

March 30, 2017

To all persons concerned:

NPC Incorporated
1-7-15 Higashi-ueno, Taito-ku,
Tokyo 110-0015, Japan

Announcement on Sale of Fixed Assets and Booking of Extraordinary Loss

NPC Incorporated, (“the Company”), hereby notifies that the Company resolved to sell its fixed assets as described below at the Board of Directors’ meeting held today. With this sale, extraordinary loss as an impairment loss will be booked in the fiscal year 2017 ending August 31, 2017. Details are as follows:

Description

1. Reasons for the sale

Under an agreement on the use of Matsuyama Factory No.2, the Company has rented it to our customer. While the Company was seeking for the best solution to utilize the factory such as continuation of the contract and its own usage, it received a purchase offer from a machine manufacturer in Ehime prefecture. Considering that Matsuyama Factory No.3 has been well functioning as the Company’s main manufacturing facility and that Matsuyama Factory No.2 is located away from No.3, the Company decided to sell Matsuyama Factory No.2 by giving priority to strengthening its financial structure by improvement of liquidity on hand and reduction of property tax. As the estimated price at present is less than the book value, extraordinary loss will be booked as an impairment loss of estimated loss on sale.

2. Assets to be sold

Details and location of assets	Price	Book value	Loss from sale (non-consolidated)	Loss from sale (consolidated)
Matsuyama Factory No.2 1800-2, Nishihabu-machi, Matsuyama-shi, Ehime, Japan Land: 8,200.49m ² Building: 3,888.48m ²	million yen 355	million yen 556	million yen 201	million yen 201

Price and losses from sales are estimated numbers before concluding a contract. In the event of any changes, the Company will disclose the final price and losses immediately.

3. Overview of the purchaser

- (1) Company name : OHMORISHOUKI Co., Ltd
- (2) Headquarters : 3-9-6 Kuko-dori, Matsuyama-shi, Ehime, Japan
- (3) President and CEO : Takeshi Ohmori
- (4) Business : Sales and maintenance of lumber, woodworking and forestry machinery
- (5) Capital : 40 million yen

- (6) Date of Establishment : March 15, 1948
(7) Fiscal year end : End of December
(8) Relationship with the : Capital, personnel, transaction: no applicable relationship
Company Status of related parties: no applicable related parties

4. Schedule of the sale

- March 30, 2017 : Resolution at the Board of Directors' meeting
Mid-April, 2017 : Signing of contract (scheduled)
Early-July, 2017 : Transfer of the assets (scheduled)

5. Impact on business forecasts

With this resolution on the sale of the fixed assets, extraordinary loss will be booked in the second quarter in the fiscal year 2017 as an impairment loss of 201 million yen, for non-consolidated and consolidated business forecasts, respectively. With regard to business forecasts for FY2017, please refer to "Announcement on Revision of Business Forecasts" released today.

END