

(Note) This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Kanematsu Corporation
(Stock Exchange No.: 8020)

NOTICE OF THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Date: June 28, 2024 (Friday) at 10:00 a.m.

Place: Tosho Shibusawa Hall, The Tokyo
Chamber of Commerce and Industry
(5th Floor)
Marunouchi Nijubashi Building
3-2-2 Marunouchi, Chiyoda-ku, Tokyo

Items to Be Resolved:

Item 1: Election of Seven (7) Directors

Item 2: Election of One (1) Audit & Supervisory
Board Member

Item 3: Election of One (1) Substitute Audit &
Supervisory Board Member

Deadline for exercising voting rights in
writing or via the Internet, etc.:

No later than 5:15 p.m. on June 27, 2024
(Thursday)

CONTENTS

To Our Shareholders _____	2
Notice of the 130th Ordinary General Meeting of Shareholders _____	3
(Attached documents)	
Business Report _____	17
Consolidated Financial Statements _____	43
Non-consolidated Financial Statements _____	46
Audit Reports _____	49

CORPORATE PRINCIPLE

“Let us sow and nurture the seeds of global prosperity”

“Sow a seed now,” and take action to benefit people around the globe, bade our founder, Fusajiro Kanematsu, setting a standard of public duty that we at Kanematsu continue to uphold through a commitment to ethical business principles and corporate responsibility.

The beliefs and philosophies that inspired Fusajiro Kanematsu in the late nineteenth century Meiji period, a time when Japan was striving to build a national economy, were encapsulated in the document *Our Beliefs: Kanematsu’s Guiding Principles* in 1967, on the occasion of our merger with The Goshō Company.

Our Beliefs: Kanematsu’s Guiding Principles

1. Reflecting the pioneering spirit of our predecessors, we believe that fairness and justice should guide our business dealings and the wise use of creative imagination and ingenuity will bring prosperity.
2. Our purpose as a Company is not only to build a sound and flourishing business, but to fulfill our responsibilities as a corporate citizen, contributing to society and the security and well-being of all.
3. As members of a corporation, we act not as individuals but as representatives of that organization and as such we are bound by Company rules and attendant loyalties and must work together with a spirit of cooperation while cultivating mutual understanding and respect for fellow members.

To Our Shareholders



I would like to express my sincere gratitude to you, our shareholders, for your continued support.

The global economy in the fiscal year under review headed towards a soft landing, as monetary tightening policies worldwide reached a turning point amidst slowing inflations. However, the future outlook remains uncertain due to issues such as prolonged economic stagnation in China and growing geopolitical risks resulting from the deteriorating situation in the Middle East.

In this challenging business environment, the Company successfully achieved all revised targets set forth in “*future 135*,” its six-year medium-term vision that ends in the fiscal year under review, and reached a new record high for profit for the year attributable to owners of the parent.

The Company has formulated “integration 1.0,” a new Medium-Term Management Plan for the three-year period beginning in the fiscal year ending March 31, 2025. This plan prioritizes initiatives such as the promotion of Groupwide management and the expansion of value propositions through DX, GX and innovation. We will continue to pursue various measures to further enhance our corporate value and meet the expectations of our stakeholders by continuously generating value that is unique to the Kanematsu Group.

I would like to take this opportunity to ask our shareholders for your continued understanding and support.

Yoshiya Miyabe
President

(Stock Exchange No.: 8020)

June 10, 2024

**NOTICE OF
THE 130TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholder:

We cordially notify you of the 130th Ordinary General Meeting of Shareholders of Kanematsu Corporation (hereinafter “the Company”), to be held as indicated below.

In convening this General Meeting of Shareholders, we have taken measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format (matters to be provided in electronic format), which are posted on each of the following websites. Please access any of these websites to confirm the information.

[The Company’s website]

https://www.kanematsu.co.jp/en/ir/shareholders_meeting/

[Website for informational materials for the general meeting of shareholders]

<https://d.sokai.jp/8020/teiji/> (in Japanese)

[Tokyo Stock Exchange website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Please access the TSE website above, enter “Kanematsu” in “Issue name (company name)” or our stock exchange No. “8020” in “Code” and search, select “Basic information” and “Documents for public inspection/PR information,” and check “Notice of General Shareholders Meeting/Informational Materials for a General Shareholders Meeting” section under “Filed information available for public inspection.”)

We ask that you please use your own judgment when visiting the venue of the general meeting of shareholders, taking into consideration your own physical condition.

Instead of attending the meeting in person, you may exercise your voting rights by one of the following methods. After reviewing the enclosed reference materials, please exercise your voting rights no later than 5:15 p.m. on Thursday, June 27, 2024 (JST).

Sincerely,

Yoshiya Miyabe, President
Kanematsu Corporation
119 Ito-machi, Chuo-ku, Kobe

[Exercising voting rights by electromagnetic means (via the Internet, etc.)]

Please indicate “for” or “against” for each agenda item by the above mentioned exercise deadline.

[Exercising voting rights in writing]

Please indicate “for” or “against” for each agenda item listed in the enclosed Ballot Form, and return it to the Company no later than the above mentioned exercise deadline.

Meeting Details

1. Date: June 28, 2024 (Friday) at 10:00 a.m.

2. Place: Tosho Shibusawa Hall, The Tokyo Chamber of Commerce and Industry (5th Floor)
Marunouchi Nijubashi Building, 3-2-2 Marunouchi, Chiyoda-ku, Tokyo

3. Meeting Agenda

Items to Be Reported:

1. Business Report, Consolidated Financial Statements and Audit Reports of Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board, for the 130th Fiscal Term (April 1, 2023 to March 31, 2024)
2. Non-consolidated Financial Statements for the 130th Fiscal Term (April 1, 2023 to March 31, 2024)

Items to Be Resolved:

Item 1: Election of Seven (7) Directors

Item 2: Election of One (1) Audit & Supervisory Board Member

Item 3: Election of One (1) Substitute Audit & Supervisory Board Member

If there are any amendments to the matters to be provided in electronic format, a statement to that effect and the matters both before and after the amendments will be posted on each of the aforementioned websites.

At this General Meeting of Shareholders, the Company will uniformly send documents containing the matters to be provided in electronic format, regardless of whether or not a request for delivery of the documents has been made. Of the matters to be provided in electronic format, pursuant to laws and regulations and provisions of Article 15 of the Articles of Incorporation of the Company, the Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements will not be included in the documents to be sent to shareholders.

Accordingly, the Consolidated Financial Statements and Non-consolidated Financial Statements included in this documents are a part of the documents audited by the Accounting Auditor and the Audit & Supervisory Board Members during preparation for the Independent Auditors' Audit Reports and the Audit report, respectively.

[Information on Live Streaming]

For shareholders who are unable to attend the general meeting of shareholders, the Company plans to provide live video and audio streaming via the Internet.

Please note that you will not be able to ask questions or exercise voting rights through the live streaming. For details, please refer to the enclosed "Guide to the Live Streaming of the General Meeting of Shareholders. (in Japanese)"

Reference Materials for the General Meeting of Shareholders

Item 1: Election of Seven (7) Directors

The terms of office for all seven (7) Directors will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes to elect seven (7) Directors.

The candidates for Director are as follows.

Candidate No. 1 **Kaoru Tanigawa**

Reelection	Date of Birth	Number of the Company's shares owned
	September 24, 1958	39,700 shares



○ Career Summary, Positions and Responsibilities in the Company (Significant Concurrent Positions)

Apr. 1981 Joined the Company
Jul. 2004 General Manager, Somerset Branch, Kanematsu USA Inc.
Jan. 2008 General Manager, Information & Electronics Department, the Company
Jun. 2010 Temporary transferred to Kanematsu Communications Ltd.
Director, Kanematsu Communications Ltd.
Apr. 2011 General Manager, Corporate Planning Department, the Company
Jun. 2013 Director, the Company
Jun. 2014 Retired from office of Director of the Company according to revision for improvement of executive officer system
Managing Executive Officer, the Company
Jun. 2015 Director, Senior Managing Executive Officer, the Company
Jun. 2017 President, the Company
Jun. 2021 Chairman, the Company (To the present)
(Incumbent) Chief Officer, Internal Auditing

○ Reasons for Nomination as Candidate for Director

While serving as President from 2017, Mr. Kaoru Tanigawa was responsible for making decisions on important matters in the management and supervision of the execution of operations, with a wealth of experience, track record, and knowledge as a manager. Since being appointed as Chairman in 2021, he has contributed to supervising the management of the Kanematsu Group and enhancing corporate governance, and is thus re-nominated as a candidate for Director.

Candidate No. 2 Yoshiya Miyabe

Reelection	Date of Birth	Number of the Company's shares owned
	January 21, 1959	30,200 shares



○ **Career Summary, Positions and Responsibilities in the Company (Significant Concurrent Positions)**

Apr. 1983 Joined the Company
 Apr. 1999 Manager, Section 1, Industrial Electronics Department, the Company
 Jun. 2001 Worked at Chicago Branch, Kanematsu USA Inc.
 Feb. 2006 General Manager, Industrial Electronics Department, the Company
 Jun. 2012 Director, the Company
 Jun. 2014 Retired from office of Director of the Company according to revision for improvement of executive officer system
 Managing Executive Officer, the Company
 Jun. 2018 Director, Senior Managing Executive Officer, the Company
 Jun. 2021 President, the Company (To the present)
 (Incumbent) Chief Officer, Group Growth Strategy

○ **Reasons for Nomination as Candidate for Director**

Since joining the Company, Mr. Yoshiya Miyabe has been engaged primarily in the motor vehicles and parts and industrial electronics businesses. He was appointed as a Director in 2012 and has contributed to strengthening revenue base such as through development of overseas supply chains. He has wealth of experience and broad knowledge. Since being appointed as President in 2021, he has demonstrated leadership in promoting the Group's management, and is thus re-nominated as a candidate for Director.

Candidate No. 3 Tetsuro Tsutano

Reelection	Date of Birth	Number of the Company's shares owned
	April 3, 1969	26,400 shares



○ **Career Summary, Positions and Responsibilities in the Company (Significant Concurrent Positions)**

Apr. 1992 Joined the Company
 Aug. 2007 Manager, Managerial Accounting Section, Accounting Department, the Company
 Apr. 2012 Manager, Finance Section, Finance Department, the Company
 Apr. 2013 General Manager, Finance Department, the Company
 Jun. 2017 Director, Executive Officer, the Company
 Jun. 2018 Director, Senior Executive Officer, the Company (To the present)
 (Incumbent) Chief Officer, Corporate Planning and IT Planning

○ **Reasons for Nomination as Candidate for Director**

Mr. Tetsuro Tsutano has been engaged in corporate planning and IT planning. He has contributed to the development of management strategies, business expansion and sustainability. Due to his expertise in finance and accounting, wealth of experience and broad knowledge, he is re-nominated as a candidate for Director.

Candidate No. 4 **Shuji Masutani**

Reelection	Date of Birth	Number of the Company's shares owned
	December 7, 1965	5,700 shares



**○ Career Summary, Positions and Responsibilities in the Company
(Significant Concurrent Positions)**

Apr. 1990 Joined the Company
Oct. 2006 Manager, Section No.1, Business Accounting Department, the Company
Apr. 2008 Manager, Section No.4, Business Accounting Department, the Company
Aug. 2010 Manager, Accounting Section, Accounting Department, the Company
Jun. 2012 General Manager, Business Accounting Department, the Company
Jun. 2019 Temporary transferred to Kanematsu Sustech Corporation
 Director, Kanematsu Sustech Corporation
Jun. 2021 Executive Officer, the Company
Jun. 2022 Director, the Company (To the present)
(Incumbent) Chief Officer, Finance, Accounting, Business Accounting

○ Reasons for Nomination as Candidate for Director

Since joining the Company, Mr. Shuji Masutani has been engaged in finance and accounting and has wealth of experience in operations and broad knowledge. He also has served as Director of a Group company and thus has expertise in the Group's management. Accordingly, he is re-nominated as a candidate for Director.

Candidate No. 5 Yuko Tahara

Reelection	Outside Director	Independent officer	Date of Birth	Number of the Company's shares owned
			October 9, 1959	0 shares



○ **Career Summary, Positions and Responsibilities in the Company**

- Apr. 1991 Joined MANPOWER JAPAN Co., Ltd.
Aug. 1993 Joined RIC Co., Ltd
 General Manager, House Electrification Promotion Office, RIC Co., Ltd
Jul. 1998 President and CEO, Basic Inc. (To the present)
Jun. 2012 Representative Director, Frame & Work Module Promotion Association
 (present Knowledge Management Lab) (To the present)
Jun. 2018 Outside Director (Audit and Supervisory Committee Member),
 Sanyo Homes Corporation (To the present)
Jun. 2019 Outside Director, the Company (To the present)
Apr. 2020 Visiting Professor, Research Institute of Advanced Education, The
 Graduate School of Information & Communication (present The Graduate
 School of Social Design)
Apr. 2021 Professor, School of Professional Education, The Graduate School of
 Information & Communication (present The Graduate School of Social
 Design) (To the present)

○ **Significant Concurrent Positions**

President and CEO, Basic Inc.
Representative Director, Knowledge Management Lab
Outside Director (Audit and Supervisory Committee Member), Sanyo Homes Corporation

○ **Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles**

Ms. Yuko Tahara possesses a wealth of experience in corporate management and deep insight gained through experiences in human resources and organizational consulting businesses. The Company expects that based on such qualities, she will be continuously committed to management advisory and appropriate supervision of the execution of operations. Thus, she is re-nominated as a candidate for Outside Director. If she is elected, she will be involved in the determination of officer compensation and the selection of candidates for officers of the Company, etc. from an objective and impartial standpoint as the committee chair of the Compensation Committee and a member of the Nominating Committee.

Candidate No. 6 Kazuhiro Tanaka

Reelection	Outside Director	Independent officer	Date of Birth	Number of the Company's shares owned
			August 31, 1966	0 shares



○ **Career Summary, Positions and Responsibilities in the Company**

- Apr. 1990 Joined The Industrial Bank of Japan, Limited
- Apr. 1999 Assistant Professor, Graduate School of Business Administration, Kobe University
- Apr. 2003 Assistant Professor, Graduate School of Commerce and Management, Hitotsubashi University
- Apr. 2007 Associate Professor, Graduate School of Commerce and Management, Hitotsubashi University
- Apr. 2010 Professor, Graduate School of Commerce and Management, Hitotsubashi University
- Apr. 2018 Professor, Graduate School of Business Administration, Hitotsubashi University (To the present)
- Jan. 2019 Dean, Graduate School of Business Administration, Hitotsubashi University
Dean, Faculty of Commerce and Management, Hitotsubashi University
- Jun. 2020 Outside Director, the Company (To the present)

○ **Significant Concurrent Positions**

Professor, Graduate School of Business Administration, Hitotsubashi University

○ **Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles**

Mr. Kazuhiro Tanaka is a university professor specializing in business administration and has extensive expertise and deep insight regarding corporate management. The Company expects that based on such qualities, he will be continuously committed to management advisory and appropriate supervision of the execution of operations. Thus, he is re-nominated as a candidate for Outside Director. If he is elected, he will be involved in the selection of candidates for officers of the Company and the determination of officer compensation, etc. from an objective and impartial standpoint as the committee chair of the Nominating Committee and a member of the Compensation Committee.

Although Mr. Kazuhiro Tanaka has not been involved in corporate management in ways other than being an outside corporate officer, the Company judges he will appropriately fulfill his duties as an Outside Director based on the above reasons.

Candidate No. 7 **Hiroyuki Sasa**

Reelection	Outside Director	Independent officer	Date of Birth	Number of the Company's shares owned
			September 14, 1955	0 shares



○ Career Summary, Positions and Responsibilities in the Company

Apr. 1982 Joined Olympus Optical Co., Ltd. (present Olympus Corporation)
 Apr. 2001 General Manager, Endoscope Business Planning Dept., Olympus Corporation
 Apr. 2005 Division Manager, the First Development Division, Olympus Medical Systems Corp.
 Apr. 2007 Division Manager, Marketing Division, Olympus Medical Systems Corp.
 Jun. 2007 Executive Officer, Olympus Corporation, Director, Olympus Medical Systems Corp.
 Apr. 2012 Director, Representative Executive Officer, President, Olympus Corporation
 Apr. 2019 Director, Olympus Corporation
 Jun. 2020 Outside Director, Kyosan Electric Manufacturing Co., Ltd. (To the present)
 Jun. 2022 Outside Director, the Company (To the present)
 Jun. 2023 External Director, AMADA CO., LTD. (To the present)

○ Significant Concurrent Positions

Outside Director, Kyosan Electric Manufacturing Co., Ltd.
 External Director, AMADA CO., LTD.

○ Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles

Mr. Hiroyuki Sasa has served as Director, Representative Executive Officer, and President of Olympus Corporation and possesses a wealth of experience in corporate management and deep insight. The Company expects that based on such qualities, he will be continuously committed to management advisory and appropriate supervision of the execution of operations. Thus, he is re-nominated as a candidate for Outside Director. If he is elected, he will be involved in the selection of candidates for officers of the Company and the determination of officer compensation, etc. from an objective and impartial standpoint as a member of the Nominating Committee and the Compensation Committee.

- (Notes)
- There is no special interest between any of the candidates and the Company.
 - Ms. Yuko Tahara, Mr. Kazuhiro Tanaka and Mr. Hiroyuki Sasa are candidates for Outside Director.
 - At the conclusion of this meeting, the tenure as Outside Director for Ms. Yuko Tahara, Mr. Kazuhiro Tanaka and Mr. Hiroyuki Sasa will have been as follows.
 - Ms. Yuko Tahara: Five years
 - Mr. Kazuhiro Tanaka: Four years
 - Mr. Hiroyuki Sasa: Two years
 - The Company has entered into agreements with Ms. Yuko Tahara, Mr. Kazuhiro Tanaka and Mr. Hiroyuki Sasa with regard to limitation of liability for damages stipulated in Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the said act. If their reelection is approved and adopted, the Company plans to renew these agreements with them. The maximum amount of liability for damages under these agreements is the minimum liability amount provided for in Article 425, paragraph 1 of the Companies Act.
 - The Company has entered into an indemnification agreement with its incumbent Directors as stipulated in Article 430-2, paragraph 1 of the Companies Act, and a summary of the details of such indemnification agreement is presented in “3. (3) Summary of Details of Indemnification Agreement” of the Business Report. If their reelection is approved, the Company plans to renew the agreement with them.
 - The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act, and a summary of the contents of the insurance policy is presented in “3. (4) Summary of Directors and Officers Liability Insurance Policy” of the Business Report. If each candidate is elected and appointed as Director, each of them will be insured under the

insurance policy. The Company plans to renew the insurance policy with the same contents at the next renewal.

7. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Ms. Yuko Tahara, Mr. Kazuhiro Tanaka and Mr. Hiroyuki Sasa have been appointed as independent officers as provided for by the aforementioned exchange.

Item 2: Election of One (1) Audit & Supervisory Board Member

The terms of office for Audit & Supervisory Board Member, Mr. Motohisa Hirai will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes to elect one (1) Audit & Supervisory Board Member.

The candidate for Audit & Supervisory Board Member is as follows.

Prior to our proposal of this item, we have already obtained the consent of the Audit & Supervisory Board.

Yoichiro Muramatsu

New election	Date of Birth	Number of the Company's shares owned
	October 13, 1965	5,756 shares

○ Career Summary and Positions in the Company (Significant Concurrent Positions)



Apr. 1988	Joined the Company
Oct. 2007	Manager, Section 1, Information & Electronics Department, the Company
Apr. 2008	General Manager, Silicon Valley Branch, Kanematsu USA Inc.
Apr. 2014	Manager, Semiconductor Marketing Department, the Company
Apr. 2015	General Manager, Corporate Planning Department, the Company
Jun. 2015	General Manager, Corporate Planning Department, the Company Director & Member of the Audit and Supervisory Committee (outside), Hokushin Co., Ltd.
Jun. 2019	Executive Officer, the Company
Jun. 2021	Executive Officer, the Company President, Kanematsu GmbH President, Kanematsu Europe PLC (To the present)

○ Reasons for Nomination as Candidate for Audit & Supervisory Board Member

Mr. Yoichiro Muramatsu has served as General Manager of Corporate Planning Department of the Company, Director (outside) of Hokushin Co., Ltd. and President of overseas subsidiaries, and possesses experience and insight regarding overall corporate management. He is newly nominated as a candidate for Audit & Supervisory Board Member as he is expected to reflect such qualifications on auditing of the Company.

- (Notes)
1. There is no special interest between Mr. Yoichiro Muramatsu and the Company.
 2. If the election of Mr. Yoichiro Muramatsu is approved and adopted, the Company plans to enter into an agreement with him with regard to limitation of liability for damages stipulated in Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the said act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for in Article 425, paragraph 1 of the Companies Act.
 3. The Company has entered into an indemnification agreement with its incumbent Audit & Supervisory Board Members as stipulated in Article 430-2, paragraph 1 of the Companies Act, and a summary of the details of such indemnification agreement is presented in “3. (3) Summary of Details of Indemnification Agreement” of the Business Report. If the election of Mr. Yoichiro Muramatsu, a new candidate, is approved, the Company plans to enter into a similar agreement with him.
 4. The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act, and a summary of the contents of the insurance policy is presented in “3. (4) Summary of Directors and Officers Liability Insurance Policy” of the Business Report. If Mr. Yoichiro Muramatsu is elected and appointed as Audit & Supervisory Board Member, he will be insured under the insurance policy. The Company plans to renew the insurance policy with the same contents at the next renewal.

Item 3: Election of One (1) Substitute Audit & Supervisory Board Member

In order to prepare for the event that the number of Audit & Supervisory Board Members falls below the required number stipulated by laws and regulations, the Company proposes to elect one (1) substitute Audit & Supervisory Board Member.

The candidate for substitute Audit & Supervisory Board Member is as follows.

Prior to our proposal of this item, we have already obtained the consent of the Audit & Supervisory Board.

Noriko Ichiba



Outside Audit & Supervisory Board Member	Independent officer	Date of Birth	Number of the Company's shares owned
		May 15, 1971	0 shares

○ Career Summary and Positions in the Company

Oct. 1992 Joined Tohmatsu & Co. (present Deloitte Touche Tohmatsu LLC)
Jul. 1997 Joined Tadao Kato Accounting Office
Aug. 1999 Joined Taiyo Audit Corporation (present Grant Thornton Taiyo LLC)
May 2000 Registered as a certified public accountant
Nov. 2002 Representative, Ichiba Certified Public Accountant Office (To the present)
Aug. 2006 Joined COMPASS Co., Ltd. (To the present)
Aug. 2008 Registered as a certified public tax accountant
Oct. 2008 Representative, UPRISE Certified Tax Accountant's Co. (To the present)
Jun. 2021 External Corporate Auditor, Daiho Corporation (To the present)
Jul. 2022 Supervisory Director, Ichigo Office REIT Investment Corporation (To the present)
Mar. 2023 Outside Audit & Supervisory Board Member, Nisshinbo Holdings Inc. (To the present)

○ Significant Concurrent Positions

Representative, Ichiba Certified Public Accountant Office
Representative, UPRISE Certified Tax Accountant's Co.
External Corporate Auditor, Daiho Corporation
Supervisory Director, Ichigo Office REIT Investment Corporation
Outside Audit & Supervisory Board Member, Nisshinbo Holdings Inc.

○ Reasons for Nomination as Candidate for Substitute Outside Audit & Supervisory Board Member

The Company expects that Ms. Noriko Ichiba's specialist knowledge and experience relating to accounting and tax affairs, which she accumulated as a certified public accountant and as a certified public tax accountant, can be of benefit to the auditing of the Company. Thus, she is nominated as a substitute Outside Audit & Supervisory Board Member. Although Ms. Noriko Ichiba has not been involved in corporate management in ways other than being an outside corporate officer, the Company judges she will appropriately fulfill her duties as an Outside Audit & Supervisory Board Member based on the above reasons.

- (Notes)
1. There is no special interest between Ms. Noriko Ichiba and the Company.
 2. Ms. Noriko Ichiba is a candidate for substitute Outside Audit & Supervisory Board Member.
 3. If Ms. Noriko Ichiba is appointed as Audit & Supervisory Board Member, the Company plans to enter into an agreement with her with regard to limitation of liability for damages stipulated in Article 423, paragraph 1 of the Companies Act, pursuant to the provisions of Article 427, paragraph 1 of the said act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for in Article 425, paragraph 1 of the Companies Act.
 4. If Ms. Noriko Ichiba is appointed as Audit & Supervisory Board Member, the Company plans to enter into an agreement based on the provisions in Article 430-2, paragraph 1 of the Companies Act with her, under which the Company will cover the expenses set forth in Article 430-2, paragraph 1, item 1 of the Companies Act and the loss set forth in item 2 of the same paragraph within the extent stipulated by laws and regulations.
 5. The Company has entered into a directors and officers liability insurance policy with an insurance company as stipulated in Article 430-3, paragraph 1 of the Companies Act, and a summary of the contents of the insurance policy is presented in “3. (4) Summary of Directors and Officers Liability Insurance Policy” of the Business Report. If Ms. Noriko Ichiba is appointed as Audit & Supervisory Board Member, she will be insured under the insurance policy. The Company plans to renew the insurance policy with the same contents at the next renewal.
 6. If Ms. Noriko Ichiba is appointed as Audit & Supervisory Board Member, the Company plans to submit notification to Tokyo Stock Exchange, Inc. that she is appointed as an independent officer as provided for by the aforementioned exchange.

(Reference) Skill Matrix

The Company formulated its Medium-Term Management Plan “integration 1.0” for the period from April 2024 through March 2027, and set forth six basic policies: (1) promotion of integrated group management, (2) expansion of value proposition, (3) strengthening of organizational capabilities for new value creation, (4) strengthening human capital, (5) further enhancement of management functions, and (6) medium- to long-term enhancement of shareholder value. By combining maximally the business acumen cultivated through its trading business with the intangible assets that are the strength of the entire Group in DX and GX, including the ICT solutions business, and positioning “a solution provider leading the transformation of efficient and sustainable supply chain” as our goal in the medium- to long-term, the Company will take initiatives that are not limited to an extension of its previous business approaches.

In order to make headway with the initiatives based on these basic policies, the Board of Directors has positioned it as important responsibility to provide effective advice and supervision from a strategic and holistic perspective on enhancement of shareholder value over the medium- to long-term, and has designated nine areas as the skills that the Board of Directors ought to possess.

“○” in the table indicates the areas of expertise and experiences possessed, and “◎” indicates the areas where particular contributions can be expected.

	History of corporate officer/chief officer in the Company (yr[s].)		Professional background			Medium- and long-term management strategies and skills that the Board of Directors need to have														
			History of corporate officer outside the Company (including subsidiaries and affiliates)		Global (overseas job experience) (yr[s].)	Medium- to long-term enhancement of corporate value				Business investment		Sustainability, promotion of DX								
			Business segment	Company name/title		Corporate management	Business strategy planning	Human resource management	Governance	Investment judgment	Finance	Managerial idea of SDGs (ESG)	Technology/DX	Innovation						
Director	Kaoru Tanigawa	Chairman	Chief Officer, Electronics & Devices Division	1	Electronics & devices (mobile)	Director, Kanematsu Communications Ltd.	USA	15												
			Divisional Chief Officer, Electronics & Devices	3	Electronics & devices (semiconductor components and manufacturing equipment)	Director, Kanematsu Semiconductor Taiwan Ltd.														
			Chief Officer, Corporate Planning	2																
			Chief Officer, Internal Auditing (incumbent)	3	Electronics & devices (electronic devices and materials)	Member of the Board, Kantatsu Co., Ltd.														
	President	4	Electronics & devices (electronic devices and materials)	Director, Kanematsu Industrial and Trading (Dalian F.T.Z) Co., Ltd.																
	Chairman (incumbent)	3	Electronics & devices (ICT solutions)	Director, Kanematsu Electronics Ltd.																
Yoshiya Miyabe	President	Deputy Chief Officer, Electronics & IT Division	1	Motor vehicles & aerospace (aerospace)	Director, Shintoa Corp.	USA	10													
		Chief Officer, Motor Vehicles & Aerospace Division	1	Motor vehicles & aerospace (motor vehicles and parts)	Director, Kanematsu Mexico S. de R.L. de C.V.															
		Divisional Chief Officer, Motor Vehicles & Aerospace Division	7	Motor vehicles & aerospace (motor vehicles and parts)	Director, Kaneyo Co., Ltd.															
President (incumbent)	3	Electronics & devices (electronic devices and materials, environment-related business)	Director, Kanematsu Sustech Corporation																	
Tetsuro Tsutano	Director	Chief Officer, Finance, Accounting, Business Accounting	4	Other (investment judgment, fund management)	Director, AZ-Star Co., Ltd.	USA	4													
		Chief Officer, Corporate Planning (incumbent)	3		Director, Kanematsu Electronics Ltd (incumbent)															
Shuji Masutani	Director	Chief Officer, Finance, Accounting, Business Accounting (incumbent)	3	Electronics & devices (electronic devices and materials, environment-related business)	Director, Kanematsu Sustech Corporation	UK	2													
Yuko Tahara	Director (outside)	Outside Director (incumbent)	5		President and CEO, Basic Inc. (incumbent)															
					Representative Director, Knowledge Management Lab (incumbent)															
					Outside Director (Audit and Supervisory Committee Member), Sanyo Homes Corporation (incumbent)															
					Professor, School of Professional Education, The Graduate School of Social Design (incumbent)															
Kazuhiro Tanaka	Director (outside)	Outside Director (incumbent)	4		Worked at The Industrial Bank of Japan, Limited															
Hiroyuki Sasa	Director (outside)	Outside Director (incumbent)	2		Professor, Graduate School of Business Administration, Hitotsubashi University (incumbent)															
					Dean, Faculty of Commerce and Management, Hitotsubashi University															
Audit & Supervisory Board Member	Yoshio Tajima	Audit & Supervisory Board Member (full-time)	Audit & Supervisory Board Member (incumbent)	1	Other (supplies)	Yokohama Tyre Australia Pty., Ltd.	Australia	4												
					Steel, materials & plant (chemicals)	Kanematsu Chemicals Corporation	USA	5												
	Yoichiro Muramatsu	Audit & Supervisory Board Member (full-time)	Chief Officer, Corporate Planning	2	Electronics & devices (electronic components and semiconductors)	Director & Member of the Audit and Supervisory Committee (outside), Hokushin Co., Ltd.	USA	10												
			Chief Officer, IT Planning	2																
	Yusaku Kurahashi	Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member (incumbent)	5		Registered as attorney at law and Partner of Nakamura, Tsunoda & Matsumoto														
					Outside Director (Audit & Supervisory Committee Member), UNITED ARROWS LTD. (incumbent)															
Nobuko Inaba	Audit & Supervisory Board Member	Independent Audit and Supervisory Board Member, Nissha Co., Ltd. (incumbent)			Representative Partner, Kurahashi Law Office (incumbent)															
		Outside Audit & Supervisory Board Member (incumbent)	3		President, Inaba C.P.A. Office (incumbent)															
					Representative Director, Hayabusa Consulting Corporation (incumbent)															
					Senior Partner, Hayabusa Tax Corporation (incumbent)															
					Senior Partner, Yasumori Audit Corporation (incumbent)															
					Outside Audit & Supervisory Board Member, Tokyo Kiraboshi Financial Group, Inc. (incumbent)															
					Outside Corporate Auditor, DeNA Co., Ltd. (incumbent)															

(Attached documents)

BUSINESS REPORT (from April 1, 2023 to March 31, 2024)

1. Items Regarding Status of Group Operations

(1) Overview of Operations

During the fiscal year under review, the global economy headed towards soft-landing with monetary tightening policies worldwide reaching a turning point in view of the slowing inflations. There were, however, still concerns about factors that could place a downward pressure on the global economy such as the lengthening economic stagnation in China and the growing geopolitical risks resulting from the deterioration in the Middle Eastern situation.

In the U.S., monetary tightening approached its end as inflations slowed down while solid employment conditions supported personal consumption. Its economic outlook, however, requires close monitoring including the impact of the result of the Presidential election scheduled in November 2024 on the U.S. economy.

In Europe, while governments were moving toward monetary relaxation due to the slowing inflations, an outlook for economic recovery was unclear as consumption and employment were weak and geopolitical tensions were rising due to the deteriorating Middle Eastern situation.

The Chinese economy remained weak due to the ongoing property market recession and stagnant personal consumption. There is a concern that a full-swing economic recovery may take a while.

The Japanese economy was in a recovery trend with solid capital investments against the backdrop of the recovery in inbound demand and the progress in digitalization. However, the country's economic outlook requires close monitoring given factors such as the impact on the economy of interest rate hikes following the cancellation of the negative interest rate policy.

In this environment, the results of the Group in the fiscal year under review are as shown below.

Revenue increased centered on the mobile business which enjoyed strong sales and the energy business which was impacted by the weaker yen. While profit decreased in the steel business that posted an impairment loss on equity method investments and in the energy business that was affected a fall in domestic demand in comparison with the previous fiscal year which had strong results, profit increased mainly in the ICT solution business, mobile business, and foods business.

As a result, consolidated revenue increased ¥74,585 million (8.2%) year on year, to ¥985,993 million. Consolidated gross profit also increased ¥11,663 million (8.9%) from a year earlier, to ¥142,557 million. Consolidated operating profit rose ¥4,974 million (12.8%) from a year earlier, to ¥43,870 million, reflecting an increase in gross profit, despite a rise in selling, general and administrative expenses. Largely due to the rise in operating profit, profit before tax increased ¥1,545 million (4.3%) year on year, to ¥37,241 million and profit for the year attributable to owners of the parent rose ¥4,643 million (25.0%) year on year, to ¥23,218 million, despite deterioration in net financial income and an impairment loss on equity method investments.

As for the financial position, total assets increased ¥47,759 million from the end of the previous fiscal year, to ¥725,347 million. Interest-bearing debt decreased ¥13,348 million from the end of the previous fiscal year, to ¥214,546 million, mainly due to the repayment of debts. Net interest-bearing debt after deducting cash and deposits rose ¥11,477 million from the end of the previous fiscal year, to ¥159,425 million, mainly due to a rise in operating capital. Interest-bearing debt does not include lease liabilities. In terms of equity, equity attributable to owners of the parent rose ¥30,793 million from the end of the previous fiscal year, to ¥159,318 million, mainly due to the accumulation of profit for the year attributable to owners of the parent and increases in other capital components following the depreciation of the Japanese yen and rises in share prices. As a result, the ratio of equity attributable to owners of the parent came to 22.0%. The net debt-equity ratio ("net DER") was 1.00 times.

Overview of performance by business segment

Electronics & Devices

Revenue ¥328,582 million (up 16.3% year on year)

The ICT solutions business showed the benefits of acquiring 100% of the shares of Kanematsu Electronics Ltd. in addition to solid growth in projects related to networking and security against the backdrop of rising demand for security measures and DX. The mobile business performed well due to factors such as the benefits of store reorganizations and an increase in sales volume. As a result, overall segment revenue and profit increased year on year.



Foods, Meat & Grain

Revenue ¥341,696 million (up 0.4% year on year)

The foods business performed well, mainly due to sales of frozen fruits and beverage ingredients, together with the overseas processed food business. The meat products business remained strong compared to the previous fiscal year, partly due to the contribution from sales of Uruguayan beef, despite the struggles brought on by weak domestic market prices. In the grain and feedstuff business, market rates for major grains remained weak compared to the previous fiscal year. As a result, overall segment revenue and profit increased year on year.



Steel, Materials & Plant

Revenue ¥213,668 million (up 10.5% year on year)

The steel business was affected by an impairment loss on equity method investments. The energy business was weak compared to the previous fiscal year due to the impact of a fall in domestic demand. As a result, overall segment revenue increased as a result of strong demand and the weaker yen, while profit for the year attributable to owners of the parent decreased year on year.



Motor Vehicles & Aerospace

Revenue ¥90,486 million (up 11.2% year on year)

In the aerospace business, aerospace and ship related transactions performed well. The motor vehicles and parts business remained strong due to factors such as improvements in market conditions. As a result, overall segment revenue and profit increased year on year.



Other

Revenue ¥11,560 million (down 15.7% year on year)

In the other business segment, revenue decreased while profit increased year on year.



(Revenue by business segment)

Business Segment	Amount (million yen)	Share of Total Revenue (%)	Year-on-year Change (%)
Electronics & Devices	328,582	33.3	16.3
Foods, Meat & Grain	341,696	34.6	0.4
Steel, Materials & Plant	213,668	21.7	10.5
Motor Vehicles & Aerospace	90,486	9.2	11.2
Other	11,560	1.2	(15.7)
Total	985,993	100.0	8.2

(Note) Inter-segment transactions have been eliminated.

(2) Capital Investment

No items to report.

(3) Financing Activities

In its financing activities, the Group follows a basic policy of low-cost and stable financing which is essential to achieve “sustainable growth” targeted in the medium-term vision for the six years *future 135*.

In the current fiscal year, the Group mainly procured funds using indirect financing thanks to good relations with banks, insurance companies and other financial institutions. The Group also procured funds from capital markets by issuing straight corporate bonds as a means of raising long-term capital. One of the funding sources for the tender offer of Kanematsu Electronics Ltd. in the previous fiscal year and its subsequent conversion into a wholly owned subsidiary was a syndicated loan of ¥35.0 billion with MUFG Bank, Ltd. as the agent.

As a result, at the end of the current fiscal year, the balance of net interest-bearing debt stood at ¥159,425 million, a year-on-year increase of ¥11,477 million from the end of the previous fiscal year.

(4) Status of Significant Business Realignment

No items to report.

(5) Issues to Be Addressed

■ Progress in achieving the medium-term vision, *future 135*

In the current fiscal year, the Group achieved all of the revised quantitative targets of its medium-term vision, *future 135* for the six-year period (from April 2018 through March 2024). Under *future 135*, the Group aims for sustainable growth in its fundamental businesses, with its policy of expanding the revenue base and pursuing the acquisition of added value through business investments in business areas that contain strengths. Based on this basic policy, the Group has added “Digital transformation (DX)” and “Green transformation (GX)” to priority initiatives and implemented initiatives for achieving its quantitative targets.

The period of *future 135* is one not only of achieving quantitative targets but also of building the foundation of the Medium-Term Management Plan, “integration 1.0.” The Group has converted Kanematsu Electronics Ltd. and Kanematsu Sustech Corporation into wholly owned subsidiaries and invested in innovation in companies with revolutionary technologies and unique business models.

■ Medium-Term Management Plan, “integration 1.0”

The Group will launch the new Medium-Term Management Plan, “integration 1.0” (from April 2024 through March 2027) in the fiscal year ending March 31, 2025, to achieve further corporate growth and actively strive to tackle the challenges of the business environment.

(1) The Group’s views on the business environment and its envisioned goals

In the premise of formulating the Medium-Term Management Plan, “integration 1.0,” the Group recognizes three issues to be addressed in the business environment surrounding the Group: “the labor shortage” resulting from a shrinking and aging population and the challenges posed by the 2024 problem; “the need to address sustainability” to meet social demands regarding ethics and the environment, exemplified by ESG and SDGs; and “the need to expedite management” to promptly discern and respond to subtle changes in its rapidly evolving environment. Building upon these challenges, the Group aims to become “a solution provider leading the transformation of efficient and sustainable supply chains.”

(2) Basic policies

In order to realize its envisioned goals, the Group will make maximum use of its strengths, cultivated through its trading business, and the strengths of Kanematsu Electronics Co., Ltd., now a wholly owned subsidiary. At the same time, the Group needs to pursue initiatives that are not simply an extension of its previous business approaches. The goal is to enhance value for all stakeholders of the Group as well as medium- to long-term shareholder value by steadily pursuing the following six basic policies of the Medium-Term Management Plan, “integration 1.0.”

- 1) Promotion of Groupwide management
- 2) Expansion of value proposition
- 3) Strengthening of organizational capabilities for new value creation
- 4) Strengthening human capital
- 5) Further enhancement of management functions
- 6) Enhancement of shareholder value

(3) Quantitative targets

The Group has set the following quantitative targets in the Medium-Term Management Plan, “integration 1.0,” and will work to realize the medium- to long-term enhancement of shareholder value.

	“integration 1.0” Final Year Target (the fiscal year ending March 31, 2027)	March 31, 2024
Consolidated profit for the year	¥35.0 billion	¥23.2 billion
ROE	Around 16% - 18%	16.1%
ROIC	Over 8%	6.4%
Net DER	Approximately 1.0 times	1.00 times

(Note) Consolidated profit for the year is profit for the year attributable to owners of the parent.

(4) Shareholder returns policy

The year-end dividend for the current fiscal year will be ¥45 per share as the dividend forecast announced on May 9, 2023. The annual dividend per share will be ¥90 per share, including an interim dividend of ¥45 per share already paid. As a result, the payout ratio will be 32.4%.

During the period covered by the Medium-Term Management Plan, “integration 1.0” from the fiscal year ending March 31, 2025 through the fiscal year ending March 31, 2027, the Group has introduced a minimum annual dividend of ¥90 with progressive dividends. The Group will implement a policy that includes increasing dividends in accordance with the growth of profit for the year attributable to owners of the parent, targeting a total return ratio of 30 - 35%.

(5) Forecast for the next fiscal year

In the next fiscal year, the relaxation of monetary environments worldwide is expected to support consumption leading to an economic recovery, although there is a concern that factors such as the lengthening economic stagnation in China and the rising geopolitical risks resulting from the deteriorating Middle Eastern situation might place a downward pressure on the world economy.

The Japanese economy is expected to see only a moderate recovery given the concern that the slowdown of overseas economies whose outlook is unclear will place a downward pressure, although domestic demand including inbound demand is expected to remain solid.

In this environment, the Group aims to achieve further growth by promoting integrated group management and expanding value propositions, and it forecasts profit for the year attributable to owners of the parent of ¥25.0 billion.

As for the forecast for the dividend in the next fiscal year, the basic policy is to pay stable and continuous dividends, and in accordance with the shareholder returns policy set forth in the Medium-Term Management Plan, the Company plans to pay ¥100 per share. The payout ratio is expected to be 33.4%.

*Note on earnings forecasts

The earnings forecasts and other forward-looking statements contained in this material are based on information currently available to the Company and certain assumptions that the Company considers reasonable. The Company makes no guarantees with respect to the achievement of its earnings forecasts or forward-looking statements. Actual earnings and other results may differ significantly from the forecasts due to various factors.

(6) Trend in Assets and Profit/Loss

Category	127th Term (FY2021)	128th Term (FY2022)	129th Term (FY2023)	130th Term (Fiscal year under review) (FY2024)
Revenue million yen	649,142	767,963	911,408	985,993
Profit for the year attributable to owners of the parent million yen	13,315	15,986	18,575	23,218
Basic earnings per share yen	159.44	191.42	222.38	277.90
Total assets million yen	557,495	634,456	677,588	725,347
Total equity million yen	180,492	199,282	143,423	176,000

(Notes) 1. Pursuant to Article 120, paragraph 1 of the Regulations on Corporate Accounting, the Company has been preparing its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs).

2. Basic earnings per share is calculated based on the average number of shares during the period after the shares of the Company owned by the stock issuance trust for officers are deducted.

(7) Significant Subsidiaries

Company Name	Capital (million yen)	Equity Share (%)	Major Areas of Operation
Kanematsu Electronics Ltd.	9,031	100.00	System integration of ICT equipment and services therefor
Kanematsu Communications Ltd.	1,425	100.00	Sales of mobile communications devices; mobile internet systems and services
Kanematsu Sustech Corporation	3,325	100.00	Manufacture and sales of preservative-treated wood products; ground inspection services and improvement work; installation and sales of security cameras
Kanematsu Trading Corp.	260	100.00	Sales of general steel and construction materials
Kanematsu KGK Corp.	706	100.00	Sales of machine tools and industrial machinery
Kanematsu Petroleum Corp.	1,000	100.00	Sales of petroleum products and liquid petroleum gas
Shintoa Corp.	500	100.00	Sales of pet food, grain and feedstuff, beverages for vending machines, steel and plastic products, aircraft engines, etc.
Kanematsu USA Inc.	(thousand USD) 100,000	100.00	Export/import and sales of merchandise

(8) Major Areas of Operation (as of March 31, 2024)

The Group provides a broad array of products and services in diverse fields such as electronics and devices, foods and grain, steel, materials and plant, and motor vehicles and aerospace through the organic integration of domestic and international business networks, expertise acquired in each business area, and the functions of a trading company, including commodities trading, information gathering, market exploration, business development and organization, risk management, and logistics.

(9) Major Business Locations (as of March 31, 2024)

(i) The Company's Major Offices

Japan: Kobe Head Office (Chuo-ku, Kobe)
Tokyo Head Office (Chiyoda-ku, Tokyo)
Osaka Branch (Chuo-ku, Osaka)

Overseas: Manila Branch

(ii) Major Subsidiaries' Offices

Japan: Kanematsu Electronics Ltd. (Chuo-ku, Tokyo)
Kanematsu Communications Ltd. (Shibuya-ku, Tokyo)
Kanematsu Sustech Corporation (Chuo-ku, Tokyo)
Kanematsu Trading Corp. (Chuo-ku, Tokyo)
Kanematsu KGK Corp. (Chuo-ku, Tokyo)
Kanematsu Petroleum Corp. (Chiyoda-ku, Tokyo)
Shintoa Corp. (Chiyoda-ku, Tokyo)

Overseas: Kanematsu USA Inc. (U.S.A.)

(10) Employees (as of March 31, 2024)

Business Segment	Number of Employees (persons)	Year-on-Year Change (persons)
Electronics & Devices	5,195	422
Foods, Meat & Grain	794	11
Steel, Materials & Plant	1,299	47
Motor Vehicles & Aerospace	373	10
Other	238	9
Corporate (Common)	454	(12)
Total	8,353	487

(Note) The number of employees is the number of workers.

(11) Major Lenders (as of March 31, 2024)

Lender	Loan Balance at End of Fiscal Year (million yen)
MUFG Bank, Ltd.	40,909
Mizuho Bank, Ltd.	24,928
The Norinchukin Bank	18,745
Sumitomo Mitsui Trust Bank, Limited	15,777
Aozora Bank, Ltd.	14,187

(Note) The above balance does not include the syndicated loan with MUFG Bank, Ltd. as the agent.

(12) Other Significant Matters

No items to report.

2. Items Regarding Shares of the Company (as of March 31, 2024)

- (1) **Number of Shares Authorized to Be Issued** 200,000,000 shares
- (2) **Number of Issued Shares** 84,500,202 shares
(including 265,818 shares of treasury stock)
- (3) **Number of Shareholders** 39,952
- (4) **Principal Shareholders (top 10 shareholders)**

Shareholder Name	Number of Shares Held (thousand shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	12,586	14.94
Custody Bank of Japan, Ltd. (Trust account)	5,232	6.21
SSBTC CLIENT OMNIBUS ACCOUNT	2,756	3.27
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,990	2.36
MUFG Bank, Ltd.	1,417	1.68
STATE STREET BANK AND TRUST COMPANY 505223	1,402	1.66
MSIP CLIENT SECURITIES	1,391	1.65
The Norinchukin Bank	1,249	1.48
The Bank of New York Mellon 140044	1,186	1.40
JP MORGAN CHASE BANK 385781	1,166	1.38

(Note) The shareholding ratio is calculated after the treasury stock (265,818 shares) was deducted. Treasury stock (265,818 shares) does not include the shares of the Company owned by the stock issuance trust for officers (651,500 shares).

3. Items Regarding Directors/Audit & Supervisory Board Members of the Company

(1) Directors and Audit & Supervisory Board Members (as of March 31, 2024)

Title	Name	Responsibilities in the Company and Significant Concurrent Positions
Chairman	Kaoru Tanigawa	Chief Officer, Internal Auditing Dept.
President	Yoshiya Miyabe	Chief Officer, Group Growth Strategy
Director	Tetsuro Tsutano	Chief Officer, Corporate Planning, IT Planning
Director	Shuji Masutani	Chief Officer, Finance, Accounting, Business Accounting
Director	Yuko Tahara	President and CEO, Basic Inc. Representative Director, Knowledge Management Lab Outside Director (Audit and Supervisory Committee Member), Sanyo Homes Corporation
Director	Kazuhiro Tanaka	Professor, Graduate School of Business Administration, Hitotsubashi University
Director	Hiroyuki Sasa	Outside Director, Kyosan Electric Manufacturing Co., Ltd. External Director, AMADA CO., LTD.
Audit & Supervisory Board Member (Full-time)	Motohisa Hirai	
Audit & Supervisory Board Member (Full-time)	Yoshio Tajima	
Audit & Supervisory Board Member	Yusaku Kurahashi	Attorney at law Outside Director (Audit and Supervisory Committee member), UNITED ARROWS LTD. Independent Audit and Supervisory Board Member, Nissha Co., Ltd.
Audit & Supervisory Board Member	Nobuko Inaba	Certified public accountant and certified public tax accountant Representative Director, Hayabusa Consulting Corporation Outside Audit & Supervisory Board Member, Tokyo Kiraboshi Financial Group, Inc. Outside Corporate Auditor, DeNA Co., Ltd.

(Notes) 1. Ms. Yuko Tahara, Mr. Kazuhiro Tanaka and Mr. Hiroyuki Sasa are Outside Directors as stipulated in Article 2, item 15 of the Companies Act.

2. Mr. Yusaku Kurahashi and Ms. Nobuko Inaba are Outside Audit & Supervisory Board Members as stipulated in Article 2, item 16 of the Companies Act.

3. The Audit & Supervisory Board Members' financial and accounting insight is as follows:

- Audit & Supervisory Board Member Motohisa Hirai has the experience of serving for many years in corporate management at important positions, giving him a suitable level of insight concerning finance and accounting.
- Audit & Supervisory Board Member Yoshio Tajima has the experience of serving for many years in corporate management at important positions, giving him a suitable level of insight concerning finance and accounting.
- Audit & Supervisory Board Member Nobuko Inaba is qualified as a certified public accountant and as a certified public tax accountant, giving her a suitable level of insight concerning accounting and tax affairs.

4. The Company has submitted notification to Tokyo Stock Exchange, Inc. that Outside Directors Yuko Tahara, Kazuhiro Tanaka and Hiroyuki Sasa, and Outside Audit & Supervisory Board Members Yusaku Kurahashi and Nobuko Inaba have been appointed as independent officers as provided for by the aforementioned exchange.

5. The Company adopts the executive officer system. As of April 1, 2024, the following people hold the position of Executive Officer.

Title	Name	Responsibilities in the Company
* President	Yoshiya Miyabe	Chief Officer, Group Growth Strategy
Senior Managing Executive Officer	Toshihide Motoshita	Chief Officer, Risk Management, Legal and Compliance
Senior Managing Executive Officer	Eiji Kan	Chief Officer, Steel, Materials & Plant Division, Green Transformation Committee Chair General Manager, Osaka Branch General Manager, Nagoya Branch
Managing Executive Officer	Masahiro Harada	Chief Officer, Electronics & Devices Division, Digital Transformation Committee Chair
* Senior Executive Officer	Tetsuro Tsutano	Chief Officer, Corporate Planning, IT Planning
Senior Executive Officer	Ryoichi Kidokoro	Chief Officer, Motor Vehicles & Aerospace Division General Manager, Motor Vehicles & Parts Dept. No. 2
Senior Executive Officer	Hiroshi Yamashina	Chief Officer, Human Resources and General Affairs, Traffic and Insurance
Executive Officer	Osamu Iwata	Deputy Chief Officer, Steel, Materials & Plant Division
Executive Officer	Yoichiro Muramatsu	President, Kanematsu GmbH President, Kanematsu Europe PLC
Executive Officer	Jun Nakajima	Chief Officer, Grain, Oilseeds & Feedstuff Division
Executive Officer	Toru Hashimoto	Chief Officer, Meat Products Division General Manager, Meat Products Dept. No. 2
Executive Officer	Koichi Nishimura	Chief Officer, Foods Division
Executive Officer	Akihiko Fujita	President, Kanematsu USA Inc.
Executive Officer	Kaori Kusuda	Deputy Chief Officer, Internal Auditing Dept. General Manager, Internal Auditing Dept.
* Executive Officer	Shuji Masutani	Chief Officer, Finance, Accounting, Business Accounting
Executive Officer	Akira Watanabe	Chief Officer, ICT Solution Division President & CEO, Kanematsu Electronics Ltd.

(Note) The Executive Officers marked by an asterisk (*) concurrently hold the position of Director.

(2) Summary of Details of Limited Liability Agreement

Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act, the Company has concluded an agreement with Outside Directors Yuko Tahara, Kazuhiro Tanaka and Hiroyuki Sasa, Audit & Supervisory Board Members Motohisa Hirai and Yoshio Tajima, and Outside Audit & Supervisory Board Members Yusaku Kurahashi and Nobuko Inaba, respectively, to make the limitation of liability for damages as stipulated in Article 423, paragraph 1 of the Companies Act, up to the maximum amount, which is the amount stipulated in Article 425, paragraph 1 of the said act.

(3) Summary of Details of Indemnification Agreement

The Company has entered into an indemnification agreement with Directors Kaoru Tanigawa, Yoshiya Miyabe, Tetsuro Tsutano, Shuji Masutani, Yuko Tahara, Kazuhiro Tanaka, and Hiroyuki Sasa and Audit & Supervisory Board Members Motohisa Hirai, Yoshio Tajima, Yusaku Kurahashi, and Nobuko Inaba as stipulated in Article 430-2, paragraph 1 of the Companies Act, under which the Company will cover the expenses set forth in Article 430-2, paragraph 1, item 1 of the Companies Act and the loss set forth in item 2 of the same paragraph within the extent stipulated by laws and regulations. However, in order to ensure that this indemnification agreement does not impair the proper execution of duties by corporate officers, indemnification does not cover legal expenses in excess of the amount normally required or losses incurred when corporate officers perform their duties in bad faith or through gross negligence.

(4) Summary of Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy as stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insurance policy includes the Directors, Audit & Supervisory Board Members, Executive Officers, etc. of the Company as the insureds. The insurance premiums are fully borne by the Company.

The insurance covers losses that may arise due to an insured's assumption of liability incurred in the course of the performance of duties, or receipt of claims pertaining to the pursuit of such liability. The insurance policy also provides for certain exclusions of liability, such as not cover damages caused by factors such as legal violations or personal benefits.

(5) Directors' and Audit & Supervisory Board Members' Compensation, Etc.

(i) Policy on Determining the Content of Officer Compensation, Etc.

At the Board of Directors meeting held on February 22, 2021, the Company resolved to adopt a policy for determining the content of compensation, etc. for individual Directors. Upon making the resolution, the Board consulted the Compensation Committee in advance regarding the details of the resolution to be made, and received recommendations. With respect to the compensation, etc. for individual Directors for the fiscal year under review, the Board of Directors has determined that the compensation, etc. is in line with the policy after confirming that the method of determining it and the resultant compensation, etc. are consistent with the policy and that when making decisions, recommendations from the Compensation Committee have been respected.

The details of the policy for determining the content of compensation, etc. for individual Directors are as follows.

1. Basic policy

The basic policy for compensation for Directors of the Company is to adopt a compensation system that is linked to the interests of shareholder, in order to ensure the system functions sufficiently as an incentive to sustainably enhance corporate value, while also ensuring that, when making decisions about the compensation of individual Directors, this compensation is at a level appropriate to their respective responsibilities. Specifically, compensation for executive Directors consists of basic compensation as fixed compensation, performance-linked compensation, etc. and stock compensation. Compensation for Outside Directors, who perform supervisory functions, consists of only basic compensation in light of their duties.

2. Policy on determining the amount of basic compensation for individuals

The basic compensation for Directors of the Company is a monthly fixed compensation, and is determined in accordance with their positions and responsibilities, after comprehensively taking into consideration the level of compensation at peers, the business performance of the Company, and salary levels for employees.

3. Policy on determining the content of performance-linked compensation, etc. and non-monetary compensation, etc. and the methods for calculating the amount or number of shares of such compensation

In order to enhance officers' awareness of enhancing business performance each fiscal year, performance-linked compensation, etc. is cash compensation that reflects the performance indicator (profit for the year attributable to owners of the parent). An amount calculated based on the performance indicator and its value is paid as a bonus at a certain time each year. The performance indicator to be used is determined when a Medium-Term Management Plan is formulated in a way that is consistent with the plan, and is revised as appropriate with changes in the environment, considering any recommendations from the Compensation Committee.

In order to enhance officer's awareness of contributing to the medium- to long-term enhancement of business performance and the increase in corporate value of the Company, non-monetary compensation, etc. is stock compensation that reflects the performance indicator (profit for the year attributable to owners of the parent). The number of shares to be granted is calculated in accordance with the level of achievement of performance targets set forth in the Medium-Term Management Plan and other factors, and is delivered upon retirement. The performance indicator to be used and its target value are determined when a Medium-Term Management Plan is formulated in a way that is consistent with the plan, and are revised as appropriate with changes in the environment, considering any recommendations from the Compensation Committee.

4. Policy on determining the proportion of compensation amounts of monetary compensation, performance-linked compensation, etc. and non-monetary compensation, etc. in the amount of compensation, etc. for individual Directors

The proportion of each type of compensation for executive Directors is considered by the Compensation Committee, taking into account compensation levels benchmarked against companies of a similar business scale to the Company or in a related industry or business format. The Board of Directors determines the details of compensation, etc. for individual Directors within the scope of the proportion of compensation for each type of compensation indicated in the recommendation of the Compensation Committee, while also respecting the content of this recommendation. Furthermore, in terms of general amounts for the proportion of each type of compensation, the ratio is as follows: basic compensation: performance-linked compensation, etc.: non-monetary compensation, etc. = 40% - 70%: 15% - 45%: 15% - 30%. (If the level of achievement of performance targets is 100%.)

5. Policy on determining the content of compensation, etc. for individual Directors

The Board of Directors determines the amount of basic compensation for individual Directors and the method to determine performance-linked compensation after consulting the Compensation Committee regarding a draft proposal and receiving a recommendation, while also respecting the content of this recommendation. Regarding the method of determining non-monetary compensation, etc., the Board of Directors determines the number of shares to be allocated to each individual Director based on a recommendation from the Compensation Committee.

(ii) Total Amount of Compensation, etc. for the Fiscal Year under Review

Category	Total Amount (million yen)	Total Amount of Compensation, etc. by Type (million yen)			Number of Persons
		Monetary Compensation, Etc.		Non-Monetary Compensation, Etc.	
		Basic Compensation	Performance- Linked Compensation, Etc.	Performance- Linked Stock Compensation	
Directors (excluding Outside Directors)	286	156	58	71	4
Outside Directors	31	31	–	–	3
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	58	58	–	–	3
Outside Audit & Supervisory Board Members	19	19	–	–	2
Total	395	265	58	71	12

- (Notes) 1. Regarding the amount of monetary compensation, etc. for Directors, at the 129th Ordinary General Meeting of Shareholders held on June 27, 2023, the Company obtained approval to set the maximum amount of compensation per year to ¥450 million (including ¥40 million for Outside Directors, which was approved at the 128th Ordinary General Meeting of Shareholders held on June 24, 2022). The Company had seven Directors (including three Outside Directors) at the conclusion of the 128th Ordinary General Meeting of Shareholders and seven Directors (including three Outside Directors) at the conclusion of the 129th Ordinary General Meeting of Shareholders.
2. Regarding the amount of monetary compensation, etc. for Audit & Supervisory Board Members, at the 121st Ordinary General Meeting of Shareholders held on June 24, 2015, the Company obtained approval to set the maximum amount of compensation per year to ¥84 million. The Company had four Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members) at the conclusion of the General Meeting of Shareholders.
3. Separate from the monetary compensation, etc., at the 124th Ordinary General Meeting of Shareholders held on June 22, 2018, the Company obtained approval for a trust, set up by the Company by contributing money to it, to acquire shares of the Company, and for a performance-linked stock compensation system under which shares of the Company are granted to eligible Directors (excluding Outside Directors) through the trust of an amount equivalent to the number of points that corresponds to the eligible Director's position and achievement levels, etc. with respect to performance targets. This system has been established to operate with a trust period of about six years from August 2018 to August 2024, with a maximum number of points to be granted to eligible Directors (excluding Outside Directors) of 140,000 points (where 1 point is equal to 1 share of the Company) multiplied by the number of years of the trust period. The maximum amount of money to be contributed by the Company to acquire Company shares needed to deliver to Directors has been set at ¥450 million, and the method to acquire shares of the Company has been designated as either through the stock market (including off-floor trading) or from the Company by means of the disposal of treasury stock. Directors receive the Company's shares upon their retirement, in principle.
- The Company had five Directors (excluding Outside Directors) at the conclusion of the General Meeting of Shareholders.
4. The performance indicator related to performance-linked compensation, etc. and non-monetary compensation, etc. is profit for the year attributable to owners of the parent, which was ¥23,218 million for

the fiscal year under review. The reasons for selecting this indicator is described in “(i) Policy on Determining the Content of Officer Compensation, Etc. 3. Policy on determining the content of performance-linked compensation, etc. and non-monetary compensation, etc. and the methods for calculating the amount or number of shares of such compensation.”

5. Performance-linked compensation, etc. is calculated by multiplying profit for the year attributable to owners of the parent, as shown in the Annual Securities Report, by 0.25% (or ¥0 if profit for the year attributable to owners of the parent is less than ¥5.0 billion) or ¥58,750 thousand, whichever is less.
6. The performance-linked stock compensation is subject to an evaluation period, which is the period set for the Medium-Term Management Plan (from April 1, 2018 to March 31, 2024), and the amount of the performance-linked stock compensation is equal to the aggregate of the amounts calculated using the formula provided below for each year of the aforementioned evaluation period (amounts less than one yen are rounded up). Note that the result of profit for the year attributable to owners of the parent shall be profit for the year attributable to owners of the parent shown in the Annual Securities Report in the final fiscal year of the aforementioned evaluation period.

Formula for calculating the amount of performance-linked stock compensation:

Profit for the year attributable to owners of the parent of less than ¥5.0 billion:

¥0

Profit for the year attributable to owners of the parent of ¥5.0 billion or more and less than ¥25.0 billion:

Profit for the year attributable to owners of the parent x 0.18%

Profit for the year attributable to owners of the parent of ¥25.0 billion or more and less than ¥30.0 billion:

Profit for the year attributable to owners of the parent x 0.20%

Profit for the year attributable to owners of the parent of ¥30.0 billion or more:

¥60 million

In case of death or resignation of a Director during the evaluation period, the amount of performance-linked stock compensation is calculated by substituting the evaluation period from the beginning of the Medium-Term Management Plan (or from the fiscal year including the month in which the Director became a Director if the Director newly became a Director during the period covered by the evaluation) to the fiscal year that ends immediately prior to the date of death or resignation.

7. The amount of performance-linked stock compensation (¥71 million) is the amount recorded as costs for performance-linked stock compensation in the fiscal year under review.
8. The Company had four Directors (excluding Outside Directors), three Outside Directors, two Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members), and two Outside Audit & Supervisory Board Members at the end of the fiscal year under review. The reason for the difference with the number of persons shown in the above table is the inclusion of one Audit & Supervisory Board Member who retired at the conclusion of the 129th Ordinary General Meeting of Shareholders held on June 27, 2023.

(6) Items Regarding Outside Directors/Audit & Supervisory Board Members

(i) Status of Significant Concurrent Positions of Other Companies, etc. and Relationships Between the Company and Those Companies, Etc.

- Director Yuko Tahara is the President and CEO of Basic Inc., the Representative Director of Knowledge Management Lab, and an Outside Director (Audit and Supervisory Committee Member) of Sanyo Homes Corporation. There are no special trading relationships between the Company and Basic Inc., the Company and Knowledge Management Lab, or the Company and Sanyo Homes Corporation.
- Director Kazuhiro Tanaka is a Professor of Graduate School of Business Administration, Hitotsubashi University. There are no special trading relationships between the Company and Hitotsubashi University.
- Director Hiroyuki Sasa is an Outside Director, Kyosan Electric Manufacturing Co., Ltd. and an External Director, AMADA CO., LTD. There are no special trading relationships between the Company and Kyosan Electric Manufacturing Co., Ltd. or the Company and AMADA CO., LTD.

- Audit & Supervisory Board Member Yusaku Kurahashi is an Outside Director (Audit and Supervisory Committee member) of UNITED ARROWS LTD. and an Independent Audit and Supervisory Board Member of Nissha Co., Ltd. There are no special trading relationships between the Company and UNITED ARROWS LTD. or the Company and Nissha Co., Ltd.
- Audit & Supervisory Board Member Nobuko Inaba is the Representative Director of Hayabusa Consulting Corporation, an Outside Audit & Supervisory Board Member of Tokyo Kiraboshi Financial Group, Inc., and an Outside Corporate Auditor of DeNA Co., Ltd. There are no special trading relationships between the Company and Hayabusa Consulting Corporation, the Company and Tokyo Kiraboshi Financial Group, Inc., or the Company and DeNA Co., Ltd.

(ii) Key Activities in the Fiscal Year under Review

Category	Name	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Audit & Supervisory Board	Remarks and Duties Performed regarding Roles Expected of Outside Directors
Director	Yuko Tahara	17/17	–	She provides advice on management and appropriately supervises the execution of operations based on her wealth of experience in corporate management and deep insight gained through experiences in human resources and organizational consulting businesses. In addition, as the committee chair of the Compensation Committee and a member of the Nominating Committee, she deliberates on the determination of officer compensation, etc. and the selection of candidates for officers of the Company from an objective and impartial standpoint, and provides recommendations to the Board of Directors.
	Kazuhiro Tanaka	17/17	–	He is a university professor specializing in business administration and provides advice on management and appropriately supervises the execution of operations based on his extensive expertise and deep insight regarding corporate management. In addition, as the committee chair of the Nominating Committee and a member of the Compensation Committee, he deliberates on the selection of candidates for officers of the Company and the determination of officer compensation, etc. from an objective and impartial standpoint, and provides recommendations to the Board of Directors.

Category	Name	Attendance at Meetings of the Board of Directors	Attendance at Meetings of the Audit & Supervisory Board	Remarks and Duties Performed regarding Roles Expected of Outside Directors
	Hiroyuki Sasa	17/17	–	He provides advice on management and appropriately supervises the execution of operations based on his wealth of experience and deep insight in corporate management. In addition, as a member of the Nominating Committee and the Compensation Committee, he deliberates on the selection of candidates for officers of the Company and the determination of officer compensation, etc. from an objective and impartial standpoint, and provides recommendations to the Board of Directors.
Audit & Supervisory Board Member	Yusaku Kurahashi	17/17	14/14	He properly offers necessary comments based on his specialist knowledge and experience as an attorney at law.
	Nobuko Inaba	17/17	14/14	She properly offers necessary comments based on her specialist knowledge and experience as a certified public accountant and a certified public tax accountant.

4. Status of Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Japan LLC

(Note) PricewaterhouseCoopers Aarata LLC merged with PricewaterhouseCoopers Kyoto and changed its name to PricewaterhouseCoopers Japan LLC effective December 1, 2023.

(2) Amount of Compensation, etc.

Category	Audit Fees (million yen)	Non-audit Fee (million yen)
The Company	162	0
Consolidated subsidiaries	206	–
Total	368	0

- (Notes) 1. The audit contract between the Company and the Accounting Auditor does not clearly distinguish between compensation paid for the audit conducted in accordance with the Companies Act and compensation paid for the audit conducted in accordance with the Financial Instruments and Exchange Act. Accordingly, the amount of Audit Fees includes the compensation, etc. paid for the audit conducted in accordance with the Financial Instruments and Exchange Act.
2. The amount of Non-audit Fee includes the compensation, etc. paid for agreed processing services associated with the tax declarations, etc. of overseas offices as part of tasks other than work set forth in Article 2, paragraph 1 of the Certified Public Accountants Act (non-auditing tasks).
3. After having performed the necessary verification as to the appropriateness of matters such as the content of the Accounting Auditor's audit plan, the status of performance of their duties, and the basis for the calculation of the estimated compensation for the Accounting Auditor, the Audit & Supervisory Board has consented to the amount of compensation, etc. to be paid to the Accounting Auditor.
4. Among significant subsidiaries of the Company, Kanematsu USA Inc. is audited (within the meaning of being audited as required by the Companies Act [including laws and regulations in other countries equivalent to the said law]) by audit firms (including entities possessing the qualifications in other countries equivalent to these qualifications) other than PricewaterhouseCoopers Japan LLC.

(3) Policy Regarding Dismissal or Non-reappointment of Accounting Auditor

If it is deemed that the Accounting Auditor falls within any of the items of Article 340, paragraph 1 of the Companies Act and that no improvement in the situation is expected, the Audit & Supervisory Board shall dismiss the Accounting Auditor based on the consent of all the Audit & Supervisory Board Members. Besides the foregoing, if the Accounting Auditor is deemed unable to adequately perform their duties, the Audit & Supervisory Board shall decide the details of a proposal on the dismissal or non-reappointment of the Accounting Auditor, and the Board of Directors will submit the proposal to the General Meeting of Shareholders on the basis of that decision.

5. Corporate Structure and Policies

(1) Systems for Ensuring Appropriate Business Operations and Operation Status of the System

(i) Systems for Ensuring Appropriate Business Operations

The details of the systems for ensuring appropriate business operations resolved by the Board of Directors of the Company are as follows. (Final revision made on June 24, 2022)

“Basic Policy on the Establishment of Internal Control Systems”

The Company’s “Basic Policy on the Establishment of Internal Control Systems” is set forth in accordance with Article 362, paragraph 4, item 6 of the Companies Act, and Article 100, paragraphs 1 and 3 of the Regulations for Enforcement of the Companies Act as follows.

As part of the Company’s “Corporate Principle,” the Company has set forth “Our Beliefs” as mainstay bases of management.

<Our Beliefs>

- (i) Reflecting the pioneering spirit of our predecessors, we believe that fairness and justice should guide our business dealings and the wise use of creative imagination and ingenuity will bring prosperity.
- (ii) Our purpose as a Company is not only to build a sound and flourishing business, but to fulfill our responsibilities as a corporate citizen, contributing to society and the security and well-being of all.
- (iii) As members of a corporation, we act not as individuals but as representatives of that organization and as such we are bound by Company rules and attendant loyalties and must work together with a spirit of cooperation while cultivating mutual understanding and respect for fellow members.

In addition, the Company has set forth “Kanematsu’s Code of Conduct” as guidelines for daily operations.

The respective items set forth in the Companies Act and the Regulations for Enforcement of the Companies Act are as follows.

(1) Systems for Ensuring Execution of Duties by Directors and Employees of the Company in Compliance with Laws and Regulations, and the Articles of Incorporation

- (i) In light of the importance of corporate legal compliance, the Company has set up an Internal Control and Compliance Committee to strengthen its compliance system.
- (ii) The Company has created a Compliance Handbook filled with countermeasures for specific case examples that can be read on the Company’s intranet in order to ensure full compliance awareness from the Directors down to all employees.
- (iii) The Company has introduced a hotline system for directly reporting to or consulting with the Internal Control and Compliance Committee or an outside lawyer, and it has created the Hotline Operation Rules.
- (iv) The Company works to enhance education and training to ensure not only compliance with laws and regulations but also constant attention to sensible behavioral ethics.

- (v) The Company clearly states in its Compliance Handbook that it cuts off all ties with antisocial forces, and it ensures that this position is widely known.

(2) Systems for Retention and Managing Information Concerning the Execution of Duties by Directors of the Company

- (i) The Board of Directors Rules stipulates that the minutes of the Board of Directors meetings must be held for a period of 10 years at the Company's Head Office.
- (ii) In its Detailed Rules for Document Retention, the Company has established standards for the retention and disposal of accounting records, balance sheets, agreements and contracts concerning the basic rights and obligations of the Company, certificates related to properties, and other similar documents, and retains documents according to these rules.
- (iii) The Company has established in these Detailed Rules for Document Retention, a system that enables any documents deemed necessary for the execution of Directors' duties to be read appropriately.

(3) Regulations and Other Systems for Management of the Risk of Loss of the Company

- (i) With respect to business risks that may affect the Company's operations, such as market risk, credit risk, investment risk, or country risk, the Company has designated departments responsible for each type of risk based on the Rules on Delegation of Authority, established internal regulations and detailed enforcement regulations, and prepared Operational Guidelines. It has also taken measures to ensure everyone has received necessary information through training, etc.
- (ii) The Company sets up cross-departmental committees as necessary to control risks.
- (iii) To comprehensively assess risks facing the Company, promote operational effectiveness and efficiency, and ensure the reliability of financial reporting, the Company has established the Internal Control and Compliance Committee as a groupwide organization.
- (iv) The Company has established an internal approval request system based on the Rules on Delegation of Authority to minimize business risks. The Project Deliberation Committee considers important investments and loans by comprehensively examining relevant risks.
- (v) To address the risk of crises related to the occurrence of major events, such as natural disasters, the Company has put in place a system, including specific rules and guidelines of action, to ensure the appropriate management of the Group at such extraordinary times.

(4) Systems for Ensuring that Directors of the Company Appropriately and Efficiently Execute Duties

- (i) The Company has established the Board of Directors Rules and in principle it holds regular Board of Directors meetings once per month and extraordinary Board of Directors meetings as necessary. While deciding matters stipulated by laws and regulations, or the Articles of Incorporation, management policy and other important matters, the Board of Directors, which is composed by Directors including Outside Directors, also supervises the execution of duties by the Directors. Audit & Supervisory Board Members also attend the Board of Directors meetings and state their opinions.
- (ii) The Company has adopted an executive officer system to improve the flexibility of business execution by speeding up management decision making and by further clarifying roles and

responsibilities through the separation of supervisory and executive functions. The Executive Officers, who are appointed by the Board of Directors, are in charge of the execution of company business.

- (iii) The Company has set up a Management Committee composed of Executive Officers, including the Chairman and the President, in order to realize speedier decision making and flexible management. The Committee establishes basic policies for the Company's general business execution in accordance with policies determined by the Board of Directors and provides instruction and guidance on the execution of business.
- (iv) The Company has established the Rules on Delegation of Authority, which sets forth the relationships between the allocated duties of Directors, Executive Officers and employees and the authority delegated to them, and criteria so that the corporate business activities can be carried out fairly under an organized structure.
- (v) So as to enhance debate and speed up decision making on important projects, the Company has established the Project Deliberation Committee to consider and discuss matters from a Companywide perspective and submit recommendations to the designated decision makers before the matters are decided by the decision makers set forth in the Rules on Delegation of Authority.
- (vi) The Company establishes Companywide targets by preparing a Medium-Term Management Plan for the Company's business operations that takes into account the future business environment, and, in addition, formulating an annual business plan every fiscal year. Each division formulates and executes concrete strategies for achieving these targets.
- (vii) To ensure that proper accounting records are kept and to monitor appropriate business execution, the Company has established Auditing Rules, in accordance with which the Internal Auditing Department conducts internal audits of all divisions and subsidiaries.

(5) Systems for Ensuring Appropriate Business Operations by the Company and its Subsidiaries (hereinafter, the "Group")

- (i) While respecting the autonomy of subsidiaries' management, the Company has set up a system whereby subsidiaries, in principle, obtain in advance the Company's approval based on joint discussion for the establishment of basic policies and important management matters in accordance with the Details of Delegation of Authority for Business Operations of Subsidiaries and Affiliates, provided for in the Rules on Delegation of Authority. The Company has also set up a system for affiliates whereby in principle, intra-company approval of the affiliate is obtained beforehand for important management matters that are subject to final decision by shareholders' vote at a General Meeting of Shareholders.
- (ii) The senior management of the Company and its major subsidiaries and affiliates meet several times a year and at other times as necessary to share information on management matters. These meetings are aimed at ensuring mutual understanding and a shared awareness of corporate governance issues.
- (iii) For the purpose of coordinating the Company's activities to control and manage risks with those of its subsidiaries, the Company provides guidance and suggests adjustments for the risk management activities of subsidiaries while conducting internal audits into the control and management of business risks in subsidiaries.

- (iv) The Company provides its subsidiaries with guidance on how to establish their own crisis management systems, and it makes the necessary adjustments to ensure the Group can stage a coordinated response if a crisis risk occurs.
- (v) The Company formulates a Medium-Term Management Plan and an annual business plan every fiscal year for the business operations of the Group, and it provides guidance to subsidiaries for formulating and executing concrete measures to achieve these plans.
- (vi) The Company has established a Compliance Handbook that covers the business operations of the Group and makes every effort to ensure the officers and employees of the Group become familiarized with the content. In addition, the Company has established a system whereby the Company's Internal Control and Compliance Committee controls and promotes compliance across the entire Group.

(6) Matters Concerning the Employees Who Are to Assist Audit & Supervisory Board Members of the Company

- (i) The Company ensures that a system is in place to assist in an Audit & Supervisory Board Member's performance of duties if an Audit & Supervisory Board Member requests the placement of an employee to assist in such duties.

(7) Matters Concerning the Independence of the Employees Who Are to Assist Audit & Supervisory Board Members of the Company From the Directors, and the Effectiveness of Instructions From Audit & Supervisory Board Members to Said Employees

- (i) The Company takes care to ensure that the employees who are to assist in the Audit & Supervisory Board Members' performance of duties are independent from the Directors and that Audit & Supervisory Board Members are able to effectively instruct the said employees.

(8) Systems for Reporting to Audit & Supervisory Board Members of the Company

- (i) Directors and employees must promptly report to an Audit & Supervisory Board Member with respect to any discovery of an incident where a Director is in violation of laws and regulations, or an incident that threatens to cause significant damage to the Company.
- (ii) The Directors who are in charge of the Internal Control and Compliance Committee must report to the Audit & Supervisory Board Members at least once a month concerning the circumstances of operations relating to compliance in the Group, on a case-by-case basis, about material matters.
- (iii) Directors and employees, if so requested by Audit & Supervisory Board Members, shall promptly report matters relating to business executions.
- (iv) In addition to attending the Board of Directors meetings, Audit & Supervisory Board Members shall attend the Management Committee meetings, Project Deliberation Committee meetings, Internal Control and Compliance Committee meetings, as well as any other important conference or committee meeting, and receive reports on important management matters within the Group to effectively conduct Audit & Supervisory Board Members' audits. Also, in cases when not attending such meetings, the Audit & Supervisory Board Members shall be given explanation on the agenda items of the meeting, and allowed the opportunity to read the meeting materials, such as internal circulars for managerial decision and reports, and the minutes of the meeting.

(v) Audit & Supervisory Board Members shall regularly hold Group Company Audit & Supervisory Board Member Liaison Meetings at which Group-company Audit & Supervisory Board Members attend, and facilitate information sharing among Group-company Audit & Supervisory Board Members.

(vi) It is prohibited throughout the Group to dismiss or otherwise disadvantageously treat a person making a report to the Audit & Supervisory Board Members because of the act of making the report.

(9) Other Systems for Ensuring Efficient Audits by Audit & Supervisory Board Members of the Company

(i) Audit & Supervisory Board Members are provided preliminary explanations with respect to annual plans for internal audits to be implemented by the department for internal audits, and they may state their opinions when deemed necessary. Moreover, Audit & Supervisory Board Members may be appropriately provided reports regarding the status of internal audit implementation within the Group, and may state their opinions concerning the performance of additional audits, measures to improve business operations and other such statements, when deemed necessary.

(ii) Audit & Supervisory Board Members shall ensure the Accounting Auditor's independence from the Directors and be provided preliminary reports on the Accounting Auditor's audit plan. In addition, the Audit & Supervisory Board Members' consent is one of the required steps to approve the Accounting Auditor's compensation and the non-auditing tasks requested of the Accounting Auditor.

(iii) Audit & Supervisory Board Members and the Audit & Supervisory Board shall meet regularly with the Representative Directors, and in addition to making sure of their understanding of the Representative Directors' management policy, they shall exchange opinions in regard to not only the issues to be addressed by the Company and the risks faced by the Company, but also the status of the environment that has been set up for the Audit & Supervisory Board Member's audits and the important issues concerning audits to deepen a mutual awareness and relationship of trust with the Representative Directors.

(iv) If an Audit & Supervisory Board Member requests upfront payment or reimbursement for the payment of expenses needed for executing his/her duties, the Company shall pay such expenses promptly.

(ii) Summary of Operation Status of the Systems for Ensuring Appropriate Business Operations

In accordance with the above-mentioned basic policy, the Company has set internal control systems in place. A summary of the operation status for the fiscal year under review is provided below.

- Status of Compliance and Risk Management

The President and other Executive Officers continuously made statements to employees of the Company and officers and employees of its subsidiaries about the importance of compliance and the need to establish ethics of individual employees. In addition, while using the Kanematsu Group Compliance Handbook and Harassment Handbook, continuous efforts were made to instill and enhance awareness of compliance through such means as case introductions at internal compliance trainings for officers and employees and thorough execution of immediate report upon recognition of concerns over violation of compliance.

To realize greater efficiency and effectiveness of operational controls and risk management, the Company revised its internal rules such as Corporate Rules including the Rules on Delegation of Authority as appropriate in light of changes in laws and regulations and in the external environment. As measures for operational risk management, in addition to continuing to conduct drills on suspicious e-mails to raise awareness of information security and alerts on business e-mail fraud, the Company conducted security training for employees and explained the importance of information assets owned and stored by the Company. At the same time, the Company worked to further improve information security awareness and ensure that information security is shared and thoroughly implemented within the Company.

The Internal Control and Compliance Committee was held in total two times to discuss such matters as the establishment, operation, evaluation, and improvement of internal control systems in the Company and its subsidiaries with the viewpoint of conducting a comprehensive evaluation of the risks.

In addition, the issues and information relating to the overall internal control, compliance and risk management of the Group were shared by way of holding the Affiliate Presidents Meeting, where the senior management of the Company and its major subsidiaries and affiliates gather, twice.

- Status of Performance of Duties by Directors, etc.

The Board of Directors meetings, which in principle are held monthly, were held in total 17 times. At these meetings, management policies and other important matters of the Company and the Group, such as the management principle, medium- to long-term strategy, and corporate governance were decided.

Management Committee meetings, which in principle are held twice monthly, were held in total 27 times to discuss matters relating to the leadership and guidance of business execution in accordance with the management policy established by the Board of Directors. Project Deliberation Committee meetings, which in principle are held twice monthly, were held in total 24 times to submit recommendations to the designated decision makers on important projects based on the preliminary deliberation.

The Company has a controlling division set up within the Company to manage matters relating to management of subsidiaries. This division received submissions from subsidiaries to approve important matters in advance and requested subsidiaries to provide reports regarding such matters.

The President's speech and the intranet were used at each milestone to inform and instill employees regarding the priority initiatives aimed at achieving the final year targets of the medium-term vision "*future 135*" and the active promotion of initiatives with an eye toward the further growth trajectory for the future. As specific initiatives, we identified projects for which to perform human rights risk screening in accordance with the Kanematsu Group's Human Rights Policy, evaluated the impact on human rights issues, and monitored the effectiveness of measures and initiatives for preventing human rights violations. In addition to this, we expressed our support for the Taskforce on Nature-related Financial Disclosures (TNFD). We also developed our DX business, formed business alliances with external partners to promote decarbonization, invested in related businesses, and collaborated with outside parties. In order to produce company-wide synergy with our ongoing investment in innovation aimed at achieving the promotion and expansion of other new businesses, we established a new Group Growth Strategy Office and improved our systems to create further innovation. In terms of human resource initiatives, we were selected as a 2024 Certified Health & Productivity Management Outstanding Organization following last year. We also formulated telework rules for the purpose of balancing autonomous employee workstyles with the realization of improved operation results, and continued to implement measures for promoting diversity, equity & inclusion (DE&I), to which a perspective of equity has been added.

- Status of Securing the Effectiveness of Audits by Audit & Supervisory Board Members

In conducting audits of the execution of duties by Directors, the Audit & Supervisory Board Members received reports from the Representative Directors, other Directors and Executive Officers, General Managers, and other employees as appropriate concerning the execution of business operations and the status of risk management, and attended all Board of Directors

meetings and Management Committee meetings, in addition to important meetings and committees. In addition, the Audit & Supervisory Board Members received reports from the Representative Directors of major Group companies, concerning the execution of business operations and other information, and shared information as appropriate with the Group companies' Audit & Supervisory Board Members through holding Group Company Audit & Supervisory Board Member Meetings and through individual meetings.

The Internal Auditing Department, which is a department for internal audits, conducted regular meetings with the Audit & Supervisory Board Members to explain matters pertaining to the annual plan, the status of audit implementation, and the results of internal audits, etc., including those for subsidiary audits for the purpose of coordinating the internal audits and Audit & Supervisory Board Members' audits.

In addition, the Audit & Supervisory Board Members met regularly with the Accounting Auditor to confirm the Accounting Auditor's independence from the Directors, and to evaluate the system and operation quality of the Accounting Auditor by exchanging opinions on the accounting audit's plan and status of implementation, matters that have an effect on the Company's business performance and financial position, key audit matters, and other matters.

(2) Policy Concerning Decisions on Dividends from Surplus, etc.

The Company regards providing returns to shareholders as a critical management issue. The Company's basic policy in this regard is to provide distribution of profit that is reflective of business results, while maintaining a balance between returns to shareholders and an appropriate level of internal reserves for growth investment in the future.

The Company's basic policy is to pay stable and continuous dividends, and in the Medium-Term Management Plan "integration 1.0," the Company has set its target payout ratio (total return ratio) at 30 - 35%, with the aim of paying a minimum annual dividend of ¥90 with progressive dividends.

Pursuant to the provisions in Article 459, paragraph 1 of the Company Act, it is stipulated in the Articles of Incorporation of the Company that dividends from surplus can be determined by a resolution of the Board of Directors. Likewise, the record date of the interim dividend and of the year-end dividend should be September 30 and March 31 of every fiscal year, respectively, as stipulated in the Articles of Incorporation and dividend shall be paid twice annually by a resolution of the Board of Directors, in principle.

Consolidated Financial Statements

Consolidated statement of financial position (As of March 31, 2024)

(Million yen)

Item	Amount	Item	Amount
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets	543,513	Current liabilities	414,675
Cash and cash equivalents	53,431	Trade and other payables	239,563
Trade and other receivables	287,119	Bonds and borrowings	117,043
Inventories	158,784	Lease liabilities	7,492
Other financial assets	9,988	Other financial liabilities	8,694
Other current assets	34,189	Income taxes payable	6,812
		Provisions	304
Non-current assets	181,834	Other current liabilities	34,765
Property, plant and equipment	47,190	Non-current liabilities	134,671
Goodwill	16,952	Bonds and borrowings	97,502
Intangible assets	29,621	Lease liabilities	13,721
Investments accounted for using the equity method	20,471	Other financial liabilities	3,576
Trade and other receivables	1,541	Retirement benefit liabilities	6,076
Other investments	53,019	Provisions	2,352
Other financial assets	6,978	Deferred tax liabilities	10,331
Deferred tax assets	1,893	Other non-current liabilities	1,109
Other non-current assets	4,164		
		Total liabilities	549,347
		<u>EQUITY</u>	
		Equity	
		Share capital	27,781
		Capital surplus	–
		Retained earnings	97,236
		Treasury stock	(1,238)
		Other components of equity	35,539
		Exchange differences on translation of foreign operations	14,262
		Financial assets measured at fair value through other comprehensive income	19,958
		Cash flow hedges	1,318
		Total equity attributable to owners of the Parent	159,318
		Non-controlling interests	16,681
		Total equity	176,000
Total assets	725,347	Total liabilities and equity	725,347

(Note) Figures are rounded down to the nearest million yen.

Consolidated statement of income (From April 1, 2023 to March 31, 2024)

(Million yen)

Item	Amount	
Revenue		985,993
Cost of sales		(843,435)
Gross profit		142,557
Selling, general and administrative expenses		(106,177)
Other income (expenses)		
Gain (loss) on sale or disposal of property, plant and equipment and intangible assets, net	1,781	
Other income	6,850	
Other expenses	(1,142)	7,490
Operating profit		43,870
Finance income		
Interest income	1,113	
Dividend income	1,322	
Other finance income	83	2,518
Finance costs		
Interest expenses	(6,109)	
Other finance costs	(477)	(6,586)
Share of profit (loss) of investments accounted for using the equity method		(212)
Impairment loss on equity method investments		(2,349)
Profit before tax		37,241
Income tax expense		(12,655)
Profit for the year		24,586
Profit for the year attributable to:		
Owners of the Parent		23,218
Non-controlling interests		1,367

(Note) Figures are rounded down to the nearest million yen.

Consolidated statement of changes in equity (From April 1, 2023 to March 31, 2024)

(Million yen)

	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
Balance as of March 31, 2023	27,781	–	80,543	(1,259)	8,878	11,829
Profit			23,218			
Other comprehensive income					5,384	8,112
Total comprehensive income for the year	–	–	23,218	–	5,384	8,112
Dividends			(6,893)			
Dividends paid 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 transactions		161				
Put options granted to non-controlling interests		60				
Total transactions with owners	–	(91)	(6,893)	20	–	–
Reclassification from retained earnings to capital surplus		91	(91)			
Reclassification from other components of equity to retained earnings			458			16
Balance as of March 31, 2024	27,781	–	97,236	(1,238)	14,262	19,958

	Equity attributable to owners of the Parent				Non-controlling interests	Total equity
	Other components of equity			Total equity attributable to owners of the Parent		
	Cash flow hedges	Remeasurement of defined benefit pension plans	Total other components of equity			
Balance as of March 31, 2023	752	–	21,460	128,525	14,898	143,423
Profit			–	23,218	1,367	24,586
Other comprehensive income	565	475	14,537	14,537	1,843	16,380
Total comprehensive income for the year	565	475	14,537	37,756	3,210	40,966
Dividends			–	(6,893)		(6,893)
Dividends paid 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 transactions			–	161		161
Put options granted to non-controlling interests			–	60		60
Total transactions with owners	–	–	–	(6,963)	(1,426)	(8,390)
Reclassification from retained earnings to capital surplus			–	–		–
Reclassification from other components of equity to retained earnings		(475)	(458)	–		–
Balance as of March 31, 2024	1,318	–	35,539	159,318	16,681	176,000

(Note) Figures are rounded down to the nearest million yen.

Non-consolidated Financial Statements

Non-consolidated balance sheet (As of March 31, 2024)

(Million yen)

Item	Amount	Item	Amount
<u>ASSETS</u>		<u>LIABILITIES</u>	
Current assets	222,289	Current liabilities	225,451
Cash and bank deposits	16,358	Notes payable	130
Notes receivable	2,304	Import bills payable	68,107
Accounts receivable	84,810	Accounts payable	28,066
Short-term investments	2	Current portion of bonds	5,000
Inventories	67,194	Short-term borrowings	51,469
Advance payments to suppliers	3,900	Lease obligations	111
Prepaid expenses	1,127	Other accounts payable	10,733
Short-term loans receivable	2	Accrued expenses	1,726
Short-term loans to affiliates	33,105	Accrued income taxes	183
Other accounts receivable	4,099	Advances received	5,078
Derivatives	5,582	Deposits received	51,985
Other	3,825	Deferred revenue	66
Allowance for doubtful accounts	(23)	Asset retirement obligations	49
		Derivatives	2,730
		Other	14
Long-term assets	217,657	Non-current liabilities	99,004
Tangible fixed assets	1,947	Bonds	10,000
Buildings	1,159	Long-term borrowings	83,045
Machinery and equipment	189	Lease obligations	121
Vehicles	0	Provision for employees' retirement and severance benefits	17
Tools and fixtures	373	Provision for stock benefits	563
Land	5	Asset retirement obligations	351
Lease assets	219	Deferred tax liabilities	4,769
Intangible fixed assets	868	Other	135
Software	845	Total liabilities	324,456
Other	23	<u>NET ASSETS</u>	
Investments and other assets	214,841	Shareholders' equity	103,136
Investments in securities	35,557	Common stock	27,781
Shares of affiliates	168,402	Capital surplus	26,887
Equity investments	1,387	Legal capital surplus	26,887
Equity investment in affiliates	6,117	Other capital surplus	0
Long-term loans receivable	1,257	Retained earnings	49,695
Long-term loans to employees	4	Legal retained earnings	131
Long-term loans to subsidiaries and affiliates	1,347	Other retained earnings	49,563
Doubtful accounts	206	Voluntary reserve	1,836
Long-term prepaid expenses	235	Retained earnings brought forward	47,727
Prepaid pension costs	370	Treasury stock	(1,228)
Other	1,851	Valuation and translation adjustments	12,404
Allowance for doubtful accounts	(1,896)	Net unrealized gains on securities, net of tax	11,092
Deferred assets	48	Net losses on deferred hedges, net of tax	1,311
Bond issuance costs	48		
Total assets	439,996	Total net assets	115,540
		Total liabilities and net assets	439,996

(Note) Figures are rounded down to the nearest million yen.

Non-consolidated statement of income (From April 1, 2023 to March 31, 2024)

(Million yen)

Item	Amount	
Revenue		397,709
Cost of sales		381,309
Gross profit		16,400
Selling, general and administrative expenses		16,941
Operating loss		(540)
Non-operating income		
Interest income	1,224	
Dividend income	8,640	
Foreign exchange gains	5,330	
Other	696	15,891
Non-operating expenses		
Interest expenses	4,107	
Other	593	4,701
Ordinary income		10,650
Extraordinary gains		
Gain on sale of tangible fixed assets	4	
Gain on sale of investments in securities	3	
Gain on sale of businesses	73	80
Extraordinary losses		
Loss on disposal of fixed assets	17	
Loss on sale of investments in securities	1	
Impairment loss on investments in securities	87	
Loss on liquidation of subsidiaries and associates	189	296
Income before income taxes		10,434
Income taxes - current	(171)	
Income taxes - deferred	662	491
Net income		9,943

(Note) Figures are rounded down to the nearest million yen.

Non-consolidated statement of changes in equity (From April 1, 2023 to March 31, 2024)

(Million yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings			
		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
Changes during the fiscal year								
Dividends				–			(6,949)	(6,949)
Net income				–			9,943	9,943
Acquisition of treasury stock				–				–
Disposition of treasury stock			0	0				–
Net changes of items other than shareholders' equity during the fiscal year				–				–
Total changes during the fiscal year	–	–	0	0	–	–	2,994	2,994
Balance at the end of the fiscal year	27,781	26,887	0	26,887	131	1,836	47,727	49,695

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Net unrealized gains 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	(1,248)	100,120	5,237	814	6,051	106,172
Changes during the fiscal year						
Dividends		(6,949)			–	(6,949)
Net income		9,943			–	9,943
Acquisition of treasury stock	(4)	(4)			–	(4)
Disposition of treasury stock	24	24			–	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	20	3,015	5,855	496	6,352	9,367
Balance at the end of the fiscal year	(1,228)	103,136	11,092	1,311	12,404	115,540

(Note) Figures are rounded down to the nearest million yen.

Independent Auditors' Audit Report

May 22, 2024

To the Board of Directors of
Kanematsu Corporation

PricewaterhouseCoopers Japan LLC

Designated Limited Liability Partner,
Certified Public Accountant:
Takayoshi Yano

Designated Limited Liability Partner,
Certified Public Accountant:
Masaki Nitta

Designated Limited Liability Partner,
Certified Public Accountant:
Shinya Hiraoka

Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity and the notes to the consolidated financial statements, of Kanematsu Corporation (the "Company") for the fiscal year from April 1, 2023 to March 31, 2024.

In our opinion, the consolidated financial statements referred to above were prepared in accordance with accounting standards that omit some disclosure items required under International Financial Reporting Standards pursuant to the latter part of Article 120, paragraph 1 of the Regulations on Corporate Accounting, and present fairly, in all material respects, the financial position and results of operations of the Company and its consolidated subsidiaries for the period covered by these consolidated financial statements.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "*Auditor's Responsibility for the Audit of the Consolidated Financial Statements.*" We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and we comply with other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

Other information consists of the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the performance of duties by the Directors in designing and operating the process for reporting the other information.

The other information is not subject to our opinion on the consolidated financial statements and we do not express any opinion on the other information.

Our responsibility for the audit of the consolidated financial statements is to read the other information and, in doing so, to examine whether there is any material difference between the other information and the consolidated financial statements, as well as the knowledge that we acquired during the audit process, and to pay attention to whether there is any sign of material misstatement in the other information other than such material difference. If we determine that there is material misstatement in the other information based on the work we conducted, we are required to report that fact.

We have no matters to report as to the other information.

Responsibility of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting standards that omit some disclosure items required under International Financial Reporting Standards pursuant to the latter part of Article 120, paragraph 1 of the Regulations on Corporate Accounting, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these consolidated financial statements, management is responsible for evaluating the appropriateness of preparing the consolidated financial statements on a going concern assumption, excluding the cases where management intends to liquidate or suspend the business or when there are no realistic alternatives other than the aforementioned, and disclosing matters related to a going concern when disclosure is obligatory based on accounting standards that omit some disclosure items required under International Financial Reporting Standards pursuant to the latter part of Article 120, paragraph 1 of the Regulations on Corporate Accounting.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the performance of duties by the Directors in designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

The auditor's responsibility is to obtain reasonable assurance on if the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on these consolidated financial statements from an independent position in the audit report based on the audit conducted by the auditor. Misstatement can occur due to fraud or error, and its materiality is determined by reasonably estimating whether it individually or cumulatively influences the decision-making of the users of the consolidated financial statements. The auditor conducts the following in accordance with auditing standards generally accepted in Japan and makes judgements as professional specialist throughout the auditing process, while maintaining professional skepticism.

- Identify and assess the risks of material misstatement due to fraud or error. Design and perform audit procedure that deals with the risks of material misstatement. The selection and application of the audit procedures depend on the auditor's judgment. Moreover, obtain sufficient and appropriate audit evidence to provide a basis for expressing the audit opinion.
- The purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used by management and the application methods thereof, as well as the reasonableness of accounting estimates made by management and the propriety of relevant notes.
- Conclude whether the preparation of consolidated financial statements by management under the going concern assumption is appropriate or not and, based on the audit evidence obtained, conclude if there are material uncertainties regarding events and conditions where significant doubt is cast upon the going concern assumption. When there are material uncertainties regarding the going concern assumption, the auditor is required to raise awareness concerning the notes to the consolidated financial statements in the audit report. When the notes to the consolidated financial statements regarding material uncertainties are concluded to be inappropriate, it is required that the auditor expresses a qualified opinion with exceptions on the consolidated financial statements. Although the conclusion by the auditor is based on audit evidence obtained up until the issue date of the audit report, there are possibilities where the Company may not continue as a going concern due to future events and conditions.
- Evaluate whether the presentation and the relevant notes of the consolidated financial statements are prepared in accordance with accounting standards that omit some disclosure items required under International Financial Reporting Standards pursuant to the latter part of Article 120, paragraph 1 of the Regulations on Corporate Accounting, as well as evaluate whether the presentation, structure and content of the consolidated financial statements, including the relevant notes, and the transactions and accounting events based on the consolidated financial statements are presented fairly.
- Obtain sufficient and appropriate audit evidence concerning the financial information of the Company and its subsidiaries in order to express an opinion on these consolidated financial statements. The auditor is responsible for instructing, monitoring, and performing the audit of the consolidated financial statements. The auditor is solely responsible for the audit opinion.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board on the scope and the performing period of the audit planned, important matters related to the audit including material weakness in internal control identified during the audit, and other matters required by the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board on compliance of the provisions related to professional ethics in Japan concerning independence, matters which are reasonably considered to be of influence on the independence of the auditor, and where applicable, any measures taken to eliminate hindering factors or any safeguards applied to reduce hindering factors to a tolerable level.

Conflicts of Interest

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

Independent Auditors' Audit Report

May 22, 2024

To the Board of Directors of
Kanematsu Corporation

PricewaterhouseCoopers Japan LLC

Designated Limited Liability Partner,
Certified Public Accountant:
Takayoshi Yano

Designated Limited Liability Partner,
Certified Public Accountant:
Masaki Nitta

Designated Limited Liability Partner,
Certified Public Accountant:
Shinya Hiraoka

Opinion

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, the notes to the non-consolidated financial statements, and the supplementary schedules (hereinafter the “non-consolidated financial statements and others”), of Kanematsu Corporation (the “Company”) for the 130th fiscal term from April 1, 2023 to March 31, 2024.

In our opinion, the non-consolidated financial statements and others referred to above present fairly, in all material respects, the financial position and results of operations of the Company for the period covered by these non-consolidated financial statements and others in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “*Auditor’s Responsibility for the Audit of the Non-consolidated Financial Statements and Others.*” We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and we comply with other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

Other information consists of the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the performance of duties by the Directors in designing and operating the process for reporting the other information.

The other information is not subject to our opinion on the non-consolidated financial statements and others and we do not express any opinion on the other information.

Our responsibility for the audit of the non-consolidated financial statements and others is to read the other information and, in doing so, to examine whether there is any material difference between the other information and the non-consolidated financial statements and others, as well as the knowledge that we acquired during the audit process, and to pay attention to whether there is any sign of material misstatement in the other information other than such material difference.

If we determine that there is material misstatement in the other information based on the work we conducted, we are required to report that fact.

We have no matters to report as to the other information.

Responsibility of Management, Audit & Supervisory Board Members, and the Audit & Supervisory Board for the Non-consolidated Financial Statements and Others

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and others in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements and others that are free from material misstatement, whether due to fraud or error.

In preparing these non-consolidated financial statements and others, management is responsible for evaluating the appropriateness of preparing the non-consolidated financial statements and others on a going concern assumption, and disclosing matters related to a going concern when disclosure is obligatory in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for monitoring the performance of duties by the Directors in designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements and Others

The auditor's responsibility is to obtain reasonable assurance on if the non-consolidated financial statements and others as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on these non-consolidated financial statements and others from an independent position in the audit report based on the audit conducted by the auditor. Misstatement can occur due to fraud or error, and its materiality is determined by reasonably estimating whether it individually or cumulatively influences the decision-making of the users of the non-consolidated financial statements and others.

The auditor conducts the following in accordance with auditing standards generally accepted in Japan and makes judgements as professional specialist throughout the auditing process, while maintaining professional skepticism.

- Identify and assess the risks of material misstatement due to fraud or error. Design and perform audit procedure that deals with the risks of material misstatement. The selection and application of the audit procedures depend on the auditor's judgment. Moreover, obtain sufficient and appropriate audit evidence to provide a basis for expressing the audit opinion.
- The purpose of the audit of the non-consolidated financial statements and others is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments, the auditor considers internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used by management and the application methods thereof, as well as the reasonableness of accounting estimates made by management and the propriety of relevant notes.
- Conclude whether the preparation of the non-consolidated financial statements and others by management under the going concern assumption is appropriate or not and, based on the audit evidence obtained, conclude if there are material uncertainties regarding events and conditions where significant doubt is cast upon the going concern assumption. When there are material uncertainties regarding the going concern assumption, the auditor is required to raise awareness concerning the notes to the non-consolidated financial statements and others in the audit report. When the notes to the non-consolidated financial statements and others regarding material uncertainties are concluded to be inappropriate, it is required that the auditor expresses a qualified opinion with exceptions on the non-consolidated financial statements and others. Although the conclusion by the auditor is based on audit evidence obtained up until the issue date of the audit report, there are possibilities where the Company may not continue as a going concern due to future events and conditions.
- Evaluate whether the presentation and the relevant notes of the non-consolidated financial statements and others are prepared in accordance with accounting principles generally accepted in Japan, as well as evaluate whether the presentation, structure and content of the non-consolidated financial statements and others, including its relevant notes, and the transactions and accounting events based on the non-consolidated financial statements and others are presented fairly.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board on the scope and the performing period of the audit planned, important matters related to the audit including material weakness in internal control identified during the audit, and other matters required by the auditing standards.

The auditor reports to Audit & Supervisory Board Members and the Audit & Supervisory Board on compliance of the provisions related to professional ethics in Japan concerning independence, matters which are reasonably considered to be of influence on the independence of the auditor, and where applicable, any measures taken to eliminate hindering factors or any safeguards applied to reduce hindering factors to a tolerable level.

Conflicts of Interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

Audit Report

The Audit & Supervisory Board, hereby reports as follows regarding the performance of duties by the Directors of Kanematsu Corporation (the “Company”) during its 130th fiscal term, from April 1, 2023 to March 31, 2024. This Audit Report was prepared based on reports prepared by each Audit & Supervisory Board Member, and as a result of subsequent deliberations.

1. Method of the audits by the individual Audit & Supervisory Board Members and the Audit & Supervisory Board; content of audits
 - (1) In addition to receiving reports on the progress in and results of audits by the individual Audit & Supervisory Board Members, based on the Audit & Supervisory Board’s policies and audit plans for the current fiscal term, the Audit & Supervisory Board also received reports from the Directors and the Accounting Auditor regarding the performance of its duties, and requested explanations from it as necessary.
 - (2) In accordance with the auditing standards set forth by the Audit & Supervisory Board, and in compliance with the policies and audit plans for the current fiscal term, each of the Audit & Supervisory Board Members worked to communicate with the Directors, the Internal Auditing Department, and other employees in collecting information and establishing an appropriate audit environment, and audits were implemented as follows:
 - (i) Audit & Supervisory Board Members participated in meetings of the Board of Directors and other key meetings, received reports from the Directors and other employees regarding the performance of their duties, and when necessary, requested explanations of those reports. Audit & Supervisory Board Members also reviewed key decision documents, and conducted surveys of the operations and assets of both the head office and major local offices. Regarding subsidiaries, Audit & Supervisory Board Members worked to communicate with those subsidiaries’ Directors, Audit & Supervisory Board Members and other parties and received business reports from subsidiaries as necessary.
 - (ii) As for the details of the resolution of the Board of Directors related to the establishment of the systems as indicated in the Business Report to ensure that the execution of the duties of Directors conform to laws and regulations and the Articles of Incorporation, and the systems necessary to ensure appropriate operations of corporations and their subsidiaries as stipulated in Article 100, paragraphs 1 and 3 of the Regulations for Enforcement of the Companies Act, and the condition of the systems put in place in accordance with the aforesaid resolution (internal control system), we received periodical reporting from the Directors and other employees, sought explanations as necessary, and provided our recommendations.
 - (iii) While also monitoring and reviewing the audit of the Accounting Auditor to ensure it maintained an independent position and conducted its audits fairly, Audit & Supervisory Board Members received reports from them regarding the performance of its duties, and when necessary, asked for further explanation regarding those reports. Audit & Supervisory Board Members also received notice from the Accounting Auditor in accordance with “the system for ensuring appropriate execution of its duties” (as enumerated in each item of Article 131 of the Regulations on Corporate Accounting) in compliance with the “Quality Control Standards Relating to Auditing” (adopted by the Business Accounting Deliberations Council), and, where necessary, Audit & Supervisory Board Members requested further explanation regarding that notice.

Based on the above methods, Audit & Supervisory Board Members proceeded to review the Business Report and supplementary schedules, the Non-consolidated Financial Statements (consist of the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, and the notes to the non-consolidated financial statements) with supplementary schedules, and the Consolidated Financial Statements (consist of the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements) for the fiscal year under review.

2. Audit Results

(1) Results of Audit of Business Report, etc.

- (i) The Audit & Supervisory Board confirms that the Business Report and supplementary schedules conformed to laws and regulations, and the Articles of Incorporation, and that they accurately present the situation of the Company.
- (ii) With respect to the performance of duties by Directors, the Audit & Supervisory Board found no improper acts or important violation of laws and regulations or the Articles of Incorporation.
- (iii) The Audit & Supervisory Board confirms that decisions by the Board of Directors regarding the Company's internal control systems to be fair and adequate, and found no areas that require mention regarding the description of the internal control systems in the Business Report and the performance of duties by Directors.

(2) Results of Audit of Non-consolidated Financial Statements and Supplementary Schedules The Audit & Supervisory Board confirms that the methods used and results achieved by the Accounting Auditor, PricewaterhouseCoopers Japan LLC, to be fair and adequate.

(3) Results of Audit of Consolidated Financial Statements The Audit & Supervisory Board confirms that the methods used and results achieved by the Accounting Auditor, PricewaterhouseCoopers Japan LLC, to be fair and adequate.

May 23, 2024

Audit & Supervisory Board
Kanematsu Corporation

Motohisa Hirai
Audit & Supervisory Board Member (Full-time)

Yoshio Tajima
Audit & Supervisory Board Member (Full-time)

Yusaku Kurahashi
Outside Audit & Supervisory Board Member

Nobuko Inaba
Outside Audit & Supervisory Board Member