

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2019 (Based on Japanese GAAP)

November 8, 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 Director and Chief Executive Officer Kazuhiro Ito TEL 03-5318-7530  
 Scheduled date to file Quarterly Securities Report: November 11, 2019  
 Scheduled date to commence dividend payments: December 2, 2019  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the six months ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

#### (1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2019	37,766	1.0	1,490	2.4	1,590	5.2	1,104	22.2
Six months ended September 30, 2018	37,409	1.0	1,456	(32.4)	1,512	(30.8)	903	(39.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2019	67.03		-	
Six months ended September 30, 2018	54.84		-	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2019	65,420	33,619	51.4
As of March 31, 2019	70,105	32,900	46.9

### 2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2019	-	15.00	-	15.00	30.00
Year ending March 31, 2020	-	15.00	-	-	-
Year ending March 31, 2020 (Forecast)	-	-	-	16.00	31.00

### 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
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 six months ended September 30, 2019  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) 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: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of September 30, 2019	16,476,000 shares	As of March 31, 2019	16,476,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2019	578 shares	As of March 31, 2019	578 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2019	16,475,422 shares	Six months ended September 30, 2018	16,475,514 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and deposits	10,927	9,782
Notes and accounts receivable - trade	13,398	12,391
Merchandise and finished goods	1,900	1,806
Work in process	10	12
Raw materials and supplies	1,038	984
Other	670	276
Allowance for doubtful accounts	(0)	(0)
Total current assets	27,945	25,253
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,593	13,469
Machinery, equipment and vehicles, net	11,501	13,658
Land	5,900	5,904
Construction in progress	5,921	35
Other, net	590	545
Total property, plant and equipment	35,507	33,614
Intangible assets	201	187
Investments and other assets		
Investment securities	5,041	4,954
Deferred tax assets	287	273
Other	1,153	1,168
Allowance for doubtful accounts	(32)	(30)
Total investments and other assets	6,450	6,365
Total non-current assets	42,159	40,166
Total assets	70,105	65,420

(Millions of yen)

	As of March 31, 2019	As of September 30, 2019
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	9,648	8,312
Electronically recorded obligations - operating	903	800
Current portion of long-term borrowings	1,696	1,592
Income taxes payable	604	548
Other provisions	469	584
Electronically recorded obligations - non-operating	921	112
Other	6,080	4,751
<b>Total current liabilities</b>	<b>20,323</b>	<b>16,701</b>
<b>Non-current liabilities</b>		
Long-term borrowings	10,085	9,316
Provision for retirement benefits for directors (and other officers)	468	364
Retirement benefit liability	395	384
Other	5,931	5,033
<b>Total non-current liabilities</b>	<b>16,880</b>	<b>15,099</b>
<b>Total liabilities</b>	<b>37,204</b>	<b>31,801</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	20,626	21,483
Treasury shares	(1)	(1)
<b>Total shareholders' equity</b>	<b>31,740</b>	<b>32,598</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,227	1,131
Foreign currency translation adjustment	(14)	(66)
Remeasurements of defined benefit plans	(54)	(44)
<b>Total accumulated other comprehensive income</b>	<b>1,159</b>	<b>1,020</b>
<b>Total net assets</b>	<b>32,900</b>	<b>33,619</b>
<b>Total liabilities and net assets</b>	<b>70,105</b>	<b>65,420</b>

**Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)**

**Consolidated statements of income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Net sales	37,409	37,766
Cost of sales	28,292	28,735
Gross profit	9,117	9,030
Selling, general and administrative expenses	7,660	7,539
Operating profit	1,456	1,490
Non-operating income		
Share of profit of entities accounted for using equity method	6	83
Interest and dividend income	20	20
Other	79	52
Total non-operating income	106	156
Non-operating expenses		
Interest expenses	46	52
Other	3	4
Total non-operating expenses	49	56
Ordinary profit	1,512	1,590
Extraordinary income		
Subsidy income	63	22
Other	14	–
Total extraordinary income	77	22
Extraordinary losses		
Impairment loss	22	1
Loss on disaster	15	0
Loss on retirement of non-current assets	1	0
Other	–	2
Total extraordinary losses	38	5
Profit before income taxes	1,551	1,607
Income taxes	647	502
Profit	903	1,104
Profit attributable to owners of parent	903	1,104

## Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Profit	903	1,104
Other comprehensive income		
Valuation difference on available-for-sale securities	178	(96)
Remeasurements of defined benefit plans, net of tax	16	9
Share of other comprehensive income of entities accounted for using equity method	(23)	(52)
Total other comprehensive income	171	(138)
Comprehensive income	1,074	965
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,074	965

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2018	Six months ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	1,551	1,607
Depreciation	974	1,476
Increase (decrease) in provision	107	113
Increase (decrease) in retirement benefit liability	16	(10)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	6	(103)
Interest and dividend income	(20)	(20)
Interest expenses	46	52
Decrease (increase) in trade receivables	(945)	1,007
Decrease (increase) in inventories	238	146
Increase (decrease) in trade payables	867	(1,439)
Increase (decrease) in accounts payable - other	129	(781)
Other, net	(52)	826
Subtotal	2,919	2,875
Interest and dividends received	20	20
Interest paid	(46)	(53)
Income taxes paid	(702)	(527)
Net cash provided by (used in) operating activities	2,191	2,315
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,175)	(1,556)
Purchase of intangible assets	(20)	(33)
Purchase of investment securities	(11)	(11)
Proceeds from sales of investment securities	19	-
Other, net	(1)	(0)
Net cash provided by (used in) investing activities	(4,189)	(1,602)
Cash flows from financing activities		
Proceeds from long-term borrowings	700	-
Repayments of long-term borrowings	(593)	(873)
Dividends paid	(312)	(246)
Proceeds from installment plan	1,334	-
Repayments of installment payables	(1,225)	(734)
Other, net	(2)	(4)
Net cash provided by (used in) financing activities	(99)	(1,858)
Net increase (decrease) in cash and cash equivalents	(2,097)	(1,145)
Cash and cash equivalents at beginning of period	13,072	10,927
Cash and cash equivalents at end of period	10,975	9,782