



Summary of Financial Accounts for the 2nd Quarter of the Fiscal Year Ending March 2022 [Japanese Standards] (Non-Consolidated)

November 5th, 2021

Listed Company Name Nippon Pallet Pool Co., Ltd. Exchange Tokyo
Code Number 4690 URL <https://www.npp-web.co.jp>
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Scheduled Quarterly Report Submission Date November 10th, 2021 Scheduled Dividend Payment Start Date —
Creation of Additional Explanatory Documents for the Quarterly Report: No
Explanatory Meeting for the Quarterly Report: No

(Rounded down to the
nearest million yen)

1. Performance During the 2nd Quarter of the Fiscal Year Ending March 2022 (April 1st, 2021 – September 30th, 2021)

(1) Operating Results (To Date) (% change from the same quarter of the previous year)

	Sales		Operating Profit		Ordinary Profit		Quarterly Net Profit	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
FY Ending March 2022 Q2	3,385	△3.1	129	△66.4	231	△49.4	155	△48.0
FY Ending March 2021 Q2	3,493	1.9	385	72.1	458	57.6	299	62.6

	Quarterly Net Profit per Share	Diluted Quarterly Net Profit per Share
	Yen; Sen	Yen; Sen
FY Ending March 2022 Q2	92.57	—
FY Ending March 2021 Q2	178.08	—

(Note) The company's common shares underwent a 2-for-1 stock split on July 1st, 2021. Quarterly Net Profit per Share is calculated under the assumption that this stock split took place at the beginning of the previous fiscal year.

(2) Financial Status

	Total Assets	Net Assets	Capital Adequacy
	Million Yen	Million Yen	%
FY Ending March 2022 Q2	10,075	4,942	49.1
FY Ending March 2021	10,235	4,911	48.0

(Reference) Owned Capital – FY Ending March 2022 Q2: 4,942 million yen; FY Ending March 2021: 4,911 million yen

2. Dividend Status

	Annual Dividend				
	Q1 End	Q2 End	Q3 End	FY End	Total
	Yen; Sen	Yen; Sen	Yen; Sen	Yen; Sen	Yen; Sen
FY Ending March 2021	—	0.00	—	70.00	70.00
FY Ending March 2022	—	0.00	—	—	—
FY Ending March 2022 (Forecast)	—	—	—	35.00	35.00

(Note) 1. Revisions From the Most Recently Published Dividend Forecast: No

2. The company's common shares underwent a 2-for-1 stock split on July 1st, 2021. The dividend values for the FY Ending March 2022 (Forecast) represent the dividend after this stock split.

3. Expected Results for the Fiscal Year Ending March 2022 (April 1st, 2021 – March 31st, 2022)

(% change from the previous year)

Whole FY	Sales		Operating Profit		Ordinary Profit		Fiscal Year Net Profit		FY Net Profit per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen; Sen
	7,013	0.7	531	△9.5	600	△18.9	170	△62.5	101.01

(Note) 1. Revisions From the Most Recently Published Expected Results: No

2. The company's common shares underwent a 2-for-1 stock split on July 1st, 2021. The FY Net Profit per Share in the Expected Results for the Fiscal Year Ending March 2022 reflect the impact of this stock split.

*Notes

(1) Application of Special Accounting in the Creation of Quarterly Financial Statements: No

(2) Accounting Policy Changes, Accounting Estimate Changes, and Restatement

- ① Accounting Policy Changes Based on Revised Accounting Standards: Yes
- ② Accounting Policy Changes Other Than ①: No
- ③ Accounting Estimate Changes: No
- ④ Restatement: No

(3) Shares Issued (Common Shares)

- ① FY End Shares Issued (Including Treasury Shares)
- ② FY End Treasury Shares
- ③ FY End Average Shares (QTD)

FY Ending March 2022 Q2	1,700,000 shares	FY Ending March 2021	1,700,000 shares
FY Ending March 2022 Q2	17,040 shares	FY Ending March 2021	17,040 shares
FY Ending March 2022 Q2	1,682,960 shares	FY Ending March 2021 Q2	1,682,960 shares

(Note) The company's common shares underwent a 2-for-1 stock split on July 1st, 2021. FY End Shares Issued, FY End Treasury Shares, FY End Average Shares are calculated under the assumption that this stock split took place at the beginning of the previous fiscal year.

*The Quarterly Summary of Financial Accounts is not subject to quarterly reviews by a certified public accountant or auditor

*Explanation Related to the Appropriate Use of Expected Results and Other Items of Note

- The descriptions in this document related to the future, such as earnings estimates, are based on information that the company has obtained at present and certain assumptions that are deemed reasonable, and there is a possibility that the actual results differ significantly from the expected figures. For conditions that serve as the assumptions for the expected results and precautions related to the use of the expected results, please refer to "1. Qualitative Information Related to This Quarterly Statement (3) Explanation Regarding Expected Results and Future Projections" on the second page of the attached document.

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1. Qualitative Information Related to This Quarterly Statement

(1) Explanation Regarding Operating Results

During this 2nd quarter period to date, the domestic economy in Japan has yet to shake off the risk of an economic downturn caused by another surge in novel coronavirus infections, although there has been a gradual increase in the number of vaccines administered. The prospects continue to be uncertain, as there has also been a decrease in production levels for automobile manufacturers due to a global shortage of semiconductors.

Under this business environment, the quantity of units rented out decreased in the field of rentals for companies involved with petrochemical resins, which are the main client for "intermodal palletization," as a result of production and inventory cutbacks and production adjustments on the client side, resulting in a decline in performance compared to the same quarter of the previous fiscal year. There was also a drop in rental demand for pallets from other general clients due to factors such as the prolonged coronavirus pandemic, resulting in an overall decrease in rental sales. Although the total for other sales outperformed the results from the same quarter of the previous fiscal year, total sales for this 2nd quarter period to date was 3.385 billion yen (down 3.1% from the same quarter of the previous fiscal year).

In terms of costs, there was an increase in various costs, such as those to recall, store, and repair pallets, as a result of the decrease in rental utilization of pallets and other equipment. Although there was an attempt to reduce costs through improvements, such as operational optimization, operating expenses were 3.255 billion yen (up 4.8% from the same quarter of the previous fiscal year).

As a result, operating profit was 129 million yen (down 66.4% from the same quarter of the previous fiscal year), ordinary profit was 231 million yen (down 49.4% from the same quarter of the previous fiscal year), and quarterly net profit was 155 million yen (down 48.0% from the same quarter of the previous fiscal year).

(2) Explanation Regarding the Financial Status

① State of Flux for the Financial Status

Total assets at the end of this 2nd quarter accounting period were 10.075 billion yen, up 100.6 million yen from the previous fiscal year.

Current assets were 1.751 billion yen, down 125 million yen and 6.7% from the end of the previous fiscal year. Fixed assets were 8.323 billion yen, down 34 million yen and 0.4% from the end of the previous fiscal year.

The main cause for the decrease in current assets was the decrease in cash and deposits, despite the increases in accounts receivable (categorized as "Other") and rental accounts receivable.

The main cause for the decrease in fixed assets was the decrease in assets lent, despite the increases in corporate assets, intangible fixed assets, and deferred tax assets (categorized as "Other").

Current liabilities were 3.324 billion yen, up 33 million yen and 1.0% from the end of the previous fiscal year. Fixed liabilities were 1.808 billion yen, down 224 million yen and 11.0% from the end of the previous fiscal year.

The main cause for the increase in current liabilities was the increases in contractual debt (categorized as "Other"), accounts payable, and accounts payable (categorized as "Other"), despite the decreases in unpaid corporate taxes, etc., unpaid consumption taxes, etc. (categorized as "Other"), and long-term debt to be paid within 1 year.

The main cause for the decrease in fixed liabilities was the decreases in long-term debt and long-term accounts payable.

Net assets at the end of this 2nd quarter accounting term were 4.942 billion yen, up 30 million yen and 0.6% from the end of the previous fiscal year. This is due to the increase in earned surplus.

② Cash Flow Status

The cash flow from sales activities came out to income of 1.149 billion yen (down 20.2% from the same quarter of the previous fiscal year) due to pre-tax quarterly net profit becoming 231 million yen and depreciation of 1.197 billion yen, among other factors.

The cash flow from investment activities came out to an expense of 1.076 billion yen (down 10.4% from the same quarter of the previous fiscal year) due to the acquisition of tangible fixed assets, among other factors.

The cash flow from financial activities came out to an expense of 404 million yen (up 45.4% from the same quarter of the previous fiscal year) due to an outlay of 505 million yen to repay long-term debt and an outlay of 140 million yen to repay installment debt, among other factors.

(3) Explanation Regarding Expected Results and Future Projections

There have been no revisions to the expected results that were published on May 7th, 2021.

2. Quarterly Financial Statements and Main Points of Note

(1) Quarterly Balance Sheet

(Units: 1,000 yen)

	Previous FY (March 31 st , 2021)	Current Q2 Accounting Term (September 30 th , 2021)
Assets		
Current Assets		
Cash and Deposits	1,010,768	679,060
Notes Receivable	13,076	15,959
Rental Accounts Receivable	697,593	730,434
Accounts Receivable	81,576	106,168
Other	77,768	224,088
Bad Debt Allowance	△3,634	△4,079
Total Current Assets	1,877,149	1,751,631
Fixed Assets		
Tangible Fixed Assets		
Assets Lent		
Equipment Lent (Net)	7,166,601	6,957,116
Total Assets Lent	7,166,601	6,957,116
Corporate Assets		
Building (Net)	134,589	111,874
Land	476,671	476,671
Other (Net)	132,476	265,964
Total Corporate Assets	743,737	854,510
Total Tangible Fixed Assets	7,910,339	7,811,626
Intangible Fixed Assets	143,541	200,405
Investments and Other Assets		
Investment Securities	173,566	175,512
Other	142,963	141,604
Bad Debt Allowance	△11,971	△5,689
Total Investments and Other Assets	304,558	311,427
Total Fixed Assets	8,358,439	8,323,459
Total Assets	10,235,588	10,075,090
Liabilities		
Current Liabilities		
Accounts Payable	605,432	699,153
Short-Term Debt	1,030,000	1,030,000
Long-Term Debt to Be Paid Within 1 Year	949,810	908,164
Unpaid Corporate Taxes, Etc.	155,722	70,753
Reserve	46,430	43,728
Other	503,672	572,539
Total Current Liabilities	3,291,067	3,324,339
Fixed Liabilities		
Long-Term Debt	1,360,210	1,196,830
Reserve	14,987	16,279
Long-Term Accounts Payable	626,129	566,274
Asset Retirement Obligation	31,893	29,283
Total Fixed Liabilities	2,033,220	1,808,667
Total Liabilities	5,324,288	5,133,007

(Units: 1,000 yen)

	Previous FY (March 31 st , 2021)	Current Q2 Accounting Term (September 30 th , 2021)
Net Assets		
Shareholders' Equity		
Capital	767,955	767,955
Capital Surplus	486,455	486,455
Earned Surplus	3,624,701	3,654,605
Treasury Shares	△17,822	△17,822
Total Shareholders' Equity	4,861,289	4,891,192
Valuation or Translation Differences, Etc.		
Other Securities Valuation Differences	50,011	50,890
Total Valuation or Translation Differences, Etc.	50,011	50,890
Total Net Assets	4,911,300	4,942,083
Total Liabilities and Net Assets	10,235,588	10,075,090

(2) Quarterly Profit and Loss Statement

2nd Quarter Period to Date

(Units: 1,000 yen)

	Previous Q2 Period to Date (From April 1 st , 2020 to September 30 th , 2020)	Current Q2 Period to Date (From April 1 st , 2021 to September 30 th , 2021)
Sales	3,493,648	3,385,506
Cost of Sales	2,657,909	2,756,302
Gross Profit	835,738	629,203
Transferred Unrealized Profit From Installment Sales	699	—
Reversed Unrealized Profit From Installment Sales	3,134	—
Gross Profit Differential	838,173	629,203
Selling and General Administrative Costs	452,275	499,467
Operating Profit	385,898	129,736
Non-Operating Income		
Interest Income	6	1
Dividend Income	2,417	2,602
Loss Compensation	68,112	90,602
Waste Disposal Income	16,447	21,109
Other	393	557
Total Non-Operating Income	87,377	114,872
Non-Operating Expenses		
Interest Expense	14,856	12,814
Total Non-Operating Expenses	14,856	12,814
Ordinary Profit	458,419	231,794
Extraordinary Profit		
Gains From Sales of Fixed Assets	—	350
Total Extraordinary Profit	—	350
Extraordinary Loss		
Valuation Loss of Investment Securities	11,281	—
Loss on Retirement of Fixed Assets	—	563
Total Extraordinary Loss	11,281	563
Pre-Tax Quarterly Net Profit	447,138	231,581
Corporate Tax, Resident Tax, and Business Tax	146,318	57,606
Corporate Tax, Etc. Adjustment	1,120	18,189
Total Corporate Tax	147,438	75,795
Quarterly Net Profit	299,700	155,785

(3) Quarterly Cash Flow Statement

(Units: 1,000 yen)

	Previous Q2 Period to Date (From April 1 st , 2020 to September 30 th , 2020)	Current Q2 Period to Date (From April 1 st , 2021 to September 30 th , 2021)
Cash Flow From Sales Activities		
Pre-Tax Quarterly Net Profit	447,138	231,581
Depreciation	1,231,557	1,197,362
Change in Reserve for Bonuses (△ is a loss)	△5,793	△2,701
Change in Reserve for Retirement Benefits (△ is a loss)	△2,472	1,291
Change in Bad Debt Allowance (△ is a loss)	△4,809	△5,836
Interest and Dividend Income	△2,424	△2,603
Interest Expense	14,856	12,814
Gain or Loss From Investment Security Valuation (△ is a gain)	11,281	—
Loss on Retirement of Fixed Assets	40,635	51,687
Gain or Loss From Sale of Fixed Assets (△ is a gain)	—	△350
Change in Receivable (△ is a gain)	1,071	△58,593
Change in Inventory Assets (△ is a gain)	△1,885	180
Change in Purchase Liability (△ is a loss)	△18,892	△12,091
Change in Consumption Tax, Etc. to Be Received or Paid (△ is a loss)	△83,300	△48,481
Other	△21,987	△62,990
Subtotal	1,604,973	1,301,269
Interest and Dividend Received	2,422	2,603
Interest Paid	△14,818	△11,750
Corporate Taxes, Etc. Paid	△152,272	△142,558
Cash Flow From Sales Activities	1,440,305	1,149,565
Cash Flow From Investment Activities		
Fixed Deposit Expenses	△55,002	△55,003
Income From the Maturity of Fixed Deposits	55,000	55,002
Expense to Acquire Investment Securities	△594	△608
Expense to Acquire Tangible Fixed Assets	△1,160,936	△953,872
Income From Sales of Tangible Fixed Assets	—	350
Expense to Acquire Intangible Fixed Assets	△36,082	△116,941
Other	△3,697	△5,475
Cash Flow From Investment Activities	△1,201,313	△1,076,548
Cash Flow From Financial Activities		
Income From Long-Term Debt	500,000	300,000
Expense to Repay Long-Term Debt	△569,844	△505,026
Expense to Repay Installment Debt	△149,629	△140,795
Dividend Paid	△58,903	△58,903
Cash Flow From Financial Activities	△278,376	△404,725
Translation Differences for Cash and Cash Equivalents	—	—
Changes in Cash and Cash Equivalents (△ is a loss)	△39,384	△331,708
Cash and Cash Equivalents Beginning Balance	588,761	861,857
Cash and Cash Equivalents Ending Balance	549,376	530,148

(4) Points of Note Regarding the Quarterly Financial Statements

(Points of Note Regarding the Going Concern Assumption)

There are no corresponding items.

(Points of Note in Case of Significant Fluctuation in the Shareholders' Equity)

There are no corresponding items.

(Accounting Policy Changes)

1. The "Accounting Standards for Revenue Recognition (29th Corporate Accounting Standards Dated March 31st, 2020; hereinafter referred to as "Revenue Recognition Accounting Standards")" have been applied since the start of the 1st quarter accounting period, as the money expected to be received in exchange for promised goods or services is recognized as revenue when control of the corresponding goods or services is transferred to the client. The following changes have been applied accordingly.

(1) Pooling Costs

The company's "pallet pooling system (a system that intends to optimize logistics by having many clients jointly and rotationally using the same pallets)" has value for its use. In the past, revenue had been recognized when the items left the clients' factories, etc., but this has been changed so that revenue is recognized when the rental of each pallet ends.

(2) One-Time Charges

The company provides rental services through a "one-time charge" system, in which the rental period is estimated reasonably, and fixed charges are billed. In the past, revenue had been recognized at the start of the rental, but this has been changed so that revenue is recognized across the expected rental period.

(3) Long-Term Installment Sales

In the past, the total accounts receivable for installment sales are accounted at sales when the products are handed over, with unrealized profit from accounts receivable that are yet to be due deferred as deferred profit from installment sales. However, this has been changed so that all revenues and profits related to the corresponding installment sales are accounted when the products are handed over.

The application of the Revenue Recognition Accounting Standards, etc. has been handled progressively according to the provisions of Section 84 of the Revenue Recognition Accounting Standards. The cumulative impact of retroactively applying the new accounting standards before the start of the 1st quarter accounting period has been applied to adjust the earned surplus at the start of the 1st quarter accounting period, as the new accounting methods are applied from the starting balance for this period. As a result, the impact of the sales, operating profit, and ordinary profit from this 2nd quarter period to date on pre-tax quarterly net profit is minimal. In addition, the starting balance for earned surplus for this period has been reduced by 66 million yen.

2. The "Accounting Standards Related to Market Value Calculations (30th Corporate Accounting Standards Dated July 4th, 2019; hereinafter referred to as "Market Value Calculation Accounting Standards")" have been applied from the start of this 1st quarter accounting period. This application has been handled progressively according to Section 19 of the Market Value Calculation Accounting Standards and Section 44-2 of the "Accounting Standards Related to Financial Products (10th Corporate Accounting Standards Dated July 4th, 2019)", with new accounting methods according to the Market Value Calculation Accounting Standards, etc. to be applied moving forward. To add, this has no impact on the quarterly financial statements.