



April 14, 2021

Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2021

[Japanese GAAP]

Company name: KANTSU CO., LTD. Listing: Tokyo Stock Exchange (Mothers)
 Securities code: 9326 URL: <https://www.kantsu.com/>
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 Scheduled date of Annual General Meeting of Shareholders: May 26, 2021
 Scheduled date of filing of Annual Securities Report: May 27, 2021
 Scheduled date of payment of dividend: -
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional investors and securities analysts)
 (All amounts are rounded down to the nearest million yen)

1. Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2021

(March 1, 2020 – February 28, 2021)

(1) Results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2021	9,530	30.5	418	43.5	383	50.0	283	66.0
Fiscal year ended Feb. 29, 2020	7,301	12.9	291	129.9	255	145.8	170	117.0

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit on net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 28, 2021	94.99	90.00	25.5	5.5	4.4
Fiscal year ended Feb. 29, 2020	74.95	-	31.2	4.0	4.0

Reference: Equity in earnings of affiliates (million yen) Fiscal year ended Feb. 28, 2021: - Fiscal year ended Feb. 29, 2020: -

Notes: 1. KANTSU conducted a 50-for-1 common stock split on October 30, 2019. Net income per share has been calculated as if this stock split had taken place at the beginning of the fiscal year ended February 29, 2020.

2. Diluted net income per share for the fiscal year ended February 29, 2020 is not shown. Although there were outstanding dilutive shares, it is not possible to determine an average stock price because the stock of KANTSU was not listed at the end of February 2020.

3. Equity in earnings of affiliates is not shown because KANTAU has no affiliates.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2021	7,532	1,595	21.1	500.16
As of Feb. 29, 2020	6,420	626	9.8	275.21

Reference: Shareholders' equity As of Feb. 28, 2021: 1,591 million yen As of Feb. 29, 2020: 626 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 28, 2021	187	(650)	675	2,400
Fiscal year ended Feb. 29, 2020	398	(401)	653	2,188

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio	Dividend on equity
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Feb. 29, 2020	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ended Feb. 28, 2021	-	0.00	-	0.00	0.00	-	-	-
Fiscal year ending Feb. 28, 2022 (forecast)	-	0.00	-	0.00	0.00			

3. Earnings Forecast for the Fiscal Year Ending February 28, 2022 (March 1, 2021 – February 28, 2022)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	4,910	12.7	186	43.4	168	52.0	113	44.9	35.57
Full year	10,756	12.9	670	60.4	635	65.7	428	51.5	134.14

Note: Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 4 for further information.

*** Notes**

(1) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others:	None
2) Changes in accounting policies other than 1) above:	None
3) Changes in accounting-based estimates:	None
4) Restatements:	None

(2) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Feb. 28, 2021:	3,182,000 shares	As of Feb. 29, 2020:	2,275,000 shares
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2) Number of treasury shares at the end of the period

As of Feb. 28, 2021:	- shares	As of Feb. 29, 2020:	- shares
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3) Average number of shares outstanding during the period

Fiscal year ended Feb. 28, 2021:	2,979,558 shares	Fiscal year ended Feb. 29, 2020:	2,275,000 shares
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Note: KANTSU conducted a 50-for-1 common stock split on October 30, 2019. The number of shares outstanding at the end of the period and the average number of shares outstanding during the period have been calculated as if this stock split had taken place at the beginning of the fiscal year ended February 29, 2020.

This financial report is not subject to audit by certified public accountants or auditing firms.

Explanation of appropriate use of earnings forecasts, and other special items

Cautionary statement with respect to forward-looking statements

Earnings forecasts and other forward-looking statements in this document are based on information that was available when this information was announced and on assumptions as of the announcement date concerning uncertainties that may affect results of operations in the future. Consequently, these statements are not promises by KANTSU regarding future performance. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to “1. Overview of Results of Operations, (4) Outlook” on page 4 for forecast assumptions and notes of caution for usage.

How to view supplementary information materials for financial results

The supplementary information materials for financial results will be available on KANTSU’s website (<https://www.kantsu.com/ir/>) on April 14, 2021.

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1. Overview of Results of Operations

This section is a summary of the financial position, results of operations and cash flows of KANTSU in the fiscal year that ended on February 28, 2021.

Forward-looking statements are based on the judgments of KANTSU as of February 28, 2021.

(1) Results of Operations

During the fiscal year that ended on February 28, 2021, there were severe restrictions on economic activity in Japan for a while because of the state of emergency due to the COVID-19 crisis. Furthermore, consumer spending plunged as local governments asked people to limit outings as much as possible. Although a recovery was observed in some sectors of the Japanese economy after the state of emergency ended, the economic outlook remains unclear because of another upturn in COVID-19 cases that started in November 2020 and other reasons.

Logistics companies in Japan continued to operate even during the state of emergency, while taking steps to prevent COVID-19 infections, because logistics was classified as an essential service for maintaining consumer and business activities. As a result, logistics companies fulfilled their responsibilities as a key component of Japan's infrastructure for these activities.

During the fiscal year, we took many actions for improving efficiency, including measures for raising the productivity of logistics services for existing customers, while implementing safety measures for employees. To receive business from new customers, we strengthened our ability to provide services by adding distribution centers and enlarging existing centers. In addition, there were activities for the effective use of the internet to attract new customers, including the further upgrading of search engine optimization.

Due to these activities, fiscal year sales increased 30.5% year-on-year to 9,530 million yen, operating profit increased 43.5% to 418 million yen and ordinary profit increased 50.0% to 383 million yen. There was extraordinary income of 17 million yen due to gains on sales of investment securities, the result of sales of investments held for business relationships. As a result, profit increased 66.0% to 283 million yen.

Business segment performance was as follows.

Business segment sales are sales to external customers and segment profit or loss is based on operating profit in the income statement.

Logistics services business

The workforce of this business was increased to handle the larger volume of shipments. In addition, there were many activities to increase customer satisfaction. We started using logistics robots and began using the Cloud Thomas warehouse management system that we developed ahead of schedule in order to use this system during the peak volume period of December 2020. These activities to upgrade our operations resulted in a steady improvement in productivity, mainly for EC/catalog logistics support services. To receive orders from new customers, we worked even harder on search engine optimization and many other activities for the effective use of the internet to attract customers.

In the EC/catalog logistics support services category, which is the main component of this segment, the volume of shipments continued to climb because of the growth of e-commerce sales of existing customers. We also added many new customers during the fiscal year. Due to the outlook for Tokyo area distribution centers to reach full capacity sooner than anticipated, the third Tokyo distribution center began operations in October 2020 and other investments were made to maintain an infrastructure capable of handling the business of new customers. In the software sales and use services category, there was steady progress with receiving orders from new customers, chiefly for the Cloud Thomas warehouse management system.

As a result, net sales increased 30.9% year-on-year to 9,443 million yen and segment profit increased 31.7% to 429 million yen.

Other businesses

Technology education services for foreign trainees was unable to operate mainly because of the suspension of operations of schools in Myanmar due to the COVID-19 crisis. However, other educational services performed well because this crisis did not have a significant impact on these activities.

As a result, net sales increased 0.2% year-on-year to 86 million yen and segment loss was 11 million yen, compared with a loss of 34 million yen in the previous fiscal year.

Results by Business Segment for the Fiscal year ended February 28, 2021

(Thousands of yen)

Segment	Net sales			Segment profit (loss) (operating profit (loss))			
	Services	Amount	Comp. (%)	YoY change (%)	Amount	Operating profit on net sales (%)	YoY change (%)
EC/catalog logistics support services		8,968,399	94.1	34.3			
Outsourced order processing services		92,871	1.0	(7.2)			
Software sales and use services		297,033	3.1	46.9			
Others		85,630	0.9	(63.3)			
Logistics services business		9,443,935	99.1	30.9	429,224	4.5	31.7
Other businesses		86,518	0.9	0.2	(11,151)	-	-
Total for reportable segments		9,530,453	100.0	30.5	418,072	4.4	43.5

Note: Rakuten Super Logistics services are included in EC/catalog logistics support services.

(2) Financial Position

Total assets at the end of the current fiscal year were 7,532 million yen, an increase of 1,112 million yen from the end of the previous fiscal year. Liabilities were 5,937 million yen, an increase of 143 million yen and net assets were 1,595 million yen, an increase of 969 million yen.

The major changes are as follows.

Current assets

Current assets increased 615 million yen to 4,142 million yen.

This was attributable primarily to increases of 141 million yen in cash and deposits, mainly the result of a stock offering, third-party stock allotment and the exercise of share acquisition rights and 250 million yen in accounts receivable-trade due to sales growth and to 155 million yen of electronically recorded monetary claims.

Non-current assets

Non-current assets increased 497 million yen to 3,390 million yen.

There were increases of 103 million yen in buildings due to the expansion of refrigerated and frozen warehouses, 50 million yen in machinery and equipment due to purchases of logistics robots and other automation equipment and other machinery, 50 million yen in tools, furniture and fixtures due to purchases of medium duty shelving units, 68 million yen in software due to the development of a warehouse management system, and 115 million yen in leasehold and guarantee deposits due to new and enlarged distribution centers. In addition, there is construction in progress of 109 million yen for preparations to begin using logistics robots.

Current liabilities

Current liabilities increased 176 million yen to 1,836 million yen.

This was attributable mainly to increases of 91 million yen in accounts payable-trade because of the increase in

the cost of sales and 65 million yen in the current portion of long-term borrowings because of the transfer of long-term borrowings to the current portion.

Non-current liabilities

Non-current liabilities decreased 32 million yen to 4,101 million yen.

There were lease obligations of 15 million yen resulting from capital expenditures and a 71 million yen decrease in long-term borrowings because of the transfer of borrowings to the current portion.

Net assets

Net assets increased 969 million yen to 1,595 million yen.

Share capital and the capital surplus each increased 135 million yen because of the stock offering, 28 million yen because of the third-party allotment of stock, and 174 million yen because of the exercise of share acquisition rights. In addition, retained earnings increased 283 million yen because of the fiscal year profit.

(3) Cash flows

Cash and cash equivalents (hereinafter, “cash”) at the end of the current fiscal year increased 212 million yen from the end of the previous fiscal year to 2,400 million yen. The cash flow components during the fiscal year and the main reasons for changes are as described below.

Cash flows from operating activities

Net cash provided by operating activities totaled 187 million yen, compared with 398 million yen provided in the previous fiscal year. Major positive factors include profit before income taxes of 392 million yen, depreciation of 239 million yen and an increase in trade payables of 91 million yen. Major negative factors include an increase in trade receivables of 416 million yen and income taxes paid of 104 million yen.

Cash flows from investing activities

Net cash used in investing activities totaled 650 million yen, compared with 401 million yen used in the previous fiscal year. Major negative factors include purchase of property, plant and equipment of 539 million yen, purchase of intangible assets of 130 million yen and payments of leasehold and guarantee deposits of 115 million yen. Major positive factors include proceeds from withdrawal of time deposits of 120 million yen.

Cash flows from financing activities

Net cash provided by financing activities totaled 675 million yen, compared with 653 million yen provided in the previous fiscal year. Major positive factors include proceeds from long-term borrowings of 800 million yen and proceeds from issuance of shares of 675 million yen. Major negative factors include repayments of long-term borrowings of 805 million yen.

(4) Outlook

a. Overall outlook

According to a Ministry of Economy, Trade and Industry report concerning a 2019 survey of the e-commerce market, which is closely linked to services provided by KANTSU, worldwide EC sales in the B-to-C category were 19.4 trillion yen in 2019. This is 7.65% higher than sales of 18.0 trillion yen in 2018. The EC ratio was 6.76% in the B-to-C category, 0.54 of a percentage point higher than in 2018. Furthermore, in the merchandise sales category, the B-to-C EC market increased 8.09% from 9.3 trillion yen in 2018 to 10.5 trillion yen in 2019. These figures demonstrate that the EC market is continuing to expand.

In the logistics industry, all companies are continuing to provide services while using numerous measures for

safety during the COVID-19 crisis. During this crisis, the role of logistics companies as part of the social infrastructure has become even more important in order to help meet growing demand in the EC sector and support growth of this market.

In the EC/catalog logistics support services sector, we expect sales from cargo transport fees to be about 800 million yen below the outlook based on the budget because of the switch to different contracts with some customers. However, there will be two new distribution centers in 2021 to meet new demand. The EC/Catalog Distribution Center (warehouse space of about 18,500 square meters) in the city of Amagasaki in Hyogo prefecture is scheduled to open in April 2021 and the D-to-C Center (warehouse space of about 17,200 square meters), also in Amagasaki, is scheduled to open in June 2021. In addition, we will continue to use the internet for effective measures to attract new customers. Another goal is improving efficiency for services for current customers. This includes constant measures for improving productivity, such as by using logistics robots and other automated equipment. The aim is to further increase customer satisfaction by handling with efficiency and reliability the steadily growing volume of shipments.

Based on this outlook, in the fiscal year ending on February 28, 2022, we forecast a 12.9% increase in sales to 10,756 million yen, a 60.4% increase in operating profit to 670 million yen, a 65.7% increase in ordinary profit to 635 million yen and a 51.5% increase in profit to 428 million yen.

In prior years before the fiscal year that ended on February 28, 2021, there was one reportable segment called logistics services and all other businesses were in others. In accordance with a resolution approved today by the board of directors, there will be two reportable segments beginning with the fiscal year ending on February 28, 2022 by establishing the IT automation segment. One reason is the increasing contribution to sales and earnings of software sales and use services, which is currently included in the logistics services segment. Another reason is the increasing importance of software sales and use services within the current medium-term business plan. In conjunction with this change, IT automation sales and earnings in the fiscal year that ended on February 28, 2021 have been calculated by using the performance of software sales and use services and deducted from the logistics services segment.

b. Individual assumptions

Net sales

We forecast a 12.9% increase in net sales to 10,756 million yen.

KANTSU creates proposals for ways for existing customers to increase the productivity of their logistics operations in order to retain these customers and raise the volume of business with them. To establish relationships with new customers, we seek companies that are considering the use of the internet for outsourcing logistics operations. Companies that contact us are invited to attend warehouse tours and other events. By observing our warehouse operations, representatives of these companies gain a thorough understanding of our services that can result in a new logistic service orders.

The sales forecast is based on actual sales of individual current customers and services. For major customers, as much information as possible is collected about our services, including the outlook for the volume of shipments. Then projected sales for each customer and service are added. For the outlook for adding new customers, plans for new and enlarged distribution centers are incorporated and, for prospective customers where business discussions are at an advanced stage, studies are performed concerning progress with the process to a yes or no decision about placing an order as well as the level of difficulty of sales activities for each customer. A sales forecast is established for prospective customers where we believe there are good prospects for receiving orders. In addition, based on the number of new customers acquired in prior years, an outlook is determined for the number of other new customers in the fiscal year ending on February 28, 2022 and this number is used to determine a reasonable sales forecast for these customers. Business segment forecasts are as follows.

Logistics services business

This segment accounts for 95.7% of the sales forecast for the fiscal year ending on February 28, 2022. Service categories of this segment are EC/catalog logistics support, outsourced order processing, Rakuten Super Logistics and logistics consulting.

For current customers, as much information as possible is collected about the outlook for shipment volumes and other items involving KANTSU services. Then the projected sales for each customer are added by forecasting shipment volume and other items determined based on prior year performance and by multiplying by the expected unit prices that will apply to each customer. To determine the outlook for adding new customers, for prospective customers where business discussions are at an advanced stage, studies are performed concerning progress with the process to a yes or no decision about placing an order as well as the difficulty of sales activities for each customer. A sales forecast is established for prospective customers where we believe there are good prospects for receiving orders. In addition, based on the number of new customers acquired in prior years, an outlook is determined for the number of other new customers in the fiscal year ending on February 28, 2022 and this number is used to determine a reasonable sales forecast for these customers.

By using this process, and after factoring in the outlook for sales from cargo transport fees to be about 800 million yen below the outlook based on the budget because of the switch to different contracts with some customers (the effect on earnings at all levels is negligible), we added the sales forecasts for each current customer to the new customer sales forecast of 1,500 million yen. The forecast also reflects the first full fiscal year contribution to sales of new customers acquired in the fiscal year ended February 28, 2021. The result is a segment sales forecast of 10,292 million yen, 12.5% more than in the previous fiscal year.

IT automation business

This business is growing rapidly, having achieved sales growth of 46.9% in the fiscal year that ended on February 28, 2021. The activities of this business are the Cloud Thomas warehouse management system, the Annie check list system, and two services launched in the fiscal year ended on February 28, 2021: the e.can system for the automatic processing of orders received and the ippo! service for outsourced robotic process automation (RPA) production.

For current customers, a forecast for the use of services was established based on the use of individual services in prior years and the individual forecasts were added. To determine the outlook for adding new customers, for prospective customers where business discussions are at an advanced stage, studies are performed concerning progress with the process to a yes or no decision about placing an order as well as the difficulty of sales activities for each customer. A sales forecast is established for prospective customers where we believe there are good prospects for starting to provide services. In addition, based on the number of new customers acquired in prior years, progress with sales activities using business alliances, the outlook for the benefits of advertising and other marketing activities, and other factors, an outlook is determined for the number of other new customers in the fiscal year ending on February 28, 2022 and this number is used to determine a reasonable sales forecast for these customers. This process resulted in a segment sales forecast of 349 million yen, 17.6% more than in the previous fiscal year.

Note: The prior-year sales comparison in the IT automation segment uses sales of the software sales and use services category of the logistics services segment. In addition, results of operations for the logistics services segment for the fiscal year that ended on February 28, 2021 has not been audited by the independent auditor.

Other businesses

Other businesses include technology education services for foreign trainees and other education services. Foreign trainee education services must be suspended for the time being because of the COVID-19 pandemic and unrest in Myanmar, the primary location of these services. As a result, we established a conservative sales estimate for

these services. For other education services, we established a reasonable forecast that reflects school utilization rates and other performance metrics in prior years. In addition, the sales forecast includes estimated sales of the service that started in the fiscal year that ended on February 28, 2021 for helping people with developmental disabilities find jobs. By using this process, we established a segment sales forecast of 115 million yen, up 33.1% from the previous fiscal year.

Cost of sales

In the logistics services business, we established a staffing plan for individual logistics service bases that is based on the number of people when the outlook was established and reflects seasonal changes in staffing. We used this plan to calculate an estimate of personnel expenses. We estimated rent expenses by incorporating new and expanded facilities and other factors; outsourcing expenses by incorporating expected changes in the volume of outsourced work; depreciation expenses by incorporating investments in logistics robots, material handling equipment and other equipment; and freight-out expenses by using the shipment volume forecast used for the sales forecast. For other items in the cost of sales, we incorporated changes in sales based on the prior year performance of individual logistics services facilities. In the software business, we estimated personnel expenses by using the estimated time required for maintenance and other services in the staffing plan for the data systems department. We estimated depreciation expenses by using prior year depreciation expenses and the expected increase in depreciable assets based on the fiscal year software development plan. For other items in the cost of sales, we incorporated changes in sales based on the prior year performance.

The cost of sales forecast also reflects a decrease in the freight-out cost associated with the decline in freight transport sales at some customers and the expected improvement in efficiency due to the use of logistics robots and other automated equipment, the use of an upgraded version of the Cloud Thomas warehouse management system, and other measures. On the other hand, we expect increases in two major components of the cost of sales other than freight transport: personnel expenses and rent expenses. As a result, we forecast an 8.8% increase in the cost of sales to 9,148 million yen.

Selling, general and administrative expenses

This forecast is based on expenses in the previous fiscal year and reflects expected increases in personnel expenses, expenses for software maintenance and IT systems, and depreciation expenses due to the upgraded version of the new warehouse management system and other items. The forecast also incorporates the outlook for higher expenses resulting from new offices and more people for administrative and system development positions.

This process resulted in an estimated increase of 32.5% in selling, general and administrative expenses to 937 million yen.

Operating profit

Due to the projected sales growth and other reasons, we forecast a 60.4% increase in operating profit to 670 million yen.

Ordinary profit

The estimates for non-operating income and expense items expected in the fiscal year ending on February 28, 2022 use a reasonable outlook based on income and expenses in the previous fiscal year. As a result, we forecast a 65.7% increase in ordinary profit to 635 million yen.

Profit

We forecast a 51.5% increase in profit to 428 million yen. In the fiscal year that ended on February 28, 2021, there was an extraordinary income of 17 million yen and extraordinary losses of 8 million yen. No extraordinary income or loss is expected in the fiscal year ending on February 28, 2022.

FY2/22 forecasts

(Millions of yen)

		FY2/22 forecasts			FY2/21	
		Plan	Comp. (%)	YoY change (%)	Results	Comp. (%)
	EC/catalog logistics support services	10,115	94.0	12.8	8,968	94.1
	Outsourced order processing services	111	1.0	19.7	92	1.0
	Others	66	0.6	(22.8)	85	0.9
	Logistics services business	10,292	95.7	12.5	9,146	96.0
	Cloud Thomas	244	2.3	20.8	202	2.1
	Others	104	1.0	10.6	94	1.0
	IT automation business	349	3.2	17.6	297	3.1
	Other businesses	115	1.1	33.1	86	0.9
	Net sales	10,756	100.0	12.9	9,530	100.0
	Operating profit	670	6.2	60.4	418	4.4
	Ordinary profit	635	5.9	65.7	383	4.0
	Profit	428	4.0	51.5	283	3.0

Notes: 1. Rakuten Super Logistics services are included in EC/catalog logistics support services.

2. Beginning with the first quarter of the fiscal year ending on February 28, 2022, the software sales and use services category of the logistics services business segment will become a separate business segment called IT automation. In conjunction with this change, IT automation sales and earnings in the fiscal year that ended on February 28, 2021 have been calculated by using the performance of software sales and use services and deducted from the logistics services segment.

2. Basic Approach to the Selection of Accounting Standards

KANTSU has a policy of preparing its financial statements using Japanese GAAP to permit comparisons with other fiscal years as well as comparisons with the performance of other Japanese companies.

3. Non-consolidated Financial Statements and Notes**(1) Non-consolidated Balance Sheet**

(Thousands of yen)

	FY2/20 (As of Feb. 29, 2020)	FY2/21 (As of Feb. 28, 2021)
Assets		
Current assets		
Cash and deposits	2,450,903	2,592,792
Electronically recorded monetary claims-operating	-	155,419
Accounts receivable - trade	850,263	1,100,638
Advance payments - trade	71,609	108,835
Prepaid expenses	150,292	181,868
Other	16,154	20,371
Allowance for doubtful accounts	(12,338)	(17,700)
Total current assets	3,526,884	4,142,224
Non-current assets		
Property, plant and equipment		
Buildings	762,580	948,103
Accumulated depreciation and impairment loss	(172,972)	(254,839)
Buildings, net	589,607	693,263
Machinery and equipment	238,628	330,562
Accumulated depreciation	(73,145)	(114,956)
Machinery and equipment, net	165,482	215,606
Vehicles	13,288	13,288
Accumulated depreciation	(12,478)	(12,969)
Vehicles, net	810	318
Tools, furniture and fixtures	239,894	329,864
Accumulated depreciation	(124,818)	(164,028)
Tools, furniture and fixtures, net	115,075	165,836
Land	1,125,087	1,125,087
Construction in progress	-	109,111
Leased assets	-	17,843
Accumulated depreciation	-	(956)
Leased assets, net	-	16,886
Total property, plant and equipment	1,996,062	2,326,110
Intangible assets		
Software	191,235	259,583
Other	349	349
Total intangible assets	191,584	259,933
Investments and other assets		
Investment securities	22,894	-
Investments in capital	631	511
Long-term loans receivable	50,000	36,000
Long-term prepaid expenses	25,776	24,253
Leasehold and guarantee deposits	468,949	584,074
Distressed receivables	8,508	1,467
Deferred tax assets	-	24,139
Other	138,250	136,520
Allowance for doubtful accounts	(9,053)	(2,243)
Total investments and other assets	705,956	804,721
Total non-current assets	2,893,604	3,390,765
Total assets	6,420,488	7,532,989

	(Thousands of yen)	
	FY2/20 (As of Feb. 29, 2020)	FY2/21 (As of Feb. 28, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	380,115	472,002
Current portion of long-term borrowings	747,831	813,820
Accounts payable - other	293,104	240,011
Accrued expenses	13,735	24,997
Income taxes payable	69,146	109,726
Advances received	47,786	50,121
Deposits received	17,388	24,254
Provision for bonuses	33,417	30,272
Lease obligations	-	3,893
Other	57,404	66,907
Total current liabilities	1,659,931	1,836,007
Non-current liabilities		
Long-term borrowings	3,923,105	3,852,065
Asset retirement obligations	72,614	73,177
Lease obligations	-	15,042
Deferred tax liabilities	5,178	-
Other	133,563	161,406
Total non-current liabilities	4,134,461	4,101,691
Total liabilities	5,794,392	5,937,699
Net assets		
Shareholders' equity		
Share capital	110,750	449,606
Capital surplus		
Legal capital surplus	90,750	429,606
Other capital surplus	6,000	6,000
Total capital surpluses	96,750	435,606
Retained earnings		
Other retained earnings		
Retained earnings brought forward	423,269	706,285
Total retained earnings	423,269	706,285
Total shareholders' equity	630,769	1,591,498
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(4,673)	-
Total valuation and translation adjustments	(4,673)	-
Share acquisition rights	-	3,792
Total net assets	626,096	1,595,290
Total liabilities and net assets	6,420,488	7,532,989

(2) Non-consolidated Statement of Income

(Thousands of yen)

	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
Net sales	7,301,709	9,530,453
Cost of sales	6,327,243	8,404,403
Gross profit	974,465	1,126,050
Selling, general and administrative expenses	683,043	707,977
Operating profit	291,422	418,072
Non-operating income		
Interest income	347	614
Dividend income	441	302
Reversal of allowance for doubtful accounts	-	6,336
Rental income from land and buildings	2,700	2,280
Subsidy income	2,978	13,289
Gain on sales of goods	2,529	2,011
Other	4,046	5,603
Total non-operating income	13,043	30,436
Non-operating expenses		
Interest expenses	44,155	43,451
Going public expenses	3,959	4,936
Issuance cost of subscription rights to shares	-	9,565
Other	834	7,202
Total non-operating expenses	48,949	65,156
Ordinary profit	255,515	383,353
Extraordinary income		
Gain on sales of investment securities	-	17,226
Subsidy income	12,633	-
Total extraordinary income	12,633	17,226
Extraordinary losses		
Loss on sales of non-current assets	-	6,978
Loss on retirement of non-current assets	691	1,582
Loss on tax purpose reduction entry of non-current assets	12,633	-
Loss on sales of investment securities	11	-
Loss on valuation of investment securities	233	-
Loss on valuation of golf club membership	343	-
Total extraordinary losses	13,912	8,561
Profit before income taxes	254,236	392,019
Income taxes - current	89,287	138,321
Income taxes - deferred	(5,556)	(29,317)
Total income taxes	83,730	109,003
Profit	170,505	283,015

Cost of Sales Statement

(Thousands of yen)

Item		FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)		FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)	
		Amount	%	Amount	%
I Labor cost		1,506,562	23.8	1,603,746	19.1
II Expenses	Note	4,753,778	75.1	6,794,066	80.8
Cost of products manufactured		6,260,341	98.9	8,397,813	99.9
Beginning merchandise inventory		21,737		-	
Cost of purchased goods		45,165		6,590	
Total		66,902		6,590	
Ending merchandise inventory		-		-	
Cost of goods sold		66,902	1.1	6,590	0.1
Total cost of sales		6,327,243	100.0	8,404,403	100.0

Note: Major breakdown of expenses is as follows:

(Thousands of yen)

Item	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
Freight-out and transportation expenses	2,655,744	3,776,878
Outsourcing expenses	266,917	274,675
Rent expenses	1,102,946	1,617,684
Depreciation	141,808	190,859

(3) Non-consolidated Statement of Changes in Equity

FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings brought forward	Total retained earnings	
Balance at beginning of period	110,750	90,750	6,000	96,750	252,764	252,764	460,264
Changes during period							
Issuance of new shares							-
Profit					170,505	170,505	170,505
Net changes in items other than shareholders' equity							
Total changes during period	-	-	-	-	170,505	170,505	170,505
Balance at end of period	110,750	90,750	6,000	96,750	423,269	423,269	630,769

(Thousands of yen)

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	6,524	6,524	-	466,788
Changes during period				
Issuance of new shares				-
Profit				170,505
Net changes in items other than shareholders' equity	(11,198)	(11,198)		(11,198)
Total changes during period	(11,198)	(11,198)	-	159,307
Balance at end of period	(4,673)	(4,673)	-	626,096

FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)

(Thousands of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings	
Balance at beginning of period	110,750	90,750	6,000	96,750	423,269	423,269	630,769
Changes during period							
Issuance of new shares	338,856	338,856		338,856			677,713
Profit					283,015	283,015	283,015
Net changes in items other than shareholders' equity							-
Total changes during period	338,856	338,856	-	338,856	283,015	283,015	960,728
Balance at end of period	449,606	429,606	6,000	435,606	706,285	706,285	1,591,498

(Thousands of yen)

	Valuation and translation adjustments		Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(4,673)	(4,673)	-	626,096
Changes during period				
Issuance of new shares				677,713
Profit				283,015
Net changes in items other than shareholders' equity	4,673	4,673	3,792	8,465
Total changes during period	4,673	4,673	3,792	969,194
Balance at end of period	-	-	3,792	1,595,290

(4) Non-consolidated Statement of Cash Flows

(Thousands of yen)

	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
Cash flows from operating activities		
Profit before income taxes	254,236	392,019
Depreciation	173,214	239,229
Increase (decrease) in allowance for doubtful accounts	15,577	(1,447)
Increase (decrease) in provision for bonuses	5,940	(3,145)
Interest and dividend income	(788)	(916)
Interest expenses	44,155	43,451
Foreign exchange losses (gains)	36	-
Loss (gain) on sales of non-current assets	-	6,978
Loss on retirement of non-current assets	691	1,582
Loss (gain) on sales of investment securities	11	(17,226)
Loss (gain) on valuation of investment securities	233	-
Subsidy income	(12,633)	-
Loss on tax purpose reduction entry of non-current assets	12,633	-
Decrease (increase) in trade receivables	(159,685)	(416,643)
Decrease (increase) in inventories	21,739	-
Decrease (increase) in advance payments - trade	11,769	(37,225)
Increase (decrease) in trade payables	122,904	91,887
Increase (decrease) in accounts payable - other	37,248	(21,345)
Other, net	(22,986)	57,177
Subtotal	504,298	334,373
Interest and dividends received	788	916
Interest paid	(43,011)	(43,135)
Income taxes paid	(67,747)	(104,609)
Subsidies received	3,868	-
Net cash provided by (used in) operating activities	398,196	187,545
Cash flows from investing activities		
Payments into time deposits	(113,812)	(48,813)
Proceeds from withdrawal of time deposits	219,827	120,000
Purchase of property, plant and equipment	(265,651)	(539,067)
Proceeds from sales of property, plant and equipment	1,588	57
Purchase of intangible assets	(98,550)	(130,569)
Proceeds from sales of investment securities	280	44,794
Loan advances	(50,000)	-
Collection of loans receivable	-	1,000
Payments of leasehold and guarantee deposits	(151,981)	(115,125)
Proceeds from repayment of lease and guarantee deposits	22,000	-
Other, net	34,648	17,284
Net cash provided by (used in) investing activities	(401,650)	(650,438)

	(Thousands of yen)	
	FY2/20	FY2/21
	(Mar. 1, 2019 – Feb. 29, 2020)	(Mar. 1, 2020 – Feb. 28, 2021)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,420,000	800,000
Repayments of long-term borrowings	(766,667)	(805,051)
Repayments of lease obligations	-	(717)
Proceeds from issuance of shares	-	675,362
Proceeds from issuance of share acquisition rights	-	6,143
Net cash provided by (used in) financing activities	653,333	675,737
Effect of exchange rate change on cash and cash equivalents	(36)	-
Net increase (decrease) in cash and cash equivalents	649,842	212,843
Cash and cash equivalents at beginning of period	1,538,305	2,188,148
Cash and cash equivalents at end of period	2,188,148	2,400,992

(5) Notes to Non-consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Equity in Earnings of Affiliates

Not applicable.

Segment Information

1. Overview of reportable segments

The KANTSU's reportable segments are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and to assess performance.

KANTSU has designated the "logistics services business" as its reportable segment because sales and profits from the logistics business, its main business, account for more than 90% of total sales and profits. The main services of this segment are as follows.

- EC/catalog logistics support services
- Outsourced order processing services
- Software sales and use services
- Rakuten Super Logistics services
- Logistics consulting services

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting policies for reportable segments are generally the same as those used for preparing the non-consolidated financial statements.

Segment profit for reportable segments are based on operating profit.

There are no inter-segment transfers.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment

FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)

(Thousands of yen)

	Reportable segment	Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on non-consolidated financial statements
	Logistics services				
Net sales					
External sales	7,215,332	86,376	7,301,709	-	7,301,709
Inter-segment sales and transfers	-	-	-	-	-
Total	7,215,332	86,376	7,301,709	-	7,301,709
Segment profit (loss)	325,834	(34,411)	291,422	-	291,422
Segment assets	3,680,882	98,377	3,779,259	2,641,229	6,420,488
Other items					
Depreciation	171,599	1,614	173,214	-	173,214
Increase in property, plant and equipment and intangible assets	390,046	9,951	399,997	-	399,997

Notes: 1. Others are businesses that are not included in the reportable segment and mainly consist of technology education services for foreign trainees and other education services.

2. The 2,641,229 thousand yen adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of cash and deposits that cannot be attributed to reportable segments.

FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)

(Thousands of yen)

	Reportable segment	Others (Note 1)	Total	Adjustment (Note 2)	Amounts shown on non-consolidated financial statements
	Logistics services				
Net sales					
External sales	9,443,935	86,518	9,530,453	-	9,530,453
Inter-segment sales and transfers	-	-	-	-	-
Total	9,443,935	86,518	9,530,453	-	9,530,453
Segment profit (loss)	429,224	(11,151)	418,072	-	418,072
Segment assets	4,661,160	78,901	4,740,062	2,792,927	7,532,989
Other items					
Depreciation	238,183	1,045	239,229	-	239,229
Increase in property, plant and equipment and intangible assets	653,665	3,654	657,319	-	657,319

Notes: 1. Others are businesses that are not included in the reportable segment and mainly consist of technology education services for foreign trainees and other education services.

2. The 2,792,927 thousand yen adjustment to segment assets is corporate assets that are not allocated to any of the reportable segments. Corporate assets mainly consist of cash and deposits that cannot be attributed to reportable segments.

Per Share Information

(Yen)

	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
Net assets per share	275.21	500.16
Net income per share	74.95	94.99
Diluted net income per share	-	90.00

Notes: 1. Diluted net income per share for FY2/20 is not shown. Although there were outstanding dilutive shares, it is not possible to determine an average stock price because the stock of KANTSU was not listed. The stock of KANTSU was listed on the Tokyo Stock Exchange Mothers Market on March 19, 2020. Diluted net income per share for FY2/21 was determined by using an average stock price during the period between the listing and the end of February 2021.

2. In accordance with a resolution approved at the Board of Directors on September 13, 2019, KANTSU conducted a 50-for-1 common stock split on October 30, 2019. Net assets per share and net income per share have been calculated as if this stock split had taken place at the beginning of the fiscal year ended February 29, 2020.

3. The basis of calculating the net income per share and the diluted net income per share is as follows:

(Thousands of yen)

	FY2/20 (Mar. 1, 2019 – Feb. 29, 2020)	FY2/21 (Mar. 1, 2020 – Feb. 28, 2021)
(1) Net income per share		
[Basis for calculation]		
Profit	170,505	283,015
Amounts not attributable to common shareholders	-	-
Profit applicable to common shares	170,505	283,015
Average number of common shares outstanding during the period (shares)	2,275,000	2,979,558
(2) Diluted net income per share		
[Basis for calculation]		
Adjustment to profit	-	-
Increase in number of common shares (shares)	-	165,183
[of which share acquisition rights (shares)]	[-]	[165,183]
Summary of dilutive shares not included in the calculation of diluted net income per share since there was no dilutive effect	2 types of share acquisition rights (189,500 common shares)	-

Subsequent Events

1. Exercise of share acquisition rights

During the period from February 28, 2021 to April 9, 2021, the 4th series of share acquisition rights allocated by KANTSU on November 6, 2020 were partially exercised. A summary of the exercise of these share acquisition rights are as follows.

- | | |
|---|--------------------------------------|
| (1) Number of share acquisition rights exercised: | 150 units |
| (2) Class and number of shares issued: | 15,000 shares of KANTSU common stock |
| (3) Increase in share capital: | 18,128 thousand yen |
| (4) Increase in legal capital surplus: | 18,128 thousand yen |

Above figures do not include the number of shares exercised between April 10 and April 14, 2021.

2. Purchase of non-current assets

On April 14, 2021, the KANTSU board of directors approved a resolution to purchase non-current assets as follows.

(1) Reason for purchase of non-current assets

Demand for e-commerce logistics and for refrigerated and frozen warehouses is increasing. To meet this demand and increase the ability to attract new customers, KANTSU will construct an automated warehouse with space for ambient storage and cold storage.

(2) Purchases

Automated warehouse (refrigerated/frozen)	About 1,000 pallets
Automated warehouse (ambient)	About 1,300 pallets
Cold storage equipment	

*Warehouse floor area is about 2,460 square meters.

(3) Acquisition cost

465 million yen (planned)

(4) Schedule

Board of directors' resolution	April 14, 2021
Construction	May 2021 to January 2022 (planned)
Start of operations	February 2022 (planned)

(5) Outlook

This acquisition will have only a negligible effect on results of operations for the fiscal year ending February 28, 2022.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.