

KENKO Mayonnaise Co., Ltd.  
[Securities code: 2915]

# Material for Briefing Session for FY 3/2022

May 20, 2022



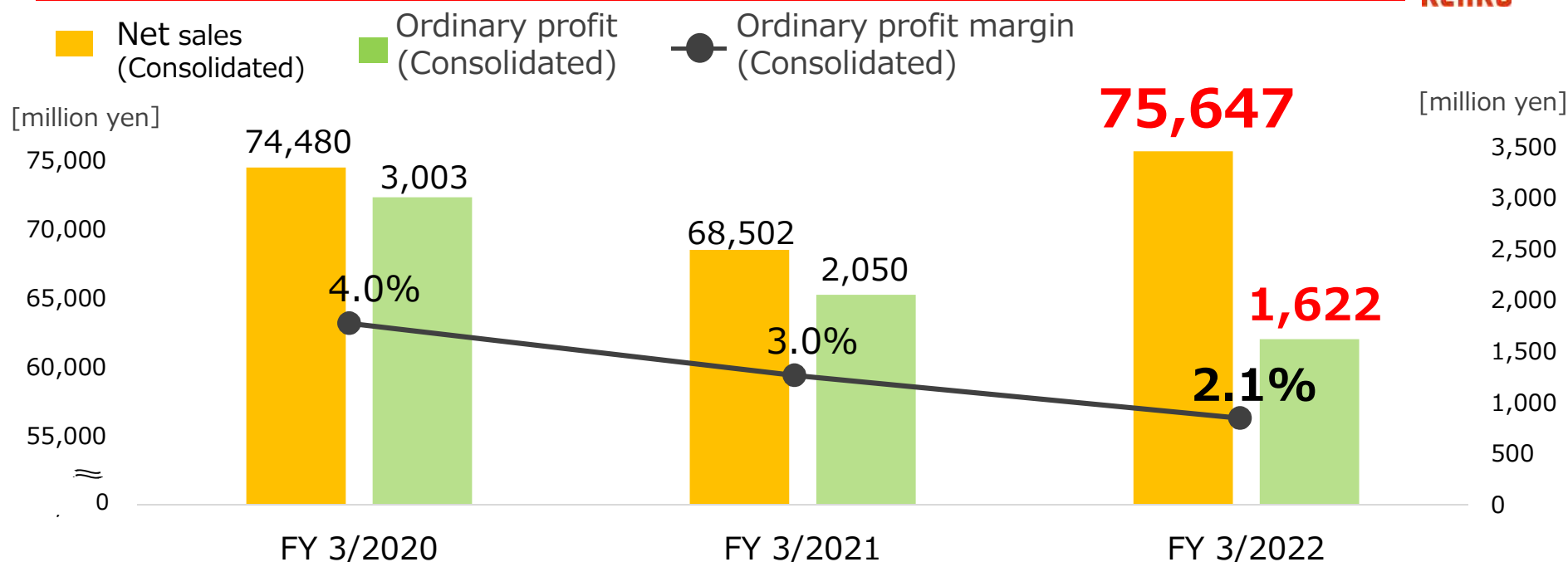
# Overview of Results

## For FY 3/2022

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# Highlights of Results for FY 3/2022

① Results for FY 3/2022



◇ **Sales increased and profit dropped**

◇ **All-time high net sales (consolidated)** (Up 10.4% YoY, Up 3.3% from the estimate)

◇ Large increase in costs due to soaring ingredient prices

→ Implemented cost reduction measures and price revisions

Ordinary profit (consolidated) **exceeded initial estimate.**

(Down 20.9% YoY, Up 8.2% from the estimate)

# Statements of Income for FY 3/2022 (Consolidated)

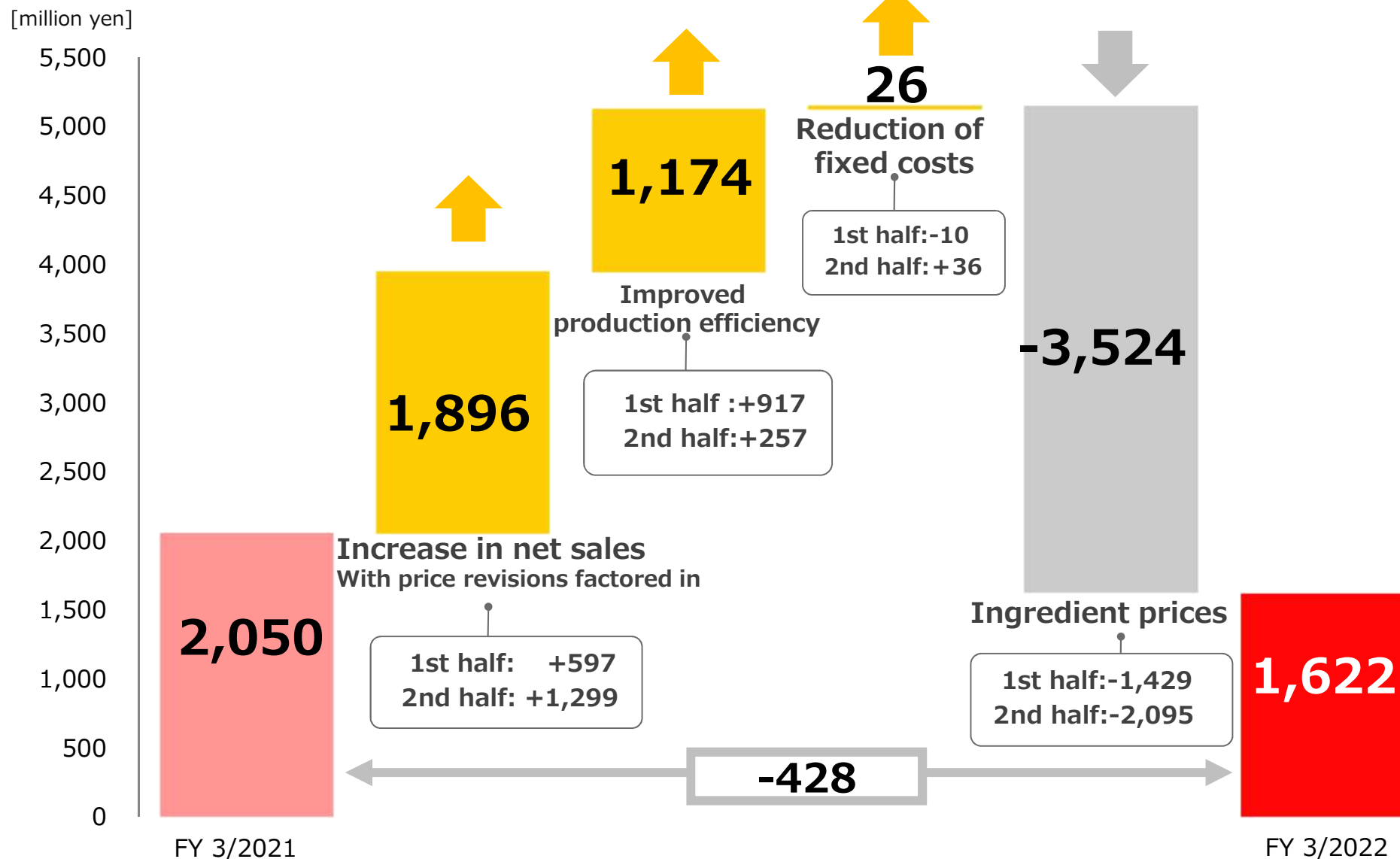
① Results for FY 3/2022



Summary of the consolidated statements of income [million yen]	FY 3/2021	FY 3/2022			Forecast for FY 3/2022 (Announced on May 14, 2021)
	Amount	Amount	YoY	Compared with the estimate	
Net sales	68,502	<b>75,647</b>	+10.4%	+3.3%	<b>73,200</b>
Gross profit	15,859	<b>15,795</b>	-0.4%	-	-
%	23.2%	20.9%			-
Selling, general and administrative expenses	13,882	<b>14,179</b>	+2.1%	-	-
Operating profit	1,976	<b>1,616</b>	-18.2%	+13.0%	<b>1,430</b>
%	2.9%	2.1%			2.0%
Ordinary profit	2,050	<b>1,622</b>	-20.9%	+8.2%	<b>1,500</b>
%	3.0%	2.1%			2.0%
Profit before income taxes	2,140	<b>1,754</b>	-18.0%	-	-
Profit attributable to owners of parent	1,458	<b>1,211</b>	-16.9%	+15.4%	<b>1,050</b>
%	2.1%	1.6%			1.4%
Earnings per share	88.51yen	<b>74.32yen</b>			63.73yen

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

① Results for FY 3/2022



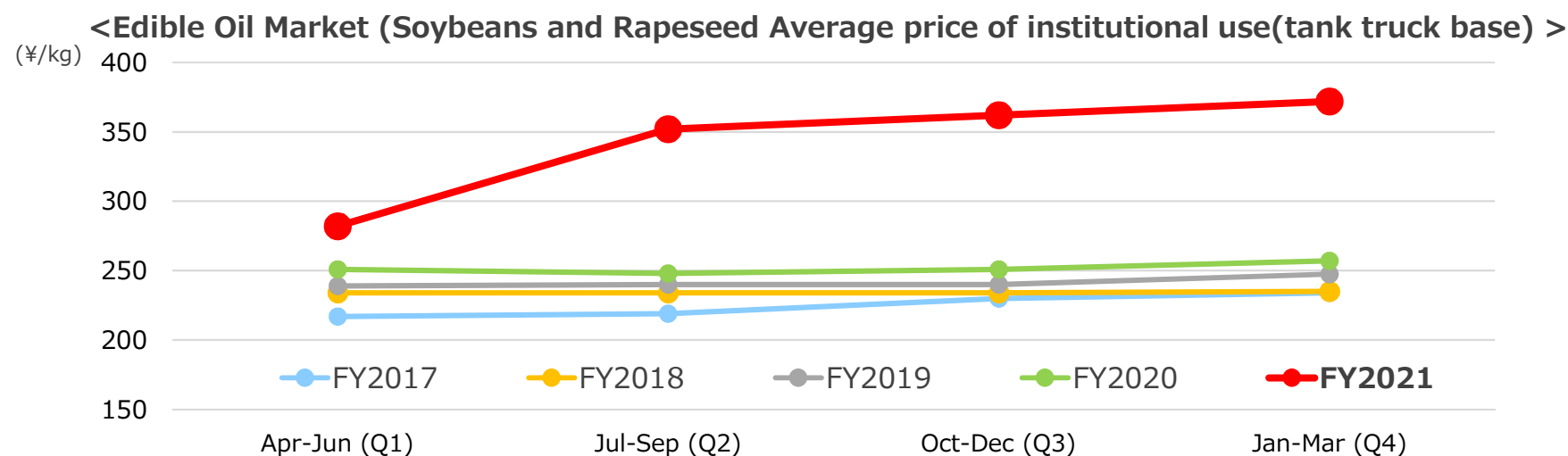
# (Reference) Market Prices of Edible oil

① Results for FY 3/2022



## FY2021 Edible Oil Market

- In the first half of fiscal 2021, market prices for soybeans increased due to growth retardation in South America and a sharp recovery in Chinese soybean imports because of the recovery in pork production, as well as increased use of edible oil in biodiesel as a measure to address global warming.
- Canadian rapeseed, which had reached an all-time high in April, was only at about 60% of the previous year's production due to the summer drought, which spurred a sharp rise in the market price.
- In particular, exports of sunflower and rapeseed from Russia and Ukraine halted, causing global oilseeds and edible oil prices to soar even higher.



## FY2022 Forecast

Global oilseed ingredients will remain in tight supply and prices will continue to soar. Japanese edible oil makers announced five price revisions between March 2021 and April 2022. Due to the tight supply of inventory of old crops of soybeans and rapeseed, this year will be even more difficult depending on the growth of new crops.

# Results by Segment for FY 3/2022

①Results for FY 3/2022



[million yen]	FY 3/2021	FY 3/2022	YoY	
			Difference	%
<b>Net sales</b>	<b>68,502</b>	<b>75,647</b>	<b>+7,144</b>	<b>+10.4%</b>
Seasoning and Processed Foods Business	51,611	57,552	+5,940	+11.5%
Delicatessen-related Business	16,057	17,232	+1,175	+7.3%
Other	832	861	+29	+3.5%
<b>Segment profit (loss)</b>	<b>2,050</b>	<b>1,622</b>	<b>-428</b>	<b>-20.9%</b>
Seasoning and Processed Foods Business	1,617	1,887※	+270	+16.7%
%	3.1%	3.3%	-	-
Delicatessen-related Business	541	984	+442	+81.6%
%	3.4%	5.7%	-	-
Other	-35	-57	-22	-
Adjustments	-72	-1,191	-1,119	-

(\*Dividend income of 1,161 million yen from group companies included)

# Points by Segment for FY 3/2022

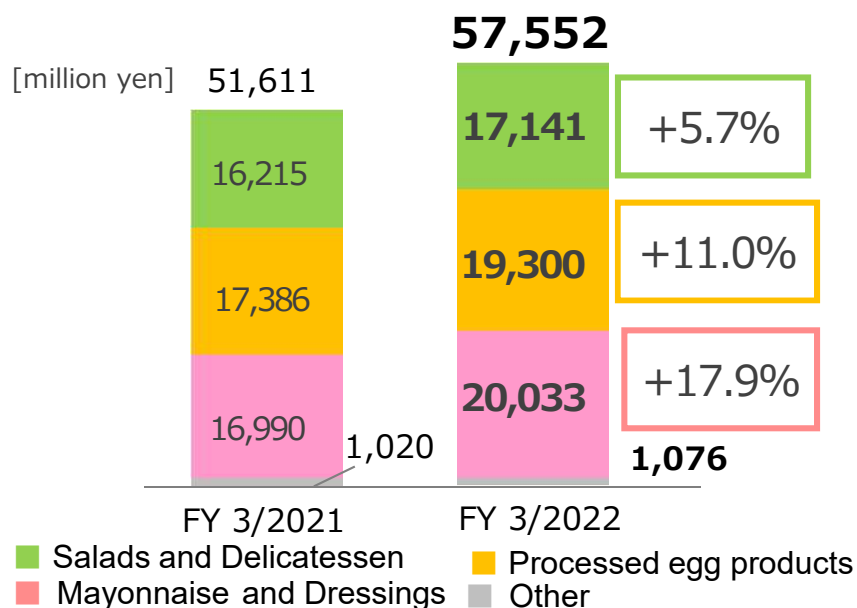
① Results for FY 3/2022



## Seasoning and Processed Foods Business

<Seasoning and Processed Foods Business:

Overview of Net Sales by Product>



### Salads and Delicatessen

- Sales of mainstay 1kg potato salad to restaurants recovered
- Adopted as promotional products for fast food

### Processed egg products

- Sales of egg salads to major bread manufacturers and CVS increased
- Atsuyaki tamago (thick omelets) adopted by restaurant chains and CVS

### Mayonnaise and Dressings

- Implemented price revisions for mayonnaise products from July 2021
- Strengthened response to small-form product and takeaway demand

## Delicatessen-related Business

<Fresh Delicatessen (daily delivered salads and delicatessen) and Contract Production within Group>

- Sales of DIETCOOK SHIRAOI Co., Ltd. and Kanagawa Factory of KANTOH DIETCOOK Co., Ltd. grew steadily and profits improved significantly.
- Developed products that captured needs. (Appetizers, family share meals, health and functional products, etc.)

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## Other

<Shop Business (Salad Cafe) and Overseas Business\*>

- Both sales and profit of Salad Cafe improved.
- Profit of Overseas Business declined due to impact of soaring ingredient prices.

\*Because Overseas Business is accounted for by the equity method, it is not included in net sales.

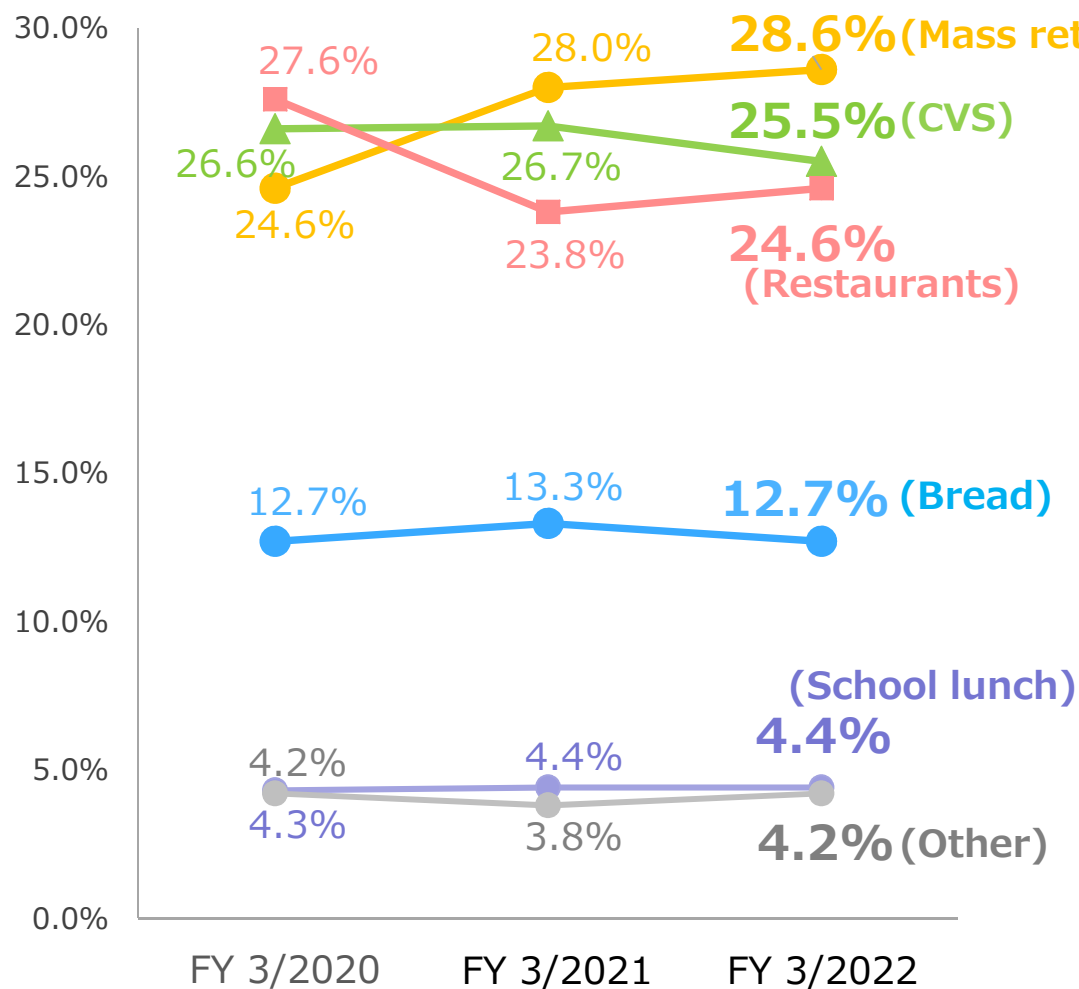


# Net Sales Composition by Sales Channel (Consolidated)

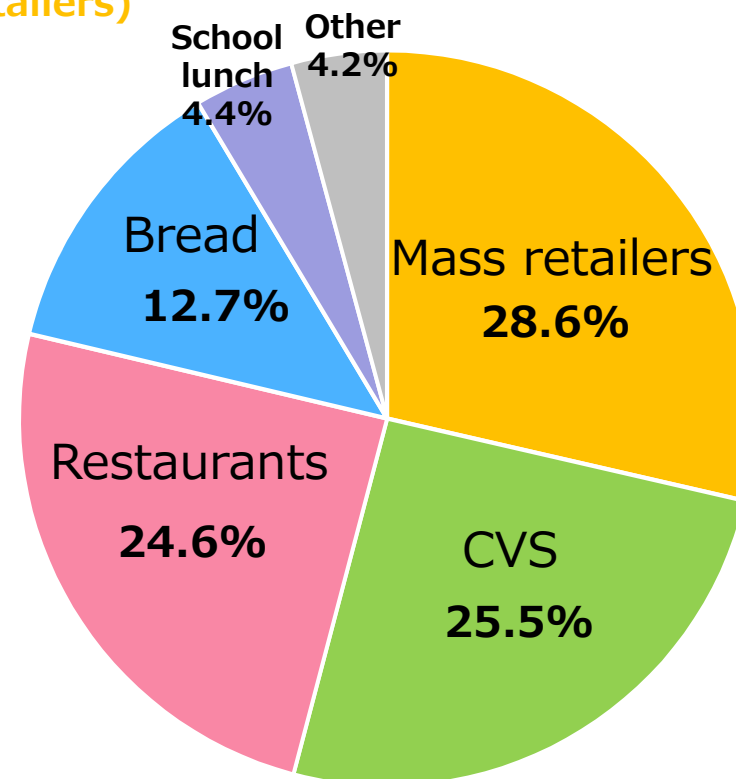
①Results for FY 3/2022



## Changes in Net Sales Composition by Sales Channel



## Net Sales Composition by Sales Channel for FY 3/2022



# Overview of Balance Sheet (Consolidated)

①Results for FY 3/2022

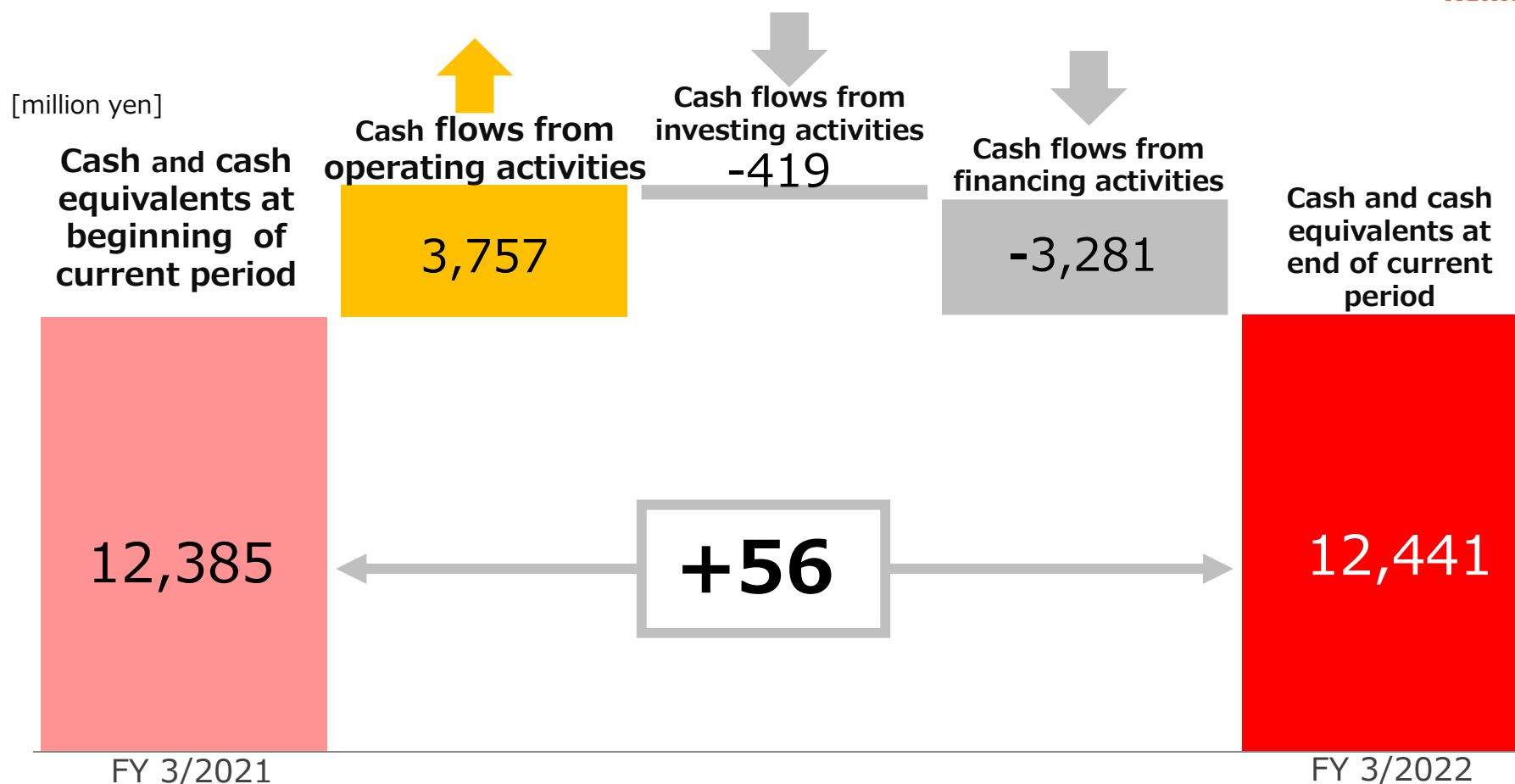


[million yen]		FY 3/2021	FY 3/2022	Difference	Change from FY 3/2021 end (%)
*Includes long-term accounts payable - other					
<b>Assets</b>	<b>Current assets</b>	26,317	<b>27,868</b>	+ 1,551	+ 5.9%
	<b>Non-current assets</b>	36,003	<b>33,892</b>	-2,110	-5.9%
<b>Total assets</b>		62,320	<b>61,760</b>	-559	-0.9%
<b>Liabilities</b>	Balance of interest-bearing debt*	13,059	<b>10,427</b>	-2,631	-20.2%
		26,742	<b>25,221</b>	-1,520	-5.7%
<b>Net assets</b>		35,577	<b>36,539</b>	+ 961	+ 2.7%
<b>Total liabilities and net assets</b>		62,320	<b>61,760</b>	-559	-0.9%
<b>Net debt-to-equity ratio</b>		0.37times	<b>0.29times</b>	-0.08	-
<b>Net assets per share</b>		2,159.46yen	<b>2,245.07yen</b>	+ 85.61yen	+ 4.0%
<b>Equity ratio</b>		57.1%	<b>59.2%</b>	+ 2.1%	

- As a result of steady progress in repayment of interest-bearing debt, the Company's financial position has improved to be effectively debt-free, with debt lower than the balance of cash and deposits.

# Overview of Cash Flows (Consolidated)

① Results for FY 3/2022



- Although profit dropped, the balance of cash and deposits was the same level as the previous fiscal year as we were able to keep cash flows from investing activities and cash flows from financing activities within the range of cash flows from operating activities.

# Return to Shareholders

①Results for FY 3/2022



**Dividend higher than dividend forecast**  
due to better-than-expected results for FY 3/2022

Initial forecast for FY 3/2022  
(Announced on May 14, 2021)

**FY 3/2022**

**Interim dividend**

7yen/share

**7yen/share**

**Term-end dividend**

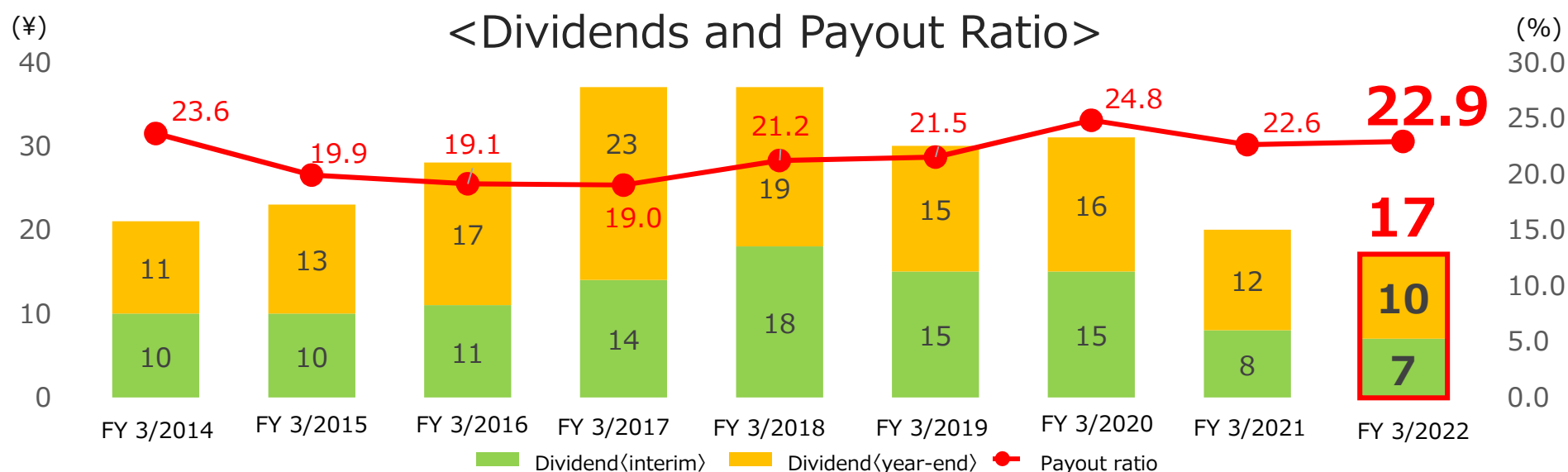
8yen/share

**10yen/share**

**Total**

15yen/share

**17yen/share**





Trends of **ingredient prices**, particularly edible oil, and **energy costs**

Sharp **depreciation of yen** in forex market

**Geopolitical risks**, such as Ukraine situation

### Earnings Estimate and Dividends Forecast for FY 3/2023

As it is extremely difficult to calculate the amount of impact on the Group's business performance at this time, the forecast is **undetermined**.

**The forecast will be announced  
as soon as it becomes available.**

Medium-Term Management Plan (FY2021 to FY2023)

# KENKO Transformation Plan

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# KENKO Transformation Plan

## Company Philosophy

### CSV “Creation of Shared Value”

#### Four Themes

##### B to B to C

Increase opportunities for consumers to get to know KENKO Mayonnaise firsthand

##### Innovation

Create a New KENKO based on awareness of environmental conservation looking ahead to the global environment of the future

##### Structural reform

Implement reform to grow the core business

##### Global business

Strengthen the foundation for our global business

#### Sustainability Policy

##### Environment



- Greenhouse gases
- Ingredients

##### Society



- Container/  
packaging materials

##### Health



- Health
- Human resources

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

# B to B to C Product strategies

②Medium-Term Management Plan



## Expand and renew small volume products

### Takeaway and mass retailer lunch boxes and sales through e-commerce and mass retailers

**118**  
Long life  
salad  
products

Change designs to increase brand recognition  
(design changes for 37 of the products)

**New**



**30**  
Small pouch  
products

Convenience for takeaway, etc.



Simplicity and reduced cooking time

**5**  
Noseru Dake  
(simply add)  
products

**New**

**New**



**114**  
Home-cooked rice  
products



**Restaurants and home dining:**  
Change colors and flavors of dishes

**5**  
Mayo sauce  
products

Easy demarcation





# B to B to C Sales strategies

②Medium-Term Management Plan



## Marketing

Increased exposure and word-of-mouth contributed to sales growth  
Recognition increased



### Strengthen PR for garlic butter sauce

- Use of social media
- Provision of products to programs (TV, radio, etc.)
- Establishment of feature page on the Company's website



### EC sites Sales volume YoY +82%

(KENKO Mayonnaise EC sites only)

Amazon "Condiments & Sauces" category **Bestseller #1** (as of May 19)

### Drugstores and major supermarkets

Approx. 1,900 stores and approx. 1,200 stores

Increase in the number of stores handling products

Distribution rate:  
Drugstores 10.7%  
Major supermarkets: 6.8%

### Bakery Sales with menus on sales floors

### TV Increased number of features

## Salad Cafe

### Stores

Creation of new brands/strategy for stores near railway stations

### Development Of menus

Enhancement of "Salad Cafe" brand from all angles, not just in stores

### Vegetable sweets brand Debut of "YASAI no OKASHI"



Popup store at Keio Department Store Shinjuku Branch

Kagoshima Beni Haruka Sweet Potato Sticks



**3rd** Launch of Best Selection of Recipe Book from Salad Cafe

**Chef's DELI WaSaRa**

Opening of "Chef's DELI /WaSaRa " at SHIBUYA SCRAMBLE SQUARE



**10th on sale now**



Mimosa-style salad with 11 items

Topped cumulative total of 1 million meals! (as of April 30, 2022)

Launch of Salad Cafe salads at FamilyMart  
9th (FY2021 results)

# B to B to C Use of WEB/Internet

②Medium-Term Management Plan



## Video production and streaming

Communicate nutritional education and attractiveness of products and ingredients  
Opportunities to get to know our factories

### Release of factory tour videos



## New sales promotion activities

Communicate attractiveness of products and menus using videos



## Cooking lessons (Kitchen Space 831)

Maximum use of strengths in  
“product capabilities” × “menu development capabilities” to win fans

Vegetables (831) × Nutrition × Professional taste

Holding Dressing Day online cooking lessons,  
online course (StreetAcademy),  
online cooking lessons in collaboration  
with Nissyoku Fureai Cooking



⇒Approx. 1,000 people attended

## Direct EC sites

Net sales  
(vs. previous year)

+8.3%

Number of product  
registrations

More than 400  
varieties

Contribution of increase in  
number of product registrations  
to new sales growth



# B to B to C Future Initiatives

②Medium-Term Management Plan



## Market background

### Increase in time at home

Takeaway Online shopping  
Delivery Home cooking  
Increase in demand  
Decrease in factory tours

### Diversification of lifestyles

Increase in individual and solitary eating

### Establishment of awareness of SDGs

Reduction in food loss  
Initiatives to address environmental problems

### Soaring ingredient prices

Product strategies

Marketing

Salad Cafe

Use of WEB and internet

EC sites

**New lifestyles**  
**Respond to lifestyle diversification**

**Develop high value-added products**

**Develop in-demand small volume and room temperature products**

**Boost small pouch dressings**

**Respond to soaring ingredient prices**  
**High value-added /functional products**

**Information brand strategies**  
**Use of social media**  
**Recipe e-books, etc.**

**Thoroughly strengthen area marketing**



Pasta sauce Series



# Innovation Product development

②Medium-Term Management Plan



## Proposal of new “enjoyment of food” and “food styles”

### Plant-based foods

Plant-based products made with a focus on plant-based ingredients without dairy, eggs, or meat



New



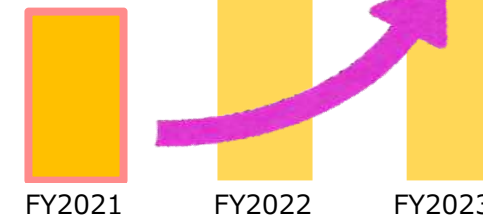
### Minus GOOD and Plus GOOD planned products

•Reduction of additives •Enhanced nutrition •Attention to ingredients



Best-before periods  
Date of manufacture  
**+60 days**  
(Usual FDF is +45 days)

Continue to expand product lineup



Received Gold Award in 7th Nursing Care Food and Smile Care Food Competition

★ **Magokoro Shokusai Frozen Edamame Salad**



★ **Kenko Premium Potato**



Received 25th Commercial Processed Food Hit Award

★ “Sapodore” Series



Protein



Dietary fiber Oligosaccharide



# Innovation Upcycled Ingredient-Based Products

②Medium-Term Management Plan



## DIETCOOK SHIRAOI



Utilize **whole cabbage** generated during the production of cut vegetables as an ingredient

Effective use of whole vegetables

Increase in ingredient utilization rate



Reduction in food loss  
Creation of products that respond to diversification of food

## New ingredient-based products

Stable supply of quality ingredients Simplicity and reduction of food loss



Tuna flakes  
CL-500



Frozen sweet  
potato  
(Beni Azuma)



Frozen pumpkin  
(Ebisu)



Frozen mashed  
potato portion



# Innovation Regional Revitalization

②Medium-Term Management Plan



## Commercialization of local cuisines

Cherish unique local cuisines Toward a world where they can be enjoyed anytime and anywhere



## Support for sustainable agriculture

Study and utilize brand-name varieties, new varieties, and freshly grown vegetables

Potatoes "Sarayuki"  
Rare variety that is excellent for potato salad



Sold at Salad Cafe

Carrots "Kyo-kurenai"  
Rich in lycopene



Kyo-kurenai and grapefruit salad

## Activities aimed at regional revitalization

Attractive local ingredients and technologies



KENKO Mayonnaise's product and menu development capabilities Nationwide sales and production sites



Stimulation of local economy



1st Onagawa  
Three menus now on sale at "Fish Market Okasei"

Spicy Gochujang Style Tuna and Cream Cheese Bowl (Using "Spicy Gochujang Sauce")





# Innovation Future Initiatives

②Medium-Term Management Plan



Market background

**Growing health consciousness**

**Spread of ethical consumption**

**Sustainability**

**Local economy and society**

**Labor shortages and decline in sustainability**

**7**

**Plant-based foods**

**32**

**Minus GOODS  
Plus GOODS**

**5 Upcycled**

**7 Ingredient-based products**

**Regional Revitalization**

**21 Products,  
3 Sales menus**

**Support for sustainable agriculture**

• Menu launch  
2 varieties  
• Evaluation of new potato varieties  
9 varieties

**New lifestyles  
Respond to lifestyle diversification**

**Optimization of packaging and materials**

**Extension of best-before periods**

**Develop high value-added products  
(Plant-based, nutrient-added products)  
Vegetable functionality research**

**Standardization of carton sizes  
Use of recycled nylon**



**Introduction of DX  
(Digital ledger management, collaborative robots, etc.)**

**Loss reduction  
Sustainability initiatives**

**Promotion of regional revitalization**

**Expansion of export-ready products**

## Improvement activities

Business process improvement = improving productivity

H.Q.

Identification of improvement  
and loss reduction issues  
⇒ **276** issues identified



**37.3%** of issues resolved  
companywide (FY2021)

Factory

Improvement in line  
utilization rate  
Yield improvement ⇒ Production  
Production planning, efficiency  
etc. Improvement



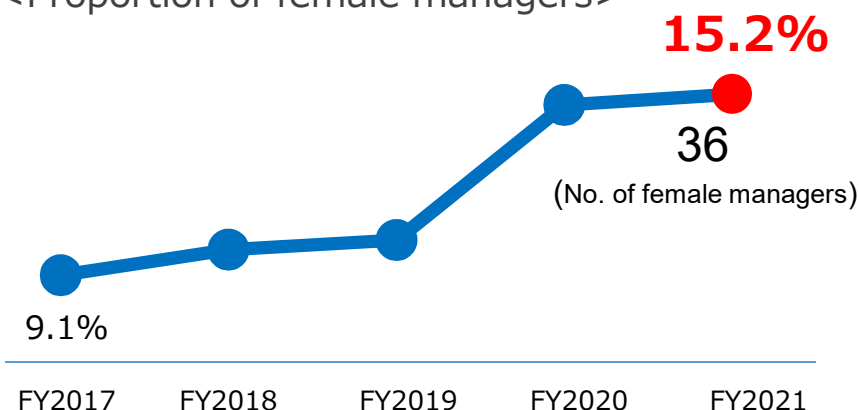
Amount of profit  
improvement **1,174 million yen**  
(See page 5 of materials for details)

## Worker-friendly workplace environment

Improvement in average length of  
service for female employees  
Promotion to management positions,  
training of executive candidates

- Enhancement of childcare leave system  
and employment follow-up
- Provision of career training
- Briefings for young employees, etc.

<Proportion of female managers>



No. of managers: 237



Market background

**Gender  
equality**

**New normal**

**Work-life  
balance**

**Digitization**

**TSE market  
reorganization**

**Improvement  
activities**

**Active  
participation  
of women**

**Enhancement  
of personnel  
development**

**Introduction of  
cloud-based  
management  
systems**

**Creation  
of DX  
infrastructure**

**New lifestyles  
Respond to lifestyle  
diversification**

**Job satisfaction and  
work style**

**Prime Market**

**Reconstruction of core systems**  
(Commence operation in FY2024)  
Reform of security

**Reform of personnel systems**  
(Commence operation in FY2024)

**Increase overall equipment efficiency  
+ Yield improvement  
⇒ Cost reductions**

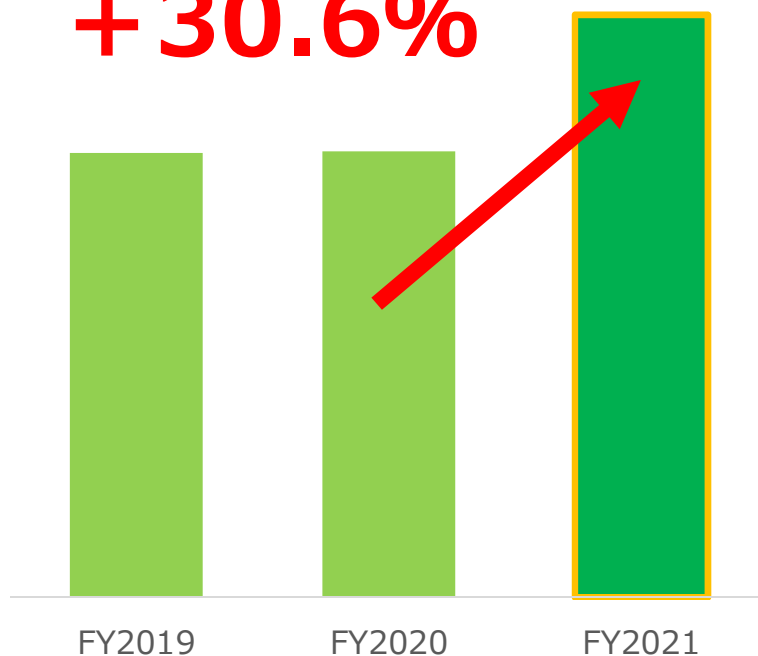
**Enhancement of governance, capital  
policy, and content of disclosure**

Strong sales in retail, takeaway, etc. due to recovery in demand from the COVID-19 pandemic

## Export net sales

Vs. previous year

**+30.6%**



**49 countries and regions**(+3 countries)

YoY Net sales growth rate by region

**EU**  
+45%

**North America**  
+10%

**Asia**  
+30%

**Oceania**  
+35%

## Main countries for exports

North/Central America: U.S.A., Canada

Oceania: Australia

Asia : China, Indonesia

Europe : U.K., France

## Expansion of long shelf life products for export



Market background				
Contraction of Japanese market	Expansion of e-commerce market	U.S.: High inflation	Soaring ingredient prices	TSE market reorganization
Expansion of global market				



**Expansion of products for overseas markets**

**Prime Market**

**Increase in number of countries for exports and expand sales in priority areas**

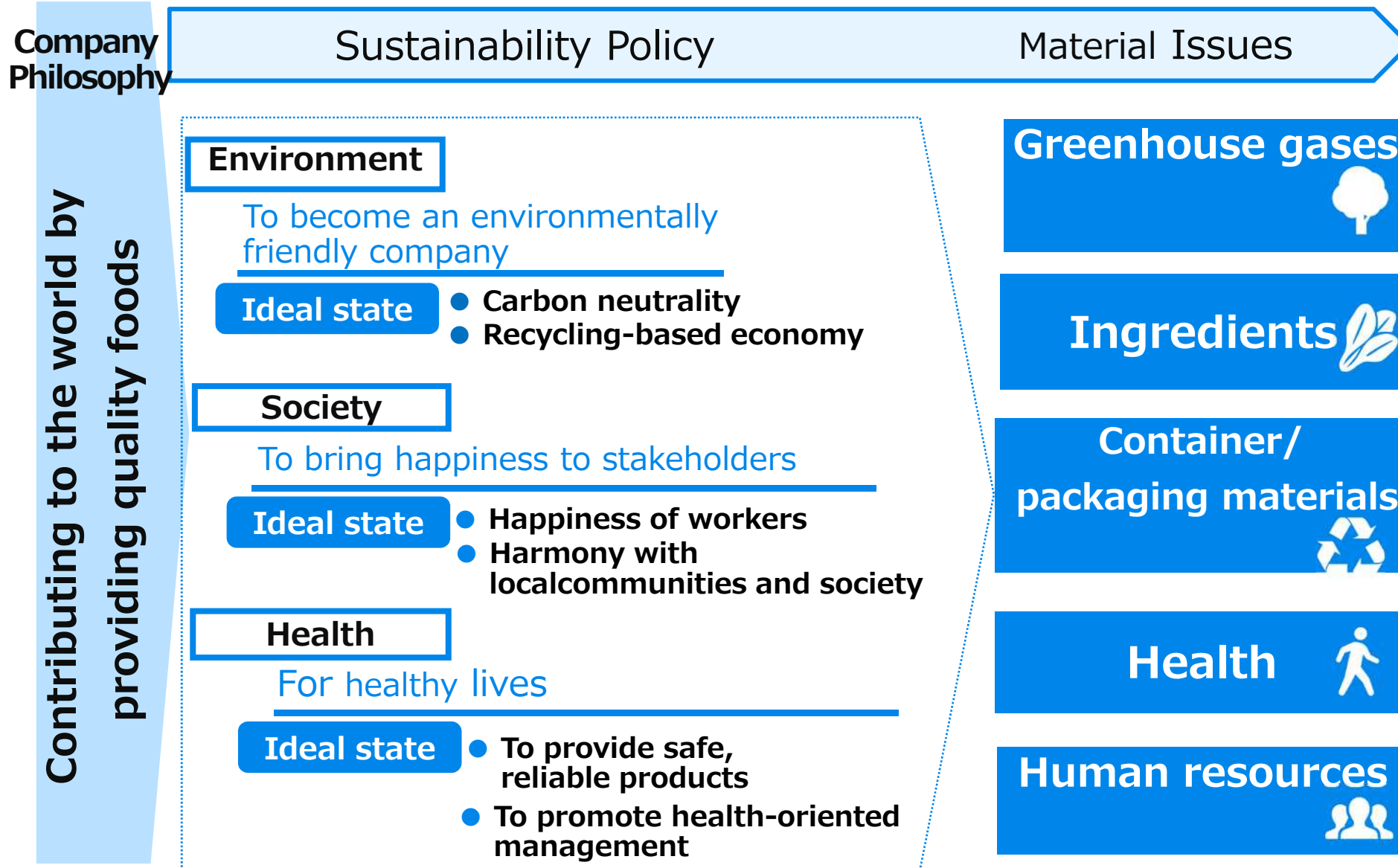
**Global products (Exports and research information)**

**Expansion of FSSC22000 certification**

**Enhancement of English disclosure**

# Sustainability Policy

②Medium-Term Management Plan



# Goals for Sustainability

②Medium-Term Management Plan



## Goals

FY2021

Goals for FY2023

### Reduction of greenhouse gases

- FY 2021

Reduction of CO<sub>2</sub> **-2.7%**  
(Compared to FY 2019 intensities)

Reduction of CO<sub>2</sub>

**-3%**

(Compared to FY 2019 intensities)

- Shift to alternate refrigerants  
→ **91%** complete

Alternative CFCs

Promoting the use of alternative refrigerants

### Use of sustainable packaging materials

- Shift to biomass ink for outer mayonnaise packaging



Using lightweight packaging materials

### Reduction of waste

- Reduced by **8%** groupwide  
(Compared to FY 2019 intensities)



Reducing waste and processing losses  
**-5%**

(Compared to FY 2019 intensities)

# Sustainability initiatives

②Medium-Term Management Plan



## Creation of Sustainability Policy website



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## ► December 2021

### Establishment of Sustainability Committee

### ► Announcement of support for UN Food Systems Summit 2021

#### (1) To realize “sustainability in food consumption,” we will

- Aim to reduce food loss and food waste 15% by 2030. (Compared to FY2019 intensities)
- Promote development of upcycled products.



#### (2) To realize “promotion of agriculture, forestry, and fisheries in harmony with the environment,” we will

- Aim to reduce greenhouse gas emissions 50% by 2030. (Compared to FY2019 intensities)
- Select environmentally-friendly materials and promote reductions in the use of plastic.



### Shizuoka Fujisan Factory

### ► Cooperation with Fuji City’s efforts for universal employment



**Lectures at briefing session to expand employment support** (held since three years ago)

### Shizuoka Fujisan Factory

**► Excellent Business Employing People with a Disability**  
⇒ Received commendation from Governor of Shizuoka Prefecture



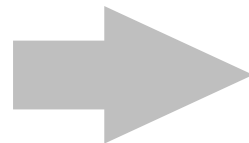


# KENKO Transformation Plan

Transformation for improving corporate value and achieving sustainable growth

April 4, 2022: Tokyo Stock Exchange market reorganization

TSE 1st  
Section



Prime  
Market

Standard  
Market

Growth  
Market

English  
disclosure

TCFD

Sustainability

Creation of DX

Annual Report

Enhancement of  
governance

Carbon neutrality

Reform of personnel  
systems

Business portfolio

Core systems

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- **Notes on the future outlook**

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