

FAQ (Frequently Asked Questions and Answers)
Second Quarter Results for Fiscal Year 2026 (October 31, 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), strong performance in storage and server solutions for the manufacturing sector, as well as network solutions for the distribution sector, coupled with growing demand for services and security, is expected to drive continued robust performance.

Q. What is the outlook for the Mobile business?

- A. Sales are expected to remain solid, supported by an increase in unit sales from the direct operation of secondary stores, expansion of company-owned stores, and a broader sales network, as well as the continued growth in the corporate business.

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 expect performance to remain strong going forward.

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

- A. We expect a slowdown due to continued weak demand since last year, along with rising costs associated with higher material prices.

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

- A. Although there are signs of a slowdown in exports to the U.S., particularly in the Motor Vehicles & Parts and Machine Tools & Industrial Machinery businesses, we believe the impact on our overall performance will be limited. We will continue to closely monitor future developments, including any indirect effects, and strive to minimize potential impacts.

■ **The Medium-term Management Plan, “integration 1.1” (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, the first year of the plan, we executed approximately ¥9.0 billion in investments while continuing to source and evaluate potential opportunities. By the second quarter of the fiscal year ending March 2026, approximately ¥9.3 billion had been invested, bringing the total cumulative investment over the medium-term management plan period to ¥18.3 billion. 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 were the major investments made through the second quarter?**

- A. We executed investments, including in Electronics and Materials Corporation and PT Alam Energy Indonesia.

Q. Could you provide details regarding the acquisition of shares in PT Alam Energy Indonesia?

- A. The company is a renewable energy firm based in Indonesia, primarily engaged in the rental business for rooftop solar power systems. Through this share acquisition, we aim to expand our renewable energy business in Indonesia, enhance the value of our GX solutions, and pursue sustainable business development.

■ 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 0.59x in the second quarter, in line with the goals outlined in the medium-term management plan “integration 1.1,” are there any adjustments to the goals?

- A. The recent net D/E ratio stands at 0.59x, reflecting cash inflows from the sale of strategic shareholdings, with investments slightly behind the expected pace. However, 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 1.1.” 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. 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:
- First investment of the Nippon Cybersecurity Fund: Investment in LRM Inc. (Sep 2025)
 - Launched “Hay Portal,” a digital platform for feed (hay) imports (Aug 2025)
 - Established strategic IT subsidiary "Kanematsu Seed Port Corporation" (April 2025)
 - Kanematsu Granks invested in Zeroichi, provider of the DX support system "01core" (October 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:

- Investment in Alam Energy Indonesia (Sep 2025)
- Began initiatives with dsm-firmenich (Netherlands) to reduce environmental impact of livestock products using methane-reducing cattle feed (Jul 2025)
- 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)

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