

[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.

FY25/3 Q1 Earnings

August 9, 2024

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

Representative: Scott Callon, Chairman & CEO

Inquiries: Haruhiko Sakaguchi, CFO

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

Supplemental Explanatory Materials for Earnings Results: Available

Earnings Results Briefing: August 9, 2024 (for institutional investors and analysts)

1. FY25/3 Q1 Consolidated Financial Results (April 1, 2024 to June 30, 2024)

(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
FY25/3 Q1	55,917 +5.5%	-6,010 –	-7,043 –	-7,855 –	-6,504 –
FY24/3 Q1	52,996 -7.2%	-12,165 –	-13,883 –	-12,080 –	-12,248 –

EBITDA = Operating Profit + Depreciation + Goodwill amortization

(Reference) Comprehensive Income FY25/3 Q1: JPY -4,983M FY24/3 Q1: JPY -10,964M

	EPS (Basic, JPY)	EPS (Diluted, JPY)
FY25/3 Q1	-1.05	–
FY24/3 Q1	-1.98	–

(2) Consolidated Financial Position

	Total Assets (JPY M)	Net Assets (JPY M)	Shareholders' Equity Ratio
FY25/3 Q1	212,016	80,677	37.9%
FY24/3	223,989	85,661	38.1%

(Reference) Shareholders' Equity FY25/3 Q1: JPY 80,437M FY24/3: JPY 85,421M

(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)
FY25/3 Q1	-116	+3,396	-148	33,258
FY24/3 Q1	-9,707	-7,215	+11,804	21,887

2. Dividends

	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY24/3	–	0.00	–	0.00	0.00
FY25/3	–				
FY25/3 (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. FY25/3 Full-Year (April 1, 2024 to March 31, 2025) and Half-Year (April 1, 2024 to September 30, 2024) Consolidated Earnings Forecast

	Sales		EBITDA		Operating Profit	
	(JPY M)	YoY	(JPY M)	YoY	(JPY M)	YoY
FY25/3 H1	104,500	-12.8%	-13,000	–	-15,300	–
FY25/3 Full Year	221,800	-7.3%	-11,700	–	-18,200	–

	Recurring Profit		Net Income		EPS
	(JPY M)	YoY	(JPY M)	YoY	(JPY)
FY25/3 H1	-17,900	–	-17,000	–	-2.75
FY25/3 Full Year	-24,300	–	-26,600	–	-4.30

Changes from the most recently announced earnings forecast: None

4. Other Information

- (1) Significant changes in the scope of consolidation during the period: 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: Yes
 - (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
FY25/3 Q1: 3,880,393,562
FY24/3: 3,880,393,562
- (ii) Number of treasury shares at period-end
FY25/3 Q1: 67
FY24/3: 67
- (iii) Average number of shares outstanding (excluding treasury shares) during the period
FY25/3 Q1: 6,188,721,284
FY24/3 Q1: 6,188,721,284

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.

(5) Dividends for Preferred Shares

Class E Preferred Shares	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY24/3	–	0.00	–	0.00	0.00
FY25/3	–				
FY25/3 (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.

5. Earnings Outlook

Based on the Q1 results and current customer demand, JDI is maintaining its FY25/3 consolidated earnings forecast announced on May 13, 2024. The FX assumption used in the forecast for the nine months from Q2 onwards is USD/JPY 145.

For more information, please refer to the FY25/3 Q1 Corporate Presentation released today.

6. Consolidated Financial Statements

(1) Consolidated Balance Sheet (FY25/3 Q1)

	(JPY million)	
	FY24/3 (Mar 31, 2024)	FY25/3 Q1 (June 30, 2024)
Assets		
Current Assets		
Cash and deposits	29,338	33,915
Accounts receivable	29,265	25,938
Accounts receivable (EMS)	17,926	14,266
Finished products and goods	16,955	18,173
Products and goods in process	13,298	12,120
Raw materials and supplies	33,697	31,078
Other	11,606	9,399
Allowance for doubtful accounts	-119	-124
Total Current Assets	151,969	144,768
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures, net	36,883	31,676
Machinery, equipment, and vehicles, net	2,824	2,528
Land	6,509	6,509
Lease assets, net	725	743
Equipment installation and construction in progress	21,310	21,666
Other, net	1,070	1,210
Total Property, Plant, and Equipment	69,324	64,334
Intangible assets		
Other	1,408	1,350
Total Intangible Assets	1,408	1,350
Investments and Other Assets		
Other	1,291	1,567
Allowance for doubtful accounts	-3	-3
Total Investments and Other Assets	1,287	1,564
Total Fixed Assets	72,020	67,248
Total Assets	223,989	212,016

(JPY million)

	FY24/3 (Mar 31, 2024)	FY25/3 Q1 (June 30, 2024)
<u>Liabilities</u>		
Current Liabilities		
Accounts payable	46,003	44,186
Electronically recorded obligations	316	87
Short-term loans payable	33,500	33,500
Income taxes payable	95	228
Provision for bonuses	2,693	1,470
Advances received	3,740	3,555
EMS finished products and goods repurchase commitments	9,862	11,494
Provision for business restructuring	420	102
Provision for contract losses	7,839	5,445
Other	24,755	23,400
Total Current Liabilities	129,228	123,471
Fixed Liabilities		
Provision for business restructuring	666	672
Defined benefit pension liability	4,185	3,973
Other	4,247	3,221
Total Fixed Liabilities	9,098	7,867
Total Liabilities	138,327	131,339
<u>Net Assets</u>		
Shareholders' Equity		
Capital	100	100
Capital reserve	141,205	141,205
Retained earnings	-66,443	-72,948
Treasury shares	-0	-0
Total Shareholders' Equity	74,862	68,357
Accumulated Other Comprehensive Income		
Valuation difference on other securities	1	2
Foreign currency translation adjustment	6,564	8,240
Adjusted value of defined benefit pension	3,992	3,837
Total Accumulated Other Comprehensive Income	10,558	12,079
Share Acquisition Rights	240	240
Total Net Assets	85,661	80,677
Total Liabilities & Net Assets	223,989	212,016

(2) Consolidated Income Statement (FY25/3 Q1)

(JPY million)

	FY24/3 Q1 (Apr 1, 2023 to June 30, 2023)	FY25/3 Q1 (Apr 1, 2024 to June 30, 2024)
Sales	52,996	55,917
Cost of Goods Sold	60,349	55,682
Gross Profit (Loss)	-7,353	234
SG&A	6,529	7,278
Operating Profit (Loss)	-13,883	-7,043
Non-Operating Income		
Interest income	23	52
Foreign exchange gains	1,269	190
Rental income	124	48
Business services income	876	—
Other	453	334
Total Non-Operating Income	2,746	625
Non-Operating Expenses		
Interest expense	34	849
Property maintenance expenses	696	—
Other	213	587
Total Non-Operating Expenses	944	1,437
Recurring Profit (Loss)	-12,080	-7,855
Extraordinary Income		
Gain on sale of fixed assets	3	1,736
Total Extraordinary Income	3	1,736
Extraordinary Losses		
Impairment loss	9	83
Total Extraordinary Losses	9	83
Pre-Tax Income (Loss)	-12,085	-6,202
Income Taxes	162	302
Pre-Minority Interest Net Income (Loss)	-12,248	-6,504
Net Income (Loss)	-12,248	-6,504

Consolidated Statement of Comprehensive Income (FY25/3 Q1)

	(JPY million)	
	FY24/3 Q1 (Apr 1, 2023 to June 30, 2023)	FY25/3 Q1 (Apr 1, 2024 to June 30, 2024)
Net Income (Loss)	-12,248	-6,504
Other Comprehensive Income		
Valuation difference on other securities	0	0
Foreign currency translation adjustment	1,725	1,676
Adjusted value of defined benefit pension, net of tax	-442	-155
Total Other Comprehensive Income	1,283	1,520
Comprehensive Income	-10,964	-4,983
of which, Comprehensive Income attributable to owners of the parent	-10,964	-4,983

(3) Consolidated Cash Flow Statement (FY25/3 Q1)

(JPY million)

	FY24/3 Q1 (Apr 1, 2023 to June 30, 2023)	FY25/3 Q1 (Apr 1, 2024 to June 30, 2024)
Cash Flows from Operations		
Pre-Tax Income (loss)	-12,085	-6,202
Depreciation	1,701	1,046
Goodwill amortization	34	—
Impairment loss	9	83
Increase (decrease) in allowance for doubtful accounts	-1	-0
Interest expense	34	849
Foreign exchange losses (gains)	-561	-591
Loss (gain) on sale of fixed assets	-3	-1,736
Decrease (increase) in trade receivables	6,913	4,806
Decrease (increase) in inventories	-2,846	3,366
Increase (decrease) in trade payables	-3,151	-3,529
Decrease (increase) in accounts receivable – other	2,237	3,700
Decrease (increase) in consumption tax refunds receivable	109	1,321
Increase (decrease) in accounts payable – other	225	-458
Increase (decrease) in accrued expenses	-349	506
Increase (decrease) in advances received	-408	450
Increase (decrease) in benefit pension liability	-180	-367
Other	-1,099	-2,256
Subtotal	-9,423	989
Interest and dividends received	23	52
Interest paid	-18	-840
Income taxes paid	-289	-318
Net Cash from (Used for) Operations	-9,707	-116

	(JPY million)	
	FY24/3 Q1 (Apr 1, 2023 to June 30, 2023)	FY25/3 Q1 (Apr 1, 2024 to June 30, 2024)
Cash Flows from Investments		
Purchase of fixed assets	-7,000	-1,871
Proceeds from sale of fixed assets	0	5,850
Decrease (increase) in time deposit	-57	-43
Payments of leasehold and guarantee deposits	-46	-0
Other	-111	-538
Net Cash from (Used for) Investments	-7,215	3,396
Cash Flows from Financing		
Net increase (decrease) in short-term borrowings	12,000	—
Repayments of lease obligations	-195	-148
Net Cash from (Used for) Financing	11,804	-148
Effect of Exchange Rate change on Cash & Cash Equivalents	1,251	1,401
Net Increase (Decrease) in Cash & Cash Equivalents	-3,866	4,532
Cash & Cash Equivalents at Beginning of Period	25,754	28,725
Cash & Cash Equivalents at End of Period	21,887	33,258

(4) Significant Subsequent Event

New Loan

Based on a resolution of JDI's board of directors on May 13, 2024, JDI has entered into a new loan with Ichigo Trust to secure short-term working capital.

Short-Term Loan Agreement (July 23, 2024)

Lender	Ichigo Trust
Loan Amount	JPY 3 billion
Loan Execution Date	July 30, 2024
Repayment Date	October 31, 2024 (early repayment allowed)
Interest Rate	10%
Collateralized	Yes (a subset of JDI intellectual property rights)

Supplemental Information (Quarterly Consolidated Data)

(1) Consolidated Earnings

(JPY million)		FY24/3				FY25/3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Automotive	29,122	33,955	35,215	34,922	33,646			
	Smartwatch/VR	15,810	24,289	16,477	16,945	16,378			
	LCD Smartphone	8,062	8,640	8,799	6,911	5,892			
Sales ¹		52,996	66,886	60,492	58,778	55,917			
EBITDA ²		-12,165	-5,931	-4,884	-5,240	-6,010			
Operating Profit		-13,883	-7,558	-6,223	-6,481	-7,043			
Recurring Profit		-12,080	-7,033	-7,335	-6,739	-7,855			
Net Income		-12,248	-16,459	-9,276	-6,329	-6,504			
EPS (Basic)		-1.98	-2.66	-1.50	-1.02	-1.05			
USD/JPY (Avg)		137.5	144.6	147.9	148.6	155.9			
USD/JPY (Q-End)		145.0	149.6	141.8	151.4	161.1			

¹ To better reflect the nature of our business, JDI changed its business segment names starting from FY24/3 Q2 as follows: “Mobile” to “LCD Smartphone” and “Non-Mobile” to “Smartwatch/VR.” Please note that this is only a name change and does not affect the segment definitions themselves.

² EBITDA = Operating Profit + Depreciation + Goodwill amortization

(2) Financial Position

(JPY million)		FY24/3				FY25/3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Assets		223,566	232,252	216,571	223,989	212,016			
Liabilities		110,099	134,795	129,020	138,327	131,339			
Net Assets		113,466	97,456	87,550	85,661	80,677			
Shareholder Equity Ratio		50.6%	41.9%	40.3%	38.1%	37.9%			
Operating CF		-9,707	1,411	-2,939	-6,340	-116			
Investing CF		-7,215	-2,468	-1,689	-2,060	3,396			
Financing CF		11,804	7,795	3,886	9,414	-148			
Ending Cash Bal.		21,887	29,120	27,548	28,725	33,258			
Free Cash Flow		-16,707	-204	-4,605	-8,152	-1,987			

(3) R&D, Capex, & Depreciation

(JPY million)		FY24/3				FY25/3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
R&D		2,364	2,684	3,017	3,407	2,998			
Capex		7,200	10,031	3,087	1,445	770			
Depreciation		1,736	1,648	1,361	1,263	1,046			