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Japan Display Inc. (JDI) (Tokyo Stock Exchange Prime Market, 6740)
Representative: Jun Akema, CEO
Inquiries: Ken Hirabayashi, CFO
Telephone: +81-3-6732-8100
www.j-display.com/en/

Recording of Non-Operating Income/Expense and Extraordinary Gain/Loss

JDI recorded the following items in its FY26/3 H1 earnings announced today.

1. FX Gain & Gain on Sale of Raw Materials (Non-Operating Income)

JDI recorded FY26/3 Q2 FX income of JPY 167 million as non-operating income. For the full FY26/3 H1, after offsetting the FY26/3 Q1 FX loss, the FX loss totaled JPY 830 million. These FX gains and losses resulted from the settlement of foreign currency-denominated financial assets and liabilities held by JDI, and the remeasurement of the JPY value of these assets and liabilities on the last day of the accounting period.

JDI also recorded a gain of JPY 224 million in Q2 from the sale of raw materials no longer needed due to the planned production end at the Mobara Fab by the end of 2025. For H1, the gain on sale of raw materials totaled JPY 246 million.

2. Interest Expense (Non-Operating Expense)

JDI recorded Q2 interest expense on short-term borrowings of JPY 2,046 million as non-operating expense. H1 interest expense totaled JPY 3,919 million.

3. Gain on Sale of Subsidiary Shares, Termination of Retirement Benefit Plan, & Expiration of Stock Acquisition Rights (Extraordinary Gain)

On July 30 2025, JDI completed the sale of all shares of its intellectual property subsidiaries to a subsidiary of Ichigo Trust. As a result, JDI recorded a Q2 gain on sale of subsidiary shares of JPY 18,533 million as an extraordinary gain.

JDI also recorded a Q2 gain of JPY 2,752 million on partial termination of retirement benefit plans of as an extraordinary gain. Upon finalizing the eligible employees for the voluntary retirement program and calculating retirement benefits, the retirement benefit plan assets exceeded the estimated payments. The excess amount was recorded as a gain on termination of retirement benefit plans.

Furthermore, JDI recorded a Q2 reversal gain on stock acquisition rights of JPY 206 million as an extraordinary gain. This gain resulted from the waiver of the 13th Stock Acquisition Rights, in accordance with the conditions for the allotment of the 14th Stock Acquisition Rights to Ichigo Trust on July 15, 2025. The gain also includes the expiration of the 9th Stock Acquisition Rights (stock options). The H1 gain on expiration of stock acquisition rights totaled JPY 234 million.

4. Impairment Loss & Business Restructuring Expense (Extraordinary Loss)

JDI recorded a Q2 impairment loss of JPY 168 million due to a decline in profitability of the display business. The H1 impairment loss totaled JPY 539 million.

JDI also recorded Q2 business restructuring expenses of JPY 5,070 million as an extraordinary loss, reflecting provisions for voluntary retirement program and additional costs expected from the planned production end at the Mobara Fab by the end of 2025. The H1 business restructuring expense totaled JPY 12,692 million.

5. Earnings Impact

These non-operating income and expenses and extraordinary gains and losses are reflected in JDI's H1 earnings announced today.