



Financial Results for the Fiscal Year Ended March 31, 2021 [J-GAAP]

May 12, 2021

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>
 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, 2021
 The date of the dividend payment start (planned): June 16, 2021
 The date of filing the securities report (planned): June 16, 2021
 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 2021 consolidated results (April 1, 2020 – March 31, 2021)

(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, 2021	609,110	11.9	34,177	73.4	34,529	98.1	21,644	358.2
March 31, 2020	544,533	(8.0)	19,714	(5.2)	17,432	(12.6)	4,724	(52.1)

(Reference) Comprehensive income: Fiscal year ended March 31, 2021: 25,473 million yen (-%)
 Fiscal year ended March 31, 2020: (749) million yen (-%)

Fiscal year ended	Net income per share	Diluted net income per share	Return on shareholder' equity	Ordinary income to total assets	Operating margin
	(Yen)	(Yen)	(%)	(%)	(%)
March 31, 2021	301.06	—	17.0	8.6	5.6
March 31, 2020	65.68	—	4.0	4.5	3.6

(Reference) Share of profit of entities accounted for using equity method: Fiscal year ended March 31, 2021: 33 million yen
 Fiscal year ended March 31, 2020: (3,220) 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, 2021	418,827	148,739	33.1	1,926.30
March 31, 2020	385,470	126,606	30.1	1,615.38

(Reference) Shareholders' equity: As of March 31, 2021: 138,486 million yen As of March 31, 2020: 116,133 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, 2021	37,938	(3,589)	(26,914)	85,995
March 31, 2020	36,304	(7,165)	(26,424)	75,853

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, 2020	—	10.00	—	20.00	30.00	2,159	45.7	1.8
March 31, 2021	—	10.00	—	40.00	50.00	3,599	16.6	2.8
Fiscal year ending March 31, 2022 (Forecasts)	—	20.00	—	30.00	50.00		18.7	

* The Company has increased the year-end dividend for the fiscal year ended March 31, 2021 by 20.00 yen per share from the previous dividend forecast. For the details, please refer to "Notice of Dividend on Retained Earnings" released today.

3. Consolidated earnings forecasts for the fiscal year ending March 2022 (April 1, 2021 – March 31, 2022)

(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	630,000	3.4	31,700	(7.2)	30,700	(11.1)	19,200	(11.3)	267.06

* 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.: No

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

(c) Changes in accounting estimates: No

(d) Restatement of revisions: No

(3) Number of issued shares (common shares)

(a) Number of issued shares (including treasury shares)	As of March 31, 2021:	72,000,000 shares	As of March 31, 2020:	72,000,000 shares
(b) Number of treasury shares	As of March 31, 2021:	107,367 shares	As of March 31, 2020:	107,367 shares
(c) Average number of shares during the period	Fiscal year ended March 31, 2021:	71,892,633 shares	Fiscal year ended March 31, 2020:	71,932,308 shares

Note: KWE has introduced the Board Incentive Plan Trust ("BIP Trust"). The Company's shares held by the BIP Trust (105,000 shares as of March 31, 2021) 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 (105,000 shares as of March 31, 2021).

(Reference) Summary of non-consolidated results

1. Fiscal year ended March 2021 non-consolidated results (April 1, 2020 – March 31, 2021)

(1) Non-consolidated business results

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

	Net sales		Operating income		Ordinary income		Net income	
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
Fiscal year ended March 31, 2021	120,326	15.9	5,808	227.8	13,877	91.7	11,658	105.2
March 31, 2020	103,788	(10.7)	1,772	(39.9)	7,238	(35.4)	5,682	(50.1)

	Net income per share	Diluted net income per share
Fiscal year ended	(Yen)	(Yen)
March 31, 2021	162.17	—
March 31, 2020	79.00	—

(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, 2021	248,879	97,911	39.3	1,361.92
As of March 31, 2020	237,641	87,324	36.7	1,214.65

(Reference) Shareholders' equity As of March 31, 2021: 97,911 million yen As of March 31, 2020: 87,324 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 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. 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 Thursday, May 13, 2021. The presentation materials will be disclosed through TDnet on the same day and posted on our website.

1. Summary of Operating Results, etc.

(1) Summary of Operating Results for the Fiscal Year ended March 31, 2021

During the year ended March 31, 2021, the global economy experienced a rapid deterioration due to the global pandemic of the novel coronavirus (“COVID-19”). While the economy later started to show a recovery trend in some countries as the economic activities gradually resumed and various policies have been implemented, uncertainty remained overall partly due to intermittent resurgence of infections.

The Japanese economy also continued to experience a tough situation as the country searched for a way to achieve both infection prevention and economic activities.

The global market witnessed a sharp decline in demand for international transportation from the beginning of the fiscal year due to restrictions on economic activities around the world but started to show a recovery trend gradually in the second half of the fiscal year.

Under such circumstances, in the KWE Group’s freight operations, air freight exports remained flat with 0.0% increase year-on-year to 556 thousand tons, air freight imports declined 3.8% to 1,161 thousand shipments, sea freight exports decreased 0.7% to 640 thousand TEUs, and sea freight imports fell 2.8% to 264 thousand shipments. Logistics were stagnant overall due to a decrease in the handling volume in APLL and Europe, Middle East & Africa, etc.

While the handling volume decreased overall, net sales exceeded the previous year mainly due to the shortage of air and sea freight capacity and the resulting rise in freight cost.

Operating results by each segment are as follows:

Japan

Air freight exports declined 3.5% year-on-year to 131 thousand tons due to a decrease in semiconductor manufacturing equipment. Air freight imports fell 4.7% to 329 thousand shipments due to a decrease in handling mainly in automotive-related products. As for sea freight, exports rose 10.3% to 150 thousand TEUs due to increases in construction materials and chemical products, but imports declined 2.2% to 105 thousand shipments due to a decrease in automotive-related products, etc. In logistics, the handling volume grew due to increases mainly in electronic products and healthcare-related products. Domestic subsidiaries showed weak performance overall.

As a result, net sales for the segment increased 10.1% to 150,680 million yen, and operating income rose 76.3% to 8,229 million yen due to an improvement in operating gross profit margin.

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

The Americas

Air freight exports declined 3.6% to 102 thousand tons due to a decrease in aerospace products and air freight imports dropped 14.6% to 100 thousand shipments due to a sluggish momentum in electronic products and automotive-related products. As for sea freight, exports declined 22.6% to 35 thousand TEUs due to a sluggish momentum in aerospace products and electronic products, and imports fell 7.3% to 34 thousand shipments due to falls in automotive-related products and machinery-related products. In logistics, the handling volume increased in the U.S. and Canada.

As a result, net sales for the segment increased 0.9% to 59,323 million yen due to a rise in freight cost resulting from shortage of freight capacity, and operating income increased 36.8% to 5,136 million yen due to an improvement in operating gross profit margin.

The exchange rate was U.S. \$1 = ¥106.06 and U.S. \$1 = ¥108.74 for the fiscal year ended March 31, 2021 and 2020, respectively.

Europe, Middle East & Africa

Air freight exports dropped 24.2% to 47 thousand tons due to drops in chemical products and automotive-related products. Air freight imports decreased 26.7% to 74 thousand shipments due to significant decreases in automotive-related products and electronic products. Sea freight exports increased 1.0% to 18 thousand TEUs, but imports declined 6.1% to 16 thousand shipments due to a decrease in machinery-related products, etc. In logistics, the handling volume declined mainly in South Africa and Germany.

As a result, net sales for the segment increased 7.6% to 38,097 million yen due to a rise in freight cost resulting from shortage of freight capacity, and operating income rose 315.9% to 1,335 million yen due to reduction of SGA expenses.

The exchange rate was €1 = ¥123.70 and €1 = ¥120.82 for the fiscal year ended March 31, 2021 and 2020, respectively.

East Asia & Oceania

Air freight exports increased 12.0% to 167 thousand tons and imports increased 7.9% to 482 thousand shipments due to an increase in electronic products. As for sea freight, exports increased 5.8% to 233 thousand TEUs due to an increase in textile related products, etc. and imports grew 2.3% to 60 thousand shipments due to an increase in electronic products. In logistics, the handling volume decreased mainly in China.

As a result, net sales for the segment increased 41.5% to 132,972 million yen, and operating income increased 117.2% to 11,134 million yen due to an improvement in operating gross profit margin.

Southeast Asia

Air freight exports increased 5.7% to 108 thousand tons due to an increase in electronic products. Air freight imports decreased 10.3% to 175 thousand shipments due to a sluggish momentum in electronic products and automotive-related products. As for sea freight, exports fell 3.9% to 156 thousand TEUs due to a decrease in motorcycles, etc., and imports dropped 5.3% to 47 thousand shipments due to a decrease in automotive-related products, etc. In logistics, the handling volume increased mainly in Thailand.

As a result, net sales for the segment increased 70.6% to 93,449 million yen due to a rise in freight cost resulting from shortage of freight capacity, and operating income rose 248.0% to 8,013 million yen due to an improvement in operating gross profit margin.

APLL

As for logistics services for automotive, the handling volume decreased mainly in North America as a consequence of shutdowns of factories and disruption in supply chains due to lockdowns in the first half of the fiscal year. For retail-related logistics services, the handling volume decreased 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 16.4% to 148,108 million yen, and operating income fell 38.4% to 5,621 million yen. Segment loss amounted to 19 million yen (income of 3,220 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 = ¥106.82 and U.S. \$1 = ¥109.05 for the year ended March 31, 2021 and 2020, 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 11.9% to 609,110 million yen, operating income rose 73.4% to 34,177 million yen, ordinary income increased 98.1% to 34,529 million yen, and net income attributable to owners of the parent rose 358.2% to 21,644 million yen.

(2) Summary of Financial Position

Total assets as of March 31, 2021 increased 33,357 million yen from March 31, 2020 to 418,827 million yen.

Total current assets increased 43,438 million yen to 237,402 million yen mainly due to increases in notes and operating accounts receivable of 32,763 million yen and cash and deposits of 9,783 million yen.

Total non-current assets decreased 10,154 million yen to 181,294 million yen mainly due to a decrease in total intangible assets of 12,128 million yen resulting from amortization of goodwill.

Total liabilities increased 11,223 million yen to 270,087 million yen.

Total current liabilities increased 9,303 million yen to 137,261 million yen mainly due to increases in notes and operating accounts payable-trade of 18,476 million yen and income taxes payable of 3,591 million yen despite a decrease in short-term loans payable of 16,355 million yen.

Total non-current liabilities increased 1,919 million yen to 132,826 million yen mainly due to increases in bonds payable of 15,000 million yen and in lease obligations of 1,185 million yen despite a decrease in long-term loans payable of 13,083 million yen.

Total net assets as of March 31, 2021 increased 22,133 million yen to 148,739 million yen mainly due to an increase in retained earnings of 19,480 million yen resulting from recording net income attributable to owners of the parent of 21,644 million yen despite cash dividends paid of 2,159 million yen.

Consequently, the equity ratio increased to 33.1% from 30.1% as of March 31, 2020.

(3) Cash Flows

(Millions of yen)

	FY3/20	FY3/21	Change
Cash flows from operating activities	36,304	37,938	1,634
Cash flows from investing activities	(7,165)	(3,589)	3,576
Cash flows from financing activities	(26,424)	(26,914)	(490)
Effect of exchange rate change on cash and cash equivalents	(2,659)	2,921	5,581
Net increase (decrease) in cash and cash equivalents	54	10,355	10,301
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	75,853	85,995	10,141

Cash and cash equivalents as of March 31, 2021 totaled 85,995 million yen, an increase of 10,141 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 2021, operating activities provided net cash of 37,938 million yen, an increase of 1,634 million yen year-on-year. This mainly reflected cash inflows due to income before income taxes of 33,829 million yen, depreciation of 17,520 million yen, and an increase in notes and accounts payable-trade of 16,802 million yen, and cash outflows due to an increase in notes and accounts receivable-trade of 29,004 million yen.

(Cash flows from investing activities)

Net cash used in investing activities totaled 3,589 million yen, a decrease of 3,576 million yen year-on-year. This mainly reflected cash outflows due to purchase of property, plant and equipment of 3,361 million yen and purchase of intangible assets of 1,319 million yen, and net cash inflows of 682 million yen due to proceeds from withdrawal of time deposits in excess of payments into time deposits.

(Cash flows from financing activities)

Net cash used in financing activities totaled 26,914 million yen, an increase of 490 million yen year-on-year. This mainly reflected cash outflows due to repayments of long-term borrowings of 30,102 million yen, repayments of finance lease obligations of

9,222 million yen, and cash dividends paid of 2,159 million yen, and cash inflow due to proceeds from issuance of bonds of 14,913 million yen.

(Reference) KWE Group's cash flow indicators

	FY3/18	FY3/19	FY3/20	FY3/21
Equity ratio (%)	30.7	31.3	30.1	33.1
Market-value-based equity ratio (%)	36.9	31.2	29.6	49.3
Interest-bearing debt to operating cash flow (years)	11.0	7.1	4.7	4.2
Interest coverage ratio (times)	14.7	17.3	17.7	22.4

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 transportation volume is expected to recover, the business environment surrounding the Group is forecasted to remain unpredictable due to factors such as the COVID-19 situation, increasing uncertainty of the global situation including the U.S.-China feud and a slowdown of production activities due to a global shortage in semiconductors.

In terms of the future prospect of the Group for the year ending March 31, 2022, although continuing high freight cost due to the shortage of air and sea freight capacity since the previous year is expected to continue for a while, the overall situation is assumed to remain uncertain.

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, 2022 at this point are net sales of 630,000 million yen (up 3.4%), operating income of 31,700 million yen (down 7.2%), ordinary income of 30,700 million yen (down 11.1%), and net income attributable to owners of the parent of 19,200 million yen (down 11.3%).

We do not assume any large-scale restrictions on socio-economic activities such as a lockdown due to the spread of COVID-19 infections.

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)

	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	80,493	90,277
Notes and operating accounts receivable	99,633	132,397
Securities	4,366	4,203
Other	10,930	11,875
Allowance for doubtful accounts	(1,458)	(1,350)
Total current assets	193,964	237,402
Non-current assets		
Property, plant and equipment		
Buildings and structures	40,129	41,305
Accumulated depreciation	(21,670)	(23,261)
Buildings and structures, net	18,459	18,044
Machinery, equipment and vehicles	9,602	9,632
Accumulated depreciation	(3,869)	(4,277)
Machinery and equipment and vehicles, net	5,732	5,354
Land	13,921	14,110
Leased assets	1,056	1,025
Accumulated depreciation	(728)	(741)
Leased assets, net	327	283
Right-of-use assets	45,737	49,998
Accumulated depreciation	(22,569)	(25,488)
Right-of-use assets, net	23,168	24,509
Other	21,200	22,657
Accumulated depreciation	(14,665)	(16,411)
Other, net	6,535	6,246
Total property, plant and equipment	68,145	68,548
Intangible assets		
Goodwill	56,053	48,973
Customer-related assets	30,072	26,532
Other	16,047	14,538
Total intangible assets	102,173	90,045
Investments and other assets		
Investment securities	10,930	12,208
Long-term loans receivable	624	648
Net defined benefit asset	-	5
Deferred tax assets	3,665	3,811
Other	6,516	6,642
Allowance for doubtful accounts	(607)	(615)
Total investments and other assets	21,129	22,700
Total non-current assets	191,449	181,294
Deferred assets		
Bond issuance cost	56	130
Total deferred assets	56	130
Total assets	385,470	418,827

(Millions of yen)

	FY3/20 (As of March 31, 2020)	FY3/21 (As of March 31, 2021)
Liabilities		
Current liabilities		
Notes and operating accounts payable – trade	47,978	66,455
Short-term loans payable	47,660	31,304
Lease obligations	7,789	7,988
Income taxes payable	3,526	7,118
Provision for bonuses	4,589	6,157
Provision for directors' bonuses	267	229
Other	16,144	18,008
Total current liabilities	127,957	137,261
Non-current liabilities		
Bonds payable	10,000	25,000
Long-term loans payable	87,883	74,800
Lease obligations	17,525	18,711
Deferred tax liabilities	7,206	6,994
Provision for share-based remuneration for directors	20	41
Net defined benefit liability	6,736	5,928
Other	1,534	1,350
Total non-current liabilities	130,906	132,826
Total liabilities	258,864	270,087
Net assets		
Shareholders' equity		
Capital stock	7,216	7,216
Capital surplus	4,084	4,499
Retained earnings	121,425	140,906
Treasury shares	(150)	(150)
Total shareholders' equity	132,576	152,471
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	852	1,939
Foreign currency translation adjustment	(14,675)	(14,061)
Remeasurements of defined benefit plans	(2,619)	(1,862)
Total accumulated other comprehensive income	(16,443)	(13,985)
Non-controlling interests	10,472	10,253
Total net assets	126,606	148,739
Total liabilities and net assets	385,470	418,827

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

(Millions of yen)

	FY3/20 (April 1, 2019 –March 31, 2020)	FY3/21 (April 1, 2020 –March 31, 2021)
Net sales	544,533	609,110
Operating cost	450,686	504,332
Operating gross profit	93,846	104,777
Selling, general and administrative expenses	74,132	70,600
Operating income	19,714	34,177
Non-operating income		
Interest income	849	649
Dividends income	41	32
Amortization of negative goodwill	11	11
Share of profit of entities accounted for using equity method	–	33
Foreign exchange gains	1,630	–
Subsidy income	213	1,185
Miscellaneous income	441	633
Total non-operating income	3,188	2,544
Non-operating expenses		
Interest expenses	2,033	1,729
Share of loss of entities accounted for using equity method	3,220	–
Foreign exchange losses	–	100
Miscellaneous expenses	216	361
Total non-operating expenses	5,470	2,192
Ordinary income	17,432	34,529
Extraordinary income		
Gain on sales of non-current assets	33	–
Gain on sales of investment securities	148	41
Settlement received	213	–
Total extraordinary income	395	41
Extraordinary losses		
Impairment loss	4,475	741
Loss on retirement of non-current assets	12	–
Loss on valuation of golf club memberships	2	–
Loss on litigation	81	–
Total extraordinary losses	4,571	741
Income before income taxes	13,256	33,829
Income taxes – current	7,607	11,536
Income taxes – deferred	(581)	(776)
Total income taxes	7,025	10,760
Net income	6,230	23,069
Net income attributable to non-controlling interests	1,506	1,424
Net income attributable to owners of the parent	4,724	21,644

(Consolidated statements of comprehensive income)

(Millions of yen)

	FY3/20 (April 1, 2019 –March 31, 2020)	FY3/21 (April 1, 2020 –March 31, 2021)
Net income	6,230	23,069
Other comprehensive income		
Valuation difference on available-for-sale securities	(593)	1,092
Foreign currency translation adjustment	(5,870)	421
Remeasurements of defined benefit plans	(303)	788
Share of other comprehensive income of entities accounted for using equity method	(212)	102
Total other comprehensive income	(6,980)	2,404
Comprehensive income	(749)	25,473
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,908)	24,101
Comprehensive income attributable to non-controlling interests	1,159	1,372

(3) Consolidated Statements of Changes in Net Assets
For the Year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(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	120,253	(3)	131,550
Cumulative effects of changes in accounting policies			(1,391)		(1,391)
Restated balance	7,216	4,084	118,861	(3)	130,158
Changes of items during period					
Dividends from surplus			(2,159)		(2,159)
Net income attributable to owners of the parent			4,724		4,724
Purchase of treasury shares				(146)	(146)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	-	2,564	(146)	2,418
Balance at end of current period	7,216	4,084	121,425	(150)	132,576

	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	1,387	(8,871)	(2,325)	(9,810)	10,083	131,823
Cumulative effects of changes in accounting policies					(27)	(1,419)
Restated balance	1,387	(8,871)	(2,325)	(9,810)	10,055	130,404
Changes of items during period						
Dividends from surplus				-		(2,159)
Net income attributable to owners of the parent				-		4,724
Purchase of treasury shares				-		(146)
Net changes of items other than shareholders' equity	(534)	(5,803)	(294)	(6,632)	416	(6,215)
Total changes of items during period	(534)	(5,803)	(294)	(6,632)	416	(3,797)
Balance at end of current period	852	(14,675)	(2,619)	(16,443)	10,472	126,606

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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Cash flows from operating activities		
Income (loss) before income taxes	13,256	33,829
Depreciation	17,145	17,520
Impairment loss	4,475	741
Amortization of goodwill	3,610	3,521
Amortization of negative goodwill	(11)	(11)
Increase (decrease) in allowance for doubtful accounts	347	(162)
Increase (decrease) in provision for bonuses	22	1,545
Increase (decrease) in provision for directors' bonuses	(8)	(47)
Increase (decrease) in provision for share-based remuneration for directors	20	21
Increase (decrease) in net defined benefit liability	565	309
Interest and dividends income	(891)	(681)
Interest expenses	2,033	1,729
Share of (profit) loss of entities accounted for using equity method	3,220	(33)
Loss (gain) on sales of non-current assets	(33)	–
Loss on retirement of non-current assets	12	–
Loss (gain) on sales of investment securities	(148)	(41)
Loss on valuation of golf club memberships	2	–
Settlement received	(213)	–
Loss on litigation	81	–
Decrease (increase) in notes and accounts receivable-trade	6,173	(29,004)
Increase (decrease) in notes and accounts payable-trade	(2,613)	16,802
Other, net	(1,592)	(79)
Subtotal	45,453	45,960
Interest and dividends income received	1,032	755
Interest expenses paid	(2,055)	(1,695)
Income taxes paid	(8,257)	(7,081)
Settlement package received	213	–
Payments for loss on litigation	(81)	–
Net cash provided by operating activities	36,304	37,938
Cash flows from investing activities		
Payments into time deposits	(4,618)	(3,800)
Proceeds from withdrawal of time deposits	4,167	4,483
Purchase of property, plant and equipment	(4,732)	(3,361)
Proceeds from sales of property, plant and equipment	241	223
Purchase of intangible assets	(1,325)	(1,319)
Purchase of investment securities	(6,151)	(5,103)
Proceeds from sales and redemption of securities	4,957	5,337
Payments for lease and guarantee deposits	(1,088)	(616)
Proceeds from collection of lease and guarantee deposits	1,323	534
Payments of loans receivable	(0)	–
Collection of loans receivable	18	0
Other, net	41	33
Net cash provided by (used in) investing activities	(7,165)	(3,589)

(Millions of yen)

	FY3/20 (April 1, 2019 – March 31, 2020)	FY3/21 (April 1, 2020 – March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(14,186)	862
Repayments to non-controlling shareholders	–	(498)
Repayments of finance lease obligations	(8,645)	(9,222)
Repayments of long-term loans payable	(10,468)	(30,102)
Proceeds from issuance of bonds	9,939	14,913
Purchase of treasury shares	(146)	–
Cash dividends paid	(2,159)	(2,159)
Dividends paid to non-controlling interests	(757)	(706)
Net cash provided by (used in) financing activities	(26,424)	(26,914)
Effect of exchange rate change on cash and cash equivalents	(2,659)	2,921
Net increase (decrease) in cash and cash equivalents	54	10,355
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	75,853	85,995

(5) Notes to the Consolidated Financial Statements

(Notes concerning Going Concern Assumption)

Not applicable.

(Additional information)

(Performance-Based Stock Compensation Plan)

KWE 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, 2021, the book value and the number of these treasury shares are 146 million yen and 105,000 shares, respectively.

(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

In "Japan," "The Americas," "Europe, Middle East & Africa," "East Asia & Oceania," and "Southeast Asia," the Company provides services focused on air freight forwarding, sea freight forwarding, and logistics (warehousing). In "APLL," the Company provides services focused on logistics (truck and rail transport, and warehousing) 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 2020 (April 1, 2019– March 31, 2020)

(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	132,890	54,809	34,447	91,957	53,030	176,967	544,103	429	544,533	—	544,533
Inter-segment sales/transfers	3,917	3,983	943	1,989	1,752	180	12,768	2,298	15,066	(15,066)	—
Total net sales	136,808	58,793	35,391	93,947	54,783	177,147	556,871	2,727	559,599	(15,066)	544,533
Segment income	4,667	3,755	321	5,125	2,302	3,220	19,392	303	19,695	18	19,714
Segment assets	72,970	33,905	14,240	64,423	33,379	166,575	385,494	2,542	388,037	(2,567)	385,470
Other											
Depreciation	1,536	617	472	4,046	1,785	8,521	16,980	165	17,145	—	17,145
Amortization of goodwill	47	118	—	—	—	3,444	3,610	—	3,610	—	3,610
Investment in equity-method affiliates	2,785	—	316	505	2,417	1,017	7,041	—	7,041	—	7,041
Increase in property, plant and equipment and intangible assets	1,569	2,411	1,642	24,517	10,322	19,276	59,740	298	60,039	—	60,039

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

(2) The (2,567) million yen adjustment in segment assets includes (18,605) million yen of inter-segment eliminations and 16,038 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

5. The increase in property, plant and equipment and intangible assets includes an increase in right-of-use assets of 54,063 million yen associated with the application of IFRS 16 Leases.

6. 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.

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

[Related information]

Fiscal year ended March 2020 (April 1, 2019 – March 31, 2020)

1. Information by service

(Millions of yen)

	Air freight forwarding	Sea freight forwarding	Logistics	Other	Total
Net sales to outside customers	186,389	153,469	163,508	41,165	544,533

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				
133,090	151,278	10,129	161,408	86,832	105,654	192,486	38,809	12,760	5,977	544,533

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				
25,169	7,560	2,516	10,076	8,002	22,461	30,464	870	953	611	68,145

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 KWE Group customers that account for 10% or more of the net sales indicated on the consolidated statements of income.

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 KWE Group 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 2020 (April 1, 2019 – March 31, 2020)

(Millions of yen)

	Reportable Segment							Other	Total
	Japan	The Americas	Europe, Middle East & Africa	East Asia & Oceania	Southeast Asia	APLL	Total		
Impairment Loss	—	—	—	—	—	7,817	7,817	—	7,817

Notes: 4,426 million yen included in APLL represents impairment loss on software of APL Logistics Ltd, a consolidated subsidiary, and 48 million yen represents impairment loss on goodwill related to India Infrastructure and Logistics Private Limited, a consolidated subsidiary. 3,342 million yen represents impairment loss on shares of Changan Minsheng APLL Logistics Co., Ltd., an affiliate accounted for using equity method, which was recorded in share of loss of entities accounted for using equity method.

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

Note: 741 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 2020 (April 1, 2019 – March 31, 2020)

(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	118	—	—	—	3,444	3,610	—	3,610
	Year-end balance	664	2,458	—	—	—	53,028	56,150	—	56,150
Negative Goodwill	Amortization amount for the year	—	—	—	—	11	—	11	—	11
	Year-end balance	—	—	—	—	97	—	97	—	97

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

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

Fiscal year ended March 2020 (April 1, 2019 – March 31, 2020)

There are no applicable matters to be reported.

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

There are no applicable matters to be reported.