

October 12, 2022

To all persons concerned:

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

**Announcement on the Extraordinary Loss and
Differences between Business Forecasts and Results for FY2022**

NPC Incorporated (“the Company”) hereby notifies booking of extraordinary loss as well as the differences between the consolidated and non-consolidated business forecasts announced on April 12, 2022, and the results for the fiscal year 2022.

Description

1. Booking of extraordinary loss

In the plant factory business of Environmental Business segment, the Company has made capital investments for business launch and capacity expansion. However, the investments have become unrecoverable because material cost and labor cost have been increasing, and sales price cannot be set to the expected level. Therefore, the investment (82 million yen) in the plant production was booked as an impairment loss under extraordinary loss for the fiscal year 2022. The above amount is included in the “Summary of Financial Results for the Fiscal Year Ended August 31, 2022”, disclosed today.

2. Differences between business forecasts and results for the fiscal year 2022

Differences between consolidated business forecasts and results for the fiscal year 2022
(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)	4,454	368	387	165	7.66
Results (B)	4,379	620	617	379	17.60
Amount of increase/decrease (B-A)	(75)	252	230	214	-
Change (%)	(1.7)	68.5	59.4	129.7	-
[Reference] FY2021	7,823	1,172	1,151	778	35.54

Differences between non-consolidated business forecasts and results for the fiscal year 2022
(September 1, 2021 through August 31, 2022)

(Million yen)

	Sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Previous forecasts (A)	4,373	383	403	182	8.44
Results (B)	4,277	626	643	397	18.45
Amount of increase/decrease (B-A)	(96)	243	240	215	-
Change (%)	(2.2)	63.4	59.6	118.1	-
[Reference] FY2021	7,740	1,142	1,125	762	34.82

3. Reasons for the differences

In the Environmental Business segment, the sales booking of a solar panel disassembly line for a French industrial waste treatment company, which was planned to be booked in FY2022, shifted to FY2023 because of a delay in shipping and acceptance schedule. With this being the main factor, the sales were 4,454 million yen, lower than the forecast by 75 million yen. The sales of other projects in Machinery Business and Environmental Business were booked generally in line with the plan.

As for the Group's profits, profit margin turned out to be higher than the forecast due to the sales booking of the projects before shortage and price increase of parts, and reversal of provision for product warranties. Meanwhile, SG&A expenses decreased from the forecast. As a result, operating income was 620 million yen, and ordinary income was 617 million yen. While extraordinary loss was booked for plant factory business as explained in 1., net income attributable to owners of the parent was 379 million yen, which was higher than the forecast. This is because ordinary income has increased from the forecast and deferred tax assets were booked based on the business forecast for the fiscal year ending August 2023.

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

[Note]

1. 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.

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