

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 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 of ordinary general meeting of shareholders: June 28, 2022
 Scheduled date to file Securities Report: June 28, 2022
 Scheduled date to commence dividend payments: June 29, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	75,647	10.4	1,616	(18.2)	1,622	(20.9)	1,211	(16.9)
Year ended March 31, 2021	68,502	(8.0)	1,976	(31.9)	2,050	(31.7)	1,458	(29.2)

	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, 2022	74.32	–	3.4	2.6	2.1
Year ended March 31, 2021	88.51	–	4.2	3.3	2.9

(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, 2022	61,760	36,539	59.2	2,245.07
As of March 31, 2021	62,320	35,577	57.1	2,159.46

(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, 2022	3,757	(419)	(3,281)	12,441
Year ended March 31, 2021	5,203	(588)	(2,976)	12,385

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, 2021	–	8.00	–	12.00	20.00	329	22.6	0.9
Year ended March 31, 2022	–	7.00	–	10.00	17.00	276	22.9	0.8
Year ending March 31, 2023 (Forecast)	–	–	–	–	–	–	–	–

3. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2022
 (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: Yes
- 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, 2022	16,476,000 shares	As of March 31, 2021	16,476,000 shares
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Number of treasury shares at the end of the period

As of March 31, 2022	200,578 shares	As of March 31, 2021	578 shares
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Average number of shares during the period

Year ended March 31, 2022	16,304,589 shares	Year ended March 31, 2021	16,475,422 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	12,385	12,441
Notes receivable - trade	107	119
Accounts receivable - trade	10,897	11,837
Merchandise and finished goods	1,814	2,082
Work in process	8	9
Raw materials and supplies	812	917
Accounts receivable - other	33	40
Income taxes refund receivable	–	211
Other	259	210
Allowance for doubtful accounts	(2)	(2)
Total current assets	26,317	27,868
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,769	19,735
Accumulated depreciation	(7,736)	(8,396)
Buildings and structures, net	12,033	11,339
Machinery, equipment and vehicles	24,828	24,801
Accumulated depreciation	(13,899)	(15,626)
Machinery, equipment and vehicles, net	10,928	9,174
Tools, furniture and fixtures	1,719	1,709
Accumulated depreciation	(1,308)	(1,402)
Tools, furniture and fixtures, net	411	306
Land	6,021	6,021
Leased assets	57	50
Accumulated depreciation	(3)	(4)
Leased assets, net	53	46
Construction in progress	2	0
Total property, plant and equipment	29,451	26,889
Intangible assets	166	290
Investments and other assets		
Investment securities	5,077	5,360
Retirement benefit asset	243	322
Deferred tax assets	190	161
Guarantee deposits	241	241
Insurance funds	564	571
Other	99	85
Allowance for doubtful accounts	(31)	(30)
Total investments and other assets	6,385	6,711
Total non-current assets	36,003	33,892
Total assets	62,320	61,760

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	7,753	9,160
Electronically recorded obligations - operating	673	711
Current portion of long-term borrowings	1,499	1,449
Accounts payable - other	2,866	2,957
Income taxes payable	305	295
Provision for bonuses	408	437
Provision for bonuses for directors (and other officers)	15	26
Electronically recorded obligations - non-operating	6	-
Other	1,475	1,030
Total current liabilities	15,004	16,068
Non-current liabilities		
Long-term borrowings	7,141	5,466
Deferred tax liabilities	86	97
Provision for retirement benefits for directors (and other officers)	395	6
Retirement benefit liability	398	356
Long-term accounts payable - other	3,519	3,035
Asset retirement obligations	119	119
Other	77	71
Total non-current liabilities	11,738	9,153
Total liabilities	26,742	25,221
Net assets		
Shareholders' equity		
Share capital	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	23,253	24,153
Treasury shares	(1)	(332)
Total shareholders' equity	34,367	34,936
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,268	1,389
Foreign currency translation adjustment	(22)	220
Remeasurements of defined benefit plans	(35)	(7)
Total accumulated other comprehensive income	1,210	1,602
Total net assets	35,577	36,539
Total liabilities and net assets	62,320	61,760

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	68,502	75,647
Cost of sales	52,643	59,851
Gross profit	15,859	15,795
Selling, general and administrative expenses	13,882	14,179
Operating profit	1,976	1,616
Non-operating income		
Rental income	15	15
Interest and dividend income	35	35
Subsidies for employment adjustment	47	11
Other	106	107
Total non-operating income	204	169
Non-operating expenses		
Interest expenses	83	71
Share of loss of entities accounted for using equity method	22	78
Other	23	14
Total non-operating expenses	130	163
Ordinary profit	2,050	1,622
Extraordinary income		
Gain on sale of investment securities	7	1
Subsidy income	108	147
Other	–	0
Total extraordinary income	115	149
Extraordinary losses		
Impairment losses	0	–
Loss on sale of investment securities	2	0
Loss on valuation of investment securities	14	13
Loss on retirement of non-current assets	6	2
Other	3	1
Total extraordinary losses	26	17
Profit before income taxes	2,140	1,754
Income taxes - current	658	567
Income taxes - deferred	23	(24)
Total income taxes	681	543
Profit	1,458	1,211
Profit attributable to owners of parent	1,458	1,211

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	1,458	1,211
Other comprehensive income		
Valuation difference on available-for-sale securities	369	120
Remeasurements of defined benefit plans, net of tax	20	27
Share of other comprehensive income of entities accounted for using equity method	22	243
Total other comprehensive income	412	392
Comprehensive income	1,870	1,604
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,870	1,604

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2022

(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	23,253	(1)	34,367
Changes during period					
Dividends of surplus			(311)		(311)
Profit attributable to owners of parent			1,211		1,211
Purchase of treasury shares				(331)	(331)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	900	(331)	569
Balance at end of period	5,424	5,691	24,153	(332)	34,936

	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	1,268	(22)	(35)	1,210	35,577
Changes during period					
Dividends of surplus					(311)
Profit attributable to owners of parent					1,211
Purchase of treasury shares					(331)
Net changes in items other than shareholders' equity	120	243	27	392	392
Total changes during period	120	243	27	392	961
Balance at end of period	1,389	220	(7)	1,602	36,539

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	2,140	1,754
Depreciation	2,952	2,797
Impairment losses	0	–
Increase (decrease) in allowance for doubtful accounts	5	(0)
Increase (decrease) in provision for bonuses	(26)	28
Increase (decrease) in provision for bonuses for directors (and other officers)	(0)	10
Increase (decrease) in retirement benefit liability	11	(15)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	12	3
Interest and dividend income	(35)	(35)
Interest expenses	83	71
Loss on retirement of non-current assets	6	2
Subsidies for employment adjustment	–	(11)
Subsidy income	(108)	(147)
Decrease (increase) in trade receivables	394	(952)
Decrease (increase) in inventories	392	(373)
Increase (decrease) in trade payables	(227)	1,445
Decrease (increase) in prepaid expenses	12	7
Increase (decrease) in accounts payable - other	(404)	146
Increase (decrease) in accrued consumption taxes	537	(463)
Increase (decrease) in accrued expenses	(29)	17
Decrease (increase) in other assets	55	(2)
Increase (decrease) in other liabilities	59	(4)
Other, net	22	90
Subtotal	5,853	4,369
Interest and dividends received	117	97
Interest paid	(83)	(71)
Subsidies received	108	159
Income taxes paid	(792)	(797)
Net cash provided by (used in) operating activities	5,203	3,757
Cash flows from investing activities		
Purchase of property, plant and equipment	(657)	(226)
Purchase of intangible assets	(48)	(172)
Purchase of investment securities	(22)	(20)
Proceeds from sale of investment securities	26	2
Other, net	113	(3)
Net cash provided by (used in) investing activities	(588)	(419)
Cash flows from financing activities		
Proceeds from long-term borrowings	70	–
Repayments of long-term borrowings	(1,513)	(1,725)
Purchase of treasury shares	–	(331)
Dividends paid	(394)	(310)
Repayments of installment payables	(1,130)	(906)
Other, net	(7)	(7)
Net cash provided by (used in) financing activities	(2,976)	(3,281)
Net increase (decrease) in cash and cash equivalents	1,638	56
Cash and cash equivalents at beginning of period	10,747	12,385
Cash and cash equivalents at end of period	12,385	12,441