



Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2021 [J-GAAP] (Consolidated)

February 9, 2021

Company Name: Kintetsu World Express, Inc. (KWE)
 Stock exchange listed on: Tokyo Stock Exchange (First Section)
 Company code: 9375 URL: <https://www.kwe.co.jp>
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 Officer, General Manager,
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 The date of filing the quarterly financial statements: February 10, 2021
 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 2021 (April 1, 2020– December 31, 2020)

(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, 2020	424,755	3.5	22,586	44.6	22,649	69.7	14,067	111.1
December 31, 2019	410,378	(8.3)	15,621	0.8	13,344	(15.4)	6,662	(10.5)

(Note) Comprehensive income First nine months ended December 31, 2020: 12,906 million yen (303.5%)
 First nine months ended December 31, 2019: 3,198 million yen ((51.3%))

	Net income per share		Diluted net income per share	
	(Yen)		(Yen)	
First nine months ended				
December 31, 2020		195.68		—
December 31, 2019		92.61		—

(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, 2020	407,871	136,647	30.9	1,753.20
As of March 31, 2020	385,470	126,606	30.1	1,615.38

(Reference) Shareholders' equity As of December 31, 2020: 126,042 million yen As of March 31, 2020: 116,133 million yen

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year-end	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2020	—	10.00	—	20.00	30.00
Fiscal year ending March 31, 2021	—	10.00	—		
Fiscal year ending March 31, 2021 (Forecasts)				20.0	30.0

(Note) Revisions to the most recently disclosed dividend forecasts: No

3. Consolidated earnings forecasts for the fiscal year ending March 2021 (April 1, 2020 – March 31, 2021)

(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	570,000	4.7	29,000	47.1	29,000	66.4	17,000	259.9	236.46

(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.: No

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

(c) Changes in accounting estimates: No

(d) Restatement of revisions: No

(4) Number of issued shares (common shares)

(a) Number of issued shares (including treasury shares)	As of December 31, 2020:	72,000,000 shares	As of March 31, 2020:	72,000,000 shares
(b) Number of treasury shares	As of December 31, 2020:	107,367 shares	As of March 31, 2020:	107,367 shares
(c) Average number of shares during the period	First nine months ended December 31, 2020:	71,892,633 shares	First nine months ended December 31, 2019:	71,945,437 shares

Note: KWE 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 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 we 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 2021 (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 February 10, 2021. The presentation materials will be disclosed through TDnet on the same day and posted on our website.

1. Qualitative Information concerning Consolidated Earnings Results for the First Nine Months of the Fiscal Year Ending March 2021

(1) Explanation about Operating Results

During the nine months ended December 31, 2020, the global economy experienced a rapid deterioration due to the global pandemic of the novel coronavirus (“COVID-19”) but started to show a recovery trend as the economic activities gradually resumed. However, the uncertainty remained due to intermittent resurgence of infections after the winter came.

The Japanese economy showed signs of recovery in export, etc., but a tough situation continued overall with no prospect for the containment of COVID-19 pandemic.

The global market witnessed a sharp decline in demand for international transportation from the beginning of the fiscal year due to restrictions on economic activities around the world but started to show a recovery trend gradually since fall.

Under such circumstances, the KWE Group’s freight operations saw air freight exports fell 9.1% year-on-year to 383 thousand tons, and air freight imports dropped 9.4% to 840 thousand shipments. Sea freight exports decreased 6.0% to 467 thousand TEUs, and imports declined 6.0% to 198 thousand shipments. Logistics were stagnant overall due to a decrease in the handling volume in Europe, Asia, and APLL.

While the handling volume decreased overall, net sales remained almost flat due to the shortage of air and sea freight capacity and the resulting rise in freight cost.

Operating results by each segment are as follows:

Japan

Air freight exports decreased 13.6% year-on-year to 89 thousand tons due to stagnant demand in semiconductor manufacturing equipment and automotive-related products. Air freight imports fell 8.6% to 239 thousand shipments due to a decrease in handling mainly in automotive-related products. As for sea freight, exports rose 7.2% to 110 thousand TEUs due to increases in construction materials and machinery-related products, but imports declined 4.3% to 80 thousand shipments due to a decrease in automotive-related products. In logistics, the volume grew due to an increase mainly in electronic products. Domestic subsidiaries showed weak performance overall.

As a result, net sales for the segment remained flat with 0.0% increase to 103,523 million yen, and operating income increased 56.3% to 5,183 million yen due to an improvement in operating gross profit margin, etc.

The Americas

Air freight exports decreased 13.1% to 70 thousand tons due to a decrease in aerospace products, etc. Air freight imports dropped 22.1% to 70 thousand shipments due to decreases in automotive-related products and electronic products. As for sea freight, exports declined 21.2% to 27 thousand TEUs due to a sluggish momentum in aerospace products and food products, and imports fell 12.5% to 25 thousand shipments due to falls in automotive-related products and machinery-related products. In logistics, the handling volume increased in Canada.

As a result, net sales for the segment decreased 6.4% to 41,073 million yen, and operating income increased 20.5% to 3,002 million yen due to an improvement in operating gross profit margin.

The exchange rate was U.S.\$1 = ¥106.11 and U.S.\$1 = ¥108.67 for the nine months ended December 31, 2020 and 2019, respectively.

Europe, Middle East & Africa

Air freight exports dropped 31.9% to 32 thousand tons due to drops in chemical products and automotive-related products, etc. Air freight imports decreased 33.3% to 52 thousand shipments due to significant decreases in automotive-related products and electronic products. Sea freight exports decreased 1.9% to 13 thousand TEUs due to a decrease in chemical products, etc., and imports dropped 10.4% to 11 thousand shipments due to a sluggish momentum in electronic products, etc. In logistics, the handling volume declined mainly in South Africa and Germany.

As a result, net sales for the segment increased 1.0% to 27,298 million yen due to a rise in freight cost resulting from shortage of freight capacity, and operating income increased 43.3% to 835 million yen mainly due to reduction of SGA expenses.

The exchange rate was €1 = ¥122.38 and €1 = ¥121.05 for the nine months ended December 31, 2020 and 2019, respectively.

East Asia & Oceania

Air freight exports increased 5.7% to 116 thousand tons and imports increased 2.1% to 353 thousand shipments due to an increase in electronic products. As for sea freight, exports remained flat with 0.4% decrease to 173 thousand TEUs, and imports also remained flat with 0.1% decrease to 45 thousand shipments. In logistics, the handling volume decreased mainly in China.

As a result, net sales for the segment increased 32.3% to 92,724 million yen, and operating income increased 121.0% to 7,843 million yen due to an improvement in operating gross profit margin.

Southeast Asia

Air freight exports declined 5.9% to 74 thousand tons due to a decrease in automotive-related products, etc. Air freight imports decreased 17.2% to 125 thousand shipments due to a sluggish momentum in electronic products and automotive-related products. As for sea freight, exports fell 10.5% to 111 thousand TEUs due to decreases in motorcycles and electronic products, and imports dropped 10.3% to 35 thousand shipments due to a decrease in automotive-related products, etc. In logistics, the handling volume decreased mainly in Indonesia and Singapore.

As a result, net sales for the segment increased 48.2% to 61,821 million yen due to a rise in freight cost resulting from shortage of freight capacity, and operating income rose 263.5% to 5,390 million yen due to an improvement in operating gross profit margin.

APLL

As for logistics services for automotive, the land transport decreased in North America and India as a consequence of shutdowns of factories due to lockdowns in the first half of the fiscal year. For retail-related logistics services, the handling volume decreased mainly in major customers due to shutdowns of stores around the world, and the volume in consumer and other industrial fields was below a year earlier.

As a result, net sales for the segment decreased 19.7% to 107,523 million yen, and operating income fell 47.2% to 4,298 million yen. Segment loss amounted to 1 million yen (income of 3,726 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 = ¥107.59 and U.S. \$1 = ¥109.15 for the nine months ended December 31, 2020 and 2019, 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, 2020 increased 3.5% to 424,755 million yen, operating income increased 44.6% to 22,586 million yen, ordinary income increased 69.7% to 22,649 million yen, and net income attributable to owners of the parent rose 111.1% to 14,067 million yen.

(2) Explanation about Financial Position

Assets, liabilities, and net assets

Total assets as of December 31, 2020 increased 22,400 million yen from March 31, 2020 to 407,871 million yen. Current assets increased 31,687 million yen to 225,652 million yen mainly due to increases in cash and deposits of 19,322 million yen and notes and operating accounts receivable of 12,636 million yen. Non-current assets decreased 9,365 million yen to 182,083 million yen due to a decrease in total intangible assets of 9,017 million yen mainly because of amortization of goodwill and customer-related assets.

Total liabilities as of December 31, 2020 increased 12,359 million yen from March 31, 2020 to 271,223 million yen. Current liabilities increased 7,550 million yen to 135,507 million yen mainly due to an increase in notes and operating accounts payable-trade of 8,833 million yen despite a decrease in short-term loans payable of 2,648 million yen. Non-current liabilities increased 4,809 million yen to 135,715 million yen mainly due to issuance of new bonds of 15,000 million yen while long-term loans payable decreased by 10,083 million yen.

Total net assets as of December 31, 2020 increased 10,041 million yen from March 31, 2020 to 136,647 million yen. Retained earnings increased 11,904 million yen mainly due to recording net income attributable to owners of the parent of 14,067 million yen despite cash dividends paid of 2,159 million yen. On the other hand, foreign currency translation adjustment decreased 3,233 million yen due to a stronger yen against the U.S. dollar.

Consequently, the equity ratio increased to 30.9% from 30.1% as of March 31, 2020.

(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, 2021 announced on November 11, 2020 as follows:

Consolidated earnings forecasts for the fiscal year ending March 2021 (April 1, 2020 – March 31, 2021)

(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 11, 2020)	524,000	24,000	24,000	14,000	¥194.73
Revised forecasts (B)	570,000	29,000	29,000	17,000	¥236.46
Differences (B) – (A)	46,000	5,000	5,000	3,000	—
Change (%)	8.8	20.8	20.8	21.4	—
(Ref.) Year ended March 31, 2020	544,533	19,714	17,432	4,724	¥65.68
(Ref.) YoY change (%)	4.7	47.1	66.4	259.9	—

(Note) Please refer to page 14 of the Presentation Material “Financial Results: The 1st 9 Months of FY Ending March 2021” disclosed on February 9, 2021 for the earnings forecast by segment.

(Reason of revision)

During the three months ended December 31, 2020, net sales and operating income exceeded expectations due to an increase in the handling volume in air and sea freight amid rising freight cost resulting from shortage of freight capacity and also due to a reduction in SGA expenses, etc.

For the next three months ending March 31, 2021, while the economic outlook is uncertain with a recent resurgence of COVID-19 around the world, it is assumed that the business environment surrounding the Company will remain the same to a certain extent.

In light of such circumstances, we carefully examined again the consolidated earnings forecasts for the year ending March 31, 2021 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.

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY3/20 (As of March 31, 2020)	Third quarter of FY3/21 (As of December 31, 2020)
Assets		
Current assets		
Cash and deposits	80,493	99,815
Notes and operating accounts receivable	99,633	112,270
Securities	4,366	4,274
Other	10,930	10,657
Allowance for doubtful accounts	(1,458)	(1,366)
Total current assets	193,964	225,652
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,459	17,787
Land	13,921	13,971
Right-of-use assets, net	23,168	23,465
Other, net	12,596	11,816
Total property, plant and equipment	68,145	67,040
Intangible assets		
Goodwill	56,053	50,710
Customer-related assets	30,072	27,572
Other	16,047	14,872
Total intangible assets	102,173	93,156
Total investments and other assets	21,129	21,886
Total non-current assets	191,449	182,083
Deferred assets		
Bond issuance cost	56	135
Total deferred assets	56	135
Total assets	385,470	407,871
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	47,978	56,812
Short-term loans payable	47,660	45,011
Income taxes payable	3,526	4,427
Provision for bonuses	4,589	4,440
Provision for directors' bonuses	267	122
Other	23,934	24,692
Total current liabilities	127,957	135,507
Non-current liabilities		
Bonds payable	10,000	25,000
Long-term loans payable	87,883	77,800
Provision for share-based remuneration for directors	20	36
Net defined benefit liability	6,736	6,703
Other	26,266	26,176
Total non-current liabilities	130,906	135,715
Total liabilities	258,864	271,223

(Millions of yen)

	FY3/20 (As of March 31, 2020)	Third quarter of FY3/21 (As of December 31, 2020)
Net assets		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,084	4,084
Retained earnings	121,425	133,330
Treasury shares	(150)	(150)
Total shareholders' equity	132,576	144,481
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	852	1,786
Foreign currency translation adjustment	(14,675)	(17,909)
Remeasurements of defined benefit plans	(2,619)	(2,317)
Total accumulated other comprehensive income	(16,443)	(18,439)
Non-controlling interests	10,472	10,605
Total net assets	126,606	136,647
Total liabilities and net assets	385,470	407,871

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

	(Millions of yen)	
	First nine months of FY3/20 (April 1, 2019 – December 31, 2019)	First nine months of FY3/21 (April 1, 2020 – December 31, 2020)
Net sales	410,378	424,755
Operating cost	340,306	350,496
Operating gross profit	70,071	74,258
Selling, general and administrative expenses	54,450	51,672
Operating income	15,621	22,586
Non-operating income		
Interest income	653	470
Dividends income	41	32
Amortization of negative goodwill	8	8
Foreign exchange gains	956	–
Subsidy income	183	1,085
Miscellaneous income	332	324
Total non-operating income	2,176	1,921
Non-operating expenses		
Interest expenses	1,559	1,267
Share of loss of entities accounted for using equity method	2,809	84
Foreign exchange losses	–	367
Miscellaneous expenses	84	140
Total non-operating expenses	4,453	1,858
Ordinary income	13,344	22,649
Extraordinary income		
Gain on sales of non-current assets	33	–
Gain on sales of investment securities	143	41
Settlement package received	214	–
Total extraordinary income	390	41
Extraordinary loss		
Impairment loss	–	748
Loss on retirement of non-current assets	9	–
Loss on litigation	81	–
Total extraordinary losses	91	748
Income before income taxes	13,644	21,942
Income taxes	5,818	6,839
Net income	7,825	15,103
Net income attributable to non-controlling interests	1,162	1,035
Net income attributable to owners of the parent	6,662	14,067

(Consolidated statements of comprehensive income)

(Millions of yen)

	First nine months of FY3/20 (April 1, 2019 – December 31, 2019)	First nine months of FY3/21 (April 1, 2020 – December 31, 2020)
Net income	7,825	15,103
Other comprehensive income		
Valuation difference on available-for-sale securities	290	942
Foreign currency translation adjustment	(4,735)	(3,429)
Remeasurements of defined benefit plans	216	306
Share of other comprehensive income of entities accounted for using equity method	(398)	(16)
Total other comprehensive income	(4,626)	(2,196)
Comprehensive income	3,198	12,906
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,342	12,071
Comprehensive income attributable to non-controlling interests	856	834

(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.

(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, 2020.

(Notes to Quarterly Consolidated Statement of Income)

(Share of loss of entities accounted for using equity method)

First nine months of the fiscal year ended March 2020 (April 1, 2019 – December 31, 2019)

Impairment loss of 2,983 million yen for investments in Changan Minsheng APLL Logistics Co., Ltd., an affiliate accounted for using equity method, is included.

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

Not applicable.

(Impairment loss)

First nine months of the fiscal year ended March 2020 (April 1, 2019 – December 31, 2019)

Not applicable.

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

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

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

The KWE 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%.

(Segment Information, etc.)

[Segment Information]

I First nine months of the fiscal year ended March 2020 (April 1, 2019 – December 31, 2019)

1. Information about sales, income 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	100,523	40,756	26,285	68,576	40,226	133,711	410,080	298	410,378	–	410,378
Inter-segment sales/transfers	2,957	3,125	731	1,533	1,486	117	9,951	1,955	11,907	(11,907)	–
Total net sales	103,480	43,882	27,016	70,110	41,712	133,829	420,032	2,253	422,286	(11,907)	410,378
Segment income	3,316	2,492	583	3,549	1,482	3,726	15,151	456	15,607	14	15,621

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

2. The 14 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. Effective July 1, 2019, reportable segment of a consolidated subsidiary is changed to “The Americas” from “APLL” as a result of the review of the Group management unit.

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 impairment loss of 2,983 million yen on shares of Changan Minsheng APLL Logistics Co., Ltd., an affiliate accounted for using the equity method.

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

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.