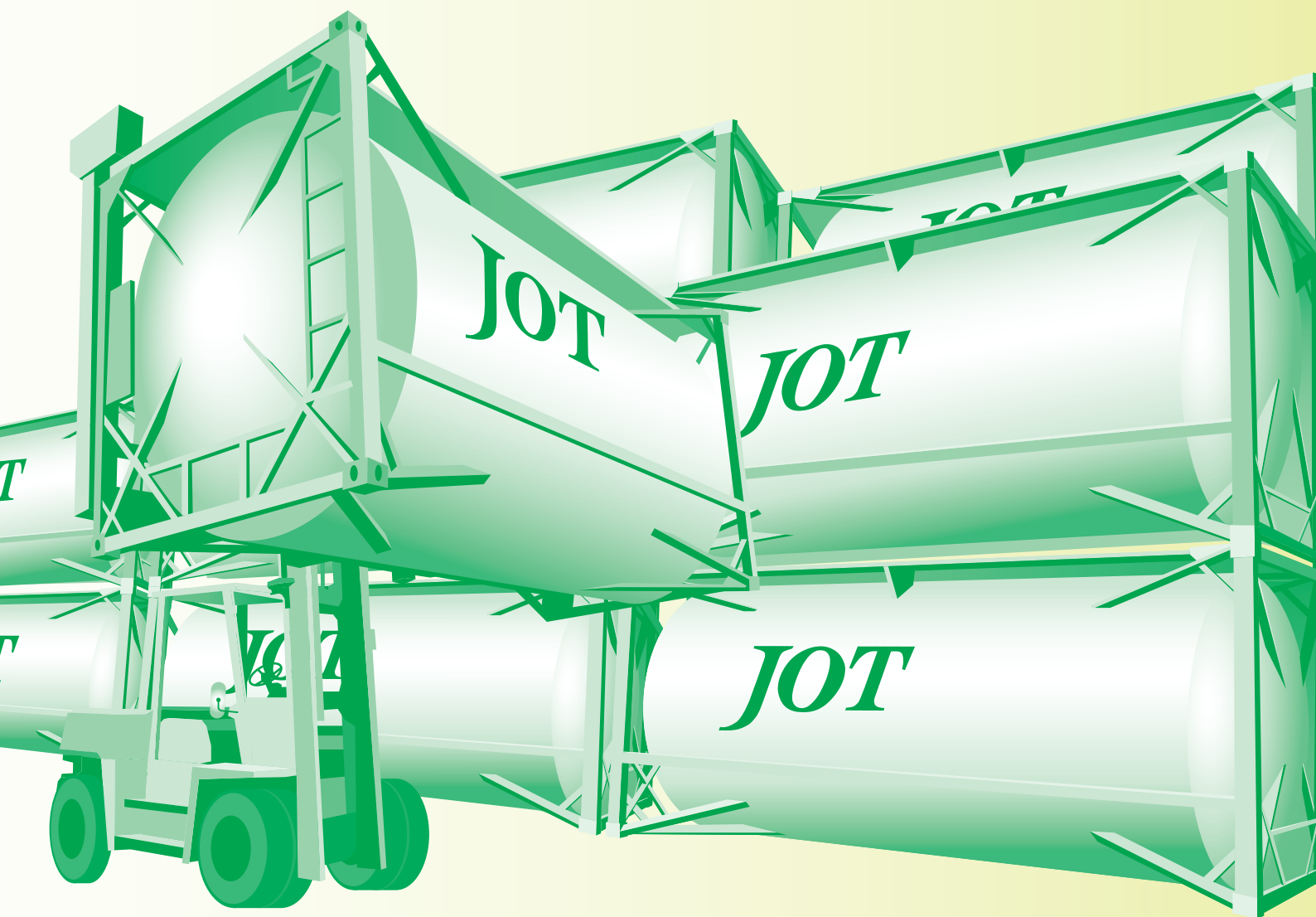


# *JOT*



## **ANNUAL REPORT 2022**

Year Ended March 31, 2022

Japan Oil Transportation Co.,Ltd.

# *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 105th term (April 1, 2021 to March 31, 2022), I would like to take this opportunity to thank our shareholders for your support throughout the year.

Going forward, while there are expectations for recovery in the Japanese economy with the normalization of social and economic activities as the novel coronavirus disease (COVID-19) appears to be coming to an end, there is also concern over the long-term negative effects of Russia's invasion of Ukraine not only on Japan but also on the world economy.

The business environment for the JOT Group appears likely to remain uncertain going forward as concerns over escalating prices for energy and raw materials as well as faltering demand intensify as an effect of the global situation, despite transportation demand gradually heading toward recovery. Under these conditions, to achieve the targets (net sales of ¥35.1 billion or more, operating income of ¥1.8 billion or more, ordinary income of ¥1.9 billion or more) the JOT Group set forth in the medium-term management plan (Fiscal 2022 to Fiscal 2024), while continuing to ensure safe, stable transportation, we strive to maintain and secure profits and increase productivity in our core

businesses, achieve a further increase of profitability in international transportation, and respond to transportation demand for a carbon-free society.

In Fiscal 2022, the first year of the medium-term management plan, while we made steady progress toward achieving our targets, we currently face an extremely challenging business environment. Based on our basic policies and action plans in each of our businesses, we will quickly respond to changes in the business environment and steadily pursue our initiatives. We are also working to implement ESG (environment, society, governance) management through initiatives to realize future "clean logistics" (new transportation businesses and transportation methods to limit CO2 emissions).

I continue to count on your generous support and cooperation.



A handwritten signature in black ink, reading "Shoichiro Hara". The signature is stylized and fluid, with a long horizontal line extending to the right.

**Shoichiro Hara**

President and Representative Director

August 2022

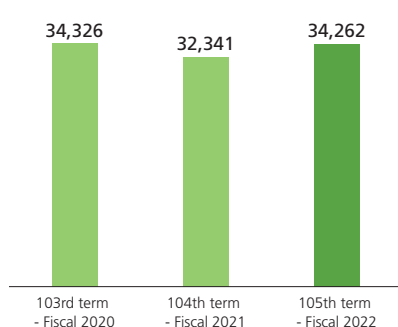
## Results for the 105th Term (Consolidated)

While aiming to achieve our medium-term management plan (Fiscal 2022 to Fiscal 2024), as an infrastructure company group, the JOT Group thoroughly implemented measures to prevent infection of employees and all related parties and made efforts to provide the safe and stable transportation of energy, food, etc., which are essential to people's livelihoods and the economy. As a result, net sales in the fiscal year under review showed a year-on-year increase of 5.9%, to ¥34,262 million due to a recovery in transportation demand, etc., and operating income rose by 7.4% year-on-year to ¥1,458 million. Ordinary income rose by 7.5% year-on-year to ¥1,630 million, and profit attributable to owners of parent rose by 18.9% year-on-year to ¥1,088 million.

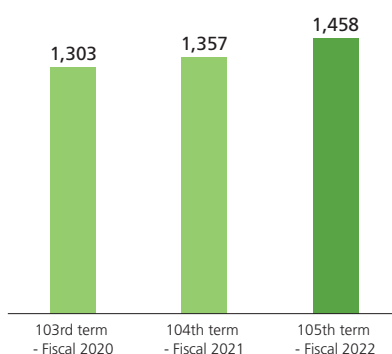
\*The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations have been applied effective from the beginning of the 105th term. Furthermore, the disclosure method for the portion of profit or loss associated with the property rental business controlled by JOT has been changed from non-operating income and expenses to net sales and cost of sales.

Therefore, each figure associated with the 104th term is the figure after retrospectively applying the accounting standard and relevant ASBJ regulations and disclosure methods changed.

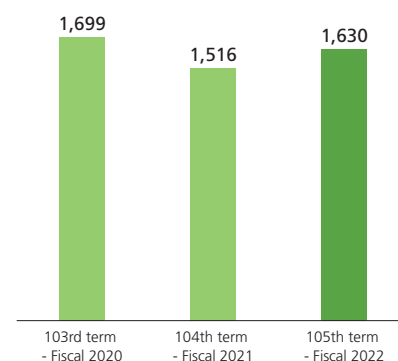
### Net Sales (Millions of yen)



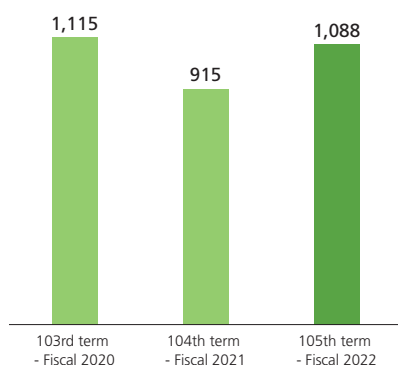
### Operating Income (Millions of yen)



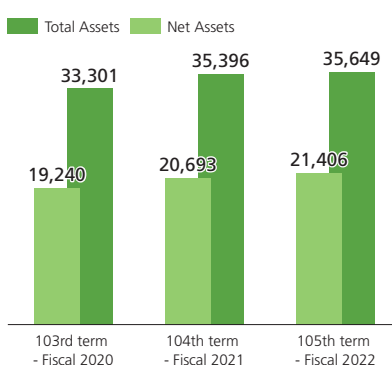
### Ordinary Income (Millions of yen)



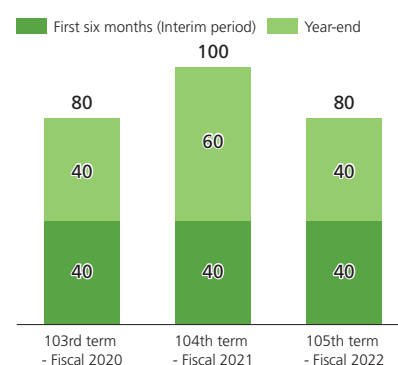
### Profit Attributable to Owners of Parent (Millions of yen)



### Total Assets / Net Assets (Millions of yen)



### Dividend Per Share (Yen)



\* Dividend per share for the 104th term includes a ¥20 commemorative dividend.

# Segment overview (Consolidated)

## Oil Transportation Business

### Main 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 - ¥15,374 million**

**Operating income - ¥394 million**

In the oil transportation business, we worked to maintain and expand our transportation share of truck transportation, resulting in higher net sales. Additionally, net sales increased with the recovery from the impact of changes in shipping locations in the rail transportation business in the previous fiscal year. Meanwhile, due to increases in personnel and other expenses, operating income declined.

As a result, net sales in the oil transportation business rose by 3.9% year-on-year to ¥15,374 million, and operating income fell by 1.4% year-on-year to ¥394 million.

## High-Pressure Gas Transportation Business

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



**Net sales - ¥8,864 million**

**Operating income - ¥340 million**

In the high-pressure gas transportation business, net sales increased due to a recovery in demand mainly for LNG. Meanwhile, due to increases in fuel costs and in personnel and other expenses, operating income declined. As a result, net sales in the high-pressure gas transportation business rose by 2.7% year-on-year to ¥8,864 million, and operating income fell by 28.7% year-on-year to ¥340 million.

## Chemical and Container Transportation Business

In the chemical transportation business, the JOT Group is developing the leasing of containers for the transport of petrochemical products, etc. in Japan and overseas, 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 - ¥9,537 million**

**Operating income - ¥459 million**

Net sales increased in the chemical transportation business due to a recovery in demand and progress in measures to improve income and expenses for international transportation.

In the container transportation business, the impact of poor growth of vegetable crops in the Hokkaido region, and suspension of freight train services caused by natural disasters led to a fall in net sales.

As a result, net sales in the chemical and container transportation business rose by 12.6% year-on-year to ¥9,537 million, and operating income rose by 82.6% year-on-year to ¥459 million.

## Asset Management Business

In addition to the rental business for properties owned by the JOT Group, we have four solar power plants located in Japan to run our solar power generation business.  
\*From the 105th term, the segment name "Other Business" has been changed to "Asset Management Business."



**Net sales - ¥485 million**

**Operating income - ¥263 million**

Net sales increased in the property rental business with the start of rentals of new properties.

Net sales increased in the solar power generation business due to solid operating conditions.

As a result, net sales in the asset management business rose by 8.8% year-on-year to ¥485 million, and operating income rose by 15.2% year-on-year to ¥263 million.



## [Oil Transportation Business] 1,000th commemorative car of the "TAKI 1000-series" of the rail tank car

The TAKI 1000-series, JOT's mainstay railway car in the rail tank transportation of petroleum products which was jointly developed in 1993 by companies responsible for transportation operations using rail tank cars, including JOT and rail car manufacturers, is a freight tank car specialized for gasoline transportation.

As a freight car that combines both high carrying capacity and high speed, the TAKI 1000-series has been manufactured and operated for 28 years. In December 2021, the commemorative 1,000th TAKI 1000-series rail tank car "TAKI 1000-No. 1000" was completed and began operations. We gave this commemorative car special wrapping with three different colored stripes.

The three colors are light blue, which represents Japan Freight Railway Company, blue, which represents JAPAN OIL TERMINAL & LOGISTICS CO., LTD. and green, which represents JOT, companies which are responsible for transportation operations using rail tank cars.

We also included PR messages on both the right and left side of the rail car advertising the commemoration of the 1,000th rail tank car and our environmentally friendly rail transportation which produces 1/13th the CO2 emissions of trucks.

The achievement of the 1,000th TAKI 1000-series represents an important step for JOT. However, we will preserve our original intention and continue to strive to ensure the safe, stable transportation of petroleum products that are indispensable to our lives.



## [Container Transportation Business] Initiatives in the Modal Shift

In the current logistics industry, not only reducing CO2 emissions, but also the 2024 logistics problems (various problems caused by the setting of upper limits on driver working hours through the Act on the Arrangement of Related Acts to Promote Work Style Reform) are pressing issues, and railway transportation is focused on transportation methods to resolve these issues.

JOT has always worked to reduce our environmental burden through our business activities. In the container transportation business, we are promoting a modal shift (transitioning from cargo transportation using vehicles such as trucks to the use of railways or ships with a small environmental burden) using containers with strong thermal insulation (SUPER UR containers).

Since 2021, in the transportation of pharmaceuticals produced by MEDICEO CORPORATION, which conducts wholesales of pharmaceuticals and medical devices, by using JOT's SUPER UR containers, we realized a modal shift from frozen truck transportation to railway transportation, both reducing CO2 emissions and reducing the burden for long-distance truck drivers.

In the container transportation business, to respond to diversifying customer needs, we are working to develop containers with stronger capabilities such as improved thermal insulation and lighter weights. Additionally, we are working proactively to reduce our environmental burden and to resolve the shortage of drivers through our business activities.



# Consolidated Financial Statements (Summarized)

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

## CONSOLIDATED BALANCE SHEETS

As of March 31, 2022 and 2021

	Millions of yen		Millions of U.S. dollars
Assets	2021	2022	2022
<b>Current assets:</b>			
Cash and deposits	¥ 4,084	¥ 4,828	\$ 39.4
Notes and accounts receivable—trade, and contract assets	3,737	3,910	31.9
Investments in leases	344	374	3.0
Inventories	46	47	0.3
Other	147	267	2.1
<b>Total current assets</b>	<b>8,361</b>	<b>9,429</b>	<b>77.0</b>
<b>Non-current assets:</b>			
<b>Property, plant and equipment</b>	<b>20,990</b>	<b>20,163</b>	<b>164.7</b>
Buildings and structures	2,406	2,354	19.2
Machinery, equipment and vehicles	3,492	3,506	28.6
Containers	2,361	1,951	15.9
Land	5,828	5,788	47.2
Lease assets	6,742	6,419	52.4
Construction in progress	101	93	0.7
Other	57	49	0.4
<b>Intangible assets</b>	<b>200</b>	<b>226</b>	<b>1.8</b>
Software	200	154	1.2
Other	—	71	0.5
<b>Investments and other assets</b>	<b>5,866</b>	<b>5,830</b>	<b>47.6</b>
Investment securities	4,656	4,633	37.8
Deferred tax assets	707	699	5.7
Other	502	498	4.0
<b>Total non-current assets</b>	<b>27,057</b>	<b>26,220</b>	<b>214.2</b>
<b>Total assets</b>	<b>¥ 35,419</b>	<b>¥ 35,649</b>	<b>\$ 291.2</b>

	Millions of yen		Millions of U.S. dollars
Liabilities	2021	2022	2022
<b>Current liabilities:</b>			
Notes and accounts payable - trade	¥ 1,945	¥ 2,057	\$ 16.8
Short-term loans payable	491	450	3.6
Lease obligations	2,015	1,950	15.9
Accrued expenses	504	547	4.4
Income taxes payable	366	275	2.2
Provision for bonuses	782	788	6.4
Provision for directors' bonuses	94	83	0.6
Other	920	806	6.5
<b>Total current liabilities</b>	<b>7,120</b>	<b>6,958</b>	<b>56.8</b>
<b>Long-term liabilities:</b>			
Lease obligations	4,780	4,520	36.9
Deferred tax liabilities	254	236	1.9
Reserve for vehicle repairs	315	290	2.3
Net defined benefit liability	1,672	1,690	13.8
Other	574	547	4.4
<b>Total long-term liabilities</b>	<b>7,598</b>	<b>7,285</b>	<b>59.5</b>
<b>Total liabilities</b>	<b>¥ 14,719</b>	<b>¥ 14,243</b>	<b>\$ 116.3</b>

<b>Net assets</b>			
<b>Shareholders' equity</b>	<b>19,830</b>	<b>20,581</b>	<b>168.1</b>
Common stock	1,661	1,661	13.5
Capital surplus	290	290	2.3
Retained earnings	17,914	18,666	152.5
Treasury shares, at cost	(36)	(36)	(0.3)
<b>Accumulated other comprehensive income</b>	<b>869</b>	<b>824</b>	<b>6.7</b>
Net unrealized gains on other securities	985	904	7.3
Deferred gains or losses on hedges	0	4	0.0
Remeasurements of defined benefit plans	(116)	(84)	(0.6)
<b>Total net assets</b>	<b>20,699</b>	<b>21,406</b>	<b>174.9</b>
<b>Total liabilities and net assets</b>	<b>¥ 35,419</b>	<b>¥ 35,649</b>	<b>\$ 291.2</b>

## CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2022 and 2021

	Millions of yen		Millions of U.S. dollars
	2021	2022	2022
<b>Net sales</b>	<b>¥ 32,724</b>	<b>¥ 34,262</b>	<b>\$ 279.9</b>
<b>Cost of sales</b>	<b>29,427</b>	<b>30,673</b>	<b>250.6</b>
<b>Gross profit</b>	<b>3,297</b>	<b>3,588</b>	<b>29.3</b>
<b>Selling, general and administrative expenses</b>	<b>2,141</b>	<b>2,130</b>	<b>17.4</b>
<b>Operating income</b>	<b>1,155</b>	<b>1,458</b>	<b>11.9</b>
<b>Non-operating income</b>	<b>575</b>	<b>341</b>	<b>2.7</b>
Interest income	0	1	0.0
Dividend income	131	138	1.1
Rent income on fixed assets	331	54	0.4
Gain on sales of non-current assets	34	47	0.3
Share of profit of entities accounted for using equity method	33	49	0.4
Other	44	49	0.4
<b>Non-operating expenses</b>	<b>214</b>	<b>168</b>	<b>1.3</b>
Interest expenses	77	79	0.6
Rent expenses on fixed assets	87	18	0.1
Loss on sales and retirement of non-current assets	32	39	0.3
Other	18	31	0.2
<b>Ordinary income</b>	<b>1,516</b>	<b>1,630</b>	<b>13.3</b>
<b>Extraordinary income</b>	<b>54</b>	<b>26</b>	<b>0.2</b>
<b>Extraordinary expenses</b>	<b>124</b>	<b>—</b>	<b>—</b>
<b>Profit before income taxes</b>	<b>1,446</b>	<b>1,656</b>	<b>13.5</b>
Income taxes - current	637	563	4.6
Income taxes - deferred	(106)	3	0.0
<b>Profit</b>	<b>915</b>	<b>1,088</b>	<b>8.8</b>
<b>Profit attributable to non-controlling interests</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Profit attributable to owners of parent</b>	<b>¥ 915</b>	<b>¥ 1,088</b>	<b>\$ 8.8</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2022 and 2021

	Millions of yen		Millions of U.S. dollars
	2021	2022	2022
<b>Net cash provided by operating activities</b>	<b>¥ 5,064</b>	<b>¥ 4,668</b>	<b>\$ 38.1</b>
<b>Net cash used in investing activities</b>	<b>(2,418)</b>	<b>(2,252)</b>	<b>(18.4)</b>
<b>Net cash used in financing activities</b>	<b>(1,101)</b>	<b>(1,674)</b>	<b>(13.6)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(5)</b>	<b>3</b>	<b>(0.0)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>1,537</b>	<b>744</b>	<b>6.0</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,546</b>	<b>4,084</b>	<b>33.3</b>
<b>Cash and cash equivalents at end of year</b>	<b>¥ 4,084</b>	<b>¥ 4,828</b>	<b>\$ 39.4</b>

Note: The approximate exchange rate in effect on March 31, 2022 was ¥122.39 = U.S. \$1.

# Corporate Information

## Company Profile (As of March 31, 2022)

**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:** 1,491 (consolidated); 159 (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. Property rental business
6. Solar power generation business

## Major Subsidiaries (As of March 31, 2022)

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

