Global Logistics Partner

Annual Report 2024

Kintetsu World Express, Inc.
Year Ended March 31, 2024

Global Top 10 Solution Partner

A Global Brand Born in Japan

APL Logistics
A member of the KWE Group

Contents

Scope and Time Frame of This Report

Organization

Kintetsu World Express, Inc. and its consolidated subsidiaries and affiliates accounted for using the equity method (Includes some information about KWE (non-consolidated))

Time frame

Fiscal year ended March 31, 2024 (April 1, 2023 to March 31, 2024) (Includes some content after April 1, 2024)

Expectations and Forecasts

This annual report contains statements about our expectations and forecasts regarding plans, strategies, and business results related to the future of Kintetsu World Express, Inc. (KWE). These statements reflect our expectations based on personal beliefs and assumptions that were determined in light of information that was available at the time the report was prepared. There are innumerable risk factors and uncertainties that could affect the future, including economic trends, competition in the logistics industry, market conditions, fuel prices, exchange rates, and tax or other regulatory system considerations.
Please be well advised that because of these risk factors, actual results may differ from our expectations.

Unwavering Philosophy

Contributing to Sustainable Society through Logistics

Corporate Philosophy

Contribute to the development of a global community through logistics services–by creating new values, sustaining the environment and collaborating with our clients, shareholders and employees.

KWE Group Corporate Guidelines

(1) We strive to further increase corporate value by delivering customers quality services that meet their needs and earn their confidence.

(2) We strive to be an organization that grows and expands through logistics business.

(3) We promote communications with stakeholders and disclose corporate information accurately and appropriately.

(4) We are committed to comply with external regulations, and compliance monitoring and assessment are built into all levels of the business.

(5) We ensure a safe and healthy work environment where people are treated respectfully and fairly.

(6) We contribute to sustainable community development, with attention into global environmental issues.

KWE Group Sustainability Basic Policy

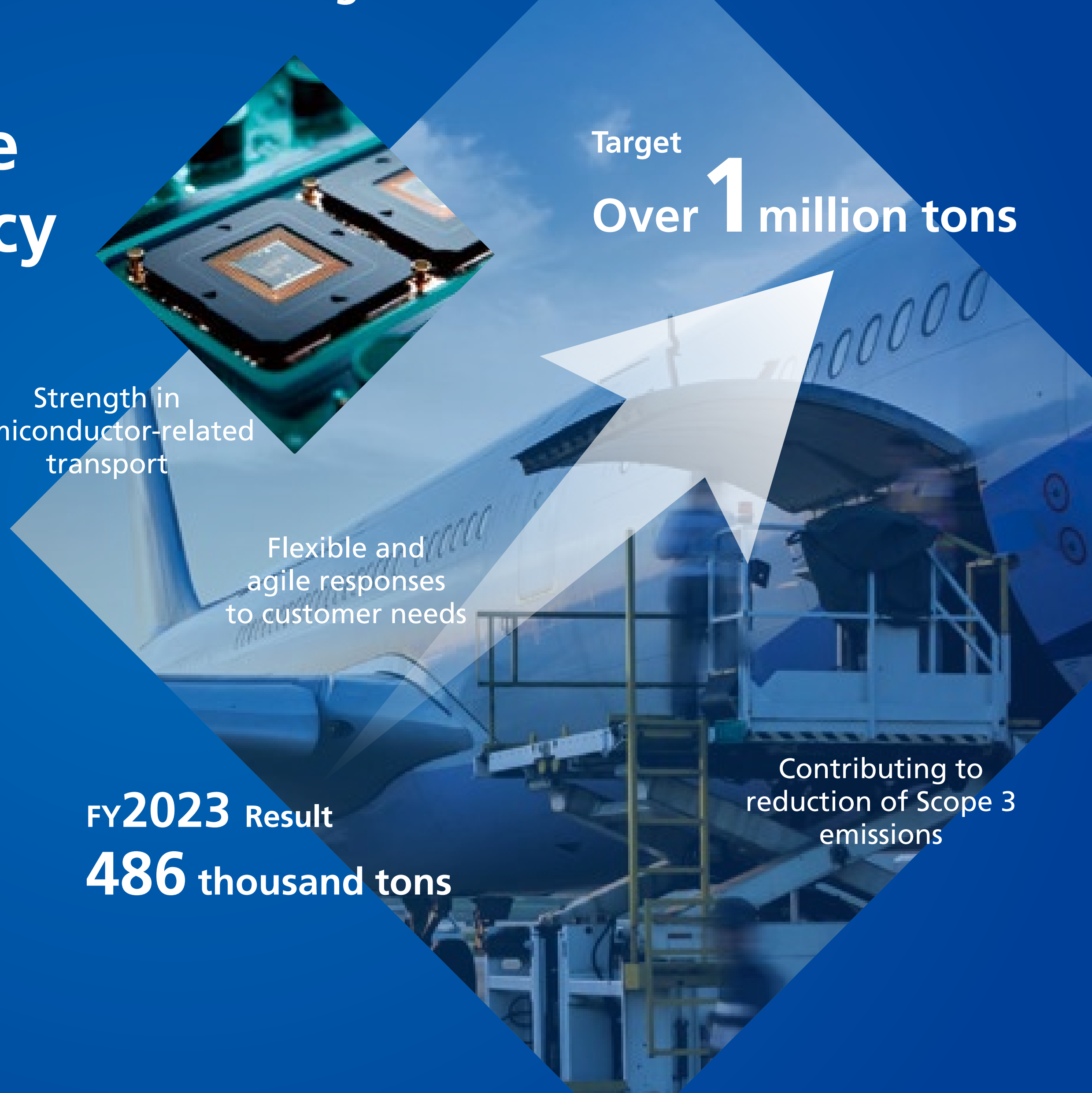
The KWE Group endeavors to create a sustainable society for a better future based on the "Corporate Philosophy" and "KWE Group Corporate Guidelines".

Continue Aiming for the Global Top 10 in the Face of a New Competitive Environment

Toward Achieving over 1 Million Tons of Air Freight Volume

Air Freight Forwarding

Continue to Enhance Our Core Competency



The business environment surrounding global supply chain and logistics has changed dramatically since COVID-19, and we are now at a point where our true values are put to the test. KWE will once again fully deploy its unique ability to respond flexibly and agilely as we continue aiming for over 1 million tons of air freight volume. By focusing on Scope 3 reduction, such as promoting the use of Sustainable Aviation Fuel (SAF), we also intend to achieve sustainable enhancement of corporate value.

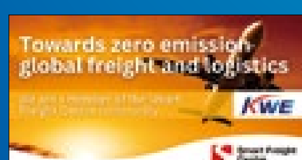
Continue Aiming for the Global Top 10 amid a New Type of Competitive Environment

Toward Achieving over 1 Million TEUs of Sea Freight Volume

Sea Freight Forwarding

Add New Verticals and Increase Volumes

We have been focusing on sea freight forwarding as part of our effort to strengthen our business portfolio. As a result of initiatives aimed at expanding handling volumes worldwide, we succeeded in doubling our sea freight volume over the past 10 years. We will continue to expand our transport items as we aim to achieve sea freight volume of over 1 million TEUs. In addition, we will contribute to decarbonization through actions including shifting away from air freight, participation in the Smart Freight Centre, and promoting the use of Sustainable Marine Fuel (SMF).



Long-Term Vision

Global Top 10 Solution Partner

A Global Brand Born in Japan

- KWE's brand recognition will continue to grow by our core strengths: superior quality, a collective and competitive spirit, and a solutions-driven attitude.
- KWE's market expansion will be paved by establishing our identity as a preferred partner across all regions.
- Through the merit of our work, KWE will become a company that brings pride to its diversified and talented workforce.

Numerical Targets

Net sales: **1 trillion** yen

Operating income: **50 billion** yen

Air freight (tons): Over **1 million**

Sea freight (TEUs): Over **1 million**

Foundation for Creating New Value
—Outline of 6 Segments—

JTK (Japan/Taiwan/Korea)

Japan
Taiwan
Korea

Net Sales ('24/3)

191.332
Billions of yen

The Americas

United States
Canada
Mexico
Latin American countries

Net Sales ('24/3)

86.696
Billions of yen

Europe, Middle East & Africa

The United Kingdom
Germany
France
Italy
The Netherlands
Belgium
Switzerland
Ireland
Other European countries
Russia
African and Middle Eastern countries

Net Sales ('24/3)

52.747
Billions of yen

South East Asia & Oceania

Singapore
Malaysia
Thailand
India
Indonesia
Vietnam
The Philippines
Cambodia
Australia
Bangladesh
Sri Lanka
Laos
Myanmar

Net Sales ('24/3)

84.141
Billions of yen

East Asia

Hong Kong
China

Net Sales ('24/3)

97.447
Billions of yen

APL Logistics Group

Net Sales ('24/3)

220.791
Billions of yen

Foundation for Creating New Value
—Our Services—

Air Freight

Net Sales ('24/3)
252.271
Billions of yen

Main Services
- Air freight forwarding
- Trucking for pick-up and delivery
- Customs brokerage
- Customized packaging
- Installation of precision machinery

Items to handle
- Electronics components and products
- Automotive parts and components
- Healthcare products
- Chemical products
- Machinery and its parts
- Apparel
- Aircraft components
- Alcoholic beverages, etc.

Sea Freight

Net Sales ('24/3)
203.424
Billions of yen

Main Services
- Sea freight forwarding (FCL, LCL)
- Container drayage
- Trucking for pick-up and delivery
- Customs brokerage
- Buyer's consolidation
- Container round use

Items to handle
- Electronics components and products
- Automotive parts and components
- Plant equipment
- Machinery and its parts
- Chemical products
- Equipment for events
- General merchandise and retail goods, etc.

Logistics

Net Sales ('24/3)
231.750
Billions of yen

Main Services
- Contract Logistics
  PO Management/Inventory control management/Cross-dock operation/Assembly works/Call center functions/Product inspection/VMI (Vendor Managed Inventory), etc.
- Logistics consulting
- Transportation via truck, trailer, and rail
- Auto-related Logistics (transportation of finished vehicles, auto parts)

Items to handle
- Industrial products and components
- Automotive products
- Healthcare products
- Chemical products
- Retail goods
- Consumer goods, etc.

Other Operations

Net Sales ('24/3)
46.377
Billions of yen

Main Services
- Domestic air freight forwarding
- Customized packaging, transport, and installation of precision machinery
- Temporary staffing, primarily for logistics and trading businesses
- Transport of art objects and other materials for events and exhibitions
- Hand carry service, etc.

Corporate Philosophy

KWE Group Corporate Guidelines

Input

- Financial soundness
- Global network and diverse service options
- Next generation IT systems
- Developing global human resources
- Group governance

Strengths

- Customer-first
- Human resources
- On-site capabilities, detailed service

- Realize customer value
- Provide supply chain solutions

Activity

Management Plan 2027

Global Top 10 Solution Partner

Growth strategy

- **Increase global volume**
  - Increase volume from/to Asia
  - Sales activities/marketing
- **Premium order management provider (APLL segment)**
- **Increase global volume**
  - Enhance global procurement capabilities
- **Develop unique products** (APLL segment)

Strengthen Our Business Platform

- **Group Governance**
  - Legal/risk/compliance/corporate brand value improvement
- **HR**
  - Enhance sustainable corporate value through active investment in human capital/Build and utilize HR management platform
- **IT**
  - Ensure business continuity/Contribute to sustainable growth
- **Finance/Accounting**
  - Establish an optimal accounting system/Develop financial strategy and raise funds/Develop tax strategy

Material topics leading to value creation

- Emissions
- Energy
- Social Impacts in the Supply Chain

Material topics related to basis for business continuity

- Anti-Corruption
- Diversity and Equal Opportunity
- Data Security

Output & Outcome

Net sales **1 trillion** yen
Breakdown: KWE 700.0 billion
APLL 300.0 billion

Operating income **50 billion** yen

Freight volume:
Air Over **1 million** tons
Sea Over **1 million** TEUs

- Establish a KWE Group brand
- Realize customer value
- Increase sustainable shareholder value
- Be a company where all group members take pride in their work
- Promote sustainability

Top Message

Agile Initiatives through a Unique Value Proposition

In the face of a new competitive environment, we will further refine the unique value we offer and continue our effort to secure a place in the Global Top 10.

The fiscal year ended in March 2024 marked the sixth year of the Group's pursuit of our Long-Term Vision established in 2019: to become "a Global Top 10 Solution Partner" and "A Global Brand Born in Japan." Despite expectations that transport demand would recover thanks to a return to normal socio-economic activities in the aftermath of COVID-19, the Group's net sales and profits declined. This was due to a combination of sluggish transport demand caused by high inventory levels and semiconductor shortages, along with intense competition that cut into profitability.

Reflecting on our progress toward realizing our Long-Term Vision, we began our journey with the previous Medium-Term Management Plan, which spanned three fiscal years from April 2019 to March 2022. During this period, we achieved record-high profits for two consecutive years, largely thanks to increased demand for stay-at-home consumer goods due to COVID-19 and higher sales prices. As the second phase of our plan, we launched Management Plan 2027, beginning with the fiscal year ended March 2023. Despite implementing priority measures focused on growth strategies and strengthening our business platform, net sales and profits declined for two consecutive terms, mainly due to the aforementioned changes in the business environment.

Although we are currently experiencing an adjustment phase in our performance, I recognize that it is precisely at this critical juncture– while customers around the world are grappling with how to deal with new normal after the pandemic– that we need to hone our true capabilities and accelerate our efforts to reach the goal of joining the Global Top 10. We are focusing on identifying and addressing key issues, reaffirming our unique value, and ensuring this value is shared and strengthened throughout the Group.

Additionally, in the second half of the fiscal year ending in March 2025, we began to see positive trends, such as a recovery in demand for the transport of semiconductor and electronics-related products. The Group remains committed to our goal of reaching the Global Top 10 by pressing ahead toward our goal for the term through March 2028: 1 trillion yen in net sales, 50 billion yen in operating income, over 1 million tons of air freight, and over 1 million TEUs of sea freight.

I ask all our stakeholders for their continued support as we move forward.

Nobutoshi Torii
President & CEO

Management Plan 2027—Results and Challenges of the Second Year

During the fiscal year ended March 2024, we were able to get a clear grasp of the challenges we need to overcome in order to get back on a growth track.

Aiming to Expand Both Freight Volumes and Profits

In the fiscal year ended March 2024, the second year under Management Plan 2027, airfreight volume fell by 23.7% from the previous year to 486,000 tons. This decline was due to factors that include the global economic slowdown, inventory accumulation in various regions, and a modal shift from air to sea freight. On the other hand, sea freight volume increased by 4.2% year on year to 727,000 TEUs. This growth was driven by the shift away from air freight, the handling of new items including pulp and paper products, beverages, perishables and grains, and the success of measures aimed at strengthening sales through the hiring of external personnel.

Profits suffered a significant decrease due to a combination of sluggish transport demand, an accelerated decline in sales prices following the post-COVID resolution of freight capacity shortages, and intense price competition.

Looking ahead, as business conditions continue to fluctuate widely while transitioning to a post-COVID normal, our top priorities are achieving solid growth in both freight volumes and profits. To this end, corporate departments and regional headquarters will continue collaborating to promote handling volume expansion measures, targeting key markets such as semiconductors, healthcare, and automotive products. In terms of pricing strategies, we will work to control direct costs by strengthening relationships with carriers, enhancing purchasing capabilities at each subsidiary, and implementing centralized purchasing that takes advantage of economies of scale. We will also apply appropriate controls over indirect costs, such as selling, general, and administrative expenses.

Re-emphasizing the Mindset That Is the Core of Our Strength

Regarding the human and organizational capital available for implementing the initiatives described above, the number of people currently employed by the Group is at an all-time high due to the active recruitment of human resources, including those from outside the Group. Additionally, we have improved our organizational capabilities and boosted productivity through the development of a Group-wide business platform and organizational structures, as well as the clarification of roles and responsibilities for each organization and individual.

As our business continues to expand, we are reaffirming the importance of each individual employee's mindset, specifically the on-site capabilities and sense of ownership that are among our inherent strengths. This mindset, combined with our customer-first approach, forms the unique value at the core of our competitiveness. I will continue to emphasize this message within the Group and encourage our front-line managers around the world to thoroughly understand and communicate this way of thinking in their own words as part of the enhancement of middle governance, which is one of the key measures in Management Plan 2027.

Business Environment

With supply chains still uncertain in the aftermath of COVID-19, we will further increase our responsiveness and meet individual customer's needs with flexibility and agility.

Risks and opportunities: despite the lackluster recovery in transport demand, the semiconductor market is expected to continue to grow.

Transport demand is gradually recovering, but for now, the recovery lacks vigor due to various risk factors. For instance, there has been a continuing trend toward inventory accumulation in many regions since last year. Additional factors that could lead to an economic downturn include geopolitical risks such as the Russia-Ukraine crisis, the situation in the Middle East, the U.S.-China feud, economic recessions in Europe and China, rising resource prices, and continued high interest rates, especially in developed countries. Moreover, this entire picture could change significantly depending on the outcome of the U.S. presidential election in November 2024.

Meanwhile, the semiconductor market, closely linked to technological innovations such as AI and EVs, is back on a growth trajectory despite shrinking in 2023 for the first time in four years. Looking ahead, we anticipate a significant increase in transport demand due to the construction of data centers worldwide to support the expansion of generative AI. To maximize this business opportunity, the Group will not only make use of the abilities and expertise that it has cultivated through many years of transporting semiconductors and electronics-related products but will also open a large-scale logistics center in South Korea in October 2024 to further expand its semiconductor-related business.

Given the expected diversity of the post-COVID market, KWE will focus on responding to customer's needs with flexibility and agility.

Although the special COVID-related circumstances described above have largely been resolved, the international logistics market is expected to remain unstable and unpredictable for the foreseeable future due to factors like declining profitability resulting from intensifying price competition and imbalance between costs and sales prices in some lanes. While the approach of manufacturers toward supply chain management has generally been shifting from "just-in-time" to "just-in-case" and from "off-shoring" to "near-shoring" in response to recent geopolitical risks and the COVID-19 pandemic, our customers continue to search for new supply chain solutions based on each company's own ideas.

It is precisely in this type of unstable situation that the Group can best leverage the advantages of the asset-light model that sets KWE apart from competitors. To flexibly meet the changing needs of our customers while improving our responsiveness, we gather information through a variety of channels every day. We are also working hard to strengthen our middle governance structure and establish a Group platform in order to maximize the impact of our initiatives and realize a strong organization that functions. Additionally, we created new administration departments to enhance Company functions on a non-consolidated basis: the General Affairs Department, the Human Resources Department, the Finance & Accounting Department, and the Information System Department.

Management Plan 2027—Priority Measures for the Third Year and Beyond

We will continue to aim for the Global Top 10 by continuing and increasing our creation of unique value and focusing on activities that promote sustainability.

Refining Our Strengths in Today's Competitive Environment and Aiming for the Global Top 10.

The Group remains committed to becoming a Global Top 10 Solution Partner by continuing and increasing our creation of unique value according to the priority measures outlined in Management Plan 2027 and based on a keen awareness of the current competitive challenges.

Specifically, amid the wild fluctuations characterizing the current business environment as it adjusts to a post-COVID new normal, we intend to survive intense competition by evolving our sales strategy and expanding the range of items we transport. We will leverage our customer-first approach, on-site capabilities, and strong sense of ownership— strengths we have cultivated since our founding over 50 years ago—to provide flexible and agile responses to our customers, offering a unique value proposition from KWE. By doing so, we aim to draw a distinction between our services and those of major European and U.S. competitors, further increasing our competitiveness as A Global Brand Born in Japan and ensuring that our global ranking rises from its current position in the low teens to the top ten.

To achieve these goals, we will continue to bolster investments in human capital and IT infrastructure and reinforce sustainability initiatives from a business perspective. This will help align the sustainability of our Group more closely with the sustainability of society.

Sustainability Initiatives From a Business Perspective

The major U.S. and European companies that are our primary targets for the Global Top 10, as well as KWE's existing corporate accounts, are also global leaders in sustainability initiatives. In response to their demands, we have been strengthening our own sustainability activities. Although the global momentum for sustainability may slow due to political developments such as the outcome of the U.S. presidential election in November 2024, the Group will continue to strengthen its sustainability activities from a business perspective, given that the increasing severity of recent weather events has shown that climate change is an irreversible trend affecting humanity.

Regarding Emissions and Energy, the Group has expanded its participation in Sustainable Aviation Fuel (SAF) programs from various airlines, which it began in 2021. In July 2023, KWE entered a partnership for Sustainable Marine Fuel (SMF) in the Europe, Middle East, and Africa region, working toward reducing sea transport emissions at the Scope 3 level as well. The Group is focusing on providing new value, for example through the KWE Green Consolidation service that it launched in December 2023 as a means of returning the environmental attributes of SAFs to customers.

Regarding Data Security, we further strengthened our cybersecurity measures in the fiscal year ended March 2024. In the year ending March 2025, we are making effective use of security awareness enhancement training. Additionally, we continue to improve competitiveness and operational efficiency through the promotion of digital transformation.

Regarding Diversity and Equal Opportunity, in the fiscal year ended March 2024 we formulated the KWE Group Diversity and Equal Opportunity Policy. Based on that policy, we are promoting various guidelines, targets, and action plans during the fiscal year ending March 2025.

On the topic of Social Impacts in the Supply Chain, in the fiscal year ending March 2025, we began implementing human rights due diligence initiatives led by the Human Rights Due Diligence Working Group, based on our human rights policy formulated in the fiscal year ending March 2024.

Regarding Anti-Corruption, we established a global whistle-blowing system in May 2023. Throughout the fiscal year ending March 2025, the Group is focusing on anti-corruption educational activities to ensure the system's effectiveness.

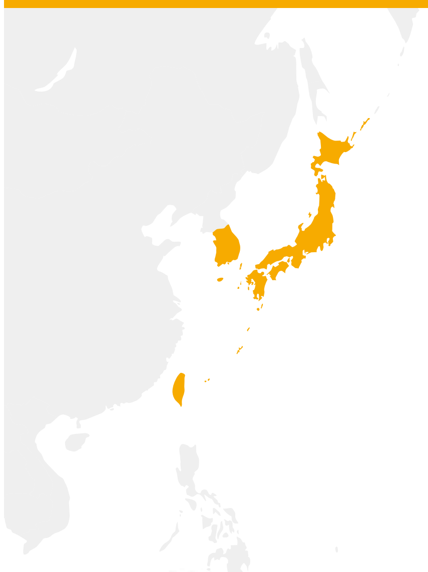
Going forward, the Group will continue to strengthen these initiatives aimed at both expanding revenues and ensuring sustainability. By doing so, we intend to reduce obstacles to short-, medium-, and long-term growth, and increase corporate value by lowering capital costs.

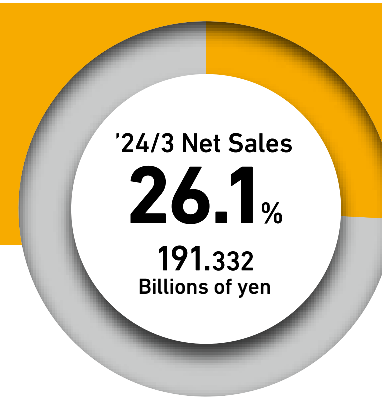
We would like to thank our stakeholders for their support in the past, present and future.

JTK (Japan/Taiwan/Korea)

Major Countries and Regions

Japan, Taiwan, and Korea





Fruition of Chip 4 Alliance efforts

The fiscal year through March 2025 will be the second year for JTK region after the affiliates in Taiwan and Korea were added to the former Japan Region. The purpose of this new formation was strategic business development in semiconductor vertical and creation of operational efficiency where we see affinity of business model in the respective three countries and the U.S. For the fiscal year through March 2025, we will show the concrete result of organizational change and efforts of personnel.

1 Leading Role of Business Volume Expansion

KWE Group is aiming to diversify handling volumes by decreasing reliance on Japan originated shipments to be recognized as the Global Freight Forwarder both in name and reality. JTK region still has over 30% of share of the global volume. We will leverage this strong presence internally and externally as the flagship region to increase the global volume in the key vertical markets, such as semiconductor, electronics, automobile, healthcare, retail, industrial equipment and materials.

2 Operational Efficiency and Productivity

The Japan export and import have been pursuing operational efficiency with optimization of IT system. We expand this initiative to affiliates in Taiwan and Korea and evolve cross-border collaboration. We don't just go along with the crowds. We will identify the purpose of procedure and eliminate unnecessary operations with the slogan of "Joy of Missing Out" and "Minimum Input and Maximum Output". Purpose of operational efficiency is to increase Personal Touch of Customer Service and to create the healthy working environments.

3 Best Use of Resources

JTK region became the cross-border organization to realize the One KWE policy in terms of the shared services, right person in right position HR, compliance, and other business platform. We will accelerate collaboration among the companies in the areas not only for the business development but also for procurement and administration.

Managing Executive Officer
General Manager, JTK
Shin Ogawa

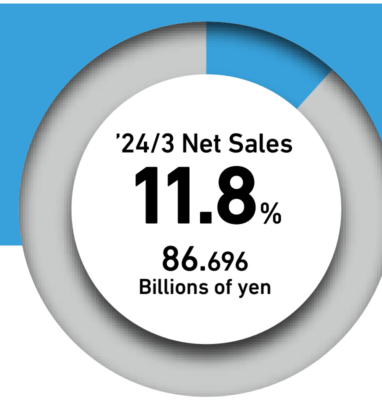
Net Sales by Category

Fiscal year through March 2024

	Net Sales
Air freight	81.223 Billions of yen
Sea freight	58.722 Billions of yen
Logistics	22.384 Billions of yen

The Americas

Major Countries and Regions
United States, Canada, Mexico, and Latin American countries



Managing Executive Officer
General Manager, The Americas
Shin Ogawa

Establish a solid position in the air and sea freight export market as the best in class service provider

Despite the uncertainties caused by the U.S.-China feud, geopolitical issues, the presidential election, and persistent inflation, the potential for growth in the region remains substantial. Regardless of the impacts from the post-pandemic recovery process, the Americas region will aggressively pursue continued expansion of business volume and profit with the core management policies of:

1 Core Business Development by Vertical

We strengthen business partnership with key national accounts in healthcare, life science, chemical, semiconductor, and automotive business fields, where we have been traditionally dominant, by focusing and managing our Five C's (Communication, Collaboration, Culture, Creativity, and Commitment). We will enhance business development in the perishable and agriculture markets. We pursue solidification and expansion of business with key future global partners by optimizing our service quality.

2 Volume Expansion Geographic Focus

We will continue our efforts to aggressively increase handling volume by 20% year-on-year for Trans-Pacific volume growth in collaboration with our group companies in Asia Pacific such as China, Hong Kong, Taiwan, Korea, Thailand, Vietnam, and Singapore by optimizing the gateway operation as well as strengthening the global partnership with major carriers. Expansion of Trans-Atlantic business is another critical strategy for the KWE Group to be recognized as a major global freight forwarder in the market where mega forwarders are in fierce competition.

3 Control and Execution of Corporate Security and Compliance Measures

We will enhance middle governance and internal control by prioritizing Four P's (People, Process, Performance, and Purpose). This initiative will grow the cross-border collaboration of the U.S. and Canada as well as Mexico and Latin America countries. We aim to become best in class to retain and recruit great talent for the next generation.

By adhering to these core management policies, the Americas region aims to navigate the current uncertainties and achieve significant growth in business volume and profit.

Net Sales by Category

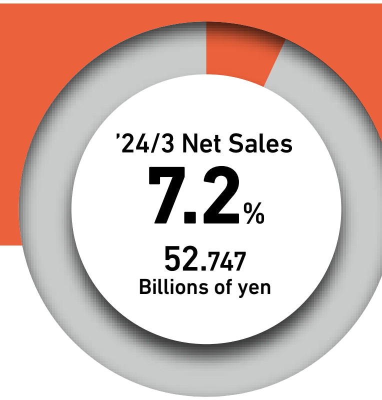
Fiscal year through March 2024

	Net Sales
Air freight	45.490 Billions of yen
Sea freight	24.787 Billions of yen
Logistics	7.125 Billions of yen

Europe, Middle East & Africa

Major Countries and Regions

The United Kingdom, Germany, France, Italy, the Netherlands, Belgium, Switzerland, Ireland, and other European countries; Russia, African and Middle Eastern countries



Let's prove ourselves! Grow beyond expectation!

Since the second half of last year, export volumes from major European countries have started to slump due to the slowdown in the Chinese economy, and the unstable situation in the Red Sea has led an increasing number of shipping lines to switch their routes from the Suez Canal and Red Sea routes to the Cape of Good Hope route. The unstable situation in the Red Sea, together with the situation in Russia and Ukraine, which does not seem to be under control, and the economic situation in China, where the future is unclear due to the economic slowdown, are having a negative impact on international transport. Under these difficult market conditions, we are going back to basics, and our policy and measures for the EMEA region are to "achieve the budget for FY2024" and "strengthen the organization" to survive in this difficult market and move to the next stage of the market.

Managing Officer
General Manager, Europe, Middle East & Africa
Hiroshi Azuma

1 Achieve FY2024 Budget

Cargo volumes in the European market are declining, but we are actively seeking to gain limited volumes. We will also extend the range of sectors we provide to shippers and handle different types of cargo to cover volumes and increase sales. At the same time, we will work with our suppliers to strengthen our cost control and achieve our volume and financial budgets.

2 Strengthening the Organization

The EMEA's each company's organization will set and track clear operational, sales and general management KPIs to improve productivity. Cash flow management in each legal entity and compliance initiatives and awareness will be strengthened.

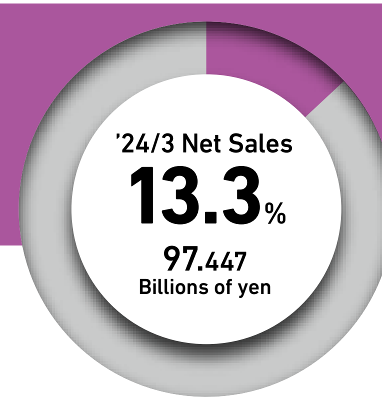
Net Sales by Category

Fiscal year through March 2024

	Net Sales
Air freight	34.275 Billions of yen
Sea freight	12.091 Billions of yen
Logistics	4.091 Billions of yen

East Asia

Major Countries and Regions
Hong Kong and China



Sharing resources and pushing boundary in East Asia regions

Since China's position in the world is changing, we will strive to accurately grasp the market situation and respond to customer in a timely manner. Further to enhance our advantage, we strive for mutual cooperation and overall optimization within East Asia region.

1 Contribution to the KWE Group by Volume Expansion

East Asia region follows the corporate sales strategy to expand the freight volume. In addition, we keep developing new forwarding business with Chinese customers as they are increasing their market share in the world. We are focusing on Trans-Pacific East bound and shipments to Japan and other countries in Asia consistently.

2 Establishment of New Sales Structure in the Greater Bay Area

Multiple gateway solutions in the Greater Bay Area provide more benefits to our customers. To enhance sales in air freight, sea freight and logistics, we are going to establish new sales structure.

3 Enhancement of Management

On the management side, we will strive to make effective use of human resources in East Asia region. In addition, we will further strengthen governance and information sharing. And we will also introduce IT systems to improve the productivity of each company. East Asia Regional Headquarters will provide a clear direction and guideline to enable regional companies to advance toward the same goal.

Managing Officer
General Manager, East Asia
HIroshi Michimune

Net Sales by Category

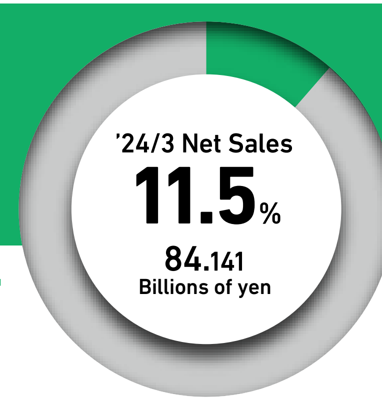
Fiscal year through March 2024

	Net Sales
Air freight	48.138 Billions of yen
Sea freight	26.111 Billions of yen
Logistics	21.319 Billions of yen

South East Asia & Oceania

Major Countries and Regions

Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, the Philippines, Cambodia, Bangladesh and Australia



Officer
General Manager,
South East Asia & Oceania
Yasuyuki Tani

Strengthening our business foundation for sustainable growth

In the past year, KWE has navigated a dynamic, evolving and uncertain market landscape, focusing on strategic growth and innovation to meet the rising demands of our global customers within the region. We have put in place key initiatives aimed at boosting revenue in crucial sectors, enhancing our customer portfolio, and investing in our workforce to drive quality and efficiency and preserve jobs. Through these efforts, we are positioning ourselves to not only adapt to fluid market conditions but to thrive and set new benchmarks in the logistics industry. For the fiscal year through March 2025, we will implement the following measures as part of our business expansion plan.

1 Drive Regional Growth and Boost Revenue in Key Sectors

The expanding consumer market in Asia, along with the increasing diversification of supply chains, is attracting global investments to our region. To capitalize on these emerging commercial opportunities, we are collaborating with our counterparts in other regions to efficiently manage manufacturing shifts within Asia. We are also enhancing our service capabilities to broaden market reach and drive revenue in imports, logistics, and cross-border trucking. Additionally, by partnering with regional and niche carriers, we aim to provide more competitive solutions at lower costs through economies of scale to drive revenue growth.

2 Grow Customer Portfolio and Deepen Relationships

Our priority is to diversify and strengthen our customer portfolio by maintaining a delicate equilibrium between our global clientele and native Japanese customer base. We are also enhancing our market presence by focusing on vertical growth. By providing solutions aligned with customer needs in sustainability, quality, and security, we aim to enhance customer satisfaction. Through proactive marketing communications, innovative service offerings, and an enriched post-sales experience, we also seek to deepen engagement with existing customers while attracting new ones.

3 Invest in Our People to Drive Quality and Efficiency

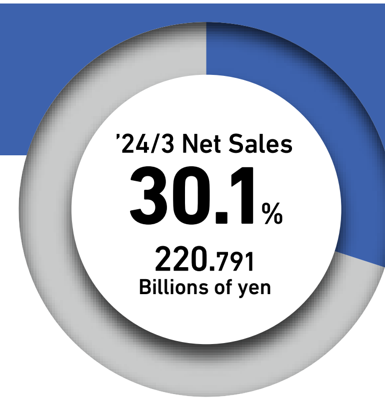
Our people are the driving force behind our business, crucial to enhancing operational quality and overall efficiency. We will continue to invest in targeted training and streamlined governance to ensure adherence to best practices. Concurrently, our goal is to drive productivity improvement through the optimization of our Business Process Outsourcing (BPO) office in Vietnam. These practices are integral to our strategy for sustainable growth and improved customer satisfaction.

Net Sales by Category

Fiscal year through March 2024

	Net Sales
Air freight	42.229 Billions of yen
Sea freight	28.303 Billions of yen
Logistics	10.359 Billions of yen

APLL



Continuing our efforts to become the Premier Order Management Provider in the world with a focus on being an Employer of Choice in our chosen markets

With close attention to our core cultural values of focus, disciplined execution and compliance, APL Logistics will continue to build out its order management service capabilities globally across market segments.

1 Building on Strength

- A leader in origin consolidation management, APL Logistics (APLL) will continue its focus on PANOM*1 a strong capability at origin and destination
- Continued focus on profitability
- Continued refinement of our freight forwarding strategy and processes
- Attention and investment on greater Asia region for operations standardization, automation and commercial opportunity, especially in the ASEAN region
- Continuation of our projects to drive down unit costs via two new shared service centers in Manila and Chennai and extending these centers to handle more core business functions
- Continued focus on employee equity, company transparency and creating an Employer of Choice culture globally

*1 PANOM includes a unique order planning tool that leverages AI and machine learning capabilities to provide customers scenario-based planning options well before shipment execution.

2 Focused Investments

- Furthering our investments in AI and machine learning across the enterprise via select partnerships with technology providers
- Continue to modernize our core global logistics hubs to drive efficiencies in cost, time and data capture
- Establishing a world-class global marketing capability
- Strengthen our collaborative efforts with KWE through collaborative product development, commercial strategy and technology

3 Employer of Choice

- Continued focus on key requirements to build on existing awards in the Employer of Choice arena
- Extension of our DEI*2 programs via more focus groups and geographies
- Renewed focus on benefits and coverage for employees in the U.S. to improve retention and attract new employees

*2 DEI : Diversity, Equity and Inclusion

Managing Officer
President, APL Logistics Ltd
Thad Bedard

Net Sales by Category

Fiscal year through March 2024

	Net Sales
Air freight	913 Billions of yen
Sea freight	53.408 Billions of yen
Logistics	166.469 Billions of yen

Sustainability Management

KWE Group Sustainability Basic Policy

The Group is enhancing its sustainability activities under the "KWE Group Sustainability Basic Policy" in order to incorporate a sustainability perspective into our management and integrate resolution of environmental/ social issues with our business activities.

KWE Group Sustainability Basic Policy

The KWE Group endeavors to create a sustainable society for a better future based on the "Corporate Philosophy" and "KWE Group Corporate Guidelines".

Sustainability Committee chaired by the President & CEO

In order to promote sustainability activities, we have established the "KWE Group Sustainability Committee" chaired by the President & CEO consisting of Directors, General Managers of Regional Headquarters and Corporate Departments, and a Representative of APLL. The committee takes the lead in monitoring and evaluating sustainability opportunities to enhance the effectiveness of our activities.

Corporate Management Meeting

Advise and Report ↑ ↓ Direct and Instruct

KWE Group Sustainability Committee

Chairperson	President & CEO
Committee Members	Directors/General Managers of Regional Headquarters/ General Managers of Corporate Departments/ Representative of APLL
Secretariat	Corporate Planning & Administration Department (CPA)/ Strategy Management & Administration (APL Logistics Ltd)

Material topics

Based on the GRI Standards, we had a series of stakeholder surveys, interviews, and group discussions with reference to the material topics commonly reported in the industry. Utilizing objective indicators, we sorted out the "items of importance to stakeholders" and the "potential impact of our business on society, economy, and environment", and selected the six topics of high importance to both parties as the KWE Group's material topics. We are currently working to achieve KPI targets, etc. set for each material topic.

Description	GRI Category	Map to SDGs
Anti-Corruption	Economic & Governance	16 Peace, Justice and Strong Institutions
Data Security	Social	16 Peace, Justice and Strong Institutions
Diversity and Equal Opportunity	Social	4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 10 Reduced Inequalities
Emissions	Environmental	12 Responsible Consumption and Production; 13 Climate Action
Energy	Environmental	7 Affordable and Clean Energy; 12 Responsible Consumption and Production; 13 Climate Action
Social Impacts in the Supply Chain	Social	5 Gender Equality; 8 Decent Work and Economic Growth; 16 Peace, Justice and Strong Institutions

Sustainability Management

For details of the following initiatives and other sustainability activities, please refer to the Sustainability Report 2024 to be published in the second quarter (July to September) of FY ending March 2025.

Environment—Recent Highlights

Material Topics: Emissions/Energy

Topics

- Inaugurated KWE Green Consolidation to share SAF value with customers (December 2023)
- Formed strategic partnership with Roper Rhodes related to the use of Sustainable Marine Fuel (SMF) (February 2024)
- Participated in Japan Airlines' SAF usage demonstration project (March 2024)
- Concluded contract with IAG Cargo regarding the use of SAF (June 2024)
- KWE Thailand introduced electric trucks in order to reduce emissions (June 2024)

KPI Highlight

CO_2 converted emissions:

Scope1:
9,840 tons-CO_2

Scope2:
42,203 tons-CO_2

KWE Group
FY ended March 31, 2024

Social—Recent Highlights

Material Topics: Data Security/Diversity and Equal Opportunity/Social Impacts in the Supply Chain

Topics

- The Kintetsu Group Holdings signed the United Nations Global Compact (October 2023)
- The Kintetsu Group donated funds to help victims of the Noto Peninsula Earthquake (February 2024)
- Certified as a 2024 Health and Productivity Management Outstanding Organization (March 2024)
- The Kintetsu Group donated funds to help victims of the Taiwan Eastern Offshore Earthquake (April 2024)

KPI Highlight

Female manager ratio:

34.0 %

KWE Group
As of March 31, 2024

Corporate Governance

Basic Philosophy

The KWE Group's corporate philosophy is to "Contribute to the development of a global community through logistics services–by creating new values, sustaining the environment and collaborating with our clients, shareholders and employees". As the primary management goal of the KWE Group, we will improve corporate value while maintaining good relationships with all stakeholders. From this perspective, it is important that our management strengthens corporate governance and makes its decision-making process more transparent and fair

Features of KWE's Governance

KWE's governance system basically consists of the Board of Directors and the Audit & Supervisory Board. In order to speed up decision-making and clearly separate supervision from business execution, we have adopted a managing officer system. We have also established the "Corporate Management Meeting" under the supervision of the Board of Directors in order to ensure that decisions by Representative Director are made carefully and to provide better forums to resolve general management policies an important issues related to business execution.

Board of Directors/Audit & Supervisory Board/ Group Governance

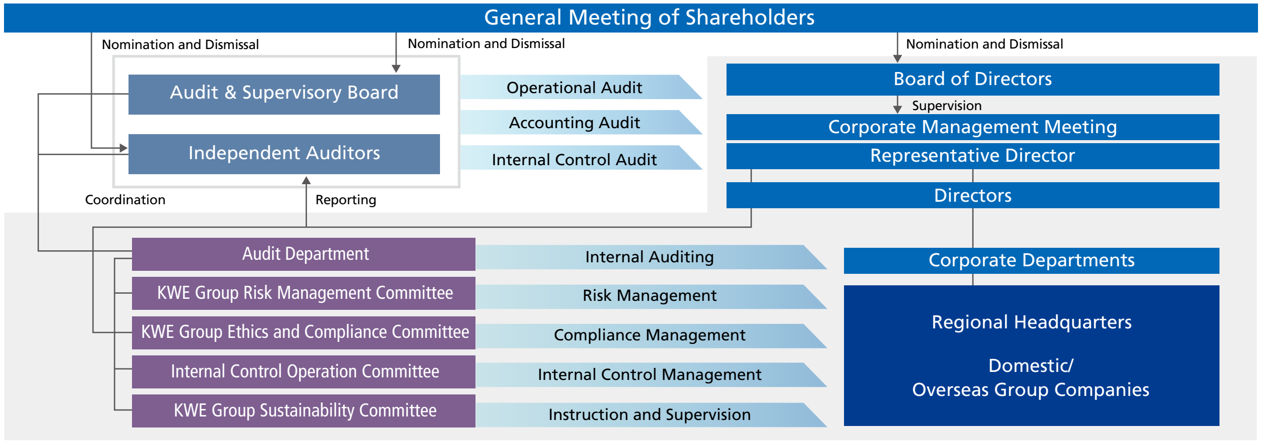
We have six Directors, including two Outside Directors, and hold a Board of Directors meeting monthly, in general, with the attendance of Audit & Supervisory Board members.
We have two Audit & Supervisory Board members and generally hold an Audit & Supervisory Board once per month. The Board determines basic policies regarding auditing, etc., and board members report to each other the findings of their daily auditing activities and exchange views.
We manage and supervise our group companies' governance by breaking the Company into seven organizations, through which we improve the management system, the business execution system, and the audit/supervisory system as a consolidated group and work on enhancement of corporate governance and internal control.

Risk Management

KWE has established the KWE Group Risk Management Basic Policy to facilitate integrated and ongoing risk management on a global basis. We have appointed a Chief of Risk Management (Director) and clarified risk management responsibilities according to each position, based in part on the KWE Group Risk Management Rules. We have established a Risk Management Committee chaired by the Chief of Risk Management to help identify risks that face group companies from a company-wide perspective and take appropriate action. We have also created a crisis plan, which includes the KWE Group Crisis Management Rules, to prepare for emergency situations that could emerge suddenly and seriously impact our business operations.
The KWE Group Risk Management Committee consists of three full-time Directors, 11 Executive Officers, four corporate department heads, and five department general managers. During the fiscal year ended March 2024, it met four times, with the attendance of two full-time auditors, the head of the Audit Department, and the head of Internal Control Management. The committee identified significant risks raised by overseas regional headquarters as major risks for the KWE Group. In order to centrally manage risks, we also promoted PDCA cycles on a continuing basis by, for example, developing a risk map and risk avoidance and mitigation plans at each regional headquarters.

Compliance

In addition to continuing to strengthen compliance under the General Counsel (GC), the KWE Group established its Ethics and Compliance Committee in April 2024. The committee is operated by the KWE Group Ethics and Compliance Senior Council, which consists of three full-time Directors and one Executive Officer, and the KWE Group Ethics and Compliance Council, which consists of one full-time Director and four Executive Officers. In principle, the committee meets twice a year.



Management (As of June 14, 2024)

Yoshihiro Yasumoto
Chairman of the Board

Nobutoshi Torii
President and
Chief Executive Officer

Tetsuya Yamanaka
Director
Senior Managing Executive Officer

Tetsuya Kobayashi
Director

Sanae Tanaka
Outside Director

Jun Yanai
Outside Director

Management's Discussion and Analysis

OVERVIEW

The KWE Group consists of Kintetsu World Express, Inc., 125 consolidated subsidiaries and 6 affiliates accounted for using the equity method, for a total of 132 companies. Our main businesses are freight forwarding using air, sea, and logistics operations, as well as warehousing and other related businesses on a global scale. As of March 31, 2024, the Group has six reportable segments. Five are based on geographical location. Kintetsu World Express, Inc. and Kintetsu World Express (Taiwan), Inc. form the core of the JTK (Japan/Taiwan/Korea) segment; Kintetsu World Express (U.S.A.), Inc. forms the core of the Americas segment; Kintetsu World Express (Deutschland) GmbH forms the core of the Europe, Middle East & Africa segment; Kintetsu World Express (HK) Ltd. forms the core of the East Asia, and KWE- Kintetsu World Express (S) Pte Ltd. forms the core of the South East Asia & Oceania. The sixth segment is APLL comprising APL Logistics Ltd and its group companies, headquartered in Singapore.

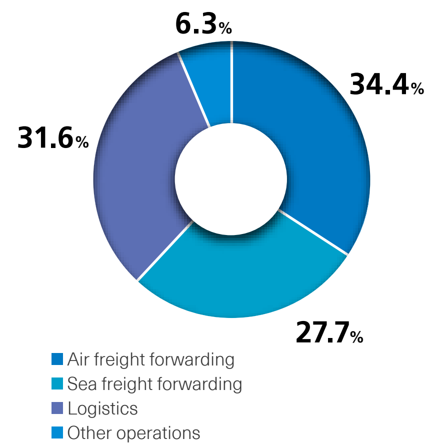
We divide our operations into the following four categories: air freight forwarding (accounting for 34.4% of net sales in the fiscal year ended March 2024), sea freight forwarding (27.7%), logistics (31.6%), and other operations (6.3%).

A breakdown of net sales by segment shows that JTK (Japan/Taiwan/Korea) accounts for 26.1%, the Americas for 11.8%, Europe, Middle East & Africa for 7.2%, East Asia for 13.3%, South East Asia & Oceania for 11.5%, APLL for 30.1%, and other for 0.1%.

OPERATIONS

In the fiscal year ended March 2024, the international logistics market was expected to experience a recovery in demand for transportation along with the resumption of economic activity thanks to the easing of restrictions aimed at controlling the spread of COVID-19. However, the pace of recovery was slow due to an overall slowdown in the global economy, semiconductor shortages, production adjustments in the automotive sector, and continued production adjustments due to inventory buildups. As a result, transportation demand remained sluggish. In addition, the decline in sales prices accelerated due to significant easing of demand relative to supply. Furthermore, the modal shift from air to sea progressed due to the establishment of normal schedules for sea transport, resolution of space shortages, pressure from customers to reduce costs, and increased environmental awareness. While the sea freight volume increased, air freight volume decreased significantly. Air freight capacity increased due to the resumption of passenger flights, but starting with the third quarter, air freight costs soared, especially for long haul routes from Asia to Europe/the U.S., due to strong demand for shipment from China to the U.S. as a result of robust e-commerce. On the other hand, sea freight costs fell to pre-COVID levels due to sluggish demand and increased capacity, despite continued troubles plaguing the Panama and Suez Canal. Amid these circumstances, the KWE Group is rallying together to implement the strategies and measures in its Management Plan 2027, which covers the six-year period from the fiscal year ended March 2023 to the fiscal year ending March 2028. Previously, we aimed to expand the scale of our business by concentrating on core businesses, and we established a middle governance that strengthened autonomous functioning by delegating authority to each regional headquarters. We established a corporate division that unifies the KWE Group across organizational lines to serve as an axis that supports the centrifugal force of the regional headquarters, resulting in a system that maintains appropriate checks and balances. As the final phase in the construction of our middle governance system, Management Plan 2027 sets numerical targets to be achieved through strategies and measures based

Net Sales by Category



on two pillars: growth strategies, and the strengthening of our business platform. The numerical targets are net sales of ¥1 trillion, ¥50 billion in operating income, more than 1 million tons of air freight volume, and more than 1 million TEUs of sea freight volume. Our aim is still to become a Global Top 10 Solution Partner – A Global Brand Born in Japan.

In the fiscal year ended March 2024, which was the second year covered by the plan, the Group handled 486,760 tons of air freight, down 23.7% year on year, and 727,375 TEUs of sea freight, up 4.2% year on year.

Net Sales

Net sales for the fiscal year ended March 2024 decreased by 32.1%, or ¥347.125 billion, to ¥733.823 billion, mainly due to stagnation in air freight related to semiconductors and automobiles, as well as the decline in sales prices.

By business segment, air freight forwarding was down 45.4%, sea freight forwarding was down 40.0%, logistics was up 0.1%, and other operations were down 4.2%.

Net sales fell by 40.2% in JTK (Japan/Taiwan/Korea), 32.2% in the Americas, 31.2% in Europe, Middle East & Africa, 42.6% in East Asia, 45.9% in South East Asia & Oceania, and 13.0% in APLL.

Cost of Sales/Operating Gross Profit

Cost of sales totaled ¥617.364 billion in the fiscal year ended March 2024, down by 34.6%, or ¥326.651 billion, from the previous year. The drop resulted from intensified price competition amid decreased freight volumes, and declines in air and sea freight costs, which had risen sharply during the COVID-19 pandemic. Operating gross profit totaled ¥116.459 billion in the fiscal year ended March 2024, down by 15.0%, or ¥20.474 billion, from the previous year. Operating gross profit margin was 15.9%, up by 3.2 percentage points from the previous year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totaled ¥98.390 billion in the fiscal year ended March 2024, up by 6.1%, or ¥5.643 billion, from the previous year mainly due to increased costs for labor and facilities. The percentage to net sales was 13.4%, rising by 4.8 percentage points from the previous year.

Operating Income

Operating income totaled ¥18.068 billion in the fiscal year ended March 2024, down by 59.1%, or ¥26.117 billion, from the previous year. The operating margin was 2.5%, falling by 1.6 percentage points from the previous year.

Other Income (Expenses)

Other income totaled ¥2.094 billion in the fiscal year ended March 2024, a decrease by ¥12.419 billion from ¥14.514 billion in the previous year. This was mainly due to decreases in foreign currency exchange gain, net, gain on valuation of derivatives, and gain on sale of shares of subsidiaries and associates in addition to the recording of loss on cancellation of agency agreement and value-added taxes for prior periods, etc.

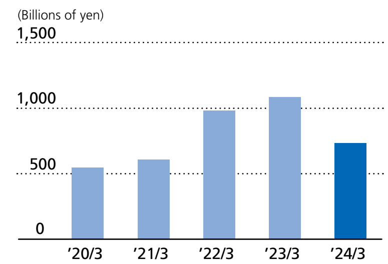
Income before Income Taxes

Income before income taxes totaled ¥20.162 billion in the fiscal year ended March 2024, down by 65.7%, or ¥38.538 billion, from the previous year.

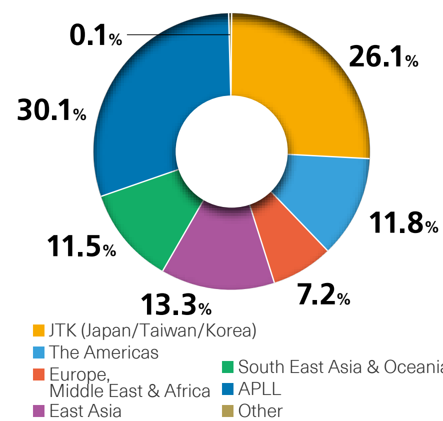
Income Taxes

Income taxes totaled ¥9.322 billion in the fiscal year ended March 2024, down by 43.5%, or ¥7.165 billion, from the previous year. The effective tax rate was 46.2%, up from 28.1% in the previous year.

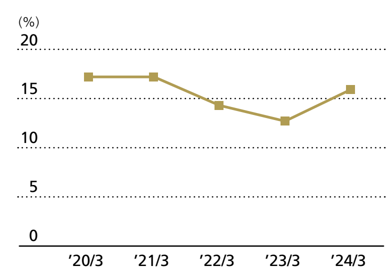
Net Sales



Net Sales by Segment



Operating Gross Profit Margin



Net Income Attributable to Owners of the Parent, Net Income per Share, Return on Equity

Net income attributable to owners of the parent decreased by 77.0% from the previous year to ¥9.443 billion in the fiscal year ended March 2024. As a result, net income per share declined to ¥9,443,146.68, down from ¥41,132,339.74 in the previous year. ROE decreased to 3.6% from 18.4% in the previous year.

OUTLOOK FOR THE YEAR THROUGH MARCH 2025

The business environment surrounding the KWE Group is expected to remain uncertain, given the continued impact of factors including geopolitical risks like the Russia-Ukraine crisis, the situation in the Middle East and the U.S.-China feud, economic slowdowns in Europe and China, rising resource prices, and continued high interest rates seen primarily in developed countries. In order to achieve sustainable growth under these circumstances, the Group will continue to promote strategies and measures based on Management Plan 2027 and will aim to achieve its numerical targets and further growth.

As a growth strategy, we will aim to maintain and expand existing freight forwarding business via both air and sea, mainly through corporate accounts, while expanding the overall Group's volume by bringing in new business. Specifically, we will promote a trade lane strategy aimed at expanding freight volumes in Asia-Europe/U.S. lanes, and a product strategy that focuses on semiconductors, healthcare, and the automotive sector as its main targets, and we will do this by strengthening our sales system through cooperation between the corporate division and each regional headquarters. To cut costs, we will strive to strengthen purchasing by each corporation, promote centralized purchasing that takes advantage of economies of scale at the Group level, and appropriately manage selling and administrative expenses. In addition, we will create new organizational structures in order to strengthen our business platform.

We newly established the General Affairs Department, the Human Resources Department, the Finance & Accounting Department and the Information System Department as the Administration Department of the Company (non-consolidated), and the Sustainability Development Division, the Global Credit Management Division and the Global Human Resources Development Division as the Corporate Division. Through them, we continue to strengthen risk management, operating a company-wide internal reporting system, enhancing compliance, improving governance, and reinforcing IT.

SEGMENT TRENDS BY REGION

For a breakdown of segment trends, please refer to the Report by Six Segments on pages 15 to 20.

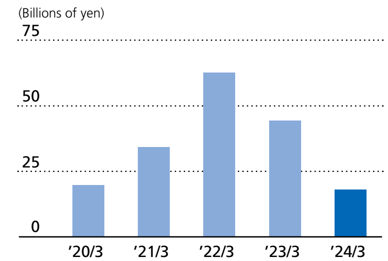
FINANCIAL POSITION

The KWE Group's total assets as of March 31, 2024, increased by 0.3%, or ¥1.688 billion from the previous year to ¥547.003 billion. Current assets decreased by 1.9%, or ¥6.198 billion, to ¥328.011 billion. This was mainly due to an ¥18.236 billion decrease in notes, accounts receivable–trade and contract assets despite a ¥8.247 billion increase in other current assets.

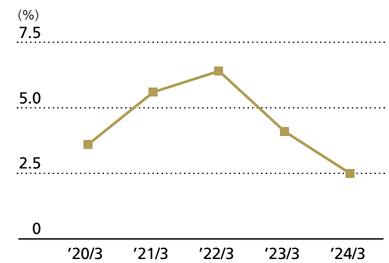
Total non-current assets increased by 3.8%, or ¥7.910 billion, to ¥218.869 billion, despite a decline of ¥1.256 billion in investments and other assets, primarily resulting from the sale of shares in affiliates. Main factors underpinning the overall increase in total non-current assets were a ¥8.218 billion increase in property and equipment (mainly due to increased right-of-use assets) along with a ¥948 billion rise in intangible assets, largely owing to purchase of software.

Total liabilities were ¥258.623 billion, down by 8.8%, or ¥24.880 billion from the previous year. Total current liabilities

Operating Income



Operating Margin



decreased by 11.9%, or ¥18.072 billion, to ¥134.350 billion. This was mainly due to decreases in notes and accounts payable-trade of ¥11.230 billion and provision for losses related to contracts of ¥3.470 billion. Total long-term liabilities decreased by 5.2%, or ¥6.808 billion, to ¥124.272 billion, mainly due to decreases in long-term debt of ¥10.000 billion despite an increase in lease obligations of ¥2.159 billion.

Total net assets increased by 10.1%, or ¥26.569 billion, to ¥288.380, despite a ¥0.316 billion decrease in retained earnings, owing to an increase of ¥25.539 billion resulting from foreign currency translation adjustments due to the yen's depreciation.

Consequently, the equity ratio at the end of the fiscal year was 50.0%, from 45.5% at the end of the previous year.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities totaled ¥44.276 billion in the fiscal year ended March 2024, down by 59.8%, or ¥65.782 billion from the previous year. This mainly reflected cash inflows due to income before income taxes of ¥20.162 billion, depreciation and amortization of ¥28.688 billion, decrease in notes and accounts receivable and contract assets of ¥29.508 billion, and cash outflows due to a decrease in notes and accounts payable of ¥18.094 billion, and income taxes paid of ¥9.343 billion.

Net cash used in investing activities totaled ¥31.511 billion, an increase by 169.3%, or ¥19.808 billion from the previous year. This mainly reflected cash inflows due to proceeds from withdrawal of time deposit of ¥10.149 billion and cash outflows due to payments for time deposit of ¥24.567 billion, payments for purchases of property and equipment of ¥6.560 billion, and payments for loans receivable of ¥14.000 billion.

Net cash used in financing activities totaled ¥36.615 billion, an decrease by 32.5%, or ¥17.623 billion from the previous year. This mainly reflected cash outflows due to payments of capital lease obligations of ¥13.392 billion, payments for long-term debt of ¥14.800 billion, and payments of cash dividends of ¥9.760 billion.

As a result of the above, cash and cash equivalents totaled ¥137.928 billion as of March 31, 2024, down by 8.4%, or ¥12.718 billion, from the previous year, mainly due to the increase in funds from operating activities falling short of the decrease in funds from investing and financing activities.

DISCLOSURE OF SIGNIFICANT RISK FACTORS WITH POTENTIAL TO IMPACT OPERATING RESULTS

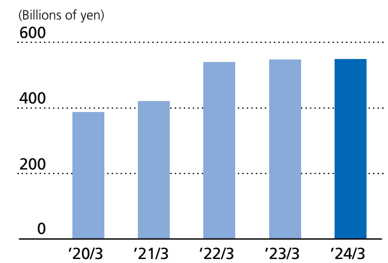
The followings are the major risk factors that the Group recognizes as having the potential to affect our performance and financial condition.

Any forward-looking statements contained herein are based on judgments made by the Group as of March 31, 2024.

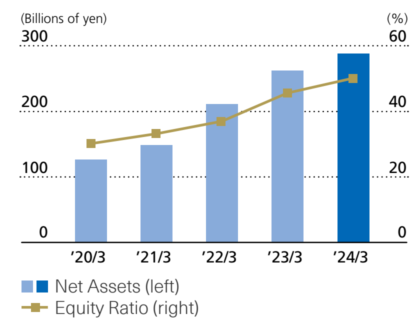
1. Changes in business environment and promotion of the Management Plan

As air and sea freight forwarding, the Group's main business, are susceptible to changes in economic trends, the global economic slowdown could trigger deterioration of transportation demand. The Group has developed "Long-Term Vision" representing our future vision and is implementing group-wide strategies and measures to carry them out. However, our performance and the management plan could be affected by various factors including domestic and overseas economic/business trends, customers' transportation demand, political or social factors, natural disasters and bad weather, terrorist attacks, and regional conflicts and pandemic. In addition to intensification in recent years of political and economic tensions between the U.S. and China, and the two countries' struggle over hegemony, global macroeconomic recession caused by the emergence of geopolitical risks including the Russia-Ukraine crisis and the situation in the Middle East will

Total Assets



Net Assets and Equity Ratio



have a major impact on international transportation demand and may affect the business performance and financial position of the Group. The Group will continue to enhance the BCP system among group companies, address changes in business environment and customer trend/needs swiftly and flexibly, and put enormous effort into improving its performance.

2. Fluctuations in freight costs

Regarding air freight forwarding, since charter contracts are fixed purchases, declines in sales prices could have affected our business performance. However, the supply of cargo space increased due to the resumption of international passenger flights, so there was less need to secure space through chartered flights. Therefore, we discontinued procurement through charter contracts and went back to our previous methods of procuring space: securing partial load space and making spot purchases at market rates. Furthermore, in order to expand our handling volumes and achieve continuous growth by providing stable transport space and services, we intend to strengthen our relationships with airlines, promote centralized purchasing, and respond quickly and flexibly to changes in the business environment.

Meanwhile, the logistics industry faces labor shortages, and depending on how these situations play out, transportation and cargo handling costs may fluctuate significantly. In the event that these costs rise more than expected and we are unable to collect appropriate fees from customers, the Group's performance and financial condition could be affected. In the face of these risks, the Group has been striving to minimize the impact on its performance by swiftly and flexibly addressing changes in the business environment through such means as enhancing cooperation with actual transport companies (airline, shipping, and truck companies, etc.) and centralized procurement, while working to collect from customers fees that appropriately reflect the changed environment.

3. Exchange rate fluctuations

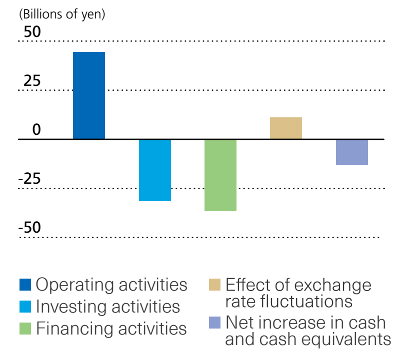
As the Group conducts global operations, fluctuations in foreign exchange rates in any of these regions could affect our performance and financial condition. For the fiscal year ended March 31, 2024, locations other than Japan accounted for 78.0% of the Group's net sales and 80.0% of its operating income, so fluctuations in foreign exchange rates used to translate foreign currency-denominated financial statements into Japanese yen could affect the Group's consolidated performance and financial condition. For the fiscal year ended March 31, 2024, the impact of the Japanese yen appreciating by 1 yen per U.S. dollar in the translation of the Group's foreign currency-denominated financial statements into Japanese yen would result in net sales and operating income decreasing by approximately ¥4.1 billion and ¥100 million, respectively.

We use foreign exchange forward contracts and currency swap contracts to avoid the risk of fluctuations in foreign exchange rates in relation to foreign currency denominated receivables and payables and to foreign currency denominated scheduled transactions. Our policy is to execute and manage these contracts according to internal company rules, to not engage in speculative dealings or highly leveraged transactions.

4. Funding, interest rate changes, and downgrade of credit ratings

The Group's major loan agreements with financial institutions include financial covenants. The outstanding balance of loans payable with financial covenants as of March 31, 2024 was ¥50 billion. In the event that the Group is in breach of any of the following financial covenants, the Group will forfeit the benefit of time and could be immediately required to repay a part or all of the outstanding balance.

Cash Flows



1) Maintain the amount of shareholders' equity in the consolidated balance sheets as of each reporting date at 75% or higher of such amount as of the reporting date of the fiscal year immediately before the fiscal year or that as of March 31, 2015, whichever is higher;
2) Not to record ordinary loss for two consecutive years on a consolidated basis; and
3) Maintain net debt equity ratio at three times or less in the consolidated balance sheets in each fiscal year.

The Group raises part of its funds necessary for the business through borrowings from financial institutions and the issuance of corporate bonds. A rise in market interest rates or downgrade of our credit ratings could have a material impact on our future financial conditions and performance.

In order to mitigate these risks, the Group is working to enhance its financial condition by diversifying its funding methods, for example by issuing corporate bonds and borrowing from its parent company, Kintetsu Group Holdings Co.,Ltd., in addition to borrowing from banks, and by promoting efficient management of Group funds (e.g. cash management system and intra-group loans). We will also strive to build good relationships with financial institutions and continue our management efforts toward steady progress of the management strategy.

5. Acquisition, capital and business alliances

The Group acquires other companies and forms capital and business alliances with other companies in order to increase its competitiveness to achieve further growth. Our performance and financial condition could be affected if it incurs impairment losses on goodwill in the event of earnings at an acquired company falling short of expectations at the time of the acquisition, or a determination that expected results cannot be achieved due to changes in the business environment, competitive conditions, or other factors.

In May 2015, the Group acquired APL Logistics Ltd ("APLL") engaging in the global logistics business and made it a consolidated subsidiary. As of March 31, 2024, the balance of APLL's fixed assets including goodwill, etc. subject to impairment test was ¥115.9 billion ($817 million). The Group is working on improving APLL's asset efficiency and maximizing its profit.

6. Changes in legal regulations related to our business operations and litigation

The Group's freight forwarding and logistics businesses are subject to various legal regulations around the world. It is possible that changes to existing laws and regulations could impose restrictions on our business and operating activities and result in additional costs or a decrease in revenues, which could affect our performance and financial condition. It is also possible that, while we conduct our business by placing highest priority on compliance, inadequate compliance or serious violation of laws and regulations could lead to restrictions on our operating activities or imposition of monetary penalties, etc. and affect our performance and reputation. In April 2021, as a measure to mitigate these risks by assessing and addressing potential legal risks properly, the Group has newly appointed a general counsel to provide appropriate advice on overall legal matters within the Group including lawsuits and direction and coordination of all legal affairs of the Group to support the Chief Risk Management Officer. Our efforts to enhance risk management and mitigate risks also include the introduction of the Global Insurance Program (GIP) aimed at mitigating risks of and enhancing compensation for damages arising from the Group's operation.

7. Lack of compliance, internal control or corporate governance

As of March 31, 2024, the Group consists of Kintetsu World Express, Inc., its 125 consolidated subsidiaries and six affiliates accounted for using the equity method and operates in 45 countries around the world. As we develop business globally, material weakness in internal control which could result in inappropriate accounting treatments or fraud or compliance issues such as a violation of laws and regulations or internal rules or a serious scandal, etc. could lead to loss of trust from our customers and other stakeholders and have a negative impact on our performance and social credibility.

In order to mitigate risks, for internal control, we strive to enhance guidance by each Regional Headquarters and Internal Control Division as well as internal audit functions of Audit Department under the leadership of the Internal Control Operation Committee of the Group. And for group governance, we are working to enhance the reporting system to meeting bodies such as the Board of Directors and Corporate Management Meeting, the middle governance at each Regional Headquarters, and Corporate Division's functions to audit each Regional Headquarters, and compliance training by using e-learning in group companies.

8. Labor-related (securing of human resources, loss of human resources, etc.)

The Group's business activities rely heavily on human resources and securing and developing excellent human resources in all fields is essential for our growth. Failure to secure and develop such necessary human resources and failure to retain excellent human resources could make it difficult to grow or continue the Group's business, which could affect the Group's performance and financial condition.

The Group is working to promote labor-saving and increase productivity through the improvement of operational efficiency by using AI, RPA and other advanced technologies, as well as by recruiting experienced people for specific purposes along with regular recruitment of new graduates. We also strive to secure necessary human resources through the use of our subsidiary engaging in staffing services and an initiative aimed at the extension of retirement age.

9. Information leaks, cyberterrorism, and information management security (customer data), etc.

Leakage of customer or personal information to outside parties for an unexpected reason will cause loss of trust in the Company and could affect our performance and financial condition. Also, any situation where our system is unable to function for a long period of time due to an unexpected computer system failure, communication failure, or computer virus or cyberterrorism which recently has become increasingly sophisticated and frequent, could affect our performance and financial condition.

For the Group's customer and personal information and business information, we have enacted the KWE IT Security Policy and strive to enhance the information management system through periodic system checks, audit, and employee education. Also, in order to mitigate the system failure risk, we are striving to ensure reliable system operation by dispersing data centers, using cloud storage, and introducing network redundancy and enhance the security system in the aspects of both hardware and software to safeguard against unauthorized access and viruses.

10. Spread of the novel coronavirus infection (COVID-19) or other diseases

The Group operates in 45 countries as of March 31, 2024. The rapid and global spread of an infectious disease like COVID-19 could affect the Group's business operation in countries and regions where the Group operates due to factors including restrictions on social and economic activities to prevent the spread of infections, suspension of customers' business activities, and infection in the Group employees. Also, the stagnation of global economy resulting from restrictions of economic activities could have a significant impact on our performance and financial condition.

With continuous maintenance of good health of all employees and their family members as our highest priority, the Group implements measures to prevent infection and its spread as well as strive to mitigate risk by establishing the BCP system including business operation system and customer support according to the situation, based on the Group Business Continuity Policy and in line with the policies and guidelines of respective governments.

11. Climate change risk

The Group recognizes climate change as an important management issue. In May 2021, the Group identified material topics (material issues) through the "KWE Group Sustainability Basic Policy" established in November 2020 and the "KWE Sustainability Promotion Committee" that promotes related activities including the reduction of greenhouse gas emissions as a countermeasure against climate change. In addition, in December 2021, the Group announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB) to consider plans for corporate management and financial information related to the impacts of climate change. Going forward, a failure on the part of the Group to respond appropriately to climate change risks could affect its business performance and financial condition.

Financial Highlights

Kintetsu World Express, Inc. and Consolidated Subsidiaries/For fiscal years ended March 31

	Millions of yen								Thousands of U.S. dollars*1
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2023
Results of Operation (Millions of yen)									
Net sales	¥ 474,330	¥ 553,197	¥ 592,009	¥ 544,533	¥ 609,110	¥ 980,441	¥ 1,080,949	¥ 733,823	$ 4,846,595
Operating income	13,075	17,551	20,797	19,714	34,177	62,475	44,185	18,068	119,331
Income before income taxes	12,486	16,879	19,978	13,256	33,829	64,118	58,700	20,162	133,161
Net income attributable to owners of the parent	4,487	7,002	9,857	4,724	21,644	43,417	41,091	9,443	62,367
Financial Position (Millions of yen)									
Total assets	¥ 378,733	¥ 389,582	¥ 388,467	¥ 385,470	¥ 418,827	¥ 537,999	¥ 545,314	¥ 547,003	$ 3,612,727
Property and equipment	46,109	46,749	46,137	68,145	68,548	74,187	90,067	98,286	649,138
Interest-bearing debt	166,260	166,429	161,647	170,859	157,804	166,507	151,829	145,024	957,823
Long-term liabilities	148,553	137,545	133,913	130,906	132,826	136,225	131,080	124,272	820,764
Total liabilities	252,717	260,594	256,643	258,864	270,087	326,942	283,504	258,623	1,708,097
Net assets	126,016	128,988	131,823	126,606	148,739	211,057	261,810	288,380	1,904,629
Cash Flows (Millions of yen)									
Net cash provided by (used in) operating activities	¥ 14,589	¥ 15,063	¥ 22,637	¥ 36,304	¥ 37,938	¥ 30,048	¥ 110,059	¥ 44,276	$ 292,424
Net cash provided by (used in) investing activities	(5,342)	(10,030)	(7,312)	(7,165)	(3,589)	(5,831)	(11,702)	(31,511)	(208,117)
Net cash provided by (used in) financing activities	(5,657)	(2,754)	(6,868)	(26,424)	(26,914)	(13,164)	(54,238)	(36,615)	(241,826)
Cash and cash equivalents at end of year	65,506	67,856	75,799	75,853	85,995	104,028	150,647	137,928	910,957
Capital expenditures for property and equipment (cash basis)	3,762	5,192	4,702	4,732	3,361	4,225	5,737	6,560	(43,326)
Depreciation and amortization	10,729	11,674	12,074	20,744	21,030	21,632	25,472	28,688	189,472
Per Share Data (Yen)									
Net income*2	¥ 62.33	¥ 97.26	¥ 136.91	¥ 65.68	¥ 301.06	¥ 603.90	¥ 41,132,339.74	¥ 9,443,146.68	$ 62,368.05
Cash dividends	26.00	26.00	30.00	30.00	50.00	120.00	8,568,001.00	10,000,000.00	66,045.83
Net assets*2	1,627.84	1,662.72	1,690.89	1,615.38	1,926.30	2,757.51	248,112,152.13	273,286,020.56	1,804,940.36
Management Indicators									
Operating margin (%)	2.8	3.2	3.5	3.6	5.6	6.4	4.1	2.5	
Return on equity (%)	3.7	5.9	8.2	4.0	17.0	25.8	18.4	3.6	
Current ratio (Times)	1.7	1.6	1.6	1.5	1.7	1.8	2.2	2.4	
Debt-to-equity (Times)	1.4	1.4	1.3	1.5	1.1	0.8	0.6	0.5	
Number of employees (consolidated)	18,159	18,140	17,661	17,339	16,587	17,069	18,552	18,651	

*1 U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2024 which is ¥151.41 to U.S.$1.

*2 Effective October 1, 2022, share consolidation was implemented at a ratio of 1,000 shares per 71,997,220 shares of common stock. Net income per share and net assets per share are calculated on the assumption that the share consolidation was conducted at the beginning of the fiscal year ended March 31, 2023.

Consolidated Balance Sheets

Kintetsu World Express, Inc. and Subsidiaries
As of March 31, 2024 and 2023

ASSETS	Millions of yen FY2023	Millions of yen FY2022	Thousands of U.S. dollars FY2023
Current assets:			
Cash and time deposits	¥ 160,491	¥ 157,576	$ 1,059,976
Notes, accounts receivable-trade and contract assets	124,215	142,452	820,388
Less: Allowance for doubtful account	(1,241)	(1,536)	(8,196)
Marketable securities	5,589	5,008	36,913
Other current assets	38,957	30,710	257,294
Total current assets	328,011	334,210	2,166,376
Property and equipment:			
Buildings and structures	18,971	18,430	125,295
Machinery and equipment	6,922	6,823	45,716
Land	14,845	14,522	98,045
Leased assets	890	954	5,878
Right-of-use assets	46,881	41,778	309,629
Others	9,775	7,558	64,559
Total property and equipment	98,286	90,067	649,138
Intangible assets:			
Goodwill	52,841	53,634	348,992
Customer-related intangible assets	28,659	29,197	189,280
Other intangible assets	18,409	16,130	121,583
Total intangible assets	99,910	98,961	659,863
Investments and other assets:			
Investments in:			
Affiliates	2,311	3,890	15,263
Others	4,980	5,182	32,890
Long-term loans receivable	71	767	468
Net defined benefit asset	516	310	3,407
Deferred tax assets	2,936	3,313	19,391
Other investments	9,877	9,196	65,233
Less: Allowance for doubtful accounts	(21)	(731)	(138)
Total investments and other assets	20,672	21,929	136,529
Deferred assets			
Bond issuance cost	122	145	805
Total deferred assets	122	145	805
Total assets	¥ 547,003	¥ 545,314	$ 3,612,727

LIABILITIES AND NET ASSETS	Millions of yen FY2023	Millions of yen FY2022	Thousands of U.S. dollars FY2023
Current liabilities:			
Notes and accounts payable-trade	¥ 63,989	¥ 75,219	$ 422,620
Short-term debt	10,132	7,473	66,917
Current portion of long-term debt	10,000	14,800	66,045
Lease obligations	14,467	11,291	95,548
Income taxes payable	4,827	6,933	31,880
Accrued bonuses to employees	5,797	7,430	38,286
Accrued bonuses to directors and corporate auditors	298	330	1,968
Provision for losses related to contracts	–	3,470	–
Other current liabilities	24,838	25,475	164,044
Total current liabilities	134,350	152,423	887,325
Long-term liabilities:			
Bonds payable	35,000	35,000	231,160
Long-term debt	40,000	50,000	264,183
Lease obligations	35,424	33,264	233,960
Deferred tax liabilities	8,416	7,774	55,584
Net defined benefit liability	3,373	3,113	22,277
Other long-term liabilities	2,058	1,928	13,592
Total long-term liabilities	124,272	131,080	820,764
Contingent liabilities			
Net assets:			
Shareholders' equity:			
Common stock			
Authorized 4,000 shares			
Issued 1,000 shares	7,216	7,216	47,658
Capital surplus	4,499	4,499	29,714
Retained earnings	207,586	207,903	1,371,019
Total shareholders' equity	219,302	219,619	1,448,398
Accumulated other comprehensive income			
Unrealized gains (losses) on available-for-sale securities	1,756	1,805	11,597
Foreign currency translation adjustments	52,233	26,693	344,977
Remeasurements of defined benefit plans	(6)	(6)	(39)
Total accumulated other comprehensive income	53,983	28,493	356,535
Non-controlling interests in consolidated subsidiaries	15,094	13,698	99,689
Total net assets	288,380	261,810	1,904,629
Total liabilities and net assets	¥ 547,003	¥ 545,314	$ 3,612,727

Consolidated Statements of Income

Kintetsu World Express, Inc. and Subsidiaries
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
Net sales	¥ 733,823	¥ 1,080,949	$ 4,846,595
Cost of sales	617,364	944,016	4,077,432
Operating gross profit	116,459	136,933	769,163
Selling, general and administrative expenses	98,390	92,747	649,824
Operating income	18,068	44,185	119,331
Other income (expenses):			
Interest and dividend income	3,945	1,340	26,055
Interest expenses	(2,106)	(1,826)	(13,909)
Equity in earnings of affiliates, net	309	223	2,040
Foreign currency exchange gain (loss), net	433	7,496	2,859
Gain on valuation of derivatives	116	4,973	766
Subsidy income	600	557	3,962
Gain on sales of investment securities	–	46	–
Gain on sales of golf club membership	5	–	33
Gain on sale of shares of subsidiaries and associates	4	1,790	26
Reversal of allowance for doubtful accounts	275	–	1,816
Loss on disposal of fixed assets	(13)	(28)	(85)
Loss on sales of golf club membership	(1)	–	(6)
Loss on cancellation of agency agreement	(655)	–	(4,326)
Office relocation expenses	(80)	–	(528)
Value added taxes for prior periods	(849)	–	(5,607)
Loss on business restructuring	–	(55)	–
Loss of retirement benefit	–	(36)	–
Loss of trust	–	(94)	–
Others, net	109	127	719
	2,094	14,514	13,829
Income before income taxes	20,162	58,700	133,161
Income taxes:			
Current	8,611	16,848	56,872
Deferred	711	(360)	4,695
	9,322	16,488	61,567
Net income	10,839	42,211	71,587
Net income attributable to non-controlling interests	1,396	1,120	9,219
Net income attributable to owners of the parent	¥ 9,443	¥ 41,091	$ 62,367

Consolidated Statements of Comprehensive Income

Kintetsu World Express, Inc. and Subsidiaries
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
Net income	¥ 10,839	¥ 42,211	$ 71,587
Other comprehensive income:			
Unrealized gains (losses) on available-for-sale securities	(48)	(326)	(317)
Foreign currency translation adjustments	26,921	20,277	177,801
Remeasurements of defined benefit pension plans	(0)	1,713	(0)
Share of other comprehensive income of entities accounted for using equity method	(267)	(407)	(1,763)
Total other comprehensive income	26,605	21,257	175,714
Comprehensive income	¥ 37,445	¥ 63,469	$ 247,308
Comprehensive income attributable to			
Owners of the parent	¥ 34,933	¥ 61,357	$ 230,717
Non-controlling interests	2,511	2,111	16,584

Consolidated Statements of Changes in Net Assets

Kintetsu World Express, Inc. and Subsidiaries
For the years ended March 31, 2024 and 2023

		Millions of yen										
		Shareholders' equity					Accumulated other comprehensive income					
	Number of shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2022	72,000	¥ 7,216	¥ 4,499	¥ 178,457	¥ (144)	¥ 190,028	¥ 2,104	¥ 7,846	¥ (1,724)	¥ 8,226	¥ 12,802	¥ 211,057
Dividends of surplus	–	–	–	(11,639)	–	(11,639)	–	–	–	–	–	(11,639)
Net income attributable to owners of the parent	–	–	–	41,091	–	41,091	–	–	–	–	–	41,091
Purchase of treasury shares	–	–	–	–	(1)	(1)	–	–	–	–	–	(1)
Disposal of treasury shares	–	–	–	–	140	140	–	–	–	–	–	140
Cancellation of treasury shares	–	–	–	(5)	5	–	–	–	–	–	–	–
Net changes in items other than shareholders' equity	–	–	–	–	–	–	(299)	18,846	1,718	20,266	896	21,162
Balance at April 1, 2023	**1**	**¥ 7,216**	**¥ 4,499**	**¥ 207,903**	**¥ –**	**¥ 219,619**	**¥ 1,805**	**¥ 26,693**	**¥ (6)**	**¥ 28,493**	**¥ 13,698**	**¥ 261,810**
Dividends of surplus	**–**	**–**	**–**	**(9,760)**	**–**	**(9,760)**	**–**	**–**	**–**	**–**	**–**	**(9,760)**
Net income attributable to owners of the parent	**–**	**–**	**–**	**9,443**	**–**	**9,443**	**–**	**–**	**–**	**–**	**–**	**9,443**
Net changes of items other than shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**(48)**	**25,539**	**(0)**	**25,490**	**1,395**	**26,886**
Balance at March 31, 2024	**1**	**¥ 7,216**	**¥ 4,499**	**¥ 207,586**	**¥ –**	**¥ 219,302**	**¥ 1,756**	**¥ 52,233**	**¥ (6)**	**¥ 53,983**	**¥ 15,094**	**¥ 288,380**

		Thousands of U.S. dollars										
		Shareholders' equity					Accumulated other comprehensive income					
	Number of shares of common stock (thousands)	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains (losses) on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2023	**1**	**$ 47,658**	**$ 29,714**	**$ 1,373,112**	**$ –**	**$ 1,450,492**	**$ 11,921**	**$ 176,296**	**$ (39)**	**$ 188,184**	**$ 90,469**	**$ 1,729,146**
Dividends of surplus	**–**	**–**	**–**	**(64,460)**	**–**	**(64,460)**	**–**	**–**	**–**	**–**	**–**	**(64,460)**
Net income attributable to owners of the parent	**–**	**–**	**–**	**62,367**	**–**	**62,367**	**–**	**–**	**–**	**–**	**–**	**62,367**
Net changes of items other than shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**(317)**	**168,674**	**0**	**168,350**	**9,213**	**177,570**
Balance at March 31, 2024	**1**	**$ 47,658**	**$ 29,714**	**$ 1,371,019**	**$ –**	**$ 1,448,398**	**$ 11,597**	**$ 344,977**	**$ (39)**	**$ 356,535**	**$ 99,689**	**$ 1,904,629**

Consolidated Statements of Cash Flows

Kintetsu World Express, Inc. and Subsidiaries
For the years ended March 31, 2024 and 2023

	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 20,162	¥ 58,700	$ 133,161
Adjustments to reconcile net income before income taxes to net cash provided by operating activities:			
Depreciation and amortization	28,688	25,472	189,472
Loss on termination of retirement benefit plan	–	36	–
Increase (Decrease) in allowance for doubtful accounts	(704)	69	(4,649)
Increase (Decrease) in accrued bonuses to employees	(2,076)	(1,593)	(13,711)
Increase (Decrease) in provision for losses related to contracts	(3,470)	3,470	(22,917)
Increase (Decrease) in accrued bonuses to directors and corporate auditors	(45)	(32)	(297)
Increase (Decrease) in provision for share-based remuneration for directors	–	(56)	–
Increase (Decrease) in net defined benefit liability	126	(426)	832
Interest and dividend income	(3,945)	(1,340)	(26,055)
Interest expense	2,106	1,826	13,909
Equity in losses (earnings) of affiliates	(309)	(223)	(2,040)
Loss on retirement of non-current assets	13	28	85
Loss (gain) on sale of investment securities	–	(46)	–
Loss (gain) on sale of shares of subsidiaries and associates	(4)	(1,790)	(26)
Loss (gain) on valuation of derivatives	(116)	(4,973)	(766)
Changes in assets and liabilities:			
(Increase) Decrease in notes and accounts receivable and contract asset	29,508	83,433	194,888
Increase (Decrease) in notes and accounts payable	(18,094)	(37,396)	(119,503)
Others, net	171	8,918	1,129
Subtotal	52,009	134,076	343,497
Interest and cash dividend received	3,712	1,602	24,516
Interest paid	(2,102)	(1,810)	(13,882)
Income taxes paid	(9,343)	(23,809)	(61,706)
Net cash provided by (used in) operating activities	44,276	110,059	292,424

	Millions of yen		Thousands of U.S. dollars
	FY2023	FY2022	FY2023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments for time deposit	(24,567)	(6,593)	(162,254)
Proceeds from withdrawal of time deposit	10,149	3,805	67,029
Payments for purchases of property and equipment	(6,560)	(5,737)	(43,326)
Proceeds from sales of property and equipment	115	99	759
Payments for purchases of intangible assets	(4,105)	(2,099)	(27,111)
Payments for purchases of securities	(5,908)	(6,135)	(39,019)
Proceeds from sales of securities	5,854	6,427	38,663
Proceeds from sale of shares of subsidiaries and associates	7,069	5,100	46,687
Payments of leasehold and guarantee deposits	(2,099)	(1,973)	(13,863)
Proceeds from refund of leasehold and guarantee deposits	1,957	1,182	12,925
Payments for loans receivable	(14,000)	(6,000)	(92,464)
Proceeds from collection of loans receivable	286	–	1,888
Others, net	297	219	1,961
Net cash provided by (used in) investing activities	(31,511)	(11,702)	(208,117)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in short-term debt	2,482	(19,969)	16,392
Payments of capital lease obligations	(13,392)	(11,559)	(88,448)
Payments for long-term debt	(14,800)	(10,000)	(97,747)
Purchase of treasury shares	–	(1)	–
Proceeds from disposal of treasury shares	–	140	–
Payments of cash dividends	(9,760)	(11,639)	(64,460)
Payments of cash dividends to non-controlling interests	(1,145)	(1,209)	(7,562)
Net cash provided by (used in) financing activities	(36,615)	(54,238)	(241,826)
Effect of exchange rate fluctuations on cash and cash equivalents	11,131	2,501	73,515
Net increase (decrease) in cash and cash equivalents	(12,718)	46,619	(83,997)
Cash and cash equivalents at beginning of year	150,647	104,028	994,960
Increase (Decrease) in cash and cash equivalents resulting from change in the fiscal period of consolidated subsidiaries	–	–	–
Cash and cash equivalents at end of year	¥ 137,928	¥ 150,647	$ 910,957

Corporate Information

(As of March 31, 2024)

◆ Head Office:
24th Fl., Shinagawa Intercity Tower A, 2-15-1
Konan, Minato-ku, Tokyo 108-6024 JAPAN
Tel: +81-3-6863-6440

◆ Established:
January 1970

◆ Paid-in Capital:
¥ 7,216 million

◆ Number of Common Stocks:

Authorized	4,000 shares
Issued and outstanding	1,000 shares

◆ General Meeting of Shareholders:
Held every June in Tokyo, Japan.

◆ Parent Company:
Kintetsu Group Holdings Co.,Ltd.

◆ Number of Employees:
18,651 (Consolidated)

◆ Website Address:
https://www.kwe.com

24th Fl., Shinagawa Intercity Tower A, 2-15-1
Konan, Minato-ku, Tokyo 108-6024 JAPAN
Tel: +81-3-6863-6440
https://www.kwe.com

Printed in Japan