

Annual Report

2023

December 1, 2022 to November 30, 2023

Kewpie Corporation

The information contained in this report is derived from Kewpie Corporation's (the "Company") Annual Securities Report in Japanese filed with the Commissioner of the Financial Services Agency on February 29, 2024 in accordance with the Financial Instruments and Exchange Law, and has been translated into English for the convenience of readers outside Japan.

Document Title:	Annual Securities Report
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I. Outline of the Company

1. Principal Management Indexes

(1) Consolidated principal management indexes for the five years ended November 30, 2023

Period ended	Nov. 2019	Nov. 2020	Nov. 2021	Nov. 2022	Nov. 2023
Net sales (millions of yen)	545,723	531,103	407,039	430,304	455,086
Ordinary income (millions of yen)	33,275	28,989	29,698	27,249	20,490
Profit attributable to owners of parent (millions of yen)	18,698	11,591	18,014	16,033	13,174
Comprehensive income (millions of yen)	17,646	14,347	24,546	32,635	23,989
Total net assets (millions of yen)	276,753	287,356	269,301	294,623	311,303
Total assets (millions of yen)	444,309	454,276	381,003	403,384	426,006
Net assets per share (yen)	1,646.73	1,676.05	1,767.14	1,925.54	2,027.90
Earnings per share (yen)	130.72	81.04	128.17	115.34	94.78
Earnings per share – diluted (yen)	—	—	—	—	—
Equity ratio (%)	53.0	52.8	64.5	66.4	66.2
Return on equity (%)	8.1	4.9	7.4	6.2	4.8
Price earnings ratio (times)	18.6	26.8	18.0	21.2	27.2
Cash flows from operating activities (millions of yen)	43,916	34,955	38,533	27,199	23,725
Cash flows from investing activities (millions of yen)	(29,720)	(26,039)	(20,277)	(15,947)	(17,721)
Cash flows from financing activities (millions of yen)	(4,602)	5	(18,701)	(16,812)	(9,514)
Cash and cash equivalents at the end of the fiscal year (millions of yen)	56,777	65,777	66,703	65,335	62,433
Number of regular full-time employees, and average number of temporary employees in brackets	15,452 [9,404]	16,003 [9,268]	10,719 [5,166]	10,696 [5,089]	10,642 [4,811]

(Notes) 1. Earnings per share – diluted is not presented because of no issue of potential shares.

2. In the fiscal year ended November 30, 2021, the Company finalized the provisional accounting treatment for business combinations. Accordingly, the principal management indexes pertaining to the fiscal year ended November 30, 2020 have been retroactively adjusted to reflect the finalization of the provisional accounting treatment.

3. In the fiscal year ended November 30, 2021, K.R.S. Corporation ("KRS") and its subsidiaries have changed from being consolidated subsidiaries to being affiliated companies accounted for by the equity method, as the Company sold part of the shares of KRS.

4. The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant guidance effective as of the beginning of the fiscal year ended November 30, 2022. Accordingly, the principal management indexes pertaining to the fiscal year ended November 30, 2022 onward have been adjusted to reflect the adoption of said accounting standard and relevant guidance.

(2) Non-consolidated principal management indexes for the five years ended November 30, 2023

Period ended	Nov. 2019	Nov. 2020	Nov. 2021	Nov. 2022	Nov. 2023
Net sales (millions of yen)	192,881	176,734	178,513	184,084	192,867
Ordinary income (millions of yen)	17,245	16,214	15,518	15,110	9,496
Profit (millions of yen)	12,453	9,794	11,009	12,644	9,776
Paid-in capital (millions of yen)	24,104	24,104	24,104	24,104	24,104
Total number of issued shares	150,000,000	150,000,000	141,500,000	141,500,000	141,500,000
Total net assets (millions of yen)	153,101	156,326	151,519	158,264	163,565
Total assets (millions of yen)	259,373	250,929	254,560	252,832	257,028
Net assets per share (yen)	1,070.33	1,092.88	1,090.03	1,138.56	1,176.71
Annual dividends per share, and interim dividends per share in brackets (yen)	45.0 [20.0]	40.0 [20.0]	47.0 [20.0]	47.0 [20.0]	50.0 [23.0]
Earnings per share (yen)	87.06	68.47	78.33	90.96	70.33
Earnings per share – diluted (yen)	—	—	—	—	—
Equity ratio (%)	59.0	62.3	59.5	62.6	63.6
Return on equity (%)	8.3	6.3	7.2	8.2	6.1
Price earnings ratio (times)	27.9	31.8	29.5	26.9	36.7
Dividend payout ratio (%)	51.7	58.4	60.0	51.7	71.1
Number of regular full-time employees, and average number of temporary employees in brackets	2,447 [738]	2,426 [569]	2,394 [537]	2,408 [538]	2,332 [499]
Total shareholder return (Comparative index: Dividend-included TOPIX) (%)	89.9 [104.5]	82.0 [110.6]	88.6 [124.1]	95.3 [131.2]	101.9 [161.0]
Highest stock price (yen)	2,782	2,496	2,813	2,558	2,648
Lowest stock price (yen)	2,303	1,783	2,123	2,083	2,116

- (Notes)
- Earnings per share – diluted is not presented because of no issue of potential shares.
 - The highest and lowest stock prices are those of the Prime Market of the Tokyo Stock Exchange from April 4, 2022, and of the First Section of the Tokyo Stock Exchange before that date.
 - The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant guidance effective as of the beginning of the fiscal year ended November 30, 2022. Accordingly, the principal management indexes pertaining to the fiscal year ended November 30, 2022 onward have been adjusted to reflect the adoption of said accounting standard and relevant guidance.

2. Nature of Business

The Kewpie Group (the "Group") consists of the Company, fifty-seven (57) consolidated subsidiaries, twenty-six (26) affiliated companies, and one other associated company. The Group's principal businesses are manufacturing and wholesaling of food products.

The business categories of the Group and the position of the Company and these principal associated companies in the relevant businesses are summarized below.

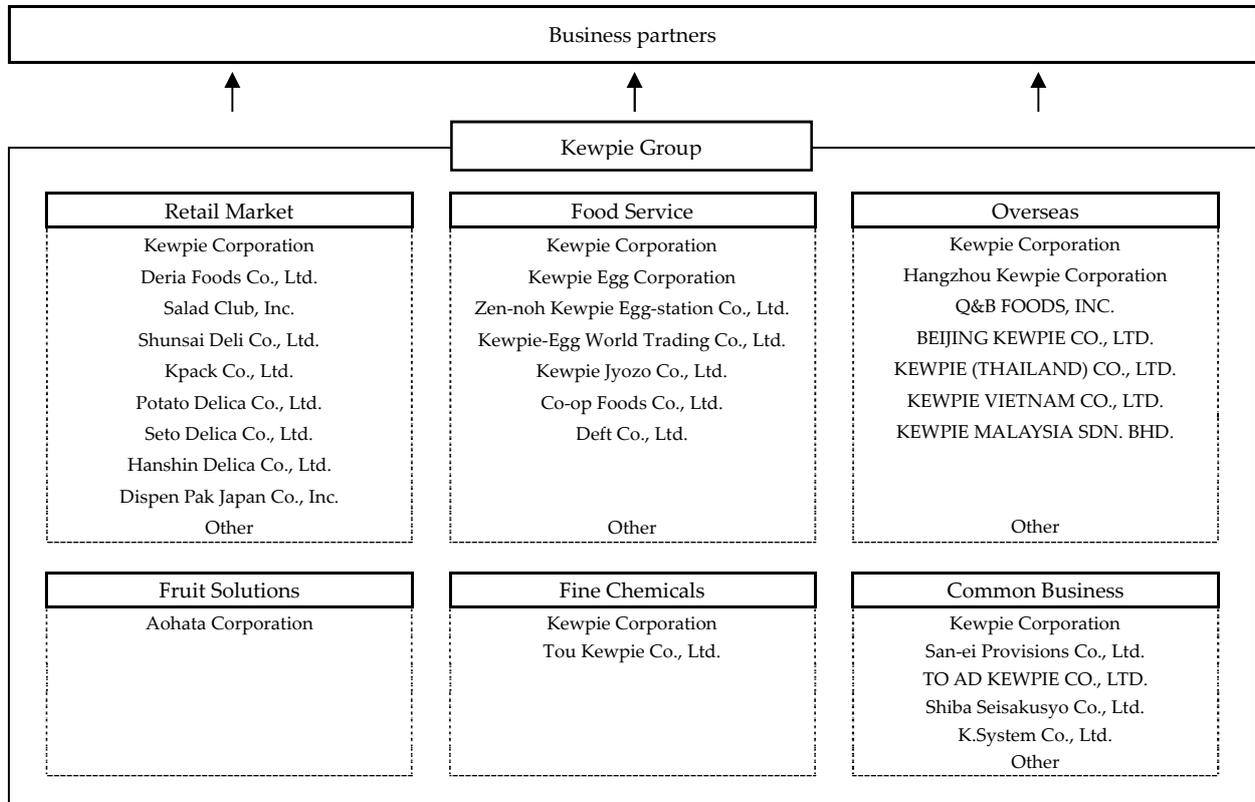
The business categories shown below are the same categories as the reporting segments.

Business category	The Company and principal associated companies	Major handling items / services
Retail Market	Kewpie Corporation Kpack Co., Ltd. Dispen Pak Japan Co., Inc.	Mayonnaise and dressings
	Deria Foods Co., Ltd. Shunsai Deli Co., Ltd.	Salads, delicatessen foods and others
	Salad Club, Inc.	Packaged salads and others
Food Service	Kewpie Corporation	Mayonnaise and dressings
	Kewpie Egg Corporation Zen-noh Kewpie Egg-station Co., Ltd.	Liquid egg, egg products and others
	Kewpie Jyozo Co., Ltd.	Vinegar and others
Overseas	Kewpie Corporation Hangzhou Kewpie Corporation BEIJING KEWPIE CO., LTD. Q&B FOODS, INC. KEWPIE (THAILAND) CO., LTD.	Mayonnaise and dressings
Fruit Solutions	Aohata Corporation	Jams, fruit processed foods and others
Fine Chemicals	Kewpie Corporation	Hyaluronic acid and others
Common Business	Shiba Seisakusyo Co., Ltd.	Sale of food production equipment

The Group Business Network chart on the next page shows the relationships of the business activities of Group companies.

Aohata Corporation, a consolidated subsidiary, is listed on the Standard Market of the Tokyo Stock Exchange.

(Group Business Network)



3. Outline of Associated Companies

(1) Parent company

Not applicable.

(2) Consolidated subsidiaries

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
Kewpie Egg Corporation (Notes 1 & 4)	Chofu-shi, Tokyo	350 million yen	Production and sale of liquid, frozen and processed egg	100.0	D or A Employees 7	1,339 million yen	Purchase of products and raw materials, etc.	Leases of offices and factories
Deria Foods Co., Ltd. (Notes 1 & 4)	Chofu-shi, Tokyo	50 million yen	Sale of salads and delicatessen foods	100.0	D or A Employees 6	None	Sale of goods and products	Leases of offices
Kewpie Jyozo Co., Ltd.	Chofu-shi, Tokyo	100 million yen	Production and sale of vinegar	100.0	D or A Employees 4	None	Purchase of products and raw materials	Leases of offices
San-ei Provisions Co., Ltd.	Chofu-shi, Tokyo	57 million yen	Sale of products for food service use	66.2	Employees 4	None	Sale of products and purchase of raw materials	Leases of offices
Co-op Foods Co., Ltd.	Chofu-shi, Tokyo	50 million yen	Production and sale of bottled, canned and retort pouch foods	100.0	Employees 3	102 million yen	Purchase of products	Leases of offices
Co-op Foods Co., Ltd.	Kumamoto-shi, Kumamoto	10 million yen	Production, processing and sale of foods	51.0 (51.0)	D or A Employee 1	None	None	None
Zen-noh Kewpie Egg-station Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	100 million yen	Production and sale of dried egg and liquid egg	51.4	D or A Employees 3	1,449 million yen	Purchase of raw materials	Leases of factories
Q&B FOODS, INC.	California, USA	4,800 thousand U.S. dollars	Production and sale of condiments	100.0 (100.0)	Employees 3	None	None	None
KIFUKI U.S.A. CO., INC.	Delaware, USA	7.17 U.S. dollars	Investment in and management of U.S. associates	100.0	Employees 2	None	None	None
Soka Delica Co., Ltd.	Soka-shi, Saitama	98 million yen	Production and sale of delicatessen foods	100.0	Employees 5	260 million yen	Sale of goods and products	None
Hashikami Kewpie Co., Ltd.	Hashikami-cho, Sannohe-gun, Aomori	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases of factories
Dispen Pak Japan Co., Inc.	Minami-Ashigara-shi, Kanagawa	140 million yen	Production and sale of foods, subdividing and packing work	51.0	D or A Employees 4	None	Purchase of products	Leases of offices and factories
Shiba Seisakusyo Co., Ltd.	Kawasaki-ku, Kawasaki-shi, Kanagawa	20 million yen	Production of machinery and equipment	100.0	Employees 4	None	Purchase of machinery and equipment	None
Potato Delica Co., Ltd.	Azumino-shi, Nagano	50 million yen	Production of frozen and chilled foods	100.0 (0.9)	Employees 6	604 million yen	Purchase of products	Leases of factories
Deft Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Sale of condiments, frozen and processed foods	100.0	Employees 4	None	Sale of goods and products	Leases of offices
K.System Co., Ltd.	Machida-shi, Tokyo	50 million yen	Consigned clerical work	80.0	Employees 4	None	Consignment of clerical work	Leases of offices

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
Kpack Co., Ltd.	Goka-machi, Sashima-gun, Ibaraki	30 million yen	Production and sale of condiments	100.0	D or A Employees 16	None	Purchase of products	Leases of offices
Tosu Kewpie Co., Ltd.	Tosu-shi, Saga	10 million yen	Production and processing of foods; outsourced work	100.0	Employees 2	None	Consignment of production	Leases of factories
Hangzhou Kewpie Corporation	Zhejiang Province, China	140 million yuan	Production and sale of condiments	72.0 (72.0)	Employees 6	None	None	None
Seto Delica Co., Ltd.	Seto-shi, Aichi	30 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 2	300 million yen	Sale of goods and products	None
Ishikari Delica Co., Ltd.	Teine-ku, Sapporo-shi, Hokkaido	30 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 3	None	Sale of goods and products	None
Hanshin Delica Co., Ltd.	Itami-shi, Hyogo	10 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 6	None	Sale of goods and products	Leases of factories
Salad Club, Inc.	Chofu-shi, Tokyo	300 million yen	Processing and sale of fresh vegetables	51.0	D or A Employees 22	None	Sale of goods and products	Leases of offices and factories
BEIJING KEWPIE CO., LTD. (Note 1)	Beijing, China	211 million yuan	Production and sale of condiments	72.0 (72.0)	Employees 6	None	None	None
Tosu Delica Co., Ltd.	Tosu-shi, Saga	10 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 4	None	Sale of goods and products	Leases of factories
Kewpie Ai Co., Ltd.	Machida-shi, Tokyo	30 million yen	Consigned clerical work	100.0	Employees 5	None	Consignment of clerical work	Leases of offices
Kitakami Delica Co., Ltd.	Kitakami-shi, Iwate	20 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 5	None	Sale of goods and products	None
K.SS Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Planning, production and services for sales promotion	100.0	Employees 4	None	Consignment of sales	Leases of offices
KEWPIE (THAILAND) CO., LTD. (Note 5)	Bangkok, Thailand	268 million baht	Production and sale of condiments, vinegar, salads and processed foods	45.3	D or A Employees 24	None	None	None
Shunsai Deli Co., Ltd.	Akushima-shi, Tokyo	20 million yen	Production and sale of delicatessen foods	100.0 (100.0)	Employees 8	None	Sale of goods and products	Leases of factories
KEWPIE MALAYSIA SDN. BHD.	Malacca, Malaysia	57 million ringgit	Production and sale of condiments	70.0	Employees 4	None	None	None
KEWPIE VIETNAM CO., LTD.	Binh Duong, Vietnam	256.4 billion dong	Production and sale of condiments	80.0	Employees 4	None	Sale of goods and products	None
PT KEWPIE INDONESIA (Note 1)	West Java, Indonesia	532.9 billion rupiah	Production and sale of condiments	60.0 (1.7)	Employees 3	None	None	None
Kewpie-Egg World Trading Co., Ltd.	Chofu-shi, Tokyo	100 million yen	Sale of egg and processed egg	100.0 (51.0)	Employees 5	None	Purchase of raw materials	Leases of offices
Green Message Co., Ltd.	Yamato-shi, Kanagawa	100 million yen	Processing and sale of fresh vegetables	51.0	D or A Employees 14	535 million yen	Sale of products	None
Tou Kewpie Co., Ltd.	Shibuya-ku, Tokyo	10 million yen	Mail-order business	70.0	Employees 4	None	Sale of goods and products	None

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
Aohata Corporation (Notes 3, 5 & 6)	Takehara-shi, Hiroshima	915 million yen	Production and sale of jams and fruit processed foods	44.8 [11.1]	None	None	Purchase of products	Leases of offices
Nantong Kewpie Corporation (Note 1)	Jiangsu Province, China	184 million yuan	Production and sale of vinegar, processed egg and salads	72.0 (72.0)	Employees 6	None	None	None
Mosso Kewpie Poland Sp. z o.o. (Note 1)	Puchały, Poland	160,300 thousand Polish zloty	Production and sale of condiments	100.0	Employees 4	Liabilities for guarantee 1,774 million yen	None	None
TO AD KEWPIE CO., LTD. (Note 5)	Shibuya-ku, Tokyo	4 million yen	Agency service for advertising, publicity, and exhibitions	50.0	Employees 4	None	Advertising agency services	Leases of offices
Kewpie China Corporation (Note 1)	Beijing, China	723 million yuan	Financial management and business management of the Company's local subsidiaries in China	100.0	Employees 5	None	None	None
Guangzhou Kewpie Corporation (Note 1)	Guangdong Province, China	270 million yuan	Production and sale of condiments	72.0 (72.0)	Employees 6	None	None	None
Kewpie Philippines, Inc.	Manila, Philippines	50 million peso	Sale of condiments	100.0	Employees 3	Liabilities for guarantee 117 million yen	None	None
Tsukuba Egg Processing Corporation	Tsukuba-shi, Ibaraki	100 million yen	Production and sale of processed egg	51.0 (51.0)	Employees 2	None	None	None
KEWPIE SINGAPORE PTE. LTD.	Singapore, Singapore	1 million Singapore dollars	Sale of condiments	80.0	Employees 2	None	Sale of goods and products	None
Kewpie Trading Europe B.V.	Amsterdam, the Netherlands	181 thousand Euro	Sale of condiments	100.0	Employees 3	242 million yen	Sale of products	None

(3) Equity-method affiliates

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
Summit Oil Mill Co., Ltd.	Mihama-ku, Chiba-shi, Chiba	97 million yen	Production of vegetable oil	49.0	D or A Employee 1	None	Sale of products and purchase of raw materials	None
Kunimi Nosankako Co., Ltd.	Kunisaki-shi, Oita	80 million yen	Production and sale of frozen and chilled foods	20.6	Employees 2	65 million yen	Purchase of products	None
To Solutions Co., Ltd.	Chofu-shi, Tokyo	90 million yen	Plan, development, sale, maintenance and operations support of computer systems	20.0	Employees 3	None	Consignment of calculation work, etc.	Leases of offices and rental of office equipment

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of our voting rights	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
K.R.S. Corporation (Note 3)	Chofu-shi, Tokyo	4,063 million yen	Warehousing and transportation	43.6 (0.3)	Employee 1	None	Consignment of storage and transportation of products and raw materials of Group companies	Leases of offices, land and warehouses
S.Y. PROMOTION Co., Ltd. (Note 7)	Koto-ku, Tokyo	200 million yen	Transportation	37.4	Employee 1	None	Consignment of transportation services	None
K. Tis Corporation (Note 7)	Chofu-shi, Tokyo	82 million yen	Warehousing and transportation	—	None	None	None	None
Kewso Services Corporation (Note 7)	Chofu-shi, Tokyo	30 million yen	Sale of equipment for cars	—	None	None	Rental of cars for factories	Rental of cars for factories
San-ei Logistics Corporation (Note 7)	Akishima-shi, Tokyo	38 million yen	Transportation	—	None	None	None	None
AXIA-Logi Corporation (Note 7)	Hirakata-shi, Osaka	66 million yen	Transportation	—	None	None	None	None
San Family Corporation (Note 7)	Misato-shi, Saitama	99 million yen	Transportation	—	None	None	None	None
KAT Corporation (Note 7)	Hirakata-shi, Osaka	20 million yen	Transportation	—	None	None	None	None
Fresh Delica Network Corporation (Note 7)	Fuchu-shi, Tokyo	20 million yen	Transportation	49.0 (49.0)	Employees 2	None	None	Leases of parking lots
Hisamatsu Transport Corporation (Note 7)	Utazu-cho, Ayauta-gun, Kagawa	20 million yen	Transportation	—	None	None	None	None
PT Kiat Ananda Cold Storage (Note 7)	West Java, Indonesia	21.4 billion rupiah	Warehousing	—	None	None	None	None
PT Ananda Solusindo (Note 7)	West Java, Indonesia	185.7 billion rupiah	Warehousing	—	None	None	None	None
PT Manggala Kiat Ananda (Note 7)	Jakarta Indonesia	98.8 billion rupiah	Transportation	—	None	None	None	None
PT Trans Kontainer Solusindo (Note 7)	West Java, Indonesia	15 billion rupiah	Ship transportation	—	None	None	None	None

(Notes) 1. Kewpie Egg Corporation, Deria Foods Co., Ltd., BEIJING KEWPIE CO., LTD., PT KEWPIE INDONESIA, Nantong Kewpie Corporation, Mossos Kewpie Poland Sp. z o.o., Kewpie China Corporation, and Guangzhou Kewpie Corporation are classified under Japanese tax law as *tokutei kogaisha*, a special category of subsidiary.

2. The figures in parentheses under "Percentage of our voting rights" indicate the proportion of indirect ownership and are included in the respective figures above.

3. The companies file their own annual securities report to the Commissioner of the Financial Services Agency.

4. Net sales of Kewpie Egg Corporation (excluding sales from intra-group transactions) exceed 10% of the Company's consolidated net sales.

Major profit/loss information:

(1) Net sales	¥105,647 million
(2) Ordinary income	¥1,130 million
(3) Profit	¥990 million
(4) Total net assets	¥38,250 million
(5) Total assets	¥51,633 million

Net sales of Deria Foods Co., Ltd. (excluding sales from intra-group transactions) exceed 10% of the Company's consolidated net sales.

Major profit/loss information:

(1) Net sales	¥64,123 million
(2) Ordinary income	¥2,607 million
(3) Profit	¥2,082 million
(4) Total net assets	¥6,794 million

(5) Total assets ¥14,098 million

5. KEWPIE (THAILAND) CO., LTD., Aohata Corporation and TO AD KEWPIE CO., LTD. are treated as subsidiaries, even though the voting rights held by the Company as a percentage of total voting rights are 50% or less, in view of the substantial control exerted over their management.
6. In the "Percentage of our voting rights" column, the figures shown in square brackets indicate the percentage of voting rights of closely related persons or persons whose consents are obtained, which are excluded from the respective figures above.
7. The companies are consolidated subsidiaries of KRS.

(4) Other associated company

Trade name	Address	Paid-in capital/ equity investment	Business lines	Percentage of their voting rights (Note)	Relationship with the Company			
					Interlocking directors (D) or corporate auditors (A)	Finance from the Company	Operating transactions	Lease transactions
NAKASHIMATO CO., LTD.	Shibuya-ku, Tokyo	50 million yen	Sale of various processed foods	16.1 (8.0)	D or A 2	None	Purchase of products, etc.	Leases of offices

(Note) The figure in parentheses under "Percentage of their voting rights" indicates the proportion of indirect ownership and is included in the respective figure above.

4. Employees

(1) The Company and its consolidated subsidiaries

(As of November 30, 2023)

Segment	Number of employees	
Retail Market	2,484	(3,022)
Food Service	3,409	(1,259)
Overseas	3,525	(182)
Fruit Solutions	433	(192)
Fine Chemicals	235	(63)
Common Business	340	(77)
Company-wide	216	(16)
Total	10,642	(4,811)

- (Notes) 1. The employee figure indicates registered regular employees and long-term special contract employees, excluding the Group employees dispatched outside the Group but including workers from outside employed within the Group on dispatch. The figure in parentheses indicates the annual average number of short-term contract non-regular employees and workers hired on a daily, weekly or seasonal basis, and is excluded from the figure above.
2. The Company-wide employee figure indicates the number of the employees belonging to administration divisions of the Company that cannot be categorized by specific segments.

(2) The labor union

Formed on July 14, 1962, the Kewpie labor union is the main labor union of the Group.

The labor-management relations are stable and there are no matters that should be reported.

(3) Proportions of female workers in management positions, percentages of male workers taking childcare leave, and differences in wages between male and female workers

◇ Proportions of female workers in management positions

(Current fiscal year)

Trade name	Proportions of female workers in management positions
Kewpie Corporation (the Company)	14.5%
Kewpie Egg Corporation	4.8%
Hashikami Kewpie Co., Ltd.	9.1%
Hanshin Delica Co., Ltd.	10.0%
Salad Club, Inc.	4.9%
Shunsai Deli Co., Ltd.	2.8%
Aohata Corporation	7.6%

- (Notes) 1. The figures were calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).
2. The aggregation is based on workers in each company, and workers seconded to other companies were included as employees of the company to which they were seconded.

◇ Percentages of male workers taking childcare leave

(Current fiscal year)

Trade name	Percentages of male workers taking childcare leave
Kewpie Corporation (the Company)	100.0%
Kewpie Egg Corporation	60.0%

- (Notes) 1. The figures were proportions of workers taking child care leave, etc. in the Article 71-4 Item 1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991) calculated in accordance with the provisions of the "Act on the Welfare of Workers Who Take Care of Children or Other Family Members Including Child Care and Family Care Leave" (Act No. 76 of 1991).
2. The aggregation is based on workers in each company, and workers seconded to other companies were included as employees of the company to which they were seconded.

◇ Differences in wages between male and female workers

(Current fiscal year)

Trade name	Permanent workers	Non-permanent workers	Total workers
Kewpie Corporation (the Company)	61.2%	73.9%	57.9%
Kewpie Egg Corporation	72.4%	77.2%	67.9%
Hashikami Kewpie Co., Ltd.	83.2%	84.6%	68.6%
Hanshin Delica Co., Ltd.	75.7%	79.9%	60.2%
Salad Club, Inc.	78.2%	86.9%	73.6%
Shunsai Deli Co., Ltd.	75.1%	76.7%	57.3%
Aohata Corporation	63.1%	68.9%	55.1%

- (Notes) 1. The figures were calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).
2. The aggregation is based on workers in each company, and workers seconded to other companies were included as employees of the company to which they were seconded.
3. There is no difference in wages between men and women doing the same work and on the same grade. There are differences in wages due to proportions in management positions for permanent workers and due to a high proportion of women as non-permanent workers amongst the total workers.

II. Business Operations

1. Management Policy, Business Environment, Tasks Ahead, Etc.

The following outlines the Group's management policy, business environment, tasks ahead, etc.

Forward-looking statements included in this section are based on the Group's judgment of information available as of the end of the current fiscal year.

(1) Basic policy of Company management

The Group aims to contribute to the food culture and health of the world through "great taste, empathy, and uniqueness", acting as a corporate group in the food sector which forms an essential part of human existence.

We seek healthy dietary lifestyles and aim to help create abundant food cultures by providing the world with the great taste and appeal of salads and eggs in the course of our simultaneously engaging in business and social initiatives. Meanwhile, our efforts are underpinned by the blessings of nature. We also promote sustainability of the global environment for future generations by effectively utilizing resources and earnestly preserving the environment, while helping give rise to a sustainable society.

The Group remains closely involved in various dietary settings encompassing people's lifetimes from their infancy through to old age, as it engages in widespread and extensive expansion into the home-cooked meals, ready-made foods, and restaurant sectors. Going forward, we value the Group's philosophy and every one of our executives and employees will remain continually aware of our aims that involve wholeheartedly providing selective products and services that only the Kewpie Group can provide, and putting such aims into practice.

(2) Medium- to long-term business strategies, business environment, tasks ahead, etc.

The Group aims to be a group contributing to the food culture and health of the world through "great taste, empathy, and uniqueness" and has established the "Kewpie Group 2030 Vision" as its long-term vision.

In recent years, the family composition has been undergoing transformation amid new trends that include a declining birthrate in conjunction with an aging population, along with growing numbers of dual-income family and one-person households. Such changes have given rise to needs for time savings and convenience for cooking at home. We are also seeing expanding options for food purchase channels, including e-commerce and drugstores. Meanwhile, global proliferation of the COVID-19 pandemic has greatly affected the Group's business performance and has also given rise to new normal lifestyle amid further acceleration of such new trends. Such lifestyle changes have resulted in diverse needs in terms of volume buying and product life of foods, given lower shopping frequency and less time for shopping, as well as dietary lifestyles and hygiene and health concerns, particularly preventing disease and developing immunity. These transformative changes are likely to persist, going forward.

Under our FY2021-FY2024 Medium-term Business Plan, we will deal with customer and market diversity. With the conceptual theme of "transition to a structure that realizes sustainable growth", we have drawn up three policies of "strengthening our profit structure and creating new dietary lifestyles", "redoubling efforts involving society and the global environment", and "developing a framework for empowering a diverse range of talent", and have carried out business activities based on these three policies. Under these management policies, we are able to swiftly take action aligned with respective markets as a result of having transitioned to a market-oriented business structure from the product-based business structure we have enlisted thus far.

[Management policies and key initiatives]

Our Ideal 2030 VISION

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

<p>Strengthening our profit structure and creating new dietary lifestyles</p> <p>The Group will respond to customers' needs with overseas business as a growth driver and by introducing market-based focus domestically.</p> <p>[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</p>	
<p style="text-align: center;">Redoubling efforts involving society and the global environment</p> <p>[Major initiatives]</p> <ul style="list-style-type: none"> ● 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 	<p style="text-align: center;">Developing a framework for empowering a diverse range of talent</p> <p>[Major initiatives]</p> <ul style="list-style-type: none"> ● Promotion of mobilization of the Group's human resources ● Increasing opportunities to take part in initiatives from other departments ● Expansion of places to learn

◇ Strengthening our profit structure and creating new dietary lifestyles

The Group has been expanding overseas business as a growth driver, with a particular emphasis on China, Southeast Asia, and North America. We are poised to accelerate our growth by implementing plans to build a new factory in North America and expand factories in Thailand and Indonesia, with the aim of commencing operations in FY2025. Additionally, we are investing our management resources intensively into areas that include human resources, product development, marketing, and governance to strengthen the business foundation in order to support our growth. We are also working to achieve greater rates of brand recognition and product use by integrating traditional sales promotion campaigns at stores with promotions that utilize digital marketing.

In Japan, with the transformation to a market-oriented business structure, we will shift to a market-based focus, which will entail transforming to a customer-oriented perspective based on the market needs, and away from a product-oriented perspective. This will enable us to swiftly propose ideas for food products and services that address customer concerns about dietary lifestyles and create new dietary scenes. We will be more dedicated to salads and eggs, particularly to mayonnaise and salad dressings. *Qummy*®, a new Direct to Consumer (D2C) service has been developed to allow us to connect digitally with our customers from various angles and open up new possibilities.

In the Retail Market Business, we have been developing products that serve as daily necessities still in the changing lifestyles. We have been proposing uses of mayonnaise in serving as an all-purpose condiment that can be used in various cooking scenes beyond its traditional use with salads. In the realm of other core products, we will develop the notion of product versatility by strengthening our efforts to propose such items for use across a wide range of cooking scenes. Moreover, we will take steps to enhance our brand and product recognitions as we supply products that bring solutions for customers.

In the Food Service Business, we will strive to increase profitability and efficiency by rebuilding our business portfolio, which will involve utilizing the Group's sales channels effectively and

focusing management resources on business formats catering to home-cooked meals and ready-made foods. We will also help to activate the food service market by creating new value through great taste and technologies, and by proposing new options to cultivate potential customer needs.

◇ Redoubling efforts involving society and the global environment

Appreciating the blessings of nature, the Group has been engaged in environmental activities for many years with the idea of making the most of the world's precious resources. Amid the global-scale issues, including the risks from climate change, food loss, and marine plastic pollution, that are becoming obvious one after another, the Group aims to contribute to achieve a sustainable society and sustainable growth of the Group, and has established "Kewpie Group Basic Policy on Sustainability". At the same time, we have also been addressing material issues identified on the basis of the Sustainable Development Goals (SDGs).

We are working to enhance our corporate value by fulfilling our corporate responsibilities to society and the global environment, and striving through coordinated efforts across the entire value chain to deal with increasingly complex social issues.

For details of the Basic Policy on Sustainability, please refer to "II. Business Operations, 2. Sustainability Approach and Initiatives".

<Sustainability targets>

Material Issues	Initiative Theme	Indicators	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 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)	At least 50%	At least 65%	
		Effective utilization rate of unused portions of vegetables Main vegetables: Cabbage, etc. (current fiscal year)	At least 70%	At least 90%	
		Reduction rate in volume of product waste (compared to FY 2015)	At least 60%	At least 70%	
	Reduction and Reuse of Plastic Emissions	Reduction rate in volume of plastic waste (compared to FY2018)	At least 8%	At least 30%	
	Sustainable Use of Water Resources	Water usage (basic unit) reduction rate (compared to FY2020)	At least 3%	At least 10%	
Deal with Climate Change	Reduction of CO ₂ Emissions	Reduction rate in CO ₂ emissions (compared to FY2013)	At least 30%	At least 50%	
Conservation of Biodiversity	Conservation of Biodiversity	100% sustainable paper procurement by 2025 (Containers and packaging, booklets, promotional products, office supplies)			
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			

Note: The "Food waste reduction rate" indicator also includes the "effective utilization rate of unused portions of vegetables". Sustainability targets are domestic figures. Quantitative targets for "Conservation of Biodiversity" were set from FY2024.

◇ Developing a framework for empowering a diverse range of talent

The Group will develop a framework for empowering a diverse range of talent in order to foster motivated human resources who will be able to play an active role for our sustainable growth.

In the process of overseas expansion and the transformation to a market-oriented business structure, it is necessary to analyze things and events from a variety of viewpoints and to develop new business opportunities. In order to see the point of change in the market from a bird's-eye view, it is essential to develop human resources who are well versed in the market and have various background and skills. We will work to develop human resources that have diversified skills by further enhancing the mobilization of human resources within the Group.

Moreover, we will create a culture where we can acknowledge diversity and have a connection by actively participating in projects and meetings with other departments, and through internships within the Company.

Furthermore, we will build an environment where employees can acquire new experiences and knowledge, and demonstrate their own abilities by providing opportunities to learn while utilizing outside resources.

We have set targets for the proportion of women in management positions, as a key indicator regarding diversified use of human resources, to reach 18% in FY2024 and 30% in FY2030 (in Kewpie Corporation).

[Cash flow allocation and management indexes]

◇ Cash flow allocation

We will establish sound business foundations while adequately undertaking investment and providing returns to our shareholders with the aim of achieving sustainable growth.

In terms of cash flow allocation, we are targeting a cumulative amount of ¥140 billion in operating cash flow over four years, and essentially intend to keep operating cash flow within that range. We plan to make capital expenditure amounting to approximately ¥70 billion with a focus on efficiency of assets and investment. As for retained earnings, we will increase shareholder returns upon having secured funds for new expansion looking toward generating future growth, and accordingly aim to achieve an equity ratio of at least 60%.

◇ Management indexes

	FY2024 Targets
ROE	At least 8%
Operating income ratio	7.5%
Growth ratio in overseas net sales (Local currency basis)	(Annualized rate) At least 10%

2. Sustainability Approach and Initiatives

The following outlines the Group's sustainability approach and initiatives.

Forward-looking statements included in this section are based on the Group's judgment of information available as of the end of the current fiscal year.

- (1) The Group aims to continue helping create a better society by contributing to food culture and health of the world through great taste, empathy, and uniqueness. We recognize sustainability initiatives as important activities and help realize a sustainable society through the practice of our Corporate Philosophy and Group Policies, and implement our initiatives as a foundation for the sustainable growth of the Group, based on the "Kewpie Group Basic Policy on Sustainability".

Basic Policy on Sustainability

With an emphasis on the aspiration for "**love around the kitchen table**", we aim to address and resolve various issues through "great taste, empathy and uniqueness". We will create a future full of smiles by caring for people and the environment throughout the value chain, from product design and raw material procurement, to production, sales and consumption.

Contributing to Food Culture and Health

- As a leading company in salads and eggs, we contribute to extending the healthy life expectancy of people around the world through the pursuit and global promotion of nutrition and health benefits.
- Through food, we support the mental and physical health of children who will create the future.

Effective Use and Recycling of Resources

- As the only manufacturer in the world that makes effective use of the entire egg, we will continue to refine our technologies and create value.
- In proposing ways of eating and utilizing uneaten portions, we aim to become a globally unique "vegetable utilization manufacturer".
- To realize a recycling-oriented society in plastics, we will promote environmentally friendly product design and collaboration with external parties.
- Recognizing that water is a limited and precious resource, we will use it efficiently and reduce the environmental impact of water intake and discharge.
- We will develop extensive technologies matching demand information with transportation and delivery data information to eliminate food loss.

Deal with Climate Change

- We aim to reduce CO₂ emissions throughout the value chain, from the procurement of raw materials to product consumption.

Conservation of Biodiversity

- We will strive to minimize negative impacts on biodiversity and restore and regenerate ecosystems.

Sustainable Procurement

- In addition to safety, we will collaborate with business partners to promote stable procurement that takes into consideration environmental impacts and human rights.

Respect for Human Rights

- We promote employee diversity and inclusion, protecting the human rights of everyone involved in our business.

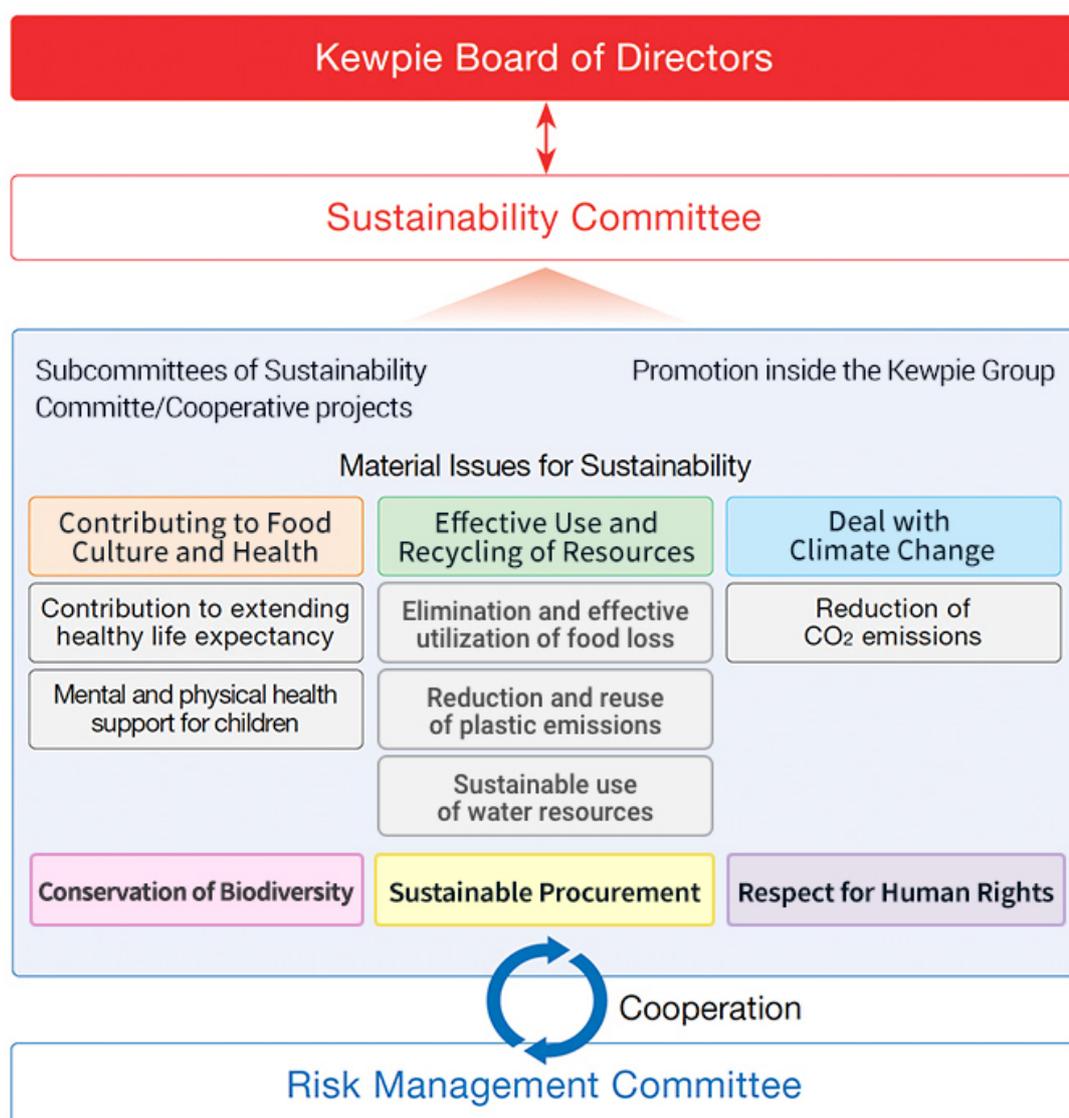
1) Governance

The Sustainability Committee formulates policies and plans to achieve targets, as well as identifies key issues and promotes initiatives to address material issues, with authority delegated by the Management Committee (an advisory body to the Representative Director, President and Chief Executive Corporate Officer). The Sustainability Committee submits reports to the Board of Directors, and the Board of Directors discusses on the content of the Sustainability Committee's deliberations as appropriate, thereby ensuring supervision by the Board of Directors.

For details of the corporate governance system, please refer to "IV. The Company, 4. Corporate Governance, (1) Overview of corporate governance, (b) Overview of corporate governance structure".

Sustainability Promotion System

Meeting bodies, other structures	Roles and responsibilities	Meetings held in FY2023
Board of Directors	Deliberation upon the Group's overall policy and most important matters, and supervision of sustainability-related issues (in general), including climate change	2/12 total
Sustainability Committee	Formulation of sustainability-related policies and plans including climate change initiatives, identification of key issues, and promotion of initiatives on material issues	4 total
Chairperson of the Sustainability Committee	Director and Senior Corporate Officer in charge of Corporate	—



2) Strategy

We have established sustainability targets that align with index material issues in accordance with the Kewpie Group Basic Policy on Sustainability, and we are actively carrying out efforts to achieve them. For details of the sustainability targets, please refer to "II. Business Operations, 1. Management Policy, Business Environment, Tasks Ahead, Etc., <Sustainability targets>".

(i) Contributing to food culture and health

We promote the themes "Contribution to Extending Healthy Life Expectancy" and "Mental and Physical Health Support for Children" to contribute to the food culture and health of the world.

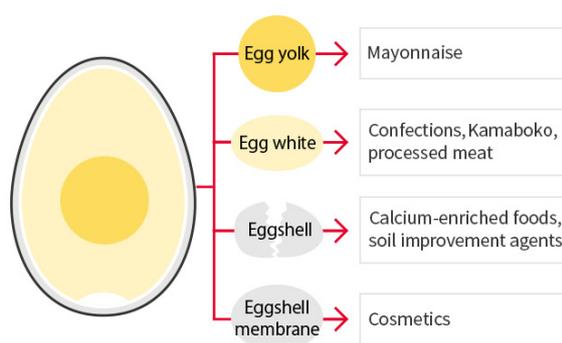
To maintain healthy dietary lifestyles throughout life, it is essential to integrate three key aspects in a well-balanced manner: nutrition, physical activity, and social participation. With respect to nutrition in particular, the Group advocates for tasty and well-balanced dietary lifestyles to address health issues with salads and eggs.

We also conduct various dietary educational activities such as lecture events, Mayonnaise Classes, Open Kitchen factory tours, and SDGs classes. We also launched a website, Food & Life Academy, with the purpose of helping children develop skills to learn, think, and make decisions independently about their dietary lifestyles.

(ii) Effective use and recycling of resources

We believe that it is our crucial responsibility as a food manufacturer to make effective use of limited food resources and avoid waste. To this end, we are actively engaged in initiatives such as elimination and effective utilization of food loss, reduction and reuse of plastic emissions, and sustainable use of water resources.

To ensure elimination and effective utilization of food loss, eggs are utilized 100% effectively. Egg yolks and egg whites serve as raw materials for products and food ingredients. Eggshells are also put to effective use in soil improvement agents and additives for calcium-enriched foods, while eggshell membranes find application in cosmetic products.



We have successfully converted unused portions of leafy vegetables (such as cabbage and lettuce residues) into stock feed for dairy cattle. In a joint research project between Kewpie Corporation and Tokyo University of Agriculture and Technology, it was reported that dairy cattle that were fed this feed produced greater yields of milk. Meanwhile, Salad Club Co., Ltd., a subsidiary that manufactures and sells packaged salads, also takes the unused parts of vegetables such as outer leaves and cores generated when producing packaged salads at its seven directly operated plants and turns them into feed and compost to be utilized by contracted farms and other customers. This approach ensures that all residues are reconverted into resources.

In terms of plastics used in our products, as part of our initiative to reduce and reuse plastic emissions, we are advancing efforts to decrease the use of petroleum-derived plastics by reducing container weight and using recycled plastics. The Company adopted bottles that use 100% recycled plastic (PET resin) for all seven *Kewpie Tasty Dressing* products and all five dressing products specified as Foods with Function Claims for the first time in Japan's condiment industry in August 2023.

With regard to sustainable use of water resources, we consider water a vital and limited resource that is indispensable to the continuation of our business, so we ensure its effective use and reduce the environmental impact when collecting and discarding water.

(iii) Deal with climate change

We believe it is critical to actively work for energy conservation and a shift to renewable energy sources across the entire value chain from procurement of raw materials to consumption, in order to reduce CO₂ emissions, a cause of climate change. The Group is steadily installing renewable energy sources at its locations in Japan and abroad. Under the "on-site PPA model", the Kewpie Kobe Plant provides space on its rooftop for a solar power generation system, which is installed and managed by Kansai Electric Power Company. From December 2022, we switched to 100% renewable energy sources by supplying power from renewable energy sources through Kansai Electric Power Company and purchasing J-credits equivalent to the CO₂ resulting from the fuel (steam) supplied by Mitsui & Co. Ltd.

This initiative is expected to result in the Group's first net-zero plant, which will reduce CO₂ emissions by approximately 3,680 tons per year.

In August 2022, Kitakami Delica Co., Ltd. provided space for a solar power generation system, which will be installed and managed by Looop Inc. under the "on-site PPA model", generating 5.3% of the plant's total electricity consumption, which is expected to reduce annual CO₂ emissions by approximately 85 tons per year.

(iv) Conservation of biodiversity

The business operations of the Group are closely tied to an abundant natural environment. Upholding the spirit of "good products begin with good ingredients", we are thankful for nature's blessings, and we endeavor to preserve a natural environment that is bountiful and biologically diverse based on the Biodiversity Policy.

(v) Sustainable procurement

With regard to procurement, in addition to the focus on quality, we must also examine the impact on the environment and human rights caused by our products. Since the establishment of the Kewpie Group Fundamental Policy for Sustainable Procurement in 2018, we have been promoting procurement practices that take into account environmental and human rights considerations. Having established the Supplier Guidelines, we collaborate with our suppliers to ensure stable procurement. This involves addressing supply chain issues related to safety, environmental concerns, and human rights based on mutual understanding.

(vi) Respect for human rights

We recognize that all aspects of our business activities may, directly or indirectly, affect human rights, and we are committed to respecting the human rights of all the people involved in our business. To tackle the wide range of human rights risks related to the Group's value chain, we work according to a human rights due diligence framework. Group employees come from diverse national backgrounds, so we conduct employee awareness-raising activities and training programs to create a work environment where every employee respects the human rights of others, and where discrimination and harassment are not tolerated.

3) Risk management

We identify potential risks by broadly examining changes in the internal or external business environment and assess them to determine material risks. For details of priority risk assessment and selection, please refer to "II. Business Operations, 3. Operational Risks".

4) Indicators and targets

The Group has established sustainability targets for each theme of focus that the Kewpie Group as a whole will address, tied to material issues for sustainability. All our employees are committed to achieving our goals by maintaining an awareness of sustainability, practicing Group Philosophy, and enacting Group Policies.

For details of the sustainability targets, please refer to "II. Business Operations, 1. Management Policy, Business Environment, Tasks Ahead, Etc., <Sustainability targets>".

(2) Approach to climate change

The Group endorses the Task Force on Climate-related Financial Disclosure (TCFD) and has joined the TCFD Consortium, which serves as a forum for collaborations among companies and financial institutions that support TCFD.

Internally, the Group created the TCFD Project and has engaged in its own initiatives since 2021.

(i) Governance

Governance for climate change is in accordance with 1) Governance. As an additional note, in FY2023, the Sustainability Committee reported to the Board of Directors specifically regarding

sustainability-related policies and measures in response to climate change. Each quarter the Committee also updated the Board on the status of sustainability-related initiatives. Furthermore, internal carbon pricing (ICP) was also introduced into decision making for capital investment.

(ii) Strategy

The Group identifies the various risks and opportunities associated with climate change in the short, medium, and long term, according to their significance. We also periodically review our analysis and evaluation in light of changes in the external environment. For our analysis, we have identified two key scenarios in line with the scenarios published by Intergovernmental Panel on Climate Change (IPCC)^{*1} and International Energy Agency (IEA)^{*2}. In the first scenario, the temperature will rise 1.5–2 degrees Celsius above pre-industrial levels by 2100, and environmental policies are developed (hereinafter referred to as the "Environmental Policy Progress Scenario"). In the second scenario, the temperature will rise 2.7–4 degrees Celsius above pre-industrial levels by 2100 and no additional measures are taken to address climate change (hereinafter referred to as the "BAU Scenario"). In the Contingency Scenario, the impact of climate change on our business in 2030 is calculated. We will consider measures to deal with the risks and opportunities identified, incorporate them into our single-year and medium-term management plans, and promote them.

*1 IPCC

The Intergovernmental Panel on Climate Change (IPCC) is an intergovernmental organization established in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP). It provides the scientific data needed for governments' climate change policies.

*2 IEA

The International Energy Agency (IEA) is an autonomous organization established in 1974 after the first oil crisis within the framework of the Organization for Economic Cooperation and Development (OECD). It provides the medium- and long-term supply and demand forecasts needed for crafting energy policy.

- Applying scenario analysis

We will gradually expand the scope of the analysis in the Medium-term Business Plan, which covers the period from FY2021 to FY2024. We analyzed the climate change risks and opportunities in Japanese and global markets for mayonnaise, dressings (especially deep-roasted sesame dressing) in FY2021, and eggs in FY2022, and for packaged salad (cabbage and lettuce) in FY2023. Most notably, in terms of the main raw materials of these products (oil, egg, and vinegar), we recognized that crops, mainly grains, cabbage, and lettuce are affected by climate change. Thus, we are considering a strategy to reduce dependence on specific crops over the medium to long term.

- Major climate change risks and opportunities

<Environmental Policy Progress Scenario>

Strict environmental regulations and high carbon taxes will be introduced, and the world will achieve carbon neutrality. The agriculture, forestry, and fishery sectors will achieve zero CO₂ emissions, while suppliers' environmental response costs will rise. Consumers will become more health-conscious and will thus increase their intake of salads and other vegetables. In addition, the demand for more sustainable products will increase due to heightened environmental awareness. The risks and opportunities for the Group identified in the Environmental Policy Progress Scenario are as follows.

Risk items			Risks	Opportunities	Time ^{*3}	Impacts
Primary categories	Medium categories	Sub-categories				
Transition risks	Policy and legal	Introduction of carbon taxes	○		Medium-term	Medium
		Regulation of plastics and packaging	○		Medium-term	Small
		Valorization of unused resources		○	Medium-term	Medium
	Market	Increased demand for highly sustainable products		○	Medium-term	Large
		Increase in the procurement costs of environmentally friendly raw materials	○		Medium-term	Small

*3 Definition of timelines: Short-term: up to 2024; Medium-term: up to 2030; and Long-term: up to 2050

<BAU Scenario>

Despite the progress of low-carbonization initiatives, carbon neutrality will not be achieved by 2050 and temperature rise will increase the frequency and severity of natural disasters. Consequently, the frequency of flooding damage at suppliers' and companies' production sites will increase. Lower crop yields caused by heat stress will also lead to a rise in the cost of procuring raw materials. On the other hand, the demand for immune-related businesses and other services will grow with increasing temperatures. The risks and opportunities for the Group identified in the BAU Scenario are as follows.

Risk items			Risks	Opportunities	Time ^{*3}	Impacts
Primary categories	Medium categories	Sub-categories				
Physical risks	Chronic	Increased cost of procuring raw materials due to reduced crop yields caused by heat stress	○		Medium-term	Medium
	Acute	Damage to production facilities, power outages, and stagnation or suspension of operations due to flooding	○		Short- and long-term	Small to large
	Products and services	Increased demand for new products or businesses due to rising temperatures		○	Medium-term	Large

*3 Definition of timelines: Short-term: up to 2024; Medium-term: up to 2030; and Long-term: up to 2050

- Measures to address climate change risks and opportunities (● Preparing for risks; ○ Taking advantage of opportunities)
- In response to the risks and opportunities identified through scenario analysis, we will promote the following themes/measures and utilize them to achieve sustainable growth.
- Respond to markets where environmental policies have progressed
 - Respond to increased demand for environmentally friendly products
 - Technological innovation to exploit agricultural products (vegetable oil) and other products
 - Conversion to a structure that is resilient to shifts in raw material markets
 - Weight reduction of container and packaging plastics
 - Use recycled plastics
 - Active introduction of recycled plastics and biomass plastics
 - Reduce environmental impact by proposing ways to use products
 - Reduction and effective use of food loss
 - Effective use of unused parts of vegetables (conversion to feed and fertilizer)
 - Increasing concern about infectious diseases caused by climate change
 - Expansion of acetic acid bacteria business
 - Reduction of CO₂ emissions

- Capital investment using an indicator to achieve CO₂ emissions reduction (promotion of electrification, introduction of internal carbon pricing)
- Review of heating and sterilization processes in the manufacturing process
- Introduction and utilization of renewable energy, collaboration with suppliers
- Flood preparedness
 - Focused measures according to flood risk assessment
 - Business Continuity Plan (BCP) for main products in case of disaster

Below is a summary of the main initiatives in FY2023 related to the above measures.

Measure	○ Respond to markets where environmental policies have progressed <ul style="list-style-type: none"> • Active introduction of recycled plastics and biomass plastics
Initiative	Utilize 100% recycled PET resin bottles for all <i>Kewpie Tasty Dressing</i> and Foods with Function Claims dressing products, a first for condiments in Japan
Summary (See our website.)	https://www.kewpie.com/en/newsrelease/pdf/2023/newsrelease_20230704.pdf

Measure	● Reduction of CO ₂ emissions <ul style="list-style-type: none"> • Introduction and utilization of renewable energy
Initiative	Begin solar power generation at KEWPIE MALAYSIA SDN. BHD. and other group company sites around the world
Summary	<p>Japan:</p> <p>Kewpie Egg Corporation: Mita Plant, Owari Plant</p> <p>Salad Club, Inc.: Enshu Plant</p> <p>Co-op Foods Co., Ltd.: Tohoku Plant</p> <p>Outside Japan:</p> <p>KEWPIE MALAYSIA SDN. BHD.</p> <p>Nantong Kewpie Corporation</p> <p>Guangzhou Kewpie Corporation</p> <p>These efforts are expected to reduce annual CO₂ emissions by 2,200 tons from FY2024.</p>

(iii) Risk management

For details of risk management for climate change, please refer to "II. Business Operations, 2. Sustainability Approach and Initiatives, 3) Risk management".

(iv) Indicators and targets

For details of indicators used for assessing and managing risks and opportunities posed by climate change, please refer to "II. Business Operations, 2. Sustainability Approach and Initiatives, 4) Indicators and targets".

(3) Human capital

(i) Human resource development policy

The Group operates its business in a wide range of areas across the globe. To prepare for future shifts in the market environment and to expand our growth areas, we recognize the need for more diverse human resources with various skills and experiences. The Group has set "Developing a framework for empowering a diverse range of talent" as a key theme in the Medium-term Business Plan in order to foster motivated human resources who will be able to play active roles in our sustainable growth. We create opportunities to understand diversity and inclusion, create opportunities for diverse employees to play an active role, and create career and learning mechanisms that give employees a sense of self-growth. Through all of these efforts, we work to create a corporate culture that supports each employee's individuality and motivation to grow, and in which individuals can fully demonstrate their abilities.

(ii) Development of and initiatives for the working environment

◇ Creating opportunities for understanding diversity and inclusion

- Active dialogue and provision of opportunities

We have developed the KEEP20 initiative within the Group, in which 20% of the participants of important meetings, including the Management Committee, are made up of diverse human resources (in terms of age, gender, skills, and careers). The goal is to stimulate discussion and foster innovation by drawing out different perspectives. For both traditional participants and newcomers, it is an opportunity to gain new insights and knowledge.

- Diversity and engagement perception survey

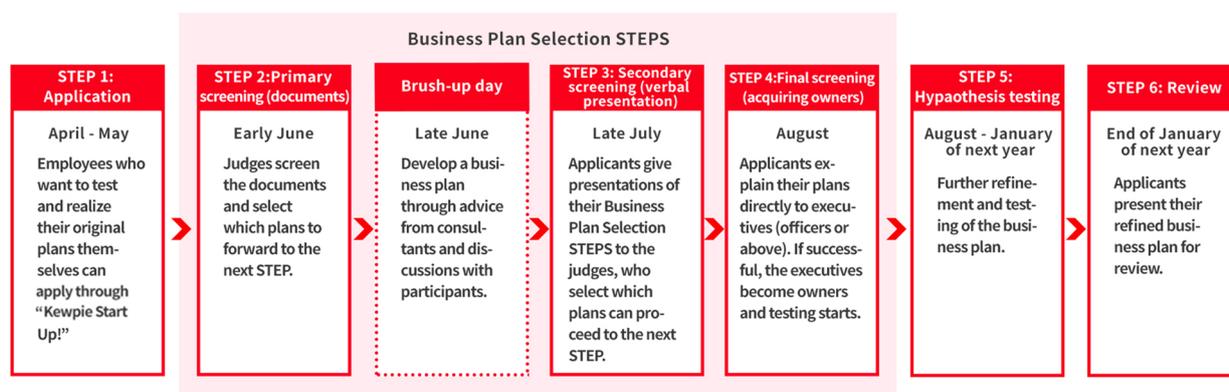
We conduct the Diversity and Engagement Survey among Group employees to assess their perceptions of diversity, fairness, acceptance, and engagement. The analysis results are openly shared within the Group and are used to foster an environment that empowers the diverse human resources within the Group. We will continue to conduct the survey to create a corporate culture in which individuals can fully demonstrate their abilities. It will also serve as a key metric to assess the effectiveness of our investment in human capital.

◇ Creating opportunities for diverse employees to play active roles

- Providing opportunities to take on challenges

In allocating human resources to areas that the Group has positioned as priority strategies, we have implemented an in-house recruiting system for all Group employees. We are actively advancing our efforts to identify and recruit highly motivated employees who are committed to achieving their career aspirations. In 2023, as part of the Group DX Open Call, we recruited employees with strong aspirations to drive digital transformation within the Group. We selected six people from among several dozen applicants.

We also continue to promote the Kewpie Startup Program, an in-house initiative to create new business plans, which we have been conducting since 2012. Concurrently, we hold regular seminars and workshops as well as commercialization assessments.



- Supporting the advancement of female employees

To ensure that female employees, who account for approximately half of the Group's workforce, can fully participate in the business, we promote the development of female career-track positions, the introduction of a career-track system that does not require relocation, the conversion of regional positions to career-track positions, and the provision of support for training newly-appointed managers at study sessions for female managers. In addition to personnel and labor systems, we aim to become a company where motivated female employees and those in dual-income families can continue to work and find success with peace of mind by changing the company's management and culture.

Ratio of Female Managers: Targets and Results

	FY2022 Results	FY2023 Results	FY2024 Target	FY2030 Target
Ratio of female managers (Kewpie only)	12.5%	14.5%	18%	30%

◇ Creating career and learning mechanisms that give employees a sense of self-growth

• Supporting employees' self-realization

We have implemented the Career Self-Declaration Scheme to empower employees with greater career autonomy. Leveraging the diverse business domains within the Group, we are fostering an environment where employees can achieve self-realization through their work. Specifically, we are actively working a quantitative improvement in the rate of self-declaration by creating opportunities to learn about the roles and jobs in each department and facilitating transfers of employees to workplaces of their choice.

Career Self-Declaration Realization Rate: Targets and Results

	FY2021 Results	FY2022 Results	FY2023 Results	FY2025 Target
Self-declaration rate (Kewpie only)	8%	10%	14%	25%

• Increasing opportunities to learn (coaching session, learning for managers)

We are developing in-house certified coaches and encouraging the use of these certified coaches to conduct coaching sessions within the Company. 111 in-house certified coaches have been actively involved in activities that support the achievement of goals and building of teams within the corporate organization, as well as helping individual employees with their career development and self-realization. In FY2023, more than 650 sessions were successfully conducted. To promote lifelong learning among our employees and facilitate their continuous growth, we launched the Learning Website for Managers in 2023. We regularly distribute learning information through columns and other channels to encourage employees to refresh their knowledge and strengthen the foundation of our human resources.

3 Operational Risks

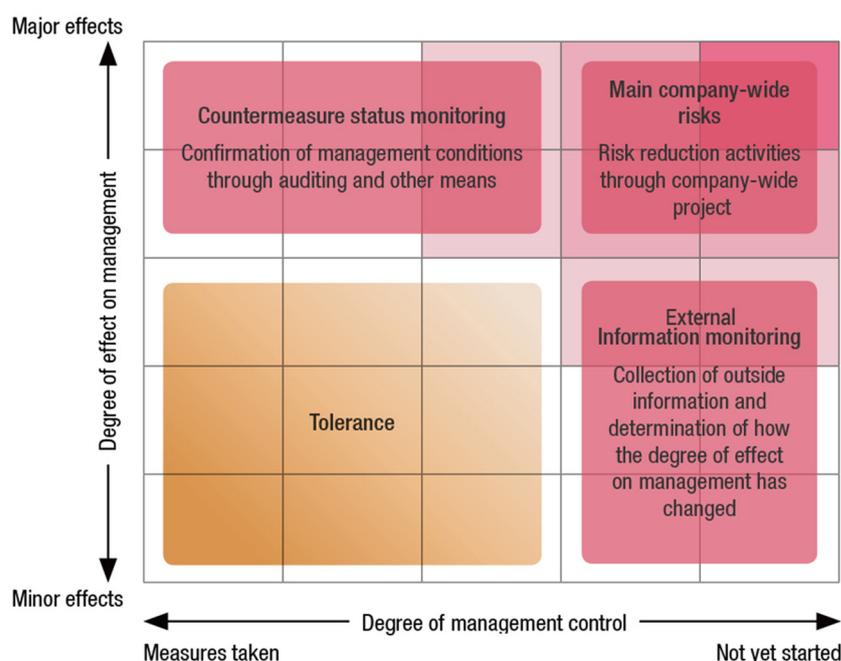
Various factors relating to the business operations and financial information of the Group described in the Annual Securities Report that may exert a significant effect on the decisions of investors are shown in the list below.

The Group, recognizing the risks inherent in the Group's business, takes all reasonable measures to inhibit or avoid the occurrence of risks. To such ends, the risk management basic policy has set specific, systematic procedures for managing the Company's risk, under which each responsible unit exercises continuous oversight of each individual risk factor. The Management Committee, Risk Management Committee, and Sustainability Committee assume tasks that include sharing information, assessing risk, setting priorities, and engaging in countermeasures. In that regard, the Management Committee addresses major risks that could affect near-term financial results, the Risk Management Committee addresses Company-wide risks, and the Sustainability Committee addresses social and environmental risks, including those with respect to climate change. In addition, the corporate officer in charge of risk management regularly reports to the Board of Directors regarding matters that include policies and developments regarding Company-wide risk assessment and response.



With respect to priority risk assessment and selection, we identify potential risks by broadly examining changes in the internal or external business environment and assess them to determine material risks. We assess each potential risk along two axes, degree of effect on management and degree of management control, and select and prioritize the risks to be addressed on that basis. We endeavor to mitigate risks over which management control is insufficient despite having a significant effect on management, which are designated as main company-wide risks, through company-wide projects implemented on a priority basis. When the effect on management remains high despite countermeasures having an effect and the degree of management control increasing through our activities, we confirm the status of subsequent countermeasures through audits and other means. Even for risks that have a small effect on management and are not considered to be management issues, we collect external information with high sensitivity and endeavor to monitor the situation. In doing so, we monitor risks from both internal and external aspects, assess the severity of risks in response to changing conditions in a timely fashion, and strive to face risks in an agile manner.

Risk Assessment



Nevertheless, the Group's credibility, business performance and financial position may be substantially affected should an event occur that is beyond the control of the Group. An overview of the risks involved is given in the list below, but this is not intended to be an exhaustive list of all risks attendant on the Group's business operations.

Forward-looking statements included in this section are based on the Group's judgment of information available as of the end of the current fiscal year.

Event	Risks	Measures to address risks
Market developments	<p>The following are the main risks that may have a progressively greater impact on the Group's business over the long term.</p> <ul style="list-style-type: none"> • Long-term market contraction due to decreasing population in Japan • Sales of mayonnaise and dressings adversely affected by vegetable price volatility 	<p>In Japan, we achieve sustainable growth by flexibly responding to the market through a dual system of the "Retail Market Business" and the "Food Service Business". We aim to create business opportunities by leveraging the Group's ability to expand its business into home-cooked meals, ready-made foods and restaurant sectors, expanding the possibilities of salads and eggs and contributing to the extension of healthy life expectancy. We are also promoting the cultivation of the market and demand by promptly proposing ideas for food products and services that address customer concerns about dietary lifestyles and create new dietary scenes. In addition to exploring untapped sales channels such as, in particular, drugstores with growth potential, we are carrying out initiatives in the Direct to Consumer (D2C) market by strengthening our digital marketing capability.</p> <p>As for our overseas operations, we will focus on China, Southeast Asia, and North America, in which we will expand our marketing focus toward the middle class demographic from the affluent demographic, which is the Group's current customer base. We will also strengthen our digital communication and marketing functions to achieve greater rates of recognition and product use of "KEWPIE brand (丘比, KEWPIE)". We are investing our management resources intensively into areas that include human resources, product development, marketing and governance to achieve sustainable growth.</p>

Event	Risks	Measures to address risks
<p>Procurement of raw materials (main raw materials, energy and general raw materials)</p>	<ul style="list-style-type: none"> • Procurement of vegetable oils have short-term and long-term risks of price volatility due to fluctuations in market prices of soybeans and rapeseed, foreign exchange rates, supply and demand, and other factors. • Procurement of shell eggs also have risks of price volatility and procurement difficulties caused by factors including sudden outbreaks of avian influenza, changes in the number of laying hens, and long-term trends in shell egg consumption. • Procurement of other raw materials used by the Group have risks of price volatility due to international economic trends, supply and demand balance, exchange rate fluctuations, geopolitical risks, and other factors. <p>Moreover, if the initiatives geared to sustainable procurement based on social considerations are perceived as inadequate, its reputation may gradually diminish.</p>	<p>In order to reduce the impact of a spike in raw material prices, the Group has been working on initiatives such as revising product prices, adding value, improving production efficiency, and establishing a procurement system based on the Group collaboration. In addition, the Group is working to shift to a business structure that is less susceptible to the effects of market prices for main raw materials.</p> <p>As for procurement of shell eggs, we take steps that include arranging a combination of scheduled annual volume purchases with producers in respective regions with a focus on major egg producers, fixed-price contracts, and spot contract purchases on the open market. Moreover, we have also established a framework encompassing nationwide procurement and egg-breaking plants that provides coverage through plants in other regions should restrictions be placed on shipments amid an outbreak of avian influenza in some geographic areas. With regard to cost increases due to avian influenza outbreaks and the risks associated with decreases in profits due to production cutbacks, we are working to improve profitability by adding value to our products, while securing raw materials and product inventory, taking into account the timing of these occurrences.</p> <p>From the perspective of medium- to long-term sustainability, we are working on the issue of animal welfare for egg-laying hens in cooperation with related industries and governments.</p> <p>For sustainable procurement based on social considerations, we have established the "Kewpie Group Fundamental Policy for Sustainable Procurement" and are working to examine not only the quality of raw materials but also their impact on the environment and human rights in the supply chain. To realize the Fundamental Policy for Sustainable Procurement, we have established the Kewpie Group Supplier Guidelines. With these guidelines, we aim to achieve sustainable procurement and shared prosperity with our suppliers by resolving issues in the supply chain based on mutual understanding.</p>

Event	Risks	Measures to address risks
Product liability	<p>As for incidents causing damage to the health of consumers, such as the insertion of foreign matter into products and false or mistaken indications on product labels, we always regard them as serious risks.</p>	<p>Insistence on the highest product quality has been our most fundamental concern since the Group was established. Accordingly, we rigorously and systematically enhance product quality assurance systems by acquiring Food Safety System Certification (FSSC 22000), engaging in trans-group quality monitoring, developing product quality assurance and traceability systems that make use of factory automation, self-monitoring, and constructing quality standard document control systems for procured ingredients focused on insistence on meeting our safety and hygiene standards.</p> <p>In addition, we place great importance on ensuring a high level of awareness and understanding regarding product quality among our employees. To this end, the Group helps employees acquire necessary knowledge and technology and instills them an insistence on the highest product quality by offering them training opportunities such as on-the-job training and training sessions. Accordingly, the Group takes appropriate measures to provide safe and high-quality products, which is the foundation of the persistent business development.</p>
Natural disasters and other such contingencies	<p>We expect the impact of natural disasters such as massive typhoons, floods caused by torrential and prolonged rains, and large-scale earthquakes to be even more significant. Specifically, we assume they could pose the following risks:</p> <ul style="list-style-type: none"> • Damage to manufacturing and distribution facilities, equipment, etc. • Difficulties procuring raw materials and energy • Shortages of human resources necessary for operations 	<p>We are working on measures that entail establishing business continuity plans (BCP) to go into effect in the event of any crisis extending across the Group, leveraging our experience involving natural disasters.</p> <p>We have prepared manuals pertaining to respective disaster types in preparation for the potential occurrence of a crisis scenario. This has involved efforts that include developing frameworks for setting up operations in Kansai area that substitute for those of the Tokyo Head Office, establishing emergency communications networks and stockpiling supplies, reinforcing production and distribution facilities, developing systems for confirming available production capacity in the event of a contingency, and developing site redundancies in relation to our core products with respect to production, as well as the functions of raw material procurement and order acceptance.</p> <p>To ensure that such operations perform effectively, we also carry out large-scale disaster response training sessions (initial response training, product supply training, and safety verification training).</p>

Event	Risks	Measures to address risks
System failure	<p>In recent years, we have been facing the possibility that our business activities could be significantly affected by system disruptions caused by cyberattacks involving ransomware and other sophisticated means externally.</p>	<p>The Group maintains a system that applies multiple layers of security to safeguard against cyberattacks, which entails blocking unsolicited e-mail and unauthorized access, and implementing endpoint detection and response (EDR) systems that monitor information networks around the clock in the course of pinpointing behavior of suspicious computer code and preventing its execution.</p> <p>We also seek to develop literacy of our employees, which involves regularly conducting simulation-based training in responding to email attacks and offering education on information security. Such efforts also involve having the Information Promotion Committee disseminate relevant information to maintain a high level of information security awareness among our employees.</p>
Human resources and labor-related	<p>Regarding human resources and labor, we always assume the following risks:</p> <ul style="list-style-type: none"> • Insufficient human resources in terms of carrying out on-site work at manufacturing and distribution sites • Improper management of working hours, overwork • Harassment 	<p>The Group takes steps to secure and retain human resources that involve engaging in ongoing recruitment, upgrading employee education, and developing optimal working environments. More specifically, we promote streamlined operations and labor savings, and make use of IoT technologies, robotic process automation (RPA), various types of robots and artificial intelligence. In addition, we will extend our range of employment in part by developing working environments that enable foreign nationals to work more effectively.</p> <p>We are taking steps to reduce our exposure to labor-related risk. This has involved developing workplace environments where employees are able to balance their careers and family life, thereby enabling every employee at all of our locations to work with peace of mind, actively using remote work, developing optimal work schedules and appropriately implementing labor controls pursuant to laws and regulations, providing thorough employee education on harassment prevention, and establishing an internal reporting system (helpline).</p> <p>In addition to these efforts, to foster motivated human resources who will be able to play an active role for our sustainable growth, the Group has developed a framework for empowering a diverse range of talent, while at the same time actively recruiting and appointing external human resources with high expertise.</p>

Event	Risks	Measures to address risks
Overseas expansion	<p>Regarding overseas expansion, we mainly assume the following risks:</p> <ul style="list-style-type: none"> • Problems stemming from vulnerable business foundation • Information leakage due to inadequate information management • Damage to competitiveness and brand image caused by circulation of counterfeit goods • Geopolitical risks 	<p>Our overseas subsidiaries also implement on-site education and various training programs with the aim of instilling the Group's philosophy. We are also developing internal control systems to strengthen our business foundation. More specifically, this has entailed efforts that involve clarifying decision-making authority; establishing and operating various regulations and systems such that include rules on contracts and regulations management, as well as accounting and financial regulations, anti-bribery regulations, and personnel evaluation systems; adopting an internal reporting system; establishing business continuity plans (BCP); and implementing crisis management training sessions.</p> <p>We have also adopted rules on our handling and security of corporate information and important technical information, and are building a solid ICT network.</p> <p>We are taking countermeasures against counterfeit goods that involve eliminating from the market products that infringe on our trademark rights and misleading products of other companies, while also seeing to it that we do not confer the right to file for malicious trademarks.</p> <p>We examine the political and economic situation and trends in laws and regulations in the regions where our production sites are located, and consider and implement necessary measures for each area. We are also prepared for country risks arising from international situations in terms of dealing with tangible and intangible assets, diversifying raw material procurement risks, protecting intellectual property, and evacuating employees.</p>

Event	Risks	Measures to address risks
Global environmental issues and climate change	<p>Regarding global environmental issues and climate change, we mainly assume the following risks:</p> <ul style="list-style-type: none"> • Difficulties in procuring raw materials and rising costs • Strengthening CO₂ emission regulation • Rising energy costs • Damage to production lines caused by torrential rainfall and flooding <p>If the Group's efforts and responses to these sustainability issues are perceived as inadequate, its reputation may gradually diminish.</p>	<p>In the environment aspect, the Group has identified "Effective use and recycling of resources", "Deal with climate change", and "Conservation of biodiversity" as material issues regarding sustainability and the entire Group is working on them.</p> <p>The Kewpie Group's operations are highly dependent on the blessings of nature and are accordingly susceptible to various effects of climate change, including lower harvest yields, reduced quality of ingredients, and surging prices. We have been proceeding with initiatives that include flexibly adjusting prices, optimizing our product portfolio with the aim of shifting to a structure that is resilient to raw materials market volatility, and building a procurement framework by coordinating efforts of Group companies. We will address and respond to climate-change related events as management risks, while at the same time identifying new opportunities and incorporating them into our corporate strategies. We endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and disclose information based on the TCFD's four-part framework consisting of governance, strategy, risk management, and indicators and targets.</p> <p>For further information, please refer to "2. Sustainability Approach and Initiatives".</p>

4. Management Analysis of Financial Position, Operating Results and Cash Flows

(1) Overview of operating results, etc.

The overview of the Group's financial position, operating results and cash flows (the "operating results, etc.") for the current fiscal year is as follows:

A. Financial position and operating results

During the current fiscal year, the Group encountered a challenging business environment, influenced by factors such as high international grain and energy prices as well as the spread of highly pathogenic avian influenza virus. Under these circumstances, we have taken steps in our domestic operations to establish a profitable corporate structure and introduce a new value proposition, while responding to diversifying demands of our customers through a market-oriented business structure. Overseas, we continued to seek further expansion, particularly in the markets of China, Southeast Asia, and North America, which accordingly served as drivers of growth as we rapidly expand the KEWPIE brand into the markets.

Net sales for the current fiscal year increased thanks to stable growth in overseas business and an increase in unit price resulting from price revisions of condiments and eggs products. Operating income decreased due to the impact of a spike in prices of main raw materials, energy, and general raw materials. Ordinary income and profit attributable to owners of parent decreased due to a decrease in operating income.

Our consolidated financial results for the current fiscal year were as follows:

(Millions of yen)

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)	Change (amount)	Change (ratio)
Net sales	430,304	455,086	24,782	5.8%
Operating income	25,433	19,694	(5,739)	(22.6)%
Ordinary income	27,249	20,490	(6,759)	(24.8)%
Profit attributable to owners of parent	16,033	13,174	(2,859)	(17.8)%

◇ Business overview by segment

[Breakdown of net sales]

(Millions of yen)

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)	Change (amount)	Change (ratio)
Retail Market	173,392	177,395	4,003	2.3%
Food Service	158,832	165,336	6,504	4.1%
Overseas	66,267	78,277	12,010	18.1%
Fruit Solutions	16,461	16,953	492	3.0%
Fine Chemicals	10,013	11,170	1,157	11.6%
Common Business	5,335	5,953	618	11.6%
Total	430,304	455,086	24,782	5.8%

[Breakdown of operating income]

(Millions of yen)

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)	Change (amount)	Change (ratio)
Retail Market	13,433	9,939	(3,494)	(26.0)%
Food Service	6,923	4,135	(2,788)	(40.3)%
Overseas	8,471	10,308	1,837	21.7%
Fruit Solutions	315	320	5	1.6%
Fine Chemicals	1,267	1,040	(227)	(17.9)%
Common Business	1,209	1,209	(0)	(0.0)%
Company-wide expenses	(6,187)	(7,259)	(1,072)	—
Total	25,433	19,694	(5,739)	(22.6)%

<Retail Market>

- Sales increased thanks to factors including an increase in unit prices resulting from condiment price revisions.
- Operating income decreased due to the impact of a spike in main raw material prices, etc.

<Food Service>

- Sales increased thanks to the effect of price revisions and rising sales prices of egg products due to surging prices in the shell egg market.
- Operating income decreased due to the impact of a spike in main raw material prices, etc.

<Overseas>

- Sales increased amid steady performance in China, Southeast Asia, and North America.
- Operating income increased thanks to the expansion of branded products in North America and the mitigation of the impact of a spike in main raw material prices.

<Fruit Solutions>

- Both sales and operating income increased thanks to factors including higher sales for food manufacturers and the effect of price revisions of jams and spreads for household use.

<Fine Chemicals>

- Sales increased amid strong performance in both mail order and raw material sales, but operating income decreased due to an increase in costs and other factors.

<Common Business>

- Sales increased thanks to increased sales of manufacturing machinery for food manufacturers, but operating income decreased due to an increase in selling, general, and administrative expenses and other factors.

◇ Status of financial position

- Total assets increased by ¥22,622 million year on year to ¥426,006 million.

This was mainly due to an ¥8,785 million increase in cash and deposits, a ¥5,101 million increase in notes and accounts receivable – trade, an ¥8,000 million decrease in securities, a ¥7,072 million increase in purchased goods and products, a ¥3,647 million increase in construction in progress, and a ¥6,974 million increase in assets for retirement benefits.

- Total liabilities increased by ¥5,941 million year on year to ¥114,702 million.

This was mainly due to a ¥3,208 million increase in deferred tax liabilities and a ¥2,154 million increase in other in non-current liabilities.

- Total net assets increased by ¥16,680 million year on year to ¥311,303 million.

This was mainly due to a ¥6,225 million increase in earned surplus, a ¥2,591 million increase in unrealized holding gains on securities, a ¥4,284 million increase in accumulated adjustments for retirement benefits, and a ¥2,454 million increase in non-controlling interests.

B. Status of cash flows

Cash and cash equivalents at the end of the current fiscal year amounted to ¥62,433 million, which represents a decrease of ¥2,902 million from the end of the previous fiscal year.

Status of cash flows is as follows:

Net cash provided by operating activities came to ¥23,725 million for the current fiscal year, compared with ¥27,199 million provided in the previous fiscal year. This was the result of profit before income taxes of ¥22,075 million, depreciation and amortization of ¥16,935 million, inventory increase of ¥6,555 million, and income taxes paid of ¥7,121 million.

Net cash used in investing activities amounted to ¥17,721 million, compared with ¥15,947 million used in the previous fiscal year. This was the result of purchases of tangible fixed assets of ¥15,164 million and payments into time deposits of ¥5,567 million.

Net cash used in financing activities amounted to ¥9,514 million for the current fiscal year, compared with ¥16,812 million used in the previous fiscal year. This was the result of cash dividends paid of ¥6,950 million and cash dividends paid to non-controlling interests of ¥1,411 million.

Movements in the principal cash flow-related indicators of the Group, on a consolidated basis, are as follows.

	FY2019	FY2020	FY2021	FY2022	FY2023
Equity ratio (%)	53.0	52.8	64.5	66.4	66.2
Equity ratio based on market value (%)	78.3	68.5	84.2	84.3	84.2
Interest-bearing debt to cash flows ratio (year)	1.5	2.3	1.1	1.2	1.4
Interest coverage ratio (times)	144.7	103.7	159.0	110.6	61.1

(Definition)

Equity ratio = Shareholders' equity / Total assets

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

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

Interest coverage ratio = Cash flows / Interest paid

(Notes)

1. Each index is calculated based on consolidated financial figures.
2. Total market value of the stock is calculated by multiplying the final market price by the number of issued shares at the end of fiscal year (excluding treasury stock).
3. Interest-bearing debt includes all consolidated balance sheet-reported liabilities on which interest is paid.

4. Cash flows and Interest paid are the same figures as found under "Net cash provided by (used in) operating activities" and "Interest paid" reported in the Consolidated Statements of Cash Flows, respectively.
5. In the fiscal year ended November 30, 2021, the Company finalized the provisional accounting treatment for business combinations. Accordingly, each figure pertaining to the fiscal year ended November 30, 2020 reflects the finalization of the provisional accounting treatment.

(2) Analysis and discussions of the status of the operating results, etc. from the viewpoint of management

The contents of analysis and discussions of the status of the Group's operating results, etc., from the viewpoint of management are as follows. Forward-looking statements included in this section are based on information available as of the end of the current fiscal year.

A. Summary of significant accounting policies and estimates

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in Japan, and necessarily include amounts based on estimates, judgements and assumptions by management regarding period-end balances of assets and liabilities, as well as income and expenses for the reporting period. The Group has continuously estimated, judged and assumed based on a number of factors that are considered to be reasonable under the past business results and surrounding conditions. Because of uncertainty unique to estimates, actual results could differ from these estimates.

The significant accounting policies adopted for the consolidated financial statements are described in "V. Financial Information". We consider the following significant accounting policies to have a material effect on our significant judgements and estimates.

a) Impairment losses on fixed assets

For fixed assets owned, each management accounting unit, on which revenue and expenditure are continuously monitored such as company, business, offices, is, in principle, classified as one asset-grouping unit. The Group identifies indicators of impairment by asset group. The future cash flows used to determine whether impairment losses should be recognized and the value in use are calculated with reasonable assumptions based on information about external factors such as the business environment and internal information used by the Group. If an estimated amount deviates from actual value due to future changes in the market environment, impairment losses may be incurred.

Details regarding the significant assumptions used in calculating estimated future cash flows are given in "V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated financial statements, Notes, Significant accounting estimates".

b) Allowances for doubtful accounts

To provide for a possible bad-debt loss, the Group provides the expected uncollectible amount as allowances for doubtful accounts. The said amount is calculated by using credit-loss prediction ratios based on historical data for general accounts receivable, and by reference to the individual collectability for special receivables, such as those in danger of being uncollectible. If our customers' ability to pay falls due to financial deterioration in the future, larger allowance or bad-debt loss will be recognized.

c) Impairment losses on investment securities

Investment securities other than stocks, etc. without market value are stated at fair value, while stocks, etc. without market value are stated at cost. The Group recognizes impairment losses on the investment securities based on reasonable criteria as those securities other than

stocks, etc. without market value are exposed to the risk of price fluctuation of the stock market and stocks, etc. without market value are exposed to the possibility of deterioration of the business performance of companies in which the Group has invested.

Because of the above criteria, posting of additional impairment losses would be necessary if fall in market or deterioration of the Group's investment destination cause further losses or defaults to occur in the future.

d) Deferred tax assets

Deferred tax assets are reported in the amount deemed collectible based on reasonable assessment of future taxable income and consideration of the collectability. Changes in estimated collectible amounts, however, could have an effect on earnings due to reversal of or additional provision to deferred tax assets.

B. Perception, analysis and discussions of the status of the operating results, etc. for the current fiscal year

a) Analysis of financial position and operating results

Details regarding analysis of the Group's financial position and operating results for the current fiscal year is given in "4. Management Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of operating results, etc., A. Financial position and operating results".

b) Sources of cash and liquidity

(i) Cash flow analysis

Details regarding the overview of the Group's cash flows during the current fiscal year is given in "4. Management Analysis of Financial Position, Operating Results and Cash Flows, (1) Overview of operating results, etc., B. Status of cash flows".

(ii) Demand for funds

The Group strives to procure financing and ensure liquidity in order to meet demand for funds particularly for capital investment, business investment, debt repayment and working capital, with the aim of further increasing corporate value.

(iii) Procurement of funds

The Group appropriates necessary funds by means of internal financing, and otherwise arranges financing through bank borrowings and corporate bond issuance when faced with a shortfall of funds.

(iv) Liquidity of funds

The Group arranges overdraft facilities with multiple financial institutions. In addition, the Group centrally manages surplus funds of the Company and the Group's domestic consolidated subsidiaries, and has accordingly adopted a cash management system with the aim of enhancing funding efficiency and reducing financing costs.

c) Progress made in achieving target management indexes

The Group developed a Medium-term Business Plan that covers the four years starting from FY2021. Under the Plan, the Group has set the following targets to be achieved in the plan's final fiscal year ending November 30, 2024: return on equity (ROE) of at least 8%, operating income ratio of 7.5%, and annualized growth ratio in overseas net sales (on a local currency basis) of at least 10%.

In the current fiscal year, which is the third fiscal year of the Medium-term Business Plan, return on equity (ROE) was 4.8%, operating income ratio was 4.3%, and growth ratio in overseas net sales (on a local currency basis) was 10% higher than the previous year.

◇ Management indexes

	FY2023	FY2024 Targets
ROE (Return on equity)	4.8%	At least 8%
Operating income ratio	4.3%	7.5%
Growth ratio in overseas net sales (Local currency basis)	(Year to Year) 10%	(Annualized rate) At least 10%

5. Material Contracts

There are no material contracts to report for the reporting period.

6. Research and Development

In seeking to bring healthy and enjoyable diets and lifestyle to our customers around the world, the Group engages in research and development across fields of study that mainly focus on human health, the wellbeing of our planet, and creating diets and lifestyles of the future. We aim to achieve the "Kewpie Group 2030 Vision" and the creation of the future beyond it, based on the core technologies we have cultivated in various fields including mayonnaise and dressings.

In the field of human health, the Evaluation & Analysis Sciences Department is pivotal in evaluating and analyzing three key functions of food: nutritional, taste and sensory functions, as well as health function, thereby enhancing the value of our products. In FY2023, *Deare Plus*, containing acetic acid bacteria, was successfully filed and accepted as a Food with Function Claims for immunity maintenance. We also developed evidence supporting the cognitive function of egg yolk choline, resulting in the publications of two papers. Furthermore, we have obtained evidence supporting that eating potato salad before rice reduces the rapid rise in blood glucose levels after meals. We extensively promoted *Doretoku*, our innovative approach to using dressings in dishes besides salads to enhance flavor and physical properties, as well as optimize salt usage. This message reached approximately 600 individuals, including professionals and nutritionists, through our participation in an academic conference exhibit.

To support the wellbeing of our planet, the Food Processing Technology & Packages Department spearheads initiatives to research methods that protect the health of our planet and reduce the burden on it, while maintaining great taste, safety, and convenience. Firstly, with respect to recycled PET bottles, four food companies have conducted joint research on safety evaluation and published relevant papers. Concurrently, we have persistently conducted our own verification to facilitate practical application. For shipments in and after August 2023, we have adopted bottles that use 100% recycled PET resin for all seven *Tasty Dressing* products and all five dressing products specified as Foods with Function Claims for the first time in Japan's condiment industry. With the adoption of these recycled bottles, we anticipate a

reduction in new plastic usage by approximately 460 tons per year, based on our previous year's actual shipments. At an elementary school in Fukaya City, Saitama Prefecture, where Fukaya Terrace Vegetable Friends' Farm is located, we hosted a Workshop of Universal Design in Daily Life. During this event, participants had the opportunity to learn about universal design by interacting with actual containers in an enjoyable way.

Leading our efforts to create diets and lifestyles of the future, the Functional Materials Department performs research in collaboration with a diverse range of partners to deliver new value to society. In FY2023, significant progress was made in the development of allergen-reduced eggs created in a joint research project with Hiroshima University. Following the safety verification of allergen-reduced eggs, we published a paper and conducted a press release, which garnered considerable attention and response. Through subsequent evaluation of their physical properties and suitability for cooking and confectionery making, these eggs were confirmed to have functions almost equivalent to those of regular eggs. We presented our academic findings and issued a press release in August. In collaboration with SAGAMIHARA NATIONAL HOSPITAL, we conducted a test using serum from patients with egg allergies. Having established the effectiveness of these allergen-reduced eggs, we are now prepared to initiate clinical trials in the next fiscal year.

The production technology units promote the deployment of our diverse core technologies to both domestic and overseas plants. They also develop facilities and equipment to efficiently produce products while maintaining high quality standards. In FY2023, we formed a capital and business alliance with TechMagic, Inc., a startup company specializing in the development of cooking robots. This partnership aligns with our commitment to address the social issue of labor shortages by expediting the implementation of automation technology in food production. We also promote development of production environments that will raise the Group's production efficiency and enhance its quality assurance systems. This involves a proactive review of the introduction of new technologies, such as simulation technologies that achieve designs that prevent rework.

Total research and development expenses for the Group for the current fiscal year amounted to ¥3,956 million.

The following is a summary of the research and development activities by the reporting segments.

(1) Retail Market

In the Retail Market Business, we develop new products and also improve our existing products, which enables us to make proposals with respect to further enhancing palatability and functionality of such products and expanding applications involving such products. In the category of mayonnaise, we enhanced *Kewpie Zero Non-cholesterol* with a 70% reduction in calories while maintaining the same great taste (previously a 50% reduction). In the category of dressings, we launched sales of health-oriented Foods with Function Claims for people with high BMI and blood pressure, respectively. We also introduced *GREEN KEWPIE*, a plant-based food that caters to diversifying values, and *Kewpie DELI*, which utilizes the taste of grated vegetables grown in Japan. Additionally, *Kewpie Yasai ga Umai! Tare (Veggies Taste So Good! Sauce)* was introduced and saw expanded application. For our existing products, we are not only enhancing the quality of our core products but also introducing new volume varieties to better meet customer needs and deliver satisfaction. In the cooking category, we improved our core product *Aeru Pasta Sauce* <Sauce type>, expanded the series with the introduction of a new product, and enhanced *Italiante Basil Sauce*, boosting the pasta category. In the ingredient category, we have directed our attention to lentils and are currently promoting a new approach to their applications. In the category of nursing care foods, we expanded the series by introducing a popular staple food to the "crushable with the tongue" subcategory.

Salad Club, Inc. has developed a new process to extend the freshness of its packaged salads, increasing the expiration dates of three popular products from three days to four days. By refining the technology to preserve freshness, we will balance the taste and shelf life of products, while

ensuring they bring vibrant colors to the dining table. Our efforts contribute to reducing food loss and promoting healthier lifestyles by encouraging increased vegetable intake.

Delia Foods Co., Ltd. has conducted research on the health benefits of potato salad, a delicatessen food they provide, and confirmed its effectiveness in reducing the rapid rise in blood glucose levels after meals. They presented the research results at the Japanese Society for Food Science and Technology and THE JAPANESE SOCIETY OF NUTRITION AND DIETETICS. We will strive to contribute to our customers' food culture and health by communicating the high health benefits of potato salad, which, like most salads, can help regulate blood glucose levels.

In products exclusive to the fresh food sections of supermarkets, we have curated our lineup of condiments and toppings for salads that are available in the fruit and vegetable section. In addition to promoting our core product of *Shredded Cabbage* as a side dish, we have rolled out, for a limited time, the cheddar cheese flavor from the *FreshStock Nugget Sauce* series, which has been well received in the fresh meat section of supermarkets.

Lastly, regarding egg products for which we are developing sales channels for the retail market, the avian influenza outbreak that began at the end of the previous year led to a significant increase in egg prices and a shortage of eggs in FY2023. Consequently, we were compelled to postpone the planned introduction of new products. In the face of these challenges, we improved our existing products to reduce food loss by extending their shelf life and also implemented easy-to-understand packaging to enhance customer convenience.

(2) Food Service

In the Food Service Business, we are developing ways to utilize the palatability and functionality of distinctiveness, with the aim of addressing issues being faced by users in the Food Service Business in light of the significant changes brought about by the COVID-19 pandemic. In the category of mayonnaise, we launched *Delifit Mayo for Coleslaw*, designed to minimize dripping from raw vegetables, and *Bakery Mayo Topping*, which offers a moderate baking function ideal for bakery products. In the dressings category, we relaunched two products that have been highly popular for staple salads, aiming to refine their taste. In response to the growing tartar sauce market, we launched *Kewpie Tartar Sauce Gudakusan Tube*, which delivers great taste and ample ingredients even at room temperature, and *Kewpie Gudakusan Filling Avocado (Guacamole)*, which adds flavor and color with many ingredients for delicatessen and bakery products. For the hospital and food service business category, we launched *Janef One Step Meal Sauce Ideal for Rice Salted Plum Taste*, which can be enjoyed with rice or porridge to provide an energy boost. Additionally, we relaunched three products, including *Plant-based Tartar Sauce*, which is well received in the delicatessen food business, with refined palatability.

In the category of eggs, we launched *Snowman Soft Japanese Omelette*, a product designed to allow customers to savor the delicious taste of eggs even in the adverse environment of soaring egg prices and shortages resulting from the avian influenza outbreak. This product boasts an unprecedented soft texture. To further cater to the delicatessen market, we launched *Fluffy Scrambled Eggs 500*, which allows for easy preparation of delicatessen foods by simply mixing it with vegetables and other ingredients. The product is meticulously crafted to offer both great taste and ease of use.

Kewpie Jyozo Co., Ltd. has launched *Nigori Vinegar (cloudy vinegar)*, a new product containing a high concentration and stable amount of acetic acid bacterial cells.

(3) Overseas

Overseas, we are particularly focused on advancing the local development of products tailored to the unique tastes and needs of diverse communities worldwide. In FY2023, we prioritized the

development and improvement of our global strategic products, Kewpie Mayonnaise and Deep-roasted Sesame Dressing, and addressed country-specific issues.

In China, we propelled the product development of roasted sesame dressing for e-commerce sales channels and the introduction of health-conscious products. Amid the growing momentum in the dressing market, we developed and introduced *Fat Free Salad Dressing* as a highly versatile condiment in the local market. *Fat Free Salad Dressing* is a non-oil type condiment based on soy sauce and vinegar, ideal for complementing the taste of vegetables, meat, fish, noodles, and other dishes. In the restaurant and ready-made foods sectors, including pizza and bakery products, we are developing an egg salad using the technology employed for extended shelf-life salads. This product is expected to be rolled out as a new menu proposal in the Chinese market.

In the U.S., as the appreciation of Kewpie Mayonnaise continues to rise due to the increasing attention to Japanese food, we have transitioned some of our product packaging from soft polyethylene containers to PET containers. This shift to environmentally friendly packaging materials has helped to reduce the environmental impact of our entire supply chain.

(4) Fruit Solutions

In the Fruit Solutions Business, we are committed to supporting mental and physical health through the consumption of fruit. To this end, we have been engaged in research and development from various angles, including aroma and color, textures, nutritional function, convenience, and environment.

In the current fiscal year, we launched three new frozen fruit products, *Aohata Kuchidoke Frozen (Melty Frozen)*, which maintain their soft texture even when frozen, allowing for immediate consumption. We have developed a new value proposition to address common complaints about fruit consumption, such as "they spoil quickly and peeling them is a hassle", making them a convenient and enjoyable daily option. We also launched *Kajitsu Tayori Yuzu Ginger* for those mindful of coldness in the peripheries, promoting health-consciousness through fruit consumption. This product is the first Food with Function Claims in the Fruit Solutions Business. It is an individually packaged processed fruit product, designed for easy consumption at any time and place. We have also expanded our range of jams and spreads with three new products, *Tropical*, *Apple*, and *Grape*, from the *Aohata Spoon Free* series, packaged in convenient bottles for quick, spoon-free use. In the fall of 2023, we enhanced the container design to facilitate easier dispensing of the contents. With the series now featuring a total of six products, we have been actively promoting new applications that cater to a broad spectrum of uses, from cooking to desserts.

(5) Fine Chemicals

In the Fine Chemicals Business, we have been engaging in research and product development with respect to maximizing the potential of hyaluronic acid, egg components and our original performance ingredients.

In the hyaluronic acid pharmaceuticals sector, we have recently begun supplying hyaluronic acid derived from rooster combs to meet the demands of our international customers. In addition, regarding our proprietary acetic acid bacteria, we filed an application for Food with Functional Claims (Product name: *Deare Plus*), backed by evidence we independently acquired. The application was approved for the following functionalities: Acetic acid bacteria have been reported to interact with plasmacytoid dendritic cells (pDC) to support immune function in healthy individuals and alleviate nasal discomfort caused by pollen, dust, house dust, and other environmental irritants. In our line of skincare products, available only through mail order, we have introduced a trial product of *HYALO ONE*, an all-in-one gel infused with five high-performance hyaluronic acids, to draw in

new customers.

(6) Common Business

Not applicable.

III. Facilities and Equipment

1. Investments in Facilities and Equipment

As a result of continuous investments to augment, upgrade and streamline facilities, the Group invested a total of ¥17,846 million in facilities and equipment during the current fiscal year. These investments were part of the Company's efforts to preserve the environment and were made for the purpose of improving product safety, reducing production costs, and developing products that meet customers' needs.

Investments in facilities and equipment by segments were as follows:

Segment	Amount of capital investment (millions of yen)	Main contents
Retail Market	4,471	Production lines of condiments, salads and delicatessen foods and others
Food Service	6,400	Production lines of condiments and egg products and others
Overseas	5,339	Production lines of condiments and others
Fruit Solutions	278	Production lines of jams and fruit processed foods and others
Fine Chemicals	289	Production lines of hyaluronic acid and others
Common Business	398	Software and others
Other	670	Kewpie Group core systems and others

(Notes) 1. The amounts of capital investment include investment in intangible fixed assets and long-term prepaid expenses.

2. The amount stated for "Other" is that of investment in Kewpie Group core systems prior to being allocated to the reporting segments.

There were no sales or removals of facilities and equipment that have a significant impact on production capacity.

2. Principal Facilities and Equipment

Investments in facilities and equipment, and the number of employees working at each site as of November 30, 2023 are as follows:

(1) The Company

Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
			Buildings and structures	Machinery, equipment and vehicles	Land (m ²)	Lease assets	Other	Total	
Hashikami Factory (Hashikami-cho, Sannohe-gun, Aomori)	Retail Market Food Service	For foods	480	1,364	553 (46,365)	—	35	2,434	1 (—)
Goka Factory (Goka-machi, Sashima-gun, Ibaraki)	Retail Market Food Service Fine Chemicals	For foods	6,070	3,033	3,791 (241,431)	94	63	13,053	323 (117)
Nakagawara Factory (Fuchu-shi, Tokyo)	Retail Market Food Service Overseas	For foods	4,266	1,753	405 (43,484)	5	40	6,471	160 (97)
Kobe Factory (Higashinada-ku, Kobe-shi, Hyogo)	Retail Market Food Service Overseas	For foods	6,165	4,157	1,601 (16,776)	17	76	12,019	121 (20)
Izumisano Factory (Izumisano-shi, Osaka)	Retail Market Food Service Overseas	For foods	1,348	2,048	663 (18,576)	15	17	4,092	110 (50)
Tosu Factory (Tosu-shi, Saga)	Retail Market Food Service Overseas	For foods	2,159	868	363 (53,958)	2	24	3,417	1 (—)
Head Office (Shibuya-ku, Tokyo)	—	For others	551	0	— (—)	39	72	664	766 (95)
Complex of facilities (Chofu-shi, Tokyo)	—	For others	5,121	79	138 (16,510)	22	210	5,572	245 (20)
Complex of facilities (Itami-shi, Hyogo)	—	For others	7,117	387	2,337 (37,919)	12	84	9,938	— (—)
Tokyo Branch and other 8 branches and 14 sales offices	—	For others	67	—	— (—)	—	20	88	605 (45)
Kansai SLC (Higashinada-ku, Kobe-shi, Hyogo)	Common Business	For warehousing and distribution system	2,897	255	6,075 (47,252)	—	3	9,232	— (—)

(2) Domestic subsidiaries

Trade name	Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (m ²)	Lease assets	Other	Total	
Kewpie Egg Corporation	Head Office, Factory, Sales Office, etc. (Chofu-shi, Tokyo, etc.)	Food Service	For foods	5,220	10,092	4,992 (127,048)	396	183	20,885	1,851 (462)
Deria Foods Co., Ltd.	Head Office, Branch, etc. (Chofu-shi, Tokyo, etc.)	Retail Market	For foods	2,009	11	217 (13,790)	4	10	2,253	214 (67)
Kewpie Jyozo Co., Ltd.	Head Office and Factory (Chofu-shi, Tokyo, etc.)	Food Service	For foods	1,215	934	2,163 (69,749)	23	82	4,418	174 (99)
Co-op Foods Co., Ltd.	Head Office and Factory (Chofu-shi, Tokyo, etc.)	Food Service	For foods	825	1,094	108 (36,990)	21	8	2,058	102 (59)
Zen-noh Kewpie Egg-station Co., Ltd.	Head Office and Factory (Goka-machi, Sashima-gun, Ibaraki, etc.)	Food Service	For foods	1,208	1,120	405 (10,287)	4	13	2,751	231 (53)
Dispen Pak Japan Co., Inc.	Head Office and Factory (Minami-Ashigara-shi, Kanagawa, etc.)	Retail Market	For foods	266	754	836 (7,697)	—	20	1,878	112 (89)
Potato Delica Co., Ltd.	Head Office, Factory, etc. (Azumino-shi, Nagano, etc.)	Retail Market	For foods	963	811	487 (28,825)	49	23	2,335	93 (173)
Kpack Co., Ltd.	Head Office and Factory (Goka-machi, Sashima-gun, Ibaraki, etc.)	Retail Market	For foods	216	781	— (—)	3	14	1,015	123 (96)
Seto Delica Co., Ltd.	Head Office and Factory (Seto-shi, Aichi)	Retail Market	For foods	230	150	— (—)	666	7	1,053	72 (177)
Salad Club, Inc.	Head Office, Factory, Branch, etc. (Chofu-shi, Tokyo, etc.)	Retail Market	For foods	1,609	1,610	117 (9,782)	1	33	3,372	338 (620)
Shunsai Deli Co., Ltd.	Head Office and Office (Akishima-shi, Tokyo, etc.)	Retail Market	For foods	545	811	200 (4,761)	—	42	1,599	206 (518)
Aohata Corporation	Head Office, Factory, Sales Office, etc. (Takehara-shi, Hiroshima, etc.)	Fruit Solutions	For foods	1,353	1,636	1,316 (67,378)	—	67	4,373	433 (192)
Tsukuba Egg Processing Corporation	Head Office and Factory (Tsukuba-shi, Ibaraki)	Food Service	For foods	1	22	— (—)	1,467	2	1,494	18 (—)

(3) Foreign subsidiaries

Trade name	Site	Segment	Facilities and equipment	Book value (millions of yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (m ²)	Lease assets	Other	Total	
Q&B FOODS, INC.	California, USA, etc.	Overseas	For foods	91	842	320 (80,937)	—	21	1,275	167 (105)
Hangzhou Kewpie Corporation	Zhejiang Province, China	Overseas	For foods	483	1,179	— (—)	154	46	1,863	587 (—)
BEIJING KEWPIE CO., LTD.	Beijing, China	Overseas	For foods	652	1,319	— (—)	204	41	2,217	656 (—)
KEWPIE (THAILAND) CO., LTD.	Bangkok, Thailand	Overseas	For foods	419	688	163 (104,396)	60	439	1,771	1,123 (—)
PT KEWPIE INDONESIA	West Java, Indonesia	Overseas	For foods	414	126	402 (25,902)	40	21	1,005	121 (41)
Nantong Kewpie Corporation	Jiangsu Province, China	Overseas	For foods	1,434	762	— (—)	—	17	2,215	113 (—)
Mosso Kewpie Poland Sp. z o.o.	Puchały, Poland	Overseas	For foods	577	116	267 (72,478)	45	1	1,009	124 (—)
Guangzhou Kewpie Corporation	Guangdong Province, China	Overseas	For foods	1,981	1,487	— (—)	—	8	3,477	54 (—)

(Notes regarding above-mentioned (1) The Company, (2) Domestic subsidiaries and (3) Foreign subsidiaries)

1. "Other" listed under Book value includes tools, furniture and fixtures (construction in progress is excluded).
2. Under Number of employees, the figures in parentheses indicate the number of temporary employees.

IV. The Company

1. Shares

(1) Number of authorized and issued shares

a) Authorized shares

Class	Number of authorized shares
Common stock	500,000,000
Total	500,000,000

b) Issued shares

Class	Number of issued shares		Stock exchange	Remarks
	End of period (Nov. 30, 2023)	Filing date (Feb. 29, 2024)		
Common stock	141,500,000	141,500,000	Tokyo Stock Exchange (Prime Market)	<ul style="list-style-type: none"> • Ordinary shares of the Company with no restrictions on shareholders' rights • Number of shares per unit: 100
Total	141,500,000	141,500,000	—	—

(2) Stock acquisition rights

a) Stock options

Not applicable.

b) Rights plan

Not applicable.

c) Other information about stock acquisition rights

Not applicable.

(3) Exercise of bonds with stock acquisition rights containing a clause for exercise price revision

Not applicable.

(4) Principal shareholders

(As of November 30, 2023)

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	15,786	11.36
NAKASHIMATO CO., LTD.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	11,286	8.12
TOHKA CO., LTD.	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	11,122	8.00
Custody Bank of Japan, Ltd. (Trust account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	8,596	6.18
Kieikai Research Foundation	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	4,251	3.06
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,208	2.31
Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo)	3,039	2.19
The Dai-ichi Life Insurance Company, Limited (standing proxy: Custody Bank of Japan, Ltd.)	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	3,012	2.17
Nakato Scholarship Foundation	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	2,494	1.79
Kewpie Shareholding Association	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo	2,100	1.51
Total	—	64,897	46.69

- (Notes) 1. The Company holds 2,496,958 shares of treasury stock.
2. The ratio of number of the Company's shares held is calculated excluding the treasury stock.
3. The change report on large-volume holdings offered for public inspection on October 22, 2021 notes that SMBC Nikko Securities Inc. and other holders jointly held shares as of October 15, 2021 as follows. As the Company cannot confirm the beneficial ownership or number of shares held by SMBC Nikko Securities Inc. and other holders as of November 30, 2023, they are not considered in the above table.

The details of the change report on large-volume holdings are as follows:

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (%)
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,208	2.27
Sumitomo Mitsui DS Asset Management Company, Limited	17-1, Toranomom 1-chome, Minato-ku, Tokyo	1,599	1.13
Total	—	4,807	3.40

4. The change report on large-volume holdings offered for public inspection on November 1, 2021 notes that Mitsubishi UFJ Financial Group, Inc. and other holders jointly held shares as of October 25, 2021 as follows. As the Company cannot confirm the beneficial ownership or number of shares held by Mitsubishi UFJ Financial Group, Inc. and other holders as of November 30, 2023, they are not considered in the above table.

The details of the change report on large-volume holdings are as follows:

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	998	0.71
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	4,728	3.34
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	817	0.58
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	348	0.25
Total	—	6,892	4.87

5. The change report on large-volume holdings offered for public inspection on June 22, 2022 notes that Mizuho Bank, Ltd. and other holders jointly held shares as of June 15, 2022 as follows. As the Company cannot confirm the beneficial ownership or number of shares held by Mizuho Bank, Ltd. and other holders as of November 30, 2023, they are not considered in the above table.

The details of the change report on large-volume holdings are as follows:

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (%)
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	3,159	2.23
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	2,630	1.86
Total	—	5,790	4.09

6. The change report on large-volume holdings offered for public inspection on September 6, 2023 notes that Sumitomo Mitsui Trust Bank, Limited and other holders jointly held shares as of August 31, 2023 as follows. As the Company cannot confirm the beneficial ownership or number of shares held by Sumitomo Mitsui Trust Bank, Limited and other holders as of November 30, 2023, they are not considered in the above table.

The details of the change report on large-volume holdings are as follows:

Trade name	Address	Number of the Company's shares held (A) (thousands)	Ratio of (A) to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	3,073	2.17
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shiba-koen 1-chome, Minato-ku, Tokyo	3,212	2.27
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	1,477	1.04
Total	—	7,763	5.49

2. Acquisition of the Company's Treasury Stock

[Types of shares repurchased]

Shares of common stock repurchased as defined by Article 155, Item 7 of the Companies Act

(1) Purchase of treasury stock based on a resolution by the General Meeting of Shareholders

Not applicable.

(2) Purchase of treasury stock based on a resolution by the Board of Directors

Not applicable.

(3) Purchase of treasury stock not based on a resolution by the General Meeting of Shareholders or the Board of Directors

Shares of common stock repurchased in accordance with the provisions of Article 155, Item 7 of the Companies Act

Item	Number of shares	Total price (yen)
Shares repurchased during the current fiscal year	1,064	2,452,541
Shares repurchased during the specified period	198	495,634

(Note) "Shares repurchased during the specified period" does not include shares resulting from the purchase of treasury stock less than one unit between February 1, 2024 and the document filing date of the Annual Securities Report.

(4) Disposal of repurchased shares and balance of treasury stock

Item	Current fiscal year		Specified period	
	Number of shares	Total disposal value (yen)	Number of shares	Total disposal value (yen)
Number of shares repurchased via solicitation	—	—	—	—
Number of repurchased shares retired	—	—	—	—
Repurchased shares transferred via a merger, share exchange, share issuance or division of the company	—	—	—	—
Other	—	—	—	—
Balance of treasury stock held	2,496,958	—	2,497,156	—

(Note) "Balance of treasury stock held" in "Specified period" does not include shares resulting from the purchase of treasury stock less than one unit between February 1, 2024 and the document filing date of the Annual Securities Report.

3. Dividend Policy

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

As for internal reserves, the Company endeavors to adequately secure them to strengthen its financial position and provide an adequate supply of funds for future expansion. The Company will take a medium- to long-term view and continue to allocate funds to the improvement of its facilities and equipment, research and development, and the further streamlining of operations in order to enhance its competitiveness. The Articles of Incorporation of the Company stipulate that the Company can pay dividends from surplus twice a year, comprised of interim and year-end dividends, based on the resolution by the Board of Directors in accordance with the provisions of Article 459, Paragraph 1 and Article 454, Paragraph 5 of the Companies Act.

In determining dividends under the Medium-term Business Plan through FY2024, with the assumption that the annual dividend per share would be ¥45 or more, the Company aims to set a target for the consolidated dividend payout ratio of 35% or more and accumulated total return ratio over four fiscal years of 50% or more.

For the fiscal year ended November 30, 2023, the Company decided to distribute an annual dividend of ¥50 per share, consisting of an interim dividend of ¥23 and a year-end dividend of ¥27, with a consolidated dividend payout ratio of 52.8%.

4. Corporate Governance

(1) Overview of corporate governance

(a) Basic policy regarding corporate governance

The Company defines corporate governance of the Group as a mechanism to ensure transparent and fair management, as well as swift and resolute decision-making and implementation, in order to achieve sustainable growth and enhance corporate value, while putting into practice the Group philosophy and taking into consideration the positions of various stakeholders, including customers, employees, business partners, shareholders and investors, and local communities.

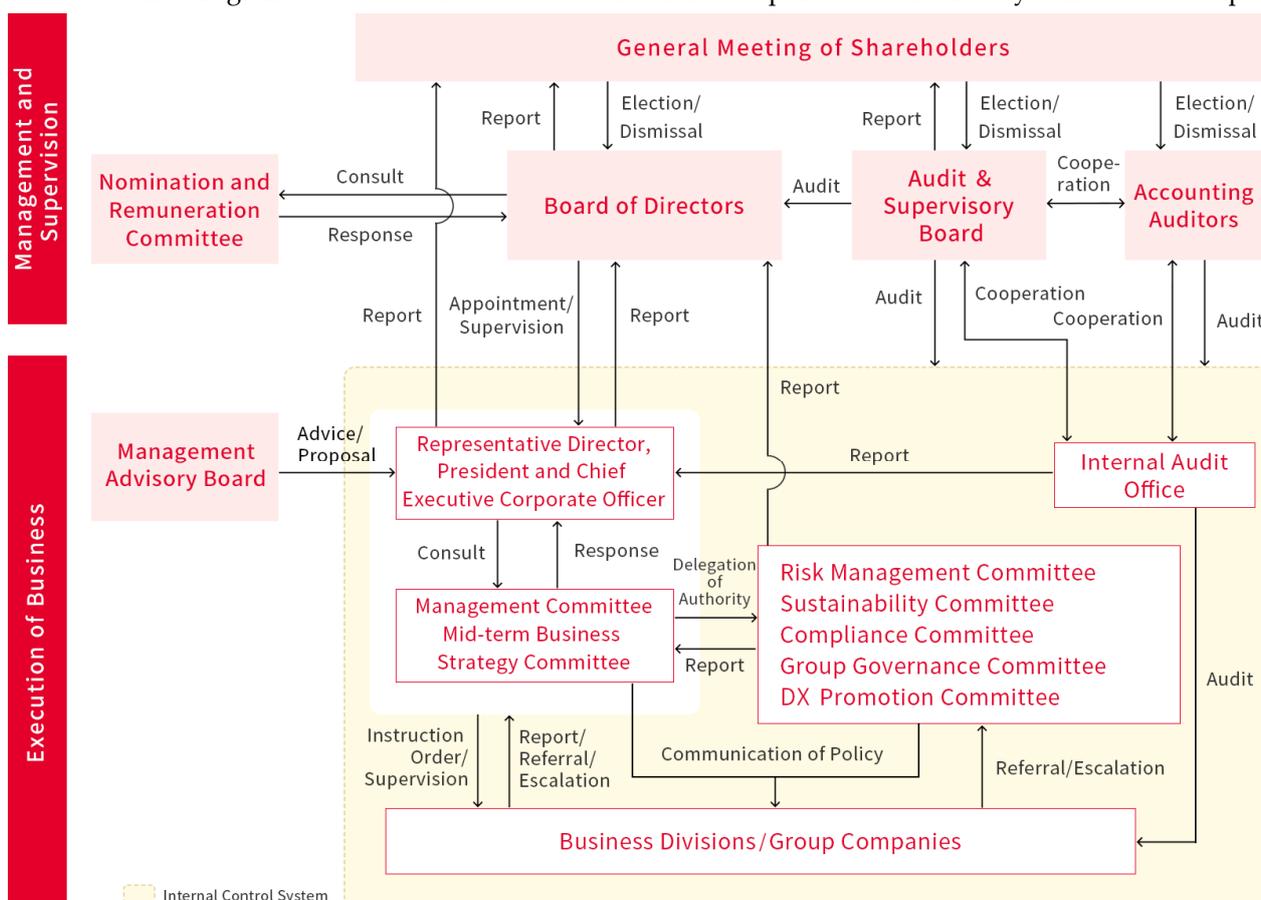
The Company recognizes the importance of building corporate governance that leverages the unique qualities of the Group, and according to this policy, we will constantly examine how it should be and work toward enhancing it further, while valuing dialogue with our various stakeholders.

To this end, the Company has established the Corporate Governance Policy which represents the way it sees its corporate governance, and has disclosed the Policy on its corporate website.

<https://www.kewpie.com/company/promise/governance/>

(b) Overview of corporate governance structure

The diagram below describes the structure of the Corporate Governance System of the Group.



- The Company is a company with an Audit & Supervisory Board as its institutional design under the Companies Act. The audit function of the Board of Directors of the Company is strengthened under the institutional design. The Company adopts a corporate officer system to clarify roles and responsibilities and expedite management. The Company sets the terms of directors and corporate officers at one year in order to clarify management responsibilities

each fiscal year and establish a management structure that can respond swiftly to changes in the business environment.

1) Management and Supervision

- The Board of Directors consists of six standing directors and four outside directors, composed mainly of corporate officers who can take a broad view of the overall Group. The Board of Directors makes decisions on important management matters, including the Group's policies and strategies (Medium-term Business Plan, etc.), and supervises the execution of duties by directors and corporate officers.
- The Audit & Supervisory Board consists of two standing corporate auditors and three outside corporate auditors.

Through exchanging opinions with the Representative Director, President and Chief Executive Corporate Officer, participating in important meetings and committees, reports from officers in charge and responsible personnel of each business division, and on-site inspections, etc., the Audit & Supervisory Board monitors how the Company's internal control system is maintained and operated. In addition, the Board collaborates with Accounting Auditors and the internal auditing unit, including regularly sharing information with them.

- For details of the members of the Board of Directors and the Audit & Supervisory Board, and corporate officers, please refer to "(2) Officers".
- The Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors with the aim of enhancing objectivity, adequacy and transparency regarding matters such as the composition of the Board of Directors and the methods of nomination and compensation of directors and other officers, so that it may contribute to the Group's medium- to long-term growth and improvement of its corporate value. The committee consists of no fewer than five members (limited to the Company's directors and corporate auditors), and at least half of its members are outside officers (but only those who satisfy the independence criteria). The chairman of the committee shall be appointed by the resolution of the Nomination and Remuneration Committee from among its members who are outside directors, and such person shall undertake chairmanship of the committee.

For information about the committee members, please refer to "◇ Status of Activities of the Nomination and Remuneration Committee".

2) Execution of Business

- The Group's overall policy and most important matters are decided after deliberation by the Company's Board of Directors or the Management Committee (or the Mid-term Business Strategy Committee). For important and specialized issues across the Group, specified important meetings and committees to which authority has been delegated by the Management Committee are responsible for formulating policies and promoting initiatives, leading to swift and appropriate decision-making and implementation. In particular, functions related to internal control are mainly shared by the following important meetings and committees.

Meeting	Organizer/Chairman	Main roles
Management Committee	Representative Director, President and Chief Executive Corporate Officer	This is an important meeting that deliberates and monitors important matters (including business risks) related to Group management. Inside directors and corporate officers are the main participating members.
Mid-term Business Strategy Committee	Representative Director, President and Chief Executive Corporate Officer	This is an important meeting where members, mainly executive directors, deliberate on important matters especially relevant to the promotion of the Medium-term Business Plan, among other matters listed above.
Risk Management Committee	Corporate officer in charge of risk management	This is an important committee whose main role is to formulate policies, determine priority issues, and promote initiatives for risk management of the entire Group. It consolidates information on company-wide risks and oversees the evaluation, prioritization, and countermeasures of such risks.
Sustainability Committee	Director in charge of sustainability	This is an important committee whose main role is to formulate policies, determine priority issues, and promote initiatives for achieving sustainability in accordance with the Group Policies. It formulates Basic Policy on Sustainability and works on priority social and environmental issues based on this policy.
Compliance Committee	Corporate officer in charge of compliance	This is an important committee whose main role is to establish a compliance system for the entire Group, determine priority issues, and promote compliance initiatives. In addition to identifying any issues related to compliance, it formulates plans, raises awareness, conducts training, etc. related to promoting compliance.
Group Governance Committee	Corporate officer in charge of group governance	This is an important committee whose main role is to formulate policies, determine priority issues, and promote initiatives for the establishment of appropriate Group governance. It promotes measures such as appropriate decision-making and the development of group company management systems.
DX Promotion Committee	Corporate officer and General Manager of Digital Transformation Office	This is an important committee whose main role is to develop a policy of digital strategy for the entire Group, optimize resource allocation (cost, systems, etc.), and develop and promote a policy of human resources development for DX. Through the Information Promotion Committee, an organization under its direct control, it maintains information security for the entire Group, improves the IT environment, and promotes IT literacy education and IT utilization.

- The Company has also established its Management Advisory Board as an advisory body to the Company's Representative Director, President and Chief Executive Corporate Officer,

composed of experts from outside the Company. It was set up with the goal of obtaining advice and recommendations so that the Group may boost the soundness, fairness and transparency of its management and thus better serve society and its customers. For information about the board members, please refer to "◇ Management Advisory Board".

- The Internal Audit Office does, from a perspective of legality and rationality, coordinate with staff members in each division or department in charge of auditing duties relating to product quality, environmental protection, safety, and labor to conduct internal audits of the Group's management and operation systems for overall management activities and the execution status of duties. In addition, it implements the evaluation of the effectiveness of internal control over financial reporting in accordance with the nomination by the Company's Representative Director, President and Chief Executive Corporate Officer.

(c) Reason for adopting the Group's corporate governance structure

The Company regularly reviews its corporate governance system, including its institutional design.

As a corporate group that plays a role in the food sector, the Group has developed a widespread and extensive presence in the industry encompassing home-cooked meals, ready-made foods, and restaurant sectors, and a variety of sales channels, offering a diverse range of products and services. In light of the Company's business conditions, we believe that it is important to build a management structure in which management is led by executive directors who are well versed in the Company's operations and take a broad view of the overall Group, while at the same time, from the perspective of management transparency and fairness, outside officers can use their own knowledge and experience to express frank views and opinions from an independent standpoint and supervise management, with particular attention to "stakeholders' viewpoints, interests and requests", "conflicts of interest between the Company and its officers and major shareholders", and "the suitability of the internal control system".

Therefore, under the institutional design of a company with an Audit & Supervisory Board, at least one-third of the directors consists of independent outside directors, and a majority of the Audit & Supervisory Board consists of independent outside officers. Further, the Company established the Nomination and Remuneration Committee chaired by an independent outside director, with a majority of its members being independent outside officers.

Currently, four outside directors and three outside corporate auditors actively speak from an objective and neutral standpoint at meetings of the Board of Directors and on other occasions, and their influence on decision-making is significant, with outside officers playing an important role in the supervision of executive directors.

In addition, the effectiveness of the auditing function is ensured by having independent auditors, who are able to perform the auditing function independently, centered on the standing corporate auditors, identify the actual status of the Group's operations and take prompt corrective measures through on-site inspections and participating in meetings.

Given the above, we believe that it is appropriate at this time to continue with the current structure and take measures to ensure the transparency and fairness of management and strengthen the supervisory function, and to further enhance the effectiveness of corporate governance.

(d) Other matters concerning corporate governance

◇ Status of activities of the Board of Directors

The Company held 12 meetings of the Board of Directors during the current fiscal year, and the attendance of individual directors is as follows:

Name	Title	Number of attendances
Amane Nakashima	Chairman	12/12
Mitsuru Takamiya	Representative Director	12/12
Nobuo Inoue	Director	12/12
Ryota Watanabe	Director	12/12
Yoshinori Hamachiyo	Director	12/12
Shinichiro Yamamoto	Director	10/10
Shinya Hamasaki	Director	10/10
Shihoko Urushi	Outside Director	12/12
Hitoshi Kashiwaki	Outside Director	12/12
Atsuko Fukushima	Outside Director	12/12

* Shinichiro Yamamoto and Shinya Hamasaki were newly elected and assumed office at the 110th Ordinary General Meeting of Shareholders held on February 22, 2023, and their attendance at the Board of Directors meetings held after their appointment is shown.

Please refer to (3) Initiatives carried out during the current fiscal year of ◇ Evaluation of the effectiveness of the Board of Directors for the details of the Board of Directors' deliberations and discussions during the current fiscal year.

◇ Evaluation of the effectiveness of the Board of Directors

The Company implemented an evaluation of the effectiveness of the Board of Directors (seventh evaluation) for FY2022 from December 2022 through January 2023, and worked to improve the operation of the Board of Directors based on those results in FY2023. A summary of this process is as follows:

Going forward, we at the Company will implement an evaluation of the effectiveness of the Board of Directors every year, and we will work to build a management framework that contributes to the medium- to long-term development of the Group.

(1) Implementation methods and details

- We conducted a questionnaire survey on all the officers. The questionnaire items were designed to ask how the Board of Directors should be and what subjects it should discuss in order to function more effectively by reviewing whether the Board of Directors was able to discuss and monitor each important issue in FY2022 from the perspective of reforming management to realize increased corporate value even in the face of a severe business environment, such as soaring raw material and energy prices, depreciation of the yen, and economic stagnation. In addition, it also evaluated the effectiveness of the Nomination and Remuneration Committee, an advisory body to the Board of Directors.
- The Board of Directors Office and external organization analyzed and evaluated the responses to the questionnaire, and after reporting and sharing those results with the Board of Directors, opinions were exchanged among the officers present at the meeting of the Board of Directors.

(2) Evaluation results

Overall, the activities of the Board of Directors and the Nomination and Remuneration Committee were generally satisfactory, and the Board of Directors' deliberations led to the enhancement of the Company's medium- to long-term value as the Board of Directors exchanged opinions and fully discussed each important issue formulated at the beginning of the fiscal year as planned, and also adequately discussed immediate issues, such as the situation in Ukraine and the pros and cons of continuing with the takeover defense plan.

Meanwhile, as discussed at the Board of Directors meetings and in the evaluation of the effectiveness of the Board of Directors, the results also highlighted issues for future initiatives such as follows:

- The policy of shifting from management pursuing net sales and volume to management aiming for profitability and profit is appropriate, but in order to implement the policy with a sense of speed, it is important to heighten awareness of the middle level connecting management and the field and to ensure that employees are fully informed of the policy.
- In the retail market, a shift from conventional sales methods and speedy measures utilizing marketing analysis are necessary.
- It is necessary to invest human resources in overseas operations and to strengthen governance.

(3) Initiatives carried out during the current fiscal year

In FY2023, the Board of Directors launched discussions on the formulation of the 11th Medium-term Business Plan, which will begin in FY2025, after considering the future management approach (including a shift to value-oriented management, a review of the business portfolio, and discussions on the allocation of management resources). Besides strategies for improving the profitability of domestic operations, strategies for accelerating overseas business growth, developing new businesses, shifting to a management style that conveys value, and investing in human resources and human capital were discussed individually as important themes for consideration.

In December 2023, the Company conducted a questionnaire survey, as the evaluation of the effectiveness for the current fiscal year (eighth evaluation), on officers (the questionnaire contained questions including evaluations of initiatives carried out during FY2023, future challenges, and necessary initiatives to be taken; it also included an evaluation of the effectiveness of the Nomination and Remuneration Committee).

Thereafter, after reporting and sharing the questionnaire results and evaluation by the external organization with the Board of Directors, opinions were exchanged among all officers at the meeting of the Board of Directors.

The questionnaire led an overall evaluation showing that the initiatives based on the previous evaluation of the effectiveness have delivered a certain level of achievement. However, the Company will share future issues and plans for concrete initiatives again at the Board of Directors and work toward further improvements.

◇ Status of activities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee, in consultation with the Board of Directors, deliberates and, if necessary, adopts resolutions on the following matters:

- (1) Structure of the management systems and member composition of the Board of Directors;
- (2) Criteria for election and dismissal of directors, corporate auditors, and corporate officers;
- (3) Nomination of respective candidates for positions as directors and corporate auditors;
- (4) Criteria for evaluating directors and corporate officers;
- (5) Design of compensation systems for directors and corporate officers; and
- (6) Other matters regarding the Group's corporate governance as deemed necessary by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee met four times in the current fiscal year, deliberating on the directors' bonuses, future management framework, election of candidate

outside officers, and rules for mandatory retirement age and term of service of officers, among others.

The committee's members shall be elected by the resolution of the Board of Directors, and their term of office shall expire at the conclusion of the Company's first Ordinary General Meeting of Shareholders to be held subsequent to their appointment. The chairman and committee members and their attendance during the current fiscal year are as follows:

	Name	Title	Number of attendances
Chairman	Hitoshi Kashiwaki	Outside Director	4/4
Members	Shihoko Urushi	Outside Director	4/4
	Atsuko Fukushima	Outside Director	4/4
	Kazumine Terawaki	Outside Corporate Auditor	4/4
	Amane Nakashima	Chairman	4/4
	Mitsuru Takamiya	Representative Director, President and Chief Executive Corporate Officer	4/4
	Shinichiro Yamamoto	Director and Senior Corporate Officer	4/4

During the current fiscal year, the Nomination and Remuneration Committee reviewed the requirements for candidates and selected two candidates for new officers to be appointed after February 2024. Furthermore, views and opinions were exchanged several times regarding the ideal form of compensation for officers, including the pros and cons of stock-based compensation. In addition, the committee discussed the development of future management-level personnel several times, including succession planning.

As of the filing date of this Report, the Nomination and Remuneration Committee received a report on the results of internal deliberations on the pros and cons of continuing the current corporate governance structure (company with an Audit & Supervisory Board), and decided to continue its deliberations on the optimal corporate governance structure for the Company. As of the filing date of this Report, the committee's chairman and its members are as listed below.

<Chairman>

- Hitoshi Kashiwaki, Outside Director

<Members>

- Atsuko Fukushima, Outside Director
- Kuniko Nishikawa, Outside Director
- Harold George Meij, Outside Director
- Kazumine Terawaki, Outside Corporate Auditor
- Amane Nakashima, Chairman
- Mitsuru Takamiya, Representative Director, President and Chief Executive Corporate Officer
- Shinichiro Yamamoto, Director and Senior Corporate Officer

◇ Management Advisory Board

The Company has also established its Management Advisory Board as an advisory body to the Company's Representative Director, President and Chief Executive Corporate Officer, composed of experts from outside the Company. It was set up with the goal of obtaining advice and recommendations so that the Group may boost the soundness, fairness and transparency of its management and thus better serve society and its customers.

The Management Advisory Board meets regularly twice per year, with additional special meetings held as necessary.

As of the filing date of this Report, outside members are as listed below.

<Outside Members>

- Ms. Chieko Matsuda, Professor, Graduate School of Management at Tokyo Metropolitan University
- Ms. Yumiko Kamada, CEO of ONE · GLOCAL Ltd.
- Ms. Rina Akimoto, CEO of vivid garden Inc.

◇ Policies and procedures for election and dismissal of executives and nomination of director and corporate auditor candidates

<Policy for Nomination of Director Candidates>

The Board of Directors of the Company, in working to follow the mandate of the shareholders, shall have responsibilities to respect corporate philosophy, promote sustainable corporate growth and the improvement of corporate value over the medium to long term, and enhance earnings power and capital efficiency. Concerning the election of directors, the Board of Directors has set forth the following criteria through which the persons deemed capable of fulfilling these responsibilities are nominated as candidates.

(Inside director)

1. Must respect the corporate philosophy of the Company and embody these values.
2. Must possess abundant knowledge on domestic and international market trends concerning the Group business.
3. Must possess excellent competency in objective managerial judgment and business execution that contributes beneficially to the Group's management direction.

(Outside director)

1. Must provide a guiding role in particular fields, such as corporate management, legal affairs, overseas, human resource development, and ESG and possess abundant experience and expertise in such fields.
2. Must have high affinity with the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance and advice, and carry out supervision with respect to the inside directors when deemed timely and appropriate to do so.
3. Must secure sufficient time to perform duties as an outside director of the Company.

<Policy for Nomination of Corporate Auditor Candidates>

The corporate auditors, in working to follow the mandate of the shareholders, shall have responsibilities to strive to prevent occurrences of infringements of laws and regulations and the Articles of Incorporation and maintain and improve the soundness of the Group's management and its trust from society. Concerning the election of corporate auditors, the Board of Directors has set forth the following criteria through which the persons deemed capable of fulfilling these responsibilities are nominated as candidates.

(Inside corporate auditor)

1. Must respect the corporate philosophy of the Company and embody these values.
2. Must maintain a stance of fairness and possess the capability to fulfill auditing duties.
3. Must have an overall grasp of the Group operations and be able to propose management tasks.

(Outside corporate auditor)

1. Must provide a guiding role in particular fields, such as corporate management, accounting, legal affairs, overseas, human resource development, and ESG and possess abundant experience and expertise in such fields.
2. Must have high affinity with the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance, and carry out supervision with respect to the directors from an objective and fair standpoint.
3. Must secure sufficient time to perform duties as an outside corporate auditor of the Company.

<Procedures for Nomination of Corporate Officer Candidates>

Concerning the nomination of candidates for directors and corporate auditors, the Board of Directors will deliberate and decide after discussions in a meeting of the Nomination and Remuneration Committee.

As for candidates for corporate auditors, election propositions for the General Meeting of Shareholders must be approved by the Audit & Supervisory Board pursuant to stipulations in the Companies Act.

<Policies and Procedures for Dismissal of Corporate Officers>

The Board of Directors of the Company may seek resignation or otherwise dismiss a corporate officer (including corporate officers with special titles such as President at the top) in the event that any one of the following items applies. Matters involving dismissal of a corporate officer are to be deliberated on and decided by the Board of Directors, subsequent to discussion in a meeting of the Nomination and Remuneration Committee.

1. The individual has engaged in an act of fraud, impropriety, perfidy or breach of trust as a corporate officer;
2. The individual has shown a lack of competence as a corporate officer;
3. The professional duties of a corporate officer performed by the individual have been insufficient in terms of implementation or results thereof, and the Board of Directors has deemed that it would be inappropriate for him or her to continue performing his or her duties as a corporate officer; or
4. The individual has behaved or otherwise engaged in language and conduct unbecoming to a corporate officer.

◇ The Company's policy regarding the necessary skills (experience and expertise), diversity, and scale for the Board of Directors

1. The Company aims to strike a good balance of experience, expertise, and attributes among its overall officers (directors and corporate auditors).
The Company aims to ensure that experience and expertise that are currently in shortage among officers are provided, including those held by non-officers.
2. Inside directors are composed mainly of corporate officers who can take a broad view of the overall Group.
3. The maximum term of service of an outside officer is ten (10) years in order to maintain their independency; however, care shall be taken to ensure terms of service are appropriate from the perspective of emphasizing their understanding of the food business and the Company.
4. The number of directors shall be up to twelve (12), and outside directors shall make up one third or more of the total number of directors.

◇ Status of individuals who have retired from the position of Representative Director, President and Chief Executive Corporate Officer, etc.

The Company has not currently appointed an Executive Corporate Adviser. If the President and Chief Executive Corporate Officer recognizes a specific business need, the Company shall, in accordance with the required internal procedures, delegate a retired President and Chief Executive Corporate Officer as an Executive Corporate Adviser, or a retired officer as a Corporate Adviser.

The Executive Corporate Adviser, mainly for the smooth succession of management, shall provide advice where requested by the President and Chief Executive Corporate Officer, and shall fulfill other duties as requested by the President and Chief Executive Corporate Officer, including industry group activities and activities to maintain relationships with business partners. Furthermore, a Corporate Adviser will be delegated particularly when there is a specific mission to be requested based on the Corporate Adviser's knowledge and experience during their time as officer.

Neither the Executive Corporate Adviser nor the Corporate Adviser have authority in the decision-making process of management, neither do they attend meetings of the Management Committee or other internal meetings.

The terms shall be in principle a one-year term with a maximum of two years for the Executive Corporate Adviser and a maximum of one year for the Corporate Adviser, meaning retired officers do not maintain long-term business relationships with the Company.

Furthermore, in terms of internal procedures, the delegation of the Executive Corporate Adviser requires a resolution by the Board of Directors, and the delegation of the Corporate Adviser requires a decision by the President and Chief Executive Corporate Officer reported to the Board of Directors.

◇ Progress made in establishing internal control system

The Company, through the Board of Directors, has passed the following resolutions concerning a basic policy for building an internal control system.

(1) The Group's framework for the system of business execution

The Company shall establish a Management Committee, an advisory body to the Representative Director, President and Chief Executive Corporate Officer, to deliberate on important matters for the Group as a whole. In addition, the Company shall also establish Market Businesses in charge of the retail, food service, and overseas markets, tasked with formulating and promoting the Group's strategies in each market, and with formulating, disseminating, and monitoring important policies of the entire Group by establishing various important meetings and committees commissioned by the Management Committee for each important theme and area across the Group.

(2) System to ensure that execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

- a. As the Group has declared its corporate spirit under its Corporate Motto and Corporate Principles shown below and come to foster a corporate culture by making executive officers and employees alike aware of the ongoing and thorough training programs over many years, the directors of the Company and its subsidiaries must also respect that corporate culture in their management decisions. In addition, the Corporate Motto and Principles, together with our Ideal described below, have been established as the

Group's philosophy, and shall be the most important basic values and aspirations for the directors and employees of the Company and its subsidiaries.

(Corporate Motto)

RAKU-GYOU-KAI-ETSU

(Corporate Principles)

- Act on moral principles
- Strive for originality and ingenuity
- Look after parent's well being

(Words to remember) "The world is fairer than you imagine"

(Our Ideal)

We aim to be a group contributing to the food culture and health of the world through "great taste, empathy, and uniqueness".

- b. The Group has established the Group Policies (comprised of the Code of Ethics and Code of Conduct) and compliance regulations so that directors and employees of the Company and its subsidiaries act in compliance with laws and regulations, the Articles of Incorporation and the corporate philosophy of the Group, and directors and employees of the Company and its subsidiaries are obligated to comply with these.
 - c. The Group assigns the Company's corporate officer in charge of compliance to oversee the Compliance Committee. Thus, the Company strives to improve its Group-wide compliance systems and identify any issues with those systems, while formulating plans, raising awareness, conducting training, etc. related to promoting compliance led by that committee. The Company's corporate officer in charge of compliance regularly reports to the Company's Board of Directors regarding the related activities.
 - d. The Group has set up a helpline at the Company, which can be contacted both from within and outside the Company (including lawyers), as an internal reporting system in accordance with the Whistleblower Protection Act. Upon receiving a report or notice from the reporting or consultation services, the Company's corporate officer in charge of compliance instructs the Compliance Investigation Committee to investigate the facts and, if the committee finds a violation of a law or rule, it will discuss with the relevant department and decide upon corrective actions and measures to prevent reoccurrence. In addition to making an announcement within the Company that includes disciplinary action, the Compliance Investigation Committee shall carry out Group-wide measures to prevent reoccurrence of such event.
 - e. The Group shall, as a member of society, never become involved with anti-social forces that are a menace to social order and security, and shall resolutely refuse improper solicitation.
- (3) System to ensure storage and management of information relating to the execution of duties of directors of the Company and its subsidiaries
- a. The Group shall implement operations for the proper preservation and management (including disposal) of documents and other information relating to the execution of duties of directors by using documents or electronic records created in accordance with document management rules, the regulations on the use of Company information, basic principles on the protection of personal information, and other rules and manuals related to the storage and management of such information, and when required, the Company's director in charge of Corporate shall inspect the state of such operation and review the respective rules.
 - b. At all times, directors and corporate auditors of the Company shall be able to view these documents or electronic records.

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- (4) System for rules relating to management of risks of the Group's loss and other rules
- a. The Group shall follow its risk management basic policy with respect to each individual risk, and continuously monitor the organization etc. associated with the risk. In addition, the Company shall gather information related to company-wide risks of the entire Group at the Risk Management Committee, which is chaired by the Company's corporate officer in charge of risk management. The Risk Management Committee shall evaluate, and manage the overall order of priority of the risks, and the committee chairman shall regularly report the evaluation and response status of company-wide risks of the entire Group to the Company's Board of Directors.
 - b. The Group shall create a crisis management manual, first identifying and categorizing specific crisis and then establishing information transmission and emergency response systems that provide a quick and proper response in times of emergency. In the event of a major crisis, the Company shall strive to respond rapidly and appropriately by quickly establishing an Emergency Headquarters headed by a pre-designated director from the Company in charge of each category of crisis.
 - c. The Group regards sustainability activities as an important issue in contributing to the realization of a sustainable society and sustainable growth of the Group, and promotes sustainability initiatives based on the Basic Policy on Sustainability, which is determined through discussions by the Board of Directors. Each company and organization within the Group shall promote the Group's sustainability activities under the direction of the Sustainability Committee. The Sustainability Committee shall set material issues on sustainability for the Group, monitor their progress, and support their realization.
 - d. To construct a system necessary to ensure the properness of financial reporting, the Group shall establish various provisions related to financial reporting and aim to enhance internal controls related to financial reporting by conducting educational programs and promoting awareness of compliance with accounting standards and other related laws and regulations. Moreover, each responsible business division in charge of finance reporting, shall cooperate with the Company's corporate auditors and construct a scheme for regularly evaluating and improving the state of the design and operation of this system.
 - e. The Internal Audit Office shall, from a perspective of legality and rationality, coordinate with staff members in each division or department in charge of auditing duties relating to product quality, environmental protection, safety, and labor to conduct internal audits of the Group's management and operation systems for overall management activities and the execution status of duties. In addition, the Internal Audit Office shall execute an effectiveness assessment on the internal controls related to financial reporting in accordance with the nomination by the Company's Representative Director, President and Chief Executive Corporate Officer.
- (5) System to ensure directors of the Company and its subsidiaries can efficiently execute their duties
- a. While providing group-wide management targets to be shared by directors and employees and working to ensure group-wide permeation of such, the Group, aiming to achieve these management targets, shall strive to achieve an optimized organization through restructuring and the Company's Representative Director, President and Chief Executive Corporate Officer shall appoint persons in charge of such duties for each business division by the resolution of the Company's Board of Directors. By delegating authority to the aforesaid persons in charge of such duties, it shall be possible to quickly and appropriately make decisions and execute duties.

- b. With regard to execution of duties based on the resolution of the Company's Board of Directors, the respective scope of responsibility and decision-related procedures shall be provided based on the approval criteria of the Company and its subsidiaries.
 - c. In accordance with the basic policy on execution of duties that was resolved by the Company's Board of Directors, specific measures for promoting the Group's management activities shall be entrusted to scheduled or unscheduled discussions held in the Company's Management Committee or each important meeting and committee, in order to achieve swift and appropriate decision-making and execution of duties.
 - d. In order to achieve sustainable growth for the Group, the Group has positioned digital transformation (DX) as a key management issue, and will promote the transformation of its business models and business processes through the use of digital technology. Each company and organization within the Group shall promote the Group's DX initiatives under the direction of the DX Promotion Committee. The DX Promotion Committee shall be responsible for orienting the Group's digital strategy and resource allocation, setting and supporting priority targets, developing a promotion system, and promoting digital literacy education.
- (6) System necessary to ensure properness of operations in the Group
- a. The Group shall, based on Basic Way of Thinking for Group Management, share consolidated management targets and policy on business operations of the corporate group at the Group Joint Management Committee and in meetings of different Market Businesses. Moreover, the entire Group shall work toward optimization with respect to the organization and human resources, and financing. Also, with regard to execution of duties, the Company shall define areas of authority for managing subsidiaries based on the approval criteria of the Group, and shall also streamline delegation of authority while achieving balance with Group management.
 - b. The Company's subsidiaries shall make monthly reports on the status of progress of business plans to the Company's corporate officer in charge of their company. Moreover, directors of the Company who have been dispatched as directors of a subsidiary and are present at the subsidiary's Board of Directors' meeting shall report to the above-mentioned corporate officers in charge regarding the status of discussions by the subsidiary's Board of Directors and management issues.
 - c. In the Group, the Group Governance Committee, chaired by the Company's corporate officer in charge of group governance, shall be responsible for developing a policy of establishing appropriate group governance, deciding on material issues, and promoting initiatives.
 - d. Aohata Corporation, which is a subsidiary of the Company, will share with the Company consolidated management goals and closely exchange information on risk management and compliance. However, in view of the fact that it has formed its own corporate group in addition to being listed on the Tokyo Stock Exchange, it will build its own system to ensure the appropriateness of business.
- (7) System to ensure effectiveness of audits performed by corporate auditors
- a. Placement of employees to assist in the Company's corporate auditor duties
The Company's Internal Audit Office executes internal auditing of matters requested by the Company's corporate auditors through deliberation with the Company's Audit & Supervisory Board and reports the results of such audits to the Company's Audit & Supervisory Board. Moreover, if the Company's corporate auditors request to appoint an employee to assist in such duties, the Company shall expeditiously comply with such a request.

- b. Independence from the directors of employees who assist in the Company's corporate auditor duties and ensuring effectiveness of the Company's corporate auditor instructions conveyed to such employees

Employees belonging to the Company's Internal Audit Office who receive a request from the Company's corporate auditors to carry out necessary internal auditing duties shall not receive instructions or orders that relate to such internal auditing from directors etc. except the Company's director in charge of the Internal Audit Office. Moreover, when employees are assigned to assist in the Company's corporate auditor duties, the employees shall not receive instructions or orders from anyone other than the Company's corporate auditors, in order to ensure their independence.

- c. System for reporting to the Company's corporate auditors including system for the Company's directors and employees, and officers and employees of the Company's subsidiaries to report to the Company's corporate auditors

1) The Company's directors and employees, and officers and employees of the Company's subsidiaries shall report the information necessary to respond to requests from the Company's corporate auditor in accordance with the stipulation of the Company's Audit & Supervisory Board.

2) The subjects of the information matters mentioned in the previous paragraph are mainly:

- Content of agenda items for resolution at each company's general meeting of shareholders
- Status of activities at each unit concerning the construction of the Company's internal control system
- Status of activities of the Company's Internal Audit Office, staff members in each division or department in charge of auditing duties, and corporate auditors of subsidiaries
- Material accounting policies and accounting standards of the Company and changes thereof
- Details of announcements of operating results and operating forecasts, and details of material disclosure documents
- Operation and details of reports and consultation of the internal reporting system
- Behavior in violation of laws and regulations or the Articles of Incorporation, or fraudulent behavior
- Matters entailing risk of inflicting substantial damage on the Company or a subsidiary thereof

3) The Company shall establish a system that enables directors, employees, and officers and employees of subsidiaries to make anonymous reports to and consult the Company's corporate auditors as the Company's "helpline" internal reporting system.

- d. System to ensure that persons who have reported as aforementioned in section (7) c. above are not treated disadvantageously for making such reports

When a person has made a report to the Company's corporate auditors, the Company shall not subject that person to disadvantageous treatment for having made the report. This shall also be thoroughly enforced at subsidiaries.

- e. Policy on procedures for prepaying or reimbursing expenses incurred by the Company's corporate auditors in the course of executing their duties, and other matters involving handling of expenses or debts incurred through execution of such duties

- 1) The Company shall undertake budgetary measures annually with respect to audit expenses necessary to ensure the smooth execution of the Company's corporate auditor duties.
 - 2) The Company shall cover extraordinary expenses claimed by the Company's corporate auditors, such as those incurred in enlisting the cooperation of outside specialists (such as lawyers and accountants), unless the nature of the expense claimed is deemed unreasonable.
- f. Other system necessary to ensure auditing of the Company's corporate auditors is effectively executed
- 1) The Company's Board of Directors shall require the Company's Audit & Supervisory Board to report on the audit policies, important audit matters, and audit method, etc., of respective fiscal years, and this information shall be shared.
 - 2) The Company's directors, employees, and officers and employees of the Company's subsidiaries shall cooperate appropriately with requests for interviews from the Company's corporate auditors. Moreover, the Representative Director, President and Chief Executive Corporate Officer shall have regular opportunities to exchange opinions with the Company's Audit & Supervisory Board.
 - 3) Committees, the Internal Audit Office, and staff members in each division or department in charge of auditing duties contributing to the construction of the internal control system shall respect the opinions of each corporate auditor as they pertain to ensuring that the audit by the corporate auditors is effective.

◇ Progress made in operating the internal control system

Details regarding the operational status of the internal control system for the current fiscal year are summarized as follows.

- (1) Operational status based on the Group's framework for the system of business execution
 - The Management Committee meetings were held 12 times. In addition, as important meetings, the Compliance Committee met four times and the Group Governance Committee met six times. In FY2023, the Company promoted the "Salad First" initiative as an important theme that cuts across the entire group, with the idea of valuing salads more than anyone else, extracting the value of salads, and delivering delicious salads. In order to promote this initiative, each market supervising committee formulated the policy, made it known to all employees, monitored, and reported it to the Management Committee, thereby appropriately implementing it based on the framework for the system of business execution.
- (2) Operations based on the system to ensure that execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation
 - In order to become a group where employees with a sense of the current times realize and apply the corporate motto "RAKU-GYOU-KAI-ETSU (the idea that people who have the same ambitions enjoy working together, endure struggles together and rejoice together)" in their daily practice, the Company implements various initiatives, including philosophy training focusing on challenge and ingenuity. Furthermore, to promote our strategy to accelerate a shift toward overseas, we enhanced our philosophy training for managers of overseas group companies.
- (3) Operations based on the system to ensure storage and management of information relating to the execution of duties of directors of the Company and its subsidiaries
 - In addition to implementing appropriate storage and management of information based on relevant regulations and management manuals, the Company introduced benchmark

tools and conducted email drills using a global-standard training system in order to take countermeasures against cyber security threats related to information in line with global standards. Depending on the results of the training, the progress of the measures was monitored, such as conducting follow-up exercises for employees on the appropriate storage and management of information, and support was provided, with the Company's director in charge of Corporate confirming the status of operations.

- (4) Operations based on the system for rules relating to management of risks of the Group's loss and other rules
 - The Risk Management Committee met three times. Based on the recognition that, in order to respond to the rapidly changing business environment, it is necessary to reflect measures for medium- to long-term risks surrounding the Group in the next Medium-term Business Plan, the Risk Management Committee deliberated and identified issues from the viewpoint of internal audits, and compiled them into "Medium- to Long-term Risks for the Group".
 - The Sustainability Committee met four times. The Sustainability Committee monitored the progress and supported the implementation of measures related to material issues on sustainability, including the adoption of 100% recycled PET plastic bottles for dressing containers, which will lead to a reduction in the amount of new plastic used, and the launch of soup made from cabbage cores generated in the production process of packaged salads, which will lead to effective use of resources and reduction of food loss.
- (5) Operations based on the system to ensure directors of the Company and its subsidiaries can efficiently execute their duties
 - The Company reviewed its approval criteria to ensure prompt and appropriate decision-making and business execution.
 - To promote a business model utilizing digital technology, which we have positioned as an important management issue, the Company is working on joint development with other companies that have business automation technology in food production, and the DX Promotion Committee provided support and developed a promotion system.
- (6) Operations based on the system necessary to ensure properness of operations in the Group
 - In order to build an overseas governance structure that will lay the firm foundation for our overseas shift strategy, which aims to achieve ¥20 billion in overseas business profit by 2030, the Company launched the "Overseas Governance Project" led by the Group Governance Committee. The Company is working on building an overseas governance structure to ensure swift and flexible business promotion by overseas group companies and appropriate control from Japan.

◇ Overview of content of limited liability contract

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and Article 28 of the Articles of Incorporation, the Company and its outside directors have entered into a limited liability contract. Also, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and Article 38 of the Articles of Incorporation, the Company and each of its outside corporate auditors have entered into a limited liability contract. The amount of maximum liability stipulated in the contract is determined by each of the respective items under Article 425, Paragraph 1 of the Companies Act.

However, the limitation of liability is applicable only in cases where the outside directors and outside corporate auditors have performed their respective duties in good faith and without gross negligence.

◇ Overview of content of directors and officers liability insurance

The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act. The policy covers losses and such costs as related litigation expenses incurred from claims for damages borne by the insured where they receive a claim for damages from a shareholder or third party. The Company fully bears the insurance premiums for all insured parties.

Major officers who execute business, including directors, corporate auditors, and corporate officers, of the Company shall be named as an insured with respect to the insurance policy. The term of contract is one year.

◇ Number of directors

The Articles of Incorporation of the Company stipulate that the number of Company's directors is limited to not more than twelve members.

◇ Election and dismissal of directors

The Articles of Incorporation of the Company stipulate that election and dismissal of directors shall be made by a majority of the votes of the shareholders present at the meeting where the shareholders holding one-third or more of the votes of the shareholders entitled to exercise their votes at such shareholders meeting are present, and prohibits the resolution of election of directors based on cumulative voting.

◇ Agenda at the General Meeting of Shareholders that can be decided by the Board of Directors

As for matters listed in the items of Article 459, Paragraph 1 of the Companies Act regarding dividends from surplus, the Articles of Incorporation of the Company stipulate that the Board of Directors reserves the right to make a resolution unless otherwise provided for in laws and regulations. This is intended to realize mobile implementation of measures regarding dividend and capital policy.

◇ Exceptional agenda for resolutions at the General Meeting of Shareholders

As for exceptional agenda at the General Meeting of Shareholders provided for in Article 309, Paragraph 2 of the Companies Act, the Articles of Incorporation of the Company stipulate that the resolutions of those General Meetings of Shareholders shall be made by two-thirds or more of the votes of the shareholders present at the meeting where the shareholders holding one-third or more of the votes of the shareholders entitled to exercise their votes at such shareholders meeting are present. This is intended to facilitate the operation of the General Meetings of Shareholders by relaxing the restrictions imposed by the required number of shareholders present.

◇ Fundamental policy on control of the Company

I. Fundamental policy on what the person(s) should be like to control the determination of the financial and business policies of the Company

1. Source of the Company's corporate value

(1) Group philosophy

The Company has advocated the following corporate motto and corporate principles as its spirit of foundation and provided them in its Articles of Incorporation for the continuance of contributing to the people's healthy dietary life by placing first priority on security and safety as a fundamental principle in its business activities:

(Corporate Motto)

RAKU-GYOU-KAI-ETSU

(Corporate Principles)

- Act on moral principles
- Strive for originality and ingenuity
- Look after parent's well being

The Group, aiming to be a group contributing to the food culture and health of the world through "great taste, empathy and uniqueness", has engaged in businesses for the retail market, food service, overseas, fruit solution, and fine chemicals as well as common businesses.

(2) Actions based on the Group's management philosophy

The Group has stipulated the Group policies to ensure that all officers and employees take actions in compliance with our management philosophy, and published values we respect and behaviors to be expected. The Group has maintained its attitude of giving first priority to quality since its foundation, and through wholeheartedly delivering the selective products and services unique to the Group, endeavors to enhance its corporate value.

(3) Strength of business development

Since the launch of the first domestically produced mayonnaise in 1925, the Company has constantly endeavored to cultivate and expand the market of salad condiments through commercialization of dressings, among others and has maintained a large brand share as a leading manufacturer. In addition, the Company sells jams and pasta sauces, as well as baby foods and health foods. In 1998, the Company launched universal-design foods (or foods for the sick and aged). As stated above, the Company, as a pioneer in the food industry, has always taken the initiative in developing quality products according to various stages of diets, which we believe is the driving force to cultivate the powers of its brand highly trusted by customers.

Since the launch of its mayonnaise, the Company has supplied eggs, the main ingredient of mayonnaise, as liquid eggs, to process manufacturers. In 1955, the Company launched mayonnaise for commercial use and since the 1960s, has dealt in chilled products and prepared foods and has sold cut vegetables. Thus, we also believe that the Group's strength lies in not only the quality and palatability of its products, but its continued proposal of the joy of eating in the broad areas of home meal, home-meal replacement and eating-out.

Our overseas business began in 1982 by establishing a company which operates the condiments business in the United States, and since then we have expanded the business to China, Southeast Asia and Europe. By developing products and proposing menus that meet a variety of needs, we are expanding the market of mayonnaise and dressing and are adding new categories that incorporate technologies cultivated in Japan.

Since its formation in 1919, the Company has regarded the "insistence on high quality", "capabilities of developing products ahead of customer needs" and "seeking of synergies in each business development" as the sources of its corporate value. Furthermore, as represented in its corporate motto "RAKU-GYOU-KAI-ETSU (the idea that people who have the same ambitions enjoy working together, endure struggles together and rejoice together)", all officers and employees share the attitude of overcoming difficulties with originality and ingenuity to achieve their common targets in business activities and sharing these joys. We believe this attitude should be perpetuated as a corporate culture that may sustain the source of the Company's corporate value.

2. Details of the fundamental policy

The Company considers that in the event that its shares are to be purchased for the purpose of a large purchase, it should be left to the final judgment of the shareholders whether or not the Company will agree thereto, and does not deny any import or effect of vitalization of its corporate activities through a change in the controlling interest.

However, for the management of the Group, it is essential to have a good understanding of a broad range of know-how and accumulated experience, as well as the relationships fostered with its stakeholders, including customers and employees. Without such good understanding, it would be impossible to properly judge the shareholder value that may be raised in the future.

In fact, some large purchase may cause permanent damage to the Company and materially injure its corporate value and the common interests of its shareholders. We, responsible for the management of the Company, recognize that we are naturally responsible for protecting the fundamental philosophy and brands of the Company and the interests of shareholders and other stakeholders from such large purchase.

Therefore, we believe that the nature of those who control decisions on the Company's financial and business policies should also be reviewed from the perspective of whether they can maintain and develop the source of the Company's corporate value as indicated in 1. above over the medium to long term, and increase the Company's corporate value and the common interests of its shareholders.

(The aforementioned fundamental policy on what the person(s) should be like to control the determination of the financial and business policies of the Company will be referred to as the "Fundamental Policy" hereinafter.)

II. Special measures to facilitate the implementation of the Company's Fundamental Policy

To encourage many investors to invest in the Company on a continued, long-term basis, the Company has implemented the following measures to facilitate the enhancement of its corporate value and the common interests of its shareholders.

1. Formulation of the Group's long-term vision and its Medium-term Business Plan

For the formulation of the Group's long-term vision and its Medium-term Business Plan, please refer to Chapter II. Business Operations, 1. Management Policy, Business Environment, Tasks Ahead, Etc., (2) Medium- to long-term business strategies, business environment, tasks ahead, etc.

2. Streamlining of corporate governance

To continuously increase its corporate value and the common interests of its shareholders through efficient and sound management, the Group regards the streamlining of its organizations, schemes and systems of management and timely and proper implementation of necessary measures as one of the most important management challenges.

The Company sets the term of directors and corporate officers at one year in order to clarify management responsibilities each fiscal year and establish a management structure that can respond swiftly to changes in the business environment. Additionally, to further strengthen its audit system, the Company employs five corporate auditors (members of the Audit & Supervisory Board), including three outside corporate auditors.

In August 2018, the Company established its Nomination and Remuneration Committee as an advisory body to the Board of Directors with the aim of enhancing objectivity, adequacy and transparency regarding factors such as the composition of the Board of Directors and methods of nomination and compensation of directors and other officers. The committee is to consist of no fewer than five members, and at least half of its

membership is to be comprised of outside directors and outside corporate auditors (the "outside officers") who meet the independence criteria defined by the Company. Moreover, the committee's chairman is to be selected from among those committee members who are outside directors.

The Company has also established its Management Advisory Board as an advisory body to the Representative Director, President and Chief Executive Corporate Officer, composed of experts from outside the Company. It was set up with the goal of obtaining advice and recommendations so that the Group may boost the soundness, fairness and transparency of its management and thus better serve society and its customers.

III. Measures to prevent the determination of the financial and business policies of the Company from being controlled by any inadequate person in consideration of the Fundamental Policy

The Company resolved at the Board of Directors' meeting held in December 2022 not to continue the "defense plan against large purchase actions of the shares of the Company (takeover defense plan)" introduced in February 2008, and abolished it at the conclusion of the 110th Ordinary General Meeting of Shareholders held in February 2023, the deadline for its renewal.

However, we recognize that it is a serious responsibility of the management entrusted by our shareholders to make adequate preparations against large purchase actions that may damage our corporate value and the common interests of its shareholders.

In the event of a sudden large purchase of the shares, for the shareholders who are required to judge the adequacy of the price for the acquisition offered by the purchaser in a short period, we consider it vital to be provided with adequate and sufficient information from both the purchaser and the Board of Directors of the Company. Moreover, for the shareholders in considering whether or not to continue holding the shares of the Company, we believe that such information as the impact of the acquisition on the Company, the details of the management policy and business plans when the purchaser proposes to participate in the management of the Company, past investing activities of the purchaser and the opinion of the Board of Directors as to the acquisition will be important for making a decision.

Therefore, in the event of a large purchase action that may damage the corporate value of the Company and the common interests of its shareholders, the Company will continue to request the person conducting the purchase to provide time and information necessary and sufficient for the shareholders to make an appropriate judgment as to whether or not the purchase is appropriate. We will also take measures (including so-called takeover defense plan) that we consider feasible and appropriate at the time, within the scope permitted by the Financial Instruments and Exchange Law, the Companies Act, and other relevant laws and regulations, with the utmost respect for the opinions of independent outside officers.

IV. The initiatives described in II. and III. above complying with the Fundamental Policy, not impairing the common interests of the shareholders of the Company and not aiming to maintain the position of the officers of the Company, and the reasons therefore

The initiatives described in II. above are intended to maintain and increase the Company's corporate value and the common interests of its shareholders, and are precisely those that contribute to the realization of the Fundamental Policy.

Moreover, the initiatives described in III. above are intended to maintain the Company's corporate value and the common interests of its shareholders and comply with the Fundamental policy. This is achieved by ensuring that, in the event of a large purchase action of the Company's shares, the shareholders have the necessary information and time to decide whether or not to accept such purchase, and by taking measures such as negotiations with the purchaser on behalf of the shareholders.

Therefore, the Company's Board of Directors believes that these initiatives do not impair the common interests of the shareholders of the Company, nor are they intended to maintain the position of the officers of the Company.

When taking necessary measures, including takeover defense plan, against a large purchase action that may damage the Company's corporate value and the common interests of its shareholders, we believe that the impartiality and neutrality of such decisions will be ensured, since decisions will be made with the utmost respect for the opinions of independent outside officers.

(2) Officers

Outside Officers

◇ Number of Officers

The Company has four outside directors and three outside corporate auditors.

◇ Special interests with the Company and independence criteria

Outside director Mr. Hitoshi Kashiwaki has abundant experience and deep insight as a corporate executive of an operating company. In addition, Mr. Kashiwaki is an Outside Director of ASICS Corporation, Matsuya Co., Ltd. and TBS HOLDINGS, INC. There is no special interest between the Company and the said companies. He satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on his independence.

Outside director Ms. Atsuko Fukushima has abundant experience and deep insight as a journalist. In addition, Ms. Fukushima is External Director of Hulic Co., Ltd. and Outside Director of Nagoya Railroad Co., Ltd. and Calbee, Inc. There is no special interest between the Company and the said companies. She satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on her independence.

Outside director Ms. Kuniko Nishikawa has abundant experience and deep insight as a management consultant and business executive. Ms. Nishikawa is President and Representative Director of First Healthcare Inc., and an Outside Director of The Gunma Bank, Ltd., AIG Japan Holdings KK and Panasonic Corporation. There is no special interest between the Company and the said companies. She satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on her independence.

Outside director Mr. Harold George Meij has abundant experience and deep insight in corporate management with a focus on marketing, and has been responsible for leading management reforms. Mr. Meij is an Outside Director of Earth Corporation, Alinamin Pharmaceutical Co., Ltd., COLOPL, Inc. and Panasonic Corporation, and an Advisor of Sanrio Company, Ltd. There is no special interest between the Company and the said companies. He satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on his independence.

Outside corporate auditor Mr. Kazumine Terawaki has specialist knowledge and broad insight as a legal expert. In addition, Mr. Terawaki is an outside corporate auditor of The Shoko Chukin Bank, Ltd. and an Outside Director of SHIBAURA MACHINE CO., LTD and Kajima Corporation. There is no special interest between the Company and the said companies. He satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on his independence.

Outside corporate auditor Ms. Mika Kumahira has experience in corporate management, including overseas, as well as an advanced insight into organizational reform and leadership development. In addition, Ms. Kumahira is Representative Director of Atech Kumahira Co., Ltd. and Outside Director of NITTAN Corporation. There is no special interest between the Company and the said companies. She satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on her independence.

Outside corporate auditor Mr. Akihiro Ito has abundant experience and deep insight as a person in charge of accounting and financing of an operating company and as a corporate auditor. In addition, Mr. Ito is an Outside Audit & Supervisory Board Member of KAMEDA SEIKA CO., LTD. There is no special interest between the Company and the said company. He satisfies the Company's "Independence Criteria for Outside Officers" as well. Consequently, there is no risk of this having an impact on his independence.

Outside director Mr. Hitoshi Kashiwaki and outside corporate auditors Mr. Kazumine Terawaki, Ms. Mika Kumahira, and Mr. Akihiro Ito have shareholdings in the Company; however, as the percentage of the total number of issued shares of the Company is negligible and has no impact on management, there is no special interest between either of them and the Company.

The Company stipulates the following as its criteria on independence of outside officers.

<Independence Criteria for Outside Officers>

To judge the independence of outside directors and outside corporate auditors under the Companies Act, in addition to the requirements stipulated by Tokyo Stock Exchange, Inc., we confirm the following criteria for independent officers:

- 1) A major shareholder of the Group (holding 10% or more of voting rights either directly or indirectly), or a person who executes business for a major shareholder of the Group (*1)
- 2) A person/entity for which the Group is a major client, or a person who executes business for such person/entity (*2)
- 3) A major client of the Group or a person who executes business for such client (*3)
- 4) A person who executes business for a major lender of the Group (*4)
- 5) A representative employee or employee of the accounting auditor for the Group
- 6) A provider of expert services, such as a consultant, attorney at law, or certified public accountant, who receives cash or other assets exceeding ¥10 million in one (1) business year other than director/corporate auditor compensation from the Group
- 7) A person/entity receiving contributions from the Group exceeding ¥10 million in one (1) business year, or a person who executes business for such person/entity
- 8) A person to whom any one (1) of 1) to 7) above has applied in the past three (3) business years
- 9) Where any of 1) to 8) apply to a key person, the spouse or relative within two (2) degrees of kinship of such person (*5)
- 10) A person with a special reason other than the preceding items that will prevent the person from performing their duties as an independent outside officer, such as the potential for a conflict of interest with the Company

*1 A "person who executes business" means an executive director, executive officer, executive, or other employee, etc.

*2 A "person/entity for which the Group is a major client" means a person/entity who receives payments from the Group amounting to at least the higher of either 2% of their consolidated net sales or ¥100 million.

*3 A major client of the Group means a client that makes payments to the Group amounting to at least 2% of the Group's consolidated net sales.

*4 A "major lender of the Group" means a lender named as a major lender in the Group's Business Report.

*5 A "key person" means a director (excluding outside directors), corporate auditor (excluding outside corporate auditors), executive officer, executive, or other person in the rank of senior general manager or above, or a corporate officer corresponding to these positions.

The Company registered seven individuals with Tokyo Stock Exchange, Inc. as independent officers who pose no risk involving a conflict of interests with ordinary shareholders: Mr. Hitoshi Kashiwaki, Ms. Atsuko Fukushima, Ms. Kuniko Nishikawa, and Mr. Harold George Meij as outside directors, and Mr. Kazumine Terawaki, Ms. Mika Kumahira, and Mr. Akihiro Ito as outside corporate auditors.

- ◇ The Company's policy regarding the function and role played by outside officers for corporate governance

The Company elects outside directors and outside corporate auditors to ensure that the monitoring function provided to the management is objective and neutral, and receive opinions and guidance from them concerning the overall management of the Company from a standpoint independent from the Company.

The Company stipulates "Policies and procedures for election and dismissal of executives and nomination of director and corporate auditor candidates", based on which it nominates candidates. To fulfill the responsibilities as an outside officer of the Company, an outside officer may concurrently serve as an officer at other companies, and such concurrent officer positions at listed companies other than the Company shall be limited to three or fewer companies in principle.

The Company has received active opinions and guidance from outside directors and outside corporate auditors at the Board of Directors' meetings and the Nomination and Remuneration Committee meetings regarding overall management including management, legal affairs, overseas, human resource development, and ESG on the basis of objectivity and neutrality. The Company judges that the current system provides a sufficient monitoring function provided to the management of the Company from an outside perspective.

For "Policies and procedures for election and dismissal of executives and nomination of director and corporate auditor candidates", please refer to (d) Other matters concerning corporate governance of (1) Overview of corporate governance.

- ◇ Mutual coordination between supervision or audits by outside directors or outside corporate auditors, and internal audits, audits by corporate auditors and accounting audits; as well as relationships with the internal control division

Outside officers demonstrate supervisory functions mainly through participating in the Board of Directors' meetings and the Nomination and Remuneration Committee meetings (and the Audit & Supervisory Board meetings for outside corporate auditors). The Company works to enhance the provision of information and occasions to exchange opinions to outside officers in order to strengthen their supervisory functions.

Meetings are held between the Audit & Supervisory Board and the Representative Director, President and Chief Executive Corporate Officer of the Company on a regular basis. These meetings are utilized to exchange opinions regarding proposals covering the whole range of the Company's overall management. In addition, through participating in important meetings, reports from officers in charge and responsible personnel of each division, and on-site inspections, etc., outside officers understand the Company's situation and monitor how the Company's internal control system is maintained and operated. In addition, outside directors also participate in activities conducted by corporate auditors as part of performance audits and work to see the Company as it is. The Audit & Supervisory Board also receives an explanation of the audit plan from the Accounting Auditors at the start of the fiscal year, interviews them for the status of the audit as needed during the fiscal year, and receives a report of the audit result at the end of the fiscal year, in a collaborative manner. Furthermore, the Audit & Supervisory Board coordinates closely with the internal auditing unit through regular meetings and other events and through sharing broader information and opinions with each other to enhance the quality and efficiency of audits. Annual plans of audits by corporate auditors (as to basic policy and priority audit items, etc.) are shared at the Board of Directors.

Issues concerning and efforts made in connection with internal control, such as risk management, compliance and sustainability, are reported to the Board of Directors from time to time, where opinions are also exchanged with outside officers.

(3) Status of audits

(a) Status of corporate auditor audits

1) Organization, members

In the current fiscal year, the Audit & Supervisory Board consists of five members: two standing corporate auditors and three outside corporate auditors.

Mr. Akihiro Ito, an outside corporate auditor, has experience as a CFO (Chief Financial Officer) of a listed company and has considerable knowledge of finance and accounting.

Each corporate auditor's attendance at the Audit & Supervisory Board meetings held during the current fiscal year is as follows:

Name	Background and experience	Attendance at Audit & Supervisory Board meetings for the current fiscal year
Standing Corporate Auditor Hidekazu Oda	In addition to his broad operational experience in sales, corporate planning, and IR, as the General Manager of the Internal Audit Office of the Company, he has led and driven internal auditing and compliance throughout the Group in Japan and overseas and the evaluation of the effectiveness of internal control over financial reporting.	13/13 (100%)
Standing Corporate Auditor Kyoichi Nobuto	He has experience in legal affairs and stock operations, and as General Manager of Legal Department, he has focused on reducing the Group's legal risks and building a governance structure.	10/10 (100%)
Outside Corporate Auditor Kazumine Terawaki	He provides opinions and suggestions on overall business management, including internal control systems such as compliance and risk management, based on his specialist knowledge and broad insight as a legal expert.	13/13 (100%)
Outside Corporate Auditor Mika Kumahira	She provides opinions and suggestions on overall business management based on her experience in company management inside and outside of Japan and her broad knowledge about corporate transformation and leadership development.	13/13 (100%)
Outside Corporate Auditor Akihiro Ito	He provides opinions and suggestions on overall management based on his abundant experience as an auditor of operating companies and broad knowledge of corporate planning and profit structure reform, with a focus on accounting and finance.	10/10 (100%)

2) Status of main activities by corporate auditors and the Audit & Supervisory Board

The Audit & Supervisory Board meeting was generally held once a month for the current fiscal year in accordance with the Rules on Audit & Supervisory Board. Specific issues considered and shared through deliberations and reporting are as follows:

Deliberated matters	The development of auditing policies and audit plans; the allocation of duties; consent to the proposal for the election of corporate auditors; decisions about audit reports by the Audit & Supervisory Board; the election of specified corporate auditors; decisions about the proposals for the election, non-reelection and dismissal of Accounting Auditors; consent to audit fees for Accounting Auditors; pre-concurrence of non-assurance services by Accounting Auditors; revision of auditing standards for corporate auditors; and other matters
Reported matters	The Board of Directors' meeting agenda; the details of important management meetings including those of the Management Committee, the Compliance Committee, the Risk Management Committee, the Group Governance Committee, the Sustainability Committee and the Mid-term Business Strategy Committee; the results of site inspections on the offices of the Company and Group companies; the details of meetings with the internal auditing unit and liaison meetings among corporate auditors of the Group; audit plans, reviews and results by Accounting Auditors; and other matters

The Audit & Supervisory Board determines the auditing policies as well as the division of responsibilities among corporate auditors, and each corporate auditor complies with the Board's policy directives and sits in on meetings of the Board of Directors, Management Committee and other important management meetings. Corporate auditors hear business reports from individual directors and peruse the documents employed in the process of reaching decisions on important matters. They also physically or remotely visit the Head Office divisions, important offices, and subsidiaries, receive business reports, and audit the status of operations and assets. Furthermore, the (two) standing corporate auditors also serve as corporate auditors for the main domestic subsidiaries (except for one listed subsidiary).

Meetings are held between the Audit & Supervisory Board and the Representative Director, President and Chief Executive Corporate Officer of the Company on a timely basis. These meetings are utilized to exchange opinions regarding proposals covering the whole range of the Company's business activities.

In light of the importance of the so-called three-pillar audit system (internal audits, corporate auditors' audits, and accounting audits), the Audit & Supervisory Board also receives an explanation of the audit plan from the Accounting Auditors at the start of the fiscal year, interviews them regarding the status of the audit as needed during the fiscal year, and receives a report of the audit results at the end of the fiscal year. The Audit & Supervisory Board discussed with Ernst & Young ShinNihon LLC regarding key audit matters arising from audits, received reports about how the audits were performed, and requested an explanation as needed. Furthermore, the Audit & Supervisory Board coordinates closely with the internal auditing unit through regular meetings and other events and through sharing broader information and opinions with each other to enhance the quality and efficiency of audits.

In addition, at the year-end, several evaluation items about the effectiveness of audit activities were submitted for exchanging opinions among corporate auditors, to reflect the outcome in the audit plan for the following fiscal year.

(b) Status of internal audits

The Company has set up an Internal Audit Office to act as its internal auditing unit with 13 staff members. The staff of the Internal Audit Office perform auditing – in line with the directives laid down in the audit plan for each year, as well as in accordance with requests received from the Representative Director, President and Chief Executive Corporate Officer, the corporate officer in charge of the Internal Audit Office or corporate auditors – to confirm that the Company and its group companies are carrying out activities properly and efficiently in conformity with laws and regulations, or in line with the Company's own internal regulations and the management's policies. The Internal Audit Office also exchanges information and cooperates with corporate auditors as well as Accounting Auditors. The results of audits and the status of improvements are reported to the Representative Director, President and Chief Executive Corporate Officer, the

corporate officer in charge of the Internal Audit Office, the respective directors and corporate officers in charge, and corporate auditors to enhance the effectiveness of the audits. In internal audit activities, the Company also shares audit results and improvement results with our voluntary audit staff in each area of expertise, such as safety, quality, human resources, labor, finance, environment, and IT, and collaborates with them.

(c) Status of accounting audit

a. Name of audit firm

Ernst & Young ShinNihon LLC

b. Successive audit period

1971 onward

c. Names & titles of CPAs

Masayuki Aida

Designated and Engagement Partner

Junichiro Tsuruta

Designated and Engagement Partner

Miyuki Nakamura

Designated and Engagement Partner

d. Composition of persons who assisted in audit work

Audit work for the Company during the current fiscal year was assisted by 56 persons, comprising 19 CPAs and 37 other persons.

e. Policy and reason for selection of audit firm

In accordance with the auditing standards for corporate auditors, the Company's Audit & Supervisory Board selected the audit firm having comprehensively considered the status of the execution of duties, the audit system, independence, expertise, and quality control systems of the Accounting Auditors, as well as whether the audit fees were rational and appropriate.

The Audit & Supervisory Board shall dismiss an accounting auditor with the unanimous consent of corporate auditors if the accounting auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. In this case, a corporate auditor selected by the Audit & Supervisory Board will report the dismissal of the accounting auditor and the reasons for dismissal at the first General Meeting of Shareholders convened after the dismissal.

If the Audit & Supervisory Board finds it difficult for the accounting auditor to properly execute its duties, or if it otherwise deems it necessary, the Audit & Supervisory Board shall decide on the content of a proposal for the dismissal or non-reelection of the accounting auditor, and the Board of Directors shall submit such proposal to the General Meeting of Shareholders based on such decision.

f. Evaluation of audit firm by the corporate auditors and the Audit & Supervisory Board

In addition to considering whether the audit firm qualifies under the standard given in the selection policy for accounting auditor, the Company's Audit & Supervisory Board also evaluated the audit firm from the perspective of appropriately carrying out communication with the management, corporate auditors, Accounting and Financing Division, and Internal Audit Office, etc., audits of the entire Group, and response to risk of fraud, etc. through regular auditing activities. As a result, the Audit & Supervisory Board determined that Ernst & Young ShinNihon LLC is qualified to be the accounting auditor.

(d) Fees for auditing

a. Fees for auditing certificated public accountants

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit or attestation services (millions of yen)	Fees for non-audit services (millions of yen)	Fees for audit or attestation services (millions of yen)	Fees for non-audit services (millions of yen)
The Company	99	2	99	2
Consolidated subsidiaries	28	—	29	—
Total	127	2	128	2

For services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Law, the Company entrusts to the auditing certificated public accountants advisory services regarding preparation of the English-language financial statements, and pays fees to the auditing certificated public accountants for those services, in the previous fiscal year and current fiscal year.

b. Fees for Ernst & Young, part of the same network as the auditing certificated public accountants (excluding the fees in a. above)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit or attestation services (millions of yen)	Fees for non-audit services (millions of yen)	Fees for audit or attestation services (millions of yen)	Fees for non-audit services (millions of yen)
The Company	10	0	11	0
Consolidated subsidiaries	50	0	52	2
Total	61	1	64	3

For services other than those provided in Article 2, Paragraph 1 of the Certified Public Accountants Law (non-audit services), the Company entrusts to Ernst & Young, part of the same network as the auditing certificated public accountants, advisory services regarding tax affairs, and pays fees to Ernst & Young for those services, in the previous fiscal year and current fiscal year. Furthermore, details of non-audit services at consolidated subsidiaries include entrustment of services related to tax affairs, and the consolidated subsidiaries pay fees to Ernst & Young for those services.

c. Other important details on fees for audit or attestation services

Not applicable.

d. Policy for determining fees for auditing

The fees to auditing certificated public accountants of the Company are determined based on a verification of the scope, content and days, etc. of the audit plan of the auditing certificated public accountants and approved by the Audit & Supervisory Board in accordance with the provisions of the Companies Act.

e. Reason for Audit & Supervisory Board's agreement with Accounting Auditors' fees

The Company's Audit & Supervisory Board examined whether the Accounting Auditors' audit plan, the status of execution of the accounting audit, and the grounds for estimation of the audit fee were appropriate. As a result, the fees and so forth for the Accounting Auditors were judged to be appropriate and the Board has agreed with them according to Article 399, Paragraph 1 of the Companies Act.

(4) Compensation of officers

(a) Policy concerning compensation amounts of officers and calculation method thereof

◇ Policy concerning compensation amounts of officers and calculation method thereof

The rationale and calculation methods with respect to compensation of the directors and corporate auditors have been deliberated at the Nomination and Remuneration Committee, and determined by a Board of Directors resolution as follows:

1) Rationale and procedures for compensation of officers, and corporate officers

- a) The Company institutes a compensation system for compensation of directors and corporate officers that consists of monthly remuneration and bonuses, and the system is linked with the Company's performance and reflects their responsibilities and achievements.
- b) The Company discusses the rationale (system design) at the meeting of Nomination and Remuneration Committee (an advisory body to the Board of Directors in which at least half of the Committee members are outside officers who satisfy "Independence Criteria" separately defined by the Company, and whose chairman is an outside director), and improves its objectivity, appropriateness and transparency.
- c) The total amount of bonuses paid to directors and the amount paid to individual directors must be approved by the Board of Directors.
- d) The amounts of compensations paid to outside directors and corporate auditors (inside and outside) shall respectively be fixed and no bonuses will be paid.

2) Calculation method for monthly remuneration

- a) A monthly remuneration for director duties of inside directors will be paid at a flat rate; provided, however, that a separate, additional remuneration will be paid to the persons with representative authority.
- b) The monthly remuneration for corporate officers should be set at a suitable level that takes into consideration the Company's management environment, etc. and corresponds to the rank (President, Senior Executive Corporate Officer, Executive Corporate Officer, and Senior Corporate Officer).

3) Calculation method for bonuses

- a) The bonus amount is calculated according to the rank of the director and corporate officer, using such indicators as consolidated operating income and the degree of achievement of the target income of the areas they are responsible for and target themes in the Medium-term Business Plan.
- b) During the respective fiscal years covered under the FY2021–FY2024 Medium-term Business Plan, the Company has set the weight of bonuses of President and Chief Executive Corporate Officer to 35% and other directors to 30% of the basic amount of total annual remuneration with the aim of establishing a structure that realizes sustainable growth of the Group. In addition, criteria and allocations with respect to performance evaluation indicators set for each director are to align with the intent of the Medium-term Business Plan.
- c) The Company may increase or decrease the bonus amount paid for the final fiscal year of the Medium-term Business Plan by up to 30%, depending on the individual progress made in achieving the performance evaluation indicators (from economic, social, and employee perspectives) previously set for each director for the final fiscal year.

During the respective fiscal years covered under the FY2021–FY2024 Medium-term Business Plan, the Company has set the performance evaluation indicators and the allocation

ratio as follows based on which directors' bonuses are calculated, to be aligned to the management goals set forth in the Medium-term Business Plan:

(Chairman, President, and Directors other than those in charge of markets)

Consolidated operating income (50%)	Target themes in the Medium-term Business Plan for each director (50%)
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(Directors in charge of markets)

Consolidated operating income (30%)	Operating income of the area of responsibility (30%)	Target themes in the Medium-term Business Plan for each director (40%)
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The amount of bonuses paid to each director is obtained by multiplying a base bonus amount for each corporate rank (fixed amount) by the rate of achievement of individual performance evaluation indicators, and multiplying the same amount by the rate of allocation, and calculating the total of these amounts.

The actual consolidated operating income, a performance evaluation indicator common to individual directors, was ¥19,694 million (¥21,000 million in the initial plan). The achievement of target themes in the Medium-term Business Plan is evaluated within a range from 50% to 150%.

An individual bonus amount paid is reviewed and approved at the Nomination and Remuneration Committee by comparing with the calculation criteria in a fair and transparent manner, and therefore, the Board of Directors understands that the amount is consistent with the "Policy for Determining Compensation of Directors, Corporate Auditors, and Corporate Officers" and its calculation method.

◇ Mission and activities of the Nomination and Remuneration Committee

One of the duties assumed by the Nomination and Remuneration Committee from the Board of Directors is to deliberate on matters such as the evaluation standard for directors and corporate officers and the basic design of the compensation system, and to make resolutions on them as necessary.

In the current fiscal year, the Nomination and Remuneration Committee deliberated at its December 2023 meeting on the director evaluation and director bonus amounts (total amount and individual amounts).

(b) The total compensation of officers by type, total compensation by classification, and number of people receiving compensation

Type of officers		Number of people receiving compensation	Total compensation by classification (millions of yen)		Total compensation (millions of yen)
			Fixed compensation	Performance-linked compensation	
Directors	Excluding outside directors	8	185	74	259
	Outside directors	3	37	—	37
Sub-total		11	222	74	296
Corporate auditors	Excluding outside corporate auditors	3	42	—	42
	Outside corporate auditors	4	30	—	30
Sub-total		7	73	—	73
Total		18	295	74	369

(Notes) 1. As for director compensation, the total of monthly compensation (a fixed amount for each corporate rank) and that of bonuses, and the amount paid to individual directors are determined at the Board of Directors. The limit amount for

compensation of directors including bonuses was resolved to be within ¥500 million per year (within ¥80 million per year for outside directors) at the 108th Ordinary General Meeting of Shareholders held on February 25, 2021. The Company had nine directors including three outside directors at the conclusion of said General Meeting of Shareholders.

2. The monthly compensation amounts paid to individual corporate auditors are decided by consulting with corporate auditors. The limit amount for compensation of corporate auditors was resolved to be within ¥8 million per month at the 81st Ordinary General Meeting of Shareholders held on February 25, 1994. The Company had four corporate auditors at the conclusion of said General Meeting of Shareholders.
3. The above monthly compensation includes the payment made to one director and two corporate auditors who resigned at the conclusion of the 110th Ordinary General Meeting of Shareholders held on February 22, 2023, and one director who resigned on November 29, 2023.
4. The bonuses in the table above are for six directors excluding outside directors as of the end of the current fiscal year, and one director who resigned on November 29, 2023, and were determined at the Board of Directors in consideration of the corporate performance, etc. of the current fiscal year and based on deliberation at the Nomination and Remuneration Committee. The ratio of the total bonus amount paid to directors against the sum of the base bonus amount (fixed amount for each corporate rank) for individual directors is 85.5%.
5. Besides the compensation amounts listed above, the employee salary (including bonuses) of those serving concurrently as employee and director is ¥3 million.

(5) Status of shareholdings

(a) Standards and rationale for classification of investment shares

The Company classifies investment shares held for the purpose of receiving profit through fluctuations in stock prices or dividends related to the shares as investment shares held for pure investment, and investment shares held for any other reason as investment shares held for purposes other than pure investment.

(b) Investment shares held for purposes other than pure investment

- a. Holding policy and method to inspect justification for holding, and details of inspection made at a meeting of the Board of Directors, etc. related to the propriety of holding individual issues

The Company will maintain cross-shareholdings only in the case that they are deemed to assist in the continuous development and increase in corporate value in the medium to long term of the Group, taking maintenance and strengthening of relationships with business partners, and business operation requirements and economic justification into consideration. When inspecting the economic justification, the generation of necessary profits will be inspected using the cost of holding and transaction volume of each cross-shareholding, taking dividend income into consideration.

Furthermore, the Company inspects the significance of holding individual cross-shareholdings based on this standard for judgment every year at the meeting of the Board of Directors, and will proceed to sell issues that are judged to have little significance.

Based on an inspection by the Board of Directors, all shares of eight issues have been sold, and a portion of shares of four issues have been sold for the current fiscal year.

b. Number of issues and book value on the balance sheet

	Number of issues (issues)	Book value on the balance sheet (millions of yen)
Unlisted stocks	27	2,115
Stocks other than unlisted stocks	50	23,087

(Issues with which the number of shares increased during the current fiscal year)

	Number of issues (issues)	Total acquisition price related to the increase in shares	Reasons for the increase in shares
Unlisted stocks	2	1,281	The Company invested as it judged that the investment would contribute to enhancing its corporate value
Stocks other than unlisted stocks	11	12	Regular purchase at business partner shareholding association

(Issues with which the number of shares decreased during the current fiscal year)

	Number of issues (issues)	Total sale price related to the decrease in shares
Unlisted stocks	4	96
Stocks other than unlisted stocks	8	1,263

- c. Number of specified investment shares and stocks regarded as holding shares by issuance name, and information related to the book value on the balance sheet

We perform a quantitative assessment on an individual issue basis to see the quantitative effects of holding it, but do not present the effects from the perspective of business confidentiality because the transaction volume of the issuer is used to calculate the effects.

In addition, the Board of Directors examines both qualitative and quantitative effects of holding individual issues every year based on the above section "(b) a. Holding policy and method to inspect justification for holding, and details of inspection made at a meeting of the Board of Directors, etc. related to the propriety of holding individual issues".

Specified investment shares

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
NICHIREI CORPORATION	1,554,500	1,554,500	For the purpose of increasing future corporate value through mutual initiatives.	Yes
	5,011	4,323		
KATO SANGYO CO., LTD.	840,300	840,300	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
	3,932	2,936		
KIKKOMAN CORPORATION	374,000	374,000	For the purpose of maintaining and strengthening a stable purchasing relationship, and increasing future corporate value through mutual initiatives.	Yes
	3,390	2,887		
NISSHIN SEIFUN GROUP INC.	1,003,981	1,003,981	For the purpose of increasing future corporate value through mutual initiatives.	Yes
	2,057	1,621		
SAHA PATHANA INTER-HOLDING PUBLIC CO., LTD.	5,719,331	5,719,331	For the purpose of maintaining and strengthening joint business operations overseas, and increasing future corporate value through mutual initiatives.	No
	1,661	1,550		
SAHA PATHANAPIBUL PUBLIC CO., LTD.	5,219,737	5,219,737	For the purpose of maintaining and strengthening joint business operations overseas, and increasing future corporate value through mutual initiatives.	No
	1,362	1,323		
Sumitomo Mitsui Financial Group, Inc.	112,483	112,483	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
	816	525		
Seven & i Holdings Co., Ltd.	124,600	124,600	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	684	695		
Mitsubishi UFJ Financial Group, Inc.	495,500	495,500	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
	621	374		
Mizuho Financial Group, Inc.	180,720	180,720	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
	453	310		

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
TOHO Co., Ltd.	110,000	110,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
	340	190		
AEON CO., LTD.	79,120	77,508	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association.	No
	242	218		
Morozoff Limited	60,000	60,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
	233	215		
Dai-Ichi Life Holdings, Inc.	74,200	74,200	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
	228	188		
Inageya Co., Ltd.	128,806	313,173	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association, while it decreased due to the partial sale of shares.	Yes
	193	370		
Showa Sangyo Co., Ltd.	53,600	53,600	For the purpose of maintaining and strengthening a stable purchasing relationship, and increasing future corporate value through mutual initiatives.	Yes
	164	131		
TAKARA HOLDINGS INC.	125,000	125,000	For the purpose of increasing future corporate value through mutual initiatives.	Yes
	151	133		
ITOCHU-SHOKUJIN Co., Ltd.	20,000	20,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
	143	103		
MARUICHI Co., Ltd.	102,583	101,835	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association.	Yes
	125	109		

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
Rengo Co., Ltd.	134,000	134,000	For the purpose of maintaining and strengthening a stable purchasing relationship, and increasing future corporate value through mutual initiatives.	Yes
	125	116		
YAMAE GROUP HOLDINGS CO., LTD.	35,875	34,897	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association.	No
	124	45		
Sumitomo Mitsui Trust Holdings, Inc.	21,903	21,903	For the purpose of maintaining and strengthening a stable financial relationship, and increasing future corporate value through mutual initiatives.	No
	121	96		
Central Forest Group, Inc.	61,918	61,525	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association.	No
	112	111		
ARCS COMPANY, LIMITED	37,020	37,020	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	100	77		
internet infinity INC.	240,000	240,000	For the purpose of increasing future corporate value through mutual initiatives.	No
	93	95		
YOSHINOYA HOLDINGS CO., LTD.	28,129	297,932	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association, while it decreased due to the partial sale of shares.	No
	91	691		
VALOR HOLDINGS CO., LTD.	31,600	31,600	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	74	55		
YUTAKA FOODS CORPORATION	31,200	31,200	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
	54	62		

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
KISOJI CO., LTD.	21,100	21,100	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	52	45		
OIE SANGYO CO., LTD.	25,200	25,200	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	47	23		
NAKAMURAYA CO., LTD.	14,700	14,700	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
	45	45		
Satoh & Co., Ltd.	28,800	28,800	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	43	33		
J-OIL MILLS, INC.	16,400	16,400	For the purpose of maintaining and strengthening a stable purchasing relationship, and increasing future corporate value through mutual initiatives.	Yes
	32	24		
HAGOROMO FOODS CORPORATION	6,862	6,774	For the purpose of increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association.	Yes
	20	20		
KANSAI FOOD MARKET LTD.	13,957	26,739	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association, while it decreased due to the partial sale of shares.	No
	19	37		
MARUDAI FOOD CO., LTD.	12,065	11,932	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association.	No
	19	17		
YAMANAKA CO., LTD.	22,000	22,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	15	15		

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
SHOKUBUN CO., LTD.	52,481	50,732	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association.	No
	14	11		
Sagami Holdings Corporation	10,000	10,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	13	12		
TOYO SUISAN KAISHA, LTD.	1,000	1,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	Yes
	7	5		
FUJICCO CO., LTD.	4,000	4,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	7	7		
HURXLEY CORPORATION	9,200	9,200	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	6	6		
RETAIL PARTNERS CO., LTD.	3,000	12,600	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	5	15		
ALBIS Co., Ltd.	2,000	2,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	5	4		
Maruyoshi Center Inc.	1,000	1,000	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	3	2		
OOMITSU CO., LTD.	5,199	4,703	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives. Furthermore, the number of shares held increased due to admittance into this company's business partner shareholding association.	No
	3	3		

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
Olympic Group Corporation	5,500	5,500	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	2	2		
YAMATO HOLDINGS CO., LTD.	1,000	1,000	For the purpose of increasing future corporate value through mutual initiatives.	Yes
	2	2		
KEY COFFEE INC	1,000	1,000	For the purpose of increasing future corporate value through mutual initiatives.	No
	2	2		
YAOKO Co., Ltd.	100	*	For the purpose of maintaining and strengthening a stable business relationship, and increasing future corporate value through mutual initiatives.	No
	0	*		
The Nisshin OilIIO Group, Ltd.	—	40,000	No shares in the company were held as of November 30, 2023.	Yes
	—	133		
LIFE CORPORATION	—	16,200	No shares in the company were held as of November 30, 2023.	No
	—	39		
FUJI CO.,LTD.	—	18,100	No shares in the company were held as of November 30, 2023.	No
	—	33		

(Notes) 1. A "—" indicates that the Company does not hold the issue.

2. A "*" indicates that the issue is omitted because its book value on the balance sheet is less than or equal to 1/100 of the Company's paid-in capital and it is not one of the 60 issues in order of the largest book value on the balance sheet.

Stocks regarded as holding shares

Issue	Current fiscal year	Previous fiscal year	Purpose of holding, outline of business alliance, etc., quantitative effect of holding, and reason for increase in number of shares	Holding of the Company's shares
	Number of shares	Number of shares		
	Book value on the balance sheet (millions of yen)	Book value on the balance sheet (millions of yen)		
TOYO SUISAN KAISHA, LTD.	728,000	728,000	For the purpose of maintaining and strengthening a stable business relationship.	Yes
	5,729	4,200		
Seven & i Holdings Co., Ltd.	485,000	485,000	For the purpose of maintaining and strengthening a stable business relationship.	No
	2,665	2,705		
SUMITOMO CORPORATION	654,000	654,000	For the purpose of increasing future corporate value through mutual initiatives.	No
	2,027	1,469		
Mitsubishi Shokuhin Co., Ltd.	299,000	299,000	For the purpose of maintaining and strengthening a stable business relationship.	No
	1,453	971		
Kyowa Kirin Co., Ltd.	475,000	475,000	For the purpose of increasing future corporate value through mutual initiatives.	No
	1,157	1,508		
AEON CO., LTD.	220,000	220,000	For the purpose of maintaining and strengthening a stable business relationship.	No
	673	621		
YAMATO HOLDINGS CO., LTD.	219,000	219,000	For the purpose of increasing future corporate value through mutual initiatives.	Yes
	579	506		

(Notes) 1. Specified investment shares and stocks regarded as holding shares are not added together at the stage of selecting the top issues in terms of book value on the balance sheet.

2. Stocks regarded as holding shares are put into a trust to cover retirement benefit obligations. The amounts presented in the "Book value on the balance sheet" column are obtained by multiplying the market value as of the end of the current fiscal year by the number of shares that confer the power to exercise voting rights. The information presented in the "Purpose of shareholding" column describes the power the Company holds with respect to such shares.

(c) Investment shares for pure investment purposes

Not applicable.

V. Financial Information

1. Preparation of the consolidated financial statements

The consolidated financial statements of the Company were prepared in accordance with the Regulation on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Order of the Ministry of Finance No. 28 of 1976).

2. Audit

The audits were performed by Ernst & Young ShinNihon LLC on the consolidated financial statements for the fiscal year (from December 1, 2022 to November 30, 2023) in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Law.

3. Special measures for ensuring appropriateness of consolidated financial statements

The Company carries out special measures for ensuring appropriateness of consolidated financial statements. Specifically, for the purpose of both ensuring that the Company has an appropriate grasp of the contents of the accounting standards, and establishing a system by which it is possible to accurately respond to changes in accounting standards, the Company became a member of the Financial Accounting Standards Foundation, deepens its understanding of accounting standards and takes measures in response to new accounting standards.

Consolidated Financial Statements

(1) Consolidated financial statements

(a) Consolidated Balance Sheets

	(Millions of yen)	
	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Assets		
Current assets		
Cash and deposits	57,825	66,610
Notes and accounts receivable – trade	*1 59,414	*1 64,515
Securities	10,000	2,000
Purchased goods and products	20,867	27,939
Work in process	2,659	2,064
Raw materials and supplies	13,551	13,990
Other	3,524	5,329
Allowances for doubtful accounts	(115)	(370)
Total current assets	167,726	182,080
Fixed assets		
Tangible fixed assets		
Buildings and structures	*4 162,131	*4 159,074
Accumulated depreciation	(97,130)	(97,560)
Net book value	65,001	61,514
Machinery, equipment and vehicles	*4 153,551	*4 152,809
Accumulated depreciation	(111,171)	(111,556)
Net book value	42,379	41,252
Land	*4 30,529	*4 30,762
Lease assets	5,544	5,817
Accumulated depreciation	(2,048)	(2,253)
Net book value	3,496	3,564
Construction in progress	3,446	7,093
Other	*4 13,223	*4 13,256
Accumulated depreciation	(11,027)	(11,244)
Net book value	2,196	2,011
Total tangible fixed assets	147,050	146,199
Intangible fixed assets		
Goodwill	364	182
Software	13,768	13,768
Other	1,506	1,856
Total intangible fixed assets	15,639	15,807
Investments and other assets		
Investment securities	*2 45,633	*2 48,975
Long-term loans receivable	850	595
Assets for retirement benefits	18,656	25,630
Deferred tax assets	2,749	2,308
Other	*2 5,198	*2 4,499
Allowances for doubtful accounts	(119)	(91)
Total investments and other assets	72,969	81,918
Total fixed assets	235,658	243,926
Total assets	403,384	426,006

	(Millions of yen)	
	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	33,051	33,414
Short-term loans payable	3,058	17,200
Accounts payable – other	17,001	17,577
Accrued expenses	2,118	2,291
Accrued income taxes	2,157	2,330
Reserves for bonuses	1,487	1,650
Reserves for directors' bonuses	74	71
Other	*5 6,303	*5 6,835
Total current liabilities	65,252	81,372
Non-current liabilities		
Bonds	10,000	10,000
Long-term loans payable	16,070	784
Lease obligations	3,337	3,807
Deferred tax liabilities	9,558	12,766
Liabilities for retirement benefits	2,840	2,107
Asset retirement obligations	267	275
Other	1,434	3,588
Total non-current liabilities	43,508	33,330
Total liabilities	108,761	114,702
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	28,634	28,638
Earned surplus	203,515	209,740
Treasury stock	(5,840)	(5,842)
Total shareholders' equity	250,413	256,639
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	9,348	11,939
Unrealized gains (losses) on hedges	(1)	(2)
Foreign currency translation adjustments	5,911	7,037
Accumulated adjustments for retirement benefits	1,985	6,269
Total accumulated other comprehensive income	17,244	25,244
Non-controlling interests	26,965	29,419
Total net assets	294,623	311,303
Total liabilities and net assets	403,384	426,006

(b) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
Consolidated Statements of Income

	(Millions of yen)			
	Previous fiscal year (From December 1, 2021 to November 30, 2022)		Current fiscal year (From December 1, 2022 to November 30, 2023)	
Net sales	*1	430,304	*1	455,086
Cost of sales	*2	306,114	*2	332,755
Gross profit		124,189		122,330
Selling, general and administrative expenses	*3, *4	98,755	*3, *4	102,636
Operating income		25,433		19,694
Non-operating income				
Interest income		253		534
Dividends income		458		474
Insurance return		15		434
Equity in earnings of affiliates		928		—
Other		828		906
Total non-operating income		2,483		2,350
Non-operating expenses				
Interest expenses		255		393
Equity in losses of affiliates		—		343
Provision of allowances for doubtful accounts		—		203
Other		413		614
Total non-operating expenses		668		1,554
Ordinary income		27,249		20,490
Extraordinary gains				
Gain on sales of shares of subsidiaries and associates	*5	1,288	*5	2,968
Gains on sales of investment securities		256		758
Gains on sales of fixed assets	*6	39	*6	20
Other		0		432
Total extraordinary gains		1,585		4,178
Extraordinary losses				
Impairment losses	*7	908	*7	1,484
Losses on disposal of fixed assets	*8	1,129	*8	733
Other		166		375
Total extraordinary losses		2,203		2,593
Profit before income taxes		26,630		22,075
Income taxes		6,774		5,851
Income taxes – deferred		1,489		699
Total income taxes		8,264		6,550
Profit		18,366		15,524
Profit attributable to non-controlling interests		2,332		2,350
Profit attributable to owners of parent		16,033		13,174

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Profit	18,366	15,524
Other comprehensive income		
Unrealized holding gains (losses) on securities	638	2,483
Unrealized gains (losses) on hedges	(23)	0
Foreign currency translation adjustments	7,894	1,364
Adjustments for retirement benefits	4,968	4,272
Share of other comprehensive income of entities accounted for using equity method	790	345
Total other comprehensive income	* 14,268	* 8,465
Comprehensive income	32,635	23,989
(Breakdown)		
Comprehensive income attributable to owners of parent	28,550	21,174
Comprehensive income attributable to non-controlling interests	4,084	2,814

(c) Consolidated Statements of Changes in Net Assets

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

(Millions of yen)

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

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

Current fiscal year (From December 1, 2022 to November 30, 2023)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current fiscal year	24,104	28,634	203,515	(5,840)	250,413
Changes of items during the fiscal year					
Dividends from surplus			(6,950)		(6,950)
Profit attributable to owners of parent			13,174		13,174
Purchase of treasury stock				(2)	(2)
Sales of shares of consolidated subsidiaries					
Change in ownership interest of parent due to transactions with non-controlling interests		4			4
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	—	4	6,224	(2)	6,226
Balance at the end of the current fiscal year	24,104	28,638	209,740	(5,842)	256,639

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current fiscal year	9,348	(1)	5,911	1,985	17,244	26,965	294,623
Changes of items during the fiscal year							
Dividends from surplus							(6,950)
Profit attributable to owners of parent							13,174
Purchase of treasury stock							(2)
Sales of shares of consolidated subsidiaries							—
Change in ownership interest of parent due to transactions with non-controlling interests							4
Net changes of items other than shareholders' equity	2,591	(0)	1,125	4,283	8,000	2,453	10,454
Total changes of items during the fiscal year	2,591	(0)	1,125	4,283	8,000	2,453	16,680
Balance at the end of the current fiscal year	11,939	(2)	7,037	6,269	25,244	29,419	311,303

(d) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Cash flows from operating activities		
Profit before income taxes	26,630	22,075
Depreciation and amortization	16,062	16,935
Impairment losses	908	1,484
Amortization of goodwill	187	182
Retirement benefit expenses	541	(150)
Equity in losses (earnings) of affiliates	(928)	343
Increase (decrease) in liabilities for retirement benefits	0	(977)
Decrease (increase) in assets for retirement benefits	(983)	(929)
Increase (decrease) in reserves for directors' bonuses	(12)	(3)
Increase (decrease) in reserves for bonuses	(114)	129
Increase (decrease) in allowances for doubtful accounts	(32)	220
Interest and dividends income	(712)	(1,009)
Interest expenses	255	393
Losses (gains) on sales of investment securities	(256)	(758)
Losses (gains) on sales of shares of subsidiaries	(1,288)	(2,968)
Losses (gains) on sales and disposal of fixed assets	1,112	713
Decrease (increase) in notes and accounts receivable – trade	(1,320)	(4,775)
Decrease (increase) in inventories	(5,949)	(6,555)
Increase (decrease) in notes and accounts payable – trade	4,337	162
Increase (decrease) in accounts payable – other	(940)	393
Increase (decrease) in accrued consumption taxes	(1,623)	1,116
Increase (decrease) in long-term accounts payable	–	338
Other	231	728
Sub-total	36,106	27,090
Proceeds from compensation	–	1,661
Settlement received	–	167
Interest and dividends income received	1,013	1,308
Interest paid	(245)	(388)
Income taxes paid	(9,674)	(7,121)
Income taxes refund	–	1,007
Net cash provided by (used in) operating activities	27,199	23,725

	(Millions of yen)	
	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Cash flows from investing activities		
Purchases of tangible fixed assets	(12,482)	(15,164)
Purchases of intangible fixed assets	(4,323)	(2,281)
Purchases of investment securities	(117)	(1,325)
Proceeds from sales of investment securities	440	1,139
Proceeds from sales of shares of subsidiaries and associates	1,498	3,440
Net decrease (increase) in short-term loans receivable	130	(74)
Payments of long-term loans receivable	(113)	(44)
Collection of long-term loans receivable	98	1
Payments into time deposits	(1,823)	(5,567)
Proceeds from withdrawal of time deposits	1,197	2,184
Other	(453)	(30)
Net cash provided by (used in) investing activities	(15,947)	(17,721)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,388	(1,179)
Repayment of lease obligations	(647)	(726)
Proceeds from long-term loans payable	15	—
Repayment of long-term loans payable	(10,301)	(285)
Proceeds from share issuance to non-controlling shareholders	—	1,044
Cash dividends paid	(6,533)	(6,950)
Cash dividends paid to non-controlling interests	(1,230)	(1,411)
Purchase of treasury stock	(1)	(2)
Proceeds from sales of shares of subsidiaries that do not result in change in scope of consolidation	441	—
Proceeds from withdrawal of deposits with withdrawal restrictions	55	—
Other	—	(2)
Net cash provided by (used in) financing activities	(16,812)	(9,514)
Effects of exchange rate changes on cash and cash equivalents	4,192	607
Increase (decrease) in cash and cash equivalents	(1,367)	(2,902)
Cash and cash equivalents at the beginning of the fiscal year	66,703	65,335
Cash and cash equivalents at the end of the fiscal year	* 65,335	* 62,433

Notes

Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements

1. Consolidated subsidiaries

The Company has forty-six (46) consolidated subsidiaries. The significant consolidated subsidiaries are Kewpie Egg Corporation, Deria Foods Co., Ltd., Kewpie Jyozo Co., Ltd., Salad Club, Inc., Aohata Corporation, Hangzhou Kewpie Corporation, BEIJING KEWPIE CO., LTD. and Q&B FOODS, INC.

Among the eleven (11) non-consolidated subsidiaries, the principal one is Kewpie-Egg World Trading U.S.A. Inc. These companies are excluded from consolidation, because each of the amount of their total assets, net sales, profit and loss and earned surplus (based on the Company's ownership percentage) does not have a significant effect on the consolidated financial statements of the Company.

2. Application of the equity method

An equity method is applied to the investments in seventeen (17) affiliated companies. The significant affiliate under the equity method is KRS.

The investments in Kewpie-Egg World Trading U.S.A. Inc. and eleven other non-consolidated subsidiaries, as well as EGG TRUST JAPAN K.K. and nine other affiliated companies are not accounted for by the equity method, since each of the amounts of profit and loss and earned surplus (based on the Company's ownership percentage) does not have a significant effect on the consolidated financial statements of the Company.

3. Fiscal years of consolidated subsidiaries

Among consolidated subsidiaries of the Company, the fiscal year end of nine foreign consolidated subsidiaries is September 30 and that of six foreign consolidated subsidiaries is December 31.

Six foreign subsidiaries whose fiscal year end is December 31 are consolidated based on their provisional financial statements closing as at September 30. Other nine foreign subsidiaries are consolidated based on the financial statements as at their fiscal year end.

However, significant transactions of those subsidiaries recognized during the period after their provisional financial closing (September 30) to the fiscal year end of the Company's consolidated financial statements (November 30) are reflected in the consolidated financial statements.

4. Accounting policies

(1) Basis and method of valuation of significant assets

(a) Securities

1. Held-to-maturity bonds are stated at amortized cost (by the straight-line method).
2. Shares in subsidiaries and affiliated companies not subject to the equity method are stated at cost, determined by the moving average method.
3. Other securities other than stocks, etc. without market value are stated at fair value. (Revaluation differences are all transferred directly to net assets. Selling costs are calculated by the moving average method.) Stocks, etc. without market value are stated at cost, determined by the moving average method.

(b) Derivatives

Stated at fair value.

Hedge accounting is applied to hedge transactions that meet the requirements thereof.

(c) Inventories

Purchased goods and products, work in process, raw materials and supplies are principally stated at moving average cost (the method to write off a book value to reflect a decreased profitability).

(2) Depreciation and amortization of significant depreciable and amortizable assets

(a) Tangible fixed assets (excluding lease assets)

Tangible fixed assets are depreciated by the straight-line method.

The main useful lives are as follows.

Buildings and structures:	2–50 years
Machinery, equipment and vehicles:	2–10 years

(b) Intangible fixed assets (excluding lease assets)

Intangible fixed assets are amortized by the straight-line method.

The main useful life is as follows.

Software:	5–10 years
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(c) Lease assets

Lease assets in finance lease transactions other than those which are deemed to transfer the ownership of lease assets to lessees are calculated by the straight-line method by considering the lease period to be useful life and the residual value to be zero.

Foreign consolidated subsidiaries that adopted IFRS have applied IFRS 16 "Leases", and foreign consolidated subsidiaries that adopted U.S. GAAP have applied U.S. GAAP ASU 2016-02 "Leases". Due to this application, lessees, in principle, record all leases as assets and liabilities on the balance sheets, and the straight-line method is adopted for depreciation of right-of-use assets recorded under assets.

(3) Accounting standards for significant allowances

(a) Allowances for doubtful accounts

To provide for losses on bad debts, the Group sets aside an estimated uncollectable amount, by taking into consideration the possible credit loss rate in the future based on the actual loss rate in respect of general credits, and the particular possibilities of collection in respect of possible non-performing credits and other specific claims.

(b) Reserves for bonuses

To provide for the payment of bonuses to employees, reserves for bonuses are provided according to the expected amount of the payment which attributes to the current fiscal year.

(c) Reserves for directors' bonuses

To provide for the payment of bonuses to directors, reserves for directors' bonuses are provided according to the estimated amounts payable at the end of the current fiscal year.

(4) Accounting standards for significant revenues and expenses

The Group's main businesses are "Retail Market Business", "Food Service Business", "Overseas Business", "Fruit Solutions Business" and "Fine Chemicals Business".

(a) Retail Market

Revenue is recorded from sales of merchandise or products that include mayonnaise, dressings, pasta sauces, salads, delicatessen foods, packaged salads, baby foods and nursing care foods in the retail market. In the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period, revenue is recognized at the time of shipment. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(b) Food Service

Revenue is recorded from sales of merchandise or products that include mayonnaise, dressings, vinegar, liquid egg, frozen egg, dried egg and egg processed foods in the food service market. In the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period, revenue is recognized at the time of shipment. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(c) Overseas

Revenue is recorded from sales of merchandise or products that include mayonnaise and dressings in the overseas markets which include China, Southeast Asia and North America. Revenue is recognized at the time when merchandise or products are delivered. However, revenue from export sales is recognized at the time when risk is transferred to the customer based on the trade terms provided for in the Incoterms and others. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(d) Fruit Solutions

Revenue is recorded from sales of merchandise or products that include jams for household use, frozen processed fruit products, and fruit processed foods for industrial use. In the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period, revenue is recognized at the time of shipment. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(e) Fine Chemicals

Revenue is recorded from sales of merchandise or products that include hyaluronic acid and egg yolk lecithin used as an ingredient for pharmaceuticals, cosmetics and food products. In the cases that the control over merchandise or products should be transferred to the customer within a normal delivery period, revenue is recognized at the time of shipment. In addition, revenue is measured at an amount calculated by deducting sales returns, discounts, rebates, etc. from consideration promised in a contract with the customer, and does not contain any significant interest component.

(5) Accounting for retirement benefits

(a) Periodic allocation method for projected retirement benefits

In calculating retirement benefit obligations, the method of allocating the projected retirement benefits to the period up to the end of the current fiscal year is the benefit formula basis.

(b) Method of accounting for actuarial gains or losses and prior service costs

Prior service costs are amortized by the straight-line method principally over twelve (12) years based on the average remaining employees' service years at the time of accrual.

Actuarial gains or losses are amortized by the straight-line method principally over twelve (12) years based on the average remaining employees' service years at each fiscal year, and their amortizations start from the next fiscal year of the respective accrual years.

In addition, if the amount of pension plan assets exceeds that of retirement benefit obligations for pension plan, it is recorded as assets for retirement benefits on the consolidated balance sheet.

(6) Significant methods of hedge accounting

(a) Hedge accounting method

Deferral hedge is adopted in hedge accounting.

Allocation method is adopted for transactions that meet the requirements for that method.

(b) Hedging instruments

Hedging instruments are forward exchange contracts.

(c) Hedged items

Hedged items are purchase transactions in foreign currencies.

(d) Hedging policy

The Company enters into forward exchange contracts to hedge risks from fluctuations in foreign exchange rates.

In addition, the Group never makes use of them for the purpose of speculative transactions.

(e) Assessment of the effectiveness of hedge accounting

Control procedures of hedge transactions are executed according to the Company's internal rules. The effectiveness of the hedge is analyzed by comparing movements in the fair value of hedged items with those of hedging instruments, assessed and strictly controlled.

(7) Method and period for amortization of goodwill

Goodwill is amortized on a straight-line basis over its estimated useful life during which its effect will be realized. However, goodwill is expensed as incurred if immaterial.

(8) Scope of cash in the consolidated statements of cash flows

Cash in the consolidated statements of cash flows (cash and cash equivalents) consists of cash in hand, bank deposits which can be withdrawn freely, and short-term investments which can be easily converted into cash and matures within three months from the acquisition date on which they are at little risk of changes in value.

(Significant accounting estimates)

Valuation of fixed assets of Kewpie Egg Corporation

For fixed assets on certain asset groups of Kewpie Egg Corporation, an indicator of impairment was identified, as a result of the effects of the spread of avian influenza and a significant drop in the market price of land.

In the previous fiscal year, the Company assessed whether impairment losses should be recognized. For asset groups whose undiscounted future cash flows were lower than the book value of the fixed assets, the book value was reduced to a recoverable amount, and the relevant reduced amount was recorded as impairment losses. On the other hand, in the current fiscal year, no impairment losses were recognized since undiscounted future cash flows of these asset groups exceeded the book value of the fixed assets.

1. Amount recorded in consolidated financial statements for the current fiscal year

	Previous fiscal year	Current fiscal year
Book value of fixed assets on relevant asset groups	¥4,446 million	¥4,737 million
Impairment losses	¥837 million	¥— million

2. Information on the content of significant accounting estimates for identified items

(1) Method for calculating estimated future cash flows and major assumptions

In recognizing and measuring impairment losses, future cash flows were calculated based on business plans, which were formulated incorporating sales volume and gross margin per unit as major assumptions, on the premise of stable balance between egg supply and demand.

(2) Impact on consolidated financial statements for the next fiscal year

If business performance declines due to the spread of avian influenza, and consequently actual results deviate from an estimated amount of future cash flows, impairment losses could be recorded.

(Changes in accounting policies)

Application of U.S. GAAP ASU 2016-02 "Leases"

Foreign consolidated subsidiaries that adopted U.S. GAAP have applied U.S. GAAP ASU 2016-02 "Leases" effective from the current fiscal year. This requires lessees to recognize assets and liabilities on the balance sheet for, in principle, all lease transactions. In applying this accounting standard, the Company has adopted the method that the cumulative effect of this accounting standard is recognized as of the first day of the application, which is allowed as a transitional measure.

The effect of applying this accounting standard on the consolidated financial statements is immaterial.

(Accounting standards not yet adopted)

- "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022)
- "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, October 28, 2022)
- "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022)

1. Summary

In February 2018, ASBJ issued ASBJ Statement No. 28, "Partial Amendments to Accounting Standard for Tax Effect Accounting", etc. ("ASBJ Statement No. 28, etc."), which completed the transfer of practical guidelines on tax effect accounting at the Japanese Institute of Certified Public Accountants to the ASBJ. In the course of deliberation, the following two issues, which were to be reviewed again after the release of ASBJ Statement No. 28, etc., were discussed and released.

- Reporting category of tax expense (taxation on other comprehensive income)
- Tax effect on the sales of shares of subsidiaries, etc. (shares of subsidiaries or affiliates) when group corporation taxation is applied

2. Timing of adoption

The Group will adopt these ASBJ statements and guidance from the beginning of the fiscal year ending November 30, 2025.

3. Effect of adoption of accounting standards

The effect of the adoption of the Accounting Standard for Current Income Taxes, etc. on the consolidated financial statements is currently under evaluation.

(Changes in presentation)

(Consolidated Statements of Income)

"Insurance return" included in "Other" under "Non-operating income" in the previous fiscal year, has been presented as a separate item under "Non-operating income" from the current fiscal year, because it now accounts for more than 10% of total non-operating income. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the consolidated statements of income, ¥15 million, which was presented in "Other" under "Non-operating income" in the previous fiscal year was reclassified as "Insurance return".

"Electricity sale expenses" under "Non-operating expenses", which was presented as a separate item in the previous fiscal year, has been included in "Other" from the current fiscal year, because it now accounts for 10% or less of total non-operating expenses. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, in the consolidated statements of income, ¥84 million, which was presented in "Electricity sale expenses" under "Non-operating expenses" in the previous fiscal year was reclassified as "Other".

Consolidated Balance Sheets

*1 Notes receivable - trade and accounts receivable - trade include receivables arising from contracts with customers as follows:

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Notes receivable - trade	¥ 24 million	¥ 15 million
Accounts receivable - trade	¥ 59,390 million	¥ 64,500 million

*2 Investments in unconsolidated subsidiaries and affiliated companies are as follows:

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Investment securities (stocks)	¥ 23,269 million	¥ 22,850 million
Other (Investments in capital)	¥ 348 million	¥ 205 million

*3 Contingent liabilities

Loans from financial institutions, that the Group guarantees under joint signature for employees are as follows:

Guarantee obligations

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Employees (loan)	¥ 163 million	¥ 136 million

*4 Amount of reduction entry

Accumulated reduction entry of tangible fixed assets deducted from acquisition cost of tangible fixed assets using funds from government subsidy, etc. is as follows:

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Buildings and structures	¥ 630 million	¥ 615 million
Machinery, equipment and vehicles	¥ 798 million	¥ 798 million
Land	¥ 117 million	¥ 117 million
Other	¥ 5 million	¥ 4 million
Total	¥ 1,552 million	¥ 1,536 million

*5 Other liabilities include contract liabilities as follows:

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Contract liabilities	¥ 451 million	¥ 169 million

Consolidated Statements of Income

- *1 Net sales is not separately presented for revenue arising from contracts with customers and other revenue.

The amount of revenue arising from contracts with customers is provided in Note "Segment Information" in the consolidated financial statements.

- *2 The inventory balance at the end of the fiscal year is presented after the book value was written down when its carrying amount becomes unrecoverable and the following losses on valuation of inventories are included in cost of sales.

Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
¥ 355 million	¥ 271 million

- *3 Main components of selling, general and administrative expenses are as follows:

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Transportation and warehousing expenses	¥ 28,196 million	¥ 27,952 million
Sales promotion expenses	¥ 3,805 million	¥ 4,073 million
Research and development expenses	¥ 3,912 million	¥ 3,956 million
Advertising expenses	¥ 9,680 million	¥ 10,320 million
Payroll expenses	¥ 21,680 million	¥ 22,437 million
Depreciation expenses	¥ 2,550 million	¥ 2,938 million
Provision of reserves for bonuses	¥ 715 million	¥ 826 million
Retirement benefit expenses	¥ 1,100 million	¥ 621 million
Provision of allowances for doubtful accounts	¥ (31) million	¥ 70 million

- *4 Total amount of research and development expenses included in general and administrative expenses

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Research and development expenses	¥ 3,912 million	¥ 3,956 million

- *5 Gain on sales of shares of subsidiaries and associates

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

This was due to the sale of shares of NAKASHIMATO CO., LTD., the Company's other associated company.

Current fiscal year (From December 1, 2022 to November 30, 2023)

This was due to the sale of shares of NAKASHIMATO CO., LTD., the Company's other associated company.

*6 Gains on sales of fixed assets consists of the following:

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Machinery, equipment and vehicles	¥ 14 million	¥ 15 million
Buildings and structures	—	3 million
Land	¥ 24 million	—
Other	¥ 0 million	¥ 0 million
Total	¥ 39 million	¥ 20 million

*7 Impairment losses

The Group recognized impairment losses for the following group of assets.

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

Location	Use	Item	Impairment losses (millions of yen)
Katori-shi, Chiba	Factory	Land, buildings, machinery, etc.	593
Miyoshi-machi, Iruma-gun, Saitama	Factory	Machinery, equipment, etc.	244
Other			70
Total			908

In principle, each management accounting unit, on which revenue and expenditure are continuously monitored such as company, business, office, is classified as one asset-grouping unit.

In the previous fiscal year, the Company wrote down the book value of a factory in Katori-shi, Chiba to a recoverable amount, because it no longer expects to recover its investment due to diminished profitability. As such, the relevant write-down amount of ¥593 million is recorded as impairment losses.

The recoverable amounts are measured according to value in use, and are calculated by discounting the future cash flows using a rate of 5.98%.

The Company wrote down the book value of a factory in Miyoshi-machi, Iruma-gun, Saitama to a recoverable amount, because it no longer expects to recover its investment due to diminished profitability. As such, the relevant write-down amount of ¥244 million is recorded as impairment losses. The recoverable amounts are measured according to value in use, and as no future cash flow is expected to be generated in the future, the recoverable value is assessed as zero.

Current fiscal year (From December 1, 2022 to November 30, 2023)

Location	Use	Item	Impairment losses (millions of yen)
Toyota-shi, Aichi	Factory	Land, buildings, machinery, etc.	1,172
Shirakawa-shi, Fukushima	Factory	Machinery, equipment, etc.	150
Other			161
Total			1,484

In principle, each management accounting unit, on which revenue and expenditure are continuously monitored such as company, business, office, is classified as one asset-grouping unit.

During the current fiscal year, decisions were made regarding the restructuring of production sites after the closure of the Koromo Factory in Toyota-shi, Aichi. As part of this restructuring, the production functions of the Company's Koromo Factory will be transferred to other production sites.

In line with this, the Company wrote down the book value of buildings and other assets of the Koromo Factory to their recoverable amount, and the relevant write-down amount of ¥1,172 million is recorded as impairment losses.

The recoverable amount is measured by the net sales value. However, as the asset has difficulty finding an alternative use or being sold, the net sales value is assessed as zero.

The Company decided to withdraw from the plant factory business in Shirakawa-shi, Fukushima, due to its aging and declining profitability. In line with this, the Company wrote down the book value of buildings and other assets of the factory to their recoverable amount, and the relevant write-down amount of ¥150 million is recorded.

The recoverable amount is measured by the net sales value. However, as the asset has difficulty finding an alternative use or being sold, the net sales value is assessed as zero.

*8 Losses on disposal of fixed assets consists of the following:

	Previous fiscal year (From December 1, 2021 to November 30, 2022)		Current fiscal year (From December 1, 2022 to November 30, 2023)	
Machinery, equipment and vehicles	¥	571 million	¥	574 million
Buildings and structures	¥	427 million	¥	77 million
Other	¥	129 million	¥	81 million
Total	¥	1,129 million	¥	733 million

Consolidated Statements of Comprehensive Income

* Reclassification adjustments and income tax effects related to other comprehensive income

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Unrealized holding gains (losses) on securities:		
Amount arising during the fiscal year	¥ 1,169 million	¥ 4,249 million
Reclassification adjustments	¥ (256) million	¥ (671) million
Before income tax effects	¥ 912 million	¥ 3,577 million
Amount of income tax effects	¥ (273) million	¥ (1,094) million
Unrealized holding gains (losses) on securities	¥ 638 million	¥ 2,483 million
Unrealized gains (losses) on hedges:		
Amount arising during the fiscal year	¥ (33) million	¥ 0 million
Reclassification adjustments	—	—
Before income tax effects	¥ (33) million	¥ 0 million
Amount of income tax effects	¥ 10 million	¥ (0) million
Unrealized gains (losses) on hedges	¥ (23) million	¥ 0 million
Foreign currency translation adjustments:		
Amount arising during the fiscal year	¥ 7,894 million	¥ 1,364 million
Reclassification adjustments	—	—
Foreign currency translation adjustments	¥ 7,894 million	¥ 1,364 million
Adjustments for retirement benefits:		
Amount arising during the fiscal year	¥ 6,627 million	¥ 6,324 million
Reclassification adjustments	¥ 541 million	¥ (150) million
Before income tax effects	¥ 7,168 million	¥ 6,173 million
Amount of income tax effects	¥ (2,200) million	¥ (1,901) million
Adjustments for retirement benefits	¥ 4,968 million	¥ 4,272 million
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the fiscal year	¥ 790 million	¥ 329 million
Reclassification adjustments	—	¥ 15 million
Share of other comprehensive income of entities accounted for using equity method	¥ 790 million	¥ 345 million
Total other comprehensive income	¥ 14,268 million	¥ 8,465 million

Consolidated Statements of Changes in Net Assets

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

1. Total numbers and periodic changes of issued shares and treasury stock by class

	Number of shares at the beginning of the current fiscal year	Increase in number of shares	Decrease in number of shares	Number of shares at the end of the current fiscal year
Issued shares				
Common stock	141,500,000	—	—	141,500,000
Total	141,500,000	—	—	141,500,000
Treasury stock				
Common stock	2,495,090	804	—	2,495,894
Total	2,495,090	804	—	2,495,894

(Note) The number of shares of treasury stock (common stock) increased due to the acquisition of shares less than one (1) unit.

2. Dividend

(1) Dividends paid in the current fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 21, 2022	Common stock	3,753	27.00	November 30, 2021	February 7, 2022
The Board of Directors' meeting held on June 30, 2022	Common stock	2,780	20.00	May 31, 2022	August 8, 2022

(2) Dividends with record date during the current fiscal year but to be effective in the following fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 20, 2023	Common stock	3,753	Earned surplus	27.00	November 30, 2022	February 6, 2023

Current fiscal year (From December 1, 2022 to November 30, 2023)

1. Total numbers and periodic changes of issued shares and treasury stock by class

	Number of shares at the beginning of the current fiscal year	Increase in number of shares	Decrease in number of shares	Number of shares at the end of the current fiscal year
Issued shares				
Common stock	141,500,000	—	—	141,500,000
Total	141,500,000	—	—	141,500,000
Treasury stock				
Common stock	2,495,894	1,064	—	2,496,958
Total	2,495,894	1,064	—	2,496,958

(Note) The number of shares of treasury stock (common stock) increased due to the acquisition of shares less than one (1) unit.

2. Dividend

(1) Dividends paid in the current fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 20, 2023	Common stock	3,753	27.00	November 30, 2022	February 6, 2023
The Board of Directors' meeting held on June 30, 2023	Common stock	3,197	23.00	May 31, 2023	August 7, 2023

(2) Dividends with record date during the current fiscal year but to be effective in the following fiscal year

(Resolution)	Type of share	Total amounts of dividends (millions of yen)	Dividend resource	Dividends per share (yen)	Record date	Effective date
The Board of Directors' meeting held on January 19, 2024	Common stock	3,753	Earned surplus	27.00	November 30, 2023	February 8, 2024

Consolidated Statements of Cash Flows

- * Reconciliation between "Cash and cash equivalents at the end of the fiscal year" and "Cash and deposits" on the consolidated balance sheets

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Cash and deposits	¥ 57,825 million	¥ 66,610 million
Time deposits with maturity over three months	¥ (2,489) million	¥ (6,177) million
Securities	¥ 10,000 million	¥ 2,000 million
Cash and cash equivalents at the end of the fiscal year	¥ 65,335 million	¥ 62,433 million

Lease Transactions

1. Finance lease transactions (Lessee)

Finance lease transactions that do not transfer ownership

(a) Details of lease assets

Lease assets mainly consist of production lines in the Foods business.

(b) Depreciation method for lease assets

Depreciation method for lease assets was stated in "4. Accounting policies (2) Depreciation and amortization of significant depreciable and amortizable assets" under Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements.

2. Operating lease transactions

Future lease payments related to non-cancellable operating lease transactions

(Millions of yen)

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Due within one year	255	111
Due over one year	694	111
Total	950	223

(Note) Foreign consolidated subsidiaries that adopted U.S. GAAP have applied U.S. GAAP ASU 2016-02 "Leases" effective from the current fiscal year. Operating leases related to these subsidiaries are included only in the amounts for the previous fiscal year.

Financial Instruments

1. Matters relating to the status of financial instruments

(1) Policy in relation to financial instruments

The Group raises required funds through bank loans and bond issues according to its equipment investment plan. Floating money is invested in highly secure financial assets and short-term operating funds are provided by bank loans. The Group uses derivatives to hedge risks, as described below, and has a policy not to conduct speculative trading.

(2) Details of financial instruments and related risks

Notes and accounts receivable – trade, which are receivables, are exposed to credit risks of customers. Securities and investment securities, which mainly consist of stocks of companies with which the Group has business or other relationships, are exposed to market fluctuation risk.

Substantially all of notes and accounts payable – trade, which are payables, have payment due dates within one year. Some payables in relation to import of raw materials are denominated in foreign currencies and exposed to foreign currency risk, which is hedged by using forward exchange contracts when necessary. Short-term loans payable are funds raised principally in relation to business transactions and long-term loans payable, bonds and lease obligations in finance lease transactions are funds raised principally for necessary equipment investment.

Derivatives are forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies. With regard to hedging instruments, hedged items, hedge policies, the method of assessment of the effectiveness of hedges etc., please refer to the above "4. Accounting policies: (6) Significant methods of hedge accounting" under "Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements".

(3) Risk management system relating to financial instruments

(i) Management of credit risk

The Company, through its operation management division and accounting and financing division, periodically monitors the conditions of its major customers and manages the due dates and outstanding balances to early detect or reduce credits that may become uncollectable due to the deterioration of its financial conditions. Likewise, its consolidated subsidiaries manage their receivables.

With regard to derivatives, the Company perceives very little credit risk as it enters into transactions solely with financial institutions with high ratings.

(ii) Management of market risk

The Group uses forward exchange contracts to hedge foreign currency risk involving payables in foreign currencies. The Company's risk management relating to such derivatives is conducted by its Division of Production and Financial Department pursuant to its internal rules and all of the trading results are reported to the General Manager of the Financial Department. With regard to its consolidated subsidiaries, such risk management is conducted principally by their respective administration divisions and the trading results are reported to the respective directors of the subsidiaries responsible therefor.

With regard to securities and investment securities, the Group periodically obtains information on the market values and financial conditions of the issuers (customer companies) and reviews the holding of securities other than held to maturity on a continuous basis by taking into consideration the market conditions and the relationships with the client companies.

(iii) Management of liquidity risk relating to financing

The Group manages liquidity risk by preparing and updating cash flow projections on a timely basis, by arranging overdraft facilities with several financial institutions, and by maintaining certain levels of liquidity through a cash management system.

(4) Supplementary explanation of matters relating to the fair values of financial instruments, etc.

As the estimation of fair values of financial instruments incorporates variable factors, adopting different assumptions may change the values. In addition, the contract amount of financial derivative transactions in itself, described in Note "Financial Derivative Transactions", should not be considered indicative of the market risks associated with the financial derivative transactions.

2. Matters concerning fair values, etc. of financial instruments

The following table shows amounts for items recorded in the consolidated balance sheet along with their fair values and the variances.

Previous fiscal year (As of November 30, 2022)

	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Variance (millions of yen)
(1) Securities and investment securities (*2)	39,241	41,474	2,232
Total assets	39,241	41,474	2,232
(2) Bonds	10,000	9,849	(150)
(3) Long-term loans payable (*3)	16,356	16,293	(62)
(4) Lease obligations	3,912	4,140	227
Total liabilities	30,269	30,283	13
Derivatives (*4)			
Derivatives to which hedge accounting is not applied	(0)	(0)	—
Derivatives to which hedge accounting is applied	(4)	(4)	—
Total derivatives	(5)	(5)	—

Current fiscal year (As of November 30, 2023)

	Book value on the consolidated balance sheet (millions of yen)	Fair value (millions of yen)	Variance (millions of yen)
(1) Securities and investment securities (*2)	33,408	35,304	1,896
Total assets	33,408	35,304	1,896
(2) Bonds	10,000	9,883	(116)
(3) Long-term loans payable (*3)	16,070	16,040	(30)
(4) Lease obligations	4,565	4,848	282
Total liabilities	30,636	30,772	136
Derivatives (*4)			
Derivatives to which hedge accounting is not applied	(0)	(0)	—
Derivatives to which hedge accounting is applied	(4)	(4)	—
Total derivatives	(5)	(5)	—

(*1) Notes on cash and deposits, notes and accounts receivable - trade, notes and accounts payable - trade, short-term loans payable (excluding the current portion of long-term loans payable), accounts payable - other, and accrued income taxes are omitted, because they are cash, and their fair value approximates the book value as a result of their short settlement period.

(*2) Stocks, etc. without market value are not included in "(1) Securities and investment securities". The balance sheet amounts of these financial instruments are as follows:

Category	Previous fiscal year (millions of yen)	Current fiscal year (millions of yen)
Unlisted stocks	16,392	17,566

(*3) Long-term loans payable include the current portion of long-term loans payable.

(*4) Net receivables and payables resulting from derivatives are presented in net amounts.

1. Expected redemption amount of monetary receivables and securities with maturity dates reaching after the fiscal year end of the Company's consolidated financial statements

Previous fiscal year (As of November 30, 2022)

	Within one year (millions of yen)	Over one year to five years (millions of yen)	Over five years to 10 years (millions of yen)	Over 10 years (millions of yen)
Cash and deposits	57,815	—	—	—
Notes and accounts receivable – trade	59,414	—	—	—
Securities and investment securities				
Other securities with maturity				
Others	10,000	—	—	—
Total	127,230	—	—	—

Current fiscal year (As of November 30, 2023)

	Within one year (millions of yen)	Over one year to five years (millions of yen)	Over five years to 10 years (millions of yen)	Over 10 years (millions of yen)
Cash and deposits	66,600	—	—	—
Notes and accounts receivable – trade	64,515	—	—	—
Securities and investment securities				
Other securities with maturity				
Others	2,000	—	—	—
Total	133,116	—	—	—

2. Scheduled repayment amounts for bonds, long-term loans payable, lease obligations, and other interest-bearing debt after the fiscal year end of the Company's consolidated financial statements

Previous fiscal year (As of November 30, 2022)

	Within one year (millions of yen)	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
Short-term loans payable	2,773	—	—	—	—	—
Bonds	—	—	—	10,000	—	—
Long-term loans payable	285	15,285	284	500	—	—
Lease obligations	575	403	341	282	245	2,064
Total	3,634	15,689	626	10,782	245	2,064

Current fiscal year (As of November 30, 2023)

	Within one year (millions of yen)	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
Short-term loans payable	1,914	—	—	—	—	—
Bonds	—	—	10,000	—	—	—
Long-term loans payable	15,285	284	500	—	—	—
Lease obligations	758	617	534	462	328	1,864
Total	17,958	902	11,034	462	328	1,864

3. Breakdown of fair value of financial instruments by level

Fair values of financial instruments are categorized into three (3) levels based on the observability and significance of the inputs related to fair value measurement.

Level 1 fair value: fair value measured with observable valuation inputs related to fair value measurement which are quoted prices of assets or liabilities subject to the measurement of fair value that are formed in active markets.

Level 2 fair value: fair value measured with observable valuation inputs related to fair value measurement other than the inputs in Level 1.

Level 3 fair value: fair value measured using unobservable valuation inputs related to fair value measurement.

When multiple inputs that have a significant impact on the measurement of fair value are used, the fair value is categorized to the level with the lowest priority in the measurement of fair value among the levels to which each input belongs.

(1) Financial instruments recorded on the consolidated balance sheets at fair value

Previous fiscal year (As of November 30, 2022)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Stocks	20,275	—	—	20,275
Other	—	10,000	—	10,000
Total assets	20,275	10,000	—	30,275
Derivatives				
Currency derivatives	—	(5)	—	(5)
Total liabilities	—	(5)	—	(5)

Current fiscal year (As of November 30, 2023)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Stocks	23,526	—	—	23,526
Other	—	2,000	—	2,000
Total assets	23,526	2,000	—	25,526
Derivatives				
Currency derivatives	—	(5)	—	(5)
Total derivatives	—	(5)	—	(5)

(2) Financial instruments other than those recorded on the consolidated balance sheets at fair value

Previous fiscal year (As of November 30, 2022)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Shares of affiliated companies	11,198	—	—	11,198
Total assets	11,198	—	—	11,198
Bonds	—	9,849	—	9,849
Long-term loans payable	—	16,293	—	16,293
Lease obligations	—	4,140	—	4,140
Total liabilities	—	30,283	—	30,283

Current fiscal year (As of November 30, 2023)

Category	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Shares of affiliated companies	9,778	—	—	9,778
Total assets	9,778	—	—	9,778
Bonds	—	9,883	—	9,883
Long-term loans payable	—	16,040	—	16,040
Lease obligations	—	4,848	—	4,848
Total liabilities	—	30,772	—	30,772

(Notes) Explanation of valuation techniques and inputs related to fair value measurement

Securities and investment securities

Listed stocks are valued using the quoted price. Listed stocks are traded on active markets, and accordingly their fair values are categorized as Level 1. The fair value of jointly managed designated money trusts is measured based on the price provided by counterparty financial institutions, and is categorized as Level 2.

Derivatives

The fair value of forward exchange contracts is measured using fair value indicated by counterparty financial institutions, which is measured using observable valuation inputs such as exchange rates, and is therefore categorized as Level 2.

Bonds

The fair value of bonds issued by the Company is measured based on the present value of the total principal and interest, discounted at a rate that would be applied for a new similar issuance, and is categorized as Level 2.

Long-term loans payable

The fair value of long-term loans payable is measured based on the present value of the total principal and interest, discounted at a rate that would be applied for a new similar borrowing, and is categorized as Level 2.

Lease obligations

The fair value of lease obligations is measured based on the present value of the total principal and interest classified by a certain period of time, discounted at a rate that would be applied for a new similar lease transaction, and is categorized as Level 2.

Securities

1. Other securities

Previous fiscal year (As of November 30, 2022)

	Description	Balance sheet amount (millions of yen)	Acquisition cost (millions of yen)	Variance (millions of yen)
Securities whose balance sheet amount exceeds their acquisition cost	(1) Stocks	20,204	7,209	12,994
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	—	—	—
	Sub-total	20,204	7,209	12,994
Securities whose acquisition cost exceeds their balance sheet amount	(1) Stocks	71	79	(8)
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	10,000	10,000	—
	Sub-total	10,071	10,079	(8)
Total		30,275	17,289	12,986

(Note) With regard to the Company's shareholdings of unlisted stocks (¥2,088 million reported on the consolidated balance sheet), as these stocks, etc. do not have market prices, these stocks are not included in "Other securities" in the above table.

Current fiscal year (As of November 30, 2023)

	Description	Balance sheet amount (millions of yen)	Acquisition cost (millions of yen)	Variance (millions of yen)
Securities whose balance sheet amount exceeds their acquisition cost	(1) Stocks	23,456	6,884	16,571
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	—	—	—
	Sub-total	23,456	6,884	16,571
Securities whose acquisition cost exceeds their balance sheet amount	(1) Stocks	70	78	(7)
	(2) Bonds			
	(a) Government and local bonds	—	—	—
	(b) Corporate bonds	—	—	—
	(c) Other	—	—	—
	(3) Other	2,000	2,000	—
	Sub-total	2,070	2,078	(7)
Total		25,526	8,962	16,563

(Note) With regard to the Company's shareholdings of unlisted stocks (¥2,598 million reported on the consolidated balance sheet), as these stocks, etc. do not have market prices, these stocks are not included in "Other securities" in the above table.

2. Other securities sold during the fiscal year

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

Description	Aggregate sales amount (millions of yen)	Gains (millions of yen)	Losses (millions of yen)
(1) Stocks	422	256	0
(2) Bonds			
(a) Government and local bonds	—	—	—
(b) Corporate bonds	—	—	—
(c) Other	—	—	—
(3) Other	—	—	—
Total	422	256	0

Current fiscal year (From December 1, 2022 to November 30, 2023)

Description	Aggregate sales amount (millions of yen)	Gains (millions of yen)	Losses (millions of yen)
(1) Stocks	1,393	758	—
(2) Bonds			
(a) Government and local bonds	—	—	—
(b) Corporate bonds	—	—	—
(c) Other	—	—	—
(3) Other	—	—	—
Total	1,393	758	—

3. Securities for which impairment losses are recognized

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

Not applicable.

Current fiscal year (From December 1, 2022 to November 30, 2023)

Impairment losses of ¥234 million were recognized for securities (¥129 million for investments in capital of subsidiaries and associates, ¥99 million for shares of subsidiaries and associates, and ¥4 million for other securities).

In the recognition of impairment losses, total impairment is recognized when the fair value at the end of the fiscal year has fallen 50% or more of the acquisition cost. When the fair value has fallen between 30% and 50%, an impairment of the amount deemed necessary by taking into account recoverability etc. is recognized. In principle, impairment losses are recognized for stocks, etc. without market value, whose actual value at the end of the fiscal year has declined by 50% or more compared to the acquisition cost, except for cases in which recovery is deemed probable.

Financial Derivative Transactions

1. Financial derivative transactions to which the hedge accounting is not adopted

Currency derivatives

Previous fiscal year (As of November 30, 2022)

Classification	Transaction type	Contract amount		Fair value (millions of yen)	Gains or losses on valuation (millions of yen)
		Total (millions of yen)	Over one year (millions of yen)		
Transactions other than market transactions	Purchased forward exchange contracts— Euro	208	—	(0)	(0)

Current fiscal year (As of November 30, 2023)

Classification	Transaction type	Contract amount		Fair value (millions of yen)	Gains or losses on valuation (millions of yen)
		Total (millions of yen)	Over one year (millions of yen)		
Transactions other than market transactions	Purchased forward exchange contracts— Euro	232	—	(0)	(0)

2. Financial derivative transactions to which the hedge accounting is adopted

Currency derivatives

Previous fiscal year (As of November 30, 2022)

Hedge accounting method	Transaction type	Principle hedged item	Contract amount		Fair value (millions of yen)
			Total (millions of yen)	Over one year (millions of yen)	
Allocation method for forward exchange contracts, etc.	Purchased forward exchange contracts— U.S. dollar	Accounts payable – trade	669	—	(22)
	RMB		13	—	1
	Euro		1,443	—	16
Total			2,126	—	(4)

Current fiscal year (As of November 30, 2023)

Hedge accounting method	Transaction type	Principle hedged item	Contract amount		Fair value (millions of yen)
			Total (millions of yen)	Over one year (millions of yen)	
Allocation method for forward exchange contracts, etc.	Purchased forward exchange contracts— U.S. dollar	Accounts payable – trade	254	—	(3)
	Euro		734	—	(0)
	Total		988	—	(4)

Retirement Benefits

1. Summary of retirement benefit plans

In order to fund the retirement benefits to employees, the Company and some of its consolidated subsidiaries have funded and non-funded defined benefit plans, a retirement benefit advance payment system and a defined contribution plan.

In the defined benefit corporate pension plans (all of which are funded plans), payments are lump sums or pensions based on salaries and service periods, or lump sums or pensions through a point system.

In some of the defined benefit corporate pension plans, trusts to cover retirement benefit obligations have been established.

In the lump-sum retirement payment systems (all of which are non-funded plans), payments as retirement benefits are lump sums based on salaries and service periods, or lump sums through a point system.

In the defined benefit corporate pension plans and the lump-sum retirement payment systems at some consolidated subsidiaries, liabilities for retirement benefits and retirement benefit expenses are calculated by the simplified method.

2. Defined benefit plan

(1) Reconciliation between the balance at the beginning of the fiscal year and the balance at the end of the fiscal year of retirement benefit obligations

	Previous fiscal year (From December 1, 2021 to November 30, 2022)		Current fiscal year (From December 1, 2022 to November 30, 2023)	
Balance of retirement benefit obligations at the beginning of the fiscal year	¥	67,680 million	¥	63,033 million
Service costs	¥	2,966 million	¥	2,751 million
Interest costs	¥	292 million	¥	628 million
Actuarial gains or losses incurred	¥	(4,926) million	¥	(2,611) million
Retirement benefits paid	¥	(2,991) million	¥	(3,911) million
Other	¥	11 million	¥	14 million
Balance of retirement benefit obligations at the end of the fiscal year	¥	63,033 million	¥	59,904 million

(Note) Retirement benefit expenses of the consolidated subsidiaries that apply the simplified method are included in "Service costs".

(2) Reconciliation between the balance at the beginning of the fiscal year and the balance at the end of the fiscal year of pension plan assets

	Previous fiscal year (From December 1, 2021 to November 30, 2022)		Current fiscal year (From December 1, 2022 to November 30, 2023)	
Balance of pension plan assets at the beginning of the fiscal year	¥	76,058 million	¥	78,849 million
Expected return on pension plan assets	¥	1,863 million	¥	1,869 million
Actuarial gains or losses incurred	¥	1,700 million	¥	3,712 million
Contributions by the employer	¥	2,095 million	¥	2,062 million
Retirement benefits paid	¥	(2,798) million	¥	(3,026) million
Other	¥	(68) million	¥	(39) million
Balance of pension plan assets at the end of the fiscal year	¥	78,849 million	¥	83,427 million

- (3) Reconciliation between the balances of retirement benefit obligations and pension plan assets at the end of the fiscal year, and liabilities for retirement benefits and assets for retirement benefits recognized in the consolidated balance sheet

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Retirement benefit obligations for funded plans	¥ 60,619 million	¥ 57,965 million
Pension plan assets	¥ (78,849) million	¥ (83,427) million
	¥ (18,230) million	¥ (25,462) million
Retirement benefit obligations for non-funded plans	¥ 2,413 million	¥ 1,939 million
Net amount of liabilities (assets) recognized on the consolidated balance sheet	¥ (15,816) million	¥ (23,523) million
Liabilities for retirement benefits	¥ 2,840 million	¥ 2,107 million
Assets for retirement benefits	¥ (18,656) million	¥ (25,630) million
Net amount of liabilities (assets) recognized on the consolidated balance sheet	¥ (15,816) million	¥ (23,523) million

- (4) Amounts of retirement benefit expenses and their components

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Service costs	¥ 2,966 million	¥ 2,751 million
Interest costs	¥ 292 million	¥ 628 million
Expected return on pension plan assets	¥ (1,863) million	¥ (1,869) million
Amortization of actuarial gains or losses	¥ 440 million	¥ (180) million
Amortization of prior service costs	¥ 101 million	¥ 30 million
Retirement benefit expenses for defined benefit plans	¥ 1,937 million	¥ 1,360 million

(Note) Retirement benefit expenses of the consolidated subsidiaries that apply the simplified method are included in "Service costs".

- (5) Adjustments for retirement benefits

The components of the items recorded in adjustments for retirement benefits (before tax effect) are as follows:

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Prior service costs	¥ (101) million	¥ (30) million
Actuarial gains or losses	¥ (7,067) million	¥ (6,143) million
Total	¥ (7,168) million	¥ (6,173) million

- (6) Accumulated adjustments for retirement benefits

The components of the items recorded in accumulated adjustments for retirement benefits (before tax effect) are as follows:

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Unrecognized prior service costs	¥ 155 million	¥ 125 million
Unrecognized actuarial gains or losses	¥ (2,166) million	¥ (8,310) million
Total	¥ (2,011) million	¥ (8,184) million

(7) Pension plan assets

a) Main components of pension plan assets

The ratio of main categories to total pension plan assets is as follows:

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Bonds	24%	23%
Stocks	37%	40%
Insurance assets (general account)	4%	4%
Cash and deposits	14%	10%
Other	21%	23%
Total	100%	100%

(Note) Total pension plan assets include retirement benefit trusts established for corporate pension plans of 18% for the previous fiscal year and 20% for the current fiscal year.

b) Method to determine long-term expected rate of return

The long-term expected rate of return on pension plan assets is determined in consideration of the present and expected pension plan asset allocation and the present and long-term expected rate of return on the various assets that comprise the pension plan assets.

(8) Actuarial assumptions

Major actuarial assumptions

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Discount rate	0.5% to 1.1%	1.4% to 1.5%
Long-term expected rate of return on pension plan assets	1.5% to 3.0%	1.5% to 3.0%

Expected rates of salary increase are based on an index of salary increase by age, primarily calculated using the base date of May 31, 2020.

3. Defined contribution plans and retirement benefit advance payment systems

At the Company and its consolidated subsidiaries, the required contribution amount to the defined contribution plans is ¥839 million for the previous fiscal year and ¥902 million for the current fiscal year, and the amount paid under the retirement benefit advance payment systems is ¥82 million for the previous fiscal year and ¥90 million for the current fiscal year.

Stock Options, Etc.

1. Of the transactions that grant shares as compensation for directors, etc., description, scale, and movement of advance grant-type restricted stock

The Company

Not applicable.

Consolidated subsidiary (Aohata Corporation)

(1) Description of advance grant-type restricted stock

	2022 advance grant-type restricted stock	2023 advance grant-type restricted stock
Title and number of grantees	Four directors of Aohata Corporation	Four directors of Aohata Corporation
Number of shares granted by class of stock	Common stock 3,342 shares	Common stock 3,209 shares
Grant date	March 18, 2022	March 30, 2023
Vesting conditions	To continuously hold the position of director of Aohata Corporation or other positions determined by the Board of Directors of Aohata Corporation from the grant date (March 18, 2022) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ended November 30, 2022).	To continuously hold the position of director of Aohata Corporation or other positions determined by the Board of Directors of Aohata Corporation from the grant date (March 30, 2023) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ended November 30, 2023).
Requisite service period	From the grant date (March 18, 2022) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ended November 30, 2022).	From the grant date (March 30, 2022) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ended November 30, 2023).

	2022 advance grant-type restricted stock	2023 advance grant-type restricted stock
Title and number of grantees	Four directors of Aohata Corporation	One director of Aohata Corporation
Number of shares granted by class of stock	Common stock 6,683 shares	Common stock 823 shares
Grant date	March 18, 2022	March 30, 2023
Vesting conditions	To continuously hold the position of director of Aohata Corporation or other positions determined by the Board of Directors of Aohata Corporation from the grant date (March 18, 2022) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ending November 30, 2024), and to exceed certain performance targets set by the Board of Directors of Aohata Corporation.	To continuously hold the position of director of Aohata Corporation or other positions determined by the Board of Directors of Aohata Corporation from the grant date (March 30, 2023) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ending November 30, 2025), and to exceed certain performance targets set by the Board of Directors of Aohata Corporation.
Requisite service period	From the grant date (March 18, 2022) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ending November 30, 2024).	From the grant date (March 30, 2023) to the vesting date (the close of the ordinary general meeting of shareholders of Aohata Corporation for the fiscal year ending November 30, 2025).

(2) Scale and movement of advance grant-type restricted stock

a) Amounts and accounts of expenses

(Millions of yen)

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Selling, general and administrative expenses, and compensation for directors	9	13

b) Number of shares

The figures are for the advance grant-type restricted stock with outstanding unvested shares during the previous fiscal year (ended November 30, 2022) and the current fiscal year (ended November 30, 2023).

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

	2022 advance grant-type restricted stock
Balance at end of previous fiscal year (shares)	—
Granted (shares)	10,025
Forfeited (shares)	—
Vested (shares)	—
Unvested (shares)	10,025

Current fiscal year (From December 1, 2022 to November 30, 2023)

	2022 advance grant-type restricted stock	2023 advance grant-type restricted stock
Balance at end of previous fiscal year (shares)	10,025	—
Granted (shares)	—	4,032
Forfeited (shares)	1,285	—
Vested (shares)	3,342	—
Unvested (shares)	5,398	4,032

c) Price information

	2022 advance grant-type restricted stock	2023 advance grant-type restricted stock
Fair value on grant date (yen)	2,334	2,439

2. Method of estimating fair value on grant date

In order to eliminate arbitrariness, the fair value is the closing price of the Aohata Corporation's common stock on the Tokyo Stock Exchange on the grant date.

3. Method of estimating the number of shares to be vested

Since it is difficult to reasonably estimate the number of advance grant-type restricted stock to be forfeited in the future, the Company adopts a method that reflects only the actual number of shares forfeited.

Tax Effect Accounting

1. The principal details of deferred tax assets and liabilities are as follows:

	Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Deferred tax assets		
Unrealized gains	¥ 1,637 million	¥ 1,690 million
Refund obligation	¥ 570 million	¥ 639 million
Reserves for bonuses	¥ 221 million	¥ 215 million
Accrued enterprise taxes	¥ 175 million	¥ 176 million
Liabilities for retirement benefits	¥ 1,834 million	¥ 1,858 million
Established amount for trust to cover retirement benefit obligations	¥ 1,084 million	¥ 1,084 million
Losses on valuation of golf course memberships	¥ 116 million	¥ 96 million
Tax loss carryforwards	¥ 1,913 million	¥ 2,256 million
Depreciation	¥ 824 million	¥ 764 million
Impairment losses	¥ 1,379 million	¥ 1,239 million
Other	¥ 1,948 million	¥ 1,761 million
Sub-total deferred tax assets	¥ 11,706 million	¥ 11,785 million
Valuation allowance	¥ (3,896) million	¥ (3,822) million
Total deferred tax assets	¥ 7,810 million	¥ 7,963 million
Deferred tax liabilities		
Assets for retirement benefits	¥ (6,052) million	¥ (8,348) million
Differences on valuation of fixed assets	¥ (379) million	¥ (379) million
Reserves for reduction entry of property by purchase	¥ (1,088) million	¥ (1,069) million
Unrealized holding gains on securities	¥ (3,844) million	¥ (4,934) million
Other	¥ (3,253) million	¥ (3,690) million
Total deferred tax liabilities	¥ (14,618) million	¥ (18,422) million
Net deferred tax assets (liabilities)	¥ (6,808) million	¥ (10,458) million

2. The reconciliation between the statutory tax rate and effective tax rate

For both the previous and current fiscal years, the note is omitted since the difference between the statutory tax rate and effective tax rate is 5% or less of the statutory tax rate.

Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheets

1. Summary of relevant asset retirement obligations

The obligation to restore, etc. based on real estate lease contracts for factories, warehouses, etc.

2. Method for calculating the amount of relevant asset retirement obligations

The amount of asset retirement obligations is calculated by estimating the period of use as six to forty years following acquisition, and then using a discount rate of 1.49% to 5.75%.

3. Changes in amounts of relevant asset retirement obligations

	Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Balance at the beginning of the fiscal year	¥ 221 million	¥ 267 million
Increase due to purchases of tangible fixed assets	¥ — million	¥ 4 million
Adjustments to interest	¥ 3 million	¥ 3 million
Increase due to changes in the accounting estimates	¥ 42 million	¥ — million
Balance at the end of the fiscal year	¥ 267 million	¥ 275 million

Revenue Recognition

1. The information on disaggregation of revenue arising from contracts with customers

The information on disaggregation of revenue arising from contracts with customers is as stated in Note "Segment Information".

2. Information as a basis for understanding revenue arising from contracts with customers

Information as a basis for understanding revenue arising from contracts with customers is as stated in Note "Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements: 4. Accounting policies: (4) Accounting standards for significant revenues and expenses".

3. Information on the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from these contracts, and the amount and timing of revenue expected to be recognized in subsequent fiscal years from contracts with customers that exist at the end of the current fiscal year

(1) Balances of receivables arising from contracts with customers and contract liabilities

The ending balance of receivables arising from contracts with customers is as stated in "Notes on Consolidated Balance Sheets: *1 Notes receivable – trade and accounts receivable – trade include receivables arising from contracts with customers as follows". In addition, the ending balance of contract liabilities arising from contracts with customers is as stated in "Notes on Consolidated Balance Sheets: *5 Other liabilities includes contract liabilities as follows". The amount of revenue recognized in the previous fiscal year that was included in the contract liabilities balance at the beginning of the fiscal year was ¥236 million, and the amount of revenue recognized in the current fiscal year that was included in the contract liabilities balance at the beginning of the fiscal year was ¥451 million.

(2) Transaction price allocated to the remaining performance obligations

Applying the practical expedients, the Group has omitted the statement of information on remaining performance obligations because there is no significant transaction within the Group with a predicted term of contract exceeding one (1) year. Considerations arising from contracts with customers contain no significant amount that is not included in transaction prices.

Segment Information

Segment Information

1. Outline of reporting segments

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

The following is the overview of each segment:

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

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

Accounting treatment applied to the reporting segments is generally the same with what is described in "Significant Matters Forming the Basis for the Preparation of Consolidated Financial Statements".

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

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

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

(Millions of yen)

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

(Notes) 1. Adjustments are as follows:

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

Current fiscal year (From December 1, 2022 to November 30, 2023)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business	Total	Adjustments (Note 1)	Consolidated (Note 2)
Net sales									
Revenue arising from contracts with customers	177,395	165,336	78,277	16,953	11,170	5,953	455,086	—	455,086
Other revenue	—	—	—	—	—	—	—	—	—
Net sales to external customers	177,395	165,336	78,277	16,953	11,170	5,953	455,086	—	455,086
Intersegment net sales or transfers	887	4,708	1,297	294	381	11,374	18,944	(18,944)	—
Total	178,282	170,045	79,574	17,247	11,551	17,328	474,030	(18,944)	455,086
Segment profit	9,939	4,135	10,308	320	1,040	1,209	26,954	(7,259)	19,694
Segment assets	103,384	127,231	74,072	17,637	8,972	45,360	376,659	49,346	426,006
Others									
Depreciation and amortization	4,976	6,449	2,864	895	495	911	16,592	342	16,935
Investment in affiliates accounted for by equity method	1,898	—	—	—	—	20,229	22,127	—	22,127
Increase in tangible and intangible fixed assets	4,471	6,400	5,339	278	289	398	17,176	670	17,846

(Notes) 1. Adjustments are as follows:

- (i) "Adjustments" of ¥(7,259) 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 the reporting segments.
 - (ii) "Adjustments" of ¥49,346 million in "Segment assets" mainly includes company-wide assets of ¥53,321 million and elimination of intersegment receivables and payables of ¥(2,407) million. Major items in company-wide assets are surplus operating funds of the Company (cash and deposits and securities) and long-term investment funds (investment securities).
 - (iii) "Adjustments" of ¥342 million in "Depreciation and amortization" is mainly related to company-wide assets unallocated to the reporting segments.
 - (iv) "Adjustments" of ¥670 million in "Increase in tangible and intangible fixed assets" mainly represents the investments in the Kewpie Group core systems before allocation to the reporting segments.
2. Adjustments are made between "Segment profit" and "Operating income" reported in the consolidated statements of income.
 3. "Depreciation and amortization" and "Increase in tangible and intangible fixed assets" include "Long-term prepaid expenses".

Related Information

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

1. Information by product and service

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

2. Information by region

(1) Net sales

(Millions of yen)

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

(2) Tangible fixed assets

(Millions of yen)

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

3. Information by major customers

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

Current fiscal year (From December 1, 2022 to November 30, 2023)

1. Information by product and service

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

2. Information by region

(1) Net sales

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
376,808	31,553	21,262	18,046	7,414	455,086

(2) Tangible fixed assets

(Millions of yen)

Japan	China	Southeast Asia	North America	Other	Total
125,006	9,906	5,664	4,610	1,011	146,199

3. Information by major customers

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

Information on Impairment Losses on Fixed Assets by Reporting Segment

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

(Millions of yen)

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

Current fiscal year (From December 1, 2022 to November 30, 2023)

(Millions of yen)

	Retail Market	Food Service	Overseas	Fruit Solutions	Fine Chemicals	Common Business	Total	Adjustments	Total
Impairment losses	210	1,083	81	—	—	109	1,484	—	1,484

Information on Amortization of Goodwill and Unamortized Balance by Reporting Segment

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

(Millions of yen)

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

Current fiscal year (From December 1, 2022 to November 30, 2023)

(Millions of yen)

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

Information on Gains on Negative Goodwill by Reporting Segment

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

Not applicable.

Current fiscal year (From December 1, 2022 to November 30, 2023)

Not applicable.

Related Party Transactions

Related party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

Officers and principal individual shareholders of the company filing the consolidated financial statements, etc.

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

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	NAKASHIMATO CO., LTD. (Note 2)	Shibuya-ku, Tokyo	50	Sale of various processed foods	Direct: 8.7% Direct: 8.7% Indirect: 8.0%	Purchase of products, sale of goods and products and payment of brand use fees Interlocking officers	Purchase of products	383	Notes and accounts payable – trade	76
							Sale of goods and products	30	Notes and accounts receivable – trade	5
							Payment of brand use fees	400	Current assets (Other)	29
							Purchase of promotional items	21	Accounts payable – other	47
							Purchase of supplies	12		
							Lease of property	15		
							Receipt of dividends	11		
							Purchase of tangible fixed assets (Note 5)	35		
							Sales of shares (Note 6)	1,498		
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	TOHKA CO., LTD. (Note 3)	Shibuya-ku, Tokyo	100	Business of renting property / Leasing business	Direct: 8.0%	Rent of the office, etc. and purchase of lease assets Interlocking officers	Rent of property	1,054	Investments and other assets (Other)	946
									Accounts payable – other	8
									Current liabilities (Other)	20
									Lease obligations (fixed)	26
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	nakato co., ltd (Note 3)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	Sale of goods and products	Sale of goods and products	32	Notes and accounts receivable – trade	18

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	To Solutions Co., Ltd. (Note 4)	Chofu-shi, Tokyo	90	Plan, development, sale, maintenance and operations support of computer systems	Direct: 20.0%	Outsourcing of computing work Interlocking officers	Payment of IT-related expense	3,183	Accounts payable – other	1,589
							Purchase of software	7,205		
							Lease of property	63	Current assets (Other)	27

- (Notes)
- In principle, the terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.
 - Amane Nakashima, Chairman of the Company, and his close relatives and a company in which they own a majority of voting rights directly own 85.6% of the voting rights of the company.
 - The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the company.
 - The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the company.
 - The terms of transactions are determined through joint discussion of the relevant parties.
 - The sales amount of shares is determined by basing it on the valuation of the shares conducted by an independent third-party valuation specialist.

Current fiscal year (From December 1, 2022 to November 30, 2023)

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	NAKASHIMATO CO., LTD. (Note 2)	Shibuya-ku, Tokyo	50	Sale of various processed foods	Direct: 5.0% Direct: 8.1% Indirect: 8.0%	Purchase of products, sale of goods and products and payment of brand use fees Interlocking officers	Purchase of products	427	Notes and accounts payable – trade	55
							Sale of goods and products	44	Notes and accounts receivable – trade	8
							Payment of brand use fees	400	Current assets (Other)	28
							Purchase of promotional items	18	Accounts payable – other	56
							Purchase of supplies	15		
							Lease of property	13		
							Receipt of dividends	9		
							Sales of shares (Note 5)	3,440		
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	TOHKA CO., LTD. (Note 3)	Shibuya-ku, Tokyo	100	Business of renting property / Leasing business	Direct: 8.0%	Rent of the office, etc. and purchase of lease assets Interlocking officers	Rent of property	983	Investments and other assets (Other)	946
									Current assets (Other)	73
									Accounts payable – other	7
									Current liabilities (Other)	12
		Non-current liabilities (Other)	17							
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	nakato co., ltd (Note 3)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	Sale of goods and products	Sale of goods and products	32	Notes and accounts receivable – trade	19
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	To Solutions Co., Ltd. (Note 4)	Chofu-shi, Tokyo	90	Plan, development, sale, maintenance and operations support of computer systems	Direct: 20.0%	Outsourcing of computing work Interlocking officers	Payment of IT-related expense	3,800	Current assets (Other)	123
							Purchase of software	1,501	Accounts payable – other	691
							Lease of property	53	Current liabilities (Other)	40
							Purchase of lease assets	56	Non-current liabilities (Other)	69

(Notes) 1. In principle, the terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.

2. Amane Nakashima, Chairman of the Company, and his close relatives and a company in which they own a majority of voting rights directly own 89.1% of the voting rights of the company.
3. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the company.
4. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the company.
5. The sales amount of shares is determined by basing it on the valuation of the shares conducted by an independent third-party valuation specialist.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

Officers and principal individual shareholders of the company filing the consolidated financial statements, etc.

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

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	NAKASHIMATO CO., LTD. (Note 2)	Shibuya-ku, Tokyo	50	Sale of various processed foods	Direct: 8.7% Indirect: 8.0%	Purchase of products and sale of goods and products Interlocking officers	Purchase of products	647	Notes and accounts payable – trade	88
							Sale of goods and products	69	Notes and accounts receivable – trade	8
							Rent of property	15	Current assets (Other)	19
									Accounts payable – other	11
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	TOHKA CO., LTD. (Note 3)	Shibuya-ku, Tokyo	100	Business of renting property / Leasing business	Direct: 8.0%	Rent of the office, etc. and purchase of lease assets Interlocking officers	Rent of property	175	Investments and other assets (Other)	91
							Interest paid	14	Accounts payable – other	0
									Current liabilities (Other)	113
								Lease obligations (fixed)	691	
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	nakato co., ltd (Note 3)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	Sale of goods and products and purchase of products	Sale of goods and products	251	Notes and accounts receivable – trade	49
							Purchase of products	43	Notes and accounts payable – trade	3
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	To Solutions Co., Ltd. (Note 4)	Chofu-shi, Tokyo	90	Plan, development, sale, maintenance and operations support of computer systems	Direct: 20.0%	Outsourcing of computing work Interlocking officers	Payment of IT-related expense	1,311	Accounts payable – other	160
							Purchase of software	60	Current liabilities (Other)	5
							Purchase of lease assets	20	Lease obligations (fixed)	13

(Notes) 1. In principle, the terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.

2. Amane Nakashima, Chairman of the Company, and his close relatives and a company in which they own a majority of voting rights directly own 85.6% of the voting rights of the company.

3. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the company.

4. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the company.

Current fiscal year (From December 1, 2022 to November 30, 2023)

Category	Corporate / individual name	Address	Paid-in capital/ equity investment (millions of yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Business relationship	Transaction	Transaction amount (millions of yen)	Account	Ending balance (millions of yen)
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	NAKASHIMATO CO., LTD. (Note 2)	Shibuya-ku, Tokyo	50	Sale of various processed foods	Direct: 5.0% Direct: 8.1% Indirect: 8.0%	Purchase of products and sale of goods and products Interlocking officers	Purchase of products	436	Notes and accounts payable – trade	55
							Sale of goods and products	42	Notes and accounts receivable – trade	7
							Rent of property	15	Current assets (Other)	33
								Accounts payable – other	6	
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	TOHKA CO., LTD. (Note 3)	Shibuya-ku, Tokyo	100	Business of renting property / Leasing business	Direct: 8.0%	Rent of the office, etc. and purchase of lease assets Interlocking officers	Rent of property	161	Investments and other assets (Other)	91
							Interest paid	13	Accounts payable – other	0
							Purchase of lease assets	22	Current liabilities (Other)	108
								Non-current liabilities (Other)	606	
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	nakato co., ltd (Note 3)	Minato-ku, Tokyo	10	Wholesale of liquors and foods	None	Sale of goods and products and purchase of products	Sale of goods and products	221	Notes and accounts receivable – trade	30
							Purchase of products	41	Notes and accounts payable – trade	2
Company whose officer(s) and his/her close relative(s) own a majority of the voting rights (including the subsidiary of the company)	To Solutions Co., Ltd. (Note 4)	Chofu-shi, Tokyo	90	Plan, development, sale, maintenance and operations support of computer systems	Direct: 20.0%	Outsourcing of computing work Interlocking officers	Payment of IT-related expense	1,377	Accounts payable – other	178
							Purchase of software	90	Current liabilities (Other)	10
								Non-current liabilities (Other)	7	

- (Notes) 1. In principle, the terms of all transactions are determined individually upon consultation by reference to market prices, etc., as with other transactions in general.
2. Amane Nakashima, Chairman of the Company, and his close relatives and a company in which they own a majority of voting rights directly own 89.1% of the voting rights of the company.
3. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 100.0% of the voting rights of the company.
4. The company in which Amane Nakashima, Chairman of the Company, and his close relatives own a majority of voting rights directly owns 80.0% of the voting rights of the company.

Per Share Information

		Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Net assets per share	(yen)	1,925.54	2,027.90
Earnings per share	(yen)	115.34	94.78

(Notes) 1. "Earnings per share – diluted" is not presented because of no issue of potential shares.

2. Calculation basis of net assets per share is as follows.

		Previous fiscal year (As of November 30, 2022)	Current fiscal year (As of November 30, 2023)
Total net assets	(millions of yen)	294,623	311,303
Amount subtracted from total net assets	(millions of yen)	26,965	29,419
[Non-controlling interests]	(millions of yen)	[26,965]	[29,419]
Net assets attributable to common stock at the end of the fiscal year	(millions of yen)	267,657	281,884
Number of shares of common stock at the end of the fiscal year	(thousand shares)	139,004	139,003

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

		Previous fiscal year (From December 1, 2021 to November 30, 2022)	Current fiscal year (From December 1, 2022 to November 30, 2023)
Profit attributable to owners of parent	(millions of yen)	16,033	13,174
Amounts not attributable to common shareholders	(millions of yen)	—	—
Profit attributable to owners of parent attributable to common stock	(millions of yen)	16,033	13,174
Weighted average number of shares of common stock	(thousand shares)	139,004	139,003

(Significant subsequent events)

Acquisition of significant assets and termination of significant agreements

At the Board of Directors meeting held on October 26, 2023, the Company resolved to acquire the trademark rights for the "Salad Club" and other brands owned by NAKASHIMATO CO., LTD., and acquired the assets on December 1, 2023.

1. Reasons for the acquisition

The Company has decided that owning all of the brands used by the Group, it is able to pursue brand strategies that respond to diversifying customer needs and changing preferences, thereby leading to enhancing market competitiveness.

2. Name of the counterparty to the acquisition agreement

NAKASHIMATO CO., LTD.

3. Type of assets to be acquired

Trademark rights including "Salad Club", "Snowman", and "Hoshienu" brands

4. Content of the agreement

Agreement for the acquisition of the assets, and agreements for termination of license and sublicense related to the assets

5. Date of the acquisition and termination of the agreements

December 1, 2023

6. Acquisition price

¥3,800 million

7. Significant impact of the conclusion and termination of agreements on operating activities and others

As stated in "1. Reasons for the acquisition", the Company believes that owning all of the brands used by the Group, it is able to pursue brand strategies that respond to diversifying customer needs and changing preferences, thereby leading to enhancing market competitiveness.

(e) Consolidated Supplementary Statements

1. Description of bonds

Corporate name	Issue	Issue date	Beginning balance (millions of yen)	Ending balance (millions of yen)	Interest rate per annum (%)	Pledged	Maturity date
The Company	The 3rd Unsecured Bonds	February 15, 2019	10,000	10,000	0.230	None	February 13, 2026
Total	—	—	10,000	10,000	—	—	—

(Note) The aggregate amount that will be redeemed in annual maturities after the fiscal year end of the Company's consolidated financial statements is as follows:

Within one year (millions of yen)	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
—	—	10,000	—	—	—

2. Description of bank loans etc.

Item	Beginning balance (millions of yen)	Ending balance (millions of yen)	Average interest rate per annum (%)	Repayment date
Short-term loans payable	2,773	1,914	7.355	—
Current portion of long-term loans payable	285	15,285	0.271	—
Current portion of lease obligations	575	758	3.313	—
Long-term loans payable	16,070	784	0.290	From December 2024 to May 2026
Long-term lease obligations	3,337	3,807	2.371	From December 2024 to November 2050
Other interest-bearing debt	—	—	—	—
Total	23,042	22,550	—	—

(Notes) 1. Average interest rates are calculated by using interest rates and balance of loans payable at the end of the current fiscal year.

2. The annual aggregate amount of long-term loans payable and lease obligations repaid after the fiscal year end of the Company's consolidated financial statements is as follows:

	Over one year to two years (millions of yen)	Over two years to three years (millions of yen)	Over three years to four years (millions of yen)	Over four years to five years (millions of yen)	Over five years (millions of yen)
Long-term loans payable	284	500	—	—	—
Lease obligations	617	534	462	328	1,864

3. Description of asset retirement obligations

The amounts of asset retirement obligations at the beginning and the end of the current fiscal year are omitted pursuant to the provisions of Article 92-2 of the Regulation on Consolidated Financial Statements, since they are at or below one percent of the total amounts of liabilities and net assets at the beginning and the end of the current fiscal year, respectively.

(2) Other

Quarterly information for the current fiscal year

(Cumulative period)	Three months	Six months	Nine months	Fiscal year
Net sales (millions of yen)	107,674	220,382	335,897	455,086
Profit before income taxes (millions of yen)	1,851	7,652	16,952	22,075
Profit attributable to owners of parent (millions of yen)	1,267	4,797	11,081	13,174
Earnings per share (yen)	9.12	34.51	79.72	94.78

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings per share (yen)	9.12	25.40	45.21	15.06

"Translation"

Independent Auditors' Audit Report and Internal Control Audit Report

February 28, 2024

The Board of Directors
KEWPIE KABUSHIKI-KAISHA
(Kewpie Corporation)

Ernst & Young ShinNihon LLC
Tokyo Office, Japan

Designated and Engagement Partner	Masayuki Aida
	Certified Public Accountant

Designated and Engagement Partner	Junichiro Tsuruta
	Certified Public Accountant

Designated and Engagement Partner	Miyuki Nakamura
	Certified Public Accountant

<Audit of financial statements>

Opinion

Pursuant to Paragraph 1 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we have audited the consolidated financial statements of KEWPIE KABUSHIKI-KAISHA presented in "Financial Information" from December 1, 2022 to November 30, 2023, namely, the consolidated balance sheet, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in net assets, the consolidated statements of cash flows, the significant matters forming the basis for the preparation of consolidated financial statements, other notes and the consolidated supplementary statements, all expressed in yen.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of KEWPIE KABUSHIKI-KAISHA and its consolidated subsidiaries as at November 30, 2023, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Related party transactions for sales of shares	
Description of the Key Audit Matter	Auditor's Response
<p>As described in the Note (Related Party Transactions), on August 31, 2023, the Company sold shares of NAKASHIMATO CO., LTD., which is a related party (a company whose officer and his close relatives own a majority of the voting rights), to NAKASHIMATO CO., LTD. at ¥3,440 million and recorded a ¥2,968 million gain on sales of shares of subsidiaries and associates.</p> <p>In selling these shares, the Company determined the transaction price based on the valuation of the shares conducted by a third-party valuation specialist.</p> <p>Since the sale of the shares is a significant transaction with a related party that is outside of the Company's ordinary course of business, it involves difficulties to determine whether the terms of the transaction were at arm's length, and there is a potential risk of arbitrary decisions intervening, which may affect the financial position and operating results of the Company.</p> <p>Accordingly, we determined evaluating the business rationale and the transaction price of the sale of the shares to be a key audit matter.</p>	<p>The audit procedures we performed to evaluate the business rationale and the transaction price of the sale of the shares to NAKASHIMATO CO., LTD. include the following, among others:</p> <ul style="list-style-type: none"> - In order to evaluate the business rationale of selling the shares to the related party, we inquired management of the purpose of the transaction, gained an understanding of the terms of the transaction by inspecting the agreement and reviewed the minutes of the Board of Directors meeting. - We reviewed the minutes of the Board of Directors meeting to understand how the transaction price was determined. - In order to evaluate the transaction price, with the involvement of our valuation specialists of our network of firm, we reviewed the valuation report of the shares, and evaluated competence, capabilities and objectivity of the third-party valuation specialist used by management. In addition, we evaluated the valuation of the shares reported in the valuation report by gaining an understanding of the valuation methodology and the process applied by the valuation specialist used by the management. We also evaluated the process to determine the transaction price based on the valuation of the shares.

Other Information

The other information comprises the information included in the Annual Securities Report but does not include the consolidated financial statements, non-consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The corporate auditor and the Audit & Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, Corporate Auditors and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating of such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

Corporate auditors and the Audit & Supervisory Board are responsible for overseeing the directors' performance of duties within the designing and operating of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider, in making those risk assessments, internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates and related notes by management.
- Conclude on the appropriateness of management's use of the going concern basis for preparing the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and the notes thereto are in accordance with accounting principles generally accepted in Japan, as well as evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly represent the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the Audit & Supervisory Board regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit, and other matters required by auditing standards.

We also provide corporate auditors and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

From the matters communicated with corporate auditors and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current fiscal year and therefore the key audit matters. We describe these matters in our audit report unless laws or regulation preclude public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of internal control>

Opinion

Pursuant to Paragraph 2 of Article 193-2 of the Financial Instruments and Exchange Law of Japan, we also have audited the accompanying Management's Report on Internal Control over Financial Reporting for the consolidated financial statements as at November 30, 2023 of KEWPIE KABUSHIKI-KAISHA and its consolidated subsidiaries (the "Company") (the "Management's Report").

In our opinion, the Management's Report referred to above, which represents that internal control over financial reporting of the consolidated financial statements as at November 30, 2023 is effective, presents fairly, in all material respects, the result of the management's assessment on internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Audit Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities for internal control over financial reporting under those standards are further described in the "Auditor's Responsibilities for the Audit of the Internal Control" section. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management, Corporate Auditors and the Audit & Supervisory Board for the Management's Report

Management is responsible for designing and operating internal control over financial reporting, and the preparation and fair presentation of the Management's Report in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Corporate auditors and the Audit & Supervisory Board are responsible for monitoring and verifying the design and operation status of internal control over financial reporting.

Internal control over financial reporting may not completely prevent or detect misstatements.

Auditor's Responsibilities for the Audit of the Internal Control

Our responsibilities are to obtain reasonable assurance about whether the Management's Report is free from material misstatement and to issue an internal control audit report that includes our opinions on the Management's Report based on our internal control audit from an independent point of view.

In accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in the Management's Report. The procedures selected depend on the auditor's judgment, including the significance of effects on the reliability of financial reporting.
- Evaluate disclosures on scope, procedures and conclusions of management's assessment of internal control over financial reporting, as well as evaluate the overall presentation of the Management's Report.
- Obtain sufficient and appropriate audit evidence about the results of the assessment of internal control over financial reporting in the Management's Report. We are responsible for the direction, supervision and performance of the audit of the Management's Report. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the Audit & Supervisory Board regarding the planned scope and timing of the internal control audit, the results of the internal control audit, any significant deficiencies identified in internal control to be disclosed, the results of corrective actions against the deficiencies, and other matters required by auditing standards for internal control.

We also provide corporate auditors and the Audit & Supervisory Board with a statement that we have complied with the ethical requirements in Japan regarding independence that are relevant to our audit of the internal control, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Conflicts of Interest

We have no interest in the Company and its consolidated subsidiaries which should be disclosed in compliance with the Certified Public Accountants Act.

* The above Independent Auditors' Audit Report and Internal Control Audit Report are translations of the original reports, which are based on Paragraph 1 and Paragraph 2, respectively, of Article 193-2 of the Financial Instruments and Exchange Law of Japan.

VI. Stock Information of Reporting Company

Fiscal year	From December 1 to November 30														
The Ordinary General Meeting of Shareholders	Held in February														
Record date	November 30														
Dividend record dates	May 31, November 30														
Shares per trading unit	100 shares														
Purchase of shares less than one unit:															
Handling office	(Special account) Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo														
Agent	(Special account) Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Business Planning Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo														
Shareholders' contacts	—														
Stock transfer fee	(Note 1)														
Newspaper for announcements	The Company shall publish its public notices by electronic means. However, if it is impossible to post electronic public notices because of an accident or other unavoidable circumstances, the public notices shall be made by publication in the Nikkei. URL for public notice: https://www.kewpie.com/company/														
Shareholder privileges	<p>The Company provides a gift around early March to those shareholders who are recorded in the shareholder registry as of November 30, and who have held at least one trading unit (100 shares) of the Company's shares in accordance with the gift criteria presented below.</p> <table border="1"> <thead> <tr> <th>Number of shares held</th> <th>Continued holding period</th> <th>Details of benefits</th> </tr> </thead> <tbody> <tr> <td rowspan="2">100 shares to 499 shares</td> <td>Six months or more</td> <td>Group products valued at ¥1,000</td> </tr> <tr> <td>Three years or more</td> <td>Group products valued at ¥1,500</td> </tr> <tr> <td rowspan="2">500 shares or more</td> <td>Six months or more</td> <td>Group products valued at ¥3,000</td> </tr> <tr> <td>Three years or more</td> <td>Group products valued at ¥5,000</td> </tr> </tbody> </table> <p>* A shareholder who has kept holding the Company's shares for six months or more is defined as a shareholder who has been registered in the shareholder registry as of May 31 and November 30 under the same shareholder number on two or more consecutive occasions. A shareholder who has kept holding the Company's shares for three years or more is defined as a shareholder who has been registered in the shareholder registry as of May 31 and November 30 under the same shareholder number on seven or more consecutive occasions.</p>		Number of shares held	Continued holding period	Details of benefits	100 shares to 499 shares	Six months or more	Group products valued at ¥1,000	Three years or more	Group products valued at ¥1,500	500 shares or more	Six months or more	Group products valued at ¥3,000	Three years or more	Group products valued at ¥5,000
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	Three years or more	Group products valued at ¥5,000													

(Notes) 1. The calculating method below shall be used to determine fees for purchase of shares less than one unit on the basis of the method below, in which total purchase fees per trading unit are divided by the total number of shares purchased and multiplied by the number of shares held by the shareholder.

(Calculation Method) Purchase prices per share, determined by the final TSE market price, are multiplied by the number of shares per trading unit, and the sum total amount derived therefrom is applied, as in the following table, to find the percentage fee charged.

Total amount	Percentage fee
¥1 million or less	1.150%
Over ¥1 million – ¥5 million	0.900%
Over ¥5 million – ¥10 million	0.700%
Over ¥10 million – ¥30 million	0.575%
Over ¥30 million – ¥50 million	0.375%

(Amounts of less than ¥1 are rounded down.)

However, if the purchase fee per trading unit calculated above is less than ¥2,500, the fee shall be ¥2,500.

2. In accordance with the Articles of Incorporation, the Company's shareholders cannot exercise rights other than those listed below for shares less than one unit.
 - (1) Rights listed in items of Article 189, Paragraph 2 of the Companies Act
 - (2) Right to receive allocation of shares for subscription or stock acquisition rights for subscription in accordance with the number of shares owned
 - (3) Right stipulated by Article 166, Paragraph 1 of the Companies Act to request acquisition of shares with rights to acquire new shares

The information contained in this report is derived from Kewpie Corporation's (the "Company") Management's Report on Internal Control over Financial Reporting in Japanese filed with the Commissioner of the Financial Services Agency on February 29, 2024 in accordance with the Financial Instruments and Exchange Law, and has been translated into English for the convenience of readers outside Japan.

Document Title:	Management's Report on Internal Control over Financial Reporting
Corporate Name:	KEWPIE KABUSHIKI-KAISHA
English Corporate Name:	Kewpie Corporation
Name and Title of Representative:	Mitsuru Takamiya Representative Director President and Chief Executive Corporate Officer
Location of Head Office:	4-13, Shibuya 1-chome, Shibuya-ku, Tokyo 150-0002, Japan

1. Basic Framework of Internal Control over Financial Reporting

The Representative Director, President and Chief Executive Corporate Officer Mitsuru Takamiya is responsible for designing and operating the Company's internal control over financial reporting. He designs and operates internal control over financial reporting in accordance with the basic framework of internal control presented in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" issued by the Business Accounting Council.

Internal control achieves its objectives to a reasonable extent given that all individual components of internal control are integrated and function as a whole. Internal control over financial reporting for consolidated financial statements may not completely prevent or detect misstatements in financial reporting.

2. Scope of Assessment, Assessment Date and Assessment Procedure

Assessment of internal control over financial reporting was carried out as of November 30, 2023, which is the final day of the Company's business year, in accordance with generally accepted assessment standards for internal control over financial reporting.

In this assessment, the business processes to be assessed are selected after an assessment of internal control that has a significant impact on overall financial reporting on a consolidated basis ("company-level internal control") is carried out, and in consideration of the results of the said assessment. In assessing the said business processes, an assessment of the effectiveness of internal control is conducted by identifying the key controls that would have a material impact on the reliability of financial reporting after analyzing the selected business processes and by assessing the status of design and operation of the said key controls.

The scope of assessment of internal control over financial reporting is determined to be the scope that is necessary from the viewpoint of materiality of the impact on the reliability of financial reporting regarding the Company, its consolidated subsidiaries and its equity-method affiliates. The materiality of the impact on the reliability of financial reporting is determined in consideration of the materiality of quantitative and qualitative impacts. The scope of assessment of business process-level internal control is determined reasonably in light of the results of an assessment of company-level internal control carried out with respect to the Company and its 11 consolidated subsidiaries. Other consolidated subsidiaries and equity-method affiliates are not included in the scope of assessment of company-level internal control as they are deemed to be immaterial in terms of quantitative and qualitative materiality.

To determine the scope of assessment of business process-level internal control, "significant business locations" are selected. They are composed of business locations determined in descending order based on their net sales levels in the current fiscal year (after elimination of intra-group transactions) until their combined amount reaches approximately two thirds of consolidated net sales in the current fiscal year (as a result, three companies were selected), as well as other significant outsourced business locations. At the selected significant business locations, business processes leading to net sales, accounts receivable-trade, inventories and accounts payable-trade which are deemed as accounting items that are closely associated with a company's business purpose, are included in the scope of the assessment. In addition, the scope of assessment includes other business locations as well as selected significant business locations with respect to certain business processes. Specifically, business processes that have a high risk of misstatement and relate to significant accounting items involving estimates and forecasts, and business processes relating to a business or operation dealing with high-risk transactions, are added to the scope of assessment as business processes with substantial significance in terms of effects on financial reporting, regardless of whether they occur at selected significant business locations.

3. Assessment Result

As a result of the above assessment, we judge that the Company's internal control over its financial reporting is effective as of November 30, 2023.