

October 2, 2024

Press Release

Company name: Kanematsu Corporation
Representative: Yoshiya Miyabe, President
(Securities Code: 8020 Prime Market, Tokyo Stock Exchange)
Inquires to be sent to: Hiroshi Miyaike, General Manager, Finance,
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Notice Regarding Secondary Offering of Shares

Kanematsu Corporation (the “Company”) announces that it has resolved to approve the implementation of a secondary offering for sale of the shares of common stock of the Company (the “Shares”) as set forth below (the “Secondary Offering”) at a meeting of the board of directors held on October 2, 2024.

The Company has been continuously working to reduce its cross-shareholdings as an important measure to enhance its corporate value. According to its policy on reduction of cross-shareholdings published on June 28, 2024, the Company intends to reduce its cross-shareholdings by approximately 10 billion yen and reduce the ratio of cross-shareholdings* to its total consolidated capital to 10% or less by the end of March 2027, the final fiscal year of the Medium-Term Management Plan, “integration 1.0.” The Company aims to improve its capital efficiency by allocating cash inflows from the reduction of cross-shareholdings towards growth investment and shareholder returns.

*Note: This does not include shares held for innovation investment purposes, and investments in overseas strategic business partners.

Meanwhile, the Company has received indications to sell the Shares from several financial institutions in the backdrop of the growing trend to reconsider cross-shareholdings in light of the Corporate Governance Code principles and other initiatives in the capital market. After discussions with the financial institutions, the Company has decided to approve the implementation of the Secondary Offering, which will enable the Company to restructure its shareholder composition proactively while providing the financial institutions with an opportunity for a smooth sale of the Shares.

Through the Secondary Offering, the Company intends to penetrate Medium-Term Management Plan and other company strategies, and aims to expand and diversify its shareholders base, improve the market liquidity of the Shares over the medium to long term, and further enhance its corporate value.

1. Secondary Offering by way of purchase and underwriting by the underwriters

- (1) Class and number of shares to be offered 5,716,200 shares of common stock of the Company.
- (2) Selling shareholders and number of shares to be offered
- | | |
|--|------------------|
| Tokio Marine & Nichido Fire Insurance Co., Ltd.: | 1,990,400 shares |
| The Norinchukin Bank: | 1,249,800 shares |
| Custody Bank of Japan, Ltd. (Retirement Payment Account of Sumitomo Mitsui Trust Bank) | 662,400 shares |
| Mitsui Sumitomo Insurance Company, Limited: | 580,600 shares |
| MUFG Bank, Ltd.: | 560,000 shares |
| Aozora Bank, Ltd.: | 350,000 shares |
| Mitsubishi UFJ Trust and Banking Corporation: | 252,800 shares |
| Mizuho Bank, Ltd.: | 70,000 shares |
| Sumitomo Mitsui Trust Bank, Limited: | 200 shares |
- (3) Selling price Undetermined. (The selling price will be determined in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc., of Securities of the Japan Securities Dealers Association, based on the provisional pricing terms calculated by multiplying the closing price of common stock of the Company in ordinary transaction on the Tokyo Stock Exchange, Inc. on a certain date between Wednesday, October 9, 2024 and Wednesday, October 16, 2024 (the “Pricing Date”) (or, if no closing price is quoted on the Pricing Date, the closing price of the immediately preceding day) by a number ranging between 0.90-1.00 (with any fraction less than one yen being rounded down to the nearest whole yen), and by taking into account market demand and other conditions.)
- (4) Method of secondary offering The offering shall be a secondary offering for sale following the purchase and underwrite by the underwriting syndicate led by the underwriters designated as joint lead managers (the “Underwriters”). As commission to the Underwriters, the aggregate amount of the difference between the selling price and the underwriting price at which the selling shareholders shall be paid as a purchase price per Share by the Underwriters.
- In addition, a part of the Shares may be sold to overseas investors in overseas markets mainly in Europe and Asia (excluding the United States and Canada).
- (5) Delivery date The fifth business day following the Pricing Date.
- (6) Advance on purchase (application margin) Same as the selling price per Share
- (7) Share unit for purchase 100 Shares
- (8) The board of directors authorized that the selling price and any other matters necessary for the Secondary Offering by way of purchase and underwriting by the Underwriters will be determined at the discretion of Yoshiya Miyabe, Representative Director of the Company.

2. Secondary Offering by way of Over-allotment (please refer to <References> 2. below)

- (1) Class and number of shares to be offered 857,400 shares of common stock of the Company.
(The number of shares above is the maximum number of shares to be

- sold, and may decrease or the sale by way of Over-allotment might be cancelled, depending on market demand. The number of Shares to be sold will be determined on the Pricing Date, after taking market demand into consideration.)
- (2) Seller The designated underwriter (the “Designated Underwriter”)
 - (3) Selling price Undetermined. (The selling price will be determined on the Pricing Date. The selling price will be the same as the selling price of the Underwriters in the Secondary Offering.)
 - (4) Method of secondary offering After consideration of the market demand for the Secondary Offering, the Designated Underwriter will offer the Shares, which will be borrowed from certain shareholders of the Company (the maximum number being 857,400 shares).
 - (5) Delivery date Same as that in the Secondary Offering by the Underwriters.
 - (6) Advance on purchase (application margin) Same as the selling price per Share
 - (7) Share unit for Purchase 100 shares
 - (8) The board of directors have authorized that the selling price and any other matters necessary for the Secondary Offering by way of Over-allotment will be determined at the discretion of Yoshiya Miyabe, Representative Director of the Company.

<References>

1. The purpose of the Secondary Offering

The purpose is as stated at the beginning of this press release.

2. Secondary Offering by way of Over-allotment, etc.

The Secondary Offering by way of Over-allotment is a secondary offering to be conducted after considering market demand upon making the Secondary Offering by way of purchase and underwriting by the Underwriters and with a maximum of 857,400 Shares that the Designated Underwriter will borrow from certain shareholders of the Company. The number of Shares to be sold in the Secondary Offering by way of Over-allotment is expected to be 857,400 shares, which is the maximum number of shares that can be sold; however, depending on market demand, such number may be decreased or the Secondary Offering by way of Over-allotment itself might be cancelled.

In addition, when conducting the Secondary Offering by way of Over-allotment, the Designated Underwriter will be granted by the aforementioned shareholder of the Company the right (the “Greenshoe Option”) to obtain Shares up to the number of shares to be sold in the Secondary Offering by way of Over-allotment in addition to the shares for the Secondary Offering by way of purchase and underwriting by the Underwriters, with the exercise period being from the delivery date for the Secondary Offering by way of purchase and underwriting by the Underwriters and the Secondary Offering by way of Over-allotment to Friday, November 8, 2024.

Furthermore, the Designated Underwriter may also purchase the Shares in the Tokyo Stock Exchange

market in a quantity of up to the number of shares to be sold in the Secondary Offering by way of Over-allotment for the purpose of returning the shares borrowed from the aforementioned shareholders (the “Borrowed Shares”) (such transactions, the “Syndicate Cover Transactions”), during the period beginning on the day immediately following the last day of the purchase period for the Secondary Offering by way of purchase and underwriting by the Underwriters and the Secondary Offering by way of Over-allotment and ending on Friday, November 8, 2024 (the “Syndicate Cover Transaction Period”). All Shares purchased by the Designated Underwriter through Syndicate Cover Transactions will be used to return the Borrowed Shares. It should be noted that, during the Syndicate Cover Transaction Period, the Designated Underwriter may decide not to conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of Shares purchased therefor reaches the number of Shares to be sold in the Secondary Offering by way of Over-allotment.

Also, the Designated Underwriter may conduct stabilizing transactions associated with both the Secondary Offering by way of purchase and underwriting by the Underwriters and the Secondary Offering by way of Over-allotment, and may use all or part of the Shares purchased through the stabilizing transactions to return the Borrowed Shares.

As discussed above, the Borrowed Shares remaining after returning a part of the Borrowed Shares by way of using the Shares purchased through Syndicate Cover Transactions or a stabilization transaction will be returned by the Designated Underwriter by exercising its Greenshoe Option.

Whether or not the Secondary Offering by way of Over-allotment will be conducted and the number of Shares to be sold through such offering will be determined on the Pricing Date. In the event that the Secondary Offering by way of Over-allotment is not to be conducted, neither the borrowing of the shares from the aforementioned shareholders by the Designated Underwriter, the granting of the Greenshoe Option from the shareholders to the Designated Underwriter nor the Syndicate Cover Transactions at the Tokyo Stock Exchange market will be conducted.

The Designated Underwriter will conduct the above transactions upon discussion with another Underwriter.

3. Lock-up

In connection with the Secondary Offering by way of purchase and underwriting by the Underwriters, MUFG Bank, Ltd. and Aozora Bank, Ltd., the shareholders of the Company, have agreed with the Underwriters that they will not sell the Shares (excluding sales through the Secondary Offering by way of purchase and underwriting by the Underwriters.), during the period beginning on the Pricing Date and ending on the date that is 180 days from and including the delivery date of the Secondary Offering by way of purchase and underwriting by the Underwriters (the "Lock-up period"), without the prior written consent of the Underwriters.

The Company has also agreed with the Underwriters that it will not, without the prior written consent

of the Underwriters, issue or dispose the Shares, issue securities convertible into or exchangeable for the Shares, or issue securities that represent the right to acquire or receive the Shares (excluding the issuance or delivery of the Shares by way of stock splits and the issuance or delivery of the Shares under the performance-based stock compensation plan, etc.), during the Lock-up period.

In either of the aforementioned cases, the Underwriters have the right to wholly or partially waive the aforementioned agreements at their own discretion, even during the Lock-up period.

End

Note:

This document does not constitute an investment solicitation for any securities for sale. This document is a press release to publicly announce regarding the secondary offering for sale of the shares of common stock of the Company, and not for the purpose of soliciting investment or engaging in any other similar activities within or outside Japan.

When making an investment, investors are advised to do so based on their sole judgement after reviewing "the Prospectus on the Secondary Offering of Shares" and amendments thereto, if any, prepared by the Company.

This press release does not constitute any offering or sale of securities in the United States. The securities referred to above have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.