

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, 2020 [JAPAN GAAP]

July 2, 2020

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: Nobuo Inoue,
 Director, Executive Corporate Officer
 Scheduled date for filing quarterly securities report: July 15, 2020
 Scheduled date for dividend payment: August 11, 2020
 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, 2020 (From December 1, 2019 to May 31, 2020)

(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, 2020	263,057	(2.2)	11,194	(30.4)	11,385	(32.8)	5,643	(40.9)
Six months ended May 31, 2019	268,986	(5.6)	16,088	0.8	16,937	2.4	9,556	5.4

(Note) Comprehensive income: Six months ended May 31, 2020 ¥7,232 million (Decrease of 24.2%)
 Six months ended May 31, 2019 ¥9,545 million (Decrease of 13.2%)

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Six months ended May 31, 2020	39.45	—
Six months ended May 31, 2019	66.81	—

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2020	440,217	277,031	53.7
As of November 30, 2019	444,309	276,753	53.0

(Reference) Shareholders' equity: As of May 31, 2020 ¥236,391 million
 As of November 30, 2019 ¥235,552 million

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2. Dividends

	Annual dividend per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
Fiscal year 2019	– Yen	20.00 Yen	– Yen	25.00 Yen	45.00 Yen
Fiscal year 2020	–	20.00			
Fiscal year 2020 (Forecast)			–	20.00	40.00

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

The year-end dividend for fiscal year 2019 includes a dividend of ¥5 to commemorate the 100th anniversary.

3. Forecasts of consolidated operating results for the fiscal year ending November 30, 2020 (From December 1, 2019 to November 30, 2020)

(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, 2020	530,000	(2.9)	24,000	(25.1)	24,200	(27.3)	7,700	(58.8)	53.83

(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): None
- (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: Yes
 - 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, 2020	150,000,000 shares
November 30, 2019	150,000,000 shares
 - b) Number of shares of treasury stock at the end of the period:

May 31, 2020	6,958,420 shares
November 30, 2019	6,958,050 shares
 - c) Average number of shares during the period (cumulative from the beginning of the fiscal year):

December 1, 2019 to May 31, 2020	143,041,757 shares
December 1, 2018 to May 31, 2019	143,042,781 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.

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I. Quarterly consolidated financial statements and major notes

1. Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of November 30, 2019)	Current second quarter (As of May 31, 2020)
Assets		
Current assets		
Cash and deposits	46,777	43,268
Notes and accounts receivable - trade	83,651	75,650
Securities	10,000	10,000
Purchased goods and products	17,392	19,181
Work in process	2,354	1,355
Raw materials and supplies	9,089	9,920
Other	5,951	4,952
Allowances for doubtful accounts	(426)	(426)
Total current assets	174,790	163,902
Fixed assets		
Tangible fixed assets		
Buildings and structures	183,036	191,513
Accumulated depreciation	(108,069)	(110,322)
Net book value	74,966	81,190
Machinery, equipment and vehicles	179,442	183,989
Accumulated depreciation	(123,953)	(123,010)
Net book value	55,488	60,979
Land	52,178	52,662
Construction in progress	15,268	5,834
Other	26,184	28,299
Accumulated depreciation	(16,627)	(17,067)
Net book value	9,557	11,231
Total tangible fixed assets	207,459	211,899
Intangible fixed assets		
Goodwill	989	880
Other	8,931	10,056
Total intangible fixed assets	9,921	10,936
Investments and other assets		
Investment securities	27,225	27,235
Assets for retirement benefits	9,898	10,558
Other	15,192	15,867
Allowances for doubtful accounts	(177)	(183)
Total investments and other assets	52,138	53,478
Total fixed assets	269,519	276,314
Total assets	444,309	440,217

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(Millions of yen)

	Previous fiscal year (As of November 30, 2019)	Current second quarter (As of May 31, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	53,299	48,876
Short-term loans payable	7,322	9,320
Accounts payable - other	20,406	15,189
Accrued income taxes	4,208	4,087
Reserves	3,146	4,396
Other	10,622	10,535
Total current liabilities	99,006	92,406
Non-current liabilities		
Bonds	10,000	10,000
Long-term loans payable	42,616	42,999
Liabilities for retirement benefits	3,306	3,325
Asset retirement obligations	1,187	1,197
Other	11,440	13,256
Total non-current liabilities	68,550	70,779
Total liabilities	167,556	163,185
Net assets		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	29,483	27,808
Earned surplus	196,551	198,574
Treasury stock	(15,862)	(15,863)
Total shareholders' equity	234,276	234,623
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	9,045	8,899
Unrealized gains (losses) on hedges	6	(2)
Foreign currency translation adjustments	(3,241)	(3,270)
Accumulated adjustments for retirement benefits	(4,534)	(3,858)
Total accumulated other comprehensive income	1,275	1,768
Non-controlling interests	41,201	40,639
Total net assets	276,753	277,031
Total liabilities and net assets	444,309	440,217

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

(Quarterly Consolidated Statements of Income)

(Six months ended May 31, 2019 and May 31, 2020)

(Millions of yen)

	Previous second quarter (Cumulative) (From December 1, 2018 to May 31, 2019)	Current second quarter (Cumulative) (From December 1, 2019 to May 31, 2020)
Net sales	268,986	263,057
Cost of sales	203,106	202,973
Gross profit	65,879	60,083
Selling, general and administrative expenses	49,790	48,889
Operating income	16,088	11,194
Non-operating income		
Interest income	45	69
Dividends income	251	246
Equity in earnings of affiliates	73	69
Subsidy income	345	46
Other	638	458
Total non-operating income	1,354	891
Non-operating expenses		
Interest expenses	151	185
Commission expenses	75	147
Foreign exchange losses	107	23
Other	171	343
Total non-operating expenses	505	699
Ordinary income	16,937	11,385
Extraordinary gains		
Gains on sales of fixed assets	80	29
Gains on sales of investment securities	-	9
Gains on transfer of business	643	-
Other	75	2
Total extraordinary gains	798	41
Extraordinary losses		
Losses on disposal of fixed assets	450	542
Impairment losses	642	49
Other	103	412
Total extraordinary losses	1,196	1,005
Profit before income taxes	16,538	10,421
Income taxes	5,302	3,577
Profit	11,236	6,844
Profit attributable to non-controlling interests	1,679	1,201
Profit attributable to owners of parent	9,556	5,643

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(Quarterly Consolidated Statements of Comprehensive Income)
(Six months ended May 31, 2019 and May 31, 2020)

(Millions of yen)

	Previous second quarter (Cumulative) (From December 1, 2018 to May 31, 2019)	Current second quarter (Cumulative) (From December 1, 2019 to May 31, 2020)
Profit	11,236	6,844
Other comprehensive income		
Unrealized holding gains (losses) on securities	(1,908)	(157)
Unrealized gains (losses) on hedges	10	(12)
Foreign currency translation adjustments	(426)	(168)
Adjustments for retirement benefits	634	726
Total other comprehensive income	(1,690)	387
Comprehensive income	9,545	7,232
(Breakdown)		
Comprehensive income attributable to owners of parent	7,908	6,136
Comprehensive income attributable to non-controlling interests	1,637	1,096

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3. Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Previous second quarter (Cumulative) (From December 1, 2018 to May 31, 2019)	Current second quarter (Cumulative) (From December 1, 2019 to May 31, 2020)
Cash flows from operating activities		
Profit before income taxes	16,538	10,421
Depreciation and amortization	9,186	9,821
Impairment losses	642	49
Amortization of goodwill	127	109
Equity in losses (earnings) of affiliates	(73)	(69)
Increase (decrease) in reserves	1,779	1,250
Increase (decrease) in liabilities for retirement benefits	(479)	42
Decrease (increase) in assets for retirement benefits	(126)	(660)
Interest and dividends income	(297)	(316)
Interest expenses	151	185
Losses (gains) on sales and disposal of fixed assets	385	525
Losses (gains) on transfer of business	(643)	-
Decrease (increase) in notes and accounts receivable - trade	(1,117)	7,964
Decrease (increase) in inventories	(378)	(1,617)
Increase (decrease) in notes and accounts payable - trade	233	(4,839)
Increase (decrease) in accounts payable - other	(1,841)	(2,139)
Other	(441)	417
Sub-total	23,648	21,146
Interest and dividends income received	308	318
Interest paid	(164)	(187)
Income taxes paid	(7,011)	(4,529)
Net cash provided by (used in) operating activities	16,780	16,748
Cash flows from investing activities		
Purchases of tangible fixed assets	(14,245)	(12,384)
Purchases of intangible fixed assets	(3,691)	(2,459)
Purchases of investment securities	(24)	(15)
Net decrease (increase) in short-term loans receivable	(61)	(90)
Payments of long-term loans receivable	(369)	(293)
Collection of long-term loans receivable	29	27
Proceeds from transfer of business	643	-
Other	435	441
Net cash provided by (used in) investing activities	(17,285)	(14,773)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	759	1,106
Proceeds from long-term loans payable	6,500	2,800
Repayment of long-term loans payable	(1,734)	(1,556)
Proceeds from issuance of bonds	10,000	-
Redemption of bonds	(10,000)	-
Cash dividends paid	(2,717)	(3,576)
Cash dividends paid to non-controlling interests	(449)	(419)
Purchase of treasury stock	(1)	(0)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(2,913)
Other	(714)	(901)
Net cash provided by (used in) financing activities	1,641	(5,461)
Effects of exchange rate changes on cash and cash equivalents	(101)	(21)
Increase (decrease) in cash and cash equivalents	1,034	(3,508)
Cash and cash equivalents at the beginning of the period	47,970	56,777
Cash and cash equivalents at the end of the period	49,005	53,268

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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 accounting policies)

(Application of IFRS 16 "Leases")

Foreign consolidated subsidiaries that apply IFRS have applied IFRS 16 "Leases" from the first quarter. Due to this application, lessees, in principle, record all leases as assets and liabilities on the balance sheets. The Company reflects the cumulative effect of applying this accounting standard as an adjustment in earned surplus as of the beginning of the first quarter in accordance with the transitional treatment under IFRS 16. The effect of applying this accounting standard on quarterly consolidated financial statements is immaterial.

(Segment information)

<Segment information>

I. Previous second quarter (Cumulative From December 1, 2018 to May 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	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 particular reporting 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 reporting segment

(Significant losses on impairment of fixed assets)

In the six months ended May 31, 2019, the Company recorded impairment losses 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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II. Current second quarter (Cumulative From December 1, 2019 to May 31, 2020)

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	87,528	44,209	45,441	8,341	3,951	69,838	3,745	263,057	—	263,057
Intersegment net sales or transfers	3,267	67	1,375	448	217	15,312	4,940	25,629	(25,629)	—
Total	90,796	44,276	46,816	8,790	4,169	85,151	8,686	288,687	(25,629)	263,057
Segment profit	9,153	1,662	1,075	239	393	1,107	734	14,367	(3,173)	11,194

(Notes) 1. "Adjustments" of ¥(3,173) 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 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 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.

(Significant subsequent events)

Divestiture of Business

Pursuant to a resolution of its Board of Directors' meeting held on March 26, 2020, the Company agreed with POST HOLDINGS, INC. ("POST") to transfer all shares of HENNINGSEN FOODS, INC. ("HENNINGSEN FOODS," for which the end of the second quarter is March 31) owned by the Company's consolidated subsidiary KIFUKI U. S. A. CO., INC. ("KIFUKI") as of April 27, 2020 to Michael Foods of Delaware, Inc. ("MFI") which is a subsidiary of POST, and KIFUKI and MFI have entered into a share transfer agreement, and implemented the share transfer. As a result of this transaction, HENNINGSEN FOODS was removed from the scope of consolidation.

1. Outline of the business divestiture

(1) Name of successor company

Michael Foods of Delaware, Inc.

(2) Content of the divested business

Production and sale of egg products and dried meats

(3) Main reason for business divestiture

Pursuant to the "2019-2021 Kewpie Group's Medium-term Business Plan" announced on January 11, 2019, the Company aims to accelerate overseas development particularly in the markets of China and Southeast Asia, and promotes to reorganize and streamline production facilities in order to build an optimized business system for its Egg Businesses. After considering various options under such circumstances for the future of our U.S. subsidiary, HENNINGSEN FOODS, the Company determined that the best option for the Company and HENNINGSEN FOODS would be to transfer it to a third party which can support its sustainable growth, and explored discussions for the possibility of the share transfer.

After careful consideration, the Company thought MFI's robust business network and operating

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bases in and outside the United States would contribute to the sustainable growth and improvement of corporate value of HENNINGSEN FOODS, and decided to transfer all shares of HENNINGSEN FOODS in order to strengthen its business under MFI. Accordingly, the Company has implemented the share transfer transaction.

*MFI is a food manufacturing and distributing company based in Minnesota, U.S.A.

- (4) Date of business divestiture
July 1, 2020
- (5) Outline of business divestiture including its legal form
Share transfer whereby the consideration is specific assets such as cash
2. Outline of the accounting treatment implemented
The Company plans to implement accounting treatment based on the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).
3. Name of reportable segment in which the divested business was included
Egg Business
4. Approximate amounts of profit or loss of the divested business included in quarterly consolidated statement of income for six months ended May 31, 2020
Net sales ¥2,459 million
Operating loss ¥47 million

**Supplementary Data
for the Second Quarter
of the Fiscal Year Ending
November 30, 2020**

July 2, 2020

Kewpie Corporation

Securities code: 2809

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■ Notes regarding the information in this document

- The amounts stated in this document are rounded to the nearest 100 million yen when figures are presented in billions of yen.
- Figures of “Year forecast” in FY 2020 indicate estimated forecasts announced on July 2, 2020.
- For overseas operations, figures are results for the period from October to March and include exports from Japan. Exports from Japan cover the period from December to May.

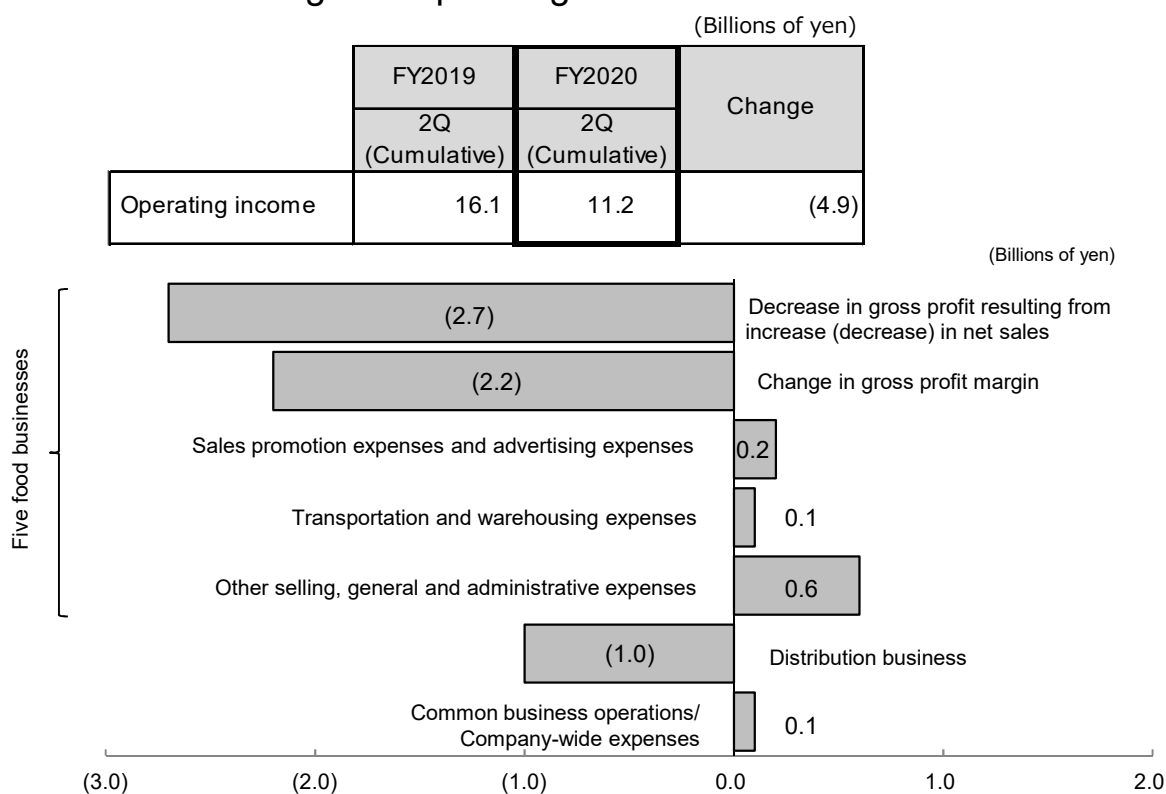
1.(1) Net sales and operating income for each quarter by segment

(Billions of yen)

■ Net sales (Upper: Results, Lower: Change)	FY 2019						FY 2020					
	1Q (Dec.-Feb.)	2Q (Mar.-May)	2Q (Cumulative)	3Q (Jun.-Aug.)	4Q (Sept.-Nov.)	Year	1Q (Dec.-Feb.)	2Q (Mar.-May)	2Q (Cumulative)	3Q (Jun.-Aug.)	4Q (Sept.-Nov.)	Year forecast (Disclosed on Jul. 2)
Condiments and Processed Foods	43.1 (0.1)	48.6 0.6	91.8 0.4	47.7 (0.5)	45.8 1.0	185.2 0.9	44.0 0.8	43.6 (5.1)	87.5 (4.2)			180.9 (4.3)
Japan	33.3 (0.6)	38.1 (0.2)	71.4 (0.8)	36.2 (1.3)	34.4 0.4	142.1 (1.6)	33.2 (0.2)	33.7 (4.4)	66.9 (4.6)			138.5 (3.6)
Overseas	9.8 0.5	10.5 0.8	20.3 1.2	11.5 0.7	11.3 0.6	43.2 2.5	10.8 1.0	9.9 (0.6)	20.7 0.3			42.4 (0.8)
Salad and Delicatessen	21.4 (8.6)	22.8 (8.3)	44.3 (16.9)	23.1 (8.6)	22.9 (2.5)	90.3 (28.0)	21.8 0.4	22.4 (0.5)	44.2 (0.1)			90.5 0.2
Egg	23.4 (0.7)	25.6 0.2	49.0 (0.6)	25.0 0.1	26.0 (0.4)	100.0 (0.9)	24.3 0.9	21.1 (4.5)	45.4 (3.6)			86.5 (13.5)
Japan	22.0 (0.8)	24.4 0.2	46.4 (0.6)	23.6 (0.1)	24.7 (0.0)	94.8 (0.7)	23.0 1.0	19.9 (4.5)	43.0 (3.5)			83.1 (11.7)
Overseas	1.4 0.0	1.2 0.0	2.6 0.1	1.4 0.1	1.3 (0.4)	5.2 (0.2)	1.3 (0.2)	1.2 0.0	2.5 (0.1)			3.4 (1.8)
Fruit solution	3.5 (0.1)	4.4 (0.2)	7.9 (0.3)	4.0 (0.1)	3.8 0.2	15.6 (0.2)	3.6 0.1	4.7 0.3	8.3 0.5			16.6 1.0
Fine chemicals	2.0 (0.1)	2.2 (0.4)	4.3 (0.5)	1.8 (0.9)	2.3 (0.3)	8.3 (1.7)	1.7 (0.3)	2.2 0.0	4.0 (0.3)			7.9 (0.4)
Distribution	33.6 1.1	35.6 1.2	69.2 2.2	35.8 0.2	35.9 0.3	141.0 2.7	35.1 1.5	34.7 (0.9)	69.8 0.6			141.6 0.6
Common business operations	1.2 (0.3)	1.4 (0.1)	2.6 (0.3)	1.1 (0.1)	1.5 (0.2)	5.3 (0.6)	2.6 1.4	1.2 (0.2)	3.7 1.2			6.0 0.7
Total	128.3 (8.9)	140.7 (7.1)	269.0 (16.0)	138.5 (10.0)	138.3 (1.8)	545.7 (27.8)	133.1 4.8	129.9 (10.8)	263.1 (5.9)			530.0 (15.7)

■ Operating income (Upper: Results, Lower: Change)	FY 2019						FY 2020					
	1Q (Dec.-Feb.)	2Q (Mar.-May)	2Q (Cumulative)	3Q (Jun.-Aug.)	4Q (Sept.-Nov.)	Year	1Q (Dec.-Feb.)	2Q (Mar.-May)	2Q (Cumulative)	3Q (Jun.-Aug.)	4Q (Sept.-Nov.)	Year forecast (Disclosed on Jul. 2)
Condiments and Processed Foods	4.2 0.4	6.6 0.6	10.8 1.0	5.7 (0.0)	5.1 0.8	21.6 1.8	4.1 (0.2)	5.1 (1.5)	9.2 (1.7)			18.9 (2.7)
Japan	3.5 0.1	5.4 0.1	8.8 0.1	4.6 (0.2)	4.2 0.7	17.6 0.6	3.1 (0.4)	4.2 (1.2)	7.3 (1.6)			15.5 (2.1)
Overseas	0.8 0.4	1.2 0.6	2.0 0.9	1.2 0.1	0.8 0.1	4.0 1.1	1.0 0.2	0.9 (0.3)	1.9 (0.1)			3.4 (0.6)
Salad and Delicatessen	0.2 (0.4)	1.0 (0.4)	1.2 (0.8)	0.9 (0.4)	1.1 0.1	3.2 (1.1)	0.6 0.4	1.1 0.1	1.7 0.5			3.6 0.4
Egg	2.0 0.3	2.0 (0.1)	4.0 0.2	2.1 0.1	1.3 (0.6)	7.4 (0.4)	1.1 (0.9)	(0.0) (2.1)	1.1 (3.0)			3.2 (4.2)
Japan	1.8 0.1	2.0 (0.0)	3.9 0.1	2.1 0.2	1.4 (0.4)	7.4 (0.1)	1.1 (0.7)	0.0 (2.0)	1.1 (2.7)			3.3 (4.1)
Overseas	0.1 0.2	0.0 (0.1)	0.2 0.1	0.1 (0.1)	(0.2) (0.2)	0.1 (0.3)	0.0 (0.1)	(0.1) (0.1)	(0.0) (0.2)			(0.1) (0.2)
Fruit solution	(0.0) (0.3)	0.2 (0.2)	0.1 (0.4)	0.1 (0.1)	0.1 0.2	0.3 (0.4)	(0.1) (0.0)	0.3 0.1	0.2 0.1			0.4 0.1
Fine chemicals	(0.0) (0.0)	0.4 0.0	0.4 0.0	0.3 (0.2)	0.5 (0.0)	1.2 (0.2)	(0.0) 0.0	0.4 0.0	0.4 0.0			1.2 (0.0)
Distribution	0.7 0.1	1.4 (0.2)	2.1 (0.0)	1.2 (0.3)	0.8 (0.2)	4.1 (0.5)	0.7 (0.1)	0.4 (0.9)	1.1 (1.0)			2.8 (1.3)
Common business operations	0.4 (0.0)	0.4 0.0	0.8 0.0	0.3 (0.0)	0.2 (0.1)	1.3 (0.1)	0.3 (0.1)	0.4 0.0	0.7 (0.0)			1.0 (0.3)
Company-wide expenses	(1.5) 0.2	(1.8) (0.0)	(3.3) 0.2	(1.9) (0.2)	(2.0) 0.0	(7.2) (0.1)	(1.6) (0.1)	(1.6) 0.2	(3.2) 0.1			(7.1) 0.1
Total	6.0 0.3	10.1 (0.2)	16.1 0.1	8.9 (1.2)	7.0 0.1	32.0 (1.0)	5.1 (0.9)	6.1 (4.0)	11.2 (4.9)			24.0 (8.0)

1.(2) Factors behind changes in operating income



1.(3) Domestic sales volume and amount of salad condiments by business category (Kewpie Corporation)

		FY2018	FY2019	FY2020	Change	Change (%)
		2Q (Cumulative)	2Q (Cumulative)	2Q (Cumulative)		
For household use	Volume (Thousands of tons)	62	65	66	1	2%
	Amount (Billions of yen)	31.7	32.3	32.4	0.2	1%
For commercial use	Volume (Thousands of tons)	53	51	45	(7)	(13)%
	Amount (Billions of yen)	20.2	19.4	16.8	(2.6)	(13)%
Exports	Volume (Thousands of tons)	2	3	3	(0)	(5)%
	Amount (Billions of yen)	1.0	1.2	1.2	(0.1)	(4)%

* Exports includes figures for household use and for commercial use.

2. Overseas: Net sales and operating income by area

(Billions of yen)

■ Net sales by area	FY2018	FY2019	FY2020	Change	Change (%)	Local currency basis	FY2020	2Q YoY Change
	2Q	2Q	2Q			Growth rate	2Q	
	(Cumulative)	(Cumulative)	(Cumulative)				(Mar.-May)	
China	8.7	9.2	8.2	(1.1)	(12)%	(7)%	3.7	(1.3)
Southeast Asia	4.9	5.4	6.2	0.8	15%	15%	3.0	0.3
U.S.	5.8	5.8	6.3	0.6	10%	13%	3.3	0.5
Condiments and Processed Foods	3.2	3.2	3.9	0.7	23%	26%	2.1	0.5
Egg	2.6	2.6	2.5	(0.1)	(5)%	(3)%	1.2	0.0
Europe	1.6	1.6	1.5	(0.1)	(5)%	1%	0.7	0.0
Exports	1.8	2.0	1.6	(0.4)	(19)%	–	0.8	(0.3)
Total	22.7	24.0	23.8	(0.1)	(1)%	–	11.5	(0.7)

* The total change includes a ¥0.6 billion decrease caused by fluctuations of exchange rates.

■ Operating income by area	FY2018	FY2019	FY2020	Change	Change (%)	Local currency basis	FY2020	2Q YoY Change
	2Q	2Q	2Q			Growth rate	2Q	
	(Cumulative)	(Cumulative)	(Cumulative)				(Mar.-May)	
China	0.8	1.4	1.0	(0.4)	(30)%	(26)%	0.4	(0.5)
Southeast Asia	0.3	0.4	0.6	0.2	44%	44%	0.3	0.1
U.S.	0.3	0.4	0.3	(0.1)	(23)%	(21)%	0.2	0.0
Condiments and Processed Foods	0.2	0.2	0.4	0.1	59%	63%	0.2	0.1
Egg	0.1	0.2	(0.0)	(0.2)	–	–	(0.1)	(0.1)
Europe	(0.2)	(0.0)	(0.1)	(0.1)	–	–	(0.1)	(0.0)
Exports	0.3	0.4	0.3	(0.1)	(22)%	–	0.2	(0.0)
Other expenses	(0.2)	(0.2)	(0.1)	0.1	–	–	(0.0)	0.1
Total	1.3	2.4	2.0	(0.4)	(16)%	–	0.9	(0.4)

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

3. Exchange rates (average exchange rates during the period)

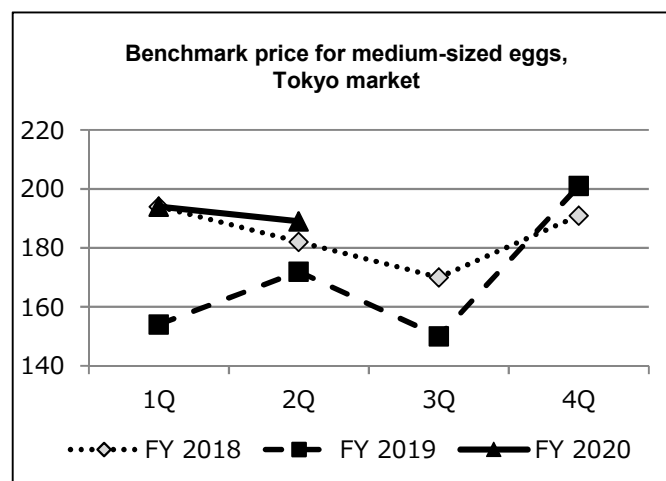
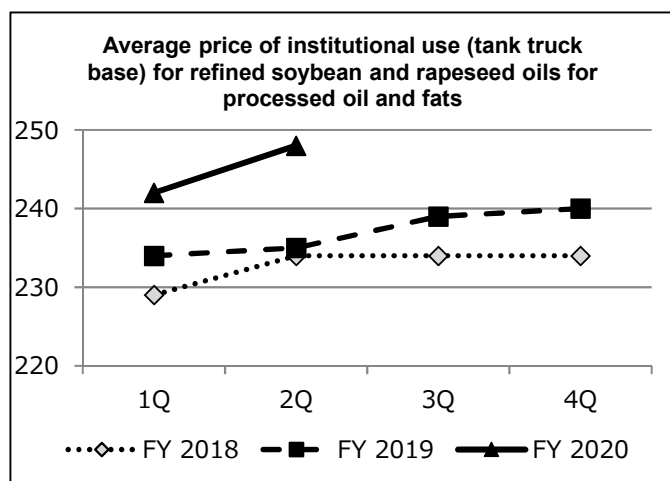
(yen)

	FY2018	FY2019	FY2020	FY2020
	2Q (Cumulative)	2Q (Cumulative)	2Q (Cumulative)	Plan of the beginning of the year
USD (per \$1)	111	112	109	105
RMB (per RMB1)	17	16	16	15

4. Changes in market prices for major raw materials

(¥/kg)

	FY 2018				FY 2019				FY 2020				
	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sept.-Nov.)	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sept.-Nov.)	1Q (Dec.-Feb.)	2Q (Mar.-May)	3Q (Jun.-Aug.)	4Q (Sept.-Nov.)	Annual indicator
Average price of institutional use (tank truck base) for refined soybean and rapeseed oils for processed oil and fats	229	234	234	234	235	239	240	240	242	248			251
Benchmark price for medium-sized eggs, Tokyo market	194	182	170	191	154	172	150	201	194	189			177



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

(Billions of yen)

	FY 2018	FY 2019	FY 2020	Change	FY 2020	2Q YoY Change
	2Q (Cumulative)	2Q (Cumulative)	2Q (Cumulative)		2Q (Mar.-May)	
Capital investments	13.2	16.1	15.1	(1.0)	8.1	(1.4)
Depreciation and amortization	8.9	9.2	9.8	0.6	5.1	0.4
Sales promotion expenses	1.9	1.8	1.9	0.1	0.9	0.0
Advertising expenses	5.0	5.0	4.7	(0.3)	2.0	(0.4)
Transportation and warehousing expenses	13.5	12.8	12.9	0.1	6.4	(0.2)
Payroll expenses	16.2	16.6	16.5	(0.1)	8.2	(0.3)
Research and development expenses	1.9	1.9	1.8	(0.0)	1.0	(0.0)

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

(Billions of yen)

	FY 2019	FY 2020	Change	Factors behind changes
	2Q (Cumulative)	2Q (Cumulative)		
Non-operating income (expenses), net	0.8	0.2	(0.7)	Decrease in subsidy income (0.3) Increase in commission expenses (0.1)
Extraordinary gains (losses), net	(0.4)	(1.0)	(0.6)	Decrease in gains on transfer of business (0.6)

7. Summary and items of changes in balance sheets

(Billions of yen)

	FY 2019	FY 2020	Change	Factors behind changes
		2Q		
Assets				
Current assets	174.8	163.9	(10.9)	Decrease in cash and deposits (3.5) Decrease in notes and accounts receivable - trade (8.0)
Fixed assets				
Tangible and intangible fixed assets	217.4	222.8	5.5	Increase resulting from purchases 13.5 Decrease resulting from depreciation (9.6) Increase in lease assets resulting from changes in accounting policies 1.3
Investments and other assets	52.1	53.5	1.3	Increase in assets for retirement benefits 0.7
Liabilities	167.6	163.2	(4.4)	Decrease in notes and accounts payable - trade (4.4) Increase in loans payable 2.4 Decrease in accounts payable - other (5.2) Increase in reserves 1.3
Net assets	276.8	277.0	0.3	Decrease in capital surplus resulting from the additional contribution for interests in Hangzhou Kewpie Corporation (1.7) Increase in earned surplus resulting from the additional contribution for interests in Hangzhou Kewpie Corporation 2.0

* From the first quarter, foreign consolidated subsidiaries that apply IFRS have applied IFRS 16 "Leases". Due to this application, lessees, in principle, record all leases as assets and liabilities on the balance sheets.

8. Principal items of changes in cash flows

(Billions of yen)

Cash flows from operating activities	16.8	16.7	(0.0)	Profit before income taxes	(6.1)
				Decrease (increase) in notes and accounts receivable – trade	9.1
				Increase (decrease) in notes and accounts payable – trade	(5.1)
				Decrease in income taxes paid	2.5
Cash flows from investing activities	(17.3)	(14.8)	2.5	Decrease in purchases of tangible fixed assets	1.9
Cash flows from financing activities	1.6	(5.5)	(7.1)	Decrease in proceeds from loans payable	(3.2)
				Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2.9)

9. Sustainability targets

Material Issue	Index	FY 2020	FY 2021	FY 2030
		2Q (Cumulative)	Targets	Targets
Contribution to extending healthy lifespan	As a leading company of salad and egg: <ul style="list-style-type: none"> Contribute to achieving a vegetable intake target of 350 grams per day. Promote a boost in egg consumption in order to contribute to increasing protein intake. 			
Mental and physical health support for children	Number of children's smiles via Group's food education activities	130 thousand	At least 200 thousand since FY2019	At least 1 million since FY2019
Effective use of resources and sustainable procurement	Unused portions of main vegetables used by the Group	Effective use of at least 30.5%	Effective use of at least 30.0%	Effective use of at least 90.0%
	Volume of product waste	*12.8% up from FY2015	At least 25.0% down from FY2015	At least 50.0% down from FY2015
Reduction of CO ₂ emissions	CO ₂ emissions	6.8% down from FY2013	At least 7.5% down from FY2013	At least 20.0% down from FY2013
Promotion of diversity	Proportion of women in management position (in Kewpie Corporation)	— (Year-end only)	At least 12.0%	At least 30.0%

* Down 35.7% if volume of voluntary collection by Kewpie is excluded

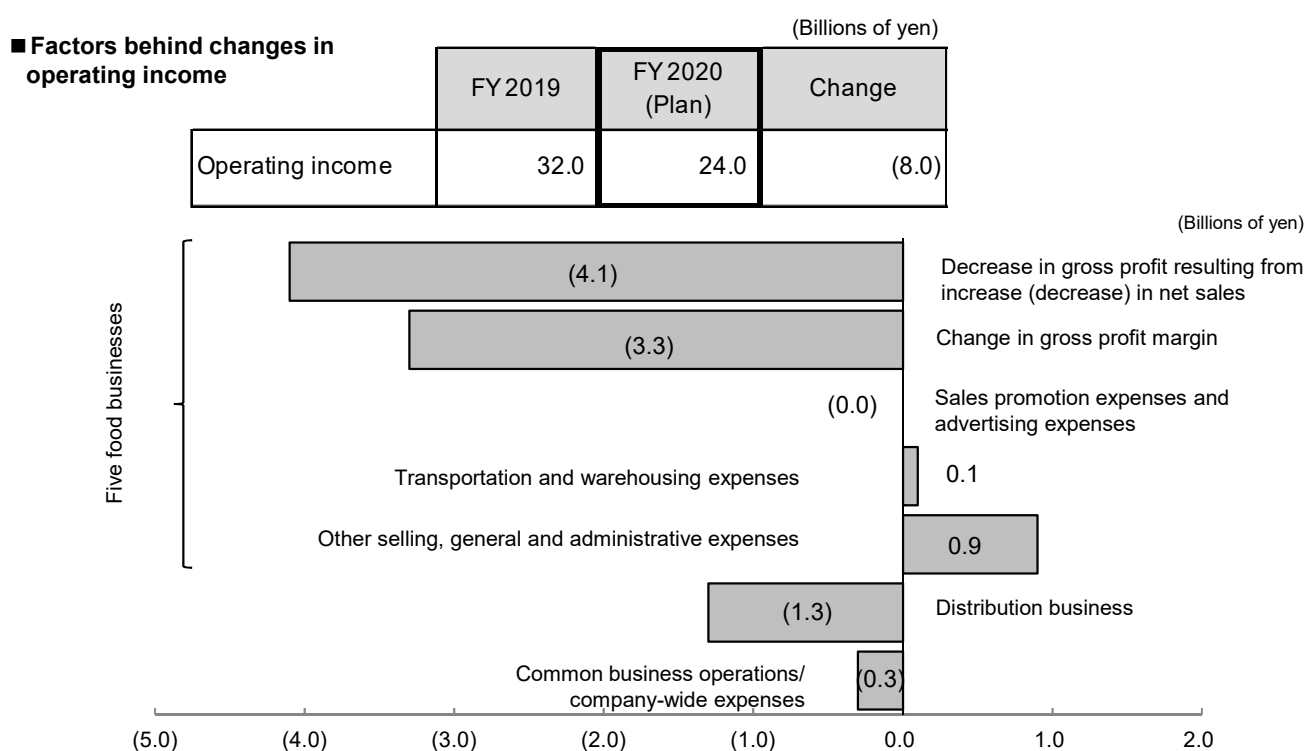
10. Plan for fiscal year 2020

(Billions of yen)

■ Forecasts of consolidated operating results	FY 2019	FY 2020 (Plan)	Change	Change (%)
Net sales	545.7	530.0	(15.7)	(3)%
Domestic food businesses	354.3	340.8	(13.5)	(4)%
Domestic distribution businesses	141.0	141.6	0.6	0%
Overseas	50.5	47.6	(2.9)	(6)%
Operating income	32.0	24.0	(8.0)	(25)%
Domestic food businesses	30.6	24.6	(6.0)	(20)%
Domestic distribution business	4.1	2.8	(1.3)	(32)%
Overseas	4.5	3.7	(0.8)	(18)%
Company-wide expenses	(7.2)	(7.1)	0.1	—
Ordinary income	33.3	24.2	(9.1)	(27)%
Profit attributable to owners of parent	18.7	7.7	(11.0)	(59)%
ROA (Return on assets)(%)	7.7	5.5	(2.2)	(29)%
EBITDA (Operating income + Depreciation and amortization)	50.7	43.8	(6.9)	(14)%

■ Key indicators	FY 2019	FY 2020 (Plan)	Change	Change (%)
Operating income ratio (%)	5.9	4.5	(1.4)	(24)%
ROE (Return on equity) (%)	8.1	3.3	(4.8)	(59)%
Operating income ratio for three businesses in Japan (%)	8.6	7.2	(1.4)	(16)%
Sales growth rate in China and Southeast Asia (Local currency basis) (%)	111	98	(13.0)	(12)%

The three businesses in Japan are the Condiments and Processed Foods Business, the Salad and Delicatessen Business and the Egg Business.



■ The three main businesses in Japan: Net sales and operating income by business category

(Billions of yen)

[For household use]		2Q (Cumulative)				Year			
		FY 2019	FY 2020	Change	Change (%)	FY 2019	FY 2020 (Plan)	Change	Change (%)
Condiments and Processed Foods	Net sales	40.0	40.9	0.9	2%	79.1	85.4	6.3	8%
	Operating income	5.4	5.4	0.0	0%	11.0	11.2	0.2	2%
Salad and Delicatessen	Net sales	39.9	40.9	1.0	2%	82.0	83.6	1.6	2%
	Operating income	1.0	1.7	0.7	75%	3.0	3.8	0.9	30%
Egg	Net sales	0.2	0.2	(0.0)	(2)%	0.4	0.4	(0.0)	(5)%
	Operating income	(0.1)	(0.1)	(0.0)	-	(0.1)	(0.0)	0.1	-

[For commercial use]		2Q (Cumulative)				Year			
		FY 2019	FY 2020	Change	Change (%)	FY 2019	FY 2020 (Plan)	Change	Change (%)
Condiments and Processed Foods	Net sales	31.4	26.0	(5.4)	(17)%	63.0	53.1	(9.9)	(16)%
	Operating income	3.5	1.9	(1.6)	(45)%	6.6	4.3	(2.3)	(35)%
Salad and Delicatessen	Net sales	4.4	3.4	(1.0)	(23)%	8.3	6.9	(1.4)	(16)%
	Operating income	0.2	(0.0)	(0.2)	-	0.2	(0.2)	(0.5)	-
Egg	Net sales	46.2	42.8	(3.5)	(7)%	94.4	82.7	(11.6)	(12)%
	Operating income	3.9	1.2	(2.7)	(69)%	7.5	3.3	(4.2)	(56)%

(Billions of yen)

■ Overseas: Net sales by area	FY 2019	FY 2020 (Plan)	Change	Change (%)	Local currency basis
					Growth rate
China	20.3	18.6	(1.7)	(8)%	(5)%
Southeast Asia	11.1	11.9	0.8	8%	6%
U.S.	12.2	11.1	(1.1)	(9)%	(8)%
Condiments and processed foods	6.9	7.7	0.8	11%	12%
Egg	5.2	3.4	(1.8)	(35)%	(34)%
Europe	2.8	2.4	(0.5)	(16)%	(14)%
Exports	4.1	3.6	(0.5)	(12)%	–
Total	50.5	47.6	(2.8)	(6)%	–

■ Overseas: Operating income by area	FY 2019	FY 2020 (Plan)	Change	Change (%)	Local currency basis
					Growth rate
China	3.0	1.9	(1.0)	(35)%	(33)%
Southeast Asia	0.8	1.0	0.2	31%	29%
U.S.	0.6	0.6	(0.1)	(13)%	(12)%
Condiments and processed foods	0.5	0.7	0.1	21%	22%
Egg	0.1	(0.1)	(0.2)	–	–
Europe	(0.3)	(0.3)	(0.0)	–	–
Exports	0.8	0.6	(0.1)	(15)%	–
Other expenses	(0.3)	(0.1)	0.2	–	–
Total	4.5	3.7	(0.8)	(18)%	–

(Billions of yen)

■ Capital investments and main components of selling, general and administrative expenses	FY 2019	FY 2020 (Plan)	Change
Capital investments	28.6	26.0	(2.6)
Depreciation and amortization	18.6	19.8	1.2
Sales promotion expenses	4.0	4.4	0.4
Advertising expenses	9.5	9.1	(0.4)
Transportation and warehousing expenses	26.0	26.1	0.1
Payroll expenses	33.7	33.4	(0.3)
Research and development expenses	4.2	4.2	0.1

11. Principal management indexes

	Unit	FY 2018	FY 2019	FY 2020	2019
		2Q (Cumulative)	2Q (Cumulative)	2Q (Cumulative)	Fiscal Year 2019
Net sales	millions of yen	285,004	268,986	263,057	545,723
Operating income	millions of yen	15,961	16,088	11,194	32,048
Operating income to net sales	%	5.6	6.0	4.3	5.9
Ordinary income	millions of yen	16,543	16,937	11,385	33,275
Ordinary income to net sales	%	5.8	6.3	4.3	6.1
Profit	millions of yen	9,070	9,556	5,643	18,698
Profit to net sales	%	3.2	3.6	2.1	3.4
Net assets	millions of yen	271,294	272,535	277,031	276,753
Total assets	millions of yen	426,422	426,379	440,217	444,309
Equity ratio	%	54.6	54.3	53.7	53.0
Cash flows from operating activities	millions of yen	17,537	16,780	16,748	43,916
Cash flows from investing activities	millions of yen	(13,516)	(17,285)	(14,773)	(29,720)
Cash flows from financing activities	millions of yen	(3,461)	1,641	(5,461)	(4,602)
Free cash flow (operating cash flow + investing cash flow)	millions of yen	4,021	(504)	1,975	14,195
Cash and cash equivalents at the end of the period	millions of yen	42,287	49,005	53,268	56,777
Interest-bearing debt	millions of yen	61,046	66,756	70,315	65,962
Net assets per share	yen	1,584.81	1,618.50	1,652.61	1,646.73
Profit per share	yen	61.69	66.81	39.45	130.72
Free cash flow per share	yen	27.35	(3.53)	13.81	99.24
Interim (annual) dividend per share	yen	19.0	20.0	20.0	45.0
Stock price at the end of the period	yen	2,631	2,431	2,109	2,433