Supplementary Materials:
Financial Results for the Six Months Ended June 30, 2020



August 6, 2020

Kanro Inc.

(TSE: 2216)

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(Supplementary Materials 1) 【Summary of financial results】

Quarterly

Unit: Million yen

	FY2019					FY2020					FY2019 Q2 vs. FY2020 Q2	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year (Plan)	YoY	YoY%
Net sales	5,943	5,845	5,082	7,167	24,039	6,112	5,040			23,500	(636)	(5.4)%
Operating income	399	100	(194)	618	923	439	(95)			800	(155)	(31.1)%
Ordinary income	398	107	(124)	626	1,007	439	(88)			800	(155)	(30.6)%
Net income	254	(17)	(88)	503	651	333	(94)			550	2	1.0%

*Quarterly results are simple differences.

1H/2H

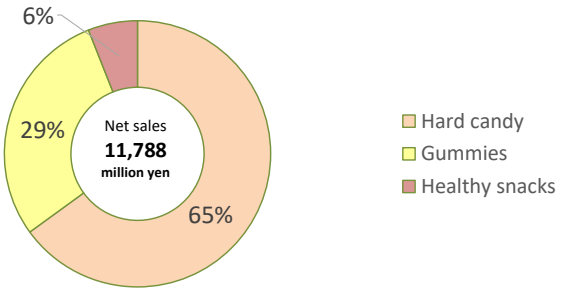
Unit: Million yen

	FY2019			FY2020			FY2019 vs. FY2020 (Plan)	
	1H	2H	Full year	1H	2H(Plan)	Full year (Plan)	1H	2H
Net sales	11,788	12,250	24,039	11,152	12,347	23,500	(5.4)%	0.8%
Operating income	499	424	923	344	455	800	(31.1)%	7.4%
Ordinary income	506	501	1,007	351	448	800	(30.6)%	(10.4)%
Net income	237	414	651	239	310	550	1.0%	(25.1)%

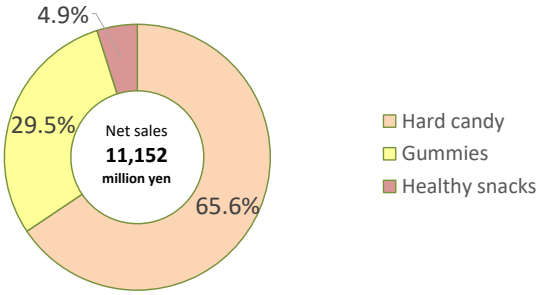
*Results for each half are simple differences.

Composition of sales

FY2019 Q2



FY2020 Q2



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

【Unit: Million yen】

Account items	FY2019 Q2		FY2020 Q2		FY2019 Q2 vs. FY2020 Q2	
	Amount	%	Amount	%	YoY	YoY%
Net sales	**11,788**	100%	**11,152**	100%	**(636)**	**(5.4)%**
Cost of sales	6,211	52.7%	**5,978**	53.6%	**(232)**	(3.8)%
Gross profit	5,577	**47.3%**	**5,174**	**46.4%**	**(403)**	(7.2)%
Freight/warehousing costs	666	5.6%	**637**	5.7%	**(28)**	(4.3)%
Sales promotion expenses	379	3.2%	**304**	2.7%	**(74)**	(19.7)%
Advertising expenses	213	1.8%	**167**	1.5%	**(45)**	(21.5)%
Agent fees	1,571	13.3%	**1,517**	13.6%	**(53)**	(3.4)%
Selling expenses	2,829	24.0%	**2,627**	23.6%	**(202)**	(7.2)%
Personnel expenses	1,481	12.6%	**1,493**	13.4%	**12**	0.8%
General expenses	767	6.5%	**709**	6.4%	**(57)**	(7.5)%
General and administrative expenses	2,248	19.1%	**2,203**	19.8%	**(44)**	(2.0)%
Selling, general and administrative expenses	5,078	43.1%	**4,830**	43.3%	**(247)**	**(4.9)%**
Operating income	**499**	**4.2%**	**344**	**3.1%**	**(155)**	**(31.1)%**
Non-operating income	15	0.1%	**12**	0.1%	**(2)**	(18.1)%
Non-operating expenses	8	0.1%	**5**	0.1%	**(3)**	(34.7)%
Non-operating income and expenses	6	0.1%	**6**	0.1%	**0**	3.7%
Ordinary income	**506**	**4.3%**	**351**	**3.1%**	**(155)**	**(30.6)%**
Gain on sales of non-current assets	1	0.0%	**-**	-	**(1)**	-
Gain on sales of investment securities	-	-	**47**	0.4%	**47**	-
Extraordinary income	1	0.0%	**47**	0.4%	**46**	-
Loss on retirement of non-current assets	1	0.0%	**0**	0.0%	**(0)**	(59.4)%
Impairment loss	125	1.1%	**8**	0.1%	**(117)**	(93.4)%
Extraordinary losses	126	1.1%	**8**	0.1%	**(117)**	(93.1)%
Extraordinary income and losses	(124)	-	**39**	0.4%	**163**	-
Income before income taxes	381	3.2%	**390**	3.5%	**8**	2.3%
Total income taxes	144	1.2%	**151**	1.4%	**6**	4.4%
Net income	**237**	**2.0%**	**239**	**2.1%**	**2**	**1.0%**

*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 FY2015－FY2020/Plan】

Consolidated ← → **Non-consolidated** (FY2020 figures planned; all others actual)

		Consolidated			Non-consolidated			Plan
Fiscal Year	Unit	FY2015	FY2016	FY2017	FY2017	FY2018	FY2019	FY2020
Net sales *1◎	million yen	19,683	19,716	21,303	21,301	22,949	24,039	**23,500**
Net sales YoY	%	4.7%	0.2%	8.0%	8.1%	7.7%	4.7%	**(2.2)%**
Gross profit ◎	million yen	8,635	8,750	9,791	9,719	10,934	11,358	**—**
Gross profit to net sales	%	43.9	44.4	46.0	45.6	47.6	47.3	**—**
Operating income ◎	million yen	333	591	935	947	1,003	923	**800**
Ordinary income ◎	million yen	299	612	999	1,001	1,045	1,007	**800**
Ordinary income YoY	%	—	104.2%	63.4%	49.9%	4.4%	(3.6)%	**(20.6)%**
Net income attributable to parent company *2◎	million yen	86	500	447	593	1,011	651	**550**
Net income YoY	%	—	476.0%	(10.6)%	8.1%	70.3%	(35.6)%	**(15.6)%**
Comprehensive income ◎	million yen	137	539	602	—	—	—	**—**
Net assets ◎	million yen	9,416	9,736	10,003	9,935	10,656	10,827	**—**
Total assets ◎	million yen	17,344	17,947	18,275	18,064	19,997	19,169	**—**
Net assets per share *3,4	yen	1,298.96	1,343.39	1,395.97	1,386.56	1,487.26	1,535.52	**—**
Basic earnings per share *3,4	yen	11.99	69.06	62.19	82.57	141.19	92.36	**78.00**
Equity ratio	%	54.3	54.3	54.7	55.0	53.3	56.5	**—**
ROE	%	0.9	5.2	4.5	6.1	9.8	6.1	**—**
PER	times	103.5	21.2	26.1	19.6	12.2	17.4	**—**
Cash flow from operating activities ◎	million yen	1,469	1,970	1,512	—	949	2,013	**—**
Cash flow from investing activities ◎	million yen	(1,365)	(213)	(830)	—	(1,743)	(971)	**—**
Cash flow from financing activities ◎	million yen	(1,008)	(486)	(855)	—	271	(1,411)	**—**
Cash and cash equivalents at end of period ◎	million yen	1,035	2,305	2,132	—	1,800	1,430	**—**
Number of employees	persons	499	515	521	485	542	578	**—**
Average numbers of temporary employees, excluded from the number of employees	persons	166	174	146	120	118	121	**—**
Capital investment ◎	million yen	1,635	336	741	—	2,850	1,721	**—**
Depreciation ◎	million yen	986	999	962	—	933	1,102	**—**
R&D expenses ◎	million yen	391	427	527	—	603	664	**—**
Total number of issued shares at the end of the period (not including treasury shares) *3,4	number of shares	7,249,504	7,247,776	7,165,892	7,165,892	7,165,236	7,051,552	**7,051,552**
Dividends per share *3,5	yen	30	30	30	30	32.5	30	**32**
Payout ratio	%	250.3	43.4	48.2	36.3	23.0	32.5	**41.0**

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

*1: Net sales do not include consumption taxes, etc.

*2: "Net income" in the non-consolidated financial statements

*3: Kanro conducted a share consolidation of common stock at a ratio of one share for five shares effective as of July 1, 2017 and a stock split of its common stock at a two-for-one ratio with the effective date of July 1, 2019. 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 consolidation and the stock split were conducted at the beginning of FY2015.

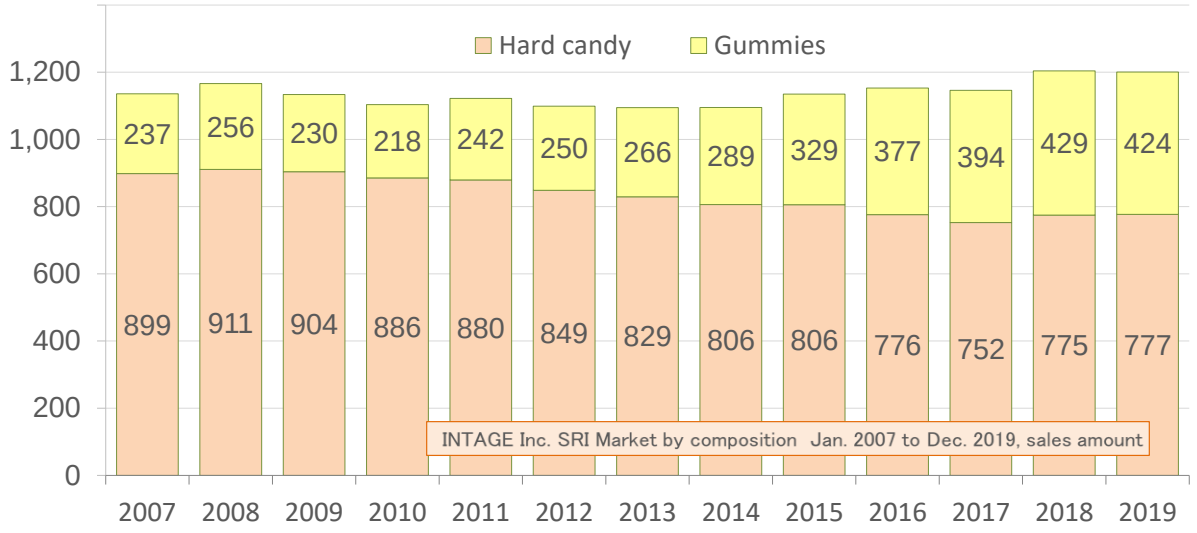
*4: The Company's own shares remaining in the trust that were recorded as treasury shares in shareholders' equity from FY2017 onward are included in treasury shares that are deducted from the total number of issued shares at the end of the period when calculating net assets per share. In addition, these 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.

*5: Dividends per share of FY2018 includes a special dividend of 2.5 yen per share.

(Supplementary Materials 4) 【Market trends】

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

Unit: Hundred million yen



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

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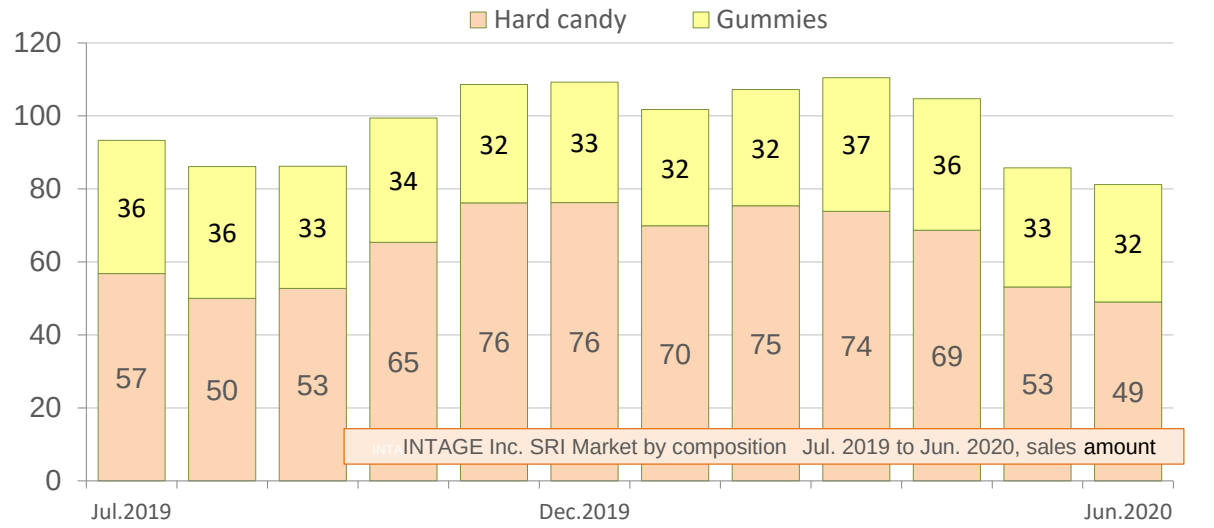


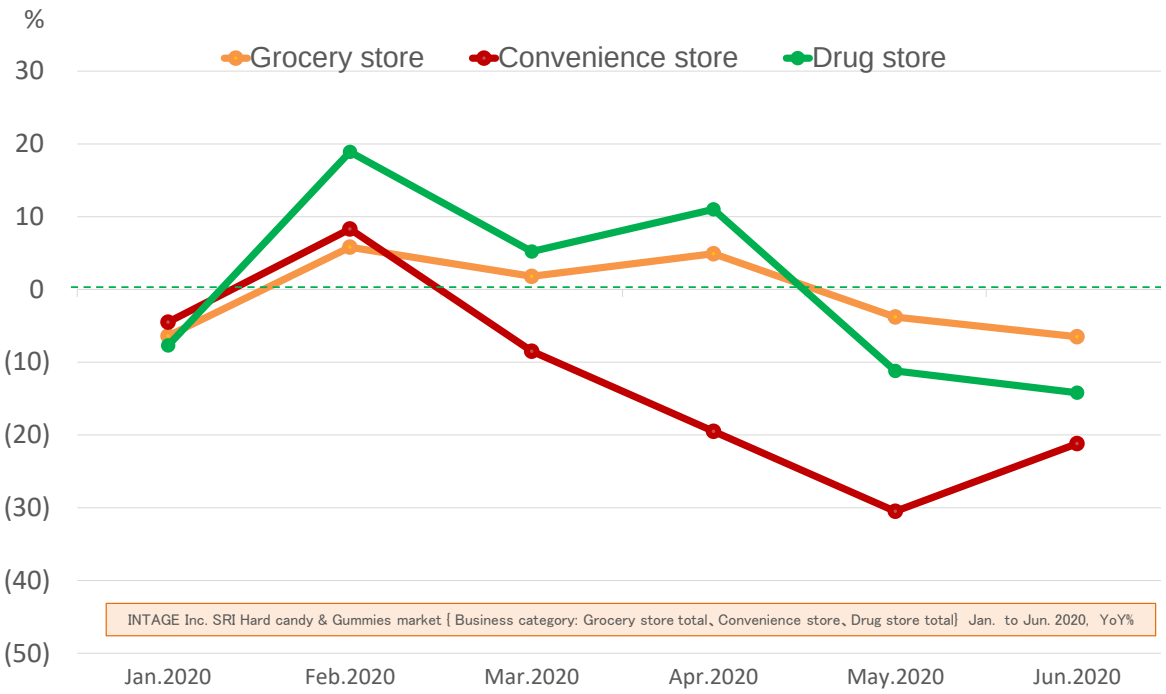
Unit: Hundred million yen

【Sales amount for Jan. to Jun. (YoY%)】

	Jan. to Jun. 2019	Jan. to Jun. 2020	YoY%
Hard candy	**400**	**390**	**(2.4)%**
Gummies	**218**	**201**	**(7.8)%**
Total	**618**	**591**	**(4.3)%**

(Supplementary Materials 5) 【Impact of COVID-19 on business category】

【Business category】Hard candy+Gummies market YoY% (Monthly)



【Sales amount for Jan. to Jun. (YoY%)】

Unit: Hundred million yen

	Jan. to Jun. 2019	Jan. to Jun. 2020	YoY%
Grocery store	290	288	(0.6)%
Convenience store	203	178	(12.6)%
Drug store	124	125	0.6%
Total	618	591	(4.3)%

(Supplementary Materials 6) 【IR News Jul.2019 to Jun.2020】

Date	Content
Jun. 16, 2020	[Delayed] Supplementary Materials: Financial Results for the Three Months Ended March 31, 2020
Jun. 12, 2020	[Delayed] Non-consolidated Financial Results for the Three Months Ended March 31, 2020[Japanese GAAP]
Mar. 26, 2020	[Delayed] FY2019 Presentation material
Mar. 10, 2020	[Delayed] Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2019[Japanese GAAP]
Nov. 25, 2019	[Delayed] Non-consolidated Financial Results for the Nine Months Ended September 30, 2019[Japanese GAAP]
Oct. 2, 2019	KANRO CORPORATE REPORT 2019
Aug.19,2019	[Delayed] Non-consolidated Financial Results for the Six Months Ended June 30, 2019[Japanese GAAP]

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