



January 14, 2022

**Non-consolidated Financial Results  
for the Third Quarter of the Fiscal Year Ending February 28, 2022  
(Nine Months Ended November 30, 2021)**

[Japanese GAAP]

Company name: KANTSU CO., LTD.	Listing: Tokyo Stock Exchange (Mothers)
Securities code: 9326	URL: <a href="https://www.kantsu.com/">https://www.kantsu.com/</a>
Representative: Hisahiro Tatsushiro, Representative Director and President	
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Scheduled date of filing of Quarterly Report:	January 14, 2022
Scheduled date of payment of dividend:	-
Preparation of supplementary materials for quarterly financial results:	Yes
Holding of quarterly financial results meeting:	None

*(All amounts are rounded down to the nearest million yen)*

**1. Non-consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2022  
(March 1, 2021 – November 30, 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	%
Nine months ended Nov. 30, 2021	7,567	11.6	559	165.5	530	186.9	365	171.9
Nine months ended Nov. 30, 2020	6,779	27.4	210	19.3	184	19.8	134	28.7

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Nov. 30, 2021	36.15	34.77
Nine months ended Nov. 30, 2020	15.28	14.30

Note: KANTSU conducted a 3-for-1 common stock split effective on September 1, 2021. Net income per share and diluted net income per share have been calculated as if this stock split had taken place at the beginning of the fiscal year ended February 28, 2021.

(2) Financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Nov. 30, 2021	8,550		2,628		30.7	
As of Feb. 28, 2021	7,532		1,595		21.1	

Reference: Shareholders' equity As of Nov. 30, 2021: 2,628 million yen As of Feb. 28, 2021: 1,591 million yen

**2. Dividends**

	Dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2/21	-	0.00	-	0.00	0.00
FY2/22	-	0.00	-	-	-
FY2/22 (forecast)	-	-	-	0.00	0.00

Note: Revision to the most recently announced dividend forecast: None

**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
Full year	10,756	12.9	670	60.4	635	65.7	428	51.5	42.27

Notes: 1. Revision to the most recently announced earnings forecast: None

2. KANTSU conducted a 3-for-1 common stock split effective on September 1, 2021. The net income per share forecast for the fiscal year ending February 28, 2022 is adjusted to reflect the stock split.

**\* Notes**

(1) Application of special accounting methods for presenting quarterly non-consolidated financial statements: Yes

(2) 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 |

(3) Number of outstanding shares (common shares)

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

As of Nov. 30, 2021:	10,262,400 shares	As of Feb. 28, 2021:	9,546,000 shares
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2) Number of treasury shares at the end of the period

As of Nov. 30, 2021:	93 shares	As of Feb. 28, 2021:	- shares
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3) Average number of shares outstanding during the period

Nine months ended Nov. 30, 2021:	10,108,156 shares	Nine months ended Nov. 30, 2020:	8,792,175 shares
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Note: KANTSU conducted a 3-for-1 common stock split effective on September 1, 2021. The number of shares outstanding at the end of the period (including treasury shares), the number of treasury shares 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 28, 2021.

The current financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Non-consolidated Financial Performance, (3) Explanation of Non-consolidated Forecast and Other Forward-looking Statements” 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 January 14, 2022.

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## 1. Qualitative Information on Quarterly Non-consolidated Financial Performance

Forward-looking statements are based on the judgments of KANTSU as of November 30, 2021.

### (1) Explanation of Results of Operations

During the first nine months of the current fiscal year (March 1 to November 30, 2021), the Japanese government began to ease restrictions on various activities because of signs of a decline in the number of COVID-19 cases that started around September. However, the outlook for the economy is still uncertain because of worries about the risk of another wave of infections.

In the logistics sector, the business climate remains challenging as the pandemic continues along with worries about the possibility of another wave of infections. Teleworking with some limitations is now firmly established at many companies and companies are increasing the use of the internet to sell products and services. All of these trends continued during the third quarter of the current fiscal year.

To meet this demand, we continued to add and expand distribution centers for establishing an infrastructure for receiving orders from new customers. We also increased search engine optimization (SEO) measures and took other actions for effectively using the internet to start providing services to new customers. The current fiscal year is the first year of the medium-term business plan that ends in February 2024. Based on this plan, there have been many activities to provide services for the growing e-commerce market. Two major strategies for growth are the construction of large refrigerated and frozen warehouses and measures to grow rapidly as an IT vendor.

Due to these activities, sales increased 11.6% year-on-year to 7,567 million yen, operating profit increased 165.5% to 559 million yen, ordinary profit increased 186.9% to 530 million yen and profit increased 171.9% to 365 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 quarterly income statement.

In prior years, there was the single reportable segment of logistics services and all other activities were categorized as others. Beginning with the first quarter of the fiscal year ending in February 2022, the software sales and use services category which was previously included in the logistic services segment has been separately disclosed in a reportable segment called IT automation. Results of operations in the first nine months of the previous fiscal year have been restated to facilitate direct comparisons with performance in the current fiscal year.

#### Previous reportable segments

Reportable segment	Main Services
Logistics services business	EC/catalog logistics support services, Rakuten Super Logistics services, the Cloud Thomas warehouse management system, the Annie check list system, outsourced order processing services and logistics consulting services

Note: In addition to the logistics services business, there was a segment called others for activities not included in this reportable segment. Others was primarily technology education services for foreign trainees and other education services.

#### Revised reportable segments

Reportable segment	Main Services
Logistics services business	EC/catalog logistics support services, Rakuten Super Logistics services, outsourced order processing services and logistics consulting services
IT automation business	The Cloud Thomas warehouse management system, the Annie check list system, the e.can system for the automatic processing of orders received and the ippo! service for outsourced robotic process automation (RPA) production

Note: In addition to the above businesses, there is a segment called others for activities not included in these reportable segments. Others is primarily technology education services for foreign trainees and other education services.

### Logistics services business

To increase customer satisfaction, improvement activities aimed at raising productivity continued with emphasis on EC/catalog logistics support services. Cargo transport sales decreased because of the switch to different contracts with some customers. Sales benefited from activities to receive orders from new customers. Most significant are the April 2021 completion of a new EC/Catalog Distribution Center in the city of Amagasaki in Hyogo prefecture (about 18,500 square meters) and the June 2021 completion of a D-to-C (direct-to-consumer) Distribution Center in Amagasaki (about 17,200 square meters). In addition, we plan to begin operating a refrigerated and frozen warehouse at the EC/Catalog Distribution Center in Amagasaki in January 2022 and the Tokyo Primary Center in the city of Niiza in Saitama prefecture (about 27,400 square meters) in February 2022. To receive orders involving the use of these two centers from new customers, we reinforced SEO and other measures for the effective use of the internet.

As a result, net sales increased 10.0% year-on-year to 7,175 million yen and segment profit increased 285.9% to 466 million yen.

### IT automation business

There were strong sales of the Cloud Thomas warehouse management system to new customers. In addition, there were sales of logistics automation hardware associated with new Cloud Thomas users. We also strengthened capabilities for support services, including by increasing the number of support service personnel, to build an even stronger framework for sales activities. Although there was no big change in the number of companies using the Annie check list system, the number of orders increased for the e.can system for the automatic processing of orders received and for the ippo! service for outsourced RPA production.

As a result, net sales increased 69.8% year-on-year to 319 million yen and segment profit increased 2.2% to 99 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 the pandemic did not have a significant impact on these activities. As a result, sales, including the service for helping people with developmental disabilities find jobs that was launched in December 2020, were firm.

As a result, net sales increased 7.2% year-on-year to 72 million yen and segment loss was 5 million yen, compared with a loss of 6 million yen one year earlier.

### Results by business segment for the first nine months of the fiscal year ending February 28, 2022 (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		7,046,671	93.1	10.3		-	
Outsourced order processing services		81,651	1.1	18.3		-	
Others		47,307	0.6	(27.4)		-	
Logistics services business		7,175,630	94.8	10.0	466,044	6.5	285.9
IT automation business		319,767	4.2	69.8	99,030	31.0	2.2
Other businesses		72,426	1.0	7.2	(5,774)	-	-
Total for reportable segments		7,567,824	100.0	11.6	559,300	7.4	165.5

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

## **(2) Explanation of Financial Position**

Total assets at the end of the third quarter were 8,550 million yen, an increase of 1,017 million yen from the end of the previous fiscal year. Liabilities were 5,922 million yen, a decrease of 15 million yen and net assets were 2,628 million yen, an increase of 1,032 million yen.

The major changes are as follows.

### Current assets

Current assets increased 565 million yen to 4,707 million yen. This was attributable primarily to a decrease of 158 million yen in accounts receivable-trade and increases of 492 million yen in cash and deposits and 198 million yen in other under current assets, which is mainly the result of appropriation for leasehold deposits at the Tokyo Primary Center (Niiza, Saitama prefecture), which is scheduled to be completed in February 2022.

### Non-current assets

Non-current assets increased 452 million yen to 3,843 million yen. There were increases of 195 million yen in property, plant and equipment due to payments for the new refrigerated and frozen warehouse and automated warehouse at the EC/Catalog Distribution Center (Amagasaki, Hyogo prefecture), 48 million yen in intangible assets due to software development, and 159 million yen in leasehold and guarantee deposits for the payment of leasehold deposits associated with new distribution centers.

### Current liabilities

Current liabilities decreased 60 million yen to 1,775 million yen. This was attributable mainly to a decrease of 151 million yen in accounts payable-trade, while there was an increase of 54 million yen in other under current liabilities due to an increase in accrued consumption taxes.

### Non-current liabilities

Non-current liabilities increased 45 million yen to 4,146 million yen. There was an increase of 33 million yen in other under non-current liabilities due to an increase in long-term deposits received.

### Net assets

Net assets increased 1,032 million yen to 2,628 million yen. Share capital and the capital surplus each increased 335 million yen because of the exercise of share acquisition rights. In addition, retained earnings increased 365 million yen because of profit in the first nine months.

## **(3) Explanation of Non-consolidated Forecast and Other Forward-looking Statements**

KANTSU maintains non-consolidated full-year forecasts for the fiscal year ending February 28, 2022 that were announced on April 14, 2021.

Forecasts of future performance in this report are based on assumptions judged to be valid and information available to the KANTSU's management at the time the materials were prepared. Actual results may differ substantially from these forecasts for a number of reasons.

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

(Thousands of yen)

	FY2/21 (As of Feb. 28, 2021)	Third quarter of FY2/22 (As of Nov. 30, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	2,592,792	3,085,493
Electronically recorded monetary claims-operating	155,419	185,265
Accounts receivable-trade	1,100,638	942,216
Other	311,075	509,349
Allowance for doubtful accounts	(17,700)	(14,986)
Total current assets	4,142,224	4,707,337
Non-current assets		
Property, plant and equipment		
Buildings, net	693,263	717,983
Machinery and equipment, net	215,606	214,497
Land	1,125,087	1,125,087
Other, net	292,153	487,350
Total property, plant and equipment	2,326,110	2,544,917
Intangible assets	259,933	308,834
Investments and other assets		
Leasehold and guarantee deposits	584,074	743,594
Other	222,890	248,189
Allowance for doubtful accounts	(2,243)	(2,521)
Total investments and other assets	804,721	989,262
Total non-current assets	3,390,765	3,843,014
Total assets	7,532,989	8,550,351
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	472,002	320,598
Current portion of long-term borrowings	813,820	824,340
Income taxes payable	109,726	104,802
Provision for bonuses	30,272	48,527
Provision for bonuses for directors (and other officers)	-	12,398
Other	410,186	464,594
Total current liabilities	1,836,007	1,775,261
Non-current liabilities		
Long-term borrowings	3,852,065	3,866,547
Asset retirement obligations	73,177	70,112
Other	176,448	210,282
Total non-current liabilities	4,101,691	4,146,942
Total liabilities	5,937,699	5,922,204
<b>Net assets</b>		
Shareholders' equity		
Share capital	449,606	785,299
Capital surplus	435,606	771,299
Retained earnings	706,285	1,071,659
Treasury shares	-	(109)
Total shareholders' equity	1,591,498	2,628,147
Share acquisition rights	3,792	-
Total net assets	1,595,290	2,628,147
Total liabilities and net assets	7,532,989	8,550,351

**(2) Quarterly Non-consolidated Statement of Income**  
**(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)	First nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)
Net sales	6,779,205	7,567,824
Cost of sales	6,061,723	6,389,141
Gross profit	717,482	1,178,683
Selling, general and administrative expenses	506,808	619,382
Operating profit	210,673	559,300
Non-operating income		
Interest income	458	397
Dividend income	302	4
Reversal of allowance for doubtful accounts	6,336	654
Subsidy income	11,691	12,174
Other	6,833	5,388
Total non-operating income	25,621	18,620
Non-operating expenses		
Interest expenses	33,045	33,304
Other	18,506	14,571
Total non-operating expenses	51,552	47,875
Ordinary profit	184,742	530,044
Extraordinary income		
Gain on sales of investment securities	17,226	-
Total extraordinary income	17,226	-
Extraordinary losses		
Loss on sales of non-current assets	6,978	-
Loss on retirement of non-current assets	1,529	1,679
Total extraordinary losses	8,508	1,679
Profit before income taxes	193,460	528,364
Income taxes	59,086	162,990
Profit	134,373	365,374



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

Not applicable.

**Significant Changes in Shareholders' Equity**

Share capital and the capital surplus each increased 327 million yen because of the exercise of the 4th series of share acquisition rights with an adjustable exercise price and provision for stopping the exercise of the rights, which were sold using a third-party allotment on November 6, 2020.

In addition, share capital and the capital surplus each increased 8 million yen due to the issuance of new shares as restricted stock compensation and the exercise of stock options, which were resolved at the Board of Directors meeting held on June 25, 2021.

As a result, share capital was 785 million yen and the capital surplus was 771 million yen at the end of the third quarter of the current fiscal year.

**Application of Special Accounting Methods for Presenting Quarterly Non-consolidated Financial Statements**

Calculation of income taxes

The tax expense was calculated by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes during the fiscal year, and multiplying that rate by the quarterly profit before income taxes.

**Segment and Other Information****Segment Information**

I First nine months of FY2/21 (Mar. 1, 2020 – Nov. 30, 2020)

## 1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment	Amounts shown on quarterly non-consolidated statement of income (Note 2)
	Logistics services	IT automation	Sub-total				
Net sales							
External sales	6,523,320	188,332	6,711,652	67,552	6,779,205	-	6,779,205
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	6,523,320	188,332	6,711,652	67,552	6,779,205	-	6,779,205
Segment profit (loss)	120,757	96,854	217,611	(6,938)	210,673	-	210,673

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

2. Segment profit (loss) is consistent with operating profit recorded in the quarterly non-consolidated statement of income.

## 2. Information related to impairment losses on non-current assets, or goodwill, etc. for each reportable segment

Not applicable.

## II First nine months of FY2/22 (Mar. 1, 2021 – Nov. 30, 2021)

## 1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment			Others (Note 1)	Total	Adjustment	Amounts shown on quarterly non-consolidated statement of income (Note 2)
	Logistics services	IT automation	Sub-total				
Net sales							
External sales	7,175,630	319,767	7,495,397	72,426	7,567,824	-	7,567,824
Inter-segment sales and transfers	-	-	-	-	-	-	-
Total	7,175,630	319,767	7,495,397	72,426	7,567,824	-	7,567,824
Segment profit (loss)	466,044	99,030	565,074	(5,774)	559,300	-	559,300

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

2. Segment profit (loss) is consistent with operating profit recorded in the quarterly non-consolidated statement of income.

## 2. Information related to impairment losses on non-current assets, or goodwill, etc. for each reportable segment

Not applicable.

## 3. Information concerning revisions to reportable segments

Due to the increasing importance of software sales and use services, which were previously included in the logistics services segment, these activities have become a reportable segment called the IT automation beginning with the first three months of FY2/22.

Segment information for the first nine months of FY2/21 is based on the revised reportable segments.

*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.*