

FAQ (Frequently Asked Questions and Answers)
Full-Year Results for the Fiscal Year Ended March 31, 2026 (May 8, 2026)

■ **FY2027 Outlook**

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

A. Demand in the services and security fields is expected to remain firm, supported by the growing need for security measures and digital transformation (DX). Although there are concerns such as shortages in semiconductor memory supply and rising prices, demand from the manufacturing sector is expected to grow, particularly in the defense and semiconductor fields.

Q. **What is the outlook for the Mobile business?**

A. Although growth factors such as an increase in unit sales driven by the expansion of the sales network have run their course, the business is expected to remain solid, supported by the expansion of directly operated stores and growth in the corporate business.

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

A. Against the backdrop of growing defense demand both in Japan and overseas, demand is expected to increase steadily over the medium to long term. In particular, the business is expected to continue performing steadily amid expectations for an increase in the government's defense budget and the acquisition of new contracts. The engines for Australia's next-generation general-purpose frigates, for which an order was received by Shintoa Corporation, a Group company, are scheduled to be delivered to Australia from December 2029 onward, and are expected to contribute to earnings from subsequent fiscal years onward.

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

A. The business has continued to face challenging conditions due to sluggish demand since last year, as well as the impact of higher costs associated with rising material prices. However, demand is expected to gradually recover, supported by increased oil and natural gas drilling activity in the United States against the backdrop of rising crude oil prices.

■ **External Environment**

Q. **What is the impact of U.S. tariff policies on the Company's businesses, including refunds of the "reciprocal tariffs" based on the International Emergency Economic Powers Act (IEEPA), which were invalidated?**

A. Although there is some impact on exports to the United States in businesses such as the Motor Vehicles and Parts business and the Machine Tools and Industrial Machinery business, we believe the impact on earnings will be limited. In principle, tariff increases are passed on to selling prices, and any tariff refunds are therefore expected to accrue to customers. We will continue to closely monitor future developments, including indirect impacts, and work to minimize the impact.

Q. What is the impact of the situation in the Middle East and the closure of the Strait of Hormuz on the Company's businesses?

A. Transactions with the Middle East account for only a limited portion of the Group's overall business, and there has been no significant impact at this time.

Q. What is the impact of rising crude oil prices on the Company's businesses?

A. In the Energy business, which handles petroleum products, profit declined year on year due to factors including the recognition of valuation losses on futures transactions accompanying fluctuations in crude oil prices. On the other hand, the impact on the business is expected to be limited, as fluctuations in crude oil prices are passed on to the selling prices of petroleum products after a certain time lag. We will continue to closely monitor future developments, including indirect impacts such as shortages of petroleum-related products.

Q. What is the impact of shortages in semiconductor memory supply and rising prices on the Company's businesses?

A. The direct impact at present is limited in the ICT Solution business, which handles servers and storage using semiconductor memory, and in the Mobile business, which handles smartphones. We will continue to closely monitor market conditions, including future price trends.

■ The Medium-term Management Plan, "integration 1.1" (FY2025–FY2027)

Q. Please provide an update and outlook on the ¥60.0 billion growth investment plan.

A. Investment for the full fiscal year ended March 31, 2026 amounted to approximately ¥14.0 billion. Together with ¥9.0 billion in the previous fiscal year, cumulative investment during the Medium-Term Management Plan period totaled approximately ¥23.0 billion, indicating that progress is behind the original ¥60.0 billion plan. However, in April, we acquired a distributor in the Mobile business, and we also have multiple investment projects in the pipeline. We will continue to execute investments flexibly and selectively, aiming to achieve sustainable growth and enhance corporate value.

Q. What are the ROIC targets for each segment?

A. Under the current Medium-Term Management Plan, we have not set ROIC targets by segment, but have established an ROIC target of 8% for the Group as a whole. Actual ROIC for the fiscal year ended March 31, 2026 was 9.1%. Although ROIC varies by segment depending on the characteristics of each business, we aim to improve ROIC in each.

■ Investment

Q. What were the major investments made in the fiscal year ended March 31, 2026?

A. We executed investments, including in Electronics and Materials Corporation, PT Alam Energy Indonesia, Root Riff Systems, Inc., and Koei Snagyo Co., Ltd.

■ Finance

Q. What is the impact of foreign exchange fluctuations on earnings?

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 0.45x in the third quarter, in line with the goals outlined in the medium-term management plan “integration 1.1,” are there any adjustments to the goals?

A. Net DER has declined to 0.45x, compared with 0.69x at the end of the fiscal year ended March 31, 2025, due to cash inflows from the sale of policy shareholdings and because we are carefully examining investment projects from the perspectives of valuation and synergies. We will continue to execute growth investments to achieve sustainable growth and enhance corporate value, while maintaining financial discipline. Under the Medium-Term Management Plan, we intend to maintain net DER at around 1.0x as a guideline.

■ 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:
- Launched “KG Sekai Cart,” a B2B web-based ordering system (March 2026)
 - Acquired 100% of the shares of Root Riff Systems, a provider of IT infrastructure services (Oct 2025).
 - Second investment of the Nippon Cybersecurity Fund: Constella Security Japan Inc. (Oct 2025)
 - First investment of the Nippon Cybersecurity Fund: 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)

■ GX

Q. What is the GX strategy of Kanematsu?

A. With the GX Promotion Committee 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 on 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:

- Conducted a feeding trial of Bovaer®, a methane-reducing feed additive (February 2026)
- Began supplying FAME-blended biofuel for ocean-going vessels together with Idemitsu Kosan Co., Ltd. (December 2025)
- A solar power generation system was installed by Alam Energy Indonesia at our food processing plant in Indonesia (November 2025)
- 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)

Disclaimer:

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