

Kewpie Corporation

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



Summary of Consolidated Financial Statements for the Second Quarter of the Fiscal Year Ending November 30, 2019 [JAPAN GAAP]

July 4, 2019

Listed company name: Kewpie Corporation
 Listed exchange: Tokyo Stock Exchange
 Securities code: 2809
 URL: <https://www.kewpie.com/en/>
 Representative: Osamu Chonan,
 Representative Director, President and Chief Executive Corporate Officer
 Contact: Toshihiro Kaneko,
 Senior General Manager of Management Promotion Division
 Scheduled date for filing quarterly securities report: July 12, 2019
 Scheduled date for dividend payment: August 5, 2019
 Quarterly supplementary data: Yes
 Quarterly results briefing: Yes (for institutional investors and investment analysts)

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

1. Consolidated business results for the second quarter of the fiscal year ending November 30, 2019 (From December 1, 2018 to May 31, 2019)

(1) Consolidated operating results (Cumulative)

(Percentage figures show changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended May 31, 2019	268,986	(5.6)	16,088	0.8	16,937	2.4	9,556	5.4
Six months ended May 31, 2018	285,004	2.8	15,961	7.9	16,543	8.5	9,070	12.7

(Note) Comprehensive income: Six months ended May 31, 2019 ¥9,545 million (Decrease of 13.2%)
 Six months ended May 31, 2018 ¥11,001 million (Decrease of 24.5%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Six months ended May 31, 2019	66.81	—
Six months ended May 31, 2018	61.69	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2019	426,379	272,535	54.3
As of November 30, 2018	419,736	266,100	53.9

(Reference) Shareholders' equity: As of May 31, 2019 ¥231,514 million
 As of November 30, 2018 ¥226,332 million

Kewpie Corporation

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



2. Dividends

	Annual dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
Fiscal year 2018	– Yen	19.00 Yen	– Yen	19.00 Yen	38.00 Yen
Fiscal year 2019	–	20.00			
Fiscal year 2019 (Forecast)			–	25.00	45.00

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

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.)

Year ending November 30, 2019	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
	550,000	(4.1)	33,200	0.4	34,400	0.1	18,400	0.4	128.63

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

*Notes

- (1) Changes in significant subsidiaries during the six months (Changes in specified subsidiaries resulting in the change in the scope of consolidation): Yes
Excluded: 1 company (Name: Kanae Foods Co., Ltd.)
(Note)
For details, please refer to “I. Quarterly consolidated financial statements and major notes: 4. Notes Regarding Quarterly Consolidated Financial Statements (Changes in significant subsidiaries during the six months)” on page 8.
- (2) Application of special accounting treatments for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies and estimates, and restatements
 - a) Changes in accounting policies due to revision of accounting standards: None
 - b) Changes in accounting policies due to reasons other than “a)” (above): None
 - c) Changes in accounting estimates: None
 - d) Restatements: None
- (4) Number of issued shares (common stock)
 - a) Number of issued shares at the end of the period (including treasury stock):

May 31, 2019	150,000,000 shares
November 30, 2018	150,000,000 shares
 - b) Number of shares of treasury stock at the end of the period:

May 31, 2019	6,957,593 shares
November 30, 2018	6,956,925 shares
 - c) Average number of shares during the period (cumulative from the beginning of the fiscal year):

December 1, 2018 to May 31, 2019	143,042,781 shares
December 1, 2017 to May 31, 2018	147,044,101 shares

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

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

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

Kewpie Corporation

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Table of contents

I. Quarterly consolidated financial statements and major notes	2
1. Quarterly Consolidated Balance Sheets	2
2. Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	4
(Quarterly Consolidated Statements of Income) (Six months ended May 31, 2018 and May 31, 2019)....	4
(Quarterly Consolidated Statements of Comprehensive Income) (Six months ended May 31, 2018 and May 31, 2019).....	5
3. Quarterly Consolidated Statements of Cash Flows.....	6
4. Notes Regarding Quarterly Consolidated Financial Statements	8
(Notes regarding assumption of a going concern)	8
(Notes regarding the significant changes in the amount of shareholders' equity)	8
(Changes in significant subsidiaries during the six months).....	8
(Additional information)	8
(Segment information).....	8
II. Supplementary data	10
1. Summary of net sales and operating income and factors behind changes in operating income	10
2. Capital investments and main components of selling, general and administrative expenses	13
3. Domestic sales volume and amount of salads condiments by category type (Kewpie Corporation).....	14
4. Summary of net sales and operating income in overseas operations	14
5. Principal items of changes in non-operating income (expenses) and extraordinary gains (losses)	16
6. Summary and items of changes in balance sheets	16
7. Principal items of changes in cash flows.....	17
8. Principal management indexes	18

Kewpie Corporation

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



I. Quarterly consolidated financial statements and major notes

1. Quarterly Consolidated Balance Sheets

	Previous fiscal year (As of November 30, 2018)	Current second quarter (As of May 31, 2019)
(Millions of yen)		
Assets		
Current assets		
Cash and deposits	38,493	39,505
Notes and accounts receivable - trade	77,034	78,081
Securities	9,500	9,500
Purchased goods and products	16,695	16,847
Work in process	963	1,697
Raw materials and supplies	10,595	9,992
Other	5,566	5,931
Allowances for doubtful accounts	(446)	(398)
Total current assets	158,402	161,156
Fixed assets		
Tangible fixed assets		
Buildings and structures	181,314	182,875
Accumulated depreciation	(106,708)	(108,649)
Net book value	74,605	74,225
Machinery, equipment and vehicles	175,809	178,578
Accumulated depreciation	(123,835)	(125,957)
Net book value	51,974	52,620
Land	52,084	52,193
Construction in progress	11,223	14,956
Other	25,150	25,423
Accumulated depreciation	(16,182)	(16,711)
Net book value	8,968	8,711
Total tangible fixed assets	198,856	202,707
Intangible fixed assets		
Goodwill	1,233	1,106
Other	5,059	8,020
Total intangible fixed assets	6,293	9,126
Investments and other assets		
Investment securities	29,673	27,024
Assets for retirement benefits	11,552	11,678
Other	15,140	14,866
Allowances for doubtful accounts	(181)	(180)
Total investments and other assets	56,184	53,388
Total fixed assets	261,334	265,223
Total assets	419,736	426,379

Kewpie Corporation

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



(Millions of yen)

	Previous fiscal year (As of November 30, 2018)	Current second quarter (As of May 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	44,518	44,661
Short-term loans payable	9,496	11,221
Current portion of bonds	10,000	-
Accrued income taxes	6,775	5,685
Reserves	2,937	4,758
Other	27,160	22,942
Total current liabilities	100,888	89,269
Non-current liabilities		
Bonds	-	10,000
Long-term loans payable	36,664	40,414
Liabilities for retirement benefits	3,546	3,067
Asset retirement obligations	1,123	1,123
Other	11,413	9,968
Total non-current liabilities	52,748	64,574
Total liabilities	153,636	153,843
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	29,543	29,533
Earned surplus	183,431	190,274
Treasury stock	(15,859)	(15,861)
Total shareholders' equity	221,219	228,050
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	10,618	8,756
Unrealized gains (losses) on hedges	(28)	(15)
Foreign currency translation adjustments	(1,459)	(1,850)
Accumulated adjustments for retirement benefits	(4,018)	(3,426)
Total accumulated other comprehensive income	5,112	3,463
Non-controlling interests	39,768	41,020
Total net assets	266,100	272,535
Total liabilities and net assets	419,736	426,379

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



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

(Quarterly Consolidated Statements of Income)

(Six months ended May 31, 2018 and May 31, 2019)

(Millions of yen)

	Previous second quarter (Cumulative) (From December 1, 2017 to May 31, 2018)	Current second quarter (Cumulative) (From December 1, 2018 to May 31, 2019)
Net sales	285,004	268,986
Cost of sales	218,871	203,106
Gross profit	66,132	65,879
Selling, general and administrative expenses	50,170	49,790
Operating income	15,961	16,088
Non-operating income		
Interest income	35	45
Dividends income	292	251
Equity in earnings of affiliates	77	73
Subsidy income	174	345
Other	398	638
Total non-operating income	978	1,354
Non-operating expenses		
Interest expenses	172	151
Foreign exchange losses	91	107
Other	131	246
Total non-operating expenses	396	505
Ordinary income	16,543	16,937
Extraordinary gains		
Gains on sales of fixed assets	58	80
Gains on transfer of business	-	643
Other	33	75
Total extraordinary gains	92	798
Extraordinary losses		
Losses on disposal of fixed assets	402	450
Losses on impairment of fixed assets	-	642
Other	147	103
Total extraordinary losses	549	1,196
Profit before income taxes	16,086	16,538
Income taxes	5,329	5,302
Profit	10,757	11,236
Profit attributable to non-controlling interests	1,686	1,679
Profit attributable to owners of parent	9,070	9,556

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



(Quarterly Consolidated Statements of Comprehensive Income)
(Six months ended May 31, 2018 and May 31, 2019)

	Previous second quarter (Cumulative) (From December 1, 2017 to May 31, 2018)	Current second quarter (Cumulative) (From December 1, 2018 to May 31, 2019)
	(Millions of yen)	
Profit	10,757	11,236
Other comprehensive income		
Unrealized holding gains (losses) on securities	182	(1,908)
Unrealized gains (losses) on hedges	1	10
Foreign currency translation adjustments	(584)	(426)
Adjustments for retirement benefits	644	634
Total other comprehensive income	244	(1,690)
Comprehensive income	11,001	9,545
(Breakdown)		
Comprehensive income attributable to owners of parent	9,306	7,908
Comprehensive income attributable to non-controlling interests	1,694	1,637

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



3. Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Previous second quarter (Cumulative) (From December 1, 2017 to May 31, 2018)	Current second quarter (Cumulative) (From December 1, 2018 to May 31, 2019)
Cash flows from operating activities		
Profit before income taxes	16,086	16,538
Depreciation and amortization	8,869	9,186
Losses on impairment of fixed assets	-	642
Amortization of goodwill	259	127
Equity in losses (earnings) of affiliates	(77)	(73)
Losses (gains) on valuation of investment securities	5	-
Increase (decrease) in reserves	1,864	1,779
Increase (decrease) in liabilities for retirement benefits	19	(479)
Decrease (increase) in assets for retirement benefits	(996)	(126)
Interest and dividends income	(328)	(297)
Interest expenses	172	151
Losses (gains) on sales and disposal of fixed assets	393	385
Losses (gains) on transfer of business	-	(643)
Decrease (increase) in notes and accounts receivable - trade	(2,936)	(1,117)
Decrease (increase) in inventories	(1,807)	(378)
Increase (decrease) in notes and accounts payable - trade	360	233
Increase (decrease) in accounts payable - other	(173)	(1,841)
Other	(125)	(441)
Sub-total	21,587	23,648
Interest and dividends income received	333	308
Interest paid	(172)	(164)
Income taxes paid	(4,210)	(7,011)
Net cash provided by (used in) operating activities	17,537	16,780
Cash flows from investing activities		
Purchases of tangible fixed assets	(12,433)	(14,245)
Purchases of intangible fixed assets	(512)	(3,691)
Purchases of investment securities	(126)	(24)
Net decrease (increase) in short-term loans receivable	(9)	(61)
Payments of long-term loans receivable	(146)	(369)
Collection of long-term loans receivable	22	29
Proceeds from transfer of business	-	643
Other	(311)	435
Net cash provided by (used in) investing activities	(13,516)	(17,285)

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



(Millions of yen)

	Previous second quarter (Cumulative) (From December 1, 2017 to May 31, 2018)	Current second quarter (Cumulative) (From December 1, 2018 to May 31, 2019)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,672	759
Proceeds from long-term loans payable	-	6,500
Repayment of long-term loans payable	(1,109)	(1,734)
Proceeds from issuance of bonds	-	10,000
Redemption of bonds	-	(10,000)
Cash dividends paid	(2,720)	(2,717)
Cash dividends paid to non-controlling interests	(347)	(449)
Purchase of treasury stock	(2)	(1)
Other	(955)	(714)
Net cash provided by (used in) financing activities	(3,461)	1,641
Effects of exchange rate changes on cash and cash equivalents	(145)	(101)
Increase (decrease) in cash and cash equivalents	414	1,034
Cash and cash equivalents at the beginning of the period	41,411	47,970
Increase in cash and cash equivalents from newly consolidated subsidiary	461	-
Cash and cash equivalents at the end of the period	42,287	49,005

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4. Notes Regarding Quarterly Consolidated Financial Statements

(Notes regarding assumption of a going concern)

Not applicable.

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

Not applicable.

(Changes in significant subsidiaries during the six months)

Kanae Foods Co., Ltd. (specified subsidiary) has been excluded from the scope of consolidation as a result of the merger with Kewpie Egg Corporation (specified subsidiary) taken place during the first quarter, in which Kewpie Egg Corporation was the surviving entity.

(Additional information)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and Relevant Guidelines)

The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant guidelines effective as of the beginning of the first quarter. Accordingly, "deferred tax assets" were recorded under "Investments and other assets" and "deferred tax liabilities" were recorded under "Non-current liabilities".

(Segment information)

<Segment information>

I. Previous second quarter (Cumulative From December 1, 2017 to May 31, 2018)

1. Information on amounts of net sales and profit or loss by reported segment

	(Millions of yen)									Amount reported on the quarterly consolidated statement of income (Note 2)
	Condi-ments and processed foods	Salad and delica-tessen	Egg	Fruit solution	Fine chemicals	Distribution	Common business operations	Total	Adjust-ments (Note 1)	
Net sales										
Net sales to outside customers	91,338	61,198	49,588	8,172	4,798	67,000	2,906	285,004	-	285,004
Intersegment net sales or transfers	3,458	55	2,245	162	160	15,342	4,995	26,418	(26,418)	-
Total	94,796	61,253	51,833	8,334	4,959	82,342	7,902	311,422	(26,418)	285,004
Segment profit	9,777	1,927	3,865	542	377	2,158	771	19,420	(3,458)	15,961

(Notes) 1. "Adjustments" of ¥(3,458) 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 reportable segments.

2. "Segment profit" is adjusted with "Operating income" in the quarterly consolidated statements of income.

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

(Significant losses on impairment of fixed assets)

Not applicable.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gains on negative goodwill)

Not applicable.

Kewpie Corporation

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



II. Current second quarter (Cumulative From December 1, 2018 to May 31, 2019)

1. Information on amounts of net sales and profit or loss by reported segment

(Millions of yen)

	Condi- ments and processed foods	Salad and delica- tessen	Egg	Fruit solution	Fine chemicals	Distribution	Common business operations	Total	Adjust- ments (Note 1)	Amount reported on the quarterly consolidated statement of income (Note 2)
Net sales										
Net sales to outside customers	91,770	44,263	49,038	7,857	4,261	69,216	2,577	268,986	-	268,986
Intersegment net sales or transfers	3,180	64	1,850	505	232	15,387	4,896	26,117	(26,117)	-
Total	94,950	44,328	50,888	8,362	4,494	84,604	7,474	295,103	(26,117)	268,986
Segment profit	10,803	1,164	4,025	121	377	2,114	781	19,387	(3,299)	16,088

(Notes) 1. "Adjustments" of ¥(3,299) 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 reportable segments.

2. "Segment profit" is adjusted with "Operating income" in the quarterly consolidated statements of income.

2. Information on changes in reportable segment

From the first quarter, the Company has amended the Group's operational structure to implement its business activities in accordance with the allocation of management responsibility outlined in the Medium-term Business Plan, which covers three years starting from fiscal year 2019. These changes are as follows:

◇ Changes in business category

- All business operations of the former "Processed foods business" segment except the Aohata Corporation portion have been transferred to the former "Condiments products business" segment and this segment was renamed as "Condiments and processed foods business".
- The Aohata Corporation portion included in the former "Processed foods business" segment has been split off and this new segment was named as "Fruit solution business".
- The former "Distribution system business" segment has transferred its leasing related transactions to "Common business operations" and was renamed as "Distribution business".

◇ Company-wide expenses

- Expenses not attributable to any specific business (headquarters expenses, etc.) have been classified as "Company-wide expenses".

Segment information of the previous second quarter (cumulative from December 1, 2017 to May 31, 2018) is prepared and disclosed based on the reportable segment classifications after the change.

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

(Significant losses on impairment of fixed assets)

During the current second quarter (cumulative from December 1, 2018 to May 31, 2019), the Company recorded losses on impairment of fixed assets of ¥550 million in the "Condiments and processed foods" segment.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gains on negative goodwill)

Not applicable.

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



II. Supplementary data

- (Notes) 1. Fraction errors may occur due to rounding figures less than 100 million.
 2. The following changes took effect at the beginning of fiscal year 2019.
- ◇ Changes in business category
 - All business operations of the former “Processed foods business” segment except the Aohata Corporation portion have been transferred to the former “Condiments products business” segment and this segment was renamed as “Condiments and processed foods business”.
 - The Aohata Corporation portion included in the former “Processed foods business” segment has been split off and this new segment was named as “Fruit solution business”.
 - The former “Distribution system business” segment has transferred its leasing related transactions to “Common business operations” and was renamed as “Distribution business”.
 - ◇ Company-wide expenses
 - Expenses not attributable to any specific business (headquarters expenses, etc.) have been classified as “Company-wide expenses”.

1. Summary of net sales and operating income and factors behind changes in operating income

<Net sales>

(Billions of yen)

Former business category	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2017	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	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

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



New business category	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2018 (A)	Condiments and processed foods	43.3	48.1	91.3	48.2	139.6	44.7	184.3
	Salad and delicatessen	30.0	31.2	61.2	31.7	92.9	25.4	118.3
	Egg	24.2	25.4	49.6	24.9	74.5	26.4	100.9
	Fruit solution	3.6	4.5	8.2	4.1	12.3	3.6	15.9
	Fine chemicals	2.1	2.7	4.8	2.6	7.4	2.6	10.0
	Distribution	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
Fiscal Year 2019 (B)	Condiments and processed foods	43.1	48.6	91.8				189.8
	Salad and delicatessen	21.4	22.8	44.3				91.5
	Egg	23.4	25.6	49.0				99.8
	Fruit solution	3.5	4.4	7.9				16.2
	Fine chemicals	2.0	2.2	4.3				8.8
	Distribution	33.6	35.6	69.2				138.4
	Common business operations	1.2	1.4	2.6				5.5
	Total	128.3	140.7	269.0				550.0
Change (B) - (A)	Condiments and processed foods	(0.1)	0.6	0.4				5.5
	Salad and delicatessen	(8.6)	(8.3)	(16.9)				(26.8)
	Egg	(0.7)	0.2	(0.6)				(1.1)
	Fruit solution	(0.1)	(0.2)	(0.3)				0.3
	Fine chemicals	(0.1)	(0.4)	(0.5)				(1.2)
	Distribution	1.1	1.2	2.2				0.1
	Common business operations	(0.3)	(0.1)	(0.3)				(0.3)
	Total	(8.9)	(7.1)	(16.0)				(23.5)

- (Notes) 1. Figures of "Year" in Fiscal Year 2019 indicate planned figures disclosed on July 4, 2019.
 2. Figures of "2nd quarter" are differences between "2nd quarter (Cumulative)" and "1st quarter".
 3. Figures of "3rd quarter" are differences between "3rd quarter (Cumulative)" and "2nd quarter (Cumulative)".
 4. Figures of "4th quarter" are differences between "Year" and "3rd quarter (Cumulative)".

Kewpie Corporation

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



<Operating income>

(Billions of yen)

Former business category	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2017	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	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

New business category	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2018 (A)	Condiments and processed foods	3.8	5.9	9.8	5.8	15.5	4.3	19.8
	Salad and delicatessen	0.6	1.3	1.9	1.4	3.3	1.0	4.3
	Egg	1.7	2.1	3.9	2.0	5.9	1.9	7.8
	Fruit solution	0.2	0.3	0.5	0.2	0.8	(0.1)	0.7
	Fine chemicals	0.0	0.4	0.4	0.6	0.9	0.5	1.5
	Distribution	0.6	1.5	2.2	1.5	3.7	1.0	4.7
	Common business operations	0.4	0.4	0.8	0.4	1.2	0.3	1.5
	Company-wide expenses	(1.7)	(1.8)	(3.5)	(1.7)	(5.1)	(2.0)	(7.1)
	Total	5.7	10.2	16.0	10.2	26.1	6.9	33.1
Fiscal Year 2019 (B)	Condiments and processed foods	4.2	6.6	10.8				21.2
	Salad and delicatessen	0.2	1.0	1.2				3.2
	Egg	2.0	2.0	4.0				8.3
	Fruit solution	(0.0)	0.2	0.1				0.3
	Fine chemicals	(0.0)	0.4	0.4				1.2
	Distribution	0.7	1.4	2.1				4.8
	Common business operations	0.4	0.4	0.8				1.4
	Company-wide expenses	(1.5)	(1.8)	(3.3)				(7.2)
	Total	6.0	10.1	16.1				33.2
Change (B) - (A)	Condiments and processed foods	0.4	0.6	1.0				1.4
	Salad and delicatessen	(0.4)	(0.4)	(0.8)				(1.1)
	Egg	0.3	(0.1)	0.2				0.5
	Fruit solution	(0.3)	(0.2)	(0.4)				(0.4)
	Fine chemicals	(0.0)	0.0	0.0				(0.3)
	Distribution	0.1	(0.2)	(0.0)				0.1
	Common business operations	(0.0)	0.0	0.0				(0.1)
	Company-wide expenses	0.2	(0.0)	0.2				(0.1)
	Total	0.3	(0.2)	0.1				0.1

Kewpie Corporation

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

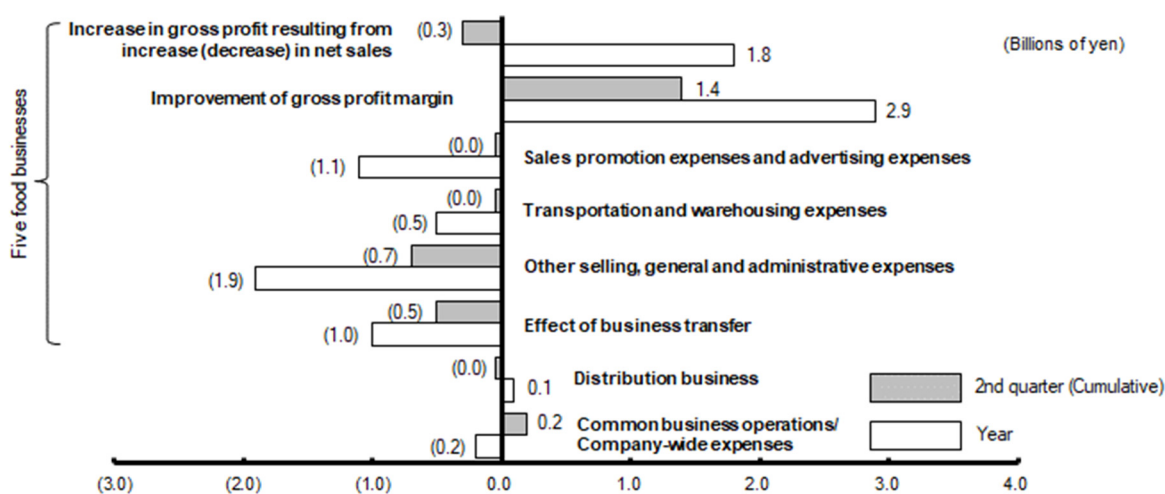


- (Notes) 1. Figures of "Year" in Fiscal Year 2019 indicate planned figures disclosed on July 4, 2019.
 2. Figures of "2nd quarter" are differences between "2nd quarter (Cumulative)" and "1st quarter".
 3. Figures of "3rd quarter" are differences between "3rd quarter (Cumulative)" and "2nd quarter (Cumulative)".
 4. Figures of "4th quarter" are differences between "Year" and "3rd quarter (Cumulative)".

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

(Billions of yen)

	Fiscal year 2018 (A)	Fiscal year 2019 (B)	Change (B) - (A)
2nd quarter (Cumulative)	16.0	16.1	0.1
Year	33.1	33.2	0.1



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

(Billions of yen)

	2nd quarter 2017 (Cumulative)	2nd quarter 2018 (Cumulative) (A)	2nd quarter 2019 (Cumulative) (B)	Change (B) - (A)	Fiscal year 2017	Fiscal year 2018	Fiscal year 2019 (Plan)
Capital investments	16.2	13.2	16.1	2.9	27.2	32.1	41.4
Depreciation expenses	8.1	8.9	9.2	0.3	16.8	18.2	19.1
Sales promotion expenses	1.9	1.9	1.8	(0.1)	3.9	3.9	4.6
Advertising expenses	5.2	5.0	5.0	0.1	9.5	9.1	9.6
Transportation and warehousing expenses	12.7	13.5	12.8	(0.6)	25.8	26.8	26.4
Payroll expenses	15.5	16.2	16.6	0.4	31.3	32.7	34.1
Research and development expenses	1.9	1.9	1.9	(0.0)	4.1	4.1	4.3

* Figures of "Fiscal year 2019 (Plan)" indicate figures disclosed on July 4, 2019.

Kewpie Corporation

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



3. Domestic sales volume and amount of salads condiments by category type (Kewpie Corporation)

		2nd quarter 2017 (Cumulative)	2nd quarter 2018 (Cumulative) (A)	2nd quarter 2019 (Cumulative) (B)	Change (B) - (A)	Fiscal year 2017	Fiscal year 2018
For household use	Volume (Thousands of ton)	64	63	66	3	128	127
	Amount (Billions of yen)	32.8	32.2	32.9	0.7	65.0	63.5
For commercial use	Volume (Thousands of ton)	54	54	53	(2)	107	107
	Amount (Billions of yen)	20.3	20.7	20.0	(0.7)	40.9	41.1

4. Summary of net sales and operating income in overseas operations

(Note) The following changes took effect at the beginning of fiscal year 2019.

- In line with changes to the business categories, the former “Condiments products business” segment was renamed to “Condiments and processed foods business”.
- “Exports and New” was reclassified into “Europe” and “Exports”.
- Expenses attributable to overseas operations but not attributable to any specific area have been classified as “Other expenses”.

<Net sales>

(Billions of yen)

Former category		2nd quarter 2017 (Cumulative)	2nd quarter 2018 (Cumulative)
China		8.3	8.7
Southeast Asia		4.1	4.9
North America	Condiments products	3.2	3.2
	Egg products	2.1	2.6
Exports and New		2.1	3.4
Total		19.7	22.7

(Billions of yen) Local currency basis

New category		2nd quarter 2018 (Cumulative) (A)	2nd quarter 2019 (Cumulative) (B)	Change (B) - (A)	Rate of change from 2nd quarter 2018 (Cumulative)
China		8.7	9.2	0.6	11%
Southeast Asia		4.9	5.4	0.5	10%
North America	Condiments and processed foods	3.2	3.2	(0.1)	(3)%
	Egg	2.6	2.6	0.1	1%
Europe		1.6	1.6	0.0	7%
Exports		1.8	2.0	0.2	–
Total		22.7	24.0	1.3	–

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

* The total change includes a ¥0.5 billion decrease caused by the impact of the exchange rate fluctuations.

Kewpie Corporation

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



<Operating income>

(Billions of yen)

Former category		2nd quarter 2017 (Cumulative)	2nd quarter 2018 (Cumulative)
China		0.9	0.8
Southeast Asia		0.1	0.3
North America	Condiments products	0.2	0.2
	Egg products	(0.5)	0.1
Exports and New		0.1	0.2
Total		1.0	1.5

(Billions of yen) Local currency basis

New category		2nd quarter 2018 (Cumulative) (A)	2nd quarter 2019 (Cumulative) (B)	Change (B) - (A)	Rate of change from 2nd quarter 2018 (Cumulative)
China		0.8	1.4	0.6	84%
Southeast Asia		0.3	0.4	0.1	35%
North America	Condiments and processed foods	0.2	0.2	0.0	22%
	Egg	0.1	0.2	0.1	115%
Europe		(0.2)	(0.0)	0.1	–
Exports		0.3	0.4	0.0	–
Other expenses		(0.2)	(0.2)	(0.0)	–
Total		1.3	2.4	1.0	–

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

* The total change includes a ¥0.1 billion decrease caused by the impact of the exchange rate fluctuations.

Kewpie Corporation

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



5. Principal items of changes in non-operating income (expenses) and extraordinary gains (losses)

(Billions of yen)

	2nd quarter 2017 (Cumulative)	2nd quarter 2018 (Cumulative) (A)	2nd quarter 2019 (Cumulative) (B)	Items of changes [Comparison with 2nd quarter 2018 (cumulative)] (B) - (A)	Fiscal year 2017	Fiscal year 2018	Fiscal year 2019 (Plan)
Non-operating income (expenses), net	0.5	0.6	0.8	Increase in subsidy income 0.2 Increase in insurance income 0.2	1.3	1.3	1.2
Extraordinary gains (losses), net	(0.8)	(0.5)	(0.4)	Increase in gains on transfer of business 0.6 Increase in losses on impairment of fixed assets (0.6)	(1.7)	(0.8)	(1.9)

6. Summary and items of changes in balance sheets

(Billions of yen)

	Fiscal year 2018 (A)	2nd quarter 2019 (B)	Change (B) - (A)	Items of changes [Comparison with fiscal year 2018]
(Assets)				
Current assets	158.4	161.2	2.8	Increase in cash and deposits 1.0 Increase in notes and accounts receivable - trade 1.0 Increase in inventories 0.3
Fixed assets				
Tangible and intangible fixed assets	205.1	211.8	6.7	Increase resulting from purchases 16.0 Decrease resulting from depreciation (9.0)
Investments and other assets	56.2	53.4	(2.8)	Decrease in investment securities (2.6)
(Liabilities)				
	153.6	153.8	0.2	Increase in loans payable 5.5 Decrease in accrued income taxes (1.1) Decrease in accounts payable - other (1.8) Decrease in accounts payable - facilities (1.4)
(Net assets)				
	266.1	272.5	6.4	Increase in earned surplus 6.8 Decrease in accumulated other comprehensive income (1.6) Increase in non-controlling interests 1.3

* The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant guidelines effective as of the beginning of fiscal year 2019. Figures for the previous fiscal year have been retrospectively adjusted to reflect the application of the said accounting standard and relevant guidelines.

Kewpie Corporation

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



7. Principal items of changes in cash flows

(Billions of yen)

	2nd quarter 2017 (Cumulative)	2nd quarter 2018 (Cumulative) (A)	2nd quarter 2019 (Cumulative) (B)	Items of changes [Comparison with 2nd quarter 2018 (cumulative)] (B) - (A)	Fiscal year 2017	Fiscal year 2018
Cash flows from operating activities	9.9	17.5	16.8	Decrease (increase) in notes and accounts receivable - trade 1.8 Increase in income taxes paid (2.8)	27.2	41.8
Cash flows from investing activities	(21.7)	(13.5)	(17.3)	Increase in purchases of intangible fixed assets (3.2)	(31.4)	(20.2)
Cash flows from financing activities	19.5	(3.5)	1.6	Increase in proceeds from loans payable 5.0	4.0	(15.3)

Kewpie Corporation

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



8. Principal management indexes

	2nd quarter 2017 (Cumulative)	2nd quarter 2018 (Cumulative)	2nd quarter 2019 (Cumulative)	Fiscal year 2017	Fiscal year 2018
Net sales (millions of yen)	277,186	285,004	268,986	561,688	573,525
Operating income (millions of yen)	14,791	15,961	16,088	31,261	33,067
Operating income to net sales (%)	5.3	5.6	6.0	5.6	5.8
Ordinary income (millions of yen)	15,246	16,543	16,937	32,511	34,349
Ordinary income to net sales (%)	5.5	5.8	6.3	5.8	6.0
Profit (millions of yen)	8,047	9,070	9,556	18,099	18,320
Profit to net sales (%)	2.9	3.2	3.6	3.2	3.2
Net assets (millions of yen)	257,208	271,294	272,535	263,432	266,100
Total assets (millions of yen)	412,737	426,422	426,379	417,710	419,736
Equity ratio (%)	53.8	54.6	54.3	54.2	53.9
Cash flows from operating activities (millions of yen)	9,882	17,537	16,780	27,234	41,778
Cash flows from investing activities (millions of yen)	(21,717)	(13,516)	(17,285)	(31,421)	(20,199)
Cash flows from financing activities (millions of yen)	19,544	(3,461)	1,641	4,010	(15,293)
Free cash flow (operating cash flow + investing cash flow) (millions of yen)	(11,835)	4,021	(504)	(4,186)	21,579
Cash and cash equivalents at the end of the period (millions of yen)	49,072	42,287	49,005	41,411	47,970
Interest-bearing debt (millions of yen)	60,993	61,046	66,756	60,120	61,414
Net assets per share (yen)	1,469.76	1,584.81	1,618.50	1,539.94	1,582.27
Profit per share (yen)	53.69	61.69	66.81	121.05	124.85
Free cash flow per share (yen)	(78.96)	27.35	(3.53)	(28.00)	147.06
Interim (annual) dividend per share (yen)	18.0	19.0	20.0	36.5	38.0
Stock price at the end of the period (yen)	2,890	2,631	2,431	2,885	2,756

* Consumption taxes are not included in net sales.

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

* The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant guidelines effective as of the beginning of fiscal year 2019. Figures for the previous fiscal years have been retrospectively adjusted to reflect the application of the said accounting standard and relevant guidelines.