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May 13, 2022

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Difference Between FY22/3 Earnings Forecast and Actual Results & Recording of Extraordinary Loss (Impairment)

Japan Display Inc.'s (JDI) actual FY22/3 results have come in above its forecast announced on February 10, 2022. JDI also recorded an extraordinary loss in Q4 on the impairment of some manufacturing equipment.

1. Difference Between FY22/3 Q4 and Full-Year Forecast and Actual Results

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

(JPY million, except EPS)

| | Sales | EBITDA | Operating Profit | Recurring Profit | Net Income | EPS |
|-------------------------------------|--------|----------|---------------------|---------------------|---------------|-------|
| Previous Forecast (A) | 81,500 | 1,100 | -1,200 | -1,700 | -2,100 | -0.48 |
| Result (B) | 86,427 | 3,850 | 1,540 | 2,109 | -1,765 | -0.40 |
| Change (B-A) | +4,927 | +2,750 | +2,740 | +3,809 | +335 | |
| % Change | +6.05% | +250.00% | _ | _ | | |
| Reference: FY21/3 Q4 Stand-Alone | 69,152 | -4,690 | -7,599 | -6,691 | -19,770 | -8.00 |

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

(JPY million, except EPS)

| | Sales | EBITDA | Operating Profit | Recurring Profit | Net Income | EPS |
|---|---------|---------|---------------------|---------------------|---------------|--------|
| Previous Forecast (A) | 291,018 | -2,588 | -11,317 | -11,773 | -8,430 | -2.16 |
| Result (B) | 295,946 | 161 | -8,576 | -7,964 | -8,096 | -2.08 |
| Change (B-A) | +4,928 | +2,749 | +2,741 | +3,809 | +334 | |
| % Change | +1.69% | _ | — | — | — | |
| Reference: FY21/3 | 341,694 | -12,502 | -26,226 | -32,656 | -42,696 | -17.93 |
| Reference: FY22/3 Forecast Excluding Chip Shortage Impact | 321,300 | 9,500 | 760 | 1,380 | 1,240 | |

2. Reason for Difference Between the February 10, 2022 Forecast and Actual Results

JDI announced FY22/3 forecasts in February that conservatively factored in the potential impact of the chip shortage on production and customer orders. However, actual sales and profits have come in above forecast due to actions taken to minimize production impacts, agreements with customers to pass through higher parts and materials costs into higher JDI selling prices, a tax reserve reversal as a result of JDI's capital reduction, and benefits from the weaker yen.

Please note that JDI also adjusted its FY 22/3 Q4 FX assumption from USD/JPY 114 to 116.3, the actual Q4 rate.

3. Extraordinary Loss

JDI recorded an extraordinary loss in Q4 of JPY 2,596 million on the impairment of some manufacturing equipment based on the "Accounting Standard for Impairment of Fixed Assets."

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.