

**Notice Concerning a Non-Operating Expense (Foreign Exchange Loss),
the Reversal of Deferred Tax Assets, the FY 2016 Financial Results Forecast and
Revision of the Dividend Forecast**

TOKYO, Japan, May 1, 2017 – Japan Display Inc. ("JDI") today announced the recording of a non-operating expense (foreign exchange loss) and the reversal of deferred tax assets. Also, in regards to the FY 2016 financial results forecast, preliminary numbers are now available. A previous forecast issued on February 8, 2017 only showed net sales and operating income. However, the availability of the non-operating expense and the reversal of deferred tax assets data, along with other financial closing information, have enabled a preliminary determination of FY 2016 financial results for ordinary income and net income attributable to owners of the parent, which are presented below. In addition, a previous undetermined dividend forecast has been revised and is also presented below.

JDI plans to announce FY 2016 financial results and a forecast for the first quarter of FY 2017 on May 10.

* * *

1. Non-operating expense (foreign exchange loss)

Due to volatility in the foreign exchange market JDI will record a foreign exchange loss of 11,211 million yen for FY 2016.

A foreign exchange loss of 7,654 million yen had been recorded for nine months of FY 2016 (April 1, 2016 to December 31, 2016) and an additional foreign exchange loss of 3,557 million yen will be taken in the fourth quarter (January 1, 2017 to March 31, 2017). The reasons for this foreign exchange loss are the recording of valuation losses on foreign currency-denominated assets and liabilities held by JDI based on foreign exchange market rates at the end of fiscal year 2016, differences in the foreign exchange rate prevailing at the time of sales and purchase transactions and the fair market rate at the time those transactions were settled, and a loss attributable to repayment of long-term borrowings secured during a past period of strong yen appreciation.

2. Reversal of deferred tax assets

In recognition of the need for further changes in business structure and cost structure in line with changes in the display market for smartphones brought on by today's accelerating use of organic light-emitting diode (OLED) displays, JDI has been planning new policies that include structural reforms. Accordingly, JDI will strengthen its focus on reducing uncertainties in business and improving its profit performance. Based on a consideration of the effects of these policies along with a medium-term financial plan currently under review, JDI carefully examined the recoverability of deferred tax assets and has decided to reverse these deferred tax assets in the amount of 20,943 million yen and to treat this sum as a corporate income tax adjustment.

3. FY 2016 (April 1, 2016 to March 31, 2017) full-term consolidated financial results forecast

(Figures in million yen except for per share data)

	Net sales	Operating income	Ordinary income (loss)	Profit (loss) attributable to owners of the parent	Net income (loss) per share (yen)
Previous forecast (A)	874,191	22,975	—	—	—
New revised forecast (B)	884,400	18,500	(8,900)	(31,700)	(52.71)
Difference (B – A)	10,209	(4,475)	—	—	—
Percentage difference (%)	1.2%	(19.5)%	—	—	—
Actual FY 2015 consolidated results	989,115	16,710	(12,934)	(31,840)	(52.94)

Within FY 2016 consolidated financial results, firm demand in the fourth quarter has led to full-term sales exceeding JDI's previous forecast. However, because longer than expected launch periods and yield improvements for a part of new products occurred in the fourth quarter resulted in higher manufacturing costs, operating income will be lower than the company's forecast.

At the time same, such factors as yen appreciation, a decline in selling prices and changes in the product mix will lower net sales by around 10% relative to FY 2015 financial results. However, cost reductions enabled by management reforms are resulting in an increase in operating income. This improved operating income along with lower foreign exchange losses will shrink ordinary losses in FY 2016. FY 2015 posted a business restructuring charge of 13.9 billion yen, while FY 2016 will post a reversal of deferred tax assets described above. After accounting for all factors, a loss attributable to owners of the parent for FY 2016 will be approximately the same as last year's loss.

4. Revision of dividend forecast

	Annual dividends (yen)		
	Mid-fiscal year	End of fiscal year	Total
Previous forecast (FY 2016)		Undetermined	Undetermined
New revised forecast (FY 2016)		0	0
Actual dividend payments in FY 2016	0		
Dividend payments in FY 2015	0	0	0

JDI regards returning value to shareholders as an important obligation. In the event of a profit attributable to owners of the parent the company had intended to issue an end-year dividend for FY 2016. Unfortunately, no dividend will be issued as JDI is instead now preparing to record a loss attributable to owners of the parent company.

###