



Material for the Briefing Session for FY 3/2022 1H

KENKO Mayonnaise Co., Ltd.

(Securities code: 2915)



Overview of the Results for FY 3/2022 1H

Highlights of the Results for FY 3/2022 1H (Consolidated)

1) Results for FY 3/2022 1H



Summary

Consolidated net sales

37,487 million yen (Up 11.8% YoY)

Consolidated ordinary profit

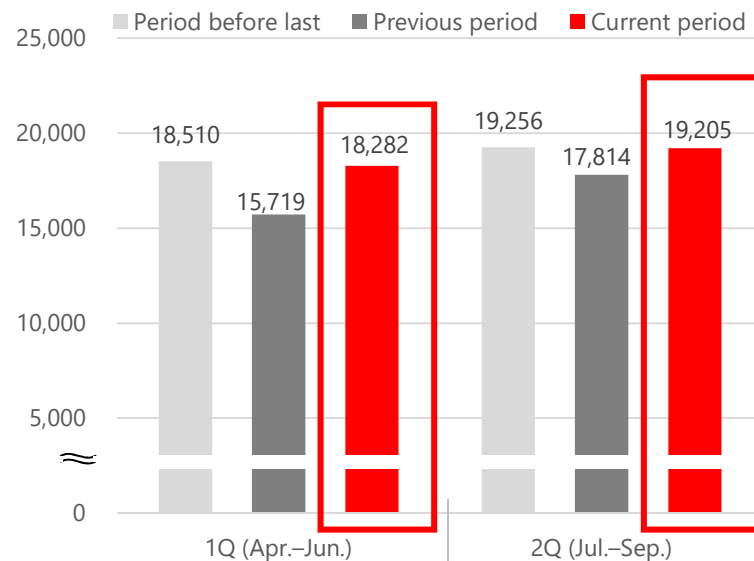
699 million yen (Up 12.2% YoY)

- Increase in sales and profit
- An 11.8% increase in sales YoY
- Drastic cost increases due to skyrocketing raw material prices

→ Increased factory operation rate and profit improvements such as cost reductions resulted in a 12.2% profit increase

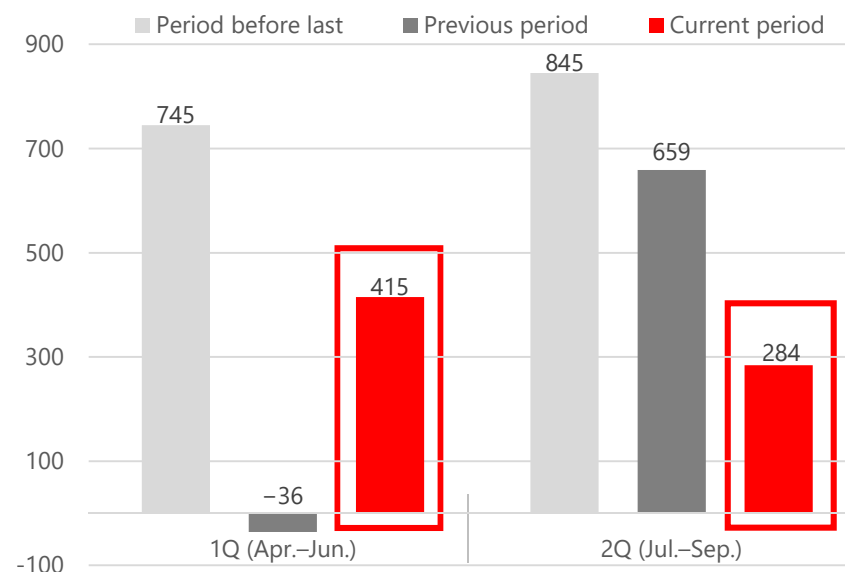
Consolidated net sales quarterly variations

(Million yen)



Consolidated ordinary profit quarterly variations

(Million yen)



Results for FY 3/2022 1H (Consolidated)

1) Results for FY 3/2022 1H

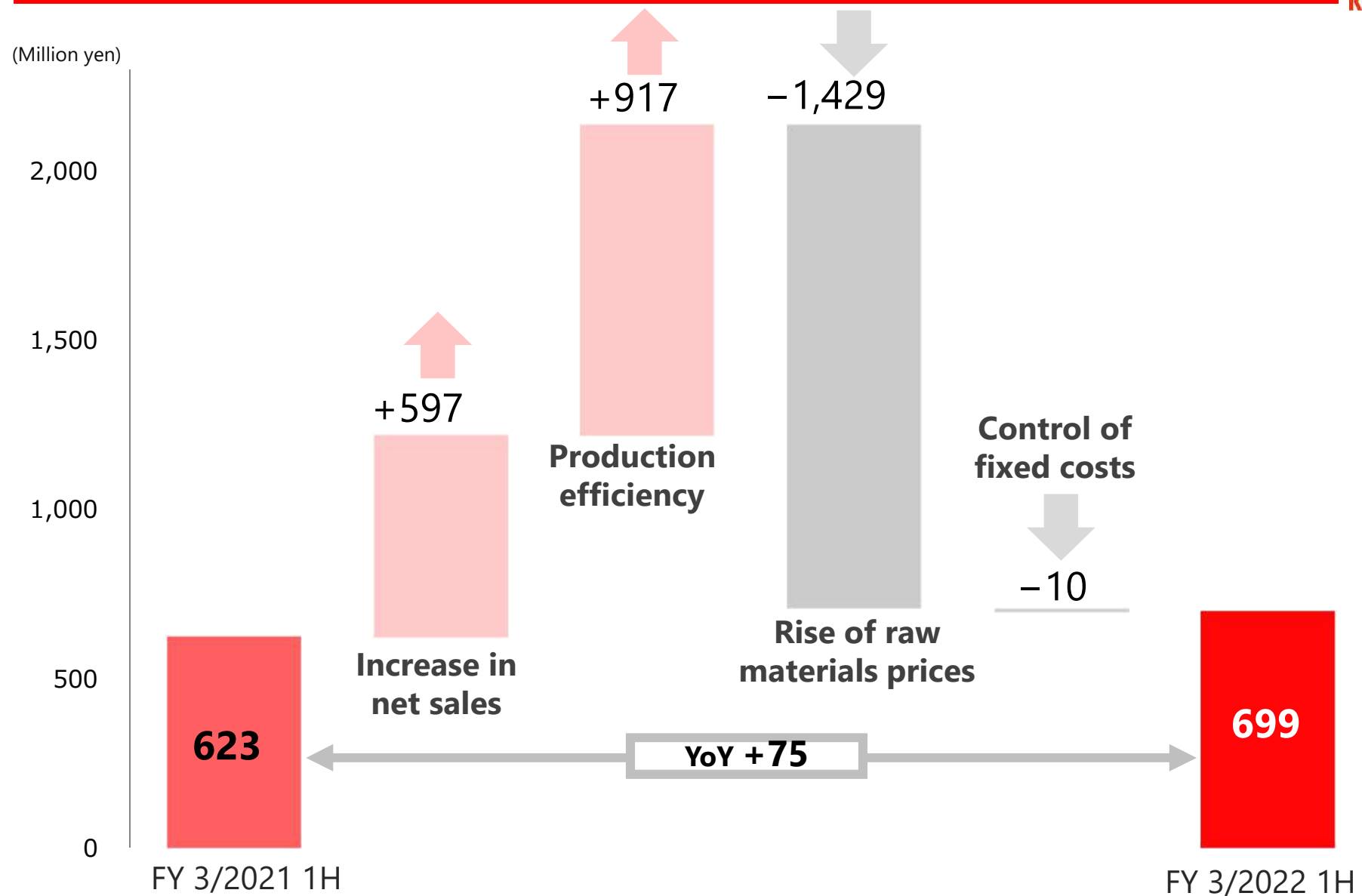


Summary of the consolidated statements of income

(Million yen)	FY 3/2021 1H		FY 3/2022 1H		
	Amount	Proportion	Amount	Proportion	YoY
Net sales	33,533	-	37,487	-	+11.8%
Cost of sales	26,064	77.7%	29,649	79.1%	+13.8%
Gross profit	7,468	22.3%	7,838	20.9%	+5.0%
SG&A expenses	6,937	20.7%	7,138	19.0%	+2.9%
Operating profit	530	1.6%	700	1.9%	+31.9%
Ordinary profit	623	1.9%	699	1.9%	+12.2%
Profit before income taxes	630	1.9%	701	1.9%	+11.3%
Profit attributable to owners of parent	422	1.3%	456	1.2%	+8.2%
Earnings per share	25.62 yen		27.97 yen		

Factors in Changes in Ordinary Profit (Consolidated)

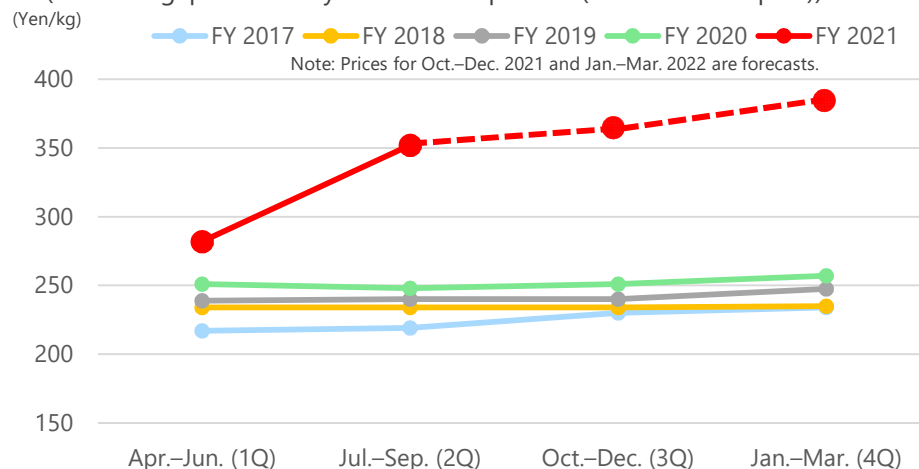
1) Results for FY 3/2022 1H



Revisions of Selling Price

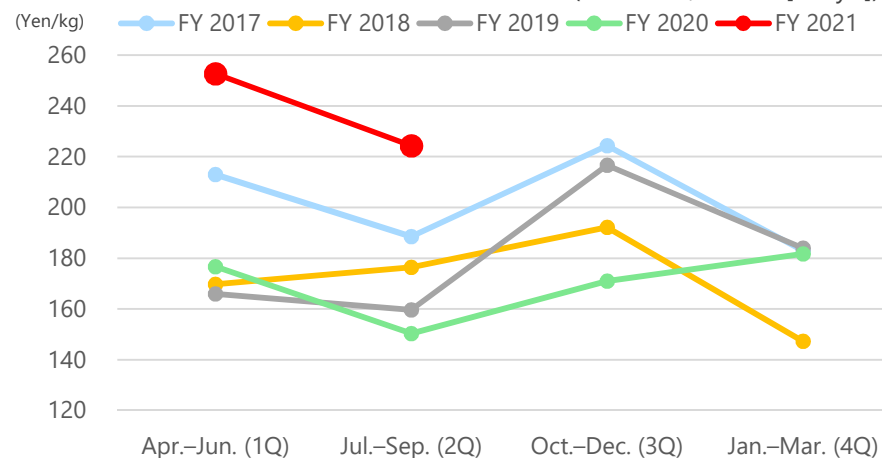
Edible oil market price

(Nikkei avg. prices of soybeans and rapeseed (incl. land transport))



Chicken egg market price

(JA Zenno, size M [Tokyo])



Price revision schedule

Mayonnaise

Shipments from July 1

Long-life salads

Shipments from December 1

Mayonnaise, dressings, and sauces

Shipments from January 1, 2022

● Change rate: ca. 3 to 10%



Mayonnaise

● Change rate: Depends on proportion of edible oil in product.



Long-life salads



Dressings



Sauces

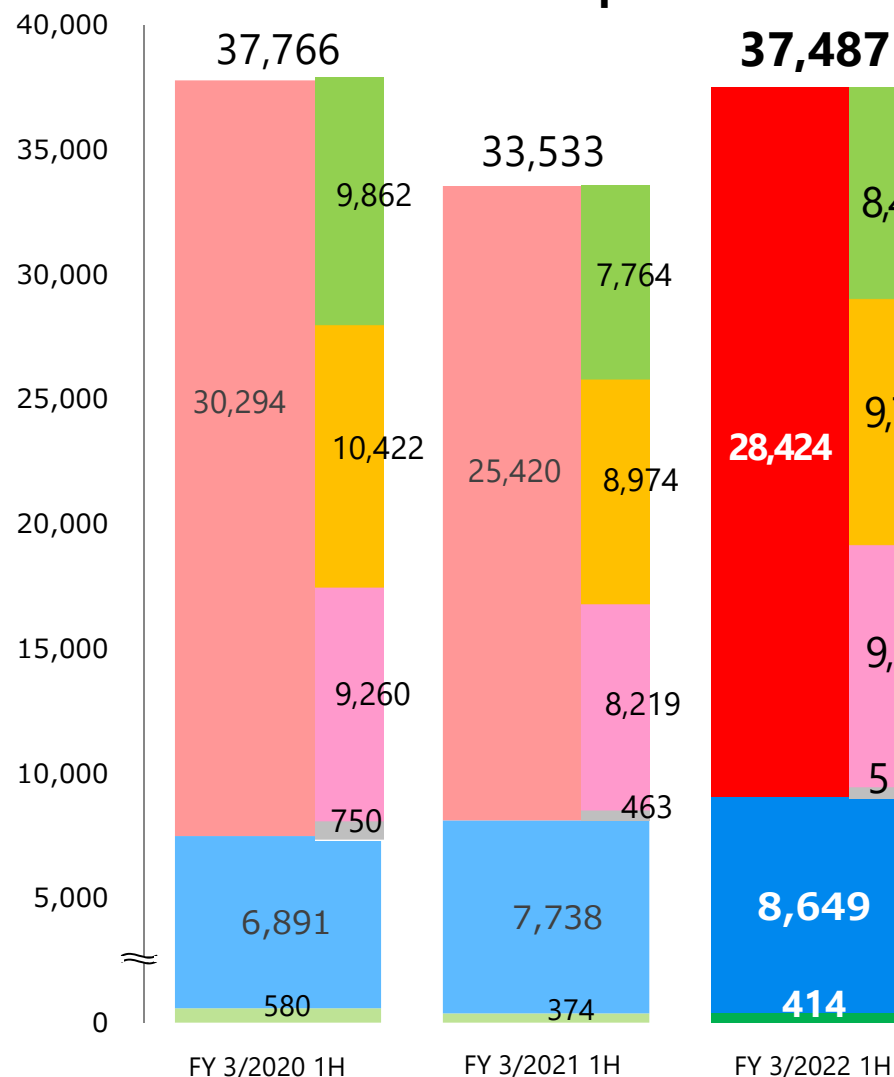
Overview of Net Sales by Segment (Consolidated)

1) Results for FY 3/2022 1H



(Million yen)

Net sales composition



Seasoning and Processed Foods business

(Up 11.8% YoY)

Salads, delicatessen, mayonnaise and dressings, and processed egg products

- Sales weight: Up 9.8% YoY
- Unit selling price: Up 1.8% YoY
- Data by product (YoY)

	Net sales	Sales weight
Salads and delicatessen	+9.1%	+7.4%
Processed egg products	+8.8%	+9.8%
Mayonnaise and dressings	+17.6%	+11.8%

Delicatessen-related business (Up 11.8% YoY)

Fresh delicatessen (daily delivered salads and delicatessen), contracted production undertaken by the Group

- For both Dietcook Shiraoi, in its fourth year of operation; and the Kantoh Dietcook Kanagawa Factory, sales grew and profit improved.

Other (Up 10.7% YoY)

Shop business (Salad Cafe) and overseas business*

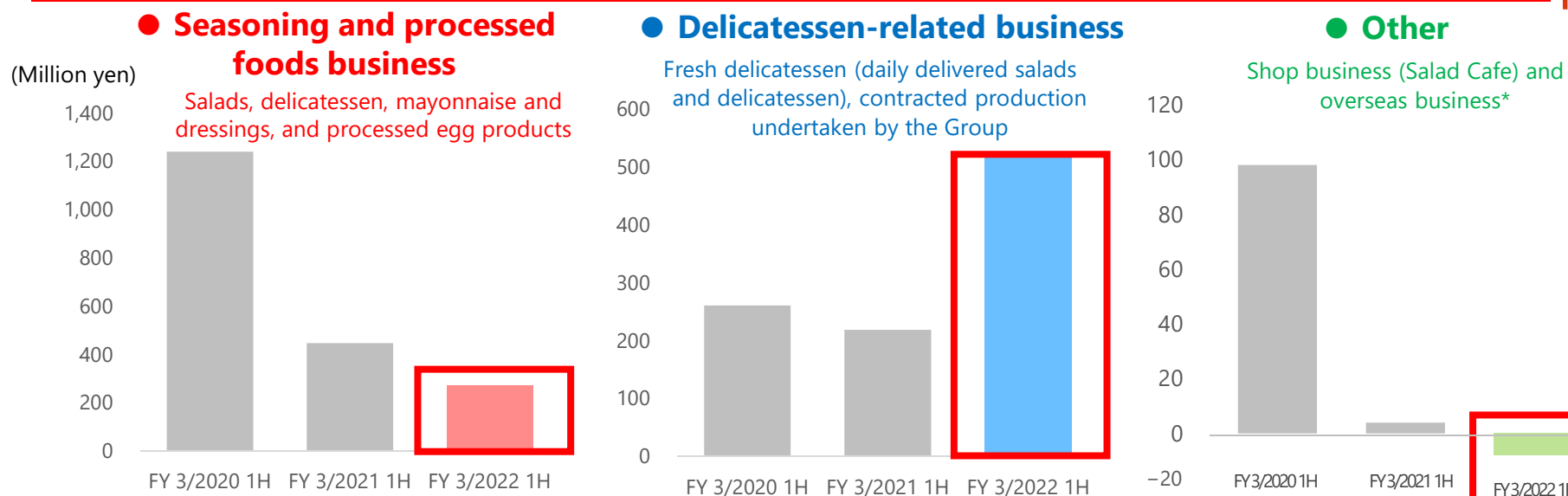
- Increased YoY

*Due to entities accounted for using equity method, overseas business is not included in net sales.

Profit by Segment (Consolidated)



1) Results for FY 3/2022 1H



(Million yen)	FY 3/2020 1H	FY 3/2021 1H	FY 3/2022 1H	YoY
Segment profit	1,590	623	699	+12.2%
● Seasoning and processed foods business	1,240	447	270	-39.6%
● Delicatessen-related business	261	219	517	+136.1%
● Other	98	4	-8	-
Adjustments	-10	-47	-79	-

Overview of the Balance Sheet (Consolidated)

1) Results for FY 3/2022 1H



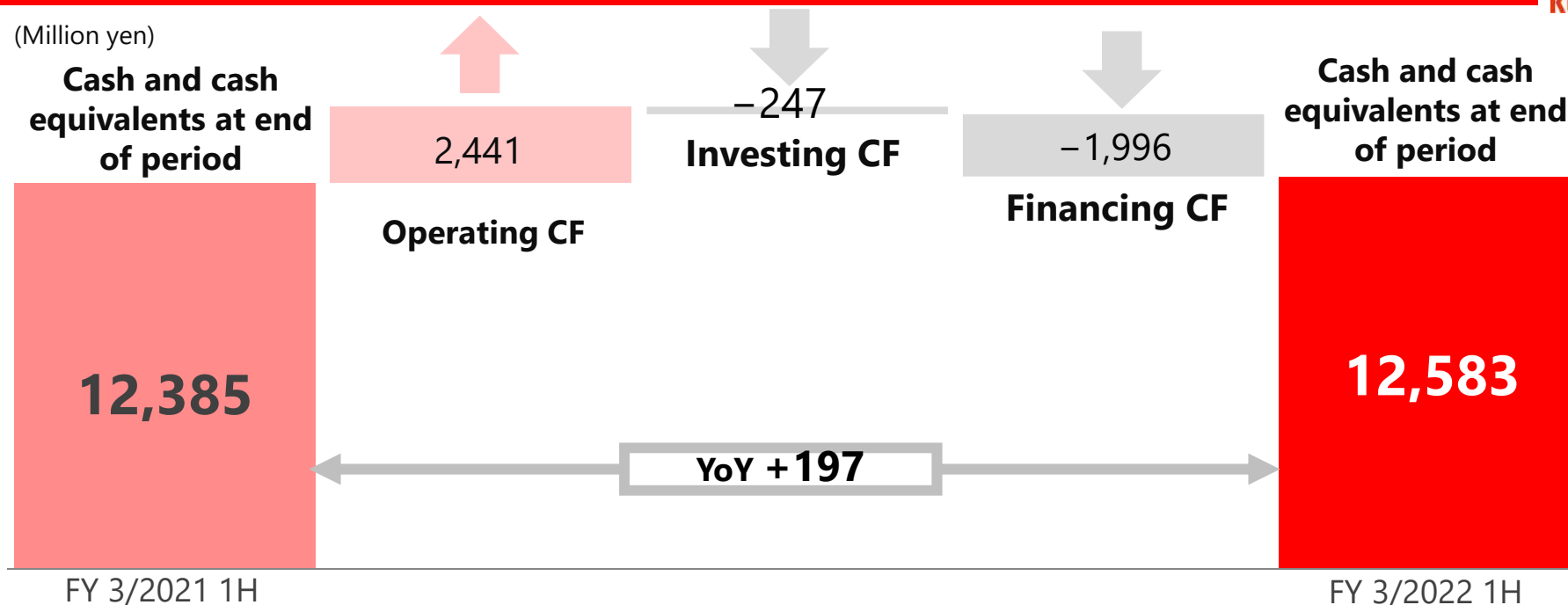
(Million yen)		FY 3/2021	FY 3/2022 1H	Difference	YoY	Key differences
Assets	Current assets	26,317	27,447	+1,130	+4.3%	Notes and accounts receivable - trade +681
	Non-current assets	36,003	35,093	-909	-2.5%	Investment securities +366 Machinery, equipment, and vehicles -882
Total assets		62,320	62,540	+220	+0.4%	
Liabilities	Current liabilities	15,004	16,297	+1,293	+8.6%	Accounts payable - trade +1,667 Other current liabilities -528
	Non-current liabilities	11,738	10,406	-1,331	-11.3%	Long-term borrowings -950
Total liabilities		26,742	26,704	-37	-0.1%	
Balance of interest-bearing debt		13,059	11,581	-1,478	-11.3%	
Net assets		35,577	35,836	+258	+0.7%	
Total liabilities and net assets		62,320	62,540	+220	+0.4%	
Equity ratio		57.1%	57.3%	+0.2%		

Overview of Cash Flows (Consolidated)

1) Results for FY 3/2022 1H



(Million yen)



(Million yen)	Key difference factors	
Cash flows from operating activities	Profit before income taxes: +701 Increase in trade payables: +1,795 Decrease in trade receivables: -681	Depreciation: +1,400 Decrease in inventories: -225
Cash flows from investing activities	Purchase of property, plant, and equipment: -149	
Cash flows from financing activities	Repayments of long-term borrowings: -1,006 Repayments of installment payables: -457 Purchase of treasury shares: -331	

Outlook for FY 3/2022

Business Environment in the Second Half

2) Earnings Estimate for FY 3/2022



Raw materials

- Skyrocketing price of edible oil
- Poor potato harvest
- Rising logistics and fuel costs

COVID-19

- Lifting of movement restrictions
→ Altering the restaurant industry trends
- Concern about re-spread of infection

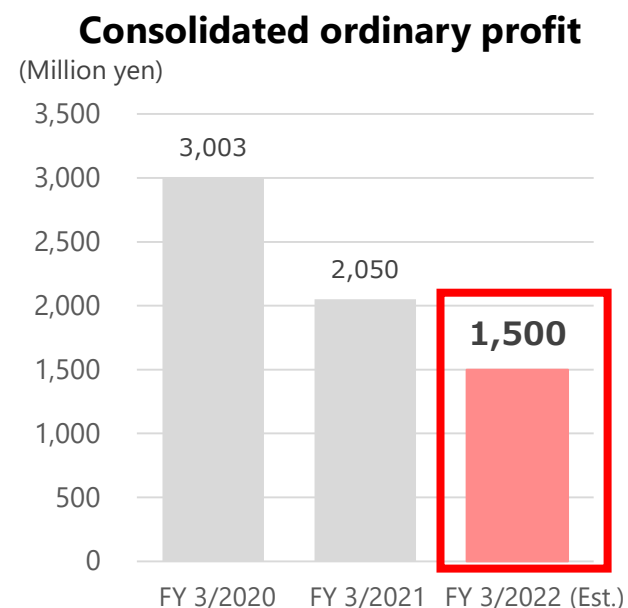
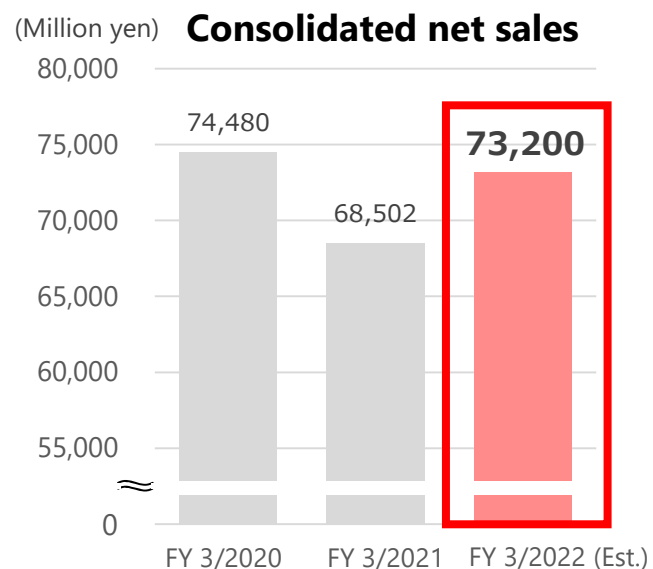
Changes in consumption behavior

- Demand for takeaway/delivery
- Healthy demand in home meal and delivery services
- Revenge consumption expected

- ✓ **Revise selling price (mayonnaise, dressings, sauces, long-life salads)**
- ✓ **Continuously control fixed and SG&A costs**
- ✓ **Ensure stable operation of production factories and develop new sales channels**

Earnings Estimate for FY 3/2022 (Consolidated)

2) Earnings Estimate for FY 3/2022



Summary of the consolidated statements of income

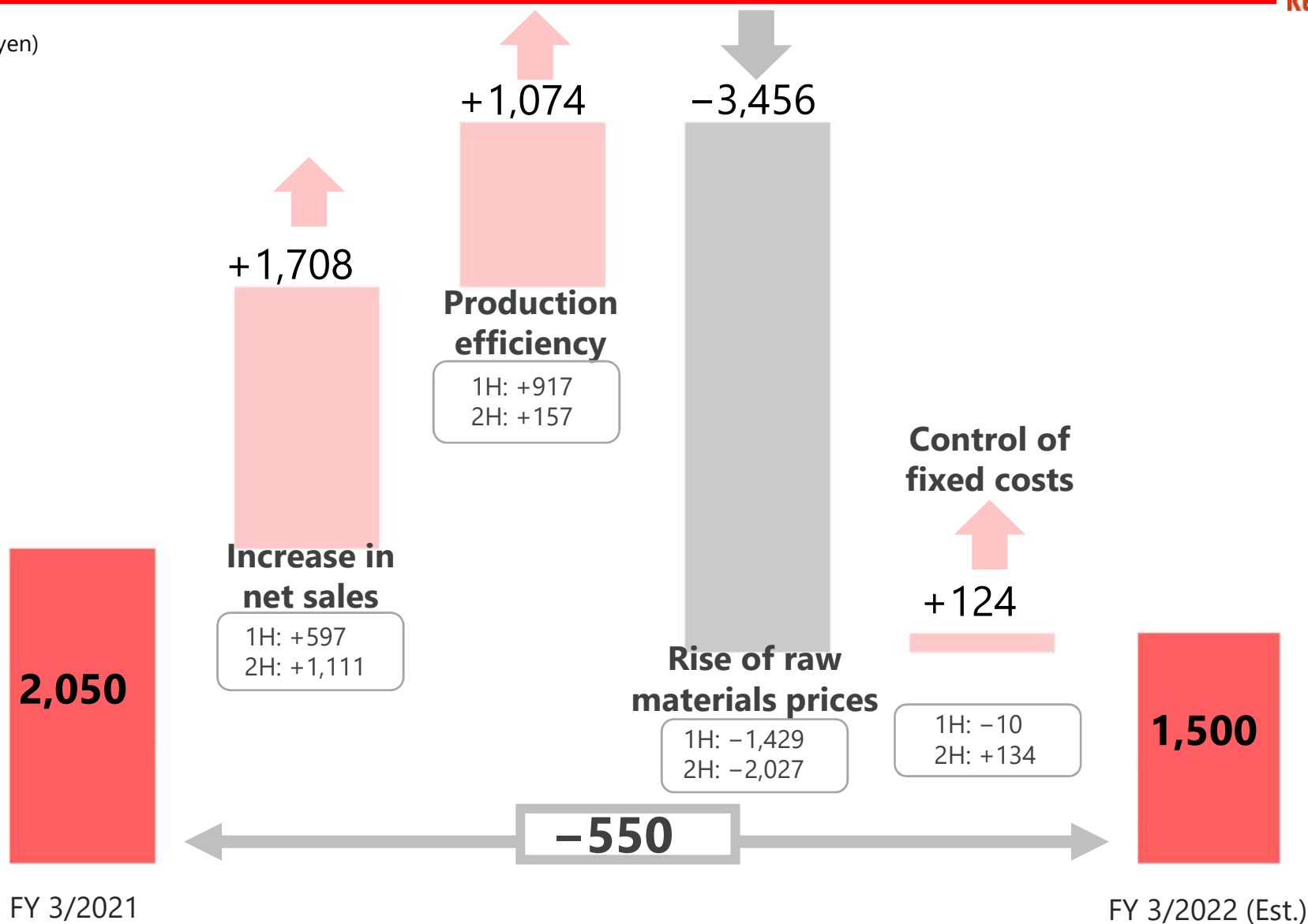
	FY 3/2021	FY 3/2022 (Est.)	
(Million yen)	Amount	Amount	YoY
Net sales	68,502	73,200	+6.9%
Operating profit	1,976	1,430	-27.6%
Operating profit margin (%)	2.9%	2.0%	
Ordinary profit	2,050	1,500	-26.9%
Ordinary profit margin (%)	3.0%	2.0%	
Profit attributable to owners of parent	1,458	1,050	-28.0%
Net profit margin (%)	2.1%	1.4%	
Earnings per share	88.51 yen	63.73 yen	

Forecast for Changes in Ordinary Profit for FY 3/2022 (Consolidated)

2) Earnings Estimate for FY 3/2022



(Million yen)



Forecast for Net Sales by Segment (Consolidated)

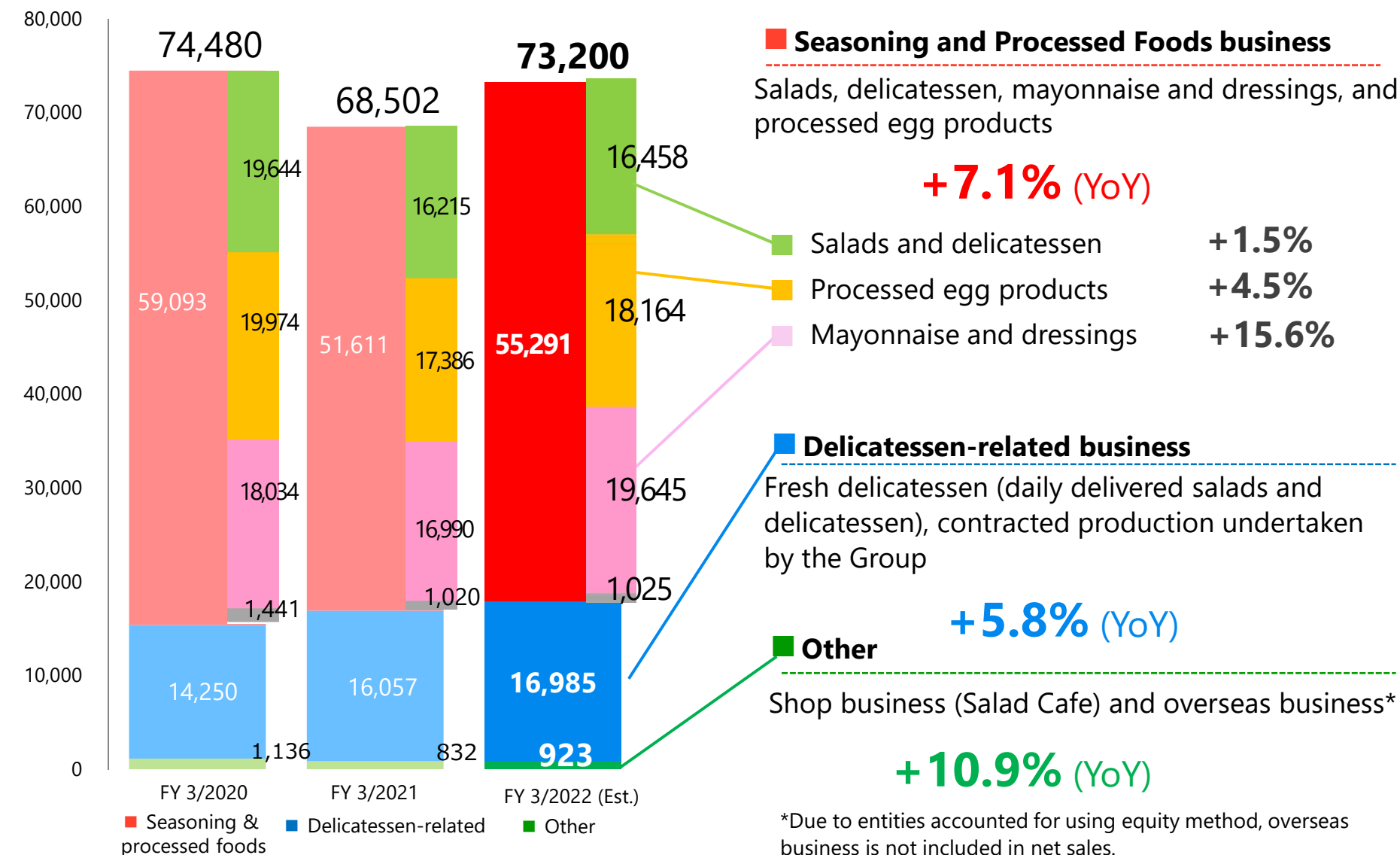
2) Earnings Estimate for FY 3/2022



(Million yen)

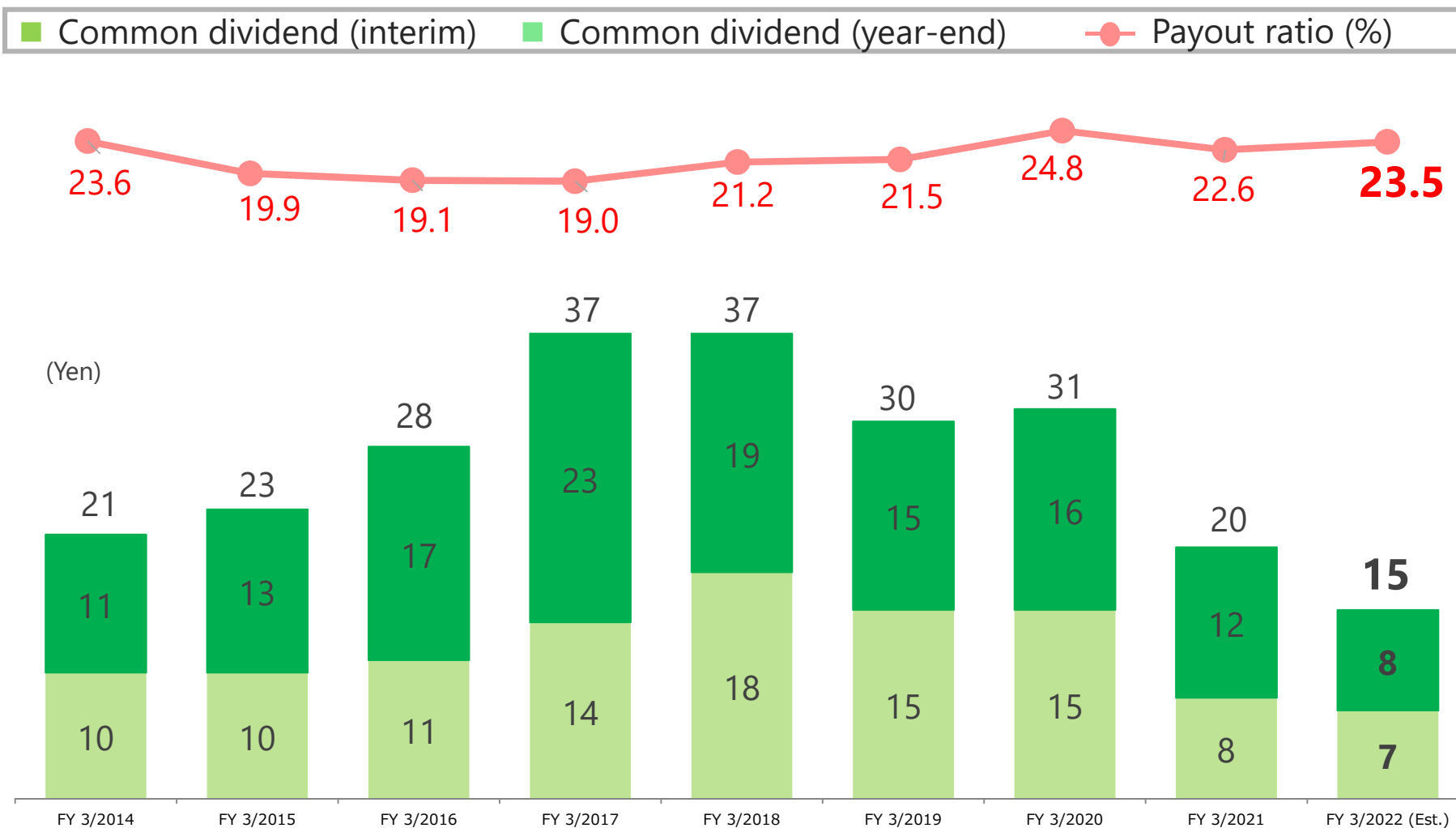
Net sales composition

Forecast for FY 3/2022



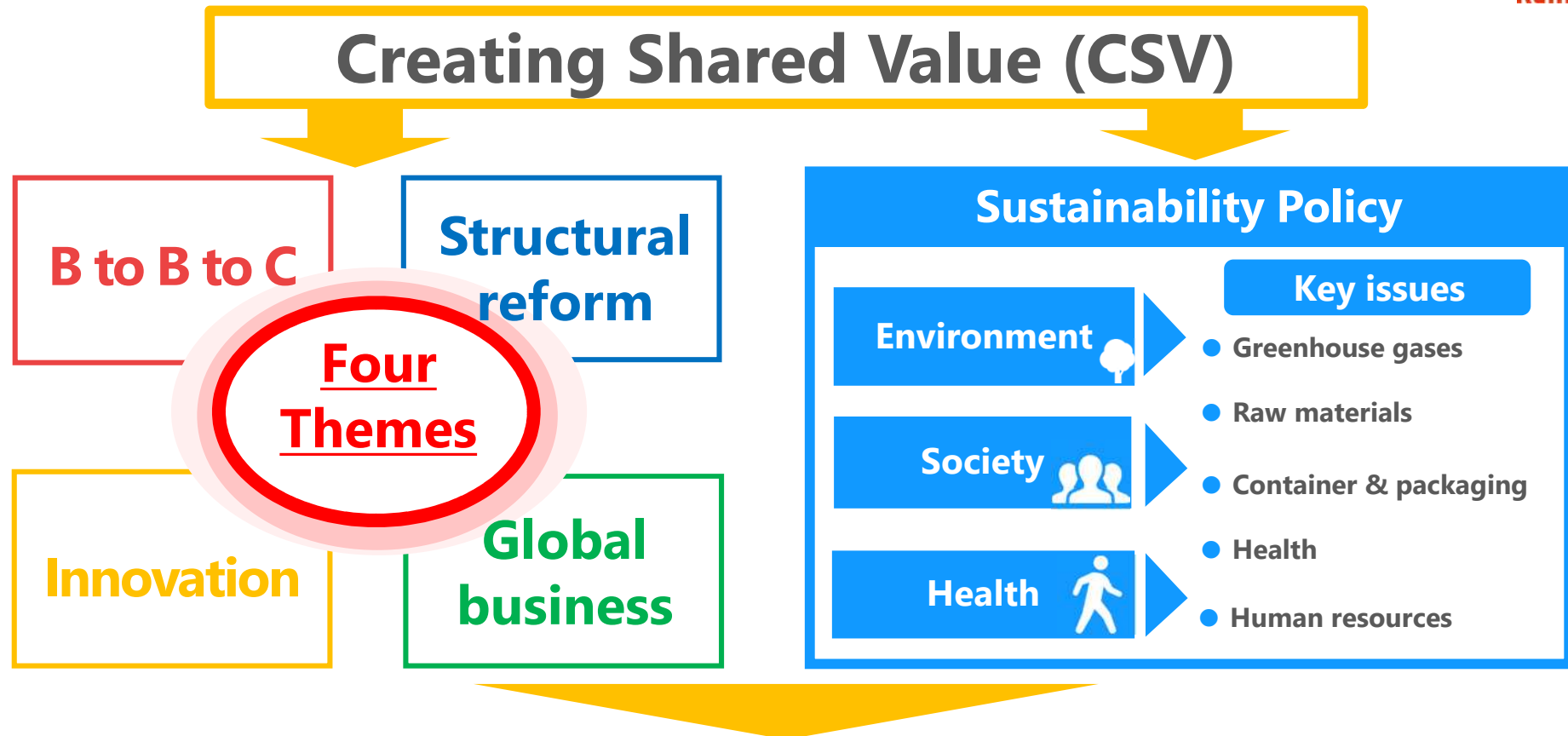
Dividends and Return to Shareholders

2) Earnings Estimate for FY 3/2022



Medium-Term Management Plan (FY 2021 to 2023)

KENKO Transformation Plan



**Transformation for improving corporate value
and achieving sustainable growth**

Goals for
FY2023

Consolidated net sales
80 billion yen

Consolidated ordinary profit
4 billion yen

Medium-Term Management Plan—Four Themes (1)

(1) B to B to C

Increase opportunities for all consumers to learn about KENKO Mayonnaise directly

● New products for business use



Single-portion sizes



Long shelf life type
→ For takeouts



Add new flavors and
differentiate from
usual dishes

● Product PR



Garlic Butter Sauce

Featured on TV, in magazines, and in online media
Displayed in supermarket and drugstore storefronts

→ We will continue to actively engage in this PR.



Medium-Term Management Plan—Four Themes (2)

(1) B to B to C

Increase opportunities for all consumers to learn about KENKO Mayonnaise directly

- Online streaming of product introduction and recipe videos



- Recipe publications released



Contains **202** recipes

- Popular Salad Cafe salads
- Recommended website recipes

- Salad Cafe

Collaborative products

Collaborated with Suzuhiro Kamaboko



Product supervision

Supervised FamilyMart salads



- Online cooking lessons

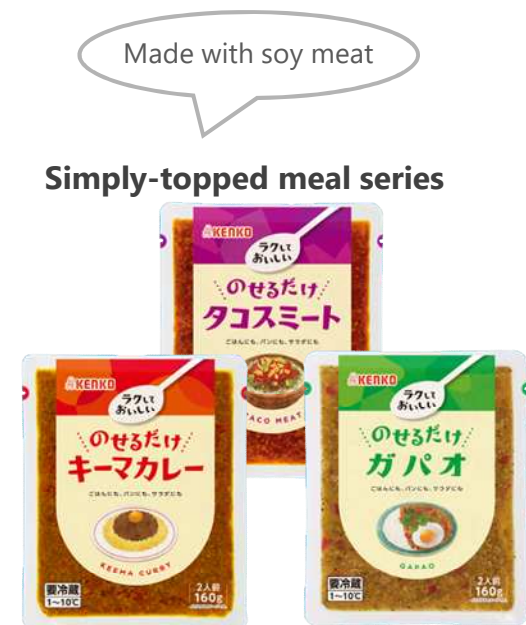
Kenko Kitchen Space

Cooking lessons for consumers



(2) Innovation Crystallize our New KENKO vision into eco-friendly businesses

● Development of plant-based products



● Research

- Development of upcycled products
- Cultivation of food specialists
- KENKO-endowed Salad Science courses (at a university)

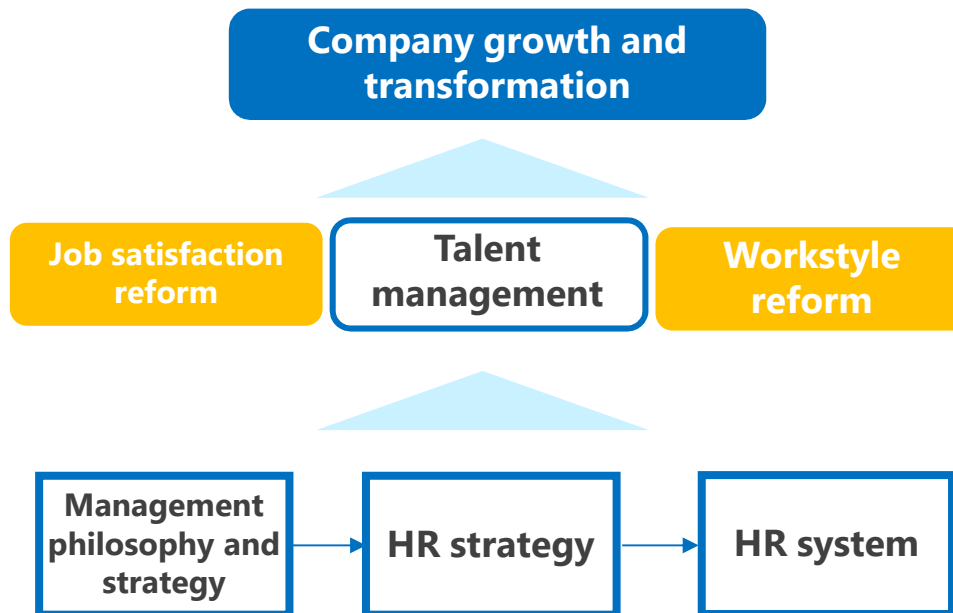
(3) Structural reform

Sustainable growth of core business

● Workstyle and job satisfaction reforms

A fair, satisfactory, and transparent HR system

→ Workstyle and job satisfaction improvement



● Introduction of new backbone system

■ Completion planned for FY 2023

■ Thorough unit control

■ Centralized monitoring of management indices

● Improved governance

■ Established a Nomination and Remuneration Committee.

■ Evaluated the effectiveness of the Board of Directors.

■ Abolished the officer retirement benefit system.

■ Abolished anti-takeover measures.

(4) Global business Strengthen the foundation of our global business

● Overseas locations

■ Indonesia

- Movement restrictions in Indonesia
 - Affect on sales activities
- Sauce production and sale going smoothly

■ North America

- Sales are in line with previous year
- Affected by skyrocketing raw material prices

● Expansion of exports and sales

- Products exported to 48 countries and regions (as of September 2021)
 - Particular growth in Asia and Americas
- Providing extended best-before periods for exported products
- Development of new export products

● Cultivation of global business persons

- Encouragement of language learning
- Recruitment of diverse human resources
 - Hiring of competent human resources regardless of nationality

Sustainability Policy

3) MTMP



Company Philosophy

Contributing to the world by providing quality foods

Management foundation

Creating shared value

Sustainability Policy

Environment

To become an environmentally friendly company

Society

To bring happiness to stakeholders

Health

To care for mental and physical health and lives

Key issues

- Greenhouse gases
- Container & packaging
- Human resources
- Raw materials
- Health

ESG

SDGs

Contributing to the realization of a sustainable society

Sustainability Initiatives (Progress)

Issues

FY 2021 1H

Goals for FY 2023

Reduction of greenhouse gases

- FY 2021 CO₂ reduction target: **by 1%**

CO₂ reduction

-3%

(Compared to FY 2019 intensities)

- Shift to alternate refrigerants
→ **84% complete**

CFC substitutes

Promoting the use of alternate refrigerants

Use of sustainable packaging materials

- Shift to biomass ink for outer mayonnaise packaging



Using lightweight packaging materials

Reduction of waste

- Reduced by 6% groupwide (FY2021 1H)



Reducing waste and processing losses

-5%

(Compared to FY 2019 intensities)

Sustainability Initiatives

● Long-life salads



1977
World-first sale

→ Contribution to food waste elimination and improved convenience

● High added value recycling

- Using potato skins for pig feed
- Using egg shells for fertilizer



● Resilient raw materials (potatoes)

Contribution to breeding and the development of new cultivars

- Joining in research on pest-resistant cultivars
- Development of cultivars suited to salads (*Sayaka*)

● Aid activities

- Endorsement of food bank activities
- Support for children's food kitchens



● Respect for diversity

Awarded Shizuoka Prefectural Governor's Award for being an outstanding enterprise in the employment of people with disabilities



● SDGs education

Training for employees using e-learning

● Creation of factory tour videos



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- **Notes on the future outlook**

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