

Kewpie Corporation

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



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

October 1, 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: October 15, 2019
 Scheduled date for dividend payment: –
 Quarterly supplementary data: Yes
 Quarterly results briefing: None

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

1. Consolidated business results for the third quarter of the fiscal year ending November 30, 2019 (From December 1, 2018 to August 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	%
Nine months ended August 31, 2019	407,467	(6.0)	25,000	(4.3)	26,227	(4.2)	14,737	0.3
Nine months ended August 31, 2018	433,446	3.0	26,119	7.1	27,363	8.3	14,689	2.4

(Note) Comprehensive income: Nine months ended August 31, 2019 ¥14,194 million (Decrease of 14.0%)
 Nine months ended August 31, 2018 ¥16,509 million (Decrease of 29.5%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Nine months ended August 31, 2019	103.03	–
Nine months ended August 31, 2018	99.90	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of August 31, 2019	440,970	273,298	52.7
As of November 30, 2018	419,736	266,100	53.9

(Reference) Shareholders' equity: As of August 31, 2019 ¥232,513 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: None

*Notes

- (1) Changes in significant subsidiaries during the nine 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: 3. Notes Regarding Quarterly Consolidated Financial Statements (Changes in significant subsidiaries during the nine months)” on page 6.
- (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):

August 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:

August 31, 2019	6,957,866 shares
November 30, 2018	6,956,925 shares
 - c) Average number of shares during the period:

December 1, 2018 to August 31, 2019	143,042,617 shares
December 1, 2017 to August 31, 2018	147,043,926 shares

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



***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) (Nine months ended August 31, 2018 and August 31, 2019)	4
(Quarterly Consolidated Statements of Comprehensive Income) (Nine months ended August 31, 2018 and August 31, 2019).....	5
3. Notes Regarding Quarterly Consolidated Financial Statements	6
(Notes regarding assumption of a going concern)	6
(Notes regarding the significant changes in the amount of shareholders' equity)	6
(Changes in significant subsidiaries during the nine months)	6
(Additional information)	6
(Segment information).....	6
II. Supplementary data	8
1. Summary of net sales and operating income and factors behind changes in operating income	8
2. Capital investments and main components of selling, general and administrative expenses	11
3. Domestic sales volume and amount of salads condiments by category type (Kewpie Corporation).....	12
4. Summary of net sales and operating income in overseas operations	12
5. Principal items of changes in non-operating income (expenses) and extraordinary gains (losses)	14
6. Summary and items of changes in balance sheets	14

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 third quarter (As of August 31, 2019)
(Millions of yen)		
Assets		
Current assets		
Cash and deposits	38,493	44,979
Notes and accounts receivable - trade	77,034	86,251
Securities	9,500	9,500
Purchased goods and products	16,695	16,355
Work in process	963	1,348
Raw materials and supplies	10,595	9,706
Other	5,566	5,780
Allowances for doubtful accounts	(446)	(415)
Total current assets	158,402	173,506
Fixed assets		
Tangible fixed assets		
Buildings and structures	181,314	183,080
Accumulated depreciation	(106,708)	(107,365)
Net book value	74,605	75,715
Machinery, equipment and vehicles	175,809	178,107
Accumulated depreciation	(123,835)	(124,351)
Net book value	51,974	53,755
Land	52,084	52,196
Construction in progress	11,223	14,423
Other	25,150	25,502
Accumulated depreciation	(16,182)	(16,940)
Net book value	8,968	8,561
Total tangible fixed assets	198,856	204,652
Intangible fixed assets		
Goodwill	1,233	1,044
Other	5,059	8,465
Total intangible fixed assets	6,293	9,509
Investments and other assets		
Investment securities	29,673	25,867
Assets for retirement benefits	11,552	12,042
Other	15,140	15,572
Allowances for doubtful accounts	(181)	(180)
Total investments and other assets	56,184	53,301
Total fixed assets	261,334	267,463
Total assets	419,736	440,970

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 third quarter (As of August 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	44,518	50,427
Short-term loans payable	9,496	12,667
Current portion of bonds	10,000	-
Accrued income taxes	6,775	4,131
Reserves for bonuses	1,937	5,783
Other reserves	1,000	2,818
Other	27,160	28,118
Total current liabilities	100,888	103,946
Non-current liabilities		
Bonds	-	10,000
Long-term loans payable	36,664	40,549
Liabilities for retirement benefits	3,546	3,030
Asset retirement obligations	1,123	1,185
Other	11,413	8,959
Total non-current liabilities	52,748	63,725
Total liabilities	153,636	167,671
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	29,543	29,483
Earned surplus	183,431	192,590
Treasury stock	(15,859)	(15,862)
Total shareholders' equity	221,219	230,315
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	10,618	8,051
Unrealized gains (losses) on hedges	(28)	(17)
Foreign currency translation adjustments	(1,459)	(2,761)
Accumulated adjustments for retirement benefits	(4,018)	(3,075)
Total accumulated other comprehensive income	5,112	2,197
Non-controlling interests	39,768	40,784
Total net assets	266,100	273,298
Total liabilities and net assets	419,736	440,970

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

(Quarterly Consolidated Statements of Income)

(Nine months ended August 31, 2018 and August 31, 2019)

(Millions of yen)

	Previous third quarter (Cumulative) (From December 1, 2017 to August 31, 2018)	Current third quarter (Cumulative) (From December 1, 2018 to August 31, 2019)
Net sales	433,446	407,467
Cost of sales	332,304	307,272
Gross profit	101,142	100,195
Selling, general and administrative expenses	75,023	75,195
Operating income	26,119	25,000
Non-operating income		
Interest income	59	80
Dividends income	470	426
Equity in earnings of affiliates	113	114
Insurance income	237	450
Other	888	983
Total non-operating income	1,768	2,055
Non-operating expenses		
Interest expenses	260	222
Other	263	606
Total non-operating expenses	523	828
Ordinary income	27,363	26,227
Extraordinary gains		
Gains on transfer of business	-	643
Gains on sales of fixed assets	79	98
Other	425	154
Total extraordinary gains	504	896
Extraordinary losses		
Losses on disposal of fixed assets	844	729
Impairment losses	219	642
Other	554	180
Total extraordinary losses	1,619	1,552
Profit before income taxes	26,249	25,570
Income taxes	8,700	8,198
Profit	17,549	17,372
Profit attributable to non-controlling interests	2,859	2,634
Profit attributable to owners of parent	14,689	14,737

Kewpie Corporation

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



(Quarterly Consolidated Statements of Comprehensive Income)
(Nine months ended August 31, 2018 and August 31, 2019)

(Millions of yen)

	Previous third quarter (Cumulative) (From December 1, 2017 to August 31, 2018)	Current third quarter (Cumulative) (From December 1, 2018 to August 31, 2019)
Profit	17,549	17,372
Other comprehensive income		
Unrealized holding gains (losses) on securities	(1,103)	(2,648)
Unrealized gains (losses) on hedges	(16)	(3)
Foreign currency translation adjustments	(898)	(1,532)
Adjustments for retirement benefits	978	1,006
Total other comprehensive income	(1,039)	(3,177)
Comprehensive income	16,509	14,194
(Breakdown)		
Comprehensive income attributable to owners of parent	13,762	11,822
Comprehensive income attributable to non-controlling interests	2,747	2,372

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



3. 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 nine 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 third quarter (Cumulative From December 1, 2017 to August 31, 2018)

1. Information on amounts of net sales and profit or loss by reporting 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 statements of income (Note 2)
Net sales										
Net sales to outside customers	139,551	92,919	74,503	12,254	7,429	102,635	4,152	433,446	-	433,446
Intersegment net sales or transfers	5,115	81	3,290	236	231	23,234	7,362	39,553	(39,553)	-
Total	144,667	93,001	77,794	12,491	7,661	125,869	11,514	473,000	(39,553)	433,446
Segment profit	15,530	3,304	5,907	751	930	3,664	1,150	31,239	(5,120)	26,119

(Notes) 1. "Adjustments" of ¥(5,120) 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 particular reporting segment.

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 reporting segment

(Significant losses on impairment of fixed assets)

In the nine months ended August 31, 2018, the Company recorded losses on impairment of fixed assets of ¥219 million in the "Egg" segment.

(Significant changes in amount of goodwill)

Not applicable.

(Significant gains on negative goodwill)

Not applicable.

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II. Current third quarter (Cumulative From December 1, 2018 to August 31, 2019)

1. Information on amounts of net sales and profit or loss by reporting 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 statements of income (Note 2)
Net sales										
Net sales to outside customers	139,461	67,374	73,994	11,821	6,040	105,056	3,718	407,467	-	407,467
Intersegment net sales or transfers	4,925	159	2,571	749	335	23,348	7,257	39,346	(39,346)	-
Total	144,386	67,534	76,565	12,571	6,375	128,404	10,976	446,813	(39,346)	407,467
Segment profit	16,531	2,097	6,173	228	713	3,353	1,114	30,211	(5,210)	25,000

(Notes) 1. "Adjustments" of ¥(5,210) million in "Segment profit" includes Company-wide expenses unallocated to the respective reporting segment. The Company-wide expenses mainly consist of expenditures pertaining to general and administrative expenses not attributable to particular reporting segments.

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

2. Information on changes in reporting 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 particular business category (headquarters expenses, etc.) have been classified as "Company-wide expenses".

Segment information of the previous third quarter (cumulative from December 1, 2017 to August 31, 2018) has been restated and disclosed based on the current segment classifications after the change.

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

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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 particular business category (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	47.7	139.5		
	Salad and delicatessen	21.4	22.8	44.3	23.1	67.4		
	Egg	23.4	25.6	49.0	25.0	74.0		
	Fruit solution	3.5	4.4	7.9	4.0	11.8		
	Fine chemicals	2.0	2.2	4.3	1.8	6.0		
	Distribution	33.6	35.6	69.2	35.8	105.1		
	Common business operations	1.2	1.4	2.6	1.1	3.7		
	Total	128.3	140.7	269.0	138.5	407.5		
Change (B) - (A)	Condiments and processed foods	(0.1)	0.6	0.4	(0.5)	(0.1)		
	Salad and delicatessen	(8.6)	(8.3)	(16.9)	(8.6)	(25.5)		
	Egg	(0.7)	0.2	(0.6)	0.1	(0.5)		
	Fruit solution	(0.1)	(0.2)	(0.3)	(0.1)	(0.4)		
	Fine chemicals	(0.1)	(0.4)	(0.5)	(0.9)	(1.4)		
	Distribution	1.1	1.2	2.2	0.2	2.4		
	Common business operations	(0.3)	(0.1)	(0.3)	(0.1)	(0.4)		
	Total	(8.9)	(7.1)	(16.0)	(10.0)	(26.0)		

- (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)".

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	5.7	16.5		
	Salad and delicatessen	0.2	1.0	1.2	0.9	2.1		
	Egg	2.0	2.0	4.0	2.1	6.2		
	Fruit solution	(0.0)	0.2	0.1	0.1	0.2		
	Fine chemicals	(0.0)	0.4	0.4	0.3	0.7		
	Distribution	0.7	1.4	2.1	1.2	3.4		
	Common business operations	0.4	0.4	0.8	0.3	1.1		
	Company-wide expenses	(1.5)	(1.8)	(3.3)	(1.9)	(5.2)		
	Total	6.0	10.1	16.1	8.9	25.0		
Change (B) - (A)	Condiments and processed foods	0.4	0.6	1.0	(0.0)	1.0		
	Salad and delicatessen	(0.4)	(0.4)	(0.8)	(0.4)	(1.2)		
	Egg	0.3	(0.1)	0.2	0.1	0.3		
	Fruit solution	(0.3)	(0.2)	(0.4)	(0.1)	(0.5)		
	Fine chemicals	(0.0)	0.0	0.0	(0.2)	(0.2)		
	Distribution	0.1	(0.2)	(0.0)	(0.3)	(0.3)		
	Common business operations	(0.0)	0.0	0.0	(0.0)	(0.0)		
	Company-wide expenses	0.2	(0.0)	0.2	(0.2)	(0.1)		
	Total	0.3	(0.2)	0.1	(1.2)	(1.1)		

Kewpie Corporation

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

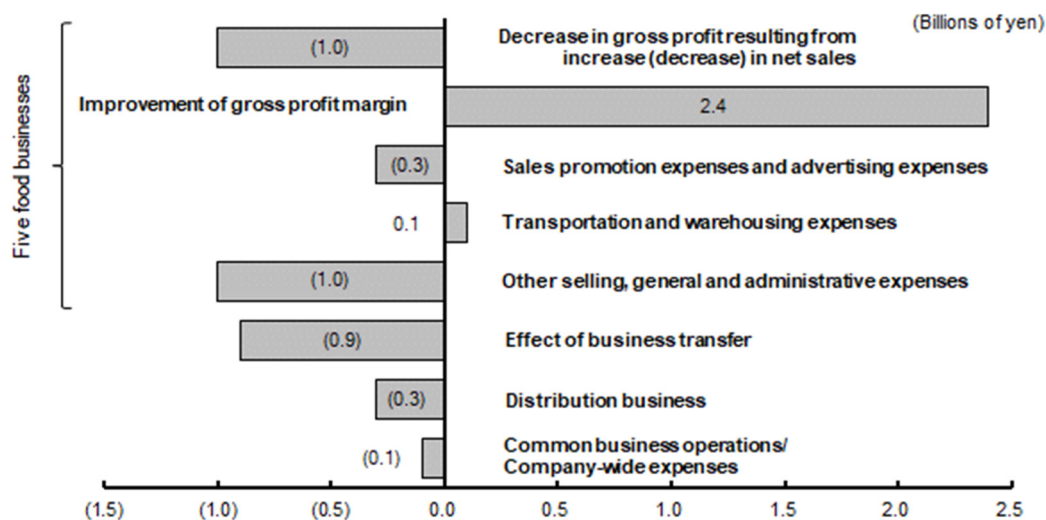


- (Notes) 1. Figures of "2nd quarter" are differences between "2nd quarter (Cumulative)" and "1st quarter".
 2. Figures of "3rd quarter" are differences between "3rd quarter (Cumulative)" and "2nd quarter (Cumulative)".
 3. Figures of "4th quarter" are differences between "Year" and "3rd quarter (Cumulative)".

<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)
3rd quarter (Cumulative)	26.1	25.0	(1.1)



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

(Billions of yen)

	3rd quarter 2017 (Cumulative)	3rd quarter 2018 (Cumulative) (A)	3rd quarter 2019 (Cumulative) (B)	Change (B) - (A)
Capital investments	21.3	22.7	21.6	(1.2)
Depreciation expenses	12.4	13.5	13.9	0.4
Sales promotion expenses	2.9	2.8	2.9	0.1
Advertising expenses	7.2	7.0	7.2	0.1
Transportation and warehousing expenses	19.2	20.3	19.4	(0.9)
Payroll expenses	23.6	24.6	25.4	0.8
Research and development expenses	2.8	2.8	2.8	0.0

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)

		3rd quarter 2017 (Cumulative)	3rd quarter 2018 (Cumulative) (A)	3rd quarter 2019 (Cumulative) (B)	Change (B) - (A)
For household use	Volume (Thousands of ton)	99	98	101	3
	Amount (Billions of yen)	50.1	49.2	49.5	0.3
For commercial use	Volume (Thousands of ton)	81	81	79	(2)
	Amount (Billions of yen)	30.8	31.0	30.0	(0.9)

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 particular area have been classified as “Other expenses”.

<Net sales>

(Billions of yen)

Former category		3rd quarter 2017 (Cumulative)	3rd quarter 2018 (Cumulative)
China		13.1	14.1
Southeast Asia		6.2	7.4
North America	Condiments products	4.9	5.1
	Egg products	3.1	3.8
Exports and New		3.3	4.7
Total		30.6	35.2

(Billions of yen) Local currency basis

New category		3rd quarter 2018 (Cumulative) (A)	3rd quarter 2019 (Cumulative) (B)	Change (B) - (A)	Rate of change from 3rd quarter 2018 (Cumulative)
China		14.1	14.8	0.7	10%
Southeast Asia		7.4	8.2	0.8	11%
North America	Condiments and processed foods	5.1	5.1	0.0	(0)%
	Egg	3.8	4.0	0.1	3%
Europe		2.1	2.2	0.1	12%
Exports		2.7	3.0	0.3	–
Total		35.2	37.2	2.1	–

* For overseas subsidiaries, figures are results for the period from October to June.

* The total change includes a ¥0.9 billion decrease caused by fluctuations of exchange rates.

Kewpie Corporation

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



<Operating income>

(Billions of yen)

Former category		3rd quarter 2017 (Cumulative)	3rd quarter 2018 (Cumulative)
China		1.5	1.7
Southeast Asia		0.2	0.5
North America	Condiments products	0.4	0.3
	Egg products	(0.7)	0.3
Exports and New		0.1	0.1
Total		1.5	3.0

(Billions of yen) Local currency basis

New category		3rd quarter 2018 (Cumulative) (A)	3rd quarter 2019 (Cumulative) (B)	Change (B) - (A)	Rate of change from 3rd quarter 2018 (Cumulative)
China		1.7	2.2	0.5	39%
Southeast Asia		0.5	0.7	0.1	25%
North America	Condiments and processed foods	0.3	0.4	0.1	26%
	Egg	0.3	0.3	(0.0)	(9)%
Europe		(0.4)	(0.2)	0.2	-
Exports		0.5	0.5	0.0	-
Other expenses		(0.3)	(0.3)	0.0	-
Total		2.7	3.7	1.0	-

* For overseas subsidiaries, figures are results for the period from October to June.

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

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)

	3rd quarter 2018 (Cumulative) (A)	3rd quarter 2019 (Cumulative) (B)	Change (B) - (A)	Items of changes [Comparison with 3rd quarter 2018 (cumulative)]
Non-operating income (expenses), net	1.2	1.2	(0.0)	Increase in insurance income 0.2
Extraordinary gains (losses), net	(1.1)	(0.7)	0.5	Increase in gains on transfer of business 0.6 Increase in impairment losses (0.4)

6. Summary and items of changes in balance sheets

(Billions of yen)

	Fiscal year 2018 (A)	3rd quarter 2019 (B)	Change (B) - (A)	Items of changes [Comparison with fiscal year 2018]
(Assets)				
Current assets	158.4	173.5	15.1	Increase in cash and deposits 6.5 Increase in notes and accounts receivable - trade 9.2
Fixed assets				
Tangible and intangible fixed assets	205.1	214.2	9.0	Increase resulting from purchases 25.0 Decrease resulting from depreciation (13.6)
Investments and other assets	56.2	53.3	(2.9)	Decrease in investment securities (3.8)
(Liabilities)				
	153.6	167.7	14.0	Increase in notes and accounts payable - trade 5.9 Increase in loans payable 7.1 Decrease in accrued income taxes (2.6) Increase in reserves for bonuses 3.8
(Net assets)				
	266.1	273.3	7.2	Increase in earned surplus 9.2 Decrease in accumulated other comprehensive income (2.9)

* 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 retroactively adjusted to reflect the application of the said accounting standard and relevant guidelines.