



Securities code: 9326

KANTSU CO., LTD.

July 12, 2024

**Results of Operations
for the First Quarter of the
Fiscal Year Ending February 28, 2025**

1Q FY2/25 Results Summary

■ 1Q FY2/25 (vs. 1Q FY2/24)

Net sales: +35.5%

↳ The first inclusion in consolidated sales of KANTSU Next Logi, which was established in December 2023

Ordinary profit: +8.9%

↳ Earnings growth at KANTSU more than offset a loss at KANTSU Next Logi due to ongoing business revitalization measures

↳ KANTSU Next Logi has become profitable on a monthly basis and a framework is in place for fiscal year profitability

■ 1Q FY2/25 (vs. plan)

Net sales: +0.2%

↳ Progressed as planned

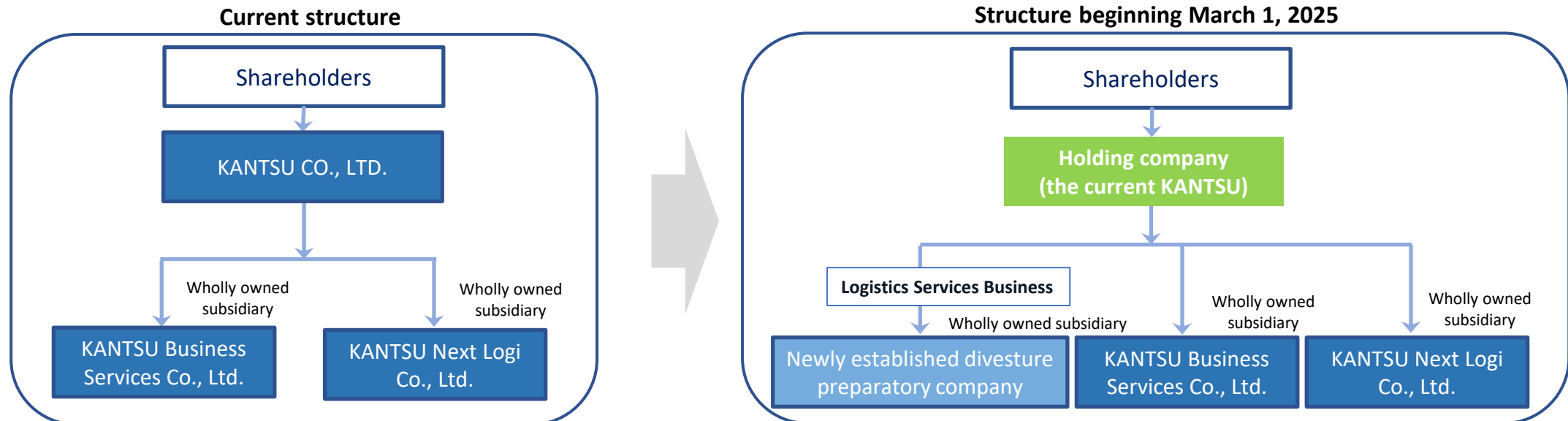
Ordinary profit: +13.6%

↳ Up 7 million yen vs. plan, progressed as planned

The Change to a Holding Company Structure

We have been examining ways to establish an organizational structure capable of supporting sustained business growth while adapting rapidly to a broad range of changes in the business climate. This process led to the decision to divest the core logistics services business and transfer this business to a newly established wholly owned subsidiary. This move is expected to further clarify the responsibility for managing the logistics services business, provide a base for more growth, and enable quickly responding to business climate changes by making management decisions even faster.

We are now considering the transformation of KANTSU, the parent company, into a holding company. Organizational changes may also include equity alliances and other actions.





I. YoY Change

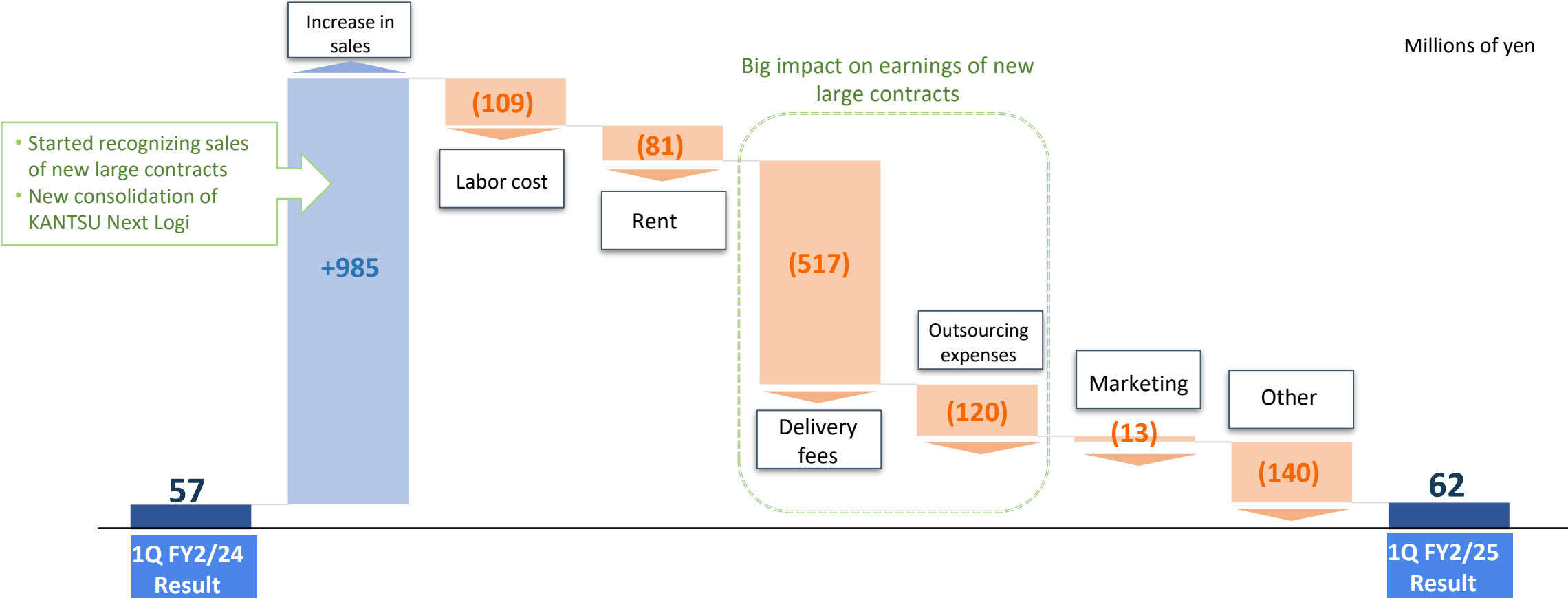
(YoY Change/Consolidated) 1Q FY2/25

- A big increase in sales due to the first consolidation of KANTSU Next Logi. The profit at KANTSU more than offset the operating loss at KANTSU Next Logi as this company took actions to revitalize its business operations.

Millions of yen	1Q FY2/24 (Results/Consolidated)	1Q FY2/25 (Results/Consolidated)	YoY change	
			Amount	%
Net sales	2,776	3,761	+985	+35.5
Operating profit	60	78	+17	+29.8
Ordinary profit	57	62	+5	+8.9
Profit attributable to owners of parent	41	38	(3)	(7.9)

(YoY Change/Consolidated) Analysis of Changes in Ordinary Profit

- Sales increased 985 million yen YoY due to the strong performance of services for a new high-volume customer that started in November 2023 and to the first inclusion in consolidated sales of KANTSU Next Logi.
- Most of the services for these new customers are B-to-B services that generate delivery fees, which have a low profit margin. Furthermore, KANTSU Next Logi was taking business revitalization actions during the first quarter. As a result, the ordinary profit increased only 5 million yen YoY.





II. Vs. Plan

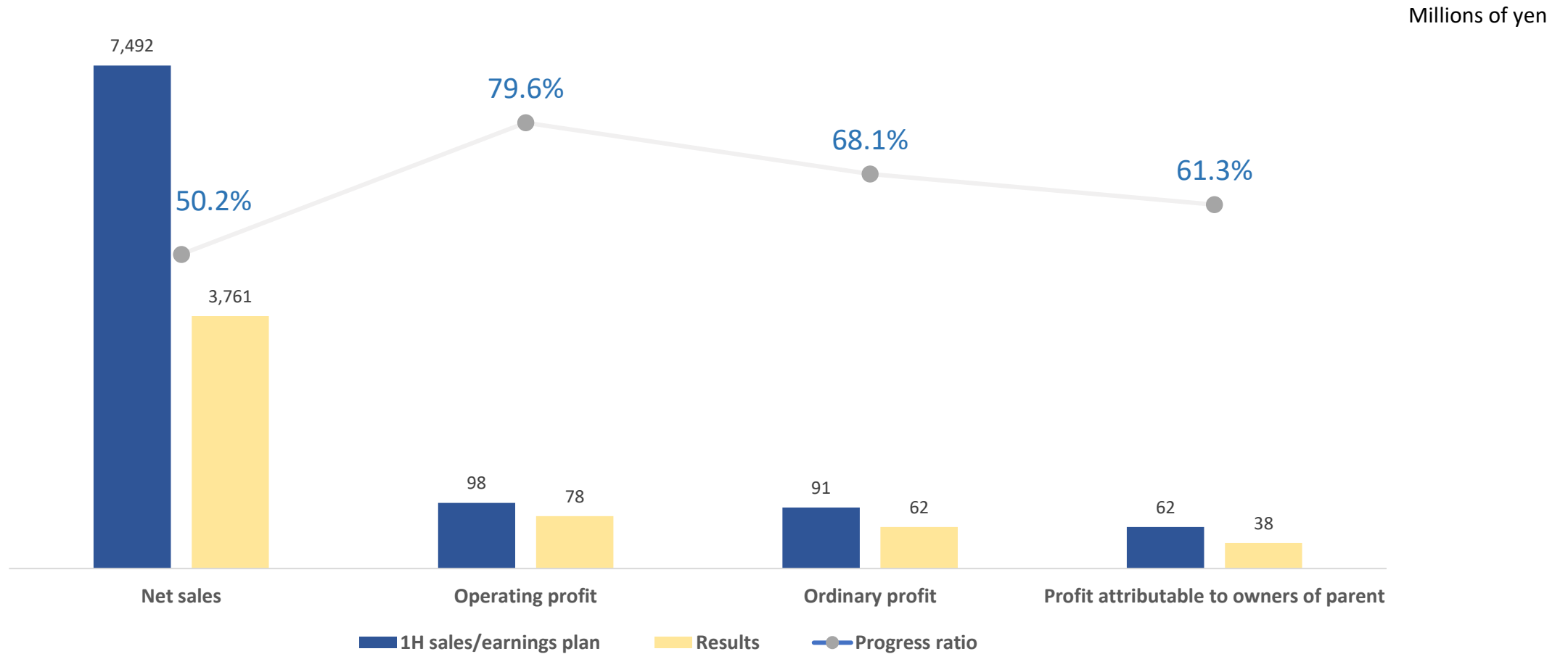
(Vs. Plan/Consolidated) 1Q FY2/25

- Net sales, operating profit, ordinary profit, and profit attributable to owners of parent for the first quarter were all in line with the plan.

Millions of yen	1Q FY2/25 (Plan/Consolidated)	1Q FY2/25 (Results/Consolidated)	Vs. plan	
			Amount	%
Net sales	3,755	3,761	+5	+0.2
Operating profit	59	78	+19	+32.8
Ordinary profit	55	62	+7	+13.6
Profit attributable to owners of parent	37	38	+0	+2.2

First Quarter Performance vs. First Half Plan

- First quarter sales were 50.2% of the first half plan. Operating profit was 80% of the first half plan and ordinary profit and profit attributable to owners of parent were both at the 60% level. Overall, earnings have increased faster than anticipated.





III. Quarterly Results

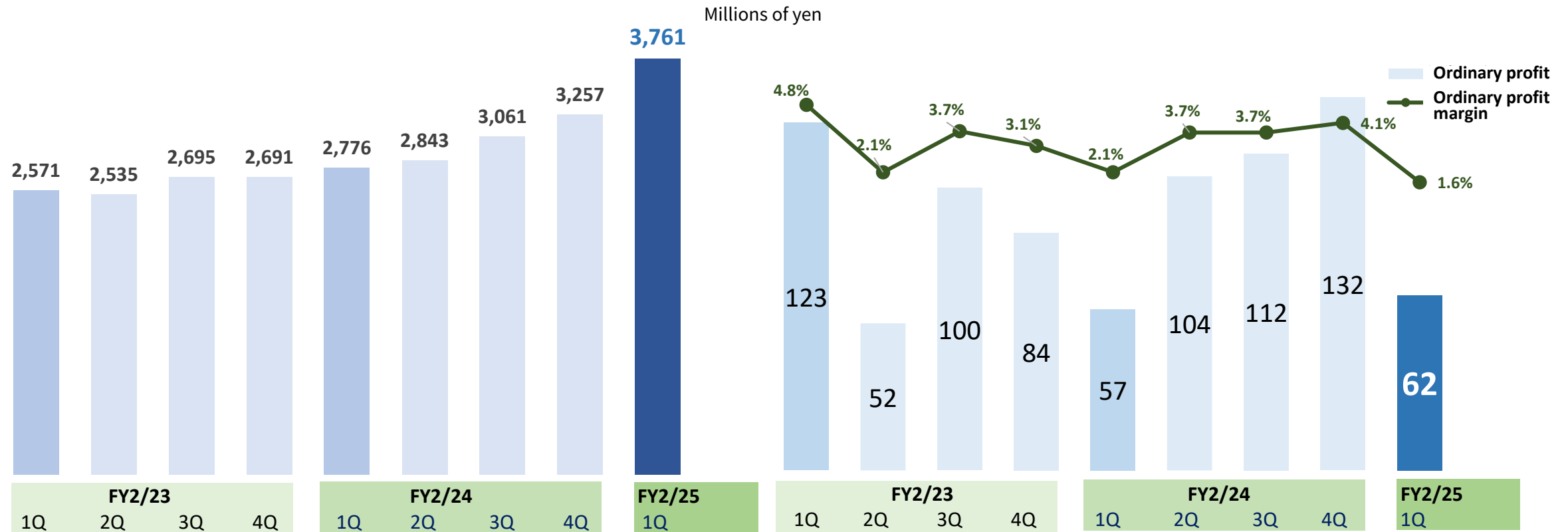
Quarterly Sales and Ordinary Profit

Consolidated quarterly sales

- Sales are increasing steadily.
- Sales were 504 million yen (15.4%) higher than in the previous quarter.
- ↳ The main reason is the new consolidation of KANTSU Next Logi. KANTSU sales were also higher than in the previous quarter.

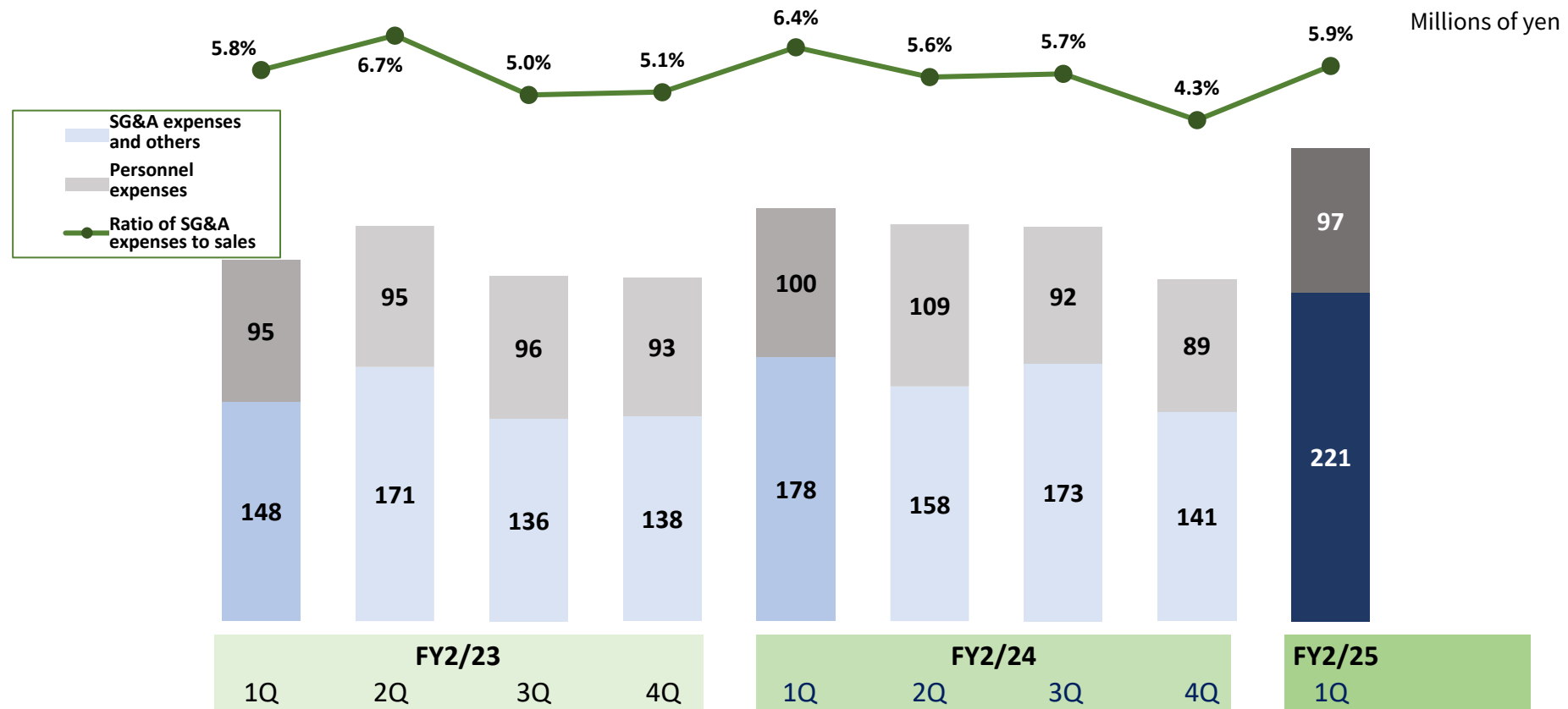
Consolidated quarterly ordinary profit

- The ordinary profit margin was down 0.5 pct. point from one year earlier.
- ↳ The ordinary loss at KANTSU Next Logi was responsible for this decline. KANTSU's operating profit (non-consolidated) increased 20 million yen.



Quarterly SG&A Expenses

- Started consolidation of KANTSU Next Logi in the first quarter and seeking cost cutting measures as business revitalization measures continue.
Expenses at KANTSU for two trade shows and M&A activities increased SG&A expenses and others.
In addition, amortization of goodwill resulting from the KANTSU Next Logi acquisition started in the first quarter (2.6 million yen).





IV. Segments

(YoY Change/Consolidated) Segment Results

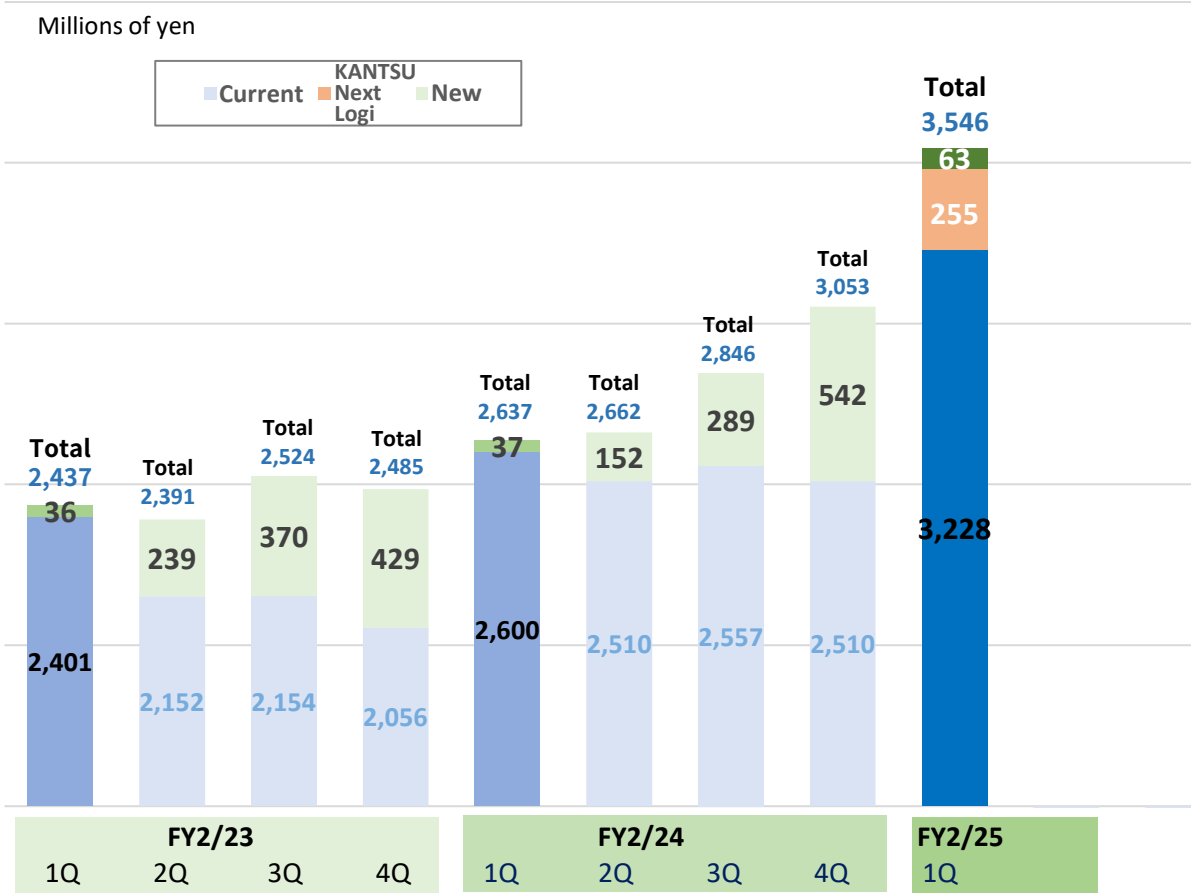
Millions of yen

- KANTSU Next Logi is newly included in the logistics services segment; small earnings decrease because of business revitalization expenses at this new subsidiary.
- In the IT automation segment, sales in the hardware, installation, development category increased because of support provided for starting to use new IT hardware.

		1Q FY2/24 (Results)	1Q FY2/25 (Results)	YoY change (%)
Logistics Services Business	Net sales	2,637	3,545	+34.4
	Operating profit	21	15	(27.1)
SaaS utilization fees	Net sales	79	94	+18.9
Hardware, installation, development	Net sales	32	97	+203.1
IT Automation Business total	Net sales	113	191	+68.5
	Operating profit	39	72	+81.6

Logistics Services Business Quarterly Sales

Logistics Services Business Quarterly Sales



1Q

■ Current customers

Increased even after excluding the contribution of KANTSU Next Logi because of a new high-volume customer starting in November 2023



Up 628 million yen (24.1%) YoY

■ New customers

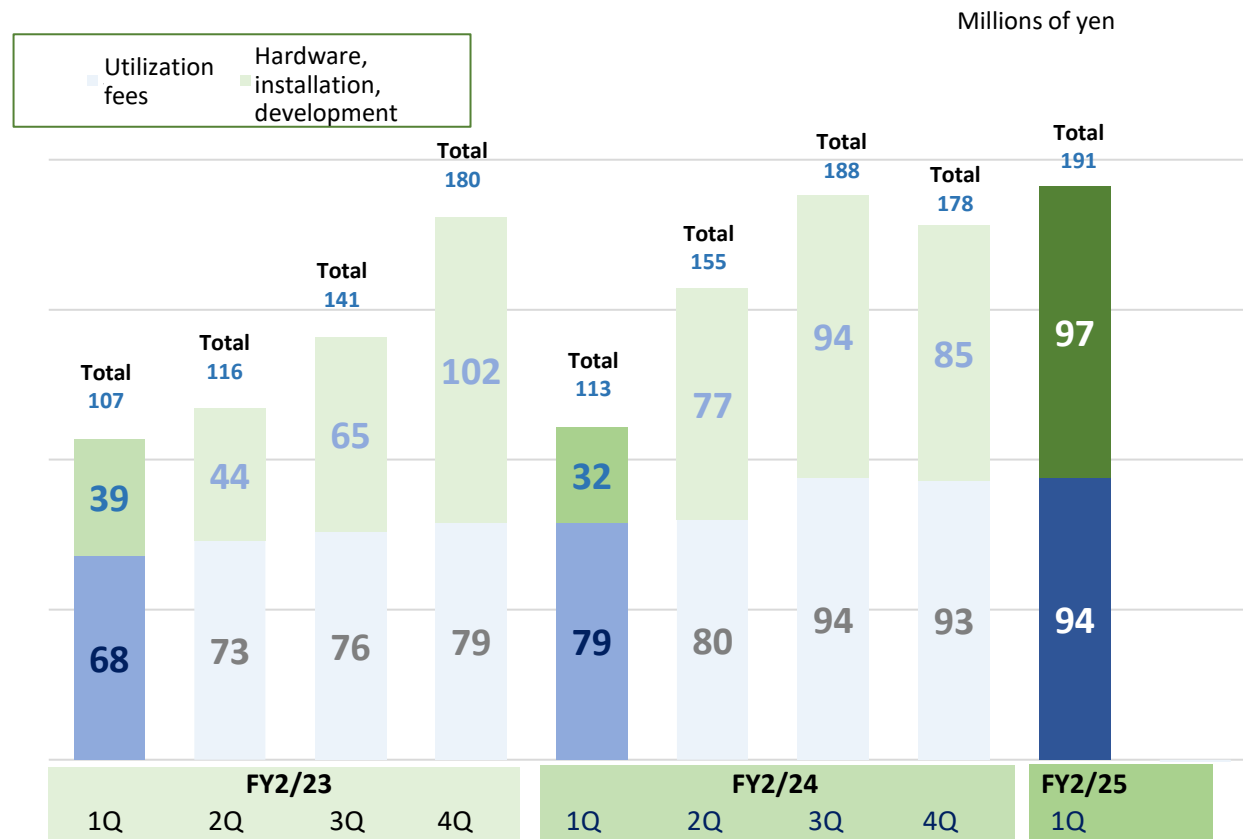
Up 26 million yen (70%) YoY



Most are one-time sales that do not lead to recurring sales. Negotiations under way involving new customers in the second half.

IT Automation Business Quarterly Sales

IT Automation Business Quarterly Sales



1Q

Monthly utilization fees

Up 15 million yen YoY

↳ Recognition of these fees was delayed in 2023 due to time required for designs and testing as the volume of services for individual customers increased.



The FY2/25 plan incorporates these delays.
Record-high quarterly segment sales

Hardware, installation, development

Up 65 million yen (203.1%) YoY



Strong sales for support for starting to use new IT hardware

* Quarterly utilization fee and hardware, installation, development sales in FY2/24 differ slightly from previously announced figures because of revisions to some sales. There is no change in total segment sales.



V. FY2/25 Consolidated Forecast

(FY Plan) FY2/25 Consolidated

- Forecast sales of more than 15,000 million yen, including sales of newly consolidated KANTSU Next Logi, which was established in December 2023. This is close to the 16,000 million yen goal of the medium-term plan.
- Although this is positioned as a period for rebuilding the internal infrastructure, the plan is for earnings growth of about 30% due to an expected recovery in the second half.

Millions of yen	FY2/24 (Results)	FY2/25 (Plan)	YoY change	
			Amount	%
Net sales	11,938	15,871	+3,933	+32.9
Operating profit	410	542	+132	+32.3
Ordinary profit	406	522	+116	+28.7
Profit attributable to owners of parent	49	352	+303	+609.8

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Inquiries

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Please use the designated form for IR inquiries.

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

IR Inquiries Form

