The six months ended June 30, 2021

(1) Explanation of Results of Operations

Consolidated Income Statement for the six months ended June 30, 2021 (millions of yen)

	2Q of FY2020 (A)	2Q of FY2021 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	6,069	7,554	1,484	+24.5%
Operating income	711	1,173	462	+65.0%
Ordinary income	718	1,121	402	+56.0%
Profit attributable to owners of the parent	512	796	283	+55.3%
No. of Tank containers (as of June 30)	8,163	9,451	1,288	+15.8%
Utilization rate (over 6 months)	71.0%	76.2%	+5.2%	

During the six months ended June 30, 2021, with the number of novel coronavirus (COVID-19) variant cases remaining high, the Japanese economy saw the service industry, which has been greatly affected by the COVID-19 pandemic, remain anemic although business sentiment improved in the manufacturing industry underpinned by an increase in export volume following overseas business recovery.

Looking at the world economy, in the U.S., the increase in production of the manufacturing industry has remained small mainly due to shortage of raw materials, although consumer confidence has improved thanks to some normalization of economic activities in response to relaxation of restrictions on activity following widespread availability of vaccinations. On the other hand, Europe saw business sentiment of the service industry rapidly improve due to speedy COVID-19 vaccinations, while the manufacturing industry PMI of the euro zone stood at 63.4 in June, the highest since statistics began. In addition, both imports and exports continue to expand and consumer spending is steadily picking up in China, where economic activities resumed earlier.

In terms of the Group's business, the future of the business environment remains uncertain, mainly exemplified by congestion at ports, soaring ocean freight rates and restriction on economic activities due to increases in the number of coronavirus variant cases. However, as a result of its concerted efforts for aggressive sales activities, the Group's performance for the six months ended June 30, 2021 exceeded that of the previous corresponding period in terms of domestic transportation and incidental services provided by branches of the Company, in addition to exports, imports and tripartite transportation.

The Group made concerted efforts in its sales activities with the aim of acquiring export transactions which are on the rise amid this business environment. As a result, export sales continued to increase and posted record highs in the six months ended June 30, 2021 as well, owing to achievements such as winning new business from customers who had previously used tank containers of competitors. As for domestic transactions, sales mainly involving domestic

transportation greatly exceeded those of the previous corresponding period as well, owing to marked increases in storage and heating operations that leverage the Company's network of domestic branch locations, which serve as its strength. Moreover, sales of the gas tank container business amounted to ¥296 million (¥258 million for the previous corresponding period), amid its ongoing expansion.

As a result, net sales for the six months ended June 30, 2021 amounted to ¥7,554 million, an increase of ¥1,484 million, or 24.5% from the previous corresponding period. In terms of profits, the Group recorded operating income of ¥1,173 million, an increase of ¥462 million, or 65.0% from the previous corresponding period, despite an increase in depreciation and amortization associated with ongoing capital investments centered on tank containers, whose number increased by nearly 1,300 from the end of the previous corresponding period (please refer to the number of tank containers held, mentioned above). Ordinary income was ¥1,121 million, an increase of ¥402 million, or 56.0% from the previous corresponding period, despite having recorded ¥30 million in foreign exchange losses (foreign exchange gains of ¥14 million for the previous corresponding period).

(2) Explanation of Financial Position

1) Status of Assets, Liabilities and Shareholders' Equity

Consolidated Balance Sheet as of June 30, 2021 (millions of yen)

ASSET	FY2020 (A)	2Q of FY2021 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	6,808	8,339	1,530	+22.5%
Total non-current assets	12,200	12,765	564	+4.6%
Total	19,008	21,104	2,095	+11.0%

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2020 (A)	2Q of FY2021 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	2,962	3,303	341	+11.5%
Total non-current liabilities	4,641	5,690	1,048	+22.6%
Total liabilities	7,603	8,994	1,390	+18.3%
Shareholders' equity	11,489	12,077	588	+5.1%
Total accumulated other comprehensive income	(84)	32	117	-
Total shareholders' equity	11,404	12,110	705	+6.2%
Total	19,008	21,104	2,095	+11.0%

Total assets at the end of the second quarter ended June 30, 2021, increased by ¥2,095 million (11.0% increase) when compared to the end of the previous fiscal year, to ¥21,104 million.

Total current assets increased by ¥1,530 million (22.5% increase) as compared to the end of the previous fiscal year, to ¥8,339 million. This was primarily due to increases of ¥1,202 million in cash and deposits and ¥414 million in accounts receivable-trade despite a decrease of ¥86 million in other current assets.

Total non-current assets increased by ¥564 million (4.6% increase) as compared to the end of the previous fiscal year, to ¥12,765 million. This was primarily due to increases of ¥597 million in tank containers (net) and ¥34 million in other property, plant and equipment, despite decreases of ¥56 million in buildings and structures (net) and ¥19 million in intangible assets.

Total current liabilities increased by ¥341 million (11.5% increase), as compared to the end of the previous fiscal year, to ¥3,303 million. This was primarily due to increases of ¥225 million in accounts payable-trade, ¥68 million in lease obligations and ¥201 million in income taxes payable, despite decreases of ¥80 million in short-term loans payable and ¥78 million in current portion of long-term loans payable.

Total non-current liabilities increased by ¥1,048 million (22.6% increase), as compared to the end of the previous fiscal year, to ¥5,690 million. This was primarily due to increases of ¥297 million in long-term loans payable and ¥745 million in lease obligations.

Total shareholders' equity increased by ¥705 million (6.2% increase), as compared to the end of the previous fiscal year, to ¥12,110 million. This was primarily due to increases of ¥588 million in retained earnings and ¥117 million in foreign currency translation adjustment.

2) Status of Cash Flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the second quarter ended June 30, 2021 increased by ¥2,204 million, as compared to the end of the previous fiscal year, to ¥3,634 million. The status of cash flows for the six months ended June 30, 2021 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 ¥1,630 million (compared to a cash inflow of ¥1,371 million in the same period of the previous fiscal year). This was primarily due to cash inflows from profit before income taxes of ¥1,121 million, as well as depreciation and amortization of ¥659 million, in contrast to a cash outflow for an increase of ¥378 million in trade receivables.

(b) Net cash provided by investing activities

Funds provided by investing activities resulted in a cash inflow of ¥915 million (compared to a cash outflow of ¥1,400 million in the same period of the previous fiscal year). This was primarily due to a cash inflow of ¥1,001 million from a net decrease in time deposits, despite a cash outflow of ¥76 million in purchase of property, plant and equipment.

(c) Net cash used in financing activities

Funds used in financing activities resulted in a cash outflow of ¥402 million (compared to a cash outflow of ¥472 million in the same period of the previous fiscal year). This was mainly because of cash outflows for repayment of long-term loans of ¥340 million, repayment of lease obligations of ¥334 million and payment of dividends to shareholders of ¥207 million, despite a cash inflow from proceeds from long-term loans of ¥560 million.

(3) Explanation of Consolidated Results Projections and Other Future Forecast Information

With continued expansion of the COVID-19 pandemic, despite progress being made with respect to vaccinations, it remains unclear as to when the virus will likely be contained amid the spread of highly infectious coronavirus variants, which has resulted in rapid increases again in the number of coronavirus cases in some countries.

Under these circumstances, we have been taking various measures to stably provide tank containers to customers amid a situation where container ship space becomes scarce particularly in the North American route as the number of transactions continues to grow in both exports from Japan and imports to Japan. As a result of our efforts, both sales and profits for the six months ended June 30, 2021 exceeded those of the previous corresponding period significantly. However, we will continue to leave the consolidated results projections undetermined, given that it is still not possible to reasonably calculate earnings forecasts for the fiscal year ending December 31, 2021, since there are signs of resurgence of infection due to changing of coronavirus into new variants.

Taking our future business developments into account, we will carefully monitor effects on our business performance and will promptly announce the results projections once we are able to make a reasonable calculation of the forecast figures.