

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2020 (Based on Japanese GAAP)

May 18, 2020

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
 Inquiries: Kazuhiro Ito
 Scheduled date of ordinary general meeting of shareholders: June 24, 2020
 Scheduled date to file Securities Report: June 24, 2020
 Scheduled date to commence dividend payments: June 25, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	74,480	0.7	2,900	(6.9)	3,003	(4.5)	2,058	(10.4)
Year ended March 31, 2019	73,989	1.7	3,116	(25.3)	3,145	(24.2)	2,296	(20.2)

	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, 2020	124.94	–	6.1	4.5	3.9
Year ended March 31, 2019	139.40	–	7.2	4.7	4.2

(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, 2020	63,767	34,103	53.5	2,069.93
As of March 31, 2019	70,105	32,900	46.9	1,996.95

(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, 2020	5,575	(2,098)	(3,657)	10,747
Year ended March 31, 2019	2,405	(8,895)	4,345	10,927

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, 2019	–	15.00	–	15.00	30.00	494	21.5	1.5
Year ended March 31, 2020	–	15.00	–	16.00	31.00	510	24.8	1.5
Year ending March 31, 2021 (Forecast)	–	–	–	–	–	–	–	–

3. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2020
 (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: 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, 2020	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 March 31, 2020	578 shares	As of March 31, 2019	578 shares
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Average number of shares during the period

Year ended March 31, 2020	16,475,422 shares	Year ended March 31, 2019	16,475,490 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	10,927	10,747
Notes and accounts receivable - trade	13,398	11,399
Merchandise and finished goods	1,900	2,060
Work in process	10	9
Raw materials and supplies	1,038	958
Accounts receivable - other	89	127
Other	580	317
Allowance for doubtful accounts	(0)	(2)
Total current assets	27,945	25,617
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,275	21,047
Accumulated depreciation	(7,682)	(8,445)
Buildings and structures, net	11,593	12,601
Machinery, equipment and vehicles	23,355	26,546
Accumulated depreciation	(11,853)	(13,830)
Machinery, equipment and vehicles, net	11,501	12,716
Tools, furniture and fixtures	1,698	1,733
Accumulated depreciation	(1,177)	(1,316)
Tools, furniture and fixtures, net	521	416
Land	5,900	5,903
Leased assets	84	73
Accumulated depreciation	(15)	(12)
Leased assets, net	69	61
Construction in progress	5,921	126
Total property, plant and equipment	35,507	31,826
Intangible assets	201	169
Investments and other assets		
Investment securities	5,041	4,666
Retirement benefit asset	75	151
Deferred tax assets	287	308
Guarantee deposits	362	355
Insurance funds	569	560
Other	146	138
Allowance for doubtful accounts	(32)	(26)
Total investments and other assets	6,450	6,153
Total non-current assets	42,159	38,149
Total assets	70,105	63,767

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	9,648	7,938
Electronically recorded obligations - operating	903	715
Current portion of long-term borrowings	1,696	1,513
Accounts payable - other	4,933	3,605
Income taxes payable	604	439
Provision for bonuses	435	434
Provision for bonuses for directors (and other officers)	17	16
Provision for sales rebates	17	18
Electronically recorded obligations - non-operating	921	1
Other	1,146	1,072
Total current liabilities	20,323	15,757
Non-current liabilities		
Long-term borrowings	10,085	8,571
Deferred tax liabilities	39	41
Provision for retirement benefits for directors (and other officers)	468	382
Retirement benefit liability	395	394
Long-term accounts payable - other	5,792	4,425
Other	98	90
Total non-current liabilities	16,880	13,907
Total liabilities	37,204	29,664
Net assets		
Shareholders' equity		
Share capital	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	20,626	22,190
Treasury shares	(1)	(1)
Total shareholders' equity	31,740	33,305
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,227	899
Foreign currency translation adjustment	(14)	(44)
Remeasurements of defined benefit plans	(54)	(56)
Total accumulated other comprehensive income	1,159	797
Total net assets	32,900	34,103
Total liabilities and net assets	70,105	63,767

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	73,989	74,480
Cost of sales	55,778	56,635
Gross profit	18,210	17,844
Selling, general and administrative expenses	15,094	14,944
Operating profit	3,116	2,900
Non-operating income		
Share of profit of entities accounted for using equity method	3	67
Rental income	15	15
Interest and dividend income	36	40
Other	128	90
Total non-operating income	184	213
Non-operating expenses		
Interest expenses	97	100
Foreign exchange losses	49	1
Other	9	8
Total non-operating expenses	155	110
Ordinary profit	3,145	3,003
Extraordinary income		
Gain on sales of investment securities	13	–
Subsidy income	156	159
Other	562	10
Total extraordinary income	732	169
Extraordinary losses		
Impairment loss	44	4
Loss on disaster	22	2
Loss on retirement of non-current assets	19	3
Loss on cancellation of rental contracts	–	53
Other	10	3
Total extraordinary losses	96	68
Profit before income taxes	3,781	3,104
Income taxes - current	1,266	958
Income taxes - deferred	217	88
Total income taxes	1,484	1,046
Profit	2,296	2,058
Profit attributable to owners of parent	2,296	2,058

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	2,296	2,058
Other comprehensive income		
Valuation difference on available-for-sale securities	163	(328)
Remeasurements of defined benefit plans, net of tax	32	(2)
Share of other comprehensive income of entities accounted for using equity method	(16)	(30)
Total other comprehensive income	180	(361)
Comprehensive income	2,476	1,696
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,476	1,696

Consolidated statements of changes in equity

Fiscal year ended March 31, 2019

(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	18,890	(1)	30,004
Changes 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 in items other than shareholders' equity					
Total changes during period	–	–	1,736	(0)	1,736
Balance at end of 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 period	1,064	2	(87)	979	30,984
Changes during period					
Dividends of surplus					(560)
Profit attributable to owners of parent					2,296
Purchase of treasury shares					(0)
Net changes in items other than shareholders' equity	163	(16)	32	180	180
Total changes during period	163	(16)	32	180	1,916
Balance at end of period	1,227	(14)	(54)	1,159	32,900

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of period	5,424	5,691	20,626	(1)	31,740
Changes during period					
Dividends of surplus			(494)		(494)
Profit attributable to owners of parent			2,058		2,058
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,564	–	1,564
Balance at end of period	5,424	5,691	22,190	(1)	33,305

	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	1,227	(14)	(54)	1,159	32,900
Changes during period					
Dividends of surplus					(494)
Profit attributable to owners of parent					2,058
Purchase of treasury shares					–
Net changes in items other than shareholders' equity	(328)	(30)	(2)	(361)	(361)
Total changes during period	(328)	(30)	(2)	(361)	1,202
Balance at end of period	899	(44)	(56)	797	34,103

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	3,781	3,104
Depreciation	2,077	2,966
Impairment loss	44	4
Loss on tax purpose reduction entry of non-current assets	–	851
Increase (decrease) in allowance for doubtful accounts	(4)	(3)
Increase (decrease) in provision for bonuses	(3)	(0)
Increase (decrease) in provision for bonuses for directors (and other officers)	0	(0)
Increase (decrease) in retirement benefit liability	37	(15)
Increase (decrease) in other provisions	(550)	–
Increase (decrease) in provision for retirement benefits for directors (and other officers)	28	(85)
Interest and dividend income	(36)	(40)
Interest expenses	97	100
Loss on retirement of non-current assets	19	3
Subsidy income	(156)	(1,020)
Decrease (increase) in trade receivables	167	1,999
Decrease (increase) in inventories	28	(79)
Increase (decrease) in trade payables	(213)	(1,897)
Decrease (increase) in prepaid expenses	8	(171)
Increase (decrease) in accounts payable - other	(999)	(655)
Increase (decrease) in accrued consumption taxes	(268)	535
Increase (decrease) in accrued expenses	20	(85)
Decrease (increase) in other assets	(197)	344
Increase (decrease) in other liabilities	(40)	(67)
Other, net	(15)	(67)
Subtotal	3,824	5,718
Interest and dividends received	36	40
Interest paid	(97)	(100)
Subsidies received	156	1,020
Income taxes paid	(1,515)	(1,103)
Net cash provided by (used in) operating activities	2,405	5,575
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,635)	(2,017)
Purchase of intangible assets	(96)	(51)
Purchase of investment securities	(21)	(22)
Proceeds from sales of investment securities	19	–
Purchase of shares of subsidiaries and associates	(2,164)	–
Other, net	3	(6)
Net cash provided by (used in) investing activities	(8,895)	(2,098)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Proceeds from long-term borrowings	4,960	–
Repayments of long-term borrowings	(1,475)	(1,696)
Dividends paid	(559)	(494)
Proceeds from installment plan	3,729	–
Repayments of installment payables	(2,303)	(1,459)
Other, net	(6)	(6)
Net cash provided by (used in) financing activities	4,345	(3,657)
Net increase (decrease) in cash and cash equivalents	(2,145)	(179)
Cash and cash equivalents at beginning of period	13,072	10,927
Cash and cash equivalents at end of period	10,927	10,747