

Summary of Consolidated Financial Results (Japanese Accounting Standards) for Fiscal Year Ending March 2022



May 9, 2022

Listed company name NIPPON PALLET POOL CO.,LTD.

Stock exchange

Tokyo Stock Exchange

Code 4690

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

Representative (Position) President & CEO
Inquiries (Position) Head of finance

Mitsuru Uematsu
Tomoki Soga

Telephone: 06(6373)3231

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(Rounded down to the nearest million JPY)

1. Results for fiscal year ending March 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(percentages represent year-on-year changes)

	Revenue		Operating income		Ordinary profit		Net income for the period	
	1M JPY	%	1M JPY	%	1M JPY	%	1M JPY	%
Fiscal year ending March 2022	7,094	1.9	459	△21.7	647	△12.5	272	△39.8
Fiscal year ended March 2021	6,962	△0.8	586	13.6	740	10.9	452	3.9

	Net income per share		Diluted net income per share		Return on equity (ROE)	Ordinary income as percentage of total assets	Operating income on sales
	JPY	1/100th JPY	JPY	1/100th JPY	%	%	%
Fiscal year ending March 2022	162.12	—	—	—	5.5	6.3	6.5
Fiscal year ended March 2021	269.12	—	—	—	9.7	7.2	8.4

(For reference) Equity in earnings of affiliates Fiscal year ending March 2022 — 1M JPY Fiscal year ended March 2021 — 1M JPY

(Note) NIPPON PALLET POOL conducted a stock split at a ratio of 2 shares per share of common stock on July 1, 2021. Net income per share is calculated assuming that the stock split occurred at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	Net assets per share	
	1M JPY		1M JPY		%	JPY	1/100th JPY
Fiscal year ending March 2022	10,361		5,063		48.9	3,008.86	
Fiscal year ended March 2021	10,235		4,911		48.0	2,918.25	

(For reference) Shareholders' equity Fiscal year ending March 2022 5,063 1M JPY Fiscal year ended March 2021 4,911 1M JPY

(Note) NIPPON PALLET POOL conducted a stock split at a ratio of 2 shares per share of common stock on July 1, 2021. Net assets per share is calculated assuming that the stock split occurred at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	1M JPY	1M JPY	1M JPY	1M JPY
Fiscal year ending March 2022	2,750	△2,721	△141	749
Fiscal year ended March 2021	2,953	△2,168	△511	861

2. Dividends

	Annual dividends per share					Total dividends (Total)	Payout Ratio	Ratio of dividends to net assets
	End of Q1	End of Q2	End of Q3	Year end	Annual			
	1/100th JPY	1/100th JPY	1/100th JPY	1/100th JPY	1/100th JPY	1M JPY	%	%
Fiscal year ended March 2021	—	0.00	—	70.00	70.00	58	13.0	1.2
Fiscal year ending March 2022	—	0.00	—	40.00	40.00	67	24.7	1.3
Fiscal year ending March 2023 (projection)	—	0.00	—	35.00	35.00		11.8	

(Note) 1. NIPPON PALLET POOL conducted a stock split at a ratio of 2 shares per share of common stock on July 1, 2021. Results for the fiscal year ending March 2022 and projections for the fiscal year ending March 2023 reflect those after a stock split. For the fiscal year ended March 2021, the actual amount of dividends prior to the stock split is listed.

2. Fiscal year ending March 2022, breakdown of dividends: ordinary dividend per share, 35.00 JPY; commemorative (50th anniversary) dividend per share: 5.00 JPY

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

	Net sales		Operating income		Ordinary income		Net income for the period		Net income per share	
	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

* Notes

(1) 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 : No

(iv) Restatements of accounting estimates : No

(2) Number of shares issued (common stock)

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

Fiscal ending 2022	year March	1,700,000	shares	Fiscal ended March 2021	year March	1,700,000	shares
Fiscal ending 2022	year March	17,040	shares	Fiscal ended March 2021	year March	17,040	shares
Fiscal ending 2022	year March	1,682,960	shares	Fiscal ended March 2021	year March	1,682,960	shares

(ii) Treasury stock at end of period

(iii) Average number of issued shares

(Note) NIPPON PALLET POOL conducted a stock split at a ratio of 2 shares per share of common stock on July 1, 2021. The number of shares issued at the end of the period, treasury stock at the end of the period, and average number of issued shares, assume a stock split at the start of the prior fiscal year.

* This summary of accounts is not included in 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 forecasts due to a variety of reasons. For the assumptions of results forecasts and notes on the use of results forecasts, please refer to "1. Qualitative information on results, (4) Future outlook" on page two of the accompanying materials.

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1. Qualitative information on results

(1) Discussion of operating results

The Japanese economy this fiscal year generally faced a downturn following the spread of COVID-19 and the rise in crude oil prices. From a global perspective, there have been growing uncertainties, among them heightened geopolitical risks, such as the situation in Ukraine.

Given these circumstances, sales declined significantly in the first half of the fiscal year due to inventory reductions and production adjustments at client companies, but in the second half of the year, the situation corrected itself and sales trended upward. As a result, total rental sales for the full fiscal year amounted to 6.54B JPY, an increase of 101M JPY (1.6%) from the prior fiscal year, and total sales for the fiscal year, inclusive of other adjustments, were 7.094B JPY, an increase of 132M JPY (1.9%) from the prior fiscal year.

On a cost front, pallet storage fees decreased due to the recovery of pallet rental utilization rates in the second half of the year, but the number of pallets transported, repaired, and cleaned increased in order to accommodate a rapid increase in rental volume. In addition, operating expenses increased by 259M JPY (4.1%) from the prior fiscal year to 6.634B JPY due to the impact of rising crude oil and timber prices.

As a result, operating income decreased 127M JPY (21.7%) from the prior fiscal year to 459M JPY, and ordinary income reached 647M JPY, a decrease of 92M JPY (12.5%) from the prior fiscal year. Net income decreased by 180M JPY (39.8%) from the prior fiscal year to 272M JPY due to asset-impairment accounting of corporate assets associated with the restructuring of depot sites.

Detailed sales statement

By type			Prior fiscal year (From April 1, 2020 To March 31, 2021)		Current fiscal year (From April 1, 2021 to March 31, 2022)		YOY change	
			Amount (1,000 JPY)	Compositi on ratio (%)	Amount (1,000 JPY)	Compositi on ratio (%)	Amount (1,000 JPY)	Ratio (%)
Loans	Rentals	Pallets	5,841,163	83.9	5,934,356	83.6	93,192	1.6
		Other logistics equipment	597,831	8.6	606,326	8.5	8,494	1.4
	Total		6,438,994	92.5	6,540,682	92.2	101,687	1.6
Sale	By installment/lease		3,084	0.0	14,109	0.2	11,025	357.5
	Products		224,409	3.2	231,706	3.3	7,296	3.3
	Reprocessed articles		115,764	1.7	129,201	1.8	13,437	11.6
	Total		343,258	4.9	375,017	5.3	31,759	9.3
Freight revenue			155,183	2.2	154,157	2.2	△1,025	△0.7
Incidental business income			25,013	0.4	24,741	0.3	△272	△1.1
Annual			6,962,449	100.0	7,094,599	100.0	132,149	1.9

(2) Discussion of financial position

(1) Analysis of financial position

Current assets

The balance of current assets at the end of the current fiscal year was 1.874B JPY (1.877B JPY in the prior fiscal year), a decrease of 2M JPY.

This was largely owed to a decrease in cash and deposits (down 111M JPY from the prior fiscal year), although rentals receivable (up 72M JPY yen from the prior fiscal year) and other accounts receivable (up 17M JPY from the prior fiscal year) increased.

Non-current assets

The balance of fixed assets at the end of the current fiscal year was 8.487B JPY (8.358B JPY the prior fiscal year), an increase of 128M JPY.

Although there was a decrease in corporate assets (down 136M JPY from the prior fiscal year) and long-term prepaid expenses (down 12M JPY from the prior fiscal year), this was chiefly due to increases in loaned assets (up 63M JPY from the prior fiscal year) and intangible fixed assets (up 63M JPY from the prior fiscal year).

Current liabilities

The balance of current liabilities at the end of the current fiscal year was 3.336B JPY (the previous fiscal year was 3.291B JPY), an increase of 45M JPY.

This was chiefly due to a decrease in unpaid corporate taxes, etc. (84M JPY decrease from the prior fiscal year), long-term loans scheduled to be repaid within one year (down 81M JPY from the prior fiscal year), and unpaid consumption tax (down 54M JPY from the prior fiscal year), but advance payments (up 113M JPY yen from the prior fiscal year), accounts payable (up 88M JPY from the prior fiscal year), and accounts payable-trade (up 77M JPY yen from the prior fiscal year) increased.

Non-current liabilities

The balance of current liabilities at the end of the current fiscal year was 1.961B JPY (2.033B JPY in the prior fiscal year), or a decrease of 71M JPY.

While long-term accounts payable increased (up 34M JPY from the prior fiscal year), this was chiefly owed to a decrease in long-term debt (down 118M JPY from the prior fiscal year).

Net assets

The balance of net assets at the end of the current fiscal year was 5.063B JPY, an increase of 152M JPY.

This is chiefly due to the increase in retained earnings.

(3) Discussion of cash flows

Cash and cash equivalents for the current fiscal year amounted to 749M JPY, a decrease of 111M JPY.

Cash flow from operating activities was 2.75B JPY (down 6.9% from the prior fiscal year) due to factors like net income before tax of 426M JPY and depreciation expenses of 2.429B JPY.

Cash flow from investment activities was 2.721B JPY (up 25.5% from the prior fiscal year) due to the acquisition of tangible fixed assets.

In terms of cash flows from financing activities, long-term debt was 800M JPY and income from sale-leaseback transactions was 442M JPY, but this was exceeded by outlays of 999M JPY from repayment of long-term loans payable and repayment of installment obligations of 325M JPY, for total expenditures of 141M JPY (72.3% decrease from the prior fiscal year).

The trend of cash flow indicators is as follows.

	46th term (fiscal year ended March 2018)	47th term (fiscal year ended March 2019)	48th term (fiscal year ended March 2020)	49th term (fiscal year ended March 2021)	50th term (fiscal year ended March 2022)
Equity ratio (%)	39.7	39.7	43.3	48.0	48.9
Capital adequacy ratio (on a market value basis) (%)	20.6	15.8	19.7	28.6	17.2
Debt redemption (years)	1.8	1.6	1.5	1.4	1.5
Interest coverage ratio	70.8	88.6	97.6	101.7	110.7

*Equity ratio: Shareholders' equity/total assets

**Equity ratio based on market value: stock market capitalization/total assets

*Years of debt redemption: interest-bearing liabilities/operating cash flows

*Interest coverage ratio: operating cash flows/interest payments

(Note) 1: Each indicator is calculated based on financial figures.

2. The stock market capitalization is calculated based on the closing price of shares at the end of the period multiplied by the total number of shares outstanding at the end of the period (after deducting treasury stock).

3. Operating cash flow is based on operating cash flow listed on the cash flow statements, and interest-bearing liabilities cover all liabilities that have paid interest recorded on the balance sheet.

(4) Future outlook

In Japan, concerns that COVID-19 may impose restrictions on corporate activities and private consumption have not yet been dispelled, and there is as yet no outlook on when economic activities will rebound after the pandemic is subdued. In addition to the "wood crisis" that is ongoing since the current fiscal year and the rise in crude oil prices, and concerns over the significant impact on the financial and goods markets due to the situation in Russia and Ukraine, the global economy is expected to continue to be under a major downturn going forward.

In terms of future business outlook, while we anticipate ongoing trade with petrochemical resin-related companies, which represent one of NIPPON PALLET POOL's major customers, we are actively monitoring trends in crude oil prices and movements in other sectors, such as automobile production cuts under semiconductor shortages. In addition, rental sales to retail users have been recovering since the second half of the prior fiscal year, and in the future, NIPPON PALLET POOL plans to continue developing a solution business in response to customer issues and requests as concern logistics efficiency, using this to expand sales.

At the same time, due to major demand for wood amid shortages, the global "wood crisis" as a result of soaring timber prices, and the rise in crude oil prices, there are concerns that the purchase price of pallets, the chief item NIPPON PALLET POOL lends to its customers, will rise drastically. In addition, due to increases in transportation costs and repair costs, we expect an ongoing downturn on a cost front.

NIPPON PALLET POOL plans to continue improving its cost structure by making the most effective use of existing pallets by improving transportation efficiency through the relocation of depots and improving pallet repair and cleaning functions.

Effective next fiscal year, we plan to revise the useful life of wooden pallets from 5 to 6 years in order to better reflect the projected service life of these pallets based on updated internal investigations into their durability. As a result, depreciation expenses in the next fiscal year are expected to decrease by about 300M JPY yen compared to the prior method.

Based on the above, the earnings forecast for FY 2022 is sales of 7.185B JPY (up 1.3% from the prior fiscal year), operating income of 700M JPY (up 52.2% from the prior fiscal year), ordinary income of 800M JPY (up 23.5% from the prior fiscal year), and income of 500M JPY (up 83.3% from the prior fiscal year).

(5) Important events related to status as a going concern

None to note at this time.

2. Basic policy regarding selection of accounting standards

Currently, the business is limited to Japan, so Japanese standards are being adopted for the time being, but we may consider applying IFRS (International Financial Reporting Standards) while closely monitoring how IFRS is adopted at other companies in Japan in order to determine future policy.

3. Consolidated financial statements and major notes

(1) Balance sheets

(Units: 1,000 JPY)

	Prior fiscal year (ended March 31, 2021)	Current fiscal year (ending March 31, 2022)
Assets		
Current assets		
Cash and deposits	1,010,768	898,839
Notes receivable	13,076	23,712
Rental accrued	697,593	769,704
Accounts receivable	81,576	92,018
Stocked goods	5,936	7,787
Prepaid expenses	20,463	19,126
Other receivable	47,651	65,437
Misc.	3,717	2,140
Allowance for doubtful accounts	△3,634	△4,328
Total current assets	1,877,149	1,874,439
Non-current assets		
Tangible assets		
Loaned assets		
Loaned equipment	18,238,225	18,791,761
Accumulated depreciation	△11,071,624	△11,485,228
Loaned equipment (net)	7,166,601	7,306,533
Total loaned assets	7,166,601	7,306,533
Company assets		
Buildings	529,046	438,129
Accumulated depreciation	△394,457	△306,048
Buildings (net)	134,589	132,081
Structures	231,419	143,608
Accumulated depreciation	△212,995	△133,936
Structures (net)	18,423	9,671
Machinery and equipment	109,404	149,204
Accumulated depreciation	△53,502	△73,242
Machinery and equipment (net)	55,902	75,961
Vehicles and transport equipment	27,800	24,045
Accumulated depreciation	△23,094	△21,336
Vehicles and transport equipment (net)	4,705	2,708
Tools, furniture, and fixtures	264,711	273,778
Accumulated depreciation	△211,265	△229,708
Tools, furniture, and fixtures (net)	53,445	44,070
Land	476,671	342,324
Total company assets	743,737	606,817
Total tangible fixed assets	7,910,339	7,913,351

(Units: 1,000 JPY)

	Prior fiscal year (ended March 31, 2021)	Current fiscal year (ending March 31, 2022)
Intangible fixed assets		
Software	79,421	203,543
Software in progress	60,390	—
Misc.	3,729	3,729
Total intangible fixed assets	143,541	207,272
Investments and other assets		
Investment securities	173,566	182,788
Long-term prepaid expenses	46,120	33,866
Deferred tax assets	27,458	84,935
Lease and guarantee deposits	57,413	65,085
Bankruptcy rehabilitation claims, etc.	11,971	6,255
Allowance for doubtful accounts	△11,971	△6,255
Total investments and other assets	304,558	366,675
Total fixed assets	8,358,439	8,487,299
Total assets	10,235,588	10,361,739

(Units: 1,000 JPY)

	Prior fiscal year (ended March 31, 2021)	Current fiscal year (ending March 31, 2022)
Liabilities		
Current liabilities		
Accounts payable-trade	605,432	682,636
Short-term debt	1,030,000	1,030,000
Long-term loans payable, scheduled to be repaid within one year	949,810	868,404
Accounts payable	438,325	526,917
Deferred corporate tax liabilities, etc.	155,722	71,362
Deferred consumption tax liabilities, etc.	56,525	2,053
Advances received	644	114,396
Deposits payable	1,224	1,377
Provision for bonuses	46,430	39,040
Deferred installment income	6,951	—
Total current liabilities	3,291,067	3,336,189
Non-current liabilities		
Long-term loans payable	1,360,210	1,241,812
Provision for retirement benefits	14,987	16,409
Long-term accounts payable	626,129	660,613
Asset retirement obligations	31,893	42,931
Total non-current liabilities	2,033,220	1,961,765
Total liabilities	5,324,288	5,297,955
Net assets		
Shareholders' equity		
Capital stock	767,955	767,955
Capital surplus		
Legal capital surplus	486,455	486,455
Total capital surplus	486,455	486,455
Retained earnings		
Legal retained earnings	96,342	96,342
Other retained earnings		
Separate reserve fund	1,499,500	1,499,500
Retained earnings carried forward	2,028,859	2,175,826
Total retained earnings	3,624,701	3,771,669
Shareholders' equity	△17,822	△17,822
Total shareholders' equity	4,861,289	5,008,256
Valuation/conversion differences, etc.		
Other securities valuation differences	50,011	55,527
Total valuation/conversion differences, etc.	50,011	55,527
Total net assets	4,911,300	5,063,784
Total liabilities and net assets	10,235,588	10,361,739

(2) Consolidated statement of income

(Units: 1,000 JPY)

	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 To March 31, 2022)
Net sales		
Rental income	6,438,994	6,540,682
Sales income	343,258	375,017
Misc.	180,196	178,898
Total revenue	6,962,449	7,094,599
Sales cost		
Rental cost	5,027,944	5,221,163
Cost of sales	257,441	276,750
Misc.	143,430	141,109
Total cost of goods sold	5,428,816	5,639,023
Gross revenue rate	1,533,632	1,455,575
Provision of unrealized income on installment sales	699	—
Reversal of unrealized income on installment sales	5,629	—
Gross profit-net	1,538,562	1,455,575
Sales and general and administrative expenses		
Advertising expenses	7,769	13,876
Officer remuneration	54,530	67,810
Employee salaries and bonuses	448,128	444,209
Provision for bonuses	46,430	39,040
Provision for retirement benefits	2,255	2,967
Welfare expenses	53,433	54,826
Travel and transportation expenses	24,617	13,579
Rent expenses	73,001	71,741
Depreciation cost	38,836	67,026
Taxes and public dues	28,732	26,117
Allowance for doubtful accounts	△1,951	△5,022
Misc.	175,867	199,596
Total sales and general and administrative expenses	951,652	995,770
Operating income	586,910	459,805
Non-operating profit		
Interest income	11	3
Dividend income	4,948	6,234
Loss compensation	144,253	160,075
Waste disposal income	33,046	41,837
Misc.	411	6,154
Total non-operating profit	182,671	214,305
Non-operating expenses		
Interest paid on	28,921	26,112
Total non-operating expenses	28,921	26,112
Ordinary income	740,660	647,998
Extraordinary gain		
Gains on sale of non-current assets	350	350
Total extraordinary income	350	350
Extraordinary loss		
Loss on valuation of investment securities	11,281	—
Loss on retirement of non-current assets	5,869	917
Impairment loss	27,138	221,338
Total extraordinary loss	44,288	222,255

(Units: 1,000 JPY)

	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 To March 31, 2022)
Profit before income taxes	696,721	426,092

(Units: 1,000 JPY)

	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 To March 31, 2022)
Corporate tax, resident tax, and business tax	246,490	183,694
Adjustments for corporate tax, etc.	△2,682	△30,450
Total corporate tax	243,807	153,243
Net income for the period	452,913	272,848

(3) Consolidated statements of changes in shareholders' equity

Prior fiscal year (from April 1, 2020 to March 31, 2021)

(Units: 1,000 JPY)

	Shareholders' equity						
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Total retained earnings
		Legal capital surplus	Total capital surplus		Separate reserve fund	Retained earnings carried forward	
Balance at the beginning of the period	767,955	486,455	486,455	96,342	1,499,500	1,634,849	3,230,691
Cumulative impact from changes in accounting policies							
Beginning balance reflecting changes in accounting policies	767,955	486,455	486,455	96,342	1,499,500	1,634,849	3,230,691
Changes during the period							
Dividends from surplus						△58,903	△58,903
Net income for the period						452,913	452,913
Net changes of items other than shareholders' equity (net)							
Total changes of items for the period	—	—	—	—	—	394,009	394,009
Balance at the end of the period	767,955	486,455	486,455	96,342	1,499,500	2,028,859	3,624,701

	Shareholders' equity		Valuation/conversion differences, etc.		Total net assets
	Shareholders' equity	Total shareholders' equity	Other securities valuation differences	Total valuation/conversion differences, etc.	
Balance at the beginning of the period	△17,822	4,467,279	8,074	8,074	4,475,353
Cumulative impact from changes in accounting policies					
Beginning balance reflecting changes in accounting policies	△17,822	4,467,279	8,074	8,074	4,475,353
Changes during the period					
Dividends from surplus		△58,903			△58,903
Net income for the period		452,913			452,913
Net changes of items other than shareholders' equity (net)			41,937	41,937	41,937
Total changes of items for the period	—	394,009	41,937	41,937	435,947
Balance at the end of the period	△17,822	4,861,289	50,011	50,011	4,911,300

Current fiscal year (from April 1, 2021 to March 31, 2022)

(Units: 1,000 JPY)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings			
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
				Separate reserve fund	Retained earnings carried forward		
Balance at the beginning of the period	767,955	486,455	486,455	96,342	1,499,500	2,028,859	3,624,701
Cumulative impact from changes in accounting policies						△66,977	△66,977
Beginning balance reflecting changes in accounting policies	767,955	486,455	486,455	96,342	1,499,500	1,961,881	3,557,723
Changes during the period							
Dividends from surplus						△58,903	△58,903
Net income for the period						272,848	272,848
Net changes of items other than shareholders' equity (net)							
Total changes of items for the period	—	—	—	—	—	213,945	213,945
Balance at the end of the period	767,955	486,455	486,455	96,342	1,499,500	2,175,826	3,771,669

	Shareholders' equity		Valuation/conversion differences, etc.		Total net assets
	Shareholders' equity	Total shareholders' equity	Other securities valuation differences	Total valuation, conversion differences, etc.	
Balance at the beginning of the period	△17,822	4,861,289	50,011	50,011	4,911,300
Cumulative impact from changes in accounting policies		△66,977			△66,977
Beginning balance reflecting changes in accounting policies	△17,822	4,794,311	50,011	50,011	4,844,322
Changes during the period					
Dividends from surplus		△58,903			△58,903
Net income for the period		272,848			272,848
Net changes of items other than shareholders' equity (net)			5,516	5,516	5,516
Total changes of items for the period	—	213,945	5,516	5,516	219,461
Balance at the end of the period	△17,822	5,008,256	55,527	55,527	5,063,784

(4) Consolidated statements of cash flows

(Units: 1,000 JPY)

	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 To March 31, 2022)
Cash flows from operating activities		
Profit before income taxes	696,721	426,092
Depreciation expenses	2,434,652	2,429,364
Impairment loss	27,138	221,338
Increase (decrease) in provision for bonuses (Δ indicates a decrease)	Δ 2,433	Δ 7,390
Increase (decrease) in provision for retirement benefits (Δ indicates a decrease)	Δ 4,784	1,421
Increase (decrease) in allowance for doubtful accounts (Δ decreases)	Δ 1,951	Δ 5,022
Interest and dividend income	Δ 4,959	Δ 6,238
Interest expenses	28,921	26,112
Loss (gain) on sales of investment securities (Δ indicates gain)	11,281	—
Loss on retirement of non-current assets	84,417	77,667
Loss (gain) on sale of fixed assets (Δ indicates gain)	Δ 350	Δ 870
Decrease (increase) in receivables (Δ indicates increase)	78,029	Δ 92,646
Decrease (increase) in inventories (Δ indicates increase)	Δ 2,541	Δ 1,850
Increase (decrease) in accounts payable (Δ indicates decrease)	18,599	2,478
Increase (decrease) in accrued consumption tax, etc. (Δ indicates decrease)	Δ 44,201	Δ 54,471
Misc.	Δ 71,580	19,466
Subtotal	3,246,958	3,035,452
Interest and dividend income received	4,963	6,238
Interest expenses paid	Δ 29,036	Δ 24,860
Corporate taxes paid	Δ 269,695	Δ 266,042
Cash flows from operating activities	2,953,190	2,750,788
Cash flows from investing activities		
Payments into time deposits	Δ 138,003	Δ 148,912
Proceeds from withdrawal of time deposits	138,000	148,911
Proceeds from redemption of investment securities	50,000	—
Purchase of investment securities	Δ 1,187	Δ 1,227
Purchase of property, plant, and equipment	Δ 2,113,578	Δ 2,557,750
Proceeds from sales of property, plant, and equipment	350	870
Purchase of intangible assets	Δ 96,508	Δ 151,076
Misc.	Δ 7,852	Δ 11,868
Cash flows from investing activities	Δ 2,168,779	Δ 2,721,052
Cash flows from financing activities		
Proceeds from long-term loans payable	500,000	800,000
Repayments of long-term loans payable	Δ 1,079,832	Δ 999,804
Proceeds from sale and leaseback	420,438	442,800
Repayment of installments payable	Δ 293,017	Δ 325,757
Cash dividends paid	Δ 58,903	Δ 58,903
Cash flows from financing activities	Δ 510,314	Δ 141,665
Conversion difference for cash and cash equivalents	—	—
Increase (decrease) in cash and cash equivalents (Δ indicates decrease)	273,096	Δ 111,930
Cash and cash equivalent balance at the start of the	588,761	861,857

(Units: 1,000 JPY)

period	Prior fiscal year (From April 1, 2020 to March 31, 2021)	Current fiscal year (From April 1, 2021 To March 31, 2022)
Cash and cash equivalent balance at the end of the period	861,857	749,927

(5) Notes on consolidated financial statements

Notes on premise as a going concern

None to note at this time.

Changes to accounting policies

1. The Accounting Standards on Revenue Recognition (Corporate Accounting Standards No. 29, March 31, 2020; hereinafter, "Revenue Recognition Accounting Standards" were applied as of the start of this fiscal year. Pursuant to this, revenue is now being recognized based on the expected amount that would be received in exchange for an agreed-upon good or service as of the time the good or service is assigned or delivered to the client. Pursuant to this, the following revisions were made.

(1) Pool fees

Pool fees are paid for NIPPON PALLET POOL's "pallet pool system" (a system that improves logistics efficiency by allowing many customers to share and circulate the same pallets). Previously, income from these fees was recognized as of the time pallets were shipped from client facilities, but this is now being recognized based on when the loan of each individual pallet concludes.

(2) One-time charges

NIPPON PALLET POOL provides rental services via a "one-time charge" that provides a streamlined method of issuing estimates for the rental period and charging flat fees therefor. Previously, the total amount of income was recognized at the start of the rental period, but this has now been changed to a calculation of income spanning a given rental period that assumes and incorporates these start dates.

(3) Long-term installment sales

In the past, the total amount of claims from installment sales was recorded as sales at the time of product delivery, and unrealized profit on accounts receivable as of the collection date was deferred as deferred installment sales income, but this has been changed to recognizing all related revenues and profits at the time of delivery of the product.

Following the adoption of Revenue Recognition Accounting Standards in accordance with the transitional handling stipulated in the proviso of the Revenue Recognition Accounting Standards, Clause 84, the cumulative effect resulting from retroactive application of the new accounting policy to prior to the start of the current fiscal year has been incorporated into retained earnings as of the start of the current fiscal year, with the new policy in effect on the balance for the current fiscal year. As a result, the impact on sales, operating income, ordinary income, and net income before taxes for the current fiscal year is minor. In addition, the balance of retained earnings at the beginning of the period decreased by 66M JPY.

2. The Accounting Standards for Calculation of Market Value (see Corporate Accounting Standards No. 30, July 4, 2019 (hereinafter, "Market Value Standards") and other standards were adopted from the start of the current fiscal year, and with a new accounting policy aligned with the transitional handling procedures stipulated in Clause 19 of the Market Value Standards and in Clause 44-2 of the Accounting Standards for Financial Instruments (Corporate Accounting Standards No. 10, July 4, 2019), and this methodology will be applied going forward. This has no impact on the financial statements.

(Change in Representation of Figures)

(Cash Flow Calculation)

1. For the previous fiscal year, the "short-term loan revenue" and "short-term loan expenditure" under "Cash Flow from Financing Activities" were represented separately but as these items are short-term and have a rapid turnover, the net amount will be represented by "short-term loan net increase/decrease (Δ means decrease)" (0 yen for the current year) from the current fiscal year onward. We are currently adjusting our financial statements for the previous fiscal year to reflect this change.

As a result, in the cash flow statement for the previous fiscal year, the 8,860,000 thousand yen "short-term loan revenue" and Δ 8,860,000 thousand yen "short-term loan expenditure" under "Cash Flow from Financing Activities" has been changed to 0 yen under the item "short-term loan net increase/decrease (Δ means decrease)". Additionally, as the "short-term loan net increase/decrease (Δ means decrease)" for this fiscal year is 0 yen, "short-term loan net increase/decrease (Δ means decrease)" is not represented in the statement.

2. The revenue from sales and leaseback was previously represented as a part of the "expenditure for purchase of tangible fixed assets" under "Cash Flow from Financing Activities" up until the previous fiscal year but from this fiscal year onwards, it will be represented as "sales and leaseback revenue" under "Cash Flow from Financing Activities" to shed more light on our financing activities. We are currently adjusting our cash flow statement for the previous fiscal year to reflect this change.

As a result, the 420,438 thousand yen "expenditure for purchase of tangible fixed assets" under the "Cash Flow from Financing Activities" on the cash flow statement for the previous fiscal year has been changed to "sales and leaseback revenue".

Segment information

Segment information

NIPPON PALLET POOL's chief business revolves around the rental of pallets. Sales and other income (income associated with transportation business and ancillary business) are incidental to the rental business, and represent a single segment of indivisible sales, so are therefore omitted.

Equity in earnings of affiliates, etc.
None to note at this time.

Data per share

Item	Prior fiscal year (From April 1, 2020 To March 31, 2021)	Current fiscal year (From April 1, 2021 to March 31, 2022)
Net assets per share	2,918.25 JPY	3,008.86 JPY
Net income per share	269.12 JPY	162.12 JPY

(Note)

1. Diluted net income per share for the period is not listed, as there were no dilutive shares applicable.
2. NIPPON PALLET POOL conducted a stock split on July 1, 2021, at a ratio of 2 shares per share of common stock. The net assets per share, net income per share, and average number of shares issued assume a stock split at the start of the prior fiscal year.
3. The basis for calculation of net income per share is as follows.

Item	Prior fiscal year (From April 1, 2020 To March 31, 2021)	Current fiscal year (From April 1, 2020 To March 31, 2021)
Net income for the term (1,000 JPY)	452,913	272,848
Amount not attributable to common shareholders (1,000 JPY)	—	—
Net income on common stock (1,000 JPY)	452,913	272,848
Average number of shares during the period (1,000 shares)	1,682	1,682

Significant subsequent events
None to note at this time.