

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2017 (Based on Japanese GAAP)

November 9, 2017

Company name: KENKO Mayonnaise Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 2915 URL <http://www.kenkomayo.co.jp>  
 Representative: President Takashi Sumii  
 Inquiries: Director and Managing Executive Officer Takashi Murata TEL 03-5318-7530  
 Scheduled date to file Quarterly Securities Report: November 13, 2017  
 Scheduled date to commence dividend payments: December 4, 2017  
 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, 2017 (from April 1, 2017 to September 30, 2017)

(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, 2017	37,021	2.8	2,152	(13.1)	2,184	(12.3)	1,489	(11.9)
Six months ended September 30, 2016	36,009	8.3	2,476	35.6	2,490	38.8	1,690	11.1

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2017	90.43	–
Six months ended September 30, 2016	118.98	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	57,448	29,781	51.8
As of March 31, 2017	51,442	28,456	55.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2017	–	14.00	–	23.00	37.00
Year ending March 31, 2018	–	18.00			
Year ending March 31, 2018 (Forecast)			–	19.00	37.00

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

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	75,000	5.9	4,080	2.3	4,100	2.1	2,870	0.1	174.20

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2017  
(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, 2017	16,476,000 shares	As of March 31, 2017	16,476,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2017	284 shares	As of March 31, 2017	273 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, 2017	16,475,718 shares	Six months ended September 30, 2016	14,210,787 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	13,779	14,440
Notes and accounts receivable - trade	11,436	14,415
Merchandise and finished goods	1,881	1,784
Work in process	17	14
Raw materials and supplies	919	1,000
Deferred tax assets	350	364
Other	813	145
Allowance for doubtful accounts	(2)	(1)
Total current assets	29,196	32,164
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,461	5,239
Machinery, equipment and vehicles, net	6,653	6,164
Land	5,968	5,968
Construction in progress	8	3,657
Other, net	377	347
Total property, plant and equipment	18,469	21,377
Intangible assets		
Total intangible assets	268	223
Investments and other assets		
Deferred tax assets	398	328
Other	3,148	3,391
Allowance for doubtful accounts	(40)	(37)
Total investments and other assets	3,506	3,682
Total non-current assets	22,245	25,284
Total assets	51,442	57,448

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,751	11,558
Current portion of long-term loans payable	920	813
Income taxes payable	909	819
Other provision	460	578
Other	5,445	5,787
Total current liabilities	16,487	19,558
Non-current liabilities		
Long-term loans payable	1,489	3,123
Net defined benefit liability	443	407
Other provision	934	951
Other	3,630	3,625
Total non-current liabilities	6,498	8,108
Total liabilities	22,985	27,666
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	16,688	17,799
Treasury shares	(0)	(0)
Total shareholders' equity	27,803	28,914
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	798	991
Foreign currency translation adjustment	9	2
Remeasurements of defined benefit plans	(155)	(126)
Total accumulated other comprehensive income	652	867
Total net assets	28,456	29,781
Total liabilities and net assets	51,442	57,448

**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, 2016	Six months ended September 30, 2017
Net sales	36,009	37,021
Cost of sales	26,436	27,445
Gross profit	9,573	9,576
Selling, general and administrative expenses	7,097	7,423
Operating profit	2,476	2,152
Non-operating income		
Interest income	0	0
Dividend income	18	19
Other	49	55
Total non-operating income	68	74
Non-operating expenses		
Interest expenses	29	30
Share of loss of entities accounted for using equity method	14	7
Other	10	5
Total non-operating expenses	54	43
Ordinary profit	2,490	2,184
Extraordinary income		
Subsidy income	17	8
Other	5	0
Total extraordinary income	22	8
Extraordinary losses		
Loss on retirement of non-current assets	4	5
Impairment loss	2	1
Total extraordinary losses	6	7
Profit before income taxes	2,506	2,185
Income taxes - current	832	728
Income taxes - deferred	(16)	(32)
Total income taxes	815	696
Profit	1,690	1,489
Profit attributable to owners of parent	1,690	1,489

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	1,690	1,489
Other comprehensive income		
Valuation difference on available-for-sale securities	(70)	193
Remeasurements of defined benefit plans, net of tax	38	28
Share of other comprehensive income of entities accounted for using equity method	(24)	(7)
Total other comprehensive income	(56)	214
Comprehensive income	1,634	1,704
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,634	1,704

## Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Cash flows from operating activities		
Profit before income taxes	2,506	2,185
Depreciation	824	923
Increase (decrease) in provision	129	131
Increase (decrease) in net defined benefit liability	47	5
Interest and dividend income	(19)	(19)
Interest expenses	29	30
Decrease (increase) in notes and accounts receivable - trade	(665)	(2,978)
Decrease (increase) in inventories	55	19
Increase (decrease) in notes and accounts payable - trade	619	2,807
Increase (decrease) in accounts payable - other	(128)	566
Other, net	(103)	455
Subtotal	3,295	4,126
Interest and dividend income received	19	19
Interest expenses paid	(29)	(30)
Income taxes paid	(397)	(911)
Net cash provided by (used in) operating activities	2,888	3,204
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,337)	(4,133)
Purchase of intangible assets	(36)	(9)
Purchase of investment securities	(10)	(11)
Other, net	(0)	(0)
Net cash provided by (used in) investing activities	(1,385)	(4,155)
Cash flows from financing activities		
Proceeds from long-term loans payable	324	2,053
Repayments of long-term loans payable	(762)	(525)
Cash dividends paid	(241)	(378)
Proceeds from installment plan	762	1,353
Repayments of installment payables	(643)	(890)
Other, net	(1)	(1)
Net cash provided by (used in) financing activities	(562)	1,611
Net increase (decrease) in cash and cash equivalents	940	660
Cash and cash equivalents at beginning of period	7,412	13,779
Cash and cash equivalents at end of period	8,353	14,440