

May 13, 2021  
Kintetsu World Express, Inc.

**Teleconference Q&A Session Summary FY Ended March 2021**

**Q1: What is your projection of the fiscal 2021 air transportation gross sales profit ratio?**

A1: Charter flights are predominantly operated by major forwarders in the ongoing capacity shortage to facilitate demand, but some outlooks suggest that further breakdowns to supply-demand balance may precipitate the appearance of anomalous low rates on the market. However, I do not think that such a trend has been apparent in the first half of this fiscal year.

**Q2: Please give a statement on APLL's cost reductions in business operations.**

A2: As handling operations decreased in fiscal year 2020, the group carefully considered a decision to reduce SG&A expenses, enacted through active personnel reduction. Even if handling volumes return in the future, we can only respond by increasing business efficiency, and I do not believe that translates to a significant increase of SG&A expenses.

**Q3: Do you expect that last fourth quarter's trend of bullish freight rates and cargo demand will persist through the first half of this fiscal year?**

A3: Increased air cargo performance and demand are due in part to the scarcity of empty cargo containers in the sea freight market. Constrained capacity and demand drivers in air transportation are expected to continue through the first half of the fiscal year. Once maritime challenges are resolved, cargo may gradually shift away from air transportation and supply-demand will regain parity, but it is difficult to predict when this will occur.

**Q4: As a company with a stable dividend policy, should the recent increase in dividends be seen as a sign that KWE expects to maintain higher profitability even in the event that freight rates return to pre-pandemic levels?**

A4: We believe that it will be possible to maintain and improve a level of profitability sufficient to support continued yearly dividends of 50 yen, even if the business environment returns to pre-pandemic levels in the future.

**Q5: As the presence of large European and American forwarders increase, can KWE secure regional leadership in Asia? Also, has there been a deterioration in profitability due to charter operations by large forwarders stated in Q1?**

A5: We are a substantial logistics contender in Asia, due in part to the substantial presence of businesses in the region with ties to Japan. More importantly, there are many businesses that continue to deal with us because they appreciate our distinguished service. At present there has been no substantial decline in profitability.

**Q6: Can you elaborate on the lowered effective tax rate for fiscal year 2020 and your expectations for fiscal 2021?**

A6: In fiscal year 2020, our consolidated effective tax rate was 31.8%. Impairments decreased significantly from the previous year and deficit companies also decreased due to structural reforms in the APLL segment. We have no prospect to declare impairments in this fiscal year, and expect a consolidated effective tax rate of 33.1%.

**Q7: In the maritime industry's ongoing container crisis, have you been able to secure sufficient cargo capacity?**

A7: Thanks to our global procurement division headquartered in Hong Kong, we have been able to manage in this crisis and continue negotiations with each carrier.

End