

Supplementary Materials:
Financial Results for the Six Months Ended
June 30, 2021



August 5, 2021

Kanro Inc.

(TSE: 2216)

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(Supplementary Materials 1) 【Summary of Financial Results】

Quarterly

	Unit: Million yen											
	FY2020					FY2021					FY2020 Q2 vs. FY2021 Q2	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	YoY	YoY%
Net sales	6,112	5,040	5,001	7,166	23,321	5,439	6,200			24,700	487	4.4%
Operating income	439	(95)	(173)	665	836	91	344			870	92	26.8%
Ordinary income	439	(88)	(161)	670	860	93	363			900	106	30.3%
Net income	333	(94)	(96)	467	610	109	258			660	128	53.6%

*Quarterly results are simple differences.

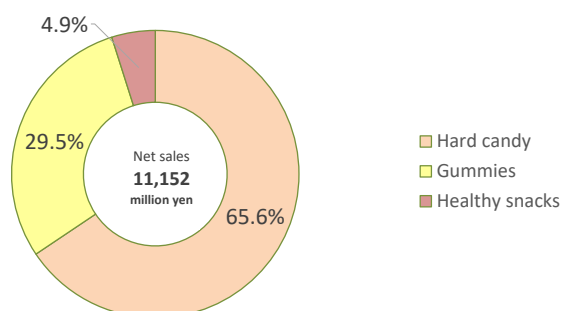
1H/2H

	Unit: Million yen								
	FY2020 (Results)			FY2021			FY2020 vs. FY2021		
	1H	2H	Full year	1H (Results)	2H (Plan)	Full year	1H	2H	
Net sales	11,152	12,168	23,321	11,640	13,059	24,700	4.4%	7.3%	
Operating income	344	492	836	436	433	870	26.8%	(12.0)%	
Ordinary income	351	509	860	457	442	900	30.3%	(13.2)%	
Net income	239	371	610	367	292	660	53.6%	(21.3)%	

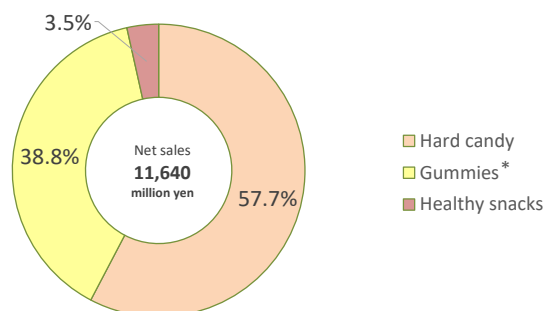
*Results and plan for 2nd half are simple differences.

Composition of net sales

FY2020 Q2



FY2021 Q2



Unit: Million yen

[Net sales amount by type from Jan. to Jun. (YoY%)]

	FY2020 Q2	FY2021 Q2	YoY%
Hard candy	7,316	6,714	(8.2)%
Gummies*	3,290	4,519	37.4%
Healthy snacks	546	406	(25.6)%
Total	11,152	11,640	4.4%

* The data is included marshmallow product in FY2021 Q2

*The values displayed in these materials are truncated at the million-yen level, so the totals and ratios may not always match completely.

(Supplementary Materials 2) 【 Non-consolidated Statements of Income/Six Months Ended June 30】

【Unit: Million yen】

	FY2020 Q2		FY2021 Q2		FY2020 Q2 vs. FY2021 Q2	
	Amount	%	Amount	%	YoY	YoY%
Net sales	11,152	100.0%	11,640	100.0%	487	4.4%
Cost of sales	5,978	53.6%	6,040	51.9%	62	1.0%
Gross profit	5,174	46.4%	5,600	48.1%	425	8.2%
Freight/warehousing costs	637	5.7%	686	5.9%	48	7.7%
Sales promotion expenses	304	2.7%	402	3.5%	97	32.1%
Advertising expenses	167	1.5%	157	1.4%	(9)	(5.8)%
Agent fees	1,517	13.6%	1,556	13.4%	39	2.6%
Selling expenses	2,627	23.6%	2,803	24.1%	176	6.7%
Personnel expenses	1,493	13.4%	1,605	13.8%	111	7.5%
General expenses	709	6.4%	754	6.5%	45	6.3%
General and administrative expenses	2,203	19.8%	2,359	20.3%	156	7.1%
Selling, general and administrative expenses	4,830	43.3%	5,163	44.4%	333	6.9%
Operating income	344	3.1%	436	3.8%	92	26.8%
Non-operating income	12	0.1%	26	0.2%	13	104.4%
Non-operating expenses	5	0.1%	5	0.0%	(0)	(12.7)%
Non-operating income and expenses	6	0.1%	21	0.2%	14	201.9%
Ordinary income	351	3.1%	457	3.9%	106	30.3%
Gain on sales of investment securities	47	0.4%	88	0.8%	40	85.5%
Extraordinary income	47	0.4%	88	0.8%	40	85.5%
Loss on retirement of non-current assets	0	0.0%	3	0.0%	2	597.1%
Impairment loss	8	0.1%	18	0.2%	10	126.1%
Extraordinary losses	8	0.1%	21	0.2%	13	150.7%
Extraordinary income and losses	39	0.4%	66	0.6%	27	70.9%
Income before income taxes	390	3.5%	524	4.5%	134	34.4%
Total income taxes	151	1.4%	156	1.3%	5	3.8%
Net income	239	2.1%	367	3.2%	128	53.6%

*The values displayed in these materials are truncated at the million-yen level, so the totals and ratios may not always match completely.

(Supplementary Materials 3) 【Financial Indicators FY2016—FY2021/Plan】

Consolidated ← → Non-consolidated (FY2021 figures planned; all others actual)

Fiscal Year	Unit	Consolidated		Non-consolidated			Plan	
		FY2016	FY2017	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	*1◎ million yen	19,716	21,303	21,301	22,949	24,039	23,321	24,700
Net sales YoY	%	0.2	8.0	8.1	7.7	4.7	(3.0)	5.9
Gross profit	◎ million yen	8,750	9,791	9,719	10,934	11,358	10,863	—
Gross profit to net sales	%	44.4	46.0	45.6	47.6	47.3	46.6	—
Operating income	◎ million yen	591	935	947	1,003	923	836	870
Ordinary income	◎ million yen	612	999	1,001	1,045	1,007	860	900
Ordinary income YoY	%	104.2	63.4	49.9	4.4	(3.6)	(14.6)	4.5
Net income attributable to parent company	*2◎ million yen	500	447	593	1,011	651	610	660
Net income YoY	%	476.0	(10.6)	8.1	70.3	(35.6)	(6.4)	8.1
Comprehensive income	◎ million yen	539	602	—	—	—	—	—
Net assets	◎ million yen	9,736	10,003	9,935	10,656	10,827	11,175	—
Total assets	◎ million yen	17,947	18,275	18,064	19,997	19,169	19,779	—
Net assets per share	*3.4 yen	1,343.39	1,395.97	1,386.56	1,487.26	1,535.52	1,584.80	—
Basic earnings per share	*3.4 yen	69.06	62.19	82.57	141.19	92.36	86.58	93.60
Equity ratio	%	54.3	54.7	55.0	53.3	56.5	56.5	—
ROE	%	5.2	4.5	6.1	9.8	6.1	5.5	—
PER	times	21.2	26.1	19.6	12.2	17.4	17.4	—
Cash flow from operating activities	◎ million yen	1,970	1,512	—	949	2,013	1,442	—
Cash flow from investing activities	◎ million yen	(213)	(830)	—	(1,743)	(971)	(1,572)	—
Cash flow from financing activities	◎ million yen	(486)	(855)	—	271	(1,411)	(48)	—
Cash and cash equivalents at end of period	◎ million yen	2,305	2,132	—	1,800	1,430	1,253	—
Number of employees	persons	515	521	485	542	578	601	—
Average numbers of temporary employees, excluded from the number of employees	persons	174	146	120	118	121	132	—
Capital investment	◎ million yen	336	741	—	2,850	1,721	2,090	—
Depreciation	◎ million yen	999	962	—	933	1,102	1,182	—
R&D expenses	◎ million yen	427	527	—	603	664	629	—
Total number of issued shares at the end of the period (not including treasury shares)	*3.4 number of shares	7,247,776	7,165,892	7,165,892	7,165,236	7,051,552	7,051,412	7,051,412
Dividends per share	*3.5 yen	30	30	30	32.5	30	32	30
Payout ratio	%	43.4	48.2	36.3	23.0	32.5	37.0	32.1

◎ : *The values displayed in these materials are truncated at the million-yen level.

*1: Net sales do not include consumption taxes, etc.

*2: "Net income" in the non-consolidated financial statements

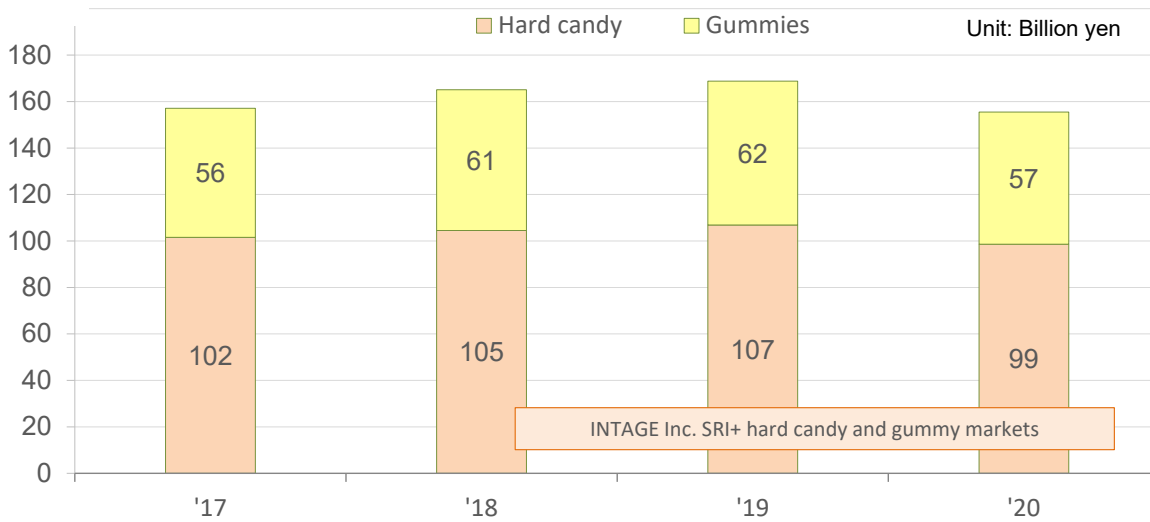
*3: Kanro conducted a share consolidation of common stock at a ratio of one share for five shares effective as of July 1, 2017 and a stock split of its common stock at a two-for-one ratio with the effective date of July 1, 2019. Dividends per share, net assets per share, basic earnings per share, and total number of issued shares at the end of the period (not including treasury shares) are calculated on the assumption that the share consolidation and the stock split were conducted at the beginning of FY2016.

*4: The Company's own shares remaining in the trust that were recorded as treasury shares in shareholders' equity from FY2017 onward are included in treasury shares that are deducted from the total number of issued shares at the end of the period when calculating net assets per share. In addition, these shares are included in treasury shares that are deducted when calculating the average number of shares during the period for the calculation of basic earnings per share.

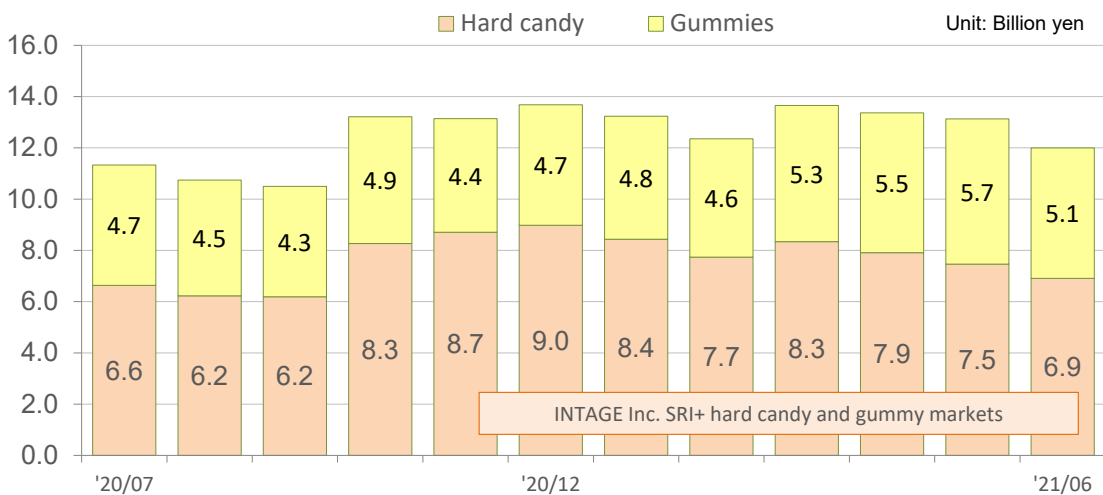
*5: Dividends per share of FY2018 includes a special dividend of 2.5 yen per share.

(Supplementary Materials 4) 【Market Trends】

【Market trends】 Hard candy+Gummies sales amount (Yearly)*



【Market trends】 Hard candy+Gummies sales amount (Monthly)*



【Sales amount from Jan. to Jun. (YoY%)】

Unit: Billion yen

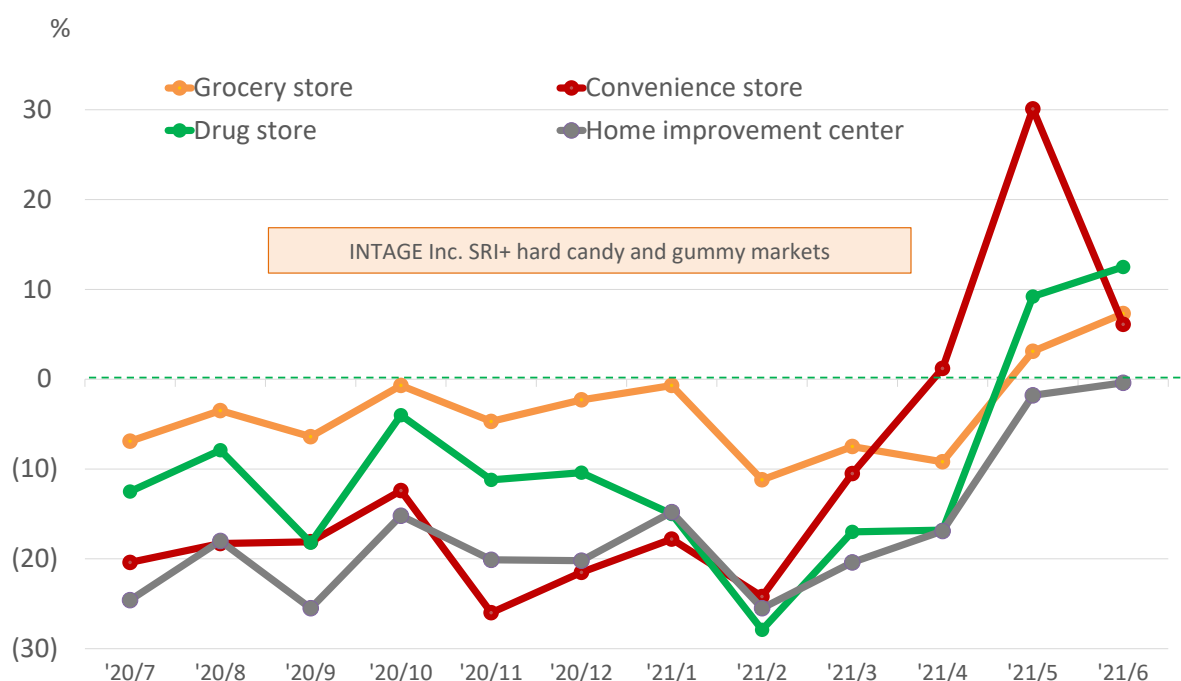
	Sales amount		YoY%
	Jan. to Jun. 2020	Jan. to Jun. 2021	
Hard candy	53.6	46.8	(12.7)%
Gummies	29.3	30.9	+5.8%
Total	82.9	77.7	(6.2)%

* INTAGE Inc. SRI+ hard candy and gummy markets Sales amount by type

(Supplementary Materials 5)

【Hard Candy+Gummy Markets Trends by Business Category】

【Business category】 Hard candy+Gummy markets YoY% (Monthly)*



【Sales amount from Jan. to Jun. (YoY%)】

Unit: Billion yen

	Sales amount		YoY%
	Jan. to Jun. 2020	Jan. to Jun. 2021	
Grocery store	35.9	34.6	(3.5)%
Convenience store	27.9	26.3	(5.8)%
Drug store	17.1	15.1	(11.6)%
Home improvement center	2.0	1.7	(14.2)%
Total	82.9	77.7	(6.2)%

* INTAGE Inc. SRI+ hard candy and gummy markets
Sales amount by business category

(Supplementary Materials 6) 【IR News Jul. 2020 to Jun. 2021】

Date	Content
Jun. 8, 2021	Annual Report 2020
Jun. 1, 2021	[Delayed] Supplementary Materials: Financial Results for the Three Months Ended March 31, 2021
May 28, 2021	[Delayed] Non-consolidated Financial Results for the Three Months Ended March 31, 2021 [Japanese GAAP]
Apr. 2, 2021	[Delayed] FY2020 Presentation material
Mar. 10, 2021	[Delayed] Supplementary Materials: Financial Results for the Fiscal Year Ended December 31, 2020
Mar. 10, 2021	[Delayed] Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2020 [Japanese GAAP]
Dec. 7, 2020	[Delayed] Supplementary Materials: Financial Results for the Nine Months Ended September 30, 2020
Dec. 7, 2020	[Delayed] Non-consolidated Financial Results for the Nine Months Ended September 30, 2020 [Japanese GAAP]
Nov. 27, 2020	KANRO CORPORATE REPORT 2020
Sep. 29, 2020	[Delayed] FY2020 Q2 Presentation material
Sep. 3, 2020	[Delayed] Supplementary Materials: Financial Results for the Six Months Ended June 30, 2020
Sep. 3, 2020	[Delayed] Non-consolidated Financial Results for the Six Months Ended June 30, 2020 [Japanese GAAP]

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