



The Kewpie Group Integrated Report 2019

CONTENTS

1	Contents/Editorial Policy
2	Message from the President
6	Philosophy/The Kewpie Group Policies
7	100 Years of History
11	Growth Trajectory Business/Non-Financial Highlights
13	The Kewpie Group Value Creation Model Value Creation Story
15	1. Creating Salad Options Together with the Development of Various Dressings
17	2. Creating a Healthy and Abundant Dietary Lifestyle Through a Variety of Convenient and Delicious Salads
19	3. New Value Creation from Egg Functions with Our R&D Activities
21	FY2019-FY2021 Medium-Term Business Plan
25	Overseas Expansion
27	Business Profile/Business Performance
29	Condiments and Processed Foods Business
30	Salad and Delicatessen Business
31	Egg Business
32	Fruit Solution Business
33	Fine Chemicals Business
34	Distribution Business
35	Promotion of Diversity and Initiatives in ESG
37	Promotion of Diversity
39	Social and Environmental Initiatives
43	Promotion of Corporate Governance
	Financial, Stock and Corporate Information
53	11-Year Financial Summary
55	Consolidated Balance Sheets
56	Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
57	Consolidated Statements of Changes in Net Assets
58	Consolidated Statements of Cash Flows
59	Analysis of Business and Finances in FY2018
60	Operational Risks
61	Stock Information
62	Corporate Information

Editorial Policy

The Kewpie Group historically has provided stakeholders with financial information mainly through its Investors' Guide as well as the details and results of its various social and environmental contribution activities primarily through its Social and Environmental Report.

In putting together the Integrated Report 2019, the Kewpie Group hopes to deepen the understanding of all stakeholders, beginning with its shareholders and investors, regarding efforts to create value over the medium to long term. The Integrated Report 2019 therefore provides an overview of the Group's business as well as comprehensive details of the strategies and plans aimed at creating corporate value.

The Report also summarizes matters of a material nature that underpin the Group's efforts to create corporate value. All other information, including details of the Group's financial results and position, social and environmental initiatives, products, and businesses can be found on its corporate website.

Period Covered by the Report

The Report covers the 12-month period from December 2017 to November 2018.

Past background information and data as well as recent examples of the Group's activities that fall outside the period covered have also been included when considered appropriate.

Figures indicating projections for fiscal 2019 were released on January 10, 2019.

Forward-Looking Statements

The forecasts and forward-looking statements contained in this Integrated Report 2019 are based on information available as of the date of publication and on certain assumptions deemed rational. These forecasts also include certain probable uncertainties.

Actual performance could differ from forecasts due to a variety of factors including changes in business conditions.

Note: Figures in this Report depicting monetary amounts and shares owned are rounded down except for monetary amounts expressed in billions of yen, which are rounded to the nearest billion. Ratios of owned shares are also rounded to the nearest whole figure.

Website

The Kewpie Group posts a wide range of information from a variety of perspectives on its website.



IR Information

<https://www.kewpie.com/en/ir/>



Sustainability

<https://www.kewpie.com/en/sustainability/>



Recipes/Products

<https://www.kewpie.co.jp>

Message from the President

To promote "Food for a Smile with Kewpie" for another 100 years, we will make every effort to become a leading company for salads and eggs while contributing to food culture and the health of the world.



Osamu Chonan

Representative Director
President and Chief Executive Corporate Officer
Kewpie Corporation

Celebrating Our 100th Anniversary

Initially incorporated as Shokuhin Kogyo Co., Ltd., Kewpie Corporation celebrated its 100th anniversary in 2019. In marking this milestone, I would like to express my sincere appreciation to all stakeholders for their support and encouragement.

Our founder, Toichiro Nakashima, took it upon himself to improve Japanese people's health and physiques, and enrich their dietary lifestyles as a part of wide-ranging efforts to contribute to society through food. In this vein, he worked diligently to create numerous products and to pursue ongoing business development.

Carrying on this aspiration from generation to generation, the Kewpie Group has blossomed into its current form by confronting each obstacle and challenge in its path.

Providing the underlying strength of these endeavors is our philosophy which we hold most dear. While steadfastly carrying forward this treasured philosophy, we have successfully overcome each difficulty and garnered the deep trust of customers and business partners.

Moving forward, we anticipate a wide range of changes will occur at an unprecedented pace. As a result of the globalization and diversification of customers' needs, we may confront a harsh operating environment and hurdles unlike any other experienced before.

For this very reason, it is imperative that all Group members share a basic approach, mind-set, and aspiration that is grounded in a common philosophy. Each and every employee must grow while accepting and learning from one another in order to secure sustainable growth.

Setting the Kewpie Group's 2030 Vision and Sustainability Targets

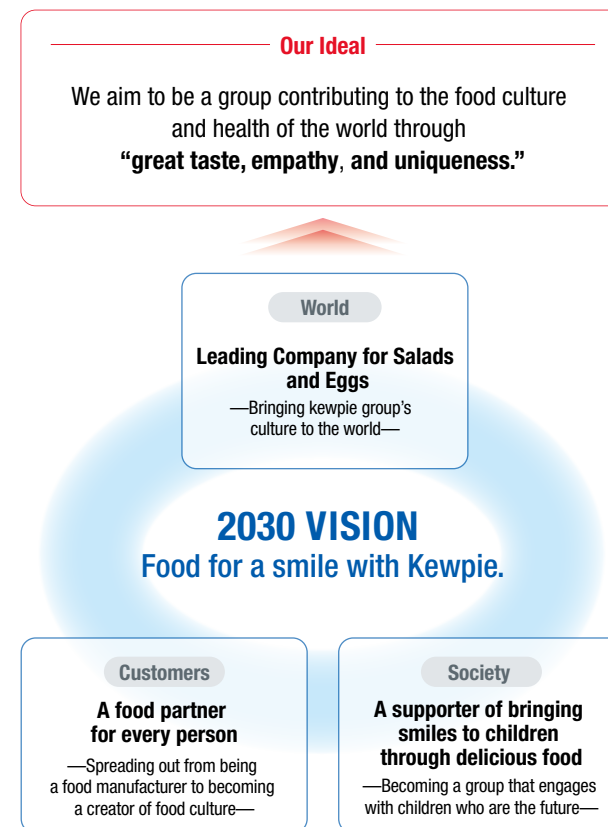
In celebrating its 100th anniversary, Kewpie set its inaugural long-term Kewpie Group 2030 Vision.

This vision represents the Group's ideal image in 2030 while encapsulating its aspirations from a variety of angles. As the Kewpie Group looks to the next century that lies ahead, and taking into consideration changes that are projected to occur in the future, this Vision summarizes how



the Group wishes to evolve, what it hopes to realize, and what value it is looking to provide to society.

In addition to fulfilling the desire to become an indispensable company that makes people smile through food, we will push forward measures aimed at realizing the ideal scenario under our Vision from the three perspectives of the world, the customer and society.



In addition to formulating its FY2019-FY2021 Medium-Term Business Plan, the Kewpie Group also identified specific sustainability targets as quantitative measures of its social and environmental initiatives.

The Kewpie Group's sustainability targets encompass five core themes.

As social initiatives:

- Contribution to extending the healthy lifespan by increasing the consumption of vegetables and eggs
- Mental and physical health support for children through a variety of forums including mayonnaise classes and the Kewpie Mirai Tamago Foundation

As environmental initiatives:

- Effective use of resources and sustainable procurement through the application of the unused portions of key vegetables and the reduction of product waste
- Reductions of CO₂ emissions across the entire supply chain

As an initiative aimed at addressing the diversification and globalization of customers' needs:

- Promotion of diversity as a platform for the Group's growth strategy

By achieving both performance and sustainability targets, the Kewpie Group will realize its 2030 Vision.

In Launching the FY2019-FY2021 Medium-Term Business Plan

Changes in Our Operating Environment and Social Issues

In recent years, society, the environment, and people's lifestyles have been changing drastically. At the same time, we have witnessed growing diversity in food and consumptions patterns.

As a result of these changes and growing diversity, including a falling birthrate and an aging society coupled with more women in the workforce and single-person households, the time spent on cooking at home is steadily declining. Taking these factors into consideration, we are seeing a surge in time-saving as well as convenient products.

Moreover, the channels through which we purchase food items have also undergone an evolution. Consumers today benefit from an increasingly broad choice that includes supermarkets, drugstores, mail-order services, and home delivery. Despite these favorable conditions, growth in domestic food market demand is difficult to anticipate. This is mainly due to a deep-seated budget-conscious consumer mind-set. More than ever before, it is therefore important to grasp changes in customers' lifestyles, values, and multifaceted needs. It is equally important to increase the number of purchasing opportunities and to firmly convey the appeal of products.

The shortage of labor attributable to the declining population is also a major issue confronting society in Japan. Consequently, we are seeing a growing shift to processed foods in the restaurant market. Based on the aforementioned, it is vital that we change the content of proposals and products provided. Making the most of the technologies available to food manufacturers, I am convinced that the industry as a whole must respond to the shortage of labor.

Review of the FY2016-FY2018 Medium-Term Business Plan

Under its FY2016-FY2018 Medium-Term Business Plan, the Kewpie Group identified the overarching theme of maximizing strengths and creating value through "Group Cooperation." Over the three years of the plan, every effort was made to create added value and enhance cost competitiveness in order to increase gross profit.

Of our five core food businesses in Japan, the Delicatessen Products and Egg Products businesses took the lead in driving the Group's performance forward. As a result, operating income increased ¥6.2 billion. As far as its overseas operations are concerned, the Group worked diligently to expand demand for mayonnaise and dressings in the focus areas of China and Southeast Asia. Thanks to these endeavors, operating income climbed ¥1.3 billion.

About the FY2019-FY2021 Medium-Term Business Plan

Under its FY2019 to FY2021 Medium-Term Business Plan, the Kewpie Group will work to maintain growth in Japan and accelerate growth overseas. To this end, we will promote the following three management policies while focusing on four key indicators.

FY2019-FY2021 Medium-Term Business Plan

Management Policies

- Realize sustainable growth in Japan by promoting our products, centering on the Condiments and Processed Foods, Salad and Delicatessen, and Egg businesses, as integral parts of people's daily meals
- Accelerating overseas business expansion, particularly in China and Southeast Asia
- Strengthen the business foundation for better adaptability to environmental changes

Key Indicators

- Operating income ratio of 6.5% or higher
- ROE of 8.5% or higher
- Operating income ratio for the three businesses in Japan of 8.8%
- Sales growth rate in China and Southeast Asia of 10% or higher (average annual growth rate)

About Business Development

The Kewpie Group changed its business segments under its FY2019-FY2021 Medium-Term Business Plan. All business operations of the Processed Foods Business except for Aohata Corporation have been transferred to the Condiments Products Business and renamed the Condiments and Processed Foods Business.

Studies show that only 30% of the vegetables consumed by Japanese people come from raw vegetable salads. In order to promote the consumption of vegetables, it is therefore important to also broaden proposals from the perspective of prepared foods while expanding the traditional definition of salads.

The Aohata Corporation portion of the Processed Foods Business has been split off as the Fruit Solution Business with the aim of enhancing the Group's technical and specialist expertise.

Through the Salad and Delicatessen Business, the Group will focus on cut vegetables and delicatessen foods while further honing its strengths in the ready-made food market, which is experiencing growth.

In the Egg Business, steps were taken to merge a company that produces ingredient products including frozen and liquid eggs with a company that manufactures such processed products as thick rolled eggs and omelets in December 2018. By bringing the procurement of ingredients as well as the processing function under the one roof, we are bolstering our ability to address increasingly diverse customer needs.

Promoting Products Centering on Three Businesses, as Integral Parts of People’s Daily Meals and Accelerating Overseas Business Expansion, Particularly in China and Southeast Asia

On the understanding that conditions throughout the domestic market will become increasingly difficult, we recognize the need to provide food lifestyle proposals involving delicious salads and eggs as integral parts of people’s daily meals in order to realize the Group’s sustainable growth.

Paying particular attention to the integration of the Condiments and Processed Foods, Salad and Delicatessen, and Egg businesses, we will work to expand in the ready-made food market, which is experiencing ongoing growth. We will also promote longer and healthier lives while endeavoring to broaden activities in the salads and egg product domains with a focus on mayonnaise and dressings in a bid to become a leading company in the salad and egg businesses.

Working to realize this goal, the Kewpie Group is reinforcing its business system. As one initiative, we are working to increase efficiency by first consolidating and transferring production items and production lines. Moreover, energies are being directed toward building an optimal production system in a bid to secure a wide range of benefits. This includes alleviating workloads by implementing such measures as the introduction of inspection equipment that employs AI. In addition, considerable weight is being placed on creating new value including an entirely new level of exquisite taste by expanding R&D themes that cut across businesses. In specific terms, the Kewpie Group is targeting an operating income ratio of 8.8% for its three mainstay businesses in Japan in fiscal 2021. To this end, we will cultivate and expand new sales channels while promoting reciprocal use of the sales avenues of each business.

From an overseas business perspective, we have positioned Kewpie-brand mayonnaise and Kewpie Deep-roasted Sesame Dressing as global strategic products and are looking to expand demand for salads. Firmly grasping conditions in each area, we will ramp up the pace of product development while promoting strategies by category. At the same time, we will make every effort to strengthen our business foundation.

In overall terms, we are targeting increases in net sales and operating income in our overseas business endeavors of ¥17.9 billion and ¥2.8 billion, respectively. With this in mind, we will place considerable emphasis on an annual average net sales growth rate of 10% or higher in China and Southeast Asia.

Strengthen the Business Foundation for Better Adaptability to Environmental Changes

To grow for the next 100 years, the Kewpie Group is committed to putting forward dietary lifestyle proposals that center on salads and eggs while also engaging in nutrition education activities. At the same time, we will focus on the promotion of diversity, improvement of governance, and

innovation of core systems as a part of the necessary steps to strengthen various management bases.

Having experienced several major natural disasters last year, the Kewpie Group put in place a code of conduct in the event of an emergency. Complementing this initiative, we are working diligently to build a business continuity structure. Our business continuity plan calls for various measures including the development of an information infrastructure, preparation of a distribution system and training to ensure a robust backup function.

Against this backdrop, it is imperative that companies in general take the initiative as well as action to secure a sustainable society. Confronted by an operating environment that is undergoing considerable change, we too must evolve in order to ensure our growth. For this reason, each and every member of the Kewpie Group is charged with the task of maximizing his or her unique strengths. Taking these factors into consideration, we will as a company strive to instill a strong sense of satisfaction and growth.

Kewpie Group in the Years to Come

Salads did not exist in Japan 100 years ago. Working to enrich and improve dietary lifestyles, the Kewpie Group introduced a lot of unique products beginning with mayonnaise to the Japanese dining scene while also proposing a variety of new ways to eat. Thanks to these endeavors, we have enjoyed a continuous growth path.

With our Medium-term Business Plan launched in fiscal 2019, we have embarked on the first stage of our 2030 Vision. In addition to expanding those fields in which we excel, we will advance even further our Group Cooperation as we address a variety of issues. In redoubling our efforts to further promote external cooperation while integrating businesses, we are cognizant of the critical need to create new value.

Based on our management policies, we will steadfastly pursue profit growth in Japan and overseas. We will continue to take up each new challenge and to promote “Food for a Smile with Kewpie” for the next century and beyond.



最初につくり、育てる。
キューピー 100 年
First create and then nurture
Kewpie 100 years, start!

Corporate Philosophy of the Kewpie Group

Corporate Motto

“RAKU-GYOU-KAI-ETSU”

Corporate Principles

- “Act on Moral Principles”
- “Strive for Originality and Ingenuity”
- “Look After Parent’s Well Being”

Words to remember: “The world is fairer than you imagine”

Toichiro Nakashima (Founder) was deeply impressed by the following words that he encountered in his younger days: “It may seem that the lazy and sly get ahead in the world. However, the world is actually a place where the people who strive in sincerity and earnestness are the winners in the long run.” He held the belief that “the world is fairer than you imagine.” When faced with difficulties, Toichiro would consider what was true and what was right, and always strove for originality and ingenuity. Throughout his life he continued to show gratitude toward all those who helped him. These words inherited from Toichiro were included in the Kewpie Group corporate principles up to 1992.

Our Ideal

We aim to be a group contributing to the food culture and health of the world through “great taste, empathy, and uniqueness.”

The Kewpie Group Policies

Guided by a philosophy that draws on its Corporate Motto and Principles, Kewpie has put in place the Group Policies that embody the Group’s commitment to earning the highest degree of trust from its stakeholders, including customers, shareholders, business partners, employees, and society, who provide the underlying strength for all of its business activities. In ensuring that each and every member of the Group fully understands and carries out the spirit of the Group Policies we are better positioned to further enhance our transparency as a company and to garner the trust of customers.

Code of Ethics

(Our responsibilities as a corporate citizen.)

Respect for the Law

We comply with the laws, regulations and social norms of our own and other countries, as well as our internal company rules, and conduct our corporate activities in an ethical manner.

Respect for Human Rights

We respect human rights and never engage in discrimination or harassment based on race, nationality, religion, gender, age, or mental or physical disability.

Fair and Sustainable Corporate Activities

We engage in free and fair competition, building transparent and stable relationships with business partners, shareholders, investors, and governmental organizations.

Commitment to Information Security

We protect and do not allow the misuse or wrongful disclosure of the personal or confidential information of our customers, clients, and employees.

Rejection of Antisocial Forces

We take decisive action against antisocial forces which disrupt or threaten public law and order, ending all relations with them.

Code of Conduct

(What we must do to enhance the prominence of the Kewpie Group.)

Put Product Quality First

We rise to meet the trust placed in us by our customers, producing safe and reliable products and focusing on quality in all of our actions.

Promote Diversity

We respect the individuality and aspirations for growth of each and every one of our employees around the world, allowing them to perform to their full potential.

Contribute to Society through Nutrition Education

We contribute to society through the advancement of nutritional education, promoting healthy lifestyle choices and working in harmony with local communities and society as a whole.

Protect the Earth’s Environment

We appreciate the blessings of nature and promote a sustainable society for future generations by effectively utilizing resources and preserving the environment.

Accept New Challenges

We drive growth of the company and the individual by continuing to accept new challenges and also by learning from previous lessons.

100 Years of History

Kewpie is celebrating the 100th anniversary of the Company's founding in 2019.

Ever since Kewpie Corporation was established in 1919, its product manufacturing from one era to the next has adhered to an unwavering insistence that good products begin only with good ingredients. As a company that handles food items, honesty and integrity have been the hallmarks of our business mind-set. We will continue to take up new challenges for another 100 years by passing on our founding philosophy.

Company Founding

- 1919 Founding of Shokuhin Kogyo Co., Ltd. (now Kewpie Corporation)
- 1925 Marketed Kewpie Mayonnaise, Japan's first mayonnaise
Use of the Kewpie trademark in mayonnaise
- 1932 Launched Aohata Marmalade
Established Kidoen Corporation (now Aohata Corporation)
- 1943 Suspended mayonnaise production on difficulties in securing raw ingredients

Postwar recovery

- 1945 Company head office and factory in Nakano-ku, Tokyo, destroyed during air raids
- 1948 Company resumes mayonnaise production at the Nishifu farm in Fuchu, Tokyo
- 1956 Launched the sale of Kewpie Mayonnaise in a polyethylene bag
- 1957 Changed its trade name from Shokuhin Kogyo Co., Ltd. to Kewpie Corporation

Growth period

- 1958 Launched the sale of Kewpie Mayonnaise in a plastic bottle
First appearance of Kewpie Mayonnaise with the red mesh pattern
- Launched Japan's first dressing, Kewpie French Dressing (red)
- 1961 Began offering factory tours (now named "open kitchen" tours)
- 1962 Launched broadcasting of "Kewpie's Three-Minute Cooking"
- 1966 Established Kewpie Souko Corporation (now K.R.S. Corporation)

Founding of Shokuhin Kogyo Co., Ltd. (now Kewpie Corporation)

Kewpie's predecessor company, Shokuhin Kogyo Co., Ltd. was founded as a food manufacturer in 1919. The Company, located in what is now Nakano-ku, Tokyo, started with the manufacturing of sauces and canned goods.

Toichiro Nakashima was listed as one of several directors when the Company was founded. He subsequently launched the manufacture of Kewpie Mayonnaise and played a key role in the Company's ensuing growth.

Mr. Nakashima in 1918 founded Nakashima Shoten (now NAKASHIMATO CO., LTD.), which marketed products manufactured by Kewpie until 1972.

Manufacturing and marketing of Japan's first mayonnaise

Mr. Nakashima in the 1910s spent about three years in the UK and the US as an overseas intern for what was then called the Japan Department of Agriculture and Commerce. That was when he first encountered orange marmalade and mayonnaise.

The Great Kanto Earthquake hit the Tokyo-Yokohama area in 1923. During the subsequent period of reconstruction, Mr. Nakashima saw the country's way of life changing, with one example being the Westernization of female students' clothing. He sensed that change would come to the Japanese diet as well, and started working toward manufacturing mayonnaise at Shokuhin Kogyo.

The Company in 1925 launched Kewpie Mayonnaise, a highly nutritious mayonnaise made using only egg yolks. The move was inspired by Mr. Nakashima's desire to help improve the physiques and health of the Japanese people by making delicious and nutritious mayonnaise so widely available that it became a daily necessity. The brand name for the product was taken from the Kewpie doll that was so popular at the time.

When Kewpie Mayonnaise was launched, mayonnaise was virtually unheard of in Japan. Mr. Nakashima used originality and ingenuity to popularize the product. For example, advertising for the product used beautiful drawings in which Kewpie Mayonnaise was placed casually in dining scenes.



Company founder Mr. Toichiro Nakashima



The early KEWPIE Mayonnaise bottle on sale

Aohata Marmalade launched Establishment of Kidoen Corporation (now Aohata Corporation)

When it was first launched, Aohata Marmalade was manufactured by Shokuhin Kogyo, but production was also later handled by Kidoen Corporation, which was established through investment from Nakashima Shoten. Kidoen Corporation later became the main manufacturer of products such as jams and canned fruit.



Aohata Marmalade

Links to current products

The Kewpie Group used technologies cultivated through manufacturing Aohata Marmalade, such as ingredient processing and canning technologies, to offer products for both household and food service use. Such products include jams, pasta sauces, baby foods, and nursing care foods. This has enabled Kewpie to contribute to the food requirements of each generation, from babies to the elderly.

Manufacturing of Kewpie Mayonnaise resumes

The outbreak of the Pacific War in 1941 made it impossible for the Company to obtain the ingredients for mayonnaise, and around 1943 Shokuhin Kogyo was forced to halt manufacturing. Commodities remained in short supply even after the end of the war, and the only way to manufacture mayonnaise was to use ingredients obtained via the black market. However, Mr. Nakashima felt that this was against his personal beliefs and adamantly refused to procure black market ingredients. As a result, manufacturing was finally resumed only in 1948, when ingredients of stable quality started to become available again.

Company launches mayonnaise in a plastic bottle

In 1958, Kewpie Corporation supplemented its mayonnaise in glass jars and polyethylene bags by launching Kewpie Mayonnaise in a stand-up bottle that was even easier for customers to use.



Kewpie Mayonnaise in a plastic bottle

Kewpie reduced its prices every time it streamlined its manufacturing process, and in combination with the launch of mayonnaise in plastic bottles, this effort supported rapid growth in the mayonnaise market. Market growth helped Mr. Nakashima to realize his ambition – harbored since he first launched his mayonnaise – of turning the product into a daily necessity.

Kewpie thereafter strived to meet the rapid growth in demand by constructing new plants and strengthening its manufacturing capacity.

Kewpie manufactures and markets Japan's first dressing product

As demand for Kewpie Mayonnaise rapidly increased, the Company launched the development of products other than mayonnaise, which resulted in the manufacturing and marketing of Japan's first dressing in 1958. Starting with Kewpie French Dressing (red), Kewpie's dressings subsequently extended to a wide range of varieties, catering to the needs of the times.



Kewpie French Dressing (red)

Establishment of Kewpie Souko Corporation (now K.R.S. Corporation)

As a result of Kewpie Mayonnaise shipments expanding dramatically and the Company's new plants becoming overburdened with the warehousing of materials and the shipping of products, the Company established Kewpie Souko Corporation.

The goal was to improve efficiency through the creation of a new company to handle warehousing while Kewpie Corporation and NAKASHIMATO CO., LTD., focused on production and marketing, respectively.

Initially, Kewpie Souko's work centered on storing and shipping mayonnaise manufactured at the Sengawa Plant and products handled by NAKASHIMATO CO., LTD. However, the company before long started delivering products to customers and processing orders, taking on increased responsibility for distribution inside and outside the Kewpie Group.



The Sengawa sales office of Kewpie Souko Corporation around 1975

Diversification

- 1969 • Entry into the food service market with San-ei Provisions Co., Ltd.
- 1975 • Establishment of the Kewpie Aohata Group's overseas division
 - Establishment of Deria Foods Co., Ltd.
- 1977 • Establishment of Kewpie Egg Corporation
- 1982 • Entry into the field of fine chemicals
 - Establishment of Q&B FOODS, INC. (California, US)
- 1987 • Establishment of Thai Q.P. Co., Ltd. with the Saha Group of Thailand (Transferred to KEWPIE (THAILAND) CO., LTD., in 2009)

Further endeavor

- 1993 • Establishment of BEIJING KEWPIE CO., LTD.
- 1999 • Establishment of Salad Club, Inc.
- 2013 • Group R&D and the office complex opened
Opening of the Sengawa Kewport complex in Chofu, Tokyo
- 2015 • Established Mirai Tamago, a group center for human resources training in Fuchu, Tokyo
- 2016 • Rebuilt the headquarters building, establishing the "Shibuya Office" in Shibuya-ku, Tokyo for headquarters and sales functions
- 2017 • Established Kewpie Mirai Tamago Foundation to contribute to society through food
- 2019 • Kewpie celebrates the 100th anniversary of the Company's founding

Continue to take up new challenges

Entry into the food service market with San-ei Provisions Co., Ltd.

NAKASHIMATO CO., LTD., in 1969 outsourced marketing of Kewpie's products for food service use to San-ei Provisions Co., Ltd. Aspiring to supply safer, more reliable products as the food service and school lunch markets expanded, NAKASHIMATO started marketing food-service products in earnest via San-ei Provisions. As the market for the food service industry spread, customers' needs became more diverse and sophisticated, and San-ei Provisions responded directly to those needs, laying the foundations for today's food service operations. In 1990, San-ei Provisions merged with Kewpie Corporation when the Kewpie Group restructured its sales system.

Establishment of the Kewpie Aohata Group's overseas division

The Kewpie Aohata Group's overseas division, led by NAKASHIMATO CO., LTD., was established in 1975. The division subsequently extended its operations overseas, making use of technologies cultivated in Japan and employing strategies tailored to each country's dietary culture.

Establishment of Kewpie Egg Corporation

Ever since it started manufacturing Kewpie Mayonnaise, Kewpie has worked at making use of the egg whites that are a by-product. Eventually, the Company was able to market not only egg whites, but also egg yolks and whole eggs by breaking the eggs and processing them into egg ingredient products such as refrigerated liquid egg and frozen egg. Aiming to further specialize in these forms of processing and cater to a diverse range of customer needs, Kewpie established Kewpie Egg Corporation in 1977.

In December 2018, the former Kewpie Egg Corporation, which had spearheaded the Egg Business until then, merged with Kanae Foods Co., Ltd., and made a new start as the renewed Kewpie Egg Corporation.



Entry into the field of fine chemicals

Eggs, one of the main ingredients of mayonnaise, contain many of the components necessary to sustain life. Focusing on this fact, Kewpie launched its Fine Chemicals Business to extract the useful components from eggs and make the best use of them.

In 1982, the business started marketing egg yolk lecithin in earnest, and subsequently developed and sold numerous products in a wide variety of fields, from food to cosmetics and pharmaceuticals.



Establishment of BEIJING KEWPIE CO., LTD.

BEIJING KEWPIE CO., LTD., was established in 1993 to manufacture and market mayonnaise in China. Since its establishment, the company has manufactured and marketed mainly mayonnaise, as well as dressings and jams, in China. In addition to promoting menu proposals in line with the growing acceptance of Western-style foods, including salads and bread, the company has taken a wide range of steps to raise awareness of the Kewpie brand.

The value of the Kewpie brand was recognized by the Chinese government in 2010, when Kewpie became the first Japanese food manufacturer to receive the "Far Famed Trademark*" certification.

*The Far Famed Trademark is a certification issued by the Trademark Office of the State Administration for Industry & Commerce of the People's Republic of China for highly visible and recognizable brands.



Establishment of Salad Club, Inc.

Kewpie established Salad Club, Inc., in 1999, anticipating an increase in demand for packaged salads (i.e., cut vegetables) that would enable fresh salad to be eaten easily anytime without wastage. It took this move in response to social changes, such as the increase in women in the workplace and single-person households, and the shift toward nuclear households.

Packaged salads are manufactured and marketed by Salad Club and these contain very fresh vegetables that are processed and packaged in hygienic factories.

Kewpie's Salad and Delicatessen Business centering on Salad Club and the Deria Foods Group (which manufactures and markets a wide range of products including salads, cooked dishes, and noodles) will continue to lead the expanding ready-made foods market.



Opening of the Sengawa Kewport Group R&D and office complex in Chofu, Tokyo

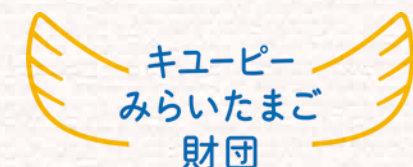
In 2013, Kewpie opened the Sengawa Kewport complex on the site of the former Sengawa Plant in Chofu, Tokyo. The complex combines the Group's R&D and head office functions.

Sengawa Kewport is working to improve corporate value by improving corporate management efficiency and combining the strengths of all the Group's divisions to accelerate product development.

Established Kewpie Mirai Tamago Foundation to contribute to society through food

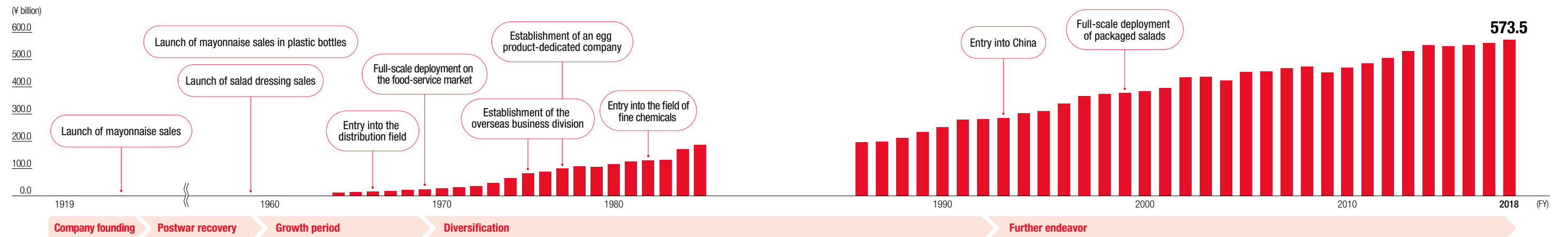
Having inherited the spirit of its founder, Toichiro Nakashima, who aspired to contribute to society through food, the Kewpie Group goes beyond its regular business activities to engage proactively in social contribution initiatives such as food educational activities.

In addition to progress in its original goals, the Company established the Kewpie Mirai Tamago Foundation in 2017 to support organizations devoted to food education and creation of spaces where children can feel at home, and by doing so aims to facilitate social contributions that would be impossible for it to achieve on its own. The foundation became a public interest incorporated foundation in April 2019.



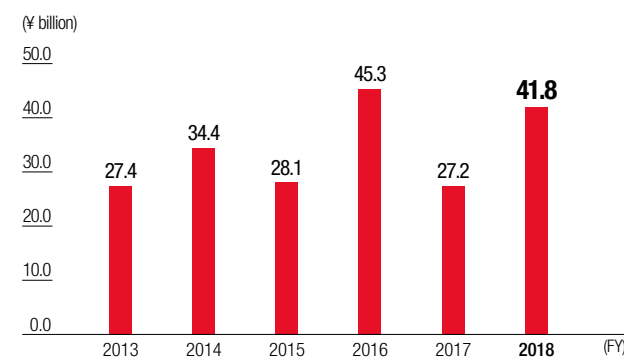
Growth Trajectory

Net Sales



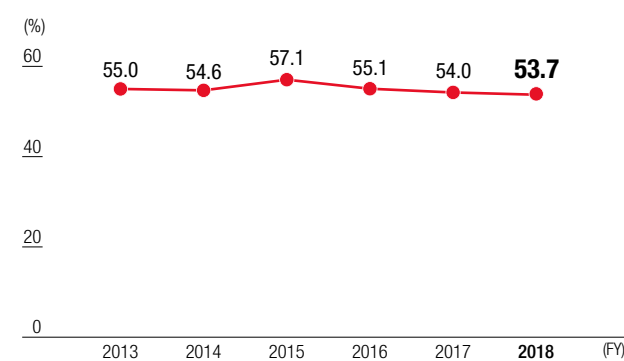
Business Highlights

Cash Flows from Operating Activities



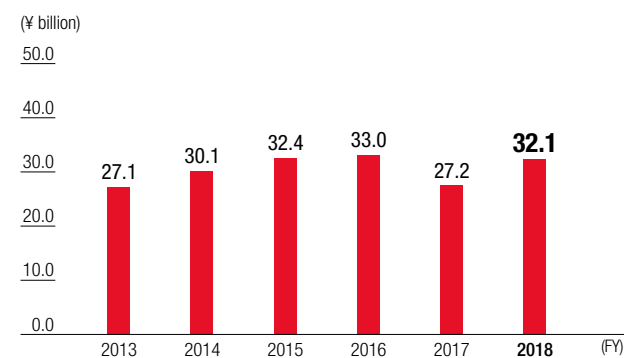
Cash generating potential has been enhanced by reinforcing the profit structure. During the FY2019-FY2021 Medium-Term Business Plan, operating cash flows with a cumulative total in excess of ¥145 billion will be generated.

Equity Ratio



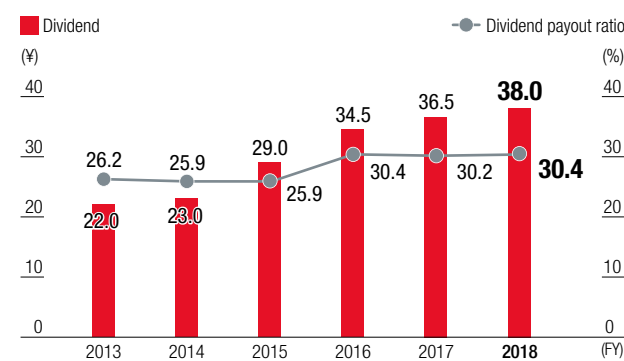
An equity ratio exceeding 50% has been maintained. Financial robustness, which serves as the foundation for business, will continue to be maintained.

Capital Investments



A foundation for growth has been constructed by making aggressive investments. Subsequently, investments with a cumulative total of ¥100 billion are also scheduled as part of the FY2019-FY2021 Medium-Term Business Plan.

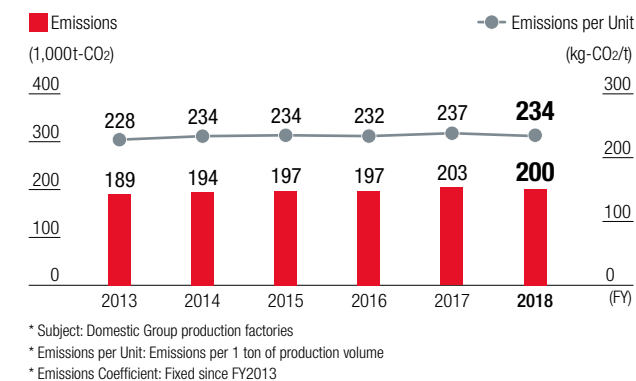
Dividend per Share



Since fiscal 2016, the consolidated dividend payout ratio has been pegged to a standard of at least 30%. A stable dividend will continue to be paid.

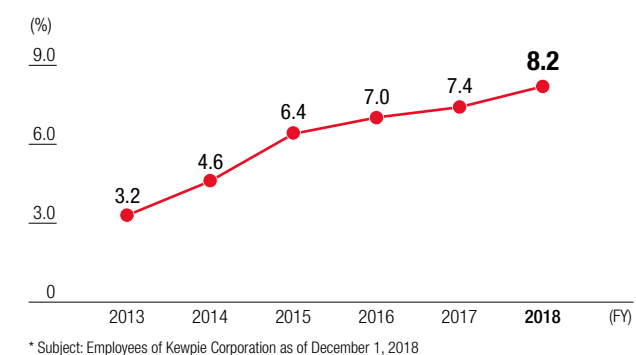
Non-Financial Highlights

CO₂ Emissions



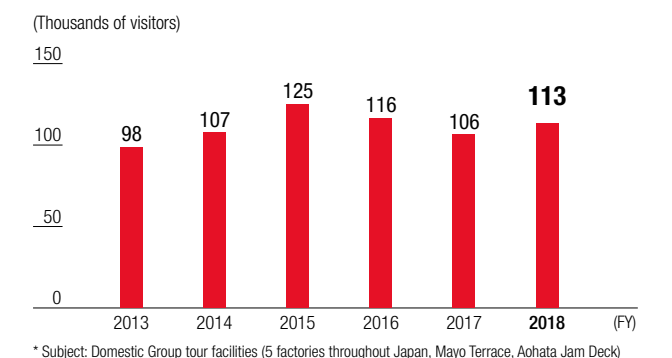
In order to achieve a sustainable society, the entire Group is working on the core issue of the "Reduction of CO₂ Emissions."

Proportion of Women in Management Positions



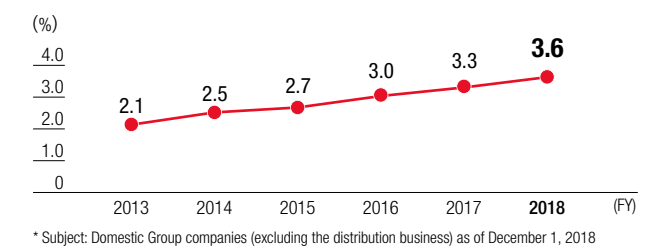
Having defined the promotion of diversity as a foundation for the growth strategy, the Group aims to employ a diverse range of talent. In particular, the participation of women in management is stated as an indicator.

Number of Participants on Factory Tours and at Hands-on Tour Facilities



Factory tours and food-related events at hands-on tour facilities are used to conduct food education activities that are unique to the Group.

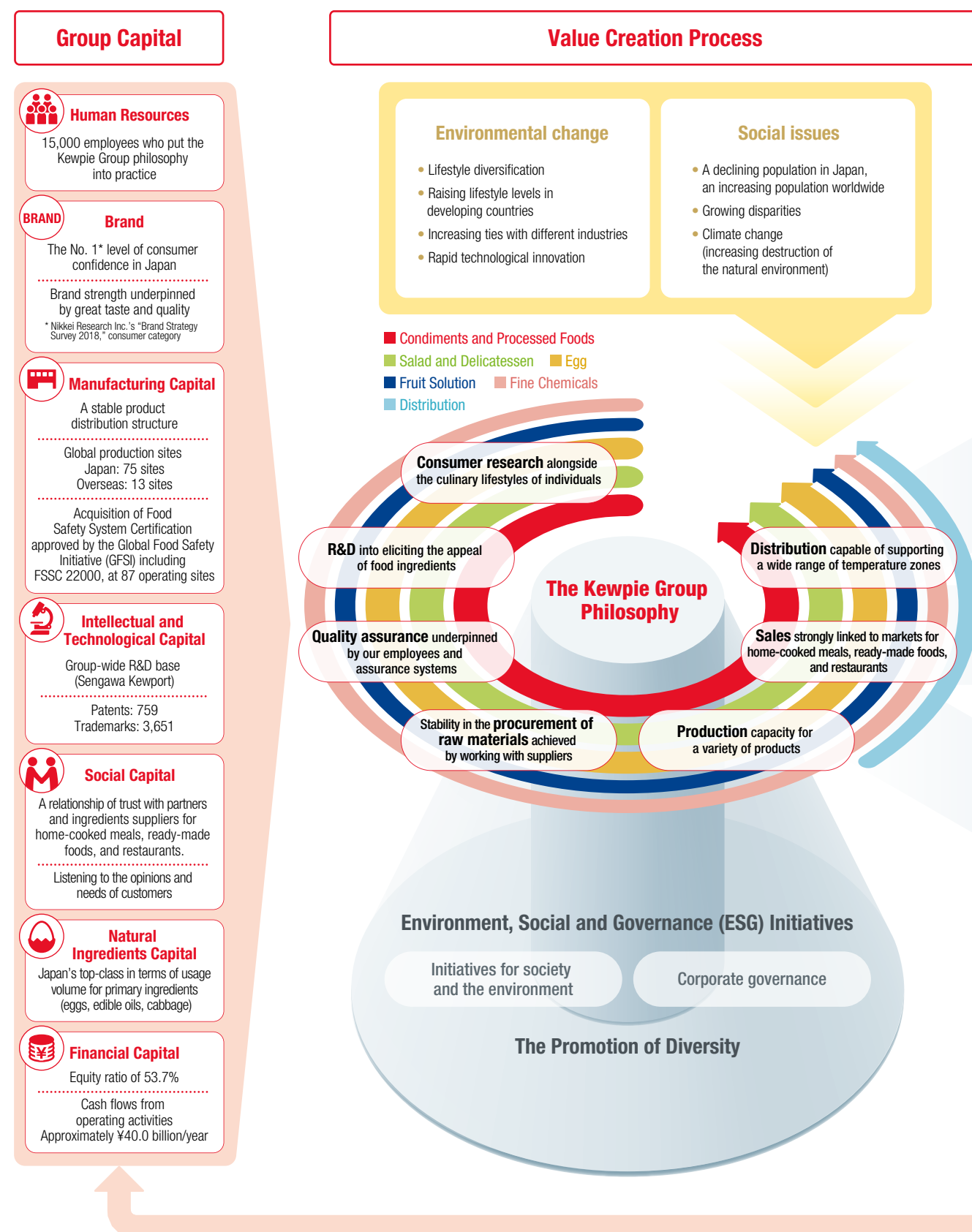
Proportion of Persons with Disabilities Employed



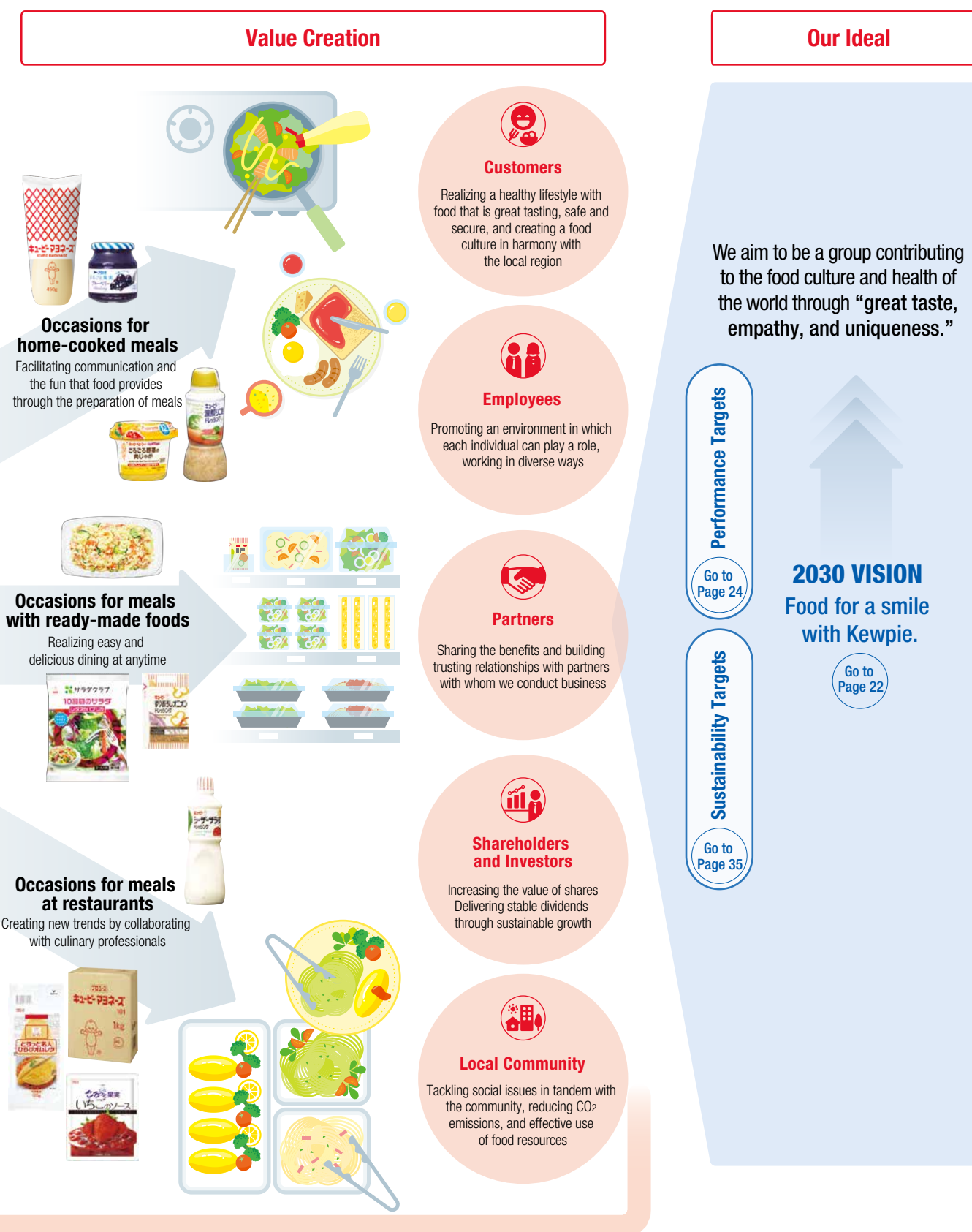
As with all its employees, the Group aims to create environments in which those with disabilities can demonstrate their individual potential as well as experience the joy of work and the purpose of life. In support of this aim, employment of persons with disabilities is not undertaken at the Group level. Instead, Kewpie and the individual Group companies, including special subsidiary companies, employ such individuals independently, thereby establishing diverse employment opportunities in a broad range of communities.

The Kewpie Group Value Creation Model

In the face of environmental change and social issues, the Kewpie Group seeks to contribute to food culture and health through “great taste, empathy and uniqueness.” Based on the food manufacturing concept that “good products begin with good ingredients,” Kewpie presents its ideas for food that are suited to a variety of culinary scenarios, in the entire range of its activities, from product development to delivery to its customers.



All Group members will accept, and learn from one another in pursuit of a sustainable society and Group growth in accordance with the Group philosophy. The Group will make this promotion of diversity a platform upon which it will contribute to food culture and health, not just in the domestic market, but in markets around the world. The Group will continue to endeavor to create social value while raising corporate value as well.

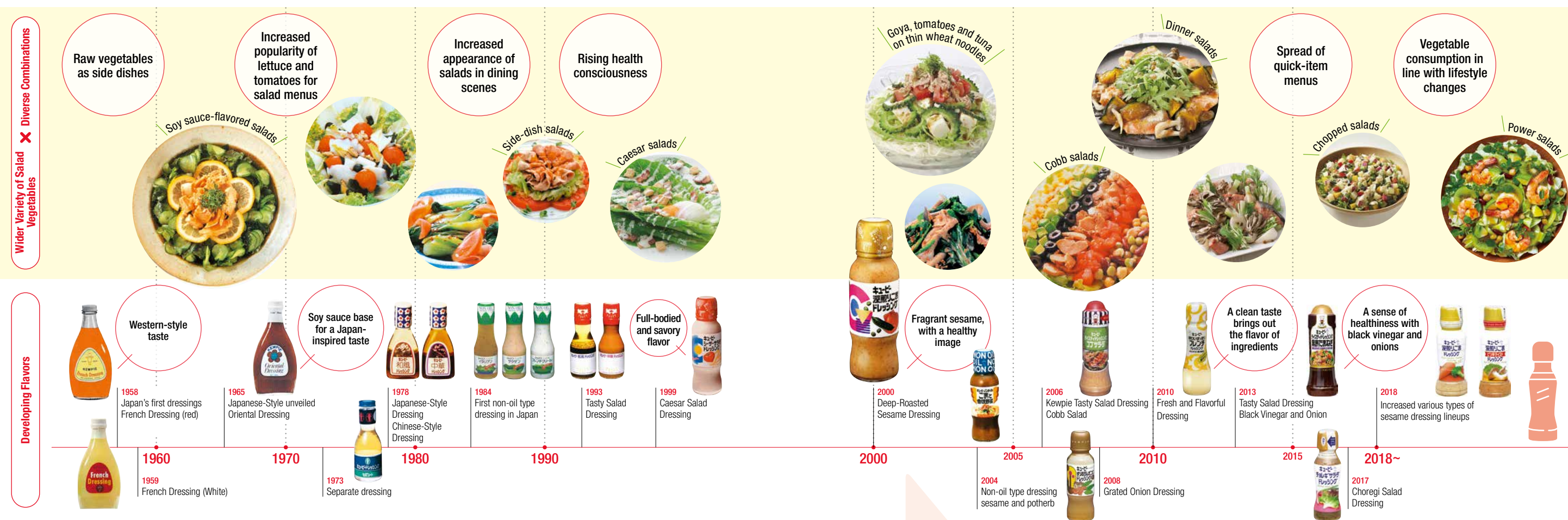
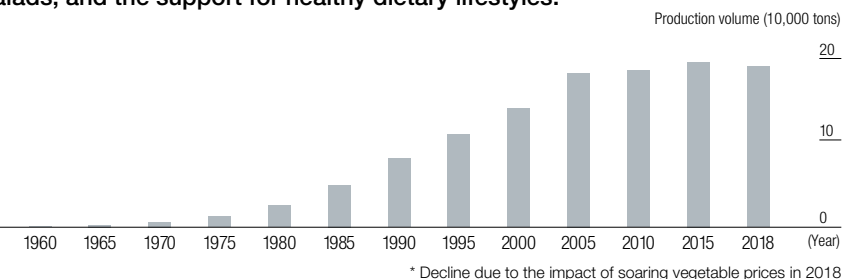


Value Creation Story 1 Creating Salad Options Together with the Development of Various Dressings

In 2018, Kewpie marked its 60th year since it first began sales of dressings. By developing different combinations of ingredients and an assortment of flavors, together with conveying the appeal of seasonal vegetables, we are working to promote various salad eating styles to ensure happier meal times for our customers. We will continue to propose the joy of salads, and the support for healthy dietary lifestyles.

Production Volume of Dressings

* Excludes mayonnaise
* Includes business purposes
Source: Japan Association of Mayonnaise & Dressings (total of 10 member companies)



Universal Design Initiatives

In its endeavor to achieve universal design that aims to make things easy to use for as many people as possible, Kewpie has worked tirelessly to improve upon its dressing containers. Kewpie will continue to strive to develop containers that are simple to use and environmentally friendly.

- 1973 • Inner-plugs adopted for separate dressing
- 1992 • Inner-plugs adopted for all dressings
- 1995 • Lightweight 140g bottle development
- 1996 • PET bottle containers adopted
- 2004 • Lightweight 130g bottle development
- 2008 • Braille bottles adopted
- 2014 • Container lineup revamped
- 2018 • Bottle containers eliminated and replaced with plastic

Promotional Activities to Mark 60 Years of Dressing Sales

- Winner of 48th Food Technology Awards (fiscal 2018) marketing category

Update to 180ml Dressing Container

- Winner of the 2018 Japan Packaging Contest Award, Food Packaging Award category
- Winner of the 2019 WorldStar Packaging Awards, Food category



Promoting "Salad Culture" Outside of Japan

Kewpie is moving forward to propose salad options, with themes of mayonnaise and dressings, in line with the different ingredients and food cultures of countries around the world. Kewpie will continue to contribute to the creation of vibrant and healthy food cultures utilizing techniques cultivated in Japan.



China
Spinach with Peanut Dressing



Thailand
Egg Sheet Tuna Roll with Roasted Sesame Dressing



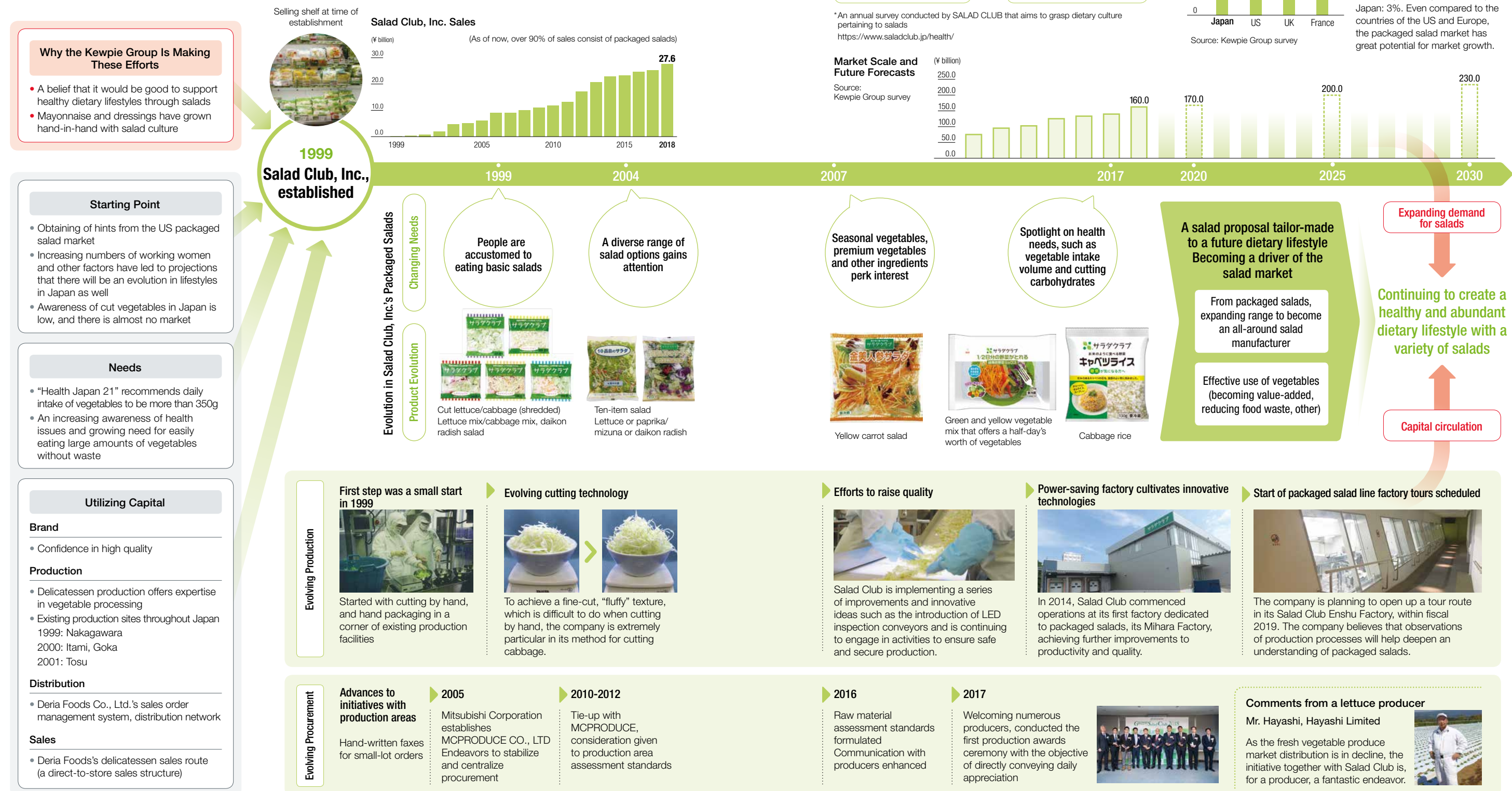
Malaysia
Stir Fried Chicken and Pineapple with Roasted Sesame Dressing



Indonesia
Fried Shrimp Salad with Roasted Sesame Dressing

Value Creation Story 2 Creating a Healthy and Abundant Dietary Lifestyle Through a Variety of Convenient and Delicious Salads

Salad Club, Inc., a company established through joint investments with Mitsubishi Corporation, commenced sales of cut vegetable packaged salads in 1999 based on the idea of making fresh salads easy and consumed without waste. In 2019, the company celebrated its 20th anniversary. Continuing efforts to further familiarize people about salads by raising awareness of packaged salads, the company has currently grown to projected sales on the scale of ¥30.0 billion. Driven by expanding demand for salads in Japan, the company will continue to contribute to world food culture and health by providing an easy and varied assortment of salads while increasing regions where raw vegetables can be consumed safely, primarily in Southeast Asia.



Evolution Production

First step was a small start in 1999

Started with cutting by hand, and hand packaging in a corner of existing production facilities

Evolving cutting technology

To achieve a fine-cut, "fluffy" texture, which is difficult to do when cutting by hand, the company is extremely particular in its method for cutting cabbage.

Efforts to raise quality

Salad Club is implementing a series of improvements and innovative ideas such as the introduction of LED inspection conveyors and is continuing to engage in activities to ensure safe and secure production.

Power-saving factory cultivates innovative technologies

In 2014, Salad Club commenced operations at its first factory dedicated to packaged salads, its Mihara Factory, achieving further improvements to productivity and quality.

Start of packaged salad line factory tours scheduled

The company is planning to open up a tour route in its Salad Club Enshu Factory, within fiscal 2019. The company believes that observations of production processes will help deepen an understanding of packaged salads.

Evolution Procurement

Advances to initiatives with production areas

Hand-written faxes for small-lot orders

2005

Mitsubishi Corporation establishes MCPRODUCE CO., LTD. Endeavors to stabilize and centralize procurement

2010-2012

Tie-up with MCPRODUCE, consideration given to production area assessment standards

2016

Raw material assessment standards formulated. Communication with producers enhanced

2017

Welcoming numerous producers, conducted the first production awards ceremony with the objective of directly conveying daily appreciation

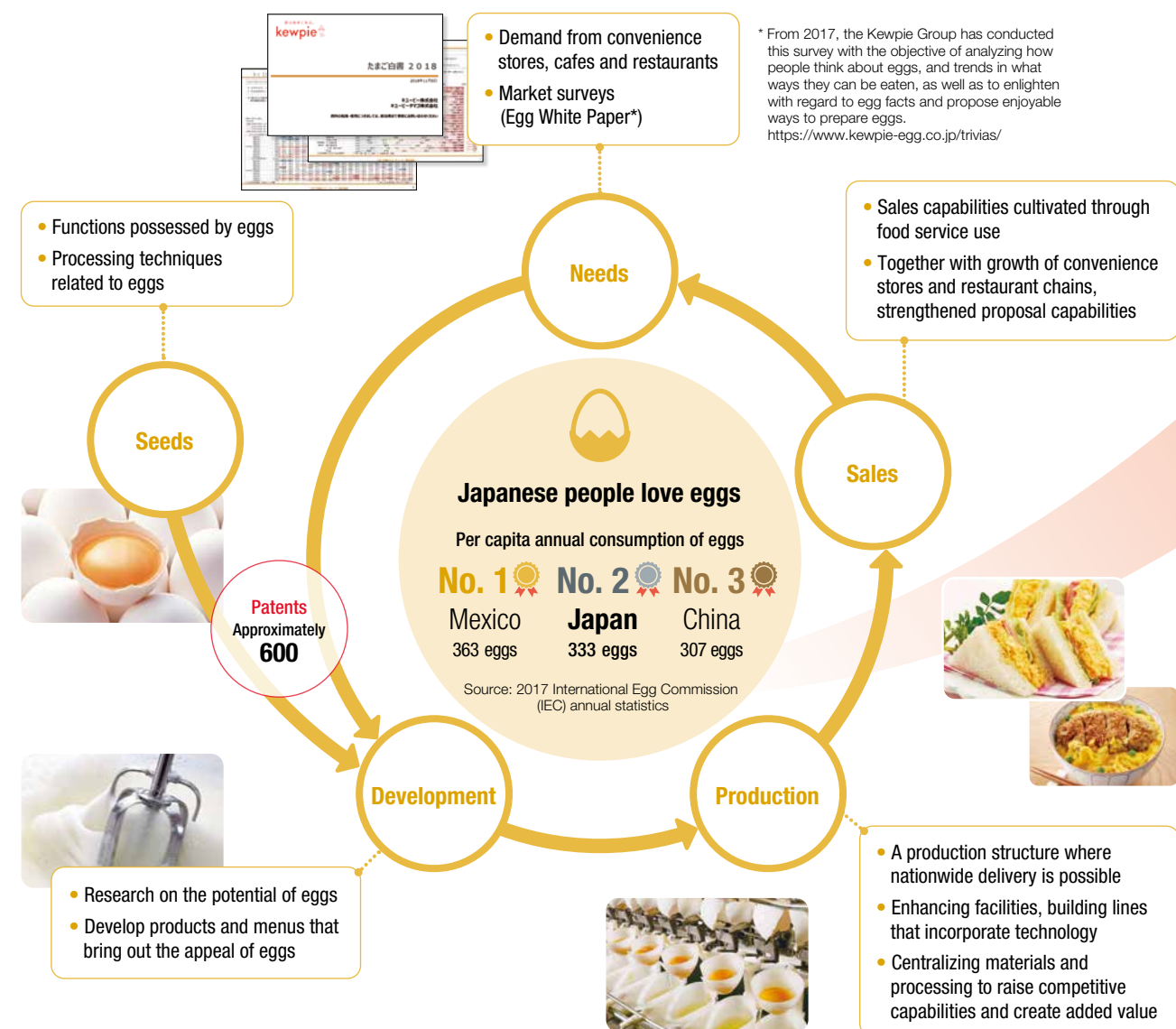
Comments from a lettuce producer

Mr. Hayashi, Hayashi Limited

As the fresh vegetable produce market distribution is in decline, the initiative together with Salad Club is, for a producer, a fantastic endeavor.

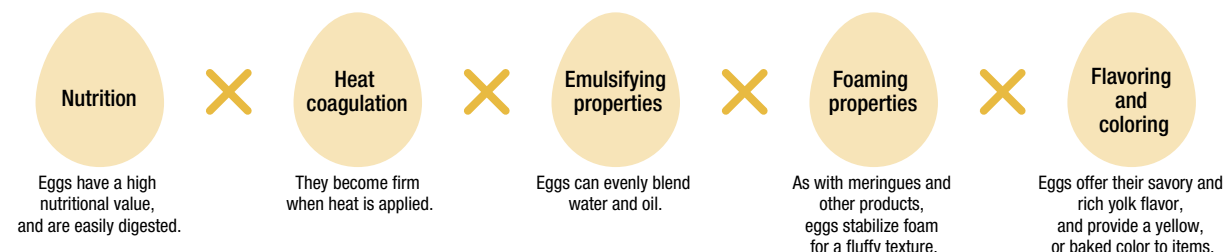
Value Creation Story 3 | New Value Creation from Egg Functions with Our R&D Activities

At their roots, the Japanese are an agricultural people, and eggs have been a precious source of protein. During the period of high economic growth in Japan, eggs became a leading measure of value in conjunction with advances in poultry farming techniques. Eggs play an essential role in the dining scenes of Japanese households due to their stable price, delicious taste and ability to be matched with a range of other ingredients and easily prepared. As Kewpie's mayonnaise was of a type that used egg yolks, the Company commenced sales of egg whites in tandem with growth in the volume of mayonnaise produced. Kewpie has thoroughly researched eggs, and is well versed in how they are used. Today, the Company continues to seize upon its comprehensive capabilities as an egg processing manufacturer.



The five major functions of eggs

We at Kewpie cross the five functions particularly evident in eggs, apply them, and work to generate an assortment of new products.

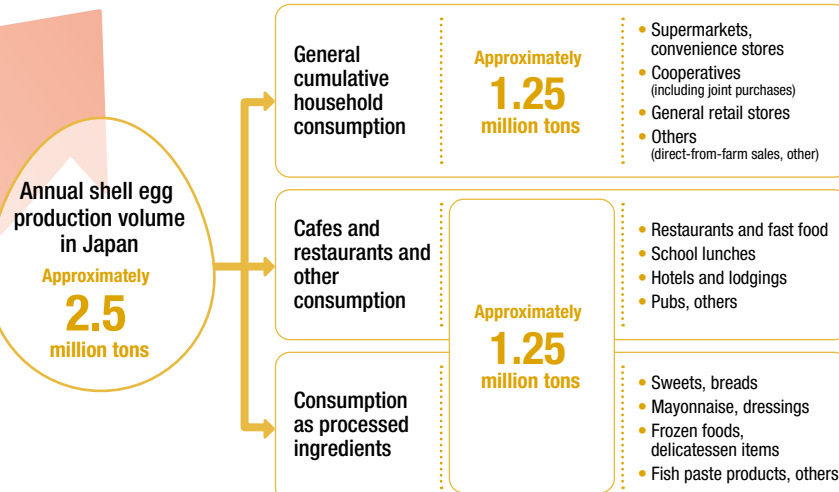


TOPICS

Soft-Boiled Sensation, Expanding the Range of New Egg Menu Options

Japanese people, given their penchant for cracking a raw egg over hot rice, would certainly express demand if that half-boiled state of eggs could be recreated so as to obtain a soft and creamy freshness. With that consideration, Kewpie utilized proprietary ingredients and the coagulation and emulsification properties of eggs to develop scrambled eggs in a half-boiled state, and that could be consumed simply, just by thawing them out.

This product has received accolades for being safe and worry-free, the rich flavor and texture of a half-boiled egg that will not become hard even if heat is applied, and as it is easy to recreate in a menu. It is now used for a long list of menu items at many hotels, restaurants and other locations.

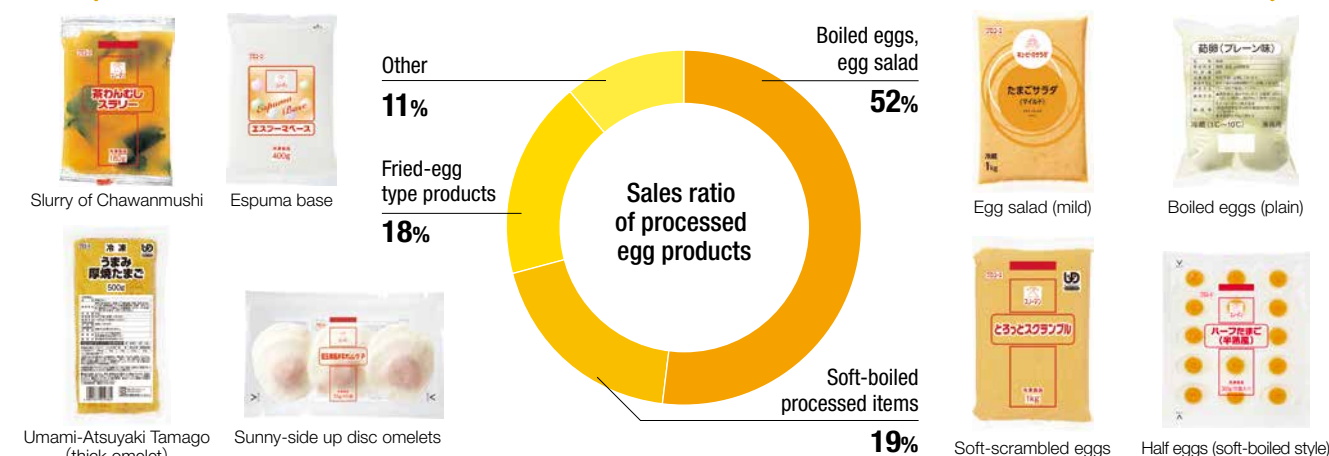


Growth in the Domestic Shell Egg Market

The Kewpie Group processes approximately 10% of the annual shell egg production of Japan. These are primarily used as processed ingredients and at cafes and restaurants, but going forward, keeping in mind the needs of customers, we are working to create products that provide new value. Furthermore, to realize growth in household-based consumption, we make efforts including the development of processed egg products for home use and to raise awareness and enlighten the public about eggs.

Source: Survey on Hen Eggs Marketing (production volume), National Survey of Family Income and Expenditure (household consumption volume)

A Wide-Ranging Lineup of Egg Cuisine That Can Be Easily Prepared in a Variety of Situations



Growth in the Egg Business, Expanding Outside of Japan

Leveraging techniques it has cultivated in Japan, in August 2015 Kewpie established Nantong Kewpie Corporation in Nantong, Jiangsu Province, China, as its third production site to make concerted efforts to expand new categories.

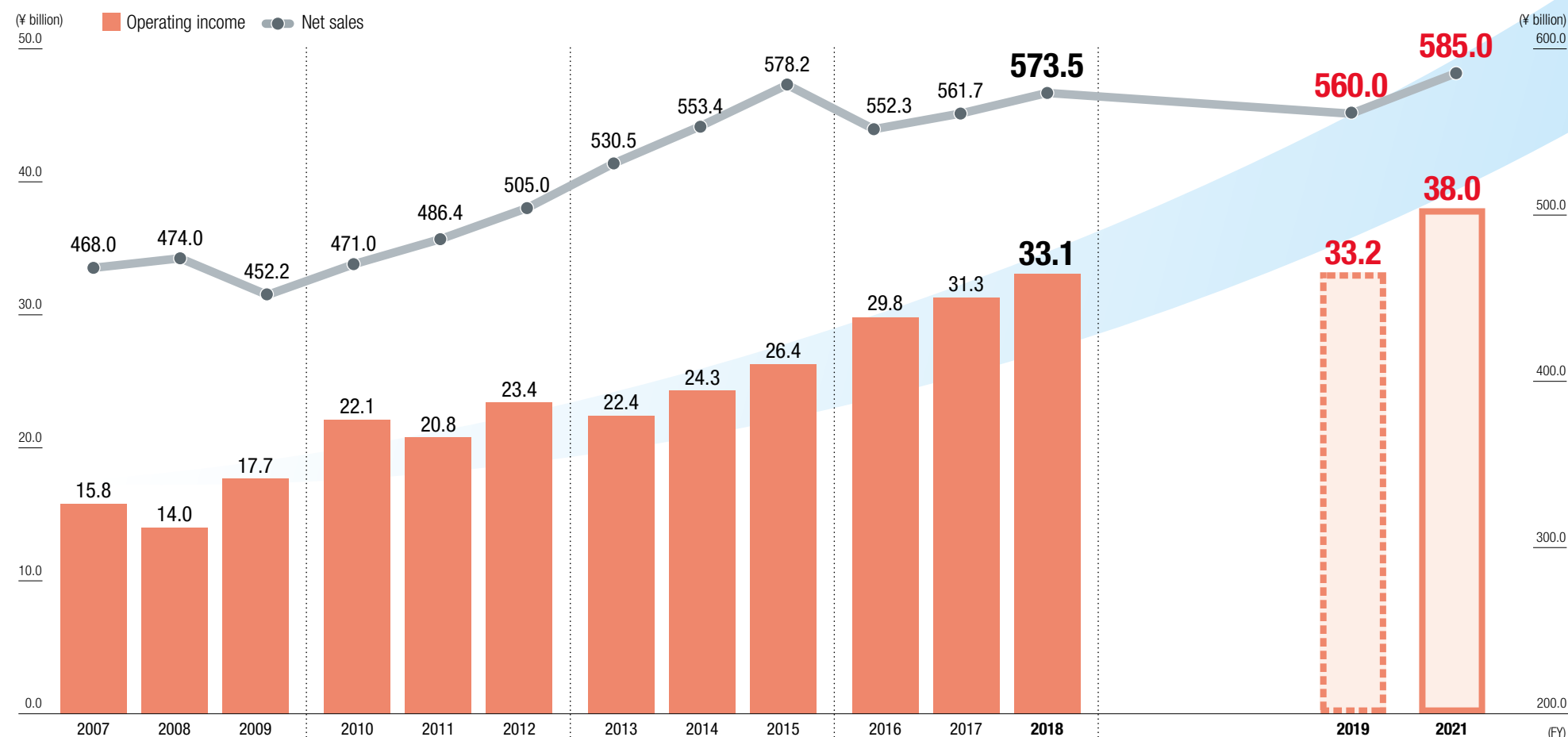
Kewpie is moving forward to develop its sales activities throughout China by utilizing its nationwide business sites, not only in the coastal regions, but in the north east and interior portions of the country as well. Together with this, it is deepening its presence into the restaurant business line, including bakeries, Chinese restaurants and other such places where it is projected that new demand can be cultivated.



Nantong Kewpie Corporation

FY2019-FY2021 Medium-Term Business Plan

Guided by the overarching theme of “Group Cooperation,” the Kewpie Group worked diligently to maximize Group strengths and create value under its FY2016-FY2018 Medium-Term Business Plan. During this plan, the Group shifted toward high-value-added products while taking steps to enhance cost competitiveness in a bid to increase gross profit. On the anniversary of its 100th year since foundation, and against the backdrop of a rapidly changing society, Kewpie set the long-term Group 2030 Vision in an effort to ensure its continuous growth over the next century. Embarking on the first stage of its 2030 Vision, the Kewpie Group put in place the FY2019-FY2021 Medium-Term Business Plan. Moving forward, the Group will look to expand those fields in which it excels and endeavor to address social issues.



Fifth Medium-Term Business Plan

Full-fledged shift to Group management; strengthened the profit structure through Group-wide improvement activities and a review of marketing policies.

Key Issue

Generate sales

Sixth Medium-Term Business Plan

Pushed forward initiatives that cut across all of the Group's businesses; as a part of this effort, commenced steps to reorganize production bases in the Kanto area in Japan while actively expanding activities in China and Southeast Asia.

Key Issue

Pursue growth through new business development

Seventh Medium-Term Business Plan

Actively undertook investments aimed at future expansion; strove to build Condiments Products into a foundation business in Japan while strengthening the Delicatessen Products and Egg Products businesses.

Key Issue

Secure profit growth also in areas outside the Condiments Products Business

Eighth Medium-Term Business Plan

Engaged in production base development focusing on the Condiments Products, Delicatessen Products, and Egg Products businesses; injected management resources with a view to business development in China. In addition, began a process of selection and concentration in a bid to secure sustainable growth over the next 100 years.

Key Issue

Adopt a policy of selection and concentration from a long-term perspective

Kewpie Group 2030 VISION

Drawing on the condiments, salad, and egg menus and technologies that it has nurtured over a history that spans 100 years, the Kewpie Group will foster a rich and healthy food culture that fits perfectly with each country and region while bringing pleasure to each dining scene.

World

Leading Company for Salads and Eggs
—Bringing Kewpie group's culture to the world—

2030 VISION
Food for a smile with Kewpie.

Customers

A food partner for every person
—Spreading out from being a food manufacturer to becoming a creator of food culture—

Harnessing the Group's proposal capabilities that comfortably straddle each of the home-cooked food, ready-made foods, and restaurant markets, Kewpie brings a scientific approach to each dining scene in an effort to support joyous and healthy dietary habits that match the diverse lifestyles of each individual.

Society

A supporter of bringing smiles to children through delicious food
—Becoming a group that engages with children who are the future—

The Kewpie Group will help realize a society brimming with children's smiles by providing nutritional education and food experiences through internal and external activities and creating healthy living environments.

Starting with our founder's ambition to help improve the health and physique of Japanese people with mayonnaise, the Kewpie Group has continued to provide people with happier smiles to each dining scene in Japan and the world. We put our ideal for the next 100 years into our “2030 VISION” with our ambitions to deliver the greatest taste of salad and egg to the world by treasuring and strengthening our past 100-year history of mayonnaise and dressings. Through food and food culture, we would like to stand closer to our customers' dietary and lifestyle, to support children's brighter future, and to promote “Food for a smile with Kewpie” for another 100 years.

FY2019-FY2021 Medium-Term Business Plan (Ninth Medium-Term Business Plan)

Realize sustainable growth in Japan by promoting our products, centering on the three Condiments and Processed Foods, Salad and Delicatessen, and Egg businesses, as integral parts of people's daily meals; accelerate overseas business expansion, particularly in China and Southeast Asia; and strengthen the business foundation in order to better adapt to environmental changes.

Working to maintain growth in Japan and accelerate growth overseas

Japan

Promoting our products, centering on the three businesses, as integral parts of our daily meals

Condiments and Processed Foods | Salad and Delicatessen | Egg

Overseas

Accelerating business expansion, particularly in China and Southeast Asia

Strengthen the business foundation for better adaptability to environmental changes

Key Indicators	FY2018 (Actual)	FY2021 (Targets)
Operating income ratio	5.8%	6.5% or higher
ROE	8.1%	8.5% or higher

FY2019-FY2021 Medium-Term Business Plan | Domestic and Overseas Initiatives

Sustainable Growth in Japan

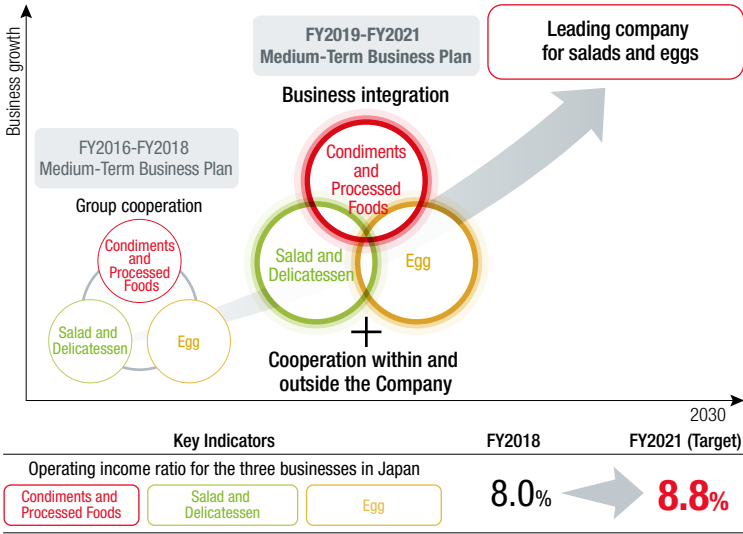
Promoting Products Centering on Three Businesses, as Integral Parts of People’s Daily Meals

In a domestic market where conditions are becoming increasingly difficult due to the decline in the population and other factors, it is vital that the Kewpie Group reinforce its business structure and systems. In order to realize sustainable growth, it is equally important to provide food lifestyle proposals involving delicious salads and eggs as integral parts of people’s daily meals through internal and external cooperation.

Integrating the Condiments and Processed Foods, Salad and Delicatessen, and Egg businesses, we will work to expand in the ready-made food market by broadening activities in the salad and egg product domains with the mayonnaise and dressing categories as our strength.

Working toward this end, we will promote the construction of an optimal production system. At the same time, we will pursue the development of new sales channels including reciprocal use of the sales avenues of each business and expand opportunities to service our customers.

Every effort will be made to create new value and a host of benefits including unique levels of delicious taste by increasing the number of R&D themes that cut across all of the Group’s operating activities.



- Key Initiatives
- Building an optimal production system
 - Using and exploiting sales channels
 - Making use of original materials and technologies

Accelerate Growth Overseas

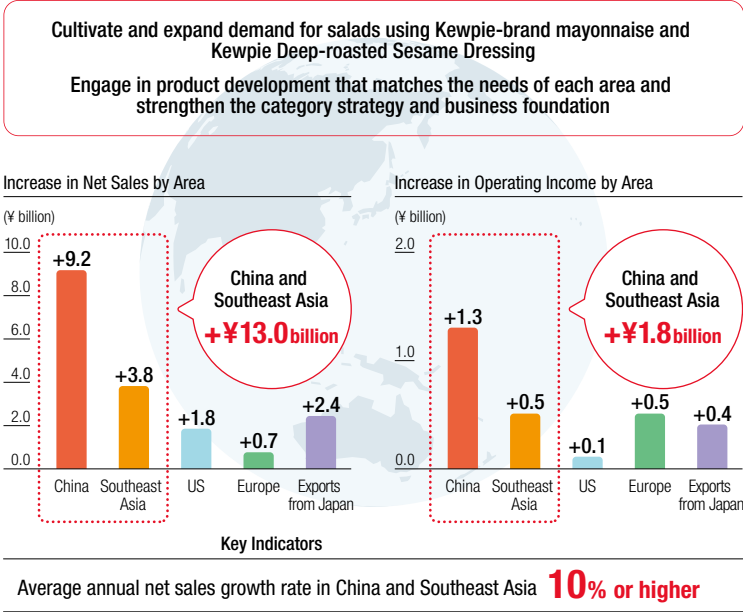
Accelerating Overseas Business Expansion, Particularly in China and Southeast Asia

The Kewpie Group is looking to increase net sales and operating income in its overseas business by ¥17.9 billion and ¥2.8 billion, respectively, in overall terms. With this in mind, we will continue to place considerable emphasis on an annual average net sales growth rate of 10% or higher in China and Southeast Asia.

As indicated, we will especially focus on China and Southeast Asia, where we plan to generate increases of ¥13.0 billion in net sales and ¥1.8 billion in operating income as the impetus for growth in our overseas business as a whole.

From an overseas business perspective, we have positioned Kewpie-brand mayonnaise and Kewpie Deep-roasted Sesame Dressing as global strategic products. In this context, we will cultivate and expand demand for salads.

Firmly grasping conditions in each area, we will ramp up the pace of product development while promoting strategies by category. At the same time, we will make every effort to strengthen our business foundation.

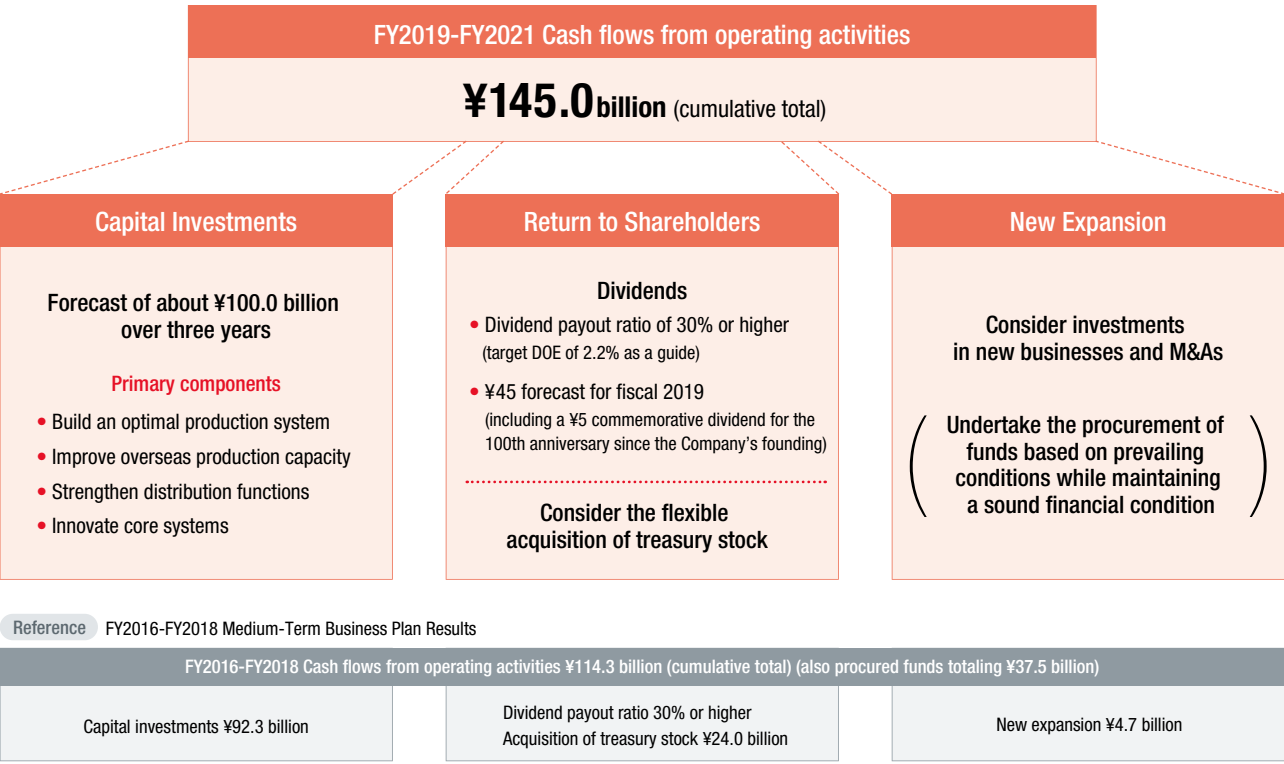


FY2019-FY2021 Medium-Term Business Plan
(Comparison with FY2018 Overall Overseas Business Results)

Net sales +¥17.9billion
Operating income +¥2.8billion

FY2019-FY2021 Medium-Term Business Plan | Performance Targets

Cash Flow Allocation



Performance Targets

	FY2018	FY2021 (Target)	Increase/Decrease from FY2018	Average Annual Growth rate
Net sales	573.5	585.0	+11.5	0.7%
Japan	525.5	519.1	(6.4)	-0.4%
Overseas	48.0	65.9	+17.9	11.1%
Operating income	33.1	38.0	+4.9	4.7%
Japan	36.6	39.0	+2.4	2.1%
Overseas	3.6	6.3	+2.8	20.5%
Companywide expenses	(7.1)	(7.3)	(0.2)	-
Operating income ratio	5.8%	6.5%	+0.7%	-
Ordinary income	34.3	39.0	+4.7	4.4%
Profit attributable to owners of parent	18.3	21.4	+3.1	5.4%
ROE (Return on equity)	8.1%	8.5%	+0.4%	-
ROA (Return on assets)	8.2%	8.5%	+0.3%	-
EBITDA (Operating income + Depreciation and amortization)	51.3	59.0	+7.7	4.8%

* Figures for the new business segments are used for fiscal 2018.
* Overseas figures cover the period from October to September and include exports from Japan (exports from Japan cover the period from December to November).
Overseas increase/decrease figures from fiscal 2018 include the impact of fluctuations in exchange rates (net sales up ¥0.9 billion and operating income up ¥0.1 billion).
* The impact of the transfer of the CVS vendor business and medical EPA business carried out in fiscal 2018 is included (net sales down ¥29.2 billion and operating income down ¥1.0 billion).

Bringing Fun and Delicious New Offerings in the Salad and Egg Categories to Markets around the World

In 1982, Kewpie took its first step at overseas expansion by setting up a presence in the United States. Taking to heart the will of the Company's founder, namely, "to improve the physiques and health of the Japanese people," Kewpie next expanded into Thailand in 1987, and into China in 1993. By developing products that keep in mind the needs of each local area and proposing menu items, we are working to grow the markets for mayonnaise and dressings, and have continued to bring great tasting items and smiles to dining scenes around the world.

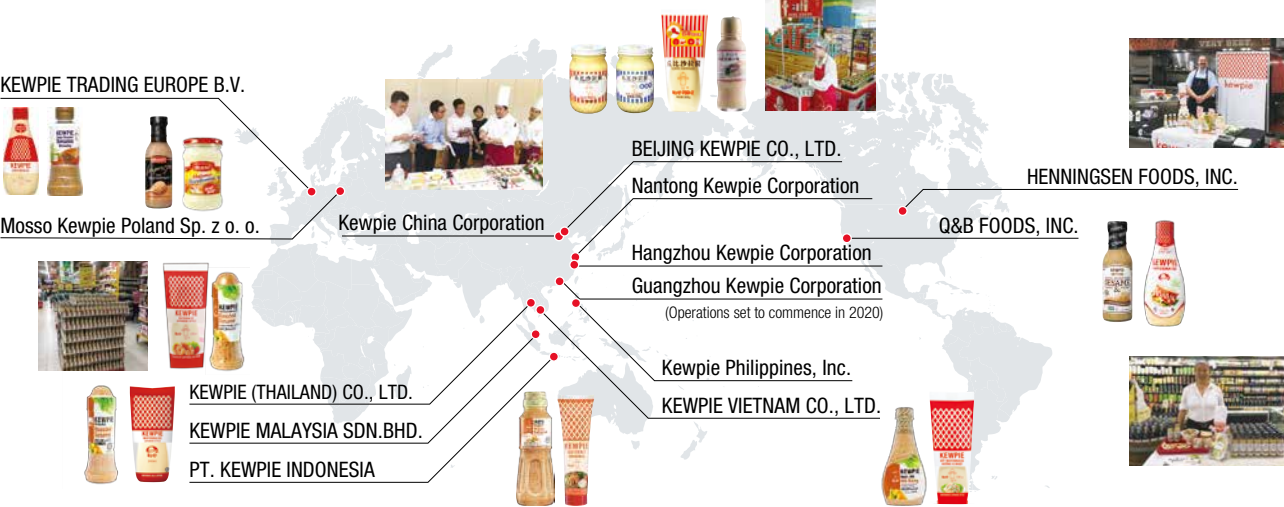
As diets in China and Southeast Asia become increasingly Westernized, Kewpie has worked to enhance its brand recognition and awareness, starting with proposing menu items for restaurants, fast-food chains, bakeries and other food service market sites, as well as by focusing on in-store promotional activities that work to grow demand for salads in households. The result of these efforts is that Kewpie has become a recognized brand in the mayonnaise

and dressing markets of China and Southeast Asia, but as per-person consumption in each of these markets is a mere fraction of that seen in Japan, there is still a long way to go, and further market expansion can be expected.

Kewpie will also convey the great taste and joy of eggs gained through egg processing techniques the Company had cultivated in Japan. In increasing the amount of vegetables and eggs consumed in Asia through salads, we seek to contribute to realizing a vibrant and healthy culinary lifestyle.

From around 2015, in the US and Europe, we have been making concerted efforts to market our globally strategic products of Kewpie Mayonnaise and Deep-roasted Sesame Dressing, and have achieved penetration of the Kewpie brand.

Aiming to become a leading company for salads and eggs, we will continue our endeavors to spread the appeal of salads and eggs worldwide, with a focus on mayonnaise and dressings.



FY2019-FY2021 Medium-Term Business Plan
Overseas Net Sales and Operating Income by Area

	Net sales by area						Profit by area					
	FY2018	FY2019 (plan)	FY2021 (target)	FY2018 difference	Average annual growth rate (%)	Local currency average annual growth rate (%)	FY2018	FY2019 (plan)	FY2021 (target)	FY2018 difference	Average annual growth rate (%)	Local currency average annual growth rate (%)
Overseas total	48.0	53.5	65.9	+17.9	11	—	3.6	4.2	6.3	+2.8	21	—
China	19.3	22.5	28.5	+9.2	14	14	2.4	2.7	3.6	+1.3	15	15
Southeast Asia	10.0	11.2	13.8	+3.8	11	11	0.6	0.7	1.1	+0.5	21	21
US	12.3	12.4	14.1	+1.8	5	3	0.8	0.8	0.9	+0.1	4	3
Condiments and Processed Foods	6.8	7.2	8.4	+1.6	7	6	0.5	0.5	0.6	+0.1	8	7
Egg	5.5	5.2	5.7	+0.2	1	0	0.3	0.3	0.3	(0.0)	-3	-3
Europe	2.8	3.0	3.5	+0.7	8	7	(0.5)	(0.2)	(0.0)	+0.5	—	—
Exports	3.6	4.5	6.0	+2.4	19	—	0.6	0.7	1.0	+0.4	17	—
Other costs	—	—	—	—	—	—	(0.4)	(0.4)	(0.4)	+0.0	—	—

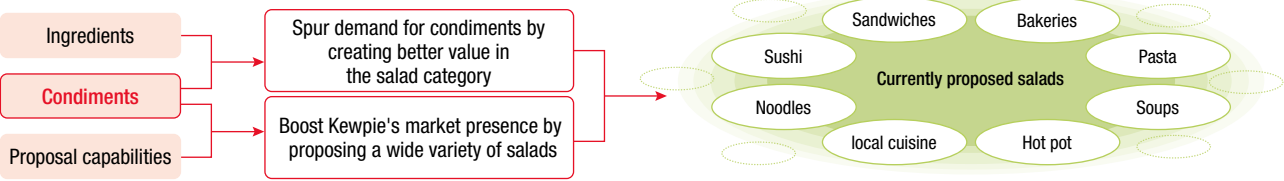
* Overseas figures cover October to September period. "Exports" refers to exports from Japan only (period covered is from December to November).
* Fiscal 2018 difference in the overseas total includes currency exchange impact (net sales: +¥0.9 billion; operating income: +¥0.1 billion)
* From fiscal 2018, within proportional costs for overseas expansion, those costs that cannot be attributed to a specific area are categorized as "Other costs."

Theme

Drive further growth in China and Southeast Asia by combining the strength of the Group

FY2019-FY2021 Medium-Term Business Plan

Kewpie Group products are expanding the definition of salads in China and Southeast Asia, and contributing to healthy culinary lifestyles by increasing consumption of vegetables and eggs.



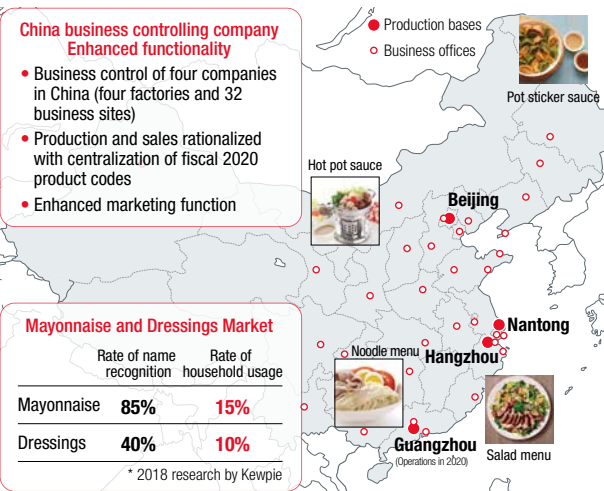
China

Kewpie is honing its strategy in China with the December 2017 establishment of a company with a control function. This control company advances the rationalization of production and sales, and together with this, strengthens marketing functions, such as with advertising and sales promotion activities.

The market for mayonnaise and dressings in China has gained a higher profile, but household usage is low, and still has much room to grow. For that reason, Kewpie is conducting promotional marketing activities suited to changing purchasing venues and making suggestions about how to use products at home. By continuously making proposals with an eye toward expanding applications for mayonnaise and dressings, we are working to raise the rate of usage and grow the market.

Moreover, we are making proposals for menu items and developing products in line with the taste preferences of respective regions, and creating demand for salads and expanding the applications for mayonnaise and dressings for Chinese cuisine.

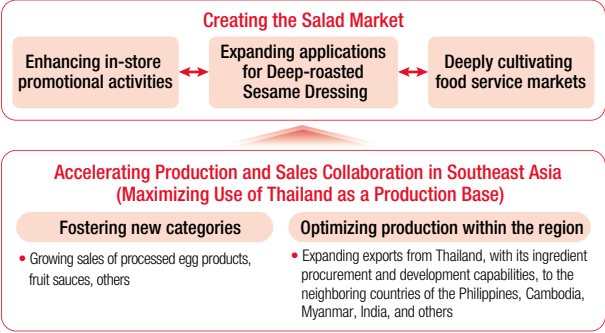
Kewpie's Guangzhou Factory, set to go into operation in 2020, will make for four factories, that together with utilizing business sites across China, will raise the Company's ability to respond to the continuously growing food service market. Together with advancing the growth of the mayonnaise and dressing market, we are bolstering our ability to develop the egg processing product market.



Southeast Asia

Kewpie aims to expand applications for Deep-roasted Sesame Dressing in Southeast Asia. In Thailand, Malaysia and Vietnam's dressings markets, Deep-roasted Sesame Dressing has taken the No. 1 position in terms of sales, and with an emphasis on this product, we are seeking to create demand for salads in food service markets, and strengthen promotional activities at mass-merchandise stores. We are working to expand upon the different series of Deep-roasted Sesame Dressing, including a spicy type and yuzu citrus flavor, among others, and seek to strengthen the menu appeal for local cuisines.

We are also moving forward on fostering new categories of products, in line with local needs, based on the collaboration of each of our companies in Southeast Asia. This cooperation with these five companies in Southeast Asia is supporting the building of a framework for optimal production and sales, and the expansion of exports to Oceania, Western Asia and other areas.



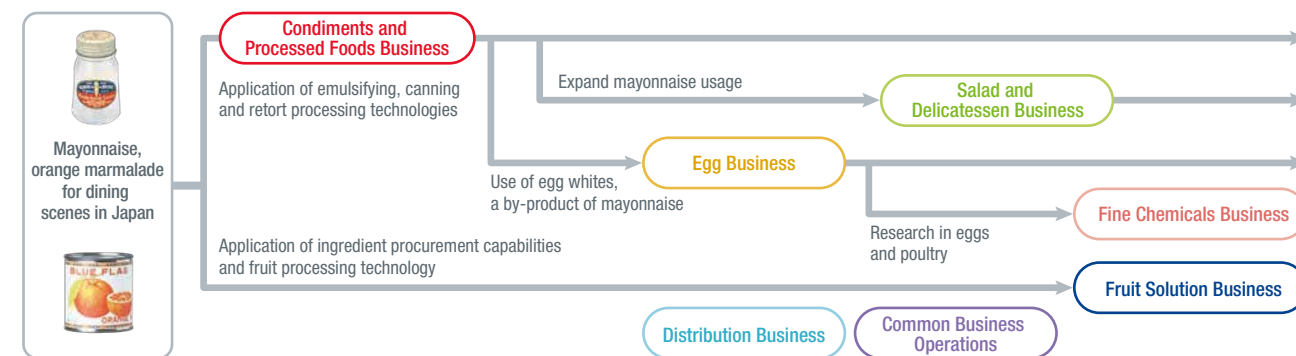
Message

Masato Shinohara
Director
Senior Corporate Officer in charge of Overseas Business in general and Overseas Division

Bolstering our presence in this region, comprised of its principal member countries, and cultivating our brand—that is how we will clearly convey the strength and appeal of the Kewpie Group to the countries and people outside of Japan, and contribute to those countries.

We will also continue food manufacturing that is stubbornly insistent about quality, but this should not only pertain to our products, but the nurturing of quality in our people to help them grow as well. This is where we place importance.

Business Profile

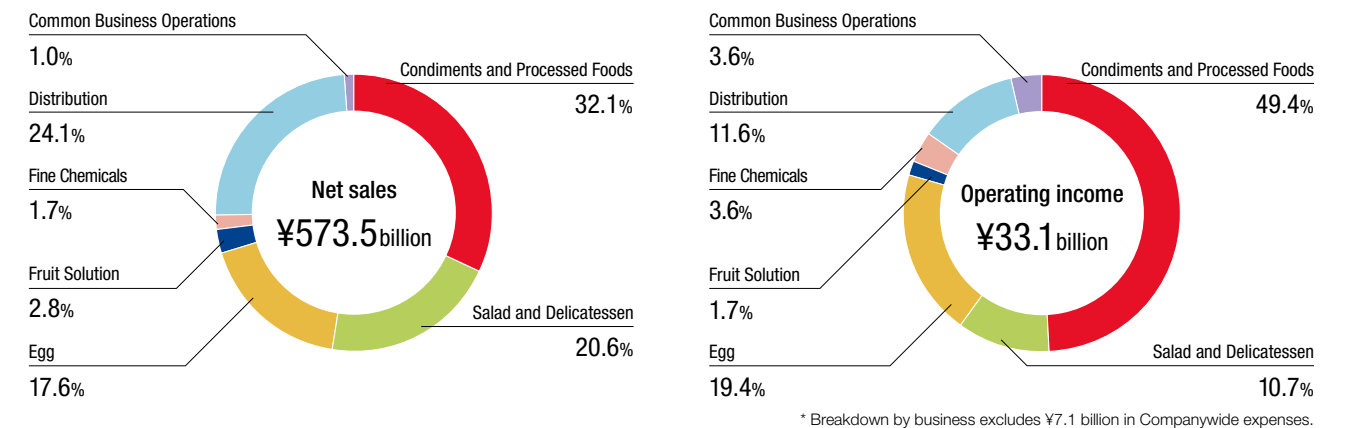


Summary	Main Products	Relevant SDGs
<p>Condiments and Processed Foods Business</p> <p>We were the first in Japan to produce and sell mayonnaise and dressings. While refining our cooking knowledge and technologies, we have produced and sold products ahead of their time, such as meat sauces for prepared foods, baby foods and nursing care foods. Having expanded operations both domestically and abroad, we sell food products for every dietary scene, such as the meal at home, restaurants, boxed lunches and delicatessen foods.</p>	<p>Mayonnaise Dressings Pasta sauces</p>	<p>3 GOOD HEALTH AND WELL-BEING</p> <p>4 QUALITY EDUCATION</p>
<p>Salad and Delicatessen Business</p> <p>We meet diverse needs for food amid changing lifestyles through delicatessen foods prepared in tune with local tastes and freshly packaged salads (cut vegetables for households). This business delivers products from its production centers across the country to supermarkets, convenience stores and individual homes.</p>	<p>Potato salad Packaged salad (cut vegetables for households)</p>	<p>3 GOOD HEALTH AND WELL-BEING</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p>Egg Business</p> <p>We process poultry eggs into liquid eggs and frozen eggs, and use them as ingredients in a variety of foods, including our own mayonnaise, breads and confectionaries, while also selling eggs to other food manufacturers and restaurants. Omelets, egg salad and a wide variety of other processed egg products are supplied to convenience stores and restaurant chains. Kewpie has created technologies that take advantage of the unique traits of eggs, and has developed products for diverse needs.</p>	<p>Ready-made eggs Torotto egg series</p>	<p>3 GOOD HEALTH AND WELL-BEING</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p>Fruit Solution Business</p> <p>Through the production of Aohata orange marmalade, the root of our business today, we have refined our ability to procure fruit materials as well as our fruit processing and preservation technologies, the latter to maintain deliciousness for a long time. In addition to jams and spreads, we engage in the sale of processed fruit preparations for industry use.</p>	<p>Jams Spread</p>	<p>4 QUALITY EDUCATION</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p>Fine Chemicals Business</p> <p>This business was created from the idea of extracting and using the active ingredients in eggs. Turning the power of eggs into value, we have commercialized lecithin, lysozyme, eggshell membrane and other products. Broadening our scope, the business sells hyaluronic acid, which is produced from chicken's comb extract and fermentation technologies, as an ingredient for pharmaceuticals, foods and cosmetics.</p>	<p>Hyaluronic acid (ingredient for manufacturers) Hyaluronic acid supplements (Foods with Function Claims)</p>	<p>3 GOOD HEALTH AND WELL-BEING</p> <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>
<p>Distribution Business</p> <p>Group companies that specialize in foodstuff distribution offer logistics services in four different temperature zones (room, preset, refrigerated and frozen temperatures) in order to preserve food quality and freshness, depending on the nature of the food items. The business provides comprehensive services ranging from ingredient transportation with marine vessels and trucks to distribution to supermarkets, restaurants and convenience stores.</p>		<p>8 DECENT WORK AND ECONOMIC GROWTH</p> <p>13 CLIMATE ACTION</p>

* Common Business Operations consist of companies engaged in work for the entire Group, such as accounting and labor affairs for Group companies, as well as the hiring of people with disabilities.

* See Page 62 for a list of companies in each business segment.

Breakdown by Business



Business Performance

Net sales

	FY2016	FY2017	FY2018	FY2019 (plan)	FY2021 (target)
New segment classifications					
Condiments and Processed Foods			184.3	191.8	202.7
Salad and Delicatessen			118.3	93.5	96.5
Egg			100.9	105.8	106.3
Fruit Solution			15.9	16.2	20.5
Fine Chemicals			10.0	8.8	10.0
Distribution			138.3	138.4	143.0
Common Business Operations			5.8	5.5	6.0
Total			573.5	560.0	585.0
Previous segment classifications					
Condiments Products	144.1	150.4	153.4		
Egg Products	102.2	100.5	100.9		
Delicatessen Products	111.8	115.5	118.3		
Processed Foods	51.3	46.6	46.8		
Fine Chemical Products	10.9	10.6	10.0		
Distribution System	126.9	131.2	138.3		
Common Business Operations	5.2	6.8	5.8		
Total	552.3	561.7	573.5		

Operating income

	FY2016	FY2017	FY2018	FY2019 (plan)	FY2021 (target)
New segment classifications					
Condiments and Processed Foods			19.8	20.5	22.8
Salad and Delicatessen			4.3	3.9	4.7
Egg			7.8	8.3	8.5
Fruit Solution			0.7	0.4	1.1
Fine Chemicals			1.5	1.2	1.6
Distribution			4.7	4.8	5.2
Common Business Operations			1.5	1.3	1.5
Companywide expenses			(7.1)	(7.2)	(7.3)
Total			33.1	33.2	38.0
Previous segment classifications					
Condiments Products	13.7	15.3	14.4		
Egg Products	5.5	4.4	6.0		
Delicatessen Products	3.5	3.8	4.4		
Processed Foods	0.5	0.2	0.6		
Fine Chemical Products	1.0	0.9	1.3		
Distribution System	4.9	5.9	5.6		
Common Business Operations	0.8	0.8	0.8		
Total	29.8	31.3	33.1		

* The standards for recognizing sales and methods for depreciating fixed assets were changed in fiscal 2016.

Condiments and Processed Foods Business

- ▶ Bringing fun and deliciousness to dining scenes for every person in diverse stages of life through communication
- ▶ Encourage the consumption of vegetables as a supporter of healthy dietary lifestyles

Business Vision “kewpie ever shine” through nurturing and pleasure brought about by food

Salad and Delicatessen Business

- ▶ Contribute to healthy and abundant dietary lifestyles through easy and delicious vegetable dishes

Business Vision Generating expectations and becoming a dietary lifestyle partner to customers

FY2019–FY2021 Medium-Term Business Plan

Theme Advance restructuring via business consolidation: Rebuilding the portfolio

Main Initiatives

Expand Scope from Salad Condiments to Cooking Sauces for Vegetable Dishes

With the aim of creating opportunities for people to eat more vegetables in all kinds of dishes, we are coming up with novel cooking sauces for vegetable dishes through a combination of consumer insight and our leading technologies.

Solidify Existing Fields and Invigorate Markets

Driving growth through versatility as an essential ingredient and advancing efforts to increase value added, Kewpie has realized growth in its core mayonnaise and dressings products. Leveraging our strengths in portion functions (small containers and Dispen Pak), we aim to expand business scope by maximizing points of contact with customers.

Improve SCM and Efficiency of Management

Kewpie will further refine its products on an individual and category basis while reviewing each category of its portfolio. We aim to enhance competitiveness by building optimized production systems and reforming distribution.

Main Initiatives in FY2018

Reinforced Existing Fields

From August 2018, we began selling Kewpie Mayonnaise (350g) with a three-hole cap that lets people squirt three neat lines of mayonnaise for decoration. Opening the cap reveals three holes along the lip, and taking off the cap reveals a star-shaped opening from which mayonnaise can be squeezed onto various dishes in a beautiful, fun and expressive manner.

Also, from August 2018, the lineup of Kewpie dressings was completely revamped to reflect changes in family compositions and how the dressings are actually being used. The 180ml dressings sport a new original plastic bottle that is much easier to use and better for the environment, reducing greenhouse gases by about 20% compared with previous

containers. Braille on 150ml containers was moved to the top of their caps (only 180ml containers).

Starting with products made from September 2018, the expiration date for the Yasashii Kondate series of retort pouch nursing care food products was lengthened and changed to a year/month format as a part of efforts to reduce food loss, which is a major social problem.

Increased Management Efficiency

In response to labor shortages in the logistics sector, Kewpie reviewed average shipments and delivered units over one month, and then moved to improve management efficiency by reducing the number of categories and items handled.

Topics

Limited-Time Caravan for “kewpie mayo café”

To commemorate “mayonnaise day” on March 1, 2018, the Company conducted a “kewpie mayo café” caravan in the three metropolises of Tokyo, Nagoya and Osaka. We visited each city with our food truck with original menu items featuring the “magic of mayonnaise.” This menu highlighted mayonnaise as a condiment that makes dishes more delicious with the rich flavor and taste of eggs.



Message



Seiya Sato
Director, Executive Corporate Officer in charge of the Condiments and Processed Foods Business and Group Sales in general

As a unique company of condiments and cooking sauces, Kewpie views cooking meals as a form of communication throughout the times, no matter how much the environment changes. The Kewpie Group is at its best when encouraging people to eat more vegetables while enjoying their meal in healthy lifestyles. Kewpie will continue to improve corporate value through its brand and growth in earnings.

FY2019–FY2021 Medium-Term Business Plan

Theme Lead the ready-made food market and bring integral parts to people’s daily meals via business integration

Main Initiatives

Expand Product Categories

We will advance business consolidation, expand product categories, and come up with ideas for the dinner table in tune with diversifying customer needs. We will also assume a leading role in the ready-made food market and help solve labor shortages and other issues for our industry.

Increase Interactions with Customers

The Company intends to increase interactions with customers and venture into new business development while vigorously moving into new growth markets, such as online sales and home deliveries, in addition to expanding in supermarkets and convenience stores.

Preserve Deliciousness and Quality

To provide products for the dinner table every day, we are improving deliciousness and freshness through technological innovation and by building out a cold chain in distribution. These efforts should reduce loss during sales and help solve the social issue of food waste.

Main Initiatives in FY2018

Challenge New Fields

EVERYTHING SALAD Aoyama, our specialty restaurant for salads that opened in May 2017, has helped us explore new market development by gathering information from customers who visit the restaurants and using this data in product development, in addition to delivering lunches to neighboring office buildings. In 2018, we opened the Deli Comer prepared food store that mainly focuses on vegetables. We will continue to take on new fields, improve product quality and develop new markets.



EVERYTHING SALAD Aoyama

Introduce New Technology and Advance Automation

SALAD CLUB, INC., has been instrumental in not only increasing productivity, but also improving quality, by

constructing labor-saving production lines and integrating the technologies for vegetable processing we have accumulated so far.

In delicatessen foods, to provide safe and healthy products, a majority of work is performed by hand, from receiving ingredients to shipping products. We are automating the food inspection process with our own technologies.

Improve Ties with Farmers to Ensure Reliable Procurement of Ingredients

To give our customers delicious salads throughout the year, we procure vegetables from farms throughout the country. In continuation from the previous year, we distributed Grower of Salad Club 2018 awards to recognize agricultural regions and convey our appreciation to the farmers who supply our vegetables.

Topics

Limited-Time Salad Shop “Deli Comer”

For a limited time only, Deli Comer was opened at nonowa KUNITACHI as a delicatessen shop that celebrates vegetables. Like EVERYTHING SALAD Aoyama, Deli Comer is a venue for communicating directly with customers to learn about their needs and other trends, which is reflected in product development. At the shop, customers can enjoy buying salads or prepared microwaveable foods for their main meal, or meal kits designed for quick and easy meals for households with few children.



Message



Minoru Himeno
Director, Senior Corporate Officer in charge of Salad and Delicatessen Business

We contribute to proper dietary lifestyles by delivering healthy and delicious food products, bringing together our ability to develop products and sell them through channels to the ready-made food market, an area of strength for the Salad and Delicatessen Business, along with our advanced technologies in each Group business.

Egg Business

- ▶ Contribute to the extension of healthier lives by conveying the attraction and creating demand for eggs
- ▶ Contribute to dietary lifestyles through eggs as a leading egg company

Business Vision

Contribute to healthy and abundant dietary lifestyles through eggs by conveying the attraction of eggs to people around the world

Fruit Solution Business

- ▶ As lifestyles become more diverse, the power of fruit provides people with deliciousness, joy and kindness as a daily treat

Business Vision

Make people happier with fruit around the world

FY2019–FY2021 Medium-Term Business Plan

Theme

Global No. 1 in egg processing technology: Spreading the concept of “Eggs for Kewpie”

Main Initiatives

Promoting Eggs as a Main Player in Diets

We will continue to provide new value by creating food products that bring time-saving convenience to the eat-at-home market. For the ready-made food market, we aim to create products that take advantage of Group sales channels.

Develop the Food Service Market

We will nurture demand by proposing new ideas for using our products as toppings, with the aim of expanding demand for our products made with eggs and soft-boiled egg processing technology.



Build an Optimized Business System

We will streamline our production system by building an integrated production system from breaking eggs to processing them, while reviewing our production structure and aiming to integrate ingredient and processing technologies. The Company also aims to enhance efficiency at its plants through the introduction of high-speed egg-breaking machines and then rolling them out to other plants.

Main Initiatives in FY2018

Expanded in the Food Service Market

On the food service market, centered on restaurants and prepared food business category, we aimed to increase demand for high-value-added products, such as frozen eggs in small pouches that can be used safely and reliably without spending the time and effort for breaking eggs, as well as for processed egg products, which can preserve eggs in a half-boiled state after heating. We also strengthened operations to address labor shortages.

Strengthened the Operating Base

With the objective of enhancing competitiveness, we merged together Group companies that produce ingredient products and processed products in December 2018.

High-speed egg-breaking machines were also installed to break large volumes of eggs faster than ever before. The Company reduced costs by improving productivity in this and other ways. At our egg products subsidiary in North America, we improved earnings by reviewing sales methods.

Expanded in the Consumer Market

We expanded into supermarkets across the country with sales of Fluffy Scrambled Eggs, an egg product that does not harden after heating up, instead keeping a fluffy texture.



Topics

Kewpie Egg Corporation's Sanda Factory to Start Operations as Liquid Egg Production Base in Kansai in October 2019

Kewpie Egg Corporation plans to construct the Sanda Factory in Sanda City, Hyogo Prefecture as a next-generation factory that will spur growth alongside customers into the future. Plans call for this factory to produce ingredient products with a focus on liquid eggs for food service use.



Message



Kengo Saito
Director, Senior Executive
Corporate Officer in charge
of the Egg Business

By streamlining and integrating production, sales and development, we create products that address customer needs and add value in a timely manner.

Eggs are an essential food for promoting a long and healthy life. By giving our customers the right information about eggs, we contribute to the demand for eggs in Japan.

Theme

Expanding our scope from jams to fruit

Main Initiatives

Cultivate New Dietary Lifestyles

We create new value added while collaborating with food manufacturers in the development of processed fruit products that can be easily eaten anytime and anywhere, as a replacement for fresh fruit.

Improve Brand Value

We are solidifying our position as a leading company in jams, using our accumulated technologies to expand into new dietary lifestyles and provide customers with happiness and excitement.

Strengthen the Ability to Procure Fruit Material Ingredients

Leveraging our integrated system from cultivation to processing, we will procure the best fruit materials from around the world based on the idea that good products are made with good ingredients.

Main Initiatives in FY2018

Growth Investments in Processed Fruit Preparations for Industry Use

We have focused on growth through proposal-based marketing that leverages our technological advantages in processed fruit preparations for industry use.

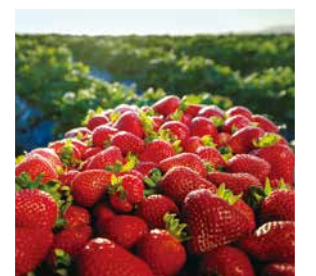
We have been investing in equipment at Aohata Yamagata Factory, which is positioned as an important supply base, to expand production capacity and broaden the scope of product development.



Stronger Fruit Materials Procurement and Processing Capabilities in the Southern Hemisphere Santiago Agrisupply SpA (Chile)

We strive to procure the best fruit materials not only in

Japan, but also around the world. In Chile, where we have a base of operations to procure fruit materials in the Southern Hemisphere, we work along with farmers to improve quality while strengthening our local primary processing capabilities in order to ensure reliable procurement over the long term.



New Product Categories in Addition to Jams

For households, the Aohata brand has been synonymous with jams for each dining scene. Looking ahead, however, we will broaden our reach with delicious fruit products that can be readily eaten anywhere.

Topics

Establishment of Aohata Fruit Research Center in Miyoshi City, Hiroshima Prefecture

We have conducted research on breeding and nursing seedlings in Shandong Province, China. We have also set up a research center in Japan for nursing seedlings and fruit cultivation technologies with a focus on strawberries, and are conducting research. In the future, these research centers will be used to disseminate the Aohata brand.



Message



Norio Yamamoto
President, Aohata Corporation

We are growing businesses that are essential in our customers' lifestyles, expanding our reach from jams to fruits while leveraging our integrated systems from procurement to sales and ultimately the dining table.

Fine Chemicals Business

- ▶ Contribute to beauty and health in the world with unique ingredients and technologies

Business Vision

Provide new benefits in the field of health and medicine by unearthing the latent value of the Group

Distribution Business

- ▶ Deliver happiness and deliciousness through reliable, quality distribution
- ▶ Support everyone's daily lives through distribution

Business Vision

Aim to be a company that is kind to the environment and people, and the best partner with compelling employees and technologies

FY2019–FY2021 Medium-Term Business Plan

Theme

Leap into global markets with the hyaluronic acid specialty business

Main Initiatives

Expand into New Growth Fields

Enter the Medical Equipment Business

We will nurture K Smart, which launched in November 2018, while developing the next product with an eye on releasing it in 2021.

Accelerate Overseas Development in China and the US.

While differentiating our products with quality and evidence, we will make more inroads into markets in China and the US.

Increase Presence in Hyaluronic Acid Field

Strengthen Raw Material Business

We intend to create markets by proposing new applications for our expanded lineup of hyaluronic acid for pharmaceuticals, while expanding our market share.

Bolster Direct Mail-Order Sales

We will nurture Hyalomoisture 240 (Foods with Functional Claims) and expand our line of skincare products to promote inner and outer beauty.

Reinforce the Operating Base

Restructure Production Systems

We intend to strengthen earnings power by realizing the best mix between in-house production and outsourced production by stepping up outsourcing.

Create Markets with New Strategic Ingredients

We are taking on the challenge of creating new markets to succeed hyaluronic acid with Group ingredients and technologies.

Main Initiatives in FY2018

Rebuilt Operations

Transferred EPA for Medical-Use Business

As competition heated up on the market for medical-use eicosapentaenoic acid (EPA), we thought profit growth was not sustainable and decided to sell the medical-use EPA business in October 2018. The earnings capacity of the business has been strengthened as a result.

Concentrated Management Resources on Hyaluronic Acid

We focused on the hyaluronic acid ingredient business, developed operations overseas, and entered into new

medical fields while building a structure for increasing mail-order sales.

Entered the Medical Equipment Business

As a new growth field, we began developing the medical equipment business with a focus on hyaluronic acid. As the first step, the Company released K Smart, a submucosal injectable for endoscopic therapies, in November 2018 along with a new business model (sales of K Smart are consigned to Olympus Corporation).

*Kewpie built a value chain using external partners specializing in sales and production, while taking the lead on the planning and development of medical equipment.

Topics

Launch of K Smart, Kewpie's First Medical Device

We entered the medical equipment business, utilizing our knowledge of hyaluronic acid that it sells as an ingredient in pharmaceuticals and cosmetics. The Company's first product is a submucosal injectable for endoscopic therapies called K Smart. Kewpie intends to be of benefit to people's health and the healthcare field by developing medical equipment that uses hyaluronic acid.

*Submucosal injectable for endoscopic therapies is a medical device used in endoscopic surgeries to remove cancerous lesions discovered at an early stage in the stomach, esophagus and colon before the cancer spreads beyond the mucosal layer of the gastrointestinal tract.



Message



Mitsuru Takamiya
Senior Corporate Officer in charge of Fine Chemicals Business

The Fine Chemicals Business is a unique operation, smaller than our other businesses, but one that has unlimited growth potential. By exploring the intricacies of hyaluronic acid and other special ingredients, I look forward to exploring future developments and making dreams a reality. We will continue to take on these challenges and more in order to contribute to the beauty and health of the world.

Theme

Strengthen functions and expand new areas to ensure sustainable growth

Main Initiatives

Joint Distribution

Joint distribution is the delivery (mixed loading) of products for multiple customers at one time, and it has a strong impact on expanding sales channels and reducing costs at customers. We are increasing our earnings power by expanding in new fields while improving the efficiency of our warehousing and transportation functions. The Company is also working to reinforce its nationwide logistics network by fine-tuning transportation methods, including modal shift using railways and marine vessels, and utilizing relay transportation.

Dedicated Distribution

Dedicated distribution entails customers who let us handle all of their logistics needs, such as operating distribution centers for chain stores.

We are expanding our service area for dedicated distribution centers for convenience stores and supermarkets. We aim to stabilize earnings by improving the efficiency of distribution center operations.

Reinforce Bases

We are promoting diversity so that employees from different backgrounds can work without worry, all while introducing new technologies and taking steps to improve efficiency and quality by reallocating personnel. The Company plans to install environmentally friendly equipment, such as refrigerators with natural coolant.

Main Initiatives in FY2018

Responded to Changes in the Environment

In fiscal 2018, the food distribution industry was beset by multiple natural disasters across the nation that necessitated emergency deliveries and alternative methods of transportation. Earnings were adversely affected by damage to our distribution bases and vehicles, and subsequent repairs. In this challenging business environment, We moved to strengthen earnings capacity, reorganize its distribution network, rebuild transportation functions, improve distribution quality and train human resources.

Rebuilt Transportation Functions

With an eye on improving the work environment, we promoted "loop transportation" and modal shift. Loop transportation is a term we coined in-house that refers to relay transportation that links all of Japan together in 300-kilometer sections. Thanks to this initiative, long-haul transportation can be split up into daily round-trip journeys for our drivers.

For the modal shift utilizing marine vessels, in December 2018 the Company began transporting driverless frozen food trailers between Tomakomai Port (Hokkaido) and Hitachi Naka Port (Ibaraki Prefecture).

Topics

Traffic Safety Classes Held

In April 2018, We held traffic safety classes in front of Shibuya Station in Tokyo. Participants were able to simulate driving in a large trailer, figuring out where the blind spots are from the driver's perspective. We aim to create a safe and worry-free society by cooperating with local communities.



Message



Hideaki Nishio
President, K.R.S. Corporation

While prioritizing quality, we are pursuing sustainable growth through the Group's comprehensive capabilities. We are keen to optimize management resources by simplifying operations and introducing the latest technologies at our bases. At the same time, we are proactively creating work environments where employees from various backgrounds can thrive.

Strengthen the Business Foundation for Better Adaptability to Environmental Changes

In its business activities and social contributions, the Kewpie Group has preserved the concept of its founder, Mr. Toichiro Nakashima's philosophy.











Amid changing lifestyles and environments, however, a number of food-related issues have surfaced. With more changes in store for society and market conditions, we are promoting diversity with the aim of employing diverse human resources and enhancing our responsiveness to change. Under the FY2019-FY2021 Medium-Term Business Plan, We are also strengthening its management base by

working to amplify the impact of its ESG initiatives along with business activities.

With diversity as the basis for its growth strategy, the Company has identified social issues that it should address and strive to solve through its operations, thereby contributing to the realization of a sustainable society and the sustained growth of the Kewpie Group.

Material Issues for Sustainability

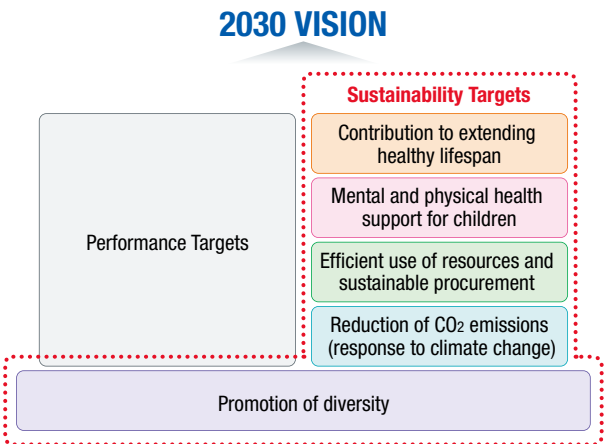
The Kewpie Group has identified material issues that should be addressed first toward attaining sustainability.

Material issues	Related SDGs	Our Ambitious	Our Approach	Sustainability Targets
Contribution to extending healthy lifespan	 	We will contribute to society in which the elderly can also live in good health.	<ul style="list-style-type: none">Tapping the nutritional power of salad (vegetables) and eggs to help prevent lifestyle diseases among the middle-aged and prevent malnutrition among the elderly.	<p>As a leading company in salads and eggs, we will</p> <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. <p>* The average daily intake target for adults defined in the Ministry of Health, Labour and Welfare's "Healthy Japan 21"</p>
Mental and physical health support for children	 	We will support children's mental and physical health through their diets and support their future activities.	<ul style="list-style-type: none">Creating opportunities for food education and communal dining incorporating salad and egg products.Providing food assistance to children and their families, in the process strengthening communication between children, families, and the community.	<ul style="list-style-type: none">Achieve creating over one million smiles of children through our Group's food education activities by 2030 (cumulative number since 2019).
Efficient use of resources and sustainable procurement	  	We will show gratitude for our natural blessings and be mindful of Earth's sustainability.	<ul style="list-style-type: none">Using food resources efficiently and effectively and reducing food waste.Working with producers to promote sustainable agriculture.	<ul style="list-style-type: none">Effectively use 30% of unused portions of main vegetables used by the Group by 2021, and 90% or higher by 2030.Reduce product disposal by 25% by 2021 and 50% by 2030 (compared with 2015).
Reduction of CO2 emissions (response to climate change)		We will work to reduce CO2 emissions in pursuit of global warming prevention.	<ul style="list-style-type: none">Cutting CO2 emissions across the supply chain, from procurement of ingredients to product use and disposal.	<ul style="list-style-type: none">Reduce Group's annual CO2 emissions by 7.5% by 2021 and by 20% by 2030 (compared with 2013).
In addition to the above, we promote the following as the platform of our Group growth strategy.				
Promotion of diversity	 	All Group members will accept, and learn from, one another in pursuit of a sustainable society and Group growth in accordance with the Group philosophy.	<ul style="list-style-type: none">Creating new work styles and environments where diverse human resources can work comfortably and grow, giving birth to new social values.	<ul style="list-style-type: none">Raise the proportion of women in management positions to 12% by 2021 and 30% by 2030 (in Kewpie Corporation).

Sustainability Targets: Aiming to Achieve Our 2030 Vision

The Kewpie Group has created new "sustainability targets." These sustainability targets serve to clarify the initiatives the Kewpie Group will undertake to attain sustained growth in both social and corporate value. They are divided into five themes designated as "material issues for sustainability."

Management is working to achieve these sustainability targets while also being guided by performance targets as its financial indicators. By achieving both at the same time, we will be able to realize the Kewpie Group 2030 Vision, our long-term vision.



Topics Initiatives at Health Management

The Group's mission is to contribute to better and healthier dietary lifestyles for people around the world premised on the notions of good taste, empathy and uniqueness. Based on this mission, we are fostering a culture of health management in order to improve each and every employee's understanding of health.

- White 500 designation: For a second straight year, Kewpie has obtained designation as a Certified Health and Productivity Management Organization (White 500). Kewpie launched health management initiatives in fiscal 2016, including events to help people make exercise a habitual part of their lives and a "My Health Declaration" project where management and employees set individual health goals and reflect on them at the end of the fiscal year. We also had its employees participate in a health improvement campaign led by its health insurance association, and this led to a higher health goal achievement rate of 44% in 2018, compared with just under 13% in 2016.



Message



Nobuo Inoue
Director
Executive Corporate Officer
In charge of Management Promotion Division, Public Relations and CSR Division, Personnel Affairs Division, Logistics Management Division and Risk Management

On the occasion of Kewpie's 100th anniversary since its founding, we identified material issues for sustainability with the aim of contributing to a sustainable society while growing as the Kewpie Group. Amid major changes in society and the environment, we are strengthening our management base further and addressing future risks so that the entire Group can latch onto business opportunities.

Third-Party Evaluations

Inclusion in the ESG and SRI Indexes





Promotion of Diversity

We aim to nurture a corporate culture where each and every employee working around the world is respected for their individual traits and given room to grow while maximizing their skills.

To address a globally expanding business environment and adapt to more finely diversifying needs in society, it is essential to have human resources able to flexibly adapt to these changes and take diverse perspectives for business.

With diversity as the basis of its growth strategy, the Kewpie Group is focusing efforts on the creation of work environments where diverse employees can shine and all employees can enhance their own skills.

Fostering a Corporate Culture that Accepts Diversity and Inclusion

Publication of Diversity Wall Newsletter “Nanairo”

The “Nanairo” (Seven Colors) newspaper introduces the Group’s thoughts about and insights into diversity in easy-to-understand words and illustrations.

The “Nanairo” newspaper is distributed to offices and break areas where employees can pick one up for reading up about management’s thoughts and comments on issues, furthering their understanding of diversity and the significance of promoting diversity.



*Beginning in July 2017, “Nanairo” is published three times a year and distributed to each business location of the Kewpie Group in Japan.

Initiatives at Work-Style Reforms

Allowing employees to choose a work style that suits them the best will lead to improvements in productivity and enable them to continue working during transitions in life stages. We have created systems that free employees up to concentrate on higher-quality work, enhanced systems for employees from diverse backgrounds to take time off without worrying, and improved overall work-life balance.

- Flexible work styles: Flex-time, work-from-home, free address and “multiple free office” systems have been introduced.
- Efforts to cut overtime: There are no overtime days, meetings finish by 5:00 p.m., no in-house inquiries are made after 5:00 p.m., and all office lights are turned off.
- Other systems: Reduced hours during pregnancy, special leave, child-rearing leave, leave for living and studying abroad overseas, and office transfers for parents.

Topics Platinum Kurumin Mark Obtained

In May 2018, Kewpie received the Platinum Kurumin mark from the Tokyo Labor Bureau of the Ministry of Health, Labor and Welfare. The mark recognizes Kewpie’s efforts to reform work styles for not only female employees raising children, but all employees, in addition to initiatives to improve productivity and reduce overtime work while encouraging men to help raise their children and take time off for childcare.

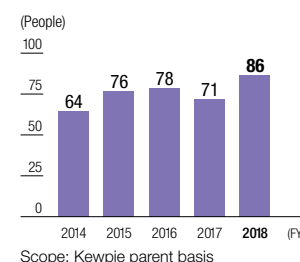


Diversity Seminars Held

Kewpie holds a variety of seminars, such as about LGBT issues, led by teachers from within its organization and from outside entities in order to further the understanding and acceptance of diversity among its employees. We aim to create a corporate culture where employees can learn more about diversity, respect each other’s unique traits and grow together.

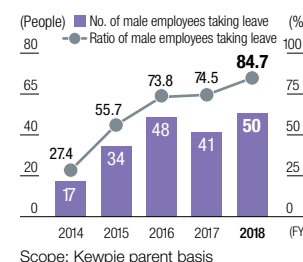


Female Employees Taking Childcare Leave



*Male employees are counted by the year their child was born, not the year when they took childcare leave.
*Leave-taking ratio: The ratio of employees who gave birth to a child and took childcare leave by the time their child became two years old.

Male Employees Taking Childcare Leave



Allowing Group Employees to Leverage Their Potential

Study Group for Female Managers

All female managers in the Group assemble together to participate in lectures given by Kewpie executives, study groups about the Company’s philosophy, and working groups. The aim is to create networks for female managers and deepen their required knowledge about management positions, while giving them the confidence to contribute to the management position by exploring novel management methods and taking the next step toward their goals.

Global Training

Overseas training has been implemented in the Asia region for mainly younger employees and mid-tier employees since fiscal 2017 in a bid to bestow employees with the ability to develop markets overseas that are necessary for the sustained growth of business and to create new businesses in countries with different cultures and backgrounds.

At overseas-related companies*, most employees participate in local skills training courses and attend courses in Japan about the mission and specialty skills, centered on locally hired employees in management positions.

*A total of 10 companies comprising two in the U.S., three in China, and one each in Thailand, Malaysia, Vietnam, Indonesia and Poland.

Step Up Training for Young Employees in Other Regions

Young Group employees in other regions, including those working within limited areas and work scope, are offered selective education and training opportunities. They learn about the Group’s management strategy, mission, business, and production bases, whetting their appetite for growth and gaining opportunities to aim for management positions and job transfers.



Topics Initiatives at Work-Life Balance

Cooking classes for male employees: Kewpie has held cooking classes for male employees since fiscal 2018 as a part of initiatives to strike a better work-life balance between themselves and their families, creating a venue for “A supporter of bringing smiles to children though delicious food,” its 2030 Vision. Male employees who voluntarily signed up for the classes are guided by corporate chefs on the preparation of simple yet delicious entrees, which is followed by tastings and cleaning up their kitchens. As a food company, we believe it is important for our employees to spend the time freed up by changes in work styles with their children and families around the kitchen table, enjoying meals together in pursuit of a more rewarding lifestyle.



Topics In-House Startup System for Creating New Value via Innovation Kewpie Startup Program

The Kewpie Startup Program is an in-house startup system for helping employees create new businesses and make their ideas a reality. Participants in the program have the opportunity to form networks of mentors that transcend divisions, which will help them upgrade their skills and advance their careers.

Projects that Graduated from In-House System to Commercialization

- YOITOKI is a supplement with acetic acid bacteria enzyme, the product of research into vinegar, a key ingredient in mayonnaise. YOITOKI is the first product in the world to come from technologies for culturing acetic acid bacteria in large volume.
- Plans call for opening the Fukaya Terrace Farm (tentative name) in 2021 as an integrated facility for experiencing the wonders of vegetables. The project is advancing thanks in part to the Kewpie Group’s knowledge about vegetables and eggs.



Contribution to Extending Healthy Lifespan



We will contribute to a society in which the elderly can also live in good health.

Environmental Changes and Social Issues

- Improve the quality of life for elderly people
- Reduce spending on healthcare and nursing care in countries and regions

Our Approach

Tapping the nutritional power of salad (vegetables) and eggs to help prevent lifestyle diseases among the middle-aged and prevent malnutrition among the elderly.

Sustainability targets

As a leading retailing company of salad and egg:

- 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.

*The average daily intake target for adults defined in the Ministry of Health, Labour and Welfare's "Healthy Japan 21"

Sustainability Initiatives

Ideas for Fun and Delicious Vegetable Salads

Kewpie comes up with ideas for salad recipes that reflect the food cultures of each region with the aim of increasing everyone's consumption of vegetables.

Aichi Prefecture is one of Japan's largest agricultural regions in terms of output, but people living there do not eat enough vegetables.*

In a bid to increase vegetable consumption in Aichi Prefecture, we launched the Aichi Minna no Salad project with help from local governments and leaders, and established an action committee in August 2018. We came up with the Aichi Salad Meshi menu featuring the flavors and textures liked by residents in the prefecture, along with a few surprises. We are proposing delicious and fun ways to eat more vegetables while rolling out menu suggestions for ready-made meals, home cooking and local restaurants.



Aichi Salad Meshi

*Reference: Ministry of Health, Labor and Welfare's National Health and Nutrition Survey in Japan, 2016

Disseminating Information about the Nutritional Value and Health Benefits of Eggs

Eggs contain all the nutrients necessary to incubate a chick. Of the key daily nutrients needed by an adult, eggs provide a wide range of nutrients, except Vitamin C and dietary fiber. For this reason, an ideal nutritional balance would combine eggs with vegetables and fruit with lots of dietary fiber and Vitamin C. According to academic study, some nutrients in vegetables are more easily digested when eaten with eggs.

To get more people aware of the nutritional and health benefits of eggs, Kewpie displays information panels on sales floors, holds study groups and cooking classes at stores, and distributes the Wonders of Eggs booklet published by the Japan Egg Science Society.



Wonders of Eggs booklet published by Japan Egg Science Society

Topics Foods Fortified with Eggshell Calcium

In Vietnam, osteoporosis has increased due to insufficient calcium intake, creating a social problem. The Kewpie Group cooperated with the National Institute of Nutrition in Hanoi to conduct a basic study of Vietnamese women, and the results of this research indicate that eggshell calcium may be effective in increasing bone density in people.

Kewpie Vietnam Co., Ltd., has sold food nutritionally fortified with eggshell calcium since December 2017. In Vietnam, which has many rice-based dishes, calcium can be easily ingested by cooking rice with eggshell calcium supplements. A similar product is sold under the name Genki na Hone in Japan.



Samples at a rice store in Vietnam

Mental and Physical Health Support for Children



We will support children's mental and physical health through their diets and support their future activities.

Environmental Changes and Social Issues

- Increase first-hand opportunities to learn more about food
- Break the chain of poverty for the next generation

Our Approach

Creating opportunities for food education and communal dining incorporating salad and egg products. Providing food assistance to children and their families, in the process strengthening communication between children, families, and the community.

Sustainability targets

- Achieve creating over one million smiles of children through our Group's food education activities by 2030 (cumulative number since 2019).

Sustainability Initiatives

Food Education in Japan

Based on our founder's vision of contributing to society through healthier dietary lifestyles, we began offering tours of our plants (Open Kitchen) in 1961 after visiting an elementary school's social studies class. These tours have served as a way to convey to local residents how our products are made and the Kewpie Group's approach to food production. At all elementary schools across Japan, employees visit to give classes about mayonnaise, talking about the importance of eating vegetables and giving students a chance to make their own mayonnaise and then eating it together in a fun setting.

At Mayo Terrace, our tour facility in Chofu City, courses are offered to children aged 3-6 years as a program for families hoping to get their children to eat more vegetables. Many parents have been overjoyed to see their children eat vegetables for the first time.



Mayo Terrace course for toddlers

Kewpie Mirai Tamago Foundation

In April 2017, the Kewpie Mirai Tamago Foundation was established to provide assistance to organizations involved in food education (41 organizations as of fiscal 2019) and organizations engaged in creating a place to belong through food (75 organizations). The foundation was created to advance the Group's unique initiatives on this front and support organizations that share our philosophy about food, as a way of giving back to society that surpasses what a single company can do alone.

Group employees also help out at the Children's Cafeterias operated by these organizations that we assist. Children living in poverty and who eat alone are given opportunities to learn about the importance of food through experiences that give them a feeling of belonging through food.



Group employees at a Children's Cafeteria run by an organization supported by the foundation

Food Education Activities Abroad

Overseas Group companies engage in a variety of food education activities with the aim of contributing to the livelihoods and health of residents in areas where they operate.

Malaysia has the highest ratio of obese people in Southeast Asia, and diabetes and other lifestyle-related ailments have become a health crisis in the country. Since fiscal 2016, Kewpie Malaysia Sdn. Bhd. has held classes at elementary schools about making sandwiches with vegetables with the goal of lowering the number of children who become overweight by getting them to eat more vegetables. A total of 117 classes have been held for over 6,000 children as of fiscal 2018, telling them about the importance of eating vegetables.



Sandwich class for elementary school pupils in Malaysia

Efficient Use of Resources and Sustainable Procurement



We will show gratitude for our natural blessings and be mindful of Earth's sustainability.

- Environmental Changes and Social Issues
- Reduce food waste
 - Promote sustainable agricultural practices

Our Approach

Using food resources efficiently and effectively and reducing food waste.
Working with producers to promote sustainable agriculture.

- Sustainability targets
- Effectively use 30% of unused portions of main vegetables used by the Group by 2021, and 90% or higher by 2030.
 - Reduce product disposal by 25% by 2021 and 50% by 2030 (compared with 2015).

Sustainability Initiatives

Effective Use of Vegetable Scraps

When preparing cut vegetables, we regard vegetable scraps, such as cabbage hearts and outer leaves, as important resources that should not go to waste.

The Group has succeeded in reusing vegetable scrap as feedstock for dairy cows, for which there are numerous restrictions on the use of recycled feed (eco-feed). Through joint research with Tokyo University of Agriculture and Technology, Kewpie has confirmed that milk production can be increased with this feedstock while maintaining safety and milk quality.

For these efforts, Kewpie has received the Prime Minister's Prize in the fiscal 2018 3Rs (Reduce, Reuse and Recycle) Awards, and the Ministry of Agriculture, Forestry and Fisheries' Food Industry Affairs Bureau's Top Award in the 6th Food Industry Mottainai Awards.



A dairy cow eating eco-feed

Reduction of Food Loss with Longer Expiration Dates

Despite still being edible, it is estimated that approximately 6.46 million tons of food is thrown away in Japan each year. The Kewpie Group is working to reduce food loss by properly managing inventories, reducing returns and lengthening expiration dates.

Of the 57 items in the Yasashii Kondate series of nursing care foods, 47 items are retort pouch products with 18-month or 12-month expiration dates. For items produced after September 2018, the packing now shows the expiration date in a year/month format instead of a year/month/day format, and the expiration dates were lengthened. Since this series has a large number of food items, the year/month format should simplify operations from distribution to the retail store, and the longer expiration date should also help reduce returned items and products thrown away.

* Reference: 2015 estimates by the Ministry of Agriculture, Forestry and Fisheries and the Ministry of the Environment



Expiration date in year/month format

Extension of Expiration Dates for Packaged Salad

Salad Club, Inc. has established technologies for maintaining the freshness of packaged salad, leveraging the natural resilience of vegetables and washing them with a minimum of damage, while ensuring low-temperature distribution at 10°C or lower (cold chain).

After acquiring production methods that are easy on vegetables (Patent No. 4994524), the company examined methodologies for about four years and finally established technologies for washing vegetables with a minimum of damage to them. As a result, we were able to extend the expiration date for "thousand-cut cabbage" by one day, for an expiration date of five days after processing.

With a longer expiration date, it is possible to reduce lost sales opportunities caused by leftover product waste and sold-out products at retail stores. Moreover, customers are able to buy more groceries in one excursion whenever necessary.



Cabbage ready for harvesting

Reduction of CO2 Emissions (Response to Climate Change)



We will work to reduce CO2 emissions in pursuit of global warming prevention.

- Environmental Changes and Social Issues
- Limit climate change that leads to natural disasters and degradation in crop quality and yields

Our Approach

Cutting CO2 emissions across the supply chain, from procurement of ingredients to product use and disposal.

Sustainability targets

- Reduce Group's annual CO2 emissions by 7.5% by 2021 and by 20% by 2030 (compared with 2013).

Sustainability Initiatives

Joint Transportation on Trunk Routes with Other Sectors

Kewpie aims to reduce CO2 emissions, alleviate burdens on truck drivers and help solve other issues by facilitating a modal shift from long-haul trucks to railroad and ship transportation.

As three companies from different industries, Kewpie, Lion Corporation and Japan Pallet Rental Corporation have jointly collaborated on trunk transportation routes since August 2018, and these efforts were recognized with the 2018 Excellent Green Logistics Partnership Award from the Ministry of Land, Infrastructure, Transport and Tourism.

For daily goods, foods and air pallets transported between the Kanto, Shikoku and Kyushu regions, the companies implemented a modal shift to marine transportation with a 99.5% ratio of loading trips to total trips, resulting in a 62%-plus reduction in CO2 emissions. The award recognized this outcome from their collaboration across different industries.



Higher load ratio with joint trailer transportation

Installment of Solar Panels at Production Sites

We strive for the realization of a non-carbon society by investing in renewable energy power sources.

In December 2016, Kewpie's Goka factory in Ibaraki Prefecture began operations of the Group's first solar panel facility for in-house electricity needs. Overseas, in May 2018, Kewpie (Thailand) Co., Ltd., began operating a solar power generation facility with 1,000-kW output at one of its production sites, and some of this energy is used at the factory there.

Combined with solar power generation facilities designed for feed-in tariff (FIT) systems, all of the Group's production sites generate renewable energy equivalent to roughly 2% of their electricity consumption.



Kewpie (Thailand) Co., Ltd.'s solar power installation

Topics Optimal Utilization of Air Conditioners with AI

Sengawa Kewport in Chofu City, Tokyo, is a modern office complex and research facility for the Group. It features an advanced design with hefty investments in energy-conserving equipment that is constantly managed for optimal performance.

With help from Hitachi, Ltd., Kewpie has utilized cloud-based AI to analyze and implement optimal operational patterns based on weather forecast data and the operating status of air-conditioning systems (coolers, heat pumps, gas boilers and cogeneration power generation systems).

Compared with before it was introduced, the amount of energy used by air-conditioning systems (crude oil conversion) has been reduced by 11-12% during the summer and winter seasons, and by 37% during the spring. We aim to optimize the systems further with AI.



AI-optimized operational pattern

Basic Concepts and Definitions with Regard to Corporate Governance

The Kewpie Group defines mechanisms to perform transparent, fair, swift and decisive decision making for its corporate governance. We have put in place appropriate and effective systems, which we enhance on an ongoing basis in compliance with Group Policies and in accordance with the following basic policy.

The Group's basic policies and framework for corporate governance are defined in our Corporate Governance Guidelines.

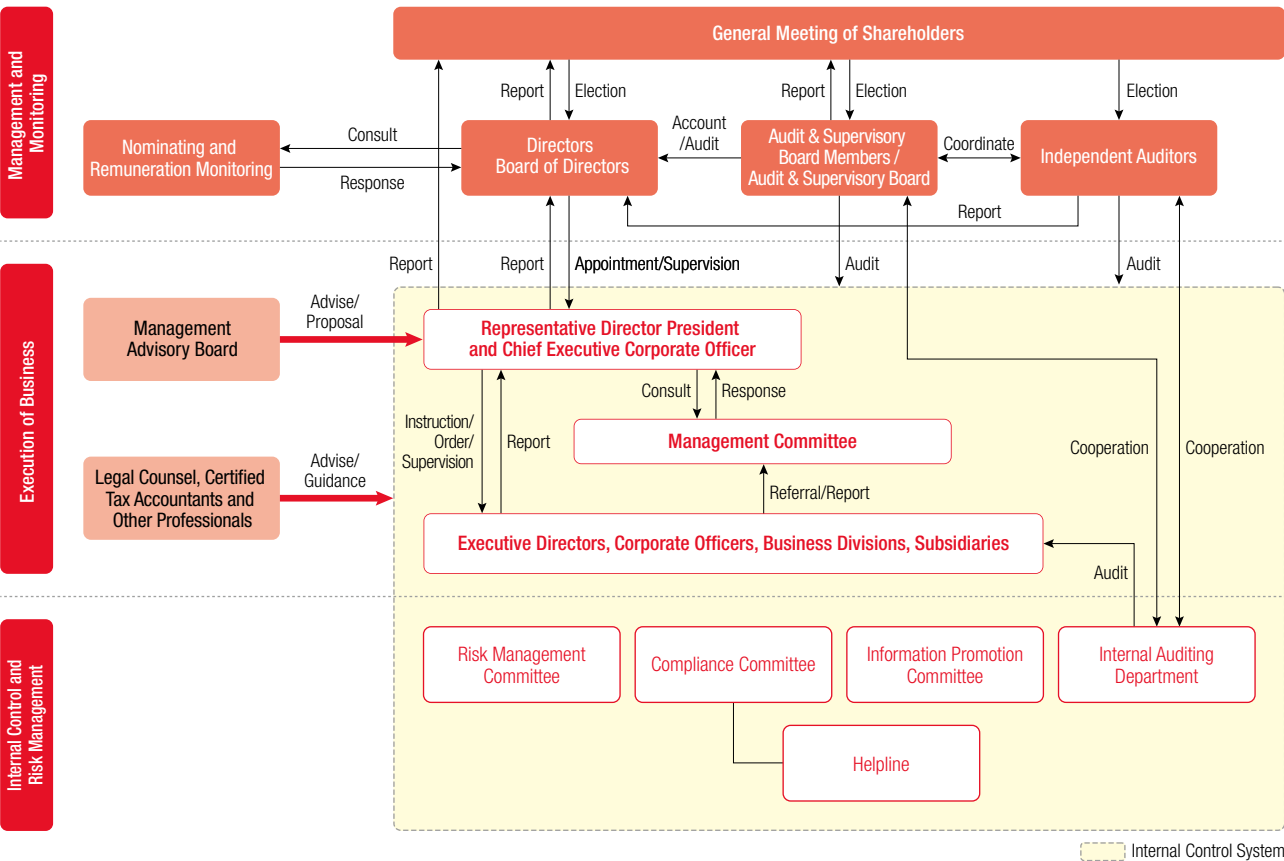
WEB About Corporate Governance
<https://www.kewpie.com/en/company/promise/governance/>

Basic Policies and Structure

Basic Policies of Corporate Governance

- 1 The Company shall respect the rights of its shareholders and ensure the equal treatments of shareholders.
- 2 The Company shall respect the positions and rights of its various stakeholders, including its customers, employees, business partners, shareholders, investors, as well as local communities, and foster appropriate relationships with such parties.
- 3 The Company shall disclose its corporate information in a proper manner and ensure the transparency of its operation.
- 4 The Company shall build mechanisms to facilitate the cooperation of all management resources of its corporate governance systems.
- 5 The Company shall engage in constructive dialog with shareholders who expect medium to long term investment returns.

Corporate Governance System



Management and Monitoring

Organizational Form: Company with Audit & Supervisory Board

Directors/
Board of Directors

Number of directors according to Articles of Incorporation: 20 or less
Number of directors: 11
Chairman of the Board of Directors: chairman and representative director
Number of outside directors (number of whom are independent): 2 (2)
Term of office according to Articles of Incorporation: 1 year
*Please refer to the outline of the Nominating and Remuneration Committee (an advisory body to the Board of Directors) on page 45.

Audit & Supervisory
Board Members /
Audit & Supervisory Board

Number of audit & supervisory board members according to Articles of Incorporation : 5 or less
Number of audit & supervisory board members : 4
Number of outside audit & supervisory board members (number of whom are independent) : 2 (2)
Term of office according to Articles of Incorporation : 4 years

Independent Auditors

Ernst & Young ShinNihon LLC

Internal Control and Risk
Management

Risk Management
Committee

The chair of the Risk Management Committee is the director in charge of risk management. Guided by the basic policy on risk management, the Risk Management Committee gathers information on Companywide risk, assesses risk and assigns priorities to perform comprehensive risk management. The chair of this Committee reports regularly to the Board of Directors regarding its evaluation of Companywide risk, policy on response to risk, status of risk and similar matters.

Compliance Committee

The Compliance Committee is headed by the director in charge of compliance. The Committee is tasked with establishing a Companywide, cross-departmental compliance framework; getting to grips with compliance issues; and playing a central role in planning measures to promote compliance, raise awareness and provide education. The director in charge of compliance provides regular reports on this Committee's activities to the Board of Directors.

Helpline

The Helpline is an internal reporting system for the protection of people reporting information in the public interest. Persons staffing the Helpline to receive reports include members of third-party organizations and outside lawyers. The Helpline provides notification of reports it has gathered to the Compliance Investigation Committee, which examines the related facts. If it determines that a violation of the law has occurred, the Compliance Investigation Committee decides measures to prevent their occurrence, in consultation with the related departments and sections. The Compliance Investigation Committee publishes this information within the Company, including the results of its measures, implementing Companywide measures to ensure that the problems do not recur.

Information Promotion
Committee

With regard to information security, the Company has formulated regulations governing the handling of Company information and basic rules on personal data protection and also prepared operational manuals covering each topic. The Company undertakes the storage and management of information in accordance with those regulations, rules and manuals. This Committee also examines and reviews the status of implementation of various regulations and undertakes employee training on information management.

Internal Auditing Department

In cooperation with staff performing independent audits in areas such as product quality, environmental protection, safety and labor management, the Internal Auditing Department audits management and operational systems and status of operations across the entire spectrum of Group business activities. In these internal audits, the Department examines issues in terms of adherence to the law as well as business efficiency. The Department is also tasked with planning and executing measures to evaluate the effectiveness of internal financial controls, based on requests from the Representative Director, President and Chief Executive Officer.

Status of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee was established in August 2018 as an advisory body to the Board of Directors with the aim of enhancing objectivity, adequacy and transparency regarding matters such as the composition of the Board of Directors and the methods of nomination and compensation of directors and other officers, so that it may contribute to the Group's medium- to long-term growth and improvement of its corporate value. The Nomination and Remuneration Committee deliberates on the following matters, and makes decisions as necessary, with respect to:

- (1) Structure of the management systems and member composition of the Board of Directors;
- (2) Criteria for election and dismissal of directors, audit & supervisory board members (hereinafter referred to as corporate auditors), and corporate officers;
- (3) Nomination of respective candidates for positions as directors and corporate auditors;
- (4) Criteria for evaluating directors and corporate officers;
- (5) Design of compensation systems for directors and corporate officers; and
- (6) Other matters regarding the Group's corporate governance as deemed necessary by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee consists of no fewer than five members (the Company's directors and corporate auditors), and at least half of its members must consist of outside officers who meet the independence criteria. The committee's members shall be elected by the resolution of the Board of Directors, and their term of office shall continue until the conclusion of the Company's first Ordinary General Meeting of Shareholders to be held subsequent to their appointment. The chairman of the committee shall be appointed by the resolution of the Nomination and Remuneration Committee from among its members who are outside directors, and shall undertake chairmanship of the committee.

The committee's chairman and its members are as listed below.

Chairman

- Outside Director Kazunari Uchida

Committee members

- Outside Director Kazunari Uchida
- Outside Director Shihoko Urushi
- Outside Audit & Supervisory Board Member Kazumine Terawaki
- Chairman Amane Nakashima
- Representative Director, President and Chief Executive Corporate Officer Osamu Chonan
- Director, Executive Corporate Officer Nobuo Inoue

Management Advisory Board

The Management Advisory Board has been set up as an advisory body to the Company's Representative Director, President and Chief Executive Officer. Participants in the Board meetings (two regular meetings per year, plus special meetings as necessary) consist of outside members (currently consisting of four experts), observing committee members (outside corporate officers) and the Representative Director, President and Chief Executive Officer. Other directors may also participate as necessary, depending on the agenda. The Company receives advice and proposals from this Board for the maintenance and improvement of the sound, fair and transparent management of the Group, which it takes into account in decision-making.

Core Agenda of the FY2018 Regular Meetings

- April**
- Report on the general state of the Group
 - Discussion
 - Basic approach to CSR and CSR measures
 - Development of processed egg products for the home market
- November**
- Report on the general state of the Group
 - Discussion
 - Promoting diversity
 - Matters that must be considered regarding trends in environmental, social and governance (ESG) issues

Outside Members on the Management Advisory Board (listed in order of appointment)

- Ms. Yuri Okina**
Chairperson of the Japan Research Institute, Limited
Outside Director of Bridgestone Corporation
External Director of Marubeni Corporation
Guest Professor of Keio University
Chair, Growth Strategy Council—Investing for the Future / Council for Advancing Structural Reform (Medical and Nursing Care)
- Ms. Izumi Kobayashi**
Outside Director of ANA HOLDINGS INC.
Outside Director of Mitsui & Co., Ltd.
Outside Director of Mizuho Financial Group
- Ms. Atsuko Fukushima**
Journalist
Outside Director of Calbee, Inc.
External Director of Hulia Co., Ltd.
External Director of Nagoya Railroad Co., Ltd.
- Ms. Chieko Matsuda**
Professor, Graduate School of Management at Tokyo Metropolitan University
Professor, Faculty of Economics and Business Administration at Tokyo Metropolitan University
Outside Director of Hitachi Chemical Co., Ltd. (Nominating Committee Member, Audit Committee Member and Compensation Committee Member)
Outside Director of Foster Electric Company, Limited
External Director of Sato Holdings Corporation
Outside Audit & Supervisory Board Member of Kirin Holdings Company, Limited

Internal Control System

The resolutions concerning the basic policy of the Company's internal control system were passed at a Board of Directors' meeting in accordance with Article 362, Paragraph 5 of the Companies Act. The aforesaid resolutions provide a broad framework for articles and paragraphs required for the system establishment of an internal control system, as provided by Article 100 of the Ordinance for Enforcement of the Companies Act.

While the Company's objective for the internal control system based on the aforesaid resolutions is rapid implementation, the Company aims to review the system on a regular basis, or when otherwise required, for the purpose of improvement and, through such, aims to create an

efficient and proper system for corporate operations.

As the Company has declared its corporate spirit under its mottoes and precepts and come to foster a corporate culture by making executive officers and employees alike aware of the ongoing and thorough training programs over many years, its Directors also respect that corporate culture in their management decisions.

The Company stipulates the Group Policies and compliance regulations so that directors and employees act in ways that respect the Company's corporate spirit and the Group's philosophy.

Note: The Kewpie Group philosophy and Group Policies appear on page 6.

Risk Management

Led by the Risk Management Committee, the Company will endeavor to reinforce its ability to respond to significant risks and bolster enterprise value, by advancing effective management of risks to its management strategy.

In FY2019, the Company will investigate the four themes shown in the table at right, to strengthen risk management.

Note: Operational risks are listed on page 60.

● FY2019 Themes in Risk Management

Risk model	Category
Resources	Labor risks
Core businesses	Quality risks and information leakage risks
External environment	Risks related to the social environment and sustainability
Management	Overseas development risks

Crisis Management

The Company makes plans to deal with disasters and other crises. For the safety of employees and their families, Kewpie establishes first-response plans. To minimize the impact of crises on the Company's business, Kewpie devises continuity-of-business plans.

When crises occur, the Company must focus its limited management resources on its most important business processes. To identify these key processes, the Company ranks its products from the perspectives of continuity of business and contribution to society. To protect supplies of important products, the Company prepares alternative sourcing methods, such as multiple production sites and suppliers of ingredients. Training in Kewpie's various disaster-response procedures is provided through general drills and product-supply drills. Through these measures,

the Company implements systems that will function reliably when a crisis occurs.

To ensure that head-office functions can be relocated rapidly in the event of a disaster in Tokyo, Kewpie has designated its business office for the Kansai area as a backup office (Kansai Backup Office).

When a crisis occurs, the Group Crisis Management Committee shares information with each Group company, ensuring consistent response across departments. In preparation for crises, based on the principle "help yourself and help each other," the Committee visits each Group location in Japan to promote disaster preparedness activities in each Group location and area, establishing a firm disaster-preparedness foundation underpinning the entire Group.



Product supply drill (FY2018)



General drill at Kansai Backup Office (FY2018)

Evaluation of the Effectiveness of the Board of Directors

From December 2017 through January 2018, the Company implemented an evaluation of the effectiveness of the Board of Directors (second evaluation) and worked to improve the operation of the Board of Directors based on those results. A summary of this process is as follows:

Implementation Methods and Details

- Covering all officers, we implemented a questionnaire using an external organization. The questionnaire included items on “Capabilities of Respective Directors and Corporate Auditors, and Composition Thereof, Etc.,” “Enhancement of Deliberations, Etc.,” “Cooperation with Stakeholders,” and “Overall and Other Matters” (10 questions in both multiple-choice and free-response format). As such, we placed focus on evaluating efforts for improvements made in fiscal year 2017, and eliciting opinions regarding the direction of further improvements in the changing business environments.
- The Board of Directors Office and external organization analyzed and evaluated the responses to the questionnaire, and after reporting and sharing those results with the Board of Directors, opinions were exchanged among attended officers at the meeting of the Board of Directors.

Evaluation Results

- According to the evaluation results, improvements have generally been made in many issues identified in the first effectiveness evaluation. However, further improvement for enhancement of deliberations of the Board meeting was recognized as an ongoing challenge, and we have also become even more aware of the needs to address demands of our stakeholders.

Improvement Initiatives

- In order to enhance deliberations at the Board of Directors, we have reduced time allocated to reporting items and explanation of the proposals, while devoting more time to exchanging opinions on management issues.

- We held multiple executive training sessions geared to officers and other executive personnel, and we have also expanded opportunities for our outside officers to participate in internal business meetings and other such forums.
- We newly established the Nomination and Remuneration Committee as an advisory body to the Board of Directors with the aim of enhancing objectivity, adequacy, and transparency regarding matters such as the composition of the Board of Directors and the nomination and compensation of directors and others. During the committee’s four meetings held during the current fiscal year, its members exchanged opinions on matters including the composition and diversity of the Board of Directors and basic design of director bonus system.

From December 2018 to January 2019, the Company conducted a questionnaire, as the effectiveness evaluation carried out during the current fiscal year (third evaluation), to officers using an external organization (the questionnaire contained questions including evaluations of initiatives carried out during the current fiscal year, future challenges, and necessary initiatives to be taken; it also included an evaluation of the effectiveness of the Nomination and Remuneration Committee).

Thereafter, after reporting and sharing the questionnaire results and evaluation by the external organization with the Board of Directors, opinions were exchanged among all officers at the meeting of the Board of Directors.

In the questionnaire, though the evaluation showed that many of the issues shared at the previous evaluation of the effectiveness had been improved generally, future issues and plans for concrete initiatives were again shared at the meeting of the Board of Directors and we will work toward further improvements.

Going forward, the Company will implement an evaluation of the effectiveness of the Board of Directors every year, and we will work to build a management framework that contributes to the medium- to long-term development of the Group.

Status of Individuals Who Have Retired from the Position of Representative Director, President and Chief Executive Corporate Officer, etc.

The Company has not currently appointed an Executive Corporate Adviser.

The Company, where the President and Chief Executive Corporate Officer recognizes a specific business need, shall, in accordance with the required internal procedures, delegate a retired President and Chief Executive Corporate Officer as an Executive Corporate Adviser, or a retired corporate officer as a Corporate Adviser.
















The Executive Corporate Adviser, mainly for the smooth succession of management, shall provide advice where requested by the President and Chief Executive Corporate Officer, and shall fulfill other duties as requested by the President and Chief Executive Corporate Officer, including industry group activities and activities to maintain relationships with business partners. Furthermore, a Corporate Adviser will be delegated particularly when there is a specific mission to

be requested based on the Corporate Adviser’s knowledge and experience during his or her time as a corporate officer. Neither the Executive Corporate Adviser nor the Corporate Adviser has authority in the decision-making process of management, neither do they attend meetings of the Management Council or other internal meetings.

The terms shall be in principle one-year term with a maximum of two years for the Executive Corporate Adviser and a maximum of one year for the Corporate Adviser, meaning retired corporate officers do not maintain long-term business relationships with the Company.

Furthermore, in terms of internal procedures, the delegation of the Executive Corporate Adviser requires a resolution by the Board of Directors, and the delegation of the Corporate Adviser requires a decision by the President and Chief Executive Corporate Officer reported to the Board of Directors.

Directors and Audit & Supervisory Board Members

Directors			
			
Amane Nakashima Chairman Chairman of the Board of Directors In charge of Compliance and Brand	Osamu Chonan Representative Director President and Chief Executive Corporate Officer in charge of Customer Marketing Office	Kengo Saito Director Senior Executive Corporate Officer in charge of Egg Business	Tadaaki Katsuyama Director Executive Corporate Officer in charge of Group Production in general and Quality Assurance Division
			
Nobuo Inoue Director Executive Corporate Officer in charge of Management Promotion Division, Public Relations and CSR Division, Personnel Affairs Division, Logistics Management Division and Risk Management	Seiya Sato Director Executive Corporate Officer in charge of Condiments and Processed Foods Business and Group Sales in general	Yoshinori Hamachiyo Director Senior Corporate Officer in charge of R&D Division and Intellectual Property Division	Minoru Himeno Director Senior Corporate Officer in charge of Salad and Delicatessen Business
			
Masato Shinohara Director Senior Corporate Officer in charge of Overseas Business in general and Overseas Division	Kazunari Uchida Outside Director Independent Officer	Shihoko Urushi Outside Director Independent Officer	
Audit & Supervisory Board Members			
			
Kiyotaka Yokokoji Audit & Supervisory Board Member (Standing)	Norimitsu Yamagata Audit & Supervisory Board Member (Standing)	Emiko Takeishi Outside Audit & Supervisory Board Member Independent Officer	Kazumine Terawaki Outside Audit & Supervisory Board Member Independent Officer

Note: The Company has notified Tokyo Stock Exchange, Inc., that the Company’s outside directors and outside audit & supervisory board members are independent corporate officers with no risk of conflicts of interest with the general shareholders.

Policies for Election and Dismissal of Directors, Corporate Auditors and Corporate Officers

Policy for Nomination of Director and Corporate Auditor Candidates

The Board of Directors of the Company, in order to respond to the trust placed by the shareholders, shall have the responsibility to respect the corporate philosophy, promote sustainable corporate growth and the improvement of the medium- to long-term corporate value, and enhance profitability and capital efficiency. Concerning the election of directors, the Board of Directors has set forth the criteria through which the persons deemed capable of fulfilling these responsibilities are nominated as candidates. The corporate auditors, in order to respond to the trust placed by the shareholders, have responsibilities to prevent violations of laws and regulations and the Articles of Incorporation and maintain and improve the soundness of the Group's management and its trust from society. Concerning the election of Corporate Auditors, the Board of Directors has set forth the criteria through which the persons deemed capable of fulfilling these responsibilities are nominated as candidates.

Standard for Nomination of Director and Corporate Auditor Candidates

Inside Director

- (1) Must respect the corporate philosophy of the Company and embody its values.
- (2) Must possess abundant knowledge on domestic and international market trends concerning the Group business.
- (3) Must have a strong ability for objective managerial judgment and business execution that will contribute beneficially to the Group's management direction.

Outside Director

- (1) Must provide a guiding role in particular fields, such as legal affairs, corporate management, overseas business, human resource development, and CSR and have abundant experience and expertise in these fields.
- (2) Must have a keen interest in the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance and advice, and carry out supervision with respect to the inside directors in a timely and appropriate manner.
- (3) Must secure sufficient time to perform his or her duties as an outside director of the Company.

Inside Corporate Auditor

- (1) Must respect the corporate philosophy of the Company and embody its values.
- (2) Must maintain a fair and unbiased stance and possess the capability to fulfill auditing duties.
- (3) Must understand the Group operations in general and be able to propose management tasks.

Outside Corporate Auditor

- (1) Must provide a guiding role in particular fields, such as legal affairs, corporate management, accounting,

overseas business, human resource development, and CSR and have abundant experience and expertise in these fields.

- (2) Must have a keen interest in the corporate philosophy and business of the Company, and possess the ability to express opinions, provide guidance, and carry out supervision with respect to the directors from an objective and fair standpoint.
- (3) Must secure sufficient time to perform his or her duties as an outside Corporate Auditor of the Company.

Policies for Election of Corporate Officers

The Company has implemented a corporate-officer system. The purposes of this system are many, including the clear separation of the roles of directors and corporate officers; promoting delegation of responsibility; raising management efficiency; ensuring quicker decision-making and execution of duties; bolstering competitiveness and business results; and training the next generation of managers.

Standards for Nomination of Corporate Officers

- (1) Must be highly experienced
- (2) Must be persons of excellent leadership ability and dynamism
- (3) Must have outstanding intuition regarding management
- (4) Must possess suitable personality and insight for the position of corporate officer
- (5) Must be healthy in body and mind

Procedures for Nomination of Directors, Corporate Auditors, and Corporate Officers

The proposal for nomination of candidates for directors, corporate auditors and corporate officers is submitted to the Nomination and Remuneration Committee (an advisory body to the Board of Directors, which shall be chaired by an outside director and have a composition where at least half of members are outside officers who meet the independence criteria). Subsequently, the candidates recommended by the committee are reviewed and decided upon at a Board of Directors meeting.

As for the candidates for Corporate Auditors, election propositions for the General Meeting of Shareholders must be approved by the Audit & Supervisory Board pursuant to stipulations in the Companies Act.

Policies and Procedures for Dismissal of Corporate Officers

The Board of Directors of the Company may seek resignation or otherwise dismiss a corporate officer (including corporate officers with special titles such as President at the top) in the event that any one of the following items applies. Matters involving dismissal of a corporate officer are to be deliberated on and decided by the Board of Directors, subsequent to discussion in a meeting of the Nomination and Remuneration Committee.

- (1) The individual has engaged in an act of fraud, impropriety, perfidy or breach of trust as a corporate officer;
- (2) The individual has shown a lack of competence as a corporate officer;
- (3) The professional duties of a corporate officer performed by the individual have been insufficient in terms of

implementation or results thereof, and the Board of Directors has deemed that it would be inappropriate for him or her to continue performing his or her duties as a corporate officer; or

- (4) The individual has behaved or otherwise engaged in language and conduct unbecoming to a corporate officer.

Compensation of Officers

The compensation paid to directors is in the form of monthly compensation and bonuses. The monthly compensation is decided separately according to each director's status and is limited within the scope of the compensation limit resolved by the General Meeting of Shareholders. Bonuses are not paid to the outside directors.

The compensation paid to corporate auditors is in the form of monthly compensation only. The individual compensation amounts are decided through negotiation with corporate auditors within the scope of the compensation limit resolved by the General Meeting of Shareholders.

The rationale and calculation methods with respect to compensation of the directors and corporate auditors are as follows:

Perspective and Procedures for Compensation of Directors, Corporate Auditors and Corporate Officers

- (1) The Company institutes a compensation system for compensation of directors and corporate officers that consists of monthly remuneration and bonuses, which is linked with the Company's performance and reflects their responsibilities and achievements.
- (2) The Company discusses the rationale (system design) at the meeting of Nomination and Remuneration Committee, and improves its objectivity, appropriateness and transparency.
- (3) The total amount of bonuses paid to directors must be approved at a General Meeting of Shareholders.
- (4) The amounts of compensations paid to outside directors and corporate auditors (inside and outside) shall respectively be fixed and no bonuses will be paid.

Calculation Method for Monthly Remuneration

- (1) A monthly remuneration for director duties of inside directors will be paid at a flat rate; provided, however, that a separate, additional remuneration be paid to the persons with representative authority.
- (2) The monthly remuneration as corporate officers should be set at a suitable level that takes into consideration the Company's management environment, etc., and correspond to the rank (President, Senior Executive Corporate Officer, Executive Corporate Officer, and Senior Corporate Officer).

Calculation Method for Bonuses

- (1) The bonus amount is calculated according to the rank of the directors and corporate officers, using the consolidated operating income and the goal attainment levels of the individual and the division for which they are responsible, as an indicator.
- (2) During the respective fiscal years covered under the Ninth Medium-Term Business Plan (the fiscal year ending November 30, 2019, to the fiscal year ending November 30, 2021), the Company has set the weight of bonuses to no less than 30% of the basic amount of total annual remuneration with the aim of achieving sustainable growth of the Group. In addition, criteria and allocations with respect to performance evaluation indicators set on an individual basis are to align with intent of the Ninth Medium-Term Business Plan.
- (3) The Company may increase or decrease the bonus amount paid for the final fiscal year of the Ninth Medium-Term Business Plan, depending on an individual progress made in achieving the performance goals previously set for the final fiscal year on an individual basis.

Overview of FY2018

Corporate Officer Category	Total Compensation (¥ million)	Total Compensation by Classification (¥ million)		Number of People Receiving Compensation
		Monthly Amount	Bonus	
Directors (excluding outside directors)	360	302	57	10
Corporate auditors (excluding outside auditors)	48	48	—	3
Outside corporate officers	54	54	—	7

Note: The compensation amounts listed above exclude employee salaries (including bonuses) of those serving concurrently as employee and director.

Status of Outside Corporate Officers

	Key Activities	Important Concurrent Posts Held	FY2018 Attendance at Board Meetings
Outside Director Kazunari Uchida	Provides advice and opinions on management issues in general, based on sophisticated, specialist knowledge of business management and wide-ranging insight.	Professor of Graduate School of Commerce at Waseda University, External Director of Lion Corporation, Outside Director of Sompo Japan Nipponkoa Insurance Inc.	Board of Directors' Meetings: 13/13
Outside Director Shihoko Urushi	Provides advice and opinions on management issues in general, based on wide-ranging insights on personnel training and management.	President of Shinagawa Joshi Gakuin, Member of the Education Rebuilding Implementation Council (Cabinet Office), Outside Director of Culture Convenience Club Co., Ltd.	Board of Directors' Meetings: 12/13
Outside Audit & Supervisory Board Member Emiko Takeishi	Conducts site inspection of important business locations. Secures the objectivity and neutrality of management oversight functions. Provides advice and opinions on management issues in general, based on experience in public administration and wide-ranging insights in personnel systems and labor policy.	Professor of Faculty of Lifelong Learning and Career Studies at Hosei University, Outside Audit & Supervisory Board Member of Tokyo Marine & Nichido Fire Insurance Co., Ltd.	Board of Directors' Meetings: 12/13 Audit & Supervisory Board Meetings: 13/13
Outside Audit & Supervisory Board Member Kazumine Terawaki	Conducts site inspection of important business locations. Secures the objectivity and neutrality of management oversight functions. Provides advice and opinions on management issues in general, based on specialized knowledge and wide-ranging insights as a lawyer.	Lawyer Outside Audit & Supervisory Board Member of The Shoko Chukin Bank, Ltd.	Board of Directors' Meetings after appointed date: 10/10 Audit & Supervisory Board Meetings after appointed date: 10/10

Independence Criteria for Outside Officers

To judge the independence of outside directors and outside corporate auditors as stipulated in the Companies Act, we check the requirements for independent officers stipulated by the Tokyo Stock Exchange, Inc. as well as checking whether the following apply.

- (1) A major shareholder of the Company (holding 10% or more of voting rights either directly or indirectly), or a person who executes business for a major shareholder of the Company ^{(*)1}
- (2) A person/entity for which the Group is a major client, or a person who executes business for such person/entity ^{(*)2}
- (3) A major client of the Group or a person who executes business for such client ^{(*)3}
- (4) A person who executes business for a major lender of the Group ^{(*)4}
- (5) A senior partner or partner of the accounting auditor for the Company
- (6) A provider of expert services, such as a consultant, attorney at law, or certified public accountant, who receives cash or other financial benefits exceeding ¥10 million in one business year other than office compensations from the Company

- (7) A person/entity receiving contributions from the Group exceeding ¥10 million in one business year, or a person who executes business for such person/entity
- (8) A person to whom any of (1) to (7) above has applied in the past three business years
- (9) Where any of (1) to (8) above apply to a key person, and his or her immediate relatives, which includes his or her grandparents, grandchildren, siblings, spouse and his or her grandparents, siblings and grandchildren ^{(*)5}
- (10) A special reason other than the preceding items that will prevent the person from performing their duties as an independent outside officer, such as the potential for a conflict of interest with the Company.

^{*}1 A person who executes business means an executive director, executive officer, corporate officer, or other employee, etc.
^{*}2 A person/entity for which the Group is a major client means a person/entity who receives payments from the Group amounting to at least the higher of either 2% of their annual consolidated net sales or ¥100 million.
^{*}3 A major client of the Group means a client that makes payments to the Group amounting to at least the higher of either 2% of the Company's consolidated net sales or ¥100 million.
^{*}4 A major lender of the Group means a lender named as a major lender in the Group's business report.
^{*}5 A key person means a director (excluding outside directors), corporate auditor (excluding outside corporate auditors), executive officer, corporate officer, or other person in the rank of general manager or above, or a corporate officer corresponding to these positions.

Messages from Outside Directors

I provide advice to the Board of Directors regarding human resource development and product policy from the standpoint of a woman with a balanced work and home life and my experience in school management and organizational reforms in educational settings. Outside the Board of Directors, I have opportunities to gather internal information, and there are numerous opportunities to interact with employees at lectures and training sessions. Meetings of the Board of Directors encourage outside directors to voice their thoughts without hesitation, facilitating discussion about even the smallest concern. For example, the ideas of outside directors are sometimes incorporated into products development, but not every time.

The Kewpie Group takes great care in making sure its behavior is consistent with its brand and the founder's philosophy. The Company has a good atmosphere where the hierarchy is hardly felt, and everyone is focused on the customer. However, brand activities within the Group can seem low energy out of concern of putting too much importance on branding, and it can take time to move forward. From an outsider's perspective, this may seem like opportunities are being lost in some cases. With the selective concentration of resources since fiscal 2018, the speed of the organization seems to have improved.

In this day and age, diversity facilitates the development of corporations. From a decision-making standpoint, I believe it is important to have people around you with different points of view. In the near future, I hope a female employee will be promoted to a director position. I will do my best to create an environment where it is easy for everyone to work.



Ms. Shihoko Urushi
Outside Director



Mr. Kazunari Uchida
Outside Director

I have been involved with Kewpie for a while, and have served as an outside director for seven years now. I thus believe I have a firm understanding of the culture here at Kewpie. Compared with a regular outside director, I am able to give advice with more insight. I also have experience as an outside director at several other companies, so if there are any good aspects of other companies that Kewpie is unaware of, I can introduce them as a reference point. In cases where the Kewpie Group may lose its goodness or special qualities, I clearly state that it would be better to not engage in a particular course of action, even if it is being done by every company around the world.

Instead of feel-good talks, Kewpie has asked me to give pep talks that are sometimes warm and sometimes strict, like when talking with family.

Regarding corporate governance, my philosophy is that shareholders will naturally be pleased if employees are happy at work and customers are satisfied with products and services. The Kewpie Group has a familial way of thinking related with corporate principles "Look After Parent's well Being," and I believe this warm feeling is good. However, the Kewpie Group should find ways to incorporate new ideas and human resources without losing this goodness. This is an issue with corporate governance, in my opinion.

I aim to provide advice and opinions with a deep affection for Kewpie so that it will remain a company admired not only in Japan, but also around the world.

11-Year Financial Summary

*The Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) and other standards have been applied, and net income has been revised to profit attributable to owners of parent from the fiscal year ended November 2016.
*From the fiscal year ended November 2016, the Group has changed its accounting policies to the following:
• Changes to policies on recording net sales (deduct sales promotion expenses and part of the distribution costs from net sales when recording sales)
• Changes to amortization method for fixed assets (changed from declining-balance method to straight-line method, revised evaluation methods for useful life and residual value)
Figures for FY2015 have been adjusted when comparing to figures after FY2016.

(¥ million)											
Years ended November 30	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Performance											
Net sales	473,951	452,239	471,010	486,435	504,997	530,549	553,404	549,774	552,306	561,688	573,525
Gross profit	106,665	109,261	116,388	117,088	125,065	128,266	134,362	117,285	123,457	128,915	133,146
Selling, general and administrative expenses	92,629	91,529	94,268	96,271	101,696	105,864	110,018	90,931	93,639	97,654	100,078
Operating income	14,036	17,731	22,119	20,816	23,368	22,402	24,343	26,354	29,818	31,261	33,067
Ordinary income	14,184	18,414	22,762	21,912	24,467	23,749	25,368	27,224	31,364	32,511	34,349
Profit attributable to owners of parent	7,721	9,036	10,613	9,449	12,291	12,567	13,366	16,973	17,093	18,099	18,320
EBITDA (Operating income+Depreciation and amortization)	27,444	30,711	35,248	34,457	37,457	36,974	40,475	45,449	48,072	48,055	51,282
Research and development expenses	3,218	3,167	3,172	3,232	3,421	3,660	3,882	4,201	4,028	4,058	4,142
Capital investments	13,091	11,935	12,596	13,418	20,916	27,122	30,111	32,369	32,968	27,182	32,105
Depreciation and amortization	13,408	12,980	13,129	13,641	14,089	14,572	16,132	19,094	18,254	16,794	18,215
Cash flows											
Cash flows from operating activities	14,466	31,301	25,731	23,405	33,246	27,369	34,392	28,094	45,260	27,234	41,778
Cash flows from investing activities	(9,687)	(11,548)	(15,120)	(12,166)	(24,434)	(21,897)	(30,847)	(31,181)	(32,046)	(31,421)	(20,199)
Cash flows from financing activities	(5,712)	(18,462)	(5,381)	(19,583)	7,022	(2,307)	(3,149)	(7,101)	(5,805)	4,010	(15,293)
Free cash flow (Operating cash flows+investing cash flows)	4,779	19,752	10,611	11,239	8,811	5,471	3,545	(3,086)	13,213	(4,186)	21,579
Cash and cash equivalents at the end of the fiscal year	26,705	27,831	33,121	24,509	40,387	43,963	44,788	34,841	40,790	41,411	47,970
Financial position (year-end)											
Total assets	291,792	275,650	287,957	275,790	306,515	334,655	356,994	373,017	385,914	419,207	421,373
Interest-bearing debt	40,545	25,595	23,923	10,909	23,185	25,882	29,110	30,559	36,066	60,120	61,414
Total net assets	163,580	170,804	180,901	185,293	195,928	210,285	220,397	244,717	245,861	263,432	266,100
Per share data (yen)											
Profit	50.77	59.56	69.97	62.63	82.09	83.94	88.69	111.82	113.47	121.05	124.85
Total net assets	941.79	978.33	1,029.26	1,068.67	1,141.68	1,230.32	1,284.36	1,403.05	1,420.63	1,539.94	1,582.27
Annual dividend	15.0	17.0	18.0	18.0	20.0	22.0	23.0	29.0	34.5	36.5	38.0
Financial indicators (%)											
Gross profit to net sales	22.5	24.2	24.7	24.1	24.8	24.2	24.3	21.3	22.4	23.0	23.2
Operating income ratio	3.0	3.9	4.7	4.3	4.6	4.2	4.4	4.8	5.4	5.6	5.8
Equity ratio	49.0	53.8	54.2	58.0	55.8	55.0	54.6	57.1	55.1	54.0	53.7
Return on equity (ROE)	5.4	6.2	7.0	6.0	7.4	7.1	7.0	8.3	8.0	8.2	8.1
Return on assets (ROA)	4.9	6.5	8.1	7.8	8.4	7.4	7.3	7.5	8.3	8.1	8.2
Dividend payout ratio	29.5	28.5	25.7	28.7	24.4	26.2	25.9	25.9	30.4	30.2	30.4
Dividend on equity ratio	1.6	1.8	1.8	1.7	1.8	1.9	1.8	2.2	2.4	2.5	2.4
Other data											
Stock price at year-end (yen)	1,063	997	1,019	1,056	1,200	1,454	1,942	2,953	2,703	2,885	2,756
Number of employees (consolidated)	9,283	10,507	11,732	12,028	12,425	12,598	12,933	13,478	14,095	14,924	14,808
Number of consolidated subsidiaries	46	48	52	51	52	51	52	54	56	55	58

Consolidated Balance Sheets

	FY2017	FY2018
Assets		
Total current assets	156,332	161,426
Cash and deposits	29,618	38,493
Notes and accounts receivable-trade	78,212	77,034
Securities	12,000	9,500
Purchased goods and products	16,355	16,695
Work in process	972	963
Raw materials and supplies	11,377	10,595
Deferred tax assets	2,823	3,024
Other	5,192	5,566
Allowances for doubtful accounts	(222)	(446)
Total fixed assets	262,875	259,946
Total tangible fixed assets	194,746	198,856
Buildings and structures	185,446	181,314
Accumulated depreciation	(104,416)	(106,708)
Net book value	81,030	74,605
Machinery, equipment and vehicles	170,766	175,809
Accumulated depreciation	(121,373)	(123,835)
Net book value	49,393	51,974
Land	49,820	52,084
Lease assets	9,729	8,966
Accumulated depreciation	(4,257)	(4,205)
Net book value	5,472	4,761
Construction in progress	4,571	11,223
Other	15,707	16,183
Accumulated depreciation	(11,248)	(11,977)
Net book value	4,459	4,206
Total intangible fixed assets	8,359	6,293
Goodwill	3,778	1,233
Computer software	3,210	4,322
Other	1,369	737
Total investments and other assets	59,769	54,797
Investment securities	34,495	29,673
Long-term loans receivable	519	879
Assets for retirement benefits	12,630	11,552
Deferred tax assets	2,027	2,424
Other	10,278	10,449
Allowances for doubtful accounts	(182)	(181)
Total assets	419,207	421,373

As of November 30, 2017 and 2018 (¥ million)

	FY2017	FY2018
Liabilities		
Total current liabilities	90,697	100,903
Notes and accounts payable-trade	48,008	44,518
Short-term loans payable	8,037	9,496
Current portion of bonds	—	10,000
Accounts payable-other	17,547	17,025
Accrued expenses	6,533	6,462
Accrued income taxes	4,005	6,775
Deferred tax liabilities	11	15
Reserves for sales rebates	801	831
Reserves for bonuses	1,831	1,937
Reserves for directors' bonuses	121	116
Other reserves	100	52
Other	3,699	3,672
Total non-current liabilities	65,077	54,370
Bonds	10,000	—
Long-term loans payable	35,947	36,664
Lease obligations	4,506	3,804
Deferred tax liabilities	9,068	7,722
Liabilities for retirement benefits	3,147	3,546
Asset retirement obligations	1,120	1,123
Other	1,286	1,508
Total liabilities	155,775	155,273
Net assets		
Total shareholders' equity	217,509	221,219
Paid-in capital	24,104	24,104
Capital surplus	29,425	29,543
Earned surplus	170,583	183,431
Treasury stock	(6,603)	(15,859)
Total accumulated other comprehensive income	8,929	5,112
Unrealized holding gains (losses) on securities	13,429	10,618
Unrealized gains (losses) on hedges	(3)	(28)
Foreign currency translation adjustments	(1,141)	(1,459)
Accumulated adjustments for retirement benefits	(3,354)	(4,018)
Non-controlling interests	36,992	39,768
Total net assets	263,432	266,100
Total liabilities and net assets	419,207	421,373

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

For the fiscal years ended November 30, 2017 and 2018 (¥ million)

Consolidated Statements of Income	FY2017	FY2018
Net sales	561,688	573,525
Cost of sales	432,773	440,378
Gross profit	128,915	133,146
Selling, general and administrative expenses	97,654	100,078
Operating income	31,261	33,067
Total non-operating income	2,162	2,132
Interest income	69	82
Dividends income	514	515
Equity in earnings of affiliates	93	130
Subsidy income	269	303
Other	1,215	1,100
Total non-operating expenses	911	850
Interest expenses	376	341
Foreign exchange losses	—	88
Business commencement expenses	139	13
Other	395	406
Ordinary income	32,511	34,349
Total extraordinary gains	1,331	4,587
Gains on sales of investment securities	1,179	3,670
Gains on transfer of business	—	670
Gains on sales of fixed assets	87	137
Other	65	109
Total extraordinary losses	3,060	5,350
Losses on impairment of fixed assets	581	2,983
Losses on disposal of fixed assets	1,062	1,016
Losses on abolishment of retirement benefit plans	1,309	—
Other	107	1,349
Profit before income taxes	30,783	33,586
Total income taxes	9,223	11,722
Income taxes	8,926	11,998
Income taxes-deferred	296	(275)
Profit	21,560	21,863
Profit attributable to non-controlling interests	3,460	3,542
Profit attributable to owners of parent	18,099	18,320

For the fiscal years ended November 30, 2017 and 2018 (¥ million)

Consolidated Statements of Comprehensive Income	FY2017	FY2018
Profit	21,560	21,863
Total other comprehensive income	12,337	(4,076)
Unrealized holding gains (losses) on securities	4,591	(2,903)
Unrealized gains (losses) on hedges	(102)	(22)
Foreign currency translation adjustments	3,383	(391)
Adjustments for retirement benefits	4,465	(758)
Comprehensive income (Breakdown)	33,897	17,786
Comprehensive income attributable to owners of parent	29,456	14,503
Comprehensive income attributable to non-controlling interests	4,441	3,283

Consolidated Statements of Changes in Net Assets

For the fiscal years ended November 30, 2016 and 2017 (¥ million)												
FY2017	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total share-holders' equity	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumu-lated other comprehensive income		
Balance at November 30, 2016	24,104	30,300	166,765	(6,123)	215,047	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)		(5,639)							(5,639)
Profit attributable to owners of parent			18,099		18,099							18,099
Repurchase of shares				(9,999)	(9,999)							(9,999)
Disposal of treasury stock		(875)	(1,897)	2,773	1							1
Retirement of treasury stock			(6,745)	6,745	—							—
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	—	(875)	3,818	(480)	2,462	4,513	(82)	2,805	4,119	11,356	3,752	17,570
Balance at November 30, 2017	24,104	29,425	170,583	(6,603)	217,509	13,429	(3)	(1,141)	(3,354)	8,929	36,992	263,432

For the fiscal years ended November 30, 2017 and 2018 (¥ million)												
FY2018	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Paid-in capital	Capital surplus	Earned surplus	Treasury stock	Total share-holders' equity	Unrealized holding gains (losses) on securities	Unrealized gains (losses) on hedges	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits	Total accumu-lated other comprehensive income		
Balance at November 30, 2017	24,104	29,425	170,583	(6,603)	217,509	13,429	(3)	(1,141)	(3,354)	8,929	36,992	263,432
Changes of items during the fiscal year												
Dividends from surplus			(5,514)		(5,514)							(5,514)
Profit attributable to owners of parent			18,320		18,320							18,320
Repurchase of shares				(9,255)	(9,255)							(9,255)
Disposal of treasury stock												—
Retirement of treasury stock												—
Change in ownership interest of parent due to transactions with non-controlling interests		118			118							118
Change of scope of consolidation			(4)		(4)							(4)
Change of scope of equity method			(3)		(3)							(3)
Increase by company split			49		49							49
Net changes of items other than shareholders' equity						(2,811)	(24)	(317)	(663)	(3,817)	2,775	(1,042)
Total changes during the fiscal year	—	118	12,848	(9,255)	3,710	(2,811)	(24)	(317)	(663)	(3,817)	2,775	2,667
Balance at November 30, 2018	24,104	29,543	183,431	(15,859)	221,219	10,618	(28)	(1,459)	(4,018)	5,112	39,768	266,100

Consolidated Statements of Cash Flows

For the fiscal years ended November 30, 2017 and 2018 (¥ million)		
	FY2017	FY2018
Cash flows from operating activities		
Profit before income taxes	30,783	33,586
Depreciation and amortization	16,794	18,215
Losses on impairment of fixed assets	581	2,983
Losses on abolishment of retirement benefit plan	1,309	—
Amortization of goodwill	407	514
Retirement benefit expenses	1,740	1,885
Equity in losses (earnings) of affiliates	(93)	(130)
Losses (gains) on valuation of investment securities	14	45
Increase (decrease) in liabilities for retirement benefits	(706)	(111)
Decrease (increase) in assets for retirement benefits	(1,821)	5
Increase (decrease) in reserves for sales rebates	51	29
Increase (decrease) in reserves for directors' bonuses	(39)	(5)
Increase (decrease) in reserves for bonuses	(53)	181
Increase (decrease) in allowances for doubtful accounts	1	225
Interest and dividends income	(584)	(597)
Interest expenses	376	341
Losses (gains) on sales of investment securities	(1,179)	(3,670)
Losses (gains) on sales and disposal of fixed assets	988	943
Losses (gains) on transfer of business	—	(670)
Decrease (increase) in notes and accounts receivable - trade	(2,064)	1,293
Decrease (increase) in inventories	(1,477)	(1,132)
Increase (decrease) in notes and accounts payable - trade	(1,152)	(3,415)
Increase (decrease) in accounts payable - other	(1,058)	1,740
Increase (decrease) in accrued consumption taxes	676	(196)
Increase (decrease) in long-term accounts payable	(70)	288
Other	(3,989)	(1,657)
Subtotal	39,436	50,692
Interest and dividends income received	622	656
Interest paid	(359)	(340)
Income taxes paid	(12,464)	(9,229)
Net cash provided by (used in)operating activities	27,234	41,778

For the fiscal years ended November 30, 2017 and 2018 (¥ million)		
	FY2017	FY2018
Cash flows from investing activities		
Purchases of tangible fixed assets	(25,499)	(29,217)
Purchases of intangible fixed assets	(1,169)	(2,089)
Acquisition of subsidiaries' shares resulting in changes in scope of consolidation	(82)	—
Purchases of investment securities	(892)	(1,766)
Proceeds from sales of investment securities	1,651	5,159
Net decrease (increase) in short-term loans receivable	(279)	57
Payments of long-term loans receivable	(264)	(430)
Collection of long-term loans receivable	126	46
Payments into time deposits	(219)	(0)
Payments for transfer of business	(4,568)	—
Proceeds from transfer of business	—	8,309
Other	(223)	(269)
Net cash provided by (used in) investing activities	(31,421)	(20,199)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,180)	985
Repayment of lease obligations	(1,785)	(2,131)
Proceeds from long-term loans payable	25,700	3,200
Repayment of long-term loans payable	(2,261)	(2,248)
Cash dividends paid	(5,639)	(5,514)
Cash dividends paid to non-controlling interests	(767)	(847)
Repurchase of treasury stock	(10,024)	(9,278)
Proceeds from issuance of common shares	—	541
Other	(30)	—
Net cash provided by (used in) financing activities	4,010	(15,293)
Effects of exchange rate changes on cash and cash equivalents	797	(194)
Increase (decrease) in cash and cash equivalents	621	6,091
Cash and cash equivalents at the beginning of the fiscal year	40,790	41,411
Increase in cash and cash equivalents from newly consolidated subsidiary	—	461
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	5
Cash and cash equivalents at the end of the fiscal year	41,411	47,970

Analysis of Business and Finances in FY2018

1. Consolidated Balance Sheets

Total Assets (up ¥2.2 billion year on year) <ul style="list-style-type: none">Declines in investment securities (down ¥4.8 billion year on year), marketable securities (down ¥2.5 billion) and goodwill (down ¥2.5 billion) were offset by increases in cash and deposits (up ¥8.9 billion) and tangible fixed assets (up ¥4.1 billion).	Total Liabilities (down ¥0.5 billion year on year) <ul style="list-style-type: none">Accrued income taxes increased ¥2.8 billion but accounts payable decreased ¥3.5 billion.
Net Assets (up ¥2.7 billion year on year) <ul style="list-style-type: none">Acquisitions of treasury stock (down ¥9.3 billion) dented net assets, but this was canceled out by an increase in earned surplus (up ¥12.8 billion).	

2. Consolidated Statements of Income

Net Sales (up ¥11.8 billion year on year) <ul style="list-style-type: none">A decline in domestic prices for eggs had a negative impact, but net sales increased thanks to firm demand for cut vegetables for the ready-made meal market, vegetables and the distribution system business.	Operating Income (up ¥1.8 billion year on year) <ul style="list-style-type: none">As a result of the above, operating income totaled ¥33.1 billion and the operating margin was 5.8%, an improvement of 0.2 percentage points from the previous fiscal year.
Gross Profit (up ¥4.2 billion year on year) <ul style="list-style-type: none">Despite higher labor costs and other expenses, gross profit increased as a result of efforts to improve value added and reduce costs, in addition to rising prices for dried eggs in the US.Efforts to improve value added included shifting to high-value-added products and strengthening existing product lines.Efforts to reduce costs included cost reductions at production sites and improvements to unprofitable categories and products.	Ordinary Income (up ¥1.8 billion year on year) <ul style="list-style-type: none">Foreign exchange losses increased ¥0.1 billion, but business commencement expenses declined ¥0.1 billion, resulting in hardly any change in net non-operating income. Ordinary income was ¥34.3 billion.
Selling, General and Administrative Expenses (up ¥2.4 billion year on year) <ul style="list-style-type: none">Expenses increased due to higher costs for labor (up ¥1.4 billion) and logistics (up ¥1.0 billion).	Profit Attributable to Owners of Parent (up ¥0.2 billion year on year) <ul style="list-style-type: none">Impairment losses increased ¥2.4 billion, but gains on sales of investment securities rose ¥2.5 billion and losses on abolishment of retirement benefit plans decreased by ¥1.3 billion. Accordingly, net extraordinary losses increased by ¥1.0 billion from the previous fiscal year. Profit attributable to owners of parent totaled ¥18.3 billion.

3. Consolidated Statements of Cash Flows

Cash Flows from Operating Activities <ul style="list-style-type: none">Net cash provided by operating activities came to ¥41.8 billion. The main components were ¥33.6 billion in profit before income taxes, ¥18.2 billion in depreciation and amortization, and ¥9.2 billion in income taxes paid.	Cash Flows from Financing Activities <ul style="list-style-type: none">Net cash used in financing activities totaled ¥15.3 billion. The main items were ¥9.3 billion for the repurchase of shares and ¥5.5 billion for cash dividends paid.
Cash Flows from Investing Activities <ul style="list-style-type: none">Net cash used in investing activities amounted to ¥20.2 billion. Key line items included ¥29.2 billion in purchases of tangible fixed assets, and ¥8.3 billion in proceeds from the transfer of business, such as vendors for convenience stores.	(Cash dividends paid include dividends distributed to non-controlling interests.)

Operational Risks

The following factors may significantly affect the earnings and financial conditions of the Kewpie Group and the decisions of investors.

The Group, recognizing the risks inherent in the Group's business, takes all reasonable measures to inhibit or avoid the occurrence of risks. An overview of the risks involved is given below, but this is not intended to be an exhaustive list of all risks attendant on the Group's business operations.

	Risks	Initiatives to Minimize Risks
Market Trends in the Condiments for Salads (Mayonnaise and Dressings) that Contribute a High Portion of Sales and Profits to the Kewpie Group	<ul style="list-style-type: none">Shrinkage in the market for condiments for salad as a result of decline in demandDecline in market share of the Company's products owing to competition with other manufacturers' products	Stimulating Market to Uncover New Areas of Latent Demand and Strengthen Competitiveness <ul style="list-style-type: none">Developing and expanding the scale of other product categoriesProposing new menus and occasions for eatingDeveloping and updating products to suit consumer preferences such as responding to health needsCutting costs through collaboration between business units
Fluctuations in the Prices of the Principal Ingredients (Shell Eggs, Edible Oils)	<ul style="list-style-type: none">Sharp rises in market prices of the principal ingredients	Measures to Ensure Necessary Volume at a Reasonable Cost <ul style="list-style-type: none">Shell eggs: Contracted under a combination of annual fixed-volume contracts with major egg producers, fixed-price contracts and supplementary spot contract purchases on the open marketEdible oils: Forward trading
Product Safety and Health-Related Concerns	<ul style="list-style-type: none">Incidents causing damage to the health of consumers, such as the insertion of foreign matter into products and false or mistaken indications on the product labelsProblems affecting the whole society and thus beyond the control of the Group	Preventing Product Safety Issues by Guaranteeing Quality <ul style="list-style-type: none">Acquisition of Food Safety System Certification approved by GFSI including FSSC 22000Trans-group quality monitoringTraceability systems that make use of data processing used in factory automationBuilding quality standards control system for procured ingredients
Social Turmoil from Contingencies such as Natural Disasters or Diseases in Areas of Operation	<ul style="list-style-type: none">Worse-than-expected social turmoil may result in damage to manufacturing or distribution facilities, or difficulties in obtaining raw materials, energy or the human resources necessary for operations, lowering production and sales capabilities	<div>*Examples of social turmoil:<ul style="list-style-type: none">Large-scale natural disasters such as severe earthquakes or torrential rainfallEpidemics of highly virulent, infectious diseasesLarge-scale incidents not caused by natural disasters, such as sustained, wide-ranging electric power cutsPolitical problems such as terrorism or disputes</div>
Relationship with K.R.S. Corporation that Contributes a Large Portion of Sales and Profits to the Kewpie Group	<ul style="list-style-type: none">In the event of a decline in the percentage of the Company's voting rights in the future—currently 46%—or changes in the personal and/or trading relationship between the two companies, K.R.S. Corporation may lose the status of consolidated subsidiary of the Company	

Note: For more information on operational risks, please see page 16 of Annual Report 2018, which is available on our website.
https://www.kewpie.com/en/ir/pdf/annual-report/Annual_Report_2018.pdf

Stock Information (As of November 30, 2018)

Share Overview

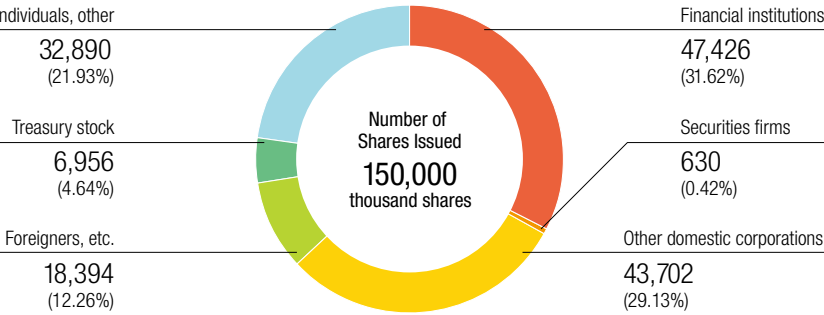
Number of Authorized Shares:
500,000,000 shares

Number of Shares Issued:
150,000,000 shares

Shares per Trading Unit:
100 shares

Number of Shareholders:
113,013

Breakdown of Shareholders



Principal Shareholders

Trade Name	Number of the Company's Shares Held (thousand shares)	Ratio of Number of the Company's Shares Held (%) ⁴
NAKASHIMATO CO., LTD. ¹	15,071	10.54
TOHKA CO., LTD.	8,122	5.68
Japan Trustee Services Bank, Ltd. (Trust Account) ²	7,212	5.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,571	3.89
Kieikai Research Foundation	4,251	2.97
Mizuho Trust & Banking Co., Ltd. (Retirement Benefit Trust for Mizuho Bank, Ltd.) ³	3,713	2.60
Sumitomo Mitsui Banking Corporation	3,208	2.24
Nippon Life Insurance Company	3,039	2.12
The Dai-ichi Life Insurance Company, Limited	3,012	2.11
Nakato Scholarship Foundation	2,494	1.74

Notes:

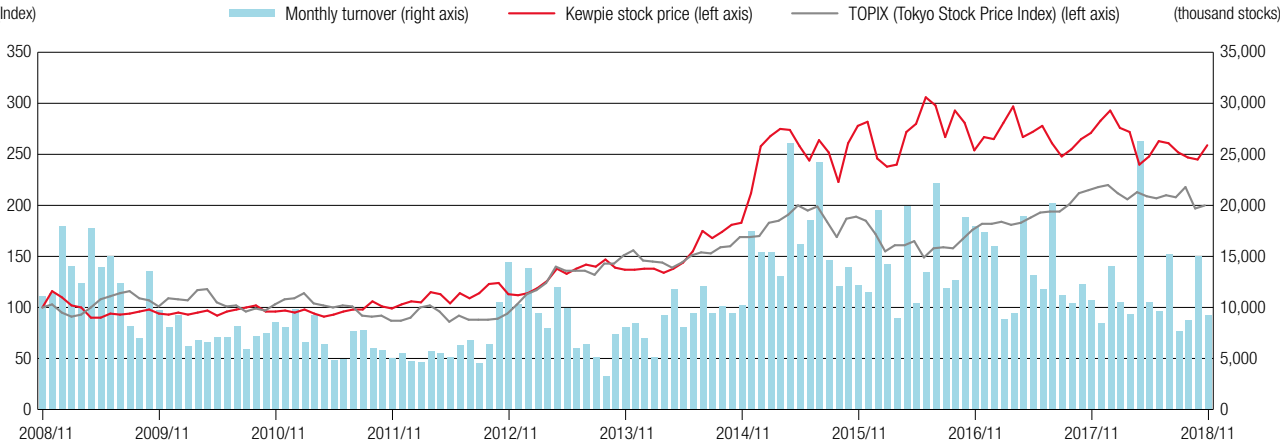
1. NAKASHIMATO CO., LTD. is our largest shareholder, possessing 16.2% of the Company's voting rights (5.7% of which comprises voting rights attendant on shares held indirectly) but the Company independently decides important management-related matters. The Company conducts various transactions with NAKASHIMATO, including purchase and sale of products, expense transactions and transactions involving the leasing or renting of real estate. These transactions are made after considering market prices and with permission of the Board of Directors in the same way as general transactions and no relationship involving cash loans or debt guarantees exists between the Company and the NAKASHIMATO Group. Therefore, the Company perceives itself as sufficiently independent from the influence of the NAKASHIMATO group.

2. The Company has named Sumitomo Mitsu Trust Bank, Limited as its trustee, Japan Trustee Services Bank, Ltd. as its standby trustee and the Kewpie Mirai Tamago Foundation as its beneficiary in its third-party-benefit trust. The number of shares owned by Japan Trustee Services Bank, Ltd. (trust account) includes 1,500 thousand shares of the Company's own shares. The dividends from these shares are used as a source of funding for the Kewpie Mirai Tamago Foundation's activities. In terms of voting rights, Sumitomo Mitsui Trust Bank, Limited exercises voting rights of the shares in accordance with Japan Trustee Services Bank, Ltd.'s standards regarding the exercising of voting rights.

3. The 3,713 thousand shares held by Mizuho Trust & Banking Co., Ltd. (Retirement Benefit Trust for Mizuho Bank, Ltd.) are the trust assets entrusted by Mizuho Bank for its retirement benefit trust.

4. The Company holds 6,956,925 shares of treasury stock. The ratio of number of the Company's shares held is calculated excluding the treasury stock.

Share Price Movement



* Stock price index of Kewpie and TOPIX (November 30, 2008 = 100)

Corporate Information

Corporate Data

Corporate Name: Kewpie Corporation
Founded: November 1919
Paid-in Capital: ¥24,104 million
Number of Employees (consolidated): 14,808
(non-consolidated): 2,508
(As of November 30, 2018)

Location of Head Office: 1-4-13, Shibuya, Shibuya-ku, Tokyo, Japan
Stock Exchange Listing: Tokyo Stock Exchange First Section (Ticker Code: 2809)
American Depositary Receipts (ADRs): OTC (Symbol: KWCPY)
Transfer Agent: Sumitomo Mitsui Trust Bank, Limited
Fiscal year: December 1 to November 30

Kewpie Group

Condiments and Processed Foods Business
Salad and Delicatessen Business
Egg Business
Fruit Solution Business
Fine Chemicals Business
Distribution Business
Common Business Operations

Domestic Subsidiaries

Kewpie Jyozo Co., Ltd.	Production and sale of vinegar
Dispen Pak Japan Co., Inc.	Production and sale of foods, and subdividing and packing work
Salad Mate Co., Ltd.	Sale of condiments, and processed foods
Deft Co., Ltd.	Sale of condiments, frozen and processed foods
Kpack Co., Ltd.	Production and sale of condiments
Co-op Foods Co., Ltd.	Production and sale of bottled, canned and / or retort pouch foods
Hashikami Kewpie Co., Ltd.	Production and processing of foods; outsourced work
Tosu Kewpie Co., Ltd.	Production and processing of foods; outsourced work
Fujiyoshida Kewpie Co., Ltd.	Production and processing of foods; outsourced work
Deria Foods Co., Ltd.	Sale of salads and delicatessen foods
Shunsai Deli Co., Ltd.	Production and sale of delicatessen foods
Seto Delica Co., Ltd.	Production and sale of delicatessen foods
Ishikari Delica Co., Ltd.	Production and sale of delicatessen foods
Hanshin Delica Co., Ltd.	Production and sale of delicatessen foods
Tosu Delica Co., Ltd.	Production and sale of delicatessen foods
Kitakami Delica Co., Ltd.	Production and sale of delicatessen foods
Potato Delica Co., Ltd.	Production of frozen and chilled foods
Soka Delica Co., Ltd.	Production and sale of delicatessen foods
Salad Club, Inc.	Processing and sale of fresh vegetables
Green Message Co., Ltd.	Processing and sale of fresh vegetables
Zen-noh Kewpie Egg-station Co., Ltd.	Production and sale of dried eggs and liquid egg
Kewpie Egg Corporation	Production and sale of liquid and frozen eggs
Kewpie-Egg World Trading Co., Ltd.	Sale of egg and processed egg
Aohata Corporation	Production and sale of canned food
Tou Kewpie Co., Ltd.	Mail-order business
K.R.S. Corporation	Warehousing and transportation
S. Y. PROMOTION Co., Ltd.	Transportation
K. Tis Corporation	Warehousing and transportation
Kewso Services Corporation	Sale of equipment for cars

KLQ Corporation	Transportation
San-ei Logistics Corporation	Transportation
Osaka Sanei Logistics Corporation	Transportation
San Family Corporation	Transportation
KAT Corporation	Transportation
Fresh Delica Network Corporation	Transportation
Hisamatsu Transport Corporation	Transportation
Shiba Seisakusyo Co., Ltd.	Production of machinery and equipment
San-ei Provisions Co., Ltd.	Sale of products for food service use
K.System Co., Ltd.	Consigned clerical work
Kewpie Ai Co., Ltd.	Consigned clerical work
K.SS Co., Ltd.	Planning, production and services for sales promotion
TO AD KEWPIE CO., LTD.	Agency service for advertising, publicity, and exhibitions

Overseas Subsidiaries

Q&B FOODS, INC.	Production and sale of condiments
BEIJING KEWPIE CO., LTD.	Production and sale of condiments
KEWPIE (THAILAND) CO., LTD.	Production and sale of condiments, vinegar, salads and processed foods
Hangzhou Kewpie Corporation	Production and sale of condiments
KEWPIE MALAYSIA SDN. BHD.	Production and sale of condiments
KEWPIE VIETNAM CO., LTD.	Production and sale of condiments
PT. KEWPIE INDONESIA	Production and sale of condiments
Nantong Kewpie Corporation	Production and sale of vinegar, processed egg and salads
Mosso Kewpie Poland Sp. z o.o.	Production and sale of condiments
Kewpie China Corporation	Financial management and business management of the Company's local subsidiaries in China
Guangzhou Kewpie Corporation	Production and sale of condiments
Kewpie Philippines, Inc.	Sale of condiments
HENNINGSEN FOODS, INC.	Production and sale of egg products and dried meats
KIFUKU U.S.A. CO., INC.	Investment in and management of U.S. associates

www.kewpie.com/en/