

July 15, 2020

## Summary of Financial Results for the Third Quarter of Fiscal Year Ending August 31, 2020

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

Company name: NPC Incorporated

Listing: Mothers of TSE

Stock code: 6255

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Filing date of securities report:

July 15, 2020

Payment date of cash dividends:

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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 Nine Months Ended May 31, 2020 (September 1, 2019 through May 31, 2020)

(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, 2020	3,806	14.1	369	24.6	367	34.7	353	31.4
9 months ended May 31, 2019	3,334	(28.4)	296	(32.8)	272	(32.0)	268	(27.4)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
9 months ended May 31, 2020	16.08		-	
9 months ended May 31, 2019	12.19		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2020	10,711	6,652	62.1
As of August 31, 2019	7,922	6,420	81.0

[Reference] Shareholders' equity (million yen): May 31, 2020: 6,652 August 31, 2019: 6,420

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2019	-	0.00	-	3.50	3.50
Year ending August 31, 2020	-	0.00	-		
Year ending August 31, 2020 (forecast)				3.50	3.50

[Notes] Revision of dividend forecast for FY2020 from the latest disclosure: None

### 3. Consolidated Forecast for the Fiscal Year Ending August 31, 2020 (September 1, 2019 through August 31, 2020)

(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 FY2020	8,234	19.7	813	18.4	783	18.8	707	4.0	32.09

[Note] Revision of consolidated forecast for FY2020 from the latest disclosure: None

### 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: 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

May 31, 2020: 22,052,426 shares

August 31, 2019: 22,052,426 shares

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

May 31, 2020: 95,284 shares

August 31, 2019: 435 shares

3) Average number of shares during the period

Nine months ended May 31, 2020: 21,965,773 shares

Nine months ended May 31, 2019: 22,051,991 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, 2020

### (1) Explanation of results of operations

During the nine months ended May 31, 2020, the Japanese economy faced an extremely severe environment due to the decline in customer spending attributed to the consumption tax increase, weak exports in the manufacturing industry. Moreover, COVID-19 outbreak caused limitation of business activities, deteriorating employment conditions, and restraint on capital investment. As for the global economy, in addition to the continuing unstable situation such as the US-China trade friction, the rapid economic downturn caused by the global outbreak of COVID-19 makes it difficult to predict the future outlook.

In the Group's machinery business, although the situation differs among the industries of which we provide the machines, not only for our main US customers in the photovoltaic ("PV") industry but also in overall there are continuous demands towards improvement in production efficiency, capacity and utilization. In the PV industry, the main area for the Group's environmental business, the capacity of newly installed PV systems is recovering since 2019 in Japan and is expected to remain at a high level thanks to their rapidly decreasing cost for energy generation and the growing awareness of renewable energy. Also there are growing needs for establishing the appropriate recycling method and the processing structure for PV panels.

Under such circumstances, the Group posted net sales of 3,806 million yen, 471 million yen increase year on year, which turned out to be slightly higher than the initial forecast. The Group's profits also slightly surpassed the forecast due to the increase in sales and the decrease in general and administrative expenses. Operating income was 369 million yen, 72 million yen increase year on year, ordinary income was 367 million yen, 94 million yen increase year on year, and net income attributable to owners of the parent was 353 million yen, 84 million yen increase year on year.

The financial results by business segment are as follows:

#### 1) Machinery Business

The sales were 3,415 million yen, 410 million yen increase year on year. This is due to the sales of PV manufacturing equipment (expansion of existing manufacturing lines) for the US PV panel manufacturers, parts sales, and the sales of automation machines for automobile and electronic component industry. Operating income was 635 million yen, 33 million yen increase year on year.

#### 2) Environmental Business

The sales were 390 million yen, 61 million yen increase year on year. This is mainly due to the steady sales of inspection services for PV power plants such as periodic inspections and sales of PV panel disassembly line for recycling to the domestic waste service company. Operating income was 138 million yen, 51 million yen increase year on year.

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

The results of operations for the nine months ended May 31, 2020, turned out to be slightly higher than expected at the beginning of the fiscal year 2020, however its impact on the full year results is to be minimal. There is no change in the business forecast for the full-year announced on October 9, 2019, as the Company is expecting major projects of PV module manufacturing equipment sales which are to be booked in the last three months of this fiscal year according to plan.

**2. Consolidated Financial Statements for the Third Quarter Ended May 31, 2020****(September 1, 2019 through May 31, 2020)****(1) Consolidated balance sheets**

	(Thousand yen)	
	As of August 31, 2019	As of May 31, 2020
<b>Assets</b>		
Current assets		
Cash and deposits	719,251	2,055,350
Notes and accounts receivable-trade	2,221,078	889,463
Electronically recorded monetary claims-operating	13,048	73,667
Work in progress	531,258	3,193,799
Raw materials and supplies	83,957	78,361
Other	258,445	408,996
Allowance for doubtful accounts	(11,891)	-
Total current assets	3,815,148	6,699,649
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,827,031	3,835,381
Accumulated depreciation	(1,558,663)	(1,679,364)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	2,260,294	2,147,943
Machinery and equipment	697,703	666,165
Accumulated depreciation	(140,524)	(147,676)
Accumulated impairment loss	(487,160)	(456,940)
Machinery and equipment, net	70,017	61,548
Land	1,548,050	1,548,050
Lease assets	763,520	763,520
Accumulated depreciation	(527,377)	(527,377)
Accumulated impairment loss	(236,142)	(236,142)
Lease assets, net	-	-
Other	270,705	298,326
Accumulated depreciation	(236,157)	(250,041)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	30,033	43,771
Total property, plant and equipment	3,908,394	3,801,313
Intangible assets		
Other	13,626	38,989
Total intangible assets	13,626	38,989
Investments and other assets		
Deferred tax assets	127,537	123,730
Other	57,594	48,074
Total investments and other assets	185,131	171,804
Total noncurrent assets	4,107,152	4,012,107
Total assets	7,922,300	10,711,757

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2019	As of May 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable-trade	264,655	403,195
Electronically recorded obligations-operating	614,353	1,619,759
Lease obligation	79,558	25,029
Income taxes payable	4,149	1,098
Advances received	199,203	1,745,453
Provision for bonuses	73,816	20,950
Provision for loss on order received	41,084	32,180
Other	203,964	182,967
Total current liabilities	1,480,785	4,030,635
Noncurrent liabilities		
Retirement benefit liability	20,681	28,891
Total noncurrent liabilities	20,681	28,891
Total liabilities	1,501,466	4,059,526
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	846,128	1,120,718
Treasury stock	(431)	(39,214)
Total shareholders' equity	6,393,033	6,628,841
Accumulated other comprehensive income		
Foreign currency translation adjustment	27,800	23,388
Total accumulated other comprehensive income	27,800	23,388
Total net assets	6,420,834	6,652,230
Total liabilities and net assets	7,922,300	10,711,757

[Note] The numbers parenthesized represent minus figures.

## (2) Consolidated statement of income

(Thousand yen)

	Nine months ended May 31, 2019	Nine months ended May 31, 2020
Net sales	3,334,509	3,806,211
Cost of sales	2,326,812	2,750,262
Gross profit	1,007,697	1,055,949
Selling, general and administrative expenses	711,371	686,822
Operating income	296,325	369,127
Non-operating income		
Interest income	21	37
Foreign exchange gains	-	6,656
Outsourcing service income	1,170	-
Interest on tax refund	357	546
Gain on liquidation of subsidiaries and associates	-	3,121
Gain on sales of scraps	971	2,015
Other	885	555
Total non-operating income	3,407	12,935
Non-operating expenses		
Interest expenses	5,441	2,114
Commission fee	18,608	12,417
Foreign exchange loss	2,876	-
Other	-	60
Total non-operating expenses	26,926	14,593
Ordinary income	272,806	367,468
Income before income taxes and minority interests	272,806	367,468
Income taxes-current	1,417	10,419
Income taxes-deferred	2,607	3,772
Total income taxes	4,025	14,191
Income before minority interests	268,781	353,276
Net income attributable to owners of the parent	268,781	353,276

[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	Nine Months Ended May 31, 2020	Year-on-year change (%)
Machinery business	6,928,751	138.8
Environmental business	400,266	124.3
Total	7,329,017	138.0

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

2. The above amounts are exclusive of consumption taxes.

##### 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	2,809,732	89.8	6,886,303	134.5
Environmental business	215,695	69.6	114,079	31.3
Total	3,025,427	88.0	7,000,383	127.7

[Note] The above amounts are exclusive of consumption taxes.

##### 3) Sales

Sales by business segment in the period are as follows:

(Thousand yen)

Segment	Nine Months Ended May 31, 2020	Year-on-year change (%)
Machinery business	3,415,585	113.6
Environmental business	390,626	118.7
Total	3,806,211	114.1

[Note] The above amounts are exclusive of consumption taxes.