October 15, 2024

Summary of Financial Results for the Fiscal Year Ended 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
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General meeting of shareholders: November 28, 2024
Filing date of securities report: November 29, 2024
Payment date of cash dividends: November 29, 2024
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 Fiscal Year Ended August 31, 2024 (September 1, 2023 through August 31, 2024)

(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	%
Year ended August 31, 2024	10,797	15.8	2,436	149.4	2,426	151.9	1,676	68.8
Year ended August 31, 2023	9,320	112.8	976	57.5	963	56.0	993	161.9

	Earnings per share	Diluted earnings per share	Return on shareholders' equity	Ordinary income-to-equity ratio	Operating income-to-net sales ratio
	Yen	Yen	%	%	%
Year ended August 31, 2024	77.81	-	18.9	16.7	22.6
Year ended August 31, 2023	46.16	-	13.1	7.4	10.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2024	15,436	9,684	62.7	449.28
As of August 31, 2023	13,611	8,074	59.3	374.98

[Reference] Shareholders' equity (million yen): August 31, 2024: 9,684 August 31, 2023: 8,074

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the period end
	Million yen	Million yen	Million yen	Million yen
As of August 31, 2024	557	(89)	(134)	5,237
As of August 31, 2023	1,841	(14)	(48)	4,880

[Note] The numbers parenthesized represent minus figures.

2. Dividends

	Dividend per share					Dividend in total (full year)	Dividend payout ratio (consolidated)	Dividends on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended August 31, 2023	-	0.00	-	6.00	6.00	129	13.0	1.7
Year ended August 31, 2024	-	0.00	-	10.00	10.00	215	12.9	2.4
Year ending August 31, 2025 (forecast)	-	0.00	-	10.00	10.00		13.9	

3. Consolidated Forecast for the Fiscal Year Ending August 31, 2025 (September 1, 2024 through August 31, 2025)

(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
1 st half ending February 28, 2025	3,276	(6.6)	536	(18.2)	536	(19.1)	413	(14.7)	19.17
Year ending August 31, 2025	10,925	1.2	2,069	(15.0)	2,069	(14.7)	1,549	(7.6)	71.88

[Notes] Revision of consolidated forecast for FY2024 from the latest disclosure: None

4. Others

(1) Changes in significant subsidiaries during the period: None

(2) 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

(3) Number of shares outstanding (common shares)

1) Number of shares outstanding (including treasury stock) at the end of the period

August 31, 2024: 22,052,426 shares
August 31, 2023: 22,052,426 shares

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

August 31, 2024: 496,648 shares
August 31, 2023: 519,813 shares

3) Average number of shares during the period

Fiscal year ended August 31, 2024: 21,546,537 shares
Fiscal year ended August 31, 2023: 21,517,091 shares

[Reference]

1. Non-Consolidated Financial Results for the Fiscal Year Ended August 31, 2024 (September 1, 2023 through August 31, 2024)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended August 31, 2024	10,590	14.9	2,311	157.9	2,322	160.8	1,581	68.9
Year ended August 31, 2023	9,213	115.4	896	43.0	890	38.4	936	135.5

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended August 31, 2024	73.38	-
Year ended August 31, 2023	43.50	-

[Note] The numbers parenthesized represent minus figures.

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended August 31, 2024	14,800	9,170	62.0	425.43
Year ended August 31, 2023	13,221	7,701	58.2	357.64

[Reference] Shareholders' equity (million yen): August 31, 2024: 9,170 August 31, 2023: 7,701

2. Non-Consolidated Forecast for the Fiscal Year Ending August 31, 2025 (September 1, 2024 through August 31, 2025)

(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
1 st half ending February 28, 2025	3,149	(7.4)	499	(15.7)	498	(16.6)	395	(7.7)	18.33
Year ending August 31, 2025	10,729	1.3	2,018	(12.7)	2,018	(13.1)	1,515	(4.1)	70.31

*This financial report is not subject to audit procedures.

*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) Future outlook on page 3 for conditions of assumptions for the forecast and notes concerning on 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 Fiscal Year Ended August 31, 2024

(1) Description of operating results

During the fiscal year ended August 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 inflation and continued high interest rate levels in the U.S. and Europe, 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 module, a next generation PV module. The Japanese government plans to provide support from several aspects such as development, production, and installation, and the movement towards expansion of the introduction of this technology is getting active.

As for the industry of solar power generation, which our Environmental Business belongs to, 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. In Europe, there are consortiums which are financed by EU and research institutions in Europe are composed, and they are working on recycling the solar panels by setting common targets within the consortium. Furthermore, 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 such circumstances, the number of companies considering entering the market is increasing.

Given the above, the consolidated net sales were 10,797 million yen, 1,477 million yen increase year on year, as we have planned. As for the profits the results were as follows: operating income at 2,436 million yen, 1,459 million yen increase year on year; ordinary income at 2,426 million yen, 1,463 million yen increase year on year; net income attributable to the owners of the parent at 1,676 million yen, 683 million yen increase year on year. These were higher than we anticipated, and were the results of reduction of costs, such as purchasing costs, and man-hours in the manufacturing process enabled by the improved efficiency of on-site operations, in projects for which orders had already been received at the price that anticipated an increase in the cost of materials.

Financial results by segment are as follows:

1) Machinery Business

In the Machinery Business, the Group mainly booked sales of equipment for the factory expansion, new factory, and R&D of the US PV manufacturer, our major client, as planned. However, sales booking of some projects of the same customer were moved to the next fiscal year due to the timing of acceptance inspection. Furthermore, the continuing high level of the plant working rate and increase in number of equipment installed at the US PV manufacturer being a contributing factor, sales of the expendables and spare parts were favorable. Additionally, the Group also booked sales of a pilot line for perovskite PV module for domestic PV manufacturer, automation machines for domestic major client in the electronic components industry and an US factory of Japanese automobile-related company. Given the above, it resulted in the sales of 10,279 million yen, 1,590 million yen increase year on year. As for the profit, the operating income was 3,070 million yen, 1,580 million yen increase year on year. We were able to earn more profit than expected due to the reduction of purchasing costs, reduction of costs for manufacturing and on-site operation, increase in parts sales and improvement in profit margin of parts by the effect of yen depreciation.

2) Environmental Business

In the Environmental Business, the Group booked sales of four solar panel disassembly equipment for four domestic industrial waste disposers, and three for four overseas customers. Additionally, we had two major cases on selling solar panels for reuse. The Group also booked sales of solar power plant inspecting service and the plant factory business as planned. As a result, the sales were 517 million yen, 113 million yen decrease year on year. The operating income was 102 million yen, 30 million yen decrease year on year. We were able to secure a solid profit due to the sales of solar panel disassembly equipment, one of our off-the-shelf products, which profit margin is higher than the custom-made products.

(2) Future outlook

For the upcoming fiscal year, the Group is planning to book sales of the projects that the orders have already been received, and planning to receive orders of the projects which sales can be booked within the fiscal year. The Group has already received orders for the equipment for the new factory and R&D from the US PV manufacturer, which is our major client. We are eager to acquire orders for additional equipment and upgrading of the equipment as well. Furthermore, sales of expendables and spare parts are expected to increase, due to the continuing high level of the plant working rate and increase in the amount of equipment installed at the US PV manufacturer. The Group is also planning to book sales of the automation machines for the domestic major client in the electronic components industry and for the automobile-related company. Sales are expected to be biased towards the second half of the fiscal year since the sales booking of the major project is planned on the second half of the fiscal year.

As for the profit, although it is anticipated that there will be some temporary decline compared to FY2024, since the profit for FY2024 largely exceeded the expectation, the Group is expecting to maintain the high level of profit margin by continuing the reduction of costs such as purchasing costs and man-hours in the manufacturing process, and by sales efforts.

As a result of such businesses, the consolidated business forecast for the next fiscal year will be: sales at 10,925 million yen, 128 million yen increase year on year; operating income at 2,069 million yen, 366 million yen decrease year on year; ordinary income at 2,069 million yen, 357 million yen decrease year on year; and net income attributable to owners of the parent at 1,549 million yen, 126 million yen decrease year on year as the rate of decrease is smaller than that of other income due to the impact of tax reduction (tax credit for overseas sales in the previous fiscal year).

Forward-looking statements in this report such as financial results and forecasts are based on the information available to the Group 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.

2. Consolidated Financial Statements for the Fiscal Year Ended August 31, 2024 (September 1, 2023 through August 31, 2024)

(1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2023	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	4,880,191	5,237,825
Notes receivable-trade	61,200	22,965
Accounts receivable-trade	1,187,745	2,764,963
Electronically recorded monetary claims-operating	13,251	5,325
Work in process	3,578,120	3,759,722
Raw materials and supplies	11,194	17,050
Other	232,123	150,776
Total current assets	9,963,828	11,958,629
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,872,687	3,872,687
Accumulated depreciation	(2,200,474)	(2,358,456)
Accumulated impairment loss	(41,215)	(41,215)
Building and structures, net	1,630,997	1,473,015
Machinery and equipment	252,592	253,042
Accumulated depreciation	(138,696)	(145,110)
Accumulated impairment loss	(69,799)	(69,799)
Machinery and equipment, net	44,096	38,132
Land	1,548,050	1,548,050
Other	346,603	404,249
Accumulated depreciation	(234,387)	(250,585)
Accumulated impairment loss	(53,768)	(53,768)
Other, net	58,447	99,894
Total property, plant and equipment	3,281,591	3,159,092
Intangible assets		
Other	68,360	48,396
Total intangible assets	68,360	48,396
Investments and other assets		
Distressed receivables	31	31
Deferred tax assets	272,935	245,187
Other	24,923	24,708
Allowance for doubtful accounts	(31)	(31)
Total investments and other assets	297,859	269,895
Total noncurrent assets	3,647,811	3,477,384
Total assets	13,611,640	15,436,013

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2023	As of August 31, 2024
Liabilities		
Current liabilities		
Accounts payable-trade	469,326	245,412
Electronically recorded obligations-operating	1,976,626	2,294,927
Income taxes payable	203,581	672,784
Advances received	2,474,854	1,976,987
Provision for bonuses	143,542	151,823
Provision for product warranties	10,887	39,567
Provision for loss on order received	712	1,847
Other	184,348	287,310
Total current liabilities	5,463,881	5,670,661
Noncurrent liabilities		
Net defined benefit liability	68,967	80,277
Other	4,395	555
Total noncurrent liabilities	73,362	80,832
Total liabilities	5,537,244	5,751,493
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	4,286,752
Treasury stock	(320,451)	(306,177)
Total shareholders' equity	7,966,421	9,531,371
Accumulated other comprehensive income		
Foreign currency translation adjustment	107,974	153,148
Total accumulated other comprehensive income	107,974	153,148
Total net assets	8,074,396	9,684,520
Total liabilities and net assets	13,611,640	15,436,013

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income and consolidated statement of comprehensive income

(Consolidated statement of income)

(Thousand yen)

	Year ended August 31, 2023	Year ended August 31, 2024
Net sales	9,320,608	10,797,611
Cost of sales	7,376,447	7,217,804
Gross profit	1,944,160	3,579,806
Selling, general and administrative expenses	967,185	1,143,531
Operating income	976,974	2,436,275
Non-operating income		
Interest income	135	502
Subsidy income	3,593	900
Gain on sale of non-current assets	-	563
Interest on tax refund	632	268
Gain on sales of scraps	1,104	1,484
Other	877	737
Total non-operating income	6,343	4,456
Non-operating expenses		
Foreign exchange losses	16,900	10,661
Commission expenses	2,940	3,422
Other	171	136
Total non-operating expenses	20,012	14,220
Ordinary income	963,305	2,426,511
Income before income taxes and minority interests	963,305	2,426,511
Income taxes-current	191,671	722,232
Income taxes-deferred	(221,543)	27,830
Total income taxes	(29,871)	750,063
Income before minority interests	993,176	1,676,448
Net income attributable to owners of the parent	993,176	1,676,448

[Note] The numbers parenthesized represent minus figures.

(Consolidated statement of comprehensive income)

(Thousand yen)

	Year ended August 31, 2023	Year ended August 31, 2024
Income before minority interests	993,176	1,676,448
Other comprehensive income		
Foreign currency translation adjustment	(4,015)	45,173
Total other comprehensive income	(4,015)	45,173
Comprehensive income	989,161	1,721,621
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	989,161	1,721,621
Comprehensive income attributable to non-controlling interests	-	-

[Note] The numbers parenthesized represent minus figures.

(3) Quarterly consolidated statement of cash flows

(Thousand yen)

	Year ended August 31, 2023	Year ended August 31, 2024
Cash flows from operating activities		
Income before income taxes and minority interests	963,305	2,426,511
Depreciation	209,357	218,098
Increase (decrease) in allowance for doubtful accounts	31	-
Increase (decrease) in provision for bonuses	95,471	8,280
Increase (decrease) in provision for product warranties	10,887	28,679
Increase (decrease) in provision for loss on orders received	(5,157)	1,135
Increase (decrease) in retirement benefit liability	10,459	11,310
Interest and dividends income	(135)	(502)
Decrease (increase) in trade receivables	(722,174)	(1,522,767)
Decrease (increase) in inventories	1,096,805	(187,450)
Decrease (increase) in distressed receivables	(31)	-
Increase (decrease) in trade payables	268,512	~~81,830~~90,006
Increase (decrease) in advances received	(257,153)	(497,925)
Other, net	134,274	~~259,579~~237,268
Subtotal	1,804,452	~~826,780~~812,645
Interest and dividends received	135	502
Income taxes refund (paid)	37,265	(~~269,451~~255,316)
Cash flows from operating activities	1,841,853	557,831
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(15,882)	(90,419)
Proceeds from sale of property, plant and equipment	-	620
Other, net	1,627	278
Cash flows from investing activities	(14,255)	(89,521)
Cash flows from financing activities		
Dividends paid	(42,792)	(128,871)
Other, net	(5,677)	(5,993)
Cash flows from financing activities	(48,469)	(134,864)
Effect of exchange rate change on cash and cash equivalents	16,530	24,187
Net increase (decrease) in cash and cash equivalents	1,795,659	357,633
Cash and cash equivalents at beginning of period	3,084,532	4,880,191
Cash and cash equivalents at end of period	4,880,191	5,237,825

3. Other Information

Production, Orders, and Sales

(1) Production

Production amounts by business segment in the period are as follows:

(Thousand yen)

Segment	Fiscal Year Ended August 31, 2024	Year-on-year change (%)
Machinery business	10,536,232	141.9
Environmental business	529,431	99.1
Total	11,065,664	139.0

[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	8,128,511	76.0	7,801,454	78.4
Environmental business	473,325	101.2	277,763	86.2
Total	8,601,836	77.0	8,079,217	78.6

(3) Sales

Sales by business segment in the period are as follows:

(Thousand yen)

Segment	Fiscal Year Ended August 31, 2024	Year-on-year change (%)
Machinery business	10,279,923	118.3
Environmental business	517,687	82.0
Total	10,797,611	115.8