



Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2023 [J-GAAP] (Consolidated)

August 9, 2022

Company Name: Kintetsu World Express, Inc. (KWE)
 Stock exchange listed on: Tokyo Stock Exchange (Prime Market)
 Company code: 9375 URL: <https://www.kwe.com>
 Representative: President and Chief Executive Officer Nobutoshi Torii
 Managing Officer, General Manager,
 Inquiries: Corporate Finance & Accounting Department Hiroyuki Kasamatsu TEL: +81-3-6863-6445
 The date of filing the quarterly financial statements: August 10, 2022
 The date of the dividend payment start (planned): -
 Preparation of quarterly earnings presentation material: No
 Holding of quarterly financial results briefing: No

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

1. Consolidated earnings results for the first three months of the fiscal year ending March 2023 (April 1, 2022– June 30, 2022)

(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 three months ended June 30, 2022	302,030	52.2	16,358	38.1	21,926	78.1	14,053	89.6
June 30, 2021	198,477	41.3	11,846	49.7	12,309	50.1	7,411	51.8

(Note) Comprehensive income First three months ended June 30, 2022: 34,475 million yen (122.0%)
 First three months ended June 30, 2021: 15,529 million yen (264.1%)

	Net income per share	Diluted net income per share
First three months ended June 30, 2022	(Yen) 195.47	(Yen) -
June 30, 2021	103.10	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of June 30, 2022	577,572	239,188	39.1	3,139.29
As of March 31, 2022	537,999	211,057	36.9	2,757.51

(Reference) Shareholders' equity As of June 30, 2022: 225,703 million yen As of March 31, 2022: 198,255 million yen

2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year-end	Full fiscal year
Fiscal year ended March 31, 2022	(Yen) -	(Yen) 40.00	(Yen) -	(Yen) 80.00	(Yen) 120.00
Fiscal year ending March 31, 2023	-	-	-	-	-
Fiscal year ending March 31, 2023 (Forecasts)	-	0.00	-	0.00	0.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 2023 (April 1, 2022 – March 31, 2023)

(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	944,500	(3.7)	50,500	(19.2)	49,000	(24.3)	32,000	(26.3)	445.08

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

*** 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 June 30, 2022:	72,000,000 shares	As of March 31, 2022:	72,000,000 shares
(b) Number of treasury shares	As of June 30, 2022:	103,547 shares	As of March 31, 2022:	103,456 shares
(c) Average number of shares during the period	First three months ended June 30, 2022:	71,896,523 shares	First three months ended June 30, 2021:	71,892,732 shares

Note: The Company has introduced the Board Incentive Plan Trust (“BIP Trust”). The Company’s shares held by the BIP Trust (101,012 shares as of June 30, 2022) are included in treasury shares in the quarterly consolidated financial statements. They are also included in the number of treasury shares (101,012 shares as of June 30, 2022) 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 Three Months of the Fiscal Year Ending March 2023 (3) Explanation about Future Forecast Information including Consolidated Earnings Forecasts” on page 6.

1. Qualitative Information concerning Consolidated Earnings Results for the First Three Months of the Fiscal Year Ending March 2023

(1) Explanation about Operating Results

During the three months ended June 30, 2022, the global economy continued to show a recovery trend overall with a recovery of consumer consumption amid a global shift to the living with COVID-19. The U.S. economy maintained a recovery trend due to steady employment environment and consumer consumption. In Europe, service consumption helped drive an economic recovery while the rise in resource prices and supply constraints caused by the Russia-Ukraine crisis weighed on production activities in the manufacturing industry. In China, the strict movement restrictions in response to the spread of COVID-19 caused sluggish production in the manufacturing industry and consumer consumption.

The Japanese economy witnessed a significant improvement in consumer sentiment following a major relaxation of movement restrictions while the supply constraints caused by lockdowns in Chinese cities weighed on the production recovery in the manufacturing industry.

In the global market, international transport demand, which significantly increased due to a recovery from the COVID-19 crisis during the year ended March 31, 2022, remained strong for sea freight but showed a decrease for air freight affected by lockdowns in Chinese cities and the Russia-Ukraine crisis.

Under such circumstances, the KWE Group's freight operations saw air freight exports declined 1.8% year-on-year to 176 thousand tons, and air freight imports decreased 3.8% to 319 thousand shipments. Sea freight exports declined 0.4% to 177 thousand TEUs, and imports decreased 0.3% to 70 thousand shipments. Logistics exceeded the results of a year earlier in all segments. Net sales increased year-on-year as freight rates for both air and sea freight remained high while showing signs of declining.

As a result of the review of the Group's management unit and a segmentation change to transfer Oceania in reportable segments effective April 1, 2022, "East Asia & Oceania" and "Southeast Asia" were changed to "East Asia" and "South East Asia & Oceania," respectively. Comparisons and analyses for the three months ended June 30, 2022 are prepared based on the new segmentation.

Operating results by segment are as follows:

Japan

Air freight exports increased 1.8% to 46 thousand tons due to increases in handling volume of electronic products mainly in semiconductor-related products although handling volume in automotive-related products decreased due to supply constraints. Air freight imports decreased 1.3% to 89 thousand shipments due to a decrease in electronic products. As for sea freight, exports remained flat year-on-year with a decrease of 0.5% to 42 thousand TEUs as the handling volume remained unchanged mainly in construction machinery-related products and construction materials, and imports remained flat with a decrease of 0.8% to 27 thousand shipments as the number of shipments remained unchanged mainly in electronic products. In logistics, the handling volume grew due to increases in healthcare-related products and apparel-related products. 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 increased 56.2% to 79,897 million yen, and operating income fell 76.7% to 613 million yen due to a decline in operating gross profit margin.

The Americas

Air freight exports increased 4.1% to 36 thousand tons due to increases in chemical products and healthcare-related products. Air freight imports decreased 11.2% to 29 thousand shipments due to a decrease in automotive-related products. Sea freight exports increased 12.9% to 10 thousand TEUs due to increases in aerospace products and food products and imports grew 13.7% to 11 thousand shipments due to increases in consumer products and automotive-related products. In logistics, the handling volume grew due to an increase in electronic products in Canada.

As a result, net sales for the segment increased 84.9% to 37,741 million yen, and operating income rose 145.5% to 5,374 million yen due to an improvement in operating gross profit margin.

The exchange rate was U.S.\$1 = ¥129.57 and U.S.\$1 = ¥109.49 for the three months ended June 30, 2022 and 2021, respectively.

Europe, Middle East & Africa

Air freight exports decreased 4.2% to 14 thousand tons due to a decrease in automotive-related products despite increases in healthcare-related products and alcohol beverages. Air freight imports also decreased 4.8% to 22 thousand shipments due to a decrease in automotive-related products. As for sea freight, exports declined 3.0% to 5 thousand TEUs due to a decrease in machinery-related products, while imports increased 4.5% to 4 thousand shipments due to increases in industry/construction machinery-related products and electronic 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 78.0% to 22,690 million yen, and operating income rose 222.6% to 2,340 million yen due to an improvement in operating gross profit margin.

The exchange rate was €1 = ¥ 138.12 and €1 = ¥ 131.96 for the three months ended June 30, 2022 and 2021, respectively.

East Asia

Air freight exports decreased 5.7% to 47 thousand tons due to a decrease in volume to Asia affected by lockdowns in Chinese cities despite a steady increase in volume to the Americas, and imports also decreased 5.1% to 124 thousand shipments due to a decreased volume within Asia. Sea freight exports remained flat with an increase of 0.5% to 65 thousand TEUs due to an increase in volume mainly in electronic products and consumer products to the Americas despite a decrease in volume to Europe and within Asia because of the Russia-Ukraine crisis and lockdowns in Chinese cities, respectively. Sea freight imports decreased 8.8% to 13 thousand shipments due to a decrease in volume within Asia. 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 59.0% to 68,693 million yen, and operating income grew 60.5% to 4,889 million yen.

South East Asia & Oceania

Air freight exports decreased 5.8% to 31 thousand tons due to a decrease in automotive-related products caused by supply constraints while imports remained flat year-on-year with an increase of 0.1% to 53 thousand shipments as the shipments mainly in electronic products remained unchanged. Sea freight exports decreased 1.8% to 41 thousand TEUs and imports decreased 2.7% to 13 thousand shipments, due to a decrease in automotive-related products despite strong demand for electronic products in both exports and imports. In logistics, the handling volume of

healthcare-related products, etc. increased mainly in India.

As a result, net sales for the segment rose 42.8% to 49,154 million yen, but operating income decreased 68.5% to 746 million yen due to a decline in gross profit margin.

APLL

As for logistics service for automotive, the handling volume increased mainly with major customers despite the impact of production cut in the automotive industry caused by the semiconductor shortage. Retail-related and other industrial products continued to show a year-on-year increase due to strong demand in the inter-American market in sea freight and related logistics service. Consumer products also showed a year-on-year increase.

As a result, net sales for the segment increased 40.6% to 59,034 million yen, and operating income rose 69.5% to 3,492 million yen. Segment income rose 187.1% to 1,904 million yen as amortization of goodwill related to APLL acquisition is still included in this segment.

The exchange rate was U.S. \$1 = ¥116.20 and U.S. \$1 = ¥105.90 for the three months ended June 30, 2022 and 2021, respectively (APLL used the average rate for the period from January 1 to March 31 because APLL's fiscal year-end is December 31).

As a result, net sales for the three months ended June 30, 2022 increased 52.2% to 302,030 million yen, operating income increased 38.1% to 16,358 million yen, ordinary income rose 78.1% to 21,926 million yen, and net income attributable to owners of the parent rose 89.6% to 14,053 million yen.

Kintetsu Group Holdings Co.,Ltd. conducted a tender offer for the shares of the Company's common stock from May 16, 2022 with the intent of making the Company its wholly-owned subsidiary, which was successfully completed on July 5, 2022. As of the date of the release of the financial results for the three months ended June 30, 2022, the Company's shares are currently listed on the Tokyo Stock Exchange, Inc., but as announced in the press release dated July 21, 2022, "Announcement of Kintetsu Group Holdings Co.,Ltd.'s Decision to Make a Demand for Cash-Out of Shares in the Company, the Company's Approval of the Demand for Cash-Out of Shares, and the Delisting of Shares in the Company," they will be delisted on August 26, 2022.

(2) Explanation about Financial Position

Total assets as of June 30, 2022 increased 39,572 million yen from March 31, 2022 to 577,572 million yen. Total current assets increased 27,804 million yen to 372,739 million yen mainly due to increases in notes and operating accounts receivable-trade, and contract assets of 16,406 million yen and cash and deposits of 9,597 million yen. Non-current assets increased 11,773 million yen to 204,670 million yen as total property, plant and equipment increased 6,896 million yen mainly due to an increase in right-of-use assets, and total intangible assets increased 4,106 million yen due to currency translation differences in excess of a decrease by depreciation.

Total liabilities as of June 30, 2022 increased 11,441 million yen from March 31, 2022 to 338,383 million yen. Total current liabilities increased 13,837 million yen to 204,554 million yen mainly due to increases in notes and operating accounts payable-trade of 12,246 million yen and other of 4,442 million yen despite decreases in provision for bonuses of 2,108 million yen and short-term loans payable of 1,768 million yen. Non-current liabilities decreased 2,396 million yen to 133,829 million yen mainly due to decrease in long-term loans payable of 4,800 million yen.

Total net assets as of June 30, 2022 increased 28,131 million yen from March 31, 2022 to 239,188 million yen. This was mainly because of an increase in retained earnings of 8,294 million yen due to recording net income attributable to owners of the parent of 14,053 million yen, despite cash dividends paid of 5,759 million yen. In addition, foreign currency translation adjustment increased 17,363 million yen due to a weaker yen trend.

Consequently, the equity ratio increased to 39.1% from 36.9% as of March 31, 2022.

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

While the business environment surrounding the Group is forecasted to remain uncertain due to factors including movement restrictions in response to the COVID-19 situation, disruptions in manufacturing supply chains caused by supply constraints, geopolitical risks such as the Russia-Ukraine crisis, the rise in resource prices and global inflation which may lead to an economic downturn, and it may have impacts on the global logistics demand. However, there is no change at this point in the consolidated earnings forecasts for the fiscal year ending March 31, 2023 announced on May 12, 2022.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY3/22 (As of March 31, 2022)	First quarter of FY3/23 (As of June 30, 2022)
Assets		
Current assets		
Cash and deposits	108,095	117,692
Notes and accounts receivable – trade, and contract assets	210,665	227,071
Securities	4,647	4,980
Other	23,036	24,918
Allowance for doubtful accounts	(1,511)	(1,923)
Total current assets	344,934	372,739
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,062	18,260
Land	14,340	14,569
Right-of-use assets, net	28,730	34,628
Other, net	13,053	13,625
Total property, plant and equipment	74,187	81,083
Intangible assets		
Goodwill	50,402	52,728
Customer-related assets	27,403	28,622
Other	14,850	15,411
Total intangible assets	92,656	96,762
Total investments and other assets	26,053	26,823
Total non-current assets	192,896	204,670
Deferred assets		
Bond issuance cost	168	162
Total deferred assets	168	162
Total assets	537,999	577,572
Liabilities		
Current liabilities		
Notes and operating accounts payable–trade	103,241	115,488
Short-term loans payable	36,007	34,239
Income taxes payable	9,295	10,344
Provision for bonuses	8,555	6,446
Provision for directors' bonuses	355	333
Other	33,260	37,702
Total current liabilities	190,716	204,554
Non-current liabilities		
Bonds payable	35,000	35,000
Long-term loans payable	64,800	60,000
Provision for share-based remuneration for directors	56	54
Retirement benefit liability	5,912	3,205
Other	30,456	35,569
Total non-current liabilities	136,225	133,829
Total liabilities	326,942	338,383

(Millions of yen)

	FY3/22 (As of March 31, 2022)	First quarter of FY3/23 (As of June 30, 2022)
Net assets		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,499	4,499
Retained earnings	178,457	186,751
Treasury shares	(144)	(145)
Total shareholders' equity	190,028	198,322
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,104	2,179
Foreign currency translation adjustment	7,846	25,209
Remeasurements of defined benefit plans	(1,724)	(7)
Total accumulated other comprehensive income	8,226	27,381
Non-controlling interests	12,802	13,484
Total net assets	211,057	239,188
Total liabilities and net assets	537,999	577,572

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

(Millions of yen)

	First three months of FY3/22 (April 1, 2021 – June 30, 2021)	First three months of FY3/23 (April 1, 2022 – June 30, 2022)
Net sales	198,477	302,030
Operating cost	168,519	263,972
Operating gross profit	29,957	38,058
Selling, general and administrative expenses	18,110	21,699
Operating income	11,846	16,358
Non-operating income		
Interest income	145	148
Dividends income	17	25
Amortization of negative goodwill	2	2
Share of profit of entities accounted for using equity method	–	5
Foreign exchange gains	606	3,287
Gain on valuation of derivatives	–	2,407
Subsidy income	89	145
Miscellaneous income	134	138
Total non-operating income	997	6,160
Non-operating expenses		
Interest expenses	394	444
Share of loss of entities accounted for using equity method	32	–
Miscellaneous expenses	107	147
Total non-operating expenses	534	592
Ordinary income	12,309	21,926
Extraordinary loss		
Loss on liquidation of subsidiaries	379	–
Total extraordinary losses	379	–
Income before income taxes	11,929	21,926
Income taxes	4,146	7,336
Net income	7,782	14,590
Net income attributable to non-controlling interests	370	536
Net income attributable to owners of the parent	7,411	14,053

(Consolidated statements of comprehensive income)

(Millions of yen)

	First three months of FY3/22 (April 1, 2021 –June 30, 2021)	First three months of FY3/23 (April 1, 2022 –June 30, 2022)
Net income	7,782	14,590
Other comprehensive income		
Valuation difference on available-for-sale securities	183	52
Foreign currency translation adjustment	7,293	17,813
Remeasurements of defined benefit plans	48	1,713
Share of other comprehensive income of entities accounted for using equity method	221	305
Total other comprehensive income	7,747	19,885
Comprehensive income	15,529	34,475
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	14,681	33,208
Comprehensive income attributable to non-controlling interests	847	1,266

(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 quarter ended June 30, 2022.

(Segment Information, etc.)

I First three months of the fiscal year ended March 2022 (April 1, 2021 – June 30, 2021)

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	South East Asia & Oceania	APLL	Total				
Net sales											
Net sales to outside customers	48,568	19,076	12,336	42,555	33,890	41,932	198,361	115	198,477	—	198,477
Inter-segment sales/transfers	2,568	1,336	411	654	524	41	5,537	771	6,308	(6,308)	—
Total net sales	51,137	20,413	12,748	43,210	34,415	41,974	203,899	886	204,785	(6,308)	198,477
Segment income	2,633	2,188	725	3,045	2,367	663	11,623	213	11,836	9	11,846

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

2. The 9 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, the Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries

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

(4) South East Asia & Oceania: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, the Philippines, Cambodia, and Australia

II First three months of the fiscal year ending March 2023 (April 1, 2022 – June 30, 2022)

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	South East Asia & Oceania	APLL	Total				
Net sales											
Net sales to outside customers	71,042	34,794	21,511	67,075	48,517	58,951	301,892	137	302,030	—	302,030
Inter-segment sales/transfers	8,855	2,946	1,178	1,617	637	83	15,319	1,305	16,624	(16,624)	—
Total net sales	79,897	37,741	22,690	68,693	49,154	59,034	317,211	1,443	318,654	(16,624)	302,030
Segment income	613	5,374	2,340	4,889	746	1,904	15,869	487	16,356	1	16,358

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

2. The 1 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, the Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries

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

(4) South East Asia & Oceania: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, the Philippines, Cambodia, and Australia

2. Matters related to changes in reportable segments

As a result of the review of the Group's management unit and a segmentation change to transfer Oceania in reportable segments effective April 1, 2022, "East Asia & Oceania" and "Southeast Asia" were changed to "East Asia" and "South East Asia & Oceania," respectively.

Segment information for the three months ended June 30, 2021 are prepared based on the new segmentation.

(Significant Subsequent Events)

(Tender offer by Kintetsu Group Holdings Co.,Ltd. for the Company's shares)

Kintetsu Group Holdings Co.,Ltd. (the "Kintetsu Group Holdings") conducted a tender offer (the "Tender Offer") for the shares of the Company's common stock (the "Company Shares") from May 16, 2022, and, as a result, Kintetsu Group Holdings came to own 66,321,188 shares of the Company Shares (voting rights ownership ratio (Note 1): 92.12%) as of July 12, 2022 (the commencement date of settlement of the Tender Offer), and became a special controlling shareholder of the Company (the "Special Controlling Shareholder") as defined in the Companies Act (Act No. 86 of 2005, as amended).

Kintetsu Group Holdings determined on July 21, 2022 that it would make a demand to all of the shareholders of the Company (excluding Kintetsu Group Holdings and the Company) to sell all of their Company Shares to Kintetsu Group Holdings (the "Demand for Shares Cash-Out") under Article 179, Paragraph 1 of the Companies Act as part of the transactions for the purpose of acquiring all of the Company Shares (excluding the Company Shares held by Kintetsu Group Holdings and treasury shares held by the Company) and making the Company a wholly-owned subsidiary of Kintetsu Group Holdings since Kintetsu Group Holdings has come to own 90% or more of the voting rights of all shareholders of the Company as a result of the completion of the Tender Offer.

The Company has received from Kintetsu Group Holdings a notice of the Demand for Shares Cash-Out on July 21, 2022 and resolved at its board of directors meeting held that day to approve the Demand for Shares Cash-Out.

In addition, the Company Shares will come to fall under the delisting criteria of the Tokyo Stock Exchange, Inc. (the "TSE") upon the approval of the Demand for Shares Cash-Out. Therefore, the Company Shares will be designated as

stock to be delisted for the period from July 21, 2022 through August 25, 2022, and they will be delisted on August 26, 2022. After the delisting, it will no longer be possible to trade the Company Shares on the TSE Prime Market.

Note 1: "Voting rights ownership ratio" means the percentage (rounded to the nearest two decimal places) of the voting rights (719,975) represented by 71,997,556 shares, which is the total number of issued shares as of March 31, 2022 (72,000,000 shares) stated in the Annual Securities Report for the 53rd fiscal year released by the Company on June 16, 2022 (the "Company's Annual Securities Report") less the number of treasury shares held by the Company as of the same date (2,444 shares) (excluding 101,012 Company Shares held by the BIP (Board Incentive Plan) Trust (the "BIP Trust") as of the same date) stated in the Company's Annual Securities Report.

1. Outline of the Demand for Shares Cash-Out

(1) Outline of the Special Controlling Shareholder

(1)	Name	Kintetsu Group Holdings Co.,Ltd.
(2)	Location	6-1-55 Uehommachi, Tennoji-ku, Osaka
(3)	Name and title of representative	Toshihide Ogura Representative director and president
(4)	Description of business	Control and management of business activities by owning shares or interests of companies engaged in such business as a holding company
(5)	Capital stock	126,476 million yen (as of March 31, 2022)
(6)	Date of incorporation	June 1, 1944
(7)	Consolidated net assets	421,760 million yen (as of March 31, 2022)
(8)	Consolidated total assets	1,895,770 million yen (as of March 31, 2022)
(9)	Major shareholders and shareholding ratios (as of March 31, 2022)	The Master Trust Bank of Japan, Ltd. (Trust Account) 14.7%
		Custody Bank of Japan, Ltd. (Trust Account) 4.2%
		Nippon Life Insurance Company 2.2%
		STATE STREET BANK WEST CLIENT – TREATY 505234 1.9%
		MUFG Bank, Ltd. 1.6%
		JP MORGAN CHASE BANK 385781 1.2%
		Mitsubishi UFJ Trust and Banking Corporation 1.0%
		Meiji Yasuda Life Insurance Company 0.9%
		STATE STREET BANK AND TRUST COMPANY 505103 0.8%
		SSBTC CLIENT OMNIUS ACCOUNT 0.8%
(10)	Relationship between the Company and Kintetsu Group Holdings	
	Capital relationship	Kintetsu Group Holdings holds 66,321,188 Company Shares (ownership ratio (Note 2): 92.12%) as of July 21,2022.
	Personnel relationship	As of March 31, 2022, the personnel relationship is as follows. One of the directors of the Company serves as a director of Kintetsu Group Holdings and one director was previously employed at Kintetsu Group Holdings. Also, one of the audit and supervisory board members of the Company serves as an audit and supervisory board member of the subsidiary of Kintetsu Group Holdings and one of the managing officers of the Company serves as an employee of Kintetsu Group Holdings. Other than the above, four employees of Kintetsu Group Holdings Group (meaning Kintetsu Group Holdings and its consolidated subsidiaries and equity-method affiliates) excluding the Company Group (meaning the Company and its consolidated subsidiaries and equity-method affiliates; the same applies hereinafter) are seconded to the Company Group.
	Business relationship	The Company belongs to the cash management system operated by Kintetsu Group Holdings, in which the Company conducts transactions such as deposits of funds, etc.
	Status as related party	Kintetsu Group Holdings is a parent company of the Company. Therefore, Kintetsu Group Holdings constitutes a related party of the Company.

(Note 2) "Ownership ratio" means the percentage (rounded to the nearest two decimal places) in the product (71,997,556 shares) of (i) the total number of issued shares of the Company as of March 31, 2022 (72,000,000 shares) stated in the Company's Annual Securities Report less (ii) the number of treasury shares held by the Company as of the same date (2,444 shares) (excluding 101,012 Company Shares held by the BIP Trust as of the same date) stated in the Company's Annual Securities Report.

(2) Schedule of the Demand for Shares Cash-Out

Date of the Demand for the shares cash-out	July 21, 2022 (Thursday)
Date of resolution of the Company's board of directors meeting	July 21, 2022 (Thursday)
Last trading day	August 25, 2022 (Thursday)
Delisting date	August 26, 2022 (Friday)
Acquisition date	August 30, 2022 (Tuesday)

(3) Cash-Out Consideration

4,175 yen per share of common stock