

[Provisional Translation Only]

This English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

FY23/3 Q1 Earnings

August 9, 2022

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

Supplemental Explanatory Materials for Earnings Results: Available

Earnings Results Briefing: August 9, 2022 (for institutional investors and analysts)

1. FY23/3 Q1 Consolidated Financial Results (April 1, 2022 to June 30, 2022)

(1) Consolidated Financial Results

	Sales		EBITDA		Operating Profit		Recurring Profit		Net Income	
	(JPY M)	YoY	(JPY M)	YoY	(JPY M)	YoY	(JPY M)	YoY	(JPY M)	YoY
FY23/3 Q1	57,099	-13.4	-4,711	-	-6,872	-	-4,324	-	-5,074	-
FY22/3 Q1	65,961	-25.0	-3,716	-	-5,872	-	-6,358	-	-6,992	-

EBITDA = Operating Profit + Depreciation + Goodwill amortization

(Reference) Comprehensive Income FY23/3 Q1: JPY -1,733M FY22/3 Q1: JPY -6,396M

	EPS	EPS
	(Basic, JPY)	(Diluted, JPY)
FY23/3 Q1	-1.08	-
FY22/3 Q1	-2.68	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders'
	(JPY M)	(JPY M)	Equity Ratio
FY23/3 Q1	238,541	71,034	29.8%
FY22/3	258,275	72,768	28.2%

(Reference) Shareholders' Equity FY23/3 Q1: JPY 70,993M FY22/3: JPY 72,727M

(3) Consolidated Cash Flows

	Cash Flows from Operations	Cash Flows from Investments	Cash Flows from Financing	Cash and Cash Equivalents at Period-End
	(JPY M)	(JPY M)	(JPY M)	(JPY M)
FY23/3 Q1	-11,355	-3,249	-106	39,375
FY22/3 Q1	-8,688	-2,172	-322	44,385

2. Dividends

	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY22/3	–	0.00	–	0.00	0.00
FY23/3	–				
FY23/3 (Forecast)		0.00	–	0.00	0.00

Note 1 Changes from the most recently announced dividend forecast: None

2 The above shows dividends for common shares. For preferred shares, please see "4. Other Information (5) Dividends for Preferred Shares" below.

3. FY23/3 Full-Year Consolidated Earnings Forecast (April 1, 2022 to March 31, 2023)

	Sales (JPY M)	EBITDA (JPY M)	Operating Profit (JPY M)	Recurring Profit (JPY M)	Net Income (JPY M)	EPS (JPY)
FY23/3	329,100	-9,200	-19,400	-20,800	-21,400	-4.54
YoY	11.2%	–	–	–	–	–

Note Changes from the most recently announced financial forecast: None

4. Other Information

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

– Newly included: None

– Excluded: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(i) Accounting policy changes based on amendments to accounting standards: None

(ii) Accounting policy changes other than (i) above: None

(iii) Accounting estimate changes: None

(iv) Restatements: None

(4) Number of shares outstanding

(i) Number of shares outstanding (including treasury shares) at period-end

FY23/3 Q1: 2,688,171,840

FY22/3: 2,688,171,840

(ii) Number of treasury shares at period-end

FY23/3 Q1: 67

FY22/3: 67

(iii) Average number of shares outstanding (excluding treasury shares) during the period

FY23/3 Q1: 4,715,379,062

FY22/3 Q1: 2,608,075,437

Note All preferred shares outstanding have the same rights as common shares in regard to rights to receive dividends, and are therefore included in the number of shares outstanding at the end of periods and the average number of shares outstanding during the periods.

(5) Dividends for Preferred Shares

Class A Preferred Shares	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY22/3	–	0.00	–	0.00	0.00
FY23/3	–				
FY23/3 (Forecast)		0.00	–	0.00	0.00

Class B Preferred Shares	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY22/3	–	0.00	–	0.00	0.00
FY23/3	–				
FY23/3 (Forecast)		0.00	–	0.00	0.00

Class D Preferred Shares	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY22/3	–	0.00	–	0.00	0.00
FY23/3	–				
FY23/3 (Forecast)		0.00	–	0.00	0.00

Class E Preferred Shares	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY22/3	–	0.00	–	0.00	0.00
FY23/3	–				
FY23/3 (Forecast)		0.00	–	0.00	0.00

(6) Note on Appropriate Use of Forecasts

Forward-looking statements contained in these materials are based on judgements regarding information available to JDI as of the announcement date. However, these statements involve risk and uncertainties, and actual earnings may differ significantly from the indicated forecasts.

Consolidated Financial Statements

(1) Consolidated Balance Sheet (FY23/3 Q1)

(JPY million)

	FY22/3 (Mar 31, 2022)	FY23/3 Q1 (June 30, 2022)
Assets		
Current Assets		
Cash and deposits	52,247	39,811
Accounts receivable - trade	56,341	43,130
Accounts receivable - other	23,508	16,569
Merchandise and finished goods	19,418	16,940
Work in process	13,218	19,253
Raw materials and supplies	16,415	22,583
Other	5,472	6,395
Allowance for doubtful accounts	-92	-93
Total Current Assets	186,529	164,591
Non-Current Assets		
Property, plant, and equipment:		
Buildings and structures, net	42,710	42,015
Machinery, equipment, and vehicles, net	8,326	7,800
Land	6,663	6,665
Lease assets, net	536	667
Construction in progress	1,836	2,784
Other, net	2,105	1,984
Total property, plant, and equipment	62,179	61,918
Intangible assets:		
Goodwill	412	378
Other	1,016	922
Total intangible assets	1,429	1,300
Investments and other assets:		
Other	8,138	10,733
Allowance for doubtful accounts	-2	-1
Total investments and other assets	8,136	10,731
Total Non-Current Assets	71,745	73,950
Total Assets	258,275	238,541

(JPY million)

	FY22/3 (Mar 31, 2022)	FY23/3 Q1 (June 30, 2022)
<u>Liabilities</u>		
Current Liabilities		
Accounts payable – trade	58,266	42,883
Electronically recorded obligations - operating	691	686
Current portion of long-term loans payable	20,000	20,000
Income taxes payable	764	859
Provision for bonuses	2,906	1,525
Advances received	3,330	3,115
Other	28,851	28,612
Total Current Liabilities	114,811	97,683
Non-Current Liabilities		
Long-term loans payable	53,680	53,680
Net defined benefit pension liability	10,060	9,795
Other	6,954	6,348
Total Non-Current Liabilities	70,695	69,823
Total Liabilities	185,507	167,507
<u>Net Assets</u>		
Shareholders' Equity		
Capital	100	100
Capital reserve	54,525	54,525
Retained earnings	3,688	-1,385
Treasury shares	-0	-0
Total Shareholders' Equity	58,314	53,239
Accumulated Other Comprehensive Income		
Valuation difference on available-for-sale securities	0	1
Foreign currency translation adjustment	13,552	16,836
Adjusted value of defined benefit pension	859	916
Total Accumulated Other Comprehensive Income	14,413	17,753
Share Acquisition Rights	40	40
Total Net Assets	72,768	71,034
Total Liabilities & Net Assets	258,275	238,541

(2) Consolidated Income Statement (FY23/3 Q1)

(JPY million)

	FY22/3 Q1 (Apr 1, 2021 to June 30, 2021)	FY23/3 Q1 (Apr 1, 2022 to June 30, 2022)
Sales	65,961	57,099
Cost of Goods Sold	64,569	56,973
Gross Profit (Loss)	1,392	126
SG&A	7,264	6,999
Operating Profit (Loss)	-5,872	-6,872
Non-Operating Income		
Interest income	10	11
Foreign exchange gains	—	2,773
Rental income	128	138
Income from provision of business services	106	112
Subsidy income	8	33
Other	84	86
Total Non-Operating Income	338	3,155
Non-Operating Expenses		
Interest expenses	343	293
Foreign exchange losses	77	—
Outsourcing expenses	131	137
Other	270	176
Total Non-Operating Expenses	824	607
Recurring Profit (Loss)	-6,358	-4,324
Extraordinary Income		
Gain on sale of non-current assets	34	5
Reversal of business restructuring expenses	—	1,041
Total Extraordinary Income	34	1,046
Extraordinary Losses		
Impairment loss	350	1,119
Total Extraordinary Losses	350	1,119
Pre-Tax Income (Loss)	-6,673	-4,397
Income Taxes	208	676
Pre-Minority Interest Net Income (Loss)	-6,882	-5,074
Net Income Attributable to Minority Interests	109	—
Net Income (Loss)	-6,992	-5,074

Consolidated Statement of Comprehensive Income (FY23/3 Q1)

(JPY million)

	FY22/3 Q1 (Apr 1, 2021 to June 30, 2021)	FY23/3 Q1 (Apr 1, 2022 to June 30, 2022)
Net Income (Loss)	-6,882	-5,074
Other Comprehensive Income		
Valuation difference on available-for-sale securities	0	0
Foreign currency translation adjustment	399	3,283
Adjusted value of defined benefit pension, net of tax	86	56
Total Other Comprehensive Income	486	3,340
Comprehensive Income	-6,396	-1,733
of which, Comprehensive income attributable to owners of the parent	-6,505	-1,733
of which, Comprehensive income attributable to minority interests	109	—

(3) Consolidated Cash Flow Statement (FY23/3 Q1)

	(JPY million)	
	FY22/3 Q1 (Apr 1, 2021 to June 30, 2021)	FY23/3 Q1 (Apr 1, 2022 to June 30, 2022)
Cash Flows from Operations		
Income (loss) before income taxes	-6,673	-4,397
Depreciation	2,138	2,141
Goodwill amortization	34	34
Impairment loss	350	1,119
Increase (decrease) in allowance for doubtful accounts	0	-1
Interest expenses	343	293
Foreign exchange losses (gains)	-50	-1,208
Subsidies received	-8	-33
Loss (gain) on sale of non-current assets	-34	-5
Reversal of business structure improvement expenses	—	-1,041
Decrease (increase) in trade receivables	-1,377	16,890
Decrease (increase) in inventories	-4,593	-8,233
Increase (decrease) in trade payable	5,020	-16,203
Decrease (increase) in accounts receivable - other	-3,475	7,202
Decrease (increase) in consumption tax refunds receivable	78	-170
Increase (decrease) in accounts payable - other	-1,636	-373
Increase (decrease) in accrued expenses	-1,655	-123
Increase (decrease) in advances received	3,016	-577
Increase (decrease) in retirement benefit liability	-191	-209
Other	1,048	-5,726
Subtotal	-7,665	-10,624
Interest and dividends received	10	11
Interest paid	-347	-369
Income taxes paid	-685	-372
Net Cash from (Used for) Operations	-8,688	-11,355

(JPY million)

	FY22/3 Q1 (Apr 1, 2021 to June 30, 2021)	FY23/3 Q1 (Apr 1, 2022 to June 30, 2022)
Cash Flows from Investments		
Purchase of non-current assets	-2,329	-2,718
Proceeds from sales of non-current assets	34	6
Decrease (increase) in time deposit	—	871
Payments of leasehold and guarantee deposits	-3	-1,442
Subsidies received	8	33
Other	116	1
Net Cash from (Used for) Investments	-2,172	-3,249
Cash Flows from Financing		
Net increase (decrease) in short-term borrowings	-131	—
Repayments of lease obligations	-191	-106
Other	-0	—
Net Cash from (Used for) Financing	-322	-106
Effect of Exchange Rate change on Cash & Cash Equivalents	222	3,147
Net Increase (Decrease) in Cash & Cash Equivalents	-10,961	-11,564
Cash & Cash Equivalents at Beginning of Period	55,347	50,939
Cash & Cash Equivalents at End of Period	44,385	39,375

Supplemental Information (Quarterly Consolidated Data)

(1) Consolidated Earnings

(JPY million)	FY22/3				FY23/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mobile	30,107	32,054	25,870	29,599	15,728			
Automotive	20,881	23,874	26,424	35,738	26,878			
Non-Mobile	14,972	15,969	19,362	21,089	14,492			
Sales	65,961	71,898	71,657	86,427	57,099			
EBITDA ¹	-3,716	955	-927	3,850	-4,711			
Operating Profit	-5,872	-1,160	-3,084	1,540	-6,872			
Recurring Profit	-6,358	-1,212	-2,502	2,109	-4,324			
Net Income	-6,992	-1,760	2,422	-1,765	-5,074			
EPS (Basic)	-2.68	-0.47	0.57	-0.40	-1.08			
JPY/USD (Avg)	109.5	110.1	113.7	116.3	129.7			
JPY/USD (Q-End)	110.6	111.9	115.0	122.4	136.7			

¹ EBITDA = Operating Profit + Depreciation + Goodwill amortization

(2) Financial Position

(JPY million)	FY22/3				FY23/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Assets	223,167	230,045	239,281	258,275	238,541			
Liabilities	188,742	172,154	178,911	185,507	167,507			
Net Assets	34,425	57,890	60,369	72,768	71,034			
Shareholder Equity Ratio	14.3%	24.1%	25.2%	28.2%	29.8%			
Operating CF	-8,688	1,884	593	-15,463	-11,355			
Investing CF	-2,172	-2,108	7,709	-3,331	-3,249			
Financing CF	-322	4,699	-505	10,898	-106			
Ending Cash Bal.	44,385	48,986	57,445	50,939	39,375			
Free Cash Flow	-11,017	-228	178	-17,768	-14,073			

(3) R&D, Capex, & Depreciation

(JPY million)	FY22/3				FY23/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
R&D	2,350	2,458	2,528	2,292	2,275			
Capex	2,132	723	3,380	1,264	2,647			
Depreciation	2,172	2,128	2,169	2,321	2,176			