

FAQ (Frequently Asked Questions and Answers)
First Quarter Results for Fiscal Year 2026 (August 1, 2025)

■ **FY2026 Outlook**

Q. What is the outlook for the ICT Solution segment?

- A. With the growing demand for security measures and digital transformation (DX), along with steady growth in projects for network and system development for the manufacturing and distribution industries, the expansion of service-related businesses, and an increasing number of inquiries regarding security-related services.

Q. What is the outlook for the Mobile business?

- A. Although growth drivers such as the transition of secondary agents to directly operated stores, expansion of directly operated outlets, closure of unprofitable locations, and increased unit sales through distribution network expansion have largely run their course, the business is expected to remain firm, supported by continued growth in corporate sales.

Q. What is the outlook for the Steel and Steel Tubing business?

- A. While the business continues to face challenging conditions at present, a recovery in demand is expected, supported by the easing of fossil fuel regulations and the expansion of energy production in the United States. In addition, we aim for medium- to long-term growth by advancing initiatives in decarbonization areas such as CCS (Carbon Capture and Storage). Rising raw material costs and ongoing price competition remain issues. However, we are striving for sustainable growth by responding to the increasing demand for low-carbon steel and driving technological innovation toward decarbonization.

Q. What is the outlook for the defense-related business?

- A. In the defense-related business within the Motor Vehicle & Aerospace segment, we expect stable growth in demand over the medium to long term, driven by increasing defense needs both domestically and internationally. In particular, with the expected rise in government defense budgets and the acquisition of new contracts, we anticipate continued business growth. Furthermore, in the ICT solutions business, where our group has a competitive edge, we are actively creating business opportunities in the defense sector. Through collaboration across the entire Group, we aim to further expand our defense-related businesses.

Q. How do U.S. tariff policies impact your business performance?

- A. Following the agreement reached through Japan–U.S. consultations on U.S. tariff measures—including the introduction of a mutual tariff rate of 15%—negotiations with business partners are expected to proceed with due consideration of future outlooks. These developments reflect concerns over a potential slowdown in the U.S. economy and weaker demand resulting from higher tariffs. We have observed some effects, such as slower cargo movement in certain export transactions from Japan to the United States. However, the overall impact on our business performance is currently assessed to be limited. Indirect impacts remain uncertain at this stage, and we will continue to monitor the situation closely and respond appropriately as developments unfold.

■ The Medium-term Management Plan, “integration 1.0” (covering FY2025–FY2027)

Q. How does Kanematsu plan to achieve a profit goal of ¥35.0 billion?

- A. In addition to the growth of the high-growth ICT Solution segment, we aim to improve the Group's overall profit by expanding the value provided through ICT solutions and digital transformation (DX) across other segments. While we do not disclose profit targets for each fiscal year, we do not expect a fixed annual increase in profits. The amount of profit growth will vary depending on the timing of investments and M&A activities, and we will remain flexible in our approach.

Q. Could you provide an update and outlook on the ¥60.0 billion growth investment plan?

- A. Under our medium-term management plan, we have allocated a total of ¥60.0 billion for growth investments—approximately ¥40.0 billion for DX-related areas, primarily in ICT solutions, and around ¥20.0 billion for business domains where we have competitive strengths, including GX. In the previous fiscal year, which marked the first year of the plan, we executed approximately ¥9.0 billion in investments. While continuing to source and evaluate potential opportunities, we invested approximately 7.1 billion yen in the first quarter of the fiscal year ending March 2026. Moving forward, we will continue to pursue agile and selective investments aimed at achieving sustainable growth and enhancing corporate value.

Q. What are the ROIC targets for each segment?

- A. We do not have specific ROIC targets for individual segments; instead, we have set a group ROIC target of 8%. While the level of ROIC may vary across segments due to the characteristics of each business, our goal is to enhance ROIC in each segment.

■ Investment

Q. What are the major investments made in the first quarter?

- A. We executed investments including in Electronics and Materials Corporation, as well as in the establishment of a subsidiary by Kanematsu Seed Port Co., Ltd

Q. Could you provide details regarding the acquisition of shares in Electronics and Materials Corporation (E&M)?

- A. E&M is a specialized trading company primarily handling silicon wafers and compound wafers. The company has a strong track record of over 40 years, with particular strengths in selling its own brand of test wafers and a broad procurement network. Through this share acquisition, we aim to expand our business domains to include the wafer business and enhance our ability to provide more diverse solutions. Going forward, we will leverage E&M's expertise along with our global network to create new business opportunities.

Q. What was the background behind the establishment of the strategic IT subsidiary, Kanematsu Seed Port Corporation?

- A. Established in April 2025, Kanematsu Seed Port Corporation serves as a core organization responsible for the renewal of our core systems and the optimal promotion of DX. Its primary goals are to internalize system development and optimize the use of management resources. Looking ahead, the company also aims to expand its business beyond the Group by leveraging the expertise and experience it has accumulated. Kanematsu Seed Port's mission is to create new value by integrating IT technologies with

trading company operations, thereby contributing to corporate growth and societal progress. Through system renewal and the advancement of DX, the company seeks to realize a next-generation trading company model that connects people, business, and data.

■ Finance

Q. What are the assumptions regarding exchange rate fluctuations and their impact on earnings result?

A. Our foreign currency-denominated transactions, mainly imports in the Foods, Meat & Grain segment, are largely hedged through foreign exchange forward contracts and sold at yen prices. As a result, the impact on profit and loss is generally neutral. However, a fluctuation of 1 yen in the exchange rate is estimated to have an impact of approximately ¥300 million on foreign currency translation adjustments within shareholders' equity. For our earnings forecast, we are assuming an exchange rate of 150 yen to the U.S. dollar.

Q. Having achieved a net D/E ratio of 0.68x in the first quarter, in line with the goals outlined in the medium-term management plan "integration 1.0," are there any adjustments to the goals?

A. There are no revisions to the target net D/E ratio outlined in the medium-term management plan. Our goal over the three-year period of the plan remains to maintain the net D/E ratio to around 1.0x while continuing investments. While borrowing may increase at the time of investment, we will actively maintain the net D/E ratio aiming at our targeted rate.

Q. Are there any intentions for a capital increase?

A. We currently have no plans for a capital increase. Our primary approach is to continue investments through the cashflow generated from our business operations.

■ Shareholder Return

Q. What is Kanematsu's policy on shareholder return?

A. We have set a target shareholder return of 30%–35% in the medium-term management plan "integration 1.0." With a core principle of ensuring continuous and stable dividends, we aim to increase the annual dividend through growth in net profit.

Q. What is Kanematsu's policy regarding share buyback?

A. Considering our current financial position, we are prioritizing returning to our shareholders through dividends rather than pursuing share buybacks.

■ DX

Q. What are the examples of recent DX initiatives?

- A. Recent examples:
- Established strategic IT subsidiary "Kanematsu Seed Port Corporation" (April 2025)
 - Kanematsu Granks invested in Zeroichi, provider of the DX support system "01core" (October 2024)
 - Conducted cybersecurity training for around 2,000 employees across the group (July 2024)
 - Initiated the use of the trade information collaboration platform "TradeWaltz[®]" (May 2024)

■ GX

Q. What is the GX strategy of Kanematsu?

A. With the GX Promotion Committee, established in 2022, and the group-wide organization GX Accelerator at its core, we are driving initiatives focused on strategic planning for monetization, setting both quantitative and qualitative objectives, and pursuing specific business endeavors. Our strategic focus is narrowed down to four key areas: “Renewable energy,” “Agriculture and Food,” “Materials,” and “Venous industry.” These areas are deeply embedded in the supply chains of industries we operate in, enabling us to identify challenges and develop solutions directly on-site. In the fiscal year ended March 2025, we achieved ahead of schedule the greenhouse gas (GHG) reduction targets set in 2022—carbon neutrality by 2025 and carbon negativity of minus 1,000,000 t-CO₂ by 2030 and 2050. Following this achievement, we have formulated a new basic approach and policies on climate change, as well as updated GHG indicators and targets. For more information on our new climate guidelines, please refer to the news release on our corporate website.

Q. What are the specific examples of GX initiatives?

A. Recent examples:

- Formulated new climate guidelines aimed at achieving a decarbonized society (June 2025)
- Invested in TOWING Co., Ltd. and launched a pilot project for the high-performance biochar “Soratan” (May 2025)
- Selected as a constituent of the FTSE Blossom Japan Index (January 2025)
- Formed a business alliance with GridBeyond to promote "demand response" (December 2024)
- Entered into a memorandum of understanding with Indonesia’s food manufacturing company Cimory Group regarding GX promotion (September 2024)
- Entered into a partnership with TOWING., Ltd. to promote the expansion of the high-performance biochar “Sora-Tan” (July 2024)
- Entered into an agreement with Green Carbon, Inc. to reduce “rice paddy methane” emissions and spread environmentally friendly rice (May 2024)
- Acquired certification under ISCC PLUS, an international certification system for sustainable products (April 2024)

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