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July 31, 2026

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Representative: Tetsuya Murata, President and CEO
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Notice Regarding Revision of Full-Year Consolidated Financial Results Forecast and Maintenance of Year-End Dividend Forecast

Kanro Inc. (the "Company") hereby announces that, at the meeting of its Board of Directors held on July 31, 2026, it resolved to revise the full-year consolidated financial results forecast announced on February 13, 2026, as follows, in light of recent business performance trends and other factors.

Revision of Earnings Forecast

(1) Revision of Full-Year Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2026 (January1, 2026 to December31, 2026)

(Unit: millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of the parent	Basic earnings per share
Previous forecast (A)	36,500	4,900	4,900	3,450	81.87 yen
Revised forecast (B)	36,500	4,200	4,200	3,000	71.12 yen
Difference (B-A)	0	(700)	(700)	(450)	——
Percentage change (%)	0.0	(14.3)	(14.3)	(13.0)	——
(Reference) Results for the previous fiscal year (Fiscal year ending December2025)	34,771	4,691	4,746	3,378	80.18 yen

(2) Reasons for the Revision

With respect to net sales, in the first half, both hard candy, for which the gourmet category performed well, and gummy candy, driven by new products, recorded sales exceeding the previous year. However, due to the contraction of the throat drops market and the slowing growth of the gummy candy market caused by higher-than-usual temperatures and other factors, net sales fell ¥545 million short of the forecast announced on February 13 of this year (hereinafter, the "Initial Forecast") initial forecast. Although the aforementioned business environment is expected to continue in the second half, the shortfall in the first half mentioned above is expected to be offset by an increase in sales volume resulting from promotional measures and the effects of price revisions, and full-year results are expected to be in line with the Initial Forecast.

With respect to profits, operating profit fell ¥153 million short of the initial forecast, due in part to the impact of higher raw material prices and energy costs resulting from the situation in the Middle East, which began to emerge from the second quarter. This impact is expected to continue into the second half, making it difficult to absorb all cost increases and growth investments for the future through increased marginal profit associated with higher sales. Consequently, profit for the second half is also expected to fall below the initial forecast. As a result, full-year operating profit is expected to be ¥4.2 billion, down ¥700 million from the initial forecast; ordinary profit is expected to be ¥4.2 billion, down ¥700 million; and profit for the current period (profit attributable to owners of the parent) is expected to be ¥3.0 billion, down ¥450 million.

Looking ahead to the next fiscal year and beyond, we will work to improve profitability by establishing a production system to increase gummy production (installing a new gummy line at the Asahi Plant) and expanding into the U.S. market, while also further improving productivity and reviewing pricing in response to trends in raw material prices.

(3) Forecast for Year-End Dividends

Returning profits to shareholders is an important policy. Under the Medium-term Corporate Strategy 2030, a dividend payout ratio of 40% will serve as the basis, and 31 yen per share will be set as the minimum under our shareholder return policy.

As stated above, we are revising our full-year consolidated financial results forecast downward. However, the main cause of this decline in profits is temporary, arising from a timing gap between cost increases, including for packaging materials, and measures such as product price revisions. We believe that our earning power and business performance will recover once the revised prices have become established. Therefore, we plan to maintain the year-end dividend for the current fiscal year at the level initially forecast, with a dividend per share of 18 yen, unchanged from the initial forecast.

* The forecast figures are prepared based on information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ from the forecasts due to various factors.