

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 14, 2021

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  
                   General Manager  
 Inquiries: Corporate Planning Division Yoshitaka Utaida TEL 03-5941-7682  
 Scheduled date of ordinary general meeting of shareholders: June 24, 2021  
 Scheduled date to file Securities Report: June 24, 2021  
 Scheduled date to commence dividend payments: June 25, 2021  
 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, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	68,502	(8.0)	1,976	(31.9)	2,050	(31.7)	1,458	(29.2)
Year ended March 31, 2020	74,480	0.7	2,900	(6.9)	3,003	(4.5)	2,058	(10.4)

	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, 2021	88.51	–	4.2	3.3	2.9
Year ended March 31, 2020	124.94	–	6.1	4.5	3.9

(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, 2021	62,320	35,577	57.1	2,159.46
As of March 31, 2020	63,767	34,103	53.5	2,069.93

(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, 2021	5,203	(588)	(2,976)	12,385
Year ended March 31, 2020	5,575	(2,098)	(3,657)	10,747

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, 2020	–	15.00	–	16.00	31.00	510	24.8	1.5
Year ended March 31, 2021	–	8.00	–	12.00	20.00	329	22.6	0.9
Year ending March 31, 2022 (Forecast)	–	7.00	–	8.00	15.00		23.5	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	73,200	6.9	1,430	(27.6)	1,500	(26.9)	1,050	(28.0)	63.73

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(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, 2021	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 March 31, 2021	578 shares	As of March 31, 2020	578 shares
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Average number of shares during the period

Year ended March 31, 2021	16,475,422 shares	Year ended March 31, 2020	16,475,422 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	10,747	12,385
Notes and accounts receivable - trade	11,399	11,004
Merchandise and finished goods	2,060	1,814
Work in process	9	8
Raw materials and supplies	958	812
Accounts receivable - other	127	33
Other	317	259
Allowance for doubtful accounts	(2)	(2)
<b>Total current assets</b>	<b>25,617</b>	<b>26,317</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	21,047	19,769
Accumulated depreciation	(8,445)	(7,736)
Buildings and structures, net	12,601	12,033
Machinery, equipment and vehicles	26,546	24,828
Accumulated depreciation	(13,830)	(13,899)
Machinery, equipment and vehicles, net	12,716	10,928
Tools, furniture and fixtures	1,733	1,719
Accumulated depreciation	(1,316)	(1,308)
Tools, furniture and fixtures, net	416	411
Land	5,903	6,021
Leased assets	73	57
Accumulated depreciation	(12)	(3)
Leased assets, net	61	53
Construction in progress	126	2
<b>Total property, plant and equipment</b>	<b>31,826</b>	<b>29,451</b>
Intangible assets	169	166
<b>Investments and other assets</b>		
Investment securities	4,666	5,077
Retirement benefit asset	151	243
Deferred tax assets	308	190
Guarantee deposits	355	241
Insurance funds	560	564
Other	138	99
Allowance for doubtful accounts	(26)	(31)
<b>Total investments and other assets</b>	<b>6,153</b>	<b>6,385</b>
<b>Total non-current assets</b>	<b>38,149</b>	<b>36,003</b>
<b>Total assets</b>	<b>63,767</b>	<b>62,320</b>

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	7,938	7,753
Electronically recorded obligations - operating	715	673
Current portion of long-term borrowings	1,513	1,499
Accounts payable - other	3,605	2,866
Income taxes payable	439	305
Provision for bonuses	434	408
Provision for bonuses for directors (and other officers)	16	15
Provision for sales rebates	18	17
Electronically recorded obligations - non-operating	1	6
Other	1,072	1,458
<b>Total current liabilities</b>	<b>15,757</b>	<b>15,004</b>
<b>Non-current liabilities</b>		
Long-term borrowings	8,571	7,141
Deferred tax liabilities	41	86
Provision for retirement benefits for directors (and other officers)	382	395
Retirement benefit liability	394	398
Long-term accounts payable - other	4,425	3,519
Asset retirement obligations	–	119
Other	90	77
<b>Total non-current liabilities</b>	<b>13,907</b>	<b>11,738</b>
<b>Total liabilities</b>	<b>29,664</b>	<b>26,742</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	22,190	23,253
Treasury shares	(1)	(1)
<b>Total shareholders' equity</b>	<b>33,305</b>	<b>34,367</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	899	1,268
Foreign currency translation adjustment	(44)	(22)
Remeasurements of defined benefit plans	(56)	(35)
<b>Total accumulated other comprehensive income</b>	<b>797</b>	<b>1,210</b>
<b>Total net assets</b>	<b>34,103</b>	<b>35,577</b>
<b>Total liabilities and net assets</b>	<b>63,767</b>	<b>62,320</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	74,480	68,502
Cost of sales	56,635	52,643
Gross profit	17,844	15,859
Selling, general and administrative expenses	14,944	13,882
Operating profit	2,900	1,976
Non-operating income		
Share of profit of entities accounted for using equity method	67	–
Rental income	15	15
Interest and dividend income	40	35
Subsidies for employment adjustment	–	47
Other	90	106
Total non-operating income	213	204
Non-operating expenses		
Interest expenses	100	83
Share of loss of entities accounted for using equity method	–	22
Foreign exchange losses	1	–
Other	8	23
Total non-operating expenses	110	130
Ordinary profit	3,003	2,050
Extraordinary income		
Gain on sale of investment securities	–	7
Subsidy income	159	108
Other	10	–
Total extraordinary income	169	115
Extraordinary losses		
Impairment losses	4	0
Loss on disaster	2	–
Loss on sale of investment securities	–	2
Loss on valuation of investment securities	–	14
Loss on retirement of non-current assets	3	6
Loss on cancellation of rental contracts	53	–
Other	3	3
Total extraordinary losses	68	26
Profit before income taxes	3,104	2,140
Income taxes - current	958	658
Income taxes - deferred	88	23
Total income taxes	1,046	681
Profit	2,058	1,458
Profit attributable to owners of parent	2,058	1,458

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	2,058	1,458
Other comprehensive income		
Valuation difference on available-for-sale securities	(328)	369
Remeasurements of defined benefit plans, net of tax	(2)	20
Share of other comprehensive income of entities accounted for using equity method	(30)	22
Total other comprehensive income	(361)	412
Comprehensive income	1,696	1,870
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,696	1,870

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(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	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

Fiscal year ended March 31, 2021

(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	22,190	(1)	33,305
Changes during period					
Dividends of surplus			(395)		(395)
Profit attributable to owners of parent			1,458		1,458
Purchase of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,062	–	1,062
Balance at end of period	5,424	5,691	23,253	(1)	34,367

	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	899	(44)	(56)	797	34,103
Changes during period					
Dividends of surplus					(395)
Profit attributable to owners of parent					1,458
Purchase of treasury shares					–
Net changes in items other than shareholders' equity	369	22	20	412	412
Total changes during period	369	22	20	412	1,474
Balance at end of period	1,268	(22)	(35)	1,210	35,577



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,104	2,140
Depreciation	2,966	2,952
Impairment losses	4	0
Loss on tax purpose reduction entry of non-current assets	851	–
Increase (decrease) in allowance for doubtful accounts	(3)	5
Increase (decrease) in provision for bonuses	(0)	(26)
Increase (decrease) in provision for bonuses for directors (and other officers)	(0)	(0)
Increase (decrease) in retirement benefit liability	(15)	11
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(85)	12
Interest and dividend income	(40)	(35)
Interest expenses	100	83
Loss on retirement of non-current assets	3	6
Subsidy income	(1,020)	(108)
Decrease (increase) in trade receivables	1,999	394
Decrease (increase) in inventories	(79)	392
Increase (decrease) in trade payables	(1,897)	(227)
Decrease (increase) in prepaid expenses	(171)	12
Increase (decrease) in accounts payable - other	(655)	(404)
Increase (decrease) in accrued consumption taxes	535	537
Increase (decrease) in accrued expenses	(85)	(29)
Decrease (increase) in other assets	344	55
Increase (decrease) in other liabilities	(67)	59
Other, net	(67)	22
Subtotal	5,718	5,853
Interest and dividends received	40	117
Interest paid	(100)	(83)
Subsidies received	1,020	108
Income taxes paid	(1,103)	(792)
Net cash provided by (used in) operating activities	5,575	5,203
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,017)	(657)
Purchase of intangible assets	(51)	(48)
Purchase of investment securities	(22)	(22)
Proceeds from sale of investment securities	–	26
Other, net	(6)	113
Net cash provided by (used in) investing activities	(2,098)	(588)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Proceeds from long-term borrowings	–	70
Repayments of long-term borrowings	(1,696)	(1,513)
Dividends paid	(494)	(394)
Repayments of installment payables	(1,459)	(1,130)
Other, net	(6)	(7)
Net cash provided by (used in) financing activities	(3,657)	(2,976)
Net increase (decrease) in cash and cash equivalents	(179)	1,638
Cash and cash equivalents at beginning of period	10,927	10,747
Cash and cash equivalents at end of period	10,747	12,385