

## 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.

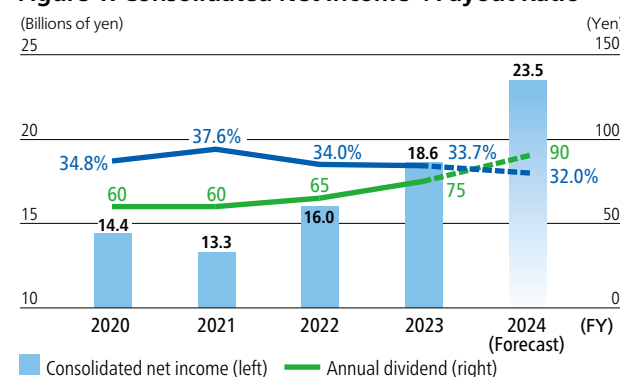
Kanematsu regards the appropriate distribution of profits to shareholders as an important management priority. We will continue to pay stable, ongoing dividends based on considerations of business performance, financial position, and the levels of internal reserves necessary for future growth.

### 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).

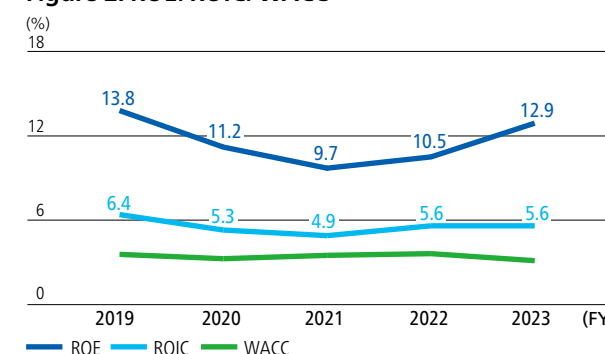
As of March 31, 2023, the price-to-book ratio stood above 1.0, at 1.1. We will continue working to increase enterprise value in order to further improve this ratio so that we can fully meet investors' expectation of medium- and long-term growth.

**Figure 1. Consolidated Net Income\*/Payout Ratio**

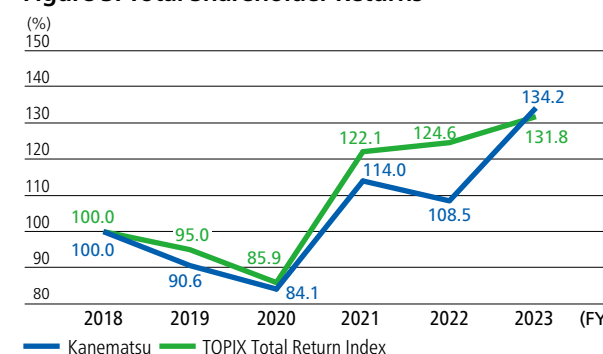


\* Profit for the year attributable to owners of the Parent

**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 interpersonal 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 interpersonal 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

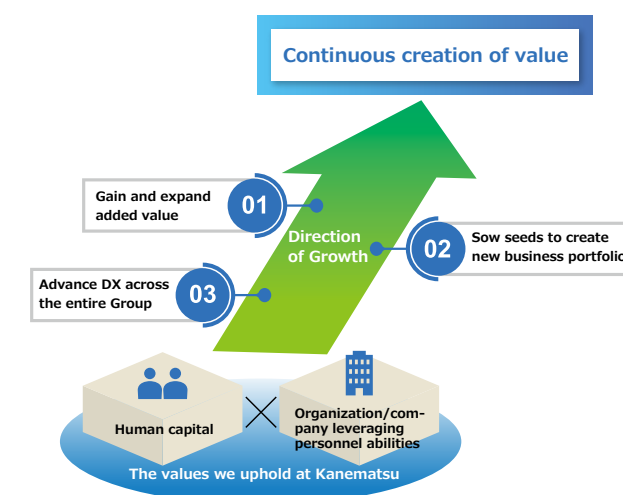
**Overview** Kanematsu believes that human resources are the source of value creation. Each individual strives to embody the above values, which we have cherished since our founding, to enable ongoing value creation.

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.

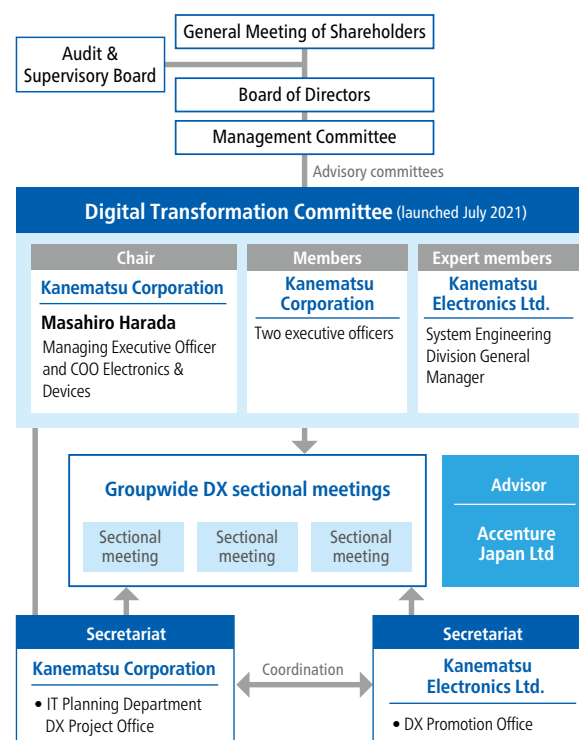
One cross-divisional initiative is the digitization of food and meat product supply chain operations. In this area, we are working to incorporate and utilize digital data, and we plan to expand these efforts to other businesses in the future. At the same time, in response to an increasing number of cyberattacks, 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

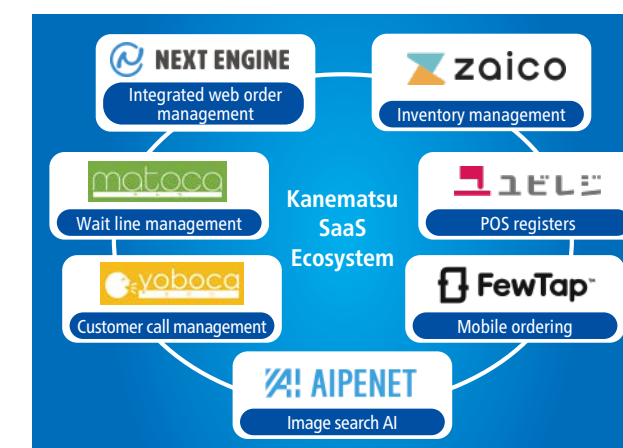
communicates via voice prompts to help solve delivery-related issues. In addition, Datatec is developing a driving safety diagnostic smartphone app aimed at fostering awareness of safe driving techniques. Kanematsu and Datatec will continue to advance logistics DX to help solve logistics personnel shortages 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.



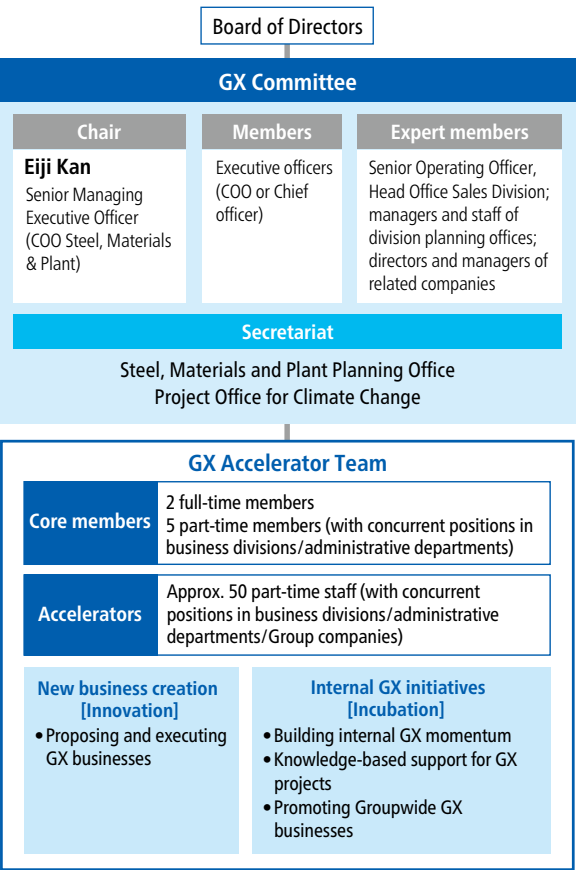
Message from the Green Transformation Committee Chair



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 CO<sub>2</sub> absorbed by wood during its growth in the ground for decades, realizing a reduction in CO<sub>2</sub> 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 m<sup>3</sup> of Eco Wood Pile material has been used in ground improvement for 44,526 buildings, reducing CO<sub>2</sub> 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 CO<sub>2</sub> 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.

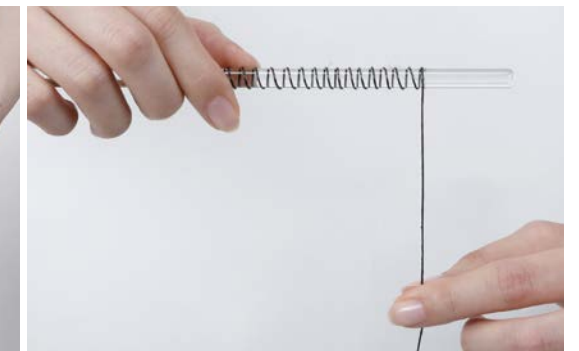
In addition, through its alliance with CARBON FLY, Kanematsu will advance initiatives aimed at carbon neutrality using CNT. We have

begun studying the possibilities of developing technologies to generate CNT from the CO<sub>2</sub> 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