

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 15, 2023

Company name: KENKO Mayonnaise Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 2915 URL <https://www.kenkomayo.co.jp>
 Representative: President and Representative Director Takashi Sumii
 Inquiries: Director and Executive Vice President Yoichi Terajima TEL 03-5941-7682
 Scheduled date of ordinary general meeting of shareholders: June 28, 2023
 Scheduled date to file Securities Report: June 28, 2023
 Scheduled date to commence dividend payments: June 9, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2023	82,363	8.9	105	(93.5)	169	(89.6)	485	(59.9)
Year ended March 31, 2022	75,647	10.4	1,616	(18.2)	1,622	(20.9)	1,211	(16.9)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2023	29.86	—	1.3	0.3	0.1
Year ended March 31, 2022	74.32	—	3.4	2.6	2.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	62,229	36,794	59.1	2,281.75
As of March 31, 2022	61,760	36,539	59.2	2,245.07

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	3,526	(856)	(2,822)	12,289
Year ended March 31, 2022	3,757	(419)	(3,281)	12,441

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	—	7.00	—	10.00	17.00	276	22.9	0.8
Year ended March 31, 2023	—	8.00	—	9.00	17.00	275	56.9	0.8
Year ending March 31, 2024 (Forecast)	—	10.00	—	15.00	25.00		71.3	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	87,400	6.1	1,220	—	1,300	667.8	570	17.4	35.05

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2023	16,476,000 shares	As of March 31, 2022	16,476,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2023	350,578 shares	As of March 31, 2022	200,578 shares
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Average number of shares during the period

Year ended March 31, 2023	16,262,922 shares	Year ended March 31, 2022	16,304,589 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	12,441	12,289
Notes receivable - trade	119	65
Accounts receivable - trade	11,837	13,218
Merchandise and finished goods	2,082	2,514
Work in process	9	15
Raw materials and supplies	917	1,092
Accounts receivable - other	40	30
Income taxes refund receivable	211	66
Other	210	358
Allowance for doubtful accounts	(2)	(0)
Total current assets	27,868	29,651
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,211	21,426
Accumulated depreciation	(9,872)	(10,737)
Buildings and structures, net	11,339	10,688
Machinery, equipment and vehicles	26,691	26,891
Accumulated depreciation	(17,516)	(19,179)
Machinery, equipment and vehicles, net	9,174	7,711
Tools, furniture and fixtures	1,835	1,912
Accumulated depreciation	(1,528)	(1,635)
Tools, furniture and fixtures, net	306	277
Land	6,021	6,021
Leased assets	50	73
Accumulated depreciation	(4)	(35)
Leased assets, net	46	38
Construction in progress	0	0
Total property, plant and equipment	26,889	24,738
Intangible assets	290	807
Investments and other assets		
Investment securities	5,360	5,582
Retirement benefit asset	322	382
Deferred tax assets	161	178
Guarantee deposits	241	240
Insurance funds	571	576
Other	85	100
Allowance for doubtful accounts	(30)	(30)
Total investments and other assets	6,711	7,031
Total non-current assets	33,892	32,577
Total assets	61,760	62,229

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Accounts payable - trade	9,160	11,479
Electronically recorded obligations - operating	711	845
Current portion of long-term borrowings	1,449	1,144
Accounts payable - other	2,957	2,824
Income taxes payable	295	228
Provision for bonuses	437	428
Provision for bonuses for directors (and other officers)	26	27
Electronically recorded obligations - non-operating	–	0
Other	1,030	1,107
Total current liabilities	16,068	18,087
Non-current liabilities		
Long-term borrowings	5,466	4,321
Deferred tax liabilities	97	–
Provision for retirement benefits for directors (and other officers)	6	–
Retirement benefit liability	356	347
Long-term accounts payable - other	3,035	2,501
Asset retirement obligations	119	119
Other	71	57
Total non-current liabilities	9,153	7,348
Total liabilities	25,221	25,435
Net assets		
Shareholders' equity		
Share capital	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	24,153	24,635
Treasury shares	(332)	(530)
Total shareholders' equity	34,936	35,221
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,389	1,573
Foreign currency translation adjustment	220	15
Remeasurements of defined benefit plans	(7)	(15)
Total accumulated other comprehensive income	1,602	1,572
Total net assets	36,539	36,794
Total liabilities and net assets	61,760	62,229

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	75,647	82,363
Cost of sales	59,851	67,737
Gross profit	15,795	14,625
Selling, general and administrative expenses	14,179	14,520
Operating profit	1,616	105
Non-operating income		
Rental income	15	16
Interest and dividend income	35	41
Subsidies for employment adjustment	11	0
Other	107	100
Total non-operating income	169	158
Non-operating expenses		
Interest expenses	71	59
Share of loss of entities accounted for using equity method	78	4
Other	14	30
Total non-operating expenses	163	94
Ordinary profit	1,622	169
Extraordinary income		
Gain on change in equity	—	45
Gain on sale of investment securities	1	302
Subsidy income	147	238
Other	0	—
Total extraordinary income	149	585
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	—	102
Loss on sale of investment securities	0	—
Loss on valuation of investment securities	13	—
Loss on retirement of non-current assets	2	3
Other	1	0
Total extraordinary losses	17	106
Profit before income taxes	1,754	648
Income taxes - current	567	334
Income taxes - deferred	(24)	(171)
Total income taxes	543	163
Profit	1,211	485
Profit attributable to owners of parent	1,211	485

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	1,211	485
Other comprehensive income		
Valuation difference on available-for-sale securities	120	183
Remeasurements of defined benefit plans, net of tax	27	(7)
Share of other comprehensive income of entities accounted for using equity method	243	(205)
Total other comprehensive income	392	(29)
Comprehensive income	1,604	455
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,604	455

Consolidated statements of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,424	5,691	23,253	(1)	34,367
Changes during period					
Dividends of surplus			(311)		(311)
Profit attributable to owners of parent			1,211		1,211
Purchase of treasury shares				(331)	(331)
Net changes in items other than shareholders' equity					
Total changes during period	—	—	900	(331)	569
Balance at end of period	5,424	5,691	24,153	(332)	34,936

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,268	(22)	(35)	1,210	35,577
Changes during period					
Dividends of surplus					(311)
Profit attributable to owners of parent					1,211
Purchase of treasury shares					(331)
Net changes in items other than shareholders' equity	120	243	27	392	392
Total changes during period	120	243	27	392	961
Balance at end of period	1,389	220	(7)	1,602	36,539

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,424	5,691	24,153	(332)	34,936
Changes during period					
Dividends of surplus			(292)		(292)
Profit attributable to owners of parent			485		485
Purchase of treasury shares				(197)	(197)
Increase due to decrease in affiliates			289		289
Net changes in items other than shareholders' equity					
Total changes during period	—	—	482	(197)	284
Balance at end of period	5,424	5,691	24,635	(530)	35,221

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of period	1,389	220	(7)	1,602	36,539
Changes during period					
Dividends of surplus					(292)
Profit attributable to owners of parent					485
Purchase of treasury shares					(197)
Increase due to decrease in affiliates					289
Net changes in items other than shareholders' equity	183	(205)	(7)	(29)	(29)
Total changes during period	183	(205)	(7)	(29)	254
Balance at end of period	1,573	15	(15)	1,572	36,794

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,754	648
Depreciation	2,797	2,776
Increase (decrease) in allowance for doubtful accounts	(0)	(2)
Increase (decrease) in provision for bonuses	28	(8)
Increase (decrease) in provision for bonuses for directors (and other officers)	10	1
Increase (decrease) in retirement benefit liability	(15)	(20)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	0
Interest and dividend income	(35)	(41)
Interest expenses	71	59
Loss (gain) on sale of investment securities	(1)	(302)
Loss on retirement of non-current assets	2	3
Loss on tax purpose reduction entry of non-current assets	—	102
Subsidies for employment adjustment	(11)	(0)
Subsidy income	(147)	(238)
Miscellaneous losses	—	(5)
Loss (gain) on change in equity	—	(45)
Decrease (increase) in trade receivables	(952)	(1,327)
Decrease (increase) in inventories	(373)	(612)
Increase (decrease) in trade payables	1,445	2,452
Decrease (increase) in prepaid expenses	7	(46)
Increase (decrease) in accounts payable - other	146	241
Increase (decrease) in accrued consumption taxes	(463)	(67)
Increase (decrease) in accrued expenses	17	71
Decrease (increase) in other assets	(2)	(165)
Increase (decrease) in other liabilities	(4)	63
Other, net	92	4
Subtotal	4,369	3,541
Interest and dividends received	97	41
Interest paid	(71)	(59)
Subsidies received	159	238
Income taxes paid	(797)	(380)
Income taxes refund	—	144
Net cash provided by (used in) operating activities	3,757	3,526
Cash flows from investing activities		
Purchase of property, plant and equipment	(226)	(585)
Purchase of intangible assets	(172)	(719)
Purchase of investment securities	(20)	(15)
Proceeds from sale of investment securities	2	463
Other, net	(3)	0
Net cash provided by (used in) investing activities	(419)	(856)

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Repayments of long-term borrowings	(1,725)	(1,449)
Purchase of treasury shares	(331)	(197)
Dividends paid	(310)	(292)
Repayments of installment payables	(906)	(875)
Other, net	(7)	(7)
Net cash provided by (used in) financing activities	(3,281)	(2,822)
Net increase (decrease) in cash and cash equivalents	56	(152)
Cash and cash equivalents at beginning of period	12,385	12,441
Cash and cash equivalents at end of period	12,441	12,289