

Supplementary Materials:  
Financial Results for the Nine Months Ended  
September 30, 2023



October 27, 2023

**Kanro Inc.**

(TSE: 2216)

# Index

	Page
Review for FY2023 Q3	– 1-4
(Supplementary Materials 1) <b>【Summary of Financial Results】</b>	– 5
(Supplementary Materials 2) <b>【Non-consolidated Statements of Income】</b>	– 6
(Supplementary Materials 3) <b>【Financial Indicators FY2019—FY2023/Forecast】</b>	– 7
(Supplementary Materials 4) <b>【Market Trends】</b>	– 8
(Supplementary Materials 5) <b>【Hard Candy + Gummy Markets Trends by Business Category】</b>	– 9
(Supplementary Materials 6) <b>【Reference Information】</b>	– 10

“1H” refers to the period from January to June, Q3 refers to the period from January to September, and “2H” refers to the period from July to December in the materials.

# Review of FY2023 Q3 (Jan. to Sep. 2023)

Copyright ©2023 Kanro Inc.

## Summary of FY2023 Q3

**Kanro**

### ◆ Market environment

- Candy market: recorded YoY growth (of which, hard candy was up 12.6%, gummies were up 26.0% <sup>\*1, 3</sup>).

### ◆ Status of company business

- YoY increases in net sales and profits (net sales were up 15.0%, operating profit was up 72.6%, ordinary profit was up 66.9%, and profit was up 65.7%).
  - Hard candy: Robust performance of bag-type products, especially throat drops and product lineup for Generation Z. Rebound of demand for zip-type small bags and stick-type products (net sales up 14.7% YoY).
  - Gummies: Performance driven by mainstay brands (*Puré Gummy*, *Candemina Gummy*), and *Gummi-tzel* (net sales up 17.1% YoY).
- Market share [Jan.–Sep. (2022 share in parentheses)]: Hard candy [21.4% (20.3%)], gummies [15.2% (16.3%)] <sup>\*2, 3</sup>
- Price revision: prices of six main products of HITOTUBU KANRO revised from July 1, prices of healthy snacks partially revised from September 1
- Joint research with Nara Medical University: confirmed antiviral effects of candies containing persimmon-derived tannin in reducing the severity of infection of SARS-CoV-2 in the mouth
- Aug. (to Oct.): Achieved 275% (689,000 yen) of targeted funding amount from “Package Upcycle” crowdfunding
- Sep.: Won BEST OF CATEGORY Grand Award in 2 categories of “International ARC Awards 2023,” the world’s largest annual report competition

\*1: INTAGE Inc. SRI + Hard candy and gummy markets YoY change in sales amount by type (Jan. to Sep. total for 2022 and 2023)

\*2: INTAGE Inc. SRI + Hard candy and gummy markets Kanro’s share in sales amount by type (Jan. to Sep. total for 2022 and 2023)

\*3: Figures for Kanro’s marshmallow products are not included

Copyright ©2023 Kanro Inc.

## Summary of FY2023 Q3 performance (YoY)

**Kanro**

Unit: JPY mn

	FY2023 Q3			FY2022 Q3
	Actual	YoY	YoY %	Actual
Net sales	<b>20,609</b>	+2,682	15.0%	17,927
Operating profit	<b>2,235</b>	+939	72.6%	1,295
Ordinary profit	<b>2,262</b>	+906	66.9%	1,355
Profit	<b>1,551</b>	+615	65.7%	936

Copyright ©2023 Kanro Inc.

## Factors behind change in FY2023 Q3 Operating profit

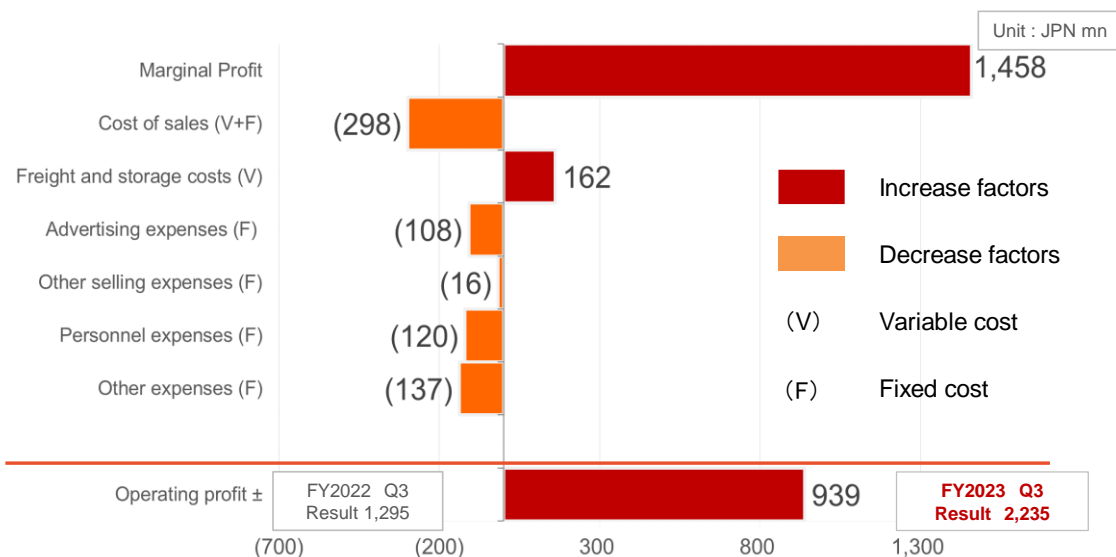
**Kanro**

Unit: JPY mn

	FY2023 Q3				FY2022 Q3	
	Actual	%	YoY	YoY %	Actual	%
Net sales	<b>20,609</b>	<b>100.0%</b>	+2,682	15.0%	17,927	100.0%
Cost of sales	<b>12,344</b>	<b>59.9%</b>	+1,336	12.1%	11,008	61.4%
Freight and storage costs	<b>1,264</b>	<b>6.1%</b>	+23	1.9%	1,241	6.9%
Advertising expenses	<b>471</b>	<b>2.3%</b>	+108	29.8%	363	2.0%
Other selling expenses	<b>183</b>	<b>0.9%</b>	+16	9.8%	167	0.9%
Personnel expenses	<b>2,770</b>	<b>13.4%</b>	+120	4.5%	2,650	14.8%
Other expenses	<b>1,339</b>	<b>6.5%</b>	+137	11.4%	1,201	6.7%
Operating profit	<b>2,235</b>	<b>10.8%</b>	+939	72.6%	1,295	7.2%

Copyright ©2023 Kanro Inc.

## Factors of changes in OP ( FY2022 Q3 Result Vs. FY2023 Q3 Result) *Kanro*



Copyright ©2023 Kanro Inc.

## Revision to full-year forecast *Kanro*

*Kanro*

Unit: JPY mn

	FY2023						FY2022
	Revised forecast	Previous forecast*	Vs. previous forecast	Vs. previous forecast %	YoY	YoY %	Actual
Net sales	<b>28,500</b>	27,700	800	2.9%	3,381	13.5%	25,118
Operating profit	<b>2,940</b>	2,450	490	20.0%	1,006	52.1%	1,933
Ordinary profit	<b>2,970</b>	2,470	500	20.2%	968	48.4%	2,001
Profit	<b>2,050</b>	1,680	370	22.0%	703	52.3%	1,346

\* Released on April 28, 2023

**<Reason for the revision>** With sales growing due to progress in enhancement of production system including personnel increase, profits are expected to increase to more than offset the increase in raw material costs which continue to rise.

Copyright ©2023 Kanro Inc.

## Revision to year-end dividend forecast

**Kanro**

Unit: JPY

Dividend per share	FY2023				FY2022
	Revised forecast	Previous forecast <sup>*1</sup>	Vs. previous forecast	YoY	
Interim dividend (actual)	<b>20.0</b>	20.0	—	7.5	12.5 <sup>*2</sup>
Year-end dividend (forecast)	<b>30.0</b>	22.0	8.0	11.0	19.0 <sup>*3</sup>
Annual dividend (forecast)	<b>50.0</b>	42.0	8.0	18.5	31.5
Dividend payout ratio (forecast)	<b>34.0%</b>	34.7%	—	—	32.8%

<sup>\*1</sup> Released on April 28, 2023

<sup>\*2</sup> Converted to post-split basis following the share split conducted on July 1, 2022

<sup>\*3</sup> Breakdown of FY2022 year-end dividend: ordinary dividend 14.00 yen, commemorative dividend (for the 110th anniversary) 5.00 yen

### <Reason for the revision>

To reflect upward revision of financial results forecast.

Profit distribution to shareholders is one of the crucial management tasks. Medium-term Corporate Strategy 2024 sets forth the policy of enhancing shareholder returns with a target of raising dividend payout ratio gradually up to 40% by the end of FY2024.

Copyright ©2023 Kanro Inc.



Copyright ©2023 Kanro Inc.

## (Supplementary Materials 1) 【Summary of Financial Results】

Quarterly

	Unit: Million yen											
	FY2022					FY2023					Jan. to Sep. 2023 vs. Jan. to Sep. 2022	
	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	6,317		28,500	2,682	15.0%
Cost of sales	3,526	3,765	3,716	4,435	15,444	4,281	4,090	3,972		-	1,336	12.1%
Cost of sales margin (%)	58.8	62.0	63.4	61.7	61.5	57.0	60.3	62.9		-	-	(0.5)pt
Gross profit	2,466	2,306	2,146	2,754	9,674	3,233	2,687	2,344		-	1,345	19.4%
Operating profit	700	327	267	638	1,933	1,189	583	462		2,940	939	72.6%
Operating profit margin (%)	11.7	5.4	4.6	8.9	7.7	15.8	8.6	7.3		10.3	-	3.6pt
Ordinary profit	739	336	279	645	2,001	1,192	598	470		2,970	906	66.9%
Profit	499	230	206	409	1,346	842	393	315		2,050	615	65.7%

\*Quarterly results are simple differences.

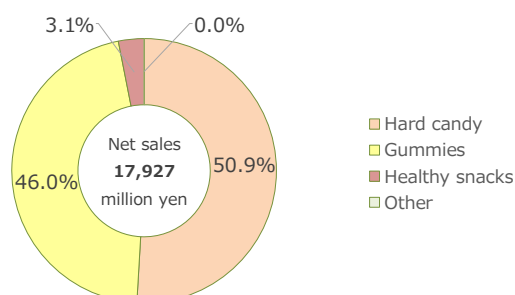
1H/2H

	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	14,207	28,500	18.5%	8.8%		
Operating profit	1,027	905	1,933	1,772	1,167	2,940	72.4%	+29.0%		
Operating profit margin (%)	8.5	6.9	7.7	12.4	8.2	10.3	-	-		
Ordinary profit	1,075	925	2,001	1,791	1,178	2,970	66.5%	+27.4%		
Profit	730	615	1,346	1,236	813	2,050	69.3%	+32.0%		

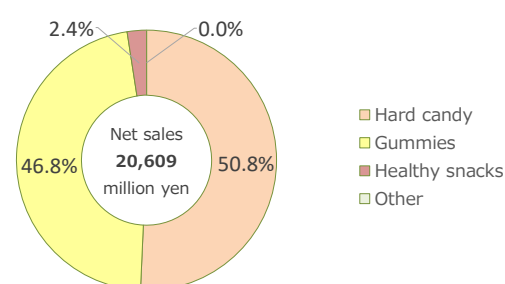
\*Results and forecast for 2nd half are simple differences.

Composition of Net sales from Jan. to Sep.

FY2022 Q3



FY2023 Q3



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

Unit: Mil. yen

	FY2022 Q3	FY2023 Q3	YoY%
Hard candy	9,118	10,460	14.7%
Gummies *1	8,246	9,654	17.1%
Healthy snacks	561	491	(12.5)%
Other *2	0	2	287.1%
Total	17,927	20,609	15.0%

\*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 Q3		FY2023 Q3		FY2022 Q3 vs. FY2023 Q3	
	Amount	%	Amount	%	YoY	YoY%
<b>Net sales</b>	<b>17,927</b>	100.0%	<b>20,609</b>	100.0%	<b>2,682</b>	15.0%
Cost of sales	11,008	61.4%	12,344	59.9%	1,336	12.1%
<b>Gross profit</b>	<b>6,919</b>	38.6%	<b>8,265</b>	40.1%	<b>1,345</b>	19.4%
Freight and storage costs	1,241	6.9%	1,264	6.1%	23	1.9%
Advertising expenses	363	2.0%	471	2.3%	108	29.8%
Other selling expenses	167	0.9%	183	0.9%	16	9.8%
Total selling expenses	1,772	9.9%	1,919	9.3%	147	8.3%
Personnel expenses	2,650	14.8%	2,770	13.4%	120	4.5%
Other expenses	1,201	6.7%	1,339	6.5%	137	11.4%
General and administrative expenses	3,852	21.5%	4,110	19.9%	257	6.7%
Selling, general and administrative expenses	5,624	31.4%	6,029	29.3%	405	7.2%
<b>Operating profit</b>	<b>1,295</b>	7.2%	<b>2,235</b>	10.8%	<b>939</b>	72.6%
Non-operating income	65	0.4%	33	0.2%	(32)	(49.5)%
Non-operating expenses	5	0.0%	6	0.0%	1	22.3%
Non-operating income and expenses	60	0.3%	26	0.1%	(33)	(55.5)%
<b>Ordinary profit</b>	<b>1,355</b>	7.6%	<b>2,262</b>	11.0%	<b>906</b>	66.9%
Gain on sale of non-current assets	0	0.0%	-	-	(0)	-
Gain on sale of investment securities	3	0.0%	-	-	(3)	-
Extraordinary income	4	0.0%	-	-	(4)	-
Loss on sale of non-current assets	-	-	0	0.0%	0	-
Loss on retirement of non-current assets	0	0.0%	14	0.1%	14	-
Impairment losses	16	0.1%	9	0.0%	(6)	(38.6)%
Loss on sale of membership	-	-	0	0.0%	0	-
Extraordinary losses	16	0.1%	24	0.1%	8	50.9%
Extraordinary income and losses	(11)	-	(24)	-	(12)	-
Profit before income taxes	1,343	7.5%	2,237	10.9%	893	66.5%
Total income taxes	407	2.3%	685	3.3%	278	68.3%
<b>Profit</b>	<b>936</b>	5.2%	<b>1,551</b>	7.5%	<b>615</b>	65.7%

\*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	million yen	20,146	19,646	21,589	25,118	<b>28,500</b>
Net sales YoY	%	4.4	(2.5)	9.9	16.3	<b>13.5</b>
Gross profit	million yen	7,467	7,189	8,353	9,674	—
Gross profit margin	%	37.1	36.6	38.7	38.5	—
Operating profit	million yen	923	834	1,254	1,933	<b>2,940</b>
Operating profit margin	%	4.6	4.2	5.8	7.7	<b>10.3</b>
Ordinary profit	million yen	1,007	858	1,291	2,001	<b>2,970</b>
Profit	million yen	651	608	879	1,346	<b>2,050</b>
Profit YoY	%	(35.4)	(6.6)	44.3	53.2	<b>52.3</b>
Net assets	million yen	10,806	11,151	11,750	12,555	—
Total assets	million yen	19,207	19,818	21,200	22,315	—
Net assets per share	yen	766.23	790.76	833.23	905.23	—
Basic earnings per share	yen	46.17	43.18	62.33	96.08	<b>147.25</b>
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	million yen	2,013	1,442	2,620	2,373	—
Cash flows from investing activities	million yen	(971)	(1,572)	(1,002)	(1,116)	—
Cash flows from financing activities	million yen	(1,411)	(48)	(770)	(1,106)	—
Cash and cash equivalents at end of period	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	million yen	1,721	2,090	914	1,052	—
Depreciation	million yen	1,102	1,182	1,115	1,149	—
Research and development expenses	million yen	664	629	710	755	—
Total number of issued shares at the end of the period (not including treasury shares)	number of shares	14,103,104	14,102,824	14,102,336	13,869,428	<b>13,869,428</b>
Dividends per share	yen	15.00	16.00	20.00	31.50	<b>50.00</b>
Payout ratio	%	32.5	37.0	32.0	32.8	<b>34.0</b>

◎ : 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).

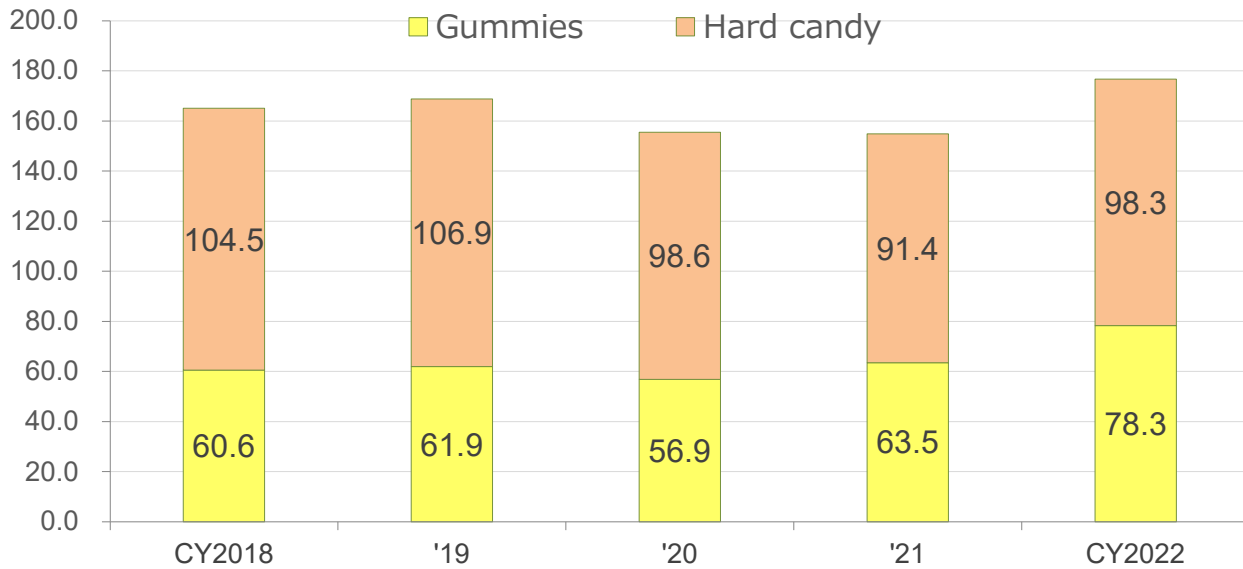
\*4: Total number of issued shares at the end of the period (not including treasury shares) is the number of shares at the end of the previous fiscal year.

(Supplementary Materials 4) 【Market Trends】

Unit: Bln. yen

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

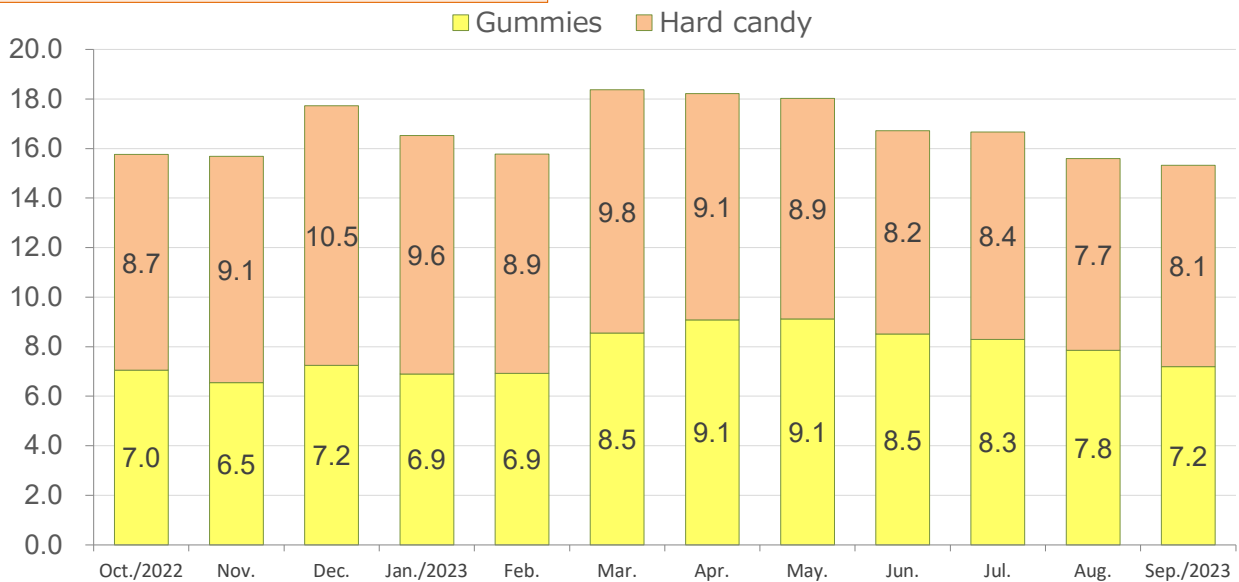
INTAGE Inc. SRI+: hard candy and gummies



Unit: Bln. yen

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

INTAGE Inc. SRI+: hard candy and gummies



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

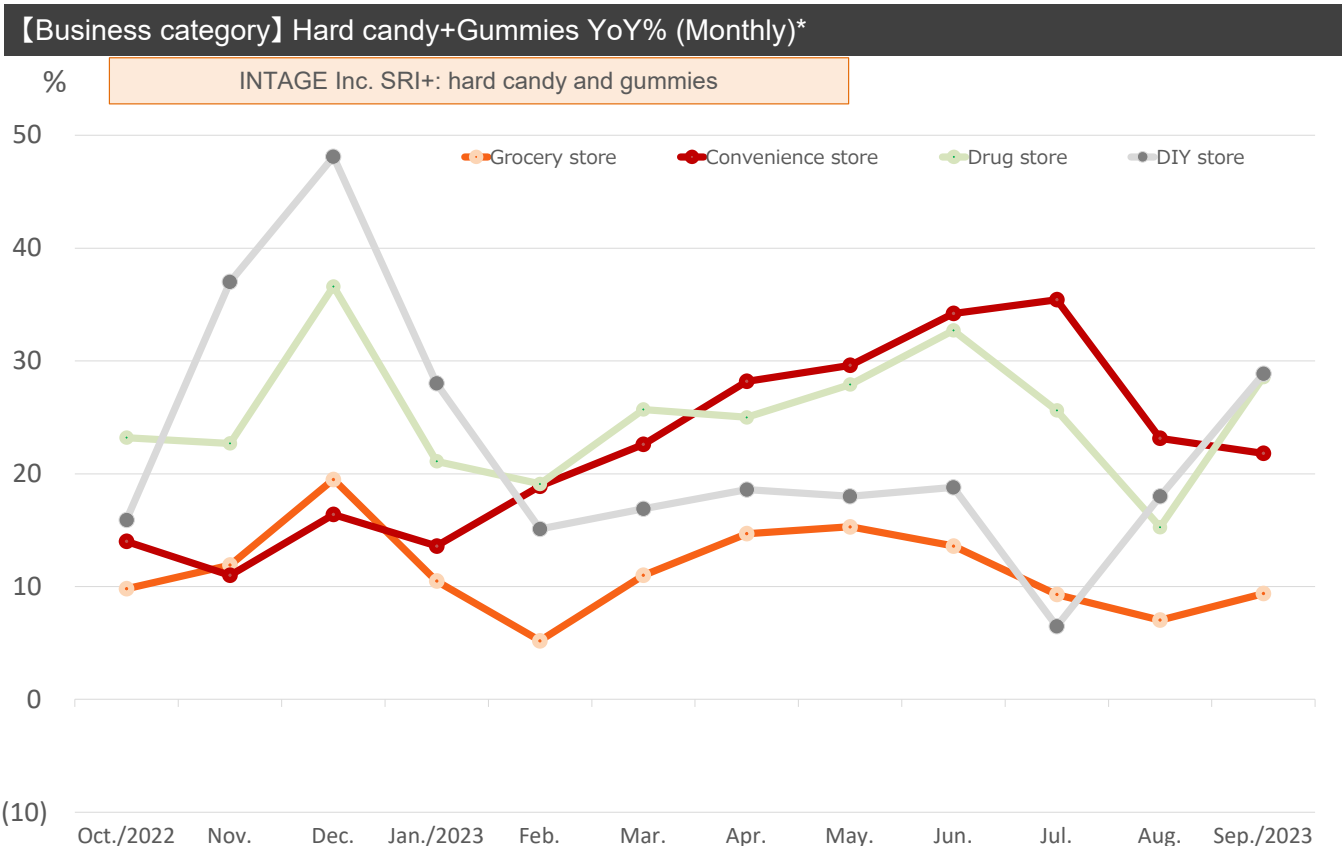
Unit: Bln. yen

	Sales amount		YoY%
	Jan. to Sep. 2022	Jan. to Sep. 2023	
Hard candy	70.0	78.8	12.6%
Gummies	57.5	72.4	26.0%
Total	127.5	151.2	18.6%

\* 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 Sep. (YoY%)

Unit: Bln. Yen

	Sales amount		YoY%
	Jan. to Sep. 2022	Jan. to Sep. 2023	
Grocery store	55.2	61.1	10.7%
Convenience store	44.3	55.5	25.2%
Drug store	24.9	31.0	24.4%
DIY store	3.1	3.6	18.5%
Total	127.5	151.2	18.6%

\* 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](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](https://ssl4.eir-parts.net/doc/2216/ir_material_for_fiscal_ym13/136560/00.pdf)



#### Disclaimer

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.

Moreover, information contained herein is not continuously updated, and the reader should be aware that the content may be revised or withdrawn without prior notice.

Inquiries related to these materials should be directed to Kanro Inc. at tel. +81-3-3370-8811

■ Company URL: <https://www.kanro.co.jp/en/>

■ QR code for the  
above:

