



SINCE 1946

Thanks to you,
we celebrated
the 75th anniversary
of our founding
on March 27, 2021.

JOT

ANNUAL REPORT 2021

Year Ended March 31, 2021



2021

Shift for the Next

**We fulfill our responsibility to the future
with thorough safety and high-quality service**

Before presenting the business report for the 104th term (April 1, 2020 to March 31, 2021), I would like to take this opportunity to thank our shareholders for your support throughout the year.

Going forward, the outlook for the Japanese economy is likely to remain uncertain as it is not known when the novel coronavirus disease (COVID-19) pandemic will end due to the emergence of highly infectious variants and other factors.

The business environment for the JOT Group is expected to be challenging as a full-fledged recovery in transportation demand is expected to take some time.

In response to the significant changes in the business environment given the ongoing challenging situation due to the impact of COVID-19 pandemic, the JOT Group formulated a medium-term management plan for the period from Fiscal 2022 to Fiscal 2024 aimed at rebuilding the business foundation and achieving further growth of the entire JOT Group.

Under this medium-term management plan, we will strive to secure and maintain profits in our core businesses and improve productivity through operational reforms utilizing IT and other measures. In

addition, as part of our actions toward achieving growth, we aim to respond to transportation demand for a carbon-free society and a further increase of profitability in international transportation. In line with these efforts, we have set targets of net sales of ¥35.1 billion or more, operating income of ¥1.8 billion or more and ordinary income of ¥1.9 billion or more in Fiscal 2024.

We will also strive to practice ESG (environmental, social, and governance) management and carry out our initiatives, etc. for realizing clean logistics through our business activities.

The JOT Group continues to strive as a united group, aiming to build a strong earnings base and a stable financial structure by achieving goals of this medium-term management plan and to become the number one energy transportation company in Japan by providing safe and stable transportation.

I continue to count on your generous support and cooperation.



A handwritten signature in black ink, reading "Shoichiro Hara".

Shoichiro Hara

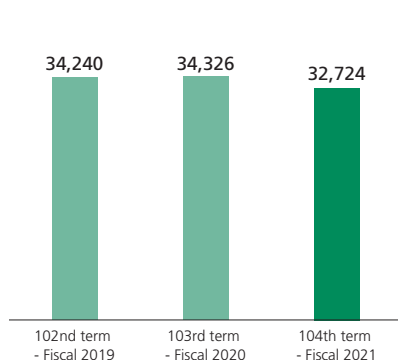
President and Representative Director

August 2021

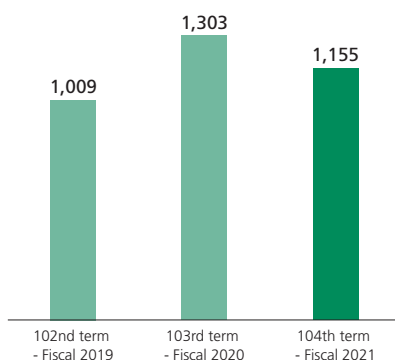
Results for the 104th Term (Consolidated)

The JOT Group thoroughly implemented measures to prevent infection of employees and all related parties and, as an infrastructure company group that protects people's livelihoods and the economy, did its utmost to continue providing safe and stable transportation of energy, food, etc. As a result, net sales in the fiscal year under review showed a year-on-year decrease of 4.7%, to ¥32,724 million due to a decrease in transportation demand, etc., and operating income fell by 11.3% year-on-year to ¥1,155 million. Ordinary income fell by 10.8% year-on-year to ¥1,516 million, and profit attributable to owners of parent fell by 17.9% year-on-year to ¥915 million.

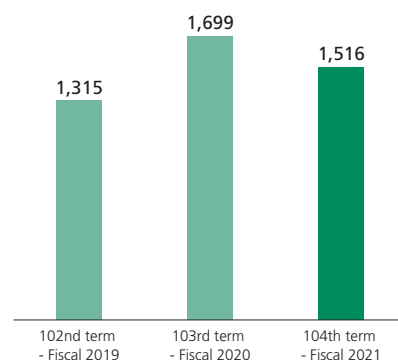
Net Sales (Millions of yen)



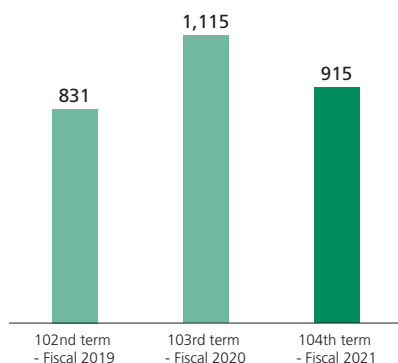
Operating Income (Millions of yen)



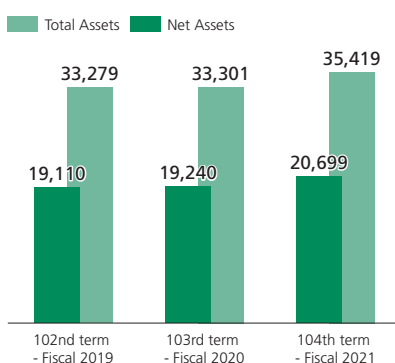
Ordinary Income (Millions of yen)



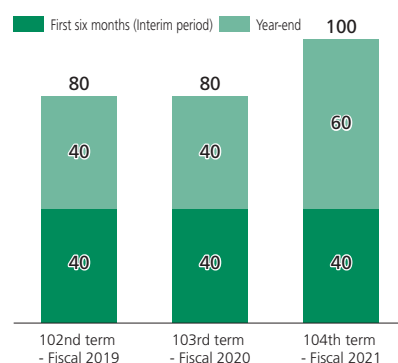
Profit Attributable to Owners of Parent (Millions of yen)



Total Assets / Net Assets (Millions of yen)



Dividend Per Share (Yen)



* Dividend per share for the 104th term includes a ¥20 commemorative dividend to our shareholders to celebrate our 75th anniversary.

Segment Overview (Consolidated)

Oil Transportation Business

Business Description

Making use of two different types of transportation, namely rail tank car transportation, which enables the transportation of high volumes at low cost and with little environmental impact, and truck transportation, which is agile and flexible, the JOT Group conducts transportation of fuel oils such as gasoline, diesel, and kerosene.



Overview of the Period

Net sales - ¥15,373 million
Operating income - ¥387 million

In the oil transportation business, in addition to sluggish demand of fuel oils as consumers stayed at home, etc. due to the impact of COVID-19, there was a decline in revenue due to changes in shipping locations, leading to a fall in both net sales and operating income. As a result, net sales in the oil transportation business fell by 7.5% year-on-year to ¥15,373 million, and operating income fell by 43.1% year-on-year to ¥387 million.

High-Pressure Gas Transportation Business

The JOT Group conducts multimodal transportation by tanker truck and rail-transportation tank containers. We link our customers' satellite stations and plants, etc., LNG import terminals or domestic gas fields all around Japan.



Net sales - ¥8,661 million
Operating income - ¥474 million

In the high-pressure gas transportation business, despite freight revisions with our main customers and acquisition of new transportation contracts, as a result of a decrease in demand due to the impact of COVID-19 and other factors, net sales declined. Meanwhile, due to decreases in fuel costs and in personnel and other expenses, operating income increased. As a result, although net sales in the high-pressure gas transportation business fell by 1.5% year-on-year to ¥8,661 million, operating income rose by 35.8% year-on-year to ¥474 million.

Chemical and Container Transportation Business

In the chemical transportation business, the JOT Group is developing the leasing of containers for the transport of liquid and powder chemicals and food products, as well as multimodal transportation, combining various methods of transportation.



In the container transportation business, the JOT Group is also engaged in rental and leasing of various types of containers for rail transportation, such as for agricultural products, food products, industrial products, and courier services, in order to meet the needs of our customers.



Net sales - ¥8,515 million
Operating income - ¥218 million

In the chemical transportation business, although we strove to maintain profits, due to a drop in demand in Japan and overseas caused by the impact of COVID-19, etc. and lower sales to some of our main customers, net sales decreased. In the container transportation business, a decrease in demand due to the impact of COVID-19 and the impact of poor growth of vegetable crops in the Hokkaido region, led to a fall in net sales. As a result, although net sales in the chemical and container transportation business fell by 2.7% year-on-year to ¥8,515 million, operating income rose by 2.7% year-on-year to ¥218 million due to a reduction in expenses.

Other Business

With regard to the solar power generation business, we currently have four solar power plants located in Japan.



Net sales - ¥174 million
Operating income - ¥76 million

In the solar power generation business, although net sales rose by 0.0% year-on-year to ¥174 million, operating income rose by 25.4% year-on-year to ¥76 million due to reductions in inspection fees and other expenses.

Formulation of Medium-Term Management Plan

In response to a business environment that is changing significantly, we formulated a medium-term management plan for the period from Fiscal 2022 to Fiscal 2024, setting the following financial targets and basic policies in order to reinforce the business foundation for sustained growth.

1 Basic Policies



2 Numerical Targets

	Fiscal 2021	Fiscal 2024	Change
Net Sales	¥32.3 billion	¥35.1 billion or more	+¥2.8 billion or more
Operating Income	¥1.4 billion	¥1.8 billion or more	+¥0.4 billion or more
Ordinary Income	¥1.5 billion	¥1.9 billion or more	+¥0.4 billion or more
ROE	4.6%	Approx. 6.0%	
Total Investment (three years)	Fiscal 2021 (single fiscal year) ¥4.0 billion	¥11.0 billion or more	
Dividend per Share (annual)	¥100.0 (including a ¥20.0 commemorative dividend)	¥100.0	

Note: For detailed information regarding the medium-term management plan, please refer to the "IR Information" page of our website (<https://www.jot.co.jp>).

Introduction to Chemical and Container Transportation Business

Since the establishment of the container transportation business in 1984, the JOT Group's container transportation business has engaged in the rental and leasing business of containers for rail cargo transportation, and items transported cover a wide range of products, including agricultural products, food products, industrial goods, home delivery packages, etc.

To maintain the quality of our customers' important goods, this business offers a wide range of container variations that have been introduced since the business was launched, such as insulated containers with an excellent ability to maintain cold or warm temperatures, Super UR containers that employ vacuum insulation panels to achieve higher cold or heat retention performance and wing containers that can carry cargo equivalent to that of a 10-ton truck, and has worked to develop and improve containers to meet the diverse needs of customers.

In addition, in order to build a system for the rental business that allows customers to use the containers they need, when they need them, this business uses a "rental container system" that is able to provide containers at the nearest freight station from the pickup location and allows the containers to be returned at the nearest freight station from the shipping destination.

We will continue with further container development, including improving thermal insulation and capacity and reducing weight, to meet our customers' needs while putting all of our efforts into the realization of clean logistics through reductions in CO2 emissions and other measures in the container transportation business that place priority on the environment.



Insulated containers



Super UR containers



Wing containers

Consolidated Financial Statements (Summarized)

Japan Oil Transportation Co., Ltd. and its Consolidated Subsidiaries

CONSOLIDATED BALANCE SHEETS

As of March 31, 2021 and 2020

Assets	Millions of yen		Millions of U.S. dollars
	2020	2021	2021
Current assets:			
Cash and deposits	¥ 2,546	¥ 4,084	\$ 36.8
Notes and accounts receivable—trade	3,631	3,737	33.7
Investments in leases	375	344	3.1
Inventories	32	46	0.4
Other	125	147	1.3
Total current assets	6,712	8,361	75.5
Non-current assets:			
Property, plant and equipment	21,366	20,990	189.6
Buildings and structures	1,888	2,406	21.7
Machinery, equipment and vehicles	4,123	3,492	31.5
Containers	2,718	2,361	21.3
Land	5,828	5,828	52.6
Lease assets	6,430	6,742	60.9
Construction in progress	311	101	0.9
Other	64	57	0.5
Intangible assets	221	200	1.8
Software	203	200	1.8
Other	18	—	—
Investments and other assets	5,000	5,866	52.9
Investment securities	3,607	4,656	42.0
Deferred tax assets	872	707	6.3
Other	519	502	4.5
Total non-current assets	26,588	27,057	244.4
Total assets	¥ 33,301	¥ 35,419	\$ 319.9

Liabilities	Millions of yen		Millions of U.S. dollars
	2020	2021	2021
Current liabilities:			
Notes and accounts payable - trade	¥ 1,785	¥ 1,945	\$ 17.5
Short-term loans payable	451	491	4.4
Lease obligations	1,833	2,015	18.2
Accrued expenses	417	504	4.5
Income taxes payable	396	366	3.3
Provision for bonuses	758	782	7.0
Provision for directors' bonuses	111	94	0.8
Other	968	920	8.3
Total current liabilities	6,722	7,120	64.3
Long-term liabilities:			
Lease obligations	4,649	4,780	43.1
Deferred tax liabilities	255	254	2.3
Reserve for vehicle repairs	295	315	2.8
Net defined benefit liability	1,657	1,672	15.1
Other	480	574	5.1
Total long-term liabilities	7,338	7,598	68.6
Total liabilities	¥ 14,060	¥ 14,719	\$ 132.9
Net assets			
Shareholders' equity	19,179	19,830	179.1
Common stock	1,661	1,661	15.0
Capital surplus	290	290	2.6
Retained earnings	17,263	17,914	161.8
Treasury shares, at cost	(36)	(36)	(0.3)
Accumulated other comprehensive income	61	869	7.8
Net unrealized gains on other securities	245	985	8.9
Deferred gains or losses on hedges	(3)	0	0.0
Remeasurements of defined benefit plans	(181)	(116)	(1.0)
Total net assets	19,240	20,699	186.9
Total liabilities and net assets	¥ 33,301	¥ 35,419	\$ 319.9

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2021 and 2020

	Millions of yen		Millions of U.S. dollars
	2020	2021	2021
Net sales	¥ 34,326	¥ 32,724	\$ 295.5
Cost of sales	30,844	29,427	265.8
Gross profit	3,481	3,297	29.7
Selling, general and administrative expenses	2,178	2,141	19.3
Operating income	1,303	1,155	10.4
Non-operating income	646	575	5.1
Interest income	0	0	0.0
Dividend income	193	131	1.1
Rent income on fixed assets	307	331	2.9
Gain on sales of non-current assets	52	34	0.3
Share of profit of entities accounted for using equity method	37	33	0.3
Other	55	44	0.3
Non-operating expenses	250	214	1.9
Interest expenses	74	77	0.6
Rent expenses on fixed assets	96	87	0.7
Loss on sales and retirement of non-current assets	51	32	0.2
Other	27	18	0.1
Ordinary income	1,699	1,516	13.6
Extraordinary income	71	54	0.4
Extraordinary expenses	32	124	1.1
Profit before income taxes	1,738	1,446	13.0
Income taxes - current	649	637	5.7
Income taxes - deferred	(27)	(106)	(0.9)
Profit	1,115	915	8.2
Profit attributable to non-controlling interests	—	—	—
Profit attributable to owners of parent	¥ 1,115	¥ 915	\$ 8.2

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2021 and 2020

	Millions of yen		Millions of U.S. dollars
	2020	2021	2021
Net cash provided by operating activities	¥ 5,143	¥ 5,064	\$ 45.7
Net cash used in investing activities	(3,076)	(2,418)	(21.8)
Net cash used in financing activities	(1,589)	(1,101)	(9.9)
Effect of exchange rate change on cash and cash equivalents	(2)	(5)	(0.0)
Increase (decrease) in cash and cash equivalents	474	1,537	13.8
Cash and cash equivalents at beginning of year	2,046	2,546	23.0
Cash and cash equivalents at end of year	¥ 2,546	¥ 4,084	\$ 36.8

Note: The approximate exchange rate in effect on March 31, 2021 was ¥110.71 = U.S. \$1.

Corporate Information

Company Profile (As of March 31, 2021)

Company Name: Japan Oil Transportation Co., Ltd.
Established: March 27, 1946
Head Office: WEST BLDG. Gate City Ohsaki
11-1, Ohsaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan
TEL: 81-3-5496-7671
URL: <https://www.jot.co.jp/en>
Paid-in Capital: ¥1,661 million
Number of Employees: 1,499 (consolidated); 166 (non-consolidated)

Primary Business

1. Transportation of oil products (gasoline, kerosene, etc.) by rail tank car and truck
2. Transportation of high-pressure gas (LNG, etc.) by rail container, truck, and intermodal transportation
3. Transportation of petrochemical and related products by rail container, truck, and domestic and international intermodal transportation; leasing of a range of containers
4. Rental and leasing of railway refrigerated containers and freezer containers and related items
5. Solar power generation business

Major Subsidiaries (As of March 31, 2021)

Company Name	Paid-in Capital	Equity Ownership	Primary Business
ENEX, Inc.	¥100 million	100.0%	Trucking transportation of oil products, high-pressure gas, and related products, site management of oil depots and related places
Kinki Oil Transportation Co., Ltd.	¥ 75 million	100.0%	Trucking transportation of oil products, high-pressure gas, and related products
NICHIYU Co., Ltd.	¥ 40 million	100.0%	Sales and leasing of rail vehicle and container accessories, insurance agency
New J's Co., Ltd.	¥ 48 million	100.0%	Trucking transportation of petrochemical, high-pressure gas, and related products, automobile services
JK TRANS Co., Ltd.	¥100 million	100.0%	Trucking transportation of oil products, petrochemical and related products



Japan Oil Transportation Co., Ltd.

WEST BLDG. Gate City Ohsaki
11-1, Ohsaki 1-chome, Shinagawa-ku, Tokyo 141-0032, Japan

