The nine months ended December 31, 2020

The fiscal year ended December 31, 2020

(1) Overview of Results of Operations, etc.

1) Overview of results of operations for the fiscal year ended December 31, 2020

Consolidated Income Statement for the fiscal year ended December 31, 2020 (millions of yen)

	FY2019 (A)	FY2020 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	12,704	12,277	(427)	(3.4%)
Operating income	1,997	1,496	(501)	(25.1%)
Ordinary income	1,995	1,450	(545)	(27.3%)
Profit attributable to owners of the parent	1,405	1,029	(376)	(26.8%)
No. of Tank containers (as of December 31)	8,114	8,482	368	+4.5%
Utilization rate (over 12 months)	74.6%	71.1%	(3.5%)	

During the fiscal year ended December 31, 2020, the Japanese economy deteriorated rapidly with lower domestic and overseas demand caused by the novel coronavirus (COVID-19) pandemic and large declines in industrial production due to disruptions to supply chains because of factory shutdowns across the world. While the economy has started to pick up with the resumption of economic activities, the pace of recovery has been moderate.

Looking at the overseas economy, U.S. real GDP has grown substantially since the July to September quarter, rebounding from a large drop in the April to June quarter. However, this situation will likely continue to depend on the state of the novel coronavirus (COVID-19) pandemic and economic measures.

In addition, although the euro zone also saw a large rebound in real GDP in the July to September quarter following a sharp drop in the April to June quarter, uncertainties have increased with the resurgence of the novel coronavirus (COVID-19) pandemic.

In China, there was a large drop in real GDP in the January to March quarter, but growth momentum has increased with industrial production and service sector

production exceeding the level of the previous fiscal year after the containment of the novel coronavirus (COVID-19) pandemic.
In terms of the Group's business, the entire group has flexibly carried out sales activities in consideration of customers' circumstances, given the severe business conditions due to factors including the restrictions on movement as measures against the spread of the novel coronavirus (COVID-19) infection, the increase in ocean freight rates due to tight demand and supply condition of container ships, and the appreciation of the yen to levels above the Company's anticipated rate. As a result, net sales for the fiscal year ended December 31, 2020 recovered after bottoming out in the second quarter, amounting to ¥12,277 million, a decrease of 3.4% from the previous fiscal year (¥12,704 million in the previous fiscal year).
In terms of expenses, due to 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, as well as an increase in adjustment expense for an imbalance between demand for and supply of tank containers by region and a rise in ocean freight rates due to tight demand and supply condition of container ships, the Group recorded operating income of ¥1,496 million, a 25.1% decrease from the previous fiscal year. Ordinary income was ¥1,450 million, a 27.3% decrease from the previous fiscal year, in part because of recording ¥27 million in foreign exchange losses.

2) Overview of financial position for the fiscal year ended December 31, 2020

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

ASSET	FY2020 (A)	FY2020 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Total current assets	6,411	6,808	396	+6.2%
Total non-current assets	12,559	12,200	(359)	(2.9%)
Total	**18,971**	**19,008**	**37**	**+0.2%**

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2019 (A)	2Q of FY2019 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	3,205	2,962	(243)	(7.6%)
Total non-current liabilities	4,909	4,641	(267)	(5.4%)
Total liabilities	**8,115**	**7,603**	**(511)**	(6.3%)
Shareholders' equity	10,875	11,489	613	+5.6%
Total accumulated other comprehensive income	(19)	(84)	(65)	-
Total shareholders' equity	**10,856**	**11,404**	**548**	**+5.1%**
Total	**18,971**	**19,008**	**37**	**+0.2%**

(a) Assets

Total current assets increased by ¥396 million (6.2% increase) as compared to the end of the previous fiscal year, to ¥6,808 million. This was primarily due to increases of ¥561 million in cash and deposits and ¥61 million in accounts receivable–trade, despite a decrease of ¥226 million in other current assets.

Total non–current assets decreased by ¥359 million (2.9% decrease) as compared to the end of the previous fiscal year, to ¥12,200 million. This was primarily due to decreases of ¥171 million in buildings and structures (net), ¥143 million in tank containers (net) and ¥49 million in intangible assets.

As a result, total assets increased by ¥37 million (0.2% increase) when compared to the end of the previous fiscal year, to ¥19,008 million.

(b) Liabilities

Total current liabilities decreased by ¥243 million (7.6% decrease), as compared to the end of the previous fiscal year, to ¥2,962 million. This was primarily due to decreases of ¥203 million in current portion of long-term loans payable, ¥189 million in income taxes payable and ¥120 million in other current liabilities, despite an increase of ¥291 million in lease obligations.
Total non-current liabilities decreased by ¥267 million (5.4% decrease), as compared to the end of the previous fiscal year, to ¥4,641 million. This was primarily due to decreases of ¥258 million in long-term loans payable and ¥42 million in lease obligations, despite increases of ¥12 million in retirement benefit liability and ¥18 million in other non-current liabilities.

(c) Shareholder's equity
Total shareholders' equity increased by ¥548 million (5.1% increase), as compared to the end of the previous fiscal year, to ¥11,404 million. This was primarily due to an increase of ¥613 million in retained earnings, despite a decrease of ¥65 million in foreign currency translation adjustment.

3) Overview of cash flows for the fiscal year ended December 31, 2020
Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year ended December 31, 2020 decreased by ¥2,704 million, as compared to the end of the previous fiscal year, to ¥1,430 million. The status of cash flows for the fiscal year ended December 31, 2020 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 ¥2,241 million (compared to a cash inflow of ¥2,417 million for the previous fiscal year). This was primarily due to cash inflows from profit before income taxes of ¥1,451 million, as well as depreciation and amortization of ¥1,231 million, in contrast to a cash outflow for income taxes paid of ¥584 million.

(b) Net cash used in investing activities
Funds used in investing activities resulted in a cash outflow of ¥3,494 million (compared to a cash outflow of ¥68 million for the previous fiscal year). This was primarily due to cash outflows of ¥3,272 million for a net increase in time deposits, ¥205 million in purchase of property, plant and equipment and ¥20 million in purchase

of intangible assets.

(c) Net cash used in financing activities

Funds used in financing activities resulted in a cash outflow of ¥1,425 million (compared to a cash outflow of ¥1,665 million for the previous fiscal year). This was mainly because of cash outflows for repayment of long-term loans of ¥870 million, repayment of lease obligations of ¥520 million and payment of dividends to shareholders of ¥414 million, despite cash inflows from proceeds from long-term loans of ¥408 million.