

Summary of Non-Consolidated Financial Results (Japanese Accounting Standards) for Fiscal Year Ended March 2023



May 8, 2023

Company name: Nippon Pallet Pool Co., Ltd. Stock exchange: Tokyo Stock Exchange
 Code number: 4690 URL: <https://www.npp-web.co.jp>
 Representative: (Position) Representative (Name) Mitsuru Uematsu
 Director and President
 (Position) Director of
 Contact person: Corporate Strategy & Human Resources Department (Name) Takashi Yamanishi (TEL: 06-6373-3231)
 Scheduled date for Regular Shareholders Meeting: June 23, 2023 Scheduled date for dividend payments: June 26, 2023
 Scheduled date for submission of securities report: June 26, 2023
 Supplementary financial statements : None
 Scheduled date for financial results briefing : None

(Values rounded down to the nearest million yen)

1. Results for FY ended March 2023 (from April 1, 2022 to March 31, 2023)

(1) Financial results (Percentages represent increase/decrease from the previous year)

	Revenue		Operating profit		Ordinary profit		Annual net profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY ended March 2023	7,394	4.2	984	114.0	1,117	72.4	833	205.4
FY ended March 2022	7,094	1.9	459	(21.7)	647	(12.5)	272	(39.8)

	Per share annual net profit	Per share annual net profit (adjusted for potential shares)	Shareholders' equity annual net profit ratio	Total assets Ordinary profit ratio	Revenue Operating profit ratio
	Yen	Yen	%	%	%
FY ended March 2023	495.15	—	15.3	9.9	13.3
FY ended March 2022	162.12	—	5.5	6.3	6.5

(For reference) Equity in earnings of FY ended March affiliates 2023 — Million yen FY ended March 2022 — Million yen

(2) Financial status

	Total assets	Net assets	Owned equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY ended March 2023	12,102	5,836	48.2	3,468.35
FY ended March 2022	10,361	5,063	48.9	3,008.86

(For reference) Shareholders' equity: FY ended March 2023: 5,836 Million yen FY ended March 2022: 5,063 Million yen

(3) Cash Flow Status

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of fiscal year
	Million yen	Million yen	Million yen	Million yen
FY ended March 2023	3,165	(3,612)	446	748
FY ended March 2022	2,750	(2,721)	(141)	749

2. Dividend Status

	Annual Dividend					Total Dividend	Dividend payout ratio	Net assets Dividend yield
	End of Q1	End of Q2	End of Q3	End of FY	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY ended March 2022	—	0.00	—	40.00	40.00	67	24.7	1.3
FY ended March 2023	—	0.00	—	40.00	40.00	67	8.1	1.2
FY ending March 2024 (Forecast)	—	0.00	—	40.00	40.00		9.6	

Note: The breakdown of year-end dividends for the fiscal year ended March 2022 is as follows: Regular dividends of 35.00 yen per share and Commemorative dividends for the 50th anniversary of the company's founding of 5.00 yen per share.

3. Performance forecast for FY ending March 2024 (April 1, 2023-March 31, 2024)

(% represent increase/decrease from the previous year)

	Revenue		Operating profit		Ordinary profit		Annual net profit		Per share annual net profit
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	7,550	2.1	900	(8.5)	1,000	(10.5)	700	(16.0)	415.95

Notes:

(1) Accounting policy changes, accounting estimate changes, and restatements

- | | |
|---|--------|
| ① Accounting policy changes based on revised accounting standards | : Yes |
| ② Accounting policy changes other than ① | : None |
| ③ Accounting estimate changes | : Yes |
| ④ Restatements | : None |

Shares issued (common shares)

① Shares issued (including treasury shares) at end of fiscal year	FY ended March 2023	1,700,000 shares	FY ended March 2022	1,700,000 shares
② Treasury shares at end of fiscal year	FY ended March 2023	17,105 shares	FY ended March 2022	17,040 shares
Average number of shares outstanding during the fiscal year	FY ended March 2023	1,682,915 shares	FY ended March 2022	1,682,960 shares

*The Summary of Financial Results is not subject to audit by a certified public accountant or auditor.

*Explanation related to the appropriate use of earnings forecast and other special notes:

- This report contains forward-looking statements and earnings forecasts based on certain assumptions that the company has deemed reasonable and currently has available information. They involve uncertainties and other factors that may cause the company's actual achievements to be materially different from forecasts expressed or implied by these forward-looking statements. Please refer to "1. Overview of Business Performance (4) Future Outlook" on the second page of the attached document for information on the assumptions underlying the earnings forecasts and precautions to be taken when using the earnings forecasts.

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1. Qualitative Information of Financial Results

(1) Explanation of Current Financial Results

The Japanese economy began moving towards normalization during the current fiscal year as restrictions on social activities due to the COVID-19 pandemic were lifted. However, uncertainty continued because of soaring resource prices due to the war in Ukraine and the rapid depreciation of the yen.

Under this business environment and the backdrop of increasing efforts by shippers to reduce loading and unloading time through "palletization" in response to the incoming 2024 logistics issue, demand for pallet rentals remained strong throughout the year. As a result, the total rental revenue for the year increased by 354.0 million yen (5.4%) compared to the previous year to 6.895 billion yen. Sales revenue was lower than the previous year, but total revenue for the year increased by 299.0 million yen (4.2%) compared to the previous year to 7.394 billion yen.

In terms of cost, effective utilization of existing lending assets and operational optimization were achieved in tandem with an increase in rental utilization rates, resulting in a decrease in storage fees, repair costs, and transportation fees. Improvements in the service life of wooden pallets implemented from the current fiscal year also contributed to the reduction in operating expenses of 224.0 million yen (3.4%) compared to the previous year to 6.41 billion yen.

As a result, operating profit was 984.0 million yen (an increase of 114.0% compared to the previous year), and ordinary profit was 1.117 billion yen (an increase of 72.4% compared to the previous year). Annual net profit increased by 205.4% compared to the previous year to 833.0 million yen, due to a decrease in tax expenses related to the transfer of assets for which impairment losses were recorded in past fiscal years.

Statement of Income

By Type			Previous Fiscal Year (From April 1, 2021, to March 31, 2022)		Current Fiscal Year (From April 1, 2022, to March 31, 2023)		Year-on-Year Comparison	
			Amount (yen in thousands)	Compositi on Ratio (%)	Amount (yen in thousands)	Compositi on Ratio (%)	Amount (yen in thousands)	Ratio (%)
Rentals	Rental	Pallets	5,934,356	83.6	6,184,094	83.6	249,738	4.2
		Other logistics equipment	606,326	8.5	710,951	9.6	104,625	17.3
	Total		6,540,682	92.2	6,895,046	93.2	354,364	5.4
Sales	Installment sales		14,109	0.2	630	0.0	(13,479)	(95.5)
	Products		231,706	3.3	173,343	2.3	(58,362)	(25.2)
	Refurbished products		129,201	1.8	125,452	1.7	(3,749)	(2.9)
	Total		375,017	5.3	299,426	4.0	(75,591)	(20.2)
Transportation revenue			154,157	2.2	173,036	2.3	18,879	12.2
Incidental business revenue			24,741	0.3	26,694	0.4	1,952	7.9
Total			7,094,599	100.0	7,394,204	100.0	299,605	4.2

(2) Explanation of Current Financial Status

① Analysis of Financial Status

(Current assets)

Current assets at the end of the current period totaled 1,979 million yen (up 105 million yen from the previous period).

This was mainly due to an increase in receivable consumption taxes (up 104 million yen from the previous

period), included under "other".

(Fixed assets)

Fixed assets at the end of the current period totaled 10,122 million yen (up 1,635 million yen from the previous period).

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This was mainly due to an increase in assets for rent (up 1,507 million yen from the previous period) and assets for company use (up 131 million yen from the previous period), despite a decrease in intangible assets (down 38 million yen from the previous period).

(Current liabilities)

Current liabilities at the end of the current period totaled 3,767 million yen (up 431 million yen from the previous period).

This was mainly due to increases in corporate income tax payable (up 172 million yen from the previous period), accounts payable (up 118 million yen from the previous period) and arrears payable (up 93 million yen from the previous period).

(Long-term liabilities)

Long-term liabilities at the end of the current period totaled 2,498 million yen (up 536 million yen from the previous period).

This was mainly due to increases in long-term debt (up 396 million yen from the previous period) and long-term arrears payable (up 123 million yen from the previous period).

(Net assets)

Net assets at the end of the current period totaled 5,836 million yen, an increase of 773 million yen.

This was mainly due to an increase in retained earnings.

(3) Explanation of Current Cash Flow Status

Cash and cash equivalents at the end of the current fiscal year amounted to 748.0 million yen, a decrease of 1.0 million yen from the previous year.

Cash flow from operating activities amounted to an inflow of 3.165 billion yen (an increase of 15.1% from the previous year), including a pre-tax net profit of 1.129 billion yen and depreciation expenses of 2.203 billion yen, among other factors.

Cash flow from investing activities amounted to an outflow of 3.612 billion yen (an increase of 32.8% from the previous year), mainly due to the acquisition of tangible fixed assets.

Cash flow from financing activities amounted to an inflow of 446.0 million yen (compared to a cash outflow of 141.0 million yen in the previous year), mainly due to cash inflows from long-term loans of 1.400 billion yen and sale-and-leaseback transactions of 513 million yen which more than offset the repayment of long-term loans of 985 million yen and repayment of lease obligations of 414 million yen.

The trend of the cash flow indicators is as follows:

	Fiscal Year 47 (FY ended March 2019)	Fiscal Year 48 (FY ended March 2020)	Fiscal Year 49 (FY ended March 2021)	Fiscal Year 50 (FY ended March 2022)	Fiscal Year 51 (FY ended March 2023)
Owned equity ratio (%)	39.7	43.3	48.0	48.9	48.2
Market value-based equity ratio (%)	15.8	19.7	28.6	17.2	32.7
Debt repayment period	1.6	1.5	1.4	1.5	1.5
Interest coverage ratio	88.6	97.6	101.7	110.7	112.4

* Owned equity ratio: Equity / Total assets

*Market value-based equity ratio: Market capitalization of stocks / Total assets

*Debt repayment period: Interest-bearing debt / Operating cash flow

*Interest coverage ratio: Operating cash flow / Interest payments

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

2. Market capitalization of stocks is calculated by multiplying the closing price of the stock at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (after deducting treasury stock).

3. Operating cash flow is based on the operating cash flow in the cash flow statement, and interest-bearing debt includes all liabilities that bear interest recorded in the balance sheet.

(4) Outlook for the Future

In the context of Japan's domestic economy, while it is recovering following the resumption of economic activities after the COVID-19 pandemic, there are still risks such as soaring global inflation and international geopolitical tension; thus, the future remains uncertain.

As for the current business environment, the looming 2024 logistics issue is fast approaching, and "palletization" is positioned as the most important and top priority solution to this problem. Therefore, we expect that the high demand for rental pallets will continue during this period.

In this environment, we are aiming to increase our revenue by focusing on our solutions business via emphasizing contacts with customers and identifying customer needs relating to logistical efficiency, following our corporate philosophy of "aiming to become a company that contributes to logistics through pallet pool systems" and "aiming to become a company trusted by both customers and society".

In addition, our growth strategy for the future includes:

- ① Expanding our customer base by utilizing the pallet location tracking manager, "FukuLOW," which was developed to prevent the misuse and prolonged retention of pallets.
- ② Enhancing the repair and cleaning system of pallets and improving operational efficiency by establishing new depots (service bases) and introducing large-scale machinery.
- ③ Upgrading our core systems and developing new systems for customers.
- ④ Expanding into new business areas through alliances.

We will move forward with the above strategies to reinforce our business foundation.

Based on the above initiatives, we are forecasting a revenue of 7.55 billion yen (2.1% increase from the previous year), operating profit of 900 million yen (8.5% decrease from the previous year), ordinary profit of 1.00 billion yen (10.5% decrease from the previous year), and net profit of 700 million yen (16.0% decrease from the previous year) for the fiscal year ending in March 2024, inclusive of the cost increase due to active large-scale investments for the future.

(5) Important Events Related to the Assumption of a Going Concern

There are no applicable events.

2. Basic Approach to Selecting Accounting Standards

As our business is currently limited to Japan, we plan to adopt Japanese accounting standards for the time being. However, we will continue to consider adopting IFRS (International Financial Reporting Standards) while monitoring the adoption trends of other domestic companies in the future.

3. Financial Statements and Main Points of Note

(1) Balance Sheet

(Unit: yen in thousands)

	As of previous FY (March 31, 2022)	As of current FY (March 31, 2023)
Assets		
Current assets		
Cash and deposits	898,839	897,486
Notes receivable	23,712	20,198
Rental receivables	769,704	782,060
Accounts receivable	92,018	78,389
Inventory	7,787	7,774
Prepaid expenses	19,126	21,152
Accrued income	65,437	46,615
Others	2,140	128,906
Allowance for bad debts	(4,328)	(2,722)
Total current assets	1,874,439	1,979,860
Fixed Assets		
Tangible fixed assets		
Loan receivables		
Leased equipment	18,791,761	20,741,580
Accumulated depreciation	(11,485,228)	(11,927,813)
Leased equipment (net amount)	7,306,533	8,813,766
Total loan receivables	7,306,533	8,813,766
Company-owned assets		
Buildings	438,129	339,507
Accumulated depreciation	(306,048)	(224,910)
Buildings (net amount)	132,081	114,597
Structures	143,608	108,050
Accumulated depreciation	(133,936)	(99,238)
Structures (net amount)	9,671	8,811
Machinery and equipment	149,204	150,154
Accumulated depreciation	(73,242)	(90,345)
Machinery and equipment (net amount)	75,961	59,809
Vehicles	24,045	16,685
Accumulated depreciation	(21,336)	(15,715)
Vehicles (net value)	2,708	969
Tools, equipment, and furnishings	273,778	253,184
Accumulated depreciation	(229,708)	(225,872)
Tools, equipment, and furnishings (net amount)	44,070	27,312
Land	342,324	303,805
Construction in progress	—	222,690
Total company-owned assets	606,817	737,995
Total tangible fixed assets	7,913,351	9,551,762

(Unit: yen in thousands)

	As of previous FY (March 31, 2022)	As of current FY (March 31, 2023)
Intangible fixed assets		
Software	203,543	165,046
Others	3,729	3,729
Total intangible fixed assets	207,272	168,776
Investments and other assets		
Investment securities	182,788	192,855
Long-term prepaid expenses	33,866	28,326
Deferred tax assets	84,935	105,167
Deposits received for guarantees	65,085	75,421
Claims for corporate reorganization proceedings, etc.	6,255	—
Allowance for bad debts	(6,255)	—
Total investments and other assets	366,675	401,771
Total fixed assets	8,487,299	10,122,309
Total assets	10,361,739	12,102,170

(Unit: yen in thousands)

	As of previous FY (March 31, 2022)	As of current FY (March 31, 2023)
Liabilities		
Current liabilities		
Accounts payable	682,636	801,123
Short-term debt	1,030,000	1,030,000
Long-term debt due within 1 year	868,404	886,736
Accrued expenses	526,917	620,530
Unpaid corporate tax, etc.	71,362	243,733
Consumption taxes payable	2,053	—
Accrued liabilities	114,396	142,093
Deposits received	1,377	1,429
Accrued bonus expenses	39,040	41,607
Total current liabilities	3,336,189	3,767,254
Fixed liabilities		
Long-term debt	1,241,812	1,638,394
Allowance for retirement benefits	16,409	18,342
Long-term accrued payables	660,613	783,756
Asset retirement obligation	42,931	57,551
Total fixed liabilities	1,961,765	2,498,044
Total liabilities	5,297,955	6,265,299
Net Assets		
Shareholders' equity		
Capital	767,955	767,955
Capital surplus		
Legal capital reserve	486,455	486,455
Capital surplus reserve	486,455	486,455
Retained earnings		
Retained earnings reserve	96,342	96,342
Other retained earnings		
Other special reserves	1,499,500	1,499,500
Retained earnings carried forward	2,175,826	2,941,798
Total retained earnings	3,771,669	4,537,640
Treasury stock	(17,822)	(17,915)
Total shareholders' equity	5,008,256	5,774,135
Valuation and translation adjustments		
Other securities valuation difference	55,527	62,735
Total valuation and translation adjustments	55,527	62,735
Total net assets	5,063,784	5,836,871
Total liabilities and net assets	10,361,739	12,102,170

(2) Income Statement

(Unit: yen in thousands)

	As of previous FY (From April 1, 2021, to March 31, 2022)	As of current FY (From April 1, 2022, to March 31, 2023)
Net sales		
Rental income	6,540,682	6,895,046
Sales revenue	375,017	299,426
Others	178,898	199,731
Total net sales	7,094,599	7,394,204
Cost of net sales		
Cost of rental	5,221,163	4,977,841
Cost of sales	276,750	192,142
Other	141,109	155,422
Total cost of net sales	5,639,023	5,325,406
Gross profit	1,455,575	2,068,798
Selling and general administrative costs		
Advertising and publicity expenses	13,876	13,661
Executive compensation	67,810	90,981
Employee salaries and bonuses	444,209	445,655
Amounts transferred to bonus reserve	39,040	41,607
Amounts transferred to retirement benefit obligation	2,967	5,188
Employee welfare expenses	54,826	56,409
Travel and transportation expenses	13,579	22,176
Rent expenses	71,741	76,879
Depreciation and amortization expenses	67,026	67,544
Taxes and public dues	26,117	34,052
Amounts transferred to allowance for bad debts	(5,022)	(4,641)
Other	199,596	235,170
Total selling and general administrative costs	995,770	1,084,685
Operating income	459,805	984,113
Non-operating income		
Interest income	3	3
Dividend income	6,234	7,510
Compensation for damages	160,075	120,638
Income from waste disposal	41,837	34,275
Other	6,154	580
Total non-operating income	214,305	163,008
Non-operating expenses		
Interest expenses	26,112	29,908
Total non-operating expenses	26,112	29,908
Ordinary income	647,998	1,117,212
Extraordinary income		
Gain on sale of fixed assets	350	18,811
Total extraordinary income	350	18,811
Extraordinary loss		
Loss on retirement of fixed assets	917	—
Impairment loss	221,338	—
Loss on sale of fixed assets	—	6,389
Total extraordinary loss	222,255	6,389
Pre-tax net profit	426,092	1,129,633

(Unit: yen in thousands)

	As of previous FY (From April 1, 2021, to March 31, 2022)	As of current FY (From April 1, 2022, to March 31, 2023)
Corporate, resident, and business taxes	183,694	318,126
Adjustment for corporate tax, etc.	(30,450)	(21,782)
Total corporate tax, etc.	153,243	296,343
Annual net profit	272,848	833,290

(3) Statement of Changes in Shareholders' Equity

Previous fiscal year (From April 1, 2021 to March 31, 2022)

(Unit: yen in thousands)

	Shareholders' equity						
	Capital	Capital surplus		Retained earnings reserve	Retained earnings		Total retained earnings
		Legal capital reserve	Capital surplus reserve		Other retained earnings	Retained earnings carried forward	
				Other special reserves			
Opening balance	767,955	486,455	486,455	96,342	1,499,500	2,028,859	3,624,701
Cumulative impact of accounting policy changes						(66,977)	(66,977)
Beginning balance reflecting accounting policy changes	767,955	486,455	486,455	96,342	1,499,500	1,961,881	3,557,723
Annual change							
Dividends on surplus						(58,903)	(58,903)
Annual net profit						272,848	272,848
Changes annual change excluding shareholders' equity							
Total annual change	—	—	—	—	—	213,945	213,945
Closing balance	767,955	486,455	486,455	96,342	1,499,500	2,175,826	3,771,669

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Other securities valuation difference	Total valuation and translation adjustments	
Opening balance	(17,822)	4,861,289	50,011	50,011	4,911,300
Cumulative impact of accounting policy changes		(66,977)			(66,977)
Beginning balance reflecting accounting policy changes	(17,822)	4,794,311	50,011	50,011	4,844,322
Total change for the period					
Dividends on surplus		(58,903)			(58,903)
Annual net profit		272,848			272,848
Changes annual change excluding shareholders' equity			5,516	5,516	5,516
Total annual change	—	213,945	5,516	5,516	219,461
Closing balance	(17,822)	5,008,256	55,527	55,527	5,063,784

Current fiscal year (From April 1, 2022 to March 31, 2023)

(Unit: yen in thousands)

	Shareholders' equity						
	Capital	Capital surplus		Retained earnings reserve	Retained earnings		Total retained earnings
		Legal capital reserve	Capital surplus reserve		Other retained earnings	Retained earnings carried forward	
				Other special reserves			
Opening balance	767,955	486,455	486,455	96,342	1,499,500	2,175,826	3,771,669
Total change for the period							
Dividends on surplus						(67,318)	(67,318)
Annual net profit						833,290	833,290
Purchase of treasury stock							
Changes annual change excluding shareholders' equity							
Total annual change	—	—	—	—	—	765,971	765,971
Closing balance	767,955	486,455	486,455	96,342	1,499,500	2,941,798	4,537,640

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Other securities valuation difference	Total valuation and translation adjustments	
Opening balance	(17,822)	5,008,256	55,527	55,527	5,063,784
Total change for the period					
Dividends on surplus		(67,318)			(67,318)
Annual net profit		833,290			833,290
Purchase of treasury stock	(92)	(92)			(92)
Changes annual change excluding shareholders' equity			7,207	7,207	7,207
Total annual change	(92)	765,879	7,207	7,207	773,087
Closing balance	(17,915)	5,774,135	62,735	62,735	5,836,871

(4) Statement of Cash Flows

(Unit: yen in thousands)

	Previous FY (From April 1, 2021, to March 31, 2022)	Current FY (From April 1, 2022, to March 31, 2023)
Cash flow from operating activities		
Pre-tax net profit	426,092	1,129,633
Depreciation and amortization expenses	2,429,364	2,203,920
Impairment loss	221,338	—
Change in reserve for bonuses (decrease)	(7,390)	2,567
Change in reserve for retirement benefits (loss)	1,421	1,932
Change in bad debt allowance (loss)	(5,022)	(7,860)
Interest and dividend income	(6,238)	(7,513)
Interest expense	26,112	29,908
Loss on retirement of fixed assets	77,667	49,392
Gain or loss from sale of fixed assets (is a gain)	(870)	(12,421)
Change in receivables (gain)	(92,646)	32,484
Change in inventory assets (gain)	(1,850)	12
Change in purchase liability (loss)	2,478	(10,764)
Change in consumption tax, etc. to be received or paid (loss)	(54,471)	(106,559)
Other	19,466	32,328
Subtotal	3,035,452	3,337,062
Interest and dividend received	6,238	7,513
Interest paid	(24,860)	(28,160)
Corporate taxes, etc. paid	(266,042)	(151,237)
Cash flow from operating activities	2,750,788	3,165,178
Cash flow from investment activities		
Fixed deposit expenses	(148,912)	(188,916)
Income from the maturity of fixed deposits	148,911	188,915
Expense to acquire investment securities	(1,227)	(1,308)
Expense to acquire tangible fixed assets	(2,557,750)	(3,639,486)
Income from sales of tangible fixed assets	870	50,940
Expense to acquire intangible fixed assets	(151,076)	(12,397)
Other	(11,868)	(10,562)
Cash flow from investment activities	(2,721,052)	(3,612,815)
Cash flow from financing activities		
Proceeds from long-term borrowings	800,000	1,400,000
Repayments of long-term debt	(999,804)	(985,086)
Proceeds from sale and leaseback	442,800	513,468
Repayments of lease obligations	(325,757)	(414,688)
Dividend paid	(58,903)	(67,318)
Payments for purchases of own stock	—	(92)
Cash flow from financing activities	(141,665)	446,282
Cash and cash equivalents at end of fiscal year	—	—
Change in cash and cash equivalents (decrease)	(111,930)	(1,353)
Cash and cash equivalents at beginning of fiscal year	861,857	749,927
Cash and cash equivalents at end of fiscal year	749,927	748,573

(5) Points of Note Regarding Financial Statements

(Note on the assumption of a going concern)

There are no applicable events.

(Accounting policy changes)

The "Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as "Implementation Guidance on Accounting Standard for Fair Value Measurement") have been applied since the start of the current fiscal year and the new accounting policy set forth in the Implementation Guidance on Accounting Standard for Fair Value Measurement will be applied over the long term, in accordance with the transitional treatment specified in Article 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. However, this will not have any impact on the financial statements.

(Accounting estimate changes)

(Change in service life of lending assets)

The service life of wooden pallets, among the lending assets we hold, is estimated based on our own assessment. We have been depreciating wooden pallets over a service life of 5 years, but we have discovered that the service life of wooden pallets can be extended due to the revision of repair standards for wooden pallets and improvements in the collection of unrecovered pallets in past years. Therefore, we have revised the service life of wooden pallets to 6 years from the beginning of the current fiscal year, coinciding with the development of the medium-term management plan starting in the fiscal year 2022.

As a result, the depreciation expense for the current fiscal year has decreased by 372,488 thousand yen compared to when the previous service life was applied, and operating profit, ordinary profit, and pre-tax net profit have each increased by the same amount.

(Restatements)

There are no applicable events.

(Segment information, etc.)

(Segment Information)

We mainly provide pallet rental services. Sales and other income (income related to transportation services and ancillary business) are only conducted in conjunction with our rental services. Therefore, we have omitted the description of a single segment which is an inseparable service.

(Profit or Loss Based on the Equity Method)

There are no applicable events.

(Information per share)

Item	Previous FY (From April 1, 2021, to March 31, 2022)	Current FY (From April 1, 2022, to March 31, 2023)
Net assets per share	3,008.86 yen	3,468.35 yen
Per share annual net profit	162.12 yen	495.15 yen

(Note) 1. Profit per share after adjustment for potential shares is not provided as there are no potential shares.

2. We conducted a stock split at a ratio of two shares for every one share of common stock as of July 1, 2021. Therefore, we have calculated the "Net assets per share", "Profit per

share”, and “Average number of shares outstanding during the fiscal year” assuming that the stock split was conducted at the beginning of the previous fiscal year.

3. The basis for calculating earnings per share is as follows:

Item	Previous fiscal year (From April 1, 2021, to March 31, 2022)	Current fiscal year (From April 1, 2022, to March 31, 2023)
Annual net income (yen in thousands)	272,848	833,290
Amount not attributable to common shareholders (yen in thousands)	—	—
Current period net income attributable to common stock (yen in thousands)	272,848	833,290
Average number of shares outstanding during the fiscal year (thousands)	1,682	1,682

(Important subsequent events)

There are no applicable events.