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Japan Display Inc. (Tokyo Stock Exchange Prime Market, 6740)
 Representative: Scott Callon, Chairman & CEO
 Inquiries: Akihito Okochi, CFO
 Telephone: +81-3-6732-8100
www.j-display.com/english

Sale of Higashiura Fab Facilities

Japan Display Inc. (JDI) today signed an agreement to sell its Higashiura Fab facilities to Sony Semiconductor Manufacturing Corporation (SCK) on April 1, 2024.

Within the Higashiura Fab facilities JDI will open a Higashiura Engineering Center in April 2023 that will continue JDI’s display technology design, prototyping, and analysis activity post-sale.

1. Reason for the Sale

As announced in "Production End at Higashiura Fab" on May 10, 2022, JDI decided to end LCD panel production at the Higashiura Fab by March 2023 to increase JDI’s cost competitiveness and profitability. JDI has been reviewing the possibility of sale or other use of the Higashiura Fab facilities after production end, and today agreed with SCK, with whom JDI has a lease agreement for use of part of the facilities, for the full sale of the facilities to SCK.

2. Higashiura Fab Facilities Overview

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|----------------------|---|
| (1) Name and Address | Higashiura Fab facilities, Chita-gun, Aichi Prefecture |
| (2) Sale Price | Undisclosed ¹ |
| (3) Book Value | JPY 5.4 billion ² |
| (4) Current Status | LCD panel fab (Scheduled to end production in March 2023) |

¹ Per the buyer’s wishes, the sale price is undisclosed, but the sale price appropriately reflects market pricing.

² Book value is as of February 28, 2023.

3. SCK Overview

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|--------------------------------------|--|-----|
| (1) Name | Sony Semiconductor Manufacturing Corporation | |
| (2) Headquarters | 4000-1 Haramizu, Kikuyo, Kikuchi District, Kumamoto Prefecture | |
| (3) Name and Title of Representative | Yoshihiro Yamaguchi Representative Director and President | |
| (4) Business Description | Design, development, and manufacturing of semiconductor components, and customer service | |
| (5) Capital | JPY 100 million | |
| (6) Relationship with JDI | Capital Relationship | N/A |

| | | |
|--|------------------------|--|
| | Personnel Relationship | N/A |
| | Business Relationship | JDI and SCK have lease and outsourcing agreements for part of the Higashiura Fab facilities ¹ |
| | Related Party Status | N/A |

¹ Some conditions of the lease and outsourcing agreements will be adjusted for the period from April 1, 2023 to March 31, 2024.

4. Schedule

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|-------------------------------|--------------------------|
| (1) JDI Board Resolution Date | March 10, 2023 |
| (2) Contract Signing Date | March 10, 2023 |
| (3) Asset Sale Date | April 1, 2024 (Expected) |

5. Earnings Impact

From April 2023, JDI expects to record revenue from SCK based on the newly-adjusted lease and outsourcing agreements, along with facilities-related expenses for the restoration and repurposing of the facilities. JDI also expects to record a difference between the sale price and the book value of the facilities at the time of sale as a gain or loss on the sale in FY25/3. When these amounts are fixed, JDI will promptly disclose the details.