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FY24/3 H1 Earnings

November 10, 2023

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

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Supplemental Explanatory Materials for Earnings Results: Available

Earnings Results Briefing: November 10, 2023 (for institutional investors and analysts)

1. FY24/3 H1 Consolidated Financial Results (April 1, 2023 to September 30, 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
FY24/3 H1	119,882 -13.3%	-18,096 –	-21,441 –	-19,113 –	-28,707 –
FY23/3 H1	138,296 +0.3%	-7,485 –	-11,779 –	-8,401 –	-11,633 –

EBITDA = Operating Profit + Depreciation + Goodwill amortization

(Reference) Comprehensive Income FY24/3 H1: JPY -26,974M FY23/3 H1: JPY -7,761M

	EPS (Basic, JPY)	EPS (Diluted, JPY)
FY24/3 H1	-4.64	–
FY23/3 H1	-2.47	–

(2) Consolidated Financial Position

	Total Assets (JPY M)	Net Assets (JPY M)	Shareholders' Equity Ratio
FY24/3 H1	232,252	97,456	41.9%
FY23/3	222,696	124,431	55.8%

(Reference) Shareholders' Equity FY24/3 H1: JPY 97,216M FY23/3: JPY 124,190M

(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)
FY24/3 H1	-8,296	-9,684	19,600	29,120
FY23/3 H1	-14,209	-6,327	12,770	47,232

2. Dividends

	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY23/3	–	0.00	–	0.00	0.00
FY24/3	–	0.00			
FY24/3 (Forecast)			–	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. FY24/3 Full-Year (April 1, 2023 to March 31, 2024) Consolidated Earnings Forecast

	Sales (JPY M)	EBITDA (JPY M)	Operating Profit (JPY M)	Recurring Profit (JPY M)	Net Income (JPY M)	EPS (JPY)
FY24/3 Full Year	247,000	-27,500	-34,000	-32,500	-44,000	-7.11
YoY	-8.8%	–	–	–	–	–

- Note Changes from the most recently announced earnings forecast: Yes

JDI is revising up its FY24/3 full-year sales forecast by 2.9% to reflect the effects of the weak yen. JDI is adjusting its FY24/3 full-year FX assumption from JPY/USD 130 to 140.

JDI is also revising up its FY24/3 full-year forecasts for EBITDA +19.1%, operating profit +15.8%, recurring profit +24.8%, and net income +7.9% on the effects of the weak yen, improved panel yields and fab productivity, fixed cost reductions from ending production at the older, less cost competitive Higashiura Fab, and a breakthrough to structural profitability in JDI's OLED business, a strategic growth area..

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
FY24/3 H1: 3,880,393,562
FY23/3: 3,880,393,562
- (ii) Number of treasury shares at period-end
FY24/3 H1: 67
FY23/3: 67
- (iii) Average number of shares outstanding (excluding treasury shares) during the period
FY24/3 H1: 6,188,721,284
FY23/3 H1: 4,715,379,062

Note All preferred shares outstanding during the periods 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.

(5) Dividends for Preferred Shares

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

(6) Note on Appropriate Use of Forecast

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.

6. Consolidated Financial Statements

Consolidated Balance Sheet (FY24/3 H1)

(JPY million)

	FY23/3 (Mar 31, 2023)	FY24/3 H1 (Sep 30, 2023)
Assets		
Current Assets		
Cash and deposits	26,220	29,665
Accounts receivable – trade	40,900	32,682
Accounts receivable – other	18,323	22,241
Finished products and goods	18,635	19,516
Work in process	11,802	11,289
Raw materials and supplies	29,881	32,458
Other	5,339	7,030
Allowance for doubtful accounts	-249	-152
Total Current Assets	150,853	154,732
Non-Current Assets		
Property, Plant, and Equipment		
Buildings and structures, net	39,640	37,778
Machinery, equipment, and vehicles, net	3,692	3,389
Land	6,552	6,509
Lease assets, net	843	840
Construction in progress	5,293	19,221
Other, net	1,349	1,478
Total Property, Plant, and Equipment	57,371	69,218
Intangible assets		
Goodwill	275	—
Other	841	1,531
Total Intangible Assets	1,117	1,531
Investments and Other Assets		
Other	13,356	6,773
Allowance for doubtful accounts	-1	-3
Total Investments and Other Assets	13,354	6,770
Total Non-Current Assets	71,843	77,519
Total Assets	222,696	232,252

(JPY million)

	FY23/3 (Mar 31, 2023)	FY24/3 H1 (Sep 30, 2023)
Liabilities		
Current Liabilities		
Accounts payable – trade	44,616	51,384
Electronically recorded obligations – operating	606	844
Short-term loans payable	—	20,000
Income taxes payable	60	49
Provision for bonuses	2,703	2,704
Advances received	3,188	3,309
Provision for business restructuring	1,977	1,692
Provision for contract losses	4,277	7,377
Other	25,731	33,058
Total Current Liabilities	83,162	120,421
Non-Current Liabilities		
Provision for business restructuring	725	753
Net defined benefit pension liability	8,213	8,253
Other	6,164	5,366
Total Non-Current Liabilities	15,102	14,373
Total Liabilities	98,265	134,795
Net Assets		
Shareholders' Equity		
Capital	100	100
Capital reserve	141,205	141,205
Retained earnings	-22,129	-50,837
Treasury shares	-0	-0
Total Shareholders' Equity	119,175	90,468
Accumulated Other Comprehensive Income		
Valuation difference on other securities	0	1
Foreign currency translation adjustment	3,901	6,031
Adjusted value of defined benefit pension	1,112	715
Total Accumulated Other Comprehensive Income	5,014	6,747
Share Acquisition Rights	240	240
Total Net Assets	124,431	97,456
Total Liabilities & Net Assets	222,696	232,252

Consolidated Income Statement (FY24/3 H1)

(JPY million)

	FY23/3 H1 (Apr 1, 2022 to Sep 30, 2022)	FY24/3 H1 (Apr 1, 2023 to Sep 30, 2023)
Sales	138,296	119,882
Cost of Goods Sold	135,482	127,919
Gross Profit (Loss)	2,813	-8,037
SG&A	14,593	13,404
Operating Profit (Loss)	-11,779	-21,441
Non-Operating Income		
Interest income	37	50
Foreign exchange gains	4,138	1,784
Rental income	283	249
Business services income	232	1,756
Other	302	584
Total Non-Operating Income	4,995	4,424
Non-Operating Expenses		
Interest expense	590	261
Property maintenance expenses	—	1,307
Other	1,027	528
Total Non-Operating Expenses	1,618	2,097
Recurring Profit (Loss)	-8,401	-19,113
Extraordinary Income		
Gain on sale of non-current assets	5	89
Reversal of business restructuring expenses	1,041	—
Total Extraordinary Income	1,046	89
Extraordinary Losses		
Impairment loss	1,206	9,185
Total Extraordinary Losses	1,206	9,185
Pre-Tax Income (Loss)	-8,561	-28,209
Income Taxes	3,072	497
Pre-Minority Interest Net Income (Loss)	-11,633	-28,707
Net Income (Loss)	-11,633	-28,707

Consolidated Statement of Income (FY24/3 Q2 Stand-Alone)

(JPY million)

	FY23/3 Q2 (Jul 1, 2022 to Sep 30, 2022)	FY24/3 Q2 (Jul 1, 2023 to Sep 30, 2023)
Sales	81,196	66,886
Cost of Goods Sold	78,509	67,569
Gross Profit (Loss)	2,687	-683
SG&A	7,594	6,874
Operating Profit (Loss)	-4,906	-7,558
Non-Operating Income		
Interest income	26	27
Foreign exchange gains	1,364	514
Rental income	144	124
Income from provision of business services	120	879
Other	183	131
Total Non-Operating Income	1,840	1,677
Non-Operating Expenses		
Interest expenses	297	227
Property maintenance expenses	—	611
Other	713	314
Total Non-Operating Expenses	1,010	1,152
Recurring Profit (Loss)	-4,077	-7,033
Extraordinary Income		
Gain on sale of non-current assets	—	85
Total Extraordinary Income	—	85
Extraordinary Losses		
Impairment loss	86	9,175
Total Extraordinary Losses	86	9,175
Pre-Tax Income (Loss)	-4,164	-16,124
Income Taxes	2,395	335
Pre-Minority Interest Net Income (Loss)	-6,559	-16,459
Net Income (Loss)	-6,559	-16,459

Consolidated Statement of Comprehensive Income (FY24/3 H1)

	(JPY million)	
	FY23/3 H1 (Apr 1, 2022 to Sep 30, 2022)	FY24/3 H1 (Apr 1, 2023 to Sep 30, 2023)
Net Income (Loss)	-11,633	-28,707
Other Comprehensive Income		
Valuation difference on other securities	0	0
Foreign currency translation adjustment	3,760	2,129
Adjusted value of defined benefit pension, net of tax	112	-397
Total Other Comprehensive Income	3,872	1,732
Comprehensive Income	-7,761	-26,974
of which, Comprehensive income attributable to owners of the parent	-7,761	-26,974

Consolidated Statement of Comprehensive Income (FY24/3 Q2 Stand-Alone)

	(JPY million)	
	FY23/3 Q2 (Jul 1, 2022 to Sep 30, 2022)	FY24/3 Q2 (Jul 1, 2023 to Sep 30, 2023)
Net Income (Loss)	-6,559	-16,459
Other Comprehensive Income		
Valuation difference on available-for-sale securities	-0	-0
Foreign currency translation adjustment	476	403
Adjusted value of defined benefit pension, net of tax	55	45
Total Other Comprehensive Income	532	449
Comprehensive Income	-6,027	-16,010
of which, Comprehensive income attributable to owners of the parent	-6,027	-16,010

Consolidated Cash Flow Statement (FY24/3 H1)

(JPY million)

	FY23/3 H1 (Apr 1, 2022 to Sep 30, 2022)	FY24/3 H1 (Apr 1, 2023 to Sep 30, 2023)
Cash Flows from Operations		
Pre-Tax Income (loss)	-8,561	-28,209
Depreciation	4,254	3,315
Goodwill amortization	68	68
Impairment loss	1,206	9,185
Increase (decrease) in allowance for doubtful accounts	-1	-112
Interest expense	590	261
Foreign exchange losses (gains)	-1,486	-855
Loss (gain) on sale of non-current assets	-5	-89
Reversal of business restructuring expenses	-1,041	—
Increase (decrease) in trade receivables	12,360	11,647
Increase (decrease) in inventories	-19,868	-1,513
Increase (decrease) in trade payables	1,555	3,095
Increase (decrease) in accounts receivable – other	-2,554	-3,762
Increase (decrease) in consumption tax refunds receivable	-356	-1,463
Increase (decrease) in accounts payable – other	-432	472
Increase (decrease) in accrued expenses	71	-597
Increase (decrease) in advances received	343	75
Increase (decrease) in retirement benefit liability	-434	-357
Other	2,331	1,320
Subtotal	-11,959	-7,517
Interest and dividends received	37	53
Interest paid	-585	-180
Income taxes paid	-1,702	-652
Net Cash from (Used for) Operations	-14,209	-8,296

(JPY million)

	FY23/3 H1 (Apr 1, 2022 to Sep 30, 2022)	FY24/3 H1 (Apr 1, 2023 to Sep 30, 2023)
Cash Flows from Investments		
Purchase of non-current assets	-5,782	-8,615
Proceeds from sale of non-current assets	6	199
Decrease (increase) in time deposit	850	-79
Payments for business acquisition	—	-1,000
Payments of leasehold and guarantee deposits	-1,443	-52
Other	41	-136
Net Cash from (Used for) Investments	-6,327	-9,684
Cash Flows from Financing		
Net increase (decrease) in short-term borrowings	13,000	20,000
Repayments of lease obligations	-229	-373
Other	—	-26
Net Cash from (Used for) Financing	12,770	19,600
Effect of Exchange Rate change on Cash & Cash Equivalents	4,059	1,746
Net Increase (Decrease) in Cash & Cash Equivalents	-3,706	3,366
Cash & Cash Equivalents at Beginning of Period	50,939	25,754
Cash & Cash Equivalents at End of Period	47,232	29,120

Consolidated Cash Flow Statement (FY24/3 Q2 Stand-Alone)

	(JPY million)	
	FY23/3 Q2 (Jul 1, 2022 to Sep 30, 2022)	FY24/3 Q2 (Jul 1, 2023 to Sep 30, 2023)
Cash Flows from Operations		
Pre-Tax Income (loss)	-4,164	-16,124
Depreciation	2,112	1,614
Goodwill amortization	34	34
Impairment loss	86	9,175
Increase (decrease) in allowance for doubtful accounts	-0	-110
Interest expenses	297	227
Foreign exchange losses (gains)	-278	-293
Loss (gain) on sale of non-current assets	—	-85
Decrease (increase) in trade receivables	-4,529	4,733
Decrease (increase) in inventories	-11,634	1,333
Increase (decrease) in trade payable	17,759	6,247
Decrease (increase) in accounts receivable - other	-9,756	-6,000
Decrease (increase) in consumption tax refunds receivable	-185	-1,573
Increase (decrease) in accounts payable - other	-58	247
Increase (decrease) in accrued expenses	194	-248
Increase (decrease) in advances received	921	484
Increase (decrease) in retirement benefit liability	-225	-176
Other	8,090	2,420
Subtotal	-1,334	1,906
Interest and dividends received	26	29
Interest paid	-216	-161
Income taxes paid	-1,329	-363
Net Cash from (Used for) Operations	-2,854	1,411

	(JPY million)	
	FY23/3 Q2 (Jul 1, 2022 to Sep 30, 2022)	FY24/3 Q2 (Jul 1, 2023 to Sep 30, 2023)
Cash Flows from Investments		
Purchase of non-current assets	-3,064	-1,615
Proceeds from sales of non-current assets	—	199
Decrease (increase) in time deposit	-20	-21
Payments for business acquisition	—	-1,000
Payments of leasehold and guarantee deposits	-0	-5
Other	7	-24
Net Cash from (Used for) Investments	-3,078	-2,468
Cash Flows from Financing		
Net increase (decrease) in short-term borrowings	13,000	8,000
Repayments of lease obligations	-122	-178
Other	—	-26
Net Cash from (Used for) Financing	12,877	7,795
Effect of Exchange Rate change on Cash & Cash Equivalents	912	495
Net Increase (Decrease) in Cash & Cash Equivalents	7,857	7,233
Cash & Cash Equivalents at Beginning of Period	39,375	21,887
Cash & Cash Equivalents at End of Period	47,232	29,120

Significant Subsequent Event

(New Loan)

Based on the resolution of the board of directors held on May 30, 2023, JDI has entered into a new loan with Ichigo Trust as below to secure temporary working capital.

Short-Term Loan Agreement as of October 30, 2023

Lender	Ichigo Trust
Loan Amount	JPY 4 billion
Loan Execution Date	October 30, 2023
Repayment Date	January 31, 2024 (early repayment allowed)
Interest Rate	TIBOR plus spread (fixed rate)
Collateralized	Yes (part of JDI's Intellectual Property Rights)

Supplemental Information (Quarterly Consolidated Data)

(1) Consolidated Earnings

(JPY million)	FY23/3				FY24/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Automotive	26,878	39,659	33,074	34,943	29,122	33,955		
Smartwatch/VR	14,492	19,309	14,315	12,383	15,810	24,289		
LCD Smartphone	15,728	22,227	22,345	15,387	8,062	8,640		
Sales	57,099	81,196	69,735	62,714	52,996	66,886		
EBITDA ¹	-4,711	-2,774	-8,516	-20,196	-12,165	-5,931		
Operating Profit	-6,872	-4,906	-10,600	-22,006	-13,883	-7,558		
Recurring Profit	-4,324	-4,077	-12,586	-21,936	-12,080	-7,033		
Net Income	-5,074	-6,559	-5,750	-8,433	-12,248	-16,459		
EPS (Basic)	-1.08	-1.39	-1.22	-1.77	-1.98	-2.66		

USD/JPY (Avg)	129.7	138.3	141.4	132.4	137.5	144.6		
USD/JPY (Q-End)	136.7	144.8	132.7	133.5	145.0	149.6		

¹ EBITDA = Operating Profit + Depreciation + Goodwill amortization

² To better reflect the nature of our business JDI has changed the sales category names from FY24/3 Q2 as follows: “Mobile” to “LCD Smartphone,” and “Non-Mobile” to “Smartwatch/VR.” Please note that this change is only a change in name and does not affect the sales categories.

(2) Financial Position

(JPY million)	FY23/3				FY24/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Assets	238,541	277,551	261,123	222,696	223,566	232,252		
Liabilities	167,507	212,544	215,630	98,265	110,099	134,795		
Net Assets	71,034	65,006	45,493	124,431	113,466	97,456		
Shareholder Equity Ratio	29.8%	23.4%	17.4%	55.8%	50.6%	41.9%		

Operating CF	-11,355	-2,854	-23,359	-28,096	-9,707	1,411		
Investing CF	-3,249	-3,078	-5,245	21,350	-7,215	-2,468		
Financing CF	-106	12,877	14,880	35	11,804	7,795		
Ending Cash Bal.	39,375	47,232	32,213	25,754	21,887	29,120		
Free Cash Flow	-14,073	-5,918	-25,051	-29,252	-16,707	-204		

(3) R&D, Capex, & Depreciation

(JPY million)	FY23/3				FY24/3			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
R&D	2,275	2,377	2,344	2,459	2,364	2,684		
Capex	2,647	3,611	1,056	1,109	7,200	10,031		
Depreciation	2,176	2,147	2,109	1,825	1,736	1,648		