

S.ISHIMITSU

INTEGRATED REPORT 2025



Our Philosophy

Think together, work together, and prosper together.

Rooted in 119 years of history,
we journey toward the future with renewed speed.

Under the banner of “Transformation and Action,”
we join hands with our stakeholders
—“Together, with Passion!”—
to turn value creation into concrete actions
and shape a sustainable world.

Through food, we share happiness with people
all over the world and move forward
with you as a company cherished by society.

Our Mission

Bringing happiness
through food worldwide



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Directors and audit & supervisory board members share their ideas on key themes. Let us invite you to explore their messages. 

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Reporting Period and Scope

Period: April 1, 2024—March 31, 2025 *Includes some information from April 2025 onward.
Scope: S.ISHIMITSU and Group companies

Cautionary Note Regarding Forward-Looking Statements

This Integrated Report contains forward-looking statements, including current plans, forecasts, and strategies, based on information available at the time of preparation and on our judgments. Actual results may differ materially due to a variety of factors. Risks and uncertainties that may affect performance include economic conditions surrounding our businesses, market competition, foreign exchange rates, taxation, and other regulatory or institutional changes.

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CONCEPT ✓



The cover image evokes “a paper airplane soaring through a clear blue sky.” The airplane embodies our spirit of challenge and our commitment to keep advancing toward 2050 and beyond. The open blue sky symbolizes a hopeful tomorrow that we will build together with our stakeholders. Like the graceful trajectory of a paper airplane, we aspire to see our many connections and aspirations expand into the future. With that vision, we present this report.

ISHIMITSU HISTORY

1906 Establishment

Our founder, the late Mr. Sueo Ishimitsu, traveled alone to the USA and established the business in Los Angeles to bring Japanese foods to Japanese immigrants.

1951 Foundation

Foundation of ISHIMITSU SUEO SHOTEN. Restarted handling imported food products with the postwar resumption of international trade.

**1963** Company name renamed

Renamed the company S. ISHIMITSU & CO., LTD.

**1900****1953**

Open of Tokyo Local Office

1922

Relocated the head office to Kobe and launched the coffee business in Japan.

1909

Opened a branch in Kobe to procure Japanese products.

**1960****1976**

Opened Sapporo Local Office.

1973

Established KANSAI ALLIED COFFEE ROASTERS CO., LTD. (currently a consolidated subsidiary).

1972

Established TOKYO ALLIED COFFEE ROASTERS CO., LTD. (currently a consolidated subsidiary).

1968

Opened Nagoya Local Office.

1964

Acquired OKAZAKI SHIGEKI SHOTEN and opened Fukuoka Branch Office.

**2000****1999**

Acquired US FOODS CO., LTD. (currently a consolidated subsidiary).

2002

Listed on the JASDAQ stock market; increased share capital to ¥623.2 million Japanese Yen.

**2000****2019**

Established A.TOSH ISHIMITSU BEVERAGES INDIA PRIVATE LIMITED in India (currently a consolidated subsidiary).

2000**2013**

Established THAI ISHIMITSU CO., LTD. in the Kingdom of Thailand (currently a consolidated subsidiary).

2000**2012**

Established S. ISHIMITSU & CO. (SHANGHAI) LTD. in China (currently a consolidated subsidiary).

2000**2020****2024**

Integrated TOKYO ALLIED COFFEE ROASTERS CO., LTD. and KANSAI ALLIED COFFEE ROASTERS CO., LTD. to strengthen corporate capabilities; the combined entity was renamed ALLIED COFFEE ROASTERS CO., LTD.

2020**2023**

Established Ataria-Ishimitsu UK LTD. in the United Kingdom (currently an equity-method affiliate).

2022

Transitioned from the JASDAQ market to the Tokyo Stock Exchange Standard Market.

2020

Converted TOKYO ALLIED COFFEE ROASTERS CO., LTD. previously an equity-method affiliate, into a consolidated subsidiary.

To the next
SHINE 2027

2025

S.ISHIMITSU Group by the Numbers: FY2024

Net Sales

¥64,953 Million

Previous Year

¥62,025 Million

note

Our company holds a particularly strong track record in Japan for import volumes of multiple products, notably lotus root, burdock root, and onions!

Overseas Net Sales Ratio

17%

Employees

493

Establishment

119 years ago

Operating Profit

¥1,557 Million

ROE (Return on Equity)

7.4%

Gender Pay Ratio (Women to Men)

77.2%

Paid Leave Acquisition Rate

68.6%

Market Capitalization

¥6,888 Million

Education and Training Expenses

¥15 Million*S. ISHIMITSU, non-consolidated

Male Childcare Leave Acquisition

60%

Total Assets

¥39,231 Million

Food Bank Donations

122*Since 2020

President's Message



President and Representative Director

Masaomi Arakawa

荒川 正臣



Becoming a Company Passionately Engaged Alongside our Stakeholders

~Carrying forward 120 years of history, we are rising to the challenge of creating new value.~

With the appointment of Masaomi Arakawa as president in April 2025, S. ISHIMITSU entered a new stage. As we transition from the Medium-Term Management Plan SHINE2024 to SHINE2027, President Arakawa sets out the management direction under the new leadership, S. ISHIMITSU's distinctive strengths and strategy going forward, and our approach to cultivating stakeholder relationships under the theme "Connecting and Building Bonds".

Responsibilities I Embrace and Changes I See as the New President

It has been about a month since you took office as president in April 2025. How do you feel?

Well, to be candid, I feel less that I have changed and more that the way people relate to me has. I'm still getting used to the weight of the responsibility I've been entrusted with. That said, the opportunities to speak with leaders across our industry have been, you know, truly stimulating—every conversation teaches me something new. The warm words of support I've received from so many people are like a daily vitamin, propelling me forward.

I joined the company about 30 years ago as a new graduate, and I aim to fully utilize the experience I've gained on the front lines. Colleagues often describe me as "passionate yet collaborative" and say I prize an attitude of "let's move forward together." I mean, those are exactly the values I want to embed in how we run the company and shape our culture so that we become an organization where everyone can lean in and achieve together.

Multiplying Three Assets to Amplify our Strengths

How do you view the company's strengths and competitive advantages?

Our strengths, as I see them, stem from three assets we have cultivated over nearly 120 years.

First, a trust-based network built over time. The long-standing relationships of trust we enjoy with suppliers and customers, in Japan and overseas, are a valuable asset. This simply cannot be created overnight. Because of this history, we have developed channels not only domestically but also globally, and a broad spectrum of industries and business formats rely on us.

Second, an established portfolio of core products. We started with coffee, and over the decades have developed core categories such as chicken, processed seafood, and onions. These are among the leading import items in Japan. The expertise and market positions we have built in each field serve as a solid platform for new business development.

Third, highly specialized talent. We have professionals who underpin these core products. As a specialty food trader, we place uncompromising emphasis on quality, and we also possess talented human resources for product development and analysis as well as foundational, forward-looking research.

As you see, when you combine our partners and products with the specialized people who support them—when those three assets truly multiply—we are able to bring even greater strengths to bear.

President's Message



How do you view your involvement in the supply chain?

What makes us different is that we are involved in every step of the process, from production sites to processing to selling to a wide range of clients. We are there for every mile, from the first to the last. This seamless involvement lets us, you know, shape and protect the value we want to give through our goods and services. We think that's a big advantage over the competition.

Getting Stakeholders Involved—and Getting “All In” Together

What values and philosophy does S.ISHIMITSU hold dear?

Our mission, passed down from former president Mr. Ishiwaki, is to “Bringing happiness through food worldwide.” We are committed to carrying this forward and delivering happiness through food.

Looking ahead, we aim to balance economic value with social value. Through company-wide initiatives in sustainability, environmental stewardship, and investment in human capital, we intend to advance environmental and social improvement while making our business growth truly sustainable. In SHINE2027, we believe this very balance is the key to long-term growth. And the value we cherish most is rooted in our management credo: “Think together, work together, and prosper together.” Building on that, we emphasize initiative and autonomy, and we strive to bring our stakeholders along so that we can be passionately engaged—together.

Transforming the Business is our Top Agenda

As SHINE2027 kicks off after SHINE2024, what is your medium- to long-term strategy?

In a sense, SHINE2024 was our “foundation-building” phase. With SHINE2027, we will put that foundation to work, and by SHINE2030, we aim to place the business on a stable trajectory—this is the overall frame of our mid-term plan.

In SHINE2027, our central theme is to transform our business model so that, while maintaining rigorous commercial discipline, we would like to reduce greenhouse gas (GHG) emissions and contribute more meaningfully to society. That means shifting toward higher-margin products, reducing our environmental footprint, and helping to solve social issues at the same time. Striking the right balance among these priorities is essential.

Welcoming New Stakeholders and Getting Excited Together

Under the concept “Connecting and Building Bonds,” what specific initiatives do you have in mind?

Bringing stakeholders along and getting deeply engaged together means valuing every relationship—each individual employee, relationships among employees, across departments and levels, among group companies, with our business partners, and, of course, with our shareholders and those beyond our current shareholder base.

For each of these relationships, we are translating our intent into concrete strategies so that more people will want to be “all in” with us. Over time, we want to broaden our stakeholder community and grow together.

Instilling a “Let’s Do This Together” Mindset

Lastly, may we have your commitment as the new president?

As the new president, what I value most is instilling a “Let’s do this together” mindset into our management and corporate culture—so that, actually, we become an organization where everyone can work side by side toward shared goals.

To secure sustainable growth for the next 100 years, we will accelerate our transformation into a company where all our stakeholders can work together with passion. We sincerely ask for your continued support and guidance.



Conversation between the Former and Current Presidents



Passing the Baton from SHINE2024 to SHINE2027

- Building the Foundation for our Next 100 Years through Transformation and Action -

In April 2025, S.ISHIMITSU passed the leadership baton from former President Tomohiro Ishiwaki to new President Masaomi Arakawa. As we complete SHINE2024 and launch SHINE2027, "Transformation and Action," the two leaders look back—and ahead—at S.ISHIMITSU's past, present, and future.

Steady Progress in Laying the Groundwork

First, could you reflect on the final year of SHINE2024?

Ishiwaki: Under SHINE2024, we focused on "building the foundation." We achieved meaningful progress, though there are still initiatives we haven't fully addressed and areas that require further attention. We intend to move those forward steadily over the coming year. One result that really stood out was our annual employee engagement survey. The item "Our company contributes to society" reached a very high 70% favorable score. To me, that shows this mindset is taking root across the organization.

We also gained valuable insights as we pursued new customer development and fresh value propositions for existing customers. I'm confident these experiences will be directly reflected in our SHINE2027 initiatives.

Arakawa: As the head of the business department over the past three years, I learned a great deal—particularly how essential it is to embed the medium-term management plan on the front lines so that each employee, you know, genuinely owns it. In the final year, we began to see concrete wins: GHG reductions in the coffee business, and circular business models that convert product remnants collected from customers into fertilizers used in agricultural production. Thanks to these practical examples—low-carbon "Green Roasting"(P59)—diversified uses of residues, and so on—we're now in a position to replicate the approach across other domains.

*Green Roasting is a sustainable process in which spent coffee grounds are dried, formed into fuel pellets, and then used to roast a new batch of coffee beans.

Ishiwaki: Exactly. In the past, even when employees felt "this company contributes to society," the linguistic subject wasn't "I." With our new executive officer Ms. Hayasaka taking the lead,

we've been securing time to involve employees in real dialogue and increasing opportunities to internalize the new medium-term management plan.

What I mean is, we're making a determined push to grow the number of people who understand it as their own agenda and act proactively.

Balancing Social Impact and Economic Value

What is the background to SHINE2027, and what intentions does it embody?

Arakawa: Our medium-term management plans follow three cycles of three years, guiding us toward our 2030 aspiration: to become one of Japan's leading, genuinely good food companies. Guided by our mission to deliver happiness through food, we asked ourselves what we must, in fact, do to get there.

S.ISHIMITSU's core categories—coffee, tea, chicken, shrimp, onions, bamboo shoots—are sourced almost entirely from producer countries facing social challenges. If we were to turn a blind eye to those issues and simply chase commercial outcomes, we couldn't deliver happiness through food, nor could we build a sustainable business.

So we will have to confront those challenges head-on while doing business in our core products. And, of course, climate change and GHG reductions demand decisive action. By advancing multifaceted initiatives, we will bring products to market responsibly and make the business commercially viable. Actually, that is the essential precondition for delivering happiness and achieving truly sustainable management.

Under SHINE2027, we will shift into full-scale execution, building on our previous medium-term management plan. Without being bound by conventional ideas, we intend to create new markets and, by leveraging our product capabilities and supplier partnerships,

shape entirely new businesses. Our banner for this phase is clear: "Transformation and Execution."

But honestly speaking, simply handing over a blueprint and saying "let's go" won't get us there. We will foster a culture where people don't act out of obligation but out of ownership and aspiration: "We want to do this," and "Let's make this happen."

Mr. Ishiwaki, how do you view SHINE2027 under President Arakawa's leadership?

Ishiwaki: Honestly, my expectations are nothing but positive. I can watch with complete confidence, and I'm convinced we will deliver. We are fortunate to have shareholders who have supported us over the long term, and I want them to feel, you know, "I'm glad I own shares of this company." That includes value measured in financial terms and value that goes beyond the monetary.

We also see a path to resolve the issues carried over from the previous three years within this new three-year period. So, going forward, I will support Mr. Arakawa and, well, work together as one team.

Differentiating through Stories and Know-How

Could you outline your specific strategy for overseas expansion?

Arakawa: We will anchor our expansion on core products where our know-how and experience give us a competitive edge, expanding our business through our overseas bases as well as through direct exports. The UK and Thailand, in particular, still hold significant potential. In the export business, we don't want to sell products as mere commodities; we aim to deliver the stories—Japanese culture and the producers behind these products—to local customers.

One of our aims in our enterprises that export Japanese food and culture is to revitalize Japan's regional economies. We help regional manufacturers and producers relate their efforts to sustainability. We hope that by sharing these regional regeneration stories, we can build loyal fans in Europe, Thailand, China, and beyond.

Our know-how—such as Green Roasting—is also a key source of value. By communicating not only our products but also the technical capabilities of our group, we can, I believe, stimulate demand and contribute to local business development.

Ishiwaki: With steady growth at our group company in China, the conversation has shifted to the "quality of earnings." Before long, markets overseas will also expect social value in addition to the economic value of the products. Very few companies—including competitors—have truly articulated that value yet, so there is room to capture first-mover advantage. If society recognizes those efforts, it will become a powerful edge. Under Mr. Arakawa's leadership, this objective is absolutely worth pursuing on a continual basis.



A Business that Truly Moves People

Could you share a specific success story of a product addressing a social issue?

Ishiwaki: Two initiatives during my tenure left a strong impression: "Green Roasting" and a product we call "Thickened Coffee," both developed by what is now ALLIED COFFEE ROASTERS. Thickened coffee began when a developer on the team learned from a television program about the social challenge of dysphagia. Our research indicated that the number of people living with dysphagia each year exceeds the number of pregnant women, and unlike pregnancy, dysphagia often persists without a defined end point. We also found very few competitors focusing on the issue. We believed we could both help address this social challenge and build a sustainable business model, and that's why we developed the product. There's a video from when the product was first ready, showing us delivering it to an elderly person who could no longer drink coffee. He wept with joy.

Conversation between the Former and Current Presidents

Moments like that made us feel that this is exactly the kind of work we set out to do.

These are compelling wins at the project level, but we now need to scale the approach across all departments. If we can do this in coffee, surely we can adapt it for shrimp and other foods as well—lateral expansion is very much on our agenda.

Arakawa: I want to build a culture where products like these continue to emerge, naturally and at pace. And to communicate their value clearly to customers, I believe naming, storytelling, and market positioning are critical. Our outside director, Mr. Ozawa, has deep expertise in marketing and B2C, so, you see, we plan to draw on that perspective to maximize product value from multiple angles.



Building an Organization that Prioritizes Fulfillment in Work

Would you tell us about your approach to human capital management?

Ishiwaki: In the past, we focused on improving employee engagement by enhancing benefits and creating a more comfortable work environment. That, to be fair, had some impact. But we gradually began to realize that if the work itself doesn't feel meaningful, engagement eventually plateaus—even in the most accommodating workplace.

You see, the environmental aspects—like telework and flexible hours—and the joy you actually feel when you confront the work are different issues.

In an effort to strengthen the sense of purpose in our day-to-day work, we launched an HR project with support from external experts. We shifted from a traditional seniority- and lifetime employment-based model to one that places greater weight on results and contributions, and we overhauled our performance evaluation system. The new framework went live this April.

Even so, refining HR systems alone is not enough. We also need a clear talent portfolio for 2030 and 2050: what scale we're targeting, what businesses we'll be in, which specialist roles we'll need, and how many of them. Business strategy and talent strategy are inseparable. Under Mr. Arakawa's leadership, we are redrawing our future business blueprint and translating it into a concrete view of the talent development required to deliver it.



Arakawa: First, we must articulate a robust view of our business in 2030 and 2050, visualize the gaps with where we are today, and map out a credible path to close them.

Only when we clarify the future of the business can we, actually, specify the people, skills, and development methods we'll need. Through that process, I want to shape an organization where each employee can see their own growth as part and parcel of the company's progress.

Our Commitment to the Next 100 Years

Finally, please share your expectations of each other and your commitment toward future.

Ishiwaki: Once Mr. Arakawa initiates action, he adeptly accelerates the process. He brings people along, engages in dialogue, and is, as you can see, deftly reshaping our corporate culture. I truly think his leadership is outstanding.

As head of the sustainability promotion office, I will systematize the many individual initiatives we've had to address social issues and build a companywide mechanism that enables horizontal rollout. I will provide steadfast support so those gears keep turning.

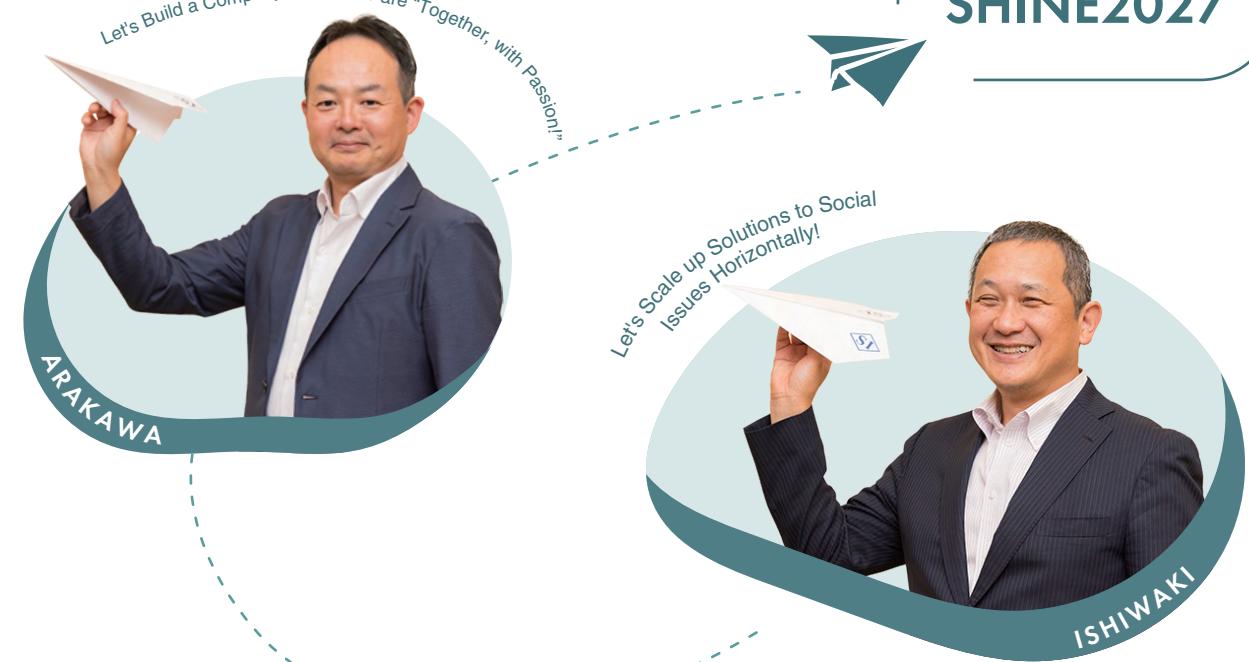
Conversation between the Former and Current Presidents

Arakawa: The foundation Mr. Ishiwaki laid over the three years of the previous medium-term management plan is tremendously valuable. In particular, our employees' strong commitment to social contribution will, I am convinced, be a major strength as we develop our businesses going forward.

Under SHINE2027, with the slogan "Transformation and Execution," we will, as one company, pursue bold new challenges. While cherishing dialogue with our stakeholders, we aim to be a company that inspires everyone, in each of those relationships, to be "Together, with Passion!"

Over time, we also want to bring new stakeholders on board and grow together. With Mr. Ishiwaki, the management team, and every employee united as one, we will firmly lay the foundation for S.ISHIMITSU's next 100 years.

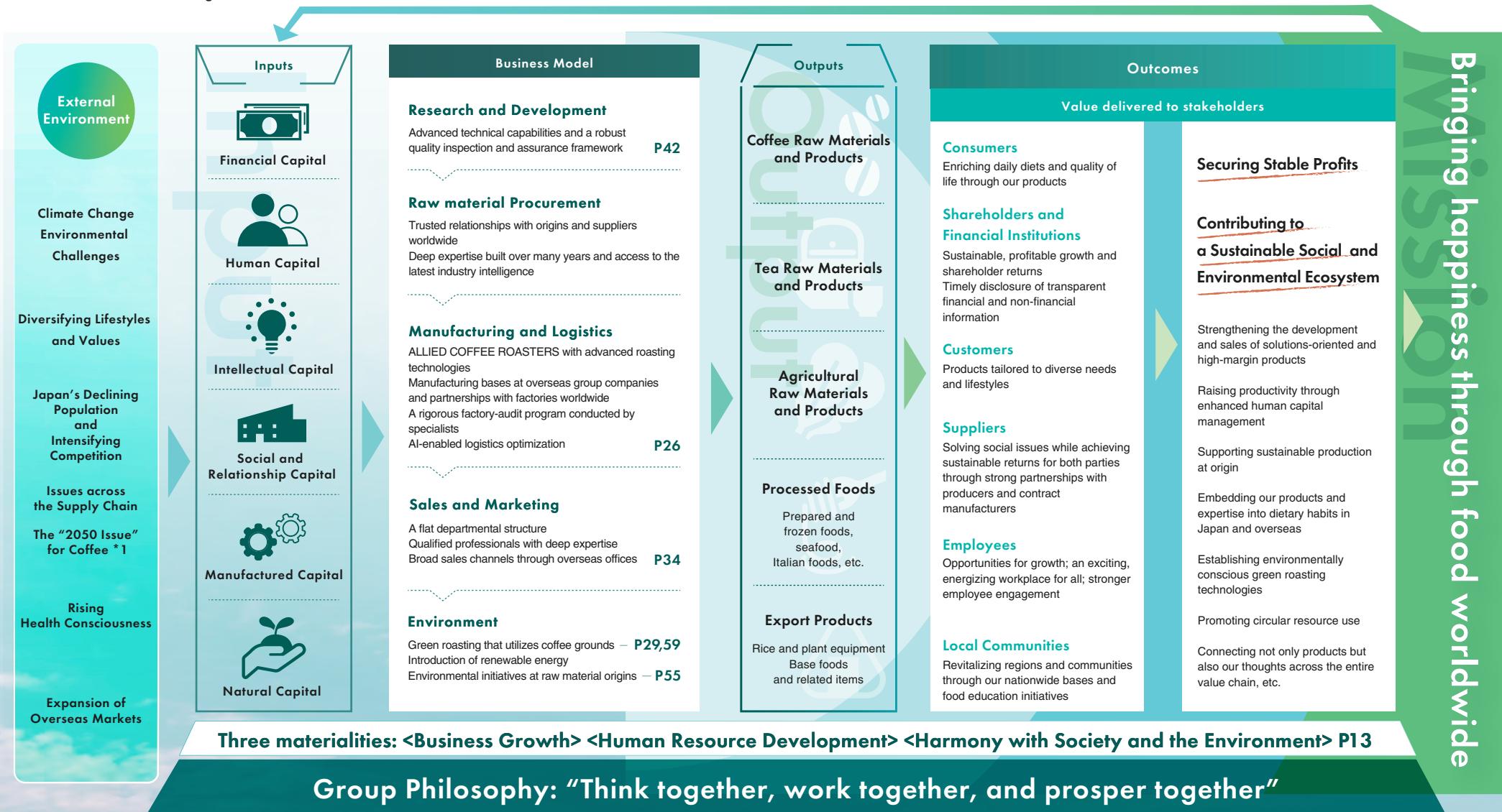
SHINE2027



Value Creation Process of S.ISHIMITSU

Under our Group Philosophy—"Think together, work together, and prosper together"—we pursue our mission to bring happiness through food worldwide.

Aspiring to be a company that endures for more than 200 years, we will keep growing by leveraging our strengths. As we connect happiness in food from upstream to downstream, we aim to solve social issues and realize sustainable management.



*1 Note on the "2050 issue": Climate change and producer poverty may drive farmers to exit coffee production, reducing global output. Arabica, which accounts for roughly 60% of global coffee beans, is projected to lose about half of its suitable cultivation area by 2050 due to global warming. P 27

Our Capitals

Financial Capital



Total assets **¥39,231 million**
Equity ratio **31.2 %**

Intellectual Capital



Patents granted (ACR) **3**
See p.59.
Number of J.C.Q.A.-certified coffee appraisers **10**
Of the 55 certified nationwide, 10 are employees of our Group
From J.C.Q.A. official website, as of January 2025
300+ hold coffee-related employees professional qualifications **95**
*Some individuals hold multiple qualifications

Human Capital



Consolidated number of employees **493**
Women in management **26.1 %**
Employee satisfaction survey score **71.1 %***
Education and training expenses **¥15 million***

*Parent company only

Natural Capital



- Advancing new environmental initiatives grounded in high technical capabilities and expertise, including Green Roasting
- Environmental measures implemented at food and coffee-producing origins

GHG emissions **435,627 (t-CO₂)** Electricity consumption **6,725 mwh** Of which renewable electricity **3,427 mwh**

Social and Relationship Capital



- Trusted partnerships with suppliers worldwide and long-standing relationships across global markets
- Co-creation with production regions and factories in Japan and overseas

Trading with over **40** countries

Extensive sales channels supported by overseas offices in China, Thailand, India, and the United Kingdom

Manufacturing Capital



- Creating new value in coffee through the group's manufacturing functions and technological capabilities (Examples: coffee oil and other value-added products)
- Capable of manufacturing a wide range of coffee products, from industrial to household use

ALLIED COFFEE ROASTERS **4th** in Japan by coffee roasting volume

Source: The Beverage & Food Statistics Monthly, March 2025 issue (Results of 2024)

Materiality Identification Process

Materiality Identification Process of Our Group

In 2023, guided by our mission of “bringing happiness through food worldwide,” the corporate strategy office led cross-sectional workshops with participation from managers and senior executives. Following the steps below, we identified material topics that reflect the environmental and sustainability challenges facing both our group and society.

01 Assessment of Current State

We reviewed our business environment and current initiatives and analyzed linkages with external trends. We also projected social and environmental change through 2050 and investigated issues from a long-term perspective.

02 Discussion of our Future Vision

We explored the desired state of the company and each business department in 2050. Through this discussion, we clarified our direction for sustainability and growth as “a company that supports the future of food.”

03 Setting KPIs for 2030

We defined KPIs for 2030 covering environmental stewardship, competitiveness, talent development, and social contribution, while ensuring feasibility at the operational level.

04 Issue Identification and Consolidation of Materiality Candidates

Based on the 2030 KPIs, we extracted the issues required to achieve them, organized and assessed their importance, and refined materiality candidates that link business growth with societal challenges.

05 Executive Deliberation and Materiality Identification

We conducted internal evaluations of the refined candidates and held in-depth discussions at the key meetings such as Board of Directors. We then finalized our material topics and integrated them into our medium-term vision and business plans.

Materiality of our Group – Three Priority Themes

The materiality topics identified by our group are structured around the following three core themes.



Business Growth and Sustainability

To compete in the next generation, we will strengthen IT governance and develop products that address social and environmental needs. While maintaining robust profitability, we will build a sustainable management foundation that advances both business growth and corporate social value.



Growth of Our People and Sustainability

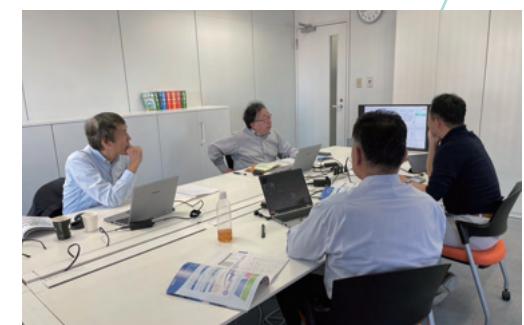
We value each person's learning and choices, aiming to develop the entire organization by starting from individual development. These efforts create a workplace where employees take initiative proactively and keep challenging themselves. Such employees provide a base for growth, stronger engagement, and value creation through various points of view. This supports the company's long-term sustainability.



Harmony with Society and the Environment and Sustainability

We will advance corporate activities grounded in CSV (Creating Shared Value) to address societal expectations and environmental challenges. By building sustainable solutions, we will support business growth while achieving harmony with society and the environment.

Looking ahead, our medium-term management plan SHINE2027, which begins in fiscal year 2025, has been developed based on issues carried over from SHINE2024. We will continue constant discussion with employees, and—under the slogan “Together, with Passion!”—pursue co-created value and deliver on our plan. We will rigorously monitor progress against our materiality and adapt our initiatives in line with changes in the business environment and society. By deepening engagement with stakeholders and incorporating diverse viewpoints into our strategy, we are committed to contributing to the realization of a sustainable society.



Materiality (Material Issues)

Materiality of S.ISHIMITSU Group



Business Growth and Sustainability

- Transformation of the business model by developing high-margin offerings anchored in social and environmental value
- Establishing management practices and resource-management frameworks that consistently generate strong profitability



People (Talent) Growth and Sustainability

- Building a talent development framework that enhances employee engagement
- Broadening choices to foster diversity
Channeling the challenges sparked by that diversity into new outcomes
- Driving learning that enables the creation of new CSV



Harmony with Society and the Environment and Sustainability

- Building mechanisms to preserve natural capital by curbing GHG emissions
- Establishing governance and appropriate disclosure practices for social and environmental issues
- Strengthening dialogue with stakeholders to catalyze new CSV

2030

2030 KPI (Interim Targets)

Business Model Transformation

- Products that address solution of social issues to account for 40% of net sales
- Develop alternatives to products dependent on dwindling resources.
- Establish viable solutions to coffee's "2050 problem."
- Increase the share of sales from overseas markets.

Management Method Reform

- Achieving targets for operating income, net income, operating margin, ROE, and ROIC under the medium-term management plan
- Establishing digital systems for demand forecasting and inventory reduction

HR System Reform

- Realigning HR systems to capitalize on individual strengths
- Establishing a talent management system

Human Capital Development

- Implementing mechanisms to measure the efficiency and effectiveness of human capital investments
- Raising employee satisfaction above the average level
- Achieving 30% ratio of women in management and a 3.0% employment rate for people with disabilities

GHG Reduction

- Products that address social issues to account for 40% of net sales
- Achieving net zero for Scope 1 and 2; reduce Scope 3 by 30% (versus FY2021)
- Setting GHG reduction targets in logistics
- Establishing KPIs for packaging materials (material volumes used in production)

Establishing Management Methods

- Identifying issues in "society," "human rights," and "environment," and establishing quantitative management under the ISO 14001 framework

Dialogue and Disclosure

- Establishing methods to strengthen continuous improvement cycles through stakeholder dialogue
- Establishing methods to build trust through transparent information disclosure

2050

2050 KGI (Ultimate Goals)

- Products that address solution of social issues to account for 50% of net sales
- Building a sustainable business model
- Achieving carbon neutrality
- Overcoming the 2050 problem of coffee
- Raising the share of sales from overseas markets to 50%
- Securing competitive advantage through advanced digitalization

- Developing global talent anchored in core businesses
- Elevating employee satisfaction to a top-10% level
- Achieving gender balance
- Achieving parity in management position ratio by gender and nationality, and eliminating pay gaps

- Products that address solution of social issues to account for 50% of net sales
- Achieving carbon neutrality

Medium-Term Management Plan: SHINE2027

To realize our 2050 vision of becoming a distinguished food group recognized worldwide, we will first establish ourselves by 2030 as a highly regarded food group in Japan. To this end, we are launching our new medium-term management plan, SHINE2027.

We will advance “transformation and execution” based on three pillars: business model, engagement enhancement, and governance.

Guided by our purpose—to create more and greater happiness through food—we will pursue these initiatives.

SHINE 2027

—Theme—

Reform and Execution

Business Model

Governance

Engagement Enhancement

SHINE
2024

2022



SHINE 2030

A Food Group Highly
Regarded in Japan

2050

A Food Group Highly
Recognized Worldwide

Mission

Bringing happiness through food worldwide

Medium-Term Management Plan: SHINE2027

The Intent behind SHINE

Inspired by the "Shine" in our corporate name

Determined to be a "Shining Presence" in the coffee and food industries of the future

Enabling every employee to "Shine" in their work

Sustainable

Building a Sustainable Future

Happiness

Bringing Happiness through Food Worldwide

INnovative

Driving Innovation in All our Activities

Engagement

Raising Engagement across our Organization and Stakeholders

SHINE 2027 Targets (By the end of FY2027)

Net Sales	¥ 74,000 Million
FY2024 Actual	¥ 64,953 Million

Operating Income	¥ 2,250 Million
FY2024 Actual	¥ 1,557 Million

Operating Margin	3.04 %
FY2024 Actual	2.4 %

Net Income Attributable to Owners of Parent	¥ 1,270 Million
FY2024 Actual	¥ 888 Million

ROE	8-9 %
FY2024 Actual	7.84 %

ROIC	4-5 %
FY2024 Actual	3.84 %

PBR	1.0 X or Higher
FY2024 Actual	0.56x

Consolidated Dividend Payout Ratio	30 % or Higher
FY2024 Actual	25 %

Overseas Sales Ratio	25 % or Higher
FY2024 Actual	17 %

Message from the Newly Appointed Director

A proven professional in organizational culture reform, Director Hayasaka will lead our next wave of change

My Journey as a Specialist in Organizational Reform

I have worked at operating companies in organizational culture reform, organizational development, and sales management. The project on culture reform at my first employer, a major beverage company, became the foundation of my career.

After that, I worked to build a strong corporate brand through brand strategy, with a special focus on internal branding. Leveraging that experience, I joined a coaching firm that specializes in organizational development through coaching. As an executive coach, I worked with many CEOs and senior leaders. At the coaching firm, I supported leaders in various industries. One of those clients was S.ISHIMITSU. Last year, I ran a six-month program here as an external coach.

From External Coach to Board Director

Well, my aim is to expand the program I led as an external coach last year throughout the organization, in collaboration with the management team. Personally, I feel that S.ISHIMITSU invited me to join the Board because the company has a strong will to change, even after almost 120 years. Since our founding, we have evolved our business in line with the times and have welcomed new technologies and new ideas. You can, I believe, actually see that same mindset in this appointment.

Why We Set up the Department Of Business Transformation

In the spring of 2025, we established the department of business transformation under my leadership. The business environment is changing fast. We need to read market trends, adapt with agility, and aim for sustainable growth. The key point is that we chose "BX," not "DX." Our goal is not only to bring in digital tools. It is to drive large-scale change in our strategy, culture,

and processes across the whole company. My background in culture reform, I mean, shapes this broader view of transformation.

Our concrete priorities include: advancing Sales DX, optimizing support functions, and implementing group-wide shared services for back-office operations. Let me explain Sales DX a bit more. Sales is the end-to-end process, from sourcing products to finding customers. Today, the control of this process is not working well enough. So first, we will build the basic system. Step one is to introduce a customer relationship management (CRM) system and use business intelligence (BI). With data-driven analysis, we will build a more strategic sales approach. In the next step, we will introduce marketing automation (MA) for inside sales to strengthen new customer development.

However, the most important part is people and the organization. Along with technology, we will work hard on culture reform as our base. I believe that only with this foundation in place, we will be able to create an organization that achieves both efficiency and a sense of fulfillment in work.

Toward the Next Evolution of a 120-year Company

For a company with almost 120 years of history, to invite an external expert to the board shows a strong will to change. It is also an important step toward the next 100 years.

We will keep and grow the trust we have built with our customers over many years. At the same time, through business transformation, we will move to a stronger, high-earning business model. From my position, I can see both the outside view and the inside reality. I will utilize this advantage to look at the strengths and challenges of S.ISHIMITSU with an objective eye and drive a real change. As you know, true transformation happens when people and technology work together. I would like to build such a transformation, together with all of you.



Director and
Head of Department of Business Transformation

早坂 めぐみ
Megumi Hayasaka



Nearly 120 years have passed since our founding in 1906. One reason S.ISHIMITSU has continually overcome the changes of the times is our corporate culture of flexibly embracing new ideas from outside.

This spring, our new director, Ms. Megumi Hayasaka, became a clear symbol of that spirit. As an expert in organizational culture reform and coaching, she is bringing fresh energy to S.ISHIMITSU. We spoke with Director Hayasaka about her career and her hopes for S.ISHIMITSU.



Message from the Newly Appointed Director

Director and
Head of the Management Strategy Office

寺岡 康夫

Yasuo Teraoka



Mr. Teraoka was appointed a new board member in June 2025. He intends to increase S.ISHIMITSU's corporate value by using his over 40 years of considerable finance sector knowledge and broad market relationships. What future does Mr. Teraoka see for S.ISHIMITSU, after a diversified career that includes asset-liability management at a long-term finance specialist bank, an IPO at a life insurance firm, and an integration project at ALLIED COFFEE ROASTERS?

Leading Corporate Value Creation through Dialogue with the Market — Leveraging Deep Finance and IR Expertise to Propel S.ISHIMITSU's Growth Strategy

A 40-year Career at the Nexus of Markets

Over a career spanning more than four decades, I began at a long-term credit bank—one of only three such specialized institutions in Japan at the time—where I spent approximately 17 years. My experience included overseas study and a five-year posting in London. A particularly significant experience was overseeing the bank's asset-liability management (ALM), where I was deeply involved in large-scale asset operations. During the financial crisis, I worked on partnership projects with global financial institutions and helped establish a joint venture, gaining invaluable exposure to international best practices.

I later moved to a life insurance company, where I contributed to Japan's first demutualization of a life insurer. As part of a major group integration in the life insurance sector, I spent three weeks on a global roadshow presenting to overseas investors ahead of the IPO and subsequently served as IR section manager at the integrated company—experiences that proved highly informative. I then led investment operations, and amid a broader industry shift toward overseas deployments by Japanese life insurers, I participated in equity investments in life insurance companies in Germany and Australia. I also served as a corporate auditor and later as a director with supervisory responsibilities, gaining broad exposure to group-level management and oversight.

A New Challenge within the S.ISHIMITSU Group

In 2023, I joined TOKYO ALLIED COFFEE ROASTERS, a subsidiary of S.ISHIMITSU. In October 2024, we completed the integration of the EAST and WEST ALLIED COFFEE ROASTERS entities. Being part of that integration project was a highly valuable experience.

My nearly two years in the subsidiary gave me a practical understanding of the S.ISHIMITSU Group's business structure and management challenges. Viewing S.ISHIMITSU—the parent company—from the perspective of a subsidiary allowed me to objectively identify group-wide strengths and areas for improvement. This perspective now serves as a solid foundation for shaping future management strategy.

A Corporate Value Enhancement Strategy Grounded in the Voice of the Market

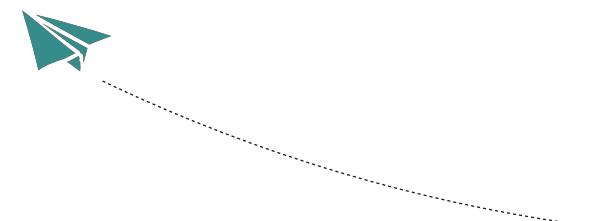
As a director, I oversee corporate strategy, overseas businesses, and finance and accounting. Above all, my primary mission is to enhance corporate value. In practical terms, this means increasing our market capitalization—ultimately reflected in a stronger share price.

While S.ISHIMITSU is currently listed on the TSE Standard Market, we are building a framework on par with Prime Market companies. Strengthening our organizational capabilities and elevating corporate communications and investor relations are essential so that external stakeholders develop an accurate understanding of S.ISHIMITSU—translating that understanding into share price appreciation.

Because a listed company's share price is continually tested by the market, listening closely to the voice of the market is critical. Leveraging the strength gained from 40 years of market engagement, I believe my key role is to accurately grasp the perspectives and expectations of shareholders and investors, and to convey these to internal management meetings, directors, and relevant stakeholders.

Determined to Deliver on SHINE2027

Our immediate focus is to achieve the quantitative targets set out in SHINE2027, including a price-to-book ratio (PBR) of at least 1.0x. Such goals cannot be attained by profit generation alone; they depend fundamentally on external evaluation. That is precisely why we will communicate widely, carefully, and clearly to build deeper understanding among stakeholders. Leveraging my more than 40 years of experience in finance and my strong ties to the market, I am committed to leading the effort to enhance S.ISHIMITSU's corporate value.



Financial Policy—A Conversation

石光商事株式会社



Charting S.ISHIMITSU's Future: Advancing to a New Stage of Sustainable Growth and Value Creation

Steering toward the future—SHINE2027, our medium-term management plan launching in April 2025, sets a new course. Director Teraoka, who frames the long-term vision from a strategic vantage point, and Mr. Sugawa, a seasoned practitioner who lets the numbers speak, sat down to discuss the bold next chapter for our storied company.

Results of SHINE2024 and Remaining Challenges

From a financial standpoint, how do you assess SHINE2024?

Sugawa: Just before SHINE2024 commenced, we reported an operating profit of around ¥0.6 billion and ROE in the 5% range. From that base we set an ambitious goal of ¥1.2 billion in operating profit—our first-ever attempt to cross the ¥1.0 billion threshold. As a result, we revised the target upward mid-course and still came in above the new figure, delivering ¥1.5 billion in operating profit. ROE and ROIC also landed within their target bands. While challenges remain, I would say we achieved solid, measurable progress.

Teraoka: The numbers tell that story, and I agree. Actually, one of the standout achievements in this period was the merger of "EAST" and "WEST" ALLIED COFFEE ROASTERS. Integrating companies with distinct cultures and business models presented significant challenges, but progress has been steady since the October 2024 merger, and we are now seeing strong revenue growth. Our new plant project is also progressing well. Together, these initiatives are becoming growth drivers for the entire Group.

What do you see as the key drivers of success?

Sugawa: We faced tough external headwinds—the weaker yen and a surge in coffee prices. Even so, our product proposals tracked market needs closely, and our sales teams succeeded in negotiating fair pricing with customers. The post-COVID recovery in the foodservice sector and the rebound in inbound tourism also provided a tailwind. Overseas, strong growth in the coffee business at our China subsidiary contributed significantly to top-line expansion.



Financial Policy Dialogue

On the other hand, what challenges did you face, and how do you view them?

Sugawa: The biggest challenge was that we fell short of our price-to-book ratio (PBR) target of 1.0. Under SHINE2027, we recognize we'll need more forceful measures on this front. In our overseas investments, results in the fiscal years that ended March 2024 and March 2025 came in below our expectations. We had, of course, conducted rigorous due diligence at the time of each decision, but responding to external factors—such as local economic slowdowns and tougher competitive landscapes—proved challenging. In addition, in the fiscal year ending March 2025, working capital increased amid a sharp rise in coffee prices, and operating cash flow turned negative. We intend to restore operating cash flow to positive territory on a stable, ongoing basis and, on that foundation, advance growth investments while delivering appropriate shareholder returns.

Teraoka: Actually, I have recently taken over responsibility for the overseas business as well. We will analyze our existing investors and develop a future action plan. I intend to use the knowledge I've gathered from previous investment experiences in guiding future judgments so that we can execute investments with more assurance.



A Clear Shift to “Profit First”

Under SHINE2027, where will you place the greatest emphasis?

Teraoka: After extensive discussion among the directors, we decided to state “profit-first” more explicitly as a management objective starting this fiscal year. Historically, net sales carried substantial weight in executive performance targets. From here on, profit will take precedence. By steadily building earnings, we aim to enhance our market valuation. Leveraging the distinct strengths of our four business segments—coffee, food, agricultural products, and overseas—we'll stay close to customer needs and expand our businesses.

Sugawa: I think what really matters is improving capital efficiency. To that end, we'll move forward on three fronts:

First, strategic growth investments. We will focus on high value-added product development at the Ono Plant and expand our export business by making full use of our overseas bases. Second, better cost control through digitalization and greater visibility in indirect expenses. This will lift operating efficiency. Third, we will focus on investing in human capital, particularly by enhancing employee engagement.

On digitalization to improve operational efficiency, what specific initiatives are you pursuing?

Teraoka: In April, we set up the department of business transformation. We've assigned dedicated staff and are moving quickly. By reviewing and streamlining our business processes, we aim to significantly raise productivity. This should, in turn, drive cost reductions and improve the quality of our earnings. Through these efforts, we intend to strengthen the company's overall resilience.

And for the overseas business, what targets have you set under SHINE2027?

Teraoka: SHINE2027 sets a goal to lift the overseas sales ratio from the current 17% to 25% in the fiscal year ending March 2028. It's an ambitious target. Rather than simply increasing exports, we'll energize our existing overseas investees and leverage them to grow the overseas share.

Value Creation Driven by Capital Efficiency

You have introduced ROIC management. How is progress so far?

Sugawa: ROIC management is a way of running the business with a clear focus on the cost of capital—an essential initiative to drive both business expansion and corporate value. Under SHINE2024, we first concentrated on building understanding among our senior staff.

Concretely, for six months, each executive calculated their department's ROIC and reported the underlying drivers every month. Because business models and invested capital profiles differ by department, we also established mechanisms to regularly monitor ROIC and WACC at the business level.



Financial Policy Dialogue

Teraoka: Well, ROIC is a critical benchmark in our investment decisions. We set a defined hurdle rate and use ROIC as a tool to invest only in opportunities that clear that standard. This idea, you see, is to ensure our investments exceed the cost of equity expected by our shareholders and investors, and to avoid low-return projects that would fall short of those expectations.

Over the past several years, this approach has, to a fair extent, taken root across the organization. The next stage is to embed shareholder and investor expectations more deeply and make sure every employee understands what actions will truly enhance corporate value.



Under SHINE2027, how do you plan to leverage ROIC?

Sugawa: Under SHINE2027, we will use ROIC to drive optimization of the business portfolio and to deliver long-term value creation and consistently strong performance. Rather than stopping at a profit-and-loss plan, we will improve corporate value by allocating resources—people, equipment, capital, and time—more effectively. Up to now, our use of ROIC has focused mainly on analyzing past performance. Going forward, we intend to use it proactively this indicator as a forward-looking investment decisions.

Roadmap to Achieving a PBR of 1x

What steps are you considering to reach a price-to-book ratio (PBR) of 1x?

Sugawa: Our PBR still sits below 1x. Internally, we estimate our cost of equity at around 6.5%, and our recent ROE has been in the mid-7% to 9% range, so we are marginally above our assumed cost of equity. That said, we have not yet been able to consistently reach the market benchmark of roughly 8%.

By way of background, before SHINE2024 our ROE was in the 5% range, below our cost of equity. Also, our current PER is around 7x, which is low, suggesting the market has not fully recognized our growth potential. We need to strengthen how we communicate our strategy to enhance investor expectations.

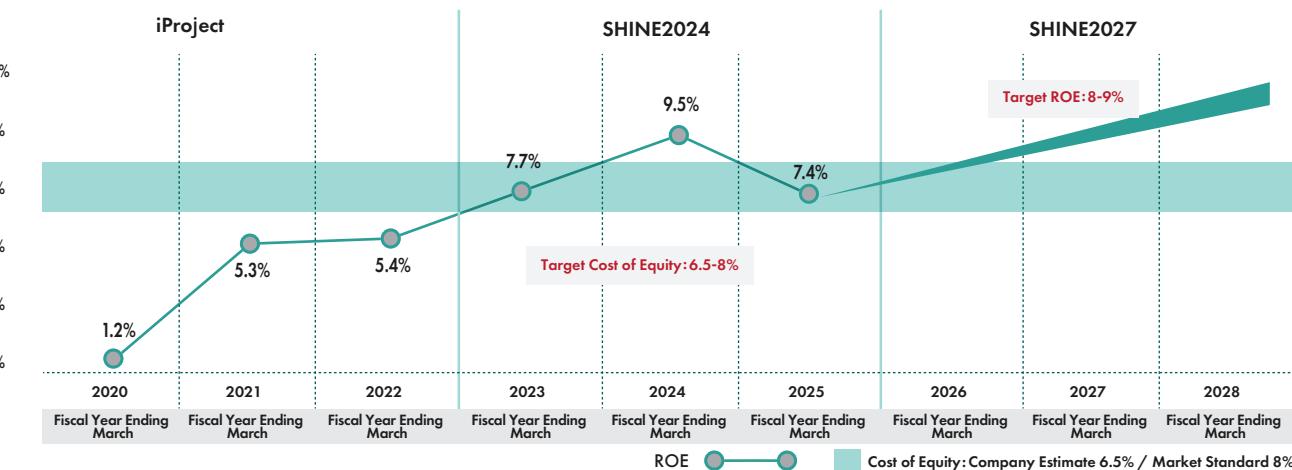
Teraoka: That analysis is spot on. First and foremost, we will focus on improving profitability. ROE of 8% is a key threshold for us, and in SHINE2027 we are targeting 8–9%. If we can steadily lift ROE at that level in a sustainable manner, we believe market perceptions will improve and, as a result, the valuation of our shares will follow.

Concretely, how will you raise ROE?

Sugawa: ROE can be decomposed into three drivers: net profit margin, total asset turnover, and financial leverage.

As for net profit margin, we will steadily execute the SHINE2027 agenda—accelerating our global expansion and shifting our portfolio toward higher-margin products—to further strengthen our earnings power. For total asset turnover, tighter working capital discipline is essential, as foreign exchange rate trend and commodity price spikes have inflated working capital. We will also channel growth investments into opportunities with superior capital efficiency and raise the bar for investment approvals to ensure assets are deployed effectively. Regarding financial leverage, while ensuring financial soundness, we will strategically use borrowings to drive sustainable, long-term expansion and maintain a balanced capital structure.

Return on Equity (ROE) Cost of Equity



Are there any new initiatives underway to improve market valuation?

Teraoka: To keep management focused on our share price, we've added a share-price metric to executive performance targets. Despite debate among directors, this formal target, starting this fiscal year, should drive share-price-conscious management aimed at achieving a PBR of at least 1x.

We'll simultaneously raise profits, demonstrate tangible growth, and enhance IR and corporate communications for accurate, timely disclosures including our medium- to long-term strategy. These efforts should help us reach our goals.

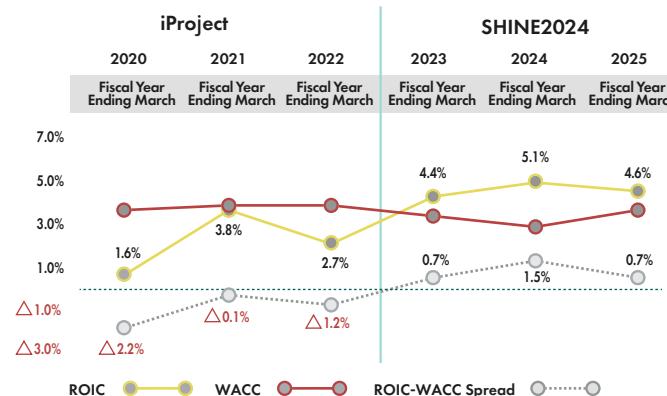
Balancing Sustainable Growth and Shareholder Returns

You revised your dividend policy beginning with the fiscal year ending March 2026. What was the intent?

Sugawa: We raised our consolidated dividend payout ratio from 25% to 30%, and our medium-term target is 30% or higher. The aim is to enhance corporate value with a clear eye on our cost of capital.

We will balance long-term growth investment while widening ROIC-WACC and ROE-cost of equity spreads to increase shareholder and corporate value. After allocating capital for growth, remaining funds will be returned to shareholders.

Return on Invested Capital ROIC WACC



Teraoka: By placing greater emphasis on shareholder returns, we intend to earn stronger recognition from investors and support an appreciation in our share price. Many companies target payout ratios in the 40–60% range, but our subsidiary ALLIED COFFEE ROASTERS is currently constructing a new plant with a total investment of roughly ¥4.8 billion, which is quite significant relative to our group's shareholders' equity of about ¥12 billion.

Given attractive growth opportunities like this, we are setting the payout ratio at 30% now but will keep further enhancements to our return policy in view over time.

So, you are open to a higher level of returns in the future?

Teraoka: Once our current growth investments reach a steady state and earnings are firmly higher, we will pursue additional shareholder returns. We will evaluate a range of financial strategies—including share buybacks—as options to improve returns from a shareholder's perspective.

Value Co-creation with Stakeholders

Finally, do you have a message for your stakeholders?

Sugawa: Thank you, as always, for your support of our group. As the accounting & corporate finance department, our mission is to prioritize financial transparency and uphold sound corporate management. Even amid intense global competition, we will continue to take on challenges and work tirelessly to meet your expectations.

Teraoka: I joined S.ISHIMITSU this year, and I've come to appreciate anew that this is a company with more than a century of history—it will celebrate its 120th anniversary next year—one that has steadily generated profits and maintained a healthy financial position.

From our origins in the coffee business, we have steadily expanded our portfolio into food, agriculture, and overseas operations. We will do our utmost to ensure these strengths are properly understood and reflected in our valuation. And to all our stakeholders, we ask you to stay with us for the long term—together, all in!



FY2024 Results

Net Profit
¥8,453 Million
(YOY 102.6%)

Net Sales
¥64,953 Million
(YOY 101.4%)

Total Assets
¥39,231 Million
(YOY 106.9%)

Food Business

34.5%

Coffee & Tea Business

37.9%

Overseas Business

16.5%

Agri-products Business

11.1%



Market price of coffee reached record highs, and supply concerns persisted throughout the year. Even so, we advanced price pass-through and continued to propose value-added offerings. Consequently, the coffee&tea department group achieved results that exceeded our expectations.



The expansion of the Japanese food market in the UK and EU drove higher sales. Our focus on consumer products also paid off, with strong growth in the US and Taiwan contributing to overall performance. Conversely, our China subsidiary faced a decline in sales due to economic headwinds, elevated coffee prices, and intensified competition.



In FY2024, the food department was reorganized into product and sales departments. The product department focused on marine, frozen, and processed foods, prioritizing procurement and container-load sales. The sales department reinforced smaller-lot sales via wholesalers. Despite higher costs and Yen depreciation leading to price increases, strong sales allowed us to meet our sales and profit budget.



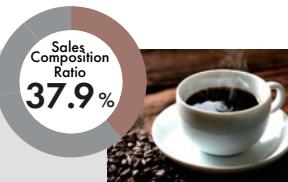
Domestic sales of imported and domestic agricultural products remained solid. Alongside active development of new customers and introduction of new products, higher unit prices driven by a surge in Chinese burdock—one of our core items—and swift emergency imports of Chinese cabbage, green onions, daikon, and other items in response to winter spikes in domestic fresh-vegetable prices helped us meet targets for both sales and profit.



Business Strategy

Coffee & Tea Department

Net Sales Profit:
¥ 3,497 Million



Strategy

In Japan, we will advance social contribution—centered on reducing greenhouse gas (GHG) emissions—and business growth in tandem, without trade-offs. Leveraging long-standing relationships with suppliers, we have already begun concrete GHG reduction initiatives in key coffee-producing regions such as Brazil and Colombia, as well as in major tea-producing countries including India and Sri Lanka. Building on these efforts, we will expand sales of high value-added specialty products and establish a new business model for coffee and tea.

Overseas, we will accelerate sales primarily through our group companies: S. ISHIMITSU & CO. (SHANGHAI) LTD. (Shanghai), THAI ISHIMITSU (Thailand), and A.Tosh Ishimitsu Beverages India Private Limited (India). We place top priority on acquiring new customers, increasing the frequency of client engagement, and revamping our sales talent development programs.

Strengths

By assigning area managers with deep expertise in each origin country, we ensure swift response, stable supply, and enhanced value. In collaboration with our overseas group companies—S. ISHIMITSU & CO. (SHANGHAI) LTD. (Shanghai), THAI ISHIMITSU (Thailand), and A. Tosh Ishimitsu Beverages India Private Limited (India)—we generate synergies in both imports and exports, enabling global expansion.

In Japan, beyond selling raw materials, we offer roasting through our group company ALLIED COFFEE ROASTERS and blending at contract factories, allowing us to support tailored flavor creation, quality improvement, and cost optimization in line with customer needs.



Head of the Coffee & Tea Department
金井 泰秀 Yasuhide Kanai

Overseas Business Department

Net Sales Profit:
¥ 1,102 Million



Strategy

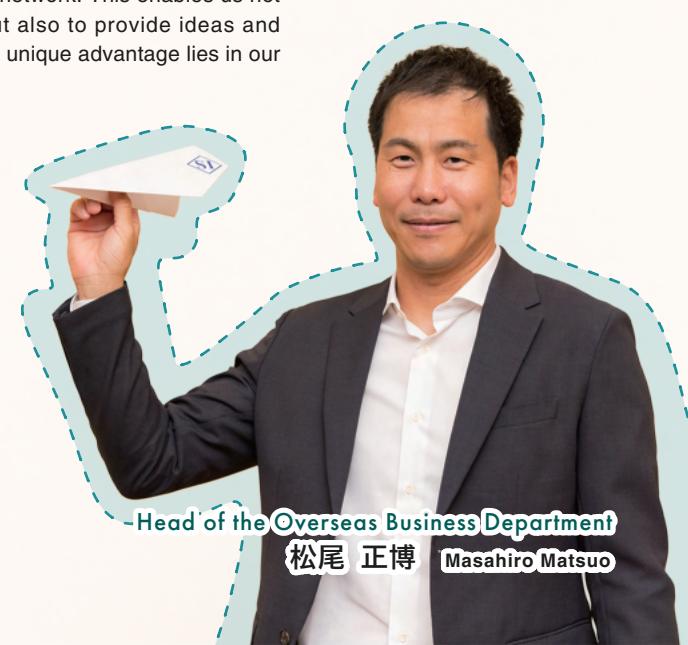
Guided by our mission to "Bringing happiness through food worldwide", we export Japanese food products to markets across the globe and promote Japanese food culture through local restaurants and retailers. Our joint venture, Atariya-Ishimitsu UK Limited (UK), imports and distributes foods from Japan and around the world, processes and sells seafood products, and operates restaurant outlets. Through these activities, we are embedded in local lifestyles and provide authentic experiences of Japanese cuisine and culture.

As the global market for Japanese cuisine continues to expand, we are deepening collaboration across our locations and with business partners to drive mutual growth. In FY2024, we focused on improving business processes to deliver faster, higher-quality service. We also strengthened collaboration with agricultural producers and local industries through our export operations, advancing initiatives that address social challenges. In FY2025, we will further accelerate these efforts, infuse them with our distinctive strengths, and pursue additional business growth.

Strengths

We have built extensive experience and a strong track record in exporting Japanese food, supported by a broad network. This enables us not only to handle a wide product lineup but also to provide ideas and proposals that facilitate local adoption. Our unique advantage lies in our ability to translate the latest consumer trends and proven products from our domestic business into overseas markets.

We actively develop offerings with new value tailored to local regulations and tastes, such as seafood highly regarded by domestic restaurant chains and Japanese beverages adapted to local preferences beyond exporting existing products. Looking ahead, we will strengthen collaboration among our bases in Japan, the UK, Thailand, and China, as well as with partners worldwide, to deliver value-added products and services aligned with each market's business practices, regulations, and trends, thereby unlocking new potential for Japanese cuisine.



Head of the Overseas Business Department
松尾 正博 Masahiro Matsuo

Food Business Department

Net Sales Profit:
¥3,026 Million



Strategy

The food business department is a newly established organization formed by integrating the food sales department and the food product department to build an end-to-end framework from product development through to sales. This strategy aligns with our SHINE2027 plan, advancing the following priorities:

1. Strengthen profitability and transform the business model: focus on high-margin products and transactions, rigorously manage profitability by product and by customer, and phase out low-margin items to raise overall margins.
2. Accelerate social value creation: pursue both lower environmental impact—including GHG reductions—and improved profitability, while developing and expanding products that address social issues. We target a 30% reduction in GHG emissions by 2030.
3. Elevate people value: cultivate talent that integrates product development and sales capabilities, enhance engagement by energizing the organization, adopt servant leadership, and build a diverse workforce.

Through these initiatives, we will move beyond our traditional business model and transition to a high value-added approach.

Strengths

A key strength is the integrated system spanning from product development to sales established through organizational restructuring.

Another differentiator is strong, deepening relationships with strategic customers.

We prioritize regular business reviews, multi-tier engagement, tastings, and joint sales activities to foster close, lasting partnerships.

We're also proactively developing and marketing products addressing social issues, aiming for a ~20% share of divisional sales by 2027. Simultaneously, we're advancing environmental initiatives, including shifting production to renewable energy facilities, reducing packaging, and transitioning to recycled materials.

Finally, structured talent programs—OJT, Off-JT, the Hometatsu (praise-based development) program, and study abroad programs—support ongoing skill development and higher employee engagement, which form a core divisional strength.

Head of the Food Business Department
北川 克史 Katsushi Kitagawa



Food Business Support Department

Strategy

We are advancing digital transformation (DX)—including automation of order processing, inventory control, and logistics cost management—to raise productivity and accuracy. By optimizing logistics, we aim to improve business profitability and reduce GHG emissions.

We aim to enhance internal engagement by translating sales support into tangible results.

Strengths

We undertake a wide range of tasks that enhance the efficiency of overall sales activities. PC skills, communication skills, schedule management skills, adaptability, customer service skills, and knowledge and understanding of services and products are required to conduct business operations smoothly. We also streamline complex or low-productivity ancillary work and continuously refine workflows. Above all, many members sense real purpose in supporting others and this is an important strength of our department.



Hosting the New Saiko-kai



The Saiko-kai was founded in 1980 to strengthen partnerships with our business partners and pursue sustainable growth.

Relaunched in 2021 as the "New Saiko-kai," it continues to be hosted annually by each business unit.

Head of the Food Business Support Department
安場 育子 Ikuko Yasuba



Business Strategy

Agri-Products Department

Net Sales Profit:
¥826 Million



Strategy

Focusing on fresh and processed vegetables from domestic and international sources, our team uses an end-to-end model where each manager oversees the entire process from procurement to sales. We prioritize onions, burdock, carrots, bamboo shoots, lotus root, and chili peppers as core items, committed to expanding market share in these categories.

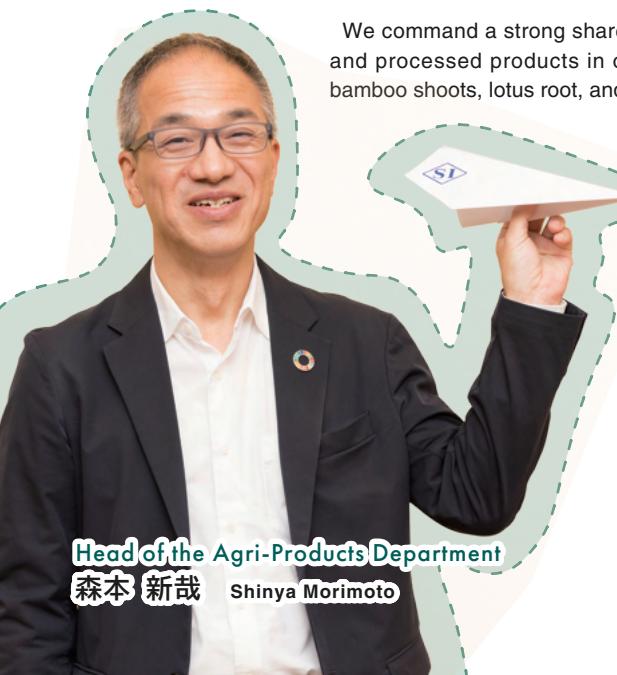
Our mission is twofold: to leverage expertise ensuring a stable supply of value-added fresh and processed vegetables globally and from Japan, and to advance initiatives creating positive social impact. These include creating employment for individuals with disabilities in China, promoting circular agriculture—like using compost from fermented vegetable residues at our farm—and developing products addressing social issues, including reducing greenhouse gas emissions and promoting greening with environmental and ecosystem awareness.

Strengths

We command a strong share in Japan for imports and sales of raw materials and processed products in our core categories—onions, burdock, carrots, bamboo shoots, lotus root, and chili peppers. For these and other items, specialists regularly visit production regions, maintain close communication with suppliers, and proactively listen to customer needs and pain points. This enables us to propose value-added products aligned with market conditions and demand both in Japan and overseas.

In addition, our extensive market intelligence—rooted in dialogue with users, suppliers, and all stakeholders—combined with a stable supply framework backed by amicable and robust relationships of trust with suppliers, constitutes a key competitive strength.

Head of the Agri-Products Department
森本 新哉 Shinya Morimoto



TOPIC

Supermarket Trade Show

February 12–14, 2025: We Exhibited at the 59th Supermarket Trade Show 2025 | Venue: Makuhari Messe
Three-day attendance: 75,858 (including co-located events and repeat visitors)

This trade fair disseminates the latest information for the food distribution industry, focusing on supermarkets, and attracts diverse buyers: national retailers, wholesalers/traders, meal-solution providers, and foodservice operators. S.ISHIMITSU exhibited with a joint booth by its agricultural products and food business department. Our theme—"Sharing the Joy of Food, Past, Present, and Future: A Story of 100 Years of History"—highlighted each product's story, from development to creator passion. We showcased canned tomatoes, pasta, vegetable chips, and foodservice chicken and shrimp. Overseas suppliers joined us to present product strengths and their stories.



ALLIED COFFEE ROASTERS Co., Ltd.

Aspiring to lead the industry as a company that continually unlocks the many dimensions of coffee's value



ALLIED COFFEE ROASTERS



Company Overview

We are a dedicated roast-and-ground coffee manufacturer that executes every step in-house—from carefully sourcing beans from leading origins around the world to roasting, blending, grinding, and packaging. Our annual roasting capacity is approximately 20,000 tons. We supply coffee ingredients for canned and chilled ready-to-drink products; serve the foodservice sector, including quick-service and family restaurants; support cup vending machines and office coffee services; and provide a wide range of consumer products. Built on decades of roasting expertise and rigorous quality control, we reliably deliver high-quality coffee tailored to diverse moments and needs.

Vision Our Vision

- ◆ A company needed and chosen by the local community
- ◆ A high-volume coffee company committed to people and nature
- ◆ A workplace where employees pursue their duties with pride and purpose



External Environment

Global coffee consumption has doubled over the past four decades—from around 5 million tons in 1980 to roughly 10 million tons in 2020—cementing coffee's place as a beverage loved worldwide. Japan ranks as the world's fourth-largest coffee-consuming nation. While the pandemic curtailed out-of-home consumption in cafés and restaurants, the shift to working from home expanded at-home demand. Coffee culture is taking deeper root across a broad demographic spectrum, from younger consumers to seniors and from convenience seekers to discerning enthusiasts.

As product development and recipe innovation advance for distinct target segments, consumers are increasingly choosing eco-friendly options and sustainably certified coffees, recognizing that their purchasing decisions can contribute to environmental conservation.

In Japan, Arabica-based roast-and-ground coffee is especially preferred, and our portfolio reflects this demand. We select high-quality beans from major producing countries, then roast, blend, grind, and package them to offer solutions precisely aligned with customer requirements. As a group, we safeguard stable procurement by visiting origins, engaging directly with local stakeholders, and continuously updating our market intelligence—enabling disciplined, well-informed sourcing decisions.

Addressing the challenges associated with the 2050 problem will be paramount. In addition to our ongoing environmental initiatives, such as advancing greener roasting practices, we will leverage our core strengths in research, analysis, and roasting technologies to create value that goes beyond price.

SDGs ACR's Environmental Commitments

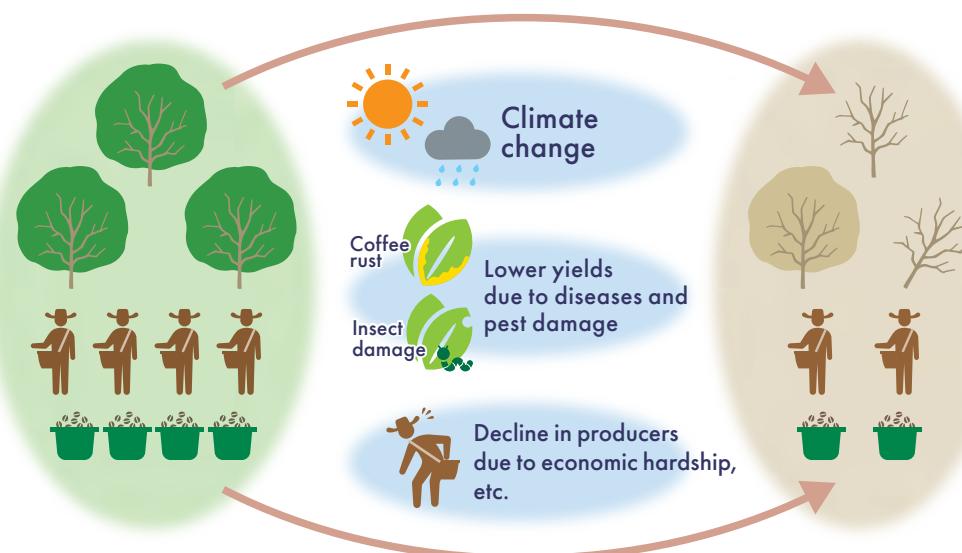
- ▶ Powering all factories with 100% renewable energy
- ▶ Using carbon-neutral gas as the primary fuel for roasting
- ▶ Communicating our sustainability and SDGs initiatives through our website



The 2050 Problem

While global coffee consumption continues to rise, coffee bean production is trending downward due to climate change and producers leaving the sector amid persistent poverty. Arabica, which accounts for roughly 60% of global production, thrives in high-altitude regions with clearly defined rainy and dry seasons. As global warming progresses and seasonal distinctions blur, the area suitable for Arabica cultivation is projected to shrink by half by 2050.

According to World Coffee Research (WCR), rising temperatures and humidity linked to climate change are accelerating outbreaks of coffee leaf rust and drought. Regions once well-suited to coffee are becoming less viable for cultivation. Moreover, Arabica production is dominated by smallholders who rely heavily on manual labor. Volatile coffee prices and deteriorating farm economics are prompting more producers to abandon coffee altogether.



Based at our globally recognized "Food Safety Model Plant," we will promote the creation of added value through environmentally conscious initiatives (at the new plant).

Sales Strategy

Creating Added Value
Expanding Sales of New Products



Product Strategy

Global Requirements
Differentiation through New Innovation Seeds



Supply Chain Strategy

Expanding Production Bases and Improving Productivity
Optimizing Production Base Operations

Our Strategy

Following our integration on October 1st of 2024, FY2025 marks "Year One" for ALLIED COFFEE ROASTERS (ACR), when construction of our new Ono Plant begins. As a company dedicated to coffee, we invest in research and marketing to continually explore new value and new possibilities. Our aim is to become the first name that customers think of—"If it's about coffee, ask ALLIED."

Sustainability has become a daily imperative for coffee amid growing external pressures. Beyond advancing green roasting, we are exploring new coffee formats, extracting more of coffee's intrinsic components, and conducting research that supports human health. Our track record includes YDCB*, coffee oil, and hook-type drip coffee. While transforming coffee's very format is challenging, we will keep pushing beyond convention to create breakthrough value. To sustain this ambition, we are equally committed to a vibrant, safe workplace. Beyond leadership, front-line employees play a central role in running our safety and health committee and organizing opportunities for communication and appreciation across the company.

As coffee lovers, we will keep exploring what only we can do—and bring happiness to the world, one cup at a time.

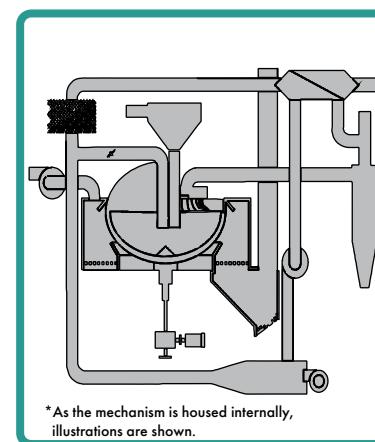
*YDCB: Our "One-Minute Coffee," developed with a proprietary combined-process technology. Presented in a tetra-shaped, tea-bag-style format, it delivers authentic regular coffee in just one minute by pouring hot water over it.



Strengths

Our Strengths

We operate Japan's most diverse array of coffee roasters.
Because each roaster imparts a distinct character, we excel at tailoring one-of-a-kind flavor profiles
that fully leverage the strengths of each machine to meet specific customer needs.



* As the mechanism is housed internally,
illustrations are shown.

Green Roasting

Our original, proprietary roasting method

For details, see p.29 and p.59.



Hot-air rotating drum type (PROBAT)

A classic profile with a solid body and balance.



Semi-hot-air rotating drum type (DIEDRICH)

From medium-dark to ultra-dark roasts

Brings out the original character especially well.



Hot-air rotating drum type (SCOLARI)

Overall refreshing flavor
Suitable from light through ultra-dark roasts.



Product Development Department
Shunsuke Koide
小出 秀介

IIAC ICT (International Coffee Tasting)

- Espresso category: Gold, 2020
- Espresso category: Gold, 2024 (two samples)
- Filter category: Gold, 2024

The IIAC (International Institute of Coffee Tasting), located in Italy, has hosted an international competition known as ICT since 2006. Entries from all over the globe are evaluated in entirely blind tastings by IIAC-certified tasters who use stringent sensory analysis criteria, specific guidelines, and a rigorous scientific framework to assure a fair, objective assessment of quality.

SCAJ Roast Masters Team Challenge (RMTC)

2022 Audience grand prize, First place, Kanto Team B

RMTC (Roast Masters Team Challenge) is a unique exhibition-style competition designed to elevate roasting skills through dialogue among roasters, while fostering information exchange and professional networking.

Koide competed as a member of Kanto Team B.



The Ono Plant and Green Roasting

New Site Plan: Ono Plant

scheduled for completion
by the end of December 2026.

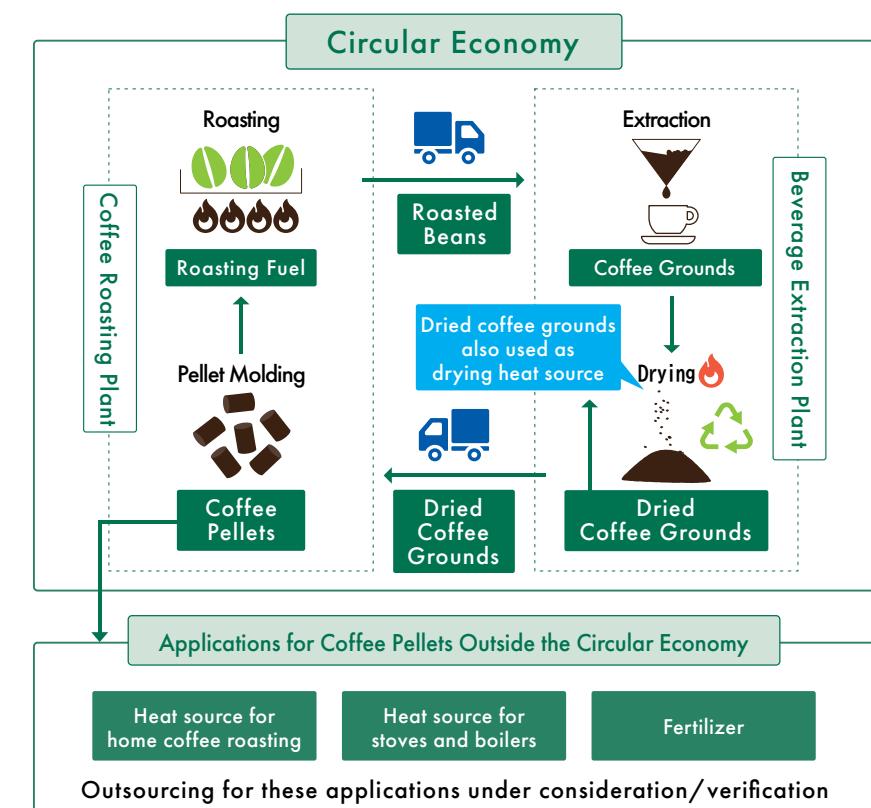
Our planned Ono Plant in Ono City, Hyogo Prefecture, will be a new Kansai hub, advancing environmentally responsible and highly profitable product manufacturing. The facility will handle existing customer products and new programs, building a robust platform for reliable delivery to markets in Japan and overseas. We will install advanced equipment and accelerate decarbonization, notably our Green Roasting. Safety standards will meet global benchmarks, fostering an inclusive workplace where diverse talent can work confidently. From the Ono Plant, we will broaden manufacturing, benefiting both the planet and our people.



*Finished image

Circular Green Roasting: Using Coffee Grounds as Fuel

We repurpose spent coffee grounds generated during extraction by processing them into small pelletized solid fuel. Using these coffee pellets as the heat source for roasting enables us to substitute for city gas and other fossil fuels. Green Roasting also reduces the volume of coffee-ground waste and lowers greenhouse gas (GHG) emissions. By eliminating the disposal of grounds and avoiding fossil fuels in roasting, this initiative aims to deliver substantial GHG reductions. In addition, we intend to deploy the pellets in applications beyond Green Roasting to achieve further emissions reductions and to establish coffee pellets as a recognized commercial product.



ALLIED COFFEE ROASTERS

Development of Shareholder Benefit Products

Product Overview

The Person in Charge 横根 大介 Daisuke Kashine



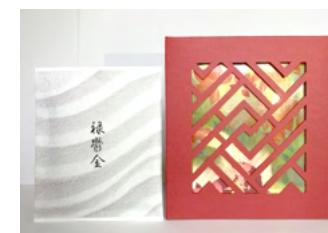
HANADA GOYOU

A blend with cocoa-like bitter-sweetness and a smooth, rounded body



HANADA GOYOU KAESHI

A blend where fruity, rich aromatics harmonize with a sweet-and-tart character



ROKU UKON

A blend featuring a gentle mouthfeel and honeyed sweetness, with a lingering, pleasant finish

TOPIC

We Exhibited at EcoPro 2024!

Exhibition at SDGs Week EcoPro 2024 (the 26th EcoPro) at Tokyo Big Sight, December 4-6, 2024!

We participated in EcoPro 2024 (the 26th EcoPro), part of SDGs Week EXPO, held at Tokyo Big Sight from December 4 to 6, 2024. The event gave us a valuable opportunity to introduce to a wide range of visitors our group's initiatives and our green roasting system. We will continue to proactively share information through a variety of channels.



Background

Our new president, Arakawa, has devoted many years to sourcing coffee in Brazil. Among those origins, we chose "Brazil Chocolat," one of our flagship Brazilian offerings and a long-standing favorite among customers, as the centerpiece for this initiative. With the aim of delivering a thoughtfully curated selection of blends to our shareholders in 2025, our coffee raw materials team drew on their convictions, passion, and spirit of challenge to select exceptional green coffees from Indonesia, Colombia, and Ethiopia. The result is a special series of blends built around Brazil Chocolat.

Our Intent

By reducing waste, the green roasting system helps address several environmental challenges. To truly advance this positive impact, it is essential that many people enjoy the delicious coffee roasted through this unique approach. The special green beans that shape these flavors carry compelling reasons—and remarkable stories—for why they deserve to be shared. As passionate coffee professionals committed to solving societal issues, we will continue to deliver outstanding coffee and trust that our mission resonates with our stakeholders.



ACR hosts a Garage Sale! See p.63.

US FOODS CO., LTD.

Creating Sustainable Smiles across the Value Chain —from Producers to Consumers



Company Overview

We procure green coffee beans from S.ISHIMITSU and other importers, repack them into manageable sizes, and supply independent roasteries across Japan. We also handle brewing equipment—including brewers and paper filters—so customers can source everything they need from us. Many shops find it difficult to use up a standard 60 kg jute bag sold by S.ISHIMITSU. Our role is to break bulk responsibly and make high-quality coffees from diverse origins accessible to more professionals and, ultimately, more consumers.

Today, we deliver green coffee to more than 4,000 coffee professionals nationwide, from Hokkaido to Okinawa.

Original Character
U-Pre-chan



Born from conversations during our website development, “U-Pre-chan,” the US Premium fairy, embodies our spirit. Inspired by coffee cherries and green beans, she helps convey our message in a bright, approachable way.

External Environment

In 2024, a weaker Japanese yen supported inbound tourism and lifted sales volumes, especially in major urban centers and tourist destinations. At the same time, the global coffee market became increasingly unpredictable: in the second half of the year, international benchmark prices climbed more than 20% beyond already historic highs.

Independent roasteries in Japan are facing real pressure, reassessing procurement and, where necessary, passing through costs. For us—and for the market as a whole—continuously reinforcing our value creation and competitive strengths is essential to sustaining our business amid intense competition.

Precisely because conditions are challenging, we are committed to channeling the capacity unlocked through internal efficiency gains into time with our customers—working side by side to find new ways to grow together. Coffee is a chain of dedication: it depends on the work of farmers who cultivate the raw materials and on roasters who apply their craft and convictions to deliver outstanding cups to consumers. We are determined to honor and support every link in that chain.

Our Strengths

Our team includes colleagues who have worked at independent roasteries or even run their own shops. This hands-on experience enables us to understand operational pain points and customer needs in depth. Drawing on these insights, we tailor proposals—such as blend design and roast levels—to each shop’s concept. For new openings, we often co-create the initial product lineup with the customer.

Usability is the guiding principle behind our website’s product pages. For example, we present four tiers of cup comments organized by roast level to help customers quickly visualize flavor profiles. Although we have three Q Arabica Graders on staff, we consciously avoid overly technical terminology in these descriptions, choosing language that end consumers will find easy to understand.

Illustrative Cup Comments .. on Our Website

 **Light roast** ★Recommended
Honey-like sweetness with a milky mouthfeel. Showcases the bean’s character most clearly.

 **Medium roast**

 **Medium-dark roast**

 **Dark roast**

Strategy

Through the steady execution of our previous medium-term management plan, we have largely completed the build-out of a workplace environment that enables our people to work with confidence and vitality well into the 2030s and 2040s. Targeted capital investments have significantly reduced the burden of tasks such as repacking and shipping green coffee beans, freeing our employees to spend far more time engaging with customers in pursuit of their missions. Since our founding, our defining strengths have been a warm, human touch and genuine empathy. Time with customers is indispensable to our mutual growth. Amid significant shifts in the market environment, some customers are exploring alternatives, while others are newly turning to us. To ensure that—over the medium to long term, not just in the short term—customers continue to say, “We choose US FOODS,” we will not only maintain our hallmark of stable quality control, but also adopt our customers’ perspective, work side by side to resolve their challenges, and co-create the distinct strengths that set them apart.

We are also addressing the coffee industry’s challenges by leveraging web-based systems to bring producing countries and customers together. Sharing issues and building empathy on both sides is essential. As a bridge between producers and customers—and as coffee professionals—we aim to pass the coffee business and its culture on to the next generation. We are advancing system development to make

participation in these projects engaging and enjoyable while turning that engagement into tangible advantages for our customers. Ultimately, we will pursue the unique contributions only US FOODS can make to help realize a society where it is second nature for everyone to consider the next generation of producers and consumers when choosing products.



President and CEO

杉本 幸広 Yukihiko Sugimoto

TOPIC



We hosted a garage sale!

We hosted a garage sale on our premises to offer our coffee beans to local residents. Held roughly every six months, it has taken place twice to date and has been very well received.

Exhibiting at SCAJ

We exhibited from Wednesday, September 24, to Friday, September 26, at the Specialty Coffee event SCAJ. The highlight of this year’s exhibit was the Tanzania Coffee Club, where we introduced the appeal and initiatives of the Tanzanian coffee project we support. Team members who had visited Tanzania shared their firsthand impressions and experiences.





INITIATIVES INTRODUCTION

US FOODS CO., LTD.
高橋 俊一
Shunichi Takahashi



Egao (Smile) Project, Phase IV: Tanzania Coffee Club

An in-house developed product line scheduled to launch in August 2025. To address the succession challenges facing most coffee-producing countries worldwide, we work with local export companies in Tanzania to support high school students as they learn coffee cultivation. In June, our staff visited Tanzania to build enduring relationships and to identify the issues in sustaining this remarkable initiative over the long term. Looking ahead, we aim to source and offer coffee grown by these students, share the smiles their coffee brings to consumers, and connect producers and consumers through mutual appreciation. Through this project, we will convey the passion of Tanzania to independent, small-batch roasters.



INITIATIVES INTRODUCTION

US FOODS CO., LTD.
岡崎 有里子
Yuriko Okazaki



Turning Coffee Grounds into a Circular Value Stream

Could our coffee-grounds program generate tangible benefits for independent specialty roasters? This simple yet meaningful inquiry posed by one employee led us to a relationship with a company with outstanding patented technology and a strongly shared mindset. Their fermentation-based approach liquefies used coffee grounds, and their principles—"use nothing that cannot return to the soil," "honor all life by using it to the fullest," and "change the mindset that coffee grounds are waste"—hit home with us. We are now laying the groundwork for a closed-loop model. We will purchase post-extraction grounds from local roasters as a resource, providing them with a new revenue stream. Those grounds will be transformed into zero-waste products—such as baked goods, soaps, and cosmetics—that leave no residual waste after use and then returned to the roasters as part of a circular offering.

To deepen public engagement—especially with children, the consumers of the future—we collaborated with roasters, confectioners, and the Adachi Ward Office to prepare for the ward's SDGs event in November 2025 (the "Adachi Guruguru Expo"). This enabled direct, hands-on outreach to foster a culture of circularity.

Just as people in Japan once returned empty bottles to liquor stores, we envision a future where customers bring back used coffee grounds to the shop where they bought their coffee—closing the loop and turning waste into shared value.



S.ISHIMITSU & CO. (SHANGHAI) LTD.

Advancing our Green Coffee Bean Business under the Principle of "S.ISHIMITSU Quality"



Company Overview

We import and distribute beverages and food products in the People's Republic of China, with a strategic focus on coffee ingredients. Our core business is the sale of green coffee beans, which accounts for more than 95% of total revenue. We source green coffee from origins worldwide and supply it to commercial roasting plants and coffee shops that roast in-house across China. We also procure coffee grown in Yunnan Province from local partners for distribution in China. In addition, we handle coffee equipment and serve as the authorized distributor of Kalita products in China. Beyond coffee, we import alcoholic beverages, fruit juices, and other food products from Japan for sale in the Chinese market. We also export S.ISHIMITSU brand products manufactured at factories in China—such as frozen foods—to Thailand and Vietnam.

China Market and External Environment

China's coffee industry continues to expand. Ordering via smartphone apps for delivery or in-store pickup has become the norm among coffee chains, and the number of outlets keeps growing. Alongside staple Brazilian origins, African coffees—such as Ethiopian—are gaining popularity, intensifying competition in the green coffee market. In this context, our foremost challenge is differentiation. To avoid being drawn into price-driven competition, we will proactively communicate and demonstrate our group's rigorous quality management and the added value embedded in our coffees.

The China market is characterized by fluid customer loyalties; buyers tend to select partners offering the best terms at any given time. While this can appear demanding, it also creates favorable conditions for new business development. As we win new customers, we aim to remain their partner of choice over the long term—and to re-earn the trust of customers who may have left in the past—by going beyond product sales to share the story of quality and provenance, tracing the journey from origin to end users. This is a value proposition our group is uniquely equipped to deliver and one that our company is particularly well positioned to realize in the Chinese market.

Our Strengths

Guided by the principle of "S.ISHIMITSU Quality," we have built a robust green coffee business in China, delivering consistent quality and reliable supply. Customers rate us highly as a trusted green coffee supplier, and our 119-year "S.ISHIMITSU brand" holds a strong, enduring reputation. Our earnest, long-term partnerships with suppliers at origin have fostered mutual trust that underpins both the "consistency of our quality" and the "assurance of our supply." In this respect, we are confident that we lead the Chinese peers.

In China, we do more than sell green coffee. We listen closely to our customers and drive continuous improvements across warehousing, logistics, after-sales support, and customer service. With a clear focus on differentiation, we strive to offer products and services with tangible added value. Even in environments where reducing raw material prices is difficult, we pursue cost efficiencies in other parts of the value chain. By continually collecting data and conducting research and analysis, we provide tailored proposals aligned with customer needs.

Our customer base spans not only major industrial plants but also small and mid-sized roasters, and we work with more than 600 customers of varying sizes across China.

Intense price competition and lower margins characterize transactions with large factories, yet they deliver substantial shipment volumes. Conversely, many small and mid-sized customers are deeply committed to quality and highly value our quality and value-added offerings, resulting in stable margins and forming an important segment for us. By balancing large accounts with smaller customers, we achieve both volume growth and sustained profitability.

S.ISHIMITSU & CO. (SHANGHAI) LTD.

Strategy

Our sales have continued to grow year by year. At the same time, heightened coffee market prices, foreign exchange volatility, and intensifying domestic competition underscore the need to further strengthen profitability. In this environment, winning the market requires returning to our roots—"S.ISHIMITSU Quality." Over more than a decade of doing business in China, we have seen that our group's technical depth is a primary reason customers choose us. Building on that advantage, we will double down on our core strength—the coffee business—and pursue the next stage of growth under the S.ISHIMITSU brand.

To accelerate new customer acquisition, we actively exhibit at trade shows and host open cupping sessions across China that welcome broad participation from outside the company. We also leverage WeChat and other social media to share origin stories and product information, increasing our visibility and engagement. Word of mouth remains a powerful force in China, and we see every day how essential customer relationships and networks are to sustainable growth.

"S.ISHIMITSU Quality" extends beyond superior raw materials. It encompasses rigorous storage and distribution, reliable delivery, attentive after-sales service that builds lasting trust, and the development of our people—delivered in collaboration with all stakeholders to raise quality in a holistic way. We place particular emphasis on talent development: all eight members of our sales team are certified Q Arabica Graders. Many acquire this qualification after joining the company with our full support, continually advancing their expertise.

We also institutionalize daily learning by conducting cupping every day, making ongoing improvements in coffee knowledge and skills a habit.

Looking ahead, we will continue to uphold the spirit of "S.ISHIMITSU Quality" and, together with our stakeholders, further elevate our presence in the Chinese market.



S.ISHIMITSU & CO. (SHANGHAI) LTD.
President and CEO
尚 偉濤 Shang Weitao
• CQI Certified Q Arabica Grader

Workplace Environment and Initiatives

S.ISHIMITSU & CO. (SHANGHAI) LTD.
Accounting, Internal Operations Department
孔珊珊 Kong Shanshan



Human Capital Development

We offer regular in-house training. Besides enhancing functional skills such as product knowledge and industry trend analysis, we offer programs on health and well-being and self-directed learning. These initiatives support employees' quality of life and strengthen engagement in the workplace. We also operate a tuition-assistance program for external learning, subsidizing part of the costs for employee-initiated courses and professional certifications.



Long-Service Recognition

Following the practice at S.ISHIMITSU, we have introduced a "Long-Service Award." Currently, seven employees have worked more than five years, with four working over eight years. The program honors the sustained contributions while also motivating newer colleagues. As average tenure in China tends to be shorter, we established this award to help maintain high motivation and to encourage employees to develop a long, fulfilling career with our company. When individuals grow and elevate their capabilities and expertise, the company also grows. We strive to reinforce this win-win perspective across our daily management.



S.ISHIMITSU & CO. (SHANGHAI) LTD.



Favorite Products

RECOMMEND**“Ethiopia Guji Natural G1”**

S.ISHIMITSU & CO. (SHANGHAI) LTD.

張 晓旭 Zhang Xiao Xu



A longstanding bestseller since our founding, Guji Natural G1 pairs exceptional physical quality in the green beans with a vivid, layered cup profile. It is a coffee I favor, and it has enjoyed strong, sustained support from consumers across China for many years.

Recommended Roast Profiles**Light roast**

Bright citrus acidity, rose-like aromatics, and cane sugar sweetness stand out.

Medium roast

A fuller body with honeyed sweetness and ripe tropical fruit notes comes into harmony, yielding an everyday cup that still leaves a lasting impression.



S.ISHIMITSU & CO. (SHANGHAI) LTD.

魯 瑞俊 Lu Ruijun

**“Brazil Chocola”**

Named for its pronounced chocolate-like character, Chocola reflects more than a decade of collaboration between S.ISHIMITSU and San Coffee in Brazil, with a constant focus on elevating quality and flavor consistency year after year. I value this coffee for its rich notes of nuts, caramel, and chocolate—and for the exquisite balance that ties them together.

Recommended Roast Profiles**Dark roast**

Draws out a deep, rounded sweetness with a subtle cacao-like bitterness and a pleasantly lingering finish.

**Coffee Cupping Sessions**

We host cupping sessions in major cities across China to showcase our green coffee portfolio and cultivate new customer relationships. To date, we have held more than 50 sessions, making this one of our most important initiatives for new client acquisition.

To maximize attendance, we partner with well-known local cafés as venues. Given China's vast geography—roughly 25 times the land area of Japan—it is not realistic to identify every small, highly specialized roaster ourselves. By working with high-profile cafés in each region, we can efficiently reach a broader cross-section of local consumer segments.

Our operating model has also evolved. While we previously dispatched staff to every event, we now prioritize attendance strategically, considering factors such as the profile and number of participating companies, distance, and event scale. Even when our team does not attend in person, we ship pre-roasted samples in advance and conduct detailed pre-event coordination with the host to ensure a consistently high-quality experience.



- China Cup Tasters Championship 2nd Place (2019 and 2024) – Gao Duo
- IIAC 2024 CAFETOPIA: Gold Medal awarded to S.ISHIMITSU & CO. (SHANGHAI) LTD. (Roasting by Gao Duo)

THAI ISHIMITSU CO., LTD.

Contributing to the advancement of the coffee industry and culture in Thailand and across Asia



Business Overview

We import and distribute beverages and food products in the Kingdom of Thailand, with a strategic focus on coffee and tea ingredients. We also export Thai-grown coffee beans, linking THAI ISHIMITSU CO., LTD. with S.ISHIMITSU and US FOODS within our group. Among our offerings, Siam Blue Moon—named after a sacred local spring—has earned a loyal following that continues to grow year by year.

Thai Market and Operating Environment

Coffee produced in Thailand is primarily destined for domestic consumption, and there is no established export standard. Annual production is approximately 17,000 tons, while consumption is around 95,000 tons, resulting in a significant supply–demand gap. As a result, Thailand relies heavily on imports, with Vietnamese coffee accounting for roughly 60% of the total.

Thailand's coffee industry is still relatively young, and the knowledge and experience of those involved are limited. However, everyone is highly motivated to learn and is working with great dedication. Our company contributes to the overall development of Thailand's coffee industry by hosting coffee study sessions for customers and local staff.

Our Strengths

Thailand's coffee sector has expanded rapidly over the past decade, and its momentum continues to build. At the same time, the use of imported coffees beyond Thai origin is still relatively new, making this a young segment. This is precisely where our accumulated experience and expertise can add value. Moreover, as the country develops, consumer tastes are becoming increasingly international. Demand is surging not only for coffee but also for tea categories such as matcha and black tea. This growth aligns with our broad ingredient sourcing capabilities and opens meaningful opportunities for the company.

Due to the young market, genuine product supply, distribution, and information seem to remain unstable. As the market matures, demand will grow for suppliers ensuring secure, stable delivery. As a Japanese company prioritizing trust-based partnerships, we're confident that our capabilities will help build a more reliable, resilient Thai market.



Strategy

Our team comprises five people—four locally hired employees and the president. In line with our group's materiality priorities, we are focused first on strengthening our management foundation. Alongside business expansion, we place equal emphasis on developing our people.

We want to assist each person in becoming a true professional, working with confidence and enthusiasm. We begin by matching positions to each individual's interests and strengths, fostering a workplace where passion and performance complement one another. We work with each employee to create tailored career paths and provide targeted training and development. In FY2024, one Thai staff member traveled to Japan as part of our in-house study-abroad program, obtaining firsthand experience with Japanese business processes and our headquarters' professional outlook. The experience also reduced the physical and psychological gap between the group enterprises; exchanges have persisted and been more active since their return.

We hold a daily "morning coffee" session to foster open communication. Each morning we brew a different coffee and share updates on performance and other topics as a team. Creating a workplace where people feel comfortable is essential. By getting to know one another as individuals and cultivating a

strong sense of unity—across nationalities, genders, languages, and cultures—we aim to build a company that our employees genuinely enjoy being part of.

Thailand continues to grow as a nation. While business customs differ from Japan, we are confident there is enduring demand for the hallmarks of Japanese business: sincerity and integrity, reliable and accurate information, and stable, continuous supply. By embedding the value of our accumulated know-how into our products and services, we will contribute to the advancement of Thailand's coffee and tea industries.



THAI ISHIMITSU CO., LTD,
President and CEO

橋本智紀 Tomonori Hashimoto

- JCQA Coffee Appraiser
- JCQA Certified Coffee Instructor
- Sensory Judge, Specialty Coffee Association of Thailand

TOPIC



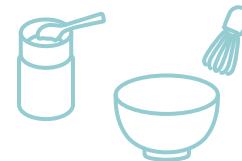
Appointed as a Sensory Judge by the Specialty Coffee Association of Thailand

Hashimoto has been appointed as a sensory judge for three consecutive years at Thailand's major coffee festival, held in July (when coffee farmers from all around the country send their beans for evaluation by professionals using cupping and other methods), making him the only foreigner to receive this accolade.



THAI ISHIMITSU CO., LTD.

 Favorite Product
RECOMMEND



"Matcha KOJIMA"



KOJIMA is a ceremonial-grade matcha sourced exclusively from a single-estate farm owned by the Kojima family in Uji, Kyoto. Made only from first-flush leaves, it blends Kyoto-native cultivars such as Gokou and Uji Hikari to achieve a refined balance of taste and a creamy mouthfeel. Its versatility makes it ideal for usucha (thin tea), koicha (thick tea), matcha lattes, and desserts. In Thailand, knowledge of high-quality matcha is highly valued; with its distinctive flavor and provenance, KOJIMA continues to attract both new and repeat customers. Sales are also supported by matcha's widely recognized potential health benefits, including support for weight management and healthy blood pressure.



"Vietnamese Coffee"

Vietnam is one of the world's leading coffee producers, and Vietnamese coffee—particularly Robusta (*Coffea canephora*)—is widely used by cafés across Thailand. As Thailand's coffee market expands rapidly, Robusta is consumed in diverse formats, from instant coffee to espresso. With consumption outpacing domestic supply, Vietnamese origin has become an ideal and trusted option. By conducting on-the-ground visits in Vietnam and reviewing the value chain from cultivation through export, we have strengthened trust among many Thai customers. Despite the sharp rise in Robusta prices, many customers have chosen us as their supplier, enabling us to build substantial new business.



ATIB

A.TOSH ISHIMITSU BEVERAGES INDIA PRIVATE LIMITED (India)

Business Overview

We run a facility for packaging tea bags in India, which produces over half the world's black tea. Combining India's rich resources with Japanese technology, we supply products to Japan and global markets.



External Environment

India is the world's largest tea producer, with an output of approximately 1.284 million tons in 2024. Around 80% of this volume is consumed domestically; even so, India ranked second only to Kenya in tea exports in 2024. Within India, consumption remains centered on milk tea (chai). Teas from North India, which pair well with milk, enjoy strong demand and therefore command higher price levels, while prices for South Indian teas remain comparatively stable. In this context, S.ISHIMITSU is partnering with estates and government agencies in South India to develop tea produced with reduced greenhouse gas emissions. At ATIB, we are advancing the development of tea bags and flavored teas that use this lower-GHG tea.

Our Strengths

Our greatest strength lies in combining S.ISHIMITSU's Japan-honed quality management and product development capabilities with the tea manufacturing and sales expertise of our joint-venture partner, Atosh & Sons India Ltd. Our on-the-ground presence in India enables us to source a diverse array of tea leaf raw materials. We also employ professional tasters who rigorously assess leaf quality, alongside seasoned staff with extensive experience in tea processing. Moreover, by proactively adopting advanced technologies originating in Japan, we achieve clear differentiation and deliver consistently high quality.

Strategy

We will focus on developing high-value-added products, strengthening our production capabilities, and upholding our environmental commitments. We will drive profitability by boosting productivity for standard products like our regular tea, while simultaneously enhancing our premium lines, such as herbal teas, through superior raw material sourcing and proprietary blending expertise. To support these goals, we are fostering a highly skilled and well-managed organization by investing in the training and professional development of key local personnel.

We minimize opportunity loss by multi-skilling operators for broader equipment proficiency. We also cultivate talent with whole product designing expertise, spanning infrastructure, engineering, manufacturing, QC/QA, and material specifications.

Additionally, we will improve the use of environmentally friendly materials we already have, like PLA biodegradable filters and monomaterial packaging films, making the most of their special features. These initiatives are a core part of our commitment to helping build a circular economy.



INTERVIEW

To improve the workplace environment within our manufacturing plant and further raise productivity by enhancing efficiency, safety, and quality, we have established a 5S Promotion Committee and are vigorously pursuing daily 5S activities.



Mayakrishnan (Leader, 5S Promotion Committee)



AIUK

ATARIYA-ISHIMITSU UK LTD. (United Kingdom)

Business Overview

We operate both wholesale and retail businesses in the United Kingdom. Our wholesale division processes and supplies premium tuna and salmon to high-end restaurants in London, while our retail arm manages five Japanese food supermarkets across the city.



External Environment

The UK's passion for Japanese cuisine has fueled remarkable growth, with the number of Japanese restaurants increasing from approximately 700 in 2017 to over 1,300 in 2023. This market expansion has intensified competition as new players have entered the field. Against this dynamic backdrop, ATARIYA-ISHIMITSU UK LTD. (AIUK), as a long-standing supplier of Japanese ingredients, must leverage its partnership with the S.ISHIMITSU Group to solidify its presence in the UK market.

Our Strengths

Our core strength lies in a highly efficient UK supply chain, built upon our subsidiaries—AFR for retail and T&S for seafood wholesale—and our partnership with S.ISHIMITSU, which provides expert sourcing and export capabilities. Furthermore, with the backing of the JFLA Group, a leader in the retail and food service industries, we integrate extensive expertise in product development, store management, and marketing to generate powerful group-wide synergies. This robust framework empowers us to deliver distinctive value in the increasingly competitive UK market.

Strategy

Our primary strategy is to transplant the S.ISHIMITSU Group's long-standing expertise in sourcing, quality control, and product development into AIUK's operations to ensure sustainable growth and profitability in the UK's competitive Japanese food market, thereby maximizing group-wide synergy. In addition, a key mission for AIUK is to embody the S.ISHIMITSU Group's vision for sustainable growth in Europe, guided by its materiality principles.

Our second strategy supports this mission: we will proactively develop and market products that address social challenges, such as our eco-friendly "Green Roasted" line. Our roadmap includes collaborating with the S.ISHIMITSU Group to launch new products for the UK market in 2025, followed by initiatives to boost brand recognition through trade shows and events in 2026.



INTERVIEW



Director, T&S Enterprises (London) LTD
大沼 勇介 Yusuke Onuma

AIUK was created in 2023 as a joint venture between JFLA Holdings and S.ISHIMITSU Group's The companies in our group, AFR and T&S, are well-established businesses. They have sold Japanese food in London for about 30 years.

At the end of June 2024, I relocated to London. My job is to help these three companies work well together. But sometimes the ideas from our head office in Japan do not align with the established practices of our UK companies, and this sometimes makes it difficult to bring new ideas into the business.

So, I started by explaining the ideas from Japan very clearly. I also spend time trying to understand the culture and work styles here in the UK. I talk with the local employees a lot, and I even go to the factory early in the morning to work with them. By doing these things, I hope to build a strong team where more people will work together with me. Helping our business grow is my most important goal for my first year here. This is my biggest challenge and what I am focused on every day.



Quality Management Department



General Manager,
Quality Management Department
高田 良明 Yoshiaki Takada

Initiatives for Food Loss Reduction and Sustainable Product Development

As part of our commitment to reducing food loss, we are actively working to extend the shelf life of our products. During factory audits, we also provide guidance from the perspective of minimizing food loss and environmental impact. To address the "Coffee 2050 Problem," we have launched a new raw material development project in collaboration with coffee-producing countries. Additionally, by using Quantitative Descriptive Analysis (QDA), a detailed way to evaluate taste and smell, we help improve product development with more accurate and trustworthy evaluations.

Enhancing Competitiveness and Embracing Future Challenges through Group Collaboration

Our specification management, factory audit, and quality control teams are implementing initiatives that are on par with, or exceed, those of our competitors. In addition, our inspection development and basic research teams, with their specialized knowledge, rich experience, and analytical skills, are significantly increasing the success rate of our product proposals. Advanced taste sensors and chromatographs elevate our ability to deliver proposals backed by objective data, which is a key strength. Our forward-looking initiatives, such as conducting verification tests with coffee-producing nations to tackle the "Coffee 2050 Problem," demonstrate our strong commitment to shaping a sustainable future.

By leveraging the unique expertise and experience of our group companies in Japan and abroad, we foster a culture of information sharing and cooperation. This synergy enhances the organizational strength, proposal capabilities, and overall competitiveness of the entire group. The shared legal and regulatory framework within Japan also provides a distinct advantage, enabling us to accelerate new product development with seamless support among our domestic group companies.

Enhancing Corporate Value through Company-Wide Quality Assurance

The quality management department is dedicated to meeting the quality needs of our business partners, encompassing everything from flavor and appearance to full compliance with all relevant laws and regulations, including the Food Sanitation Act and the Food Labeling Act.

While our core mission is the rigorous quality control required to consistently deliver safe and reliable products, we are also actively involved in creating prototypes for new product proposals and conducting future-oriented research to address pressing social issues.



TOPIC

Although our department has limited direct contact with external stakeholders, we play a crucial role in bringing products manufactured both in Japan and overseas to our customers. Each product is the culmination of the hard work and dedication of many individuals, each with their own important story. We are committed to continuing our sincere efforts to connect their passion with you, our valued customers.

The quality management department actively encourages employees to obtain professional qualifications relevant to their work. We fully commit to utilizing the acquired knowledge and skills in our daily operations.

- Registered Dietitian:4
- Tea Advisor:2
- Advanced/Intermediate Food Labeling Diagnostician: 1 (Advanced), 11 (Intermediate)
- QC Kentei (Quality Management and Quality Control Examination): 3 (Grade 2), 8 (Grade 3)
- J.C.Q.A. Certified Coffee Appraiser:4
- Classificador and Brazilian Coffee Classifier:3
- CQI Certified Q Grader:3
- JSSE Sensory Evaluation Specialist:1

EMPLOYEE VOICES



- The company encourages us to get the professional qualifications we need for our work. We have opportunities to earn these certifications both in Japan and in other countries.
- Qualifications for evaluating flavor, such as Tea Advisor, Coffee Appraiser, and Q Grader, are very helpful for our daily work of checking the taste of raw materials and final products.
- The Food Labeling Diagnostician qualification helps us make sure that all the information on our product labels is correct and follows the rules.
- Also, when we suggest new menus using our products, our Registered Dietitian checks them to offer ideas that are healthy and nutritionally balanced.



OUR INITIATIVES INTRODUCTION

We received the Outstanding Presentation Award at the 2024 Annual Meeting of the Japanese Society for Sensory Evaluation.

Validating the Efficacy of an Earl Grey Evaluation Method Combining CATA and JAR Scales

Presenters: ②二瓶 恵子 Kyoko Nihei, 藤 真規子 Makiko Todoroki, 杉浦 元彦 Motohiko Sugiura

In response to today's increasingly diverse consumer preferences, it has become crucial to deeply understand consumer tastes and reflect them in product development. For our Earl Grey tea, which boasts a wide variety of flavor profiles, we identified that clarifying the desired sensory characteristics and their optimal intensity is the key to enhancing product value. To achieve this, we explored a novel approach combining two sensory evaluation methods: Check-All-That-Apply (CATA) and Just-About-Right (JAR) scales. The CATA method allows for the rapid identification of consumer-preferred attributes, while the JAR scale quantifies the optimal intensity of these characteristics, thereby enhancing the precision of our product design. This combined methodology successfully revealed the specific flavor attributes and intensities that drive consumer preference.

The product developed based on these findings has been highly acclaimed by our clients, leading to its successful adoption. Furthermore, receiving the award at the conference serves as an acknowledgment from industry experts of our advanced R&D capabilities and technological leadership.

One of our core commitments is to reduce our environmental footprint by offering eco-friendly products. However, people tend to perceive that such products compromise on taste. Our research scientifically pursues the essence of deliciousness, and by applying these findings to our product development, we believe we can deliver products that are both environmentally friendly and incredibly tasty. We will continue to pursue such innovative research to remain a company worthy of the broad support of our stakeholders and society.



▲ Our poster on display at the conference



OUR INITIATIVES INTRODUCTION

Internal Sensory Evaluation Panel System

We officially launched a new internal sensory evaluation panel system utilizing the Quantitative Descriptive Analysis (QDA) method. The system's initial focus is on our flagship fried chicken product. Specially selected and trained internal panelists objectively evaluate products from a consumer's perspective. The resulting data is statistically analyzed to define the product's sensory characteristics and helps us clarify product positioning, identify target markets, and even enables us to create mathematical models to streamline product development and enhance customer satisfaction. While participation requires a certain level of commitment from employees to accommodate training and evaluation sessions, their deep understanding of the system's strategic importance has led to enthusiastic involvement. This initiative creates a valuable opportunity for employees from non-sales departments to contribute directly to strengthening our product competitiveness. We are confident that this program will significantly boost internal engagement and become a widely utilized asset for driving our company's growth.



Human Capital Management: A Conversation



Director and
Head of the Administration Department
奥野 裕二 Yuji Okuno

Director and
Head of Department of Business Transformation
早坂 めぐみ Megumi Hayasaka

With the launch of our new Medium-Term Management Plan, SHINE2027, S.ISHIMITSU has opened a new chapter in organizational transformation.

Megumi Hayasaka, who leads our BX promotion, and Yuji Okuno, who oversees HR management, sat down—bringing both internal and external perspectives—to discuss where we stand and where we are headed in human capital management across the S.ISHIMITSU group.

People-centered Management in Practice

What are the distinctive features and strengths of our group's approach to talent and human capital management in your view?

Okuno: SHINE2027, which kicked off in FY2025, builds on what we've prioritized for years: enhancing employee fulfillment at work. That remains a critical yardstick for us. To deliver on it, we're advancing what you might call people-centered management—clarifying concrete initiatives anchored in three pillars: HR system reform, talent development, and DE&I (Diversity, Equity & Inclusion). By steadily implementing people-focused measures, we aim to further raise the sense of purpose and satisfaction of our employees.

Hayasaka: Well, these measures are already underway, led by the general affairs and HR teams under Mr. Okuno's oversight. First, we're designing a specialist track, refining our L&D framework, promoting women's advancement, and reviewing grades and evaluations. Second, we're tightening management of training spend, establishing a solid disability employment framework, stepping up talent investment, and promoting exchanges across the group, including overseas. Third, we're strengthening talent management through career training, certification support, and, for self-directed careers, programs such as the in-house study abroad program. Through all this, we're lifting engagement under our slogan, "Together, with Passion!"

Blending External Perspectives with Internal Know-How

Would you tell me about the strengths of S.ISHIMITSU's human capital?

Okuno: I'm struck by the deep professional expertise of our staff. I also feel there's also a genuine ease of working here—an environment that supports our people. That naturally shows up in our high retention. I must also add that the company consistently demonstrates a stance of being close to its employees.

Hayasaka: Speaking candidly from an external perspective, our benefits stack up against those of companies listed on the Tokyo Stock Exchange's Prime Market. The environment for women to thrive is particularly strong, and the ratio of women in management is, for a company of our size, very high. I suppose these outcomes flow directly from how our staff feel comfortable in the workplace.

Okuno: I joined just over four years ago, and like Ms. Hayasaka, I can't help but compare with my prior experience. We both came from Prime Market-listed firms, and even by that benchmark, we're at a comparable—if not, in some areas, superior—level.

And what about the challenges?

Okuno: The strength I mentioned—having many highly specialized professionals—does, actually, imply room to grow. Because people are so focused on their domains, there's an opportunity to raise interest in adjacent fields and strengthen collaboration across teams. By increasing internal talent mobility and encouraging cross-functional collaboration, we can connect individual expertise more powerfully to organizational outcomes.

Hayasaka: I feel the same. We still have a lot of initiatives centered on individuals, and there's room to improve team and interdepartmental collaboration. We also have many player-managers, so building managerial capability is absolutely critical.

Human Capital Management: A Conversation

Okuno: Sharing expertise and cultivating the next generation of talent are essential to our overall growth. Whether the bottleneck stems from the workload carried by player-managers or from a lack of systematic opportunities to build people-development skills, we need to analyze the causes and, actually, implement the right improvements and support systems.

Balancing Specialization and Organizational Strength

In practical terms, what steps are you taking to address these issues?

Okuno: We revised our HR framework effective April and are shifting toward mechanisms that raise internal mobility. We've set tenure guidelines for managers and introduced a system where managers with strong specialist backgrounds are required to rotate to other departments after a set period. In short, we've built a framework with a certain degree of mandated movement.

Wasn't there any resistance?

Okuno: Naturally, there was. For those colleagues, we created a specialist track. It provides a path to contribute by taking clear ownership of defined domains within the team. It's an opt-in track, but where the organization would not function otherwise, we do reserve the option to ask individuals to take on broader responsibilities.

Hayasaka: Together with system reform, I put emphasis on culture. With the new structure in April, we launched monthly meetings with President Arakawa and all employees. It's not a one-way communication; it's a dialogue. People are getting to know one another across divisions, and cross-department communication has started to occur.

We also introduced a "Thanks Points" peer-recognition program in May. In just two weeks, 60% of employees used it, and within three weeks, more than 2,000 "thanks" had been exchanged.



Okuno: Those numbers are really remarkable. It's common for programs to sit idle, so I was, frankly, surprised to see such rapid adoption.

Hayasaka: People want to be seen and appreciated. By making that visible, contributions that used to be overlooked come to light. And I believe cross-department collaboration grows from these small, everyday connections.

How about talent development?

Okuno: We recognized a lack of a structured approach—not only for managers, but for talent development overall. So we built a new learning architecture and began operating it this year. We've set up tiered programs by level. For example, we now have dedicated courses for current managers, and for managerial candidates we've clarified the specific learning requirements. These are initiatives we launched this year.

Hayasaka: As for executive talent, I'm drawing on my experience supporting from the outside to secure core talent and cultivate next-generation leaders. We're also rolling out a project to foster our "Together, with Passion!" culture in partnership with ALLIED COFFEE ROASTERS, our group company, to raise organizational capabilities across the group.

It's interesting that you previously supported S.ISHIMITSU from outside the company.

Hayasaka: That's right. That is why I can understand both the external viewpoint and the internal realities. I can see S.ISHIMITSU's strengths and its challenges objectively—and that perspective is, I believe, directly informing the role I play today.

Human Capital Management: A Conversation

Challenge for the Future Co-Creation Forum 2027

Looking ahead, what initiatives are you considering to address the current challenges?

Hayasaka: In July, we will launch the Future Co-Creation Forum 2027, which is an important component of our HR policy in our medium-term plan. We aim to use this event to translate organizational objectives into individual goals, and most importantly, to assist each person in explaining their goals in their own words.

We also intend the forum to foster mutual understanding—seeing how other teams set goals and what they care about—and to deepen that understanding through constructive questioning. And through candid dialogue with management, we aim to connect these conversations to building a better organization.

Why make participation opt-in rather than all-hands?

Hayasaka: Some in our management meetings advocated full participation. But genuine transformation requires voluntary commitment. To enable real and frank dialogue, we've prioritized self-selection over compulsion.

Okuno: This is an intriguing approach. If you force participation, you rarely get real change. Those who raise their hands are precisely the ones who can spark transformation.



The Essence of Job Fulfillment

Finally, may I have a message to employees and all stakeholders, please?

Okuno: Fulfillment at work isn't something a company simply bestows. It's something each of us earns by engaging proactively. Please make full use of the diverse support we offer to become a true professional if you wish to hone your expertise or to build the skills and confidence to contribute through talent development if that's your path. The talent we seek are "people who think for themselves, embrace change together, and grow." We will support you wholeheartedly, but, actually, your own initiative is decisive. I sincerely hope your time at S.ISHIMITSU becomes a lasting asset in your life.



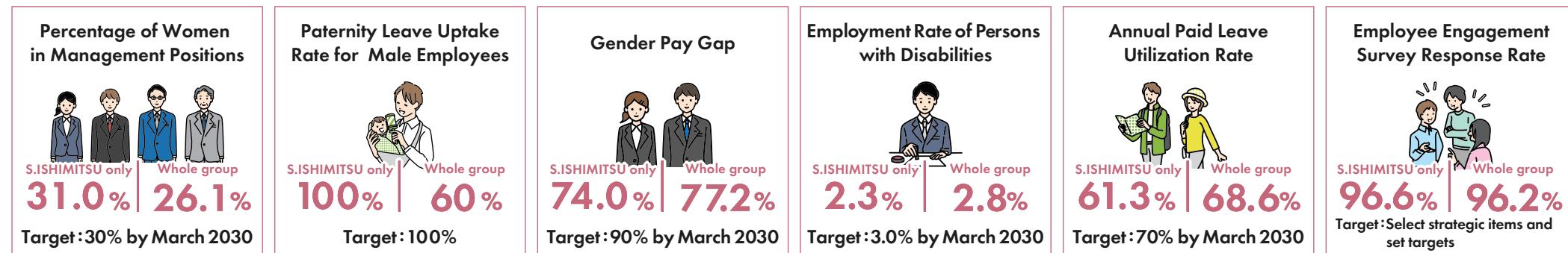
Hayasaka: I fully agree—meaningful work emerges from a shared commitment by the company and our people. Speaking as someone who joined from the outside, S.ISHIMITSU really has outstanding systems and an enabling environment. To realize our group philosophy—"Think together, work together, and prosper together"—I encourage everyone to trust and respect one another and take on new challenges. We aim to remain a company that grows steadily through talent development, and we're building a workplace where each professional can contribute with confidence and pride. Let's build the future together.

note
This arrangement was created through our connection with Shinoh Co., Ltd., a company with ties to our group. Shinoh Co., Ltd. actively supports persons with disabilities. The piece uses environmentally conscious materials—such as frames made from reclaimed wood and "solar flowers" crafted from tree bark—and reflects a warm desire to contribute to the SDGs. It is on display at the reception on the second floor of our Kobe Head Office. If you visit us, please do take a look.

Human Capital

Our core philosophy—"Think together, work together, and prosper together"—always guides our people-centered management. We see employees as vital capital and invest in their value for sustained growth. This concept is represented in "SHINE 2027," our new medium-term management plan starting in fiscal 2025, where shifts our focus from "foundation building" to "transformation and implementation" is proposed. This phase is driven by three pillars: HR System Reform, Talent Development, and DE&I. Executive management, together with the management strategy office, the administration department, and the department of business transformation, will lead the initiatives.

Human Capital KPIs: Fiscal 2024 Results and Targets



Review of Fiscal 2024

In fiscal 2024, we saw notable improvements in the percentage of women in management and a reduction in the gender pay gap compared to the previous year. We will establish group-wide targets for all KPIs and formulate specific measures to drive further progress across the entire S.ISHIMITSU Group. The definition of "management positions" will be revised in conjunction with the new S.ISHIMITSU HR system introduced in fiscal 2025. Consequently, we will reassess our target for female representation and develop new strategies to achieve it. Employee engagement has been a key area of focus. By overhauling our survey methodology, we successfully increased the response rate and gathered more readily analyzable data. Our next step is to identify strategic focus areas and to establish clear, ambitious targets.

Creating a Comfortable and Rewarding Workplace

We foster a work environment where employees balance careers with life events like marriage, childcare, and eldercare, ensuring security and long-term careers. Our goal is to be a company where our people feel secure and can build long-term careers. To achieve this, we have revised salaries and allowances, introduced coreless flextime and telework, and implemented life-stage support measures. We will continuously improve our environment for fulfilling lives.

Proper Management of Working Hours

- In compliance with Article 36 of the Labor Standards Act, we have a labor-management agreement regarding overtime and holiday work. Even in exceptional cases, overtime is capped at 80 hours per month (360 hours per year).
- Our HR department monitors the overtime hours of all employees monthly and shares this data with department managers to ensure proper oversight.
- We have implemented a rest interval system between workdays, recommending a minimum of 9 hours.
- Annual paid leave can be taken in half-day increments. We also have a "consecutive leave" system that encourages employees to take five consecutive days off.

Support for Employees with Childcare and Family Care Responsibilities



Maternity and Postnatal Leave
(including Paternity Leave immediately after childbirth)

Family Care Leave

Childcare Leave

Reduced Working Hours for Childcare
Available until the child graduates from elementary school

Special Leave for Child-rearing Purposes

Reduced Working Hours for Family Care

TOPIC

We have been certified as a "Mimosa Company" by Hyogo and Kobe for promoting the active participation of women in the workplace!

Human Resources System Reforms

We're reforming HR systems to improve employee engagement and individual talent utilization.

● Transitioning to a Strengths-Based HR System

We have newly designed a specialist track to further cultivate the professional expertise and have revised our evaluation system accordingly. Furthermore, in fiscal 2024, we have launched Career Vision Workshops to encourage employees to take ownership of their professional development and enhance job satisfaction.

● Visualizing Skills with Our Talent Management System

To optimize our human capital and maximize the capabilities of every employee, we have introduced a new talent management system to visualize individual skills and aptitudes. This system also features a "Thanks Point" function, which allows employees to easily send messages of appreciation to one another. This initiative plays a vital role in fostering a positive and collaborative corporate culture built on mutual gratitude.

Examples of Our Programs

Comprehensive Health Check-up Subsidy	All employees can receive a comprehensive health check-up at no personal cost, regardless of age.
Language Learning Support Program	We provide a subsidy of up to ¥25,000 per person for employees pursuing language studies for self-development.
Job Rotation Program (for new graduates)	New graduates spend their first year experiencing various departments before their final assignment.
Career Declaration System	Employees can directly communicate career aspirations and relevant personal needs to management and HR via this system.

Internal "Study Abroad" Program	Employees can gain experience in a different department for a fixed period to broaden their perspectives and understanding of other business areas. Initially launched for inter-departmental transfers within S.ISHIMITSU, this program now extends across the entire S.ISHIMITSU group.
YMCFP System	Young Management Candidate Foster Program Selected young employees serve as members of the secretariat for key management-level meetings, acquiring a strong foundation for their development as future leaders. By gaining firsthand experience in critical decision-making, policy formation, business reforms, and problem-solving, participants develop a broader, management-level perspective on our company and society. The program also aims to hone their essential skills in strategic writing, communication, and problem-solving.



Career Vision Workshops

We held Career Vision Workshops to foster mutual understanding between supervisors and their team members, driving both individual and organizational growth.

These workshops provided a valuable opportunity for each employee to reflect on their personal career vision and recognize the importance of aligning their actions with their long-term goals.

Following the workshops, all participants create a personal career plan. This plan serves as a basis for ongoing dialogue between employees and their supervisors during 1-on-1 meetings, ensuring continuous support for their future career development.



Human Capital Development System

Our employees are the driving force behind our growth. To ensure each individual can flourish, we are enhancing our educational and training opportunities, alongside strengthening corporate support and management systems.

● Revision of Our Educational Framework

Guided by our corporate philosophy and medium-term management plan, we have defined our ideal talent profile as "proactive individuals who embrace change and pursue continuous growth." To cultivate such talent, we have developed a new educational framework (curriculum) that will be implemented from fiscal 2025.

● Establishing a System for Measuring ROI on Human Capital Investment

At S.ISHIMITSU (non-consolidated), we have begun compiling data on our educational expenses, which represent our investment in human capital. Moving forward, we will establish a system to verify the return on this investment, set appropriate benchmarks, and build a framework for data aggregation and progress management across the entire S.ISHIMITSU group.

FY2024 Education and Training Expenses: ¥15,917,000 (non-consolidated)

Training Programs



● Investment Education Training

We offer training on future investment, detailing our defined contribution pension and stock ownership plans for employees. Our goal is to improve employee financial literacy, promote personal asset creation, and encourage shareholder-oriented company management.

We also conduct timely training sessions on themes relevant to current management challenges.

Examples from FY2024

- Unfair Competition Prevention Act Training
- Intellectual Property Rights Training
- IT Literacy Training
- Management by Objectives (MBO) Training

Our internal "Study Abroad" program fosters mutual understanding and discovery across overseas group companies. We also support employees pursuing qualifications like language certifications or MBAs.

VOICE



Internal "Study Abroad" Program

One experience that left a strong mark on my career was a one-month training program in Japan. During that time, I gained new ways of looking at coffee and tea, and I learned a lot. Through daily cupping sessions with the QC team, I was able to see firsthand what people call Japanese quality: attention to detail, consistency, and a strong focus on results. I also had the chance to visit tea fields in Kyoto and Aichi. There, I learned about traditional methods of Japanese tea production and the background that creates its unique flavors. Their high level of skill impressed me deeply.

Through daily work and talks with my Japanese colleagues, I also learned about hard work, a disciplined way of doing things, and a deep respect for teamwork. These lessons now support my work in Thailand and help me build trust with clients. This training showed me, actually, how meaningful it is to work together across countries with coffee and tea as a bridge. It was a key moment in my career, and it has changed how I will approach my work from now on.



Dear preparing Thai food at the S.ISHIMITSU head office. ▲

Diversity, Equity & Inclusion (DE&I)

We are committed to building an organization where individuals are valued regardless of attributes such as age, gender, or nationality and offering opportunities for continuous learning to take on these challenges.

● Raising Our Employee Engagement Score Above the Average

We have refined our survey methodology for employee engagement to ensure an accurate understanding of the current situation. While the results for the S.ISHIMITSU group as a whole were above average, we will continue to analyze the detailed feedback, particularly for management-level employees, and develop targeted initiatives for improvement. Furthermore, we will identify strategic priorities and set clear goals for them.

● Targets: 30% Women in Management / 3.0% Employment Rate for Persons with Disabilities

While S.ISHIMITSU is making solid progress toward workforce diversity, discrepancies persist within our group firms. We intend to achieve our objectives by consolidating management duties, improving work environments, and encouraging talent interchange throughout the organization. We perform satisfaction surveys for people with disabilities and use the findings to improve their working conditions. We are also providing more opportunity for all employees to "gain a correct understanding" of diversity through training, events, and other activities.

 Women in management ratio:
26.1%

 Appointed local talent to executive positions at overseas group companies.

 Raised the mandatory retirement age to 65 (effective 2019).

 Revised our recruitment process.
(to focus on applicants' skills, strengths, and specific needs, allowing us to better match them with roles where they can thrive)

 Implemented volunteer activities, mainly for contract employees, as part of our community contribution and engagement efforts.

 Engaged in exchange programs with special needs schools and employment support facilities.

Declaration on Promotion of Health Management

Our philosophy at S.ISHIMITSU is, "Think together, work together, and prosper together." We recognize that to fulfill our mission of bringing happiness through food, the health of every employee is paramount. The well-being of our employees is the very driving force that creates value and brings happiness to the world's tables. Therefore, we will proactively support the health and wellness of each employee to provide an environment that fosters greater health consciousness. Through these efforts, we will enhance individual performance, which in turn will lead to improved organizational performance as a whole.

April 2025 Masaomi Arakawa, President and Representative Director

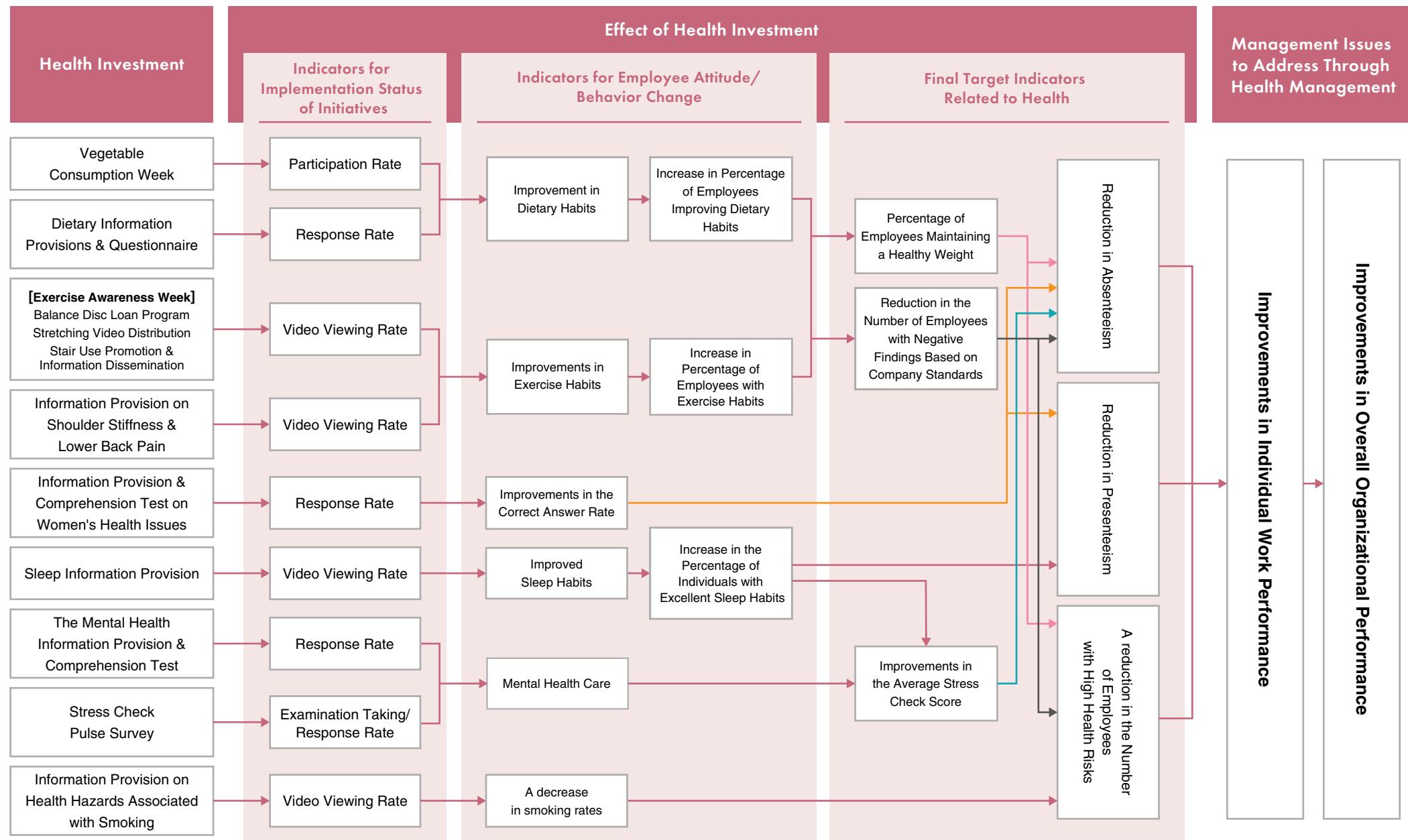
Our Purpose

Guided by our philosophy, "Think together, work together, and prosper together," the S.ISHIMITSU group has built a history of over 100 years by valuing our "connections" with all stakeholders. By bridging not only products and services but also aspirations and intangible values—from upstream to downstream—we will continue to "bring happiness through food worldwide."

Our employees are our "human capital," the driving force that implements the above mission. We proactively strive to prevent physical and mental health issues, as they can result in reduced performance and absenteeism. To ensure our sustainable growth and flexibly adapt to this era of rapid change, we as a company will support our employees' health management to enhance individual performance and, ultimately, elevate the performance of the entire organization.



Health Management Strategy Map



ISO14001 Certification

Proactively Addressing Sustainability Challenges

What is ISO 14001?

The objective of ISO 14001 is to provide organizations with a framework to protect the environment and respond to changing environmental conditions while balancing these efforts with socioeconomic needs. This standard specifies the requirements that enable an organization to achieve the intended outcomes of its environmental management system.

Building on this framework, the S.ISHIMITSU group leverages its ISO 14001-certified management system to proactively address not only environmental issues but also sustainability challenges related to human rights and society.

Specific Initiatives for Each PDCA Phase

	Plan	Support and Operations
①	<p>Plan</p> <p>Each fiscal period, our business departments assess their organizational context by identifying "external and internal issues," along with the "needs and expectations of interested parties." This process enables us to determine the "sustainability aspects" that arise from their activities, products, and services. Leveraging this framework, we identify "significant sustainability aspects," "risks and opportunities," and "compliance obligations." Next, we set realistic and quantifiable sustainability goals that perfectly complement our sustainability policy.</p>	<p>Support and Operations</p> <p>Based on the action plans, we will establish the necessary processes and then implement, maintain, and control them according to operational criteria.</p>
②	<p>Performance Evaluation</p> <ul style="list-style-type: none">Quarterly, we monitor and measure operational results and record the information. Should we fail to achieve the intended performance improvements, we will make necessary revisions to the action plans.Twice a year, the ISO Promotion Committee, composed of the heads of each business department, evaluates the semi-annual progress toward our sustainability objectives and the effectiveness of the sustainability management system's performance.Annually, the legal and risk management team of S.ISHIMITSU and the general manager of ALLIED COFFEE ROASTERS will verify compliance with legal obligations. This includes regulations such as the Act on Rational Use and Proper Management of Fluorocarbons, the Air Pollution Control Act, and laws concerning noise, waste management, plastic resource circulation, container and packaging recycling, industrial safety and health, and fire services.Once a year, we conduct an internal audit to confirm that the sustainability management system conforms to the standard's requirements, is implemented as planned, and is effectively maintained.Annually, we conduct a management review to assess whether the sustainability management system remains appropriate, adequate, and effective. This review leads to decisions for continual improvement and sets the strategic direction for the organization.	 <p>The diagram illustrates the PDCA cycle as a continuous loop of four interconnected phases: 1. Plan (represented by a clipboard icon), 2. Support and Operations (Do) (represented by a gear icon), 3. Performance Evaluation (Check) (represented by a magnifying glass icon), and 4. Improvement (Act) (represented by a bar chart icon). Each phase is enclosed in a hexagonal box with a teal border, and the entire cycle is enclosed in a large circular arrow.</p>
③	<p>Improvement</p> <p>We will address necessities for improvement identified during internal audits, management reviews, and external audits. By implementing corrective actions for any non-conformities, we will continually enhance the appropriateness, adequacy, and effectiveness of our sustainability management system.</p>	
④		

Leveraging the management system established under ISO 14001, the S.ISHIMITSU group is committed to proactively resolving sustainability challenges. Our focus extends beyond environmental issues to encompass the critical areas of human rights and social responsibility.

Objectives and Future Plan

The S.ISHIMITSU group companies and US FOODS Co., Inc. have obtained ISO 14001 certification.

ISO14001 Certification

Departmental Goals and FY2024 Progress



Coffee & Tea Department

Goals

- 1. To develop and market products that help solve social challenges.
- 2. To reduce waste and loss of imported raw materials.
- 3. To improve logistics for lower GHG emissions.

Progress

- 1. Sales of products addressing social challenges reached 17% of our target.
- 2. Successfully reduced the incidence of moldy coffee beans to just 0.28% of our total volume.
- 3. Cut GHG emissions per bag from shipping by 17% year over year by reviewing inventory locations and optimizing transportation methods.



Overseas Business Department

- 1. To strengthen exports of rice and processed rice products, contributing to Japan's food security and self-sufficiency.
- 2. To expand exports of organic food products with a low environmental impact.
- 3. To enhance employee training and professional development.

- 1. Achieved a 155% increase in exports of rice and processed rice products compared to the previous period and expanded UK sales of our "Konotori Hagukumu Okome" (Stork-Nurturing Rice).
- 2. Boosted exports of organic food products by 160% compared to the previous period.
- 3. Participated in export expos and overseas seminars.



Food Business Department

To reduce Scope 3 emissions by 20% by the end of FY2030 through initiatives for LCA products.

Cut food waste by 10% year over year.
Changed packaging materials and reduced package sizes across various product categories.



Agri-products Department

- 1. To launch concrete initiatives for reducing Scope 3 emissions.
- 2. To reduce food loss.
- 3. To decrease reliance on procurement from China to ensure stable growth while considering geopolitical risks.

- 1. Achieved five products and businesses addressing social issues, including GHG reduction.
- 2. Created waste data for each main product.
- 3. Established six businesses outside of China over the full fiscal year.



Non-Sales Department

- 1. To reduce GHG emissions.
- 2. To promote respect for human rights.
- 3. To strengthen legal and regulatory compliance.
- 4. To achieve a 90% reduction in food waste from inspection processes by FY2030.

- 1. Reduced combustible waste by 77.1% year over year. Will replace four gasoline-powered vehicles with hybrid models by November 2025.
- 2. Established a "Human Rights Due Diligence" framework and conducted human rights training. Performed an on-site human rights assessment in one country.
- 3. Had no unexpected legal violations. Held two training sessions on legal affairs.
- 4. Achieved an approximately 88.8% reduction in food waste compared to our FY2022 baseline.

GHG Emissions

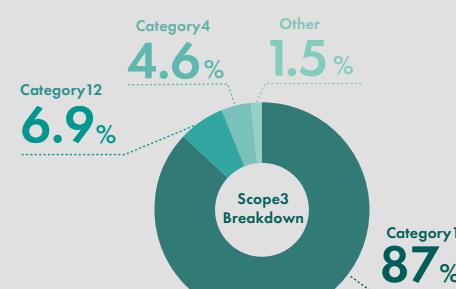
FY2024 Review and FY2025 Goals

In fiscal 2024, we advanced our initiatives in Category 1 based on our coffee and tea production origins. For coffee, we are progressing with projects alongside two suppliers each in Brazil and Colombia, focusing on practices such as green manure and fertilizer management. For tea, we launched a new initiative in South India to reduce GHG emissions by transitioning to organic fertilizers and utilizing soil microbes. As this program is a four-year plan, we will continue to report on its progress in future integrated reports.

In fiscal 2025, we will advance toward carbon neutrality by 2050 by developing products that create economic value while reducing GHG emissions. Beyond production sites, we will cut emissions in waste and logistics through effective waste material utilization and improved transportation efficiency.

Breakdown of FY2024 Emissions

		(Unit:t-CO ₂ e) FY2024
Scope1+2+3		466,609
Scope1+2		4,376
Scope1	Direct Emissions	3,479
Scope2	Indirect Emissions (Market-based)	897
Scope 3 Total		462,233
Category1	Purchased goods and services	406,260
Category2	Capital goods	1,498
Category3	Fuel- and energy-related activities	819
Category4	Upstream transportation and distribution	19,821
Category5	Waste generated in operations	482
Category6	Business travel	657
Category7	Employee commuting	164
Category8	Upstream leased assets	0
Category9	Downstream transportation and distribution	552
Category10	Processing of sold products	2,119
Category11	Use of sold products	0
Category12	End-of-life treatment of sold products	29,749
Category13	Downstream leased assets	112
Category14	Franchises	0
Category15	Investments	0



Regarding Scope 3, Category 1

We calculate these emissions using factors based on purchase value. Our emissions in this category decreased due to a significant year-over-year reduction in the import value of raw materials. This reduction stems from two key initiatives: 1) inventory adjustments to improve cash flow and 2) a strategic shift in our product portfolio as part of our business model transformation.

TCFD (Task Force on Climate-related Financial Disclosures)

Our group's operations, centered on three main business segments—import and sales of beverage ingredients, food products, and food exports—are highly exposed to natural capital risks within the supply chain. Factoring in variables such as demographic trends, calorie intake patterns, environmental changes, and market forecasts, we project a potential 30% to 50% decline in business by 2050 compared to 2020. In response, we are implementing countermeasures based on three pillars: mitigating natural capital risks, securing procurement rights, and developing new environmental businesses.

To mitigate natural capital risks, we will spearhead the implementation of GHG reduction measures in raw material production. By promoting "environmental recirculation" in collaboration with our partners at origin, we also aim to secure a stable supply of raw materials. To build our new environmental businesses, we will capitalize on the growing global demand for eco-friendly products. We will leverage our proprietary "Green Roasting" technology, primarily for coffee, to simultaneously reduce our environmental footprint and create new commercial value.

Disclosure Element	Description	Items	Our Actions
 Governance	Governance Structure and Roles	<ul style="list-style-type: none">• Board's Oversight Structure• Management's Role in Assessment and Management	Establishing a Governance Structure <ul style="list-style-type: none">• Board's Oversight Structure• Management's Role in Assessment and Management
 Strategy	Impact on Business, Strategy, and Finance	<ul style="list-style-type: none">• Short-, Medium-, and Long-term Risks and Opportunities• Impact on Business, Strategy, and Financials• Resilience to Climate Scenarios	Scenario Analysis <ul style="list-style-type: none">• Identifying Climate-Related Risks and Opportunities• Setting Assumptions for Scenario Analysis Based on our Business Environment
 Risk Management	Assessment and Management of Climate-Related Risks	<ul style="list-style-type: none">• Process for Identifying and Assessing Risks• Process for Managing Risks• Integration of Risk Management Processes	Developing Risk Mitigation Measures <ul style="list-style-type: none">• Assessing Impacts on Strategy and Business Based on Scenario Analysis• Developing Measures to Mitigate Impacts Arising from Risks
 Metrics and Targets	Metrics and Targets for Assessment and Management	<ul style="list-style-type: none">• Metrics Used to Assess Strategy and Risk Management• GHG Emissions (Scopes 1, 2, and 3)• Targets for Managing Risks and Opportunities, as well as Performance	Visualization and Target Settings <ul style="list-style-type: none">• Calculating Scope 1.2.3. emissions• Setting Metrics and Targets Aligned with our Strategy

Source:

"Recommendations by the Task Force on Climate-related Financial Disclosures (Final Version)" by the Climate-related Financial Disclosure Task Force



GHG Reduction Initiatives / Coffee

Colombia SKN

The Person in Charge
Coffee Raw Materials Team, Coffee & Tea Department

Fuka Hanaoka
花岡 風香

Small-scale family farms dominate the Colombian coffee industry, making advancing decarbonization a real challenge. Our project rises to this challenge by exploring ways to achieve sustainable coffee production that benefits both farmers and consumers. This initiative is founded on providing tailored technical guidance and meticulous data collection at the local level.

Coffee production is a significant source of greenhouse gas (GHG) emissions, making environmental action an urgent priority. In Colombia, where over 90% of producers are small, family-run farms, implementing standardized solutions is challenging. Driven by the question of what unique contribution we could make, we dedicated three years to developing and launching our CarbonZero Project.

The project promotes the use of low-GHG chemical fertilizers in coffee cultivation. A crucial element of our approach, however, is collecting and analyzing primary data. This empowers each farmer to understand their specific GHG emissions baseline—an invaluable asset in the Colombian context.

Our vision is to create a virtuous cycle. If this initiative proves successful, we plan to expand it to more farms within three years. This will help establish coffee farming as a stable source of income for farmers—a profession they are proud to pass on to the next generation. Simultaneously, it will ensure a steady supply of delicious, environmentally friendly coffee for consumers worldwide.



INTERVIEW
A Word from
the Person in Charge

Brazil COOXUPE

The Person in Charge
Coffee Raw Materials Team, Coffee & Tea Department

Takumi Hashimoto
橋本 工

In the state of Minas Gerais, Brazil, we are advancing sustainable coffee production in partnership with four farms to reduce greenhouse gas (GHG) emissions. This initiative is a collaboration with COOXUPE, the world's largest coffee cooperative, and a fertilizer company. Together, we are collecting GHG emissions data from each farm and implementing tangible actions to drive on-farm emission reductions.



Brazil SANCOFFEE

We are conducting trials with eight types of green manure as an alternative to chemical fertilizers, evaluating their capacity to supply nutrients. These trials meticulously assess how effectively green manure can replace chemical fertilizers and its impact on crop yield and quality. Our research also extends beyond GHG reduction to examine the effects on soil microorganisms, exploring green manure's potential to improve soil health and conserve biodiversity.



INTERVIEW
A Word from
the Person in Charge

In Brazil, coffee production has struggled to surpass 2020 levels due to the impacts of climate change, such as frost, drought, and extreme heat. This has been a key factor in recent price increases. In response, our partner farms are advancing climate adaptation strategies, including installing irrigation systems, planting Canephora varieties, and embracing regenerative agriculture.

At the same time, reducing chemical fertilizer use can be a source of apprehension for farmers, as it carries the risk of decreased income. Therefore, open dialogue to deepen mutual understanding is essential to the project's success. To navigate an uncertain future, we are committed to moving forward step by step. By fostering close communication with the farms, alongside our fertilizer company and other partners, we will safeguard a sustainable production environment and ensure we can continue to purchase their high-quality coffee for many years to come.

GHG Reduction Initiatives

Our Commitment to Reducing Waste



In the fall of 2024, we launched a focused effort to reduce waste. Green coffee beans and other food products can develop mold during transport, making them unsuitable for domestic sale. Consequently, they are typically incinerated at the port. This incineration process not only releases greenhouse gases (GHG) but also makes it difficult to repurpose the waste.

To address this issue, we partnered with an intermediate waste treatment company in Kobe to explore the potential for composting or converting this waste into energy. However, our investigation revealed significant technical and regulatory hurdles. We learned that repurposing green coffee beans, including for compost, requires special permission and on-site supervision from customs authorities. Furthermore, the burlap sacks in which the beans are packaged must also be incinerated, complicating efforts to compost or generate energy from the waste.

Despite these challenges, our commitment to pursuing waste reduction and recycling opportunities remains unwavering. We will continue to gather information to overcome these obstacles, dedicating our full efforts to effectively utilizing waste and mitigating our environmental impact.



US FOODS Enhancing Delivery Efficiency

Approach

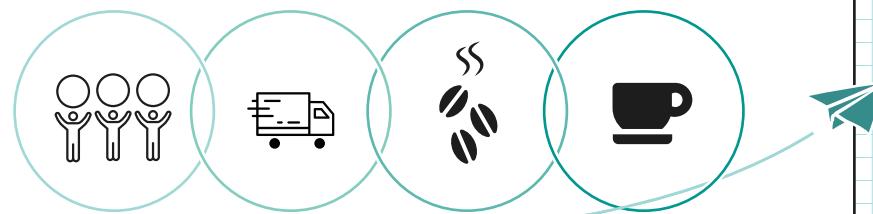


Developing a New Delivery System

While the delivery of heavy goods is a cornerstone of our e-commerce business, it also presents numerous challenges. To overcome these, we are developing an innovative delivery system in cooperation with our customers, designed to be both effective and enjoyable to use.

Our Philosophy

Our business is only made possible by the dedicated producers of our raw materials. In addition, it is through the collective efforts of those who transport and roast these exceptional beans that we can deliver a cup of coffee to the consumers. Our current system offers significant convenience, especially for customers like micro-roasters who can order only what they need, minimizing their storage space requirements. While honoring this convenience, we envision a new system that encourages positive participation. By building this system together with our customers, we believe we can collectively solve our delivery challenges and contribute to a healthier global environment.



The Person in Charge
President and CEO

Yukihiro Sugimoto
杉本 幸広



Reducing GHG Emissions by Improving Delivery Efficiency

As our sales volume grows each year, we face a particular challenge with small-lot deliveries, where individual burlap sacks of coffee are shipped directly from port warehouses to our customers. Currently, we often ship one sack at a time. By consolidating these shipments and reducing the frequency of deliveries, we believe we can alleviate the strain on our logistics partners, who are facing labor shortages, while also cutting greenhouse gas (GHG) emissions. We are confident this initiative will contribute to the long-term sustainability of our business.

GHG Reduction Initiatives / Food-related



01 / A Word from the Person in Charge

Minimally Peeled Lotus Root

Overview and Objectives

We are working to reduce food waste in the production of our boiled lotus root by adopting a method that leaves a thin, edible layer of skin intact, rather than removing it completely. This approach not only reduces waste but also enhances operational efficiency and lowers costs by transitioning the peeling process from manual labor to automation.

A Word from the Person in Charge Agri-products Team 2, Agri-products Department Yoshihiko Kakei 梶 良彦 Ryosuke Mizuhaya 水早 龍介

In the agri-products department, our focus is on developing products that help solve societal challenges. We turned our attention to boiled lotus root, a major product category among our processed vegetables from China. Traditionally, the skin is completely removed by hand, and all of it is discarded. We realized that if we could leave a small amount of skin without compromising appearance or texture, we could significantly reduce food loss. This idea was the starting point for our development.

Amid recent and persistent rises in raw material prices, our clients are struggling with passing on costs. In this climate, our minimally peeled boiled lotus root has been embraced by many customers as a cost-effective and environmentally friendly solution. We are enthusiastic about continuing to promote this innovative product.



02 / A Word from the Person in Charge

Upcycled Fish Cutlets

Overview and Objectives

We have developed a new "Fish Cutlet" that makes creative use of pollock offcuts that would otherwise go unused. By upcycling these portions, we are reducing food waste and creating an affordable, budget-friendly product for consumers navigating the challenges of rising food prices.

A Word from the Person in Charge Team Leader, Fukuoka Food Sales Team, Food Business Department Tsutomu Sasaki 佐々木 勉

During a visit to one of our key seafood processing suppliers, I witnessed a large volume of pollock offcuts being generated during the filleting process. While some of these are sold as feed for farmed fish, the surplus is typically discarded. I felt this was a terrible waste, and this inspired a conversation with the factory about developing a new product from these offcuts. After about a year of development, focusing meticulously on taste and texture, we perfected a truly delicious "Fish Cutlet." This initiative has created a "triple-win" scenario: it reduces food loss for the factory, provides our company with a meaningful way to contribute to society, and offers a great-value product for our customers.



03 / A Word from the Person in Charge

Elimination of Shrimp Trays

Overview and Objectives

For our "Sailing Boat" brand of tail-on stretched shrimp—a flagship product accounting for approximately 25% of our seafood sales—we have eliminated the use of polystyrene (PS) trays. This change not only reduces our plastic consumption but also shrinks the outer carton dimensions by an average of 72%, boosting transport and storage efficiency and thereby contributing to lower GHG emissions.

To prevent product damage during transit without the trays, we devised a new vertical packing method. Furthermore, we proudly display the Best Aquaculture Practices (BAP) certification mark on the product, demonstrating our commitment to responsible aquaculture. BAP is a global certification program that verifies aquaculture products are produced in a safe, ethical, and responsible manner, covering environmental and social responsibility, animal welfare, and food safety.



▲ BAP Certificate



▲ Vertical Packing Method

04 / A Word from the Person in Charge

East Japan Special Sales Team, Food Business Department

Shinji Minami 南 信治

The world produces an estimated 400 million tons of plastic annually, with 8 million tons polluting our oceans each year. Projections warn that by 2050, ocean plastic could outweigh fish. The incineration of plastic also releases greenhouse gases, accelerating global warming.

In light of this global challenge, we believe that reducing plastic consumption is essential for mitigating climate change. We see this initiative as a direct contribution to lowering GHG emissions and remain firmly committed to our ongoing efforts in plastic reduction, recognizing that every action counts toward a sustainable future.

GHG Reduction Initiatives / Overseas Business Department

- ▶ Ensuring Customer Confidence
- ▶ Protecting Our Planet

Our Initiatives

We are dedicated to developing and handling a wide range of organic food products and ingredients. Our commitment extends to products made with agricultural goods transitioning to organic certification—such as our renowned Konotori Rice, teas, and seasonings—as well as those cultivated with reduced pesticides and chemical fertilizers.



Coffee grounds being spread on the ridges of an organic rice paddy

Our Purpose

Driven by a global rise in health and environmental awareness, the demand for organic food is expanding, and the market continues to experience sustained growth. To meet this global trend, our department is proactively advancing the development and handling of organic products. Organic farming, which avoids the use of chemical pesticides and fertilizers, not only contributes to reducing greenhouse gas (GHG) emissions but also helps conserve soil and water quality.

Furthermore, as import regulations become stricter worldwide due to environmental and health concerns, we believe these initiatives strengthen our ability to adapt to legal requirements and ensure a stable supply of high-quality products.

A Word from the Person in Charge

Masahiro Matsuo
Head of the Overseas Business Department 松尾 正博

Our department is committed to building a sustainable future while upholding our deep respect for the environment. Our focus goes beyond simply developing and selling certified organic products. We are also expanding our lineup of goods grown with fewer pesticides and chemical fertilizers and promoting the innovative use of by-products from production and manufacturing. Moving forward, we will continue to enrich the lives of people worldwide through food, delivering services that achieve the perfect balance between "customer confidence and satisfaction" and "care for our global environment."

GHG Reduction Initiatives / Blue Carbon

Revitalizing Suma Coast in Kobe

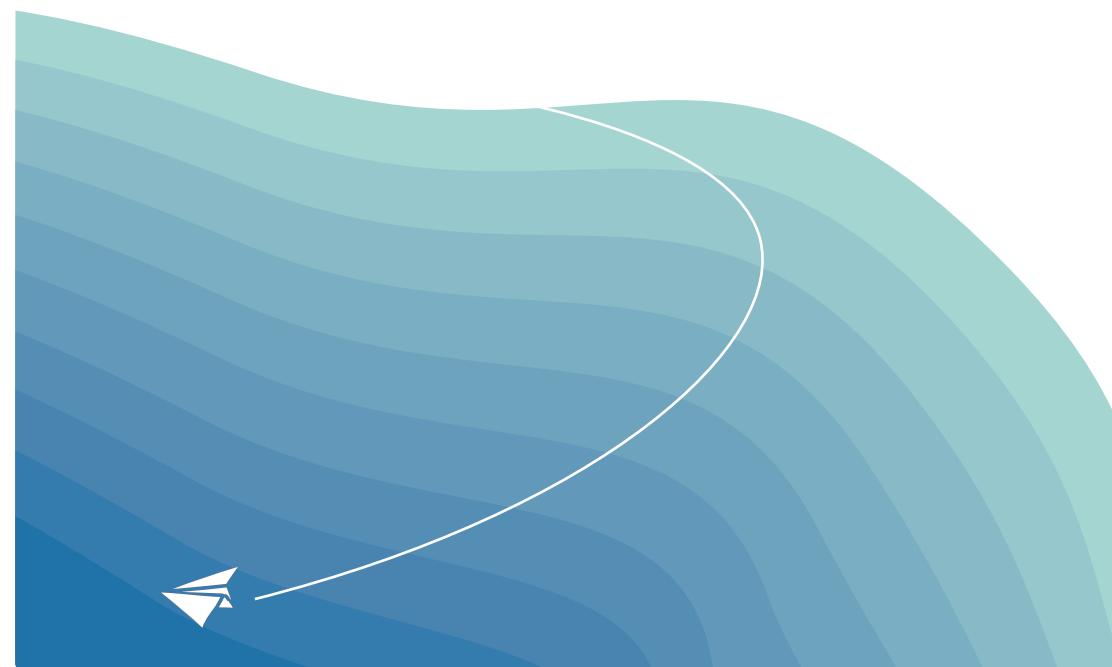
Blue Carbon Credits from the "Suma Abundance Sea Project"

Our Purpose

We are supporting environmental conservation activities at Suma Coast in Kobe, which include wakame seaweed farming and eelgrass planting. The greenhouse gas (GHG) reductions achieved through these efforts are quantified and sold as blue carbon credits. We positioned these activities as an initiative under "6. Contributing to Local Communities and Coexisting with Them" in our Sustainability Policy and cooperated in the marine decarbonization project in Kobe.

Our Commitment

Through our GHG reduction activities in various regions, we have gained a firsthand understanding of the challenges involved and the profound importance of every single ton of CO₂ reduced. Marine-based reduction efforts are particularly demanding when compared to land-based efforts. We will leverage this valuable experience to shape our group's overall strategy and continue proactively to advance our environmental conservation initiatives.



Toward a Circular Economy

New Business Co-Creation Matching Presentation

In December 2024, we took part in the "New Business Co-Creation Matching" event, hosted by the Kinki Bureau of Economy, Trade and Industry. At this event, we delivered a presentation on our Group's proprietary "Green Roasting technology." Under the theme of "Creating New Value for Coffee and Sustainably Utilizing Coffee Grounds," we met with companies interested in partnering with us to explore the exciting new possibilities of Green Roasting.

Green Roasting is our unique initiative, best described by the phrase "Roasting Coffee with Coffee." This process not only reduces waste and promotes the effective use of spent coffee grounds, but also cuts down on gas consumption during roasting. Furthermore, these pellets can be used beyond coffee roasting, contributing to GHG emission reductions across various sectors.

We are committed to advancing our Green Roasting initiative to help build a future where everyone can continue to enjoy coffee as a simple, reliable pleasure for years to come.

What is Green Roasting?

Green Roasting is a sustainable process in which spent coffee grounds are dried, formed into fuel pellets, and then used to roast a new batch of coffee beans.



*This project utilizes patented technologies: 'Pellet Manufacturing Apparatus and Pellet Manufacturing Method' and 'Roasting System and Roasting Method'.

Initiatives in the Circular Economy

Overview

The Person in Charge

Agri-products Team 1, Agri-products Department

Kazuma Nishida
西田 一磨

We practice circular agriculture by growing onions and cabbages, then repurposing the vegetable waste from processing as compost for our fields. Through this initiative, we collaborate with manufacturers to reduce disposal fees, lessen our environmental impact, and promote the effective use of resources.

Objective

We launched this project to address the environmental impact and costs associated with incinerating waste, with the goal of achieving sustainable agriculture. Our resource circulation model allows us to protect the environment while making effective use of waste materials.

A Word from the Person in Charge

Through circular agriculture, we are giving new value to vegetable trimmings that were once considered waste, thereby reducing our environmental footprint. Previously, this post-processing waste was incinerated, which not only incurred disposal costs but also released greenhouse gases. To address this, we began repurposing the waste as compost. This enriches the soil, leading to higher-quality onions and cabbages.

This process required close collaboration with food processors, but we have successfully reduced disposal fees and achieved our goal of lessening environmental impact through recycling. By establishing this resource circulation system, we are now able to serve as a model for a circular society, not just within agriculture but for the entire community.

Looking ahead, we will continue to enhance crop quality while seeking harmony with the natural environment, further developing a system where our community and industry can thrive together. We are hopeful that as this initiative expands, it will inspire new ways to utilize waste, contributing to society and helping to build a more sustainable future.



TNFD

Changes from the Previous Fiscal Year

In fiscal year 2024, the S.ISHIMITSU group newly identified the "financial impacts on the environment, ecosystems, and land use" of its products and estimated their impact levels. As our business often utilizes natural capital, it is crucial to mitigate environmental and ecosystem risks while building new business models.

To achieve this, we are meticulously examining and implementing various measures, striving to become a company that positively impacts ecosystems.

Our TNFD Framework Assessing the materiality of our dependencies and their impacts on natural capital using a heat map, and identifying risks associated with high-priority ecosystem services
Formulating a governance structure and action plan to advance our TNFD disclosures

Dependencies	Trace	Key Factors of Impact									Challenge	Our Actions
		Climate Change	Changes in Land, Freshwater, and Seawater Use	Pollution and Pollution Removal	Soil Pollution	Water Pollution during Production	Water Pollution during Processing	Solid Waste	Noise and Air Pollution			
GHG Emissions	Land Use	Ecosystems	Use of Marine Ecosystems	Use of Freshwater Ecosystems	Use of Groundwater Systems	Use of Terrestrial Ecosystems	Use of Forests	Use of Soil				
Coffee	South Minas	○								The area suitable for coffee cultivation is projected to shrink due to climate change, with production expected to decline after 2040. This poses a significant sales risk due to anticipated price surges and procurement difficulties.	South Minas: Reducing GHG Emissions in Collaboration with Yara	
	Cerrado	△									South Minas: Experimenting with Natural Cultivation Methods Using Green Manure	
	Colombia	×									Mogiana: Environmental Experiments, Including the Use of Green Manure	
	Guatemala	△									Huila: Implementing a Sustainability Plan Based on a Project to Calculate Individual GHG Emissions for Smallholder Farmers	
	Papua New Guinea	×									Tolima: Launching a Project with Cenicafé to Experiment with Mycorrhizal Fungi	
	Vietnam	×										
	Darjeeling	○									Green Manure + Fertilizer Application Adjustment	
	North India	○									Green Manure + Drying efficiency	
	South India	△									Green Manure	
	Sri Lanka	△									Organic Fertilizer Conversion Test (UPASI)	
Tea	Kenya	×									Organic Fertilizer Conversion	
	Bamboo Shoots	○									Fluctuations in rainfall due to environmental changes require attention.	
	Onions	△									Conversion of Residues into Fertilizer	
	Lotus Root	○									Desertification Prevention + Employment of Persons with Disabilities	
	Pasta	△										
	Canned Tomatoes	△										
	Shrimp	○										
	Chicken	○										
	Rice	△										
	Sake	△										
Food	Soy Sauce Products	△										
	Seafood(Fish)	○										
	Coffee	×										
	Instant Coffee	×										
	Green Coffee Beans	△										
	Coffee Equipment	△										
	Manufacturing											
	Sales											
	U.S.											

Cenicafé
Green Manure Experiment

This fiscal year, we start a new research trial on soil microorganisms in collaboration with the Colombian Coffee Growers Federation (FNC) and its scientific research center, Cenicafé. This trial will investigate and evaluate the impact on soil microorganisms of reducing chemical fertilizer use by half and substituting it with green manure (leguminous plants). We will also verify the effects on coffee bean quality and yield.

Through this initiative, we aim to establish a sustainable and environmentally conscious coffee production model.

A Word from
the Person in Charge

The Person in Charge
Sustainability Promotion Office
丸山 花織 Kaori Maruyama

To continuously deliver 'the joy that a cup of coffee brings' to our customers, I believe it is essential to create an environment where producers can cultivate coffee sustainably. This trial not only has the potential to improve the soil ecosystem but also to reduce GHG emissions. This is a vital challenge to support the future of coffee production, and we are committed to tackling it in close partnership with our producers at origin.

Human Rights Policy



Guided by our corporate philosophy, "Think together, work together, and prosper together," we strive to be a company that remains needed and cherished by society. We recognize that respecting the fundamental human rights of all individuals affected by our business is indispensable to achieving this vision. To fulfill our responsibility to uphold human rights, we have established our "Human Rights Policy."

S.ISHIMITSU Group Human Rights Policy

For more details, please refer to our website. [↗](#)

Human Rights Initiatives (On-site visit to Vietnam)

Our Initiatives

To help resolve the critical global issue of human rights, we engage in activities to respect the rights of all our stakeholders, including our supply chain, customers, employees, and local communities. We conduct these efforts in accordance with our Human Rights Policy, our guidelines, and international conventions. We prioritize human rights due diligence within our supply chains, particularly with key overseas suppliers, and proactively address these issues through on-site verification and dialogue.

Objectives

The purpose of our visit was to assess the human rights initiatives of our overseas suppliers. Through direct dialogue with employees and labor unions, we also verified the effectiveness of the unions and the safety of the employees' living and working environments. We initiated this effort by visiting suppliers in Vietnam, a key country from which we source major seafood products.

We consider it vital to foster an environment free from discrimination and unfair treatment, where the human rights and privacy of all our stakeholders are protected. Despite the ongoing challenges, we remain committed to addressing each human rights issue diligently and steadfastly.

Supporting a "Coffee Club" at a Tanzanian High School

The Person in Charge
Team Leader, Coffee Raw Materials Team, Coffee & Tea Department

鈴木 年秀 Toshihide Suzuki

Tanzania's coffee industry faces a pressing challenge: a shortage of new farmers to carry on its legacy. Nurturing the next generation of producers is especially crucial for protecting "Kilimanjaro Coffee," which is long cherished in Japan. To address this issue, we have partnered with local organizations in Tanzania to launch an initiative aimed at cultivating young, aspiring coffee farmers.

Specifically, we are supporting the "Coffee Club" at Msense High School in the Mbozi district of the Songwe region. Through this club, we provide agricultural education and hands-on training, inspiring students with a sense of pride and passion for coffee production. Our goal is to empower them to build sustainable, community-rooted agricultural careers that will flourish for years to come.

Our mission is to carefully convey the passion of our producers and the stories behind their coffee—from cultivation methods to quality—directly to consumers. By sharing these narratives, we aim to deepen consumer understanding of the coffee's origin and build a stronger bond with it. Ultimately, we envision a future where the tradition of coffee farming is passed down through generations while also bringing smiles to consumers' faces worldwide.



The "Diverse" Coffee Project



The Person in Charge
Coffee Raw Materials Team, Coffee & Tea Department

花岡 風香 Fuka Hanaoka

— Creating a future where disability is not a barrier to coffee cultivation —

The global community of coffee producers includes many from minority groups. For producers with disabilities, or those who care for family members with disabilities, participation in the community can be challenging due to both physical and psychological barriers.

Some producers, for instance, struggle with farm work due to visual impairments, while others have limited working hours because they are family caregivers. These circumstances can make coffee cultivation itself a significant challenge. We have designed our "Diverse Coffee Project" to assist them in overcoming these challenges individually. Our commitment lies in creating new opportunities and introducing tailored equipment to ensure their continued success as professionals in the coffee industry.

Launched in 2023, the project has now expanded to three regions in Colombia. While a common approach to support is to purchase coffee at a premium and pass the difference directly to producers, this often

provides only temporary relief. We believe in a more sustainable approach. To build a future where disability is no longer a barrier to coffee cultivation, we engage in deep dialogue with producers. We ask, "What are your current challenges?" and "What would enable you to continue farming?" This allows us to co-create effective, long-term solutions.

As a first step, we plan to hold a "Coffee Cultivation Workshop" in fiscal year 2025, specifically designed for producers with disabilities.

*Please visit our corporate website for ongoing updates on this initiative.



CASE STUDY

ALLIED COFFEE ROASTERS: Factory Outlet Sale

The Person in Charge

Deputy General Manager, General Affairs Department,
ALLIED COFFEE ROASTERS CO., LTD.

兵頭 幸将 Yukimasa Hyodo

About the Initiative



At our Kobe Factory, ALLIED COFFEE ROASTERS hosts a monthly factory outlet sale. We offer freshly roasted coffee beans and drip bags produced on-site at affordable prices. The event also features local welfare organizations, which sell seasonal vegetables, mushrooms, baked goods, and more.

Objectives



This initiative allows us to effectively utilize coffee beans that do not meet standard specifications and high-quality sample products that arise during the manufacturing process. In the past, these items were discarded, but by packaging them for sale, we can contribute to reducing food loss while offering our customers excellent value.

Through this activity, we aim not only to deliver delicious coffee but also to contribute to our local community and protect the environment.

A Word from the Person in Charge

Our factory sale has gradually grown in scale to become a beloved local event, and we are delighted to welcome many repeat customers who look forward to it each month. We have also expanded our network to include new welfare organizations, deepening our ties with the community.

This initiative creates a "win-win-win" situation: our customers are happy, we support the activities of local welfare organizations, and we reduce our company's food loss. We are committed to continuing and enhancing this model for the benefit of all.

US FOODS: COFFEE TOWN ADACHI

The Person in Charge

US FOODS CO., LTD. 岡崎 有里子 Yuriko Okazaki

About the Initiative



We organize "COFFEE TOWN ADACHI" (CTA), a hands-on coffee experience event. We have also launched several other community-focused programs, including a work experience program for junior high school students in Adachi Ward and coffee workshops in collaboration with local community learning centers.

Objectives



Adachi Ward is a hub for a diverse range of coffee-related businesses, including green coffee bean wholesalers like us, roasting machine manufacturers, and local roasters. Our primary goal with CTA is to create opportunities for local residents to engage with coffee and raise awareness of these businesses. Ultimately, we hope to build a community of partners who can work together to address the challenges facing the coffee industry.

A Word from the Person in Charge

As a result of our consistent efforts, we have seen our connections within the Adachi community grow significantly. We are now frequently invited to participate in local events, such as a children's market where elementary students learn to create and sell products, work experience programs for junior high students, and coffee workshops for local residents.

We often see people we met at these activities return to our CTA events later. We will continue to actively engage with our community, striving to cultivate Adachi's coffee scene and build a network of partners dedicated to solving the broader challenges in the world of coffee.



Origin Development: Fermented Robusta Coffee

The Person in Charge

Basic Research Team, Quality Management Department 青沼 歩 Ayumi Aonuma

About the Initiative



In response to the "2050 Coffee Problem," the anticipated decline in suitable coffee-growing regions, we are focusing on the heat-resilient and affordable Robusta (Canephora) variety. Since 2023, we have partnered with a major Indonesian shipper to develop "fermented Robusta coffee." We believe that to keep coffee a cherished beverage for the future, it is vital to continuously supply a variety of flavors at reasonable prices. By innovating processing methods at the source, such as anaerobic (oxygen-free) fermentation with yeast, we are creating a diverse flavor profile. Our goal is to develop raw materials for a wide range of products, from regular coffee to Ready-to-Drink (RTD) beverages.

A Word from the Person in Charge

The fermentation of Robusta is a pioneering effort with few precedents, so I felt a tremendous sense of fulfillment when the prototypes we developed hands-on with our local partners received high praise and surprise from our clients. While establishing fermentation conditions and scaling up to mass production requires a long-term perspective, our team is united in its commitment to this challenge. We are dedicated to creating a future where, decades from now, coffee remains an accessible and delicious part of everyday life.



Volunteer Activities in Anamizu, Ishikawa

The Person in Charge

Business Development Section 2, Sales Department, ALLIED COFFEE ROASTERS, CO., LTD. 齊藤 明日樹 Asuki Saito

About the Initiative



This initiative marked the S.ISHIMITSU group's first-ever disaster relief activity. For one year, starting in May 2024, our employees have been visiting Anamizu, Ishikawa, for two days each month. With the goal of "bringing a positive change to daily life," we established the "Anamizu Town Café" at temporary housing complexes to create a space for community interaction. Through the activities, such as serving freshly brewed coffee and hosting workshops using coffee bean sacks, we fostered deeper connections with the local residents.

A Word from the Person in Charge

At first, I was anxious about how to interact with visitors to our café and worried that I might inadvertently hurt someone's feelings. When a resident said "kinodokuna" (how pitiful) after I served them coffee, I initially thought I had offended them. However, I was deeply touched to learn it means "thank you" in the local Noto dialect.

Over the past year, about 30 employees from our group have participated in these on-site efforts. Meanwhile, many employees who could not visit the site also contributed significantly. They supported the initiative by writing messages on our drip coffee packages, preparing materials for the workshops, and developing original recipes.

Seeing the residents actively exchanging news, sharing smiles, and leaving with joyful expressions on their faces made me truly realize the profound significance of this initiative.



The "eyecity" Eco-project

About the Initiative



Since January 2024, we have been participating in the "eyecity" eco-project, a program to collect empty contact lens cases that was initiated in 2010 by the contact lens retailer "eyecity." We have placed collection boxes at our Kobe head office and Tokyo branch, and thanks to the enthusiastic cooperation of our employees, we have already collected approximately 9 kg of cases. We are committed to continuously addressing social issues, one small step at a time.

*The empty cases of disposable contact lenses are primarily made of polypropylene, a material well-suited for recycling.

Child Kemo House (Kobe City)

About the Initiative



Child Kemo House, established in Kobe in 2013, is a facility that provides a home away from home for children with cancer and other intractable diseases, along with their families, who travel from across Japan to receive treatment at medical institutions in Kobe.

Our overseas business department makes an annual donation to the Child Kemo Support Foundation, which operates this vital facility.

FY2024 Donation: ¥686,000

Hyogo Prefecture Environmentally Friendly Business Award

About the Initiative



S.ISHIMITSU was honored to receive the 34th "Hyogo Prefecture Environmentally Friendly Business Award." This award recognizes our wide-ranging environmental initiatives, which were highly evaluated. These include strengthening our product portfolio to reduce GHG emissions toward our 2050 carbon neutrality goal, advancing decarbonized management by proactively utilizing renewable energy, and promoting the distribution of our proprietary certified coffee to address environmental and social challenges in coffee-producing regions around the world.



The Woody Minami Forest

The Person in Charge

Sustainability Promotion Office 入野 永捺 Ena Irino

About the Initiative



The "Woody Minami Forest," a roughly two-hectare area in Tamba City, has fallen into disrepair due to a lack of management. To address this, we start a five-year forest regeneration project in partnership with NPOs, forestry professionals, and local residents. This project aims to create learning opportunities, such as employee training and workshops, through hands-on regeneration activities. It is also designed to deepen our knowledge of biodiversity and natural regeneration. Our ultimate goal is to establish a foundation of expertise that we can utilize in the raw material production areas for our own products.

A Word from the Person in Charge

When I first visited and walked through the "Woody Minami Forest," I was struck by the tangible presence of life and the immense value of the forest. It was a powerful reminder of the importance of biodiversity. Guided by the belief that 'a forest is shaped by the people who engage with it,' we will advance our regeneration efforts by involving a wide range of stakeholders, and in doing so, strengthen the bonds between the forest, people, and the local community.



Our Food Bank Initiative

The Person in Charge

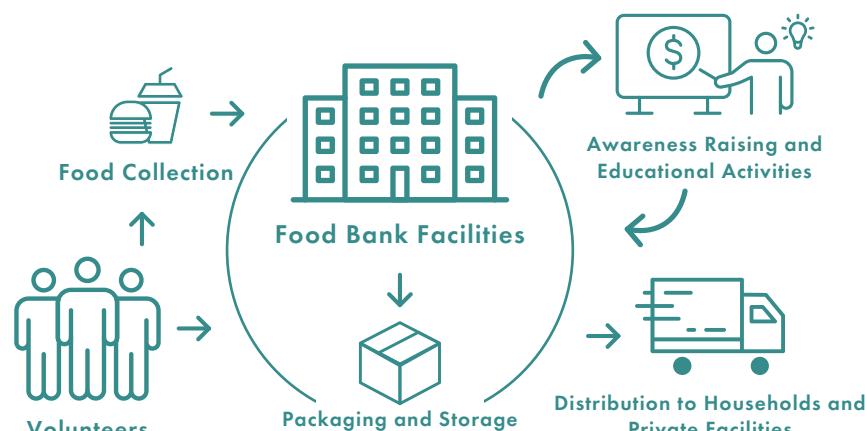
Trade Team, Administration Department 後藤 庄作 Shosaku Goto

About the Initiative



We collect surplus food from sources like supermarkets and food manufacturers for storage at food bank facilities. After sorting and packaging, we distribute these items to families and individuals in need and to social welfare facilities.

We also run campaigns to raise public awareness of issues such as food waste. These operations are largely supported by dedicated volunteers.



A Word from the Person in Charge

As part of our commitment to the community, we have been actively involved in food bank initiatives since 2020, conducting 122 food collection and distribution drives. Through these activities, we have deepened our relationships with staff at social welfare facilities, who often join us in unloading deliveries. With food prices on the rise, we have received countless expressions of gratitude, which reaffirms the profound significance of our work.

Supporting Tokyo Kodomo Shokudo

The Person in Charge

Tokyo Food Sales Team 2, Food Business Department 北岡 正嵩 Masataka Kitaoka

About the Initiative



As our ongoing community support, we donate to kodomo shokudo (community cafeterias for children). We provide items that, while perfectly safe to eat, cannot be sold through standard retail channels—such as items with damaged labels or approaching expiration dates (mainly canned fruits and root vegetables).

A Word from the Person in Charge

This initiative is driven by our desire to “do what we can, where we are.” Our goal is to support the healthy development of children by expanding their food choices. We receive positive feedback, such as “Canned fruits are a popular dessert for the children,” and “Root vegetables are invaluable for making warm, home-cooked meals like stews and soups.” At a time when rising food prices limit options, we strive to deliver richer dining experiences and the simple joy of food. Through these efforts, we are committed to bringing smiles to children’s faces and strengthening community ties.



Board of Directors



01 Director and Head of the Management Strategy Office
寺岡 康夫 Yasuo Teraoka

Mr. Teraoka offers extensive experience in asset management and business investment from his work at SBI SHINSEI BANK, LIMITED, and DAIDO LIFE INSURANCE COMPANY. As a full-time audit and supervisory board member at T&D Holdings, Inc., his auditing experience complements his deep expertise in finance and accounting.

In 2023, he joined the management of our group company, ALLIED COFFEE ROASTERS Co., Ltd., as a director to strengthen its financial foundation. He is committed to further enhancing our corporate value. He joined our company and was appointed a director in 2025.

02 Part-time Auditor
板垣 克己 Katsuki Itagaki

Mr. Itagaki has a long career in finance, accounting, and other administrative functions at Mitsubishi Chemical Corporation and its group companies and served as CFO and auditor for the subsidiaries in Japan and abroad. Since his appointment as our auditor in 2019, he has leveraged his extensive knowledge to strengthen our audit framework.

03 Outside Director
小澤 真 Makoto Ozawa

A seasoned marketer in the food industry with a long career at Ajinomoto Co., Inc., and Yamaki Co., Ltd., Mr. Ozawa also possesses broad expertise in public relations and advertising. He excels at building multifaceted communication with consumers through adaptive marketing, which thereby enhances corporate value. Since his appointment as a director in 2023, he has contributed to overall management oversight and key decisions from an independent, marketing-focused perspective.

04 Director and Head of the Sustainability Promotion Office
石脇 智広 Tomohiro Ishiwaki

Mr. Ishiwaki joined our group company, ALLIED COFFEE ROASTERS Co., Ltd., in 1999 and moved to our company in 2001. He has extensive knowledge and experience in R&D and quality assurance and has dedicated himself to promoting coffee culture. He became an executive officer in 2012 and became a director in 2014. As president and representative director from 2016, he established our medium-term management plan under the philosophy of "Bringing happiness through food worldwide," demonstrating outstanding leadership to achieve sustainable growth and balance both social and corporate value. As head of the sustainability promotion office from April 2025, he focuses on further enhancing our social value.

05 Full-time Auditor
吉川 宗利 Munetoshi Yoshikawa

Since joining our company in 1981, Mr. Yoshikawa has dedicated his career to administrative roles in accounting, general affairs, and human resources. He became an executive officer in 2009 and a director in 2017, contributing to the group's structural and management reforms. Appointed as a full-time auditor in 2023, he continues to contribute to strengthening our audit framework.

06 Director and Head of the Administration Department
奥野 裕二 Yuji Okuno

Mr. Okuno has extensive experience in sales planning from his time at Sharp Corporation, along with deep expertise in company-wide risk management, internal controls, and internal audits. He joined our company in 2021 and became a managing executive officer in 2023. As a director and head of the Administration Department since 2024, he is engaged in corporate management, focusing on enhancing human capital and corporate value and strengthening our corporate governance system.

07 Director and Head of Department of Business Transformation
早坂 めぐみ Megumi Hayasaka

Ms. Hayasaka brings experience in organizational culture reform, organizational development, and sales from her time at Kirin Brewery Company, Limited. She also has extensive experience as an executive coach for senior management at COACH A Co., Ltd. She joined our company in 2024 as a managing executive officer to promote business transformation (BX) and improve employee engagement. She was appointed a director in 2025.

08 President and Representative Director
荒川 正臣 Masaomi Arakawa

Since joining our company in 1999, Mr. Arakawa has dedicated his career to the coffee and beverage business, accumulating a wealth of knowledge and experience in the coffee industry. He became a managing executive officer in 2020 and then a director in 2022. From 2024, he oversaw all sales departments, driving sales initiatives to achieve the goals of the medium-term management plan. Appointed president and representative director in April 2025, he is now leading the promotion of our medium-term management plan, "SHINE 2027," and is committed to further enhancing our corporate value.

09 Outside Director
百瀬 則子 Noriko Momose

Ms. Momose has extensive experience and knowledge in CSV and ESG, gained at FamilyMart Co., Ltd., where she was involved in initiatives such as food and packaging recycling. She later served as an executive officer and a general manager of the SDGs promotion headquarters at WATAMI CO., LTD. Since her appointment as our director in 2022, she has leveraged her profound expertise to oversee our business execution.

10 Part-time Auditor
小島 美奈子 Minako Kojima

Based on her experience at SBI SHINSEI BANK, LIMITED, and JAPAN POST BANK Co., Ltd., Ms. Kojima possesses expertise in finance and accounting. Furthermore, through her work with the Japan Audit & Supervisory Board Members Association, she has broad knowledge of auditing practices, including legal affairs centered on the Companies Act, internal control systems, and risk management. She was appointed as our part-time auditor in 2025.

	Corporate Management and Business Strategy	Sales and Marketing	HR and Labor Relations	Finance and Accounting	Legal, Internal Control and Risk Management	International Initiatives and Diversity Management	ESG, Sustainability and CSV	Technology and IT
Expertise and Experience Expected of Our Directors	Masaomi Arakawa	●	●			●	●	
	Tomohiro Ishiwaki	●		●			●	●
	Yuji Okuno		●	●	●			
	Megumi Hayasaka		●	●		●		
	Yasuo Teraoka	●			●	●		●
	Noriko Momose		●		●		●	
	Makoto Ozawa	●	●				●	

*This table does not represent the full extent of each individual's knowledge and experience.

President and Outside Directors Roundtable

Independent Oversight for Sustainable Growth

In April 2025, under the new leadership of President and Representative Director Masaomi Arakawa, S.ISHIMITSU launched its new Medium-Term Management Plan, "SHINE2027." In this critical phase, what roles do our outside directors play, and how do they support the company's growth? Under the corporate philosophy of "Think together, work together, and prosper together," we discussed, from a governance perspective, S.ISHIMITSU's journey towards becoming a 200-year company, building upon its history of over 100 years.



President and Outside Directors Roundtable

Three Years Founded on Employee Mindset Change

To begin, how do you assess SHINE2024, which concluded in March, from the perspective of outside directors?

Momose: Well, SHINE2024 kicked off in 2022, right when I joined as an outside director. It started during the uncertainty of COVID-19, but S.ISHIMITSU focused squarely on building a more sustainable society. Through our products and businesses, we aligned with the SDGs and pursued ISO 14001 to cut environmental impact. More than simply reducing that impact, we actively integrated offerings that help solve social issues into our business portfolio.

Particularly in the environmental area, ISO 14001 initiatives often center on defensive measures like using less paper or saving energy. S.ISHIMITSU went further by setting an offensive target—reducing GHG emissions. The employees embraced the mindset of striving for a sustainable society and being a company that remains sustainable. Steadily advancing the shared mindset was a real achievement, and, you see, it has laid the groundwork for SHINE2027.



Ozawa: We positioned SHINE2024 as the foundation for the company we aim to be by 2030, and from the viewpoint of the financial front, it deserves top marks. Compared with the pre-SHINE period, net sales rose 1.4 times and operating income 2.2 times—strong results by any measure. As for non-financial goals, we're still in the foundation-building phase, and the outcomes are not yet fully visible. So I'd say it earns a passing grade, but only just.

We have plenty of excellent products and promising initiatives, but if we want to become a “company needed by society,” we still have work to do.

Arakawa: What I rate most highly is our people's heightened awareness of social issues. In our engagement survey, roughly 70% answer “yes” to the question “Is S.ISHIMITSU working earnestly on social issues?” We've sustained that level for two to three years, and frankly, very few items exceed 70%. That's a big asset.

Furthermore, following Ms. Momose's suggestion, we obtained certification for the ISO 14001 management system. We translated targets—covering not only the environment but also human rights—into goals for the organization and for individuals, and each person can act with clear intent. That high awareness, multiplied by a solid management system, forms the foundation of SHINE2027.

What sparked that high level of awareness?

Arakawa: Former President Ishiwaki consistently communicated that we must pursue non-financial goals alongside financial ones. And the company actively supported employees' initiatives—donating surplus canned foods to children's cafeterias as part of our food loss efforts or hosting roasting classes at facilities for people with disabilities, to name a few.

Momose: Employees who previously believed their evaluation was solely based on sales and profits came to understand that this was not the complete picture. They came to understand that actions that make us a company needed by our communities and by society are also valued. Being recognized—and feeling the joy of being useful to someone—made it personal. That, I mean, was pivotal.

Time to Step beyond Quiet Modesty

On the other hand, what challenges do you see?

Momose: The results of our efforts are still difficult to see in the numbers. For instance, we haven't quantified how many tons of GHG we've reduced. We need robust visualization so we can tell partners, “This product was made with approximately this amount of CO2 reduction,” and tell consumers, “By buying this coffee bag,

you help reduce CO2 by this much.” In short, we need the lens of ethical consumption—changing society through what people buy.

Ozawa: Exactly. The intent is there, and people have started taking action—70% recognize we're doing good things. But we lack visibility. S.ISHIMITSU has a modest character; we tend to hesitate to promote our initiatives to partners. Today, if you don't communicate, people will assume you're not doing anything. Unless we share our efforts openly and proudly with society, we won't become a company that is truly needed.



Arakawa: A key challenge is embedding the medium-term management plan more deeply. While managers recognize the significance of addressing social issues, some are still focused on daily profits without a clear vision. Starting this fiscal year, we're cascading concrete targets into individual goals and running workshops to embed the plan. We intend to convert our high awareness into a driving force across the company.

Bottom-up Plan Built across the Organization

How did you formulate the new SHINE2027?

Arakawa: SHINE2024 was built top-down—management shaped it and handed it down. This time, it's entirely different. Department heads spent about six months in workshop-style discussions, working across organizational boundaries, to decide what really matters and what we must do.

President and Outside Directors Roundtable

Each department then developed its own medium-term management plan. In contrast to SHINE2024, people own this plan. It's, you know, truly their own.

Momose: As you know, it was a cross-functional project team effort. Breaking down the traditional vertical silos and threading a horizontal line across the organization to formulate SHINE2027 together—that was, well, exactly the right move.

Getting Ahead of Next-Generation Well-being Management

What are your expectations for SHINE2027?

Momose: Of course, pursuing revenue and profit matters for any company. But I believe what comes after the SDGs will be the SWGs—Sustainable Well-being Goals. By that, I mean a state where each person finds meaning and fulfillment in their work and feels a real sense of accomplishment when goals are met.

If people truly resonate with SHINE2027, they will find joy in their work and gain fulfillment as they achieve its targets. Take coffee, for example: by protecting the lives and environments of people at origin, we not only sell coffee and earn profits, but we also gain a higher-level sense of achievement, feeling of “we were able to help the people in producing regions.”

I see SHINE2027 as a concrete manifestation of the “well-being” the world is now aiming for. As the United Nations is considering what comes after SDGs will be perhaps SWGs, S. ISHIMITSU may well be out in front.

Ozawa: SHINE2024, in large part, lifted sales through price raises. SHINE2027, by contrast, aims to grow sales by increasing the number of customers who support the S. ISHIMITSU group through socially contributive products and activities. In other words, this will be a qualitative shift in our topline. I expect this will build our core strength toward 2030, strengthening the very core of our management.

Arakawa: Ultimately, it all comes down to people. If each individual, as our most valuable capital, proactively tackles the issues in front of them, results will follow and all our initiatives will move forward. To that end, we're putting in place participatory monthly meetings, level-specific workshops for managers, and coaching—systems to unlock potential and foster ownership.

As ownership grows, our distinctive ability to “connect” from producing regions to factories to customers will come to life, and selling “stories, not just products” will, I believe, happen naturally.



Competitive Advantages Unique to S. ISHIMITSU

How do you view the strengths of the S. ISHIMITSU group?

Momose: Our greatest strength is that our employees are clearly conscious of the company's reason for being—our purpose. SDG 12 speaks to “Responsible Consumption and Production.” S. ISHIMITSU sits right in the middle of those two, working through products to help build a sustainable society. That, to me, is our greatest advantage.

Ozawa: Two years into my role, I'm struck, again, by the strength of our human capital. Across business, sales, and corporate functions, we have true professionals. At the same time, many colleagues still have untapped capabilities. If we can make those capabilities more visible, the number of professionals who truly shine will, I'm sure, grow.

Arakawa: A major strength is the relationships with suppliers and customers we've built over roughly 120 years. We serve a broad range of industries—supermarkets, beverage makers, food manufacturers—and operate overseas as well. On the product side, our coffee business has an integrated value chain from production to manufacturing to sales.

We see coffee as a core strength of the group and intend to extend that know-how across other businesses. In foods, we handle some of the largest import volumes in Japan for items such as chicken, shrimp, lotus root, burdock, onions, and bamboo shoots. As a specialized trading company in food, we also have product development and R&D functions, which position us to create diverse forms of value.

Expertise and Commitment as Outside Directors

What kinds of discussions do you expect at the board meeting?

Arakawa: I hope both of you will actively engage in our discussion, drawing on your deep expertise in your respective fields. Advice on strategy formulation, risk identification, and countermeasures—from angles we full-time executives might miss—would be immensely valuable.

Momose: I spent 39 years in retail in the field of environmental and social contribution, and I now serve in the same capacity in the food service industry. My specialty is determining—and executing—what it takes for consumers to support certain companies and products and how companies can simultaneously increase sales while addressing social and environmental challenges. I want S. ISHIMITSU to become a company that improves the global environment and society through its products and that consumers understand and choose for that value. I hope the board will be a forum for strategy debates to make that happen. As an outside director, I'm not just here to support; I'm here to spur us on. I'll bring in information on new domains and, when needed, offer tough opinions to help drive the company's growth.

Ozawa: I spent 40 years at a food manufacturer in consumer marketing, with the last 15 also in management. My central interest is how we communicate S. ISHIMITSU's value to the general consumer—and how much I can contribute there. My strength is formulating and executing medium-term management plans, and I believe it typically takes about three years to see results. Since I've been involved with SHINE2027 from the outset, I feel responsible for closely tracking its progress and helping steer it to success. At the board meeting, I would like to speak up so we can have vigorous discussions on the medium-term management plan.

President and Outside Directors Roundtable

Synergies Born from Direct Dialogue with Employees

I'm surprised to see the closeness between outside directors and employees.

Momose: On the days of board meetings, I always secure one hour or two for a lunch meeting with members of the sustainability promotion office. We discuss external developments and broader societal trends we just can't pick up from inside the company alone, and we dig into them together.

We're also advancing environmental conservation activity in a forest that S.ISHIMITSU leases in Tamba City, called "Woody Minami no Mori." Yes, this aligns with what's expected of listed companies—CO₂ reduction, resource circulation, and a nature-positive stance—but that's not the whole story. By restoring the forest, we enrich ecosystems, and by inviting employees to spend time in nature, we believe we can enhance their well-being as well. I'm proposing we expand these forest activities in many forms, from onboarding programs for new hires to family events.

Ozawa: For the past year and a half, we've been running a study group, and in April, we received formal approval from President Arakawa. It now operates within the corporate strategy office as the "Proactive PR Forum," as a space where members can freely exchange ideas and, in doing so, help drive our medium-term management plan.

We've also launched a pilot collaboration with the food business department. Drawing on my experience in consumer product development, I'm engaging in ongoing discussions about S.ISHIMITSU's development approach and will actively propose improvements wherever I see opportunities.



Future Coming into View through Connection

Finally, may we have a message for our stakeholders?

Momose: Together with our employees, I would like to build a sustainable society through our work. As a member of the value chain—from production all the way to consumers' daily lives—I hope we can work hand in hand to avoid further harming the planet and to make ecosystems richer.

Arakawa: Under our management philosophy—"Think together, work together, and prosper together"—we will leverage the expertise and trust we've cultivated over nearly 120 years.

We're committed to delivering value that includes not only our products but also the stories behind them. Each of us will take ownership in tackling challenges, and together with our stakeholders, we will pursue the realization of a sustainable society.

Ozawa: We will deepen relationships with customers who resonate with the S.ISHIMITSU group's initiatives and pursue growth grounded in value, not simply in top-line expansion. With our 2030 aspiration in sight, we will strengthen our management foundation, rediscover the value accumulated over our long history, and advance initiatives that we can share with society.



Message from the Newly Appointed Auditor



Part-time Auditor
小島 美奈子
Minako Kojima

Building Trust Starts with Listening

After broad, hands-on experience in finance and 14 years supporting audit and supervisory board members nationwide at the Japan Audit & Supervisory Board Members Association, Ms. Minako Kojima has been appointed an auditor of S.ISHIMITSU effective 2025. Her approach places "listening" at the center of audit activities, coupled with a profound awareness of a rapidly changing society. How will her expertise help advance the company's governance? Let us hear the story of her new challenge as she becomes an auditor, drawing on her experience supporting other auditors in Japan.

Responsibility of an Auditor and Reflections on the Role and

From Financial Practitioner to Audit Professional

I began my career as a general-track employee at a bank and spent several years at headquarters in the corporate finance and corporate planning departments. It was a difficult time when the bank I worked for failed. However, this difficult position drove me to develop a fundamental professional skill. While working, I continued to study the Companies Act and the Financial Instruments and Exchange Act in graduate school. That knowledge prompted me to work in the audit committee's secretariat, which marked the beginning of my auditing career.

Afterward, I had the opportunity to perform audit committee secretariat duties at another bank, and I now support audit & supervisory board members across Japan at the Japan Audit & Supervisory Board Members Association. This is my 14th year. Through engagement with audit members from many companies, I have learned a great deal. Drawing on practical experience from banking, knowledge gained at the Association, and an understanding of both the financial sector and general industry, I believe I can approach audit work with a broad, balanced perspective.

Practicing an Audit Starts with "Listening"

I believe "listening" is the essence of audit. In Japanese, we distinguish between "to hear," "to listen attentively," and "to inquire." Using each mode appropriately to grasp what is really happening is at the heart of the work, I think.

Having supported audit and supervisory board members for many years, I have felt firsthand the challenges they face and the kinds of support they need. This experience enables me to conduct audits that are practical yet firmly grounded in sound theory.

While I am an outside audit member, I will keep an open stance, listen carefully to everyone, and fulfill my duties with a clear understanding of the company. I intend to leverage multiple viewpoints and act as a bridge inside and outside the organization, giving due attention to the voices of diverse stakeholders.

The Role and Responsibility I Hope to Fulfill at S.ISHIMITSU

From experience, I know the role of an audit and supervisory board member carries a difficult mission. At the Association, we would sometimes say to those retiring from the role, "Thank you for your service. It was good that nothing happened." I never expected to find myself on the receiving end of that phrase. Precisely because I know how challenging it is to complete a term "without incidents," I take on this appointment with a strong sense of resolve.

It has been ten years since the Corporate Governance Code was introduced. In that time, the environment around corporate governance has changed markedly—reforms to the audit regime, the growing importance of sustainability, and more. Expectations for audit members are rising, while understanding of the role is still not sufficient. Starting from S.ISHIMITSU, I will work to deepen understanding of the role and value that audit members bring.

Walking Forward with Our Stakeholders

I am grateful for the opportunity to serve as a member of S.ISHIMITSU. I will put my expertise and practical experience to work and, together with all of you, contribute to the company's development.

Guided by our concept of "Connecting and Building Bonds," I will strive to be a trusted bridge among our many internal and external stakeholders and help further strengthen our governance framework. Especially in times of change, I will support the company's sustainable growth through a robust audit function—and I will carry that responsibility with me in all I do.



Roundtable Discussion with Audit Members



Focus on Strengthening Group Governance

Could you please tell us about the key themes and areas of focus for the audit members in recent years?

Yoshikawa: Strengthening group governance is a central pillar of our Medium-Term Management Plan, SHINE2027. As I have previously overseen governance as head of the administration department before becoming an auditor two years ago, I am keenly aware of its importance.

Our group now has five consolidated subsidiaries—three overseas and two in Japan—and one equity-method affiliate. As we expand, robust governance across the entire group is paramount.

Key challenges include establishing effective governance at overseas subsidiaries, which have very few Japanese expatriates, and building a robust internal control system for the newly merged ALLIED COFFEE ROASTERS. Formed last October, this entity now represents about 25% of our consolidated revenue budget, and we are currently working to establish a fully developed governance framework for it.

The audit board is supervising the development of these systems, advising management to improve effectiveness, and ensuring proper controls are in place. Through these efforts, we are committed to contributing to the company's sustainable growth.

Itagaki: Over the past year, the full-time auditor attended various key meetings, while we, the non-standing members, reviewed the reports and held discussions on any questions that arose.

Delivering Key Insights from the Frontlines to Management: -Strengthening the Governance Framework-

With the launch of our medium-term management plan, SHINE2027, the S.ISHIMITSU group has designated strengthening governance as a key priority. As our group, with five consolidated subsidiaries, aims to increase its overseas sales ratio from 17% to 25%, the role of the auditor is crucial. We invited three audit members—Mr. Munetoshi Yoshikawa, full-time auditor; Mr. Katsuki Itagaki, part-time auditor; and Ms. Minako Kojima, who joined this year—to discuss their efforts to enhance group governance and their outlook for the board.



I believe we conducted a well-balanced audit, covering areas such as group governance, consolidated entity relationships, and the status of each business, without focusing too heavily on any single field.

Looking ahead, a key priority is cybersecurity, where I believe a more in-depth audit is necessary. I am also closely monitoring the risks associated with artificial intelligence (AI).

Kojima: As I've only just been appointed as an auditor this year, my first priority is to learn from my more experienced colleagues and gain a clear view of where the risks lie across our group.

In particular, for fast-evolving areas like cybersecurity and AI—topics Mr. Itagaki highlighted—I plan to keep studying and fulfill my responsibilities as an auditor while staying abreast of these technologies.

Roundtable Discussion with Audit Members

Strengthening Coordination across the Audit Framework

How do you coordinate with the accounting auditor and the internal audit function?

Yoshikawa: We operate under the concepts of the Three Lines Model (a three-layer risk management structure comprising the frontline, management functions, and internal audit) and Three-Party Audits (coordinated efforts by internal audit, the audit & supervisory board, and the accounting auditor). At our company, the Three Lines Model consists of the operating departments on the frontline, the Administration Department that oversees risk, and the internal audit department. For the audit board, it is essential to work in tandem with these functions and support internal audits. Under the Three-Party Audits approach, the accounting auditor, the internal audit department, and the audit board each audit from their perspectives, and the key, of course, is close coordination. We meet regularly with the internal audit department, and where the internal audit department has thinner coverage, the audit board steps in to support; conversely, where the board faces constraints, we ask the internal audit department to address the matter in detail—building a practical, mutual support structure.

Regarding the accounting audit, we join the meetings held at each quarterly close and also participate in the annual management review. We attend training sessions hosted by the accounting auditor as well, using them as opportunities for two-way information exchange.



Kojima: Communication around KAM (Key Audit Matters) is vital. Sharing views on where the risks exist and how each party is approaching them really matters.

Also, the evaluation and audit standards for internal control over financial reporting, that is, the internal framework to ensure the reliability of financial reporting, were revised recently. We need to ensure that there is robust information sharing on how the company is responding to these changes and how the accounting auditor assesses that response. Since audit board members play a critical role in the appointment and related matters of the accounting auditor, close coordination and information sharing are absolutely essential.



Constructive Dialogue with Management

How do you engage in constructive dialogue and provide appropriate challenge to management?

Yoshikawa: Each month, together with two outside directors, the audit board holds informal discussions with directors, executive officers, department general managers, and office heads. Including representatives of subsidiaries, we meet with about 12 to 13 individuals a year. We exchange information, surface issues, and review progress against management objectives. We advise when possible; if more action is needed, we raise the issue with the board or executive team. To colleagues close to the frontline, we say, "As audit board members, we check the company's condition on behalf of shareholders, so please feel free to tell us anything." This approach often leads to open and honest discussions.

Itagaki: In addition to those sessions, the president meets with the audit board members once each quarter. The exchanges are quite frank—we put our questions and views squarely on the table, and the president shares his thinking in turn. It's a crucial forum.

Kojima: Meeting the president four times a year is remarkable. At many companies, once a year is about all they can manage. Furthermore, having a full-time audit board member attend various internal meetings adds real value—both for timely information gathering and, actually, for maintaining a healthy level of constructive tension with management.

Building Trust with Stakeholders

As a member of the audit board, what do you prioritize in building trust with stakeholders?

Yoshikawa: We have many stakeholders, but for shareholders, appropriate disclosures and properly prepared financial statements are the bedrock. We work closely with the accounting auditor to ensure that disclosures are sound. The recent spotlight on customer harassment is also on our agenda at the risk management committee and the management committee, where we offer advice as needed. In relationships with business partners, we stress maintaining an appropriate professional distance and adhering to justifiable, principled responses. In situations where the frontline may lean too far toward the customer, we speak up from the standpoint of protecting our employees.

Itagaki: As an auditor, I focus on what we report to the board of directors and how management responds. For instance, when it comes to shareholder engagement, we verify the discussions and the company's future actions.



Roundtable Discussion with Audit Members

Another key checkpoint in our annual board effectiveness assessment is whether relationships with stakeholders are being discussed in sufficient depth. We review the responses from board members and look closely at whether they believe appropriate actions are being taken.

Outlook for the Audit Board and Responses to Emerging Risks

Looking ahead, what are your priorities for the audit board, and what activities do you plan to strengthen?

Yoshikawa: Strengthening group governance is a central theme of our Medium-Term Management Plan, SHINE2027. We aim to build a governance framework on par with the Prime Market. As we pursue a plan to lift our overseas sales ratio to 25%, the audit board intends to underpin sustainable growth by ensuring effective governance functions and by supporting talent development across the group.

Itagaki: We plan to focus our oversight on human capital management and cybersecurity. As you see, how we make use of AI is also a critical theme. First, we need to hear in detail how management intends to organize for AI and then consider the audit board's response. I understand some proactive companies have already set up AI committees; we need to examine what approach makes sense for us. Drawing on the expertise of Ms. Kojima, our newly appointed member, we will build an audit framework that keeps pace with a rapidly changing business environment.

Kojima: Well, the pace of change is remarkably fast. A few years ago I would not have expected AI to be usable in corporate settings, but now, not using it is no longer an option. What matters is whether S.ISHIMITSU is deploying AI with a full understanding of the risks. Developments in the Middle East and the United States, issues involving Russia, and global warming are all material for us. In particular, climate change directly affects our business, and rising logistics costs are unavoidable.

From an external, independent perspective, I intend to provide firm oversight of how S.ISHIMITSU copes with these challenges and to ensure stakeholders can clearly understand our approach.

On the Multifaceted Role Expected of Audit Board Members

Finally, could you share your views on the role of audit board members?

Yoshikawa: I believe our role is to connect the frontlines with management. We do not need to be bound by a conventional view of the role; it is fine just to take an approach that fits our company. Acting as a bridge that conveys on-the-ground realities to executives, we will stay flexible in how we respond.

Kojima: Traditionally, audit board members were considered as the "brake." Today, by exercising our authority proactively, we are expected to keep a close eye on risks while also supporting prudent risk-taking. Our statutory role is to audit directors in the execution of their duties, but we also want to actively help ensure they move in the right direction.

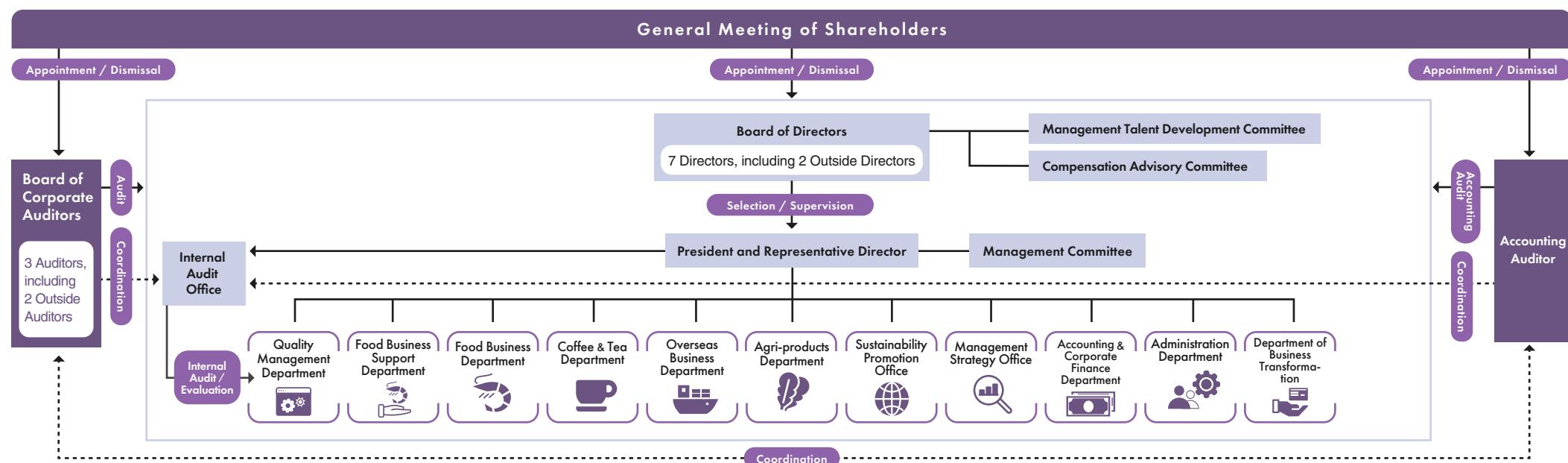
Itagaki: I agree. In general, the old division of roles had directors pressing the accelerator and the auditors applying the brake. Now, when circumstances warrant it, we are expected to act as constructive advisers and support directors' decision-making. Audit board members play a vital role in supporting the sustained enhancement of corporate value.



Corporate Governance

Corporate Governance Framework

Guided by our management philosophy of "Think together, work together, and prosper together" we position corporate governance as one of the most critical management priorities for realizing our fundamental business principles. We strive to be a company that remains indispensable and beloved by society, contributing to bringing happiness through food in Japan and around the world. We aim to build a structure capable of responding to changes in the business environment while enhancing management transparency and pursuing fair management practices in order to earn the trust of our shareholders and all other stakeholders. Furthermore, we believe that establishing, operating, and continuously improving appropriate corporate governance is essential for the sustained enhancement of corporate value.



Evolution of Governance

Steps in Governance Reform	Establishment of Compensation Advisory Committee	Introduction of Performance-Linked Compensation Disclosure of Skill Matrix	Deepening Initiatives to Enhance Board Effectiveness (Issue Identification, Countermeasure Consideration, Implementation)	Holding Pre-Board Meeting Briefings for Outside Directors and Auditors for Effectiveness Enhancement	Achieved a 30% Female Board Member Ratio
FY2020	In-House Directors	Independent Outside Directors	In-House Directors	Independent Outside Directors	In-House Directors
FY2021	In-House Directors	Independent Outside Directors	In-House Directors	Independent Outside Directors	In-House Directors
FY2022	In-House Directors	Independent Outside Directors	In-House Directors	Independent Outside Directors	In-House Directors
FY2023	In-House Directors	Independent Outside Directors	In-House Directors	Independent Outside Directors	In-House Directors
FY2024	In-House Directors	Independent Outside Directors	In-House Directors	Independent Outside Directors	In-House Directors
FY2025	In-House Directors	Independent Outside Directors	In-House Directors	Independent Outside Directors	In-House Directors
Board Composition	Male	Female	Male	Female	Male

Management and Execution Structure

We have tailored our corporate governance framework to the nature and scale of our business to enhance management transparency and ensure fairness. This includes appointing outside directors and outside auditors and establishing a management committee to ensure proper execution of management duties and effective audit and oversight functions. To further strengthen our governance, we have designated our two outside directors and two outside audit board members as independent officers.

The Board of Directors meets monthly in principle to decide on basic management policies and other critical matters. These meetings are attended by outside directors, the full-time internal audit board member, and our two outside audit board members. The management committee, composed of full-time internal directors, executive officers, and general managers, deliberates on important matters related to daily operations. The full-time audit member also participates in these meetings to provide an oversight perspective.

In 2018, we established the outside officers' liaison council, comprising our two outside directors and two outside audit board members, to promote active information exchange and discussion.

Furthermore, our management strategy office ensures appropriate information disclosure. The office also engages in constructive dialogue with our shareholders and stakeholders, responding promptly and sincerely to their feedback. We are therefore confident that we have a fully effective governance system in place.

Audit and Supervisory Structure

The Board of Corporate Auditors, composed of three members, meets monthly in principle. Its members attend meetings of the Board of Directors and other key meetings to audit the execution of duties by each director. All three members possess considerable knowledge and experience in finance and accounting. Internal audits are conducted by the dedicated staff of the Internal Audit Office, which reports directly to the president and the audit board, ensuring its independence. In accordance with our internal audit regulations, the president can also appoint additional personnel to participate in audits when deemed necessary. The Internal Audit Office conducts audits covering our head office, branches, and consolidated subsidiaries, based on an annual audit plan approved by the president and the Board of Directors.

Based on the annual audit plan, the audit board members audit and investigate the legality of business execution. Their methods include attending important meetings, reviewing key documents, and conducting interviews with executive management and key personnel, including officers of our consolidated subsidiaries. The audit board members receive reports from the Internal Audit Office, provide feedback on identified issues, and exchange information with the accounting auditor as appropriate to ensure a coordinated and comprehensive audit function.

For our accounting audit, we have appointed Deloitte Touche Tohmatsu LLC. There are no conflicts of interest between our company and the audit firm. Furthermore, the firm has measures in place to ensure that its engagement partners in charge of our audit are rotated after a certain period to maintain objectivity and independence.

Effectiveness Evaluation

We conduct an annual analysis and evaluation of the effectiveness of our Board of Directors. For the fiscal year ending March 2025, we conducted a survey of all directors and audit board members and also commissioned a third-party evaluation. The Board of Directors then discussed the results. The evaluation confirmed that the board continues to function effectively. At the same time, it identified several areas for further improvement, including the selection of agenda topics, the facilitation of discussions, the monitoring of progress on decisions made, and the speed of material preparation. We are committed to addressing these issues to enhance the Board's effectiveness even further.

Policy and Procedures for Determining Director Compensation

Our executive compensation consists of a fixed monthly "basic compensation" and performance-linked compensation. The latter is designed to incentivize contributions to performance improvement and is calculated based on the achievement of quantitative and qualitative targets. This performance-linked compensation is delivered as 33% in cash and 67% in restricted stock units (non-cash compensation) that become transferable upon the director's retirement. The compensation advisory committee provides guidelines for scoring the achievement and performance levels for each target item.

The policy for determining the amount and calculation method for each director's compensation is decided by the Board of Directors, based on recommendations from the compensation advisory committee. To ensure objectivity and transparency, the committee is chaired by an outside director, and a majority of its members are outside directors. Outside directors and auditors receive only a fixed monthly compensation.

Officer Category	Fixed Compensation	Performance-Linked Compensation
Directors (excluding Outside Directors)	Cash	33% Cash, 67% Stock
Outside Directors	Cash	—
Audit Board Members (including Outside Members)	Cash	—



Independence Standards for Outside Officers

In addition to the independence standards stipulated by the Tokyo Stock Exchange, S.ISHIMITSU has established its own criteria for the independence of its outside directors and outside audit board members. An individual is deemed to be independent if all of the following conditions apply.

1	Has not been an executive* of the S.ISHIMITSU group within the last 10 years.
2	Is not an executive of a major shareholder of the company.
3	Is not an entity for which the S.ISHIMITSU group is a major client or an executive of such an entity.
4	Is not a major business partner of the S.ISHIMITSU group or an executive of such a partner.
5	Is not an executive of an organization receiving donations or grants exceeding a specified amount from the S.ISHIMITSU group.
6	Is not an executive of a corporate group that has accepted a director from the S.ISHIMITSU group.
7	Is not affiliated with the accounting firm that serves as the S.ISHIMITSU group's accounting auditor.
8	Is not a professional, such as a lawyer, certified public accountant, or consultant, who receives substantial financial benefits from the S.ISHIMITSU group, other than officer compensation. This includes individuals belonging to firms or other entities providing such services.
9	Does not currently fall, and has not fallen within the past three years, under any of the categories listed in items 2 through 8.
10	Is not a spouse or a relative within the second degree of kinship of any person described in items 1 through 9.
11	Is not in a position likely to cause a substantial and ongoing conflict of interest with the company's general shareholders.
12	The cumulative term of office does not exceed eight years as an outside director of the company, or even if the cumulative term of office does not exceed eight years, there is no doubt regarding substantive independence based on the circumstances of employment with the company.

Comments from the Head of the Internal Audit Office



Head of the
Internal Audit Office
田原 鈴代 Suzuyo Tabaru

I was appointed head of the internal audit office in April 2025. Upon assuming this role, and after discussions with my team, we adopted the slogan "Moving forward, Together!" This reflects our commitment to strengthening collaboration not just within the company but across the entire group.

We will enhance our collaboration with the J-SOX compliance staff assigned to departments involved in our business processes. Through this partnership, we will embed internal controls more deeply across the organization, leading to greater operational efficiency and an even higher quality of financial reporting.

Looking ahead, while the internal audit office will firmly maintain its independent perspective and objective stance, we would like to foster an environment where all employees, both at the company and across our group companies, feel comfortable approaching us to report issues or seek advice.

Internal Control Initiatives

We implement our internal control initiatives based on the "Basic Policy on the Development of the Internal Control System," as determined by the board of directors. Through these efforts, we ensure transparent and efficient operations, secure the reliability of our financial reporting, and cultivate a corporate culture dedicated to compliance. Furthermore, we convene the J-SOX committee once a year. It reviews the effectiveness assessment of internal controls over financial reporting of the previous fiscal year and determines the assessment scope and key priorities for the next fiscal year.



J-SOX refers to the internal control reporting system introduced under Japan's Financial Instruments and Exchange Act to ensure the reliability of financial reporting by listed companies.

Risk Management

Basic Approach

The S.ISHIMITSU group has established "Risk Management Regulations" and is enhancing its risk management activities to ensure the effective management and mitigation of the various risks surrounding our business. We have also established "Risk Management Committee," chaired by the president and representative director. This committee oversees risk management for the entire group and reports its activities to the board of directors.



Identification of Risks

Among the risks related to the S.ISHIMITSU group's business operations and financial condition, the following are recognized as potentially having a significant impact on investor decisions (as described in the Annual Securities Report for the fiscal year ended March 2025).

1. global trade systems and price fluctuations for imported products, 2. IT risks, 3. supply chain risks, 4. food safety, 5. risks of infectious diseases, 6. credit risks of business partners, 7. disruption of logistics and other infrastructure, 8. competition risks, 9. human capital risks, 10. overseas business risks, 11. impairment of assets, 12. dependence on interest-bearing debt, 13. climate change and natural disasters, 14. seasonal concentration of demand, 15. legal and regulatory risks, 16. investment risks

Business Continuity Plan (BCP) Initiatives

To prepare for emergencies such as natural disasters, quality assurance problems, and system failures, we established our "Basic BCP Policy" in May 2022. This policy outlines a system where, in an emergency, the chairperson of the risk management committee activates the BCP. Response headquarters are then established for four main types of crises (1. natural disasters, 2. quality assurance issues, 3. system-related problems, and 4. other incidents, including misconduct, pandemics, and human rights issues), each led by the relevant heads of departments and offices. To verify the effectiveness of our response scenarios and manuals for each type of emergency, we conduct BCP drills, in principle, annually.

Compliance

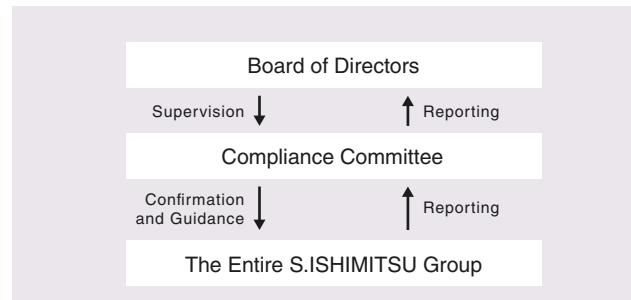
Code of Corporate Ethics and Conduct

Our group has established the "S.ISHIMITSU Group Code of Conduct" to realize our management philosophy: "Think together, work together, and prosper together." This code serves as a shared set of values, ethics, and behavioral principles that guide all officers and employees of our group companies in conducting themselves with integrity and appropriateness in their daily activities. We have also established our "Compliance Regulations" to ensure that all officers and employees throughout the S.ISHIMITSU group observe applicable laws and regulations while performing their duties with high ethical standards. The main provisions outline our responsibilities to stakeholders: (1) responsibilities to shareholders, (2) responsibilities to customers, (3) responsibilities to business partners, (4) responsibilities to employees, and (5) responsibilities to society. We design our compliance code of conduct to uphold these five core responsibilities.

Compliance Promotion Framework

The S.ISHIMITSU group has established "Compliance Regulations" under which the general manager of our administration department serves as chief compliance officer, while the presidents of our subsidiaries and the general managers of each department, division, and branch office serve as compliance officers. Additionally, as a body directly under the board of directors, we have established a "compliance committee" comprising five or more members, including the representative director and president, full-time directors, and full-time auditors. This committee convenes twice annually in principle to discuss compliance policies and measures, monitor progress, and report its findings to the board of directors. We have also established an internal whistleblowing system with hotlines (consultation desks) available to both internal and external parties. In fiscal 2025, the S.ISHIMITSU group created a compliance guidebook that explains in clear, accessible terms the key points that each employee should be aware of to ensure compliance-conscious behavior. We are working to raise compliance awareness across the entire group through this initiative.

Compliance Management Structure



Information Security

Promotion Framework

As a socially responsible company, we acknowledge the crucial significance of information risk management and remain dedicated to the advancement of information security. To protect our information assets from threats such as unauthorized access, information leakage, and system disasters, and to contribute to building a sound and enriched communication society, we have implemented the following measures:

● Establishment of Information Security Management Regulations

We have established "Information Security Management Regulations" that comprehensively and systematically articulate our fundamental approach to information security. Through these regulations, we ensure information security and properly manage all information assets.

● Threat Countermeasures

To reliably safeguard information, we have introduced advanced defense technologies in addition to conventional detection-based security solutions. This enables us to respond quickly and effectively to unknown security risks, strengthening the protection of our information assets.

● Incident Response

We have built a network of specialists to prepare for potential information security incidents. When an incident occurs, we rapidly assess its nature and impact, implement appropriate countermeasures, and work to resolve it promptly.

● Human Security Measures

In addition to technical measures, human security measures are essential to address increasingly sophisticated security threats.

To prevent targeted attacks, we conduct information security training for employees twice annually to enhance their information literacy.

Through these initiatives, we strive to advance information security and continue providing society with a safe and reliable communication environment.



Key Financial Data for 10 Years

Fiscal year	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
Consolidated operating results										
Net sales [million yen]	39,592	38,094	38,545	38,549	38,179	40,512	46,729	58,972	62,025	64,953
Operating profit [million yen]	271	507	567	573	369	910	695	1,317	1,654	1,557
Ordinary profit [million yen]	425	546	630	591	290	837	793	1,295	1,741	1,336
Profit attributable to owners of parent [million yen]	382	197	438	413	99	469	532	792	1,049	888
Basic earnings per share [yen]	49.68	25.57	56.91	53.63	12.91	60.95	69.10	102.63	135.62	114.50
Return on equity [%]	5.3	2.6	5.6	5.0	1.2	5.3	5.4	7.7	9.5	7.4
Return on assets [%]	2.1	2.7	3.0	2.7	1.2	3.1	2.7	3.9	4.8	3.5
Operating profit ratio [%]	0.7	1.3	1.5	1.4	0.9	2.2	1.4	2.2	2.6	2.4
Consolidated financial positions										
Total assets [million yen]	20,375	19,861	22,206	21,922	26,235	27,142	30,846	36,174	36,682	39,231
Net assets [million yen]	7,453	7,883	8,207	8,599	11,881	12,208	12,753	13,306	13,239	13,900
Equity ratio [%]	35.7	38.8	36.1	38.3	31.8	35.0	32.6	29.1	31.7	31.2
Net assets per share [yen]	943.36	999.12	1,040.56	1,089.63	1,083.47	1,231.14	1,305.45	1,362.40	1,500.88	1,576.43
Consolidated cash flows										
Cash flows from operating activities [million yen]	846	81	348	1,385	254	2,259	△ 731	△ 1,290	3,811	△ 1,029
Cash flows from investing activities [million yen]	△ 194	△ 96	△ 200	△ 159	△ 793	△ 266	△ 661	△ 713	△ 797	△ 1,122
Cash flows from financing activities [million yen]	△ 295	△ 533	670	△ 757	△ 200	△ 882	798	2,944	△ 2,926	1,001
Cash and equivalents at fiscal year-end [million yen]	2,164	1,610	2,427	2,891	3,615	4,718	4,154	5,100	5,213	4,059

Consolidated Balance Sheets

		(Thousands of yen)	
		As of March 31, 2024	As of March 31, 2025
Assets	Current assets	Cash and deposit	5,302,876 4,149,631
		Notes and trade receivables	12,340,661 13,428,924
		Merchandise and finished goods	6,320,714 6,479,466
		Goods in transit	2,338,933 3,096,598
		Work in process	45,038 77,565
		Raw materials and supplies	1,010,390 2,010,692
		Others	775,300 755,575
		Allowance for doubtful accounts	△ 3,348 △ 1,508
		Total current asset	28,130,565 29,996,945
	Property, plant, and equipment	Buildings and structures	4,566,013 4,624,776
		Accumulated depreciation	△ 2,998,855 △ 3,153,317
		Buildings and structures, net	1,567,158 1,471,458
		Machinery, equipment and vehicles	6,728,170 6,982,932
		Accumulated depreciation	△ 5,848,474 △ 6,063,781
		Machinery, equipment and vehicles, net	879,696 919,151
		Land	3,156,471 3,156,471
		Leased assets	1,010,759 1,031,867
		Accumulated depreciation	△ 414,431 △ 537,026
		Leased assets, net	596,328 494,841
Assets	Intangible assets	Others	483,325 1,494,636
		Accumulated depreciation	△ 362,111 △ 365,234
		Other, net	121,214 1,129,402
		Total property, plant and equipment, net	6,320,868 7,171,325
		Leased assets	262,907 139,630
		Others	101,568 145,628
		Total intangible assets	364,475 285,259
	Investments and Others assets	Investment securities	1,393,680 1,241,387
		Deferred tax assets	52,538 123,419
		Others	485,795 441,077
		Allowance for doubtful accounts	△ 67,726 △ 29,635
		Total Investments and Other Assets	1,864,287 1,776,249
		Total non-current assets	8,549,632 9,232,834
Deferred assets	Bond issuance costs	2,357 1,383	
	Total deferred assets	2,357 1,383	
	Total assets	36,682,554 39,231,163	

		(Thousands of yen)	
		As of March 31, 2024	As of March 31, 2025
Liabilities	Current liabilities	Notes and accounts payable - trade	8,707,744 9,312,967
		Short-term borrowings	5,823,911 7,527,416
		Current portion of bonds payable	56,000 56,000
		Current portion of long-term borrowings	1,392,060 1,364,806
		Lease liabilities	215,828 209,820
		Accounts payable - Others	1,845,531 1,626,284
		Income taxes payable	389,970 294,345
		Accrued consumption taxes	23,335 11,506
		Contract liabilities	42,660 174,534
		Provision for bonuses	239,406 339,506
Liabilities	Non-current liabilities	Provision for bonuses for directors (and Others officers)	22,200 31,600
		Others	125,094 336,365
		Total current liabilities	18,883,743 21,285,154
		Bonds payable	92,000 36,000
		Long-term borrowings	2,725,850 2,641,150
		Lease liabilities	714,351 539,592
		Deferred tax liabilities	368,011 210,400
		Provision for retirement benefits for directors (and Others officers)	2,666 -
		Liabilities for retirement benefits	400,376 374,611
		Asset retirement obligations	129,949 130,608
Net assets	Shareholders' equity	Others	126,216 112,679
		Total non-current liabilities	4,559,421 4,045,042
		Total liabilities	23,443,164 25,330,197
		Share capital	623,200 623,200
		Capital surplus	891,878 903,702
	Net assets	Retained earnings	9,762,801 10,452,985
		Treasury shares	△ 94,215 △ 88,584
		Total shareholders' equity	11,183,664 11,891,303
		Accumulated other comprehensive income	Valuation difference on available-for-sale securities 231,650 223,085
		Deferred gains or losses on hedges 140,240 △ 46,264	
Net assets	Non-controlling interests	Foreign currency translation adjustment 67,666 164,299	
		Total accumulated other comprehensive income 439,558 341,120	
		Non-controlling interests 1,616,167 1,668,543	
		Total net assets 13,239,389 13,900,966	
		Total liabilities and net assets 36,682,554 39,231,163	

Consolidated Statement of Profit or Loss

			(Thousands of yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025		
Net sales	62,025,489	64,953,996		
Cost of sales	53,843,346	56,500,557		
Gross profit	8,182,142	8,453,438		
Packing and transportation costs	1,284,683	1,370,849		
Storage costs	711,297	699,342		
Provision of allowance for doubtful accounts	△ 29,905	△ 39,735		
Remuneration, salaries and allowances	1,967,684	2,043,138		
Selling, general and administrative expenses	218,849	256,712		
Provision for bonuses	22,200	31,600		
Provision for directors' bonuses	86,663	91,084		
Retirement benefit expenses	642,089	727,038		
Commission expenses	198,071	247,125		
Depreciation	1,425,832	1,468,823		
Others	6,527,466	6,895,979		
Total selling, general and administrative expenses	1,654,676	1,557,458		
Operating profit	8,767	7,513		
Non-operating income	14,719	15,397		
Rental income	21,260	21,240		
Share of income of investments accounted for using the equity method	17,220	-		
Foreign exchange gains	70,571	5,991		
Company housing usage fee	20,229	20,105		
Consulting fee income	-	19,843		
Other	41,416	47,899		
Total non-operating income	194,186	137,991		
Non-operating expenses	95,210	127,106		
Share of loss of investments accounted for using equity method	-	130,202		
Loss on valuation of derivatives	-	77,989		
Other	11,928	23,321		
Total non-operating expenses	107,139	358,620		
Ordinary profit	1,741,723	1,336,829		

			(Thousands of yen)	
	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025		
Extraordinary income	Gain on sale of non-current assets	325	204	
	Gain on sale of investment securities	104,121	18,057	
	Insurance claim income	-	35,065	
	Government grant income	92,362	31,329	
	Reversal of provision for retirement benefits	-	39,634	
	Total extraordinary income	196,808	124,291	
Extraordinary losses	Loss on retirement of fixed assets	2,612	4,901	
	Loss on reduction of non-current assets	87,026	-	
	Loss on liquidation of subsidiaries and associates	-	14,119	
	System failure response costs	-	27,626	
	Impairment losses	161,935	16,482	
	Total extraordinary losses	251,574	63,129	
	Net income before income taxes	1,686,957	1,397,991	
	Income taxes - current	566,841	533,599	
	Income taxes - deferred	23,266	△ 134,450	
	Total income taxes	590,107	399,149	
	Net income	1,096,849	998,842	
	Net income attributable to non-controlling interests	47,278	110,734	
	Profit attributable to owners of parent	1,049,571	888,108	

Consolidated Statement of Cash Flows

(Thousands of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net income before income taxes	1,686,957	1,397,991
Depreciation	620,591	692,645
Impairment losses	161,935	16,482
Loss on reduction of non-current assets	87,026	-
Loss (gain) on liquidation of subsidiaries and associates	-	14,119
Increase (decrease) in allowance for doubtful accounts	△ 30,272	△ 39,931
Increase (decrease) in provision for bonuses	31,788	64,100
Increase (decrease) in provision for bonuses for directors (and Others officers)	△ 3,653	9,400
Increase(decrease)in provision for retirement benefits for directors (and Others officers)	1,833	△ 3,757
Increase (decrease) in liabilities for retirement benefits	△ 12,118	△ 10,312
Interest income and dividends income	△ 23,487	△ 22,910
Interest expense	95,210	127,106
Share of loss (profit) of investments accounted for using the equity method	△ 17,220	130,202
Loss (gain) on sale of fixed assets	△ 325	△ 204
Loss on retirement of fixed assets	2,612	4,901
Loss (gain) on sale of investment securities	△ 104,121	△ 18,057
Government grant income	△ 92,362	△ 31,329
Insurance claim income	-	△ 35,065
System failure response costs	-	27,626
Decrease (increase) in trade receivables	△ 605,111	△ 1,287,639
(Increase) decrease in inventories	810,739	△ 1,936,183
Increase (decrease) in trade payables	1,042,485	836,704
Increase (decrease) in accounts payable - Others	417,486	△ 390,029
Decrease (increase) in consumption taxes refund receivable	147,746	89,418
Increase (decrease) in accrued consumption taxes	△ 17,950	△ 5,554
Increase (decrease) in contract liabilities	△ 33,620	131,874
Decrease (increase) in Others assets	106,143	△ 193,629
Increase (decrease) in Others liabilities	4,988	35,552
Others	46,650	89,945
Subtotal	4,323,954	△ 306,535
Interest and dividends received	23,517	23,086
Interest paid	△ 93,654	△ 130,059
Subsidies received	99	31,329
Payment amount for system failure response costs	-	△ 27,626
Income taxes paid	△ 443,121	△ 622,579
Income taxes refund	214	3,166
Net cash provided by (used in) operating activities	3,811,008	△ 1,029,219

Cash flows from operating activities

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Purchase of property and equipment	△ 388,386	△ 1,085,563
Proceeds from sales of property and equipment	325	216
Purchase of intangible assets	△ 23,487	△ 60,633
Subsidies received	55,400	-
Purchase of investment securities	△ 550,354	△ 2,154
Proceeds from the sale of investment securities	108,612	71,875
Increase in loan receivables	△ 580	△ 1,993
Proceeds from collection of loan receivables	1,049	605
Others payments	△ 25,744	△ 62,883
Others proceeds	25,562	18,453
Net cash provided by (used in) investing activities	△ 797,604	△ 1,122,078
Net increase (decrease) in short-term borrowings	△ 1,687,984	1,693,618
Proceeds from long-term borrowings	2,100,000	1,500,000
Repayment of long-term borrowings	△ 1,604,910	△ 1,611,952
Redemption of bonds payable	△ 56,000	△ 56,000
Payment for acquisition of subsidiaries resulting in no change in scope of consolidation	△ 13,000	△ 57,936
Cash dividends paid	△ 184,998	△ 232,025
Proceeds from share issuance to non-controlling shareholders	606,960	-
Repayments to non-controlling shareholders	△ 1,831,680	-
Dividends paid to non-controlling interests	△ 18,720	-
Repayments of lease liabilities	△ 236,575	△ 220,758
Repayments of installment payables	-	△ 13,895
Net cash provided by (used in) financing activities	△ 2,926,908	1,001,051
Effect of exchange rate change on cash and cash equivalents	27,203	29,691
Increase (decrease) in cash and cash equivalents	113,699	△ 1,120,555
Cash and cash equivalents at the beginning of the period	5,100,037	5,213,736
Increase(decrease)in cash and cash equivalents due to change in fiscal year-end of consolidated subsidiaries	-	△ 33,199
Cash and cash equivalents at end of the period	5,213,736	4,059,981

Cash flows from investing activities

Cash flows from financing activities

Sales by Region, Sales by Product Category, and Stock Information

Sales by Region (Unit: Thousand Yen)



Sales by Product Category (Unit: Thousand Yen)

Product Category	2024/3	2025/3
Coffee Beverage Ingredients	8,953,563	8,592,225
Coffee Beverage Products	13,937,435	16,041,273
Processed Foods	9,455,683	9,431,148
Seafood	6,898,678	7,140,651
Prepared Frozen Foods	5,042,077	5,824,777
Agricultural Products	6,412,951	7,189,309
Overseas Operations	11,325,099	10,734,610
Total	62,025,489	64,953,996

Sales by Region (Unit: Thousand Yen)

Region	2024/3	2025/3
Japan	50,244,033	53,793,052
Asia	10,283,491	9,408,169
Europe	785,048	915,990
Oceania	324,155	357,683
Other	388,759	479,100
Total	62,025,489	64,953,996

Stock Information

Stock Distribution Status

Total Number of Authorized Shares	22,400,000 shares
Total Number of Issued Shares	8,000,000 shares
Number of Shareholders	5,270 persons

Number of Shareholders : 5,270 persons



Number of Shares Owned : 8,000 thousand shares (%)

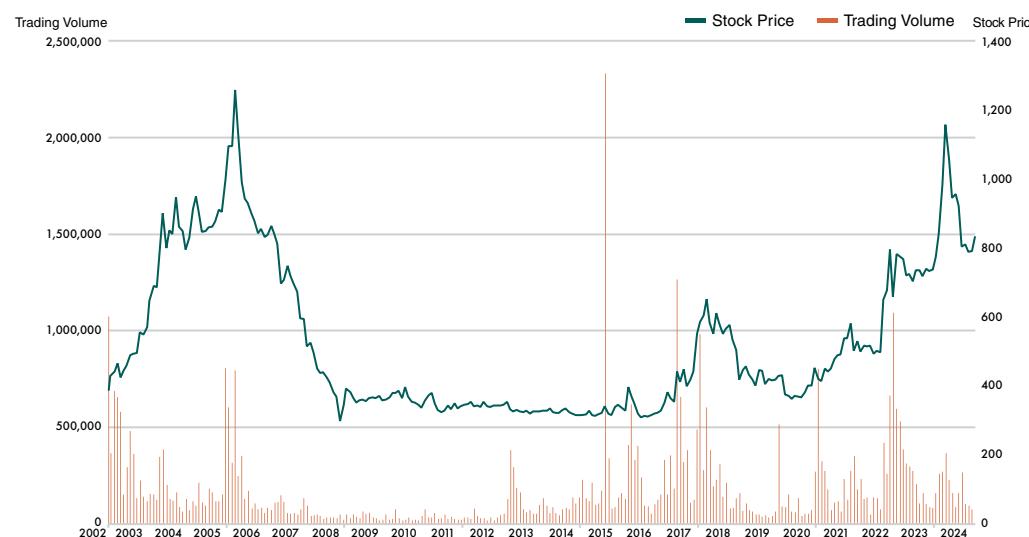


Individuals & Others :	5,159 persons / 69.55%
Other Corporations :	64 persons / 18.55%
Foreign Corporations, etc. :	26 persons / 1.75%
Financial Instruments Firms :	15 persons / 0.82%
Financial Institutions :	6 persons / 9.33%

Major Shareholders

Shareholder Name	Number of Shares Owned	Shareholding Ratio
Marine Food Co., Ltd.	472,000 shares	6.1%
S.ISHIMITSU Employee Stock Ownership Association	369	4.8
Sumitomo Mitsui Banking Corporation	252	3.3
Teruo Ishimitsu	238	3.1
Takae Komazawa	216	2.8
NICHIBEICOFFEE CO., LTD.	204	2.6
TOHO Co., Ltd.	200	2.6
The Minato Bank, Ltd.	194	2.5
Marubeni Corporation	192	2.5
Terunobu Ishimitsu	179	2.3

Stock Price and Trading Volume Trends



Company Overview and Editorial Policy



Company Overview

As of March 31, 2025

Company Name	S.ISHIMITSU & CO., LTD.
Headquarters	4-40, Iwaya Minami-machi, Nada-ku, Kobe
Founded	July 1906
Established	May 1951
Capital	¥623.2 Million
Fiscal Year-End	March 31
Number of Employees	482 (Consolidated) 234 (Non-consolidated)

Domestic Offices

As of July 31, 2025

Headquarters	〒657-0856 4-40 Iwaya Minami-machi, Nada-ku, Kobe
Tokyo Branch	〒140-0013 Omori Bellport Bldg. B, 7th Floor, 6-26-2 Minamiooi, Shinagawa-ku, Tokyo
Nagoya Branch	〒460-0024 4F Rengabashi Building, 4-8-7 Masaki, Naka-ku, Nagoya
Fukuoka Branch	〒812-0016 2F Shinoken Hakata Building, 1-15-22 Hakata-ekimini, Hakata-ku, Fukuoka
Sapporo Branch	〒060-0001 5F Matsuzaki Odori Building, 9-3-10 Kita1-jo-nishi, Chuo-ku, Sapporo

External Recognition & Participation



White Company Certification Gold Rank
The Japan Next Generation Enterprise Foundation has certified us as a "White Company" (Good Standing Company) since 2020.



Hyogo/Kobe Women's Advancement Promotion Company (Mimosa Company)
Established jointly by Hyogo Prefecture and Kobe City in November 2022 to promote women's advancement in businesses within the prefecture, this certification recognizes our ongoing efforts and initiatives in advancing women's careers.



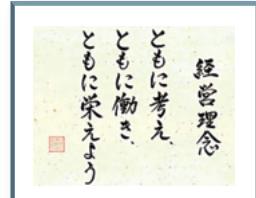
We participate in "Association of Male Leaders Accelerating Women's Success."
We have declared our commitment to the Cabinet Office's initiative, "Association of Male Leaders Accelerating Women's Success."

Editorial Policy

The S.ISHIMITSU group's Integrated Report aims to enhance stakeholders' understanding of our group and foster their trust in us. We are also creating this report with the aim of continuing to grow over the next 100 years with stronger integration capabilities.

We referred to the International Integrated Reporting Framework and the Guidance for Collaborative Value Creation in writing this report. We stress how our relationships with partners help us reach our goal of "Bringing Happiness through Food Worldwide." We tried to make the connection between financial and non-financial capital clear by talking about our new medium-term management plan, "SHINE2027," which was launched under our new management structure, as well as referring to our materiality initiatives (growth in business and human resources, harmony with society and the environment). This helps readers imagine how we can continue to grow.

We run our business with the philosophy: "Think together, work together, and prosper together." As sustainability becomes more important, we seek both economic and social value based on this mindset, putting open communication with stakeholders ahead of everything else and being honest about our progress.



AFTER WORD

This is our third integrated report since the current management strategy office took charge. In the first edition, we showed our identity clearly and tried to make the report easy for anyone to pick up. As a result, some readers may have felt the content was a little light. That said, we feel awareness and understanding across the group have steadily deepened.

Since then, the report has grown year by year, little by little, and we hope our readers feel the same. Our group already has many talented people and a wide range of initiatives, but we recognize that our communication is still a challenge. Going forward, we will continue to strengthen how we share information through our website and other channels so that we can meet the expectations of our stakeholders.



Website Information

Our website provides corporate information, IR information, recruitment details, latest news, and other information about our company.

<https://www.ishimitsu.co.jp/english/>

S.ISHIMITSU group's



INTEGRATED REPORT 2005



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