

Summary of Financial Results for the Fiscal Year Ended August 31, 2021

(All financial information has been prepared in accordance with the Generally Accepted Accounting Principles in Japan)

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General meeting of shareholders: November 25, 2021

Filing date of securities report: November 26, 2021

Payment date of cash dividends: November 26, 2021

Supplementary materials prepared for financial results: Yes

Financial results meeting for institutional investors and securities analysts: Yes

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2021 (September 1, 2020 through August 31, 2021)

(1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended August 31, 2021	5,217	(34.3)	691	(21.4)	670	(24.2)	411	(45.1)
Year ended August 31, 2020	7,938	15.4	879	28.1	884	34.2	749	10.0

	Earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income-to-equity ratio	Operating income-to-net sales ratio
	Yen	Yen	%	%	%
Year ended August 31, 2021	18.76	-	5.7	7.1	13.2
Year ended August 31, 2020	34.10	-	11.1	9.8	11.1

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2021	8,846	7,383	83.5	336.89
As of August 31, 2020	10,104	7,044	69.7	320.81

[Reference] Shareholders' equity (million yen): August 31, 2021: 7,383 August 31, 2020: 7,044

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the period end
	Million yen	Million yen	Million yen	Million yen
As of August 31, 2021	1,629	(232)	(126)	3,326
As of August 31, 2020	1,596	(55)	(206)	2,052

2. Dividends

	Dividend per share					Dividend in total (full year)	Dividend payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended August 31, 2020	-	0.00	-	3.50	3.50	76	10.3	1.1
Year ended August 31, 2021	-	0.00	-	2.00	2.00	43	10.7	0.6
Year ending August 31, 2022 (forecast)	-	0.00	-	2.00	2.00		6.8	

3. Consolidated Forecast for the Fiscal Year Ending August 31, 2022
(September 1, 2021 through August 31, 2022)

(Percentages represent year-on-year changes)

	Sales		Operating income		Ordinary income		Net income (loss) attributable to owners of the parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1 st half ending February 28, 2022	2,350	-	160	-	149	-	146	-	6.69
Year ending August 31, 2022	5,775	-	661	-	646	-	641	-	29.27

[Note] From the beginning of FY2022, the Accounting Standard for Revenue Recognition and other related guidelines are applied. The Consolidated Forecast shows the numbers after application of the Accounting Standard, and the increase/decrease rates year on year are not indicated. Please refer to the 1. (2) Future Outlook for details.

4. Others

(1) Changes in significant subsidiaries during the period: None

(2) Changes in accounting principles, procedures and presentation methods

1) Changes in accounting policies arising from revision of accounting standards: None

2) Other changes: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of shares outstanding (common shares)

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

August 31, 2021: 22,052,426 shares

August 31, 2020: 22,052,426 shares

2) Number of treasury stock at the end of the period

August 31, 2021: 135,348 shares

August 31, 2020: 95,284 shares

3) Average number of shares during the period

Fiscal year ended August 31, 2021: 21,913,900 shares

Fiscal year ended August 31, 2020: 21,963,603 shares

[Reference]

1. Non-Consolidated Financial Results for the Year Ended August 31, 2021 (September 1, 2020 through August 31, 2021)

(1) Non-Consolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended August 31, 2021	5,134	(34.9)	661	(18.9)	644	(19.9)	395	(42.2)
Year ended August 31, 2020	7,887	15.9	815	30.4	804	35.0	684	8.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended August 31, 2021	18.04		-	
Year ended August 31, 2020	31.17		-	

(2) Non-Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of August 31, 2021	8,559		7,126		83.3		325.14	
As of August 31, 2020	9,874		6,813		69.0		310.33	

[Reference] Shareholders' equity (million yen): August 31, 2021: 7,126 August 31, 2020: 6,813

2. Non-Consolidated Forecast for the Fiscal Year Ending August 31, 2022 (September 1, 2021 through August 31, 2022)

(Percentages represent year-on-year changes)

	Sales		Operating income		Ordinary income		Net income (loss) attributable to owners of the parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1 st half ending February 28, 2022	2,322	-	169	-	158	-	156	-	7.13
Year ending August 31, 2022	5,711	-	683	-	668	-	663	-	30.26

[Note] From the beginning of FY2022, the Accounting Standard for Revenue Recognition and other related guidelines are applied. The Non-Consolidated Forecast shows the numbers after application of the Accounting Standard, and the increase/decrease rates year on year are not indicated.

*This financial report is not subject to audit procedures.

*Appropriate use of the forecast of financial results and other matters:

Forward-looking statements in this report such as financial results forecasts are based on the information available to NPC Incorporated ("the Company") at the time when this report is prepared and the assumption that the forecasts are reasonable. The actual results may significantly differ from the forecast due to various factors. Please refer to the 1. (2) Future outlook on page 3 for conditions of assumptions for the forecast and notes concerning on appropriate use of the forecast.

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1. Overview of Financial Results of the Fiscal Year Ended August 31, 2021

(1) Overview of financial results of the fiscal year ended August 31, 2021

During the fiscal year ended August 31, 2021, while signs of recovery in capital expenditures and corporate earnings were seen in the manufacturing industry, the Japanese economy continues to face a tumultuous situation due to limitation of business activities caused by government issued “State of Emergency” declarations. As for the global economy, although COVID-19 vaccination is expanding worldwide, it is still difficult to predict the future outlook because of the resurgence of the variant of the virus.

Concerning the Machinery Business of NPC Group (“the Group”), the US photovoltaic (PV) industry, the main market of the business, is growing steadily with support from policies of Biden administration and active engagement for renewable energy by states and companies, and PV system installation is expected to surpass the record of the previous year. As for automation machines for other industries, continuous capital expenditures are expected in strong sectors such as the electronic parts industry. In the US, Japanese automobile companies have strong needs for Japanese machine manufacturer that is capable of machine manufacturing and updating within the US.

As for the PV industry in Japan, to which the Environmental Business of the Group belongs, PV installation, which requires shorter time than other renewables, is expected to increase as the Japanese government enhanced its target of greenhouse gas emissions reduction. Also, there are growing needs in Japan and overseas for establishing an appropriate recycling method and processing structure for PV panels as a considerable volume of discarded PV panels is expected in the future. The needs for panel disassembly equipment are growing especially in Europe as the volume of discarded PV panels has been already increasing in the area.

Under such circumstances, the consolidated net sales were 5,217 million yen, 2,720 million yen decrease year on year, which turned out to be slightly lower than the forecast. The Group’s profits, on the other hand, surpassed the forecast due to the improvements in the profit margin realized by cost reduction. Operating income was 691 million yen, 188 million yen decrease year on year, and ordinary income was 670 million yen, 214 million yen decrease year on year. Net income attributable to owners of the parent was 411 million yen, 337 million yen decrease year on year, which surpassed the forecast despite booking of US federal tax and reversal of deferred tax assets.

Financial results by segment are as follows:

1) Machinery Business

In the Machinery Business, the Group implemented upgrading and expansion of the equipment of a US PV manufacturer, the Group’s main customer. It also booked the sales of PV module manufacturing equipment for other US PV manufacturers. While the sales of automation machines were booked mainly to the Japanese electronic parts industry, there was a change in schedule on the customer’s side in an overseas automation machine project. As a result, the sales were 4,905 million yen 2,579 million yen decrease year on year, which was slightly lower than the forecast. On the other hand, due to the improvement in the profit margin realized by cost reduction, operating income was 1,250 million yen, 35 million yen decrease year on year, which surpassed the forecast.

2) Environmental Business

In the Environmental Business, the Group booked the sales of inspection service of PV power plants as scheduled, as well as the sales of used PV panels, recycling of end-of-life PV panels, PV panel disassembly equipment and plant factory business. As a result, the sales were 311 million yen, 141 million yen decrease year on year, and operating income was 29 million yen, 113 million yen decrease year on year.

(2) Future outlook

For the upcoming fiscal year, the sales of equipment for PV industry, upgrading of delivered equipment, automation machines in Japan and the US, inspection services, and PV panel disassembly equipment are expected.

As a result of such businesses, the consolidated business forecast for the next fiscal year will be: sales at 5,755 million yen; operating income at 661 million yen; ordinary income at 646 million yen; and net income attributable to owners of the parent at 641 million yen.

From the next fiscal year, the Accounting Standard for Revenue Recognition will be applied, which means that the basis

for recording sales of overseas projects will shift from shipment basis to acceptance basis. The above forecasts are calculated by accumulating the projects that are expected to be accepted within the said fiscal year, according to the Accounting Standard for Revenue Recognition.

Forward-looking statements in this report such as financial results forecasts are based on the information available to NPC Incorporated at the time when this report is prepared and the assumption that the forecasts are reasonable. The actual results may significantly differ from the forecast due to various factors.

2. Consolidated Financial Statements for the Fiscal Year Ended August 31, 2021**(September 1, 2020 through August 31, 2021)**

(1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2020	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	2,052,788	3,326,108
Notes and accounts receivable-trade	2,245,993	850,289
Electronically recorded monetary claims-operating	116,937	130,464
Work in progress	1,501,274	542,548
Raw materials and supplies	16,111	5,150
Other	247,996	117,058
Total current assets	6,181,102	4,971,621
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,835,381	3,858,861
Accumulated depreciation	(1,719,629)	(1,880,190)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	2,107,679	1,970,597
Machinery and equipment	666,165	609,447
Accumulated depreciation	(150,499)	(154,790)
Accumulated impairment loss	(456,940)	(376,294)
Machinery and equipment, net	58,726	78,362
Land	1,548,050	1,548,050
Lease assets	763,520	-
Accumulated depreciation	(527,377)	-
Accumulated impairment loss	(236,142)	-
Lease assets, net	-	-
Other	299,520	303,112
Accumulated depreciation	(254,868)	(226,400)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	40,137	72,197
Construction in progress	-	2,400
Total property, plant and equipment	3,754,592	3,671,608
Intangible assets		
Other	37,116	117,488
Total intangible assets	37,116	117,488
Investments and other assets		
Deferred tax assets	83,865	27,968
Other	47,929	57,700
Total investments and other assets	131,795	85,669
Total noncurrent assets	3,923,504	3,874,766
Total assets	10,104,606	8,846,387

(Thousand yen)

	As of August 31, 2020	As of August 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	388,325	87,420
Electronically recorded obligations-operating	1,204,748	397,141
Income taxes payable	91,485	51,280
Advances received	864,481	384,714
Provision for bonuses	70,653	95,660
Provision for product warranties	186,650	237,605
Provision for loss on order received	38,423	24,882
Other	183,264	139,702
Total current liabilities	3,028,033	1,418,406
Noncurrent liabilities		
Net defined benefit liability	32,528	44,306
Total noncurrent liabilities	32,528	44,306
Total liabilities	3,060,561	1,462,713
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,743,133
Retained earnings	1,516,464	1,850,776
Treasury stock	(39,214)	(53,772)
Total shareholders' equity	7,024,587	7,352,600
Accumulated other comprehensive income		
Foreign currency translation adjustment	19,457	31,074
Total accumulated other comprehensive income	19,457	31,074
Total net assets	7,044,045	7,383,674
Total liabilities and net assets	10,104,606	8,846,387

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

	Year ended August 31, 2020	Year ended August 31, 2021
Net sales	7,938,097	5,217,273
Cost of sales	6,126,184	3,559,800
Gross profit	1,811,912	1,657,473
Selling, general and administrative expenses	932,195	966,369
Operating income	879,716	691,103
Non-operating income		
Interest income	53	69
Foreign exchange gains	15,419	-
Gain on liquidation of subsidiaries and associates	3,121	-
Interest on refund	793	323
Gain on sales of scraps	2,078	1,808
Administrative service fee income	-	440
Other	590	721
Total non-operating income	22,057	3,363
Non-operating expenses		
Interest expenses	2,293	-
Foreign exchange losses	-	3,741
Commission fee	14,493	14,190
Loss on removal of non-current assets	-	5,600
Other	126	536
Total non-operating expenses	16,913	24,068
Ordinary income	884,860	670,398
Income (Loss) before income taxes and minority interests	884,860	670,398
Income taxes-current	92,243	133,098
Income taxes for prior periods	-	70,216
Income taxes-deferred	43,593	55,921
Total income taxes	135,837	259,236
Income (Loss) before minority interests	749,022	411,162
Net income (loss) attributable to owners of the parent	749,022	411,162

(3) Consolidated statement of cash flows

(Thousand yen)

	Year ended August 31, 2020	Year ended August 31, 2021
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	884,860	670,398
Depreciation and amortization	198,534	204,005
Increase (decrease) in allowance for doubtful accounts	(11,604)	-
Increase (decrease) in provision for bonuses	(3,162)	25,006
Increase (decrease) in provision for product warranties	186,650	50,955
Increase (decrease) in provision for loss on order received	(2,660)	(13,541)
Increase (decrease) in net defined benefit liability	11,847	11,778
Interest and dividends income	(53)	(69)
Interest expenses	2,293	-
Decrease (increase) in trade receivables	(137,911)	1,392,290
Decrease (increase) in inventories	(902,510)	935,065
Decrease (increase) in notes and accounts receivable-trade	716,645	(1,109,438)
Increase (decrease) in advances received	665,298	(480,590)
Other, net	2,006	182,572
Subtotal	1,610,232	1,868,431
Interest and dividends income received	53	69
Interest expenses paid	(2,690)	-
Income taxes (paid) refund	(11,474)	(238,837)
Net cash provided by (used in) operating activities	1,596,121	1,629,663
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment and intangible assets	(68,394)	(233,147)
Proceeds from sales of property, plant and equipment	-	300
Proceeds from liquidation of subsidiaries and associates	7,621	-
Other, net	4,986	309
Net cash provided by (used in) investing activities	(55,786)	(232,538)
Net cash provided by (used in) financing activities		
Purchase of treasury stock	(49,986)	(49,997)
Dividends paid	(76,813)	(76,283)
Repayments for lease obligations	(79,558)	-
Net cash provided by (used in) financing activities	(206,358)	(126,281)
Effect of exchange rate change on cash and cash equivalents	(439)	2,475
Net increase (decrease) in cash and cash equivalents	1,333,536	1,273,320
Cash and cash equivalents at beginning of period	719,251	2,052,788
Cash and cash equivalents at end of period	2,052,788	3,326,108

[Note] The numbers parenthesized represent minus figures.

3. Other Information

(1) Production, orders, and sales

1) Production

Production amounts by segment in the fiscal year ended August 31, 2021 are as follows:

(Thousand yen)		
Segment	Production	Year-on-year ratio (%)
Machinery business	3,532,169	40.7
Environmental business	294,959	59.0
Total	3,827,128	41.7

[Notes] 1. The above amounts are calculated based on selling prices.

2. The above amounts are exclusive of consumption taxes.

2) Orders

Orders received by segment in the fiscal year ended August 31, 2021 are as follows:

(Thousand yen)				
Segment	Orders received	Year-on-year ratio (%)	Order backlog	Year-on-year ratio (%)
Machinery business	5,363,363	154.9	3,927,041	113.2
Environmental business	215,708	59.7	101,067	51.2
Total	5,579,071	145.9	4,028,108	109.9

[Note] The above amounts are exclusive of consumption taxes.

3) Sales

Sales by segment in the fiscal year ended August 31, 2021 are as follows:

(Thousand yen)		
Segment	Sales	Year-on-year ratio (%)
Machinery business	4,905,402	65.5
Environmental business	311,870	68.8
Total	5,217,273	65.7

[Note] The above amounts are exclusive of consumption taxes.