



October 9, 2018

Summary of Financial Results for the Fiscal Year Ended August 31, 2018

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

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Listing: Mothers of TSE

General meeting of shareholders: November 29, 2018

Filing date of securities report: November 30, 2018

Payment date of cash dividends: -

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, 2018

(September 1, 2017 through August 31, 2018)

(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, 2018	6,444	35.2	506	(14.2)	458	(8.0)	410	45.1
Year ended August 31, 2017	4,765	19.2	590	406.4	498	513.3	282	-

	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, 2018	18.62	-	7.4	5.7	7.9
Year ended August 31, 2017	12.83	-	5.4	5.4	12.4

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2018	8,059	5,785	71.8	262.38
As of August 31, 2017	7,937	5,374	67.7	243.72

[Reference] Shareholders' equity (million yen): August 31, 2018: 5,785 August 31, 2017: 5,374

(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, 2018	455	(22)	(565)	900
As of August 31, 2017	404	385	(1,061)	1,031

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, 2017	-	0.00	-	0.00	0.00	-	-	-
Year ended August 31, 2018	-	0.00	-	2.00	2.00	44	10.7	0.8
Year ending August 31, 2019 (forecast)	-	0.00	-	2.50	2.50		12.9	

3. Consolidated Forecast for the Fiscal Year Ending August 31, 2019
(September 1, 2018 through August 31, 2019)

(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, 2019	1,839	(46.1)	(17)	-	(46)	-	(51)	-	(2.35)
Year ending August 31, 2019	7,002	8.7	534	5.5	491	7.2	428	4.4	19.43

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, 2018: 22,052,426 shares

August 31, 2017: 22,052,426 shares

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

August 31, 2018: 435 shares

August 31, 2017: 435 shares

3) Average number of shares during the period

Fiscal year ended August 31, 2018: 22,051,991 shares

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

[Reference]

1. Non-Consolidated Financial Results for the Year Ended August 31, 2018
(September 1, 2017 through August 31, 2018)

(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, 2018	6,433	35.3	478	(19.8)	435	(28.4)	392	(0.9)
Year ended August 31, 2017	4,754	19.5	596	306.8	607	665.2	396	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended August 31, 2018	17.81	-
Year ended August 31, 2017	17.97	-

(2) Non-Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of August 31, 2018	7,916	5,662	71.5	256.76
As of August 31, 2017	7,833	5,269	67.3	238.94

[Reference] Shareholders' equity (million yen): August 31, 2018: 5,662

August 31, 2017: 5,269

2. Non-Consolidated Forecast for the Fiscal Year Ending August 31, 2019
(September 1, 2018 through August 31, 2019)

(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, 2019	1,829	(46.3)	(17)	-	(46)	-	(48)	-	(2.21)
Year ending August 31, 2019	6,986	8.6	521	9.0	478	10.1	422	7.4	19.14

*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, 2018

(1) Overview of financial results of the fiscal year ended August 31, 2018

In the fiscal year ended August 31, 2018, Japanese economy continued to recover gradually while employment and earnings environment continuously improved. As for world economy, though there have been some risks of trade conflictions, in overall, it continued to recover gradually.

In the photovoltaic industry, to which the NPC Group (“the Group”) belongs, due to the cost reduction in the photovoltaic (“PV”) system and increase of the awareness in environmental issues, now, through the biddings, the number of installed panels is increasing in rising countries such as countries in South America, Middle East and Africa, added to the main market such as the USA, China and India. Also, supported by the increase in cost efficiency of PV power generation, private enterprises’ needs of PV panel installations for self-consumption have been expanding for expecting the ESG investments. On the other hand, although the annual amount of PV panel installation in Japan is in the decrease, there are several ongoing development projects of mega solar power plants. Also, due to the effect of Japanese national policies, the awareness in maintenance of PV systems and proper disposal of end-of-life panels is increasing more and more.

Under such circumstances, the consolidated net sales were 6,444 million yen, almost as announced as of July 11, 2018, 1,678 million yen increase year on year. Operating income was 506 million yen, 84 million yen decrease year on year, and ordinary income was 458 million yen, 40 million yen decrease year on year. Extraordinary income of 28 million yen was booked, as a settlement received due to the result of settlement of dispute occurred with regard to the business of contract module assembly; in overall resulted 410 million yen of net income attributable to owners of the parent, 127 million yen increase year on year.

Financial results by segment are as follows:

1) Machinery Business

The sales were 6,165 million yen, 1,644 yen increase year on year, as the sales of the large-scale PV Equipment line and automated/labor-saving machine was booked steadily as well as sales of parts. Although there were several business deals of automated/labor-saving machine that included R&D, and loss of valuation of inventory assets, the Group was able to ensure the profit at a satisfactory level, which resulted to the operating income to be 977 million yen, 147 million yen decrease year on year.

2) Environmental Business

The sales were 278 million yen, 34 million yen increase year on year, as market needs to our services has been increasing such as onsite inspection of mega solar power plants and panel reuse/recycling business. Operating income was 23 million yen, compared with the operating loss of 79 million yen from the previous fiscal year due to cost reduction efforts such as improvement of work efficiency and allowing high profitability through our unique service with high-added-value.

(2) Future outlook

In the upcoming fiscal year (FY2019), increase in both sales and profit are expected as both our existing business and new business shall progress steadily. As for Machinery Business, a manufacturing line with new specification is expected to be booked to our major customers in the USA, however, due to the timing of booking, the peak of sales booking is expected to be in the latter half of the said fiscal year. As for automated/labor-saving machine, sales of said machines in various industries such as display industry or automobile industry is expected. In the environmental business, it is expected to sell multiple services such as the on-site inspection for mega solar power plants and regular inspections throughout the year. Also the booking of first panel disassembly line for recycling purposes is expected as well.

In conclusion of above activities, the consolidated business forecast for the next fiscal year will be: sales at 7,002 million yen, 557 million yen increase year on year; operating income at 534 million yen, 27 million yen increase year on year; ordinary income at 491 million yen, 33 million yen increase year on year; and net income at 428 million yen, 17 million yen increase year on year.

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.

2. Consolidated Financial Statements for the Fiscal Year Ended August 31, 2018**(September 1, 2017 through August 31, 2018)**

(1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2017	As of August 31, 2018
Assets		
Current assets		
Cash and deposits	1,031,333	900,042
Notes and accounts receivable-trade	1,034,749	1,820,665
Merchandise and finished goods	16,767	15,318
Work in progress	1,041,529	791,856
Raw materials and supplies	195,048	151,715
Deferred tax assets	35,372	56,279
Other	270,963	205,445
Allowance for doubtful accounts	(22,268)	(33,292)
Total current assets	3,603,494	3,908,030
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,817,291	3,821,771
Accumulated depreciation	(1,235,198)	(1,397,325)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	2,574,019	2,416,373
Machinery and equipment	759,205	759,439
Accumulated depreciation	(127,104)	(137,700)
Accumulated impairment loss	(562,093)	(562,093)
Machinery and equipment, net	70,007	59,645
Land	1,548,050	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	279,527	280,666
Accumulated depreciation	(227,267)	(234,300)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	47,744	41,851
Total property, plant and equipment	4,239,821	4,065,919
Intangible assets		
Other	24,112	19,997
Total intangible assets	24,112	19,997
Investments and other assets		
Deferred tax assets	21,881	16,902
Other	49,705	48,222
Allowance for doubtful accounts	(1,082)	-
Total investments and other assets	70,504	65,125
Total noncurrent assets	4,334,438	4,151,042
Total assets	7,937,933	8,059,073

(Thousand yen)

	As of August 31, 2017	As of August 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	984,359	874,748
Short-term loans payable	500,000	-
Lease obligation	65,334	63,414
Income taxes payable	13,070	111,004
Advances received	664,034	921,447
Provision for bonuses	24,825	49,258
Provision for loss on order received	9,003	-
Other	159,795	163,439
Total current liabilities	2,420,422	2,183,313
Noncurrent liabilities		
Lease obligation	142,973	79,558
Net defined benefit liability	-	10,303
Total noncurrent liabilities	142,973	89,862
Total liabilities	2,563,395	2,273,175
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	(201,210)	209,402
Treasury stock	(431)	(431)
Total shareholders' equity	5,345,695	5,756,307
Accumulated other comprehensive income		
Foreign currency translation adjustment	28,842	29,589
Total accumulated other comprehensive income	28,842	29,589
Total net assets	5,374,538	5,785,897
Total liabilities and net assets	7,937,933	8,059,073

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

	Year ended August 31, 2017	Year ended August 31, 2018
Net sales	4,765,223	6,444,100
Cost of sales	3,270,218	4,894,302
Gross profit	1,495,005	1,549,797
Selling, general and administrative expenses	904,541	1,043,336
Operating income	590,463	506,460
Non-operating income		
Interest income	75	26
Fiduciary obligation fee	1,560	1,560
Penalty income	931	1,401
Gain on bad debts recovered	1,096	-
Interest on refund	545	170
Gain on sales of scraps	-	768
Other	1,114	1,622
Total non-operating income	5,323	5,549
Non-operating expenses		
Interest expenses	28,140	14,900
Foreign exchange losses	17,697	6,180
Depreciation	6,720	-
Commission fee	31,377	31,276
Other	13,493	1,389
Total non-operating expenses	97,428	53,745
Ordinary income	498,358	458,264
Extraordinary income		
Compensation income	-	28,420
Gain on liquidation of subsidiaries and affiliates	10,027	-
Total extraordinary income	10,027	28,420
Extraordinary loss		
Impairment loss	201,911	-
Total extraordinary losses	201,911	-
Income (Loss) before income taxes and minority interests	306,474	486,684
Income taxes-current	10,246	91,998
Income taxes-deferred	13,319	(15,926)
Total income taxes	23,565	76,071
Income (Loss) before minority interests	282,908	410,612
Net income (loss) attributable to owners of the parent	282,908	410,612

[Note] The numbers parenthesized represent minus figures.

(3) Consolidated statement of cash flows

(Thousand yen)

	Year ended August 31, 2017	Year ended August 31, 2018
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	306,474	486,684
Depreciation and amortization	208,682	198,447
Impairment loss	201,911	-
Increase (decrease) in allowance for doubtful accounts	(15,397)	9,940
Increase (decrease) in provision for bonuses	(384)	24,433
Increase (decrease) in provision for loss on order received	1,287	(9,003)
Increase (decrease) in net defined benefit liability	-	10,303
Interest and dividends income	(75)	(26)
Interest expenses	28,140	14,900
Loss (gain) on sales of property, plant and equipment	-	(28,420)
Loss (gain) on liquidation of subsidiaries and associates	(10,027)	-
Decrease (increase) in notes and accounts receivable-trade	935,633	(785,677)
Decrease (increase) in inventories	638,386	294,512
Increase (decrease) in notes and accounts payable-trade	(1,480,961)	(109,799)
Increase (decrease) in advances received	(379,445)	257,409
Other, net	5,922	89,860
Subtotal	440,147	453,564
Interest and dividends income received	75	26
Interest expenses paid	(28,140)	(14,900)
Proceeds from compensation	-	28,420
Income taxes (paid) refund	(7,753)	(11,280)
Net cash provided by (used in) operating activities	404,329	455,830
Net cash provided by (used in) investing activities		
Proceeds from withdrawal of time deposits	683	-
Purchase of property, plant and equipment and intangible assets	(23,969)	(23,029)
Proceeds from sales of property, plant and equipment	355,186	277
Proceeds from liquidation of subsidiaries	54,467	-
Other, net	(554)	429
Net cash provided by (used in) investing activities	385,812	(22,322)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(1,000,000)	(500,000)
Repayments for lease obligations	(61,547)	(65,334)
Net cash provided by (used in) financing activities	(1,061,547)	(565,334)
Effect of exchange rate change on cash and cash equivalents	9,917	534
Net increase (decrease) in cash and cash equivalents	(261,488)	(131,290)
Cash and cash equivalents at beginning of period	1,292,822	1,031,333
Cash and cash equivalents at end of period	1,031,333	900,042

[Note] The numbers parenthesized represent minus figures.

3. Other Information

(1) Change to the members of the Board

- Resigning member of the Board
Junichi Akita, Director
- Effective Date: November 29, 2018

(2) Production, orders, and sales

1) Production

Production amounts by segment in the fiscal year ended August 31, 2018 are as follows:

(Thousand yen)

Segment	Production	Year-on-year ratio (%)
Machinery business	5817,160	155.8
Environmental business	313,151	142.4
Total	6,130,312	155.1

[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 fiscal year ended August 31, 2018 are as follows:

(Thousand yen)

Segment	Orders received	Year-on-year ratio (%)	Order backlog	Year-on-year ratio (%)
Machinery business	6,663,403	122.8	4,993,892	111.1
Environmental business	523,580	298.4	383,855	277.2
Total	7,186,983	128.3	5,377,748	116.0

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

3) Sales

Sales by segment in the fiscal year ended August 31, 2018 are as follows:

(Thousand yen)

Segment	Sales	Year-on-year ratio (%)
Machinery business	6,165,919	136.4
Environmental business	278,181	114.0
Total	6,444,100	135.2

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