



Financial Results for the Fiscal Year Ended March 31, 2022 [J-GAAP] (Consolidated)

May 12, 2022

Company Name: Kintetsu World Express, Inc. (KWE)
 Stock exchange listed on: Tokyo Stock Exchange (Prime Market)
 Company code: 9375 URL: <https://www.kwe.com>
 Representative: President and Chief Executive Officer Nobutoshi Torii
 Managing Officer, General Manager,
 Inquiries: Corporate Finance & Accounting Department Hiroyuki Kasamatsu TEL: +81-3-6863-6445
 The date of the ordinary general shareholder meeting (planned): June 15, 2022
 The date of the dividend payment start (planned): June 16, 2022
 The date of filing the securities report (planned): June 16, 2022
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Fiscal year ended March 2022 consolidated results (April 1, 2021 – March 31, 2022)

(1) Consolidated business results

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

Fiscal year ended	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)	(%)
March 31, 2022	980,441	61.0	62,475	82.8	64,733	87.5	43,417	100.6
March 31, 2021	609,110	11.9	34,177	73.4	34,529	98.1	21,644	358.2

(Reference) Comprehensive income: Fiscal year ended March 31, 2022: 69,036 million yen (171.0%)
 Fiscal year ended March 31, 2021: 25,473 million yen (-%)

Fiscal year ended	Net income per share	Diluted net income per share	Return on shareholders' equity	Ordinary income to total assets	Operating margin
	(Yen)	(Yen)	(%)	(%)	(%)
March 31, 2022	603.90	—	25.8	13.5	6.4
March 31, 2021	301.06	—	17.0	8.6	5.6

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended March 31, 2022: 321 million yen
 Fiscal year ended March 31, 2021: 33 million yen

(2) Consolidated financial position

Fiscal year ended	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
March 31, 2022	537,999	211,057	36.9	2,757.51
March 31, 2021	418,827	148,739	33.1	1,926.30

(Reference) Shareholders' equity: As of March 31, 2022: 198,255 million yen As of March 31, 2021: 138,486 million yen

(3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
March 31, 2022	30,048	(5,831)	(13,164)	104,028
March 31, 2021	37,938	(3,589)	(26,914)	85,995

2. Dividends

Fiscal year ended	Annual dividends					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Q1	Q2	Q3	Q4	Full fiscal year			
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)	(Millions of yen)	(%)	(%)
March 31, 2021	—	10.00	—	40.00	50.00	3,599	16.6	2.8
March 31, 2022	—	40.00	—	80.00	120.00	8,639	19.9	5.1
Fiscal year ending March 31, 2023 (Forecasts)	—	40.00	—	80.00	120.00		27.0	

3. Consolidated earnings forecasts for the fiscal year ending March 2023 (April 1, 2022 – March 31, 2023)

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

Full fiscal 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)
	944,500	(3.7)	50,500	(19.2)	49,000	(24.3)	32,000	(26.3)	445.08

* Notes

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

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

(a) Changes in accounting policies with revision of accounting standards, etc.: Yes

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

(c) Changes in accounting estimates: No

(d) Restatement of revisions: No

Note: Please refer to “3. Consolidated Financial Statements and Major Notes (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policies)” on page 15.

(3) Number of issued shares (common shares)

(a) Number of issued shares (including treasury shares)	As of March 31, 2022:	72,000,000 shares	As of March 31, 2021:	72,000,000 shares
(b) Number of treasury shares	As of March 31, 2022:	103,456 shares	As of March 31, 2021:	107,367 shares
(c) Average number of shares during the period	Fiscal year ended March 31, 2022:	71,895,499 shares	Fiscal year ended March 31, 2021:	71,892,633 shares

Note: The Company has introduced the Board Incentive Plan Trust (“BIP Trust”). The Company’s shares held by the BIP Trust (101,012 shares as of March 31, 2022) 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 (102,107 shares as of March 31, 2022).

(Reference) Summary of non-consolidated results

1. Fiscal year ended March 2022 non-consolidated results (April 1, 2021 – March 31, 2022)

(1) Non-consolidated business results

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
March 31, 2022	211,293	75.6	8,363	44.0	22,815	64.4	19,708	69.1
March 31, 2021	120,326	15.9	5,808	227.8	13,877	91.7	11,658	105.2

Fiscal year ended	Net income per share	Diluted net income per share
	(Yen)	(Yen)
March 31, 2022	274.13	—
March 31, 2021	162.17	—

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders’ equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of March 31, 2022	275,732	111,926	40.6	1,556.77
As of March 31, 2021	248,879	97,911	39.3	1,361.92

(Reference) Shareholders’ equity As of March 31, 2022: 111,926 million yen As of March 31, 2021: 97,911 million yen

* The Financial Results report is outside the scope of an audit 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 the Company 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. Summary of Operating Results, etc. (4) Future Prospect” on page 6 of the attached material.

(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 Monday, May 16, 2022. The presentation materials will be disclosed through TDnet today and posted on our website.

1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year ended March 31, 2022

During the year ended March 31, 2022, the global economy continued to show a recovery trend with the easing of activity restrictions and the implementation of economic policies in various countries while the impact of COVID-19 continued. The U.S. economy maintained a recovery trend overall despite downward pressure stemming from reduced production activities due to supply constraints and labor shortages. The European economy also maintained a recovery trend overall. The Chinese economy maintained a recovery trend with the expansion of industrial production, but strict activity restrictions associated with the spread of COVID-19 in certain areas put downward pressure on consumer spending and industrial production. Economies in other East Asian countries continued to show recovery led by external demand, but the degree of recovery in Southeast Asia varied depending on the countries due to the resurgence of COVID-19.

The Japanese economy witnessed steady growth in the manufacturing sector overall backed by increased export with the recovery of overseas economies, but the intermittent state of emergency and the spread of new variant "Omicron" weighed on the recovery of personal consumption and non-manufacturing sectors.

In the global market, international transport demand which decreased in the year ended March 31, 2021 due to restrictions on economic activities around the world significantly increased while the tight capacity of air and sea transport due to disruptions in maritime container logistics and a reduced number of passenger flights resulted in continued capacity shortage and rise in freight rates.

Under such circumstances, in the Group's freight operation, air freight exports increased 33.0% year-on-year to 740 thousand tons, air freight imports rose 16.1% to 1,349 thousand shipments, sea freight exports increased 12.3% to 718 thousand TEUs and sea freight imports rose 8.0% to 285 thousand shipments, exceeding the pre-COVID-19 level. Logistics exceeded the results of a year earlier in all segments.

Operating results by each segment are as follows:

Japan

Air freight exports rose 38.6% to 182 thousand tons due to increases in electronic products and automotive-related products, etc. Air freight imports increased 15.2% to 380 thousand shipments due to increases in electronic products, healthcare-related products, and automotive-related products. As for sea freight, exports increased 9.3% to 164 thousand TEUs due to increases in construction machinery-related products, automotive-related products, and construction materials, etc. and imports remained flat with an increase of 1.6% to 107 thousand shipments. In logistics, the handling volume grew due to increases in healthcare-related products and electronic products, etc. Domestic subsidiaries showed better performance than a year earlier due to a recovery in domestic logistics demand.

As a result, net sales for the segment rose 62.0% to 244,073 million yen, and operating income rose 40.6% to 11,566 million yen.

In KWE Japan (non-consolidated results), net sales and operating income both significantly increased year-on-year due to increased handling volume and high freight cost triggered by the shortage of air and sea freight capacity, etc. as described above. Both ordinary income and net income also increased year-on-year mainly due to an increase in dividends from subsidiaries.

The Americas

Air freight exports rose 41.7% to 145 thousand tons due to increases in healthcare-related products and chemical products, etc. Air freight imports increased 29.5% to 129 thousand shipments mainly due to increases in electronic products, automotive-related products, and consumer products, etc. As for sea freight, exports declined 5.0% to 33 thousand TEUs due to a decrease in aerospace products, while imports increased 33.6% to 46 thousand shipments due to increases in electronic products, consumer products, and automotive-related products, etc. In logistics, the handling volume of electronic products and consumer products, etc. increased in the U.S and Canada.

As a result, net sales for the segment rose 81.9% to 107,880 million yen, and operating income surged 159.6% to 13,332 million

yen due to an improvement in operating gross profit margin.

The exchange rate was U.S. \$1 = ¥112.38 and U.S. \$1 = ¥106.06 for the fiscal year ended March 31, 2022 and 2021, respectively.

Europe, Middle East & Africa

Air freight exports rose 44.9% to 68 thousand tons due to increases in healthcare-related products and automotive-related products, etc. Air freight imports increased 29.6% to 96 thousand shipments due to increases in electronic products and healthcare-related products, etc. Sea freight exports increased 20.4% to 22 thousand TEUs and imports increased 21.7% to 19 thousand shipments due to increases in industry/construction machinery-related products. In logistics, the handling volume grew due to an increase in electronic products mainly in the Netherlands.

As a result, net sales for the segment increased 58.7% to 60,479 million yen, and operating income rose 221.9% to 4,297 million yen due to an improvement in operating gross profit margin.

The exchange rate was €1 = ¥130.56 and €1 = ¥123.70 for the fiscal year ended March 31, 2022 and 2021, respectively.

East Asia & Oceania

Air freight exports increased 20.5% to 201 thousand tons and imports increased 10.6% to 533 thousand shipments due to an increase mainly in electronic products. Sea freight exports increased 15.9% to 270 thousand TEUs due to increases in consumer products, electronic products, and automotive-related products. Sea freight imports remained flat with an increase of 0.0 % to 60 thousand shipments mainly due to increases in electronic products and automotive-related products. In logistics, the handling volume grew due to an increase in electronic products mainly in China.

As a result, net sales for the segment rose 71.0% to 227,326 million yen, and operating income increased 45.6% to 16,216 million yen.

Southeast Asia

Air freight exports increased 32.1% to 142 thousand tons and imports increased 19.6% to 209 thousand shipments due to increases in automotive-related products and electronic products. As for sea freight, exports increased 11.0% to 173 thousand TEUs due to increases in automotive-related products and electronic products, and imports increased 8.9% to 52 thousand shipments due to increases in electronic products, etc. In logistics, the handling volume grew due to increases mainly in electronic products and automotive-related products in Philippines and India, etc.

As a result, net sales for the segment rose 92.6% to 179,989 million yen, and operating income grew 65.7% to 13,277 million yen.

APLL

As for logistics service for automotive, the handling volume increased year-on-year despite the impact of intermittent production cut caused by the semiconductor shortage. Consumer products remained flat year-on-year, and retail-related and other industrial products showed a year-on-year increase due to an increase in the handling volume in sea freight and related logistics service.

As a result, net sales for the segment increased 32.6% to 196,379 million yen, and operating income rose 59.8% to 8,982 million yen. Segment income amounted to 3,393 million yen (loss of 19 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 = ¥109.80 and U.S. \$1 = ¥106.82 for the year ended March 31, 2022 and 2021, respectively (APLL used the average rate for the period from January 1 to December 31 because APLL's fiscal year-end is December 31).

As a result, net sales for the current fiscal year increased 61.0% to 980,441 million yen, operating income rose 82.8% to 62,475 million yen, ordinary income rose 87.5% to 64,733 million yen, and net income attributable to owners of the parent surged 100.6% to 43,417 million yen.

(2) Summary of Financial Position

Total assets as of March 31, 2022 increased 119,172 million yen from March 31, 2021 to 537,999 million yen. Total current assets increased 107,531 million yen to 344,934 million yen mainly due to an increase in notes and operating accounts receivable of 70,419 million yen. Non-current assets increased 11,602 million yen to 192,896 million yen. Total property, plant and equipment increased 5,638 million yen and total intangible assets increased 2,611 million yen both mainly resulting from currency translation differences in excess of a decrease by depreciation and amortization, respectively. Investments and other assets also increased 3,352 million yen.

Total liabilities increased 56,854 million yen to 326,942 million yen. Total current liabilities increased 53,455 million yen to 190,716 million yen mainly due to increases in notes and operating accounts payable-trade of 36,786 million yen, short-term loans payable of 4,702 million yen, and other of 6,154 million yen. Total non-current liabilities increased 3,399 million yen to 136,225 million yen mainly due to increases in bonds payable of 10,000 million yen and in lease obligations of 2,889 million yen despite a decrease in long-term loans payable of 10,000 million yen.

Total net assets as of March 31, 2022 increased 62,317 million yen from March 31, 2021 to 211,057 million yen. This was mainly because of an increase in retained earnings of 37,551 million yen due to recording net income attributable to owners of the parent of 43,417 million yen, despite cash dividends paid of 5,759 million yen. In addition, foreign currency translation adjustment increased 21,908 million yen due to a weaker yen trend.

Consequently, the equity ratio increased to 36.9% from 33.1% as of March 31, 2021.

(3) Cash Flows

	FY3/21	FY3/22	Change
Cash flows from operating activities	37,938	30,048	(7,890)
Cash flows from investing activities	(3,589)	(5,831)	(2,241)
Cash flows from financing activities	(26,914)	(13,164)	13,749
Effect of exchange rate change on cash and cash equivalents	2,921	6,981	4,060
Net increase (decrease) in cash and cash equivalents	10,355	18,033	7,677
Increase (decrease) in cash and cash equivalents resulting from change in the fiscal period of consolidated subsidiaries	(214)	-	214
Cash and cash equivalents at end of period	85,995	104,028	18,033

Cash and cash equivalents as of March 31, 2022 totaled 104,028 million yen, an increase of 18,033 million yen year-on-year, as cash inflows from operating activities exceeded cash outflows from investing and financing activities.

Cash flows from each activity and their significant factors are as follows:

(Cash flows from operating activities)

During the fiscal year ended March 31, 2022, net cash provided by operating activities totaled 30,048 million yen, a decrease of 7,890 million yen year-on-year. This mainly reflected cash inflows due to income before income taxes of 64,118 million yen, depreciation of 17,947 million yen, and an increase in notes and accounts payable-trade of 26,268 million yen, and cash outflows due to increases in notes and accounts receivable-trade of 54,983 million yen, in contract assets of 6,174 million yen, and income taxes paid of 18,108 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 5,831 million yen, an increase of 2,241 million yen year-on-year. This mainly reflected cash outflows due to purchase of property, plant and equipment of 4,225 million yen, and purchase of intangible assets of 1,337 million yen.

(Cash flows from financing activities)

Net cash used in financing activities totaled 13,164 million yen, a decrease of 13,749 million yen year-on-year. This mainly reflected cash outflows due to repayments of lease liabilities of 9,617 million yen, repayments of long-term loans payable of 13,086 million yen, and cash dividends paid of 5,758 million yen, and cash inflows due to net increase in short-term loans payable of 6,188 million yen and proceeds from issuance of bonds of 9,940 million yen.

(Reference) KWE Group's cash flow indicators

	FY3/19	FY3/20	FY3/21	FY3/22
Equity ratio (%)	31.3	30.1	33.1	36.9
Market-value-based equity ratio (%)	31.2	29.6	49.3	41.9
Interest-bearing debt to operating cash flow (years)	7.1	4.7	4.2	5.5
Interest coverage ratio (times)	17.3	17.7	22.4	18.9

Notes: Equity ratio = (Net assets - Non-controlling interests) / Total assets

Market-value-based equity ratio = Total value of shares / Total assets

Interest-bearing debt to operating cash flow ratio = Interest-bearing debt / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest payment

(4) Future Prospect

While the recovering global economy is expected to bring high transportation demand, the business environment surrounding the Group is forecasted to remain unpredictable due to factors such as the infection status of new COVID-19 variants and disruptions in manufacturing supply chains caused by supply constraints as well as the actualization of geopolitical risks, including the U.S.-China feud and Russia-Ukraine crisis, the rise in resource prices and global inflation, which may lead to an economic downturn.

In terms of the future prospect of the Group for the year ending March 31, 2023, it is assumed that high freight cost due to the shortage of air and sea freight capacity will continue for a while.

While the Group earnings going forward are likely to be affected by the global economy, exchange rates, and other factors, the forecasts for the fiscal year ending March 31, 2023 at this point are net sales of 944,500 million yen (down 3.7%), operating income of 50,500 million yen (down 19.2%), ordinary income of 49,000 million yen (down 24.3%), and net income attributable to owners of the parent of 32,000 million yen (down 26.3%).

In the event that we expect any significant impact on the Group's earnings of Russia-Ukraine crisis, etc., we will promptly make announcement.

2. Basic Approach to Selection of Accounting Standards

In preparation for adopting IFRS (International Financial Reporting Standards) in the future, the Group is now considering matters such as documentation of accounting policies and the timing of adoption.

3. Consolidated Financial Statements and Major Notes
(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY3/21 (As of March 31, 2021)	FY3/22 (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	90,277	108,095
Notes and operating accounts receivable	132,397	202,816
Contract assets	1,363	7,848
Securities	4,203	4,647
Other	10,512	23,036
Allowance for doubtful accounts	(1,350)	(1,511)
Total current assets	237,402	344,934
Non-current assets		
Property, plant and equipment		
Buildings and structures	41,305	43,203
Accumulated depreciation	(23,261)	(25,140)
Buildings and structures, net	18,044	18,062
Machinery, equipment and vehicles	9,632	10,979
Accumulated depreciation	(4,277)	(4,958)
Machinery and equipment and vehicles, net	5,354	6,020
Land	14,110	14,340
Leased assets	1,025	1,009
Accumulated depreciation	(741)	(757)
Leased assets, net	283	251
Right-of-use assets	49,998	59,847
Accumulated depreciation	(25,488)	(31,116)
Right-of-use assets, net	24,509	28,730
Other	22,657	25,745
Accumulated depreciation	(16,411)	(18,963)
Other, net	6,246	6,781
Total property, plant and equipment	68,548	74,187
Intangible assets		
Goodwill	48,973	50,402
Customer-related assets	26,532	27,403
Other	14,538	14,850
Total intangible assets	90,045	92,656
Investments and other assets		
Investment securities	12,208	13,114
Long-term loans receivable	648	719
Retirement benefit asset	5	228
Deferred tax assets	3,811	4,219
Other	6,642	8,444
Allowance for doubtful accounts	(615)	(673)
Total investments and other assets	22,700	26,053
Total non-current assets	181,294	192,896
Deferred assets		
Bond issuance cost	130	168
Total deferred assets	130	168
Total assets	418,827	537,999

(Millions of yen)

	FY3/21 (As of March 31, 2021)	FY3/22 (As of March 31, 2022)
Liabilities		
Current liabilities		
Notes and operating accounts payable – trade	66,455	103,241
Short-term loans payable	31,304	36,007
Lease obligations	7,988	9,097
Income taxes payable	7,118	9,295
Provision for bonuses	6,157	8,555
Provision for directors' bonuses	229	355
Other	18,008	24,162
Total current liabilities	137,261	190,716
Non-current liabilities		
Bonds payable	25,000	35,000
Long-term loans payable	74,800	64,800
Lease obligations	18,711	21,601
Deferred tax liabilities	6,994	7,482
Provision for share-based remuneration for directors	41	56
Retirement benefit liability	5,928	5,912
Other	1,350	1,373
Total non-current liabilities	132,826	136,225
Total liabilities	270,087	326,942
Net assets		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,499	4,499
Retained earnings	140,906	178,457
Treasury shares	(150)	(144)
Total shareholders' equity	152,471	190,028
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,939	2,104
Foreign currency translation adjustment	(14,061)	7,846
Remeasurements of defined benefit plans	(1,862)	(1,724)
Total accumulated other comprehensive income	(13,985)	8,226
Non-controlling interests	10,253	12,802
Total net assets	148,739	211,057
Total liabilities and net assets	418,827	537,999

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

(Millions of yen)

	FY3/21 (April 1, 2020 –March 31, 2021)	FY3/22 (April 1, 2021 –March 31, 2022)
Net sales	609,110	980,441
Operating cost	504,332	839,782
Operating gross profit	104,777	140,658
Selling, general and administrative expenses	70,600	78,183
Operating income	34,177	62,475
Non-operating income		
Interest income	649	552
Dividends income	32	23
Amortization of negative goodwill	11	11
Share of profit of entities accounted for using equity method	33	321
Foreign exchange gains	–	2,101
Subsidy income	1,185	399
Miscellaneous income	633	684
Total non-operating income	2,544	4,094
Non-operating expenses		
Interest expenses	1,729	1,598
Foreign exchange losses	100	–
Miscellaneous expenses	361	237
Total non-operating expenses	2,192	1,836
Ordinary income	34,529	64,733
Extraordinary income		
Gain on sales of investment securities	41	34
Total extraordinary income	41	34
Extraordinary losses		
Impairment loss	741	194
Loss on liquidation of subsidiaries	–	392
Loss on termination of retirement benefit plan	–	62
Total extraordinary losses	741	649
Income before income taxes	33,829	64,118
Income taxes – current	11,536	19,192
Income taxes – deferred	(776)	(630)
Total income taxes	10,760	18,562
Net income	23,069	45,556
Net income attributable to non-controlling interests	1,424	2,138
Net income attributable to owners of the parent	21,644	43,417

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY3/21 (April 1, 2020 –March 31, 2021)	FY3/22 (April 1, 2021 –March 31, 2022)
Net income	23,069	45,556
Other comprehensive income		
Valuation difference on available-for-sale securities	1,092	154
Foreign currency translation adjustment	421	22,701
Remeasurements of defined benefit plans	788	141
Share of other comprehensive income of entities accounted for using equity method	102	482
Total other comprehensive income	2,404	23,480
Comprehensive income	25,473	69,036
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	24,101	65,630
Comprehensive income attributable to non-controlling interests	1,372	3,406

(3) Consolidated Statements of Changes in Net Assets

For the Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,216	4,084	121,425	(150)	132,576
Changes of items during period					
Dividends from surplus			(2,159)		(2,159)
Net income attributable to owners of the parent			21,644		21,644
Adjustment due to change in the fiscal period of consolidated subsidiaries			(3)		(3)
Change in equity of parent related to transaction with non-controlling shareholders		414			414
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	414	19,480	-	19,895
Balance at end of current period	7,216	4,499	140,906	(150)	152,471

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	852	(14,675)	(2,619)	(16,443)	10,472	126,606
Changes of items during period						
Dividends from surplus				-		(2,159)
Net income attributable to owners of the parent				-		21,644
Adjustment due to change in the fiscal period of consolidated subsidiaries				-		(3)
Change in equity of parent related to transaction with non-controlling shareholders				-		414
Net changes of items other than shareholders' equity	1,086	614	756	2,457	(219)	2,238
Total changes of items during period	1,086	614	756	2,457	(219)	22,133
Balance at end of current period	1,939	(14,061)	(1,862)	(13,985)	10,253	148,739

For the Year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	7,216	4,499	140,906	(150)	152,471
Cumulative effects of changes in accounting policies			(107)		(107)
Restated balance	7,216	4,499	140,799	(150)	152,364
Changes of items during period					
Dividends from surplus			(5,759)		(5,759)
Net income attributable to owners of the parent			43,417		43,417
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				5	5
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	37,658	5	37,663
Balance at end of current period	7,216	4,499	178,457	(144)	190,028

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,939	(14,061)	(1,862)	(13,985)	10,253	148,739
Cumulative effects of changes in accounting policies				-		(107)
Restated balance	1,939	(14,061)	(1,862)	(13,985)	10,253	148,632
Changes of items during period						
Dividends from surplus				-		(5,759)
Net income attributable to owners of the parent				-		43,417
Purchase of treasury shares				-		(0)
Disposal of treasury shares				-		5
Net changes of items other than shareholders' equity	165	21,908	138	22,212	2,548	24,761
Total changes of items during period	165	21,908	138	22,212	2,548	62,424
Balance at end of current period	2,104	7,846	(1,724)	8,226	12,802	211,057

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY3/21 (April 1, 2020 – March 31, 2021)	FY3/22 (April 1, 2021 – March 31, 2022)
Cash flows from operating activities		
Income (loss) before income taxes	33,829	64,118
Depreciation	17,520	17,947
Impairment loss	741	194
Loss on termination of retirement benefit plan	–	62
Amortization of goodwill	3,521	3,696
Amortization of negative goodwill	(11)	(11)
Increase (decrease) in allowance for doubtful accounts	(162)	144
Increase (decrease) in provision for bonuses	1,545	1,952
Increase (decrease) in provision for directors' bonuses	(47)	114
Increase (decrease) in provision for share-based remuneration for directors	21	18
Increase (decrease) in net defined benefit liability	309	63
Interest and dividends income	(681)	(576)
Interest expenses	1,729	1,598
Share of (profit) loss of entities accounted for using equity method	(33)	(321)
Loss (gain) on sales of investment securities	(41)	(34)
Decrease (increase) in notes and accounts receivable-trade	(29,004)	(54,983)
Increase (decrease) in notes and accounts payable-trade	16,802	26,268
Decrease (increase) in contract assets	(336)	(6,174)
Other, net	257	(5,243)
Subtotal	45,960	48,834
Interest and dividends income received	755	909
Interest expenses paid	(1,695)	(1,587)
Income taxes paid	(7,081)	(18,108)
Net cash provided by operating activities	37,938	30,048
Cash flows from investing activities		
Payments into time deposits	(3,800)	(3,255)
Proceeds from withdrawal of time deposits	4,483	3,862
Purchase of property, plant and equipment	(3,361)	(4,225)
Proceeds from sales of property, plant and equipment	223	120
Purchase of intangible assets	(1,319)	(1,337)
Purchase of investment securities	(5,103)	(5,537)
Proceeds from sales and redemption of securities	5,337	5,397
Payments for lease and guarantee deposits	(616)	(2,309)
Proceeds from collection of lease and guarantee deposits	534	1,328
Collection of loans receivable	0	–
Other, net	33	125
Net cash provided by (used in) investing activities	(3,589)	(5,831)

(Millions of yen)

	FY3/21 (April 1, 2020 – March 31, 2021)	FY3/22 (April 1, 2021 – March 31, 2022)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	862	6,188
Repayments to non-controlling shareholders	(498)	–
Repayments of lease liabilities	(9,222)	(9,617)
Repayments of long-term loans payable	(30,102)	(13,086)
Proceeds from issuance of bonds	14,913	9,940
Purchase of treasury shares	–	(0)
Proceeds from disposal of treasury shares	–	1
Cash dividends paid	(2,159)	(5,758)
Dividends paid to non-controlling interests	(706)	(833)
Net cash provided by (used in) financing activities	(26,914)	(13,164)
Effect of exchange rate change on cash and cash equivalents	2,921	6,981
Net increase (decrease) in cash and cash equivalents	10,355	18,033
Cash and cash equivalents at beginning of period	75,853	85,995
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	85,995	104,028

(5) Notes to the Consolidated Financial Statements

(Notes concerning Going Concern Assumption)

Not applicable.

(Changes in Accounting Policies)

On April 1, 2021, the Company applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020; “Accounting Standard for Revenue Recognition”), etc., and recognizes revenue at an amount that it expects to receive in exchange for the promised goods or services when the control of the goods or services is transferred to a customer.

Accordingly, the Company changed the revenue recognition method to recognize revenue from a performance obligation that is satisfied over time based on the progress towards complete satisfaction of such performance obligation.

In applying the Accounting Standard for Revenue Recognition, etc. from April 1, 2021, the Company followed the transitional treatment stipulated by a provisory clause of Paragraph 84 of the Accounting Standard for Revenue Recognition, and any cumulative effects of the retrospective application, assuming the new accounting standard had been applied to periods prior to April 1, 2021, were adjusted to the beginning balance of retained earnings as of April 1, 2021.

As a result, the balance of retained earnings as of April 1, 2021 decreased 107 million yen. Impacts on net sales, operating income, ordinary income, and income before income taxes were insignificant.

On April 1, 2021, the Company applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019; “Accounting Standard for Fair Value Measurement”), etc., and the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement, etc. are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the quarterly consolidated financial statements.

(Additional Information)

(Performance-Based Stock Compensation Plan)

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

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

(1) Overview of transactions

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

(2) Treasury shares remained in the trust

Shares of KWE remained in the trust are recorded as treasury shares in net assets at the book value in the trust, excluding ancillary expenses. As of March 31, 2022, the book value and the number of these treasury shares are 140 million yen and 101,012 shares, respectively.

(Transfer of the retirement benefit plan)

Effective April 1, 2022, the Company and one of its consolidated subsidiaries transferred from a defined benefit pension plan to a defined contribution pension plan, and applied the “Guidance on Accounting for Transfer Between Retirement Benefit Plans” (ASBJ Implementation Guidance No. 1, revised on December 16, 2016) and the “Practical Solution on Accounting for Transfer Between Retirement Benefit Plans” (Practical Issues Task Force No. 2, revised on February 7, 2007). As a result, loss on termination of retirement benefit plan of ¥62 million was recorded as extraordinary loss.

(Segment Information)

[Segment information]

1. Summary of reportable segments

(1) Method for determining reportable segments

Reportable segments are determined based on the parts of the business for which it is possible to obtain separate financial information and that the Board of Directors regularly examines in order to evaluate decisions on allocation of management resources and earnings. KWE’s reportable segments consist of the following six segments: “Japan”, “The Americas”, “Europe, Middle East & Africa”, “East Asia & Oceania”, “Southeast Asia”, and “APLL”.

(2) Services of each reportable segment

“Japan”, “The Americas”, “Europe, Middle East & Africa”, “East Asia & Oceania” and “Southeast Asia” segments perform business activities mainly in air freight forwarding, sea freight forwarding and logistics (warehouse operation) services. “APLL” segment provides services related to logistics (truck and rail transportation and warehouse operation) and sea freight forwarding.

2. Calculation method used for sales, income (loss), assets and other items for each reportable segment

The accounting treatments used for reportable segments are consistent with those applied to the consolidated financial statement. Segment income (loss) refers to operating income (loss) for each reportable segment. Inter-segment sales/transfers are based on market value.

3. Information about sales, income(loss), assets and other items for each reportable segment

Fiscal year ended March 2021 (April 1, 2020– March 31, 2021)

(Millions of yen)

	Reportable segment							Other Note 1	Total	Adjustment Note 2	Carrying amount on 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	145,458	55,572	37,251	130,842	91,667	147,951	608,745	365	609,110	—	609,110
Inter-segment sales/transfers	5,221	3,750	846	2,129	1,781	157	13,886	2,373	16,259	(16,259)	—
Total net sales	150,680	59,323	38,097	132,972	93,449	148,108	622,631	2,738	625,370	(16,259)	609,110
Segment income (loss)	8,229	5,136	1,335	11,134	8,013	(19)	33,829	317	34,147	30	34,177
Segment assets	85,421	48,593	21,047	82,772	47,366	149,796	434,998	2,855	437,854	(19,026)	418,827
Other											
Depreciation	1,535	641	411	3,956	1,955	8,822	17,324	196	17,520	—	17,520
Amortization of goodwill	47	153	—	—	—	3,320	3,521	—	3,521	—	3,521
Investment in equity-method affiliates	3,109	—	336	198	1,964	1,187	6,797	—	6,797	—	6,797
Increase in property, plant and equipment and intangible assets	1,290	434	401	5,474	1,470	5,110	14,181	199	14,381	—	14,381

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

2. Adjustments are as follows.

(1) The 30 million yen adjustment in segment income (loss) adjustment refers to inter-segment transaction eliminations.

(2) The (19,026) million yen adjustment in segment assets includes (33,955) million yen of inter-segment eliminations and 14,928 million yen of the Company's surplus operating cash (cash and deposits), which are not allocated to the specific segments.

3. Segment income (loss) has been adjusted for the operating income appearing in the 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

Fiscal year ended March 2022 (April 1, 2021– March 31, 2022)

(Millions of yen)

	Reportable segment							Other Note 1	Total	Adjustment Note 2	Carrying amount on 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	224,528	100,226	58,533	223,742	176,978	196,066	980,075	366	980,441	—	980,441
Inter-segment sales/transfers	19,544	7,653	1,946	3,583	3,011	313	36,052	3,260	39,312	(39,312)	—
Total net sales	244,073	107,880	60,479	227,326	179,989	196,379	1,016,127	3,626	1,019,754	(39,312)	980,441
Segment income	11,566	13,332	4,297	16,216	13,277	3,393	62,083	389	62,473	2	62,475
Segment assets	107,113	81,691	30,608	114,441	64,626	171,119	569,601	3,517	573,119	(35,119)	537,999
Other											
Depreciation	1,537	674	421	4,360	2,084	8,621	17,699	247	17,947	—	17,947
Amortization of goodwill	47	276	—	—	—	3,371	3,696	—	3,696	—	3,696
Investment in equity-method affiliates	3,432	—	363	181	1,852	1,631	7,461	—	7,461	—	7,461
Increase in property, plant and equipment and intangible assets	1,139	879	628	8,412	1,304	4,969	17,334	153	17,488	—	17,488

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

2. Adjustments are as follows.

(1) The 2 million yen adjustment in segment income (loss) adjustment refers to inter-segment transaction eliminations.

(2) The (35,119) million yen adjustment in segment assets includes (56,634) million yen of inter-segment eliminations and 21,515 million yen of the Company's surplus operating cash (cash and deposits), which are not allocated to the specific segments.

3. Segment income has been adjusted for the operating income appearing in the 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

4. Matters related to changes in reportable segments

As described in Changes in Accounting Policies, the Group applied the Accounting Standard for Revenue Recognition, etc. on April 1, 2021 for the first time and changed the accounting treatment of revenue recognition, and accordingly, the method to calculate profit or loss of reportable segments was also changed.

The impact of this change on net sales and segment income for the fiscal year ended March 31, 2022 was insignificant.

[Related information]

Fiscal year ended March 2021 (April 1, 2020 – March 31, 2021)

1. Information by service

(Millions of yen)

	Air freight forwarding	Sea freight forwarding	Logistics	Other	Total
Net sales to outside customers	273,760	151,232	145,468	38,649	609,110

2. Information by region

(1) Net sales

(Millions of yen)

Japan	North America			Asia & Oceania			Europe	Latin America	Other	Total
	United States	Other	Subtotal	China	Other	Subtotal				
145,676	136,836	10,167	147,004	117,190	145,491	262,681	41,068	9,033	3,647	609,110

Notes: 1. Net sales are classified by country or geographic area where service is rendered.

2. Major countries or regions except Japan in each category are as follows:

- (1) North America/Other: Canada
- (2) China: China, Hong Kong
- (3) Asia & Oceania/Other: Thailand, Singapore, South Korea, Taiwan, Philippines, India, Malaysia, Vietnam, Indonesia, Australia, Cambodia
- (4) Europe: Germany, United Kingdom, Netherlands, France, Russia, Italy, Ireland, Switzerland, Czech, Sweden
- (5) Latin America: Mexico, Chile, Brazil
- (6) Other: South Africa, UAE

(2) Property, plant and equipment

(Millions of yen)

Japan	North America			Asia & Oceania			Europe	Latin America	Other	Total
	United States	Other	Subtotal	China	Other	Subtotal				
24,463	6,162	2,791	8,953	8,977	23,977	32,955	892	890	392	68,548

Note: Major countries or regions except Japan in each category are as follows:

- (1) North America/Other: Canada
- (2) China: China, Hong Kong
- (3) Asia & Oceania/Other: Thailand, Singapore, South Korea, Taiwan, Philippines, India, Malaysia, Vietnam, Indonesia, Australia, Cambodia
- (4) Europe: Germany, United Kingdom, Netherlands, France, Russia, Italy, Ireland, Switzerland, Czech, Sweden
- (5) Latin America: Mexico, Chile, Brazil
- (6) Other: South Africa, UAE

3. Information by major customer

Information has been omitted as there are no individual customers that account for 10% or more of the net sales indicated on the consolidated statements of income.

Fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

1. Information by service

(Millions of yen)

	Air freight forwarding	Sea freight forwarding	Logistics	Other	Total
Net sales to outside customers	461,988	301,535	170,488	46,430	980,441

2. Information by region

(1) Net sales

(Millions of yen)

Japan	North America			Asia & Oceania			Europe	Latin America	Other	Total
	United States	Other	Subtotal	China	Other	Subtotal				
224,775	199,537	14,582	214,119	199,296	252,951	452,248	70,694	14,025	4,578	980,441

Notes: 1. Net sales are classified by country or geographic area where service is rendered.

2. Major countries or regions except Japan in each category are as follows:

- (1) North America/Other: Canada
- (2) China: China, Hong Kong
- (3) Asia & Oceania/Other: Thailand, Singapore, South Korea, Taiwan, Philippines, India, Malaysia, Vietnam, Indonesia, Australia, Cambodia

- (4) Europe: Germany, United Kingdom, Netherlands, France, Russia, Italy, Ireland, Switzerland, Czech, Sweden
(5) Latin America: Mexico, Chile, Brazil
(6) Other: South Africa, UAE

(2) Property, plant and equipment

(Millions of yen)

Japan	North America			Asia & Oceania			Europe	Latin America	Other	Total
	United States	Other	Subtotal	China	Other	Subtotal				
23,887	6,387	3,325	9,713	12,600	25,758	38,359	975	762	489	74,187

Note: Major countries or regions except Japan in each category are as follows:

- (1) North America/Other: Canada
(2) China: China, Hong Kong
(3) Asia & Oceania/Other: Thailand, Singapore, South Korea, Taiwan, Philippines, India, Malaysia, Vietnam, Indonesia, Australia, Cambodia
(4) Europe: Germany, United Kingdom, Netherlands, France, Russia, Italy, Ireland, Switzerland, Czech, Sweden
(5) Latin America: Mexico, Chile, Brazil
(6) Other: South Africa, UAE

3. Information by major customer

Information has been omitted as there are no individual customers that account for 10% or more of the net sales indicated on the consolidated statements of income.

[Information regarding impairment loss of non-current assets for each reportable segment]

Fiscal year ended March 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

	Reportable Segment							Other	Total
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	APLL	Total		
Impairment Loss	—	—	—	—	—	921	921	—	921

Notes: 741 million yen included in APLL represents impairment loss on goodwill related to India Infrastructure and Logistics Private Limited, a consolidated subsidiary.

Fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

	Reportable Segment							Other	Total
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	APLL	Total		
Impairment Loss	—	—	—	—	—	194	194	—	194

Note: 194 million yen included in APLL represents impairment loss on goodwill related to India Infrastructure and Logistics Private Limited, a consolidated subsidiary.

[Information about goodwill amortization amount and year-end balance for each reportable segment]

Fiscal year ended March 2021 (April 1, 2020 – March 31, 2021)

(Millions of yen)

		Reportable Segment							Other	Total
		Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	APLL	Total		
Goodwill	Amortization amount for the year	47	153	—	—	—	3,320	3,521	—	3,521
	Year-end balance	616	2,283	—	—	—	46,159	49,059	—	49,059
Negative Goodwill	Amortization amount for the year	—	—	—	—	11	—	11	—	11
	Year-end balance	—	—	—	—	86	—	86	—	86

Fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(Millions of yen)

		Reportable Segment							Other	Total
		Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	APLL	Total		
Goodwill	Amortization amount for the year	47	276	—	—	—	3,371	3,696	—	3,696
	Year-end balance	569	2,347	—	—	—	47,561	50,477	—	50,477
Negative Goodwill	Amortization amount for the year	—	—	—	—	11	—	11	—	11
	Year-end balance	—	—	—	—	74	—	74	—	74

[Information about gains on negative goodwill for each reportable segment]

Fiscal year ended March 2021 (April 1, 2020 – March 31, 2021)

There are no applicable matters to be reported.

Fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

There are no applicable matters to be reported.

(Per Share Information)

	FY3/21 (April 1, 2020 – March 31, 2021)	FY3/22 (April 1, 2021 – March 31, 2022)
Net assets per share	¥1,926.30	¥2,757.51
Net income per share	¥301.06	¥603.90

Notes: 1. Diluted net income per share is not presented as there are no dilutive shares.

2. Basis for calculation of net income per share is as follows:

	FY3/21 (April 1, 2020 – March 31, 2021)	FY3/22 (April 1, 2021 – March 31, 2022)
Net income attributable to owners of the parent (Millions of yen)	21,644	43,417
Amount not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to common shareholders of the parent (Millions of yen)	21,644	43,417
Average number of common shares during the period (Shares)	71,892,633	71,895,499

3. The Company's shares held by the Board Incentive Plan Trust ("BIP Trust") are included in treasury shares that are excluded in the calculation of the number of treasury shares as of March 31 and the average number of shares during the period. The number of the Company's shares held by the BIP Trust is as follows:

	FY3/21 (April 1, 2020 – March 31, 2021)	FY3/22 (April 1, 2021 – March 31, 2022)
Number of shares at the end of the period (Shares)	105,000	101,012
Average number of shares during the period (Shares)	105,000	102,107

(Significant Subsequent Events)

Not applicable.