



Securities code: 9326

**KANTSU CO., LTD.**

October 11, 2023

**Results of Operations  
for the First Half of the  
Fiscal Year Ending February 29, 2024**

# 1H FY2/24 Results Summary

## ■ 1H FY2/24 (vs. initial plan)

Net sales: +0%; operating profit: **+60%**

└ Rental expenses increased because of the end of the rent-free period at new distribution centers. This increase was as expected. First half sales surpassed the revised plan announced on Sept. 15:

**Initial 1H plan:** **102** million yen

**Revised plan:** **158** million yen (Sept. 15)

**Actual sales:** **164** million yen (announced Oct. 11)

## ■ 1H FY2/24 (vs. 1H FY2/23)

Net sales: **+10%**; operating profit: slightly down

└ More earnings in the second half

## ■ Growth Strategy

In the current business climate, logistics are having a big impact on sales.

Many actions will be used to increase the ability to adapt to this new environment.

**ECOMS** –An Order Management System (OMS) created by KANTSU

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# I. Financial Summary

# 1H FY2/24 Upward Revision

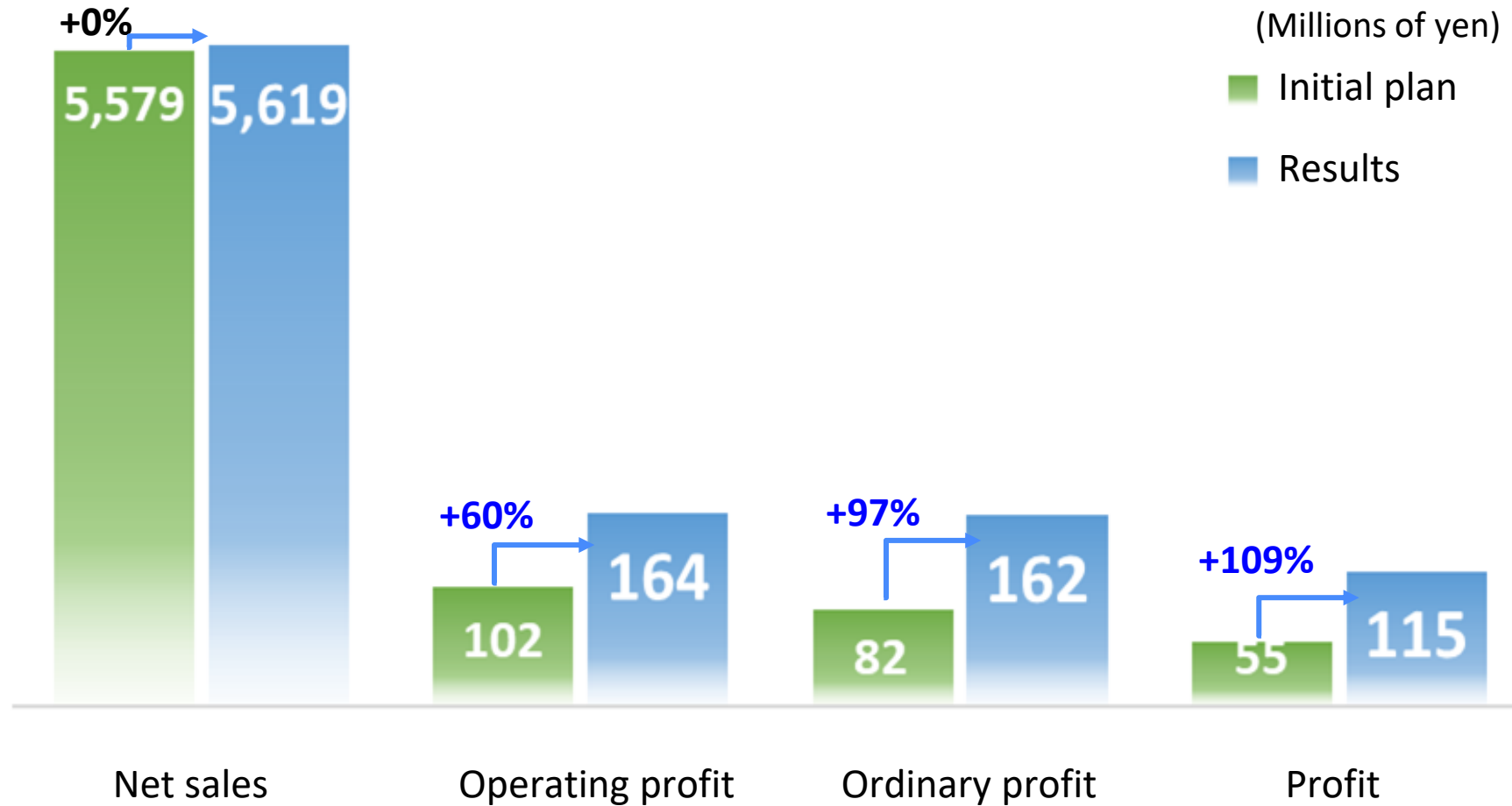
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A big increase in earnings because of price negotiations with customers, more frozen/refrigerated logistics customers, and cost reduction measures in the logistics services business  
EPS increased from 5.41 yen to 11.45 yen



# 1H FY2/24 Results Summary

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Steadily acquiring new customers resulted in higher sales.

Higher rent reduced first quarter earnings but second quarter operating profit was up 77% YoY.

(Millions of yen, %)

	1H FY2/23 (Results)	1H FY2/24 (Results)	YoY change	
			Amount	%
<b>Net sales</b>	5,107	<b>5,619</b>	+512	+10.0
<b>Operating profit</b>	191	<b>164</b>	(26)	(14.1)
<b>Ordinary profit</b>	175	<b>162</b>	(12)	(7.4)
<b>Profit</b>	113	<b>115</b>	+2	+2.3

# Segment Results

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Compared with one year earlier, logistics services operating profit was down in the first quarter but increased 44% in the second quarter. IT automation sales and earnings increased mainly because of growth in the hardware, installation and development category.

(Millions of yen, %)

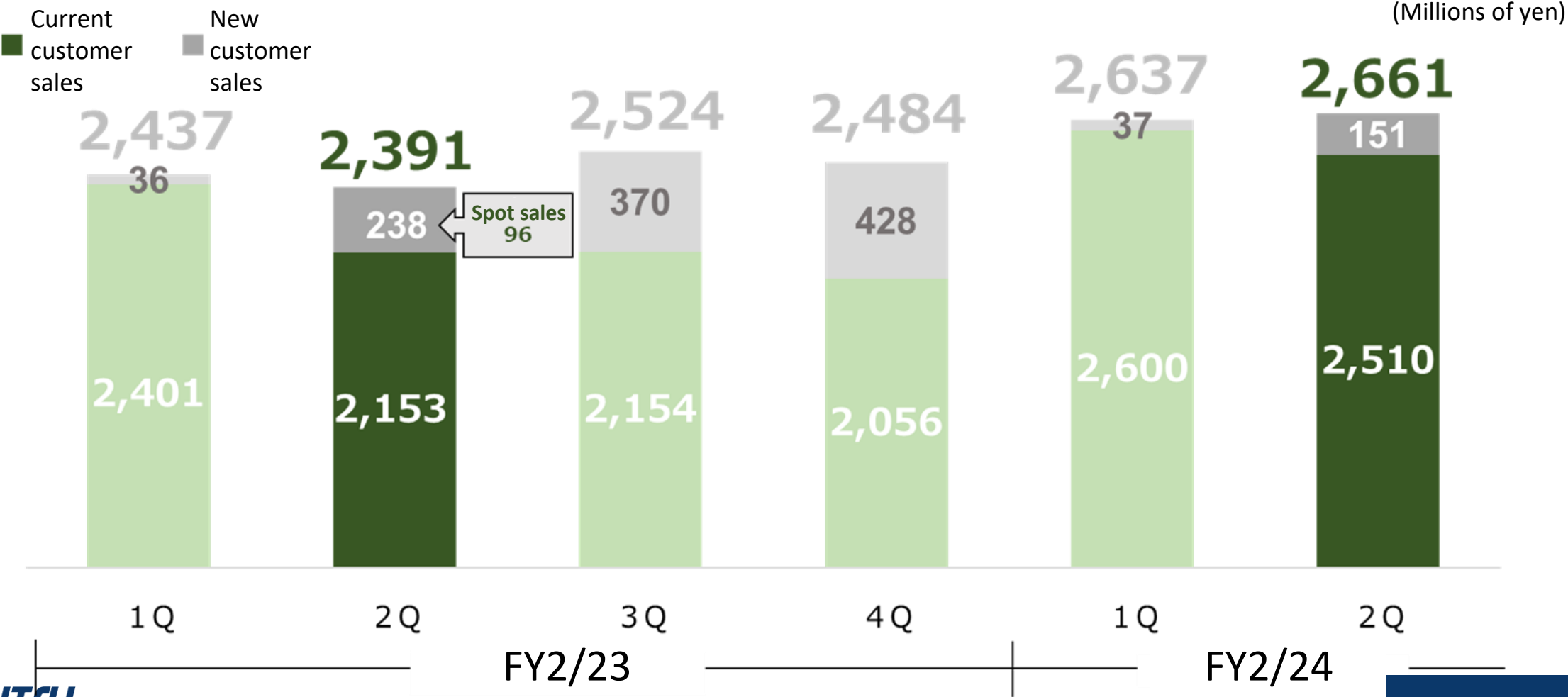
		1H FY2/23 (Results)	1H FY2/24 (Results)	YoY change (%)
<b>Logistics Services Business</b>	Net sales	4,828	<b>5,299</b>	+9.8
	Operating profit	118	<b>50</b>	(57.0)
SaaS utilization fees	Net sales	141	<b>158</b>	+10.2
Hardware, installation, development	Net sales	83	<b>110</b>	+32.5
<b>IT Automation Business total</b>	Net sales	224	<b>268</b>	+20.0
	Operating profit	67	<b>113</b>	+66.4

# Logistics Services Business Sales Composition



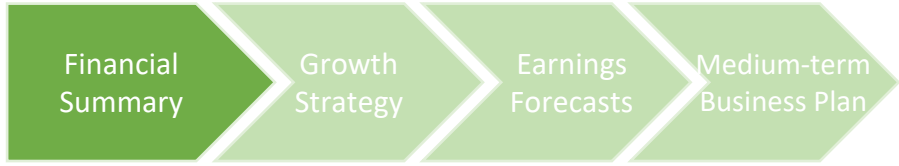
New customer sales: 2Q FY2/23 sales included large one-time orders of 96 million yen. After excluding this, 2Q FY2/24 sales of 151 million yen were 9 million yen higher than the adjusted 2Q FY2/23 sales of 142 million yen.

Current customer sales: Sales continue to increase and second half sales are expected to be as planned.



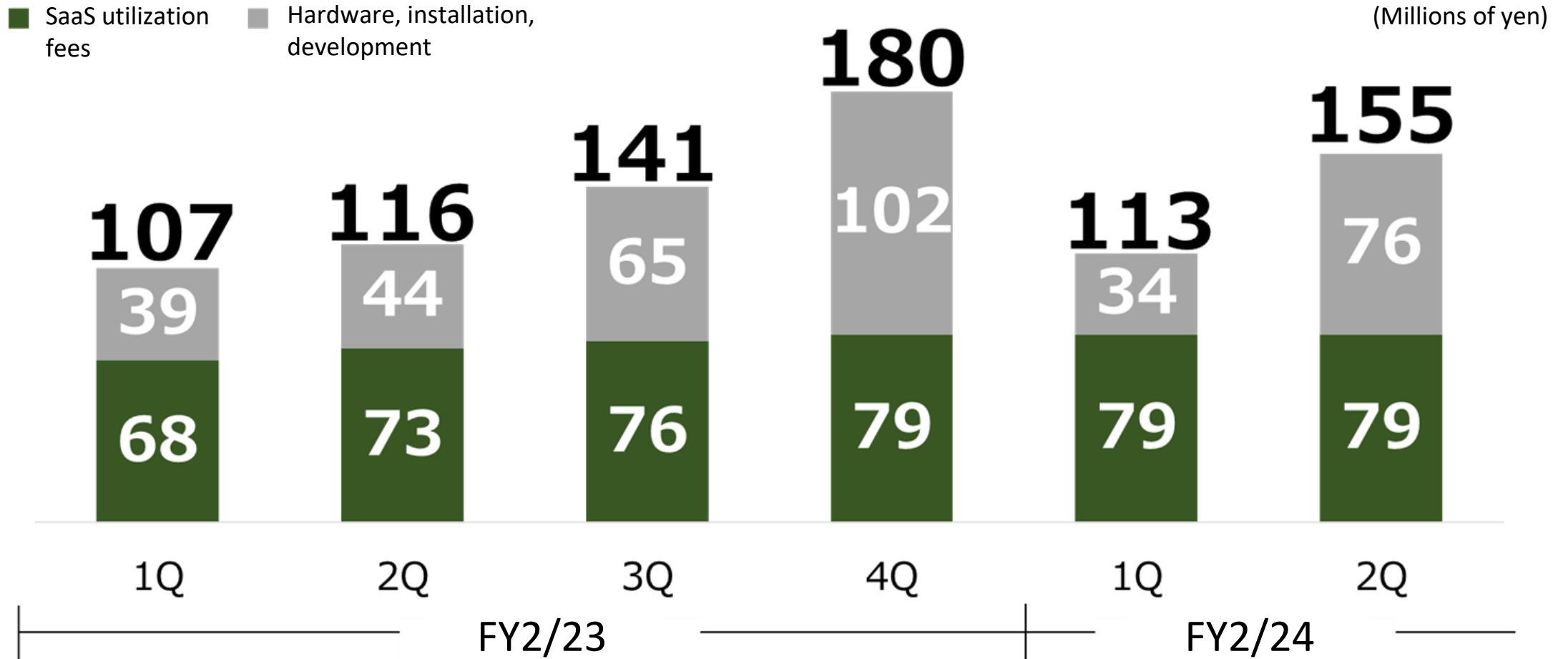


# IT Automation Business Sales Composition



Hardware, installation, development sales remained strong because of higher demand, including replacements of hardware by current customers.

The growth rate in the warehouse management system market was higher than at any competitor.

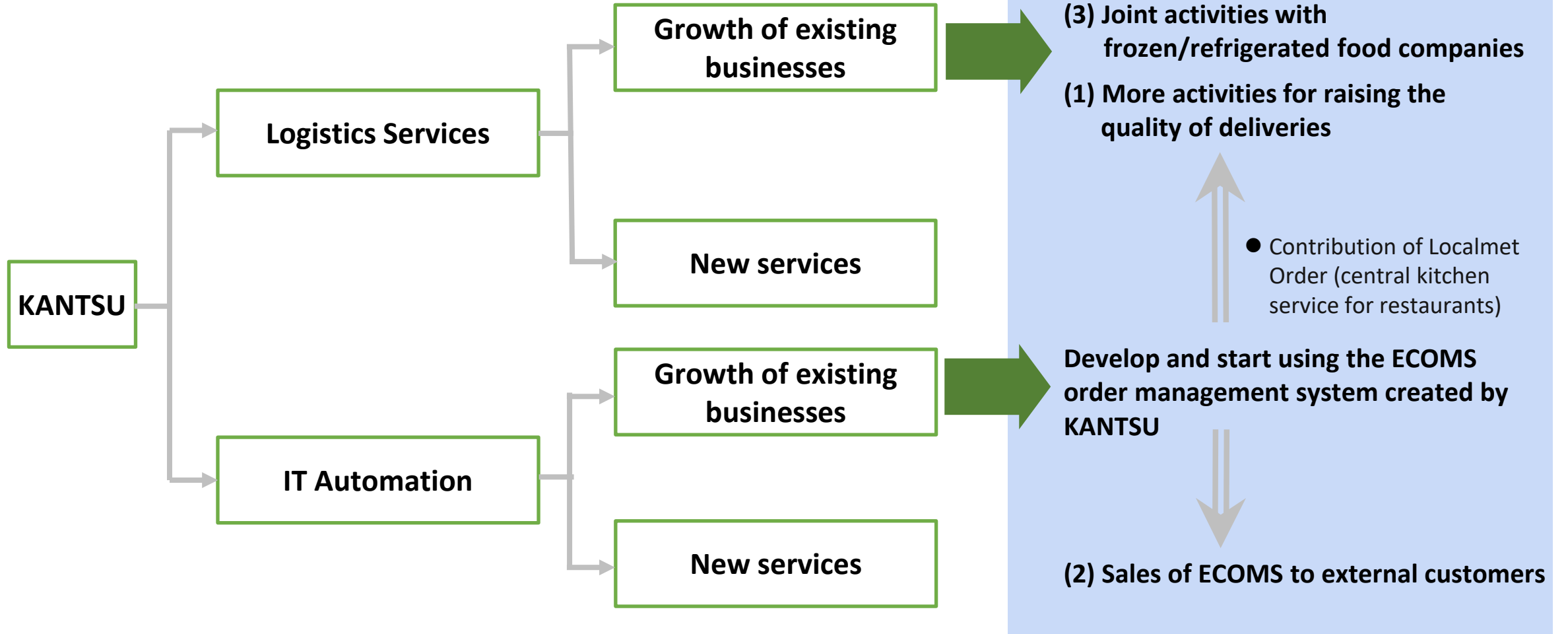


\*Some figures for SaaS utilization fees and hardware, installation, development sales are different from those announced in the first quarter as they were revised. There is no change in the total for this business.

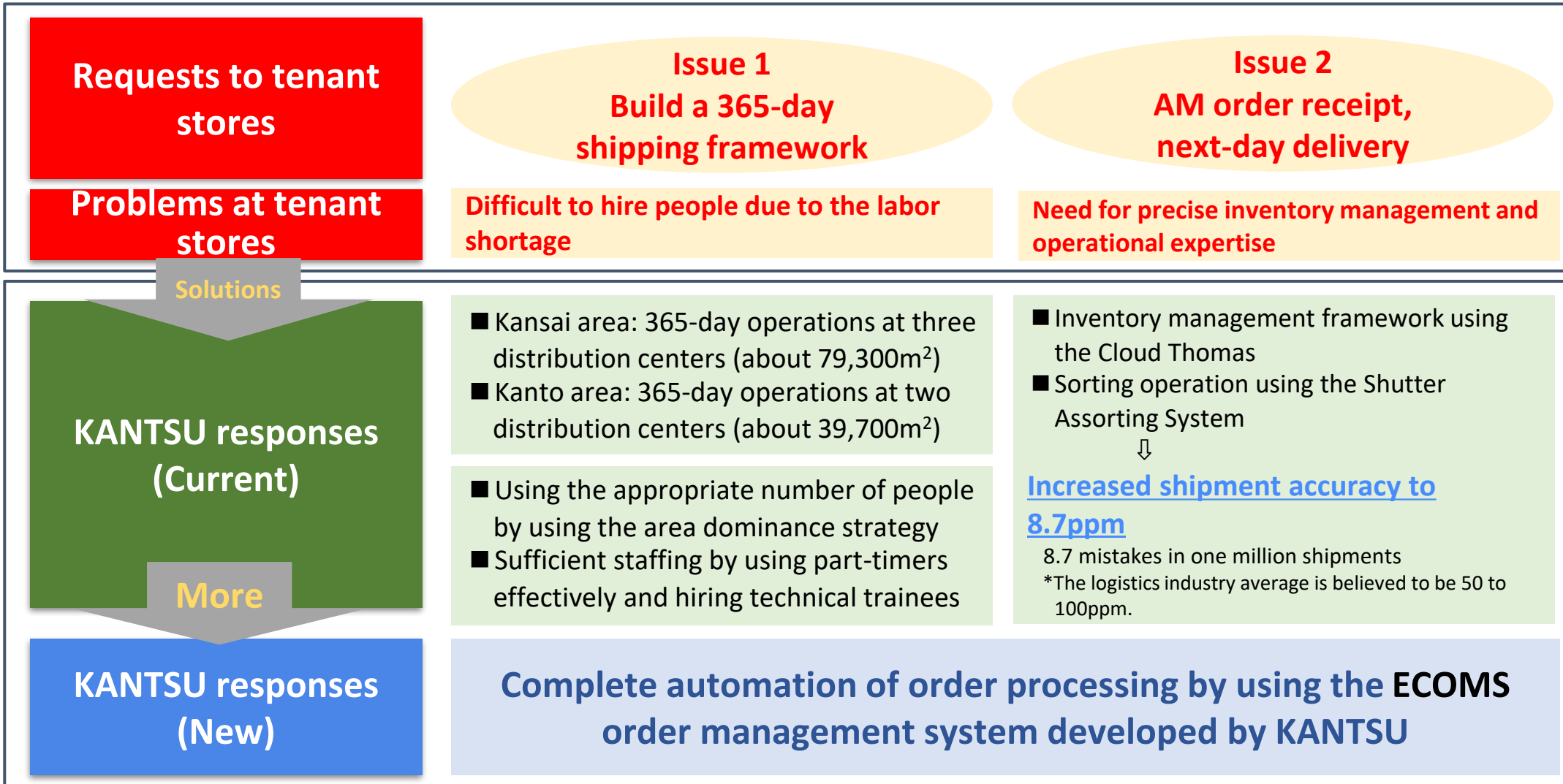


## **II. Growth Strategy**

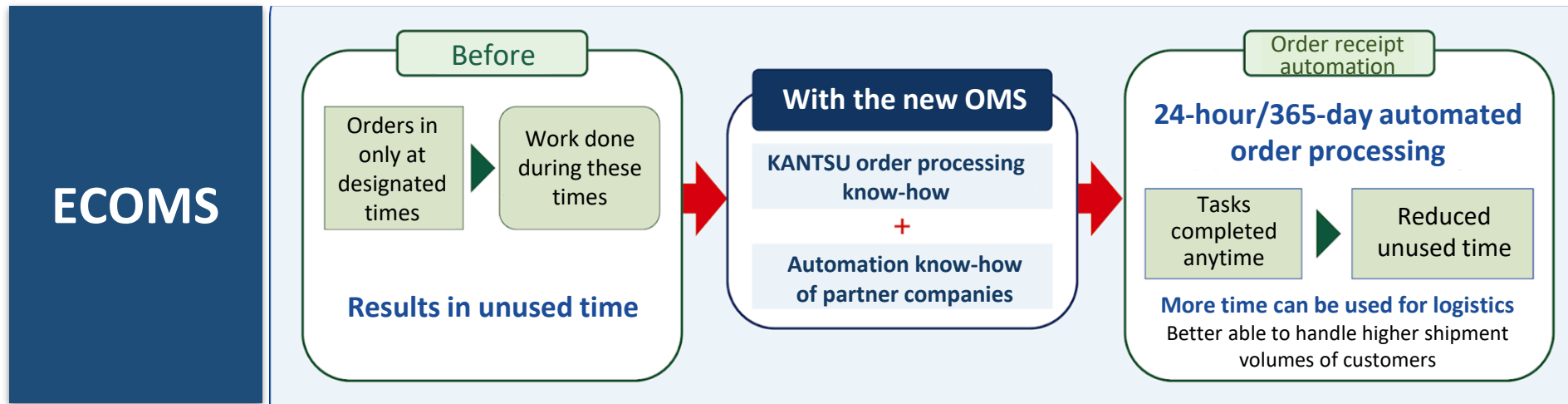
## ■ Businesses covered by the growth strategy



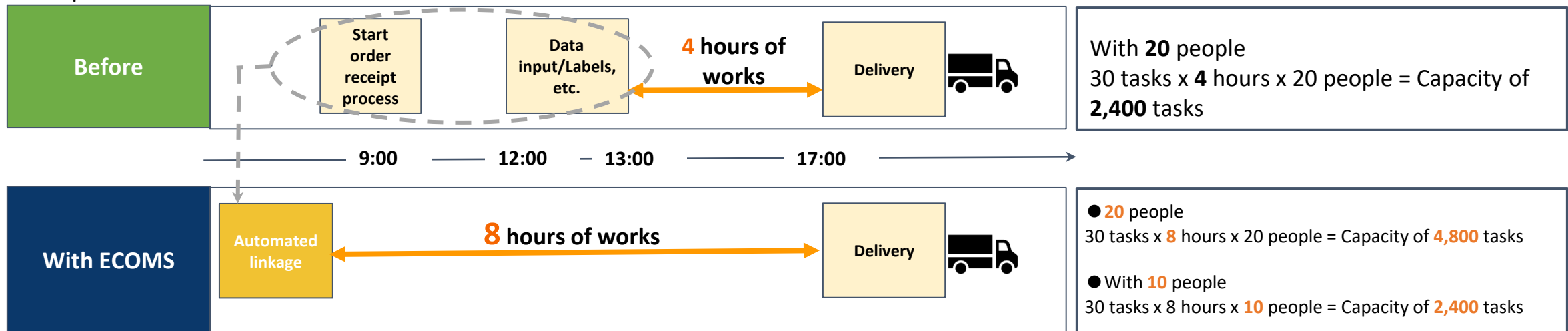
■ 3 requests of EC mall operators to their tenant stores



■ **ECOMS x More time**

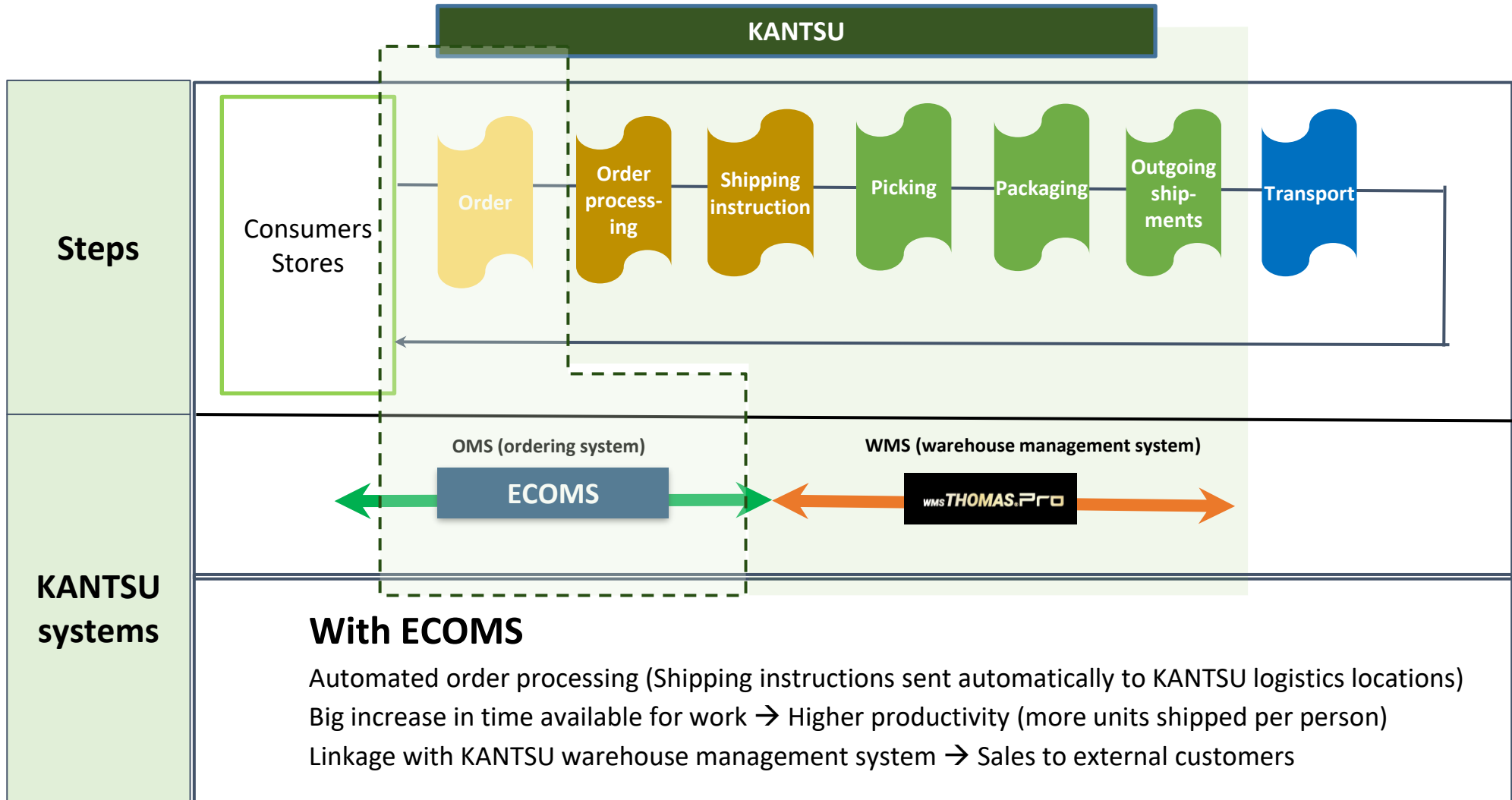


Example: 30 tasks in one hour



[Growth Strategy] **Growth Strategy (2) ECOMS**  
 –An order management system created by KANTSU

■ ECOMS x More time



■ **Business alliance with Spicescode**



■ **Joint development of next-generation general-purpose order management system**

Development of an automated ordering system based on Localmet Order, the central kitchen service of Spicescode

■ **Channel sharing**

KANTSU and Spicescode are expanding their lineups of services by using their business infrastructures. KANTSU will sell Spicescode’s Localmet Order service to current KANTSU customers and others. Spicescode will sell to its customers the logistics services of the KANTSU Group. The aim is to establish a new business scheme.

■ **More Cloud Thomas functions**

KANTSU and Spicescode uses artificial intelligence and other advanced technologies for the joint development of a warehouse management system that can be competitive worldwide. The new system will be used to upgrade the services of both companies.

**Company name:** Spicescode, Inc.

**Representative Director:** Hirofumi Nakagawa

**Location:** UCF 5F Ginza Wall Building, 6-13-16 Ginza, Chuo-ku, Tokyo

**Employees:** 10 (including directors and subcontractors)

**Capital:** 100 million yen

**Business:** Restaurant platform business

**Shareholders:** Coral Capital (500 Startups), STRIVE (GREE Ventures), Food Future Fund (Kemuri Ventures), etc.

**August 15, 2019:** Established in Ginza, Chuo-ku, Tokyo

**October 15, 2019:** Procured funds of 20 million yen

**February 29, 2020:** Procured funds of 60 million yen

**March 15, 2020:** Launched an ordering system for food manufacturing

**February 8, 2021:** Procured funds of 200 million yen

**August 20, 2021:** Selected for a verification test conducted by Ministry of Agriculture, Forestry and

**September 1, 2021:** Launched a DX platform

**November 1, 2021:** Selected for a verification test conducted by Tokyo Metropolitan Government

**August 1, 2022:** Selected for a verification test conducted by Ministry of Economy, Trade and Industry



**Hirofumi Nakagawa, Founder & CEO**

Mr. Nakagawa was first involved at MIRACLE LINUX with Linux Kernel R&D for telecommunications companies, helping create products for Cerevo when it started operations. He then moved to MIXI where he was the client app team lead engineer when this business was just starting. In 2014, he went to the U.S. and helped launch Drivemode, Inc., which was subsequently sold to Honda. Returning to Japan, he joined Mercari where he was the tech lead for the AI team as AI was just emerging. From his wife, who is a chef, he learned that there is an urgent need for the digital transformation of the food industry. This led to his decision to establish Spicescode.

■ **Business climate of the frozen/refrigerated food industry**

- More frozen food products due to advances with freezing technologies
- Rising demand for home meal deliveries because of Japan's super-aging society and increasing number of people living alone
- Due to Japan's labor shortage, rising demand at restaurants for providing guests with meals that require minimal on-site preparation
- The pandemic showed that restaurants need a source of sales in addition to the sale of meals to dine-in customers

Demand

**KANTSU solutions**

**Higher efficiency**

**The Cloud Thomas inventory management system**

**Refrigerated/frozen warehouses**

**Joint activities with companies that operate  
warehouses for refrigerated and frozen food**

**Market trends**

**Announcements of four major Tokyo area  
supermarkets (March 2023)**

**Order timing**

Reexamining time for ordering core processed food products, ensuring sufficient lead time for deliveries when ordering special and new food products

**Higher efficiency**

Improving efficiency by using logistics Business Message Standards (BMS)

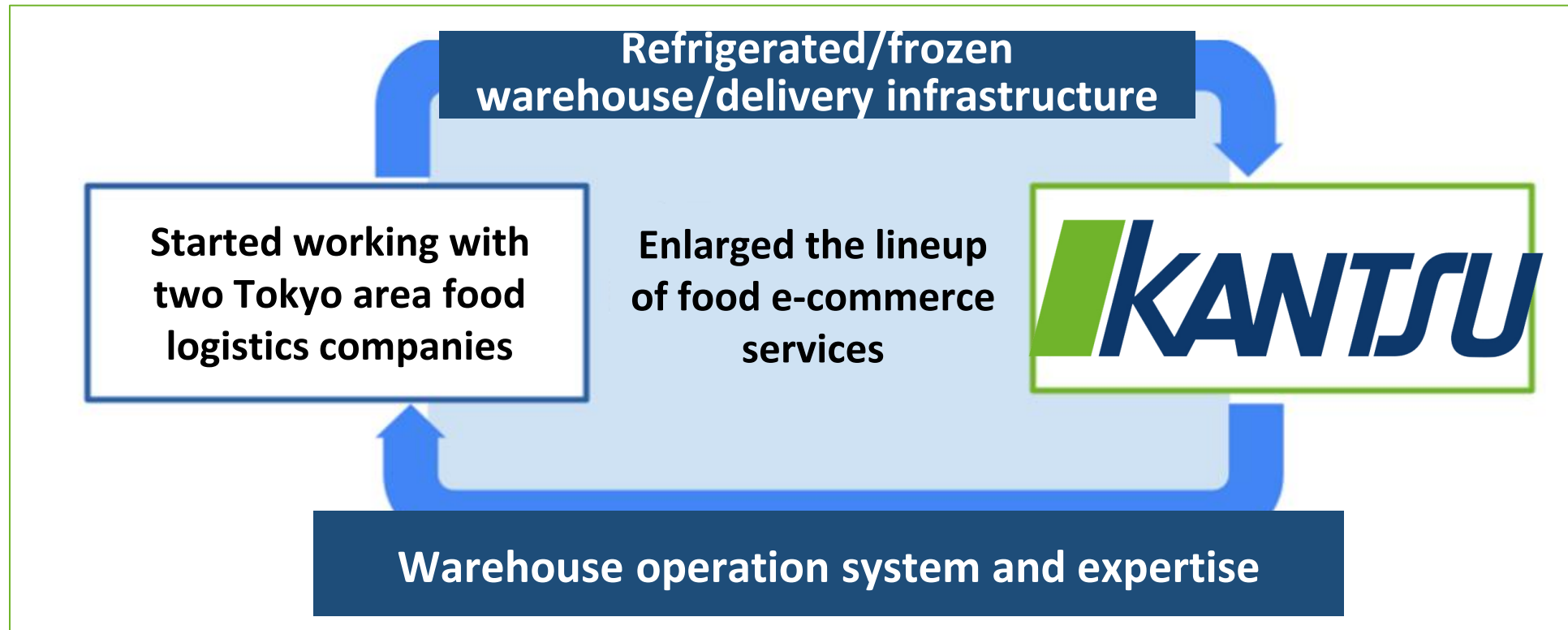
**Delivery times**

Easing of delivery deadlines (use of the 1/2 rule)



[Growth Strategy] **Growth Strategy (3) Joint Activities with Frozen/  
Refrigerated Food Companies**

■ Structure for joint activities

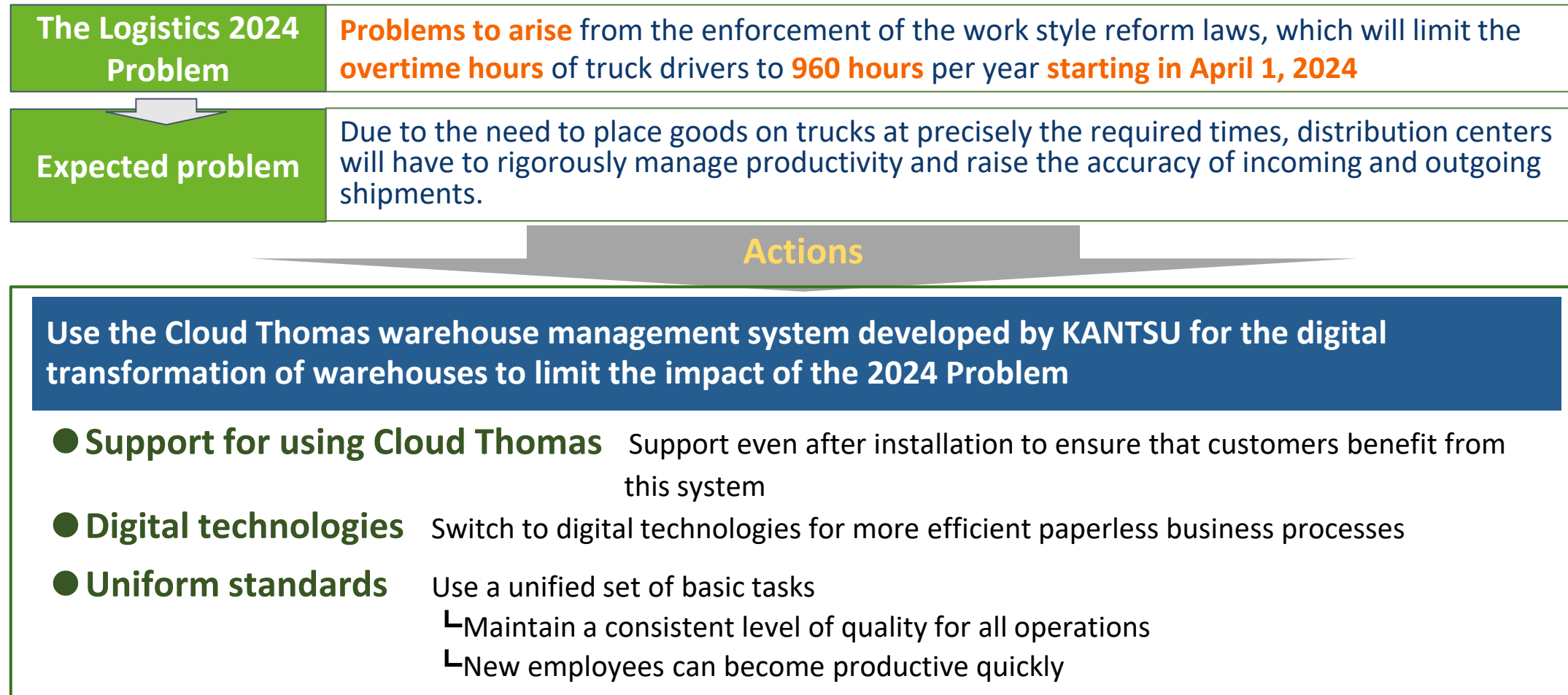


Synergies

Establishment of a joint delivery network  
for frozen/refrigerated food products

# Topics: Preparing for the Logistics 2024 Problem

Beginning in 2024, new restrictions on overtime hours of truck drivers and other new rules in Japan will lower the amount of time that these drivers can work. There are concerns about the resulting decline in people, ability to ensure people and operating hours in the logistics industry. KANTSU is reducing the impact of these problems on its operations by making adjustments to its business model.





# III. Earnings Forecasts

# FY2/24 Sales and Earnings Forecasts

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The first half forecast was increased but there is no change in the FY2/24 forecast because the second half accounts for more than half of sales and earnings.

Expect to reach the FY2/24 forecast because of consistent earnings in the second half, a period when distribution center rent expenses will not increase.

(Millions of yen, %)

	FY2/23 (Consolidated) (Results)	FY2/24 (Consolidated) (Forecasts)	YoY change	
			Amount	%
<b>Net sales</b>	10,493	<b>11,756</b>	1,262	12.0
<b>Operating profit</b>	392	<b>669</b>	277	70.8
<b>Ordinary profit</b>	360	<b>624</b>	263	73.1
<b>Profit</b> attributable to owners of parent	628	<b>387</b>	(240)	(38.3)

# Forecast by Segment

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In the logistics services business, the Tokyo Primary Center, which currently has unused space, is expected to be fully occupied by the end of 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 (%)
<b>Logistics Services Business</b>	9,837	<b>10,798</b>	<b>9.8</b>
SaaS utilization fees	269	<b>441</b>	63.5
Hardware, installation, development	276	<b>408</b>	47.6
<b>IT Automation Business total</b>	546	<b>849</b>	<b>55.4</b>

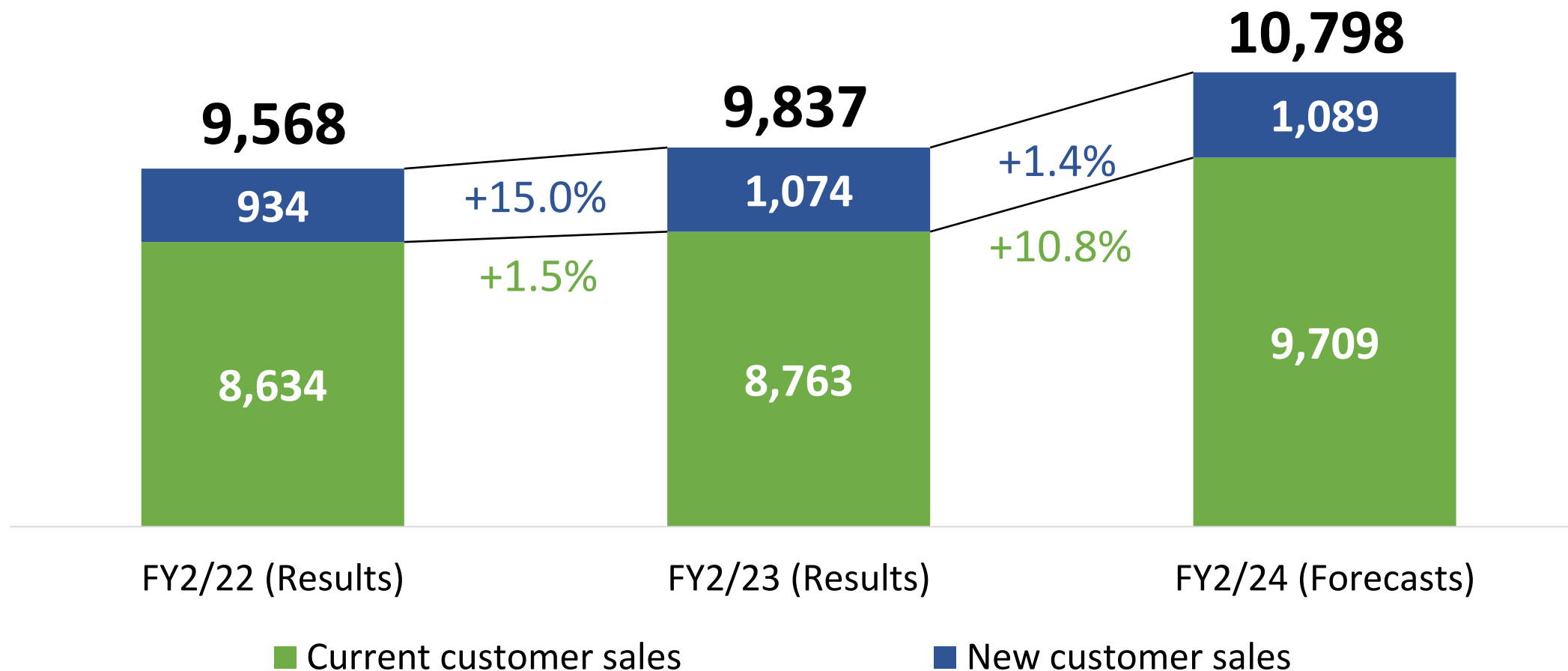
# Sales Forecast by Segment (Logistics Services Business)



Forecast higher growth rate by adding new customers at the same pace as in FY2/23 and maintaining current customer sales.

Aiming for even faster growth due to the addition of a new distribution center (November 2023 near the head office)

(Millions of yen)

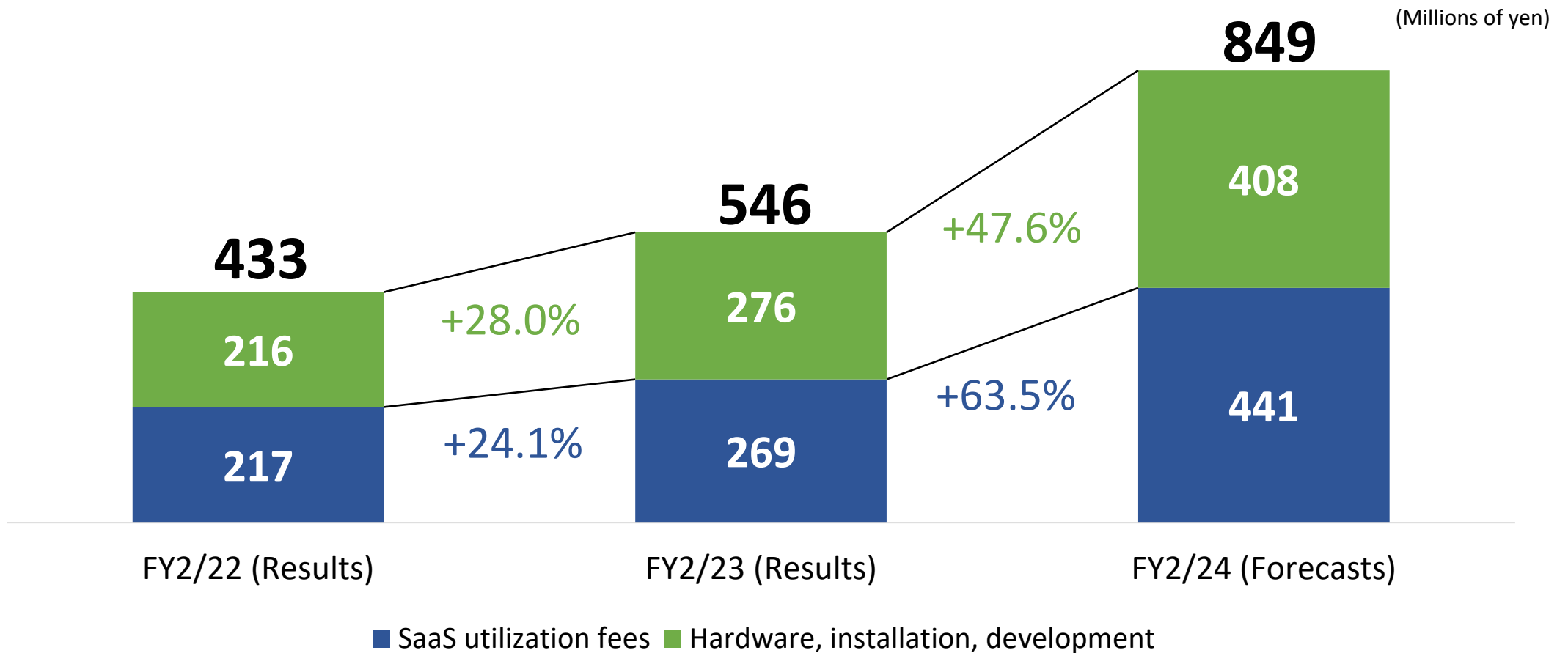


# Sales Forecast by Segment (IT Automation Business)



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. The goal is more growth in the scale of this business by maintaining the industry's fastest growth rate and expanding along with the entire market.





## **IV. Medium-term Business Plan**



# Medium-term Consolidated Business Plan

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Due to the growth of existing businesses, this business plan is already expected to be achieved easily even with only the addition of business sites included in the investment plan.

There is potential for more growth because this plan is based on expected organic growth and does not include acquisitions and other sources of external growth.

(Millions of yen, %)

	FY2/24		FY2/25		FY2/26	
	Plan	YoY change (%)	Plan	YoY change (%)	Plan	YoY change (%)
<b>Net sales</b>	<b>11,756</b>	12.0	<b>13,718</b>	16.7	<b>16,091</b>	17.3
<b>Operating profit</b>	<b>669</b>	70.8	<b>752</b>	12.3	<b>893</b>	18.8
<b>Ordinary profit</b>	<b>624</b>	73.1	<b>740</b>	18.5	<b>880</b>	18.9
<b>Profit</b> attributable to owners of parent	<b>387</b>	(38.3)	<b>465</b>	20.1	<b>560</b>	20.3

# Sales Plan by Segment

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Planning on consistently rapid growth of the logistics services and IT automation businesses due to a combination of existing business sales growth and the addition of new customers.

(Millions of yen, %)

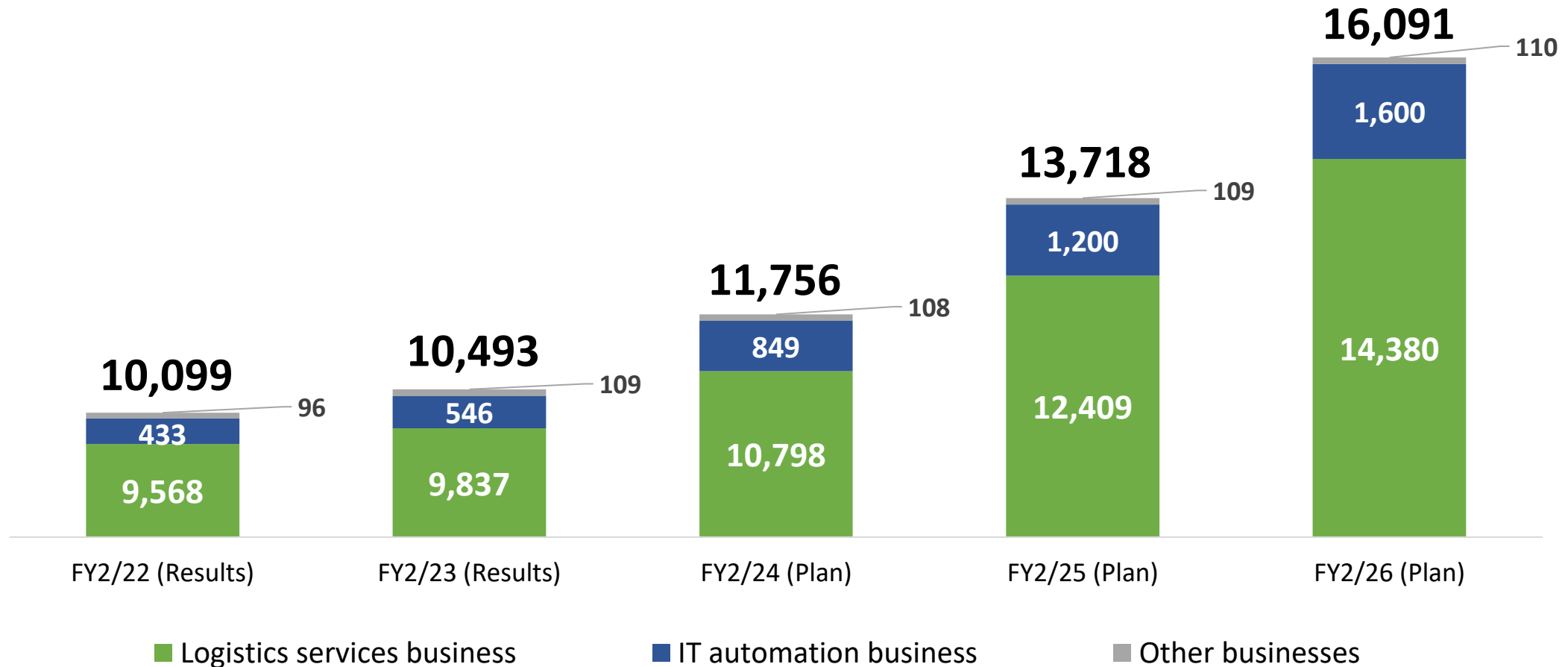
	FY2/24 (Consolidated)		FY2/25 (Consolidated)		FY2/26 (Consolidated)	
	Plan	YoY change (%)	Plan	YoY change (%)	Plan	YoY change (%)
<b>Logistics services business</b>	<b>10,798</b>	9.8	<b>12,409</b>	14.9	<b>14,380</b>	15.9
<b>IT automation business</b>	<b>849</b>	55.4	<b>1,200</b>	41.3	<b>1,600</b>	33.3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

# Medium-term Consolidated Business Plan



Planning on sales from new businesses by meeting the needs of new customers while maintaining the steady growth of core businesses.

(Millions of yen)



# Notices and IR Information Service

## Hybrid Information Meeting for 1H FY2/24 (with Kobe Investment Seminar)

### ■ Date and time

Thursday, October 19, 2023, 7:00 p.m.

### ■ Format (Hybrid)

- Online distribution (Zoom Webinars)
- On-site explanation/Tour of business site (KANTSU head office: 111-4 Nishimukojimacho, Amagasaki city, Hyogo)

### ■ Application: <https://forms.gle/mP5HAUo8dB852eoV7>

\*A simple preliminary registration is required.

### ■ Speaker

Yoshitaku Tatsushiro, Executive Vice President

### ■ Subjects

- Overview of KANTSU and key strengths
- First half results of operations, business plans, other subjects and a Q&A session
- Tour of business site for people attending this meeting in person

### Upcoming IR activities

- October 19 (Online) First half information meeting
- October 19 (On site) First half information meeting and business site tour (with Kirin)
- October 27 (Online) Information meeting held by Shonan Investment Research
- December 20 (Online) KANTSU participation at Growth Capital IR seminar

### KANTSU IR Website

<https://www.kantsu.com/ir/>



### TT Channel (IR)



# Disclaimer

## Disclaimer and Precautions Concerning Forward-looking Statements

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- Risk factors and uncertainties include the condition of industries and markets, interest rate and foreign exchange rate movements, and other factors involving the condition of the Japanese and global economies.
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KANTSU CO., LTD. IR Representative

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IR Inquiries Form

