

## Summary of Financial Results for the Second Quarter of Fiscal Year Ending August 31, 2024

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

Company name: NPC Incorporated Listing: Growth of TSE  
 Stock code: 6255 URL: <https://www.npcgroup.net/eng/>  
 Representative: Masafumi Ito, President & CEO  
 Contact: General Affairs Department  
 Tel: +81-(0)3-6240-1206

Filing date of securities report: April 12, 2024

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 29, 2024 (September 1, 2023 through February 29, 2024)

#### (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 29, 2024	3,506	(17.3)	656	192.3	662	187.4	484	165.9
6 months ended February 28, 2023	4,241	166.4	224	-	230	959.9	182	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
6 months ended February 29, 2024	22.51		-	
6 months ended February 28, 2023	8.48		-	

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of February 29, 2024	14,177	8,465	59.7
As of August 31, 2023	13,611	8,074	59.3

[Reference] Shareholders' equity (million yen): February 29, 2024: 8,465 August 31, 2023: 8,074

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2023	-	0.00	-	6.00	6.00
Year ending August 31, 2024	-	0.00			
Year ending August 31, 2024 (forecast)			-	7.00	7.00

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

### 3. Consolidated Forecast for the Fiscal Year ending August 31, 2024 (September 1, 2023 through August 31, 2024)

(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 FY2024	10,384	11.4	1,584	62.2	1,584	64.5	1,081	8.9	50.27

[Notes] Revision of consolidated forecast for FY2024 from the latest disclosure: Yes

#### 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: None
  - 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 29, 2024: 22,052,426 shares
    - August 31, 2023: 22,052,426 shares
  - 2) Number of treasury stock at the end of the period
    - February 29, 2024: 496,648 shares
    - August 31, 2023: 519,813 shares
  - 3) Average number of shares during the period
    - Six months ended February 29, 2024: 21,537,195 shares
    - Six months ended February 28, 2023: 21,501,312 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.

**Table of Contents of Attached Materials**

**1. Qualitative Information Concerning Financial Results for the Second Quarter Ended February 29, 2024..... 2**  
(1) Description of operating results ..... 2

**2. Consolidated Financial Statements for the Second Quarter Ended February 29, 2024 (September 1, 2023 through February 29, 2024) ..... 3**  
(1) Consolidated balance sheets ..... 3  
(2) Consolidated statement of income ..... 5  
(3) Quarterly consolidated statement of cash flows ..... 7

**3. Other Information ..... 8**  
(1) Production, Orders, and Sales ..... 8

## 1. Qualitative Information Concerning Financial Results for the Second Quarter Ended February 29, 2024

### (1) Description of operating results

In the six months ended February 29, 2024, the Japanese economy experienced a gradual recovery despite signs of slowdown seen in some areas. However, the future outlook remained uncertain because of various factors, such as concerns about an economic recession due to the monetary policy tightening, concerns regarding the Chinese economy, conflicts in the Middle East, etc.

Concerning the US solar photovoltaic (PV) industry, which is the primary target market of the Machinery Business of NPC Group (“the Group”), capital expenditures for capacity expansion and R&D by the US PV manufacturers have activated by the political support of the federal and the local government. Meanwhile, in the Japanese PV industry, various manufacturers are conducting R&D for the mass production of the perovskite PV, a next generation PV module, which the Japanese government has announced to give political supports.

As for the solar industry in Japan, to which the Environmental Business of the Group belongs, panel inspection service market is stably forming. This is due to the continuous needs of the inspection of the large scale power plants that are already installed, and also to the solar power for private consumption installed by companies and local governments becoming the subject of the mandatory inspection. Additionally, the Japanese government and the local governments are considering arranging a reuse/recycle system, in anticipation of future discard of the used solar panels. In terms of the recycling of the solar panels, continuous support is provided through subsidy, both domestically and overseas. The consciousness towards recycling is strong especially in Europe, therefore the number of companies considering entering the market is increasing.

Under such circumstances, the consolidated net sales were 3,506 million yen, 735 million yen decrease year on year. As for the profits, the operating income was 656 million yen, 431 million yen increase year on year. The ordinary income was 662 million yen, 432 million yen increase year on year. The net income attributable to the owners of the parent was 484 million yen, 302 million yen increase year on year.

Financial results by segment are as follows:

#### 1) Machinery Business

In the Machinery Business, the Group mainly booked the sales of equipment for the plant expansion of the US PV manufacturer as planned. The continuing high level of the plant working rate of the company being a contributing factor, sales of the expendables and spare parts were favorable, resulting in the sales of 3,329 million yen, 666 million yen decrease year on year, result being slightly higher than the originally plan. Due to the strong sales of parts and the decrease of purchase cost, the operating income was 995 million yen, 484 million yen increase year on year, also exceeding the initial plan.

#### 2) Environmental Business

In the Environmental Business, despite the push back of the overseas project due to customer reason, the Group booked the sales of 3 semi-auto panel disassembly equipment (frame removal equipment) to domestic industrial waste disposers. Additionally, the Group secured solid and stable sales to the existing customers in PV power plant inspecting service and the plant factory business. As a result, the sales were 176 million yen, 68 million yen decrease year on year, which is generally as planned, and the operating income was 3 million yen, 20 million yen decrease year on year.

### (2) Description of outlook, including consolidated earnings forecast

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 FY2024” released on April 10, 2024. In addition, the Group is planning to record the sales of a large project for a new plant of a major US customer in the fourth quarter.

## 2. Consolidated Financial Statements for the Second Quarter Ended February 29, 2024 (September 1, 2023 through February 29, 2024)

### (1) Consolidated balance sheets

	(Thousand yen)	
	As of August 31, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	4,880,191	4,662,342
Notes and accounts receivable-trade and contract assets	1,248,946	1,151,629
Electronically recorded monetary claims-operating	13,251	8,250
Work in process	3,578,120	4,452,290
Raw materials and supplies	11,194	23,737
Other	232,123	325,544
Total current assets	9,963,828	10,623,794
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,872,687	3,872,687
Accumulated depreciation	(2,200,474)	(2,279,465)
Accumulated impairment loss	(41,215)	(41,215)
Building and structures, net	1,630,997	1,552,006
Machinery and equipment	252,592	252,592
Accumulated depreciation	(138,696)	(141,889)
Accumulated impairment loss	(69,799)	(69,799)
Machinery and equipment, net	44,096	40,903
Land	1,548,050	1,548,050
Other	346,603	341,172
Accumulated depreciation	(234,387)	(235,319)
Accumulated impairment loss	(53,768)	(53,768)
Other, net	58,447	52,083
Total property, plant and equipment	3,281,591	3,193,044
Intangible assets		
Other	68,360	61,761
Total intangible assets	68,360	61,761
Investments and other assets		
Distressed receivables	31	31
Deferred tax assets	272,935	273,672
Other	24,923	24,792
Allowance for doubtful accounts	(31)	(31)
Total investments and other assets	297,859	298,465
Total noncurrent assets	3,647,811	3,553,270
Total assets	13,611,640	14,177,065

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2023	As of February 29, 2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	469,326	886,945
Electronically recorded obligations-operating	1,976,626	910,317
Income taxes payable	203,581	195,233
Advances received	2,474,854	3,305,577
Provision for bonuses	143,542	142,222
Provision for product warranties	10,887	5,457
Provision for loss on order received	712	-
Other	184,348	186,988
<b>Total current liabilities</b>	<b>5,463,881</b>	<b>5,632,742</b>
<b>Noncurrent liabilities</b>		
Net defined benefit liability	68,967	77,511
Other	4,395	1,704
<b>Total noncurrent liabilities</b>	<b>73,362</b>	<b>79,216</b>
<b>Total liabilities</b>	<b>5,537,244</b>	<b>5,711,958</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,911	2,738,335
Retained earnings	2,739,499	3,095,008
Treasury stock	(320,451)	(306,177)
<b>Total shareholders' equity</b>	<b>7,966,421</b>	<b>8,339,628</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	107,974	125,478
<b>Total accumulated other comprehensive income</b>	<b>107,974</b>	<b>125,478</b>
<b>Total net assets</b>	<b>8,074,396</b>	<b>8,465,106</b>
<b>Total liabilities and net assets</b>	<b>13,611,640</b>	<b>14,177,065</b>

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income  
(Quarterly consolidated statement of income)

(Thousand yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
Net sales	4,241,637	3,506,515
Cost of sales	3,550,835	2,333,476
Gross profit	690,802	1,173,038
Selling, general and administrative expenses	466,303	516,855
Operating income	224,498	656,182
Non-operating income		
Interest income	69	67
Foreign exchange gains	6,207	6,634
Subsidy Income	-	900
Gain on sales of scraps	68	400
Interest on tax refund	566	35
Subsidies for employment adjustment	486	216
Other	205	280
Total non-operating income	7,603	8,533
Non-operating expenses		
Commission fee	1,448	1,678
Other	0	136
Total non-operating expenses	1,448	1,814
Ordinary income	230,653	662,901
Income before income taxes and minority interests	230,653	662,901
Income taxes-current	48,298	178,886
Income taxes-deferred	68	(689)
Total income taxes	48,366	178,196
Income before minority interests	182,286	484,704
Net income attributable to owners of the parent	182,286	484,704

[Note] The numbers parenthesized represent minus figures.

(Quarterly consolidated statement of comprehensive income)

(Thousand yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
Income before minority interests	182,286	484,704
Other comprehensive income		
Foreign currency translation adjustment	(33,737)	17,503
Total other comprehensive income	(33,737)	17,503
Comprehensive income	148,548	502,208
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	148,548	502,208
Comprehensive income attributable to non-controlling interests	-	-

[Note] The numbers parenthesized represent minus figures.



## (3) Quarterly consolidated statement of cash flows

(Thousand yen)

	Six months ended February 28, 2023	Six months ended February 29, 2024
Cash flows from operating activities		
Profit (loss) before income taxes	230,653	662,901
Depreciation	101,487	105,244
Increase (decrease) in allowance for doubtful accounts	31	-
Increase (decrease) in provision for bonuses	(694)	(1,319)
Increase (decrease) in provision for product warranties	15,363	(5,429)
Increase (decrease) in provision for loss on orders received	(2,230)	(712)
Increase (decrease) in provision for retirement benefits	5,491	8,544
Interest and dividend income	(69)	(67)
Decrease (increase) in trade receivables	(1,013,211)	107,073
Decrease (increase) in inventories	1,087,091	(886,708)
Increase (decrease) in trade payables	(666,489)	(651,203)
Increase (decrease) in advances received	86,573	830,689
Decrease (increase) in distressed receivables	(31)	-
Others	197,327	(78,217)
Subtotal	41,294	90,795
Interest and dividends received	69	67
Income taxes refund (paid)	37,605	(170,324)
Cash flows from operating activities	78,969	(79,461)
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,400)	(13,468)
Purchase of intangible assets	(350)	(7,454)
Others	1,459	167
Cash flows from investing activities	(3,290)	(20,755)
Cash flows from financing activities		
Dividends paid	(42,685)	(128,594)
Others	-	(2,913)
Cash flows from financing activities	(42,685)	(131,507)
Effect of exchange rate change on cash and cash equivalents	(10,760)	13,875
Net increase (decrease) in cash and cash equivalents	22,233	(217,849)
Cash and cash equivalents at beginning of period	3,084,532	4,880,191
Cash and cash equivalents at end of quarterly period	3,106,765	4,662,342

### 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 29, 2024	Year-on-year change (%)
Machinery business	4,565,177	168.9
Environmental business	224,793	85.9
Total	4,789,971	161.6

[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	6,777,833	84.1	13,401,128	111.6
Environmental business	324,173	124.1	469,355	93.7
Total	7,102,007	85.4	13,870,483	110.9

##### 3) Sales

Sales by business segment in the period are as follows:

(Thousand yen)

Segment	Six Months Ended February 29, 2024	Year-on-year change (%)
Machinery business	3,329,571	83.3
Environmental business	176,943	72.0
Total	3,506,515	82.7