Value Creation Process

Input

Human capital

Human resources who challenge themselves to create new businesses

- Number of consolidated employees: 8,644
- Average annual training hours: Approx. 22 hours per person
- Total training hours: Approx. 19,019 hours
- Diverse human resource hiring rate (women and foreign nationals): 34.7%
- Engagement score: 62%

Intellectual capital

- Deep and broad product and industry expertise
- New business creation know-how
- Risk management

Social and relationship capital

Partnerships

- Robust customer base (includes relationships with business partners spanning several decades)
- Business partners: Over 20,000 companies
- Relationships with various stakeholders

Financial capital

Invested capital and growth investment

- Shareholders' equity: ¥113.2 billion
- Interest-bearing debt: ¥120.3 billion
- Growth investment: approx. ¥147.4 billion (Implemented after *future135*)

Manufactured capital

Business locations

- Domestic: 5, Overseas: 33
- Group companies: 135

Natural capital

- Contributions to the environment and its development in all communities involved in our business
- Contributions to a low-carbon society

Business model/Output

Medium-term management plan

integration 1.0

Trading

Increased value

Production → Procurement → Logistics / Storage → Manufacturing / Processing → Sales → Consumption

Network / platform of customers, suppliers, business partners, domestic and overseas offices

Solutions

Model the Group's DX (digital transformation) and GX (green transformation) solutions (value-added), implement them in the business process layer, and operate them

Improve supply chain efficiency and sustainability through IT

Improving business process efficiency / building resilient business infrastructure / decarbonization and creation of a circular society

Optimal combination of systems and applications (solutions)

Groupwide Management


Electronics & Devices


Foods, Meat & Grain (Foods/Meat Products/Grain, Oilseeds & Feedstuff)


Steel, Materials & Plant


Motor Vehicles & Aerospace

Growth Strategy Office

ICT Solution


Outcomes

Envisioned goals for after "integration 1.0"

A solutions provider leading the transformation of efficient and sustainable supply chains

Discovering needs, delivering optimal solutions

Supply chain transformation/creation

DX GX Innov. (Innovation)

Through value propositions in these three areas, Kanematsu addresses both the current and future needs of the economy and society.

Examples of Kanematsu's impact on society

- **Leading the cybersecurity industry**
  https://www.kanematsu.co.jp/en/press/release/20240729_release_2
- **Agriculture and food GX aimed at a decarbonized society**
  https://www.kanematsu.co.jp/en/press/release/20240729_release_3
- **Building a sustainable meat supply chain**
  https://www.kanematsu.co.jp/en/press/release/20240415_2_release
- **Building an Ecosystem Connecting Japan and Low-Earth Orbit**
  https://www.kanematsu.co.jp/en/press/release/20250206_release

Three Highly Unique Intangible Assets: Human Capital, Intellectual Capital, and Social and Relationship Capital

The Kanematsu Group, after implementing its Medium-Term Management Plan, "integration 1.0," has formulated its vision: to become a solutions provider leading the transformation of efficient and sustainable supply chains. Three highly distinctive intangible assets are also defined as the drivers of value creation across a wide range of businesses. While leveraging these assets within our unique business model, we will continue to grow toward the realization of our vision.

Realizing the Envisioned Goal (After "integration 1.0")

A solutions provider leading the transformation of efficient and sustainable supply chains.

Linking Management and Human Capital Strategies

- Kanematsu Group
- Human Capital Management Committee
- Growth Strategy Office

Human capital

Desired Characteristics　Kanematsu Persons

People who are loved and chosen by our customers and business partners

Kanematsu employees will proactively embody values, cherished since the Company's founding, and aim to create sustainable value in their roles as "Kanematsu Persons."

Intellectual capital

- Groupwide sharing of trading know-how
- Business investment and M&A know-how
- Innovation investment

Increased capital synergies through DX and GX

Social and relationship capital

- 20,000 business partners
- Close relationships forged through the accumulation of trading
- Supply chain and commercial networks

Transforming the supply chain

As a trading company, we are deeply involved in the supply chain, and in addition to our accumulated trading know-how, we will identify customer issues and needs, provide optimal solutions, expand added value, and create new business opportunities in order to bring about change.

Creating innovation through DX/GX

Leveraging the intellectual capital of the Group, including KEL and KSU, we seek to expand business development in the areas of DX and GX, and create innovative solutions to social issues.

DX

GX

Innov. (Innovation)

Identifying customer issues and needs and providing optimal solutions

=

Supply chain transformation/ creation

Trust-based relationships are the seeds of business creation

We will continue to build win-win relationships through the more effective utilization of the Group's capital and by identifying and thoroughly understanding issues and problems within the Group that have the potential to serve as the seeds of future businesses.

Group cohesion through personnel exchange

Secondments from Kanematsu to KEL, which began in 2024, provide opportunities not only for the acquisition of DX-related skills, but also for fostering awareness of Groupwide management through personnel exchanges and to link broad intellectual and human capital within the Group to business development.

Special Feature

First-Year Progress under "integration 1.0"

Current Position Relative to the Envisioned Goal

2024 — 2025 —「integration 1.0」— 2026 — 2027 –

Materiality

- Building a Sustainable Supply Chain
- Decarbonization Initiatives
- Mutual Development with Local Communities
- Creating an Environment That Enables Diverse Work Styles
- Enhancement of Governance and Compliance

Activities for the First Year

Basic policies

Maximizing shareholder value

Promotion of Groupwide management

Special Feature 1

Expansion of value propositions

Special Feature 2

Strengthening organizational capabilities

Strengthening human capital

Enhancement of management function

Special Feature 3

Results

Net profit: ¥23.2 billion — Gap: ¥11.8 billion

Net profit: ¥27.5 billion — Gap: ¥7.5 billion

Achievement of the Medium-Term Plan

Realizing the Envisioned Goal

- Enhancing systems to drive value creation
  - Expansion of the Growth Strategy Office
  - Enhancement of DX/GX solution composition contact points
- Groupwide initiatives to create cutting-edge technologies and business models
- A system that converts tacit knowledge into explicit knowledge
- Developing expert human resources and visualizing human capital
- Promoting the use of AI and digital technologies

Envisioned Goal

A solutions provider leading the transformation of efficient and sustainable supply chains

Financial targets

ROE	Approx. 16%–18%
ROIC	Over 8%
Net D/E ratio	Approx. 1.0
Net profit	¥35.0 billion

Special Feature 1

Basic Policy

Promotion of Groupwide management

Monitoring point set forth in the strategic target

- Sales initiatives driven by the Growth Strategy Office

Related Materiality

Kanematsu's Envisioned Goal: after "integration 1.0"

Cross-divisional activities are becoming more active, with the Growth Strategy Office serving as the hub.

New business creation through Group synergies

Growth Strategy Office

- Meetings held twice a month with the president in attendance
- Conducts surveys and meetings regarding Group resources

PATTERN 1 Unifying Group companies in different business areas → Cooperation between multiple segments

PATTERN 2 Proposing ways of adding value in existing businesses and creating new businesses → Kanematsu Ventures Inc. (Information gathering and innovation exploration)

PATTERN 3 Facilitating collaboration between Group companies and overseas subsidiaries → Kanematsu overseas offices

The Growth Strategy Office promotes Groupwide management across the entire organization, regardless of the framework of individual Group companies or segments.

The Kanematsu Group has become increasingly aware of the importance of utilizing and encouraging collaboration with the Growth Strategy Office among business divisions that are increasingly take the lead in initiating projects, a role traditionally filled by said office. Reflecting this activity, Group companies have approached approximately 130 major business partners in fiscal 2025.

Initiative examples

Comprehensive new factory construction proposals for our business partners

Consolidate products from Group companies and make comprehensive proposals for new factories to business partners involved in trading with the Foods segment.

- Kanematsu KGK Corp.: Machinery, production equipment
- Kanematsu Petroleum Corporation: Liquefied petroleum gas
- KSU: Surveillance cameras, ground improvement
- KEL: Information and network security

Investment in robotics

Investments in the emerging field of robotics

Utilize Group resources to commercialize technology while seeking potential customers and development partners.

Overseas expansion of Group companies

KEL × Kanematsu Europe PLC: Continue server-related orders in the UK

KSU × Kanematsu Vietnam Co. Ltd.: Launch exposure testing of anti-corrosion and anti-termite treated building materials in Vietnam

Kanematsu Ventures Inc. https://www.kanematsu.co.jp/en/business/growth-strategy-office/kgv

Special Feature 1

Since February 2025, the Growth Strategy Office has welcomed four seconded employees from the following companies: Kanematsu Electronics Ltd., Kanematsu Communications Ltd., Kanematsu Sustech Corporation, and Kanematsu KGK Corp.
Together with these four employees, we held a roundtable discussion, giving each participant, all of whom have different backgrounds, the opportunity to share their thoughts on the effects of the secondment, as well as their goals for the future and any issues they face.

The Growth Strategy Office Roundtable Discussion

Aiming to be a Groupwide solutions provider

Ryoji Tatsuyama
Kanematsu Electronics Ltd.

Kensuke Watai
Kanematsu Communications Ltd.

Kazuhiro Matsuura
(Facilitator)
Office Manager

Emi Hirata
Team Leader
Business Development Team

Akimasa Kumano
Sub-leader
Business Development Team

Masafumi Toyama
Kanematsu Sustech Corporation

Takayuki Sato
Kanematsu KGK Corp.

Q1 What were your thoughts when you first heard you were being seconded?

Tatsuyama: I knew synergy to be something that could only be created through actual interaction, so I saw this as a great opportunity to deepen our mutual understanding and establish elements of our corporate culture and DNA that cannot be expressed quantitatively.

Q2 Has your secondment brought about any change in such areas as cross-selling and synergy creation?

Watai: Our network has expanded significantly. Connections have been formed between Group companies, creating an environment conducive to casual consultation, and we now have access to a vastly greater number of business partners than before.
Sato: Through my secondment, I've gained a deeper understanding of individual companies. In some cases, sharing the information I've gained within the Company and acting as an intermediary has led to new inquiries, and in other cases, accompanying Kanematsu's business partners on proposals has led to winning orders.

Q3 What challenges do you face when promoting cross-selling?

Toyama: Having the right mindset is crucial, as each employee has varying levels of motivation. Therefore, I believe that one of the main roles of our office is to provide opportunities for interviews and briefings with each department.
Watai: Another challenge we face is establishing connections between our office and the corporate departments of our business partners. Ideally, we hope to create mechanisms that promote cross-selling—such as chatbots and introductory videos—to make the proposal of solutions to the issues business partners are facing smoother and otherwise meet their needs while lessening the load on our sales representatives.
Kumano: While it may be challenging to determine how much time to dedicate to efforts that yield less immediate results, I believe the mindset of "strengthening the company" is crucial. Moreover, this mindset helps to reinforce the Company's DNA. It is my hope that we will continue to build relationships across the Group and increase opportunities for mutual understanding.

Q4 What goals do you have for the future?

Sato: We aim to create a framework that allows for active Groupwide collaboration, combining the proposal capabilities of each company to become a trading company capable of broadly addressing diverse needs.
Toyama: Precisely because the Kanematsu Group handles such a wide range of products, we aim to become a solutions provider capable of covering all aspects of our business partner's operations—including security, mobile solutions, and equipment—through the Group.
Tatsuyama: We aim to broaden individual perspectives and skills, creating entirely new ventures alongside our clients. Even in recent years, IT has reshaped business models, driving change and transformation. We, too, will move beyond mere problem-solving, innovating with a broad vision and contributing to society through this new value.
Hirata: Our mission is to further empower the Kanematsu Group through the creation of Group synergies and to leverage the Group's strengths to create new businesses. While welcoming seconded employees has strengthened our overall cohesion, I feel that our office isn't recognized by the sales team. We aim to foster a culture where dialogue increases and as many employees as possible contribute to strengthening the Kanematsu Group. Ultimately, the ideal is for each sales department and Group company to be able to independently utilize the Group's assets for their own business operations and collaborate with each other on innovation, even without the Growth Strategy Office.

Basic Policy

Expansion of Value Propositions

Monitoring point set forth in the strategic target

- Expanding solutions that transform the supply chain

Related Materiality

Kanematsu's Envisioned Goal: after "integration 1.0"

More solutions are being provided to enhance supply chain efficiency, decarbonization, and circularity.

Expansion of Value Propositions Centered on DX, GX, and Innovation

DX GX Innov.

To enhance the value we deliver to our customers, we have identified three key focus areas—DX, GX, and Innovation—to address the needs of the economy and society, both now and in the future. Efforts are advancing in each field, with activity accelerating particularly in the field of GX in FY2025.

DX

DX: Streamlining Supply Chains with DX and ICT

- Helicopters • Gas delivery • Forage and Dairy Products • Coffee • Beef • Legal affairs
- Establishment of a new company for building a new core system and promoting DX, etc.

Innov. (Innovation)

Exploration and implementation of advanced technology and business models

- Space • Mobility • Materials GX • Agriculture GX, etc.

GX

Social Issues

Building a sustainable supply chain

Decarbonization through reduction of greenhouse gas emissions

Initiative Examples

Production and sales of environmentally conscious rice

Reduction of methane emissions from paddy fields through extended mid-season drainage periods or other forms of water management and the value-added marketing of environmentally conscious rice cultivated using these methods

Green Transformation (GX) Committee

Sustainable Management Section

- Secretariat for the GX Committee
- Collection of GX information (including the formation of the GX Accelerator Team and conducting strategic meetings with external partners)
- Collaboration with business partners at the business division level

Key Focus Areas

- Renewable energy • GX for agriculture and food
- GX for raw materials • The venous industries*

*Refers to industries that turn solid industrial waste into reusable resources.

Creation of a circular economy through effective resource utilization

Initiative Examples

Carbonization of Unused Biomass

Through the promotion of the high-performance biochar Soratan, produced from locally sourced unused biomass, we are implementing initiatives to create soil that efficiently utilizes resource circulation and organic fertilizers and to store carbon in farmland ▶p 30

Basic Policy

Strengthening Organizational Capabilities/ Strengthening Human Capital/Enhancement of Management Functions

Monitoring point set forth in the strategic target

- Growing number of employees embodying the new mindset and behavioral patterns, or engaging in cross-divisional projects

Related Materiality

Kanematsu's Envisioned Goal: after "integration 1.0"

Increased number of employees embodying the mindset and behavioral patterns required of new Kanematsu Persons

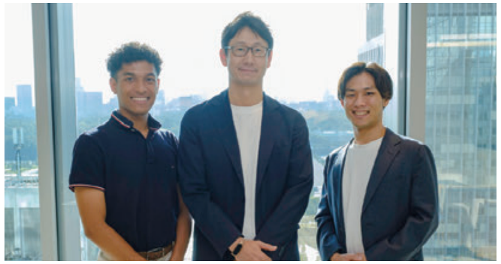
Creating an environment that enhances functionality and stimulates communication

We aim to provide optimal solutions by consolidating the knowledge of individual divisions , creating forms of explicit knowledge including documents and manuals, thereby promoting unfettered, cross-divisional collaboration on a Groupwide basis.

- **Strengthening Core Organizations**
  Expansion of the Growth Strategy Office ▶p 7
- **Strengthening Regional Partnerships**
  Consolidation of the Osaka Branch ▶p 69
- **Strengthening the Collaboration with KEL**
  Secondment to KEL ▶p 65
- **Fostering Group Cohesion**
  The Kanematsu Group Sports Festival ▶p 69
- **Alignment of Strategies**
  Human Capital Management Committee ▶p 24
- **Providing Space for Taking on Challenges and Collaborative Creation**
  Hitotsubu Club
- **Transforming the Corporate Culture and Work Environment**
  TANEMATSU ▶p 68
- **Health Promotion**
  Health and Productivity ▶p 71

Activities and Significance of the Hitotsubu Club

The Hitotsubu ("One Seed") Club was launched in July 2022 with the mission of fostering a corporate culture at Kanematsu that continuously challenges its employees and supports business creation. As of March 31, 2025, we have held 26 events, inviting business partners and those within the Company who embrace taking on new challenges to speak to join. Group work sessions are also a key feature designed to encourage ambition among participants. Beginning in fiscal 2025, participation eligibility has been extended to all Kanematsu Group companies. A total of 354 participants took part in this year's 10-session event, 123 of whom were from Group companies. We feel it has truly become a platform that fosters exchange across departments and companies. Going forward, we will continue to support proposal generation and project advancement as we pursue the creation of new businesses beyond our Group.



Hitotsubu Club Secretariat Office (From left)

Kelly Emone
Foods Department No. 1 Processed Agricultural Products Section

Masaki Takahashi
Specialty Steel Foreign Trade Department Section No.1 Chief

Takashi Fujihara
Corporate Planning Department Corporate Planning Section

VOICE Lessons from My Secondment to Spiber Inc.

Kentaro Oguri
Currently on secondment to Spiber Inc.

Spiber Inc. (hereafter Spiber) creates "Brewed Protein™," a protein material with limitless potential. To maximize synergies with the Kanematsu Group's assets, it is imperative that every member of the Kanematsu Group is open to engaging with Spiber's philosophy, able resonate with it wholeheartedly, and ready to collaborate on a Groupwide basis. Struggling with the lack of connection between the company and the Group after being seconded, I pitched the idea that interactions within the Hitotsubu Club could help raise awareness about Spiber. Through lectures and workshops given by Spiber employees, participants' interest grew. After the club's event, inquiries from participants poured in, giving us a sense that we were on to something. Building on this momentum, we will pursue challenges beyond the confines of the Group to lay the groundwork for future benefits.