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Full-Year Earnings Forecast Revision (Downward Sales Revision/Upward Earnings Revision) & Difference Between FY22/3 Q3 Earnings Forecast and Actual Results

Japan Display Inc. (JDI) is revising down its FY22/3 Q4 and full-year sales forecast and revising up its FY22/3 Q4 and full-year earnings forecast announced on November 12, 2022. In addition, FY22/3 Q3 sales have come in below the November forecast, while FY22/3 Q3 earnings have come in above the forecast.

1. FY22/3 Q4 and Full-Year Forecast Revision

FY22/3 Q4 Forecast (January 1, 2022 to March 31, 2022)

(JPY million, except EPS)

	Sales	EBITDA	Operating Profit	Recurring Profit	Net Income	EPS
Previous Forecast (A)	86,000	300	-2,100	-2,600	-4,000	-0.94
Revised Forecast (B)	81,500	1,100	-1,200	-1,700	-2,100	-0.48
Change (B-A)	-4,500	+800	+900	+900	+1,900	
% Change	-5.2%	+266.7%	—	—	—	
Reference: FY21/3 Q4 Stand-Alone	69,152	-4,690	-7,599	-6,691	-19,770	-8.00

FY22/3 Full-Year Forecast (April 1, 2021 to March 31, 2022)

(JPY million, except EPS)

	Sales	EBITDA	Operating Profit	Recurring Profit	Net Income	EPS
Previous Forecast (A)	297,000	-4,400	-13,100	-14,500	-18,400	-4.77
Revised Forecast (B)	291,018	-2,588	-11,317	-11,773	-8,430	-2.16
Change (B-A)	-5,982	+1,812	+1,783	+2,727	+9,970	
% Change	-2.0%	—	—	—	—	
Reference: FY21/3 Full-Year	341,694	-12,502	-26,226	-32,656	-42,696	-17.93
Reference: FY22/3 Full-Year Forecast Excluding Chip Shortage Impact	321,500	7,700	-1,000	-1,500	1,900	

2. Reason for Forecast Revision

JDI is revising down slightly its FY22/3 Q4 and full-year sales forecast to reflect the risk of ongoing chip shortages impacting production and customer orders. In contrast, JDI is revising up its FY22/3 Q4 and full-year earnings forecast. The upward earnings revision reflects above-forecast Q3 results, license fees announced in "Amicable Settlement with Tianma Microelectronics" on January 21, 2022, agreements with customers to pass through higher parts and materials costs into higher JDI selling prices, and higher JDI product pricing.

In addition, JDI adjusted its FY 22/3 Q4 FX assumption from USD/JPY 112 to 114. A one yen change in the exchange rate translates into an annual gain or loss in sales of JPY 2.2 billion and operating profit of JPY 1 billion, respectively.

3. Difference Between FY22/3 Q3 Forecast and Actual Results

FY22/3 Q3 Stand-Alone (October 1, 2021 to December 31, 2021)

(JPY million, except EPS)

	Sales	EBITDA	Operating Profit	Recurring Profit	Net Income	EPS
Previous Forecast (A)	73,000	-2,000	-4,000	-4,400	-5,700	-1.34
Result (B)	71,657	-927	-3,084	-2,502	2,422	0.57
Change(B-A)	-1,343	+1,072	+916	+1,898	+8,122	
% Change	-1.8%	—	—	—	—	
Reference: FY21/3 Q3 Stand-Alone	72,747	-5,651	-8,747	-10,754	13,360	5.52

FY22/3 Q3 (April 1, 2021 to December 31, 2021)

(JPY million, except EPS)

	Sales	EBITDA	Operating Profit	Recurring Profit	Net Income	EPS
Previous Forecast (A)	211,860	-4,761	-11,033	-11,970	-14,453	—
Result (B)	209,518	-3,688	-10,117	-10,073	-6,330	-1.70
Change(B-A)	-2,342	+1,076	+916	+1,897	+8,123	
% Change	-1.1%	—	—	—	—	
Reference: FY21/3 Q3	272,542	-7,812	-18,627	-25,964	-22,926	-9.72
Reference: FY22/3 Q3 Results Excluding Chip Shortage Impact	230,200	4,400	-2,100	-2,000	1,700	

4. Reason for Difference Between FY22/3 Q3 Forecast and Actual Results

In light of the tight global supply of chips and other parts and materials, JDI announced a FY22/3 Q3 forecast in November that conservatively factored in the potential impact of parts and materials shortages on production and customer orders and the possibility of increased parts and materials costs.

Actual results have come in above this forecast. EBITDA and Operating Profit (Loss) outperformed due to agreements with customers to pass through higher parts and materials costs into higher JDI selling prices and above-forecast cost reductions. Recurring Profit

(Loss) benefited from FX gains and recoveries of written-off receivables, while a JPY 5.378 billion extraordinary gain as announced in the January 8, 2022 release, "Extraordinary Gain on KOE Subsidiary Sale" also contributed to a substantial improvement in Net Income (Loss).

For details of the results, please refer to today's FY22/3 Q3 earnings release.

Forward-looking information such as the above earnings forecast is based on information available to JDI at the time the document was prepared and management's reasonable assumptions. This information is necessarily subject to a number of factors that may cause actual results to differ materially from this forecast.