

October 12, 2020

To all persons concerned:

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

Announcement on New Business Start-up

NPC Incorporated, hereinafter referred to as “the Company”, hereby notifies that the start-up of a new business has been approved at the Board of Directors’ Meeting held on October 12, 2020.

Details are as follows:

Descriptions

1. Purpose of the start-up

The Company has continuously expanded its business domain and target industry through efforts such as recycling of PV panels and providing automation machines to various industries with the aim to become a company that can withstand changes.

In Japan, natural disasters caused by climate change have increased in recent years, which results in instability in yields of vegetables. At the same time, vegetables that are cultivated in an indoor environment are becoming popular after COVID-19 outbreak. Under such circumstances, the Company is planning to inaugurate plant factory of leafy vegetables using artificial lightening, a new business to correspond to changes of time.

Utilizing existing resources, a plant factory with artificial lightening will be installed in a part of the Matsuyama factory. Pre-owned PV panels will be used to power the plant factory with reduced environmental footprint and at a lower cost. The Company is planning to accumulate the know-how of plant cultivation and, for the future increase of demand, develop an automated, energy-saving vegetable cultivation system with its technology and experience as a machine manufacturer.

2. Outline of the new business

(1) Description of the new business

The Company will install a plant factory using artificial lightening in its Matsuyama factory, cultivate vegetables in an indoor environment, and sell them mainly in Ehime prefecture while realizing local production for local consumption.

(2) Department in charge of the new business

The existing departments at Matsuyama factory will be in charge of management of the plant factory. Also, business creation unit, which is responsible for new businesses, will be in charge of planning and developing sales channels.

(3) Expenditures for the start-up

An initial investment of 85 million yen is expected as capital expenditure during the fiscal year ending August 31, 2021. The details are: installation cost of a plant factory in Matsuyama factory, costs for plant factory management system and incidental work, and installation cost of the PV system with pre-owned panels.

3. Schedule

October 12, 2020	Board resolution
November 26, 2020 (Scheduled)	General meeting of shareholders (Partial Change in the Article of Incorporation)
February 1, 2021 (Scheduled)	Start of new business

4. Future prospects

The influence of the new business to the Company's profit and loss for the fiscal year ending August 31, 2021 is expected to be minimal. The business forecast below includes the effect of the new business start-up.

END

[Reference] Consolidated business result and forecast (Officially announced on October 12, 2020)

(Million yen)

	Sales	Operating income	Ordinary income	Net income
Business Forecast for Fiscal year ending August 31, 2021	5,849	327	303	277
Business Results of Fiscal year ended August 31, 2020	7,938	879	884	749