

## Summary of Financial Results for the First Quarter of Fiscal Year Ending August 31, 2023

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

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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, 2022 (September 1, 2022 through November 30, 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	%
3 months ended November 30, 2022	798	14.7	(80)	-	(85)	-	(81)	-
3 months ended November 30, 2021	695	82.2	(18)	-	(17)	-	(36)	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
3 months ended November 30, 2022	(3.78)		-	
3 months ended November 30, 2021	(1.69)		-	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2022	11,750	7,035	59.9
As of August 31, 2022	12,296	7,110	57.8

[Reference] Shareholders' equity (million yen): November 30, 2022: 7,035 August 31, 2022: 7,110

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2022	-	0.00	-	2.00	2.00
Year ending August 31, 2023	-				
Year ending August 31, 2023 (forecast)		0.00	-	2.00	2.00

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

**3. Consolidated Forecast for the Fiscal Year ending August 31, 2023  
(September 1, 2022 through August 31, 2023)**

(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 FY2023	4,549	185.8	87	-	87	302.0	70	-	3.28
Full year of FY2023	9,034	106.3	342	(44.7)	342	(44.6)	283	(25.2)	13.17

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

**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, 2022: 22,052,426 shares

August 31, 2022: 22,052,426 shares

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

November 30, 2022: 558,885 shares

August 31, 2022: 558,885 shares

3) Average number of shares during the period

Three months ended November 30, 2022: 21,493,541 shares

Three months ended November 30, 2021: 21,706,180 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 2 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, 2022

### (1) Description of operating results

In the first three months ended November 30, 2022, while the Japanese economy continued to show signs of a gradual recovery, prices of energy, raw material, and parts remained high, and the delivery time of components continued to be longer. As for the global economy, there are concerns about an economic recession due to the recent tightening of monetary policy to curb current inflation. These situations have made it difficult to predict the future outlook.

Concerning the US solar photovoltaic (PV) industry, which is the targeted market of the Machinery Business of NPC Group (“the Group”), long-term growth, which significantly exceeds the previous outlook, is expected due to the establishment of the Inflation Reduction Act. Capital expenditures at US PV manufacturers are activated backed by these situations. As for automation machines for other industries, continuous capital expenditures are expected in strong sectors such as the electronic parts industry in Japan.

As for the solar industry in Japan, to which the Environmental Business of the Group belongs, solar projects approved under FIT, which are the targeted projects of the Group’s inspection services, have been continuously installed. Companies and local governments are also introducing solar systems for self-consumption. Meanwhile, local governments such as Tokyo are introducing the obligation to install solar panels on newly built houses, which leads to an increase in the expected volume of end-of-life solar panels. Therefore, the establishment of solar panel recycling systems is under discussion in various regions. Also, there is an increasing number of companies entering the solar panel recycling business in Europe, the US, Australia, etc.

Under such circumstances, the consolidated net sales were 798 million yen, 102 million yen increase year on year. With the low sales, the operating loss was 80 million yen, compared with an operating loss of 18 million yen in the same period of the previous fiscal year. The ordinary loss was 85 million yen, compared with the ordinary loss of 17 million yen in the same period of the previous fiscal year. The net loss attributable to the owners of the parent was 81 million yen, compared with the net loss of 36 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 mainly booked the sales of equipment for a US PV manufacturer. It also booked the sales of automation machines to the Japanese electronic parts industry and other industries. As a result, the sales were 741 million yen, 144 million yen increase year on year, which was in line with the forecast. Operating income was 55 million yen, 56 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 and plant factory business as scheduled, as well as the sales of solar panel disassembly equipment (frame separator) to an industrial waste treatment company in the US. As a result, the sales were 57 million yen, 41 million yen decrease year on year, and operating income was 2 million yen, 1 million yen decrease year on 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, 2022”, announced on October 12, 2022. This is because the Group expects the sales for new factories of its US main customer in the second and fourth quarters.

## 2. Consolidated Financial Statements for the First Quarter Ended November 30, 2022 (September 1, 2022 through November 30, 2022)

### (1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2022	As of November 30, 2022
Assets		
Current assets		
Cash and deposits	3,084,532	2,187,206
Notes and accounts receivable-trade and contract assets	508,074	484,534
Electronically recorded monetary claims-operating	30,313	7,473
Work in process	4,668,259	5,118,932
Raw materials and supplies	17,631	10,880
Other	393,727	393,084
Total current assets	8,702,540	8,202,111
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,872,687	3,872,687
Accumulated depreciation	(2,042,155)	(2,081,734)
Accumulated impairment loss	(41,215)	(41,215)
Building and structures, net	1,789,317	1,749,737
Machinery and equipment	258,871	258,871
Accumulated depreciation	(137,203)	(138,926)
Accumulated impairment loss	(73,136)	(73,136)
Machinery and equipment, net	48,531	46,808
Land	1,548,050	1,548,050
Other	326,141	326,392
Accumulated depreciation	(232,486)	(236,259)
Accumulated impairment loss	(53,768)	(53,768)
Other, net	39,886	36,363
Total property, plant and equipment	3,425,785	3,380,960
Intangible assets		
Other	90,868	84,797
Total intangible assets	90,868	84,797
Investments and other assets		
Deferred tax assets	51,044	57,606
Other	26,516	25,214
Total investments and other assets	77,560	82,820
Total noncurrent assets	3,594,214	3,548,578
Total assets	12,296,755	11,750,690

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2022	As of November 30, 2022
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	300,308	238,724
Electronically recorded obligations-operating	1,870,377	1,306,880
Advances received	2,731,976	2,797,167
Provision for bonuses	48,070	24,033
Provision for product warranties	-	17,200
Provision for loss on order received	5,869	3,146
Other	170,894	266,792
<b>Total current liabilities</b>	<b>5,127,498</b>	<b>4,653,944</b>
<b>Noncurrent liabilities</b>		
Net defined benefit liability	58,508	61,203
Other	226	268
<b>Total noncurrent liabilities</b>	<b>58,734</b>	<b>61,472</b>
<b>Total liabilities</b>	<b>5,186,232</b>	<b>4,715,416</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,812,461	2,812,461
Capital surplus	2,741,287	2,741,287
Retained earnings	1,789,309	1,665,070
Treasury stock	(344,527)	(344,527)
<b>Total shareholders' equity</b>	<b>6,998,531</b>	<b>6,874,293</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	111,990	160,980
<b>Total accumulated other comprehensive income</b>	<b>111,990</b>	<b>160,980</b>
<b>Total net assets</b>	<b>7,110,522</b>	<b>7,035,273</b>
<b>Total liabilities and net assets</b>	<b>12,296,755</b>	<b>11,750,690</b>

[Note] The numbers parenthesized represent minus figures.

## (2) Consolidated statement of income

(Thousand yen)

	Three months ended November 30, 2021	Three months ended November 30, 2022
Net sales	695,868	798,413
Cost of sales	518,804	655,181
Gross profit	177,063	143,232
Selling, general and administrative expenses	195,255	224,035
Operating income (loss)	(18,191)	(80,802)
Non-operating income		
Interest income	21	38
Gain on sales of scraps	2,665	14
Interest on tax refund	36	164
Subsidies for employment adjustment	324	486
Other	106	83
Total non-operating income	3,153	786
Non-operating expenses		
Commission fee	708	489
Foreign exchange losses	974	5,132
Loss on removal of non-current assets	49	-
Other	321	-
Total non-operating expenses	2,054	5,621
Ordinary income (loss)	(17,092)	(85,637)
Income (Loss) before income taxes and minority interests	(17,092)	(85,637)
Income taxes-current	1,453	1,429
Income taxes-deferred	18,109	(5,815)
Total income taxes	19,562	(4,385)
Income (Loss) before minority interests	(36,654)	(81,251)
Net income (loss) attributable to owners of the parent	(36,654)	(81,251)

[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, 2022	Year-on-year change (%)
Machinery business	1,193,653	104.6
Environmental business	149,668	168.4
Total	1,343,322	109.2

[Note] 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	6,734,636	179.4	13,937,189	155.7
Environmental business	52,032	32.0	480,181	291.5
Total	6,786,669	173.2	14,417,370	158.2

##### 3) Sales

Sales by business segment in the period are as follows:

(Thousand yen)

Segment	Three Months Ended November 30, 2022	Year-on-year change (%)
Machinery business	741,155	124.2
Environmental business	57,258	57.7
Total	798,413	114.7