

FY2019  
Presentation material



February 19, 2020

**Kanro Inc.**

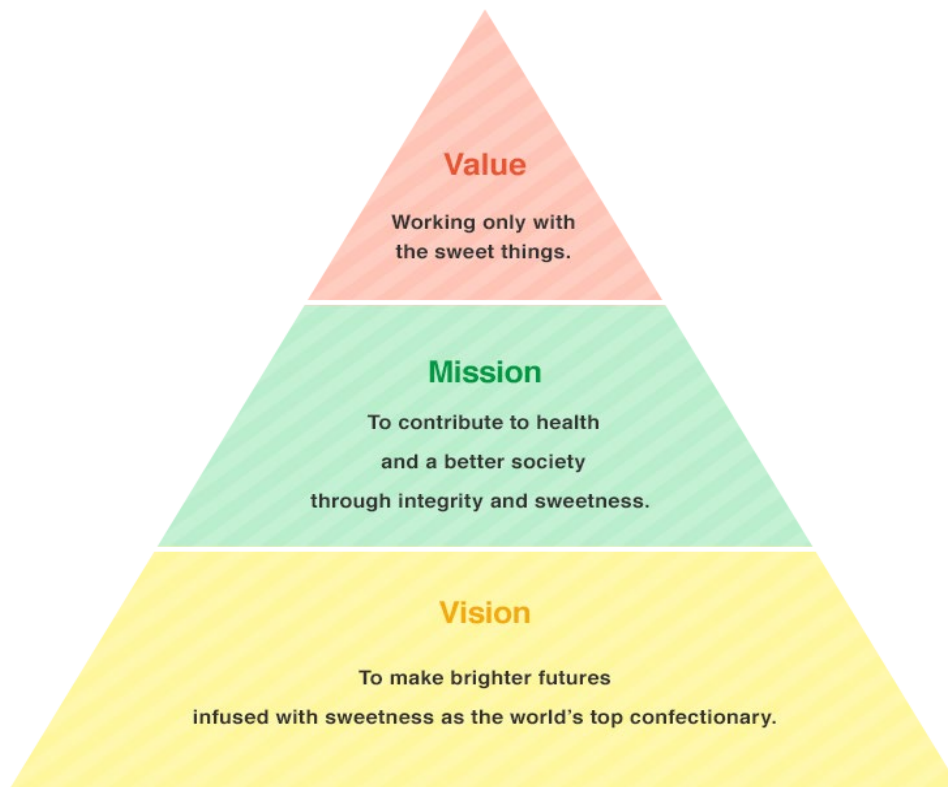
Kanro Inc.

(TSE Code: 2216)

## Contents

		Page
Kanro Inc. Overview	Corporate vision	- Overview-1
	Corporate overview and History	- Overview-2
	Summary of financial results	- Overview-3
FY2019 Presentation material	Slide 1 to 38	- 1 - 19

## Corporate vision



### Vision

**To make brighter futures infused with sweetness as the world's top confectionary.**

#### **Spread the Benefits of Sugar**

Our desire is to share the benefits of sugar as an essential part of life and lifestyles.

#### **Grow Trust**

As we pursue new products and technologies for the future, we maintain our stance on safety and reliability. We strive to inspire faith in our brand, so people choose us simply because we are Kanro.

#### **Harmony with Society**

Our business activities should always be a part of the solution—a solution to individual challenges, human challenges, and global challenges. As a company, we will grow with communities bringing benefits to all our stakeholders.

#### **A Vibrant Workplace**

We endeavor to bring people together around candy, working toward health and happiness. Our corporate culture is one of diversity, loyalty, and pride.

#### **A Smile Around the World**

Each Kanro candy is made expressly to bring smiles to people all over the world.

# Corporate overview and History

[Corporate overview]			As of end December 2019	
Company name	Kanro Inc.			
Date founded	May 6, 1950	President and CEO	Kazuyasu Misu	
Head office location	3-20-2, Tokyo Opera City Building 37F, Nishishinjuku, Shinjuku-ku, Tokyo		Telephone	+81-3-3370-8811
Business activities	Manufacture and marketing of confections and food		Fiscal year-end	December 31
Exchange listing	Tokyo Stock Exchange, Second Section (securities code: 2216)		Number of shares issued	7,657,802
Capital stock	¥2,864 million	Equity ratio	56.5%	Number of employees
Recent performance (Annual)	Net sales: ¥24 billion; Operating income: ¥0.9 billion; Ordinary income: ¥1 billion; Net income: ¥0.6 billion			
Major shareholders (Top 5)	Mitsubishi Corporation approx. 30%; Kanro Kyohei Kai approx. 7%; Enomoto Buhei Shoten K.K. approx. 6%; Sumitomo Mitsui Banking Corporation approx. 5%; Sumitomo Mitsui Trust Bank, Limited approx. 5%			

[History]	
1912	Company founder Masaichi Miyamoto establishes a confectionery manufacturing business in Hikari city, Yamaguchi Prefecture.
1950	Business is restructured into a joint-stock organization with capital of ¥1 million under the name of Miyamoto Seika Co., Ltd.
1955	<i>Kanro Ame</i> is launched, using a secret ingredient - soy source. Becomes the first candy to be individually wrapped in cellophane.
1959	Matsumoto Plant is established in Matsumoto City in Nagano Prefecture.
1960	Company name is changed to Kanro Co., Ltd.
1962	Head office is relocated to Toshima-ku, Tokyo. Stock listed on the second section of the Tokyo Stock Exchange.
1963	Head office is relocated to Nakano-ku, Tokyo.
1968	New plant is constructed in Hikari city, Yamaguchi Prefecture (first phase).
1972	Consolidated subsidiary, Hikari Seika Co., Ltd. (former HIKARI Seika Co., Ltd), established in Hikari City, Yamaguchi Prefecture.
1973	Business alliance and sole sales agent agreement concluded with Mitsubishi Corporation.
1981	Launch of the first cough drop in the confectionery segment.
1982	New plant constructed in Matsumoto City, Nagano Prefecture, to which existing Matsumoto Plant is relocated.
1988	New Shimada Plant constructed in Hikari City, Yamaguchi Prefecture. (Leased to former HIKARI Seika Co., Ltd.)
1989	Head office is relocated to Shinjuku-ku, Tokyo.
1992	"Non-sugar" products launched.
1995	New plant constructed in Hikari City, Yamaguchi Prefecture, with facility name changed to "Hikari Plant" on the occasion of the relocation from the existing plant.
2002	<i>Puré Gummy</i> launched.
2011	New Asahi Plant constructed in Aasahi village, Nagano Prefecture. ISO 14001 (environmental management systems) certification is obtained for the Hikari Plant (2000), Matsumoto Plant (2001), head office and branch offices (obtained in 2003, surrendered in 2014), which together with the registration of the Asahi Plant means that all facilities are certified.
2012	<i>Kinno Milk</i> launched.
2012	To commemorate the 100th anniversary of the founding of the company, the first directly operated Hitotsubu Kanro store is opened in Tokyo Station.
2015	Head office R&D department is relocated to Koto-ku, Tokyo, and renamed the Toyosu Institute for R&D. Asahi Plant obtains FSSC 22000 (Food Safety System Certification).
2016	"NewKANRO 2021" medium-term management plan is announced.
2018	Head office is relocated to Tokyo Opera City building in Shinjuku-ku, Tokyo.
2018	Hikari Plant obtains FSSC 22000 (Food Safety System Certification).
2018	Consolidated subsidiary Hikari Seika Co., Ltd. is merged into parent company.
2019	New gummy product line at Matsumoto Plant begins full-scale operation. Matsumoto Plant obtains FSSC 22000 (Food Safety System Certification).

## Summary of financial results

### Quarterly

Unit: million yen												
	FY2018					FY2019 (Actual)					VS. Previous year	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	1H	Full year
Net sales	5,691	5,583	4,835	6,839	22,949	5,943	5,845	5,082	7,167	24,039	+4.6%	+4.7%
Operating income	511	90	-152	554	1,003	399	100	-194	618	923	-17.0%	-8.0%
Ordinary income	514	104	-135	562	1,045	398	107	-124	626	1,007	-18.1%	-3.6%
Net income	291	380	-67	407	1,011	254	-17	-88	503	651	-64.7%	-35.6%

\* Results for the first half of FY2018 were consolidated, whereas results for FY2019 were non-consolidated, and comparative figures have been provided for your reference only. Three-month results are simple differences.

### Half year

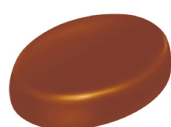
Unit: million yen									
	FY2018			FY2019 (Actual)			VS. Previous year		
	1H	2H	Full year	1H	2H	Full year	1H	2H	
Net sales	11,274	11,674	22,949	11,788	12,250	24,039	+4.6%	+4.9%	
Operating income	602	401	1,003	499	424	923	-17.0%	+5.6%	
Ordinary income	618	426	1,045	506	501	1,007	-18.1%	+17.5%	
Net income	671	340	1,011	237	414	651	-64.7%	+22.0%	

\* Results for the first half of FY2018 were consolidated, whereas results for FY2019 were non-consolidated, and comparative figures have been provided for your reference only. The second half results are simple differences

### Plan

Unit: million yen									
	FY2019			FY2020 (Plan)			VS. Previous year		
	1H	2H	Full year	1H	2H	Full year	1H	2H	
Net sales	11,788	12,250	24,039	12,200	12,800	25,000	+3.5%	+4.5%	
Operating income	499	424	923	400	680	1,080	-20.0%	+60.3%	
Ordinary income	506	501	1,007	400	700	1,100	-21.0%	+39.7%	
Net income	237	414	651	250	490	740	+5.4%	+18.1%	

\*The second half results are simple differences



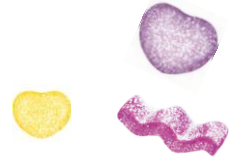




# FY2019 Presentation material

(Jan. to Dec. 2019)

Feb.19, 2020  
Kanro Inc.  
TSE Code : 2216



Copyright ©2020 Kanro Inc.

1

## ■ Contents



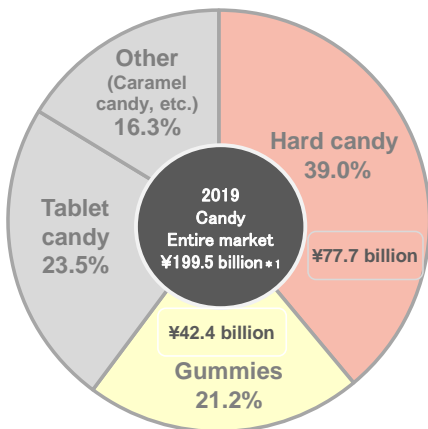
	Slide #
About Kanro Inc.	: 3- 7
1. Review for FY2019	: 8-15
2. Mainstay brand status	:16-18
3. FY2020 business strategy	:19-22
4. Forecast for FY2020	:23-29
5. The status of Medium-Term Corporate Strategy, NewKANRO 2021	:30-33
6. Appendix	:34-37

Copyright ©2020 Kanro Inc.

2

- Kanro is a confectionery manufacturer involved primarily in the manufacture and marketing of candy such as **Kanro Ame**, **Kenko Nodoame**, **Kinno Milk** and **Puré Gummy**.
- Kanro aims to become the **No.1 candy manufacturer** by leveraging its **“Brand-centric management,”** which generates strong brands by focusing development on **functionality** and on **using ingredients themselves to the full**, and working on **“Sustainable management”** initiatives that use a business based on “sweetness” to support people’s healthy lifestyles and to contribute to the realization of a sustainable society.

Copyright ©2020 Kanro Inc.



- Market environment (FY2019)
  - Candy market as a whole grew by 0.9% YoY
  - Gummy market growth stagnated, -1.3% YoY
  - Expansion achieved due to growth in tablet candy

	FY2018 <sup>*2</sup>	FY2019 <sup>*1</sup>	YoY	
Hard candy	77.5	77.7	+0.3%	Our main market
Gummies	42.9	42.4	-1.3%	
Tablet candy	44.0	46.9	+6.6%	
Other (Caramel candy, etc.)	33.2	32.5	-2.1%	
<b>Total</b>	<b>197.6</b>	<b>199.5</b>	<b>+0.9%</b>	

<sup>\*1</sup> INTAGE Inc. SRI Market by composition Jan. 2019 to Dec. 2019, sales amount  
<sup>\*2</sup> INTAGE Inc. SRI Market by composition Jan. 2018 to Dec. 2018, sales amount

Copyright ©2020 Kanro Inc.

## About Kanro Inc. (3/5) Composition of sales (FY2019)

**Kanro**



(Based on Net sales: 24.0 billion yen)

- Hard candies : 65 %
- Gummies : 29 %
- Healthy snacks \* : 6 %

\* Healthy snacks: products containing healthy ingredients such as sour plum, laver, seaweed stems, and natto soybeans that have been processed for easy consumption.

■ Hard candies   
 ■ Healthy snacks   
 ■ Gummies

Copyright ©2020 Kanro Inc.

5

## About Kanro Inc. (4/5) Market share

**Kanro**



Hard candies market share: No.1 \* **19.3%**<sup>\*1</sup>  
(Previous year 19.2%) \*2

Gummies market share: No.3 \* **13.5%** \*<sup>1</sup>  
(Previous year 11.7%) \*2

Copyright ©2020 Kanro Inc.

\* 1 INTAGE SRI, Jan-Dec. 2019  
\* 2 INTAGE SRI, Jan-Dec. 2018

6

Manufacture and sales of Candy and others



“Hitotsubu Kanro” directly operated stores  
(Tokyo GRANSTA and  
Osaka LUCUA1100 stores)

The Hitotsubu gift shops are based on the concept of “Hitotsubu connects people to people,” embodying the joy of giving and receiving in the form of drop candy. Their purpose is to support the corporate brand and product brands through the test marketing of high value-added products and new products, and so on.



Copyright ©2020 Kanro Inc.

# 1. Review for FY2019

Copyright 2020 Kanro Inc.

◆Market environment

- Hard candy market grew +0.3%; gummy market stagnated (-1.3%)

◆Status of company business

- Capital investments: a new gummy production line at Matsumoto Plant has started operation → expansion in production capacity (operation began in February: delayed by 2 months)
- Human resource investments: introduction of new personnel system and increase in personnel → securing human resources for growth
- Responding to capital markets:
  - Purchased treasury shares (Feb. 22) → enhanced shareholder returns
  - Implemented stock split (July 1) → improved liquidity of stock

Copyright ©2020 Kanro Inc.

Unit: million yen

	FY2019	Change				FY2019	FY2018
	Actual	Forecast	Vs. forecast	YoY	YoY %	Initial forecast ※	Actual
Net sales	<b>24,039</b>	-560	-2.3%	+1,089	+4.7%	24,600	22,949
Operating income	<b>923</b>	-176	-16.0%	-79	-8.0%	1,100	1,003
Ordinary income	<b>1,007</b>	-92	-8.4%	-37	-3.6%	1,100	1,045
Net income	<b>651</b>	-98	-13.1%	-359	-35.6%	750	1,011
Basic earnings per share (Unit: yen)	<b>92.36</b>	-12.31	-11.8%	-48.83	-34.6%	104.67	141.19

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

\* Initial forecast announced on February 7, 2019. However, basic earnings per share reflects the stock split conducted in July 2019.

## Main factors behind changes in FY2019 performance (vs. initial forecast/YoY)

**Kanro**

### ■ Vs. initial forecast

- Net sales (decrease): fell short of forecast due to delays in starting operation at the new gummy production line, and due to stagnation in gummy market growth
- Operating income/ordinary income (decrease): caused by decline in gummy revenue
- Net income (decrease): result of impairment losses associated with land

### ■ Year on year

- Net sales (increase): record high sales, six consecutive fiscal years of growth in revenue (non-consolidated)
  - Gummy: due to the new gummy line starting operation, Kanro achieved growth despite the market itself declining year on year (**SRI share 13.5%, 11.7% in the previous year**)
  - Hard candy: growth in products packaged in compact format for convenience stores
- Operating income/ordinary income (decrease): the increase in fixed costs as a result of human resources/capital investments surpassed the increase in marginal profit from higher revenue.
- Net income (decrease): fall in profit due to the absence of gain on sales of non-current assets recorded in previous fiscal year

Copyright ©2020 Kanro Inc.

11

## Factors behind change in FY2019 operating income

**Kanro**

Unit: million yen

	FY2019	Change				FY2019	FY2018
	Actual	Forecast	Vs. forecast	YoY	YoY %	Initial forecast*	Actual
Net sales	24,039	-560	-2.3%	+1,089	+4.7%	24,600	22,949
Cost of sales	12,680	—	—	+664	+5.5%	—	12,015
Freight/warehousing costs	1,385	—	—	+57	+4.3%	—	1,327
Sales promotion expenses	838	—	—	+94	+12.7%	—	744
Advertising expenses	384	—	—	-41	-9.8%	—	426
Agent fees	3,195	—	—	+153	+5.0%	—	3,042
Personnel expenses	3,025	—	—	+241	+8.7%	—	2,783
General expenses	1,604	—	—	+0	-0.1%	—	1,605
Operating income	923	-176	-16.0%	-79	-8.0%	1,100	1,003

\* Initial forecast announced on Feb. 7, 2019

Copyright ©2020 Kanro Inc.

12

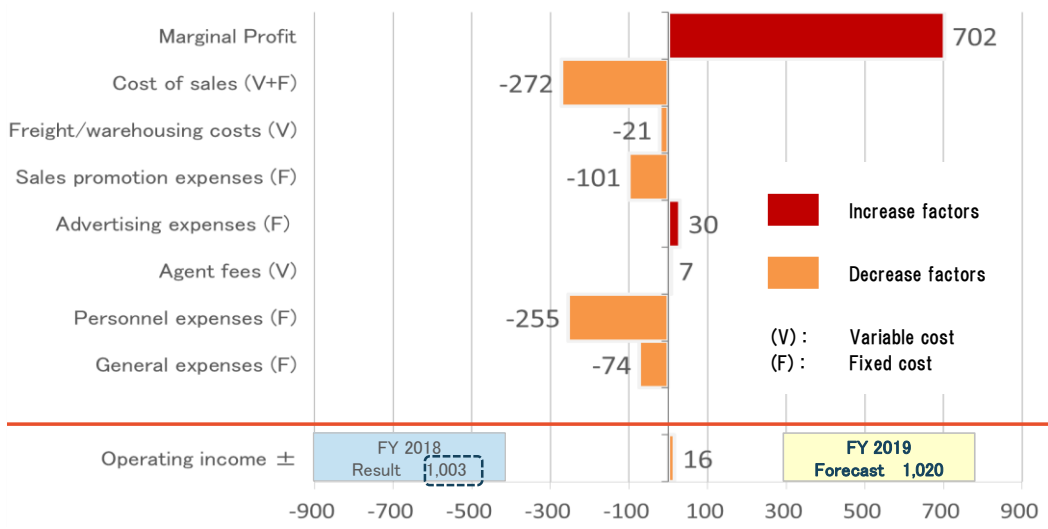
(Repeat) Factors of changes in OP (FY2018 Result vs. **FY2019 Forecast** \*)



**2018 vs 2019 Forecast**

\* Revised forecast on July 29, 2019

Unit: million yen



13

Copyright ©2020 Kanro Inc.

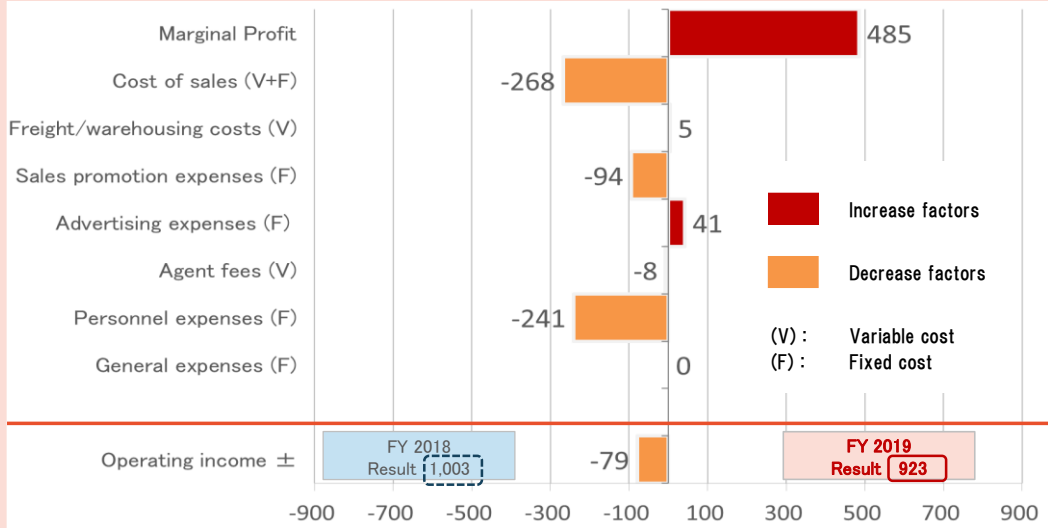
13

Factors of changes in OP (FY2018 Result vs. **FY2019 Result**)



**2018 vs 2019 results**

Unit: million yen



Copyright ©2020 Kanro Inc.

14

## ■ Extraordinary income/losses in FY2019

**Kanro**

- Extraordinary income/losses: -¥126 million

(Breakdown of major items)

- Impairment loss associated with land leased by the former Hikari Seika: -¥108 million
- Impairment loss for other facilities, etc.: -¥28 million
- Gain on sales of investment securities: ¥10 million

cf. FY2018 extraordinary income/losses: + ¥273 million

(Breakdown of major items)

- Gain on sales of non-current assets, i.e. the former head office building: ¥501 million
- Impairment loss associated with assets of the former Hikari Seika: -¥179 million
- Other impairment losses, etc.: -¥49 million

Copyright ©2020 Kanro Inc.

15

## 2. Mainstay brand status

Copyright 2020 Kanro Inc.

16

## Mainstay brand status: hard candy

**Kanro**



Compact size

A premium milk candy for grown-ups, that uses carefully selected ingredients in pursuit of a sense of high-class luxury.



Salty-sweet Japanese deliciousness now comes with an even simpler, gentler taste.



A coloring-free cough drop that balances the flavor of slow-pickled sour plums with the mellow gentleness of honey.



A cough drop for people who care about their voice and throat, created by painstaking trial and error while listening to the voices of students under the supervision of a professor of vocal music at the KUNITACHI COLLEGE OF MUSIC.



### Kinno Milk

(No.1 milk candy brand by sales\*)

- Strong sales with standardization on compact size

\*INTAGE Inc. SRI "Milk-flavor Candy Market" Sep. 2018 - Aug. 2019, cumulative sales amount brand ranking for "Kinno Milk brand"

### Kanro Ame

(a long-selling brand in its 65th year from launch)

- Milk no Kanro Ame made a stir on social media

### Kenko Ume Nодоame

### Voice Care Nодоame

(created under the supervision of a professor of Vocal Music at the Department of Performance & Composition in the Faculty of Music Studies of the KUNITACHI COLLEGE OF MUSIC)

- Sales strong since product renewal in September 2018

Copyright ©2020 Kanro Inc.

17

## Mainstay brand status: gummies

**Kanro**



A refreshing gummy candy with an enjoyable sweet-and-sour fruit taste, in which the acidity of the powder is followed by the spreading sweetness of the gummy.



The combination of the outer gummy layer and the inner syrupy gelée provides two different textures in a single bag.



An addictively chewable gummy candy with a springy texture and a unique shape.

### Puré Gummy

- Fell short of previous-year levels, and forecast

### Gelée Puré

- A gummy candy filled with a syrupy gelée
- 2 assorted types launched

### Candemina

- Strong growth momentum, year-on-year growth rate of approx. 40%

- Taste, shape, texture, entertainment value


Copyright ©2020 Kanro Inc.

18

## 3. FY2020 business strategy

Copyright 2020 Kanro Inc.

19

 FY2020 business strategy: grow gummy sales and launch new products

**Kanro**

### ■ <Product strategy>

Further strengthen brand-centric management → targeted product development

#### — Gummies as growth engine

- Customer base expansion strategy
- Expand market share by renewing and extending existing products
- Create new brands to carry forward the next generation, by using the unique texture of gummies and conducting targeted development

### ■ <Sales strategy> Strengthen Kanro's competitive advantage in category management\*

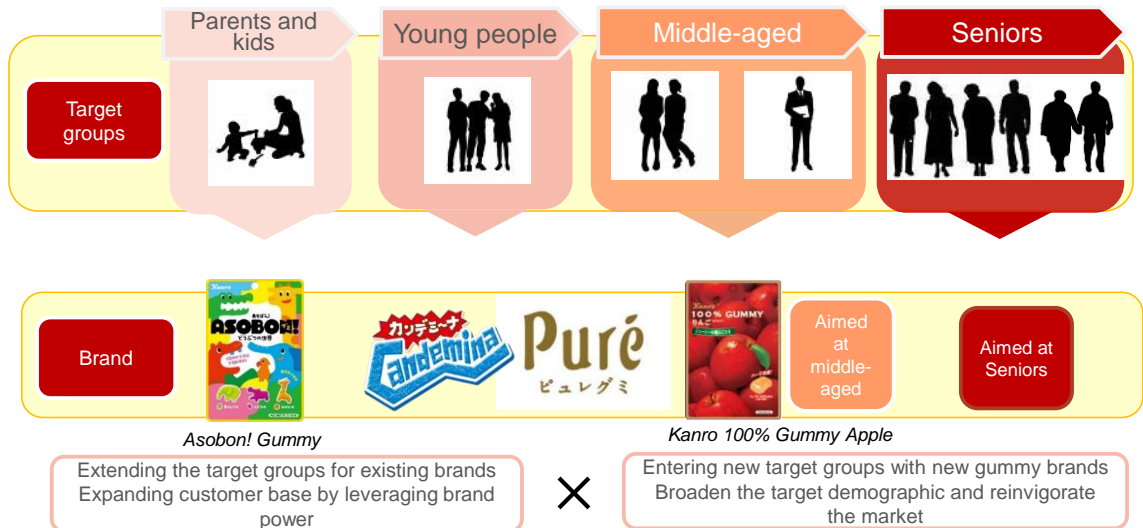
- \*Entrusting to manufacturers a leading role in making comprehensive proposals regarding the arrangement of products on the shelf

Copyright ©2020 Kanro Inc.

20

## FY2020 expansion strategy for Gummy customer base

**Kanro**



Copyright ©2020 Kanro Inc.

21

## Asobon! Gummy follows Puré Gummy and Candemina to become our third flagship product

**Kanro**

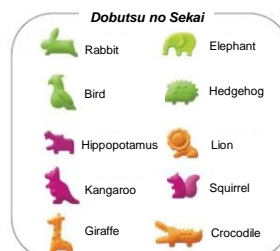


● Uses fruit juice produced in Japan, putting a premium on great taste, safety and security. *Dobutsu no Sekai* offers green apple, grape and mandarin orange flavors, while *Umi no Sekai* also has three flavors in the form of soda, peach soda and melon soda. Moreover, because they do not use artificial colorings or high-intensity sweeteners, they can be given to children with confidence.

**Launched in March**

The utmost attention has been paid to the shape, taste and safety of this new product, which stimulates intellectual curiosity and will go on sale under the two themes of *Dobutsu no Sekai* and *Umi no Sekai*.

- Launch date: March 2020
- Reference price: ¥138 (including tax)
- Region of sale: Japan nationwide
- 10 different types in all



Copyright ©2020 Kanro Inc.

22

## 4. Forecast for FY2020

Copyright 2020 Kanro Inc.

23

### Forecast for FY2020

**Kanro**

Unit: million yen

	FY2020	Change		FY2019	FY2018
	Forecast	YoY	YoY %	Actual	Actual
Net sales	<b>25,000</b>	+960	+4.0%	24,039	22,949
Operating income	<b>1,080</b>	+156	+16.9%	923	1,003
Ordinary income	<b>1,100</b>	+92	+9.2%	1,007	1,045
Net income	<b>740</b>	+88	+13.5%	651	1,011
Basic earnings per share (Unit: yen)	<b>104.94</b>	+12.58	+13.6%	92.36	141.19

\*The amounts given in these materials are rounded down at the million-yen level, so the breakdowns and totals may not always completely agree

Copyright ©2020 Kanro Inc.

24

## FY2020 earnings forecast (versus FY2019)

**Kanro**

### ■ Year on year

- Net sales (increase): forecasting record high sales, and a seventh consecutive fiscal year of growth in revenue (non-consolidated)
  - Expect growth in revenue, primarily due to increasing gummy sales
- Operating/ordinary income (increase):
  - The increase in marginal profit from higher revenue is expected to surpass the increase in fixed costs as a result of increases in human resources/new capital investments.
  - Cost reductions from changes to packaging materials, etc. → reduction in cost of sales ratio
- Net income (increase):
  - Increase in ordinary income + absence of impairment loss recorded in previous fiscal year

Copyright ©2020 Kanro Inc.

25

## FY2020 operating income forecast (versus FY2019)

**Kanro**

Unit: million yen

	FY2020	Change		FY2019	FY2018
	Forecast	YoY	YoY %	Actual	Actual
Net sales	<b>25,000</b>	+960	+4.0%	24,039	22,949
Cost of sales	<b>12,942</b>	+262	+2.1%	12,680	12,015
Freight/warehousing costs	<b>1,459</b>	+74	+5.3%	1,385	1,327
Sales promotion expenses	<b>909</b>	+70	+8.4%	838	744
Advertising expenses	<b>402</b>	+17	+4.5%	384	426
Agent fees	<b>3,307</b>	+112	+3.5%	3,195	3,042
Personnel expenses	<b>3,197</b>	+172	+5.7%	3,025	2,783
General expenses	<b>1,703</b>	+98	+6.1%	1,604	1,605
Operating income	<b>1,080</b>	<b>+156</b>	+16.9%	923	1,003

\*The amounts given in these materials are rounded down at the million-yen level, so the breakdowns and totals may not always completely agree

Copyright ©2020 Kanro Inc.

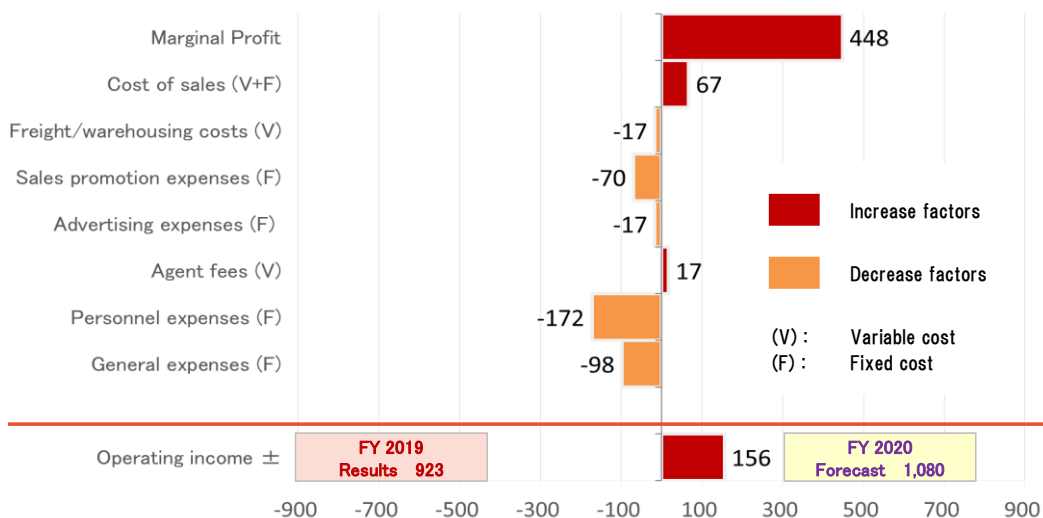
26

## Factors of changes in OP (FY2019 Result vs. FY2020 Forecast)

**Kanro**

### 2019 vs 2020 forecast

Unit: million yen



Copyright ©2020 Kanro Inc.

27

## FY2020: dividend forecast

**Kanro**

Unit: Yen

	Annual dividend			Dividend payout ratio
	2nd quarter-end	Year-end	Total	
FY2019	15	15	30	32.5%
FY2020 (forecast)	15	17	32	30.5%

\* The Company conducted a stock split of its common stock at a two-for-one ratio effective July 1, 2019, and dividends per share use the post-split figure.

### <Dividend policy>

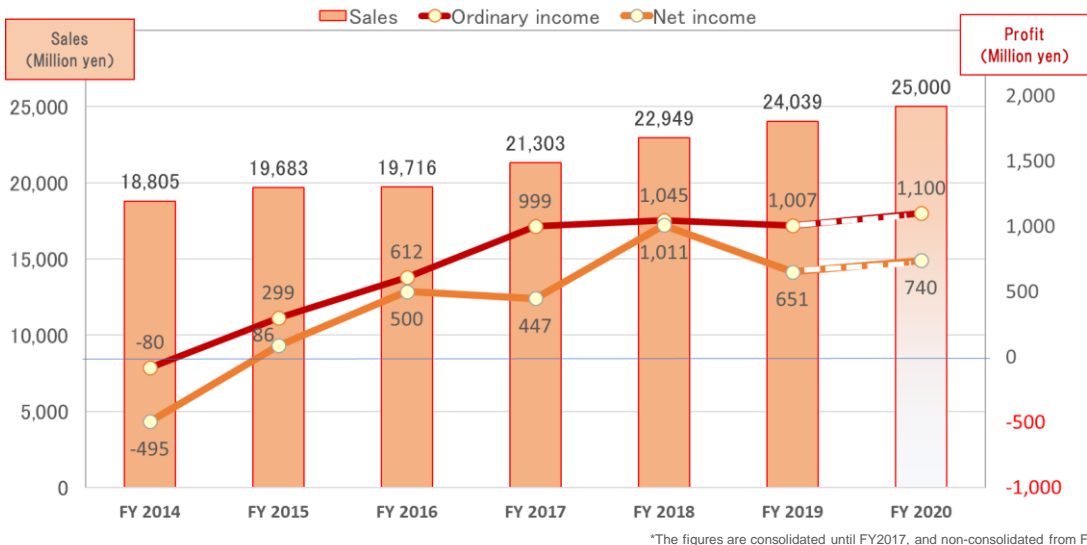
- The return of profits to shareholders is an important policy, and we intend to provide sustainable and stable dividends to shareholders.
- The dividend is forecast to increase as a result of the increase in net income in 2020

Copyright ©2020 Kanro Inc.

28

## Performance Highlights (FY 2014~FY 2020 Forecasts)

**Kanro**



Copyright ©2020 Kanro Inc.

29

# 5. The Status of Medium-Term Corporate Strategy NewKANRO 2021

Copyright 2020 Kanro Inc.

30

## Medium-Term Corporate Strategy NewKANRO 2021 (1/3) Main points *Kanro*

Announcement date: August 9, 2016 → Update date: February 12, 2020

### ■ Long-term vision: No.1 Candy Manufacturer

- Kanro is working to strengthen its management base and become the leader in all aspects of its business, including quality, brand power, net sales and profit, with the aim of becoming recognized by all stakeholders as the No.1 company in candy manufacturing.

### ■ Initiatives: growth strategy and reinforcement of management base

#### – Growth strategy

- **Gummies as growth engine:** address the growing gummy market as a market opportunity, and aim to double sales through capital investment.
- **Grow candy through nurturing mainstay products and developing new products:** maximize utilization of existing facilities to improve production efficiency.
- **Capital investment:** in preparation for becoming the No.1 candy manufacturer, plan actively for ¥6 billion in capital investments over five years.

#### – Reinforcement of management base

- Eliminate waste, reduce cost of sales, improve personnel systems, develop information systems, enhance quality assurance systems, promote CSR activities

### ■ Numerical targets in FY2021: net sales of ¥26 billion, with an ROE of over 10% and a dividend of ¥30+

31

Copyright ©2020 Kanro Inc.

31

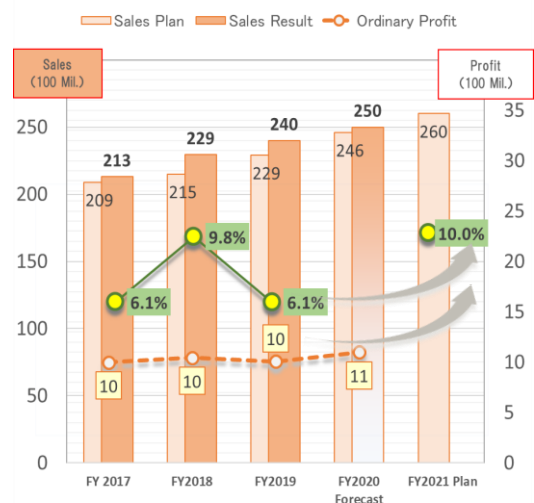
## Medium-Term Corporate Strategy NewKANRO 2021 (2/3) Progress *Kanro*

- Have achieved growth in net sales that exceeds forecast
- ↓
- Accelerated investment for growth in preparation for expanding the scope of the business further (facilities, human resources)
- ↓
- Level of ordinary income to decline due to increase in fixed costs
- ↓
- Unifying numerical targets on ROE, and linking them to drawing up of next Medium-Term Corporate Strategy

Unit: Billion yen

FY	2017	2018	2019	2020	2021
	Results	Results	Results	Earnings forecasts	New KANRO Targets
Net sales (MT-strategy)	20.9	21.5	22.9	24.6	26.0
Net sales (results/most recent forecast)	21.3	22.9	24.0	25.0	-
Ordinary income (results/most recent forecast)	1.0	1.0	1.0	1.1	-
<b>ROE</b>	<b>6.1%</b>	<b>*9.8%</b>	<b>6.1%</b>	-	<b>Over 10%</b>

\* Result of recording one-off items in extraordinary income



Copyright ©2020 Kanro Inc.

32

# NewKANRO 2021

## FY2021 Medium-Term Corporate Strategy Targets

	When plan announced on August 9, 2016	Since news release on February 12, 2020	
New KANRO 2021	Net sales: ¥26.0 billion	Net sales: ¥26.0 billion	No change
	ROE: over 10%	ROE: over 10%	No change
	Ordinary income: ¥2.6 billion	New figures for ordinary income scheduled to be disclosed by the time of the financial results announcement in February 2021	
	Dividends of ¥30+ per share	Dividends of ¥30+ per share *¥32 forecast for FY2020	No change

- Action plan
  - Looking ahead to the next medium-term corporate strategy, we will continue to invest without slowing in people, things and information
  - In order to offset further increases in fixed costs, we will work on expanding sales and reducing costs

Copyright ©2020 Kanro Inc.

33

## 6. Appendix

Copyright 2020 Kanro Inc.

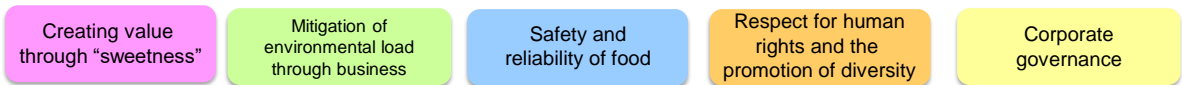
34

## Sustainable management initiatives

**Kanro**

Basic policy for promotion of sustainability  
 Kanro aims to contribute to health and a better society through integrity and sweetness, thereby helping to realize a sustainable society.

### Five material issues



### SUSTAINABLE DEVELOPMENT GOALS



Copyright ©2020 Kanro Inc.

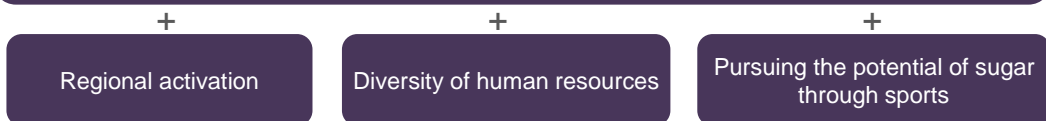
35

## Supporting sports by “Creating value through sweetness”

**Kanro**



Communicating “the right way to use sugar” as widely as possible



In preparation for the deeper penetration of sustainable management approaches, in 2020 we will strengthen our initiatives related to “sugar” through sports.

- We plan to carry out nutritional education activities related to sugar through soccer and hockey training schools for children as well as product sampling.
- We will begin providing support to “Kirameki Japan” as a special partner of the Japan Para-Volleyball Association, including the supply of Puchi Pori Natto Snack, which contains soy isoflavone.

Copyright ©2020 Kanro Inc.

36

■ Doubling of unit shareholders in 2019

- End of FY2019: **4,480** shareholders (end of FY2018: **2,068** → increase of **2,412** shareholders: **+116%**)
- Primary factors
  - Launch of IR Office (January) leading to beginning of IR activities
  - Stock split conducted on July 1, 2019

■ “IR Site” Most Honored Company

- Selected as one of 173 companies awarded “Overall Ranking AAA Website” prize from among 3,807 listed companies.

- Entered top five among food companies

Nikko IR  
(<http://www.nikkoir.co.jp/>)



Copyright ©2020 Kanro Inc.



Copyright 2020 Kanro Inc.







#### 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:

