

November 6, 2017

To Whom It May Concern:

Funai Electric Co., Ltd.
 Representative Director
 President and CEO:
 Hideaki Funakoshi
 (Code No.: 6839 First Section of TSE)

Notice on Extraordinary Losses and Revisions to the Consolidated Financial Forecasts for the First Six Months and Full Year

Funai Electric Co., Ltd. (the “Company”) hereby announces that at its Board of Directors’ meeting held today, it has determined to post extraordinary losses and revise the consolidated financial forecasts which were published on May 15, 2017 for the first six months ended September 30, 2017 as well as the full fiscal year (from April 1, 2017 to March 31, 2018) as follows.

1. Posting of extraordinary losses (impairment loss)

Considering that profitability in the noncurrent assets owned by the Company and its consolidated subsidiaries has diminished and there were signs of necessity of impairment, the Company examined future recoverability. As a result, the Company has decided that the book value of those assets would be reduced to the recoverable amount, and that the relevant reduction equivalent to 10,000 million yen would be posted as impairment loss under extraordinary losses.

2. Revisions to consolidated financial forecasts

(1) First six months (April 1, 2017–September 30, 2017)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Forecast announced on May 15, 2016 (A)	Million yen 81,400	Million yen 600	Million yen 700	Million yen 400	yen 11.72
Revised forecast (B)	72,100	(4,000)	(3,600)	(13,000)	(381.02)
Change (B-A)	(9,300)	(4,600)	(4,300)	(13,400)	
Change (%)	(11.4)	—	—	—	
(Reference) Actual figures of the previous term (First six months ended September 30, 2016)	66,104	(3,606)	(7,490)	(7,648)	(224.18)

(2) Full year (April 1, 2017–March 31, 2018)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Forecast announced on May 15, 2016 (A)	Million yen 160,000	Million yen 600	Million yen 700	Million yen 200	yen 5.86
Revised forecast (B)	140,000	(8,400)	(8,000)	(17,400)	(509.98)
Change (B-A)	(20,000)	(9,000)	(8,700)	(17,600)	
Change (%)	(12.5)	—	—	—	
(Reference) Actual figures of the previous term (Fiscal year ended March 31, 2017)	133,838	(6,775)	(7,726)	(6,745)	(197.70)

3. Reasons for the revisions to consolidated financial forecasts

(1) First six-month period (April 1, 2017 to September 30, 2017)

In terms of net sales, although we aggressively promoted the sale of LCD TVs, sales volumes fell significantly due to intensified price competition with competitors at regional mass retailers in North America, and part of sales for year-end shopping season was carried over to the second half of the fiscal year. Consequently, the Company anticipates decreased net sales for the relevant period.

As to operating income and ordinary income, gross profit is expected to be pressed downward by the decrease in sales, the delay of the drop in LCD panel prices more than assumed, and the price of memory-related in particular hovering at a high level in the semi-conductor components.

Net income attributable to owners of parent for the same period is expected to remain lower than the previous forecast owing to the posting of extraordinary losses as mentioned in 1 above in addition to the abovementioned reasons.

(2) Full year (April 1, 2017 to March 31, 2018)

We have also revised our forecast for net sales for the full year on the back of an outlook of continued fierce price competition of LCD TVs resulting in further drop in sales volume in the third quarter and onward.

Net income attributable to owners of parent is also expected to shrink owing to the decrease in profits arising from a fall in sales of LCD TVs, and continued high prices of components and materials such as memory-related are anticipated to put pressure on the profits. Consequently, the Company has also revised the forecasts of operating income, ordinary income as well as net income attributable to owners of parent.

Note: The above forecasts are based on information available on the date of the announcement. Actual results may differ from these forecasts due to various factors.

For further information, please contact
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