



July 11, 2017

## Summary of Financial Results for the Third Quarter of Fiscal Year Ending August 31, 2017

(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

URL: <https://www.npcgroup.net/eng/>

Representative: Masafumi Ito, President & CEO

Contact: Research and Planning Department

Tel: +81-(0)3-6240-1206

Filing date of securities report:

July 14, 2017

Payment date of cash dividends:

-

Supplementary materials prepared for quarterly financial results: No

Financial results meeting for institutional investors and securities analysts: No

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Nine Months Ended May 31, 2017 (September 1, 2016 through May 31, 2017)

(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, 2017	3,894	346.0	727	-	657	-	446	-
9 months ended May 31, 2016	873	(87.9)	(438)	-	(499)	-	(409)	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
9 months ended May 31, 2017	20.23	-
9 months ended May 31, 2016	(18.56)	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of May 31, 2017	9,491	5,538	58.4
As of August 31, 2016	10,611	5,078	47.9

[Reference] Shareholders' equity (million yen): May 31, 2017: 5,538

August 31, 2016: 5,078

### 2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2016	-	0.00	-	0.00	0.00
Year ending August 31, 2017	-	0.00	-		
Year ending August 31, 2017 (forecast)				0.00	0.00

[Notes] Revision of dividend forecast for FY2017 from the latest disclosure: None

### 3. Consolidated Forecast for the Fiscal Year Ending August 31, 2017 (September 1, 2016 through August 31, 2017)

(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 FY2017	4,828	20.8	561	381.5	464	471.9	252	-	11.45

[Note] Revision of consolidated forecast for FY2017 from the latest disclosure: Yes

### 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, 2017: 22,052,426 shares

August 31, 2016: 22,052,426 shares

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

May 31, 2017: 435 shares

August 31, 2016: 435 shares

3) Average number of shares during the period

Nine months ended May 31, 2017: 22,051,991 shares

Nine months ended May 31, 2016: 22,051,991 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 ("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) Qualitative information about consolidated earnings forecast 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, 2017

### (1) Qualitative information about consolidated results of operations

During the nine months ended on May 31, 2017, the Japanese economy continued to recover gradually due to the improvement in employment and income situations. In the photovoltaic (“PV”) industry, to which the NPC Group (“the Group”) belongs, demand for PV system installation has been expanding throughout the world centering on main markets such as USA and China, and emerging markets like India. Due to cost decline of PV products at the global level, however, PV manufacturers, who are the customers of the Group, reviewed capital expenditure plans in order to deal with the cost competition. In the Japanese market, 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, the consolidated net sales were 3,894 million yen, almost as planned and 3,021 million yen increase year on year. As for profits, the Group secured high profitability due to continuous cost reduction efforts and sales efforts. Operating income was 727 million yen, compared with operating loss of 438 million yen in the same period in the previous year, and ordinary income was 657 million yen, compared with ordinary loss of 499 million yen in the same period in the previous year.

On the other hand, net income attributable to the owners of the parent was 446 million yen, compared with net loss of 409 million yen in the same period in the previous year due to the impairment loss booked in the second quarter as extraordinary loss resulted from decision on sales of Matsuyama Factory No.2.

The financial results by business segment are as follows:

#### 1) Machinery Business

The sales were 3,727 million yen, as the sales of the large-scale lines were booked in line with the plan, and the sales of upgrading business deals were also booked. Operating income was 1,108 million yen due to continuous cost reduction efforts.

#### 2) Environmental Business

The sales were 167 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 were weaker than the forecast. Operating loss was 16 million yen.

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 September, 2016, and it is practically difficult to create them by tracing back necessary financial information.

### (2) Qualitative information about consolidated earnings forecast

The business forecasts for the full year are the same as the forecasts in the “Revision of Business Forecasts” released today.

**2. Consolidated Financial Statements for the Third Quarter Ended May 31, 2017****(September 1, 2016 through May 31, 2017)****(1) Consolidated balance sheets**

	(Thousand yen)	
	As of August 31, 2016	As of May 31, 2017
Assets		
Current assets		
Cash and deposits	1,293,505	647,188
Notes and accounts receivable-trade	1,967,755	2,691,609
Merchandise and finished goods	5,179	48,751
Work in progress	1,609,558	725,618
Raw materials and supplies	276,387	253,985
Deferred tax assets	44,192	42,663
Other	330,332	338,018
Allowance for doubtful accounts	(37,635)	(37,454)
Total current assets	5,489,275	4,710,381
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	4,193,633	4,193,633
Accumulated depreciation	(1,230,433)	(1,363,861)
Accumulated impairment loss	(8,073)	(19,838)
Building and structures, net	2,955,126	2,809,933
Machinery and equipment	761,009	759,939
Accumulated depreciation	(116,839)	(124,810)
Accumulated impairment loss	(562,093)	(562,097)
Machinery and equipment, net	82,076	73,030
Land	1,898,173	1,708,050
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	277,499
Accumulated depreciation	(217,510)	(226,281)
Accumulated impairment loss	(4,514)	(4,533)
Other, net	40,835	46,684
Total property, plant and equipment	4,976,211	4,637,698
Intangible assets		
Other	26,651	24,550
Total intangible assets	26,651	24,550
Investments and other assets		
Deferred tax assets	26,346	24,835
Other	93,889	94,900
Allowance for doubtful accounts	(1,082)	(1,082)
Total investments and other assets	119,154	118,654
Total noncurrent assets	5,122,017	4,780,903
Total assets	10,611,292	9,491,285

[Note] The numbers parenthesized represent minus figures.

(Thousand yen)

	As of August 31, 2016	As of May 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,464,071	463,095
Short-term loans payable	1,500,000	2,500,000
Lease obligations	61,547	64,366
Income taxes payable	1,897	7,033
Advances received	1,043,238	534,413
Provision for bonuses	25,210	12,496
Provision for loss on order received	7,715	17,023
Other	220,956	194,315
Total current liabilities	5,324,637	3,792,744
Noncurrent liabilities		
Lease obligations	208,307	159,674
Total noncurrent liabilities	208,307	159,674
Total liabilities	5,532,945	3,952,419
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(484,118)	(37,959)
Treasury stock	(431)	(431)
Total shareholders' equity	5,062,786	5,508,946
Accumulated other comprehensive income		
Foreign currency translation adjustment	15,560	29,919
Total accumulated other comprehensive income	15,560	29,919
Total net assets	5,078,347	5,538,866
Total liabilities and net assets	10,611,292	9,491,285

[Note] The numbers parenthesized represent minus figures.

## (2) Consolidated statement of income

(Thousand yen)

	Nine months ended May 31, 2016	Nine months ended May 31, 2017
Net sales	873,209	3,894,824
Cost of sales	576,431	2,474,633
Gross profit	296,777	1,420,190
Selling, general and administrative expenses	735,775	692,919
Operating income (loss)	(438,997)	727,271
Non-operating income		
Interest income	306	59
Foreign exchange gains	22,833	-
Fiduciary obligation fee	-	1,170
Penalty income	-	931
Reversal of provision for loss on liquidation of subsidiaries and affiliates	43,000	-
Interest on refund	349	545
Other	549	718
Total non-operating income	67,039	3,424
Non-operating expenses		
Interest expenses	35,072	23,258
Commission fee	26,712	27,607
Foreign exchange loss	-	7,323
Depreciation	65,135	6,720
Other	275	8,251
Total non-operating expenses	127,196	73,160
Ordinary income (loss)	(499,153)	657,535
Extraordinary income		
Gain on sales of noncurrent assets	96,673	-
Total extraordinary income	96,673	-
Extraordinary loss		
Impairment loss	-	201,911
Total extraordinary loss	-	201,911
Income (loss) before income taxes and minority interests	(402,480)	455,623
Income taxes-current	7,650	6,384
Income taxes-deferred	(749)	3,079
Total income taxes	6,900	9,463
Net income (loss)	(409,380)	446,159
Net income (loss) attributable to owners of the parent	(409,380)	446,159

[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, 2017	Year-on-year ratio (%)
Machinery business	2,385,944	-
Environmental business	191,921	-
Total	2,577,866	85.8

[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 ratio (%)	Order backlog	Year-on-year ratio (%)
Machinery business	3,689,855	-	3,552,937	-
Environmental business	127,435	-	167,292	-
Total	3,817,290	82.8	3,720,230	53.3

[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, 2017	Year-on-year ratio (%)
Machinery business	3,727,726	-
Environmental business	167,098	-
Total	3,894,824	446.0

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

\* Year-on-year changes by business segments are not shown as the “contract module assembly business” was changed to the “environmental business” in the fiscal year 2017 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, etc.

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