

April 13, 2020

[English Translation]

## **Notice of Recording Non-Operating Expenses and Extraordinary Losses**

Japan Display, Inc. ("JDI") today announced that it has recorded non-operating expenses and extraordinary losses in the consolidated third quarter of fiscal year 2019 (October 1 - December 31, 2019, the "third quarter").

\* \* \*

### **1. Recording of non-operating expense**

(Share of loss of entities accounted for using the equity method)

JDI has recorded a share of loss of entities accounted for using the equity method of JPY 4,344 million as a non-operating expense in the third quarter based on the financial results reported by JOLED, Inc. ("JOLED"), a former affiliate accounted for by the entity method through the end of the third quarter.

JDI transferred all of the shares of JOLED held by JDI as a substitute performance on March 26, 2020. Along with this transfer, JOLED has been excluded as an affiliate accounted for by the entity method of JDI as of the end of fiscal year 2019.

(Loss related to Typhoon No. 21)

Due to the torrential rain caused by Typhoon No. 21 which occurred during the third quarter, JPY 333 million was recorded under "other" in non-operating expenses in regard to a loss on a temporary suspension of production, damage losses on work in process and other losses. JDI announced in its December 4, 2019 "Notice Concerning the Recording of Non-Operating Expense (Losses Related to Typhoon No. 21)" that these non-operating expenses would be JPY 616 million. However, following an accounting audit, part of this JPY 616 million was recognized as cost of goods sold, resulting in a change in the amount of non-operating expenses.

In addition, because JDI is continuing to negotiate with an insurance company regarding the typhoon-related damage losses, the total amount of claims to be paid for these losses has not been determined.

### **2. Recording of extraordinary losses**

(Valuation loss on investment in securities)

Due to a write-down of unlisted investment securities held by JDI following a significant decline in the real value of these securities, a JPY 258 million valuation loss on investment in securities was recorded under "other" in extraordinary losses in the third quarter.

(Business restructuring expenses)

In addition, as already announced, JDI recorded business restructuring expenses in the first half of fiscal year 2019 (ended March 31, 2020) in connection with the implementation of structural reforms. These expenses include a write-down of production facilities and the reduction of employees. As part of these structural reforms, in the third quarter JDI recorded voluntary early retirement-related expenses of JPY 52 million, a penalty of JPY 103 million on changes to a contract with a back-end EMS company following a supply chain adjustment, a loss of JPY 110 million on liquidation of Star World (Samoa) Holding Inc., a JDI subsidiary and a write-down of JPY 2,262 million on fixed assets at the Mobara Plant.

### **3. Outlook**

The effect of the above non-operating expenses and extraordinary losses on business results is shown in the "Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2020 [Japanese GAAP] (Consolidated)" announced today.

###