The nine months ended September 30, 2020

(1) Explanation of Results of Operations

Consolidated Income Statement for the nine months ended September 30, 2020 (millions of yen)

	3Q of FY2019 (A)	3Q of FY2020 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Revenue	9,515	9,126	(388)	(4.1%)
Operating income	1,522	1,145	(376)	(24.8%)
Ordinary income	1,510	1,126	(383)	(25.4%)
Profit attributable to owners of the parent	1,059	798	(261)	(24.6%)
No. of Tank containers (as of September 30)	8,042	8,243	201	+2.5%
Utilization rate (over 9 months)	75.1%	70.7%	(4.4%)	

During the nine months ended September 30, 2020, the Japanese economy slowed down in its recovery of domestic demand, with consumer spending bogged down by the resurgence of the novel coronavirus (COVID-19) pandemic. Meanwhile, in terms of overseas demand, China has recovered to the level before the novel coronavirus (COVID-19) pandemic, in addition to developed countries starting to pick up. As exports including transportation machinery as well as electronic components and devices are starting to recover, production activities of the manufacturing industry are on an upward trend.

Looking at the overseas economy, the corporate mindset in the U.S. is improving due to the continued increase in the operating rate of manufacturing facilities and the recovery of employment, despite the recent diminishing trend in the production of automobiles and components. In Europe, while the number of new novel coronavirus (COVID-19) cases is increasing again and the service industry PMI is falling to a level below 50, production and exports in the manufacturing industry have recovered to approximately 90% of the level before the novel coronavirus (COVID-19) pandemic, continuing the recovery trend. Meanwhile, in China, economic activities have been resumed ahead of other countries amid the novel coronavirus (COVID-19) crisis, leading to a recovery of the economy. Against the backdrop of resumption of economic activities in other countries and an increase in demand for information and communication equipment, exports from China have picked up to a level exceeding that of the previous year.

In terms of the Group's business, the number of transactions has significantly declined during the second quarter ended June 30, 2020 because of the lockdown restrictions imposed in many countries as measures against the spread of the novel coronavirus (COVID-19) infection and the corresponding restriction of transportation. However, in order to make up for the decline in the six months ended June 30, 2020, the Group as a whole has pushed ahead with its sales

activities both in Japan and overseas amid this severe business environment, focusing on winning export contracts to regions in which economic activities have been resumed early. In addition, partly due to the high pressure gas business growing its net sales to ¥373 million for the nine months ended September 30, 2020 (¥301 million for the previous corresponding period), net sales for the nine months ended September 30, 2020 amounted to ¥9,126 million, a 4.1% decrease from the previous corresponding period. Furthermore, in terms of expenses, despite an increase in adjustment expense for an imbalance between demand for and supply of tank containers by region as well as an increase in depreciation and amortization associated with capital investments we implemented in the previous fiscal year in the hopes of further business expansion and an increase in the number of tank containers held, the Group recorded operating income of ¥1,145 million. Its decrease compared with the previous corresponding period was 24.8%, less significant than 29.8% at the end of the second quarter ended June 30, 2020. In addition, ordinary income was also positive at ¥1,126 million despite the recording of ¥5 million in foreign exchange losses. Its decrease compared with the previous corresponding period was 25.4%, improving from 28.0% at the end of the second quarter ended June 30, 2020.

(2) Explanation of Financial Position

Consolidated Balance Sheet as of September 30, 2020 (millions of yen)

ASSET	FY2019 (A)	3Q of FY2020 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	6,411	6,686	274	+4.3%
Total non-current assets	12,559	12,237	(322)	(2.6%)
Total	18,971	18,923	(48)	(0.3%)

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2019 (A)	3Q of FY2020 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	3,205	3,010	(195)	(6.1%)
Total non-current liabilities	4,909	4,727	(182)	(3.7%)
Total liabilities	8,115	7,737	(377)	(4.6%)
Shareholders' equity	10,875	11,258	382	+3.5%
Total accumulated other comprehensive income	(19)	(72)	(53)	(276.9%)
Total shareholders' equity	10,856	11,185	329	+3.0%
Total	18,971	18,923	(48)	(0.3%)

Total assets at the end of the third quarter ended September 30, 2020, decreased by ¥48 million (0.3% decrease) when compared to the end of the previous fiscal year, to ¥18,923 million.
Total current assets increased by ¥274 million (4.3% increase) as compared to the end of the previous fiscal year, to ¥6,686 million. This was primarily due to an increase of ¥703 million in cash and deposits, despite decreases of ¥20 million in accounts receivable-trade and ¥409 million in other current assets.
Total non-current assets decreased by ¥322 million (2.6% decrease) as compared to the end of the previous fiscal year, to ¥12,237 million. This was primarily due to decreases of ¥121 million in buildings and structures (net), ¥165 million in tank containers (net), and ¥37 million in intangible assets.
Total current liabilities decreased by ¥195 million (6.1% decrease), as compared to the end of the previous fiscal year, to ¥3,010 million. This was primarily due to decreases of ¥151 million in current portion of long-term loans payable, ¥254 million in income taxes payable, and ¥190 million in other current liabilities, despite increases of ¥142 million in short-term loans payable, ¥224 million in lease obligations, and ¥39 million in provision for bonuses.
Total non-current liabilities decreased by ¥182 million (3.7% decrease), as compared to the end of the previous fiscal year, to ¥4,727 million. This was primarily due to decreases of ¥119 million in long-term loans payable and ¥86 million in lease obligations, despite increases of ¥9 million in retirement benefit liability and ¥13 million in other non-current liabilities.
Total shareholders' equity increased by ¥329 million (3.0% increase), as compared to the end of the previous fiscal year, to ¥11,185 million. This was primarily due to an increase of ¥382 million in retained earnings, despite a decrease of ¥53 million in foreign currency translation adjustment.

(3) Explanation of Consolidated Results Projections and Other Future Forecast Information
As announced on June 19, 2020, the Group has cancelled the results projections for the fiscal year ending December 31, 2020 (January 1, 2020 to December 31, 2020), which were announced on February 13, 2020, and decided to leave them "undetermined," due to the difficulty of making a reasonable calculation of the results projections owing to the impact of the global spread of the novel coronavirus (COVID-19) infection.
During the third quarter ended September 30, 2020, despite active transportation of goods in East Asia including China, which has seen significant economic recovery, there are concerns over the resurgence of the novel coronavirus (COVID-19) infection through winter and its impact, with the number of cases in the U.S. exceeding 10 million and lockdown restrictions imposed in France, Germany, and the U.K. for the second time.
As the uncertainty of the outlook of economic activities still continues particularly in Europe and the U.S., where the disease is spreading again, the results projections remain "undetermined" as of today. We will promptly announce the results projections once we are able to make a reasonable calculation.