



## Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2019 [J-GAAP] (Consolidated)

February 8, 2019

Company Name: Kintetsu World Express, Inc. (KWE)  
 Stock exchange listed on: Tokyo Stock Exchange (First Section)  
 Company code: 9375 URL: <https://www.kwe.co.jp>  
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 The date of filing the quarterly financial statements: February 12, 2019  
 The date of the dividend payment start (planned): -  
 Preparation of quarterly earnings presentation material: No  
 Holding of quarterly financial results briefing: No

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

### 1. Consolidated earnings results for the first nine months of the fiscal year ending March 2019 (April 1, 2018– December 31, 2018)

#### (1) Consolidated business results

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
First nine months ended								
December 31, 2018	447,454	9.7	15,490	35.4	15,781	31.8	7,445	81.1
December 31, 2017	407,956	16.7	11,442	33.3	11,972	37.1	4,111	72.3

(Note) Comprehensive income First nine months ended December 31, 2018: 6,570 million yen (6.0%)  
 First nine months ended December 31, 2017: 6,196 million yen ( - %)

	Net income per share		Diluted net income per share	
	(Yen)		(Yen)	
First nine months ended				
December 31, 2018	103.41		—	
December 31, 2017	57.11		—	

#### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of December 31, 2018	390,088	132,819	31.5	1,708.95
As of March 31, 2018	389,582	128,988	30.7	1,662.72

(Reference) Shareholders' equity As of December 31, 2018: 123,040 million yen As of March 31, 2018: 119,712 million yen

\* Due to the change in presentation as a result of applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan ("ASBJ") Statement No. 28, February 16, 2018) effective April 1, 2018, figures of the consolidated financial position as of March 31, 2018 have been restated retrospectively to reflect such change.

### 2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year-end	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2018	—	10.00	—	16.00	26.00
Fiscal year ending March 31, 2019	—	10.00	—		
Fiscal year ending March 31, 2019 (Forecasts)				16.00	26.00

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

### 3. Consolidated earnings forecasts for the fiscal year ending March 2019 (April 1, 2018 – March 31, 2019)

(Percentages are changes from the same period of the previous year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full fiscal year	600,000	8.5	19,200	9.4	20,700	19.3	10,500	49.9	145.84

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

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation): Yes

Excluded: APL Logistics/CFR AD Holdings, LLC

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Changes in Significant Subsidiaries during the Period)” on page 10.

(2) Application of special accounting treatment in preparing the quarterly consolidated financial statements: Yes

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (3) Notes to the Quarterly Consolidated Financial Statements (Application of Special Accounting Treatment in Preparing the Quarterly Consolidated Financial Statements)” on page 10.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of revisions

(a) Changes in accounting policies with revision of accounting standards, etc.: No

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

(c) Changes in accounting estimates: No

(d) Restatement of revisions: No

(4) Number of issued shares (common shares)

(a) Number of issued shares (including treasury shares)	As of December 31, 2018:	72,000,000 shares	As of March 31, 2018:	72,000,000 shares
(b) Number of treasury shares	As of December 31, 2018:	2,367 shares	As of March 31, 2018:	2,364 shares
(c) Average number of shares during the period	First nine months ended December 31, 2018:	71,997,636 shares	First nine months ended December 31, 2017:	71,997,636 shares

\* The Financial Results report is outside the scope of a quarterly review by certified public accountants or an audit firm.

\* Explanation of the proper use of earnings forecasts and other special notes

(Remarks on forward-looking statements)

The statements about future described on this report such as earnings forecasts have been made based on information currently available and certain assumptions considered reasonable, and it is not intended to assure that we will achieve such results. Actual earnings may differ significantly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to “1. Qualitative Information concerning Consolidated Earnings Results for the First Nine Months of the Fiscal Year Ending March 2019 (3) Explanation about Future Forecast Information including Consolidated Earnings Forecasts” on page 5.

## 1. Qualitative Information concerning Consolidated Earnings Results for the First Nine Months of the Fiscal Year Ending March 2019

### (1) Explanation about Operating Results

During the nine months ended December 31, 2018, the U.S. economy continued to expand while Europe started to show a downward trend mainly in the Euro zone. Chinese economy also started to show a decelerating trend with a recent decline in growth of consumer spending and production.

The Japanese economy continued to recover gradually due to an increase in consumer spending and capital investment.

In the global market, demands for both air and sea freight continued to grow steadily overall.

Under such circumstances, the KWE Group's freight operations saw air freight exports rose 6.8% year-on-year to 460 thousand tons, and air freight imports increased 3.0% to 1,032 thousand shipments. Sea freight exports increased 7.8% to 531 thousand TEUs, and imports rose 5.8% to 221 thousand shipments. Logistics showed stable growth overall due to business expansion mainly in East Asia.

Operating results by each segment are as follows:

#### ***Japan***

Air freight exports rose 9.1% year-on-year to 123 thousand tons due to a steady increase in automotive-related products and semiconductor-related products. Air freight imports increased 2.1% to 276 thousand shipments due to a growth mainly in electronic products. As for sea freight, exports increased 4.6% to 115 thousand TEUs due to increases mainly in machinery and equipment-related products, and imports grew 2.7% to 89 thousand shipments due to steady movements in electronic products and automotive-related products. In logistics, the handling volume grew due to increases mainly in healthcare-related products and electronic products.

As a result, net sales for the segment, including domestic subsidiaries, increased 18.2% to 110,411 million yen. However, operating income decreased 0.8% to 4,127 million yen due to an impact from higher direct cost ratio.

#### ***The Americas***

Air freight exports rose 13.0% to 84 thousand tons due to active movements mainly in healthcare-related products and electronic products. Air freight imports increased 12.0% to 104 thousand shipments due to a growth in electronic products and machinery-related products. In sea freight, exports increased 5.7% to 36 thousand TEUs due to steady movements in aerospace products and food products, and imports grew 10.2% to 27 thousand shipments due to an increase in machinery-related products. In logistics, the handling volume expanded in the U.S. and Canada.

As a result, net sales for the segment rose 19.0% to 46,243 million yen, and operating income increased 17.4% to 2,537 million yen.

The exchange rate was U.S.\$1 = ¥111.14 and U.S.\$1 = ¥111.70 for the nine months ended December 31, 2018 and 2017, respectively.

#### ***Europe, Middle East & Africa***

Air freight exports increased 8.7% to 51 thousand tons due to increases mainly in healthcare-related products and automotive-related products. Air freight imports rose 11.7% to 100 thousand shipments due to a growth in electronic products and automotive-related products. Sea freight exports decreased 4.0% to 14 thousand TEUs due to a decrease in machinery-related products, but imports grew 9.4% to 12 thousand shipments due to increases in machinery-related products and electronic products. In logistics, the handling volume increased mainly in Russia.

As a result, net sales for the segment increased 13.1% to 31,893 million yen, and operating income rose 236.4% to 1,046 million yen.

The exchange rate was €1 = ¥129.49 and €1 = ¥128.53 for the nine months ended December 31, 2018 and 2017, respectively.

#### ***East Asia & Oceania***

Air freight exports rose 6.2% to 116 thousand tons due to a steady increase mainly in electronic products. However, air freight imports fell 0.3% to 380 thousand shipments due to a sign of downward trend on the whole. As for sea freight, exports grew 17.3% to 174 thousand TEUs due to increases mainly in automotive-related products and electronic products, and imports increased 5.3% to 48 thousand shipments due to steady movements in equipment-related products and electronic products. In logistics, the handling volume increased mainly in China, South Korea, and Taiwan.

As a result, net sales for the segment rose 9.7% to 78,669 million yen, and operating income increased 0.7% to 4,130 million yen.

#### ***Southeast Asia***

Air freight exports fell 2.0% to 84 thousand tons due to a decrease in shipment of electronic products. However, air freight imports increased 2.1% to 169 thousand shipments due to a growth in healthcare-related products. As for sea freight, exports rose 20.4% to 125 thousand TEUs due to favorable growth in automotive-related products and motorcycles, and imports grew 9.3% to 43 thousand shipments due to increases in electronic products and motorcycles. In logistics, the handling volume increased mainly in India and Thailand.

As a result, net sales for the segment increased 7.8% to 43,892 million yen. However, operating income decreased 18.1% to 2,035 million yen due to an impact from a rise in direct cost ratio.

#### ***APLL***

As for logistics services for automotive, the handling volume saw steady growth due to business expansion with major customers and rail transportation in India. Retail-related logistics service also continued steady growth mainly in major customers, and consumer and industrial fields also showed solid growth.

As a result, net sales of APLL increased 1.8% to 146,670 million yen and the company secured operating income of 5,864 million yen (rose 131.3%) through its effort to improve operating gross profit margin. Operating income was 1,346 million yen (operating loss of 2,096 million yen a year earlier) as amortization of goodwill related to APLL acquisition is still included in this segment.

The exchange rate was U.S. \$1 = ¥109.61 and U.S. \$1 = ¥111.92 for the nine months ended December 31, 2018 and 2017, respectively (APLL used the average rate for the period from January 1 to September 30 because APLL's fiscal year-end is December 31).

As described above, net sales for the nine months ended December 31, 2018 increased 9.7% to 447,454 million yen, operating income rose 35.4% to 15,490 million yen, ordinary income increased 31.8% to 15,781 million yen, and net income attributable to owners of the parent rose 81.1% to 7,445 million yen.

## **(2) Explanation about Financial Position**

### **Assets, liabilities, and net assets**

Total assets as of December 31, 2018 increased 505 million yen from March 31, 2018 to 390,088 million yen. Current assets increased 5,916 million yen to 199,436 million yen mainly due to increases in cash and deposits of 2,881 million yen and in notes and accounts receivable—trade of 2,107 million yen. Non-current assets decreased 5,410 million yen to 190,651 million yen mainly due to a decrease in intangible assets of 2,495 million yen including amortization of goodwill.

Total liabilities decreased 3,325 million yen to 257,269 million yen. Current liabilities increased 2,925 million yen to 125,973 million yen mainly due to an increase in short-term loans payable of 2,793 million yen. Non-current liabilities decreased 6,250 million yen to 131,295 million yen mainly due to a decrease in long-term loans payable of 5,663 million yen resulting from repayment.

Total net assets as of December 31, 2018 increased 3,831 million yen to 132,819 million yen mainly due to an increase in retained earnings of 5,573 million yen, consisting of recording net income attributable to owners of the parent of 7,445 million yen and cash dividends paid of 1,871 million yen, despite a decrease in foreign currency transaction adjustment of 1,703 million yen as a result of yen appreciation in certain exchange rates.

Consequently, the equity ratio increased to 31.5% from 30.7% as of March 31, 2018.

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

The future prospect appears to remain unpredictable due to continuing high freight costs and geopolitical risks as well as the impact of U.S.–China trade friction while the demand for air and sea freight forwarding is expected to grow steadily.

Under such circumstances, the Group will work on various measures to increase total handling volume of air and sea freight forwarding in order to sustain a mid- to long-term growth.

While the Group earnings may fluctuate due to factors including the global economy and exchange rates, the consolidated earnings forecasts for the year ending March 31, 2019 remain unchanged at this point from those announced on November 8, 2018.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY3/18 (As of March 31, 2018)	Third quarter of FY3/19 (As of December 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	72,832	75,713
Notes and accounts receivable-trade	110,005	112,112
Other	12,781	12,787
Allowance for doubtful accounts	(2,098)	(1,177)
<b>Total current assets</b>	<b>193,520</b>	<b>199,436</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,279	19,212
Land	14,082	14,076
Other, net	13,387	13,124
<b>Total property, plant and equipment</b>	<b>46,749</b>	<b>46,413</b>
Intangible assets		
Goodwill	65,586	63,061
Customer-related assets	35,139	33,764
Other	20,602	22,007
<b>Total intangible assets</b>	<b>121,328</b>	<b>118,833</b>
<b>Total investments and other assets</b>	<b>27,984</b>	<b>25,405</b>
<b>Total non-current assets</b>	<b>196,062</b>	<b>190,651</b>
<b>Total assets</b>	<b>389,582</b>	<b>390,088</b>
<b>Liabilities</b>		
Current liabilities		
Notes and operating accounts payable-trade	51,622	50,808
Short-term loans payable	42,024	44,817
Income taxes payable	3,867	3,403
Provision for bonuses	4,616	4,972
Provision for directors' bonuses	250	190
Other	20,666	21,781
<b>Total current liabilities</b>	<b>123,048</b>	<b>125,973</b>
Non-current liabilities		
Long-term loans payable	123,651	117,987
Net defined benefit liability	2,877	2,931
Other	11,016	10,376
<b>Total non-current liabilities</b>	<b>137,545</b>	<b>131,295</b>
<b>Total liabilities</b>	<b>260,594</b>	<b>257,269</b>

(Millions of yen)

	FY3/18 (As of March 31, 2018)	Third quarter of FY3/19 (As of December 31, 2018)
<b>Net assets</b>		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,084	4,084
Retained earnings	112,268	117,841
Treasury shares	(3)	(3)
Total shareholders' equity	123,565	129,138
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,893	1,288
Foreign currency translation adjustment	(5,268)	(6,971)
Remeasurements of defined benefit plans	(478)	(415)
Total accumulated other comprehensive income	(3,853)	(6,098)
Non-controlling interests	9,276	9,779
Total net assets	128,988	132,819
Total liabilities and net assets	389,582	390,088

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

(Millions of yen)

	First nine months of FY3/18 (April 1, 2017 – December 31, 2017)	First nine months of FY3/19 (April 1, 2018 – December 31, 2018)
Net sales	407,956	447,454
Operating cost	340,448	374,764
Operating gross profit	67,508	72,690
Selling, general and administrative expenses	56,066	57,199
Operating income	11,442	15,490
Non-operating income		
Interest income	383	528
Dividends income	42	51
Amortization of negative goodwill	8	8
Share of profit of entities accounted for using equity method	80	–
Foreign exchange gains	337	1,632
Miscellaneous income	487	442
Total non-operating income	1,340	2,664
Non-operating expenses		
Interest expenses	738	893
Share of loss of entities accounted for using equity method	–	1,309
Miscellaneous expenses	71	169
Total non-operating expenses	810	2,372
Ordinary income	11,972	15,781
Extraordinary income		
Gain on sales of non-current assets	573	3
Settlement received	527	–
Total extraordinary income	1,101	3
Extraordinary loss		
Impairment loss	–	29
Loss on retirement of non-current assets	2	9
Loss on liquidation of subsidiaries	457	–
Provision of allowance for doubtful accounts	1,239	–
Total extraordinary losses	1,700	38
Income before income taxes	11,373	15,746
Income taxes	6,297	6,698
Net income	5,076	9,047
Net income attributable to non-controlling interests	964	1,602
Net income attributable to owners of the parent	4,111	7,445

**(Consolidated statements of comprehensive income)**

(Millions of yen)

	First nine months of FY3/18 (April 1, 2017 – December 31, 2017)	First nine months of FY3/19 (April 1, 2018 – December 31, 2018)
Net income	5,076	9,047
Other comprehensive income		
Valuation difference on available-for-sale securities	616	(604)
Foreign currency translation adjustment	269	(982)
Remeasurements of defined benefit plans	36	67
Share of other comprehensive income of entities accounted for using equity method	197	(958)
Total other comprehensive income	1,120	(2,477)
Comprehensive income	6,196	6,570
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,103	5,199
Comprehensive income attributable to non-controlling interests	1,092	1,370

### (3) Notes to the Quarterly Consolidated Financial Statements

(Notes concerning Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Significant Subsidiaries during the Period)

From the three months ended September 30, 2018, APL Logistics/CFR AD Holdings, LLC was excluded from the scope of consolidation as the company is under liquidation process and became immaterial. The liquidation process was completed on January 7, 2019.

(Application of Special Accounting Treatment in Preparing the Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated as income before income taxes for the period multiplied by the estimated effective tax rate. The effective tax rate is reasonably estimated taking into consideration deferred tax accounting as the rate applicable to income before income taxes for the consolidated fiscal year including the nine months ended December 31, 2018.

(Additional information)

Following the application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective April 1, 2018, deferred tax assets are presented in investments and other assets and deferred tax liabilities are presented in non-current liabilities.

(Notes to Quarterly Consolidated Statement of Income)

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

First nine months of the fiscal year ended March 2018 (April 1, 2017 – December 31, 2017)

Impairment loss of 149 million yen for goodwill associated with a non-consolidated subsidiary accounted for using equity method in Hong Kong is included.

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

Impairment loss of 2,050 million yen for investments in Changan Minsheng APLL Logistics Co., Ltd., an affiliate accounted for using equity method, is included.

(Impairment loss)

First nine months of the fiscal year ended March 2018 (April 1, 2017 – December 31, 2017)

Not applicable.

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

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

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

The KWE Group divides its assets into groups based on performance management units used for management accounting purpose. The carrying amount of goodwill related to India Infrastructure and Logistics Private Limited, the Company's consolidated subsidiary, was written down to its recoverable amount and impairment loss of 29 million yen was recorded as the forecasted earnings are no longer expected to be generated. The recoverable amount is measured based on value in use which is calculated by discounting future cash flows at a discount rate of 16.0%.

(Loss on liquidation of subsidiaries)

First nine months of the fiscal year ended March 2018 (April 1, 2017 - December 31, 2017)

Loss on liquidation of subsidiaries recorded as a result of the resolution regarding the liquidation of APL Logistics/CFR AD Holdings, LLC consists of goodwill impairment loss of 410 million yen and anticipated losses of 47 million yen.

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

Not applicable.

(Segment Information, etc.)

**I First nine months of the fiscal year ended March 2018 (April 1, 2017 – December 31, 2017)**

1. Information about sales, income/loss for each reportable segment

(Millions of yen)

	Reportable segment							Other Note 1	Total	Adjustment Note 2	Carrying amount on quarterly consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	APLL	Total				
Net sales											
Net sales to outside customers	90,842	35,569	27,456	70,171	39,721	143,930	407,692	263	407,956	–	407,956
Inter-segment sales/transfers	2,574	3,301	732	1,540	993	94	9,237	1,447	10,684	(10,684)	–
Total net sales	93,416	38,870	28,189	71,712	40,715	144,024	416,929	1,711	418,641	(10,684)	407,956
Segment income (loss)	4,161	2,160	310	4,101	2,486	(2,096)	11,124	312	11,437	4	11,442

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

2. The 4 million yen adjustment in segment income (loss) is an elimination of income generated from business between segments.

3. Segment income (loss) has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

4. Major countries or regions except Japan and APLL in each category are as follows:

- (1) The Americas: United States, Canada, Mexico, and Latin American countries
- (2) Europe, Middle East & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries
- (3) East Asia & Oceania: Hong Kong, China, South Korea, Taiwan, and Australia
- (4) Southeast Asia: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, Philippines, and Cambodia

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

For the nine months ended December 31, 2017, “East Asia & Oceania” segment recorded impairment loss of 149 million yen for goodwill associated with a non-consolidated subsidiary accounted for using equity method in Hong Kong. For the nine months ended December 31, 2017, “APLL” segment recorded goodwill impairment loss of 410 million yen as a result of the resolution regarding the liquidation of APL Logistics/CFR AD Holdings, LLC.

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

### 1. Information about sales, income/loss for each reportable segment

(Millions of yen)

	Reportable segment							Other Note 1	Total	Adjustment Note 2	Carrying amount on quarterly consolidated statements of income Note 3
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	APLL	Total				
Net sales											
Net sales to outside customers	107,448	43,074	30,802	76,854	42,403	146,551	447,135	319	447,454	–	447,454
Inter-segment sales/transfers	2,963	3,169	1,090	1,814	1,489	118	10,645	1,702	12,347	(12,347)	–
Total net sales	110,411	46,243	31,893	78,669	43,892	146,670	457,780	2,021	459,802	(12,347)	447,454
Segment income	4,127	2,537	1,046	4,130	2,035	1,346	15,224	250	15,474	15	15,490

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

2. The 15 million yen adjustment in segment income is an elimination of income generated from business between segments.

3. Segment income has been adjusted for the operating income appearing in the quarterly consolidated statements of income.

4. Major countries or regions except Japan and APLL in each category are as follows:

- (1) The Americas: United States, Canada, Mexico, and Latin American countries
- (2) Europe, Middle East & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries
- (3) East Asia & Oceania: Hong Kong, China, South Korea, Taiwan, and Australia
- (4) Southeast Asia: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, Philippines, and Cambodia

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

(Significant impairment loss of non-current assets)

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