January 9, 2019

Summary of Financial Results for the First Quarter of Fiscal Year Ending August 31, 2019

(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 Three Months Ended November 30, 2018 (September 1, 2018 through November 30, 2018)

(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	%
3 months ended November 30, 2018	1,362	(13.1)	152	(19.7)	152	(18.3)	149	(21.9)
3 months ended November 30, 2017	1,567	249.0	190	-	186	-	191	-

	Earnings per share	Diluted earnings per share
	Yen	Yen
3 months ended November 30, 2018	6.78	-
3 months ended November 30, 2017	8.68	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of November 30, 2018	8,071	5,894	73.0
As of August 31, 2018	8,059	5,785	71.8

[Reference] Shareholders' equity (million yen): November 30, 2018: 5,894 August 31, 2018: 5,785

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended August 31, 2018	-	0.00	-	2.00	2.00
Year ending August 31, 2019	-				
Year ending August 31, 2019 (forecast)		0.00	-	2.50	2.50

[Notes] Revision of dividend forecast during the period: None

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 attributable to owners of the parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half of FY2019	1,839	(46.1)	(17)	-	(46)	-	(51)	-	(2.35)
Full year of FY2019	7,002	8.7	534	5.5	491	7.2	428	4.4	19.43

[Notes] Revision of consolidated forecast during the period: 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
November 30, 2018: 22,052,426 shares
August 31, 2018: 22,052,426 shares
2) Number of treasury stock at the end of the period
November 30, 2018: 435 shares
August 31, 2018: 435 shares
3) Average number of shares during the period
Three months ended November 30, 2018: 22,051,991 shares
Three months ended November 30, 2017: 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) 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.

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1. Qualitative Information Concerning Financial Results for the First Quarter Ended November 30, 2018

(1) Description of operating results

During the first three months ended on November 30, 2018, Japanese economy continued to recover gradually while employment and earnings environment continuously recovered. As for the world economy, although it had to be taken notice of influence of trading issues between the USA and China as well as influence by fluctuation of capital and financial market, it continued to recover gradually.

In the photovoltaic ("PV") industry, to which the NPC Group ("the Group") belongs, although deceleration of Chinese market was concerned, the number of PV installation is expected to increase through various policies mainly within the USA and India that set the ratio of renewable energy in the energy mix and the actions by RE100 joining companies for ESG investments. Currently, the USA, China and India are the major markets of PV installation. However, development of multiple projects is expected in emerging countries such as countries in South America and Middle East. In the Japanese market, although the annual amount of PV panel installation is in the decrease, development of mega solar power plants has been continuing, and also private enterprises' needs of PV panel installations for self-consumption have been expanding. In addition to the foregoing, there have been active discussions and study by Ministry of Economy, Trade and Industry and Ministry of the Environment on proper disposal of PV system, which shows that the awareness in the maintenance of PV system and proper disposal of end-of-life panels is increasing more and more.

Under such circumstances, the sales of the Machinery Business progressed mostly as expected; sales of PV module manufacturing equipment and parts for one of the major customers in the USA progressed steadily, and as for automated/labor-saving machine, sales for automobile industry ware booked for the major part. In the Environmental Business, sales progressed mostly as expected as the sales of reuse panels as well as panel inspection services for solar power plants were booked steadily. As a result, the consolidated net sales were 1,362 million yen, 205 million yen decrease year on year. As for profit, although consolidated sales were in decrease year on year, the amount of profit was better than expected due to the following reasons: as for Machinery Business, profit on sales was improved due to the cost reduction efforts and steady sales of parts, as for Environmental Business, the sales of our unique inspection services with high profit margin contributed to the profit and ended better than expected. As a result, operating income was 152 million yen, 37 million yen decrease year on year, and ordinary income was 152 million yen, 34 million yen decrease year on year. The net income attributable to owners of the parent was 149 million yen, 41 million yen decrease year on year.

The financial results by business segment are as follows:

1) Machinery Business

In the Machinery Business, PV Equipment for one of the major customers in the USA and automated/labor-saving machine dedicated the sales booked. As a result, the sales were 1, 289 million yen, 210 million yen decrease year on year, and the operating income was 266 million yen, 35 million yen decrease year on year.

2) Environmental Business

In the Environmental Business, sales of inspection services for solar power plants and reused panels were booked steadily. As a result, the sales were 73 million yen, 5 million yen increase year on year, and operating income was 4 million yen, 4 million yen increase year on year.

(2) Description of outlook, including consolidated earnings forecast

The business forecasts for the second half and the full year are the same as the forecasts in the "Summary of Financial Results for the Fiscal Year Ended August 31, 2019" announced on October 9, 2018.

2. Consolidated Financial Statements for the First Quarter Ended November 30, 2018 (September 1, 2018 through November 30, 2018)

(1) Consolidated balance sheets

(Thousand yen)

	As of August 31, 2018	As of November 30, 2018
Assets		
Current assets		
Cash and deposits	900,042	669,982
Notes and accounts receivable-trade	1,820,665	1,795,324
Merchandise and finished goods	15,318	15,318
Work in progress	791,856	1,043,527
Raw materials and supplies	151,715	147,068
Other	205,445	251,683
Allowance for doubtful accounts	(33,292)	(16,924)
Total current assets	3,851,750	3,905,980
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	3,821,771	3,821,771
Accumulated depreciation	(1,397,325)	(1,437,593)
Accumulated impairment loss	(8,073)	(8,073)
Building and structures, net	2,416,373	2,376,104
Machinery and equipment	759,439	759,439
Accumulated depreciation	(137,700)	(140,125)
Accumulated impairment loss	(562,093)	(562,093)
Machinery and equipment, net	59,645	57,220
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	280,666	281,153
Accumulated depreciation	(234,300)	(238,784)
Accumulated impairment loss	(4,514)	(4,514)
Other, net	41,851	37,854
Total property, plant and equipment	4,065,919	4,019,229
Intangible assets		
Other	19,997	18,553
Total intangible assets	19,997	18,553
Investments and other assets		
Deferred tax assets	73,182	69,562
Other	48,222	58,254
Total investments and other assets	121,405	127,817
Total noncurrent assets	4,207,322	4,165,600
Total assets	8,059,073	8,071,581

(Thousand yen)

	As of August 31, 2018	As of November 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	874,748	1,021,013
Lease obligation	63,414	64,368
Income taxes payable	111,004	9,984
Advances received	921,447	797,679
Provision for bonuses	49,258	12,034
Other	163,439	197,258
Total current liabilities	2,183,313	2,102,338
Noncurrent liabilities		
Net defined benefit liability	10,303	13,346
Lease obligation	79,558	61,653
Total noncurrent liabilities	89,862	74,999
Total liabilities	2,273,175	2,177,337
Net assets		
Shareholders' equity		
Capital stock	2,812,461	2,812,461
Capital surplus	2,734,875	2,734,875
Retained earnings	209,402	314,826
Treasury stock	(431)	(431)
Total shareholders' equity	5,756,307	5,861,732
Accumulated other comprehensive income		
Foreign currency translation adjustment	29,589	32,511
Total accumulated other comprehensive income	29,589	32,511
Total net assets	5,785,897	5,894,243
Total liabilities and net assets	8,059,073	8,071,581

[Note] The numbers parenthesized represent minus figures.

(2) Consolidated statement of income

(Thousand yen)

	Three months ended November 30, 2017	Three months ended November 30, 2018
Net sales	1,567,729	1,362,565
Cost of sales	1,140,105	987,378
Gross profit	427,623	375,186
Selling, general and administrative expenses	237,456	222,415
Operating income (loss)	190,166	152,770
Non-operating income		
Interest income	4	6
Foreign exchange gains	99	890
Fiduciary obligation fee	390	390
Penalty income	1,401	-
Gain on bad debts recovered	549	-
Subsidy income	-	570
Other	122	592
Total non-operating income	2,568	2,450
Non-operating expenses		
Interest expenses	3,561	1,957
Commission fee	2,693	820
Total non-operating expenses	6,254	2,777
Ordinary income (loss)	186,480	152,443
Extraordinary income		
Compensation income	28,420	-
Total extraordinary income	28,420	-
Income (loss) before income taxes and minority interests	214,900	152,443
Income taxes-current	24,043	(740)
Income taxes-deferred	(549)	3,655
Total income taxes	23,494	2,914
Income (Loss) before minority interests	191,406	149,528
Net income (loss) attributable to owners of the parent	191,406	149,528

[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	Three Months Ended November 30, 2018	Year-on-year change (%)
Machinery business	1,593,910	91.8
Environmental business	110,075	160.1
Total	1,703,986	94.4

[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 change (%)	Order backlog	Year-on-year change (%)
Machinery business	908,793	42.2	4,613,369	89.5
Environmental business	54,180	154.8	364,787	346.4
Total	962,973	44.0	4,978,156	94.7

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

3) Sales

Sales by business segment in the period are as follows:

(Thousand yen)

Segment	Three Months Ended November 30, 2018	Year-on-year change (%)
Machinery business	1,289,316	86.0
Environmental business	73,248	107.5
Total	1,362,565	86.9

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