

Interim Business Report for the 110th Fiscal Year

From April 1, 2022 to September 30, 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 the first six months of the 110th fiscal year (from April 1, 2022 to September 30, 2022).

December 2022



Fumiyuki 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 first six months of the current fiscal year, the outlook for the global economy remained uncertain due to soaring prices of natural resources caused by the situation in Ukraine and the impact of monetary tightening policies mainly in the U.S. and Europe.

The Japanese economy also faced difficult conditions due to soaring crude oil prices and the rapid depreciation of the yen, which were caused by the situation in Ukraine and other factors.

In this environment, the Kamei Group endeavored to ensure a stable supply of products by taking measures to prevent the spread of COVID-19 infections, giving the safety and security of customers and employees the first priority.

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. 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 ¥245,495 million (up 21.0% from the same period of 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 due to the M&A in the previous fiscal year and other activities; operating profit was ¥6,771 million (up 41.8% from the same period of the previous fiscal year); and ordinary profit was ¥7,504 million (up 38.0% from the same period of the previous fiscal year). Profit attributable to owners of parent was ¥4,870 million (up 48.0% from the same period of the previous fiscal year).

The interim dividend for the 110th fiscal year is ¥18.50 per common share of the Company, as originally proposed.

(million yen)

	Consolidated net sales for the first six months	Consolidated operating profit for the first six months
110th term	245,495	6,771
109th term	202,914	4,775
108th term	173,024	3,505

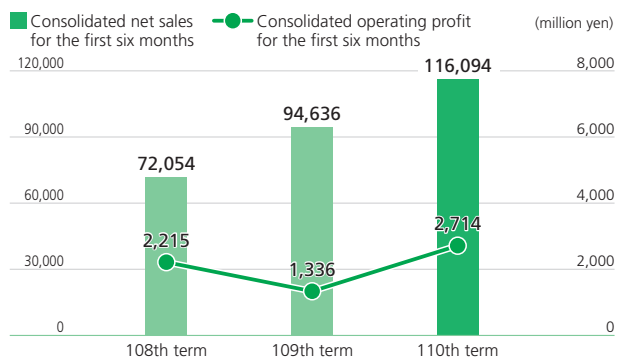
Overview of Business

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 in order to satisfy our customers' needs, and endeavored to win businesses with new customers. 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 increased owing to the recovery in demand for eating out. Efforts were also made to expand sales by acquiring new customers, and acquiring new business areas through M&A.

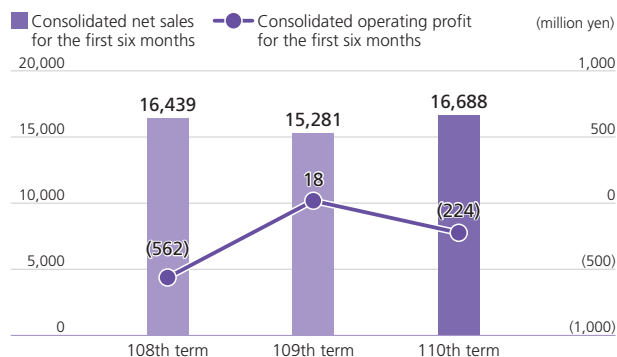


Food business



The food products category in this business segment experienced difficult situations where sales volume declined due to soaring raw material prices, higher logistics costs and other factors, despite a recovery in demand for eating out.

The alcoholic beverages category faced somewhat difficult situations due to such factors as increasing purchase prices with the depreciation of the yen, although the sales volume increased due to our efforts to boost sales of differentiated products such as locally brewed sake, to expand the product lineup of imported wine, and to explore new opportunities and deepen our relationship with existing customers.

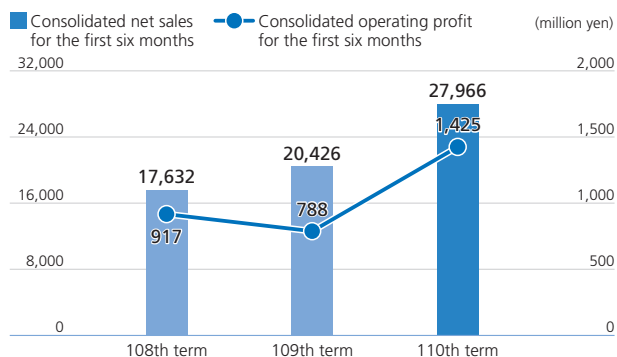


Construction business



The construction business in this business segment performed well, driven by an increase in steel frame construction and mega-solar power generation projects, the acquisition of a civil engineering materials wholesale company through M&A in the previous fiscal year, and other factors.

The housing construction business also performed well owing to our sales promotion activities with value propositions for housing equipment and facilities to home builders and contractors, as well as exploring new opportunities and deepening our relationship with existing customers.



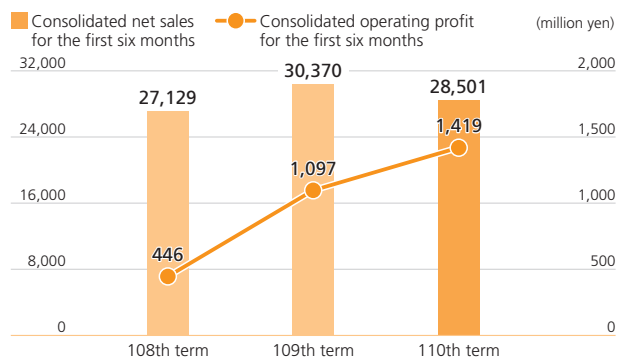
Automotive business



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.

Sales of imported cars also remained sluggish due to a decline in sales volume mainly caused by delays in the arrival of new cars due to production cutbacks.

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.



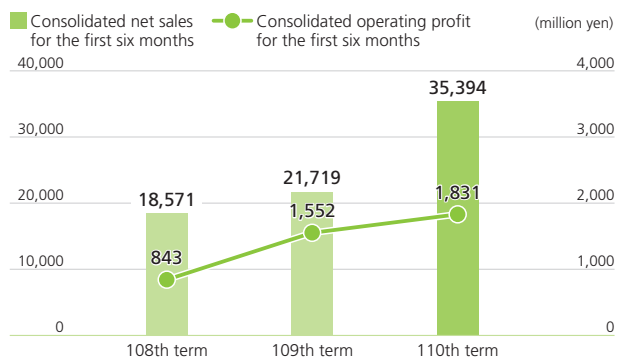
Overview of Business

Overseas/trade business



Overseas business in this business segment performed well owing to such factors as sales growth in Japan-based supermarkets operating in the U.S. by enhancing the lineup of cooked foods, and the acquisition of importers/wholesalers of fruits and vegetables in Singapore and an importer/wholesaler of Japanese foods in the U.S. both through M&A in the previous fiscal year.

Trade business remained favorable, with exports of Japanese foodstuffs to the U.S. and of bearing products to China, etc. increasing mainly due to the resumption of economic activity and recovery in demand, while sales of foreign brand shoes and other products grew.

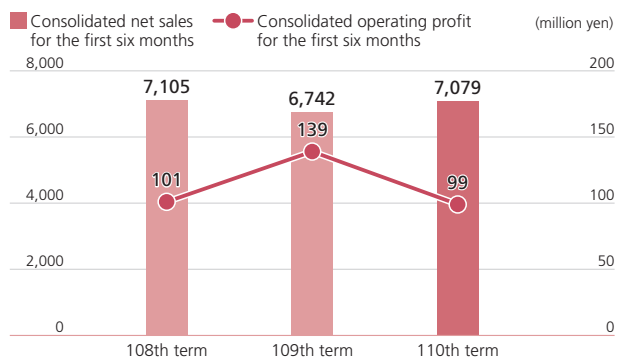


Pet business



The pet food and pet care products in this business segment remained favorable, with our efforts to promote the development of its own-brand products and to expand such sales channels as DIY and home improvement stores.

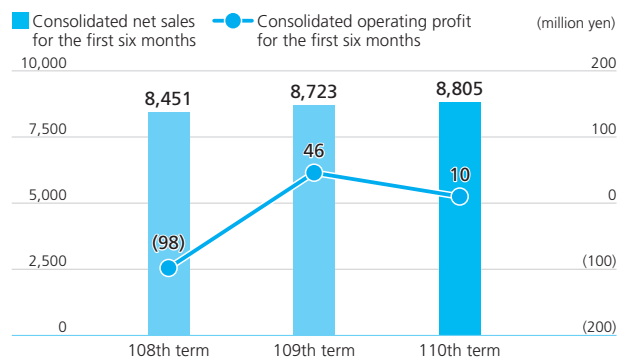
The gardening supplies sector faced somewhat difficult situations with the sales volume declining due to such factors as international supply constraints caused by the COVID-19 pandemic, despite our promotional activities to explore new opportunities and deepen our relationship with existing customers.



Pharmacy business



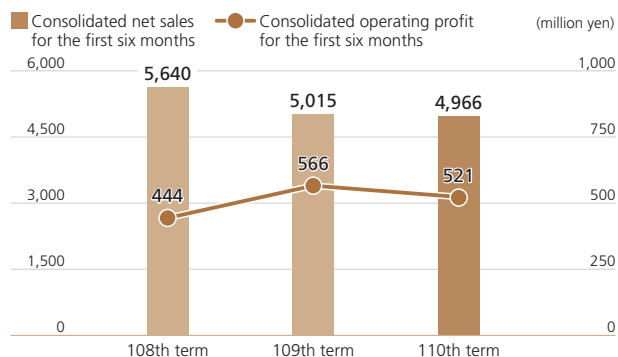
This business segment faced somewhat difficult situations due to such factors as an increase in selling, general and administrative expenses with the new opening of sales outlets, although the number of prescriptions increased mainly owing to the store network expansion through new store openings and efforts to become the “family pharmacist/pharmacy” of choice for local residents.



Other businesses

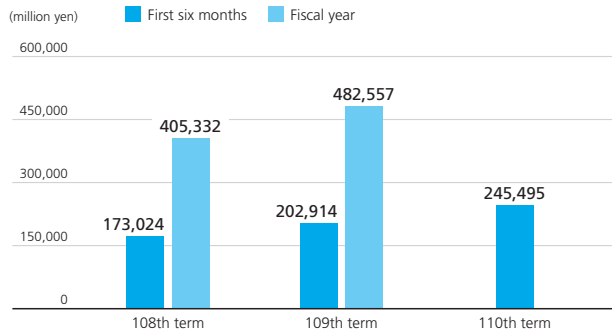


In other businesses, which include sales of office equipment, leasing, transportation, and insurance agency services, efforts were made to acquire new customers and to step up sales activities with value propositions.

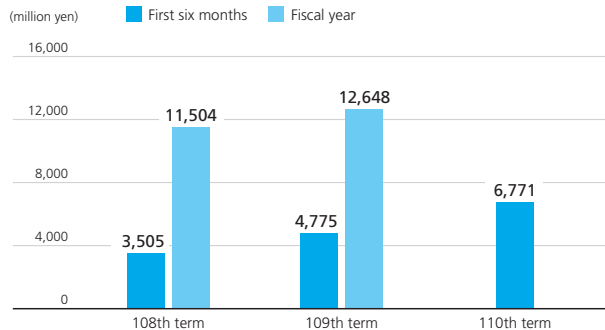


Trends in Business Performance

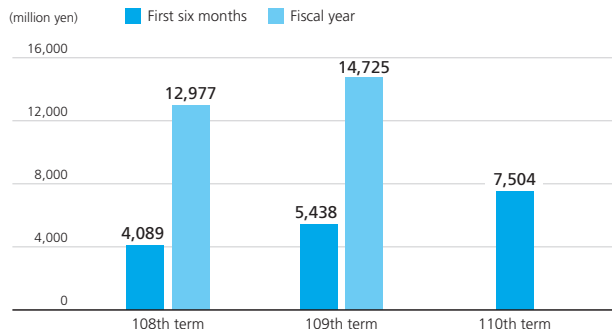
Net sales



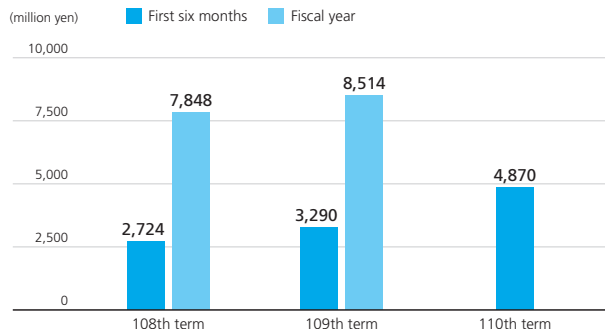
Operating profit



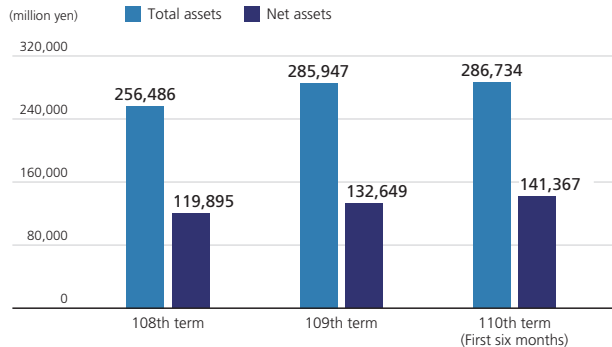
Ordinary profit



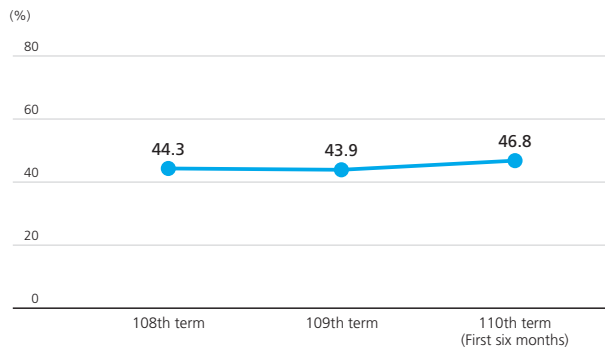
Profit attributable to owners of parent



Total assets and net assets



Equity-to-asset ratio



Consolidated Financial Statements

Quarterly consolidated balance sheet (summary)

(million yen)

Account	As of September 30, 2022	As of March 31, 2022
(Assets)		
Current assets	168,910	170,996
Non-current assets	117,824	114,951
Property, plant and equipment	83,496	80,514
Intangible assets	9,139	8,985
Investments and other assets	25,187	25,450
Total assets	286,734	285,947
(Liabilities)		
Current liabilities	115,312	126,824
Non-current liabilities	30,055	26,474
Total liabilities	145,367	153,298
(Net assets)		
Shareholders' equity	124,598	120,350
Share capital	8,132	8,132
Capital surplus	7,248	7,248
Retained earnings	113,445	109,197
Treasury shares	(4,228)	(4,227)
Accumulated other comprehensive income	9,467	5,111
Non-controlling interests	7,300	7,187
Total net assets	141,367	132,649
Total liabilities and net assets	286,734	285,947

Quarterly consolidated statement of income (summary)

(million yen)

Account	Six months ended September 30, 2022	Six months ended September 30, 2021
Net sales	245,495	202,914
Cost of sales	206,224	169,444
Financial revenue	428	423
Gross profit	39,699	33,894
Selling, general and administrative expenses	32,928	29,119
Operating profit	6,771	4,775
Non-operating income	1,145	1,277
Non-operating expenses	412	613
Ordinary profit	7,504	5,438
Extraordinary income	173	38
Extraordinary losses	111	247
Profit before income taxes	7,565	5,230
Income taxes	2,487	1,756
Profit	5,077	3,474
Profit attributable to non-controlling interests	207	183
Profit attributable to owners of parent	4,870	3,290

Quarterly consolidated statement of cash flows (summary)

(million yen)

Account	Six months ended September 30, 2022	Six months ended September 30, 2021
Net cash provided by (used in) operating activities	8,493	7,864
Net cash provided by (used in) investing activities	(4,767)	(8,350)
Net cash provided by (used in) financing activities	(1,035)	(1,086)
Effect of exchange rate change on cash and cash equivalents	2,374	663
Net increase (decrease) in cash and cash equivalents	5,065	(909)
Cash and cash equivalents at beginning of period	38,883	41,812
Cash and cash equivalents at end of period	43,949	40,903

About the Company (as of September 30, 2022)

Company profile

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	(As of March 31, 2022) Consolidated: 5,579 Non-consolidated: 2,092
Kamei Group	Domestic: 53 companies, Overseas: 26 companies

Executives and Managing Officers

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	Seiichi 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

Shares of the Company

Total number of authorized shares	87,281,000
Total number of the issued shares	37,591,969
Number of shareholders	3,725

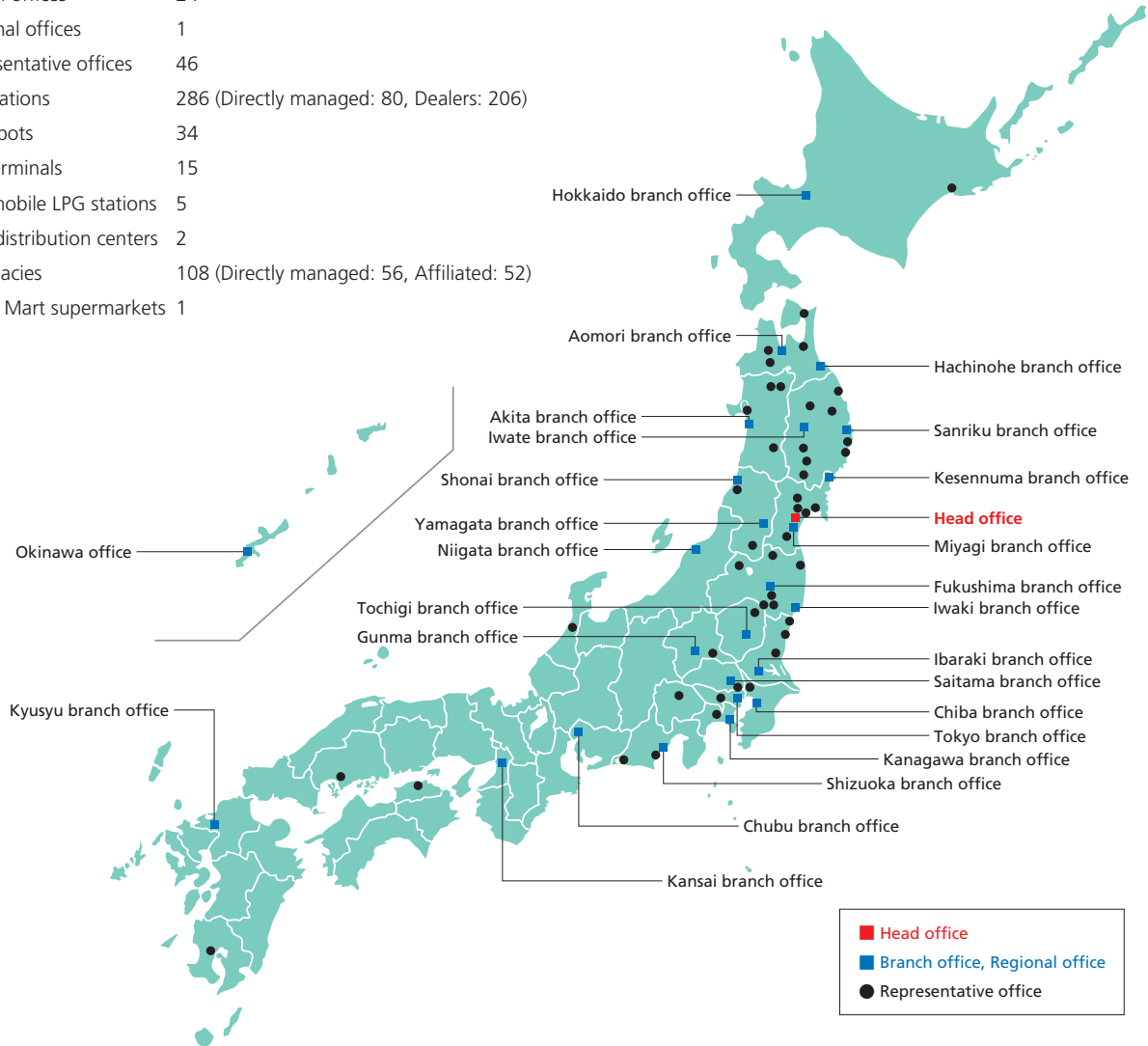
Status of major shareholders

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,066	9.13
Kamei Kosan Ltd.	3,000	8.93
Fumiyuki Kamei	2,507	7.46
Kamei Fudosan Corporation	2,443	7.27
Kamei Memorial Foundation	1,650	4.91
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	1,639	4.88
Custody Bank of Japan, Ltd. (Trust Account)	1,289	3.84
Shogo Kamei	1,014	3.02
Green Wood Ltd.	1,000	2.98
MUFG Bank, Ltd.	689	2.05

Notes: 1. The Company holds 3,991,518 treasury shares, which are excluded from the above list of major shareholders.
2. Shareholding ratio is calculated after deduction of treasury shares.

Domestic network

Branch offices	24
Regional offices	1
Representative offices	46
Gas stations	286 (Directly managed: 80, Dealers: 206)
Oil depots	34
Gas terminals	15
Automobile LPG stations	5
Food distribution centers	2
Pharmacies	108 (Directly managed: 56, Affiliated: 52)
Green Mart supermarkets	1



Group Network

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

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.

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.

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.

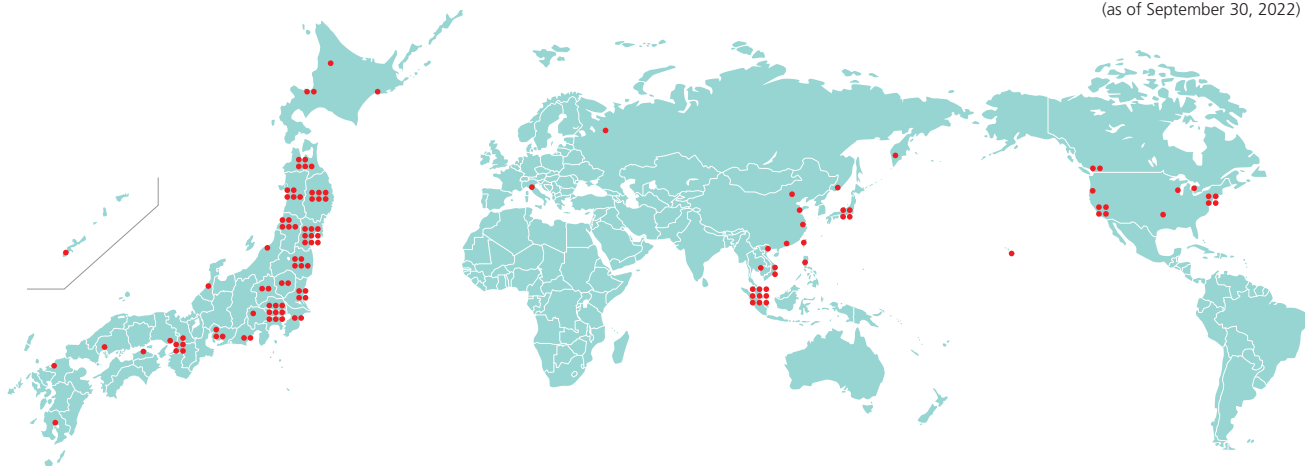
Overseas/trade business

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.
Mitsuiwa 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.
Translubl 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 September 30, 2022)



Group Company

Mitsuwa Corporation: Operating one of the largest Japanese supermarket chains in the U.S.

Mitsuwa Corporation (“Mitsuwa”), a Kamei Group company, operates Mitsuwa Marketplace, one of the largest Japanese supermarket chains in the United States.

Operating 11 Japanese supermarkets in the U.S.

Mitsuwa operates seven stores in California, and one each in Chicago, New Jersey, Texas and Hawaii in the U.S. They offer a wide variety of Japanese foodstuffs, sushi, boxed lunches, prepared foods, sundries, home appliances, cosmetics and more.

In the United States, where more and more people are interested in Japanese food, we will continue to offer our choicest Japanese foodstuffs so that our customers can enjoy the authentic “taste of Japan.”

Toward further expansion of overseas/trade business

The expansion of the overseas/trade business is a key policy of the Kamei Group, and the Company is committed to creating synergy effects by joining forces with domestic and overseas group companies to accelerate the expansion of its overseas/trade business.



Torrance Del Amo store



Hawaii Waikiki store

Mitsuwa Corporation

Address: 1815 W. 213th Street,
Suite 235. Torrance,
CA, USA 90501

URL <https://www.mitsuwa.com>

Store locations of Mitsuwa Marketplace



Topics

Notice of Sendai Toyopet Co., Ltd. reopening its Head Office Showroom with a new look

On June 1, 2022, Sendai Toyopet Co., Ltd., a Kamei Group company, reopened its Head Office Showroom located in Miyagino-ku, Sendai with a new look.

A relaxing showroom with a sense of nature

Located along National Route 45 in Miyagino-ku, Sendai, the Head Office Showroom on the first floor of the Sendai Toyopet Head Office reopened with its new look. The round, open-plan structure spreads more than 200 degrees to the left and right, providing a relaxing space filled with the warmth of wood and greenery. It also provides a barrier-free environment by eliminating steps at the entrance and installing a multi-purpose restroom so that anyone feels comfortable using the facility.

The store offers a large selection of both new and used vehicles. We will continue to be committed to providing services that satisfy everyone and proposing the ideal car that best meets your needs.



Head Office Showroom

2-8-1, Nigatake, Miyagino-ku, Sendai
TEL: 022-232-1116

Sendai Toyopet Co., Ltd.

Address: 2-8-1, Nigatake, Miyagino-ku, Sendai
TEL 022-232-1111
URL <https://www.p-sendai.co.jp/>

Places of business:
21 stores in Miyagi prefecture
Lexus Miyagino
Lexus CPO Ishinomaki



Sun-Eight Trading Co., Ltd. holds a competition to commemorate the 70th anniversary of BABBI since its establishment

Sun-Eight Trading Co., Ltd., a Kamei Group trading company specializing in confectionery raw materials, serves as the sole and general distributor for importing professional-use products of BABBI, a long-established Italian brand known for its pistachio paste. It held “The First BABBI Gran Premio Pistachio” as an event to celebrate the 70th anniversary of BABBI since its establishment.

With the theme of “Daily Little Pleasures”

The BABBI Gran Premio Pistachio is a competition in which participants compete for the best *entremet* (fresh pastry) that brings out the charm of pistachios, under the theme of BABBI’s philosophy, “*Piccoli Piaceri Quotidiani*” (Daily Little Pleasures). Patisseries from patisseries and famous hotels across the country participated, with 126 entries.

On Monday, September 12, 2022, the winner of the competition was announced at an award ceremony held at BABBI 70th Anniversary Ceremony (venue: Grand Hyatt Tokyo), and Yuka Abe from the luxury pastry store “à tes souhaits!” in Tokyo won the first prize.

BABBI

Established in 1952 in Cesena, Italy, this Italian brand boasts high level of skills and rich sensibilities in the production of wafers, chocolate, and gelato ingredients. It has maintained its prestigious flavor, which has been passed down for more than 70 years since its establishment.

Sun-Eight Trading Co., Ltd.

A trading company established in 1979, specializing in luxury confectionery raw materials, mainly for Western confectioneries. It offers a selection of the world’s choicest products, including BABBI nut pastes and KAOKA organic and fair trade chocolates. It also develops original products using these ingredients and delivers them to confectioners, bakeries, patisseries, hotels, and other customers.

In Japan, Regalino Co., Ltd. operates the retail business of BABBI wafers, chocolate confectionery and gelato. Sun-Eight Trading Co., Ltd. is engaged in the sales of confectionery raw materials for professional use.



The prize-winning entry, “Ulysses”



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.