



Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2020 [J-GAAP] (Consolidated)

February 7, 2020

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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 Corporate Finance & Accounting Department
 The date of filing the quarterly financial statements: February 12, 2020
 The date of the dividend payment start (planned): -
 Supplementary materials for financial results: Yes
 Holding of quarterly financial results briefing: No

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

1. Consolidated earnings results for the first nine months of the fiscal year ending March 2020 (April 1, 2019– December 31, 2019)

(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, 2019	410,378	(8.3)	15,621	0.8	13,344	(15.4)	6,662	(10.5)
December 31, 2018	447,454	9.7	15,490	35.4	15,781	31.8	7,445	81.1

(Note) Comprehensive income First nine months ended December 31, 2019: 3,198 million yen ((51.3%))
 First nine months ended December 31, 2018: 6,570 million yen (6.0%)

	Net income per share	Diluted net income per share
	(Yen)	(Yen)
First nine months ended		
December 31, 2019	92.61	
December 31, 2018	103.41	

(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, 2019	393,712	130,554	30.6	1,674.51
As of March 31, 2019	388,467	131,823	31.3	1,690.89

(Reference) Shareholders' equity As of December 31, 2019: 120,385 million yen As of March 31, 2019: 121,740 million yen

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year-end	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2019		10.00		20.00	30.00
Fiscal year ending March 31, 2020		10.00			
Fiscal year ending March 31, 2020 (Forecasts)				20.00	30.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 2020 (April 1, 2019 - March 31, 2020)

(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	545,000	(7.9)	18,500	(11.0)	15,500	(22.3)	7,000	(29.0)	97.30

(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 10.

(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 10.

(4) Number of issued shares (common shares)

(a) Number of issued shares (including treasury shares)	As of December 31, 2019:	72,000,000 shares	As of March 31, 2019:	72,000,000 shares
(b) Number of treasury shares	As of December 31, 2019:	107,367 shares	As of March 31, 2019:	2,367 shares
(c) Average number of shares during the period	First nine months ended December 31, 2019:	71,945,437 shares	First nine months ended December 31, 2018:	71,997,636 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 2020 (3) Explanation about Future Forecast Information including Consolidated Earnings Forecasts” on page 5.

(Supplementary materials for financial results)

The supplementary materials will be available on our website promptly after the announcement of the financial results.

1. Qualitative Information concerning Consolidated Earnings Results for the First Nine Months of the Fiscal Year Ending March 2020

(1) Explanation about Operating Results

During the nine months ended December 31, 2019, the U.S. economy gradually recovered despite a sign of slowdown and Europe continued a sluggish trend mainly in the Euro zone. The Chinese economy also remained weak mainly in export and production.

The Japanese economy showed a weakness in export and production under the influence of world economic slowdown, etc.

The global market lost momentum in both air and sea freight transportation against a backdrop of uncertainty over the global economy, and especially air freight demand showed a strong downward trend.

Under such circumstances, the KWE Group's freight operations saw air freight exports fell 8.3% year-on-year to 422 thousand tons, and air freight imports decreased 10.0% to 928 thousand shipments. Sea freight exports dropped 6.4% to 497 thousand TEUs, and imports fell 4.4% to 211 thousand shipments. In logistics, the handling volume declined mainly in APLL and East Asia.

Operating results by each segment are as follows:

Japan

Air freight exports fell 16.5% year-on-year to 103 thousand tons due to a drop of transport demand mainly in electronic products and automotive-related products. Air freight imports fell 5.5% to 261 thousand shipments due to a decrease in handling mainly in electronic products. As for sea freight, exports declined 10.9% to 103 thousand TEUs due to decreases in equipment/machinery-related products and LCD-related products, and imports fell 5.8% to 83 thousand shipments due to falls in electronic products and clothing. In logistics, the volume grew due to an increase mainly in electronic products.

As a result, net sales for Japan, including domestic subsidiaries, decreased 6.3% to 103,480 million yen, and operating income fell 19.7% to 3,316 million yen.

The Americas

Air freight exports fell 4.1% to 80 thousand tons due to a decrease mainly in electronic products. Air freight imports fell 12.7% to 90 thousand shipments due to drops in electronic products and machinery-related products. Sea freight exports declined 6.4% to 34 thousand TEUs due to a decrease in semiconductor manufacturing equipment, but imports grew 5.5% to 28 thousand shipments due to increases in automotive-related products and construction materials. In logistics, the handling volume fell in the U.S.

As a result, net sales for the segment decreased 7.5% to 43,882 million yen, and operating income fell 6.4% to 2,492 million yen.

The exchange rate was U.S.\$1 = ¥108.67 and U.S.\$1 = ¥111.14 for the nine months ended December 31, 2019 and 2018, respectively.

Europe, Middle East & Africa

Air freight exports dropped 6.9% to 47 thousand tons due to drops in chemical products and spot shipments. Air freight imports fell 21.4% to 79 thousand shipments due to decreases in electronic products and automotive-related products. Sea freight exports declined 5.2% to 13 thousand TEUs due to falls in chemical products and machinery-related products, but imports grew 4.3% to 12 thousand shipments due to an increase in general merchandise products, etc. In

logistics, the handling volume declined in Russia and South Africa.

As a result, net sales for the segment dropped 15.3% to 27,016 million yen, and operating income fell 44.2% to 583 million yen.

The exchange rate was €1 = ¥121.05 and €1 = ¥129.49 for the nine months ended December 31, 2019 and 2018, respectively.

East Asia & Oceania

Air freight exports fell 4.6% to 110 thousand tons due to a decline in electronic products. Air freight imports decreased 9.1% to 345 thousand shipments due to declines in electronic products and equipment/machinery-related products. As for sea freight, exports remained the same level as the previous year, 174 thousand TEUs, and imports dropped 5.9% to 45 thousand shipments due to a decrease in electronic products. In logistics, the handling volume declined in China.

As a result, net sales for the segment decreased 10.9% to 70,110 million yen, and operating income fell 14.1% to 3,549 million yen.

Southeast Asia

Air freight exports fell 6.1% to 79 thousand tons due to drops in electronic products and automotive-related products. Air freight imports decreased 11.1% to 151 thousand shipments due to a decline in electronic products. As for sea freight, exports declined 1.1% to 124 thousand TEUs due to a sluggish momentum overall, and imports dropped 8.7% to 39 thousand shipments due to a decline in electronic products. In logistics, the handling volume increased mainly in India and Vietnam.

As a result, net sales for the segment decreased 5.0% to 41,712 million yen, and operating income fell 27.2% to 1,482 million yen.

APLL

Logistics services for automotive showed weaker performance compared to a year earlier due to a decrease in the handling volume mainly in the U.S. For retail-related logistics service, the handling volume declined mainly in major customers, and consumer and other industrial fields also showed a downward trend.

As a result, net sales of APLL fell 8.0% to 133,829 million yen, but operating income rose 41.8% to 8,135 million yen through efforts to improve operating margin including reduction of selling, general and administrative expenses. Segment income rose 205.5% to 3,726 million yen as amortization of goodwill related to APLL acquisition is still included in this segment.

The exchange rate was U.S. \$1 = ¥109.15 and U.S. \$1 = ¥109.61 for the nine months ended December 31, 2019 and 2018, 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, 2019 decreased 8.3% to 410,378 million yen and operating income rose 0.8% to 15,621 million yen. And because of recording share of loss of entities accounted for using equity method of 2,983 million yen during the three months ended June 30, 2019, ordinary income dropped 15.4% to 13,344 million yen, and net income attributable to owners of the parent fell 10.5% to 6,662 million yen.

(2) Explanation about Financial Position

1) Assets, liabilities, and net assets

Total assets as of December 31, 2019 increased 5,244 million yen from March 31, 2019 to 393,712 million yen. Current assets decreased 8,548 million yen to 193,470 million yen mainly due to a decrease in notes and accounts receivable-trade of 7,851 million yen. Non-current assets increased 13,734 million yen to 200,183million yen. This was because of an increase in total property, plant and equipment of 24,306 million yen including an increase in right-of-use assets as a result of application of IFRS 16 *Leases* by certain overseas consolidated subsidiaries, despite decreases in total intangible assets of 7,615 million yen mainly due to amortization of goodwill and total investments and other assets of 2,956 million yen due to impairment loss for shares of an affiliate.

Total liabilities increased 6,513 million yen to 263,157 million yen. Current liabilities decreased 11,497 million yen to 111,232 million yen mainly due to a decrease in short-term loans payable of 14,115 million yen. Non-current liabilities increased 18,011 million yen to 151,925 million yen. This was mainly due to an increase in lease obligations included in other as a result of the adoption of IFRS 16 *Leases*.

Total net assets as of December 31, 2019 decreased 1,269 million yen from March 31, 2019 to 130,554 million yen. Retained earnings increased 3,110 million yen due to recording net income attributable to owners of the parent of 6,662 million yen, despite cash dividends paid of 2,159 million yen and a cumulative-effect adjustment as of April 1, 2019 of 1,391 million yen resulting from application of IFRS 16 *Leases*. On the other hand, foreign currency translation adjustment decreased 4,827 million yen due to a stronger yen.

Consequently, the equity ratio decreased to 30.6% from 31.3% as of March 31, 2019.

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

The Group revised consolidated earnings forecasts for the year ending March 31, 2020 announced on July 24, 2019.

(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 July 24, 2019)	560,000	17,000	13,500	5,000	¥69.45
Revised forecasts (B)	545,000	18,500	15,500	7,000	¥97.30
Differences (B) - (A)	(15,000)	1,500	2,000	2,000	-
Change (%)	(2.7)	8.8	14.8	40.0	-
(Ref.) Year ended March 31, 2019	592,009	20,797	19,939	9,857	¥136.91
(Ref.) YoY change (%)	(7.9)	(11.0)	(22.3)	(29.0)	-

(Reason of revision)

For the first nine months ended December 31, 2019, the Group's air/sea freight volume continued to experience a year-on-year decrease due to the U.S.-China trade friction and global economic slowdown. However, all segments except Europe, Middle East & Africa, performed beyond expectations through the group-wide efforts to reduce direct cost ratio, etc.

In light of such circumstances, the Group carefully reviewed the consolidated earnings forecasts for the year ending March 31, 2020 and revised them 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)

	FY3/19 (As of March 31, 2019)	Third quarter of FY3/20 (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	80,324	77,729
Notes and accounts receivable-trade	109,388	101,536
Securities	2,995	3,848
Other	10,477	11,388
Allowance for doubtful accounts	(1,167)	(1,032)
Total current assets	202,018	193,470
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,183	19,015
Land	14,120	14,117
Right-of-use assets, net	-	24,645
Other, net	12,833	12,664
Total property, plant and equipment	46,137	70,444
Intangible assets		
Goodwill	60,494	56,161
Customer-related assets	32,492	30,114
Other	21,695	20,791
Total intangible assets	114,683	107,067
Total investments and other assets	25,627	22,671
Total non-current assets	186,448	200,183
Deferred assets		
Bond issuance cost	-	58
Total deferred assets	-	58
Total assets	388,467	393,712
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	52,738	50,171
Short-term loans payable	42,941	28,826
Income taxes payable	3,762	3,266
Provision for bonuses	4,769	3,852
Provision for directors' bonuses	283	187
Other	18,233	24,928
Total current liabilities	122,729	111,232
Non-current liabilities		
Bonds payable	-	10,000
Long-term loans payable	117,991	107,890
Provision for share-based remuneration for directors	-	15
Net defined benefit liability	5,743	5,883
Other	10,178	28,135
Total non-current liabilities	133,913	151,925
Total liabilities	256,643	263,157

(Millions of yen)

	FY3/19 (As of March 31, 2019)	Third quarter of FY3/20 (As of December 31, 2019)
Net assets		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,084	4,084
Retained earnings	120,253	123,364
Treasury shares	(3)	(150)
Total shareholders' equity	131,550	134,515
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,387	1,674
Foreign currency translation adjustment	(8,871)	(13,699)
Remeasurements of defined benefit plans	(2,325)	(2,105)
Total accumulated other comprehensive income	(9,810)	(14,130)
Non-controlling interests	10,083	10,169
Total net assets	131,823	130,554
Total liabilities and net assets	388,467	393,712

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

	(Millions of yen)	
	First nine months of FY3/19 (April 1, 2018 – December 31, 2018)	First nine months of FY3/20 (April 1, 2019 – December 31, 2019)
Net sales	447,454	410,378
Operating cost	374,764	340,306
Operating gross profit	72,690	70,071
Selling, general and administrative expenses	57,199	54,450
Operating income	15,490	15,621
Non-operating income		
Interest income	528	653
Dividends income	51	41
Amortization of negative goodwill	8	8
Foreign exchange gains	1,632	956
Miscellaneous income	442	516
Total non-operating income	2,664	2,176
Non-operating expenses		
Interest expenses	893	1,559
Share of loss of entities accounted for using equity method	1,309	2,809
Miscellaneous expenses	169	84
Total non-operating expenses	2,372	4,453
Ordinary income	15,781	13,344
Extraordinary income		
Gain on sales of non-current assets	3	33
Gain on sales of investment securities	-	143
Settlement received	-	214
Total extraordinary income	3	390
Extraordinary loss		
Impairment loss	29	-
Loss on retirement of non-current assets	9	9
Loss on litigation	-	81
Total extraordinary losses	38	91
Income before income taxes	15,746	13,644
Income taxes	6,698	5,818
Net income	9,047	7,825
Net income attributable to non-controlling interests	1,602	1,162
Net income attributable to owners of the parent	7,445	6,662

(Consolidated statements of comprehensive income)

(Millions of yen)

	First nine months of FY3/19 (April 1, 2018 – December 31, 2018)	First nine months of FY3/20 (April 1, 2019 – December 31, 2019)
Net income	9,047	7,825
Other comprehensive income		
Valuation difference on available-for-sale securities	(604)	290
Foreign currency translation adjustment	(982)	(4,735)
Remeasurements of defined benefit plans	67	216
Share of other comprehensive income of entities accounted for using equity method	(958)	(398)
Total other comprehensive income	(2,477)	(4,626)
Comprehensive income	6,570	3,198
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,199	2,342
Comprehensive income attributable to non-controlling interests	1,370	856

(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)

(Application of IFRS 16: *Leases*)

Effective April 1, 2019, the Group's certain overseas subsidiaries applied International Financial Reporting Standards No. 16: *Leases* (hereinafter, "IFRS 16"). As a result, lessees are required to recognize almost all leases as assets and liabilities on the balance sheets. Our subsidiaries applied transitional treatments in applying IFRS 16 and recognized the cumulative effect arising from the change in accounting policy in the opening balance of retained earnings as of April 1, 2019.

As a result, the opening balance of "right-of-use assets, net" as of April 1, 2019 increased 27,333 million yen, "Other" in current liabilities and non-current liabilities increased 7,642 million yen and 21,248 million yen, respectively, and retained earnings decreased 1,391 million yen. For the nine months ended December 31, 2019, operating income increased 761 million yen, and ordinary income and income before income taxes decreased 38 million yen, respectively.

(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, 2019.

(Additional information)

(Performance-Based Stock Compensation Plan)

KWE has introduced a performance-based stock compensation plan (the "Plan") for directors of KWE (excluding outside directors and directors residing outside Japan; the same shall apply hereinafter) with a view to incentivizing its directors to focus more on the medium- to long-term enhancement of corporate value, aiming to share common interest with our shareholders.

KWE accounts for the Plan in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (Practical Issues Task Force No. 30, issued on March 26, 2015).

(1) Overview of transactions

KWE has introduced the Plan using a structure called the Board Incentive Plan Trust ("BIP Trust") for a trust. The BIP Trust is a plan under which shares of KWE acquired by the Plan using money contributed by the Company and money equivalent to the liquidation value of such shares are delivered and/or provided to directors through the trust based on, among others, the degree of attainment of performance targets and the rank of positions.

(2) Treasury shares remained in the trust

Shares of KWE remained in the trust are recorded as treasury shares in net assets at the book value in the trust, excluding ancillary expenses. As of December 31, 2019, the book value and the number of these treasury shares are 146 million yen and 105,000 shares, respectively.

(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 2019 (April 1, 2018 – December 31, 2018)

Impairment loss of 2,050 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 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.

(Impairment loss)

First nine months of the fiscal year ended March 2019 (April 1, 2018 – December 31, 2018)

For the nine months ended December 31, 2018, the KWE Group recorded impairment loss for the following asset group.

Location	Use	Type	Impairment loss (Millions of yen)
India (APLL)	-	Goodwill	29

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 29 million yen was recorded as the forecasted earnings 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 16.0%.

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

Not applicable.

(Segment Information, etc.)

I First nine months of the fiscal year ended March 2019 (April 1, 2018 – December 31, 2018)

1. Information about sales and 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	107,448	44,261	30,802	76,854	42,403	145,364	447,135	319	447,454	-	447,454
Inter-segment sales/transfers	2,963	3,169	1,090	1,814	1,489	118	10,645	1,702	12,347	(12,347)	-
Total net sales	110,411	47,430	31,893	78,669	43,892	145,483	457,780	2,021	459,802	(12,347)	447,454
Segment income	4,127	2,663	1,046	4,130	2,035	1,219	15,224	250	15,474	15	15,490

Notes: 1. Other refers to business not included in reportable segments and mainly consists of incidental logistics operations within the Group.

2. The 15 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

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

(Significant impairment loss of non-current assets)

For the nine months ended December 31, 2018, "APLL" segment recorded impairment loss of 2,050 million yen for investments in Changan Minsheng APLL Logistics Co., Ltd., an affiliate accounted for using equity method, and goodwill impairment loss of 29 million yen related to India Infrastructure and Logistics Private Limited, a consolidated subsidiary.

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

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	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 mainly consists of incidental logistics operations 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. Segment information for the nine months ended December 31, 2018 is presented under the new segmentation.

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.