The six months ended June 30, 2022

(1) Explanation of Results of Operations

Consolidated Income Statement for the six months ended June 30, 2022 (millions of yen)

	2Q of FY2021 (A)	2Q of FY2022 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	7,554	11,212	3,658	+48.4%
Operating income	1,173	2,499	1,325	+112.9%
Ordinary income	1,121	2,452	1,331	+118.8%
Profit attributable to owners of the parent	796	1,695	898	+112.9%
No. of Tank containers (as of June 30)	9,451	9,948	497	+5.3%
Utilization rate (over 6 months)	76.2%	75.8%	(0.4%)	

During the six months ended June 30, 2022, the business sentiment DI of the non-manufacturing industry such as personal services and accommodation, food and beverage services improved to +13 for the first time in two quarters, but the business sentiment DI of companies in the manufacturing industry deteriorated to +9 for the second consecutive quarter due to the impact of shortage of components resulting from the lockdown in China in addition to the increase in raw material costs due to a rise in resource prices.

Looking at the world economy, in the U.S., the Consumer Price Index (CPI) in June was up 9.1% year-on-year, continuing high inflation. Real personal consumption declined due to the downturn in capital goods, particularly automobiles, although the mining industry remained steady due to high resource prices and alternative demand for Russian-made products. On the other hand, in Europe, personal consumption such as accommodation, food and beverage remained strong, and inbound demand in the tourism industry, etc. recovered steadily. In China, factory production began to grow due to easing of the Covid-19 lockdown from May, and the worst of manufacturing production is behind as evidenced by the fact that nationwide passenger car sales turned positive in June compared to the previous year.

In terms of the Group's business, the future of the business environment remains uncertain, mainly due to continued container ship scarcity and high ocean freight rates, although port congestion is gradually being resolved. However, as a result of its concerted efforts for global sales activities, the Group's performance for the six months ended June 30, 2022 greatly 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. In particular, we won new business by leveraging domestic transportation and the Company's domestic branch network, which serve

as its strength, and continuing aggressive sales activities to acquire incidental services such as storage and heating operations. Moreover, the gas tank container business, which is in its sixth year, is also steadily expanding and the sales amounted to ¥437 million (¥296 million for the previous corresponding period).

As a result, net sales for the six months ended June 30, 2022 exceeded the previous corresponding period by ¥3,658 million, amounting to ¥11,212 million (an increase of 48.4% from the previous corresponding period). In terms of profits, despite an increase in depreciation and amortization associated with ongoing capital investments centered on tank containers, whose number increased by nearly 500 from the end of the previous corresponding period (please refer to the number of tank containers held, mentioned above), operating income amounted to ¥2,499 million, an increase of ¥1,325 million, or 112.9% from the previous corresponding period. Ordinary income was ¥2,452 million, an increase of ¥1,331 million, or 118.8% from the previous corresponding period, despite having recorded ¥15 million in foreign exchange losses (a decrease of 48.3% from the previous corresponding period).

(2) Explanation of Financial Position

1) Status of Assets, Liabilities and Shareholders' Equity

Consolidated Balance Sheet as of June 30, 2022 (millions of yen)

ASSET	FY2021 (A)	2Q of FY2022 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Total current assets	9,707	11,598	1,891	+19.5%
Total non-current assets	12,657	12,782	125	+1.0%
Total	**22,364**	**24,381**	**2,016**	**+9.0%**

LIABILITIES AND SHAREHOLDERS' EQUITY	FY2021 (A)	2Q of FY2022 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	3,677	3,956	279	+7.6%
Total non-current liabilities	5,586	5,421	(165)	(3.0%)
Total liabilities	**9,264**	**9,378**	**113**	**+1.2%**
Shareholders' equity	12,993	14,481	1,488	+11.5%
Total accumulated other comprehensive income	106	521	414	+389.4%
Total shareholders' equity	**13,099**	**15,002**	**1,902**	**+14.5%**
Total	**22,364**	**24,381**	**2,016**	**+9.0%**

Total assets at the end of the second quarter ended June 30, 2022, increased by ¥2,016 million (9.0% increase) as compared to the end of the previous fiscal year, to ¥24,381 million.

Total current assets increased by ¥1,891 million (19.5% increase) as compared to the end of the previous fiscal year, to ¥11,598 million. This was primarily due to increases of ¥1,950 million in cash and deposits and ¥494 million in notes and accounts receivable–trade, and contract assets (this item was presented as accounts receivable–trade for the end of the previous fiscal year), despite a decrease of ¥553 million in other current assets.

Total non-current assets increased by ¥125 million (1.0% increase) as compared to the end of the previous fiscal year, to ¥12,782 million. This was primarily due to increases of ¥73 million in tank containers (net) and ¥103 million in other property, plant and equipment, despite a decrease of ¥56 million in buildings and structures (net).

Total current liabilities increased by ¥279 million (7.6% increase), as compared to the end of the previous fiscal year, to ¥3,956 million. This was primarily due to increases of ¥135 million in current portion of long-term loans payable and ¥137 million in income taxes payable, despite a decrease of ¥44 million in accounts payable-trade.

Total non-current liabilities decreased by ¥165 million (3.0% decrease), as compared to the end of the previous fiscal year, to ¥5,421 million. This was primarily due to a decrease of ¥357 million in long-term loans payable, despite an increase of ¥149 million in lease obligations.

Total shareholders' equity increased by ¥1,902 million (14.5% increase), as compared to the end of the previous fiscal year, to ¥15,002 million. This was primarily due to increases of ¥1,488 million in retained earnings and ¥414 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, 2022 increased by ¥1,930 million, as compared to the end of the previous fiscal year, to ¥5,366 million. The status of cash flows for the six months ended June 30, 2022 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 ¥2,737 million (compared to a cash inflow of ¥1,630 million in the same period of the previous fiscal year). This was primarily due to cash inflows from profit before income taxes of ¥2,453 million, as well as depreciation and amortization of ¥695 million, in contrast to a cash outflow for an increase of ¥260 million in trade receivables.

(b) Net cash used in investing activities

Funds used in investing activities resulted in a cash outflow of ¥189 million (compared to a cash inflow of ¥915 million in the same period of the previous fiscal year). This was primarily due to a cash outflow of ¥189 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 ¥819 million (compared to a cash outflow of ¥402 million in the same period of the previous fiscal year). This was mainly because of cash outflows for repayment of long-term loans of ¥222 million, repayment of lease obligations of ¥385 million and payment of dividends to shareholders of ¥207 million.

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

No revisions have been made to the full-year consolidated results projections for the fiscal year ending December 31, 2022, which were announced on May 12, 2022.

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