The fiscal year ended December 31, 2019

(1) Overview of Results of Operations, etc.

1) Overview of results of operations for the fiscal year ended December 31, 2019

Consolidated Income Statement for the Fiscal Year ended December 31, 2019 (millions of yen)

	FY2018 (A)	FY2019 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	12,165	12,704	538	+4.4%
Operating income	1,939	1,997	58	+3.0%
Ordinary income	1,914	1,995	81	+4.2%
Profit attributable to owners of the parent	1,346	1,405	59	+4.4%
No. of Tank containers (as of December 31)	7,691	8,114	423	+5.5%
Utilization rate (over 12 months)	77.4%	74.6%	(2.8%)	

During the fiscal year ended December 31, 2019, the Japanese economy saw a modest expansion trend, driven by a steady recovery of the employment and income situations and brisk capital investments, although a slowdown in the overseas economy and natural disasters experienced in the country led to a weak tone in the manufacturing sector and flagging exports. However, the economy has lost steam since October due to a reactionary fall in demand following the last-minute demand before the consumption tax hike and a downturn in consumer spending.

Looking at the overseas economy, the U.S.-China trade friction and other uncertainties of trade policy, along with geopolitical tensions and country-specific stress in major emerging economies, affected the manufacturing and trade sectors, in particular. The U.S. economy grew only 2% annually, although supported by consumer spending. Likewise, the euro zone indicated stronger signs of slowdown in growth, mainly arising from the sluggish German economy, which was attributable to weak external demand, especially from China, and companies' diminishing motivation to invest under stagnant production activities due to excess inventory.

Against the backdrop of this global environment, the Group has been concentrating on developing an operational structure that will allow us to flexibly respond to fluctuations in export and import trade so as to minimize their impacts on our business. This has enabled us to steadily improve business performance by winning export contracts to match the increase in the number of tank containers arriving in

Japan as import trade grew. Furthermore, in the high pressure gas business, which started in 2017, the business lines of recycling and recovering fluorocarbon and rendering it harmless are steadily expanding, with net sales in the fiscal year ended December 31, 2019 of ¥408 million (previous fiscal year: ¥236 million), and business areas accompanying the business and new customers are firmly increasing. As a result, net sales for the fiscal year ended December 31, 2019 were ¥12,704 million, an increase of ¥538 million (4.4%) from the previous fiscal year, marking the fourth consecutive year of sales growth.

On the expenses side, depreciation expenses and personnel expenses associated with capital investments, such as enhancing branch facilities and increasing the number of tank containers, continued to rise, as the Group made capital investments in anticipation of further business expansion and secured human resources. Particularly, despite a one-time expense incurred in the fiscal year ended December 31, 2019 for the change of the mainframe system, strong new business helped lift operating income up to ¥1,997 million, a ¥58 million (3.0%) increase from the previous fiscal year that adds to the growth sustained for four years. In the fiscal year ended December 31, 2019, we recorded a gain on donation of non-current assets of ¥34 million (zero in the previous fiscal year) associated with asbestos removal work conducted at the office building housing our head office. This pushed up ordinary income to ¥1,995 million, an ¥81 million (4.2%) increase from the previous fiscal year.

2) Overview of financial position for the fiscal year ended December 31, 2019

The Group has applied the Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 of February 16, 2018) and relevant guidance since the beginning of the fiscal year ended December 31, 2019. Accordingly, changes from the end of the previous fiscal year are based on comparison with the figures that have been retrospectively adjusted to meet the standard and guidance.

Consolidated Balance Sheet as of December 31, 2019 (millions of yen)

ASSET	FY2018 (A)	FY2019 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	5,711	6,411	700	+12.3%
Total non-current assets	12,023	12,559	535	+4.5%
Total	**17,734**	**18,971**	**1,236**	**+7.0%**

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2018 (A)	FY2019 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	2,986	3,205	219	+7.4%
Total non-current liabilities	4,857	4,909	51	+1.1%
Total liabilities	**7,843**	**8,115**	**271**	**+3.5%**
Shareholders' equity	9,886	10,875	989	+10.0%
Total accumulated other comprehensive income	5	(19)	(24)	(475.4%)
Total shareholders' equity	**9,891**	**10,856**	**965**	**+9.8%**
Total	**17,734**	**18,971**	**1,236**	**+7.0%**

(a) Assets

Total current assets increased by ¥700 million (12.3% increase) as compared to the end of the previous fiscal year, to ¥6,411 million. This was primarily due to increases of ¥500 million in cash and deposits and ¥200 million in other current assets.

Total non-current assets increased by ¥535 million (4.5% increase) as compared to the end of the previous fiscal year, to ¥12,559 million. This was primarily due to increases of ¥304 million in buildings and structures (net), ¥33 million in machinery, equipment and vehicles (net), ¥200 million in tank containers (net) and ¥26 million in deferred tax assets, despite a decrease of ¥34 million in construction in progress mainly attributable to the delivery of tank containers ordered in the previous fiscal year.

As a result, total assets increased by ¥1,236 million (7.0% increase) when compared

to the end of the previous fiscal year, to ¥18,971 million.

(b) Liabilities

Total current liabilities increased by ¥219 million (7.4% increase), as compared to the end of the previous fiscal year, to ¥3,205 million. This was primarily due to increases of ¥67 million in short-term loans payable, ¥108 million in lease obligations and ¥197 million in other current liabilities, despite decreases of ¥20 million in accounts payable-trade and ¥134 million in current portion of long-term loans payable.

Total non-current liabilities increased by ¥51 million (1.1% increase), as compared to the end of the previous fiscal year, to ¥4,909 million. This was primarily due to increases of ¥716 million in lease obligations, ¥14 million in retirement benefit liability and ¥43 million in other non-current liabilities, despite a decrease of ¥724 million in long-term loans payable.

(c) Shareholder's equity

Total shareholders' equity increased by ¥965 million (9.8% increase), as compared to the end of the previous fiscal year, to ¥10,856 million. This was primarily due to an increase of ¥989 million in retained earnings, despite a decrease of ¥24 million in foreign currency translation adjustment.

3) Overview of cash flows for the fiscal year ended December 31, 2019

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year ended December 31, 2019 rose by ¥669 million, as compared to the end of the previous fiscal year, to ¥4,135 million. The status of cash flows for the fiscal year ended December 31, 2019 and the related factors are as described below.

(a) Net cash provided by operating activities

Funds provided by operating activities resulted in a cash inflow of ¥2,417 million (compared to a cash inflow of ¥2,034 million for the previous fiscal year). This was primarily due to cash inflows from profit before income taxes of ¥1,996 million, as well as depreciation and amortization of ¥1,142 million, in contrast to a cash outflow for income taxes paid of ¥654 million.

(b) Net cash used in investing activities

Funds used in investing activities resulted in a cash outflow of ¥68 million (compared to a cash outflow of ¥516 million for the previous fiscal year). This was primarily due

to cash outflows of ¥215 million in purchase of property, plant and equipment and ¥24 million in purchase of intangible assets, despite a cash inflow for a net decrease of time deposits of ¥164 million.

(c) Net cash used in financing activities

Funds used in financing activities resulted in a cash outflow of ¥1,665 million (compared to a cash outflow of ¥166 million for the previous fiscal year). This was mainly because of cash outflows for repayment of long-term loans of ¥1,000 million, repayment of lease obligations of ¥456 million and payment of dividends to shareholders of ¥416 million, despite cash inflows for a net increase of short-term loans of ¥67 million and proceeds from long-term loans of ¥141 million.