

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

Material for Briefing Session For FY 3/2024 1H

Nov.22,2023



- 1. Results for FY 3/2024 1H**
- 2. Forecast for FY 3/2024**
- 3. Progress
of Medium-Term Management Plan**

1.Results for FY 3/2024 1H

Highlights of the Results for FY 3/2024 1H (Consolidated)

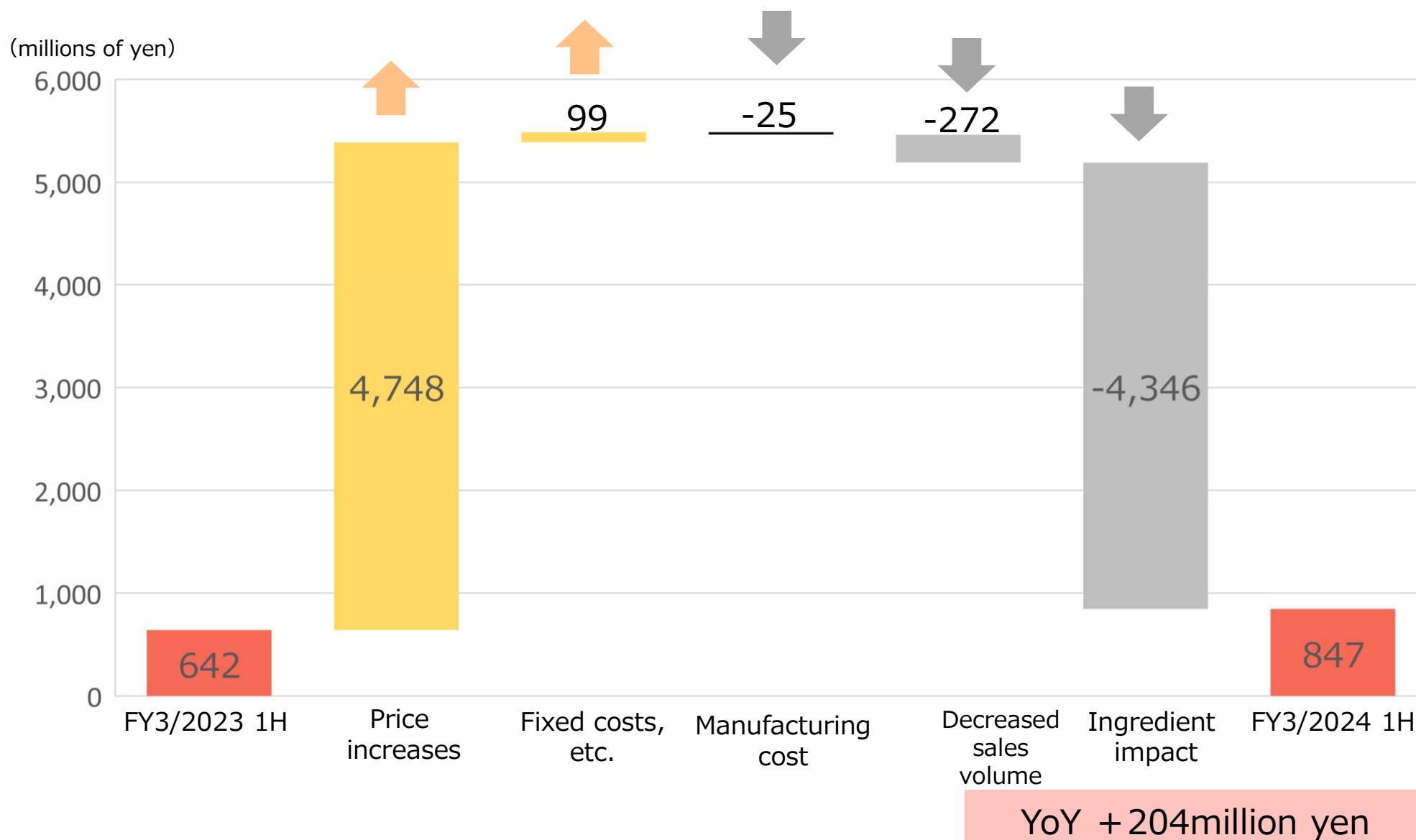
► Net sales up 7.4%, ordinary profit up 31.8%

- Recovery in sales, centered on food service sector
- Expansion of sales, centered on products for use in fast food
- Penetration of price increases

Net sales 1H
recorded all time high

	FY 3/2023 1H		FY 3/2024 1H	
	Result		Result	YoY
(millions of yen)				
Net sales	40,750		43,763	+7.4%
Gross profit (%)	8,045 19.7%		8,079 18.5%	+0.4%
Selling, general and administrative expenses (%)	7,425 18.2%		7,296 16.7%	-1.7%
Operating profit (%)	620 1.5%		782 1.8%	+26.2%
Ordinary profit (%)	642 1.6%		847 1.9%	+31.8%
Profit attributable to owners of parent	482		542	+12.4%
Earnings per share	29.66yen		33.65yen	

Factors in Changes in Consolidated Ordinary Profit (Year on Year)

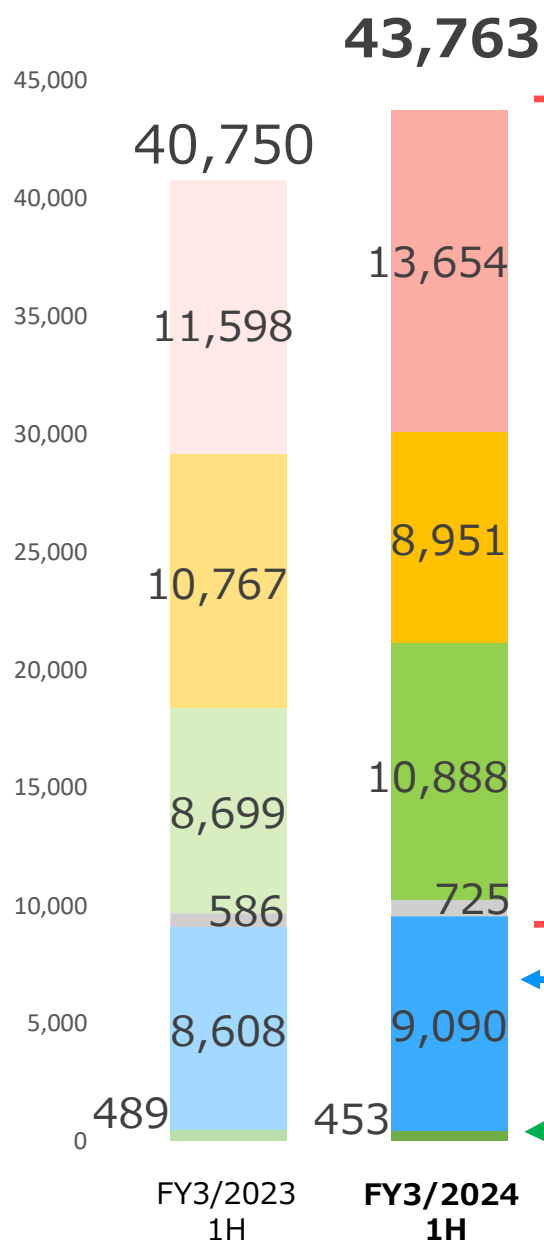


*Rounded down to the nearest million yen

Nets sales by Segment



(millions of yen)
50,000



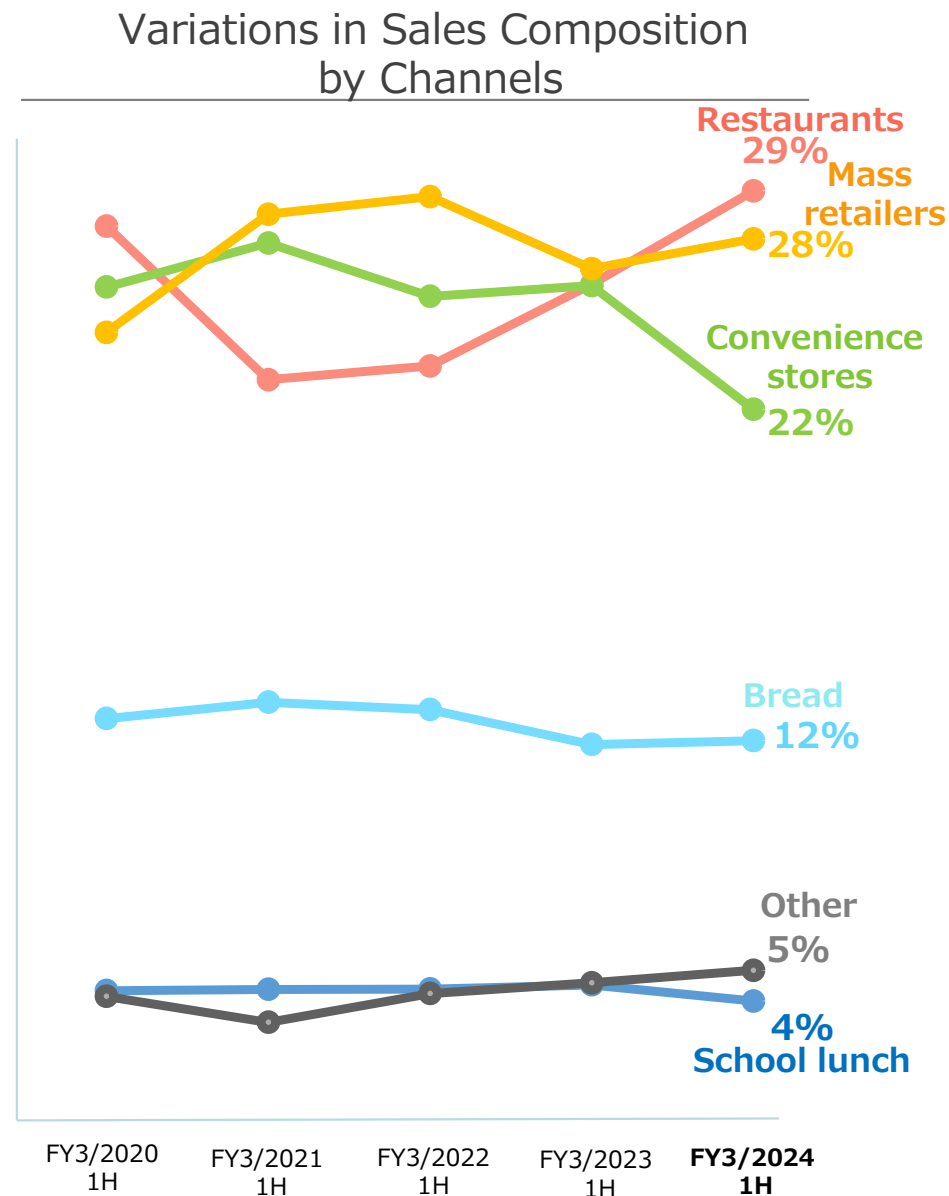
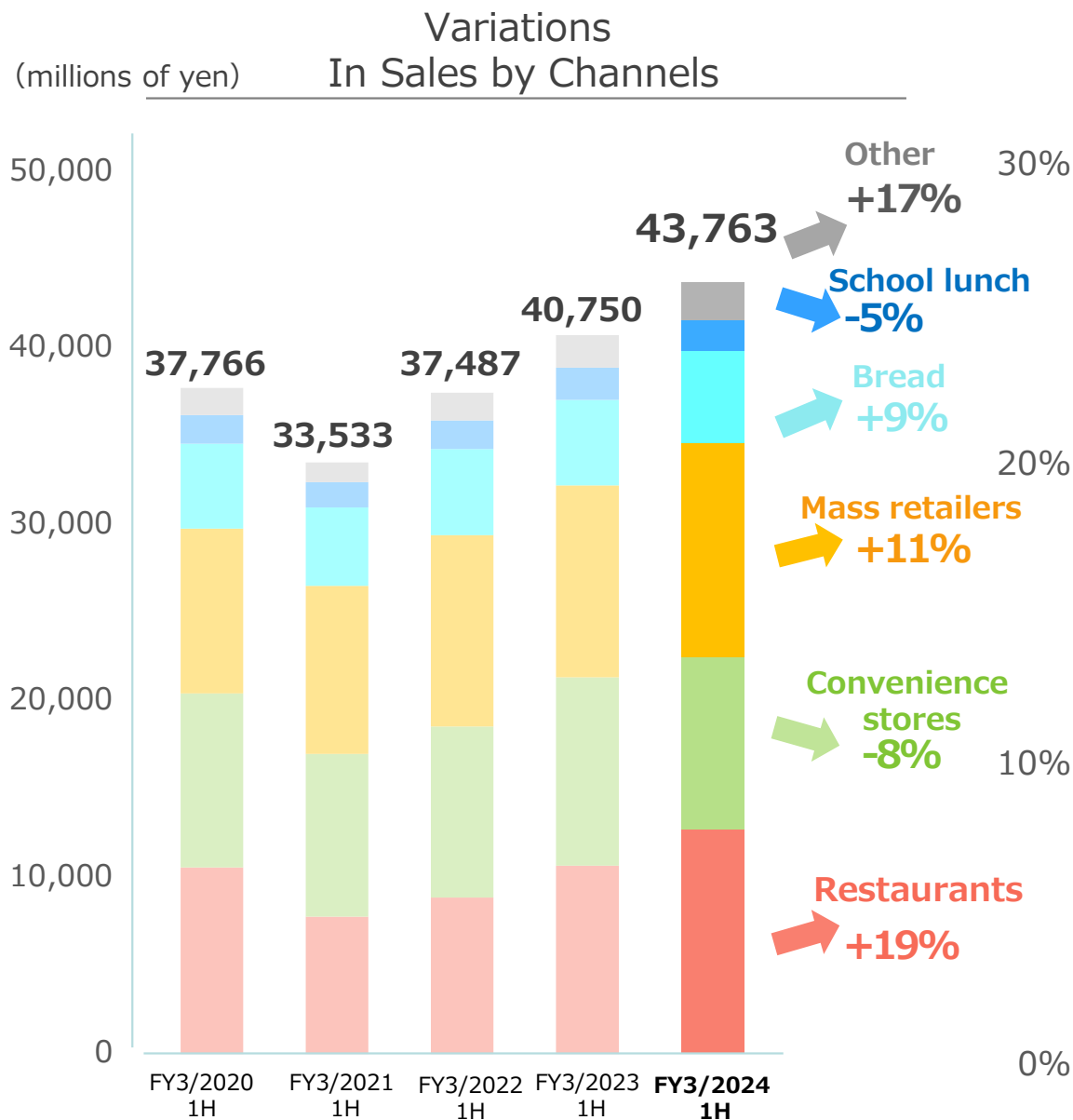
Segment	YoY	Main Points
Seasoning and Processed Foods Business	+ 8.1%	<ul style="list-style-type: none"> Effects of price increases Expansion in sales of products for use in fast food
Mayonnaise and dressings	+ 17.7%	<ul style="list-style-type: none"> Effects of price increases Expansion in sales of mayonnaise for mass retailers
Processed egg products	- 16.9%	<ul style="list-style-type: none"> Menu proposals with adjusted egg usage Impact of supply restrictions
Salads and delicatessen	+ 25.2%	<ul style="list-style-type: none"> Expansion of low volume salads under B to B to C strategy Strong performance of potato salad, the mainstay product
Other	+ 23.7%	<ul style="list-style-type: none"> Expansion of frozen meat products and frozen potatoes
Delicatessen-related Business	+ 5.6%	<ul style="list-style-type: none"> Effects of price increases Development and sale of high unit price products Expansion of sales categories and channels
Other(Salad Cafe)	- 7.5%	<ul style="list-style-type: none"> Closure of 1 store Decrease in department store deli demand due to recovery of restaurants

Results by Segment



(millions of yen)	FY 3/2023 1H	FY 3/2024 1H	YoY
Net sales	40,750	43,763	+7.4%
Seasoning and Processed Foods Business	31,651	34,220	+8.1%
*Business of KENKO Mayonnaise			
Mayonnaise and dressings	11,598	13,654	+17.7%
Processed egg products	10,767	8,951	-16.9%
Salads and delicatessen	8,699	10,888	+25.2%
Other	586	725	+23.7%
Delicatessen-related Business *Business of consolidated subsidiaries	8,608	9,090	+5.6%
Other *salad Cafe	489	453	-7.5%
Profit by segment	642	847	+31.8%
Seasoning and Processed Foods Business	275	392	+42.8%
Delicatessen-related Business	376	451	+19.8%
Other	6	15	+157.7%
Adjustments	-15	-12	—

Sales by Channels (Consolidated)



Overview of the Balance sheet(Consolidated)



- ▶ Assets: Increase in accounts receivable – trade and cash and deposits
- ▶ Liabilities: Increase in accounts payable – trade and electronically recorded obligations - operating
- ▶ Decrease in interest-bearing debt

Equity ratio 56.1%
Stable financial foundation

* Includes long-term accounts payable-other
(millions of yen)

		FY 3/2023	1H FY 3/2024	Change from FY 3/2023 end
Assets	Current assets	29,651	35,112	+18.4%
	Non-current assets	32,577	32,123	-1.4%
Total assets		62,229	67,236	+8.0%
Liabilities	Balance of interest-bearing debt *	8,102	7,066	-12.8%
		25,435	29,535	+16.1%
Net assets		36,794	37,700	+2.5%
Total liabilities and net assets		62,229	67,236	+8.0%
Net assets per share		2,281.75yen	2,337.97yen	-
Equity ratio		59.1%	56.1%	-3.0%

Overview of Cash Flows (Consolidated)



(millions of yen)	FY3/2023 1H	FY 3/2024 1H	Main Points
Cash flow from operating activities	2,319	3,157	<ul style="list-style-type: none"> • Increase in profit before income taxes • Increase in trade payables and trade receivables
Cash flow from investing activities	-193	-427	<ul style="list-style-type: none"> • Purchase of property, plant and equipment • Purchase of intangible assets
Cash flow from financing activities	-1,330	-1,198	<ul style="list-style-type: none"> • Repayments of long-term borrowings
Cash and cash equivalents at end of period	13,238	13,820	Up 582 million yen YoY

2. Forecast for FY3/2024

Earning Estimate for FY 3/2024 (Consolidated)



(millions of yen)	FY 3/2023	FY 3/2024(Est.) ※	
	Amount	Amount	YoY
Net sales	82,363	87,400	+ 6.1%
Operating profit	105	1,220	-
%	0.1%	1.4%	
Ordinary profit	169	1,300	+667.8%
%	0.2%	1.5%	
Profit attributable to owners of parent	485	570	+ 17.4%
%	0.6%	0.7%	
Earnings per share	29.86yen	35.05yen	

* Date of earnings forecast announcement: May 15, 2023

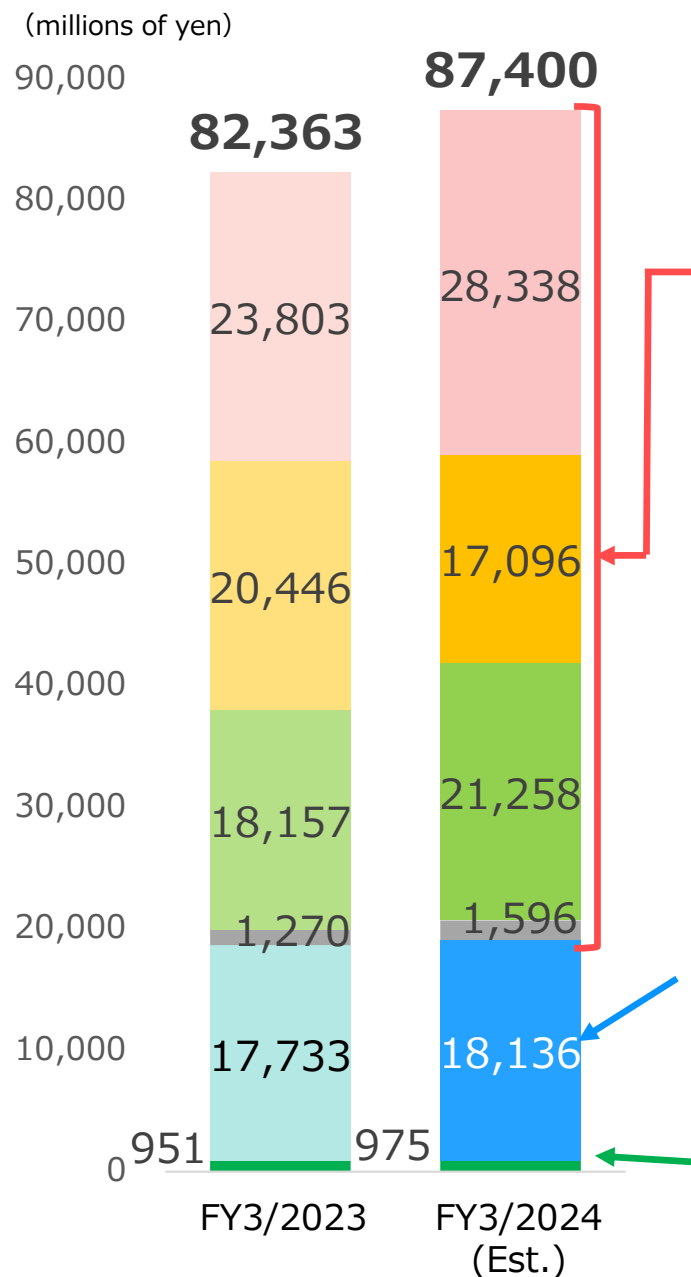
Key Issues



- Penetration of price increases
- Product consolidation
- Greater efficiency
(Improve production efficiency, centralized production, and reduced management costs)



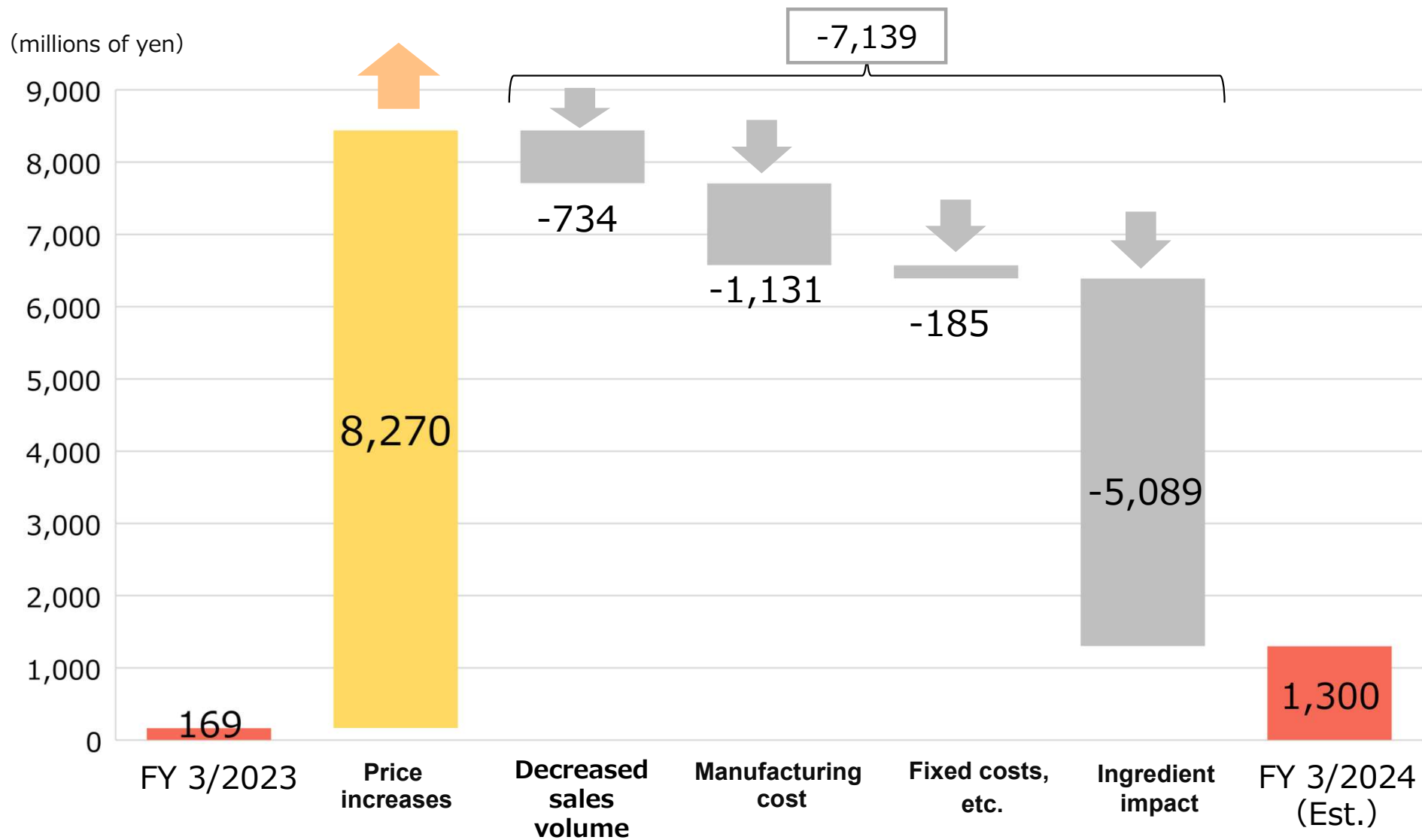
Priority issue
Ensure profit

Forecast of sales by Segment for FY 3/2024



Segment	YoY	Main points in 2H
Seasoning and Processed Foods Business Mayonnaise and dressings Processed egg products Salads and delicatessen Other	+7.2% +19.1% -16.4% +17.1% +25.7%	<ul style="list-style-type: none"> Penetration of price increase Consolidation of products Centralization of production Expansion in sales of processed egg products Development and sale of products using plant ingredients  
Delicatessen-related Business	+2.3%	<ul style="list-style-type: none"> Development and sale of high unit price products Expansion of sales categories and channels
Other (Salad Cafe)	+2.5%	<ul style="list-style-type: none"> Strengthening of Salad Cafe brand

Forecast for Changes in Ordinary Profit(Consolidated)



YoY +1,131 million yen

*Rounded down to the nearest million yen

Shareholder Returns and Dividend Forecast



<Basic Policy>

To maintain and continue stable dividends while aiming to increase corporate value, raising the dividend level based on business performance

FY 3/2024

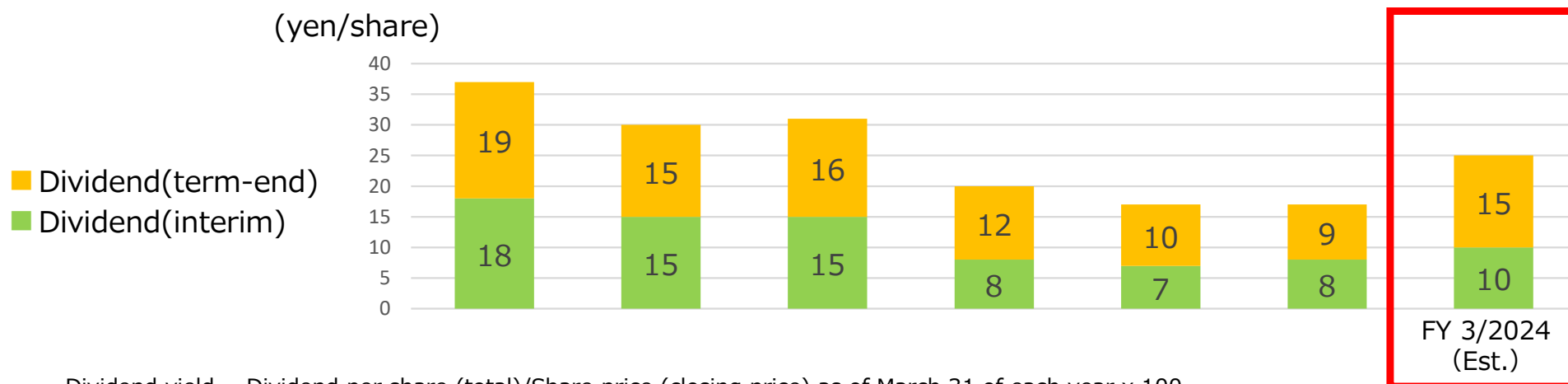
✓ Interim dividend

10yen/share Decided

✓ Term-end dividend

15yen/share Forecast

	FY 3/2018	FY 3/2019	FY 3/2020	FY 3/2021	FY 3/2022	FY 3/2023	FY 3/2024 (Est.)
Dividends (yen/share)	37	30	31	20	17	17	25
Payout ratio (%)	21.2	21.5	24.8	22.6	22.9	56.9	71.3
Dividend yield (%)	1.06	1.37	1.52	1.06	1.23	1.41	-
Dividend on equity (DOE) (%)	2.1	1.5	1.5	0.9	0.8	0.8	-



Dividend yield = Dividend per share (total)/Share price (closing price) as of March 31 of each year x 100

Dividend on equity (DOE) = Dividend per share (total)/((Beginning of fiscal year + Year-end consolidated net assets per share) ÷ 2) x 100

3. Progress of Medium-Term Management Plan

KENKO Transformation Plan

Company Philosophy

CSV "Creation of Shared Value"

Four Themes

B to B to C

Structural
reform

Innovation

Global
business

Sustainability Policy

Environment



Society



Health



- Greenhouse gases
- Ingredients
- Container/
Packaging materials
- Health
- Human resources

Transformation for improving corporate value
and achieving sustainable growth

▼ Use social media

Communication tool for fan growth

● Build user contact points

→ Approx. **128,000** followers

*Total of X (formerly Twitter) and Instagram

● Implemented campaign via X (formerly Twitter)

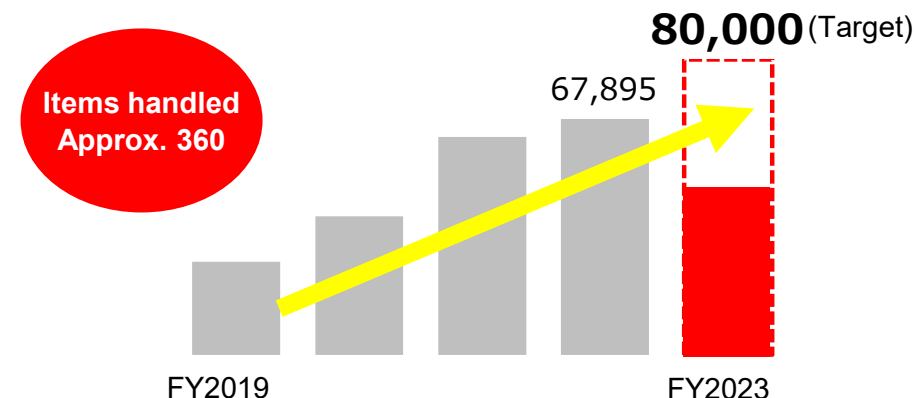


▼ Strengthen e-commerce sites

Develop environment that allows our products to be purchased any time

● E-commerce site sales (thousand yen)

*Total of KENKO Mayonnaise and 2 major companies' e-commerce sites



● Strengthen sales of popular product assortments



Won Blockbuster Processed Food for Industrial Use Award!

“Kaoru Truffle” series

Won 27th Blockbuster Processed Food for Industrial Use Award

(Organized by THE JAPAN FOOD JOURNAL Co., Ltd.)



● Winning points

- Easy to create a luxury feel and add value to a menu
- Highly versatile allowing enjoyment with a wide range of menus



▼ New product launch “FDF Plus”

＼The Company’s first long-life salad／

Delicious way to reduce food waste with long 90-day shelf life



Ministry of Agriculture, Forestry and Fisheries
“Loss-non mark”



▼ Present recipes in response to soaring egg prices

When egg prices soared, featured products and menus to replace egg salad on the Company’s website



Egg salad + potato salad sandwich



Egg salad + macaroni salad sandwich

▼ Development of plant-based foods mainly made from plant ingredients

Hopes for a global environment-friendly future

Cherish Japan’s traditional foods



Development of egg-like processed foods using plant ingredients

Collaboration and co-development with UMAMI UNITED JAPAN Ltd.

“Marude Tomago no Salad”
(Launched October 16)

- Deliciousness of eggs for all
- Egg-free
- Based on plant-derived ingredients out of consideration for the future environment



▼ Environmental activities

● KYUSHU DIET COOK

Support for “MORIKAWAKAITO Project” (run by Saga Prefecture)

Forest conservation activities at “KYUSHU DIET COOK MIRAI NO MORI”



▼ Structures and systems

• Lead up to start of operation in FY2024

- Development of personnel system
 - Renewal of core systems
- Progress on schedule

▼ Human capital management initiatives

• Human resource development

- Next-generation management training
- Career training for women
- On-the-job trainer training
- E-learning

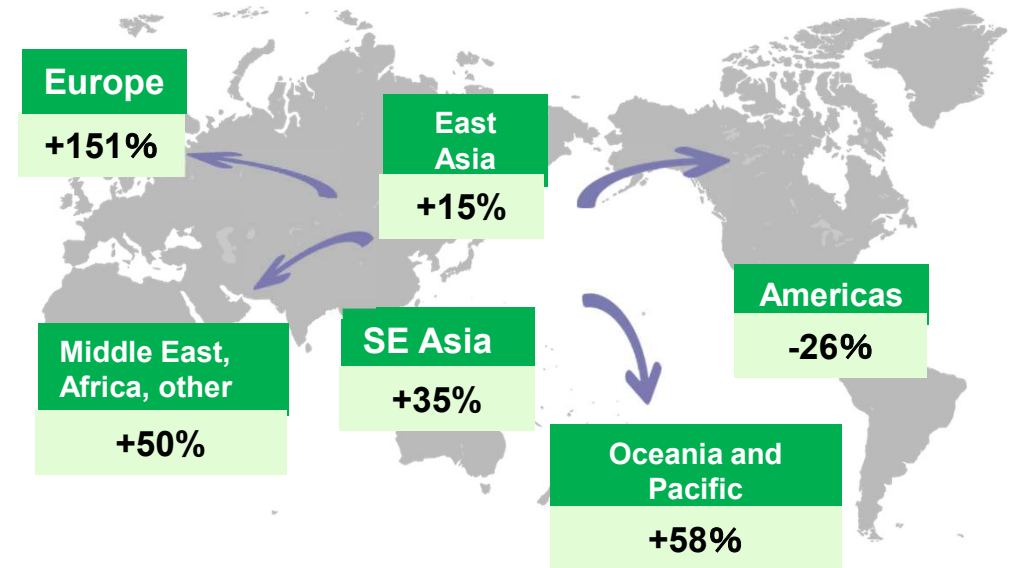
• Support systems for balancing work with parenting

- Uploading of materials explaining systems to employee website
- Establishment of in-house helpdesk
- Implementation of individual interviews, including supervisors

▼ Strengthening corporate governance

- Implementation of executive coaching in collaboration with outside specialists
- Implementation of officer study sessions, mainly for outside officers
- Election of two female Directors

▼ Export sales YoY +24%



▼ Launch of two new export products

- Creamy Golden Sesame Dressing 200ml
- Creamy Nuts Dressing 200ml



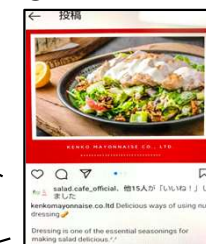
▼ Stable procurement of ingredients

- Strengthening of collaboration with overseas suppliers
Mexico, Vietnam, Sri Lanka, Brazil, etc.



▼ Strengthening dissemination of information overseas

- Launch of official English language Instagram account (August 8)



Featuring KENKO
Mayonnaise products
and recipes!



Company Philosophy



Environment

To become
an environmentally
friendly company

Carbon neutrality

Recycling-based economy



Society

To bring happiness
to stakeholders

Happiness of workers

Harmony with local communities
and society



Health

For healthy lives

To provide safe,
reliable products

To promote health-oriented
management

Creation of a sustainable society

Key Issues

Greenhouse
gases

Ingredients

Container/
Packaging materials

Health

Human
resources

Reaching Medium- to Long-Term Goals and Strengthening Initiatives

► Sustainability Promotion Office Established in April 2022

<Goals are reviewed according to achievement level and social and environmental changes>

Goals

Results of FY2022

Goals for FY2023

Reduction of greenhouse gases

- Reduction of greenhouse gases

Results **-8.1%** (*)

- Switching to alternative refrigerant
93% Completion

- Reduction of greenhouse gases

Full-year goal **-9.1%** (*)1H results **-6.9%** (*)

- Plan for 99% completion of shift to alternate refrigerants

(*) Compared to FY2019 intensity

Use of sustainable packaging materials

- shift to biomass ink for outer mayonnaise packaging
- No more boxes for some product



- KENKO Restaurant taste Mayonnaise
- Sesame Mayo Sauce
- Smile Table "fullness"



L (in a box)



L (no box)

- Expand merchandise, outer bags of which are switched to biomass ink
- Lightweight packaging material
Thinner film
Completed switch for 93% of target products

Reduction of waste

- Reduction of waste

Results **-12.4%** (*)

- Improvement of yield
- Reduction of sludge
- Utilization of animal residues

- Reduction of waste

Full-year goal **-13.4%** (*)1H results **-17.1%** (*)

Reuse of eggshells



Feed (potato peel) manufacturing plant

Since 1H 2019
1,878t reduction

(*) Compared to FY2019 intensity

FY 3/2024 Full-Year Targets



Medium-Term Management Plan (April 2021 to March 2024)

KENKO Transformation Plan

B to B to C

Innovation

**Structural
reform**

**Global
business**

Sustainability

Top priority is recovering profit

(1) Price increases

- Price revisions of egg products since March 2023
- Price revisions of FDF and Japanese side dishes since July 2023

(2) Product consolidation

- Selection and sales promotion of products that can secure profits

(3) Greater efficiency

- Increased production efficiency
- Centralized production
- Reduced management costs
- Promotion of cross-departmental operational streamlining

**Consolidated net sales
87.4 billion yen**

**Consolidated ordinary profit
1.3 billion yen**

New Medium-Term Management Plan commencing April 2024

Plan to report details at financial results presentation in May 2024

- **Contact information**

Publicity & IR Section

Public Relations Department,

Corporate Planning Division (Tokyo H.Q.)

— E-mail: ir@kenkomayo.co.jp

- **Notes on the future outlook**

This material is intended for providing investors with information only, not for soliciting the trade of shares. The contents related to forecasts in this material are based on goals and predictions, so they do not give any promise or guarantee. Please use the information, while recognizing that actual business performance of our company may turn out to be different from the current forecast.

In addition, the contents related to business results, etc. have been produced based on data that are considered reliable, but our company does not guarantee their accuracy or safety.

This material is provided, under the assumption that investors will use it at their discretion and on their own responsibility for any purpose, so our company will not assume any responsibility for any outcome.