June 24, 2024


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| Company name | Kanro Inc. |
| Representative | Tetsuya Murata, President and CEO (Securities code: 2216; Standard Market, Tokyo Stock Exchange) |
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# Notice Concerning Revisions to the First-half and Full-year Non-consolidated Financial Results Forecasts and Interim and Year-end Dividend Forecasts

Kanro Inc. (the "Company") hereby announces that, in light of the recent trends in financial results and other factors, it has decided, at a meeting of the Board of Directors held on June 24, 2024, to revise the non-consolidated financial results forecasts for the first half of the fiscal year and the full year, and the interim and year-end dividend forecasts, disclosed on February 8, 2024, as follows.

1. Revisions to the Non-consolidated Financial Results Forecasts

(1) Revisions to the Non-consolidated Financial Results Forecast for the First Half of FY2024 (January 1, 2024 to June 30, 2024)

(Million yen)

| | Net sales | Operating profit | Ordinary profit | Profit | Basic earnings per share (Yen) |
|---|---|---|---|---|---|
| Previously announced forecast (A) | 15,000 | 1,660 | 1,670 | 1,230 | 88.35 |
| Revised forecast (B) | 15,500 | 2,230 | 2,250 | 1,680 | 120.08 |
| Change (B-A) | 500 | 570 | 580 | 450 | – |
| Change rate (%) | 3.3 | 34.3 | 34.7 | 36.6 | – |
| (Reference) Results for the first half of the previous fiscal year (first half of FY2023) | 14,292 | 1,772 | 1,791 | 1,236 | 89.05 |

(2) Revisions to the Full-year Non-consolidated Financial Results Forecast for FY2024 (January 1, 2024 to December 31, 2024)

(Million yen)

| | Net sales | Operating profit | Ordinary profit | Profit | Basic earnings per share (Yen) |
|---|---|---|---|---|---|
| Previously announced forecast (A) | 30,300 | 3,450 | 3,470 | 2,500 | 179.57 |
| Revised forecast (B) | 30,800 | 3,810 | 3,830 | 2,800 | 199.74 |
| Change (B-A) | 500 | 360 | 360 | 300 | – |
| Change rate (%) | 1.7 | 10.4 | 10.4 | 12.0 | – |
| (Reference) Results for the previous fiscal year (FY2023) | 29,015 | 3,388 | 3,432 | 2,462 | 177.09 |

(3) Reasons for the Revisions

For the first half, we forecast net sales of ¥15,500 million, which represents an increase of ¥500 million over the previously announced forecast, due to a strong performance from our leading brands such as *Puré Gummy* (ピュレグミ) in the growing market for gummies. Operating profit is expected to increase by ¥570 million to ¥2,230 million and ordinary profit is forecast to increase by ¥580 million to ¥2,250 million as a result of factors such as a decrease in the selling expenses ratio mainly due to the optimization of the product mix, as well as improvements in the gross margin ratio owing to improved productivity, in addition to increased marginal profit resulting from higher revenues. This was further boosted by the delayed recognition of some expenses (general expenses, advertising expenses, repair expenses, etc.) from the first to the second half of the year. Profit is expected to increase by ¥450 million to ¥1,680 million, partly due to an increase in extraordinary income resulting from a reduction in cross-shareholdings.

Under these circumstances, for the full year, we expect net sales of ¥30,800 million, which represents an increase of ¥500 million over the previously announced forecast, with sales for the second half expected to remain in line with the initial forecast. However, the cost-of-sales ratio is expected to increase in the second half, with the progressive, continuing depreciation of the yen and price hikes for some raw materials forecast, further compounded by factors such as an increase in repair expenses due to increased production and delayed recognition. Profit in the second half is forecast to be lower than originally planned due to the aforementioned delay in expense recognition and measures to boost sales. As a result, full-year operating profit is expected to increase by ¥360 million to ¥3,810 million, ordinary profit is forecast to increase by ¥360 million to ¥3,830 million, and profit is forecast to increase by ¥300 million to ¥2,800 million over the previously announced forecast. We will proceed to improve our production system (extending the gummy building at the Matsumoto Plant) to boost production for the next fiscal year, while also striving to increase profit margins through the implementation of measures such as productivity improvements and the flexible revision of selling prices in line with changes in the raw material prices.

(Note) The financial results forecast is based on information currently available to the Company and assumptions deemed reasonable as of the date of publication of this notice. Actual results may differ from this forecast due to a variety of factors.

2. Revisions to the Dividend Forecasts

The forecasts for the interim dividend and the year-end dividend have been revised as follows.

| | Cash dividends per share (Yen) | | |
|---|---|---|---|
| Record date | 2nd quarter-end | Year-end | Total |
| Previous forecast (announced on February 8, 2024) | 30.00 | 42.00 | 72.00 |
| Revised forecast | 35.00 | 45.00 | 80.00 |
| Actual results for the current fiscal year | | | |
| Actual results for the previous fiscal year (FY2023) | 20.00 | 38.00 | 58.00 |

Reasons for the Revisions

The Company considers the return of profits to shareholders as an important policy. Therefore, in the Medium-term Corporate Strategy 2024, we have established an enhanced shareholder return policy of gradually raising the payout ratio to 40% by FY2024.

Following the upward revision to the non-consolidated financial results forecasts as described above, the interim dividend forecast for the current fiscal year has been increased by ¥5 to ¥35 per share and the year-end dividend forecast for the current fiscal year has been increased by ¥3 to ¥45 per share. Accordingly, the annual dividend forecast has been increased to ¥80 per share.

(Note) The forecast above is based on information currently available to the Company and assumptions deemed reasonable as of the date of publication of this notice. Actual cash dividends may differ from this forecast due to a variety of factors.