



## Summary of Non-Consolidated Financial Results (Japanese Accounting Standards) for Q2, Fiscal Year Ending March 2023

November 7, 2022

Listed company name NIPPON PALLET POOL CO.,LTD. Stock exchange Tokyo Stock Exchange

Code 4690 URL <https://www.npp-web.co.jp>

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Expected quarterly report submission date November 11, 2022 Scheduled date of commencement of dividend payment —

Have supplementary explanatory materials for quarterly financial results been prepared: no  
Is a quarterly financial results briefing being held: no

(Rounded down to the nearest million JPY)

### 1. Results for Q2, fiscal year ending March 2023 (from April 1, 2022 to September 30, 2022)

(1) Cumulative operating results (percentages represent year-on-year changes for the same quarter)

	Revenue		Operating income		Ordinary profit		Quarterly net profit	
	1M JPY	%	1M JPY	%	1M JPY	%	1M JPY	%
Q2, fiscal year ending March 2023	3,617	6.9	512	294.7	580	150.6	476	205.8
Q2, fiscal year ending March 2022	3,385	△3.1	129	△66.4	231	△49.4	155	△48.0

	Per share quarterly net profit	Per share quarterly net profit (after adjusting for dilutive shares)
	JPY 1/100th JPY	JPY 1/100th JPY
Q2, fiscal year ending March 2023	283.05	—
Q2, fiscal year ending March 2022	92.57	—

### (2) Financial situation

	Total assets	Net assets	Owned equity
	1M JPY	1M JPY	%
Q2, fiscal year ending March 2023	11,042	5,466	49.5
Fiscal year ended March 2022	10,361	5,063	48.9

(For reference) Shareholders' equity Q2, fiscal year ending March 2023 5,466 1M JPY Fiscal year ended March 2022 5,063 1M JPY

## 2. Dividends

	Annual dividends per share									
	End of Q1		End of Q2		End of Q3		Year end		Total	
	JPY	1/100th JPY	JPY	1/100th JPY	JPY	1/100th JPY	JPY	1/100th JPY	JPY	1/100th JPY
Fiscal year ended March 2022		—		0.00		—		40.00		40.00
Fiscal year ending March 2023		—		0.00						
Fiscal year ending March 2023 (projection)						—		35.00		35.00

Note: 1. Any revisions since the most recently published dividend forecast: none

Note 2. Breakdown of dividends at the end of the term for the fiscal year ending March 2022/Regular dividend, 35.00 JPY/50th anniversary dividend, 5.00 JPY

## 3. Financial results forecast for fiscal year ending March 2023 (from April 1, 2022 to March 31, 2023) (percentages represent year-on-year changes)

	Revenue		Operating income		Ordinary profit		Net income for the period		Per share Net income for the period	
	1M JPY	%	1M JPY	%	1M JPY	%	1M JPY	%	JPY	1/100th JPY
Full year	7,185	1.3	700	52.2	800	23.5	500	83.3		297.10

Note: Any revisions per the most recently published earnings forecast: none

\* Notes

(1) Application of specific accounting procedures in the preparation of quarterly financial statement : No

(2) Changes in accounting policies, changes or restatements of accounting estimates

(i) Changes in accounting policies due to revisions to accounting standards, etc. : Yes

(ii) Changes in accounting policies for reasons other than (i) above : No

(iii) Changes in accounting estimates : Yes

(iv) Restatements of accounting estimates : No

(3) Number of issued shares (common stock)

(i) Number of shares outstanding at end of period (including treasury stock)

March 2023 (Q2)	1,700,000 shares	Fiscal year ended March 2022	1,700,000 shares
March 2023 (Q2)	17,105 shares	Fiscal year ended March 2022	17,040 shares
3 Average number of shares during the period (quarterly cumulative total)	1,682,936 shares	March 2022 (Q2)	1,682,960 shares

(ii) Treasury stock at end of period

3 Average number of shares during the period (quarterly cumulative total)

\* This summary of accounts was not subject to audits by certified public accountants or audit firms.

\* Remarks on proper use of results forecasts and other notes

- The forward-looking statements, including results forecasts, in this document are based on information that NIPPON PALLET POOL obtained at the time of publication and certain assumptions that it believes to be reasonable. Actual results may differ materially from the forecasted figures herein. For the assumptions underlying these results forecasts and notes on the use of results forecasts, please refer to "1. Qualitative information on quarterly results, (3) Remarks on future outlook" on page two of the accompanying materials.

○ Contents of accompanying materials

1. Qualitative information on quarterly results.....	2
(1) Remarks on operating performance.....	2
(2) Remarks on financial situation.....	2
(3) Remarks on future outlook, such as earnings forecasts.....	2
2. Quarterly financial statements and major notes.....	3
(1) Quarterly balance sheet.....	3
(2) Quarterly profit and loss statement.....	5
(3) Statement of cash flows.....	6
(4) Notes on quarterly financial statements.....	7
Notes on status as a going concern.....	7
Remarks applicable in the event of major changes in shareholder equity.....	7
Application of specific accounting procedures in the preparation of quarterly financial statements...7	
Changes in accounting policy.....	7
Changes in accounting estimates.....	7
Reflection of clerical errors from past statements.....	7
3. Miscellaneous.....	8
Important events related to status as a going concern.....	8

## 1. Qualitative information on financial results for the current quarter

### (1) Remarks on business performance

The domestic economy during the cumulative Q2 period showed signs of recovery, such as the effects of COVID-19 being mitigated and a range of economic activity gradually resuming. On the other hand, tensions in Ukraine have prolonged, and there continues to be a sense of uncertainty about the future of the economy due to the depreciation of the yen and soaring costs of raw materials and fuel.

Amidst this climate, sales exceeded the results for the same quarter of the previous year as a result of ongoing strong transactions with petrochemical resin-related companies, which are our main customers. Mainstream users also showed a strong positive response to the economic rebound, so total rental sales increased by 230M JPY (7.3%) over the same quarter the prior fiscal year, climbing to 3.367B JPY, and total sales (including those treated as miscellaneous) reached 3.617B JPY, an increase of 232M JPY (6.9%) over the same quarter the prior fiscal year.

On the profit front, operating income was 512M JPY (up 294.7% from the same quarter the prior fiscal year) and ordinary profit was 580M JPY (up 150.6% from the same quarter the prior fiscal year) due to increased sales and other activities, and quarterly net income was 476M JPY (up 205.8% from the same quarter the prior fiscal year).

### (2) Remarks on financial situation

#### (1) Fluctuations in financial situation

Total assets at the end of the the Q2 accounting period were 11.042B JPY, an increase of 680M JPY over the prior fiscal year.

Current assets were 1.886B JPY, up 0.7% from the end of the previous fiscal year (a 0.7% increase), and fixed assets were 9.155B JPY, an increase of 668M JPY, or 7.9%, compared to the end of the previous fiscal year.

The main reason for the increase in current assets was, although there was a decrease in other receivables (included in "Miscellaneous") and accounts receivable, an increase in consumption tax receivable (also included in "Miscellaneous") and cash and deposits.

The main reason for the increase in fixed assets was due to an increase in loaned assets, etc., although there was a decrease in company assets and intangible fixed assets.

Current liabilities were 3.477B JPY, up 4.2% from the end of the previous fiscal year, and fixed liabilities were 2.098B JPY, an increase of 136M JPY, or 7.0%, compared to the end of the previous fiscal year.

The main reason for the increase in current liabilities was, despite a decrease in other payables (included in "Miscellaneous"), an increase in accounts payable, etc.

The main reason for the increase in fixed liabilities was an increase in long-term loans, etc.

Net assets at the end of the the Q2 accounting period were 5.466B JPY, an increase of 402M JPY over the prior fiscal year, or a 7.9% upward change. This is chiefly due to the increase in retained earnings.

#### (2) Cashflow

Cash flow from operating activities was 1.584B JPY (up 37.8% from the prior fiscal year) due to factors like net income before tax of 592M JPY and depreciation expenses of 1.039B JPY.

Cash flow from investment activities was 1.608B JPY (up 49.4% from the prior fiscal year) due to the acquisition of tangible fixed assets.

Cash flow from financial activities was 600M JPY yen in income from long-term loans, 198M JPY from sales and leaseback income, and expenditures of 490M JPY in repayment of long-term loans and 193M in installment payables, for a 111.8% increase in income over the same quarter the prior fiscal year to 47M JPY.

### (3) Remarks on future outlook, such as earnings forecasts

No revisions have been made since the earnings forecast released on May 9, 2022.

## 2. Quarterly financial statement and major notes

### (1) Quarterly balance sheet

(Units: 1,000 JPY)

	Prior fiscal year (ended March 31, 2022)	Q2 accounting period (ended September 30, 2022)
<b>Assets</b>		
Liquid assets		
Cash and deposits	898,839	922,009
Notes receivable	23,712	14,130
Rental accrued	769,704	767,926
Accounts receivable	92,018	73,189
Miscellaneous	94,492	113,600
Allowance for doubtful accounts	△4,328	△3,985
<b>Total current assets</b>	<b>1,874,439</b>	<b>1,886,871</b>
Fixed assets		
Tangible property		
Loaned assets		
Loaned equipment (net)	7,306,533	8,048,939
<b>Total loaned assets</b>	<b>7,306,533</b>	<b>8,048,939</b>
Company assets		
Buildings (net)	132,081	122,866
Plot	342,324	303,805
Miscellaneous (net)	132,411	117,614
<b>Total company assets</b>	<b>606,817</b>	<b>544,286</b>
<b>Total tangible fixed assets</b>	<b>7,913,351</b>	<b>8,593,226</b>
Intangible fixed assets	207,272	192,863
Investments and other assets		
Investments in securities	182,788	173,188
Miscellaneous	190,142	202,727
Allowance for doubtful accounts	△6,255	△6,255
<b>Total investments and other assets</b>	<b>366,675</b>	<b>369,661</b>
<b>Total fixed assets</b>	<b>8,487,299</b>	<b>9,155,750</b>
<b>Total assets</b>	<b>10,361,739</b>	<b>11,042,621</b>
<b>Liabilities</b>		
Liquid liabilities		
Accounts payable-trade	682,636	866,270
Short-term debt	1,030,000	1,030,000
Long-term loans payable, scheduled to be repaid within one year	868,404	860,108
Deferred corporate tax liabilities, etc.	71,362	137,155
Provisions	39,040	42,118
Miscellaneous	644,745	542,161
<b>Total current liabilities</b>	<b>3,336,189</b>	<b>3,477,813</b>
Fixed liabilities		
Long-term debt	1,241,812	1,360,050
Provisions	16,409	24,212
Long-term accounts payable	660,613	656,380
Asset retirement obligations	42,931	58,028
<b>Total non-current liabilities</b>	<b>1,961,765</b>	<b>2,098,671</b>
<b>Total liabilities</b>	<b>5,297,955</b>	<b>5,576,485</b>

(Units: 1,000 JPY)

	Prior fiscal year (ended March 31, 2022)	Q2 accounting period (ended September 30, 2022)
<b>Net assets</b>		
Shareholders' equity		
Capital reserves	767,955	767,955
Capital surplus	486,455	486,455
Retained earnings	3,771,669	4,180,703
Shareholders' equity	△17,822	△17,915
Total shareholders' equity	5,008,256	5,417,198
Valuation, conversion differences, etc.		
Other securities valuation differences	55,527	48,937
Total valuation, conversion differences, etc.	55,527	48,937
Total net assets	5,063,784	5,466,135
Total liabilities and net assets	10,361,739	11,042,621

## (2) Quarterly statement of income

Q2 cumulative period

(Units: 1,000 JPY)

	Prior Q2 cumulative period (From April 1, 2021 to September 30, 2021)	Current Q2 cumulative period (From April 1, 2022 to September 30, 2022)
Revenue	3,385,506	3,617,746
Sales cost	2,756,302	2,587,407
Gross revenue rate	629,203	1,030,339
Sales and general and administrative expenses	499,467	518,316
Operating income	129,736	512,022
Non-operating profit		
Interest income	1	1
Dividend income	2,602	4,130
Loss compensation	90,602	61,412
Waste disposal income	21,109	17,155
Miscellaneous	557	534
Total non-operating profit	114,872	83,234
Non-operating P/L		
Interest expenses	12,814	14,323
Total non-operating expenses	12,814	14,323
Ordinary income	231,794	580,934
Extraordinary gain		
Gains on sale of non-current assets	350	18,071
Total extraordinary income	350	18,071
Extraordinary loss		
Fixed asset retirement loss	563	—
Fixed asset retirement loss	—	6,389
Total extraordinary loss	563	6,389
Quarterly profit before income taxes	231,581	592,615
Corporate tax, resident tax, and business tax	57,606	125,247
Adjustments for corporate tax, etc.	18,189	△8,984
Total corporate tax	75,795	116,262
Quarterly net profit	155,785	476,352



## (3) Quarterly statement of cash flows

(Units: 1,000 JPY)

	Prior Q2 cumulative period (From April 1, 2021 to September 30, 2021)	Current Q2 cumulative period (From April 1, 2022 to September 30, 2022)
<b>Cash flows from operating activities</b>		
Quarterly profit before income taxes	231,581	592,615
Depreciation	1,197,362	1,039,048
Increase (decrease) in provision for bonuses (△ indicates a decrease)	△2,701	3,078
Increase (decrease) in provision for retirement benefits (△ indicates a decrease)	1,291	7,803
Increase (decrease) in allowance for doubtful accounts (△ decreases)	△5,836	△342
Interest and dividend income	△2,603	△4,132
Interest paid on	12,814	14,323
Fixed asset retirement loss	51,687	63,544
Loss (gain) on sale of fixed assets (△ indicates gain)	△350	△11,681
Decrease (increase) in receivables (△ indicates increase)	△58,593	32,691
Decrease (increase) in inventories (△ indicates increase)	180	△3,846
Increase (decrease) in accounts payable (△ indicates decrease)	△12,091	△38,699
Increase (decrease) in accrued consumption tax, etc. (△ indicates decrease)	△48,481	△57,118
Miscellaneous	△62,990	3,639
Subtotal	1,301,269	1,640,923
Interest and dividend income received	2,603	4,131
Interest expenses paid	△11,750	△14,125
Corporate taxes paid	△142,558	△46,914
Cash flows from operating activities	1,149,565	1,584,015
<b>Cash flows from investing activities</b>		
Payments into time deposits	△55,003	△85,006
Proceeds from withdrawal of time deposits	55,002	85,006
Purchase of investment securities	△608	△656
Purchase of property, plant, and equipment	△953,872	△1,612,778
Proceeds from sales of property, plant, and equipment	350	18,071
Purchase of intangible assets	△116,941	△9,999
Miscellaneous	△5,475	△3,416
Cash flows from investing activities	△1,076,548	△1,608,779
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	300,000	600,000
Repayments of long-term loans payable	△505,026	△490,058
Proceeds from sale and leaseback	—	198,735
Repayments of installment payables	△140,795	△193,332
Cash dividends paid	△58,903	△67,318
Decrease (increase) in treasury stock (△ indicates increase)	—	△92
Cash flows from financing activities	△404,725	47,934
Conversion difference for cash and cash equivalents	—	—
Increase (decrease) in cash and cash equivalents (△ indicates decrease)	△331,708	23,169
Cash and cash equivalent balance at the start of the period	861,857	749,927
Cash and cash equivalent balance at the end of the quarter	530,148	773,097

#### (4) Notes on quarterly financial statements

Notes on status as a going concern

None to note at this time.

Remarks applicable in the event of major changes in shareholder equity

None to note at this time.

Application of specific accounting procedures in the preparation of quarterly financial statements

None to note at this time.

Changes to accounting policies

We applied the Guidelines for the Application of Accounting Standards Related to the Calculation of Market Value (Corporate Accounting Standards Application Guidelines No. 31, June 17, 2021 (hereafter referred to as "Market Value Accounting Standards Guidelines")) from the beginning of the Q1 accounting period, and will apply a new accounting policy per the Market Value Accounting Standards Guidelines going forward in accordance with the transitional handling stipulated in section 27-2 of those guidelines. Note that this has no impact on the quarterly financial statement.

Changes in accounting estimates

Change in useful life of loaned assets

Of the loaned assets we own, the lifespan of wooden pallets is independently determined by our company by estimating their useful economic life. Where wooden pallets are concerned, we calculated depreciation based on a standard life of 5 years as before, but due to revisions to repair standards for wooden pallets in the past financial year and shoring up collection dunning for uncollected pallets, among other initiatives, we found that the useful life of wooden pallets is longer than previously stated, and as a result of estimating the useful life of wooden pallets again following the formulation of our medium-term management starting FY 2022, we now estimate they can be used for six years, and this change in useful life has been reflected as of the Q1 accounting period.

As a result, depreciation cost for the cumulative Q2 period decreased by 218M JPY compared to a calculation using the foregoing useful life of five years, and operating income, ordinary income, and quarterly net income before tax each increased by the same amount.

Reflection of clerical errors from past statements

None to note at this time.

### 3. Miscellaneous

Important events related to status as a going concern

None to note at this time.