Supplementary Materials: Financial Results for the Fiscal Year Ended December 31, 2021

Sweeten the Future

Kanro

心がひとつぶ、大きくなる。

February 10, 2022

Kanro Inc.

(TSE: 2216)

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(Supplementary Materials 1) 【Summary of Financial Results】

Quarterly

Unit: Million yen

	FY2020					FY2021					FY2020 vs. FY2021	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	YoY	YoY%
Net sales	6,112	5,040	5,001	7,166	23,321	5,439	6,200	5,999	8,024	25,663	2,342	10.0%
Operating income	439	(95)	(173)	665	836	91	344	75	747	1,259	423	50.6%
Ordinary income	439	(88)	(161)	670	860	93	363	85	753	1,296	435	50.6%
Net income	333	(94)	(96)	467	610	109	258	67	446	882	271	44.5%

*Quarterly results are simple differences.

1H/2H（New revenue recognition standard）

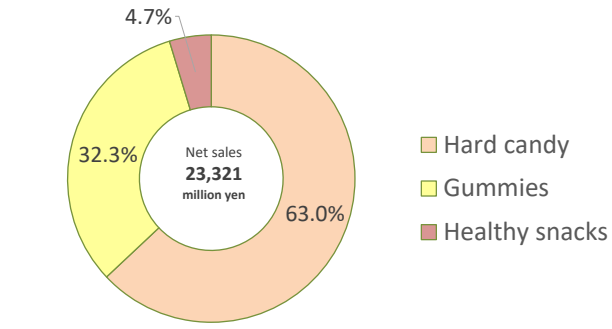
Unit: Million yen

	FY2021 (Results)			FY2022（Plan）			FY2021 vs. FY2022	
	1H	2H	Full year	1H	2H	Full year	1H	2H
Net sales	9,784	11,805	21,589	10,600	12,000	22,600	8.3%	1.6%
Operating income	440	814	1,254	280	860	1,140	(36.4)%	5.6%
Ordinary income	461	830	1,291	290	870	1,160	(37.1)%	4.8%
Net income	370	508	879	170	650	820	(54.1)%	27.8%

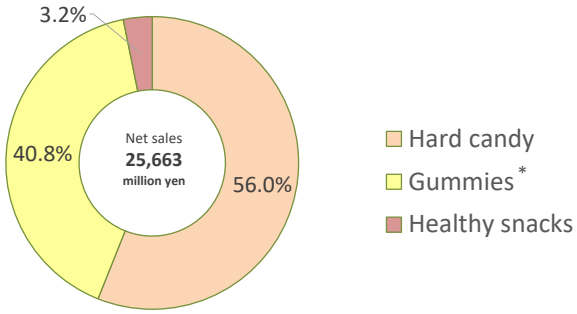
*Results and plan for 2nd half are simple differences.The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and related guidance is applied from the fiscal year ending Dec. 31, 2022. Accordingly, certain items that were recorded as selling expenses, including agent fees, are deducted from net sales.

Composition of net sales

FY2020



FY2021



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

Unit: Mil. yen

	FY2020	FY2021	YoY%
Hard candy	14,692	14,382	(2.1)%
Gummies*	7,532	10,467	39.0%
Healthy snacks	1,096	814	(25.7)%
Total	23,321	25,663	10.0%

* The data is included marshmallow products in FY2021

*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】

	FY2020		FY2021		FY2020 vs. FY2021	
	Amount	%	Amount	%	YoY	YoY%
Net sales	**23,321**	100.0%	**25,663**	100.0%	**2,342**	**10.0%**
Cost of sales	12,457	53.4%	13,241	51.6%	783	6.3%
Gross profit	10,863	**46.6%**	12,422	**48.4%**	1,558	14.3%
Freight/warehousing costs	1,353	5.8%	1,504	5.9%	151	11.2%
Sales promotion expenses	681	2.9%	830	3.2%	149	22.0%
Advertising expenses	360	1.5%	471	1.8%	110	30.7%
Agent fees	3,139	13.5%	3,440	13.4%	301	9.6%
Selling expenses	5,534	23.7%	6,247	24.3%	712	12.9%
Personnel expenses	3,076	13.2%	3,359	13.1%	282	9.2%
General expenses	1,415	6.1%	1,556	6.1%	140	9.9%
General and administrative expenses	4,492	19.3%	4,915	19.2%	423	9.4%
Selling, general and administrative expenses	10,027	43.0%	11,163	43.5%	1,135	11.3%
Operating income	**836**	**3.6%**	**1,259**	**4.9%**	**423**	**50.6%**
Non-operating income	36	0.2%	46	0.2%	10	27.9%
Non-operating expenses	11	0.1%	9	0.0%	(2)	(17.5)%
Non-operating income and expenses	24	0.1%	36	0.1%	12	50.1%
Ordinary income	**860**	**3.7%**	**1,296**	**5.1%**	**435**	**50.6%**
Gain on sales of investment securities	74	0.3%	94	0.4%	19	26.6%
Extraordinary income	74	0.3%	94	0.4%	19	26.6%
Loss on sales of non-current assets	–	–	0	0.0%	0	–
Loss on retirement of non-current assets	0	0.0%	5	0.0%	4	726.8%
Impairment loss	25	0.1%	132	0.5%	107	425.9%
Loss on sales of investment securities	0	0.0%	–	–	(0)	–
Extraordinary losses	26	0.1%	138	0.5%	111	424.2%
Extraordinary income and losses	48	0.2%	(43)	–	(91)	–
Income before income taxes	909	3.9%	1,252	4.9%	343	37.8%
Total income taxes	298	1.3%	370	1.4%	71	23.9%
Net income	**610**	**2.6%**	**882**	**3.4%**	**271**	**44.5%**

*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 FY2017－FY2022/Plan】

Consolidated ← → Non-consolidated (FY2022 figures planned; all others actual)

		Consolidated	Non-consolidated					Plan *7
Fiscal Year	Unit	FY2017	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales *1◎	million yen	21,303	21,301	22,949	24,039	23,321	25,663	**22,600**
Net sales YoY	%	8.0	8.1	7.7	4.7	(3.0)	10.0	—
Gross profit ◎	million yen	9,791	9,719	10,934	11,358	10,863	12,422	—
Gross profit to net sales	%	46.0	45.6	47.6	47.3	46.6	48.4	—
Operating income ◎	million yen	935	947	1,003	923	836	1,259	**1,140**
Ordinary income ◎	million yen	999	1,001	1,045	1,007	860	1,296	**1,160**
Ordinary income YoY	%	63.4	49.9	4.4	(3.6)	(14.6)	50.6	—
Net income attributable to parent company *2◎	million yen	447	593	1,011	651	610	882	**820**
Net income YoY	%	(10.6)	8.1	70.3	(35.6)	(6.4)	44.5	—
Comprehensive income ◎	million yen	602	—	—	—	—	—	—
Net assets ◎	million yen	10,003	9,935	10,656	10,827	11,175	11,776	—
Total assets ◎	million yen	18,275	18,064	19,997	19,169	19,779	21,155	—
Net assets per share *3,4	yen	1,395.97	1,386.56	1,487.26	1,535.52	1,584.80	1,670.21	—
Basic earnings per share *3,4	yen	62.19	82.57	141.19	92.36	86.58	125.12	**116.29**
Equity ratio	%	54.7	55.0	53.3	56.5	56.5	55.7	—
ROE	%	4.5	6.1	9.8	6.1	5.5	7.7	—
PER	times	26.1	19.6	12.2	17.4	17.4	12.7	—
Cash flow from operating activities ◎	million yen	1,512	—	949	2,013	1,442	2,620	—
Cash flow from investing activities ◎	million yen	(830)	—	(1,743)	(971)	(1,572)	(1,002)	—
Cash flow from financing activities ◎	million yen	(855)	—	271	(1,411)	(48)	(770)	—
Cash and cash equivalents at end of period ◎	million yen	2,132	—	1,800	1,430	1,253	2,099	—
Number of employees	persons	521	485	542	578	601	608	—
Average numbers of temporary employees, excluded from the number of employees	persons	146	120	118	121	132	137	—
Capital investment ◎	million yen	741	—	2,850	1,721	2,090	914	—
Depreciation ◎	million yen	962	—	933	1,102	1,182	1,115	—
R&D expenses ◎	million yen	527	—	603	664	629	710	—
Total number of issued shares at the end of the period (not including treasury shares) *3,4,6	number of shares	7,165,892	7,165,892	7,165,236	7,051,552	7,051,412	7,051,168	**7,051,168**
Dividends per share *3,5	yen	30	30	32.5	30	32	40	**40**
Payout ratio	%	48.2	36.3	23.0	32.5	37.0	32.0	**34.4**

◎: *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 FY2017.

*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.

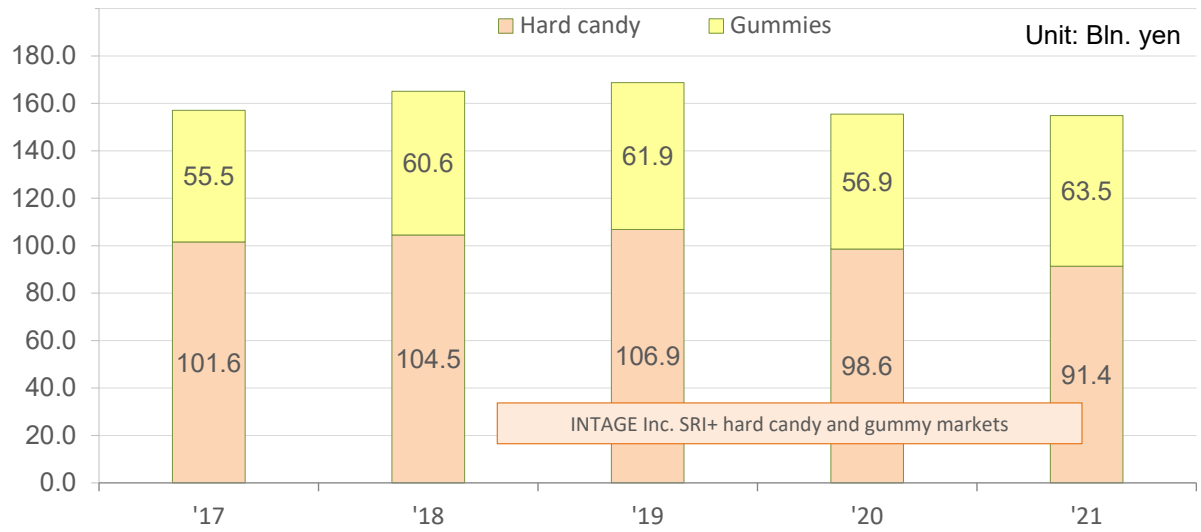
*5: Dividends per share of FY2018 includes a special dividend of 2.5 yen per share.

*6: 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.

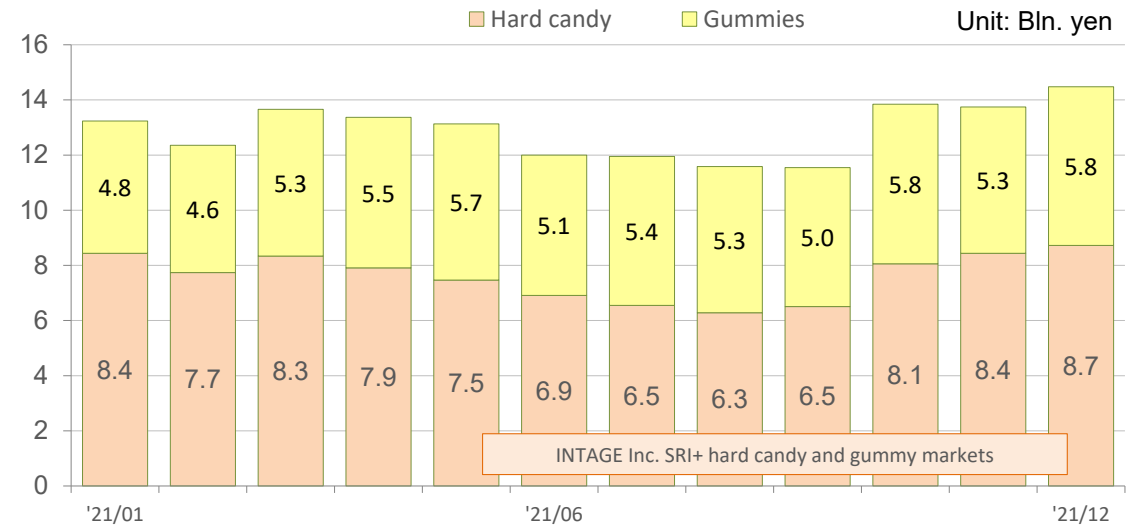
*7: The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and related guidance is applied from the fiscal year ending Dec. 31, 2022. Accordingly, certain items that were recorded as selling expenses, including agent fees, are deducted from net sales.

(Supplementary Materials 4) 【Market Trends】

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



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



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

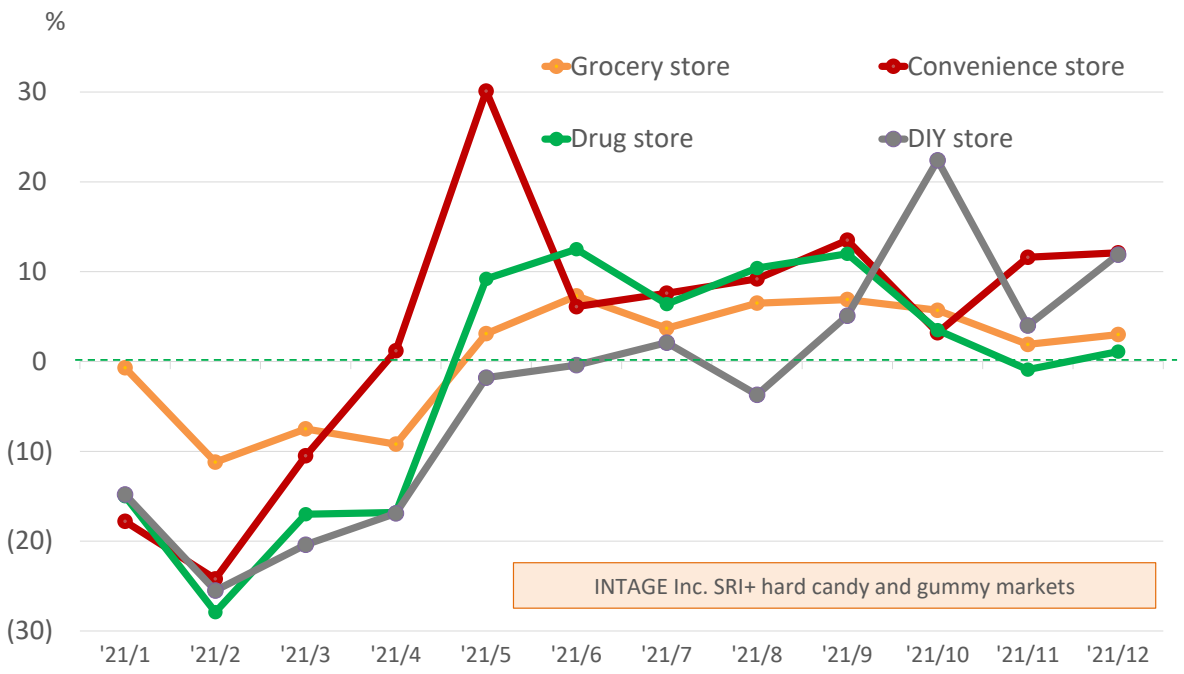
Unit: Bln. yen

	Sales amount		YoY%
	Jan. to Dec. 2020	Jan. to Dec. 2021	
Hard candy	98.6	91.4	(7.4)%
Gummies	56.9	63.5	11.7%
Total	155.5	154.9	(0.4)%

* INTAGE Inc. SRI+ hard candy and gummy markets Sales amount by type

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

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



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

Unit: Bln. yen

	Sales amount		YoY%
	Jan. to Dec. 2020	Jan. to Dec. 2021	
Grocery store	69.0	69.2	0.3%
Convenience store	52.1	52.7	1.3%
Drug store	30.9	29.5	(4.3)%
DIY store	3.6	3.4	(4.5)%
Total	155.5	154.9	(0.4)%

* INTAGE Inc. SRI+ hard candy and gummy markets
Sales amount by business category

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

Date	Content
Nov. 26, 2021	[Delayed] Non-consolidated Financial Results for the Nine Months Ended September 30, 2021 [Japanese GAAP]
Nov. 26, 2021	[Delayed] Supplementary Materials: Financial Results for the Nine Months Ended September 30, 2021
Oct. 6, 2021	Kanro wins Grand Award in 2 categories of “International ARC Awards 2021” the world’s largest annual report competition
Sep. 22, 2021	[Delayed] FY2021 Q2 Presentation material
Sep. 16, 2021	[Delayed] Supplementary Materials: Financial Results for the Six Months Ended June 30, 2021
Sep. 1, 2021	[Delayed]Non-consolidated Financial Results for the Six Months Ended June 30, 2021 [Japanese GAAP]
Aug. 31, 2021	Kanro wins “Gold” award in 6 categories of “International ARC Awards 2021,” the world’s largest annual report competition
Jun. 8, 2021	Annual Report 2020
Jun. 1, 2021	[Delayed] Supplementary Materials: Financial Results for the Three Months Ended March 31, 2021
May 28, 2021	[Delayed] Non-consolidated Financial Results for the Three Months Ended March 31, 2021 [Japanese GAAP]
Apr. 2, 2021	[Delayed] FY2020 Presentation material
Mar. 10, 2021	[Delayed] Supplementary Materials: Financial Results for the Fiscal Year Ended December 31, 2020
Mar. 10, 2021	[Delayed] Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2020 [Japanese GAAP]

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