

Kewpie Corporation

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



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

July 7, 2022

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 filing quarterly securities report: July 15, 2022
 Scheduled date for dividend payment: August 8, 2022
 Quarterly supplementary data: Yes
 Quarterly results briefing: Yes (for corporate investors and investment analysts)

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

1. Consolidated business results for the second quarter of the fiscal year ending November 30, 2022 (From December 1, 2021 to May 31, 2022)

(1) Consolidated operating results (Cumulative)

(Percentage figures show changes from the same period of 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	%
Six months ended May 31, 2022	207,523	4.3	14,241	(1.8)	14,964	(1.4)	8,889	(7.6)
Six months ended May 31, 2021	198,879	(24.4)	14,499	29.5	15,183	33.4	9,621	70.5

(Note) Comprehensive income: Six months ended May 31, 2022 ¥14,223 million (Increase of 2.3%)
 Six months ended May 31, 2021 ¥13,907 million (Increase of 92.3%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Six months ended May 31, 2022	63.95	—
Six months ended May 31, 2021	67.86	—

(Note) During the fiscal year ended November 30, 2021, the Company finalized the provisional accounting treatment for business combinations. As a result, figures for the six months ended May 31, 2021 reflect the finalization of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2022	381,068	279,564	66.6
As of November 30, 2021	381,003	269,301	64.5

(Reference) Shareholders' equity: As of May 31, 2022 ¥253,835 million
 As of November 30, 2021 ¥245,640 million

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2. Dividends

	Annual dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
Fiscal year 2021	– Yen	20.00 Yen	– Yen	27.00 Yen	47.00 Yen
Fiscal year 2022	–	20.00			
Fiscal year 2022 (Forecast)			–	27.00	47.00

(Note) Revision to the most recently announced forecast of dividends: None

3. Forecasts of consolidated operating results for the fiscal year ending November 30, 2022 (From December 1, 2021 to November 30, 2022)

(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, 2022	430,000	5.6	26,000	(7.0)	27,700	(6.7)	15,700	(12.8)	112.95

(Note) Revision to the most recently announced forecast of consolidated operating results: Yes

*Notes

- (1) Changes in significant subsidiaries during the six months (Changes in specified subsidiaries resulting in the change in the scope of consolidation): None
- (2) Application of special accounting treatments for the preparation of quarterly consolidated financial statements: None
- (3) 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
- (4) Number of issued shares (common stock)
 - a) Number of issued shares at the end of the period (including treasury stock):

May 31, 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:

May 31, 2022	2,495,661 shares
November 30, 2021	2,495,090 shares
 - c) Average number of shares during the period (cumulative from the beginning of the fiscal year):

December 1, 2021 to May 31, 2022	139,004,595 shares
December 1, 2020 to May 31, 2021	141,790,861 shares

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

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

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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I. Quarterly consolidated financial statements and major notes

1. Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of November 30, 2021)	Current second quarter (As of May 31, 2022)
Assets		
Current assets		
Cash and deposits	58,343	52,185
Notes and accounts receivable - trade	56,875	59,790
Securities	10,000	10,000
Purchased goods and products	18,277	19,502
Work in process	1,369	904
Raw materials and supplies	10,419	12,549
Other	2,303	2,697
Allowances for doubtful accounts	(137)	(105)
Total current assets	157,451	157,525
Fixed assets		
Tangible fixed assets		
Buildings and structures	157,939	159,311
Accumulated depreciation	(93,161)	(94,560)
Net book value	64,777	64,750
Machinery, equipment and vehicles	149,308	150,188
Accumulated depreciation	(106,897)	(108,972)
Net book value	42,411	41,215
Land	30,850	30,914
Construction in progress	2,488	2,422
Other	18,060	18,336
Accumulated depreciation	(12,054)	(12,512)
Net book value	6,005	5,824
Total tangible fixed assets	146,532	145,127
Intangible fixed assets		
Goodwill	552	455
Other	12,751	13,914
Total intangible fixed assets	13,303	14,370
Investments and other assets		
Investment securities	43,629	43,053
Assets for retirement benefits	11,128	12,028
Other	9,078	9,082
Allowances for doubtful accounts	(120)	(119)
Total investments and other assets	63,715	64,044
Total fixed assets	223,552	223,543
Total assets	381,003	381,068

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(Millions of yen)

	Previous fiscal year (As of November 30, 2021)	Current second quarter (As of May 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,015	30,918
Short-term loans payable	11,591	2,136
Accrued income taxes	4,182	3,655
Reserves	1,528	2,342
Other	25,881	22,508
Total current liabilities	71,199	61,561
Non-current liabilities		
Bonds	10,000	10,000
Long-term loans payable	16,356	16,213
Liabilities for retirement benefits	2,750	2,836
Asset retirement obligations	221	223
Other	11,173	10,670
Total non-current liabilities	40,502	39,943
Total liabilities	111,702	101,504
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	28,632	28,631
Earned surplus	194,015	199,151
Treasury stock	(5,838)	(5,839)
Total shareholders' equity	240,913	246,047
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	8,690	7,948
Unrealized gains (losses) on hedges	8	56
Foreign currency translation adjustments	(962)	2,361
Accumulated adjustments for retirement benefits	(3,008)	(2,577)
Total accumulated other comprehensive income	4,727	7,788
Non-controlling interests	23,660	25,728
Total net assets	269,301	279,564
Total liabilities and net assets	381,003	381,068

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2. Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Six months ended May 31, 2021 and May 31, 2022)

(Millions of yen)

	Previous second quarter (Cumulative) (From December 1, 2020 to May 31, 2021)	Current second quarter (Cumulative) (From December 1, 2021 to May 31, 2022)
Net sales	198,879	207,523
Cost of sales	137,045	144,552
Gross profit	61,833	62,970
Selling, general and administrative expenses	47,334	48,729
Operating income	14,499	14,241
Non-operating income		
Interest income	54	107
Dividends income	207	234
Equity in earnings of affiliates	421	439
Other	392	306
Total non-operating income	1,075	1,088
Non-operating expenses		
Interest expenses	122	123
Other	268	241
Total non-operating expenses	390	365
Ordinary income	15,183	14,964
Extraordinary gains		
Gains on sales of investment securities	1	252
Gains on sales of fixed assets	440	5
Gains on sales of shares of subsidiaries and associates	291	–
Other	43	0
Total extraordinary gains	777	258
Extraordinary losses		
Losses on disposal of fixed assets	338	482
Other	84	111
Total extraordinary losses	422	593
Profit before income taxes	15,538	14,628
Income taxes	4,786	4,554
Profit	10,751	10,073
Profit attributable to non-controlling interests	1,130	1,184
Profit attributable to owners of parent	9,621	8,889

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(Quarterly Consolidated Statements of Comprehensive Income)
(Six months ended May 31, 2021 and May 31, 2022)

(Millions of yen)

	Previous second quarter (Cumulative) (From December 1, 2020 to May 31, 2021)	Current second quarter (Cumulative) (From December 1, 2021 to May 31, 2022)
Profit	10,751	10,073
Other comprehensive income		
Unrealized holding gains (losses) on securities	161	(730)
Unrealized gains (losses) on hedges	38	54
Foreign currency translation adjustments	2,435	4,105
Adjustments for retirement benefits	280	467
Share of other comprehensive income of entities accounted for using equity method	239	252
Total other comprehensive income	3,155	4,149
Comprehensive income	13,907	14,223
(Breakdown)		
Comprehensive income attributable to owners of parent	12,113	11,949
Comprehensive income attributable to non-controlling interests	1,794	2,273

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3. Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Previous second quarter (Cumulative) (From December 1, 2020 to May 31, 2021)	Current second quarter (Cumulative) (From December 1, 2021 to May 31, 2022)
Cash flows from operating activities		
Profit before income taxes	15,538	14,628
Depreciation and amortization	7,522	7,857
Amortization of goodwill	99	96
Equity in losses (earnings) of affiliates	(421)	(439)
Increase (decrease) in reserves	1,067	685
Increase (decrease) in liabilities for retirement benefits	(127)	85
Decrease (increase) in assets for retirement benefits	369	(900)
Interest and dividends income	(261)	(342)
Interest expenses	122	123
Losses (gains) on sales of investment securities	(1)	(252)
Losses (gains) on sales of shares of subsidiaries and associates	(291)	–
Losses (gains) on sales and disposal of fixed assets	(37)	479
Decrease (increase) in notes and accounts receivable - trade	(1,640)	(2,219)
Decrease (increase) in inventories	(1,233)	(2,354)
Increase (decrease) in notes and accounts payable - trade	1,924	2,503
Increase (decrease) in accounts payable - other	(1,103)	(1,859)
Other	1,718	64
Sub-total	23,243	18,156
Interest and dividends income received	426	484
Interest paid	(126)	(121)
Income taxes paid	(3,737)	(5,217)
Net cash provided by (used in) operating activities	19,805	13,301
Cash flows from investing activities		
Purchases of tangible fixed assets	(3,692)	(5,428)
Purchases of intangible fixed assets	(2,383)	(2,233)
Purchases of investment securities	(8)	(109)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(8,801)	–
Net decrease (increase) in short-term loans receivable	23	71
Payments of long-term loans receivable	(1)	(55)
Collection of long-term loans receivable	15	63
Payments into time deposits	–	(1,038)
Proceeds from withdrawal of time deposits	–	1,141
Other	212	53
Net cash provided by (used in) investing activities	(14,634)	(7,534)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(116)	495
Proceeds from long-term loans payable	500	15
Repayment of long-term loans payable	(1,142)	(10,158)
Cash dividends paid	(2,860)	(3,753)
Cash dividends paid to non-controlling interests	(322)	(652)
Purchase of treasury stock	(7,018)	(1)
Proceeds from sales of shares of subsidiaries not resulting in change in scope of consolidation	–	441
Proceeds from withdrawal of deposits with withdrawal restrictions	271	–
Other	(324)	(289)
Net cash provided by (used in) financing activities	(11,013)	(13,902)
Effects of exchange rate changes on cash and cash equivalents	973	1,900
Increase (decrease) in cash and cash equivalents	(4,868)	(6,234)
Cash and cash equivalents at the beginning of the period	65,777	66,703
Increase in cash and cash equivalents from newly consolidated subsidiary	47	–
Cash and cash equivalents at the end of the period	60,955	60,468

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4. Notes Regarding Quarterly Consolidated Financial Statements

(Notes regarding assumption of a going concern)

Not applicable.

(Notes regarding the significant changes in the amount of shareholders' equity)

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 ASBJ regulations effective from the beginning of the first quarter of the current consolidated 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 first quarter of the current consolidated fiscal year) was added to or subtracted from the opening balance of earned surplus of the first quarter of the current consolidated fiscal year, and (ii) the new accounting policy was applied from the beginning of the first quarter of the current consolidated fiscal year with the adjusted opening balance of earned surplus.

As a result, the effect of this application on net sales for the six months ended May 31, 2022 was immaterial, and there was minimal impact on the balance of earned surplus at the beginning of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations, "Reserves for sales rebates" recorded in "reserve" items 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 end of the first quarter of the current consolidated fiscal year.

The information on disaggregation of revenue from contracts with customers during the six months ended May 31, 2021 has not been disclosed according to the transitional treatment provided for in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

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 first quarter of the current consolidated 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 quarterly consolidated financial statements.

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(Business combination)

Important revision of initial allocation of acquisition costs in comparative information

For the business combination of K.R.S. Corporation, the Company's consolidated subsidiary (currently an affiliated company accounted for by the equity method), and KIAT ANANDA Group (PT Kiat Ananda Cold Storage, PT Ananda Solusindo, PT Manggala Kiat Ananda and PT Trans Kontainer Solusindo) on November 2, 2020, a provisional accounting treatment had been performed in the fiscal year before last and it was finalized in the previous fiscal year.

Following the finalization of the provisional accounting treatment, comparative information included in the consolidated financial statements for the previous fiscal year has reflected the important revision of initial allocation of acquisition costs.

As a result, the effect of this business combination on the quarterly consolidated statements of income for the six months ended May 31, 2021 was immaterial.

(Segment information)

<Segment information>

I. Previous second quarter (Cumulative from December 1, 2020 to May 31, 2021)

1. Information on amounts of net sales and profit or loss 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 quarterly consolidated statements of income (Note 2)
Net sales									
Net sales to outside customers	86,016	72,422	24,738	8,624	4,351	2,726	198,879	–	198,879
Intersegment net sales or transfers	374	2,507	248	87	229	5,452	8,901	(8,901)	–
Total	86,391	74,930	24,986	8,712	4,580	8,179	207,781	(8,901)	198,879
Segment profit	9,728	2,677	3,706	393	87	645	17,240	(2,740)	14,499

(Notes) 1. "Adjustments" of ¥(2,740) 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. "Segment profit" is adjusted with "Operating income" in the quarterly consolidated statements of income.

2. Information on impairment losses of fixed assets or goodwill, etc. by reporting segment

(Significant impairment losses of fixed assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gains on negative goodwill)

Not applicable.

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II. Current second quarter (Cumulative from December 1, 2021 to May 31, 2022)

1. Information on amounts of net sales and profit or loss 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 quarterly consolidated statements of income (Note 2)
Net sales									
Revenue from contracts with customers	85,691	75,889	29,819	8,404	5,048	2,670	207,523	–	207,523
Other revenue	–	–	–	–	–	–	–	–	–
Net sales to outside customers	85,691	75,889	29,819	8,404	5,048	2,670	207,523	–	207,523
Intersegment net sales or transfers	392	2,451	1,000	108	165	5,870	9,988	(9,988)	–
Total	86,083	78,340	30,819	8,512	5,213	8,540	217,511	(9,988)	207,523
Segment profit	7,444	4,137	4,097	275	505	673	17,134	(2,892)	14,241

(Notes) 1. "Adjustments" of ¥(2,892) 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. "Segment profit" is adjusted with "Operating income" in the quarterly consolidated statements of income.

2. Information on changes in reporting segment

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 first quarter of the current consolidated fiscal year. The impact of this application on each reporting segment is immaterial.

3. Information on impairment losses of fixed assets or goodwill, etc. by reporting segment

(Significant impairment losses of fixed assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gains on negative goodwill)

Not applicable.

**Supplementary Data
for the Second Quarter
of the Fiscal Year Ending
November 30, 2022**

July 7, 2022

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 of year plan for FY 2022 indicate estimated forecasts announced on July 7, 2022.
- Figures for the overseas operations in the first half are results for the period from October to March.
Changes overseas of the first half of FY2022 include a ¥2.3 billion increase in net sales and a ¥0.3 billion increase in operating income caused by fluctuations of exchange rates.
Changes overseas of year plan for FY2022 include a ¥7.1 billion increase in net sales and a ¥0.8 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)	FY2021						FY2022						Change					
	1Q	2Q	1H	3Q	4Q	Year	1Q	2Q	1H	3Q	4Q	Year	1Q	2Q	1H	3Q	4Q	Year
	(Dec.-Feb.)	(Mar.-May)	(Dec.-May)	(Jun.-Aug.)	(Sep.-Nov.)		(Dec.-Feb.)	(Mar.-May)	(Dec.-May)	(Jun.-Aug.)	(Sep.-Nov.)	(Plan)	(Dec.-Feb.)	(Mar.-May)	(Dec.-May)	(Jun.-Aug.)	(Sep.-Nov.)	
Retail Market	40.9	45.1	86.0	44.1	42.5	172.7	42.6	43.0	85.7			175.7	1.8	(2.1)	(0.3)			3.0
Condiments	16.5	18.9	35.4	17.4	15.9	68.7	17.6	16.4	33.9			69.4	1.1	(2.5)	(1.5)			0.7
Delicatessen	14.1	15.3	29.5	15.8	15.7	60.9	14.9	15.9	30.8			62.6	0.8	0.5	1.3			1.7
Cut vegetables	6.5	6.8	13.2	7.2	7.2	27.7	6.5	6.9	13.4			28.4	0.1	0.1	0.2			0.7
Other	3.8	4.1	7.9	3.7	3.7	15.3	3.6	3.9	7.6			15.3	(0.1)	(0.2)	(0.4)			(0.0)
Food Service	33.9	38.6	72.4	38.6	38.8	149.8	36.0	39.9	75.9			155.7	2.1	1.3	3.5			5.9
Condiments	9.6	10.8	20.3	10.5	10.9	41.8	10.3	11.5	21.8			45.3	0.7	0.8	1.5			3.5
Egg	20.1	23.2	43.3	23.2	23.2	89.8	21.5	24.3	45.8			93.6	1.4	1.1	2.5			3.8
Other	4.1	4.6	8.8	4.8	4.6	18.2	4.1	4.1	8.3			16.8	0.0	(0.5)	(0.5)			(1.4)
Overseas	12.1	12.6	24.7	14.6	14.1	53.4	14.3	15.5	29.8			65.7	2.2	2.9	5.1			12.3
China	5.0	5.8	10.7	7.4	6.6	24.7	6.1	6.5	12.6			29.0	1.1	0.7	1.9			4.3
Southeast Asia	3.3	3.2	6.5	3.4	3.4	13.3	4.0	4.2	8.2			17.7	0.7	1.0	1.7			4.4
North America	2.4	2.4	4.9	2.8	2.7	10.3	2.7	3.3	6.0			13.4	0.3	0.8	1.1			3.1
Other	1.4	1.2	2.7	1.0	1.4	5.0	1.5	1.6	3.1			5.6	0.1	0.3	0.4			0.6
Fruit Solutions	3.8	4.8	8.6	4.3	3.9	16.9	3.7	4.7	8.4			17.3	(0.1)	(0.1)	(0.2)			0.4
Fine Chemicals	1.9	2.4	4.4	2.1	2.3	8.8	2.5	2.6	5.0			10.0	0.5	0.2	0.7			1.2
Common Business	1.4	1.3	2.7	1.3	1.5	5.5	1.4	1.3	2.7			5.6	(0.0)	(0.0)	(0.1)			0.1
Total	94.1	104.8	198.9	105.0	103.2	407.0	100.5	107.0	207.5			430.0	6.4	2.2	8.6			23.0

Operating Income (Billions of yen)	FY2021						FY2022						Change					
	1Q	2Q	1H	3Q	4Q	Year	1Q	2Q	1H	3Q	4Q	Year	1Q	2Q	1H	3Q	4Q	Year
	(Dec.-Feb.)	(Mar.-May)	(Dec.-May)	(Jun.-Aug.)	(Sep.-Nov.)		(Dec.-Feb.)	(Mar.-May)	(Dec.-May)	(Jun.-Aug.)	(Sep.-Nov.)	(Plan)	(Dec.-Feb.)	(Mar.-May)	(Dec.-May)	(Jun.-Aug.)	(Sep.-Nov.)	
Retail Market	4.2	5.6	9.7	4.3	3.2	17.2	4.0	3.4	7.4			12.8	(0.1)	(2.1)	(2.3)			(4.4)
Condiments	3.0	3.9	6.9	2.8	2.4	12.2	2.9	2.0	4.9			7.9	(0.2)	(1.9)	(2.1)			(4.3)
Delicatessen	0.7	1.0	1.7	0.8	0.5	3.0	0.7	0.9	1.7			3.1	0.1	(0.1)	(0.0)			0.1
Cut vegetables	0.3	0.5	0.8	0.6	0.4	1.7	0.3	0.5	0.8			1.7	(0.0)	(0.0)	(0.0)			(0.0)
Other	0.1	0.2	0.3	0.1	(0.1)	0.3	0.1	0.0	0.1			0.1	(0.0)	(0.2)	(0.2)			(0.2)
Food Service	1.5	1.2	2.7	1.4	2.2	6.3	1.8	2.4	4.1			7.6	0.3	1.2	1.5			1.3
Condiments	0.6	0.9	1.5	0.8	1.1	3.4	0.6	0.9	1.4			2.3	(0.0)	(0.0)	(0.0)			(1.1)
Egg	0.9	0.6	1.5	0.6	1.1	3.3	0.9	1.4	2.3			4.8	0.0	0.8	0.8			1.5
Other	(0.0)	(0.3)	(0.3)	0.0	(0.1)	(0.4)	0.3	0.1	0.4			0.5	0.3	0.4	0.7			0.9
Overseas	1.9	1.8	3.7	2.1	1.4	7.2	1.9	2.2	4.1			8.4	0.0	0.4	0.4			1.2
China	0.9	0.9	1.8	1.3	0.6	3.7	0.7	0.8	1.6			3.5	(0.1)	(0.1)	(0.2)			(0.2)
Southeast Asia	0.5	0.4	0.9	0.4	0.3	1.6	0.6	0.6	1.2			2.2	0.1	0.2	0.3			0.6
North America	0.3	0.1	0.4	0.3	0.4	1.1	0.3	0.3	0.6			1.4	(0.0)	0.2	0.2			0.3
Other	0.2	0.3	0.6	0.2	0.1	0.9	0.3	0.4	0.7			1.3	0.1	0.1	0.2			0.4
Fruit Solutions	0.0	0.4	0.4	0.2	0.1	0.7	0.0	0.2	0.3			0.7	0.0	(0.1)	(0.1)			(0.0)
Fine Chemicals	(0.2)	0.3	0.1	0.5	0.5	1.1	0.0	0.5	0.5			1.4	0.2	0.2	0.4			0.3
Common Business	0.3	0.4	0.6	0.3	0.3	1.3	0.4	0.3	0.7			1.3	0.1	(0.1)	0.0			(0.0)
Company-wide expenses	(1.3)	(1.4)	(2.7)	(1.5)	(1.7)	(5.9)	(1.4)	(1.5)	(2.9)			(6.2)	(0.1)	(0.1)	(0.2)			(0.3)
Total	6.3	8.2	14.5	7.4	6.1	28.0	6.7	7.5	14.2			26.0	0.4	(0.7)	(0.3)			(2.0)

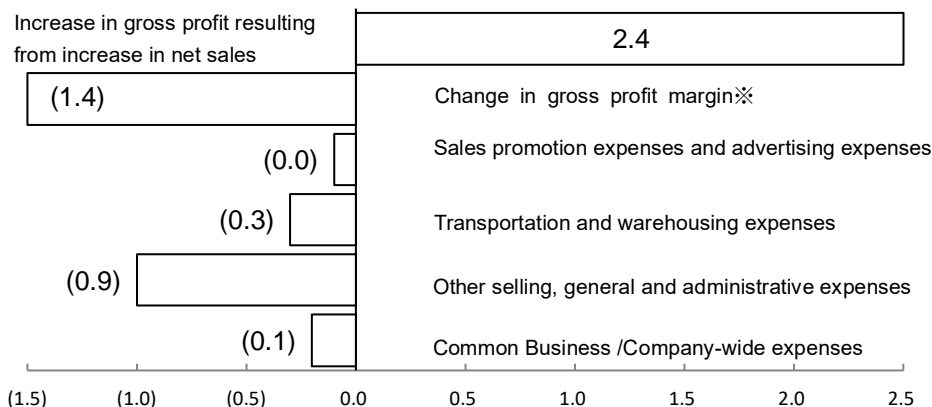
Operating income ratio	6.7%	7.8%	7.3%	7.1%	5.9%	6.9%	6.7%	7.0%	6.9%			6.0%
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※ Growth rate in overseas net sales (Local currency basis) First half of FY2022 11%

2. Factors behind changes in operating income

(Billions of yen)	FY2021 1H	FY2022 1H	Change
Operating income	14.5	14.2	(0.3)

(Billions of yen)



Impact of Spike in Main Raw Material Prices ¥(4.0) billion		
By raw material	Major raw materials (Condiments)	(4.2)
	Eggs	0.2
	Total	(4.0)

By Segment	Retail Market	(2.0)
	Food Service	(0.8)
	Overseas	(1.2)

※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 1H	FY2021 1H	FY2022 1H	Change	YoY Change (%)
For household use	Volume (Thousands of tons)	66	69	63	(6)	(9)%
	Amount (Billions of yen)	32.4	34.8	33.4	(1.4)	(4)%
For commercial use	Volume (Thousands of tons)	45	45	46	1	2%
	Amount (Billions of yen)	16.8	17.4	18.6	1.3	7%
Exports	Volume (Thousands of tons)	3	4	5	1	32%
	Amount (Billions of yen)	1.2	1.7	2.4	0.7	41%

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

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

(Yen)	FY2020 1H	FY2021 1H	FY2022 1H	FY2022 Year (Plan)
USD (per \$1)	109	104	115	123
RMB (per RMB1)	16	16	18	19

5. Changes in market prices for major raw materials

(Yen/kg)	FY2020				FY2021				FY2022				
	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 (Plan)
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			396
Benchmark price for medium-sized eggs, Tokyo market	194	189	152	162	168	240	240	211	179	208			208

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

(Billions of yen)	FY2021 1H	FY2022 1H	Change	FY2022 Year (Plan)
Capital investments	6.3	7.9	1.6	19.1
Depreciation and amortization	7.5	7.9	0.3	15.9
Sales promotion expenses	1.4	1.7	0.3	3.7
Advertising expenses	5.3	5.0	(0.3)	9.6
Transportation and warehousing expenses	13.7	13.9	0.3	28.8
Payroll expenses	15.1	15.1	0.0	30.7
Research and development expenses	1.9	1.8	(0.0)	4.0

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

(Billions of yen)	FY2021 1H	FY2022 1H	Change	Items of changes	FY2022 Year (Plan)
Non-operating income (expenses), net	0.7	0.7	0.0	Increase in interest income 0.1	1.7
Extraordinary gains (losses), net	0.4	(0.3)	(0.7)	Decrease in gains on sales of fixed assets (0.4) Decrease in gain on sales of shares of subsidiaries and associates (0.3)	(1.5)

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

8. Summary of balance sheets

(Billions of yen)	FY2021	FY2022 1H	Change	Items of changes
Assets				
Current assets	157.5	157.5	0.1	Decrease in cash and deposits (6.2) Increase in notes and accounts receivable - trade 2.9 Increase in inventories 2.9
Fixed assets				
Tangible and intangible fixed assets	159.8	159.5	(0.3)	Increase resulting from purchases 6.0 Decrease resulting from depreciation (7.7)
Investments and other assets	63.7	64.0	0.3	Increase in assets for retirement benefits 0.9
Liabilities	111.7	101.5	(10.2)	Increase in notes and accounts payable - trade 2.9 Decrease in short-term loans payable (9.5) Decrease in accounts payable - other (4.4)
Net assets	269.3	279.6	10.3	Increase in earned surplus 5.1 Increase in foreign currency translation adjustments 3.3 Increase in non-controlling interests 2.1

9. Summary of cash flows

(Billions of yen)	FY2021 1H	FY2022 1H	Change	Items of changes
Cash flows from operating activities	19.8	13.3	(6.5)	Increase (decrease) in accrued consumption taxes (3.8) Increase in income taxes paid (1.5)
Cash flows from investing activities	(14.6)	(7.5)	7.1	Increase in purchases of tangible fixed assets (1.7) Decrease in payments for sales of shares of subsidiaries resulting in change in scope of consolidation 8.8
Cash flows from financing activities	(11.0)	(13.9)	(2.9)	Increase in repayment of long-term loans payable (9.0) Decrease in purchase of treasury stock 7.0

10. Sustainability targets

Material Issues	Initiative Theme	Indicators	FY2022 1H	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)	238 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)	41.3%	At least 50%	At least 65%
		Effective utilization rate of unused portions of vegetables Main vegetables: Cabbage, etc.	74.4%	At least 70%	At least 90%
		Reduction rate in volume of product waste (compared to FY2015)	76.7%	At least 60%	At least 70%
	Reduction and reuse of plastic emissions	Reduction rate in volume of plastic waste (compared to FY2018)	Calculated once a year	At least 8%	At least 30%
	Sustainable use of water resources	Water usage (basic unit) reduction rate (compared to FY2020)	0.7%	At least 3%	At least 10%
Deal with Climate Change	Reduction of CO ₂ emissions	Reduction rate in CO ₂ emissions (compared to FY2013)	25.2%	At least 30%	At least 50%
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."

※ Sustainability targets are domestic figures.

11. Year plan for FY2022

■ Forecasts of operating results

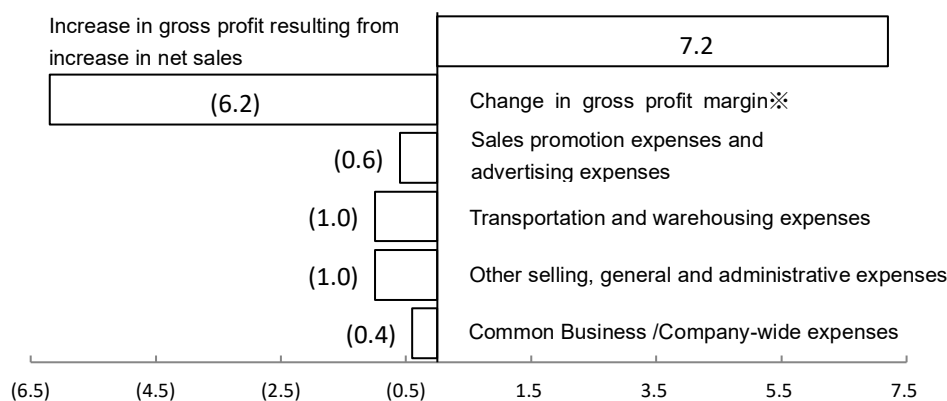
(Billions of yen)		FY2021	FY2022 (Plan)	Change	Change (%)
Net sales		407.0	430.0	23.0	5.6%
Operating income		28.0	26.0	(2.0)	(7.0)%
Ordinary income		29.7	27.7	(2.0)	(6.7)%
Profit attributable to owners of parent		18.0	15.7	(2.3)	(12.8)%
ROA		7.1%	7.2%	0.1%	—
ROE		7.4%	6.2%	(1.2)%	—
Operating income ratio		6.9%	6.0%	(0.9)%	—
Growth rate in overseas net sales (Local currency basis)		19%	10%	(9)%	—
Exchange rates	USD (per \$1)	107 yen	123 yen	16 yen	—
	RMB (per RMB1)	16 yen	19 yen	3 yen	—
Market prices for major raw materials	Average price of institutional use (tank truck base) for refined soybean and rapeseed oils for processed oil and fats	294 yen	396 yen	102 yen	—
	Benchmark price for medium-sized eggs, Tokyo market	215 yen	208 yen	(7) yen	—

※ Growth rate in overseas net sales is calculated excluding the figures for the Egg business in North America, whose shares were transferred in July 2020.

■ Factors behind changes in operating income

(Billions of yen)	FY2021	FY2022 (Plan)	Change
Operating income	28.0	26.0	(2.0)

(Billions of yen)



Impact of Spike in Main Raw Material Prices ¥(11.0) billion		
By raw material	Major raw materials (Condiments)	(11.3)
	Eggs	0.3
	Total	(11.0)
By Segment	Retail Market	(5.9)
	Food Service	(2.6)
	Overseas	(2.5)

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

12. Changes in principal management indexes

		FY2020 1H	FY2021 1H	FY2022 1H	FY2021
Net sales	※1 (millions of yen)	193,219	198,879	207,523	407,039
Operating income	※1 (millions of yen)	10,088	14,499	14,241	27,972
Operating income to net sales	※1 (%)	5.2	7.3	6.9	6.9
Ordinary income	※1, 2 (millions of yen)	10,587	15,183	14,964	29,698
Ordinary income to net sales	※1, 2 (%)	5.5	7.6	7.2	7.3
Profit attributable to owners of parent	※1, 2 (millions of yen)	5,643	9,621	8,889	18,014
Profit to net sales	※1, 2 (%)	2.9	4.8	4.3	4.4
Net assets	※2 (millions of yen)	277,031	265,590	279,564	269,301
Total assets	※2 (millions of yen)	440,217	376,646	381,068	381,003
Equity	※2 (millions of yen)	236,391	241,953	253,835	245,640
Equity ratio	※2 (%)	53.7	64.2	66.6	64.5
Cash flows from operating activities	(millions of yen)	16,748	19,805	13,301	38,533
Cash flows from investing activities	(millions of yen)	(14,773)	(14,634)	(7,534)	(20,277)
Cash flows from financing activities	(millions of yen)	(5,461)	(11,013)	(13,902)	(18,701)
Free cash flow	※3 (millions of yen)	1,975	5,170	5,766	18,255
Cash and cash equivalents at the end of the period	(millions of yen)	53,268	60,955	60,468	66,703
Interest-bearing debt	(millions of yen)	70,315	44,097	32,520	42,257
Net assets per share	※2 (yen)	1,652.61	1,725.66	1,826.10	1,767.14
Earnings per share	※2 (yen)	39.45	67.86	63.95	128.17
Free cash flow per share	(yen)	13.81	36.47	41.49	129.88
Annual (interim) dividend per share	(yen)	20.0	20.0	20.0	47.0
Stock price at the end of the period	(yen)	2,109	2,505	2,127	2,309

※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 the First Half of FY2021 reflect the finalization of the provisional accounting treatment.

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