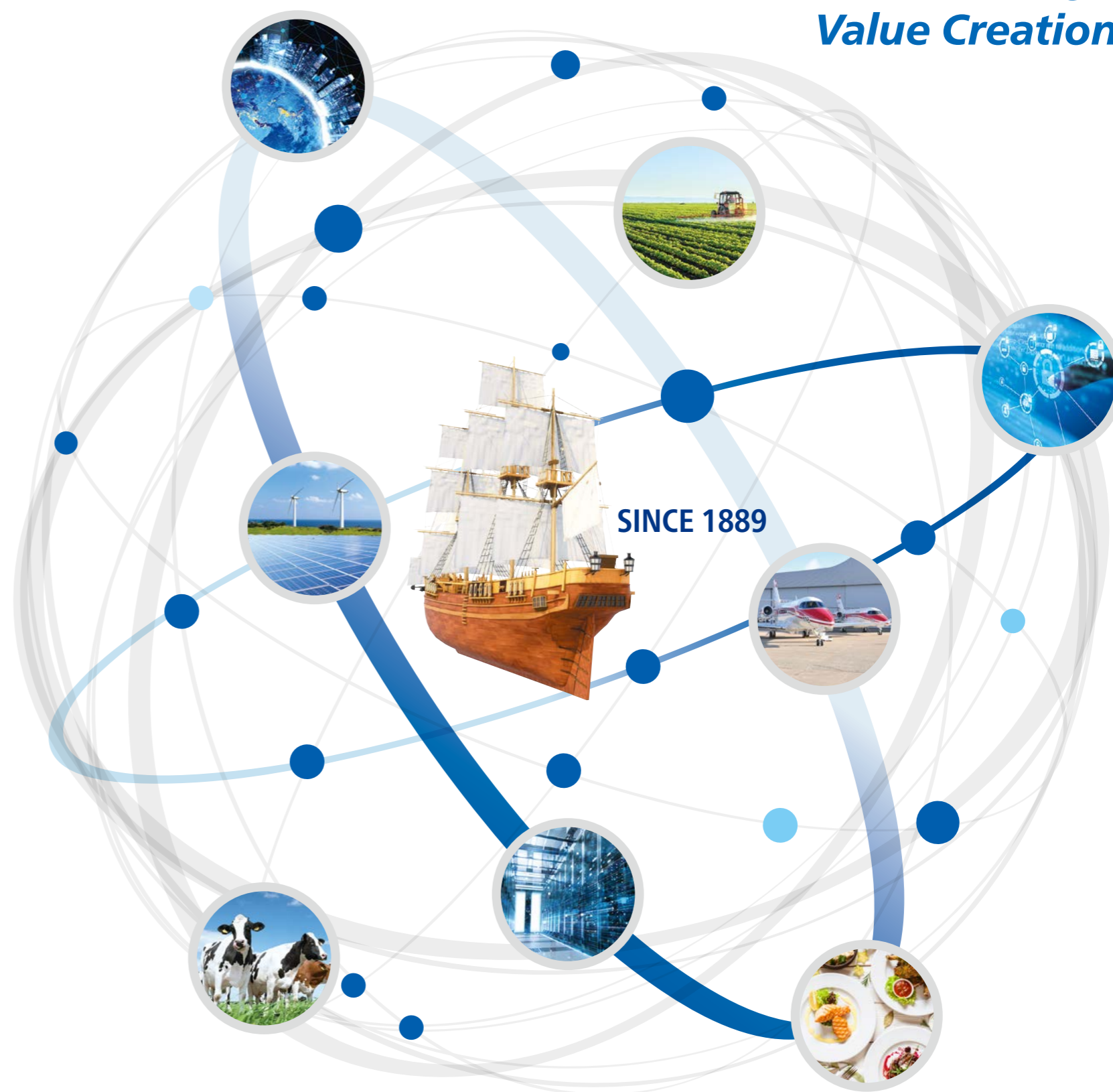


For more information on this *Integrated Report*, or to obtain additional copies, please contact:

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Sustained Growth through Value Creation



Editorial Policy

On the Publication of the Kanematsu Integrated Report 2023

In the *Kanematsu Integrated Report 2023*, in order to highlight our particular features as a trading company, we have particularly focused on 1. Reinforcing Groupwide management and 2. Human capital management, seeking to communicate the organizational strength of the Kanematsu Group and the strength provided by all the individuals within the Group.

In terms of reinforcing Groupwide management, the report focuses on the Group's redoubled efforts—spurred by the recent addition of Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation as wholly owned subsidiaries—to work as one toward solving social issues, in particular accelerating digital transformation (DX) and green transformation (GX), and highlights initiatives aimed at the achievement of *future 135* and beyond. As for human capital management, the report explains the characteristics and strengths of our human capital, the Group's greatest asset, as well as challenges in this area, in light of the Group's newly established Human Capital Policy.

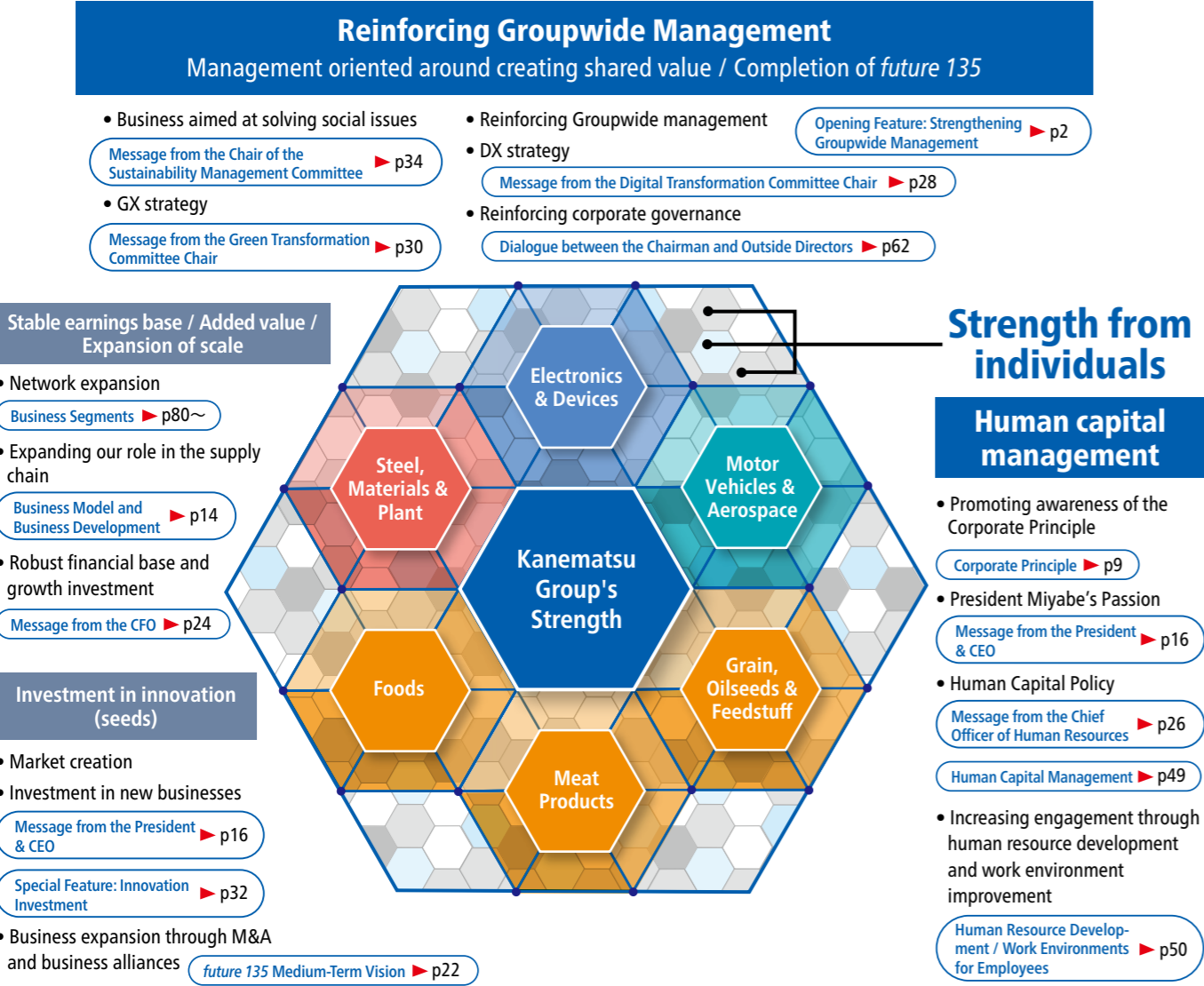
In preparing this report, we referenced various relevant guidelines and responses to surveys regarding previous reports, with cooperation from departments across the Company and discussion at the Board of Directors to ensure a proper editing process and the appropriateness of the report's content.

The Kanematsu Group will continue to use its *Integrated Report* as a tool for dialogue with shareholders, investors, and other stakeholders, working to enhance disclosure and increase enterprise value.



Shuji Masutani
Director, Executive Officer,
Chief Officer, Finance
(PR & IR), Accounting,
Business Accounting

Our Organizational Strength



Editorial Policy
The content of the Kanematsu Group's integrated reports is based on an integrated reporting approach that references the International Integrated Reporting Framework of the IFRS Foundation, the Guidance for Collaborative Value Creation of the Ministry of Economy, Trade and Industry, and ISO 26000. We hope that the report will help readers deepen their understanding of the Kanematsu Group.

Forward-Looking Statements
This integrated report contains statements regarding the Kanematsu Group's plans, strategies, and expectations for future performance. Such statements are inherently subject to risk and uncertainty. Actual results could diverge materially from the Group's projections due to changes in the economic and market environment surrounding the Group's business areas, such as exchange rate fluctuation.

Scope of Report
Published: September 2023
Period covered: April 1, 2022 to March 31, 2023 (fiscal 2023) (Includes some information about events outside the period covered)
Scope of coverage: Kanematsu Corporation and the Kanematsu Group
Accounting standards: JGAAP for the year ended March 2014 and earlier and IRFS for the year ended March 2015 and after, unless otherwise noted

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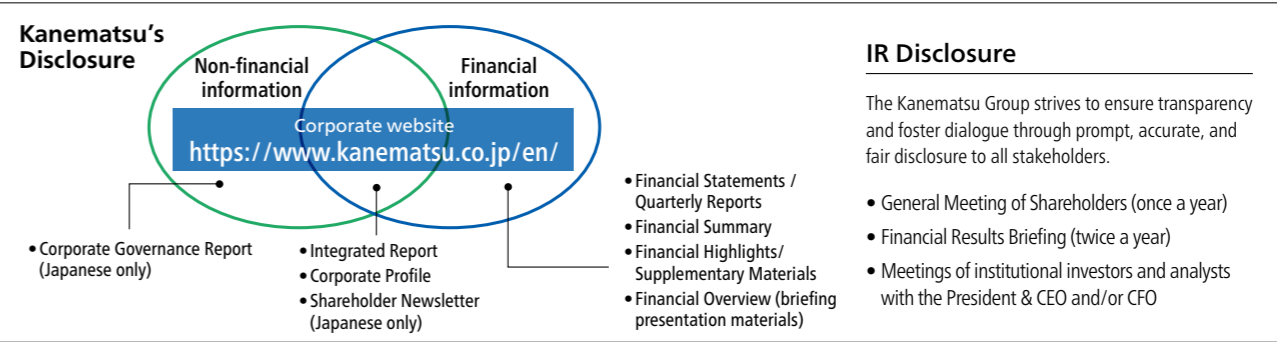
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Yoshiya Miyabe
President & CEO
Kanematsu Corporation



Akira Watanabe
President & CEO,
Kanematsu Electronics Ltd.



Koichi Koizumi
President,
Kanematsu Sustech Corporation

Groupwide Management Aimed at Long-Term Synergy Generation

We are heightening enterprise value by further realizing synergies within the Group.

Kanematsu

×

Kanematsu Electronics

×

Kanematsu Sustech

With the aim of promoting Groupwide management to generate long-term synergies, we made takeover bids (TOB) for Kanematsu Electronics (KEL) and Kanematsu Sustech (KSU) executed from January to March 2023. These TOBs were aimed at creating new added value by strengthening digital transformation (DX) and green transformation (GX) as future growth drivers for the Kanematsu Group.

Kanematsu Electronics Ltd.

Kanematsu Denshi Service Ltd. (currently Kanematsu Electronics Ltd.) was established in 1968 as a subsidiary of Kanematsu-Gosho, Ltd. (currently Kanematsu Corporation).

Capital: ¥9,031 million
Net Sales: ¥85,430 million (as of March 31, 2023)
Number of Employees: 1,483 (consolidated, as of March 31, 2023)
Main Business: KEL designs and implements information systems and provides operation and consulting services for businesses based on expertise in information technologies. KEL retails, leases, maintains, and develops IT system products and software, and also send loan engineers.

Kanematsu Sustech Corporation

Kanematsu Sustech Corporation was established in 1934 as Nihon Sangyo Gomu Co., Ltd., and entered into a capital alliance with Kanematsu-Gosho, Ltd. (currently Kanematsu Corporation) in 1989. The company name was changed to Kanematsu Sustech Corporation in 2016.

Capital: ¥3,326 million
Net Sales: ¥13,990 million (as of March 31, 2023)
Number of Employees: 286 (consolidated, as of March 31, 2023)
Main Business: Construction and sale of ground improvement works, various ground inspections, sinkage repair, etc. Timber drying, wet preservative and anti-termite treatment (wood preservation treatment) and sale, sale of wood preservative treatment equipment and chemicals, etc. Sale of warranty services and installation works for security cameras, recorders, other security equipment, and related equipment.

Background and Goals of the TOBs

Miyabe: The Kanematsu Group is composed of about 130 Group companies with over 20,000 business partners. The business and industry knowledge, experience, and network gained from this broad business foundation constitute tremendous management resources. To grow in the future, we must raise the enterprise value of the entire Group by applying these strengths effectively and efficiently across the Group.

In our ongoing efforts to work with companies within the Group, KEL and KSU have been limited by their position as listed companies. We decided to proceed with these TOBs to bring these companies fully into the Kanematsu Group with the aim of taking advantage of their respective expertise in DX and GX, thereby achieving growth for each company and for the Group as a whole.

We aim to leverage digital technology to create beneficial relationships between Group companies and

synergies that transcend the barriers separating the Kanematsu Group’s many individual businesses and divisions.

Challenges and Initiatives to Groupwide Management

Miyabe: We held repeated discussions on what we should do to work towards our overarching goal of having not just these two companies but all of our Group companies act as a united Kanematsu Group.

Watanabe: My company, KEL, works within the fast-paced IT industry, so we thoroughly considered its integration into the Kanematsu Group to determine whether it would be an optimal solution for future management, five or ten years from now. There were some concerns about the impact on the KEL brand, but we determined that there would be significant benefits from joining up,

such as access to the Kanematsu Group’s customer base of over 20,000 enterprises and accelerating decision making. Once we decided our response to the TOB, we carefully explained both the concerns and benefits of the move to our employees.

The Kanematsu Group has held meetings of Group company presidents for over 20 years, but there are also newer forums, such as the Digital Transformation Committee launched in 2021, in which the Group can have discussions in the course of regular operations. To demonstrate Groupwide synergies, I believe we need an environment where everyone can discuss a wide variety of topics on equal footing.

KEL has established an organizational culture with relationships of equality. We encourage our employees to build such relationships both within the company and when communicating with customers. By doing so, we are better able to understand the true nature of our customers’ problems and derive the right solutions. To realize frank discussions from positions of equality within the Kanematsu Group, it will be necessary to build a communication environment that leverages DX, change the way our employees think, and reform the corporate culture.

Koizumi: I think joining the Kanematsu Group will provide many advantages for KSU. We are a unique company that uses proprietary technology in the ground improvement and timber businesses. I believe that, as part of the Kanematsu Group, we will be able to further expand our value as a manufacturer in such areas as R&D at our technology development centers and manufacturing at our factories. KSU and Kanematsu still need to get to know each other better, but we have made progress in building mutual understanding through several collaborative projects over the past two years. And, as a manufacturer, we will need to take advantage of the Kanematsu Group’s strengths to add value to our traditional business model and grow further. In concrete terms, there are many things

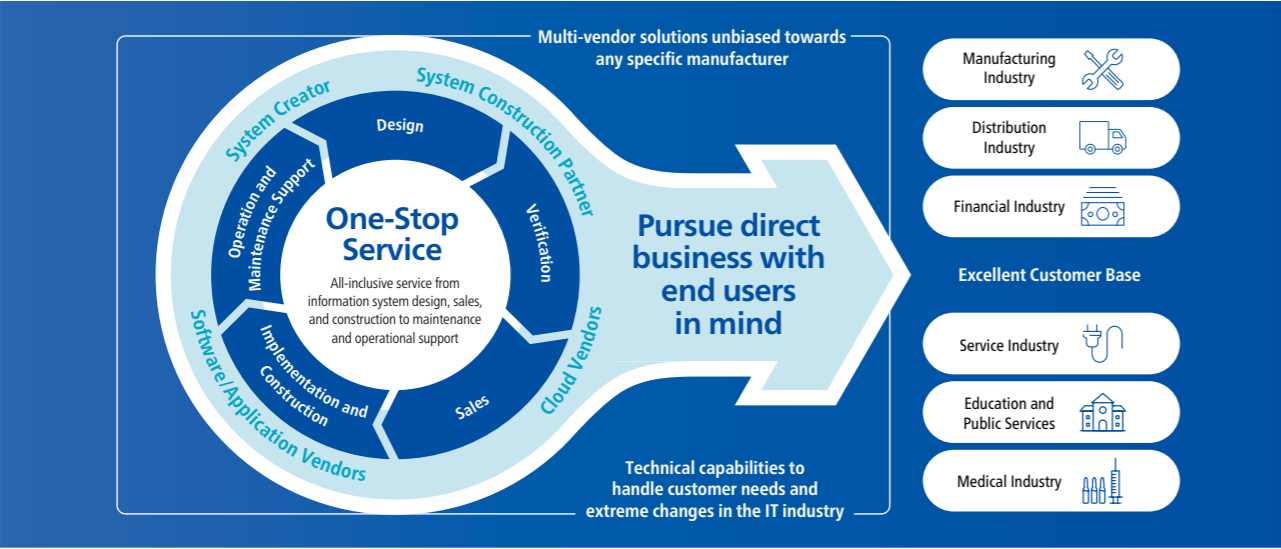
for us to do, such as utilizing Kanematsu’s global network to expand our international business, especially that in Asia, as well as advancing business investment and M&A along with human resource development and exchange.

Watanabe: For KEL to promote the DX of the Kanematsu Group, I think many measures will be required, such as personnel exchange through collaborative projects, employee reskilling, and sharing knowledge that can lead to proposals for customers. We have about 1,000 engineers at KEL. To demonstrate KEL’s value as part of the Kanematsu Group, our employees will leverage their practical experience and ability to make proposals in the ICT solutions and DX fields. We have started talks with Kanematsu to expand this beyond Japan.



Miyabe: One of KEL’s strengths is its expertise in the ICT solutions and DX fields. If we can further expand KEL’s strengths and apply them throughout the Group, we will be able to increase the Group’s strengths and added value. This will require Groupwide reforms via a variety of measures, such as personnel exchanges to acquire and develop digital talent. Kanematsu Group employees have inherited the Company’s founding spirit of “for the Earth and for people” as part of their professional DNA. We will develop human resources who take this spirit to heart to provide even greater value to our customers.

KEL’s Business Model



Koizumi: Like President Watanabe, I also considered our employees’ feelings when I provided internal explanations on the TOB. KSU transitioned to the Standard Market of the Tokyo Stock Exchange in April 2022, and the TOB came right after we had encouraged our employees to shoot for the Prime Market, so I think that some of them were probably disappointed. However, since we were concerned about the extent to which we could grow on our own, I explained to our employees that working with Kanematsu would be just as valuable as being listed on the Prime Market.

The “Sustech” in KSU’s name refers to our corporate principle, “Support our society with technology,” which is similar to the principles that form Kanematsu’s so-called DNA. Going forward, we will aim to create synergies and achievements through collaborative GX projects, expand our business to solve global issues, and work on a bigger scale than ever before.

Taking on Global Business in DX and GX

Watanabe: In terms of collaboration, we are making progress on a number of projects. One of these is strengthening solutions in the security field. In 2019, Kanematsu Ventures Inc. (KGV), established by Kanematsu in Silicon Valley in 2018, joined Cyber Innovation Partners II, a fund created by the venture capital firm AllegisCyber Capital. KEL participated as a partner and started working as a team with three or four other companies. This kind of global operation is a strength of Kanematsu that is very helpful for KEL, given its in-house global professionals.

Koizumi: We are also collaborating in security. KSU has business in security cameras, and we have been supplying our products to customers of other Kanematsu Group



Akira Watanabe

- 1991 Joined Kanematsu Electronics Ltd.
- 2003 Manager, Solution Sales Dept. 2-Manufacturers, Solution Sales Div. 2, Kanematsu Electronics Ltd.
- 2008 General Manager, Solution Sales Div. 2, Kanematsu Electronics Ltd.
- 2011 Executive Officer, Kanematsu Electronics Ltd.
- 2013 Director, Kanematsu Electronics Ltd.
- 2017 Managing Director, Kanematsu Electronics Ltd.
- 2019 President & CEO, Kanematsu Electronics Ltd.



Koichi Koizumi

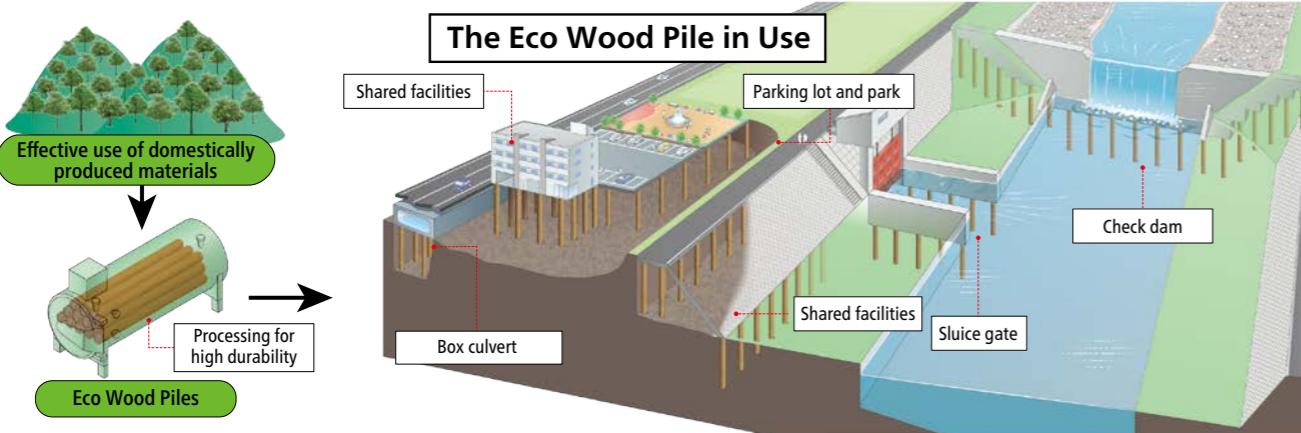
- 1984 Joined Kanematsu-Gosho, Ltd. (now Kanematsu Corporation)
- 2007 Manager of Chicago Head Office, Kanematsu USA Inc.
- 2013 General Manager of Motor Vehicles and Parts Department No. 1, Kanematsu Corporation
- 2014 Manager of Chicago Head Office, Kanematsu USA Inc.
- 2018 Executive Officer, Deputy Manager of Motor Vehicles & Aerospace Division, General Manager of Motor Vehicles and Parts Department No. 1, Kanematsu Corporation
- 2021 President, Kanematsu Sustech Corporation

companies, including KEL. We plan to work together in the future with Kanematsu’s drone businesses to expand into such fields as diagnosing the degradation of medium- to high-rise wooden buildings. Until now, workers have had to conduct large-scale investigations from dangerous aerial work platforms, but by utilizing drones, we are able to reduce the risk of occupational accidents along with the cost and time required. Going forward, we will continue to test this technology with the aim of commercialization. In addition, KSU is using its extremely extensive collection of ground inspection data to develop e-soil, an all-in-one system to handle every stage from sales proposals to design and construction management. Going beyond use within our company, we aim to make this system into a platform for the entire industry.

Miyabe: Through these TOBs, we are now able to see a path forward for the united Group to take on global challenges in both the DX and GX fields.

In the short term, we are examining how to improve operational efficiency through collaboration with KEL as well as how to expand KSU’s environmental businesses into other parts of the value chain. In the long term, these two companies will have a huge impact on the Kanematsu Group’s DX and GX. A decade from now, DX and GX will be a standard part of how things are done, and there may even be no need to put these concepts into words. In their place, food transformation—or FX—could become the next important movement, such that Kanematsu’s Foods, Meat & Grain Division would become a new source of added value for KEL and KSU. Therefore, it will be important to look at the entire Group as a whole and execute management aimed at effectively utilizing each company’s strengths over the long term.

Kanematsu Sustech Corporation’s Eco Wood Pile Construction Method



Watanabe: Recently, we have been receiving an increasing number of consulting-related inquiries from customers who want us to provide solutions or connect their companywide infrastructure through DX. To meet this demand, we need to quickly secure, cultivate, and invest in digital talent. Planning is also under way for a project to develop digital talent both within the Group and for Japanese society as a whole. By creating educational content and developing digital human resources in stages (through training lasting three months, six months, and one year), we will contribute to the DX of society as a whole.

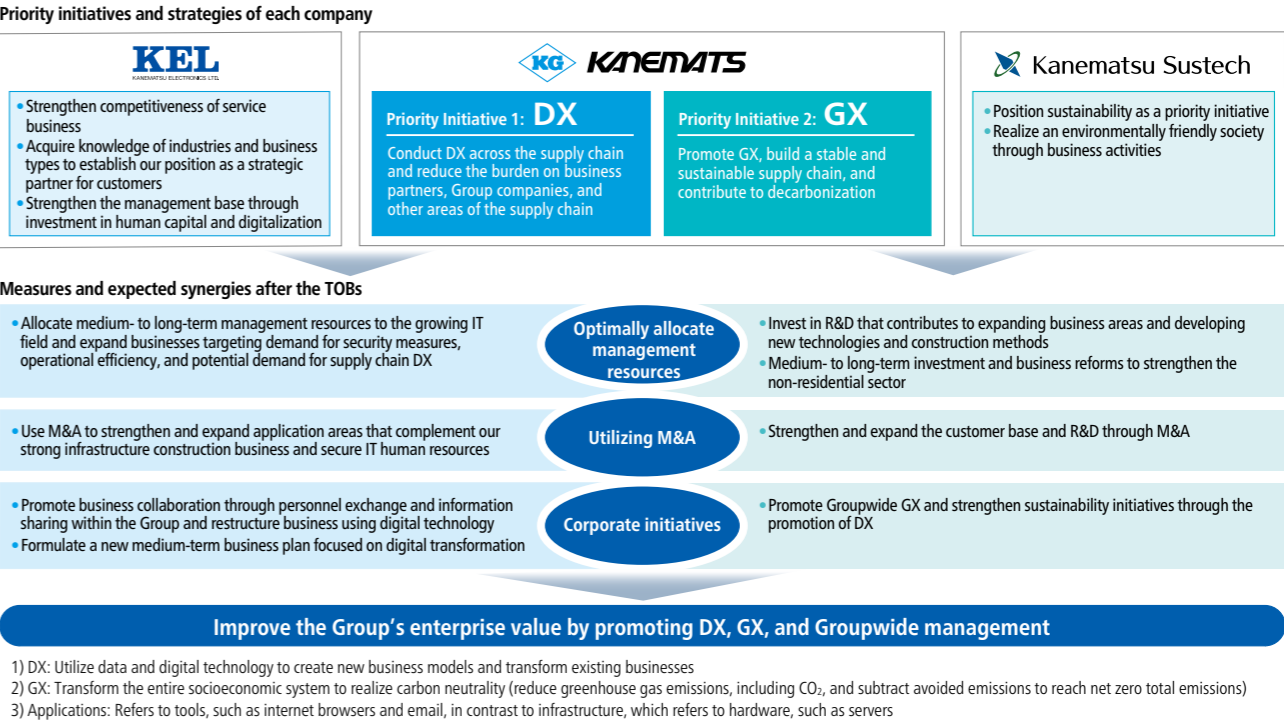
Koizumi: One of KSU’s visions is to “create underground forests through GX.” In 2022, we provided Eco Wood Pile, which uses timber preservation treatment technology, for more than five thousand buildings. By replacing cement or steel ground improvement materials with timber, this technology reduces CO₂ emissions by 10 tons per building. We therefore calculate that, across the 43,000 buildings where we have used Eco Wood Pile since introducing it 10 years ago, we have avoided emissions totaling 430,000 t-CO₂. Going forward, we plan to increase the use of these materials to 10,000 to 15,000 buildings per

year, thereby expanding our “underground forests.” With the improvement of our proprietary Eco Wood Pile technology, we have started expanding its use beyond single-family homes to include large buildings. In recent years, we have increasingly been using this technology for civil engineering applications related to disaster prevention, such as reinforcing the embankments of erosion control dams and reservoirs.

Miyabe: Kanematsu has been trading in these fields for many years, and our strengths in these areas make us a unique trading company. We believe it is important to balance trading and business investment and by, adding together our GX and DX-related strengths, we will advance in a way that allows us to respond flexibly to changes in the external environment. The Kanematsu Group, in line with its philosophy of “for the Earth and for people,” has a tremendous amount of non-financial capital. We will continue to carry this capital forward, and I will take the lead in management that leverages synergies across the entire Group and contributes to the improvement of enterprise value, thereby contributing to society as a whole.



Significance and Purpose of Making KEL and KSU Wholly Owned Subsidiaries



Deepening Group Governance



Kaoru Tanigawa
Chairman
(Presiding Officer of the Board of Directors)

I believe that making Kanematsu Sustech Corporation and Kanematsu Electronics Ltd. into wholly owned subsidiaries has significantly enhanced governance, thereby improving the value of the entire Group.

Previously, both companies strove to enhance their governance as listed companies, but as listed subsidiaries, some aspects of their governance were insufficient in terms of independence, such as the appointment and proportion of independent outside directors. Such issues were difficult for them to resolve on their own. Since making these companies into wholly owned subsidiaries, the Group has further evolved by maximizing the various business synergies their integration enables, as well as unifying Groupwide governance and internal controls.

I believe that this will further increase the Group’s credibility from the perspectives of all stakeholders, including investors and business partners, and encourage them to invest and do business with us. I hope you will look forward to the continued growth of the Kanematsu Group.



Kazuhiro Tanaka
Outside Director
(Chair of the Nominating Committee)

Undoubtedly, we need strong governance systems, for both individual companies and the Group. However, corporate culture is even more important than systems, and the foundation of a company’s culture is its management philosophy.

Developing and nurturing corporate culture by disseminating the management philosophy is necessary for good Group governance. This is because each Group company, while fully demonstrating its own individuality, plays a major role in realizing discipline and synergy at the Group level.

Kanematsu Group employees share the philosophy of “for the Earth and for people,” which is based on our founding purpose. The Kanematsu Group’s philosophy and culture consist of reliability and integrity as built up by our predecessors. Our employees continue to take pride in these today. To strengthen Groupwide management, we will have to reaffirm and redefine these principles and work to ensure that they truly permeate the entire Group through strong leadership from both the Board of Directors and the management team.

The Kanematsu Group's Origins

The aspiration of founder Fusajiro Kanematsu lives on today as the core heritage of Kanematsu.

In 1889, Fusajiro Kanematsu founded Kanematsu. Over the 134 years since its beginnings as an importer of wool from Australia, the Company has expanded into diverse fields spanning fibers to steel, machinery, food, energy, and electronics, growing into a general trading company. Kanematsu has flexibly adapted to changes in international society and the economic environment over the decades, overcoming numerous obstacles and transforming itself. While the Group continues to change and evolve, the entrepreneurial spirit valued by our founder and his aspiration to contribute to international society live on in the Kanematsu Group today.

The Sayings of
Fusajiro Kanematsu

<https://www.kanematsu.co.jp/en/company/history/roots.html>



Fusajiro Kanematsu
1845–1913

"CREATING SHARED VALUE"

Corporate Principle

"Let us sow and nurture the seeds of global prosperity"

"Sow a seed now," and take action to benefit people around the globe, bade our founder, Fusajiro Kanematsu, setting a standard of public duty that we at Kanematsu continue to uphold through a commitment to ethical business principles and corporate responsibility.

The beliefs and philosophies that inspired Fusajiro Kanematsu in the late nineteenth century Meiji period, a time when Japan was striving to build a national economy, were encapsulated in the document *Our Beliefs: Kanematsu's Guiding Principles* in 1967, on the occasion of our merger with The Goshō Company.

Our Beliefs: Kanematsu's Guiding Principles

1. Reflecting the pioneering spirit of our predecessors, we believe that fairness and justice should guide our business dealings and the wise use of creative imagination and ingenuity will bring prosperity.
2. Our purpose as a Company is not only to build a sound and flourishing business, but to fulfill our responsibilities as a corporate citizen, contributing to society and the security and well-being of all.
3. As members of a corporation, we act not as individuals but as representatives of that organization and as such we are bound by Company rules and attendant loyalties and must work together with a spirit of cooperation while cultivating mutual understanding and respect for fellow members.

Who We Are

Reinforcing Groupwide Management

Working toward our
long-term vision



CSV-oriented management*

Human capital management

*CSV: Creating shared value

Sources of Strength

- Longstanding networks with customers, suppliers, and business partners
- Insight and business opportunities provided by the robust customer base
- Stable financial base: Low net D/E ratio
- Stable earnings structure: Earnings base and business portfolio that are resistant to changes in commodities and financial markets
- Core heritage of Kanematsu passed down from our founder: Acting based on the founder's aspirations and guidance against thinking that any kind of business practice is acceptable as long as it is profitable
- Risk management and investment management expertise supporting solid and stable business

The Strengths We Have Built

Strength 1

Robust customer base and know-how cultivated through business

Strength 2

Stable financial base and revenue structure

Strength 3

Management prioritizing capital efficiency

Strength 4

Human capital and investment system to advance business creation



DX

GX

Innovation

Main Business Opportunities

Expanding opportunities for business investment and M&A due to market structure changes

Electronics & Devices	Market expansion due to 5G
Foods, Meat & Grain	Asian market expansion, consumer taste diversification
Steel, Materials & Plant	Changes in energy markets
Motor Vehicles & Aerospace	Next-generation mobility market expansion

Main Business Risks

Slowing growth in trade businesses due to peaking of domestic markets

Electronics & Devices	Shortage of digital talent
Foods, Meat & Grain	Growing risks to stable procurement, growing demand for human rights protection in the supply chain
Steel, Materials & Plant	Tightening regulations due to decarbonization
Motor Vehicles & Aerospace	Rapid industrial structure changes, logistics disruption

External Environment

Economic growth in emerging economies	Paris Agreement SDGs	GX	DX	Global population boom	Low birth rate and graying in Japan	Pandemic
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Priority Initiatives

Sustainable growth in fundamental businesses and expansion of the revenue base through business investment

future 135

Response to technical innovation

Establishment of management infrastructure for achieving sustainable growth

In the 2000s, we focused on shrinking interest-bearing debt and improving our financial position to achieve stability. Having done so, under the *future 135* medium-term vision established 2018, we have aimed at becoming a unique trading company, pushing toward new heights.

1889–1950s Founding	1960s–1980s Development into a general trading company	1990s–2000s Restructuring	2013– Aggressive management
Guided by Kanematsu's founder, a pioneer in trade between Japan and Australia, Kanematsu weathered financial panics and built a solid foundation. Eventually, the Company expanded to the United States and other countries.	Kanematsu grows larger, diversifying functions as a trading company and expanding geographically.	Following the expansion and collapse of Japan's economic bubble and the Asian Financial Crisis, Kanematsu carried out decisive business selection and concentration aimed at reinforcing its management framework. The Company also worked to improve and strengthen its financial base.	Shift toward aggressive management through M&A in highly specialized fields and business expansion

Solving Social Problems

Kanematsu expanded its international trading beyond Australia, opening overseas branches and building a foundation for the development of trade with Japan.	In step with Japan's rapid economic growth, Kanematsu proactively developed third-country trading as well as importing and exporting between companies in Japan and overseas. At the same time, the Group promoted infrastructure development in developing countries.	Responding to the rapid uptake of IT throughout society, Kanematsu advanced business development in line with the needs of the digital age, entering the mobile business and reinforcing information and communication technology (ICT) functions.	Kanematsu focused on developing products and services that take into account sustainability in such areas as food resources and the environment. The Group worked to create new, high-value-added business models, with an eye to responding to such technological innovation as AI and IoT.
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<p>1889 Fusajiro Kanematsu Shoten of Australian Trading founded by Fusajiro Kanematsu in Kobe</p> <p>1890 Branch opened in Sydney Direct importing of Australian wool began</p> <p>1918 Company name changed to Kanematsu Shoten Company</p> <p>1935 Kanematsu Wool Research Institute established (now KANEYO Co., Ltd.)</p> <p>1936 Branches opened in New York and Seattle</p> <p>1943 Company name changed to Kanematsu Corporation</p> <p>1951 Overseas affiliate established in New York, the first overseas office established by a Japanese trading company after World War II</p>	<p>1967 Merged with the Goshō Company to form Kanematsu-Goshō, Ltd.</p> <p>1973 Listed on the first section of the Tokyo Stock Exchange</p> <p>1989 100th anniversary of the Company's founding</p> <p>1990 Company name changed to Kanematsu Corporation</p>	<p>1991 Kanematsu Electronics Ltd. listed on the first section of the Tokyo Stock Exchange</p> <p>1993 Kanematsu Computer Systems Ltd. began mobile phone sales (now Kanematsu Communications Ltd.)</p> <p>1995 Kanematsu Sekiyu Hanbai Corp. established (now Kanematsu Petroleum Corp.)</p> <p>1999 Carried out large-scale business selection and concentration</p> <p>2005 Kanematsu Electronics Ltd. became a subsidiary</p> <p>Acquired a majority stake in Shintoa Corp. (100% stake acquired in 2010)</p> <p>2012 Acquired North American steel tubing company Benoit Machine LLC (now Benoit Premium Threading, LLC)</p>
	<p>1967 Kanematsu Denshi Service Ltd. established (now Kanematsu Electronics Ltd.)</p> <p>1972 Kanematsu Semiconductor Corporation established (now Kanematsu Futuretech Solutions Corporation)</p> <p>1974 Kanematsu Computer Systems Ltd. established (now Kanematsu Communications Ltd.)</p> <p>1978 Kanematsu Kinzoku Hanbai Co., Ltd. established (now Kanematsu Advanced Materials Corp.)</p> <p>1982 Nippon Office Systems Ltd. established</p> <p>Pacific Western Systems Japan established (now Kanematsu PWS Ltd.)</p>	
	<p>1954 Kanematsu Hiryo Co., Ltd. established (now Kanematsu Agritec Co., Ltd.)</p> <p>1977 Kaneshoku Corporation established (now Kanematsu Foods Corp.)</p>	
	<p>1959 Kanematsu Yuso Co., Ltd. established</p> <p>1960 Kanematsu Sekiyu Gasu Corp. established (now Kanematsu Petroleum Corp.)</p> <p>1967 Acquired a controlling interest in Fine Kuroda Services Corp., renaming it Kanematsu Goshō Machine Tool Sales Corp. (now Kanematsu KGK Corp.)</p> <p>1970 Kanematsu Kenzai Corporation established (now Kanematsu Trading Corp.)</p> <p>1974 Kanematsu Kaseihin Co., Ltd. established (now Kanematsu Chemicals Corp.)</p> <p>1985 Began trading with Steel Service Oilfield Tubular, Inc.</p>	
	<p>1985 Kanematsu Aerospace Corp. established</p>	

Major examples of social contribution and management oriented around creating shared value

1919
Donation and endowment to what has grown into the Kobe University Research Institute for Economics and Business Administration (Kanematsu Memorial Hall)

1927
Construction and endowment of the Hitotsubashi University Kanematsu Auditorium

1929
Endowment of construction funds for the Sydney Hospital Kanematsu Memorial Institute of Pathology

<p>2013 Resumed dividend payments</p> <p>2014 •Expanded the executive officer system •Established business investment standards •Acquired a majority stake in Kanematsu-NNK Corp. (now Kanematsu Sustech Corporation)</p> <p>2015 Completed disposal of commercial real estate holdings</p> <p>2016 •Carried out an absorption-type merger with Diamondtelecom, Inc. aimed at expanding the mobile business •Issued first series of straight corporate bonds (return to the straight bond market)</p>	<p>2017 •Took over JVCKENWOOD Corporation's cartridge printer business (now G-Printec, Inc.)</p> <p>2018 •Formed the Technologies and Business Collaboration Team to advance innovation investment •Established Kanematsu Ventures Inc.</p> <p>2019 •130th anniversary of the Company's founding •Formed strategic partnership with France-based Dawex Systems, entering the data business</p>	<p>2021 •Revised and determined five issues of high materiality •Took over Seiko Epson Corporation's IC test handler business (now NS Technologies Inc.)</p> <p>2022 Received A- rating from Japan Credit Rating Agency, Ltd. (JCR)</p> <p>2023 Made tender offers for Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation, turning them into wholly owned subsidiaries</p>
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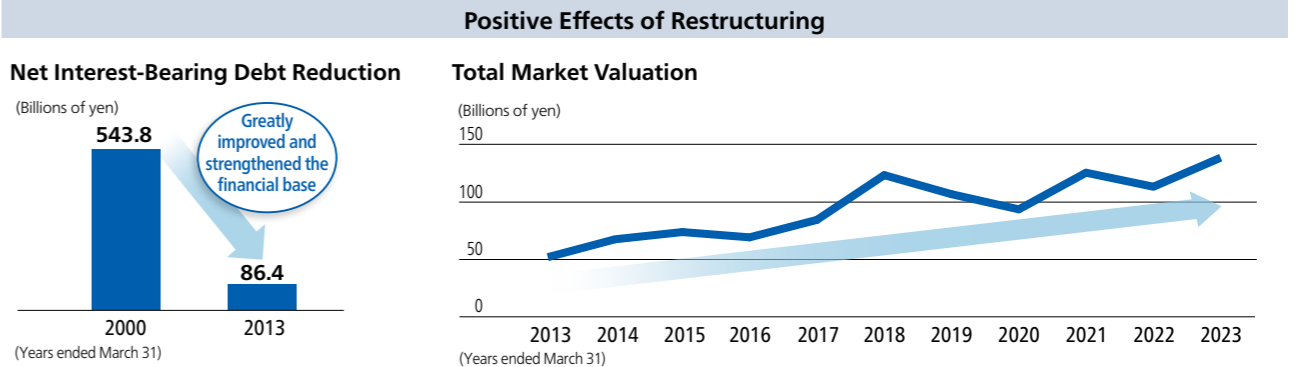
April 2013–March 2016
— Jump to next stage leading to the future —

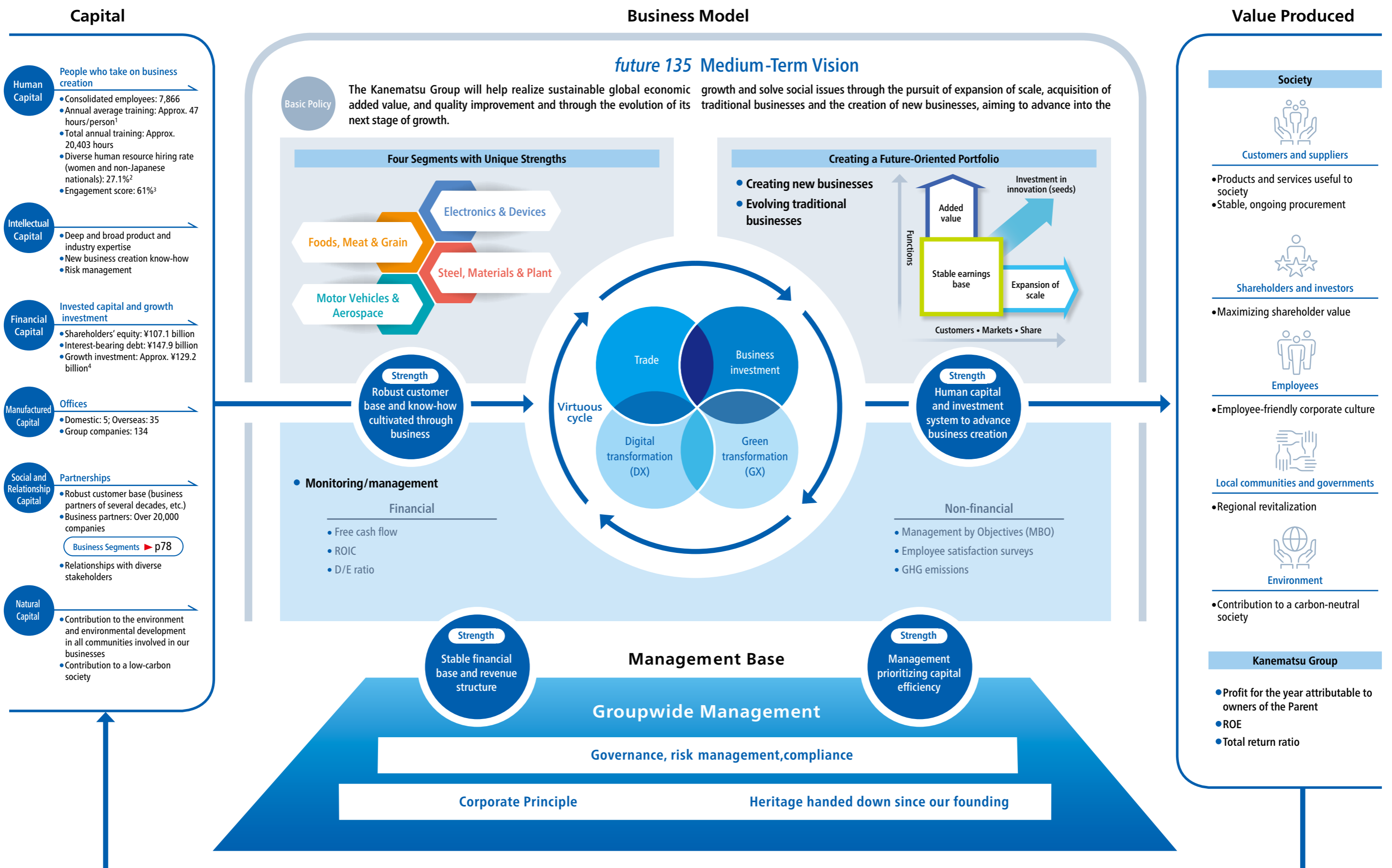
April 2014 – March 2019
“VISION-130”

April 2018–March 2024
– *future 135* –

Expansion of Scale
Acquisition of Added Value
Quality Improvement

- Sustainable growth in fundamental businesses and expansion of the revenue base through business investment
- Response to technical innovation
- Establishment of management infrastructure for achieving sustainable growth

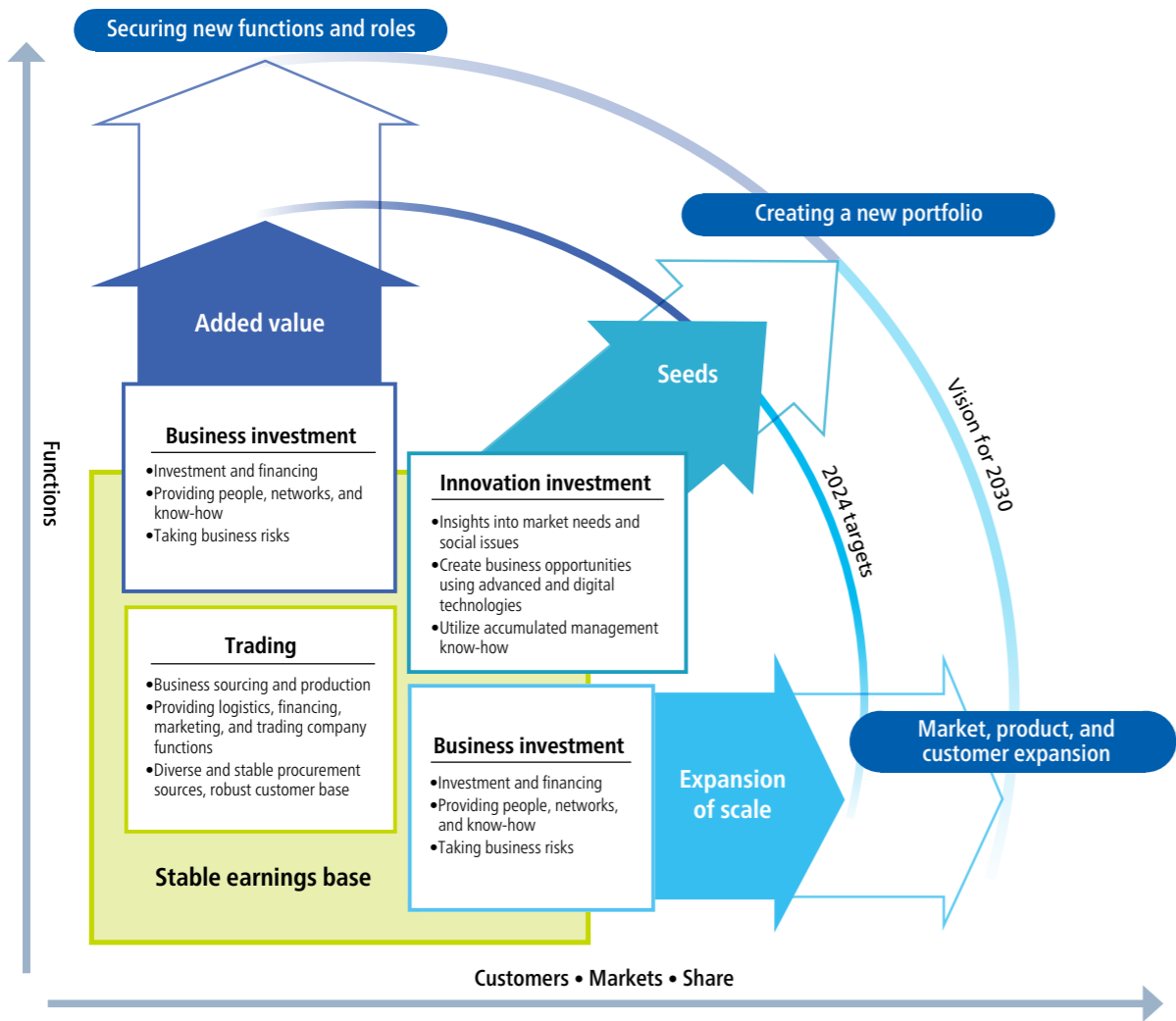




1. Average hours of training for Kanematsu University participants
2. Average over the five years since the launch of future 135
3. Figure for fiscal 2022
4. Cumulative new investment in the first five years of future 135

Building on the trading businesses it has nurtured over the decades, the Kanematsu Group is advancing business investment aimed at generating added value and scale expansion. At the same time, we are pursuing innovation investment aimed at establishing a future business portfolio. Through these efforts, we are working to increase enterprise value.

Business Model and Vision for the Future



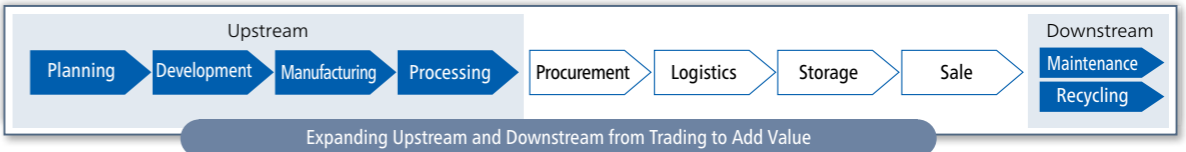
Trading: Stable Revenue Base Backed by Longstanding Networks and Know-How

These are core businesses developed by leveraging our robust customer base and know-how cultivated in traditional agency and trading businesses since our founding while managing businesses directly and indirectly in line with the changing times.



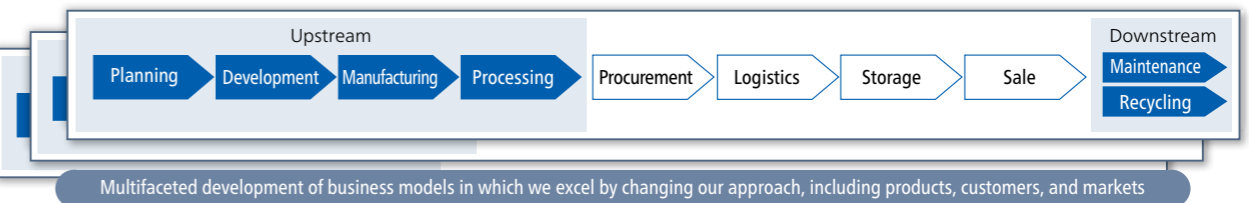
Business Investment to Secure Added Value: Performing Roles Beyond Traditional Trading Company Functions

We will secure new functions and roles in our fields of strength. Going beyond traditional trading company functions, we will expand into upstream areas of the value chain, such as planning, development, manufacturing, and processing, as well as downstream areas, such as maintenance and recycling. By doing so, we will provide added value unique to the Kanematsu Group.



Scale Expansion Business Investment: Investing Resources in Areas of Insight and Strength

We will leverage our accumulated insight and know-how to expand our business scale and trading area. We will apply business models in which we excel to different products, customers, and markets, adjusting our approach to expand our market share.



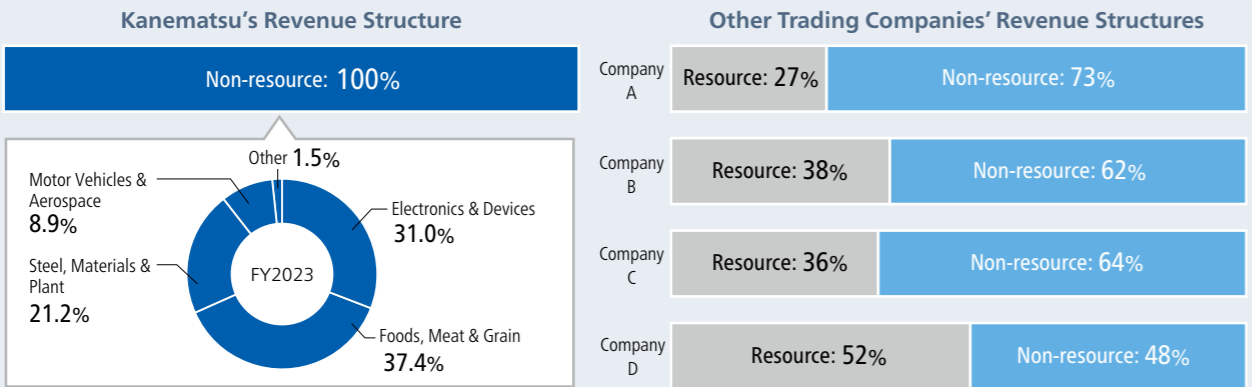
Innovation Investment: Creating Next-Generation Businesses Centered on Advanced Technologies

We will create next-generation core businesses through investment in business models and startups with long-term growth potential centered on advanced technologies in which the Kanematsu Group has strength.

Special Feature: Innovation Investment ▶ p32

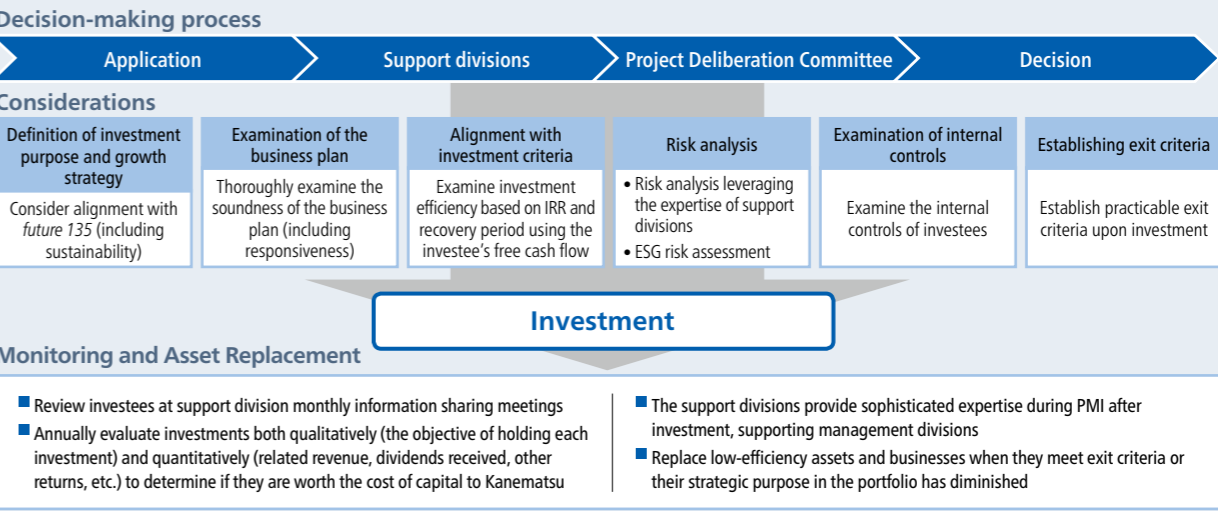
Business Composition (Compared with Other Trading Companies)

The Kanematsu Group's businesses are mainly in the Group's areas of strength, where it possesses insight and know-how. We do not invest in businesses that are easily swayed by commodity or financial markets, such as fossil fuels, real estate, or financial businesses, and our stable revenue structure sets us apart from other general trading companies.



Note: Data according to Kanematsu's research

Business Investment Process





By returning to our fundamentals and advancing Groupwide management, we will spark innovation unique to the Kanematsu Group.

President & CEO

Yoshiya Miyabe

Returning to Our Fundamentals and Valuing Our Intangible Assets

Since taking office as President & CEO in 2021, I have brought up the importance of returning to our fundamentals on a variety of occasions.

Kanematsu's founding purpose, "Let us sow and nurture the seeds of global prosperity," bids us to take action to benefit people around the globe. The values of this purpose permeate all that we do. They are aligned with today's Sustainability Development Goals and serve as compass to guide us on the right path forward. Amid the rapid changes of the modern world, I think it is more necessary than ever to return to these fundamentals. At the same time, it has become more than apparent to me through experience in a variety of settings that the founding purpose has truly taken root in the minds of the people of the Kanematsu Group. For example, our business partners often remark on the warmth and care they feel from Kanematsu, or their surprise at how attentive the service they

receive is. Such comments are extremely gratifying for us and naturally reinforce our attachment to the Company while encouraging greater engagement. Furthermore, such reactions demonstrate how our people are unconsciously putting into practice the sayings of our founder, Fusajiro Kanematsu—"belief in the value of work," "profit is just a by-product of business," and "customers come first." Indeed, Kanematsu is full of people working this way. This is also the reason why the Kanematsu Group has such outstanding intangible assets.

Given the current emphasis placed on sustainable growth, companies must, of course, work toward growth in terms of numbers and volume. However, I believe that we must also remember the importance of qualitative growth. One of the reasons that I keep bringing up returning to our fundamentals is to remind the people of the Kanematsu Group that we already have in place the kind of conditions needed for qualitative growth and improvement.

The Kanematsu Group's Origins ▶ p8

Groupwide Management

Another thing I have been emphasizing repeatedly is the need to do away with the barriers separating divisions and Group companies. The Kanematsu Group does business with some 20,000 companies in and outside Japan, and our staff visit our business partners every day. The information, insight, and experience that this contact provides constitute valuable assets for Kanematsu. This is the basic form of the traveling sales model, i.e., going to where the potential customers are and finding a way to generate business where there is nothing, not even an order. Kanematsu's main business is in optimizing trading—the buying and selling of things—to increase added value across the value chain. The traveling sales mindset lives on as a strength of this trading business, and we will continue to reinforce and take pride in it. Going forward, we will work to make explicit the implicit knowledge our staff have in the form of this information, insight, and experience so that it can be shared across the Group and woven into existing and new businesses and business models to impart added value. To this end, we will build infrastructure and systems to facilitate the sharing and linking of such implicit knowledge in order to comprehensively reinforce the Group's strengths.

To reinforce the business foundations of our Groupwide management, we made [Kanematsu Electronics Ltd. and Kanematsu](#)

[Sustech Corporation, which had been listed Group companies, into wholly owned subsidiaries via tender offers.](#) The current fiscal year (ending March 2024) is the final year of the *future 135* medium-term vision, which includes the key measures of [promoting DX and GX](#). We plan to keep DX and GX as priority initiatives of the new medium-term business plan slated to begin next year. As we advance DX and GX initiatives, both of the newly acquired companies will be essential partners in the Kanematsu Group's growth—Kanematsu Electronics, which operates in the ICT business domain, brings with it abundant insight, experience, and human resources in the area of digital technologies, and Kanematsu Sustech employs proprietary technologies to contribute to decarbonization through such businesses as ground improvement and wood materials.

Until now, we have worked in partnership with these companies, but they were not wholly owned subsidiaries and were both publicly listed, which imposed a variety of limits on what we could do. Now that they have been consolidated into the Group, we will be able to freely allocate Group management resources to them while further advancing cooperation and enhancing overall Group enterprise value. In particular, given the current pressing importance of digital technologies and sustainability across all industries, I think that the expertise of these companies will contribute to the added value and expansion of scale of the Group's

businesses worldwide.

As publicly listed companies, both had ample growth potential even as they were before, but they share Kanematsu's DNA, and we felt that integrating them fully into the Group would generate greater synergies at the Group level. This conviction led us to the decision to make the tender offers.

- Opening Feature: Strengthening Groupwide Management ▶ p2
- future 135 Medium-Term Vision ▶ p22
- Message from the Digital Transformation Committee Chair ▶ p28
- Message from the Green Transformation Committee Chair ▶ p30

Reinforcing Digital Talent and Innovation

In our main business of trading, human resources are our most important management resource and the source of value creation. In particular, digital talent is key to success in new businesses centered on such advanced technologies as IoT and AI, which, going forward, are expected to only increase in importance as growth areas for Kanematsu. Around 60% of our employees work in areas related to the Electronics & Devices Division, and digital literacy is high throughout the Group. To further increase digital literacy, [we have now made having all employees obtain the IT Passport qualification an official part of our Human Capital Development Policy.](#)

Furthermore, through the proactive exchange of personnel with Kanematsu Electronics, we will advance the development of digital talent Groupwide, rolling out digital technologies to businesses that have not made much use of them to date. Specifically, we plan to dispatch personnel selected from each business division to Kanematsu Electronics as a way of developing human resources equipped to apply digital technologies in their respective businesses. We are starting these efforts with around 10 employees, but plan to step them up as we go forward. Our business divisions have expressed their eagerness to select and send staff. We have great expectations for these efforts as a test of the fruits of our Groupwide management.

Part of our medium-term vision is to [create a new business portfolio through innovation investment.](#) To this end, we need to collaborate with startups that are producing innovative technologies and business models. I think we must be proactive in this area, given that most of the movers and shakers in the world today are companies that were startups just a few years ago. Trading companies engage with the entire value chain, from end to end, so we are well positioned to partner with startups. At the same time, exercising discerning judgment regarding technologies is an area of difficulty for many trading companies, so partnering with venture capital firms (VCs) familiar with that ecosystem can be very effective. For VCs, meanwhile, such partnerships offer the benefit of access to a trading company's business partner network. In other words, the combination of a VC's technological discernment with a trading company's business network can result in a win-win relationship, enabling the creation of a business model only possible with a trading company.

The Kanematsu Group includes Kanematsu Ventures Inc., a Group company located in the United States that specializes in finding promising startups in Silicon Valley. Kanematsu Ventures has invested in VC funds in Silicon Valley and is building a network with powerful VCs. These connections have led to a business tie-up with WERU INVESTMENT Co. Ltd., a major Japanese VC. Kanematsu Electronics and other Group companies have expressed interest in dispatching staff to Kanematsu Ventures. Making effective use of Kanematsu Ventures will thus be significant in terms of human capital development, as well.

Our innovation investment is currently still in the sowing stage, but going forward, we intend to focus efforts on cybersecurity, the space business, and environmental businesses. A Silicon Valley VC we have partnered with since 2019 has built relationships with startups boasting world-leading cybersecurity technologies. By combining such constantly evolving cutting-edge technologies with the Kanematsu Group's business network, mainly though Kanematsu Electronics, we will expand new security businesses. In addition,





Kanematsu Ventures is increasingly partnering with startups in the new space and green tech arenas, which offer potential for new developments in the space and environmental businesses going forward.

Proactive investment in the most important form of capital for value creation—human resources—is essential to innovation. To maximize this capital, we have established the Human Capital Policy and set metrics and targets from the perspectives of human capital development and working environment improvement. As we work toward these targets, we will enhance the value of our intangible assets in line with the philosophy that a trading company is its people.

[Human Capital Targets and Results](#) ▶ p61

[Special Feature: Innovation Investment](#) ▶ p32

[Message from the Chief Officer of Human Resources](#) ▶ p26

Enhancing Enterprise Value by Reinforcing Global Governance

Looking back on the business environment of the past few years, in addition to rapidly advancing technologies, such as digitalization and AI, as well as the increasing importance of decarbonization efforts, there have been many major factors that we did not expect at all, such as the pandemic and the Russia-Ukraine situation, all of which have had a major impact on Kanematsu's businesses. This

rising uncertainty has made steering management more difficult, but trading companies are by their nature skilled at adapting to change.

Our networks with business partners and the vast volume of information they provide make us better able to respond to change. In addition, trading companies have few major physical assets, like factories, that have to be shed when change comes. This allows trading companies to be light on their feet, facilitating adaptation. Furthermore, Kanematsu is not engaged in resource businesses, so we are exposed to relatively little volatility, enabling us to maintain stable revenue and financial soundness. In times of uncertainty and of change, Kanematsu's ability to stably secure funds for growth investment is a major strength.

To further solidify our footing, we are working to reinforce global Group governance and internal control. In Japan, the tender offers for Kanematsu Electronics and Kanematsu Sustech have strengthened Group governance. Overseas, as we acquire overseas companies, we are working to build an efficient global governance system. However, the reality is that there are limits to the measures we can take to prevent deliberate misconduct by individuals, and I think this is an area where it is crucial to ensure that the spirit of Kanematsu's founding purpose permeates the Group. Amid calls for strengthening internal control, merely ticking off items on a

checklist is not enough. We must return to our fundamentals and get creative to reinforce governance.

In order to achieve sustainable growth, which is also the purpose of strengthening global governance, we signed the United Nations Global Compact (UNGC) on March 12, 2023, endorsing its 10 principles in the four fields of "human rights," "labour," "environment," and "anti-corruption." These are areas in which we had already been working, mainly through the Sustainability Management Committee, but we took this step as an opportunity to exercise creative leadership within the UNGC's global framework and reinforce the global business operations of the Kanematsu Group as a whole. By committing to the UNGC, we seek to level up our sustainability-oriented management and increase the depth of our intangible assets. In this way, we aim to increase our enterprise value.

We are now in the final fiscal year of the *future 135* medium-term vision. By reinforcing Groupwide management, we believe that we can achieve the vision's targets. We aim to reach even greater heights in the next stage. To this end, we are taking a fresh look at the

strengths of and issues faced by each of our divisions and businesses as we formulate the next medium-term business plan to broadly leverage the Kanematsu Group's strengths in society. Taking pride in our roots in the shoe-leather business of traveling sales, we will further strengthen our ties with business partners with a focus on digital technologies and sustainability as we aim even higher.

"Sow a seed now," and take action to benefit people around the globe. These are our fundamentals.

We ask ourselves what the Kanematsu Group can do for the Earth and for people, and we seek to make such contributions a reality by engaging in dialogue with stakeholders and working to meet their expectations. As we do so, I ask for your continued support and understanding.

[Dialogue between the Chairman and an Outside Director](#) ▶ p62

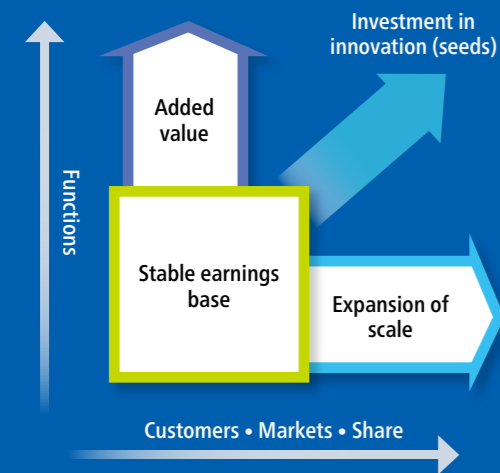
[Message from the Chair of the Sustainability Management Committee](#) ▶ p34

[Initiatives to Ensure Respect for Human Rights](#) ▶ p42



future 135

April 2018 – March 2024 (Revised May 2021)



The Kanematsu Group is pushing ahead with *future 135*, its medium-term vision for the six years ending fiscal 2024, which will mark the 135th anniversary of its founding. In May 2021, following the conclusion of the first three years of the vision, Kanematsu revisited the vision to reaffirm its business direction, especially in light of the progress of business investments and the impact of the COVID-19 pandemic. Although there have been no major changes in the basic policy, based on the progress of business investments and the resulting earnings growth, Kanematsu has revised the vision's quantitative targets. Moreover, Kanematsu has added addressing the SDGs and promoting DX to the vision's priority initiatives.

Basic Policy

The Kanematsu Group will help realize sustainable global economic growth and solve social issues through the pursuit of expansion of scale, acquisition of added value, and quality improvement and through the evolution of its traditional businesses and the creation of new businesses, aiming to advance into the next stage of growth.

Essentials

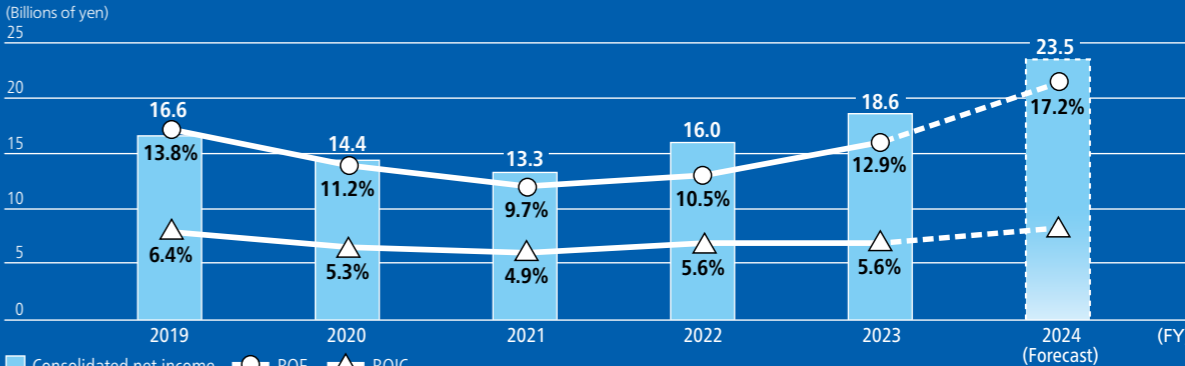
- Continue to expand the strong businesses of the Kanematsu Group and achieve sustainable growth in business areas with a stable earnings base. Aim to achieve consolidated net income* of ¥20 billion by pursuing the expansion of scale and acquisition of added value through effective business investments.
- Focus on capital efficiency based on the stability of the earnings structure and financial structure, setting target ROE at 10% – 12% and the payout ratio (total return ratio) at 30% – 35%.

*Profit for the year attributable to owners of the Parent

Quantitative Targets

	Final year target (The fiscal year ending March 2024)	Fiscal 2023 results	Fiscal 2024 forecast
Consolidated net income (Profit for the year attributable to owners of the Parent)	¥20 billion	¥18.6 billion	¥23.5 billion
ROE	10% – 12%	12.9%	17.2%
Total return ratio	30% – 35%	33.7%	32.0%

Consolidated net income*, ROE, and ROIC



* Profit for the year attributable to owners of the Parent

Priority Initiatives

Sustainable growth in fundamental businesses and expansion of the revenue base through business investments

- Achieve sustainable growth while achieving a balance between capital and risk assets backed by a stable revenue structure and financial structure
- Promote business investment in areas of strength to achieve expansion of scale and acquisition of added value
- Invest in business segments related to environmental, social, and safety issues to help achieve the SDGs

Response to technical innovation

- Promote Groupwide DX
- Promote and expand new businesses with advanced technology (IoT, AI, etc.)
- Invest in innovation (future-oriented development investment)

Establishment of management infrastructure for achieving sustainable growth

- Build a framework for global strategy, including the reinforcement of the overseas earnings base
- Invest in human resources, including the cultivation of management-level human resources
- Improve operational efficiency and employee satisfaction (ES) through continued work style reforms

Message from the CFO ▶ p24

New investments so far

Message from the Digital Transformation Committee Chair ▶ p28

Special Feature: Innovation Investment ▶ p32

Message from the Chief Officer of Human Resources ▶ p26

Human Capital Management ▶ p49

Human Resource Development / Work Environments for Employees ▶ p50

Approximately ¥129.2 Billion in New Investment in Fields Where We Have Strengths and Insight (Five-Year Cumulative Total)

Motor Vehicles & Aerospace:

Approx. ¥8.9 billion

(U.S.) Joined cyber security investment fund
(U.S.) Invested in startup that develops equipment for rescue helicopters
(Europe) Purchased aircraft in the aircraft parts business
(Japan) Made takeover bid for KANEYO Co., Ltd.
(Japan) Acquired company that develops and manufactures dashboard cameras
(U.K.) Entered capital and business alliance with startup that operates Advanced Air Mobility vertiports
(Japan) Invested in emerging manufacturer aiming for the practical application of carbon nanotubes
(Japan) Invested in Waseda Innovation Fund 3 Limited Partnership
(Japan) Acquired additional shares in CARBON FLY, Inc.

Steel, Materials & Plant:

Approx. ¥11.6 billion

(South Korea) Made equity investment in steel plate processing company
(Japan) Acquired specialized metal sash manufacturer
(Japan) Acquired plant engineering company
(Vietnam) Made equity investment in steel frame and bridge fabricator
(U.S.) Established second steel tubing processing factory
(South Korea) Made additional equity investment in steel plate processing company
(Australia) Invested in startup that manufactures and sells plastic raw materials

Foods, Meat & Grain:

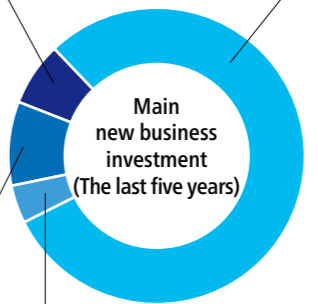
Approx. ¥5.5 billion

(China) Established beef primary processing and sales company
(China) Established feedstuff material production plant
(Indonesia) Increased investment in processed food product manufacturer
(Uruguay) Invested in Uruguayan beef producer

Electronics & Devices:

Approx. ¥103.2 billion

(Japan) Made card printer manufacturer a wholly owned subsidiary
(Japan) Acquired semiconductor image sensor back-end processing business
(Japan) Invested in data exchange market development and data consulting company
(Japan) Expanded mobile communications business
(Germany) Made equity investment in photo printer company
(Germany) Established KIS Global GmbH
(Japan) Acquired semiconductor manufacturing (marking) equipment trading company
(Japan) Acquired semiconductor manufacturing equipment (IC test handler) manufacturing business
(Japan) Entered capital and business alliance with Keyware Solutions Inc.
(Japan) Acquired all shares of Kangawa Shoji Co., Ltd.
(Japan) Acquired mobile phone sales agency Kinkitecom CO., LTD.
(Canada) Invested in a company engaged in the sale of passport photo printing systems and related services
(Japan) Entered capital and business alliance with total security solution company
(Singapore) Acquired semiconductor depaneler manufacturer
(Japan) Acquired additional shares in GLOBAL SECURITY EXPERTS Inc.
(Japan) Acquired NIPPON ACCESS, INC.
(Japan) Made Kanematsu Electronics Ltd. a wholly owned subsidiary
(Japan) Made Kanematsu Sustech Corporation a wholly owned subsidiary



Message from the CFO



Shuji Masutani
Director, Executive Officer, CFO

Progress of and Outlook for the *future 135* Medium-Term Vision Fiscal 2023—Among Our Strongest Ever Results

Fiscal 2023, the year ended March 2023, was the fifth year of the *future 135* medium-term vision (covering fiscal 2019 to fiscal 2024). Profit for the year attributable to owners of the Parent (consolidated net income) came to ¥18.6 billion, up ¥2.6 billion year on year, approaching our highest ever. This result was driven by the strong performance of security- and network-related projects in the ICT solutions business; growth in orders as a result of robust semiconductor demand in the semiconductor parts and equipment business; increased energy investment within the United States in the steel tubing business; and strong performance on the back of improved market prices in the energy business.

Looking ahead, we forecast consolidated net income of ¥23.5 billion for fiscal 2024, exceeding our target of ¥20.0 billion for the final year of *future 135* (Figure 1).

Financial Impact of Tender Offers for Listed Subsidiaries

In fiscal 2023, Kanematsu made successful tender offers for the listed subsidiaries Kanematsu Electronics (KEL) and Kanematsu Sustech (KSU). The funds required to acquire KSU came from cash on hand, while those for KEL came from ¥58.4 billion in new loans from financial institutions. As of March 31, 2023, net interest-bearing debt stood at ¥147.9 billion, up ¥96.7 billion from the previous year-end due in part to an increase in operating capital as result of the depreciation of the yen and rising commodity prices. Furthermore, in making the tender offers for the above-mentioned consolidated subsidiaries, the difference between the book value of non-controlling interests and the tender offer price, including premiums, led to a decrease in capital surplus. As a result, total equity attributable to owners of the Parent stood at ¥128.5 billion, down ¥31.0 billion from the previous fiscal year-end.

Reflecting the above factors, the net D/E ratio rose from 0.32 at March 31, 2022 to 1.15.

Financial and Capital Strategy Going Forward

Because the above tender offers changed the balance of shareholders' equity and interest-bearing debt, we have made improving our financial base an immediate management issue.

In fiscal 2023, core operating cash flows after deducting changes in working capital came to an inflow of ¥42.3 billion, as we maintained stable cash generation. Over the coming four years—into the period of the next medium-term business plan—we will direct cash generated into investments while controlling interest-bearing debt, striking a balance between investment and financial soundness. Over these four years, we will first improve the net D/E ratio to around 1.0 to ensure the stability of the financial base. Even assuming the required level of financial discipline, we still expect to be able to invest around ¥80 billion over the four-year period.

In addition, we have added KEL and KSU to our centralized cash management system, and we will work to further improve Group capital efficiency.

As for the impact of the tender offers on ratings, our

Rating and Investment Information, Inc. (R&I) and Japan Credit Rating Agency, Ltd. (JCR) credit ratings have remained at A- after the tender offer announcements. By steadily enhancing our financial base going forward, we aim to maintain and improve our ratings.

ROE

In fiscal 2023, ROE improved 2.4 percentage points year on year to 12.9%, reflecting the increase in consolidated net income and decrease in shareholders' equity due to the tender offers. It has thus already exceeded the range of 10%–12% targeted in *future 135*. ROIC, an indicator of Group capital efficiency, came to 5.6%, level with the previous fiscal year. The weighted average cost of capital (WACC) was below 3.5%, so we were able to secure an excess return (EVA spread) of more than 2%.

ROIC is taken into account in deliberations of potential investment and financing projects, reflecting a strong internal awareness of cost of capital, but we will consider formulating more detailed operational policies, including operational and management indicators, in the next medium-term business plan. By making every employee aware of ROIC, we will work to expand our enterprise value.

Risk Asset Measurement

The Kanematsu Group has laid out basic guidelines for controlling and managing risk in its Risk Management Guidelines. Based on said guidelines, we classify and define risks, then respond to each appropriately, aiming to minimize losses to the Kanematsu Group and achieve sound business growth and development.

The Group monitors quantifiable risks (market risk, credit risk, investment risk, country risk, etc.) by regularly measuring such risks and reporting the results to management. Specifically, to measure maximum possible losses (risk assets) we apply a proprietary weighting scheme corresponding to the potential loss risk to all assets included in the Consolidated Statement of Financial Position as well as off-balance sheet items.

As of March 31, 2023, risk assets stood at ¥55.5 billion and total equity attributable to owners of the Parent at ¥128.5 billion, for a risk asset ratio of 0.43. Although this is higher

than the ratio of 0.31 at the previous fiscal year-end, reflecting an increase in risk assets due to the cheaper yen and rising commodity prices as well as the decrease in shareholders' equity, it is still well below the upper limit we have set of 1.0.

We will continue working to ensure a sound balance of risk assets and risk buffer (shareholders' equity) while increasing enterprise value through business creation and revenue expansion.

Shareholder Returns

For fiscal 2023, in light of business performance and the operating environment, we raised the annual per-share dividend ¥10 to ¥75 (an interim dividend of ¥37.5 and a year-end dividend of ¥37.5). This resulted in a consolidated dividend payout ratio of 33.7%, within the total dividend ratio range of 30%–35% targeted in the *future 135* medium-term vision.

For fiscal 2024, we forecast consolidated net income of ¥23.5 billion and plan to increase the annual dividend per share another ¥15 to ¥90 (an interim dividend of ¥45 and a year-end dividend of ¥45). As a result, the consolidated dividend payout ratio is forecast at 32.0%, remaining within the 30%–35% range (Figure 1).

In light of our financial balance following the tender offers, for the time being we plan to provide returns to shareholders in the form of dividends, rather than share buybacks.

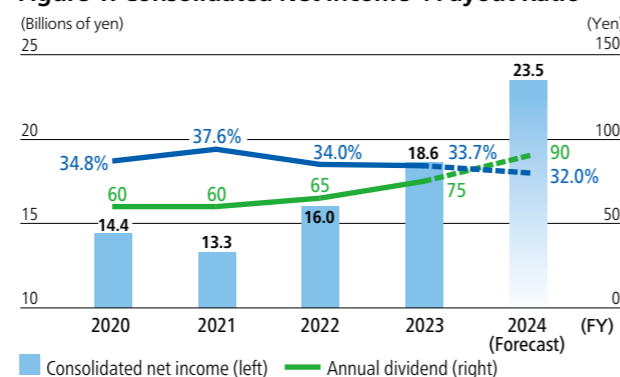
Kanematsu regards the appropriate distribution of profits to shareholders as an important management priority. We will continue to pay stable, ongoing dividends based on considerations of business performance, financial position, and the levels of internal reserves necessary for future growth.

Our Share Price and Price-to-Book Ratio

Kanematsu's five-year total shareholder return at March 31, 2023, was 134.2%, slightly exceeding the 131.8% of the TOPIX Total Return Index (Figure 3).

As of March 31, 2023, the price-to-book ratio stood above 1.0, at 1.1. We will continue working to increase enterprise value in order to further improve this ratio so that we can fully meet investors' expectation of medium- and long-term growth.

Figure 1. Consolidated Net Income*/Payout Ratio



* Profit for the year attributable to owners of the Parent

Figure 2. ROE/ROIC/WACC

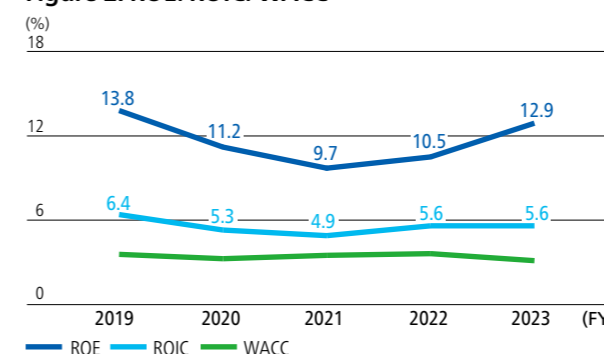
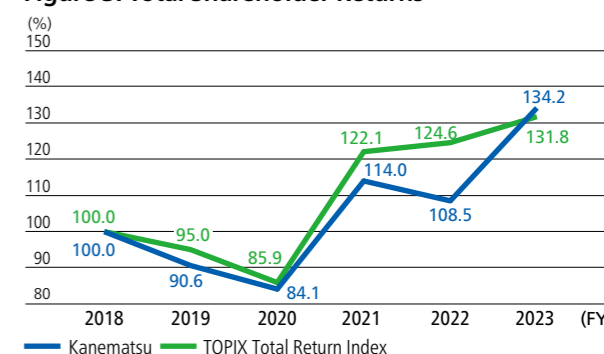


Figure 3. Total Shareholder Returns



Note: The values above show fiscal year-end total shareholder returns relative to the values at March 31, 2018, which have been set at 100

Message from the Chief Officer of Human Resources



HUMAN CAPITAL STRATEGY Empower, Enlarge, Excel Our Human Capital Management Fuels Growth

We have recently established the Human Capital Policy, which lays out our approach to human capital, a profoundly important asset for the Kanematsu Group. Here, I would like to explain our approach to human capital management and my own thoughts as the leader of Kanematsu's efforts in this area.

It is our belief that business is more than transactions and economic activity; at its base, it is built on deeper inter-personal connections. This belief has been passed down since Kanematsu's founding, and is a fundamental value that informs all we do. I have keenly felt the truth of this belief through my own business experience at Kanematsu spanning more than three decades, and it is etched deeply into my mind.

With an eye toward ongoing value creation, we aim to increase our human capital and build organizations that will use our people's abilities to the fullest. Just as Kanematsu has innovated its business models in step with the rapidly changing wider world, in developing human capital, we focus on equipping our people with the knowledge and experience required by the direction of the Company's growth. To that end, we review our training and teaching methods on an ongoing basis, striving to develop human resources who will create greater value.

We also respect diversity and proactively bring in people with different perspectives and experience. This is because we believe that by valuing each individual's unique abilities and passions, and by bringing these individual strengths together, we can nurture excellence and creativity and generate new innovation. Our organizations are places where diverse human resources can shine as they help and respect one another.

We have organized this approach into the Human

Capital Development Policy and Work Environment Policy shown at right. Examples of specific initiatives under these policies are provided on pages 50 to 61.

An experience I had in connection with my hobby of playing the piano drove home for me the power that inter-personal connections can impart in business. After meeting with a business partner, I happened to discover that he was also a violinist. I proposed performing a duet together and he gladly accepted. We practiced together, and eventually put on a little performance. This experience strengthened our relationship, leading to more vibrant discussions about our businesses. Working together toward a common objective based on a shared passion had forged a bond of trust between us, paving the way for new opportunities. By connecting with people and building deep bonds, we are able to engage in business that transcends mere transactions and produces more fulfilling outcomes.

Our goal at the Kanematsu Group is not simply to chase profit, but to enrich lives through our business and exert a positive force in society. By building trust with our customers and partners and providing products and services that inspire them, we will continuously create value and contribute to society.

I sincerely ask our stakeholders for their understanding and support of the Human Capital Policy, and I hope that you will share in our passion and sense of purpose as we implement initiatives under this policy. I promise that we will strive to grow and build the future with you.

Hiroshi Yamashina

Senior Executive Officer,
Chief Officer, Human Resources,
General Affairs, and Logistics & Insurance

Basic Policy on Human Capital

Policy Increase our human resources, which are the source of value creation, and build organizations that effectively utilize our human resources' abilities to continuously create value and increase enterprise value.

Kanematsu's Values

- Sense of purpose and responsibility for solving issues faced by customers, business partners, and society
- Imagination, ingenuity, and ambition to sow new seeds
- Sincerity in valuing mutual prosperity with customers and business partners
- Enthusiasm for work and team spirit to work toward common goals

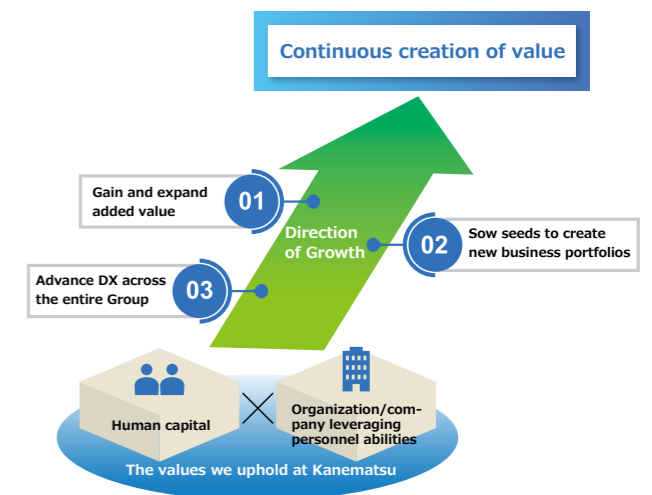
Overview Kanematsu believes that human resources are the source of value creation. Each individual strives to embody the above values, which we have cherished since our founding, to enable ongoing value creation.

Kanematsu is constantly altering its business models in line with changes in society at large. Even as our values remain the same, the knowledge and experience required by the direction of the Company's growth change. We therefore review our training and teaching methods on an ongoing basis, striving for human capital development that will contribute to greater value creation. We also believe that creating organizations that effectively utilize each individual's abilities is important. To maximize each person's abilities, we work to build organizations that offer a wide range of options, allow each individual to make the most of their abilities, and are united by mutual respect.

The Direction of Our Growth

Under the *future 135* medium-term vision, Kanematsu aims for

sustainable growth in fundamental businesses and is advancing business investment aimed at generating added value and scale expansion in its areas of business strength. Furthermore, to establish a new business portfolio, we are working to promote and expand new businesses centered on advanced technologies, such as IoT and AI. We have made Groupwide DX promotion a priority initiative and are working to build stable and sustainable supply chains and establish management infrastructure for realizing ongoing growth. Going forward, to continuously create value over the medium to long term, we have designated three directions of growth: Acquire added value and expand in scale, sow seeds to create new business portfolios, and promote Groupwide DX.



Human Capital Development Policy

Policy Kanematsu believes that human resources are the source of value creation. Even as our fundamental belief in valuing human capital remain the same, the knowledge and experience required by the direction of the Company's growth change. We therefore engage in hiring, training, and providing education to increase the ranks of our human resources who can more sustainably create value.

Overview To embody the above values, we believe that our people must demonstrate outstanding character, encompassing the ability to act under any conditions, the determination to responsibly carry tasks through to the end, and the ability to communicate appropriately with business partners and others within the Company.

Kanematsu's human resources value a robust spirit of adventure that includes an enthusiasm for developing

new businesses and taking on challenges, as well as the ability to think in innovative ways needed to build new business models and develop new ideas not bound by existing concepts. In pursuit of ongoing value creation, we advance human capital development from a foundation of excellent character in line with the Company's direction of growth.

Work Environment Policy

Policy To maximize each person's abilities, we aim to build organizations that offer a wide range of options, allow each individual to make the most of their abilities, and are united by mutual respect. In addition, we promote the maintenance and promotion of employee health and safe working environments as the foundation of these efforts.

Overview In order to effectively utilize and support human resources, who are the source of value creation, it is necessary to enhance the organizational environment.

Specifically, we believe that it is necessary to create environments where diverse human resources respect and cooperate with each other as equals, where they can build

diverse careers, where taking on challenges is encouraged, and where those who do so are rewarded. We believe that diversity, equity and inclusion (DE&I) are fundamental to creating organizations that effectively utilize the abilities of their human resources.

Message from the Digital Transformation Committee Chair



DIGITAL TRANSFORMATION STRATEGY

Creating Next-Generation Kanematsu Group Businesses through DX

Under the *future 135* medium-term vision, we have made "Promote Groupwide DX" a part of the priority initiative "Response to technical innovation," in line with our aim to accelerate business transformation.

The Digital Transformation Committee was launched in July 2021. As COO Electronics & Devices, I chair the committee. The DX Project Office of Kanematsu Corporation's IT Planning Department and the DX Promotion Department of Kanematsu Electronics Ltd. (KEL) are serving as secretariat for the committee, while sectional meetings with specific themes, such as centralized ID management, enhancing data analysis platforms, and integrating IT assets, are advancing Groupwide DX promotion.

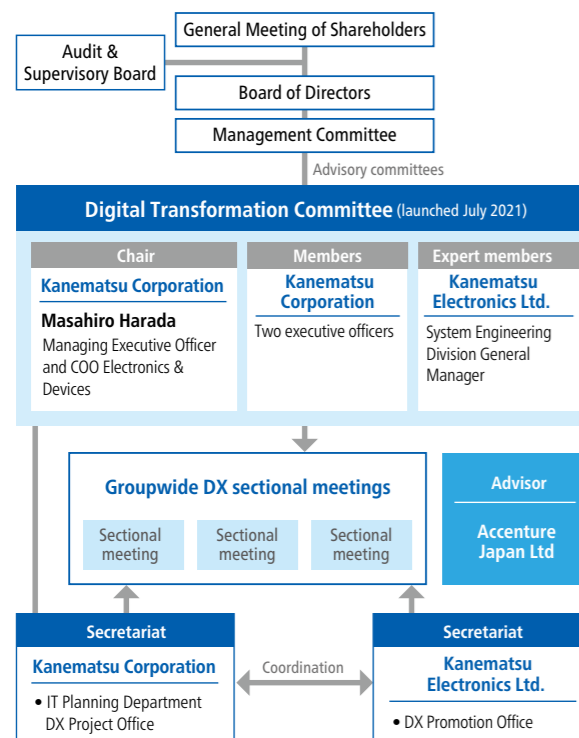
One cross-divisional initiative is the digitization of food and meat product supply chain operations. In this area, we are working to incorporate and utilize digital data, and we plan to expand these efforts to other businesses in the future. At the same time, in response to an increasing number of cyberattacks, we are focusing on enhancing cyber security and providing security education to employees. And, to raise the level of IT literacy across the Group, we are supporting employees working toward public certifications, such as the IT Passport, and otherwise seeking to develop human resources.

As for the digitization business, the Group is diversifying its commercial DX products. We have also established the Business Co-Creation Center as a place to interact with SaaS startups. We are building a data marketplace platform and advancing efforts to enter the next-generation data trading market through investment in data management companies.

As a trading company, Kanematsu is highly adaptable to technological innovation. We will continue to work together as a Group to improve internal and external productivity, create next-generation businesses, and strengthen governance.

Masahiro Harada
Managing Executive Officer
Digital Transformation Committee Chair

DX Promotional Framework

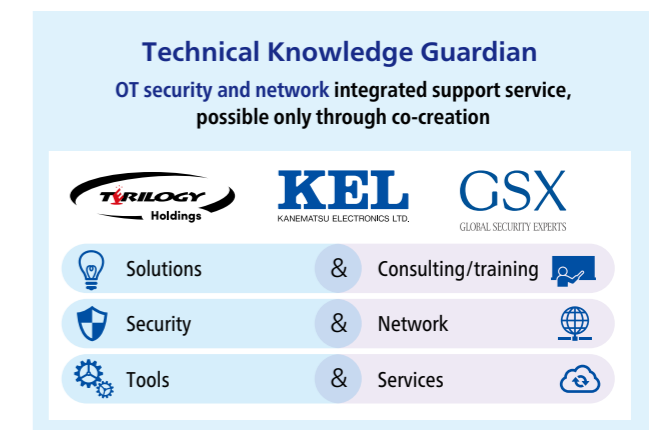


Initiatives

One-Stop OT Security Installation Support via Co-Creation by KEL, GSX, and Terilogy HD

KEL, a Group company in the ICT business, has created Technical Knowledge Guardian for OT Security, a new service for industrial control operational technology (OT) systems, in a co-creative effort with GLOBAL SECURITY EXPERTS Inc. (GSX), with which it has an equity relationship, and Terilogy Holdings Corporation (Terilogy HD). This service was launched in 2023. By pooling their past achievements, insights, and management resource strengths, the partners are offering an integrated OT security and network support service not possible through any one company alone. Recently, security risks have been rising in step with the advance of manufacturers' efforts to increase competitiveness through DX. Furthermore, security-related standards and guidelines are expected to be increasingly finely segmented among and within specific industries going forward. KEL, GSX and Terilogy HD will work to realize a safe and secure OT environment by

strengthening security services for manufacturing industries and accumulating related knowledge.



The Kanematsu Group's Initiatives to Solve Logistics Industry Issues Expected in 2024

Kanematsu Group company Datatec Co., Ltd. provides the Safety Recorder® (SR) driving recorder for the logistics industry. Driving data from the SR is fed into work hour management software to track performance by automatically calculating total work hours, break times, and drive times. Furthermore, in November 2022, Datatec implemented a joint pilot project with NTT DATA Corporation aimed at reducing the burden placed on delivery drivers. The service they have developed, MiseNAVI™, analyzes vehicle and driving data recorded by the SR to automatically generate guidance for delivery drivers, such as where and how to park at each delivery destination, which it

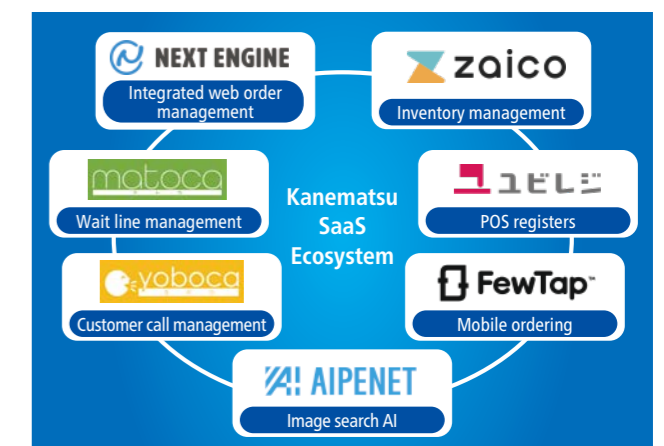
communicates via voice prompts to help solve delivery-related issues. In addition, Datatec is developing a driving safety diagnostic smartphone app aimed at fostering awareness of safe driving techniques. Kanematsu and Datatec will continue to advance logistics DX to help solve logistics personnel shortages expected as a result of regulatory changes coming into effect in Japan in 2024.



DX through Open Innovation with SaaS Startups

Kanematsu's Business Co-Creation Center (BC3) has partnered with startups that develop B2B SaaS to advance support for DX in store operations. Among BC3's offerings are a service for managing customer wait lines, a service for advance payment using smartphones, a point-of-sale (POS) register app, and an inventory management service, all of which help stores facing serious staffing shortages improve their operational efficiency. BC3 is promoting the formation of a Kanematsu SaaS Ecosystem, encompassing multiple SaaS DX support products, as well as one-stop service. For example, by linking services within the SaaS ecosystem, such as connecting the POS register app with the inventory management service, BC3 is creating services unique to Kanematsu. Going forward, we aim not only to market these services to stores but to broaden their range to include Kanematsu's existing businesses and beyond while expanding the lineup of services in the Kanematsu SaaS ecosystem. Through such efforts, we will

continue to support customers in their efforts to realize operational DX.



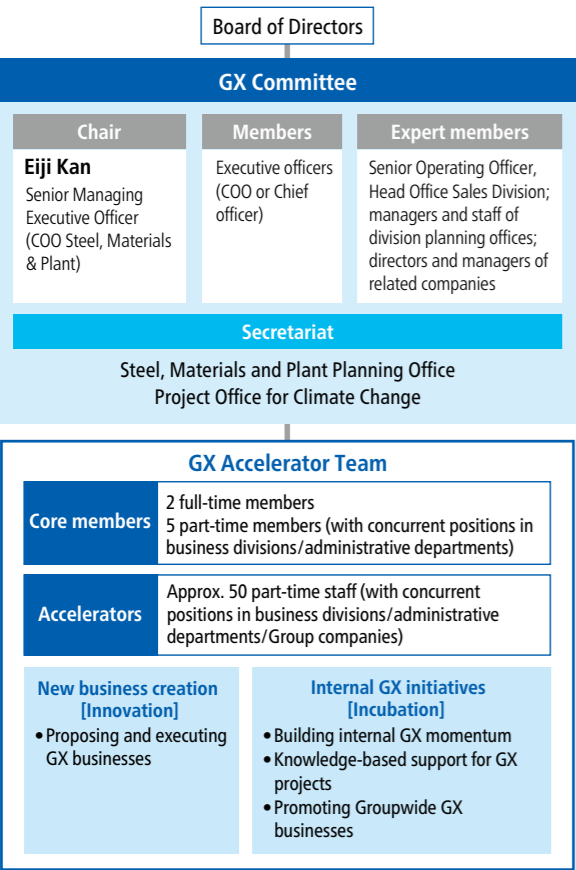
Message from the Green Transformation Committee Chair



GREEN TRANSFORMATION STRATEGY

Creating Enterprise Value by Addressing Environmental Issues

GX Committee



In 2022, Kanematsu established the Green Transformation Committee (GX Committee), creating an integrated framework for the management and support of environment-related businesses within the Group. There has been a marked increase in environmental awareness among employees and customers lately, and the number of projects brought to us has increased dramatically in just the past year.

Beneath the GX Committee is the GX Accelerator team, comprising employees from across the Company's segments who are highly knowledgeable about their respective industries. These employees carry out wide-ranging support activities to promote environment-related businesses within the Group, from planning and proposing new projects to building internal GX momentum. The GX Committee facilitates the smooth advancement of all such projects by centrally monitoring their status through the GX Accelerator team and conducting periodic reviews.

In addition to projects in the energy, chemicals, plant, and other existing fields, there have been numerous undertakings that contribute to the global environment in such wide-ranging fields as agriculture and food, reaffirming for us the importance of GX.

As just one example, Kanematsu Sustech Corporation, which Kanematsu made a wholly owned subsidiary via tender offer at the end of fiscal 2023, has developed a ground improvement technique using piles made from wood treated with proprietary preservation technology. This technique greatly reduces carbon emissions compared with the typical use of cement or steel for such applications.

The core of a trading company's business lies in creating businesses and making them economically sustainable. I believe that our role with regard to environmental conservation parallels this. By adding environmental value wherever we can to the excellent products that the Group offers, we aim to simultaneously satisfy our customers and contribute to the environment, thereby building environmentally sustainable businesses.

Eiji Kan
Senior Managing Executive Officer
Green Transformation Committee Chair

Initiatives

Kanematsu Sustech's Eco Wood Pile Construction

By making effective use of timber produced in Japan, Kanematsu Sustech Corporation is helping to revitalize the Japanese forestry industry and expand demand for domestically produced materials. Construction using Eco Wood Pile stores the CO₂ absorbed by wood during its growth in the ground for decades, realizing a reduction in CO₂ emissions compared with conventional construction methods using cement or steel.

Used for ground improvement, Eco Wood Piles are made from wood that has undergone high-quality pressure treatment to prevent rot and termite damage, enhancing its durability, a process that Kanematsu Sustech has been using since its founding. Through the Eco Wood Pile (S) Society, to date, 225,514 m³ of Eco Wood Pile material has been used in ground improvement for 44,526 buildings, reducing CO₂ emissions by 129,820 tons (as of June 30, 2023).

Kanematsu Sustech will continue to work with Eco Wood Pile (S) Society companies across Japan to reduce CO₂ emissions through the use of the environmentally friendly technology of Eco Wood Pile.



Ground improvement using lumber that has undergone preservation treatment

Investment in Australia-Based Samsara Eco

In 2023, Kanematsu invested in Samsara Eco, an Australian environmental technology startup.

Samsara Eco possesses an original enzyme recycling technology that can break down plastic into its original components (monomers) in a short time frame. One example of the possibilities this offers can be found in the familiar product of PET bottles. PET bottles that are unclean or contain coloring agents cannot be recycled via conventional processes. In contrast, Samsara Eco's technologies can break down even plastics containing impurities and additives.

Furthermore, this breakdown process uses no fossil fuels whatsoever, dramatically reducing greenhouse gas emissions.



Samsara Eco's laboratory

Agricultural and Food Supply Chain GX

Kanematsu boasts strengths in food supply chains and does business with a vast number of companies, including farmers, animal feedstuff producers, meat packers, food product manufacturers, retailers, and food service companies. We are advancing efforts to add value through GX by leveraging these strengths. For example, we are working with our wide-ranging business partners to promote sales

in Japanese markets of low-carbon coffee and low-carbon pork products created through the efforts of overseas farmers, the uptake of plant-based meat and other meat substitutes, and the use of burp-reducing cattle feed and low-carbon meat raised on such feed, while working to facilitate carbon storage in the soil of food- and feedstuff-producing regions.

Kanematsu Petroleum's GX Strategy

Kanematsu Petroleum Corp. is engaged in the supply of thermal energy, a business that has a major impact on greenhouse gas emissions. Aiming to offer decarbonization solutions to customers and promote their uptake, in 2021 Kanematsu Petroleum established a Decarbonization Promotion Office and joined the Japan Climate Leaders' Partnership. As a result, the company has become eligible for subsidies from the Ministry of Economy, Trade and Industry and the Ministry of the Environment for efforts to

identify ways to save energy and is promoting efforts at its factories to find energy-saving opportunities, switch to eco-friendly fuels, and install energy-saving equipment, as well as operating a business that provides biodiesel for ships and automobiles. Going forward, while advancing collaboration with other companies, Kanematsu Petroleum will continue to deepen its initiatives, including those aimed at decarbonization, as an energy solution company.

One of the priority initiatives under medium-term vision *future 135* is to promote and expand new businesses that boast advanced technology. Accordingly, in order to drive initiatives toward new business development, in October 2021 we established the innovation investment system. This system supports ambitious efforts to take on new businesses by establishing investment standards suitable to high-uncertainty new businesses. To date, we have used the system to invest in a U.K.-based startup involved in the development and operation of Advanced Air Mobility infrastructure, an emerging Japanese manufacturer that develops and produces carbon nanotubes, and an Australian startup with proprietary plastic recycling technology. Working to build our future business portfolio, we will continue to advance innovation investment as we seek to create next-generation core businesses and enhance enterprise value.

01 Investment in Samsara Eco: Using Proprietary Enzymes to Break Down Plastics into Monomers

In 2023, Kanematsu invested in Samsara Eco, an Australian environmental technology startup.

Samsara Eco is working to commercialize technologies that can revert plastic to its basic building blocks (monomers) using proprietary enzymes that it designs.

One example of a plastic that can be processed using Samsara Eco's enzyme technology is PET resin, a general-use plastic commonly used in plastic beverage bottles, synthetic fleece fibers, and food packaging. Until now, some recycling of PET resin has been possible using an approach based on the mechanical recycling of sorted and collected PET bottles, but there are problems with this technology: waste PET resin that is colored or unclean cannot be recycled, the quality of the recycled plastic is degraded,

and the recycled plastic can be discolored or contain residual impurities. Samsara Eco's technologies solve these problems, meeting user needs via a new method of recycling.

This technology also helps reduce greenhouse gas emissions, enabling high-quality plastics to be recycled virtually indefinitely without the input of fossil fuels.

In addition to PET resin, Samsara Eco has developed enzymes for breaking down nylon and other plastics and is steadily advancing toward commercialization.

By investing in Samsara Eco, Kanematsu aims to reduce plastic waste, which has become an important social issue in recent years, and to establish circular businesses through the plastic recycling business.



Plastic waste, a serious social issue



Samsara Eco CEO Paul Riley (left) and technical developer Vanessa Vongsouthi (right)

02 Investment in CARBON FLY, a Startup Making Advanced Carbon Nanotubes

In 2022, Kanematsu invested in CARBON FLY, Inc., an emerging manufacturer of carbon nanotubes (CNT), and launched efforts aimed at the practical application of CNT.

CARBON FLY boasts proprietary CNT manufacturing technology and has successfully manufactured advanced CNT. The use of CNT as a conductive additive in lithium ion batteries is

rapidly expanding, and, in this and other areas, we are expanding development focused mainly on functional and structural materials that leverage the mechanical and chemical properties of CNT. By doing so, we will help realize higher-performance batteries and innovative new products.

Kanematsu's investment in CARBON FLY was made using the innovation investment system, because practical applications of CNT are still being developed worldwide and CARBON FLY was in its seed round of fundraising.

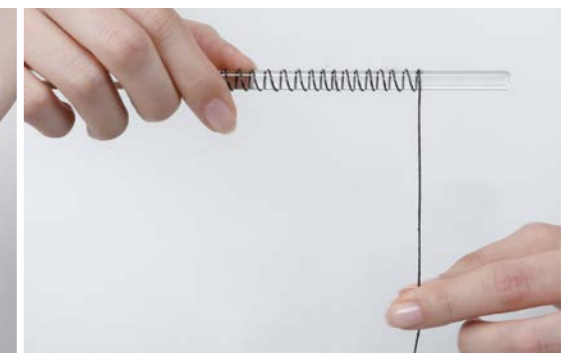
In addition, through its alliance with CARBON FLY, Kanematsu will advance initiatives aimed at carbon neutrality using CNT. We have

begun studying the possibilities of developing technologies to generate CNT from the CO₂ emitted by chemical factories as well as of establishing an open carbon recycling framework with Kanematsu as the hub. Through such efforts, we are focusing efforts on environmentally friendly activities with the aim of realizing a sustainable world.

With this investment, we aim to achieve results in terms of both innovative technologies and sustainability and thereby help create social value. We will continue proactive efforts in this area, working to create new business opportunities and build a sustainable world.



CNT film



CNT filament

03 Investment in Advanced Air Mobility via Skyports Limited

Kanematsu has entered an investment and business alliance with Skyports. Through this alliance, we are working to develop and operate takeoff and landing infrastructure (vertiports) for Advanced Air Mobility as well as to commercialize drone delivery services.

In 2022, Kanematsu was selected for funding under a project of the Osaka prefectural government to promote urban businesses in the Advanced Air Mobility field. Working with Skyports, we have implemented feasibility stud-

ies of potential vertiport sites within Osaka. The upcoming Expo 2025 Osaka Kansai is expected to jumpstart the practical application of Advanced Air Mobility in Japan. By commercializing vertiports, which are essential to such applications, we will help realize a revolution in air transport.

In the area of drone delivery, Kanematsu and Kaga City in Ishikawa Prefecture have entered a comprehensive partnership agreement for the promotion of regional revitalization using flying vehicles and drones. Under this agreement, in March 2023, working with Skyports, we completed a proof of concept blood transportation trial using fixed-wing VTOL drones in Kaga City. The use of drones to enable the rapid transportation of vital supplies is a promising approach to solving issues in the medical field and a wide range of other areas. Leveraging the abundant track record and know-how of Skyports in drone delivery services, we will continue to advance efforts to commercialize drone delivery services in Japan.



A Skyports vertiport terminal

Message from the Chair of the Sustainability Management Committee

For more details, please visit our website. <https://www.kanematsu.co.jp/en/sustainability/>



Tetsuro Tsutano
Director,
Senior Executive Officer
Chair of the Sustainability
Management Committee

Working toward Corporate Sustainability in the Human Rights Century

Establishment of Kanematsu Group's Human Rights Policy

In 19th century Japan, there were numerous ambitious business people that fought their way out of poverty to success. Few of them, however, chose a path that deliberately steered away from building a plutocratic empire and amassing capital for themselves, electing instead to contribute to the advance of society through business and to leave their mark on social development, even in fields peripheral to their businesses. Kanematsu's founder, Fusajiro Kanematsu, was one such man of business.

The Japanese Wikipedia page for "Japanese ESOP" presents the employee stock option plan (ESOP) devised by Fusajiro Kanematsu Shoten as an early example of a Japanese ESOP. During his lifetime, Fusajiro liked to say that he belonged first to Kanematsu Shoten, not the Kanematsu family, and after his death, the shares of Kanematsu Shoten were distributed among the employees, rather than

his relatives, passing on the aspiration to contribute to society through business to the members of the Company.

Our founding purpose, "Let us sow and nurture the seeds of global prosperity," expresses a way of thinking aligned with contributing to the public interest, society, the international community, and humanity. Based on these principles, in February 2023, we established the Kanematsu Group's Human Rights Policy, clarifying our approach to initiatives related to ensuring respect for human rights to all stakeholders. Furthermore, in March, we endorsed the United Nations Global Compact (UNGC), which calls on its members to uphold and practice its 10 principles in the four fields of "human rights," "labour," "environment," and "anti-corruption."

By fulfilling our responsibility to respect human rights, we will carry on the aspiration of our founder and ensure the sustainability and resilience of our businesses.

Targets for 2050 and Improving our ESG Scores

One of the targets that the Kanematsu Group has set under the metrics and targets disclosed in line with the Task Force on Climate-related Financial Disclosures (TCFD) guidance is to be carbon negative, with net negative emissions of 1 million t-CO₂ (Scopes 1 and 2) in 2050. Japan's total emissions in 2022 were 1,066 million t-CO₂,* meaning that we are aiming to contribute to society through a net negative amount equivalent to around 0.1% of current national emissions. This target is aligned with Principle 8 of the UN Global Compact, "Undertake initiatives to promote greater environmental responsibility."

In recognition of such initiatives, our ESG scores have been steadily increasing year after year (see table below).

Furthermore, in 2023, we were selected for the first time for inclusion in the FTSE Blossom Japan Sector Relative Index, an environmental, social, and governance (ESG) index of domestic stocks used as a

benchmark for passive management since March 2022 by Japan's Government Pension Investment Fund (GPIF). Japanese companies may be selected for inclusion in this index if they have excellent ESG rating from FTSE Russell and meet certain criteria with regard to greenhouse gas emissions per unit of net sales. In addition, Kanematsu has been selected for inclusion in the following three other ESG indices used by the GPIF.

- MSCI Japan Empowering Women Index (WIN)
- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index

The Kanematsu Group's ESG scores still have room to rise higher, and we are confident that we can improve them further. By continuing to advance ESG activities in line with our management philosophy, we will work toward corporate sustainability in this, the human rights century.

Source: Global Note "Global CO₂ Emissions Ranking by Country (Based on BP Statistical Review of World Energy)"

Kanematsu Group ESG Scores

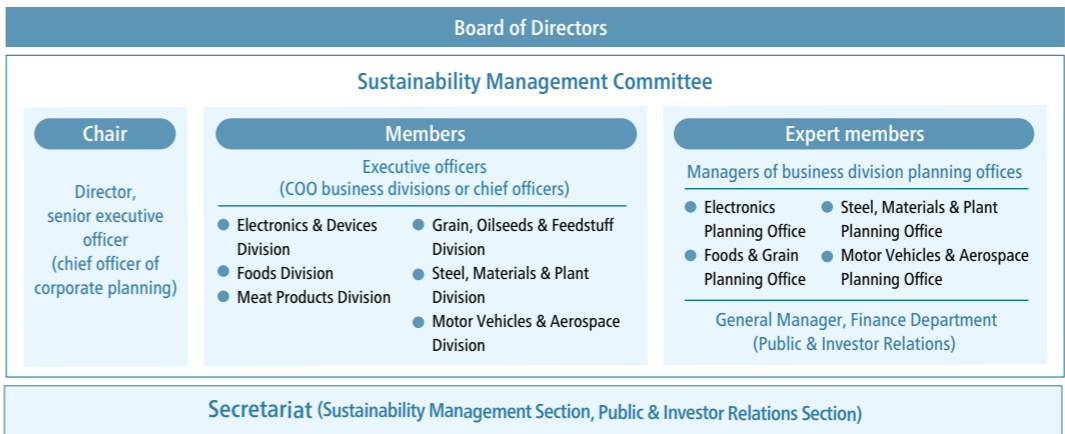
	2020	2021	2022	
FTSE Russell	1.4	1.4	2.8	FTSE Blossom Japan Sector Relative Index = 2.0 or higher
S&P Global	14	27	32	
MSCI	BB	BB	BBB	Upgraded in April 2023 to the middle of seven ranks.
CDP (Climate change)	-	-	B	Evaluation started with the 2022 reorganization of the Tokyo Stock Exchange markets. Kanematsu is currently at the third highest of eight ranks.



FTSE Blossom
Japan Sector
Relative Index



Sustainability Promotion Framework



(As of April 1, 2023)

The Key Issues and Our Activities

In 2021, Kanematsu revised its issues of high materiality, identifying five new key issues. We made these revisions in light of the global increase in awareness of the importance of sustainability and ESG management as well as such major trends as the shift toward decarbonization following the original designation of issues in 2018.

When revising the key issues, we considered Kanematsu's Corporate Principle, importance to management, and stakeholder expectations. Furthermore, the Sustainability Management Committee, which we changed to mainly include the top management of our business divisions, discussed our current projects and future direction.

The three key issues linked by the circle at right are issues to address through business activities, while the two below are key to the management base supporting said business activities.

Major Initiatives

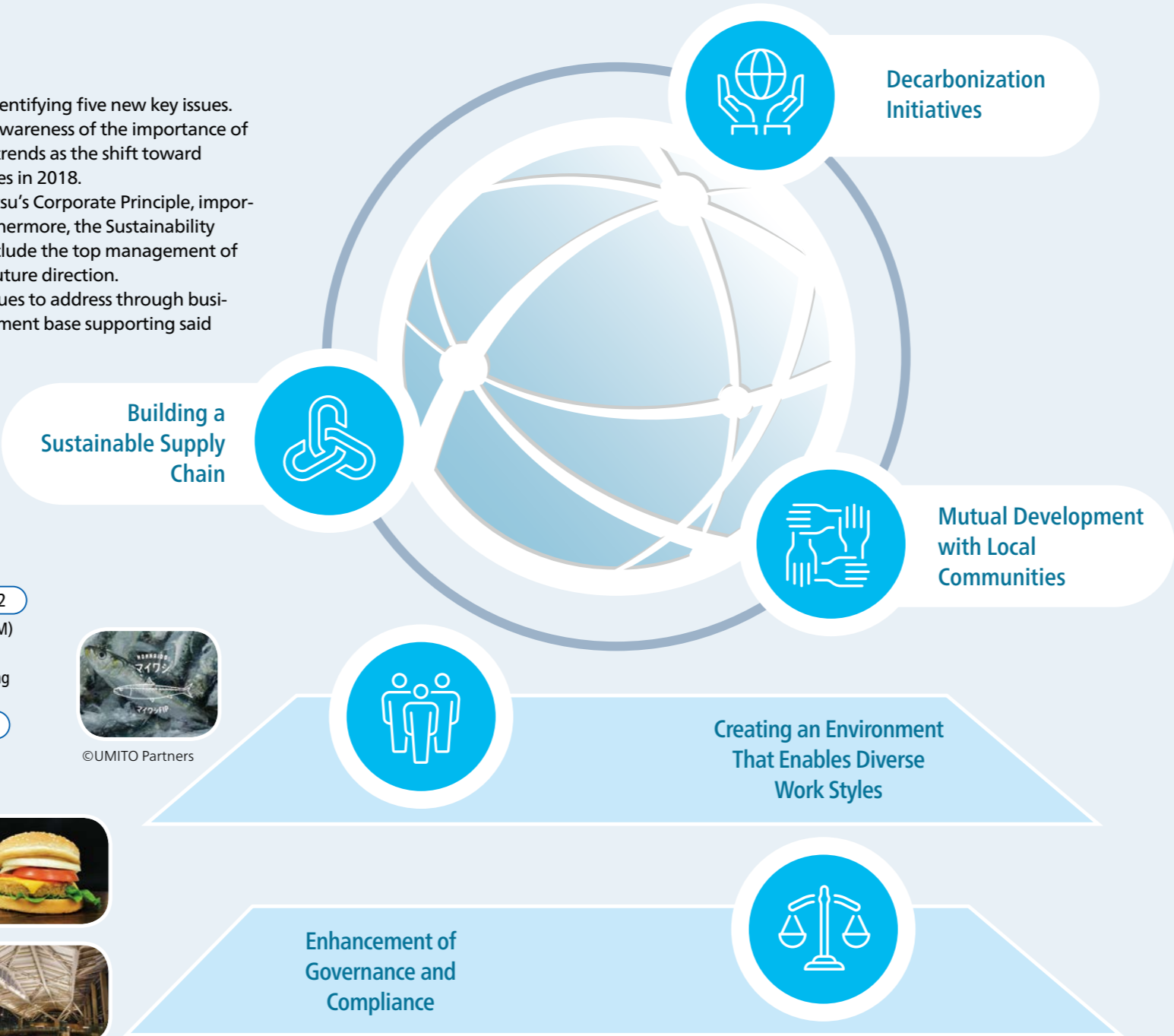
- Down comforter recycling business
- Establishment of Kanematsu Group's Human Rights Policy p42
- Acquisition of Carbon Credits via the Joint Crediting Mechanism (JCM)
- Cloud-based farm management systems for chicken farming
- Business supplying high-value-added health foods for healthier living
- Security business to guard against cyber attacks
- Project to improve Hokkaido Japanese sardine fisheries p41
- Business selling Miracle Meat plant-based meat made from sprouted soybeans
- Aircraft rotatable parts business and part-out business
- Business supplying heat reflective paint to combat global warming
- Business selling biomass fuels (woodchips, Palm Kernel Shell)
- Lumber preservation treatment technology helping reduce global warming
- Business promoting the transition to LP gas fuel
- Securing traceability in marine products
- Acquiring certification from the Round Table on Responsible Soy Association (RTRS)



©UMITO Partners



Wood that has undergone preservation treatment used in a train station ceiling



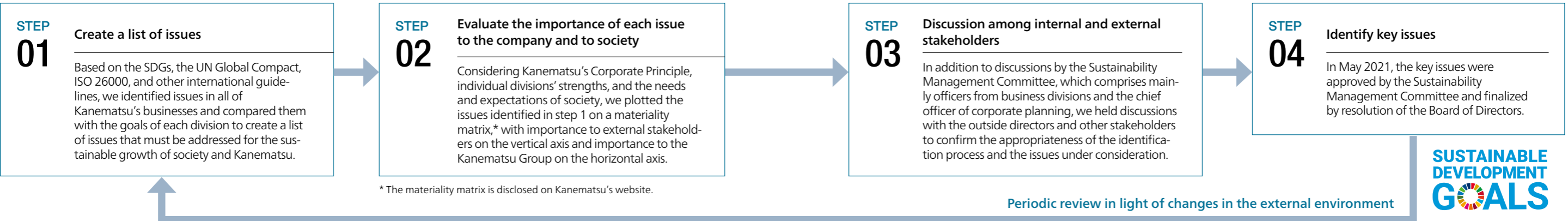
- Alliance with The Norinchukin Bank to reduce GHG emissions in the agriculture and food industries
- Business alliance with Asuene Inc., which provides cloud services used to reduce CO₂ emissions
- Pilot testing of Datatec Co., Ltd.'s Misenavi
- Delivery of EV chargers in Brazil
- Start of sale of electricity from a small-scale wind-power generation project
- Sustainable coffee plantation-related initiatives p40
- Forest conservation initiatives (REDD+)
- Eco Wood Pile environmentally friendly ground improvement using domestically produced timber
- Proof-of-concept trial of blood transportation by drone
- Delivered hospital boat for the Marshall Islands
- Raising awareness and offering guidance on safe internet use
- Supporting the Vun Art employment support association for disabled persons by ordering canvas bags (Kanematsu Vietnam)
- Implementation of new activity-based work (ABW) work style p57
- Implementation of "Hello Baby" leave system
- Participation in the Human Capital Management Consortium
- Enhancing the corporate governance system
- Enhancing internal control and risk management systems



Sustainable coffee plantation



The Process of Identifying Key Issues











* The materiality matrix is disclosed on Kanematsu's website.



Progress on Key Issues

Electronics & Devices Foods, Meat & Grain Steel, Materials & Plant Motor Vehicles & Aerospace Companywide

Materiality / Related SDGs	Risks	Opportunities	Notable Initiatives (Fiscal 2023)
<div></div> <div>Building a Sustainable Supply Chain</div> <div>We will respect the environment and human rights, communicate with diverse actors in society, and realize stable and sustainable procurement, supply, distribution, and services together with our partners and customers.</div> <div></div>	<ul style="list-style-type: none">• Business continuity risk in existing business models due to inadequate response• Decreased competitiveness and trust due to delay in addressing human rights issues in the supply chain• Unbalanced food supply and demand due to global population increase	<ul style="list-style-type: none">• Growing demand for sustainable and environmentally friendly products, creation of new markets and services• Gaining customer trust and create new businesses based on approach that addresses sustainability and human rights issues• Food demand expansion and diversification due to population rise	<ul style="list-style-type: none">■ Launched sales of environmentally friendly labels made with LIMEX Sheet ▶ p40■ Kanematsu Sustech Corporation's Eco Wood Pile won the Minister of the Environment Prize in the 30th Global Environment Awards<ul style="list-style-type: none">Buildings constructed: 5,131 (up 1.5% year on year; cumulative total: 43,348)Material used: 26,970 m³ (up 10.0% year on year; cumulative total: 218,840 m³)■ Increased sustainable coffee sales volume (up 2% year on year)■ Received certification from the Round Table on Responsible Soy Association (RTRS)■ Kaneyo Co., Ltd. launched a down comforter recycling business (material recycled: 8,934 kg)● Established human rights policies and began to conduct human rights due diligence
<div></div> <div>Decarbonization Initiatives</div> <div>Aiming to achieve net zero greenhouse gas emissions, we will promote our clean fuel and renewable energy business to contribute to the mitigation of global warming.</div> <div></div>	<ul style="list-style-type: none">• Decrease in sales of related products alongside decrease in demand for fossil fuels• Increased burden of carbon pricing and carbon border taxes• Factory damage and supply chain disruption due to increasingly severe extreme weather events• Changes in food-producing regions due to average temperature increases	<ul style="list-style-type: none">• Introduction of new products and services alongside development and popularization of new and low-carbon technologies• Increase in new climate change-conscious applications and products• Creation of new commercial channels alongside the development of food-producing regions	<ul style="list-style-type: none">■ Distributed DAIZ Inc.'s plant-based meat made from sprouted soybeans■ Kanematsu Petroleum Corp. selected as a supporting organization of the Ministry of the Environment's SHIFT Program ▶ p41■ Joint Crediting Mechanism (JCM) projects:<ul style="list-style-type: none">1 new project; 8 projects in operation; 1 project in application process■ Started the sale of electricity from a small-scale wind-power generation project (total capacity: 96 kW)■ Kanematsu Yuso Co., Ltd.'s Kokura Oil Depot transitioned to the use of LP gas boilers with support from Kanematsu Petroleum Corp., for an estimated 200 t/year CO₂ emissions reduction● Entered an alliance with The Norinchukin Bank to reduce GHG emissions in the agriculture and food industries● Entered a business alliance with Asuene Inc., which provides cloud services used to reduce CO₂ emissions● Implemented GX accelerator activities (Groupwide decarbonization project team) Core members: 8; registered members: 48 (20 in fiscal 2022)
<div></div> <div>Mutual Development with Local Communities</div> <div>Through our global operations, we will support the lives of people around the globe, work on improving social infrastructure, and contribute to the sustainable growth and development of local communities.</div> <div></div>	<ul style="list-style-type: none">• Regulatory changes and business continuity risk due to legal or political changes• Decline in relationships of trust due to defects in infrastructure or services provided• Business continuity risk due to human rights issues in business regions	<ul style="list-style-type: none">• New business creation based on initiatives to solve social issues• Building relationships of trust and stabilizing businesses through operations aligned with the needs of local communities	<ul style="list-style-type: none">■ Entered an agreement to provide inspection and analysis supplies to a quality inspection, verification, and consulting center for agricultural, forestry, and fishery products in Vietnam■ Implemented a proof-of-concept trial of blood transportation by drone in Kaga City, Ishikawa Prefecture ▶ p41● Cooperated in anti-terrorism grant program as part of the Japanese government's ODA in the Maldives and Sri Lanka● Kanematsu Vietnam supported the Vun Art employment support association for disabled persons by ordering 400 canvas bags
<div></div> <div>Creating an Environment That Enables Diverse Work Styles</div> <div>We will create a work environment that encourages each individual to leverage his or her unique talents and qualities, supporting diverse work styles. Furthermore, we will improve training programs to develop managers capable of creating and expanding businesses.</div> <div></div>	<ul style="list-style-type: none">• Declines in efficiency and productivity due to delays in creating suitable work environments• Loss of talent and business opportunities due to inadequate initiatives to create suitable work environments	<ul style="list-style-type: none">• Reinforcing competitiveness and establishing a foundation for stable growth through diversity-oriented management• Creation of new value and innovation	<ul style="list-style-type: none">● Launched D&I promotion project team directly under the President & CEO● Held D&I web training on adapting to cultural differences (682 participants)● Kanematsu University (July 2022–June 2023) ▶ p50<ul style="list-style-type: none">Basic course (161 participants)Advanced course (101 participants)Professional course (53 participants)● Business plan training (September 2022–March 2023; 52 participants)● Executive management training (August 2022–March 2023; 58 participants) ▶ p51● Implemented new activity-based work (ABW) work style● Full flextime system usage: 81.8%
<div></div> <div>Enhancement of Governance and Compliance</div> <div>We will maintain a robust supervisory system to prevent accidents and fraud and aim for sustainable growth through the transparent disclosure of information to stakeholders.</div> <div></div>	<ul style="list-style-type: none">• Business continuity risk due to internal control dysfunction• Decrease in enterprise value due to legal violations	<ul style="list-style-type: none">• Clarification of decision-making processes through the creation of a robust governance system• Increase in enterprise value through highly transparent disclosure• Strengthening relationships with stakeholders	<ul style="list-style-type: none">● Nominating Committee and Compensation Committee: Each comprise four members, of which three, including the committee chairs, are independent outside directors ▶ p68● Percentage of independent outside directors: 43% (three of seven total directors)● Held compliance-related e-learning classes● Implemented management DX, fully digitized and improved transparency of meeting operations

Addressing the Five Key Issues

Building a Sustainable Supply Chain

The Kanematsu Group's Supply Chain Management

The Kanematsu Group has codified the founding purpose of Kanematsu's founder, Fusajiro Kanematsu, in its Corporate Principle. We engage in business in Japan and around the globe based on our mission of contributing to international society and economic development. As we provide all kinds of goods, functions, and services in our wide-ranging businesses and build diverse supply chains, we recognize that protecting the global environment and human rights is an urgent issue. With an eye toward

cooperation and mutual development with our customers and business partners, we will continue to leverage the insight and know-how accumulated over Kanematsu's long history to provide goods and services with added value. Through these corporate activities, we aim to achieve the sustained development of the global environment, society, economy, and of the Kanematsu Group.

Business Highlights

Electronics & Devices



Contributing to Sustainability with Environmentally Friendly Labels

Kanematsu is developing and selling environmentally friendly labels made with LIMEX Sheet, a material developed and manufactured by TBM Co., Ltd. that is made mainly from limestone. LIMEX Sheet contains no wood pulp, and the amount of water used in its production is much lower than that used in making paper labels, helping to conserve forestry and water resources.

Not only does LIMEX Sheet offer superior durability and water resistance in comparison to paper, but compared with other synthetic papers commonly used for labels, such as polypropylene (PP) or polyethylene terephthalate (PET) sheets, the use of LIMEX Sheet for labels produces lower emissions of CO₂ and other greenhouse gases and reduces petroleum-derived plastic usage.

Foods



20 Years of Supplying Sustainable Coffee

Kanematsu recently celebrated 20 years of business with Datterra Coffee, a producer of what are considered to be the highest quality coffee beans in Brazil. As a sustainable coffee pioneer that emphasizes both quality and environmental factors, Datterra Coffee was the first coffee plantation in Brazil to be certified by the Rainforest Alliance, which aims to protect tropical rainforests and improve labor environments.

When we initiated our business with Datterra Coffee in 2003, considerations of sustainability in the food supply chain were still unusual. However, Kanematsu saw the value in Datterra Coffee's ethos of sustainability and has worked with Datterra Coffee as a partner ever since. Together, we will continue working as pioneers of sustainable coffee, further contributing to local communities and the natural environment while providing safe and delicious coffee to consumers.

Meat Products



Beef Tongue Processing at Harakara

As a long-time pioneer in the meat product industry boasting a leading market share, Kanematsu has amassed a wealth of insight and a robust product lineup. Upstream, we are working to reinforce relationships and diversify supply sources through equity investment in and business tie-ups with suppliers, while downstream we are building frameworks for the stable supply of safe, reliable products that offer high added value and meet customer needs.

As part of these efforts, we are currently advancing an initiative to have beef tongue imported by Kanematsu processed at a facility operated by the social welfare corporation Harakara in Miyagi Prefecture.

Harakara's aim of making communities more livable by creating work opportunities for people with disabilities aligns with Kanematsu's key issue of "Mutual development with local communities," which is aimed at contributing to sustainable community growth and development. The beef tongue processed at this facility has been well received by customers.

Grain, Oilseeds & Feedstuff



Aiming for a Sustainable Aquaculture Supply Chain

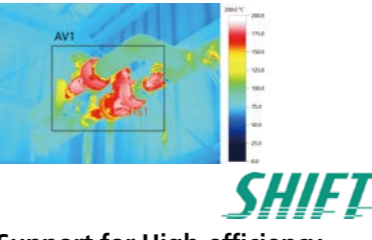
Kanematsu, UMITO Partners Inc., Ikeshita Sangyo, and Hamahei Gyogyo have jointly established the Hokkaido Japanese Sardine Fishery Improvement Project (FIP) with the aim of obtaining MSC certification.*

As the world's population increases, the global consumption of marine products is expanding, and fish farm production volume is steadily increasing, as are the importance of and needs for aquaculture products as a source of protein. However, aquaculture also presents issues related to reducing the burden on ecosystems and the global environment. For example, the production of the fish meal used as feed in aquaculture can lead to the overexploitation of fishery resources, and uneaten feed left in the water at farms can negatively affect local water quality.

Through the FIP, Kanematsu is working to build a business while solving environmental and social issues, such as those related to water pollution and biodiversity. By doing so, we aim to help increase the sustainability of domestically produced animal feedstuff ingredients and enhance the competitiveness of Japan's overall aquaculture supply chain.

* Marine Stewardship Council certification is given to marine products, such as fish, shellfish, shrimp, and crab, that meet certain conditions related to the sustainable use of natural marine products and protection of the marine environment.

Steel, Materials & Plant



Support for High-efficiency Installations for Facilities with Targets (SHIFT) Program

Based on its track record to date, in 2023 Kanematsu Petroleum Corp. was registered as a supporting organization for formulating decarbonization plans under the Ministry of the Environment's SHIFT Program. The SHIFT Program aims to create leading examples of decarbonization practices at factories and workplaces, widely publicize and horizontally apply such knowledge, and thereby contribute to achieving Japan's 2030 target for greenhouse gas (GHG) emissions reduction and 2050 target of carbon neutrality. Subsidies are granted for projects in the following two categories.

1. Formulating decarbonization promotion plans
2. Reducing CO₂ emissions through the introduction of high-efficiency equipment, fuel conversion work, or operational improvements based on such decarbonization promotion plans; calculating emissions volumes; and retiring emission allowances

Kanematsu Petroleum Corp. will use the subsidies from the national government to provide a wide range of proposals to customers through activities that include the identification of energy-saving opportunities and the subsequent introduction of high-efficiency equipment and fuel conversion work. Aiming to contribute to the accelerating tide of decarbonization across society, the Kanematsu Group will begin by steadily implementing energy-saving measures close at hand to help customers reduce their carbon emissions.

Motor Vehicles & Aerospace



Proof-of-Concept Trial of Blood Transportation by Drone

In cooperation with Kaga City in Ishikawa Prefecture, Kanematsu implemented a proof-of-concept trial of blood transportation by drone. Kanematsu and Kaga City have entered a comprehensive partnership agreement for the promotion of regional revitalization using flying vehicles and drones, and Kaga City is implementing activities aimed achieving an "industrial revolution in the sky" to attract and retain businesses in the Advanced Air Mobility industry. The trial was implemented as part of these efforts with the aim of establishing a practical medical drone delivery network in the future.

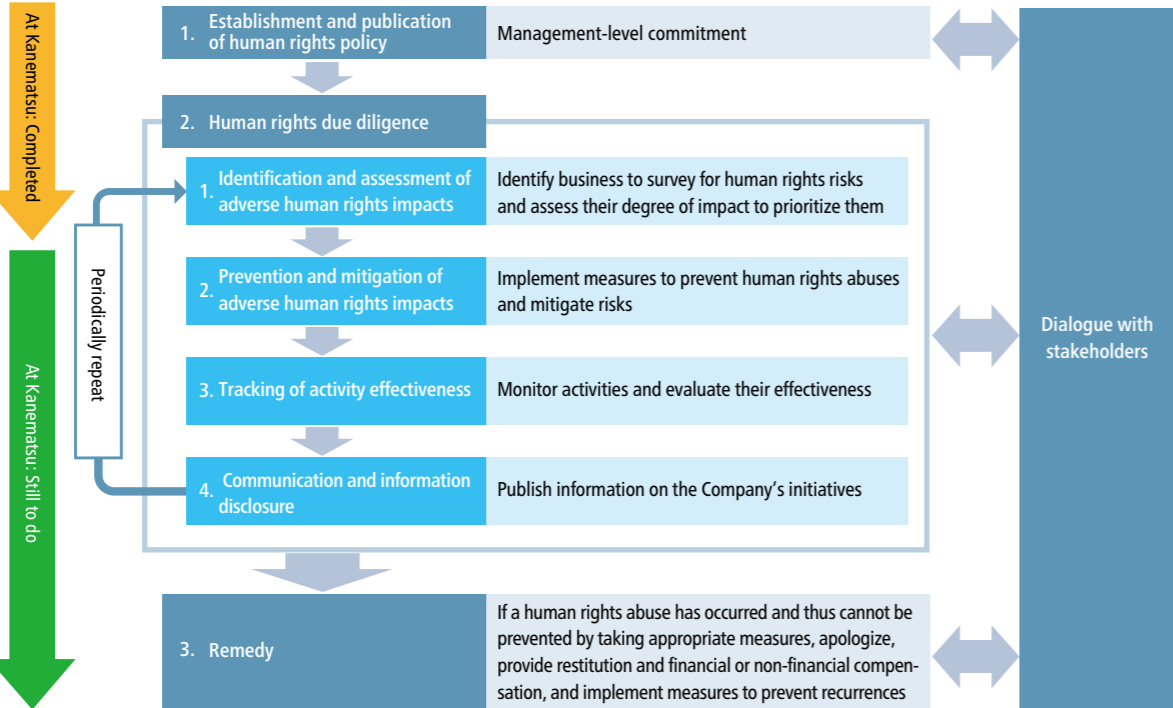
Skyports Limited, with which Kanematsu has an equity and business alliance, took part in the trial as its operator, verifying factors related to temperature control, temperature management, and the number of deliveries possible using drone transportation. The trial featured the first flight in Japan of the Kookaburra drone made by Swoop Aero, flying along two delivery routes of 6 km and 10 km between medical facilities in Kaga City.

By combining the functions and experience of Skyports and the Kanematsu Group's network, we will continue working toward the practical implementation of drone businesses in Japan and contribute to the creation of a sustainable society.



Initiatives to Ensure Respect for Human Rights

Overview of Efforts to Respect Human Rights in Business



Note: Diagram prepared by Kanematsu based on a diagram created by the Ministry of Economy, Trade and Industry

Establishment of Kanematsu Group's Human Rights Policy

In February 2023, the Kanematsu Group's Human Rights Policy was established, with the approval of the Board of Directors, based on United Nations Guiding Principles on Business and Human Rights and international norms related to human rights. Our founding purpose, "Let us sow and nurture the seeds of global prosperity" aligns with our contemporary conceptions of the public good and

contribution to society, to the international community, and to humanity. The starting point for all of Kanematsu's corporate activities, we carry this purpose forward with us in our Corporate Principle. The Kanematsu Group's Human Rights Policy is based on the Corporate Principle and clarifies our measures to ensure respect for human rights in order to fulfill our responsibilities to all stakeholders.

For more details, please visit our website. https://www.kanematsu.co.jp/en/sustainability/respect_to_human_rights/

Human Rights Due Diligence

The Kanematsu Group has established and continuously operates a system of human rights due diligence to identify and assess adverse human rights impacts on stakeholders involved with its business activities in order to prevent or mitigate such adverse impacts. We began the process of identifying and assessing adverse impacts by

identifying businesses to survey for human rights risks from among our wide-ranging businesses. Next, we assessed the impact of the potential human rights issues anticipated in the identified businesses in terms of likelihood of occurrence and severity of impact.

Identifying Businesses to Survey for Human Rights Risks

To begin the human rights risk survey, we first utilized an external database on ESG issues to compare our businesses against sectors that have a high frequency of human rights issues in order to estimate the frequency of each type of human rights issue in each of our businesses. As a result of this process, based on the number of issues in each sector in the broader economy and the degree of

similarity of our businesses with these sectors, we determined that the energy and food businesses should be the survey targets. Note that we determined that the Group's plant and infrastructure business is dissimilar to the database's construction industry sector as it handles facilities and equipment specific to ODA-related projects.

Frequency of Human Rights Issues by Sector according to an External ESG Database and Similarity to the Company's Businesses

Sector	Technology Hardware and Equipment	Electronic and Electrical Equipment	Software and Computer Services	Telecommunications	Food and Beverage	Industrial Metals
	Semiconductor Components, Semiconductor Equipment	Industrial Electronics, Electronic Materials	ICT Solutions	Mobile	Foods	Steel
Human rights issues						
Poor employment conditions (Appropriate working hours)						
Poor employment condition (Appropriate wage)						
Social discrimination / Discrimination in employment						
Occupational health and safety issues						
Freedom of association and collective bargaining						
Forced labor						
Child labor						
Local participation issues / Impacts on communities						
Privacy rights						
Overall						

Sector	Oil and Gas	Chemicals	Construction and Materials	Industrial Engineering	Aerospace and Defense	Automobiles and Parts
	Energy	Functional Chemicals	Plant and Infrastructure	Machine Tools & Industrial Machinery	Aerospace	Motor Vehicles and Parts
Human rights issues						
Poor employment conditions (Appropriate working hours)						
Poor employment condition (Appropriate wage)						
Social discrimination / Discrimination in employment						
Occupational health and safety issues						
Freedom of association and collective bargaining						
Forced labor						
Child labor						
Local participation issues / Impacts on communities						
Privacy rights						
Overall						

Selected as businesses to survey for human rights risk

Building a Sustainable Supply Chain

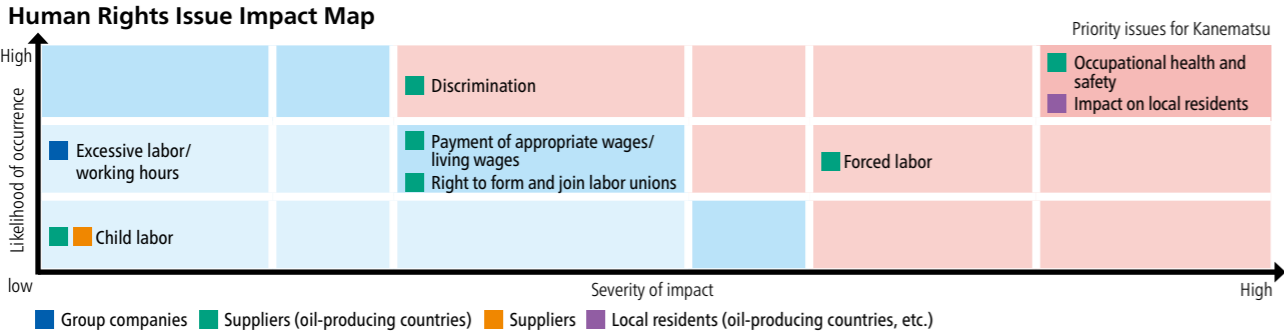
Initiatives to Ensure Respect for Human Rights

Human Rights Issue Impact Assessment

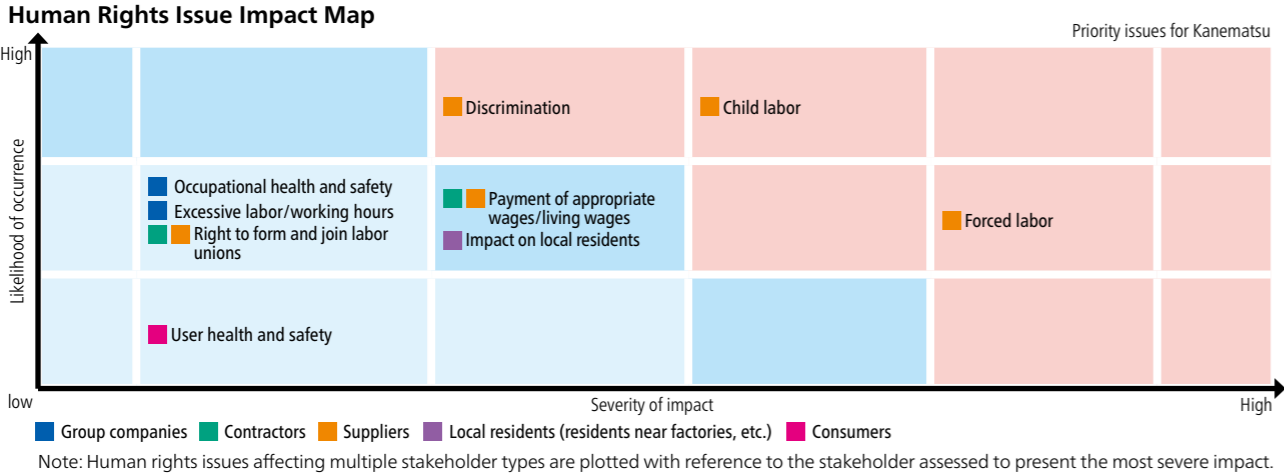
Next, we assessed the impact by stakeholder* of the potential human rights issues anticipated in the energy business and foods business in terms of likelihood of occurrence and severity of impact. Based on these assessments, we plotted a human rights issue impact map for each of these businesses.

* Stakeholders included in assessments: Employees, Group companies, contractors, suppliers, local residents, and consumers

Energy Business



Foods Business (sesame, coffee, food products processed in China)



Identifying Salient Human Rights Issues

Through the human rights issue impact assessment, we identified and prioritized the salient human rights issues and impacted stakeholders in each of our businesses (human rights issues in red are those of particular priority in that particular business).

Sector	Procurement		R&D, production			Shipping	Sales Employees	Distribution	Use by customers Consumers	Disposal/recycling
	Local residents	Contractors	Suppliers (overseas)	Suppliers (domestic)	Suppliers (Kanematsu Group)					
Energy	Impact on local residents		• Forced labor • Discrimination	Occupational health and safety						
Foods			• Forced labor • Child labor • Discrimination							

Initiatives Going Forward

The next step will be to compile information on current initiatives in each business and develop a human rights due diligence plan. We will also investigate the potential and actual impact of each human rights issue and begin to consider prevention and mitigation measures.

Decarbonization Initiatives

Disclosure based on the TCFD Recommendations

Kanematsu endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2021. We strive to disclose information in accordance with the TCFD's framework to make it easier for stakeholders to learn about and understand the climate change-related risks and opportunities associated with our business. A summary of this disclosure is provided below, with more details available on a dedicated page on our website.

Please visit our website for details. <https://www.kanematsu.co.jp/en/sustainability/tcfd/>

Governance and Risk Management

TCFD recommended disclosures	Our initiatives (summary)	
Describe the board's oversight of climate-related risks and opportunities.	Monitoring organization	Board of Directors
Describe management's role in assessing and managing climate-related risks and opportunities.	Role of management	Discussion and reporting in the Sustainability Management Committee meetings, which are attended mainly by the Chief Officer of Corporate Planning and COO (executive officers)

Governance System



Risk Management

TCFD recommended disclosures	Our initiatives (summary)	
Describe the organization's processes for identifying and assessing climate-related risks	Identification and assessment	Business divisions
Describe the organization's processes for managing climate-related risks	Management	Sustainability Management Committee
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Integration (reporting, monitoring and supervision)	Business divisions → Sustainability Management Committee → Board of Directors

Strategy

The promotion of investment in environment-related business areas is one of the priority initiatives under our medium-term vision, *future 135*, and we consider addressing climate change to be a business opportunity.

We have conducted a scenario analysis on the Group

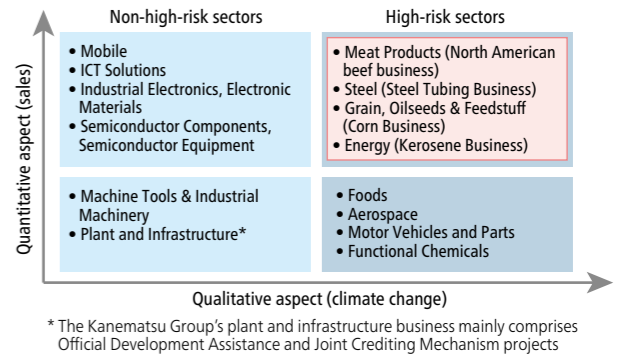
businesses selected as subject to significant impact from climate change. As a result of the analysis, we believe that even though both risks and opportunities exist in all the scenarios, the impact from opportunities surpasses that from risks.

Selection of Businesses for Scenario Analysis

To evaluate the qualitative impact of climate change on the Group's businesses, we first classified them into high-risk sectors and non-high-risk sectors as per the TCFD recommendations. Next, we categorized the impact on the Group from the quantitative perspective of sales. Of the four businesses that showed a large qualitative impact and quantitative impact, we selected the businesses that account for a relatively large portion of our sales on a consolidated basis (IFRS revenue) for scenario analysis.

•Continued from fiscal 2022: North American beef business, steel tubing business

•Selected in fiscal 2023: Corn business, kerosene business



* The Kanematsu Group's plant and infrastructure business mainly comprises Official Development Assistance and Joint Crediting Mechanism projects



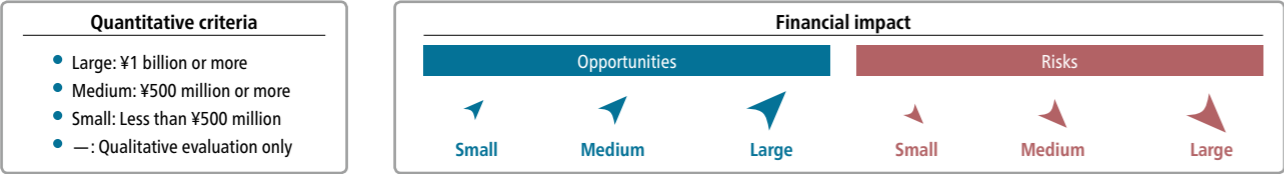
Decarbonization Initiatives

Disclosure based on the TCFD Recommendations

TCFD recommended disclosures	Our initiatives (summary)
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<div>Risks and opportunities</div> <ul style="list-style-type: none">Performed scenario analysis of four businesses with a large impact on the Group on the basis of climate-related impacts (qualitative aspect) and sales/profit (quantitative aspect)Analyses of the corn business and kerosene business, which were newly included in fiscal 2023, are shown below <p>For the analyses of the North American beef business and steel tubing business, please visit our website https://www.kanematsu.co.jp/en/sustainability/tcfd/</p>
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	<div>Impacts</div> <p>Categorize into large/medium/small</p>
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<div>Analysis results</div> <ul style="list-style-type: none">Potential risks and opportunities exist for the North American beef business, steel tubing business, corn business, and kerosene business in all scenariosOn the basis of the analysis, we are formulating business strategy that focuses on climate change-related opportunitiesWe will promote investment in environment-related business areas as a priority initiative under our medium-term vision, <i>future 135</i>→ Achievement in fiscal 2023: Investment in Australian environmental technology startup Samsara Eco <div>Special Feature: Innovation Investment ▶ p32</div>

Impacts of Climate-Related Risks and Opportunities

The financial impacts of climate-related risks and opportunities presented here are the impacts on the profits or expenses of the businesses selected for the scenario analysis, not on those of the Company as a whole. The impacts are classified into three categories: Large, medium, and small.



Corn Business

	Climate change drivers	Risk (×) Opportunity (○)	Financial impact	4°C scenario		2°C or lower scenario		Measures
				2030	2050	2030	2050	
Transition risks	Policy and legal	×	Increased carbon pricing burden on processing facilities	▲	▲	▲	▲	Revise sales prices
		×	•Increase in procurement costs as a result of higher local operational costs caused by rising fuel prices	▲	▲	—	—	Select and develop production areas in neighboring regions with shorter transport distances
		× ○	•Increase/decrease in transportation costs resulting from rising fuel prices	▲	▲	▲	▲	
	Technology	×	Decline in demand for feed as result of decreased demand for beef and other meats caused by the adoption of plant-based meat alternatives	—	—	▲	▲	•Sell raw materials for DAIZ Inc.'s Miracle Meat (plant-based meat) •Begin supply of grain for use in plant-based meat alternatives
		×	Decline in demand for feed as a result of decreased demand for beef and other meats	▲	▲	▲	▲	Establish feed mills for chickens and pigs, which will see relatively small declines in demand
		×	Increase in procurement costs as a result of rising raw material costs caused by increased demand for non-feed uses, such as ethanol production	—	—	▲	▲	Revise sales prices
	Market	○	Growth in demand for raw materials for low-GHG emission products	—	—	▲	▲	Cultivate demand for bioplastics
		×	Fluctuations in electricity costs	—	—	—	▲	Revise sales prices
		×	Reputation among customers, consumers, and investors	—	—	—	—	•Begin supply of grain for use in plant-based meat alternatives •Sell raw materials for DAIZ Inc.'s Miracle Meat (plant-based meat)
	Reputation	×	Changes in reputation among customers, consumers, and investors based on process of climate-change measures	—	—	—	—	

	Climate change drivers	Risk (×) Opportunity (○)	Financial impact	4°C scenario		2°C or lower scenario		Measures
				2030	2050	2030	2050	
Physical risks	Physical (acute)	×	Loss of sales opportunities due to supply chain disruption	▲	▲	▲	▲	•Implement initiatives to strengthen supply chain resilience •Diversify suppliers and domestic storage locations
	Physical (chronic)	×	•Rise in average temperature •Changes in rainfall and other weather patterns	—	▲	—	▲	•Revise sales prices •Develop new production areas

Risk A significant decline in demand for corn feed is expected as a result of slowing demand for beef and other meats in the 2°C or lower scenario.

Opportunity Demand is expected for low-GHG emission products, such as bioplastics.

Kerosene Business

	Climate change drivers	Risk (×) Opportunity (○)	Financial impact	4°C scenario		2°C or lower scenario		Measures
				2030	2050	2030	2050	
Transition risks	Policy and legal	×	Increase in operational costs (use of energy, use of fuel for Group vessels and cars, etc.) due to increase in carbon taxes	▲	▲	▲	▲	•Revise sales prices •Sell low-carbon products
		×	•Stricter energy-saving standard regulations •Decline in sales resulting from reduced demand for kerosene caused by a shift toward low-carbon energy •Increase demand for renewable energy	▲	▲	▲	▲	Expand renewable energy businesses, such as the biomass fuel business
	Technology	×	Increase in investment in the development of new technologies, such as EOR and CCS	—	—	—	—	Develop and sell products related to EOR and CCS in the steel tubing business
		×	Decrease in sales due to the adoption of electrical power	—	—	—	—	Expand renewable energy business
	Market	×	Increase in kerosene procurement costs due to rising crude oil prices	▲*	▲*	—	—	Revise sales prices
		×	Changes in reputation among customers, consumers, and investors based on progress of climate change-related measures	—	—	—	—	•Conduct proactive stakeholder engagement •Continue transparent information disclosure
	Physical risks	×	Loss of sales opportunities due to supply chain disruption	▲	▲	▲	▲	•Ensure BCP measures in the supply chain •Build a framework for mutual support in times of disaster with other companies in the industry
		×	•Processing site relocation costs •Increase in capital expenditure to take measures against rising sea levels (relocation of facilities, etc.)	—	▲	—	▲	•Relocate distribution centers •Revise sales prices
	Physical (chronic)	×		—	▲	—	▲	
		×		—	▲	—	▲	

* Based on the WEO 2022, the 4°C scenario assumes an increase in crude oil prices as a result of increased demand, and the 2°C or lower scenario assumes a decline in crude oil prices due to decreased demand.

Risk The 2°C or lower scenario forecasts a decline in demand for kerosene as a result of tighter regulations, and the 4°C scenario forecasts an increase in procurement costs due to increased demand.

Opportunity Expansion of the renewable energy business and sales of low-GHG emission products.

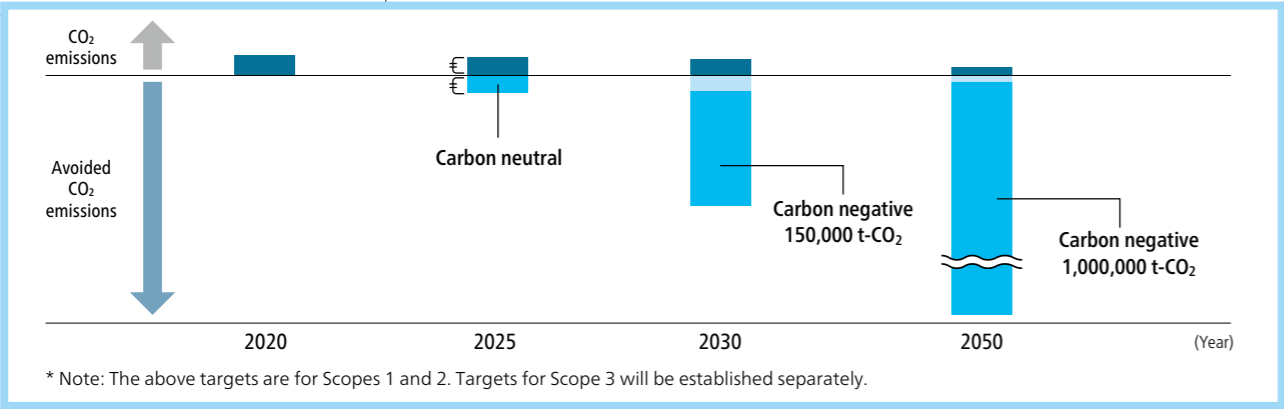
Decarbonization Initiatives

Disclosure based on the TCFD Recommendations

Metrics and Targets

First, we will aim to quickly achieve carbon neutrality by 2025. We will reduce CO₂ emissions by shifting to renewable energy. Any remaining emissions that cannot be reduced in this way will be offset with the credits generated from our businesses—converting our contribution to GHG emissions reduction via REDD+ projects into credits—to achieve carbon neutrality. From there, we will continue expanding our clean fuel and renewable energy businesses, REDD+ projects, and Joint Crediting Mechanism projects to increase avoided emissions, aiming to become carbon negative with negative net emissions of 150,000 t-CO₂ and 1,000,000 t-CO₂ by 2030 and 2050, respectively, and thereby contribute to the reduction of GHG emissions both within Japan and internationally.

TCFD recommended disclosures	Our initiatives (summary)
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Metric CO ₂ emissions
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and the related risks	GHG emissions Fiscal 2023: 28,321 t-CO ₂ (97 Group companies, including the Company) (Assured breakdown: Scope 1: 9,507 t-CO ₂ / Scope 2: 18,814 t-CO ₂) Please visit our website for the independent verification report on these figures (Japanese) https://www.kanematsu.co.jp/sustainability/files/Independent_Assurance_Report_jp_20230810.pdf Fiscal 2022: 29,497 t-CO ₂ (95 Group companies, including the Company) (Assured breakdown: Scope 1: 9,772 t-CO ₂ / Scope 2: 19,725 t-CO ₂) Fiscal 2021: 27,800 t-CO ₂ (94 Group companies, including the Company) (Estimated breakdown: Scope 1: 9,200 t-CO ₂ / Scope 2: 18,600 t-CO ₂)
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Targets 2025 Carbon neutral ¹ 2030 Carbon negative ² : -150,000 t-CO ₂ 2050 Carbon negative: -1,000,000 t-CO ₂ 1. Carbon neutral is a state in which the Group's CO ₂ emissions (Scopes 1 and 2) are balanced with the credits generated by the Group through forest conservation projects and Joint Crediting Mechanism projects and avoided emissions. 2. Carbon negative is a state in which the credits generated by the Group through forest conservation projects and Joint Crediting Mechanism projects and avoided emissions exceed the Group's CO ₂ emissions (Scopes 1 and 2).



Mutual Development with Local Communities

Social Contribution through Our Operations

Every employee of the Kanematsu Group, as a good citizen, acts with an awareness of the importance of their social responsibilities, proactively working to solve social issues through business and social contribution activities with the aim of realizing a sustainable society. At the same time, through volunteering, employees broaden their horizons, learn new values, and gain new insights, helping to create richer and more vibrant communities.

Please visit our website for details. https://www.kanematsu.co.jp/en/sustainability/contribute/social_contribution.html

Creating an Environment That Enables Diverse Work Styles

Human Capital Management

The Promise of Human Capital Management
Leveraging the Strengths of a Trading Company

Kanematsu's human capital management initiatives are steadily evolving. In November 2022, with the head office move, Kanematsu adopted an activity-based work system, realizing a flat approach to working that transcends the barriers between divisions. The cheerful expressions on the faces of the employees are the greatest testament to the success of the change to new work styles. Employees can be seen spending their lunch time as they please at Café The Perch, the café located in the center of the office, and quietly pondering new projects in the library area.

At the same time, Kanematsu recently announced a robust Human Capital Policy, reflecting the evolution of its D&I—diversity and inclusion—initiatives to include equity, becoming DE&I. Indeed, Kanematsu has been conducting educational activities, such as Pride Week, a series of events to promote understanding of DE&I, including LGBTQ+ issues, held to coincide with the promulgation of Japan's LGBTQ Understanding Promotion Act. Furthermore, the Company is engaged in active discussions aimed at creating a new personnel system.

I see particular promise in Kanematsu's implementation of human capital management leveraging its strengths as a trading company. Now in my fifth year as an outside director, I feel that there is something remarkable about Kanematsu's intellectual capital, the core of the Group's intangible assets. Through the repeated creation of businesses from scratch, in and outside Japan, Kanematsu has built up a wide-ranging wealth of expertise in business creation. At the same time, the Company's invaluable bonds with its business partners, based on relationships of trust, are an important intangible asset in the form of social and relationship equity. Needless to say, intangible assets are what investors focus on most, as they are essential to the creation of the tangible assets of businesses and their successes.

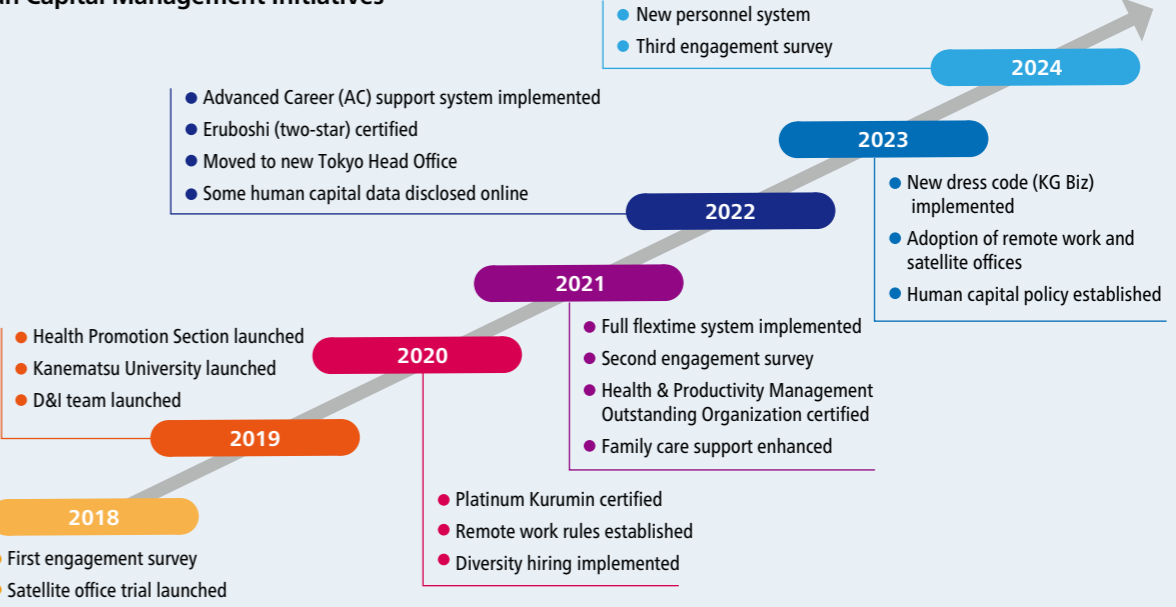
And, of course, the source of this intellectual capital is nothing other than human capital.

In my role as an outside director, I will do my utmost to help Kanematsu leverage its strengths as a trading company to the fullest in implementing human capital management that leads to business creation.



Yuko Tahara
Outside Director

Human Capital Management Initiatives





Creating an Environment That Enables Diverse Work Styles

Human Resource Development

Human Capital Development Policy

In accordance with on the Human Capital Development Policy presented on page 27, we are implementing the following initiatives based on the key human resource development themes shown below.

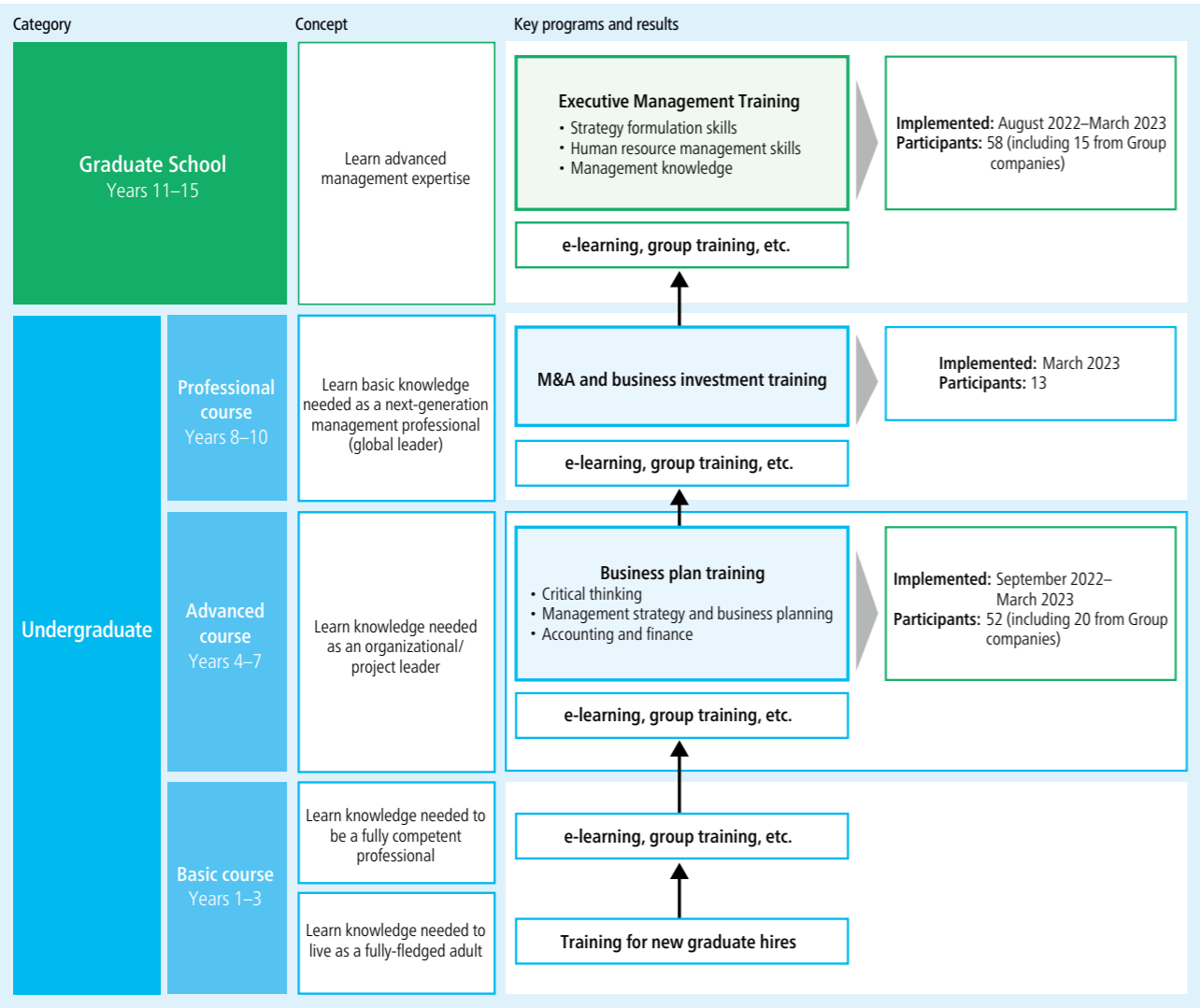
► Acquisition of Added Value and Expansion of Scale

Kanematsu University

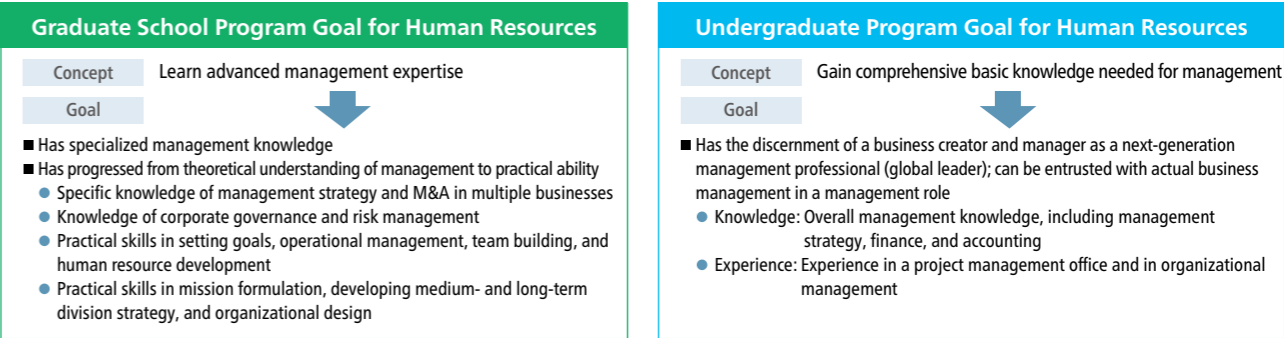
Kanematsu University, a reinforced, more systematic version of previous training systems, was launched in July 2019 to develop management professionals who will create new businesses. The university curriculum comprises three categories: 1. General education, 2. Interpersonal knowledge and skills, and 3. Professional knowledge and skills. Courses are administered via e-learning or group

training, depending on the content. The rich array of content ranges from the fundamental, such as business manners and foreign languages, to specialized knowledge and skills, such as business investment, legal matters, and anger management. Through Kanematsu University, we are developing the next generation of management-level human resources.

Human Resource Development Programs and Participants (July 2022–June 2023)



Overall Approach to Human Resource Development



Executive Management Training

As part of Kanematsu University, a new executive management training system was created ahead of the start of classes in fiscal 2017 to foster the skills needed to operate businesses and organizations from an executive management perspective. Specifically, the targets of this training are to foster strategy formulation and human

resource management abilities and impart the basic knowledge an executive manager must have. As we aim for the acquisition of added value and expansion of scale, we are working to develop human resources with the ability to lead organizations and manage businesses.

VOICE | Comment from an Executive Management Trainee's Perspective



The six-month executive management training program consisted of lectures by outside instructors and case studies, providing comprehensive education in the practical knowledge and perspectives required in management-level human resources. In addition to classroom studies, the program included self-analysis based on 360-degree evaluations, interviews with current management-level professionals, and group work with the other trainees from a wide range of divisions. Through this wide array of stimulating inputs, the course prompted us to reexamine our own values and articulate our own visions for our futures.

The executive management training enabled me to not only increase my basic knowledge of management but gain a more concrete understanding of what it will take to reach the vision I have for my future, which I feel was extremely valuable. Going forward, I will apply what I have learned to my current work, continuing to engage in friendly competition with the other participants as I leverage these insights in new business creation and organizational operations.

Monetary and Time Investment in Human Resource Development (Non-Consolidated)

Monetary investment	¥91.39 million; ¥110,000 per full-time employee ¹ (Cost of Kanematsu University: ¥67 million; ¥150,000 per participant) 1. Number of employees calculated based on full-time equivalent (FTE); does not include employees on leave, re-hired retirees, or temporary employees
Training hours	Total training hours ² : 20,403; 25 hours per full-time employee (Kanematsu University training hours: 47 hours per participant) 2. Total for Kanematsu University courses

Notes 1. Data for July 1, 2021 to June 30, 2022
2. Total training hours for the 43 Undergraduate program courses and Graduate School program (per-student basis).
• Basic course (175 participants): 63 hours
• Advanced course (112 participants): 28 hours
• Professional course (47 participants): 19 hours
• Graduate School (102 participants): 50 hours



Creating an Environment That Enables Diverse Work Styles
Human Resource Development

Sowing Seeds to Create a New Portfolio

Diversity Hiring and Mid-Career Hiring

To create a new business portfolio that goes beyond merely iterating on our existing businesses, we believe that we will need to enter new markets with new products and customers that we cannot adequately approach with our existing internal knowledge and experience. We are therefore working to secure diverse human resources.

In our new graduate hiring, with an eye to recruiting

students with diverse backgrounds from around the world, we are hiring international students graduating from Japanese universities and Japanese students graduating from overseas universities. In addition, we are expanding mid-career hiring to bring in knowledge and experience that differs from what we have internally.

VOICE | Comment from a Non-Japanese Citizen Employee



Yoonwoo Kim
Section 1, Motor Vehicles & Parts Department No. 1

I came to Japan to from South Korea in 2015, and after graduating from a four-year university here, I was hired as a new graduate by Kanematsu. Kanematsu caught my interest and I chose it because, as a trading company with diverse functions that operates in a wide range of business areas around the world, I got the sense that it would offer me the chance to take the lead in blazing my own path forward.

Currently, in parallel to my work in Kanematsu's existing motor vehicle and parts exporting business, I am also engaged in new business creation efforts. Leveraging my background, knowledge, and experience, I am working with companies in South Korea to formulate a new EV-related business.

Going forward, I hope to get this new business off the ground, and eventually expand it globally.

VOICE | Comment from a Mid-Career Hire



Yoko Kaneko
Oilseed & Processed Soy Products Section,
Food & Grain Materials Department

I came to Kanematsu as a mid-career hire in 2020. My work now is mainly in importing canola and other edible oil raw ingredients and selling them to food product manufacturers in Japan. I have many years of experience in handling food ingredients at a trading company from my previous job, and I apply that experience to business every day.

Looking at Kanematsu from the outside, before I was hired, my impression was that it was a kind of collective of experts, one in which each individual was highly knowledgeable about the products they work with. In line with that idea, in my current work, I strive to exert a presence as a true professional for my customers.

Rather than merely concentrating on sales, I am aware of the importance of making proposals that connect with the broader visions of customers, and I hope to take on new challenges and widen my horizons in order to realize such proposals.

Fostering Experience through Transfers

Taking advantage of the wide variety of businesses of the Kanematsu Group, we are deepening the diversity of our human resources' knowledge and experience through internal transfers and personnel exchanges with Group companies and portfolio companies. In addition, we have established a career consulting team of qualified career consultants to provide an environment that supports employees' autonomous career development.

VOICE | Comment from a Member of the Career Consulting Team



Wakaba Yokoo
Human Resources Planning Section, Human Resources Department

Today, as life spans grow longer, it is more important than ever for individuals to autonomously develop their careers. At the same time, companies are being called upon to provide systems and environments that support such efforts. In addition to support through a transfer system that respects individuals' career aspirations, we also provide more intangible support by leveraging the knowledge we offer as a result of our professional qualifications. By providing career-related training, disseminating information, offering consultations, and conducting interviews, we will continue to provide support for autonomous career development tailored to each employee.

Promote Groupwide DX

Developing DX Business Personnel

In our supply chains, we are promoting DX in cooperation with our business partners to aid them in overcoming the difficulties they face in transforming their operations, with the goal of utilizing digital and automation technologies to transition to next-generation businesses.

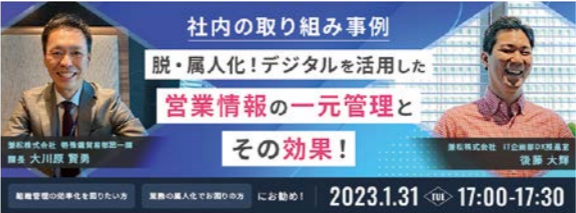
We believe that our DX business personnel must possess both insight into digital technologies and the

ability to combine this with business acumen. We are therefore not only implementing training to enhance IT literacy, but implementing personnel exchanges with Group companies that handle digital technologies to develop professionals who can promote DX in step with our business partners' levels of digitization.

Furatto, Degitaru?

From January 2023, the Company has operated the DX data website called "Furatto, Degitaru?" for use in-house and by Group companies. Centered on cases of internal DX initiatives, we distribute content every other week in the form of articles, webinars, and columns on the topics of the vividness and realism of the DX project based on the business format and situation of general trading companies.

In the six months since the announcement, over 80% of employees have viewed online videos, and the



A webinar for a dialogue about the Company's case of centralizing

effort has helped create specific uses for digital technologies. We nurture a DX mindset among every Group employee and provide support for taking the first step toward utilizing digital technology. Going forward, we will expand content, mainly themes based on viewer data analyses and interview surveys, as a part of our efforts to nurture grounded DX personnel. (The illustration below is the internal declaration banner for content distributed in the past.)



A participation report for an exhibition tour for employees interested in owned media



Creating an Environment That Enables Diverse Work Styles

Work Environments for Employees

Work Environment Policy

We are implementing the following initiatives based on the Work Environment Policy (see p. 27).

To enhance employee engagement, we have designated four core values for organizational and corporate development, as shown in the diagram at right: Leverage Individuality, Equality & Respect, Support Ambitious Efforts, and Work Style Options. Going forward, we will revise the core values as needed to maximize the abilities of all of our people.

The key themes of our Work Environment Policy are as follows.

Core Values for Organizational and Corporate Development Leveraging Human Resources



▶ Leveraging Individuality through Diversity, Equity and Inclusion (DE&I)

The Diversity and Inclusion (D&I) Team (now the DE&I Team) was launched in 2019 to proactively incorporate many kinds of difference. We aim to grow in size and strength as a global company that will continue to contribute to society over the next century and, to this end, to be a flexible organization in which everyone is compensated fairly and equitably and able to fully utilize their diverse abilities.

Companywide Initiatives

Kanematsu has formed a DE&I Team that is promoting respect for and acceptance of diverse values and ways of thinking in order to create environments that will make it easier for all employees to work and utilize their abilities. To encourage employees to take ownership of DE&I issues, we provide Companywide e-learning, share

information about the careers of diverse employees, and hold lectures. In fiscal 2022, we established a Companywide project team for efforts in this area, and in fiscal 2023, under the direct control of the President & CEO, this team implemented initiatives to accelerate inclusion.

VOICE | Comments from DE&I Team Members



Kouta Ito
Section 2, Industrial Electronics
Department

Tsuzumi Hirano
Salary & Benefits Administration Section and
Human Resources Planning Section, Human
Resources Department

Kouta Ito

Motivated by a desire to make Kanematsu a better company by utilizing the strengths of diverse divisions and people, through the DE&I team, I promoted the use of more informal language between employees of different levels and organized lunches for people interested in common topics, aiming to foster a flatter culture in which everyone can freely talk to one another regardless of rank or position.

Tsuzumi Hirano

Motivated by a desire to enable all women to be themselves and thrive, and to provide opportunities to learn and think about challenges related to health, career, and mental health, I organized an International Women's Day event with a focus on learning about these topics as they directly impact employees.

Support for Balancing Work and Childcare

Since 2020, Kanematsu has received "Platinum Kurumin" certification from the Ministry of Health, Labour and Welfare. This certification is granted to companies that are implementing particularly high-level initiatives to support their employees in balancing work and childcare. Aiming to enable employees to autonomously engage in their work and continue to fully participate professionally regardless of the ups and downs of life events, we are expanding our

systems of shortened work hours for childcare, flextime, and discounts on babysitting services. Furthermore, in October 2022 we introduced a childcare leave system, "Hello Baby" leave, aimed promoting childcare in a more genderless way, and we are working to further improve conditions internally to support employees.



Women's Participation and Advancement

In August 2022, Kanematsu received "Eruboshi" certification from the Ministry of Health, Labour and Welfare. This certification is granted to companies that have implemented excellent efforts to promote women's participation and advancement in the workplace. Kanematsu was certified as having attained the second of three levels (two stars), having met the certification standards in the four categories of "recruitment," "length of continuous employment," "working hours and work styles," and

"diverse career development paths." Indeed, we have implemented systems that allow employees to choose from diverse career paths, including a system for rehiring employees who left the Company to accompany a spouse who was transferred to another location and a system that allows region specific employees to take manager or assistant manager positions.



VOICE | Comment from an Employee Working Overseas



Kumi Kawata
Board Member and Treasurer, General Manager, Accounting &
General Affairs Department, Kanematsu Taiwan Corporation

Since December 2021, I have been stationed in Taiwan as Treasurer of Kanematsu Taiwan Corporation. I am responsible for overall administrative operations of Kanematsu Taiwan and other Group companies in Taiwan.

My work includes not only finance and accounting, in which I have previous experience, but extends across personnel, general affairs, legal, and IT, which take on every day through trial and error. It is often difficult, but getting to broaden the scope of my work and knowledge is also fun and satisfying.

I joined Kanematsu as a region specific employee that could only be assigned to work within a specified area, and I had never even been on an overseas business trip, so I feel very fortunate to have had the chance to bring my family (my spouse and two children) with me on an overseas assignment, and to have had the understanding of those around me necessary to do so. Making the decision to change to a career-track position, which entails being stationed overseas, and pushing myself in this way has broadened my horizons. I hope to use this broader perspective to contribute to the Kanematsu Group through my work.

General Employer Action Plan (Women's Participation and Advancement)

Duration	April 1, 2019 to March 31, 2024
Issues the Company Faces	Although Kanematsu hires a certain number of women every year, the percentages of women among all new graduate hires, employees in core operations, and employees in management positions are low.
Targets	1. Increase the number of women working in core operations in assistant section manager-level or higher positions to 35 (from 27 at the end of fiscal 2019) 2. Increase the percentage of women among new graduate hires to 42% (from 34% in fiscal 2019).
Initiatives	Increasing the percentage of women among new graduate hires and creating systems to promote female employee retention

Years ended March 31	2019	2020	2021	2022	2023
Female career-track employees* at fiscal year-end	52	54	64	66	68
Female employees at manager level or above at fiscal year-end	3	4	5	7	9
Female responsibility band employees at fiscal year-end	27	28	31	31	38
Women among new graduate hires	34.0%	39.0%	51.0%	63.6%	43.9%

Note: Figures for Kanematsu Corporation (non-consolidated)
* Employees for whom work location is determined according to the Company's needs and not restricted to any specific area. These employees eventually move into core operations.

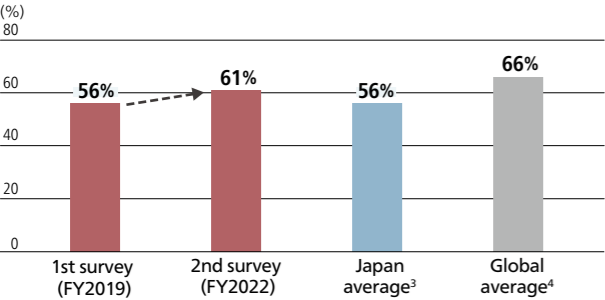


Creating an Environment That Enables Diverse Work Styles
Work Environments for Employees

▶ Enhancing Engagement to Maximize Performance

Kanematsu has made improving employee satisfaction a priority initiative under *future 135*. As part of efforts in this area, we carry out employee engagement surveys of all Kanematsu employees to understand where we stand and the issues we face, verifying the effects of measures implemented as we work to enhance employee satisfaction. We carried out the first employee engagement survey in fiscal 2019, followed by a second survey in fiscal 2022, the halfway point of *future 135*. The second survey showed improvement in employee satisfaction compared with the first (Figures 1 and 2).

Figure 1. Survey Results on Employee Engagement¹



1. Employee engagement: An indicator of employees' commitment to the Company and motivation to proactively engage with their work
2. Effective employee utilization: An indicator of how appropriately human resources are allocated and whether work environments are employee-friendly in a way that helps them utilize their abilities to the fullest
3. Japan average calculated across approximately 90 companies with approximately 800,000 employees
4. Global average calculated across approximately 700 companies with approximately 7,000,000 employees (average score of the top 10% of global companies by financial performance in their respective industries)

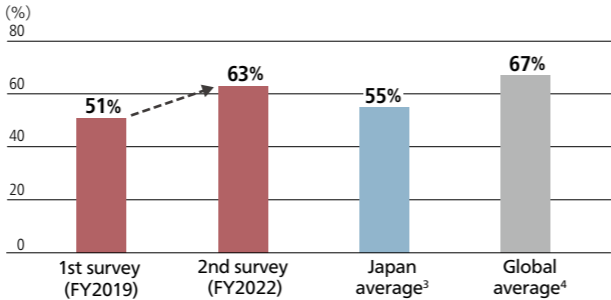
We believe the improvement in employee satisfaction reflects the effects of the measures we have implemented, including the launch of Kanematsu University, workflow reform through systems and other infrastructure improvement, and the promotion of DE&I and health and productivity management. However, the survey also showed that our level of employee engagement is still below the global average, and multiple hurdles to increasing employee satisfaction remain, such as organizational silos and the need to develop a culture that encourages ambitious efforts. To address these issues, we are implementing the following initiatives.

Hitotsubu Club

In light of the engagement survey finding that there is a need for greater encouragement for those taking on new challenges, in July 2022, we launched the Hitotsubu ("One Seed") Club as a cross-divisional community.

Employees take part in the Hitotsubu Club on a voluntary basis, regardless of division, seniority or position, to formulate and develop ideas and proposals for new businesses through interactive events and chat. When proposals are deemed promising, the Company provides support to bring them to fruition.

Figure 2. Survey Results on Effective Employee Utilization²



As of June 2023, events have been held nine times, providing a venue for ambitious efforts aimed at cultivating a new culture. These included "Alumni Seminars" with former employees who have started their own businesses, as well as lectures and discussions with executives of other companies, enabling participants to share diverse insights and actively explore ideas. The club's group chat has been similarly active, with more than 80 participants.

Multiple proposals that have sprung from this initiative are now moving forward through further study, and



Lecture event with Shigeharu Asagiri, President and CEO of Kyodoshoji Corporation, which sells COEDO Beer

one has received final approval resulting in capital expenditure.

To expand this project in fiscal 2024, five employees volunteered to act as the club's secretariat and have been operating it since April of this year. With the stated mission

of creating a corporate culture within Kanematsu of ongoing business creation by embracing challenges and change, the secretariat will formulate bottom-up proposals for new projects and systems aimed at further developing our corporate culture.

Activity-Based Working

Reflecting Kanematsu's founding purpose, "Let us sow and nurture the seeds of global prosperity," we believe that in order to sow the seeds of new businesses and flexibly change and adapt while continuing to create value, we must go beyond conventional approaches of

operating within organizational silos to generate innovation that spans business areas. To this end, coinciding with the relocation of the Tokyo Head Office, we have adopted activity-based working (ABW).



VOICE | Comment from the Head Office Relocation Project Managers



Kensuke Tanaka
Human Resources Planning Section,
Human Resources Department

Hisashi Kajiuchi
Manager, General Affairs Section,
General Affairs Department

ABW is a work style in which employees can choose for themselves where to work with a sense of purpose in line with the specific work they are doing that day and their schedule, much like a free address system. We decided to include all divisions, without exception, in ABW, with the aim of enlivening interaction between employees of different divisions and ages all throughout the Company. By providing spaces that better enable employees to communicate and collaborate or to concentrate on their work, I think that we have been successful in providing value that only such an office can so that employees will want to come into the office, which is all the more meaningful today.

The new head office received the Minister of Economy, Trade and Industry Award in the 36th Nikkei New Office Awards, which recognize offices that provide outstanding comfort and functionality.

Press release https://www.kanematsu.co.jp/en/press/20230915_003129.html

New Personnel System

We are discussing revisions to the personnel system that will facilitate a climate in which each employee can set challenging goals for themselves and thereby raise the level of the entire organization, as well as the establishment of systems that reward such efforts and achievements.

Creating an Environment That Enables Diverse Work Styles
Work Environments for Employees

Diverse Work Styles

Flextime System

In fiscal 2022, we implemented a full flextime system to promote flexible work styles. In principle, employees can freely adjust the times they begin and end their work in accordance with the varying demands of their own schedules, enabling more individually optimized and efficient work styles.

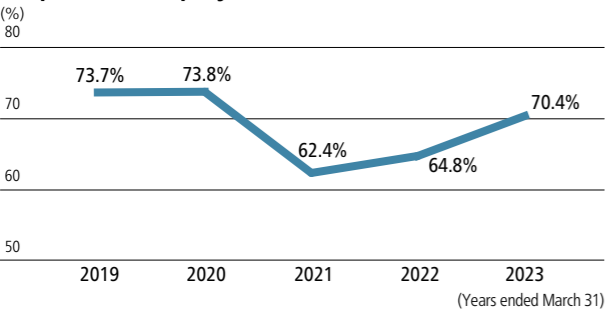
Telework System

To promote employee well-being and to enhance work efficiency by, for example, reducing time spent in transit when visiting sites out of the office, we established a telework system encompassing working from home and from satellite offices in April 2023. Aiming to respect employees' autonomous work styles while improving corporate performance, we position telework as one work style option.

Encouraging the Use of Paid Vacation/Leave

Kanematsu has established the Bronze Week Plus System for encouraging the planned use of annual paid vacation days. This is intended to make it easier for employees to take off the time they are entitled to and create workplaces that are more comfortable and rewarding. We will continue working to create even more employee-friendly workplaces and aim to help employees maintain a healthy balance between their work and private lives.

Annual Vacation Usage Rate (All Kanematsu Corporation Employees)



Bronze Week Plus System Outline

- Definition:** The Bronze Week Plus system makes it easier to take off a bridge day between two ordinary days off, the day before or after a three-day weekend, or two days before or after a normal weekend, effectively extending the number of consecutive days off for the individual to four or more.
- Purpose:** This system is aimed at helping employees have special experiences that are difficult to realize with shorter breaks so that they will feel refreshed and have new ideas that they can then put to use in their work.

Kanematsu Group Work Style Grand Prize

We held the Kanematsu Group Work Style Grand Prize over the week of August 1–5, 2022, to share positive examples and model cases of flexible work styles achieved using our internal systems as well as the dreams and goals behind them, while also prompting employees to reexamine their own work styles. An entry that included the triple-threat of work, graduate school, and time with family won the most votes from employees and took the grand prize.

- Kanematsu Group Work Style Grand Prize winner**
Yuya Tani, Legal Section No. 1, Legal and Compliance Department (right)
- Yoshiya Miyabe**, President & CEO (left)



Childcare Support Systems

In addition to maternity and childcare leave systems, we have a number of systems in place to allow parents to continue working while pregnant or raising children. These include reduced duties and time off for doctor's visits during pregnancy, time off to care for sick children, a system of shortened work hours and flextime after returning from leave, and a system of providing discounts on babysitting services. After returning from leave, employees are eligible for reduced work hours up to the end of the child's third year of elementary school and may work reduced hours with no reduction in pay until the child's third birthday. Many employees take childcare leave, and when they return to work, as a rule, they are placed

in the divisions in which they worked before. These measures are taken to create a pleasant working environment. Furthermore, on October 1, 2022, we launched a new childcare leave system called "Hello Baby" leave. This system grants employees up to eight weeks of special paid leave within the eight-week period starting the day after their child is born. The maximum legal requirement for providing paternity leave after childbirth in Japan is four weeks, unpaid. By offering leave that is up to double that length and paid, we are promoting employees' active involvement in childcare and fostering a culture in which employees can actively participate professionally regardless of gender.

VOICE | Comment from a Male Childcare Leave User



I took a month of childcare leave after the births of both my first and second children. As a parent, I wanted to take part in childcare and felt that I should do so more. Neither the fact that I was the father, not the mother, nor my position within the Company changed that.

When my first child was born, no managerial employees within the Company had ever taken childcare leave. However, thanks to the understanding and support of those around me, we were able to make it work, and I got to spend invaluable time with my child during the rapid growth of infancy. Even so, part of me felt like taking just one month would not make much a difference at the Company, especially compared with other parents who took longer childcare leave, but when I returned to work, the positive response was greater than I imagined. It seemed that my proactive stance on participating in childcare as a male manager had gotten across without my having to say anything. I feel that Kanematsu has cultivated an atmosphere that makes it easy to take childcare leave and has established conditions that enable all employees to autonomously engage in their work and continue to actively participate in each of their respective life stages. Leveraging my own experience and position, I hope to further advance efforts to improve conditions for employees worried about their careers or work styles after returning from childcare leave, aiming to build an organization in which employees feel they can work for a lifetime.

Family Care Support Systems

In addition to the conventional family care leave system, Kanematsu provides special paid holidays for family care ("special family care holidays"). We have also created a handbook for using support systems for balancing work and family care as part of efforts to provide information to employees who have concerns about family care. In addition, we have not only contracted with an external family care consultation service that employees can use at any time, but appointed a child-raising and family care consultation officer, enabling one-to-one consultation on these matters. Information about Kanematsu's family care-related systems is publicly available on the Ministry of Health, Labour and Welfare's *Ryoritsu Shien no Hiroba* website. In recognition of such systems, in 2021 Kanematsu was granted "Tomonin" certification as a



company that provides work environments that enable employees to balance work with family care.

Years ended March 31		2019	2020	2021	2022	2023
Users of childcare leave	Women	18	20	24	31	29
	Men	2	0	4	6	10
"Hello Baby" leave (Launched Oct. 2022)	Women	—	—	—	—	0
	Men	—	—	—	—	6
Users of special childbirth leave for spouse		12	14	7	10	2
Users of leave to care for sick children	Women	26	29	26	31	36
	Men	23	20	18	21	13
Users of family care leave		1	1	0	0	0
Users of special family care holidays	Women	11	13	11	12	13
	Men	10	10	7	8	2



Creating an Environment That Enables Diverse Work Styles

Work Environments for Employees

New Dress Code

We have updated our office dress code to enable employees to dress more appropriately for the season and climate. This change is aimed at combating global warming and protecting the environment while also promoting greater independence, productivity, and creativity by allowing each employee to choose attire that is easier for them to work in.

▶ Health & Productivity Management Focused on Employee Well-Being and Employee-Friendly Labor Practices

Initiatives for Health & Productivity Management

Kanematsu was recognized as a 2023 Certified Health & Productivity Management Outstanding Organization in the large enterprise category of the Certified Health & Productivity Management Organizations Recognition Program organized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This marks our third consecutive year of recognition under the program.



Kanematsu Health & Productivity Management Declaration

Kanematsu believes that maintaining and improving employee health is a crucial management issue for achieving sustainable growth. Accordingly, to advance health & productivity management, we strive to do the following.

- 1. **Health management:** We support employees' individual efforts to proactively maintain and improve their health.
- 2. **Environment improvement:** We create workplaces that ensure employees can work without endangering their health and participate fully.
- 3. **Ongoing improvement:** We study, implement, confirm effectiveness, and take steps to improve measures related to health management and environmental improvement on an ongoing basis.

Establishment of the Health & Productivity Promotion System

Kanematsu is promoting health & productivity management based on a system comprising the Human Resources Department, industrial physicians, the Medical Center, the Occupational Health Committee, and the health insurance society, with the Chief Officer of Human Resources designated as the Health & Productivity Management Promotion Officer.

Furthermore, we have established a framework for reporting on health & productivity management initiatives to the Management Committee.

Health & Productivity Promotion System



Monitoring Employee Health

In fiscal 2024, Kanematsu plans to implement initiatives to improve the visibility of data on employee health using a health management system. Working with the Kanematsu Health Insurance Society, we will efficiently analyze data to implement effective measures tailored to employee health status.

Lifestyle-Related Illness Prevention

We are working toward the prevention and early detection of lifestyle-related illnesses through such measures as increasing the proportion of employees who undergo regular medical checkups and receive specific health guidance.

Mental Health Measures

To promote the early detection and prevention of mental health problems, we implement annual stress checks for all employees. For employees with high levels of stress, we provide counseling with industrial physicians and conduct group analyses at the organizational level. We also provide training for managerial employees on supporting the mental health of their subordinates as part of efforts to raise awareness of the importance of mental health.

Anti-Harassment Measures

To combat harassment, we have set up an internal consultation hotline, distribute a handbook to raise awareness, and conduct harassment prevention training.

Occupational Health Committee

We have established the Occupational Health Committee to protect employee health and foster a cheerful work environment. Operating under the supervision of the General Manager of Health and Safety (the General Manager of the Human Resources Department), the committee comprises industrial physicians, occupational

health managers, employees recommended by the Company, and employees recommended by the labor union. The committee meets once a month, with labor and management jointly discussing and promoting related measures while receiving advice from industrial physicians.

▶ Human Capital Targets and Results

Human Capital Development Policy

Key theme	KPI	FY2023 Result	FY2027 target
Acquisition of Added Value and Expansion of Scale	Executive management training participation rate	72.2% of career-track employees with Kanematsu for 11 years or more	100% of career-track employees with Kanematsu for 11 years or more
Sowing Seeds to Create a New Portfolio	Diverse human resource hiring rate (women and non-Japanese nationals)	27.1% ¹	35% (Four-year average)
Promote Groupwide DX	• IT Passport test pass rate • DX-related training participation rate ² • Personnel exchange with Group ICT/data business companies	— — —	100% 70% 60 employees (Four-year total)

1. Average for the five years following the *future 135* medium-term vision
2. The rate of employees who take part in either business process management training or DX project promotion training

Work Environment Policy

Key theme	KPI	FY2023 Result	FY2027 target
Leveraging Diverse Individuality through DE&I	• Percent of management positions held by women • Childcare leave usage rate among eligible men	4.9% 88%	7% 100%
Enhancing Engagement to Maximize Performance	Engagement score	61% ¹	The global average of companies in the top 10% ²
Diverse Work Styles	• Annual vacation usage rate • Full flex system usage rate	70.4% 81.8%	75% 95%
Health & Productivity Management Focused on Employee Well-Being and Employee-Friendly Labor Practices	• Rate of employees undergoing regular medical checkups • Rate of employees undergoing stress checks • Harassment prevention training participation rate	97.2% 98.1% 100%	100% 100% Keep at 100%

1. Result for the year ended March 31, 2022
2. Global average calculated across approximately 700 companies with approximately 7,000,000 employees (average score of global companies in the top 10% based on financial performance in their respective industries); this score was 66% in 2021

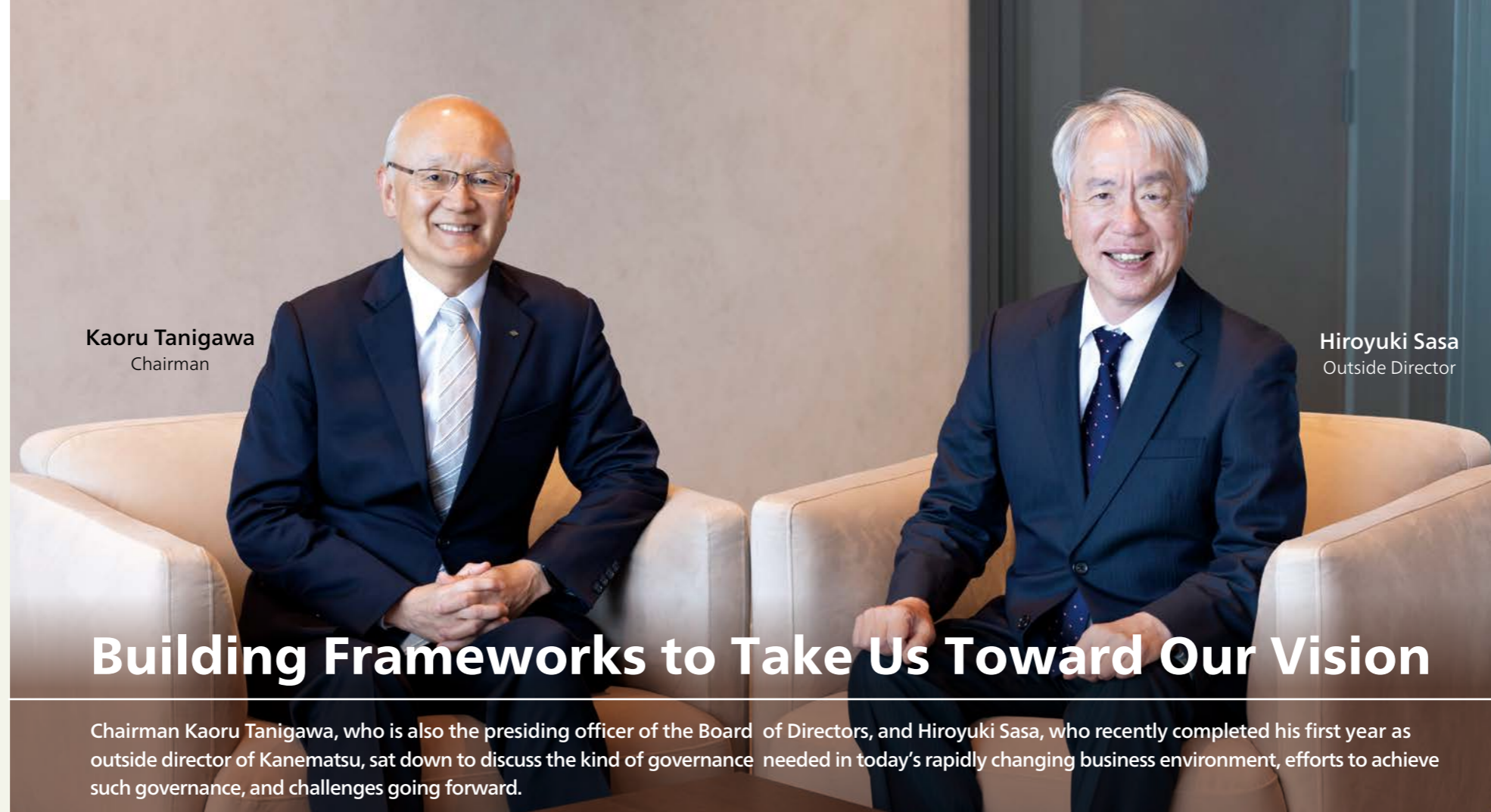
Dialogue between the Chairman and an Outside Director

The Kind of Trading Company the Kanematsu Group Aims to Be Following the Recent Tender Offers

Tanigawa In the near future, trading companies will need to evolve structurally to add further added value, building on the base of trading, their traditional livelihood. One aspect of the kind of trading company we aim to be entails capturing greater added value by expanding beyond that base, extending our business scope both up- and downstream. By combining this expansion with our new strength in digital technologies, we will provide added value. In this way, we aim to provide greater abundance and well-being for stakeholders, including business partners and employees. As we work toward this goal, I think that we should constantly be building and improving Groupwide governance and internal control systems to ensure a foundation that will not waver, regardless of the management environment.

Sasa I understand the idea that upstream areas, including manufacturing, can be a way to provide added value, and I think they will be important in the future. Olympus Corporation, where I formerly served as president, is a manufacturer, carrying out everything from product planning and technological and product development to manufacturing, and finally sales and service. In this, an important focus for that company is solving issues for doctors and patients; in other words, it is a solutions-oriented business. I think that Kanematsu is similar in that regard, and this is where the sense that Kanematsu needs to get involved upstream comes from. Kanematsu already has strong foundations and ties with customers downstream. And that's the most important thing, because the issues that require solutions always come from the customer.

Tanigawa Indeed, what I think of as a trading company professional is precisely the kind of person who has come up through that kind of work.



Kaoru Tanigawa
Chairman

Hiroyuki Sasa
Outside Director

Building Frameworks to Take Us Toward Our Vision

Chairman Kaoru Tanigawa, who is also the presiding officer of the Board of Directors, and Hiroyuki Sasa, who recently completed his first year as outside director of Kanematsu, sat down to discuss the kind of governance needed in today's rapidly changing business environment, efforts to achieve such governance, and challenges going forward.

Providing added value to address the needs and issues faced by customers is our key role. The Kanematsu Group will work as one to create systems that will enable us to apply solutions-oriented business successes to other fields and business units.

The Heart of Corporate Governance

Tanigawa As a trading company, Kanematsu has a vast number of Group companies, so making sure that the Group's Corporate Principle permeates the entire organization and maintaining Groupwide internal control through governance are eternal challenges that lie at the heart of getting the Group to work as one. While working to promote awareness of the Corporate Principle at Group companies, we review them for risk through audit functions and provide feedback—a process that I imagine has been ongoing for the last century.

Sasa Group governance and management are two sides of the same coin. The business itself, its support functions, and the unifying force that accelerates business—all

three of these factors must operate in unison, and Group governance exists to ensure that they do. At the core of management are the management philosophy and the specific measures necessary to achieve it. However, the mere presence of these core elements does not necessarily provide clear rules that the people of the Group on the ground should follow day to day—that's where internal control frameworks come in.

Tanigawa I think that awareness of the content of the Kanematsu Group's Corporate Principle has permeated the Group, but there is still some ground to be covered in terms of actually putting it into practice. I am responsible for the Internal Auditing Department, and when a Group company's corporate principles are significantly out of step with the Group's, we identify that discrepancy as an issue. From there, we work to rebuild relevant frameworks through auditing, focusing on whether the company has in place the kind of rules and internal control mechanisms that are important to the Group in a process of repeated evaluation and improvement over several years. This ongoing process

of review and monitoring is perhaps similar to a PDCA cycle.

Sasa Yes, there's really no other way. Ultimately, there must be common value standards that support or embody the Group's principles, and it is important to work to make sure that these are shared and understood all throughout the Group.

Tanigawa I think that governance is the core of effective corporate functioning. If governance is not firmly in place, the company simply doesn't work. However, I think that inevitably—and this is why we are talking about this so much—as we expand into manufacturing to bring new added value to our businesses, the character of the governance and internal control needed will be different and unlike those that we know. This is an area in which we will be depending on your help.

Sasa When I first came on as an outside director, I did feel major differences between the manufacturer where I worked before and Kanematsu, a trading company. However, I can certainly understand Kanematsu's desire to proactively

enter the manufacturing sector, which is upstream in the value chain, in order to expand the added value of its existing businesses under *future 135*.

Tanigawa Nowadays, it is essential to go beyond the category of trading, and we must supply products with added value that meets market and client needs in such areas as processing. This is forcing us closer to the manufacturing domain. For example, the business of the Meat Products Division has conventionally centered on purchasing beef, but processes that make it ready for sale by wholesalers or retailers can be a good way of further adding value.

I'm sure you must have noticed, but Kanematsu's business portfolio has not changed over the past 20 years. In some ways, that's just the way it is for us as a trading company, but the world today is embracing innovation and transformation, and so are we. The creation of new businesses now will drive growth for the next generation. Indeed, I think that creating new businesses may be the true mission of management over the medium to long term. And, it is the area we have been having the most difficulty with.

Sasa The Kanematsu Group encompasses a wide variety of business models. As such, going forward, as a methodology for creating businesses based on the Group's unique systems and challenges, it will be important to find ways to universalize and formalize new added value and establish it as a strength of the Kanematsu Group.

Tanigawa I think that it will be important to use DX to build such a methodology. The Kanematsu Group includes the Electronics & Devices Division, and we are now positioned to deepen our relationships with subsidiary Kanematsu Electronics Ltd. to jointly create value, so I think we will be able to quickly build mechanisms to create added value.

The Functions and Mission of the Board of Directors

Sasa As businesses expand, the importance of risk management increases. If the speed and scope of risk management are not calibrated correctly, risks will grow. It's impossible to guard against every possible risk, so centralizing information and response methods for dealing with crises when they occur is essential. In addition to crisis management within each business division, I believe that a matrix system should be implemented from the perspective of cross-divisional management functions. The other issue will be achieving globally centralized crisis response.

Tanigawa Yes, risk control is part of the function and mission of the Board of Directors. Namely, balancing growth and risk management. The Kanematsu Group has vertically organized businesses with a variety of functions that connect across them horizontally and diagonally, and we aim to strengthen operations throughout this matrix. We already have in place a quick response framework that establishes a committee to centrally gather information and issue instructions when an issue arises. In terms of day-to-day business risks, I think it is important to always be

prepared to respond to emergencies, for example, by ensuring that internal control monitoring functions effectively.

Issues and Measures Going Forward

Sasa Challenges also remain in terms of truly global operations. To be frank, I think that some aspects of Kanematsu's Group management are outdated and seem to be stuck in a uniquely Japanese style of conservative management. What it means to be truly global is hard to define, but it's more than just having a high percentage of sales from overseas operations or establishing overseas manufacturing bases. When I took office as president of Olympus, around 80% of the company's sales were from overseas, but it still had that uniquely Japanese management style that lacked speed. So, we dug deep to figure out what could give us the edge we needed to compete on an equal footing with global competitors. What we arrived at was a management framework to advance initiatives, speed in doing so, and sufficient driving force behind management decisions and governance to withstand competition.



Tanigawa The Kanematsu Group is a trading company that began with the founding purpose of sowing and nurturing the seeds of prosperity for Japan, so naturally, until now, importing foods, semiconductors, energy, and other goods from overseas has accounted for the overwhelming share of our business. However, as the Japanese market

shrinks going forward, there will come a time when this business model alone is no longer viable. In preparation for this, we are expanding third-country trading and overseas M&A. We assume that this will require forms of governance and new approaches that are different to those we have employed until now.

Sasa The next step Kanematsu will need to take is strengthening functions. This will depend significantly on how the Company goes about linking its horizontal functions globally, and how quickly it seeks to evolve into a global company. In the case of Olympus, our competitors had, for example, personnel systems designed to put the best suited person in each position, regardless of nationality or gender. We knew that if we took the conventional Japanese approach of developing only in-house human resources without looking outward, we would lose badly. We took the big step of reforming our personnel system to be like those of our competitors and, as a result, many important positions came to be filled by personnel from outside Japan. It took work to make sure that our employees in Japan understood the intention and importance of this change, but it ultimately led to an increase in motivation for employees Groupwide.

Tanigawa That is an area where Kanematsu needs to learn from Olympus. The Kanematsu Group hires and develops human resources in Japan and sends them overseas, and also hires overseas personal for work and development in Japan. Going forward, however, to step up businesses in other countries, and especially to expand our businesses through M&A or other means, we will need local overseas human resources in top management positions, and local hiring and development will be essential. I think that, a decade from now, a sizable portion of the Group's employees is likely to be non-Japanese nationals.

Sasa I mentioned before that some things at Kanematsu felt outdated. At



Olympus, we acted with speed, changing corporate systems and frameworks to be on par with global competitors in just three years. I would ask, then, since Kanematsu marked a new start with restructuring efforts in 1999, has the Company really achieved transformational change? Although some of this comes down to the mindsets of top management, management methods, and the external environment, I think that Kanematsu should be more proactive. I want to know if Kanematsu's management and executives are serious about changing. No matter how much they exhort employees to change, if they don't change themselves, nothing will. I feel that it is my role as outside director to speak my mind frankly on such matters.

Tanigawa In the Kanematsu Group's long history, there have been some very difficult times, and the lesson we took from these is the importance of rock-solid, unerring management. To this end, we have long worked to constantly improve and evolve reliable governance, internal control, and crisis management systems. Now, while maintaining a strong defense through governance, I hope to see our executives be active and ambitious on offense. We have many employees who are passionate about creating next-generation businesses, and our businesses are evolving in dynamic ways. I believe that the challenge for us going forward will be to maintain effective management control while respecting the individuality and freedom of each employee to harness that passion and dynamism as a Groupwide force for global change.

Messages from the Outside Audit & Supervisory Board Members



Yusaku Kurahashi
Audit & Supervisory Board
Member (Outside)

Further Evolving Group Governance

I feel that the Kanematsu Group's governance has continued to evolve. The Board of Directors has made system-related changes aimed at increasing independence, securing diversity, and optimizing the skill matrix while also taking such steps as setting the agenda to secure opportunities for strategic, big-picture deliberations of medium- to long-term growth, resulting in lively, substantive discussions. It's not uncommon for Board discussions to be lengthy and intense, requiring a degree of intellectual stamina—in a good way—on the part of participants. The Audit & Supervisory Board, meanwhile, mainly discusses matters designated for its deliberation and regular audits of operations carried out by the non-outside members. Through meetings with executives, discussions with the outside directors, and regular reports from the Internal Auditing Department and accounting auditor, the Audit & Supervisory Board works to keep tabs on and understand management issues and risks. Going forward, key governance issues will include continuing to increase the effectiveness of the Board of Directors and Audit & Supervisory Board, investing in human capital, promoting DX, generating Group synergies, offering new added value as a trading company, and reinforcing internal control. I hope to contribute to addressing these as an outside Audit & Supervisory Board member.



Nobuko Inaba
Audit & Supervisory Board
Member (Outside)

The Present and Future of the Kanematsu Group's Governance

Before Board of Directors meetings, participants are provided with detailed materials about each proposal. These include opinions from various standpoints, based on objective evidence, about risks identified by related divisions as well as the conclusions reached by committees and data on relevant conditions. Ample time is allotted and effort expended to the consideration and discussion of matters before they reach the Board of Directors, and the Company's approach to handling matters of internal control and defensive governance is outstanding. However, while the number of agenda items taken up by the Board of Directors has been decreasing, it remains high, and the ample prior considerations and discussions can also be said to come at the expense of swift management decision making. To survive and thrive going forward, Kanematsu is working to expand its business areas, develop globally, and advance M&A. The success of such efforts will require governance that provides not only a robust defense, but also an offense with speed through the flexible transfer of authority. By incorporating this kind of perspective, I think that Kanematsu will be able to enhance its enterprise value even further.

Message from the Chief Officer of the Internal Auditing Department






Kaori Kusuda
Executive Officer
Chief Officer, Internal
Auditing Dept.; General
Manager, Internal Auditing
Dept.

The Internal Auditing Department carries out audits of operations at Group companies based on an annual audit plan formulated according to a risk-based approach. As a result of the expansion of scale targeted under the medium-term vision, the Kanematsu Group has grown to 134 companies; to handle the manufacturing operating companies, we have hired a staff with experience in auditing manufacturers, ensuring that we can audit a diverse range of transaction types. Also, we require consolidated Group companies to perform self-inspections for the purpose of monitoring the development and operation of control activities at the front lines of operations. We have included new initiatives related to social issues, such as environmental and human rights considerations, into these inspections, and, if their effectiveness and utility is verified, we add them to our list of audit items and thereby enhance our auditing operations. As a new initiative, we are conducting audits along Group-wide themes to identify risks and management issues common across Group companies and are focusing on auditing the effectiveness of group IT controls to assess the status of individual companies' DX promotion, including the use of AI, as well as risks related to the underlying information security.

Kanematsu's founder himself put down the words "Let us sow and nurture the seeds of global prosperity." The Kanematsu Group recognizes the pioneering spirit fostered by our predecessors along with the wise use of our creative imagination and ingenuity, fulfilling our corporate social responsibilities through sound, flourishing businesses, and adherence to Company rules as key parts of its Corporate Principle. We operate in accordance with this principle and our Code of Conduct, striving to carry out corporate activities to serve our various stakeholders

To this end, Kanematsu endeavors to strengthen corporate governance to increase the transparency of management and create a more equitable, efficient, and sound company. We work to improve corporate governance with the aim of increasing our enterprise value and winning the support of all our stakeholders, including shareholders, customers, business partners, and employees.

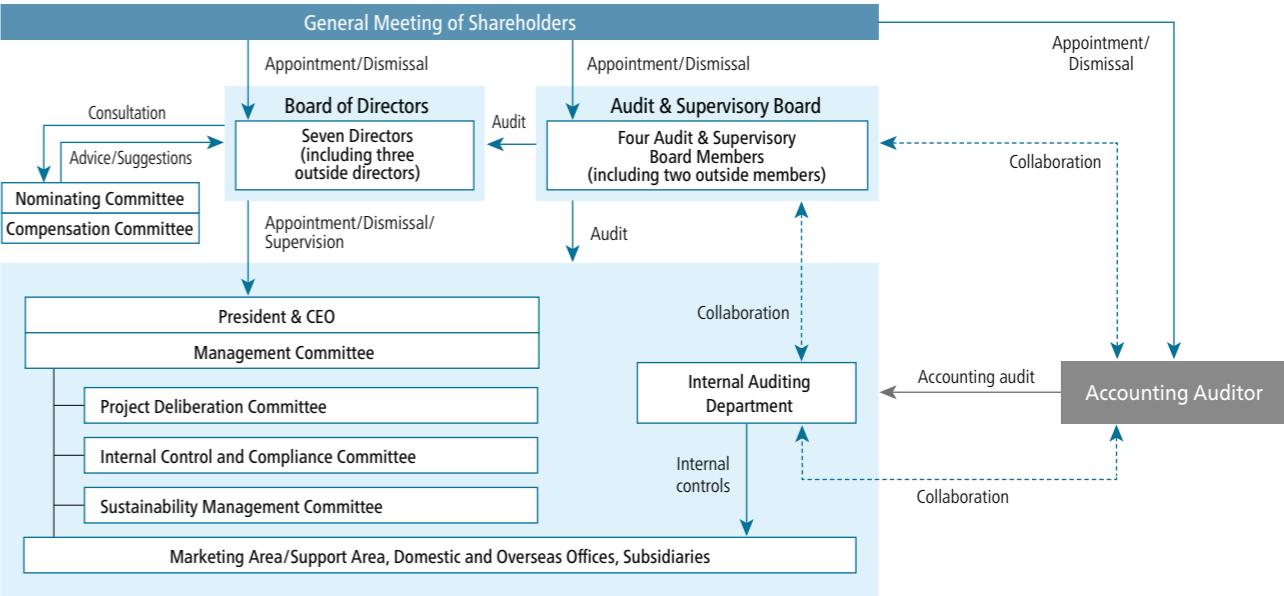
Role and composition of each body

 **Standing**

 **Outside**
 Male Female Male

The Evolution of Our Corporate Governance System (as of the end of the General Meeting of Shareholders following each fiscal year-end)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
System		Expanded the executive officer system									
Committees				Established the Nominating Committee and Compensation Committee							
Directors	10	6	7	7	8	8	6	6	6	7	7
Standing directors	10	5	5	5	5	5	4	4	4	4	4
Outside director	0	1	2	2	3	3	2	2	2	3	3
Outside director ratio	0%	17%	29%	29%	38%	38%	33%	33%	33%	43%	43%
Audit & Supervisory Board members	4	4	4	4	4	4	4	4	4	4	4
Outside Audit & Supervisory Board members	3	2	3	3	3	3	3	2	2	2	2
Nominating Committee	Committee chair			Standing	Standing	Standing	Standing	Standing	Standing	Outside	Outside
	Members			4	4	3	3	3	3	4	4
	(Outside members)			3	3	2	2	2	2	3	3
Compensation Committee	Committee chair			Standing	Standing	Standing	Standing	Standing	Standing	Outside	Outside
	Members			4	4	3	3	3	3	4	4
	(Outside members)			3	3	2	2	2	2	3	3

Corporate Governance Structure (as of June 27, 2023)



Meeting Attendance (Fiscal 2023), Professional Background, and Skill Matrix

		Professional background		Board of Directors		Nominating Committee		Compensation Committee			Management Committee	Audit & Supervisory Board		Skills needed for medium- and long-term management strategy and the Board of Directors								
														Medium- to long-term enhancement of corporate value				Business investment		Sustainability, DX		
		Experience as corporate officer or division chief officer at Kanematsu or as a corporate officer outside the Company	Overseas work experience		FY2023 attendance		FY2023 attendance		FY2023 attendance				FY2023 attendance	Corporate management	Business strategy planning	Human resource management	Governance	Investment decisions	Finance	SDGs (ESG) management thinking	Technology/ DX	Innovation
Kaoru Tanigawa	Chairman	Chief Officer, Electronics & Devices Division; Chief Officer, Corporate Planning; President; Chairman; Chief Officer, Internal Auditing Dept. (incumbent)	U.S.A. (15 years)	○ Presiding officer	20/20	○	5/5				○			◎	◎	○	◎	◎	○	○	◎	○
Yoshiya Miyabe	President & CEO	Deputy Chief Officer, Electronics & IT Division; Chief Officer, Motor Vehicles & Aerospace Division; President (incumbent)	U.S.A. (10 years)	○	20/20			○	4/4		○ Presiding officer			◎	◎	○	○	◎	○	○	◎	◎
Tetsuro Tsutano	Director	Chief Officer, Finance, Accounting, Business Accounting; Chief Officer, Corporate Planning and IT Planning (incumbent)	U.S.A. (4 years)	○	20/20						○				◎		○	◎	◎	◎		◎
Shuji Masutani	Director	Chief Officer, Finance, Accounting, Business Accounting (incumbent)	U.K. (2 years) Germany (2 years)	○	17/17						○						○	◎	◎			
Yuko Tahara	Director (outside, independent)	Outside director (incumbent)		○	20/20	○	5/5	○ Chair	4/4					○		◎					◎	◎
Kazuhiro Tanaka	Director (outside, independent)	Outside director (incumbent)		○	20/20	○ Chair	5/5	○	4/4								◎			◎		
Hiroyuki Sasa	Director (outside, independent)	Outside director (incumbent)	U.S.A. (5 years)	○	17/17	○	5/5	○	1/1					◎	◎	○	◎	◎				○
Motohisa Hirai	Audit & Supervisory Board member	President, an overseas subsidiary (Hong Kong); Audit & Supervisory Board member (incumbent)	Germany (6 years) Hong Kong (3 years)		20/20							○	13/13								◎	
Yoshio Tajima	Audit & Supervisory Board member	Director at a Group affiliate (Electronics & Devices)	Australia (4 years) U.S.A. (5 years)		—							○	—								◎	
Yusaku Kurahashi	Audit & Supervisory Board member (outside, independent)	Outside Audit & Supervisory Board member (incumbent)			19/20							○	13/13								◎	
Nobuko Inaba	Audit & Supervisory Board member (outside, independent)	Outside Audit & Supervisory Board member (incumbent)			18/20							○	13/13	○							◎	

Notes:
1. Areas in which individuals possess expertise and experience are marked with "○," while areas in which they are particularly expected to contribute are marked with "◎."
2. Director Hiroyuki Sasa was appointed at the June 24, 2022 General Meeting of Shareholders, the numbers of meetings of the Board of Directors and Audit & Supervisory Board that he was eligible to attend differ from those for the other directors and Audit & Supervisory Board members.
3. Audit & Supervisory Board member Yoshio Tajima was appointed at the June 27, 2023 General Meeting of Shareholders.

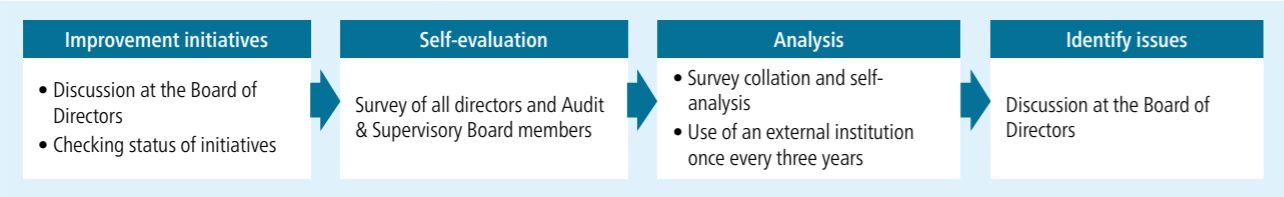
Details regarding the professional background of each director and Audit & Supervisory Board member are available in the Notice of the 129th Ordinary General Meeting of Shareholders.

Notice of the 129th Ordinary General Meeting of Shareholders p. 20
https://www.kanematsu.co.jp/en/ir/files/Notice_of_the_129th_ordinary_general_meeting_of_shareholders.pdf

Evaluating the Effectiveness of the Board of Directors

Each year, Kanematsu implements evaluations of the effectiveness of the Board of Directors to identify issues to address in the following year and confirm the status of measures undertaken to address issues identified the previous year. Through this process of evaluation and the implementation of measures to address issues identified, Kanematsu works to continually improve the effectiveness of the Board of Directors. The Board of Directors and its secretariat implemented the measures listed below in fiscal 2023. We will continue working to resolve issues on an ongoing basis.

Board of Directors Effectiveness Evaluation Process



Initiatives to Address Issues Identified in the Previous Year

Issues	Initiatives in Fiscal 2023
Board of Directors composition	<ul style="list-style-type: none">Secured the diversity of members and discussed skills needed in the Board of Directors identified in the skill matrix. Decided to seek an outside director with corporate management experience from the perspective of promoting investment, part of the future 135 medium-term vision.
Board of Directors discussions and operations	<ul style="list-style-type: none">Enhanced prior explanations of agenda items by the Board's secretariat for outside directors to improve the quality of Board of Directors discussions.Discussed Group growth strategy, focusing on Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation.Worked toward the establishment of a human capital policy.
Knowledge and training necessary for Board members	<ul style="list-style-type: none">Held training for officers with external experts on business and human rights, a training topic highly requested in effectiveness evaluations due to its importance to sustainability.Executive officers provided explanations of businesses by theme to enhance outside directors' understanding of business execution.
Dialogue with shareholders and investors	Shared transcripts of IR meetings at the Board of Directors
Other/Overall	Reinforced monitoring functions related to sustainability based on regular reports from the Sustainability Management Committee.

Survey Items

- Board of Directors composition
- Board of Directors operation and discussions
- Support system and training for directors and Audit & Supervisory Board members
- Dialogue with shareholders and investors
- Opinions on the overall operation of the Board of Directors

Issues to Address Going Forward

- Medium- and long-term management strategy; formulating the next medium-term business plan
- Identifying the skills needed in directors under the next medium-term business plan
- Medium- and long-term growth strategy; approach to financial and non-financial aspects
- AI and other new technologies
- Utilizing human capital and personnel system reform
- Support system for outside directors
- Group growth strategy, focusing on DX/GX

Director and Audit & Supervisory Board Member Compensation

Total Compensation (Fiscal 2023)

	Total Compensation (millions of yen)	Total Compensation by Type (millions of yen)			Number of Individuals Receiving Compensation
		Monetary Compensation		Non-monetary Performance-linked Stock Compensation	
		Basic Compensation	Performance-linked Compensation		
Directors (excluding outside directors)	240	150	40	49	5
Outside Directors	28	28	–	–	3
Audit & Supervisory Board Members (excluding outside members)	57	57	–	–	2
Outside Audit & Supervisory Board Members	19	19	–	–	2
Total	344	255	40	49	12

Basic Policy

Kanematsu's basic policy for director compensation is to adopt a compensation system that is linked to the interests of shareholders in order to ensure that the system sufficiently incentivizes the sustainable enhancement of corporate value while also ensuring that the compensation of individual directors is set at levels appropriate to their respective responsibilities. Specifically, compensation for executive directors consists of basic compensation as fixed compensation, performance-linked compensation, and stock compensation. Compensation for Outside Directors, who provide oversight, consists of only basic compensation in light of their duties.

Director and Audit & Supervisory Board Member Compensation System

Executive Directors

Basic Compensation

Monthly fixed compensation

+

Performance-Linked Compensation

- Cash compensation that reflects the performance indicator (profit for the year attributable to owners of the Parent)
- An amount calculated based on the performance indicator (profit for the year attributable to owners of the Parent) and its value is paid as a bonus once a year
- Total payment amount: 0.25% of profit for the year attributable to owners of the Parent (or ¥0 if profit for the year attributable to owners of the Parent is less than ¥5.0 billion) or ¥50 million, whichever is less
- The amounts paid to individual directors are determined by dividing the total payment amount in proportion to points set out for each rank

Rank-Based Points and Maximum Individual Payment Amounts

Rank	Chairman of the Board of Directors President	Vice President	Director and Senior Managing Executive Officer	Director and Managing Executive Officer	Director and Senior Executive Officer	Director and Executive Officer
Points	1.0	0.74	0.59	0.53	0.45	0.37
Maximum individual payment (thousands of yen)	14,400	10,700	8,500	7,600	6,500	5,300

- Individual payment amount formula:
Individual payment amount = Total payment amount × The individual's rank-based points ÷ Sum of rank-based points awarded to all directors

+

Stock Compensation

- Stock compensation that reflects the performance indicator (profit for the year attributable to owners of the Parent); the number of shares to be granted is calculated in accordance with the level of achievement of performance targets set forth in the medium-term business plan and other factors, and shares are delivered upon retirement
- This compensation is also granted to executive officers
- Compensation is the total of amounts calculated each year during the term of the medium-term business plan (April 1, 2018 to March 31, 2024) (amounts less than ¥1 are rounded up to the nearest yen)

Stock compensation = Amount of performance-linked stock compensation × The individual's rank-based points ÷ Sum of rank-based points awarded to all directors

Profit for the year attributable to owners of the Parent	Less than ¥5.0 billion	¥5.0 billion to less than ¥25.0 billion	¥25.0 billion to less than ¥30.0 billion	¥30.0 billion or above
Performance-linked stock compensation amount formula	0	Profit for the year attributable to owners of the Parent × 0.18%	Profit for the year attributable to owners of the Parent × 0.20%	¥60 million

- Individual payment formula (for individuals who were directors on the final day of the evaluation period)
Stock issuance points = Stock compensation amount ÷ Per-share book value of Kanematsu stock held by the trust
- Maximum Shares (Stock Issuance Points) Awarded per Fiscal Year

Rank	Chairman of the Board of Directors President	Vice President	Director and Senior Managing Executive Officer	Director and Managing Executive Officer	Director and Senior Executive Officer	Director and Executive Officer
Maximum shares (stock issuance points)	53,000	39,000	31,000	28,000	23,000	19,000

The funds to be contributed by the Company to acquire Company shares needed to for delivery to directors have been set at ¥450 million; shares may be acquired through the stock market or through the disposal of treasury stock.

15%–30% of total compensation

40%–70% of total compensation

Policy and methods for deciding compensation amounts and calculation methods

Board of Directors

- Decides amounts within the maximum amount of director compensation decided by resolution of the General Meeting of Shareholders.
- Decides calculation methods and amount determination policies based on recommendations from the General Meeting of Shareholders

15%–45% of total compensation

Compensation Committee

- Deliberates on policy for determining the content of compensation for individual directors, the content of compensation, the basic policy necessary to make resolutions on these, rules, and procedures and makes recommendations to the Board of Directors.

Outside Directors

Basic Compensation

Outside directors are paid only monthly compensation and are not paid performance-linked compensation.

Audit & Supervisory Board Members

Basic Compensation

Audit & Supervisory Board members are paid monthly compensation determined by the Audit & Supervisory Board and are not paid performance-linked compensation.

Internal Control

The Kanematsu Group's Internal Control System

To provide systems for ensuring appropriate business operations as stipulated in the Companies Act and the Regulations for Enforcement of the Companies Act, Kanematsu has adopted the “Basic Policy on the Establishment of Internal Control Systems” by resolution of the Board of Directors (established May 1, 2006, last amended June 24, 2022). The Company maintains and operates an internal control system in accordance with this basic policy.

In addition, in line with internal control reporting systems defined in the Financial Instruments and Exchange Law, we have established the “Kanematsu Group's Internal Control Overall Policy”. The effectiveness of internal control

regarding Groupwide governance, settlement of accounts, IT, and operational processes is internally monitored by the companies and divisions that implement such operations as well as by the Legal and Compliance Department, which provides independent assessment.

Furthermore, we have established the Internal Control and Compliance Committee, which is chaired by Chairman Tanigawa, to head the Group's overall internal control. This committee carries out planning, conducts research, and provides recommendations and guidance regarding internal control development, operation, and assessment.

Compliance

The Internal Control and Compliance Committee provides support and guidance to ensure that the Group maintains proper compliance. As part of such efforts, the committee has prepared the Kanematsu Group Compliance Handbook, which explains related measures with concrete examples and clearly states that the Group rejects any and all ties with antisocial forces. The Handbook has been made available through the Company intranet to promote thorough awareness. The Handbook also clearly lays out the system of division and Group company compliance officers, rules for reporting Compliance Matters,* and the hotline systems for directly reporting to and consulting with Internal Control and Compliance Committee members or external counsel.

In addition to the Handbook, we are implementing internal training to promote strict compliance, including the prevention of bribery and corruption. To educate employees about harassment, we have prepared and circulate a Harassment Handbook that features concrete examples, and we highlight examples of harassment as part of our internal compliance training. We also implement management training on handling reports and incidents of bullying and harassment. Through these efforts, we are working to further instill and enhance compliance awareness on an ongoing basis.

Furthermore, at meetings of Group company presidents, which bring together the top management of Kanematsu and its main subsidiaries and affiliates, participants discuss Groupwide issues and share information related to internal control, compliance, and risk management.

When a Compliance Matter occurs within the Group, it is promptly reported to the Internal Control and Compliance Committee, which provides opinions and directions regarding the matter as necessary. The compliance officer of the division or Group company where the matter occurred then takes corrective action and implements measures to prevent recurrences, respecting the committee's opinions and directions to the greatest extent possible.

* “Compliance Matter” means matters which may damage company property or reputation of Kanematsu Group through violation of laws and regulations, company regulations or general societal norms.

Bribery Prevention Initiatives

The Kanematsu Group Compliance Handbook lays out the Group's prohibitions on bribery and excessive gifts and entertainment for business partners, both in Japan and overseas, with a view to ensuring fair business activities.

1. Prohibition of Bribery

Under the laws of the countries in which the Group operates, the Kanematsu Group's officers and employees are forbidden from engaging in the bribery of public officials or persons in comparable positions (such as officers and employees of JBIC, JETRO, JICA, or foreign state-run companies).

2. Prohibition of Excessive Gifts and Entertainment

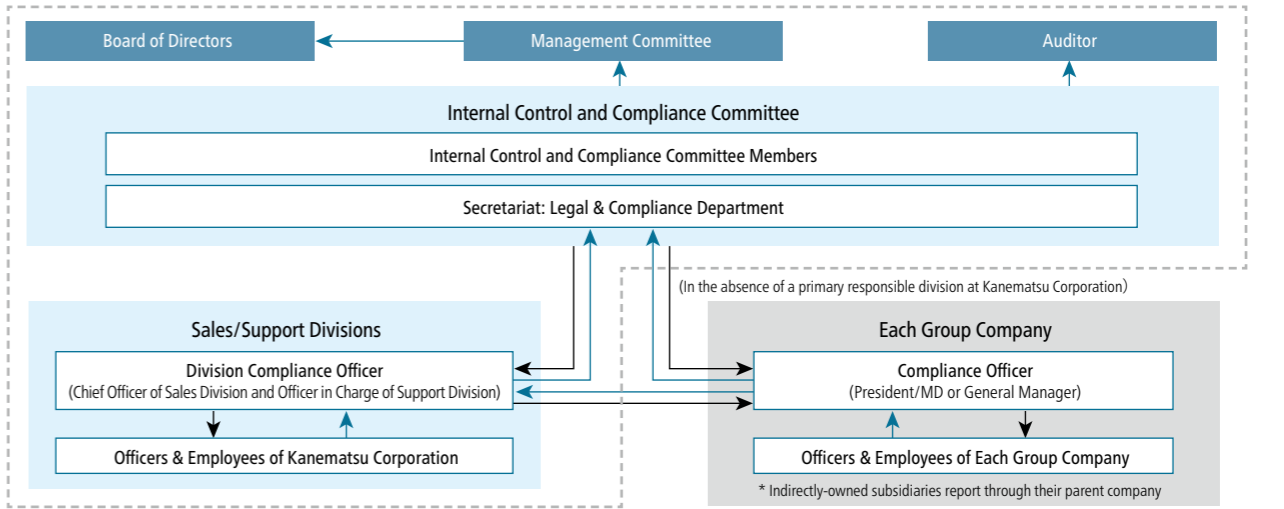
The Kanematsu Group prohibits the provision of entertainment, gifts, or other tangible or intangible benefits in excess of reasonable, socially acceptable norms to officers and employees of business partners, whether in Japan or overseas, regardless of whether they are public or quasi-public officials or officers or employees of private companies and regardless of whether such provision is funded by the Company or personally by individuals. In addition, when entertainment or gifts are provided to business partners for legitimate business purposes, such entertainment or gifts must be applied for and approved in advance in accordance with the internal rules established by each Group company.

3. Raising Awareness of Compliance with the Laws of Relevant Countries

The Kanematsu Group takes steps to raise awareness internally of compliance not only with Japan's Unfair Competition Prevention Act, but also with laws under which acts committed by Japanese companies outside the United States or United Kingdom are punishable, such as the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act.

In fiscal 2023, there were zero violations of policies related to preventing corruption.

Diagram of the Kanematsu Group Compliance System (as of June 27, 2023)



Information Management System

Information Asset Categorization

Under the leadership of departmental information officers (chief officers of business divisions and administrative departments), each organization within Kanematsu organizes the information assets handled in its business operations into three categories of confidentiality (strictly confidential, internal use only, and general). The categorization is reviewed annually to promote awareness among officers and employees.

Information Asset Categorization

Important information assets categorized as strictly confidential or internal use only, whether recorded on paper, in digital form, or using other analog media, are managed and utilized in accordance with the Information Asset Management Rules, which stipulate procedures for their appropriate handling, as well as detailed regulations for general employees and information system managers that specify procedures and key points to be observed.

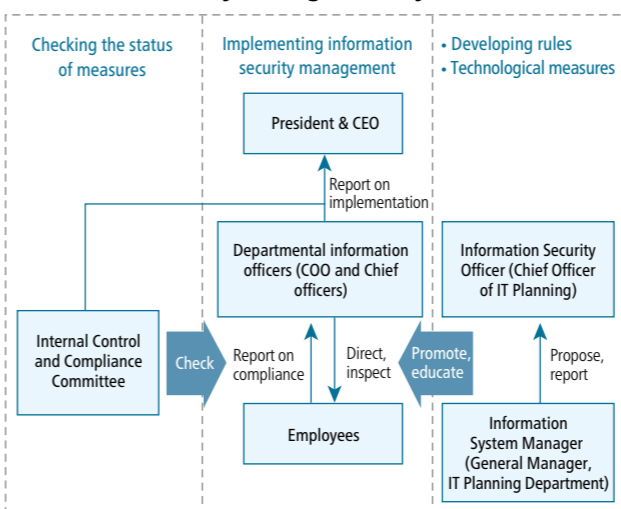
Information Asset Categorization

In light of the demand for digitization, detailed rules for document retention have been integrated into the subordinate rules of the Information Asset Management Rules, and data and paper documents are retained for a specified period of time in accordance with relevant laws and regulations.

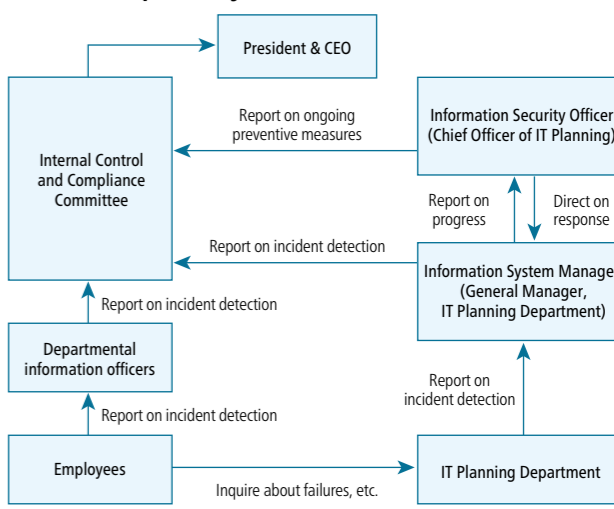
Information Asset Categorization

Because the risk of information leaks cannot be completely eliminated, Kanematsu has designated procedures for handling leaks of important information assets and other such incidents. In the event of such an incident, the Internal Control and Compliance Committee gathers information and works with relevant departments to implement a response.

Information Security Management System



Incident Response System



Risk Management System

The Kanematsu Group has established the following framework for managing risks by risk category. Specific risk countermeasures are disclosed in the notice of the Ordinary General Meeting of Shareholders and in the annual Securities Report (in Japanese).

Risk Management System (Japanese) <https://www.kanematsu.co.jp/ir/library/yuho.html>

Business Risk Categories, Definitions, and Departments Responsible

The Risk Management Guidelines categorize and define the Kanematsu Group's business risks and specify the primary department responsible for the management of each. The designated departments regularly take steps to identify specific risks, understand the mechanisms of risk realization, frequency, and impact, formulate responses for when risks are realized, and gather information to detect signs of risks.

The Kanematsu Group has established an internal approval request system based on the Rules on Delegation of Authority for making judgments and decisions about business risks. The Project Deliberation Committee evaluates important investments and loans, including their execution, continuance, and withdrawal, based on the comprehensive examination of relevant risks, aiming to minimize the Group's losses and promote sound business growth.

Category	Subcategory	Definition	Department responsible
Market risk	Commodity risk	The risk of incurring losses on trading of commodities and other goods in Japan or overseas due to severe fluctuations in commodities markets or declining demand as a result of changes in market conditions, price reductions due to competition, obsolescence due to technological innovation, etc.	Business Accounting Department
	Exchange rate risk	The risk of incurring losses on transactions denominated in foreign currencies due to exchange rate fluctuations	Finance Department
	Interest rate risk	The risk of incurring losses due to interest rate fluctuations	Finance Department
	Investment risk	<ul style="list-style-type: none">• The risk of incurring losses in investment transactions of marketable securities due to stock market fluctuations, etc.• The risk of incurring losses due to inability to liquidate investments	Credit Control Department
Credit risk	Business investment risk	<ul style="list-style-type: none">• The risk of incurring losses due to fluctuations in the value of business investments made to further develop existing businesses or expand business areas attributable to market risks or investees' financial condition or business success or failure• The risk of incurring losses due to inability to develop businesses as planned or withdraw because of local laws or relationships with partners, etc.	Corporate Planning Department
	Transactional credit risk	<ul style="list-style-type: none">• The risk of incurring losses due to late repayments or defaults on credit extended by the Group, such as accounts receivable, advance payments, loans, and guarantees, because of deterioration in the financial standing of trading partners, etc.• The risk of being forced to honor obligations and thereby incur a monetary loss due to a trade partner's default on its obligation or contract in the course of forming and carrying out commodity supply agreements, subcontract agreements, or other agreements	Credit Control Department
	Country risk	The risk of incurring losses in overseas transactions, investments, and loans due to the suspension of foreign payments because of political and economic conditions in the relevant country, etc.	Credit Control Department
	Legal risk	The risk of incurring additional costs or other losses due to changes in laws and regulations or differences in the recognition or interpretation of contracts with business partners	Legal and Compliance Department
Operational risk	Information security risk	<ul style="list-style-type: none">• The risk of negative effects on corporate activities due to information, either in tangible or intangible form, not being properly stored or preserved• The risk of incurring damages due to the leaking of confidential or personal information	IT Planning Department (General Affairs Department)
	Environmental risk	The risk of incurring business disadvantage due to being avoided by business partners or society as a result of actions that are detrimental to the environment	General Affairs Department
	Operation risk	The risk of incurring losses due to designated business processes not being carried out or being overlooked despite having in place internal rules and regulations governing corporate activities	Support divisions
	Compliance risk	The risk of incurring tangible or intangible losses due to the occurrence of legal or regulatory violations or wrongdoing as a result of such issues being overlooked despite having in place preventive countermeasures	Legal and Compliance Department (Logistics and Insurance Dept, Food Safety Management Office)

Business Investment Process

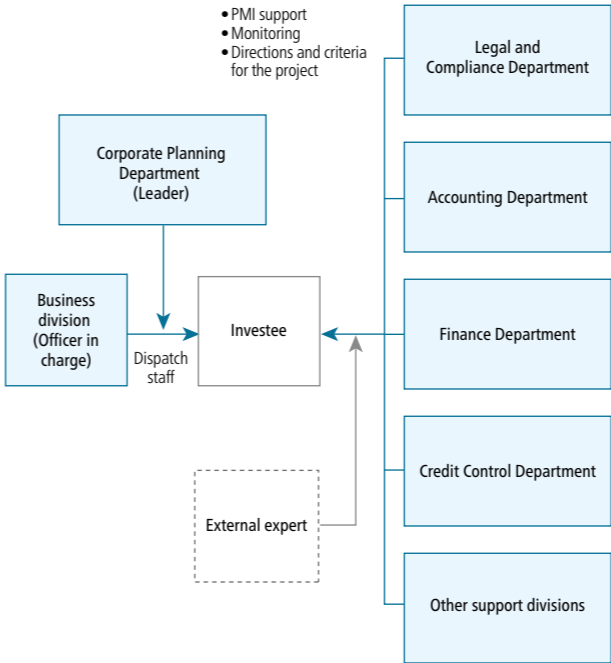
The Kanematsu Group does not pursue investment to secure short-term gains, rather, it does so with the general assumption that investments will be held long-term. After executing an investment, we make full use of the Group's functions to maximize the enterprise value of the investee, increase trading revenue, and improve consolidated earnings.

In addition, in order to grow business revenue and ensure prompt withdrawal from inefficient investments, we conduct thorough periodic reviews and monitor investees, evaluating them both qualitatively (the purpose of holding the investment) and quantitatively (related revenue, dividend income, and other returns, etc.) to determine whether each investment justifies the Company's cost of capital.

Decision-Making Process



Business Investment Process Support System



Post-Merger Integration Promotion System

The Kanematsu Group works to enhance its system for ongoing post-merger integration (PMI) to ensure that investees are appropriately managed as members of the Group and maximize their enterprise value. Specifically, the qualitative standards of the investment guidelines applied when making an investment include provisions for clarifying the officer at Kanematsu responsible for PMI and dispatching a representative from Kanematsu who is highly knowledgeable about the investee's business. This is intended to promote close collaboration with Kanematsu's support divisions, which offer sophisticated expertise, and thereby make maximum use of the Company's functions.

Monitoring and Asset Replacement

At their monthly information sharing meetings, the support divisions share information about everything from pre-approval investment planning to post-investment monitoring, progress, and items of concern. This information is also reported to members of the Management Committee.

When a problem arises in business implementation following an investment, the support divisions issue directions for improvement to the relevant business divisions and report on related measures and plans to Kanematsu's deliberative bodies as necessary.

Based on monitoring, we advance the replacement of low-efficiency assets and businesses when they meet our exit criteria or their strategic purpose in the portfolio has diminished.

Groupwide Activities

Group company presidents meet twice a year and as necessary to share information on Groupwide business activities. These meetings are aimed at ensuring mutual understanding and awareness with regard to corporate governance issues.

Directors and Audit & Supervisory Board Members



Kaoru Tanigawa
Chairman
Shares held: 38,600
1981 Joined Kanematsu-Gosho Ltd.
2015 Director, Senior Managing Executive Officer
2017 President
2021 Chairman (incumbent)



Yoshiya Miyabe
President & CEO
Shares held: 26,100
1983 Joined Kanematsu-Gosho Ltd.
2018 Director, Senior Managing Executive Officer
2021 President (incumbent)



Tetsuro Tsutano
Director
Shares held: 25,600
1992 Joined Kanematsu Corporation
2017 Director, Executive Officer
2018 Director, Senior Executive Officer (incumbent)



Shuji Masutani
Director
Shares held: 4,000
1990 Joined Kanematsu Corporation
2021 Executive Officer
2022 Director, Executive Officer (incumbent)



Yuko Tahara
Director (Outside)
Shares held: 0
1998 President and CEO, Basic Inc. (incumbent)
2012 Representative Director, Knowledge Management Lab (incumbent)
2018 Outside Director & Member of the Audit and Supervisory Committee, Sanyo Homes Corporation (incumbent)
2019 Outside Director, Kanematsu Corporation (incumbent)
2021 Professor, School of Professional Education, The Graduate School of Information & Communication (now the Graduate School of Social Design) (incumbent)



Kazuhiro Tanaka
Director (Outside)
Shares held: 0
2010 Professor, Graduate School of Commerce and Management, Hitotsubashi University
2018 Professor, Graduate School of Business Administration, Hitotsubashi University (incumbent)
2019 Dean, Graduate School of Business Administration and Faculty of Commerce and Management, Hitotsubashi University
2020 Outside Director, Kanematsu Corporation (incumbent)



Hiroyuki Sasa
Director (Outside)
Shares held: 0
2012 Director, Representative Executive Officer, President, Olympus Corporation
2019 Director, Olympus Corporation
2020 Outside Director, Kyosan Electric Manufacturing Co., Ltd. (incumbent)
2022 Outside Director, Kanematsu Corporation (incumbent)



Motohisa Hirai
Audit & Supervisory Board Member (full-time)
Shares held: 5,400
1976 Joined Kanematsu-Gosho Ltd.
2014 Senior Managing Director, Kanematsu-NNK Corporation (now Kanematsu Sustech Corporation)
2020 Audit & Supervisory Board Member, Kanematsu Corporation (incumbent)



Yoshio Tajima
Audit & Supervisory Board Member (full-time)
Shares held: 600
1984 Joined Kanematsu-Gosho Ltd.
2014 Director, Kanematsu Communications Ltd.
2016 Managing Director, Kanematsu Communications Ltd.
2017 Director, Managing Executive Officer, Kanematsu Communications Ltd.
2023 Audit & Supervisory Board Member, Kanematsu Corporation (incumbent)



Yusaku Kurahashi
Audit & Supervisory Board Member (Outside)
Shares held: 0
2007 Registered as attorney at law and joined Nakamura, Tsunoda & Matsumoto
2015 Partner of Nakamura, Tsunoda & Matsumoto (incumbent)
2019 Audit & Supervisory Board Member, Kanematsu Corporation (incumbent)
2020 Outside Director (Audit & Supervisory Committee Member), UNITED ARROWS LTD. (incumbent)
2023 Opened Kurahashi Law Office Representative Partner, Kurahashi Law Office (incumbent)



Nobuko Inaba
Audit & Supervisory Board Member (Outside)
Shares held: 0
2005 President, Inaba C.P.A. Office (incumbent)
2007 Representative Director, PAS Corporation (now Hayabusa Consulting Corporation) (incumbent)
2014 Outside Audit & Supervisory Board Member, Tokyo TY Financial Group, Inc (now Tokyo Kiraboshi Financial Group, Inc.) (incumbent)
2019 Outside Corporate Auditor, DeNA Co., Ltd. (incumbent)
2021 Audit & Supervisory Board Member, Kanematsu Corporation (incumbent)
Senior Partner, Yasumori Audit Corporation (incumbent)

1 Ms. Yuko Tahara, Mr. Kazuhiro Tanaka and Mr. Hiroyuki Sasa are outside directors.
2 Mr. Yusaku Kurahashi and Ms. Nobuko Inaba are outside Audit & Supervisory Board members.
3 Ms. Yuko Tahara, Mr. Kazuhiro Tanaka, Mr. Hiroyuki Sasa, Mr. Yusaku Kurahashi, and Ms. Nobuko Inaba are independent officers, as defined by the Tokyo Stock Exchange.

Executive Officers



Yoshiya Miyabe
President & CEO



Toshihide Motoshita
Senior Managing Executive Officer
Chief Officer, Credit Control, Legal and Compliance



Eiji Kan
Senior Managing Executive Officer
COO Steel, Materials & Plant, Green Transformation Committee Chair
General Manager, Osaka Branch; General Manager, Nagoya Branch



Masahiro Harada
Managing Executive Officer
COO Electronics & Devices, Digital Transformation Committee Chair



Tetsuro Tsutano
Senior Executive Officer
Chief Officer, Corporate Planning, IT Planning, Technologies and Business Collaboration



Ryoichi Kidokoro
Senior Executive Officer
COO Motor Vehicles & Aerospace



Hiroshi Yamashina
Senior Executive Officer
Chief Officer, Human Resources, General Affairs, Logistics & Insurance



Osamu Iwata
Executive Officer
Chief Officer, Steel, Materials & Plant



Yoichiro Muramatsu
Executive Officer
President, Kanematsu GmbH; President, Kanematsu Europe PLC; General Manager, Milano Office; General Manager, The Representative of Kanematsu GmbH Budapest



Jun Nakajima
Executive Officer
COO Grain, Oilseeds & Feedstuff



Toru Hashimoto
Executive Officer
COO Meat Products



Koichi Nishimura
Executive Officer
COO Foods



Akihiro Fujita
Executive Officer
President, Kanematsu USA Inc.; General Manager, Chicago Head Office



Kaori Kusuda
Executive Officer
Chief Officer, Internal Auditing Dept.; General Manager, Internal Auditing Dept.



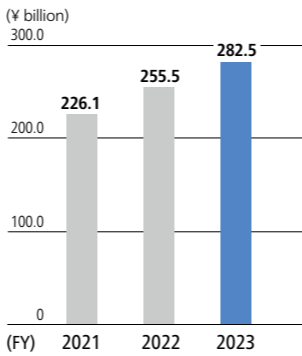
Shuji Masutani
Executive Officer
Chief Officer, Finance, Accounting, Business Accounting

Electronics & Devices

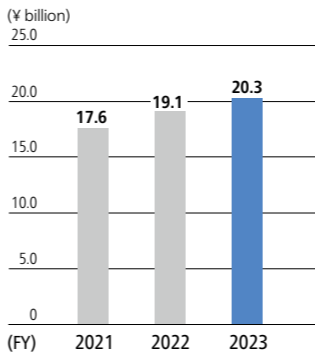


- Semiconductor Equipment
- Electronic Components and Materials
- Industrial Electronics
- Semiconductors & Devices
- ICT Solutions
- Mobile
- CCTV Systems
- Data, AI, and SaaS

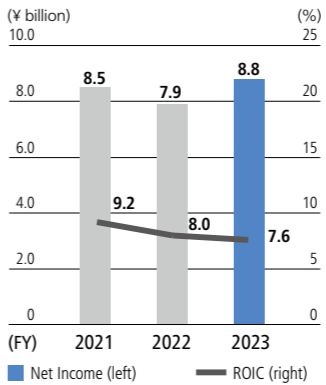
Revenue



Operating Profit

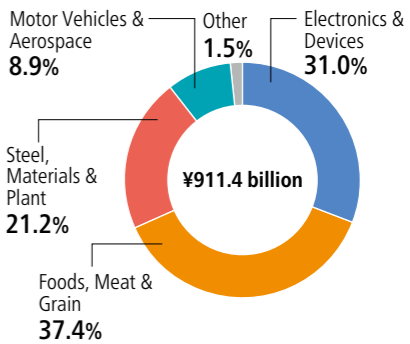


Net Income*/ROIC

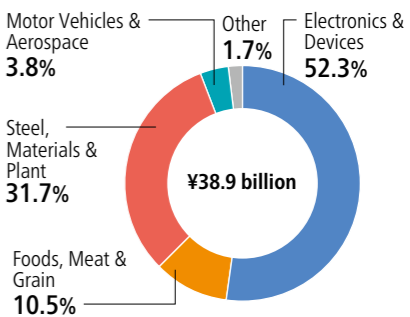


(FY2023)

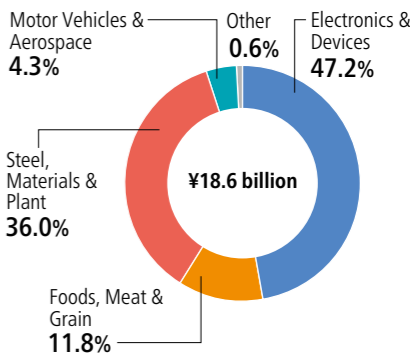
Revenue



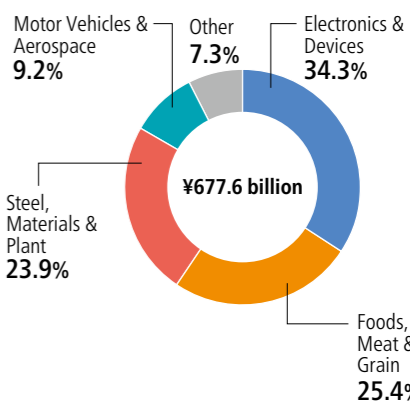
Operating Income



Net Income*



Total Assets



Foods, Meat & Grain



Foods

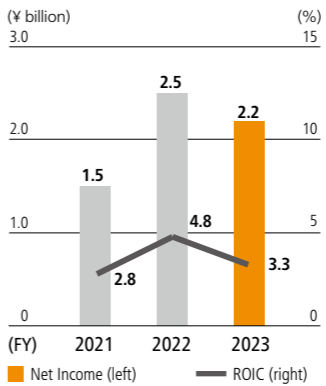
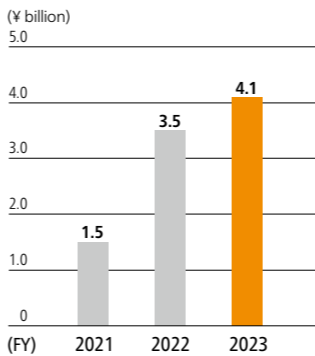
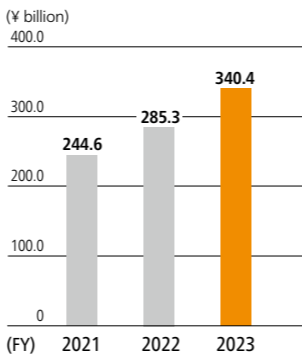
- Foods (Agricultural Products, Marine Products, Beverages, Liquor)
- Cooked and Processed Foods
- Processed Agricultural Products

Meat Products

- Meat Product Ingredients (Beef, Pork, Poultry, etc.)
- Processed Meat Products

Grain, Oilseeds & Feedstuff

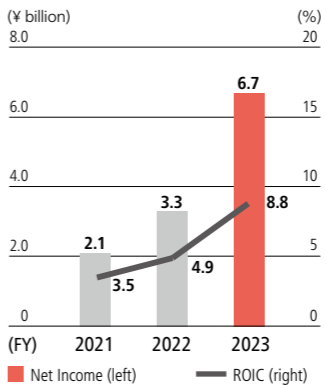
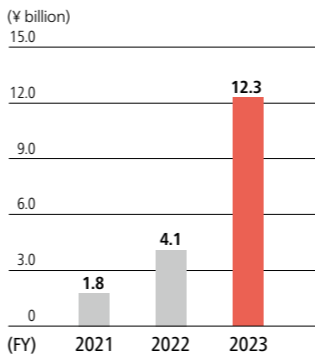
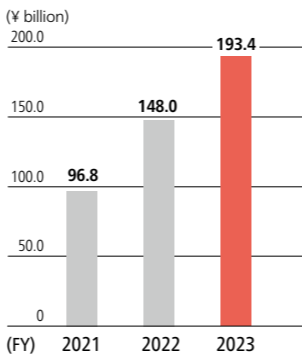
- Grain, Food Soybeans, Oilseeds
- Feedstuff Materials, Mixed Feedstuff



Steel, Materials & Plant



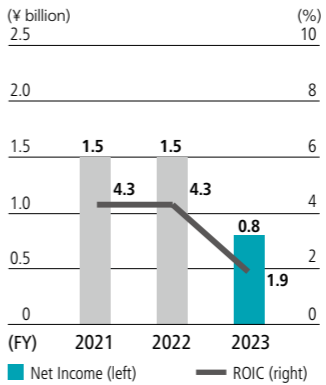
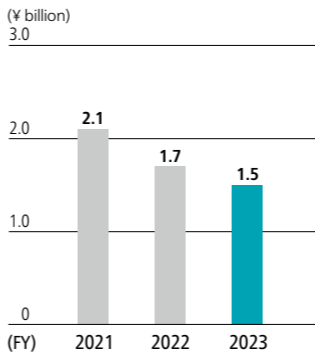
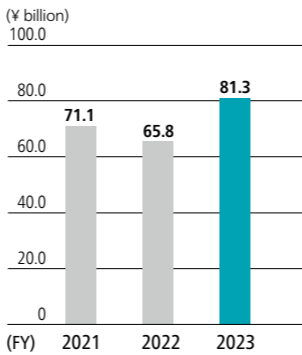
- Steel
- Steel Tubing
- Chemicals
- Energy
- Plant & Ships
- Machine Tools & Industrial Machinery



Motor Vehicles & Aerospace



- Motor Vehicles and Parts
- Aerospace



* Profit for the year attributable to owners of the Parent

Electronics & Devices

Semiconductor Equipment, Electronic Components and Materials, Industrial Electronics, Semiconductors & Devices, ICT Solutions, Mobile, CCTV Systems, Data, AI, SaaS



Masahiro Harada
Managing Executive Officer
COO Electronics & Devices

The Electronics & Devices segment handles a value chain spanning ICT solutions, mobile, and electronics-related materials parts, devices and equipment, providing unique added value across a wide range of fields. Using our solid technological prowess and wealth of know-how in electronics, we are advancing new initiatives in the IoT and AI fields and offering new value to contribute to society.

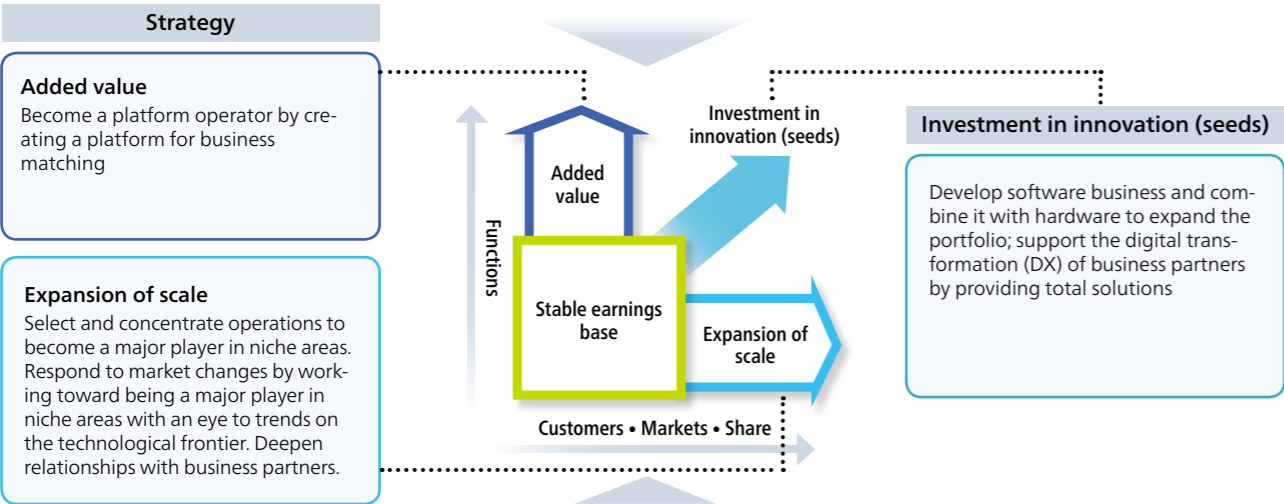
Key SDGs

The Electronics & Devices segment employs constantly evolving digital technologies to engage in new business, helping to build foundations for industry and technological innovation. The segment is also contributing to efforts to combat climate change by expanding businesses related to next-generation batteries, including lithium-ion batteries and solid-state batteries. By supporting the use of IT and DX in traditional industries, we hope to build organic partnerships, increase the overall efficiency and added value of industry, and help achieve the SDGs.



Medium- to Long-Term Market Outlook

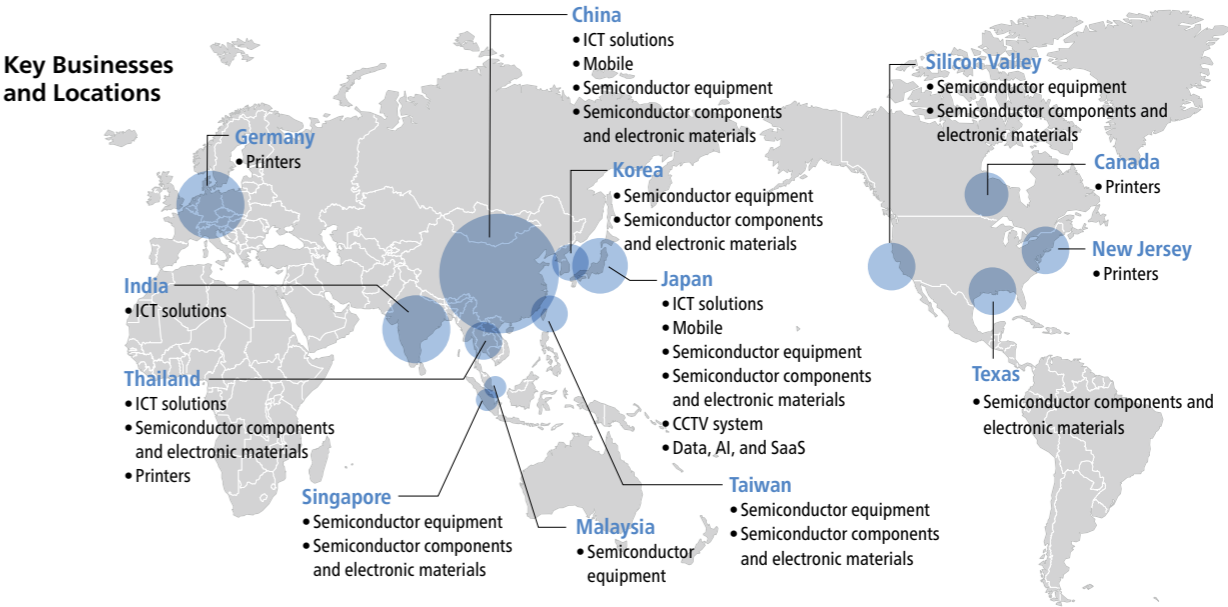
The market is expanding and changing extremely quickly. The keys to success will be selection and concentration and being keenly alert to advanced technologies



Progress toward the Medium-Term Vision: Main Initiatives in Fiscal 2023

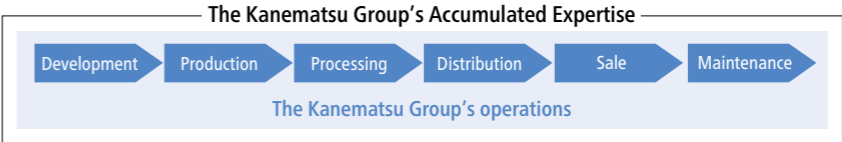
In the ICT solutions business, we acquired shares in an infrastructure and systems development contractor, making it consolidated subsidiary. Further business expansion is expected in the public and educational sectors. We also acquired additional shares in GLOBAL SECURITY EXPERTS Inc., which operates wide-ranging businesses in the information security field, strengthening our ability to meet growing security demand. In the mobile business, we advanced efforts to acquire a primary distributor of telecommunications operators based in the Kansai area as well as secondary distributors across Japan as subsidiaries and worked to improve operational efficiency at

the individual store level. In the semiconductor component and equipment businesses, we acquired a Singapore-based depaneler manufacturer, while in the electronic devices and materials businesses we acquired a Canada-based manufacturer of passport photo printing systems. Through such business investment across the segment's business fields, we advanced the expansion of scale and acquisition of added value—priority initiatives of the *future135* medium-term vision. In fiscal 2023, the final year of the medium-term vision, we will continue to advance the priority initiatives toward the achievement of the vision's targets.



The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the electronics and devices industry, leveraging a multilateral, multifaceted business creation perspective.



Business Environment

Opportunities	Action Plan
<ul style="list-style-type: none">• Entrenchment of remote work• The creation and expansion of related technology and service markets driven by the adoption of AI, IoT, robotics, and 5G• Accelerating DX and GX initiatives at companies in Japan	<ul style="list-style-type: none">• Provide solutions and services in such areas as VDI and connectivity to reinforce the earnings base of the ICT solutions and mobile businesses• Provide new value to expand opportunities for profit by offering related solutions in the ICT solutions and mobile businesses as well as related products in the semiconductor component and equipment businesses and the electronic devices and materials businesses• Promote M&A and innovation investment in solutions providers, including startups, and expand profit through synergies with existing businesses
Risks	Countermeasures
<ul style="list-style-type: none">• Increasing sophistication and complexity of information security, shortage of specialized professionals, and tightening regulations• Industry reorganization, the impact of core technologies, and technological innovation• Supply chain interruptions due to changing international conditions or geopolitical risks	<ul style="list-style-type: none">• Acquire and expand solutions platforms based on capital alliances and partnerships with companies in and outside Japan that have specialized technologies• Expand scale by acquiring companies and businesses and acquire and develop new products and solutions through innovation investment• Optimize supply chains by expanding the functions of overseas locations and diversify the portfolio using advanced technologies

Longstanding Relationships A Word from Our Business Partner

JAPAN PURE CHEMICAL is a chemical product manufacturer engaged in the development, manufacture and sale of noble metal plating chemicals for electronic components and semiconductors. Our business with the Kanematsu Group goes back more than 30 years—more than half of our 53-year history. Over the years, as the manufacturing of electronic components rapidly shifted first from Japan to Taiwan and then from Taiwan to mainland China, the Kanematsu Group leveraged its customer network to provide us with immense support in marketing our

products overseas. Personnel exchange, including sending our engineers to the Kanematsu Group's overseas locations and receiving staff dispatched from the Kanematsu Group, helped us enhance customer satisfaction. In cutting-edge electronics manufacturing, the importance thereby connecting directly with customers, and of building personal networks, is a constant. Going forward, we will combine our strengths as manufacturer with the Kanematsu Group's network strengths to aim for synergistic growth.



Tomoyuki Kojima
Representative Director and President
JAPAN PURE CHEMICAL CO., LTD.

Foods, Meat & Grain
Foods

Foods (Agricultural Products, Marine Products, Beverages, Liquor), Cooked and Processed Foods, Processed Agricultural Products



Koichi Nishimura
Executive Officer,
COO Foods

Committed to safe, secure food, this division applies a manufacturer's perspective to maintain an integrated supply system spanning raw material procurement through finished product processing.
With a broad lineup that includes agricultural products, marine products, coffee, alcoholic and non-alcoholic beverages, and cooked foods, the Foods Division meets diverse market needs.

Key SDGs

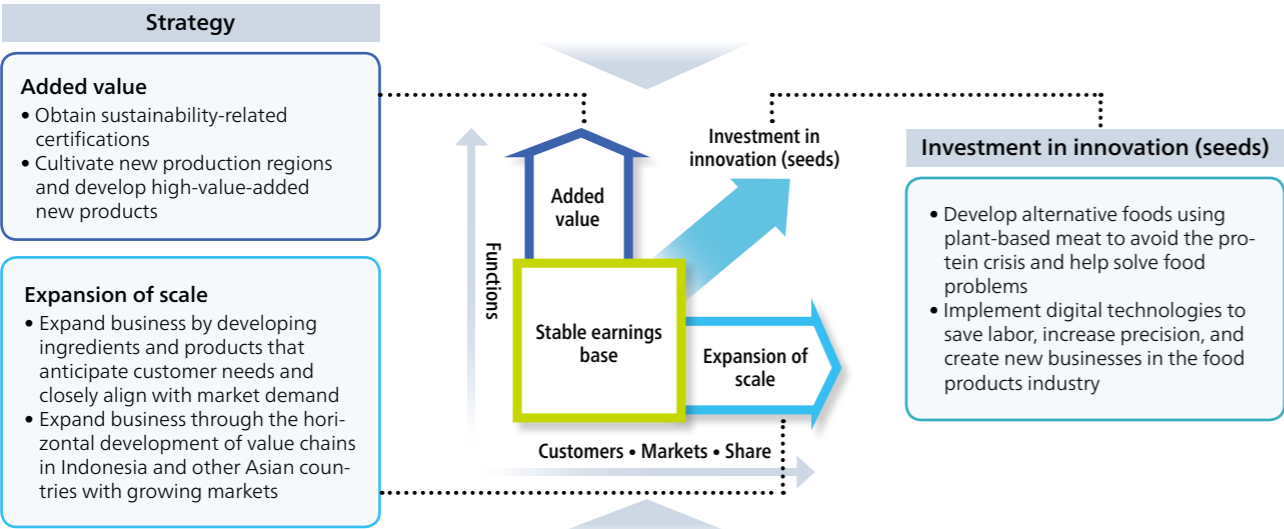
The Foods division seeks to secure stable food sources and contribute to local communities by promoting business in environmentally friendly and sustainable agricultural and marine products, such as Rainforest Alliance-certified coffee and MSC/ASC-certified* marine products. Furthermore, by developing alternative foods, we are working to secure new sources of protein and thereby improve access to nutrition while reducing the environmental burden and other negative impacts of processed food products. Through these efforts, we are contributing to sustainability.

* MSC: Marine Stewardship Council; ASC: Aquaculture Stewardship Council



Medium- to Long-Term Market Outlook

Consumer needs are diversifying alongside changes in lifestyles and values. The key to success will be a market-oriented approach.

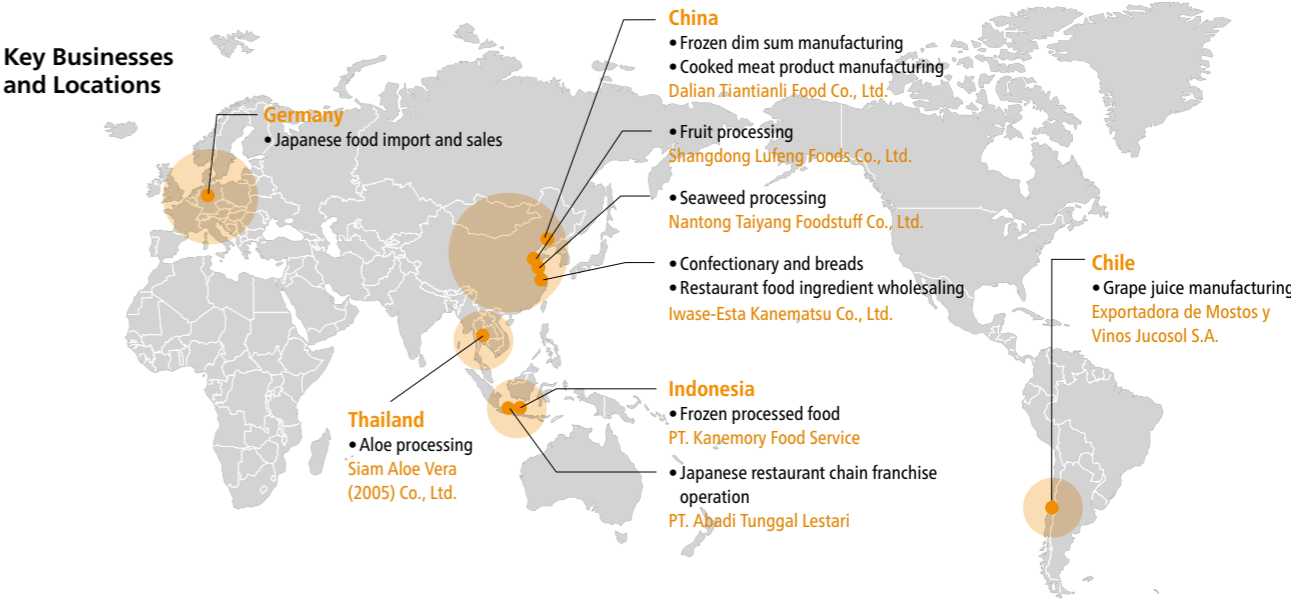


Drivers of Strategy and Innovation (Key Capital)	
Intellectual capital	Expertise in food product distribution, manufacturing, sales, and quality control
Human capital	Expert human resources with practical experience in food product processing and distribution and the ability to create and manage businesses
Social and relationship capital	Longstanding, deep, positive relationships of trust with business partners in Japan and overseas

Progress toward the Medium-Term Vision: Main Initiatives in Fiscal 2023

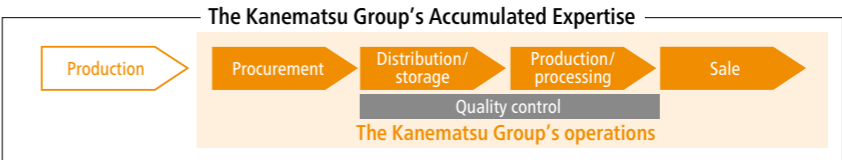
The Foods Division works with suppliers around the world via investment, exclusive contracts, and facility loan agreements to strengthen its ability to procure high-quality raw materials overseas. To ensure the level of quality that consumers in Japan expect, we reinforce production and quality control systems, which are overseen by specialists, working to secure a stable supply of safe, reliable food. To meet demand for food prepared at home and ready-made meals, we work with food product manufacturers in Japan and overseas to strengthen the development of products for retail markets, including frozen foods, alcoholic beverages, and coffee. Recently, in response to supply concerns arising from the Russian invasion of Ukraine as well as rising import costs due to global inflation and the depreciation of the

yen, we have been developing alternative production regions that offer price advantages and a stable supply of various imported raw materials.
In addition, in response to growing awareness of sustainability among consumers, we accelerated sales of sustainable raw materials in such categories as coffee and marine products.
In Asian markets, we are working with Indonesian general food product manufacturer PT. Cisarua Mountain Dairy Tbk (Cimory), in which we have invested as a strategic business partner, not only collaborating in food products, but also advancing initiatives that leverage the Group's comprehensive strengths in such areas as DX and GX.



The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the food industry, leveraging a multilateral, multifaceted business creation perspective.



Business Environment

Opportunities	Action Plan
<ul style="list-style-type: none">Demographic graying of consumers and rising health awarenessPersonnel shortages and rising staffing costs in the food products industryGrowing food demand and shift from focus on quantity toward quality in Asia	<ul style="list-style-type: none">Develop production sites for fresh agricultural products that are safe and reliableDevelop and commercialize delicious and easy to prepare processed food products targeted to specific markets around the worldLeverage DX to save labor in sorting and processing and improve qualityExpand mechanisms for providing safe, reliable food at Japanese standards and grow businesses in local production for local consumption
Risks	Countermeasures
<ul style="list-style-type: none">Damage to agricultural products under cultivation or operational disruptions of processing and manufacturing facilities or logistics attributable to global warming or extreme weather eventsHealth hazards for consumers due to the contamination of food productsGlobal population growth and food resource depletion	<ul style="list-style-type: none">Hedge risks by working with production sites distributed around the world; secure water resources and promote cultivationReinforce food safety management systems based on ISO 22000 and FSSC 22000Trade in agricultural and marine products that are certified as sustainable by third parties and promote the use of renewable products

Longstanding Relationships A Word from Our Business Partner

The partnership formed in 2012 between Cimory and Kanematsu, which resulted in the establishment of PT. Kanemory Food Service, has been a mutually beneficial venture. Kanematsu has been able to expand its reach in the Indonesian market while Cimory has capitalized on Kanematsu's expertise to improve its food processing capabilities. We are thrilled to have developed a strong partnership over the years.
Kanematsu's recent acquisition of shares in Cimory is a strategic move that aims to fortify the Indonesian food value chain, enter the

general food wholesale business by tapping into Cimory's marketing channels, and offer support to Japanese food companies and retailers intending to penetrate the Indonesian market. The success of this partnership highlights the value of collaboration and emphasizes the benefits of sharing expertise and resources in creating value for the end customer. We continue to look forward to working together for many years to come, building on the strengths of our partnership to achieve even greater success.



Bambang Sutantio
Group Founder & President
Commissioner
PT. Cisarua Mountain Dairy Tbk
(Cimory)

Foods, Meat & Grain
Meat Products

Meat Product Ingredients (Beef, Pork, Poultry, etc.), Processed Meat Products



Toru Hashimoto
Executive Officer,
COO Meat Products

Leveraging our accumulated know-how as an industry leader in the meat products business, we build meat product value chains, from securing raw ingredient sources to processing and sales, to provide a stable supply of safe, reliable, high-value-added products that meet customer needs.

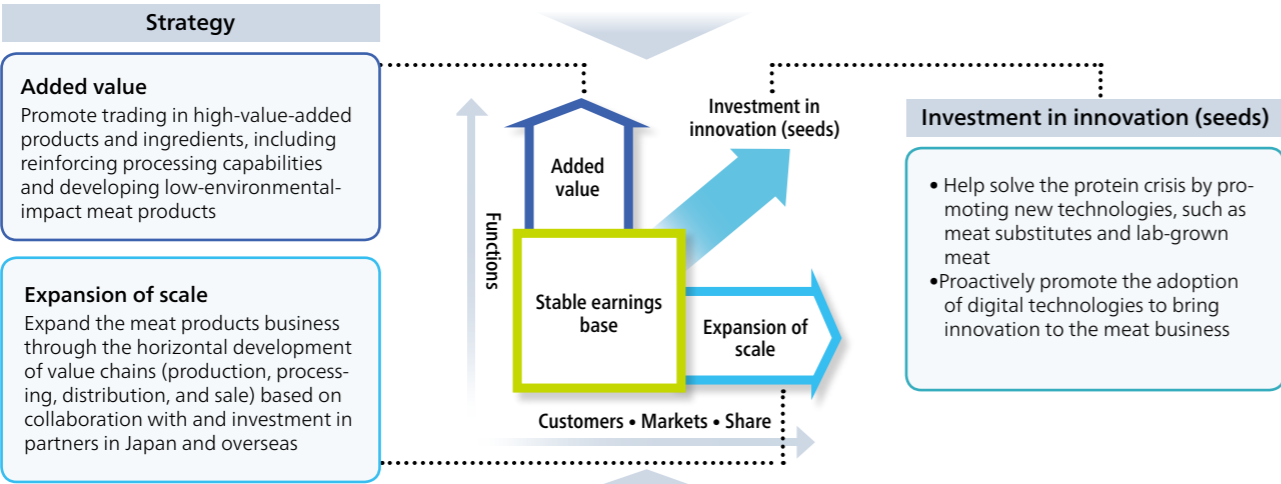
Key SDGs

The Meat Products division promotes business in animal products produced with low environmental impact, such as Uruguayan beef; develops new producing regions and suppliers; and proactively engages in business using new food technologies, such as those for meat substitutes, to help secure sustainable food sources.



Medium- to Long-Term Market Outlook

Markets in Japan are mature, while markets in other parts of Asia are growing. The key to success will be maintaining and deepening relationships of trust with our business partners in Japan and overseas.



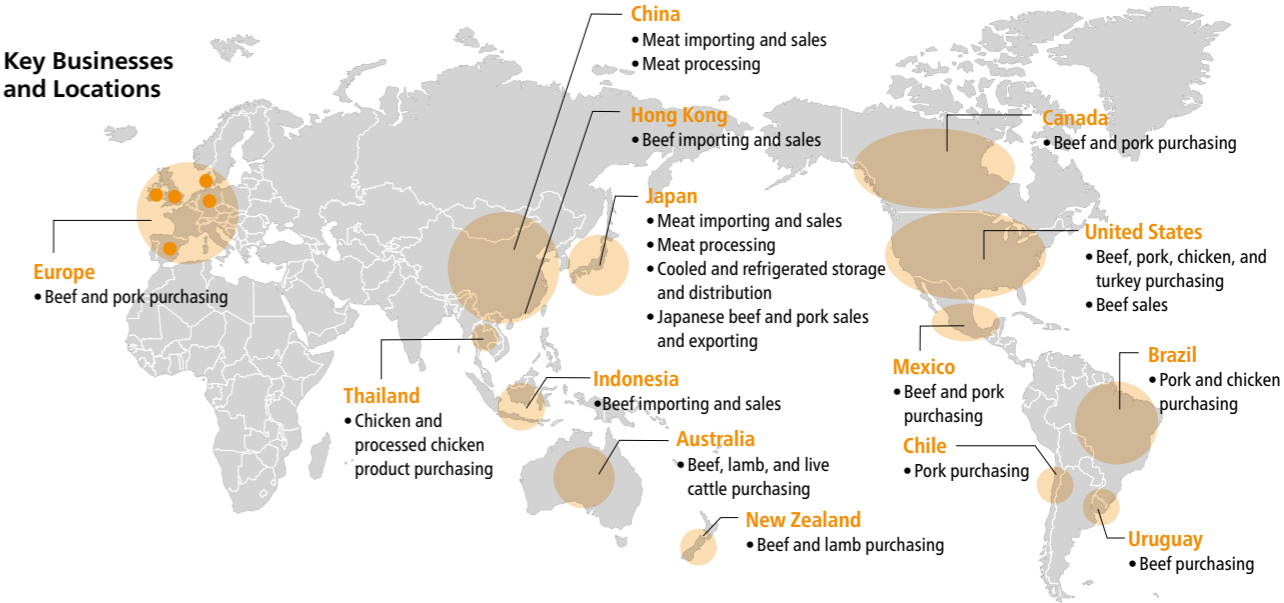
Progress toward the Medium-Term Vision: Main Initiatives in Fiscal 2023

We continue to build value chains to establish stable a supply of safe, reliable, high-quality products that meet customer needs. In upstream areas, we worked to develop new producing regions and suppliers to address concerns related to supply-related risks due to the Russian invasion of Ukraine and rising prices in major producing regions. We also worked to reinforce relationships with existing suppliers through business tie-ups and investment, continuing to build a stable supply structure for meat product ingredients. Furthermore, in Japan, China, and Indonesia, we expanded our value

chain by investing in and establishing joint ventures with food service companies.

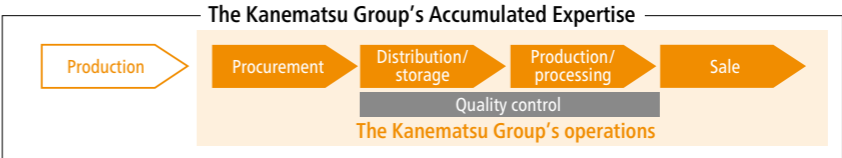
In addition, we advanced DX by leveraging a variety of digital technologies, with efforts including building an online platform for meat product trading and promoting consumer recognition of imported meats through owned media.

Going forward, by developing producing regions, reinforcing the value chain and promoting DX and GX, we aim to lead the meat product industry forward.



The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the meat products industry, leveraging a multilateral, multifaceted business creation perspective.



Business Environment

Opportunities	Action Plan
<ul style="list-style-type: none">• Expansion of imports due to reduced import tariffs under the TPP11, the EPA with the European Union, and the TAG with the United States• Growing demand for meat products in Asian markets• Growing consumer awareness of safety and reliability issues	<ul style="list-style-type: none">• Advance business investment and M&A to reinforce domestic sales capabilities by strengthening functions within the Meat Products group• Extend business models used in Japan to expand meat product businesses in Asian markets• Step up initiatives undertaken with current suppliers and cultivate new production sites to develop safe, secure, high-value-added products with a stable supply stream
Risks	Countermeasures
<ul style="list-style-type: none">• Supply shortages due to conflicts, pandemics, or animal disease outbreaks• Raw ingredient price fluctuations• Decrease in Japan-bound supply availability due to growth in demand for meat products in other Asian markets• Future protein supply shortages due to global population growth	<ul style="list-style-type: none">• Diversify production sites to better distribute suppliers• Diversify customers and expand processing businesses to mitigate price fluctuation risk• Reinforce procurement capabilities by deepening initiatives with suppliers• Enter the meat substitute market

Longstanding Relationships A Word from Our Business Partner

For more than half a century, the Kanematsu Group has helped us procure meat, the main raw ingredient in our products.

In food product manufacturing, partners who are capable of providing stable supplies of safe raw ingredients are essential. Kanematsu is crucial to our raw material procurement, playing a key role at every stage from finding partners to building relationships of trust.

Global conditions are changing rapidly, and the future is increasingly uncertain. Working with the Kanematsu Group and its wide-ranging global network, we will continue to provide safe and reliable food products in order to contribute to the happiness of our customers via quality foods.



Shigeki Fukushima
Managing Director and General
Manager, Meat Business Department
Marudai Food Co., Ltd.

Foods, Meat & Grain
Grain, Oilseeds & Feedstuff

Grain, Food Soybeans, Oilseeds, Feedstuff Materials, Mixed Feedstuff



Jun Nakajima
Executive Officer
COO Grain, Oilseeds & Feedstuff

The Grain, Oilseeds & Feedstuff Division stably procures the grains and production materials that form the foundation for diverse food production from around the world, providing stable supplies to food product manufacturers in Japan and Asia.

While increases in grain prices have leveled off for the time being, the global population continues to grow, and the increase in the middle-income population, in particular, is driving rapid growth in demand for protein. As such, demand for grain used in protein production is also expected to see continued growth. Amid mounting risks posed by climate change and geopolitical factors, we constantly strive to enhance our ability to provide a stable supply and consistent quality.

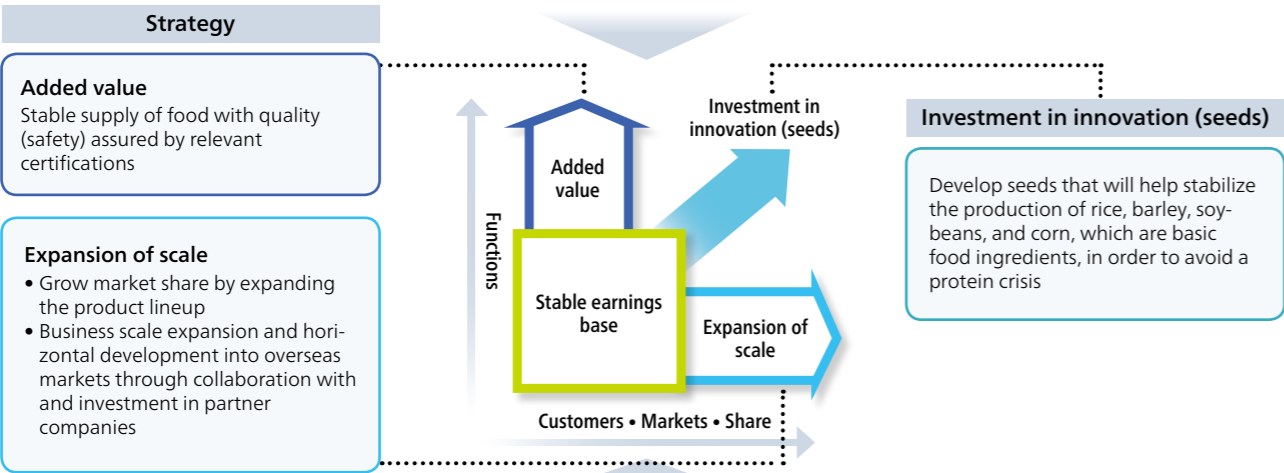
Key SDGs

As climate change advances and demand for food increases, global food production and supply is becoming a more pressing issue. Kanematsu is working to secure food supply based on sustainably managed production in order to support healthy and abundant diets. We also support productivity improvements via the adoption of new technologies.



Medium- to Long-Term Market Outlook

Demand for protein will grow, but supply risks due to extreme weather events and other factors will increase. The key to success will be stabilizing production and quality control.



Drivers of Strategy and Innovation (Key Capital)

Intellectual capital	• Value chain expertise capable of providing a stable supply of oilseeds and staple grains, such as rice, barley, soybeans, and corn, as well as a wide range of related products • Quality control expertise capable of providing a supply of high-quality products from production sites in and outside Japan
Human capital	Human resources with a wealth of expert product knowledge
Manufactured capital	Supply bases in key food production regions worldwide capable of securing a stable food supply
Social and relationship capital	Trust and longstanding relationships with business partners that help ensure stable supply

Progress toward the Medium-Term Vision: Main Initiatives in Fiscal 2023

In the rice business, we have a leading share of Japan's imported rice market and are expanding rice trading overseas, for example, through exports to Southeast Asia and Europe. Aiming to further expand the business, we are also working to reinforce the trading of high-value-added rice, such as no-wash rice and jasmine rice, in Vietnam.

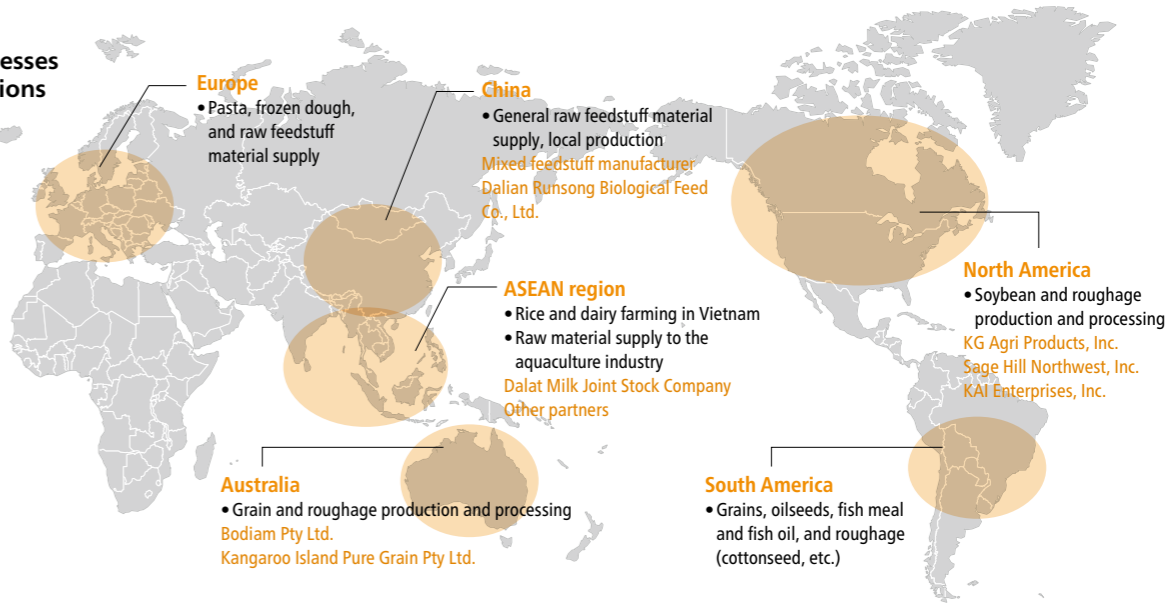
In the food soybean and oilseed business, we are leveraging our diverse supply network comprising a wholly owned sorting plant and partner plants in North America to maintain a leading market share in Japan. We are also working to expand our market share through the provision of even greater added value via initiatives in such areas as seed improvement using genome

editing and AI analysis technology, soy materials for meat substitutes, and soy ingredients certified by the Round Table on Responsible Soy Association (RTRS), which provides certification of sustainable soybean cultivation and social responsibility in the soy sector.

In the domestic feedstuff business, we maintained a stable supply of wide-ranging feedstuff materials from producing regions around the world amidst impacts from the conflict in Ukraine and turmoil in container shipping operations.

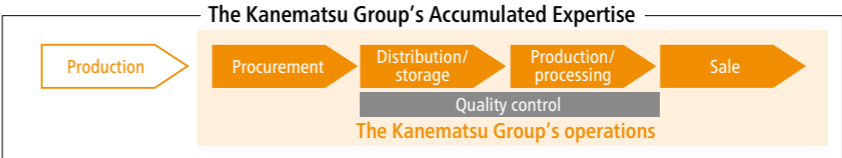
In the overseas feedstuff business, in the area of aquafeed materials, we worked to obtain resource management certification while expanding sales of fish meal and fish oil in Asian markets.

Key Businesses and Locations



The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the grain industry, leveraging a multilateral, multifaceted business creation perspective.



Business Environment

Opportunities	Action Plan
• Increasing regularity of extreme weather events • Growing global demand • Growing demand for quality • Bringing in new technologies	• Diversify supply regions leveraging our global network • Capture growing demand in China and other Asian markets • Enhance quality at production facilities for mixed feedstuff, fertilizer, soybeans, forage, and other products • Use IoT, genome editing, and other technologies to help increase the productivity of our partner
Risks	Countermeasures
• Price fluctuations • Supply disruptions due to extreme weather events • Quality control	• Enter into hedges via futures markets, such as the Chicago Mercantile Exchange • Secure stable supply by diversifying production sites and suppliers • Enhance quality control through upstream production and sourcing businesses

Longstanding Relationships A Word from Our Business Partner

The Kanematsu Group is a key business partner for us in the procurement of raw materials for our mainstay products.

Agricultural product procurement is impacted by a wide range of factors, from weather to market fluctuations and geopolitical risks. Recently, we have faced an unclear outlook due to supply chain interruptions caused by the COVID-19 pandemic and the Russian invasion of Ukraine, among other factors, and the environment surrounding raw material procurement is growing increasingly challenging.

Under these circumstances, the Kanematsu Group has been working to build a stable supply system that is highly agile and resilient by utilizing its diverse global supply network and its own supply bases while working to incorporate crop varieties suitable for product manufacturing.

I look forward to seeing the Kanematsu Group evolve these functions as it continues to strengthen its relationship of trust with us and carry out stable raw ingredient procurement.



Yuji Sasaki
Director and General Manager,
Purchasing Department
Kikkoman Business Service
Company

Steel, Materials & Plant

Steel, Steel Tubing, Chemicals, Energy, Plant & Ships, Machine Tools & Industrial Machinery



Eiji Kan
Senior Managing Executive Officer,
COO Steel, Materials & Plant

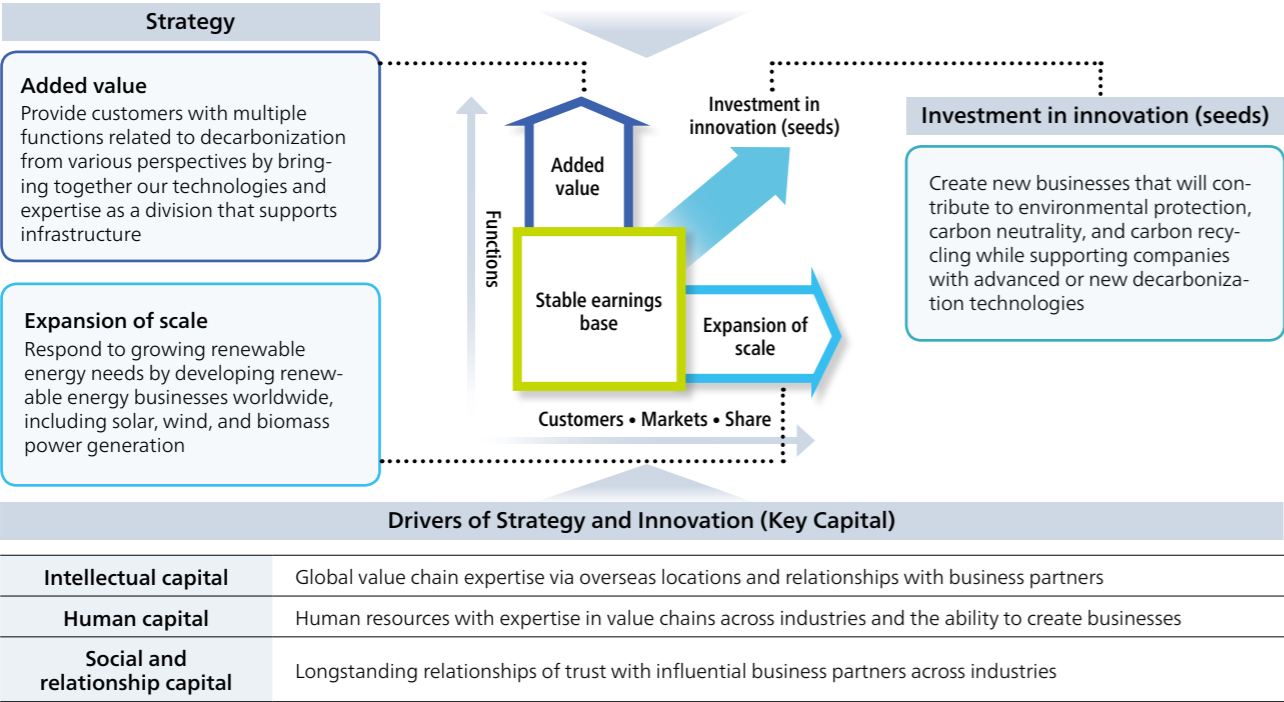
The Steel, Materials & Plant segment covers a full range of iron and steel products, energy solutions, chemicals, industrial plant and infrastructure facilities, and ships. Across a wide variety of operations, highly specialized staff uphold Kanematsu's commitment to supplying and developing high value-added and environmentally friendly products.

Key SDGs
The Steel, Materials & Plant segment contributes to environmental sustainability through the promotion of solar power, wind power, biomass fuels, and other sustainable energy as well as the effective use of environmentally friendly materials.



Medium- to Long-Term Market Outlook

As carbon risk grows, green transformation needs are expanding. The key to success will be providing various forms of support for customers' decarbonization efforts.



Progress toward the Medium-Term Vision: Main Initiatives in Fiscal 2023

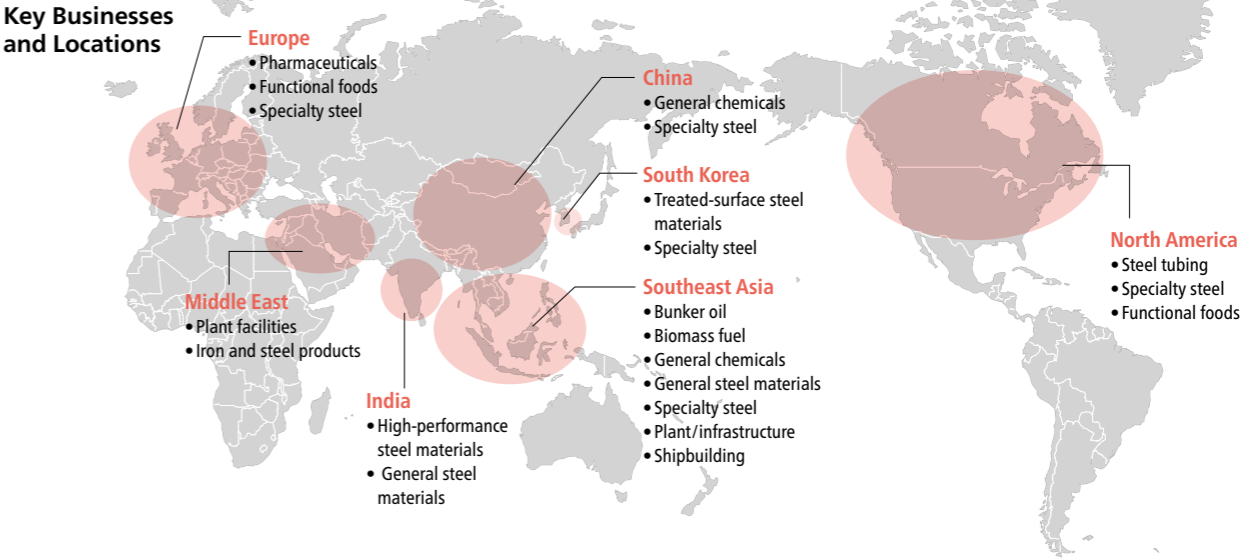
In the chemicals business, in addition to focusing on existing businesses in functional chemicals, life science, and health care, we are proactively working toward business expansion, including investing in new technologies for plastic recycling.

In the iron and steel business, the steel material treatment businesses in which we have invested in South Korea and Vietnam continue to grow steadily and are generating synergies with Group companies engaged in building construction.

In specialty steel, we have greatly expanded into businesses in environmentally conscious fields, such as flue gas desulfurization equipment, air conditioners, electric vehicles, and hydrogen and ammonia production equipment. We have also expanded the range of products we handle from general-purpose stainless steel to include such high-value-added products as high alloy steel, nickel, and titanium.

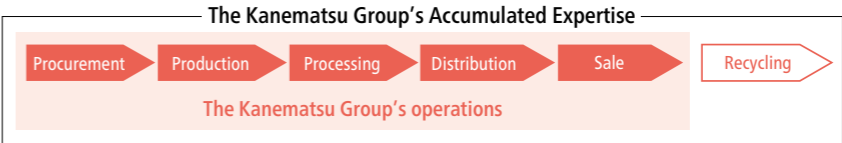
In the steel tubing business, oil drilling demand was firm, reflecting rising global energy demand. At the newly opened technical center of our U.S.-based threading processing subsidiary, we are focusing efforts on environmental response, including the development of threading for steel tubing used in subterranean CO₂ injection.

In the energy business, the biomass fuel business continues to steadily grow, and we are creating frameworks to meet demand for various forms of energy. In the plant and ships business, performance in shipbuilding businesses in South Korea, Taiwan, and elsewhere was strong, reflecting the post-pandemic rise in logistics demand. In addition, we are working to both contribute to the environment and achieve business growth by deepening initiatives related to solar power and domestic wind power generation.



The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of several industries, leveraging a multilateral, multifaceted business creation perspective.



Business Environment

Opportunities	Action Plan
<ul style="list-style-type: none">Changes in the global energy market structure, including declining demand for fossil fuelsGrowing global awareness of environmental problems, as seen in GX efforts and the SDGsDiversifying consumer needs and behavior patterns	<ul style="list-style-type: none">Accelerate initiatives in renewable energy businessesExpand business involving more environmentally friendly high-value-added productsAdvance DX to both strengthen customer relationships and respond to new business environments by raising customer satisfaction
Risks	Countermeasures
<ul style="list-style-type: none">Further changes to market structures and the realization of geopolitical risks due to trade problem intensificationTemporary personnel shortages due to accelerating business investmentChanges to the business environment due to tightening environmental regulations or other factors arising from the international shift toward lower carbon emissions	<ul style="list-style-type: none">Mitigate the risk of trading right advantages being weakened by cultivating new markets, products, and trading partnersExpand business in high-performance products and products made to proprietary standards to reduce risk related to trade problemsProvide education and opportunities for employees to gain experience, mainly through personnel exchanges with affiliated companies in and outside JapanCreate new businesses that contribute to environmental preservation, including CO₂ reduction

Longstanding Relationships A Word from Our Business Partner

Benoit's key focus is innovative technology and effective manufacturing that allows our customers to progress from market challengers to market leaders. All companies need a vision to achieve success.

Eleven years ago, Kanematsu acquired part ownership in Benoit to establish a complete supply chain for the manufacture and distribution of next generation proprietary thread technology. Kanematsu's provided a vision for Benoit. That vision continues today, with both financial investment and strategic guidance supporting the plan to invest in people, technologies, and manufacturing facilities that cater to the products needed for

both the traditional oil and gas sector and the growing Clean Energy market.

Within the past five years, Benoit's strategic product development plan has added newer, higher performing products designed to meet the needs of emerging drilling activities, a new Research and Development Center, and a new modern manufacturing facility. All these additions have resulted in these new technologies growing to 40% of thread technology sales. Benoit looks forward to expanding on Kanematsu's vision and consolidating our customers' place as market leaders in an continually evolving global market.



Paul Fullerton
President
Benoit Premium Threading, LLC.

Motor Vehicles & Aerospace

Motor Vehicles and Parts, Aerospace



Ryoichi Kidokoro
Senior Executive Officer,
COO Motor Vehicles & Aerospace

The motor vehicles and parts business handles motorcycle and automobile parts as well as complete built up vehicles, while the aerospace business handles aircraft and parts as well as space-related products. These businesses operate on a global scale, leveraging the Group's superb expertise and extensive information resources.

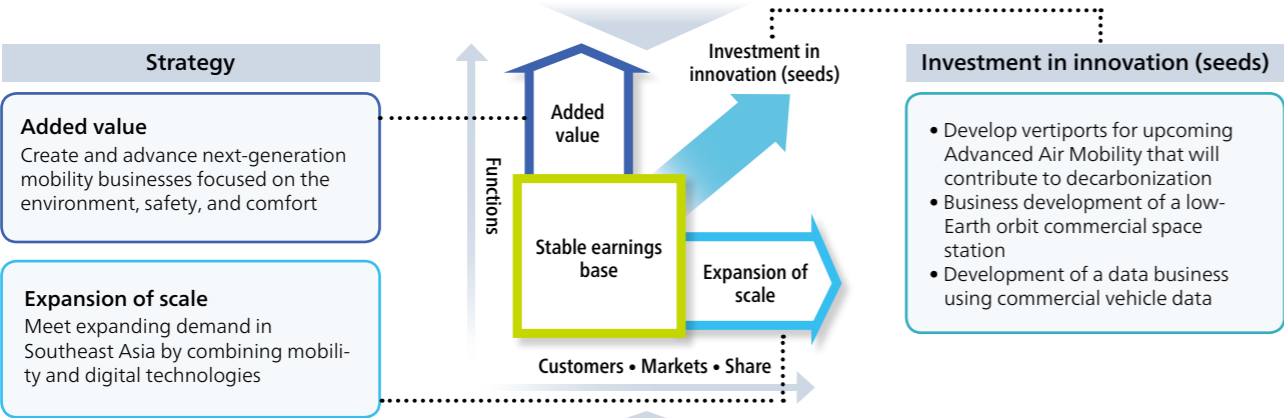
Key SDGs

The Motor Vehicles & Aerospace segment aims to contribute to society by providing safe and pleasant mobility. We aim to build living environments that are environmentally friendly, sustainable, and free of traffic accidents through next-generation mobility.



Medium- to Long-Term Market Outlook

The next-generation mobility and space markets are expected to expand. Market expansion will inevitably entail increased CO₂ emissions, but decarbonization efforts applying technological innovations in such areas as weight reduction and electric vehicles will accelerate, as well. The key to success will be creating mobility businesses focused on the environment, safety, and comfort.



Drivers of Strategy and Innovation (Key Capital)

Intellectual capital	<ul style="list-style-type: none">Expertise in combining mobility and digital technologiesSupply chain management expertise leveraging global networks through overseas business locations and Group companies
Human capital	Human resources with a wealth of expertise
Social and relationship capital	<ul style="list-style-type: none">Longstanding relationships of trust with industry-leading business partners around the worldGlobal network for discovering new technologies and business models

Progress toward the Medium-Term Vision: Main Initiatives in Fiscal 2023

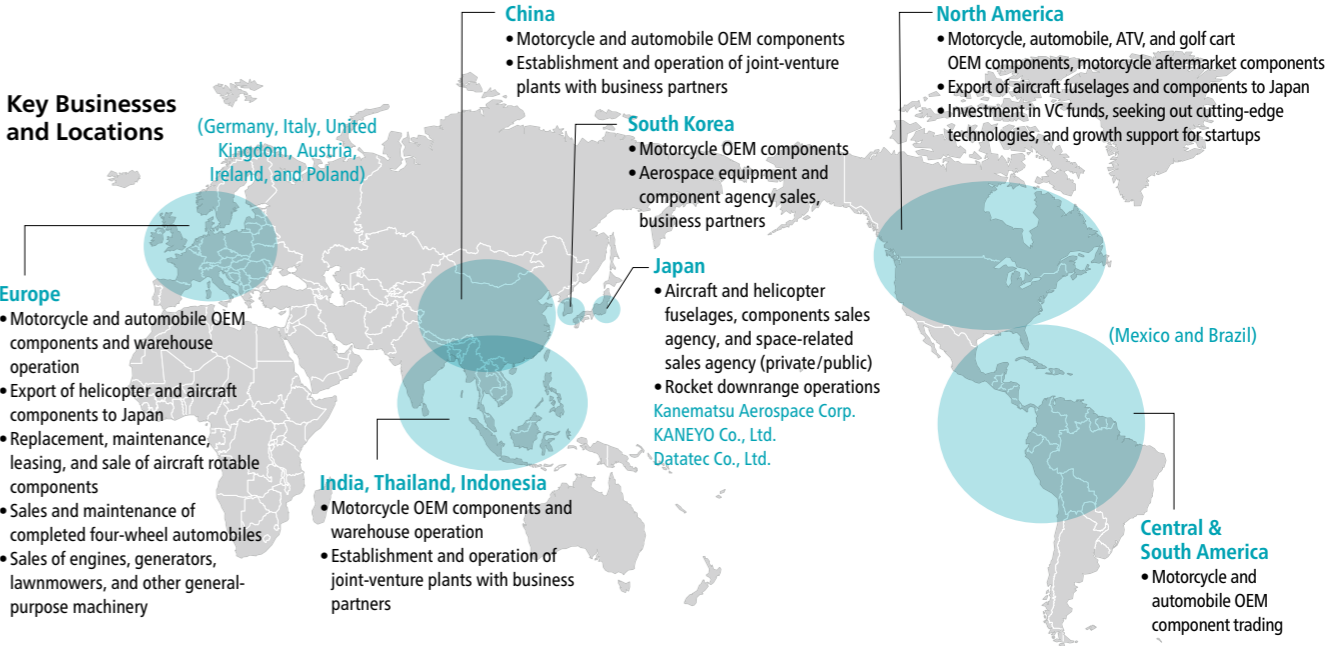
In the aircraft and defense business, transactions increased, reflecting rising geopolitical risks. In the commercial aircraft business, aiming for the social implementation of services using Advanced Air Mobility, we are advancing pilot testing in partnership with the U.K.-based Skyports Limited and with the cooperation of local governments. In the space business, we have partnered with U.S.-based Sierra Space and are working to expand our network toward the use of a commercial space station in low-Earth orbit.

The motorcycle and automobile business was affected by

rising shipping and materials costs, but markets showed steady signs of recovery. We are also taking on new businesses with an eye toward contributing to reducing carbon emissions.

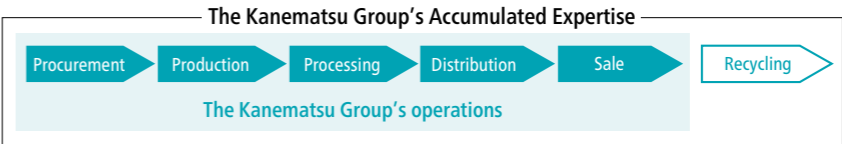
We also accelerated business development through Kanematsu Ventures Inc. and WERU INVESTMENT Co., Ltd., and invested in an emerging carbon nanotube manufacturer.

Focusing on the environment, safety, and comfort, we will create and advance cross-divisional next-generation mobility businesses.



The Kanematsu Group's Accumulated Expertise

We cover the wide-ranging value chains of the motor vehicles and aerospace industries, leveraging a multilateral, multifaceted business creation perspective.



Business Environment

Opportunities <ul style="list-style-type: none">Growing awareness of the environment and safetyDiversification of mobility alongside accelerating technological innovation and DXChanging ways of thinking about modes of transport in developed countriesExpectations for space development, which is increasingly important in both the defense and commercial spheres	Action Plan <ul style="list-style-type: none">Leverage data to create new businesses that reduce environmental impact and accidentsAdvance partnerships with startups, mainly through our investment base in Silicon Valley, to create new businessesWork to increase social acceptance and reinforce infrastructure business initiatives in order to realize the widespread use of Advanced Air MobilityReinforce the space safety assurance field and create businesses in the low-Earth orbit sector
Risks <ul style="list-style-type: none">Logistics disruptions due to international conditions, geopolitical risks, or changes in demand arising from environmental regulations or trade frictionRapid changes in consumer awareness or industry structure that surpass the frameworks of existing value chains and business models	Countermeasures <ul style="list-style-type: none">Build next-generation business models centered on value creation and reinforce distribution networksBring in new technologies and business models through innovation investment and develop businesses in both product and service areas

Longstanding Relationships A Word from Our Business Partner

Our relationship with Kanematsu started in 1983, when we began doing business with major overseas motorcycle manufacturers. Over the four decades since, we have worked together to expand our sales channels, cultivating new customers and making new product proposals. We have also established joint-venture plants in Europe and Asia, with Kanematsu involved in management. Sharing good times and bad, and weathering many changes in the external

environment, from economic downturns to shifts in competitors, we have built a strong partnership. This year, we have decided to jointly invest in a new carbon nanotube manufacturer. We are very pleased to be taking on this new business area together, and we look forward to seeing the Kanematsu Group utilize its wide-ranging sales channels and expertise in support of this new endeavor.



Yoshifumi Fuchigami
Managing Officer
F.C.C. Co., Ltd.

	JGAAP		IFRS			IFRS							Thousands of U.S. dollars ²
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023	
For the year:													
Net sales	¥1,019,232	¥1,114,539	—	—	—	—	—	—	—	—	—	—	
Revenue	—	—	¥704,211	¥668,374	¥675,579	¥714,790	¥723,849	¥721,802	¥649,142	¥767,963	¥911,408	\$6,825,495	
Gross profit	80,021	86,402	87,880	86,238	100,139	106,371	110,014	110,904	101,515	111,801	130,894	980,264	
Operating income/Operating profit	18,262	19,776	23,547	18,772	22,633	26,160	30,349	28,352	23,635	29,347	38,896	291,293	
Income (loss) before income taxes and minority interests/Profit before tax	16,781	19,075	22,373	18,122	17,875	26,043	29,177	26,944	23,580	28,765	35,696	267,331	
Net income (loss)/Profit for the year attributable to owners of the Parent ³	9,564	11,799	10,546	8,959	8,049	16,317	16,605	14,399	13,315	15,986	18,575	139,114	
Cash flows from operating activities	1,355	22,384	6,758	33,024	11,852	434	24,698	24,259	36,984	15,382	(296)	(2,221)	
Cash flows from investing activities	1,466	(1,111)	(6,649)	(4,214)	(14,691)	1,103	(6,575)	(10,215)	(9,927)	(10,547)	(16,684)	(124,948)	
Free cash flow	2,821	21,273	109	28,810	(2,839)	1,537	18,123	14,044	27,057	4,835	(16,980)	(127,169)	
At year-end:													
Total assets	399,186	428,459	466,314	443,592	479,717	519,889	549,459	551,671	557,495	634,456	677,588	5,074,431	
Net assets/Total equity	75,912	96,204	119,015	120,706	129,863	147,050	158,698	166,174	180,492	199,282	143,423	1,074,095	
Shareholders' equity/Total equity attributable to owners of the Parent	54,519	71,657	90,244	91,599	100,357	116,012	125,246	130,829	143,926	159,484	128,525	962,523	
Net interest-bearing debt	86,439	68,038	72,155	48,813	55,429	59,045	49,969	51,807	40,520	51,242	147,948	1,107,981	
Per share (yen):													
Net income/Basic earnings per share attributable to owners of the Parent ³	¥ 22.80	¥ 28.09	¥ 125.49 ⁴	¥ 106.46 ⁴	¥ 95.64 ⁴	¥ 193.79 ⁴	¥ 198.22	¥ 172.43	¥ 159.44	¥ 191.42	¥ 222.38	\$ 1.67	
Net assets/Total equity attributable to owners of the Parent	129.82	170.54	1,072.20 ⁴	1,088.45 ⁴	1,192.21 ⁴	1,377.66 ⁴	1,499.86	1,566.60	1,723.42	1,909.64	1,538.42	11.52	
Dividends	—	3.00	4.00	5.00	6.00	48.00 ⁵	60.00	60.00	60.00	65.00	75.00	0.56	
Financial indicators:													
Return on equity (ROE) (%)	20.5	18.7	13.0	9.9	8.4	15.1	13.8	11.3	9.7	10.5	12.9		
Equity ratio (%)	13.7	16.7	19.4	20.6	20.9	22.3	22.8	23.7	25.8	25.1	19.0		
Net D/E ratio (times)	1.6	0.9	0.8	0.5	0.6	0.5	0.4	0.4	0.3	0.3	1.15		
ESG* (Non-Financial) Data: *ESG: Short for environmental (🌿), social (👤), and corporate governance (🏛️).													
CO ₂ emissions (t-CO ₂) ^{6, 7, 8}	471.42	456.44	377.54	392.58	398.68	400.74	358.31	304.05	265.44	274.43	313.05		
Total paper use (sheets) ⁷	6,874,521	6,648,353	6,645,797	6,087,765	6,256,363	5,920,960	5,510,121	4,919,786	3,099,900	2,503,625 ⁹	1,809,950 ⁹		
External disposal of waste (t) ^{7, 10}	48.95	37.60	33.40	31.90	32.70	29.50	35.00	34.43	42.20	36.18	29.46		
Recycled waste (t) ⁷	—	—	—	—	—	—	—	21.93	36.56	30.89	24.28		
Non-recycled waste (t) ⁷	—	—	—	—	—	—	—	12.50	5.64	5.29	5.18		
Hazardous waste disposal (t) ⁷	—	—	—	—	—	—	—	0	0	0	0		
Environment-related fines and penalties paid (yen) ⁷	—	—	—	—	—	—	—	0	0	0	0		
Violations related to water quality/volume ⁷	—	—	—	—	—	—	—	0	0	0	0		
Total electricity consumption (kWh) ⁷	828,514	805,015	682,717	735,174	768,166	772,137	690,378	659,534	597,845	625,132	719,657		
Employees—consolidated	5,522	5,747	6,002	5,832	6,727	6,666	6,915	7,182	7,296	7,446	7,866		
Employees—non-consolidated (women)	782 (242)	800 (246)	813 (253)	816 (259)	835 (273)	842 (282)	765 (263)	775 (266)	795 (284)	788 (293)	798(299)		
Percentage of women among employees—non-consolidated (%)	31	31	31	32	33	33	34	34	36	37	37		
Average length of service (years)	16.0	15.7	15.5	13.8	15.4	15.5	15.0	14.0	13.8	15.0	13.7		
Three-year job separation rate (%) ¹¹	0	2.6	3.5	4.8	5.2	9.4	10.5	17.1	—	—	—		
Average overtime worked (hours/month)	8.3	8.0	8.8	8.1	11.6	12.1	12.5	17.5	18.1	19.6	19.2		
Directors (outside directors) ¹²	10 (0)	6 (1)	7 (2)	7 (2)	8 (3)	8 (3)	6 (2)	6 (2)	6 (2)	7 (3)	7(3)		
Audit & Supervisory Board members ¹² (outside Audit & Supervisory Board members)	4 (3)	4 (2)	4 (3)	4 (3)	4 (3)	4 (3)	4 (3)	4 (2)	4 (2)	4 (2)	4(2)		

Notes For the above items with two titles, the first applies to figures under JGAAP and the second to figures under IFRS.

1. Figures are rounded down to the nearest million yen. Percentages have been rounded off.

2. The U.S. dollar amounts represent the arithmetical results of translating yen to dollars at the rate of ¥133.53 to U.S.\$1.00, the exchange rate prevailing on March 31, 2023.

3. JGAAP: Net income attributable to owners of the Parent / IFRS: Profit for the year attributable to owners of the Parent.

4. Kanematsu executed a share consolidation on October 1, 2017, at a ratio of five common shares to one. The calculation of the above figures assumes that said share consolidation was implemented on April 1, 2014.

5. Kanematsu executed a share consolidation on October 1, 2017, at a ratio of five common shares to one. The calculation of the above figure assumes that said share consolidation was implemented on April 1, 2017.

6. The coefficients used to calculate the above figures are the most recent values published by the Japan Foreign Trade Council (originally published by the Electric Power Council for a Low Carbon Society via the Japan Business Federation).

7. The figures above are the totals for Kanematsu's domestic locations on a non-consolidated basis and are subject to change due to changes in office space due to the consolidation of branches or sales offices, etc.

8. For data on Kanematsu's Scope 1 and Scope 2 emissions, please refer to p. 48.

9. For the years ended March 2021 and earlier, paper use was calculated based on sheets of paper (copy paper, envelopes, and business cards) purchased; from the year ended March 2022 it is calculated as sheets of copy paper (with all types converted to A4 equivalent) purchased.

10. Due to a change in aggregation standards, data for past years (the years ended March 2020 and 2021) has been revised. Data is for waste from office activities at main locations.

11. The percentage of employees hired in the year in question who had left the Group as of three years later (for example, of the 42 employees hired in April 2015, 2 had left the Group as of April 2018, so the rate for the year ended March 31, 2016 is calculated as (2/42)×100).

12. As of the conclusion of the General Meeting of Shareholders following each fiscal year-end.

Management's Discussion and Analysis

Business Results

For the fiscal year ended March 31, 2023, revenue increased ¥143,445 million (18.7%) from the previous fiscal year to ¥911,408 million. Gross profit increased ¥19,093 million (17.1%) from the previous fiscal year to ¥130,894 million. Operating profit rose ¥9,549 million (32.5%) year on year to ¥38,896 million, reflecting the increase in gross profit, despite a rise in selling, general and administrative expenses. Profit before tax increased ¥6,931 million (24.1%) year on year to ¥35,696 million, largely due to the rise in operating profit. Profit for the year attributable to owners of the Parent rose ¥2,589 million (16.2%) year on year to ¥18,575 million. As a result, return on equity (ROE) calculated on the basis of total equity attributable to owners of the Parent (shareholders' equity) came to 12.9%, and return on invested capital (ROIC)* came to 5.6%.

* ROIC = Profit for the year attributable to owners of the Parent / Invested capital (Interest bearing debt + Shareholders' equity)

Segment Information

Results for each business segment are described below.

Electronics & Devices

Revenue increased ¥27,050 million year on year to ¥282,513 million due to higher revenues in the ICT solutions business, the electronic components and materials businesses, and the semiconductor parts and manufacturing equipment business. Operating profit rose ¥1,267 million to ¥20,331 million due to higher profit in the ICT solutions business and the semiconductor parts and manufacturing equipment business. Profit attributable to owners of the Parent increased ¥832 million to ¥8,776 million.

Performance in terms of operating profit was as follows. The ICT solutions business was strong, reflecting an increase in security- and network-related sales and improvement in delivery delays. The semiconductor parts and manufacturing equipment business was firm due to growth in shipments of semiconductor and LCD panel manufacturing equipment and supplies, reflecting booming demand. The mobile business remained lackluster, reflecting a sluggish device sales volume and a decrease in fee income due to revisions to fee conditions.

Foods, Meat & Grain

Revenue increased ¥55,164 million year on year to ¥340,448 million, reflecting a rise in revenues in the feedstuff business and the meat products business. Operating profit rose ¥522 million to ¥4,063 million, due to a higher profit in the feedstuff business, while profit attributable to owners of the Parent decreased ¥326 million to ¥2,192 million.

Performance in terms of operating profit was as follows. Performance in the feedstuff business was strong, reflecting improved profitability. In the food business, trading of products for the retail market was firm. Performance in the meat products business was weak, due to a downturn in the overall meat product market from the summer onward.

Steel, Materials & Plant

Revenue increased ¥45,400 million year on year to ¥193,393 million, due to a rise in revenue in the steel tubing business and energy business. Operating profit rose ¥8,287 million to ¥12,339 million, due to stronger profits in the steel tubing business and the energy business, and profit attributable to owners of the Parent increased ¥3,435 million to ¥6,694 million.

Performance in terms of operating profit was as follows. The steel tubing business was strong, reflecting growth in energy investment in the United States and rising steel tubing prices. The energy business was strong due mainly to rising market prices and sales of marine fuel for ocean-going vessels. The machine tools and industrial machinery business saw firm performance due to increased domestic capital investment demand.

Motor Vehicles & Aerospace

Revenue increased ¥15,517 million year on year to ¥81,344 million, due to a rise in revenue in the aerospace business. Operating profit decreased ¥178 million to ¥1,485 million, due to a fall profit in the motor vehicles and parts business, while profit attributable to owners of the Parent declined ¥653 million to ¥803 million.

Performance in terms of operating profit was as follows. Performance in the aerospace business was firm due to the delivery of products for existing contracts and recovery in demand. Despite similar recovery in demand, the motor vehicles and parts business was weak as soaring transportation costs put pressure on profits.

Other

Revenue increased ¥312 million from a year earlier to ¥13,707 million. Operating profit fell ¥347 million to ¥662 million, and profit attributable to owners of the Parent decreased ¥246 million to ¥219 million.

Analysis of Financial Status

Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year under review increased ¥43,132 million from the end of the previous fiscal year to ¥677,588 million.

Interest-bearing debt increased ¥84,442 million from the end of the previous fiscal year to ¥227,894 million, mainly due to a rise in short-term borrowings used for making tender offers. Net interest-bearing debt after deducting cash and deposits rose ¥96,706 million from the end of the previous fiscal year to ¥147,948 million. Interest-bearing debt does not include lease liabilities.

In terms of equity, total equity attributable to owners of the Parent fell ¥30,959 million from the end of the previous fiscal year to ¥128,525 million, mainly due to a decrease in capital surplus following the acquisition of additional shares of Kanematsu Electronics Ltd.

As a result, the equity ratio at the end of the fiscal year under review was 19.0%. The net D/E ratio stood at 1.15 times.

Cash Flows

In the year under review, net cash used in operating activities totaled ¥296 million. Net cash used in investing activities amounted to ¥16,684 million. Net cash provided by financing activities amounted to ¥4,751 million. As a result, after the effect of exchange rate changes on cash and cash equivalents, cash and cash equivalents at the end of the fiscal year under review stood at ¥79,462 million, down ¥11,958 million from the end of the previous fiscal year.

Fundraising

The Kanematsu Group carries out fundraising in line with a basic policy of stably procuring funds at low cost as needed to realize sustainable growth in line with its six-year medium-term vision, *future 135*.

The Group raises funds primarily through indirect financing based on good relations with banks, life and non-life insurers, and other financial institutions. Kanematsu also raises funds from capital markets by issuing straight corporate bonds as a means of long-term capital procurement. During the year under review, the Company borrowed ¥58.4 billion to finance the acquisition of common stock of Kanematsu Electronics Ltd. through a tender offer. In addition, the Company redeemed ¥5.0 billion in straight bonds that had matured. As a result, at the end of the fiscal year, debt procurement through direct financing accounted for 7% of consolidated interest-bearing debt.

To facilitate capital procurement, Kanematsu receives ratings from Japan Credit Rating Agency, Ltd. (JCR) and Rating and Investment Information, Inc. (R&I). The Group's long-term ratings as of the end of the fiscal year under review are A-(stable) from JCR, and A- (stable) from R&I, one rank higher than a year earlier.

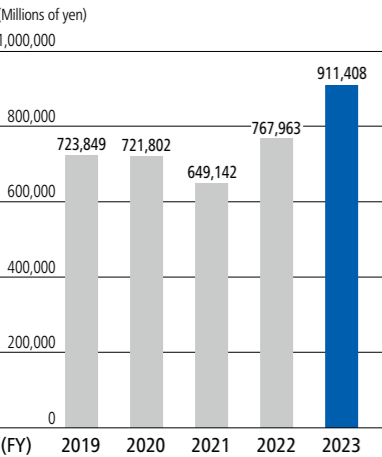
To secure liquidity on hand, the Group maintains an ample balance of cash and cash equivalents and has established commitment lines with major financial institutions.

To efficiently procure capital on a consolidated basis, the Group has adopted a cash management system under which fundraising for major domestic subsidiaries and affiliates is concentrated at the Parent Company and proceeds are then allocated in response to capital requirements. At the end of the fiscal period under review, the Company's interest-bearing debt accounted for 74% of the consolidated Group's interest-bearing debt, a reflection of the concentration of fund procurement at the Parent Company.

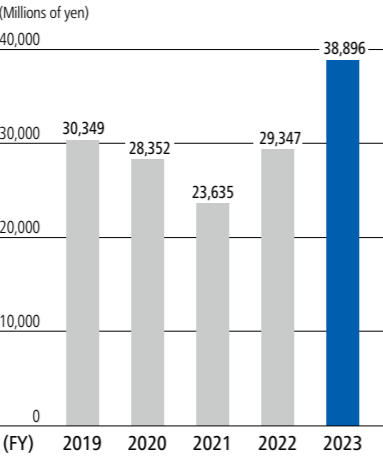
As a result of the above fundraising activities, at the end of the fiscal year under review, gross interest-bearing debt stood at ¥227,894 million, an increase of ¥84,442 million from the end of the previous fiscal year. Net interest-bearing debt stood at ¥147,948 million, up ¥96,706 million from the end of the previous fiscal year. As a result, the net D/E ratio stood at 1.15.

Corporate bonds and long-term borrowings (including the current portion of corporate bonds and long-term borrowings) accounted for 38% of the balance of interest-bearing debt at the end of the fiscal year under review (or 48% on a non-consolidated basis).

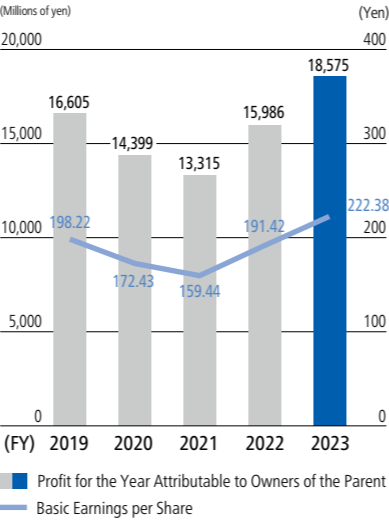
Revenue



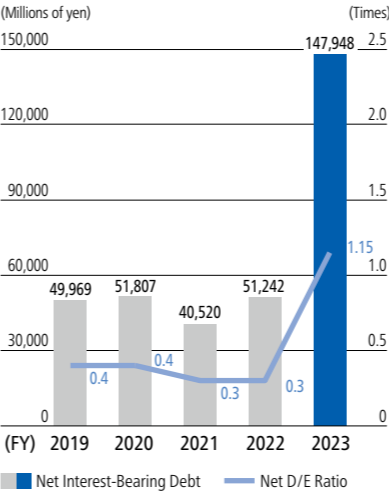
Operating Profit



Profit for the Year Attributable to Owners of the Parent / Basic Earnings per Share

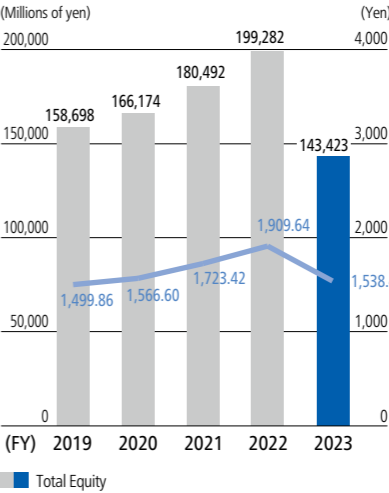


Net Interest-Bearing Debt*1 / Net D/E Ratio*2

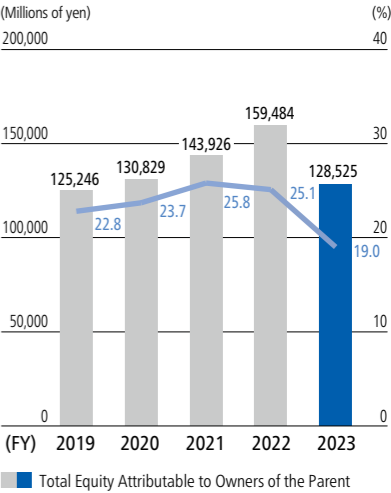


*1 Net interest-bearing debt = Interest-bearing debt - Cash and cash equivalents
*2 Net D/E ratio = Net interest-bearing debt / Total equity attributable to owners of the Parent

Total Equity / Total Equity Attributable to Owners of the Parent per Share



Total Equity Attributable to Owners of the Parent / Equity Ratio



Major Group Companies

(As of June 1, 2023)

* Companies with shares listed on a stock exchange

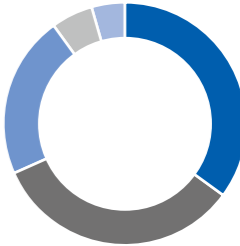
Electronics & Devices	Japan	Kanematsu Electronics Ltd.	System integration of ICT and communications equipment
		Nippon Office Systems Ltd.	Development, sales, and maintenance of software for computers and computer peripherals, etc.
		Kanematsu Sustech Corporation	Manufacture and sales of home-construction materials; Ground inspection services and improvement work; Installation and sales of security cameras
		Kanematsu Communications Ltd.	Sales of mobile communications devices; Mobile internet systems and services
		NSC Company Limited	Sales of mobile communications devices; ICT solution services
		Kinkitelem CO., LTD.	Sales of mobile communications devices; Internet connection services
		GCC Corporation	Sales of mobile communications devices
		Kanematsu Granks, Corp.	Website planning, building, and operation; Content planning, production, and sales
		Kanematsu Futuretech Solutions Corporation	Import, export, processing, development, design, manufacture, sales of semiconductors, electronic components, and module products; EMS business
		Kanematsu Advanced Materials Corp.	Import, export, storage, sales, and processing of materials and components for vehicle equipment, industrial electronics, and communication devices
		Kanematsu Kangawa Co., Ltd.	Sales of industrial materials and raw materials, and electronic components and materials
		Kanematsu K.U. Co., Ltd.	Sales of industrial materials and chemicals
		Kanematsu PWS LTD.	Design, development, and sales of semiconductor production equipment, testing equipment, and wafer marking equipment; Technical services
		NS Technologies Inc.	Design, development, and manufacture of IC test handlers
		G-Printec, Inc.	Design, development, manufacture, sales, and maintenance services (OEM) for card printers and related equipment
		Japan Data Exchange Inc.	Data utilization consulting and data exchange support
	China	Kanekoh Electronics (Shanghai) Co., Ltd.	Design, development, manufacture, and sales of control modules for lithium ion batteries
	Singapore	Getech Automation Pte Ltd	Manufacture, sales and maintenance services for depanelers and system integrator services for automated machinery
	Germany	KIS Global GmbH	Sales of card printers
	Canada	www.CanadianPassportPhotos.ca Inc	Sales and maintenance services for passport photo printing systems
Foods, Meat & Grain	Japan	Kanematsu Foods Corp.	Food wholesaling and cold storage
		Kanematsu Agritec Co., Ltd.	Manufacture and sales of feed and fertilizer
		Kanematsu Soytech Corp.	Sales of soybeans, pulses & peas, and grain; Development and marketing of tofu and other ingredients for processed foods
		GPC Holdings Co., Ltd.	Sales of pet food and other products
		Ks' Meat Solution Co., Ltd.	Primary processing of meat
	China	Dalian Tiantianli Food Co., Ltd.	Manufacture of dim sum and delicatessens
		Shangdong Lufeng Foods Co., Ltd.	Production of processed vegetables and fruits
		Iwase-Esta Kanematsu Co., Ltd.	Wholesale of confectionery and baking ingredients
		Dalian Matsutomo Foods Co., Ltd.	Primary processing of beef
		Dalian Runsong Biological Feed Co., Ltd.	Manufacture and sales of feedstuff (puffed soybeans, soybean meal)
	Thailand	Siam Aloe Vera (2005) Co., Ltd.	Processing and sales of aloe vera
	Indonesia	PT. Kanemory Food Service	Manufacture of processed foods; Management of central kitchen
	U.S.A.	KAI Enterprises, Inc.	Sales of hay and roughage
		Sage Hill Northwest, Inc.	Production of hay
		KG Agri Products, Inc.	Seed development; Contract farming; Sorting, processing, and sales of food soybeans
	Japan	Kanematsu Trading Corp.	Sales of steel and construction materials
		Kyowa Steel Co., Ltd.	Cutting and processing of steel sheet; Sales of construction materials
		Eiwa Metal Co., Ltd.	Processing and sales of stainless steel, titanium, and high-alloy steels
		Kenkosya Co., Ltd.	Construction, design, manufacture, installation, and sales of steel joinery
		Kanematsu Petroleum Corp.	Sales of petroleum products and LPG
		Kanematsu Yuso Co., Ltd.	Delivery and storage of petroleum products
		Kanematsu Chemicals Corp.	Domestic sales, import, and export of chemical products, pharmaceuticals, pharmaceutical ingredients, and functional food materials
		Kanematsu Wellness Corp.	Sales of health foods and provision of medical information
		Kanematsu KGK Corp.	Sales of machine tools and industrial machinery
		KGK Engineering Corp.	Machinery installation and maintenance; Automation technical support and sales of related equipment
		Watachukikai Corp.	Wholesale of cutting tools and peripheral and auxiliary tools
		Aioi Sekkei Co., Ltd.	Design, manufacture, and installation of plant equipment
	South Korea	AJUSTEEL Co., Ltd.*	Steel processing and fabrication
	China	Kanematsu KGK Trade & Sales (Shanghai) Co., Ltd.	Sales of machine tools and industrial machinery
	Thailand	KGK Engineering (Thai) Co., Ltd.	Sales of machine tools and industrial machinery
	Vietnam	ATAD Steel Structure Corp.	Design, manufacture, transportation, and installation of various steel structures
	U.S.A.	Steel Service Oilfield Tubular, Inc.	Sales of steel materials for natural resource excavation
		Benoit Premium Threading, LLC	Steel tubing fabrication; Manufacture and sales of steel tubing-related parts
		KGK International Corp.	Sales of machine tools and industrial machinery
Motor Vehicles & Aerospace	Japan	Kanematsu Aerospace Corp.	Sales of aircraft, defense, and aerospace-related products as well as 3D laser scanners and XR solution equipment
		KANEYO Co., Ltd.	Sales of bedding, fiber raw materials for industrial materials, and synthetic fiber raw materials
		Datatec Co., Ltd.	Development and sales of network services for vehicle operation management, driving safety analysis, etc.; Development and sales of vehicle measuring instruments
	Ireland	KG Aircraft Rotables Co., Ltd.	Replacement and maintenance of aircraft rotatable components; Leasing; Sales
	Poland	Aries Motor Ltd.	Sales and maintenance of automobiles
		Aries Power Equipment Ltd.	Sales of engines, generators, lawnmowers, and other general-purpose machinery
	U.S.A.	Kanematsu Ventures Inc.	Investment in VC funds; Seeking out advanced technologies; Growth support for startups
Other	Japan	Hokushin Co., Ltd.*	Manufacture and sales of medium-density fiberboard
		Shintoa Corp.	Import, export, and sales of pet supplies, soft drinks for vending machines, aero-engines, feed materials, and metal products
		Kanematsu Logistics & Insurance Ltd.	Insurance agency and forwarding business; Consigned freight forwarding business
		Japan Logistics Co., Ltd.	Warehouse and self-storage operation
	Indonesia	Total logistics services, including trucking, warehousing, customs clearance, domestic and international forwarding, and container depot operations	
		PT. Dunia Express Transindo	

Corporate Profile

(As of March 31, 2023)

Corporate Profile			
Company Name	KANEMATSU CORPORATION	Paid-in Capital*	¥27,781 million
Established	August 15, 1889	Fiscal Year	April 1 to March 31
Foundation	March 18, 1918	General Meeting of Shareholders	June
President & CEO	Yoshiya Miyabe	Number of Offices*	Domestic: Tokyo Head Office, Kobe Head Office and branches 5
Head Office	7-2 Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-7017, Japan		Overseas: 35
		Number of Employees*	798 (Consolidated: 7,866)

Investor Information	
Stock Exchange Listings	Tokyo
Stock Code	8020
Transfer Agent	
for Common Stock	Sumitomo Mitsui Trust Bank, Limited
Shares Authorized	200,000,000
Shares Outstanding	84,500,202 (including 263,928 treasury shares)
Minimum Trading Unit	100
Number of Shareholders	32,329
Composition of Shareholders	
Financial institutions	35.13%
Foreign institutions and individuals	33.33%
Individuals and others (including treasury shares)	21.58%
Other corporations	5.60%
Securities firms	4.36%



Principal Shareholders	Number of shares held (thousands)	Percentage of voting rights (%)
The Master Trust Bank of Japan, Ltd. (trust account)	13,107	15.56
Custody Bank of Japan, Ltd. (trust account)	5,072	6.02
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,322	2.75
SSBTC CLIENT OMNIBUS ACCOUNT	2,142	2.54
MSIP CLIENT SECURITIES	1,894	2.24
The Bank of New York Mellon Corporation 140044	1,418	1.68
MUFG Bank, Ltd.	1,417	1.68
STATE STREET BANK AND TRUST COMPANY 505103	1,287	1.52
BNYM AS AGT/CLTS NON TREATY JASDEC	1,273	1.51
BBHFOR UMB BANK, NATIONAL ASSO-PEAR TREE POLARIS VAL SM CAP FD	1,265	1.50

Note: Calculated after deduction of treasury shares (263,928 shares)

