

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**

May 15, 2019

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
 Managing Executive Officer and General Atsushi Kyogoku
 Inquiries: Manager Corporate Planning Headquarters TEL 03-5318-7530
 Scheduled date of ordinary general meeting of shareholders: June 26, 2019
 Scheduled date to file Securities Report: June 26, 2019
 Scheduled date to commence dividend payments: June 27, 2019
 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, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2019	73,989	1.7	3,116	(25.3)	3,145	(24.2)	2,296	(20.2)
Year ended March 31, 2018	72,759	2.7	4,173	4.7	4,149	3.3	2,877	0.4

	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, 2019	139.40	–	7.2	4.7	4.2
Year ended March 31, 2018	174.65	–	9.7	7.1	5.7

(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, 2019	70,105	32,900	46.9	1,996.95
As of March 31, 2018	64,837	30,984	47.8	1,880.61

(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, 2019	2,405	(8,895)	4,345	10,927
Year ended March 31, 2018	4,950	(11,811)	6,154	13,072

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, 2018	–	18.00	–	19.00	37.00	609	21.2	2.1
Year ended March 31, 2019	–	15.00	–	15.00	30.00	494	21.5	1.5
Year ending March 31, 2020 (Forecast)	–	15.00	–	16.00	31.00		21.7	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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
Six months ending September 30, 2019	38,400	2.6	1,540	5.8	1,580	4.5	1,080	19.5	65.55
Full year	76,000	2.7	3,300	5.9	3,300	4.9	2,350	2.3	142.64

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(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:

No

Changes in accounting policies due to other reasons:

No

Changes in accounting estimates:

Yes

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, 2019	16,476,000 shares	As of March 31, 2018	16,476,000 shares
----------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of March 31, 2019	578 shares	As of March 31, 2018	441 shares
----------------------	------------	----------------------	------------

Average number of shares during the period

Year ended March 31, 2019	16,475,490 shares	Year ended March 31, 2018	16,475,679 shares
---------------------------	-------------------	---------------------------	-------------------

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	13,072	10,927
Notes and accounts receivable - trade	13,566	13,398
Merchandise and finished goods	1,866	1,900
Work in process	10	10
Raw materials and supplies	1,100	1,038
Accounts receivable - other	47	89
Other	457	580
Allowance for doubtful accounts	(0)	(0)
Total current assets	30,121	27,945
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,819	19,275
Accumulated depreciation	(7,142)	(7,682)
Buildings and structures, net	9,676	11,593
Machinery, equipment and vehicles	16,602	23,355
Accumulated depreciation	(10,697)	(11,853)
Machinery, equipment and vehicles, net	5,904	11,501
Tools, furniture and fixtures	1,414	1,698
Accumulated depreciation	(1,057)	(1,177)
Tools, furniture and fixtures, net	356	521
Land	5,978	5,900
Leased assets	15	84
Accumulated depreciation	(8)	(15)
Leased assets, net	6	69
Construction in progress	8,543	5,921
Total property, plant and equipment	30,466	35,507
Intangible assets	219	201
Investments and other assets		
Investment securities	2,370	5,041
Deferred tax assets	611	287
Guarantee deposits	365	362
Insurance funds	553	569
Other	166	221
Allowance for doubtful accounts	(36)	(32)
Total investments and other assets	4,030	6,450
Total non-current assets	34,716	42,159
Total assets	64,837	70,105

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Accounts payable - trade	9,940	9,648
Electronically recorded obligations - operating	825	903
Current portion of long-term loans payable	1,165	1,696
Accounts payable - other	6,606	4,933
Income taxes payable	866	604
Provision for bonuses	438	435
Provision for bonuses for directors (and other officers)	16	17
Provision for sales rebates	20	17
Electronically recorded obligations - non-operating	32	921
Other	1,395	1,146
Total current liabilities	21,307	20,323
Non-current liabilities		
Long-term loans payable	7,131	10,085
Deferred tax liabilities	30	39
Provision for retirement benefits for directors (and other officers)	439	468
Retirement benefit liability	365	395
Long-term accounts payable - other	3,986	5,792
Other provision	550	-
Other	41	98
Total non-current liabilities	12,546	16,880
Total liabilities	33,853	37,204
Net assets		
Shareholders' equity		
Capital stock	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	18,890	20,626
Treasury shares	(1)	(1)
Total shareholders' equity	30,004	31,740
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,064	1,227
Foreign currency translation adjustment	2	(14)
Remeasurements of defined benefit plans	(87)	(54)
Total accumulated other comprehensive income	979	1,159
Total net assets	30,984	32,900
Total liabilities and net assets	64,837	70,105

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	72,759	73,989
Cost of sales	53,837	55,778
Gross profit	18,922	18,210
Selling, general and administrative expenses	14,748	15,094
Operating profit	4,173	3,116
Non-operating income		
Interest and dividend income	34	36
Rent income	15	15
Share of profit of entities accounted for using equity method	–	3
Other	98	128
Total non-operating income	148	184
Non-operating expenses		
Interest expenses	68	97
Foreign exchange losses	0	49
Share of loss of entities accounted for using equity method	94	–
Other	9	9
Total non-operating expenses	173	155
Ordinary profit	4,149	3,145
Extraordinary income		
Subsidy income	68	156
Gain on sales of investment securities	9	13
Other	0	562
Total extraordinary income	78	732
Extraordinary losses		
Impairment loss	3	44
Loss on disaster	–	22
Loss on retirement of non-current assets	13	19
Other	4	10
Total extraordinary losses	21	96
Profit before income taxes	4,205	3,781
Income taxes - current	1,377	1,266
Income taxes - deferred	(49)	217
Total income taxes	1,328	1,484
Profit	2,877	2,296
Profit attributable to owners of parent	2,877	2,296

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	2,877	2,296
Other comprehensive income		
Valuation difference on available-for-sale securities	265	163
Remeasurements of defined benefit plans, net of tax	68	32
Share of other comprehensive income of entities accounted for using equity method	(7)	(16)
Total other comprehensive income	326	180
Comprehensive income	3,203	2,476
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,203	2,476

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,424	5,691	16,688	(0)	27,803
Changes of items during period					
Dividends of surplus			(675)		(675)
Profit attributable to owners of parent			2,877		2,877
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,202	(0)	2,201
Balance at end of current period	5,424	5,691	18,890	(1)	30,004

	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 current period	798	9	(155)	652	28,456
Changes of items during period					
Dividends of surplus					(675)
Profit attributable to owners of parent					2,877
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	265	(7)	68	326	326
Total changes of items during period	265	(7)	68	326	2,527
Balance at end of current period	1,064	2	(87)	979	30,984

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,424	5,691	18,890	(1)	30,004
Changes of items during period					
Dividends of surplus			(560)		(560)
Profit attributable to owners of parent			2,296		2,296
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	1,736	(0)	1,736
Balance at end of current period	5,424	5,691	20,626	(1)	31,740

	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 current period	1,064	2	(87)	979	30,984
Changes of items during period					
Dividends of surplus					(560)
Profit attributable to owners of parent					2,296
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	163	(16)	32	180	180
Total changes of items during period	163	(16)	32	180	1,916
Balance at end of current period	1,227	(14)	(54)	1,159	32,900

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	4,205	3,781
Depreciation	1,745	2,077
Impairment loss	3	44
Increase (decrease) in allowance for doubtful accounts	(5)	(4)
Increase (decrease) in provision for bonuses	17	(3)
Increase (decrease) in provision for bonuses for directors (and other officers)	1	0
Increase (decrease) in retirement benefit liability	21	37
Increase (decrease) in other provision	–	(550)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	55	28
Interest and dividend income	(34)	(36)
Interest expenses	68	97
Loss on retirement of non-current assets	13	19
Decrease (increase) in notes and accounts receivable - trade	(2,129)	167
Decrease (increase) in inventories	(158)	28
Increase (decrease) in notes and accounts payable - trade	2,014	(213)
Decrease (increase) in prepaid expenses	(13)	8
Increase (decrease) in accounts payable - other	544	(999)
Increase (decrease) in accrued consumption taxes	100	(268)
Increase (decrease) in accrued expenses	94	20
Decrease (increase) in other assets	(266)	(197)
Increase (decrease) in other liabilities	5	(40)
Other, net	85	(15)
Subtotal	6,368	3,980
Interest and dividend income received	34	36
Interest expenses paid	(68)	(97)
Income taxes paid	(1,383)	(1,515)
Net cash provided by (used in) operating activities	4,950	2,405
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,759)	(6,635)
Purchase of intangible assets	(10)	(96)
Purchase of investment securities	(62)	(21)
Proceeds from sales of investment securities	21	19
Purchase of shares of subsidiaries and associates	–	(2,164)
Other, net	(0)	3
Net cash provided by (used in) investing activities	(11,811)	(8,895)
Cash flows from financing activities		
Proceeds from long-term loans payable	6,986	4,960
Repayments of long-term loans payable	(1,099)	(1,475)
Cash dividends paid	(674)	(559)
Proceeds from installment plan	2,708	3,729
Repayments of installment payables	(1,768)	(2,303)
Other, net	1	(6)
Net cash provided by (used in) financing activities	6,154	4,345
Net increase (decrease) in cash and cash equivalents	(707)	(2,145)
Cash and cash equivalents at beginning of period	13,779	13,072
Cash and cash equivalents at end of period	13,072	10,927