs and the accompanying capital investment

ShoEi Delicy Corporation, a group company, has made new capital investments at its core Chikusei Plant to begin production and sales of semi-baked scones, a product line that it had not previously offered. Rather than selling them in the traditional confectionery section, it is now selling them alongside the bread section, aiming to attract new customers.



Its concept is: "Enjoy authentic scones like those from a specialty shop, easily at home." We focused not only on taste but also on ease of eating. The product features three key points:

- i. Moist texture It eliminated the dry, crumbly texture that quickly absorbs moisture from the mouth, resulting in a soft and moist bite.
- ii. Rich ingredients Chocolate chips and three types of dried fruit are added, allowing you to enjoy the distinct flavor of each ingredient.
- iii. Convenient shape Shaped into sticks, the scones are easy to eat for women and children without having to open the mouth wide.

### **Topics** — Initiatives to Enhance Our Management Infrastructure





Implementation of the Core IT System Replacement Project We launched a core IT system renewal project to migrate from our in-house developed system to a cloud-based ERP package. Following the fundamental principle of "Fit to Standard" (promoting business standardization while minimizing custom development), we have completed the planning and requirements definition phases.

**Efforts for Business Improvement** 

Following the digitization and paperless conversion of internal application documents and meeting materials, we are advancing operational efficiency improvements through initiatives such as enhancing inventory management, revising master data structures, digitizing product specifications and attendance records, and replacing the expense reimbursement system.

### **Collaborating with Stakeholders**

**Human Resources System Reform**  Aiming to become a company that continues to develop and grow further, we have reviewed the definition of the ideal talent profile based on our management philosophy and vision, and have worked to revise the core elements of our personnel system: "grade," "evaluation," and "compensation."

Under the new system, our guiding principle is to establish grades and evaluations that enable the creation of value through cross-organizational collaboration, coupled with compensation that appropriately rewards employees based on their grade and evaluation level.

### **TOPICS** — Initiatives to Enhance Our Management Infrastructure





# Promoting environmental responsiveness and human resource diversity

Calculation of CO<sub>2</sub> Emissions To ensure accurate and consistent data collection for CO<sub>2</sub> emissions calculations, we have updated our calculation tools. We are focusing on the accurate and prompt aggregation of data across the entire group, including overseas group companies.

Promoting human resource diversity

Based on our proprietary point system for promoting human resource diversity, we set targets and work toward achieving them. Following the attainment of this term's goals, we will establish new targets for three years hence and continue our ongoing efforts.



#### Maintaining a sustainable logistics network

Consolidation and decentralization of logistics hubs

**Reduction of Industrial Waste Emissions** 

We have advanced the assessment of our logistics hubs and improved efficiency by consolidating part of our product inventory. Simultaneously, from a BCP perspective, we are reviewing warehouse locations in coastal and inland areas.

We are aiming to reduce waste through monitoring industrial waste discharge volumes. As a result, discharge volumes decreased compared to the previous year. To achieve further reductions, we are actively exploring measures such as waste sorting, biogas conversion (methane gas), and reuse as pig feed.

### **TOPICS** — Initiatives to Enhance Our Management Infrastructure





**Strengthening the corporate governance system** 

Achieving Management transparency and accountability through enhanced information disclosure We have enhanced the content of our supplementary financial materials and commenced quarterly disclosures. Furthermore, we are striving to improve management transparency by ensuring simultaneous disclosure in Japanese and English and strengthening our information disclosure practices.

Thorough Risk Management and Compliance

In addition to the group compliance training previously conducted, we have established a system enabling each department to conduct customized training tailored to their specific operational characteristics by developing training materials. We have also introduced a system for formulating training plans and monitoring implementation status, thereby enhancing our company-wide compliance and risk management framework in an efficient and effective manner.

**Information Security Enhancement** 

We conducted a security assessment of our overseas group companies by a specialized security vendor. Based on the findings, we will proceed with reviewing countermeasures to further strengthen information security.

### Cautionary Statement Regarding Forward-Looking Statements ShoEi



This material is intended solely for informational purposes and is not intended as a solicitation to buy or sell any securities. Forward-looking statements in this material are based on targets and forecasts, and are not guarantees or assurances. Please be aware that our future business performance may differ from our current forecasts.

In addition, statements regarding the industry, etc., are based on various data that are believed to be reliable, but we do not guarantee their accuracy or completeness. This material is presented on the premise that investors use this material at their own discretion and responsibility, regardless of the purpose for which they use it.