



Financial Results Briefing for the 3rd Quarter of Fiscal 2023 (Japan GAAP, Unconsolidated)

February 6, 2023

Listed Company Name NIPPON PALLET POOL Co., Ltd. Listed Exchange Tokyo
 Code Number 4 6 9 0 URL <https://www.npp-web.co.jp>
 Representative (Title) President & CEO (Name) Mitsuru Uematsu
 Contact Person for Inquiries (Title) Director of Finance (Name) Tomoki Soga (TEL) 06(6373) 3231
 Planned Date for Submission of Quarterly Report February 10, 2023 Planned Start Date for Dividend Payments —
 Availability of Supporting Materials for the Quarterly Results Explanation : None
 Availability of a Quarterly Results Explanation Meeting : None

(Rounded down to the nearest million yen)

1. Performance for the Third Quarter of the Fiscal Ended March 2023 (April 1, 2022 to December 31, 2022)

(1) Management Results (Cumulative) (% indicate year-on-year increase/decrease for the same quarter of the previous year)

	Net Sales		Operating profit		Ordinary Profit		Quarterly Net Profit	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Q3 2023	5,546	6.4	805	165.5	891	108.2	681	138.6
Q3 2022	5,212	△0.9	303	△43.8	428	△32.8	285	△31.6

	Quarterly Net Profit per Share	Adjusted Quarterly Net Profit per Share (post-potential stock adjustment)
	Yen	Yen
Q3 2023	404.95	—
Q3 2022	169.71	—

(2) Financial Condition

	Total Assets	Net Assets	Own Capital Ratio
	Million Yen	Million Yen	%
Q3 2023	11,429	5,686	49.8
FY 2022	10,361	5,063	48.9

(Reference) Own Capital Q3 of Fiscal 2023 Fiscal: 5,686 Million Yen Q3 of Fiscal 2022: 5,063 Million Yen

2. Dividend Status

	Annual Dividend Amount				
	At the end of Q1	At the end of Q2	At the end of Q3	Period End	Total
	Yen	Yen	Yen	Yen	Yen
FY22	—	0.00	—	40.00	40.00
FY23	—	0.00	—	—	—
FY23 (Estimated)	—	—	—	35.00	35.00

(Note)

- Revision from the most recent dividend forecast published: None
- Breakdown of the end-of-period dividend for FY22: Ordinary dividend JPY 35.00, Anniversary dividend JPY 5.00

3. Performance Forecast for FY23 (April 1, 2022 to March 31, 2023)

(% indicate year-on-year increase/decrease for the same quarter of the previous year)

	Net Sales		Operating profit		Ordinary Profit		Current Net Profit		Current Net Profit per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Full-Year	7,200	1.5	950	106.6	1,030	59.0	750	174.9	445.65

(Note) Revision from the most recent performance forecast published: None

※ Note

(1) Application of accounting procedures specific to the preparation of quarterly financial statements : None

(2) Changes in accounting policies, changes in accounting estimates, and restatements

① Changes in accounting policies due to revisions in accounting standards : Yes

② Changes in accounting policies other than ① : None

③ Changes in accounting estimates : Yes

④ Restatements : None

(3) Outstanding Shares (Common Stock)

① Outstanding Shares at End of Period (Including Treasury Stock)

Q3 2023	1,700,000 shares	Q3 2022	1,700,000 shares
Q3 2023	17,105 shares	Q3 2022	17,040 shares
Q3 2023	1,682,922 shares	Q3 2022	1,682,960 shares

② Treasury Stock at End of Period

③ Average Outstanding Shares during Period (Accumulated for the Quarter)

※ The Quarterly Financial Statements are not subject to review by certified public accountants or auditing firms.

※ Use of Financial Forecast Explanation and Other Special Matters

• The future-related descriptions in this document are based on information currently available to the company and reasonable assumptions, and actual performance may differ greatly from the forecast numbers. For information on the conditions underlying the financial forecast and cautionary notes on using the financial forecast, please refer to "1. Qualitative information on this quarterly settlement (3) Explanation of future forecasting information" in the attached document 2 pages.

○Table of Contents of Attachments

1. Qualitative Information on the Current Quarter's Financial Results	2
(1) Explanation of Business Performance.....	2
(2) Explanation of Financial Condition	2
(3) Explanation of Future Forecast Information such as Performance Forecast	2
2. Financial Statements and Main Notes for the Quarter	3
(1) Balance Sheet for the Quarter	3
(2) Income Statement for the Quarter	5
(3) Notes on the Financial Statements for the Quarter	6
(Note on the Assumption of Continuing Business)	6
(Note on Significant Changes in Shareholder Capital)	6
(Note on the Application of Unique Accounting Processes in Creating Financial Statements for the Quarter)	6
(Change in Accounting Policy)	6
(Change in Accounting Estimation)	6
(Revised Re-Presentation)	6
3. Others	7
Important Events and Matters Regarding the Assumption of Continuing Business	7

1. Qualitative Information Regarding the Current Quarter's Fiscal Report

(1) Explanation of Business Performance

During the third quarter, although there were signs of a gradual recovery in the domestic economy due to the easing of restrictions caused by the new coronavirus infection, the situation in Ukraine continues to be tense, and uncertainty about the economic outlook continues due to the rising fuel and raw material prices and the weakening of the yen.

In this business environment, rental for our main customers, petroleum and chemical resin-related companies, continued to perform well, exceeding the results of the same quarter the previous year. In addition, in response to the so-called "2024 problem" in logistics, efforts to reduce loading time by changing from the conventional piece-by-piece loading and unloading to "palletization" are underway among consignor companies, and rental for general users is also stable, resulting in total rental sales of 515.6 million yen, a 3.3-billion-yen increase (6.2%) from the same quarter the previous year. Furthermore, the handling of logistics equipment such as pallets, nestainers, and foldable decks was also robust in merchandise sales, resulting in a total sale of 554.6 million yen, a 3.33-billion-yen increase (6.4%) from the same quarter the previous year.

In terms of profitability, due to the impact of increased sales, operating profit was 8.5 million yen (165.5% increase from the same quarter the previous year), ordinary profit was 8.91 million yen (108.2% increase from the same quarter the previous year), and the quarter's net profit was 6.81 million yen (138.6% increase from the same quarter the previous year).

(2) Explanation of Financial Conditions

① Changes in Financial Conditions

As of the end of the third quarter fiscal period, the total assets were JPY 11,429 million, an increase of JPY 1,067 million compared to the end of the previous fiscal year.

Current assets were JPY 1,915 million, an increase of JPY 41 million or 2.2% compared to the end of the previous fiscal year, while fixed assets were JPY 9,513 million, an increase of JPY 1,026 million or 12.1% compared to the end of the previous fiscal year.

The main factor for the increase in current assets was the increase in accounts receivable (including "others"), unpaid consumption tax (included in "others") and rental arrears, despite the decrease in cash and deposits.

The main factor for the increase in fixed assets was the increase in lending assets, despite the decrease in company-owned assets and intangible fixed assets.

Current liabilities were JPY 345 million, an increase of JPY 68 million or 2.1% compared to the end of the previous fiscal year, while fixed liabilities were JPY 2,338 million, an increase of JPY 376 million or 19.2% compared to the end of the previous fiscal year.

The main factor for the increase in current liabilities was the increase in accounts payable (including "others"), and outstanding tax, despite the decrease in unpaid balances.

The main factor for the increase in fixed liabilities was the increase in long-term borrowing and long-term outstanding balances.

As of the end of the third quarter fiscal period, the net assets were JPY 5,686 million, an increase of JPY 622 million or 12.3% compared to the end of the previous fiscal year. This was due to the increase in retained earnings, etc.

(3) Explanation of Future Forecast Information, Including Performance Forecast

No revisions have been made from the performance forecast announced on January 25, 2023.

2. Quarter Financial Statements and Main Notes

(1) Quarter Balance Sheet

(Unit: Thousand yen)

	Prior fiscal year (March 31, 2022)	Current third fiscal quarter (December 31, 2022)
Assets Section		
Current Assets		
Cash and Deposits	898,839	758,833
Receivable Notes	23,712	15,080
Uncollected Rent	769,704	814,024
Accounts Receivable	92,018	115,068
Other	94,492	217,080
Allowance for Doubtful Accounts	△4,328	△4,369
Total Current Assets	1,874,439	1,915,717
Fixed Assets		
Tangible Fixed Assets		
Leased Assets		
Leased Equipment (Net Amount)	7,306,533	8,398,100
Total Leased Assets	7,306,533	8,398,100
Company Assets		
Buildings (Net Amount)	132,081	119,247
Land	342,324	303,805
Other (Net Amount)	132,411	136,895
Total Company Assets	606,817	559,949
Total Tangible Fixed Assets	7,913,351	8,958,049
Intangible Fixed Assets	207,272	181,339
Assets in Other Investments		
Marketable Securities	182,788	193,267
Other	190,142	180,910
Allowance for Doubtful Accounts	△6,255	—
Total Assets in Other Investments	366,675	374,178
Total Fixed Assets	8,487,299	9,513,566
Total Assets	10,361,739	11,429,283
Liabilities Section		
Current Liabilities		
Accounts Payable	682,636	779,060
Short-term Loans	1,030,000	1,030,000
Long-term Loans due within 1 year	868,404	871,732
Unpaid Corporate Taxes, etc.	71,362	128,962
Allowance for Reserves	39,040	15,049
Other	644,745	580,356
Total Current Liabilities	3,336,189	3,405,162
Fixed Liabilities		
Long-term Loans	1,241,812	1,503,392
Allowance for Reserves	16,409	27,092
Long-term Unpaid Amounts	660,613	749,018
Asset Retirement Obligations	42,931	58,503
Total Fixed Liabilities	1,961,765	2,338,005
Total Liabilities	5,297,955	5,743,167

(Unit: Thousand yen)

	Prior fiscal year (March 31, 2022)	Current third fiscal quarter (December 31, 2022)
Net Assets Section		
Shareholders' Equity		
Capital Stock	767,955	767,955
Capital Surplus	486,455	486,455
Retained Earnings	3,771,669	4,385,847
Treasury Stock	△17,822	△17,915
Total Shareholders' Equity	5,008,256	5,622,342
Evaluation and Conversion Differences, etc.		
Other Securities Evaluation Difference Amount	55,527	63,774
Total Evaluation and Conversion Differences, etc.	55,527	63,774
Total Net Assets	5,063,784	5,686,116
Total Liabilities and Net Assets	10,361,739	11,429,283

(2) Quarterly Income Statement

Accumulated Period of Q3

(Unit: Thousand Yen)

	Prior Accumulated Period of Q3 (From April 1, 2021 to December 31, 2021)	Current Accumulated Period of Q3 (From April 1, 2022 to December 31, 2022)
Net Sales	5,212,461	5,546,453
Cost of Sales	4,174,309	3,976,932
Gross Profit	1,038,151	1,569,521
Selling and General Administration Expenses	734,847	764,336
Operating Profit	303,304	805,184
Non-Operating Income		
Interest Receivable	2	2
Dividend Receivable	5,184	6,460
Compensation for Losses	107,820	77,273
Income from Disposal of Waste	30,687	23,426
Others	560	537
Total Non-Operating Income	144,255	107,699
Non-Operating Expenses		
Interest Expense	19,429	21,325
Total Non-Operating Expenses	19,429	21,325
Ordinary Profit	428,130	891,559
Extraordinary Profit		
Gain on Sale of Fixed Assets	350	18,071
Total Extraordinary Profit	350	18,071
Extraordinary Loss		
Loss on Retirement of Fixed Assets	563	—
Loss on Sale of Fixed Assets	—	6,389
Total Extraordinary Loss	563	6,389
Pretax Quarterly Net Profit	427,916	903,241
Corporate Taxes, Resident Taxes and Business Taxes	106,445	214,948
Adjustments for Corporate Taxes, etc.	35,847	6,796
Total Corporate Taxes, etc.	142,293	221,744
Quarterly Net Profit	285,623	681,496

(3) Notes on Quarter Financial Statements

(Notes on the premise of continuing operations)

No relevant items.

(Notes on significant changes in shareholder capital)

No relevant items.

(Application of specific accounting treatments in the preparation of quarter financial statements)

No relevant items.

(Change in accounting policy)

The "Guidance for the Application of Fair Value Accounting Standards" (Corporate Accounting Standard Application Guidance No. 31, June 17, 2021. Hereinafter referred to as the "Fair Value Accounting Standard Application Guidance") will be applied from the beginning of the first quarter of the fiscal period, and the company will apply the new accounting policy specified by the Fair Value Accounting Standard Application Guidance in the future, in accordance with the retrospective treatment specified in Article 27-2 of the Fair Value Accounting Standard Application Guidance. This change in accounting policy does not have any impact on the quarter financial statements.

(Change in Accounting Estimates)

(Change in Useful Life of Leased Assets)

Our company has determined the useful life of its leased assets, including wooden pallets, through its own estimate. For wooden pallets, we have been depreciating them over a useful life of 5 years, but as a result of revisions to the repair criteria for wooden pallets in the previous fiscal year and strengthened efforts to collect unreturned pallets, it has become apparent that the useful life of wooden pallets has been extended beyond the previous estimate. As a result of re-estimating the useful life of wooden pallets in the context of our mid-term business plan for the fiscal year 2022, it has been determined that wooden pallets can be used for 6 years, and the useful life of wooden pallets will be changed to 6 years starting from the first quarter of the fiscal year.

As a result, compared to the previous useful life, the total depreciation expenses for the third quarter of the fiscal year will decrease by JPY 350 million, and operating profit, ordinary profit, and pre-tax quarterly net profit will increase by the same amount respectively.

(Revised Presentation)

No relevant items.

3. Others

Significant events related to the assumption of continuing operations.

No relevant items.