

Interim Business Report for the 111th Fiscal Year

From April 1, 2023 to September 30, 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 the first six months of the 111th fiscal year (from April 1, 2023 to September 30, 2023).

December 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 first six months of the current fiscal year, the outlook for the global economy remained uncertain due to soaring prices of raw materials caused by the situation in Ukraine and the impact of global monetary tightening.

The Japanese economy also faced difficult conditions due to the ongoing rise in prices caused by the situation in Ukraine and the depreciation of the yen.

In this environment, based on its Corporate Philosophy of “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,” 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 while implementing human capital management and expanding its business domain through M&As. We endeavored to reinforce our overseas/trade business by welcoming Nagatoshi Produce USA, LLC (currently Nagatoshi Produce Co., Ltd.; a wholesaler and distributor of fruits and vegetables in the U.S.) as a member of the Kamei Group.

Furthermore, with a view to achieving carbon neutrality by the year 2050, we commences sales of the likes of “SUSTEO,” a next-generation biodiesel fuel made from biomass feedstock, and “carbon neutral LP gas,” which offsets the CO₂ emitted in the processes for that LP gas from its manufacture to burning.

As a result, net sales reached ¥262,013 million (up 6.7% from the same period of the previous fiscal year), mainly owing to growth in the automotive business and overseas/trade business; operating profit was ¥7,223 million (up 6.7% from the same period of the previous fiscal year); and ordinary profit was ¥7,781 million (up 3.7% from the same period of the previous fiscal year). Profit attributable to owners of parent was ¥4,765 million (down 2.1% from the same period of the previous fiscal year) mainly due to the absence of extraordinary income posted in the previous fiscal year.

The interim dividend for the 111th fiscal year is ¥22 per common share of the Company, which is ¥3.50 higher than the interim dividend for the previous fiscal year.

(million yen)

	Consolidated net sales for the first six months	Consolidated operating profit for the first six months
111th term	262,013	7,223
110th term	245,495	6,771
109th term	202,914	4,775

Overview of Business

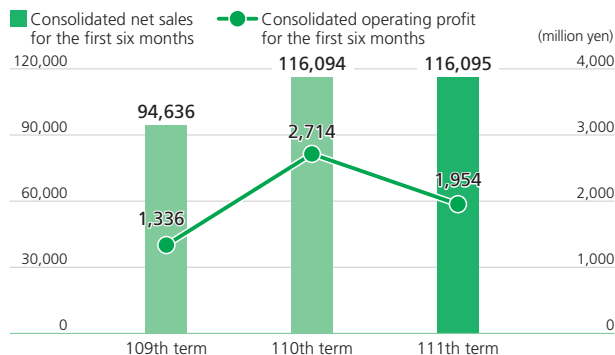
Energy business



In the petroleum-related activities in this business segment, we experienced a difficult sales environment characterized by a structural decline in petroleum product demand. Within that environment, in addition to endeavoring to explore new opportunities and deepen our relationship with existing customers, we started carrying "SUSTEO," a next-generation biodiesel fuel made from biomass feedstock that does not cause conflict with use as food or forest destruction, in order to accommodate demand for CO₂ reductions.

In the LP gas category, in addition to endeavoring to acquire new customers and purchase commercial rights through M&As, we reinforced our proposals of "carbon neutral LP gas" for which the CO₂ emitted in all processes for that LP gas, from the collection of raw materials to burning, is offset with carbon credits generated from environmental preservation activities. Additionally, we reinforced our sales of hybrid water heaters and other environmental products.

In the sales at gas stations, we 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.

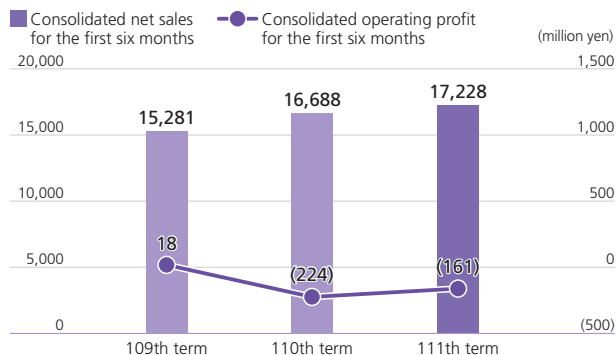


Food business



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 efforts made to explore new opportunities and deepen our relationship with existing customers.

Sales in the alcoholic beverages category remained sluggish due to such factors as intensified sales competition, despite 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.

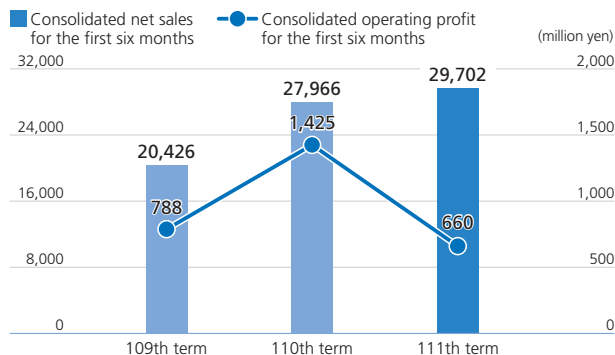


Construction business



The construction business in this business segment experienced difficult situations mainly due to lower profit margins caused by higher steel prices and labor costs, although there was an increase in steel frame construction projects.

The housing construction business also experienced somewhat difficult situations despite our efforts to conduct sales promotion activities with value propositions for housing equipment and facilities to home builders and contractors, as well as efforts to explore new opportunities and deepen our relationship with existing customers.



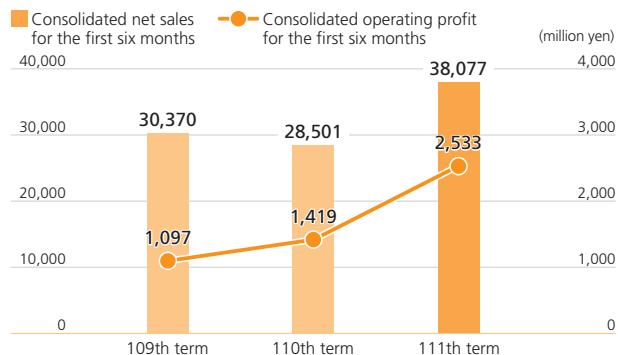
Automotive business



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.

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 leisure and business sectors.



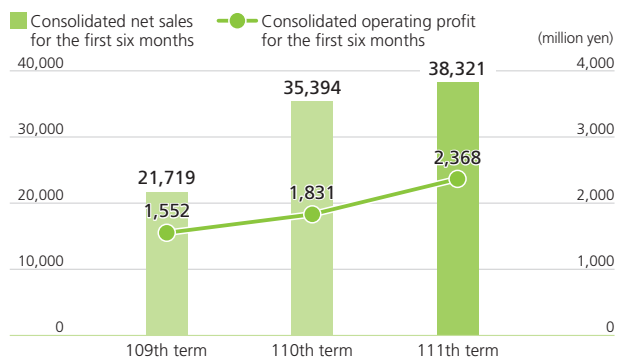
Overview of Business

Overseas/trade business



Overseas business in this business segment remained favorable due to factors such as the opening of a new location in Los Angeles by a Japan-based supermarket operating in the U.S. and growth in lubricating oil transportation operations in Singapore.

Trade business performed well, as imports of marine products and exports of bearing products to China and automotive electrical components to Asia increased while sales of foreign brand shoes and other products grew.

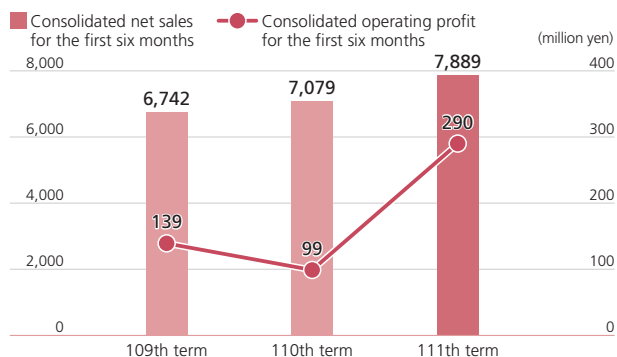


Pet business



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

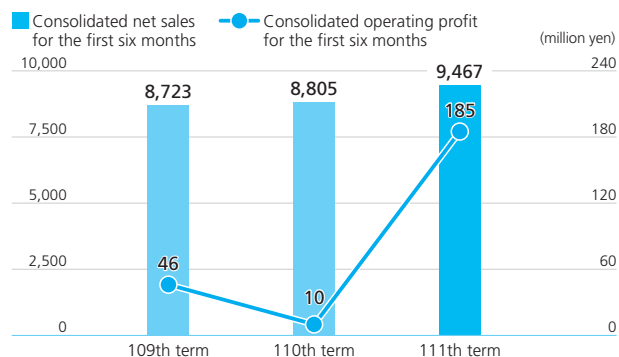
The gardening supplies sector remained favorable mainly owing to expanding sales of our own-brand herbicides and fertilizers and promotional activities to explore new opportunities and deepen our relationship with existing customers.



Pharmacy business



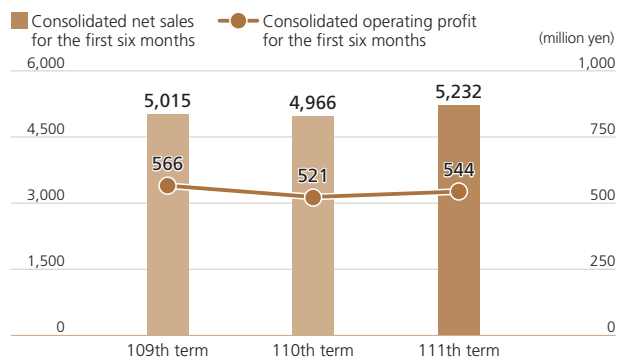
In this business segment, as controls on receiving examinations at medical facilities ease up due to the novel coronavirus (COVID-19) infection being moved to a Class-5 infectious disease, the number of prescriptions increased and the business remained favorable owing to the store network expansion through new store openings and efforts to become the “family pharmacist/pharmacy” of choice for local residents.



Other businesses

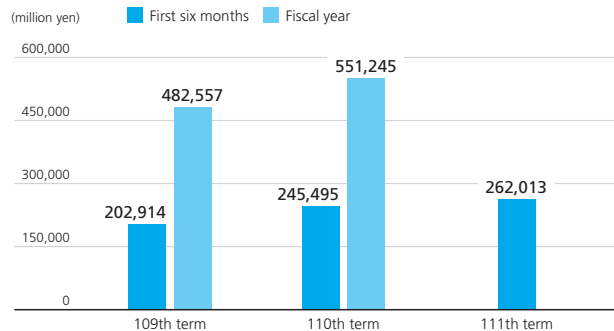


In other businesses, which include sales of office equipment, leasing, transportation, and insurance agency services, efforts were made to acquire new customers and to step up sales activities with value propositions.

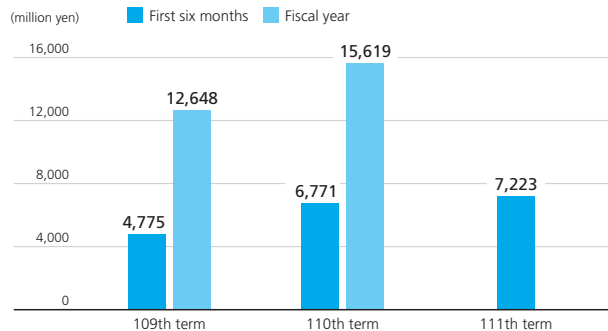


Trends in Business Performance

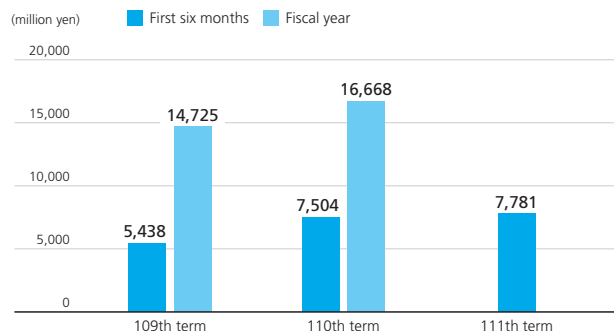
Net sales



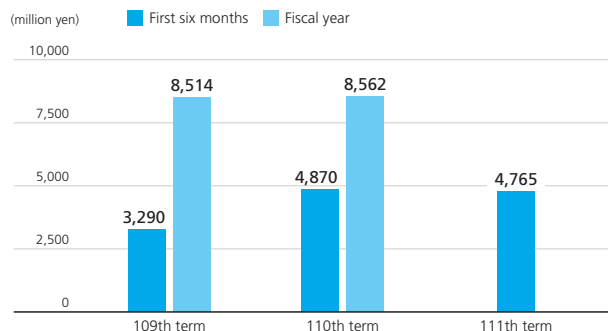
Operating profit



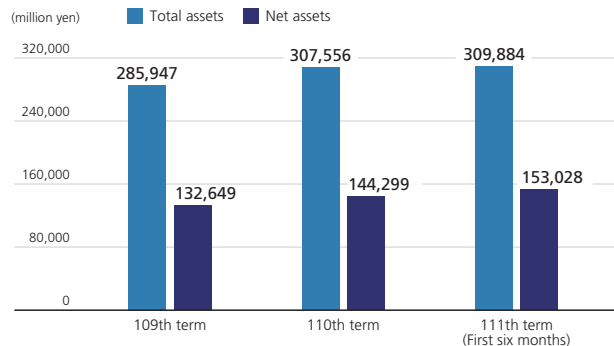
Ordinary profit



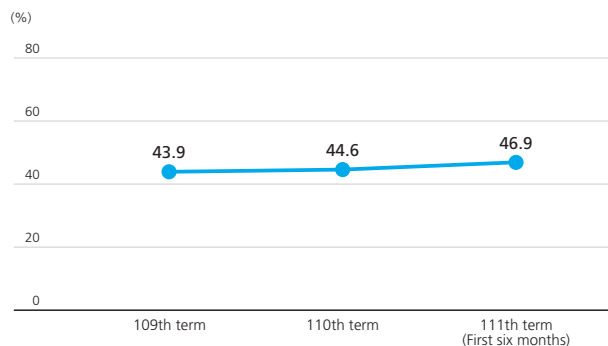
Profit attributable to owners of parent



Total assets and net assets



Equity-to-asset ratio



Consolidated Financial Statements

Quarterly consolidated balance sheet (summary)

(million yen)

Account	As of September 30, 2023	As of March 31, 2023
(Assets)		
Current assets	184,002	185,902
Non-current assets	125,881	121,653
Property, plant and equipment	92,485	90,274
Intangible assets	6,981	6,376
Investments and other assets	26,414	25,002
Total assets	309,884	307,556
(Liabilities)		
Current liabilities	124,024	129,799
Non-current liabilities	32,831	33,456
Total liabilities	156,856	163,256
(Net assets)		
Shareholders' equity	131,805	127,780
Share capital	8,132	8,132
Capital surplus	7,361	7,361
Retained earnings	120,539	116,514
Treasury shares	(4,228)	(4,228)
Accumulated other comprehensive income	13,617	9,295
Non-controlling interests	7,605	7,223
Total net assets	153,028	144,299
Total liabilities and net assets	309,884	307,556

Quarterly consolidated statement of income (summary)

(million yen)

Account	Six months ended September 30, 2023	Six months ended September 30, 2022
Net sales	262,013	245,495
Cost of sales	220,302	206,224
Financial revenue	542	428
Gross profit	42,253	39,699
Selling, general and administrative expenses	35,030	32,928
Operating profit	7,223	6,771
Non-operating income	1,006	1,145
Non-operating expenses	447	412
Ordinary profit	7,781	7,504
Extraordinary income	18	173
Extraordinary losses	40	111
Profit before income taxes	7,760	7,565
Income taxes	2,657	2,487
Profit	5,102	5,077
Profit attributable to non-controlling interests	336	207
Profit attributable to owners of parent	4,765	4,870

Quarterly consolidated statement of cash flows (summary)

(million yen)

Account	Six months ended September 30, 2023	Six months ended September 30, 2022
Net cash provided by (used in) operating activities	9,828	8,493
Net cash provided by (used in) investing activities	(6,227)	(4,767)
Net cash provided by (used in) financing activities	(2,371)	(1,035)
Effect of exchange rate change on cash and cash equivalents	1,294	2,374
Net increase (decrease) in cash and cash equivalents	2,524	5,065
Cash and cash equivalents at beginning of period	42,967	38,883
Cash and cash equivalents at end of period	45,491	43,949

About the Company (as of September 30, 2023)

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: 51 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	(As of March 31, 2023) Consolidated: 5,610 Non-consolidated: 2,108
Kamei Group	Domestic: 51 companies, Overseas: 27 companies

Executives and Managing Officers

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

Shares of the Company

Total number of authorized shares	87,281,000
Total number of the issued shares	37,591,969
Number of shareholders	3,693

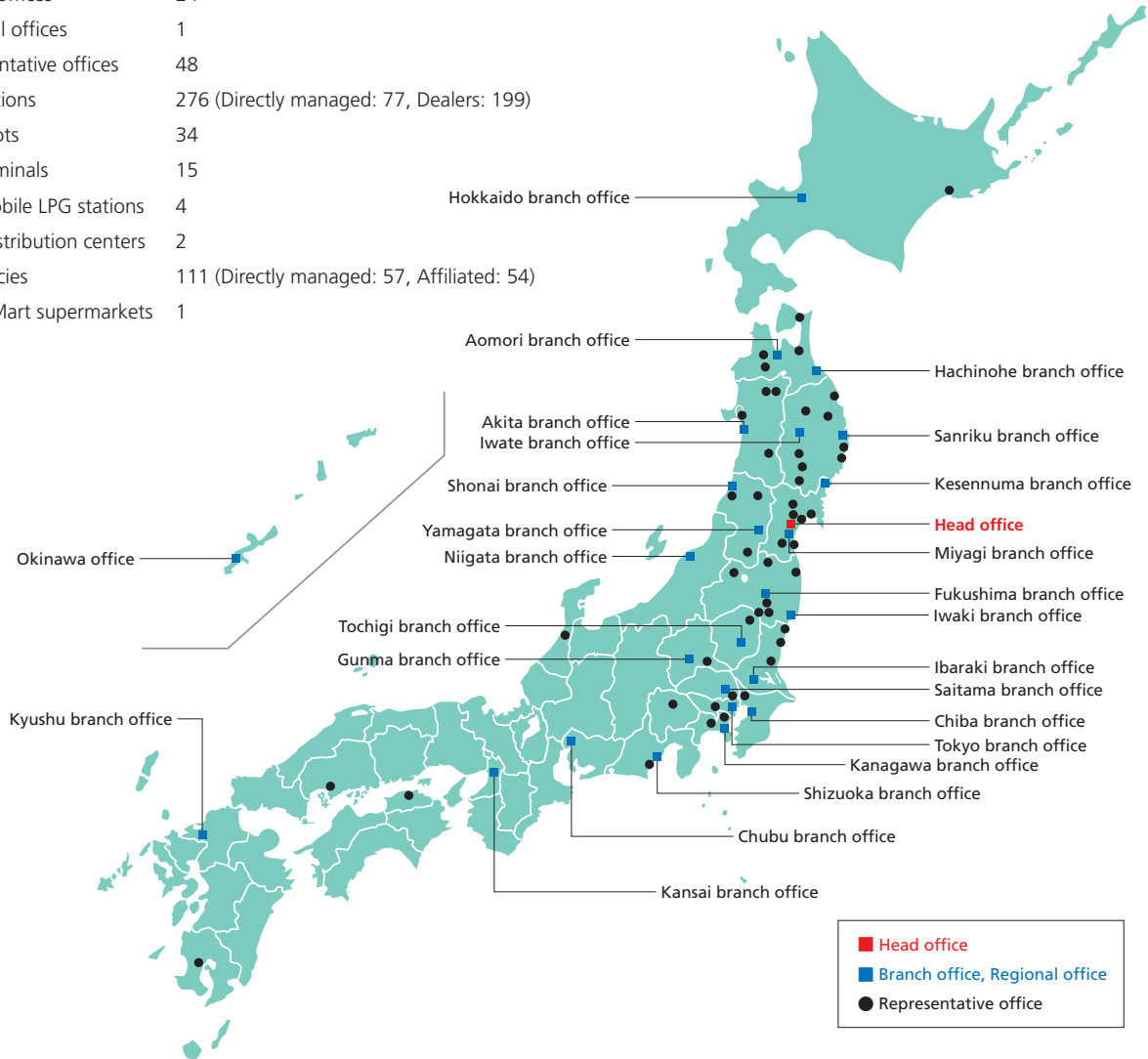
Status of major shareholders

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)	2,842	8.46
Fumiyuki Kamei	2,507	7.46
Kamei Fudosan Corporation	2,443	7.27
Custody Bank of Japan, Ltd. (Trust Account)	1,975	5.88
Kamei Memorial Foundation	1,650	4.91
Shogo Kamei	1,014	3.02
Green Wood Ltd.	1,000	2.98
MUFG Bank, Ltd.	689	2.05
The Kita-Nippon Bank, Ltd.	638	1.90

- Notes: 1. The Company holds 3,991,621 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	48
Gas stations	276 (Directly managed: 77, Dealers: 199)
Oil depots	34
Gas terminals	15
Automobile LPG stations	4
Food distribution centers	2
Pharmacies	111 (Directly managed: 57, Affiliated: 54)
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

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.
Oasis'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.
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.

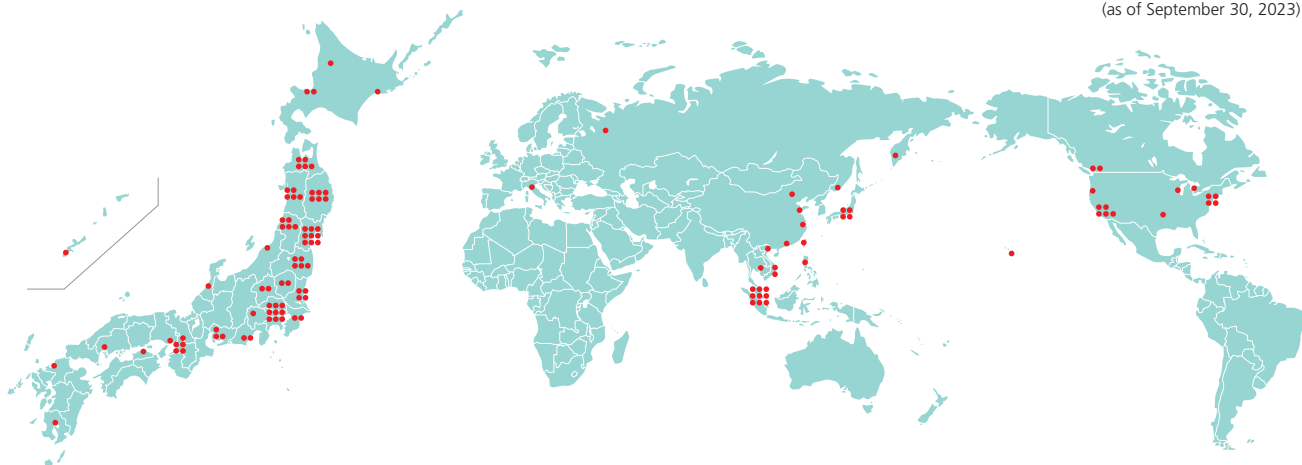
Overseas/trade business

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

Overseas affiliates

Kamei North America Co., Ltd.
Mitsuwa Corporation
YNJ, LLC
Daiei Trading Co., Inc.
Daiei Trading-Chicago-Co., Inc.
Nagatoshi Produce Co., Ltd.
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
Taiwan Tachibana Materials Co., Ltd.

(as of September 30, 2023)



Notice of acquiring shares of Nagatoshi Produce Co., Ltd.

On August 31, 2023 (Pacific Standard Time), Kamei North America Co., Ltd., a subsidiary of the Company, welcomed Nagatoshi Produce Co., Ltd. (“Nagatoshi”), a wholesaler and distributor of U.S.-grown Japanese fruits, vegetables, etc. in the U.S., as a member of the Kamei Group.

Aiming to further expand business through wholesale and distribution of fruits and vegetables in the U.S.

Nagatoshi engages in the wholesale and distribution of U.S.-grown Japanese fruits, vegetables, etc. in the U.S.

With over 200 customers in 31 states nationwide, it has a warehouse-cum-office situated in ideal proximity to Los Angeles’ wholesale produce market, and packages incoming deliveries of produce on that very day to send them across the U.S.

Nagatoshi’s largest strength is the “perilla” produced at its affiliated farms. It holds a majority share in the nationwide distribution market for this vegetable. This handpicked and carefully harvested perilla is delivered to Mitsuwa Marketplace and other Japan-based supermarkets, Japanese restaurants such as sushi establishments, and fresh fish wholesalers, where it is well-received.

One of the Kamei Group’s key strategies is the expansion of its overseas businesses. Going forward, we will continue to generate synergy with domestic and overseas group companies as we accelerate the expansion of our overseas business.

Nagatoshi Produce Co., Ltd.

Address: 340 North Myers Street, Suite B, Los Angeles, CA, 90033, USA

Capitalized at: US\$10,000 (as of September 1, 2023)



KAMEI will continue to do its part to realize a decarbonized society through the provision of the next-generation biodiesel fuel “SUSTEO”

In alignment with Euglena Co., Ltd. (Head office: Minato-ku, Tokyo), the Company is selling the next-generation biodiesel fuel “SUSTEO.”

By supplying this product to businesses and local governments that are actively working to become carbon neutral toward a decarbonized society, it is possible to reduce carbon dioxide (CO₂) emissions.

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

About “SUSTEO”

A next-generation biodiesel fuel, “SUSTEO” is manufactured from biomass feedstock such as used cooking oil with superior sustainability. This feedstock does not trigger problems such as conflict with use as food and forest destruction.

When burned, fuels derived from fossil fuels result in a one-sided increase in CO₂ in the atmosphere.

Conversely, with “SUSTEO” and other biomass fuels, through photosynthesis that occurs in the growth process of plants serving as the fuel’s feedstock, CO₂ in the atmosphere is absorbed in advance, resulting in essentially zero CO₂ emitted when the fuel is burned.



The Company's Shiogama Teizan Oil Depot, a stockpiling base for the “SUSTEO” next-generation biodiesel fuel



Example of supply of next-generation biodiesel fuel “SUSTEO”

Utilization in household garbage collection vehicles, a first in the Tohoku region

On May 12, 2023, the Company commenced the supply of the next-generation biodiesel fuel “SUSTEO” to MIYAGI EISEI KANKYO KOSHA, INC. in order to reduce CO₂ emitted by household garbage collection vehicles.

The introduction of the use of “SUSTEO” in household garbage collection vehicles that travel on public roads in Sendai City constitutes the first example of that use in the Tohoku region. This is expected to yield CO₂ reductions in the amount of approximately 953 kg per annum.

MIYAGI EISEI KANKYO KOSHA, INC., which has introduced the use of “SUSTEO” as described above, is aggressively pursuing initiatives aimed at a decarbonized society. This includes being Miyagi Prefecture’s first participant in the “RE Action – Declaring 100% Renewable” initiative.

Given those efforts, the corporation came to introduce the use of “SUSTEO” through the Company for its low greenhouse gas emissions relative to conventional fossil fuels and its resulting ability to contribute to the realization of a decarbonized society, as well as for the reason that it can be used in preexisting vehicles as is.



Vehicles using “SUSTEO”



Headquarters, MIYAGI EISEI KANKYO KOSHA, INC.

For inquiries on “SUSTEO,” contact:

Corporate Sales Division,
KAMEI CORPORATION

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



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.