Supplementary Materials: Financial Results for the Fiscal Year Ended December 31, 2020

Sweeten the Future

Kanro

February 10, 2021

Kanro Inc.

(TSE: 2216)

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(Supplementary Materials 1) 【Summary of Financial Results】

Quarterly

Unit: Million yen

	FY2019					FY2020					FY2019 vs. FY2020	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	YoY	YoY%
Net sales	5,943	5,845	5,082	7,167	24,039	6,112	5,040	5,001	7,166	23,321	(717)	(3.0)%
Operating income	399	100	(194)	618	923	439	(95)	(173)	665	836	(87)	(9.5)%
Ordinary income	398	107	(124)	626	1,007	439	(88)	(161)	670	860	(146)	(14.6)%
Net income	254	(17)	(88)	503	651	333	(94)	(96)	467	610	(41)	(6.4)%

*Quarterly results are simple differences.

1H/2H

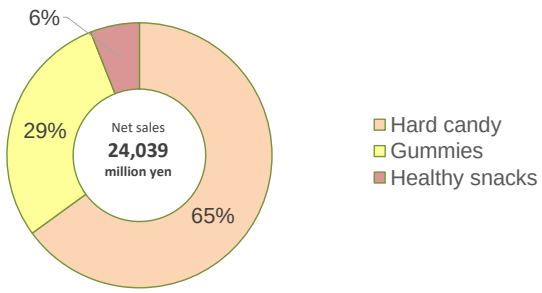
Unit: Million yen

	FY2020 (Results)			FY2021 (Plan)			FY2020 vs. FY2021	
	1H	2H	Full year	1H	2H	Full year	1H	2H
Net sales	11,152	12,168	23,321	11,700	12,900	24,600	4.9%	6.0%
Operating income	344	492	836	270	570	840	(21.6)%	15.8%
Ordinary income	351	509	860	280	580	860	(20.3)%	13.8%
Net income	239	371	610	150	440	590	(37.3)%	18.6%

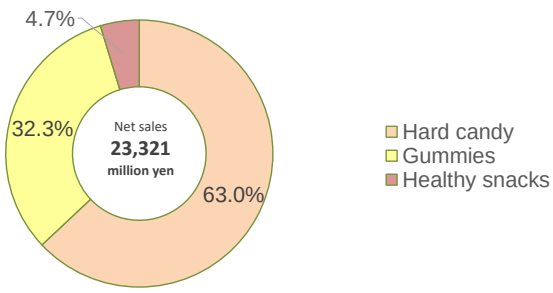
*Results and plan for each half are simple differences.

Composition of sales

FY2019



FY2020



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

【Unit: Million yen】

Account items	FY2019		FY2020		FY2019 vs. FY2020	
	Amount	%	Amount	%	YoY	YoY%
Net sales	**24,039**	100.0%	**23,321**	100.0%	**(717)**	**(3.0)%**
Cost of sales	12,680	52.7%	**12,457**	53.4%	**(222)**	(1.8)%
Gross profit	11,358	**47.3%**	**10,863**	**46.6%**	**(494)**	(4.4)%
Freight/warehousing costs	1,385	5.8%	**1,353**	5.8%	**(32)**	(2.3)%
Sales promotion expenses	838	3.5%	**681**	2.9%	**(157)**	(18.8)%
Advertising expenses	384	1.6%	**360**	1.5%	**(24)**	(6.3)%
Agent fees	3,195	13.3%	**3,139**	13.5%	**(55)**	(1.8)%
Selling expenses	5,804	24.1%	**5,534**	23.7%	**(270)**	(4.7)%
Personnel expenses	3,025	12.6%	**3,076**	13.2%	**51**	1.7%
General expenses	1,604	6.7%	**1,415**	6.1%	**(188)**	(11.8)%
General and administrative expenses	4,629	19.3%	**4,492**	19.3%	**(137)**	(3.0)%
Selling, general and administrative expenses	10,434	43.4%	**10,027**	43.0%	**(407)**	**(3.9)%**
Operating income	**923**	**3.8%**	**836**	**3.6%**	**(87)**	**(9.5)%**
Non-operating income	97	0.4%	**36**	0.2%	**(61)**	(62.8)%
Non-operating expenses	13	0.1%	**11**	0.1%	**(1)**	(13.4)%
Non-operating income and expenses	83	0.3%	**24**	0.1%	**(59)**	(70.9)%
Ordinary income	**1,007**	**4.2%**	**860**	**3.7%**	**(146)**	**(14.6)%**
Gain on sales of non-current assets	1	0.0%	**-**	-	**(1)**	-
Gain on sales of investment securities	10	0.0%	**74**	0.3%	**64**	594.9%
Extraordinary income	12	0.1%	**74**	0.3%	**62**	499.0%
Loss on retirement of non-current assets	1	0.0%	**0**	0.0%	**(0)**	(51.4)%
Impairment loss	136	0.6%	**25**	0.1%	**(111)**	(81.6)%
Loss on sales of investment securities	0	0.0%	**0**	0.0%	**(0)**	(46.2)%
Extraordinary losses	139	0.6%	**26**	0.1%	**(112)**	(81.0)%
Extraordinary income and losses	(126)	-	**48**	0.2%	**175**	-
Income before income taxes	880	3.7%	**909**	3.9%	**28**	3.2%
Total income taxes	228	1.0%	**298**	1.3%	**70**	30.6%
Net income	**651**	**2.7%**	**610**	**2.6%**	**(41)**	**(6.4)%**

*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 FY2016－FY2021/Plan】

Consolidated ← → Non-consolidated (FY2021 figures planned; all others actual)

		Consolidated		Non-consolidated				Plan
Fiscal Year	Unit	FY2016	FY2017	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales ※1◎	million yen	19,716	21,303	21,301	22,949	24,039	23,321	**24,600**
Net sales YoY	%	0.2	8.0	8.1	7.7	4.7	(3.0)	**5.5**
Gross profit ◎	million yen	8,750	9,791	9,719	10,934	11,358	10,863	**－**
Gross profit to net sales	%	44.4	46.0	45.6	47.6	47.3	46.6	**－**
Operating income ◎	million yen	591	935	947	1,003	923	836	**840**
Ordinary income ◎	million yen	612	999	1,001	1,045	1,007	860	**860**
Ordinary income YoY	%	104.2	63.4	49.9	4.4	(3.6)	(14.6)	**(0.1)**
Net income attributable to parent company ※2◎	million yen	500	447	593	1,011	651	610	**590**
Net income YoY	%	476.0	(10.6)	8.1	70.3	(35.6)	(6.4)	**(3.4)**
Comprehensive income ◎	million yen	539	602	－	－	－	－	**－**
Net assets ◎	million yen	9,736	10,003	9,935	10,656	10,827	11,175	**－**
Total assets ◎	million yen	17,947	18,275	18,064	19,997	19,169	19,779	**－**
Net assets per share ※3,4	yen	1,343.39	1,395.97	1,386.56	1,487.26	1,535.52	1,584.80	**－**
Basic earnings per share ※3,4	yen	69.06	62.19	82.57	141.19	92.36	86.58	**83.67**
Equity ratio	%	54.3	54.7	55.0	53.3	56.5	56.5	**－**
ROE	%	5.2	4.5	6.1	9.8	6.1	5.5	**－**
PER	times	21.2	26.1	19.6	12.2	17.4	17.4	**－**
Cash flow from operating activities ◎	million yen	1,970	1,512	－	949	2,013	1,442	**－**
Cash flow from investing activities ◎	million yen	(213)	(830)	－	(1,743)	(971)	(1,572)	**－**
Cash flow from financing activities ◎	million yen	(486)	(855)	－	271	(1,411)	(48)	**－**
Cash and cash equivalents at end of period ◎	million yen	2,305	2,132	－	1,800	1,430	1,253	**－**
Number of employees	persons	515	521	485	542	578	601	**－**
Average numbers of temporary employees, excluded from the number of employees	persons	174	146	120	118	121	132	**－**
Capital investment ◎	million yen	336	741	－	2,850	1,721	2,090	**－**
Depreciation ◎	million yen	999	962	－	933	1,102	1,182	**－**
R&D expenses ◎	million yen	427	527	－	603	664	629	**－**
Total number of issued shares at the end of the period (not including treasury shares) ※3,4	number of shares	7,247,776	7,165,892	7,165,892	7,165,236	7,051,552	7,051,412	**7,051,412**
Dividends per share ※3,5	yen	30	30	30	32.5	30	32	**30**
Payout ratio	%	43.4	48.2	36.3	23.0	32.5	37.0	**35.9**

◎: *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

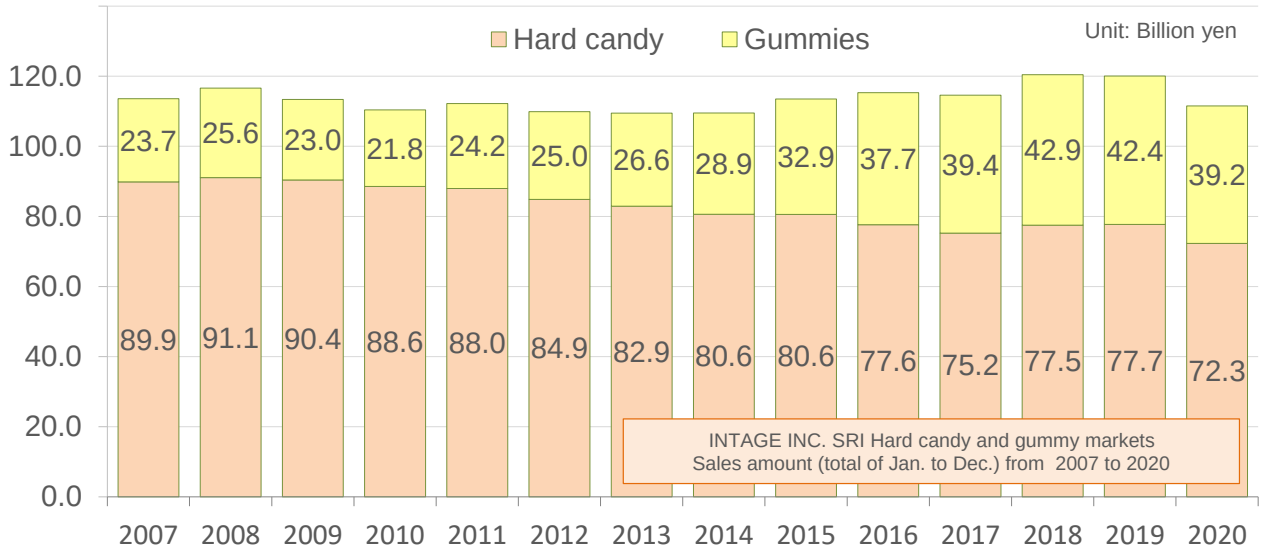
*3: Kanro conducted a share consolidation of common stock at a ratio of one share for five shares effective as of July 1, 2017 and a stock split of its common stock at a two-for-one ratio with the effective date of July 1, 2019. Dividends per share, net assets per share, basic earnings per share, and 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 FY2016.

*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.

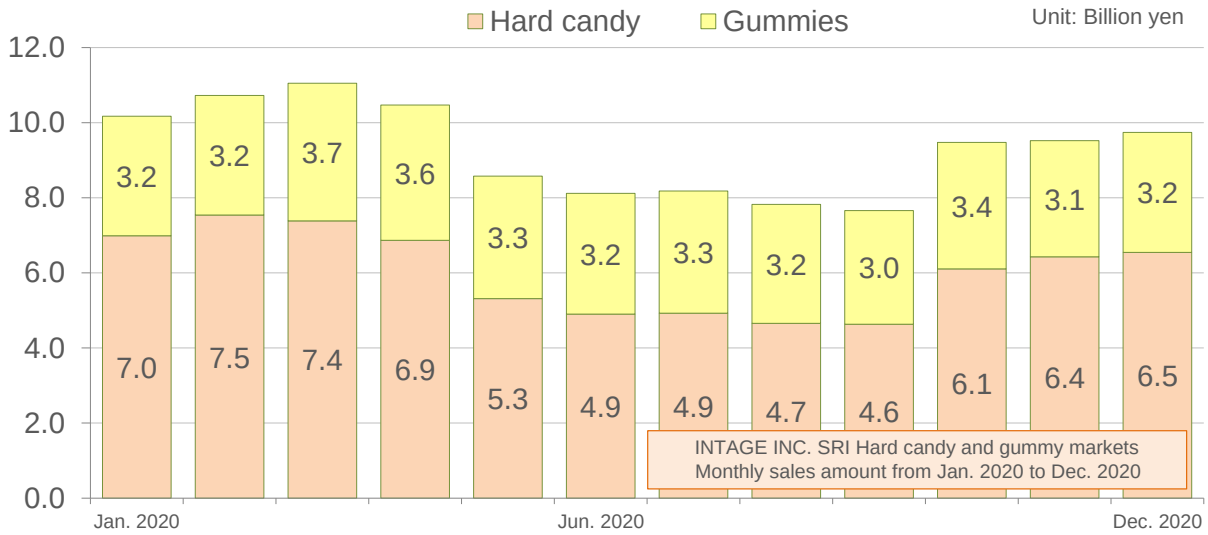
*5: Dividends per share of FY2018 includes a special dividend of 2.5 yen per share.

(Supplementary Materials 4) 【Market Trends】

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



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



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

Unit: Billion yen

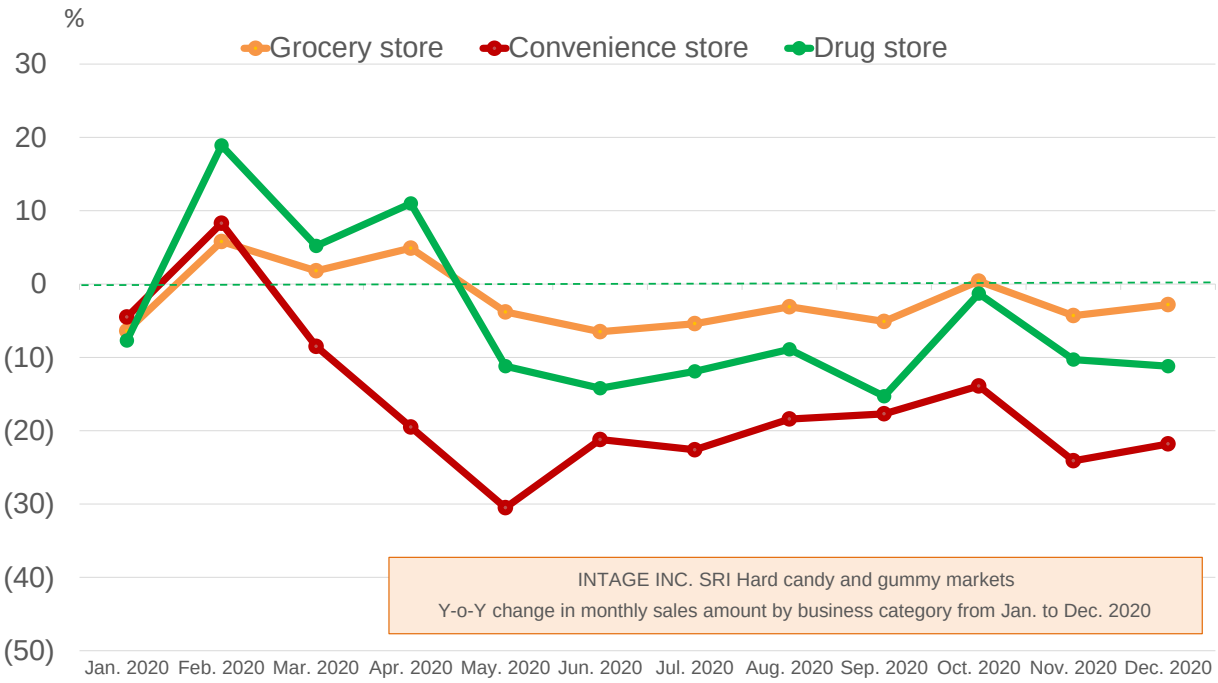
	Jan. to Dec. 2019*1	Jan. to Dec. 2020*1	YoY%*2
Hard candy	77.7	72.3	(7.0)%
Gummies	42.4	39.2	(7.4)%
Total	120.1	111.5	(7.1)%

*1 INTAGE INC. SRI Hard candy and gummy markets
Sales amount by type for Jan. to Dec. 2019 total and Jan. to Dec. 2020 total

*2 INTAGE INC. SRI Hard candy and gummy markets
Y-o-Y change in sales amount by type for Jan. to Dec. 2020 total

(Supplementary Materials 5)
【Hard Candy+Gummy Market Trends by Business Category】

【Business category】Hard candy+Gummy markets YoY% (Monthly)



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

Unit: Billion yen

	Jan. to Dec. 2019*1	Jan. to Dec. 2020*1	YoY%*2
Grocery store	56.4	55.4	(1.9)%
Convenience store	39.6	33.2	(16.2)%
Drug store	24.0	23.0	(4.4)%
Total	120.1	111.5	(7.1)%

*1 INTAGE INC. SRI Hard candy and gummy markets
Sales amount by business category for Jan. to Dec. 2019 total and Jan. to Dec. 2020 total

*2 INTAGE INC. SRI Hard candy and gummy markets
Y-o-Y change in sales amount by business category for Jan. to Dec. 2020 total

(Supplementary Materials 6) 【IR News Jan. 2020 to Feb. 2021】

Date	Content
Dec. 7, 2020	[Delayed] Supplementary Materials: Financial Results for the Nine Months Ended September 30, 2020
Dec. 7, 2020	[Delayed] Non-consolidated Financial Results for the Nine Months Ended September 30, 2020[Japanese GAAP]
Nov. 27, 2020	KANRO CORPORATE REPORT 2020
Sep. 29, 2020	[Delayed] FY2020 Q2 Presentation material
Sep. 3, 2020	[Delayed] Supplementary Materials: Financial Results for the Six Months Ended June 30, 2020
Sep. 3, 2020	[Delayed] Non-consolidated Financial Results for the Six Months Ended June 30, 2020[Japanese GAAP]
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]

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