

# Kewpie Corporation

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



## Summary of Consolidated Financial Statements for the Fiscal Year Ended November 30, 2017 [JAPAN GAAP]

January 11, 2018

Listed company name: Kewpie Corporation  
 Listed exchange: Tokyo Stock Exchange  
 Securities code: 2809  
 URL: <http://www.kewpie.co.jp/english/>  
 Representative: Osamu Chonan,  
 Representative Director, President and Chief Executive Corporate Officer  
 Contact: Masato Shinohara,  
 Corporate Officer and General Manager of Operation Promote Department  
 Scheduled date for ordinary general meeting of shareholders: February 27, 2018  
 Scheduled date for dividend payment: February 6, 2018  
 Scheduled date for filing annual securities report: February 28, 2018  
 Supplementary data: Yes  
 Results briefing: Yes (for corporate investors and investment analysts)

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

### 1. Consolidated business results for the fiscal year ended November 30, 2017 (From December 1, 2016 to November 30, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year 2017	561,688	1.7	31,261	4.8	32,511	3.7	18,099	5.9
Fiscal year 2016	552,306	0.5	29,818	13.1	31,364	15.2	17,093	0.7

(Note) Comprehensive income: Fiscal year 2017 ¥33,897 million (Increase of 209.4%)  
 Fiscal year 2016 ¥10,955 million (Decrease of 58.1%)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year 2017	121.05	—	8.2	8.1	5.6
Fiscal year 2016	113.47	—	8.0	8.3	5.4

(Reference) Equity in earnings or losses of affiliates: Fiscal year 2017 ¥93 million  
 Fiscal year 2016 ¥295 million

### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of November 30, 2017	419,207	263,432	54.0	1,539.94
As of November 30, 2016	385,914	245,861	55.1	1,420.63

(Reference) Shareholders' equity: As of November 30, 2017 ¥226,439 million  
 As of November 30, 2016 ¥212,620 million

### (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of the fiscal year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year 2017	27,234	(31,421)	4,010	41,411
Fiscal year 2016	45,260	(32,046)	(5,805)	40,790

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## 2. Dividends

	Annual dividend per share					Total amount of dividends	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
Fiscal year 2016	–	15.00	–	19.50	34.50	5,163	30.4	2.4
Fiscal year 2017	–	18.00	–	18.50	36.50	5,441	30.2	2.5
Fiscal year 2018 (Forecast)	–	19.00	–	19.00	38.00		30.0	

(Notes) The amount of year-end dividend for fiscal year 2017 is a forecast and it will be determined at the meeting of the Board of Directors to be held on January 23, 2018.

## 3. Forecasts of consolidated operating results for the fiscal year ending November 30, 2018 (From December 1, 2017 to November 30, 2018)

(Percentage figures show changes from the same period of 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
Six months ending May 31, 2018	286,400	3.3	15,600	5.5	15,900	4.3	8,500	5.6	57.81
Year ending November 30, 2018	580,000	3.3	33,000	5.6	34,100	4.9	18,600	2.8	126.49

### \*Notes

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

November 30, 2017	150,000,000 shares
November 30, 2016	153,000,000 shares
  - b) Number of shares of treasury stock at the end of the period:
 

November 30, 2017	2,955,521 shares
November 30, 2016	3,333,991 shares
  - c) Average number of shares during the period:
 

December 1, 2016 to November 30, 2017	149,522,104 shares
December 1, 2015 to November 30, 2016	150,636,098 shares

\*The summary of consolidated financial statements is not required to be audited.

### \*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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## \*Cash flow index

	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017
Equity ratio (%)	55.0	54.6	57.1	55.1	54.0
Equity ratio based on market value (%)	65.1	82.6	120.1	104.8	101.2
Interest-bearing debt to cash flows ratio (year)	0.9	0.8	1.1	0.8	2.2
Interest coverage ratio (times)	105.1	116.0	89.5	146.4	75.8

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

Equity ratio = Shareholders' equity / Total assets

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

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

Interest coverage ratio = Cash flows / Interest paid

\* Each index is calculated based on consolidated financial figures.

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

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

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

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

The Company maintains a basic policy of providing returns to its shareholders with top priority on dividend payments, and accordingly aims to continue providing stable dividends while also reviewing options for repurchasing and retiring treasury stock as necessary, giving consideration to factors such as stock price trends and financial conditions.

As for internal reserves, the Company endeavors to adequately secure them to strengthen its financial position and provide an adequate supply of funds for future expansion. The Company will take a medium- to long-term view and continue to allocate funds to the improvement of its facilities and equipment, research and development, and the further streamlining of operations in order to enhance its competitiveness.

Beginning in the fiscal year ended November 30, 2016, the standard for decisions on amounts to be paid in dividends is described as below.

<Standard for dividend decisions>

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

The Articles of Incorporation of the Company stipulate that the Company can pay dividends from surplus twice a year, comprising of interim and year-end dividends based on the resolution by the Board of Directors in accordance with the provisions of Article 459, Paragraph 1 and Article 454, Paragraph 5 of the Companies Act.

For the fiscal year ended November 30, 2017, the Company intends to pay a year-end dividend of ¥18.50 per share. The annual dividends will be ¥36.50 per share, which includes the interim dividend of ¥18 paid in August, an increase of ¥2 per share in comparison with the previous fiscal year.

Accordingly, the dividend payout ratio and the DOE both on a consolidated basis will amount to 30.2% and 2.5%, respectively.

In regard to dividends for the fiscal year ending November 30, 2018, the Company intends to pay annual dividends of ¥38 per share which includes an interim dividend of ¥19 per share and a year-end dividend of ¥19 per share, an increase of ¥1.50 per share in comparison with the previous fiscal year. Accordingly, we project a dividend payout ratio and DOE both on a consolidated basis of 30.0% and 2.5%, respectively.

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

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## II. Consolidated financial statements and major notes

### 1. Consolidated Balance Sheets

	Previous fiscal year (As of November 30, 2016)	Current fiscal year (As of November 30, 2017)
(Millions of yen)		
<b>Assets</b>		
Current assets		
Cash and deposits	35,794	29,618
Notes and accounts receivable - trade	75,134	78,212
Securities	5,000	12,000
Purchased goods and products	15,669	16,355
Work in process	972	972
Raw materials and supplies	9,229	11,377
Deferred tax assets	3,264	2,823
Other	5,268	5,192
Allowances for doubtful accounts	(173)	(222)
Total current assets	150,160	156,332
Fixed assets		
Tangible fixed assets		
Buildings and structures	179,789	185,446
Accumulated depreciation	(99,764)	(104,416)
Net book value	80,024	81,030
Machinery, equipment and vehicles	161,169	170,766
Accumulated depreciation	(122,204)	(121,373)
Net book value	38,965	49,393
Land	48,099	49,820
Lease assets	8,102	9,729
Accumulated depreciation	(3,427)	(4,257)
Net book value	4,675	5,472
Construction in progress	7,238	4,571
Other	14,820	15,707
Accumulated depreciation	(10,444)	(11,248)
Net book value	4,375	4,459
Total tangible fixed assets	183,378	194,746
Intangible fixed assets		
Goodwill	1,563	3,778
Computer software	3,129	3,210
Other	982	1,369
Total intangible fixed assets	5,675	8,359
Investments and other assets		
Investment securities	27,408	34,495
Long-term loans receivable	450	519
Assets for retirement benefits	7,413	12,630
Deferred tax assets	1,984	2,027
Other	9,657	10,278
Allowances for doubtful accounts	(213)	(182)
Total investments and other assets	46,700	59,769
Total fixed assets	235,754	262,875
Total assets	385,914	419,207

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(Millions of yen)

	Previous fiscal year (As of November 30, 2016)	Current fiscal year (As of November 30, 2017)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	47,050	48,008
Short-term loans payable	8,301	8,037
Accounts payable - other	22,074	17,547
Accrued expenses	12,809	6,533
Accrued income taxes	7,016	4,005
Deferred tax liabilities	1	11
Reserves for sales rebates	749	801
Reserves for bonuses	1,826	1,831
Reserves for directors' bonuses	160	121
Other reserves	91	100
Other	2,162	3,699
Total current liabilities	102,245	90,697
Non-current liabilities		
Bonds	10,000	10,000
Long-term loans payable	12,498	35,947
Lease obligations	3,774	4,506
Deferred tax liabilities	5,135	9,068
Liabilities for retirement benefits	3,893	3,147
Asset retirement obligations	1,112	1,120
Other	1,392	1,286
Total non-current liabilities	37,807	65,077
Total liabilities	140,053	155,775
<b>Net assets</b>		
Shareholders' equity		
Paid-in capital	24,104	24,104
Capital surplus	30,300	29,425
Earned surplus	166,765	170,583
Treasury stock	(6,123)	(6,603)
Total shareholders' equity	215,047	217,509
Accumulated other comprehensive income		
Unrealized holding gains (losses) on securities	8,916	13,429
Unrealized gains (losses) on hedges	79	(3)
Foreign currency translation adjustments	(3,947)	(1,141)
Accumulated adjustments for retirement benefits	(7,474)	(3,354)
Total accumulated other comprehensive income	(2,426)	8,929
Non-controlling interests	33,240	36,992
Total net assets	245,861	263,432
Total liabilities and net assets	385,914	419,207

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

	(Millions of yen)	
	Previous fiscal year (From December 1, 2015 to November 30, 2016)	Current fiscal year (From December 1, 2016 to November 30, 2017)
Net sales	552,306	561,688
Cost of sales	428,848	432,773
Gross profit	123,457	128,915
Selling, general and administrative expenses	93,639	97,654
Operating income	29,818	31,261
Non-operating income		
Interest income	79	69
Dividends income	458	514
Equity in earnings of affiliates	295	93
Subsidy income	291	269
Other	1,222	1,215
Total non-operating income	2,347	2,162
Non-operating expenses		
Interest expenses	311	376
Business commencement expenses	68	139
Other	422	395
Total non-operating expenses	801	911
Ordinary income	31,364	32,511
Extraordinary gains		
Gains on sales of investment securities	396	1,179
Gains on sales of fixed assets	160	87
Other	173	65
Total extraordinary gains	730	1,331
Extraordinary losses		
Losses on abolishment of retirement benefit plans	-	1,309
Losses on disposal of fixed assets	1,178	1,062
Losses on impairment of fixed assets	89	581
Other	536	107
Total extraordinary losses	1,804	3,060
Profit before income taxes	30,290	30,783
Income taxes	11,245	8,926
Income taxes - deferred	(989)	296
Total income taxes	10,255	9,223
Profit	20,034	21,560
Profit attributable to non-controlling interests	2,941	3,460
Profit attributable to owners of parent	17,093	18,099



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(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	Previous fiscal year (From December 1, 2015 to November 30, 2016)	Current fiscal year (From December 1, 2016 to November 30, 2017)
Profit	20,034	21,560
Other comprehensive income		
Unrealized holding gains (losses) on securities	(375)	4,591
Unrealized gains (losses) on hedges	113	(102)
Foreign currency translation adjustments	(4,179)	3,383
Adjustments for retirement benefits	(4,638)	4,465
Total other comprehensive income	(9,079)	12,337
Comprehensive income	10,955	33,897
(Breakdown)		
Comprehensive income attributable to owners of parent	9,141	29,456
Comprehensive income attributable to non-controlling interests	1,814	4,441

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## 3. Consolidated Statements of Changes in Net Assets

Previous fiscal year (From December 1, 2015 to November 30, 2016)

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current fiscal year	24,104	30,302	154,421	(1,416)	207,412
Changes of items during the fiscal year					
Dividends from surplus			(4,749)		(4,749)
Profit attributable to owners of parent			17,093		17,093
Repurchase of shares				(4,706)	(4,706)
Disposal of treasury stock					
Retirement of treasury stock					
Changes in equity in controlled subsidiaries		(2)			(2)
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	(2)	12,343	(4,706)	7,635
Balance at the end of the current fiscal year	24,104	30,300	166,765	(6,123)	215,047

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income		
Balance at the beginning of the current fiscal year	9,330	(8)	(552)	(3,243)	5,525	31,780	244,717
Changes of items during the fiscal year							
Dividends from surplus							(4,749)
Profit attributable to owners of parent							17,093
Repurchase of shares							(4,706)
Disposal of treasury stock							-
Retirement of treasury stock							-
Changes in equity in controlled subsidiaries							(2)
Net changes of items other than shareholders' equity	(414)	88	(3,395)	(4,230)	(7,951)	1,460	(6,491)
Total changes of items during the fiscal year	(414)	88	(3,395)	(4,230)	(7,951)	1,460	1,143
Balance at the end of the current fiscal year	8,916	79	(3,947)	(7,474)	(2,426)	33,240	245,861

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

(Millions of yen)

	Shareholders' equity				
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of the current fiscal year	24,104	30,300	166,765	(6,123)	215,047
Changes of items during the fiscal year					
Dividends from surplus			(5,639)		(5,639)
Profit attributable to owners of parent			18,099		18,099
Repurchase of shares				(9,999)	(9,999)
Disposal of treasury stock		(875)	(1,897)	2,773	1
Retirement of treasury stock			(6,745)	6,745	-
Changes in equity in controlled subsidiaries					
Net changes of items other than shareholders' equity					
Total changes of items during the fiscal year	-	(875)	3,818	(480)	2,462
Balance at the end of the current fiscal year	24,104	29,425	170,583	(6,603)	217,509

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

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## 4. Consolidated Statements of Cash Flows

(Millions of yen)

	Previous fiscal year (From December 1, 2015 to November 30, 2016)	Current fiscal year (From December 1, 2016 to November 30, 2017)
<b>Cash flows from operating activities</b>		
Profit before income taxes	30,290	30,783
Depreciation and amortization	18,254	16,794
Losses on impairment of fixed assets	89	581
Losses on abolishment of retirement benefit plans	-	1,309
Amortization of goodwill	221	407
Retirement benefit expenses	993	1,740
Equity in losses (earnings) of affiliates	(295)	(93)
Losses (gains) on valuation of investment securities	320	14
Increase (decrease) in liabilities for retirement benefits	154	(706)
Decrease (increase) in assets for retirement benefits	(1,837)	(1,821)
Increase (decrease) in reserves for sales rebates	(71)	51
Increase (decrease) in reserves for directors' bonuses	(9)	(39)
Increase (decrease) in reserves for bonuses	334	(53)
Increase (decrease) in allowances for doubtful accounts	(287)	1
Interest and dividends income	(538)	(584)
Interest expenses	311	376
Losses (gains) on sales of investment securities	(396)	(1,179)
Losses (gains) on sales and disposal of fixed assets	1,025	988
Decrease (increase) in notes and accounts receivable - trade	2,114	(2,064)
Decrease (increase) in inventories	1,905	(1,477)
Increase (decrease) in notes and accounts payable - trade	2,072	(1,152)
Increase (decrease) in accounts payable - other	1,416	(1,058)
Increase (decrease) in accrued consumption taxes	(450)	676
Increase (decrease) in long-term accounts payable	(185)	(70)
Other	(1,646)	(3,989)
<b>Sub-total</b>	<b>53,787</b>	<b>39,436</b>
Interest and dividends income received	670	622
Interest paid	(309)	(359)
Income taxes paid	(8,888)	(12,464)
<b>Net cash provided by (used in) operating activities</b>	<b>45,260</b>	<b>27,234</b>

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(Millions of yen)

	Previous fiscal year (From December 1, 2015 to November 30, 2016)	Current fiscal year (From December 1, 2016 to November 30, 2017)
<b>Cash flows from investing activities</b>		
Purchases of tangible fixed assets	(31,148)	(25,499)
Purchases of intangible fixed assets	(1,290)	(1,169)
Acquisition of subsidiaries' shares resulting in change in scope of consolidation	-	(82)
Purchases of investment securities	(123)	(892)
Proceeds from sales of investment securities	653	1,651
Net decrease (increase) in short-term loans receivable	333	(279)
Payments of long-term loans receivable	(39)	(264)
Collection of long-term loans receivable	24	126
Payments into time deposits	(3)	(219)
Proceeds from withdrawal of time deposits	3	-
Payments for acquisition of business	-	(4,568)
Other	(456)	(223)
Net cash provided by (used in) investing activities	(32,046)	(31,421)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(1,312)	(1,180)
Repayment of lease obligations	(1,350)	(1,785)
Proceeds from long-term loans payable	8,640	25,700
Repayment of long-term loans payable	(1,942)	(2,261)
Proceeds from share issuance to non-controlling interests	254	-
Cash dividends paid	(4,749)	(5,639)
Cash dividends paid to non-controlling interests	(610)	(767)
Repurchase of shares	(4,734)	(10,024)
Other	-	(30)
Net cash provided by (used in) financing activities	(5,805)	4,010
Effects of exchange rate changes on cash and cash equivalents	(1,458)	797
Increase (decrease) in cash and cash equivalents	5,949	621
Cash and cash equivalents at the beginning of the fiscal year	34,841	40,790
Cash and cash equivalents at the end of the fiscal year	40,790	41,411

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## 5. Notes regarding consolidated financial statements

(Notes regarding assumption of a going concern)

Not applicable

(Additional information)

Application of Guidance on Recoverability of Deferred Tax Assets

From the current fiscal year, the Company has applied "Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

(Business combination)

Business combination through acquisition

The Company decided to acquire the business of production and sale centered on mayonnaise and other condiments from a condiment production company in Poland, Mosso Kwaśniewscy Sp.J., and a wholly-owned subsidiary of the Company, Mosso Kewpie Poland Sp. z o.o., entered into a business transfer agreement dated September 29, 2016 with Mosso Kwaśniewscy Sp.J. and acquired the above-mentioned business effective as of January 12, 2017.

(1) Outline of the business combination

(a) Names, and descriptions of businesses, of the companies involved in the business combination

(i) Company that acquired the business

Name: Mosso Kewpie Poland Sp. z o.o.  
(consolidated subsidiary of the Company)

Description of business: Production and sale centered on mayonnaise and other condiments

(ii) Company that transferred the business

Name: Mosso Kwaśniewscy Sp.J.

Description of business: Production and sale centered on mayonnaise and other condiments

(b) Primary reason for the business combination

The primary reason for the business combination is to accelerate our expansion in Europe by acquiring brands, production centers and sales channels in Eastern Europe.

(c) Date of the business combination

January 12, 2017

(d) Legal form of the business combination

Acquisition by a business transfer

(e) Name of the company after the business combination

Mosso Kewpie Poland Sp. z o.o.

(f) Primary basis for determining the acquiring company

Mosso Kewpie Poland Sp. z o.o., a consolidated subsidiary of the Company, acquired the business of production and sale centered on mayonnaise and other condiments in consideration for cash.

(2) Period of the financial results of the acquired business included in the consolidated financial statements

From January 12, 2017 to September 30, 2017 (the fiscal-year end of the acquiring company is September 30)

(3) Cost of acquisition of the acquired business and the breakdown thereof by consideration type

<u>Consideration of acquisition</u>	<u>Cash and deposits</u>	<u>¥4,547 million</u>
Cost of acquisition		¥4,547 million

(4) Details and amount of the principal acquisition-related costs

Remuneration and commissions to advisors	¥191 million
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- (5) Amount of the goodwill recognized, reason for the recognition, and method and period for amortization of the goodwill
- (a) Amount of the goodwill recognized  
¥2,304 million  
In the second quarter of the current fiscal year, provisional accounting treatment was applied to the allocation of acquisition costs based on the reasonable information available at the time of preparing the quarterly consolidated financial statements. The allocation of acquisition costs was finalized in the fourth quarter of the current fiscal year.
- (b) Reason for the recognition  
The goodwill is recognized from future excess earning power expected to be generated from future business operations.
- (c) Method and period for amortization  
The goodwill is amortized by the straight-line method over 10 years.
- (6) Amounts and primary components of acquired assets and assumed liabilities as of the date of the business combination
- |                         |                |
|-------------------------|----------------|
| Current assets          | ¥1,280 million |
| Fixed assets            | ¥2,029 million |
| Total assets            | ¥3,310 million |
| Current liabilities     | ¥1,003 million |
| Non-current liabilities | ¥63 million    |
| Total liabilities       | ¥1,067 million |
- (7) Amounts allocated to intangible fixed assets other than goodwill and the breakdown of the primary components thereof, and weighted average period for amortization overall and for each primary component
- | <u>Component</u>                                             | <u>Amount</u> | <u>Period of amortization</u> |
|--------------------------------------------------------------|---------------|-------------------------------|
| Customer-related assets<br>(Intangible fixed assets – other) | ¥384 million  | 10 years                      |
| Trademark rights<br>(Intangible fixed assets – other)        | ¥348 million  | 10 years                      |
- (8) Approximate amount of impact of the above mentioned business combination on the consolidated statements of income for the current fiscal year on the assumption that the business combination was completed at the beginning of the fiscal year, and the method of calculation thereof  
It is omitted here due to its immateriality. No audit attestation has been received for the provisional calculation of the above mentioned approximate amount.

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(Segment information)

[Segment information]

1. Outline of reported segments

The reported segments of the Company are those units for which separate financial statements can be obtained among the constituent units of the Group and which are regularly examined by the Board of Directors for making decisions on the allocation of management resources and for assessing business performance. These segments are categorized by product and service, and consist of "Condiments products," "Egg products," "Delicatessen products," "Processed foods," "Fine chemical products," "Distribution system" and "Common business operations."

The following is the overview of each segment:

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

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

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

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



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## 3. Information on amounts of net sales, profit or loss, assets, liabilities and others by reported segment Previous Fiscal Year (From December 1, 2015 to November 30, 2016)

(Millions of yen)

	Condi- ments products	Egg products	Delica- tessen products	Processed foods	Fine chemical products	Distri- bution system	Common business operations	Total	Adjust- ments	Amount reported on the consolidated financial statements (Note)
Net sales										
Net sales to outside customers	144,099	102,204	111,799	51,252	10,863	126,926	5,160	552,306	–	552,306
Intersegment net sales or transfers	7,265	5,826	284	2,167	298	25,002	10,353	51,200	(51,200)	–
Total	151,364	108,030	112,084	53,420	11,161	151,929	15,514	603,506	(51,200)	552,306
Segment profit	13,668	5,483	3,465	517	1,031	4,889	763	29,818	–	29,818
Segment assets	105,316	51,772	43,479	37,952	10,051	90,484	10,323	349,381	36,533	385,914
Others										
Depreciation and amortization	5,159	3,044	2,342	1,785	642	4,618	661	18,254	–	18,254
Investment in affiliates accounted for by equity method	1,264	–	–	83	–	–	207	1,555	–	1,555
Increase in tangible and intangible fixed assets	16,249	2,961	2,124	2,571	413	7,853	794	32,968	–	32,968

- (Notes)
1. "Adjustments" of ¥36,533 million in "Segment assets" mainly includes company-wide assets of ¥41,971 million and elimination of intersegment receivables and payables of ¥(4,644) million. Major items in company-wide assets are surplus operating funds of the Company (cash and deposits and securities) and long-term investment funds (investment securities).
  2. Adjustments are made between "Segment profit" and "Operating income" reported in the consolidated statements of income.
  3. "Depreciation and amortization" and "Increase in tangible and intangible fixed assets" include "Long-term prepaid expenses."

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

(Millions of yen)

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

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

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## [Related information]

Previous Fiscal Year (From December 1, 2015 to November 30, 2016)

1. Information by product and service

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

2. Information by region

(1) Net sales

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

(2) Tangible fixed assets

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

3. Information by major customer

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

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

1. Information by product and service

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

2. Information by region

(1) Net sales

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

(2) Tangible fixed assets

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

3. Information by major customer

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

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

Previous Fiscal Year (From December 1, 2015 to November 30, 2016)

(Millions of yen)

	Condi-ments products	Egg products	Delica-tessen products	Processed foods	Fine chemical products	Distri-bution system	Common business operations	Total	Adjust-ments	Total
Losses on impairment of fixed assets	-	-	-	-	-	47	42	89	-	89

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

(Millions of yen)

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

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

Previous Fiscal Year (From December 1, 2015 to November 30, 2016)

(Millions of yen)

	Condi-ments products	Egg products	Delica-tessen products	Processed foods	Fine chemical products	Distri-bution system	Common business operations	Total	Adjust-ments	Total
Amortization in the current fiscal year	-	-	-	182	29	10	-	221	-	221
Unamortized balance at the end of the current fiscal year	-	-	-	1,458	81	23	-	1,563	-	1,563

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

(Millions of yen)

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

## [Information on gains on negative goodwill by reported segment]

Previous Fiscal Year (From December 1, 2015 to November 30, 2016)

Not applicable.

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

Not applicable.

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## (Per share information)

	Previous fiscal year (From December 1, 2015 to November 30, 2016)	Current fiscal year (From December 1, 2016 to November 30, 2017)
Net assets per share (yen)	1,420.63	1,539.94
Earnings per share (yen)	113.47	121.05

(Notes) 1. "Earnings per share (diluted)" is not presented because of no issue of potential shares.  
2. Calculation basis of net assets per share is as follows.

	Previous fiscal year (As of November 30, 2016)	Current fiscal year (As of November 30, 2017)
Total net assets (millions of yen)	245,861	263,432
Amount subtracted from total net assets (millions of yen)	33,240	36,992
[Non-controlling interests (millions of yen)]	[33,240]	[36,992]
Net assets attributable to common stock at the end of the fiscal year (millions of yen)	212,620	226,439
Number of shares of common stock at the end of the fiscal year (thousand shares)	149,666	147,044

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

	Previous fiscal year (From December 1, 2015 to November 30, 2016)	Current fiscal year (From December 1, 2016 to November 30, 2017)
Profit attributable to owners of parent (millions of yen)	17,093	18,099
Amounts not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent attributable to common stock (millions of yen)	17,093	18,099
Average number of shares of common stock during the fiscal year (thousand shares)	150,636	149,522

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## (Significant subsequent events)

### Establishment of significant subsidiaries

#### 1. Establishment of controlling company in China

At the meeting of its Board of Directors held on October 24, 2017, the Company adopted a resolution to establish a China business controlling company in Beijing, China, and said company was established on December 8, 2017.

##### (1) Purpose of the establishment

With its China business expanding, the Company established the above-mentioned company to strengthen the functions of management of its entire business in China.

##### (2) Outline of the established company

- (i) Company name: Kewpie China Corporation
- (ii) Location: Beijing, the People's Republic of China
- (iii) Representative: Tadaaki Katsuyama, President
- (iv) Description of business: General control over, and support for, financial management, business management, formulation of business strategies, etc. of the Company's local subsidiaries in China
- (v) Capital stock: US\$30 million (approx. JPY3,400 million on the basis of US\$1 = JPY113)
- (vi) Date of establishment: December 8, 2017
- (vii) Fiscal year end: December 31 of each year
- (viii) Shareholding ratio: 100% by the Company

#### 2. Establishment of subsidiary by the China business controlling company

At the meeting of its Board of Directors held on December 26, 2017, the Company determined the outline of a subsidiary to be established in Guangzhou City, Guangdong Province, China.

##### (1) Purpose of establishment

With its China business expanding, the Company intends to establish the above-mentioned company to set up a production base in the South China area, one of China's important economic zones, and promote greater permeation into the market.

##### (2) Outline of the company to be established

- (i) Company name: Guangzhou Kewpie Corporation (tentative name)
- (ii) Location: Guangzhou City, Guangdong Province, the People's Republic of China
- (iii) Representative: Toshiyuki Yasutomi, President and General Manager
- (iv) Description of business: Manufacture and sale of mayonnaise, dressings, etc.
- (v) Capital stock: CNY270 million (approx. JPY4,600 million on the basis of CNY1 = JPY17)
- (vi) Date of establishment: January 2018 (expected)
- (vii) Fiscal year end: December 31 of each year
- (viii) Shareholding ratio: 100% by Kewpie China Corporation

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## III. Others

### 1. Changes in officers (as of February 27, 2018)

#### (i) Change in Director

Officer retiring from Director position

Senior Corporate Officer in charge of Processed Foods Business	Shigeki Takemura	
----------------------------------------------------------------	------------------	--

#### (ii) Changes in Corporate Auditors

##### i) New candidates

Corporate Auditor (Full-time)	Kiyotaka Yokokoji	(Currently, Corporate Officer, General Manager of Division of Personnel Affairs)
Corporate Auditor (Part-time)	Kazuyoshi Tsunoda	(Former Director of Hitachi Chemical Company, Ltd.)
Corporate Auditor (Part-time)	Kazumine Terawaki	(Attorney)

(Note) Mr. Kazuyoshi Tsunoda and Mr. Kazumine Terawaki are candidates for outside Corporate Auditor.

##### ii) Officers retiring from Corporate Auditor positions

Corporate Auditor (Full-time)	Jiro Ichise	
Corporate Auditor (Part-time)	Haruo Kasama	
Corporate Auditor (Part-time)	Sumio Tarui	

(Note) Mr. Haruo Kasama and Mr. Sumio Tarui are outside Corporate Auditors.

#### (Reference) Changes in allocated professional duties

On February 27, 2018, the allocated professional duties of a Director shall be changed as follows. Amendments are underlined.

Name	New title	Old title
Masafumi Furutachi	Senior Executive Corporate Officer in charge of Condiments Products Business, <u>Processed Foods Business</u> and Group Sales in general	Senior Executive Corporate Officer in charge of Condiments Products Business and Group Sales in general

#### (Reference) Retirement of Executive Corporate Adviser

Minesaburo Miyake (currently, Executive Corporate Adviser of the Company) is scheduled to retire from the position of Executive Corporate Adviser on February 23, 2018.

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## IV. Supplementary data

- (Notes)
- Fraction errors may occur due to rounding figures less than 100 million, except for "10. Principal management indexes."
  - The following changes took effect at the beginning of fiscal year 2016.
    - ◇ Certain sales promotion expenses and transportation and warehousing expenses were deducted from net sales.  
The figures presented for fiscal year 2015 have been adjusted in accordance with the new accounting method applied in fiscal year 2016.
    - ◇ The domestic consolidated subsidiaries have changed the depreciation method from the declining balance basis to the straight-line basis.  
The figures for fiscal year 2015 have not been retrospectively adjusted for the change in the depreciation method.

### 1. Summary of net sales and operating income and factors behind changes in operating income [Result for fiscal year 2017]

<Net sales>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2015 (Adjusted)	Condiments products	33.2	36.8	70.0	37.3	107.3	34.9	142.2
	Egg products	24.6	26.2	50.7	25.9	76.6	28.0	104.6
	Delicatessen products	23.2	25.2	48.4	26.5	74.9	25.6	100.4
	Processed foods	13.1	15.5	28.6	14.5	43.1	14.4	57.5
	Fine chemical products	2.4	3.1	5.5	2.8	8.3	3.0	11.3
	Distribution system	31.2	31.9	63.1	32.7	95.8	32.0	127.7
	Common business operations	1.5	1.4	2.9	1.4	4.3	1.7	5.9
	Total	129.2	140.0	269.2	141.1	410.3	139.5	549.8
Fiscal Year 2016 (A)	Condiments products	34.0	37.8	71.8	37.8	109.6	34.5	144.1
	Egg products	25.7	26.1	51.9	24.8	76.7	25.5	102.2
	Delicatessen products	26.0	28.1	54.1	28.8	82.9	28.9	111.8
	Processed foods	12.0	13.6	25.7	12.5	38.1	13.1	51.3
	Fine chemical products	2.7	2.6	5.3	2.8	8.1	2.8	10.9
	Distribution system	30.4	31.8	62.3	32.4	94.7	32.2	126.9
	Common business operations	1.3	1.2	2.5	1.4	3.8	1.3	5.2
	Total	132.1	141.3	273.4	140.5	413.9	138.4	552.3
Fiscal Year 2017 (B)	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
Change (B) - (A)	Condiments products	0.3	1.9	2.2	1.5	3.7	2.7	6.3
	Egg products	(1.7)	(0.2)	(1.9)	(0.1)	(2.0)	0.3	(1.7)
	Delicatessen products	1.6	1.2	2.8	1.0	3.8	(0.1)	3.7
	Processed foods	(1.1)	(1.4)	(2.5)	(0.4)	(2.9)	(1.8)	(4.6)
	Fine chemical products	(0.4)	0.2	(0.2)	(0.1)	(0.3)	(0.0)	(0.3)
	Distribution system	0.6	1.4	1.9	1.1	3.0	1.3	4.3
	Common business operations	0.7	0.8	1.5	0.4	1.8	(0.2)	1.7
	Total	(0.1)	3.8	3.8	3.3	7.1	2.3	9.4

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



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## <Operating income>

(Billions of yen)

	Segment	1st quarter	2nd quarter	2nd quarter (Cumulative)	3rd quarter	3rd quarter (Cumulative)	4th quarter	Year
Fiscal Year 2015 (Adjusted)	Condiments products	2.5	3.8	6.3	3.8	10.1	2.4	12.5
	Egg products	1.5	1.3	2.7	1.3	4.0	1.4	5.4
	Delicatessen products	0.3	0.8	1.1	1.0	2.0	0.7	2.8
	Processed foods	(0.2)	0.3	0.1	0.0	0.1	(0.4)	(0.3)
	Fine chemical products	0.0	0.1	0.1	0.1	0.2	0.2	0.4
	Distribution system	1.0	1.2	2.2	1.4	3.6	1.1	4.8
	Common business operations	0.3	0.3	0.6	0.2	0.9	0.0	0.9
	Total	5.4	7.8	13.1	7.8	20.9	5.4	26.4
Fiscal Year 2016 (A)	Condiments products	1.6	4.6	6.2	4.7	10.9	2.8	13.7
	Egg products	1.5	1.7	3.2	1.4	4.6	0.9	5.5
	Delicatessen products	0.3	1.1	1.5	1.1	2.6	0.9	3.5
	Processed foods	(0.2)	0.5	0.3	0.3	0.6	(0.1)	0.5
	Fine chemical products	0.2	0.4	0.6	0.3	0.9	0.1	1.0
	Distribution system	0.9	1.2	2.1	1.4	3.5	1.4	4.9
	Common business operations	0.0	0.2	0.3	0.2	0.4	0.3	0.8
	Total	4.4	9.8	14.2	9.3	23.4	6.4	29.8
Fiscal Year 2017 (B)	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
Change (B) - (A)	Condiments products	1.0	0.2	1.1	(0.1)	1.1	0.6	1.6
	Egg products	(0.4)	(0.7)	(1.1)	(0.1)	(1.2)	0.1	(1.1)
	Delicatessen products	0.2	(0.1)	0.2	0.1	0.3	0.1	0.4
	Processed foods	0.2	(0.2)	(0.0)	0.0	(0.0)	(0.3)	(0.3)
	Fine chemical products	(0.2)	(0.2)	(0.5)	0.1	(0.3)	0.2	(0.2)
	Distribution system	0.4	0.4	0.8	0.2	1.0	0.0	1.0
	Common business operations	0.2	0.0	0.2	0.0	0.2	(0.2)	0.0
	Total	1.2	(0.6)	0.6	0.3	1.0	0.5	1.4

(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)."

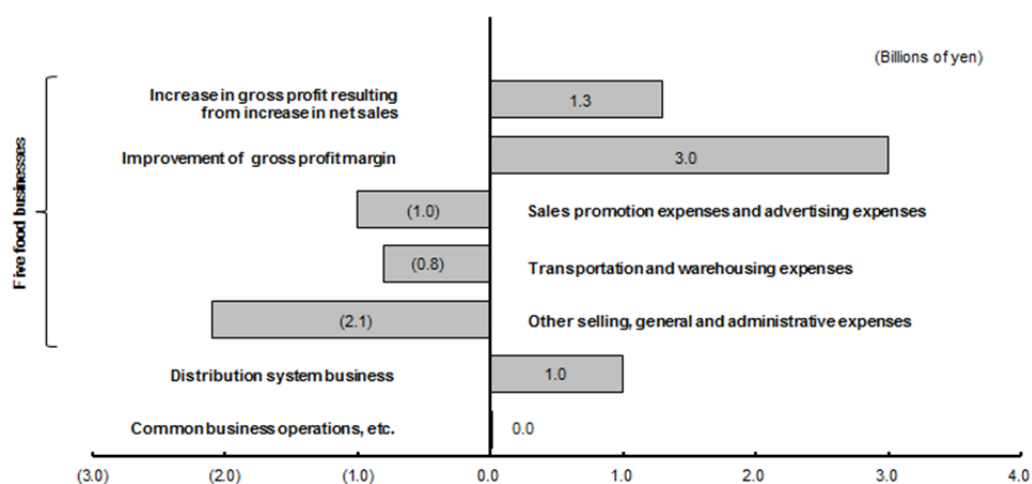
# Kewpie Corporation

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

	Fiscal year 2016 (A)	Fiscal year 2017 (B)	Change (B) - (A)
Operating income	29.8	31.3	1.4



\* The Company recognized a one-time write-off of residual book value amounting to negative ¥2.8 billion that occurred in the first quarter of fiscal year 2016 as a result of the change to the depreciation method applied in fiscal year 2016. The above had the effect of increasing operating income by ¥2.8 billion, which is reflected in the above graph.

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## 2. Summary of net sales and operating income and factors behind changes in operating income [Plan for fiscal year 2018]

### <Net sales>

(Billions of yen)

Segment	Fiscal year 2016	Fiscal year 2017 (A)	Fiscal year 2018 (Plan) (B)	Change (B) - (A)
Condiments products	144.1	150.4	161.0	10.6
Egg products	102.2	100.5	102.0	1.5
Delicatessen products	111.8	115.5	120.5	5.0
Processed foods	51.3	46.6	47.5	0.9
Fine chemical products	10.9	10.6	11.0	0.4
Distribution system	126.9	131.2	134.0	2.8
Common business operations	5.2	6.8	4.0	(2.8)
Total	552.3	561.7	580.0	18.3

### <Operating income>

(Billions of yen)

Segment	Fiscal year 2016	Fiscal year 2017 (A)	Fiscal year 2018 (Plan) (B)	Change (B) - (A)
Condiments products	13.7	15.3	15.3	0.0
Egg products	5.5	4.4	5.2	0.8
Delicatessen products	3.5	3.8	4.6	0.8
Processed foods	0.5	0.2	0.4	0.2
Fine chemical products	1.0	0.9	0.9	0.0
Distribution system	4.9	5.9	6.0	0.1
Common business operations	0.8	0.8	0.6	(0.2)
Total	29.8	31.3	33.0	1.7

\* As a result of the change to the depreciation method applied in fiscal year 2016, operating income increased by ¥2.8 billion in fiscal year 2017.

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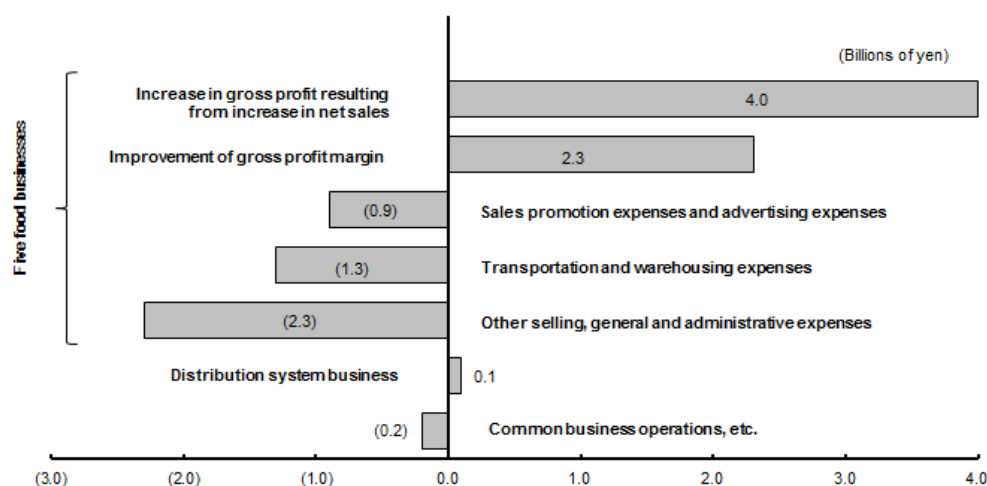
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<Factors behind changes in operating income (comparison with the previous fiscal year)>

(Billions of yen)

	Fiscal year 2017 (A)	Fiscal year 2018 (Plan) (B)	Change (B) - (A)
Operating income	31.3	33.0	1.7



### 3. Capital investments and main components of selling, general and administrative expenses [Result for fiscal year 2017 and plan for fiscal year 2018]

(Billions of yen)

	Fiscal year 2015	Fiscal year 2016 (A)	Fiscal year 2017 (B)	Change (B) - (A)	Fiscal year 2018 (Plan) (C)	Change (C) - (B)
Capital investments	32.4	33.0	27.2	(5.8)	39.6	12.4
Depreciation expenses	19.1	18.3	16.8	(1.5)	18.5	1.7
Sales promotion expenses	3.5	3.7	3.9	0.3	4.7	0.8
Advertising expenses	8.7	8.7	9.5	0.7	9.5	0.1
Transportation and warehousing expenses	25.0	25.0	25.8	0.8	27.1	1.3
Payroll expenses	28.7	29.8	31.3	1.5	32.6	1.3
Research and development expenses	4.2	4.0	4.1	0.0	4.2	0.1

\* Sales promotion expenses and transportation and warehousing expenses for fiscal year 2015 were adjusted to reflect the amounts deducted from net sales.

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## 4. Domestic sales volume and amount of salads condiments by category type (Kewpie Corporation) [Result for fiscal year 2017]

		Fiscal year 2015	Fiscal year 2016 (A)	Fiscal year 2017 (B)	Change (B) - (A)
For household use	Volume (Thousands of ton)	126	126	128	2
	Amount (Billions of yen)	63.8	63.9	65.0	1.1
For commercial use	Volume (Thousands of ton)	106	107	107	1
	Amount (Billions of yen)	41.6	41.3	40.9	(0.4)

\* The amounts stated for fiscal year 2015 are adjusted figures, calculated by deducting certain sales promotion expenses and transportation and warehousing expenses from net sales.

## 5. Summary of net sales and operating income in overseas operations [Result for fiscal year 2017 and plan for fiscal year 2018]

### <Net sales>

(Billions of yen)

		Fiscal year 2015	Fiscal year 2016 (A)	Fiscal year 2017 (B)	Change (B) - (A)	Fiscal year 2018 (Plan) (C)	Change (C) - (B)
China		14.2	15.7	18.1	2.4	21.4	3.3
Southeast Asia		7.9	7.6	8.5	0.9	10.1	1.6
North America	Condiments products	5.4	6.3	6.7	0.4	7.6	0.8
	Egg products	7.5	5.5	4.3	(1.2)	4.8	0.5
Export from Japan		2.7	2.7	5.0	2.4	7.0	1.9
Total		37.7	37.8	42.7	4.9	50.9	8.2

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

\* The total change for fiscal year 2017 includes a 0.8 billion yen decrease caused by the impact of the exchange rate fluctuations. The total change for fiscal year 2018 includes a 0.6 billion yen increase caused by the impact of the exchange rate fluctuations.

### <Operating income>

(Billions of yen)

		Fiscal year 2015	Fiscal year 2016 (A)	Fiscal year 2017 (B)	Change (B) - (A)	Fiscal year 2018 (Plan) (C)	Change (C) - (B)
China		1.7	2.2	2.2	0.0	2.7	0.5
Southeast Asia		0.0	0.2	0.3	0.1	0.5	0.2
North America	Condiments products	0.5	0.5	0.5	0.0	0.5	0.0
	Egg products	1.5	0.1	(0.9)	(1.0)	(0.1)	0.7
Export from Japan		0.3	0.4	0.2	(0.2)	0.1	(0.1)
Total		4.0	3.3	2.3	(1.0)	3.7	1.4

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

\* The total change for fiscal year 2017 includes a 0.1 billion yen decrease caused by the impact of the exchange rate fluctuations. The total change for fiscal year 2018 includes a 0.0 billion yen decrease caused by the impact of the exchange rate fluctuations.

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## 6. Principal items of changes in non-operating income (expenses) and extraordinary gains (losses) [Result for fiscal year 2017]

(Billions of yen)

	Fiscal year 2016	Fiscal year 2017	Change	Items of changes [Comparison with fiscal year 2016]
Non-operating income (expenses), net	1.5	1.3	(0.3)	Decrease in equity in earnings of affiliates (0.2)
				Increase in business commencement expenses (0.1)
Extraordinary gains (losses), net	(1.1)	(1.7)	(0.7)	Increase in losses on abolishment of retirement benefit plans (1.3)
				Increase in gains on sales of investment securities 0.8

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

(Billions of yen)

	Fiscal year 2017	Fiscal year 2018 (Plan)	Change	Principal items of changes [Comparison with fiscal year 2017]
Non-operating income (expenses), net	1.3	1.1	(0.2)	Decrease in subsidy income (0.3)
				Decrease in business commencement expenses 0.1
Extraordinary gains (losses), net	(1.7)	(0.7)	1.0	Decrease in losses on abolishment of retirement benefit plans 1.3

## 8. Summary and items of changes in balance sheets [Result for fiscal year 2017]

(Billions of yen)

	Fiscal year 2016	Fiscal year 2017	Change	Items of changes [Comparison with fiscal year 2016]
(Assets)				
Current assets	150.2	156.3	6.2	Decrease in cash and deposits (6.2)
				Increase in notes and accounts receivable - trade 3.1
				Increase in securities 7.0
				Increase in inventories 2.8
Fixed assets				
Tangible and intangible fixed assets	189.1	203.1	14.1	Increase resulting from purchases 27.5
				Decrease resulting from depreciation (16.8)
				Increase in goodwill 2.2
Investments and other assets	46.7	59.8	13.1	Increase in investment securities 7.1
				Increase in assets for retirement benefits 5.2
(Liabilities)				
	140.1	155.8	15.7	Decrease in accounts payable - other (4.5)
				Decrease in accrued expenses (6.3)
				Increase in loans payable 23.2
(Net assets)				
	245.9	263.4	17.6	Increase in earned surplus 3.8
				Increase in accumulated other comprehensive income 11.4
				Increase in non-controlling interests 3.8

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## 9. Principal items of changes in cash flows [Result for fiscal year 2017]

(Billions of yen)

	Fiscal year 2016	Fiscal year 2017	Change	Items of changes [Comparison with fiscal year 2016]
Cash flows from operating activities	45.3	27.2	(18.0)	Increase in notes and accounts receivable - trade (4.2)
				Increase in inventories (3.4)
				Decrease in notes and accounts payable - trade (3.2)
				Increase in income taxes paid (3.6)
Cash flows from investing activities	(32.0)	(31.4)	0.6	Decrease in purchases of tangible fixed assets 5.6
				Increase in payments for acquisition of business (4.6)
Cash flows from financing activities	(5.8)	4.0	9.8	Increase in loans payable 16.9
				Increase in repurchase of shares (5.3)

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## 10. Principal management indexes

	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016	Fiscal year 2017
Net sales (millions of yen)	530,549	553,404	549,774	552,306	561,688
V.S. previous year (%)	5.1	4.3	–	0.5	1.7
Operating income (millions of yen)	22,402	24,343	26,354	29,818	31,261
V.S. previous year (%)	(4.1)	8.7	–	13.1	4.8
Operating income to net sales (%)	4.2	4.4	4.8	5.4	5.6
Ordinary income (millions of yen)	23,749	25,368	27,224	31,364	32,511
Ordinary income to net sales (%)	4.5	4.6	5.0	5.7	5.8
Profit (millions of yen)	12,567	13,366	16,973	17,093	18,099
Profit ratio (%)	2.4	2.4	3.1	3.1	3.2
Total net assets (millions of yen)	210,285	220,397	244,717	245,861	263,432
Total assets (millions of yen)	334,655	356,994	373,017	385,914	419,207
Equity ratio (%)	55.0	54.6	57.1	55.1	54.0
Cash flows from operating activities (millions of yen)	27,369	34,392	28,094	45,260	27,234
Cash flows from investing activities (millions of yen)	(21,897)	(30,847)	(31,181)	(32,046)	(31,421)
Cash flows from financing activities (millions of yen)	(2,307)	(3,149)	(7,101)	(5,805)	4,010
Free cash flow (millions of yen) (operating cash flow + investing cash flow)	5,471	3,545	(3,086)	13,213	(4,186)
Cash and cash equivalents at the end of the fiscal year (millions of yen)	43,963	44,788	34,841	40,790	41,411
Interest-bearing debt (millions of yen)	25,882	29,110	30,559	36,066	60,120
Paid-in capital (millions of yen)	24,104	24,104	24,104	24,104	24,104
Total number of issued shares (thousands of shares)	153,000	153,000	153,000	153,000	150,000
Net assets per share (yen)	1,230.32	1,284.36	1,403.05	1,420.63	1,539.94
Earnings per share (yen)	83.94	88.69	111.82	113.47	121.05
Free cash flow per share (yen)	36.55	23.52	(20.34)	87.72	(28.00)
Return on equity (%)	7.1	7.0	8.3	8.0	8.2
Ordinary income to total assets (%)	7.4	7.3	7.5	8.3	8.1
Annual dividend per share (including interim dividend) (yen)	22.0	23.0	29.0	34.5	36.5
[interim dividend per share] (yen)	[11.0]	[11.5]	[12.5]	[15.0]	[18.0]
Price earnings ratio (times)	17.3	21.9	26.4	23.8	23.8
Dividend payout ratio (%)	26.2	25.9	25.9	30.4	30.2
Dividend on equity ratio (%)	1.9	1.8	2.2	2.4	2.5
Number of regular full-time employees	12,598	12,933	13,478	14,095	14,924
Average number of temporary employees	11,316	11,840	11,519	11,150	11,456
Stock price at the end of the fiscal year (yen)	1,454	1,942	2,953	2,703	2,885

\* Consumption taxes are not included in net sales.

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

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