

## Summary of Financial Results for the Third Quarter of Fiscal Year Ending August 31, 2021

(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, 2021

Payment date of cash dividends:

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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 Nine Months Ended May 31, 2021 (September 1, 2020 through May 31, 2021)

(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, 2021	4,569	20.0	822	122.7	801	118.0	576	63.2
9 months ended May 31, 2020	3,806	14.1	369	24.6	367	34.7	353	31.4

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
9 months ended May 31, 2021	26.31		-	
9 months ended May 31, 2020	16.08		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2021	9,096	7,547	83.0
As of August 31, 2020	10,104	7,044	69.7

[Reference] Shareholders' equity (million yen): May 31, 2021: 7,547

August 31, 2020: 7,044

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2020	-	0.00	-	3.50	3.50
Year ending August 31, 2021	-	0.00	-		
Year ending August 31, 2021 (forecast)				2.00	2.00

[Notes] Revision of dividend forecast for FY2021 from the latest disclosure: None

### 3. Consolidated Forecast for the Fiscal Year Ending August 31, 2021 (September 1, 2020 through August 31, 2021)

(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 FY2021	5,539	(30.2)	515	(41.4)	492	(44.3)	328	(56.1)	15.01

[Note] Revision of consolidated forecast for FY2021 from the latest disclosure: None

The numbers parenthesized represent minus figures.

### 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, 2021: 22,052,426 shares

August 31, 2020: 22,052,426 shares

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

May 31, 2021: 135,348 shares

August 31, 2020: 95,284 shares

3) Average number of shares during the period

Nine months ended May 31, 2021: 21,912,829 shares

Nine months ended May 31, 2020: 21,965,773 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, 2021

### (1) Explanation of results of operations

During the nine months ended May 31, 2021, the Japanese economy continued to face a severe environment with weak consumer spending and employment situation despite the signs of recovery in capital expenditures and corporate earnings seen in the manufacturing industry. As for the global economy, COVID-19 continued to make it difficult to predict the future outlook.

Concerning the Machinery Business of NPC Group (“the Group”), the US photovoltaic (PV) industry, the main market of the Business, is growing steadily with support from policies of Biden administration and active engagement for renewable energy by states and companies. PV system installation for 2021 is forecasted to surpass the record of 2020. As for automation machines for other industries, capital expenditures are recovering in Japan in strong sectors such as the electronic parts industry.

As for the PV industry in Japan, to which the Environmental Business of the Group belongs, the Japanese government enhanced its target of greenhouse gas emissions reduction, and PV energy attracts attention for purposes such as in-house electricity generation because the time required for PV installation is shorter than other renewables. Also, there are growing needs in Japan and overseas for establishing an appropriate recycling method and processing structure for PV panels since a considerable volume of discarded PV panels is expected in the future. The needs for panel disassembly equipment are expected to grow especially in Europe as the volume of discarded PV panels has been already increasing in the area.

Under such circumstances, the consolidated net sales of the 3rd quarter were 4,569 million yen, 763 million yen increase year on year, which was mostly as forecasted. Operating income was 822 million yen, 453 million yen increase year on year, and ordinary income was 801 million yen, 433 million yen increase year on year. Net income attributable to owners of the parent was 576 million yen, 223 million yen increase year on year, which surpassed the forecast. This is due to the improvement in profit margin as well as selling, general and administrative expenses which were lower than the forecast.

The financial results by business segment are as follows:

#### 1) Machinery Business

In the Machinery Business, the Group implemented upgrading, expansion, and installation work of the equipment for the manufacturing lines of a US PV manufacturer. It also booked the sales of automation machines mainly to the Japanese electronic parts industry. As a result, the sales were 4,322 million yen, 906 million yen increase year on year, which was mostly as scheduled. While the sales were achieved mostly in accordance with the forecast, profit margin improved due to cost reduction, and the operating income was 1,206 million yen, 571 million yen increase year on year.

#### 2) Environmental Business

In the Environmental Business, the Group booked the sales of inspection service of PV power plants as scheduled. It also booked the sales of used PV panels, recycling of end-of-life PV panels, PV panel disassembly equipment and plant factory business. As a result, the sales were 246 million yen, 143 million yen decrease year on year, and operating income was 45 million yen, 92 million yen decrease year on year.

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

The results of operations for the nine months ended May 31, 2021 turned out to be higher than the forecast. However, 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 FY2021” released on April 13, 2021 because the fourth quarter is forecasted to be inactive.

**2. Consolidated Financial Statements for the Third Quarter Ended May 31, 2021****(September 1, 2020 through May 31, 2021)****(1) Consolidated balance sheets**

	(Thousand yen)	
	As of August 31, 2020	As of May 31, 2021
Assets		
Current assets		
Cash and deposits	2,052,788	3,513,667
Notes and accounts receivable-trade	2,245,993	1,070,193
Electronically recorded monetary claims-operating	116,937	7,238
Work in progress	1,501,274	500,846
Raw materials and supplies	16,111	6,283
Other	247,996	119,119
Total current assets	6,181,102	5,217,348
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,835,381	3,858,861
Accumulated depreciation	(1,719,629)	(1,839,774)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	2,107,679	2,011,014
Machinery and equipment	666,165	582,006
Accumulated depreciation	(150,499)	(152,636)
Accumulated impairment loss	(456,940)	(376,294)
Machinery and equipment, net	58,726	53,075
Land	1,548,050	1,548,050
Lease assets	763,520	-
Accumulated depreciation	(527,377)	-
Accumulated impairment loss	(236,142)	-
Lease assets, net	-	-
Other	299,520	309,525
Accumulated depreciation	(254,868)	(230,096)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	40,137	74,915
Construction in progress	-	3,210
Total property, plant and equipment	3,754,592	3,690,265
Intangible assets		
Other	37,116	45,679
Total intangible assets	37,116	45,679
Investments and other assets		
Deferred tax assets	83,865	82,553
Other	47,929	60,308
Total investments and other assets	131,795	142,862
Total noncurrent assets	3,923,504	3,878,807
Total assets	10,104,606	9,096,155

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2020	As of May 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	388,325	132,514
Electronically recorded obligations-operating	1,204,748	498,585
Income taxes payable	91,485	105,201
Advances received	864,481	283,842
Provision for bonuses	70,653	58,122
Provision for product warranties	186,650	241,085
Provision for loss on order received	38,423	24,882
Other	183,264	163,649
Total current liabilities	3,028,033	1,507,883
Noncurrent liabilities		
Retirement benefit liability	32,528	40,660
Total noncurrent liabilities	32,528	40,660
Total liabilities	3,060,561	1,548,543
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,743,133
Retained earnings	1,516,464	2,016,142
Treasury stock	(39,214)	(53,772)
Total shareholders' equity	7,024,587	7,517,965
Accumulated other comprehensive income		
Foreign currency translation adjustment	19,457	29,645
Total accumulated other comprehensive income	19,457	29,645
Total net assets	7,044,045	7,547,611
Total liabilities and net assets	10,104,606	9,096,155

[Note] The numbers parenthesized represent minus figures.

## (2) Consolidated statement of income

(Thousand yen)

	Nine months ended May 31, 2020	Nine months ended May 31, 2021
Net sales	3,806,211	4,569,224
Cost of sales	2,750,262	3,030,850
Gross profit	1,055,949	1,538,373
Selling, general and administrative expenses	686,822	716,200
Operating income	369,127	822,173
Non-operating income		
Interest income	37	28
Foreign exchange gains	6,656	-
Gain on liquidation of subsidiaries and associates	3,121	-
Interest on tax refund	546	323
Gain on sales of scraps	2,015	796
Subsidies for employment adjustment	108	324
Administrative service fee income	-	440
Other	447	327
Total non-operating income	12,935	2,240
Non-operating expenses		
Interest expenses	2,114	-
Commission fee	12,417	12,053
Foreign exchange loss	-	4,919
Loss on removal of non-current assets	-	5,600
Other	60	617
Total non-operating expenses	14,593	23,190
Ordinary income	367,468	801,223
Income before income taxes and minority interests	367,468	801,223
Income taxes-current	10,419	153,145
Income taxes for prior periods	-	70,216
Income taxes-deferred	3,772	1,334
Total income taxes	14,191	224,695
Income before minority interests	353,276	576,528
Net income attributable to owners of the parent	353,276	576,528

### 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, 2021	Year-on-year change (%)
Machinery business	2,850,627	41.1
Environmental business	229,262	57.3
Total	3,079,889	42.0

[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	2,376,598	84.6	1,523,448	22.1
Environmental business	126,068	58.4	76,303	66.9
Total	2,502,667	82.7	1,599,752	22.9

[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, 2021	Year-on-year change (%)
Machinery business	4,322,230	126.5
Environmental business	246,994	63.2
Total	4,569,224	120.0

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