

Supplementary Materials:
Financial Results for the Six Months Ended
June 30, 2023



July 27, 2023

Kanro Inc.

(TSE: 2216)

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“1H” refers to the period from January to June, “2H” refers to the period from July to December in the materials.

(Supplementary Materials 1) 【Summary of Financial Results】

Quarterly

	Unit: Million yen											
	FY2022					FY2023					FY2022 1H vs. FY2023 1H	
	Q 1	Q 2	Q 3	Q 4	Full year	Q 1	Q 2	Q 3	Q 4	Full year (Forecast)	YoY	YoY%
Net sales	5,992	6,071	5,862	7,190	25,118	7,515	6,777			27,700	2,227	18.5%
Cost of sales	3,526	3,765	3,716	4,435	15,444	4,281	4,090			-	1,080	14.8%
Cost of sales margin (%)	58.8	62.0	63.4	61.7	61.5	57.0	60.3			-	-	(1.7)pt
Gross profit	2,466	2,306	2,146	2,754	9,674	3,233	2,687			-	1,147	24.0%
Operating profit	700	327	267	638	1,933	1,189	583			2,450	744	72.4%
Operating profit margin (%)	11.7	5.4	4.6	8.9	7.7	15.8	8.6			8.8	-	3.9pt
Ordinary profit	739	336	279	645	2,001	1,192	598			2,470	715	66.5%
Profit	499	230	206	409	1,346	842	393			1,680	506	69.3%

*Quarterly results are simple differences.

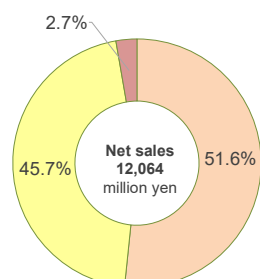
1H/2H

	Unit: Million yen							
	FY2022 (Actual)			FY2023			FY2022 vs. FY2023	
	1H	2H	Full year	1H (Actual)	2H (Forecast)	Full year	1H (YoY%)	2H (YoY%)
Net sales	12,064	13,053	25,118	14,292	13,407	27,700	18.5%	2.7%
Operating profit	1,027	905	1,933	1,772	677	2,450	72.4%	(25.2)%
Operating profit margin (%)	8.5	6.9	7.7	12.4	5.1	8.8	-	-
Ordinary profit	1,075	925	2,001	1,791	678	2,470	66.5%	(26.6)%
Profit	730	615	1,346	1,236	443	1,680	69.3%	(28.0)%

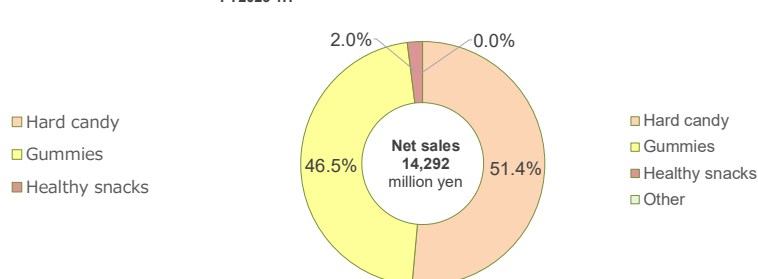
*Results and plan for 2nd half are simple differences.

Composition of Net sales

FY2022 1H



FY2023 1H



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

	Unit: Mil. yen		
	FY2022 1H	FY2023 1H	YoY%
Hard candy	6,223	7,346	18.0%
Gummies *1	5,511	6,652	20.7%
Healthy snacks	329	290	(11.8)%
Other *2	-	2	-
Total	12,064	14,292	18.5%

*1 The data is included marshmallow products.

*2 "Other" refers to miscellaneous products other than foods.

*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】

Unit: Million yen

	FY2022 Q2		FY2023 Q2		FY2022 Q2 vs. FY2023 Q2	
	Amount	%	Amount	%	YoY	YoY%
Net sales	12,064	100.0%	14,292	100.0%	2,227	18.5%
Cost of sales	7,291	60.4%	8,372	58.6%	1,080	14.8%
Gross profit	4,773	39.6%	5,920	41.4%	1,147	24.0%
Freight and storage costs	812	6.7%	847	5.9%	35	4.3%
Advertising expenses	277	2.3%	424	3.0%	147	53.2%
Other selling expenses	114	1.0%	126	0.9%	12	10.6%
Total selling expenses	1,203	10.0%	1,398	9.8%	194	16.2%
Personnel expenses	1,730	14.3%	1,842	12.9%	111	6.5%
Other expenses	810	6.7%	906	6.3%	96	11.9%
General and administrative expenses	2,541	21.1%	2,749	19.2%	207	8.2%
Selling, general and administrative expenses	3,745	31.0%	4,147	29.0%	402	10.8%
Operating profit	1,027	8.5%	1,772	12.4%	744	72.4%
Non-operating income	51	0.4%	22	0.2%	(28)	(55.9)%
Non-operating expenses	3	0.0%	4	0.0%	0	14.1%
Non-operating income and expenses	47	0.4%	18	0.1%	(29)	(61.3)%
Ordinary profit	1,075	8.9%	1,791	12.5%	715	66.5%
Gain on sale of investment securities	3	0.0%	-	-	(3)	-
Extraordinary income	3	0.0%	-	-	(3)	-
Loss on sale of non-current assets	-	-	0	0.0%	0	-
Loss on retirement of non-current assets	0	0.0%	13	0.1%	13	-
Impairment losses	14	0.1%	5	0.0%	(9)	(63.7)%
Loss on sale of membership	-	-	0	0.0%	0	-
Extraordinary losses	14	0.1%	19	0.1%	4	31.9%
Extraordinary income and losses	(10)	-	(19)	-	(8)	-
Profit before income taxes	1,064	8.8%	1,771	12.4%	707	66.4%
Total income taxes	334	2.8%	534	3.7%	200	60.1%
Profit	730	6.1%	1,236	8.7%	506	69.3%

*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 FY2019 – FY2023/Forecast]

(FY2023 figures forecast; all others actual)

Fiscal Year	Unit	FY2019	FY2020	FY2021	FY2022	Forecast
						FY2023
Net sales	o million yen	20,146	19,646	21,589	25,118	27,700
Net sales YoY	%	4.4	(2.5)	9.9	16.3	10.3
Gross profit	o million yen	7,467	7,189	8,353	9,674	–
Gross profit margin	%	37.1	36.6	38.7	38.5	–
Operating profit	o million yen	923	834	1,254	1,933	2,450
Operating profit margin	%	4.6	4.2	5.8	7.7	8.8
Ordinary profit	o million yen	1,007	858	1,291	2,001	2,470
Profit	o million yen	651	608	879	1,346	1,680
Profit YoY	%	(35.4)	(6.6)	44.3	53.2	24.8
Net assets	o million yen	10,806	11,151	11,750	12,555	–
Total assets	o million yen	19,207	19,818	21,200	22,315	–
Net assets per share	※1,2 yen	766.23	790.76	833.23	905.23	–
Basic earnings per share	※1,2 yen	46.17	43.18	62.33	96.08	121.13
Equity ratio	%	56.3	56.3	55.4	56.3	–
ROE	%	6.1	5.5	7.7	11.1	–
PER	times	17.4	17.4	12.7	11.5	–
Cash flows from operating activities	o million yen	2,013	1,442	2,620	2,373	–
Cash flows from investing activities	o million yen	(971)	(1,572)	(1,002)	(1,116)	–
Cash flows from financing activities	o million yen	(1,411)	(48)	(770)	(1,106)	–
Cash and cash equivalents at end of period	o million yen	1,430	1,253	2,099	2,250	–
Number of employees	persons	578	601	608	608	–
Average number of temporary employees excluded from the number of employees	persons	(121)	(132)	(137)	(142)	–
Capital investment	o million yen	1,721	2,090	914	1,052	–
Depreciation	o million yen	1,102	1,182	1,115	1,149	–
Research and development expenses	o million yen	664	629	710	755	–
Total number of issued shares at the end of the period (not including treasury shares)	※1, 2, 4 number of shares	14,103,104	14,102,824	14,102,336	13,869,428	13,869,428
Dividends per share	※1, 3 yen	15.00	16.00	20.00	31.50	42.00
Payout ratio	%	32.5	37.0	32.0	32.8	34.7

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

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance are applied from the beginning of the fiscal year ended Dec. 31, 2022. Accordingly, certain items that were recorded as selling expenses, including agent fees, are deducted from net sales. The figures from the fiscal year ended December 31, 2019, to the fiscal year ended December 31, 2021, are after retroactive application of said accounting standard.

*1: Kanro conducted a share split of common stock at a ratio of two share for one share effective as of July 1, 2019, and July 1, 2022. 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 split was conducted at the beginning of the fiscal year ended December 31, 2019.

*2: The Company's own shares remaining in the trust that were recorded as treasury shares in shareholders' equity onward are included in treasury shares 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 deducted when calculating the average number of shares during the period for the calculation of basic earnings per share.

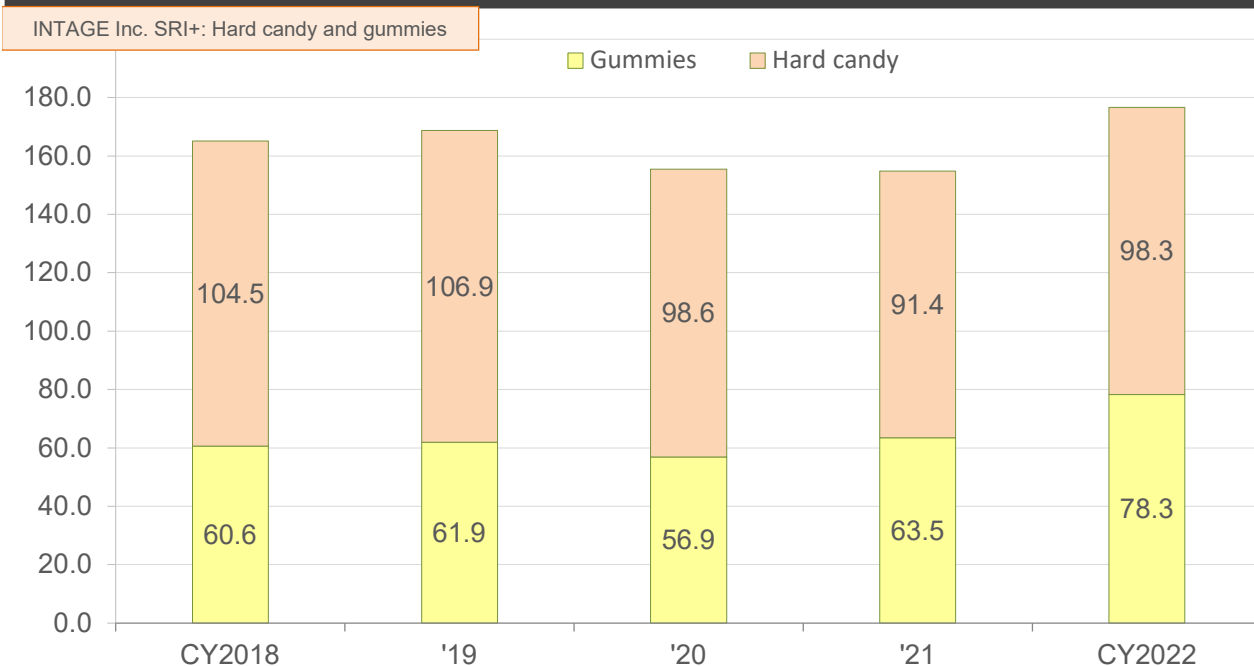
*3: Dividends per share for FY2022 includes a commemorative dividend of 5 yen (commemorative dividend for 110th anniversary).

*4: Total number of issued shares at the end of the period (not including treasury shares) is the number of shares at the end of the previous fiscal year.

(Supplementary Materials 4) 【Market Trends】

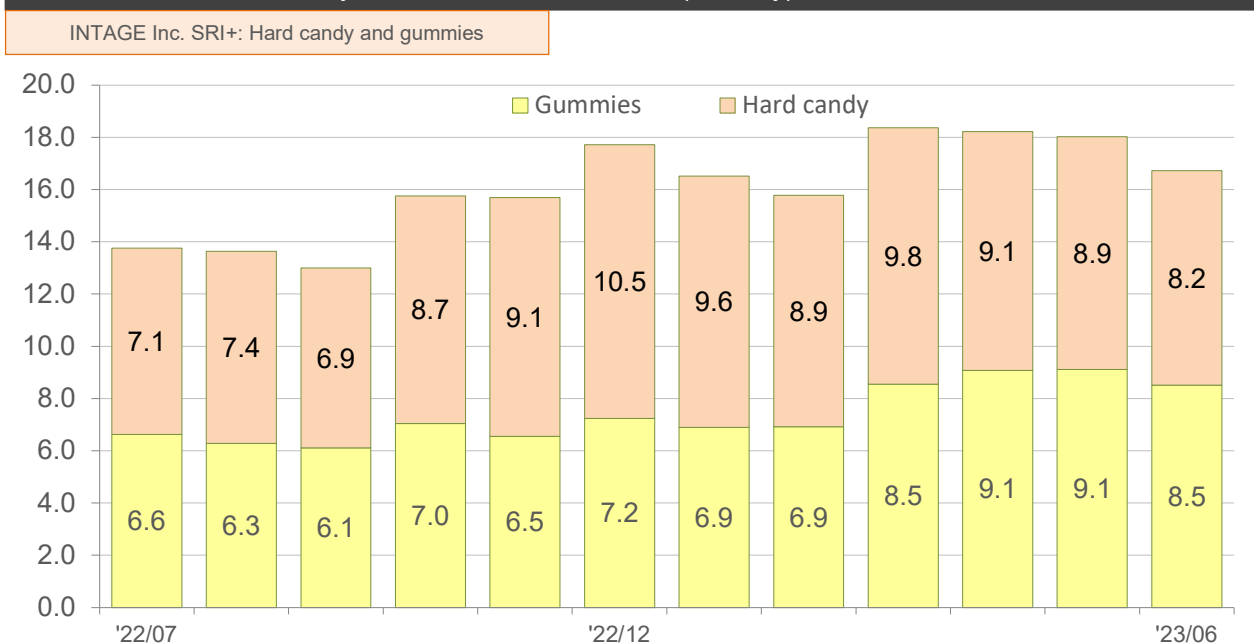
Unit: Bln. yen

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



Unit: Bln. yen

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



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

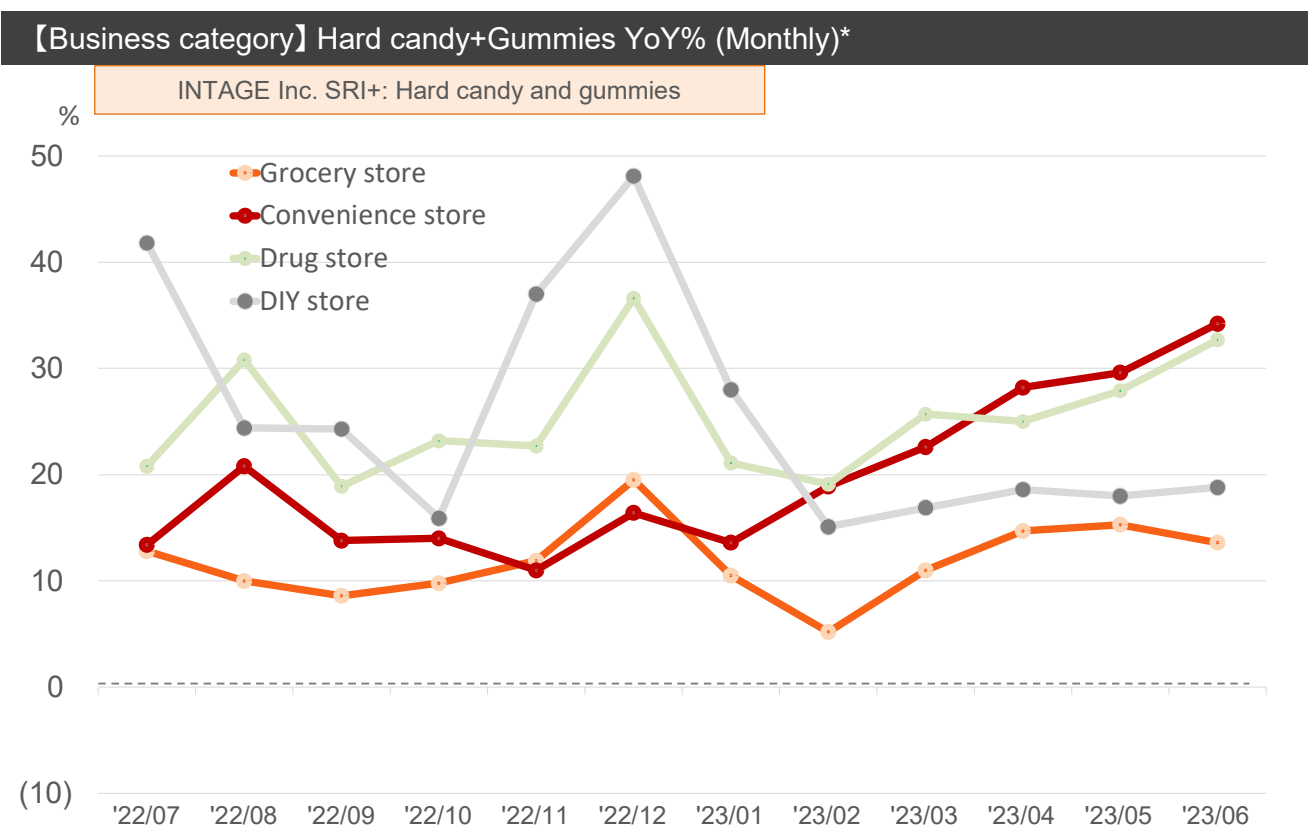
Unit: Bln. yen

	Sales amount		YoY%
	Jan. to Jun. 2022	Jan. to Jun. 2023	
Hard candy	48.6	54.6	12.2%
Gummies	38.5	49.1	27.6%
Total	87.1	103.6	19.0%

* INTAGE Inc. SRI+: hard candy and gummies sales amount by type

(Supplementary Materials 5)

【Hard Candy+Gummy Markets Trends by Business Category】



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

Unit: Bln. Yen

	Sales amount		YoY%
	Jan. to Jun. 2022	Jan. to Jun. 2023	
Grocery store	37.5	41.9	11.7%
Convenience store	30.7	38.2	24.4%
Drug store	16.9	21.2	25.1%
DIY store	2.1	2.4	19.2%
Total	87.1	103.6	19.0%

* INTAGE Inc. SRI+: hard candy and gummies sales amount by business category

(Supplementary Materials 6) 【Reference Information】

- IR Information

<https://www.kanro.co.jp/en/ir/>

- IR News

<https://www.kanro.co.jp/en/ir/news/>

- Medium-term Corporate Strategy 2024

https://ssl4.eir-parts.net/doc/2216/ir_material3/181759/00.pdf

- Annual Report

https://ssl4.eir-parts.net/doc/2216/ir_material_for_fiscal_ym13/136560/00.pdf



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Forward-looking statements related to Kanro's current plans, outlook and strategy, etc. contained within these materials are based on judgments made by Kanro management using information available at hand at the time of writing. A variety of material factors that could result in actual performance differing significantly from earnings forecasts include, but are not limited to, economic conditions, particularly trends in personal consumption, as well as the industry environment in which the company conducts its business activities.

The information contained within these materials is provided to facilitate understanding of Kanro, and does not necessarily constitute encouragement to invest.

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