

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

(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 Nine Months Ended May 31, 2024 (September 1, 2023 through May 31, 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 | % |
| 9 months ended May 31, 2024 | 4,956 | (8.0) | 966 | 107.0 | 952 | 104.1 | 697 | 78.8 |
| 9 months ended May 31, 2023 | 5,384 | 33.1 | 466 | (8.5) | 466 | (14.2) | 390 | 19.0 |

| | Earnings per share | | Diluted earnings per share | |
|-----------------------------|--------------------|--|----------------------------|--|
| | Yen | | Yen | |
| 9 months ended May 31, 2024 | 32.39 | | - | |
| 9 months ended May 31, 2023 | 18.14 | | - | |

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-----------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of May 31, 2024 | 16,396 | 8,706 | 53.1 |
| As of August 31, 2023 | 13,611 | 8,074 | 59.3 |

[Reference] Shareholders' equity (million yen): May 31, 2024: 8,706 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 | 10,995 | 18.0 | 2,149 | 120.0 | 2,155 | 123.8 | 1,471 | 48.2 | 68.29 |

[Notes] Revision of consolidated forecast for FY2024 from the latest disclosure: 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: 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, 2024: | 22,052,426 shares |
| August 31, 2023: | 22,052,426 shares |
 - 2) Number of treasury stock at the end of the period

| | |
|------------------|----------------|
| May 31, 2024: | 496,648 shares |
| August 31, 2023: | 519,813 shares |
 - 3) Average number of shares during the period

| | |
|---------------------------------|-------------------|
| Nine months ended May 31, 2024: | 21,543,434 shares |
| Nine months ended May 31, 2023: | 21,511,860 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 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.

*In this quarterly financial report, unless expressly stated or the context otherwise requires, the terms “the Group,” “we,” and “our” refer to NPC Incorporated and its consolidated subsidiaries.

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1. Qualitative Information Concerning Financial Results for the Third Quarter Ended May 31, 2024

(1) Description of operating results

In the nine months ended May 31, 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) manufacturing industry, the primary target market of our Machinery Business, capital expenditures for capacity expansion and R&D of the PV manufacturers are active with help of 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. Movement towards expanding implementation of it is gaining momentum, including the holding of the conference of public and private sectors formulating future strategies.

As for the industry of solar power generation, which our Environmental Business belongs, systems for processing end-of-life panels are being developed. As part of that, the Japanese government is considering mandatory recycling of the solar panels. Support for the recycling of solar panels is already ongoing both domestically and overseas, such as the subsidies for installation of recycling equipment or the recycling cost itself. Under these circumstances, the companies considering entering the market are increasing, not only in Europe where consciousness towards recycling is already strong, but also in Japan as well, due to the growth of interest. Additionally, stable demand exists in the panel inspection service market.

Under such circumstances, the consolidated net sales were 4,956 million yen, 428 million yen decrease year on year. As for the profits, the operating income was 966 million yen, 499 million yen increase year on year. The ordinary income was 952 million yen, 485 million yen increase year on year. The net income attributable to the owners of the parent was 697 million yen, 307 million yen increase year on year.

Financial results by segment are as follows:

1) Machinery Business

In the Machinery Business, the Group mainly booked sales of equipment for the plant expansion and for R&D 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. It resulted in the sales of 4,717 million yen, 249 million yen decrease year on year, close to what we planned. As for the profit, we secured the planned profit margin for the projects that recorded sales, and the operating income was 1,494 million yen, 641 million yen increase year on year.

2) Environmental Business

In the Environmental Business, the Group booked sales of three semi-auto panel disassembly equipment (Frame & J-Box separator) to domestic industrial waste disposers, and one to an overseas customer. Additionally, we secured stable sales to the existing customers in PV power plant inspecting service and the plant factory business. As a result, the sales were 239 million yen, 179 million yen decrease year on year. The operating loss was 4 million yen, compared with the operating income of 77 million yen in the same period of the previous fiscal year. Operating loss occurred because the sales of a large deal is planned to be booked in the fourth quarter.

(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. We are planning to record the sales of a large project for a new plant of a major US customer, and an automated solar panel disassembly line for an overseas customer in the fourth quarter.

2. Consolidated Financial Statements for the Third Quarter Ended May 31, 2024 (September 1, 2023 through May 31, 2024)

(1) Consolidated balance sheets

| | (Thousand yen) | |
|---|-----------------------|--------------------|
| | As of August 31, 2023 | As of May 31, 2024 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 4,880,191 | 6,305,076 |
| Notes and accounts receivable-trade and contract assets | 1,248,946 | 825,257 |
| Electronically recorded monetary claims-operating | 13,251 | 5,172 |
| Work in process | 3,578,120 | 5,394,283 |
| Raw materials and supplies | 11,194 | 32,510 |
| Other | 232,123 | 258,375 |
| Total current assets | 9,963,828 | 12,820,674 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 3,872,687 | 3,872,687 |
| Accumulated depreciation | (2,200,474) | (2,318,961) |
| Accumulated impairment loss | (41,215) | (41,215) |
| Building and structures, net | 1,630,997 | 1,512,511 |
| Machinery and equipment | 252,592 | 252,592 |
| Accumulated depreciation | (138,696) | (143,486) |
| Accumulated impairment loss | (69,799) | (69,799) |
| Machinery and equipment, net | 44,096 | 39,307 |
| Land | 1,548,050 | 1,548,050 |
| Other | 346,603 | 403,527 |
| Accumulated depreciation | (234,387) | (241,352) |
| Accumulated impairment loss | (53,768) | (53,768) |
| Other, net | 58,447 | 108,406 |
| Total property, plant and equipment | 3,281,591 | 3,208,274 |
| Intangible assets | | |
| Other | 68,360 | 55,068 |
| Total intangible assets | 68,360 | 55,068 |
| Investments and other assets | | |
| Distressed receivables | 31 | 31 |
| Deferred tax assets | 272,935 | 288,016 |
| Other | 24,923 | 24,760 |
| Allowance for doubtful accounts | (31) | (31) |
| Total investments and other assets | 297,859 | 312,776 |
| Total noncurrent assets | 3,647,811 | 3,576,119 |
| Total assets | 13,611,640 | 16,396,794 |

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

| | As of August 31, 2023 | As of May 31, 2024 |
|---|-----------------------|--------------------|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 469,326 | 583,268 |
| Electronically recorded obligations-operating | 1,976,626 | 1,667,843 |
| Income taxes payable | 203,581 | 198,555 |
| Advances received | 2,474,854 | 4,652,008 |
| Provision for bonuses | 143,542 | 78,376 |
| Provision for product warranties | 10,887 | 5,440 |
| Provision for loss on order received | 712 | - |
| Other | 184,348 | 424,726 |
| Total current liabilities | 5,463,881 | 7,610,220 |
| Noncurrent liabilities | | |
| Net defined benefit liability | 68,967 | 79,267 |
| Deferred tax liabilities | - | 221 |
| Other | 4,395 | 725 |
| Total noncurrent liabilities | 73,362 | 80,214 |
| Total liabilities | 5,537,244 | 7,690,434 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 2,812,461 | 2,812,461 |
| Capital surplus | 2,734,911 | 2,738,335 |
| Retained earnings | 2,739,499 | 3,308,092 |
| Treasury stock | (320,451) | (306,177) |
| Total shareholders' equity | 7,966,421 | 8,552,712 |
| Accumulated other comprehensive income | | |
| Foreign currency translation adjustment | 107,974 | 153,647 |
| Total accumulated other comprehensive income | 107,974 | 153,647 |
| Total net assets | 8,074,396 | 8,706,359 |
| Total liabilities and net assets | 13,611,640 | 16,396,794 |

[Note] The numbers parenthesized represent minus figures.

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

(Thousand yen)

| | Nine months ended May 31, 2023 | Nine months ended May 31, 2024 |
|---|-----------------------------------|-----------------------------------|
| Net sales | 5,384,628 | 4,956,227 |
| Cost of sales | 4,223,380 | 3,190,770 |
| Gross profit | 1,161,247 | 1,765,456 |
| Selling, general and administrative expenses | 694,413 | 798,945 |
| Operating income | 466,834 | 966,511 |
| Non-operating income | | |
| Interest income | 93 | 95 |
| Subsidy income | 3,593 | 900 |
| Interest on tax refund | 584 | 230 |
| Gain on sales of scraps | 762 | 400 |
| Subsidies for employment adjustment | 486 | 216 |
| Other | 283 | 589 |
| Total non-operating income | 5,803 | 2,431 |
| Non-operating expenses | | |
| Commission fee | 2,000 | 2,303 |
| Foreign exchange losses | 4,077 | 14,392 |
| Other | 45 | 136 |
| Total non-operating expenses | 6,123 | 16,832 |
| Ordinary income | 466,514 | 952,110 |
| Income before income taxes and minority interests | 466,514 | 952,110 |
| Income taxes-current | 87,585 | 269,067 |
| Income taxes-deferred | (11,228) | (14,745) |
| Total income taxes | 76,357 | 254,322 |
| Income before minority interests | 390,156 | 697,788 |
| Net income attributable to owners of the parent | 390,156 | 697,788 |

[Note] The numbers parenthesized represent minus figures.

(3) Quarterly consolidated statement of cash flows

(Quarterly consolidated statement of comprehensive income)

(Thousand yen)

| | Nine months ended May 31, 2023 | Nine months ended May 31, 2024 |
|--|-----------------------------------|-----------------------------------|
| Income before minority interests | 390,156 | 697,788 |
| Other comprehensive income | | |
| Foreign currency translation adjustment | (19,987) | 45,672 |
| Total other comprehensive income | (19,987) | 45,672 |
| Comprehensive income | 370,169 | 743,461 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 370,169 | 743,461 |
| Comprehensive income attributable to non-controlling interests | - | - |

[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, 2024 | Year-on-year change (%) |
|------------------------|--------------------------------|-------------------------|
| Machinery business | 7,380,739 | 155.2 |
| Environmental business | 340,745 | 83.9 |
| Total | 7,721,484 | 149.6 |

[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 | 7,735,121 | 86.4 | 12,970,865 | 108.7 |
| Environmental business | 388,143 | 118.3 | 471,164 | 119.2 |
| Total | 8,123,265 | 87.5 | 13,442,030 | 109.0 |

3) Sales

Sales by business segment in the period are as follows:

(Thousand yen)

| Segment | Nine Months Ended May 31, 2024 | Year-on-year change (%) |
|------------------------|--------------------------------|-------------------------|
| Machinery business | 4,717,122 | 95.0 |
| Environmental business | 239,104 | 57.2 |
| Total | 4,956,227 | 92.0 |