The nine months ended September 30, 2023

(1) Explanation of Results of Operations

Consolidated Income Statement for the nine months ended September 30, 2023 (millions of yen)

	3Q of FY2022 (A)	3Q of FY2023 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	17,192	13,193	(3,998)	(23.3%)
Operating income	3,758	2,743	(1,014)	(27.0%)
Ordinary income	3,717	2,939	(777)	(20.9%)
Profit attributable to owners of the parent	2,567	2,050	(517)	(20.1%)
No. of Tank containers (as of September 30)	10,008	9,838	(170)	(1.7%)
Utilization rate (over 9 months)	75.0%	62.5%	(12.5%)	

During the nine months ended September 30, 2023, sales were ¥13,193 million, operating income was ¥2,743 million, ordinary income was ¥2,939 million, and profit attributable to owners of the parent was ¥2,050 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, Japanese manufacturers, who are dependent on imports for many resources and fuels from overseas, were forced to reduce production, partly owing to soaring raw material prices caused by the sharp depreciation of the yen. This severely affected exports from Japan. In the third quarter, however, Japan's exports rebounded as the cleanup of semiconductor product inventory came to an end, and automobile production picked up after declining due to a semiconductor shortage. A weak yen has also made Japan's exports more competitive.

The Group's international transportation sales declined year-on-year. However, in this business environment, sales of services incidental to tank container transportation, including cargo storage and heating operations using the unique features of tank containers, remained strong. Moreover, in the face of an expected shortage of truck drivers in Japan from 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. We have also strengthened our sales efforts by thoroughly implementing a sales strategy to shift the mode of transportation from chemical tankers to

tank containers. In addition, lower costs of sales due to reduced ocean freight rates and foreign exchange gains from the yen's depreciation have contributed to improved earnings.

On the other hand, in the high-pressure gas business, we established NICHICON OVERSEAS GASTANK CHEMICAL Co., Ltd. in June 2023 to promote sales of high-pressure gasses, mainly CFC gas, and sales for the nine months ended September 30, 2023 amounted to ¥689 million (¥670 million in the previous corresponding period).

As a result, as a percentage of the full-year consolidated results projections for FY2023, in the nine months ended September 30, 2023, sales reached 73.3%, operating income 102.8%, ordinary income 113.9%, and profit attributable to owners of the parent 118.7%.

(2)Explanation of Financial position

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

ASSET	FY2022 (A)	3Q of FY2023 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	13,622	13,877	254	+1.9%
Total non-current assets	12,554	13,013	459	+3.7%
Total	**26,177**	**26,891**	**713**	**+2.7%**

LIABILITIES AND NET ASSETS	FY2022 (A)	3Q of FY2023 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	4,673	3,610	(1,062)	(22.7%)
Total non-current liabilities	5,266	5,238	(27)	(0.5%)
Total liabilities	**9,940**	**8,849**	**(1,090)**	**(11.0%)**
Total shareholders' equity	15,805	17,266	1,461	+9.2%
Total accumulated other comprehensive income	431	775	343	+79.6%
Total net assets	**16,237**	**18,041**	**1,804**	**+11.1%**
Total	**26,177**	**26,891**	**713**	**+2.7%**

Total assets at the end of the third quarter ended September 30, 2023, increased by ¥713 million (2.7% increase) as compared to the end of the previous fiscal year, to ¥26,891 million.

Total current assets increased by ¥254 million (1.9% increase) as compared to the end of the previous fiscal year, to ¥13,877 million. This was primarily due to an increase of ¥1,120 million in cash and deposits, despite decreases of ¥594 million in notes and accounts receivable-trade, and contract assets and ¥259 million in other current assets.

Total non-current assets increased by ¥459 million (3.7% increase) as compared to the end of the previous fiscal year, to ¥13,013 million. This was primarily due to increases of ¥895 million in land, ¥128 million in other property, plant and equipment, and ¥39 million in investments and other assets, despite decreases of ¥93 million in buildings and structures (net) and ¥485 million in tank containers (net).

Total current liabilities decreased by ¥1,062 million (22.7% decrease), as compared to the end of the previous fiscal year, to ¥3,610 million. This was primarily due to decreases of ¥77 million in accounts payable-trade, ¥75 million in current portion of long-term loans payable, ¥980 million in income taxes payable, and ¥149 million in other current liabilities, despite increases of ¥130 million in short-term loans payable and ¥44 million in provision for bonuses.

Total non-current liabilities decreased by ¥27 million (0.5% decrease), as compared to the end of the previous fiscal year, to ¥5,238 million. This was primarily due to a decrease of ¥363 million in lease obligations, despite increases of ¥321 million in long-term loans payable and ¥14 million in retirement benefit liability.

Total net assets increased by ¥1,804 million (11.1% increase), as compared to the end of the previous fiscal year, to ¥18,041 million. This was primarily due to increases of ¥1,461 million in retained earnings and ¥343 million in foreign currency translation adjustment.

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

The Company has revised the full-year consolidated results projections announced on February 14, 2023.

This Website is translated from the original Japanese Website into English only for the convenience of the non-Japanese. Although careful attention is paid when posting the information and materials, the accuracy cannot be fully guaranteed.The Company will not be held liable for any consequential losses or damages resulting from your usage/non-usage of these information and materials or out of the usage of this Website.