

Kewpie Corporation

1-4-13 Shibuya, Shibuya-ku, Tokyo 150-0002, Japan Tel:03-3486-3331



Summary of Consolidated Financial Statements for the Fiscal Year Ended November 30, 2022 [JAPAN GAAP]

January 10, 2023

Listed company name: Kewpie Corporation
 Listed exchange: Tokyo Stock Exchange
 Securities code: 2809
 URL: <https://www.kewpie.com/en/>
 Representative: Mitsuru Takamiya,
 Representative Director, President and Chief Executive Corporate Officer
 Contact: Takeshi Kitagawa,
 Senior General Manager of Management Promotion Division
 Scheduled date for ordinary general meeting of shareholders: February 22, 2023
 Scheduled date for dividend payment: February 6, 2023
 Scheduled date for filing annual securities report: February 24, 2023
 Supplementary data: Yes
 Results briefing: Yes (for corporate investors and investment analysts)

(Amounts are rounded down to the nearest million yen.)

1. Consolidated business results for the fiscal year ended November 30, 2022 (From December 1, 2021 to November 30, 2022)

(1) Consolidated operating results

(Percentage figures show changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year 2022	430,304	5.7	25,433	(9.1)	27,249	(8.2)	16,033	(11.0)
Fiscal year 2021	407,039	(23.4)	27,972	(1.2)	29,698	2.4	18,014	55.4

(Note) Comprehensive income: Fiscal year 2022 ¥32,635 million (Increase of 33.0%)
 Fiscal year 2021 ¥24,546 million (Increase of 71.1%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year 2022	115.34	—	6.2	6.9	5.9
Fiscal year 2021	128.17	—	7.4	7.1	6.9

(Reference) Equity in earnings or losses of affiliates: Fiscal year 2022 ¥928 million
 Fiscal year 2021 ¥998 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2022	403,384	294,623	66.4	1,925.54
As of November 30, 2021	381,003	269,301	64.5	1,767.14

(Reference) Shareholders' equity: As of November 30, 2022 ¥267,657 million
 As of November 30, 2021 ¥245,640 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year 2022	27,199	(15,947)	(16,812)	65,335
Fiscal year 2021	38,533	(20,277)	(18,701)	66,703

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2. Dividends

	Annual dividend per share					Total amount of dividends	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
Fiscal year 2021	Yen —	Yen 20.00	Yen —	Yen 27.00	Yen 47.00	Millions of yen 5,665	% 36.7	% 2.7
Fiscal year 2022	—	20.00	—	27.00	47.00	6,533	40.7	2.5
Fiscal year 2023 (Forecast)	—	23.00	—	27.00	50.00		53.5	

(Note) The amount of year-end dividend for fiscal year 2022 is a forecast and it will be determined at the meeting of the Board of Directors to be held on January 20, 2023.

3. Forecasts of consolidated operating results for the fiscal year ending November 30, 2023 (From December 1, 2022 to November 30, 2023)

(Percentage figures show changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending November 30, 2023	454,000	5.5	21,000	(17.4)	23,000	(15.6)	13,000	(18.9)	93.52

*Notes

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the change in the scope of consolidation): None
- (2) Changes in accounting policies and estimates, and restatements
 - a) Changes in accounting policies due to revision of accounting standards: Yes
 - b) Changes in accounting policies due to reasons other than "a)" (above): None
 - c) Changes in accounting estimates: None
 - d) Restatements: None
- (3) Number of issued shares (common stock)
 - a) Number of issued shares at the end of the period (including treasury stock):

November 30, 2022	141,500,000 shares
November 30, 2021	141,500,000 shares
 - b) Number of shares of treasury stock at the end of the period:

November 30, 2022	2,495,894 shares
November 30, 2021	2,495,090 shares
 - c) Average number of shares during the period:

December 1, 2021 to November 30, 2022	139,004,435 shares
December 1, 2020 to November 30, 2021	140,554,212 shares

***The summary of consolidated financial statements is outside the scope of audit by certified public accountants or an audit corporation.**

*Statement for an appropriate usage of the forecasts of operating results and other special notes

(Caution regarding forward-looking statements, etc.)

The forecasts and other forward looking statements contained in this summary are based on the information currently available to the Company and certain assumptions considered reasonable by the Company. Therefore, they are not guaranteed to be achieved by the Company. As a result, the forecasts of operating results may differ significantly from the actual operating results due to various factors.

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*Cash flow index

	Fiscal year 2018	Fiscal year 2019	Fiscal year 2020	Fiscal year 2021	Fiscal year 2022
Equity ratio (%)	53.9	53.0	52.8	64.5	66.4
Equity ratio based on market value (%)	93.9	78.3	68.5	84.2	84.3
Interest-bearing debt to cash flows ratio (years)	1.5	1.5	2.3	1.1	1.2
Interest coverage ratio (times)	122.5	144.7	103.7	159.0	110.6

(Notes) Equity ratio = Shareholders' equity / Total assets

Equity ratio based on market value = Total market value of the stock / Total assets

Interest-bearing debt to cash flows ratio = Interest-bearing debt / Cash flows

Interest coverage ratio = Cash flows / Interest paid

* Each index is calculated based on consolidated financial figures.

* Total market value of the stock is calculated by multiplying the final market price by the number of issued shares at the end of the fiscal year (excluding treasury stock).

* Interest-bearing debt includes all consolidated balance sheet-reported liabilities on which interest is paid.

* Cash flows and Interest paid are the same figures as found under "Net cash provided by (used in) operating activities" and "Interest paid" reported in the consolidated statements of cash flows, respectively.

* During the fiscal year ended November 30, 2021, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the fiscal year ended November 30, 2020 reflect the finalization of the provisional accounting treatment.

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I. Basic policy on earnings distributions, and dividends for the recent and next fiscal years

The Company considers the provision of returns to its shareholders with top priority on dividend distributions to be fundamental, and provides returns to shareholders based on the policy set forth in each Medium-term Business Plan. While aiming to continue providing stable dividends, the Company also reviews options for repurchasing and retiring treasury stock as necessary, giving consideration to factors such as stock price trends and financial conditions.

As for retained earnings, the Company endeavors to adequately secure them to strengthen its financial position and provide funds for future business developments. The Company will take a medium- to long-term view to allocate funds for capital expenditure, research and development, and rationalization of operations to enhance its competitiveness. The Articles of Incorporation of the Company stipulate that the Company can distribute dividends from surplus twice a year, comprising of interim and year-end dividends by the resolutions of the Board of Directors in accordance with the provisions of Article 459, Paragraph 1 and Article 454, Paragraph 5 of the Companies Act.

In determining dividends under the Medium-term Business Plan through 2024, with its assumption that the annual dividend per share would be ¥45 or more, the Company aims to set target for consolidated dividend payout ratio of 35% or more and accumulated total return ratio over four fiscal years of 50% or more.

For the year ended November 30, 2022, the Company plans to distribute an annual dividend of ¥47 per share, consisting of an interim dividend of ¥20 and a year-end dividend of ¥27, with consolidated dividend payout ratio of 40.7%.

For the year ending November 30, 2023, the Company expects to distribute an annual dividend of ¥50 per share, consisting of an interim dividend of ¥23 and a year-end dividend of ¥27, with consolidated dividend payout ratio of 53.5%.

The Company is a company to which consolidated dividend regulations apply, meaning that it calculates the distributable amount for dividends on a consolidated basis (if the amount calculated on a consolidated basis is smaller than the amount calculated on a non-consolidated basis).

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II. Consolidated financial statements and major notes

1. Consolidated Balance Sheets

	(Millions of yen)	
	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Assets		
Current assets		
Cash and deposits	58,343	57,825
Notes and accounts receivable - trade	56,875	59,414
Securities	10,000	10,000
Purchased goods and products	18,277	20,867
Work in process	1,369	2,659
Raw materials and supplies	10,419	13,551
Other	2,303	3,524
Allowances for doubtful accounts	(137)	(115)
Total current assets	157,451	167,726
Fixed assets		
Tangible fixed assets		
Buildings and structures	157,939	162,131
Accumulated depreciation	(93,161)	(97,130)
Net book value	64,777	65,001
Machinery, equipment and vehicles	149,308	153,551
Accumulated depreciation	(106,897)	(111,171)
Net book value	42,411	42,379
Land	30,850	30,529
Lease assets	5,562	5,544
Accumulated depreciation	(1,713)	(2,048)
Net book value	3,848	3,496
Construction in progress	2,488	3,446
Other	12,497	13,223
Accumulated depreciation	(10,340)	(11,027)
Net book value	2,157	2,196
Total tangible fixed assets	146,532	147,050
Intangible fixed assets		
Goodwill	552	364
Software	10,979	13,768
Other	1,771	1,506
Total intangible fixed assets	13,303	15,639
Investments and other assets		
Investment securities	43,629	45,633
Long-term loans receivable	973	850
Assets for retirement benefits	11,128	18,656
Deferred tax assets	2,981	2,749
Other	5,123	5,198
Allowances for doubtful accounts	(120)	(119)
Total investments and other assets	63,715	72,969
Total fixed assets	223,552	235,658
Total assets	381,003	403,384

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(Millions of yen)

	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,015	33,051
Short-term loans payable	11,591	3,058
Accounts payable - other	17,908	17,001
Accrued expenses	1,691	2,118
Accrued income taxes	4,182	2,157
Reserves for bonuses	1,442	1,487
Reserves for directors' bonuses	86	74
Other	6,281	6,303
Total current liabilities	71,199	65,252
Non-current liabilities		
Bonds	10,000	10,000
Long-term loans payable	16,356	16,070
Lease obligations	3,780	3,337
Deferred tax liabilities	5,856	9,558
Liabilities for retirement benefits	2,750	2,840
Asset retirement obligations	221	267
Other	1,537	1,434
Total non-current liabilities	40,502	43,508
Total liabilities	111,702	108,761
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	28,632	28,634
Earned surplus	194,015	203,515
Treasury stock	(5,838)	(5,840)
Total shareholders' equity	240,913	250,413
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	8,690	9,348
Unrealized gains (losses) on hedges	8	(1)
Foreign currency translation adjustments	(962)	5,911
Accumulated adjustments for retirement benefits	(3,008)	1,985
Total accumulated other comprehensive income	4,727	17,244
Non-controlling interests	23,660	26,965
Total net assets	269,301	294,623
Total liabilities and net assets	381,003	403,384

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2. Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Consolidated Statements of Income)

	(Millions of yen)	
	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Net sales	407,039	430,304
Cost of sales	282,807	306,114
Gross profit	124,232	124,189
Selling, general and administrative expenses	96,260	98,755
Operating income	27,972	25,433
Non-operating income		
Interest income	122	253
Dividends income	410	458
Equity in earnings of affiliates	998	928
Other	995	843
Total non-operating income	2,527	2,483
Non-operating expenses		
Interest expenses	241	255
Electricity sales expenses	65	84
Other	494	328
Total non-operating expenses	801	668
Ordinary income	29,698	27,249
Extraordinary gains		
Gains on sales of shares of subsidiaries and associates	291	1,288
Gains on sales of investment securities	327	256
Gains on sales of fixed assets	459	39
Gains on extinguishment of tie-in shares	364	-
Other	43	0
Total extraordinary gains	1,486	1,585
Extraordinary losses		
Losses on disposal of fixed assets	1,087	1,129
Impairment losses	1,097	908
Other	138	166
Total extraordinary losses	2,323	2,203
Profit before income taxes	28,860	26,630
Income taxes	8,329	6,774
Income taxes - deferred	260	1,489
Total income taxes	8,590	8,264
Profit	20,269	18,366
Profit attributable to non-controlling interests	2,255	2,332
Profit attributable to owners of parent	18,014	16,033

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(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Profit	20,269	18,366
Other comprehensive income		
Unrealized holding gains (losses) on securities	(147)	638
Unrealized gains (losses) on hedges	22	(23)
Foreign currency translation adjustments	2,772	7,894
Adjustments for retirement benefits	1,219	4,968
Share of other comprehensive income of entities accounted for using equity method	409	790
Total other comprehensive income	4,277	14,268
Comprehensive income	24,546	32,635
(Breakdown)		
Comprehensive income attributable to owners of parent	21,591	28,550
Comprehensive income attributable to non-controlling interests	2,955	4,084

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3. Consolidated Statements of Changes in Net Assets

Previous fiscal year (From December 1, 2020 to November 30, 2021)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current fiscal year	24,104	28,647	201,705	(15,865)	238,592
Changes of items during the fiscal year					
Dividends from surplus			(5,665)		(5,665)
Profit attributable to owners of parent			18,014		18,014
Purchase of treasury stock				(10,004)	(10,004)
Cancellation of treasury stock			(20,031)	20,031	—
Sales of shares of consolidated subsidiaries					
Change in ownership interest of parent due to transactions with non-controlling interests		(15)			(15)
Change of scope of consolidation			(8)		(8)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	(15)	(7,690)	10,026	2,320
Balance at the end of the current fiscal year	24,104	28,632	194,015	(5,838)	240,913

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	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current fiscal year	8,882	(4)	(3,411)	(4,315)	1,151	47,612	287,356
Changes of items during the fiscal year							
Dividends from surplus							(5,665)
Profit attributable to owners of parent							18,014
Purchase of treasury stock							(10,004)
Cancellation of treasury stock							–
Sales of shares of consolidated subsidiaries							–
Change in ownership interest of parent due to transactions with non-controlling interests							(15)
Change of scope of consolidation							(8)
Net changes of items other than shareholders' equity	(192)	12	2,448	1,306	3,576	(23,952)	(20,376)
Total changes of items during the fiscal year	(192)	12	2,448	1,306	3,576	(23,952)	(18,055)
Balance at the end of the current fiscal year	8,690	8	(962)	(3,008)	4,727	23,660	269,301

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Current fiscal year (From December 1, 2021 to November 30, 2022)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current fiscal year	24,104	28,632	194,015	(5,838)	240,913
Changes of items during the fiscal year					
Dividends from surplus			(6,533)		(6,533)
Profit attributable to owners of parent			16,033		16,033
Purchase of treasury stock				(1)	(1)
Cancellation of treasury stock					
Sales of shares of consolidated subsidiaries		(4)			(4)
Change in ownership interest of parent due to transactions with non-controlling interests		6			6
Change of scope of consolidation					
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	2	9,500	(1)	9,500
Balance at the end of the current fiscal year	24,104	28,634	203,515	(5,840)	250,413

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	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current fiscal year	8,690	8	(962)	(3,008)	4,727	23,660	269,301
Changes of items during the fiscal year							
Dividends from surplus							(6,533)
Profit attributable to owners of parent							16,033
Purchase of treasury stock							(1)
Cancellation of treasury stock							–
Sales of shares of consolidated subsidiaries							(4)
Change in ownership interest of parent due to transactions with non-controlling interests							6
Change of scope of consolidation							–
Net changes of items other than shareholders' equity	657	(9)	6,874	4,994	12,516	3,305	15,821
Total changes of items during the fiscal year	657	(9)	6,874	4,994	12,516	3,305	25,322
Balance at the end of the current fiscal year	9,348	(1)	5,911	1,985	17,244	26,965	294,623

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4. Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Cash flows from operating activities		
Profit before income taxes	28,860	26,630
Depreciation and amortization	15,336	16,062
Impairment losses	1,097	908
Amortization of goodwill	198	187
Retirement benefit expenses	883	541
Equity in losses (earnings) of affiliates	(998)	(928)
Losses (gains) on extinguishment of tie-in shares	(364)	–
Losses (gains) on valuation of investment securities	7	–
Increase (decrease) in liabilities for retirement benefits	(146)	0
Decrease (increase) in assets for retirement benefits	(186)	(983)
Increase (decrease) in reserves for directors' bonuses	(16)	(12)
Increase (decrease) in reserves for bonuses	221	(114)
Increase (decrease) in allowances for doubtful accounts	(179)	(32)
Interest and dividends income	(532)	(712)
Interest expenses	241	255
Losses (gains) on sales of investment securities	(326)	(256)
Losses (gains) on sales of shares of subsidiaries and associates	(278)	(1,288)
Losses (gains) on sales and disposal of fixed assets	707	1,112
Decrease (increase) in notes and accounts receivable - trade	(408)	(1,320)
Decrease (increase) in inventories	(2,775)	(5,949)
Increase (decrease) in notes and accounts payable - trade	613	4,337
Increase (decrease) in accounts payable - other	663	(940)
Increase (decrease) in accrued consumption taxes	3,887	(1,623)
Increase (decrease) in long-term accounts payable	(160)	–
Other	(1,020)	231
Sub-total	45,323	36,106
Interest and dividends income received	835	1,013
Interest paid	(242)	(245)
Income taxes paid	(7,383)	(9,674)
Net cash provided by (used in) operating activities	38,533	27,199

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(Millions of yen)

	Previous fiscal year (From December 1, 2020 to November 30, 2021)	Current fiscal year (From December 1, 2021 to November 30, 2022)
Cash flows from investing activities		
Purchases of tangible fixed assets	(7,743)	(12,482)
Purchases of intangible fixed assets	(3,842)	(4,323)
Purchases of investment securities	(18)	(117)
Proceeds from sales of investment securities	591	440
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	5	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(8,801)	–
Proceeds from sales of shares of subsidiaries and associates	–	1,498
Net decrease (increase) in short-term loans receivable	78	130
Payments of long-term loans receivable	(3)	(113)
Collection of long-term loans receivable	81	98
Payments into time deposits	(2,058)	(1,823)
Proceeds from withdrawal of time deposits	1,482	1,197
Other	(50)	(453)
Net cash provided by (used in) investing activities	(20,277)	(15,947)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(455)	1,388
Repayment of lease obligations	(642)	(647)
Proceeds from long-term loans payable	495	15
Repayment of long-term loans payable	(1,481)	(10,301)
Cash dividends paid	(5,665)	(6,533)
Cash dividends paid to non-controlling interests	(1,441)	(1,230)
Purchase of treasury stock	(10,004)	(1)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	–	441
Payments into deposits with withdrawal restrictions	492	55
Net cash provided by (used in) financing activities	(18,701)	(16,812)
Effects of exchange rate changes on cash and cash equivalents	1,322	4,192
Increase (decrease) in cash and cash equivalents	875	(1,367)
Cash and cash equivalents at the beginning of the fiscal year	65,777	66,703
Increase in cash and cash equivalents from newly consolidated subsidiary	47	–
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	2	–
Cash and cash equivalents at the end of the fiscal year	66,703	65,335

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5. Notes Regarding Consolidated Financial Statements

(Notes regarding assumption of a going concern)

Not applicable.

(Changes in accounting policies)

Application of accounting standard for revenue recognition, etc.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant regulations of Accounting Standards Board of Japan ("ASBJ") effective from the beginning of the consolidated fiscal year ended November 30, 2022 (the "current fiscal year"), and revenue is recognized at the time the control over the goods or services is transferred to the customer at the amount of the consideration for the performance of the obligation to deliver the relevant goods or services.

The Kewpie Group has applied the alternative accounting treatment stipulated in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" for domestic sales of merchandise or products, and will recognize revenue at the time of shipment in the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period after shipment. With respect to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, the Company follows the transitional treatment rule provided for in the proviso to Paragraph 84 of the Accounting Standard for Revenue Recognition. Such that (i) the cumulative effect of the retrospective application (assuming the new accounting policy had been applied to periods prior to the beginning of the current fiscal year) was added to or subtracted from the opening balance of earned surplus of the current fiscal year, and (ii) the new accounting policy was applied from the beginning of the current fiscal year with the adjusted opening balance of earned surplus.

As a result, the effect of this application on net sales for the current fiscal year was immaterial, and there was minimal impact on the balance of earned surplus at the beginning of the current fiscal year. In addition, there is no impact on per share information.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, "Reserves for sales rebates" and a part of "Accrued expenses" recorded under "current liabilities" of the consolidated balance sheet at the end of the previous fiscal year has been restated in "Other" items as a "refund obligation" under "current liabilities" from the current fiscal year. In addition, "Other reserves" previously recorded under "current liabilities" and "Advances received" previously recorded in "Other" items under "current liabilities" have been restated in "Other" items as "contract liabilities" under "current liabilities" from the current fiscal year.

Application of accounting standard for fair value measurement, etc.

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the current fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement and relevant ASBJ regulations prospectively according to the transitional treatment provided for in Paragraph 19 of the Accounting Standard for Fair Value Measurement, and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact of this application on the consolidated financial statements.

Kewpie Corporation

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(Segment information)

[Segment information]

1. Outline of reporting segments

The Company has organized reporting segments according to markets into "Retail Market Business", "Food Service Business", "Overseas", "Fruit Solutions", "Fine Chemicals" and "Common Business" out of constituent operational units of the Group, for each of which the separate financial statements are available and periodic reviews are conducted so that the Board of Directors may make decisions on the allocation of management resources and evaluate business performance.

The following is the overview of each segment:

Retail Market:	Manufactures and sells products that include mayonnaise, dressings, pasta sauces, salads, delicatessen foods, packaged salads, baby foods and nursing care foods in the retail market.
Food Service:	Manufactures and sells products that include mayonnaise, dressings, vinegar, liquid egg, frozen egg, dried egg and egg processed foods in the food service market.
Overseas:	Manufactures and sells products that include mayonnaise and dressings in the overseas markets which include China, Southeast Asia and North America.
Fruit Solutions:	Manufactures and sells products that include jams for household-use and fruit processed foods for industrial use.
Fine Chemicals:	Manufactures and sells products that include hyaluronic acid and egg yolk lecithin used as an ingredient for pharmaceuticals, cosmetics and food products.
Common Business:	Engages in sale of food products and food production equipment.

2. Method used to calculate amounts of net sales, profit or loss, assets, liabilities and others by reporting segment

Accounting treatment applied to the reported business segments complies with the accounting policy that is adopted for preparing consolidated financial statements.

Profit of the reporting segments is based on operating income. Intersegment net sales and transfers are based on prevailing market price.

Application of accounting standard for revenue recognition, etc.

As described in "Changes in accounting policies", the Company has applied the Accounting Standard for Revenue Recognition and relevant ASBJ regulations effective from the beginning of the current fiscal year. The impact of this application on each reporting segment is immaterial.

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3. Information on amounts of net sales, profit or loss, assets, liabilities and others by reporting segment and information on disaggregation of revenue

Previous Fiscal Year (From December 1, 2020 to November 30, 2021)

Information on amounts of net sales, profit or loss, assets, liabilities and others by reporting segment

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business	Total	Adjustments (Note 1)	Amount reported on the consolidated financial statements (Note 2)
Net sales									
Net sales to outside customers	172,678	149,792	53,383	16,878	8,770	5,536	407,039	–	407,039
Intersegment net sales or transfers	738	5,132	1,003	223	426	10,663	18,187	(18,187)	–
Total	173,416	154,924	54,387	17,102	9,197	16,199	425,227	(18,187)	407,039
Segment profit	17,195	6,292	7,229	719	1,075	1,328	33,841	(5,868)	27,972
Segment assets	92,526	109,192	46,168	18,311	7,449	42,616	316,265	64,738	381,003
Others									
Depreciation and amortization	4,588	5,940	2,246	926	456	887	15,046	290	15,336
Investment in affiliates accounted for by equity method	1,905	–	–	–	–	19,361	21,266	–	21,266
Increase in tangible and intangible fixed assets	2,931	3,404	1,366	354	197	180	8,434	3,665	12,100

(Notes) 1. Adjustments are as follows:

- (1) "Adjustments" of ¥(5,868) million in "Segment profit" includes Company-wide expenses unallocated to the respective reporting segments. The Company-wide expenses mainly consist of expenditures pertaining to general and administrative expenses not attributable to particular reporting segments.
 - (2) "Adjustments" of ¥64,738 million in "Segment assets" mainly includes company-wide assets of ¥67,564 million and elimination of intersegment receivables and payables of ¥(2,409) million. Major items in company-wide assets are surplus funds managed by the Company (cash and deposits and securities) and long-term investment funds (investment securities).
 - (3) "Adjustments" of ¥290 million in "Depreciation and amortization" is mainly related to company-wide assets unallocated to the reporting segments.
 - (4) "Adjustments" of ¥3,665 million in "Increase in tangible and intangible fixed assets" mainly represents the investments in the Kewpie Group core systems before allocation to the reporting segments.
2. Adjustments are made between "Segment profit" and "Operating income" reported in the consolidated statements of income.
3. "Depreciation and amortization" and "Increase in tangible and intangible fixed assets" include "Long-term prepaid expenses".

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Current Fiscal Year (From December 1, 2021 to November 30, 2022)

Information on amounts of net sales, profit or loss, assets, liabilities and others by reporting segment and information on disaggregation of revenue

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business	Total	Adjustments (Note 1)	Amount reported on the consolidated financial statements (Note 2)
Net sales									
Revenue from contracts with customers	173,392	158,832	66,267	16,461	10,013	5,335	430,304	–	430,304
Other revenue	–	–	–	–	–	–	–	–	–
Net sales to outside customers	173,392	158,832	66,267	16,461	10,013	5,335	430,304	–	430,304
Intersegment net sales or transfers	799	4,918	1,664	210	349	11,446	19,389	(19,389)	–
Total	174,192	163,750	67,931	16,672	10,363	16,782	449,693	(19,389)	430,304
Segment profit	13,433	6,923	8,471	315	1,267	1,209	31,621	(6,187)	25,433
Segment assets	96,504	115,201	60,175	17,882	8,597	47,614	345,976	57,408	403,384
Others									
Depreciation and amortization	4,679	6,145	2,627	909	478	901	15,741	320	16,062
Investment in affiliates accounted for by equity method	1,906	–	–	–	–	20,662	22,568	–	22,568
Increase in tangible and intangible fixed assets	5,656	5,050	2,288	286	240	659	14,181	3,046	17,227

(Notes) 1. Adjustments are as follows:

- (1) "Adjustments" of ¥(6,187) million in "Segment profit" includes Company-wide expenses unallocated to the respective reporting segments. The Company-wide expenses mainly consist of expenditures pertaining to general and administrative expenses not attributable to particular reporting segments.
 - (2) "Adjustments" of ¥57,408 million in "Segment assets" mainly includes company-wide assets of ¥62,176 million and elimination of intersegment receivables and payables of ¥(2,590) million. Major items in company-wide assets are surplus funds managed by the Company (cash and deposits and securities) and long-term investment funds (investment securities).
 - (3) "Adjustments" of ¥320 million in "Depreciation and amortization" is mainly related to company-wide assets unallocated to the reporting segments.
 - (4) "Adjustments" of ¥3,046 million in "Increase in tangible and intangible fixed assets" mainly represents the investments in the Kewpie Group core systems before allocation to the reporting segments.
2. Adjustments are made between "Segment profit" and "Operating income" reported in the consolidated statements of income.
3. "Depreciation and amortization" and "Increase in tangible and intangible fixed assets" include "Long-term prepaid expenses".

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[Related information]

Previous Fiscal Year (From December 1, 2020 to November 30, 2021)

1. Information by product and service

It is omitted here since similar information is disclosed in "Segment information".

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
353,656	24,736	13,280	10,329	5,036	407,039

(2) Tangible fixed assets

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
131,522	9,407	3,860	860	881	146,532

3. Information by major customer

It is omitted here since there is no customer occupying 10% or more of net sales reported in the consolidated statements of income.

Current Fiscal Year (From December 1, 2021 to November 30, 2022)

1. Information by product and service

It is omitted here since similar information is disclosed in "Segment information".

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
364,036	28,355	18,033	14,368	5,511	430,304

(2) Tangible fixed assets

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
129,618	10,910	4,530	1,118	871	147,050

3. Information by major customer

It is omitted here since there is no customer occupying 10% or more of net sales reported in the consolidated statements of income.

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[Information on losses on impairment of fixed assets by reporting segment]

Previous Fiscal Year (From December 1, 2020 to November 30, 2021)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business	Total	Adjustments	Total
Impairment losses	751	165	–	181	–	–	1,097	–	1,097

Current Fiscal Year (From December 1, 2021 to November 30, 2022)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business	Total	Adjustments	Total
Impairment losses	16	837	–	54	–	–	908	–	908

[Information on amortization of goodwill and unamortized balance by reporting segment]

Previous Fiscal Year (From December 1, 2020 to November 30, 2021)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business	Total	Adjustments	Total
Amortization in the relevant fiscal year	7	7	0	182	0	0	198	–	198
Unamortized balance at the end of the relevant fiscal year	2	2	0	546	0	0	552	–	552

Current Fiscal Year (From December 1, 2021 to November 30, 2022)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business	Total	Adjustments	Total
Amortization in the current fiscal year	2	2	0	182	0	0	187	–	187
Unamortized balance at the end of the current fiscal year	–	–	–	364	–	–	364	–	364

[Information on gains on negative goodwill by reporting segment]

Previous Fiscal Year (From December 1, 2020 to November 30, 2021)

Not applicable.

Current Fiscal Year (From December 1, 2021 to November 30, 2022)

Not applicable.

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(Per share information)

	Previous Fiscal Year (From December 1, 2020 to November 30, 2021)	Current Fiscal Year (From December 1, 2021 to November 30, 2022)
Net assets per share (yen)	1,767.14	1,925.54
Earnings per share (yen)	128.17	115.34

(Notes) 1. "Earnings per share (diluted)" is not presented because of no issue of potential shares.
2. Calculation basis of net assets per share is as follows.

	Previous fiscal year (As of November 30, 2021)	Current fiscal year (As of November 30, 2022)
Total net assets (millions of yen)	269,301	294,623
Amount subtracted from total net assets (millions of yen)	23,660	26,965
[Non-controlling interests (millions of yen)]	[23,660]	[26,965]
Net assets attributable to common stock at the end of the fiscal year (millions of yen)	245,640	267,657
Number of shares of common stock at the end of the fiscal year (thousand shares)	139,004	139,004

3. Calculation basis of earnings per share is as follows.

	Previous Fiscal Year (From December 1, 2020 to November 30, 2021)	Current Fiscal Year (From December 1, 2021 to November 30, 2022)
Profit attributable to owners of parent (millions of yen)	18,014	16,033
Amounts not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent attributable to common stock (millions of yen)	18,014	16,033
Average number of shares of common stock during the fiscal year (thousand shares)	140,554	139,004

(Significant subsequent events)

Not applicable.

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III. Other

1. Changes in officers (as of February 22, 2023)

(1) Changes in Directors

(i) New candidates

Name	New title	Previous title
Shinichiro Yamamoto	Director, Senior Corporate Officer In charge of Corporate	Director, Corporate Officer of NAKASHIMATO CO., LTD.; President and Representative Director of TO AD KEWPIE CO., LTD.; and Senior Corporate Officer in charge of Customer Success and vice in charge of Corporate of Kewpie Corporation
Shinya Hamasaki	Director, Senior Corporate Officer In charge of Retail Market Business in general	Senior Corporate Officer In charge of Overseas Business in general and vice in charge of Retail Market Business in general

(ii) Retiring officer

Name	New title	Previous title
Seiya Sato	–	Director, Senior Executive Corporate Officer In charge of Retail Market Business in general

(2) Changes in Corporate Auditors

(i) New candidates

Name	New title	Previous title
Kyoichi Nobuto	Corporate Auditor	General Manager of Legal Department in Management Promotion Division
Akihiro Ito	Outside Corporate Auditor	Standing Audit & Supervisory Board Member of Kirin Holdings Company, Limited

(Note) Akihiro Ito is a candidate for Outside Corporate Auditor.

(ii) Retiring officers

Name	New title	Previous title
Norimitsu Yamagata	–	Corporate Auditor
Emiko Takeishi	–	Outside Corporate Auditor

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(Reference) Changes in the position and the allocation of duties

As of February 22, 2023, positions of Directors and the allocation of duties shall be changed as follows. Amendments are underlined.

Name	New title	Previous title
Amane Nakashima	Chairman and Director Chairman of the Board of Directors In charge of Brand	Chairman and Director Chairman of the Board of Directors In charge of <u>Compliance and Brand</u>
Mitsuru Takamiya	Representative Director, President and Chief Executive Corporate Officer	Representative Director, President and Chief Executive Corporate Officer In charge of <u>Overseas</u>
Nobuo Inoue	Director, Executive Corporate Officer In charge of <u>Group Governance and Risk Management</u>	Director, Executive Corporate Officer In charge of <u>Corporate (including Medium-term Business Plan Promotion, Group Governance, Risk Management and Sustainability)</u>
Ryota Watanabe	Director, <u>Executive</u> Corporate Officer In charge of <u>Supply Chain Management</u>	Director, <u>Senior</u> Corporate Officer In charge of <u>Production and Quality</u>
Yoshinori Hamachiyo	Director, Senior Corporate Officer In charge of <u>Innovation</u>	Director, Senior Corporate Officer In charge of <u>Research Development, Fine Chemicals, Intellectual Property, and Food Culture and Health promotion Project, and Senior General Manager of Research Development Department</u>

**Supplementary Data
for the Fiscal Year Ended
November 30, 2022**

January 10, 2023

Kewpie Corporation

Securities code: 2809

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■Notes regarding the information in this document

- The amounts stated in this document are rounded to the nearest 100 million yen when figures are presented in billions of yen.
- Figures for the overseas operations in the year are results for the period from October to September.
Changes overseas of FY2022 include a ¥7.3 billion increase in net sales and a ¥0.9 billion increase in operating income caused by fluctuations of exchange rates.
Changes overseas of year plan for FY2023 include a ¥3.8 billion increase in net sales and a ¥0.5 billion increase in operating income caused by fluctuations of exchange rates.

1. Breakdown of net sales and operating income by segment

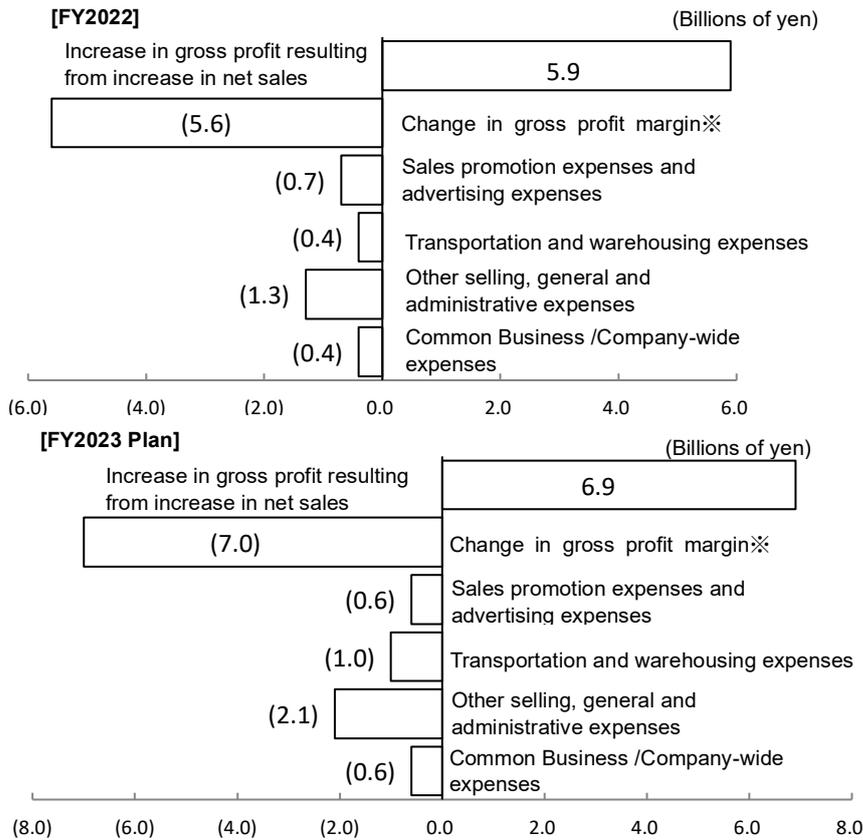
Net sales (Billions of yen)	FY2022					YoY change					FY2023 (Plan)	
	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sep.-Nov.)	Year	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sep.-Nov.)	Year	Year	YoY change
Retail Market	42.6	43.0	44.8	42.9	173.4	1.8	(2.1)	0.7	0.4	0.7	179.2	5.8
Condiments	17.6	16.4	18.7	16.7	69.3	1.1	(2.5)	1.3	0.8	0.6	74.6	5.3
Delicatessen	14.9	15.9	15.6	15.5	61.9	0.8	0.5	(0.2)	(0.2)	1.0	62.1	0.2
Cut vegetables	6.5	6.9	6.8	6.8	27.0	0.1	0.1	(0.4)	(0.4)	(0.6)	28.0	1.0
Other	3.6	3.9	3.7	3.9	15.1	(0.1)	(0.2)	(0.0)	0.2	(0.2)	14.5	(0.6)
Food Service	36.0	39.9	40.2	42.7	158.8	2.1	1.3	1.7	3.9	9.0	162.0	3.2
Condiments	10.3	11.5	11.5	12.0	45.2	0.7	0.8	0.9	1.0	3.4	50.0	4.8
Egg	21.5	24.3	24.7	26.8	97.3	1.4	1.1	1.5	3.6	7.5	96.0	(1.3)
Other	4.1	4.1	4.1	4.0	16.3	0.0	(0.5)	(0.8)	(0.7)	(1.9)	16.0	(0.3)
Overseas	14.3	15.5	17.6	18.8	66.3	2.2	2.9	3.1	4.7	12.9	78.3	12.0
China	6.1	6.5	7.5	8.3	28.4	1.1	0.7	0.1	1.7	3.6	33.5	5.1
Southeast Asia	4.0	4.2	4.8	5.1	18.0	0.7	1.0	1.4	1.7	4.8	22.0	4.0
North America	2.7	3.3	4.1	4.3	14.4	0.3	0.8	1.4	1.6	4.0	16.4	2.0
Other	1.5	1.6	1.2	1.2	5.5	0.1	0.3	0.2	(0.2)	0.5	6.4	0.9
Fruit Solutions	3.7	4.7	4.1	3.9	16.5	(0.1)	(0.1)	(0.2)	(0.0)	(0.4)	17.7	1.2
Fine Chemicals	2.5	2.6	2.6	2.4	10.0	0.5	0.2	0.4	0.1	1.2	11.3	1.3
Common Business	1.4	1.3	1.4	1.3	5.3	(0.0)	(0.0)	0.1	(0.2)	(0.2)	5.5	0.2
Total	100.5	107.0	110.7	112.1	430.3	6.4	2.2	5.7	8.9	23.3	454.0	23.7

Operating income (Billions of yen)	FY2022					YoY change					FY2023 (Plan)	
	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sep.-Nov.)	Year	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sep.-Nov.)	Year	Year	YoY change
Retail Market	4.0	3.4	3.6	2.4	13.4	(0.1)	(2.1)	(0.7)	(0.8)	(3.8)	10.4	(3.0)
Condiments	2.9	2.0	3.0	1.5	9.4	(0.2)	(1.9)	0.2	(0.9)	(2.8)	6.0	(3.4)
Delicatessen	0.7	0.9	0.5	0.5	2.8	0.1	(0.1)	(0.3)	0.0	(0.3)	2.8	0.0
Cut vegetables	0.3	0.5	0.3	0.2	1.3	(0.0)	(0.0)	(0.3)	(0.1)	(0.4)	1.3	0.0
Other	0.1	0.0	(0.2)	0.1	0.0	(0.0)	(0.2)	(0.3)	0.2	(0.2)	0.3	0.3
Food Service	1.8	2.4	1.5	1.3	6.9	0.3	1.2	0.1	(0.9)	0.6	4.7	(2.2)
Condiments	0.6	0.9	0.4	0.4	2.3	(0.0)	(0.0)	(0.4)	(0.7)	(1.1)	1.3	(1.0)
Egg	0.9	1.4	1.0	0.8	4.1	0.0	0.8	0.4	(0.3)	0.9	3.8	(0.3)
Other	0.3	0.1	0.1	0.0	0.5	0.3	0.4	0.1	0.1	0.9	(0.4)	(0.9)
Overseas	1.9	2.2	2.7	1.7	8.5	0.0	0.4	0.5	0.3	1.2	9.9	1.4
China	0.7	0.8	1.0	0.9	3.4	(0.1)	(0.1)	(0.3)	0.3	(0.2)	4.3	0.9
Southeast Asia	0.6	0.6	0.6	0.5	2.3	0.1	0.2	0.2	0.2	0.7	2.8	0.5
North America	0.3	0.3	0.5	0.4	1.4	(0.0)	0.2	0.2	(0.0)	0.3	1.8	0.4
Other	0.3	0.4	0.6	(0.1)	1.3	0.1	0.1	0.5	(0.2)	0.4	1.0	(0.3)
Fruit Solutions	0.0	0.2	0.0	(0.0)	0.3	0.0	(0.1)	(0.2)	(0.1)	(0.4)	0.2	(0.1)
Fine Chemicals	0.0	0.5	0.6	0.1	1.3	0.2	0.2	0.2	(0.4)	0.2	1.4	0.1
Common Business	0.4	0.3	0.3	0.2	1.2	0.1	(0.1)	(0.1)	(0.1)	(0.1)	1.1	(0.1)
Company-wide expenses	(1.4)	(1.5)	(1.5)	(1.7)	(6.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(6.7)	(0.5)
Total	6.7	7.5	7.2	4.0	25.4	0.4	(0.7)	(0.2)	(2.0)	(2.5)	21.0	(4.4)
Operating income ratio	6.7%	7.0%	6.5%	3.6%	5.9%	(0.0)%	(0.8)%	(0.6)%	(2.3)%	(1.0)%	4.6%	(1.3)%

※ Growth rate in overseas net sales (Local currency basis) FY2022 10% FY2023 Plan 12%

2. Factors behind changes in operating income

(Billions of yen)	FY2022	YoY change	FY2023 Year plan	YoY change
Operating income	25.4	(2.5)	21.0	(4.4)



(Billions of yen)		FY2022 YoY change	FY2023 Year plan YoY change
Impact of spike in main raw material prices		(10.7)	(13.9)
By raw material	Major raw materials (Condiments)	(10.9)	(12.1)
	Eggs	0.2	(1.8)
	Total	(10.7)	(13.9)
By Segment	Retail Market	(5.3)	(6.7)
	Food Service	(3.0)	(5.5)
	Overseas	(2.4)	(1.7)

※Impact of spike in main raw material prices is included in the change in gross profit margin.

3. Domestic sales volume and amount of salad condiments by business category (Kewpie Corporation)

		FY2020	FY2021	FY2022	YoY change	YoY change (%)
For household use	Volume (Thousands of tons)	133	133	124	(9)	(7)%
	Amount (Billions of yen)	65.7	67.5	68.1	0.6	1%
For commercial use	Volume (Thousands of tons)	90	91	92	1	1%
	Amount (Billions of yen)	34.5	35.7	38.8	3.1	9%
Exports	Volume (Thousands of tons)	7	9	9	1	9%
	Amount (Billions of yen)	3.0	3.7	4.4	0.7	18%

※ Exports includes figures for household use and for commercial use.

4. Exchange rates (average exchange rates during the period)

(Yen)	FY2020	FY2021	FY2022	FY2023 Year plan
USD (per \$1)	108	107	125	135
RMB (per RMB1)	15	16	19	20

5. Changes in market prices for major raw materials

(Yen/kg)	FY2020				FY2021				FY2022					FY2023 Year plan
	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sep.-Nov.)	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sep.-Nov.)	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sep.-Nov.)	Year	
Average price of institutional use (tank truck base) for refined soybean and rapeseed oils for processed oil and fats	242	248	251	248	253	266	303	352	361	373	392	437	391	410
Benchmark price for medium-sized eggs, Tokyo market	194	189	152	162	168	240	240	211	179	208	207	241	209	254

6. Capital investments and main components of selling, general and administrative expenses

(Billions of yen)	FY2021	FY2022	YoY change	FY2023 Year plan	YoY change
Capital investments	12.1	17.2	5.1	19.5	2.3
Depreciation and amortization	15.3	16.1	0.7	17.0	0.9
Sales promotion expenses	3.2	3.8	0.6	4.0	0.2
Advertising expenses	9.6	9.7	0.1	10.1	0.4
Transportation and warehousing expenses	27.8	28.2	0.4	29.2	1.0
Payroll expenses	30.6	30.6	0.0	31.9	1.3
Research and development expenses	4.0	3.9	(0.1)	3.9	0.0

7. Summary of non-operating income (expenses) and extraordinary gains (losses)

(Billions of yen)	FY2021	FY2022	YoY change	Items of changes
Non-operating income (expenses), net	1.7	1.8	0.1	Increase in interest income 0.1
Extraordinary gains (losses), net	(0.8)	(0.6)	0.2	Increase in gains on sales of shares of subsidiaries and associates 1.0 Decrease in gains on sales of fixed assets (0.4) Decrease in gains on extinguishment of tie-in shares (0.4)

8. Summary of balance sheets

(Billions of yen)	FY2021	FY2022	YoY change	Items of changes
Assets				
Current assets	157.5	167.7	10.3	Increase in notes and accounts receivable - trade 2.5 Increase in inventories 7.0
Fixed assets				
Tangible and intangible fixed assets	159.8	162.7	2.9	Increase in software 2.8
Investments and other assets	63.7	73.0	9.3	Increase in investment securities 2.0 Increase in assets for retirement benefits 7.5
Liabilities				
Liabilities	111.7	108.8	(2.9)	Increase in notes and accounts payable - trade 5.0 Decrease in short-term loans payable (8.5)
Net assets	269.3	294.6	25.3	Increase in earned surplus 9.5 Increase in foreign currency translation adjustments 6.9 Increase in accumulated adjustments for retirement benefits 5.0

9. Summary of cash flows

(Billions of yen)	FY2021	FY2022	YoY change	Items of changes
Cash flows from operating activities	38.5	27.2	(11.3)	Decrease (increase) in inventories (3.2) Increase (decrease) in accrued consumption taxes (5.5)
Cash flows from investing activities	(20.3)	(15.9)	4.3	Increase in purchases of tangible fixed assets (4.7) Decrease in payments for sales of shares of subsidiaries resulting in change in scope of consolidation 8.8
Cash flows from financing activities	(18.7)	(16.8)	1.9	Increase in repayment of long-term loans payable (8.8) Decrease in purchase of treasury stock 10.0

10. Sustainability targets and performance

Material Issues	Initiative Theme	Indicators	FY2021	FY2022	FY2024 Target	FY2030 Target
Contributing to Food Culture and Health	Contribution to Extending Healthy Life Expectancy	As a food partner for every person: <ul style="list-style-type: none"> Contribute to achieving a vegetable intake target of 350 grams per day Promote a boost in egg consumption in order to contribute to increasing protein intake 				
	Mental and Physical Health Support for Children	Number of children's smiles via our activities (cumulative since FY2019)	221 thousand	286 thousand	At least 400 thousand	At least 1 million
Effective Use and Recycling of Resources	Elimination and Effective Utilization of Food Loss	Food waste reduction rate (compared to FY2015)	39.0%	46.6%	At least 50%	At least 65%
		Effective utilization rate of unused portions of vegetables Main vegetables: Cabbage, etc.	62.1%	77.5%	At least 70%	At least 90%
		Reduction rate in volume of product waste (compared to FY2015)	61.3%	74.8%	At least 60%	At least 70%
	Reduction and Reuse of Plastic Emissions	Reduction rate in volume of plastic waste (compared to FY2018)	5.3%	Under calculation	At least 8%	At least 30%
	Sustainable Use of Water Resources	Water usage (basic unit) reduction rate (compared to FY2020)	2.1%	1.6%	At least 3%	At least 10%
Deal with Climate Change	Reduction of CO ₂ emissions	Reduction rate in CO ₂ emissions (compared to FY2013)	24.0%	26.1%	At least 30%	At least 50%
Conservation of Biodiversity	Conservation of Biodiversity	Promote the Kewpie Group Biodiversity Policy to conserve biodiversity and pass on the bounty of nature to future generations				
Sustainable Procurement	Promotion of Sustainable Procurement	Promote Fundamental Policy for Sustainable Procurement in cooperation with business partners				
Respect for Human Rights	Respect for Human Rights	Promote the Kewpie Group Human Rights Policy to respect the human rights of all people involved in our business				

※ The "Food waste reduction rate" indicator also includes the "Effective utilization rate of unused portions of vegetables".

※ FY2021 results for "Reduction rate in CO₂ emissions" are the figures after retrospective adjustments, excluding the Distribution Business.

※ Sustainability targets are domestic figures.

※ "Conservation of Biodiversity" has been newly added as a material issue for FY2023.

11. Principal management indexes

			FY2020	FY2021	FY2022	FY2023 Year plan
Net sales	※1	(millions of yen)	390,680	407,039	430,304	454,000
Operating income	※1	(millions of yen)	25,466	27,972	25,433	21,000
Operating income ratio	※1	(%)	6.5	6.9	5.9	4.6
Ordinary income	※1,2	(millions of yen)	26,812	29,698	27,249	23,000
Ordinary income ratio	※1,2	(%)	6.9	7.3	6.3	5.1
Profit attributable to owners of parent	※1,2	(millions of yen)	11,591	18,014	16,033	13,000
Profit to net sales	※1,2	(%)	3.0	4.4	3.7	2.9
Net assets	※2	(millions of yen)	287,356	269,301	294,623	–
Total assets	※2	(millions of yen)	454,276	381,003	403,384	–
Equity	※2	(millions of yen)	239,743	245,640	267,657	–
Equity ratio	※2	(%)	52.8	64.5	66.4	–
Cash flows from operating activities		(millions of yen)	34,955	38,533	27,199	–
Cash flows from investing activities		(millions of yen)	(26,039)	(20,277)	(15,947)	–
Cash flows from financing activities		(millions of yen)	5	(18,701)	(16,812)	–
Free cash flow	※3	(millions of yen)	8,916	18,255	11,252	–
Cash and cash equivalents at the end of the fiscal year		(millions of yen)	65,777	66,703	65,335	–
Interest-bearing debt		(millions of yen)	81,999	42,257	33,042	–
Net assets per share	※2	(yen)	1,676.05	1,767.14	1,925.54	–
Earnings per share	※1,2	(yen)	81.04	128.17	115.34	93.52
Free cash flow per share		(yen)	62.33	129.88	80.95	–
ROA (Return on assets)	※1,2	(%)	6.5	7.1	6.9	5.7
ROE (Return on equity)	※1,2	(%)	4.9	7.4	6.2	4.9
Annual (interim) dividend per share		(yen)	40.0	47.0	47.0	50.0
Dividend payout ratio	※1,2	(%)	49.4	36.7	40.7	53.5
Stock price at the end of the fiscal year		(yen)	2,174	2,309	2,447	–

※1 Results for FY2020 are the figures after retrospective adjustments, excluding the Distribution Business.

※2 During FY2021, the Company finalized the provisional accounting treatment for business combinations, and the figures for FY2020 reflect the finalization of the provisional accounting treatment.

※3 Free cash flow = Operating cash flows + Investing cash flows