

**KANEMATSU CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the fiscal year ended March 31, 2025**



## Independent Auditor's Report

To the Board of Directors of Kanematsu Corporation

### Opinion

We have audited the consolidated financial statements of Kanematsu Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Japan LLC  
Otemachi Park Building,  
1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan  
Tel: +81 (3) 6212 6800, Fax: +81 (3) 6212 6801

Impairment assessments of goodwill and the carrier shop operating rights of the domestic subsidiaries' mobile business

(Notes to consolidated financial statements 10. Goodwill and Intangible Assets)

Key audit matter description	How our audit addressed the key audit matter
<p>Goodwill and the carrier shop operating rights attributed to the mobile business of the domestic subsidiaries of the Company and its subsidiaries were initially recognized as a result of the business combination affected by Kanematsu Communications Limited, a wholly-owned subsidiary of the Company which operates the mobile communication device distribution agency business, with entities which operate the same agency business. The carrying amounts of goodwill and the carrier shop operating rights as at March 31, 2025 were JPY3,352 million (0.5% of total assets of the consolidated financial statements) and JPY16,906 million (2.5% of total assets of the consolidated financial statements), respectively. The carrier shop operating rights are rights to earn revenue by operating mobile communication device distribution shops for specific carriers. The rights are identified as indefinite-lived intangible assets because the intangible assets are considered to continue to exist as long as the business continues.</p> <p>This business combination was an acquisition in order to expand the market share of the mobile business, and as a result of the business combination, the significance of the mobile business of the domestic subsidiaries to the consolidated results increased. In addition, the impact of the uncertainty of future revenues due to changes in the external environment, such as amendments to the Telecommunications Business Law in Japan and changes in mobile phone rate plans by telecommunications carriers, on changes in the gross profit of the mobile business of the domestic subsidiaries could be significant.</p> <p>In accordance with IAS 36, "Impairment of Assets", the Group performs an impairment test annually and whenever there is an indication of impairment for goodwill and the carrier shop operating rights. The recoverable amount of the cash-generating units including goodwill and the carrier shop operating rights in the impairment test is determined based on the value in use. The value in use is calculated by discounting the future cash flows based on the five-year forecasts approved by management and the growth rate to present value. The growth rate is determined considering the nominal GDP growth rate and the long-term average growth rate for the country to which the cash-generating unit belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or</p>	<p>We performed the following principal audit procedures in relation to the impairment assessment of goodwill and the carrier shop operating rights with material amounts in the domestic subsidiaries' mobile business:</p> <ul style="list-style-type: none"> <li>• We inquired of management to understand the current business environment and risks of the mobile business.</li> <li>• We evaluated the design and implementation and tested the operating effectiveness of internal controls related to the impairment assessment process.</li> <li>• We assessed the reasonableness of the cash-generating units identified by management.</li> <li>• We obtained results of impairment tests of the cash-generating unit and recalculated management's estimates based on each assumption and model.</li> <li>• With respect to the five-year forecasts used for the estimation of the value in use, we assessed reasonableness by comparing the current year forecast with the actual results including gross profit and comparing the future changes in revenue and gross profit with the market trends in the domestic mobile business, as well as the forecasts of comparable companies.</li> <li>• We inspected the Board of Directors meeting minutes and management committee minutes and compared the five-year forecasts used for the estimation of the value in use above with the forecasts approved by management.</li> <li>• We compared the growth rates with the historical data published by the Cabinet Office.</li> <li>• We assessed the discount rate and performed the following procedures: <ul style="list-style-type: none"> <li>◦ We verified that the model used to determine the discount rate is appropriate.</li> <li>◦ We verified the consistency of the data used with external information and internal financial information.</li> </ul> </li> </ul>

groups of assets, based on the nature and geographical location of the business.

The estimate of the value in use that is used in the annual impairment test is based on assumptions with a high degree of estimation uncertainty such as future changes in gross profit due to the changes in the external environment of the mobile business of domestic subsidiaries, the growth rate, and the discount rate. If impairment losses on goodwill and carrier shop operating rights are recognized, such losses could have a material impact on the consolidated financial statements.

As such, we determined that the impairment assessment of the mobile business's goodwill and the carrier shop operating rights is a key audit matter.

Impairment assessment of goodwill related to the domestic subsidiary's card printer business (Notes to consolidated financial statements 10. Goodwill and Intangible Assets and 22. Impairment Loss)	
Key audit matter description	How our audit addressed the key audit matter
<p>Goodwill attributed to the card printer business of a domestic subsidiary of the Company was initially recognized as a result of the business combination of G-Printec, Inc. In the fiscal year ended March 31, 2025, impairment loss of JPY1,390 million is recognized against the JPY2,485 million goodwill carrying amount as at March 31, 2024. Following the recording of this impairment, the written down carrying amount is JPY1,095 million (0.2% of total assets of the consolidated financial statements) as at March 31, 2025.</p> <p>The card printer business faces sales competition with overseas and domestic competitors. As major overseas markets are exposed to changes in market conditions and trends in each country, there is a high degree of estimation uncertainty in the forecasted earnings on changes in the gross profit of the card printer business. In accordance with IAS 36, "Impairment of Assets", the Group performs an impairment test for goodwill annually and whenever there is an indication of impairment. The recoverable amount of the cash-generating unit including goodwill in the impairment test is determined based on the value in use. The value in use is calculated by discounting the future cash flows based on the five-year forecasts approved by management and the growth rate to present value. The growth rate is determined considering the nominal GDP growth rate and the long-term average growth rate for the country to which the cash-generating unit belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, based on the nature of the business.</p> <p>The estimate of the value in use that is used in the annual impairment test is based on assumptions with a high degree of estimation uncertainty such as future changes in gross profit due to typical competition in the industry, the growth rate, and the discount rate. If impairment losses on goodwill are recognized, such losses could have a material impact on the consolidated financial statements.</p> <p>As such, we determined that the impairment assessment of goodwill related to the domestic subsidiary's card printer business is a key audit matter.</p>	<p>We performed the following principal audit procedures in relation to the impairment assessment of goodwill in the domestic subsidiary's card printer business:</p> <ul style="list-style-type: none"> <li>• We inquired of management to understand the current business environment and business risks of the card printer business.</li> <li>• We evaluated the design and implementation and tested the operating effectiveness of internal controls related to the impairment assessment.</li> <li>• We assessed the reasonableness of the cash-generating unit identified by management.</li> <li>• We obtained the result of the impairment test of the cash-generating unit and recalculated management's estimates based on each assumption and model.</li> <li>• With respect to the five-year forecasts used for the estimation of the value in use, we compared the forecasts made previously to the actual results for those prior years including gross profit, and assessed whether the fluctuations in revenue and gross profit in the forecasts are consistent with the market trends in the card printer business.</li> <li>• We inspected the board of directors' meeting minutes and compared the five-year forecasts used for the estimation of the value in use above with the forecasts approved by management.</li> <li>• We compared the growth rates with the historical data published by the Cabinet Office.</li> <li>• We assessed the discount rate and performed the following procedures: <ul style="list-style-type: none"> <li>◦ We verified that the model used to determine the discount rate is appropriate.</li> <li>◦ We verified the consistency of the data used with external information and internal financial information.</li> <li>◦ We recalculated impairment loss based on the recoverable amount and the carrying amount of the cash-generating unit including goodwill.</li> </ul> </li> </ul>

Impairment assessment of goodwill related to the overseas subsidiary's steel pipe business  
(Notes to consolidated financial statements 10. Goodwill and Intangible Assets and 22. Impairment Loss)

Key audit matter description	How our audit addressed the key audit matter
<p>Goodwill of the steel pipe business of an overseas subsidiary of the Company was recognized in connection with the business combination of Benoit Premium Threading, LLC located in the United States. In the fiscal year ended March 31, 2025, the full carrying value of goodwill was impaired, resulting in an impairment loss of JPY3,087 million.</p> <p>The steel pipe business is significantly impacted by international crude oil prices and trading volumes and has relatively high volatility in its long-term projection of revenue. Therefore, there is a high degree of estimation uncertainty in forecasted earnings on changes in the gross profit of the steel pipe business. In accordance with IAS 36, "Impairment of Assets", the Group performs an impairment test for goodwill annually and whenever there is an indication of impairment. The recoverable amount of the cash-generating unit including goodwill in the impairment test is determined based on the value in use. The value in use is calculated by discounting the future cash flows based on the five-year forecasts approved by management and the growth rate to present value. The growth rate is determined considering the nominal GDP growth rate and the long-term average growth rate for the country to which the cash-generating unit belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, based on the nature of the business.</p> <p>The estimate of the value in use that is used in the annual impairment test is based on assumptions which are subject to a high degree of estimation uncertainty such as future changes in gross profit due to future fluctuations in crude oil market prices, changes in demand trends, the growth rate, and the discount rate. If impairment losses on goodwill are recognized, such losses could have a material impact on the consolidated financial statements.</p> <p>As such, we determined that the impairment assessment of goodwill regarding the steel pipe business is a key audit matter.</p>	<p>We performed the following principal audit procedures in relation to the impairment assessment of goodwill of the overseas subsidiary's steel pipe business, including the work performed by the component auditor of the subsidiary in the United States based on the instructions provided by us:</p> <ul style="list-style-type: none"> <li>• We inquired of management to understand the current business environment and risks of the steel pipe business.</li> <li>• We evaluated the design and implementation, and tested the operating effectiveness of internal controls related to the impairment assessment.</li> <li>• We assessed the reasonableness of the cash-generating unit identified by management.</li> <li>• We obtained the result of the impairment test of the cash-generating unit and recalculated management's estimates based on each assumption and model.</li> <li>• With respect to the five-year forecasts used for the estimation of the value in use, we assessed reasonableness by comparing the forecasts made previously to the actual results for those prior years including gross profit, and comparing the future changes in revenue and gross profit with market trend analysis reports issued by third parties.</li> <li>• We inspected the Board of Directors meeting minutes and compared the five-year forecasts used for the estimation of the value in use above with the forecasts approved by management.</li> <li>• With respect to the discount rate, we used valuation specialists of a PwC network firm to perform the following procedures. <ul style="list-style-type: none"> <li>◦ We verified that the model used to determine the discount rate is appropriate.</li> <li>◦ We verified the consistency of the data used with external information and internal financial information.</li> <li>◦ We recalculated impairment loss based on the recoverable amount and the carrying amount of the cash-generating unit including goodwill.</li> </ul> </li> <li>• We evaluated the adequacy of the work performed by the component auditor of the subsidiary in the United States and the evidence obtained, through communication with the auditors and examination of the documents prepared by the auditors.</li> </ul>

## **Other Information**

Other information comprises information included in a document containing audited consolidated financial statements, but does not include the consolidated financial statements and our auditor's report thereon. We have determined that there is no other information and thus have not performed any work on other information.

## **Responsibilities of Management, Audit & Supervisory Board and each Audit & Supervisory Board Member for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit & supervisory board and each audit & supervisory board member are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards, the overall presentation, structure and content of the consolidated financial

statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit & supervisory board and each audit & supervisory board member regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit & supervisory board and each audit & supervisory board member with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit & supervisory board and each audit & supervisory board member, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Convenience translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

### **Fee-related information**

In connection with our audit of the consolidated financial statements for the year ended March 31, 2025, the amounts of fees for the audit and the other services charged to Kanematsu Corporation and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are JPY374 million and JPY280 million, respectively.



**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Toshihiro Taniguchi  
Designated Engagement Partner  
Certified Public Accountant

Masaki Nitta  
Designated Engagement Partner  
Certified Public Accountant

Shinya Hiraoka  
Designated Engagement Partner  
Certified Public Accountant

PricewaterhouseCoopers Japan LLC

July 31, 2025

**Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original report is kept separately by the Company.

**KANEMATSU CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the fiscal year ended March 31, 2025**

**~CONSOLIDATED FINANCIAL STATEMENTS~****PAGES**

Consolidated Statement of Financial Position .....	1
Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	3
Consolidated Statement of Changes in Equity .....	5
Consolidated Statement of Cash Flows .....	9

**~NOTES TO CONSOLIDATED FINANCIAL STATEMENTS~**

1. Reporting Entity .....	11
2. Basis of Preparing Consolidated Financial Statements .....	11
3. Material Accounting Policies .....	13
4. Standards and Interpretations issued but not yet adopted .....	21
5. Business Combinations .....	21
6. Segment Information.....	22
7. Trade and Other Receivables .....	26
8. Inventories.....	26
9. Property, Plant and Equipment.....	27
10. Goodwill and Intangible Assets .....	29
11. Interests in Associates and Joint Ventures .....	34
12. Other Investments .....	34
13. Other Current Assets and Other Non-current Assets .....	34
14. Trade and Other Payables.....	35
15. Bonds and Borrowings, etc.....	35
16. Provisions .....	37
17. Other Current Liabilities and Other Non-current Liabilities .....	38
18. Equity.....	38
19. Revenue.....	41
20. Selling, General and Administrative Expenses .....	42
21. Gain or Loss on Sale or Disposal of Property, Plant and Equipment and Intangible Assets .....	43
22. Impairment Loss .....	43
23. Exchange Differences .....	44
24. Finance Income and Finance Costs .....	44
25. Earnings Per Share Attributable to Owners of the Parent .....	45
26. Other Comprehensive Income .....	46
27. Cash Flow Information.....	47
28. Employee Benefits .....	49
29. Current and Deferred Income Tax .....	54

30. Financial Instruments .....	57
31. Leases .....	77
32. Pledged Assets .....	78
33. Contingent Liabilities.....	79
34. Significant Subsidiaries.....	80
35. Related Parties .....	83
36. Share-based Payments .....	84
37. Assets held for sale .....	85
38. Material Subsequent Events .....	85

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### Consolidated Statement of Financial Position

	JPY		USD (Note 2)
	2025	2024	2025
(Assets)			
I. Current assets			
1. Cash and cash equivalents (Note 27)	56,779	53,431	379,745
2. Trade and other receivables (Notes 7 & 30)	254,127	287,119	1,699,624
3. Inventories (Note 8)	155,597	158,784	1,040,649
4. Other financial assets (Note 30)	4,765	9,988	31,869
5. Assets held for sale (Note 37)	18,076	—	120,899
6. Other current assets (Note 13)	32,020	34,189	214,157
Total current assets	521,367	543,513	3,486,943
II. Non-current assets			
1. Property, plant and equipment (Note 9)	55,592	47,190	371,804
2. Goodwill (Note 10)	13,770	16,952	92,097
3. Intangible assets (Note 10)	28,211	29,621	188,681
4. Investments accounted for using the equity method (Notes 6 & 11)	17,646	20,471	118,019
5. Trade and other receivables (Notes 7 & 30)	765	1,541	5,117
6. Other investments (Notes 12 & 30)	42,021	53,019	281,042
7. Other financial assets (Note 30)	6,768	6,978	45,269
8. Deferred tax assets (Note 29)	1,122	1,893	7,504
9. Other non-current assets (Notes 13 & 28)	2,072	4,164	13,862
Total non-current assets	167,970	181,834	1,123,395
Total assets	689,337	725,347	4,610,338

(Notes) Presentation of fiscal year and amounts (Japanese Yen and U.S. dollars)

1. “2025” refers to the Company’s consolidated fiscal year ended March 31, 2025, and the other fiscal year is referred to in the corresponding manner.
2. “JPY” means millions of Japanese Yen and “USD” means thousands of U.S. dollars.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

	JPY		USD (Note 2)
	2025	2024	2025
(Liabilities)			
I. Current liabilities			
1. Trade and other payables (Notes 14 & 30)	208,695	239,563	1,395,770
2. Bonds and borrowings (Notes 15 & 30)	77,250	117,043	516,658
3. Lease liabilities (Note 31)	9,047	7,492	60,511
4. Other financial liabilities (Note 30)	7,632	8,694	51,045
5. Income taxes payable	12,279	6,812	82,128
6. Provisions (Note 16)	671	304	4,489
7. Liabilities directly associated with assets held for sale (Note 37)	13,523	—	90,446
8. Other current liabilities (Note 17)	39,287	34,765	262,755
Total current liabilities	368,387	414,675	2,463,803
II. Non-current liabilities			
1. Bonds and borrowings (Notes 15 & 30)	101,650	97,502	679,845
2. Lease liabilities (Note 31)	15,309	13,721	102,393
3. Other financial liabilities (Note 30)	3,098	3,576	20,725
4. Retirement benefit liabilities (Note 28)	5,480	6,076	36,651
5. Provisions (Note 16)	2,894	2,352	19,362
6. Deferred tax liabilities (Note 29)	3,307	10,331	22,118
7. Other non-current liabilities (Note 17)	1,080	1,109	7,226
Total non-current liabilities	132,821	134,671	888,320
Total liabilities	501,209	549,347	3,352,124
(Equity)			
1. Share capital (Note 18)	27,781	27,781	185,802
2. Capital surplus (Note 18)	248	—	1,665
3. Retained earnings (Note 18)	123,009	97,236	822,696
4. Treasury stock (Note 18)	(2,429)	(1,238)	(16,248)
5. Other components of equity (Note 26)			
1) Exchange differences on translation of foreign operations	13,708	14,262	91,687
2) Financial assets measured at fair value through other comprehensive income	11,843	19,958	79,211
3) Cash flow hedges	(220)	1,318	(1,472)
Total other components of equity	25,332	35,539	169,425
Total equity attributable to owners of the parent	173,942	159,318	1,163,340
6. Non-controlling interests	14,185	16,681	94,874
Total equity	188,128	176,000	1,258,215
Total liabilities and equity	689,337	725,347	4,610,338

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

#### **(a) Consolidated Statement of Income**

	JPY		USD (Note 2)
	2025	2024	2025
I. Revenue (Notes 6 & 19)	1,050,936	985,993	7,028,737
II. Cost of sales	(895,929)	(843,435)	(5,992,035)
Gross profit	155,007	142,557	1,036,702
III. Selling, general and administrative expenses (Note 20)	(115,138)	(106,177)	(770,053)
IV. Other income (expenses)			
1. Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net (Note 21)	(131)	1,781	(880)
2. Impairment loss on property, plant and equipment and intangible assets (Note 22)	(10)	—	(70)
3. Other income (Note 23)	7,685	6,850	51,404
4. Other expenses (Note 22)	(5,361)	(1,142)	(35,857)
Total other income (expenses)	2,182	7,490	14,597
Operating profit (Note 6)	42,051	43,870	281,247
V. Finance income			
1. Interest income (Note 24)	843	1,113	5,643
2. Dividend income (Note 24)	1,242	1,322	8,310
3. Other finance income (Notes 24 & 30)	5	83	36
Total finance income	2,091	2,518	13,989
VI. Finance costs			
1. Interest expenses (Note 24)	(5,767)	(6,109)	(38,572)
2. Other finance costs (Notes 24 & 30)	(229)	(477)	(1,533)
Total finance costs	(5,996)	(6,586)	(40,105)
VII. Share of profit (loss) of investments accounted for using the equity method (Notes 6 & 11)	86	(212)	580
Impairment loss on equity method investments (Note 22)	—	(2,349)	—
Profit before tax	38,233	37,241	255,710
Income tax expense (Note 29)	(11,795)	(12,655)	(78,886)
Profit for the year	26,438	24,586	176,824
Profit for the year attributable to:			
Owners of the parent (Note 6)	27,469	23,218	183,718
Non-controlling interests	(1,030)	1,367	(6,894)
Total	26,438	24,586	176,824
	Yen		U.S. dollars
Earnings per share attributable to owners of the parent:			
Basic earnings per share (Note 25)	328.95	277.90	2.20
Diluted earnings per share (Note 25)	327.67	276.97	2.19

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (b) Consolidated Statement of Comprehensive Income

	JPY		USD (Note 2)
	2025	2024	2025
I. Profit for the year	26,438	24,586	176,824
II. Other comprehensive income			
Items that will not be reclassified to profit or loss:			
1. Financial assets measured at fair value through other comprehensive income (Note 26)	(1,367)	8,120	(9,144)
2. Remeasurement of defined benefit pension plans (Note 26)	(274)	506	(1,837)
3. Share of other comprehensive income of investments accounted for using the equity method (Note 26)	(19)	(35)	(130)
Total items that will not be reclassified to profit or loss	(1,661)	8,590	(11,110)
Items that may be reclassified to profit or loss:			
1. Exchange differences on translation of foreign operations (Note 26)	(272)	6,565	(1,823)
2. Cash flow hedges (Notes 26 & 30)	(1,537)	563	(10,286)
3. Share of other comprehensive income of investments accounted for using the equity method (Note 26)	(345)	661	(2,310)
Total items that may be reclassified to profit or loss	(2,156)	7,790	(14,420)
Other comprehensive income for the year, net of tax	(3,817)	16,380	(25,530)
Total comprehensive income for the year	22,621	40,966	151,294
Total comprehensive income for the year attributable to:			
Owners of the parent	23,714	37,756	158,606
Non-controlling interests	(1,093)	3,210	(7,312)
Total	22,621	40,966	151,294



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### Consolidated Statement of Changes in Equity

(JPY)

	Equity attributable to owners of the parent						
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity		
					Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
As of April 1, 2023	27,781	—	80,543	(1,259)	8,878	11,829	752
Profit for the year			23,218				
Other comprehensive income					5,384	8,112	565
Total comprehensive income for the year	—	—	23,218	—	5,384	8,112	565
Dividends (Note 18)			(6,893)				
Dividends to non-controlling interests							
Acquisition of treasury stock				(4)			
Disposition of treasury stock		0		24			
Equity transactions with non-controlling interests		(314)					
Share-based payment transaction (Note 36)		161					
Put options granted to non-controlling interests		60					
Total transactions with owners	—	(91)	(6,893)	20	—	—	—
Transfer from retained earnings to capital surplus		91	(91)				
Transfer from other components of equity to retained earnings			458			16	
As of March 31, 2024	27,781	—	97,236	(1,238)	14,262	19,958	1,318
Profit for the year			27,469				
Other comprehensive income					(553)	(1,380)	(1,538)
Total comprehensive income for the year	—	—	27,469	—	(553)	(1,380)	(1,538)
Dividends (Note 18)			(8,148)				
Dividends to non-controlling interests							
Acquisition of treasury stock				(1,251)			
Disposition of treasury stock		17		60			
Equity transactions with non-controlling interests		453					
Share-based payment transaction (Note 36)		112					
Put options granted to non-controlling interests		(334)					
Total transactions with owners	—	248	(8,148)	(1,190)	—	—	—
Transfer from other components of equity to retained earnings			6,451			(6,734)	
As of March 31, 2025	27,781	248	123,009	(2,429)	13,708	11,843	(220)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(JPY)

	Equity attributable to owners of the parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of the parent		
	Remeasurement of defined benefit pension plans	Total other components of equity			
As of April 1, 2023	—	21,460	128,525	14,898	143,423
Profit for the year		—	23,218	1,367	24,586
Other comprehensive income	475	14,537	14,537	1,843	16,380
Total comprehensive income for the year	475	14,537	37,756	3,210	40,966
Dividends (Note 18)		—	(6,893)		(6,893)
Dividends to non-controlling interests		—	—	(481)	(481)
Acquisition of treasury stock		—	(4)		(4)
Disposition of treasury stock		—	24		24
Equity transactions with non-controlling interests		—	(314)	(945)	(1,259)
Share-based payment transaction (Note 36)		—	161		161
Put options granted to non-controlling interests		—	60		60
Total transactions with owners	—	—	(6,963)	(1,426)	(8,390)
Transfer from retained earnings to capital surplus		—	—		—
Transfer from other components of equity to retained earnings	(475)	(458)	—		—
As of March 31, 2024	—	35,539	159,318	16,681	176,000
Profit for the year		—	27,469	(1,030)	26,438
Other comprehensive income	(282)	(3,754)	(3,754)	(62)	(3,817)
Total comprehensive income for the year	(282)	(3,754)	23,714	(1,093)	22,621
Dividends (Note 18)		—	(8,148)		(8,148)
Dividends to non-controlling interests		—	—	(943)	(943)
Acquisition of treasury stock		—	(1,251)		(1,251)
Disposition of treasury stock		—	78		78
Equity transactions with non-controlling interests		—	453	(459)	(5)
Share-based payment transaction (Note 36)		—	112		112
Put options granted to non-controlling interests		—	(334)		(334)
Total transactions with owners	—	—	(9,090)	(1,402)	(10,493)
Transfer from other components of equity to retained earnings	282	(6,451)	—		—
As of March 31, 2025	—	25,332	173,942	14,185	188,128

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(USD)

	Equity attributable to owners of the parent						
	Share capital	Capital surplus	Retained earnings	Treasury stock	Other components of equity		
					Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
As of March 31, 2024	185,802	—	650,327	(8,285)	95,388	133,483	8,818
Profit for the year			183,718				
Other comprehensive income					(3,701)	(9,230)	(10,290)
Total comprehensive income for the year	—	—	183,718	—	(3,701)	(9,230)	(10,290)
Dividends (Note 18)			(54,499)				
Dividends to non-controlling interests							
Acquisition of treasury stock				(8,371)			
Disposition of treasury stock		118		407			
Equity transactions with non-controlling interests		3,032					
Share-based payment transaction (Note 36)		749					
Put options granted to non-controlling interests		(2,234)					
Total transactions with owners	—	1,665	(54,499)	(7,964)	—	—	—
Transfer from other components of equity to retained earnings			43,151			(45,042)	
As of March 31, 2025	185,802	1,665	822,696	(16,248)	91,687	79,211	(1,472)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(USD)

	Equity attributable to owners of the parent			Non-controlling interests	Total equity
	Other components of equity		Total equity attributable to owners of the parent		
	Remeasurement of defined benefit pension plans	Total other components of equity			
As of March 31, 2024	—	237,688	1,065,532	111,569	1,177,101
Profit for the year		—	183,718	(6,894)	176,824
Other comprehensive income	(1,891)	(25,112)	(25,112)	(418)	(25,530)
Total comprehensive income for the year	(1,891)	(25,112)	158,606	(7,312)	151,294
Dividends (Note 18)		—	(54,499)		(54,499)
Dividends to non-controlling interests		—	—	(6,311)	(6,311)
Acquisition of treasury stock		—	(8,371)		(8,371)
Disposition of treasury stock		—	526		526
Equity transactions with non-controlling interests		—	3,032	(3,071)	(40)
Share-based payment transaction (Note 36)		—	749		749
Put options granted to non-controlling interests		—	(2,234)		(2,234)
Total transactions with owners	—	—	(60,798)	(9,382)	(70,181)
Transfer from other components of equity to retained earnings	1,891	(43,151)	—		—
As of March 31, 2025	—	169,425	1,163,340	94,874	1,258,215

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### Consolidated Statement of Cash Flows

	JPY		USD (Note 2)
	2025	2024	2025
<b>I. Cash flows from operating activities</b>			
Profit for the year	26,438	24,586	176,824
Depreciation and amortization	15,834	14,741	105,904
Impairment loss on property, plant and equipment and intangible assets	10	—	70
Finance income and costs	3,904	4,067	26,117
Share of (profit) loss of investments accounted for using the equity method	(86)	212	(580)
Impairment loss on equity method investments	—	2,349	—
(Gain) loss on sale or disposal of property, plant and equipment and intangible assets, net	131	(1,781)	880
Income tax expense	11,795	12,655	78,886
(Increase) decrease in trade and other receivables	22,040	(35,141)	147,411
(Increase) decrease in inventories	243	2,429	1,630
Increase (decrease) in trade and other payables (Note 27)	(22,597)	27,422	(151,134)
Increase (decrease) in retirement benefits liabilities	(589)	(821)	(3,944)
Other (Note 19)	15,120	1,393	101,130
Sub total	72,247	52,112	483,194
Interest received	1,145	530	7,660
Dividends received	1,642	1,579	10,986
Interest paid	(5,727)	(5,953)	(38,308)
Income taxes paid	(10,978)	(12,686)	(73,423)
Net cash provided by (used in) operating activities	58,329	35,582	390,110
<b>II. Cash flows from investing activities</b>			
Payments for property, plant and equipment	(9,068)	(3,609)	(60,648)
Proceeds from sale of property, plant and equipment	1,046	4,045	6,998
Payments for intangible assets	(861)	(1,148)	(5,760)
Purchases of other investments	(991)	(7,842)	(6,635)
Proceeds from sale of other investments	12,113	746	81,014
Proceeds from (payments for) acquisition of subsidiaries (Note 27)	(3,352)	(3,790)	(22,419)
Payments for acquisition of businesses (Note 27)	(225)	(560)	(1,511)
Proceeds from transfer of business (Note 27)	8	7	54
Proceeds from sale of other non-current assets	1,897	—	12,690
Increase in loans receivable	(608)	(618)	(4,068)
Proceeds from collection of loans receivable	1,685	1,605	11,273
Other	(279)	(1,259)	(1,868)
Net cash provided by (used in) investing activities	1,363	(12,423)	9,119

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

	JPY		USD (Note 2)
	2025	2024	2025
III. Cash flows from financing activities			
Increase (decrease) in short-term (maturing before 3 months) borrowings, net (Note 27)	(32,665)	2,421	(218,469)
Proceeds from short-term (maturing after 3 months) borrowings (Note 27)	990	1,205	6,622
Repayments of short-term (maturing after 3 months) borrowings (Note 27)	(283)	(59,505)	(1,897)
Proceeds from long-term borrowings (Note 27)	15,180	64,411	101,525
Repayments of long-term borrowings (Note 27)	(24,690)	(24,657)	(165,130)
Proceeds from issuance of bonds (Note 27)	12,000	—	80,257
Redemption of bonds (Note 27)	(5,000)	(14)	(33,440)
Dividends paid	(8,135)	(6,883)	(54,412)
Payments for purchase of treasury stock (Note 2)	(1,251)	(7)	(8,371)
Payments for acquisition of interests in subsidiaries from non-controlling interests	(101)	(17,300)	(676)
Proceeds from stock issuance to non-controlling interests	224	—	1,499
Dividends paid to non-controlling interests	(998)	(401)	(6,680)
Repayments of lease liabilities (Note 27)	(9,927)	(9,371)	(66,394)
Other	0	0	3
Net cash provided by (used in) financing activities	(54,658)	(50,102)	(365,563)
IV. Increase (decrease) in cash and cash equivalents, net	5,033	(26,942)	33,666
V. Cash and cash equivalents at the beginning of the year	53,431	79,462	357,354
VI. Effect of exchange rate changes on cash and cash equivalents	(59)	912	(396)
VII. Cash and cash equivalents included in assets held for sale (Note 37)	(1,626)	—	(10,878)
VIII. Cash and cash equivalents at the end of the year (Note 27)	56,779	53,431	379,745

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### **1. Reporting Entity**

Kanematsu Corporation (the “Company”) is located in Japan. The addresses of the Company’s registered headquarters and main offices are available on its corporate website (<https://www.kanematsu.co.jp/en/>). The consolidated financial statements of the Company as of and for the year ended March 31, 2025 comprise the Company and its consolidated subsidiaries (collectively, the “Consolidated Group”), and the Consolidated Group’s interests in associates and joint ventures. The Consolidated Group operates its businesses as an integrated trading company by providing a broad array of products and services through the organic integration of domestic and international business networks; expertise acquired in various fields; and the functions of a trading company, including commodities trading, information gathering, market exploration, business development and organization, risk management, and distribution. Detailed information on the business operations for each reportable segment are provided in *Note 6 Segment Information*.

### **2. Basis of Preparing Consolidated Financial Statements**

#### **(1) Statement of compliance with IFRS**

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards pursuant to the provision of Article 312 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976) as all the requirements of the “Specified Company complying with any designated IFRS Accounting Standards” set forth in Article 1-2 of said Ordinance have been fulfilled.

The consolidated financial statements were authorized by Taro Unno, Chief Officer, Finance, Accounting, Business Accounting, on July 31, 2025.

#### **(2) Basis of measurement**

The consolidated financial statements have been prepared on a historical cost basis except for:

- Financial assets and liabilities measured at fair value through profit or loss, which are measured at fair value;
- Financial assets measured at fair value through other comprehensive income, which are measured at fair value;
- Defined benefit assets or liabilities, which are measured at the present value of the defined benefit obligations less the fair value of plan assets; and
- Impairment of non-financial assets, which are measured at value in use or fair value.

#### **(3) Functional currency and presentation currency**

The consolidated financial statements are presented in Japanese yen, which is the Company’s functional currency. All financial information presented in Japanese yen has been rounded down to the nearest million.

The U.S. dollar amounts appearing in the consolidated financial statements and the notes thereto represent the arithmetical results of translating yen to dollars at the rate of ¥149.52 to U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2025. The translation of such dollar amounts is solely for convenience of the readers outside Japan and should not be construed as a representation that the Japanese yen amounts have been, or could be readily converted, realized or settled in dollars at the above, or any other rate.

#### **(4) Use of estimates and judgments**

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate is recognized in the period of the change and future periods. The following notes include information on critical judgments in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements:

- Note 3. Material Accounting Policies: (11) Revenue

The following notes include information on uncertainties of assumptions and estimates that have a significant risk to cause material revisions in the next fiscal year:

- Note 10. Goodwill and Intangible Assets
- Note 30. Financial Instruments: (6) Fair value of financial instruments

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

When measuring the fair value of an asset or a liability, the Consolidated Group uses observable market data as much as it is available. Fair values are categorized into the following three hierarchy levels based on the inputs to the valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Consolidated Group can access at the measurement date
- Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
- Level 3: unobservable inputs

The following note includes detailed information on assumptions made when measuring fair value:

- Note 30. Financial Instruments: (6) Fair value of financial instruments

### (5) Changes in accounting policy

Material Accounting Policies applied to the consolidated financial statements of the Consolidated Group are the same as the accounting policies applied to the consolidated financial statements for the previous fiscal year, except for the following. There was no material effect on the financial statements.

Standards	Overview
IAS 1 <i>Presentation of Financial Statements</i>	Clarification of requirements for Classification of Liabilities as Current or Non-current Expanded disclosures regarding Non-current Liabilities with Covenants
IAS 7 <i>Statement of Cash Flows</i>	Expanded disclosures regarding Supplier Finance Arrangements
IFRS 7 <i>Financial Instruments: Disclosures</i>	

### (6) Changes in Presentation

(Consolidated statements of cash flows)

“Payments for purchase of treasury stock” which was included in “Other” of “Cash flows from financing activities” in the previous fiscal year, is presented separately in the current fiscal year due to its increased monetary significance. Associated with this, ¥(7) million presented in “Other” of “Cash flows from financing activities” in the consolidated statements of cash flows in the previous fiscal year has been reclassified into “Payments for purchase of treasury stock” of ¥(7) million and “Other” of ¥0 million.



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### **3. Material Accounting Policies**

The accounting policies set out below have been applied consistently to all the periods presented in these consolidated financial statements and have been applied consistently by the Consolidated Group.

#### **(1) Basis of consolidation**

##### **1) Subsidiaries**

Subsidiaries are entities which are controlled by the Consolidated Group. The Consolidated Group controls an entity when it has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Consolidated Group holds more than half of the voting rights of another entity, such entity is included in the subsidiaries of the Consolidated Group as it is determined that control exists, unless it can be clearly demonstrated that such ownership does not constitute control. In addition, even when the Consolidated Group holds only half or less of the voting rights of another entity, such entity is included in the subsidiaries of the Consolidated Group if it is determined through agreements with other investors that the Consolidated Group has control over such entity's financial and operating policies and thus has the ability to affect returns from such entity.

The financial statements of subsidiaries are included in the consolidated financial statements of the Consolidated Group from the date the Consolidated Group obtains control of the subsidiaries until the date it loses control of the subsidiaries. When the accounting policies adopted by the subsidiaries are different from those adopted by the Consolidated Group and the difference is considered material, the financial statements of the subsidiaries are adjusted as necessary.

Changes in the Consolidated Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and allocated to the owners of the parent.

If the Consolidated Group loses control of a subsidiary, the Consolidated Group derecognizes the assets and liabilities of the former subsidiary, and any non-controlling interests and other components of equity related to the former subsidiary. Any gains or losses arising from such loss of control are recognized in profit or loss. If the Consolidated Group retains any interest in the former subsidiary after the control is lost, such interest is measured at fair value on the date that control is lost.

##### **2) Associates and joint ventures**

Associates are those entities over which the Consolidated Group has significant influence, where significant influence is defined as the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those entities. If the Consolidated Group holds between 20 percent and 50 percent of the voting rights in another entity, it is presumed that the Consolidated Group has significant influence over that entity.

Even if the Consolidated Group holds less than 20 percent of the voting rights of another entity, such entity is included in the associates of the Consolidated Group as long as it is determined that the Consolidated Group has significant influence over the entity through the dispatch of the board members, the shareholders' agreement or the like.

Joint ventures are those entities with respect to which multiple parties, including the Consolidated Group, have joint control over the economic activities by contract and unanimous consent of all of such parties is required when deciding on the relevant activities, whereby the Consolidated Group has rights to the net assets of the arrangement.

Unless classified as assets held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investments in associates and joint ventures ("equity method investee") are measured at the carrying amount following the application of the equity method (including goodwill recognized at the time of acquisition) less any accumulated impairment losses.

The consolidated financial statements include the Consolidated Group's share of profit or loss and other comprehensive income of the associates and joint ventures from the date the Consolidated Group obtains significant influence or joint control until the date it loses significant influence or joint control. When the accounting policies adopted by the equity method investees are different from those adopted by the Consolidated Group, the financial statements of the equity method investees are adjusted as necessary.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 3) Business combinations

Business combinations are accounted for using the acquisition method. The Consolidated Group recognizes goodwill as the sum of the fair value of the consideration transferred, the amounts of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree measured at the acquisition date, less the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (generally measured at fair value). When such difference results in a negative balance, it is immediately recognized in profit or loss. Non-controlling interests are measured either at fair value or at the non-controlling interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. The measurement method to be applied at the acquisition date is determined on a transaction-by-transaction basis. Acquisition-related costs, which are costs that the Consolidated Group incurs to effect a business combination (excluding costs to issue debt or equity securities), are accounted for as expenses in the periods in which the costs are incurred, and thus not included in the cost of goodwill. In a business combination achieved in stages, the Consolidated Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognizes any gains or losses arising from such remeasurement in profit or loss. Changes in the value of the Consolidated Group's equity interest in the acquiree that had been recognized in other comprehensive income prior to the acquisition date are recognized in profit or loss, or other comprehensive income, on the same basis as would be required if the Consolidated Group had disposed of the previously held equity interest.

### 4) Transactions eliminated in consolidation

Intragroup balances and transactions, as well as any unrealized gains and losses arising from intragroup transactions, are eliminated when preparing the consolidated financial statements.

## (2) Foreign currency translation

### 1) Translation of foreign currency transactions

Foreign currency transactions are translated into functional currencies of individual companies using the exchange rates at the dates of such transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into functional currencies using the exchange rate at the end of each reporting period. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise. Non-monetary items that are measured on a historical cost basis in a foreign currency are translated into the functional currency using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was measured.

With respect to the exchange differences of a non-monetary item, when a gain or loss on a non-monetary item is recognized in other comprehensive income, the Consolidated Group recognizes any exchange component of that gain or loss in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, the Consolidated Group recognizes any exchange component of that gain or loss in profit or loss.

### 2) Translation of foreign operations

The assets and liabilities of foreign operations, including any goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated using the exchange rate at the end of the reporting period. In addition, income and expenses of foreign operations are translated using the average exchange rate for the reporting period unless exchange rates fluctuate significantly.

Exchange differences arising from the translation are recognized in other comprehensive income and the cumulative amounts of the exchange differences are included in other components of equity. When the Consolidated Group's foreign operations are disposed of, the cumulative amounts of the exchange differences related to foreign operations are reclassified to profit or loss when the gain or loss on disposal is recognized.

## (3) Cash and cash equivalents

Cash and cash equivalents are composed of cash on hand, demand deposits, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

## (4) Inventories

Inventories are measured at the lower of cost determined by the moving-average method and net realizable value.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (5) Property, plant and equipment

The Consolidated Group uses the cost model to measure an item of property, plant and equipment after initial recognition and carries it at its cost less any accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes the cost directly attributable to the acquisition of the asset.

Property, plant and equipment are depreciated using the straight-line method over the estimated useful life of each component thereof. The ranges of principal estimated useful lives are approximately presented as follows:

Buildings and structures:	5 to 50 years
Machinery, vehicles, tools, furniture & fixtures:	4 to 20 years

Right-of-use assets are fully depreciated over the shorter of the lease term and their estimated useful lives if there is no reasonable certainty that the Consolidated Group will obtain ownership by the end of the lease term.

The depreciation method, useful life, and residual value of an asset are reviewed at least at the end of each reporting period and amended as necessary.

### (6) Goodwill and intangible assets

#### 1) Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

#### 2) Intangible assets

The Consolidated Group uses the cost model to measure an intangible asset after initial recognition and carries it at its cost less any accumulated amortization and any accumulated impairment losses.

A separately acquired intangible asset is initially recognized and measured at cost. The cost of an intangible asset acquired in a business combination is its fair value at the acquisition date. With respect to an internally generated intangible asset that does not qualify for asset recognition, expenditures on such an internally generated intangible asset are recognized as expenses when they are incurred. Conversely, the cost of an internally generated intangible asset that qualifies for asset recognition is the sum of expenditures incurred from the date when it first meets the recognition criteria.

An intangible asset with a finite useful life is amortized using the straight-line method over its estimated useful life. The Consolidated Group's intangible assets with finite useful lives consist mainly of software whose estimated useful life is 5 years.

The amortization method, useful life, and residual value of an intangible asset with a finite useful life are reviewed at the end of each reporting period and amended as necessary.

Certain intangible assets with indefinite useful lives such as carrier shop operating rights are not amortized, but are instead tested for impairment based on the cash-generating unit at least once a year and whenever there is an indication that they may be impaired.

### (7) Impairment of non-financial assets

The Consolidated Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Consolidated Group estimates the recoverable amount of the asset or the cash-generating unit to which the asset belongs. Goodwill and an intangible asset with an indefinite useful life are tested for impairment annually and whenever there is an indication that such assets may be impaired. If the carrying amount of an individual asset or the cash-generating unit exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount and that reduction is recognized as an impairment loss.

The Consolidated Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior fiscal years for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Consolidated Group will estimate the recoverable amount of that asset. If the recoverable amount exceeds the carrying amount of that asset or the cash-generating unit to which the asset belongs, the carrying amount is increased to its recoverable amount, which is, however, limited up to the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior fiscal years; and that increase is recognized as a reversal of an impairment loss. An impairment loss recognized for goodwill is not reversed in a subsequent period.

In addition, because goodwill that forms part of the carrying amount of an investment in an equity method investee is not separately recognized, it is not tested for impairment separately. If it is indicated that the investment in an equity method investee may be impaired, the entire carrying amount of the investment is tested for impairment as a single asset, by comparing its recoverable amount with its carrying amount.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (8) Financial instruments

#### 1) Financial assets

The Consolidated Group classifies financial assets at initial recognition as financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income or financial assets measured at amortized cost. The Consolidated Group initially recognizes financial assets measured at amortized cost on the date that they arise and the other financial assets on the transaction date.

The Consolidated Group derecognizes a financial asset when, and only when (a) the contractual rights to cash flows from the financial asset expire, or (b) it transfers the contractual rights to cash flows and substantially all the risks and rewards of ownership of the financial asset.

#### (i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Consolidated Group initially recognizes and measures a debt instrument measured at amortized cost at its fair value plus any transaction costs directly attributable to the acquisition of the financial asset. The Consolidated Group subsequently measures it at amortized cost using the effective interest method.

#### (ii) Financial assets measured at fair value through other comprehensive income

##### (a) Debt instruments

A debt instrument that meets both of the following conditions is classified as a financial asset measured at fair value through other comprehensive income:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Consolidated Group initially recognizes and measures a debt instrument measured at fair value through other comprehensive income at its fair value plus any transaction costs directly attributable to the acquisition of the debt instrument. The Consolidated Group subsequently measures it at fair value and recognizes the subsequent changes in fair value as other comprehensive income. When the financial asset is derecognized, the cumulative gain or loss is reclassified to profit or loss.

##### (b) Equity instruments

With regard to an equity instrument that has been classified as a financial asset measured at fair value through profit or loss, IFRS 9 permits an entity to make an irrevocable election to present in other comprehensive income changes in fair value of an investment in an equity instrument that is not held for trading. The Consolidated Group makes this election on an instrument-by-instrument basis.

The Consolidated Group initially recognizes and measures an equity instrument measured at fair value through other comprehensive income at its fair value plus any transaction costs directly attributable to the acquisition of the equity instrument. The Consolidated Group subsequently measures it at fair value and recognizes the subsequent changes in fair value as other comprehensive income. When the equity instrument is derecognized, or its fair value substantially decreases, the Consolidated Group reclassifies the cumulative amount of other comprehensive income to retained earnings and not to profit or loss. Dividends are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

#### (iii) Financial assets measured at fair value through profit or loss

Financial assets other than those classified as (i) and (ii) above are classified as financial assets measured at fair value through profit or loss.

The Consolidated Group initially recognizes and measures a financial asset measured at fair value through profit or loss at its fair value and expenses the transaction costs as incurred that are directly attributable to the acquisition of the financial asset. The Consolidated Group subsequently measures it at fair value and recognizes the subsequent changes in fair value in profit or loss.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 2) Impairment of financial assets

The Consolidated Group assesses impairment of financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income based on the expected credit loss approach.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Consolidated Group measures the loss allowance for that financial instrument at an amount equal to the 12 months expected credit losses, i.e., the expected credit losses that result from default events on that financial instrument that are possible within the 12 months after the reporting date. Conversely, if, at the reporting date, the credit risk on that financial instrument has increased significantly since initial recognition, the Consolidated Group measures the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses, i.e., the expected credit losses that result from all possible default events over the expected life of that financial instrument.

However, the Consolidated Group always measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to the lifetime expected credit losses despite the above requirement.

If there is any objective evidence that financial assets are credit-impaired, such as a borrower's significant financial difficulty, a breach of contract of default or delinquency by the borrower, etc., the Consolidated Group measures interest income to net carrying amount after deducting loss allowance following the effective interest method.

Detailed information on the assessment of significant increases in credit risk and the measurement of expected credit losses is provided in *Note 30. Financial Instruments: (3) Credit risk management*.

### 3) Financial liabilities

The Consolidated Group classifies financial liabilities at initial recognition as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost. The Consolidated Group initially recognizes financial liabilities measured at amortized cost on the date that they arise and the other financial liabilities on the transaction date.

The Consolidated Group derecognizes financial liabilities when they are extinguished, i.e., when obligations specified under a contract are discharged, cancelled or expire.

#### (i) Financial liabilities measured at amortized cost

The Consolidated Group classifies financial liabilities, other than financial liabilities measured at fair value through profit or loss, as financial liabilities measured at amortized cost. The Consolidated Group initially recognizes and measures a financial liability measured at amortized cost at its fair value less any transaction costs directly attributable to incurring of the liability, and subsequently measures it at amortized cost using the effective interest method.

#### (ii) Financial liabilities measured at fair value through profit or loss

The Consolidated Group initially recognizes and measures a financial liability measured at fair value through profit or loss at its fair value, and subsequently measures it at fair value and recognizes subsequent changes in fair value in profit or loss.

### 4) Derivatives and hedge accounting

In order to hedge foreign currency fluctuation risk and commodity price fluctuation risk, the Consolidated Group enters into derivative transactions, such as forward exchange transactions, commodity futures, and forwards transactions.

When initiating a hedge, the Consolidated Group designates and documents the risk management purposes and strategies regarding the hedge relationship and initiation of such hedge. Such documentation includes the designation of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and methods of assessing the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. In addition, the effectiveness of the hedge is assessed on an ongoing basis to confirm that it remains effective throughout the reporting periods for which it was designated.

The Consolidated Group initially recognizes and measures derivatives at fair value and subsequently measures them at fair value and accounts for subsequent changes in fair value as follows:

#### (i) Fair value hedge

The Consolidated Group recognizes the changes in fair value of a derivative used as a hedging instrument in profit or loss, and the changes in fair value of a hedged item attributable to the hedged risk in profit or loss by adjusting the carrying amount of the hedged item.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(ii) Cash flow hedge

Of the changes in fair value of a derivative used as a hedging instrument, the portion determined to be effective is recognized in other comprehensive income and the cumulative amount is included in other components of equity. Conversely, the portion determined to be ineffective is recognized in profit or loss. The amounts accumulated in other components of equity are reclassified from other components of equity to profit or loss in the same period that the transaction of the hedged item affects profit or loss; provided, however, that if hedging of a forecast transaction subsequently results in the recognition of a non-financial asset or liability, the amounts accumulated in other components of equity are then accounted for as an adjustment to the initial carrying amount of the non-financial asset or liability.

When the hedging instrument expires or is sold, terminated or exercised; or when the hedge no longer meets the criteria for the hedge accounting, the Consolidated Group discontinues the hedge accounting prospectively. The amounts accumulated in other components of equity remain in equity when hedge accounting is discontinued and are recognized in profit or loss when the forecast transaction is recognized in profit or loss. However, if the forecast transaction is no longer expected to occur, the amounts accumulated in other components of equity are reclassified immediately from other components of equity to profit or loss.

(iii) Derivatives not designated as hedging instruments

The Consolidated Group recognizes the changes in fair value of derivatives not designated as hedging instruments in profit or loss.

5) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount of such offset is presented in the consolidated statements of financial position only when the Consolidated Group has a legally enforceable right to offset the recognized amounts and intends either to settle them on a net basis or realize the assets and settle the liabilities simultaneously.

### (9) Provisions

The Consolidated Group recognizes a provision when and only when (a) the Consolidated Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the Consolidated Group recognizes the provision by discounting it using a current pre-tax discount rate that reflects the risks specific to the liability.

### (10) Equity

When the Consolidated Group repurchases the shares of treasury stock, it measures them at cost and presents them as a deduction from equity. Transaction costs directly attributable to the repurchase of the shares of treasury stock are deducted from capital surplus. When the Consolidated Group sells the shares of treasury stock, the consideration received is recognized as an increase in equity.

### (11) Revenue

1) Revenue recognition policies

The Consolidated Group recognizes revenue from contracts with customers based on the following five-step approach. When determining whether a performance obligation is satisfied by a principal or an agent and when determining the timing at which the Consolidated Group satisfies the performance obligation, the Consolidated Group makes judgments that have a significant impact on the amounts recognized in the consolidated financial statements.

Step 1: Identifying the contracts with customers

Step 2: Identifying the performance obligations in the contracts

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to the performance obligations in the contracts

Step 5: Recognizing revenue when (or as) the Consolidated Group satisfies the performance obligations

When a single contract consists of multiple performance obligations, the Consolidated Group allocates the transaction price to the separate performance obligations and recognizes revenue as each performance obligation is satisfied. When multiple contracts must be combined and considered a single contract because of the economic substance of those contracts, the Consolidated Group recognizes revenue by combining those contracts.

In identifying a performance obligation, the Consolidated Group reviews whether it is a principal or an agent, and if the nature of the Consolidated Group's promise with the customer is a performance obligation to provide the identified goods or services itself. The Consolidated Group recognizes revenue at the total amount of consideration received from the customer as a principal. On the other hand, if the performance obligation is to arrange for the identified goods or services to be provided by another party, the Consolidated Group recognizes revenue at the net amount of the commission, and other contract-related costs as an agent.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

In reviewing to identify whether a principal or an agent, the Consolidated Group makes a comprehensive judgement based on the following indicators:

- Whether the Consolidated Group is primarily responsible for fulfilling the contract.
- Whether the Consolidated Group has the inventory risk both when goods are shipped and when goods are returned before and after the customer places an order for the goods.
- Whether the Consolidated Group has discretion in establishing the price for the goods or services of the other party.

The Consolidated Group measures revenue based on the consideration promised under contracts with customers, there is no significant variable consideration.

Consideration for transactions does not include a significant financing component, because payment typically occurs within one year after performance obligations are fulfilled.

### 2) Timing of revenue recognition

The Consolidated Group mainly sells goods such as Information and Communication Technology (ICT) and communications equipment, security devices, mobile communication terminals, grain, meat products and seafoods, petroleum products, and aerospace- and ship-related products in the five segments of ICT Solution, Electronics & Devices, Foods, Meat & Grain, Steel, Materials & Plant, and Motor Vehicles & Aerospace. It recognizes revenue at the time when performance obligations are generally delivered because customers obtain control of the goods and the performance obligations are satisfied at the time of delivery.

With respect to service transactions such as maintenance and operations of ICT and communications systems, which occur mainly in the ICT Solution segment, the Consolidated Group recognizes revenue over a period of time for each individual contract in accordance with the satisfaction of the performance obligations of the contract.

## (12) Finance income and finance costs

Finance income comprises interest income, dividend income, gain on sale of financial instruments and gain arising from changes in fair value of financial instruments. Interest income is recognized at the time it accrues by using the effective interest method. Dividend income is recognized on the date when the Consolidated Group's right to receive payment is established. Finance costs comprise interest expenses, loss on sale of financial instruments and loss arising from changes in the fair value of financial instruments.

## (13) Employee benefits

### 1) Post-retirement benefits

#### (i) Defined benefit plans

Defined benefit plans are retirement benefit plans other than defined contribution plans. Defined benefit obligations are calculated separately for each plan by estimating the future amounts of benefits that employees will earn in return for their services provided in the current and prior periods, and discounting such amounts in order to determine the present value. The fair value of any plan assets is deducted from the present value of the defined benefit obligations. In the case where a defined benefit plan is overfunded, net defined benefit asset is calculated from the amount of benefit assets exceeding benefit obligations or asset ceiling whichever is lower. The discount rate is determined by reference to the market yields on highly rated corporate bonds at the fiscal year-end that have maturity terms that are approximately the same as those of the Consolidated Group's defined benefit obligations and use the same currencies as those used for future benefits payments.

When the retirement benefit plans are amended, the change in defined benefit obligations related to past service by employees is immediately recognized in profit or loss.

The Consolidated Group recognizes the changes in the net defined benefit liability (asset) due to remeasurements in other comprehensive income and immediately reclassifies them to retained earnings.

#### (ii) Defined contribution plans

Defined contribution plans are retirement benefit plans under which an employer pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further contributions. The obligations already paid or to be paid as contributions under the defined contribution plans are recognized as expenses in the period in which the employees render the related services.

### 2) Other long-term employee benefits

The Consolidated Group recognizes obligations for long-term employee benefits other than post-employment benefits as a liability by estimating the amounts as of the reporting date that will be paid to the employees in return for their services without discounting the amounts unless it is material.

### 3) Short-term employee benefits

The Consolidated Group recognizes short-term employee benefits as a liability and an expense by estimating the amounts that will be paid to the employees in return for their services without discounting those amounts. The Consolidated Group recognizes bonuses to be paid pursuant to the bonus system as a liability when it has present legal or constructive obligations to pay as a result of past employee service, and when the amounts of the obligations can be estimated reliably.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (14) Income taxes

Income tax expenses comprise current tax expense and deferred tax expense. The Consolidated Group recognizes them in profit or loss, except when they arise from items that are recognized in other comprehensive income or directly in equity, and from business combinations.

Current tax expense is measured by the expected taxes receivable from or taxes payable to tax authorities, and the tax rates or tax laws that are used to calculate the tax amount are those that have been enacted or substantially enacted by the end of the fiscal year.

The Consolidated Group recognizes deferred tax assets and deferred tax liabilities for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases, the unused tax losses carried forward and unused tax credits carried forward. The amounts of deferred tax assets and deferred tax liabilities are calculated by applying the expected tax rate or tax law applicable as of the period in which assets are realized or liabilities are settled in accordance with a statutory tax rate or a substantially enacted statutory tax rate and the tax law as of the fiscal year-end. The Consolidated Group does not recognize deferred tax assets and deferred tax liabilities in the following cases:

- When taxable temporary differences arise from the initial recognition of goodwill;
- When they arise from the initial recognition of an asset or liability in a transaction which is not related to a business combination, affects neither accounting profit nor taxable profit at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction; or,
- With respect to taxable temporary differences associated with investments in subsidiaries and associates, when the Consolidated Group is able to control the timing of the reversal of the temporary differences; and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset only when the Consolidated Group has a legally enforceable right to offset the current tax assets against current tax liabilities, and such deferred tax assets and liabilities relate to income taxes levied on the same taxation entity. However, even in the case of different taxable entities, the Consolidated Group can offset if the taxable entities intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously. Deferred tax assets are recognized for deductible temporary differences, the unused tax losses carried forward and unused tax credits carried forward to the extent that it is probable that they can be used against future taxable profit. The carrying amounts of deferred tax assets are reassessed at each fiscal year-end, and such carrying amounts will be reduced to the extent it is no longer probable that related tax benefits from such assets will be realized. Unrecognized deferred tax assets are also reassessed at the end of each reporting period and are recognized to the extent that it is probable that future taxable profit will be available to recover the deferred tax assets.

The Company and its wholly owned domestic subsidiaries apply the Group Tax Sharing System, by which the Company and its wholly owned domestic subsidiaries are allowed to file a tax return and pay the corporation tax as a group.

The Consolidated Group has applied a temporary exception of the recognition and disclosure about deferred tax assets and deferred tax liabilities related to income tax arising from the tax laws enacted or substantively enacted to introduce Pillar Two Model Rules issued by the Organization for Economic Cooperation and Development.

### (15) Leases

At the inception of a contract, the Consolidated Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that is, or contains, a lease, the Consolidated Group recognizes the lease liability and the right-of-use asset.

Lease liability is measured at the present value of discounted unpaid lease payments, using the interest rate implicit in the lease or the Consolidated Group's incremental borrowing rate, at the commencement date of the lease contract. After the commencement date, the lease liability is measured by increasing or reducing the carrying amount to reflect interest rate and lease payments made. In addition, if there is a revision to the lease term or a change in the assessment of an option, lease liability is remeasured to be reflected in the carrying amount. The lease term is determined by taking into consideration an option to terminate the lease and an option to extend the lease term during the non-cancellable period of the lease.

A right-of-use asset is measured at the acquisition cost that adjusts the initial measurement amount of lease liability on the commencement date of the lease contract mainly for initial direct costs and expenses for restoration to the condition required by the terms and conditions of the lease, and it is depreciated by the straight-line method over the shorter of the estimated useful life and the lease term.



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

For short-term leases with a lease term of 12 months or less, the Consolidated Group does not recognize lease liability or a right-of-use asset by applying recognition exemption, and recognizes them as expenses on a straight-line basis over the lease term.

When the Consolidated Group is the lessor, it classifies each of its leases as either an operating lease or a finance lease, and accounts as follows:

1) Finance lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date of the lease, the Consolidated Group recognizes assets held under a finance lease in its consolidated statement of financial position and presents them as a receivable at an amount equal to net investment in the lease.

2) Operating lease

An operating lease is a lease other than a finance lease. The Consolidated Group presents the assets subject to the operating lease in its consolidated statement of financial position and recognizes lease payments from operating leases as income on either a straight-line basis or another systematic basis.

### (16) Share-based payments

The Consolidated Group has introduced a performance-linked stock compensation plan as an incentive plan for its Directors and Executive Officers. Grants under the equity-settled share-based payment plan are measured at the fair value on the date of grant, and are recognized as an expense from the date of grant through the vesting period and recognize the same amount as an increase in capital surplus.

### (17) Put options granted to non-controlling interests

For written put options on the shares of subsidiaries, which the Consolidated Group granted to the owners of non-controlling interests, the present value of the exercised amounts is initially recognized as other financial liabilities, and the same amount is deducted from capital surplus. After the initial recognition, they are measured at amortized cost based on the effective interest method, and the amount of subsequent changes is recognized as capital surplus.

### (18) Government grants

Government grants are recognized when there is reasonable assurance that the Consolidated Group will comply with conditions of the grant and receive the grant. The government grants are measured at fair value. The amount of grants related to an asset is deducted from acquisition cost of the asset. The amount of grants related to revenue is recognized in profit or loss by deducting the amount of grants from related expenses.

### (19) Assets held for sale

If the carrying amount of non-current assets or disposal groups will be recovered principally through a sale transaction within one year rather than through continuing use, the Consolidated Group classifies such non-current assets or disposal groups as held for sale, and reclassifies them into current assets.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell.

## 4. Standards and Interpretations issued but not yet adopted

The newly issued or amended standards and interpretations, which were publicly announced prior to the date of the authorization for issuance of the consolidated financial statements are presented as follows, and the Consolidated Group has not applied these Standards and Interpretations.

The amount of the impact on the consolidated financial statements due to application of the standards are being evaluated at the current time.

Standards	Mandatory Effective Date	Applicable to the Consolidated Group	Overview
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	January 1, 2027	From the fiscal year ending March 31, 2028	IFRS 18 replaces IAS 1 <i>Presentation of Financial Statements</i>

## 5. Business Combinations

No significant business combinations took place in the current fiscal year (from April 1, 2024 to March 31, 2025) and the previous fiscal year (from April 1, 2023 to March 31, 2024).

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### **6. Segment Information**

#### **(1) Overview of Reportable Segments**

The reportable segments of the Consolidated Group are the components for which discrete financial information is available and are regularly reviewed by the Company's Board of Directors to assess its business performance and to allocate management resources.

The Consolidated Group provides a broad array of products and services, using expertise in each business field and trading function through its domestic and international network. Trading functions include commercial trade, information gathering, market development, business development, risk management, and logistics.

The Consolidated Group therefore consists of products and services segments based on its business units: "ICT Solution", "Electronics & Devices", "Foods, Meat & Grain", "Steel, Materials & Plant", and "Motor Vehicles & Aerospace".

Furthermore, due to the organizational reorganizing implemented on April 1, 2024, from the current fiscal year, the ICT solution business, which was previously included in the "Electronics & Devices" segment, has been newly classified as the standalone "ICT Solution" segment. Additionally, the machine tools and industrial machinery business, which was included in the "Steel, Materials & Plant" segment, has been reclassified into the "Motor Vehicles & Aerospace" segment. The business of Kanematsu Sustech Corporation, which was included in the "Electronics & Devices" segment and "Other," has been reclassified as an environmental-related business within the "Steel, Materials & Plant" segment. The segment information for the previous fiscal year was disclosed based on the revised reportable segments.

The principal products and services handled by each segment are presented as follows:

##### **(ICT Solution)**

The ICT Solution segment is engaged in the design, construction, and operation services of corporate information systems based on IT (information and communication technology), as well as in system consulting, the sale, rental, leasing, maintenance, development, and manufacturing of IT system products and software, and worker dispatch business.

##### **(Electronics & Devices)**

The Electronics & Devices segment provides a wide range of products including electronic parts and components, semiconductor and LCD manufacturing equipment, materials and indirect materials related to electronics, coupled with development and proposal services. This segment also deals with mobile communications terminals and mobile internet systems.

##### **(Foods, Meat & Grain)**

The Foods, Meat & Grain segment integrates the handling of a broad array of food and foodstuffs, with operations ranging from sourcing raw materials reliably to providing food and foodstuffs, including high value-added products. Products in this segment include cooked foods, processed fruits and vegetables, processed agricultural products, plant based meats, alcoholic beverages, beverage ingredients, animal and fishery products, wheat, rice, soybeans, feedstuff ingredients, and pet foods.

##### **(Steel, Materials & Plant)**

The Steel, Materials & Plant segment operates the domestic and international trade of general steel products including steel plates, bars and wire rods, pipes, and stainless products, and carries out overseas projects such as plant and infrastructure development. Additionally, this segment operates the domestic and international trade of petroleum products, LPG, biomass fuel, functional chemicals and food products, pharmaceuticals and pharmaceutical intermediates, and other products. It also operates businesses related to ground improvement, wood processing, environmental solutions, and emissions rights.

##### **(Motor Vehicles & Aerospace)**

The Motor Vehicles & Aerospace segment primarily operates international trade of aircrafts, helicopters, satellite- and aerospace-related products, defense-related products, automobiles, motorcycles, machine tools and industrial machinery, industrial vehicles and related parts, etc., and also provides products and service with added value based on demand or use.

#### **(2) Information on reportable segments**

The accounting methods for the reportable operating segments are consistent with those stated in *Note 3. Material Accounting Policies*. Inter-segment revenue and transfers are based on the transaction prices with external customers.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(JPY)

	Reportable segments						Others (Note 1)	Adjustment (Note 2)	Consolidated
	ICT Solution	Electronics & Devices	Foods, Meat & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Total			
Revenue									
External	99,528	271,373	357,536	198,408	121,912	1,048,759	2,177	—	1,050,936
Inter-segment	753	225	98	33	7	1,119	227	(1,347)	—
Total revenue	100,282	271,599	357,635	198,442	121,919	1,049,879	2,404	(1,347)	1,050,936
Operating profit (loss)	14,679	11,395	7,842	3,524	4,802	42,243	(206)	15	42,051
Segment profit (loss)	9,970	7,031	3,063	4,015	3,184	27,266	(27)	230	27,469
Other profit or loss:									
Depreciation and amortization	2,653	5,765	2,333	3,051	2,038	15,843	12	(21)	15,834
Impairment loss	—	1,395	—	3,087	5	4,488	—	—	4,488
Share of profit (loss) of investments accounted for using the equity method	109	(6)	38	(225)	7	(76)	163	—	86
Segment assets	124,247	157,417	189,650	132,020	104,454	707,789	6,404	(24,856)	689,337
Other assets:									
Investments accounted for using the equity method	3,958	—	5,054	4,678	34	13,725	3,925	(4)	17,646
Capital expenditures (Note 3)	3,909	2,019	570	919	1,850	9,269	1	1,464	10,735

(USD)

	Reportable segments						Others (Note 1)	Adjustment (Note 2)	Consolidated
	ICT Solution	Electronics & Devices	Foods, Meat & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Total			
Revenue									
External	665,656	1,814,963	2,391,229	1,326,969	815,358	7,014,176	14,562	—	7,028,737
Inter-segment	5,041	1,511	661	225	51	7,488	1,523	(9,011)	—
Total revenue	670,698	1,816,474	2,391,889	1,327,194	815,409	7,021,664	16,084	(9,011)	7,028,737
Operating profit (loss)	98,174	76,211	52,453	23,571	32,119	282,527	(1,384)	103	281,247
Segment profit (loss)	66,685	47,028	20,490	26,856	21,299	182,358	(183)	1,543	183,718
Other profit or loss:									
Depreciation and amortization	17,748	38,558	15,608	20,409	13,637	105,960	84	(140)	105,904
Impairment loss	—	9,330	—	20,650	36	30,017	—	—	30,017
Share of profit (loss) of investments accounted for using the equity method	732	(41)	259	(1,511)	47	(515)	1,095	—	580
Segment assets	830,975	1,052,818	1,268,393	882,960	698,598	4,733,744	42,833	(166,239)	4,610,338
Other assets:									
Investments accounted for using the equity method	26,474	—	33,806	31,289	228	91,798	26,251	(30)	118,019
Capital expenditures (Note 3)	26,147	13,505	3,815	6,150	12,376	61,993	10	9,797	71,799

(Notes) 1. The “Others” column is an operating segment that is not included in the reportable segments and includes the logistics and insurance service business.

2. Adjustments are presented as follows:

- (1) Adjustment for operating profit (loss) of ¥15 million (\$103 thousand) includes inter-segment eliminations of ¥15 million (\$103 thousand).
- (2) Adjustment for segment profit (loss) of ¥230 million (\$1,543 thousand) includes inter-segment eliminations of ¥15 million (\$104 thousand) and corporate costs of ¥215 million (\$1,439 thousand) that are not allocated to any reportable segment. The corporate costs consist mainly of the difference between income tax expenses arising in the Company and those allocated to reportable segments by calculation.
- (3) Adjustment for segment assets of ¥(24,856) million (\$ (166,239) thousand) includes inter-segment eliminations of ¥(62,012) million (\$ (414,744) thousand) and corporate assets of ¥37,156 million (\$248,506 thousand) that are not allocated to any reportable segment. The corporate assets consist mainly of cash and bank deposits associated with financing activities and assets such as investment securities.
- (4) Adjustment for depreciation and amortization of ¥(21) million (\$ (140) thousand) includes inter-segment eliminations of ¥(21) million (\$ (140) thousand).
- (5) Adjustment for investments accounted for using the equity method of ¥(4) million (\$ (30) thousand) includes inter-segment eliminations of ¥(4) million (\$ (30) thousand).

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

- (6) Adjustment for capital expenditures of ¥1,464 million (\$9,797 thousand) includes inter-segment eliminations of ¥(18) million (\$127 thousand) and corporate assets of ¥1,483 million (\$9,924 thousand) that are not allocated to any reportable segment. The corporate assets consist mainly of buildings and structures associated with the relocation of the Company's Osaka branch office.

3. Capital expenditures do not include right-of-use assets.

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(JPY)

	Reportable segments						Others (Note 1)	Adjustment (Note 2)	Consolidated
	ICT Solution	Electronics & Devices	Foods, Meat & Grain	Steel, Materials & Plant	Motor Vehicles & Aerospace	Total			
Revenue									
External	88,815	236,385	341,696	211,743	105,383	984,024	1,969	—	985,993
Inter-segment	822	595	3	95	12	1,529	200	(1,730)	—
Total revenue	89,637	236,981	341,699	211,838	105,395	985,553	2,170	(1,730)	985,993
Operating profit (loss)	13,934	8,615	7,968	8,450	4,852	43,820	24	25	43,870
Segment profit (loss)	9,336	5,318	3,480	1,927	2,951	23,014	177	26	23,218
Other profit or loss:									
Depreciation and amortization	2,158	5,660	2,069	2,935	1,914	14,738	23	(20)	14,741
Impairment loss	—	16	—	—	—	16	—	—	16
Share of profit (loss) of investments accounted for using the equity method	(8)	55	(98)	(578)	(0)	(630)	417	—	(212)
Impairment loss on equity method investments	—	—	—	(2,349)	—	(2,349)	—	—	(2,349)
Segment assets	107,354	159,144	192,437	159,269	100,196	718,402	6,399	545	725,347
Other assets:									
Investments accounted for using the equity method	3,879	83	4,767	7,948	27	16,706	3,769	(4)	20,471
Capital expenditures (Note 3)	850	1,120	658	1,112	1,268	5,010	32	456	5,499

(Notes) 1. The “Others” column is an operating segment that is not included in the reportable segments and includes the logistics and insurance service business.

2. Adjustments are presented as follows:

- (1) Adjustment for operating profit (loss) of ¥25 million includes inter-segment eliminations of ¥25 million.
- (2) Adjustment for segment profit (loss) of ¥26 million includes inter-segment eliminations of ¥22 million and corporate costs of ¥4 million that are not allocated to any reportable segment. The corporate costs consist mainly of the difference between income tax expenses arising in the Company and those allocated to reportable segments by calculation.
- (3) Adjustment for segment assets of ¥545 million includes inter-segment eliminations of ¥(55,312) million and corporate assets of ¥55,858 million that are not allocated to any reportable segment. The corporate assets consist mainly of cash and bank deposits associated with financing activities and assets such as investment securities.
- (4) Adjustment for depreciation and amortization of ¥(20) million includes inter-segment eliminations of ¥(20) million.
- (5) Adjustment for investments accounted for using the equity method of ¥(4) million includes inter-segment eliminations of ¥(4) million.
- (6) Adjustment for capital expenditures of ¥456 million includes corporate assets of ¥456 million that are not allocated to any reportable segment. The corporate assets consist mainly of software for information systems of the Company.

3. Capital expenditures do not include right-of-use assets.

### (3) Information on products and services

Information regarding the revenue for each product and service is not separately presented because the same information is presented in the reportable segments.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (4) Geographic information

#### 1) External revenue

	JPY		USD
	2025	2024	2025
Japan	886,192	811,912	5,926,917
Asia	64,048	66,318	428,362
North America	69,371	77,836	463,962
Europe	19,035	18,624	127,313
Others	12,287	11,301	82,183
Total	1,050,936	985,993	7,028,737

Revenue is classified by country or region based on the locations of customers.

#### 2) Non-current assets (excluding financial assets and deferred tax assets)

	JPY		USD
	2025	2024	2025
Japan	81,790	76,926	547,023
Asia	5,750	5,423	38,462
North America	9,718	13,711	65,001
Europe	2,364	1,825	15,817
Others	21	42	141
Total	99,646	97,929	666,444

### (5) Information on major customers

There is no customer whose transaction amount is equal to or more than 10% of the Consolidated Group's revenue during the fiscal years ended March 31, 2025 and March 31, 2024.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 7. Trade and Other Receivables

The breakdown of trade and other receivables is presented as follows:

	JPY		USD
	2025	2024	2025
Notes and accounts receivable	248,234	274,865	1,660,210
Loans receivable	2,994	4,146	20,029
Other	5,774	12,365	38,621
Less: loss allowance	(2,111)	(2,716)	(14,119)
Total	254,892	288,661	1,704,741
Current assets	254,127	287,119	1,699,624
Non-current assets	765	1,541	5,117
Total	254,892	288,661	1,704,741

Information on changes in loss allowance is provided in *Note 30. Financial Instruments: (3) Credit risk management*.

### 8. Inventories

The breakdown of inventories is presented as follows:

	JPY		USD
	2025	2024	2025
Merchandise and finished goods	151,902	154,007	1,015,934
Raw materials and supplies	2,517	2,941	16,836
Work in progress	1,178	1,835	7,879
Total	155,597	158,784	1,040,649

The amount of inventories recognized as expense during the fiscal years ended March 31, 2025 and March 31, 2024 were ¥867,584 million (\$5,802,462 thousand) and ¥819,880 million, respectively.

The amount of any write-down of inventories recognized as expense during the fiscal year ended March 31, 2025 and March 31, 2024 were ¥866 million (\$5,795 thousand) and ¥346 million, respectively.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 9. Property, Plant and Equipment

#### (1) Changes in property, plant and equipment

Changes in costs, accumulated depreciation and accumulated impairment losses of property, plant and equipment are presented as follows:

[Costs]

(JPY)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of April 1, 2023	18,696	29,378	6,447	849	34,829	90,201
Acquisitions	808	2,202	0	814	10,072	13,897
Acquisitions through business combinations	73	22	0	—	392	488
Transfers from construction in progress	435	128	423	(986)	—	—
Disposals	(601)	(2,537)	(1,147)	—	(7,272)	(11,558)
Exchange differences	520	1,258	135	58	300	2,273
Other	(204)	(924)	—	(3)	476	(655)
As of March 31, 2024	19,727	29,527	5,859	731	38,799	94,647
Acquisitions	2,673	5,399	1	873	13,666	22,614
Acquisitions through business combinations	888	144	1,273	—	324	2,630
Transfers from construction in progress	284	812	—	(1,097)	—	—
Disposals	(735)	(2,183)	(123)	—	(11,310)	(14,354)
Transfers to assets held for sale	(1,713)	(1,243)	(517)	—	(490)	(3,964)
Exchange differences	15	(23)	12	(1)	(12)	(10)
Other	174	94	—	(39)	300	530
As of March 31, 2025	21,314	32,527	6,505	467	41,277	102,092

[Accumulated depreciation and accumulated impairment losses]

(JPY)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of April 1, 2023	(8,079)	(20,371)	(63)	—	(14,499)	(43,013)
Depreciation	(1,150)	(1,995)	—	—	(9,365)	(12,512)
Disposals	455	1,526	62	—	5,706	7,749
Exchange differences	(118)	(776)	—	—	(161)	(1,056)
Other	243	469	—	—	662	1,375
As of March 31, 2024	(8,649)	(21,148)	(1)	—	(17,658)	(47,456)
Depreciation	(1,413)	(2,426)	—	—	(9,766)	(13,606)
Impairment losses	—	(5)	—	—	(3)	(8)
Disposals	563	1,353	—	—	10,441	12,359
Transfers to assets held for sale	998	888	—	—	191	2,078
Exchange differences	(0)	(28)	—	—	16	(13)
Other	128	84	—	—	(67)	146
As of March 31, 2025	(8,372)	(21,281)	(1)	—	(16,845)	(46,500)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

[Carrying amount]

(JPY)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of March 31, 2024	11,078	8,379	5,858	731	21,141	47,190
As of March 31, 2025	12,942	11,245	6,504	467	24,431	55,592

[Costs]

(USD)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of March 31, 2024	131,939	197,485	39,190	4,895	259,497	633,006
Acquisitions	17,881	36,111	9	5,843	91,402	151,246
Acquisitions through business combinations	5,942	963	8,519	—	2,170	17,594
Transfers from construction in progress	1,904	5,433	—	(7,337)	—	—
Disposals	(4,921)	(14,604)	(828)	—	(75,647)	(96,001)
Transfers to assets held for sale	(11,458)	(8,316)	(3,461)	—	(3,282)	(26,518)
Exchange differences	101	(156)	83	(13)	(86)	(70)
Other	1,167	629	—	(263)	2,012	3,545
As of March 31, 2025	142,554	217,545	43,512	3,125	276,065	682,802

[Accumulated depreciation and accumulated impairment losses]

(USD)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of March 31, 2024	(57,845)	(141,439)	(8)	—	(118,102)	(317,395)
Depreciation	(9,457)	(16,228)	—	—	(65,318)	(91,003)
Impairment losses	—	(34)	—	—	(24)	(58)
Disposals	3,772	9,051	—	—	69,837	82,660
Transfers to assets held for sale	6,681	5,940	—	—	1,283	13,904
Exchange differences	(5)	(191)	—	—	109	(87)
Other	862	568	—	—	(449)	981
As of March 31, 2025	(55,993)	(142,333)	(8)	—	(112,665)	(310,998)

[Carrying amount]

(USD)

	Buildings and structures	Machinery, vehicles, tools, furniture and fixtures	Land	Construction in progress	Right-of-use assets	Total
As of March 31, 2025	86,562	75,212	43,504	3,125	163,400	371,804

The amounts of expenditures relating to property, plant and equipment under construction are presented in the table above as “Construction in progress”.

Depreciation for property, plant and equipment are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of income.



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (2) Right-of-use assets

The breakdown of underlying assets is presented as follows:

	JPY		USD
	2025	2024	2025
Right-of-use assets for which buildings and structures are the underlying asset	21,988	18,809	147,061
Right-of-use assets for which machinery, vehicles, tools, furniture and fixtures are the underlying asset	1,500	1,412	10,036
Other	942	919	6,304
Total	24,431	21,141	163,400

## 10. Goodwill and Intangible Assets

### (1) Goodwill

Costs, accumulated impairment losses and carrying amount.

Changes in costs, accumulated impairment losses and carrying amount of goodwill are presented as follows:

[Costs]

	JPY		USD
	2025	2024	2025
Balance at the beginning of the year	18,064	15,883	120,813
Acquisitions through business combinations	1,418	1,861	9,488
Exchange differences	(44)	625	(297)
Transfers to assets held for sale	(78)	—	(527)
Other	—	(307)	—
Balance at the end of the year	19,359	18,064	129,478

[Accumulated impairment losses]

	JPY		USD
	2025	2024	2025
Balance at the beginning of the year	(1,111)	(1,402)	(7,434)
Impairment losses	(4,477)	(16)	(29,947)
Other	—	307	—
Balance at the end of the year	(5,589)	(1,111)	(37,381)

[Carrying amount]

	JPY		USD
	2025	2024	2025
Carrying amount	13,770	16,952	92,097

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (2) Intangible assets

#### 1) Changes in intangible assets

Changes in costs, accumulated amortization and accumulated impairment losses of intangible assets are presented as follows:

[Costs]

(JPY)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of April 1, 2023	11,656	17,140	90	12,720	41,608
Acquisitions	864	—	8	227	1,099
Acquisitions through business combinations	0	—	—	1,856	1,856
Disposals	(181)	—	(3)	(0)	(185)
Exchange differences	98	—	—	1,052	1,151
Other	196	—	—	0	197
As of March 31, 2024	12,635	17,140	95	15,856	45,728
Acquisitions	749	—	—	86	835
Acquisitions through business combinations	2	—	0	—	2
Disposals	(291)	—	—	(0)	(292)
Transfers to assets held for sale	(90)	—	—	(5)	(96)
Exchange differences	18	—	—	(146)	(128)
Other	248	—	—	(172)	75
As of March 31, 2025	13,271	17,140	95	15,617	46,124

[Accumulated amortization and accumulated impairment losses]

(JPY)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of April 1, 2023	(8,479)	(234)	(43)	(4,795)	(13,553)
Amortization	(968)	—	(15)	(1,245)	(2,229)
Disposals	180	—	3	—	183
Exchange differences	(84)	—	—	(451)	(536)
Other	28	—	—	(0)	28
As of March 31, 2024	(9,323)	(234)	(54)	(6,493)	(16,106)
Amortization	(1,043)	—	(15)	(1,169)	(2,228)
Disposals	277	—	—	—	277
Transfers to assets held for sale	51	—	—	—	51
Exchange differences	4	—	(0)	85	90
Other	(44)	—	—	46	1
As of March 31, 2025	(10,077)	(234)	(70)	(7,531)	(17,913)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

[Carrying amount]

(JPY)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of March 31, 2024	3,311	16,906	40	9,363	29,621
As of March 31, 2025	3,193	16,906	25	8,086	28,211

[Costs]

(USD)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of March 31, 2024	84,507	114,639	636	106,053	305,834
Acquisitions	5,012	—	—	578	5,590
Acquisitions through business combinations	14	—	2	—	16
Disposals	(1,948)	—	—	(6)	(1,954)
Transfers to assets held for sale	(608)	—	—	(35)	(643)
Exchange differences	121	—	—	(982)	(861)
Other	1,660	—	—	(1,156)	504
As of March 31, 2025	88,758	114,639	638	104,452	308,486

[Accumulated amortization and accumulated impairment losses]

(USD)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of March 31, 2024	(62,357)	(1,569)	(367)	(43,427)	(107,721)
Amortization	(6,976)	—	(103)	(7,823)	(14,901)
Disposals	1,858	—	—	—	1,858
Transfers to assets held for sale	344	—	—	—	344
Exchange differences	33	—	(0)	573	606
Other	(298)	—	—	311	12
As of March 31, 2025	(67,397)	(1,569)	(470)	(50,370)	(119,805)

[Carrying amount]

(USD)

	Software	Carrier shop operating rights	Right-of-use assets	Other	Total
As of March 31, 2025	21,361	113,070	168	54,082	188,681

There are no material internally-generated intangible assets as of March 31, 2025 and March 31, 2024.

Amortization expenses are included in “Cost of sales” and “Selling, general and administrative expenses” in the consolidated statement of income.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 2) Right-of-use assets

The breakdown of underlying assets is presented as follows:

	JPY		USD
	2025	2024	2025
Right-of-use assets for which software is the underlying assets	25	40	168
Total	25	40	168

### (3) Impairment test of goodwill and intangible assets with indefinite useful lives

The Consolidated Group's cash-generating units to which goodwill and intangible assets with indefinite useful lives has been allocated are tested for impairment annually, and whenever there is an indication that such assets may be impaired. The carrying amount of significant goodwill and intangible assets with indefinite useful lives allocated to the Consolidated Group's cash-generating units are as follows:

Due to the organizational reorganizing implemented on April 1, 2024, the reporting segments have changed from the fiscal year ended March 31, 2025. Details are provided in Note 6. Segment information. The Goodwill previously included in the Electronics business of the domestic subsidiaries of the Electronics & Devices segment is distributed to the ICT Solution segment and the Steel, Materials & Plant segment. The carrying amount of such Goodwill allocated to the ICT Solution segment for the fiscal years ended March 31, 2025 and 2024 is ¥1,082 million (\$7,239 thousand) and ¥1,082 million, respectively.

The carrying amount of Goodwill allocated to the Steel, Materials & Plant Solutions segment for the fiscal years ended March 31, 2025 and 2024 is ¥1,526 million (\$10,208 thousand) and ¥1,526 million, respectively.

	JPY		USD
	2025	2024	2025
Goodwill			
Electronics & Devices segment			
Electronics business of the domestic subsidiaries	3,974	4,305	26,581
Electronics business of the foreign subsidiaries	2,367	2,433	15,835
Mobile business of the domestic subsidiaries	3,352	3,344	22,424
Steel, Materials & Plant segment			
Steel pipe business of the foreign subsidiaries	—	3,065	—
Carrier shop operating rights			
Electronics & Devices segment			
Mobile business of the domestic subsidiaries	16,906	16,906	113,070

The impairment test of goodwill and intangible assets with indefinite useful lives is conducted by evaluating the recoverable amount of the cash-generating units. The recoverable amounts of the Consolidated Group's cash-generating units to which significant goodwill and intangible assets with indefinite useful lives have been allocated were calculated based on its value in use applying forecast for up to five years and the growth rate that were approved by management. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, based on the nature and geographical location of the business.

In addition, the main assumptions used to determine the value in use was the estimation of gross profits, growth rates and discount rates. The growth rates are determined by considering the forecasts of the nominal GDP growth rates of the countries in which such Consolidated Group's cash-generating units are located and the average long-term growth rates of the markets or countries to which the Consolidated Group's cash-generating units operate. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, based on the nature and geographical location of the business. The growth rate after the fifth year used in the impairment test for the for the steel pipe businesses of the foreign subsidiaries is 2.0% and for other business is 0% as of March 31, 2025 and March 31, 2024.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

The pre-tax discount rates which were used in calculating the value in use of the Consolidated Group's cash-generating units to which significant goodwill and carrier shop operating rights have been allocated are as follows:

	2025	2024
Goodwill		
Electronics & Devices segment		
Electronics business of the domestic subsidiaries	9.3%	8.4%
Electronics business of the foreign subsidiaries	12.2%	13.7%
Mobile business of the domestic subsidiaries	6.2%	5.3%
Steel, Materials & Plant segment		
Steel pipe business of the foreign subsidiaries	14.0%	14.1%
Carrier shop operating rights		
Electronics & Devices segment		
Mobile business of the domestic subsidiaries	5.9%	5.3%

It is unlikely to be impaired significantly even if major assumptions used for the impairment test changed within a reasonable and predictable scope for the other cash-generating units that did not recognize impairment losses on goodwill and intangible assets with indefinite useful lives.

The contents of significant goodwill and intangible assets with indefinite useful lives are presented as follows:

### Mobile business of the domestic subsidiaries

Goodwill and the carrier shop operating rights in the mobile business of the domestic subsidiaries were recognized upon acquisition of the mobile business by Kanematsu Communications Ltd., a consolidated subsidiary of the Company in prior fiscal years. As of the fiscal year ended March 31, 2025, goodwill was recognized at ¥3,352 million (\$22,424 thousand) and carrier shop operating rights of ¥16,906 million (\$113,070 thousand) were recognized. The purpose of the acquisition was to expand market share, and the acquisition increased the size of the Mobile business of the domestic subsidiaries on the consolidated financial statements. In addition, the gross profit of the mobile business of domestic subsidiaries may fluctuate due to the uncertainty of future earnings caused by changes in the external environment, such as amendments to the Telecommunications Business Act and cell phone rate plan changes by mobile carriers. The carrier shop operating rights are rights to earn revenue by operating mobile communications device distribution shops for specific carriers. The rights are identified as indefinite-lived intangible assets because the intangible assets are considered to continue to exist as long as the business continues.

The value in use that used in the impairment test for goodwill and carrier shop operating rights is assessed using the present value of cash flows based on five-year forecast and growth rates that reflect the most recent business environment.

### Card printer business

Goodwill for the card printer business under the Electronics business of the domestic subsidiaries, was recognized upon the acquisition of G-Printec, Inc. In the fiscal year ended March 31, 2025, an impairment loss of ¥1,390 million (\$9,296 thousand) was recognized against the ¥2,485 million (\$16,625 thousand) of Goodwill. Hence, the carrying amount of Goodwill for the fiscal year ended March 31, 2025 is ¥1,095 million (\$7,328 thousand). In addition, the gross profit of the card printer business of domestic subsidiaries may fluctuate due to the uncertainty of future earnings since card printer business faces sales competition with overseas and domestic competitors, and the overseas market, which is the main market, is exposed to changes in market conditions and trends in each country.

The value in use that used in the impairment test for goodwill is assessed using the present value of cash flows based on five-year forecast and growth rates that reflect the most recent business environment.

### Steel pipe business of the foreign subsidiaries

Goodwill for the Steel pipe business of the foreign subsidiaries was recognized upon the acquisition of Benoit Premium Threading, LLC located in the United States. For the fiscal year ended March 31, 2025, the entire amount of goodwill has been impaired, resulting in an impairment loss of ¥3,087 million (\$20,650 thousand). In addition, the gross profit of the steel pipe business may fluctuate due to the uncertainty of future earnings since steel pipe business is greatly affected by international crude oil prices and trading volumes, and the volatility of long-term earnings forecasts is relatively high.

The value in use used in the impairment test for goodwill is assessed using the present value of cash flows based on four-year forecast and growth rates that reflect the most recent business environment.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### **11. Interests in Associates and Joint Ventures**

There are no associates or joint ventures that are material to the Consolidated Group.

The aggregate amounts of interests in individually immaterial associates and joint ventures that are accounted for using the equity method are presented as follows:

[Aggregate carrying amount]

	JPY		USD
	2025	2024	2025
Associates	17,227	19,978	115,218
Joint ventures	418	492	2,801

[Profit or loss from continuing business]

	JPY		USD
	2025	2024	2025
Associates	160	(336)	1,074
Joint ventures	(73)	124	(494)

[Other comprehensive income]

	JPY		USD
	2025	2024	2025
Associates	(364)	625	(2,440)
Joint ventures	—	—	—

[Total comprehensive income]

	JPY		USD
	2025	2024	2025
Associates	(204)	288	(1,366)
Joint ventures	(73)	124	(494)

### **12. Other Investments**

The breakdown of other investments is presented as follows:

	JPY		USD
	2025	2024	2025
Financial assets measured at fair value through profit or loss	2,962	2,764	19,817
Financial assets measured at fair value through other comprehensive income	39,058	50,254	261,225
Total	42,021	53,019	281,042

### **13. Other Current Assets and Other Non-current Assets**

The breakdown of other current assets and other non-current assets is presented as follows:

	JPY		USD
	2025	2024	2025
Advance payments	18,746	19,169	125,375
Prepaid expenses	8,039	7,097	53,768
Other	7,307	12,086	48,875
Total	34,093	38,353	228,018
Current assets	32,020	34,189	214,157
Non-current assets	2,072	4,164	13,862
Total	34,093	38,353	228,018

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 14. Trade and Other Payables

The breakdown of trade and other payables is presented as follows:

	JPY		USD
	2025	2024	2025
Notes and accounts payable	134,350	154,088	898,542
Import bills payable	59,197	68,363	395,916
Accounts payable - commission	15,099	17,111	100,986
Other	48	0	325
Total	208,695	239,563	1,395,770
Current liabilities	208,695	239,563	1,395,770
Non-current liabilities	—	—	—
Total	208,695	239,563	1,395,770

### 15. Bonds and Borrowings, etc.

The breakdown of bonds, borrowings and lease liabilities is presented as follows:

	2025		2024	Average interest rate (%)	Maturity date
	JPY	USD	JPY		
Current portion of bonds	—	—	4,996	—	—
Short-term borrowings	54,281	363,039	87,905	1.60	—
Current portion of long-term borrowings	22,969	153,620	24,140	1.22	—
Current portion of lease liabilities	9,047	60,511	7,492	—	—
Bonds (excluding the current portion)	21,885	146,370	9,954	—	—
Long-term borrowings (excluding the current portion)	79,765	533,476	87,548	1.12	From June 2026 to March 2031
Lease liabilities (excluding the current portion)	15,309	102,393	13,721	—	From April 2026 to April 2059
Total	203,258	1,359,408	235,760		
Current liabilities	86,298	577,170	124,535		
Non-current liabilities	116,960	782,239	111,224		
Total	203,258	1,359,408	235,760		

(Notes) 1. The “Average interest rate” is presented as the weighted average interest rate against the borrowings outstanding at the end of the fiscal year.

2. There is no description of the average interest rate of lease liabilities because value of interest equivalent included in total amount of lease payments is allocated to each consolidated fiscal year by straight-line method.

3. At the end of the current fiscal year, repayments of bonds, borrowings, and lease liabilities after the date of consolidated financial statement is presented follows.

	Within one year		Over one year and within two years		Over two years and within three years		Over three years and within four years		Over four years and within five years		Over five years	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Corporate bonds	—	—	4,986	33,347	—	—	4,980	33,310	5,958	39,852	5,959	39,861
Long-term borrowings	22,969	153,620	21,081	140,991	19,033	127,295	17,024	113,861	10,687	71,480	11,938	79,848
Lease liabilities	9,047	60,511	6,221	41,611	2,905	19,430	2,311	15,463	1,229	8,221	2,641	17,668

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

Summary of the issuance terms of corporate Bonds is presented follows.

Issuer	Bond Name	Issue date	2025		2024	Coupon rate (%)	Collateral	Maturity date
			JPY	USD	JPY			
Kanematsu Corporation	Unsecured Straight Bonds No 4 (7-year bonds)	December 14, 2017	—	—	4,996 (4,996)	0.57	None	December 13, 2024
Kanematsu Corporation	Unsecured Straight Bonds No 5 (5-year bonds)	March 3, 2022	4,986	33,347	4,978	0.42	None	March 3, 2027
Kanematsu Corporation	Unsecured Straight Bonds No 6 (7-year bonds)	March 3, 2022	4,980	33,310	4,975	0.65	None	March 2, 2029
Kanematsu Corporation	Unsecured Straight Bonds No 7 (5-year bonds)	February 28, 2025	5,958	39,852	—	1.48	None	February 28, 2030
Kanematsu Corporation	Unsecured Straight Bonds No 8 (7-year bonds)	February 28, 2025	5,959	39,861	—	1.84	None	February 27, 2032

(Note) The figures in the parentheses indicate the current portion.

In the consolidated statement of financial position, “Bonds and borrowings” under non-current liabilities include significant borrowings that are conditional on compliance with covenants within 12 months of the end of the fiscal year, amounting to ¥22,290 million (\$149,077 thousand) and ¥30,231 million, respectively, for the years ended March 31, 2025 and March 31, 2024. As of the end of the current fiscal year, the Consolidated Group is in compliance with covenants and there are no indications that the compliance with covenants will become difficult to sustain. The covenants are as follows:

- The Consolidated Group will not record losses in Profit from operating activities in the consolidated statement of income for two consecutive fiscal years after March 2023.
- For each fiscal year after March 2024, the Consolidated Group's Total equity in the consolidated statement of financial position will be at least 75% of the Total equity amount in the previous fiscal year.



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 16. Provisions

Changes in provisions are presented as follows:

	Asset retirement obligations	Other	Total
As of April 1, 2024	2,577	79	2,657
Acquisitions through business combinations	56	—	56
Provisions made	582	761	1,343
Provisions used	(298)	(191)	(489)
Provisions reversed	—	—	—
Unwinding of discount	15	—	15
Foreign exchange translation differences	—	0	0
Other (Note)	(18)	—	(18)
As of March 31, 2025	2,916	649	3,566

(JPY)

	Asset retirement obligations	Other	Total
As of April 1, 2024	17,237	534	17,771
Acquisitions through business combinations	380	—	380
Provisions made	3,896	5,091	8,987
Provisions used	(1,996)	(1,277)	(3,273)
Provisions reversed	—	—	—
Unwinding of discount	106	—	106
Foreign exchange translation differences	—	0	0
Other (Note)	(120)	—	(120)
As of March 31, 2025	19,504	4,347	23,850

(USD)

(Note) "Other" mainly includes the decrease of Liabilities directly associated with assets held for sale.

The current and non-current portions of provisions are presented as follows:

	JPY		USD
	2025	2024	2025
Current liabilities	671	304	4,489
Non-current liabilities	2,894	2,352	19,362
Total	3,566	2,657	23,850

Asset retirement obligations are obligations for restoring offices and shops in accordance with provisions of the property leasing contracts. While these expenditures will be made after at least one year has passed, the amounts may be affected by the future business plan and other factors.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 17. Other Current Liabilities and Other Non-current Liabilities

The breakdown of other current liabilities and other non-current liabilities is presented as follows:

	JPY		USD
	2025	2024	2025
Advances received	7,780	10,044	52,039
Contract liabilities	12,506	5,778	83,643
Accrued expenses	4,784	5,104	31,997
Accrued paid leave	2,820	2,662	18,862
Other	12,475	12,284	83,439
Total	40,367	35,875	269,981
Current liabilities	39,287	34,765	262,755
Non-current liabilities	1,080	1,109	7,226
Total	40,367	35,875	269,981

### 18. Equity

#### (1) Capital management

The Consolidated Group has a policy of increasing shareholders' equity (see Note 1) up to an appropriate level and strengthening its financial base to enhance its enterprise value through business growth while maintaining a sound financial position.

The Consolidated Group assesses the adequacy of its shareholders' equity by quantitatively measuring the maximum amount of potential loss that could arise from changes in the business environment, to manage shareholders' equity.

The key indicators the Consolidated Group uses to manage shareholders' equity are the ratio of risk assets (see Note 2) and Net DER (see Note 3), which are periodically reported to and monitored by management.

(Note 1) Shareholders' equity is defined as equity attributable to owners of the parent.

(Note 2) The ratio of risk assets is defined as the ratio of the amount of maximum potential loss to shareholders' equity. The amount of maximum potential loss is calculated by multiplying all assets and off-balance-sheet transactions in the consolidated financial statements by the original risk weight assigned by the Consolidated Group, based on the potential risk of loss.

(Note 3) Net DER is defined as the ratio of net interest-bearing debt to shareholders' equity. Net interest-bearing debt is the total amount of interest-bearing debt excluding lease liabilities (bonds and borrowings) less cash and deposits.

The figures of net DER as of March 31, 2025 and March 31, 2024 are presented as follows:

	Times	
	2025	2024
Net DER	0.69	1.00

The Consolidated Group is subject to financial covenants including capital requirements with respect to a portion of its borrowings from financial institutions. The Consolidated Group monitors each compliance status to maintain the level required by such financial covenants and has complied with such covenants for the fiscal years ended March 31, 2025 and March 31, 2024.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (2) Number of shares authorized to be issued, issued shares and shares of treasury stock

(Unit: share)

	2025	2024
Shares authorized to be issued (No-par common stock)	200,000,000	200,000,000
Issued shares (No-par common stock)		
Balance at the beginning of the year	84,500,202	84,500,202
Changes during the period	—	—
Balance at the end of the year	84,500,202	84,500,202
Shares of treasury stock (No-par common stock)	1,438,820	1,012,318

(Note) Shares of treasury stock in the current fiscal year include 65,000 shares of the Company held by an associate and 1,107,200 shares of the Company held by the stock issuance trust for officers. Shares of treasury stock in the previous fiscal year included 95,000 shares of the Company held by the associate and 651,500 shares of the Company held by a stock issuance trust for officers.

### (3) Surplus

#### 1) Capital surplus

Capital surplus consists mainly of legal capital surplus.

#### 2) Retained earnings

Retained earnings consist of legal retained earnings and other retained earnings.

The Companies Act of Japan provides that an amount equal to 10% of the distribution of surplus for each fiscal year must be appropriated as legal capital surplus or legal retained earnings until the total aggregate amount of legal capital surplus and legal retained earnings equals 25% of share capital.

Under the Companies Act, the amounts available for distribution are calculated based on the amounts of capital surplus and retained earnings, exclusive of legal capital surplus and legal retained earnings, all of which are recorded in accordance with the accounting principles generally accepted in Japan.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (4) Dividends

#### 1) Amounts of dividends paid

Resolution	Type of stock	Source of dividends	Total amounts of dividends		Dividends per share		Record date	Effective date
			JPY	USD	Yen	U.S. dollars		
May 24, 2024 Board of Directors meeting	Common stock	Retained earnings	3,790	25,351	45.00	0.301	Mar. 31, 2024	Jun. 11, 2024
Nov. 1, 2024 Board of Directors meeting	Common stock	Retained earnings	4,422	29,577	52.50	0.351	Sep. 30, 2024	Dec. 3, 2024

Resolution	Type of stock	Source of dividends	Total amounts of dividends	Dividends per share	Record date	Effective date
			JPY	Yen		
May 25, 2023 Board of Directors meeting	Common stock	Retained earnings	3,158	37.50	Mar. 31, 2023	Jun. 12, 2023
Nov. 2, 2023 Board of Directors meeting	Common stock	Retained earnings	3,790	45.00	Sep. 30, 2023	Dec. 5, 2023

(Note) The total amount of dividends resolved at the board of directors meeting on May 24, 2024, November 1, 2024, May 25, 2023 and November 2, 2023 includes ¥29 million (\$196 thousand), ¥32 million (\$216 thousand), ¥25 million and ¥29 million in dividends on the shares of the Company held by the stock issuance trust for officers.

#### 2) Dividends with record date in the current fiscal year, and effective date in the following fiscal year

Resolution	Type of stock	Source of dividends	Total amounts of dividends		Dividends per share		Record date	Effective date
			JPY	USD	Yen	U.S. dollars		
May 23, 2025 Board of Directors meeting	Common stock	Retained earnings	4,422	29,576	52.50	0.351	Mar. 31, 2025	Jun. 10, 2025

(Note) The total amount of dividends resolved at the board of directors meeting on May 23, 2025 includes ¥58 million (\$389 thousand) in dividends on the shares of the Company held by the stock issuance trust for officers.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 19. Revenue

#### (1) Disaggregation of revenue

As disclosed in *Note 6. Segment information*, the Consolidated Group has five reportable segments: ICT Solution, Electronics & Devices, Foods, Meat & Grain, Steel, Materials & Plant and Motor Vehicles & Aerospace. In addition, the Consolidated Group disaggregates revenue in Electronics & Devices recognized from contracts with customers into two categories: Mobile and Others. Similarly, revenue in Steel, Materials & Plant is disaggregated into Energy and Others. The reconciliations of the disaggregated revenue with the Consolidated Group's sales components are as follows.

Due to the organizational restructuring implemented on April 1, 2024, the reporting segments have changed from the fiscal year ended March 31, 2025. Detailed are provided in *Note 6. Segment information*. The previous fiscal year information is disclosed based on the revised reportable segments.

The accounting methods for the revenue are consistent with those stated in *Note 3. Material Accounting Policies*.

	JPY		USD
	2025	2024	2025
ICT Solution	99,296	88,762	664,099
Electronics & Devices			
Mobile	183,533	152,447	1,227,485
Others	87,838	83,938	587,473
Foods, Meat & Grain	357,536	341,696	2,391,229
Steel, Materials & Plant			
Energy	106,424	112,073	711,771
Others	91,982	99,668	615,185
Motor Vehicles & Aerospace	121,912	105,383	815,358
Total reportable segment	1,048,523	983,969	7,012,599
Others	2,177	1,969	14,562
Total revenue arising from contracts with customers	1,050,701	985,938	7,027,161
Revenue arising from other sources	235	54	1,576
Total	1,050,936	985,993	7,028,737

(Note) Revenue arising from other sources includes revenue recognized in accordance with IFRS 16 "Lease".

#### (2) Contract balances

Information on receivables from contracts with customers, contract assets and liabilities arising from contracts with customers are as follows:

Fiscal year ended March 31, 2025

	JPY		USD	
	2025		2025	
	As of April 1, 2024	As of March 31, 2025	As of April 1, 2024	As of March 31, 2025
Receivables from contracts with customers	267,494	247,581	1,789,019	1,655,844
Contract assets	916	593	6,129	3,970
Contract liabilities	5,778	12,506	38,646	83,643

Fiscal year ended March 31, 2024

	JPY	
	2024	
	As of April 1, 2023	As of March 31, 2024
Receivables from contracts with customers	235,150	267,494
Contract assets	0	916
Contract liabilities	6,134	5,778

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

Contract assets primarily relate to the Consolidated Group's rights to receive consideration for performance obligations that have been completed, but not yet billed for, as of the reporting date and they are reclassified as receivables when the Consolidated Group's rights to payment becomes unconditional. Contract assets are included in "Other current assets" in the consolidated statement of financial position.

Contract liabilities are mainly consideration for maintenance and operation transactions of information and telecommunication systems and service-type transactions with product warranties, where the performance obligation is satisfied over a certain period of time, and are reversed and recognized as revenue in accordance with the fulfillment of the performance obligations during the maintenance or warranty period. In addition, the Consolidated Group recognizes as a contract liability that already received a part of consideration upon delivery of goods. Contract liabilities are included in "Other current liabilities" in the consolidated statement of financial position. Of the revenue recognized in the current and previous fiscal years, ¥4,280 million (\$28,631 thousand) and ¥4,946 million were included in the balance of contract liabilities as of April 1, 2024 and April 1, 2023. There are no significant amounts of revenue recognized during the fiscal years ended March 31, 2025 and March 31, 2024 from performance obligations satisfied in the prior fiscal years. The increase of contract liabilities is included in a reduction of other from operating activities in the Consolidated Statement of Cash Flows.

### (3) Transaction price allocated to the remaining performance obligations

Transaction prices allocated to remaining performance obligations are mainly related to transactions for the maintenance and operation of ICT & communications systems and sales of goods such as aerospace and ship-related products, and the timing of fulfillment of these obligations is as follows. It's not included expected transactions term within one year. There are no material amounts not included in transaction prices in consideration arising from contracts with customers.

	JPY		USD
	2025	2024	2025
Within one year	7,657	2,935	51,216
Over one year and within two years	5,777	2,243	38,642
Over two years and within three years	2,076	1,794	13,889
Over three years and within four years	1,437	1,377	9,617
Over four years and within five years	612	617	4,099
Over five years	125	185	841
Total	17,688	9,154	118,304

### (4) Assets recognized from the costs of obtaining or fulfilling contracts with customers

There are no assets recognized from the costs of obtaining or fulfilling contracts with customers as of the years ended March 31, 2025 and March 31, 2024. In addition, if the amortization period of the assets that the Consolidated Group otherwise would have recognized is one year or less, the Consolidated Group applies the practical expedient of recognizing the incremental costs of obtaining the contract as an expense when incurred.

## 20. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is presented as follows:

	JPY		USD
	2025	2024	2025
Personnel expenses	60,937	56,197	407,553
Depreciation and amortization	12,924	12,052	86,442
Outsourcing service charges	13,350	11,546	89,289
Other	27,925	26,380	186,769
Total	115,138	106,177	770,053

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### **21. Gain or Loss on Sale or Disposal of Property, Plant and Equipment and Intangible Assets**

The breakdown of gain or loss on sale or disposal of property, plant and equipment and intangible assets is presented as follows:

	JPY		USD
	2025	2024	2025
Gain on sale of property, plant and equipment	90	1,990	606
Total gain on sale of property, plant and equipment and intangible assets	90	1,990	606
Loss on sale of property, plant and equipment	(5)	(35)	(36)
Total loss on sale of property, plant and equipment and intangible assets	(5)	(35)	(36)
Loss on disposal of property, plant and equipment	(202)	(171)	(1,354)
Loss on disposal of intangible assets	(14)	(1)	(96)
Total loss on disposal of property, plant and equipment and intangible assets	(216)	(172)	(1,450)
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	(131)	1,781	(880)

### **22. Impairment Loss**

#### **(1) Breakdown of impairment loss by each class of assets**

The breakdown of impairment losses by class of assets is presented as follows. Impairment losses for property, plant and equipment and intangible assets are included in “Impairment loss on property, plant and equipment and intangible assets”, and impairment losses for goodwill are included in “Other expenses” in the consolidated statement of income.

	JPY		USD
	2025	2024	2025
Property, plant and equipment	(8)	—	(58)
Goodwill	(4,477)	(16)	(29,947)
Intangible assets	(1)	—	(11)
Investments accounted for using the equity method	—	(2,349)	—
Total	(4,488)	(2,365)	(30,017)

#### **(2) Breakdown by reportable segment**

The breakdown of impairment losses by reportable segment is presented as follows:

	JPY		USD
	2025	2024	2025
Electronics & Devices	(1,395)	(16)	(9,330)
Steel, Materials & Plant	(3,087)	(2,349)	(20,650)
Motor Vehicles & Aerospace	(5)	—	(36)
Total	(4,488)	(2,365)	(30,017)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

For the fiscal year ended March 31, 2024, due to deteriorating performance of the invested company in the Steel, Materials & Plant segment, an impairment loss of ¥2,349 million (\$15,519 thousand) was recognized as a result of the reduction in carrying amount of the investments accounted for using the equity method. The recoverable amount is based on fair value after deducting disposal costs.

In the fiscal year ended March 31, 2025, an impairment loss of ¥3,087 million (\$20,650 thousand) is recognized in the Steel pipe business of the foreign subsidiaries because its recoverable amount is anticipated to be lower than its carrying value. The recoverable amount is based on the value in use and was estimated by discounting future cash flows at a pre-tax rate of 14.00%. The asset belongs to the Steel, Materials & Plant segment.

An impairment loss of ¥1,390 million (\$9,296 thousand) is recognized in the card printer business of the domestic subsidiary because its recoverable amount is anticipated to be lower than its carrying value. The recoverable amount is based on the value in use and was estimated by discounting future cash flows at a pre-tax rate of 8.80%. The asset belongs to the Electronics & Devices segment.

The fair values stated above during the fiscal years ended March 31, 2025 and March 31, 2024 are categorized within fair value hierarchy Level 3 and fair value hierarchy Level 1, respectively.

Fair values are categorized into three levels of the fair value hierarchy depending on the inputs to the valuation techniques; details are described in *Note 2. Basis of Preparing Consolidated Financial Statements: (4) Use of estimates and judgments.*

### 23. Exchange Differences

Exchange differences recognized in profit or loss for the fiscal years ended March 31, 2025 and March 31, 2024 were ¥5,047 million (\$33,758 thousand) and ¥5,122 million, respectively and are included in "Other income" in the consolidated statement of income. In addition, each amount includes gains or losses arising from currency-related derivative transactions that were entered into for the purpose of hedging the foreign currency risk. Gains and losses arising from translating assets and liabilities denominated in a currency other than the functional currency or from settling such items are included in profit or loss as they arise.

### 24. Finance Income and Finance Costs

The breakdown of finance income and finance costs is presented as follows:

	JPY		USD
	2025	2024	2025
Interest income			
Financial assets measured at amortized cost	843	1,113	5,643
Total interest income	843	1,113	5,643
Dividend income			
Financial assets measured at fair value through profit or loss	—	112	—
Financial assets measured at fair value through other comprehensive income	1,242	1,209	8,310
Total dividend income	1,242	1,322	8,310
Other finance income (Note)			
Other finance income	5	83	36
Total other finance income	5	83	36
Total finance income	2,091	2,518	13,989
Interest expenses			
Financial liabilities measured at amortized cost	(5,767)	(6,109)	(38,572)
Total interest expenses	(5,767)	(6,109)	(38,572)
Other finance costs (Note)			
Other finance costs	(229)	(477)	(1,533)
Total other finance costs	(229)	(477)	(1,533)
Total finance costs	(5,996)	(6,586)	(40,105)

(Note) The amounts of other finance income and other finance costs are those related to financial assets measured at fair value through profit or loss and the details are presented in *Note 30. Financial Instruments: (6) -3) - (ii) Recurring fair value measurements categorized within Level 3 of the fair value hierarchy.*



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### **25. Earnings Per Share Attributable to Owners of the Parent**

#### **(1) Earnings per share**

	Yen		U.S. dollars
	2025	2024	2025
Basic earnings per share	328.95	277.90	2.20
Diluted earnings per share	327.67	276.97	2.19

The amount of diluted earnings per share is calculated by deeming the shares authorized to be issued subject to conditions which are expected to be provided under the performance-linked stock compensation plan as potential shares.

#### **(2) Bases for calculation of earnings per share**

	JPY		USD
	2025	2024	2025
Profit attributable to owners of the Parent	27,469	23,218	183,718
Amount not attributable to common shareholders of the Parent	—	—	—
Profit used to calculate basic earnings per share	27,469	23,218	183,718
Profit used to calculate diluted earnings per share	27,469	23,218	183,718

  

	Thousand shares	
	2025	2024
Weighted average number of common shares	83,505	83,552
Increase due to the performance-linked stock compensation plan	327	279
Weighted average number of common shares adjusted for dilution	83,832	83,832

(Note) In the calculation of earnings per share, the shares of the Company owned by the stock issuance trust for officers below are included in the treasury stock which is deducted in the calculation of average number of shares during the fiscal year.

The current fiscal year: 704,000 shares

The previous fiscal year: 657,130 shares

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 26. Other Comprehensive Income

The breakdown for the amounts of reclassification adjustments and deferred tax in other comprehensive income is presented as follows:

	JPY		USD
	2025	2024	2025
Financial assets measured at fair value through other comprehensive income			
Amount arising during the year	(4,280)	10,928	(28,629)
Amount before deferred tax	(4,280)	10,928	(28,629)
Deferred tax	2,913	(2,808)	19,486
Financial assets measured at fair value through other comprehensive income	(1,367)	8,120	(9,144)
Remeasurements of defined benefit pension plans			
Amount arising during the year	(406)	732	(2,722)
Amount before deferred tax	(406)	732	(2,722)
Deferred tax	132	(226)	885
Remeasurements of defined benefit pension plans	(274)	506	(1,837)
Exchange differences on translation of foreign operations			
Amount arising during the year	(272)	6,565	(1,823)
Reclassification adjustments	—	—	—
Exchange differences on translation of foreign operations	(272)	6,565	(1,823)
Cash flow hedges			
Amount arising during the year	(361)	1,735	(2,420)
Reclassification adjustments	(1,784)	(992)	(11,936)
Amount before deferred tax	(2,146)	742	(14,356)
Deferred tax	608	(179)	4,070
Cash flow hedges	(1,537)	563	(10,286)
Share of other comprehensive income of investments accounted for using the equity method			
Amount arising during the year	703	687	4,708
Reclassification adjustments	(1,068)	(62)	(7,148)
Share of other comprehensive income of investments accounted for using the equity method	(364)	625	(2,440)
Total other comprehensive income	(3,817)	16,380	(25,530)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 27. Cash Flow Information

#### (1) Cash and cash equivalents

The breakdown of cash and cash equivalents and its reconciliation to the amounts presented in the consolidated statement of financial position are as follows:

	JPY		USD
	2025	2024	2025
Cash and bank deposits except for time deposits with original term of more than three months	56,779	53,431	379,745
Cash and cash equivalents in the consolidated statement of financial position	56,779	53,431	379,745
Cash and cash equivalents in the consolidated statement of cash flows	56,779	53,431	379,745

#### (2) Net payment for acquisition of subsidiaries and acquisition of business

The breakdown of the main assets and liabilities of newly acquired subsidiaries or other businesses at the time control thereof was acquired, and the reconciliation between consideration paid and net payment for the acquisition are presented as follows:

	JPY		USD
	2025	2024	2025
Breakdown of assets at the acquisition date			
Current assets (including cash and cash equivalents)	4,963	3,615	33,196
Non-current assets	3,222	2,703	21,551
Breakdown of liabilities at the acquisition date			
Current liabilities	(1,962)	(1,520)	(13,129)
Non-current liabilities	(1,172)	(1,006)	(7,844)
Goodwill	1,418	1,861	9,488
Negative goodwill	(54)	—	(363)
Fair value of consideration paid			
Cash and cash equivalents	(6,414)	(4,467)	(42,900)
Other	—	(1,186)	—
Total fair value of consideration paid	(6,414)	(5,654)	(42,900)
Accounts payable of consideration paid	240	5	1,605
Payment of prior-period accruals	(5)	—	(33)
Cash and cash equivalents of the acquiree	2,601	712	17,398
Repayments of short-term borrowings	—	(600)	—
Net proceeds from (payment for) acquisition of subsidiaries	(3,352)	(3,790)	(22,419)
Net payments for acquisition of businesses	(225)	(560)	(1,511)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (3) Net proceeds from transfer of business

The breakdown of the main assets upon other businesses which control was lost as a result of the sale, and the calculation of the net proceeds from transfer of businesses are presented as follows:

	JPY		USD
	2025	2024	2025
Breakdown of assets upon loss of control			
Current assets (including cash and cash equivalents)	0	—	5
Non-current assets	7	7	48
	JPY		USD
	2025	2024	2025
Consideration received	8	7	54
Net proceeds from transfer of businesses	8	7	54

### (4) Changes in liabilities for financing activities

Changes in liabilities for financing activities are as follows:

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(JPN)

	April 1, 2024	Cash flows	Non-cash movements				March 31, 2025
			Lease	Exchange differences	Increase and decrease from acquisition of subsidiaries	Others	
Borrowings	199,595	(41,469)	—	273	649	(2,032)	157,016
Bonds	14,951	7,000	—	—	—	(65)	21,885
Lease liabilities	21,213	(9,927)	12,841	1	328	(100)	24,357
Total	235,760	(44,396)	12,841	274	978	(2,199)	203,258

(USD)

	April 1, 2024	Cash flows	Non-cash movements				March 31, 2025
			Lease	Exchange differences	Increase and decrease from acquisition of subsidiaries	Others	
Borrowings	1,334,906	(277,348)	—	1,826	4,347	(13,596)	1,050,134
Bonds	99,994	46,816	—	—	—	(441)	146,370
Lease liabilities	141,879	(66,394)	85,885	9	2,197	(672)	162,904
Total	1,576,780	(296,925)	85,885	1,835	6,544	(14,709)	1,359,408

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(JPN)

	April 1, 2023	Cash flows	Non-cash movements				March 31, 2024
			Lease	Exchange differences	Increase and decrease from acquisition of subsidiaries	Others	
Borrowings	212,945	(16,123)	—	2,640	—	132	199,595
Bonds	14,948	(14)	—	—	—	17	14,951
Lease liabilities	20,677	(9,371)	10,339	151	392	(975)	21,213
Total	248,572	(25,509)	10,339	2,792	392	(826)	235,760

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (5) Supplier finance arrangements

The Consolidated Group has entered into supplier finance arrangements with third-party financial institutions for certain purchase transactions and has granted security interests over the goods related to those transactions to respective financial institutions.

The carrying amounts of liabilities under supplier finance arrangements are as follows:

	JPY		USD
	2025	2024	2025
Carrying amounts of liabilities under supplier finance arrangements			
Trade and other payables	59,114	68,084	395,361
The amount above of which the supplier has received payment from the finance provider	56,818	(Note)	380,008

The range of payment due dates are as follows:

	2025	2024
Liabilities under supplier finance arrangements	8-387 days after invoice date	(Note)
Comparable trade payables that are not part of the supplier finance arrangements (same line of business)	3-39 days after invoice date	(Note)

(Note) The Consolidated Group has applied the transitional provisions under the amendments to IAS 7 and IFRS 7 related to "Supplier Finance Arrangements" and, accordingly, has not disclosed the relevant information as of the end of the previous consolidated fiscal year.

The supplier finance arrangements entered into by the Consolidated Group do not result in a concentration of payment due dates compared to the normal payment terms agreed with other suppliers not participating in such arrangements. Furthermore, these arrangements do not give rise to any significant liquidity risk for the Consolidated Group.

There were no material business combinations or foreign exchange differences that would affect the liabilities under the supplier finance arrangements in the fiscal year ended March 31, 2025.

### (6) Significant non-cash transactions

The leases increased right-of-use assets for the fiscal years ended March 31, 2025 and March 31, 2024. Please refer to *Note 9. Property, Plant and Equipment* and *Note 10 Goodwill and Intangible Assets* for more information.

## 28. Employee Benefits

### (1) Post-employment benefits

#### 1) Outline of retirement benefit plans adopted by the Consolidated Group

The Company has a defined benefit pension plan and lump-sum retirement benefit plan covering substantially all employees other than directors and executive officers. The benefit amounts for the defined benefit pension plan are determined based on the period of employees' enrollment in the plan, contribution granted to employees and other factors. The Company has a responsibility to manage pension assets faithfully and has an obligation to make contributions for the employees enrolled in the plan in compliance with applicable laws and regulations.

The pension plan that the Company maintains is a contract-type defined benefit pension plan.

Matters such as asset management performance, status of the plan and accounting treatment are reported to the Management Committee by the Finance Department and the Human Resources Department & General Affairs Department, which are in charge of operation of the pension plan. These departments hold a meeting on a timely manner to discuss the matters such as a revision to the plan and a change in the asset investment policy.

Most of the subsidiaries have unfunded retirement benefit plans and/or funded pension plans. Employees, other than directors, are entitled to, under most circumstances, upon mandatory retirement at normal retirement age or earlier termination of employment, a lump-sum retirement benefit based on compensation at the time of retirement, years of service and other factors. Certain subsidiaries have adopted the defined contribution retirement benefit plan.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

2) Defined benefit plan

(i) Net defined benefit liability (asset)

Reconciliation of the beginning and ending balances of net defined benefit liability (asset) and the components for the years ended March 31, 2025 and March 31, 2024 are presented as follows:

(JPY)

	Present value of the defined benefit obligation	Fair value of plan assets	Effect of the asset ceiling	Net defined benefit liability (asset)
As of April 1, 2023	17,285	(11,090)	—	6,195
Current service cost	1,109	—	—	1,109
Net interest	124	(146)	—	(22)
Remeasurements (Note)	(195)	(537)	—	(732)
Foreign currency translation difference	63	(26)	—	37
Employer contributions to the plan	—	(680)	—	(680)
Benefits paid	(1,349)	822	—	(526)
Other	29	—	—	29
As of March 31, 2024	17,069	(11,658)	—	5,410
Current service cost	1,257	—	—	1,257
Net interest	132	(102)	—	29
Remeasurements (Note)	(701)	149	959	406
Decrease by settlements of plans	(11)	30	—	19
Foreign currency translation difference	(16)	2	—	(13)
Employer contributions to the plan	—	(864)	—	(864)
Benefits paid	(1,713)	1,180	—	(532)
Effect of business combinations and disposals	181	(343)	210	47
Transfers to liabilities directly associated with assets held for sale	(592)	338	(34)	(288)
Other	(9)	8	—	(1)
As of March 31, 2025	15,595	(11,258)	1,134	5,471

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(USD)

	Present value of the defined benefit obligation	Fair value of plan assets	Effect of the asset ceiling	Net defined benefit liability (asset)
As of March 31, 2024	114,161	(77,975)	—	36,186
Current service cost	8,409	—	—	8,409
Net interest	884	(685)	—	199
Remeasurements (Note)	(4,691)	999	6,414	2,722
Decrease by settlements of plans	(74)	207	—	133
Foreign currency translation difference	(111)	20	—	(91)
Employer contributions to the plan	—	(5,779)	—	(5,779)
Benefits paid	(11,457)	7,894	—	(3,563)
Effect of business combinations and disposals	1,212	(2,297)	1,406	321
Transfers to liabilities directly associated with assets held for sale	(3,964)	2,262	(231)	(1,933)
Other	(64)	55	—	(9)
As of March 31, 2025	104,305	(75,300)	7,589	36,594

(Note) Remeasurements of the defined benefit obligation for the fiscal years ended March 31, 2025 and March 31, 2024 are the differences arising primarily from changes in financial assumptions.

(ii) Reconciliation of ending balances of defined benefit obligation/plan assets and net defined benefit liability/asset presented on the consolidated statements of financial position

	JPY		USD
	2025	2024	2025
Defined benefit obligations of funded plan	10,778	12,036	72,088
Plan assets	(11,258)	(11,658)	(75,300)
Net defined benefit liability of funded plan	(480)	377	(3,212)
Defined benefit obligations of unfunded plan	4,817	5,032	32,217
Effect of the asset ceiling	1,134	—	7,589
Net defined benefit liability (asset)	5,471	5,410	36,594
Balance on the consolidated statement of financial position			
Retirement benefit liabilities	5,480	6,076	36,651
Retirement benefit assets	(8)	(666)	(58)
Net liability or asset presented on the consolidated statements of financial position	5,471	5,410	36,594

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

The measurement date used to determine the main benefit obligations is March 31 of each year.

The Company's funding policy is based on a number of factors including the tax deductibility of contributions, funded status, and actuarial calculations. Contributions are intended to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future. In addition, the Company may contribute cash to an employee retirement benefit trust for any funding deficits in benefit obligations at the fiscal year end.

The Company's investment policy is designed to increase the value of plan assets within acceptable risk levels to ensure payments of pension benefits to eligible participants, including future participants. Taking into account the return and risk on plan assets thereon, the Consolidated Group formulates a strategic asset mix which aims at an optimal portfolio on a long-term basis and supervise asset management by selecting investment management companies and monitoring asset allocations. The strategic asset mix is subject to review in response to changes in expected market conditions or funded status. The strategic asset mix is not based on limitations but guidelines, and therefore, the actual allocation may temporarily exceed or fall below the guidelines. The Company's target allocation is 25% equity securities, 43% debt securities, 22% life insurance company general accounts and 10% others.

The Company holds a meeting regularly with the asset management institutions and discusses important issues regarding pension assets investment.

"Retirement benefit assets" are included in "Other non-current assets" in the consolidated statement of financial position.

### (iii) Plan assets

The composition of the plan assets as of March 31, 2025.

	Plan assets with a quoted market price in an active market		Plan assets without a quoted market price in an active market	
	JPY	USD	JPY	USD
Equity securities	2,457	16,437	475	3,179
Debt securities	57	387	2,885	19,296
Life insurance company general accounts	—	—	3,244	21,699
Other	—	—	2,138	14,302
Total	2,515	16,824	8,743	58,476

The composition of the plan assets as of March 31, 2024.

	Plan assets with a quoted market price in an active market	Plan assets without a quoted market price in an active market
	JPY	JPY
Equity securities	2,662	453
Debt securities	260	2,884
Life insurance company general accounts	—	3,060
Other	—	2,337
Total	2,923	8,735

Equity securities and debt securities above are jointly-managed trusts by trust banks. Plan assets with a quoted market price in an active market are estimated by using the quoted price. Assets other than equity securities and debt securities are categorized into the assets without a quoted market price in an active market, which are estimated by using the fair value the trust banks calculated.



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(iv) Significant actuarial assumptions

	2025	2024
Discount rate	1.7%	1.3%

The assumptions used for the actuarial calculation include the expected rate of salary increase, the mortality rate and the retirement rate other than the above.

(v) Sensitivity analysis of defined benefit obligations

	JPY		USD
	2025	2024	2025
Increase in the defined benefit obligation with a 50-basis-point decrease in the discount rate	653	639	4,370
Decrease in the defined benefit obligation with a 50-basis-point increase in the discount rate	(603)	(762)	(4,036)

This analysis is based on the premise that the actuarial assumptions other than the discount rate do not fluctuate and that only the discount rate fluctuates. This method of analysis is based on assumptions, and it is possible that the actual calculation could be influenced by fluctuations in other variables. Even if the discount rate falls below 0%, the calculation is performed assuming the lower limit of the discount rate is 0%.

(vi) Information on maturity profile of the defined benefit obligation

The weighted average duration of the defined benefit obligation for the years ended March 31, 2025 and March 31, 2024 were 10.0 year and 9.9 year, respectively.

(vii) Expected contribution to the plan for the year ending March 31, 2026

The amount of contribution to be made by the Consolidated Group to plan for the year ending March 31, 2026 is estimated to be ¥756 million (\$5,059 thousand).

3) Defined contribution plan

Expenses recognized for the defined contribution plan for the years ended March 31, 2025 and March 31, 2024 were ¥5,156 million (\$34,484 thousand) and ¥4,838 million, respectively.

### (2) Employee benefit expenses

Employee benefit expenses recognized for the years ended March 31, 2025 and March 31, 2024 were ¥6,586 million (\$44,048 thousand) and ¥6,004 million, respectively. Employee benefit expenses are included in “Cost of sales” and “Selling, general and administration expenses” in the consolidated statement of income.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 29. Current and Deferred Income Tax

#### (1) Deferred taxes

1) Breakdown of deferred tax assets and deferred tax liabilities

The breakdown of main deferred tax assets and deferred tax liabilities by component is as follows:

	JPY		USD
	2025	2024	2025
Deferred tax assets			
Retirement benefits liabilities	1,650	1,685	11,040
Lease liabilities	7,331	6,248	49,034
Bonuses allowance	2,605	2,391	17,426
Loss allowance	672	796	4,499
Inventories	1,003	795	6,713
Impairment loss	8	8	54
Other investments	1,519	1,049	10,160
Golf club memberships	114	114	767
Tax losses carried forward	664	794	4,447
Cash flow hedges	98	—	660
Other	5,101	3,875	34,120
Total deferred tax assets	20,771	17,758	138,921
Offset against deferred tax liabilities	(19,649)	(15,865)	(131,417)
Total deferred tax assets, net	1,122	1,893	7,504
Deferred tax liabilities			
Right-of-use assets	(7,263)	(6,230)	(48,575)
Retained earnings in subsidiaries	(840)	(1,027)	(5,624)
Financial assets measured at fair value through other comprehensive income	(5,391)	(8,304)	(36,056)
Cash flow hedges	—	(579)	—
Intangible assets	(7,432)	(7,335)	(49,709)
Other	(2,029)	(2,719)	(13,571)
Total deferred tax liabilities	(22,956)	(26,197)	(153,535)
Offset against deferred tax assets	19,649	15,865	131,417
Total deferred tax liabilities, net	(3,307)	(10,331)	(22,118)
Net deferred tax assets (liabilities)	(2,185)	(8,438)	(14,614)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 2) Details of changes in deferred tax assets and deferred tax liabilities

Details of changes in deferred tax assets and deferred tax liabilities are presented as follows:

	JPY		USD
	2025	2024	2025
Beginning balance of net deferred tax assets (liabilities)	(8,438)	(3,753)	(56,437)
Deferred tax expense	2,410	(720)	16,123
Income tax on other comprehensive income	3,654	(3,213)	24,441
Acquisition through business combinations	110	(461)	739
Other	77	(288)	520
Ending balance of net deferred tax assets (liabilities)	(2,185)	(8,438)	(14,614)

(Note) The “Other” for the fiscal year ended March 31, 2025, includes decreases in deferred tax assets and deferred tax liabilities resulting from the reclassification to assets held for sale and to liabilities directly associated with assets held for sale.

### 3) Deductible temporary differences and unused tax losses carried forward for which deferred tax assets were not recognized

The breakdown of deductible temporary differences and unused tax losses carried forward (by expiry date), for which deferred tax assets were not recognized in the consolidated statement of financial position are presented as follows:

	JPY		USD
	2025	2024	2025
Deductible temporary differences	9,160	9,023	61,267
Tax losses carried forward			
Within one year to expiry	244	932	1,638
Over one year and within five years to expiry	7,167	12,332	47,939
Over five years and within ten years to expiry	3,363	3,319	22,498
Over ten years to expiry	1,147	1,223	7,677
Total tax losses carried forward	11,924	17,807	79,752

### 4) Temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized

There are no temporary differences associated with investments in subsidiaries for which deferred tax liabilities were not recognized as of March 31, 2024, and as of March 31, 2025.

## (2) Income taxes

### 1) Breakdown of income taxes

The breakdown of income taxes is presented as follows:

	JPY		USD
	2025	2024	2025
Current tax expense (Note 1)	(14,205)	(11,934)	(95,009)
Deferred tax expense (Note 2)			
Origination and reversal of temporary differences	1,225	168	8,195
Reassessment of recoverability of deferred tax assets	1,105	(889)	7,394
Change in tax rate	79	—	534
Total deferred tax expense	2,410	(720)	16,123
Total income taxes	(11,795)	(12,655)	(78,886)

(Notes) 1. There were no benefits arising from previously unrecognized tax losses or temporary differences from prior periods that were utilized to reduce current tax expenses for the fiscal year ended March 31, 2025. For the fiscal year ended March 31, 2024, such benefits amounted to ¥295 million and were included in the current tax expenses.

2. Major causes for deferred tax expense by type are lease liabilities of ¥1,082 million (\$7,242 thousand) and right-of-use assets of ¥(1,032) million (\$6,906 thousand) for the fiscal year ended March 31, 2025, and other investments of ¥(474) million and intangible assets of ¥(463) million for the fiscal year ended March 31, 2024.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 2) Reconciliation of statutory effective income tax rate

Reconciliations between the statutory effective tax rate in Japan and the average effective tax rate of the Consolidated Group were as follows:

	2025	2024
Statutory effective tax rate	30.6%	30.6%
(Adjustments)		
Permanent differences—additions such as entertainment expenses	(0.4%)	0.9%
Effect of reassessment of recoverability of deferred tax assets	(2.9%)	2.4%
Effect of tax rate differences	1.6%	(0.5%)
Effects of tax rate changes	(0.2%)	—%
Share of profit (loss) of investments accounted for using the equity method etc.	(0.0%)	2.3%
Other	2.2%	(1.7%)
Average effective tax rate	30.8%	34.0%

The statutory effective tax rate for the fiscal years ended March 31, 2025 and March 31, 2024 are calculated to be 30.6% and 30.6% based on the Corporation Tax, Inhabitant Tax and Business Tax in Japan.

### 3) Global minimum tax

The Consolidated Group operates in jurisdictions that have enacted tax systems to apply the global minimum tax. It is expected that the global minimum tax will apply in some European and Asian countries where the Consolidated Group operates. However, the impact is negligible.

### 4) Change in the Corporation Tax rate

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, surtax measures to secure financial resources for strengthening Japan’s defense capabilities will be implemented from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026 are calculated by changing the statutory effective tax rate from 30.6% to 31.5%. The impact of this change in tax rate is negligible.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 30. Financial Instruments

#### (1) Classification of financial instruments

The breakdown of financial instruments for each classification is presented as follows:

	JPY		USD
	2025	2024	2025
Financial assets			
Cash and cash equivalents	56,779	53,431	379,745
Financial assets measured at amortized cost			
Trade and other receivables	254,892	288,661	1,704,741
Other financial assets	10,253	10,682	68,575
Total financial assets measured at amortized cost	265,146	299,343	1,773,316
Financial assets measured at fair value through profit or loss			
Other investments	2,962	2,764	19,817
Other financial assets	1,280	6,285	8,563
Total financial assets measured at fair value through profit or loss	4,243	9,049	28,380
Financial assets measured at fair value through other comprehensive income			
Other investments	39,058	50,254	261,225
Total financial assets measured at fair value through other comprehensive income	39,058	50,254	261,225
Total financial assets	365,227	412,079	2,442,666
Financial liabilities			
Financial liabilities measured at amortized cost			
Trade and other payables	208,695	239,563	1,395,770
Bonds and borrowings	178,901	214,546	1,196,504
Lease liabilities	24,357	21,213	162,904
Other financial liabilities	9,190	8,824	61,470
Total financial liabilities measured at amortized cost	421,145	484,147	2,816,648
Financial liabilities measured at fair value through profit or loss			
Other financial liabilities	1,540	3,447	10,300
Total financial liabilities measured at fair value through profit or loss	1,540	3,447	10,300
Total financial liabilities	422,685	487,594	2,826,948

#### (2) Basic policies for risk management of financial instruments

The Consolidated Group is an integrated trading entity engaged in a wide range of business activities on a global basis. Its headquarters includes business sections that handle merchandising, trading, product manufacturing, services, project planning and management, investments and financing activities, both domestically and internationally. Such businesses are inherently exposed to various risks. The Consolidated Group defines and classifies risks per risk item and manages each of them in accordance with its nature.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (3) Credit risk management

#### 1) Credit risks of financial assets owned by the Consolidated Group (risk exposure and the occurrence of the relevant risk)

The Consolidated Group extends credit to a large number of customers in Japan and abroad in diverse business transactions, resulting in a number of financial assets such as trade receivables, loans and other financial assets. These financial assets provide credit accommodation to the various customers; therefore, the Consolidated Group is mainly exposed to the credit risks related to those customers.

Each department manages credit exposure to each customer by assigning credit ratings on a customer-by-customer basis and setting credit exposure limits within the framework of the Consolidated Group's credit risk control.

#### 2) Responses to the risk owned by the Consolidated Group (purpose, policy and procedure of the risk management and method used to measure such risks)

The Consolidated Group manages its credit risk to the customers by defining risk management methods and management systems for specific risks in accordance with the regulations on risk management. Based on such regulations, the Consolidated Group mitigates credit risk through periodical monitoring of the customer's credit status and undertaking the maturity control and account balance control, while detecting promptly any doubtful accounts caused by deterioration in the financial conditions of customers and other factors. Expected credit losses are recognized and measured through transactions and financial information related to customers available in the course of such credit risk management, while taking macroeconomic conditions such as the number of bankruptcies into consideration.

With regard to loans, the Consolidated Group evaluates whether there has been a significant increase in credit risk of the financial assets since initial recognition in cases where the cash collection of the financial assets was delayed (as well as the case of request for a grace period) after the trade date. However, even when a late payment or request for grace period occurs, the Consolidated Group does not determine that there has been a significant increase in credit risk if such late payment or request for grace period would be attributable to temporary cash shortage, the risk of default would be low and objective data such as external credit ratings would reveal their ability to fulfill the obligation of contractual cash flow in the near future.

The Consolidated Group determines that the credit of the financial assets are impaired, when the debtor has significant financial difficulty and the recoverability of the modified financial assets is significantly doubtful.

The Consolidated Group determines there has been a significant increase in the credit risk of debt instruments since initial recognition when an "investment grade" at the initial recognition deteriorates to the level below investment grade. For such purpose, rating information provided by major rating agencies is used.

When guaranteeing the debts of its customers, the Consolidated Group establishes the guarantee limit amounts based upon the financial position and business condition of the customers. The guarantee limit amounts are periodically reviewed and maintained at appropriate levels.

When entering into derivative transactions, the Consolidated Group selects only major financial institutions with high credit ratings assigned by independent rating agencies so as to minimize the credit risks. In addition, the Consolidated Group periodically reviews credit limits in accordance with the internal regulations.

The Consolidated Group considers trade receivables, loans receivable, and debt instruments as default when all or part of those financial instruments are not recovered, or the recoverability of those financial instruments is determined to be extremely difficult.

The Consolidated Group directly writes off the gross carrying amounts of the credit-impaired financial assets when all or part of the financial assets are evaluated to be uncollectible and determined that it is appropriate to be written off as a result of credit check.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(i) Measurement of expected credit losses on trade receivables

As trade receivables do not contain a significant financing component, the Consolidated Group measures loss allowance at an amount equal to the lifetime expected credit losses until the trade receivables are recovered. With regard to past due receivables, the Consolidated Group estimates the lifetime credit losses on the financial instruments individually and measures the amount of loss allowance based upon historical credit loss experience and future recoverable amount. Moreover, as trade receivables comprise a number of customers, the Consolidated Group measures expected credit loss collectively by grouping those receivables and considering historical credit loss experience. When those receivables are affected by a material economic change, the provision rate calculated based upon the historical credit loss experience is adjusted to reflect current and future economic prospect.

Even when a late payment or request for grace period has occurred, the Consolidated Group does not regard them as past due receivables if such late payment or request for grace period would be attributable to temporary cash shortage as the risk of default would be low, and the debtors are evaluated to have a strong ability to fulfill the obligation of contractual cash flow in the near future.

(ii) Measurement of expected credit losses on other receivables

When credit risk related to loans has not increased significantly since the initial recognition at the end of the reporting period, the Consolidated Group calculates the amount of loss allowance of the financial instruments by estimating the 12-months expected credit losses collectively based upon historical credit loss experience. When those receivables are affected by a material economic change, the provision rate calculated based upon the historical credit loss experience is adjusted to reflect current and future economic prospect.

However, when there has been a significant increase in credit risk since initial recognition as of the end of the fiscal year, the Consolidated Group estimates the lifetime credit losses on the financial instruments individually and measures the amount of loss allowance based upon historical credit loss experience and future recoverable amount.

(iii) Measurement of the expected credit losses on the other investments (debt securities)

When credit risk related to debt securities has not increased significantly since initial recognition at the end of the reporting period, the Consolidated Group calculates the amount of loss allowance of the financial instruments by estimating the 12-months expected credit losses. However, when there has been a significant increase in credit risk since initial recognition as of the end of the fiscal year, the Consolidated Group estimates the lifetime credit losses on the financial instruments and measures the amount of loss allowance of the financial instruments. When estimating such expected credit losses, the Consolidated Group uses the default rate published by major rating agencies.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 3) Quantitative and qualitative information on the amounts arising from expected credit losses

#### (i) Trade and other receivables

(JPY)

Loss allowance	Lifetime expected credit losses	
	Collective assessment	Credit-impaired financial assets
As of April 1, 2023	14	2,346
1. Reclassification to credit-impaired financial assets	—	811
2. Initial recognition and recoveries	2	13
3. Direct write-off	—	(479)
4. Changes due to foreign exchange	—	9
5. Increase (decrease) resulting from changes in the provision rate based on historical credit loss experience	0	—
As of March 31, 2024	16	2,700
1. Reclassification to credit-impaired financial assets	—	4
2. Initial recognition and recoveries	10	(478)
3. Direct write-off	—	(109)
4. Changes due to foreign exchange	—	(1)
5. Increase (decrease) resulting from changes in the provision rate based on historical credit loss experience	6	—
6. Other	(12)	(26)
As of March 31, 2025	20	2,090

(JPY)

Gross carrying amount	Lifetime expected credit losses	
	Collective assessment	Credit-impaired financial assets
As of April 1, 2023	247,232	2,624
1. Financial assets reclassified to credit-impaired financial assets	(7,254)	7,254
2. Initial recognition and recoveries	42,247	(256)
3. Direct write-off	—	(479)
4. Changes due to foreign exchange	—	9
As of March 31, 2024	282,225	9,152
1. Financial assets reclassified to credit-impaired financial assets	(112)	112
2. Initial recognition and recoveries	(18,508)	(6,537)
3. Direct write-off	—	(109)
4. Changes due to foreign exchange	—	(1)
5. Other	(9,190)	(26)
As of March 31, 2025	254,413	2,590



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(USD)

Loss allowance	Lifetime expected credit losses	
	Collective assessment	Credit-impaired financial assets
As of March 31, 2024	110	18,061
1. Reclassification to credit-impaired financial assets	—	30
2. Initial recognition and recoveries	69	(3,198)
3. Direct write-off	—	(730)
4. Changes due to foreign exchange	—	(8)
5. Increase (decrease) resulting from changes in the provision rate based on historical credit loss experience	44	—
6. Other	(84)	(174)
As of March 31, 2025	139	13,980

(Note) "Other" mainly includes the decrease of liabilities directly associated with assets held for sale.

(USD)

Gross carrying amount	Lifetime expected credit losses	
	Collective assessment	Credit-impaired financial assets
As of March 31, 2024	1,887,542	61,213
1. Financial assets reclassified to credit-impaired financial assets	(752)	752
2. Initial recognition and recoveries	(123,789)	(43,723)
3. Direct write-off	—	(730)
4. Changes due to foreign exchange	—	(8)
5. Other	(61,468)	(177)
As of March 31, 2025	1,701,533	17,327

(Note) "Other" mainly includes the decrease of liabilities directly associated with assets held for sale.

(ii) There is no contractual, uncollected balance for financial assets written off during the fiscal year ended March 31, 2025, for which collection efforts are still being made.

4) Credit risk exposure  
Trade and other receivables  
As of March 31, 2025

	Balance of receivables (gross)		Provision rate based on historical credit loss experience	Lifetime expected credit losses	
	JPY	USD		JPY	USD
Receivables	254,413	1,701,533	0.01%	20	139
Past due receivables	2,590	17,327	80.68%	2,090	13,980
Total	257,004	1,718,861	—	2,111	14,119

Past due receivables include loans receivable of ¥1,670 million (\$11,172 thousand), for which a loss allowance of ¥1,617 million (\$10,815 thousand) has been already recognized.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

As of March 31, 2024

	Balance of receivables (gross)	Provision rate based on historical credit loss experience	Lifetime expected credit losses
	JPY		JPY
Receivables	282,225	0.01%	16
Past due receivables	9,152	29.50%	2,700
Total	291,377	—	2,716

Past due receivables include loans receivable of ¥1,682 million (\$11,113 thousand), for which a loss allowance of ¥1,617 million (\$10,680 thousand) has been already recognized.

### 5) Maximum exposure to credit risks

The Consolidated Group's maximum exposure to credit risks is as follows:

The Consolidated Group's maximum credit risk exposure (gross) represents the amount of the maximum exposure with respect to credit risks without taking into account any collateral held or other credit enhancement. The Consolidated Group's maximum credit risk exposure (net) represents the amount of the maximum exposure with respect to credit risks reflecting the mitigation effect of the collateral held or other credit enhancement.

As of March 31, 2025

	Gross carrying amount		Loss allowance		Maximum credit risk exposure (gross)		Total collateral pledged and credit enhancements		Maximum credit risk exposure (net)	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Cash and cash equivalents	56,779	379,745	—	—	56,779	379,745	—	—	56,779	379,745
Financial assets measured at amortized cost										
Trade and other receivables	257,004	1,718,861	(2,111)	(14,119)	254,892	1,704,741	(153)	(1,025)	254,739	1,703,717
Other financial assets	10,253	68,575	—	—	10,253	68,575	—	—	10,253	68,575
Total	324,036	2,167,181	(2,111)	(14,119)	321,925	2,153,062	(153)	(1,025)	321,772	2,152,037

The amount of loss allowance for credit-impaired financial assets is reduced by ¥153 million (\$1,025 thousand) through collateral pledged and credit enhancements.

As of March 31, 2024

	Gross carrying amount	Loss allowance	Maximum credit risk exposure (gross)	Total collaterals pledged and credit enhancements	Maximum credit risk exposure (net)
	JPY	JPY	JPY	JPY	JPY
Cash and cash equivalents	53,431	—	53,431	—	53,431
Financial assets measured at amortized cost					
Trade and other receivables	291,377	(2,716)	288,661	(153)	288,507
Other financial assets	10,682	—	10,682	—	10,682
Total	355,492	(2,716)	352,775	(153)	352,621

The amount of loss allowance for credit-impaired financial assets is reduced by ¥153 million through collateral pledged and credit enhancements.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (4) Liquidity risk management

The Consolidated Group raises funds through borrowings from financial institutions or issuance of bonds. Accordingly, in the event of a disruption to the financial system or financial/capital markets, or a major downgrade of the Consolidated Group's credit rating by a rating agency, the Consolidated Group's fundraising becomes constrained and consequently there is a possibility that the Consolidated Group will not be able to carry out the payment on the date of payment.

The Consolidated Group has sufficient levels of cash and cash equivalents and maintains a long-term (unused) commitment line agreement with a major financial institution in the amount of ¥10.0 billion (\$66,881 thousand) to ensure liquidity and stability of funds. The Consolidated Group makes efforts to maintain good relationships with each financial institution.

#### 1) Non-derivative financial liabilities

The breakdown of non-derivative financial liabilities by due date is presented as follows:

As of March 31, 2025

	Within one year		Over one year and within five years		Over five years		Total	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Trade and other payables	208,695	1,395,770	—	—	—	—	208,695	1,395,770
Bonds	252	1,686	16,902	113,042	6,210	41,537	23,364	156,266
Borrowings	78,501	525,022	70,131	469,044	12,034	80,491	160,667	1,074,557
Lease liabilities	9,136	61,109	12,762	85,359	2,652	17,743	24,552	164,211
Deposits received	3,849	25,742	—	—	—	—	3,849	25,742
Guarantee deposits received	1,024	6,853	13	87	1,488	9,958	2,526	16,898
Other	1,218	8,150	1,596	10,679	—	—	2,815	18,829
Total	302,678	2,024,333	101,406	678,212	22,387	149,729	426,471	2,852,274

As of March 31, 2024

	Within one year		Over one year and within five years		Over five years		Total	
	JPY		JPY		JPY		JPY	
Trade and other payables	239,563		—		—		239,563	
Bonds	5,073		10,167		—		15,241	
Borrowings	112,949		76,907		12,221		202,079	
Lease liabilities	7,559		10,687		3,182		21,429	
Deposits received	3,659		—		5		3,665	
Guarantee deposits received	1,054		111		1,504		2,670	
Other	532		1,955		—		2,488	
Total	370,393		99,829		16,915		487,138	

The Consolidated Group has guarantee obligations of ¥1,397 million (\$9,346 thousand) and ¥1,389 million as of March 31, 2025 and March 31, 2024 respectively.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 2) Derivative liabilities

The breakdown of derivative liabilities by due date is presented as follows:

As of March 31, 2025

	Within one year		Over one year and within five years		Over five years		Total	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Currency-related derivatives								
Cash inflows	68,663	459,229	8,378	56,038	—	—	77,042	515,267
Cash outflows	69,952	467,847	8,550	57,185	—	—	78,502	525,032
Sub total	1,288	8,619	171	1,147	—	—	1,460	9,765
Commodity-related derivatives	79	535	—	—	—	—	79	535
Total	1,368	9,153	171	1,147	—	—	1,540	10,300

As of March 31, 2024

	Within one year		Over one year and within five years		Over five years		Total	
	JPY		JPY		JPY		JPY	
Currency-related derivatives								
Cash inflows		45,713		35		—		45,749
Cash outflows		49,044		35		—		49,080
Sub total		3,330		0		—		3,330
Commodity-related derivatives		115		1		—		116
Total		3,445		1		—		3,447

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (5) Market risk management

In many cases, the foreign currency risk, interest rate risk and risk of price fluctuations associated with goods traded incidental to business transactions are hedged in with the transaction terms with trade partners, etc. In addition, the Consolidated Group has established a system under which a position limit and a loss limit are set for foreign exchange, interest rates (funds), products and their derivatives, taking into account the scale of the risk and the income of each internal unit and company, so that it can quickly reduce its position when the predetermined limit is exceeded. Also, the price fluctuation risks of these positions are mitigated by using derivatives as a hedge. The positions are reported to management meeting regularly. When the predetermined limit is exceeded, the Consolidated Group mitigates these positions after the analysis of the reason without delay.

#### 1) Foreign currency risk

##### (i) Nature of foreign currency risk and its management policy

The Consolidated Group is engaged in foreign currency transactions in various currencies and terms incidental to its export and import trading. The Consolidated Group participates in derivatives transactions such as forward contracts to reduce the risk of currency fluctuation.

The Consolidated Group also has local subsidiaries and business corporations overseas. Account balances at these companies are converted into yen at the exchange rates prevailing at the end of the reporting period, for the purposes of preparing consolidated financial statements. As a result, equity attributable to owners of the parent may change through exchange difference of foreign operations associated with exchange rate fluctuations.

In principle, the Consolidated Group enters into forward exchange contracts to hedge against the exchange rate currency fluctuation risk of foreign currency-denominated receivables and payables that are controlled by currency and by contract month. The Consolidated Group also enters into forward exchange contracts to hedge against foreign currency-denominated receivables and payables that are highly probable to arise from export/import-related forecast transactions.

##### (ii) Sensitivity analysis of foreign currency risk

In regards to financial instruments held by the Consolidated Group as of the end of the reporting period, the following chart shows the amounts affecting profit before tax and other comprehensive income (before tax effect adjustments), as reported in the consolidated financial statements, that would result from 1% appreciation of Japanese Yen against U.S. dollars.

The analysis is performed based on the assumption that all the other variables are held constant.

In addition, such analysis does not include the affected amounts based on translations (into Japanese yen) of financial instruments denominated in functional currency, income and expenses denominated in foreign currency and assets and liabilities of foreign operations.

	JPY		USD
	2025	2024	2025
Profit before tax			
U.S. dollar	(17)	(13)	(116)
Other comprehensive income			
U.S. dollar	(308)	(465)	(2,066)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 2) Interest rate risk

#### (i) Nature of interest rate risk and its management policy

The Consolidated Group raises most funds needed for operating and financing activities in the form of borrowings from financial institutions at variable interest rates, with the exception of certain loans. Since these borrowings and fund management are exposed to an interest rate risk, interest expenses for the Consolidated Group may increase with a rise in interest rates.

#### (ii) Sensitivity analysis of interest rate risk

In regards to financial instruments held by the Consolidated Group at the end of the reporting period, the following table shows the amounts affecting profit before tax assuming that the interest rate increases by 1%.

Under the analysis, the amounts affecting profit before tax are calculated by multiplying the net balance of floating rate financial instruments as of March 31, 2025 and 2024 by 1%, without considering future changes in the net balance, currency exchange fluctuations and dispersing effects for floating rate borrowings derived from the difference in timing of refinancing and resetting of the interest rate, and based on the assumption that all the other variables are held constant.

	JPY		USD
	2025	2024	2025
Profit before tax	(1,346)	(1,663)	(9,005)

### 3) Commodity price risk

#### (i) Nature of commodity price risk and its management policy

In its mainstay commodity trading business in Japan and overseas, the Consolidated Group deals with grains, meat products and petroleum products which are influenced by market conditions. When the positions in these commodities increase, the Consolidated Group will be exposed to the commodity price fluctuation risk stemming from rapid movements in commodities prices or a decline in demand.

The Consolidated Group strives to reduce our exposure to price volatility by hedge-selling commodities, matching the quantity and timing of buying and selling, and utilizing commodity-related derivatives for hedging purposes.

#### (ii) Sensitivity analysis of commodity price risk

In regards to commodity-related derivatives held by the Consolidated Group at the end of the reporting period, the following table shows the amounts affecting profit before tax and other comprehensive income (before the tax effect) assuming that the commodity price decreases by 1%.

The analysis is performed based on the assumption that all the other variables are held constant.

	JPY		USD
	2025	2024	2025
Profit before tax	(133)	(89)	(892)
Foods	(33)	(39)	(224)
Fuels	(99)	(50)	(668)
Other comprehensive income	(13)	(10)	(93)
Foods	(13)	(10)	(93)
Fuels	—	—	—

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 4) Share price risk

#### (i) Nature of share price risk and its management policy

The Consolidated Group holds marketable securities, which are exposed to the market price fluctuation risk.

The Consolidated Group attempts to reduce share price risk by periodically reviewing its shares held by the Consolidated Group and selling those shares that it holds without strong rationale.

#### (ii) Sensitivity analysis of share price risk

In regards to listed shares held by the Consolidated Group at the end of the reporting period, the following table shows the amounts affecting other comprehensive income (before the tax effect) assuming that the share price decreases by 10%.

The analysis is performed based on the assumption that all the other variables are held constant.

	JPY		USD
	2025	2024	2025
Other comprehensive income	(2,276)	(3,201)	(15,224)

## (6) Fair value of financial instruments

### 1) Fair value measurement

Fair values of financial instruments are presented as follows:

Fair values are categorized into three levels of the fair value hierarchy depending on inputs to valuation techniques; details are described in *Note 2. Basis of Preparing Consolidated Financial Statements: (4) Use of estimates and judgments.*

### 2) Financial instruments measured at amortized cost

Type	2025				2024	
	Carrying amount		Fair value		Carrying amount	Fair value
	JPY	USD	JPY	USD	JPY	
Financial assets						
Trade and other receivables	765	5,117	765	5,117	1,541	1,541
Guarantee deposits	6,135	41,036	6,135	41,036	6,373	6,373
Other financial assets	632	4,233	632	4,233	605	605
Total	7,533	50,386	7,533	50,386	8,520	8,520
Financial liabilities						
Bonds and borrowings	101,650	679,845	101,043	675,785	97,502	97,295
Long-term deposits received	—	—	—	—	5	5
Long-term guarantee deposits received	1,501	10,045	1,501	10,045	1,615	1,615
Put option liabilities granted to non-controlling interests	1,596	10,679	1,596	10,679	1,955	1,955
Total	104,749	700,570	104,142	696,509	101,079	100,872

The carrying amounts of trade and other receivables, other financial assets, trade and other payables, bonds and borrowings and other financial liabilities, all of which are categorized into current assets or current liabilities of financial instruments measured at amortized cost, approximate their fair values; therefore, those amounts are not included in the table above.

The fair values stated above are calculated as follows:

#### (i) Trade and other receivables

The fair value of trade and other receivables is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

#### (ii) Guarantee deposits

The fair value of guarantee deposits is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

#### (iii) Other financial assets

The fair value of other financial assets is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(iv) Bonds and borrowings

The fair value of bonds is determined based on their market price.

The fair value of borrowings is the present value of the sum of principal and interest payments discounted using an assumed interest rate on equivalent incremental borrowings.

(v) Long-term deposits received

The fair value of the long-term deposits received is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

(vi) Long-term guarantee deposits received

The fair value of long-term guarantee deposits received is the present value of future cash flows discounted by an interest rate that reflects time to maturity and credit risk.

(vii) Put option liabilities granted to non-controlling interests

The fair value of the put option liabilities granted by the Consolidated Group to non-controlling interests is the present value of future cash flows discounted by an interest rate that reflects time to exercise and credit risk.

Put option liabilities granted to non-controlling interests are categorized within Level 3 of the fair value hierarchy. All other financial assets and liabilities measured at amortized cost are categorized within Level 2 of the fair value hierarchy.

3) Financial instruments measured at fair value

(i) Analysis of fair value by hierarchy level

The following tables provide the breakdown by hierarchy level of financial assets and liabilities that are measured at fair value on a recurring basis. No financial assets and liabilities are measured at fair value on a non-recurring basis. There were no material transfers between Level 1 and Level 2 for the fiscal years ended March 31, 2025 and March 31, 2024.

As of March 31, 2025

	Level 1		Level 2		Level 3		Total	
	JPY	USD	JPY	USD	JPY	USD	JPY	USD
Assets								
Other investments								
FVPL								
Stock	—	—	—	—	2,962	19,817	2,962	19,817
FVOCI								
Stock	22,756	152,196	7	47	16,294	108,982	39,058	261,225
Other financial assets								
Derivative transactions:								
Foreign exchange	—	—	1,233	8,248	—	—	1,233	8,248
Commodity	42	285	4	29	—	—	47	315
Liabilities								
Other financial liabilities								
Derivative transactions:								
Foreign exchange	—	—	(1,460)	(9,765)	—	—	(1,460)	(9,765)
Commodity	(79)	(535)	—	—	—	—	(79)	(535)
Total	22,719	151,946	(215)	(1,440)	19,257	128,799	41,761	279,305

FVPL: Financial assets measured at fair value through profit or loss.

FVOCI: Financial assets measured at fair value through other comprehensive income.



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

As of March 31, 2024

	Level 1	Level 2	Level 3	Total
	JPY	JPY	JPY	JPY
Assets				
Other investments				
FVPL				
Stock	—	—	2,764	2,764
FVOCI				
Stock	32,003	7	18,243	50,254
Other financial assets				
Derivative transactions:				
Foreign exchange	—	6,187	—	6,187
Commodity	97	—	—	97
Liabilities				
Other financial liabilities				
Derivative transactions:				
Foreign exchange	—	(3,330)	—	(3,330)
Commodity	(116)	—	—	(116)
Total	31,984	2,864	21,008	55,857

The methods of determining the fair value of the above instruments are described as follows:

(a) Other investments

The fair value of listed shares is the quoted price in an active market and is categorized within fair value hierarchy Level 1. The fair value of the listed shares which are not traded frequently in the public market and not considered to have quoted prices in active markets are categorized within fair value hierarchy Level 2.

The fair value of unlisted shares is calculated using valuation methods including discounted future cash flows, market prices of comparable companies, net asset value, and other valuation methods, and is categorized within fair value hierarchy Level 3. Measuring the fair value of unlisted shares involves the use of unobservable inputs such as discount rate and valuation multiples, as well as any necessary adjustments including discounts for a lack of liquidity.

The Company determines the policies and procedures for measuring the fair value of unlisted shares, and reviews the approach to measuring fair value on a recurring basis including the valuation model, by obtaining the information on business operations and business plans associated with each equity issuer and confirming the data from comparable public companies.

(b) Derivative financial assets and liabilities

Currency-related derivatives

The fair value of forward exchange transactions is calculated based on the forward exchange rate at the end of the fiscal year.

Commodity-related derivatives

The fair value of commodity futures transactions is calculated using final prices on commodities exchanges as of the fiscal year-end. The fair value of commodity swap transactions is calculated based on the index prices publicly announced at the end of the fiscal year.

Commodity futures transactions are categorized within Level 1 of fair value hierarchy. All other derivative financial assets and liabilities are categorized within Level 2 of the fair value hierarchy.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

(ii) Recurring fair value measurements categorized within Level 3 of the fair value hierarchy

The changes in financial assets and liabilities that are measured at fair value on a recurring basis and are categorized within Level 3 of the fair value hierarchy are presented as follows.

	2025						2024		
	Other investments				Total		Other investments		Total
	FVPL		FVOCI				FVPL	FVOCI	
	JPY	USD	JPY	USD	JPY	USD	JPY	JPY	JPY
Balance at the beginning of the year	2,764	18,491	18,243	122,014	21,008	140,506	2,774	12,671	15,445
Total gains or losses									
Profit or loss (Note 1)	(229)	(1,533)	—	—	(229)	(1,533)	(394)	—	(394)
Other comprehensive income (Note 2)	—	—	(2,048)	(13,701)	(2,048)	(13,701)	—	1,827	1,827
Purchase	439	2,941	511	3,422	951	6,364	261	4,084	4,345
Sale	—	—	(131)	(883)	(131)	(883)	—	(56)	(56)
Foreign currency translation difference	(12)	(80)	—	—	(12)	(80)	123	—	123
Increase (decrease) due to changes in scope of consolidation	—	—	—	—	—	—	—	(215)	(215)
Other (Note 3)	(0)	(2)	(279)	(1,871)	(280)	(1,873)	(0)	(68)	(68)
Balance at the end of the year	2,962	19,817	16,294	108,982	19,257	128,799	2,764	18,243	21,008

(Notes) 1. The gains or losses are included in "Other finance income" or "Other finance costs" in the consolidated statement of income. Of those gains or losses recognized in profit or loss, the amounts arising from financial instruments that were held at the period end are ¥(229) million (\$ (1,514) thousand) for the fiscal year ended March 31, 2025 and ¥(394) million for the fiscal year ended March 31, 2024.

2. The gains or losses are included in "Financial assets measured at fair value through other comprehensive income" in the consolidated statement of comprehensive income.

3. "Other" for the fiscal year ended March 31, 2025, includes a decrease of ¥(197) million (\$ (1,322) thousand) due to the transfer to "Assets held for sale".

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

- (iii) Quantitative Information about the financial instruments categorized within fair value hierarchy Level 3  
The following tables present quantitative information on the material assets categorized within Level 3 of the fair value hierarchy, which were measured at fair value on a recurring basis.

As of March 31, 2025

Category	Fair value		Valuation technique	Significant unobservable inputs	Weighted average of input values
	JPY	USD			
FVPL	579	3,874	Discounted cash flow method	Discount rate	4.7%
FVPL	2,383	15,943	Net asset value method	—	—
FVOCI	16,273	108,835	Market multiple method	P/B ratio Illiquidity discount	2.1times 30.0%
FVOCI	21	147	Net asset value method	—	—

As of March 31, 2024

Category	Fair value	Valuation technique	Significant unobservable inputs	Weighted average of input values
	JPY			
FVPL	691	Discounted cash flow method	Discount rate	5.2%
FVPL	2,073	Net asset value method	—	—
FVOCI	18,218	Market multiple method	P/B ratio Illiquidity discount	1.8times 30.0%
FVOCI	24	Net asset value method	—	—

The significant unobservable inputs used in measuring the fair value of unlisted shares are the discount rate, illiquidity discount and P/B ratio (price-to-book ratio). A substantial increase (or decrease) in the discount rate or illiquidity discount causes the fair value to substantially fall (or rise), while a substantial increase (or decrease) in the P/B ratio causes the fair value to substantially rise (or fall).

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (7) Financial assets measured at fair value through other comprehensive income

With respect to investments in equity instruments held for the purpose of maintaining and strengthening relationships with business partners, the Consolidated Group has designated such investments as financial assets to be measured at fair value through other comprehensive income in view of the holding purpose.

#### 1) Fair value of major items of investment

The following tables present the fair value of major items of investment in equity instruments designated as financial assets measured at fair value through other comprehensive income.

As of March 31, 2025

Name of issuer	Amount	
	JPY	USD
PT. Cisarua Mountain Dairy Tbk	4,624	30,932
SOTSU CORPORATION	3,078	20,591
Sierra Space Corporation	2,841	19,007
AJUSTEEL Co.,Ltd.	2,209	14,777
MARUDAI FOOD CO., LTD.	2,045	13,681
The Monogatari Corporation	2,031	13,583
SINFONIA TECHNOLOGY CO., LTD.	1,662	11,119
Nisshin Seifun Group Inc.	1,574	10,533
SHIN KURUSHIMA DOCKYARD CO.,LTD.	1,065	7,128
F.C.C. CO., LTD.	959	6,420
Other	16,963	113,455

As of March 31, 2024

Name of issuer	Amount	
	JPY	
Tokio Marine Holdings, Inc.	8,444	
PT. Cisarua Mountain Dairy Tbk	5,265	
SOTSU CORPORATION	3,251	
Sierra Space Corporation	2,919	
The Monogatari Corporation	2,817	
MARUDAI FOOD CO., LTD.	1,963	
Nisshin Seifun Group Inc.	1,910	
SHIN KURUSHIMA DOCKYARD CO.,LTD.	1,390	
Hitachi Astemo Chassis Systems (Guangzhou) Ltd.	1,096	
MS&AD Insurance Group Holdings, Inc.	1,036	
Other	20,158	

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 2) Dividend income

	JPY		USD
	2025	2024	2025
Investments derecognized during the year	306	2	2,047
Investments held at the end of the year	936	1,207	6,263
Total	1,242	1,209	8,310

### 3) Financial assets measured at fair value through other comprehensive income that were derecognized during the fiscal year

The Consolidated Group periodically reviews its held shares and sells those shares that it holds without a strong rationale with gains or losses on sale recognized in other comprehensive income. The following table presents the fair value on the date of sale and cumulative gains or losses on sale.

	JPY		USD
	2025	2024	2025
Fair value on the date of sale	12,031	734	80,469
Cumulative gains (losses) on sale	10,221	79	68,360

### 4) Reclassification to retained earnings

The Consolidated Group reclassifies to retained earnings cumulative gains or losses arising from changes in the fair value of financial assets measured at fair value through other comprehensive income in either of the following cases: when an investment is disposed of, or when there is a significant decline in the fair value. Such cumulative gains or losses in other comprehensive income that were reclassified to retained earnings for the years ended March 31, 2025 and March 31, 2024 were ¥6,734 million (\$45,042 thousand) and ¥(16) million, respectively.

## (8) Hedge Accounting

### (Cash Flow Hedge)

A cash flow hedge is a hedge of the exposure to variability in future cash flows arising from a forecast transaction or recognized assets or liabilities. While a hedge is designated as cash flow hedge as long as the hedge is effective, the changes in the fair value of qualifying hedging instrument should be recorded as other comprehensive income in the Consolidated Statement of Comprehensive Income. The Consolidated Group continues such accounting treatment until variability in future cash flows arising from unrecognized forecast transactions or recognized assets or liabilities designated as hedged items are recorded in profit or loss. Moreover, portions determined to be ineffective for hedging accounting are recognized in profit or loss.

The Consolidated Group designates the following instruments as cash flow hedges: forward exchange contracts to fix cash flows from foreign currency denominated receivables and payables, foreign currency denominated firm commitments and foreign currency denominated forecast transactions, interest rate swaps to fix variable interest rate on floating rate financial liabilities, and commodity futures to fix cash flows from forecast transactions of commodity trade.

When applying hedge accounting, the Consolidated Group confirms that there are economic relationships between the hedged items and hedging instruments through qualitative assessments, which show whether the critical terms of the hedging instruments and the hedged items match exactly or are closely aligned, and quantitative assessments, which show fluctuations of the value of hedged items and hedging instruments by the same risk offset each other, in order to confirm there are economic relationships that variability in fair value or cash flows of the hedged items that are attributable to the hedged risk shall be offset by the changes in fair value or cash flows of the hedging instruments. The Consolidated Group also establishes appropriate hedge ratios considering an economic relationship between hedging instruments and hedged items as well as risk management strategy.

The amounts recognized in profit or loss for the ineffective portion of the hedge are not material both for the fiscal years ended March 31, 2025 and March 31, 2024. In addition, the amounts reclassified from valuation differences on cash flow hedges to profit or loss are immaterial because the forecast transactions are no longer expected to occur.

Following are the carrying amounts of the hedging instruments as of March 31, 2025 and March 31, 2024. The fair value of financial assets related to hedging instruments is included in "Other financial assets" while the fair value of financial liabilities related to hedging instruments is included in "Other financial liabilities" in the consolidated statements of financial position.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

As of March 31, 2025

	Notional amount		Carrying amount			
			Derivative assets		Derivative liabilities	
	JPY	USD	JPY	USD	JPY	USD
Foreign currency risk						
Forward exchange contracts	55,520	371,322	528	3,537	551	3,690
Commodity price risk						
Commodity futures contracts	2,314	15,481	14	96	54	366

As of March 31, 2024

	Notional amount		Carrying amount	
			Derivative assets	Derivative liabilities
	JPY		JPY	JPY
Foreign currency risk				
Forward exchange contracts	87,199		3,066	1,363
Commodity price risk				
Commodity futures contracts	3,105		54	103

The following tables present the notional amount and average rates of main hedging instruments.

Exchange contracts	Type	Notional amount and average rates	JPY		USD
			2025	2024	2025
Forward exchange in USD	Export	Notional amount	10,025	19,959	67,053
		Average rate (Yen/U.S. dollars)	149.29	138.92	—
	Import	Notional amount	38,044	61,794	254,442
		Average rate (Yen/U.S. dollars)	146.68	141.31	—

The longest terms of hedging cash flow fluctuation risks by “Forward exchange contracts” and “Commodity futures contracts” are about 2 years 8 months and 1 year, respectively.

The following tables present the carrying amount of cash flow hedge reserve as of March 31, 2025 and March 31, 2024.

As of March 31, 2025

	Cash flow hedge reserve for continuing hedges (before tax)		Cash flow hedge reserve for discontinuing hedge accounting (before tax)	
	JPY	USD	JPY	USD
Foreign currency risk				
Forward exchange contracts	(22)	(153)	—	—
Commodity price risk				
Commodity futures contracts	(40)	(270)	(265)	(1,773)

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

As of March 31, 2024

	Cash flow hedge reserve for continuing hedges (before tax)	Cash flow hedge reserve for discontinuing hedge accounting (before tax)
	JPY	JPY
Foreign currency risk		
Forward exchange contracts	1,703	—
Commodity price risk		
Commodity futures contracts	(49)	164

The following tables present the carrying amounts of transactions that affected the consolidated statements of comprehensive income as a result of applying hedge accounting for the fiscal years ended March 31, 2025 and March 31, 2024.

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

	Change in value of hedging instruments recognized in other comprehensive income		Reclassification from cash flow hedge reserve to profit or loss		Line item for which profit or loss was affected by reclassification
	JPY	USD	JPY	USD	
Foreign currency risk					
Forward exchange contracts	(59)	(395)	(1,666)	(11,149)	Other income
Commodity price risk					
Commodity futures contracts	(302)	(2,025)	(117)	(788)	Cost of sales

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)			
	Change in value of hedging instruments recognized in other comprehensive income	Reclassification from cash flow hedge reserve to profit or loss	Line item for which profit or loss was affected by reclassification
	JPY	JPY	
Foreign currency risk			
Forward exchange contracts	1,617	(583)	Other income
Commodity price risk			
Commodity futures contracts	117	(409)	Cost of sales

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (9) Transfer of financial assets

The Consolidated Group liquidates certain trade receivables by discounting notes or the like. However, with respect to some liquidated receivables, the Consolidated Group may be obligated to make payments as recourse for non-payment by the debtor. The Consolidated Group continues to recognize such liquidated receivables as they do not meet the criteria for derecognition of financial assets.

The Consolidated Group recognized such liquidated assets as “Trade and other receivables” in the amount of ¥1,126 million (\$7,537 thousand) and ¥2,431 million as of March 31, 2025 and March 31, 2024, respectively. In addition, liabilities relating to the deposit amounts which arose upon the transfer of such assets were accounted for as “Bonds and borrowings” in the amount of ¥1,126 million (\$7,537 thousand) and ¥2,431 million as of March 31, 2025 and March 31, 2024, respectively. Such liabilities are settled when payments for such liquidated assets are made, and the Consolidated Group may not use such liquidated assets until such settlement occurs.

### (10) Offsetting financial assets and financial liabilities

The following tables present the financial assets and financial liabilities recognized for the same counterparties including financial instruments that were not offset even though they were covered by an enforceable master netting arrangement or similar agreement because they did not meet some or all of the offsetting criteria as of March 31, 2025 and March 31, 2024.

	JPY		USD
	2025	2024	2025
Amounts of financial assets presented in the consolidated statement of financial position	1,280	6,285	8,563
Foreign exchange	1,233	6,187	8,248
Commodity	47	97	315
Amounts that were not offset even though they were covered by an enforceable master netting arrangement or similar agreement because they did not meet some or all of the offsetting criteria	(902)	(2,553)	(6,033)
Net amounts	378	3,732	2,530
	JPY		USD
	2025	2024	2025
Amounts of financial liabilities presented in the consolidated statements of financial position	1,540	3,447	10,300
Foreign exchange	1,460	3,330	9,765
Commodity	79	116	535
Amounts that were not offset even though they were covered by an enforceable master netting arrangement or similar agreement because they did not meet some or all of the offsetting criteria	(902)	(2,553)	(6,033)
Financial collateral pledged	(37)	(23)	(249)
Net amounts	600	870	4,018

Certain financial assets and financial liabilities have not been offset because they do not meet some or all of the criteria for offsetting financial assets and financial liabilities. The rights to offset such financial assets and financial liabilities become enforceable only under particular circumstances, such as when the other party fails to discharge an obligation due to its bankruptcy or other such reasons.



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 31. Leases

#### (1) Lessee

The Consolidated Group leases office building, computer-related equipment for the enterprise system (tools, furniture and fixtures) and other assets.

Income and expenses recognized as lessee are presented as follows:

	JPY		USD
	2025	2024	2025
Depreciation of right-of-use assets			
Buildings and structures	8,732	8,312	58,402
Machinery, vehicles, tools, furniture and fixtures	889	881	5,948
Others	160	148	1,070
Total	9,781	9,342	65,420
Interest expense on lease liabilities	129	88	867
Short-term lease expenses	378	457	2,531
Sublease income	56	65	379

The cash outflow related to lease payments are presented as follows:

	JPY		USD
	2025	2024	2025
Cash outflow for leases	10,435	9,917	69,792

The information on the balance and increase or decrease of the right-of-use assets are provided in *Note 9. Property, Plant and Equipment* and *Note 10. Goodwill and Intangible Assets*.

The breakdown of lease liabilities by due date is also presented in *Note 30. Financial Instruments: (4) Liquidity risk management*.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (2) Lessor

The Consolidated Group engages in leasing of machinery, plumping equipment of LPG, the enterprise system, computer-related equipment for the enterprise system (tools, furniture and fixtures) and other assets.

Income and expenses recognized as lessor are presented as follows:

	JPY		USD
	2025	2024	2025
Profit or loss from finance leases	80	73	541
Lease income from operating leases	82	16	551

The breakdown of lease receivables of finance lease and lease payments to be received of operating lease are presented as follows:

	JPY				USD	
	2025		2024		2025	
	Lease receivables	Lease payments to be received	Lease receivables	Lease payments to be received	Lease receivables	Lease payments to be received
Within one year	171	24	140	69	1,145	166
Over one year and within two years	169	22	140	11	1,135	151
Over two years and within three years	168	21	139	11	1,128	142
Over three years and within four years	142	17	138	10	953	118
Over four years and within five years	97	14	111	8	654	95
Over five years	9	10	77	6	65	69
Total	759	110	747	117	5,080	741

## 32. Pledged Assets

### (1) Pledged assets and associated secured liabilities

Details of pledged assets and associated secured liabilities are as follows. Pledged assets and associated secured liabilities below are provided at the request of financial institutions for the Consolidated Group's borrowings. With respect to these borrowings, financial institutions have rights to enforce the disposal of those pledged assets and may offset those proceeds against a debt, if the borrower defaults on a debt such as failure of borrower to pay any sum of matured payables.

	JPY		USD
	2025	2024	2025
Pledged assets:			
Other financial assets (non-current)	20	25	134
Property, plant and equipment	493	504	3,300
Total	513	530	3,434
Associated secured liabilities:			
Borrowings (current)	1,082	1,105	7,237
Borrowings (non-current)	144	201	964
Total	1,226	1,307	8,201

Trust receipts issued under customary import financing arrangements give banks a security interest in the goods imported or sales proceeds resulting from the sales of the goods. However, due to the large volume of transactions, it is impracticable to determine the aggregate amounts of assets covered by outstanding trust receipts and those transactions were not included in the above amounts.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (2) Assets pledged as a substitute for guarantee money

The breakdown of assets pledged as a substitute for guarantee money or the like is as follows:

	JPY		USD
	2025	2024	2025
Assets pledged as a substitute for guarantee money or guarantee funds			
Other investments	739	1,045	4,945
Total	739	1,045	4,945

### 33. Contingent Liabilities

#### (1) Liabilities for guarantees

The Consolidated Group is contingently liable for guarantees on bank borrowings and trade payables owed by entities that do not belong to the Consolidated Group.

The Group may become responsible for the amounts that are unpayable by the borrower and for losses attached to the unpayable amounts.

	JPY		USD
	2025	2024	2025
Liabilities for guarantees for equity method investees	26	44	176
Liabilities for guarantees for third parties	1,371	1,344	9,170
Total	1,397	1,389	9,346

(Notes) 1. The above amounts include those for quasi-guarantee activities.

2. Liabilities for guarantees for third parties include the liabilities for guarantees covered by the insurance agreements that is limited to ¥1,370 million (\$9,167 thousand) for the fiscal year ended March 31, 2025 and ¥1,341 million for the fiscal year ended March 31, 2024, respectively.

#### (2) Legal proceedings

The Company's subsidiary, Kanematsu Communications Ltd., was subject to a lawsuit brought by its business partner to the Tokyo District Court in April 2021 for damages, etc. caused by its default in connection with the transactions of communication services (the value of the subject matter of the lawsuit was ¥14,664 million (\$98,075 thousand)). The court of first instance decided to wholly dismiss the plaintiff's claim in December 2023. Although the plaintiff filed an appeal to a higher court in January 2024, a settlement was reached on July 1, 2024, with terms that do not result in any payment from our subsidiary.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 34. Significant Subsidiaries

(1) Significant subsidiaries of the Company are as follows:

Trade name	Location	Details of major operations	Percentage of voting rights (%)	
			2025	2024
[ICT Solution]				
Kanematsu Electronics Ltd.	Chuo-ku, Tokyo, Japan	System integration of ICT and communications equipment	100.00	100.00
Nippon Office System Ltd.	Koto-ku, Tokyo, Japan	Development, sales, and maintenance of software for computers and computer peripherals	100.00 (100.00)	100.00 (100.00)
i-NOS Corporation	Chuo-ku, Tokyo, Japan	Software development and system construction	100.00 (100.00)	100.00 (100.00)
[Electronics & Devices]				
Kanematsu Communications Ltd.	Shibuya-ku, Tokyo, Japan	Sales of mobile communications devices; Mobile internet systems and services	100.00	100.00
Kanematsu Granks, Corp.	Shinjuku-ku, Tokyo, Japan	Website planning, building, and operation; Content planning, production, and sales	100.00 (100.00)	100.00 (100.00)
Kanematsu Advanced Materials Corp.	Chuo-ku, Tokyo, Japan	Import, export, storage, sales, and processing of materials and components for vehicle equipment, industrial electronics, and communication devices	100.00	100.00
G-Printec, Inc.	Saiwai-ku, Kawasaki-shi, Japan	Design, development, manufacture, sales and maintenance services (OEM) for card printers and related equipment	100.00	100.00
Kanematsu Futuretech Solutions Corporation	Chuo-ku, Tokyo, Japan	Import, export, processing, development, design, manufacture, sales of semiconductors, electronic components, and module products; EMS business	100.00	100.00
NS Technologies Inc.	Okaya-shi, Nagano, Japan	Design, development, and manufacture of IC test handlers	100.00	100.00
JM Technology Inc.	Hakata-ku, Fukuoka-shi, Japan	Semiconductor equipment engineering, parts repair and sales, and IoT solution services	100.00	100.00
Kanekoh Electronics (Shanghai) Co., Ltd.	Shanghai, China	Design, development, manufacture, and sales of control modules for lithium ion batteries	70.00	70.00
Kanematsu Industrial and Trading (Dalian F.T.Z.) Co., Ltd.	Dalian, China	Manufacture of materials for electronic precision parts and import, export and sales of electronic components	100.00 (100.00)	100.00 (100.00)
Kanematsu Advanced Materials USA, Inc.	Texas, U.S.A.	Import, export, sales and processing of materials and components for vehicle equipment, industrial electronics, and communication devices	100.00 (100.00)	100.00 (100.00)
[Foods, Meat & Grain]				
Kanematsu Foods Corp.	Chuo-ku, Tokyo, Japan	Food wholesaling and cold storage	100.00	100.00
Kanematsu Agritec Co., Ltd.	Koshigaya-shi, Saitama, Japan	Manufacture and sales of feed and fertilizer	100.00	100.00

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

Trade name	Location	Details of major operations	Percentage of voting rights (%)	
			2025	2024
Kanematsu Soytech Corp.	Chuo-ku, Osaka-shi, Japan	Sales of soybeans, pulses & peas, and grain; Development and marketing of tofu and other ingredients for processed foods	100.00	100.00
KG Agri Products, Inc.	Ohio, U.S.A.	Seed development; Contract farming; Sorting, processing, and sales of food soybeans	100.00	100.00
KAI Enterprises, Inc.	Washington, U.S.A.	Sales of hay and roughage	100.00 (15.00)	100.00 (15.00)
P.T. Kanemory Food Service	Serang, Indonesia	Manufacture of processed foods; Management of central kitchen	59.90 (10.00)	59.90 (10.00)
[Steel, Materials & Plant]				
Kanematsu Trading Corp. (Notes) 1	Chuo-ku, Tokyo, Japan	Sales of steel and construction materials	100.00	100.00
Kyowa Steel Co., Ltd. (Notes) 1	Kasai-shi, Hyogo, Japan	Cutting and processing of steel sheet; Sales of construction materials	100.00 (100.00)	100.00 (100.00)
Kanematsu Chemicals Corp.	Chuo-ku, Tokyo, Japan	Domestic sales, import, and export of chemical products, pharmaceuticals, pharmaceutical ingredients, and functional food materials	100.00	100.00
Kanematsu Wellness Corp.	Chuo-ku, Tokyo, Japan	Sales of health foods and provision of medical information	100.00 (100.00)	100.00 (100.00)
Kanematsu Petroleum Corp.	Chiyoda-ku, Tokyo, Japan	Sales of petroleum products and LPG	100.00	100.00
Kanematsu Yuso Co., Ltd.	Chiyoda-ku, Tokyo, Japan	Delivery and storage of petroleum products	100.00	100.00
Kanematsu Sustech Corporation	Chuo-ku, Tokyo, Japan	Manufacture and sales of preservation-treated wood products; Ground inspection services and improvement work; Installation and sales of security cameras	100.00	100.00
Benoit Holding Company	Illinois, U.S.A.	Holding company	85.18 (85.18)	85.18 (85.18)
Benoit Premium Threading, LLC	Louisiana, U.S.A.	Steel tubing fabrication; Manufacture and sales of steel tubing-related parts	54.00 (54.00)	54.00 (54.00)
Steel Service Oilfield Tubular, Inc.	Oklahoma, U.S.A.	Sales of steel materials for natural resource excavation	51.00 (51.00)	51.00 (51.00)
[Motor Vehicles & Aerospace]				
Kanematsu KGK Corp.	Chuo-ku, Tokyo, Japan	Sales of machine tools and industrial machinery	100.00	100.00
Kanematsu Aerospace Corp.	Minato-ku, Tokyo, Japan	Sales of aircraft, defense, and aerospace-related products as well as 3D laser scanners and XR solution equipment	100.00	100.00
KANEYO Co., Ltd.	Chuo-ku, Osaka-shi, Japan	Sales of bedding, fiber raw materials for industrial materials, and synthetic fiber raw materials	100.00	100.00

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

Trade name	Location	Details of major operations	Percentage of voting rights (%)	
			2025	2024
Datatec Co., Ltd.	Ota-ku, Tokyo, Japan	Development and sales of network services for vehicle operation management, driving safety analysis, etc.; Development and sales of vehicle measuring instruments	90.01	90.01
Aries Motor Ltd.	Warsaw, Poland	Sales and maintenance of automobiles	93.59	93.59
Aries Power Equipment Ltd.	Warsaw, Poland	Sales of engines, generators, lawnmowers, and other general-purpose machinery	60.00	60.00
KGK International Corp.	Illinois, U.S.A.	Sales of machine tools and industrial machinery	100.00 (100.00)	100.00 (100.00)
KG Aircraft Rotables Co., Ltd.	Dublin, Ireland	Replacement and maintenance of aircraft rotatable components; Leasing; Sales	100.00	96.67
[Others]				
Shintoa Corp.	Chiyoda-ku, Tokyo, Japan	Import, export, and sales of pet supplies, soft drinks for vending machines, aero-engines, feed materials, and metal products	100.00	100.00
Kanematsu Logistics & Insurance Ltd.	Chuo-ku, Tokyo, Japan	Insurance agency and forwarding business; Consigned freight forwarding business	100.00	100.00
[Overseas local subsidiaries]				
Kanematsu USA Inc.	Illinois, U.S.A.	Export, import and sales of merchandise	100.00	100.00
Kanematsu (China) Co., Ltd.	Shanghai, China	Export, import and sales of merchandise	100.00	100.00
Kanematsu (Thailand) Ltd.	Bangkok, Thailand	Export, import and sales of merchandise	100.00	100.00
Watana Inter-Trade Co., Ltd. (Notes) 2	Bangkok, Thailand	Export, import and sales of merchandise	49.00 (24.00)	49.00 (24.00)
Kanematsu (Singapore) Pte. Ltd.	Singapore, Singapore	Export, import and sales of merchandise	100.00	100.00
Kanematsu Taiwan Corporation	Taipei, Taiwan	Export, import and sales of merchandise	100.00	100.00
Kanematsu Europe Plc	London, U.K.	Export, import and sales of merchandise	100.00 (100.00)	100.00 (100.00)
Kanematsu GmbH	Duesseldorf, Germany	Export, import and sales of merchandise	100.00	100.00
Kanematsu Australia Ltd.	Sydney, Australia	Export, import and sales of merchandise	100.00	100.00
Kanematsu New Zealand Ltd.	Auckland, New Zealand	Export, import and sales of merchandise	100.00	100.00
Kanematsu Korea Corporation	Seoul, Korea	Export, import and sales of merchandise	100.00	100.00
Kanematsu Trading (Hong Kong) Ltd.	Hong Kong, China	Export, import and sales of merchandise	100.00	100.00

(Notes) 1. On April 1, 2025, the Company transferred all shares (100%) it held in Kanematsu Trading Corp. and Kyowa Steel Co., Ltd..

2. It is treated as a subsidiary because the Consolidated Group has a substantial control of the finance and management policy over the company through the dispatch of the majority of board members.

3. The figures in the parentheses in "Percentage of voting rights" indicate the indirect ownership ratio included in the total.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (2) Non-controlling interests

There has been no subsidiaries with non-controlling interests that is significant for the Consolidated Group for the fiscal year ended March 31, 2025 and March 31, 2024.

### (3) Transaction with non-controlling interests

There were no transactions with significant non-controlling interests for the fiscal years ended March 31, 2025 and March 31, 2024.

## 35. Related Parties

### (1) Related party transactions

Fiscal year ended March 31, 2025

Type	Name	Detail of related party relationship	Transaction amount		Outstanding amount	
			JPY	USD	JPY	USD
Associate	Sage Hill Northwest, Inc.	Purchase of merchandise	2,090	13,985	373	2,495
Associate	Hokushin Co., Ltd.	Sales of merchandise	90	603	1,326	8,872
Associate (including subsidiaries of the associate)	GLOBAL SECURITY EXPERTS Inc.	Purchase of merchandise	1,578	10,557	471	3,152

- (Notes) 1. The related party transaction amounts are determined through negotiation with consideration given to the prevailing market prices.
2. As described in *Note 33 Contingent Liabilities: (1) Liabilities for guarantees*, debt guarantees are provided to the equity method investees.
3. As the Consolidated Group conducts a transaction as a party involved, transaction amount of Hokushin Co., Ltd. is presented in the net amount of the commission.
4. There is no loss allowance on the outstanding amounts.

Fiscal year ended March 31, 2024

Type	Name	Detail of related party relationship	Transaction amount	Outstanding amount
			JPY	JPY
Associate (including subsidiaries of the associate)	AJUSTEEL Co., Ltd.	Sales of merchandise	315	7,296
Associate	ATAD Steel Structure Corp.	Sales of merchandise	—	2,616
Associate	Sage Hill Northwest, Inc.	Purchase of merchandise	2,493	454
Associate	Hokushin Co., Ltd.	Sales of merchandise	96	1,377
Associate	GLOBAL SECURITY EXPERTS Inc.	Purchase of merchandise	1,022	204

- (Notes) 1. The related party transaction amounts are determined through negotiation with consideration given to the prevailing market prices.
2. As described in *Note 33 Contingent Liabilities: (1) Liabilities for guarantees*, debt guarantees are provided to the equity method investees.
3. As the Consolidated Group conducts a transaction as a party involved, transaction amount of AJUSTEEL Co., Ltd. and Hokushin Co., Ltd. are presented in the net amount of the commission.
4. The amount of loss allowance on the outstanding amounts are ¥497 million.

# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (2) Remuneration to management executives

The remuneration to the Company's directors and auditors consists of base compensation, performance-linked compensation and performance-linked stock compensation.

The amount of remuneration to the Company's directors and audit and supervisory board members are as follows:

	JPY		USD
	2025	2024	2025
Base compensation and performance-linked compensation	361	323	2,419
Performance-linked stock compensation	41	71	278
Total	403	395	2,698

(Note) The amount of performance-linked stock compensation for the fiscal years ended March 31, 2025 and March 31, 2024 are expenses of performance-linked stock compensation during the fiscal years ended March 31, 2025 and March 31, 2024.

## 36. Share-based Payments

### (1) Performance-Linked Stock Compensation Plan

The Company implemented a Performance-Linked Stock Compensation Plan for Directors and Executive Officers. The aim of adoption of the Plan is to further clarify the linkage between compensation of Directors and Executive Officers and the corporate performance and stock value of the Company, and to encourage them to contribute to mid- to long-term improvement in the corporate performance and expansion of corporate value because they will share the benefits and risks of stock price fluctuations with the shareholders.

The vesting condition for the Performance-Linked Stock Compensation Plan for Directors and Executive Officers of the Company is that after granted date they will work continuously until achieving certain performance goals and vesting. The stocks will be granted to Directors and Executive Officers in the final year of the medium-term vision (from April 1, 2024 to March 31, 2027), or the fiscal year that achieved the medium-term vision.

### (2) Granted stocks and granted prices of shares

The fair value of the granted date was estimated using the Black-Scholes model considering expected dividends based on past dividend payments. The number of shares granted during the fiscal years ended March 31, 2025 and March 31, 2024 and the weighted average share price are as follows.

	2025			2024	
	Number of shares	Weighted average share price		Number of shares	Weighted average share price
	Share	Yen	U.S. dollars	Share	Yen
As of the beginning of the year	355,885	1,415	9	242,157	1,431
Granted	77,074	1,453	10	129,234	1,406
Exercised (Note)	(36,659)	1,583	11	(15,506)	1,583
Forfeited	—	—	—	—	—
As of the end of the year	396,300	1,407	9	355,885	1,415
Exercisable balance as of the end of the year	319,226	1,396	9	355,885	1,415

(Note) The number of shares exercised during the fiscal years ended March 31, 2025 and March 31, 2024 are the shares granted to Executive Officers who resigned in each period.

### (3) Stock compensation expenses

The performance-Linked Stock Compensation Plan is an equity-settled share-based payment transaction. The stock compensation expenses for the fiscal years ended March 31, 2025 and March 31, 2024 are ¥169 million (\$1,133 thousand) and ¥181 million, respectively.



# KANEMATSU CORPORATION AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### **37. Assets held for sale**

As of March 31, 2025, the assets and liabilities held by Kanematsu Trading Corporation, a consolidated subsidiary in the Steel, Materials & Plant segment, and its subsidiaries were classified as a disposal group held for sale, and the assets and liabilities of the disposal group measured at their carrying amounts. This is because Kanematsu Corporation and Hanwa Co., Ltd. have entered into an agreement on March 14, 2025, whereby Kanematsu Corporation will transfer all shares it holds of Kanematsu Trading Corporation to Hanwa Co., Ltd..

The transfer was completed on April 1, 2025.

The breakdown of the assets and liabilities classified as a disposal group held for sale is presented as follows:

	JPY		USD
	2025	2024	2025
Assets held for sale			
Cash and cash equivalents	1,626	—	10,878
Trade and other receivables	9,217	—	61,647
Property, plant and equipment	1,886	—	12,614
Goodwill	78	—	527
Intangible assets	44	—	299
Other investments	850	—	5,691
Other	4,372	—	29,242
<b>Total</b>	<b>18,076</b>	<b>—</b>	<b>120,899</b>
Liabilities directly associated with assets held for sale			
Trade and other payables	9,229	—	61,729
Bonds and borrowings	2,126	—	14,221
Retirement benefit liabilities	288	—	1,933
Other	1,878	—	12,563
<b>Total</b>	<b>13,523</b>	<b>—</b>	<b>90,446</b>

“Trade and other receivables”, “Trade and other payables” and “Bonds and borrowings” are measured at amortized cost. Also, “Other investments” are financial assets measured at FVOCI, of which those categorized within Level 1 are ¥653 million (\$4,369 thousand) and those categorized within Level 3 are ¥197 million (\$1,322 thousand).

### **38. Material Subsequent Events**

Not applicable.

**KANEMATSU CORPORATION**

**NON-CONSOLIDATED FINANCIAL STATEMENTS**

**For the fiscal year ended March 31, 2025**



## Independent Auditor's Report

To the Board of Directors of Kanematsu Corporation

### Opinion

We have audited the non-consolidated financial statements of Kanematsu Corporation (the Company), which comprise the non-consolidated balance sheet as at March 31, 2025, and the non-consolidated statement of income and non-consolidated statement of changes in net assets for the year then ended, and notes to the non-consolidated financial statements.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of unlisted shares without market prices (Notes to non-consolidated financial statements "Significant Accounting Estimates" "Valuation of securities without market prices" )	
Key audit matter description	How our audit addressed the key audit matter
The Company set "expanding the value provided" as one of the basic policies of its medium-term management plan entitled "integration 1.0" which covers the fiscal year ended March 2025 to the fiscal year ended March 2027, and is focused on strengthening the value provided by "DX", "GX", and "innovation". In order to explore and implement innovation, the Company is promoting and expanding new businesses centered on advanced technologies, and promoting innovation investments that are implemented by setting appropriate investment criteria for new businesses with a high degree of	We performed the following principal audit procedures in relation to the assessment of significant unlisted shares of investments in securities which reflected the future economic benefits . <ul style="list-style-type: none"><li>• We evaluated the design and implementation, and the operating effectiveness of internal controls related to the impairment assessment process for unlisted shares of investments in securities.</li><li>• We inspected the supporting documents regarding the acquisition of the unlisted shares of investments in securities acquired in this fiscal</li></ul>

PricewaterhouseCoopers Japan LLC  
Otemachi Park Building,  
1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan  
Tel: +81 (3) 6212 6800, Fax: +81 (3) 6212 6801

<p>uncertainty. Based on this policy, the Company continuously invests in stocks to expand medium-to-long term revenue by creating new businesses, building, maintaining and strengthening trading and collaborative relationships, and creating value as a group. During the fiscal year, the Company made new investments to create new markets by using next-generation technologies that contribute to creating new industries and solving social issues. As of the end of this fiscal year, unlisted shares of investments in securities, including investments in venture companies and other entities that were undertaken as innovation investments to create new businesses, are recognized as investments in securities in the balance sheet in the amount of JPY9,911 million (2.4% of total assets of non-consolidated financial statements).</p> <p>To calculate the value of the unlisted shares of investments in securities for which the Company reflects future economic benefits, the Company uses the net assets per share reflecting the future economic benefits as the net asset value. The Company determines whether the initially estimated future economic benefits are impaired by evaluating the achievement status and probability of the investee company's business plan used in the stock price valuation obtained at the time of the acquisition of the shares. When future economic benefit is no longer expected to be realized as a result of financial conditions or progress of business plan, and the net asset value of the asset decreases significantly compared with the acquisition cost, an impairment loss is recognized.</p> <p>When evaluating whether the net asset value significantly decreases, including the decrease in the future economic benefits expected at the time of the acquisition of the shares, there is a high degree of uncertainty regarding the feasibility of the target company's business plan, and management's judgment is required. In addition, because the amount of the unlisted shares recognized in the balance sheet is significant, we determined that this matter is a key audit matter.</p>	<p>year in order to verify the accuracy of the acquisition cost.</p> <ul style="list-style-type: none"> <li>• We compared the carrying amount of the unlisted shares of investments in securities acquired in the previous fiscal year with those in the prior years' workpapers in order to verify the accuracy of the amount.</li> <li>• We obtained valuation assessment documents prepared by the Company and compared the financial statements of the investees that are the basis of the valuation.</li> <li>• In order to verify the reasonableness of each business plan that is the basis of the net asset value, we obtained valuation assessment documents prepared by the Company and performed the following procedures. <ul style="list-style-type: none"> <li>◦ We compared the medium-to-long term business plan obtained at the time of acquisition with the actual results.</li> <li>◦ We obtained documents investigating the current situation of the investees, such as whether there were any changes to the investees' business models and whether there were any significant delays in product development with new technologies, and assessed the feasibility of achievements of the business plans at the time of acquisitions. In addition, we examined whether the future economic benefits are impaired.</li> <li>◦ By reviewing the supporting documents, we verified whether there were any significant deteriorations in the profits or business prospects of the investees.</li> <li>◦ We verified that the Company assessed whether the net asset values decreased significantly and impairment losses were required based on the relevant documents.</li> </ul> </li> </ul>
---	--

## Other Information

Other information comprises information included in a document containing audited non-consolidated financial statements, but does not include the non-consolidated financial statements and our auditor's report thereon. We have determined that there is no other information and thus have not performed any work on other information.

## Responsibilities of Management, Audit & Supervisory Board and each Audit & Supervisory Board Member for the Non-Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management

determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

The audit & supervisory board and each audit & supervisory board member are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the non-consolidated financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the non-consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit & supervisory board and each audit & supervisory board member regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit & supervisory board and each audit & supervisory board member with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit & supervisory board and each audit & supervisory board member, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Convenience translation**

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2025 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the non-consolidated financial statements.

### **Fee-related information**

Fee-related information is disclosed in the independent auditor's report on the consolidated financial statements.

### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Toshihiro Taniguchi  
Designated Engagement Partner  
Certified Public Accountant

Masaki Nitta  
Designated Engagement Partner  
Certified Public Accountant

Shinya Hiraoka  
Designated Engagement Partner  
Certified Public Accountant

PricewaterhouseCoopers Japan LLC

July 31, 2025

### **Notes to the Reader of Independent Auditor's Report:**

This is a copy of the Independent Auditor's Report and the original report is kept separately by the Company.

**KANEMATSU CORPORATION**

**NON-CONSOLIDATED FINANCIAL STATEMENTS**

**For the fiscal year ended March 31, 2025**

***~NON-CONSOLIDATED FINANCIAL STATEMENTS~***

***PAGES***

Non-consolidated Balance Sheet .....	<b><i>1</i></b>
Non-consolidated Statement of Income .....	<b><i>5</i></b>
Non-consolidated Statement of Changes in Net Assets .....	<b><i>6</i></b>

***~NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS~***

1. Basis of Preparing Non-consolidated Financial Statements .....	<b><i>9</i></b>
2. Material Accounting Policies .....	<b><i>9</i></b>
3. United States Dollar Amounts .....	<b><i>11</i></b>
4. Significant Accounting Estimates .....	<b><i>11</i></b>
5. New standards and guidance not yet adopted .....	<b><i>12</i></b>
6. Changes in Accounting Policies .....	<b><i>12</i></b>
7. Notes to Non-Consolidated Balance Sheet .....	<b><i>13</i></b>
8. Notes to Non-Consolidated Statement of Income .....	<b><i>14</i></b>
9. Short-term Investments and Investments in Securities .....	<b><i>14</i></b>
10. Deferred Taxes .....	<b><i>15</i></b>
11. Revenue Recognition.....	<b><i>16</i></b>
12. Material Subsequent Events .....	<b><i>16</i></b>
13. Supplemental Schedules .....	<b><i>16</i></b>



# KANEMATSU CORPORATION

## NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### Non-consolidated Balance Sheet

	JPY		USD (Note 3)
	2025	2024	2025
(Assets)			
I. Current assets			
1. Cash and bank deposits	18,054	16,358	120,751
2. Notes receivable (Notes 7-6, 7-7)	1,160	2,304	7,762
3. Accounts receivable (Note 7-6)	74,042	84,810	495,200
4. Short-term investments	2	2	19
5. Inventories (Note 7-1)	73,119	67,194	489,030
6. Advance payments to suppliers	2,220	3,900	14,850
7. Prepaid expenses	1,630	1,127	10,905
8. Short-term loans receivable	1	2	13
9. Short-term loans to affiliates	36,876	33,105	246,634
10. Other accounts receivable (Note 7-6)	3,450	4,099	23,077
11. Derivatives	1,058	5,582	7,081
12. Other (Note 7-6)	2,456	3,825	16,429
13. Allowance for doubtful accounts	(10)	(23)	(72)
Total current assets	214,064	222,289	1,431,679
II. Long-term assets			
1. Tangible fixed assets			
1) Buildings	1,482	1,159	9,917
2) Machinery and equipment	218	189	1,462
3) Vehicles	0	0	0
4) Tools and fixtures	504	373	3,377
5) Land	5	5	37
6) Lease assets	531	219	3,554
Total tangible fixed assets	2,743	1,947	18,348

(Notes) Presentation of fiscal year and amount (Japanese Yen and U.S. dollars)

1. “2025” refers to the Company’s non-consolidated fiscal year ended March 31, 2025 and the other fiscal year is referred to in the corresponding manner.
2. “JPY” means millions of Japanese Yen and “USD” means thousands of U.S. dollars.

**KANEMATSU CORPORATION**  
**NON-CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended March 31, 2025

	JPY		USD (Note 3)
	2025	2024	2025
2. Intangible assets			
1) Software	695	845	4,650
2) Other	1	23	8
Total intangible assets	696	868	4,658
3. Investments and other assets			
1) Investments in securities (Note 7-2)	27,214	35,557	182,010
2) Shares of affiliates	164,440	168,402	1,099,788
3) Equity investments	1,624	1,387	10,866
4) Equity investments in affiliates	5,704	6,117	38,152
5) Long-term loans receivable	1,257	1,257	8,407
6) Long-term loans to employees	3	4	20
7) Long-term loans to subsidiaries and affiliates	1,266	1,347	8,468
8) Doubtful accounts (Note 7-3)	164	206	1,103
9) Long-term prepaid expenses	184	235	1,233
10) Prepaid Pension Cost	595	370	3,985
11) Other	1,810	1,851	12,109
12) Allowance for doubtful accounts	(1,854)	(1,896)	(12,400)
Total investments and other assets	202,411	214,841	1,353,743
Total long-term assets	205,851	217,657	1,376,749
III. Deferred assets			
1. Bond issuance costs	114	48	768
Total deferred assets	114	48	768
Total assets	420,030	439,996	2,809,196

**KANEMATSU CORPORATION**  
**NON-CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended March 31, 2025

	JPY		USD (Note 3)
	2025	2024	2025
(Liabilities)			
I. Current liabilities			
1. Notes payable (Note 7-7)	154	130	1,033
2. Import bills payable (Note 7-6)	58,387	68,107	390,501
3. Accounts payable (Note 7-6)	24,930	28,066	166,737
4. Current portion of bonds	—	5,000	—
5. Short-term borrowings	33,095	51,469	221,343
6. Lease obligations (Note 7-6)	227	111	1,519
7. Other accounts payable (Note 7-6)	9,915	10,733	66,316
8. Accrued expenses (Note 7-6)	2,014	1,726	13,472
9. Accrued income taxes	4,130	183	27,625
10. Advances received from customers	6,461	5,078	43,213
11. Deposits received (Note 7-6)	59,681	51,985	399,156
12. Deferred revenue	89	66	599
13. Asset Retirement Obligations	—	49	—
14. Derivatibes liabilities	1,258	2,730	8,415
15. Other (Note 7-6)	16	14	107
Total current liabilities	200,362	225,451	1,340,036
II. Non-current liabilities			
1. Bonds	22,000	10,000	147,138
2. Long-term borrowings	77,020	83,045	515,115
3. Lease obligations (Note 7-6)	349	121	2,339
4. Provision for employees' retirement and severance benefits	18	17	125
5. Provision for stock benefits	711	563	4,758
6. Asset retirement obligations	631	351	4,226
7. Deferred tax liabilities	852	4,769	5,701
8. Other (Note 7-6)	130	135	873
Total non-current liabilities	101,714	99,004	680,274
Total liabilities	302,076	324,456	2,020,311

**KANEMATSU CORPORATION**  
**NON-CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended March 31, 2025

	JPY		USD (Note 3)
	2025	2024	2025
(Net assets)			
I. Shareholders' equity			
1. Common stock	27,781	27,781	185,802
2. Capital surplus			
1) Legal capital surplus	26,887	26,887	179,823
2) Other capital surplus	0	0	7
Total capital surplus	26,888	26,887	179,829
3. Retained earnings			
1) Legal retained earnings	131	131	883
2) Other retained earnings			
Voluntary reserve	1,836	1,836	12,279
Retained earnings brought forward	59,031	47,727	394,804
Total retained earnings	60,999	49,695	407,966
4. Treasury stock	(2,422)	(1,228)	(16,200)
Total shareholders' equity	113,246	103,136	757,397
II. Valuation and translation adjustments			
1. Net unrealized gains (losses) on securities, net of tax	4,912	11,092	32,857
2. Net gains (losses) on deferred hedges, net of tax	(204)	1,311	(1,369)
Total valuation and translation adjustments	4,708	12,404	31,488
Total net assets	117,954	115,540	788,885
Total liabilities and net assets	420,030	439,996	2,809,196

# KANEMATSU CORPORATION

## NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### Non-consolidated Statement of Income

	JPY		USD (Note 3)
	2025	2024	2025
I. Revenue (Note 8-1)	409,334	397,709	2,737,658
II. Cost of sales (Notes 8-1, 8-2)	390,219	381,309	2,609,813
Gross profit	19,115	16,400	127,846
III. Selling, general and administrative expenses (Note 8-3)	18,974	16,941	126,903
Operating profit (loss)	140	(540)	943
IV. Non-operating income			
1. Interest income (Note 8-1)	909	1,224	6,084
2. Dividend income (Note 8-1)	12,988	8,640	86,865
3. Foreign exchange gains	5,297	5,330	35,431
4. Other (Note 8-1)	659	696	4,411
Total	19,855	15,891	132,792
V. Non-operating expenses			
1. Interest expenses (Note 8-1)	4,271	4,107	28,566
2. Other (Note 8-1)	311	593	2,082
Total	4,582	4,701	30,648
Ordinary income	15,413	10,650	103,087
VI. Extraordinary gains			
1. Gain on sale of tangible fixed assets	34	4	228
2. Gain on sale of investments in securities	10,104	3	67,583
3. Gain on refunding due to capital reduction of subsidiaries and affiliates	339	—	2,273
4. Gain on sale of businesses	56	73	376
Total	10,535	80	70,460
VII. Extraordinary losses			
1. Loss on disposal of fixed assets	29	17	196
2. Impairment loss	5	—	34
3. Loss on sale of investments in securities	99	1	669
4. Loss on valuation of investment in securities	2,590	87	17,324
5. Loss on liquidation of subsidiaries and associates	—	189	—
Total	2,724	296	18,222
Income before income taxes	23,224	10,434	155,324
Income taxes-current	4,156	(171)	27,799
Income taxes-deferred	(448)	662	(3,002)
Total	3,707	491	24,797
Net income	19,516	9,943	130,528

# KANEMATSU CORPORATION

## NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### Non-consolidated Statement of Changes in Net Assets

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(JPY)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings			Treasury stock	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Voluntary reserve	Retained earnings brought forward			
Balance at the beginning of the fiscal year	27,781	26,887	0	26,887	131	1,836	47,727	49,695	(1,228)	103,136
Changes during the fiscal year										
Dividends				—			(8,212)	(8,212)		(8,212)
Net income				—			19,516	19,516		19,516
Acquisition of treasury stock				—				—	(1,251)	(1,251)
Disposition of treasury stock			0	0				—	57	57
Net changes of items other than shareholders' equity during the fiscal year				—				—		—
Total changes during the fiscal year	—	—	0	0	—	—	11,303	11,303	(1,194)	10,109
Balance at the end of the fiscal year	27,781	26,887	0	26,888	131	1,836	59,031	60,999	(2,422)	113,246

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	11,092	1,311	12,404	115,540
Changes during the fiscal year				
Dividends			—	(8,212)
Net income			—	19,516
Acquisition of treasury stock			—	(1,251)
Disposition of treasury stock			—	57
Net changes of items other than shareholders' equity during the fiscal year	(6,180)	(1,515)	(7,696)	(7,696)
Total changes during the fiscal year	(6,180)	(1,515)	(7,696)	2,413
Balance at the end of the fiscal year	4,912	(204)	4,708	117,954

# KANEMATSU CORPORATION

## NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(JPY)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Voluntary reserve	Retained earnings brought forward			
Balance at the beginning of the fiscal year	27,781	26,887	0	26,887	131	1,836	44,733	46,701	(1,248)	100,120
Changes during the fiscal year										
Dividends				—			(6,949)	(6,949)		(6,949)
Net income				—			9,943	9,943		9,943
Acquisition of treasury stock				—				—	(4)	(4)
Disposition of treasury stock			0	0				—	24	24
Net changes of items other than shareholders' equity during the fiscal year				—				—		—
Total changes during the fiscal year	—	—	0	0	—	—	2,994	2,994	20	3,015
Balance at the end of the fiscal year	27,781	26,887	0	26,887	131	1,836	47,727	49,695	(1,228)	103,136

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	5,237	814	6,051	106,172
Changes during the fiscal year				
Dividends			—	(6,949)
Net income			—	9,943
Acquisition of treasury stock			—	(4)
Disposition of treasury stock			—	24
Net changes of items other than shareholders' equity during the fiscal year	5,855	496	6,352	6,352
Total changes during the fiscal year	5,855	496	6,352	9,367
Balance at the end of the fiscal year	11,092	1,311	12,404	115,540

# KANEMATSU CORPORATION

## NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

USD (Note 3)

	Shareholders' equity									
	Common stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Voluntary reserve	Retained earnings brought forward			
Balance at the beginning of the fiscal year	185,802	179,823	5	179,827	883	12,279	319,204	332,366	(8,214)	689,781
Changes during the fiscal year										
Dividends				—			(54,928)	(54,928)		(54,928)
Net income				—			130,528	130,528		130,528
Acquisition of treasury stock				—				—	(8,371)	(8,371)
Disposition of treasury stock			2	2				—	385	387
Net changes of items other than shareholders' equity during the fiscal year				—				—		—
Total changes during the fiscal year	—	—	2	2	—	—	75,600	75,600	(7,986)	67,616
Balance at the end of the fiscal year	185,802	179,823	7	179,829	883	12,279	394,804	407,966	(16,200)	757,397

	Valuation and translation adjustments			Total net assets
	Net unrealized gains (losses) on securities, net of tax	Net gains (losses) on deferred hedges, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	74,190	8,769	82,960	772,741
Changes during the fiscal year				
Dividends			—	(54,928)
Net income			—	130,528
Acquisition of treasury stock			—	(8,371)
Disposition of treasury stock			—	387
Net changes of items other than shareholders' equity during the fiscal year	(41,333)	(10,139)	(51,472)	(51,472)
Total changes during the fiscal year	(41,333)	(10,139)	(51,472)	16,144
Balance at the end of the fiscal year	32,857	(1,369)	31,488	788,885



# KANEMATSU CORPORATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### **1. Basis of Preparing Non-consolidated Financial Statements**

#### **(1) The Method of Producing the Non-consolidated Financial Statements**

The non-consolidated financial statements of Kanematsu Corporation (the “Company”) are prepared in accordance with the Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Ordinance No.59, 1963; hereinafter, the “Regulations”).

The non-consolidated financial statements are prepared in accordance with Article 127 of the Regulations.

The Company maintains its accounts and records in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of IFRS Accounting Standards.

#### **(2) Japanese Yen Amount**

Amounts less than one million yen have been omitted, since the Regulations require such amounts to be rounded down for presentation. As a result, the totals shown in the non-consolidated financial statements and notes thereto do not necessarily agree with the sum of the individual account balances or breakdowns.

### **2. Material Accounting Policies**

#### **(1) Bases and Methods of Valuation of Assets**

##### **1) Short-term Investments and Investments in Securities**

###### **(i) Held-to-maturity bonds**

Debt securities are stated at cost less the amortization of any premium or discounts, which are amortized over the period to maturities.

###### **(ii) Equity securities in subsidiaries and affiliates**

Cost method based on the moving average method.

###### **(iii) Other securities (Non-trading purpose)**

- Securities other than shares, etc. in the absence of market prices

Marketable securities are stated at fair value based on the market price at the end of the fiscal year.

Net unrealized gains or losses on securities are recorded in the equity. The cost of sales for marketable securities are determined by the moving average method.

- Shares, etc. in the absence of market prices

Non-marketable securities are stated at cost determined by the moving average method.

##### **2) Derivatives**

Derivatives are stated at fair value.

##### **3) Inventories**

Inventories are principally stated at cost determined by the moving average method (carried at the lower of cost or market value on the balance sheet).

#### **(2) Tangible Fixed Assets and Intangible Assets**

##### **1) Tangible fixed assets (excluding lease assets)**

The straight-line method is used.

##### **2) Intangible assets**

The straight-line method is used.

Additionally, software for internal use is amortized using the straight-line method over the estimated useful life of five years.

##### **3) Lease assets**

Depreciation on lease assets relating to finance lease transactions that do not transfer ownership is recorded using the straight-line method over the lease term, assuming a residual value of zero.

# KANEMATSU CORPORATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (3) Provisions

#### 1) Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts to cover credit losses, based on estimates of collectability of individual accounts and past bad debt loss experiences.

#### 2) Provision for Employees' Retirement and Severance Benefits (Prepaid Pension Costs)

The Company provides for retirement provision based on the present value of projected benefit obligations and the fair value of the plan assets at the end of the fiscal year.

In calculating retirement benefit obligation, the benefit formula basis is used to attribute projected benefits to the period up to the end of the fiscal year.

Prior service costs are amortized as expenses using the straight-line method over five years, a period selected by the Company within the average expected remaining service period of the employees.

Actuarial gains and losses are amortized using the straight-line method over five years, a period selected by the Company within the average expected remaining service period of the employees, from the following fiscal years after the actuarial gains or losses are recognized.

At the end of the current fiscal year, since plan assets exceeded retirement benefit obligations less unrecognized actuarial differences, the excess amount is recorded as prepaid pension cost.

#### 3) Provision for Directors' and Executive Officers' stock benefits

The Company provides a provision for stock benefits of shares of the Company in accordance with the stock delivery rules based on the projected amount of payment for stock benefits at the end of the current fiscal year.

### (4) Revenue and Expense Recognition

#### 1) Revenue recognition policies

The Company recognizes revenue from contracts with customers based on the following five-step approach. When determining whether a performance obligation is satisfied by a principal or an agent and when determining the timing at which the Company satisfies the performance obligation, the Company makes judgments that have a significant impact on the amounts recognized in the non-consolidated financial statements.

Step 1: Identifying contracts with customers

Step 2: Identifying performance obligations in contracts

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to performance obligations in contracts

Step 5: Recognizing revenue when (or as) the Company satisfies the performance obligations

When a single contract consists of multiple performance obligations, the Company divides the transaction into separate performance obligations and recognizes revenue for each performance obligation. When multiple contracts must be combined and considered a single contract because of the economic substance of those contracts the Company recognizes revenue from the combined contracts.

In identifying a performance obligation, the Company reviews whether it is a principal or an agent, and if the nature of the Company's promise is a performance obligation to provide the identified goods or services itself, the Company recognizes revenue at the total amount of consideration received from the customer as a principal. On the other hand, if the performance obligation is to arrange for the identified goods or services to be provided by another party, the Company recognizes revenue at the net amount of the commission, and other contract-related costs, as an agent.

In reviewing to identify whether a principal or an agent, the Company makes a comprehensive judgement based on the following indicators.

- Whether the Company is primarily responsible for fulfilling the contract.
- Whether the Company has the inventory risk both when goods are shipped and when goods are returned before and after the customer places an order for the goods.
- Whether the Company has discretion in establishing the price for the goods or services of the other party.

The Company measures revenues based on the consideration promised under contracts with customers, but there is no significant variable consideration.

Consideration for transactions does not include material financial elements, since it is received usually within one year after performance obligations are fulfilled.

#### 2) Timing of revenue recognition

The Company mainly sells goods such as semiconductor manufacturing equipment, electronic components and materials, grain, meat products & seafoods, steel products, petroleum products, vehicles parts, aerospace-related products in the four segments of Electronics & Devices, Foods, Meat & Grain, Steel, Materials & Plant, and Motor Vehicles & Aerospace. It recognizes revenue at the time when performance obligations are delivered because customers obtain control of the goods and the performance obligations are generally satisfied at the time of delivery.

# KANEMATSU CORPORATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### (5) Other Significant Matters

#### 1) Translation of Foreign Currencies

All monetary assets and liabilities denominated in foreign currencies are translated into yen at spot exchange rates prevailing at the balance sheet date. Resulting translation gains and losses are included in determination of net income for the period.

#### 2) Hedge Accounting

##### (i) Hedge accounting method

The Company applies hedge accounting whereby gains and losses on hedged transactions are deferred and recognized over future periods.

##### (ii) Hedging instruments and hedged items

###### (Hedging instruments)

- Commodity-related: Commodity futures contracts / Commodity forward contracts
- Foreign exchange-related: Forward exchange contracts / Foreign currency swaps / Foreign currency options

###### (Hedged items)

- Commodity-related: Forecasted transactions on commodity trading
- Foreign exchange-related: Foreign currency-denominated monetary assets and liabilities / Forecasted foreign currency transactions

##### (iii) Hedging policy

The Company has internal policies to utilize the hedging instruments for the purpose of reducing exposures to the risk of fluctuations in commodity prices, foreign currencies and interest rates for its operating and financing activities.

##### (iv) Method of evaluating the effectiveness of hedging activities

The Company evaluates the effectiveness of its hedging activities by comparing accumulated fluctuations in prices or cash flows of the hedged items with those of the hedging instruments and examining the degree of their correlation.

##### (v) Others

Risk management is performed by the management division, which is independent of the trading section. Also, reporting to management is performed in accordance with the internal rules of the Company on a regular basis.

#### 3) Deferred Assets

Bond issuance costs are amortized based on the interest method over the redemption period.

### **3. United States Dollar Amounts**

The U.S. dollar amounts appearing in the non-consolidated financial statements and the notes thereto represent the arithmetical results of translating yen to dollars at the rate of ¥149.52 to U.S.\$1.00, the exchange rate prevailing on March 31, 2025. The translation of such dollar amounts is solely for convenience of the readers outside Japan and does not imply those yen amounts have been or could be readily converted, realized or settled in dollars at the above, or any other rate.

### **4. Significant Accounting Estimates**

(Methods of Valuation of Securities without market prices)

#### 1) The amount for the fiscal year ended March 31, 2025

The fair value of unlisted shares of investments in securities ¥9,911 million (\$ 66,288 thousand)

#### 2) Information on significant accounting estimates for the items identified

For unlisted shares without market price, if the net asset value of the shares falls by more than 50% compared to the acquisition cost, the net asset value is deemed to have fallen significantly, and impairment treatment is applied, unless the possibility of recovery is supported by sufficient evidence.

In addition, of these unlisted shares, shares acquired at a price that reflects the future economic benefits of the investee be impaired if such future economic benefits is not expected.

When determining whether the investee company's future economic benefits at the time of investment has been impaired in terms of the valuation of unlisted shares, a comprehensive consideration is given to the progress of the investee company's business plan at the time of investment, outlook for future growth and performance, fundraising situation, etc.

#### 3) Impact on the financial statements

A future decline in market value or poor business performance or a deterioration in the financial position of an investee may result in losses not reflected in the current carrying amount or inability to recover the carrying amount, which may require impairment treatment in the next fiscal year.

# KANEMATSU CORPORATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### **5. New standards and guidance not yet adopted**

Accounting standard for Leases (ASBJ Statement No.34, September 13, 2024, Accounting Standards Board of Japan (ASBJ))  
Implementation Guidance on Accounting standard for Leases (ASBJ Statement No.33, September 13, 2024, Accounting Standards Board of Japan (ASBJ))

#### **(1) Overview**

As part of its efforts to align Japanese GAAP with international standards, the ASBJ has issued a new accounting standard for leases which results in lessees recognizing assets and liabilities for all leases. The new standard incorporates many, but not all, of the provisions of IFRS 16, with the aim of providing the basis for simple and convenient disclosures, without the need for adjustment when IFRS 16 is applied for the non-consolidated financial statements. This aims for the disclosures to be simple and convenient without the need for adjustments when Provisions of IFRS 16 is applied to the non-consolidated financial statements.

As in IFRS 16, the lessees follow a single accounting model for all leases. Depreciation expenses for right-of-use assets and interest expenses for lease liabilities are recorded regardless of whether it is a financial lease or an operating lease.

#### **(2) Planned date of application**

The accounting standard will be applied from the beginning of the fiscal year ending March 31, 2028.

#### **(3) The impact of the application of these accounting standards, etc.**

The impact of the application of the “Accounting Standard for Leases” on the non-consolidated financial statements is currently being assessed.

### **6. Changes in Accounting Policies**

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022, the “Revised Accounting Standard of 2022”) and relevant ASBJ regulations effective as of the beginning of the current fiscal year. Revisions related to the accounting classification of income taxes are in accordance with the transitional treatment set forth in the proviso to paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment set forth in the proviso to paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022).

This change has no effect on the non-consolidated financial statements.

# KANEMATSU CORPORATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 7. Notes to Non-Consolidated Balance Sheet

\*1. Details of Inventories are as follows:

	JPY		USD
	2025	2024	2025
Merchandise	60,820	54,163	406,773
Goods in transit	12,170	12,907	81,394
Work in progress	129	124	863

\*2. Pledged assets and associated secured liabilities

There is no balance for pledged assets and associated secured liabilities for the fiscal years ended March 31, 2025 and March 31, 2024, but the following items are tendered as security deposit or substitution for trading.

	JPY		USD
	2025	2024	2025
Investments in securities	699	1,045	4,676

\*3. Doubtful accounts

Those are receivables set out in Article 32, Paragraph 1, Item 10 of the Regulations.

\*4. Liabilities for guarantees

The Company guarantees payments relating to financial institutions loans and business transactions of the following companies.

	2025			2024
	JPY	USD		JPY
Kanematsu (China)	3,510	23,475	Kanematsu Korea	8,741
Kanematsu Korea	1,525	10,203	Kanematsu (China)	5,780
KG Agri Products	1,498	10,022	Kanematsu USA	2,003
Kanematsu GmbH	1,493	9,985	Kanematsu GmbH	1,508
Kanematsu Petroleum	584	3,912	KG Agri Products	1,471
Other	2,024	13,538	Other	3,158
Total	10,636	71,136	Total	22,663

\*5. Discounted notes receivable

	JPY		USD
	2025	2024	2025
Discounted notes receivable	2,450	4,923	16,390

\*6. Monetary receivables from and payables to subsidiaries and affiliates except for the balances presented separately in the non-consolidated balance sheet

	JPY		USD
	2025	2024	2025
Short-term monetary receivables	22,311	30,995	149,219
Short-term monetary payables	80,381	79,618	537,596
Long-term monetary payables	304	123	2,037

\*7. Notes receivable and notes payable maturing on the balance sheet date

The Company records actual cash settlement and receipt for notes receivable and notes payable on the settlement date. Since the settlement date was March 31, 2024 as not a business day for the financial institutions, the following notes receivable and notes payable were unsettled and are included in the year -end balances.

	JPY		USD
	2025	2024	2025
Notes receivable	—	642	—
Notes payable	—	1	—

# KANEMATSU CORPORATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 8. Notes to Non-Consolidated Statement of Income

\*1. Transactions with subsidiaries and affiliates

	JPY		USD
	2025	2024	2025
Revenue	73,926	74,163	494,428
Purchases	100,884	106,065	674,723
Non-operating transactions	14,103	9,553	94,325

\*2. Cost of sales

Cost of sales includes direct costs such as storage charges, packing charges and freight charges.

\*3. The percentage of selling expenses to total expenses is approximately 54% in the previous fiscal year and 51% in the current fiscal year. The percentage of general and administrative expenses to total expenses is approximately 46% in the previous fiscal year and 49% in the current fiscal year.

Details of selling, general and administrative expenses are as follows:

	JPY		USD
	2025	2024	2025
Employees' salaries and allowances	5,094	4,820	34,070
Employees' bonuses	2,821	2,321	18,869
Outsourcing service charges	3,302	2,814	22,087
Depreciation and amortization	1,145	943	7,662
Provision of allowance for doubtful accounts	—	2	—

### 9. Short-term Investments and Investments in Securities

Investments in securities

Equity securities in subsidiaries and affiliates with fair value

Fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

	Balance sheet amount		Fair value		Difference	
	JPY	USD	JPY	USD	JPY	USD
Shares in subsidiaries	—	—	—	—	—	—
Shares in affiliates	1,139	7,622	797	5,333	(342)	(2,289)
Total	1,139	7,622	797	5,333	(342)	(2,289)

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

	Balance sheet amount		Fair value		Difference	
	JPY		JPY		JPY	
Shares in subsidiaries	—		—		—	
Shares in affiliates	5,279		5,018		(261)	
Total	5,279		5,018		(261)	

(Note) Balance sheet amount of equity securities without a market price not included in the table above

	JPY		USD
	2025	2024	2025
Shares in subsidiaries	156,538	156,268	1,046,943
Shares in affiliates	6,761	6,854	45,223

# KANEMATSU CORPORATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 10. Deferred Taxes

1. Major components of deferred tax assets and deferred tax liabilities are as follows:

	JPY		USD
	2025	2024	2025
Deferred tax assets			
Allowance for doubtful accounts in excess of the limit for income tax deduction	587	587	3,930
Inventories	453	445	3,033
Investments in securities	3,165	2,438	21,174
Provision for bonuses	435	335	2,910
Adjustment of the book value of investments	351	—	2,349
Tax losses carried forward	869	1,105	5,818
Net gains (losses) on deferred hedges	90	—	604
Other	1,018	744	6,810
Deferred tax assets subtotal	6,971	5,657	46,629
Valuation allowance related to tax losses carried forward	(789)	(1,012)	(5,277)
Valuation allowance related to total deductible temporary difference, etc.	(4,734)	(3,747)	(31,664)
Valuation allowance	(5,523)	(4,760)	(36,941)
Total deferred tax assets	1,448	897	9,688
Deferred tax liabilities			
Net gains (losses) on deferred hedges	—	(578)	—
Net unrealized gains on securities	(2,096)	(4,895)	(14,021)
Other	(204)	(192)	(1,368)
Total deferred tax liabilities	(2,300)	(5,667)	(15,389)
Net deferred tax assets	(852)	(4,769)	(5,701)

2. Major reconciliation items between the statutory effective tax rate and the effective income tax rate after the application of deferred tax accounting.

	2025	2024
Statutory effective tax rate	30.6%	30.6%
(Reconciliation)		
Permanent difference additions such as entertainment expenses	0.2%	0.3%
Permanent difference deductions such as dividend income	(15.8%)	(22.3%)
Change in valuation allowance	1.7%	(4.6%)
Increase in deferred tax assets due to tax rate change	(0.0%)	—%
Other	(0.8%)	0.7%
Effective income tax rate	16.0%	4.7%

3. The accounting treatment of income taxes, local income taxes, and tax effect accounting.

The Group Tax Sharing System is applied. The Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System (ASBJ Guidance No.42 August 12, 2021), which defines the accounting and disclosure treatment of income taxes, local income taxes, and tax effect accounting, is also applied.

4. Revision of the amounts of deferred tax assets and liabilities due to changes in income tax rates

Due to the enactment of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) in the Japanese Diet on March 31, 2025, surtax measures to secure financial resources for strengthening Japan’s defense capabilities will be implemented from the fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in the fiscal years beginning on or after April 1, 2026 are calculated by changing the statutory effective tax rate from 30.6% to 31.5%.

The impact of this change in tax rate is negligible.

# KANEMATSU CORPORATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ended March 31, 2025

### 11. Revenue Recognition

The useful information for understanding revenue is provided in *Note 2. Material Accounting Policies: (4) Revenue and Expense Recognition*.

### 12. Material Subsequent Events

Not applicable.

### 13. Supplemental Schedules

#### (a) Schedules of Fixed Assets

(JPY)

Category	Type of assets	Balance at the beginning of the fiscal year	Amounts of increases	Amounts of decreases	Amounts of depreciation and amortization for the fiscal year	Balance at the end of the fiscal year	Balance of accumulated depreciation and amortization at the end of the fiscal year
Tangible fixed assets	Buildings	1,159	772	1	447	1,482	932
	Machinery and equipment	189	52	—	23	218	144
	Vehicles	0	—	0	—	0	4
	Tools and fixtures	373	277	7 (4)	138	504	351
	Land	5	—	—	—	5	—
	Lease assets	219	563	19	232	531	261
	Total	1,947	1,666	27	842	2,743	1,695
Intangible assets	Software	845	165	7 (0)	308	695	—
	Other	23	—	22 (0)	0	1	—
	Total	868	165	29	308	696	—

(USD)

Category	Type of assets	Balance at the beginning of the fiscal year	Amounts of increases	Amounts of decreases	Amounts of depreciation and amortization for the fiscal year	Balance at the end of the fiscal year	Balance of accumulated depreciation and amortization at the end of the fiscal year
Tangible fixed assets	Buildings	7,752	5,166	8	2,993	9,917	6,238
	Machinery and equipment	1,269	351	—	159	1,462	968
	Vehicles	0	—	0	—	0	31
	Tools and fixtures	2,498	1,854	47 (31)	929	3,377	2,352
	Land	37	—	—	—	37	—
	Lease assets	1,466	3,771	127	1,555	3,554	1,749
	Total	13,022	11,143	182	5,636	18,348	11,338
Intangible assets	Software	5,653	1,106	48 (0)	2,060	4,650	—
	Other	159	—	149 (3)	2	8	—
	Total	5,811	1,106	197	2,062	4,658	—

(Note) “Amounts of decreases” for the year includes amounts for impairment losses which are shown with “( )”.



**KANEMATSU CORPORATION**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

For the fiscal year ended March 31, 2025

**(b) Schedules of Allowances / Provisions and Reserves**

(JPY)

Account	Balance at the beginning of the fiscal year	Amounts of increases	Amounts of decreases	Balance at the end of the fiscal year
Allowance for doubtful accounts	1,920	—	55	1,864
Provision for stock benefits	563	205	57	711

(USD)

Account	Balance at the beginning of the fiscal year	Amounts of increases	Amounts of decreases	Balance at the end of the fiscal year
Allowance for doubtful accounts	12,841	—	369	12,472
Provision for stock benefits	3,768	1,373	383	4,758