

## Summary of Financial Results for the Third 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 Nine Months Ended May 31, 2022 (September 1, 2021 through May 31, 2022)

(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	%
9 months ended May 31, 2022	4,045	(43.7)	510	(60.9)	543	(57.7)	327	(64.1)
9 months ended May 31, 2021	7,181	-	1,305	-	1,284	-	912	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
9 months ended May 31, 2022	15.21		-	
9 months ended May 31, 2021	41.62		-	

[Note] 1. The numbers parenthesized represent minus figures.

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 the nine months ended May 31, 2021. The change rate of the nine months ended May 31, 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 May 31, 2022	11,218	7,027	62.6
As of August 31, 2021	10,004	6,986	69.8

[Reference] Shareholders' equity (million yen): May 31, 2022: 7,027 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 for FY2022 from the latest disclosure: 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

[Note] 1. Revision of consolidated forecast for FY2022 from the latest disclosure: 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 simplified accounting methods and special accounting methods: 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

May 31, 2022: 22,052,426 shares

August 31, 2021: 22,052,426 shares

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

May 31, 2022: 558,885 shares

August 31, 2021: 135,348 shares

3) Average number of shares during the period

Nine months ended May 31, 2022: 2,150,187 shares

Nine months ended May 31, 2021: 21,912,829 shares

\*This quarterly financial report is exempt from the quarterly review by certified public accountants or auditing firms.

\*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) Explanation of consolidated forecasts and other forward-looking statements on page 2 for conditions of assumptions for the forecast and notes concerning on appropriate use of the forecast.

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## 1. Qualitative Information Concerning Financial Results for the Third Quarter Ended May 31, 2022

### (1) Explanation of results of operations

During the nine months ended May 31, 2022, the spread of COVID-19 has been gradually subsiding after the convergence of a new variant, and signs of recovery in capital expenditures and corporate earnings were seen in the manufacturing industry in Japan. On the other hand, the entire Japanese economy has been affected by the record-breaking depreciation of yen. 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 energy have impacted a wide range of industries.

Concerning the Machinery Business of NPC Group (“the Group”), the US solar photovoltaic (PV) industry, which is the targeted market of the business, the needs for solar energy are continuously increasing, backed by the necessity of transition to renewable energies. As a result, our main customer has received increasing orders, and made announcements on large deals one after another. As for automation machines for other industries, continuous capital expenditures are expected in strong sectors such as the electronic parts industry in Japan. Meanwhile, in the Machinery Business, the lead time of machines has become long due to the longer delivery time of parts, and costs have increased due to price raise by parts manufacturers.

As for the solar industry in Japan, to which the Environmental Business of the Group belongs, while FIP (feed-in premium) was introduced as a new incentive system, solar projects approved under FIT still have been continuously installed. These projects include large-sized solar power plants, which are the target of the Group’s inspection service. Companies and local governments are also introducing solar systems for self-consumption through new schemes, such as power purchase agreements (PPA). Concerning solar panel recycling, the Japanese Ministry of the Environment has begun to consider mandating the recycling of end-of-life solar panels. The Governor of Tokyo also announced consideration to establish a solar panel recycling system, coupled with the obligation to install solar panels on newly built houses. Also, there is an increasing number of companies overseas that enter the solar panel recycling business in countries and areas such as Europe, the USA, and Australia.

Under such circumstances, the Group booked the sales almost as scheduled. The consolidated net sales were 4,045 million yen, 3,136 million yen decrease year on year. As for profits, operating income was 510 million yen, 795 million yen decrease year on year, and ordinary income was 543 million yen, 741 million yen decrease year on year. Net income attributable to owners of the parent was 327 million yen, 584 million yen decrease year on 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. It also booked the sales of PV module manufacturing equipment for a Japanese PV manufacturer and the sales of automation machines for the Japanese automobile industry and electronic parts industry, in which the Group maintains stable business. As a result, the sales were 3,803million yen, 3,130 million yen decrease year on year, operating income was 945 million yen, 744 million yen decrease year on year.

#### 2) Environmental Business

In the Environmental Business, the Group booked the sales of inspection service of solar power plants as scheduled, as well as the sales of reuse and recycling of solar panels, solar panel disassembly equipment, and plant factory business. As a result, the sales were 241 million yen, 5million yen decrease year on year, and operating loss was 1 million yen, compared with an operating income of 45 million yen in the same period of the previous fiscal 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 Third Quarter Ended May 31, 2022****(September 1, 2021 through May 31, 2022)**

(1) Consolidated balance sheets

	(Thousand yen)	
	As of August 31, 2021	As of May 31, 2022
Assets		
Current assets		
Cash and deposits	3,326,108	2,959,233
Notes and accounts receivable-trade and contracted assets	570,247	740,958
Electronically recorded monetary claims-operating	130,464	268,040
Work in progress	1,805,773	3,121,390
Raw materials and supplies	5,150	15,623
Other	117,058	440,742
Total current assets	5,945,803	7,545,988
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,858,861	3,872,687
Accumulated depreciation	(1,880,190)	(2,001,557)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	1,970,597	1,863,057
Machinery and equipment	609,447	260,453
Accumulated depreciation	(154,790)	(136,520)
Accumulated impairment loss	(376,294)	(73,136)
Machinery and equipment, net	78,362	50,796
Land	1,548,050	1,548,050
Other	303,112	337,275
Accumulated depreciation	(226,400)	(248,659)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	72,197	84,102
Construction in progress	2,400	-
Total property, plant and equipment	3,671,608	3,546,005
Intangible assets		
Other	117,488	97,458
Total intangible assets	117,488	97,458
Investments and other assets		
Deferred tax assets	203,134	-
Other	57,700	28,584
Total investments and other assets	260,834	28,584
Total noncurrent assets	4,049,931	3,672,049
Total assets	10,004,735	11,218,037

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2021	As of May 31, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	87,420	660,893
Electronically recorded obligations-operating	397,141	1,358,296
Income taxes payable	51,280	-
Advances received	1,970,479	1,653,834
Provision for bonuses	95,660	12,785
Provision for product warranties	207,085	232,565
Provision for loss on order received	24,882	-
Other	139,702	204,750
<b>Total current liabilities</b>	<b>2,973,651</b>	<b>4,123,126</b>
<b>Noncurrent liabilities</b>		
Retirement benefit liability	44,306	56,459
Deferred tax liabilities	-	10,517
Other	-	199
<b>Total noncurrent liabilities</b>	<b>44,306</b>	<b>67,176</b>
<b>Total liabilities</b>	<b>3,017,957</b>	<b>4,190,303</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	1,737,922
Treasury stock	(53,772)	(344,527)
<b>Total shareholders' equity</b>	<b>6,955,703</b>	<b>6,947,144</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	31,074	80,589
<b>Total accumulated other comprehensive income</b>	<b>31,074</b>	<b>80,589</b>
<b>Total net assets</b>	<b>6,986,778</b>	<b>7,027,734</b>
<b>Total liabilities and net assets</b>	<b>10,004,735</b>	<b>11,218,037</b>

[Note] The numbers parenthesized represent minus figures.

## (2) Consolidated statement of income

(Thousand yen)

	Nine months ended May 31, 2021	Nine months ended May 31, 2022
Net sales	7,181,255	4,045,245
Cost of sales	5,159,235	2,852,513
Gross profit	2,022,020	1,192,731
Selling, general and administrative expenses	716,200	682,492
Operating income	1,305,819	510,238
Non-operating income		
Interest income	28	99
Foreign exchange gains	-	13,839
Insurance premiums refunded cancellation	-	17,054
Interest on tax refund	323	106
Gain on sales of scraps	796	3,944
Subsidies for employment adjustment	324	324
Administrative service fee income	440	-
Other	327	1,624
Total non-operating income	2,240	36,992
Non-operating expenses		
Commission fee	12,053	3,282
Foreign exchange loss	4,919	-
Loss on removal of non-current assets	5,600	49
Other	617	321
Total non-operating expenses	23,190	3,653
Ordinary income	1,284,870	543,577
Income before income taxes and minority interests	1,284,870	543,577
Income taxes-current	153,145	1,939
Income taxes for prior periods	70,216	-
Income taxes-deferred	149,426	213,762
Total income taxes	372,788	215,701
Income before minority interests	912,081	327,876
Net income attributable to owners of the parent	912,081	327,876

[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:

Segment	Nine months Ended May 31, 2022	(Thousand yen)
		Year-on-year change (%)
Machinery business	5,487,771	204.6
Environmental business	337,461	147.2
Total	5,825,232	200.1

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

##### 2) Orders

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

Segment	Orders received	Year-on-year change (%)	Order backlog	(Thousand yen)
				Year-on-year change (%)
Machinery business	5,444,292	229.1	7,433,241	219.7
Environmental business	613,968	487.0	473,689	620.8
Total	6,058,261	242.1	7,906,931	228.5

[Note] 1. 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:

Segment	Nine months Ended May 31, 2022	(Thousand yen)
		Year-on-year change (%)
Machinery business	3,803,899	54.9
Environmental business	241,345	97.7
Total	4,045,245	56.3