

Business Report for the 110th Fiscal Year

From April 1, 2022 to March 31, 2023



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 110th fiscal year (from April 1, 2022 to March 31, 2023).

June 2023



Fumiyuki Kamei

Representative Director,
Chairman and CEO



Akio Kamei

Representative Director,
President

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, 2023, 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 global monetary tightening.

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 aggressively worked on the development of new products and businesses and strongly promoted proposal-based marketing of various products in order to accurately respond to the diverse needs of our customers.

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 actively worked 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 ¥551,245 million (up 14.2% from 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 ¥15,619 million (up 23.5% from the previous fiscal year); and ordinary profit was ¥16,668 million (up 13.2% from the previous fiscal year). Profit attributable to owners of parent was ¥8,562 million (up 0.6% from the previous fiscal year) mainly due to impairment losses on goodwill.

With respect to the year-end dividend for the 110th fiscal year, the Company has decided to pay ¥22 per share, including an ordinary dividend of ¥20, which is ¥1.50 higher than for the previous fiscal year, and addition of a commemorative dividend of ¥2 in commemoration of the 120th anniversary of our founding, after taking into account comprehensively the business performance for the fiscal year ended March 31, 2023, and the future business environment.

Accordingly, including the interim dividend of ¥18.50 per share, the annual dividend stands at ¥40.50 per share.

	Consolidated net sales (million yen)	Consolidated operating profit (million yen)
110th term	551,245	15,619
109th term	482,557	12,648
108th term	405,332	11,504

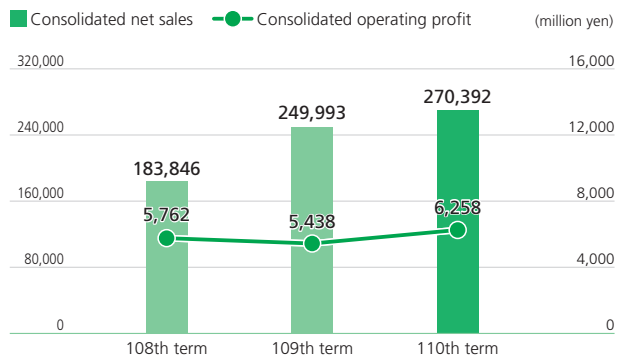
Overview of Business

Energy business



In the petroleum-related activities in this business segment, we started sales of “SUSTEO”, a next-generation biodiesel fuel that contributes to CO₂ emission reduction, for the first time in the Tohoku region. 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. Efforts were also made to strengthen our competitiveness through 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, in addition to efforts to acquire new customers and acquire new business areas through M&A, we worked to expand sales of environmental products such as hybrid water heaters.

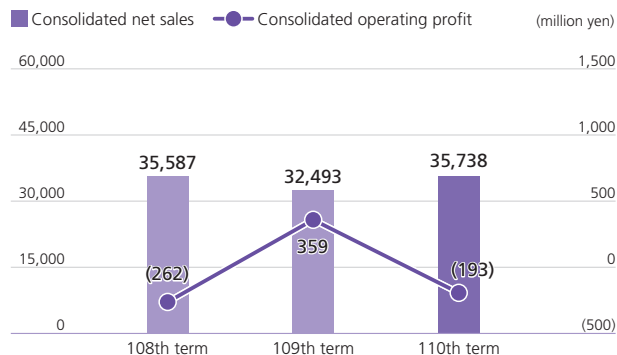


Food business



The food products category in this business segment experienced difficult situations mainly due to lower profit margins caused by soaring raw material prices and higher logistics costs, 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.

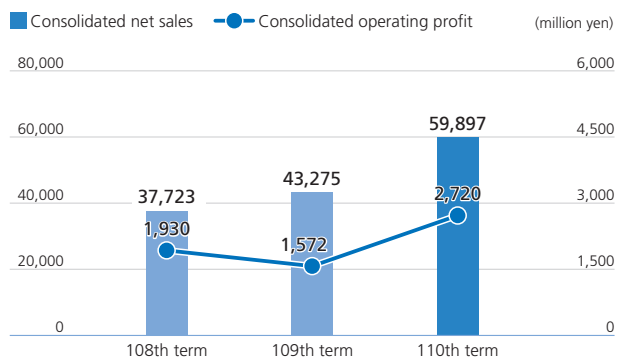


Construction business



The construction business in this business segment performed well, driven by an increase in steel frame construction, 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.



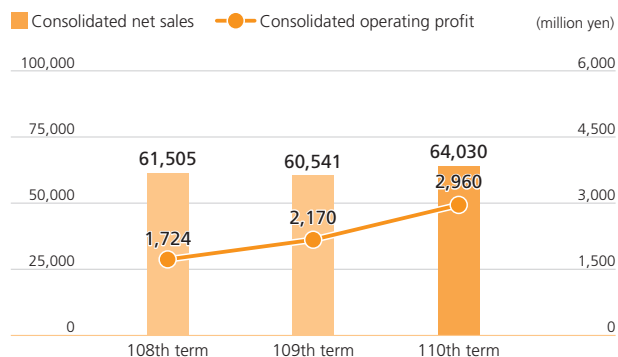
Automotive business



The business of domestically produced vehicles in this business segment performed well, as production volume recovered due to the easing of semiconductor supply shortages, and sales volume increased due to efforts to strengthen our capabilities for sales to corporate customers.

Sales of imported cars faced a difficult situation 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 favorably 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.



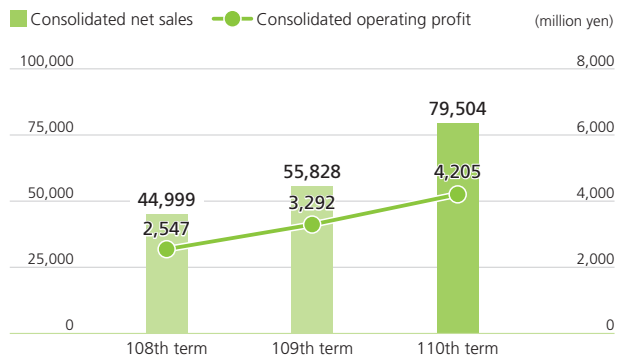
Overview of Business

Overseas/trade business



Overseas business in this business segment performed well owing to such factors as enhancing the lineup of cooked foods in Japan-based supermarkets operating in the U.S., 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 faced somewhat difficult conditions, as imports of marine products declined due to the weak yen and other factors, although exports of bearing products to China and of Japanese foodstuffs to the U.S., etc. increased mainly due to the resumption of economic activity and recovery in demand, and sales of foreign brand shoes and other products grew.

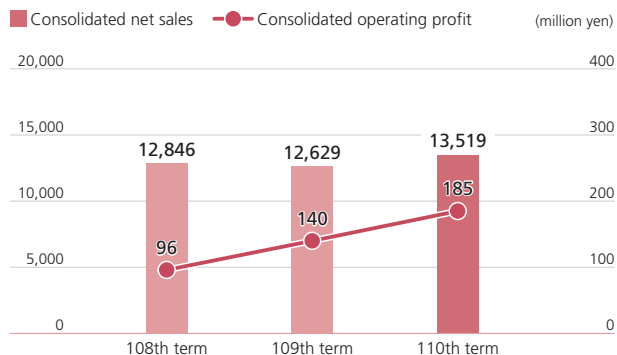


Pet business



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 remained steady mainly 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

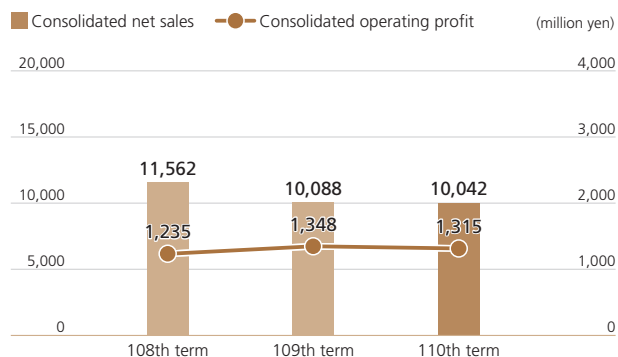
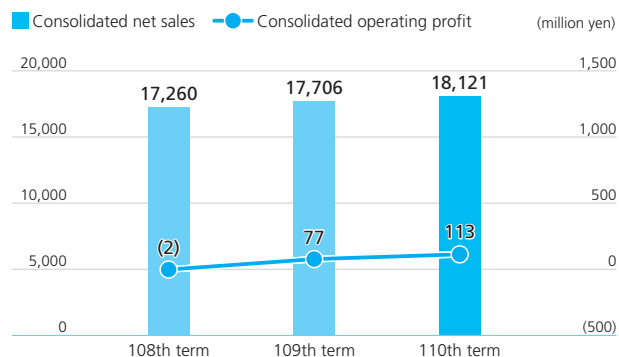


In this business segment, the number of prescriptions increased and remained favorable owing to the store network expansion through new store openings and efforts to become the “family pharmacist/ pharmacy” of choice for local residents.

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 prolonged situation in Ukraine and soaring raw material prices.

In addition, the shift to a low-carbon, decarbonized society due to growing global environmental awareness will accelerate the energy shift from fossil fuels to renewable energy sources, which is an important issue to address.

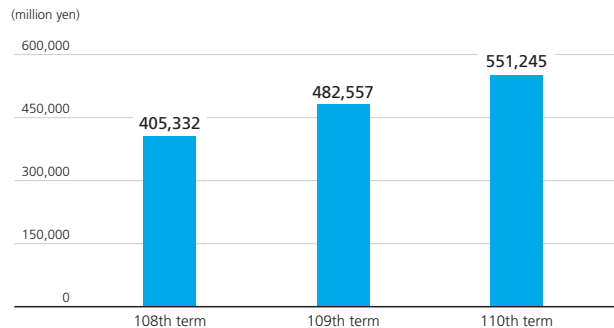
Under these circumstances, the Kamei Group is committed to aggressively promoting the exploration of opportunities with new customers, developing new products and businesses, and carrying out M&As to expand our business foundation and strengthen our domestic and overseas networks, and further enhance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

Furthermore, in order to realize a sustainable society, we will fulfill our social responsibility as a company through management that emphasizes human capital and ESG.

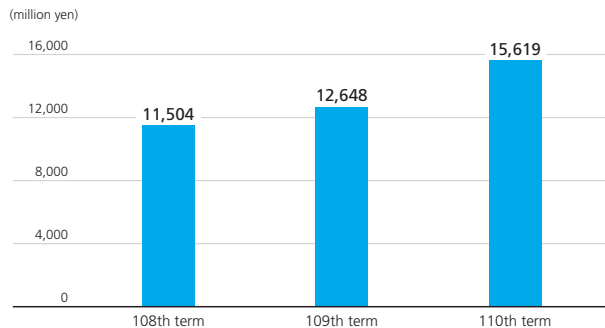
We ask our shareholders for your continued support in the future.

Trends in Business Performance

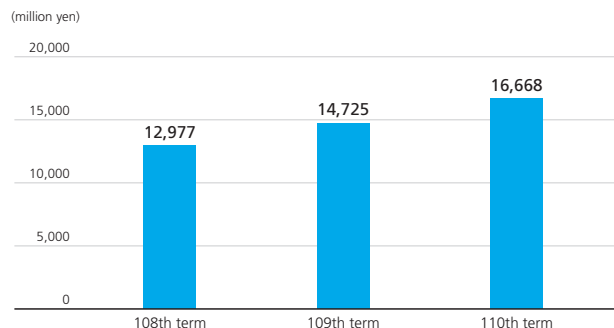
Net sales



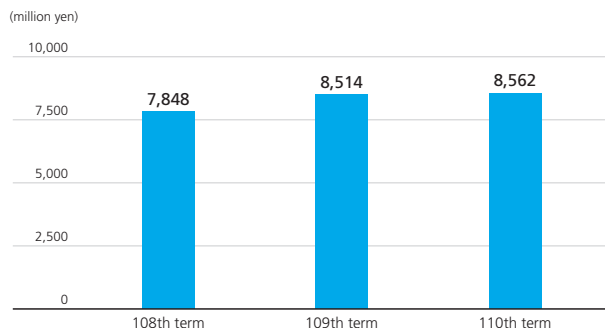
Operating profit



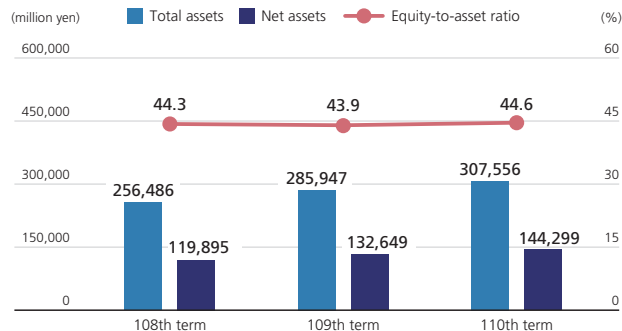
Ordinary profit



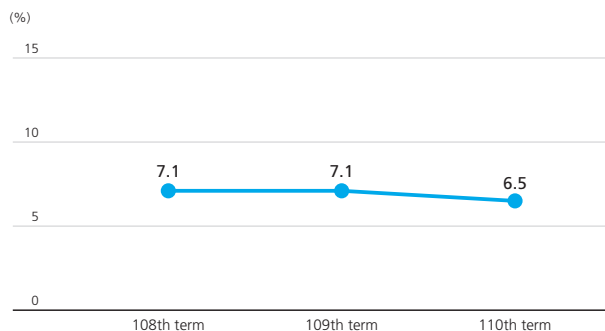
Profit attributable to owners of parent



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



Return on equity (ROE)



Consolidated Financial Statements

Consolidated balance sheet (summary)

(million yen)

Account	As of March 31, 2023	As of March 31, 2022	Account	As of March 31, 2023	As of March 31, 2022
(Assets)			(Liabilities)		
Current assets	185,902	170,996	Current liabilities	129,799	126,824
Cash and deposits	45,080	39,804	Notes and accounts payable - trade	57,871	56,189
Notes and accounts receivable - trade, and contract assets	91,619	90,575	Short-term borrowings	47,699	47,357
Merchandise and finished goods	28,772	21,332	Provision for bonuses	1,848	1,751
Other	20,648	19,498	Other	22,380	21,525
Allowance for doubtful accounts	(218)	(213)	Non-current liabilities	33,456	26,474
Non-current assets	121,653	114,951	Long-term borrowings	8,340	6,835
Property, plant and equipment	90,274	80,514	Retirement benefit liability	2,448	2,356
Buildings and structures	23,834	23,546	Asset retirement obligations	1,232	1,215
Land	35,026	34,448	Other	21,434	16,067
Other	31,414	22,519	Total liabilities	163,256	153,298
Intangible assets	6,376	8,985	(Net assets)		
Investments and other assets	25,002	25,450	Shareholders' equity	127,780	120,350
Total assets	307,556	285,947	Share capital	8,132	8,132
			Capital surplus	7,361	7,248
			Retained earnings	116,514	109,197
			Treasury shares	(4,228)	(4,227)
			Accumulated other comprehensive income	9,295	5,111
			Non-controlling interests	7,223	7,187
			Total net assets	144,299	132,649
			Total liabilities and net assets	307,556	285,947

Consolidated statement of income (summary)

(million yen)

Account	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
Net sales	551,245	482,557
Cost of sales	467,813	409,502
Financial revenue	996	864
Gross profit	84,428	73,919
Selling, general and administrative expenses	68,808	61,271
Operating profit	15,619	12,648
Non-operating income	2,178	2,944
Non-operating expenses	1,130	867
Ordinary profit	16,668	14,725
Extraordinary income	273	217
Extraordinary losses	2,699	1,276
Profit before income taxes	14,241	13,667
Income taxes - current	5,777	5,219
Income taxes - deferred	(537)	(411)
Profit	9,002	8,859
Profit attributable to non-controlling interests	439	345
Profit attributable to owners of parent	8,562	8,514

Consolidated statement of cash flows (summary)

(million yen)

Account	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2022
Net cash provided by (used in) operating activities	13,652	18,364
Net cash provided by (used in) investing activities	(9,722)	(17,839)
Net cash provided by (used in) financing activities	(1,873)	(4,530)
Effect of exchange rate change on cash and cash equivalents	2,026	1,076
Net increase (decrease) in cash and cash equivalents	4,083	(2,928)
Cash and cash equivalents at beginning of period	38,883	41,812
Cash and cash equivalents at end of period	42,967	38,883

In the fiscal year ended March 31, 2023, the Company finalized the provisional accounting treatment for the business combination, and the figures for the previous fiscal year reflect the details of the finalization of the provisional accounting treatment.

About the Company

Company profile (as of March 31, 2023)

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, 2023) Consolidated: ¥551,245 million Non-consolidated: ¥348,767 million
Number of employees	Consolidated: 5,610 Non-consolidated: 2,108
Kamei Group	Domestic: 51 companies, Overseas: 26 companies

Executives and Managing Officers (as of June 29, 2023)

Representative Director, Chairman and CEO	Fumiyuki Kamei
Representative Director, President	Akio Kamei
Senior Executive Director	Jinichi Abe
Executive Director	Seietsu Sato
Executive Director	Toru Aihara
Director, Senior Advisor	Junichi Kamei
Outside Director	Masafumi Omachi
Outside Director	Seiichi Mitsui
Outside Director	Chieko Kurabayashi
Standing Audit & Supervisory Board Member	Masayuki Sasaki
Outside Audit & Supervisory Board Member	Hiroyasu Sayama
Outside Audit & Supervisory Board Member	Yoshihiro Takahashi
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, 2023)

Branch offices	24
Regional offices	1
Representative offices	48
Gas stations	282 (Directly managed: 79, Dealers: 203)
Oil depots	34
Gas terminals	15
Automobile LPG stations	5
Food distribution centers	2
Pharmacies	111 (Directly managed: 57, Affiliated: 54)
Green Mart supermarkets	1

Shares of the Company (as of March 31, 2023)

Total number of authorized shares	87,281,000
Total number of the issued shares	37,591,969
Number of shareholders	3,706

Status of major shareholders (as of March 31, 2023)

Name of shareholder	Number of shares held (thousand shares)	Shareholding ratio (%)
Kamei Kosan Ltd.	3,000	8.93
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,886	8.59
Fumiyuki Kamei	2,507	7.46
Kamei Fudosan Corporation	2,443	7.27
BBH FOR FIDELITY LOW-PRICED STOCK FUND (PRINCIPAL ALL SECTOR SUBPORTFOLIO)	1,870	5.57
Kamei Memorial Foundation	1,650	4.91
Custody Bank of Japan, Ltd. (Trust Account)	1,278	3.81
Shogo Kamei	1,014	3.02
Green Wood Ltd.	1,000	2.98
MUFG Bank, Ltd.	689	2.05

Notes: 1. The Company holds 3,991,538 treasury shares, which are excluded from the above list of major shareholders.

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

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.
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.

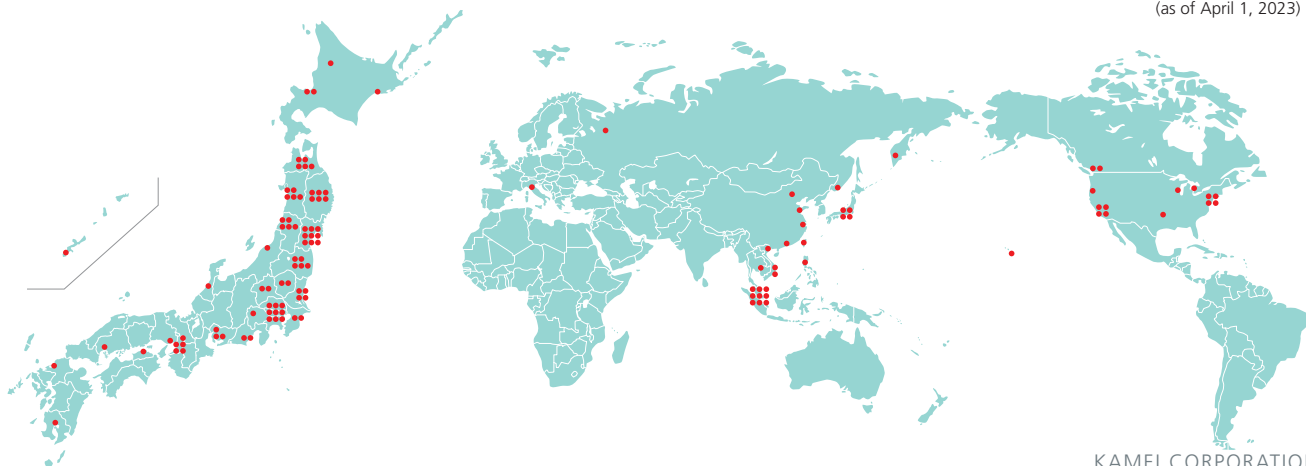
Overseas/trade business

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

Overseas affiliates

Kamei North America Co., Ltd.
Mitsuwa Corporation
YNY, 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 April 1, 2023)



Topics

Notice of opening of Japan-based supermarket “Mitsuwa Marketplace” LA Northridge store

Mitsuwa Corporation, a Kamei Group company, operates “Mitsuwa Marketplace,” one of the largest Japan-based supermarkets in the United States, which stocks a wide variety of Japanese food products.

The company opened a new store in Northridge, CA, USA on January 21, 2023.

Opened 12th store in Los Angeles

The LA Northridge store is the first Japan-based supermarket in the San Fernando Valley area, north of Los Angeles, and the 12th store in the United States.

The store adopts a new management concept in which fresh food and bakery products are supplied from neighboring stores to ensure efficient store operations and a large sales floor area to provide a wide selection of taste of Japan.

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.”



LA Northridge store, Mitsuwa Corporation

Address: 8940 Tampa Avenue
Northridge, CA 91324
USA

Mitsuwa Corporation
<https://www.mitsuwa.com>

Store locations of Mitsuwa Marketplace



Started supplying next-generation biodiesel fuel “SUSTEO” - the first in the Tohoku region

The Company has aligned with Euglena Co., Ltd. (Head office: Minato-ku, Tokyo) to begin supplying next-generation biodiesel fuel “SUSTEO.”

This is the first case in the Tohoku region to supply next-generation biofuel. By supplying this product to businesses and local governments that are actively working to become carbon neutral toward a decarbonized society, it is expected to reduce carbon dioxide (CO₂) emissions. Euglena’s next-generation biodiesel fuel, “SUSTEO,” is made from highly sustainable biomass feedstock.

The Company will continue to contribute to the realization of a decarbonized society through the supply of stable and sustainable energy.



The Company’s Shiohama Teizan Oil Depot, a stockpiling and shipping base for next-generation biofuels



■ Corporate Sales Division, KAMEI CORPORATION

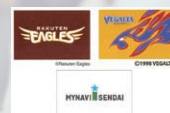
Address: 3-1-18 Kokubuncho, Aoba-ku, Sendai, Miyagi TEL 022-264-6115

Decarbonization and social contribution initiatives

- ◆ Sales of next-generation biodiesel fuel “SUSTEO”
- ◆ Sales of small wind power generators
- ◆ Import of fair-trade products such as raw materials for chocolate



- ◆ Scholarship and educational loan programs by the Kamei Memorial Foundation
- ◆ Management of the museum by the Kamei Foundation for the Promotion of Social Education
- ◆ Support of local professional sports



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 have 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 for special account, 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.