

Supplementary Materials:
Financial Results for the Six Months Ended
June 30, 2024



July 29, 2024

Kanro Inc.

(TSE: 2216)

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“Q2” refers to the period from April to June, “1H” refers to the period from January to June, and “2H” refers to the period from July to December in the materials.

(Supplementary Materials 1) 【Summary of Financial Results】

Quarterly

	Unit: Million yen											
	FY2023					FY2024					FY2023 1H vs. FY2024 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	7,515	6,777	6,317	8,406	29,015	7,613	7,949			30,800	1,270	8.9%
Hard candy	3,950	3,396	3,114	4,586	15,046	3,938	3,510			-	103	1.4%
Gummies *1	3,417	3,234	3,001	3,639	13,293	3,538	4,235			-	1,121	16.9%
Healthy snacks	145	145	200	179	671	135	195			-	40	13.9%
Other *2	1	0	0	1	4	0	7			-	5	276.6%
Cost of sales	4,281	4,090	3,972	4,932	17,277	4,355	4,666			-	649	7.8%
Cost of sales margin (%)	57.0	60.3	62.9	58.7	59.5	57.2	58.7			-	-	(0.6)pt
Gross profit	3,233	2,687	2,344	3,473	11,738	3,258	3,283			-	621	10.5%
Operating profit	1,189	583	462	1,153	3,388	1,212	1,130			3,810	570	32.2%
Operating profit margin (%)	15.8	8.6	7.3	13.7	11.7	15.9	14.2			12.4	-	2.7pt
Ordinary profit	1,192	598	470	1,170	3,432	1,217	1,138			3,830	564	31.5%
Profit	842	393	315	910	2,462	941	825			2,800	530	42.9%

*Quarterly results are simple differences.

*1 The data is included marshmallow products.

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

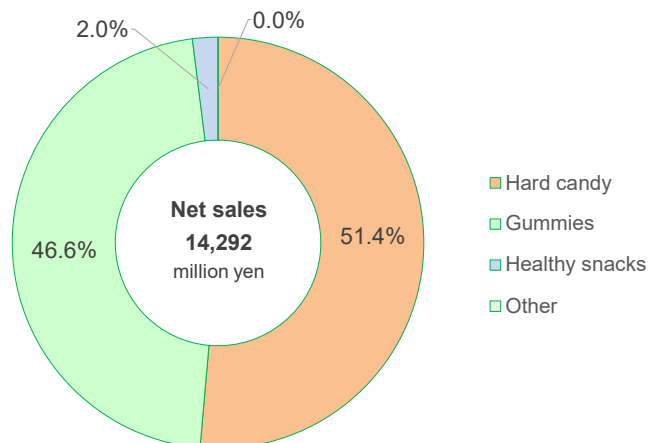
1H/2H

	Unit: Million yen							
	FY2023 (Actual)			FY2024			FY2023 vs. FY2024	
	1H	2H	Full year	1H (Actual)	2H (Forecast)	Full year	1H (YoY%)	2H (YoY%)
Net sales	14,292	14,723	29,015	15,563	15,236	30,800	8.9%	3.5%
Operating profit	1,772	1,616	3,388	2,343	1,466	3,810	32.2%	(9.3)%
Operating profit margin (%)	12.4	11.0	11.7	15.1	9.6	12.4	-	-
Ordinary profit	1,791	1,641	3,432	2,355	1,474	3,830	31.5%	(10.2)%
Profit	1,236	1,225	2,462	1,767	1,032	2,800	42.9%	(15.8)%

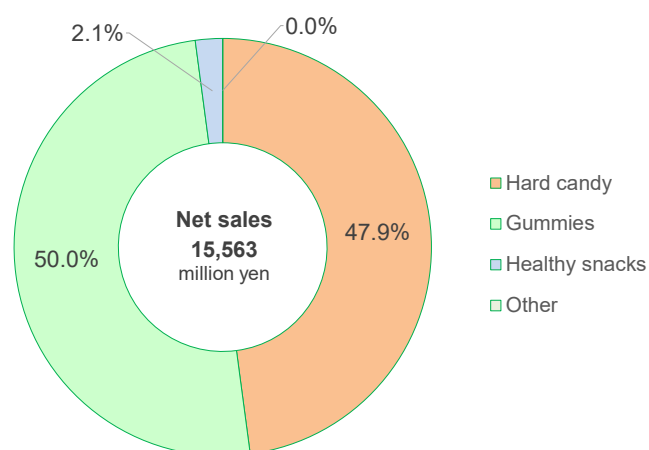
*Results and forecast for 2nd half are simple differences.

Composition of Net sales Jan. to Jun.

FY2023 1H



FY2024 1H



(Supplementary Materials 2) 【Non-consolidated Statements of Income】

Unit: Million yen

	FY2023 1H		FY2024 1H		FY2023 1H vs. FY2024 1H	
	Amount	%	Amount	%	YoY	YoY%
Net sales	14,292	100.0%	15,563	100.0%	1,270	8.9%
Cost of sales	8,372	58.6%	9,021	58.0%	649	7.8%
Gross profit	5,920	41.4%	6,541	42.0%	621	10.5%
Freight and storage costs	847	5.9%	895	5.8%	48	5.7%
Advertising expenses	424	3.0%	331	2.1%	(93)	(22.0)%
Other selling expenses	126	0.9%	134	0.9%	7	5.5%
Total selling expenses	1,398	9.8%	1,360	8.7%	(37)	(2.7)%
Personnel expenses	1,842	12.9%	1,895	12.2%	53	2.9%
Other expenses	906	6.3%	942	6.1%	35	3.9%
General and administrative expenses	2,749	19.2%	2,837	18.2%	88	3.2%
Selling, general and administrative expenses	4,147	29.0%	4,198	27.0%	50	1.2%
Operating profit	1,772	12.4%	2,343	15.1%	570	32.2%
Non-operating income	22	0.2%	16	0.1%	(6)	(27.7)%
Non-operating expenses	4	0.0%	4	0.0%	(0)	(3.8)%
Non-operating income and expenses	18	0.1%	12	0.1%	(6)	(33.1)%
Ordinary profit	1,791	12.5%	2,355	15.1%	564	31.5%
Gain on sale of investment securities	-	-	75	0.5%	75	-
Gain on sale of membership	-	-	0	0.0%	0	-
Extraordinary income	-	-	76	0.5%	76	-
Loss on sale of non-current assets	0	0.0%	0	0.0%	(0)	(100.0)%
Loss on retirement of non-current assets	13	0.1%	0	0.0%	(13)	(98.5)%
Impairment losses	5	0.0%	2	0.0%	(3)	(59.6)%
Loss on sale of membership	0	0.0%	-	-	(0)	-
Extraordinary losses	19	0.1%	2	0.0%	(16)	(88.0)%
Extraordinary income and losses	(19)	-	74	0.5%	93	-
Profit before income taxes	1,771	12.4%	2,429	15.6%	658	37.1%
Total income taxes	534	3.7%	662	4.3%	127	23.8%
Profit	1,236	8.7%	1,767	11.4%	530	42.9%

(Supplementary Materials 3) 【Financial Indicators FY2020 – FY2024/Forecast】

(FY2024 figures forecast; all others actual)

Fiscal Year	Unit	FY2020	FY2021	FY2022	FY2023	Forecast
						FY2024
Net sales	million yen	19,646	21,589	25,118	29,015	30,800
Net sales YoY	%	(2.5)	9.9	16.3	15.5	6.1
Gross profit	million yen	7,189	8,353	9,674	11,738	-
Gross profit margin	%	36.6	38.7	38.5	40.5	-
Operating profit	million yen	834	1,254	1,933	3,388	3,810
Operating profit margin	%	4.2	5.8	7.7	11.7	12.4
Ordinary profit	million yen	858	1,291	2,001	3,432	3,830
Profit	million yen	608	879	1,346	2,462	2,800
Profit YoY	%	(6.6)	44.3	53.2	82.9	13.7
Net assets	million yen	11,151	11,750	12,555	14,533	-
Total assets	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 yen	790.76	833.23	905.23	1,043.94	-
Basic earnings per share	*1 yen	43.18	62.33	96.08	177.09	199.74
ROA	*2 %	3.1	4.3	6.2	10.2	-
ROIC	*2 %	4.5	7.3	10.9	18.2	18.0
ROE	*2 %	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	million yen	1,442	2,620	2,373	3,935	-
Cash flows from investing activities	million yen	(1,572)	(1,002)	(1,116)	(1,839)	-
Cash flows from financing activities	million yen	(48)	(770)	(1,106)	(585)	-
Cash and cash equivalents at end of period	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)	(141)	(149)	-
Capital investment	million yen	2,090	914	1,052	1,856	-
Depreciation	million yen	1,182	1,115	1,149	1,216	-
Research and development expenses	million yen	629	710	755	771	-
Total number of issued shares at the end of the period (not including treasury shares)	*1 number of shares	14,102,824	14,102,336	13,869,428	13,922,101	-
Dividends per share	*1 yen	16.00	20.00	31.50	58.00	80.00
Payout ratio	%	37.0	32.0	32.8	32.8	40.1

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

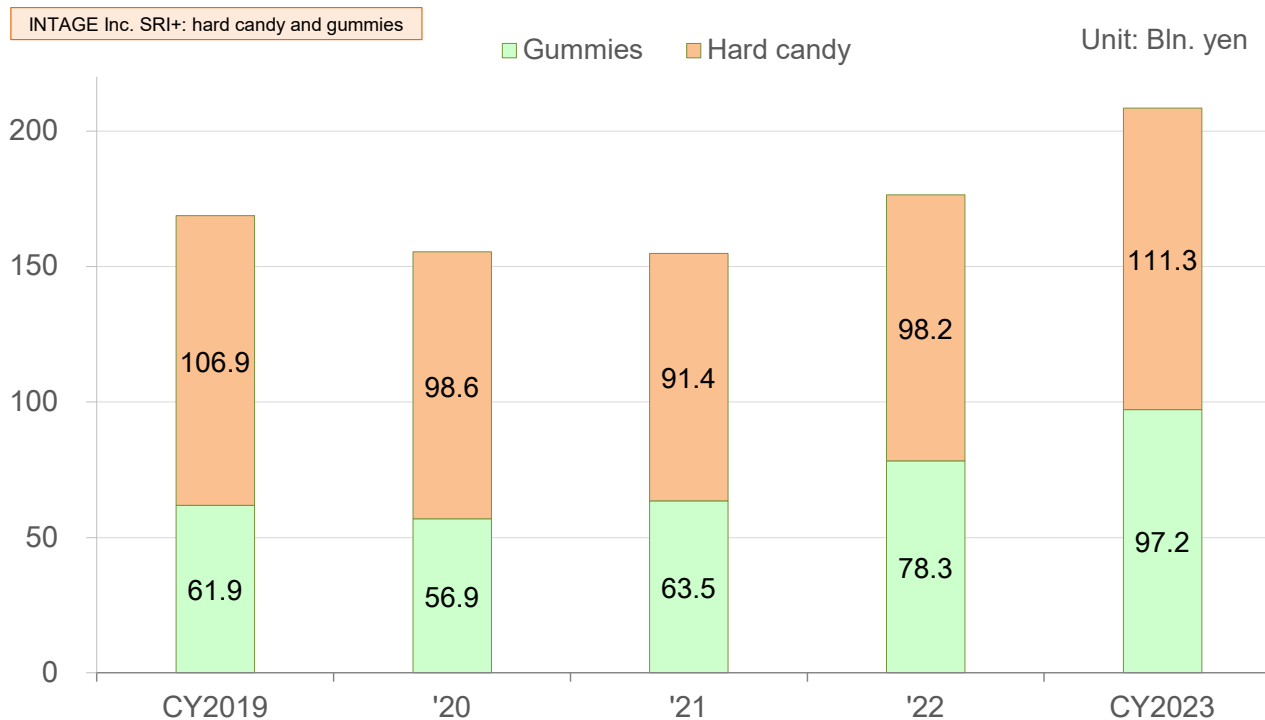
ROIC = Operating profit after tax / (average of interest-bearing liabilities at beginning and end of period + average of net assets at beginning and end of period)

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

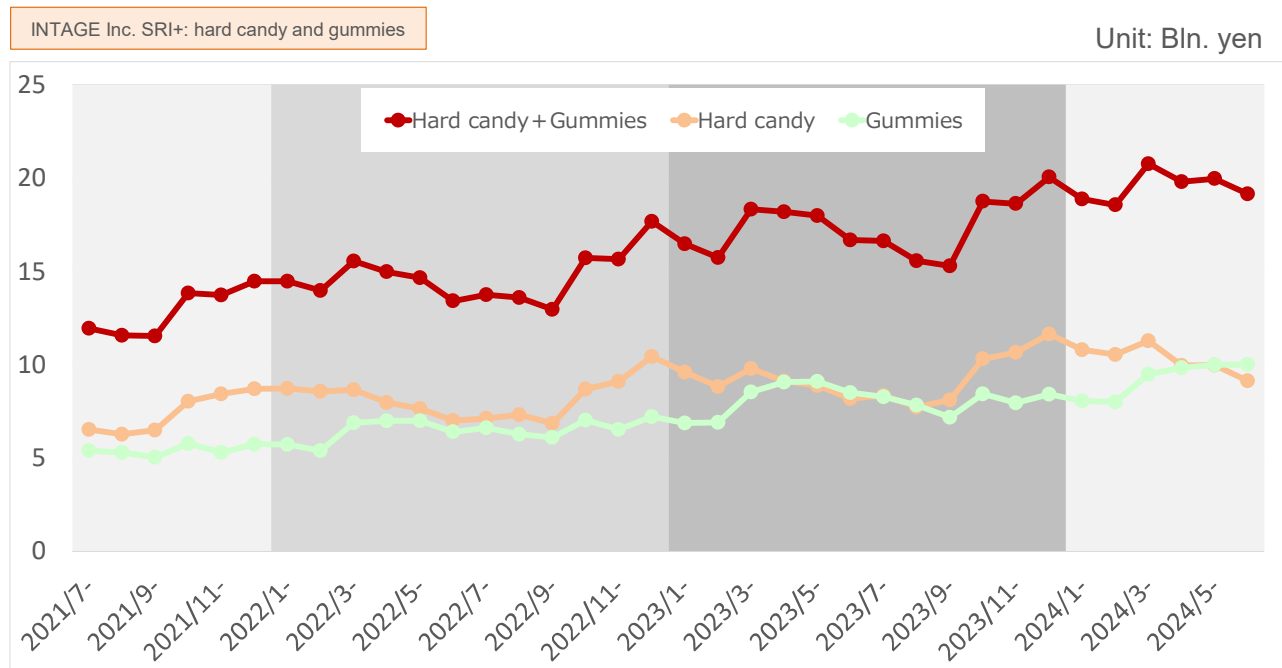
(Supplementary Materials 4) 【Market Trends】

*Please note that due to a change in the data aggregation method, the figures may differ from those previously disclosed.

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



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



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

	Unit: Bln. yen			Unit: Bln. yen		
	Whole Market		YoY%	Kanro		YoY%
	Jan.- Jun. /2023	Jan.- Jun. /2024		Jan.- Jun. /2023	Jan.- Jun. /2024	
Hard candy	54.4	61.7	13.4%	12.2	12.1	(0.7)%
Gummies	49.0	55.4	13.0%	7.8	9.2	17.7%
Total	103.5	117.2	13.2%	20.0	21.3	6.5%

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

(Supplementary Materials 5) 【Reference Information】

- IR Information

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

- IR News

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

- Kanro Vision 2030

[KanroVision2030_en.pdf](#)

- 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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