

## Summary of Financial Results for the First Quarter of Fiscal Year Ending August 31, 2022

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

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Payment date of cash dividends: -

Supplementary materials prepared for quarterly financial results: None

Financial results meeting for institutional investors and securities analysts: None

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

### 1. Consolidated Financial Results for the Three Months Ended November 30, 2021 (September 1, 2021 through November 30, 2021)

#### (1) Consolidated results of operations

(Percentages represent year-on-year changes)

	Sales		Operating income (loss)		Ordinary income (loss)		Net income (loss) attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3 months ended November 30, 2021	695	82.2	(18)	-	(17)	-	(36)	-
3 months ended November 30, 2020	381	-	(95)	-	(103)	-	(44)	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
3 months ended November 30, 2021	(1.69)		-	
3 months ended November 30, 2020	(2.02)		-	

[Note] From the beginning of FY2022, the Accounting Standard for Revenue Recognition and other related guidelines are applied. The Accounting Standard is retroactively applied to the numbers related to the first three months ended November 30, 2020. The change rate of the first three months ended November 30, 2020 from the corresponding period of previous year is not listed due to the retroactive revision.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2021	10,658	6,606	62.0
As of August 31, 2021	9,930	6,986	70.4

[Reference] Shareholders' equity (million yen): November 30, 2021: 6,606 August 31, 2021: 6,986

[Note] From the beginning of FY2022, the Accounting Standard for Revenue Recognition and other related guidelines are applied. The Accounting Standard is retroactively applied to the numbers related to FY2021.

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2021	-	0.00	-	2.00	2.00
Year ending August 31, 2022	-				
Year ending August 31, 2022 (forecast)		0.00	-	2.00	2.00

[Notes] Revision of dividend forecast during the period: None

**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 attributable to owners of the parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2022	2,350	-	160	-	149	-	146	-	6.69
Full year of FY2022	5,775	-	661	-	646	-	641	-	29.27

[Notes] 1. Revision of consolidated forecast during the period: None

2. 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.

**4. Others**

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

(2) Adoption of accounting methods specific to preparation of quarterly consolidated financial statements: None

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

- 1) Changes in accounting policies arising from revision of accounting standards: Yes  
 2) Other changes: None  
 3) Changes in accounting estimates: None  
 4) Restatement: None

(4) Number of shares outstanding (common shares)

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

November 30, 2021: 22,052,426 shares

August 31, 2021: 22,052,426 shares

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

November 30, 2021: 585,348 shares

August 31, 2021: 135,348 shares

3) Average number of shares during the period

Three months ended November 30, 2021: 21,706,180 shares

Three months ended November 30, 2020: 21,918,597 shares

\*This quarterly financial report is exempt from the quarterly review.

\*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) Description of outlook, including consolidated earnings forecast on page 1 for conditions of assumptions for the forecast and notes concerning appropriate use of the forecast.

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## 1. Qualitative Information Concerning Financial Results for the First Quarter Ended November 30, 2021

### (1) Description of operating results

In the first three months ended November 30, 2021, while signs of recovery in capital expenditures and corporate earnings were seen in the manufacturing industry, COVID-19 continued to cause economic uncertainty. Moreover, starting with semiconductor-related products, a chronic shortage of various products, longer delivery times, and an increase in raw material costs were seen worldwide.

Concerning the Machinery Business of NPC Group (“the Group”), in the US photovoltaic (PV) industry, which is our main market of the business, needs are increasing with support from government policies and active engagement for renewable energy by the States and other companies. While there is a possibility of slowdown in PV installation because of a price increase and supply shortage of Chinese made PV panels, which account for most of the market, demands of PV panels made in countries other than China are inversely increasing. As for automation machines for other industries, continuous capital expenditures are expected in strong sectors such as the electronic parts industry in Japan. In the US, there are 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 is expected to increase as companies and local governments are introducing PV systems for self-consumption based on the enhanced carbon reduction target of the Japanese government. 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 695 million yen, 313 million yen increase year on year. While a standard level of profit margin was secured, sales were low and operating loss was 18 million yen, compared with an operating loss of 95 million yen in the same period of the previous fiscal year. Ordinary loss was 17 million yen, compared with an ordinary loss of 103 million yen in the same period of the previous fiscal year. Net loss attributable to the owners of the parent was 36 million yen, compared with a net loss of 44 million yen in the same period of the previous fiscal year.

Financial results by segment are as follows:

#### 1) Machinery Business

In the Machinery Business, the Group implemented setup, upgrading and expansion of the equipment of US PV manufacturers. While the sales of automation machines were booked mainly to the Japanese electronic parts industry, there was a change in sales booking schedule in some PV module manufacturing equipment and automation machine projects. As a result, the sales were 596 million yen, 263 million yen increase year on year, which was slightly lower than the forecast. Operating income was 111 million yen, 67 million yen increase year on year.

#### 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 recycling of end-of-life PV panels, PV panel disassembly equipment (frame separator) to Europe, and plant factory business. As a result, the sales were 99 million yen, 50 million yen increase year on year, and operating income was 3 million yen, compared with an operating loss of 7 million yen in the same period of the previous fiscal year.

### (2) Description of outlook, including consolidated earnings forecast

The business forecasts for the second half and the full year are the same as the forecasts in the “Summary of Financial Results for the Fiscal Year Ended August 31, 2021” announced on October 12, 2021.

Since export and work on overseas sites account for a large part of the Group’s business, we are closely watching the spread of COVID-19 and the enhancement of regulations in each country. The longer delivery time of parts and increase in raw material costs may also affect the performance of the Group. We will promptly disclose if it becomes necessary to revise our business forecast.

## 2. Consolidated Financial Statements for the First Quarter Ended November 30, 2021 (September 1, 2021 through November 30, 2021)

### (1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2021	As of November 30, 2021
Assets		
Current assets		
Cash and deposits	3,326,108	3,976,931
Notes and accounts receivable-trade and contract assets	465,783	286,832
Electronically recorded monetary claims-operating	130,464	6,589
Work in progress	1,836,293	2,240,519
Raw materials and supplies	5,150	2,799
Other	117,058	166,015
Total current assets	5,880,859	6,679,687
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,858,861	3,858,861
Accumulated depreciation	(1,880,190)	(1,920,468)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	1,970,597	1,930,319
Machinery and equipment	609,447	323,958
Accumulated depreciation	(154,790)	(134,890)
Accumulated impairment loss	(376,294)	(107,695)
Machinery and equipment, net	78,362	81,372
Land	1,548,050	1,548,050
Other	303,112	304,746
Accumulated depreciation	(226,400)	(232,654)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	72,197	67,578
Construction in progress	2,400	370
Total property, plant and equipment	3,671,608	3,627,690
Intangible assets		
Other	117,488	110,717
Total intangible assets	117,488	110,717
Investments and other assets		
Deferred tax assets	203,134	185,048
Other	57,700	55,476
Total investments and other assets	260,834	240,525
Total noncurrent assets	4,049,931	3,978,933
Total assets	9,930,791	10,658,620

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2021	As of November 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	87,420	424,464
Electronically recorded obligations-operating	397,141	439,249
Income taxes payable	51,280	-
Advances received	1,866,014	2,642,700
Provision for bonuses	95,660	11,678
Provision for product warranties	237,605	237,605
Provision for loss on order received	24,882	26,372
Other	139,702	220,468
<b>Total current liabilities</b>	<b>2,899,706</b>	<b>4,002,538</b>
<b>Noncurrent liabilities</b>		
Net defined benefit liability	44,306	49,731
Other	-	99
<b>Total noncurrent liabilities</b>	<b>44,306</b>	<b>49,831</b>
<b>Total liabilities</b>	<b>2,944,013</b>	<b>4,052,369</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,812,461	2,812,461
Capital surplus	2,743,133	2,743,133
Retained earnings	1,453,880	1,373,391
Treasury stock	(53,772)	(364,072)
<b>Total shareholders' equity</b>	<b>6,955,703</b>	<b>6,564,913</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	31,074	41,337
<b>Total accumulated other comprehensive income</b>	<b>31,074</b>	<b>41,337</b>
<b>Total net assets</b>	<b>6,986,778</b>	<b>6,606,251</b>
<b>Total liabilities and net assets</b>	<b>9,930,791</b>	<b>10,658,620</b>

[Note] The numbers parenthesized represent minus figures.

## (2) Consolidated statement of income

(Thousand yen)

	Three months ended November 30, 2020	Three months ended November 30, 2021
Net sales	381,969	695,868
Cost of sales	266,741	518,804
Gross profit	115,228	177,063
Selling, general and administrative expenses	210,869	195,255
Operating income (loss)	(95,640)	(18,191)
Non-operating income		
Interest income	2	21
Administrative service fee income	440	-
Gain on sales of scraps	70	2,665
Interest on tax refund	193	36
Subsidies for employment adjustment	-	324
Other	72	106
Total non-operating income	779	3,153
Non-operating expenses		
Commission fee	766	708
Foreign exchange losses	2,113	974
Loss on removal of non-current assets	5,600	49
Other	406	321
Total non-operating expenses	8,886	2,054
Ordinary income (loss)	(103,747)	(17,092)
Income (Loss) before income taxes and minority interests	(103,747)	(17,092)
Income taxes-current	23,385	1,453
Income taxes-deferred	(82,802)	18,109
Total income taxes	(59,416)	19,562
Income (Loss) before minority interests	(44,330)	(36,654)
Net income (loss) attributable to owners of the parent	(44,330)	(36,654)

[Note] The numbers parenthesized represent minus figures.

### 3. Other Information

#### (1) Production, Orders, and Sales

##### 1) Production

Production amounts by business segment in the period are as follows:

(Thousand yen)

Segment	Three Months Ended November 30, 2021	Year-on-year change (%)
Machinery business	1,141,070	93.2
Environmental business	88,861	143.2
Total	1,229,931	95.7

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

##### 2) Orders

Orders received by business segment in the period are as follows:

(Thousand yen)

Segment	Orders received	Year-on-year change (%)	Order backlog	Year-on-year change (%)
Machinery business	3,754,916	360.2	8,951,071	103.5
Environmental business	162,832	440.6	164,723	89.0
Total	3,917,748	362.9	9,115,795	103.2

[Note] The above amounts of order backlog include orders of equipment for new factories from US main customer of the Group received in the fourth quarter of FY2021 and the first quarter of FY2022, which correspond to approximately 5.7 billion yen.

##### 3) Sales

Sales by business segment in the period are as follows:

(Thousand yen)

Segment	Three Months Ended November 30, 2021	Year-on-year change (%)
Machinery business	596,692	179.2
Environmental business	99,175	202.2
Total	695,868	182.2