



October 12, 2017

Summary of Financial Results for the Fiscal Year Ended August 31, 2017

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

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General meeting of shareholders: November 29, 2017

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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 Fiscal Year Ended August 31, 2017 (September 1, 2016 through August 31, 2017)

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

	Sales		Operating income		Ordinary income		Net income (loss) attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended August 31, 2017	4,765	19.2	590	406.4	498	513.3	282	-
Year ended August 31, 2016	3,996	(57.3)	116	(77.6)	81	(80.8)	(122)	-

	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, 2017	12.83	-	5.4	5.5	12.4
Year ended August 31, 2016	(5.57)	-	(2.4)	0.8	2.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2017	7,937	5,374	67.7	243.72
As of August 31, 2016	10,611	5,078	47.9	230.29

[Reference] Shareholders' equity (million yen): August 31, 2017: 5,374 August 31, 2016: 5,078

(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, 2017	404	385	(1,061)	1,031
As of August 31, 2016	627	152	(1,719)	1,292

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, 2016	-	0.00	-	0.00	0.00	-	-	-
Year ended August 31, 2017	-	0.00	-	0.00	0.00	-	-	-
Year ending August 31, 2018 (forecast)	-	0.00	-	0.00	0.00		-	

**3. Consolidated Forecast for the Fiscal Year Ending August 31, 2018
(September 1, 2017 through August 31, 2018)**

(Percentages represent year-on-year changes)

	Sales		Operating income		Ordinary income		Net income (loss) attributable to owners of the parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1 st half ending February 28, 2018	3,519	54.5	319	(23.9)	271	(23.7)	231	52.4	10.49
Year ending August 31, 2018	5,978	25.5	239	(59.5)	177	(64.4)	150	(46.8)	6.83

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, 2017: 22,052,426 shares

August 31, 2016: 22,052,426 shares

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

August 31, 2017: 435 shares

August 31, 2016: 435 shares

3) Average number of shares during the period

Fiscal year ended August 31, 2017: 22,051,991 shares

Fiscal year ended August 31, 2016: 22,051,991 shares

[Reference]

**1. Non-Consolidated Financial Results for the Year Ended August 31, 2017
(September 1, 2016 through August 31, 2017)**

(1) Non-Consolidated results of operations

	Sales		Operating income		Ordinary income		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended August 31, 2017	4,754	19.5	596	306.8	607	665.2	396	-
Year ended August 31, 2016	3,979	(57.0)	146	(65.8)	79	(77.5)	(131)	-

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Year ended August 31, 2017	17.97		-	
Year ended August 31, 2016	(5.97)		-	

(2) Non-Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
As of August 31, 2017	7,833		5,269		67.3		238.94	
As of August 31, 2016	10,410		4,872		46.8		220.97	

[Reference] Shareholders' equity (million yen): August 31, 2017: 5,269

August 31, 2016: 4,872

*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 2 for conditions of assumptions for the forecast and notes concerning on appropriate use of the forecast.

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1. Overview of Financial Results of the Fiscal Year Ended August 31, 2017

(1) Overview of financial results of the fiscal year ended August 31, 2017

In the fiscal year ended on August 31, 2017, the Japanese economy was recovering gradually due to employment and earnings environment continuously improved. Protectionism was seen in the United States of America, however, global economy overall grew mildly with the increase in global trading quantities.

In the photovoltaic industry, to which the NPC Group ("the Group") belongs, installation of photovoltaic ("PV") systems continued to expand mainly in China, followed by the USA and India. Some of PV module manufacturers, who are the customers of the Group, reconsidered capital expenditure plans in order to deal with cost competition and others decided to install large scale lines to meet the demands. In Japan, revision in FIT scheme for Renewable Energy in April which mandates PV system check-up and maintenance further increased the recognition of maintenance of PV systems.

Under such circumstances, net sales were almost as planned 4,765 million yen, 768 million yen up compared to the net sales of the previous fiscal year. Profits increased due to cost reduction and business efforts. Operating income was 590 million yen, 473 million yen up from operating income of the previous fiscal year and ordinary income was 498 million yen, 417million yen up from ordinary income of the previous fiscal year. Extraordinary loss booked related to the sales of the Matsuyama Factory No.2 and extraordinary income related to the closure of the Chinese subsidiary of the Group resulted in 282 million yen of net income attributable to owners of the parent, compared with 122 million yen of net loss attributable to owners of the parent of the previous fiscal year.

Financial results by segment are as follows:

1) Machinery Business

The sales were 4,521 million yen, as the sales of the third and fourth lines of the large-scale business deal were booked in line with the plan, and the sales of upgrading and other business deals were also booked. Operating income was 1,125 million yen due to continuous cost reduction efforts such as improvement of manufacturing efficiency and blanket purchase of parts and business efforts.

2) Environmental Business

The sales were 243 million yen, due to the steady sales of inspection service like completion inspections of utility-scale PV plants, despite the sales of panel inspection equipment weaker than the forecast. Operating loss was 56 million yen because of the influence of long wet weather in August.

Year-on-year changes by business segment are not shown as the Group has changed its business segments from "equipment related business" and "contract module assembly business" to "machinery business" and "environmental business" since this fiscal year, and it is practically difficult to create them by tracing back necessary financial information.

(2) Future outlook

In the PV market, there are some uncertainties in the policies of the USA, China and other nations, however, economies of PV will increase further, which will result in continuous increase in global PV installation. On the other hand, PV module manufacturers, the customers of the Group, have showed attitudes to focusing on development of cost-competitive PV modules by improving efficiency. In the domestic market, installation of PV systems is forecast to decline along with the FIT reduction, however, PV power plants already approved by the government will be built at a certain pace.

Under such circumstances, the Group will maintain strong relationship between major customers and strengthen development of next generation PV manufacturing equipment and mechanism in the machinery business. As for automated machines, the Group will proactively perform R&D of new mechanism and technologies beyond its conventional technological ranges and thrive to make this business as its new core business in a timely manner.

In the environmental business, the Group will make efforts to increase the recognition of the importance of panel inspection through various operating activities and to steadily secure profitability by obtaining orders of completion inspections, regular inspections, etc. The Group will also improve its inspection menu and provide integrated O&M services to deal with a variety of inspections. As for reuse and recycling of PV panels, early establishment of safe disposal methods of damaged or discarded panels are required. The Group will try to solve the problem through panel recycling business by PV Techno Cycle, its joint venture.

As for the fiscal year 2018, profits will decline due to the increase in sales of automated machines, which is still at its

start-up stage, strengthening of R&D, etc. The Group, however, takes this necessary for its future growth.

As a result of the above activities, the consolidated business forecast for the next year will be: sales at 5,978 million yen; operating income at 239 million yen; ordinary income at 177 million yen; net income attributable to owners of the parent at 150 million yen.

2. Consolidated Financial Statements for the Fiscal Year Ended August 31, 2017**(September 1, 2016 through August 31, 2017)**

(1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2016	As of August 31, 2017
Assets		
Current assets		
Cash and deposits	1,293,505	1,031,333
Notes and accounts receivable-trade	1,967,755	1,034,749
Merchandise and finished goods	5,179	16,767
Work in progress	1,609,558	1,041,529
Raw materials and supplies	276,387	195,048
Deferred tax assets	44,192	35,372
Other	330,332	270,963
Allowance for doubtful accounts	(37,635)	(22,268)
Total current assets	5,489,275	3,603,494
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,193,633	3,817,291
Accumulated depreciation	(1,230,433)	(1,235,198)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	2,955,126	2,574,019
Machinery and equipment	761,009	759,205
Accumulated depreciation	(116,839)	(127,104)
Accumulated impairment loss	(562,093)	(562,093)
Machinery and equipment, net	82,076	70,007
Land	1,898,173	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	262,859	279,527
Accumulated depreciation	(217,510)	(227,267)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	40,835	47,744
Total property, plant and equipment	4,976,211	4,239,821
Intangible assets		
Other	26,651	24,112
Total intangible assets	26,651	24,112
Investments and other assets		
Deferred tax assets	26,346	21,881
Other	93,889	49,705
Allowance for doubtful accounts	(1,082)	(1,082)
Total investments and other assets	119,154	70,504
Total noncurrent assets	5,122,017	4,334,438
Total assets	10,611,292	7,937,933

(Thousand yen)

	As of August 31, 2016	As of August 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,464,071	984,359
Short-term loans payable	1,500,000	500,000
Lease obligation	61,547	65,334
Income taxes payable	1,897	13,070
Advances received	1,043,238	664,034
Provision for bonuses	25,210	24,825
Provision for loss on order received	7,715	9,003
Other	220,956	159,795
Total current liabilities	5,324,637	2,420,422
Noncurrent liabilities		
Lease obligation	208,307	142,973
Total noncurrent liabilities	208,307	142,973
Total liabilities	5,532,945	2,563,395
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(484,118)	(201,210)
Treasury stock	(431)	(431)
Total shareholders' equity	5,062,786	5,345,695
Accumulated other comprehensive income		
Foreign currency translation adjustment	15,560	28,842
Total accumulated other comprehensive income	15,560	28,842
Total net assets	5,078,347	5,374,538
Total liabilities and net assets	10,611,292	7,937,933

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

	Year ended August 31, 2016	Year ended August 31, 2017
Net sales	3,996,650	4,765,223
Cost of sales	2,926,980	3,270,218
Gross profit	1,069,669	1,495,005
Selling, general and administrative expenses	953,071	904,541
Operating income	116,598	590,463
Non-operating income		
Interest income	330	75
Foreign exchange gain	37,497	-
Penalty income	-	931
Gain on bad debts recovered	43,184	1,096
Interest on refund	349	545
Reversal of provision for loss on liquidation of subsidiaries and affiliates	43,000	-
Fiduciary obligation fee	130	1,560
Other	3,382	1,114
Total non-operating income	127,874	5,323
Non-operating expenses		
Interest expenses	43,287	28,140
Foreign exchange losses	-	17,697
Depreciation	65,135	6,720
Commission fee	37,500	31,377
Other	17,287	13,493
Total non-operating expenses	163,210	97,428
Ordinary income	81,261	498,358
Extraordinary income		
Gain on sales of noncurrent assets	96,673	-
Gain on liquidation of subsidiaries and affiliates	-	10,027
Foreign currency translation adjustment	9,865	-
Total extraordinary income	106,539	10,027
Extraordinary loss		
Impairment loss	317,222	201,911
Total extraordinary losses	317,222	201,911
Income (Loss) before income taxes and minority interests	(129,421)	306,474
Income taxes-current	9,787	10,246
Income taxes-deferred	(16,400)	13,319
Total income taxes	(6,612)	23,565
Income (Loss) before minority interests	(122,809)	282,908
Net income (loss) attributable to owners of the parent	(122,809)	282,908

[Note] The numbers parenthesized represent minus figures.

(3) Consolidated statement of cash flows

(Thousand yen)

	Year ended August 31, 2016	Year ended August 31, 2017
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	(129,421)	306,474
Depreciation and amortization	279,489	208,682
Impairment loss	317,222	201,911
Increase (decrease) in allowance for doubtful accounts	3,081	(15,397)
Increase (decrease) in provision for bonuses	12,626	(384)
Increase (decrease) in provision for loss on order received	7,715	1,287
Increase (decrease) in provision for loss on business of subsidiaries and associates	(43,000)	-
Interest and dividends income	(330)	(75)
Interest expenses	43,287	28,140
Loss (gain) on sales of property, plant and equipment	(96,673)	-
Loss (gain) on liquidation of subsidiaries and associates	-	(10,027)
Reversal of foreign currency translation adjustment	(9,865)	-
Decrease (increase) in notes and accounts receivable-trade	(1,189,799)	935,633
Decrease (increase) in inventories	(876,586)	638,386
Increase (decrease) in notes and accounts payable-trade	1,688,000	(1,480,961)
Increase (decrease) in advances received	923,157	(379,445)
Other, net	(235,530)	5,922
Subtotal	693,374	440,147
Interest and dividends income received	338	75
Interest expenses paid	(43,287)	(28,140)
Income taxes (paid) refund	(23,189)	(7,753)
Net cash provided by (used in) operating activities	627,236	404,329
Net cash provided by (used in) investing activities		
Payments into time deposits	(16,397)	-
Proceeds from withdrawal of time deposits	121,939	683
Purchase of property, plant and equipment and intangible assets	(179,356)	(23,969)
Proceeds from sales of property, plant and equipment	229,850	355,186
Proceeds from liquidation of subsidiaries	-	54,467
Other, net	(3,666)	(554)
Net cash provided by (used in) investing activities	152,369	385,812
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,500,000)	(1,000,000)
Repayment of long-term loans payable	(161,285)	-
Repayments for lease obligations	(57,980)	(61,547)
Net cash provided by (used in) financing activities	(1,719,265)	(1,061,547)
Effect of exchange rate change on cash and cash equivalents	(50,324)	9,917
Net increase (decrease) in cash and cash equivalents	(989,984)	(261,488)
Cash and cash equivalents at beginning of period	2,334,924	1,292,822
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(52,117)	-
Cash and cash equivalents at end of period	1,292,822	1,031,333

[Note] The numbers parenthesized represent minus figures.

3. Other Information

(1) Changes in audit & supervisory board members (to be elected or to be resigning on November 29, 2017)

Newly elected candidate for audit & supervisory board member: Yasuhisa Sera

Audit & supervisory board member to resign: Akisato Yamaguchi

(2) Production, orders, and sales

1) Production

Production amounts by segment in the period are as follows:

Segment	Year ended August 31, 2017	(Thousand yen)	
		Year-on-year ratio (%)	
Machinery business	3,733,278	-	
Environmental business	219,959	-	
Total	3,953,238	72.9	

[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 segment in the period are as follows:

Segment	Orders received	Year-on-year ratio (%)	Order backlog	(Thousand yen)	
				Year-on-year ratio (%)	
Machinery business	5,426,855	-	4,496,408	-	
Environmental business	175,469	-	138,456	-	
Total	5,602,324	122.9	4,634,864	122.0	

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

3) Sales

Sales by segment in the period are as follows:

Segment	Year ended August 31, 2017	(Thousand yen)	
		Year-on-year ratio (%)	
Machinery business	4,521,256	-	
Environmental business	243,967	-	
Total	4,765,223	119.2	

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

* Year-on-year changes by business segment are not shown as the Group has changed its business segments from “equipment related business” and “contract module assembly business” to “machinery business” and “environmental business” since this fiscal year, and it is practically difficult to create them by tracing back necessary financial information.

The details of each segment are as follows:

Machinery business: R&D, manufacturing, and sales of PV module manufacturing equipment, VIP sealing machines, PV panel disassembly equipment, automated machines, etc.

Environmental business: Sales of products and services related to PV panel inspection and PV panel reuse/recycling.