

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 15, 2018

Company name: KENKO Mayonnaise Co., Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 2915 URL <http://www.kenkomayo.co.jp>  
 Representative: President and Representative Director Takashi Sumii  
 Managing Executive Officer and General  
 Inquiries: Manager Atsushi Kyogoku TEL 03-5318-7530  
 Corporate Planning Office  
 Scheduled date of ordinary general meeting of shareholders: June 29, 2018  
 Scheduled date to file Securities Report: June 29, 2018  
 Scheduled date to commence dividend payments: July 2, 2018  
 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, 2018 (from April 1, 2017 to March 31, 2018)

#### (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, 2018	72,759	2.7	4,173	4.7	4,149	3.3	2,877	0.4
Year ended March 31, 2017	70,812	5.8	3,987	16.0	4,017	17.2	2,867	37.5

	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, 2018	174.65	–	9.7	7.1	5.7
Year ended March 31, 2017	194.88	–	12.0	8.6	5.6

#### (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, 2018	64,877	30,984	47.8	1,880.61
As of March 31, 2017	51,442	28,456	55.3	1,727.17

#### (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, 2018	4,950	(11,811)	6,154	13,072
Year ended March 31, 2017	4,692	(3,929)	5,603	13,779

### 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, 2017	–	14.00	–	23.00	37.00	577	19.0	2.4
Year ended March 31, 2018	–	18.00	–	19.00	37.00	609	21.2	2.1
Year ending March 31, 2019 (Forecast)	–	18.00	–	19.00	37.00		21.2	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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
Six months ending September 30, 2018	38,600	4.3	2,080	(3.4)	2,100	(3.9)	1,400	(6.0)	84.97
Full year	77,000	5.8	4,100	(1.8)	4,150	0.0	2,880	0.1	174.80

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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, 2018	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 March 31, 2018	441 shares	As of March 31, 2017	273 shares
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Average number of shares during the period

Year ended March 31, 2018	16,475,679 shares	Year ended March 31, 2017	14,713,067 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	13,779	13,072
Notes and accounts receivable - trade	11,436	13,566
Merchandise and finished goods	1,881	1,866
Work in process	17	10
Raw materials and supplies	919	1,100
Deferred tax assets	350	321
Accounts receivable - other	711	47
Other	101	457
Allowance for doubtful accounts	(2)	(0)
Total current assets	29,196	30,443
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,118	16,819
Accumulated depreciation	(6,656)	(7,142)
Buildings and structures, net	5,461	9,676
Machinery, equipment and vehicles	16,255	16,602
Accumulated depreciation	(9,601)	(10,697)
Machinery, equipment and vehicles, net	6,653	5,904
Tools, furniture and fixtures	1,335	1,414
Accumulated depreciation	(962)	(1,057)
Tools, furniture and fixtures, net	373	356
Land	5,968	5,978
Leased assets	15	15
Accumulated depreciation	(10)	(8)
Leased assets, net	4	6
Construction in progress	8	8,543
Total property, plant and equipment	18,469	30,466
Intangible assets		
Total intangible assets	268	219
Investments and other assets		
Investment securities	2,047	2,370
Deferred tax assets	398	329
Guarantee deposits	365	365
Insurance funds	542	553
Other	192	166
Allowance for doubtful accounts	(40)	(36)
Total investments and other assets	3,506	3,748
Total non-current assets	22,245	34,434
Total assets	51,442	64,877

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	8,751	9,940
Electronically recorded obligations - operating	–	825
Current portion of long-term loans payable	920	1,165
Accounts payable - other	4,139	6,606
Income taxes payable	909	866
Provision for bonuses	420	438
Provision for directors' bonuses	15	16
Provision for sales rebates	24	20
Notes payable - facilities	167	–
Other	1,138	1,427
<b>Total current liabilities</b>	<b>16,487</b>	<b>21,307</b>
<b>Non-current liabilities</b>		
Long-term loans payable	1,489	7,131
Deferred tax liabilities	77	70
Provision for directors' retirement benefits	384	439
Net defined benefit liability	443	365
Long-term accounts payable - other	3,512	3,986
Other provision	550	550
Other	40	41
<b>Total non-current liabilities</b>	<b>6,498</b>	<b>12,586</b>
<b>Total liabilities</b>	<b>22,985</b>	<b>33,893</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,424	5,424
Capital surplus	5,691	5,691
Retained earnings	16,688	18,890
Treasury shares	(0)	(1)
<b>Total shareholders' equity</b>	<b>27,803</b>	<b>30,004</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	798	1,064
Foreign currency translation adjustment	9	2
Remeasurements of defined benefit plans	(155)	(87)
<b>Total accumulated other comprehensive income</b>	<b>652</b>	<b>979</b>
<b>Total net assets</b>	<b>28,456</b>	<b>30,984</b>
<b>Total liabilities and net assets</b>	<b>51,442</b>	<b>64,877</b>

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	70,812	72,759
Cost of sales	52,433	53,837
Gross profit	18,378	18,922
Selling, general and administrative expenses	14,391	14,748
Operating profit	3,987	4,173
Non-operating income		
Interest income	0	0
Dividend income	33	33
Rent income	15	15
Reversal of provision for other	30	–
Other	92	98
Total non-operating income	172	148
Non-operating expenses		
Interest expenses	53	68
Share of loss of entities accounted for using equity method	32	94
Share issuance cost	40	–
Other	15	10
Total non-operating expenses	142	173
Ordinary profit	4,017	4,149
Extraordinary income		
Subsidy income	30	68
Gain on sales of investment securities	–	9
Gain on donation of non-current assets	7	–
Other	0	0
Total extraordinary income	38	78
Extraordinary losses		
Loss on retirement of non-current assets	25	13
Impairment loss	3	3
Other	6	4
Total extraordinary losses	34	21
Profit before income taxes	4,021	4,205
Income taxes - current	1,244	1,377
Income taxes - deferred	(90)	(49)
Total income taxes	1,154	1,328
Profit	2,867	2,877
Profit attributable to owners of parent	2,867	2,877

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	2,867	2,877
Other comprehensive income		
Valuation difference on available-for-sale securities	79	265
Remeasurements of defined benefit plans, net of tax	57	68
Share of other comprehensive income of entities accounted for using equity method	(4)	(7)
Total other comprehensive income	131	326
Comprehensive income	2,999	3,203
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,999	3,203

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,180	2,448	14,161	(0)	18,790
Cumulative effects of changes in accounting policies			99		99
Restated balance	2,180	2,448	14,261	(0)	18,890
Changes of items during period					
Issuance of new shares	3,243	3,243			6,486
Dividends of surplus			(440)		(440)
Profit attributable to owners of parent			2,867		2,867
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	3,243	3,243	2,426	(0)	8,912
Balance at end of current period	5,424	5,691	16,688	(0)	27,803

	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 current period	719	14	(212)	520	19,311
Cumulative effects of changes in accounting policies					99
Restated balance	719	14	(212)	520	19,411
Changes of items during period					
Issuance of new shares					6,486
Dividends of surplus					(440)
Profit attributable to owners of parent					2,867
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	79	(4)	57	131	131
Total changes of items during period	79	(4)	57	131	9,044
Balance at end of current period	798	9	(155)	652	28,456



Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	5,424	5,691	16,688	(0)	27,803
Cumulative effects of changes in accounting policies					
Restated balance	5,424	5,691	16,688	(0)	27,803
Changes of items during period					
Dividends of surplus			(675)		(675)
Profit attributable to owners of parent			2,877		2,877
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,202	(0)	2,201
Balance at end of current period	5,424	5,691	18,890	(1)	30,004

	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 current period	798	9	(155)	652	28,456
Cumulative effects of changes in accounting policies					
Restated balance	798	9	(155)	652	28,456
Changes of items during period					
Dividends of surplus					(675)
Profit attributable to owners of parent					2,877
Purchase of treasury shares					(0)
Net changes of items other than shareholders' equity	265	(7)	68	326	326
Total changes of items during period	265	(7)	68	326	2,527
Balance at end of current period	1,064	2	(87)	979	30,984

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	4,021	4,205
Depreciation	1,754	1,745
Impairment loss	3	3
Increase (decrease) in allowance for doubtful accounts	(3)	(5)
Increase (decrease) in provision for bonuses	3	17
Increase (decrease) in provision for directors' bonuses	1	1
Increase (decrease) in other provision	(30)	–
Increase (decrease) in net defined benefit liability	40	21
Increase (decrease) in provision for directors' retirement benefits	56	55
Interest and dividend income	(34)	(34)
Interest expenses	53	68
Loss on retirement of non-current assets	25	13
Decrease (increase) in notes and accounts receivable - trade	(193)	(2,129)
Decrease (increase) in inventories	(216)	(158)
Increase (decrease) in notes and accounts payable - trade	157	2,014
Decrease (increase) in prepaid expenses	(14)	(13)
Increase (decrease) in accounts payable - other	(8)	544
Increase (decrease) in accrued consumption taxes	(64)	100
Increase (decrease) in accrued expenses	65	94
Decrease (increase) in other assets	(96)	(266)
Increase (decrease) in other liabilities	53	5
Other, net	32	85
Subtotal	5,604	6,368
Interest and dividend income received	34	34
Interest expenses paid	(52)	(68)
Income taxes paid	(892)	(1,383)
Net cash provided by (used in) operating activities	4,692	4,950
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,850)	(11,759)
Purchase of intangible assets	(59)	(10)
Purchase of investment securities	(19)	(62)
Proceeds from sales of investment securities	–	21
Other, net	0	(0)
Net cash provided by (used in) investing activities	(3,929)	(11,811)
Cash flows from financing activities		
Proceeds from long-term loans payable	324	6,986
Repayments of long-term loans payable	(1,488)	(1,099)
Proceeds from issuance of common shares	6,486	–
Cash dividends paid	(440)	(674)
Proceeds from installment plan	2,063	2,708
Repayments of installment payables	(1,338)	(1,768)
Other, net	(3)	1
Net cash provided by (used in) financing activities	5,603	6,154
Net increase (decrease) in cash and cash equivalents	6,366	(707)
Cash and cash equivalents at beginning of period	7,412	13,779
Cash and cash equivalents at end of period	13,779	13,072