

Teleconference Q&A Session Summary for 3Q of FY2021 (Ending March 2022)

Q1: Consolidated Earnings forecast for operating income has been revised from 50 billion yen (as of 2nd quarter) to 58 billion yen this time. What are the assumptions behind this?

A1. The results for the 3rd quarter (three months ended December 31, 2021) were better than expected compared to the forecast as of the 2nd quarter. Reflecting this, we have revised our full-year forecast after careful consideration of handling volume and sales forecast for the 4th quarter.

Q2: Southeast Asia segment showed a large increase in profits during the 3rd quarter. Could you explain the factors behind this?

A2. KWE Vietnam handled large spot shipments (automobile-related) during the period. Overall demand in other ASEAN countries had been strong, too. Our regular charter flights were quite effective under continuous capacity shortage.

Q3: What is the overall trend of air export gross profit per unit during the past 2 fiscal years and current fiscal year?

A3. Taking regional situations into consideration, it is down from the last fiscal year under the significant supply-demand gap caused by pandemic. But generally higher than its level of pre pandemic. The last three months have seen an overall increase due to tight supply and demand.

Q4: Demand for transportation seems to be strong at the moment but what is your forecast for coming months?

A4. We expect that demand for air cargo will increase in light of the ongoing sea freight disruption. Although it is still difficult to secure capacity, we will keep on endeavoring to maintain our customers' supply chains. Thus we aim to increase our global handling volume utilizing various service menu as multi-origin gateway option, etc.

Q5: Please tell us about the profitability of regular charter flights?

A5. Profitability within the group as a whole has been in line with expectations. Talking about Japanese market, it is unique and we cannot retail available space to other forwarders to fill the whole space. This make the profitability deteriorate sometimes. We are continuing our efforts to improve loading efficiency.

Q6: The current market environment is a tailwind for your group. In this context, please tell us about any future initiatives that are unique to your group.

A6: We are well aware of current extraordinary market environment. Under these circumstances, our group has been working together as one. We have more and more opportunities to make unique proposals to our customers to maintain their supply chains, and we are receiving more and more evaluations. We will take advantage of these opportunities to strengthen our customer base.