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FY23/3 Earnings

May 12, 2023

Japan Display Inc. (Tokyo Stock Exchange Prime Market, 6740)

Representative: Scott Callon, Chairman & CEO

Inquiries: Haruhiko Sakaguchi, CFO

Telephone: +81-3-6732-8100 www.j-display.com/english

Annual General Meeting of Shareholders: June 24, 2023 (Scheduled)

Filing of FY23/3 Securities Report: June 26, 2023 (Scheduled)

Supplemental Explanatory Materials for Earnings Results: Available

Earnings Results Briefing: May 12, 2023 (for institutional investors and analysts)

1. FY23/3 Consolidated Financial Results (April 1, 2022 to March 31, 2023)

(1) Consolidated Financial Results

	Sales (JPY M) YoY	EBITDA (JPY M) YoY	Operating Profit (JPY M) YoY	Recurring Profit (JPY M) YoY	Net Income (JPY M) YoY
FY23/3	270,746 -8.5%	-36,198 -	-44,386 -	-42,924 -	-25,818 -
FY22/3	295,946 -13.4%	161 -	-8,576 -	-7,964 -	-8,096 -

EBITDA = Operating Profit + Depreciation + Goodwill amortization

(Reference) Comprehensive Income FY23/3: JPY -35,216M FY22/3: JPY -3,683M

	EPS (Basic, JPY)	EPS (Diluted, JPY)	Return on Equity	Return on Assets (Recurring Profit)	Operating Profit Margin
FY23/3	-5.46	-	-26.2%	-17.8%	-16.4%
FY22/3	-2.08	-	-14.4%	-3.3%	-2.9%

(2) Consolidated Financial Position

	Total Assets (JPY M)	Net Assets (JPY M)	Shareholders' Equity Ratio	Net Assets per Share (JPY)
FY23/3	222,696	124,431	55.8%	11.12
FY22/3	258,275	72,768	28.2%	-24.93

(Reference) Shareholders' Equity FY23/3: JPY 124,190M FY22/3: JPY 72,727M

(3) Consolidated Cash Flows

	Cash Flows from Operations (JPY M)	Cash Flows from Investments (JPY M)	Cash Flows from Financing (JPY M)	Cash and Cash Equivalents at Period-End (JPY M)
FY23/3	-65,665	9,777	27,685	25,754
FY22/3	-21,673	95	14,769	50,939

2. Dividends

	Dividend per Share (JPY)					Total Dividend (JPY)	Payout Ratio	Dividend on Equity (DOE)
	Q1	Q2	Q3	Q4	Total			
FY22/3	–	0.00	–	0.00	0.00	–	–	–
FY23/3	–	0.00	–	0.00	0.00	–	–	–
FY24/3 (Forecast)	–	0.00	–	0.00	0.00		–	

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

3. FY24/3 Full-Year (April 1, 2023 to March 31, 2024) and Half-Year (April 1, 2023 to September 30, 2023) Consolidated Earnings Forecasts

	Sales		EBITDA		Operating Profit	
	(JPY M)	YoY	(JPY M)	YoY	(JPY M)	YoY
FY24/3 H1	111,400	-19.4%	-26,100	–	-29,100	–
FY24/3 Full Year	240,000	-11.4%	-34,000	–	-40,400	–

	Recurring Profit		Net Income		EPS
	(JPY M)	YoY	(JPY M)	YoY	(JPY)
FY24/3 H1	-29,900	–	-32,200	–	-5.20
FY24/3 Full Year	-43,200	–	-47,800	–	-7.72

Note For details, please see "5. Forward Outlook" on page 4.

4. Other Information

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

- Newly included: None
- Excluded: Yes (Suzhou JDI Electronics Inc.)

(2) 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

(3) Number of shares outstanding

- (i) Number of shares outstanding (including treasury shares) at period-end
FY23/3: 3,880,393,562
FY22/3: 2,688,171,840
- (ii) Number of treasury shares at period-end
FY23/3: 67
FY22/3: 67
- (iii) Average number of shares outstanding (excluding treasury shares) during the period
FY23/3: 4,727,206,959
FY22/3: 3,896,395,052

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

(4) Dividends for Preferred Shares

Class E Preferred Shares	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY22/3	–	0.00	–	0.00	0.00
FY23/3	–	0.00	–	0.00	0.00
FY24/3 (Forecast)	–	0.00	–	0.00	0.00

(5) 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.

5. Forward Outlook

While supply chain disruptions and material shortages are expected to be resolved during FY24/3, the business outlook remains uncertain due to persistent global inflation, concerns about a possible economic recession, and ongoing geopolitical risks.

JDI is currently working to transform both its business model and business portfolio, and therefore expects weak earnings in the short-term on the back of lower sales, as it withdraws from unprofitable businesses such as smartphone displays and certain automotive displays, as well as continued increases in material, energy, and other costs.

JDI will continue to work towards improving earnings by reducing fixed and variable costs, passing on cost increases, and improving productivity while accelerating its efforts towards transforming its business model and business portfolio.

The FY24/3 forecast is shown in the table below. For more details, please refer to the FY23/3 Full Year Corporate Presentation released today.

The FY24/3 FX assumption used in the forecast is JPY/USD 130.

FY24/3 Forecast

	H1		Full-Year	
	(JPY M)	YoY	(JPY M)	YoY
Sales	111,400	-19.4%	240,000	-11.4%
EBITDA	△26,100	–	△34,000	–
Operating Profit	△29,100	–	△40,400	–
Recurring Profit	△29,900	–	△43,200	–
Net Income	△32,200	–	△47,800	–

6. Consolidated Financial Statements

(1) Consolidated Balance Sheet (FY23/3)

(JPY million)

	FY22/3 (Mar 31, 2022)	FY23/3 (Mar 31, 2023)
Assets		
Current Assets		
Cash and deposits	52,247	26,220
Accounts receivable – trade	56,341	40,900
Accounts receivable – other	23,508	18,323
Finished products and goods	19,418	18,635
Work in process	13,218	11,802
Raw materials and supplies	16,415	29,881
Other	5,472	5,339
Allowance for doubtful accounts	-92	-249
Total Current Assets	186,529	150,853
Non-Current Assets		
Property, Plant, and Equipment		
Buildings and structures	134,927	121,093
Depreciation	-92,216	-81,452
Buildings and structures, net	42,710	39,640
Machinery, equipment, and vehicles	336,975	326,222
Depreciation	-328,649	-322,529
Machinery, equipment, and vehicles, net	8,326	3,692
Land	6,663	6,552
Lease assets	1,628	1,828
Depreciation	-1,091	-985
Lease assets, net	536	843
Construction in progress	1,836	5,293
Other	29,374	24,469
Depreciation	-27,268	-23,120
Other, net	2,105	1,349
Total Property, Plant, and Equipment	62,179	57,371
Intangible assets		
Goodwill	412	275
Other	1,016	841
Total Intangible Assets	1,429	1,117
Investments and Other Assets		
Securities investments	17	248
Deferred tax assets	385	189
Other	7,735	12,918
Allowance for doubtful accounts	-2	-1
Total Investments and Other Assets	8,136	13,354
Total Non-Current Assets	71,745	71,843
Total Assets	258,275	222,696

(JPY million)

	FY22/3 (Mar 31, 2022)	FY23/3 (Mar 31, 2023)
Liabilities		
Current Liabilities		
Accounts payable – trade	58,266	44,616
Electronically recorded obligations – operating	691	606
Current portion of long-term loans payable	20,000	—
Accounts payable - other	14,477	9,263
Income taxes payable	764	60
Provision for bonuses	2,906	2,703
Advances received	3,330	3,188
Provision for business restructuring	—	1,977
Provision for contract losses	215	4,277
Other	14,158	16,467
Total Current Liabilities	114,811	83,162
Non-Current Liabilities		
Long-term loans payable	53,680	—
Provision for business restructuring	—	725
Net defined benefit pension liability	10,060	8,213
Other	6,954	6,164
Total Non-Current Liabilities	70,695	15,102
Total Liabilities	185,507	98,265
Net Assets		
Shareholders' Equity		
Capital	100	100
Capital reserve	54,525	141,205
Retained earnings	3,688	-22,129
Treasury shares	-0	-0
Total Shareholders' Equity	58,314	119,175
Accumulated Other Comprehensive Income		
Valuation difference on other securities	0	0
Foreign currency translation adjustment	13,552	3,901
Adjusted value of defined benefit pension	859	1,112
Total Accumulated Other Comprehensive Income	14,413	5,014
Share Acquisition Rights	40	240
Total Net Assets	72,768	124,431
Total Liabilities & Net Assets	258,275	222,696

(2) Consolidated Income Statement (FY23/3)

(JPY million)

	FY22/3 (Apr 1, 2021 to Mar 31, 2022)	FY23/3 (Apr 1, 2022 to Mar 31, 2023)
Sales	295,946	270,746
Cost of Goods Sold	276,255	285,934
Gross Profit (Loss)	19,691	-15,188
SG&A	28,268	29,197
Operating Profit (Loss)	-8,576	-44,386
Non-Operating Income		
Interest income	68	108
Foreign exchange gains	1,604	2,699
Income from provision of business services	470	628
Rental income	524	589
Subsidy income	105	75
Other	1,260	1,472
Total Non-Operating Income	4,034	5,573
Non-Operating Expenses		
Interest expense	1,283	1,198
Share issuance cost	—	383
Depreciation	54	70
Outsourcing expenses	571	726
Other	1,512	1,733
Total Non-Operating Expenses	3,421	4,111
Recurring Profit (Loss)	-7,964	-42,924
Extraordinary Income		
Gain on sale of non-current assets	417	206
Gain on sale of subsidiary shares	5,378	13,471
Reversal of business restructuring expenses	571	1,041
Gain on debt forgiveness	—	15,000
Total Extraordinary Income	6,367	29,719
Extraordinary Losses		
Impairment loss	3,478	2,803
Business restructuring expenses	—	5,884
Provision for loss on litigation	724	—
Other	13	—
Total Extraordinary Losses	4,215	8,687
Pre-Tax Income (Loss)	-5,812	-21,893
Income Taxes	2,304	3,930
Income Taxes - Deferred	-177	-5
Total Income Taxes	2,126	3,925
Pre-Minority Interest Net Income (Loss)	-7,938	-25,818
Net Income Attributable to Minority Interests	157	—
Net Income (Loss)	-8,096	-25,818

Consolidated Statement of Comprehensive Income (FY23/3)

(JPY million)

	FY22/3 (Apr 1, 2021 to Mar 31, 2022)	FY23/3 (Apr 1, 2022 to Mar 31, 2023)
Net Income (Loss)	-7,938	-25,818
Other Comprehensive Income		
Valuation difference on other securities	-1	0
Foreign currency translation adjustment	3,748	-9,651
Adjusted value of defined benefit pension, net of tax	507	252
Total Other Comprehensive Income	4,255	-9,398
Comprehensive Income	-3,683	-35,216
of which, Comprehensive income attributable to owners of the parent	-3,841	-35,216
of which, Comprehensive income attributable to minority interests	157	—

(3) Consolidated Statement of Changes in Shareholders' Equity

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

(JPY million)

	Shareholders' Equity				
	Capital	Capital Reserve	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance as of Apr 1, 2021	202,757	101,996	-275,400	-0	29,353
Cumulative Effects of Changes in Accounting Policies			-1,008		-1,008
Restated Balance as of Apr 1, 2021	202,757	101,996	-276,408	-0	28,344
Changes in the Current Period					
Share Issuance	18,005	18,005			36,010
Capital Reduction	-220,662	220,662			—
Deficit Disposition		-288,193	288,193		—
Net Income (Loss)			-8,096		-8,096
Share Buyback				-0	-0
Changes in Equity of Parent due to Transactions with Non-controlling Shareholders		2,055			2,055
Changes in Items Other than Shareholders' Equity					
Total Changes	-202,657	-47,470	280,097	-0	29,969
Balance as of Mar 31, 2022	100	54,525	3,688	-0	58,314

	Other Comprehensive Income				Stock Option	Minority Interests	Total Net Assets
	Valuation Gain (Loss) on Other Securities	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Other Comprehensive Income			
Balance as of Apr 1, 2021	2	9,804	352	10,158	40	2,277	41,829
Cumulative Effects of Changes in Accounting Policies							-1,008
Restated Balance as of Apr 1, 2021	2	9,804	352	10,158	40	2,277	40,821
Changes in the Current Period							
Share Issuance							36,010
Capital Reduction							—
Deficit Disposition							—
Net Income (Loss)							-8,096
Share Buyback							-0
Changes in Equity of Parent due to Transactions with Non-controlling Shareholders							2,055
Changes in Items other than Shareholders' Equity	-1	3,748	507	4,255	—	-2,277	1,977
Total Changes	-1	3,748	507	4,255	—	-2,277	31,946
Balance as of Mar 31, 2022	0	13,552	859	14,413	40	—	72,768

FY23/3 (April 1, 2022 to March 31, 2023)

(JPY million)

	Shareholders' Equity				
	Capital	Capital Reserve	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance as of Apr 1, 2022	100	54,525	3,688	-0	58,314
Cumulative Effects of Changes in Accounting Policies					—
Restated Balance as of Apr 1, 2022	100	54,525	3,688	-0	58,314
Changes in the Current Period					
Share Issuance	43,340	43,340			86,680
Capital Reduction	-43,340	43,340			—
Deficit Disposition					—
Net Income (Loss)			-25,818		-25,818
Share Buyback					—
Changes in Equity of Parent due to Transactions with Non-controlling Shareholders					—
Changes in Items Other than Shareholders' Equity					
Total Changes	—	86,680	-25,818	—	60,861
Balance as of Mar 31, 2023	100	141,205	-22,129	-0	119,175

	Other Comprehensive Income				Stock Option	Minority Interests	Total Net Assets
	Valuation Gain (Loss) on Other Securities	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Other Comprehensive Income			
Balance as of Apr 1, 2022	0	13,552	859	14,413	40	—	72,768
Cumulative Effects of Changes in Accounting Policies							—
Restated Balance as of Apr 1, 2022	0	13,552	859	14,413	40	—	72,768
Changes in the Current Period							
Share Issuance							86,680
Capital Reduction							—
Deficit Disposition							—
Net Income (Loss)							-25,818
Share Buyback							—
Changes in Equity of parent due to Transactions with Non-controlling Shareholders							—
Changes in Items other than Shareholders' Equity	0	-9,651	252	-9,398	199	—	-9,198
Total Changes	0	-9,651	252	-9,398	199	—	51,663
Balance as of Mar 31, 2023	0	3,901	1,112	5,014	240	—	124,431

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

(JPY million)

	FY22/3 (Apr 1, 2021 to Mar 31, 2022)	FY23/3 (Apr 1, 2022 to Mar 31, 2023)
Cash Flows from Operations		
Pre-Tax Income (loss)	-5,812	-21,893
Depreciation	8,654	8,120
Goodwill amortization	137	137
Impairment loss	3,478	2,803
Increase (decrease) in allowance for doubtful accounts	58	151
Increase (decrease) in retirement benefit liability	-2,732	-1,594
Interest expense	1,283	1,198
Foreign exchange losses (gains)	-947	-1,356
Subsidies received	-105	-75
Loss (gain) on sale of non-current assets	-408	-200
Loss (gain) on sale of subsidiary shares	-5,378	-13,471
Reversal of business restructuring expenses	-571	-1,041
Gain on debt forgiveness	—	-15,000
Business restructuring expenses	—	5,884
Decrease (increase) in trade receivables	-26,876	3,196
Decrease (increase) in inventories	-13,947	-16,783
Increase (decrease) in trade payables	26,150	-13,293
Decrease (increase) in accounts receivable – other	-8,384	5,795
Decrease (increase) in consumption tax refunds receivable	-189	-614
Increase (decrease) in accounts payable – other	1,401	-4,107
Increase (decrease) in accrued expenses	-1,970	-2,887
Increase (decrease) in advances received	1,027	-1,025
Other	6,734	9,522
Subtotal	-18,397	-56,536
Interest and dividends received	68	105
Interest paid	-1,205	-1,312
Income taxes paid	-2,139	-4,270
Business restructuring expenses paid	—	-3,651
Net Cash from (Used for) Operations	-21,673	-65,665

(JPY million)

	FY22/3 (Apr 1, 2021 to Mar 31, 2022)	FY23/3 (Apr 1, 2022 to Mar 31, 2023)
Cash Flows from Investments		
Purchase of non-current assets	-7,163	-8,630
Proceeds from sale of non-current assets	440	217
Proceeds from sales of investment securities	—	-230
Decrease (increase) in time deposit	-949	841
Payments of leasehold and guarantee deposits	-134	-1,445
Proceeds from sale of subsidiary shares resulting in change in scope of consolidation	7,630	18,208
Subsidies received	105	75
Other	166	741
Net Cash from (Used for) Investments	95	9,777
Cash Flows from Financing		
Net increase (decrease) in short-term borrowings	-20,136	28,000
Proceeds from issuance of preferred stock	35,883	—
Purchase of subsidiary shares not resulting in change in scope of consolidation	-380	—
Repayments of lease obligations	-598	-435
Proceeds from issuance of stock acquisition rights	—	199
Other	-0	-78
Net Cash from (Used for) Financing	14,769	27,685
Effect of Exchange Rate change on Cash & Cash Equivalents	2,400	3,017
Net Increase (Decrease) in Cash & Cash Equivalents	-4,407	-25,185
Cash & Cash Equivalents at Beginning of Period	55,347	50,939
Cash & Cash Equivalents at End of Period	50,939	25,754

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	22,227	22,345	15,387
Automotive	20,881	23,874	26,424	35,738	26,878	39,659	33,074	34,943
Non-Mobile	14,972	15,969	19,362	21,089	14,492	19,309	14,315	12,383
Sales	65,961	71,898	71,657	86,427	57,099	81,196	69,735	62,714
EBITDA ¹	-3,716	955	-927	3,850	-4,711	-2,774	-8,516	-20,196
Operating Profit	-5,872	-1,160	-3,084	1,540	-6,872	-4,906	-10,600	-22,006
Recurring Profit	-6,358	-1,212	-2,502	2,109	-4,324	-4,077	-12,586	-21,936
Net Income	-6,992	-1,760	2,422	-1,765	-5,074	-6,559	-5,750	-8,433
EPS (Basic)	-2.68	-0.47	0.57	-0.40	-1.08	-1.39	-1.22	-1.77

JPY/USD (Avg)	109.5	110.1	113.7	116.3	129.7	138.3	141.4	132.4
JPY/USD (Q-End)	110.6	111.9	115.0	122.4	136.7	144.8	132.7	133.5

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	277,551	261,123	222,696
Liabilities	188,742	172,154	178,911	185,507	167,507	212,544	215,630	98,265
Net Assets	34,425	57,890	60,369	72,768	71,034	65,006	45,493	124,431
Shareholder Equity Ratio	14.3%	24.1%	25.2%	28.2%	29.8%	23.4%	17.4%	55.8%

Operating CF	-8,688	1,884	593	-15,463	-11,355	-2,854	-23,359	-28,096
Investing CF	-2,172	-2,108	7,709	-3,331	-3,249	-3,078	-5,245	21,350
Financing CF	-322	4,699	-505	10,898	-106	12,877	14,880	35
Ending Cash Bal.	44,385	48,986	57,445	50,939	39,375	47,232	32,213	25,754
Free Cash Flow	-11,017	-228	178	-17,768	-14,073	-5,918	-25,051	-29,252

(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	2,377	2,344	2,459
Capex	2,132	723	3,380	1,264	2,647	3,611	1,056	1,109
Depreciation	2,172	2,128	2,169	2,321	2,176	2,147	2,109	1,825