

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

November 14, 2022

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 Kenji Tachibana TEL 03-5941-7682
 Scheduled date to file Quarterly Securities Report: November 14, 2022
 Scheduled date to commence dividend payments: December 9, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	40,750	8.7	620	(11.4)	642	(8.2)	482	5.7
Six months ended September 30, 2021	37,487	11.8	700	31.9	699	12.2	456	8.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	29.66		-	
Six months ended September 30, 2021	27.97		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	63,151	37,198	58.9
As of March 31, 2022	61,760	36,539	59.2

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, 2022	-	7.00	-	10.00	17.00
Year ending March 31, 2023	-	8.00	-	-	-
Year ending March 31, 2023 (Forecast)	-	-	-	9.00	17.00

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Full year	80,700	6.7	326	(79.8)	370	(77.2)

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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: Yes
- 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, 2022	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 September 30, 2022	200,578 shares	As of March 31, 2022	200,578 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, 2022	16,275,422 shares	Six months ended September 30, 2021	16,333,755 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	12,441	13,238
Notes receivable - trade	119	79
Accounts receivable - trade	11,837	12,953
Merchandise and finished goods	2,082	2,314
Work in process	9	19
Raw materials and supplies	917	1,121
Other	462	342
Allowance for doubtful accounts	(2)	(2)
Total current assets	27,868	30,066
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,339	10,986
Machinery, equipment and vehicles, net	9,174	8,285
Land	6,021	6,021
Construction in progress	0	1
Other, net	353	306
Total property, plant and equipment	26,889	25,602
Intangible assets	290	449
Investments and other assets		
Investment securities	5,360	5,660
Deferred tax assets	161	151
Other	1,220	1,251
Allowance for doubtful accounts	(30)	(30)
Total investments and other assets	6,711	7,033
Total non-current assets	33,892	33,085
Total assets	61,760	63,151

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	9,160	10,670
Electronically recorded obligations - operating	711	974
Current portion of long-term borrowings	1,449	1,449
Income taxes payable	295	282
Other provisions	463	447
Other	3,988	4,057
Total current liabilities	16,068	17,882
Non-current liabilities		
Long-term borrowings	5,466	4,741
Provision for retirement benefits for directors (and other officers)	6	5
Retirement benefit liability	356	368
Other	3,323	2,956
Total non-current liabilities	9,153	8,071
Total liabilities	25,221	25,953
Net assets		
Shareholders' equity		
Share capital	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	24,153	24,473
Treasury shares	(332)	(332)
Total shareholders' equity	34,936	35,256
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,389	1,324
Foreign currency translation adjustment	220	622
Remeasurements of defined benefit plans	(7)	(6)
Total accumulated other comprehensive income	1,602	1,941
Total net assets	36,539	37,198
Total liabilities and net assets	61,760	63,151

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, 2021	Six months ended September 30, 2022
Net sales	37,487	40,750
Cost of sales	29,649	32,705
Gross profit	7,838	8,045
Selling, general and administrative expenses	7,138	7,425
Operating profit	700	620
Non-operating income		
Interest and dividend income	18	23
Subsidies for employment adjustment	1	0
Other	39	46
Total non-operating income	59	69
Non-operating expenses		
Interest expenses	37	31
Share of loss of entities accounted for using equity method	15	5
Other	7	10
Total non-operating expenses	60	47
Ordinary profit	699	642
Extraordinary income		
Gain on change in equity	–	45
Gain on sale of investment securities	1	23
Subsidy income	6	1
Total extraordinary income	7	70
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	4	–
Other	–	0
Total extraordinary losses	5	0
Profit before income taxes	701	712
Income taxes	244	229
Profit	456	482
Profit attributable to owners of parent	456	482

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	456	482
Other comprehensive income		
Valuation difference on available-for-sale securities	279	(64)
Remeasurements of defined benefit plans, net of tax	19	1
Share of other comprehensive income of entities accounted for using equity method	30	401
Total other comprehensive income	330	338
Comprehensive income	786	821
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	786	821

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	701	712
Depreciation	1,400	1,387
Increase (decrease) in provisions	70	56
Increase (decrease) in retirement benefit liability	11	9
Increase (decrease) in provision for retirement benefits for directors (and other officers)	3	0
Interest and dividend income	(18)	(23)
Interest expenses	37	31
Loss (gain) on sale of investment securities	(1)	(23)
Subsidies for employment adjustment	(1)	(0)
Subsidy income	(6)	(1)
Loss (gain) on change in equity	–	(45)
Decrease (increase) in trade receivables	(681)	(1,075)
Decrease (increase) in inventories	(225)	(446)
Increase (decrease) in trade payables	1,795	1,772
Increase (decrease) in accounts payable - other	38	56
Other, net	(485)	(54)
Subtotal	2,638	2,356
Interest and dividends received	81	23
Interest paid	(37)	(31)
subsidies received, etc	7	2
Income taxes paid	(248)	(30)
Net cash provided by (used in) operating activities	2,441	2,319
Cash flows from investing activities		
Purchase of property, plant and equipment	(149)	(65)
Purchase of intangible assets	(88)	(200)
Purchase of investment securities	(10)	(11)
Proceeds from sale of investment securities	2	83
Other, net	(0)	(0)
Net cash provided by (used in) investing activities	(247)	(193)
Cash flows from financing activities		
Repayments of long-term borrowings	(1,006)	(724)
Purchase of treasury shares	(331)	–
Dividends paid	(197)	(162)
Repayments of installment payables	(457)	(439)
Other, net	(3)	(3)
Net cash provided by (used in) financing activities	(1,996)	(1,330)
Net increase (decrease) in cash and cash equivalents	197	796
Cash and cash equivalents at beginning of period	12,385	12,441
Cash and cash equivalents at end of period	12,583	13,238