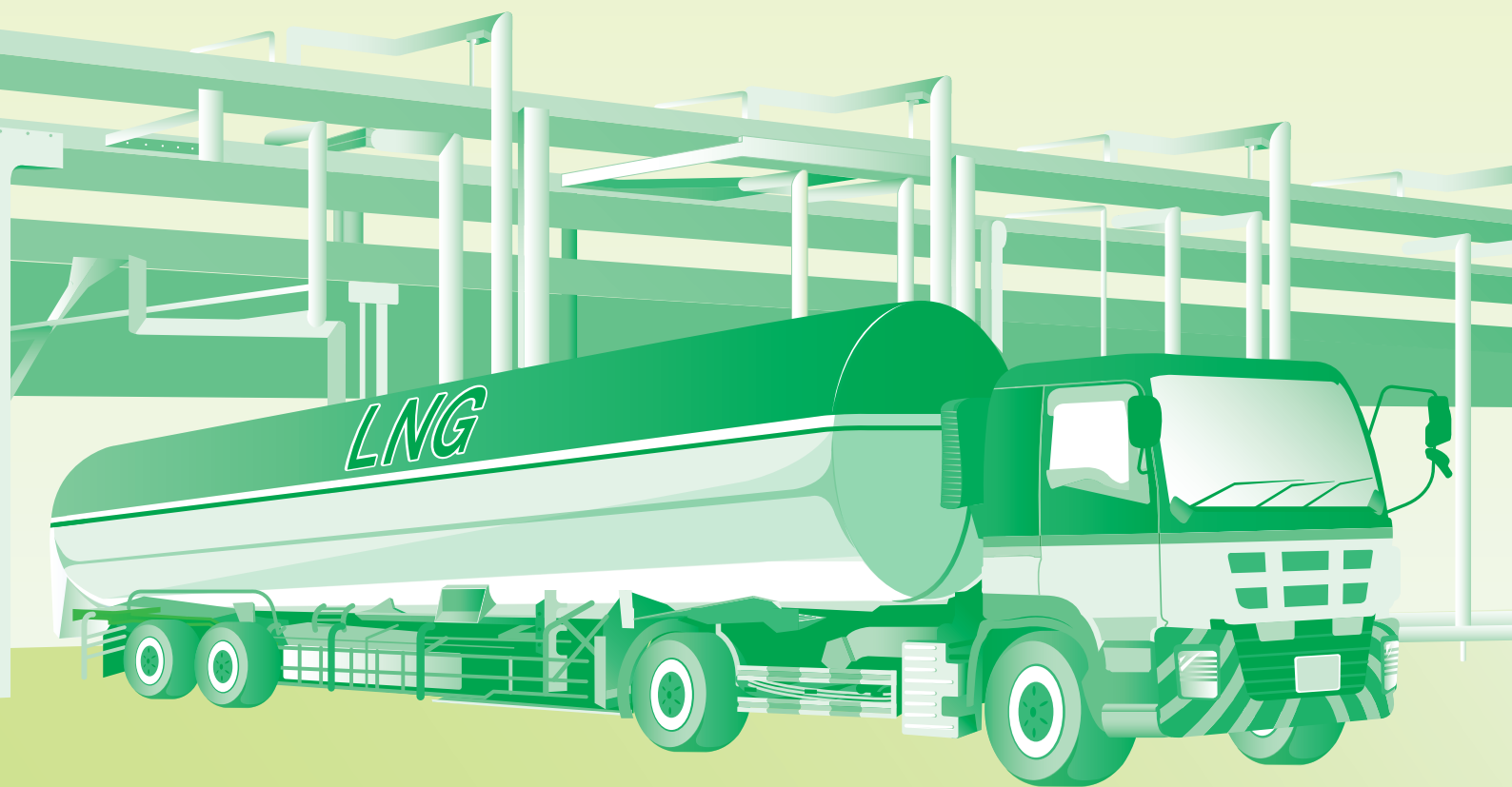


JOT



ANNUAL REPORT 2020

Year Ended March 31, 2020

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 103rd term (April 1, 2019 to March 31, 2020), I would like to take this opportunity to thank our shareholders for your support throughout the year.

The worldwide spread of the novel coronavirus disease (COVID-19) has impacted many fields, raising fears of further downside for the domestic and overseas economies. As a result, we expect the Japanese economy will continue to face extremely tough conditions.

The Business environment for the JOT Group also appears likely to remain uncertain as the impact of COVID-19 on the economy could greatly influence future logistics demand and other factors.

Under these conditions, we will strive to remain as a corporate group that is chosen by customers by securing human resources, strengthening safety education, and expanding our line-up of vehicles and containers to ensure safe and stable transportation. We additionally plan to establish a stable earnings base in existing businesses and expand our business fields and enhance profitability in growing areas.

In parallel with these initiatives, we will work on group-wide operational reforms such as work-style reforms and

promotion of digitalization, and strive to practice ESG (environmental, social, and governance) management to contribute to solving social issues through our business activities. In terms of addressing the challenges of COVID-19, we will fulfill our mission as an infrastructure company group tasked with transporting energy and food to protect people's livelihoods and the economy, while at the same time doing our utmost to safeguard our employees and all related parties from infection.

We have decided to postpone formulating the new medium-term management plan starting from Fiscal 2021 as the COVID-19 pandemic is dramatically altering the expected business environment.

We intend to formulate the plan after carefully assessing and reviewing the business environment based on upcoming trends.

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 2020

Results for the 103rd term (Consolidated)

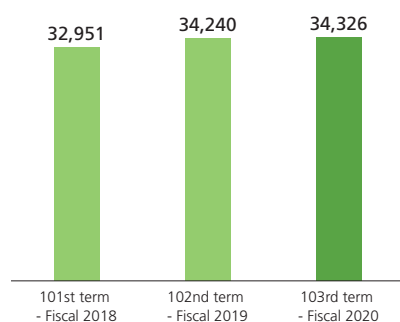
With the aim of achieving the objectives of the medium-term management plan (Fiscal 2018 – Fiscal 2020: at least ¥33,000 million in net sales, ¥1,200 million in operating income, and ¥1,500 million in ordinary income), we worked to strengthen profitability by maintaining and expanding our transportation market share, and promote growing areas such as LNG transportation, hydrogen transportation, and international chemical transportation.

In parallel with these initiatives, in order to maintain the stability of transportation we have focused on improving the employment environment to secure drivers and on expanding the number of vehicles.

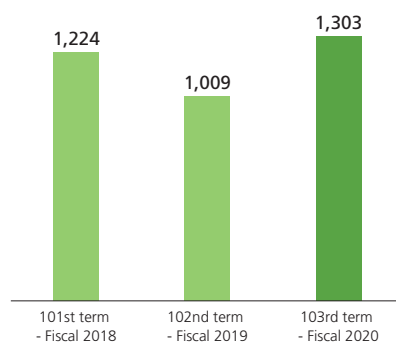
As a result, net sales in the fiscal year under review showed a year-on-year increase of 0.2%, to ¥34,326 million.

Furthermore, operating income rose by 29.1% year-on-year to ¥1,303 million, ordinary income rose by 29.2% year-on-year to ¥1,699 million due to a fall in operating expenses, and profit attributable to owners of parent rose by 34.1% year-on-year to ¥1,115 million, all of which came in above the targets of the medium-term management plan.

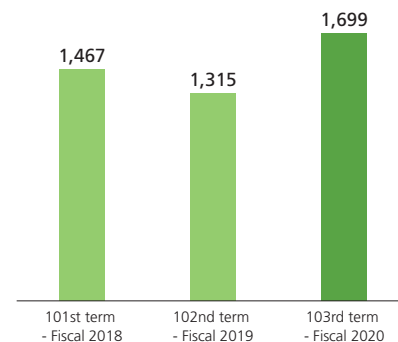
Net Sales (Millions of yen)



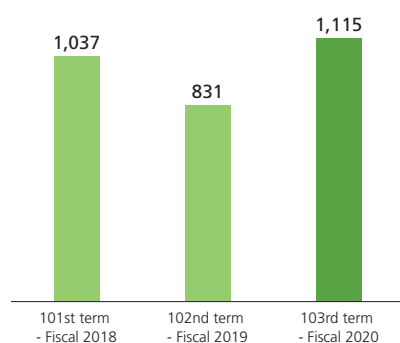
Operating Income (Millions of yen)



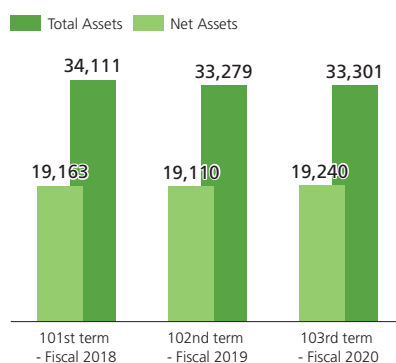
Ordinary Income (Millions of yen)



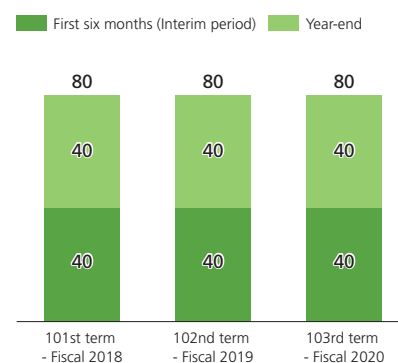
Profit Attributable to Owners of Parent (Millions of yen)



Total Assets / Net Assets (Millions of yen)



Dividend Per Share (Yen)



Segment overview (consolidated)

Oil Transportation Business

Business description

Making use of two different modes 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 - ¥16,612 million

Operating income - ¥681 million

In the oil transportation business, the record-setting warm winter depressed demand, with suspension of freight train services due to natural disasters and increases in personnel expenses and costs associated with investment in vehicles, leading to a fall in both net sales and operating income. As a result, net sales in the oil transportation business fell by 2.4% year-on-year to ¥16,612 million, and operating income fell by 31.7% year-on-year to ¥681 million.

High-Pressure Gas Transportation Business

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



Net sales - ¥8,790 million

Operating income - ¥349 million

In the high-pressure gas transportation business, in addition to freight revisions with our main customers, the acquisition of new LNG transportation and increased revenue in LPG transportation resulted in higher net sales and operating income.

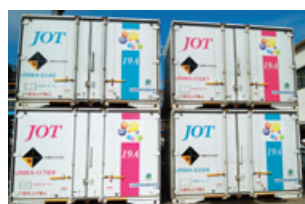
As a result, net sales in the high-pressure gas transportation business rose by 3.5% year-on-year to ¥8,790 million, and operating income rose by 261.4% year-on-year to ¥349 million.

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 foodstuffs, 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 rail containers, such as for agricultural products, food products, industrial products, and courier services, in order to meet the needs of our customers.



Net sales - ¥8,748 million

Operating income - ¥212 million

In the chemical transportation business, a boost in revenues from the acquisition of new domestic transportation and freight revisions with our main customers were outweighed by measures focused on improving income and expenses in international transportation, resulting in lower net sales.

In the container transportation business, there was an impact by natural disasters again this fiscal year, but a reversal from the decline in revenue in the previous fiscal year and a boost in revenues from revisions of usage fees resulted in higher net sales.

As a result, net sales in the chemical and container transportation business showed a year-on-year increase of 2.3% to ¥8,748 million.

In addition, operating income rose to ¥212 million (from a loss of ¥151 million in the previous fiscal year) because of measures to improve income and expenses for international transportation and higher revenues in the container transportation business.

Other Business

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



Net sales - ¥174 million

Operating income - ¥60 million

In the solar power generation business, net sales and operating income fell due to unfavorable weather and the implementation of large-scale periodic inspections.

As a result, net sales in the other business fell by 2.5% year-on-year to ¥174 million, and operating income fell by 8.5% year-on-year to ¥60 million.

Container transportation business: Topics for Fiscal 2020

We have newly developed a container with lashing rings

The JOT Group's container transportation business engages in the rental and leasing of containers in order to meet the needs of our customers. We have developed various types of containers since starting the business.

This time, we have newly introduced a container with lashing rings.

Goods stacked in a container can collapse due to shaking and vibrations that occur while being transported by truck or rail.

In order to prevent this problem, we have installed lashing rings inside the container.

Securing goods with ropes and chains that pass through these rings reduces risk of goods collapsing, enabling safe transportation of customers' goods.

We have 500 of these containers nationwide, with an exterior design featuring beautiful cherry blossom petals, for which we have received much praise from customers.

We will continue to develop and improve a wide variety of containers to meet the needs of our customers, and put all our efforts into further expanding our business platform.



Exterior appearance of container



Container interior (5-ton capacity)



Lashing ring (installed in eight places)

Introduction to chemical transportation business

The chemical transportation business of the JOT Group started in 1958 using rail tank cars for transportation.

We subsequently developed the business to adapt to changes in the times and business environment, and we are currently developing the leasing of various containers, as well as developing "multimodal transportation," which optimally combines multiple methods of transportation.

ISO tank containers, which comprise the majority of our container line-up, are built in accordance with international standards and can support three transportation methods: railroads, automobiles, and ships, enabling us to provide the best transportation services depending on conditions.

We also have a variety of other containers such as IBC's type for transporting small amounts of goods per trip and ISO hopper containers for transporting powder chemicals, allowing us to meet our customers' diverse needs.

In 2013, we initiated an international transportation service between Japan, China, South Korea, and Taiwan to help support increasing globalization of our customers' businesses.

We have continued to expand this service, establishing a branch in Singapore in 2017 to serve as our operational base in Southeast Asia, and our transportation area currently covers 11 countries.

The JOT Group will continue striving to meet the needs of our customers to the greatest extent possible by using the knowledge built up over more than 50 years of experience, thereby providing optimal transportation services.



Rail tank car used in the early days of the business



ISO tank container used currently

Consolidated Financial Statements (Summarized)

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

CONSOLIDATED BALANCE SHEETS

As of March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
Assets	2019	2020	2020
Current assets:			
Cash and deposits	¥ 2,046	¥ 2,546	\$ 23.3
Notes and accounts receivable—trade	3,672	3,631	33.3
Investments in leases	289	375	3.4
Inventories	166	32	0.3
Other	196	125	1.1
Total current assets	6,371	6,712	61.6
Non-current assets:			
Property, plant and equipment	21,155	21,366	196.3
Buildings and structures	2,003	1,888	17.3
Machinery, equipment and vehicles	4,034	4,123	37.8
Containers	3,232	2,718	24.9
Land	5,513	5,828	53.5
Lease assets	6,213	6,430	59.0
Construction in progress	92	311	2.8
Other	65	64	0.5
Intangible assets	98	221	2.0
Software	41	203	1.8
Other	57	18	0.1
Investments and other assets	5,653	5,000	45.9
Investment securities	4,437	3,607	33.1
Deferred tax assets	712	872	8.0
Other	504	519	4.7
Total non-current assets	26,908	26,588	244.3
Total assets	¥ 33,279	¥ 33,301	\$ 305.9

	Millions of yen		Millions of U.S. dollars
Liabilities	2019	2020	2020
Current liabilities:			
Notes and accounts payable - trade	¥ 2,021	¥ 1,785	\$ 16.4
Short-term loans payable	538	451	4.1
Lease obligations	1,699	1,833	16.8
Accrued expenses	784	417	3.8
Income taxes payable	216	396	3.6
Provision for bonuses	696	758	6.9
Provision for directors' bonuses	100	111	1.0
Other	849	968	8.9
Total current liabilities	6,908	6,722	61.7
Long-term liabilities:			
Lease obligations	4,559	4,649	42.7
Deferred tax liabilities	351	255	2.3
Reserve for vehicle repairs	286	295	2.7
Net defined benefit liability	1,583	1,657	15.2
Other	479	480	4.4
Total long-term liabilities	7,260	7,338	67.4
Total liabilities	¥ 14,169	¥ 14,060	\$ 129.1

Net assets

Shareholders' equity	18,328	19,179	176.2
Common stock	1,661	1,661	15.2
Capital surplus	290	290	2.6
Retained earnings	16,412	17,263	158.6
Treasury shares, at cost	(35)	(36)	(0.3)
Accumulated other comprehensive income	781	61	0.5
Net unrealized gains on other securities	908	245	2.2
Deferred gains or losses on hedges	(0)	(3)	0.0
Remeasurements of defined benefit plans	(127)	(181)	(1.6)
Total net assets	19,110	19,240	176.7
Total liabilities and net assets	¥ 33,279	¥ 33,301	\$ 305.9

CONSOLIDATED STATEMENTS OF INCOME

Years ended March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Net sales	¥ 34,240	¥ 34,326	\$ 315.4
Cost of sales	31,144	30,844	283.4
Gross profit	3,095	3,481	31.9
Selling, general and administrative expenses	2,086	2,178	20.0
Operating income	1,009	1,303	11.9
Non-operating income	558	646	5.9
Interest income	0	0	0.0
Dividend income	116	193	1.7
Rent income on fixed assets	256	307	2.8
Gain on sales of non-current assets	51	52	0.4
Share of profit of entities accounted for using equity method	43	37	0.3
Other	89	55	0.5
Non-operating expenses	252	250	2.2
Interest expenses	73	74	0.6
Rent expenses on fixed assets	93	96	0.8
Loss on sales and retirement of non-current assets	39	51	0.4
Other	46	27	0.2
Ordinary income	1,315	1,699	15.6
Extraordinary income	70	71	0.6
Extraordinary expenses	97	32	0.3
Profit before income taxes	1,288	1,738	15.9
Income taxes - current	503	649	5.9
Income taxes - deferred	(47)	(27)	(0.2)
Profit	831	1,115	10.2
Profit attributable to non-controlling interests	—	—	—
Profit attributable to owners of parent	¥ 831	¥ 1,115	\$ 10.2

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2020 and 2019

	Millions of yen		Millions of U.S. dollars
	2019	2020	2020
Net cash provided by operating activities	¥ 3,547	¥ 5,143	\$ 47.2
Net cash used in investing activities	(3,150)	(3,076)	(28.2)
Net cash used in financing activities	(1,213)	(1,589)	(14.6)
Effect of exchange rate change on cash and cash equivalents	7	(2)	(0.0)
Increase (decrease) in cash and cash equivalents	(810)	474	4.3
Cash and cash equivalents at beginning of year	2,856	2,046	18.8
Cash and cash equivalents at end of year	¥ 2,046	¥ 2,546	\$ 23.3

Note: The approximate exchange rate in effect on March 31, 2020 was ¥108.83 = U.S. \$1.

Corporate Information

Company Profile (As of March 31, 2020)

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: 1,551 (consolidated); 163 (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, 2020)

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

