

Kewpie Corporation

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



Summary of Consolidated Financial Statements for the Fiscal Year Ended November 30, 2018 [JAPAN GAAP]

January 10, 2019

Listed company name: Kewpie Corporation
Listed exchange: Tokyo Stock Exchange
Securities code: 2809
URL: <https://www.kewpie.co.jp/english/>
Representative: Osamu Chonan,
Representative Director, President and Chief Executive Corporate Officer
Contact: Masato Shinohara,
Corporate Officer and Senior General Manager of Management Promotion
Division

Scheduled date for ordinary general meeting of shareholders: February 27, 2019

Scheduled date for dividend payment: February 7, 2019

Scheduled date for filing annual securities report: February 28, 2019

Supplementary data: Yes

Results briefing: Yes (for corporate investors and investment analysts)

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

1. Consolidated business results for the fiscal year ended November 30, 2018 (From December 1, 2017 to November 30, 2018)

(1) Consolidated operating results (Percentage figures show changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year 2018	573,525	2.1	33,067	5.8	34,349	5.7	18,320	1.2
Fiscal year 2017	561,688	1.7	31,261	4.8	32,511	3.7	18,099	5.9

(Note) Comprehensive income: Fiscal year 2018 ¥17,786 million (Decrease of 47.5%)
Fiscal year 2017 ¥33,897 million (Increase of 209.4%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year 2018	124.85	—	8.1	8.2	5.8
Fiscal year 2017	121.05	—	8.2	8.1	5.6

(Reference) Equity in earnings or losses of affiliates: Fiscal year 2018 ¥130 million
Fiscal year 2017 ¥93 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2018	421,373	266,100	53.7	1,582.27
As of November 30, 2017	419,207	263,432	54.0	1,539.94

(Reference) Shareholders' equity: As of November 30, 2018 ¥226,332 million
As of November 30, 2017 ¥226,439 million

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year 2018	41,778	(20,199)	(15,293)	47,970
Fiscal year 2017	27,234	(31,421)	4,010	41,411

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2. Dividends

	Annual dividend per share					Total amount of dividends	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
Fiscal year 2017	Yen —	Yen 18.00	Yen —	Yen 18.50	Yen 36.50	Millions of yen 5,441	% 30.2	% 2.5
Fiscal year 2018	Yen —	Yen 19.00	Yen —	Yen 19.00	Yen 38.00	Millions of yen 5,510	% 30.4	% 2.4
Fiscal year 2019 (Forecast)	Yen —	Yen 20.00	Yen —	Yen 25.00	Yen 45.00		% 35.0	

(Note) The amount of year-end dividend for fiscal year 2018 is a forecast and it will be determined at the meeting of the Board of Directors to be held on January 23, 2019.
The year-end dividend for fiscal year 2019 (Forecast) includes a dividend of ¥5 to commemorate the 100th anniversary.

3. Forecasts of consolidated operating results for the fiscal year ending November 30, 2019 (From December 1, 2018 to November 30, 2019)

(Percentage figures show changes from the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending November 30, 2019	560,000	(2.4)	33,200	0.4	34,400	0.1	18,400	0.4	128.63

*Notes

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

November 30, 2018	150,000,000 shares
November 30, 2017	150,000,000 shares
 - b) Number of shares of treasury stock at the end of the period:

November 30, 2018	6,956,925 shares
November 30, 2017	2,955,521 shares
 - c) Average number of shares during the period:

December 1, 2017 to November 30, 2018	146,736,051 shares
December 1, 2016 to November 30, 2017	149,522,104 shares

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

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

(Caution regarding forward-looking statements, etc.)

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

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*Cash flow index

	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018
Equity ratio (%)	54.6	57.1	55.1	54.0	53.7
Equity ratio based on market value (%)	82.6	120.1	104.8	101.2	93.6
Interest-bearing debt to cash flows ratio (year)	0.8	1.1	0.8	2.2	1.5
Interest coverage ratio (times)	116.0	89.5	146.4	75.8	122.5

(Notes) Fiscal year 2015 includes data that has been retroactively revised in order to reflect changes to standards for recording net sales.

Equity ratio = Shareholders' equity / Total assets

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

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

Interest coverage ratio = Cash flows / Interest paid

* Each index is calculated based on consolidated financial figures.

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

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

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

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

The Company maintains a basic policy of providing returns to its shareholders with top priority on dividend payments, and accordingly aims to continue providing stable dividends while also reviewing 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.

At the determination of dividends, the Company will maintain a consolidated dividend payout ratio of at least 30% in principle, and target a consolidated dividends on equity ratio (DOE) of 2.2%.

The Articles of Incorporation of the Company stipulate that the Company can pay dividends from surplus twice a year, comprising 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.

For the fiscal year ended November 30, 2018, the Company intends to pay a year-end dividend of ¥19 per share. The annual dividends will be ¥38 per share, which includes the interim dividend of ¥19 paid in August, an increase of ¥1.50 per share in comparison with the previous fiscal year.

Accordingly, the dividend payout ratio and the DOE both on a consolidated basis will amount to 30.4% and 2.4%, respectively.

In regard to dividends for the fiscal year ending November 30, 2019, the Company intends to pay annual dividends of ¥45 per share which includes an interim dividend of ¥20 per share and a year-end dividend of ¥25 per share (including a dividend of ¥5 to commemorate the 100th anniversary), an increase of ¥7 per share in comparison with the previous fiscal year. Accordingly, we project a dividend payout ratio and DOE both on a consolidated basis of 35.0% and 2.8%, respectively.

The Company is a company subject to consolidated dividend regulations, meaning that it calculates the distributable amount for dividends on a consolidated basis.

II. Medium- to long-term business strategies of the Company, and challenges ahead

In 2019, the Kewpie Group will be celebrating 100 years since foundation. At this juncture, we have formulated the “Kewpie Group 2030 Vision” as the Group’s long-term vision. Under the 2030 Vision, the Group embraces a single common purpose and broadly evokes a sense of empathy by extending the business areas in which we can contribute to the world and engaging in initiatives aimed at solving social issues.

In addition, we have formulated a Medium-term Business Plan that covers three years starting from the fiscal year ending November 30, 2019. Working to maintain growth in Japan and accelerate growth overseas, we have set forth three management policies (promoting our products, centering on the three businesses, as integral parts of our daily meals in Japan; accelerating business expansion overseas, particularly in China and South East Asia; and strengthening our business foundation for better adaptability to changes to the business environment).

With respect to changes to business segments, we will implement the following changes:

- All business operations of the Processed foods business except the Aohata Corporation portion have been transferred to the “Condiments products business” and renamed the “Condiments and processed foods business.”
- The Aohata Corporation portion of the “Processed foods business” has been split off as the “Fruit solution business.”
- Leasing related transactions that had been included in the “Distribution system business” have been transferred to “Common business operations,” and this segment has been renamed “Distribution business.”

[2019 to 2021 Medium-term Business Plan]

(i) Management policies and key initiatives

Domestic	Overseas
<p><Promoting our products, centering on the three businesses, as integral parts of our daily meals></p> <ul style="list-style-type: none">◇ Build optimal production system using cross-business functions.◇ Expand sales opportunities by using and exploiting sales channels.◇ Make use of original materials and technologies to achieve new value. (Three businesses are “Condiments and processed foods business,” “Salad and delicatessen business,” and “Egg business.”)	<p><Accelerating business expansion, particularly in China and South East Asia></p> <ul style="list-style-type: none">◇ All Areas Expand and cultivate consumers’ salad needs with focus on mayonnaise and deep-roasted sesame dressing.◇ Area Specific (Focus Areas: China and South East Asia) Develop businesses compatible to the local needs of each area and strengthen category type strategies and the business foundation.

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<Strengthen the business foundation for better adaptability to environmental changes>

◇ Initiatives for the environment

- Effective utilization of resources: Utilization of unused parts of vegetables, etc.
- Reduction in product waste: Extension of “best by” dates, etc.
- Reduction of CO² emissions: Improved efficiency of production, distribution, etc.

◇ Initiatives for society

- Promoting longer, healthier lives: Food lifestyle proposals involving salad and eggs, etc.
- Promoting healthy minds and bodies in children: Food educational activities with focus on salads and eggs, etc.

◇ Promotion of diversity

◇ Improvement of governance

◇ Innovation of core system

(ii) Performance targets (FY 2021)

(Billions of yen unless otherwise stated)

Net sales	585.0
Operating income	38.0
Ordinary income	39.0
Profit attributable to owners of parent	21.4
ROA (Ordinary income to total assets)	8.5%
ROE (Return on equity)	8.5%

(iii) Domestic and overseas net sales and operating income targets (FY 2021)

(Billions of yen)

Domestic	519.1	39.0
Overseas	65.9	6.3
Company-wide expenses	–	(7.3)
Total	585.0	38.0

(iv) Net sales and operating income targets by segment (FY 2021)

(Billions of yen)

Business category	Net sales	Operating income
Condiments and processed foods	202.7	22.8
Salad and delicatessen	96.5	4.7
Egg	106.3	8.5
Fruit solution	20.5	1.1
Fine chemical	10.0	1.6
Distribution	143.0	5.2
Common business operations	6.0	1.5
Company-wide expenses	–	(7.3)
Total	585.0	38.0

(Note) Company-wide expenses are expenses that cannot be allotted to any specific business (headquarters expenses, etc.).

Please see V. Supplementary data on pages 28-30 for the plans for the fiscal year ending November 30, 2019.

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III. Consolidated financial statements and major notes

1. Consolidated Balance Sheets

	(Millions of yen)	
	Previous fiscal year (As of November 30, 2017)	Current fiscal year (As of November 30, 2018)
Assets		
Current assets		
Cash and deposits	29,618	38,493
Notes and accounts receivable - trade	78,212	77,034
Securities	12,000	9,500
Purchased goods and products	16,355	16,695
Work in process	972	963
Raw materials and supplies	11,377	10,595
Deferred tax assets	2,823	3,024
Other	5,192	5,566
Allowances for doubtful accounts	(222)	(446)
Total current assets	156,332	161,426
Fixed assets		
Tangible fixed assets		
Buildings and structures	185,446	181,314
Accumulated depreciation	(104,416)	(106,708)
Net book value	81,030	74,605
Machinery, equipment and vehicles	170,766	175,809
Accumulated depreciation	(121,373)	(123,835)
Net book value	49,393	51,974
Land	49,820	52,084
Lease assets	9,729	8,966
Accumulated depreciation	(4,257)	(4,205)
Net book value	5,472	4,761
Construction in progress	4,571	11,223
Other	15,707	16,183
Accumulated depreciation	(11,248)	(11,977)
Net book value	4,459	4,206
Total tangible fixed assets	194,746	198,856
Intangible fixed assets		
Goodwill	3,778	1,233
Computer software	3,210	4,322
Other	1,369	737
Total intangible fixed assets	8,359	6,293
Investments and other assets		
Investment securities	34,495	29,673
Long-term loans receivable	519	879
Assets for retirement benefits	12,630	11,552
Deferred tax assets	2,027	2,424
Other	10,278	10,449
Allowances for doubtful accounts	(182)	(181)
Total investments and other assets	59,769	54,797
Total fixed assets	262,875	259,946
Total assets	419,207	421,373

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(Millions of yen)

	Previous fiscal year (As of November 30, 2017)	Current fiscal year (As of November 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	48,008	44,518
Short-term loans payable	8,037	9,496
Current portion of bonds	-	10,000
Accounts payable - other	17,547	17,025
Accrued expenses	6,533	6,462
Accrued income taxes	4,005	6,775
Deferred tax liabilities	11	15
Reserves for sales rebates	801	831
Reserves for bonuses	1,831	1,937
Reserves for directors' bonuses	121	116
Other reserves	100	52
Other	3,699	3,672
Total current liabilities	90,697	100,903
Non-current liabilities		
Bonds	10,000	-
Long-term loans payable	35,947	36,664
Lease obligations	4,506	3,804
Deferred tax liabilities	9,068	7,722
Liabilities for retirement benefits	3,147	3,546
Asset retirement obligations	1,120	1,123
Other	1,286	1,508
Total non-current liabilities	65,077	54,370
Total liabilities	155,775	155,273
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	29,425	29,543
Earned surplus	170,583	183,431
Treasury stock	(6,603)	(15,859)
Total shareholders' equity	217,509	221,219
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	13,429	10,618
Unrealized gains (losses) on hedges	(3)	(28)
Foreign currency translation adjustments	(1,141)	(1,459)
Accumulated adjustments for retirement benefits	(3,354)	(4,018)
Total accumulated other comprehensive income	8,929	5,112
Non-controlling interests	36,992	39,768
Total net assets	263,432	266,100
Total liabilities and net assets	419,207	421,373

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

	Previous fiscal year (From December 1, 2016 to November 30, 2017)	Current fiscal year (From December 1, 2017 to November 30, 2018)
	(Millions of yen)	
Net sales	561,688	573,525
Cost of sales	432,773	440,378
Gross profit	128,915	133,146
Selling, general and administrative expenses	97,654	100,078
Operating income	31,261	33,067
Non-operating income		
Interest income	69	82
Dividends income	514	515
Equity in earnings of affiliates	93	130
Subsidy income	269	303
Other	1,215	1,100
Total non-operating income	2,162	2,132
Non-operating expenses		
Interest expenses	376	341
Foreign exchange losses	-	88
Business commencement expenses	139	13
Other	395	406
Total non-operating expenses	911	850
Ordinary income	32,511	34,349
Extraordinary gains		
Gains on sales of investment securities	1,179	3,670
Gain on transfer of business	-	670
Gains on sales of fixed assets	87	137
Other	65	109
Total extraordinary gains	1,331	4,587
Extraordinary losses		
Losses on impairment of fixed assets	581	2,983
Losses on disposal of fixed assets	1,062	1,016
Losses on abolishment of retirement benefit plans	1,309	-
Other	107	1,349
Total extraordinary losses	3,060	5,350
Profit before income taxes	30,783	33,586
Income taxes	8,926	11,998
Income taxes - deferred	296	(275)
Total income taxes	9,223	11,722
Profit	21,560	21,863
Profit attributable to non-controlling interests	3,460	3,542
Profit attributable to owners of parent	18,099	18,320

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(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Previous fiscal year (From December 1, 2016 to November 30, 2017)	Current fiscal year (From December 1, 2017 to November 30, 2018)
Profit	21,560	21,863
Other comprehensive income		
Unrealized holding gains (losses) on securities	4,591	(2,903)
Unrealized gains (losses) on hedges	(102)	(22)
Foreign currency translation adjustments	3,383	(391)
Adjustments for retirement benefits	4,465	(758)
Total other comprehensive income	12,337	(4,076)
Comprehensive income	33,897	17,786
(Breakdown)		
Comprehensive income attributable to owners of parent	29,456	14,503
Comprehensive income attributable to non-controlling interests	4,441	3,283

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3. Consolidated Statements of Changes in Net Assets

Previous fiscal year (From December 1, 2016 to November 30, 2017)

(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	30,300	166,765	(6,123)	215,047
Changes of items during the fiscal year					
Dividends from surplus			(5,639)		(5,639)
Profit attributable to owners of parent			18,099		18,099
Repurchase of shares				(9,999)	(9,999)
Disposal of treasury stock		(875)	(1,897)	2,773	1
Retirement of treasury stock			(6,745)	6,745	-
Change in ownership interest of parent due to transactions with non-controlling interests					
Change of scope of consolidation					
Change of scope of equity method					
Increase by corporate division					
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	(875)	3,818	(480)	2,462
Balance at the end of the current fiscal year	24,104	29,425	170,583	(6,603)	217,509

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	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current fiscal year	8,916	79	(3,947)	(7,474)	(2,426)	33,240	245,861
Changes of items during the fiscal year							
Dividends from surplus							(5,639)
Profit attributable to owners of parent							18,099
Repurchase of shares							(9,999)
Disposal of treasury stock							1
Retirement of treasury stock							-
Change in ownership interest of parent due to transactions with non-controlling interests							-
Change of scope of consolidation							-
Change of scope of equity method							-
Increase by corporate division							-
Net changes of items other than shareholders' equity	4,513	(82)	2,805	4,119	11,356	3,752	15,108
Total changes of items during the fiscal year	4,513	(82)	2,805	4,119	11,356	3,752	17,570
Balance at the end of the current fiscal year	13,429	(3)	(1,141)	(3,354)	8,929	36,992	263,432

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Current fiscal year (From December 1, 2017 to November 30, 2018)

(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	29,425	170,583	(6,603)	217,509
Changes of items during the fiscal year					
Dividends from surplus			(5,514)		(5,514)
Profit attributable to owners of parent			18,320		18,320
Repurchase of shares				(9,255)	(9,255)
Disposal of treasury stock					
Retirement of treasury stock					
Change in ownership interest of parent due to transactions with non-controlling interests		118			118
Change of scope of consolidation			(4)		(4)
Change of scope of equity method			(3)		(3)
Increase by corporate division			49		49
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	118	12,848	(9,255)	3,710
Balance at the end of the current fiscal year	24,104	29,543	183,431	(15,859)	221,219

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	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current fiscal year	13,429	(3)	(1,141)	(3,354)	8,929	36,992	263,432
Changes of items during the fiscal year							
Dividends from surplus							(5,514)
Profit attributable to owners of parent							18,320
Repurchase of shares							(9,255)
Disposal of treasury stock							-
Retirement of treasury stock							-
Change in ownership interest of parent due to transactions with non-controlling interests							118
Change of scope of consolidation							(4)
Change of scope of equity method							(3)
Increase by corporate division							49
Net changes of items other than shareholders' equity	(2,811)	(24)	(317)	(663)	(3,817)	2,775	(1,042)
Total changes of items during the fiscal year	(2,811)	(24)	(317)	(663)	(3,817)	2,775	2,667
Balance at the end of the current fiscal year	10,618	(28)	(1,459)	(4,018)	5,112	39,768	266,100

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4. Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From December 1, 2016 to November 30, 2017)	Current fiscal year (From December 1, 2017 to November 30, 2018)
Cash flows from operating activities		
Profit before income taxes	30,783	33,586
Depreciation and amortization	16,794	18,215
Losses on impairment of fixed assets	581	2,983
Losses on abolishment of retirement benefit plans	1,309	-
Amortization of goodwill	407	514
Retirement benefit expenses	1,740	1,885
Equity in losses (earnings) of affiliates	(93)	(130)
Losses (gains) on valuation of investment securities	14	45
Increase (decrease) in liabilities for retirement benefits	(706)	(111)
Decrease (increase) in assets for retirement benefits	(1,821)	5
Increase (decrease) in reserves for sales rebates	51	29
Increase (decrease) in reserves for directors' bonuses	(39)	(5)
Increase (decrease) in reserves for bonuses	(53)	181
Increase (decrease) in allowances for doubtful accounts	1	225
Interest and dividends income	(584)	(597)
Interest expenses	376	341
Losses (gains) on sales of investment securities	(1,179)	(3,670)
Losses (gains) on sales and disposal of fixed assets	988	943
Loss (gain) on transfer of business	-	(670)
Decrease (increase) in notes and accounts receivable - trade	(2,064)	1,293
Decrease (increase) in inventories	(1,477)	(1,132)
Increase (decrease) in notes and accounts payable - trade	(1,152)	(3,415)
Increase (decrease) in accounts payable - other	(1,058)	1,740
Increase (decrease) in accrued consumption taxes	676	(196)
Increase (decrease) in long-term accounts payable	(70)	288
Other	(3,989)	(1,657)
Sub-total	39,436	50,692
Interest and dividends income received	622	656
Interest paid	(359)	(340)
Income taxes paid	(12,464)	(9,229)
Net cash provided by (used in) operating activities	27,234	41,778

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(Millions of yen)

	Previous fiscal year (From December 1, 2016 to November 30, 2017)	Current fiscal year (From December 1, 2017 to November 30, 2018)
Cash flows from investing activities		
Purchases of tangible fixed assets	(25,499)	(29,217)
Purchases of intangible fixed assets	(1,169)	(2,089)
Acquisition of subsidiaries' shares resulting in change in scope of consolidation	(82)	-
Purchases of investment securities	(892)	(1,766)
Proceeds from sales of investment securities	1,651	5,159
Net decrease (increase) in short-term loans receivable	(279)	57
Payments of long-term loans receivable	(264)	(430)
Collection of long-term loans receivable	126	46
Payments into time deposits	(219)	(0)
Payments for acquisition of business	(4,568)	-
Proceeds from transfer of business	-	8,309
Other	(223)	(269)
Net cash provided by (used in) investing activities	(31,421)	(20,199)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,180)	985
Repayment of lease obligations	(1,785)	(2,131)
Proceeds from long-term loans payable	25,700	3,200
Repayment of long-term loans payable	(2,261)	(2,248)
Cash dividends paid	(5,639)	(5,514)
Cash dividends paid to non-controlling interests	(767)	(847)
Repurchase of shares	(10,024)	(9,278)
Proceeds from issuance of common shares	-	541
Other	(30)	-
Net cash provided by (used in) financing activities	4,010	(15,293)
Effects of exchange rate changes on cash and cash equivalents	797	(194)
Increase (decrease) in cash and cash equivalents	621	6,091
Cash and cash equivalents at the beginning of the fiscal year	40,790	41,411
Increase in cash and cash equivalents from newly consolidated subsidiary	-	461
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	5
Cash and cash equivalents at the end of the fiscal year	41,411	47,970

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5. Notes regarding consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable

(Business combination, etc.)

Business divestiture

At its Board of Directors' meeting held on June 25, 2018, the Company resolved to implement the transfer of a certain business of the Company's consolidated subsidiary, Gourmet Delica Co., Ltd., which involves the manufacturing and sales of boxed lunches, rice balls, delicatessen foods and other products for convenience stores (excluding manufacturing and sales businesses pertaining to the Soka Factory and businesses pertaining to the Frozen Merchandise Division and the External Sales Development Department of the Sales Division of the Head Office, the "Business"), to a newly established company by means of an incorporation-type company split (the "Company Split"). On August 3, 2018, the Company concluded a share transfer agreement with Mitsubishi Corporation, under which the Company transferred 80% of the shares of the new company on October 1, 2018 and a further 15% of the same shares during the fiscal year ended November 30, 2018 to Mitsubishi Corporation, and it has excluded the said company from affiliates.

As of October 1, 2018, the split company, Gourmet Delica Co., Ltd., has changed its company name to Soka Delica Co., Ltd., and the new company has commenced its operations under the name of Gourmet Delica Co., Ltd. ("(New) Gourmet Delica Co., Ltd.")

1. Outline of the business divestiture

(1) Name of successor company upon company split and name of transferee of the shares

(i) Name of successor company upon company split

(New) Gourmet Delica Co., Ltd.

(ii) Name of transferee of the shares

Mitsubishi Corporation

(2) Content of the divested business

Details of business: Manufacturing and sales of boxed lunches, rice balls, delicatessen foods and other products for convenience stores

(3) Main reason for business divestiture

In order to keep providing high value-added services in a business environment of diversifying customer needs with respect to the Business, we believe that our consistent management of our operations across procurement, manufacturing and sales is necessary. We decided that we should further develop the Business by accommodating Mitsubishi Corporation's offer to acquire the stakes of the Business.

On the other hand, we believe that the Company Split and the transfer of the new company's shares will increase the shareholder value of the Company as an optimum allocation of management resources.

(4) Date of company split and share transfer

October 1, 2018

(5) Matters concerning additional outline of business divestiture including its legal form

Company split: Incorporation-type company split whereby Gourmet Delica Co., Ltd. is the split company and the newly established company is the successor company

Share transfer: Share transfer whereby the consideration is specific assets such as cash

Upon transferring the shares, the ownership ratio of the Company in the newly established company (New) Gourmet Delica Co., Ltd. has changed from 100% to 20% as of October 1, 2018, thereby making (New) Gourmet Delica Co., Ltd. an affiliate.

2. Outline of the accounting treatment implemented

(1) Amount of gain or loss on the transfer

Gain on transfer of business ¥527 million

(2) Book values and major breakdown of the assets and liabilities of the business transferred

Current assets ¥3,752 million

Fixed assets ¥7,434 million

Total assets ¥11,187 million

Current liabilities ¥10,753 million

Non-current liabilities ¥484 million

Total liabilities ¥11,237 million

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(3) Accounting treatments

On the assumption that our investments in the transferred Business have been deemed liquidated, we recognize the amount of gain or loss on the transfer of the Business as the difference between the market value of assets including cash received as the consideration and the amount of the equity value for the transferred Business.

3. Name of reportable segment in which the divested business was included
Delicatessen Products business

4. Approximate amounts of profit or loss of the divested business included in consolidated statement of income for the fiscal year ended November 30, 2018

Net sales	¥27,500 million
Operating income	¥800 million

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(Segment information)

[Segment information]

1. Outline of reported segments

The reported segments of the Company are “Condiments products,” “Egg products,” “Delicatessen products,” “Processed foods,” “Fine chemical products,” “Distribution system” and “Common business operations.” Each of these constituent units of the Group, categorized in terms of products and services, has separately available financial statements and is subject to periodic reviews from which 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:

Condiments products:	Mayonnaise, dressings and vinegar
Egg products:	Liquid egg, frozen egg, dried egg, egg spread, thick omelet and shredded egg
Delicatessen products:	Salads, delicatessen foods, boxed lunches, rice balls and packaged salads
Processed foods:	Jams, pasta sauces, sweet corn, baby foods and nursing care foods
Fine chemical products:	Hyaluronic acid and others
Distribution system:	Transportation and warehousing of food products
Common business operations:	Sale of food products and food production equipment

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

Accounting treatment applied to the reported business segments is the same as the accounting treatment applied for preparation of the consolidated financial statements.

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

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3. Information on amounts of net sales, profit or loss, assets, liabilities and others by reported segment Previous Fiscal Year (From December 1, 2016 to November 30, 2017)

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distri- bution system	Common business operations	Total	Adjust- ments	Amount reported on the consolidated financial statements (Note)
Net sales										
Net sales to outside customers	150,435	100,463	115,507	46,604	10,593	131,237	6,847	561,688	–	561,688
Intersegment net sales or transfers	7,139	5,913	204	2,006	344	28,326	11,374	55,310	(55,310)	–
Total	157,574	106,376	115,712	48,610	10,938	159,564	18,222	616,999	(55,310)	561,688
Segment profit	15,296	4,368	3,847	199	864	5,892	792	31,261	–	31,261
Segment assets	122,714	58,563	44,327	39,799	9,594	92,278	9,513	376,791	42,416	419,207
Others										
Depreciation and amortization	5,206	2,739	2,326	1,362	532	3,966	660	16,794	–	16,794
Investment in affiliates accounted for by equity method	1,295	–	–	92	–	–	223	1,611	–	1,611
Increase in tangible and intangible fixed assets	12,023	3,821	1,786	1,762	305	6,893	588	27,182	–	27,182

- (Notes) 1. "Adjustments" of ¥42,416 million in "Segment assets" mainly includes company-wide assets of ¥49,358 million and elimination of intersegment receivables and payables of ¥(5,462) 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).
2. Adjustments are made between "Segment profit" and "Operating income" reported in the consolidated statements of income.
3. "Depreciation and amortization" and "Increase in tangible and intangible fixed assets" include "Long-term prepaid expenses."

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Current Fiscal Year (From December 1, 2017 to November 30, 2018)

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distri- bution system	Common business operations	Total	Adjust- ments	Amount reported on the consolidated financial statements (Note)
Net sales										
Net sales to outside customers	153,394	100,895	118,323	46,769	10,035	138,263	5,843	573,525	–	573,525
Intersegment net sales or transfers	5,201	4,387	109	2,085	317	30,876	11,751	54,728	(54,728)	–
Total	158,596	105,282	118,432	48,854	10,352	169,140	17,594	628,254	(54,728)	573,525
Segment profit	14,366	6,047	4,415	637	1,269	5,581	750	33,067	–	33,067
Segment assets	121,859	68,094	34,909	39,202	8,494	97,363	9,698	379,622	41,750	421,373
Others										
Depreciation and amortization	5,834	2,983	2,244	1,495	508	4,458	689	18,215	–	18,215
Investment in affiliates accounted for by equity method	1,347	–	–	100	–	–	234	1,682	–	1,682
Increase in tangible and intangible fixed assets	5,565	11,719	3,634	2,310	233	7,842	799	32,105	–	32,105

- (Notes) 1. "Adjustments" of ¥41,750 million in "Segment assets" mainly includes company-wide assets of ¥48,217 million and elimination of intersegment receivables and payables of ¥(5,160) 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).
2. Adjustments are made between "Segment profit" and "Operating income" reported in the consolidated statements of income.
3. "Depreciation and amortization" and "Increase in tangible and intangible fixed assets" include "Long-term prepaid expenses."

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[Related information]

Previous Fiscal Year (From December 1, 2016 to November 30, 2017)

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

It is omitted here since net sales to outside customers in Japan is more than 90% of net sales reported in the consolidated statements of income.

(2) Tangible fixed assets

It is omitted here since the amount of tangible fixed assets located in Japan is more than 90% of tangible fixed assets reported in the consolidated balance sheets.

3. Information by major customer

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

Current Fiscal Year (From December 1, 2017 to November 30, 2018)

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

It is omitted here since net sales to outside customers in Japan is more than 90% of net sales reported in the consolidated statements of income.

(2) Tangible fixed assets

It is omitted here since the amount of tangible fixed assets located in Japan is more than 90% of tangible fixed assets reported in the consolidated balance sheets.

3. Information by major customer

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

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

Previous Fiscal Year (From December 1, 2016 to November 30, 2017)

(Millions of yen)

	Condi-ments products	Egg products	Delica-tessen products	Processed foods	Fine chemical products	Distri-bution system	Common business operations	Total	Adjust-ments	Total
Losses on impairment of fixed assets	-	222	358	-	-	-	-	581	-	581

Current Fiscal Year (From December 1, 2017 to November 30, 2018)

(Millions of yen)

	Condi-ments products	Egg products	Delica-tessen products	Processed foods	Fine chemical products	Distri-bution system	Common business operations	Total	Adjust-ments	Total
Losses on impairment of fixed assets	2,623	219	-	141	-	-	-	2,983	-	2,983

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

Previous Fiscal Year (From December 1, 2016 to November 30, 2017)

(Millions of yen)

	Condi-ments products	Egg products	Delica-tessen products	Processed foods	Fine chemical products	Distri-bution system	Common business operations	Total	Adjust-ments	Total
Amortization in the current fiscal year	172	–	–	192	29	10	2	407	–	407
Unamortized balance at the end of the current fiscal year	2,368	–	–	1,345	51	13	–	3,778	–	3,778

Current Fiscal Year (From December 1, 2017 to November 30, 2018)

(Millions of yen)

	Condi-ments products	Egg products	Delica-tessen products	Processed foods	Fine chemical products	Distri-bution system	Common business operations	Total	Adjust-ments	Total
Amortization in the current fiscal year	255	–	–	198	29	30	–	514	–	514
Unamortized balance at the end of the current fiscal year	–	–	–	1,147	22	64	–	1,233	–	1,233

[Information on gains on negative goodwill by reported segment]

Previous Fiscal Year (From December 1, 2016 to November 30, 2017)

Not applicable.

Current Fiscal Year (From December 1, 2017 to November 30, 2018)

Not applicable.

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(Per share information)

	Previous fiscal year (From December 1, 2016 to November 30, 2017)	Current fiscal year (From December 1, 2017 to November 30, 2018)
Net assets per share (yen)	1,539.94	1,582.27
Earnings per share (yen)	121.05	124.85

(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, 2017)	Current fiscal year (As of November 30, 2018)
Total net assets (millions of yen)	263,432	266,100
Amount subtracted from total net assets (millions of yen)	36,992	39,768
[Non-controlling interests (millions of yen)]	[36,992]	[39,768]
Net assets attributable to common stock at the end of the fiscal year (millions of yen)	226,439	226,332
Number of shares of common stock at the end of the fiscal year (thousand shares)	147,044	143,043

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

	Previous fiscal year (From December 1, 2016 to November 30, 2017)	Current fiscal year (From December 1, 2017 to November 30, 2018)
Profit attributable to owners of parent (millions of yen)	18,099	18,320
Amounts not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent attributable to common stock (millions of yen)	18,099	18,320
Average number of shares of common stock during the fiscal year (thousand shares)	149,522	146,736

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(Significant subsequent events)

Acquisition of significant assets and termination of significant agreements

Aohata Corporation, a consolidated subsidiary of the Company, entered into an agreement for acquisition of trademark rights for the “Aohata” brand held by Nakashimoto Co., Ltd. (the “Acquisition”), which was resolved at the Board of Directors meeting held on October 17, 2018, as of the same date, and completed the Acquisition on December 3, 2018. In conjunction with the Acquisition, the trademark license agreement between Nakashimoto Co., Ltd. and the Company and the trademark sublicense agreement between Aohata Corporation and the Company in relation to the “Aohata” brand that is subject to the Acquisition were both terminated by consent.

1. Reason for the Acquisition

The Company has decided that in addition to the business structure where manufacturing and sales are combined, further establishing the business structure led by Aohata Corporation, where the said company can also determine and implement planning and management of trademark for the “Aohata” brand independently will contribute to prompt decision-making, thereby improving the market competitiveness to respond to diversifying customer needs and changing preferences.

2. Name of the counterparty to the agreement for the Acquisition

Nakashimoto Co., Ltd.

3. Class of assets subject to the Acquisition

Trademark rights for the “Aohata” brand

4. Content of the agreement

Agreement for the acquisition of the above assets, and agreements for termination of license and sublicense related to the above assets

5. Date of the Acquisition and termination of the agreements

December 3, 2018

6. Value of the Acquisition

¥2,100 million

7. Significant impact of the conclusion and termination of agreements on operating activities and others

As described in the reason for the Acquisition, the Company has decided that holding of trademark rights for the “Aohata” brand by Aohata Corporation will contribute to improvement in the market competitiveness to respond to diversifying customer needs and changing preferences. In addition, the Company aims to promote the “Aohata” brand not only for jams but also in new fields and increase medium- to long-term earning capacity. However, since it is difficult to determine the impact, information on the impact has been omitted.

Impact of an increase in amortization of trademark rights and a decrease in royalties is currently being calculated.

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IV. Others

1. Changes in officers (as of February 27, 2019)

(i) Change in Directors

i) New candidates for Directors

Director, Senior Corporate Officer in charge of Salad and Delicatessen Business	Minoru Himeno	(Currently, Representative Director and President of Deria Foods Co., Ltd.)
Director, Senior Corporate Officer in charge of Overseas Business in general and Division of Overseas	Masato Shinohara	(Currently, Corporate Officer, Senior General Manager of Operation Promote Division)

ii) Officers retiring from Director positions

Representative Director, Senior Executive Corporate Officer in charge of Condiments and Processed Foods Business and Group Sales in general	Masafumi Furutachi	
Director, Senior Corporate Officer in charge of Division of Group Production in general	Yoshinori Henmi	

(Note) As a result of changes in business categories effective the fiscal year ending November 30, 2019, Masafumi Furutachi's position has changed from "Senior Executive Corporate Officer in charge of Condiments Products Business and Processed Foods Business" to "Senior Executive Corporate Officer in charge of Condiments and Processed Foods Business."

(ii) Changes in Corporate Auditors

i) New candidate for Corporate Auditor

Corporate Auditor (Full-time)	Norimitsu Yamagata	(Currently, General Manager of Intellectual Property Office)
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ii) Officers retiring from Corporate Auditor positions

Corporate Auditor (Full-time)	Haruo Fuse	
Corporate Auditor (Part-time)	Kazuyoshi Tsunoda	

(Note) Mr. Kazuyoshi Tsunoda is an outside Corporate Auditor.

iii) Candidate for substitute Corporate Auditor

Substitute Corporate Auditor	Shiro Kawahara	(Currently, attorney)
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(Note) Mr. Shiro Kawahara is a candidate for substitute outside Corporate Auditor, and he fulfills the requirements of an outside Corporate Auditor as provided for in Article 2, Item 16 of the Companies Act.

(Reference) Changes in ranks and allocated professional duties

(i) On October 15, 2018, the allocated professional duties of a Director changed as follows. Amendments are underlined.

Name	New title	Old title
Osamu Chonan	Representative Director, President and Chief Executive Corporate Officer <u>in charge of Customer Marketing Office</u>	Representative Director, President and Chief Executive Corporate Officer <u>in charge of Division of Marketing</u>

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(ii) On February 27, 2019, the ranks and allocated professional duties of Directors shall be changed as follows. Amendments are underlined.

Name	New title	Old title
Kengo Saito	Director, <u>Senior Executive Corporate Officer</u> in charge of Egg Business	Director, <u>Executive Corporate Officer</u> in charge of Egg Products Business
Tadaaki Katsuyama	Director, <u>Executive Corporate Officer in charge of Division of Group Production in general and Division of Quality Assurance</u>	Director, <u>Executive Corporate Officer in charge of Overseas Business in general and Division of Overseas</u>
Nobuo Inoue	Director, <u>Executive Corporate Officer in charge of Operation Promote Division, Public Relations and CSR Office, Division of Personnel Affairs, Division of Logistics and Risk Management</u>	Director, <u>Executive Corporate Officer in charge of Operation Promote Division, Public Relations and CSR Office, Division of Personnel Affairs and Division of Logistics</u>
Seiya Sato	Director, <u>Executive Corporate Officer in charge of Condiments and Processed Foods Business and Group Sales in general</u>	Director, <u>Senior Corporate Officer in charge of Delicatessen Products Business</u>
Yoshinori Hamachiyo	Director, <u>Senior Corporate Officer in charge of Division of Research Development and Intellectual Property Office and Senior General Manager of Division of Research Development</u>	Director, <u>Senior Corporate Officer in charge of Division of Research Development, Division of Quality Assurance and Intellectual Property Office and Senior General Manager of Division of Research Development</u>

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V. Supplementary data

- (Notes)
- Fraction errors may occur due to rounding figures less than 100 million.
 - The domestic consolidated subsidiaries have changed the depreciation method from the declining balance basis to the straight-line basis at the beginning of fiscal year 2016.
 - The following changes took effect at the beginning of fiscal year 2019.
 - ◇ Changes in business category
 - All business operations of the Processed foods business except the Aohata Corporation portion have been transferred to the "Condiments products business" and renamed the "Condiments and processed foods business."
 - The Aohata Corporation portion of the "Processed foods business" has been split off as the "Fruit solution business."
 - Leasing related transactions that had been included in the "Distribution system business" have been transferred to "Common business operations," and this segment has been renamed "Distribution business."
 - ◇ Company-wide expenses
 - Expenses that cannot be allotted to any specific business (headquarters expenses, etc.) have been separated as "Company-wide expenses."

1. Summary of net sales and operating income and factors behind changes in operating income [Result for fiscal year 2018]

<Net sales>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2016	Condiments products	34.0	37.8	71.8	37.8	109.6	34.5	144.1
	Egg products	25.7	26.1	51.9	24.8	76.7	25.5	102.2
	Delicatessen products	26.0	28.1	54.1	28.8	82.9	28.9	111.8
	Processed foods	12.0	13.6	25.7	12.5	38.1	13.1	51.3
	Fine chemical products	2.7	2.6	5.3	2.8	8.1	2.8	10.9
	Distribution system	30.4	31.8	62.3	32.4	94.7	32.2	126.9
	Common business operations	1.3	1.2	2.5	1.4	3.8	1.3	5.2
	Total	132.1	141.3	273.4	140.5	413.9	138.4	552.3
Fiscal Year 2017 (A)	Condiments products	34.3	39.7	74.0	39.3	113.2	37.2	150.4
	Egg products	24.0	25.9	49.9	24.8	74.7	25.8	100.5
	Delicatessen products	27.5	29.3	56.8	29.8	86.7	28.8	115.5
	Processed foods	11.0	12.3	23.2	12.0	35.2	11.4	46.6
	Fine chemical products	2.3	2.8	5.1	2.7	7.8	2.8	10.6
	Distribution system	31.0	33.2	64.2	33.5	97.7	33.5	131.2
	Common business operations	2.0	2.0	3.9	1.7	5.7	1.2	6.8
	Total	132.1	145.1	277.2	143.8	421.0	140.7	561.7
Fiscal Year 2018 (B)	Condiments products	36.0	40.1	76.1	40.1	116.2	37.2	153.4
	Egg products	24.2	25.4	49.6	24.9	74.5	26.4	100.9
	Delicatessen products	30.0	31.2	61.2	31.7	92.9	25.4	118.3
	Processed foods	10.9	12.5	23.4	12.2	35.6	11.2	46.8
	Fine chemical products	2.1	2.7	4.8	2.6	7.4	2.6	10.0
	Distribution system	32.6	34.4	67.0	35.6	102.6	35.6	138.3
	Common business operations	1.4	1.5	2.9	1.2	4.2	1.7	5.8
	Total	137.2	147.8	285.0	148.4	433.4	140.1	573.5
Change (B) - (A)	Condiments products	1.7	0.5	2.1	0.8	2.9	0.0	3.0
	Egg products	0.1	(0.5)	(0.3)	0.2	(0.2)	0.6	0.4
	Delicatessen products	2.5	1.9	4.4	1.9	6.3	(3.4)	2.8
	Processed foods	(0.1)	0.3	0.2	0.2	0.4	(0.2)	0.2
	Fine chemical products	(0.2)	(0.1)	(0.3)	(0.1)	(0.4)	(0.2)	(0.6)
	Distribution system	1.6	1.2	2.8	2.1	4.9	2.1	7.0
	Common business operations	(0.5)	(0.5)	(1.0)	(0.5)	(1.5)	0.5	(1.0)
	Total	5.1	2.7	7.8	4.6	12.4	(0.6)	11.8

- (Notes)
- Figures of "2nd quarter" are differences between "2nd quarter (Cumulative)" and "1st quarter."
 - Figures of "3rd quarter" are differences between "3rd quarter (Cumulative)" and "2nd quarter (Cumulative)."
 - Figures of "4th quarter" are differences between "Year" and "3rd quarter (Cumulative)."

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<Operating income>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2016	Condiments products	1.6	4.6	6.2	4.7	10.9	2.8	13.7
	Egg products	1.5	1.7	3.2	1.4	4.6	0.9	5.5
	Delicatessen products	0.3	1.1	1.5	1.1	2.6	0.9	3.5
	Processed foods	(0.2)	0.5	0.3	0.3	0.6	(0.1)	0.5
	Fine chemical products	0.2	0.4	0.6	0.3	0.9	0.1	1.0
	Distribution system	0.9	1.2	2.1	1.4	3.5	1.4	4.9
	Common business operations	0.0	0.2	0.3	0.2	0.4	0.3	0.8
	Total	4.4	9.8	14.2	9.3	23.4	6.4	29.8
Fiscal Year 2017 (A)	Condiments products	2.6	4.8	7.3	4.6	11.9	3.4	15.3
	Egg products	1.0	1.0	2.0	1.3	3.3	1.1	4.4
	Delicatessen products	0.6	1.1	1.7	1.3	2.9	0.9	3.8
	Processed foods	(0.1)	0.3	0.3	0.3	0.6	(0.4)	0.2
	Fine chemical products	(0.0)	0.1	0.1	0.4	0.6	0.3	0.9
	Distribution system	1.3	1.6	2.9	1.6	4.5	1.4	5.9
	Common business operations	0.2	0.3	0.5	0.2	0.7	0.1	0.8
	Total	5.6	9.2	14.8	9.6	24.4	6.9	31.3
Fiscal Year 2018 (B)	Condiments products	2.6	4.5	7.1	4.4	11.5	2.9	14.4
	Egg products	1.3	1.7	3.1	1.6	4.7	1.3	6.0
	Delicatessen products	0.6	1.4	2.0	1.4	3.4	1.0	4.4
	Processed foods	0.1	0.4	0.5	0.3	0.8	(0.1)	0.6
	Fine chemical products	(0.0)	0.3	0.3	0.5	0.8	0.5	1.3
	Distribution system	0.8	1.8	2.6	1.7	4.4	1.2	5.6
	Common business operations	0.2	0.2	0.4	0.2	0.6	0.1	0.8
	Total	5.7	10.2	16.0	10.2	26.1	6.9	33.1
Change (B) - (A)	Condiments products	0.0	(0.3)	(0.3)	(0.2)	(0.4)	(0.5)	(0.9)
	Egg products	0.3	0.7	1.0	0.4	1.4	0.3	1.7
	Delicatessen products	0.1	0.3	0.3	0.2	0.5	0.1	0.6
	Processed foods	0.2	0.1	0.2	(0.0)	0.2	0.2	0.4
	Fine chemical products	(0.0)	0.2	0.1	0.1	0.2	0.2	0.4
	Distribution system	(0.4)	0.2	(0.3)	0.2	(0.1)	(0.2)	(0.3)
	Common business operations	0.0	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
	Total	0.1	1.0	1.2	0.6	1.7	0.1	1.8

(Notes) 1. Figures of "2nd quarter" are differences between "2nd quarter (Cumulative)" and "1st quarter."

2. Figures of "3rd quarter" are differences between "3rd quarter (Cumulative)" and "2nd quarter (Cumulative)."

3. Figures of "4th quarter" are differences between "Year" and "3rd quarter (Cumulative)."

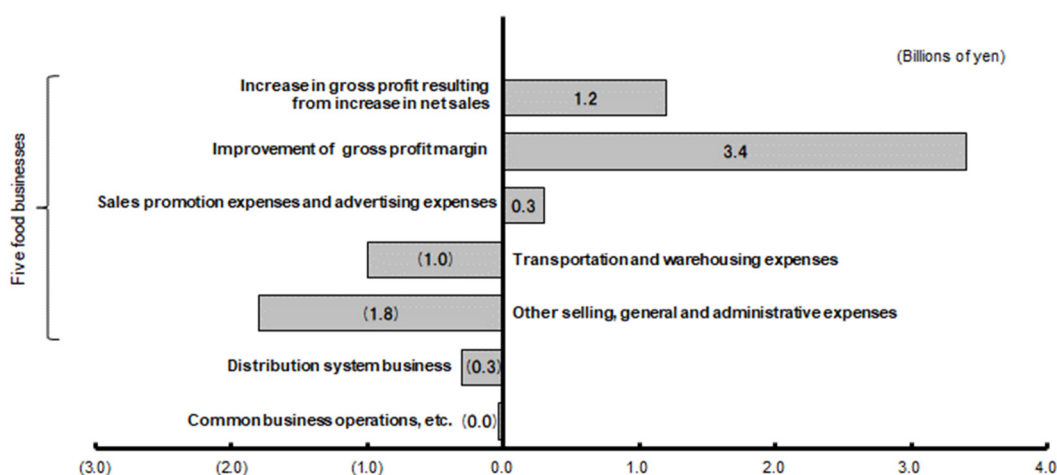
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<Factors behind changes in operating income (comparison with the previous fiscal year)>
(Billions of yen)

	Fiscal year 2017 (A)	Fiscal year 2018 (B)	Change (B) - (A)
Operating income	31.3	33.1	1.8



2. Summary of net sales and operating income in overseas operations [Result for fiscal year 2018]

<Net sales>

		(Billions of yen)				Local currency basis
		Fiscal year 2016	Fiscal year 2017 (A)	Fiscal year 2018 (B)	Change (B) - (A)	Rate of change for fiscal year 2018
China		15.7	18.1	19.3	1.2	3%
Southeast Asia		7.6	8.5	10.0	1.6	13%
U.S.	Condiments products	6.3	6.7	6.8	0.1	2%
	Egg products	5.5	4.3	5.5	1.1	27%
Exports and New		2.7	5.0	6.4	1.3	—
Total		37.8	42.7	48.0	5.3	—

* For overseas subsidiaries, figures are results from October to September.

* The total change for fiscal year 2018 includes a 1.2 billion yen increase caused by the impact of the exchange rate fluctuations.

* "Exports and New" includes primarily exports from Japan and sales of companies in Europe.

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<Operating income>

(Billions of yen)

Local currency basis

		Fiscal year 2016	Fiscal year 2017 (A)	Fiscal year 2018 (B)	Change (B) - (A)	Rate of change for fiscal year 2018
China		2.2	2.2	2.4	0.2	4%
Southeast Asia		0.2	0.3	0.6	0.3	102%
U.S.	Condiments products	0.5	0.5	0.5	0.0	8%
	Egg products	0.1	(0.9)	0.3	1.2	—
Exports and New		0.4	0.2	0.1	(0.1)	—
Total		3.3	2.3	3.9	1.7	—

* For overseas subsidiaries, figures are results from October to September.

* The total change for fiscal year 2018 includes a 0.1 billion yen increase caused by the impact of the exchange rate fluctuations.

* "Exports and New" includes primarily exports from Japan and sales of companies in Europe.

3. Domestic sales volume and amount of salads condiments by category type (Kewpie Corporation) [Result for fiscal year 2018]

		Fiscal year 2016	Fiscal year 2017 (A)	Fiscal year 2018 (B)	Change (B) - (A)
For household use	Volume (Thousands of ton)	126	128	127	(1)
	Amount (Billions of yen)	63.9	65.0	63.5	(1.5)
For commercial use	Volume (Thousands of ton)	107	107	107	(0)
	Amount (Billions of yen)	41.3	40.9	41.1	0.2

4. Summary of net sales and operating income and factors behind changes in operating income [Plan for fiscal year 2019]

<Net sales>

(Billions of yen)

Segment	Fiscal year 2018 (A)	Fiscal year 2019 (Plan) (B)	Change (B) - (A)
Condiments and processed foods	184.3	191.8	7.5
Salad and delicatessen	118.3	93.5	(24.8)
Egg	100.9	105.8	4.9
Fruit solution	15.9	16.2	0.3
Fine chemical	10.0	8.8	(1.2)
Distribution	138.3	138.4	0.1
Common business operations	5.8	5.5	(0.3)
Total	573.5	560.0	(13.5)

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<Operating income>

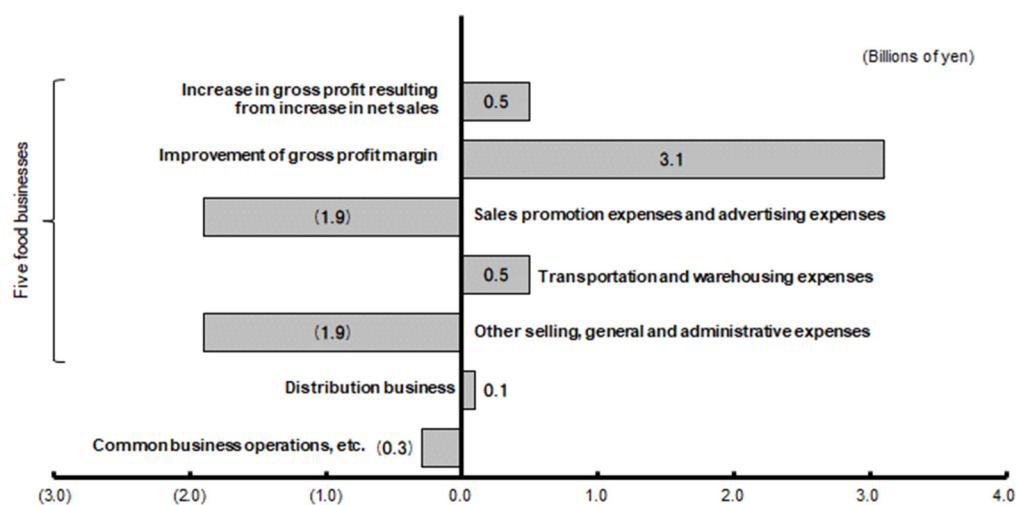
(Billions of yen)

Segment	Fiscal year 2018 (A)	Fiscal year 2019 (Plan) (B)	Change (B) - (A)
Condiments and processed foods	19.8	20.5	0.7
Salad and delicatessen	4.3	3.9	(0.4)
Egg	7.8	8.3	0.5
Fruit solution	0.7	0.4	(0.3)
Fine chemical	1.5	1.2	(0.3)
Distribution	4.7	4.8	0.1
Common business operations	1.5	1.3	(0.2)
Company-wide expenses	(7.1)	(7.2)	(0.1)
Total	33.1	33.2	0.1

<Factors behind changes in operating income (comparison with the previous fiscal year)>

(Billions of yen)

	Fiscal year 2018 (A)	Fiscal year 2019 (Plan) (B)	Change (B) - (A)
Operating income	33.1	33.2	0.1



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5. Summary of net sales and operating income in overseas operations [Plan for fiscal year 2019]

<Net sales>

		(Billions of yen)			Local currency basis
		Fiscal year 2018 (A)	Fiscal year 2019 (B)	Change (B) - (A)	Rate of change from fiscal year 2018
China		19.3	22.5	3.2	16%
Southeast Asia		10.0	11.2	1.1	11%
U.S.	Condiments and processed foods	6.8	7.2	0.4	4%
	Egg	5.5	5.2	(0.3)	(7)%
Europe		2.8	3.0	0.2	5%
Export		3.6	4.5	0.9	—
Total		48.0	53.5	5.6	—

* For overseas subsidiaries, figures are results from October to September.

* The total change for fiscal year 2019 includes a 0.4 billion yen increase caused by the impact of the exchange rate fluctuations.

<Operating income>

		(Billions of yen)			Local currency basis
		Fiscal year 2018 (A)	Fiscal year 2019 (B)	Change (B) - (A)	Rate of change from fiscal year 2018
China		2.4	2.7	0.3	11%
Southeast Asia		0.6	0.7	0.1	8%
U.S.	Condiments and processed foods	0.5	0.5	0.0	(1)%
	Egg	0.3	0.3	(0.0)	(10)%
Europe		(0.5)	(0.2)	0.3	—
Export		0.6	0.7	0.0	—
Other expenses		(0.4)	(0.4)	(0.0)	—
Total		3.6	4.2	0.6	—

* For overseas subsidiaries, figures are results from October to September.

* The total change for fiscal year 2019 includes a 0.0 billion yen increase caused by the impact of the exchange rate fluctuations.

* Other expenses are expenses attributable to overseas operations that cannot be allotted to any specific area.

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6. Capital investments and main components of selling, general and administrative expenses [Result for fiscal year 2018 and plan for fiscal year 2019]

(Billions of yen)

	Fiscal year 2016	Fiscal year 2017 (A)	Fiscal year 2018 (B)	Change (B) - (A)	Fiscal year 2019 (Plan) (C)	Change (C) - (B)
Capital investments	33.0	27.2	32.1	4.9	41.4	9.3
Depreciation expenses	18.3	16.8	18.2	1.4	19.1	0.9
Sales promotion expenses	3.7	3.9	3.9	(0.0)	5.1	1.2
Advertising expenses	8.7	9.5	9.1	(0.3)	9.9	0.7
Transportation and warehousing expenses	25.0	25.8	26.8	1.0	26.4	(0.5)
Payroll expenses	29.8	31.3	32.7	1.4	34.1	1.4
Research and development expenses	4.0	4.1	4.1	0.1	4.3	0.2

7. Principal items of changes in non-operating income (expenses) and extraordinary gains (losses) [Result for fiscal year 2018]

(Billions of yen)

	Fiscal year 2017	Fiscal year 2018	Change	Items of changes [Comparison with fiscal year 2017]
Non-operating income (expenses), net	1.3	1.3	0.0	Decrease in business commencement expenses 0.1
Extraordinary gains (losses), net	(1.7)	(0.8)	1.0	Increase in gains on sales of investment securities 2.5 Decrease in losses on abolishment of retirement benefit plans 1.3 Increase in losses on impairment of fixed assets (2.4)

8. Principal items of changes in non-operating income (expenses) and extraordinary gains (losses) [Plan for fiscal year 2019]

(Billions of yen)

	Fiscal year 2018	Fiscal year 2019 (Plan)	Change	Principal items of changes [Comparison with fiscal year 2018]
Non-operating income (expenses), net	1.3	1.2	(0.1)	Increase in business commencement expenses (0.1)
Extraordinary gains (losses), net	(0.8)	(1.9)	(1.1)	Decrease in gains on sales of investment securities (3.7) Decrease in gain on transfer of business (0.7) Decrease in losses on impairment of fixed assets 3.0

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9. Summary and items of changes in balance sheets [Result for fiscal year 2018]

(Billions of yen)

	Fiscal year 2017	Fiscal year 2018	Change	Items of changes [Comparison with fiscal year 2017]
(Assets)				
Current assets	156.3	161.4	5.1	Increase in cash and deposits 8.9 Decrease in notes and accounts receivable - trade (1.2) Decrease in securities (2.5)
Fixed assets				
Tangible and intangible fixed assets	203.1	205.1	2.0	Increase resulting from purchases 30.6 Decrease resulting from depreciation (18.2) Decrease resulting from transfer of business (8.1)
Investments and other assets	59.8	54.8	(5.0)	Decrease in investment securities (4.8)
(Liabilities)				
	155.8	155.3	(0.5)	Decrease in notes and accounts payable - trade (3.5) Increase in accrued income taxes 2.8
(Net assets)				
	263.4	266.1	2.7	Increase in earned surplus 12.8 Purchase of treasury stock (9.3)

10. Principal items of changes in cash flows [Result for fiscal year 2018]

(Billions of yen)

	Fiscal year 2017	Fiscal year 2018	Change	Items of changes [Comparison with fiscal year 2017]
Cash flows from operating activities	27.2	41.8	14.5	Increase in profit before income taxes 2.8 Decrease in notes and accounts receivable - trade 3.4 Increase in accounts payable - other 2.8 Decrease in income taxes paid 3.2
Cash flows from investing activities	(31.4)	(20.2)	11.2	Increase in purchases of tangible fixed assets (3.7) Decrease in payments for acquisition of business 4.6 Increase in proceeds from transfer of business 8.3
Cash flows from financing activities	4.0	(15.3)	(19.3)	Decrease in proceeds from loans payable (20.3)

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11. Principal management indexes

	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017	Fiscal year 2018
Net sales (millions of yen)	553,404	549,774	552,306	561,688	573,525
V.S. previous year (%)	4.3	–	0.5	1.7	2.1
Operating income (millions of yen)	24,343	26,354	29,818	31,261	33,067
V.S. previous year (%)	8.7	–	13.1	4.8	5.8
Operating income to net sales (%)	4.4	4.8	5.4	5.6	5.8
Ordinary income (millions of yen)	25,368	27,224	31,364	32,511	34,349
Ordinary income to net sales (%)	4.6	5.0	5.7	5.8	6.0
Profit (millions of yen)	13,366	16,973	17,093	18,099	18,320
Profit ratio (%)	2.4	3.1	3.1	3.2	3.2
Total net assets (millions of yen)	220,397	244,717	245,861	263,432	266,100
Total assets (millions of yen)	356,994	373,017	385,914	419,207	421,373
Equity ratio (%)	54.6	57.1	55.1	54.0	53.7
Cash flows from operating activities (millions of yen)	34,392	28,094	45,260	27,234	41,778
Cash flows from investing activities (millions of yen)	(30,847)	(31,181)	(32,046)	(31,421)	(20,199)
Cash flows from financing activities (millions of yen)	(3,149)	(7,101)	(5,805)	4,010	(15,293)
Free cash flow (millions of yen) (operating cash flow + investing cash flow)	3,545	(3,086)	13,213	(4,186)	21,579
Cash and cash equivalents at the end of the fiscal year (millions of yen)	44,788	34,841	40,790	41,411	47,970
Interest-bearing debt (millions of yen)	29,110	30,559	36,066	60,120	61,414
Paid-in capital (millions of yen)	24,104	24,104	24,104	24,104	24,104
Total number of issued shares (thousands of shares)	153,000	153,000	153,000	150,000	150,000
Net assets per share (yen)	1,284.36	1,403.05	1,420.63	1,539.94	1,582.27
Earnings per share (yen)	88.69	111.82	113.47	121.05	124.85
Free cash flow per share (yen)	23.52	(20.34)	87.72	(28.00)	147.06
Return on equity (%)	7.0	8.3	8.0	8.2	8.1
Ordinary income to total assets (%)	7.3	7.5	8.3	8.1	8.2
Annual dividend per share (including interim dividend) (yen)	23.0	29.0	34.5	36.5	38.0
[interim dividend per share] (yen)	[11.5]	[12.5]	[15.0]	[18.0]	[19.0]
Price earnings ratio (times)	21.9	26.4	23.8	23.8	22.1
Dividend payout ratio (%)	25.9	25.9	30.4	30.2	30.4
Dividend on equity ratio (%)	1.8	2.2	2.4	2.5	2.4
Number of regular full-time employees	12,933	13,478	14,095	14,924	14,808
Average number of temporary employees	11,840	11,519	11,150	11,456	9,843
Stock price at the end of the fiscal year (yen)	1,942	2,953	2,703	2,885	2,756

* Consumption taxes are not included in net sales.

* Changes in accounting policies have been applied to standards for recording net sales from fiscal year 2016 and figures for fiscal year 2015 were adjusted to reflect retrospective application of the changes in accounting policies. Due to these changes, the figures for "V.S. previous year (%)" of fiscal year 2015 are not presented.

* "Profit" in this chart refers to "profit attributable to owners of parent."