

Results of Operations for the Fiscal Year Ended February 28, 2023

KANTSU CO., LTD. (Securities code: 9326)

April 14, 2023

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I. Financial Summary

FY2/23 Results Summary

- Steadily acquiring new customers resulted in higher sales.
- Earnings down because of the long time that space at new distribution centers remained vacant.

(Millions of yen, %)

	FY2/22 (Non-consolidated) (Results)	FY2/23 (Consolidated) (Results)	YoY change	
			Amount	%
Net sales	10,099	10,493	394	3.9
Gross profit	1,571	1,368	(203)	(13.0)
SG&A expenses	842	975	133	15.9
Operating profit	729	392	(337)	(46.2)
Ordinary profit	687	360	(327)	(47.6)
Profit	463	628	164	35.4
EPS (Yen)	45.74	61.15	-	-
ROE (%)	21.49	20.98	-	-

Segment Results

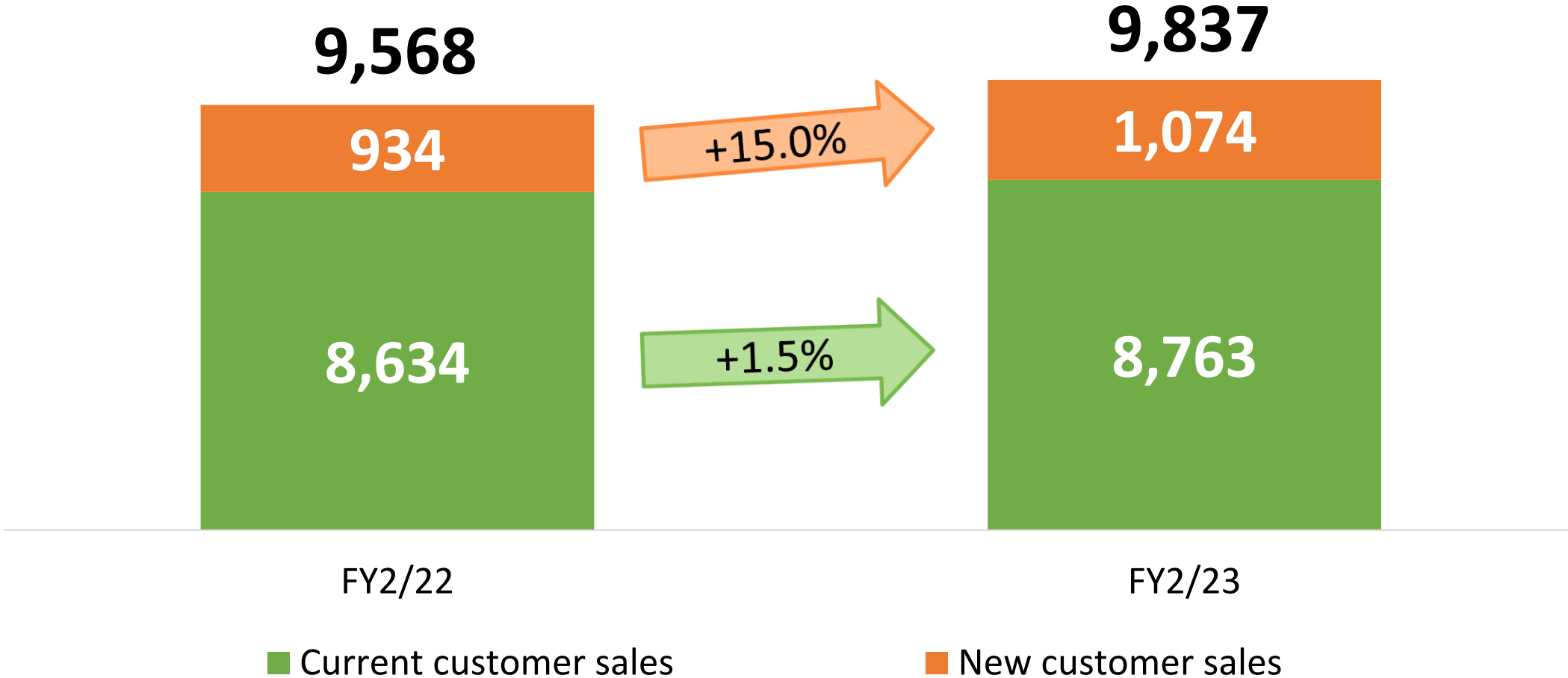
- Logistics services earnings decreased because of lower sales at current customers and the long time that space remained vacant, but there was good progress with adding new customers.
- IT automation sales and earnings increased because of the consistent growth of sales from utilization fees.

(Millions of yen, %)

		FY2/22 (Non-consolidated) (Results)	FY2/23 (Consolidated) (Results)	YoY change (%)
EC/catalog logistics support services	Net sales	9,393	9,618	2.4
Outsourced order processing services	Net sales	111	126	13.0
Others	Net sales	63	92	45.0
Logistics Services Business total	Net sales	9,568	9,837	2.8
	Operating profit	613	189	(69.2)
SaaS utilization fees	Net sales	217	269	24.1
Hardware, installation, development	Net sales	216	276	28.0
IT Automation Business total	Net sales	433	546	26.1
	Operating profit	122	197	61.1

Logistics Services Business Sales Composition

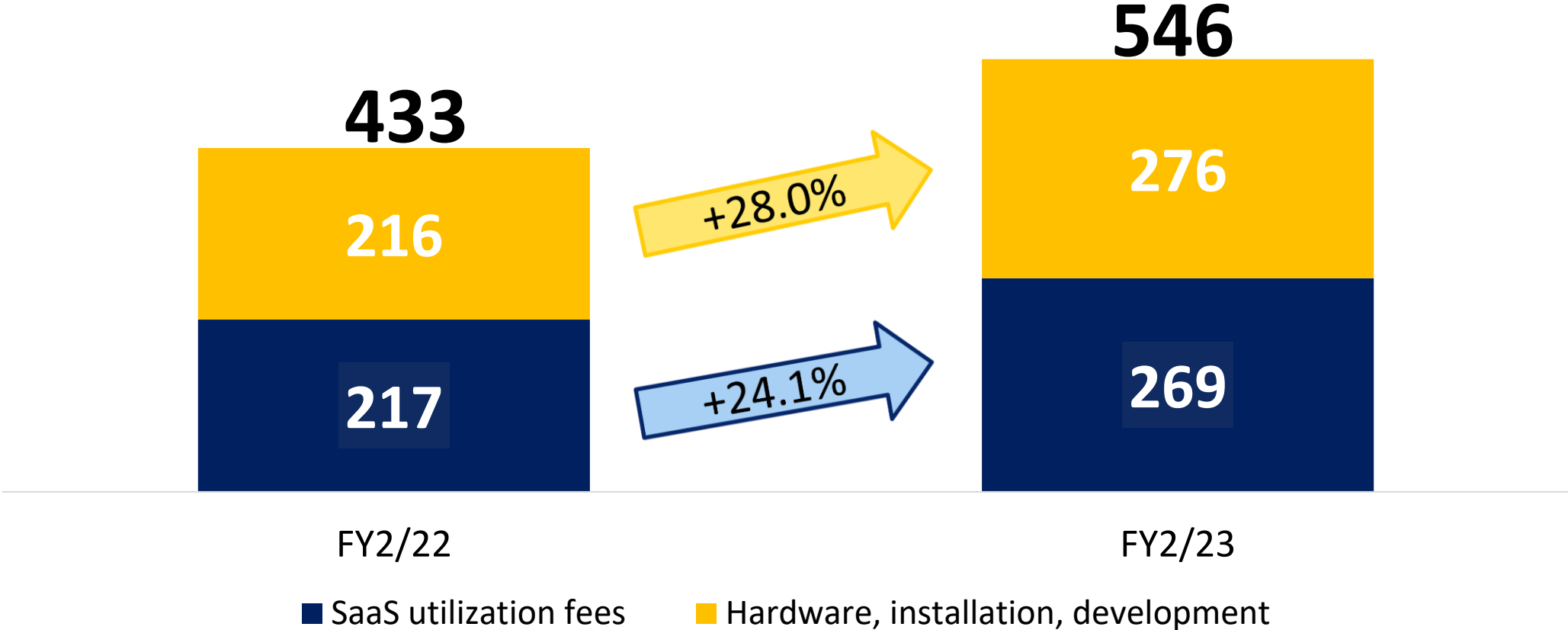
- Sales from new customers increased 15% in part due to the receipt of short-term orders.
 - Current customer sales increased 1.5%, the combination of growth due to the inclusion of sales from FY2/22 new customers and sales that were down an average of 10% for all other current customers.
- (Millions of yen)



IT Automation Business Sales Composition

- SaaS utilization fees increased 24% due to a 10% increase in utilization fee rates and a 20% increase in the number of utilization agreements.
- Due to the larger size of orders, sales from the sale of hardware, installation and use support, and development activities continue to grow, increasing 28%.

(Millions of yen)



TOPIC: Dividend Policy and Payment

Distributing earnings to shareholders is one of the highest priorities of KANTSU. Based on the policy of maintaining a stable dividend and basing dividend payments on results of operations, the outlook for business operations and other factors, KANTSU plans to pay a dividend for FY2/23.

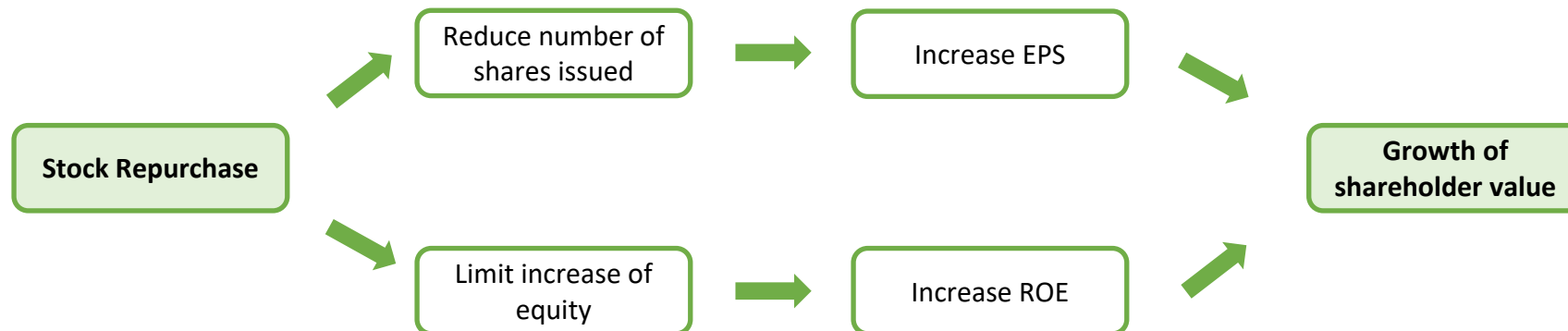
	Final proposal amount	Most recent dividend forecast	FY2/22 results
Record date	February 28, 2023	February 28, 2023	February 28, 2022
Dividend per share	10.00 yen	10.00 yen	10.00 yen
Total dividends	103 million yen	-	102 million yen
Effective date	May 30, 2023	-	May 30, 2022
Source of dividends	Retained earnings	-	Retained earnings

TOPIC: Stock Repurchase

KANTSU repurchases stock for the purpose of increasing capital efficiency and implement flexible capital policies in response to changes in the operating environment.

Type of shares to be repurchased	Common shares of KANTSU Co.,Ltd.
Total number of shares to be repurchased	Up to 300,000 shares (2.91% of total shares outstanding, excluding treasury shares)
Total value of shares to be repurchased	Up to 300,000,000 yen
Repurchase schedule	From April 17, 2023 to November 30, 2023
Method of repurchase	Purchases on the Tokyo Stock Exchange using a discretionary purchase contract

[Expected Benefits]



Reference: Basic Policy for Fund Procurement

Loans from financial institutions are the primary source of funds.

The higher credit standing after the stock listing and Feb. 2023 sale of the Higashi Osaka Primary Center land and building increased cash and the ability to obtain loans.

To prevent dilution of stock, internal funds and loans will be used to fund capital expenditures and M&A.

Diversification of funds procured from financial institutions by using procurement methods other than long-term loans.



II. Strategic Goals

New Businesses – Creating future that surpasses expectations

Logistics Services Business

- Aggrebase
- International logistics
- Okinawa distribution center
- Bargain sale warehouses
- Combined frozen/refrigerated deliveries
- Prime logistics

IT Automation Business

- Next-generation general-purpose order management system
- Warehouse platform
- Robot Gang service
- Contact centers

New
businesses

Growth Strategies
Office
M&A

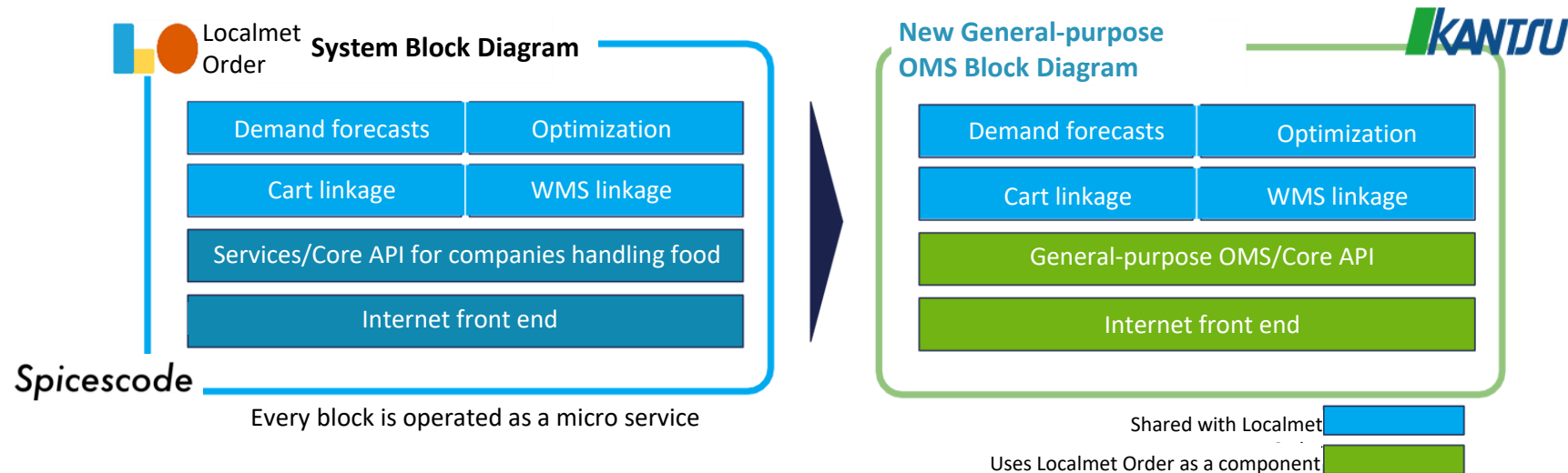
Growth of
current
businesses

- 330,000 square meters of distribution centers
- Expansion of frozen/refrigerated centers
- More leasing of short-term space
- Maximize use of Myanmar BPO
- More strategic alliances
- Start using sales agents
- Recruit people with professional skills
- More automation/digital transformation progress

Goals of the Spicescode capital and business alliance

Best possible order management automation and DX

Using the functions of Localmet Order, the central kitchen system of Spicescode, Inc. as the base, KANTSU plans to add its order processing and automation expertise to develop and provide a **next-generation general-purpose order management system** featuring the complete automation of order processing.



*Using this system will automate both the “to-C” and “to-B” order processing tasks of companies. In addition, there is an automatic link with the Cloud Thomas warehouse management system (WMS) of KANTSU. The result is a digital transformation of the entire supply chain, encompassing manufacturing, order processing, sales and logistics.

Warehouse Platform Business

This business solves numerous issues involving the management of logistics tenant owner facilities. In addition to serving tenant owners, the service can at the same time solve logistics issues of occupants.

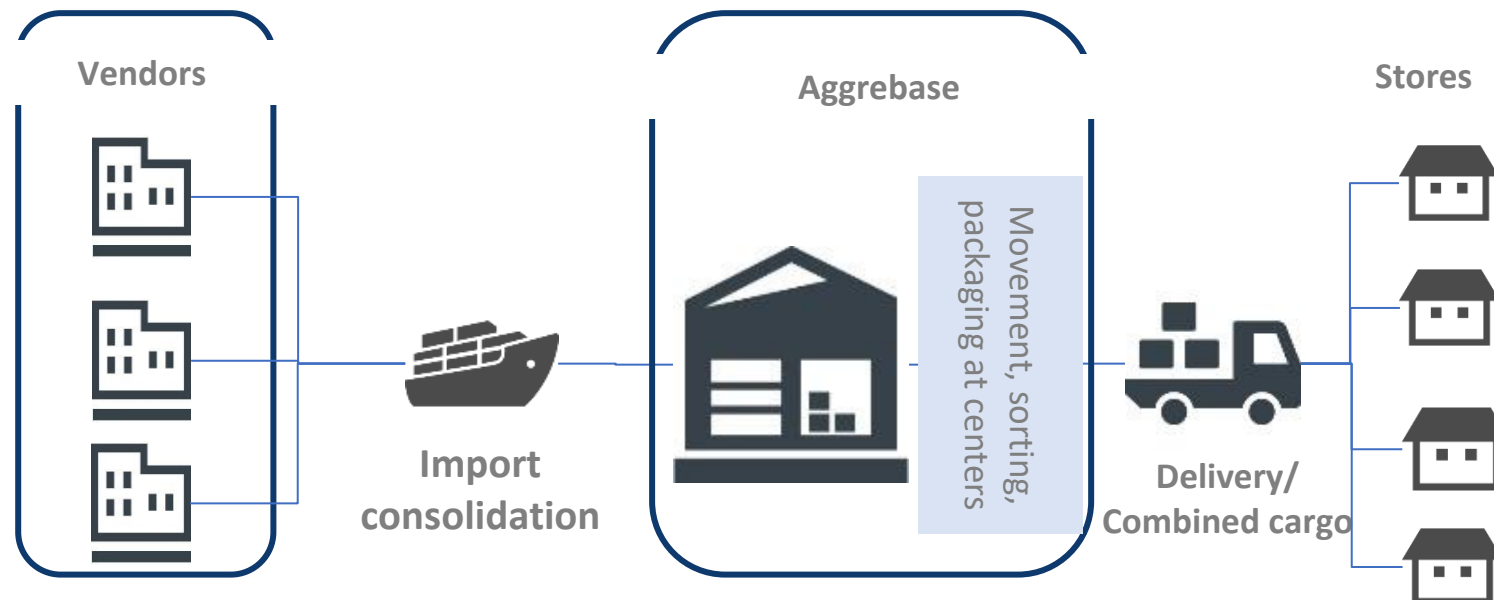


Uses knowledge and resources backed by the management of about 264,000 m² of logistics centers* for new solutions that **only KANTSU can provide.**

*Includes locations to begin operating by July 2024.

Our answer to Japan's 2024 Problem Aggrebase

Japan's 2024 logistics problem, due to the enactment of stricter limitations on working hours for truck drivers, will raise rates for shipping cargo by road, limit the volume of cargo that can be transported and delay deliveries. Aggregation and integration will be needed to deal with this issue. Aggrebase is a service covering distribution centers and their functions in order to accomplish this.



More and more customers agree with this service. **Two projects are underway.**

Benefits for shippers

Smaller number of shipments and packages raises performance in relation to the cost and reduces lost sales opportunities.

Benefits for vendors

Smaller number of shipments and packages for deliveries raises performance in relation to the cost.

Benefits for society

Contributes to accomplishing the SDGs, such as by reducing CO2 emissions and the volume of materials used for packaging.

Our answer to Japan's 2024 Problem Okinawa distribution center

All logistics companies have the mission of providing the reliable delivery of goods everywhere in Japan.

The 2024 Problem will require even more actions to fulfill this mission. Establishment of the **Okinawa Distribution Center** is one action by KANTSU.

The center will reduce lead times of KANTSU's customers, provide reliable logistics for merchandise with many restrictions concerning air cargo, and serve as a base for imports and exports.

Opening a 1,650 m²
distribution center in
the city of Itoman in
June 2023

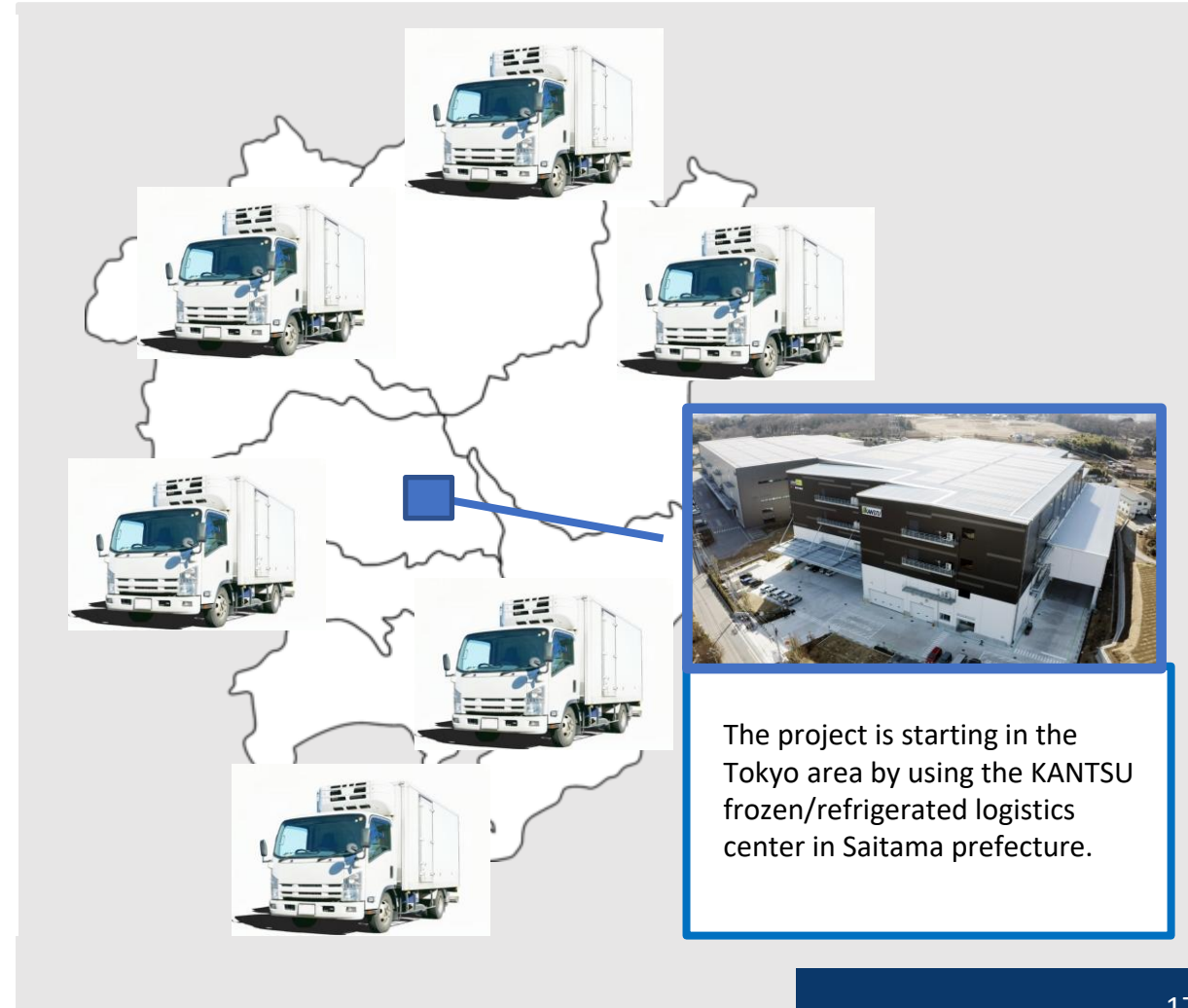


Our answer to Japan's 2024 Problem Combined frozen/refrigerated deliveries

- Shortage of drivers
- Increasing EC pct. of food sales
- Advances with freezing technologies
- Aging of Japan's population, and other trends

Actions are needed to upgrade the transport of merchandise requiring temperature management, making this a priority for all logistics companies.

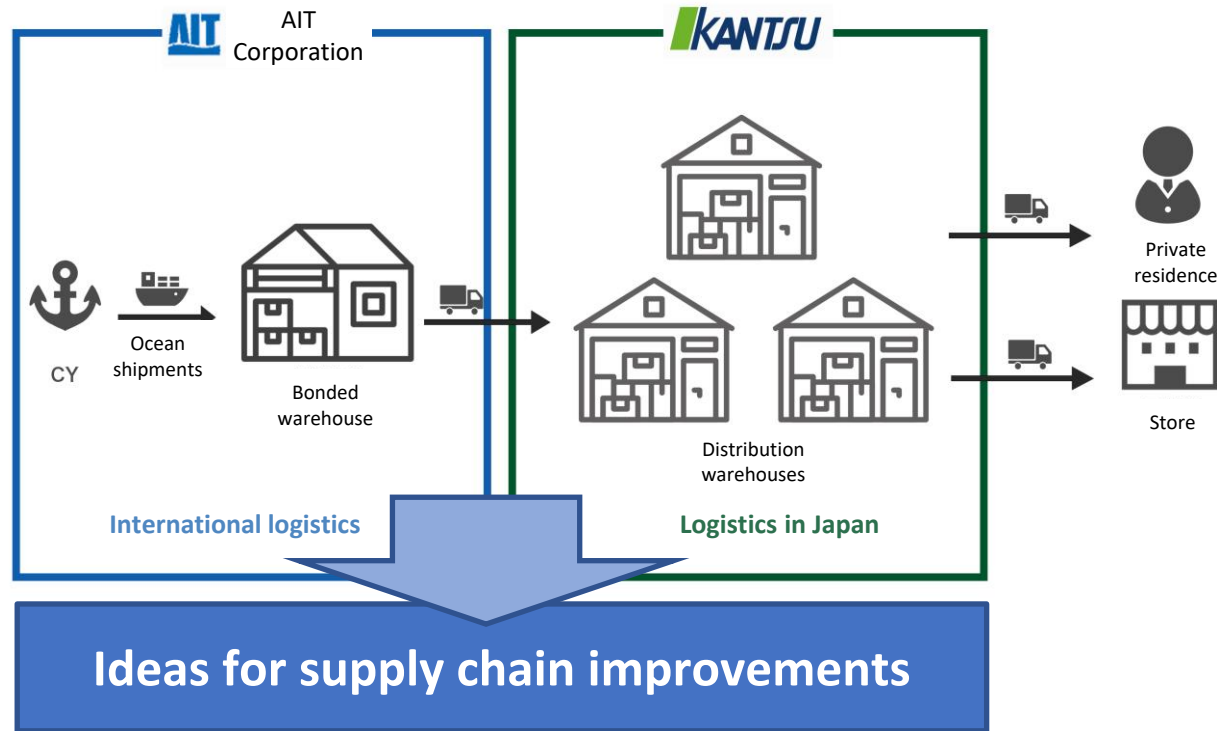
KANTSU has started building a combined network for frozen and refrigerated merchandise. KANTSU is moving quickly on this project, which requires the resources of KANTSU and reliable partner companies.



Business alliance with AIT Corporation

The start of international logistics services

Until now, KANTSU has provided logistics services solely within Japan. Establishing this business alliance with AIT, a major forwarder, will make it possible to provide customers with **fully integrated services** covering imports and exports as well as logistics in Japan. KANTSU can create solutions for customers' international logistics needs as well as ideas for logistics innovations targeting the important theme of reexamining supply chains.



Reduction of losses of food and apparel products Bargain sale warehouses

The need to discard food, apparel and other merchandise because too much of a particular product was manufactured is a serious problem.

To help solve this problem from the logistics side, KANTSU has activities for making improvements involving unsold and unsuitable inventories. KANTSU's bargain warehouses sell surplus or unwanted merchandise directly from warehouses by using live commerce and app commerce. These warehouses have substantial added value both in terms of contributing to society and supporting the sales activities of customers.

Launch of on-site sales using live commerce, a service that has been welcomed by many customers

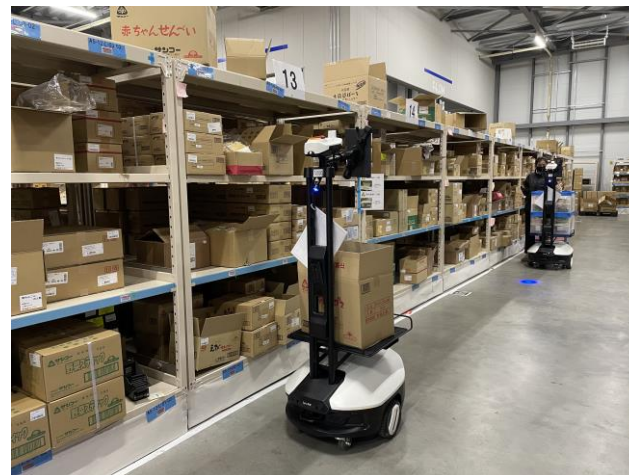
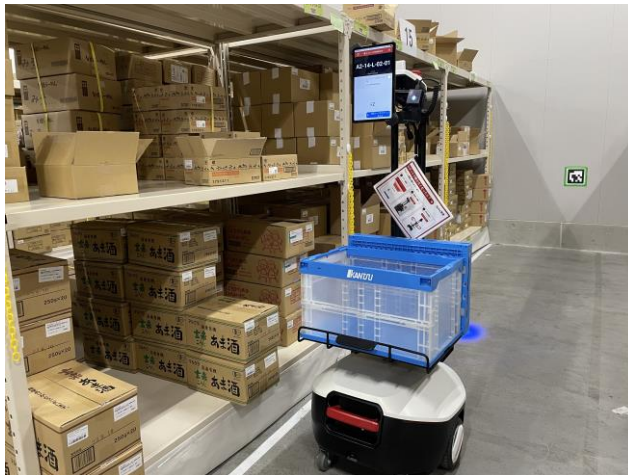


For the greatest possible utilization of logistics tech Robot Gang service

KANTSU uses many types of logistics robots and other equipment at its logistics center, which have a floor area of about 264,000 m²*. KANTSU believes that logistics technology involves the creation of logistics workplaces where **people and robots** can work together. By using this expertise, KANTSU has launched a new service called the Robot Gang. The service is a complete package that includes the sale of logistics robots, equipment and automation devices and support for the efficient utilization of people at logistics bases.

*Includes locations to begin operating by July 2024.

At the KANTSU distribution center in Saitama, people and autonomous robots work together efficiently. KANTSU is providing this same know-how, technologies, systems and operations by people to customers.



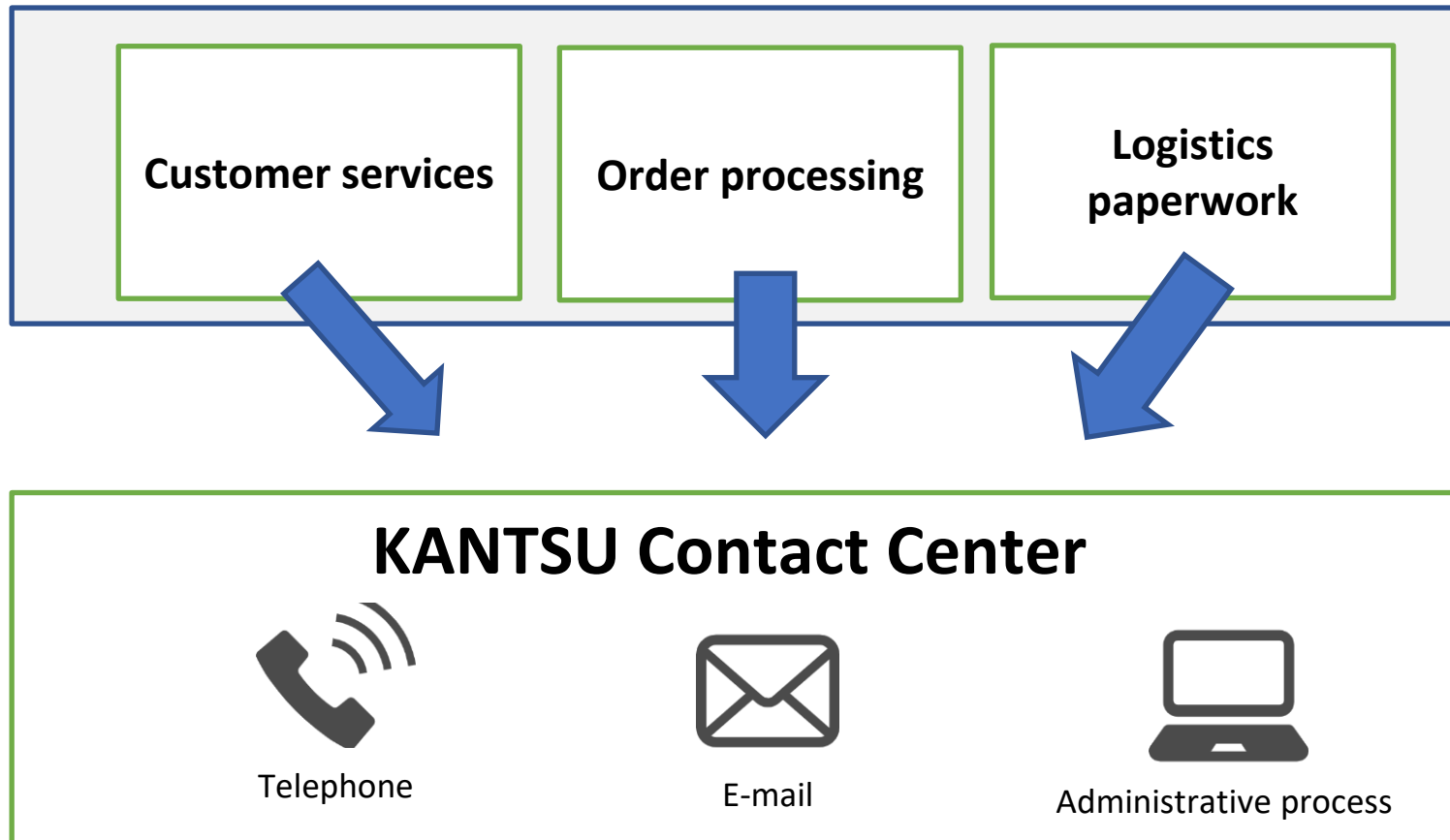
Logistics solutions to be provided:

- Automated packaging machines
- Robot arms
- Devanning machines and others

A valuable service for supporting customers' operations

Contact center

The need for value-added contact operations capable of providing follow-up support for customers is growing as people work at home and recruiting activities become more advanced.



(1)

Outsourced contact operations for both “to-B” and “to-C”

(2)

Higher efficiency by outsourcing logistics and contact tasks

(3)

Creation of manuals for complex tasks at companies that could not be outsourced; provides substantial added value for practical tasks and the organization of tasks

Responding to e-commerce changes and advances Amazon Prime logistics and the future

(Results) Amazon operates stores and sells merchandise for a major foreign manufacturer of sports and outdoor goods. Also handles Prime shipments.



To increase satisfaction involving deliveries, EC platform companies have announced tighter logistics rules for serving buyers of merchandise.

■ Requirements

Reliability

Speed

Accuracy

(Examples)

- On-time in next-day delivery areas
- Lower occurrence of sold-out items
- Later deadline for placing orders and other improvements

As the e-commerce logistics pioneer, KANTSU has created solutions for these issues and is taking actions.

- 1) Logistics bases with 365-day operations
- 2) Automation for faster order processing
- 3) Upgraded warehouse managing system that controls multiple logistics bases



III. Earnings Forecasts

FY2/24 Earnings Forecasts

- Forecast 12% sales growth based on conservative estimates of logistics services sales based on current and new customer sales in FY2/23.
- FY2/24 is a period for the expansion of existing businesses, preparations for starting new businesses and beginning to establish the drivers of growth in the future.

(Millions of yen, %)

	FY2/23 (Consolidated) (Results)	FY2/24 (Consolidated) (Forecasts)	YoY change	
			Amount	%
Net sales	10,493	11,756	1,262	12.0
Gross profit	1,368	1,784	416	30.5
SG&A expenses	975	1,115	139	14.3
Operating profit	392	669	277	70.8
Ordinary profit	360	624	263	73.1
Profit attributable to owners of parent	628	387	(240)	(38.3)
EPS (Yen)	61.15	37.37	-	-

Forecast by Segment

- In the logistics services business, the Tokyo Primary Center/Aggrebase is expected to be fully occupied by November 2023.
- In the IT automation business, growth is expected to continue, supported by utilization fee rate increases and a larger number of utilization agreements.

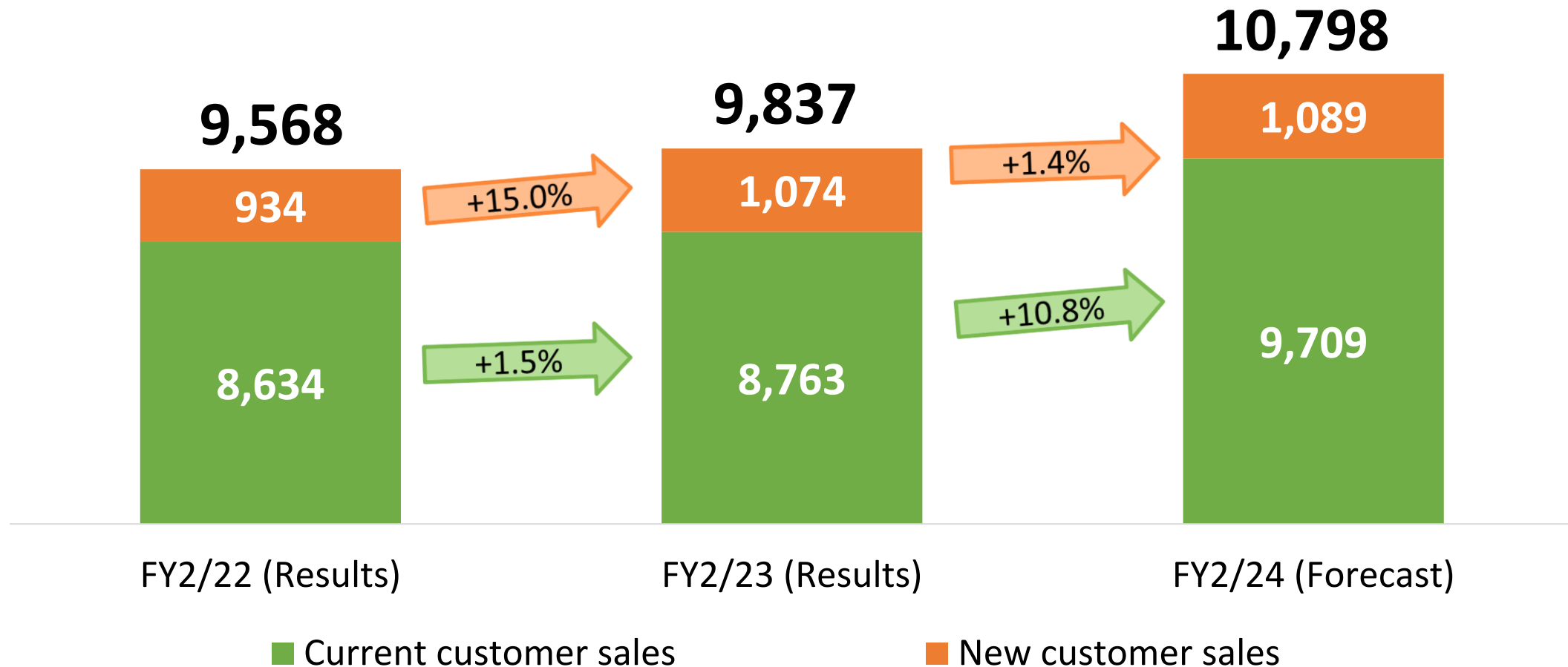
(Millions of yen, %)

	FY2/23 (Consolidated) (Results)	FY2/24 (Consolidated) (Forecasts)	YoY change
EC/catalog logistics support services	9,618	10,600	10.2
Outsourced order processing services	126	120	(5.0)
Others	92	77	(16.6)
Logistics Services Business total	9,837	10,798	9.8
SaaS utilization fees	269	441	63.5
Hardware, installation, development	276	408	47.6
IT Automation Business total	546	849	55.4

Sales Forecast by Segment (Logistics Services Business)

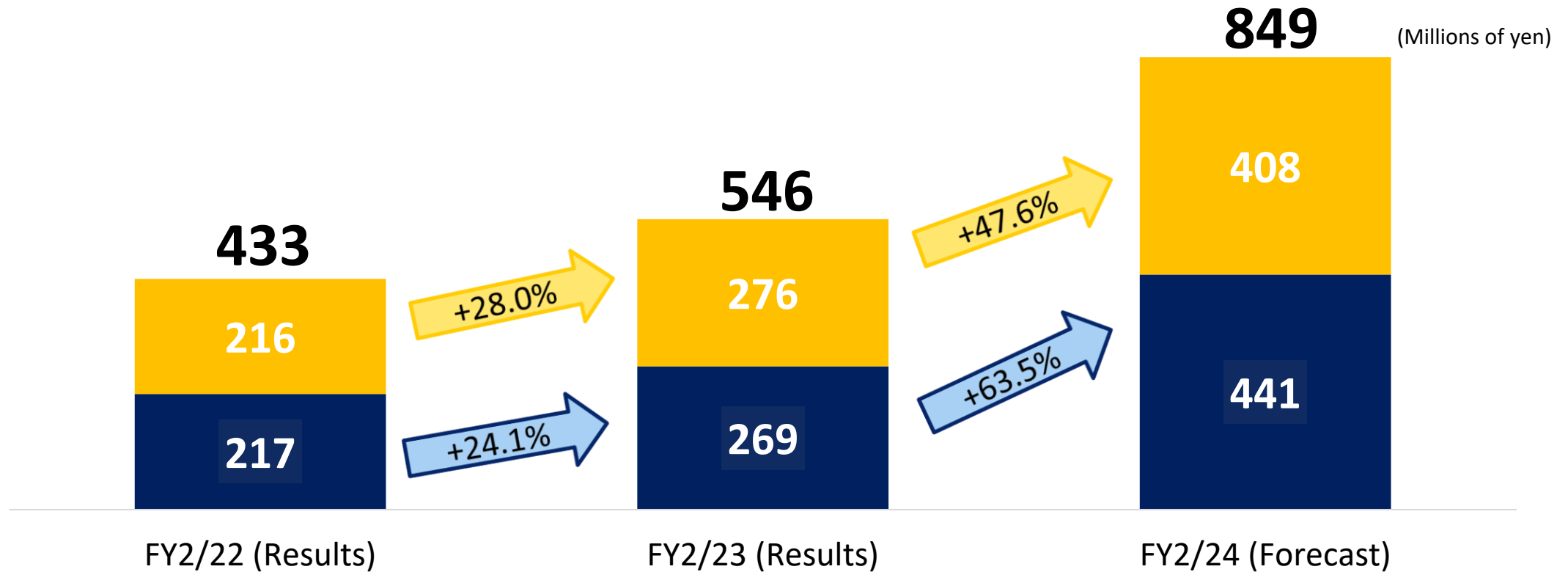
- Forecast a return to the faster growth of prior years as new customers are added as in FY2/22 and due to the full year of sales from new customers added in FY2/23.
- Planning on the full occupancy of existing distribution centers and opening of a new center (November 2023).

(Millions of yen)



Sales Forecast by Segment (IT Automation Business)

- Goal is 48% sales growth, including sales from the new hardware sales, installation and development business
 - ↳ Sales growth includes staffing services for individuals with utilization technology expertise rather than simply selling hardware and robots.
- The goal is a 63% increase in sales solely from SaaS utilization fees.
 - ↳ 17% sales increase for Cloud Thomas (due to the increasing number of large orders); 10% rate increase in FY2/23.



■ SaaS utilization fees ■ Hardware, installation, development



VI. Medium-term Business Plan

Medium-term Consolidated Business Plan

- The goal is net sales of 16,091 million yen and operating profit of 880 million yen in FY2/26 by achieving growth that outpaces the e-commerce market's expansion (about 8%).
- The plan is expected to be accomplished through organic growth (not including M&A) as existing logistics services and IT automation business operations sales and earnings increase.

(Millions of yen, %)

	FY2/24		FY2/25		FY2/26	
	Plan	YoY change (%)	Plan	YoY change (%)	Plan	YoY change (%)
Net sales	11,756	12.0	13,718	16.7	16,091	17.3
Gross profit	1,784	30.5	2,096	17.5	2,470	17.8
SG&A expenses	1,115	14.3	1,344	20.6	1,577	17.3
Operating profit	669	70.8	752	12.3	893	18.8
Ordinary profit	624	73.1	740	18.5	880	18.9
Profit attributable to owners of parent	387	(38.3)	465	20.1	560	20.3
ROE (%)	At least 15%	-	At least 15%	-	At least 15%	-

Sales Plan by Segment

- Planning on IT automation sales growth that is faster than the growth of total sales.

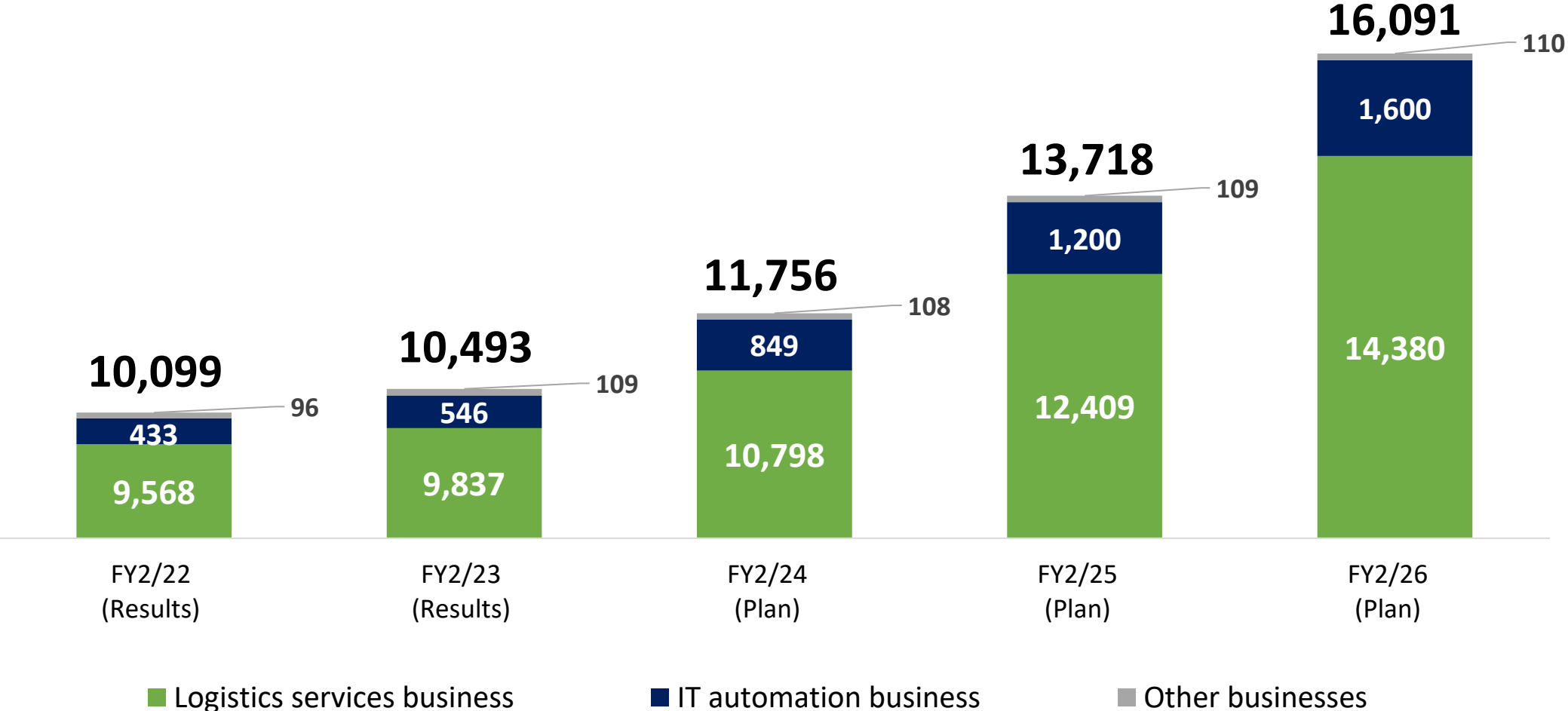
(Millions of yen, %)

	FY2/24 (Consolidated)		FY2/25 (Consolidated)		FY2/26 (Consolidated)	
	Plan	YoY change (%)	Plan	YoY change (%)	Plan	YoY change (%)
Logistics services business	10,798	9.8	12,409	14.9	14,380	15.9
IT automation business	849	55.4	1,200	41.3	1,600	33.3
Other businesses	108	(1.1)	109	1.0	110	1.0
Total sales	11,756	12.0	13,718	16.7	16,091	17.3

Medium-term Consolidated Business Plan

•IT automation is expected to increase steadily as a percentage of total sales.

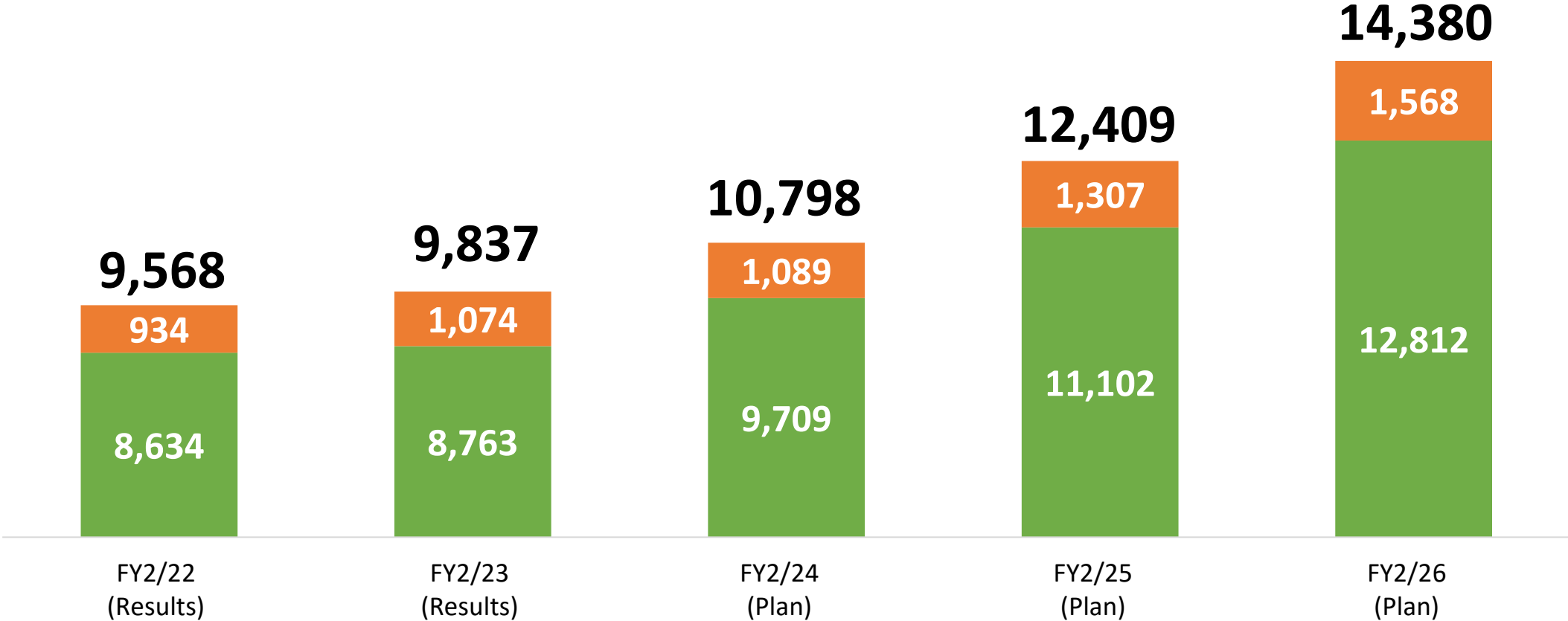
(Millions of yen)



Logistics Services Business Sales Plan

- The goal for sales growth in this business is expected to be achieved by using only current distribution centers and new ones that have already been announced.
- Operations will continue to retain current business and take actions on adding new customers.

(Millions of yen)



■ Current customer sales

■ New customer sales



V. Reference

Company Profile

Company name	KANTSU CO., LTD.	
Offices	Kansai head office: 111-4 Nishimukojimacho, Amagasaki city, Hyogo Nagata office: Oriental Trading Building 3-3-32 Nagatahigashi, Higashi Osaka city, Osaka Tokyo System Development Division: Bunshodo Building 5F, 3-37-1 Kanda Sakuma-cho Chiyoda-ku, Tokyo Logistics bases: 14 locations in Kansai area, 4 locations in Kanto area Total area: 222,100m ² (As of February 28, 2023)	
Established	April 1986	
Representative	Hisahiro Tatsushiro, Representative Director and President	
Capital	788 million yen (As of February 28, 2023)	
Stock listing	Tokyo Stock Exchange Growth Market (Securities code: 9326)	
Number of employees	882 (Employees as of February 28, 2023)	
Business	<ul style="list-style-type: none"> ■ Logistics services business <ul style="list-style-type: none"> EC/catalog logistics support services Rakuten Super Logistics services Outsourced order processing services Logistics consulting services ■ IT automation business <ul style="list-style-type: none"> The Cloud Thomas warehouse management system The Annie check list system ■ Other businesses 	



Kansai Primary Center



Tokyo Primary Center

Logistics Infrastructure

KANTSU uses 19 distribution centers in the Tokyo and Osaka areas with a total floor area of about 267,400m² to provide logistics services to customers.

*Some distribution centers are not shown.
 *Number of locations includes centers that will open by July 2024.

Kanto area



Tokyo Primary Center (27,400m²)
 1-13-7 Nakano, Niiza city, Saitama



The 1st Tokyo Distribution Center (15,500m²)
 1-12-1 Shirako, Wako city, Saitama



Kanto New Distribution Center (26,100m²) 513 Minaminagai, Tokorozawa city, Saitama



The 4th Tokyo Distribution Center (11,200m²)
 5-1-63 Niikura, Wako city, Saitama



The 3rd Tokyo Distribution Center (9,300m²)
 3-3-21 Owada, Niiza city, Saitama

Amagasaki area



Kansai Primary Center (48,600m²)
 20-4 Ogimachi, Amagasaki city, Hyogo



Kansai New Distribution Center II (28,800m²)
 6-36-1 Doicho, Amagasaki city, Hyogo



EC/Catalog Distribution Center (18,500m²) 111-4 Nishimukojimacho, Amagasaki city, Hyogo



Aggrebase (14,200m²)
 145-1 Nishimukojimacho, Amagasaki city, Hyogo



D-to-C Distribution Center (17,200m²)
 6-79 Doicho, Amagasaki city, Hyogo



D-to-C II Distribution Center (13,200m²) 231-2 Nishimukojimacho, Amagasaki city, Hyogo

Activities for the Sustainable Development Goals

Category	Activities	Examples
Digital transformation	Hire young people in Japan and other countries with a desire to learn ICT skills for logistics to become software developers or engineers for the use of ICT at logistics facilities. Give these people skills concerning new logistics facility management methods and ICT by placing them in jobs where they use management processes utilizing logistics facility ICT, develop software and are involved with other related tasks	<ul style="list-style-type: none"> ● Use of logistics robots and robotic process automation ● The KANTSU career advancement program
The environment	Recycle materials used for logistics, reduce the use of paper by using the Cloud Thomas warehouse management system, and increase the use of paperless formats for invoices and contracts. Implement measures for sustainability, such as the use of LED lights at distribution centers to use less energy. Establish a framework for making environmental activities the foundation for the sustained growth of KANTSU.	<ul style="list-style-type: none"> ● Recycle packaging materials ● Install LED lights ● Paperless invoices ● Paperless contracts
Employee benefits and training	Operate after-school and other classes for the education of children with developmental disabilities and use after-school daytime care services for these children to help them develop skills and become more independent. Operate employment assistance centers that help people with developmental disabilities who want to find a job and provide support for acquiring knowledge and skills required for employment. Also operate nursery schools for companies as a benefit for their employees and conduct education activities with close ties to regions and communities.	<ul style="list-style-type: none"> ● Operation of after-school daytime classes ● Operation of employment assistance centers ● Operation of nursery schools for companies
Diversity	Hire foreigners to work as software developers and continuously hire foreign technical trainees for logistics facilities. In addition, KANTSU has many women in management positions and has a strong commitment to employing people with developmental disabilities.	<ul style="list-style-type: none"> ● Employment of foreigners ● Women as pct. of all management personnel End of Feb. 2022: 38.2% End of Feb. 2023: 33.3% ● Developmental disability people as pct. of total workforce FY2/20: 6.29% FY2/21: 5.00% ● Pct. of available child care time off used by women employees FY2/22: 100% FY2/23: 100%

Associated SDGs



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Disclaimer and Precautions Concerning Forward-looking Statements

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IR Inquiries Form

