

Results of Operations for the Fiscal Year Ended February 28, 2022

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

April 14, 2022



Contents

I.	Financial Summary	.....	3
II.	Earnings Forecasts	.....	23
III.	Medium-term Business Plan	.....	28
IV.	Summary of Operations	.....	32
V.	Topics	.....	49
VI.	Activities for the Sustainable Development Goals	.....	53
VII.	Reference	.....	56

A thick, solid green diagonal bar runs from the top-left corner towards the bottom-right, occupying the left side of the slide.

I. Financial Summary

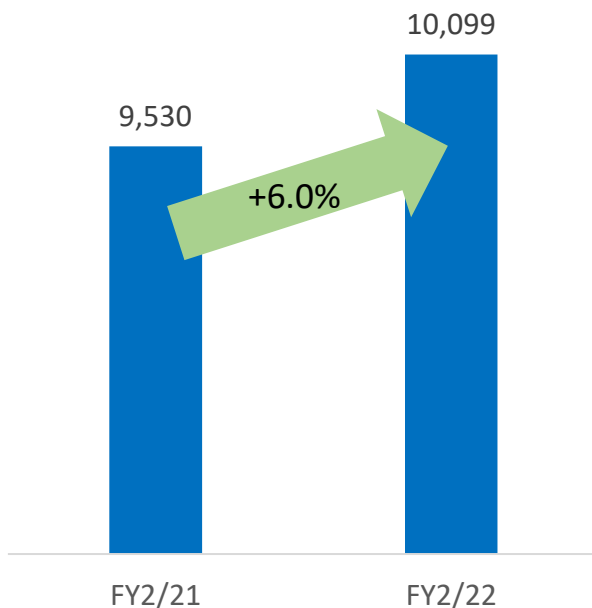
Highlights | Vs. FY2/21

Record-high operating profit due to a large volume of new orders beginning early in the fiscal year and a higher distribution center utilization rate.

Net sales	10.09 billion yen	(Up 6.0 % YoY)
Operating profit	0.72 billion yen	(Up 74.5 % YoY)

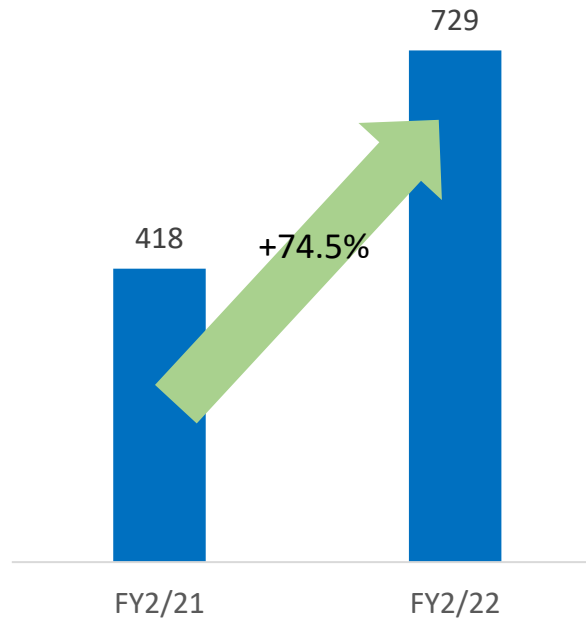
Net sales

(Millions of yen)



Operating profit

(Millions of yen)



<Factors affecting sales>

- ◆ Switch of cargo transport fee contracts reduced sales by about 1.2 billion yen from the previous fiscal year. However, sales from new customers and new projects continued to increase because of the large volume of new orders throughout the fiscal year and the increasing size of orders.
- ◆ Demand for our services was lower in 4Q FY2/22 than in 4Q FY2/21 when the increasing severity of the pandemic boosted demand and existing-customer sales decreased YoY in the 4Q as a result.

<Factors affecting operating profit>

- ◆ Higher utilization rates at distribution centers resulting from the rapid start of operations for new orders contributed to the growth of FY2/22 operating profit.

FY2/23 Earnings Forecasts

Aiming for more growth along with the continuing expansion of the distribution center network

Net sales	12.00 billion yen	(Up	18.9 % YoY)
Operating profit	0.94 billion yen	(Up	29.3 % YoY)

Net sales

(Millions of yen)

12,002

10,099

+18.9%

FY2/22

FY2/23

Non-consolidated results

Consolidated forecasts

Operating profit

(Millions of yen)

943

729

+29.3%

FY2/22

FY2/23

Non-consolidated results

Consolidated forecasts

<Factors affecting sales>

- ◆ Forecast existing-business sales of 10 billion yen as this category of sales increases along with new sales of 2 billion yen.

<Factors affecting operating profit>

- ◆ Planning on a higher operating margin as the Tokyo Primary Center increases to full capacity quickly.

*KANTSU will begin preparing consolidated financial statements in 1Q FY2/23.

FY2/22 Results Summary

Sales increased 6.0% year on year to 10 billion yen and operating profit increased 74.5% to 0.72 billion yen. Sales and earnings increased in the logistics services business and IT automation business.

(Millions of yen, %)

	FY2/21		FY2/22		YoY change	
	Results	% to net sales	Results	% to net sales	Amount	%
Net sales	9,530	100.0	10,099	100.0	568	6.0
Gross profit	1,105	11.6	1,571	15.6	465	42.1
SG&A expenses	687	7.2	842	8.3	154	22.5
Operating profit	418	4.4	729	7.2	311	74.5
Ordinary profit	383	4.0	687	6.8	304	79.4
Profit	283	3.0	463	4.6	180	63.9
EPS (Yen)	31.66	-	45.74	-	-	-

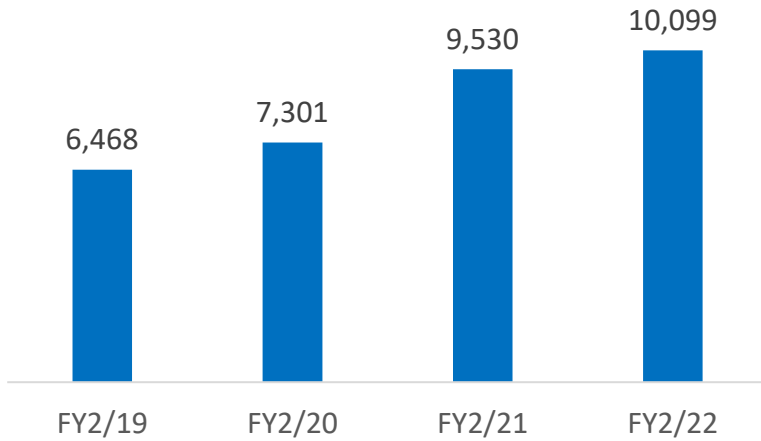
* IT automation is a new reportable segment beginning with 1Q FY2/22. Due to a reexamination of software development depreciation expenses and other reasons associated with this new segment, 20 million yen of depreciation that was included in SG&A expenses in FY2/21 has been reclassified as cost of sales.

* KANTSU conducted a 3-for-1 stock split on September 1, 2021. EPS has been calculated as if this stock split had taken place at the beginning of FY2/21.

FY2/22 Results Summary

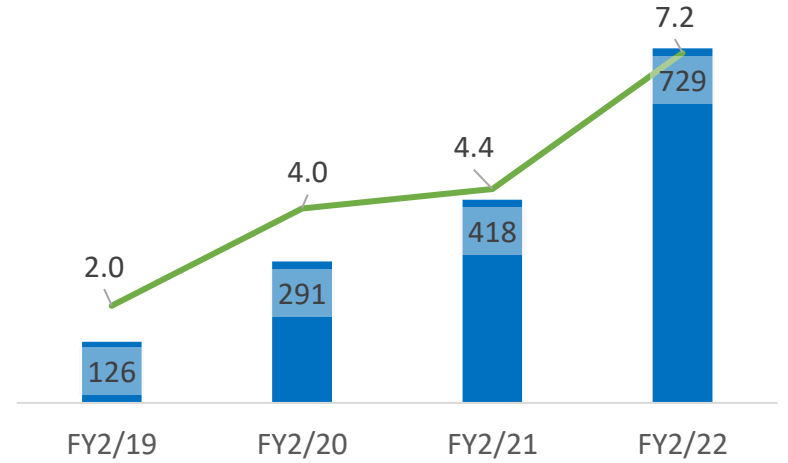
Net sales

(Millions of yen)



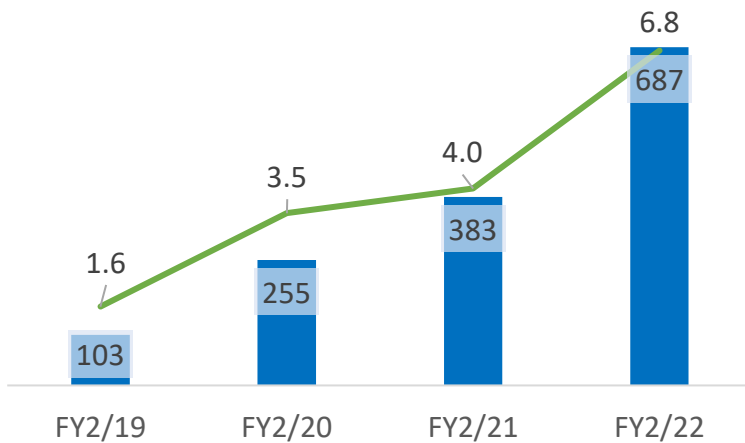
Operating profit

(Millions of yen, %)



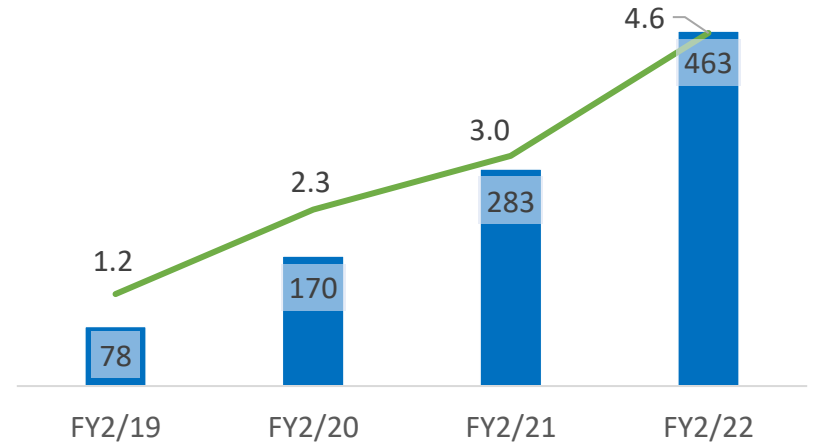
Ordinary profit

(Millions of yen, %)



Profit

(Millions of yen, %)



Business Segments (1) Logistics Services Business

- Switch of cargo transport fee contracts for some customers reduced sales (down about 1.2 billion yen YoY)
- Despite this reduction, fiscal year sales increased 422 million yen (4.6%) because of the large volume of new orders throughout the fiscal year and the increasing scale of new business.
- Profit margin improved because of a review of business relationships with low profit margins. (including the switch of some cargo transport fee contracts)
- There were new customers at the two new distribution centers. Segment profit increased 295 million yen (up 92.9% YoY).

(Millions of yen, %)

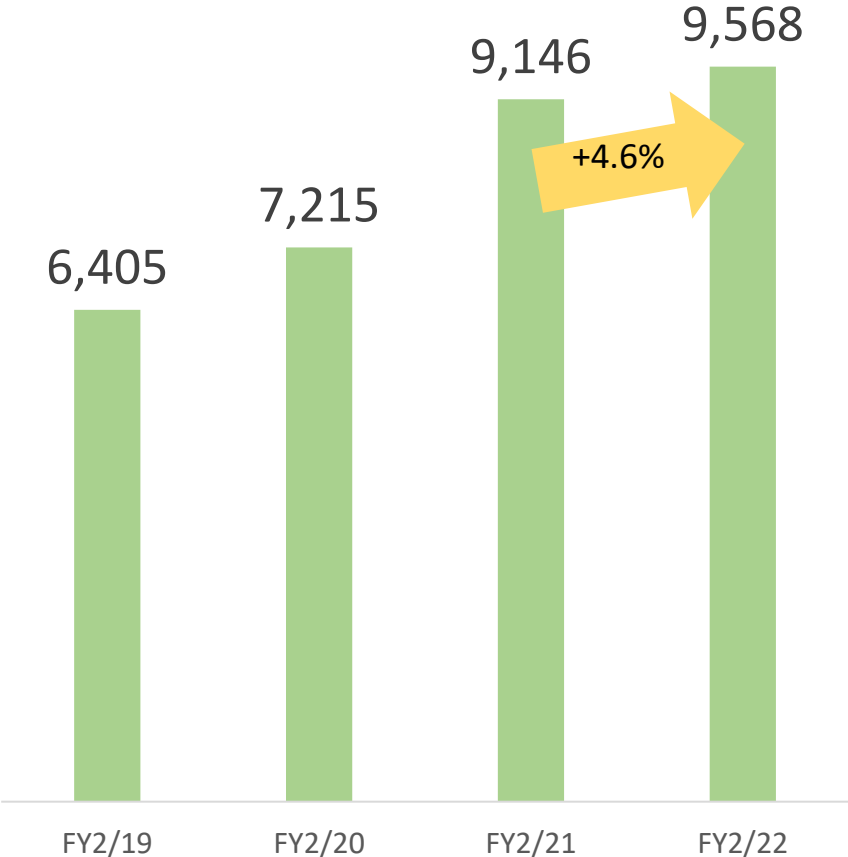
		FY2/21		FY2/22		YoY change	
		Results	% to sales	Results	% to sales	Amount	%
	EC/catalog logistics support services	8,968	98.0	9,393	98.2	424	4.7
	Outsourced order processing services	92	1.0	111	1.2	18	20.5
	Others	85	0.9	63	0.7	(21)	(25.3)
	Segment sales	9,146	100.0	9,568	100.0	422	4.6
	Segment profit	318	3.5	613	6.4	295	92.9

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

Logistics Services Business Results

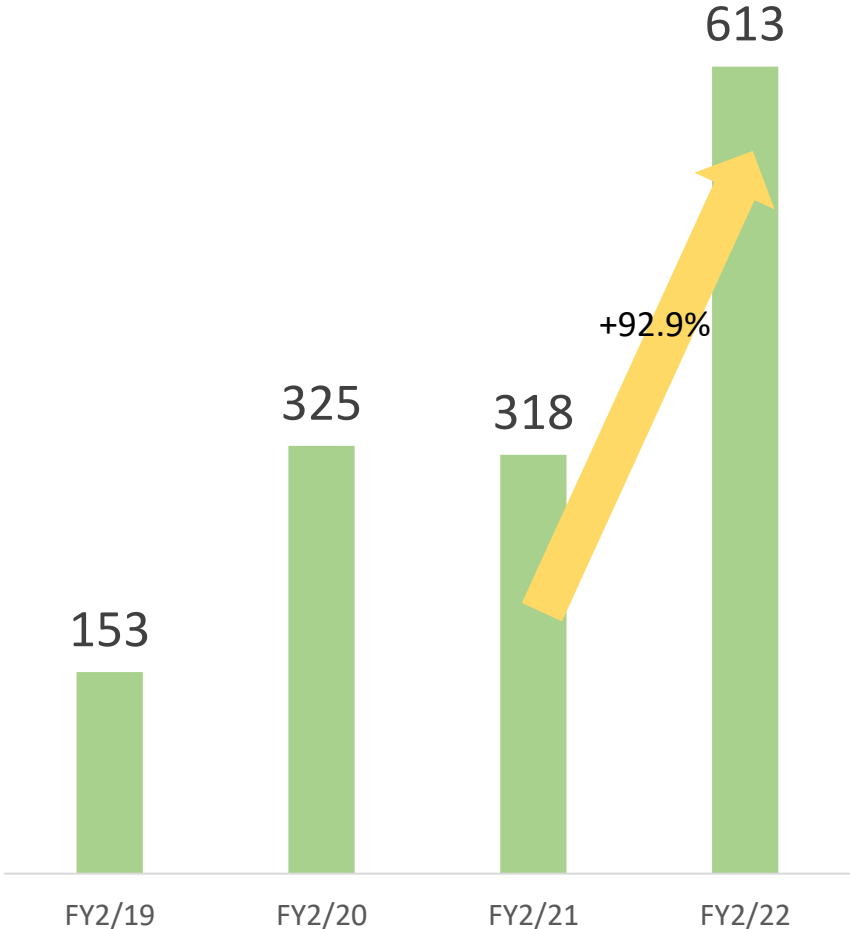
Segment sales

(Millions of yen)



Segment profit

(Millions of yen)



Business Segments (2) IT Automation Business

- Sales of Cloud Thomas, a key product of this segment, increased 121 million yen (60.0%) to 324 million yen. The main reasons are (1) an increasing number of new contracts, (2) sales of logistics automation hardware, and (3) orders received for one-time outsourced development projects.
- The segment profit increased 10.3% to 122 million yen.
 - (1) Logistics automation hardware sales raised cost of sales ratio
 - (2) The profit margin decreased because of expenditures to strengthen support, sales and development operations.

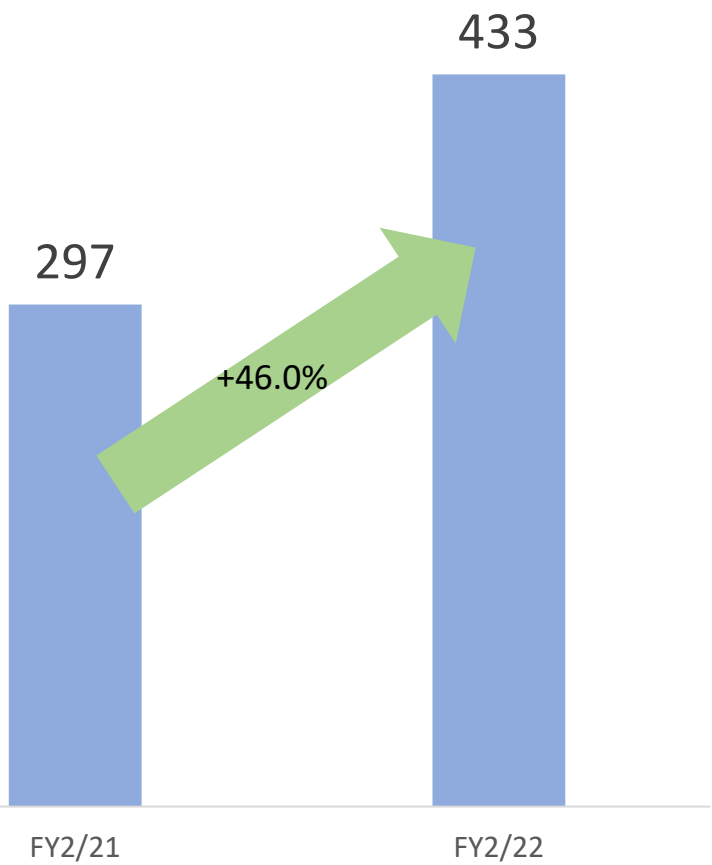
(Millions of yen, %)

		FY2/21		FY2/22		YoY change	
		Results	% to sales	Results	% to sales	Amount	%
	Cloud Thomas	202	68.2	324	74.8	121	60.0
	Other	94	31.8	109	25.2	14	15.7
Segment sales		297	100.0	433	100.0	136	46.0
Segment profit		111	37.4	122	28.3	11	10.3

IT Automation Business Results

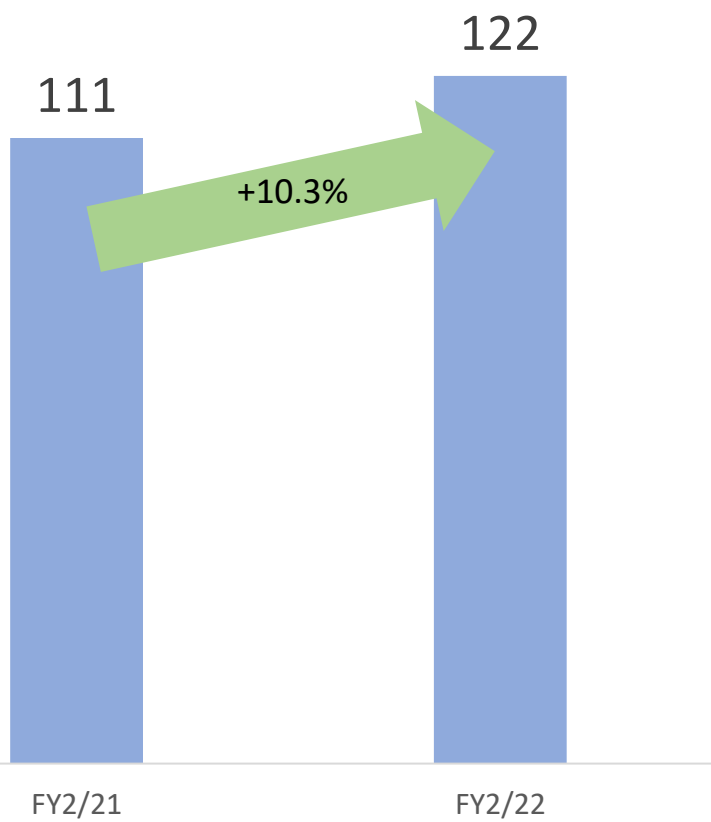
Segment sales

(Millions of yen)



Operating profit

(Millions of yen)



Business Segments (3) Other Businesses

- Technology education services for foreign trainees sales were down because of the inability to provide services to new classes of trainees due to the pandemic and other reasons.
- Sales increased 11.6% because of strong increase in sales of other education services*, including the employment assistance service for people with developmental disabilities, which started in December 2020.
- The segment loss improved by 4 million yen despite higher expenses due to the start of the employment assistance service for people with developmental disabilities.

(Millions of yen, %)

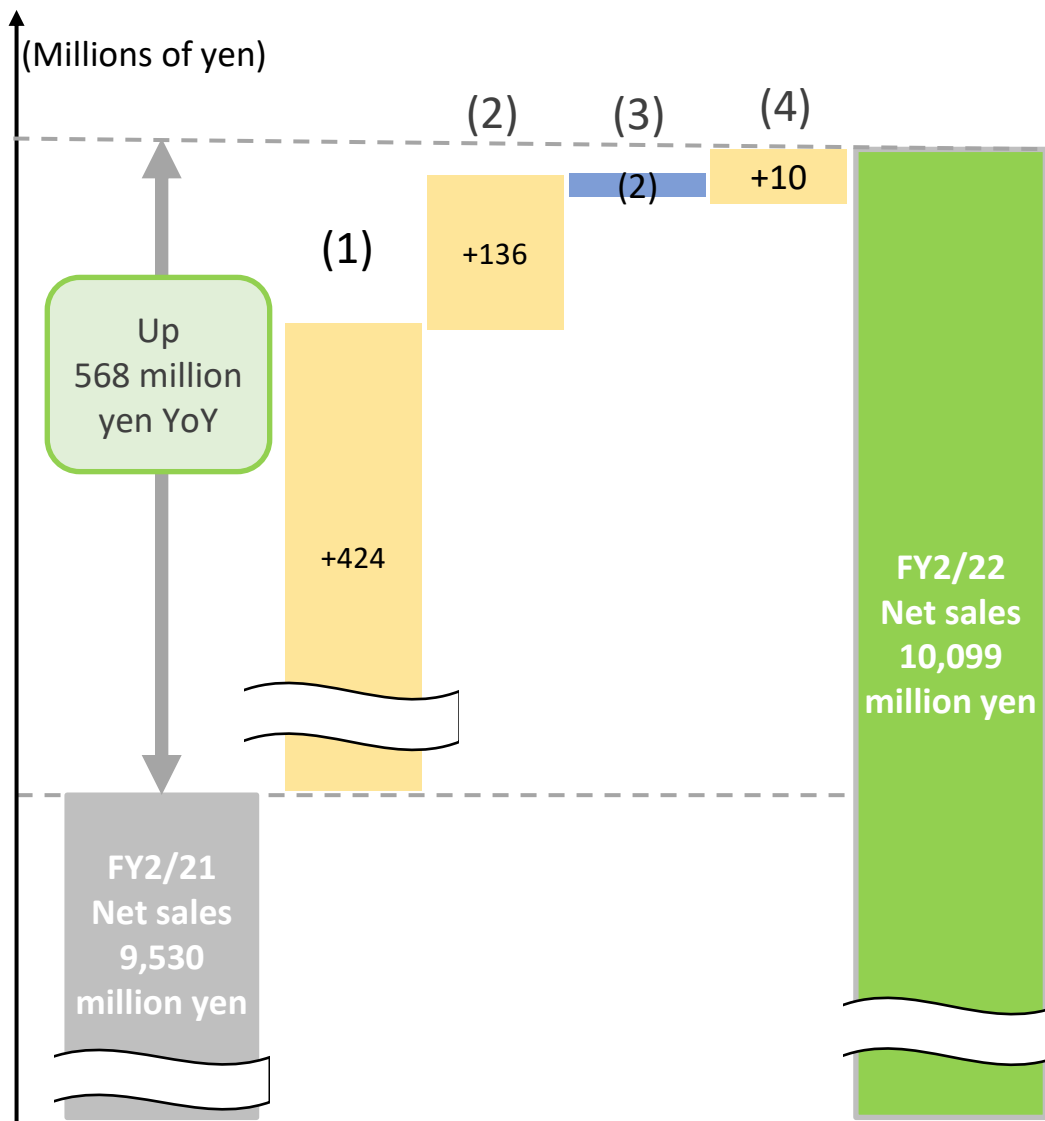
		FY2/21		FY2/22		YoY change	
		Results	% to sales	Results	% to sales	Amount	%
	Technology education services for foreign trainees	19	22.0	11	11.6	(7)	(41.4)
	Other education services	67	78.0	85	88.4	17	26.6
	Segment sales	86	100.0	96	100.0	10	11.6
	Segment profit	(11)	-	(6)	-	4	-

*Other education services (see page 62) consist of education services for people with a developmental disability and support for pre-school child care.

Analysis of Change in Net Sales

(1) Higher sales of EC/catalog logistics support services
 →The start of operations early in the fiscal year for new large orders contributed to sales.

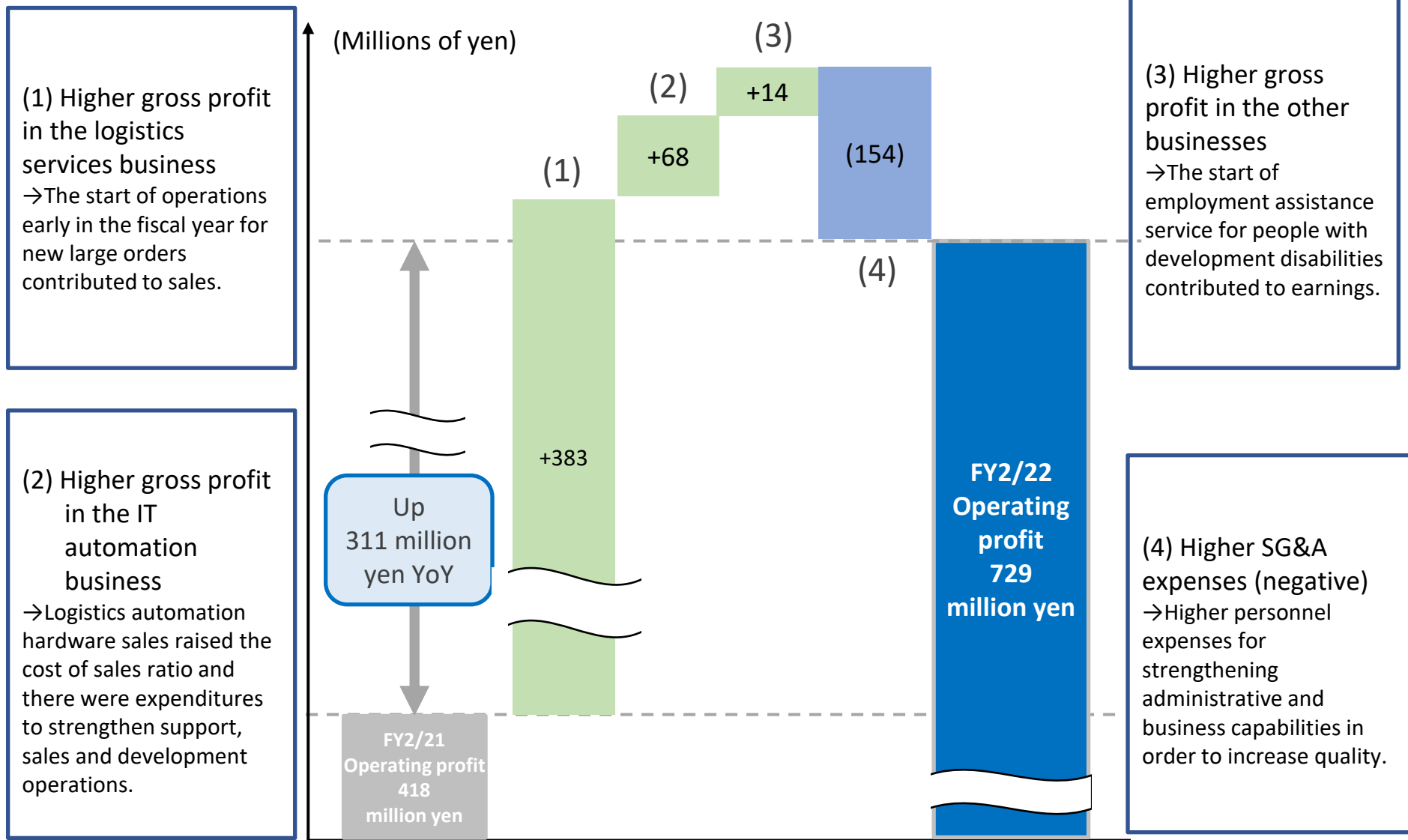
(2) Growth in the IT automation business
 →Sales increased as the number of contracts continued to climb and sales per customer increased.



(3) Lower sales of other logistics services
 →EC sales of current logistics services customers were down as the severity of the pandemic declined, resulting in lower sales of other logistics services.

(4) Higher sales of other businesses
 →Sales increased due to the start of the employment assistance service for people with developmental disabilities.

Analysis of Change in Operating Profit



Quarterly Results Summary

Although the receipt of new business early in the fiscal year offset the decline in sales caused by the switch involving cargo transport fees, there was a downturn in the fourth quarter from the previous year's fourth quarter when the pandemic increased demand. Existing customer sales decreased, and the effect of seasonal factors was different than usual.

(Millions of yen, %)

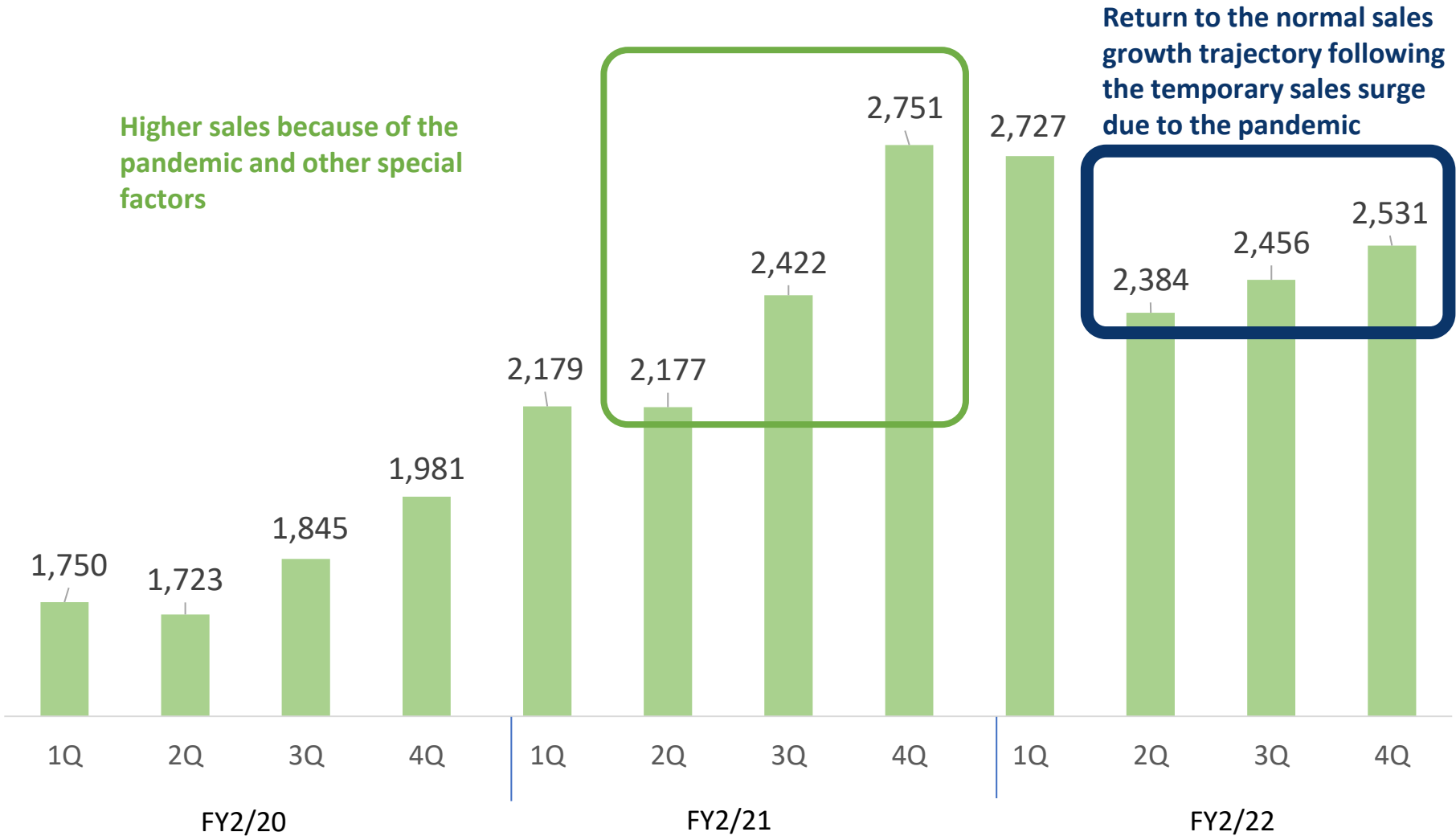
	FY2/21				FY2/22						
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	FY	FY plan	Vs. FY plan
Net sales	2,179	2,177	2,422	2,751	2,727	2,384	2,456	2,531	10,099	10,756	93.9
Gross profit	212	255	249	388	397	371	409	392	1,571	1,608	97.7
SG&A expenses	168	169	168	180	213	199	206	222	842	937	89.8
Operating profit	43	86	80	207	184	171	202	170	729	670	108.7
Ordinary profit	32	78	74	198	171	163	195	157	687	635	108.3
Profit	23	55	55	148	117	112	135	98	463	428	108.2
EPS (Yen)	2.78	6.12	6.14	15.86	11.92	10.95	13.19	9.61	45.74	-	-

* IT automation is a new reportable segment beginning with 1Q FY2/22. Due to a reexamination of software development depreciation expenses and other reasons associated with this new segment, 20 million yen of depreciation that was included in SG&A expenses in FY2/21 has been reclassified as cost of sales.

* KANTSU conducted a 3-for-1 stock split on September 1, 2021. EPS has been calculated as if this stock split had taken place at the beginning of FY2/21.

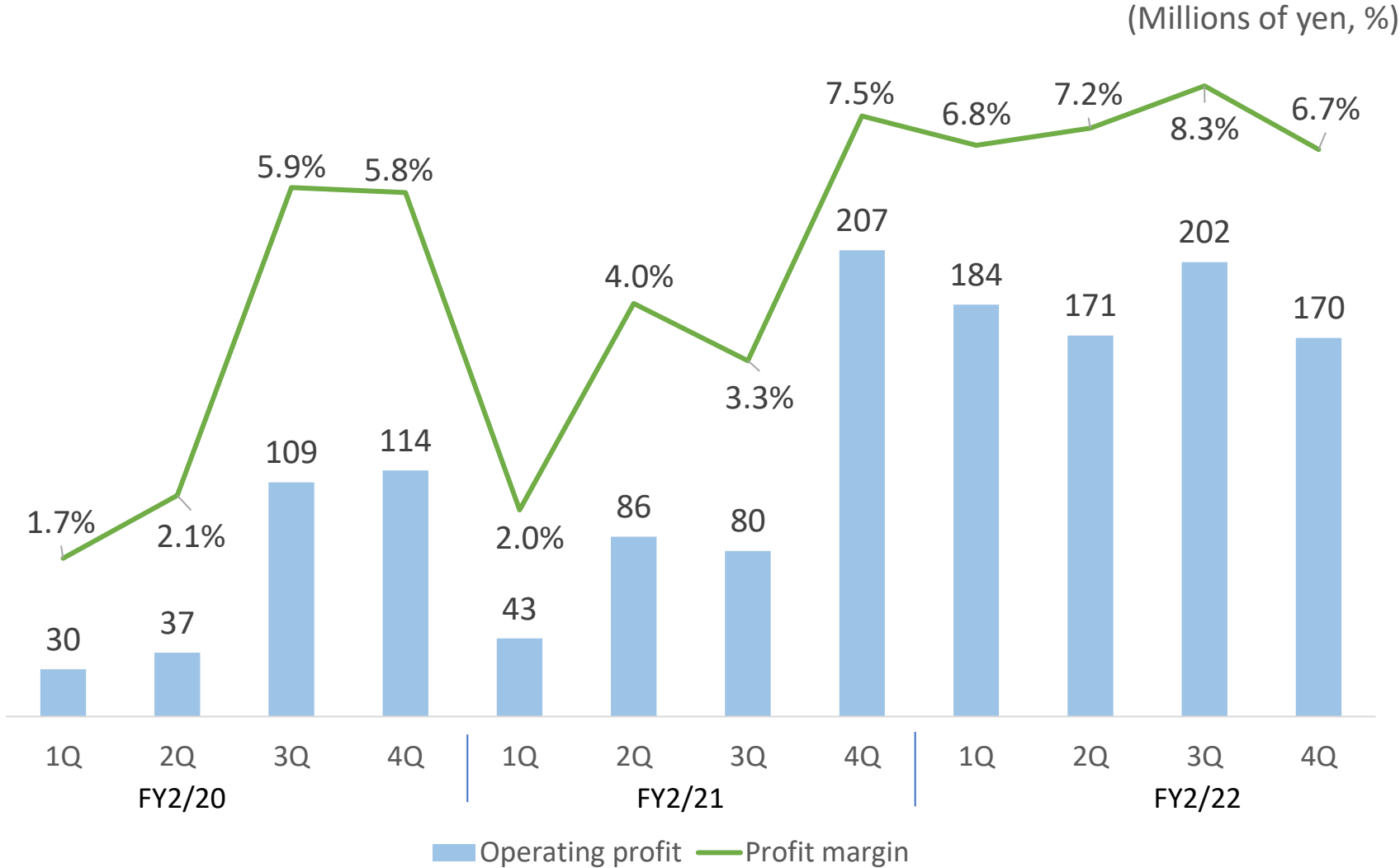
Quarterly Sales

(Millions of yen)



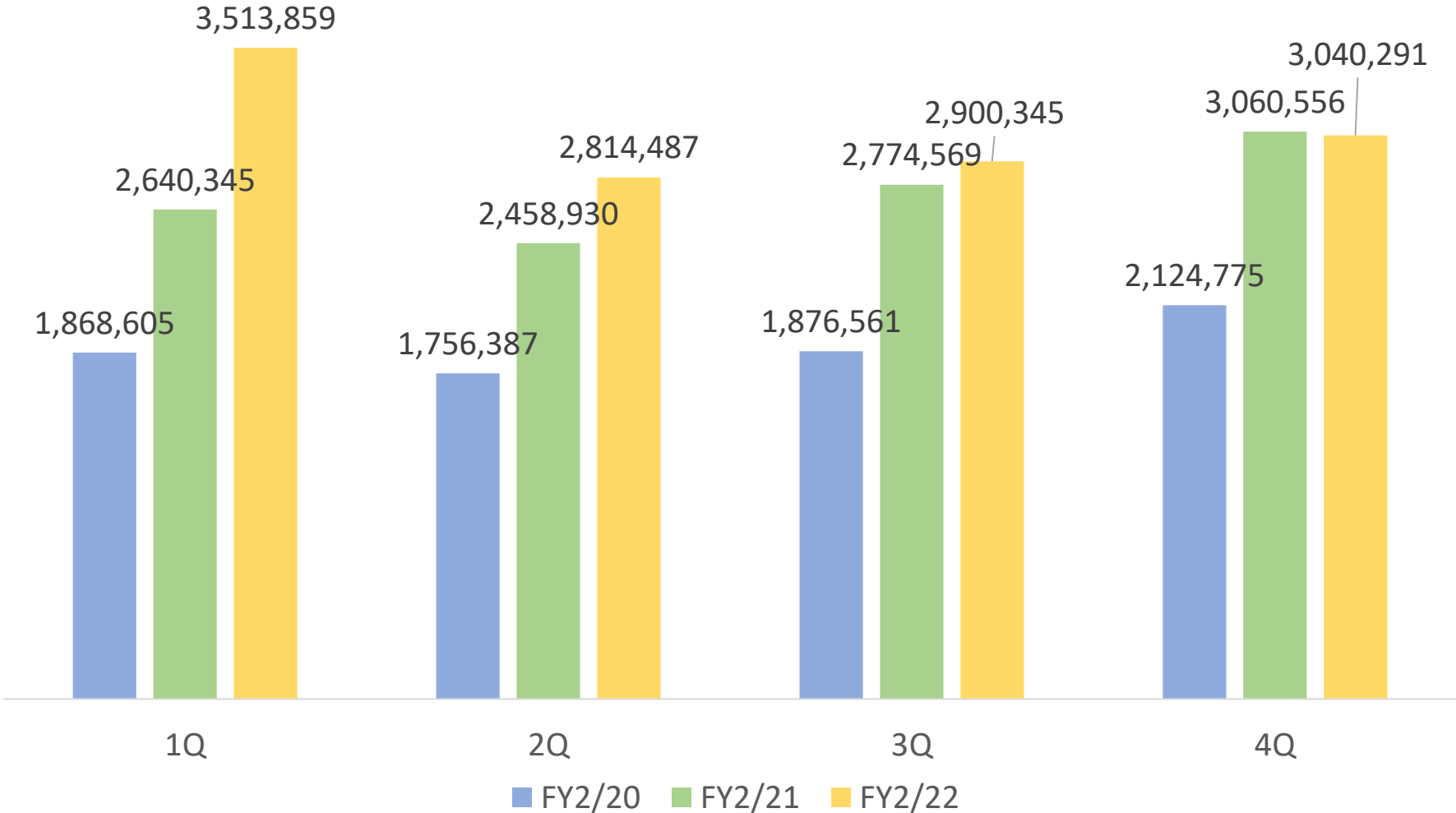
Quarterly Operating Profit

Quarterly operating profit in FY2/22 was generally higher than one year earlier.



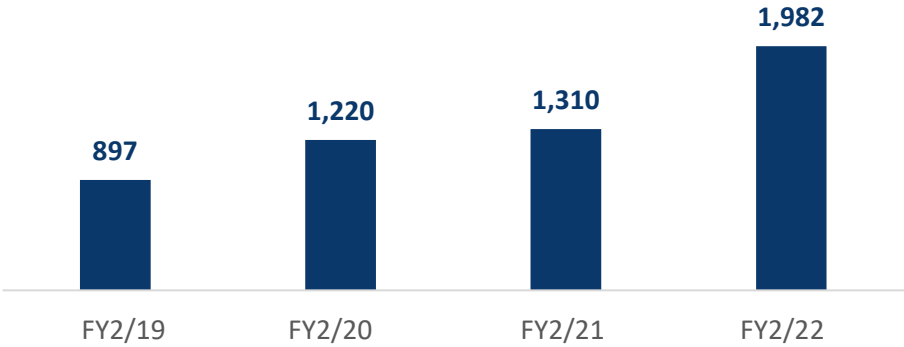
Quarterly Shipments

(Number of packages)



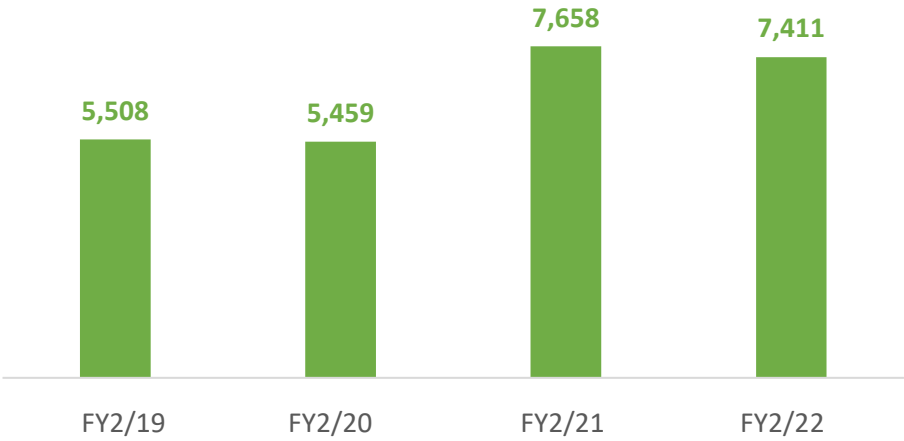
Sales Composition (2) | Sources of Sales Growth

Logistics Services Business Sales for New Customers (Millions of yen)

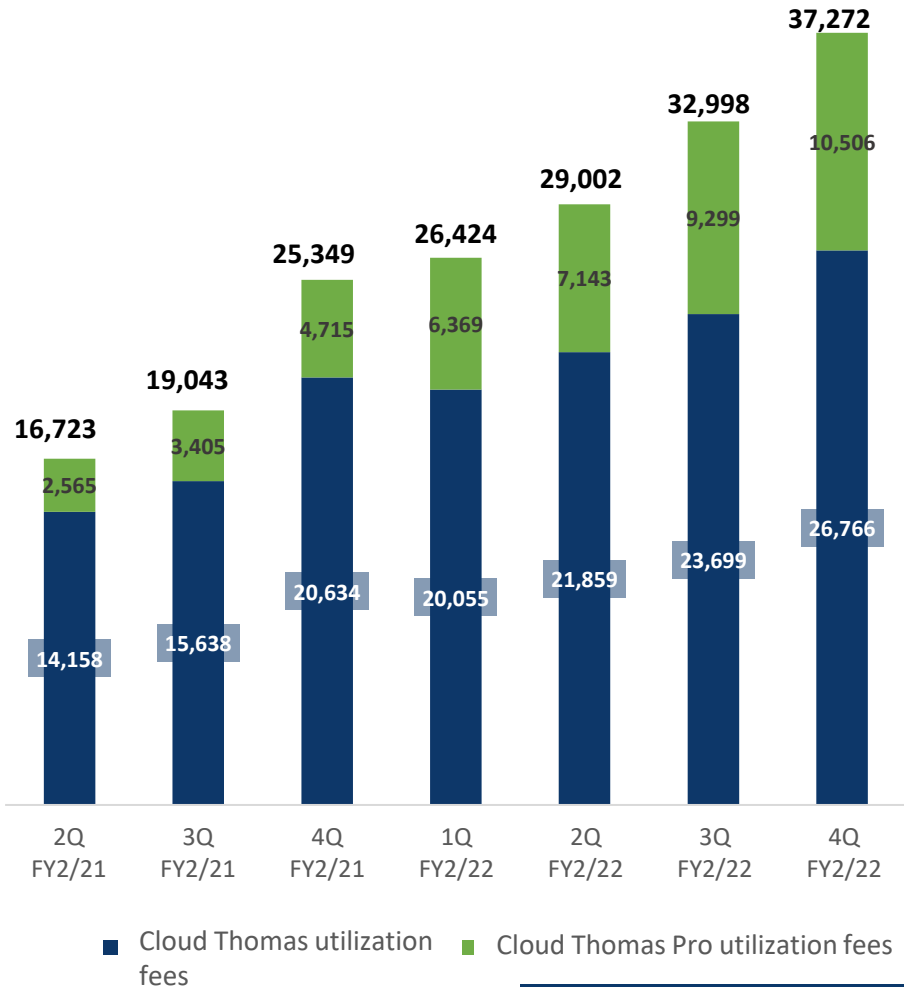


*Sales for new customers are the total of sales during the prior 12 months for newly acquired customers.

Logistics Services Business Sales for Existing Customers (Millions of yen)



Cloud Thomas Utilization Fees (Thousands of yen)



Condensed Balance Sheet

	As of Feb. 28, 2021		As of Feb. 28, 2022		YoY change
	Amount	Composition	Amount	Composition	
Current assets	4,142	55.0	4,673	49.3	531
Cash and deposits	2,592	34.4	3,218	33.9	625
Accounts receivable	1,256	16.7	1,136	12.0	(119)
Other	293	3.9	318	3.4	25
Non-current assets	3,390	45.0	4,810	50.7	1,420
Property, plant and equipment	2,326	30.9	3,119	32.9	793
Intangible assets	259	3.4	295	3.1	35
Investments and other assets	804	10.7	1,396	14.7	591
Total assets	7,532	100.0	9,484	100.0	1,951
Current liabilities	1,836	24.4	2,007	21.2	171
Accounts payable	472	6.3	303	3.2	(168)
Interest-bearing debt	817	10.9	869	9.2	51
Other	546	7.3	835	8.8	288
Non-current liabilities	4,101	54.4	4,750	50.1	648
Interest-bearing debt	3,867	51.3	4,323	45.6	455
Other	234	3.1	426	4.5	192
Total liabilities	5,937	78.8	6,757	71.3	820
Total net assets	1,595	21.2	2,726	28.7	1,131
Total liabilities and net assets	7,532	100.0	9,484	100.0	1,951

(Millions of yen, %)

Increase mainly due to long-term borrowings and exercise of share acquisition rights

Increase mainly due to the new refrigerated/frozen warehouse and automated warehouse

Higher guarantee deposits due to new distribution centers

Decrease because FY2/21 ended on a weekend and lower cargo transport expenses

Increase mainly due to the new refrigerated/frozen warehouse and automated warehouse

Increase in long-term borrowings and lease obligations due to capital expenditures

Increase due to exercise of share acquisition rights and profit

Capital Expenditures

- Capital expenditures, mainly for new distribution centers, are proceeding mostly as planned.

Plan and Actual Expenditures for New Distribution Centers

(As of February 28, 2022) (Millions of yen)

Project	Purpose	Plan	Payment made	Start/Finish
Construction of a D-to-C Distribution Center (Amagasaki, Hyogo) [Opened in June 2021]	More space for current customers and space for new customers (About 17,200 m ²)	265	163	May 2021 to Feb. 2022
Construction of a new EC/Catalog Distribution Center (Amagasaki, Hyogo) [Opened in April 2021]	More space for current customers and space for new customers (About 46,000 m ² for two centers)	747	315	Mar. 2021 to Feb. 2023
Construction of Tokyo Primary Center (Niiza, Saitama) [Opened in February 2022]				
Construction of a D-to-C II Distribution Center (Amagasaki, Hyogo) [To be open in August 2022]	More space for current customers and space for new customers (About 13,200 m ²)	231	-	Jul. 2022 to Feb. 2023
Add new distribution center (Amagasaki, Hyogo) [To be open in December 2022]	More space for current customers and space for new customers (About 14,200 m ²)	216	35	Sep. 2021 to Feb. 2024
Add new distribution center (Amagasaki, Hyogo) [To be open in November 2023]	More space for current customers and space for new customers (About 28,800 m ²)	442	-	Oct. 2023 to Feb. 2025
Add new distribution center (Tokorozawa, Saitama) [To be open in July 2024]	More space for current customers and space for new customers (About 26,100 m ²)	454	-	Jun. 2024 to Feb. 2026
Total	Plan to increase floor area by about 145,500 m ²	2,358		

Capital Expenditures

Plan and Actual Expenditures for Logistics

(As of February 28, 2022) (Millions of yen)

Project	Purpose	Plan	Payment made	Start/Finish
Use of robots at distribution centers	Expanded the use of robots and other logistics automation hardware	400	369	Mar. 2021 to Feb. 2022
Add new refrigerated/frozen facilities (Niiza, Saitama)	For serving new customers using e-commerce for frozen and refrigerated food products	370	101	Feb. 2022 to Apr. 2022

Plan and Actual Expenditures for Software Development

(As of February 28, 2022) (Millions of yen)

Project	Purpose	Plan	Payment made	Start/Finish
Software development	Reinforce functions of the Cloud Thomas warehouse management system and other improvements	300	99	Mar. 2021 to Feb. 2023

Expenditures/Depreciation

(Millions of yen)

	FY2/21				FY2/22			
	1Q	1H	1Q-3Q	FY	1Q	1H	1Q-3Q	FY
Expenditures (non-current assets)	102	379	638	779	284	638	846	1,513
Depreciation (total)	52	108	170	239	70	143	221	304



II. Earnings Forecasts

FY2/23 Earnings Forecasts

Forecast strong earnings growth as the elimination of business relationships with low profit margins during FY2/22 is expected to result in a big increase in profit margin.

(Millions of yen, %)

	FY2/22 Results		FY2/23 Forecasts		YoY change	
	Non-consolidated results	% to net sales	Consolidated forecasts	% to net sales	Amount	%
Net sales	10,099	100.0	12,002	100.0	1,903	18.9
Gross profit	1,571	15.6	2,043	17.0	472	30.1
SG&A expenses	842	8.3	1,100	9.2	258	30.7
Operating profit	729	7.2	943	7.9	214	29.3
Ordinary profit	687	6.8	902	7.5	214	31.1
Profit	463	4.6	608	5.1	144	31.2
EPS (Yen)	45.74	-	59.33	-	-	-

* KANTSU conducted a 3-for-1 stock split on September 1, 2021. EPS has been calculated as if this stock split had taken place at the beginning of FY2/22.

*On March 1, 2022, KANTSU established wholly owned subsidiary KANTSU Business Services Co., Ltd. As a result, KANTSU will begin preparing consolidated financial statements in 1Q FY2/23.

Business Segments (1) Logistics Services Business

- The goal is full capacity at the Tokyo Primary Center, which started operating in February 2022, and other new distribution centers in FY2/22 with a total floor area of almost 54,800m². We will work for maintaining the high quality of services for current customers and increasing the number and size of orders from new customers.
- The recently expanded refrigerated and frozen warehouses will be used to make KANTSU Japan's leader in the frozen EC logistics sector.

(Millions of yen, %)

		FY2/22		FY2/23		YoY change	
		Non-consolidated results	% to net sales	Consolidated forecasts	% to net sales	Amount	%
	EC/catalog logistics support services	9,393	98.2	11,067	98.1	1,674	17.8
	Outsourced order processing services	111	1.2	154	1.4	42	37.8
	Others	63	0.7	62	0.6	(1)	(2.8)
	Segment sales	9,568	100.0	11,284	100.0	1,715	17.9

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

Business Segments (2) IT Automation Business

- Aiming for more growth by focusing sales activities on Cloud Thomas Pro.
- Increase sales by raising the volume of logistics automation hardware AIS sales.

(Millions of yen, %)

		FY2/22		FY2/23		YoY change	
		Non-consolidated results	% to net sales	Consolidated forecasts	% to net sales	Amount	%
	Cloud Thomas	324	74.8	500	83.3	176	54.3
	Others	109	25.2	100	16.7	(8)	(8.2)
Segment sales		433	100.0	600	100.0	167	38.6

Business Segments (3) Other Businesses

- The goal is fiscal year profitability for the employment assistance service for people with developmental disabilities.

(Millions of yen, %)

	FY2/22		FY2/23		YoY change	
	Non-consolidated results	% to net sales	Consolidated forecasts	% to net sales	Amount	%
Technology education services for foreign trainees	11	11.6	9	8.1	(1)	(14.0)
Other education services	85	88.4	108	91.9	23	27.0
Segment sales	96	100.0	118	100.0	21	22.3

A thick, solid green diagonal bar runs from the top-left corner towards the bottom-right, partially obscuring the white background.

III. Medium-term Business Plan

1. Medium-term Business Plan Overview

- The goal is net sales of 17.9 billion yen and operating profit of 1.6 billion yen in FY2/25 by achieving growth that outpaces the e-commerce market's expansion.

(Millions of yen, %)

	FY2/23			FY2/24			FY2/25		
	Plan	% to net sales	YoY change (%)	Plan	% to net sales	YoY change (%)	Plan	% to net sales	YoY change (%)
Net sales	12,002	100.0	18.9	14,858	100.0	23.8	17,910	100.0	20.5
Gross profit	2,043	17.0	30.1	2,550	17.2	24.8	3,200	17.9	25.5
SG&A expenses	1,100	9.2	30.7	1,299	8.7	18.1	1,553	8.7	19.6
Operating profit	943	7.9	29.3	1,250	8.4	32.6	1,647	9.2	31.7
Ordinary profit	902	7.5	31.1	1,200	8.1	33.0	1,600	8.9	33.3
Profit	608	5.1	31.2	810	5.5	33.0	1,080	6.0	33.3
ROE	At least 15.0%		-	At least 15.0%		-	At least 15.0%		-

2. Medium-term Plan for Business Segments

- In the logistics services business, the goal is to use capital expenditures for distribution center expansion and robots and other logistics automation hardware in order to grow faster than the e-commerce market.
- In the IT automation business, the goal is to become recognized as an IT vendor by making software investments, mainly for Cloud Thomas, and using alliances and other measures.

(Millions of yen, %)

	FY2/23			FY2/24			FY2/25		
	Plan	% to net sales	YoY change (%)	Plan	% to net sales	YoY change (%)	Plan	% to net sales	YoY change (%)
Logistics services business	11,284	94.0	17.9	13,662	92.0	21.1	16,130	90.1	18.1
IT automation business	600	5.0	38.6	1,000	6.7	66.5	1,500	8.4	50.0
Other businesses	118	1.0	22.3	196	1.3	66.0	280	1.6	42.9
Net sales	12,002	100.0	18.9	14,858	100.0	23.8	17,910	100.0	20.5
Gross profit	2,043	17.0	30.1	2,550	17.2	24.8	3,200	17.9	25.5

3. Growth Strategy

1

[Corporate strategy]

Goals are business growth by using M&A and higher corporate value due to the stock market listing move to the Prime Market

2

[Strategy for the logistics services business]

Growth through expansion of distribution centers

- Plan to increase distribution center floor area by about 82,300m² during the three-year period beginning in FY2/23

3

[Strategy for the logistics services business]

Investments in facilities for the distribution of frozen merchandise to become Japan's leader in the frozen EC logistics sector

- Expand frozen warehouse operations while using automated equipment at warehouses and providing a pleasant and productive workplace environment.

4

[Strategy for the IT automation business]

Increase activities for receiving orders from new customers

- Use the business alliance with Canon IT Solutions for growth of the IT automation business. Increase sales per customer by focusing sales activities on Cloud Thomas Pro.

A thick, solid green diagonal bar runs from the top-left corner towards the bottom-right, partially obscuring the left side of the slide.

IV. Summary of Operations

What does KANTSU do?

KANTSU – Supporting the e-commerce businesses and creating new distribution channels in Japan

Rapid growth of the e-commerce sector has dramatically altered logistics in Japan.

Now, e-commerce became the primary component of distribution activities in Japan with an increasing number of links with other channels for selling merchandise to consumers.

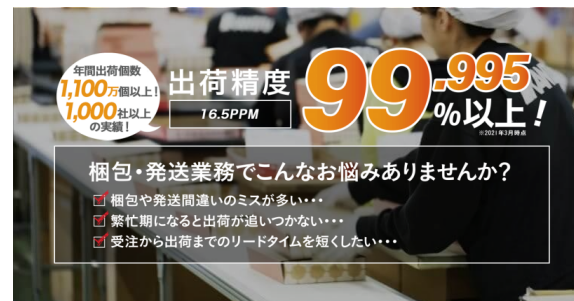


KANTSU logistics solutions have been continuously supporting growth of the EC market and the creation of new distribution and sales channels.

- E-commerce logistics
- Logistics technology
- Refrigerated /frozen
- Multi-channel logistics
- Outsourced order processing
- D-to-C logistics
- Warehouse management system
- and more...

A History of Steady Growth

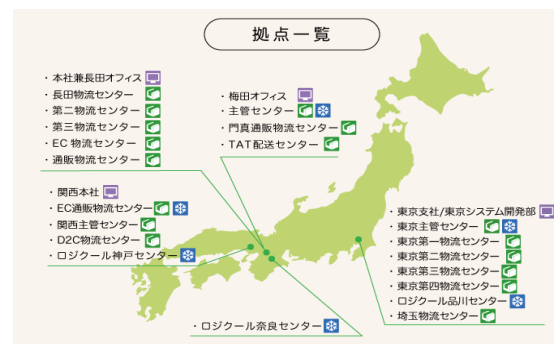
	Major events
1986	Establishment/Start of cargo transportation business
1991	Started operating a delivery center in Higashi Osaka Start of logistics processing services
1992	Establishment of Logistics Department/Start of B-to-B logistics services
1999	Start of EC/catalog logistics support services
2000	Received ISO9001 quality management certification
2001	Moved the head office and distribution center Started to develop a dominant position in the Higashi Osaka area
2007	Received ISO14001 environmental management system certification
2010	Started outsourced order processing services
2014	ISMS (ISO27001) certificate acquisition
2016	Start of the Annie check list system
2017	Started operating the Tokyo Area EC/Catalog Distribution Center in Kashiwa, Chiba prefecture Started full-scale operations in the Kanto area
2017	Started operating the Kansai Primary Center in Amagasaki, Hyogo prefecture Started to develop a dominant position in the Amagasaki area
2019	Started sales of the Cloud Thomas warehouse management system
2019	Formed a capital and business alliance with Rakuten Started Rakuten Super Logistics (RSL) Amagasaki
2020	Listed on the Tokyo Stock Exchange
2021	Started sales of the Cloud Thomas Pro warehouse management system
2022	17 locations in the Kanto/Kansai areas and total area of 200,700m ²



Quickly started EC logistics when EC first emerged in Japan



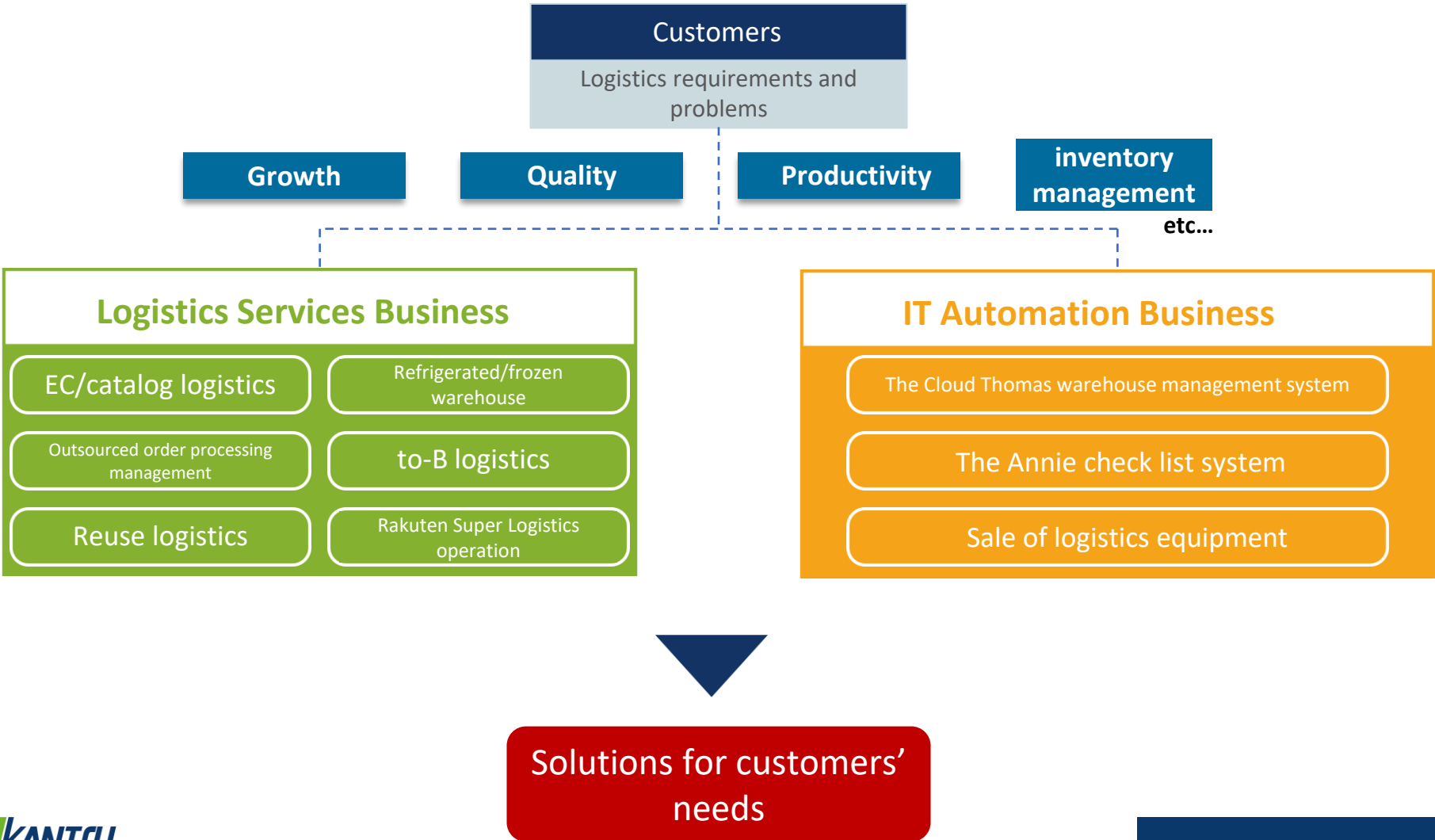
The Cloud Thomas warehouse management system



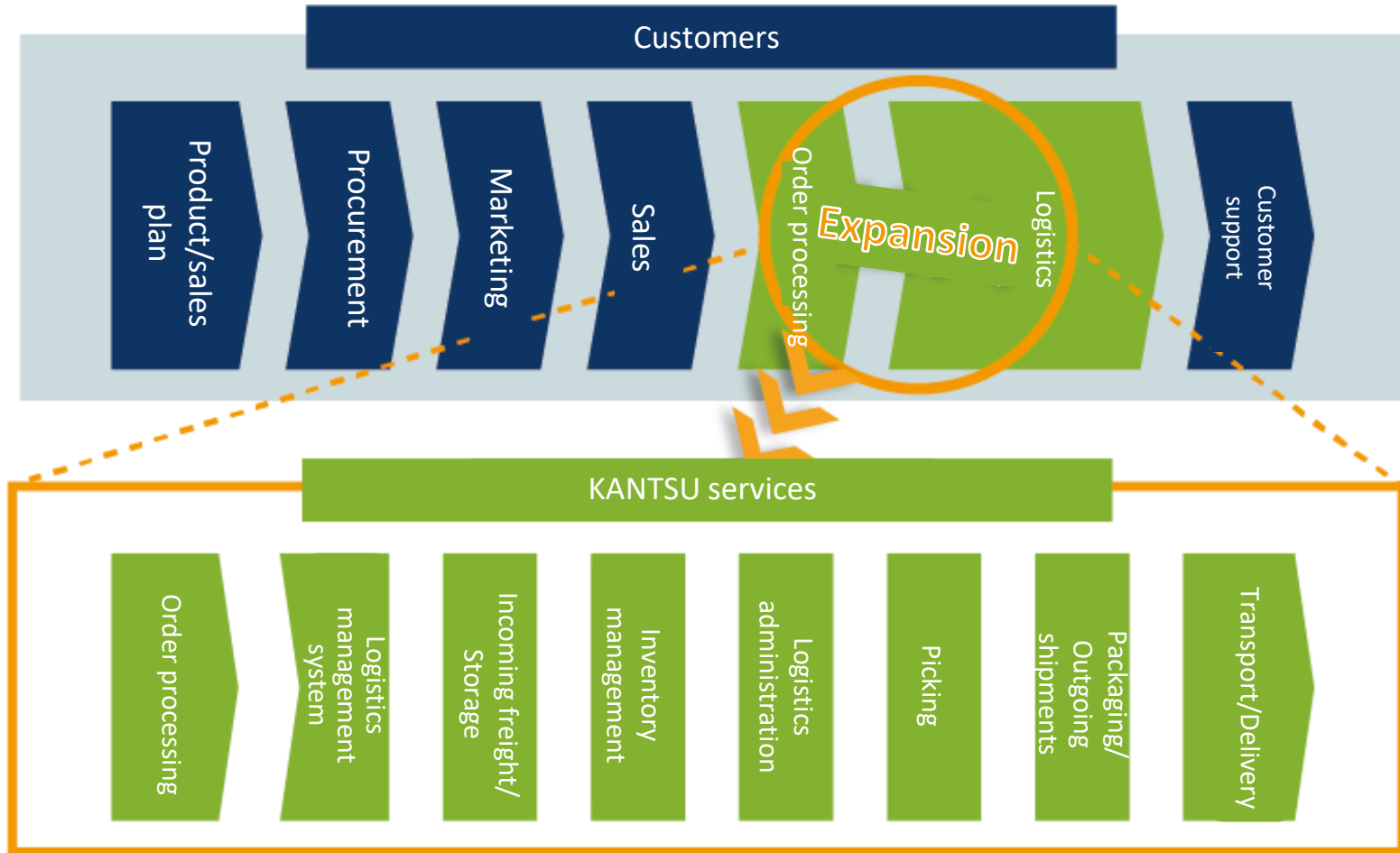
17 locations in the Kanto/Kansai areas and total floor area of 200,700m²

Our Services

Growth backed by two business sectors



In our core business, we **provide distribution center services for customers** by using highly sophisticated **warehouse operations** for logistics.



A strategy closely linked to customers' needs differentiates KANTSU

✓ Superior quality and productivity

Shipment accuracy of more than **99.995%以上!**
16.5PPM

年間出荷個数 **1,100万個以上!**
1,000社以上の実績!

梱包・発送業務でこんなお悩みありませんか?

- ☑ 梱包や発送間違いのミスが多い...
- ☑ 繁忙期になると出荷が追いつかない...
- ☑ 受注から出荷までのリードタイムを短くしたい...

© 2021年3月時点

✓ Superior know-how and experience

月間出荷件数10万件以上を実現

KANTSU can handle growth in the volume of customers' shipments

✓ Superior breadth of solutions

The first step for enlarging sales channels

お客様対応のエキスパートが御社の業務をスムーズにします。
時間を有効に使い、本来の業務に専念できます。

✓ Superior capacity

Construction of a 26,400m² distribution center in the city of Niiza in Saitama prefecture

- 販売量増による物流対応
- 冷凍冷蔵倉庫での3温度帯対応
- 2拠点運用によるBCP対応
- 配送リードタイム短縮
- 運賃コスト削減

The Cloud Thomas **warehouse management system** has an excellent reputation because it is **backed by a logistics company with considerable logistics expertise**. This system is further differentiated by support that no competitor can match. Logistics professionals from KANTSU help companies design logistics and provide assistance until customers' employees can fully utilize Cloud Thomas.

Solutions for customers' problems involving logistics!

Using Cloud Thomas

Raised monthly shipment volume by **60%**

Reduced shipment errors by more than **90%**



There are numerous versions of Cloud Thomas to match the warehouse management requirements of every customer



Cloud Thomas Pro for customization



For food products



For medical products



For apparel

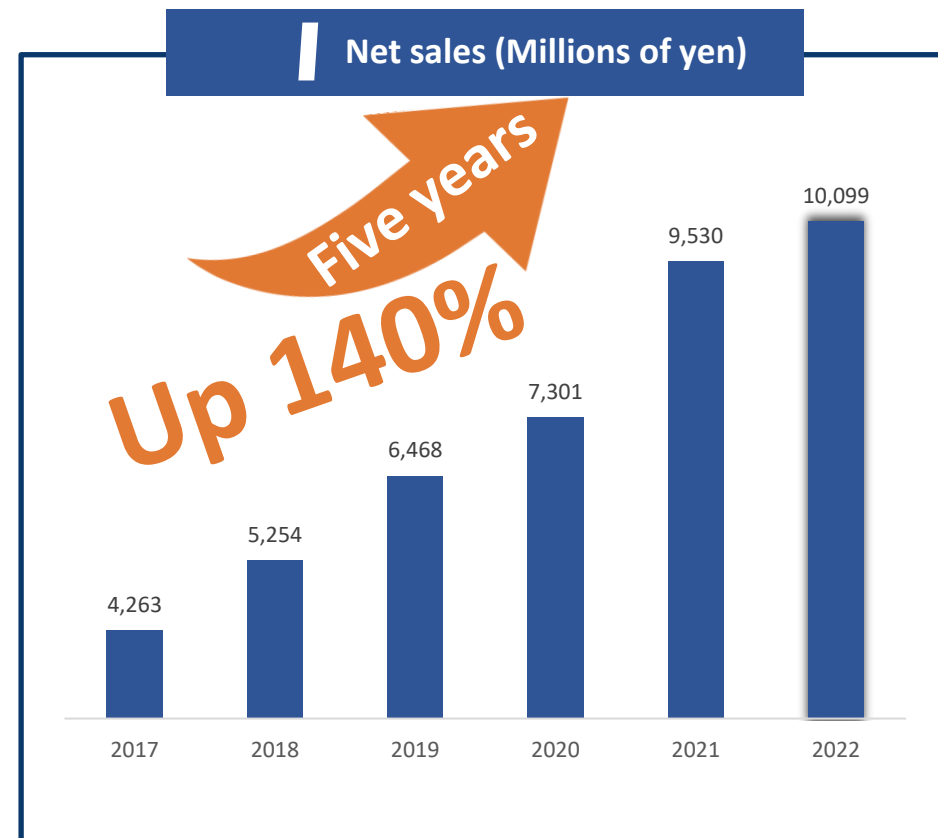
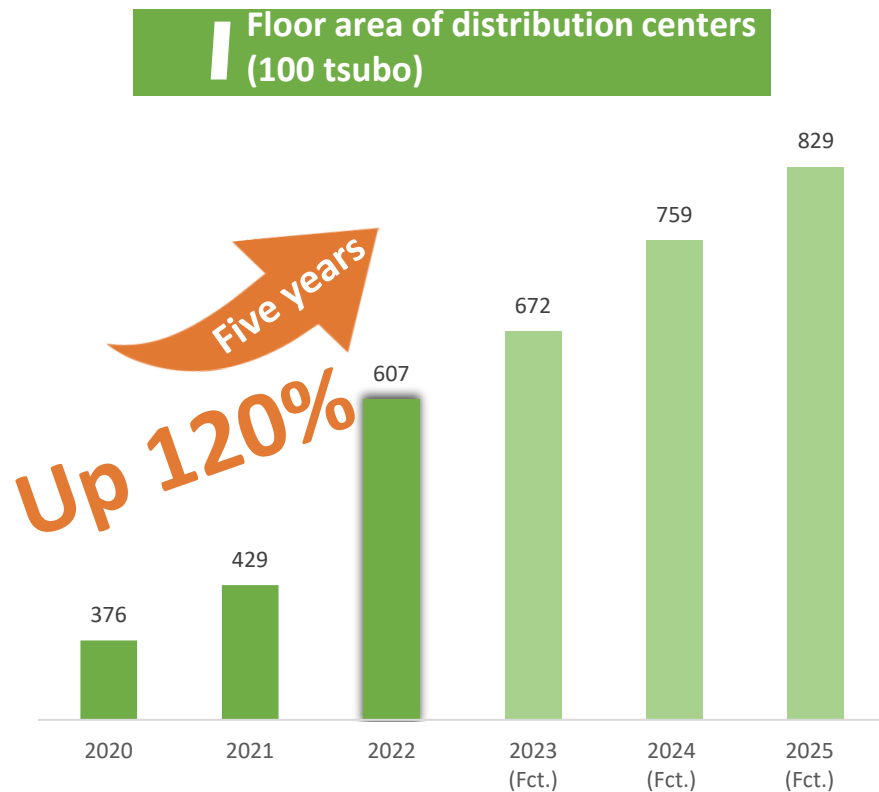
(1) Rapid growth

(2) Sales

(3) Operations

(4) IT

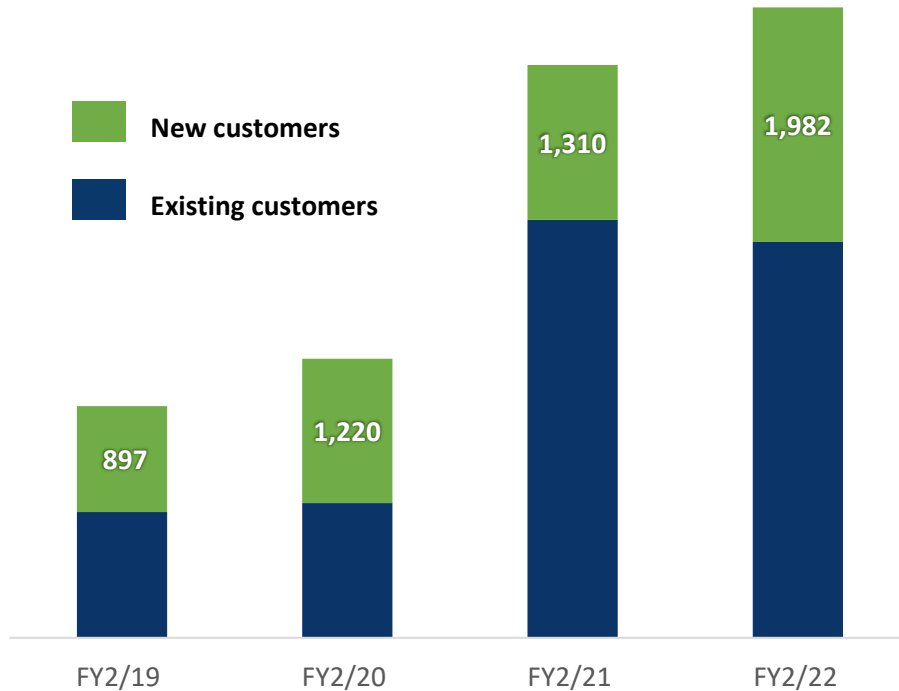
Among the fastest growing logistics companies in Japan in terms of infrastructure expansion and sales growth



Use of internet to add new customers/Final decisions at distribution centers

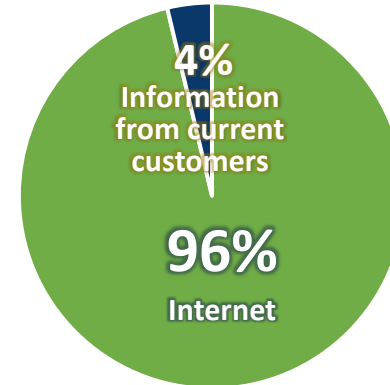
Logistics services new/existing customer sales

■ New customers
■ Existing customers

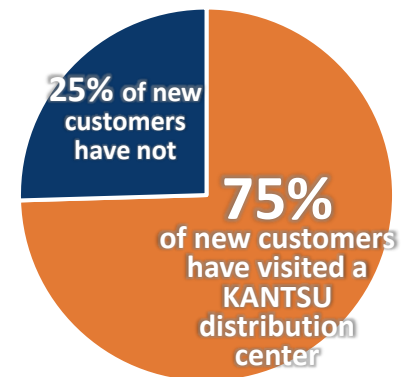


*Sales for new customers are the total of sales during the prior 12 months for newly acquired customers.

Channels used for sales inquiries



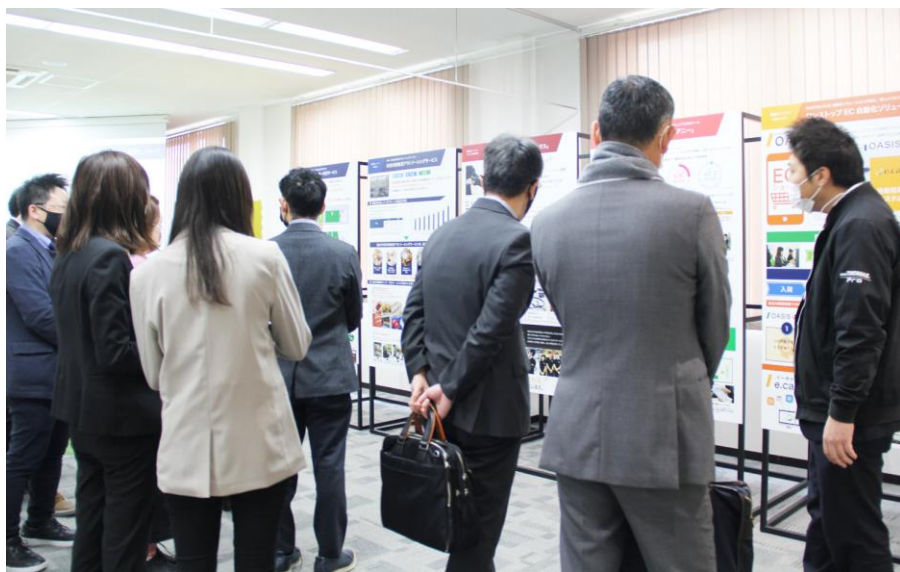
Most final decisions are after distribution center



- Only visited a distribution center: 80%
- Only received info about Cloud Thomas: 70%

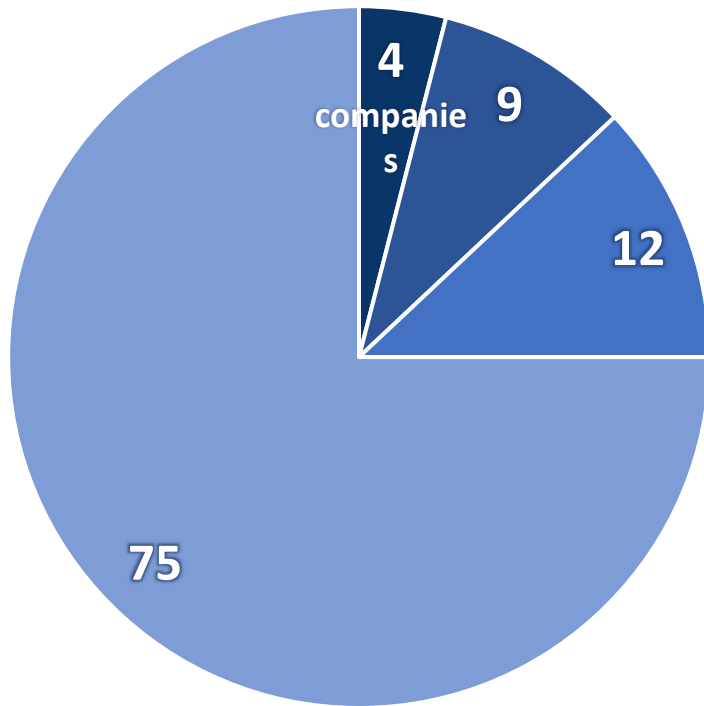
Enabling even more people to see our operations
Opened a large showroom on February 21, 2022

Many people are visiting the showroom every day,
resulting in a large number of negotiations and new orders.
We expect about **3,000** visitors during FY2/23.



A stable customer base with no significant reliance on a single company

Number of Customers by Share of Sales

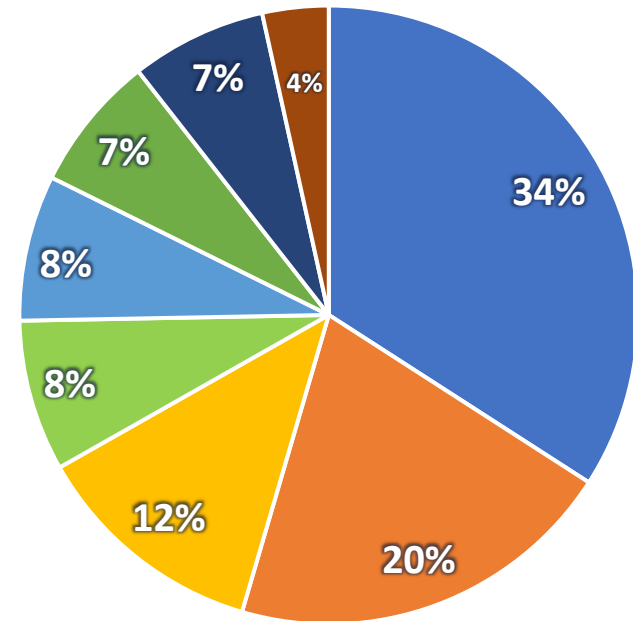


* Based on the top 100 companies in FY2/22 sales.

■ More than 5% ■ More than 2% and less than 5% ■ More than 1% and less than 2% ■ Less than 1%

Support for logistics in many sectors

Sales Composition by Market Sector



■ Clothes and apparel goods ■ Food, drinks, and liquor ■ Household goods, furniture, and interior ■ Other ■ Cosmetics and pharmaceuticals ■ Books, and visual and music software ■ Services ■ Electrical appliances, AV equipment, and PCs

* Based on the top 100 companies in FY2/22 sales.

* Rakuten Super Logistics services are included in Services.

Customer feedback

Many customers say that our services raised productivity and quality.

Business growth of about **50%**

Big decline in shipping errors, an issue that creates big problems for customers

Daily capacity increased

from **600** to **1,200**

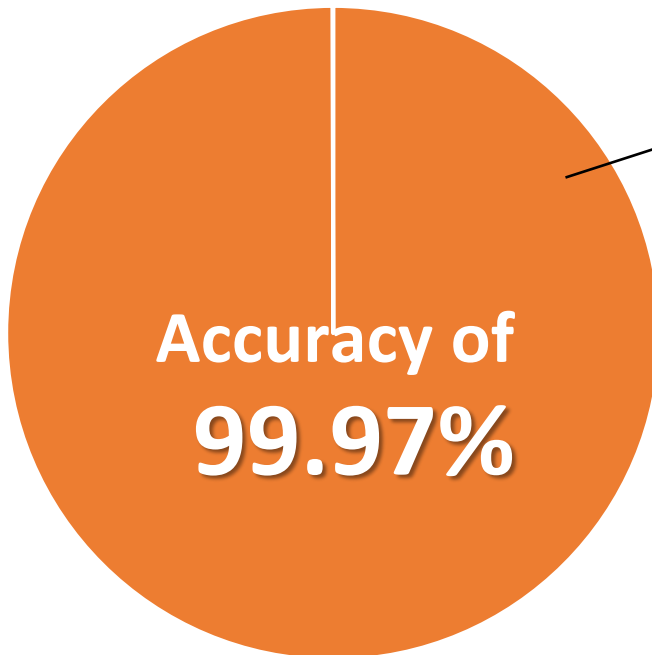
shipments, resulting in a consistent volume of shipments

No shipping errors for e-commerce sales



Customers are pleased with the consistently high quality of our logistics

More than **10 million**
shipments every year



1. Quality Assurance Department

KANTSU has a department dedicated solely to quality assurance activities.

2. Use of logistics technology

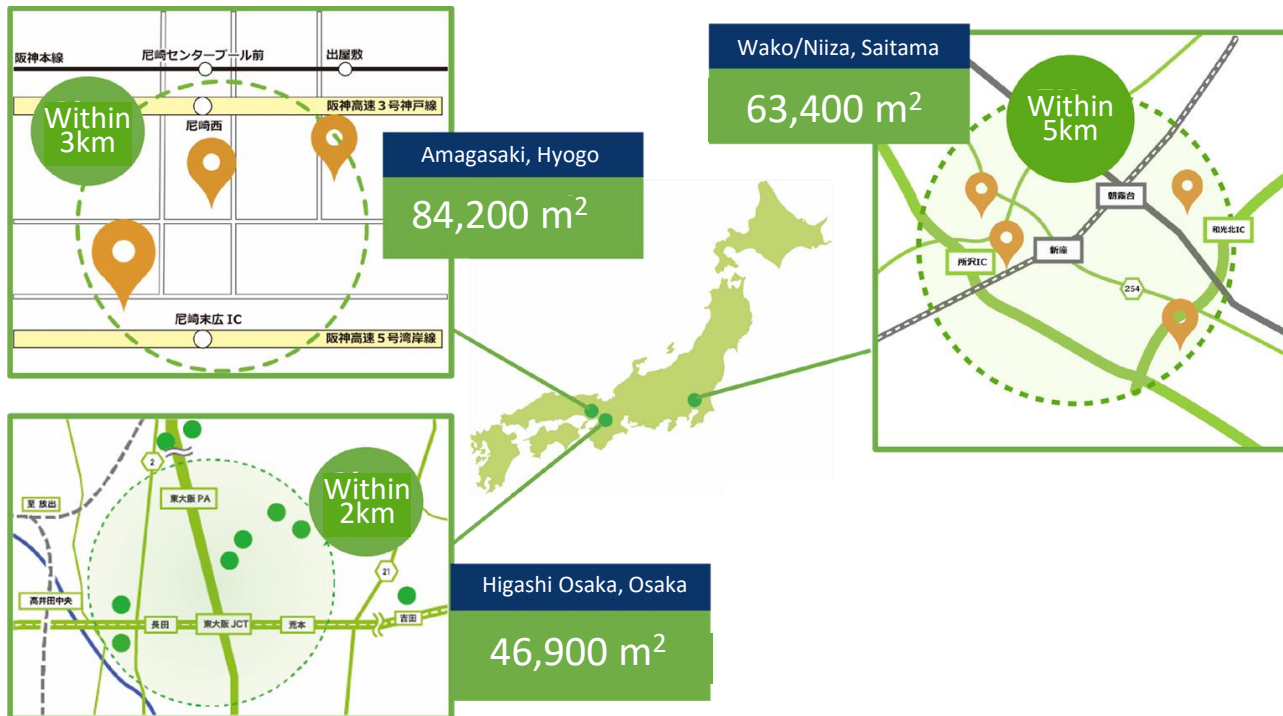
Many activities for improving logistics systems and constant innovations for logistics, such as the use of logistics robots

3. Direct employment of logistics operations personnel

More than 90% of the workforce is employed directly by KANTSU. A commitment to education and our people is the primary reason for the high quality of our distribution center operations.

Logistics dominance strategy for further upgrading recruiting, adaptability and cargo transport capabilities

1. Placing distribution bases close to each other in selected areas allows moving people from one location to another to handle a high volume of work.
2. Clusters of distribution bases make it easy to establish a framework for employee benefits, raise awareness of the corporate brand in areas where we operate, and recruit people.



Number of systems under development/to be launched

30

Examples

- Warehouse personnel movement management system
- Multiple warehouse order management system
- Developing a unified API (application programming interface) linkage function for Cloud Thomas Pro
- Developing a cross mall API linkage function

And more...

Number of systems developed/launched during the past two years
(As of February 2022)

285

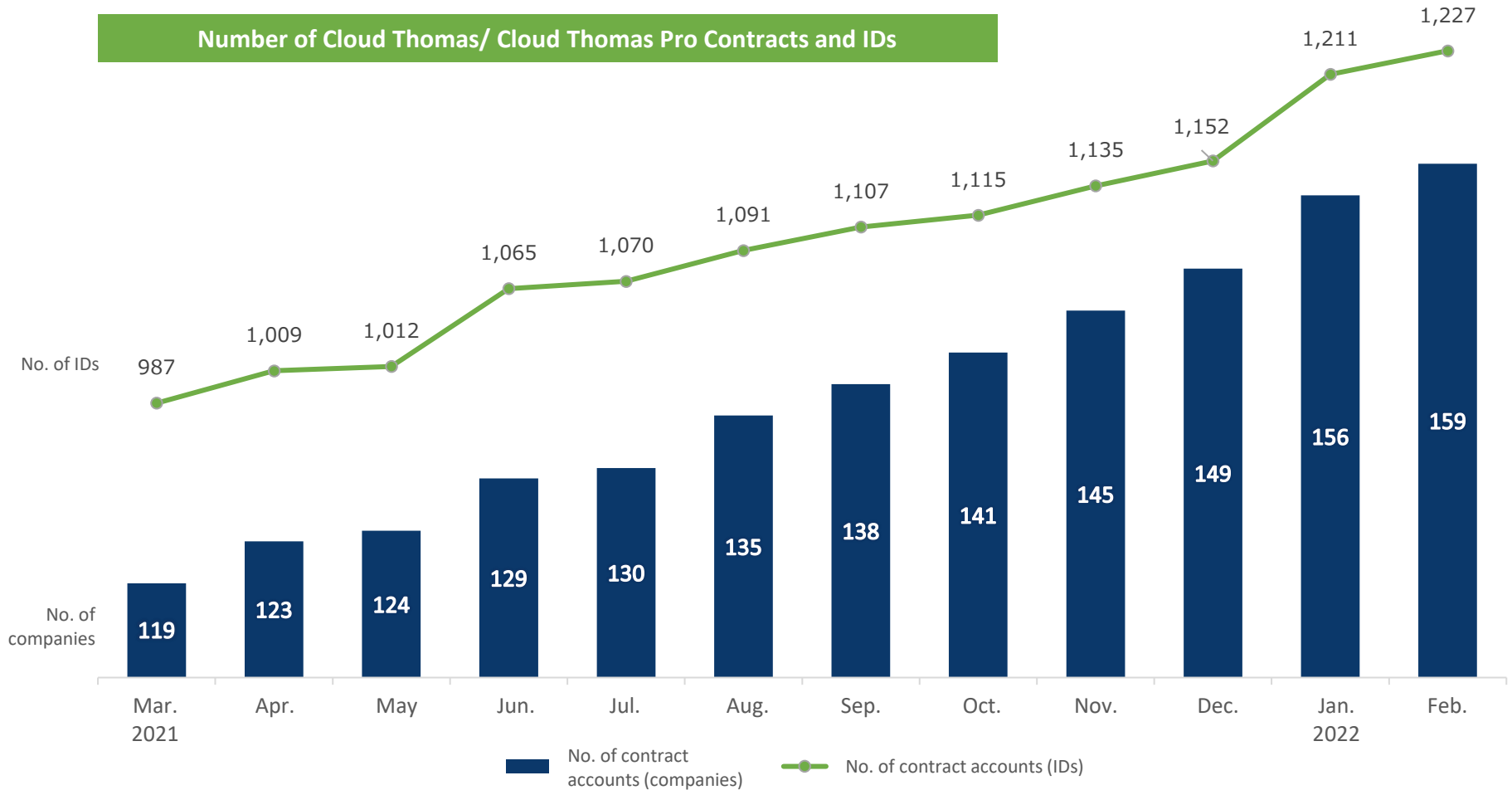
Examples

- Merchandise inspection system using image recognition for items with no bar codes
- System for the visualization of warehouse personnel assignments
- API for warehouse management system-robot linkage
- Automation control system for refrigerated/frozen warehouses
- Cloud-Thomas-pro for medical apparel food: Industry-specific versions of Cloud Thomas Pro (medical, apparel, food)

And more...

Sales Volume of Cloud Thomas

Steady growth in the number of companies with Cloud Thomas and Cloud Thomas Pro contracts.



A thick, solid green diagonal bar runs from the top-left corner towards the bottom-right, occupying the left side of the slide.

V. Topics

Topics (1) D-to-C II Distribution Center

Scheduled opening of the fourth distribution center in Amagasaki

D-to-C Distribution Center (17,200m²) in the city of Amagasaki, Hyogo prefecture, **started** operations in **June 2021** and is at **full capacity**. To meet demand, **D-to-C II Distribution Center (13,200m²)** is under construction in Amagasaki and is scheduled to **start** operations in **August 2022**.



Topics (2) Tokyo Primary Center

The Tokyo Primary Center, with refrigerated and frozen storage areas, started operations on February 16, 2022.

Expansion of the Kanto area distribution center network will be a major source of growth over the next several years.

- Capable of handling high-volume logistics contracts
- The number of customers is increasing because of our reputation for excellent logistics services among current customers using our Kanto and Kansai area facilities and other positive customer feedback



27,400m² of distribution center space



About 63,400m² of floor area in the Kanto area at four distribution centers in the city of Niiza or nearby

Topics (3) IR and Communication Channels

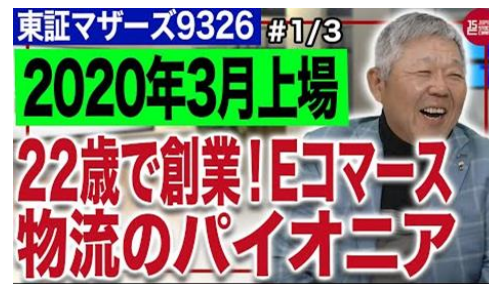
We have a firm commitment to providing a broad range of IR information to shareholders and individual investors to increase their understanding of our activities, businesses and other items.



▼ Company president Hisahiro Tatsushiro on the Japan Stock Channel



▼ The KANTSU official investor relations channel



A thick, solid green diagonal bar runs from the top-left corner towards the bottom-right, partially obscuring the white background.

VI. Activities for the Sustainable Development Goals

Activities for the Sustainable Development Goals

Category	Activities	Examples
Digital transformation	<p>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. In addition, use business-academic partnerships and other measures for logistics system and software R&D programs.</p>	<ul style="list-style-type: none"> ● Use of logistics robots and robotic process automation ● Collaboration with the Department of Industrial and Management Systems, Engineering School of Creative Science and Engineering, Waseda University ● Collaboration with the Malaysia-Japan International Institute of Technology ● The KANTSU career advancement program
The environment	<p>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.</p>	<ul style="list-style-type: none"> ● Recycle packaging materials ● Install LED lights ● Paperless invoices ● Paperless contracts

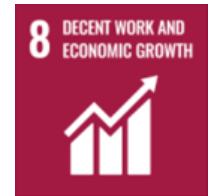
Associated SDGs



Activities for the Sustainable Development Goals

Category	Activities	Examples
Employee benefits and training	<p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> ● Operation of after-school daytime classes ● Operation of employment assistance centers ● Operation of nursery schools for companies
Diversity	<p>Hire foreigners to work as software developers and continuously hire foreign technical trainees for logistics facilities. Established the UT Robotics Research Institute, which performs logistics systems and software R&D, at the Malaysia-Japan International Institute of Technology for increasing the use of new technologies and assisting with the employment of people at companies using these technologies. In addition, KANTSU has many women in management positions and has a strong commitment to employing people with developmental disabilities.</p>	<ul style="list-style-type: none"> ● Employment of foreigners ● Collaboration with the Malaysia-Japan International Institute of Technology ● Women as pct. of all management personnel End of Feb. 2021: 34.5% End of Feb. 2022: 38.2% ● Developmental disability people as pct. of total workforce FY2/20: 3.18% FY2/21: 6.29% ● Pct. of available child care time off used by KANTSU employees FY2/21: 100% FY2/22: 100%

Associated SDGs

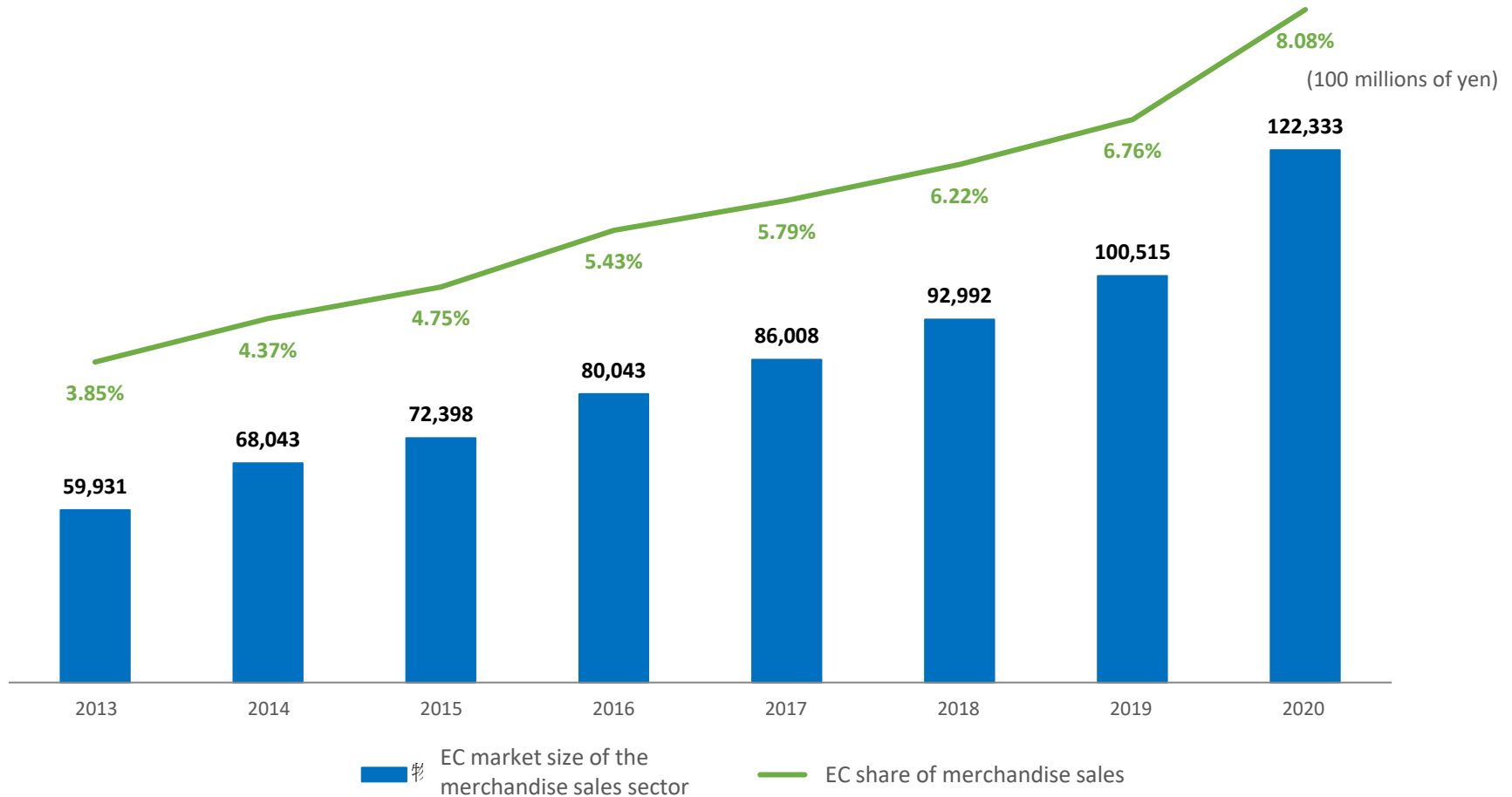


A thick, solid green diagonal bar runs from the top-left corner towards the bottom-right, occupying the left side of the slide.

VII. Reference

Market Conditions | E-commerce Market (All)

Rapid growth of the EC market size is expected to continue



Source: FY2020 Industrial Economic Research Outsourcing Business (Market Survey concerning e-commerce), Ministry of Economy, Trade and Industry

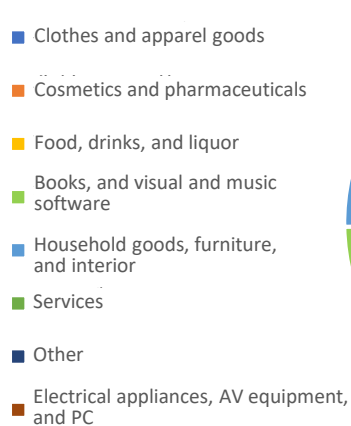
Market Conditions | E-commerce Market (By Category)

Growth is continuing in the merchandise sales category, the largest component of KANTSU's customer base

B-to-C EC Sector – Market Category Size and Composition

	2019	2020	Growth ratio
A. Merchandise sales	¥10,051.5 billion (EC ratio 6.76%)	¥12,233.3 billion (EC ratio 8.08%)	21.71%
B. Services	¥7,167.2 billion	¥4,583.2 billion	(36.05)%
C. Digital technology	¥2,142.2 billion	¥2,461.4 billion	14.90%
Total	¥19,360.9 billion	¥19,277.9 billion	(0.43)%

Reference: KANTSU Market Category Sales Composition (FY2/22 results)



B-to-C EC Sector Merchandise Sales for Product Categories



Classification		2019		2020	
		Market size (¥ billion) <small>*Lower column: vs. 2018</small>	EC ratio (%)	Market size (¥ billion) <small>*Lower column: vs. 2019</small>	EC ratio (%)
1	Food, drinks, and liquor	1,823.3 (7.77%)	2.89%	2,208.6 (21.13%)	3.31%
2	Electrical appliances, AV equipment, and PC and peripherals	1,823.9 (10.76%)	32.75%	2,348.9 (28.79%)	37.45%
3	Books, and visual and music software	1,301.5 (7.83%)	34.18%	1,623.8 (24.77%)	42.97%
4	Cosmetics and pharmaceuticals	661.1 (7.75%)	6.00%	778.7 (17.79%)	6.72%
5	Household goods, furniture, and interior	1,742.8 (8.36%)	23.32%	2,132.2 (22.35%)	26.03%
6	Clothes and apparel goods	1,910.0 (7.74%)	13.87%	2,220.3 (16.25%)	19.44%
7	Automobiles, motorcycles, and parts	239.6 (2.04%)	2.88%	278.4 (16.17%)	3.23%
8	Other	549.2 (4.79%)	1.54%	642.3 (16.95%)	1.85%
Total		10,051.5 (8.09%)	6.76%	12,233.3 (21.71%)	8.08%

*Percentages are based on the top 100 companies in FY2/22 sales.

*Rakuten Super Logistics services are included in services.

Source: FY2020 Industrial Economic Research Outsourcing Business (Market Survey concerning e-commerce), Ministry of Economy, Trade and Industry

Company Profile

Company name	KANTSU CO., LTD.	
Offices	<p>Kansai head office: 111-4 Nishimukojimacho, Amagasaki city, Hyogo</p> <p>Nagata office: Oriental Trading Building 3-3-32 Nagatahigashi, Higashi Osaka city, Osaka</p> <p>Umeda office: LINKS UMEDA 8F WeWork LINKS UMEDA 1-1 Ofukacho, Kita-ku, Osaka city, Osaka</p> <p>Tokyo System Development Division: Bunshodo Building 5F, 3-37-1 Kanda Sakuma-cho Chiyoda-ku, Tokyo</p> <p>Logistics bases: 12 locations in Kansai area, 5 locations in Kanto area</p> <p>Total area: 200,600m² (As of February 28, 2022)</p>	
Established	April 1986	
Representative	Hisahiro Tatsushiro, Representative Director and President	
Capital	785 million yen (As of February 28, 2022)	
Stock listing	Tokyo Stock Exchange Growth Market (Securities code: 9326)	
Number of employees	293 (Regular employees as of February 28, 2022)	
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 	 <p>Kansai Primary Center</p>  <p>Tokyo Primary Center</p>

Other Services

Outsourced order processing services [Logistics Services Business]

These upstream support services for EC/catalog logistics enable companies to use KANTSU for confirming orders from customers, handling e-mail communications with customers, confirming the receipt of payments, producing shipment data, and other tasks.

Companies using e.can have the option of using e.can Plus for the automation of order processing. This allows assembling a back office that can accommodate a company's growth. In addition, some tasks are performed at the Yangon BPO Center in Myanmar to increase efficiency.

QR code for more
information about the
outsourced order
processing services



Note: The Yangon BPO Center is operated by a company that has an outsourcing agreement with KANTSU.

ippo! – A robotic process automation (RPA) production service [IT Automation Business]



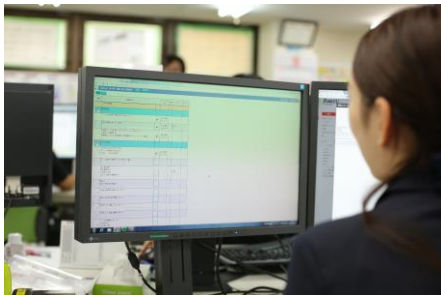
This new service combines the knowledge of KANTSU, which has many accomplishments involving RPA, and BizRobo!, an RPA tool. The result is a service that creates RPA for other companies that want to automate business processes. ippo! is also a service for assisting companies that have started using RPA but are having difficulties.

Other Services

Annie, a cloud-based digital check list system, that started from ideas in our front-line operations.

The Annie digital check list system [IT Automation Business]

Annie is a cloud-based **digital check list system** that resulted from constant improvements in how KANTSU uses its own check lists. Using a **check list facilitates the visualization** of each step of a task in order to ensure that no step is missed. The result is high-quality business processes for customers. Annie is also an effective tool for remote work and the preparation of important documents.



QR code for more information about the Annie digital check list system

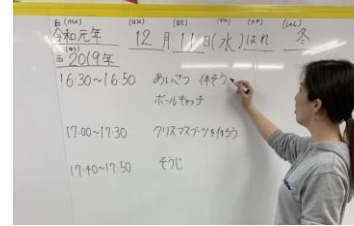


Other Services

Education services for people with a developmental disability [Other Businesses]



After-school daytime classes for children with a developmental disability
Employment assistance center for people with a developmental disability



Support for pre-school child care [Other Businesses]



Operation of pre-school child care facilities for companies



Technology education services for foreign trainees [Other Businesses]



Vocational training in Myanmar for people who plan to become foreign trainees in Japan



Disclaimer

Disclaimer and Precautions Concerning Forward-looking Statements

- Information in this presentation and associated materials contains forward-looking statements. These statements are based on the current outlook and forecasts as well as on assumptions that incorporate risk. All forward-looking statements include uncertainties that may result in actual performance that differs from these statements.
- 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.
- Although this presentation and other materials were prepared carefully in order to ensure accuracy, KANTSU does not guarantee that these materials are accurate or complete.
- The information provided in these materials may be modified or updated if there is a substantial change in the contents.



Inquiries

KANTSU CO., LTD. IR Representative

Please use the designated form for IR inquiries.

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

IR Inquiries Form

