

愛は食卓にある。



# FY2023 Financial Meeting

January 10, 2024 Kewpie Corporation



1. Overview of FY2023 Results
2. Efforts for Enhancing Corporate Value
3. Reference Materials

### 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.
- The numbers related to Overseas cover the period from October through September of the following year and include exports from Japan. Exports from Japan from December through November of the following year are included in the results.
- Changes Overseas of FY2023 includes foreign exchange effects (Net sales +¥5.1 billion, operating income +¥0.7 billion). Changes Overseas of year plan for FY2024 includes foreign exchange effects (Net sales +¥1.1 billion, operating income +¥0.1 billion).

# 1. Overview of FY2023 Results

## Business Environment

Soaring costs of raw materials x Continuing depreciation of the yen x Egg shortages

## Summary

Net Sales

**¥455.1bn**

Increase in sales (+¥24.8bn)

- Sales increase due to Overseas growth
- Increase in sales due to price revisions, etc. of condiments and Food Service eggs

Operating income

**¥19.7bn**

Decrease in income (-¥5.7bn)

- Profit increase due to Overseas growth
- Decrease in profit due to surging prices of main raw materials, energy, and raw materials and equipment in general

Profit attributable to owners of parent

**¥13.2bn**

Decrease in income (-¥2.9bn)

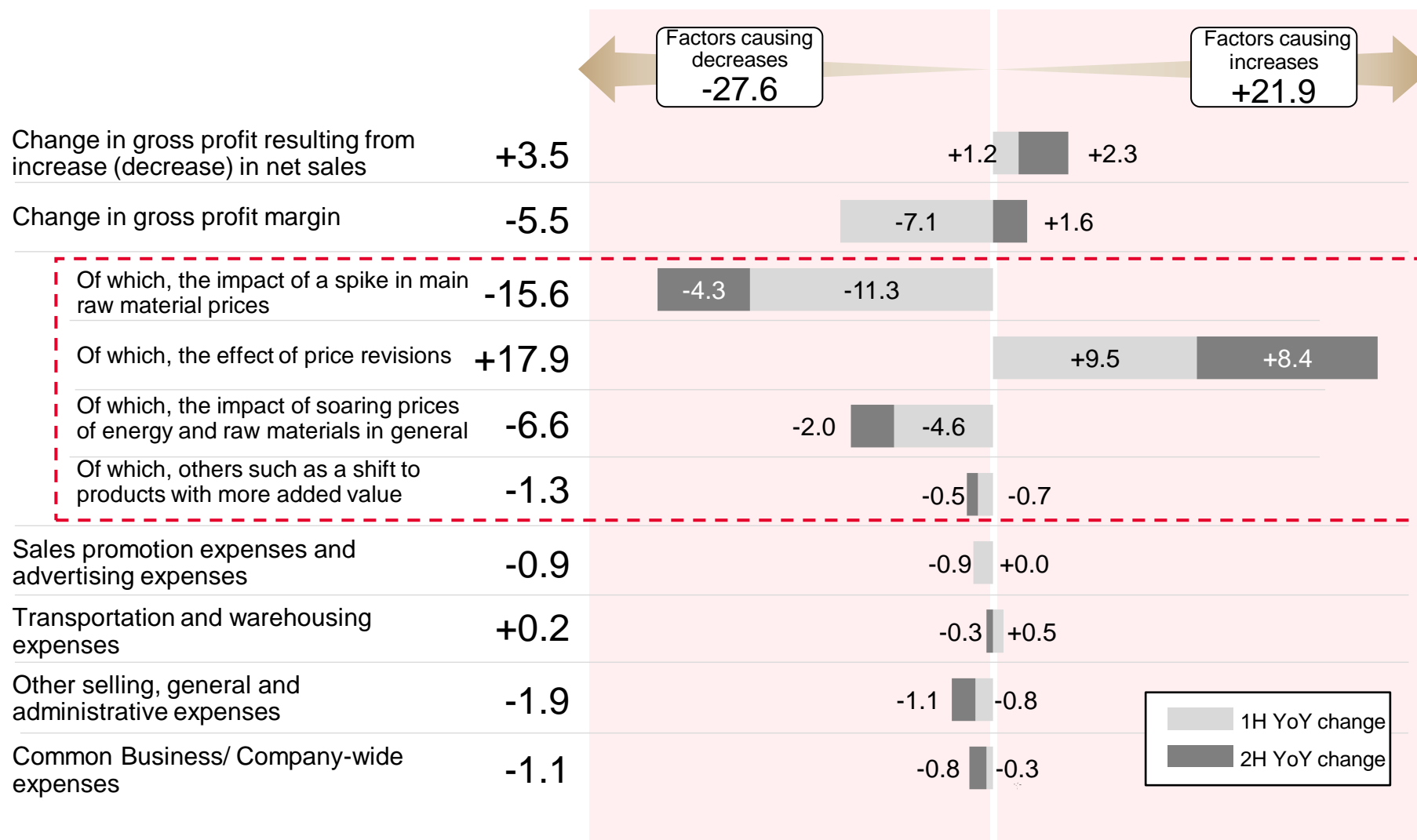
- Increase in gain on sale of shares of subsidiaries and associates
- Increase in impairment losses

# FY2023 Factors behind Changes in Operating Income

Operating income

FY2023 **¥19.7bn** YoY change **-¥5.7bn** (1H **-¥7.4bn** / 2H **+¥1.7bn**)

(¥bn)



# FY2023 Net Sales and Business Income by Segment

Net Sales

FY2023 **¥455.1bn** YoY change **+¥24.8bn** Percentage change (%) **+6%**

(¥bn)	FY2022	FY2023	YoY change	YoY change (%)	1H YoY change	2H YoY change
Retail Market	173.4	177.4	+4.0	+2%	+1.6	+2.5
Food Service	158.8	165.3	+6.5	+4%	+5.5	+1.0
Overseas	66.3	78.3	+12.0	+18%	+4.6	+7.4
Fruits Solutions	16.5	17.0	+0.5	+3%	-0.1	+0.6
Fine Chemicals	10.0	11.2	+1.2	+12%	+0.6	+0.5
Common Business	5.3	6.0	+0.6	+12%	+0.6	+0.0

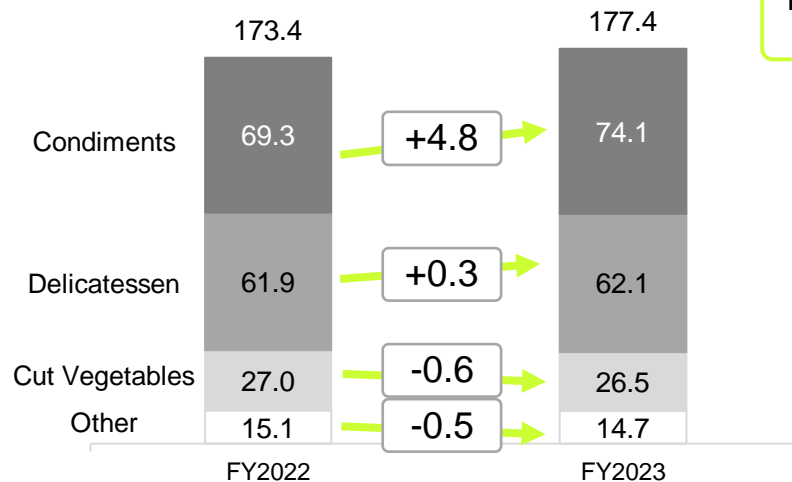
Business income

FY2023 **¥19.7bn** YoY change **-¥5.7bn** Percentage change (%) **-23%**

(¥bn)	FY2022	FY2023	YoY change	YoY change (%)	1H YoY change	2H YoY change
Retail Market	13.4	9.9	-3.5	-26%	-3.0	-0.5
Food Service	6.9	4.1	-2.8	-40%	-2.8	-0.0
Overseas	8.5	10.3	+1.8	+22%	-0.6	+2.5
Fruits Solutions	0.3	0.3	+0.0	+2%	-0.1	+0.1
Fine Chemicals	1.3	1.0	-0.2	-18%	-0.6	+0.4
Common Business	1.2	1.2	-0.0	-0%	+0.0	-0.0
Company-wide expenses	-6.2	-7.3	-1.1	—	-0.3	-0.7

Net Sales

FY2023 **¥177.4bn** YoY change **+¥4.0bn** Percentage change (%) **+2%**

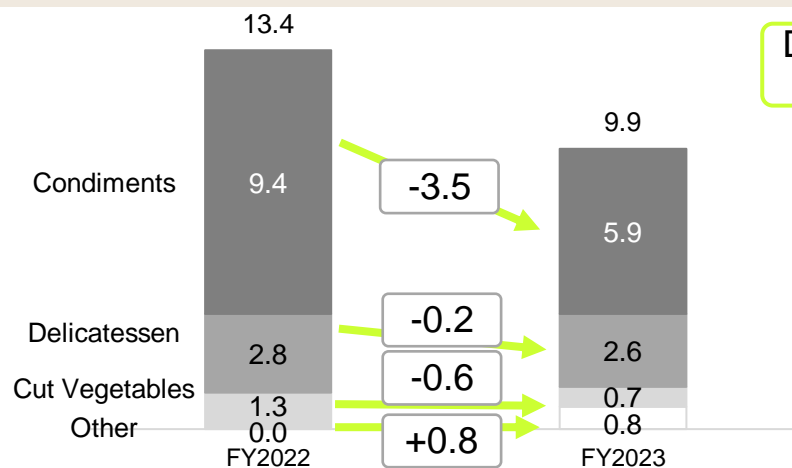


Increase in sales mainly due to price revisions and increase in volumes of dressings

(¥bn)	FY2023	YoY change	YoY change (%)	1H YoY change	2H YoY change
Condiments	74.1	+4.8	+7%	+2.7	+2.1
Delicatessen	62.1	+0.3	+0%	-0.3	+0.6
Cut Vegetables	26.5	-0.6	-2%	-0.6	-0.0

Business income

FY2023 **¥9.9bn** YoY change **-¥3.5bn** Percentage change (%) **-26%**



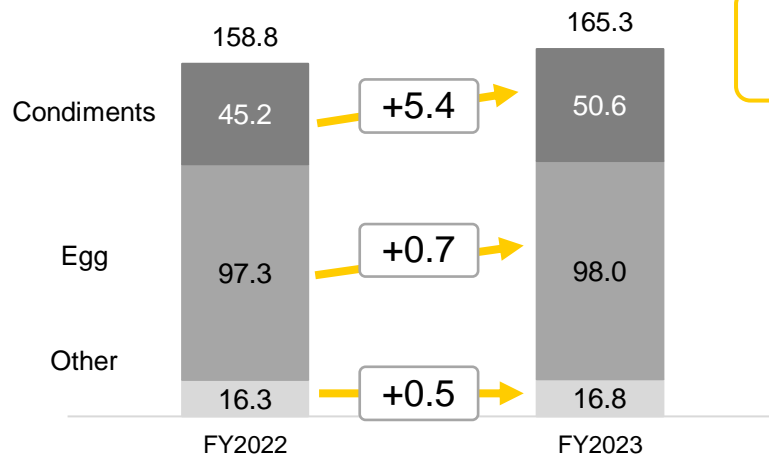
Decrease in profit mainly due to the impact of surging prices of main raw materials

(¥bn)	FY2023	YoY change	YoY change (%)	1H YoY change	2H YoY change
Condiments	5.9	-3.5	-37%	-2.3	-1.2
Delicatessen	2.6	-0.2	-7%	-0.5	+0.3
Cut Vegetables	0.7	-0.6	-45%	-0.5	-0.1

Net Sales

FY2023 **¥165.3bn** YoY change **+¥6.5bn** Percentage change (%) **+4%**

Increase in sales due to price revisions and higher sales unit prices of egg products resulting from surging market prices

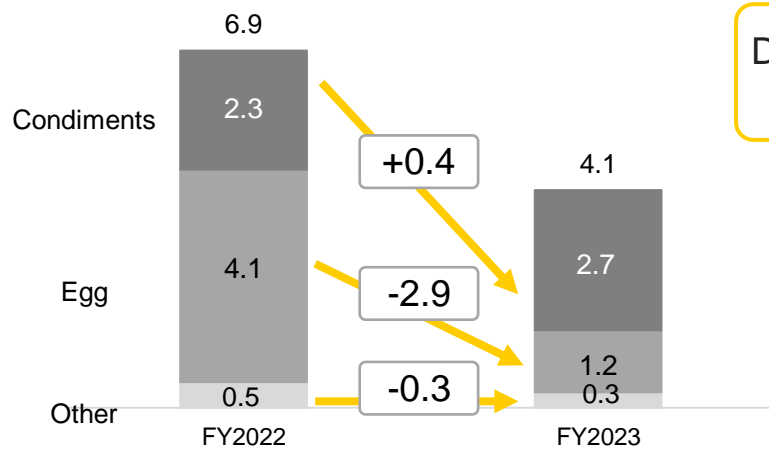


(¥bn)	FY2023	YoY change	YoY change (%)	1H YoY change	2H YoY change
Condiments	50.6	+5.4	+12%	+2.4	+3.0
Egg	98.0	+0.7	+1%	+3.2	-2.5

Business income

FY2023 **¥4.1bn** YoY change **-¥2.8bn** Percentage change (%) **-40%**

Decrease in profit due to the impact of avian influenza although price revisions have been widely spread



(¥bn)	FY2023	YoY change	YoY change (%)	1H YoY change	2H YoY change
Condiments	2.7	+0.4	+17%	-0.5	+0.9
Egg	1.2	-2.9	-71%	-1.9	-1.0

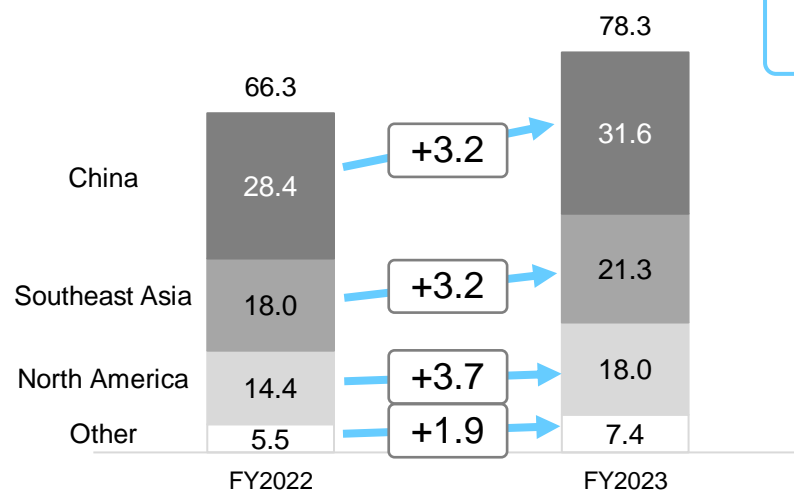


# FY2023 Changes in Financial Results by Segment (YoY)

Overseas

Net Sales

FY2023 **¥78.3bn** YoY change **+¥12.0bn** Percentage change (%) **+18%**



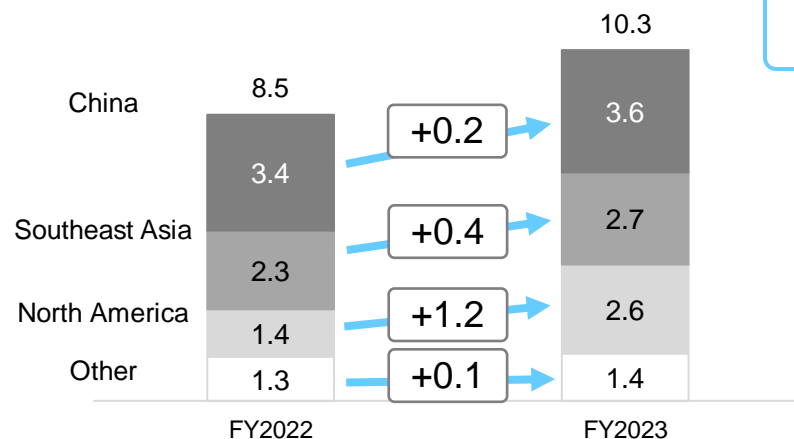
Increase in sales due to growth in North America and steady performance in Southeast Asia and China

(¥bn)	FY2023	YoY change	YoY change (%)	1H YoY change	2H YoY change
China	31.6	+3.2	+11%	+0.5	+2.7
Southeast Asia	21.3	+3.2	+18%	+2.1	+1.1
North America	18.0	+3.7	+26%	+1.5	+2.2

\*Foreign exchange effects: YoY change in net sales +¥5.1bn

Business income

FY2023 **¥10.3bn** YoY change **+¥1.8bn** Percentage change (%) **+22%**



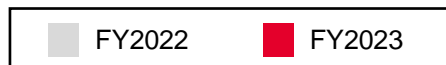
Increase in profit due to the expansion of branded products in North America and of food service in Southeast Asia.

(¥bn)	FY2023	YoY change	YoY change (%)	1H YoY change	2H YoY change
China	3.6	+0.2	+5%	-0.8	+1.0
Southeast Asia	2.7	+0.4	+20%	+0.1	+0.4
North America	2.6	+1.2	+80%	+0.2	+1.0

\*Foreign exchange effects: YoY change in business income +¥0.7bn

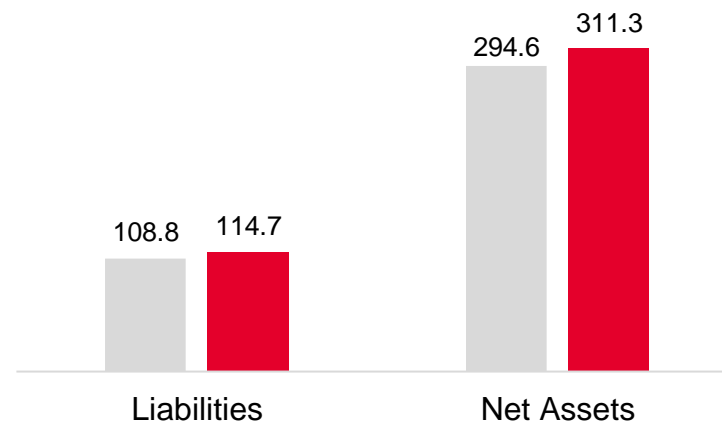
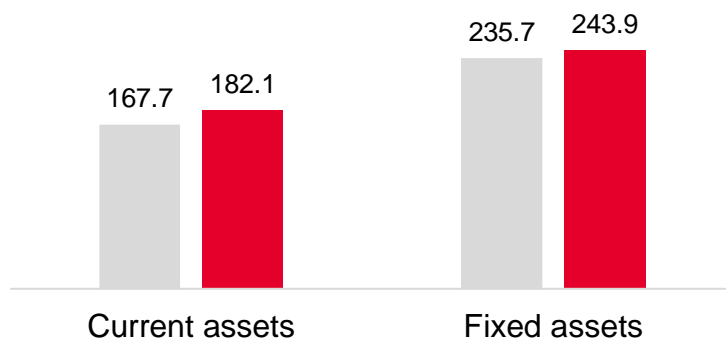
# FY2023: Points to Note regarding Changes in Balance Sheet

(¥bn)



## Assets

## Liabilities and Net Assets



### Change

### Change

Category	Change
<b>Current assets</b>	<b>+¥14.4bn</b>
• Increase in cash and deposits	↑ +8.8
• Increase in inventories	↑ +6.9
• Increase in notes and accounts receivable - trade	↑ +5.1
• Decrease in securities	↓ -8.0

Category	Change
<b>Liabilities</b>	<b>+¥5.9bn</b>
• Increase in deferred tax liabilities	↑ +3.2
• Increase in other non-current liabilities	↑ +2.2

Category	Change
<b>Fixed assets</b>	<b>+¥8.3bn</b>
• Increase in assets for retirement benefit	↑ +7.0

Category	Change
<b>Net Assets</b>	<b>+¥16.7bn</b>
• Increase in earned surplus	↑ +6.2
• Increase in accumulated adjustments for retirement benefits	↑ +4.3

Business indicators

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Forecast	Targets of Medium-Term Business Plan
ROE	7.4%	6.2%	4.8%	4.9%	At least 8%
Operating income ratio	6.9%	5.9%	4.3%	5.3%	7.5%
Growth ratio in overseas net sales	+19%	+10%	+10%	+14%	(Annualized rate) At least 10%

Net Sales

Operating income

Targets of Medium-Term Business Plan  
**¥410bn to ¥440bn**      **¥31bn to ¥33bn**

**Headwinds stronger than expected**

Impact of high costs  
Effects of avian influenza

**Initiatives and Results**

Overseas growth accelerated  
Domestic revenue efficiency improved

**¥480bn**      **FY2024 Forecast**      **¥25.5bn**

## 2. Efforts for Enhancing Corporate Value

## Fluctuations, Uncertainty, Complexity, and Ambiguity

Labor shortage

Pandemic

Geopolitical risk

Diversification of needs

Decline in domestic population

Avian influenza

2024 problem

Animal welfare

Clarify where resources will be invested  
in order to survive the VUCA era

**Domestic business  
quality upgrading**

**Overseas growth**

**Sustainability**

Create new value and move on to the stage of regrowth

# Strengthen profit structure by “adding value to core domains” and “investing in new domains”

**Adding value to products**

**SCM optimization**

**Market cultivation**

**New domains**

## GREEN KEWPIE

Reinforcement of the lineup (global brand expansion)  
[New Spring 2024 Items]



Retail Market

Food Service

## Acetic acid bacteria business

Expansion of Kewpie's unique “*Gluconacetobacter Hansenii* GK-1” sales channel



[Future Development]

- Our own mail order (supplements)
- Utilization for our own group products
- Supply of raw materials to other companies

**Core domains**

## Salads and core products

Drive Salad First and add value to core products



Add value to core products

Strengthen health functional products

## Sauce World and Egg products

Cultivate markets through proposals tailored to customer needs



Expand menus

Solve labor shortage

Increase value with egg products

**Dig deep and expand the domestic market**

\*Salad First ... The Kewpie Group's effort to send out messages on the appeal of salads with the aim of increasing the opportunity for customers to eat salads

# Aim at spreading and establishing Kewpie's unique salad culture

**Focus on global strategic products**

**Expansion of brand business**

**Meet local needs in a suitable way for food culture**

Accelerate growth through investment and strengthen the regional management function

## Asia Pacific

New factory building in Kewpie Thailand



New factory building in Kewpie Indonesia



## Americas

New Tennessee factory in Q&B FOODS, INC.



Australian sales company was established  
**KEWPIE AUSTRALIA PTY. LTD. (Provisional)**  
Planned to launch in July 2024

Supply structure with an eye on demand increase in Indonesia

Establish supply chains to the East Coast

Capture the Americas market with existing bases involved

\*The picture is the conceptual image of completed buildings

**Business income ¥4.9bn (FY2020 results) ⇒ ¥12.0bn (FY2024 forecast)**

Sustainability activity sped up 

Medium-term targets were achieved ahead of schedule

Effective Use and Recycling of Resources

Reduction and Reuse of Plastic Emissions

Reduction rate in volume of plastic waste  
(compared to FY2018)

FY2022  
**7.8%**

FY2024 Target  
At least 8%

FY2030 Target  
At least 30%



(Calculation for FY2023 underway)

Elimination and Effective Utilization of Food Loss

Food waste reduction rate  
(compared to FY2015)

FY2023  
**59.6%**

FY2024 Target  
At least 50%

FY2030 Target  
At least 65%



Effective utilization rate of unused portions of vegetables

Main vegetables: Cabbage, etc. (current year)

FY2023  
**82.7%**

FY2024 Target  
At least 70%

FY2030 Target  
At least 90%



Reduction rate in volume of product waste  
(compared to FY2015)

FY2023  
**75.4%**

FY2024 Target  
At least 60%

FY2030 Target  
At least 70%



Indicators

Reduction of CO<sub>2</sub> emissions

Reduction rate of CO<sub>2</sub> emissions  
(compared to FY2013)

FY2023  
**34.3%**

FY2024 Target  
At least 30%

FY2030 Target  
At least 50%

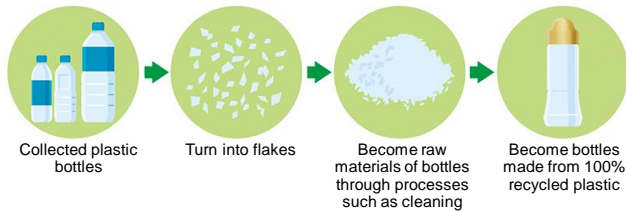


Deal with Climate Change



## Effective use and recycling of resources Plastics

**The first time for condiments in Japan!**  
100% recycled PET resin bottles have been adopted for all products of Tasty Dressings and functional dressings



**Overseas as well!** Kewpie Malaysia is expanding dressings contained in recycled PET resin bottles



## Deal with Climate Change

**The first in the Kewpie Group!**  
The Kobe Factory has realized net zero CO<sub>2</sub> emissions



## Reduction of food loss

**Upcycled products**  
making better use of cabbage cores



Minestrone with six kinds of vegetables

Potage with corn and cabbage

\*The above are products exclusive for the CO-OP DELI CONSUMERS' CO-OPERATIVE UNION.

## Summary

Net Sales

**¥480.0bn**

Increase in sales (+¥24.9bn)

- Sales increase due to Overseas growth
- Increase in sales due to growth and recovery in condiments and Food Service eggs

Operating income

**¥25.5bn**

Increase in income (+¥5.8bn)

- Profit increase due to Overseas growth
- Profit increase due to efforts such as working on the impact on main raw materials and adding value to products
- Increase in company-wide expenses primarily due to investments for growth

Ordinary income

**¥26.7bn**

Increase in income (+¥6.2bn)

- Increase in equity in earnings of affiliates

Profit attributable to owners of parent

**¥13.8bn**

Increase in income (+¥0.6bn)

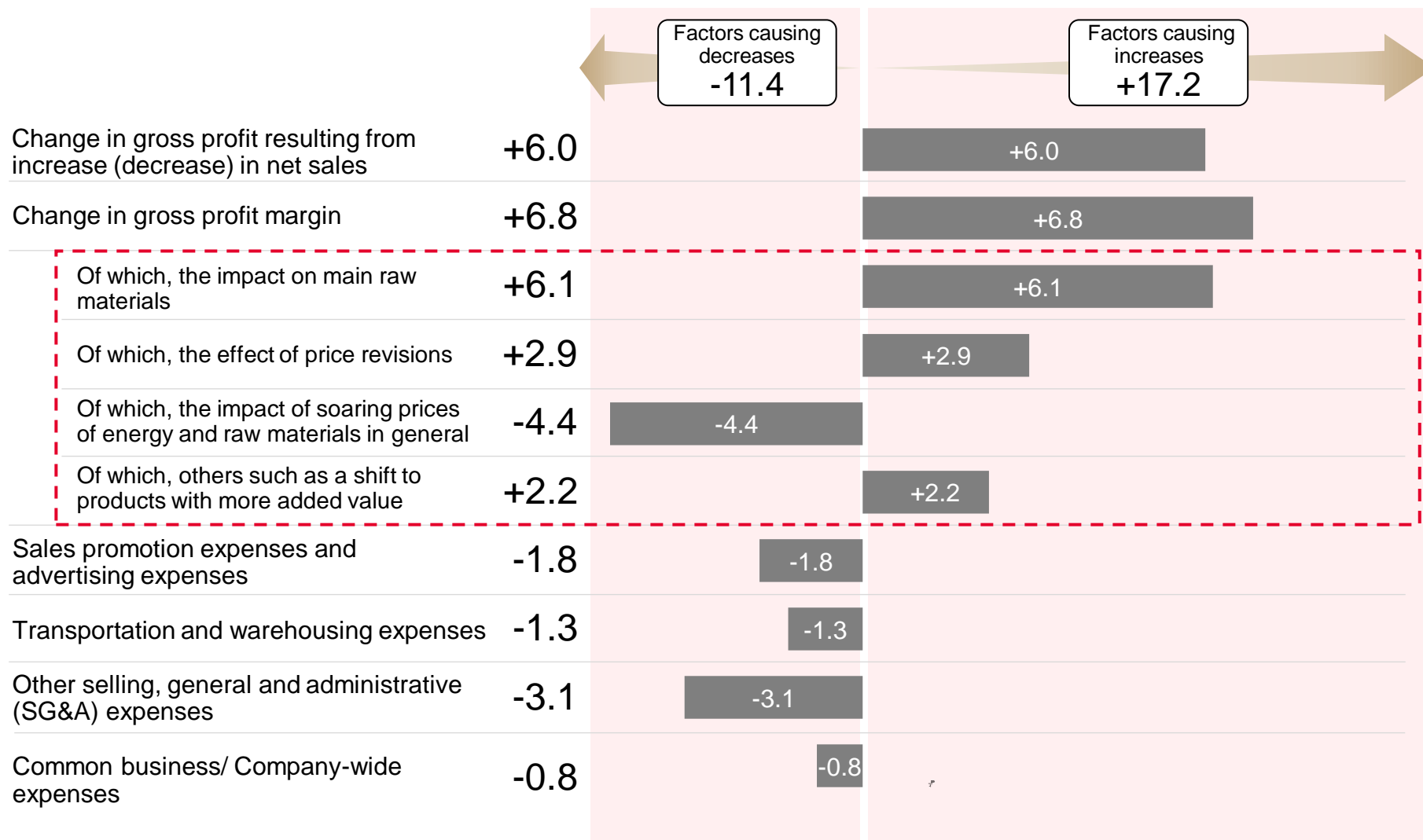
- Decrease in gain on sale of shares of subsidiaries and associates
- Decrease in gain on sale of investment securities

# FY2024 Forecast Factors behind Changes in Operating Income

Operating income

FY2024 **¥25.5bn** YoY change **+¥5.8bn**

(¥bn)



# 3. Reference Materials

(¥bn)	FY2022	FY2023	YoY change	YoY change (%)	FY2024 Forecast		
					Forecast	YoY change	YoY change (%)
<b>Retail Market</b>	173.4	177.4	+4.0	+2%	179.9	+2.5	+1%
Condiments	69.3	74.1	+4.8	+7%	77.0	+2.9	+4%
Delicatessen	61.9	62.1	+0.3	+0%	62.5	+0.4	+1%
Cut Vegetables	27.0	26.5	-0.6	-2%	26.5	+0.0	+0%
Other	15.1	14.7	-0.5	-3%	13.9	-0.8	-5%
<b>Food Service</b>	158.8	165.3	+6.5	+4%	173.6	+8.3	+5%
Condiments	45.2	50.6	+5.4	+12%	52.2	+1.6	+3%
Egg	97.3	98.0	+0.7	+1%	106.0	+8.0	+8%
Other	16.3	16.8	+0.5	+3%	15.4	-1.4	-8%
<b>Overseas</b>	66.3	78.3	+12.0	+18%	90.1	+11.8	+15%
China	28.4	31.6	+3.2	+11%	39.1	+7.5	+24%
Southeast Asia	18.0	21.3	+3.2	+18%	23.6	+2.3	+11%
North America	14.4	18.0	+3.7	+26%	19.2	+1.2	+6%
Other	5.5	7.4	+1.9	+35%	8.2	+0.8	+11%
<b>Fruits Solutions</b>	16.5	17.0	+0.5	+3%	17.9	+0.9	+6%
<b>Fine Chemicals</b>	10.0	11.2	+1.2	+12%	12.3	+1.1	+10%
<b>Common Business</b>	5.3	6.0	+0.6	+12%	6.2	+0.2	+4%
<b>Total</b>	<b>430.3</b>	<b>455.1</b>	<b>+24.8</b>	<b>+6%</b>	<b>480.0</b>	<b>+24.9</b>	<b>+5%</b>

\* Year-on-year changes in Overseas include foreign exchange effects (YoY change in FY2023: Net sales +¥5.1bn. YoY change in FY2024 forecast: Net sales +¥1.1bn).

(¥bn)	FY2022	FY2023	YoY change	YoY change (%)	FY2024 Forecast		
					Forecast	YoY change	YoY change (%)
<b>Retail Market</b>	13.4	9.9	-3.5	-26%	11.6	+1.7	+17%
Condiments	9.4	5.9	-3.5	-37%	7.7	+1.8	+31%
Delicatessen	2.8	2.6	-0.2	-7%	2.9	+0.3	+13%
Cut Vegetables	1.3	0.7	-0.6	-45%	0.8	+0.1	+12%
Other	0.0	0.8	+0.8	+11,186%	0.2	-0.6	-75%
<b>Food Service</b>	6.9	4.1	-2.8	-40%	7.5	+3.4	+81%
Condiments	2.3	2.7	+0.4	+17%	3.2	+0.5	+20%
Egg	4.1	1.2	-2.9	-71%	4.0	+2.8	+230%
Other	0.5	0.3	-0.3	-49%	0.3	+0.0	+16%
<b>Overseas</b>	8.5	10.3	+1.8	+22%	12.0	+1.7	+16%
China	3.4	3.6	+0.2	+5%	4.9	+1.3	+36%
Southeast Asia	2.3	2.7	+0.4	+20%	3.1	+0.4	+13%
North America	1.4	2.6	+1.2	+80%	2.6	+0.0	+0%
Other	1.3	1.4	+0.1	+4%	1.4	+0.0	+2%
<b>Fruits Solutions</b>	0.3	0.3	+0.0	+2%	0.1	-0.2	-69%
<b>Fine Chemicals</b>	1.3	1.0	-0.2	-18%	1.2	+0.2	+15%
<b>Common Business</b>	1.2	1.2	-0.0	-0%	1.1	-0.1	-9%
<b>Company-wide expenses</b>	-6.2	-7.3	-1.1	—	-8.0	-0.7	—
<b>Total</b>	<b>25.4</b>	<b>19.7</b>	<b>-5.7</b>	<b>-23%</b>	<b>25.5</b>	<b>+5.8</b>	<b>+29%</b>

\* Year-on-year changes in Overseas include foreign exchange effects (YoY change in FY2023: Operating income +¥0.7bn. YoY change in FY2024 forecast: Operating income +¥0.1bn).

FY2023		Change in gross profit resulting from increase (decrease) in net sales	Change in gross profit margin	Sales promotion expenses and advertising expenses	Transportation and warehousing expenses	Other selling, general and administrative expenses	YoY change
(¥bn)							
	Retail Market	+0.3	-3.9	-0.2	-0.0	+0.3	-3.5
	Food Service	-1.6	-1.3	-0.0	+0.4	-0.3	-2.8
	Overseas	+3.9	+0.2	-0.4	-0.2	-1.6	+1.8
	Fruits Solutions	+0.2	-0.2	-0.0	+0.0	-0.0	+0.0
	Fine Chemicals	+0.7	-0.4	-0.2	-0.0	-0.3	-0.2
	<b>Total</b>	<b>+3.5</b>	<b>-5.5</b>	<b>-0.9</b>	<b>+0.2</b>	<b>-1.9</b>	<b>-4.7</b>

FY2024 Forecast		Change in gross profit resulting from increase (decrease) in net sales	Change in gross profit margin	Sales promotion expenses and advertising expenses	Transportation and warehousing expenses	Other selling, general and administrative expenses	YoY change
(¥bn)							
	Retail Market	+0.5	+2.6	-0.6	-0.4	-0.4	+1.7
	Food Service	+1.0	+3.2	+0.1	-0.3	-0.7	+3.4
	Overseas	+3.4	+1.2	-0.7	-0.5	-1.7	+1.7
	Fruits Solutions	+0.3	-0.3	-0.0	-0.1	-0.0	-0.2
	Fine Chemicals	+0.9	+0.2	-0.5	-0.1	-0.3	+0.2
	<b>Total</b>	<b>+6.0</b>	<b>+6.8</b>	<b>-1.8</b>	<b>-1.3</b>	<b>-3.1</b>	<b>+6.7</b>

# Breakdown of Factors behind Changes in Operating Income

(¥bn)		FY2023		FY2024 Forecast	
Change in gross profit resulting from increase (decrease) in net sales			<b>+3.5</b>		<b>+6.0</b>
Effect from net sales	Sales growth Overseas	+3.9		Sales growth Overseas	+3.4
	Decrease in sales of Food Service	-1.6	+3.5	Increase in sales of Food Service	+1.0
	Increase in sales of Fine Chemicals	+0.7		Increase in sales of Fine Chemicals	+0.9
Change in gross profit margin			<b>-5.5</b>		<b>+6.8</b>
Impact of manufacturing costs	Decline in the capacity utilization rate of Food Service	-1.8		Recovery in the capacity utilization rate of Food Service	+0.6
	Decline in the capacity utilization rate of Retail Market	-0.7	-2.5	Recovery in the capacity utilization rate of Retail Market	+0.2
Impact of raw material costs	Main raw materials in condiments	-11.6		Main raw materials in condiments	+5.1
	Impact of Japanese egg market	-4.0	-15.6	Impact of Japanese egg market	+1.0
Improvements to value-added products				Growth in Overseas and value-added products	+1.4
Other	Impact of soaring prices of energy and raw materials in general	-6.6	+12.5	Impact of soaring prices of energy and raw materials in general	-4.4
	Effect of price revisions	+17.9		Effect of price revisions	+2.9
Sales promotion expenses and advertising expenses			<b>-0.9</b>		<b>-1.8</b>
Sales promotion expenses and advertising expenses	Sales promotion activities Overseas	-0.4		Increase in sales promotional and advertising expenses Overseas	-0.7
	Advertising expenses for Fine Chemicals	-0.2	-0.9	Increase in sales promotional and advertising expenses for Retail Market	-0.6
Transportation and warehousing expenses			<b>+0.2</b>		<b>-1.3</b>
Transportation and warehousing expenses	Decrease in volumes of Food Service	+0.4	+0.2	Increase in transportation and warehousing expenses for Retail Market, Food Service and Overseas	-1.2
Other selling, general and administrative expenses			<b>-1.9</b>		<b>-3.1</b>
Other selling, general and administrative expenses	Mainly, increase in expenses accompanying the adoption of a backbone core system and labor costs	-1.9	-1.9	Increase in labor costs, costs for conducting new initiatives, etc.	-3.1



(¥bn)

FY2023		FY2022	FY2023	YoY change	Main factors
Operating income		25.4	19.7	-5.7	
Non-operating income (expenses), net		1.8	0.8	-1.0	<ul style="list-style-type: none"> <li>• Increase in interest income +0.3</li> <li>• Increase (decrease) in equity in profit and loss of affiliates -1.3</li> </ul>
Ordinary income		27.2	20.5	-6.8	
Extraordinary gains (losses), net		-0.6	1.6	+2.2	<ul style="list-style-type: none"> <li>• Increase in gain on sale of shares of subsidiaries and associates +1.7</li> <li>• Increase in gain on sale of investment securities +0.5</li> </ul>
Profit before income taxes		26.6	22.1	-4.6	
Income taxes		10.6	8.9	-1.7	
Profit attributable to non-controlling interests					
Profit attributable to owners of parent		16.0	13.2	-2.9	

FY2024 Forecast		FY2023	FY2024 Forecast	YoY change	Main factors
Operating income		19.7	25.5	+5.8	
Non-operating income (expenses), net		0.8	1.2	+0.4	
Ordinary income		20.5	26.7	+6.2	
Extraordinary gains (losses), net		1.6	-2.7	-4.3	<ul style="list-style-type: none"> <li>• Decrease in gain on sale of shares of subsidiaries and associates -3.0</li> <li>• Decrease in gain on sale of investment securities -0.7</li> </ul>
Profit before income taxes		22.1	24.0	+1.9	
Income taxes		8.9	10.2	+1.3	
Profit attributable to non-controlling interests					
Profit attributable to owners of parent		13.2	13.8	+0.6	

FY2022

FY2023

**Cash Flows from  
Operating Activities**

27.2

23.7

YoY change

 Decrease in profit  
before income taxes


-4.6

**Cash Flows from  
Investing Activities**

-15.9

-17.7

YoY change

 Decrease in purchases  
of intangible fixed  
assets


+2.0

 Increase in payments  
into time deposits


-3.7

**Cash Flows from  
Financing Activities**

-16.8

-9.5

YoY change

 Increase in repayment  
of short-term loans  
payable


-2.6

 Decrease in repayment  
of long-term loans  
payable


+10.0

**Status of capital  
investments**

 FY2023 **¥17.8bn** FY2024 forecast **¥20.7bn**

(¥bn)		FY2021	FY2022	FY2023
Mayonnaise	Japan	45.9	50.4	57.0
	Overseas	26.9	35.5	40.9
Dressings	Japan	38.8	37.3	38.7
	Overseas	15.4	18.3	22.3
Total	Japan	84.6	87.7	95.7
	Overseas	42.3	53.8	63.2
	Total	126.9	141.5	158.8

Forward-looking statements including the financial results forecast for Kewpie Corporation contained in this reference material for the financial meeting are based on information available to the Company at the time of writing and certain premises that were judged to be rational by the Company. Therefore, actual results and others may differ from these projections mainly due to various risks, changes to uncertainties and economic conditions.

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