

August 30, 2016

To whom it may concern:

NPC Incorporated
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Announcement on Extraordinary Loss and Revision of Business Forecasts

NPC Incorporated, hereinafter referred to as “the Company”, hereby notifies that an extraordinary loss is expected to incur in the fiscal year 2016 ending on August 31, 2016. The Company also notifies that the business forecasts which were announced on April 6, 2016 have been revised. Details are as follows.

Description

1. Extraordinary loss

In the contract module assembly business, the Company expected to start production in the fourth quarter of the fiscal year 2016 according to the long-term contract concluded in the first half of the fiscal year 2016 with a major photovoltaic manufacturer, which was not realized. Under such circumstances, an extraordinary loss of 344 million yen is expected to be booked for the impairment loss of the production line with no production plan at present.

2. Revision of business forecast

(1) 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)	5,225	158	92	175	7.98
Revised forecasts (B)	3,994	102	76	(170)	(7.72)
Amount of increase/decrease (B-A)	(1,231)	(56)	(16)	(345)	
Change (%)	(23.6)	(35.4)	(17.4)	—	
[Reference] Full year of FY2015	9,349	519	422	561	25.47

(2) 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)	5,191	158	95	187	8.48
Revised forecasts (B)	3,981	149	89	(164)	(7.45)
Amount of increase/decrease (B-A)	(1,210)	(9)	(6)	(351)	
Change (%)	(23.3)	(5.7)	(6.3)	—	
[Reference] Full year of FY2015	9,245	428	352	513	23.27

(3) Reasons for the revision

As stated above, in the contract module assembly business, the Company expected to start production in the

fourth quarter of the fiscal year 2016 according to the long-term contract concluded in the first half of the fiscal year 2016 with a major photovoltaic manufacturer. However, there was no actual production nor sales booking related to the contract. Also, expenses occurred in the production preparation were booked as cost. In the equipment related business, sales of parts, environmental products, etc. were slower than the forecast, however, profit was secured almost as planned due to successful cost reduction.

As a result, the sales will be 3,994 million yen, 1,231 million yen down from the previous forecast of 5,225 million yen.

Operating income will be 102 million yen due to the loss occurred in the contract module assembly business as stated above in spite of decrease in sales, general, and administration expenses in the equipment related business. Ordinary income will be 76 million yen due to the cost in the contract module assembly business, although the difference between non-operating income and expenses was improved by reversal on provision according to the completion of liquidation process of the previous subsidiary, NPC-Meier. Net loss attributable to the parent of the company will be 170 million yen, due to the extraordinary loss explained in 1.

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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