



Summary of Financial Accounts for the 2nd Quarter of the Fiscal Year Ending March 2021 [Japanese Standards] (Non-Consolidated)

November 6th, 2020

Listed Company Name Nippon Pallet Pool Co., Ltd. Exchange Tokyo
 Code Number 4690 URL <https://www.npp-web.co.jp>
 Representative (Position) President and Representative Director (Name) Yukinori Tsuji
 Contact Representative (Position) Treasurer (Name) Tomoki Soga (Phone) 06(6373)3231
 Scheduled Quarterly Report Submission Date November 11th, 2020 Scheduled Dividend Payment Start Date —
 Existence of additional explanatory documents for the quarterly report: No
 Existence of an 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 2021 (April 1st, 2020 - September 30th, 2020)

(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 2021 Q2	3,493	1.9	385	72.1	458	57.6	299	62.6
FY Ending March 2020 Q2	3,427	4.9	224	127.8	290	145.0	184	191.1

	Quarterly Net Profit per Share	Diluted Quarterly Net Profit per Share
	yen sen	yen sen
FY Ending March 2021 Q2	356.16	—
FY Ending March 2020 Q2	219.07	—

(2) Financial Status

	Total Assets	Net Assets	Capital Adequacy Ratio
	million yen	million yen	%
FY Ending March 2021 Q2	10,425	4,731	45.4
FY Ending March 2020	10,338	4,475	43.3

(Reference) Owned Capital FY Ending March 2021 Q2 4,731 million yen FY Ending March 2020 4,475 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 2020	—	0.00	—	70.00	70.00
FY Ending March 2021	—	0.00	—	—	—
FY Ending March 2021 (Forecast)	—	—	—	70.00	70.00

(Note) Existence of revisions from the most recently published dividend forecast: No

3. Expected Results for the Fiscal Year Ending March 2021 (April 1st, 2020 - March 31st, 2021)

(% change from the previous year)

	Sales		Operating Profit		Ordinary Profit		Fiscal Year Net Profit		FY Net Profit per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
Whole FY	7,013	—	604	16.9	708	6.0	439	0.8	521.78

(Note) Existence of revisions from the most recently published expected results: No

***Notes**

- (1) Application of special accounting processes to create the quarterly financial statements : No
- (2) Accounting policy change, accounting estimate change, or restatement
 - ① Accounting policy change in accordance with revisions to accounting standards, etc : No
 - ② Accounting policy change other than ① : No
 - ③ Accounting estimate change : No
 - ④ Restatement : No

(3) Shares Issued (Common Shares)

① FY end shares issued (including treasury shares)	FY Ending March 2021 Q2	850,000 shares	FY Ending March 2020 Q2	850,000 shares
② FY end treasury shares	FY Ending March 2021 Q2	8,520 shares	FY Ending March 2020 Q2	8,520 shares
③ FY end average shares (QTD)	FY Ending March 2021 Q2	841,480 shares	FY Ending March 2020 Q2	841,535 shares

- * 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
 - Although descriptions in this document related to the future, such as earnings estimates, are based on information that our company has obtained at present and certain assumptions that are deemed reasonable, the impact of the spread of novel coronavirus infections is not factored into expected results, given that it is difficult to reasonably forecast this impact at present. Therefore, 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 third page of the attached document.

oContents of the Attached Document

1. Qualitative Information Related to This Quarterly Statement	2
(1) Explanation Regarding Operating Results	2
(2) Explanation Regarding the Financial Status	2
(3) Explanation Regarding Expected Results and Future Projections	3
2. Quarterly Financial Statements and Main Points of Note	4
(1) Quarterly Balance Sheet	4
(2) Quarterly Profit and Loss Statement	6
(3) Quarterly Cash Flow Statement	7
(4) Points of Note Regarding Quarterly Financial Statements	8
(Point of Note Regarding the Going Concern Assumption)	8
(Point of Note in Case of Significant Fluctuation in the Shareholders' Equity)	8
(Application of Special Accounting Processes to Create Quarterly Financial Statements)	8
(Accounting Policy Change)	8
(Accounting Estimate Change)	8
(Restatement)	8
3. Other	9
Important events , etc. related to the going concern assumption	9

1. Qualitative Information Related to This Quarterly Statement

(1) Explanation Regarding Operating Results

In the current fiscal period, the domestic economy fell into a very severe situation as a result of the stagnation of private consumption and corporate activities due to the effects of the novel coronavirus.

Although there have been signs of recovery in terms of economic activity since the government lifted the state of emergency in May, the number of infected people in Japan and overseas continues to increase, and uncertainty about the future lingers.

In this business environment, rentals for petrochemical resin-related companies, major customers of "inter-modal palletization", were slightly lower than for the same quarter of the previous year due to sluggish growth in lending volumes because of factors such as a contraction in production on the customers side.

On the other hand, rental sales for general customers increased overall thanks to a strong demand for rentals, due to factors such as an increase in product inventories on the customer side.

Total sales for other products also exceeded the results for the same quarter of the previous year, so total sales for the cumulative second quarter were 3,493 billion yen, an increase of 66 million yen (1.9%) compared to the same quarter of the previous year.

In terms of costs, in addition to the reduction in forwarding costs, etc. due to the improvement in the pallet rental occupancy rate, effective utilization of existing loaned assets and efficiency in operation have been achieved by implementing measures to strengthen the collection of pallets. As a result, operating expenses were 3,107 million yen (down 3.0% from the same quarter of the previous year).

As a result, operating income was 385 million yen (up 72.1% from the same quarter of the previous year), ordinary income was 458 million yen (up 57.6% from the same quarter of the previous year), and quarterly net income was 299 million yen (up 62.6% from the same quarter of the previous year).

To add, the impact of novel coronavirus infections on the operating results of this 2nd quarter period to date has been insignificant.

(2) Explanation Regarding the Financial Status

① State of Flux for the Financial Status

Total assets at the end of the second quarter were 10,425 million yen, an increase of 86 million from the previous fiscal year. Current assets are 1,627 million yen, down 35 million yen, or 2.1%, and fixed assets were 8,798 million yen, an increase of 1.4% from the end of the previous fiscal year.

The decrease in current assets mainly occurred due to a decrease in cash, deposits, and rentals accrued, while accounts receivable increased.

The increase in fixed assets was mainly due to an increase in intangible fixed assets and loan assets.

Current liabilities were 3,238 million yen, down 150 million yen, or a 4.4% decrease, and fixed liabilities were 2,456 million yen, down 18 million yen or 0.8% from the end of the previous fiscal year.

The decrease in current liabilities is mainly attributed to a decrease in unpaid consumption tax (included in "Other"), accounts payable, and unpaid corporate taxes.

The decrease in fixed liabilities was mainly due to a decrease in long-term debt, while there was an increase in long-term outstanding payments.

Net assets at the end of the second quarter were 4,731 million yen, an increase of 255 million yen or 5.7%, from the end of the previous fiscal year.

This was due to an increase in accumulated profit.

To add, the impact of novel coronavirus infections on the financial status of this 2nd quarter period to date has been insignificant.

② Cash flow

Besides the cash flow from operating activities being a net income (before tax) of 447 million, due to depreciation expenses of 1,231 million, total revenue was 1,440 million (down 6.6% compared to the previous fiscal year).

Cash flow from investing activities was 1,210 million (down 16.2% year-on-year) due to the acquisition of tangible fixed assets.

Cash flows from financing activities were 278 million yen (75 in the same quarter of the previous year) due to expenditures of 569 million yen for repayment of long-term debt and 149 million yen for repayment of installment liabilities.

(3) Explanation Regarding Expected Results and Future Projections

As a result of reviewing our full-year earnings forecasts based on the progress of our most recent results, we have revised our full-year earnings forecasts for the fiscal year ending on March 2021, announced on August 6th, 2020.

For details, please refer to the "Notice Concerning Revision of Earnings Forecast" announced on November 2nd, 2020.

2. Quarterly Financial Statements and Main Points of Note

(1) Quarterly Balance Sheet

(Units: 1,000 yen)

	Previous FY (March 31 st , 2020)	Current Q2 Accounting Term (September 30 th , 2020)
Assets		
Current Assets		
Cash and Deposits	737,669	698,287
Notes Receivable	17,749	15,243
Rental Accounts Receivable	763,565	742,446
Accounts Receivable	100,409	123,868
Other	47,403	51,735
Bad Debt Allowance	Δ4,336	Δ4,329
Total Current Assets	1,662,460	1,627,251
Fixed Assets		
Tangible Fixed Assets		
Assets Lent		
Equipment Lent (Net)	7,633,103	7,691,543
Total Assets Lent	7,633,103	7,691,543
Corporate Assets		
Building (Net)	156,515	160,334
Land	483,126	483,126
Other (Net)	111,706	110,189
Total Corporate Assets	751,348	753,650
Total Tangible Fixed Assets	8,384,452	8,445,194
Intangible Fixed Assets	16,583	80,167
Investments and Other Assets		
Investment in Securities	178,431	184,435
Other	110,276	97,294
Bad Debt Allowance	Δ13,221	Δ8,418
Total Investments and Other Assets	275,486	273,312
Total Fixed Assets	8,676,522	8,798,674
Total Assets	10,338,983	10,425,926
Liabilities		
Current Liabilities		
Accounts Payable	691,236	650,817
Short-Term Debt	1,030,000	1,030,000
Long-Term Debt to Be Paid Within 1 Year	998,172	1,005,016
Unpaid Corporate Taxes, Etc.	177,606	158,766
Reserve	48,863	43,070
Other	442,484	350,352
Total Current Liabilities	3,388,363	3,238,023
Fixed Liabilities		
Long-Term Debt	1,891,680	1,814,992
Reserve	19,321	17,299
Long-Term Accounts Payable	532,019	591,711
Asset Retirement Obligation	32,245	32,640
Total Fixed Liabilities	2,475,266	2,456,643
Total Liabilities	5,863,629	5,694,666

(Units: 1,000 yen)

	Previous FY (March 31 st , 2020)	Current Q2 Accounting Term (September 30 th , 2020)
Net Assets		
Shareholders' Equity		
Capital	767,955	767,955
Capital Surplus	486,455	486,455
Earned Surplus	3,230,691	3,471,488
Own Shares	Δ17,822	Δ17,822
Total Shareholders' Equity	4,467,279	4,708,075
Valuation or Translation Differences, Etc.		
Other Securities Valuation Differences	8,074	23,183
Total Valuation or Translation Differences, Etc.	8,074	23,183
Total Net Assets	4,475,353	4,731,259
Total Liabilities and Net Assets	10,338,983	10,425,926

(2) Quarterly Profit and Loss Statement

2ndQuarter Period to Date

(Units: 1,000 yen)

	Previous Q2 period to date (From April 1 st , 2019 to September 30 th , 2019)	Current Q2 period to date (From April 1 st , 2020 to September 30 th , 2020)
Sales	3,427,461	3,493,648
Cost of Sales	2,732,557	2,657,909
Gross Profit	694,903	835,738
Transferred Unrealized Profit from Installment Sale	1,110	699
Reversed Unrealized Profit from Installment Sales	4,149	3,134
Gross Profit Differential	697,942	838,173
Selling and General Administrative Costs	473,726	452,275
Operating Profit	224,216	385,898
Non-Operating Income		
Interest Income	6	6
Dividend Income	2,553	2,417
Loss Compensation	63,774	68,112
Waste Disposal Income	16,009	16,447
Other	2,177	393
Total Non-Operating Income	84,521	87,377
Non-Operating Expenses		
Interest Expense	17,779	14,856
Total Non-Operating Expenses	17,779	14,856
Ordinary Profit	290,959	458,419
Extraordinary Profit		
Gains from Sales of Fixed Assets	1,150	—
Total Extraordinary Profit	1,150	—
Extraordinary Loss		
Valuation Loss of Investment Securities	5,527	11,281
Total Extraordinary Loss	5,527	11,281
Pre-Tax Quarterly Net Profit	286,582	447,138
Corporate Tax, Resident Tax, and Business Tax	105,147	146,318
Corporate Tax, Etc. Adjustment	Δ2,917	1,120
Total Corporate Tax	102,230	147,438
Quarterly Net Profit	184,351	299,700

(3) Quarterly Cash Flow Statement

(Units: 1,000 yen)

	Previous Q2 period to date (From April 1 st , 2019 to September 30 th , 2019)	Current Q2 period to date (From April 1 st , 2020 to September 30 th , 2020)
Cash Flow from Operating Activities		
Quarterly Net Income Before Tax	286,582	447,138
Depreciation Expenses	1,319,596	1,231,557
Changes in Provision for Bonuses (Δ indicates decrease)	2,781	Δ5,793
Changes in Retirement Benefits and Provision for Retirement Benefits for Directors (Δ indicates decrease)	153	Δ2,472
Changes in Allowance for Bad Debts(Δ indicates decrease)	8,465	Δ4,809
Interests and Dividends Received	Δ2,560	Δ2,424
Interests Payable	17,779	14,856
Changes on Valuation of Investment Securities (Δ indicates profit)	5,527	11,281
Loss on Retirement of Fixed Assets	46,198	40,635
Gain on Sale of Fixed Assets (Δ indicates profit)	Δ1,150	—
Changes in Trade Receivables (Δ indicates increase)	11,403	1,071
Changes in Inventories (Δ indicates increase)	1,420	Δ1,885
Changes in Accounts Payable (Δ indicates decrease)	Δ90,908	Δ18,892
Changes in Uncollected or Unpaid Consumption Tax, etc. (Δ indicates decrease)	13,400	Δ83,300
Others	19,876	Δ21,987
Sub-total	1,638,565	1,604,973
Amount of Interest and Dividends Received	2,558	2,422
Interest Payment Amount	Δ17,758	Δ14,818
Corporate Tax Payment Amount, etc	Δ82,032	Δ152,272
Cash Flow from Operating Activities	1,541,332	1,440,305
Cash Flow from Investing Activities		
Fixed Deposit Expenditure	Δ65,000	Δ55,002
Income from Withdrawal of Fixed Deposits	65,000	55,000
Expenditure from Acquisition of Investment Securities	Δ573	Δ594
Expenditure from Acquisition of Tangible Fixed Assets	Δ1,431,382	Δ1,160,936
Income from Sale of Tangible Fixed Assets	1,150	—
Expenditure from Acquisition of Intangible Assets	—	Δ36,082
Others	Δ3,471	Δ3,697
Cash Flow from Investing Activities	Δ1,434,278	Δ1,201,313
Cash Flow from Financial Activities		
Income from Short - term Borrowing	4,830,000	4,580,000
Expenditure from Repayment of Short - term Debt	Δ4,830,000	Δ4,580,000
Income from Long - term Borrowing	1,000,000	500,000
Expenditure for Repayment of Long - term Debt	Δ664,680	Δ569,844
Expenditure for Repayment of Installment Debt	Δ200,759	Δ149,629
Dividend Payment Amount	Δ58,907	Δ58,903
Cash Flow from Financial Activities	75,652	Δ278,376
Conversion Differences Relating to Cash and Cash Equivalents	—	—
Initial Balance of Cash and Cash Equivalents(Δ indicates decrease)	182,707	Δ39,384
Initial Balance of Cash and Cash Equivalents	418,059	588,761
Quarter-end Balance of Cash and Cash Equivalents	600,766	549,376

(4) Points of Note Regarding 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.

(Application of Special Accounting Processes to Create Quarterly Financial Statements)

There are no corresponding items.

(Accounting Policy Change)

There are no corresponding items.

(Accounting Estimate Change)

There are no corresponding items.

(Restatement)

There are no corresponding items.

3. Other

Important events , etc. related to the going concern assumption

There are no corresponding items.