

# Results of Operations for the First Half of the Fiscal Year Ending February 28, 2023

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

October 14, 2022



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# I. Financial Summary

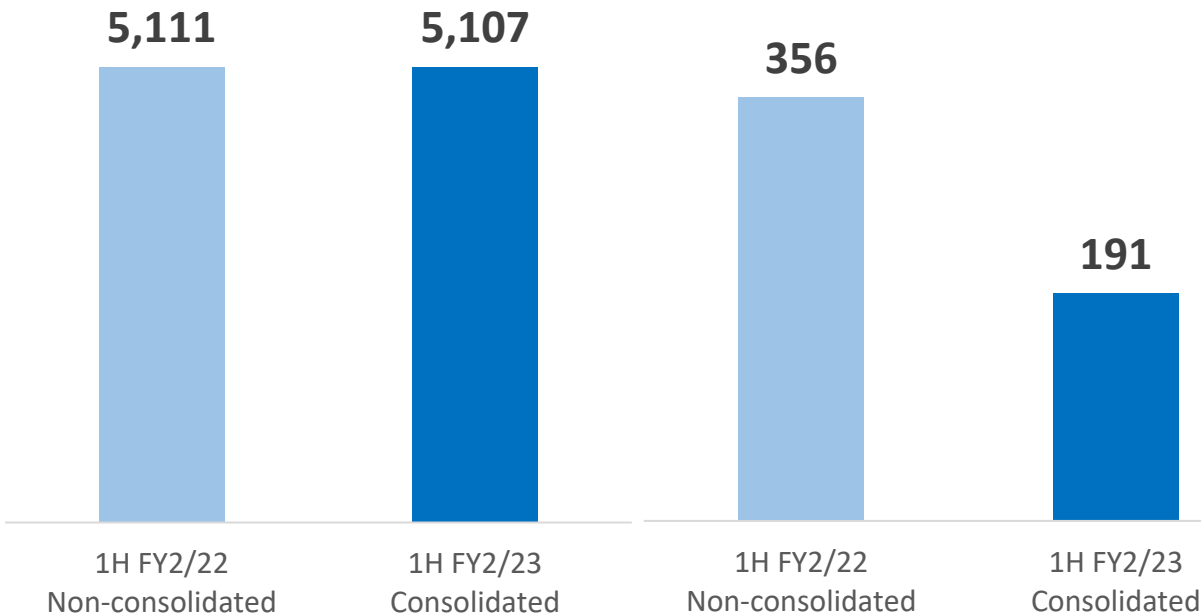
# Highlights | Vs. 1H FY2/22

Net sales **5,107** million yen (Down **0.1** % YoY)

Operating profit **191** million yen (Down **46.3** % YoY)

Net sales (Millions of yen)

Operating profit (Millions of yen)



<Factors affecting sales>

- ◆ Logistics Services Business
  - Existing customer sales declined about 10% year on year due to **the pandemic**.
  - **Disruptions and delays in international logistics** caused by China's lockdowns also lowered existing customer sales.
  - **Steadily acquiring new customers**
- ◆ IT Automation Business
  - Sales are on track but are lower than one year earlier because of **large spot sales in 1H FY2/22**.
  - **Utilization fee income has increased steadily** as we acquired new customers.

<Factors affecting operating profit>

- ◆ Logistics Services Business
  - Fixed costs increased as we **started paying rent for distribution centers** completed in FY2/22.
- ◆ IT Automation Business
  - **Operating profit on target**.

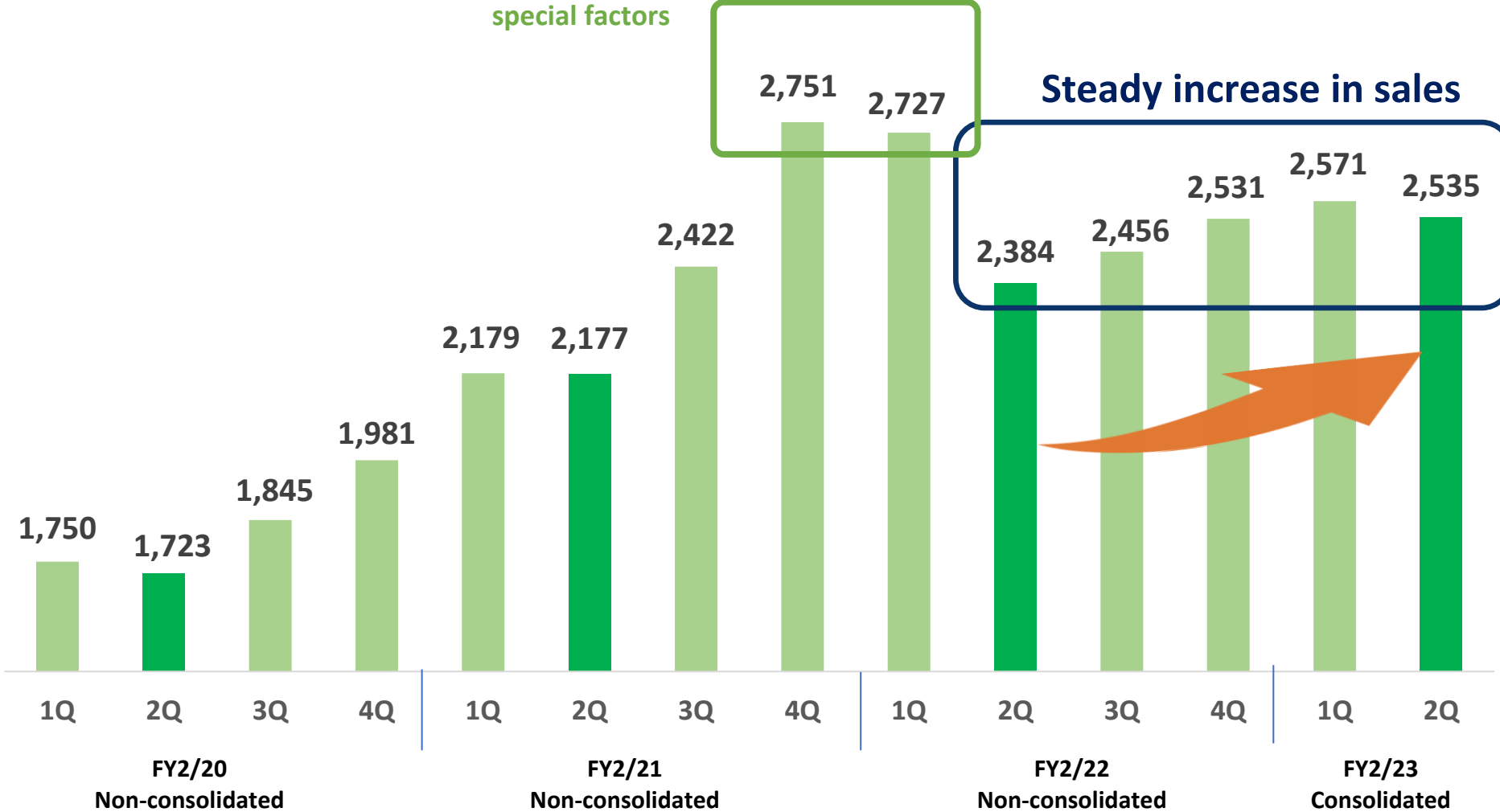
\* Effective from the first quarter of the fiscal year ending February 2023, KANTSU changed to consolidated financial reporting. The year-on-year changes presented in this presentation are comparisons with the non-consolidated figures of 1H FY2/22.

# Quarterly Sales

Sales continued to increase as sales from new customers offset the decline in existing customer sales.

Higher sales because of the pandemic and other special factors

(Millions of yen)



# 1H FY2/23 Results Summary

Disruptions and delays in international logistics caused by China's lockdowns also lowered existing customer sales.

Continued to steadily acquire new customers in both the logistics services and the IT automation businesses.

(Millions of yen, %)

	1H FY2/23 (Consolidated) (Results)	YoY change		1H FY2/22 (Non-consolidated) (Results)
		Amount	%	
<b>Net sales</b>	<b>5,107</b>	(4)	(0.1)	5,111
Gross profit	685	(83)	(10.9)	769
SG&A expenses	494	81	19.7	412
<b>Operating profit</b>	<b>191</b>	(165)	(46.3)	356
<b>Ordinary profit</b>	<b>175</b>	(158)	(47.5)	334
<b>Profit</b>	<b>113</b>	(117)	(50.9)	230
EPS (Yen)	11.01	-	-	22.91

\* 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.

# Segment Sales and Operating Profit

(Millions of yen, %)

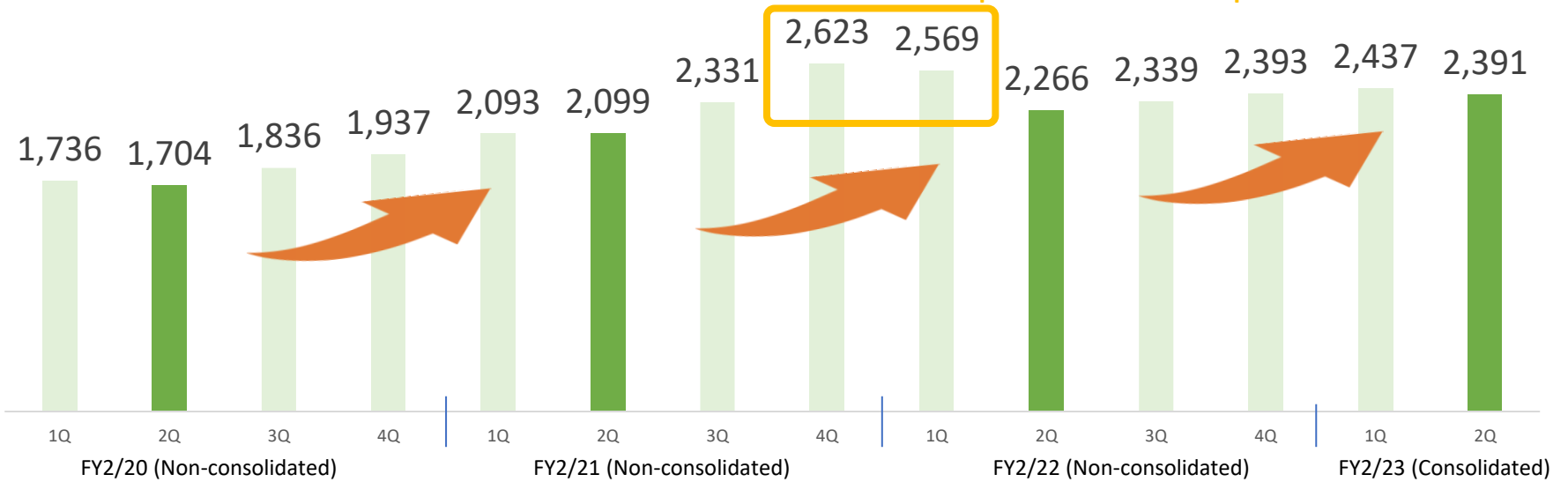
		1H FY2/23 (Consolidated) (Results)	YoY change (%)	1H FY2/22 (Non-consolidated) (Results)
Logistics services business	Net sales	4,828	(0.2)	4,836
	Operating profit	118	(59.6)	293
IT automation business	Net sales	224	(2.1)	228
	Operating profit	67	(1.3)	68
Other businesses	Net sales	55	18.1	46
	Operating profit	4	-	(5)
Total	Net sales	5,107	(0.1)	5,111
	Operating profit	191	(46.3)	356

# Logistics Services Business Results

## Segment sales

Higher sales because of the pandemic and other special factors

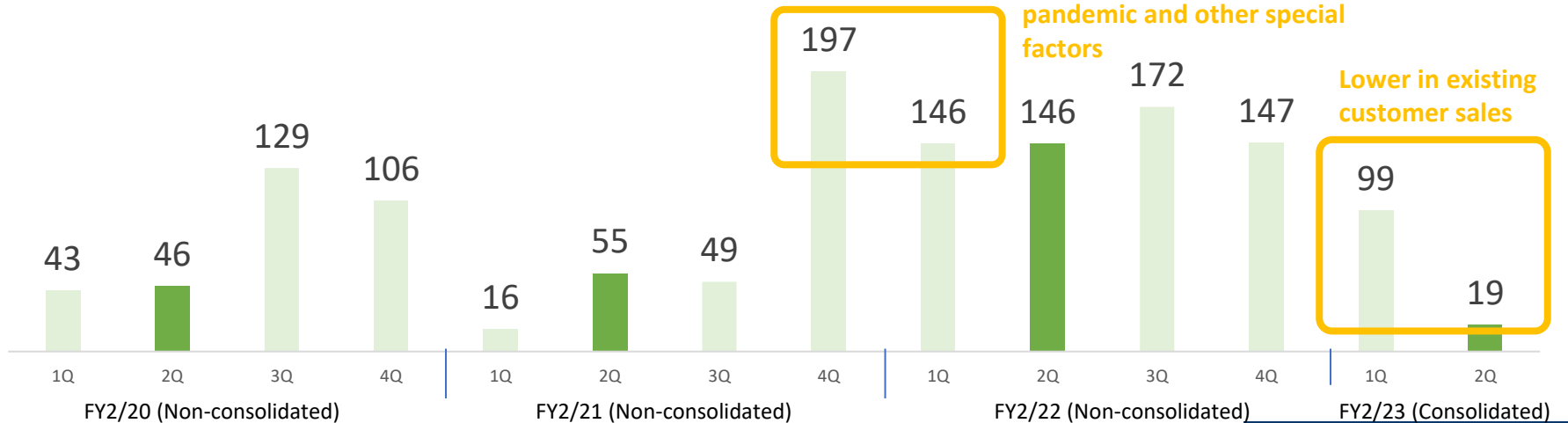
(Millions of yen)



## Segment profit

Higher sales because of the pandemic and other special factors

(Millions of yen)

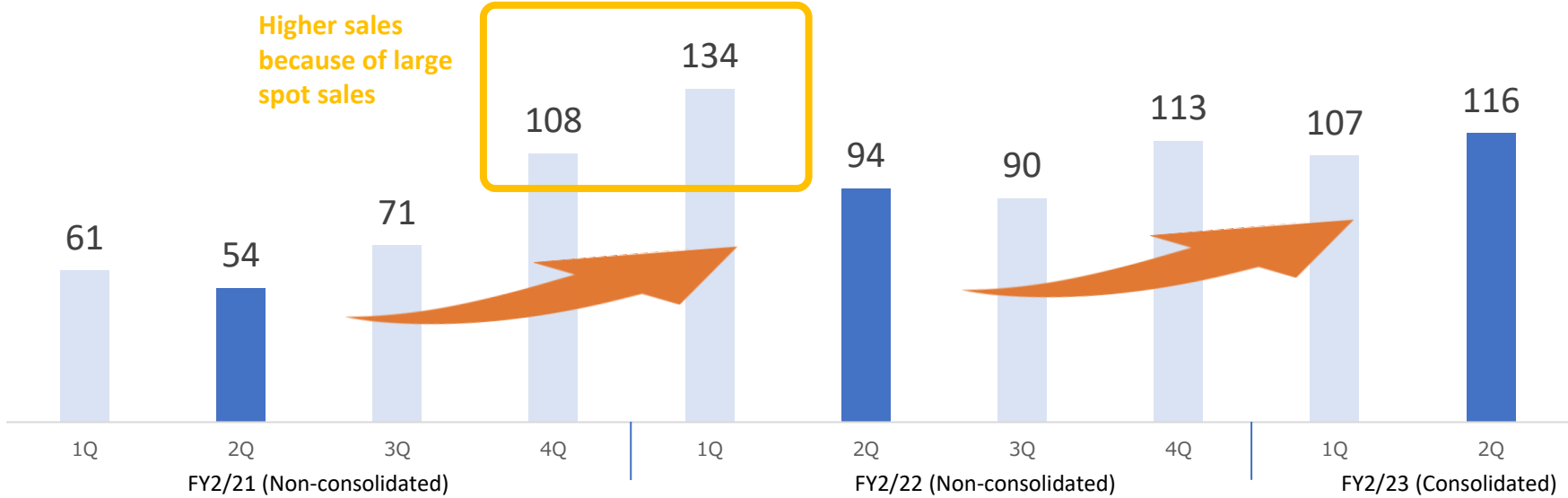




# IT Automation Business Results

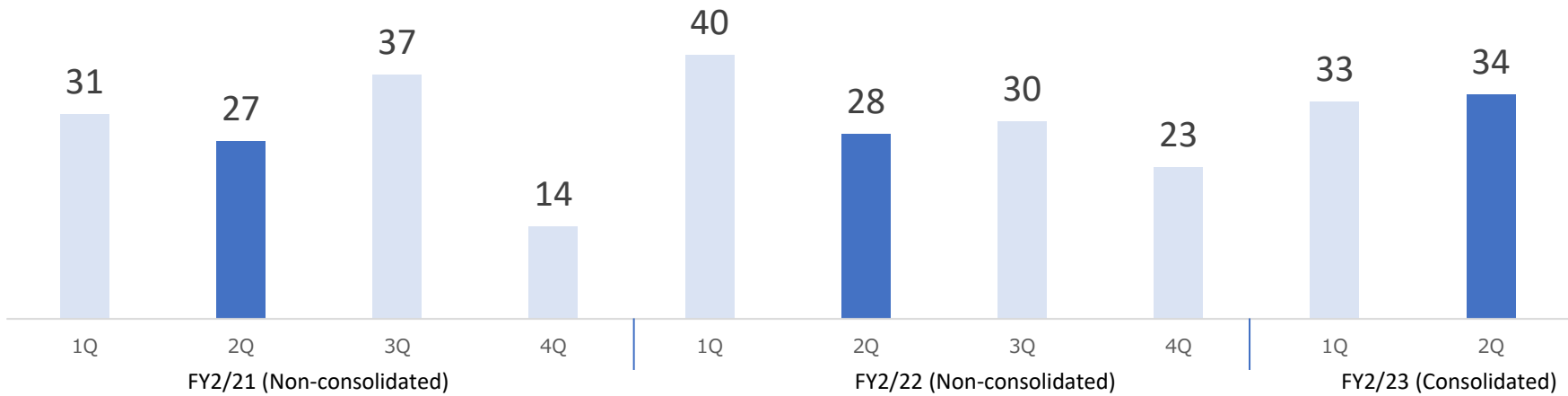
## Segment sales

(Millions of yen)

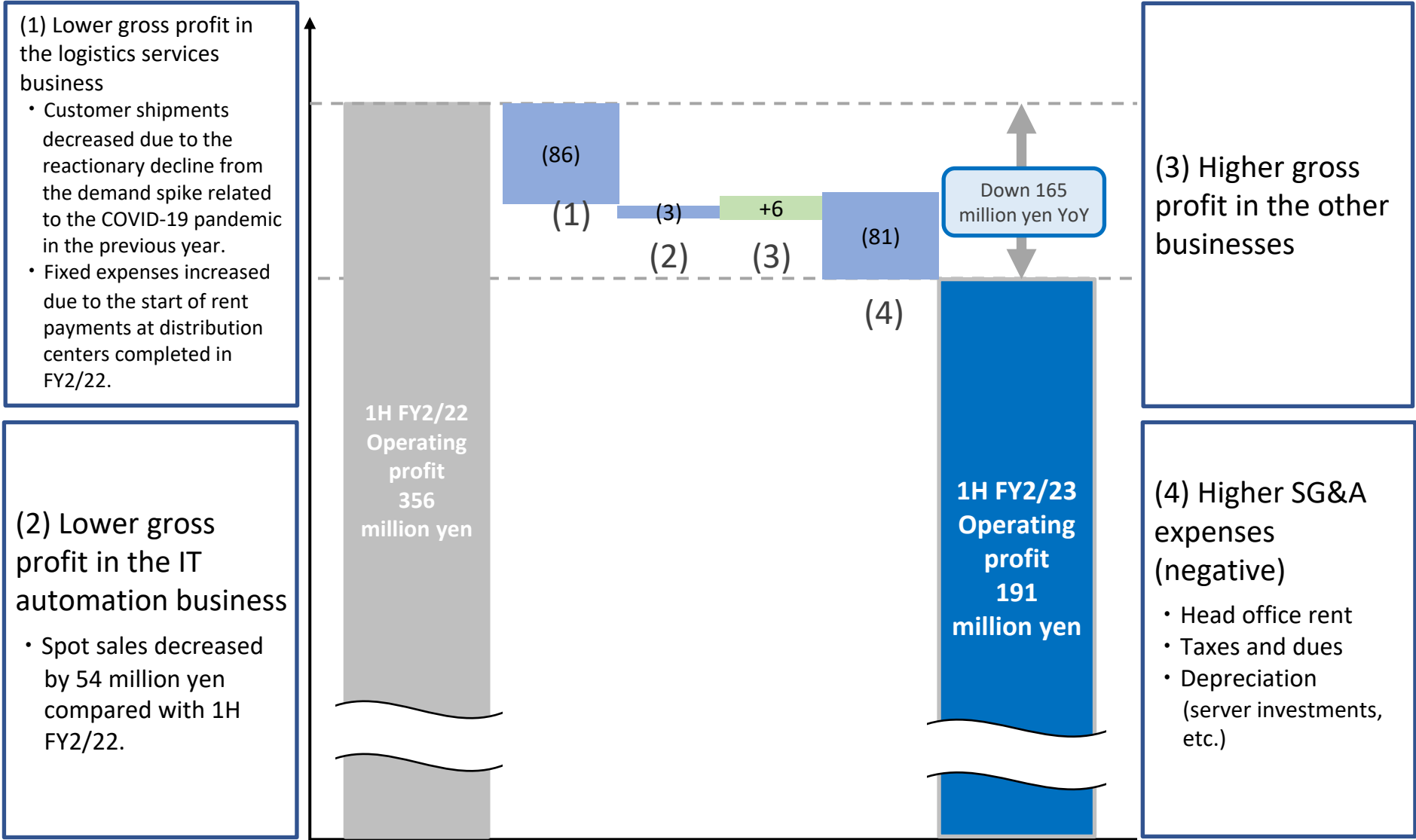


## Segment profit

(Millions of yen)



# Analysis of Change in Operating Profit



**(1) Lower gross profit in the logistics services business**

- Customer shipments decreased due to the reactionary decline from the demand spike related to the COVID-19 pandemic in the previous year.
- Fixed expenses increased due to the start of rent payments at distribution centers completed in FY2/22.

**(2) Lower gross profit in the IT automation business**

- Spot sales decreased by 54 million yen compared with 1H FY2/22.

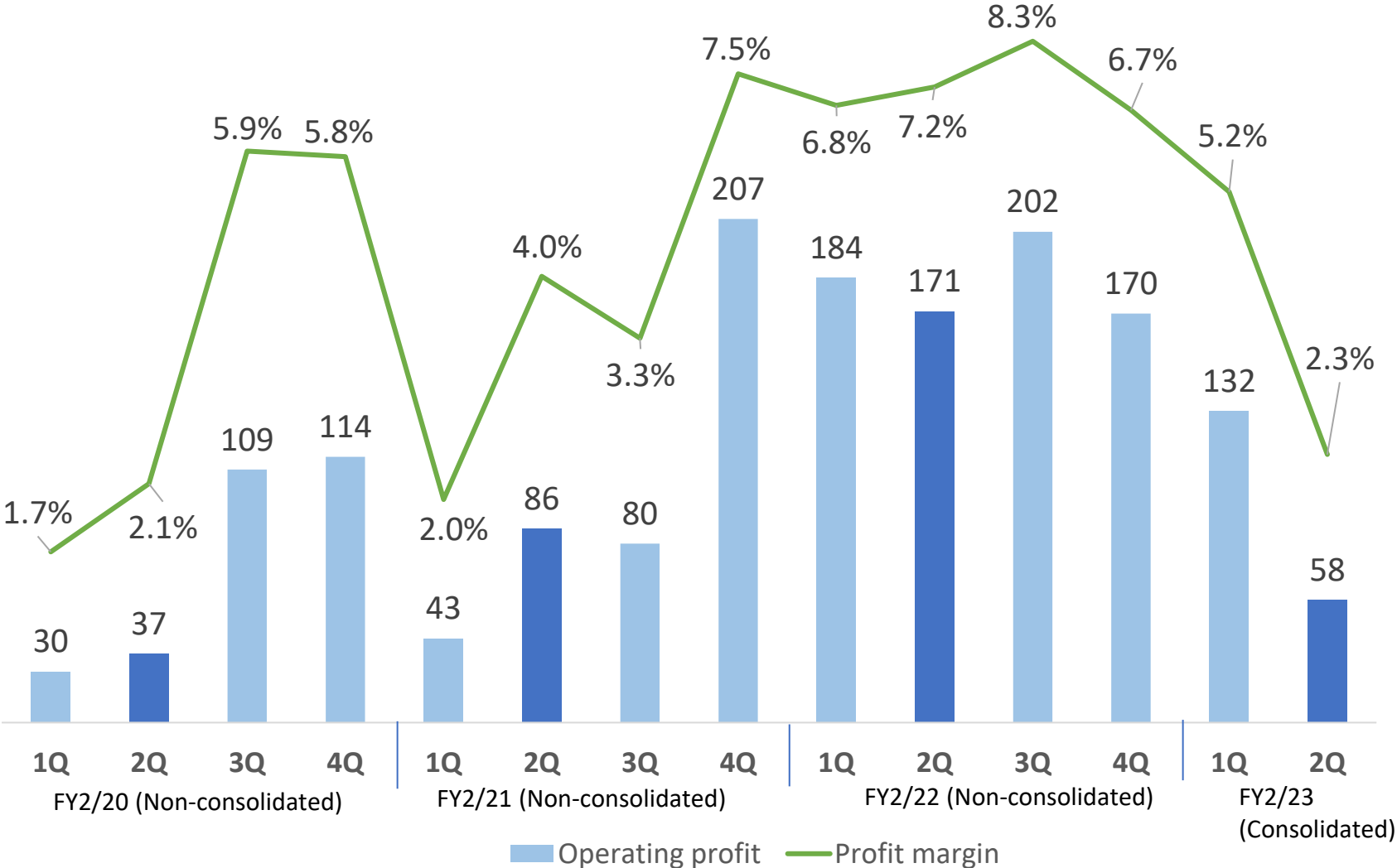
**(3) Higher gross profit in the other businesses**

**(4) Higher SG&A expenses (negative)**

- Head office rent
- Taxes and dues
- Depreciation (server investments, etc.)

# Quarterly Operating Profit

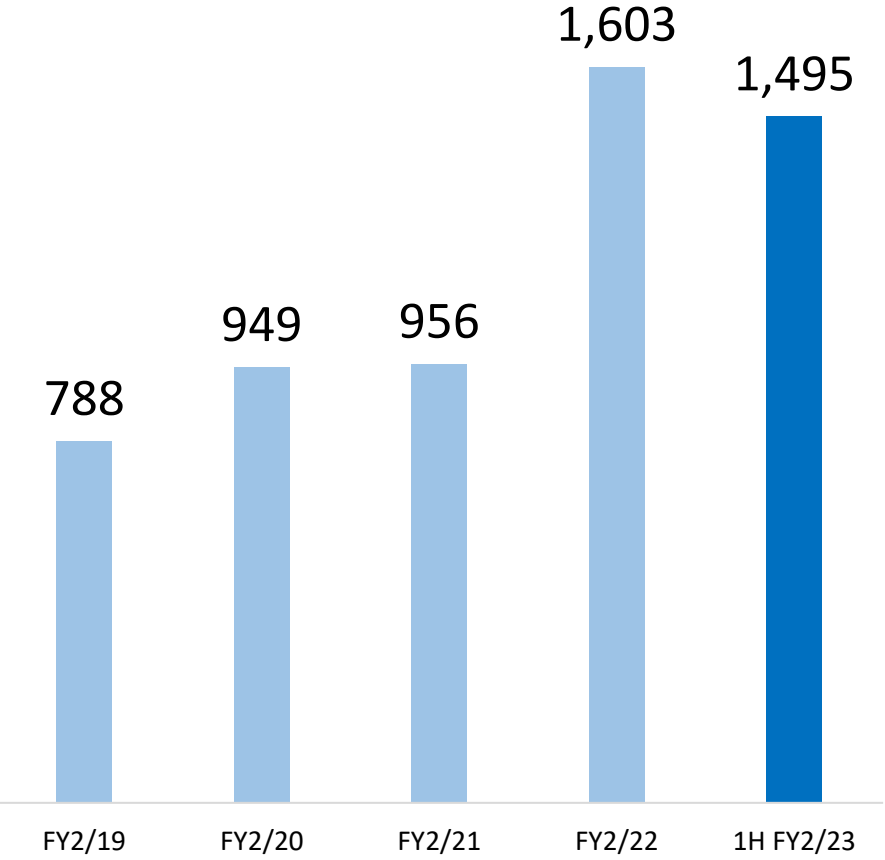
(Millions of yen, %)



# Sales Composition (1) | Sources of Sales Growth

**Logistics Services Business Sales for New Customers**

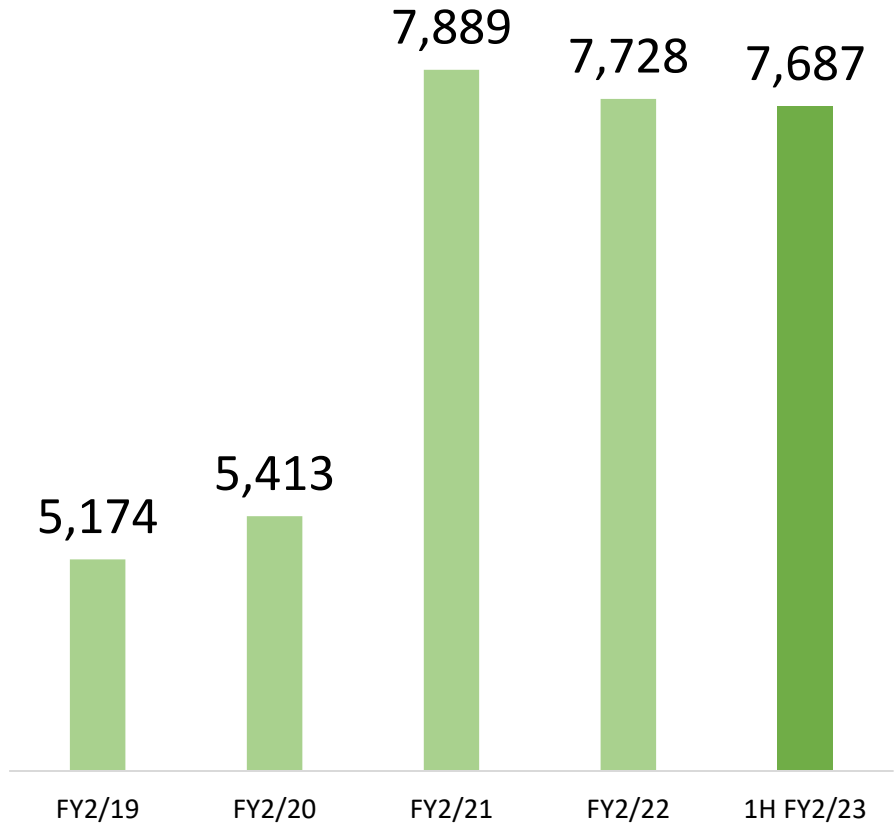
(Millions of yen)



\* 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)



\* Sales to existing customers is the amount obtained by deducting the total sales to new customers during the prior 12-month period from the total sales of the logistics services business in the same period.

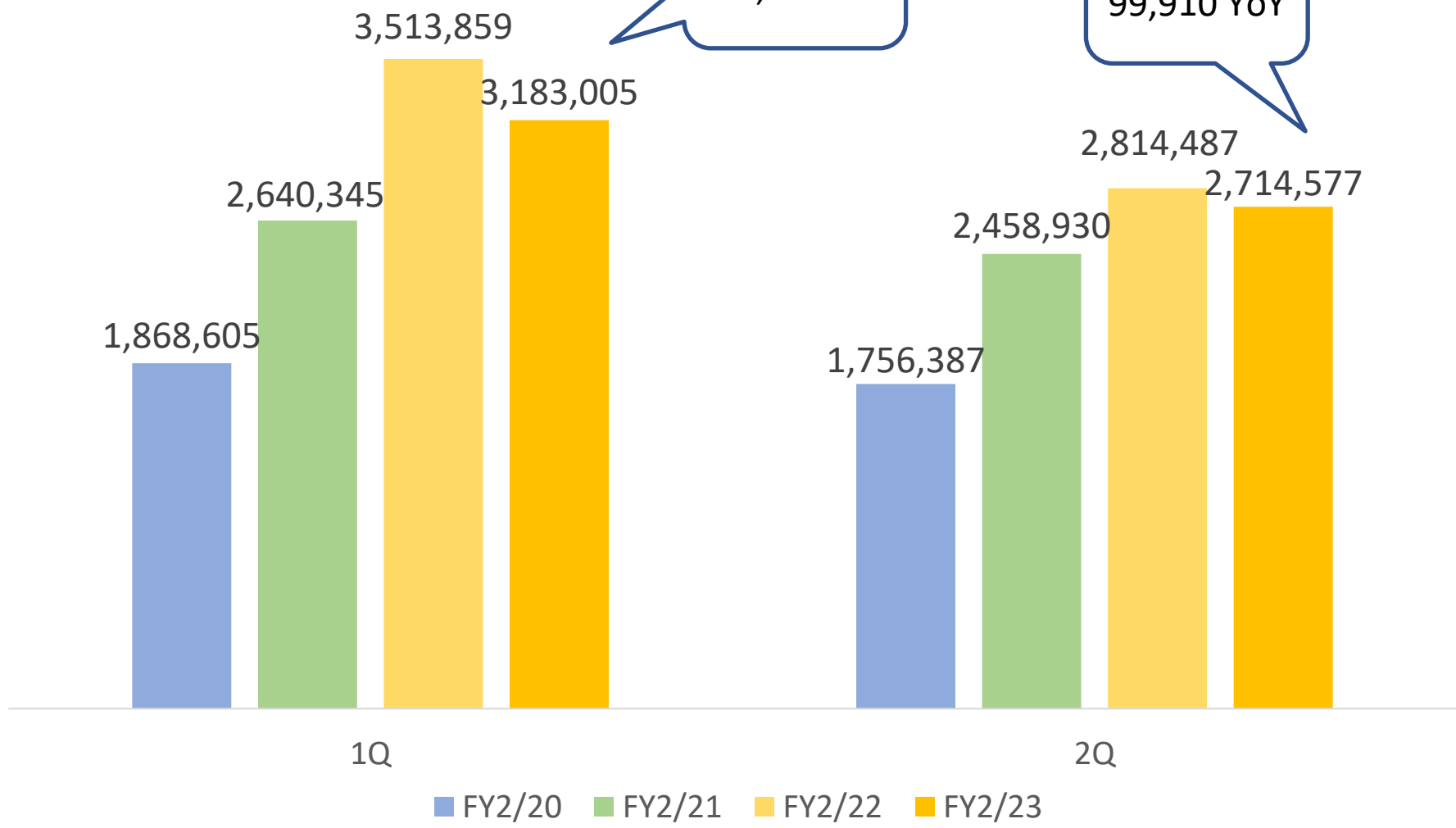
# Sales Composition (2) | Number of Shipments

## Quarterly Shipments

(Number of packages)

Down  
330,854 YoY

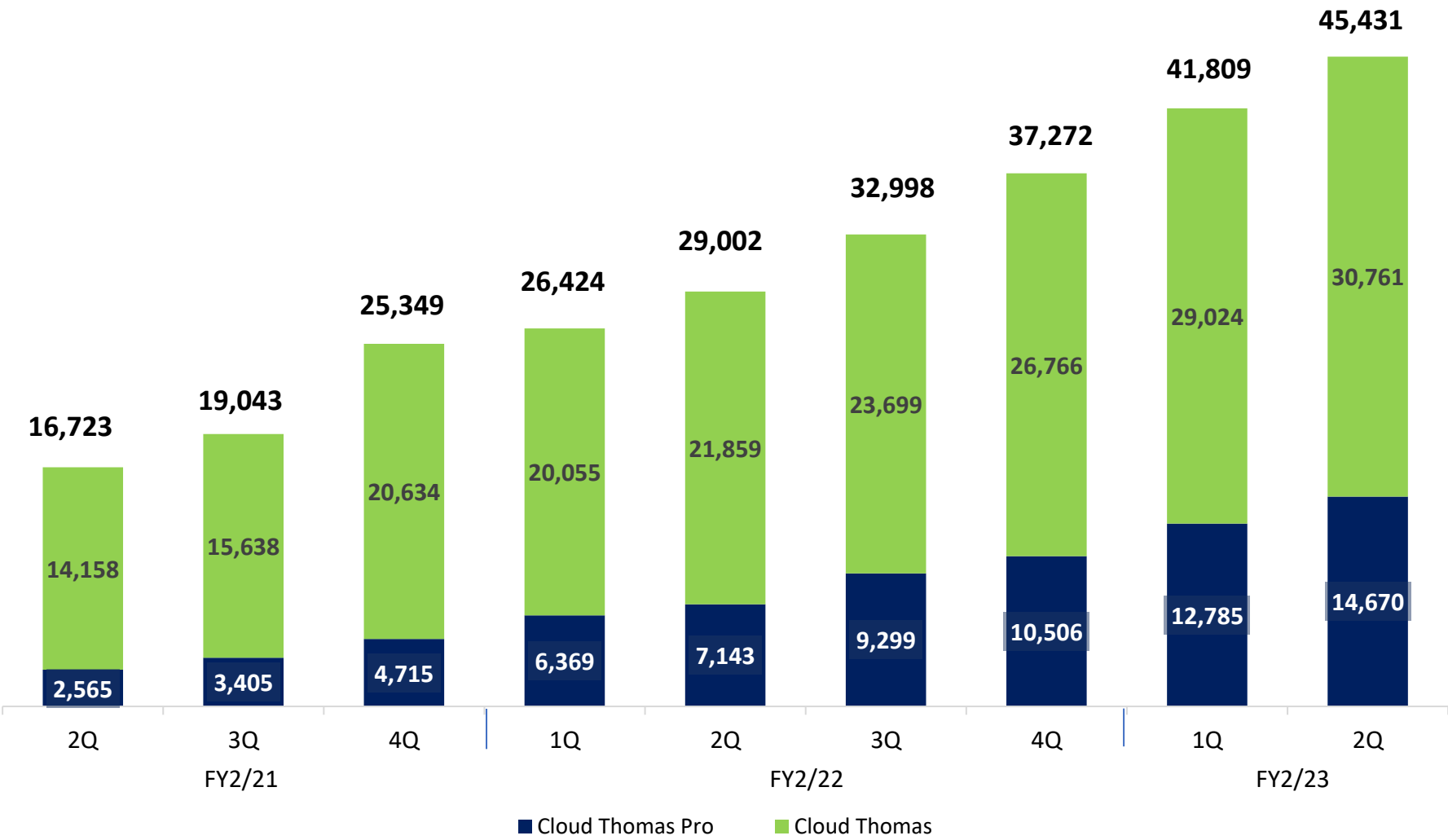
Down  
99,910 YoY



# Sales Composition (3) | Sources of Sales Growth

## Cloud Thomas Utilization Fees

(Thousands of yen)



# Condensed Balance Sheet

(Millions of yen, %)

	As of Aug. 31, 2022 (Consolidated)		YoY change		As of Feb. 28, 2022 (Non-consolidated)	
	Amount	Composition			Amount	Composition
<b>Current assets</b>	<b>4,280</b>	<b>44.0</b>	<b>(393)</b>		<b>4,673</b>	<b>49.3</b>
Cash and deposits	2,683	27.6	(535)	Decrease due to capital investment expenditure for refrigerated/frozen warehouses and payment of income taxes, etc.	3,218	33.9
Accounts receivable	1,213	12.5	76		1,136	12.0
Other	383	3.9	65	Increase due to capital investment in refrigerated/frozen warehouses	318	3.4
<b>Non-current assets</b>	<b>5,452</b>	<b>56.0</b>	<b>641</b>		<b>4,810</b>	<b>50.7</b>
Property, plant and equipment	3,573	36.7	454		3,119	32.9
Intangible assets	342	3.5	47		295	3.1
Investments and other assets	1,536	15.8	139		1,396	14.7
<b>Total assets</b>	<b>9,732</b>	<b>100.0</b>	<b>248</b>		<b>9,484</b>	<b>100.0</b>
<b>Current liabilities</b>	<b>1,669</b>	<b>17.2</b>	<b>(338)</b>		<b>2,007</b>	<b>21.2</b>
Accounts payable	286	2.9	(16)	Decrease due to settlement of accounts payable related to capital investment and payment of income tax payable	303	3.2
Interest-bearing debt	906	9.3	37		869	9.2
Other	475	4.9	(359)		835	8.8
<b>Non-current liabilities</b>	<b>5,317</b>	<b>54.6</b>	<b>567</b>		<b>4,750</b>	<b>50.1</b>
Interest-bearing debt	4,768	49.0	445	Increase in long-term borrowings	4,323	45.6
Other	548	5.6	121		426	4.5
<b>Total liabilities</b>	<b>6,986</b>	<b>71.8</b>	<b>228</b>		<b>6,757</b>	<b>71.3</b>
<b>Total net assets</b>	<b>2,746</b>	<b>28.2</b>	<b>19</b>		<b>2,726</b>	<b>28.7</b>
<b>Total liabilities and net assets</b>	<b>9,732</b>	<b>100.0</b>	<b>248</b>		<b>9,484</b>	<b>100.0</b>

# Cash Flows and Other Information

## Cash Flow Summary

(Millions of yen)

	FY2/22		FY2/23	
	First half	Fiscal year	First half	Main factors
Operating cash flows	420	805	(23)	Income taxes paid
Investing cash flows	(627)	(1,093)	(903)	Payment of leasehold deposits associated with new refrigerated/frozen warehouse and distribution centers
Financing cash flows	591	900	385	Fund procurement by long-term borrowings
Cash and cash equivalents at end of period	2,785	3,012	2,471	

## Capital Expenditures/ Depreciation

(Millions of yen)

	FY2/22 (Non-consolidated)				FY2/23 (Consolidated)	
	1Q	1H	1Q-3Q	FY	1Q	1H
Capital expenditures (non-current assets)	284	638	846	1,513	546	867
Total depreciation	70	143	221	304	94	197



# Capital Expenditures

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

Plan and Actual Expenditures for New Distribution Centers

(As of August 31, 2022) (Millions of yen)

Project	Purpose	Plan	Payment made	Start/Finish
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 <sup>2</sup> for two centers)	747	378	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 <sup>2</sup> )	231	90	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 <sup>2</sup> )	216	70	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 <sup>2</sup> )	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 <sup>2</sup> )	454	-	Jun. 2024 to Feb. 2026
Total		2,092		

# Capital Expenditures

## Plan and Actual Expenditures for Logistics

(As of August 31, 2022) (Millions of yen)

Project	Purpose	Plan	Payment made	Start/Finish
Use of robots at distribution centers	Expand the use of robots and other logistics automation hardware	420	-	Jul. 2022 to Feb. 2024

## Plan and Actual Expenditures for Software Development

(As of August 31, 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	167	Mar. 2021 to Feb. 2023
Software development	Reinforce functions of the Cloud Thomas warehouse management system and other improvements	150	-	Mar. 2023 to Feb. 2024



## **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, %)

	FY2/23 Consolidated forecasts	YoY change		FY2/22 Non-consolidated results
		Amount	%	
Net sales	12,002	1,903	18.9	10,099
Gross profit	2,043	472	30.1	1,571
SG&A expenses	1,100	258	30.7	842
Operating profit	943	214	29.3	729
Ordinary profit	902	214	31.1	687
Profit	608	144	31.2	463
EPS (Yen)	59.31	-	-	45.74

\* 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 began preparing consolidated financial statements in 1Q FY2/23.

# Segment Sales and Operating Profit

(Millions of yen, %)

		FY2/23 Consolidated forecasts	YoY change (%)	FY2/22 Non- consolidated results
Logistics services business	Net sales	11,284	17.9	9,568
	Net sales	600	38.6	433
	Net sales	118	22.3	96
Total	Net sales	12,002	18.9	10,099
	Operating profit	943	29.3	729

# (Reference) Revisions to the First Half Consolidated Forecast

Sales from new customers were strong, but first half sales were below the forecast because existing customer sales were lower than one year earlier.

Revisions to the 1H FY2/23 Consolidated Forecast (March 1 2022 to August 31, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share
	Million of yen	Million of yen	Million of yen	Million of yen	Yen
Previous forecast (A)	5,516	311	290	196	19.11
Revised forecast (B)	5,107	191	175	113	11.01
Change (B-A)	(408)	(120)	(115)	(83)	-
Change (%)	(7.4)	(38.6)	(39.6)	(42.4)	-
(Reference) 1H FY2/22 Non-consolidated results	5,111	356	334	230	22.91

## Reasons for revision

The existing customer cargo volume was down from one year earlier mainly for the following two reasons.

- As the importance of e-commerce increases, this sector of the logistics market is becoming even more competitive due to new entrants and other reasons.
- Disruptions of international logistics caused by lockdowns in China impacted the sales strategies of e-commerce companies.

## Fiscal year outlook

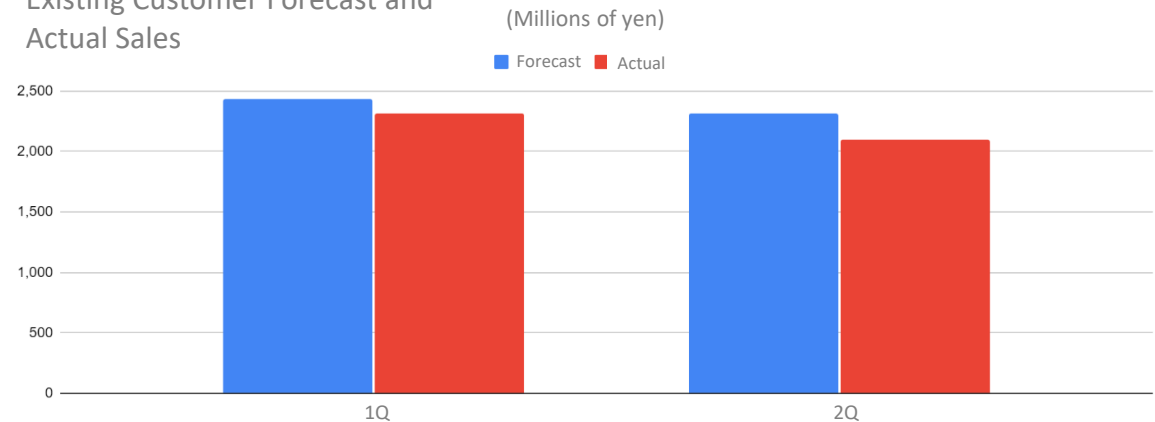
No revision to the fiscal year forecasts because the following two actions are expected to result in sales and earnings as initially forecast.

- More activities in the second half to attract new customers, a category that performed well during the first half.
- A stronger framework for customers to start using Cloud Thomas as planned and to start providing EC/catalog logistics support services to new customers as planned.

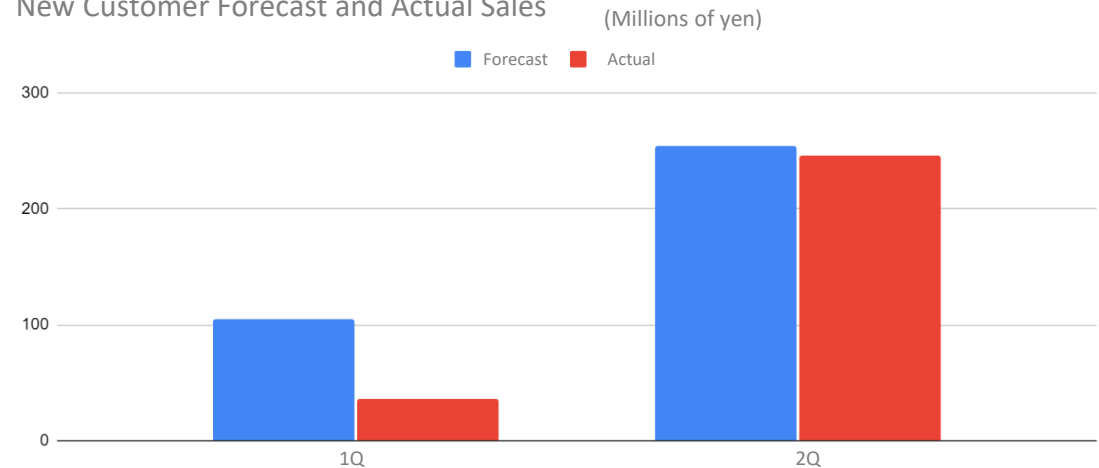
# (Reference) Revisions to the First Half Consolidated Forecast

- Existing customer sales decreased 7.1% (335 million yen) from one year earlier as sales were down year on year 4.8% in the first quarter and 9.5% in the second quarter.
- First quarter new customer sales were 67 million yen below the plan (34% of planned sales) because of preparations to start contract administrative operations. In the second quarter, preparations were completed and new customer sales were generally as planned, only 8 million yen below the plan (96% of planned sales).

Existing Customer Forecast and Actual Sales



New Customer Forecast and Actual Sales



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# **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 <b>15.0%</b>		-	At least <b>15.0%</b>		-	At least <b>15.0%</b>		-

## 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
<b>Net sales</b>	<b>12,002</b>	<b>100.0</b>	<b>18.9</b>	<b>14,858</b>	<b>100.0</b>	<b>23.8</b>	<b>17,910</b>	<b>100.0</b>	<b>20.5</b>
<b>Gross profit</b>	<b>2,043</b>	<b>17.0</b>	<b>30.1</b>	<b>2,550</b>	<b>17.2</b>	<b>24.8</b>	<b>3,200</b>	<b>17.9</b>	<b>25.5</b>

# 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 82,300m<sup>2</sup> 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.

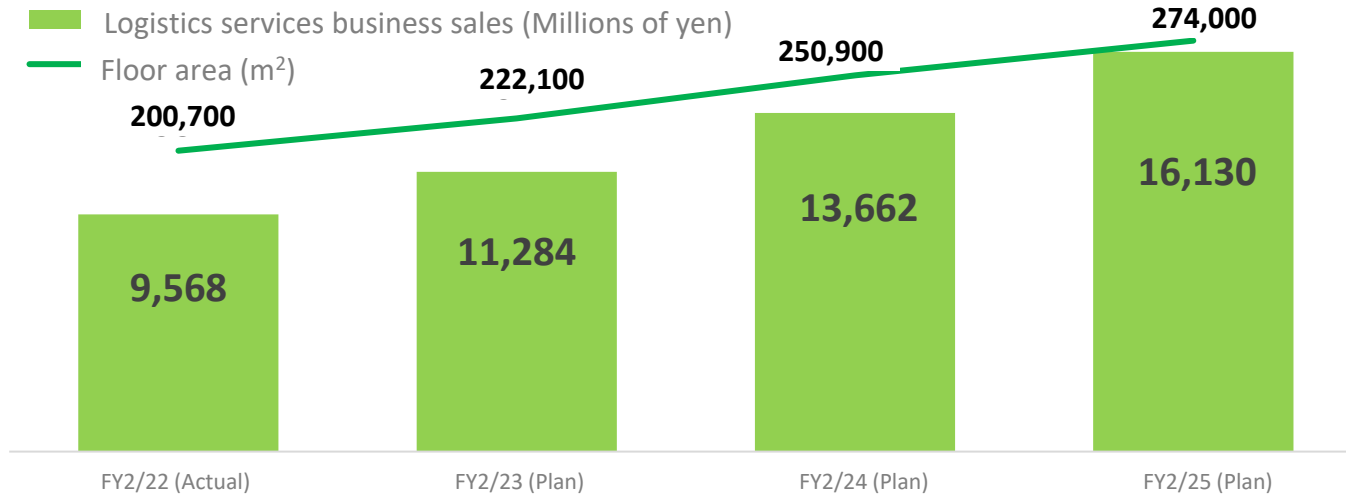
4

[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.
- Strengthening sales of logistics hardware that can be linked with Cloud Thomas Pro.
- Strengthening sales of Annie check list system

# Capital Expenditure Plan for Distribution Centers



Capital expenditure plan for distribution centers

Apr. 2021: Construction of EC/Catalog Distribution Center (18,500m<sup>2</sup>)

Feb. 2022: Construction of Tokyo Primary Center (27,400m<sup>2</sup>)

Jun. 2021: Construction of D-to-C Distribution Center (17,200m<sup>2</sup>)

Aug. 2022: Construction of D-to-C II Distribution Center (13,200m<sup>2</sup>)

Dec. 2022: Construction of Kansai New Distribution Center (14,200m<sup>2</sup>)

Nov. 2023: Construction of Kansai New Distribution Center II (28,800m<sup>2</sup>)

Jul. 2024: Construction of Kanto New Distribution Center (26,100m<sup>2</sup>)

Starting the use of logistics robots (Jul. 2022 to Feb. 2024)

Plan (Millions of yen)
747
-
231
216
442
454
420

\* The amount scheduled for investment in the D-to-C distribution center is not recorded because the initial investment period has expired.

# D-to-C II Distribution Center

## Scheduled opening of the fourth distribution center in Amagasaki

**D-to-C Distribution Center (17,200m<sup>2</sup>)** 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 (13,200m<sup>2</sup>)** is under construction in Amagasaki and is scheduled to **start** operations in **August 2022**.



# Fifth Amagasaki Area Distribution Center Starts Operating

The new 14,200m<sup>2</sup> distribution center is beside an EC/catalog distribution center and further strengthens KANTSU's dominant position in this region.

## Amagasaki area logistics infrastructure expansion to more than 138,800m<sup>2</sup>

KANTSU will start operating a 14,200m<sup>2</sup> distribution center in Amagasaki in December 2022 and plans to complete a huge 28,800m<sup>2</sup> distribution center in November 2023 in the same area.

This expansion to six distribution centers in the Amagasaki area will raise total floor area to more than 138,800m<sup>2</sup>. To support customers' growth and meet a wide range of logistics requirements, these facilities will be a source of highly sophisticated logistics solutions and distinctive KANTSU services in order to create even more value.

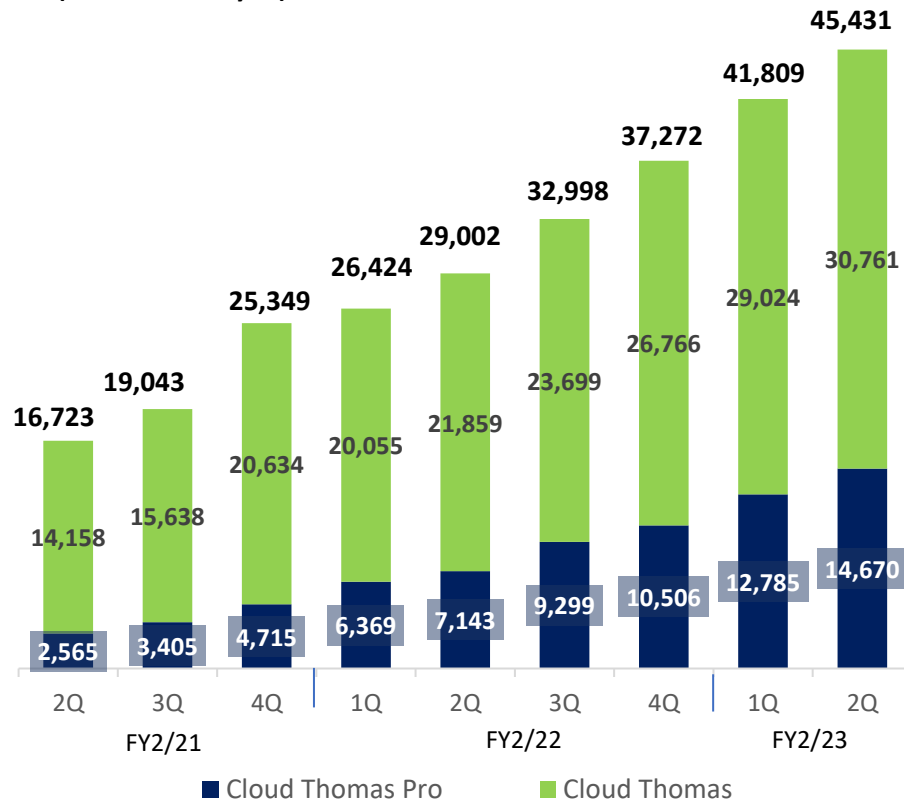


### 3. Growth Strategy for the IT Automation Business

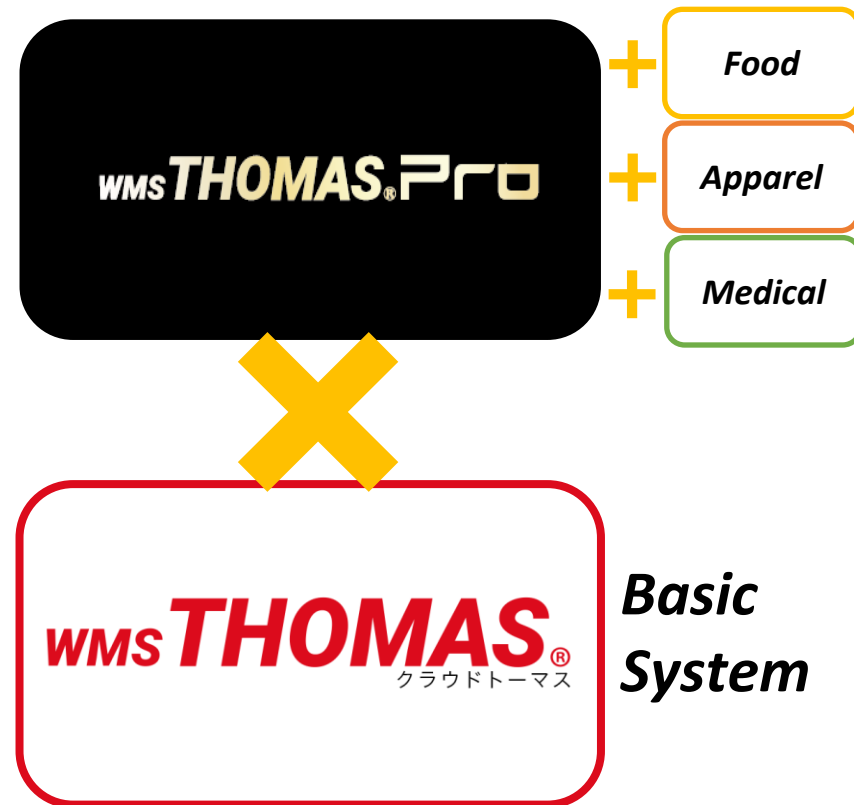
**Increase in the number of companies using Cloud Thomas WMS  
– Aiming to become the leading company in Japan!**

#### Cloud Thomas Utilization Fees

(Thousands of yen)



- Expanding the line-up to suit customer size and usage scenarios





# 3. Growth Strategy for the IT Automation Business

## Marketing jointly with Canon IT Solutions!



**Canon** Canon IT Solutions Inc.



Mr. Yoshihiko Kukita  
Executive Officer,  
General Manager, West Japan  
Solutions Business Division

We started working with KANTSU only two months ago and this cooperation has already produced new orders. The scale of our activities is large and we are functioning as a unified team. KANTSU has excellent skills and its warehouse management system (WMS) has a proven track record. We are also making progress with providing information to our current customers. In addition, our sales department is working with KANTSU in order to provide customers with information about the WMS and ideas for linking WMS with customers' core IT systems. We are also holding joint sales events. We will continue to use numerous joint activities, such as strengthening the functions of Cloud Thomas Pro, in order to generate significant benefits for both companies. Our goal is to be a source of even more value for our customers.



\* Kansai Logix 2022 (June 22 to 24, 2022)



### 3. Growth Strategy for the IT Automation Business

## Expertise for Training New Employees

Started a service using the Annie check list system for quickly training new employees.

More than 30 companies are using this service six months after its launch.

Lectures use know-how used for improving operations at more than 100 companies every year and successful techniques for quickly training new employees.

KANTSU's expertise for assessing and improving business operations raises efficiency for instructors and students. Furthermore, using the Annie check list system results in a package of services that uses the improvement of a company's business processes as the basis for making new employees productive quickly.

The Fast Training Package

新人  
即戦力  
パッケージ

離職者  
0名  
実現!

Are new employees productive quickly?

- ✓ New employees will not quit.
- ✓ People will be productive starting tomorrow.
- ✓ Stop wasting recruiting expenses.

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# **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.



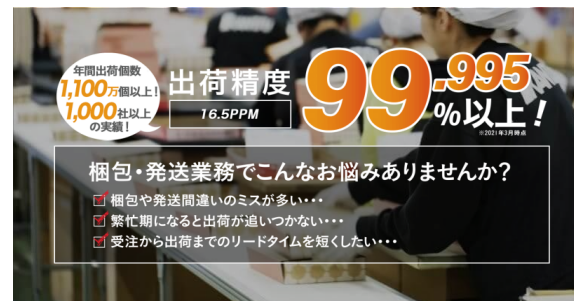
KANTSU logistics solutions have been continuously supporting growth of the EC market and the creation of new distribution and sales channels.

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

and more...

# A History of Steady Growth

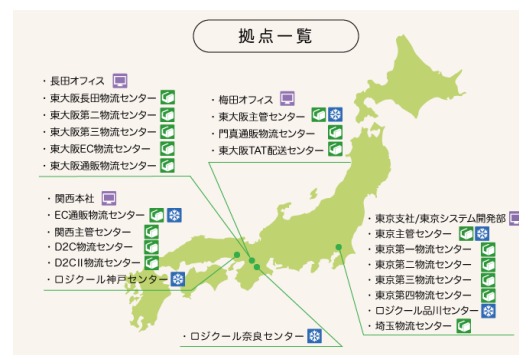
	Major events
1986	Establishment/Start of cargo transportation business
1991	Started operating a delivery center in Higashi Osaka Start of logistics processing services
1992	Establishment of Logistics Department/Start of B-to-B logistics services
1999	Start of EC/catalog logistics support services
2000	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	Formed a capital and business alliance with Canon IT Solutions
2022	17 locations in the Kanto/Kansai areas and total area of 207,900m <sup>2</sup>



Quickly started EC logistics when EC first emerged in Japan



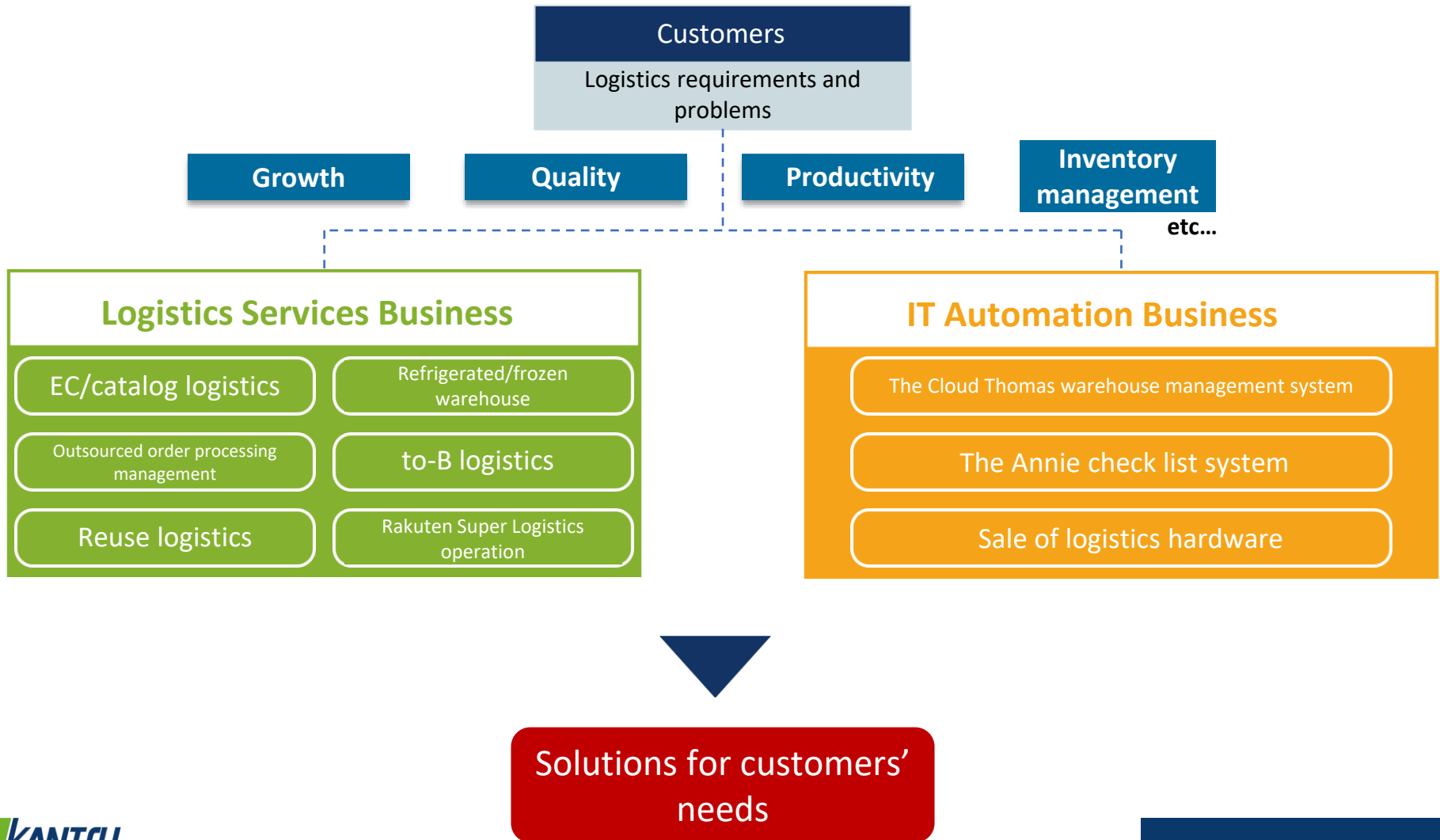
The Cloud Thomas warehouse management system



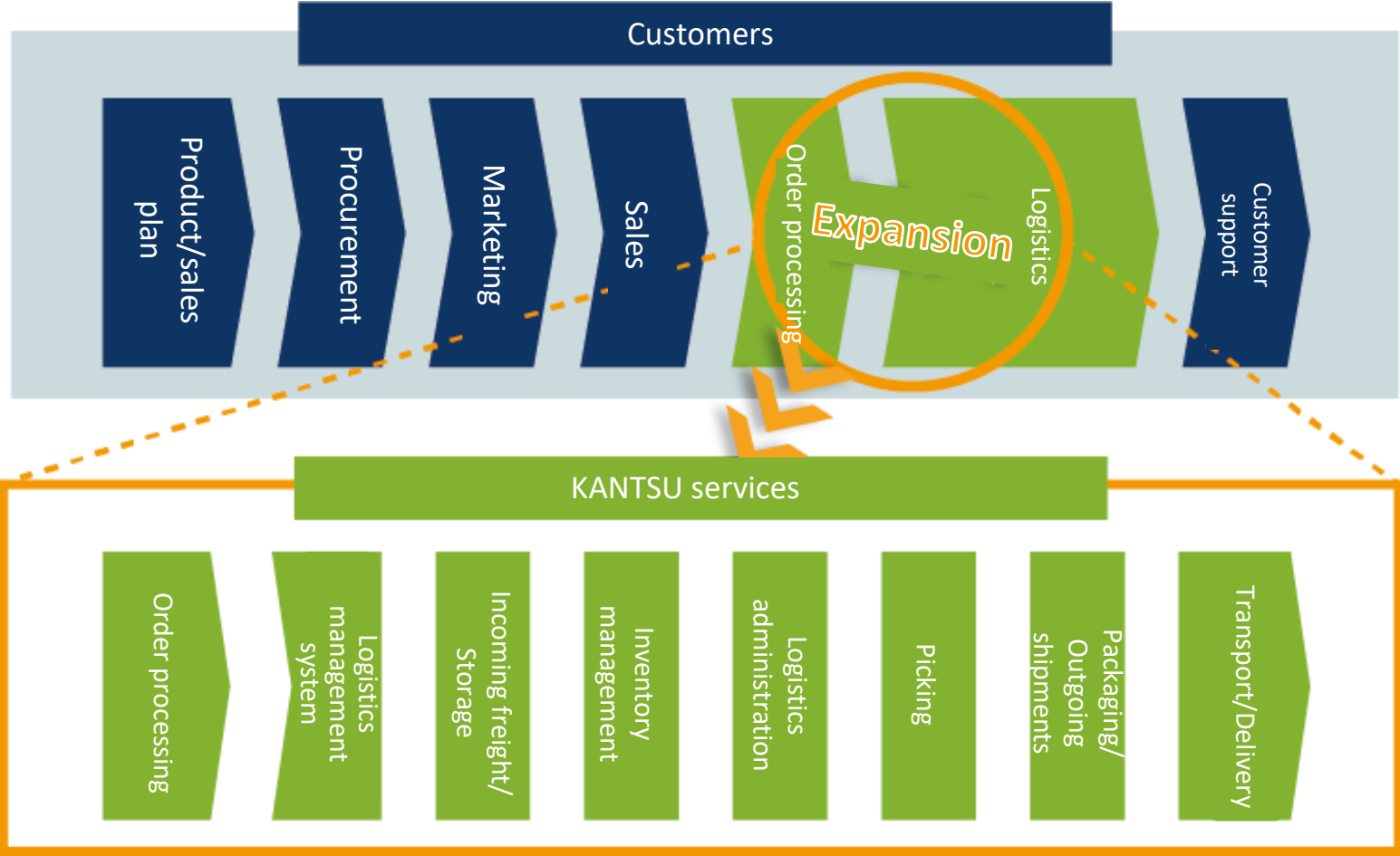
17 locations in the Kanto/Kansai areas and total floor area of 207,900m<sup>2</sup>

# 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...

### ✓ 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 26,400m<sup>2</sup> 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



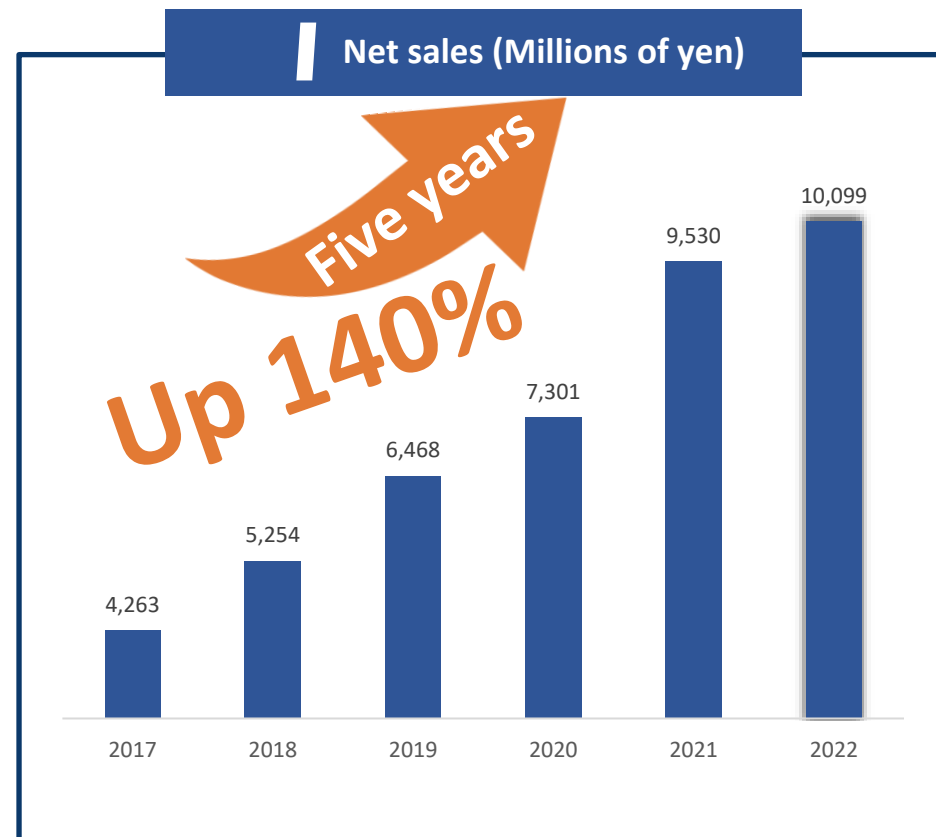
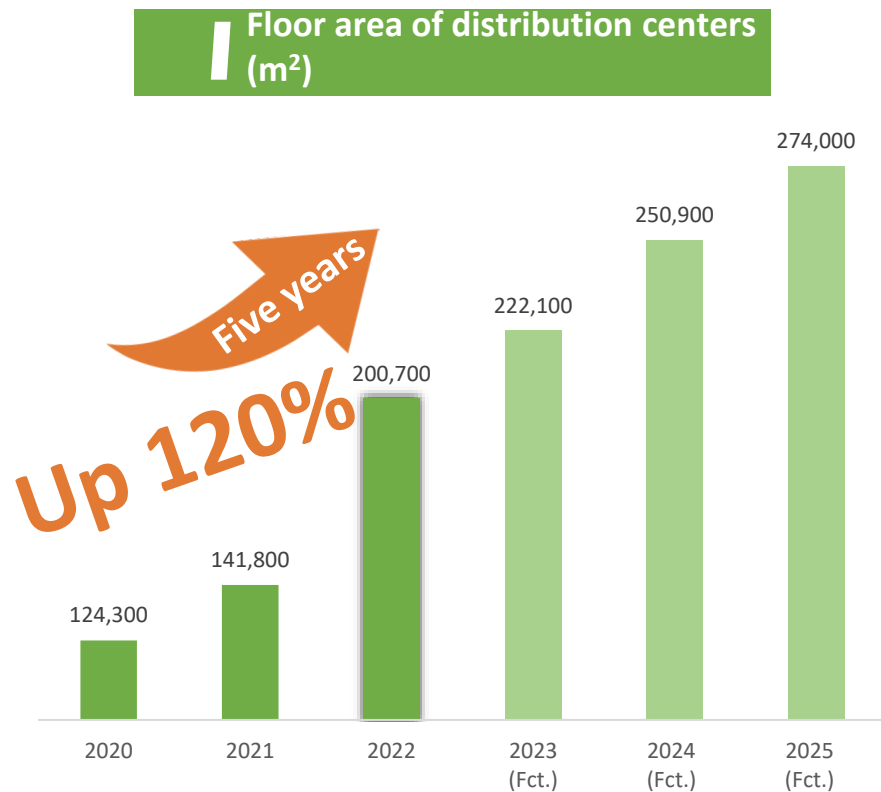
**(1) Rapid growth**

**(2) Sales**

**(3) Operations**

**(4) IT**

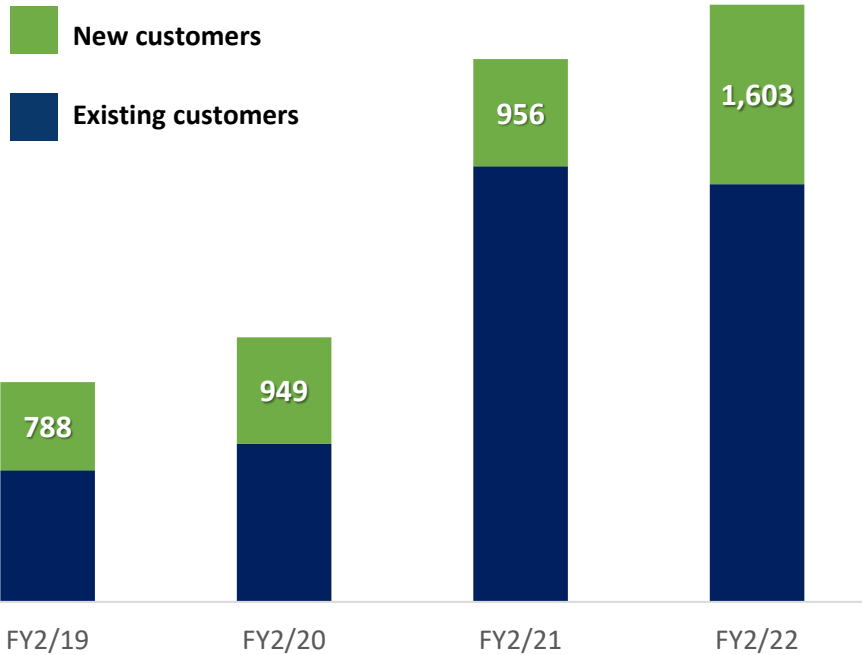
Among the fastest growing logistics companies in Japan in terms of infrastructure expansion and sales growth



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

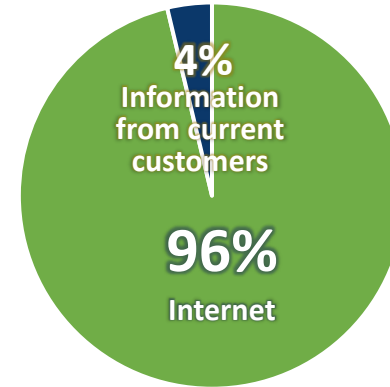
#### Logistics services new/existing customer sales

(Millions of yen)

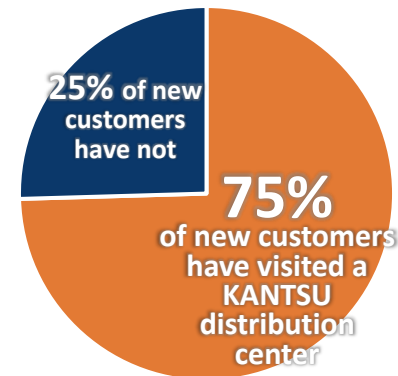


\*Sales for new customers are the total of sales during the prior 12 months for newly acquired customers.

### Channels used for sales inquiries



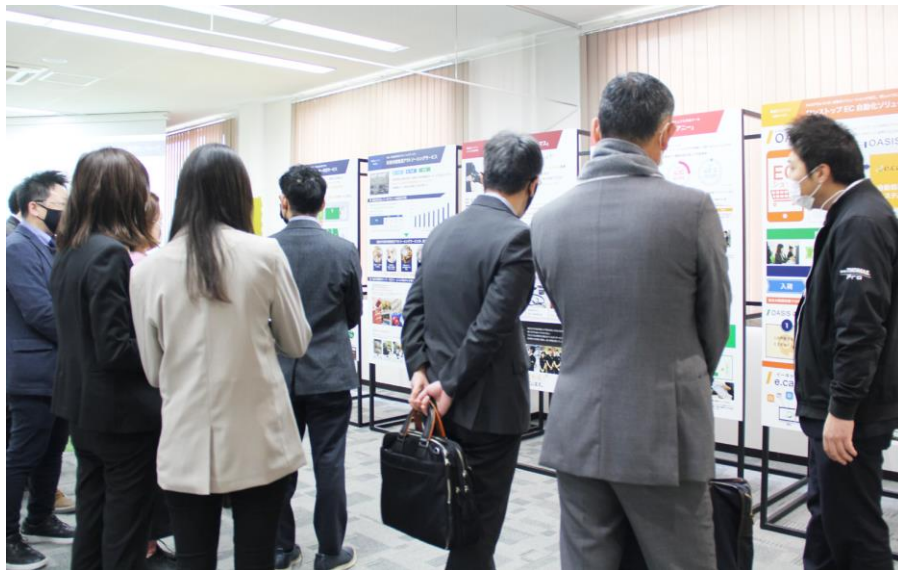
### Most final decisions are after distribution center tours



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

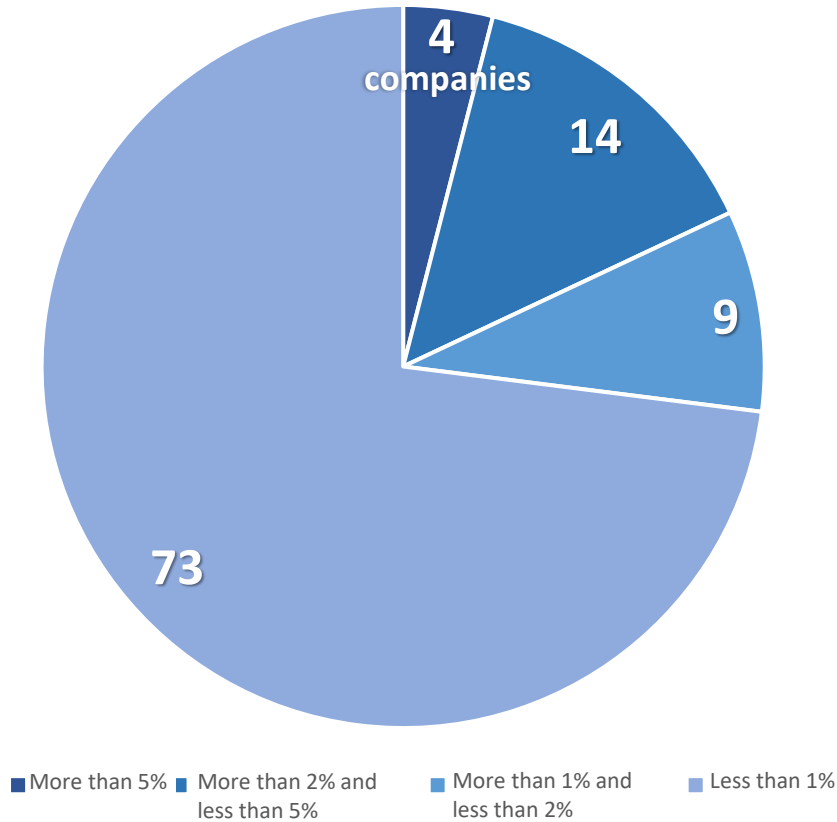
Enabling even more people to see our operations  
Opened a large showroom on February 21, 2022

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

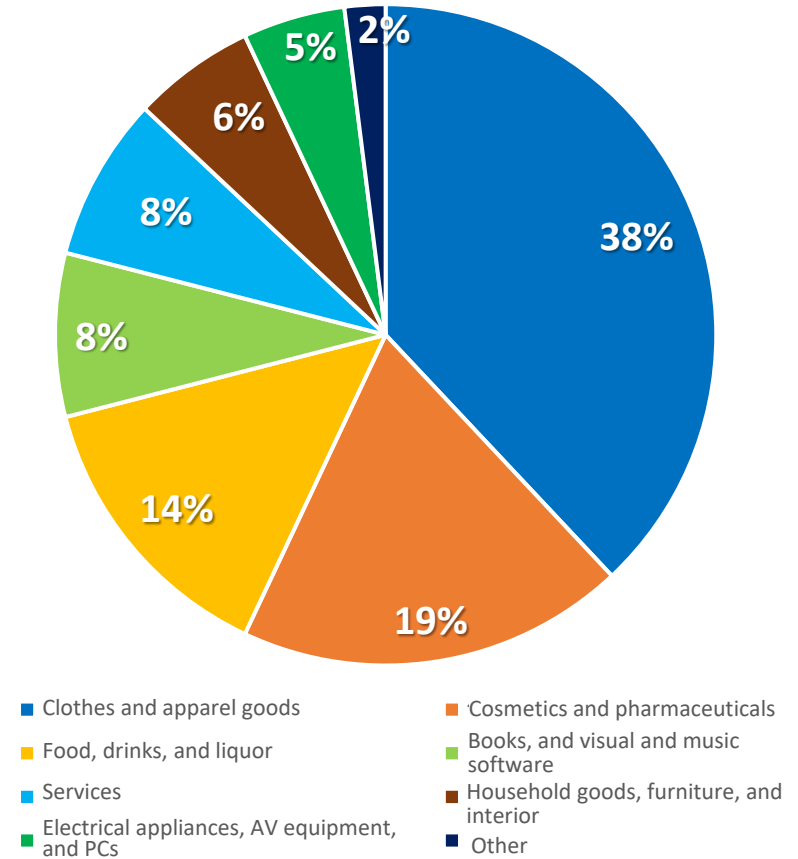
Number of Customers by Share of Sales



\* Based on the top 100 companies in 1H FY2/23 sales.

Support for logistics in many sectors

Sales Composition by Market Sector



\* Based on the top 100 companies in 1H FY2/23 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

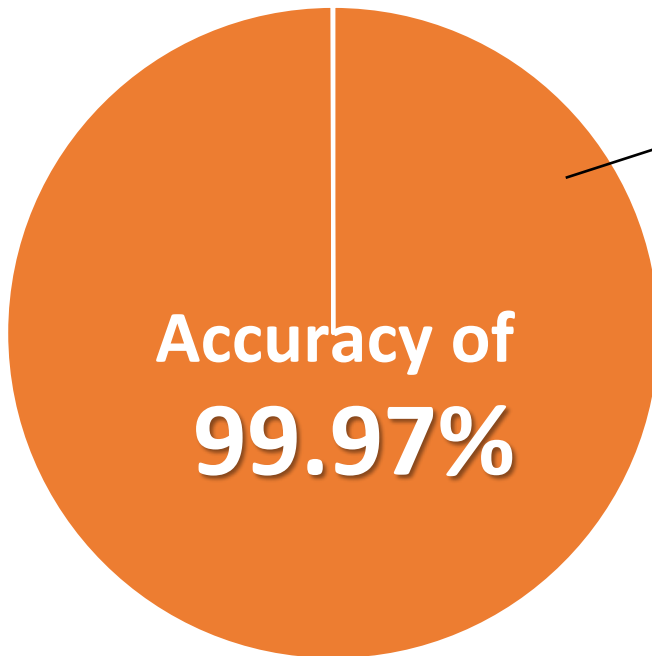
**No shipping errors** for e-commerce sales





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

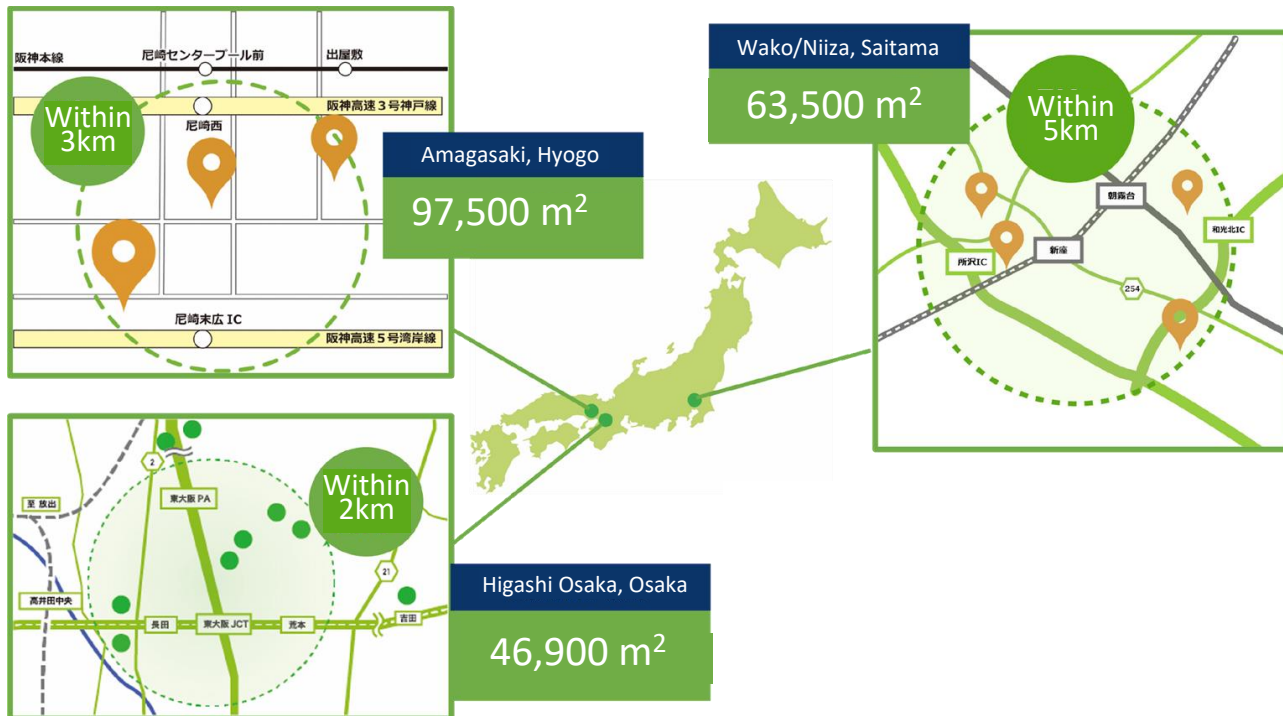
Many activities for improving logistics systems and constant innovations for logistics, such as the use of logistics robots

## 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

50

### Examples

- Robotic picking system development
- Thomas-pro function for large manufacturers
- Unified TC/DC warehouse management system for large retailer
- Inventory management function for food and other merchandise sold by weight

And more...

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

420

### Examples

- Medical inventory management system for clinic backyard operations
- Video message system for customers using e-commerce to buy cosmetics
- Release of KANTSU's own API
- Thomas-pro function for midsize manufacturers
- Cloud-Thomas-pro for medical apparel food: Industry-specific versions of Cloud Thomas Pro (medical, apparel, food)

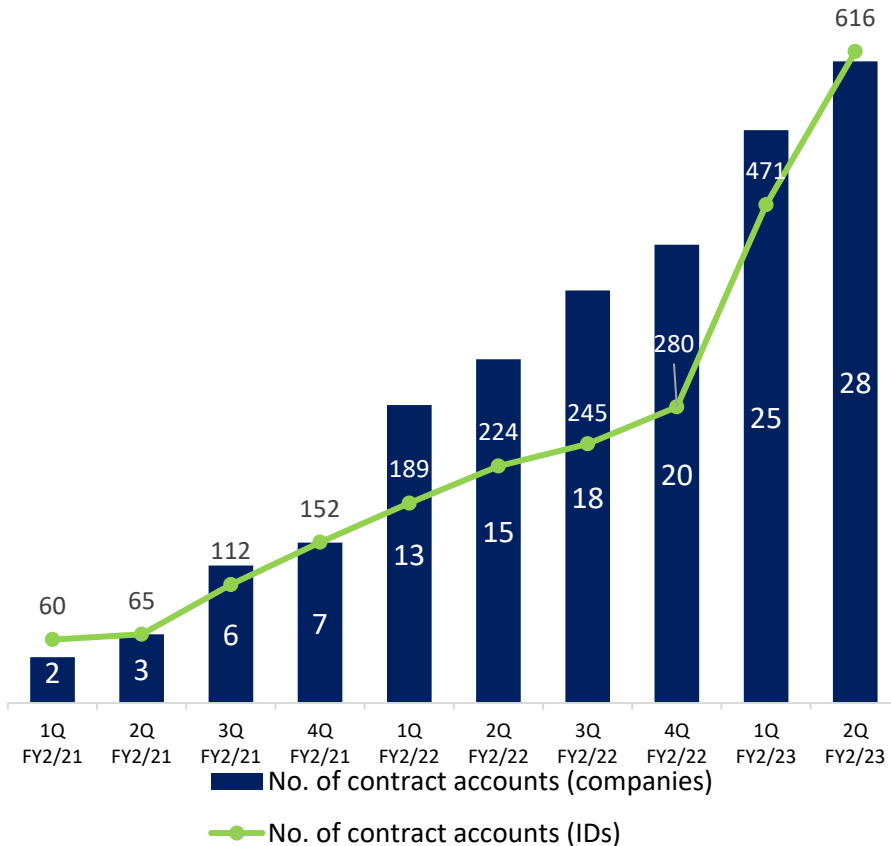
And more...

### Sales Volume of Cloud Thomas

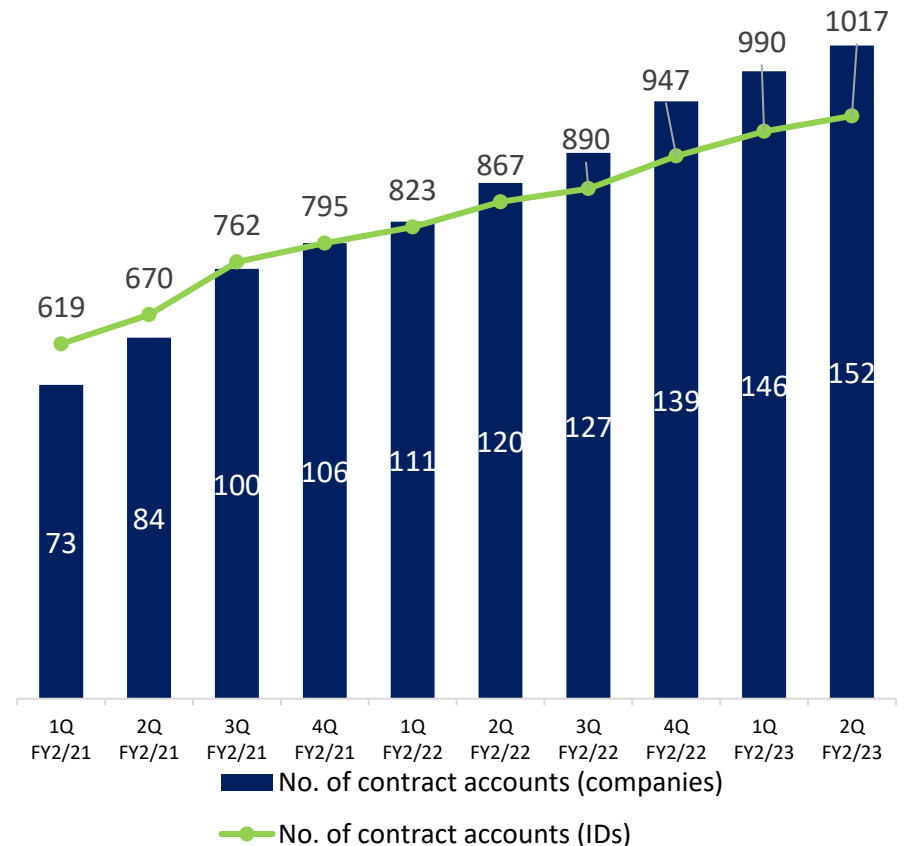
Number of Contracts and IDs

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

#### Cloud Thomas Pro



#### Cloud Thomas



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# **V. Sustainability**

# 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&amp;D programs.</p>	<ul style="list-style-type: none"> <li>● Use of logistics robots and robotic process automation</li> <li>● Collaboration with the Department of Industrial and Management Systems, Engineering School of Creative Science and Engineering, Waseda University</li> <li>● Collaboration with the Malaysia-Japan International Institute of Technology</li> <li>● The KANTSU career advancement program</li> </ul>
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"> <li>● Recycle packaging materials</li> <li>● Install LED lights</li> <li>● Paperless invoices</li> <li>● Paperless contracts</li> </ul>

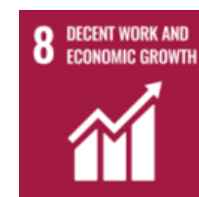
## Associated SDGs



# 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"> <li>● Operation of after-school daytime classes</li> <li>● Operation of employment assistance centers</li> <li>● Operation of nursery schools for companies</li> </ul>
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&amp;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"> <li>● Employment of foreigners</li> <li>● Collaboration with the Malaysia-Japan International Institute of Technology</li> <li>● Women as pct. of all management personnel End of Feb. 2021: 34.5% End of Feb. 2022: 38.2%</li> <li>● Developmental disability people as pct. of total workforce FY2/21: 6.29% FY2/22: 5.00%</li> <li>● Pct. of available child care time off used by KANTSU employees FY2/21: 100% FY2/22: 100%</li> </ul>

## Associated SDGs



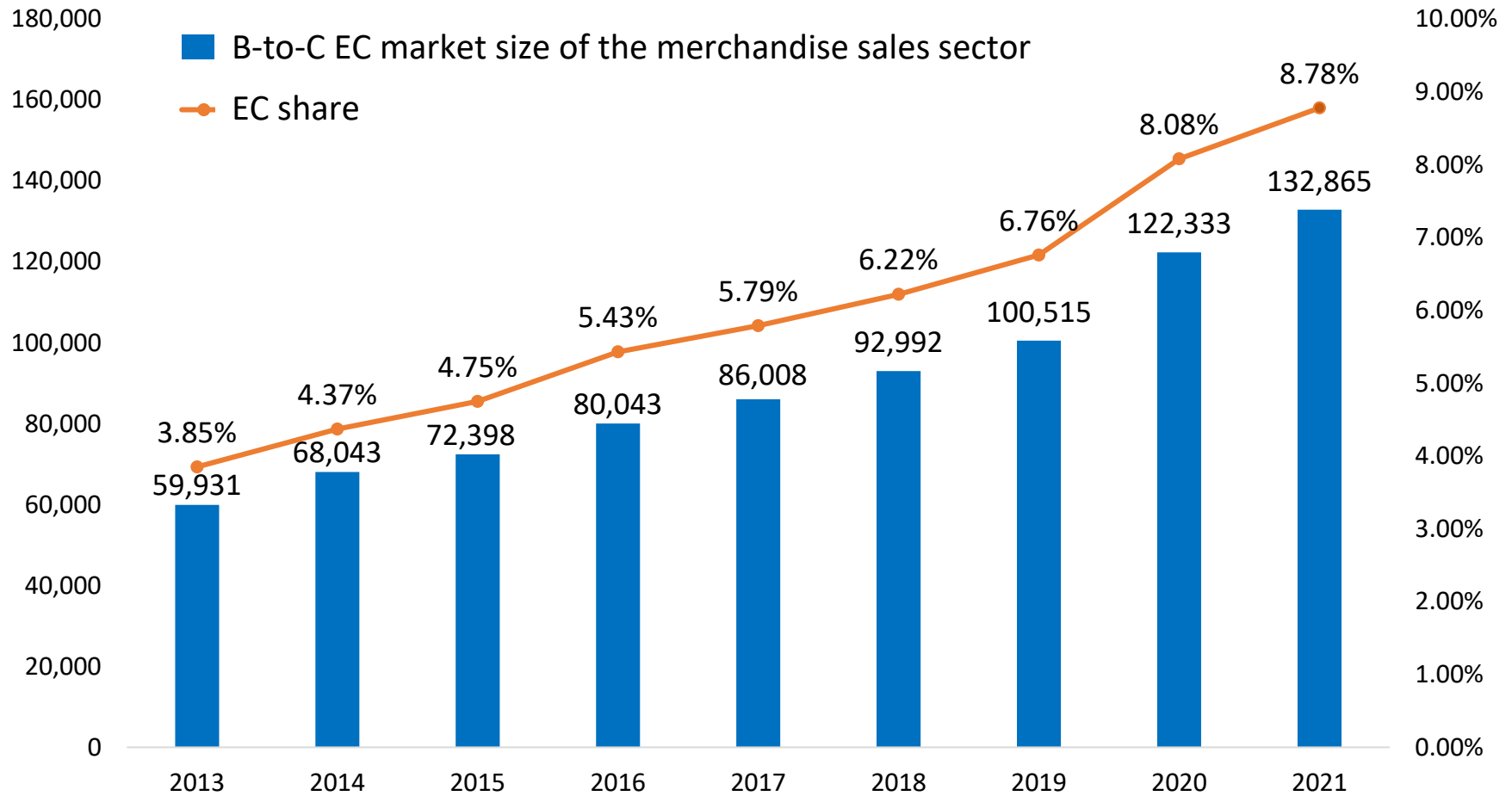
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# **VI. Reference**

# Market Conditions | E-commerce Market (All)

Rapid growth of the EC market size is expected to continue

(Unit for market size: 100 million yen)



Source: FY2021 Digital Transaction Environment Provision 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

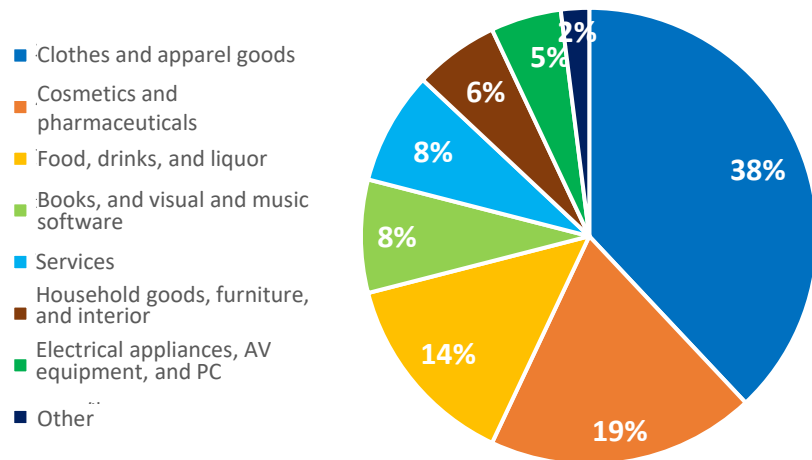
B-to-C EC Sector – Market Category Size and Composition Ratio

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

	2019	2020	2021	Growth ratio (2021)
<b>A. Merchandise sales</b>	<b>¥10,051.5 billion</b> (EC ratio 6.76%)	<b>¥12,233.3 billion</b> (EC ratio 8.08%)	<b>¥13,286.5 billion</b> (EC ratio 8.78%)	<b>8.61%</b>
B. Services	¥7,167.2 billion	¥4,583.2 billion	¥4,642.4 billion	1.29%
C. Digital technology	¥2,142.2 billion	¥2,461.4 billion	¥2,766.1 billion	12.38%
Total	¥19,360.9 billion	¥19,277.9 billion	¥20,695 billion	7.35%

Classification	2019		2020		2021	
	Market size (¥ billion) *Lower column: vs. 2018	EC ratio (%)	Market size (¥ billion) *Lower column: vs. 2019	EC ratio (%)	Market size (¥ billion) *Lower column: vs. 2020	EC ratio (%)
1 Food, drinks, and liquor	18,233 (7.77%)	2.89%	22,086 (21.13%)	3.31%	25,199 (14.10%)	3.77%
2 Electrical appliances, AV equipment, and PC and peripherals	18,239 (10.76%)	32.75%	23,489 (28.79%)	37.45%	24,584 (4.66%)	38.13%
3 Books, and visual and music software	13,015 (7.83%)	34.18%	16,238 (24.77%)	42.97%	17,518 (7.88%)	46.20%
4 Cosmetics and pharmaceuticals	6,611 (7.75%)	6.00%	7,787 (17.79%)	6.72%	8,552 (9.82%)	7.52%
5 Household goods, furniture, and interior	17,428 (8.36%)	23.32%	21,322 (22.35%)	26.03%	22,752 (6.71%)	28.25%
6 Clothes and apparel goods	19,100 (7.74%)	13.87%	22,203 (16.25%)	19.44%	24,279 (9.35%)	21.15%
7 Automobiles, motorcycles, and parts	2,396 (2.04%)	2.88%	2,784 (16.17%)	3.23%	3,016 (8.33%)	3.86%
8 Other	5,492 (4.79%)	1.54%	6,423 (16.95%)	1.85%	6,964 (8.42%)	1.96%
Total	100,515 (8.09%)	6.76%	122,333 (21.71%)	8.08%	132,865 (8.61%)	8.78%

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





\*Percentages are based on the top 100 companies in 1H FY2/23 sales.

\*Rakuten Super Logistics services are included in services.

Source: FY2021 Digital Transaction Environment Provision Business (Market Survey concerning e-commerce), Ministry of Economy, Trade and Industry



# Company Profile

Company name	KANTSU CO., LTD.	
Offices	Kansai head office: 111-4 Nishimukojimacho, Amagasaki city, Hyogo Nagata office: Oriental Trading Building 3-3-32 Nagatahigashi, Higashi Osaka city, Osaka Umeda office: LINKS UMEDA 8F WeWork LINKS UMEDA 1-1 Ofukacho, Kita-ku, Osaka city, Osaka Tokyo System Development Division: Bunshodo Building 5F, 3-37-1 Kanda Sakuma-cho Chiyoda-ku, Tokyo Logistics bases: 13 locations in Kansai area, 4 locations in Kanto area Total area: 207,900m <sup>2</sup> (As of August 31, 2022)	
Established	April 1986	
Representative	Hisahiro Tatsushiro, Representative Director and President	
Capital	787 million yen (As of August 31, 2022)	
Stock listing	Tokyo Stock Exchange Growth Market (Securities code: 9326)	
Number of employees	317 (Regular employees as of August 31, 2022)	
Business	<ul style="list-style-type: none"> <li>■ Logistics services business             <ul style="list-style-type: none"> <li>EC/catalog logistics support services</li> <li>Rakuten Super Logistics services</li> <li>Outsourced order processing services</li> <li>Logistics consulting services</li> </ul> </li> <li>■ IT automation business             <ul style="list-style-type: none"> <li>The Cloud Thomas warehouse management system</li> <li>The Annie check list system</li> </ul> </li> <li>■ Other businesses</li> </ul>	 <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]



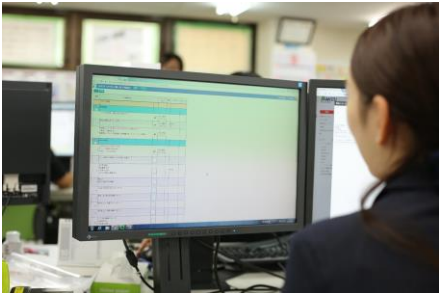
This new service combines the knowledge of KANTSU, which has many accomplishments involving RPA, and BizRobo!, an RPA tool. The result is a service that creates RPA for other companies that want to automate business processes. ippo! is also a service for assisting companies that have started using RPA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

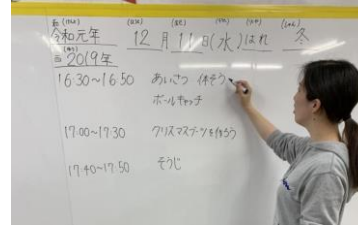


# Other Services

## 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





# TT Channel

KANTSU has started a YouTube channel called the TT Channel to give investors and others a better understanding of IR information distributed by KANTSU. The channel has information about the businesses and services of KANTSU, the executives and employees of KANTSU, and many other subjects.



**TTチャンネル** Register here for TT Channel ▶

**KANTSU TTチャンネル** **KANTSU TTチャンネル** **KANTSU TTチャンネル**

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KANTSU CO., LTD. IR Representative

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