The three months ended March 31, 2020

(1) Explanation of Results of Operations

Consolidated Income Statement for the three months ended March 31, 2020 (millions of yen)

	1Q of FY2019 (A)	1Q of FY2020 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	3,108	3,150	42	+1.4%
Operating income	481	345	(135)	(28.1%)
Ordinary income	476	364	(111)	(23.5%)
Profit attributable to owners of the parent	335	258	(77)	(23.0%)
No. of Tank containers (as of March 31)	7,885	8,172	287	+3.6%
Utilization rate (over 3 months)	75.7%	70.9%	(4.8%)	

During the three months ended March 31, 2020, the Japanese economy started on a moderate recovery trend due to continued improvement in the employment and income situations, despite ongoing further weakness mainly in the manufacturing industry amid weak exports. However, impacts are being seen mainly from a significant decline in sales, particularly in the retail and food and beverage industries, due to continued stay at home recommendations announced alongside a declaration of a state of emergency in response to the spread of the novel coronavirus (COVID-19) infection.

Meanwhile, looking at the overseas economy, the harsh environment is expected to continue with uncertain future outlook, due to restrained economic activities in China, where strict travel restrictions have been in place, and in Europe, the U.S., Southeast Asia, and other countries owing to the global COVID-19 pandemic.

Against the backdrop of this business environment, although the Group's import trade mainly from China fell below the level in the previous fiscal year, we made efforts to win export contracts in which importing cargo from China was switched to exporting cargo from Japan. As a result, for the three months ended March 31, 2020, we secured net sales of ¥3,150 million, a ¥42 million (1.4%) increase from the previous corresponding period.

In terms of profits, in addition to the occurrence of adjustment expenses caused by an imbalance between demand for and supply of tank containers due to a discrepancy between the areas that we predicted would have transport trade and the areas in which the transport needs actually arose, there was an increase in depreciation expenses associated with capital investments we implemented in the previous fiscal year. As a result, operating income reached only ¥345 million, a 28.1% decrease from the previous corresponding period. Ordinary income recorded ¥364 million, a 23.5% decrease from the previous corresponding period, despite the recording of ¥27 million in foreign exchange gains.

(2) Explanation of Financial Position

Consolidated Balance Sheet as of March 31, 2020 (millions of yen)

ASSET	FY2019 (A)	1Q of FY2020 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	6,411	6,388	(23)	(0.4%)
Total non-current assets	12,559	12,536	(23)	(0.2%)
Total	18,971	18,924	(46)	(0.2%)

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2019 (A)	1Q of FY2020 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	3,205	3,094	(111)	(3.5%)
Total non-current liabilities	4,909	4,969	59	+1.2%
Total liabilities	8,115	8,063	(52)	(0.6%)
Shareholders' equity	10,875	10,926	50	+0.5%
Total accumulated other comprehensive income	(19)	(64)	(45)	+233.2%
Total shareholders' equity	10,856	10,861	5	+0.0%
Total	18,971	18,924	(46)	(0.2%)

Total assets at the end of the first quarter ended March 31, 2020, decreased by

¥46 million (0.2% decrease) when compared to the end of the previous fiscal year, to ¥18,924 million.
Total current assets decreased by ¥23 million (0.4% decrease) as compared to the end of the previous fiscal year, to ¥6,388 million. This was primarily due to decreases of ¥36 million in accounts receivable-trade and ¥484 million in other current assets, despite an increase of ¥497 million in cash and deposits.
Total non-current assets decreased by ¥23 million (0.2% decrease) as compared to the end of the previous fiscal year, to ¥12,536 million. This was primarily due to a decrease of ¥46 million in buildings and structures (net), despite an increase of ¥37 million in other property, plant and equipment (net).
Total current liabilities decreased by ¥111 million (3.5% decrease), as compared to the end of the previous fiscal year, to ¥3,094 million. This was primarily due to decreases of ¥80 million in current portion of long-term loans payable, ¥233 million in income taxes payable, and ¥197 million in other current liabilities, despite increases of ¥48 million in accounts payable-trade, ¥221 million in short-term loans payable, and ¥97 million in lease obligations.
Total non-current liabilities increased by ¥59 million (1.2% increase), as compared to the end of the previous fiscal year, to ¥4,969 million. This was primarily due to increases of ¥44 million in long-term loans payable, ¥5 million in lease obligations, and ¥6 million in other non-current liabilities.
Total shareholders' equity increased by ¥5 million (0.0% increase), as compared to the end of the previous fiscal year, to ¥10,861 million. This was primarily due to an increase of ¥50 million in retained earnings, despite a decrease of ¥44 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Results Projections and Other Future Forecast Information
The consolidated results projections for the year ending December 31, 2020, remain unchanged from the figures announced on February 13, 2020.
However, the impact that the spread of the novel coronavirus (COVID-19) infection will have on our results is currently unclear. We will promptly announce any revisions to the results projections if they are judged as necessary.