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Extraordinary Gain on Chinese Receivables (Disclosure Update), Foreign Exchange Gain, and Impairment Loss

In its FY23/3 earnings announced today, Japan Display Inc. (JDI) recorded an extraordinary gain on Chinese receivables, a foreign exchange (FX) gain, and an extraordinary loss due to an impairment of some manufacturing assets.

The extraordinary gain was previously disclosed in the May 13, 2022 release "(Disclosure Update) Extraordinary Gain on Chinese Receivables. "

1. Extraordinary Gain on Chinese receivables (Reversal of Business Restructuring Expenses)

JDI recorded a JPY 571 million extraordinary gain on the reversal of business restructuring expenses in FY22/3 after selling its receivables to a Chinese company (the "Receivables") and anticipated to record the remaining expected collection amount of c. JPY 1 billion as a reversal of business restructuring expense in FY23/3.

With confirmation of a c. JPY 2 billion payment received for the Receivables on July 11, 2022, JDI recorded a reversal of business restructuring expenses of JPY 1,041 million as an extraordinary gain.

2. FX Gain

JDI recorded an FX gain of JPY 2,773 million as non-operating income in FY23/3 Q1. The FX gain was the result of differences in the financial value of revenues and expenses between the time of their recording and settlement, as well as the foreign exchange conversion of foreign currency-denominated monetary assets and liabilities held by JDI as of the last day of the accounting period.

3. Extraordinary Loss (Impairment)

Based on the "Accounting Standard for Impairment of Fixed Assets," JDI recorded an impairment loss of JPY 1,119 million on some of its manufacturing assets as an extraordinary loss.

4. Earnings Impact

The extraordinary gain, FX gain, and extraordinary loss have been reflected in JDI's

FY23/3 earnings announced today.

As JDI incorporated a c. JPY 1 billion extraordinary gain for the Chinese receivables in its FY23/3 earnings forecast, the impact of this extraordinary gain on the difference between its FY23/3 Q1 earnings forecast and actual results, as announced in today's release "Difference Between FY23/3 Q1 Earnings Forecast and Actual Results (Lower Sales/Better Earnings)," is minimal.