



Non-consolidated Financial Results for FY 2022 (Ending March 31) [JGAAP]

August 6th, 2021
 TSE First Section
 Listed Company Name: NIPPON PALLET POOL Co., Ltd. URL <https://www.npp-web.co.jp>
 Code Number: 4690
 Representative (Title) President and CEO (Name) Mitsuru Uematsu
 Inquiry Manager (Title) Financial Director (Name) Tomoki Soga (TEL) 06 (6373) 3231
 Quarterly Report Scheduled: August 12th, 2021, Dividend payment scheduled: —
 Quarterly Close Supplementary Explanation Materials created: None
 Quarterly Close Explanation Session held: None

(Less than one million yen are rounded off)

1. FY Ending March 2022 Q1 Results (Apr 1, 2021, to Jun 30, 2021)

(1) Operating Results (total)

(% indicates percentage changes compared to the same quarter of the previous year)

	Net Sales		Operating Profit		Ordinary Profit		Quarterly Net Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY Ending March 2022 Q1	1,673	△2.7	74	△62.7	135	△46.2	90	△47.0
FY Ended March 2022 Q1	1,719	2.8	199	226.5	251	159.7	170	188.5

	Quarterly Net Profit per share		Diluted Quarterly Net Profit per share	
	Yen.Sen		Yen.Sen	
FY Ending March 2022 Q1	53.80		—	
FY Ended March 2022 Q1	101.46		—	

(Note) As of July 1st, 2021, our company conducted a stock split of two shares per ordinary share. "Quarterly Net Profit per share" is calculated on the premise that the stock split was conducted at the beginning of the previous fiscal year term.

(2) Financial Position

	Total Assets	Net Assets	Capital Adequacy Ratio
	Million yen	Million yen	%
FY Ending March 2022 Q1	9,837	4,873	49.5
FY Ended March 2022	10,235	4,911	48.0

(Reference) Capital Adequacy for FY Ending March 2022 Q1: 4,873 million yen, FY Ended March 2021: 4,911 million yen

2. Dividend status

	Annual Dividend				
	End of Q1	End of Q2	End of Q3	End of term	Total
	Yen.Sen	Yen.Sen	Yen.Sen	Yen.Sen	Yen.Sen
FY Ended March 2022	—	0.00	—	70.00	70.00
FY Ending March 2022	—				
FY Ending March 2022 (prediction)		0.00	—	35.00	35.00

(Note) 1. Amendments from the most recently published dividend prediction: None

2. As of July 1st, 2021, our company conducted a stock split of two shares per ordinary share. The amount is the dividend after the stock split for the FY ending March 2022 (prediction) dividend.

3. Prediction of FY Ending March 2022 Results (April 1st, 2021 to March 31st, 2022)

(% indicates the percentage changes from the previous term)

	Net Sales		Operating Profit		Ordinary Profit		Net Profit		Net Profit Per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen.Sen
Full year	7,013	0.7	531	△9.5	600	△18.9	170	△62.5	101.01

(Note) 1. Amendments from the recently published prediction of results: None

2. As of July 1st, 2021, our company conducted a stock split of two shares per ordinary share. For the net profit per share in the prediction of FY Ending March 2022 results, the effects of the stock split have been considered.

*Notes

(1) Accounting specific to the creation of the Quarterly Financial Statements: None

(2) Accounting policy changes/accounting estimate changes/restatements

1. Accounting policy changes as a result of accounting standard amendments: Yes
2. Accounting policy changes other than 1.: None
3. Accounting estimate changes: None
4. Restatements: None

(3) Number of shares issued (ordinary shares)

1. Total number of shares issued at the end of the period (including treasury shares)
2. Total number of treasury shares at the end of the period
3. Average number of shares issued during the period (quarterly total)

FY Ending March 2022 1 Q	1,700,000 shares	FY Ended March 2022	1,700,000 shares
FY Ending March 2022 1 Q	17,040 shares	FY Ended March 2022	17,040 shares
FY Ending March 2022 1 Q	1,682,960 shares	FY Ended March 2022 1 Q	1,682,960 shares

(Note) As of July 1st, 2021, our company conducted a stock split of two shares per ordinary share. The total number of shares issued at the end of the period, the total number of treasury shares at the end of the period, and the average number of shares issued during the period were calculated on the premise that the stock split was conducted at the beginning of the previous fiscal year term.

* Quarterly financial results are not applicable to the quarterly reviews by certified public accountants or audit firms.

*Explanations regarding the proper usage of results predictions and other special notes

- Indications regarding the future in this material, such as results forecast, are based on information that the company has currently obtained or based on reasonable premises held by the company, and the actual results may greatly differ from predicted figures. For conditions used as the premise to forecast results and notes regarding the usage of the results forecast, please see page 2 of the attachment, "1. Qualitative Information Regarding the Quarterly Close (3) Explanations on future predictions such as results forecasts."

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1. Qualitative Information Regarding the Quarterly Close

(1) Operating results information

Regarding the Japanese economy during the Q1 term, the vaccination for the novel coronavirus infection progressed, and as a result, a positive outlook was found towards the normalization of economic activities, mainly in non-manufacturing industries, but the situation still had ups and downs.

With this business environment, the intermodal palletization's main clients, the rental sales for companies in petrochemical resin, decreased in rented quantity due to reduced production stock of clients and from the effects of production adjustments, resulting in lower performance than the same quarter of the previous year. For other general clients, due to the prolonged coronavirus factors, the demand for pallet rentals was sluggish, resulting in the decreased overall net sales for rentals. The total net sales for included in Other exceeded the results of the same quarter of the previous year, but the total Q1 period net sales was 1,673 million yen (2.7% decrease compared to the same quarter of the previous year).

For costs, due to the reduction in the rate of active pallet rentals, various costs for transporting finished rental pallets, storage, and repair increased. On the other hand, cost reduction was attempted by limiting new creations of pallets and strengthening the operational efficiency, but the sales cost became 1,599 million yen (5.2% increase compared to the same quarter of the previous year).

As a result, the operating profit was 74 million yen (62.7% decrease compared to the same quarter of the previous year), the ordinary profit was 135 million yen (46.2% decrease compared to the same quarter of the previous year), and the quarterly net profit was 90 million yen (47.0% decrease compared to the same quarter of the previous year).

(2) Financial position information

1. Financial position fluctuations

The total assets for the end of the Q1 fiscal year were 9,837 million yen which was 398 million yen less than the previous year.

The current assets were 1,716 million yen which was 160 million yen, 8.6%, less than the previous year. The fixed assets were 8,120 million yen which was 237 million yen, 2.8%, less than the previous year.

The main cause of the reduction in current assets was the reduction in cash and deposits despite the increase in accounts receivable (including "Other").

The main cause of the reduction in fixed assets was the reduction in rented assets despite the increase in intangible fixed assets, deferred tax assets (including "other"), and corporate assets.

The current liabilities were 3,045 million yen which decreased by 245 million yen, 7.5%, compared to the previous year. The fixed liabilities were 1,917 million yen which decreased by 115 million yen, 5.7%, compared to the previous year.

The main cause of the reduction in current liabilities was the reduction in accounts payable, accrued tax payable, and other outstanding accounts (including "Other") despite the increase in contract liabilities (including "Other").

The main cause of the reduction in fixed liabilities was the reduction in the long-term accrued amount payable and long-term liabilities.

At the end of the current Q1 fiscal year, the net assets were 4,873 million yen which decreased by 37 million yen, 0.8%, compared to the previous year. This was due to the reduction in retained earnings.

(3) Explanations on future predictions such as results forecasts

No amendment has been made from the results forecast published on May 7th, 2021.

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2. Quarterly financial statements and major notes
 (1) Quarterly balance sheet

(Unit: thousand yen)

	Previous FY (March 31st, 2021)	Q1 Fiscal Year (June 30th, 2021)
Assets		
Current assets		
Cash and deposits	1,010,768	831,091
Notes receivable	13,076	15,185
Accrued rentals	697,593	695,090
Accounts receivable	81,576	74,236
Other	77,768	104,716
Allowance for doubtful accounts	△3,634	△3,672
Total current assets	1,877,149	1,716,647
Fixed assets		
Tangible fixed assets		
Rented assets		
Equipment for rental (net amount)	7,166,601	6,852,070
Total rented assets	7,166,601	6,852,070
Corporate assets		
Buildings (net amount)	134,589	125,660
Land	476,671	476,671
Other (net amount)	132,476	162,206
Total corporate assets	743,737	764,538
Total tangible fixed assets	7,910,339	7,616,608
Intangible assets	143,541	184,399
Investments and other assets		
Investment securities	173,566	171,113
Other	142,963	154,370
Allowance for doubtful accounts	△11,971	△5,689
Total investments and other assets	304,558	319,794
Total fixed assets	8,358,439	8,120,802
Total assets	10,235,588	9,837,450

Liabilities		
Current liabilities		
Accounts payable	605,432	441,099
Short-term debt	1,030,000	1,030,000
Long-term debt payable within one year	949,810	943,208
Income taxes payable	155,722	40,859
Reserves	46,430	38,217
Other	503,672	552,491
Total current liabilities	3,291,067	3,045,876
Fixed liabilities		
Long-term debt	1,360,210	1,316,818
Reserves	14,987	16,247
Long-term accounts payable	626,129	555,731
Asset removal liabilities	31,893	29,066
Total fixed liabilities	2,033,220	1,917,863
Total liabilities	5,324,288	4,963,740

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(Unit: thousand yen)

	Previous FY (March 31st, 2021)	Q1 Fiscal Year (June 30th, 2021)
Shareholder's equity section		
Shareholder's equity		
Capital stock	767,955	767,955
Capital surplus	486,455	486,455
Retained earnings	3,624,701	3,589,364
Treasury stock	△17,822	△17,822
Shareholder's equity total	4,861,289	4,825,951
Valuation and conversion adjustments		
Unrealized holding gains or loss on securities	50,011	47,757
Valuation and conversion adjustments total	50,011	47,757
Net assets total	4,911,300	4,873,709
Total liabilities and net assets	10,235,588	9,837,450

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(2) Quarterly profit and loss statement
Q1 period

(Unit: thousand yen)

	Previous Q1 period (From April 1 st , 2020 to June 30 th , 2020)	Current Q1 Period (From April 1 st , 2021 to June 30 th , 2021)
Net Sales	1,719,372	1,673,645
Cost of sales	1,297,591	1,374,292
Gross profit	421,780	299,353
Provision of unrealized income on installment sales	699	—
Reversal of unrealized income on installment sales	1,605	—
Gross profit-net	422,687	299,353
Selling, general and administrative expenses	222,803	224,829
Operating Profit	199,884	74,523
Non-operating income		
Interest income	3	0
Dividends income	2,176	2,386
Compensation for loss	47,263	53,891
Waste disposal income	6,190	10,541
Other	3,353	389
Non-operating income total	58,987	67,210
Non-operating expenses		
Interest expenses	7,297	6,404
Non-operating expenses total	7,297	6,404
Ordinary Profit	251,573	135,329
Extraordinary losses		
Loss on retirement of noncurrent assets	—	563
Extraordinary income total	—	563
Quarterly net profit before tax	251,573	134,765
Income taxes-current	73,371	34,452
Income taxes-deferred	7,448	9,769
Income taxes-current total	80,820	44,221
Quarterly net profit	170,753	90,544

- (3) Notes regarding quarterly financial statements
(Notes regarding the premise of a going concern)
No corresponding matter exists.

(Notes regarding significant fluctuations in shareholder equity amounts)
No corresponding matter exists.

(Accounting application specific to creating quarterly financial statements)
No corresponding matter exists.

(Accounting policy changes)

1. Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31st, 2020. Hereafter referred to as "Accounting Standard for Revenue Recognition") has been applied from the beginning of the current Q1 fiscal year. With it, profit is now recognized once promised goods and services are transferred to the client at the amount expected to be received in exchange for the said goods and services. Changes below have been implemented as a result.

(1) Pool pricing

For our company's Pallet Pool System (a system that optimizes logistics by sharing/circulating the same pallet among many clients), the usage compensation was previously recognized to be a profit once goods were dispatched from client factories, but it has been changed to be recognized as profit depending on the individual pallet rental completion status.

(2) One-time charge

Our company provides rental services using the One-time Charge method, a method that logically estimates the rental period and charges flat rates. Previously, profit totals were recognized at the start of the rental period, but this has been changed to recognize profits throughout the expected rental period.

(3) Long-term installment sales

Previously, total receivables related to the installment sales were appropriated as net sales when the product was handed over, and unrealized profits for accounts receivable with pending collection dates were deferred as profit on deferred installments. However, this has been changed to a method appropriating all revenues and profits related to the installment sales when the product is handed over.

The Accounting Standard for Revenue Recognition application follows the transitional treatment set out in the Accounting Standard for Revenue Recognition Section 84 proviso. Accordingly, the cumulative amount affected from before the beginning of the current Q1 fiscal year, when the new accounting policy was retrospectively applied, was adjusted to the retaining earnings at the beginning of the current Q1 fiscal year, and the new accounting policy has been applied from the balance at the beginning of the said term. As a result, the effects on net sales, operating profit, ordinary profit, and quarterly net profit before tax for the current Q1 fiscal year are minor. Also, retained earnings' balance at the beginning of the current term decreased by 66 million yen.

2. The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4th, 2019. Hereafter, referred to as the "Accounting Standard for Fair Value Measurement") was applied from the beginning of the current Q1 fiscal year. The transitional treatment as set out in the Accounting Standard for Fair Value Measurement Section 19 and the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4th, 2019) Section 44-2 were followed to apply the new accounting policies in the Accounting Standard for Fair Value Measurement, etc. in the future. There is no impact on the quarterly financial statements.

(Accounting estimate changes)
No corresponding matter exists.

(Restatements)
No corresponding matter exists.

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3. Other

Key matters regarding the premise of a going concern

No corresponding matter exists.