

January 8, 2016

To whom it may concern:

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Announcement on Revision of Business Forecasts

As a result of the close examination of current business situation, NPC Incorporated (“the Company”) hereby notifies the revision of the business forecasts for the fiscal year 2016, announced on October 7, 2015. There is no revision of the business forecasts for the second half.

Revision of consolidated business forecasts for the full year (September 1, 2015 through August 31, 2016)

	Sales	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net income per share (yen)
Previous forecasts (A)	10,861	447	404	472	21.44
Revised forecasts (B)	5,701	284	228	305	13.87
Amount of increase/decrease (B-A)	(5,160)	(163)	(176)	(167)	
Change (%)	(47.5)	(36.5)	(43.6)	(35.4)	
[Reference] Full year of FY2014	9,349	519	422	561	25.47

Revision of non-consolidated business forecasts for the full year (September 1, 2015 through August 31, 2016)

	Sales	Operating Income	Ordinary Income	Net Income	Net income per share (yen)
Previous forecasts (A)	10,829	384	341	431	19.57
Revised forecasts (B)	5,659	266	215	306	13.88
Amount of increase/decrease (B-A)	(5,170)	(118)	(126)	(125)	
Change (%)	(47.7)	(30.7)	(37.0)	(29.0)	
[Reference] Full year of FY2014	9,245	428	352	513	23.27

[Reasons for the Revision]

The sales for the consolidated business forecasts of the Company are expected to be 5,701 million yen, 5,160 million yen down from the previous forecast of 10,861 million yen mainly due to the changes in unit selling prices breakdown in the contract module assembly business. The detailed reasons are as follows:

1) Contract module assembly business

At the disclosure of the previous forecasts, the Company expected the contract conclusion with a new customer on the assembly service of photovoltaic (PV) modules in the first half and the production start in the third quarter. In December, 2015, the Company reached the basic agreement with the customer and also has been proceeding smoothly with a contract

with another customer. Therefore, full production for both business deals is expected to start in the third and the fourth quarters and the sales are to be booked accordingly.

In the previous contracts, the Company purchased materials of the PV modules from the customers and set the unit selling prices as the sum of the purchase amount, assembly fees, etc. The previous forecasts were based on the assumption that the contract conditions are the same as those. In the new contracts, however, unit selling prices are to comprise of mainly the assembly fees, which cause the decrease in sales. On the other hand, the profits per module will remain the same.

As a result, the sales will be 634 million yen, 4,877 million yen down from the previous forecast of 5,511 million yen. Since quantities and assembly fees in the contracts will be almost as planned, the Company expects these contracts will contribute to the business results in the long term.

2) Equipment related business

The Company received the order of large-scale lines in the previous fiscal year and expected the sales to be fully booked in this fiscal year. Due to the additional customer request on improvement in specifications, however, production is expected to take more time and some of the sales will be booked in the next fiscal year. Yet at the same time, the Company expects additional orders in the second quarter caused by the specifications improvement.

As a result, the sales will be 5,067 million yen, 282 million yen down from the previous forecast of 5,349 million yen. Since the decrease will be included in the order backlog at the end of this fiscal year, the Company does not foresee any influence on the business results in the medium term.

The profits in the consolidated business forecasts will decrease because of the delay in production start in the contract module assembly business as well as the partial delay in sales booking in the equipment related business.

The reasons for the revision of the non-consolidated business forecast for the full year are the same as those for the consolidated forecast.

[Note] The above forecasts are based on the information available as of the release date of this announcement, and are subject to change as a result of various factors that might arise in the future.

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