

Supplementary Materials:
Financial Results for the Fiscal Year Ended
December 31, 2023



February 8, 2024

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 vs. FY2023	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	YoY	YoY%
Net sales	5,992	6,071	5,862	7,190	25,118	7,515	6,777	6,317	8,406	29,015	3,897	15.5%
Cost of sales	3,526	3,765	3,716	4,435	15,444	4,281	4,090	3,972	4,932	17,277	1,833	11.9%
Cost of sales margin (%)	58.8	62.0	63.4	61.7	61.5	57.0	60.3	62.9	58.7	59.5	-	(2.0)pt
Gross profit	2,466	2,306	2,146	2,754	9,674	3,233	2,687	2,344	3,473	11,738	2,064	21.3%
Operating profit	700	327	267	638	1,933	1,189	583	462	1,153	3,388	1,455	75.3%
Operating profit margin (%)	11.7	5.4	4.6	8.9	7.7	15.8	8.6	7.3	13.7	11.7	-	4.0pt
Ordinary profit	739	336	279	645	2,001	1,192	598	470	1,170	3,432	1,431	71.5%
Profit	499	230	206	409	1,346	842	393	315	910	2,462	1,116	82.9%

*Quarterly results are simple differences.

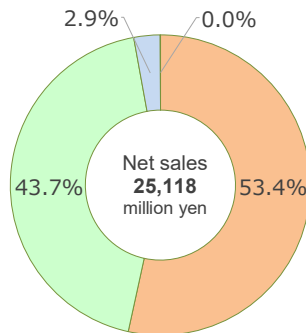
1H/2H

	Unit: Million yen							
	FY2023 (Actual)			FY2024 (Forecast)			FY2023 vs. FY2024	
	1H	2H	Full year	1H	2H	Full year	1H (YoY%)	2H (YoY%)
Net sales	14,292	14,723	29,015	15,000	15,300	30,300	5.0%	3.9%
Operating profit	1,772	1,616	3,388	1,660	1,790	3,450	(6.4)%	10.8%
Operating profit margin (%)	12.4	11.0	11.7	11.1	11.7	11.4	-	-
Ordinary profit	1,791	1,641	3,432	1,670	1,800	3,470	(6.8)%	9.6%
Profit	1,236	1,225	2,462	1,230	1,270	2,500	(0.6)%	3.6%

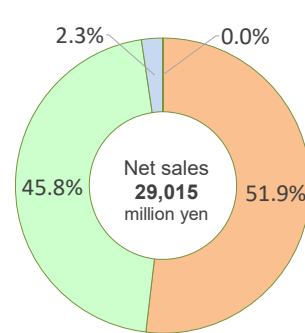
*Results and forecast for 2nd half are simple differences.

Composition of net sales

FY2022



FY2023



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

Unit: Mil. yen

	FY2022	FY2023	YoY%
Hard candy	13,424	15,046	12.1%
Gummies *1	10,972	13,293	21.2%
Healthy snacks	719	671	(6.7)%
Other *2	1	4	129.0%
Total	25,118	29,015	15.5%

*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		FY2023		FY2022 vs. FY2023	
	Amount	%	Amount	%	YoY	YoY%
Net sales	25,118	100.0%	29,015	100.0%	3,897	15.5%
Cost of sales	15,444	61.5%	17,277	59.5%	1,833	11.9%
Gross profit	9,674	38.5%	11,738	40.5%	2,064	21.3%
Freight and storage costs	1,703	6.8%	1,746	6.0%	42	2.5%
Advertising expenses	542	2.2%	609	2.1%	67	12.4%
Other selling expenses	230	0.9%	250	0.9%	19	8.6%
Total selling expenses	2,476	9.9%	2,606	9.0%	129	5.2%
Personnel expenses	3,611	14.4%	3,888	13.4%	277	7.7%
Other expenses	1,653	6.6%	1,854	6.4%	201	12.2%
General and administrative expenses	5,264	21.0%	5,743	19.8%	478	9.1%
Selling, general and administrative expenses	7,741	30.8%	8,349	28.8%	608	7.9%
Operating profit	1,933	7.7%	3,388	11.7%	1,455	75.3%
Non-operating income	74	0.3%	52	0.2%	(22)	(29.8)%
Non-operating expenses	6	0.0%	8	0.0%	1	25.5%
Non-operating income and expenses	67	0.3%	43	0.2%	(23)	(35.3)%
Ordinary profit	2,001	8.0%	3,432	11.8%	1,431	71.5%
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	73	0.3%	32	0.1%	(41)	(56.2)%
Loss on valuation of investment securities	-	-	0	0.0%	0	-
Loss on sale of membership	-	-	0	0.0%	0	-
Extraordinary losses	74	0.3%	47	0.2%	(26)	(35.8)%
Extraordinary income and losses	(69)	-	(47)	-	22	-
Profit before income taxes	1,931	7.7%	3,384	11.7%	1,453	75.3%
Total income taxes	585	2.3%	922	3.2%	337	57.7%
Profit	1,346	5.4%	2,462	8.5%	1,116	82.9%

*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 FY2020—FY2024/Forecast】

(FY2024 figures forecast; all others actual)

Fiscal Year	Unit	Forecast				
		FY2020	FY2021	FY2022	FY2023	FY2024
Net sales	③ million yen	19,646	21,589	25,118	29,015	30,300
Net sales YoY	%	1.8	9.9	16.3	15.5	4.4
Gross profit	③ million yen	7,189	8,353	9,674	11,738	—
Gross profit margin	%	36.6	38.7	38.5	40.5	—
Operating profit	③ million yen	834	1,254	1,933	3,388	3,450
Operating profit margin	%	4.2	5.8	7.7	11.7	11.4
Ordinary profit	③ million yen	858	1,291	2,001	3,432	3,470
Profit	③ million yen	608	879	1,346	2,462	2,500
Profit YoY	%	(39.7)	44.3	53.2	82.9	1.5
Net assets	③ million yen	11,151	11,750	12,555	14,533	—
Total assets	③ million yen	19,818	21,200	22,315	25,839	—
Equity ratio	%	56.3	55.4	56.3	56.2	—
Net assets per share	*1,2 yen	790.76	833.23	905.23	1,043.94	—
Basic earnings per share	*1,2 yen	43.18	62.33	96.08	177.09	179.57
ROA	*5 %	3.1	4.3	6.2	10.2	—
ROIC	*5 %	4.5	7.3	10.9	18.2	16.2
ROE	*5 %	5.5	7.7	11.1	18.2	—
PER	times	17.4	12.7	11.5	11.7	—
PBR	times	0.95	0.96	1.22	1.99	—
Cash flows from operating activities	③ million yen	1,442	2,620	2,373	3,935	—
Cash flows from investing activities	③ million yen	(1572)	(1002)	(1116)	(1839)	—
Cash flows from financing activities	③ million yen	(48)	(770)	(1106)	(585)	—
Cash and cash equivalents at end of period	③ million yen	1,253	2,099	2,250	3,761	—
Number of employees	persons	601	608	608	639	—
Average number of temporary employees excluded from the number of employees	persons	(132)	(137)	(142)	(150)	—
Capital investment	③ million yen	2,090	914	1,052	1,856	—
Depreciation	③ million yen	1,182	1,115	1,149	1,216	—
Research and development expenses	③ million yen	629	710	755	771	—
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	13,869,428	13,922,101	13,922,101
Dividends per share	*1,3 yen	16.00	20.00	31.50	58.00	72.00
Payout ratio	%	37.0	32.0	32.8	32.8	40.1

③ : *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, 2020 are after retroactive application of said accounting standard.

*1: Kanro conducted a share split of common stock at a ratio of two shares for every one share, effective 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, 2020.

*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 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.

*3: Dividends per share of 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.

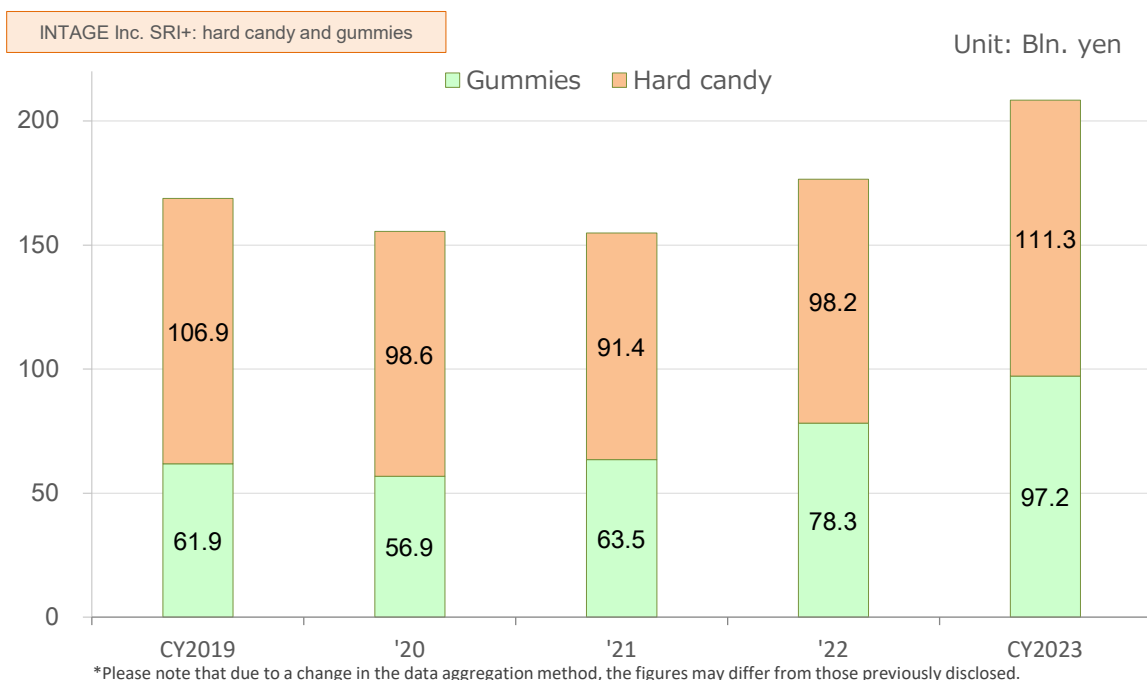
*5: ROA = Profit / Average of total assets at beginning and end of period

ROIC = Operating profit after tax / (average of interest-bearing liabilities at beginning and end of period + average of net assets at beginning and end of period)

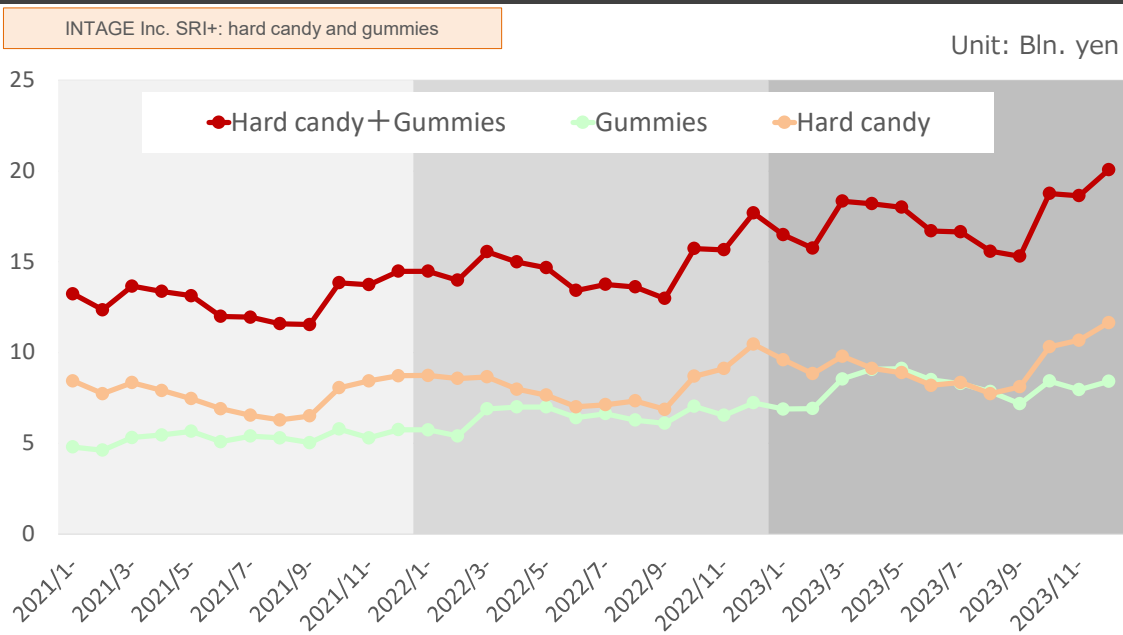
ROE = Profit / Average of net assets at beginning and end of period

(Supplementary Materials 4) 【Market Trends】

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



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



Sales amount from Jan. - Dec. (YoY%)

Unit: Bln. yen

	Sales Amount		YoY%
	Jan.-Dec./2022	Jan.-Dec./2023	
Hard candy	98.2	111.3	+13.3%
Gummies	78.3	97.2	+24.1%
Total	176.5	208.5	+18.1%

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

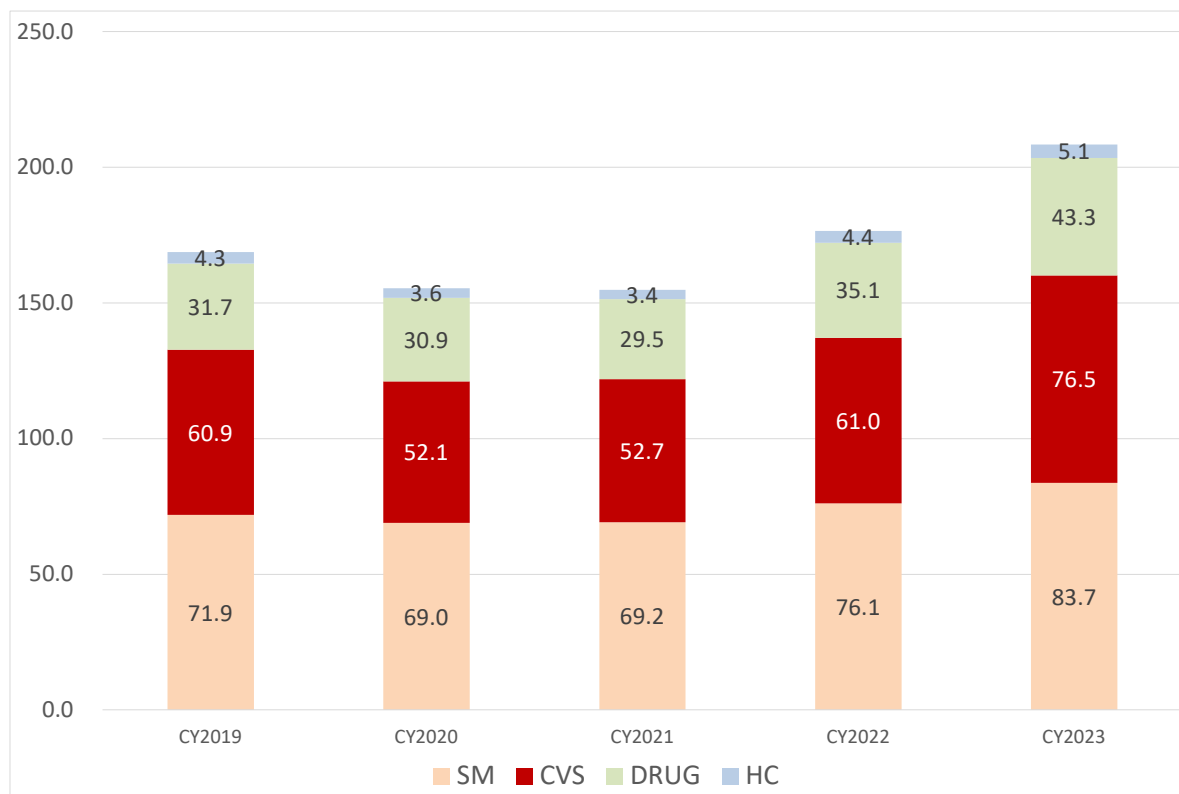
(Supplementary Materials 5)

【Hard Candy+Gummy Markets Trends by Business Category】

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

INTAGE Inc. SRI+: hard candy and gummies

Unit: Bln. yen



Sales amount from Jan. - Dec. (YoY%)

Unit: Bln. yen

	Sales amount		YoY%
	Jan. -Dec. 2022	Jan. -Dec. 2023	
SM	76.1	83.7	+9.9%
CVS	61.0	76.5	+25.4%
DRUG	35.1	43.3	+23.5%
HC	4.4	5.1	+15.6%
Total	176.5	208.5	+18.1%

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

Market seasonality(Jan.-Dec.)

	Q1	Q2	Q3	Q4	Full Year
Hard candy	25.4%	23.5%	21.8%	29.3%	100.0%
Gummies	23.0%	27.5%	24.0%	25.5%	100.0%
Total	24.3%	25.4%	22.8%	27.6%	100.0%

*Quarterly composition ratio in 2023

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

(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



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.

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

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