

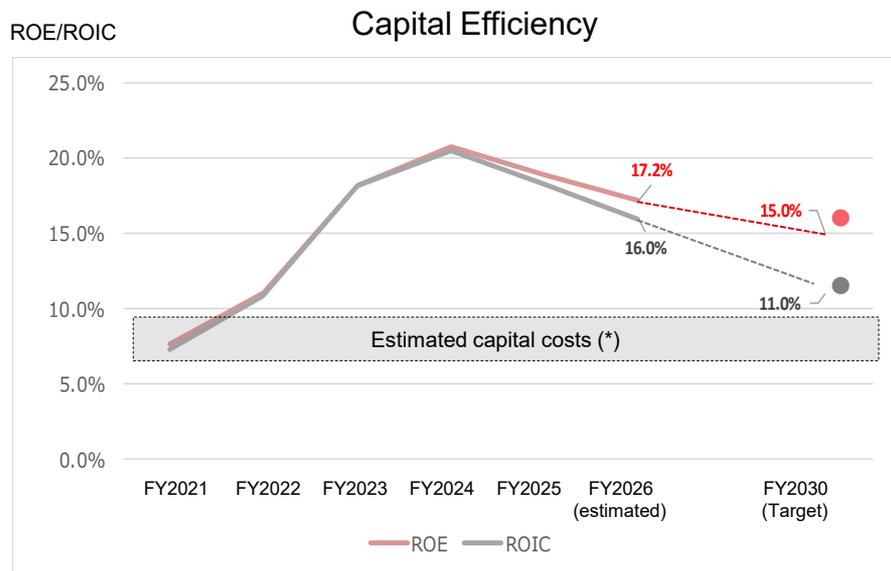
Management that is Conscious of Cost of Capital and Stock Price

March 2026

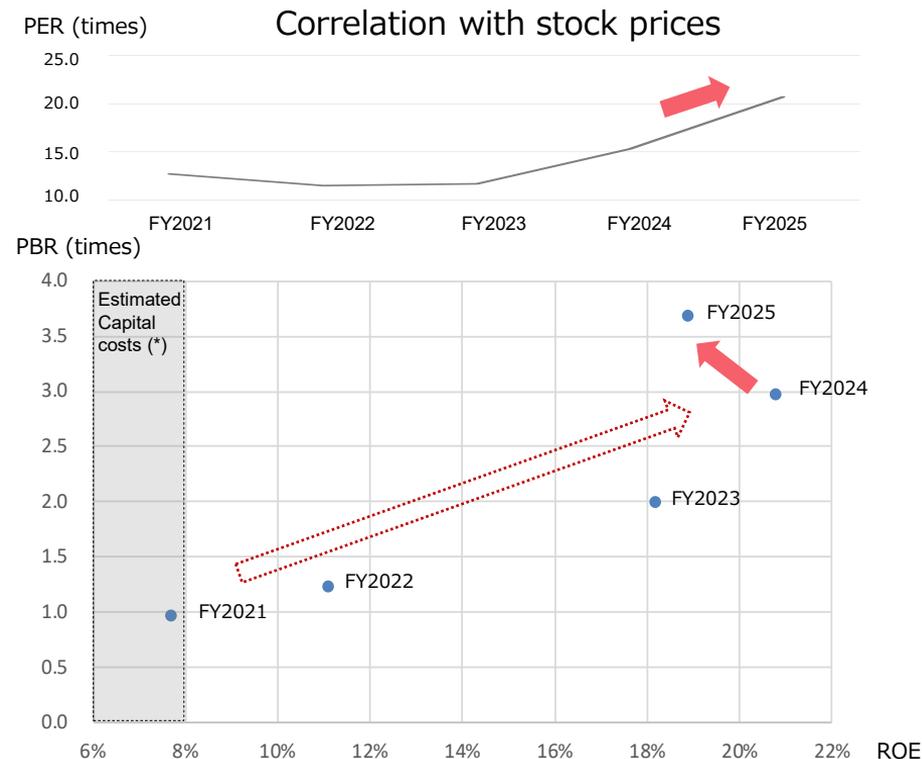
Kanro Inc.



Current situation evaluation and analysis



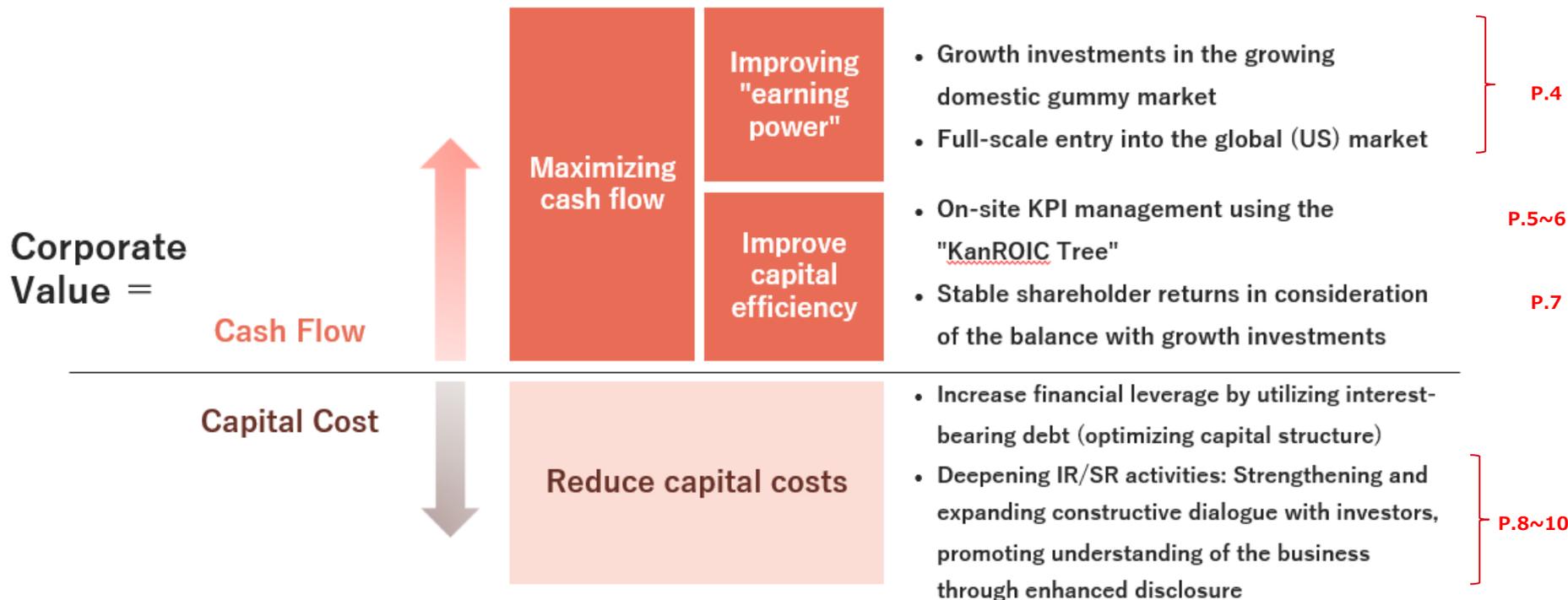
* Calculated based on CAPM and taking into account liquidity risk



- Capital efficiency: Exceeds estimated capital costs, but is on a downward trend due to growth investments → Promoting a medium-term growth story
- Correlation with stock price: ROE will be the driving force until 2024, but future expectations (PER) will also contribute significantly in 2025

Medium-term financial strategy to increase corporate value

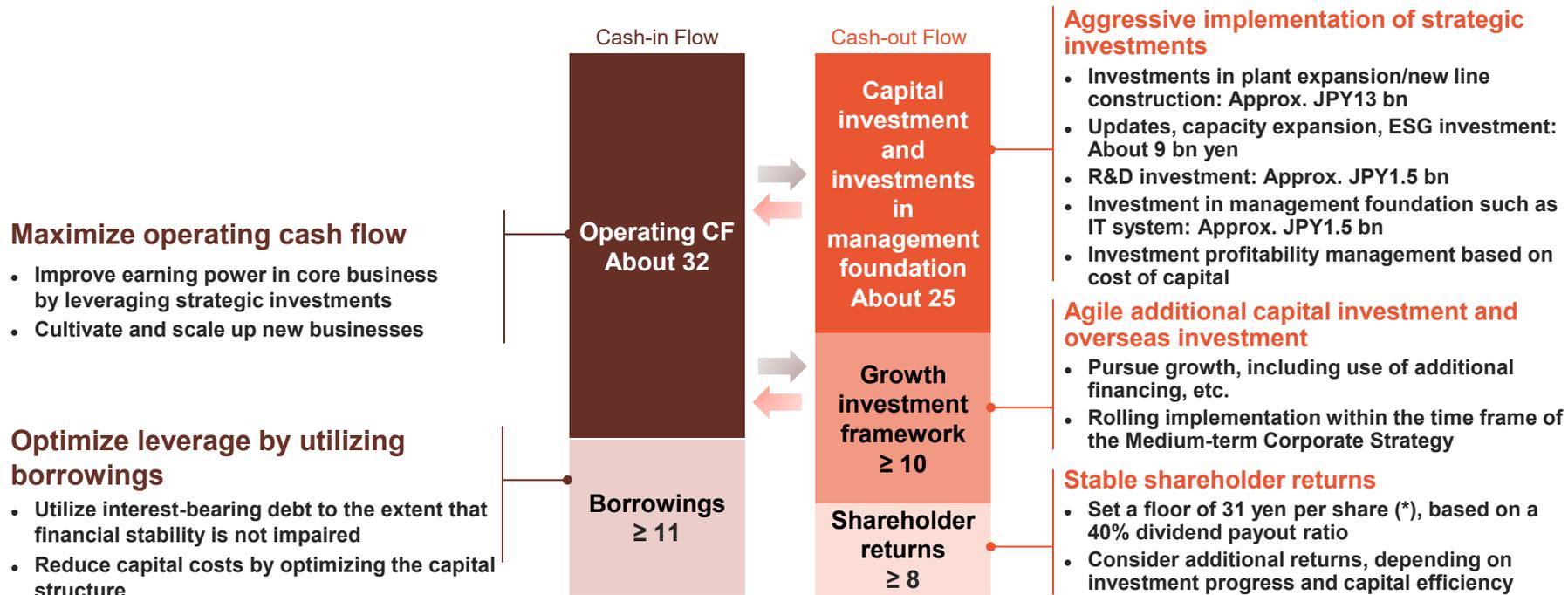
Increase corporate value by maximizing cash flow through ROIC management and reducing capital costs



* Estimated cost of equity capital: 6-8% **2**

Cash allocation aiming to balance growth investments and shareholder returns

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



(*) After stock split effective July 1, 2025

Maximizing cash flow: Improving “earning power”

Allocate cash earned from core businesses to other businesses : Expand business on a company-wide level

Existing markets (Japan)

New markets

New products, new channels

Digital business

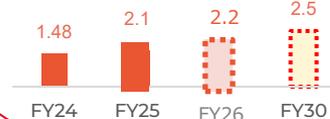
Establish a business model that aims for profitability and sales growth

*Excluding HITOTUBU KANRO EC



HITOTUBU KANRO business

Targeting JPY2.5 bn in net sales in FY30



Core business

Aiming for JPY41 bn in sales in FY30



*Sales in the HITOTUBU KANRO business are included in gummies, hard candy, etc.

Global business

Aiming for 10% of company-wide sales in FY30



Existing products, existing channels

(Unit: JPY bn)

Maximizing cash flow: Improving capital efficiency 1

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

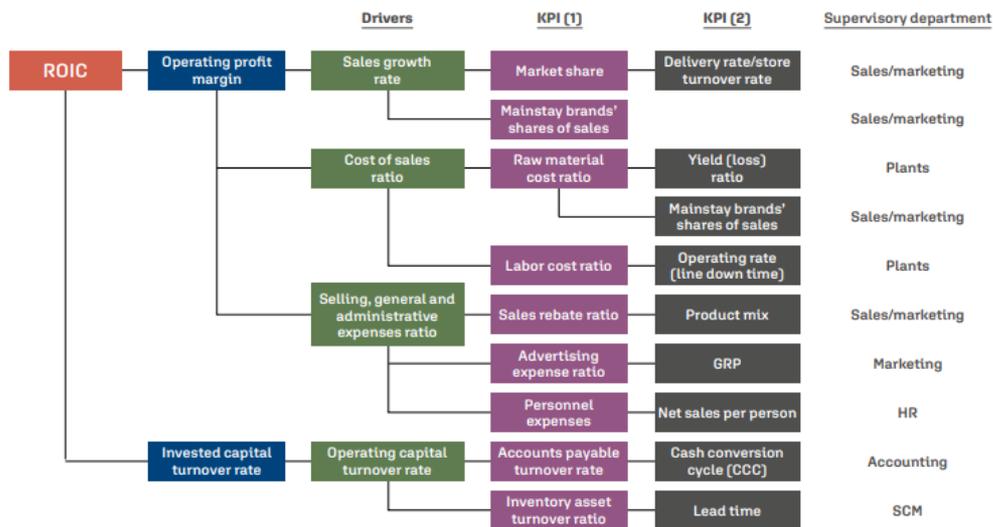
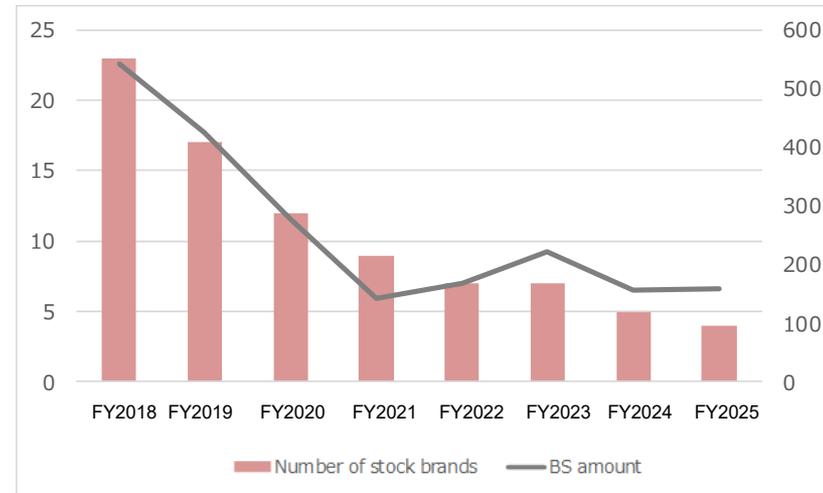


Figure 2

(Number of stock brands)

(BS amount : JPY million)



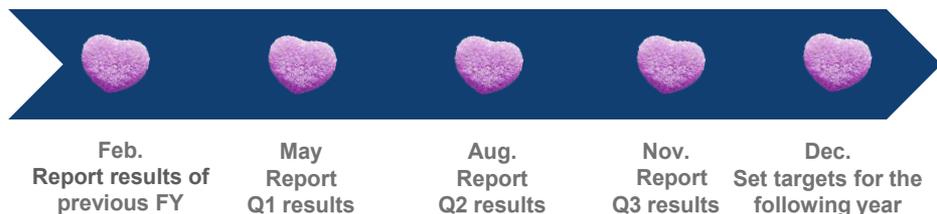
Maximizing cash flow: Improving capital efficiency 2

ROIC tree KPI management, a company-wide measure, is the essence of ROIC management

(1) Establish an ongoing PDCA cycle to ensure the effectiveness of ROIC management

Review KPI progress quarterly, and report unmet items at management meetings along with their causes and countermeasures

◆ Annual timeline



(2) Instill a sense of ownership in ROIC management through ongoing internal IR activities

- Clearly explain the definition of ROIC and how it relates to enhancing corporate value through internal websites and briefings
- Elaborate on how on-site KPIs connect to ROIC, and communicate that daily improvement activities directly contribute to enhancing corporate value



(Excerpts from internal briefing materials)

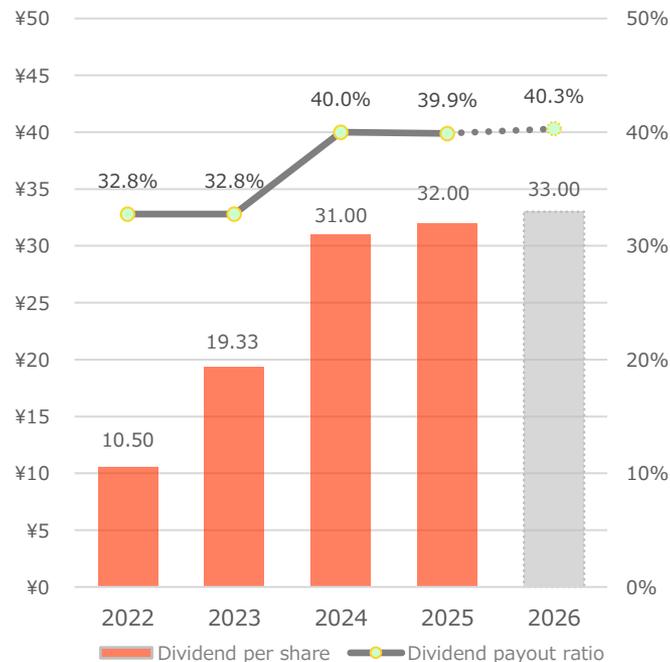
ROIC経営について まとめ

🔧	投資家は ^{ROIC} 資本効率を重視
💰	売上と利益を伸ばすことも重要
👤	投資家の期待以上のROICを維持
💡	現場レベルの課題からROICを改善

**Aim to balance growth investments with stable dividends,
based on a dividend payout ratio of 40%**

	2022	2023	2024	2025	2026	
	Actual	Actual	Actual	Actual	Forecast	YoY %
Annual dividend per share (JPY)	10.50	19.33	31.00	32.00	33.00	1.00
Dividend payout ratio (%)	32.8	32.8	40.0	39.9	40.3	0.4pt

* Converted to post-split basis following the share split conducted on July 1, 2025



Reduce capital costs : Engagement with capital markets

**Promoting understanding of growth potential by expanding engagement
with investors and enhancing disclosure materials**

FY2025 major IR activities

Target	Initiatives	Main respondents	Remarks
Domestic (and overseas) institutional investors	Financial results briefings (twice a year)	President and CEO, CFO	Materials, videos, scripts, and Q&A available on our IR site IR Library Kanro Inc.
	IR Day (once)	Responsible officers	Materials and Q&A available on our IR site IR Event Kanro Inc. (in Japanese)
	Small meetings (once)	President and CEO	Creating opportunities for direct engagement with the President
	Individual meetings (185 meetings)	President and CEO, CFO, IR departments	Reporting to management on meetings handled by IR departments and the post-event survey results
Individual investors	Company information sessions (3 sessions)	President and CEO	Session materials and videos available on our IR site Events for Individual Investors Kanro Inc. (in Japanese)
Overseas institutional Investors	Disclosures in English	—	Disclosure on our IR site and intention to further expand English-language disclosure IR Information Kanro Inc.
All stakeholders	IR site renewal	—	Revamped to provide investors and shareholders with the information they want in the fewest steps, with enhanced visibility IR Information Kanro Inc.

* For further details, refer to [IR Information | Kanro Inc.](#)

Examples of engagement with capital markets 1

Promoting engagement with capital markets on growth driver themes

Theme	Questions from investor	Our response
Sales of our gummies	Gummy sales are falling far short of market growth. What are the reasons for this and what measures will be taken going forward?	<ul style="list-style-type: none"> • Our company also increased sales revenue, mainly from existing products and mainstay products, but our market share declined due to the faster market expansion of competitors, such as by launching new products and entering new markets. • We will increase sales by developing products that increase the proportion of high-value products, while striking a balance between production efficiency and increasing the number of items, such as new products.
US business	What is the progress status and sales/profit contribution?	<ul style="list-style-type: none"> • After establishing a local subsidiary in May 2025, the company will focus on increasing brand awareness and the number of stores where it ships by participating in exhibitions and actively implementing promotions. • It is expected that it will take some time before the company can achieve significant sales and contribute to company-wide profits (sales target for fiscal 2030 is 5 billion yen).
Advertising Strategy	What are the factors behind the increase in advertising investment? What are the purpose and effects of corporate advertising?	<ul style="list-style-type: none"> • The increase was due to corporate advertising, which was implemented with the aim of not only improving specific brand value and increasing sales, but also improving the company brand in the medium to long term, by increasing the number of "Kanro" fans, thereby increasing sales and attracting talented personnel. • Although we are still in the process of measuring the effectiveness, we feel that we have made some progress in achieving the above goals.
New gummy production line installed	What is the progress of the new Gumi Line, which is scheduled to begin operation in 2027?	<ul style="list-style-type: none"> • Construction began in October 2025 and is progressing according to schedule. • There is no expected to be any significant change from the total investment amount of approximately 13 billion yen.

Examples of engagement with capital markets 2

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	Financial results briefing materials 00.pdf	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 2025 (Supplementary Materials 1) 00.pdf	Future forecast values to be considered
	Sales and profits by brand	△	Consideration to be continued	Financial results briefing materials and Supplementary Materials: Financial Results for the FY 2025 (Referred to above)	Disclosed year-on-year retail sales figures for main brands as reference information
	Sales amount by business type (channel)	○	Trends in sales figures for the candy and gummy market by type (channel)		
	US business	○	Schedule and other information for US market expansion		
Measures	IR Day (Business briefing session)	○	Domestic gummy business	Gummy Business Briefing Materials and Q&A	We plan to continue holding events on topics of great interest to investors. Factory tours are being considered for the future.