

January 6, 2020

Press release



2020's New Year's Greetings

I wish you all a happy new year.

I would like to take this time to extend my best wishes for the new year to everyone at Kanematsu Corporation and the Kanematsu Group.

Looking Back on 2019

2019 was the year in which Japan took the first step into the new era of Reiwa.

Kanematsu celebrated its 130th anniversary in August. We felt the weight of the company's history and at the same time renewed our determination to realize further sustainable development and growth. We also announced in October the relocation of our head office for the first time in some 30 years.

Ahead of the upcoming Tokyo Olympic Games, I believe 2019 was also a year in which various scenes in the sports world gave us strength. In baseball, I was very impressed by Ichiro Suzuki's remarks when he retired in March, in which he said that he could not possibly regret anything in his baseball career, and I also felt the passing of time. In August, golfer Hinako Shibuno became an instant sensation when she won the Women's British Open, bringing with it a breath of fresh air. And the Rugby World Cup is still fresh in our minds. This event united the whole nation as one to cheer on the Japanese team, and I still clearly remember becoming heated and excited while watching the games. It reminded me of the importance of uniting as one and just how vital that was to achieve.

Against such a backdrop, the sports teams at Kanematsu enjoyed two memorable events. One was the baseball team winning the Shosha League championship. The other was the soccer team's victory in the year-end Shosha League promotion/relegation play-offs, and being promoted to Division 1.

On the other hand, 2019 was also a year in which we endured many natural disasters including typhoons. I extend my heartfelt sympathy to those who suffered damage, and pray for the speedy success of recovery efforts. At the same time, I express my sincere respect for the action taken by those employees who took the initiative in becoming volunteers.

Global politics also faced turmoil, and we now live in an age when a US president's tweets sway currency rates and stock prices. US-China trade friction has settled down to a certain extent, but even now greatly affects the performance of Japanese corporations including ourselves, and consequently impacts our individual daily life. It is no longer someone else's problem. There were various other issues such as Brexit and geopolitical risks related to the Middle East. The consumption tax rate was raised to 10% in October, which affected our Group's businesses including the direct sales of mobile devices to consumers.

In 2019, Kanematsu management focused largely on women's advancement. We decided to support the women's soccer team INAC Kobe Leonessa, and concluded a sponsorship agreement with them. Leading players of the team came to visit our office, and we placed an advertisement in Hamamatsucho Station featuring active team players. The ad signifies Kanematsu's stance in supporting the success of women. The soccer players in the ad are associated with female employees in the Kanematsu Group.

As you are aware, the first female director in Kanematsu's history assumed office in June. She is currently contributing both within the company and externally. Furthermore, half of our new recruits are now women.

A seminar session was conducted at the end of the year for female employees, and various discussions were held regarding what women could achieve. I went through all of the survey results and comments by participants after the training. I have now fully realized that there are many issues to be resolved after reading comments such as "there are large gaps among departments in their way of working and their sense of values," and "this was the first education program for me since I attended the new employee education." I hope to steadily improve these issues in 2020. Also, although this seminar was limited to just some employees, going forward it is my intention to

have all female employees take part.

At present however, the conditions within various workplaces are not favorable for this to materialize. I imagine there is room for improvement among managers, supervisors, and colleagues at all sites in raising their own awareness. I ask each of you to work towards reforming the workplace and the advancement of female employees.

Expectations for 2020

I am afraid that economic instability will continue growing in 2020 because of the political situation internationally. In particular, the US presidential elections in the fall will be a major turning point in US politics. I think the effects of US-China trade friction on the economy, and the geopolitical risks caused by unrest in the Middle East which were reignited at the start of the year, are very likely to increase.

Under such conditions the competency of nations and corporations will be tested to see whether they can bear down and gain the momentum to expand. I believe all of you will be also tested in your ability to identify risks, and that you will show your ability by expanding your respective business areas. Our business, which is closely related to the global economy, is extremely prone to becoming increasingly unstable, so let us buckle down and work on the task at hand on a day to day basis.

Digitization

I also believe digitization will progress rapidly. On a daily level, the consumption tax hike is being used as an opportunity to promote a cashless society, which is also a move toward digitization. This year, traffic jams are expected to be caused by the Olympics, and we are looking into workstyle reforms that will alleviate us from being tied down by time and space, through the use of mobile devices and networks. The use of cloud technology boasting various capabilities is increasing in the world of business, and the real world and digital spaces are interconnected, which is changing our daily lives and work situations dramatically. We have decided to install a system with the aim of revamping storage infrastructure, which is at the core of digitization. It will steer us toward digitization of other areas such as application forms and other paperwork.

I believe there are many transactions on a business level than can be paperless and digitized and I hope to work hard together with all of you towards managing such changes in the market. In addition, I ask that you remain aware of the importance of

utilizing data as the basis for conducting business, instead of relying on instinct and past experience alone. When taking on something where change is anticipated, I ask each of you to ask yourself, just like our ads do, “What does the data tell you?”

future135

future135, which is currently underway, will enter its third year in April. I believe this year, which is the midpoint for this six-year vision, will be an extremely significant year for our growth and future. I anticipate you seeking appropriate new investment opportunities for growth and putting them into action. Please also be creative and original in raising added value in daily business decisions. In doing so, I truly look forward to seeing added value that has increased over time, from last year to this year, and from this year to the next.

Health

As I stated during visits to respective floors at the end of the year, what keeps our activities going is everyone’s good health. This year, the keyword will be ‘health.’ In addition to the health of your mind and body, I would like you to keep in mind the healthiness of your actions and knowledge. “The healthiness of your actions” requires healthy rules and a healthy mind to obey those rules. I ask that you please always ask yourself when taking action whether your health is sound in this regard.

“The healthy knowledge” is a correct and rich knowledge as I’ve conveyed in my message when Kanematsu University started.

Please do not ever forget the quest for learning, regardless of your age.

A healthy body is the foundation of everything. If you sense even the slightest ailment or have any concerns, please see a professional immediately. You must not hesitate. I reiterate that a body in good health is the foundation of everything. This applies not only to yourself but also to those surrounding you, including family members. Please do not overlook any signs. This is an instruction I give to all of you as president of the company and ask for your cooperation.

In Conclusion

This year, the Olympic Games will be held in Tokyo for the first time in 56 years since 1964. I look forward to great efforts by the Japanese athletes. At the same time, I believe we can greatly anticipate the success of the sports teams at Kanematsu. In

looking through the profile of new recruits for this year, it appears many have a strong athletic club background or equivalent experience. I look to them to rejuvenate the world of sports within the company and to provide us all with energy.

Furthermore, our management will be conducted in consideration of SDGs, diversity, and inclusion this year as well. As I have stated earlier, we will work on digitization of paperwork in advance of our relocation. I often hear remarks that digitization is not possible for trading companies, but please do not fall prey to such misconceptions. After the relocation, you will not be able to store anything on a desk, so let us actively advance efforts towards digitization in time for the relocation three years from now. Today, in 2020, we are having the first new year's ceremony since the change of the era to Reiwa. Let us grasp a sense of determination anew and work with a fresh outlook not only for 2020, but in considering the future in 10, 20, and 30 years' time.

I feel that 2020 will be a year filled with various changes for ourselves and for the entire world. I hope we can make the year 2020 meaningful, just as with Ichiro's remarks I mentioned earlier, so that "we cannot possibly regret anything."

I pray for a bright and prosperous year and conclude my new year's greeting.

President Kaoru Tanigawa
Kanematsu Corporation