The three months ended March 31, 2024

(1) Explanation of Results of Operations

Consolidated Income Statement for the three months ended March 31, 2024 (millions of yen)

	1Q of FY2023 (A)	1Q of FY2024 (B)	Increase/(decrease)	
			Amount(C) (B)-(A)	Percentage (C)/(A)
Sales	4,804	4,051	(752)	(15.7%)
Operating income	1,141	592	(549)	(48.1%)
Ordinary income	1,139	632	(506)	(44.4%)
Profit attributable to owners of the parent	790	439	(350)	(44.4%)
No. of Tank containers (as of March 31)	10,054	9,870	(184)	(1.8%)
Utilization rate (over 3 months)	66.2%	63.4%	(2.8%)	

During the three months ended March 31, 2024, sales were ¥4,051 million, operating income was ¥592 million, ordinary income was ¥632 million, and profit attributable to owners of the parent was ¥439 million.

In international transportation, the mean transit duration has increased as the Suez Canal is being avoided due to escalating tensions in the Middle East since autumn 2023, while the Panama Canal remains congested due to vessel transit restrictions. The Company successfully captured more transportation demand than expected in Asia, which is less vulnerable to transit restrictions and rerouting. However, it did not make up for the decline in sales in Europe and the United States. On the earnings front, ocean freight rates remained largely stable during the period under review. Consequently, our earnings decreased slightly compared to the corresponding period last year, when earnings per project experienced a temporary surge due to freight rates being in a downward phase.

Domestic transportation sales, on the other hand, came in slightly lower year-on-year, as sales of the incidental services business decreased while sales of services incidental to the transportation business remained nearly flat.

Now that the direct and indirect impacts of the COVID-19 pandemic are largely behind us, despite the growing geopolitical instability throughout the globe, we are prepared to effectively address the emerging "2024 problem" in logistics in Japan by enhancing our sales activities in a way that leverages unique features of tank containers and our nationwide network of eight branches. In particular, we are taking a proactive approach toward pitching our new Niigata branch, which has undergone significant enhancement work to alleviate the logistics bottleneck and expand the gas business.

(2) Explanation of Financial Position

Consolidated Balance Sheet as of March 31, 2024 (millions of yen)

ASSET	FY2023 (A)	1Q of FY2024 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current assets	13,668	13,656	(12)	(0.1%)
Total non-current assets	13,273	13,530	257	+1.9%
Total	**26,942**	**27,187**	**245**	**+0.9%**

LIABILITIES AND NET ASSETS	FY2023 (A)	1Q of FY2024 (B)	Increase/(decrease)	
			Amount (C) (B)-(A)	Percentage (C)/(A)
Total current liabilities	3,682	3,879	196	+5.3%
Total non-current liabilities	4,978	4,748	(230)	(4.6%)
Total liabilities	**8,660**	**8,627**	**(33)**	**(0.4%)**
Total shareholders' equity	17,647	17,740	92	+0.5%
Total accumulated other comprehensive income	633	819	185	+29.3%
Total net assets	**18,281**	**18,559**	**278**	**+1.5%**
Total	**26,942**	**27,187**	**245**	**+0.9%**

Total assets at the end of the first quarter ended March 31, 2024, increased by ¥245 million (0.9% increase), as compared to the end of the previous fiscal year, to ¥27,187 million.

Total current assets decreased by ¥12 million (0.1% decrease), as compared to the end of the previous fiscal year, to ¥13,656 million. This was primarily due to a decrease of ¥138 million in cash and deposits, despite increases of ¥60 million in notes and accounts receivable-trade, and contract assets and ¥72 million in other current assets.

Total non-current assets increased by ¥257 million (1.9% increase), as compared to the end of the previous fiscal year, to ¥13,530 million. This was primarily due to an increase of ¥378 million in other property, plant and equipment (net), despite decreases of ¥42 million in buildings and structures (net) and ¥90 million in tank containers (net).

Total current liabilities increased by ¥196 million (5.3% increase), as compared to the end of the previous fiscal year, to ¥3,879 million. This was primarily due to increases of ¥76 million in accounts payable-trade, ¥110 million in short-term loans payable, ¥39 million in lease obligations, ¥26 million in provision for bonuses, and ¥23 million in other current liabilities, despite decreases of ¥6 million in current portion of long-term loans payable and ¥71 million in income taxes payable.

Total non-current liabilities decreased by ¥230 million (4.6% decrease), as compared to the end of the previous fiscal year, to ¥4,748 million. This was primarily due to decreases of ¥101 million in long-term loans payable and ¥114 million in lease obligations.

Total net assets increased by ¥278 million (1.5% increase), as compared to the end of the previous fiscal year, to ¥18,559 million. This was primarily due to increases of ¥92 million in retained earnings and ¥185 million in foreign currency translation adjustment.

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

There is no change from the consolidated results projections announced on February 13, 2024.

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