

*February 14, 2019***Notice of Extraordinary Loss (Impairment Loss) in the Photovoltaic Business**

In the Photovoltaic Business, the Company has been vigorously pursuing fundamental structural reforms, but at the results briefing for the second quarter of the fiscal year ending March 2019 held on November 27, 2018, the Company announced that it would withdraw from the Photovoltaic Business during the next fiscal year. Subsequently, after careful examination of the operating condition and cash flows of the facility, the Company decided to withdraw from producing silicon products and reevaluated its business. As a result, the Company recorded an extraordinary loss of 1,328 million yen (impairment loss) for the idle facilities of silicon products in the current third quarter. Details are as follows. As a result of this decision, this business will be manufactured only for customer OEM products.

1. Description of impairment loss

In the current consolidated cumulative third quarter (April 1, 2018 to December 31, 2018), the Company reported impairment losses for the following asset groups:

Application	Type	Place	Impairment loss (thousand yen)
Idle assets	Machinery, Vehicles and Others	Shanghai, China	691,614
Idle assets	Machinery, Vehicles and Others	Yinchuan, China	636,814

*Method of grouping: In principle, the grouping is conducted on a company-by-company basis. However, if cash flows can be ascertained independently such as factories, etc., assets are grouped individually by property unit. Idle assets are grouped individually by property unit.

2. Reasons for impairment loss

Since future use of this business is not expected, the Company reduced the book value to the recoverable amount and recorded the amount of the reduction as an impairment loss under extraordinary loss.

3. Calculation method of recoverable amount

Recoverable amounts are measured at net selling prices. The net selling price is zero for items that are difficult to be used or resold.

4. Breakdown of impairment loss

Type	Amount (thousand yen)
Machinery and equipment	916,413
Furniture and fixtures	44,329
Construction in progress	367,686
Total	1,328,429

5. Future outlook

For silicon and cells, the Company continues to manufacture OEM products. However, if the Company decides to stop production or withdraw from the manufacture of OEM products by assessing profitability in the future, the Company would like to inform that.

Due to the booking of the impairment loss, there is no revision to the business forecasts for the fiscal year ending March 2019 (April 1, 2018 to March 31, 2019). However, due to the ongoing structural reforms in the Photovoltaic Business, the Company is investigating the possibility of an impact on its business performance in the future. The Company will disclose information as necessary as soon as the impact becomes apparent.