



Financial Results for the First Nine months of the Fiscal Year Ending March 31, 2022 [J-GAAP] (Consolidated)

February 9, 2022

Company Name: Kintetsu World Express, Inc. (KWE)
 Stock exchange listed on: Tokyo Stock Exchange (First Section)
 Company code: 9375 URL: <https://www.kwe.com>
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 The date of filing the quarterly financial statements: February 10, 2022
 The date of the dividend payment start (planned): –
 Preparation of quarterly earnings presentation material: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen.)

1. Consolidated earnings results for the first nine months of the fiscal year ending March 2022 (April 1, 2021–December 31, 2021)

(1) Consolidated business results

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
First nine months ended December 31, 2021	703,190	65.6	45,474	101.3	46,826	106.7	31,210	121.9
December 31, 2020	424,755	3.5	22,586	44.6	22,649	69.7	14,067	111.1

(Note) Comprehensive income First nine months ended December 31, 2021: 45,439 million yen (252.1%)

First nine months ended December 31, 2020: 12,906 million yen (303.5%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
First nine months ended December 31, 2021	434.11	—
December 31, 2020	195.68	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2021	498,308	187,474	35.3	2,445.76
As of March 31, 2021	418,827	148,739	33.1	1,926.30

(Reference) Shareholders' equity As of December 31, 2021: 175,841 million yen As of March 31, 2021: 138,486 million yen

2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year-end	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2021	—	10.00	—	40.00	50.00
Fiscal year ending March 31, 2022	—	40.00	—	—	—
Fiscal year ending March 31, 2022 (Forecasts)	—	—	—	80.00	120.00

(Note) Revisions to the most recently disclosed dividend forecasts: Yes

3. Consolidated earnings forecasts for the fiscal year ending March 2022 (April 1, 2021 – March 31, 2022)

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full fiscal year	940,000	54.3	58,000	69.7	59,000	70.9	39,000	80.2	542.45

(Note) Revisions to the most recently disclosed earnings forecasts: Yes

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation): No

(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: Yes

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Application of Special Accounting Treatment in Preparing the Quarterly Consolidated Financial Statements)” on page 11.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

(a) Changes in accounting policies with revision of accounting standards, etc.: Yes

(b) Changes in accounting policies other than the above (a): No

(c) Changes in accounting estimates: No

(d) Restatement of revisions: No

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 11.

(4) Number of issued shares (common shares)

(a) Number of issued shares (including treasury shares)	As of December 31, 2021:	72,000,000 shares	As of March 31, 2021:	72,000,000 shares
(b) Number of treasury shares	As of December 31, 2021:	103,414 shares	As of March 31, 2021:	107,367 shares
(c) Average number of shares during the period	First nine months ended December 31, 2021:	71,895,165 shares	First nine months ended December 31, 2020:	71,892,633 shares

Note: The Company has introduced the Board Incentive Plan Trust (“BIP Trust”). The Company’s shares held by the BIP Trust are included in treasury shares in the quarterly consolidated financial statements. They are also included in the number of treasury shares that is deducted in calculating the average number of shares during the period.

* The Financial Results report is outside the scope of a quarterly review by certified public accountants or an audit firm.

* Explanation of the proper use of earnings forecasts and other special notes

(Remarks on forward-looking statements)

The statements about future described on this report such as earnings forecasts have been made based on information currently available and certain assumptions considered reasonable, and it is not intended to assure that the Company will achieve such results. Actual earnings may differ significantly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to “1. Qualitative Information concerning Consolidated Earnings Results for the First Nine Months of the Fiscal Year Ending March 2022 (3) Explanation about Future Forecast Information including Consolidated Earnings Forecasts” on page 6.

(Supplementary materials for financial results and the details of the financial results meeting)

A financial results conference call for institutional investors and analysts will be held on Thursday, February 10, 2022. The presentation materials will be disclosed through TDnet today and posted on our website.

1. Qualitative Information concerning Consolidated Earnings Results for the First Nine Months of the Fiscal Year Ending March 2022

(1) Explanation about Operating Results

During the nine months ended December 31, 2021, the global economy continued to show a recovery trend with the easing of activity restrictions following the success of mass vaccination and the implementation of economic policies in various countries while the impact of COVID-19 continued. The U.S. economy maintained a recovery trend overall although the expansion of employment and consumption slowed down mainly due to the resurgence of infections, labor shortages, and supply constraints. The European economy headed for a recovery with the easing of activity restrictions. The Chinese economy showed steady growth due to the recovery in consumer consumption and the expansion of industrial production despite downside risks such as a slowdown in real estate investment and an electricity shortage. Economies in other East Asian countries continued to show recovery led by external demand, but the degree of recovery in Southeast Asia varied depending on the countries due to the resurgence of infections. The Japanese economy witnessed steady growth in the manufacturing sector overall backed by increased export with the recovery of overseas economies, but the intermittent state of emergency weighed on the recovery of personal consumption and non-manufacturing sectors.

In the global market, international transport demand which decreased in the nine months ended December 31, 2020 due to restrictions on economic activities around the world significantly increased while the capacity shortage and the rise in freight cost continued due to the shortage of air and sea freight capacity caused by a reduced number of passenger flights, the container shortage, and port congestion.

Under such circumstances, in the Group's freight operation, air freight exports surged 44.7% year-on-year to 555 thousand tons, air freight imports rose 20.9% to 1,016 thousand shipments, sea freight exports increased 16.1% to 543 thousand TEUs and sea freight imports rose 8.9% to 216 thousand shipments, exceeding the pre-COVID-19 level. Logistics exceeded the results of a year earlier in all segments.

Operating results by segment are as follows:

Japan

Air freight exports rose 52.9% to 136 thousand tons due to increases in electronic products and automotive-related products, etc. Air freight imports increased 17.8% to 281 thousand shipments due to increases in electronic products, healthcare-related products, and automotive-related products. As for sea freight, exports increased 13.1% to 125 thousand TEUs due to increases in construction machinery-related products and automotive-related products, etc. and imports remained flat with an increase of 1.7% to 81 thousand shipments. In logistics, the handling volume grew due to increases in healthcare-related products and electronic products, etc. Domestic subsidiaries showed better performance than a year earlier due to a recovery in domestic logistics demand.

As a result, net sales for the segment rose 67.6% to 173,543 million yen, and operating income rose 56.9% to 8,131 million yen.

The Americas

Air freight exports rose 49.9% to 105 thousand tons due to increases in healthcare-related products and chemical products, etc. Air freight imports increased 40.2% to 99 thousand shipments due to increases in electronic products, automotive-related products, and consumer products, etc. As for sea freight, exports declined 7.3% to 25 thousand TEUs due to a decrease in aerospace products, while imports increased 34.1% to 34 thousand shipments due to increases in electronic products, consumer products, and automotive-related products, etc. In logistics, the handling volume of electronic products and consumer products, etc. increased in the U.S and Canada.

As a result, net sales for the segment increased 78.5% to 73,302 million yen, and operating income rose 193.9% to 8,826 million yen due to an improvement in operating gross profit margin.

The exchange rate was U.S.\$1 = ¥111.10 and U.S.\$1 = ¥106.11 for the nine months ended December 31, 2021 and 2020, respectively.

Europe, Middle East & Africa

Air freight exports rose 55.0% to 50 thousand tons due to increases in healthcare-related products and automotive-related products, etc. Air freight imports increased 36.3% to 71 thousand shipments due to increases in electronic products and healthcare-related products, etc. Sea freight exports increased 25.8% to 16 thousand TEUs and imports increased 27.8% to 14 thousand shipments due to increases in industry/construction machinery-related products. In logistics, the handling volume grew due to an increase in electronic products mainly in the Netherlands.

As a result, net sales for the segment increased 57.8% to 43,088 million yen, and operating income rose 238.3% to 2,828 million yen due to an improvement in operating gross profit margin and recoveries in South African subsidiary which showed sluggish performance a year earlier.

The exchange rate was €1 = ¥ 130.62 and €1 = ¥ 122.38 for the nine months ended December 31, 2021 and 2020, respectively.

East Asia & Oceania

Air freight exports increased 32.2% to 154 thousand tons and imports increased 14.9% to 405 thousand shipments due to an increase mainly in electronic products. As for sea freight, exports increased 18.9% to 206 thousand TEUs due to increases in consumer products, construction machinery-related products, and electronic products, etc. and imports remained flat with an increase of 1.4% to 46 thousand shipments. In logistics, the handling volume grew due to an increase mainly in electronic products in China.

As a result, net sales for the segment rose 79.4% to 166,363 million yen, and operating income increased 50.1% to 11,774 million yen.

Southeast Asia

Air freight exports increased 45.3% to 108 thousand tons and imports increased 26.3% to 158 thousand shipments due to increases in automotive-related products and electronic products. As for sea freight, exports increased 15.0% to 127 thousand TEUs due to increases in automotive-related products and electronic products, and imports increased 10.6% to 39 thousand shipments due to increases in electronic products, etc. In logistics, the handling volume grew due to increases mainly in electronic products and automotive-related products in Philippines, Vietnam, and India, etc.

As a result, net sales for the segment rose 107.5% to 128,294 million yen, and operating income grew 95.2% to 10,525 million yen.

APLL

As for logistics service for automotive, the handling volume increased year-on-year despite the impact of intermittent production cut caused by the semiconductor shortage. Consumer products remained flat year-on-year, and retail-related and other industrial products showed a year-on-year increase due to an increase in the handling volume in sea freight.

As a result, net sales for the segment increased 32.3% to 142,259 million yen, and operating income rose 65.3% to 7,105 million yen. Segment income amounted to 2,922 million yen (loss of 1 million yen a year earlier) as amortization of goodwill related to APLL acquisition is included in this segment.

The exchange rate was U.S.\$1 = ¥108.50 and U.S.\$1 = ¥107.59 for the nine months ended December 31, 2021 and 2020, respectively. APLL used the average rate for the period from January 1 to September 30 because APLL's fiscal year-end is December 31.

As a result, net sales for the nine months ended December 31, 2021 increased 65.6% to 703,190 million yen, operating income increased 101.3% to 45,474 million yen, ordinary income increased 106.7% to 46,826 million yen, and net income

attributable to owners of the parent rose 121.9% to 31,210 million yen.

(2) Explanation about Financial Position

Assets, liabilities, and net assets

Total assets as of December 31, 2021 increased 79,481 million yen from March 31, 2021 to 498,308 million yen. Total current assets increased 75,670 million yen to 313,072 million yen mainly due to increases in notes and operating accounts receivable of 60,847 million yen and other of 10,786 million yen. Other increased mainly due to increases in contract assets and advance payments related to chartered air freight transport, etc. Total non-current assets increased 3,767 million yen to 185,061 million yen due to increases in total property, plant and equipment and total intangible assets of 690 million yen and 1,680 million yen, respectively, both mainly resulting from currency translation differences in excess of a decrease by depreciation and amortization, and also due to an increase in total investments and other assets of 1,396 million yen.

Total liabilities as of December 31, 2021 increased 40,746 million yen from March 31, 2021 to 310,834 million yen. Total current liabilities increased 40,185 million yen to 177,446 million yen mainly due to increases in notes and operating accounts payable-trade of 29,974 million yen, short-term loans payable of 4,717 million yen, and other of 3,429 million yen. Total non-current liabilities increased 561 million yen to 133,387 million yen mainly due to increases in bonds payable of 10,000 million yen and other of 572 million yen, despite a decrease in long-term loans payable of 10,000 million yen.

Total net assets as of December 31, 2021 increased 38,734 million yen from March 31, 2021 to 187,474 million yen. This was mainly because of an increase in retained earnings of 25,343 million yen due to recording net income attributable to owners of the parent of 31,210 million yen, despite cash dividends paid of 5,759 million yen. In addition, foreign currency translation adjustment increased 11,439 million yen due to a weaker yen trend.

Consequently, the equity ratio increased to 35.3% from 33.1% as of March 31, 2021.

(3) Explanation about Future Forecast Information including Consolidated Earnings Forecasts

In light of the recent earnings results, the Company has revised the consolidated earnings forecasts for the fiscal year ending March 31, 2022 announced on November 10, 2021 as follows:

Consolidated earnings forecasts for the fiscal year ending March 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecasts (A) (Announced on November 10, 2021)	880,000	50,000	51,000	33,000	¥459.00
Revised forecasts (B)	940,000	58,000	59,000	39,000	¥542.45
Change (B) – (A)	60,000	8,000	8,000	6,000	—
Change (%)	6.8	16.0	15.7	18.2	—
(Ref.) Year ended March 31, 2021	609,110	34,177	34,529	21,644	¥301.06
(Ref.) YoY change (%)	54.3	69.7	70.9	80.2	—

(Note) Please refer to the Presentation Material “Financial Results: The 1st 9 Months of FY Ending March 2022” disclosed on February 9, 2022 for the earnings forecast by segment.

(Reason of revision)

During the three months ended December 31, 2021, net sales and operating income have continued to grow due to the robust transport demand associated with the recovery of the global economy which was affected by COVID-19 and the rise in freight cost and sales prices caused by the shortage of transportation space in air and sea freight since the year ended March 31, 2021.

For the three months ending March 31, 2022, the Company expects that the above-mentioned business environment in the global market will remain the same for a while although the future outlook of the global economic trend is uncertain with factors including the impact of infections of COVID-19 variants, supply constraints in the manufacturing sector, and supply chain disruptions.

In light of such circumstances, we carefully examined again the consolidated earnings forecasts for the year ending March 31, 2022 and revised as shown above.

(Note) Cautionary Statement concerning Earnings Forecasts

The forecasts above are based on information currently available. Actual performance may differ from the above forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY3/21 (As of March 31, 2021)	Third quarter of FY3/22 (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	90,277	94,228
Notes and operating accounts receivable	132,397	193,244
Securities	4,203	4,547
Other	11,875	22,662
Allowance for doubtful accounts	(1,350)	(1,610)
Total current assets	237,402	313,072
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,044	17,515
Land	14,110	14,120
Right-of-use assets, net	24,509	24,920
Other, net	11,884	12,682
Total property, plant and equipment	68,548	69,239
Intangible assets		
Goodwill	48,973	49,886
Customer-related assets	26,532	27,158
Other	14,538	14,679
Total intangible assets	90,045	91,725
Total investments and other assets	22,700	24,096
Total non-current assets	181,294	185,061
Deferred assets		
Bond issuance cost	130	174
Total deferred assets	130	174
Total assets	418,827	498,308
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	66,455	96,430
Short-term loans payable	31,304	36,022
Income taxes payable	7,118	8,160
Provision for bonuses	6,157	7,196
Provision for directors' bonuses	229	211
Other	25,996	29,425
Total current liabilities	137,261	177,446
Non-current liabilities		
Bonds payable	25,000	35,000
Long-term loans payable	74,800	64,800
Provision for share-based remuneration for directors	41	50
Net defined benefit liability	5,928	5,908
Other	27,056	27,629
Total non-current liabilities	132,826	133,387
Total liabilities	270,087	310,834

(Millions of yen)

	FY3/21 (As of March 31, 2021)	Third quarter of FY3/22 (As of December 31, 2021)
Net assets		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,499	4,499
Retained earnings	140,906	166,250
Treasury shares	(150)	(144)
Total shareholders' equity	152,471	177,821
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,939	2,360
Foreign currency translation adjustment	(14,061)	(2,622)
Remeasurements of defined benefit plans	(1,862)	(1,718)
Total accumulated other comprehensive income	(13,985)	(1,979)
Non-controlling interests	10,253	11,632
Total net assets	148,739	187,474
Total liabilities and net assets	418,827	498,308

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of yen)

	First nine months of FY3/21 (April 1, 2020 – December 31, 2020)	First nine months of FY3/22 (April 1, 2021 – December 31, 2021)
Net sales	424,755	703,190
Operating cost	350,496	600,771
Operating gross profit	74,258	102,418
Selling, general and administrative expenses	51,672	56,943
Operating income	22,586	45,474
Non-operating income		
Interest income	470	400
Dividends income	32	22
Amortization of negative goodwill	8	8
Share of profit of entities accounted for using equity method	–	43
Foreign exchange gains	–	1,576
Subsidy income	1,085	310
Miscellaneous income	324	348
Total non-operating income	1,921	2,710
Non-operating expenses		
Interest expenses	1,267	1,168
Share of loss of entities accounted for using equity method	84	–
Foreign exchange losses	367	–
Miscellaneous expenses	140	189
Total non-operating expenses	1,858	1,358
Ordinary income	22,649	46,826
Extraordinary income		
Gain on sales of investment securities	41	34
Total extraordinary income	41	34
Extraordinary loss		
Impairment loss	748	192
Loss on liquidation of subsidiaries	–	386
Total extraordinary losses	748	579
Income before income taxes	21,942	46,282
Income taxes	6,839	13,596
Net income	15,103	32,686
Net income attributable to non-controlling interests	1,035	1,475
Net income attributable to owners of the parent	14,067	31,210

(Consolidated statements of comprehensive income)

(Millions of yen)

	First nine months of FY3/21 (April 1, 2020 – December 31, 2020)	First nine months of FY3/22 (April 1, 2021 – December 31, 2021)
Net income	15,103	32,686
Other comprehensive income		
Valuation difference on available-for-sale securities	942	413
Foreign currency translation adjustment	(3,429)	11,883
Remeasurements of defined benefit plans	306	144
Share of other comprehensive income of entities accounted for using equity method	(16)	310
Total other comprehensive income	(2,196)	12,753
Comprehensive income	12,906	45,439
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	12,071	43,216
Comprehensive income attributable to non-controlling interests	834	2,222

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes concerning Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Significant Subsidiaries during the Period)

Not applicable.

(Changes in Accounting policies)

On April 1, 2021, the Company applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; "Accounting Standard for Revenue Recognition"), etc., and recognizes revenue at an amount that it expects to receive in exchange for the promised goods or services when the control of the goods or services is transferred to a customer.

Accordingly, the Company changed the revenue recognition method to recognize revenue from a performance obligation that is satisfied over time based on the progress towards complete satisfaction of such performance obligation.

In applying the Accounting Standard for Revenue Recognition, etc. from April 1, 2021, the Company followed the transitional treatment stipulated by a provisory clause of Paragraph 84 of the Accounting Standard for Revenue Recognition, and any cumulative effects of the retrospective application, assuming the new accounting standard had been applied to periods prior to April 1, 2021, were adjusted to the beginning balance of retained earnings as of April 1, 2021.

As a result, the balance of retained earnings as of April 1, 2021 decreased 107 million yen. Impacts on net sales, operating income, ordinary income, and income before income taxes were insignificant.

On April 1, 2021, the Company applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019; "Accounting Standard for Fair Value Measurement"), etc., and the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement, etc. are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the quarterly consolidated financial statements.

(Application of Special Accounting Treatment in Preparing the Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated as income before income taxes for the period multiplied by the estimated effective tax rate. The effective tax rate is reasonably estimated taking into consideration deferred tax accounting as the rate applicable to income before income taxes for the consolidated fiscal year including the nine months ended December 31, 2021.

(Notes to Quarterly Consolidated Statement of Income)

(Impairment loss)

First nine months of the fiscal year ended March 2021 (April 1, 2020 – December 31, 2020)

For the nine months ended December 31, 2020, the Group recorded impairment loss for the following asset group.

Location	Use	Type	Impairment loss (Millions of yen)
India (APLL)	—	Goodwill	748

The Group divides its assets into groups based on performance management units used for management accounting purpose. The carrying amount of goodwill related to India Infrastructure and Logistics Private Limited, the Company's consolidated subsidiary, was written down to its recoverable amount and impairment loss of 748 million yen was recorded as the earnings forecasted at the time of the share acquisition are no longer expected to be generated. The recoverable amount is measured based on value in use which is calculated by discounting future cash flows at a discount rate of 15.5%.

First nine months of the fiscal year ending March 2022 (April 1, 2021 – December 31, 2021)

For the nine months ended December 31, 2021, the Group recorded impairment loss for the following asset group.

Location	Use	Type	Impairment loss (Millions of yen)
India (APLL)	—	Goodwill	192

The Group divides its assets into groups based on performance management units used for management accounting purpose. The carrying amount of goodwill related to India Infrastructure and Logistics Private Limited, the Company's consolidated subsidiary, was written down to its recoverable amount and impairment loss of 192 million yen was recorded as the earnings forecasted at the time of the share acquisition are no longer expected to be generated. The recoverable amount is measured based on value in use which is calculated by discounting future cash flows at a discount rate of 14.5%.

(Segment Information, etc.)

I First nine months of the fiscal year ended March 2021 (April 1, 2020 – December 31, 2020)

1. Information about sales, income/loss for each reportable segment

(Millions of yen)

	Reportable segment							Other Note 1	Total	Adjustment Note 2	Carrying amount on quarterly consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	APLL	Total				
Net sales											
Net sales to outside customers	99,818	38,627	26,770	91,287	60,518	107,447	424,470	285	424,755	—	424,755
Inter-segment sales/transfers	3,704	2,446	527	1,436	1,303	75	9,494	1,740	11,234	(11,234)	—
Total net sales	103,523	41,073	27,298	92,724	61,821	107,523	433,964	2,025	435,990	(11,234)	424,755
Segment income (loss)	5,183	3,002	835	7,843	5,390	(1)	22,255	308	22,564	22	22,586

Notes: 1. Other refers to business not included in reportable segments and provides incidental logistics related services within the Group.

2. The 22 million yen adjustment in segment income (loss) is an elimination of income generated from business between segments.

3. Segment income (loss) has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

4. Major countries or regions except Japan and APLL in each category are as follows:

- | | |
|-----------------------------------|---|
| (1) The Americas: | United States, Canada, Mexico, and Latin American countries |
| (2) Europe, Middle East & Africa: | United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries |
| (3) East Asia & Oceania: | Hong Kong, China, South Korea, Taiwan, and Australia |
| (4) Southeast Asia: | Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, Philippines, and Cambodia |

2. Information regarding impairment loss of non-current assets or goodwill for each reportable segment

(Significant impairment loss of non-current assets)

“APLL” segment recognized goodwill impairment loss of 748 million yen related to India Infrastructure and Logistics Private Limited, a consolidated subsidiary.

II First nine months of the fiscal year ending March 2022 (April 1, 2021 – December 31, 2021)

1. Information about sales, income/loss for each reportable segment

(Millions of yen)

	Reportable segment							Other Note 1	Total	Adjustment Note 2	Carrying amount on quarterly consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	APLL	Total				
Net sales											
Net sales to outside customers	160,834	68,175	41,747	163,992	126,132	142,023	702,905	284	703,190	–	703,190
Inter-segment sales/transfers	12,709	5,127	1,340	2,370	2,161	236	23,946	2,389	26,335	(26,335)	–
Total net sales	173,543	73,302	43,088	166,363	128,294	142,259	726,851	2,673	729,525	(26,335)	703,190
Segment income	8,131	8,826	2,828	11,774	10,525	2,922	45,007	466	45,473	0	45,474

Notes: 1. Other refers to business not included in reportable segments and provides incidental logistics related services within the Group.

2. The 0 million yen adjustment in segment income is an elimination of income generated from business between segments.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

4. Major countries or regions except Japan and APLL in each category are as follows:

(1) The Americas: United States, Canada, Mexico, and Latin American countries

(2) Europe, Middle East & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries

(3) East Asia & Oceania: Hong Kong, China, South Korea, Taiwan, and Australia

(4) Southeast Asia: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, Philippines, and Cambodia

5. As described in Changes in Accounting policies, the Company applied the Accounting Standard for Revenue Recognition on April 1, 2021 and changed the accounting treatment of revenue recognition, and accordingly, the method to calculate profit or loss of reportable segments was also changed. The impact of this change on net sales and segment income for the nine months ended December 31, 2021 was insignificant.

2. Information regarding impairment loss of non-current assets or goodwill for each reportable segment

(Significant impairment loss of non-current assets)

“APLL” segment recognized goodwill impairment loss of 192 million yen related to India Infrastructure and Logistics Private Limited, a consolidated subsidiary.