Supplementary Materials:
Financial Results for the Fiscal Year Ended December 31, 2022



February 7 , 2023

Kanro Inc.

(TSE: 2216)

Index

	Page
(Supplementary Materials 1) 【Summary of Financial Results】	－ 1
(Supplementary Materials 2)【Non-consolidated Statements of Income】	－ 2
(Supplementary Materials 3) 【Financial Indicators FY2019－FY2023/Forecast】	－ 3
(Supplementary Materials 4)【Market Trends】	－ 4
(Supplementary Materials 5) 【Hard Candy + Gummy Markets Trends by Business Category】	－ 5
(Supplementary Materials 6)【Reference Information】	－ 6

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

(Supplementary Materials 1) 【Summary of Financial Results】

Quarterly

Unit: Million yen

	FY2021					FY2022					FY2021 vs. FY2022	
	Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full year	YoY	YoY%
Net sales	4,576	5,207	5,058	6,746	21,589	5,992	6,071	5,862	7,190	25,118	3,528	16.3%
Cost of sales	2,870	3,171	3,238	3,954	13,236	3,526	3,765	3,716	4,435	15,444	2,207	16.7%
Cost of sales margin	62.7	60.9	64.0	58.6	61.3	58.8	62.0	63.4	61.7	61.5	-	0.2pt
Gross profit	1,705	2,036	1,819	2,791	8,353	2,466	2,306	2,146	2,754	9,674	1,321	15.8%
Operating income	98	341	74	739	1,254	700	327	267	638	1,933	678	54.1%
Operating income margin	2.2	6.6	1.5	11.0	5.8	11.7	5.4	4.6	8.9	7.7	-	1.9pt
Ordinary income	100	360	84	745	1,291	739	336	279	645	2,001	709	55.0%
Net income	113	256	67	441	879	499	230	206	409	1,346	467	53.2%

*Quarterly results are simple differences. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance is 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, 2021 are after retroactive application of said accounting standard.

1H/2H

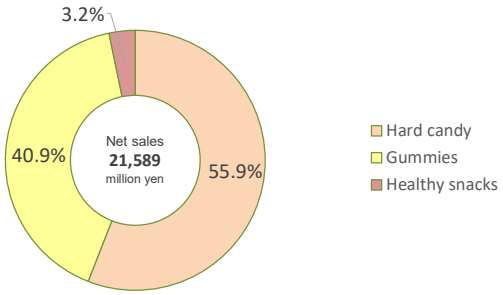
Unit: Million yen

	FY2022（Actual）			FY2023（Forecast）			FY2022 vs. FY2023	
	1H	2H	Full year	1H	2H	Full year	1H (YoY%)	2H (YoY%)
Net sales	12,064	13,053	25,118	13,300	13,600	26,900	10.2%	4.2%
Operating income	1,027	905	1,933	810	1,170	1,980	(21.2)%	29.3%
Operating income margin	8.5	6.9	7.7	6.1	8.6	7.4	-	-
Ordinary income	1,075	925	2,001	820	1,180	2,000	(23.8)%	27.5%
Net income	730	615	1,346	540	830	1,370	(26.1)%	34.8%

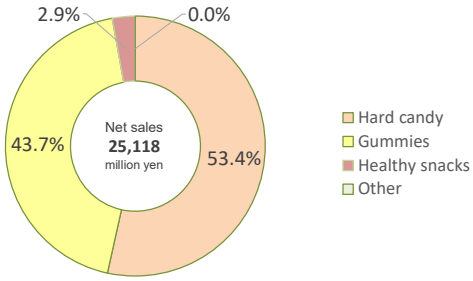
*Results and plan for 2nd half are simple differences. The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and related guidance is applied from the beginning of the fiscal year ended Dec. 31, 2022. Accordingly, certain items that were recorded as selling expenses, including agent fees, are deducted from net sales.

Composition of net sales

FY2021



FY2022



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

Unit: Mil. yen

	FY2021	FY2022	YoY%
Hard candy	12,067	13,424	11.2%
Gummies *1	8,822	10,972	24.4%
Healthy snacks	699	719	2.8%
Other *2	-	1	-
Total	21,589	25,118	16.3%

*1 The data is included marshmallow products.

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

*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

Fiscal Year	FY2021		FY2022		FY2021 vs. FY2022	
	Amount	%	Amount	%	YoY	YoY%
Net sales	**21,589**	100.0%	**25,118**	100.0%	**3,528**	**16.3%**
Cost of sales	13,236	61.3%	15,444	61.5%	2,207	16.7%
Gross profit	8,353	**38.7%**	9,674	**38.5%**	1,321	15.8%
Freight/warehousing costs	1,504	7.0%	1,703	6.8%	198	13.2%
Advertising expenses	471	2.2%	542	2.2%	71	15.2%
Other selling expenses	204	0.9%	230	0.9%	25	12.5%
Selling expenses	2,180	10.1%	2,476	9.9%	295	13.6%
Personnel expenses	3,359	15.6%	3,611	14.4%	252	7.5%
General expenses	1,558	7.2%	1,653	6.6%	94	6.1%
General and administrative expenses	4,917	22.8%	5,264	21.0%	346	7.1%
Selling, general and administrative expenses	7,098	32.9%	7,741	30.8%	642	9.1%
Operating income	**1,254**	**5.8%**	**1,933**	**7.7%**	**678**	**54.1%**
Non-operating income	46	0.2%	74	0.3%	28	61.0%
Non-operating expenses	9	0.0%	6	0.0%	(3)	(31.9)%
Non-operating income and expenses	36	0.2%	67	0.3%	31	85.9%
Ordinary income	**1,291**	**6.0%**	**2,001**	**8.0%**	**709**	**55.0%**
Gain on sale of investment securities	94	0.4%	3	0.0%	(91)	(96.2)%
Gain on sale of non-current assets	-	-	0	0.0%	0	-
Extraordinary income	94	0.4%	4	0.0%	(90)	(95.2)%
Loss on sale of non-current assets	0	0.0%	-	-	(0)	-
Loss on retirement of non-current assets	5	0.0%	0	0.0%	(5)	(91.6)%
Impairment loss	132	0.6%	73	0.3%	(58)	(44.4)%
Extraordinary losses	138	0.6%	74	0.3%	(64)	(46.3)%
Extraordinary income and losses	(43)	-	(69)	-	(26)	-
Income before income taxes	1,248	5.8%	1,931	7.7%	683	54.8%
Total income taxes	369	1.7%	585	2.3%	215	58.5%
Net income	**879**	**4.1%**	**1,346**	**5.4%**	**467**	**53.2%**

*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 FY2019－FY2023/Forecast】

(FY2023 figures forecast; all others actual)

							Forecast
Fiscal Year			FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	◎	million yen	20,146	19,646	21,589	25,118	**26,900**
Net sales YoY		%	4.4	(2.5)	9.9	16.3	**7.1**
Gross profit	◎	million yen	7,467	7,189	8,353	9,674	**—**
Gross profit to net sales		%	37.1	36.6	38.7	38.5	**—**
Operating income	◎	million yen	923	834	1,254	1,933	**1,980**
Operating income margin		%	4.6	4.2	5.8	7.7	**7.4**
Ordinary income	◎	million yen	1,007	858	1,291	2,001	**2,000**
Net income	◎	million yen	651	608	879	1,346	**1,370**
Net income YoY		%	(35.4)	(6.6)	44.3	53.2	**1.8**
Net assets	◎	million yen	10,806	11,151	11,750	12,555	**—**
Total assets	◎	million yen	19,207	19,818	21,200	22,315	**—**
Net assets per share	*1,2	yen	766.23	790.76	833.23	905.23	**—**
Basic earnings per share	*1,2	yen	46.17	43.18	62.33	96.08	**98.78**
Equity ratio		%	56.3	56.3	55.4	56.3	**—**
ROE		%	6.1	5.5	7.7	11.1	**—**
PER		times	17.4	17.4	12.7	11.5	**—**
Cash flow from operating activities	◎	million yen	2,013	1,442	2,620	2,373	**—**
Cash flow from investing activities	◎	million yen	(971)	(1,572)	(1,002)	(1,116)	**—**
Cash flow from financing activities	◎	million yen	(1,411)	(48)	(770)	(1,106)	**—**
Cash and cash equivalents at end of period	◎	million yen	1,430	1,253	2,099	2,250	**—**
Number of employees		persons	578	601	608	608	**—**
Average numbers of temporary employees, excluded from the number of employees		persons	121	132	137	142	**—**
Capital investment	◎	million yen	1,721	2,090	914	1,052	**—**
Depreciation	◎	million yen	1,102	1,182	1,115	1,149	**—**
R&D expenses	◎	million yen	664	629	710	755	**—**
Total number of issued shares at the end of the period (not including treasury shares)	*1,2,4	number of shares	14,103,104	14,102,824	14,102,336	13,869,428	**13,869,428**
Dividends per share	*1,3	yen	15.00	16.00	20.00	31.50	**36.00**
Payout ratio		%	32.5	37.0	32.0	32.8	**36.4**

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

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and related guidance is applied from the biginning 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, 2019 are after retroactive application of said accounting standard.

*1: Kanro conducted a share split of common stock at a ratio of two share for one share effective as of July 1, 2019 and July 1, 2022. Basic earnings per share is calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended December 31, 2019.

*2: The Company’s own shares remaining in the trust that were recorded as treasury shares in shareholders’ equity 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.

*3: Dividends per share of FY2022 includes a commemorative dividend of 5 yen (commemorative dividend for 110th anniversary).

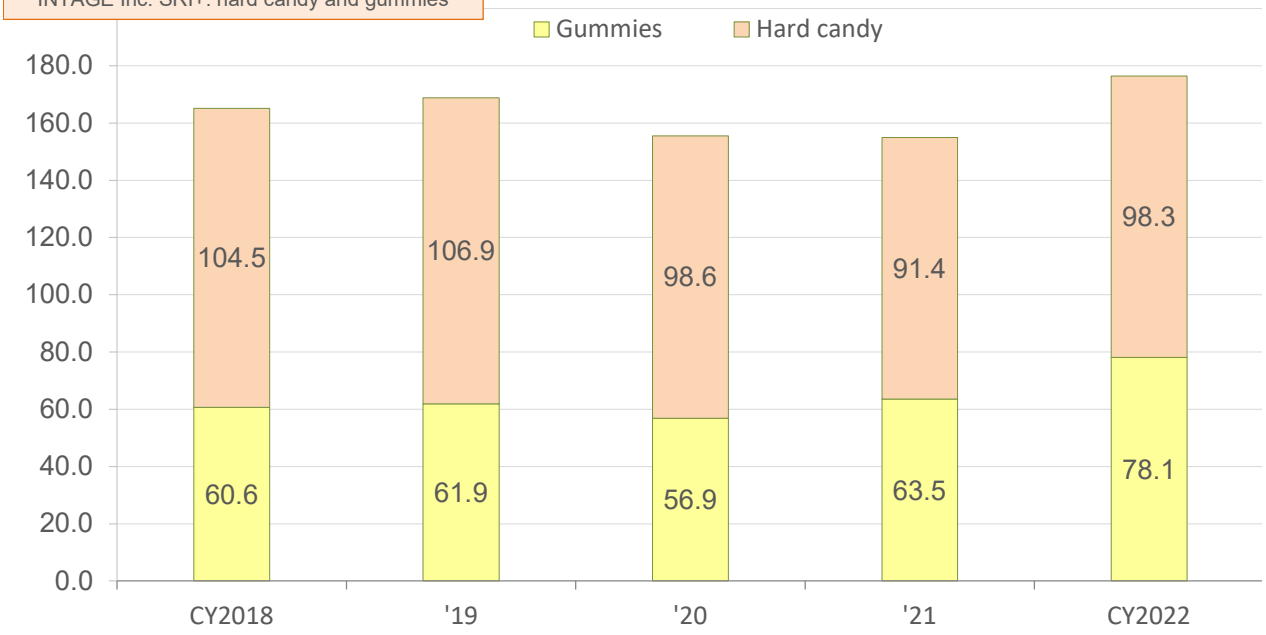
*4: Total number of issued shares at the end of the period (not including treasury shares) is the number of shares at the end of the previous fiscal year.

(Supplementary Materials 4) 【Market Trends】

Unit: Bln. yen

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

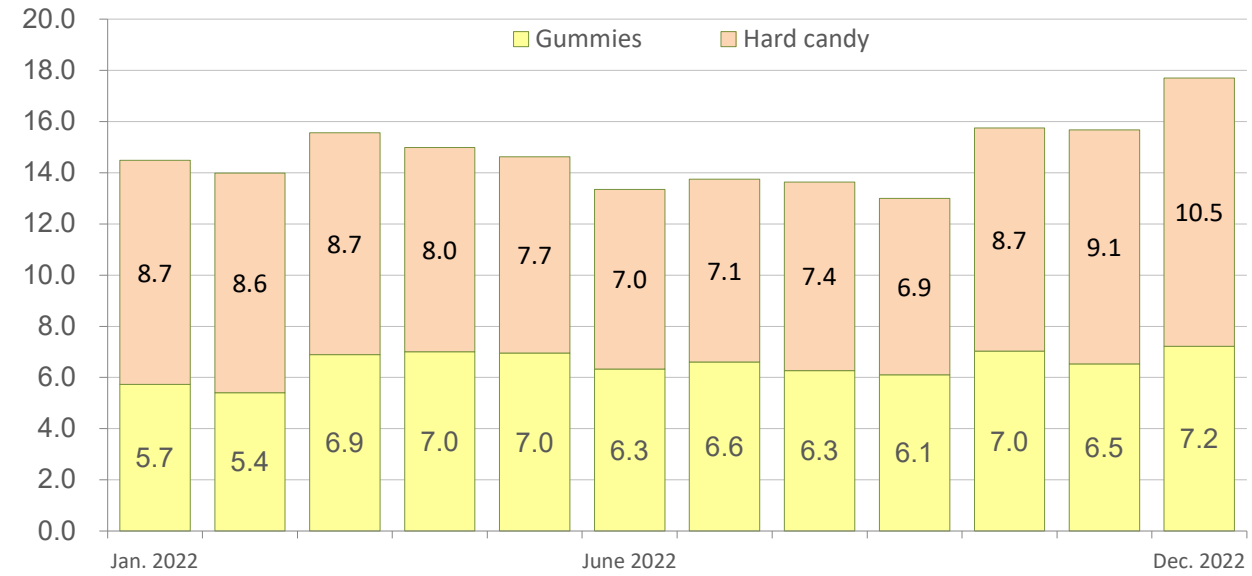
INTAGE Inc. SRI+: hard candy and gummies



Unit: Bln. yen

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

INTAGE Inc. SRI+: hard candy and gummies



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

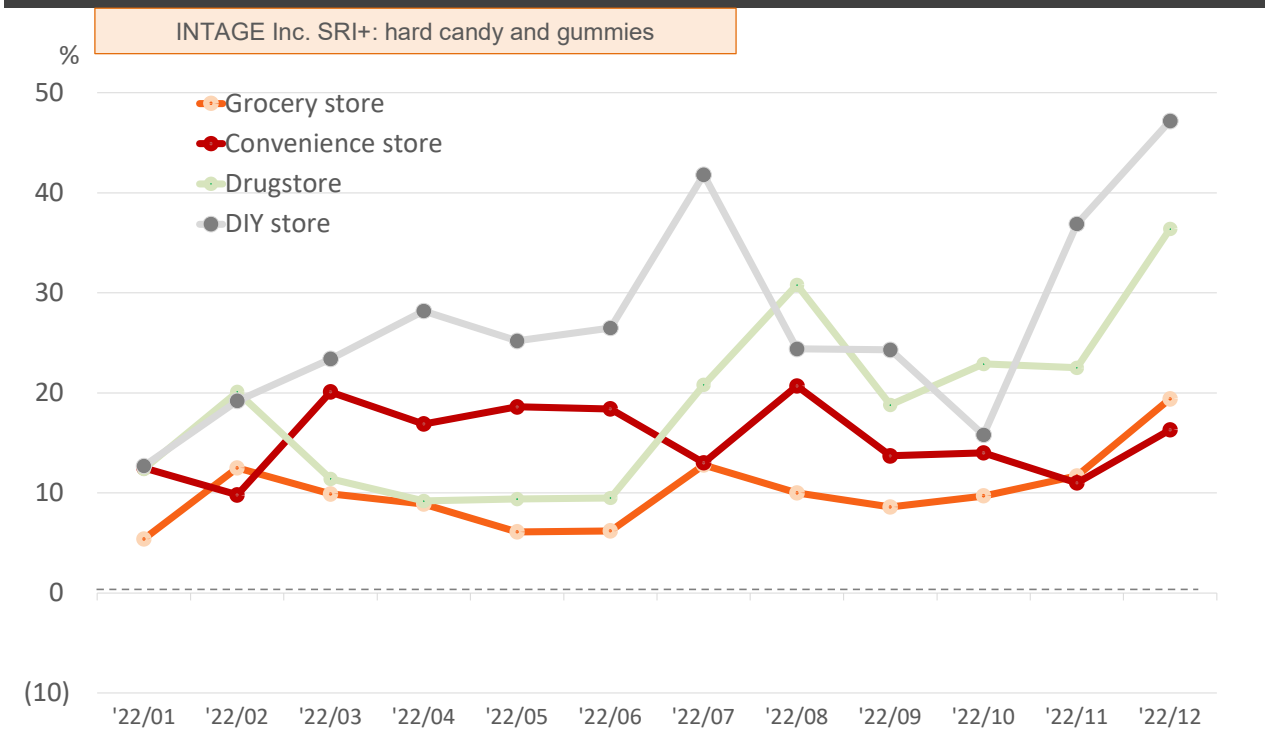
Unit: Bln. yen

	Sales amount		YoY%
	Jan. to Dec.2021	Jan. to Dec.2022	
Hard candy	**91.4**	**98.3**	7.6%
Gummies	**63.5**	**78.1**	23.0%
Total	**154.9**	**176.5**	13.9%

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

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

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



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

Unit: Bln. Yen

	Sales amount		YoY%
	Jan. to Dec.2021	Jan. to Dec.2022	
Grocery store	**69.2**	**76.2**	10.2%
Convenience store	**52.7**	**60.8**	15.4%
Drug store	**29.5**	**35.0**	18.6%
DIY store	**3.4**	**4.4**	27.4%
Total	**154.9**	**176.5**	13.9%

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

(Supplementary Materials 6)　【Reference Information】

■ IR Information

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

■ IR News

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

■ 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_ym13/118791/00.pdf

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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.

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