The fiscal year ended December 31, 2023

(1) Overview of Results of Operations, etc.

1) Overview of results of operations for the fiscal year ended December 31, 2023

Consolidated Income Statement for the fiscal year ended December 31, 2023 (millions of yen)

	FY2022 (A)	FY2023 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	23,081	17,292	(5,788)	(25.1%)
Operating income	4,885	3,304	(1,580)	(32.4%)
Ordinary income	4,709	3,495	(1,213)	(25.8%)
Profit attributable to owners of the parent	3,261	2,431	(829)	(25.4%)
No. of Tank containers (as of December 31)	10,036	9,828	(208)	(2.1%)
Utilization rate (over 12 months)	73.6%	62.3%	(11.3%)	

During the fiscal year ended December 31, 2023, sales were ¥17,292 million, operating income was ¥3,304 million, ordinary income was ¥3,495 million, and profit attributable to owners of the parent was ¥2,431 million.

In the first half of FY2023, the market conditions for chemicals continued to decline broadly because a large volume of surplus products flowed from China into the Asian and European markets as domestic demand in China 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, and shipment of latex, a raw material for medical gloves, increased significantly.

The Group's international transportation sales declined year-on-year, due in part to a decline in ocean freight rates, which had been soaring since 2021. 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 new 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 change long-distance transportation. We have also strengthened our sales efforts by thoroughly

implementing a shift of 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 fiscal year ended December 31, 2023 amounted to ¥935 million (¥921 million in the previous corresponding period).

As a result, as a percentage of the revised full-year consolidated results projections for FY2023, while sales were 96.1%, which was slightly below the projection, operating income was 103.0%, ordinary income 102.4%, and profit attributable to owners of the parent 102.6%, exceeding the projections.

2) Overview of financial position for the fiscal year ended December 31, 2023

Consolidated Balance Sheet as of December 31, 2023 (millions of yen)

ASSET	FY2022 (A)	FY2023 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	13,622	13,668	46	+0.3%
Total non-current assets	12,554	13,273	718	+5.7%
Total	**26,177**	**26,942**	**764**	**+2.9%**

LIABILITIES AND NET ASSETS	FY2022 (A)	FY2023 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	4,673	3,682	(991)	(21.2%)
Total non-current liabilities	5,266	4,978	(287)	(5.5%)
Total liabilities	**9,940**	**8,660**	**(1,279)**	**(12.9%)**
Total shareholders' equity	15,805	17,647	1,842	+11.7%
Total accumulated other comprehensive income	431	633	201	+46.8%
Total net assets	**16,237**	**18,281**	**2,044**	**+12.6%**
Total	**26,177**	**26,942**	**764**	**+2.9%**

Total assets at the end of the fiscal year ended December 31, 2023, increased by ¥764 million (2.9% increase) as compared to the end of the previous fiscal year, to ¥26,942 million.

Total current assets increased by ¥46 million (0.3% increase) as compared to the end of the previous fiscal year, to ¥13,668 million. This was primarily due to an increase of ¥1,173 million in cash and deposits, despite decreases of ¥834 million in accounts receivable-trade and ¥308 million in other current assets.

Total non-current assets increased by ¥718 million (5.7% increase) as compared to the end of the previous fiscal year, to ¥13,273 million. This was primarily due to increases of ¥895 million in land, ¥728 million in construction in progress, and ¥18 million in investments and other assets, despite decreases of ¥115 million in buildings and structures (net) and ¥737 million in tank containers (net).

Total current liabilities decreased by ¥991 million (21.2% decrease), as compared to the end of the previous fiscal year, to ¥3,682 million. This was primarily due to decreases of ¥93 million in accounts payable-trade, ¥88 million in current portion of long-term loans payable, ¥839 million in income taxes payable, and ¥14 million in other current liabilities, despite an increase of ¥40 million in lease obligations.

Total non-current liabilities decreased by ¥287 million (5.5% decrease), as compared to the end of the previous fiscal year, to ¥4,978 million. This was primarily due to a decrease of ¥539 million in lease obligations, despite increases of ¥223 million in long-term loans payable and ¥18 million in retirement benefit liability.

Total net assets increased by ¥2,044 million (12.6% increase), as compared to the end of the previous fiscal year, to ¥18,281 million. This was primarily due to increases of ¥1,842 million in retained earnings and ¥201 million in foreign currency translation adjustment.

3) Overview of cash flows for the fiscal year ended December 31, 2023

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the fiscal year ended December 31, 2023 increased by ¥433 million, as compared to the end of the previous fiscal year, to ¥7,606 million. The status of cash flows for the fiscal year ended December 31, 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 ¥4,024 million (compared to a cash inflow of ¥5,703 million for the previous fiscal year). This was primarily due to cash inflows from profit before income taxes of ¥3,491 million, depreciation and amortization of ¥1,440 million, a decrease of ¥953 million in trade receivables, as well as ¥237 million in other increases due to operating activities, in contrast to cash outflows for a decrease of ¥160 million in trade payables and ¥1,863 million in income taxes paid.

(b) Net cash used in investing activities

Funds used in investing activities resulted in a cash outflow of ¥2,554 million (compared to a cash outflow of ¥555 million for the previous fiscal year). This was primarily due to cash outflows of ¥726 million from a net increase in time deposits and ¥1,792 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 ¥1,230 million (compared to a cash outflow of ¥1,530 million for the previous fiscal year). This was mainly because of cash outflows for repayment of long-term loans of ¥615 million, repayment of lease obligations of ¥785 million and payment of dividends to shareholders of ¥589 million, despite a cash inflow from proceeds from long-term loans of ¥750 million.

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.