

## Summary of Financial Results for the Second 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: 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 Six Months Ended February 28, 2022 (September 1, 2021 through February 28, 2022)

#### (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	%
6 months ended February 28, 2022	1,592	(72.5)	1	(99.9)	21	(97.9)	(75)	-
6 months ended February 28, 2021	5,792	-	1,068	-	1,051	-	725	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
6 months ended February 28, 2022	(3.51)		-	
6 months ended February 28, 2021	33.12		-	

[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 six months ended February 28, 2021. The change rate of the six months ended February 28, 2021 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 February 28, 2022	11,978	6,589	55.0
As of August 31, 2021	10,004	6,986	69.8

[Reference] Shareholders' equity (million yen): February 28, 2022: 6,589 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	-	0.00			
Year ending August 31, 2022 (forecast)			-	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
Full year of FY2022	4,454	-	368	-	387	-	165	-	7.66

[Notes] 1. Revision of consolidated forecast for FY2022 from the latest disclosure: Yes

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

February 28, 2022: 22,052,426 shares

August 31, 2021: 22,052,426 shares

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

February 28, 2022: 553,910 shares

August 31, 2021: 135,348 shares

3) Average number of shares during the period

Six months ended February 28, 2022: 21,593,889 shares

Six months ended February 28, 2021: 21,910,670 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 Second Quarter Ended February 28, 2022

### (1) Description of operating results

During the six months ended February 28, 2022, while signs of recovery in capital expenditures and corporate earnings were seen in the manufacturing industry, COVID-19 continued to cause economic uncertainty as “Quasi-State of Emergency” measures were imposed against its new variant. As for the global economy, a chronic shortage and longer delivery time of various products, which had started with semiconductor-related products, as well as price increase of raw materials and oil have impacted a wide range of industries.

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. Currently, market environment is becoming favorable for US PV manufacturers due to price increase of Chinese made PV panels and extension of safeguard duty on imported PV panels. 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. Meanwhile, the Machinery Business is being impacted by the longer delivery time of parts and increase in cost of fabricated metal products due to price increase of raw materials.

As for the PV industry in Japan, to which the Environmental Business of the Group belongs, while PV projects approved under FIT have been continuously installed, companies and local governments are introducing PV systems for self-consumption as well. 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, the US, and Australia as well as in Japan as there is an increasing number of waste management companies that commence intermediate treatment of PV panels.

Under such circumstances, the consolidated net sales were 1,592 million yen, 4,200 million yen decrease year on year, which was lower than the forecast. This is because of delay in sales booking of some projects due to the longer delivery time of parts as well as changes in on-site work schedule due to full operation of customers’ factory. The Group’s profits were low due to the weak sales while the profit margin remained at the same level as the forecast. Operating income was 1 million yen, 1,067 million yen decrease year on year. Ordinary income was 21million yen due to the non-operating income booked by cancellation of insurance, 1,029 million yen decrease year on year. Net loss attributable to owners of the parent was 75 million yen, compared with a net income of 725 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 upgrading and expansion of the equipment of a US PV manufacturer, the Group’s main customer. While it also booked the sales of PV module manufacturing equipment for other US PV manufacturer and automation machines for electronic parts and automobile industries, sales booking of some other projects delayed. As a result, the sales were 1,421 million yen, 4,197 million yen decrease year on year, operating income was 289 million yen, 1,027 million yen decrease year on year, which was lower than the forecast.

#### 2) Environmental Business

In the Environmental Business, the Group booked sales of inspection service of PV power plants as scheduled, the sales of PV panel disassembly equipment (frame separator) to Europe, and plant factory business. Sales of PV panel reuse and recycling surpassed the forecast. As a result, the sales were 170 million yen, 2 million yen decrease year on year, and operating income was 0 million yen, 39 million yen decrease year on year.

### (2) Explanation of consolidated forecast and other forward-looking statements

The business forecasts for the full year are the same as the forecasts in the “Announcement on the Differences between Business Forecasts and Results for the First Half and Revision of Business Forecasts Both for FY2022” released on April 12, 2022.

## 2. Consolidated Financial Statements for the Second Quarter Ended February 28, 2022

(September 1, 2021 through February 28, 2022)

(1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2021	As of February 28, 2022
Assets		
Current assets		
Cash and deposits	3,326,108	3,971,234
Notes and accounts receivable-trade and contract assets	570,247	500,757
Electronically recorded monetary claims-operating	130,464	1,465
Work in progress	1,805,773	3,231,455
Raw materials and supplies	5,150	35,037
Other	117,058	398,328
Total current assets	5,954,803	8,138,278
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,858,861	3,872,687
Accumulated depreciation	(1,880,190)	(1,960,959)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	1,970,597	1,903,655
Machinery and equipment	609,447	260,453
Accumulated depreciation	(154,790)	(134,416)
Accumulated impairment loss	(376,294)	(73,136)
Machinery and equipment, net	78,362	52,899
Land	1,548,050	1,548,050
Other	303,112	337,029
Accumulated depreciation	(226,400)	(240,293)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	72,197	92,222
Construction in progress	2,400	-
Total property, plant and equipment	3,671,608	3,596,826
Intangible assets		
Other	117,488	104,086
Total intangible assets	117,488	104,086
Investments and other assets		
Deferred tax assets	203,134	108,439
Other	57,700	31,053
Total investments and other assets	260,834	139,493
Total noncurrent assets	4,049,931	3,840,406
Total assets	10,004,735	11,978,685

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2021	As of February 28, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	87,420	537,384
Electronically recorded obligations-operating	397,141	1,314,316
Income taxes payable	51,280	-
Advances received	1,970,479	3,051,045
Provision for bonuses	95,660	23,635
Provision for product warranties	207,085	207,085
Provision for loss on order received	24,882	25,349
Other	139,702	177,442
<b>Total current liabilities</b>	<b>2,973,651</b>	<b>5,336,257</b>
<b>Noncurrent liabilities</b>		
Net defined benefit liability	44,306	53,057
Other	-	144
<b>Total noncurrent liabilities</b>	<b>44,306</b>	<b>53,202</b>
<b>Total liabilities</b>	<b>3,017,957</b>	<b>5,389,460</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,812,461	2,812,461
Capital surplus	2,743,133	2,741,287
Retained earnings	1,453,880	1,334,185
Treasury stock	(53,772)	(344,527)
<b>Total shareholders' equity</b>	<b>6,955,703</b>	<b>6,543,407</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	31,074	45,816
<b>Total accumulated other comprehensive income</b>	<b>31,074</b>	<b>45,816</b>
<b>Total net assets</b>	<b>6,986,778</b>	<b>6,589,224</b>
<b>Total liabilities and net assets</b>	<b>10,004,735</b>	<b>11,978,685</b>

[Note] The numbers parenthesized represent minus figures.

## (2) Consolidated statement of income

(Thousand yen)

	Six months ended February 28, 2021	Six months ended February 28, 2022
Net sales	5,792,751	1,592,134
Cost of sales	4,269,254	1,143,383
Gross profit	1,523,496	448,750
Selling, general and administrative expenses	454,522	447,726
Operating income (loss)	1,068,974	1,023
Non-operating income		
Interest income	16	66
Foreign exchange gains	-	882
Insurance premiums refunded cancellation	-	17,054
Interest on tax refund	321	36
Gain on sales of scraps	421	3,944
Subsidies for employment adjustment	324	324
Administrative service fee income	440	-
Other	222	1,530
Total non-operating income	1,746	23,838
Non-operating expenses		
Commission fee	11,336	2,728
Foreign exchange losses	1,846	-
Loss on removal of non-current assets	5,600	49
Other	406	321
Total non-operating expenses	19,189	3,099
Ordinary income (loss)	1,051,531	21,762
Income (Loss) before income taxes and minority interests	1,051,531	21,762
Income taxes-current	87,298	2,895
Income taxes for prior periods	38,644	-
Income taxes-deferred	199,886	94,728
Total income taxes	325,828	97,623
Income (Loss) before minority interests	725,703	(75,860)
Net income (loss) attributable to owners of the parent	725,703	(75,860)

[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	Six Months Ended February 28, 2022	Year-on-year change (%)
Machinery business	3,326,444	176.4
Environmental business	205,247	141.4
Total	3,531,692	173.9

[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	4,496,118	262.9	8,867,198	219.9
Environmental business	392,076	599.1	322,777	360.8
Total	4,888,194	275.3	9,189,975	223.0

[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	Six Months Ended February 28, 2022	Year-on-year change (%)
Machinery business	1,421,768	25.3
Environmental business	170,365	98.4
Total	1,592,134	27.5