

May 15, 2019

[English Translation]

Notice Concerning Recording of Extraordinary Loss (Impairment Loss) and Structural Reform

Japan Display Inc. ("JDI") announces that it has recorded an impairment loss as an extraordinary loss in the fourth quarter of FY 2018 (January 1, 2019 to March 31, 2019). In addition, JDI also announces that it has decided to adopt the following directions regarding the implementation of structural reforms that are currently under consideration.

1. Recording of Extraordinary Loss (Impairment Loss)

Due to a decline in the profitability of assets for certain manufacturing facilities for smartphones (mainly business assets of the Hakusan Plant), the book value of these assets has been reduced to the recoverable amount, and an impairment loss of JPY 75.2 billion has been recorded in the fourth quarter of FY 2018.

2. Structural Reforms

In the small to medium display industry where JDI operates, the competitive environment in the smartphone market, a major application in the industry, is becoming increasingly severe due to the increasing adoption of OLED displays and the increased production capacity of Chinese display manufacturers. In addition, JDI's business has been performing weakly, partly due to the slowdown in the Chinese economy and the slump in the smartphone market, which can be considered to be caused by the prolonged life cycle of smartphones.

Given these circumstances, JDI recognizes that further reductions in fixed costs are indispensable, and plans to implement structural reforms.

As part of these structural reforms, JDI plans to solicit about 1,000 early voluntary retirees by the end of the second quarter of FY 2019, and to cut executive compensation and bonuses to managers. Details are scheduled to be announced in the first quarter of FY 2019.

3. Future Outlook

An extraordinary loss related to an impairment loss on business assets has been incorporated into the consolidated financial results for FY 2018 announced today.

In addition, JDI plans to separately announce specific measures for the structural reforms when the specific scale, schedule and costs incurred are determined. The implementation of the structural reforms and the recording of the impairment loss described above are expected to result in a reduction in fixed costs of approximately JPY 20 billion in FY 2019.

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