



Financial Results for the Six-Month Period Ending March 31, 2024 [Japan GAAP] (Non-consolidated)

October 25, 2023

Company name: Nippon Pallet Pool Co., Ltd. Exchange listed on: Tokyo Stock Exchange

Securities code: 4690 Website: <https://www.npp-web.co.jp>

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Scheduled date for submission of quarterly report: November 10, 2023 Scheduled commencement date of dividends payment: —

Preparation of supplementary materials for quarterly report: None

Holding of quarterly results briefing: None

(Amounts rounded down to the nearest millions of yen)

1. Financial Results for the Six-Month Period Ending March 31, 2024 (From April 1, 2023 to September 30, 2023)

(1) Operating Results (cumulative) (Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six-month period ending March 31, 2024	3,776	4.4	424	-17.1	467	-19.5	415	-12.7
Six-month period ended March 31, 2023	3,617	6.9	512	294.7	580	150.6	476	205.8

	Net income per share	Net income per share – diluted
	Yen	Yen
Six-month period ending March 31, 2024	247.04	—
Six-month period ended March 31, 2023	283.05	—

(2) Financial Positions

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Six-month period ending March 31, 2024	11,628	6,210	53.4
Fiscal year ended March 31, 2023	12,102	5,836	48.2

(Reference) Equity Six-month period ending March 31, 2024 6,210 million yen Fiscal year ended March 31, 2023 5,836 million yen

2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	0.00	—	40.00	40.00
Fiscal year ending March 31, 2024	—	0.00			
Fiscal year ending March 31, 2024 (forecast)			—	40.00	40.00

(Note) Revision of the dividend forecast released most recently: None

3. Forecast of Results for the Fiscal Year Ending March 2024 (from April 1, 2023 to March 31, 2024)

(Percentages represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	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

(Note) Revision of the results forecast released most recently: None

*Notes

(1) Adoption of special accounting procedures for preparation of the quarterly financial statements : None

(2) Change in accounting policies or estimates and retrospective restatements

1) Change in accounting policies in accordance with revision of accounting standards : None

2) Change in accounting policies other than item 1) above : None

3) Change in accounting estimates : None

4) Retrospective restatements : None

(3) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

Six-month period ending March 31, 2024	1,700,000 shares	Fiscal year ended March 31, 2023	1,700,000 shares
2) Number of treasury shares at the end of the period	17,183 shares	Fiscal year ended March 31, 2023	17,105 shares
3) Average number of shares issued during the period (cumulative from the beginning of the fiscal year)	1,682,835 shares	Six-month period ended March 31, 2023	1,682,936 shares

*Quarterly financial results are not subject to quarterly reviews by a Certified Public Accountant or audit firm.

*Explanation of appropriate use of the financial forecast and other special remarks:

The forward-looking statements, such as the financial forecast, provided in this material are based on information currently available to Nippon Pallet Pool Co., Ltd. ("Company") and certain assumptions that the Company believes are reasonable. In addition, actual results, including financial performance, may significantly differ from forecasts. For assumptions for operating results forecasts and points to consider in utilizing them, please see "1. Qualitative Information on Quarterly Financial Results under Review, (3) Explanation of future forecast information such as financial results forecasts" on Page 2 of the attachments.

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1. Qualitative Information on Quarterly Financial Results under Review

(1) Explanation of operating results

During the six-month period under review, while restrictions on activity following the novel coronavirus (COVID-19) have been lifted and economic activities are normalizing, the outlook for the domestic economy remains uncertain due to soaring energy and raw material prices caused by the prolonged situation in Ukraine, as well as exchange rate fluctuations and other factors.

In such a business environment, amidst signs of economic recovery and facing the "2024 Problem," there has been a demand from shippers for palletization to improve logistics efficiency. As a result, the demand for storage and transportation rental remained steady. Rental sales increased by 140 million yen (3.1%) from the same period of the previous year, reaching 3,471 million yen. Sales also surpassed figures from the previous fiscal year, with total sales amounting to 3,776 million yen: an increase of 158 million yen (4.4%) compared to the same period of the previous year.

In terms of expenses, operating expenses increased 245 million yen (7.9%) year-on-year to 3,351 million yen due to an increase in depreciation expenses resulting from an increase in the acquisition of new pallets in the previous fiscal year, despite a decrease in transportation expenses resulting from the efficient use of current rental assets. As a result, operating profit stood at 424 million yen (a 17.1% decrease from the same period of the previous year), ordinary profit was 467 million yen (a 19.5% decrease from the same period of the previous year), and quarterly net profit was 415 million yen (a 12.7% decrease from the same period of the previous year).

(2) Explanation of financial position

1) Changes in financial position

Total assets at the end of the second quarter of the current fiscal year were 11,628 million yen, down 473 million yen from the end of the previous fiscal year.

Current assets totaled 2,057 million yen, up 77 million yen, or 3.9%, from the end of the previous fiscal year, and non-current assets totaled 9,571 million yen, down 551 million yen, or 5.4%, from the end of the previous fiscal year.

The increase in current assets was mainly due to an increase in cash and deposits, accounts receivable-trade and rental receivables, despite a decrease in consumption taxes receivable and accounts receivable-other (included in "Other").

Non-current assets decreased mainly due to decreases in rental assets and deferred tax assets (included in "Other").

Current liabilities totaled 3,190 million yen, down 577 million yen, or 15.3%, from the end of the previous fiscal year, and non-current liabilities totaled 2,228 million yen, down 269 million yen, or 10.8%, from the end of the previous fiscal year.

The decrease in current liabilities was mainly due to a reduction in accounts payable-trade, accounts payable-other (included in "Other"), and income taxes payable, despite an increase in consumption taxes payable (included in "Other").

The decrease in non-current liabilities was mainly due to decreases in long-term accounts payable-other and long-term loans payable.

Net assets at the end of the second quarter of the current fiscal year were 6,210 million yen, up 373 million yen or 6.4% from the end of the previous fiscal year. This was due to an increase in retained earnings.

2) Cash flow

Cash flows from operating activities resulted in an income of 1,614 million yen (up 1.9% year-on-year), mainly due to net income before income taxes of 614 million yen and depreciation expenses of 1,209 million yen.

Cash flows from investing activities resulted in an expenditure of 1,015 million yen (down 36.9% year-on-year), mainly due to the acquisition of tangible non-current assets.

Cash flows from financing activities included an income of 300 million yen from long-term loans payable, repayment of long-term loans payable of 483 million yen, and repayment of installment obligations of 197 million yen, resulting in a net cash outflow of 448 million yen (versus a net cash inflow of 47 million yen in the previous fiscal year).

(3) Explanation of future forecast information such as financial results forecasts

No revisions have been made to the earnings forecast announced on May 8, 2023.

2. Quarterly Financial Statements and Key Notes

(1) Quarterly balance sheet

(Unit: thousand yen)

	Previous fiscal year (As of March 31, 2023)	Second quarter under review (As of September 30, 2022)
Assets		
Current assets		
Cash and deposits	897,486	1,047,945
Notes receivable - trade	20,198	19,978
Rental receivables	782,060	803,111
Accounts receivable - trade	78,389	133,628
Other	204,448	56,000
Allowance for doubtful accounts	-2,722	-2,847
Total current assets	1,979,860	2,057,817
Non-current assets		
Tangible non-current assets		
Rental assets		
Rental equipment (net)	8,813,766	8,290,871
Total rental assets	8,813,766	8,290,871
Own-used assets		
Buildings (net)	114,597	302,003
Land	303,805	263,439
Other (net)	319,592	174,748
Total own-used assets	737,995	740,190
Total tangible non-current assets	9,551,762	9,031,062
Intangible non-current assets		
	168,776	142,065
Investments and other assets		
Investments in securities	192,855	257,503
Other	208,915	140,394
Total investments and other assets	401,771	397,898
Total non-current assets	10,122,309	9,571,026
Total Assets	12,102,170	11,628,843
Liabilities		
Current liabilities		
Accounts payable - trade	801,123	528,397
Short-term debt	1,030,000	1,030,000
Current portion of long-term debt	886,736	813,360
Income taxes payable	243,733	158,797
Reserves	41,607	39,310
Other	764,053	620,338
Total current liabilities	3,767,254	3,190,203
Non-current liabilities		
Long-term debt	1,638,394	1,528,366
Reserves	18,342	19,713
Long-term accounts payable - other	783,756	625,467
Asset retirement obligations	57,551	55,022
Total non-current assets	2,498,044	2,228,569
Total liabilities	6,265,299	5,418,772

(Unit: thousand yen)

	Previous fiscal year (As of March 31, 2023)	Second quarter under review (As of September 30, 2022)
Net assets		
Shareholders' equity		
Capital stock	767,955	767,955
Capital surplus	486,455	486,455
Retained earnings	4,537,640	4,886,046
Treasury shares	-17,915	-18,091
Total shareholders' equity	5,774,135	6,122,365
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	62,735	87,705
Total valuation and translation adjustments	62,735	87,705
Total Net Assets	5,836,871	6,210,070
Total liabilities and net assets	12,102,170	11,628,843

(2) Quarterly statement of income

Six-month period

(Unit: thousand yen)

	Six-month period in the previous fiscal year (From April 1, 2022 to September 30, 2022)	Six-month period under review (From April 1, 2023 to September 30, 2023)
Net sales	3,617,746	3,776,263
Cost of sales	2,587,407	2,817,605
Gross profit	1,030,339	958,658
Selling, general and administrative expenses	518,316	533,962
Operating income	512,022	424,696
Non-operating income		
Interest income	1	1
Dividends income	4,130	3,689
Compensation for losses	61,412	36,017
Waste disposal income	17,155	19,592
Other	534	2,085
Total non-operating income	83,234	61,386
Non-operating expenses		
Interest expenses	14,323	18,454
Total non-operating expenses	14,323	18,454
Ordinary income	580,934	467,627
Extraordinary income		
Gain on sales of non-current assets	18,071	147,225
Total extraordinary income	18,071	147,225
Extraordinary losses		
Loss on sales of non-current assets	6,389	—
Total extraordinary losses	6,389	—
Net income before income taxes	592,615	614,852
Income, municipal, and business taxes	125,247	144,080
Deferred income tax	-8,984	55,050
Total income tax	116,262	199,131
Net income	476,352	415,721

(3) Quarterly statement of cash flows

(Unit: thousand yen)

	Six-month period in the previous fiscal year (From April 1, 2022 to September 30, 2022)	Six-month period under review (From April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Net income before income taxes	592,615	614,852
Depreciation	1,039,048	1,209,973
Increase (decrease) in provision for bonuses	3,078	-2,297
Increase (decrease) in allowance for defined benefit plans	7,803	1,371
Increase (decrease) in allowance for doubtful accounts	-342	124
Interest and dividend income	-4,132	-3,691
Interest expenses	14,323	18,454
Loss on retirement of non-current assets	63,544	15,698
Loss (gain) on sales of non-current assets	-11,681	-147,225
Decrease (increase) in trade receivables	32,691	-106,324
Decrease (increase) in inventories	-3,846	-4,004
Increase (decrease) in notes and accounts payable – trade	-38,699	-1,446
Increase (decrease) in accounts payable - other and income taxes payable	-57,118	220,388
Other	3,639	39,312
Subtotal	1,640,923	1,855,186
Interest and dividends received	4,131	3,690
Interest paid	-14,125	-18,050
Income taxes paid	-46,914	-226,274
Cash flows from operating activities	1,584,015	1,614,552
Cash flows from investing activities		
Payments into time deposits	-85,006	-50,004
Proceeds from withdrawal of time deposits	85,006	50,003
Purchase of investment securities	-656	-30,656
Purchase of tangible non-current assets	-1,612,778	-1,190,531
Proceeds from sale of tangible non-current assets	18,071	210,470
Purchase of intangible non-current assets	-9,999	—
Other	-3,416	-5,015
Cash flows from investing activities	-1,608,779	-1,015,734
Cash flows from financing activities		
Proceeds from long-term loans payable	600,000	300,000
Repayment of long-term loans payables	-490,058	-483,404
Proceeds from sale-leaseback transactions	198,735	—
Repayment of installment payables	-193,332	-197,462
Dividends paid	-67,318	-67,315
Decrease (increase) in treasury shares	-92	-176
Cash flows from financing activities	47,934	-448,358
Effect of exchange rate change on cash and cash equivalents	—	—
Net increase (decrease) in cash and cash equivalents	23,169	150,459
Cash and cash equivalents at beginning of period	749,927	748,573
Cash and cash equivalents at end of period	773,097	899,032

(4) Notes on quarterly financial statements

(Notes on assumptions of going concern)

Not applicable.

(Notes on when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Adoption of special accounting procedures for preparation of quarterly financial statements)

Not applicable.

(Change in accounting policies)

Not applicable.

(Change in accounting estimates)

Not applicable.

(Retrospective restatements)

Not applicable.

3. Other

Significant matters on the assumption of going concern:

Not applicable.