

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2020 (Based on Japanese GAAP)

November 13, 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
 Senior Managing Director and Chief
 Inquiries: Executive Officer Yoichi Terajima TEL 03-5941-7682
 Scheduled date to file Quarterly Securities Report: November 13, 2020
 Scheduled date to commence dividend payments: December 2, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	33,533	(11.2)	530	(64.4)	623	(60.8)	422	(61.8)
Six months ended September 30, 2019	37,766	1.0	1,490	2.4	1,590	5.2	1,104	22.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	25.62		-	
Six months ended September 30, 2019	67.03		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2020	62,087	34,467	55.5
As of March 31, 2020	63,767	34,103	53.5

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, 2020	-	15.00	-	16.00	31.00
Year ending March 31, 2021	-	8.00	-	-	-
Year ending March 31, 2021 (Forecast)	-	-	-	12.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	68,000	(8.7)	2,100	(27.6)	2,040	(32.1)	1,320	(35.9)	80.12

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2020
(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, 2020	16,476,000 shares	As of March 31, 2020	16,476,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	578 shares	As of March 31, 2020	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, 2020	16,475,422 shares	Six months ended September 30, 2019	16,475,422 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	10,747	10,827
Notes and accounts receivable - trade	11,399	11,020
Merchandise and finished goods	2,060	1,640
Work in process	9	14
Raw materials and supplies	958	902
Other	445	534
Allowance for doubtful accounts	(2)	(2)
Total current assets	25,617	24,937
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,601	12,328
Machinery, equipment and vehicles, net	12,716	11,775
Land	5,903	6,019
Construction in progress	126	7
Other, net	478	540
Total property, plant and equipment	31,826	30,672
Intangible assets	169	154
Investments and other assets		
Investment securities	4,666	4,936
Deferred tax assets	308	224
Other	1,205	1,194
Allowance for doubtful accounts	(26)	(32)
Total investments and other assets	6,153	6,323
Total non-current assets	38,149	37,150
Total assets	63,767	62,087

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Accounts payable - trade	7,938	7,675
Electronically recorded obligations - operating	715	707
Current portion of long-term borrowings	1,513	1,493
Income taxes payable	439	273
Other provisions	470	478
Other	4,679	4,135
Total current liabilities	15,757	14,765
Non-current liabilities		
Long-term borrowings	8,571	7,893
Provision for retirement benefits for directors (and other officers)	382	384
Retirement benefit liability	394	407
Other	4,558	4,168
Total non-current liabilities	13,907	12,854
Total liabilities	29,664	27,619
Net assets		
Shareholders' equity		
Share capital	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	22,190	22,349
Treasury shares	(1)	(1)
Total shareholders' equity	33,305	33,463
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	899	1,171
Foreign currency translation adjustment	(44)	(121)
Remeasurements of defined benefit plans	(56)	(46)
Total accumulated other comprehensive income	797	1,004
Total net assets	34,103	34,467
Total liabilities and net assets	63,767	62,087

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, 2019	Six months ended September 30, 2020
Net sales	37,766	33,533
Cost of sales	28,735	26,064
Gross profit	9,030	7,468
Selling, general and administrative expenses	7,539	6,937
Operating profit	1,490	530
Non-operating income		
Share of profit of entities accounted for using equity method	83	25
Interest and dividend income	20	21
Subsidies for employment adjustment	–	43
Other	52	60
Total non-operating income	156	150
Non-operating expenses		
Interest expenses	52	43
Other	4	13
Total non-operating expenses	56	57
Ordinary profit	1,590	623
Extraordinary income		
Gain on sales of investment securities	–	7
Subsidy income	22	7
Total extraordinary income	22	15
Extraordinary losses		
Impairment loss	1	–
Loss on disaster	0	–
Loss on retirement of non-current assets	0	3
Loss on sales of investment securities	–	2
Other	2	2
Total extraordinary losses	5	8
Profit before income taxes	1,607	630
Income taxes	502	208
Profit	1,104	422
Profit attributable to owners of parent	1,104	422

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	1,104	422
Other comprehensive income		
Valuation difference on available-for-sale securities	(96)	272
Remeasurements of defined benefit plans, net of tax	9	10
Share of other comprehensive income of entities accounted for using equity method	(52)	(76)
Total other comprehensive income	(138)	206
Comprehensive income	965	628
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	965	628

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	1,607	630
Depreciation	1,476	1,498
Increase (decrease) in provisions	113	14
Increase (decrease) in retirement benefit liability	(10)	16
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(103)	2
Interest and dividend income	(20)	(21)
Interest expenses	52	43
Subsidies for employment adjustment	–	(43)
Subsidy income	(316)	(7)
Decrease (increase) in trade receivables	1,007	378
Decrease (increase) in inventories	146	471
Increase (decrease) in trade payables	(1,439)	(271)
Increase (decrease) in accounts payable - other	(781)	(359)
Other, net	826	224
Subtotal	2,558	2,576
Interest and dividends received	20	99
Interest paid	(53)	(43)
subsidies received, etc	316	50
Income taxes paid	(527)	(362)
Net cash provided by (used in) operating activities	2,315	2,320
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,556)	(602)
Purchase of intangible assets	(33)	(11)
Purchase of investment securities	(11)	(12)
Proceeds from sales of investment securities	–	12
Other, net	(0)	22
Net cash provided by (used in) investing activities	(1,602)	(591)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	70
Repayments of long-term borrowings	(873)	(768)
Dividends paid	(246)	(262)
Repayments of installment payables	(734)	(684)
Other, net	(4)	(3)
Net cash provided by (used in) financing activities	(1,858)	(1,649)
Net increase (decrease) in cash and cash equivalents	(1,145)	79
Cash and cash equivalents at beginning of period	10,927	10,747
Cash and cash equivalents at end of period	9,782	10,827