

April 12, 2022

To all persons concerned:

NPC Incorporated
1-7-15 Higashi-ueno, Taito-ku
Tokyo 110-0015, Japan

**Announcement on the Differences between Business Forecasts and Results
for the First Half and Revision of Business Forecasts Both for FY2022**

NPC Incorporated (“the Company”) hereby notifies the differences between the consolidated and non-consolidated business forecasts announced on October 12, 2021, and the results for the first half of the fiscal year 2022. The Company also notifies revision of the business forecasts for the fiscal year 2022 announced on October 12, 2021.

Description

1. Differences between business forecasts and results for the first half ended February 28, 2022

Differences between consolidated business forecasts and results for the first half ended February 28, 2022
(September 1, 2021 through February 28, 2022)

(Million yen)

	Sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share (yen)
Previous forecasts (A)	2,350	160	149	146	6.69
Results (B)	1,592	1	21	(75)	(3.51)
Amount of increase/decrease (B-A)	(758)	(159)	(128)	(221)	-
Change (%)	(32.3)	(99.4)	(85.9)	-	-
[Reference] First half of FY2021	5,792	1,068	1,051	725	33.12

Differences between non-consolidated business forecasts and results for the first half ended February 28, 2022
(September 1, 2021 through February 28, 2022)

(Million yen)

	Sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecasts (A)	2,322	169	158	156	7.13
Results (B)	1,556	(10)	11	(85)	(3.97)
Amount of increase/decrease (B-A)	(766)	(179)	(147)	(241)	-
Change (%)	(33.0)	-	(93.0)	-	-
[Reference] First half of FY2021	5,763	1,049	1,031	714	32.59

[Reasons for the differences]

The sales were lower than the forecast as sales booking of some projects of factory automation equipment were delayed because of the longer delivery time of parts such as electrical component, machine parts, and fabricated metal products. Changes in on-site work schedule due to full operation of customers' factory were also the reason for the low sales. As for the Group's profits, while the profit margin remained at the same level as the forecast, operating income and ordinary income were lower than the forecast and the Company booked net loss due to the weak sales and reversal of deferred tax assets.

The reasons for the differences between the non-consolidated business forecasts and results are the same as those for the difference between the consolidated business forecasts and results.

2. Revision of the forecasts for the full year of fiscal year 2022

Revision of consolidated business forecasts for the full year (September 1, 2021 through August 31, 2022)

(Million yen)

	Sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share (yen)
Previous forecasts (A)	5,775	661	646	641	29.27
Revised forecasts (B)	4,454	368	387	165	7.66
Amount of increase/decrease (B-A)	(1,321)	(293)	(259)	(476)	-
Change (%)	(22.9)	(44.3)	(40.1)	(74.3)	-
[Reference] Full year of FY2021	7,823	1,172	1,151	778	35.54

Revision of non-consolidated business forecasts for the full year (September 1, 2021 through August 31, 2022)

(Million yen)

	Sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecasts (A)	5,711	683	668	663	30.26
Revised forecasts (B)	4,373	383	403	182	8.44
Amount of increase/decrease (B-A)	(1,338)	(300)	(265)	(481)	-
Change (%)	(23.4)	(43.9)	(39.7)	(72.5)	-
[Reference] Full year of FY2021	7,740	1,142	1,125	762	34.82

[Reasons for the Revision]

The sales of the full year are expected to decrease from the previous forecast. This is because orders were delayed in some projects of which the Group expected to receive order and book sales during current fiscal year, and even after orders were made, lead time has become long due to the longer delivery time of parts. The profits are also expected to decrease due to the decrease in sales of the full year and reversal of deferred tax assets.

The reasons for the revision of non-consolidated business forecasts are the same as those for the consolidated business forecasts.

[Note]

1. The numerical values described in this notification were based on the information available as of today and are subject to change as a result of various factors that might arise in the future.
2. 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.

END