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FY24/3 Earnings

May 13, 2024

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

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Annual General Meeting of Shareholders: June 22, 2024 (Scheduled)

Filing of FY24/3 Securities Report: June 24, 2024 (Scheduled)

Supplemental Explanatory Materials for Earnings Results: Available

Earnings Results Briefing: May 13, 2024 (for institutional investors and analysts)

1. FY24/3 Consolidated Financial Results (April 1, 2023 to March 31, 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
FY24/3	239,153 -11.7%	-28,221 -	-34,145 -	-33,188 -	-44,313 -
FY23/3	270,746 -8.5%	-36,198 -	-44,386 -	-42,924 -	-25,818 -

EBITDA = Operating Profit + Depreciation + Goodwill amortization

(Reference) Comprehensive Income FY24/3: JPY -38,769M FY23/3: JPY -35,216M

	EPS (Basic, JPY)	EPS (Diluted, JPY)	Return on Equity	Return on Assets (Recurring Profit)	Operating Profit Margin
FY24/3	-7.16	-	-42.3%	-14.9%	-14.3%
FY23/3	-5.46	-	-26.2%	-17.8%	-16.4%

(2) Consolidated Financial Position

	Total Assets (JPY M)	Net Assets (JPY M)	Shareholders' Equity Ratio	Net Assets per Share (JPY)
FY24/3	223,989	85,661	38.1%	4.85
FY23/3	222,696	124,431	55.8%	11.12

(Reference) Shareholders' Equity FY24/3: JPY 85,421M 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	-17,576	-13,433	32,901	28,725
FY23/3	-65,665	9,777	27,685	25,754

2. Dividends

	Dividend per Share (JPY)					Total Dividend (JPY)	Payout Ratio	Dividend on Equity (DOE)
	Q1	Q2	Q3	Q4	Total			
FY23/3	–	0.00	–	0.00	0.00	–	–	–
FY24/3	–	0.00	–	0.00	0.00	–	–	–
FY25/3 (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. FY25/3 Full-Year (April 1, 2024 to March 31, 2025) Consolidated Earnings Forecast

	Sales (JPY M)	EBITDA (JPY M)	Operating Profit (JPY M)	Recurring Profit (JPY M)	Net Income (JPY M)	EPS (JPY)
FY25/3 Full Year	221,800	-11,700	-18,200	-24,300	-26,600	-4.30
YoY	-7.3%	–	–	–	–	–

Note: For details, please see "5. Earnings Outlook" on page 3.

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) 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
FY24/3: 3,880,393,562
FY23/3: 3,880,393,562
- (ii) Number of treasury shares at period-end
FY24/3: 67
FY23/3: 67
- (iii) Average number of shares outstanding (excluding treasury shares) during the period
FY24/3: 6,188,721,284
FY23/3: 4,727,206,959

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.

(4) 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	–	0.00	0.00
FY25/3 (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. Earnings Outlook

JDI is executing a radical transformation of its business portfolio. This includes withdrawing from unprofitable businesses such as LCD smartphone displays and unprofitable products within automotive displays. JDI is focusing its engineering and technical resources to drive the growth of next-generation technologies and products. eLEAP, JDI's next-generation OLED, is slated to begin mass production in the second half of FY25/3.

JDI is still in the midst of this transformation, and the impact of high energy, material, and production costs continues to weigh on earnings. JDI is thus accelerating its technology development and business transformation and relentlessly reducing costs.

JDI is forecasting FY25/3 consolidated sales of JPY 221.8 billion, EBITDA of negative JPY 11.7 billion, an operating loss of JPY 18.2 billion, a recurring loss of JPY 24.3 billion, and a net loss of JPY 26.6 billion. The FX assumption used for the FY25/3 forecast is USD/JPY 145.

For more information, please refer to the FY24/3 Corporate Presentation released today.

6. Consolidated Financial Statements

(1) Consolidated Balance Sheet (FY24/3)

(JPY million)

	FY23/3 (Mar 31, 2023)	FY24/3 (Mar 31, 2024)
Assets		
Current Assets		
Cash and deposits	26,220	29,338
Accounts receivable – trade	40,900	29,265
Accounts receivable – other	18,323	17,926
Finished products and goods	18,635	16,955
Work in process	11,802	13,298
Raw materials and supplies	29,881	33,697
Other	5,339	11,606
Allowance for doubtful accounts	-249	-119
Total Current Assets	150,853	151,969
Non-Current Assets		
Property, Plant, and Equipment		
Buildings and structures	121,093	120,554
Depreciation	-81,452	-83,670
Buildings and structures, net	39,640	36,883
Machinery, equipment, and vehicles	326,222	234,532
Depreciation	-322,529	-231,708
Machinery, equipment, and vehicles, net	3,692	2,824
Land	6,552	6,509
Lease assets	1,828	1,831
Depreciation	-985	-1,106
Lease assets, net	843	725
Construction in progress	5,293	21,310
Other	24,469	20,668
Depreciation	-23,120	-19,598
Other, net	1,349	1,070
Total Property, Plant, and Equipment	57,371	69,324
Intangible assets		
Goodwill	275	—
Other	841	1,408
Total Intangible Assets	1,117	1,408
Investments and Other Assets		
Securities investments	248	349
Deferred tax assets	189	518
Other	12,918	422
Allowance for doubtful accounts	-1	-3
Total Investments and Other Assets	13,354	1,287
Total Non-Current Assets	71,843	72,020
Total Assets	222,696	223,989

(JPY million)

	FY23/3 (Mar 31, 2023)	FY24/3 (Mar 31, 2024)
Liabilities		
Current Liabilities		
Accounts payable – trade	44,616	46,003
Electronically recorded obligations – operating	606	316
Short-term loans payable	–	33,500
Accounts payable - other	9,263	18,083
Income taxes payable	60	95
Provision for bonuses	2,703	2,693
Advances received	3,188	3,740
Provision for business restructuring	1,977	420
Provision for contract losses	4,277	7,839
Other	16,467	16,534
Total Current Liabilities	83,162	129,228
Non-Current Liabilities		
Provision for business restructuring	725	666
Net defined benefit pension liability	8,213	4,185
Other	6,164	4,247
Total Non-Current Liabilities	15,102	9,098
Total Liabilities	98,265	138,327
Net Assets		
Shareholders' Equity		
Capital	100	100
Capital reserve	141,205	141,205
Retained earnings	-22,129	-66,443
Treasury shares	-0	-0
Total Shareholders' Equity	119,175	74,862
Accumulated Other Comprehensive Income		
Valuation difference on other securities	0	1
Foreign currency translation adjustment	3,901	6,564
Adjusted value of defined benefit pension	1,112	3,992
Total Accumulated Other Comprehensive Income	5,014	10,558
Share Acquisition Rights	240	240
Total Net Assets	124,431	85,661
Total Liabilities & Net Assets	222,696	223,989

(2) Consolidated Income Statement (FY24/3)

(JPY million)

	FY23/3 (Apr 1, 2022 to Mar 31, 2023)	FY24/3 (Apr 1, 2023 to Mar 31, 2024)
Sales	270,746	239,153
Cost of Goods Sold	285,934	245,645
Gross Profit (Loss)	-15,188	-6,492
SG&A	29,197	27,653
Operating Profit (Loss)	-44,386	-34,145
Non-Operating Income		
Interest income	108	99
Foreign exchange gains	2,699	1,723
Business services income	628	3,514
Rental income	589	408
Subsidy income	75	151
Other	1,472	1,029
Total Non-Operating Income	5,573	6,926
Non-Operating Expenses		
Interest expense	1,198	1,400
Share issuance cost	383	26
Depreciation	70	84
Property maintenance expenses	—	2,574
Other	2,460	1,883
Total Non-Operating Expenses	4,111	5,969
Recurring Profit (Loss)	-42,924	-33,188
Extraordinary Income		
Gain on sale of non-current assets	206	92
Gain on sale of subsidiary shares	13,471	—
Reversal of business restructuring expenses	1,041	417
Gain on debt forgiveness	15,000	—
Total Extraordinary Income	29,719	510
Extraordinary Losses		
Impairment loss	2,803	11,115
Business restructuring expenses	5,884	—
Total Extraordinary Losses	8,687	11,115
Pre-Tax Income (Loss)	-21,893	-43,793
Income Taxes	3,930	518
Income Taxes - Deferred	-5	1
Total Income Taxes	3,925	519
Pre-Minority Interest Net Income (Loss)	-25,818	-44,313
Net Income (Loss)	-25,818	-44,313

Consolidated Statement of Comprehensive Income (FY24/3)

(JPY million)

	FY23/3 (Apr 1, 2022 to Mar 31, 2023)	FY24/3 (Apr 1, 2023 to Mar 31, 2024)
Net Income (Loss)	-25,818	-44,313
Other Comprehensive Income		
Valuation difference on other securities	0	0
Foreign currency translation adjustment	-9,651	2,662
Adjusted value of defined benefit pension, net of tax	252	2,880
Total Other Comprehensive Income	-9,398	5,543
Comprehensive Income	-35,216	-38,769
of which, Comprehensive Income attributable to owners of the parent	-35,216	-38,769

(3) Consolidated Statement of Changes in Shareholders' Equity**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
Changes in the Current Period					
Share Issuance	43,340	43,340			86,680
Capital Reduction	-43,340	43,340			—
Net Income (Loss)			-25,818		-25,818
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	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
Changes in the Current Period						
Share Issuance						86,680
Capital Reduction						—
Net Income (Loss)						-25,818
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

FY24/3 (April 1, 2023 to March 31, 2024)

(JPY million)

	Shareholders' Equity				
	Capital	Capital Reserve	Retained Earnings	Treasury Shares	Total Shareholders' Equity
Balance as of Apr 1, 2023	100	141,205	-22,129	-0	119,175
Changes in the Current Period					
Share Issuance					—
Capital Reduction					—
Net Income (Loss)			-44,313		-44,313
Changes in Items Other than Shareholders' Equity					
Total Changes	—	—	-44,313	—	-44,313
Balance as of Mar 31, 2024	100	141,205	-66,443	-0	74,862

	Other Comprehensive Income				Stock Option	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, 2023	0	3,901	1,112	5,014	240	124,431
Changes in the Current Period						
Share Issuance						—
Capital Reduction						—
Net Income (Loss)						-44,313
Changes in Items other than Shareholders' Equity	0	2,662	2,880	5,543	—	5,543
Total Changes	0	2,662	2,880	5,543	—	-38,769
Balance as of Mar 31, 2024	1	6,564	3,992	10,558	240	85,661

(4) Consolidated Cash Flow Statement (FY24/3)

(JPY million)

	FY23/3 (Apr 1, 2022 to Mar 31, 2023)	FY24/3 (Apr 1, 2023 to Mar 31, 2024)
Cash Flows from Operations		
Pre-Tax Income (loss)	-21,893	-43,793
Depreciation	8,120	5,940
Goodwill amortization	137	68
Impairment loss	2,803	11,115
Increase (decrease) in allowance for doubtful accounts	151	-148
Increase (decrease) in benefit pension liability	-1,594	-1,147
Interest expense	1,198	1,400
Foreign exchange losses (gains)	-1,356	-6
Subsidies received	-75	-151
Loss (gain) on sale of non-current assets	-200	-92
Loss (gain) on sale of subsidiary shares	-13,471	—
Reversal of business restructuring expenses	-1,041	-417
Gain on debt forgiveness	-15,000	—
Business restructuring expenses	5,884	—
Decrease (increase) in trade receivables	3,196	15,561
Decrease (increase) in inventories	-16,783	-1,913
Increase (decrease) in trade payables	-13,293	-3,053
Decrease (increase) in accounts receivable – other	5,795	566
Decrease (increase) in consumption tax refunds receivable	-614	-119
Increase (decrease) in accounts payable – other	-4,107	-651
Increase (decrease) in accrued expenses	-2,887	-719
Increase (decrease) in advances received	-1,025	511
Other	9,522	1,094
Subtotal	-56,536	-15,957
Interest and dividends received	105	99
Interest paid	-1,312	-1,070
Income taxes paid	-4,270	-647
Business restructuring expenses paid	-3,651	—
Net Cash from (Used for) Operations	-65,665	-17,576

(JPY million)

	FY23/3 (Apr 1, 2022 to Mar 31, 2023)	FY24/3 (Apr 1, 2023 to Mar 31, 2024)
Cash Flows from Investments		
Purchase of non-current assets	-8,630	-12,093
Proceeds from sale of non-current assets	217	204
Proceeds from sales of investment securities	-230	-99
Decrease (increase) in time deposit	841	-146
Payments for business acquisition	—	-1,000
Payments of leasehold and guarantee deposits	-1,445	-80
Proceeds from sale of subsidiary shares resulting in change in scope of consolidation	18,208	—
Subsidies received	75	—
Other	741	-217
Net Cash from (Used for) Investments	9,777	-13,433
Cash Flows from Financing		
Net increase (decrease) in short-term borrowings	28,000	33,500
Repayments of lease obligations	-435	-571
Proceeds from issuance of stock acquisition rights	199	—
Other	-78	-26
Net Cash from (Used for) Financing	27,685	32,901
Effect of Exchange Rate change on Cash & Cash Equivalents	3,017	1,079
Net Increase (Decrease) in Cash & Cash Equivalents	-25,185	2,971
Cash & Cash Equivalents at Beginning of Period	50,939	25,754
Cash & Cash Equivalents at End of Period	25,754	28,725

(5) Significant Subsequent Event

Asset Sale

JDI signed an agreement on March 10, 2023 to sell its former Higashiura Fab facilities to Sony Semiconductor Manufacturing Corporation (SCK). Based on the agreement, JDI has completed the sale of the facilities on April 1, 2024.

(a) Reason for the Sale

JDI sold the asset to strengthen competitiveness, improve profitability, and monetize an unused asset.

(b) Sale Overview

Transaction	Asset sale to JDI business partner
Asset Sold	JDI's former Higashiura Fab facilities
Location	Higashiura-cho, Chita-gun, Aichi Prefecture
Sale Price	JPY 6,500 million
Book Value	JPY 4,764 million ¹

¹ Book value is as of March 31, 2024.

(c) Asset Sale Date

April 1, 2024

(d) SCK Overview

(1)	Name	Sony Semiconductor Manufacturing Corporation	
(2)	Headquarters	4000-1 Haramizu, Kikuyo, Kikuchi District, Kumamoto Prefecture	
(3)	Name and Title of Representative	Yoshihiro Yamaguchi Representative Director and President	
(4)	Business Description	Design, development, and manufacturing of semiconductor components, and customer service	
(5)	Capital	JPY 100 million (As of March 31, 2024)	
(6)	Relationship with JDI	Capital Relationship	N/A
		Personnel Relationship	N/A
		Business Relationship	JDI and SCK have a lease agreement for part of the facilities sold.
		Related Party Status	N/A

(e) Earnings Impact

JDI expects to record an extraordinary gain on the sale of c. JPY 1,736 million in FY25/3 Q1.

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	35,215	34,922
Smartwatch/VR	14,492	19,309	14,315	12,383	15,810	24,289	16,477	16,945
LCD Smartphone	15,728	22,227	22,345	15,387	8,062	8,640	8,799	6,911
Sales	57,099	81,196	69,735	62,714	52,996	66,886	60,492	58,778
EBITDA ¹	-4,711	-2,774	-8,516	-20,196	-12,165	-5,931	-4,884	-5,240
Operating Profit	-6,872	-4,906	-10,600	-22,006	-13,883	-7,558	-6,223	-6,481
Recurring Profit	-4,324	-4,077	-12,586	-21,936	-12,080	-7,033	-7,335	-6,739
Net Income	-5,074	-6,559	-5,750	-8,433	-12,248	-16,459	-9,276	-6,329
EPS (Basic)	-1.08	-1.39	-1.22	-1.77	-1.98	-2.66	-1.50	-1.02

USD/JPY (Avg)	129.7	138.3	141.4	132.4	137.5	144.6	147.9	148.6
USD/JPY (Q-End)	136.7	144.8	132.7	133.5	145.0	149.6	141.8	151.4

¹ EBITDA = Operating Profit + Depreciation + Goodwill amortization

² JDI has changed its business segment names as follows starting from FY24/3 Q2 to facilitate a better understanding: “Mobile” to “LCD Smartphone” and “Non-Mobile” to “Smartwatch/VR.” Please note that this change is only a name change and does not affect the segment definitions themselves.

(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	216,571	223,989
Liabilities	167,507	212,544	215,630	98,265	110,099	134,795	129,020	138,327
Net Assets	71,034	65,006	45,493	124,431	113,466	97,456	87,550	85,661
Shareholder Equity Ratio	29.8%	23.4%	17.4%	55.8%	50.6%	41.9%	40.3%	38.1%

Operating CF	-11,355	-2,854	-23,359	-28,096	-9,707	1,411	-2,939	-6,340
Investing CF	-3,249	-3,078	-5,245	21,350	-7,215	-2,468	-1,689	-2,060
Financing CF	-106	12,877	14,880	35	11,804	7,795	3,886	9,414
Ending Cash Bal.	39,375	47,232	32,213	25,754	21,887	29,120	27,548	28,725
Free Cash Flow	-14,073	-5,918	-25,051	-29,252	-16,707	-204	-4,605	-8,152

(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	3,017	3,399
Capex	2,647	3,611	1,056	1,109	7,200	10,031	3,087	1,445
Depreciation	2,176	2,147	2,109	1,825	1,736	1,648	1,361	1,263