The six months ended June 30, 2023

(1) Explanation of Results of Operations

Consolidated Income Statement for the six months ended June 30, 2023 (millions of yen)

	2Q of FY2022 (A)	2Q of FY2023 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	11,212	9,020	(2,192)	(19.6%)
Operating income	2,499	1,960	(539)	(21.6%)
Ordinary income	2,452	2,097	(355)	(14.5%)
Profit attributable to owners of the parent	1,695	1,459	(235)	(13.9%)
No. of Tank containers (as of June 30)	9,948	9,957	9	+0.1%
Utilization rate (over 6 months)	75.8%	64.1%	(11.7%)	

During the six months ended June 30, 2023, sales were ¥9,020 million, operating income was ¥1,960 million, ordinary income was ¥2,097 million, and profit attributable to owners of the parent was ¥1,459 million.

The market conditions for chemicals continue to decline broadly because a large volume of surplus products flowed from China into the Asian and European markets as domestic demand in China has remained sluggish even after the lifting of the zero-Covid policy. Meanwhile, many Japanese manufacturers reduced production, partly owing to soaring fuel prices, such as natural gas prices and electricity charges, which are very high compared to those overseas. As a result, exports from Japan declined significantly.

The Group's cargo transportation sales declined year-on-year. However, in this business environment, we emphasized our efforts in the incidental services business, including cargo storage and heating operations, by using our domestic branch network and the unique features of tank containers. Moreover, as the logistics industry's "2024 problem" will arise in Japan in April 2024, we are promoting a modal shift and focusing on winning projects that involve a shift from conventional domestic transportation modes. For example, we are proposing stock & delivery services, which take advantage of our nationwide network comprising eight branches, to reduce long-distance transportation.

On the other hand, in the high-pressure gas business, we established the Gas & Environmental Solution Department in October 2022, which has been promoting sales of high-pressure gasses, mainly CFC gas, and whose results have been steadily improving. Since entering the high-pressure gas business in 2017, sales have grown for seven consecutive fiscal years, and sales for the six months ended June 30, 2023 amounted to ¥462 million (¥437 million in the previous corresponding period).

As a result, as a percentage of the full-year consolidated results projections for FY2023, in the six months ended June 30, 2023, sales reached 101.3%, operating income 147.9%, ordinary income 163.3%, and profit attributable to owners of the parent 168.5%.

(2)Explanation of Financial position

Consolidated Balance Sheet as of June 30, 2023 (millions of yen)

ASSET	FY2022 (A)	2Q of FY2023 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	13,622	13,523	(99)	(0.7%)
Total non-current assets	12,554	13,243	688	+5.5%
Total	**26,177**	**26,766**	**589**	**+2.3%**

LIABILITIES AND NET ASSETS	FY2022 (A)	2Q of FY2023 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	4,673	3,821	(852)	(18.2%)
Total non-current liabilities	5,266	5,239	(26)	(0.5%)
Total liabilities	**9,940**	**9,061**	**(879)**	**(8.8%)**
Total shareholders' equity	15,805	17,022	1,216	+7.7%
Total accumulated other comprehensive income	431	683	251	+58.3%
Total net assets	**16,237**	**17,705**	**1,468**	**+9.0%**
Total	**26,177**	**26,766**	**589**	**+2.3%**

1) Status of Assets, Liabilities and Net Assets

Total assets at the end of the second quarter ended June 30, 2023, increased by ¥589 million (2.3% increase) as compared to the end of the previous fiscal year, to ¥26,766 million.

Total current assets decreased by ¥99 million (0.7% decrease) as compared to the end of the previous fiscal year, to ¥13,523 million. This was primarily due to a decrease of ¥843 million in notes and accounts receivable-trade, and contract

assets, and a decrease of ¥224 million in other current assets, despite an increase of ¥976 million in cash and deposits.
Total non-current assets increased by ¥688 million (5.5% increase) as compared to the end of the previous fiscal year, to ¥13,243 million. This was primarily due to increases of ¥895 million in land and ¥161 million in other property, plant and equipment, despite decreases of ¥72 million in buildings and structures (net) and ¥321 million in tank containers (net).
Total current liabilities decreased by ¥852 million (18.2% decrease), as compared to the end of the previous fiscal year, to ¥3,821 million. This was primarily due to decreases of ¥237 million in accounts payable-trade, ¥100 million in current portion of long-term loans payable, and ¥473 million in income taxes payable.
Total non-current liabilities decreased by ¥26 million (0.5% decrease), as compared to the end of the previous fiscal year, to ¥5,239 million. This was primarily due to a decrease of ¥194 million in lease obligations, despite an increase of ¥150 million in long-term loans payable.
Total net assets increased by ¥1,468 million (9.0% increase), as compared to the end of the previous fiscal year, to ¥17,705 million. This was primarily due to increases of ¥1,216 million in retained earnings and ¥251 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, 2023 increased by ¥356 million, as compared to the end of the previous fiscal year, to ¥7,530 million. The status of cash flows for the six months ended June 30, 2023 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 ¥2,481 million (compared to a cash inflow of ¥2,737 million in the same period of the previous fiscal year). This was primarily due to cash inflows from profit before income taxes of ¥2,097 million, depreciation and amortization of ¥714 million, and a decrease of ¥960 million in trade receivables, in contrast to cash outflows for a decrease of ¥312 million in trade payables and ¥1,084 million in income taxes paid.

(b) Net cash used in investing activities

Funds used in investing activities resulted in a cash outflow of ¥1,751 million (compared to a cash outflow of ¥189 million in the same period of the previous fiscal year). This was primarily due to cash outflows of ¥571 million from a net increase in time deposits and ¥1,149 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 ¥614 million (compared to a cash outflow of ¥819 million in the same period of the previous fiscal year). This was mainly because of cash outflows for repayment of long-term loans of ¥399 million, repayment of lease obligations of ¥422 million and payment of dividends to shareholders of ¥242 million, despite a cash inflow from proceeds from long-term loans of ¥450 million.

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

There is no change from the full-year consolidated results projections announced on February 14, 2023.

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