



Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2021 [J-GAAP] (Consolidated)

November 11, 2020

Company Name: Kintetsu World Express, Inc. (KWE)
 Stock exchange listed on: Tokyo Stock Exchange (First Section)
 Company code: 9375 URL: <https://www.kwe.co.jp>
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 Officer, General Manager,
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 The date of filing the quarterly financial statements: November 12, 2020
 The date of the dividend payment start (planned): December 10, 2020
 Preparation of quarterly earnings presentation material: Yes
 Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated earnings results for the first six months of the fiscal year ending March 2021 (April 1, 2020– September 30, 2020)

(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 six months ended September 30, 2020	263,718	(2.9)	13,008	48.5	13,424	104.0	8,158	266.6
September 30, 2019	271,599	(6.8)	8,759	(1.1)	6,581	(37.3)	2,225	(55.6)

(Note) Comprehensive income First six months ended September 30, 2020: 6,981 million yen (–%)
 First six months ended September 30, 2019: (3,810) million yen (–%)

	Net income per share	Diluted net income per share
First six months ended	(Yen)	(Yen)
September 30, 2020	113.48	—
September 30, 2019	30.92	—

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of September 30, 2020	390,002	131,435	31.1	1,685.24
As of March 31, 2020	385,470	126,606	30.1	1,615.38

(Reference) Shareholders' equity As of September 30, 2020: 121,156 million yen As of March 31, 2020: 116,133 million yen

2. Dividends

	Annual dividends				
	Q1	Q2	Q3	Year-end	Full fiscal year
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2020	—	10.00	—	20.00	30.00
Fiscal year ending March 31, 2021	—	10.00	—	—	—
Fiscal year ending March 31, 2021 (Forecasts)	—	—	—	20.00	30.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 2021 (April 1, 2020 – March 31, 2021)

(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	524,000	(3.8)	24,000	21.7	24,000	37.7	14,000	196.3	194.73

(Note) Revisions to the most recently disclosed earnings forecasts: Yes

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries in accordance with changes in the scope of consolidation): No

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

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Major Notes, (4) Notes to the Quarterly Consolidated Financial Statements (Application of Special Accounting Treatment in Preparing the Quarterly Consolidated Financial Statements)” on page 13.

(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 September 30, 2020:	72,000,000 shares	As of March 31, 2020:	72,000,000 shares
(b) Number of treasury shares	As of September 30, 2020:	107,367 shares	As of March 31, 2020:	107,367 shares
(c) Average number of shares during the period	First six months ended September 30, 2020:	71,892,633 shares	First six months ended September 30, 2019:	71,971,984 shares

Note: KWE has introduced the Board Incentive Plan Trust (“BIP Trust”). The Company’s shares held by the BIP Trust are included in treasury shares in the consolidated financial statements. They are also included in the number of treasury shares that is deducted in calculating the average number of shares during the period.

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

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

(Remarks on forward-looking statements)

The statements about future described on this report such as earnings forecasts have been made based on information currently available and certain assumptions considered reasonable, and it is not intended to assure that we will achieve such results. Actual earnings may differ significantly from the above forecasts for various reasons. For the assumptions for earnings forecasts and cautions regarding the use of the earnings forecasts, please refer to “1. Qualitative Information concerning Consolidated Earnings Results for the First Six Months of the Fiscal Year Ending March 2021 (3) Explanation about Future Forecast Information including Consolidated Earnings Forecasts” on page 6.

(Supplementary materials for financial results and the details of the financial results meeting)

A financial results conference call for institutional investors and analysts will be held on November 12, 2020. The presentation materials will be disclosed through TDnet on the same day and posted on our website.

1. Qualitative Information concerning Consolidated Earnings Results for the First Six Months of the Fiscal Year Ending March 2021

(1) Explanation about Operating Results

During the six months ended September 30, 2020, the global economy faced difficult situations due to the global pandemic of the novel coronavirus (“COVID-19”) but started to show signs of recovery in some areas as the economic activities gradually resumed.

The Japanese economy also experienced declines in export, capital investment, and personal consumptions, and the outlook of the economy remained uncertain.

The global market witnessed a sharp drop in demand for international transport due to restrictions on global economic activities resulting in a decrease in the volume of the overall market.

Under such circumstances, the KWE Group’s freight operations saw air freight exports fell 14.6% year-on-year to 233 thousand tons, and air freight imports decreased 14.4% to 527 thousand shipments. Sea freight exports dropped 11.5% to 291 thousand TEUs, and imports fell 7.1% to 130 thousand shipments. Logistics were stagnant overall due to a decrease in the handling volume in APLL and overseas segments.

While the handling volume decreased overall, net sales showed a different trend due to a significant decrease in transportation space in air freight caused by a reduction of passenger flights and the resulting rise in freight cost and sales price.

Operating results by segment are as follows:

Japan

Air freight exports decreased 20.0% year-on-year to 55 thousand tons due to stagnant demand in automotive-related products and machinery-related products. Air freight imports fell 12.6% to 151 thousand shipments due to a decrease in handling mainly in automotive-related products and electronic products. As for sea freight, exports declined 1.3% to 66 thousand TEUs due to a sluggish momentum in automotive-related products, etc., and imports dropped 3.1% to 53 thousand shipments due to a decline in handling in automotive-related products, etc. In logistics, the volume grew due to an increase mainly in electronic products. Domestic subsidiaries showed weak performance overall.

As a result, net sales for the segment decreased 5.8% to 64,795 million yen, and operating income increased 71.4% to 3,104 million yen due to an improvement in operating gross profit margin, etc.

The Americas

Air freight exports decreased 12.3% to 45 thousand tons due to decreases in aerospace products, etc. Air freight imports dropped 28.3% to 43 thousand shipments due to decreases in automotive-related products and machinery-related products. As for sea freight, exports declined 21.8% to 19 thousand TEUs due to decreases in aerospace products and food products, and imports fell 18.6% to 15 thousand shipments due to falls in machinery-related products and automotive-related products. In logistics, the handling volume fell in the U.S. and Canada.

As a result, net sales for the segment decreased 8.1% to 26,606 million yen, and operating income increased 10.7% to 1,715 million yen due to an improvement in operating gross profit margin.

The exchange rate was U.S.\$1 = ¥106.92 and U.S.\$1 = ¥108.63 for the six months ended September 30, 2020 and 2019, respectively.

Europe, Middle East & Africa

Air freight exports dropped 39.1% to 19 thousand tons due to drops in chemical products and automotive-related products,

etc. Air freight imports decreased 41.5% to 32 thousand shipments due to significant decreases in automotive-related products and electronic products. Sea freight exports declined 7.3% to 8 thousand TEUs due to falls mainly in chemical products, and imports decreased 15.3% to 7 thousand shipments due to a decrease in machinery-related products, etc. In logistics, the handling volume decreased mainly in Germany and South Africa.

As a result, net sales for the segment dropped 4.8% to 17,484 million yen, and operating income fell 5.2% to 461 million yen mainly due to sluggish performance in a South African subsidiary, etc.

The exchange rate was €1 = ¥121.30 and €1 = ¥121.42 for the six months ended September 30, 2020 and 2019, respectively.

East Asia & Oceania

Air freight exports increased 0.3% to 69 thousand tons due to a steady movement in electronic products, and air freight imports decreased 1.7% to 222 thousand shipments as electronic products lost momentum. As for sea freight, exports fell 4.5% to 111 thousand TEUs due to decreases in automotive-related products and machinery-related products, and imports remained flat with 0.0% increase to 30 thousand shipments. In logistics, the handling volume decreased mainly in China.

As a result, net sales for the segment increased 24.5% to 57,076 million yen, and operating income increased 148.1% to 5,557 million yen due to an improvement in operating gross profit margin, etc.

Southeast Asia

Air freight exports fell 14.5% to 43 thousand tons due to a sluggish momentum in automotive-related products and retail-related products. Air freight imports decreased 22.4% to 78 thousand shipments due to a stagnant demand in electronic products and automotive-related products. As for sea freight, exports fell 16.5% to 67 thousand TEUs due to decreases in motorcycles and electronic products, and imports dropped 12.4% to 22 thousand shipments due to a decrease in automotive-related products, etc. In logistics, the handling volume decreased in Indonesia and Singapore.

As a result, net sales for the segment increased 30.8% to 35,820 million yen, and operating income increased 256.1% to 3,040 million yen due to an improvement in operating gross profit margin, etc.

APLL

As for logistics services for automotive, the land transport decreased in North America and India as a consequence of shutdowns of factories due to lockdowns. For retail-related services, the handling volume decreased mainly in major customers due to shutdowns of stores around the world, and the volume in consumer and other industrial fields was below a year earlier.

As a result, net sales for the segment decreased 23.5% to 67,781 million yen, and operating income fell 60.9% to 1,793 million yen. Segment loss amounted to 1,092 million yen (income of 1,613 million yen a year earlier) as amortization of goodwill related to APLL acquisition is included in this segment.

The exchange rate was U.S. \$1 = ¥108.27 and U.S. \$1 = ¥110.05 for the six months ended September 30, 2020 and 2019, respectively (APLL used the average rate for the period from January 1 to June 30 because APLL's fiscal year-end is December 31).

As a result, net sales for the six months ended September 30, 2020 decreased 2.9% to 263,718 million yen, operating income increased 48.5% to 13,008 million yen, ordinary income increased 104.0% to 13,424 million yen, and net income attributable to owners of the parent rose 266.6% to 8,158 million yen.

(2) Explanation about Financial Position

1) Assets, liabilities, and net assets

Total assets as of September 30, 2020 increased 4,531 million yen from March 31, 2020 to 390,002 million yen. Current assets increased 9,796 million yen to 203,760 million yen mainly due to an increase in cash and deposits of 17,744 million yen despite a decrease in notes and operating accounts receivable of 7,570 million yen. Non-current assets decreased 5,346 million to 186,102 million due to a decrease in total intangible assets of 5,087 million yen mainly because of amortization of goodwill and customer-related assets.

Total liabilities as of September 30, 2020 decreased 297 million yen from March 31, 2020 to 258,566 million yen. Current liabilities decreased 5,285 million yen to 122,671 million yen due to a decrease in short-term loans payable of 3,209 million yen and a decrease of 1,917 million yen in notes and operating accounts payable-trade. Non-current liabilities increased 4,988 million yen to 135,895 million yen mainly due to issuance of bonds of 15,000 million yen while long-term loans payable decreased by 10,050 million yen.

Total net assets as of September 30, 2020 increased 4,828 million yen from March 31, 2020 to 131,435 million yen. Retained earnings increased 6,714 million yen mainly due to recording net income attributable to owners of the parent of 8,158 million yen despite cash dividends paid of 1,439 million yen. On the other hand, foreign currency translation adjustment decreased 2,656 million yen due to a stronger yen against the U.S. dollar.

Consequently, the equity ratio increased to 31.1% from 30.1% as of March 31, 2020.

2) Cash flows

Cash and cash equivalents as of September 30, 2020 increased 18,271 million yen from March 31, 2020 to 94,125 million yen.

Cash flows from each activity and their significant factors during the six months ended September 30, 2020 are as follows:

(Cash flows from operating activities)

During the six months ended September 30, 2020, operating activities provided net cash of 24,550 million yen, an increase of 6,764 million yen year-on-year. This mainly reflected cash inflows due to income before income taxes of 13,466 million yen, depreciation of 8,695 million yen, and decrease in notes and accounts receivable-trade of 6,100 million yen, and cash outflows due to income taxes paid of 3,596 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 1,272 million yen, a decrease of 2,258 million yen year-on-year. This mainly reflected cash outflows due to purchase of property, plant and equipment of 1,393 million yen.

(Cash flows from financing activities)

Net cash used in financing activities totaled 4,689 million yen, a decrease of 11,619 million yen year-on-year. This mainly reflected cash outflows due to net decrease in short-term loans payable of 3,068 million yen, repayments of lease obligations of 4,577 million yen, and repayments of long-term loans payable of 10,050 million yen, and cash inflows due to proceeds from issuance of bonds of 14,913 million yen.

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

In light of the recent earnings results, the Company has revised the consolidated earnings forecasts for the fiscal year ending March 31, 2021 announced on August 6, 2020 as follows:

Consolidated earnings forecasts for the fiscal year ending March 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecasts (A) (Announced on August 6, 2020)	516,000	19,000	19,000	10,000	¥139.10
Revised forecasts (B)	524,000	24,000	24,000	14,000	¥194.73
Differences (B) – (A)	8,000	5,000	5,000	4,000	—
Change (%)	1.6	26.3	26.3	40.0	—
(Ref.) Year ended March 31, 2020	544,533	19,714	17,432	4,724	¥65.68
(Ref.) YoY change (%)	(3.8)	21.7	37.7	196.3	—

(Note) Please refer to page 15 of “Presentation Material for the Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2021” disclosed on November 11, 2020 for the earnings forecast by segment.

(Reason of revision)

During the six months ended September 30, 2020, the Group handled less air and sea freight due to the global spread of COVID-19; in particular, air freight saw a significant decrease in cargo space attributed to the reduction of passenger flights. However, operating income exceeded expectations due to increased freight costs, the resulting rise in sales prices, and appropriate management of indirect costs and SGA expenses.

For the next six months, while it is expected that the situation where it will be difficult to reasonably forecast the trend of handling volume and freight cost, etc. will continue based on such factors as a recent resurgence of COVID-19, it is also assumed that the business environment will remain the same as the first six months to a certain extent.

In light of such circumstances, we carefully examined again the consolidated earnings forecasts for the year ending March 31, 2021 and revised as shown above.

(Note) Cautionary Statement concerning Earnings Forecasts

The forecasts above are based on information currently available. Actual performance may differ from the above forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY3/20 (As of March 31, 2020)	Second quarter of FY3/21 (As of September 30, 2020)
Assets		
Current assets		
Cash and deposits	80,493	98,237
Notes and operating accounts receivable	99,633	92,062
Securities	4,366	4,362
Other	10,930	10,432
Allowance for doubtful accounts	(1,458)	(1,335)
Total current assets	193,964	203,760
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,459	17,969
Land	13,921	13,916
Right-of-use assets, net	23,168	23,524
Other, net	12,596	11,783
Total property, plant and equipment	68,145	67,193
Intangible assets		
Goodwill	56,053	53,275
Customer-related assets	30,072	28,570
Other	16,047	15,240
Total intangible assets	102,173	97,086
Total investments and other assets	21,129	21,822
Total non-current assets	191,449	186,102
Deferred assets		
Bond issuance cost	56	139
Total deferred assets	56	139
Total assets	385,470	390,002
Liabilities		
Current liabilities		
Notes and operating accounts payable-trade	47,978	46,060
Short-term loans payable	47,660	44,451
Income taxes payable	3,526	4,305
Provision for bonuses	4,589	4,173
Provision for directors' bonuses	267	94
Other	23,934	23,585
Total current liabilities	127,957	122,671
Non-current liabilities		
Bonds payable	10,000	25,000
Long-term loans payable	87,883	77,833
Provision for share-based remuneration for directors	20	33
Net defined benefit liability	6,736	6,694
Other	26,266	26,334
Total non-current liabilities	130,906	135,895
Total liabilities	258,864	258,566

(Millions of yen)

	FY3/20 (As of March 31, 2020)	Second quarter of FY3/21 (As of September 30, 2020)
Net assets		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,084	4,084
Retained earnings	121,425	128,140
Treasury shares	(150)	(150)
Total shareholders' equity	132,576	139,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	852	1,598
Foreign currency translation adjustment	(14,675)	(17,331)
Remeasurements of defined benefit plans	(2,619)	(2,401)
Total accumulated other comprehensive income	(16,443)	(18,135)
Non-controlling interests	10,472	10,278
Total net assets	126,606	131,435
Total liabilities and net assets	385,470	390,002

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

	(Millions of yen)	
	First six months of FY3/20 (April 1, 2019 – September 30, 2019)	First six months of FY3/21 (April 1, 2020 – September 30, 2020)
Net sales	271,599	263,718
Operating cost	226,372	216,427
Operating gross profit	45,226	47,291
Selling, general and administrative expenses	36,467	34,282
Operating income	8,759	13,008
Non-operating income		
Interest income	412	307
Dividends income	37	28
Amortization of negative goodwill	5	5
Foreign exchange gains	872	72
Subsidy income	89	835
Miscellaneous income	170	183
Total non-operating income	1,586	1,432
Non-operating expenses		
Interest expenses	1,028	857
Share of loss of entities accounted for using equity method	2,691	127
Miscellaneous expenses	44	32
Total non-operating expenses	3,764	1,016
Ordinary income	6,581	13,424
Extraordinary income		
Gain on sales of non-current assets	33	–
Gain on sales of investment securities	126	41
Total extraordinary income	159	41
Extraordinary loss		
Loss on retirement of non-current assets	3	–
Loss on litigation	82	–
Total extraordinary losses	85	–
Income before income taxes	6,656	13,466
Income taxes	3,663	4,595
Net income	2,992	8,870
Net income attributable to non-controlling interests	767	712
Net income attributable to owners of the parent	2,225	8,158

(Consolidated statements of comprehensive income)

(Millions of yen)

	First six months of FY3/20 (April 1, 2019 – September 30, 2019)	First six months of FY3/21 (April 1, 2020 – September 30, 2020)
Net income	2,992	8,870
Other comprehensive income		
Valuation difference on available-for-sale securities	(160)	755
Foreign currency translation adjustment	(6,661)	(2,635)
Remeasurements of defined benefit plans	144	220
Share of other comprehensive income of entities accounted for using equity method	(125)	(229)
Total other comprehensive income	(6,803)	(1,889)
Comprehensive income	(3,810)	6,981
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(4,162)	6,466
Comprehensive income attributable to non-controlling interests	351	514

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	First six months of FY3/20 (April 1, 2019— September 30, 2019)	First six months of FY3/21 (April 1, 2020— September 30, 2020)
Cash flows from operating activities		
Income before income taxes	6,656	13,466
Depreciation	8,367	8,695
Amortization of goodwill	1,821	1,789
Amortization of negative goodwill	(5)	(5)
Increase (decrease) in allowance for doubtful accounts	(84)	(164)
Increase (decrease) in provision for bonuses	(455)	(401)
Increase (decrease) in provision for directors' bonuses	(155)	(174)
Increase (decrease) in provision for share-based remuneration for directors	10	13
Increase (decrease) in net defined benefit liability	238	294
Interest and dividends income	(449)	(335)
Interest expenses	1,028	857
Share of (profit) loss of entities accounted for using equity method	2,691	127
Loss (gain) on sales of non-current assets	(33)	—
Loss on retirement of non-current assets	3	—
Loss (gain) on sales of investment securities	(126)	(41)
Loss on litigation	82	—
Decrease (increase) in notes and accounts receivable-trade	7,829	6,100
Increase (decrease) in notes and accounts payable-trade	(1,543)	(665)
Other, net	(3,180)	(876)
Subtotal	22,694	28,680
Interest and dividends income received	437	315
Interest expenses paid	(1,035)	(849)
Income taxes paid	(4,227)	(3,596)
Payments for loss on litigation	(82)	—
Net cash provided by operating activities	17,786	24,550
Cash flows from investing activities		
Payments into time deposits	(2,821)	(2,069)
Proceeds from withdrawal of time deposits	2,822	2,615
Purchase of property, plant and equipment	(2,877)	(1,393)
Proceeds from sales of property, plant and equipment	136	33
Purchase of intangible assets	(594)	(470)
Purchase of investment securities	(2,583)	(2,032)
Proceeds from sales and redemption of securities	2,374	2,028
Payments for lease and guarantee deposits	(930)	(286)
Proceeds from collection of lease and guarantee deposits	967	273
Payments of loans receivable	(0)	—
Collection of loans receivable	21	0
Other, net	(46)	27
Net cash used in investing activities	(3,531)	(1,272)

(Millions of yen)

	First six months of FY3/20 (April 1, 2019– September 30, 2019)	First six months of FY3/21 (April 1, 2020– September 30, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(9,417)	(3,068)
Repayments of lease obligations	(4,074)	(4,577)
Repayments of long-term loans payable	(10,414)	(10,050)
Proceeds from issuance of bonds	9,939	14,913
Purchase of treasury shares	(146)	–
Cash dividends paid	(1,439)	(1,439)
Dividends paid to non-controlling interests	(756)	(467)
Net cash used in financing activities	(16,309)	(4,689)
Effect of exchange rate changes on cash and cash equivalents	(2,857)	(102)
Net increase (decrease) in cash and cash equivalents	(4,912)	18,485
Cash and cash equivalents at beginning of period	75,799	75,853
Increase (decrease) in cash and cash equivalents resulting from change in the fiscal period of consolidated subsidiaries	–	(214)
Cash and cash equivalents at end of period	70,887	94,125

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes concerning Going Concern Assumption)

Not applicable.

(Significant Changes in Shareholders' Equity)

Not applicable.

(Changes in Significant Subsidiaries during the Period)

Not applicable.

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

(Calculation of tax expenses)

Tax expenses are calculated as income before income taxes for the period multiplied by the estimated effective tax rate. The effective tax rate is reasonably estimated taking into consideration deferred tax accounting as the rate applicable to income before income taxes for the consolidated fiscal year including the six months ended September 30, 2020.

(Notes to Quarterly Consolidated Statement of Income)

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

First six months of the fiscal year ended March 2020 (April 1, 2019 – September 30, 2019)

Impairment loss of 3,007 million yen for investments in Changan Minsheng APLL Logistics Co., Ltd., an affiliate accounted for using equity method, is included.

First six months of the fiscal year ending March 2021 (April 1, 2020 – September 30, 2020)

Not applicable.

(Segment Information, etc.)

[Segment Information]

I First six months of the fiscal year ended March 2020 (April 1, 2019 – September 30, 2019)

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	66,885	26,893	17,875	44,824	26,333	88,586	271,397	201	271,599	–	271,599
Inter-segment sales/transfers	1,930	2,073	486	1,004	1,060	61	6,616	1,287	7,903	(7,903)	–
Total net sales	68,815	28,967	18,362	45,828	27,393	88,647	278,014	1,488	279,502	(7,903)	271,599
Segment income	1,811	1,548	486	2,239	853	1,613	8,554	195	8,749	9	8,759

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

2. The 9 million yen adjustment in segment income is an elimination of income generated from business between segments.

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

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

(1) The Americas: United States, Canada, Mexico, and Latin American countries

(2) Europe, Middle East & Africa: United Kingdom, Germany, France, Italy, Netherlands, Belgium, Switzerland, Ireland, other European countries, Russia, African countries, and Middle Eastern countries

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

(4) Southeast Asia: Singapore, Malaysia, Thailand, India, Indonesia, Vietnam, Philippines, and Cambodia

5. Effective July 1, 2019, reportable segment of a consolidated subsidiary is changed to “The Americas” from “APLL” as a result of the review of the Group management unit.

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

(Significant impairment loss of non-current assets)

“APLL” segment recognized impairment loss of 3,007 million yen on shares of Changan Minsheng APLL Logistics Co., Ltd., an affiliate accounted for using the equity method.

II First six months of the fiscal year ending March 2021 (April 1, 2020 – September 30, 2020)

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	62,418	25,112	17,183	56,142	34,941	67,728	263,527	190	263,718	–	263,718
Inter-segment sales/transfers	2,377	1,493	300	934	879	52	6,037	1,064	7,101	(7,101)	–
Total net sales	64,795	26,606	17,484	57,076	35,820	67,781	269,565	1,254	270,819	(7,101)	263,718
Segment income (loss)	3,104	1,715	461	5,557	3,040	(1,092)	12,786	206	12,993	15	13,008

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

2. The 15 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