

愛は食卓にある。



FY2020 Financial Meeting

January 7, 2021
Kewpie Corporation

Contents

1. Overview of FY2020 Results
2. FY2021-2024 Medium-Term Business Plan
3. FY2021 Plan
4. Reference Materials

1. Overview of FY2020 Results

■ Content of these materials

- Overseas figures cover the period from October through September and include exports from Japan.
Exports from Japan cover the period from December through November.
- The three main businesses in Japan are the Condiments and Processed Foods Business, the Salad and Delicatessen Business and the Egg Business in Japan.
- Figures for monetary amounts expressed in billions of yen in this report are rounded to the nearest 100 million yen.
Ratios in this report are rounded to the nearest whole number.
- Change for overseas figures includes the impact of the exchange rate (which lowered net sales by 1.3 ¥bn and operating income by 0.1 ¥bn).

Overview of FY2020 Results

◆Net sales decreased by 14.6 ¥bn year on year

- Net sales fell in the food business in both Japan and overseas due to low demand for food service business.
- Although the distribution business in Japan handled more new customers, the volume of shipments fell, particularly for food service business, leading to lower sales.

◆Operating income fell 3.7 ¥bn year on year

- In the food business in Japan, although the Company strived to curb selling, general and administrative costs, operating income fell due to the impact of lower net sales.
- Operating income fell in the distribution business in Japan due to the impact of the lower volume of shipments attributable to the slump in spending at restaurants, among other factors.
- The overseas business recovered from 2H and operating income was up for the year as a whole.

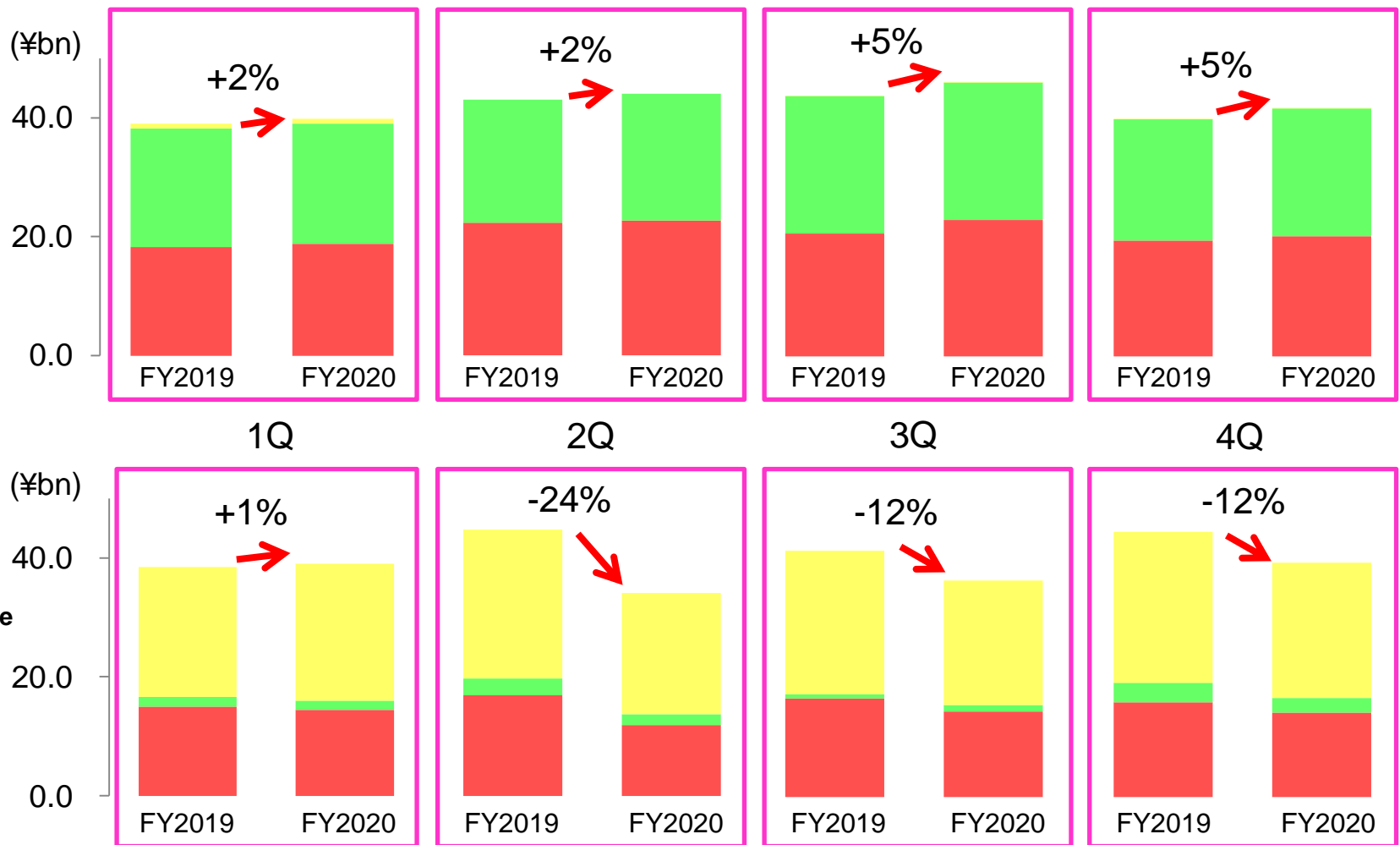
◆Profit attributable to owners of parent decreased by 7.3 ¥bn year on year

- Decline was due to the impact of lower operating income and sales loss from a transfer of shares in our North American egg business.

	FY2019	FY2020	YoY Change	Change	FY2020 2H Change
Net sales	545.7 ¥bn	531.1 ¥bn	-3%	-14.6 ¥bn	-8.7 ¥bn
Japan: Food business	354.3	342.1	-3	-12.2	-5.8
Japan: Distribution business	141.0	140.4	0	-0.6	-1.2
Overseas	50.5	48.6	-4	-1.9	-1.7
Operating income	32.0 ¥bn	28.3 ¥bn	-12%	-3.7 ¥bn	+1.2 ¥bn
Japan: Food business	30.6	27.6	-10	-3.0	+0.6
Japan: Distribution business	4.1	2.8	-31	-1.3	-0.3
Overseas	4.5	4.8	+6	+0.3	+0.7
Company-wide expenses	-7.2	-6.9	—	+0.3	+0.2
Ordinary income	33.3 ¥bn	29.0 ¥bn	-13%	-4.3 ¥bn	+1.3 ¥bn
Profit attributable to owners of parent	18.7 ¥bn	11.4 ¥bn	-39%	-7.3 ¥bn	-3.4 ¥bn

FY2020 Net Sales by Category Type (Three Main Businesses in Japan)

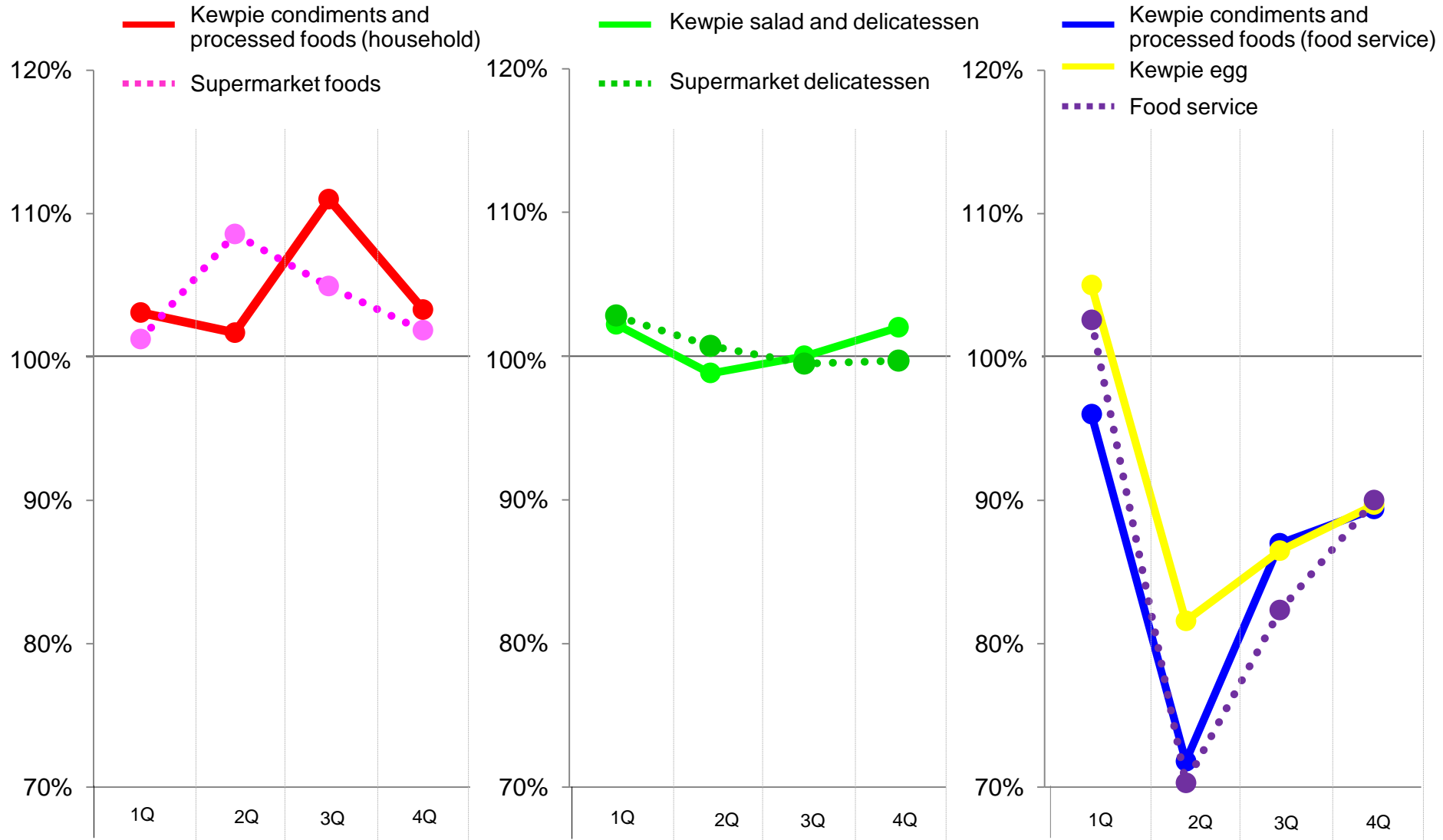
■ Condiments and Processed Foods
 ■ Salad and Delicatessen
 ■ Egg



Although sales rose for products for household use thanks to the capture of higher demand for at-home meals, sales were down for food service products even from 2H because demand for restaurants and inbound tourism has been slow to recover.

Comparison with Market Trends (Year on Year)

Kewpie's sales growth rate by business and market trends



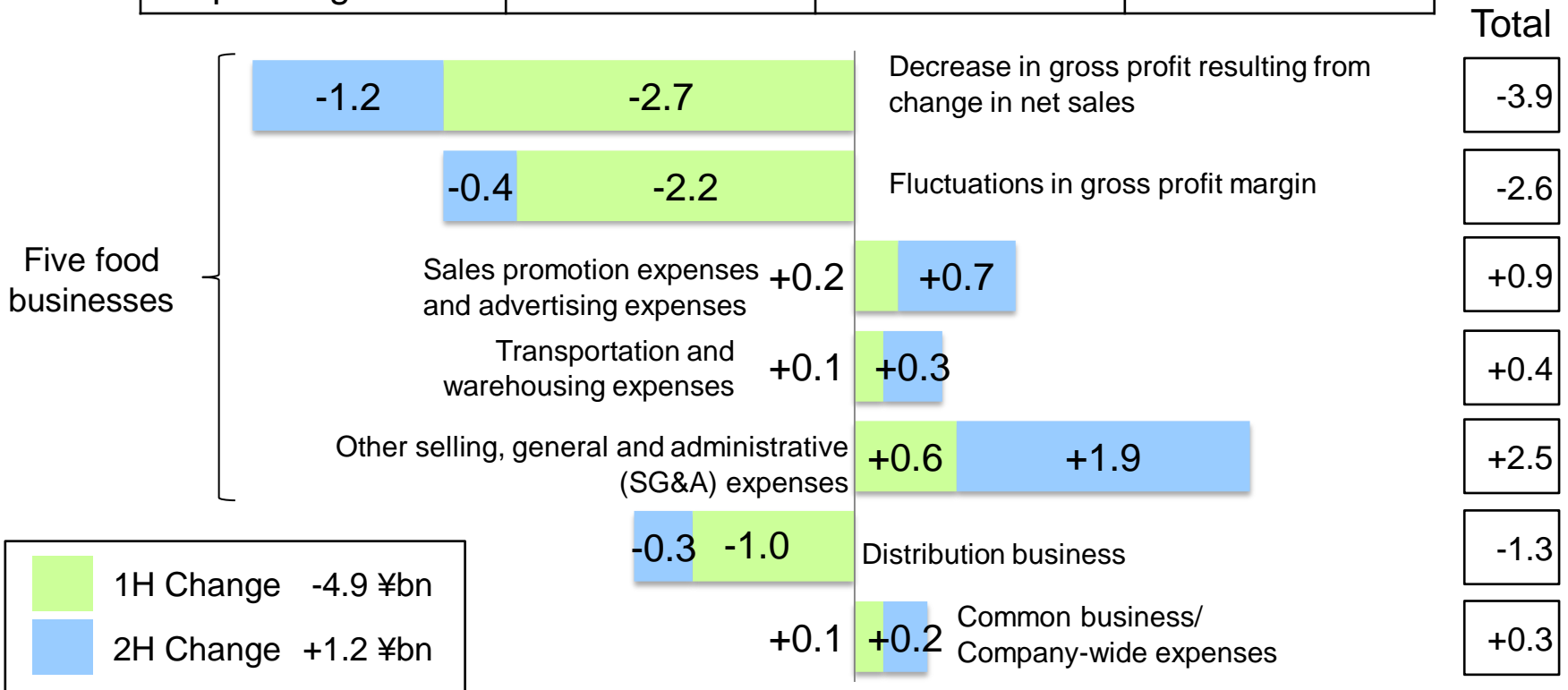
* Market results are from Japan Chain Stores Association materials and Japan Food Services Association.

Note: Figures are the approximate value.

FY2020 Factors Causing Changes in Operating Income (Change)

	FY2020	Change	FY2020 2H Change
Operating income	28.3	-3.7	+1.2

(¥bn)



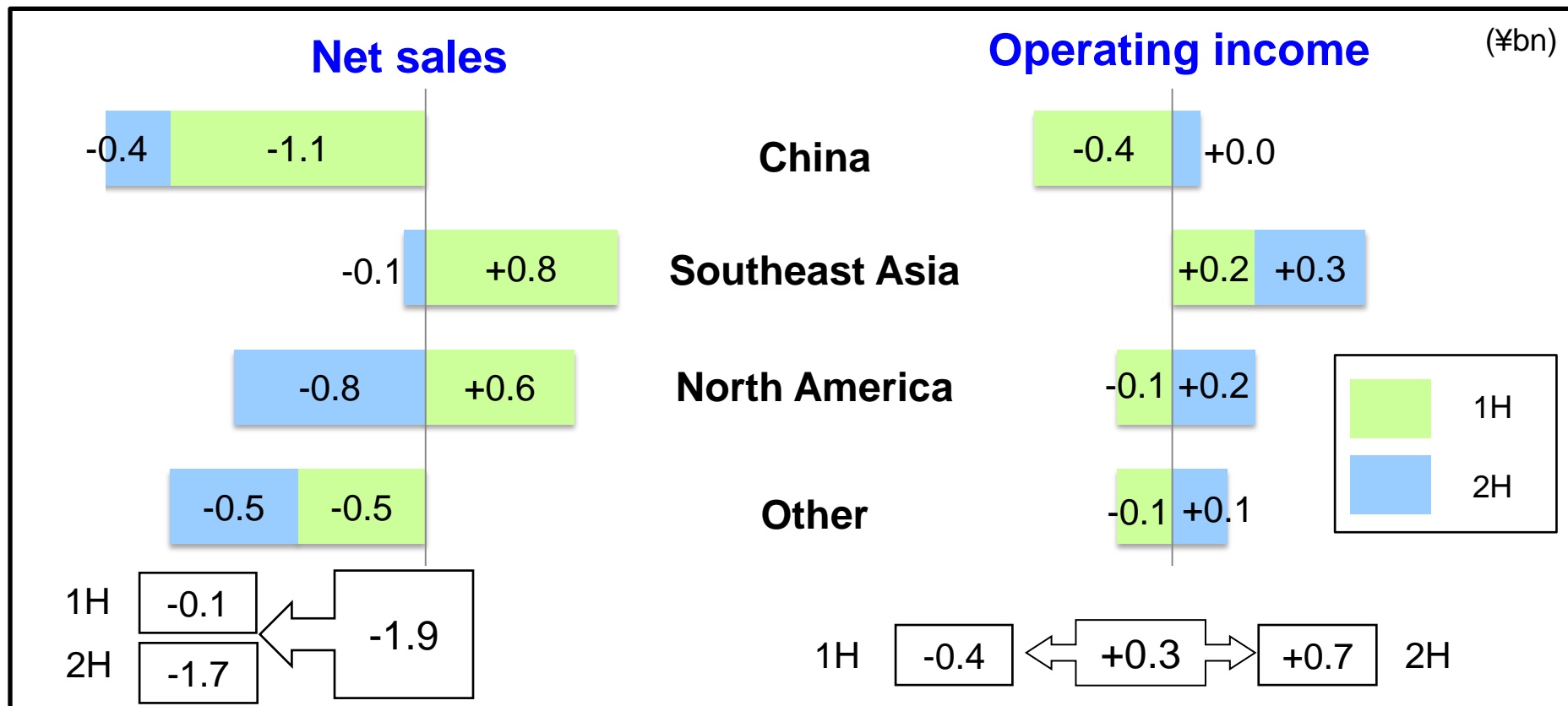
Although operating income was down by 3.7 ¥bn for the fiscal year as a whole, efforts to curb selling, general and administrative expenses and operating expenses led to higher operating income in 2H.

FY2020 Changes in Performance of Three Main Businesses in Japan (Change)



Business	Net sales (YoY Change)		Operating income (YoY Change)		Main factors
	YoY Change	YoY Change	YoY Change	YoY Change	
Condiments and Processed Foods	136.6 ¥bn	-4%	17.8 ¥bn	+1%	<ul style="list-style-type: none"> Sales of products for household use grew, but sales of products for food service fell due to a slump in demand. Income rose due to efforts to curb costs and grow mainstay products.
Salad and Delicatessen	90.9 ¥bn	+1%	3.7 ¥bn	+15%	<ul style="list-style-type: none"> Sales rose due to growth in the sale of potato salad and cut vegetables. Income rose due to lower production costs and growth in added-value products.
Egg	85.6 ¥bn	-10%	3.4 ¥bn	-54%	<ul style="list-style-type: none"> Sales fell due to sluggish demand for food service products, such as restaurants and confectionary makers. Income fell due to capacity utilization losses resulting from lower sales, as well as the impact of high prices in the egg market.

FY2020 Changes in Overseas Financial Results (Change)



Area	Net sales (YoY Change)		Business income (YoY Change)		Main factors
	YoY Change	Value (¥bn)	YoY Change	Value (¥bn)	
China	-7%	18.8	-13%	2.6	<ul style="list-style-type: none"> Although sales of products for household use increased significantly, demand for food service products stalled, leading to lower sales. Income began to recover in 2H, but bar code costs were incurred and as a result, income fell.
Southeast Asia	+7%	11.8	+67%	1.3	<ul style="list-style-type: none"> The coronavirus affected 2H, but sales were up for the year as a whole. Income rose due to growth in products for household use.
North America	-2%	12.0	+17%	0.8	<ul style="list-style-type: none"> Sales were down due to the impact of the transfer of shares in the North American egg business. Income rose due to higher demand for condiments for household use from people eating at home.

FY2020 Overview of Non-operating Income (Expenses) and Extraordinary Gains (Losses)

	(¥bn)		
	FY2019	FY2020	Change
Operating income	32.0	28.3	-3.7
Non-operating income (expenses)	1.2	0.7	-0.5
Ordinary income	33.3	29.0	-4.3
Extraordinary gains (losses)	-0.8	-6.2	-5.4
Profit before income taxes	32.5	22.8	-9.7
Income taxes, and profit attributable to non-controlling interests	13.8	11.4	-2.3
Profit attributable to owners of parent	18.7	11.4	-7.3

◆ Key factors affecting non-operating income (expenses)

Decline in subsidy income	-0.2
Increase in payment fees	-0.2

◆ Key factors affecting extraordinary gains (losses)

Increase in loss on sale of shares in affiliate	-1.9
Increase in impairment losses	-1.2
Increase in loss on disposal of fixed assets	-0.9
Decrease in gains on business transfer	-0.6

◆ Key factors affecting income taxes, and profit attributable to non-controlling interests

Decrease in income taxes, etc.	-1.7
--------------------------------	------

Status of Use of Cumulative Cash Flow

FY2019-2020 Results: Cash Flows from Operating Activities

Cumulative amount: 78.9 ¥bn

Capital Investments

- ◇ Capital investment: 54.7 ¥bn
- Primary components
 - Build an optimal production system
 - Improve overseas production capacity
 - Strengthen distribution functions
 - Innovate core systems

Return to Shareholders

- ◇ Dividends: 12.2 ¥bn
 - Dividend payout ratio of 30% or higher (DOE 2.2% target)
 - FY2018: ¥38
 - FY2019: ¥40 +¥5 (Including 5 yen dividend commemorating 100th anniversary of founding)
 - **FY2020: ¥40 (plan)**

New Expansion

- ◇ Consider investments in new businesses and M&As depending on the project
⇒No large-scale projects

Internal Reserves

- ◇ Capital adequacy ratio
FY2019: 53%
⇒FY2020 53%

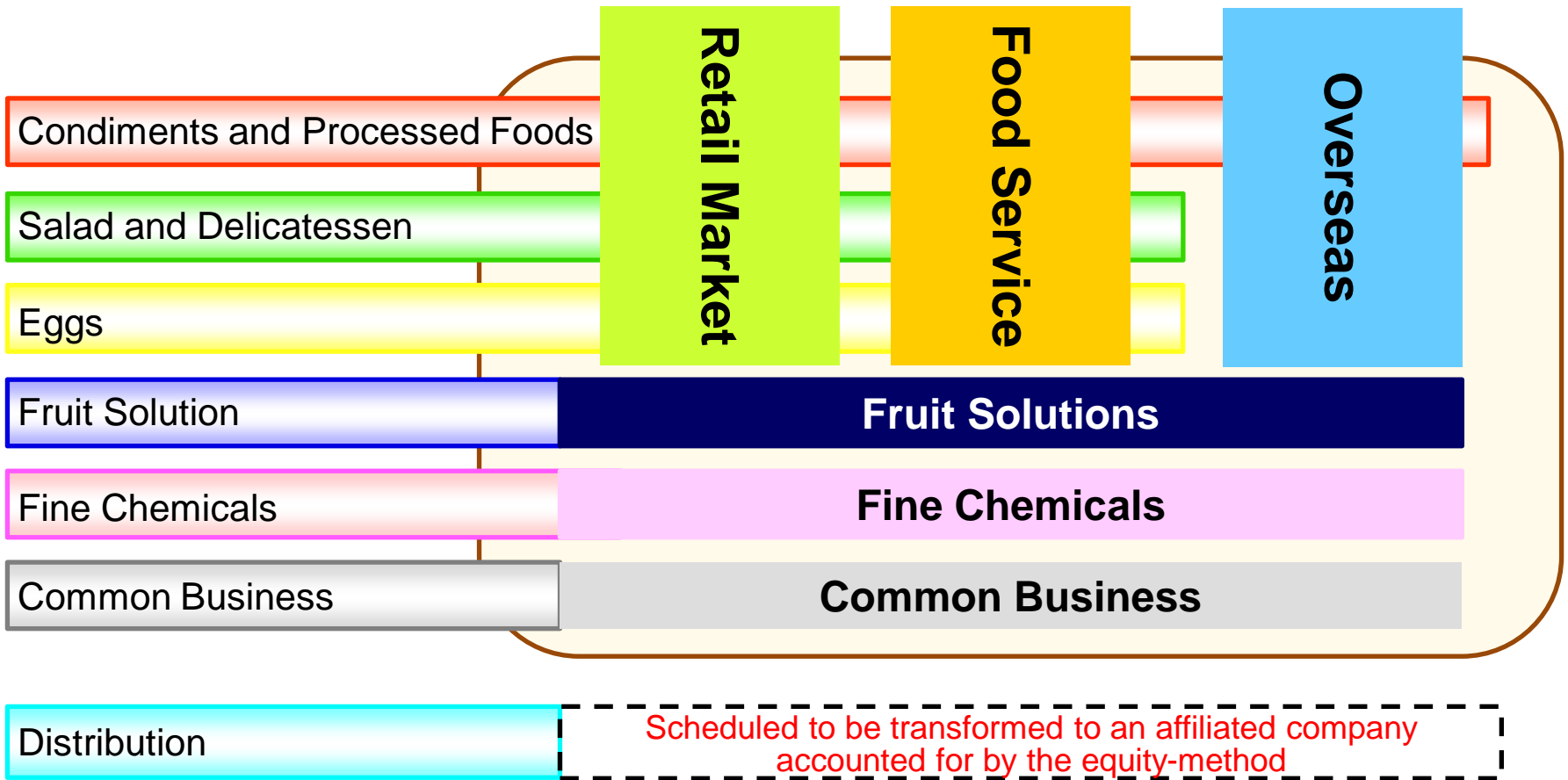
* Capital investments in 2020 were reduced to 26.1 ¥bn compared to the initial plan of 32.5 ¥bn as the Company adapted to changes in the environment.

2. FY2021-2024 Medium-Term Business Plan

Background to Establishment of New Medium-Term Business Plan

- In 2019, **sales of mainstay condiments and cut vegetables fell**, and the business transfer also had an impact, resulting in sales that far undercut forecast. As a result, 2021 targets were revised downward.
- In early 2020, income fell by unprecedented levels due to **the impact of a spike in benchmark price for eggs and major raw materials**, as well as **the impact of the coronavirus** from 2Q.
- As customers' buying behavior changed, the severity of the issues with our assigned business system became more apparent.
- Our assigned business system is effective when demand is growing and expertise in respective businesses can be utilized in growing markets, but **it becomes rigid when markets are contracting and customer needs are diversifying.**
- The medium-term business plan ends in two years, and **we will shift to a new system that enables us to adapt to changes in the market environment.**

Management Transition



【Governance】
Speedy decision-making and inclusion of outside perspectives

【Organization】
Reorganization from market perspective

【Strategy】
With overseas operations as the growth driver, strengthen revenue potential for Japanese operations

【Personnel】
Expand potential with personnel mobility and diverse perspectives

Our Ideal 2030 VISION

Theme of FY2021-FY2024 Medium-Term Business Plan Transition to a structure that realizes sustainable growth

Strengthening our profit structure and creating new dietary lifestyles

The Group will respond to customers' needs with overseas business as a growth driver and by introducing market-based focus domestically.

- Focused Categories: Salads (including condiments) and eggs
- Overseas Regions: Strengthen North America while focusing on China and Southeast Asia
- Key indicators: ROE of 8% or more, operating income ratio of 7.5% or more, annual growth rate in overseas net sales of 10% or more

Redoubling efforts involving society and the global environment

• Major initiatives

- Contribution to extending healthy life expectancy and mental and physical health support for children
- Effective use of resources and realization of a circular economy
- Deal with climate change

Developing a framework for empowering a diverse range of talent

• Major initiatives

- Promotion of mobilization of the Group's human resources
- Increasing opportunities to take part in initiatives from other departments
- Expansion of places to learn

FY2024 Management Indicators and Targets

Management indicators	FY2024 target	(Reference*) FY2020 results	Purpose of each indicator
ROE	At least 8%	4.8%	To improve profit rate and capital efficiency rate for the long term
Operating income ratio	7.5%	6.5%	To strengthen the system by focusing resources in carefully selected areas in Japan and controlling costs, and to expand revenue overseas
Growth ratio in overseas net sales	(Annualized rate) At least 10%	+3.8% (YoY)	To achieve growth in China and southeast Asia as well as North America

*The FY2020 results provided as reference are the figures after retrospective adjustments, excluding the distribution business.

*Growth ratio in overseas net sales does not include results of Egg Business in North America.

The business environment affecting the Group is expected to remain uncertain going forward due to the market impact resulting from the spread of the novel coronavirus, and for this reason we have been conservative in our net sales and operating income targets.

Consolidated net sales: 410.0-440.0 ¥bn/Operating income: 31.0-33.0 ¥bn
 Overseas net sales: 80.0 ¥bn/Segment income: 8.0 ¥bn
 Net sales for retail market in Japan: 160.0-180.0 ¥bn/Segment income: 16.0-18.0 ¥bn
 Net sales for food service in Japan: 130.0-150.0 ¥bn/Segment income: 9.0-11.0 ¥bn

Based on these assumptions, the Group is pursuing its FY2021-2024 medium-term business plan to achieve an ROE of 8% or more, operating income ratio of 7.5% and an overseas sales growth rate of 10%.

Priority Initiatives Overseas

Accelerate spread into food culture in priority areas, and expand overseas operations as growth driver

Expand operating area
(Customer base × priority area)

Expand to middle class and above China and Southeast Asia
+North America

Growth ratio in overseas net sales: 10% annualized

Expand KEWPIE brand
(Recognition rate × taste)

Digital communication Reinforce marketing function

Accelerate assimilation
in food culture
(Usage rate × recipes)

Strengthen product development Vegetables, salad and local menus

- Establish production system that supports sustainable growth
- Spread brand in North America

Establish Production System to Support Sustainable Growth

Deeper inroads in South China area

Significance of strengthening operations in South China area

1. Full-scale expansion into key area with shortages
2. Establish Kewpie fans in area from which information is publicized
3. Cultivate demand in South China with expansion integrating production (Guangzhou Plant) and sales (opening of three sales offices)

Objectives of opening Guangzhou Plant

1. Strengthen cost competitiveness
 - ⇒ **Double productivity** with cutting-edge automated line
 - ⇒ Reduce distribution costs
 - ⇒ Optimal supply system covering China in its entirety
2. **Environmental model plant** that is all-electric
 - ⇒ Respond to future stricter regulations

South China area: Net sale growth ratio of 25% annualized

Guangzhou Plant began operating in January 2021



Brand Penetration in North America

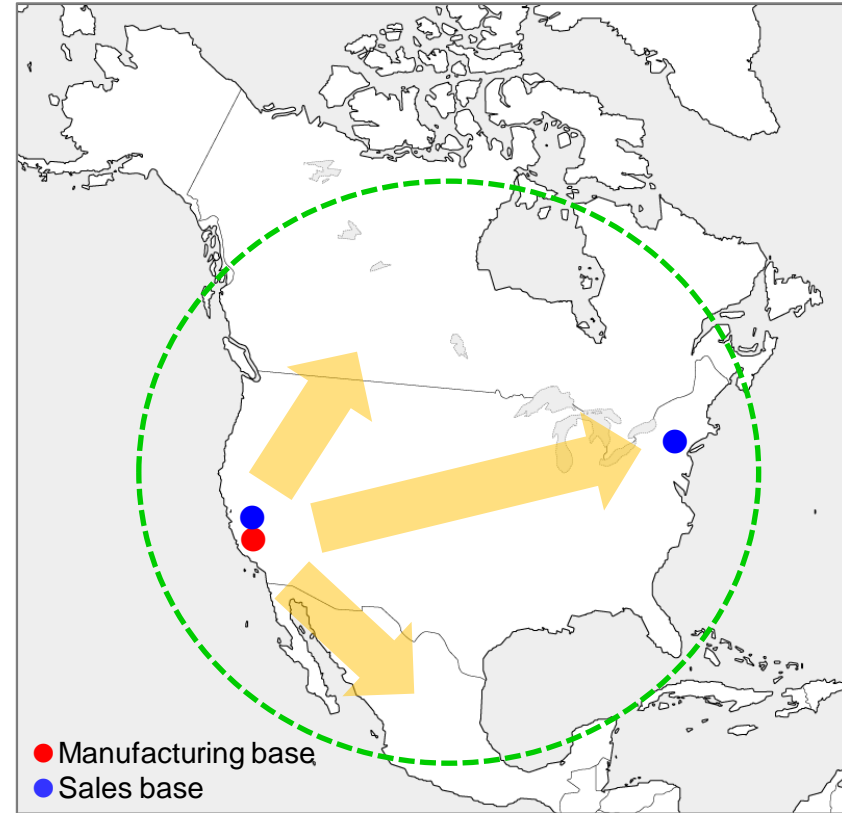
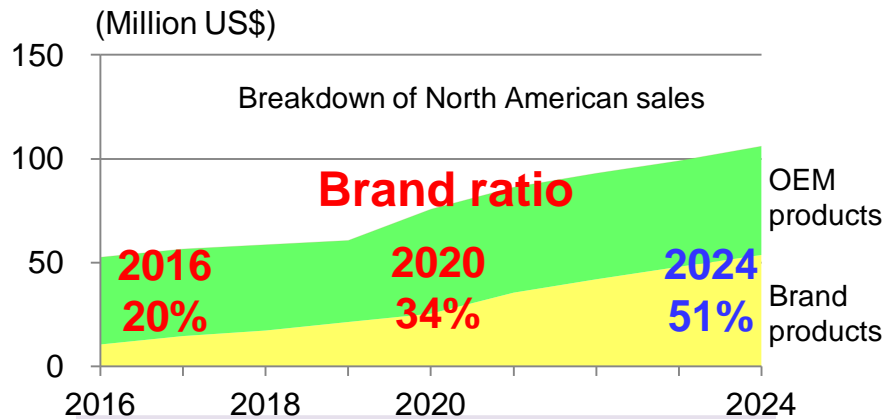


- Extent of interest in brand products in e-commerce

Kewpie Deep Roasted Sesame Dressing

Ranked 4.8 out of 5 on e-commerce mail-order site ★★★★★

- Mayonnaise containing egg yolk received favorably as Kewpie sauce



Future investment

Improved profitability



Expansion of digital marketing for e-commerce
Preparations for new bases

New exports to Canada and Mexico
Food service needs on east coast
(for fusion restaurants)

Priority Initiatives for Retail Market Business (Japan)

Assess markets with Group's multiple perspectives and speedily respond to changes in customers and markets

Mutual use of Group's sales channels

Utilize Group's diversity and expand salad area

Expand egg products for BtoC

Promote fresh stock business

Make mainstay products essential goods by making them multi-purpose
(Mayonnaise, dressings, potato salad, thinly-sliced cabbage)

*Diversity: Products, sales channels, technology, people, information, temperature zone

- **Strengthen competitiveness by improving gross profit rate**
- **Effective marketing by optimal allocation**

Priority Initiatives for Food Service Products (Japan)

Improve ability to respond to businesses in priority areas by concentrating resources on carefully chosen areas

Focus management resources on condiments and eggs

Respond to lower demand
Improve profitability

Invest resources into strengthening sales channels

(Delicatessen, bakery, frozen process food)

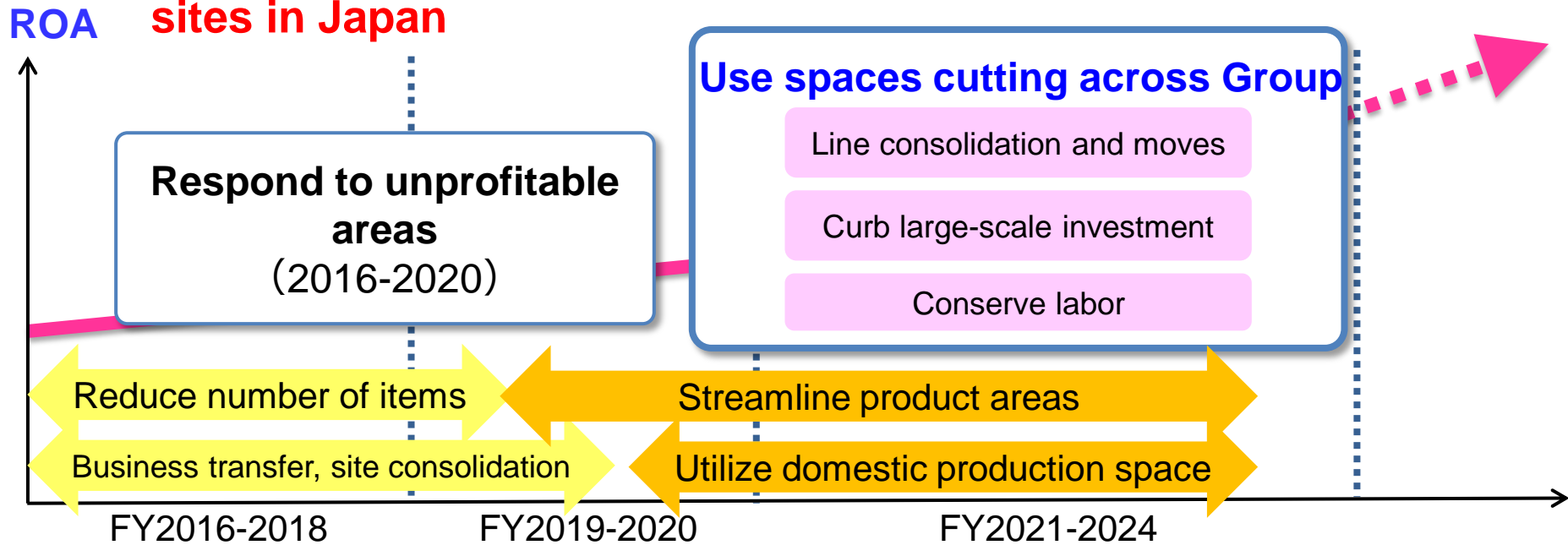


Respond to new market needs with “taste and technology”

- **Raise speed of proposals (menus, products)**
- **Shift from responding to requests to offering value**

Initiatives to Improve efficiency

1. Consolidate product areas while also continuing to consolidate sites in Japan



Re-invest cash generated by normalizing space use

2. IT initiatives

Improve productivity of indirect operations (innovative backbone systems through 2023)

Curb SG&A costs in Japan and reinvest in future initiatives
Effectively curb by about 2.0 ¥bn*

3. Strengthen cost controls








Invest management resources into priority areas (Systematically curb selling, general & administrative costs)

*Compared to FY2019

Redouble Efforts Involving Society and the Global Environment

◆ Material issues associated with Sustainable Development Goals (SDGs)

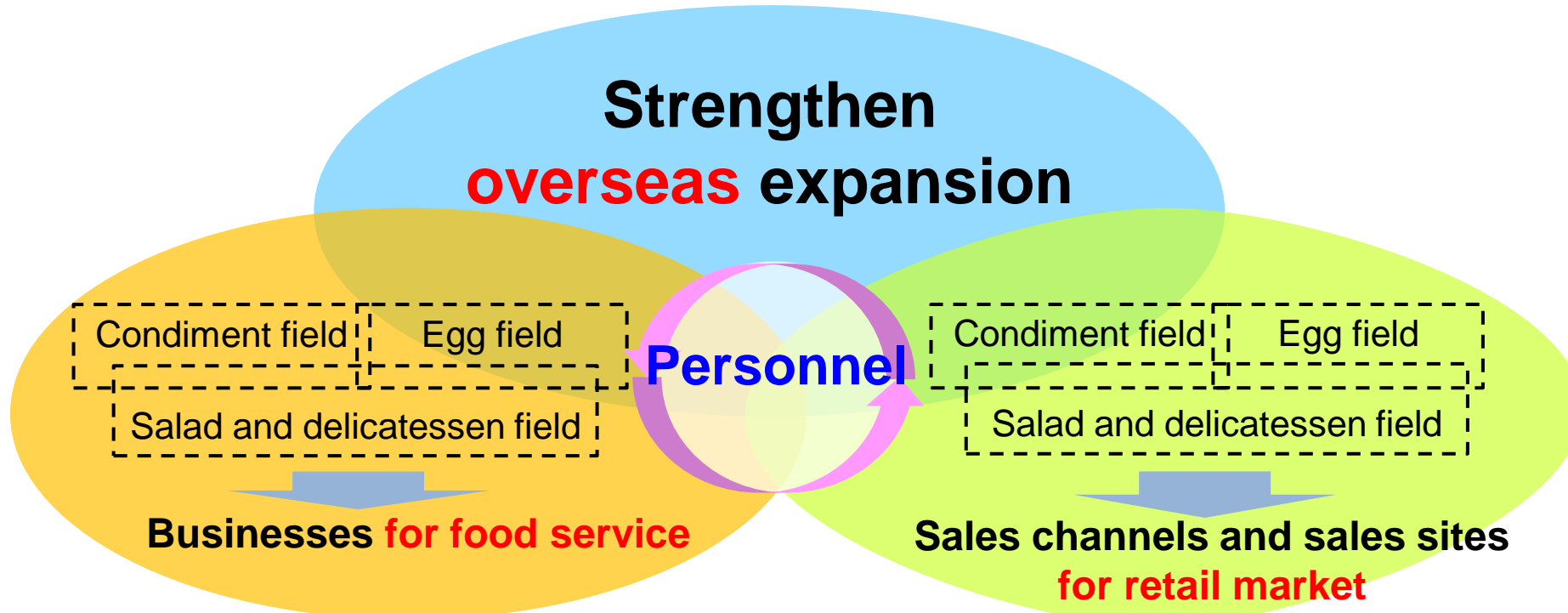
Confront global environmental and community issues through business activities, and strengthen initiatives that individual employees can put into action and achieve in ways that are tied to their daily corporate activities.

Material Issues	Initiative Theme	Indicators	FY2021 Target	FY2024 Target	FY2030 Target	Related SDGs
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)	At least 200 thousand	At least 400 thousand	At least 1 million	
Effective use and recycling of resources	Unused portions of vegetables (cabbage, etc.)	Effective utilization rate	At least 30% effectively used	At least 50%	At least 90%	
	Curtailment of food loss (Reduction of product waste)	Reduction rate in volume of product waste (compared to FY2015)	At least 25%	At least 35%	At least 50%	
	Reduction and reuse of plastic waste	Reduction rate in volume of plastic waste (compared to FY2018)	—	At least 8 %	At least 30%	
Deal with climate change	Reduction of CO ₂ emissions	Reduction rate in CO ₂ emissions (compared to FY2013)	At least 7.5%	At least 20%	At least 35%	 

Initiatives Utilizing Diversity of Employees

Address market needs across the Group

With the market-oriented business structure, observational skills coming from diverse perspectives and insight are essential to predict changes.



Creating opportunities and raising employees to utilize diversity
⇒ Promote employee mobility in Group

**Assignment and use of outside staff
In specialized fields**

- Digital marketing
- IT and planning division



**Expansion of employees' opportunities
for participation**

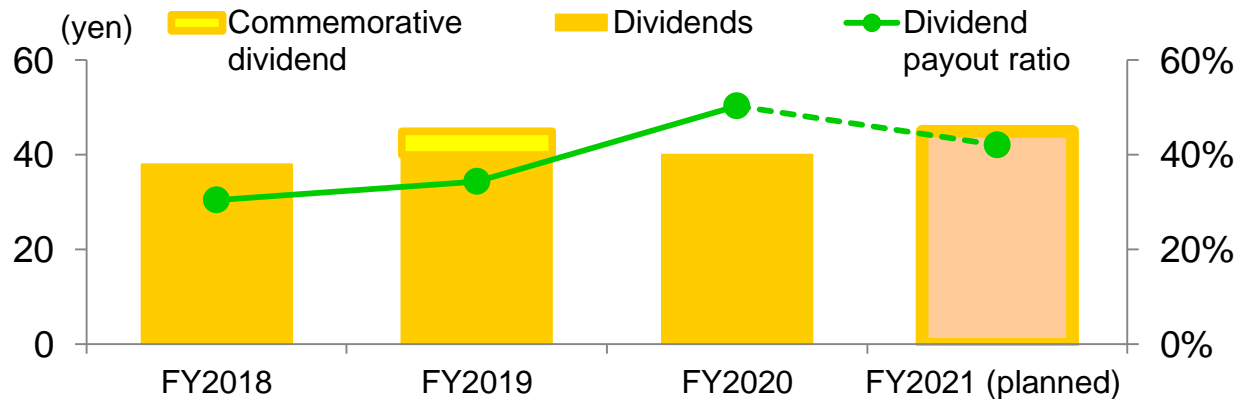
- Participation in important themes and meetings
- Raising employees' satisfaction

Plan for Utilizing Cumulative Marketing Cash Flow

FY2021-2024 Cumulative operating cash flow

140.0 ¥bn

Capital Investments	Return to Shareholders	New Expansion	
<p>◇ About 70.0 ¥bn in capital investment</p> <p>Primary components</p> <ul style="list-style-type: none"> • Build an optimal production system • Improve overseas production capacity • Promotion of IT and digitalization • Investment to adapt to environment 	<p>◇ Cumulative dividend payout ratio of 50% or higher over four years</p> <ul style="list-style-type: none"> • Dividend payout ratio of 35% or higher FY2020: ¥40 (planned) FY2020: ¥45 (planned) • Acquisition of treasury stock: 10.0 ¥bn+consideration of additional measures depending on capital demand 	<p>◇ Consider investments in new businesses and M&As depending on the project</p> <tr> <th data-bbox="1271 591 1839 669">Internal Reserves</th> </tr> <p>◇ Targeting a capital adequacy rate of at least 60% to plan for future business expansion while working to strengthen the financial structure</p>	Internal Reserves
Internal Reserves			



Basic policy on shareholder returns

Decide on redemption guidelines for each medium-term management plan

Aim for long-term, steady increase in dividends

3. FY2021 Plan

■ Content of these materials

- Overseas figures cover the period from October through September and include exports from Japan.
- Figures for monetary amounts expressed in billions of yen in this report are rounded to the nearest 100 million yen.
Ratios in this report are rounded to the nearest whole number.
- Change for overseas figures includes the impact of the exchange rate (which lowered net sales by 0.9 ¥bn and operating income by 0.1 ¥bn).

FY2021 Plan

	FY2020	FY2020 (After retrospective adjustments)	FY2021 Plan	YoY	Change
Net sales	531.1 ¥bn	390.7 ¥bn	400.0 ¥bn	+2.4%	+9.3 ¥bn
Retail market business		168.1	170.0	+1.1	+1.9
Food service business		145.1	151.0	+4.1	+5.9
Overseas		47.2	50.0	+6.0	+2.8
Fruit solutions Fine Chemicals Common Business		30.4	29.0	-4.5	-1.4
Operating income	28.3 ¥bn	25.5 ¥bn	26.4 ¥bn	+3.7%	+0.9 ¥bn
Retail market business		15.8	14.6	-7.6	-1.2
Food service business		7.8	9.7	+24.7	+1.9
Overseas		4.9	5.4	+9.2	+0.5
Fruit solutions Fine Chemicals Common Business		3.1	2.9	-6.0	-0.2
Company-wide Expenses	-6.9 ¥bn	-6.1 ¥bn	-6.2 ¥bn	—	-0.1 ¥bn
Ordinary income	29.0 ¥bn	—	27.8 ¥bn	—	—
Profit attributable to owners of parent	11.4 ¥bn	11.4 ¥bn	15.0 ¥bn	+31.8%	+3.6 ¥bn
ROE	4.8%	4.8%	6.3%	—	+1.5%
Operating income ratio	5.3%	6.5%	6.6%	—	+0.1%
Growth ratio in overseas net sales	+2.2%	+3.8%	+16.6%	—	+12.8%

*Overseas sales growth does not include the earnings from the North American egg business, whose shares were transferred in 2020.

FY2021 Factors Causing Changes in Operating Income (Change)

	FY2021 Plan	Change (After retrospective adjustments)	Results Change
Operating income	26.4	+0.9	-1.9

(¥bn)

Increase in gross profit resulting from change in net sales +4.2

Improvement in gross profit margin +1.4

-1.1 Sales promotion expenses and advertising expenses

-0.9 Transportation and warehousing expenses

-2.3 Other selling, general and administrative (SG&A) expenses

-0.4 Common business/ Company-wide expenses

■ Change
(After retrospective adjustments)
■ Change (Results)

Factors causing decreases

Total of decrease: -4.7

+0.9

Total of increase: +5.6

Factors causing increases

-2.8 Distribution business

Factors causing decreases

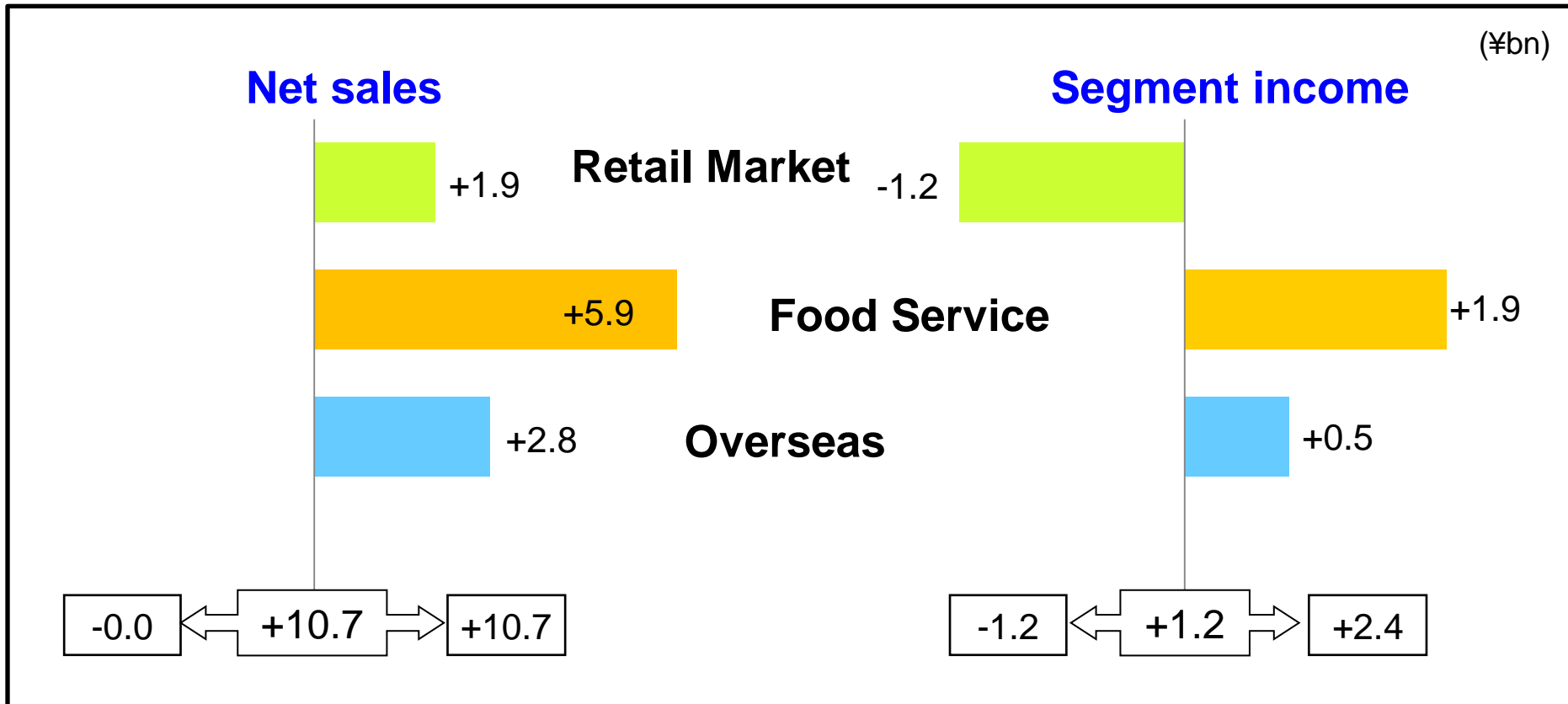
Total of decrease: -7.5

-1.9

Total of increase: +5.6

Factors causing increases

FY2021 Fluctuations in Earnings by Segment (Change)



Business	Net sales (Change)		Segment income (Change)		Primary factors
	Value	%	Value	%	
Retail Market	170.0 ¥bn	+1%	14.6 ¥bn	-8%	<ul style="list-style-type: none"> • Increase in sales due to growth in salads and cut vegetables • Decrease in income due impact of spike in cost of raw materials
Food Service	151.0 ¥bn	+4%	9.7 ¥bn	+25%	<ul style="list-style-type: none"> • Increase in sales due to impact of recovery in demand for restaurants • Increase in income due to higher sales
Overseas	50.0 ¥bn	+6%	5.4 ¥bn	+9%	<ul style="list-style-type: none"> • Increase in sales due to growth in China • Increased income due to higher sales

FY2021 Plan: Overview of Non-operating Income (Expenses) and Extraordinary Gains (Losses)

	(¥bn)		
	FY2020	FY2021 Plan	Change
Operating income	28.3	26.4	-1.9
Non-operating income (expenses)	0.7	1.4	+0.7
Ordinary income	29.0	27.8	-1.2
Extraordinary gains (losses)	-6.2	-2.4	+3.8
Profit before income taxes	22.8	25.4	+2.6
Income taxes, and profit attributable to non-controlling interests	11.4	10.4	-1.0
Profit attributable to owners of parent	11.4	15.0	+3.6

◆ Key factors affecting extraordinary gains (losses)

Decrease in impairment losses	+2.0
Decrease in losses on sale of stocks in affiliated company	+1.9
Decrease in loss on disposal of fixed assets	+0.5

◆ Key factors affecting income taxes, and profit attributable to non-controlling interests

Decrease in income taxes, etc.	-1.0
--------------------------------	------

*FY2020 results are the figures prior to retroactive application, including the distribution business.

4. Reference Materials

Reference: FY2020 Net Sales and Operating Income by Segment

Net sales (¥bn)	Full Year			1H			2H		
	FY2019	FY2020	Change	FY2019	FY2020	Change	FY2019	FY2020	Change
Total	545.7	531.1	-14.6	269.0	263.1	-5.9	276.7	268.0	-8.7
Condiments and Processed Foods Business	185.2	180.2	-5.0	91.8	87.5	-4.2	93.4	92.7	-0.7
Japan	142.1	136.6	-5.4	71.4	66.9	-4.6	70.6	69.7	-0.9
Overseas	43.2	43.6	+0.5	20.3	20.7	+0.3	22.8	23.0	+0.1
Salad and Delicatessen Business	90.3	90.9	+0.6	44.3	44.2	-0.1	46.0	46.7	+0.7
Egg Business	100.0	89.1	-10.9	49.0	45.4	-3.6	51.0	43.7	-7.3
Japan	94.8	85.6	-9.2	46.4	43.0	-3.5	48.3	42.6	-5.7
Overseas (U.S.)	5.2	3.5	-1.7	2.6	2.5	-0.1	2.6	1.1	-1.6
Fruit Solutions Business	15.6	16.5	+0.8	7.9	8.3	+0.4	7.8	8.1	+0.3
Fine Chemicals Business	8.3	7.9	-0.4	4.3	4.0	-0.3	4.1	4.0	-0.1
Distribution Business	141.0	140.4	-0.6	69.2	69.8	+0.6	71.8	70.6	-1.2
Common Business	5.3	6.0	+0.8	2.6	3.7	+1.2	2.7	2.3	-0.4

Segment income (¥bn)	Full Year			1H			2H		
	FY2019	FY2020	Change	FY2019	FY2020	Change	FY2019	FY2020	Change
Total	32.0	28.3	-3.7	16.1	11.2	-4.9	16.0	17.1	+1.2
Condiments and Processed Foods Business	21.6	22.4	+0.8	10.8	9.2	-1.7	10.8	13.2	+2.4
Japan	17.6	17.8	+0.1	8.8	7.3	-1.6	8.8	10.5	+1.7
Overseas	4.0	4.6	+0.6	2.0	1.9	-0.1	2.0	2.7	+0.7
Salad and Delicatessen Business	3.2	3.7	+0.5	1.2	1.7	+0.5	2.0	2.0	-0.0
Egg Business	7.4	3.3	-4.1	4.0	1.1	-2.9	3.4	2.2	-1.2
Japan	7.4	3.4	-4.0	3.9	1.1	-2.7	3.5	2.3	-1.2
Overseas (U.S.)	0.1	-0.1	-0.2	0.2	-0.0	-0.2	-0.1	-0.1	+0.0
Fruit Solutions Business	0.3	0.6	+0.2	0.1	0.2	+0.1	0.2	0.3	+0.1
Fine Chemicals Business	1.2	1.2	-0.1	0.4	0.4	+0.0	0.9	0.8	-0.1
Distribution Business	4.1	2.8	-1.3	2.1	1.1	-1.0	2.0	1.7	-0.3
Common Business	1.3	1.3	-0.0	0.8	0.7	-0.0	0.6	0.6	+0.0
Company-wide Expenses	-7.2	-6.9	+0.3	-3.3	-3.2	+0.1	-3.9	-3.7	+0.2

Reference: FY2020 Main Contents of Factors Causing Changes in Operating Income (Change)

【Decrease in gross profit resulting from changes in net sales】 [-3.9] (¥bn)

Impact on net sales	-3.9	Decrease in sales of egg-based products and processed egg products	-2.6
		Decrease in sales of condiments for food service	-1.8

【Improvement of gross profit margin】 [-2.6]

Raising added value	-0.0	Sluggish growth in value-added products (egg-based products, cooking sauces, etc.)	-0.2
Impact from manufacturing costs	-2.5	Decline in egg capacity utilization	-2.3
		Increase in cost of starting up new factories	-0.3
Impact from primary raw material	-0.3	Main raw materials in salad condiments in Japan	-0.3
Other	-0.0	Impact of Japanese egg market	-0.3

【Sales promotion expenses and advertising expenses】 [+0.9]

Sales promotion expenses and advertising expenses	+0.9	Holding down sales promotion and advertising costs in Japan	+1.2
		Standardized product bar codes in China	-0.5

【Transportation and warehousing expenses】 [+0.4]

Decline in transportation and warehousing expenses	+0.4	Decrease in distribution costs due to lower sales	+0.4
----------------------------------------------------	------	---------------------------------------------------	------

【Other SG&A expenses】 [+2.5]

Other SG&A expenses	+2.5	Travel and transportation costs and training costs curbed, etc.	+1.5
---------------------	------	-----------------------------------------------------------------	------

Reference: FY2020 Factors Causing Changes in Operating Income by Segment (Change)

(¥bn)

	Decrease in gross profit resulting from change in net sales	Change in gross profit margin	Sales promotion expenses and advertising expenses	Transportation and warehousing expenses	Other SG&A expenses	YoY Change in segment income
Total of five businesses in Japan	-3.9	-2.6	+0.9	+0.4	+2.5	-2.7
Condiments and Processed Foods	-1.8	-0.1	+1.4	+0.2	+1.1	+0.8
Salad and Delicatessen	+0.2	+0.3	+0.0	-0.3	+0.3	+0.5
Egg	-2.6	-2.9	-0.0	+0.5	+0.9	-4.1
Fruit Solutions	+0.3	-0.1	-0.0	-0.0	+0.1	+0.2
Fine Chemicals	+0.1	+0.2	-0.4	-0.0	+0.1	-0.1

Reference: FY2020 Net Sales and Operating Income by Segment

Condiments and Processed Foods

- ◇ Net sales (-5.0)
 - Growth for products for household use due to shift to eating at home in both Japan and overseas, and decrease in sales of products for food service due to slump in demand for restaurants
- ◇ Segment income (+0.8)
 - Increased due to efforts to curb costs such as SG&A costs

Salad and Delicatessen

- ◇ Net sales (+0.6)
 - Growth for cut vegetables and salad with mayonnaise dressing with extended shelf life
- ◇ Segment income (+0.5)
 - Increased due to higher sales of mainstay products and improved productivity

Egg

- ◇ Net sales (-10.9)
 - Sales fell due to a decrease in sales volume for products for restaurants and confectionary manufacturers in Japan
- ◇ Segment income (-4.1)
 - Decrease in income due to impact of lower sales and decrease in production capacity utilization

Fruit Solutions

- ◇ Net sales (+0.8)
 - Growth in jams and spreads for household use
- ◇ Segment income (+0.2)
 - Increase in income due to higher sales of mainstay products and implementation of cost controls

Fine Chemicals

- ◇ Net sales (-0.4)
 - Decline in sales due to slump in sales of hyaluronic acid
- ◇ Segment income (-0.1)
 - Lower income due to drop in sales and failure to absorb fixed costs

Distribution

- ◇ Net sales (-0.6)
 - New transactions and transactions with existing customers increased, but the volume of shipments decreased, primarily for food service products, and sales declined
- ◇ Segment income (-1.3)
 - Income was down due to impact of novel coronavirus and upfront investments in labor-saving equipment, etc.

Reference: Financial Results by Category Type for Three Main Businesses in Japan

(¥bn)

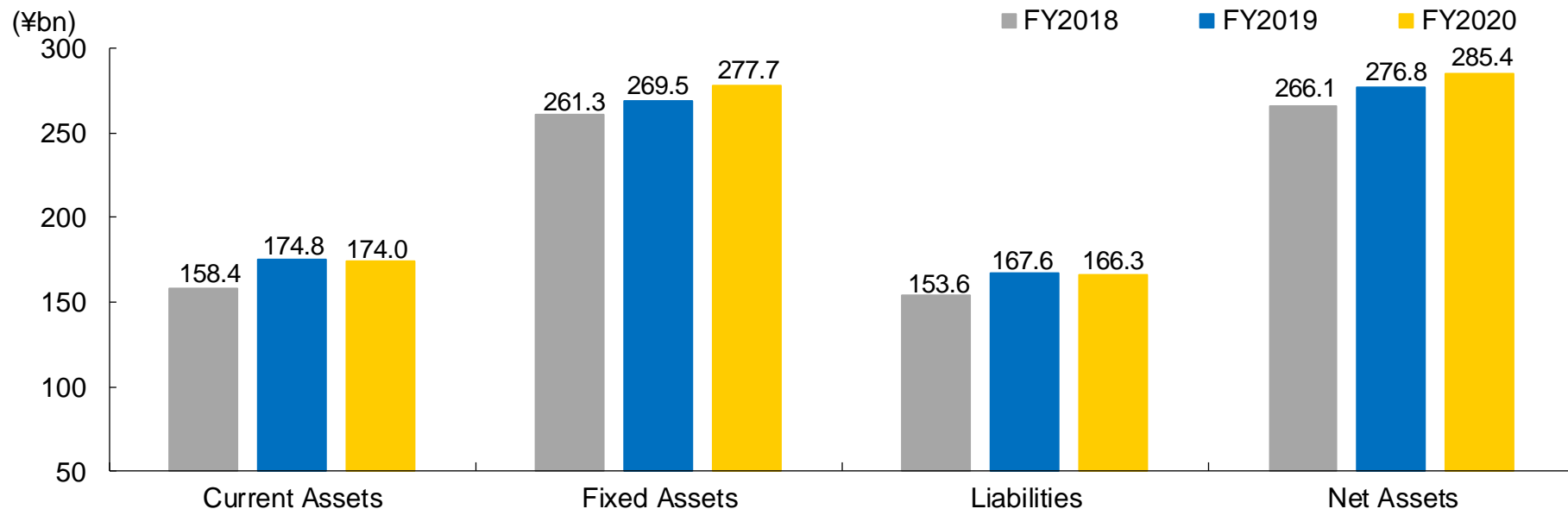
◆ For household use

		2H				Full Year			
		FY2019	FY2020	YoY	Change	FY2019	FY2020	YoY	Change
Condiments and Processed Foods	Net sales	39.0	41.9	+2.9	+7%	79.1	82.8	+3.7	+5%
	Segment income	5.7	7.2	+1.5	+27%	11.0	12.6	+1.6	+14%
Salad and Delicatessen	Net sales	42.1	43.3	+1.1	+3%	82.0	84.1	+2.1	+3%
	Segment income	2.0	2.1	+0.1	+5%	3.0	3.8	+0.8	+28%
Egg	Net sales	0.2	0.2	-0.0	-18%	0.4	0.4	-0.0	-11%
	Segment income	-0.0	-0.1	-0.1	—	-0.1	-0.2	-0.1	—

◆ Food service business

		2H				Full Year			
		FY2019	FY2020	YoY	Change	FY2019	FY2020	YoY	Change
Condiments and Processed Foods	Net sales	31.6	27.8	-3.8	-12%	63.0	53.8	-9.2	-15%
	Segment income	3.1	3.3	+0.2	+5%	6.6	5.2	-1.4	-21%
Salad and Delicatessen	Net sales	3.9	3.4	-0.5	-12%	8.3	6.8	-1.5	-18%
	Segment income	0.0	-0.1	-0.1	—	0.2	-0.1	-0.3	—
Egg	Net sales	48.1	42.4	-5.7	-12%	94.4	85.2	-9.2	-10%
	Segment income	3.6	2.4	-1.2	-33%	7.5	3.6	-3.9	-52%

Reference: FY2020 Changes Points of Balance Sheet



〈Comparison with FY2019〉

Decrease of 0.8 ¥bn in current assets

- Increase in cash and deposits +10.1
- Decrease in notes and accounts receivable – trade -9.9
- Decrease in inventories -1.6

Decrease of 1.2 ¥bn in liabilities

- Decrease in notes and accounts payable – trade -11.5
- Increase in loans payable +14.1
- Decrease in accounts payable --other -5.9

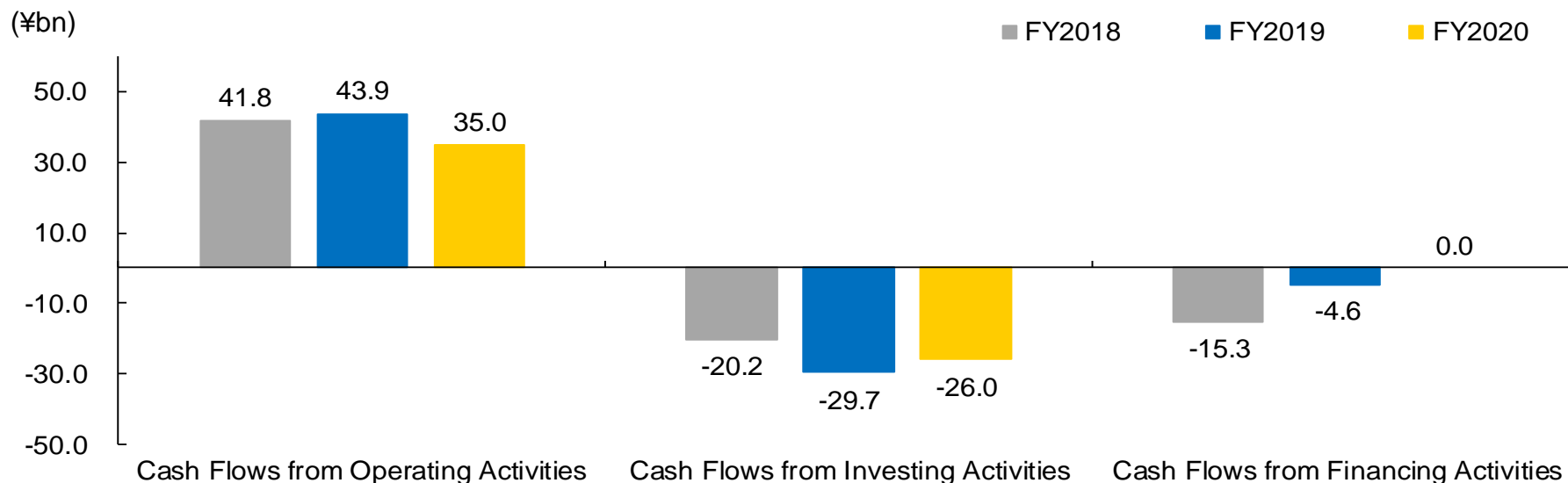
Increase of 8.2 ¥bn in fixed assets

- Increase resulting from purchases of tangible and intangible fixed assets +23.0
- Decrease resulting from depreciation -19.6
- Increase resulting from consolidation of company +7.3
- Decrease resulting from transfer of shares in North American egg business -2.0

Increase of 8.6 ¥bn in net assets

- Increase in earned surplus +4.9
- Increase in non-controlling interests +4.6

Reference: FY2020 Changes Points of Cash Flows



〈Comparison with FY2019〉

Cash Flows from Operating Activities

- Decrease in notes and accounts payable – trade -20.5
- Decrease in accounts payable – other -6.2
- Decrease in accounts receivable – trade +17.0
- Decrease in income taxes paid +3.1

Cash Flows from Investing Activities

- Decrease in purchases of tangible fixed assets +4.2

Cash Flows from Financing Activities

- Increase in proceeds from loans payable +4.9

Status of capital investments

FY2020	FY2021 Plan
26.1 ¥bn	14.8 ¥bn

Reference: FY2021 Net sales and Operating Income by Segment

(¥bn)	Net sales by segment				Operating income by segment			
	FY2020 (Retroactive)	FY2021 Plan	Change	YoY change	FY2020 (Retroactive)	FY2021 Plan	Change	YoY change
Retail Market Business	161.8	170.0	1.9	+1%	15.8	14.6	-1.2	-8%
Condiments	67.1	67.9	0.8	+1%	11.3	10.4	-0.9	-8%
Delicatessen	57.2	58.4	1.2	+2%	2.1	2.3	0.2	+9%
Cut vegetables	27.7	28.6	0.9	+3%	1.7	1.8	0.1	+6%
Other	16.1	15.1	-1.0	-6%	0.7	0.1	-0.6	-86%
Food Service Business	145.1	151.0	5.9	+4%	7.8	9.7	1.9	+25%
Condiments	41.1	41.7	0.6	+2%	3.7	3.9	0.2	+4%
Egg	85.2	89.0	3.8	+5%	3.6	5.5	1.9	+53%
Other	18.9	20.3	1.4	+8%	0.4	0.3	-0.1	-31%
Overseas Business	47.2	50.0	2.8	+6%	4.9	5.4	0.5	+9%
China	18.8	23.0	4.2	+22%	2.6	3.2	0.6	+24%
Southeast Asia	11.8	12.6	0.8	+7%	1.3	1.3	0.0	+2%
North America	12.0	8.9	-3.1	-26%	0.8	0.9	0.1	+18%
Other	4.6	5.5	0.9	+20%	0.3	0.0	-0.3	-100%
Fruit Solutions Business	16.5	17.3	0.8	+5%	0.6	0.8	0.2	+43%
Fine Chemicals Business	7.8	8.4	0.6	+7%	1.2	1.1	-0.1	-6%
Common Business	6.0	3.3	-2.7	-45%	1.4	1.0	-0.4	-26%
Company-wide Expenses	—	—	—	—	-6.1	-6.2	—	—
Total	390.7	400.0	9.3	+2%	25.5	26.4	0.9	+4%

*FY2020 net sales include the earnings from the North American egg business, whose shares were transferred in 2020.

Reference: FY2021 Plans of Factors Changing Operating Income (Change)

【Increase in gross profit resulting from changes in net sales】 [+4.2] (¥bn)

Impact from net sales	+4.2	Sales growth overseas	+2.0
		Recovery in sales of egg-based products and processed egg products	+1.2

【Improvement of gross profit margin】 [+1.4]

Improvements to added value	+1.6	Growth in overseas and added value products (egg-based products, cooking sauces, etc.)	+1.4
Impact of manufacturing costs	+1.5	Recovery in egg utilization rate	+1.1
Improvements to unprofitable categories	+0.4	Completed sales of low-profit products	+0.1
Impact of raw material costs	-1.9	Main raw materials in salad condiments	-1.9
Other	-0.2	Impact of Japanese egg market	-0.2

【Sales promotion expenses and advertising expenses】 [-1.1]

Sales promotion expenses and advertising expenses	-1.1	Resumption of sales promotion activities overseas	-0.5
		Increase in advertising expenses	-0.5

【Transportation and warehousing expenses】 [-0.9]

Increase in transportation and warehousing expenses	-0.9	Increase in distribution costs due to sales growth	-0.9
-----------------------------------------------------	------	----------------------------------------------------	------

【Other SG&A expenses】 [-2.3]

Other SG&A expenses	-2.3	Increase in costs due to restart of economic activity	-2.3
---------------------	------	-------------------------------------------------------	------

Reference: FY2021 Plans: Factors Causing Changes in Operating Income by Segment (Change)

	(¥bn)					
(¥bn)	Increase in gross profit resulting from change in net sales	Improvement in gross profit margin	Sales promotion expenses and advertising expenses	Transportation and warehousing expenses	Other SG&A expenses	YoY change in segment income
Retail Market	+0.4	-0.4	-0.2	-0.3	-0.7	-1.2
Food Service	+1.2	+1.7	-0.2	-0.3	-0.4	+1.9
Overseas	+2.0	+0.1	-0.5	-0.1	-1.0	+0.5
Fruit Solutions	+0.3	+0.3	-0.1	-0.2	-0.1	+0.2
Fine Chemicals	+0.4	-0.2	-0.1	-0.0	-0.0	-0.1

Reference: Capital Investments and Main SG&A Expenses

(¥bn)	FY2019	FY2020	FY2020 (After retrospective adjustments)	FY2021 Plan
Capital Investments	28.6	26.1	18.6	14.8
Depreciation and Amortization	18.6	20.1	15.4	15.6
Sales Promotion Expenses	4.0	3.6	3.6	4.2
Advertising Expenses	9.5	9.0	9.0	9.5
Transportation and Warehousing Expenses	26.0	26.1	27.1	28.0
Payroll Expenses	33.7	32.8	30.5	30.9
Research and Development Expenses	4.2	4.0	4.0	3.9

Reference: Mayonnaise/Dressings Changes in Net Sales (Including Overseas)

(¥bn)		FY2019	FY2020	FY2020 Target
Mayonnaise	Japan	45.8	45.4	45.9
	Overseas	21.8	22.8	25.5
Dressings	Japan	40.4	38.5	39.4
	Overseas	11.3	11.4	13.6
Total	Japan	86.2	83.9	85.3
	Overseas	33.1	34.2	39.1
	Total	119.4	118.0	124.4

Note:

With the exception of historical events, information in Kewpie Corporation's present plan, forecast, strategy, and beliefs reported in this handout refers to forecasts of future performance.

It is reported based on judgments made by the management of Kewpie Corporation, referring to available information as of the date hereof. Readers are asked not to rely completely on performance forecasts contained herein.

Although this handout is made with extreme care, we assume no responsibility whatsoever for any damages resulting from possible errors in the contents.

Also, this handout is not intended to solicit investment. Please make any investment decisions according to your own judgment.