

Business Report for the 109th Fiscal Year

From April 1, 2021 to March 31, 2022



To Our Shareholders

Please let us take this opportunity to thank all of our shareholders for the invaluable understanding and support you have extended to us.

I am pleased to report the overview of business of KAMEI CORPORATION (the “Company”) for its 109th fiscal year (from April 1, 2021 to March 31, 2022).

June 2022



Fumiya Kamei

President and CEO

Corporate Slogan

Supporting daily lives, enabling brighter futures

Corporate Philosophy

As a general trading company with strong local community ties, we constantly strive to support people in their daily lives as we ourselves develop and grow.

Overview of Business

Business progress and results of the Kamei Group

During the fiscal year ended March 31, 2022, the global economy showed signs of recovery owing to the progress in vaccination against COVID-19, but the situation remained difficult as new variants of the virus caused a re-spread of infection. The economic outlook remains uncertain due to soaring prices of natural resources caused by the situation in Ukraine and other factors.

Amid the prolonged effects of the COVID-19, the Japanese economy also faced difficulties including the re-spread of the infection caused by the new variants and soaring crude oil prices.

In this environment, the Kamei Group strove to maintain a stable supply of products and continued provision of services while placing the highest priority on ensuring the safety of our customers and employees and preventing the spread of the COVID-19, despite the restrictions placed on our business activities due to COVID-19.

In addition, in order to enhance the Kamei Group's overall capabilities, strengthen its management foundation, and achieve sustainable growth for the future, the Kamei Group has been actively working to explore opportunities with new customers and expand its business domain through mergers and acquisitions. As part of its effort, the Group now includes Eastern Green Marketing Pte. Ltd. and Alamanda Singapore Pte. Ltd. (importers and wholesalers of fruits and vegetables in the Republic of Singapore), Daiei Trading Co., Inc. (an importer and wholesaler of Japanese food products in the U.S.), and Tachibana ADM Co., Ltd. (a wholesaler of civil engineering materials), in order to strengthen our overseas/trade business, as well as construction business. Furthermore, in order to respond to changes in the environment, it promoted reforms in organization, finance, logistics, and other areas to improve efficiency in corporate management.

As a result, net sales reached ¥482,557 million (119.1% compared to the previous fiscal year), mainly owing to higher petroleum product prices resulting from soaring crude oil prices and growth in overseas/trade business and construction business; operating profit was ¥12,648 million (109.9% compared to the previous fiscal year), due to growth in overseas/trade business and food business; and ordinary profit was ¥14,725 million (113.5% compared to the previous fiscal year). Profit attributable to owners of parent was ¥8,514 million (108.5% compared to the previous fiscal year), mainly due to the absence of an extraordinary income on the exchange of shares in an affiliate company, which was recorded in the previous fiscal year.

With respect to the year-end dividend for the 109th fiscal year, the Company has decided to pay ¥18.50 per common share, which is ¥1 higher than for the previous fiscal year, after taking into account comprehensively the business performance for the fiscal year ended March 31, 2022, and the future business environment. Accordingly, including the interim dividend of ¥17.50 per share, the annual dividend stands at ¥36 per share.

	Consolidated net sales (million yen)	Consolidated operating profit (million yen)
109th term	482,557	12,648
108th term	405,332	11,504
107th term	453,844	10,399

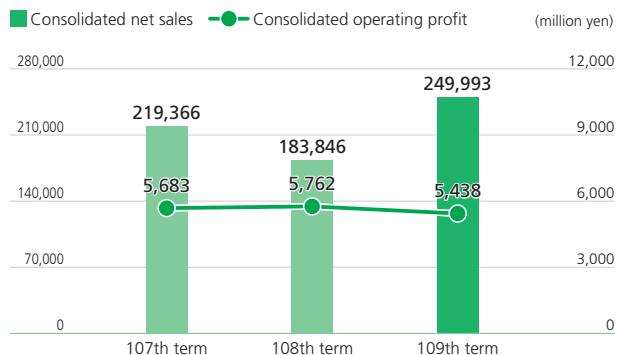
Overview of Business

Energy business



In the petroleum-related activities in this business segment, the sales at gas stations focused on enhancing our service as a whole including sales of tires, maintenance, and car washing/coating, while taking care to prevent the spread of COVID-19. Efforts were also made to strengthen our competitiveness through store renovations and the opening of new car coating specialty shops. For the sales to corporate customers, such as those of industrial fuels, we strongly promoted sales activities to explore new opportunities, deepened our relationship with existing customers and made value propositions for various products, amid the difficult business environment of soaring prices of petroleum products and a structural decline in demand for petroleum products.

In the LP gas business, sales to restaurants were difficult due to a decline in the demand for eating out caused by the COVID-19 pandemic, but efforts were made to expand sales by acquiring new customers, and acquiring new business areas through M&A.

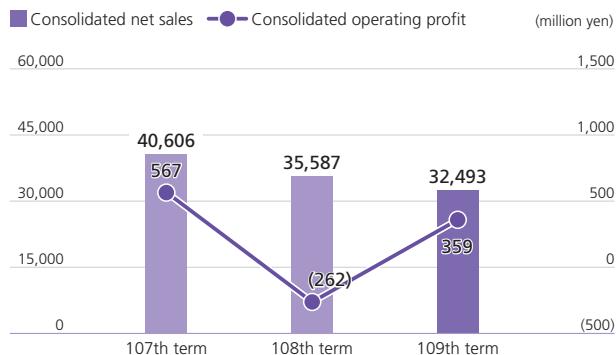


Food business



For the food products in this business segment, sales of processed livestock products to supermarkets and other mass merchandisers increased. Sales of raw materials for high-class confectioneries also grew and remained strong owing to efforts to explore new opportunities and deepen our relationship with existing customers.

The alcoholic beverages category faced somewhat difficult situations with the demand declining due to restrictions imposed on restaurants for the provision of alcoholic beverages, despite our efforts to boost sales of differentiated products such as locally brewed sake and to expand the product lineup of imported wine.

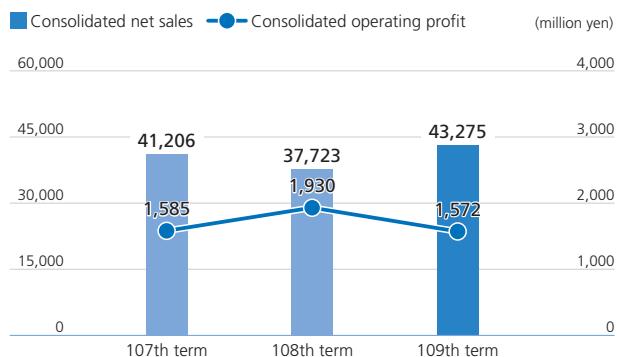


Construction business



The construction materials business in this business segment saw its operating profit decreased due to lower profit margins caused by higher steel prices and other factors, although there was an increase in large-scale steel frame construction projects and mega-solar power generation trestle construction projects. In addition, we acquired a civil engineering materials wholesale company through M&A to promote the expansion of our construction business.

In the housing construction business, we promoted sales activities with value propositions for housing equipment and facilities to home builders and contractors, as well as to explore new opportunities and deepen our relationship with existing customers.



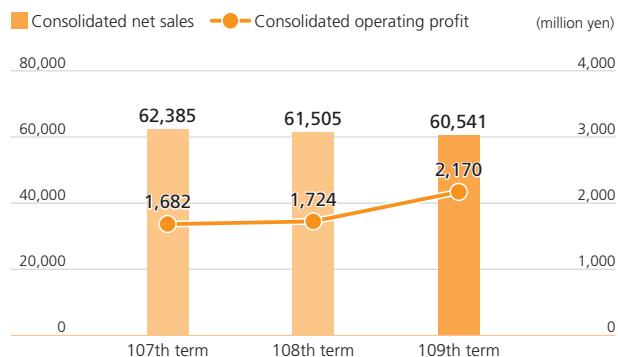
Automotive business



The business of domestically produced vehicles in this business segment faced a difficult situation, with its sales volume declining due to production cutbacks caused by semiconductor supply shortages and other factors, although efforts were made to strengthen our capabilities for sales to corporate customers amid improving consumer sentiment.

Import car sales remained favorable with an increase in sales volume due to an improvement in consumer sentiment and efforts to expand sales of new vehicles.

Car rental business performed well owing to our efforts to explore new opportunities and deepen our relationship with existing corporate customers, as well as an increase in demand from business and leisure sectors compared to the previous fiscal year.



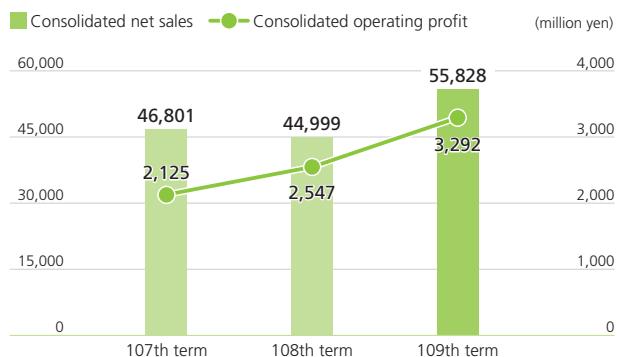
Overview of Business

Overseas/trade business

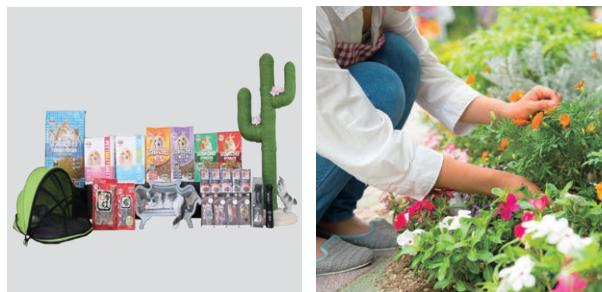


Overseas business in this business segment performed well due to factors such as sales growth in Japan-based supermarkets operating in the U.S., driven by the demand for items consumed at home under the COVID-19 lockdowns. We acquired importers/wholesalers of fruits and vegetables in Singapore and an importer/wholesaler of Japanese foods in the U.S., both through M&A, to promote the expansion of our overseas business.

As for the trade business, exports of automotive electrical components to Asia and of Japanese foodstuffs to the U.S. increased due to the resumption of economic activity and recovery in demand, while sales of foreign brand shoes and other products grew and remained strong.

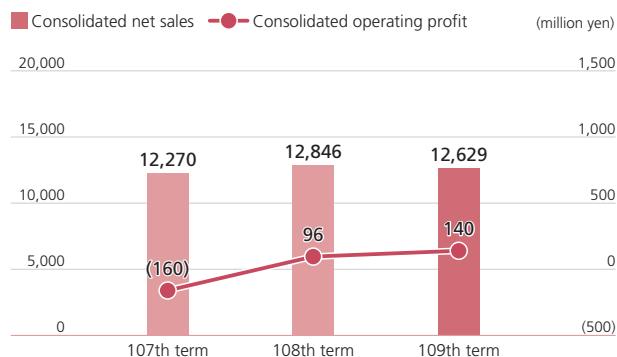


Pet business



The pet food and pet care products in this business segment strove to promote the development of its own-brand products and to expand such sales channels as DIY and home improvement stores, but conditions were somewhat difficult due to intensifying sales competition.

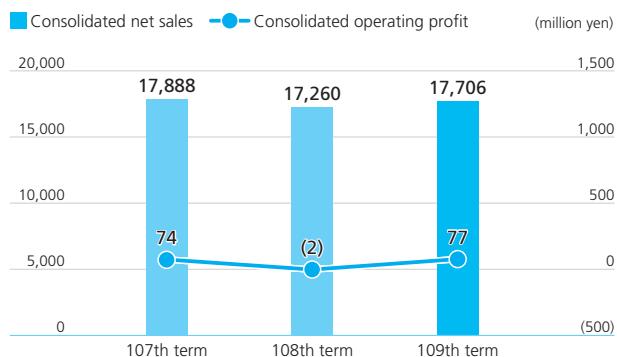
The gardening supplies sector enjoyed favorable sales, with a steady sales of household gardening materials due to the restraint on non-essential outings, and owing to expanding sales of our own-brand herbicides and fertilizers and promotional activities to explore new opportunities and deepen our relationship with existing customers.



Pharmacy business



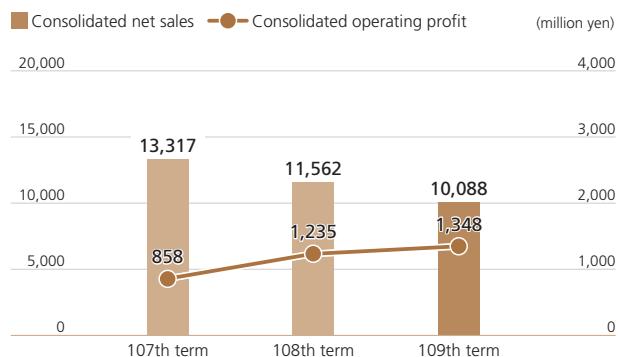
In this business segment, the number of prescriptions increased and remained steady owing to the store network expansion through new store openings and efforts to become the “family pharmacist/ pharmacy” of choice for local residents.



Other businesses



In other businesses, which include sales of office equipment, leasing, transportation, and insurance agency services, efforts were made to acquire new customers and to step up sales activities with value propositions.



Overview of Business

Challenges facing the Kamei Group

The environment surrounding the Kamei Group is expected to remain uncertain due to the trend of crude oil prices and intensifying competition caused by declining domestic demand, as well as the re-spread of COVID-19 and the situation in Ukraine.

In the mainstay energy business, there are concerns about the impact of the structural decline in demand for petroleum products. In addition, competition for customers has become even more fierce among companies from different industries that break traditional barriers to market entry, the examples of which include the full deregulation of electricity and city gas retailing and entry into the renewable energy business.

Furthermore, since a high percentage of our business is conducted in Japan, it is an important issue to respond to the medium- to long-term decline in demand due to the declining population, falling birthrate, and aging society.

Under these circumstances, the Kamei Group is committed to aggressively promoting the exploration of opportunities with new customers, developing new products and businesses, and carrying out M&As to expand our business foundation and strengthen our domestic and overseas networks, and further enhance our corporate value, aiming to realize our medium- to long-term management strategy for sustainable growth in the future.

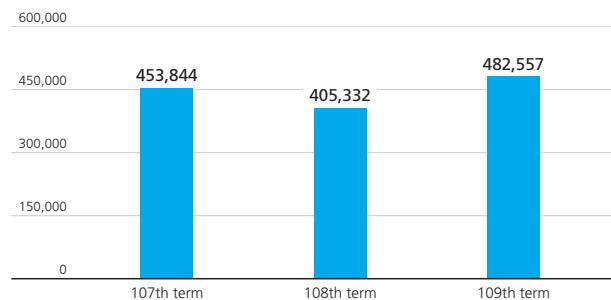
In order to respond to changes in the environment, we will carry out continuous reforms in organization, finance, logistics, and other business areas to further improve overall management efficiency and to further enhance our business performance.

We ask our shareholders for your continued support in the future.

Trends in Business Performance

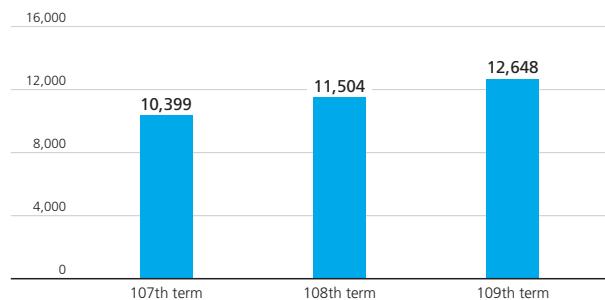
Net sales

(million yen)



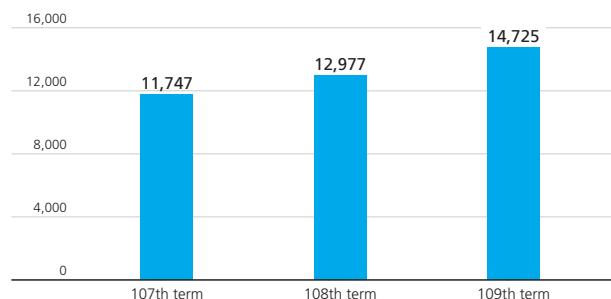
Operating profit

(million yen)



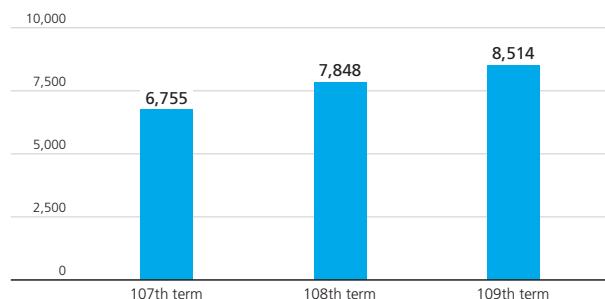
Ordinary profit

(million yen)



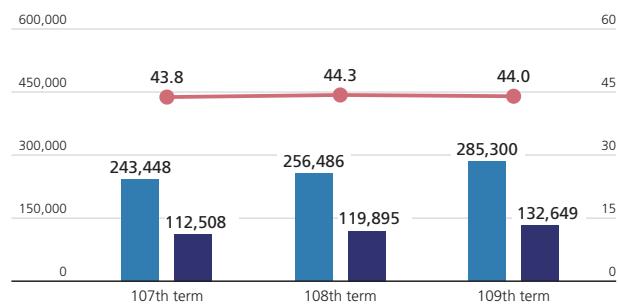
Profit attributable to owners of parent

(million yen)



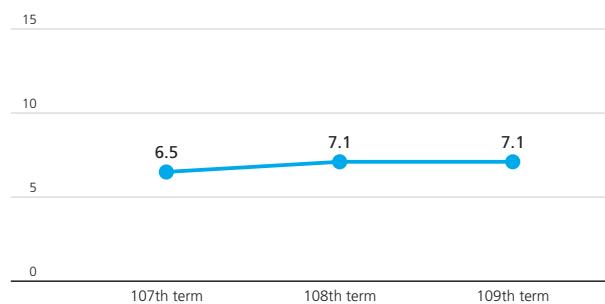
Total assets, net assets, equity-to-asset ratio

(million yen)



Return on equity (ROE)

(%)



Consolidated Financial Statements

Consolidated balance sheet (summary)

(million yen)

Account	As of March 31, 2022	As of March 31, 2021	Account	As of March 31, 2022	As of March 31, 2021
(Assets)			(Liabilities)		
Current assets	170,996	156,253	Current liabilities	126,824	109,724
Cash and deposits	39,804	43,495	Notes and accounts payable - trade	56,189	40,061
Notes and accounts receivable - trade	–	71,002	Short-term borrowings	47,357	42,210
Notes and accounts receivable - trade, and contract assets	90,575	–	Provision for bonuses	1,751	1,615
Merchandise and finished goods	21,332	18,800	Other	21,525	25,837
Other	19,498	23,179	Non-current liabilities	25,827	26,866
Allowance for doubtful accounts	(213)	(224)	Long-term borrowings	6,835	12,292
Non-current assets	114,303	100,233	Retirement benefit liability	2,356	2,288
Property, plant and equipment	80,173	71,913	Asset retirement obligations	1,215	1,150
Buildings and structures	23,290	20,856	Other	15,420	11,134
Land	34,364	30,821	Total liabilities	152,651	136,590
Other	22,519	20,234	(Net assets)		
Intangible assets	8,679	4,540	Shareholders' equity	120,350	111,054
Investments and other assets	25,450	23,780	Share capital	8,132	8,132
Total assets	285,300	256,486	Capital surplus	7,248	7,248
			Retained earnings	109,197	99,901
			Treasury shares	(4,227)	(4,227)
			Accumulated other comprehensive income	5,111	2,576
			Non-controlling interests	7,187	6,264
			Total net assets	132,649	119,895
			Total liabilities and net assets	285,300	256,486

Consolidated statement of income (summary)

(million yen)

Account	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021
Net sales	482,557	405,332
Cost of sales	409,502	334,628
Financial revenue	864	–
Gross profit	73,919	70,703
Reversal of unrealized income on installment sales	–	4,700
Provision of unrealized income on installment sales	–	5,168
Gross profit - net	73,919	70,235
Selling, general and administrative expenses	61,271	58,731
Operating profit	12,648	11,504
Non-operating income	2,944	2,183
Non-operating expenses	867	710
Ordinary profit	14,725	12,977
Extraordinary income	217	762
Extraordinary losses	1,276	771
Profit before income taxes	13,667	12,968
Income taxes - current	5,219	4,634
Income taxes - deferred	(411)	73
Profit	8,859	8,259
Profit attributable to non-controlling interests	345	411
Profit attributable to owners of parent	8,514	7,848

Consolidated statement of cash flows (summary)

(million yen)

Account	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021
Net cash provided by (used in) operating activities	18,364	21,256
Net cash provided by (used in) investing activities	(17,839)	(10,842)
Net cash provided by (used in) financing activities	(4,530)	(3,331)
Effect of exchange rate change on cash and cash equivalents	1,076	(512)
Net increase (decrease) in cash and cash equivalents	(2,928)	6,570
Cash and cash equivalents at beginning of period	41,812	35,241
Cash and cash equivalents at end of period	38,883	41,812

About the Company

Company profile (as of March 31, 2022)

Trade name in Japanese	カメイ株式会社
Name in English	KAMEI CORPORATION
Address of the head office	3-1-18 Kokubuncho, Aoba-ku, Sendai, Miyagi, Japan
Established	December 29, 1932
Capitalized at	¥8,132 million
Number of consolidated companies	Consolidated subsidiaries: 50 Entities accounted for using equity method: 4
Net sales	(period ended March 31, 2022) Consolidated: ¥482,557 million Non-consolidated: ¥320,522 million
Number of employees	Consolidated: 5,579 Non-consolidated: 2,092
Kamei Group	Domestic: 53 companies, Overseas: 26 companies

Executives and Managing Officers (as of June 29, 2022)

Representative Director, President and CEO	Fumiyuki Kamei
Representative Director, Vice President	Akio Kamei
Senior Executive Director	Jinichi Abe
Executive Director	Atsushi Sato
Director, Senior Advisor	Junichi Kamei
Outside Director	Masafumi Omachi
Outside Director	Seichi Mitsui
Standing Audit & Supervisory Board Member	Masayuki Sasaki
Outside Audit & Supervisory Board Member	Tadao Goto
Outside Audit & Supervisory Board Member	Hiroyasu Sayama
Executive Managing Officer	Seietsu Sato
Executive Managing Officer	Toru Aihara
Managing Officer	Naoki Washiashi
Managing Officer	Heiji Torii
Managing Officer	Satoshi Sato
Managing Officer	Satoshi Yamada
Managing Officer	Hiroshi Kikuchi
Managing Officer	Tetsuya Aizawa

Domestic network (as of April 1, 2022)

Branch offices	24
Regional offices	1
Representative offices	46
Gas stations	289 (Directly managed: 82, Dealers: 207)
Oil depots	34
Gas terminals	15
Automobile LPG stations	5
Food distribution centers	2
Pharmacies	106 (Directly managed: 55, Affiliated: 51)
Green Mart supermarkets	1

Shares of the Company (as of March 31, 2022)

Total number of authorized shares	87,281,000
Total number of the issued shares	37,591,969
Number of shareholders	3,444

Status of major shareholders (as of March 31, 2022)

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,203	9.53
Kamei Kosan Ltd.	3,000	8.93
Fumiyuki Kamei	2,507	7.46
Kamei Fudosan Corporation	2,443	7.27
BBH FOR FIDELITY PURITAN TR: FIDELITY SR INTRINSIC OPPORTUNITIES FUND	2,150	6.40
Kamei Memorial Foundation	1,650	4.91
Custody Bank of Japan, Ltd. (Trust Account)	1,323	3.94
Shogo Kamei	1,014	3.02
Green Wood Ltd.	1,000	2.98
MUFG Bank, Ltd.	689	2.05

Notes: 1. The Company holds 3,991,368 treasury shares, which are excluded from the above list of major shareholders.

2. Shareholding ratio is calculated after deduction of treasury shares.

Overview of the Group

Energy business

Tohoku Gas Corporation
Tochigi LPG Co., Ltd.
Pacific Co., Ltd.
Shinshirakawa LPG Supply Center Co., Ltd.
Saito Gas Co., Ltd.

Food business

Higuchi Beikoku Co., Ltd.
Ikemitsu Enterprises Co., Ltd.
Wing Ace Corporation
Vintners Inc.
Agri Corporation
Sun-Eight Trading Co., Ltd.
Kodama Co., Ltd.
Angelina Co., Ltd.

Pet business

Oshimaono Shoji Co., Ltd.
Pet&i Co., Ltd.
Tomson Corporation

Construction business

Kamei Engineering Co., Ltd.
Tachibana ADM Co., Ltd.
Tachibana Material Co., Ltd.
Oumi Kikou Co., Ltd.

Pharmacy business

Endo Pharmacy Co., Ltd.
Marron Co., Ltd.
Mito Pharmacy Co., Ltd.
Aim Co., Ltd.
MCS Co., Ltd.
Kamei Pharmacy Tohoku Co., Ltd.
Oasih's Co., Ltd.

Other businesses

Kamei Physical Distribution Services Co., Ltd.
Kamei Shoji Corporation
Mitsumoto Shoji Co., Ltd.
Miyagi Television Broadcasting Co., Ltd.
Miyagi Television Service Co., Ltd.
Fuji Oil Service Co., Ltd.
Shiogama Petroleum Disaster Prevention Co., Ltd.
Fitness Promotion Co., Ltd.
Chronos Medical Devices, Inc.
Next Sendai Co., Ltd.
Persol Tempstaff Kamei Corporation
141 Co., Ltd.
Ishinomaki Port Petroleum Distribution Assoc.

Automotive business

Sendai Toyopet Co., Ltd.
Yamagata Toyopet Co., Ltd.
Kamei Auto Corporation
Kamei Auto Hokkaido Corporation
Orix Rent-A-Car Kamei Co., Ltd.
Toyota Sendai Rental & Leasing Co., Ltd.
Senzan Technocraft Co., Ltd.
James Sendai Co., Ltd.

Overseas/trade business

Kamei Proact Corporation
Sanko Progress Mabis Corporation
KC Central Trading Co., Ltd.
Saint Plaza Co., Ltd.
Navaho Sports Co., Ltd.

Overseas affiliates

Kamei North America Co., Ltd.
Mitsuwa Corporation
YNJ, LLC
Daiei Trading Co., Inc.
Daiei Trading-Chicago-Co., Inc.
Central Boeki U.S.A., Ltd.
Central Boeki Calif., Ltd.
Katagiri & Co., Inc.
Santouka Kamei Canada Foods Ltd.
Kamei Singapore Pte. Ltd.
Imei (Exim) Pte. Ltd.
Lee Huat Yap Kee Pte. Ltd.
LHYK Marine Pte. Ltd.
Translub Marine Pte. Ltd.
Lee Huat Yap Kee & Co. Pte. Ltd.
Kamei Energy Singapore Pte. Ltd.
Eastern Green Marketing Pte. Ltd.
Alamanda Singapore Pte. Ltd.
Santouka Kamei Singapore Pte. Ltd.
Kamei Vietnam Joint Stock Company
Phu & Em Trading Service Co., Ltd.
Dai Minh Service And Trading Co., Ltd.
Bao Chau International Distribution Co., Ltd.
Qingdao Saint Sports Co., Ltd.
Sanko Mabis (Beijing) Corporation
Tachibana Material Taiwan Co., Ltd.

(as of March 31, 2022)



Notice of acquiring shares of Daiei Trading Co., Inc.

On December 1, 2021, Daiei Trading Co., Inc. and Daiei Trading-Chicago-Co., Inc., importers and wholesalers of the Japanese food products in the U.S. (hereinafter collectively referred to as the “Daiei Group”) joined the Kamei Group.

As leading importers and wholesalers of the Japanese food products in the U.S.

The Daiei Group is one of the leading Japanese food importers and wholesalers in the U.S. Founder Yoshio Takeda established the Daiei Group in 1970 as a supplier of food products to Japanese restaurants, and soon after began the Japanese food import and wholesale business.

Since its establishment, it has built a strong relationship of trust with its customers and established a solid foundation in the local market by selecting products that meet their needs, developing its own brand, and continuing to provide attentive service.

Toward further expansion of Japanese food business in North America

As the Daiei Group now is a part of the Kamei Group, we will strengthen our Japanese food wholesale network in North America and further expand our Japanese food wholesale and retail business, as well as expand our food segment and overseas/trade segment business through the synergy created by the collaboration with our Group’s trade and food businesses.



Daiei Trading Co., Inc.

Address:

14-50 128th Street, College
Point, NY, USA 11356

Representative:

Yoshio Takeda, President and CEO

Established: April 17, 1970

Capitalized at: US\$50,000

Daiei Trading-Chicago-Co., Inc.

Address:

360 Randy Road, Carol Stream,
IL, USA 60188

Representative:

Yoshio Takeda, President and CEO

Established: August 6, 1991

Capitalized at: US\$610,000

Notice of acquiring shares of Tachibana ADM Co., Ltd.

On February 17, 2022, Tachibana ADM Co., Ltd. joined the Kamei Group as its entire shares were acquired by the Company, resulting in the acquisition of the group of civil engineering companies led by Tachibana Material Co., Ltd., a subsidiary of Tachibana ADM Co., Ltd. (hereinafter collectively referred to as the “Tachibana Group”).

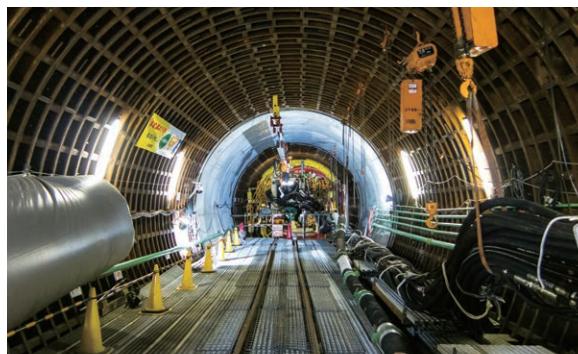
Supporting social infrastructure development through civil engineering materials

The Tachibana Group operates nationwide, mainly in the Kansai and Kanto regions, and is engaged in the wholesaling of civil engineering materials (bentonite, cement, chemicals, etc.) used mainly in pile foundation work for large-scale buildings, ground improvement work, and tunnel excavation work, as well as the manufacture and sales of civil engineering construction machinery.

It has also built a solid position and trust in the field of civil engineering materials, owing to its strengths in on-site responsiveness based on years of experience and product development capabilities that leverage its in-house development capabilities.

Toward further expansion of construction business

With the Tachibana Group now being a part of the Kamei Group, we will strengthen our civil engineering business and further expand our construction business.



■ Tachibana ADM Co., Ltd.

Address:

5-157-1, Hattorikotobukicho, Toyonaka-shi, Osaka, Japan

Representative: Hiroaki Ishii, President and CEO

Description of business:

Management of companies in the Tachibana Group

Capitalized at: ¥4,500 thousand

The companies in the Tachibana Group

■ Tachibana Material Co., Ltd.

(wholesale of civil engineering materials)

■ Oumi Kikou Co., Ltd.

(manufacture and sales of civil engineering construction machinery)

■ Taiwan Tachibana Materials Co., Ltd.

(wholesale of civil engineering materials in Taiwan)

Information for shareholders

Fiscal year	From April 1 of each year to March 31 of the following year
Annual general meeting of shareholders	June of each year
Record date for year-end dividends	March 31 of each year
Record date for interim dividends	September 30 of each year
Shareholder register administrator	Mitsubishi UFJ Trust and Banking Corporation
Account management institution for special account	1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan
Contact information for the account management institution	Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation 1-1, Nikkocho, Fuchu-shi, Tokyo, Japan Telephone: 0120-232-711 (toll free) <Postal address> P.O. Box 29, Shin-Tokyo Post Office, postal code: 137-8081 Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation
Listed stock exchange	Tokyo Stock Exchange
Number of shares per share unit	100
Method of public notice	Electronic public notice However, if the Company is unable to give electronic public notice because of an accident or any other unavoidable reason, public notice of the Company may be given in the Nihon Keizai Shimbun newspaper.

Information about the administration of shares

1. Shares recorded in accounts at securities companies, etc.

In principle, shareholder's address changes, requests for the purchase of shares less than one unit, and other related procedures should be handled by the account management institution (a securities company or other financial institution) where the shareholder has opened an account. Please contact the securities company or other financial institution with which you opened your account. Please note that the shareholder register administrator (Mitsubishi UFJ Trust and Banking Corporation) does not handle these matters.

2. Shares recorded in a special account

For the procedures regarding shares recorded in a special account, please contact the above-mentioned account management institution, which is Mitsubishi UFJ Trust and Banking Corporation. The procedures are also handled by the branch offices in Japan of Mitsubishi UFJ Trust and Banking Corporation.

3. Payment of unclaimed dividends

Payment of unclaimed dividends can be requested at the head office or one of the branch offices of Mitsubishi UFJ Trust and Banking Corporation.