

# Management that is Conscious of Cost of Capital and Stock Price

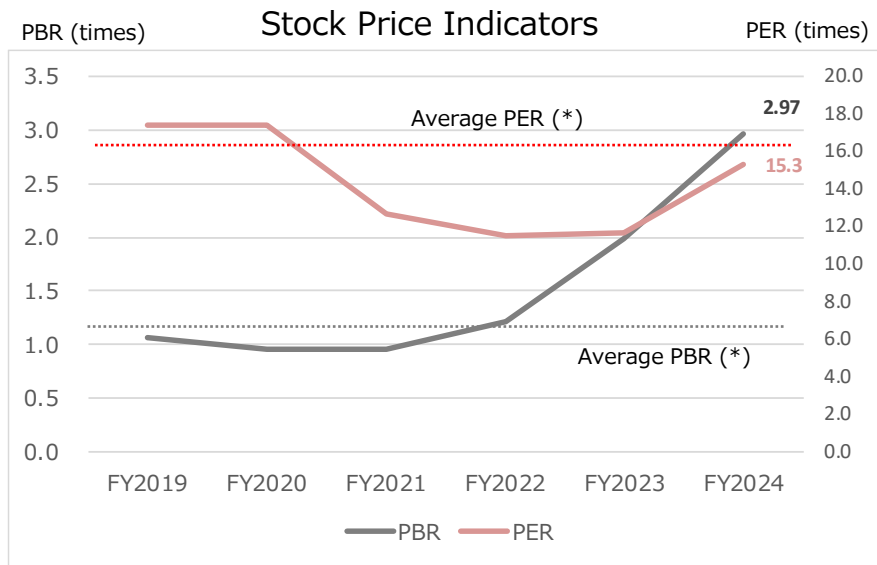
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March 2025

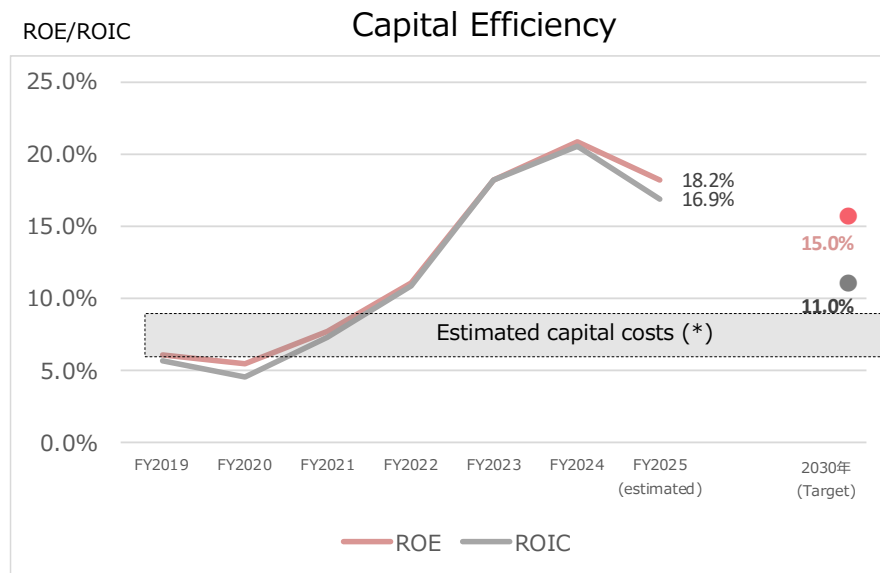
Kanro Inc.



# Current situation evaluation and analysis



\* Source: Tokyo Stock Exchange Standard Market Food Sector (December 2024)



\* Weighted average cost of capital (WACC) calculated based on CAPM and taking into account liquidity risk

- Stock price index: PER is below the industry average and has room to rise → Appeal by promoting Medium-term Corporate Strategy 2030
- Capital efficiency: There are concerns about a decline in capital efficiency from the current situation → Reduce capital costs by promoting dialogue

# Existing initiatives: Promoting ROIC management

## Improving capital efficiency by promoting ROIC management to increase corporate value

- KPI management using KanROIC tree: Figure 1
- Balance Sheet Management (Reduction of Cross-Shareholdings): Figure 2
- Investment profitability standard based on capital cost
- Use in business portfolio management

Figure 1

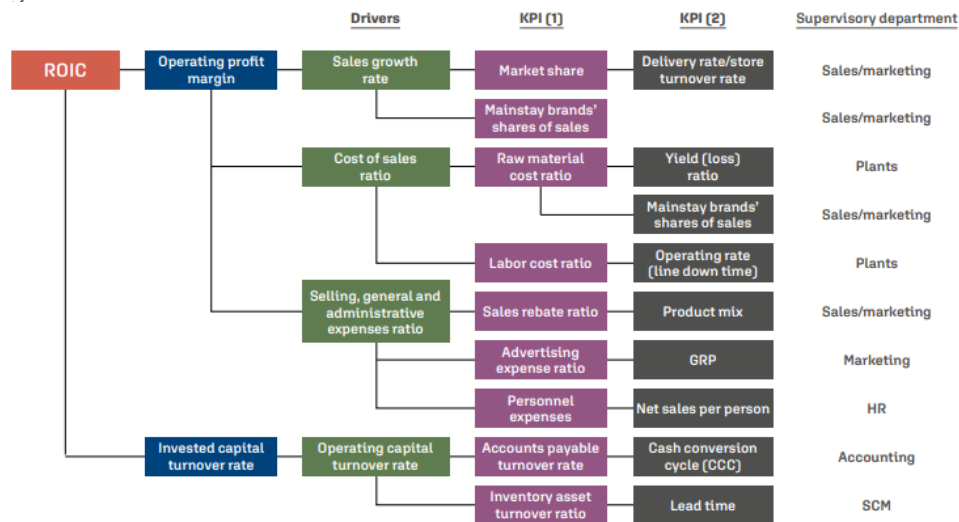
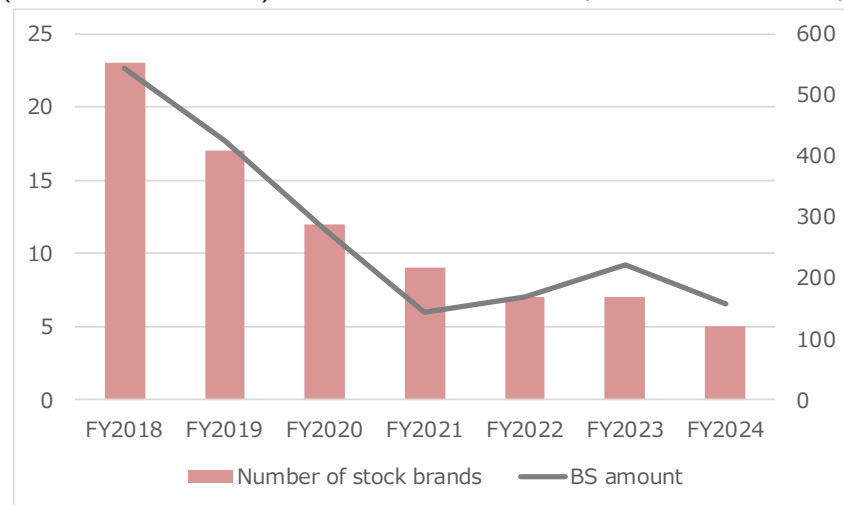


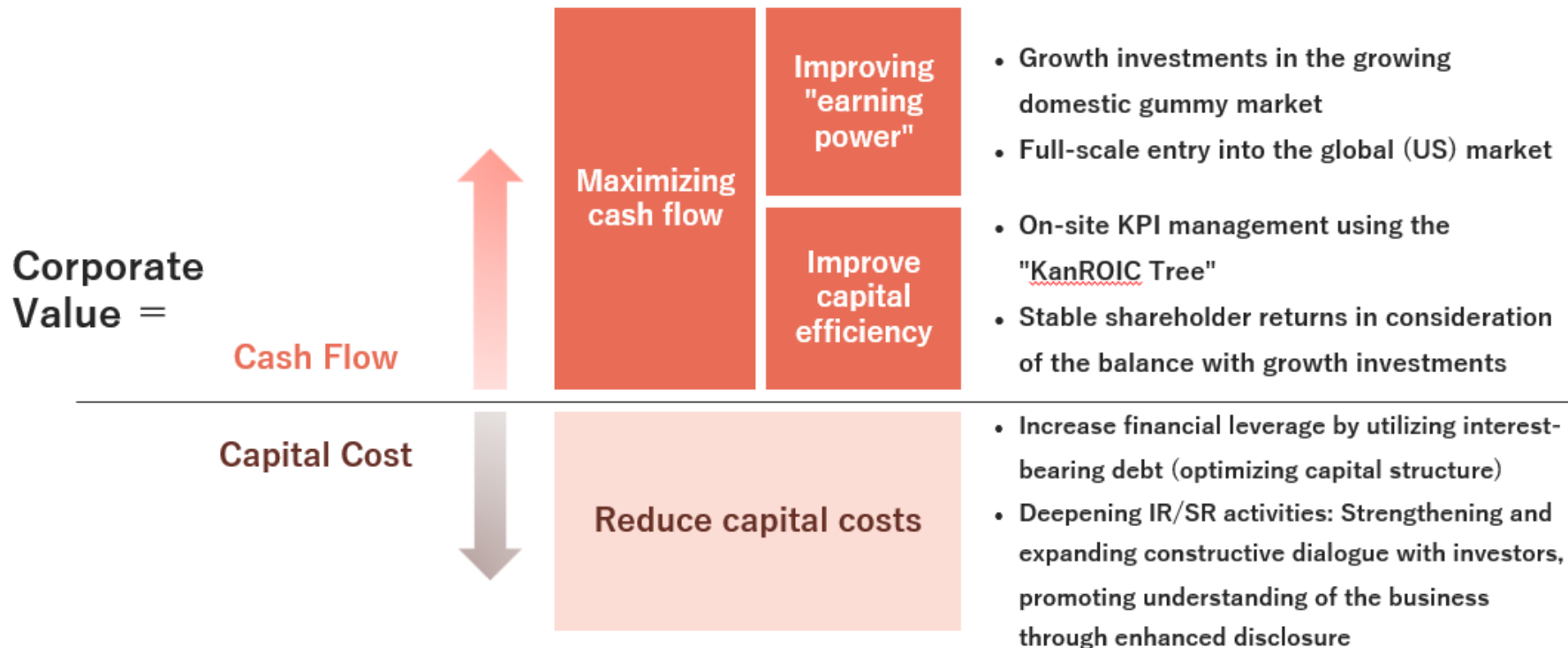
Figure 2

(Number of stock brands)

(BS amount : JPY million)



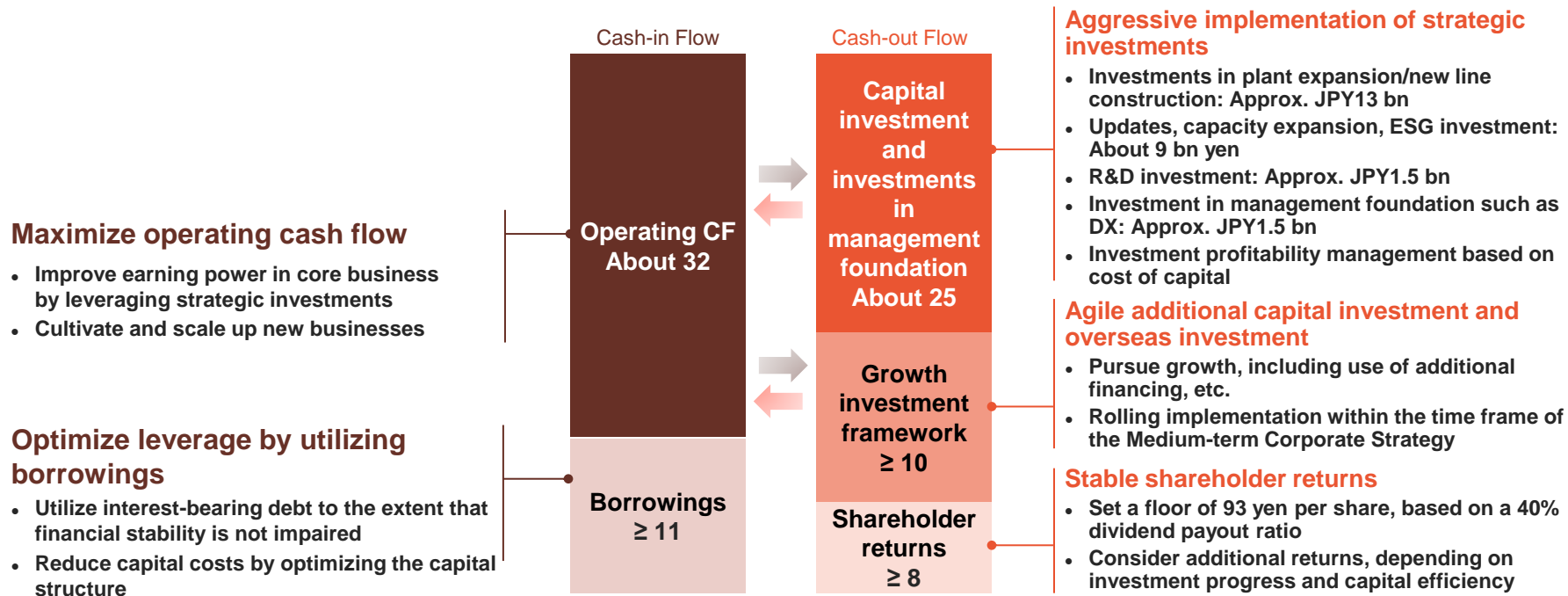
## Increase corporate value by maximizing cash flow through ROIC management and reducing capital costs



\* Estimated cost of equity capital: 6-8% **3**

## Maximize cash flow by establishing a new gummy line and taking other measures, and accelerate further growth investment

Cumulative cash flows for FY25–30 (Unit: JPY bn)



# Dialogue with capital markets

## Strengthening dialogue to promote understanding of growth potential and improve management

### Major IR Measures

For individual investors

- Company information session to be held
- Shareholder newsletter to be issued (planned)

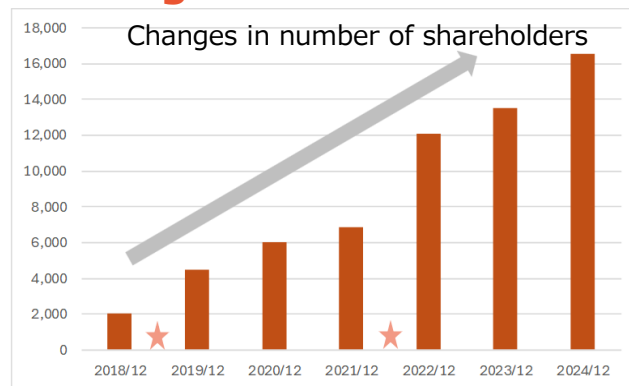
For domestic institutional investors

- Individual interviews (CEO/CFO/IR dept.)
- Financial results briefing (CEO/CFO on stage)
- IR Day (planned)

For Foreign Investors

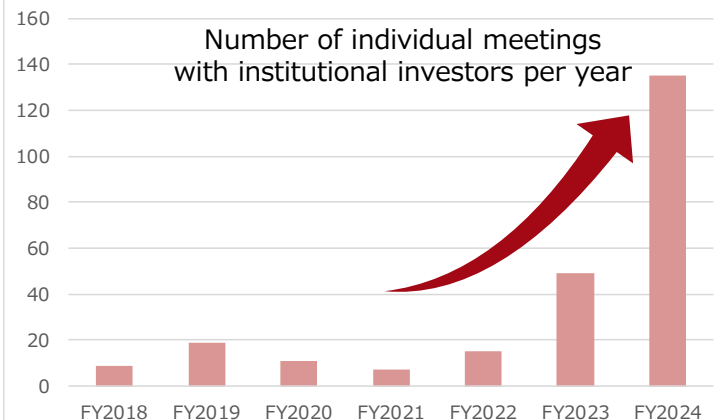
- IR disclosure in English
- Overseas roadshow (medium- to long-term goal)

Number

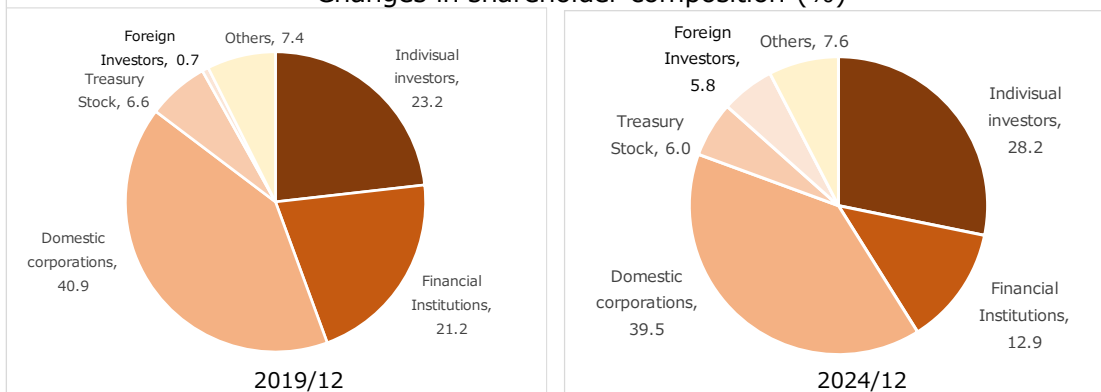


★ Stock split

Number of individual meetings with institutional investors per year



Changes in shareholder composition (%)



## Promoting dialogue with capital markets on growth driver themes

Theme	Questions from investor	Our response
Increase our sales	Are gummies the driving force behind sales growth over the past few years? What is the reason for these strong sales?	We positioned gummies as our growth engine and established a gummy production system by launching our second gummy line in 2019. Although the environment of the gummy market changed significantly due to the COVID-19 pandemic, we were able to drive market expansion and significantly increase sales.
Financial targets for 2030	How to think about 2030 target figures?	Large-scale investments in new gummy production lines and further growth investments will be implemented, and although efficiency indicators will decline from the current level, the company aims to dramatically increase its corporate value in the medium to long term. The 2030 figures are set as a sense of commitment.
Reasons for entering the US market	You mentioned that you are entering the US gummy candy market. What prompted this business decision? Did you see any positive results with your marketing in the US market?	Since the previous mid-term business plan, we have set global business as one of the "expanding business areas" and have had the desire to spread our gummy candy overseas. The reason we targeted the US market is because the size of the market is attractive, and we determined that our products would be well received after conducting local research. We will accelerate our challenge in the US business from now on.
Profitability in US Market	What are your product pricing in the US market and how do your profit levels compare to your domestic business?	Pricing will be higher than in Japan. Currently, Pure Gummies are expected to be priced at around \$3 to \$4. Considering future growth in sales volume, we believe that contribution to profits as a company will come later. We will consider various measures to benefit the company overall, not only in sales but also in profits.

## Facilitating response to capital market demands

※ ○ Response implementation  
△ Continued consideration

Classification	Item	Correspondence※	Contents	Disclosure materials	Remarks
Disclosure	Sales and profits by business	○	Disclosure of sales results, forecasts for the current fiscal year, and mid-term targets for each business	Medium-term Corporate Strategy 2030 <a href="#">PowerPoint プレゼンテーション</a> (in Japanese)	Profit disclosure will be considered in the future
	Sales by product category	○	Actual results are disclosed on a quarterly basis for the candy and gummy categories.	Supplementary Materials: Financial Results for the FY 2024 (Supplementary Materials 1) <a href="#">00.pdf</a>	Future forecast values to be considered
	Sales and profits by brand	△	Consideration to be continued	—	Disclose year-on-year change in retail sales amount of main brands as reference information Presentation material <a href="#">PowerPoint プレゼンテーション</a> (in Japanese)
	Future market forecast	○	Disclose our estimated forecast for both candy and gummy	Medium-term Corporate Strategy 2030 <a href="#">PowerPoint プレゼンテーション</a> (in Japanese)	—
	Presentation material with script	○	Script disclosure for financial results briefing materials	Presentation material <a href="#">PowerPoint プレゼンテーション</a> (in Japanese)	Starting from the fiscal year ending December 2023
Measures	Factory and research laboratory tours	△	Consideration to be continued	—	—