



Japan Display Inc.

FY23/3 Q3  
Corporate Presentation

February 10, 2023



# **PersonalTech For A Better World**



Japan Display Inc.

# FY23/3 Q3 Earnings Review

- Cumulative Q3 sales JPY 208B (JPY -5.9B vs. forecast), operating profit JPY -22.4B (JPY -1.6B vs. forecast)
- Sales flat vs. FY22/3 Q3, with weak mobile sales (c. JPY -27.7B YoY) offset by strong automotive sales (c. JPY +28.4B YoY)
- Operating profit worsened by JPY 12.3B YoY on rising material, energy, & shipping costs
- In light of Q3 results & Q4 outlook, JDI is revising its full-year forecast. Revising down sales, EBITDA, operating profit, & recurring profit, revising up net income to reflect gain on debt forgiveness
- Capital increase & elimination of debt announced today significantly strengthens JDI's financial position & allows JDI to accelerate execution on its METAGROWTH 2026 growth strategy & deliver its proprietary Global No.1 technologies to customers globally

## Sales & operating earnings profit below forecast on lower customer demand. Net income above forecast on gain from Chinese subsidiary sale

(JPY billion)	FY23/3 Q3 (9M) Prev. FCST	FY23/3 Q3 (9M) ACT	Diff	Explanation
<b>Sales</b>	<b>213.9</b>	<b>208.0</b>	<b>-5.9</b>	
Mobile (US/Euro)	49.3	46.0	-3.3	<b>Mobile US/Euro:</b> Decrease in customer demand <b>Mobile China/Other:</b> Flat vs. forecast <b>Automotive:</b> Decrease in customer demand driven in part by semiconductor and other parts shortages <b>Non-Mobile:</b> Flat vs. forecast
Mobile (China/other)	13.9	14.3	+0.4	
Automotive	102.5	99.6	-2.9	
Non-Mobile	48.2	48.1	-0.1	
<b>EBITDA</b>	<b>-14.5</b>	<b>-16.0</b>	<b>-1.5</b>	
<b>Operating Profit</b>	<b>-20.8</b>	<b>-22.4</b>	<b>-1.6</b>	
<b>Recurring Profit</b>	<b>-17.7</b>	<b>-21.0</b>	<b>-3.3</b>	Booked JPY 2.5B FX gain as positive contributor to RP
<b>Net Income</b>	<b>-21.2</b>	<b>-17.4</b>	<b>+3.8</b>	Extraord. gain on subsidiary sale Business restructuring expense
<b>FX (JPY/USD)</b>	<b>137.7</b>	<b>136.5</b>		

	FCST	Actual
Extraord. gain on subsidiary sale	-	JPY 13.5B
Business restructuring expense	-	JPY 5.3B

## Net loss widened as gains from cost reductions & price increases were outweighed by sharp increases in input costs

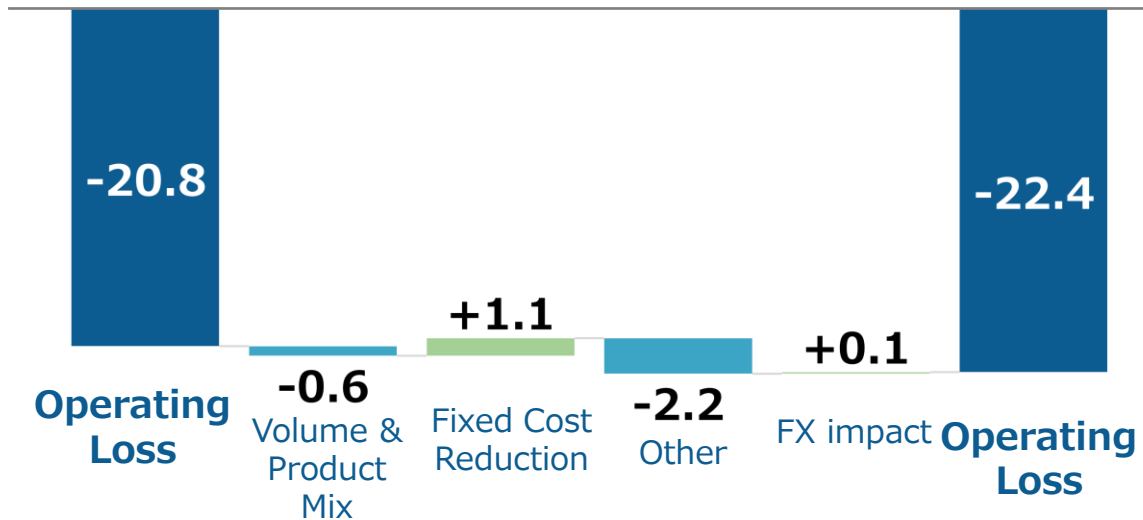
(JPY billion)	FY22/3 Q3 (9M) ACT	FY23/3 Q3 (9M) ACT	Chg	Explanation												
<b>Sales</b>	<b>209.5</b>	<b>208.0</b>	<b>-1.5</b>	<p><b>Mobile US/Euro:</b> Continuing downward trend</p> <p><b>Mobile China/Other:</b> Decrease on customers' inventory adjustments &amp; lower smartphone sales</p> <p><b>Automotive:</b> Strong demand &amp; JPY depreciation exceed negative impact of material shortage driven production adjustments</p> <p><b>Non-Mobile:</b> Slowdown in demand for consumer electronics mainly in VR</p>												
Mobile (US/Euro)	57.9	46.0	-11.9													
Mobile (China/other)	30.1	14.3	-15.8													
Automotive	71.2	99.6	+28.4													
Non-Mobile	50.3	48.1	-2.2													
<b>EBITDA</b>	<b>-3.7</b>	<b>-16.0</b>	<b>-12.3</b>	Cost increase due to higher material, energy, & transportation costs												
<b>Operating Profit</b>	<b>-10.1</b>	<b>-22.4</b>	<b>-12.3</b>													
<b>Recurring Profit</b>	<b>-10.1</b>	<b>-21.0</b>	<b>-10.9</b>	JPY 1.9B increase in FX gain (non-operating income)												
<b>Net Income</b>	<b>-6.3</b>	<b>-17.4</b>	<b>-11.1</b>	<table border="1"> <thead> <tr> <th></th> <th>FY22/3 Q3</th> <th>FY23/3 Q3</th> </tr> </thead> <tbody> <tr> <td>Extraord. gain on subsidiary sale</td> <td>JPY 5.4B</td> <td>JPY 13.5B</td> </tr> <tr> <td>Impairment loss</td> <td>JPY 0.9B</td> <td>JPY 2.0B</td> </tr> <tr> <td>Business restructuring expense</td> <td>-</td> <td>JPY 5.3B</td> </tr> </tbody> </table>		FY22/3 Q3	FY23/3 Q3	Extraord. gain on subsidiary sale	JPY 5.4B	JPY 13.5B	Impairment loss	JPY 0.9B	JPY 2.0B	Business restructuring expense	-	JPY 5.3B
	FY22/3 Q3	FY23/3 Q3														
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Business restructuring expense	-	JPY 5.3B														
<b>FX (JPY/USD)</b>	<b>111.1</b>	<b>136.5</b>														

## Operating Profit Breakdown (vs. Forecast)

(JPY billion)

**FY23/3 Q3  
(9M) FCST**  
Sales 213.9

**FY23/3 Q3  
(9M) ACT**  
Sales 208.0

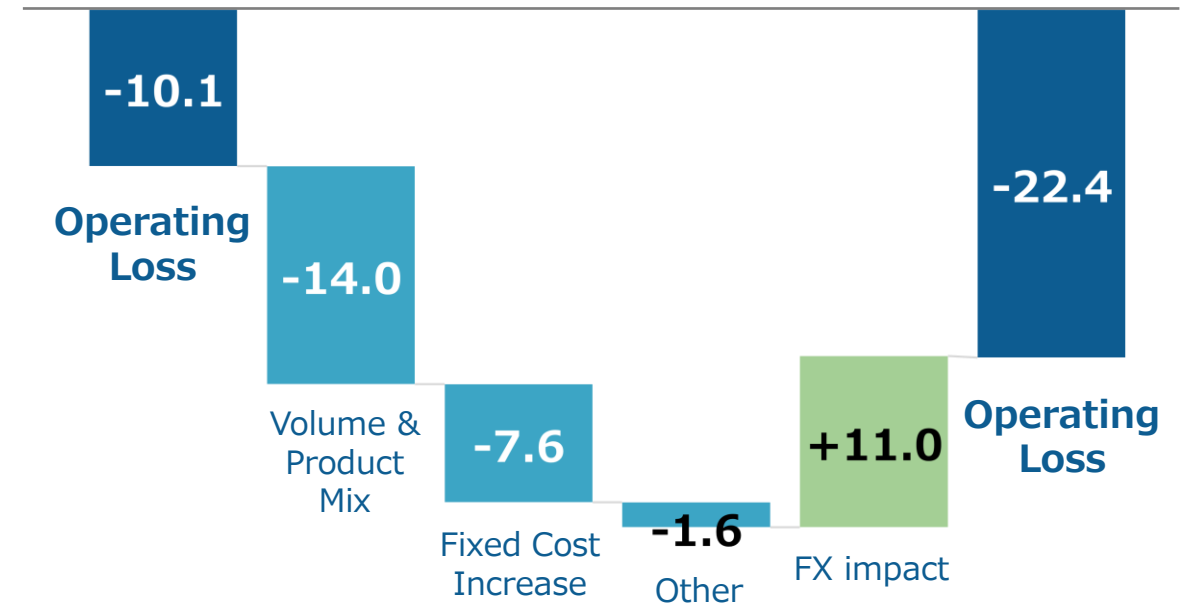


## Operating Profit Breakdown (YoY)

(JPY billion)

**FY22/3 Q3  
(9M) ACT**  
Sales 209.5

**FY23/3 Q3  
(9M) ACT**  
Sales 208.0



**Main drivers are negative effects of inflation on consumer demand, continued shortage of analog ICs on auto maker production, & increase in JDI input & transportation costs**

(JPY billion)	FY23/3	FY23/3 Previous FCST		FY23/3 Revised FCST		Change Full Year (b)-(a)
	Q3 (9M)	Q4	Full Year (a)	Q4	Full Year (b)	
<b>Sales</b>	<b>208.0</b>	<b>66.1</b>	<b>280.0</b>	<b>58.0</b>	<b>266.0</b>	<b>-14.0</b>
Mobile (US/Euro)	46.0	4.6	53.9	12.9	58.9	+5.0
Mobile (China/other)	14.3	2.6	16.5	2.1	16.4	-0.1
Automotive	99.6	41.8	144.4	34.4	134.0	-10.4
Non-Mobile	48.1	17.1	65.3	8.6	56.7	-8.6
<b>EBITDA</b>	<b>-16.0</b>	<b>-11.9</b>	<b>-26.4</b>	<b>-23.1</b>	<b>-39.1</b>	<b>-12.7</b>
<b>Operating Profit</b>	<b>-22.4</b>	<b>-14.1</b>	<b>-34.9</b>	<b>-24.9</b>	<b>-47.3</b>	<b>-12.4</b>
<b>Recurring Profit</b>	<b>-21.0</b>	<b>-14.3</b>	<b>-32.0</b>	<b>-25.4</b>	<b>-46.4</b>	<b>-14.4</b>
<b>Net Income</b>	<b>-17.4</b>	<b>-14.6</b>	<b>-35.8</b>	<b>-14.5</b>	<b>-31.9</b>	<b>+3.9</b>

Reflects risk of further declines in demand for consumer electronics & continuing production adjustments by automakers

Reflects risk of an inventory write-down & effects of lower sales & delays in passing on costs

JPY 15B gain on debt forgiveness

FY23/3 Q4 FX assumption has been changed from USD/JPY 145 to USD/JPY 130



## vs. Previous Forecast (November 10, 2022)

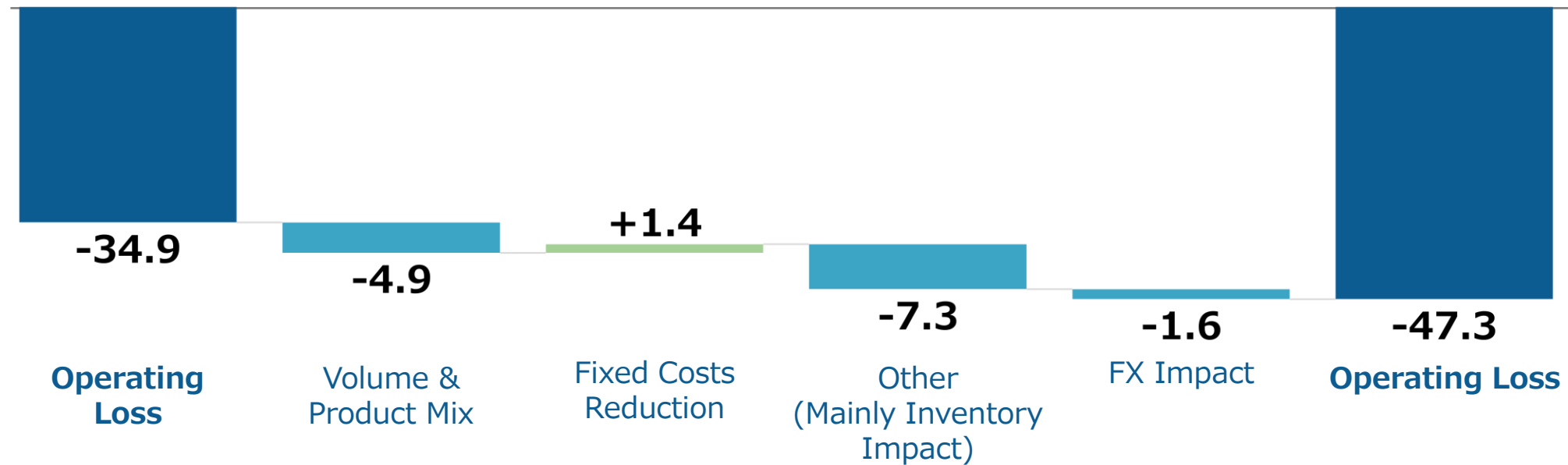
(JPY billion)

**FY23/3  
Previous FCST**

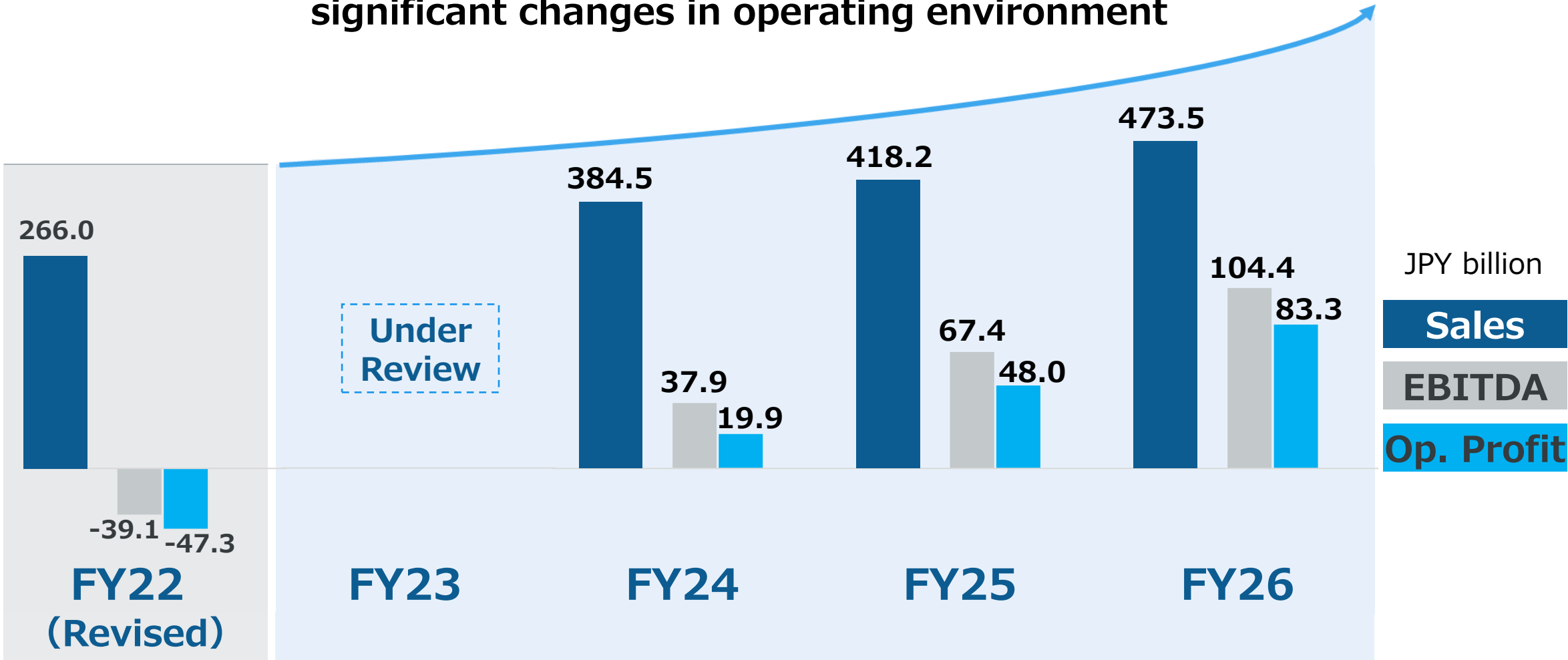
Sales 280.0

**FY23/3  
New FCST**

Sales 266.0



Drive profitable growth by focusing on high-margin products & businesses where JDI has competitive advantage. Currently reviewing FY23 forecast due to significant changes in operating environment



Note: Assumed FX rate is USD/JPY 120 for FY24 & beyond

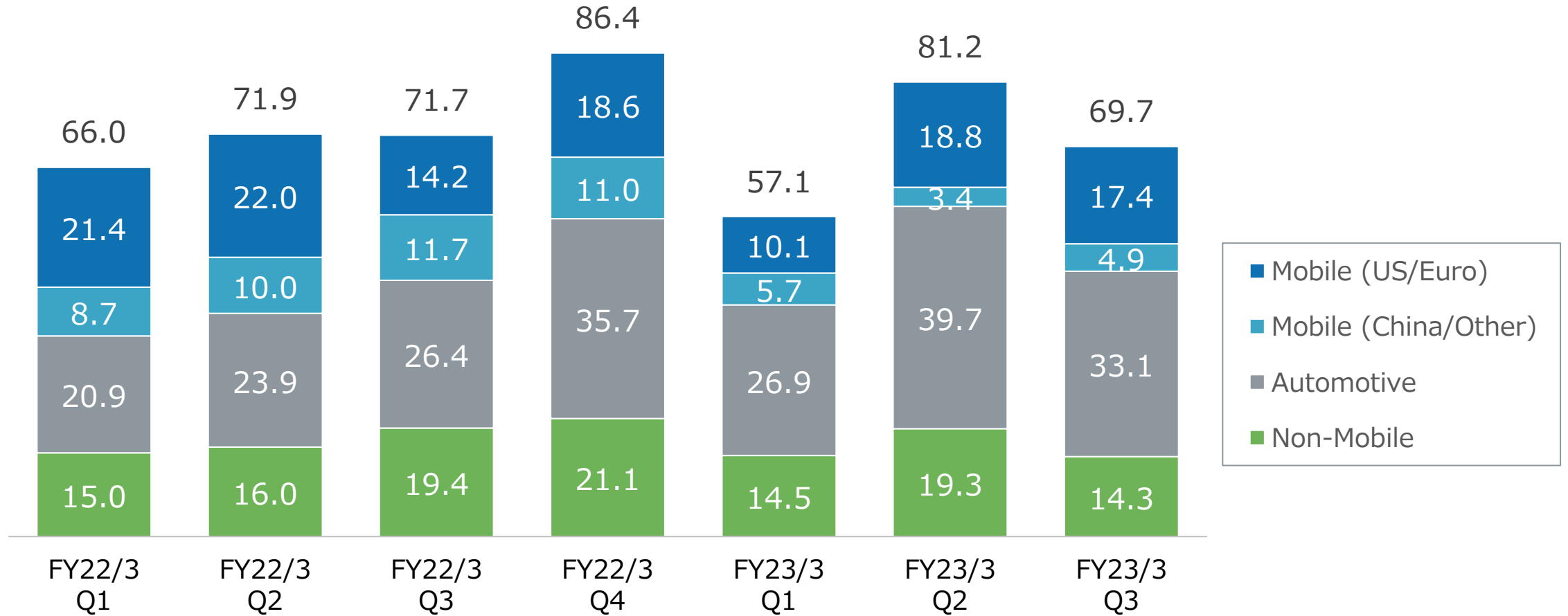


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# Appendix

# Quarterly Sales Breakdown by Product Category

(JPY billion)



(JPY billion)	FY22/3 Q3	FY22/3 Q4	FY23/3 Q3	YoY	QoQ
Cash and deposits	57.8	52.2	32.6	-25.2	-19.6
Accounts receivable - trade	32.3	56.3	38.4	+6.2	-17.9
Accounts receivable - other	18.3	23.5	39.4	+21.1	+15.9
Inventories	51.0	49.1	72.2	+21.2	+23.2
Other	5.0	5.4	5.2	+0.2	-0.1
Total current assets	164.4	186.5	188.0	+23.6	+1.5
Total non-current assets	74.9	71.7	73.1	-1.8	+1.4
<b>Total Assets</b>	<b>239.3</b>	<b>258.3</b>	<b>261.1</b>	+21.8	+2.8
Accounts payable - trade	49.4	59.0	63.1	+13.6	+4.1
Interest-bearing debt	74.9	75.0	103.1	+28.2	+28.2
Advances received	5.3	3.3	1.6	-3.7	-1.7
Other liabilities	49.2	48.2	47.8	-1.4	-0.4
<b>Total Liabilities</b>	<b>178.9</b>	<b>185.5</b>	<b>215.6</b>	+36.7	+30.1
<b>Total Net Assets</b>	<b>60.4</b>	<b>72.8</b>	<b>45.5</b>	-14.9	-27.3
<b>Shareholders Equity Ratio</b>	<b>25.2%</b>	<b>28.2%</b>	<b>17.4%</b>	-7.8pts	-10.8pts

Note: Differences in balances of "cash and deposits" in B/S & "cash & equivalents" in cash flow statement are "deposits"

(JPY billion)	FY22/3 Q3	FY23/3 Q2	FY23/3 Q3	YoY	QoQ
<b>Sales</b>	<b>71.7</b>	<b>81.2</b>	<b>69.7</b>	-1.9	-11.5
<b>EBITDA</b>	<b>-0.9</b>	<b>-2.8</b>	<b>-8.5</b>	-7.6	-5.7
<b>Operating Profit</b>	<b>-3.1</b>	<b>-4.9</b>	<b>-10.6</b>	-7.5	-5.7
Non-Operating Income	1.4	1.8	0.6	-0.9	-1.3
Non-Operating Expenses	-0.8	-1.0	-2.5	-1.7	-1.5
<b>Recurring Profit</b>	<b>-2.5</b>	<b>-4.1</b>	<b>-12.6</b>	-10.1	-8.5
Extraordinary Income	5.8	0.0	13.5	+7.7	+13.5
Extraordinary Losses	-0.4	-0.1	-6.0	-5.6	-6.0
Income Before Income Taxes	2.8	-4.2	-5.1	-8.0	-1.0
<b>Net Income</b>	<b>2.4</b>	<b>-6.6</b>	<b>-5.8</b>	-8.2	+0.8
Avg. FX rate (JPY/USD)	113.7	138.3	141.4		
Q-End FX rate (JPY/USD)	115.0	144.8	132.7		

# Consolidated Cash Flow Statement



(JPY billion)	FY23/3 Q1	FY23/3 Q2	FY23/3 Q3	FY22/3 Q3 (9M)	FY23/3 Q3 (9M)	YoY
Income before income taxes	-4.4	-4.2	-5.1	-5.2	-13.7	-8.5
Depreciation & Amortization	2.2	2.1	2.1	6.5	6.4	+0.0
Working capital	-0.3	-8.2	-3.6	-8.2	-12.1	-3.9
Advances received	-0.6	0.9	-2.3	3.1	-1.9	-5.1
Other	-8.2	6.4	-14.5	-2.5	-16.3	-13.8
<b>Cash Flow from Operating Activities</b>	<b>-11.4</b>	<b>-2.9</b>	<b>-23.4</b>	<b>-6.2</b>	<b>-37.6</b>	<b>-31.4</b>
Fixed asset investments	-2.7	-3.1	-1.7	-4.4	-7.5	-3.0
Other	-0.5	0.0	-3.6	7.9	-4.1	-12.0
<b>Cash Flow from Investing Activities</b>	<b>-3.2</b>	<b>-3.1</b>	<b>-5.2</b>	<b>3.4</b>	<b>-11.6</b>	<b>-15.0</b>
Net increase / decrease in short-term borrowings	0.0	13.0	15.0	-20.1	28.0	+48.1
Proceeds from issuance of preferred shares	0.0	0.0	0.0	24.8	0.0	-24.8
Other	-0.1	-0.1	-0.1	-0.8	-0.3	+0.5
<b>Cash Flow from Financing Activities</b>	<b>-0.1</b>	<b>12.9</b>	<b>14.9</b>	<b>3.9</b>	<b>27.7</b>	<b>+23.8</b>
Ending Balance, Cash & Equiv.	39.4	47.2	32.2	57.4	32.2	-25.2
<b>Free Cash Flow</b>	<b>-14.1</b>	<b>-5.9</b>	<b>-25.1</b>	<b>-11.1</b>	<b>-45.0</b>	<b>-34.0</b>

Free Cash Flow = Cash Flow from Operating Activities less Capex

**Sales, operating profit, and recurring profit below forecast on lower customer demand. Net income above forecast on gain from Chinese subsidiary sale**

(JPY billion)	FY23/3 Q3 (3M) Prev. FCST	FY23/3 Q3 (3M) ACT	Diff	Explanation
<b>Sales</b>	<b>75.6</b>	<b>69.7</b>	<b>-5.9</b>	<b>Mobile US/Euro:</b> Decrease in customer demand <b>Mobile China/Other:</b> Above forecast <b>Automotive:</b> Decrease in customer demand driven in part by Analog IC shortage <b>Non-Mobile:</b> Flat vs. forecast
Mobile (US/Euro)	20.7	17.4	-3.3	
Mobile (China/other)	4.5	4.9	+0.4	
Automotive	36.0	33.1	-2.9	
Non-Mobile	14.4	14.3	-0.1	
<b>EBITDA</b>	<b>-7.0</b>	<b>-8.5</b>	<b>-1.5</b>	Decrease in line with lower-than-expected sales
<b>Operating Profit</b>	<b>-9.0</b>	<b>-10.6</b>	<b>-1.6</b>	
<b>Recurring Profit</b>	<b>-9.3</b>	<b>-12.6</b>	<b>-3.3</b>	JPY 1.6B net FX loss
<b>Net Income</b>	<b>-9.6</b>	<b>-5.8</b>	<b>+3.8</b>	Extraord. gain on subsidiary sale Business restructuring expense
<b>FX (JPY/USD)</b>	<b>145.0</b>	<b>141.4</b>		

	FCST	Actual
Extraord. gain on subsidiary sale	-	JPY 13.5B
Business restructuring expense	-	JPY 5.3B



## Net loss widened as gains from cost reductions & price increases were outweighed by sharp increases in input costs

(JPY billion)	FY22/3 Q3 (3M) ACT	FY23/3 Q3 (3M) ACT	Chg
<b>Sales</b>	<b>71.7</b>	<b>69.7</b>	<b>-1.9</b>
Mobile (US/Euro)	14.2	17.4	+3.2
Mobile (China/other)	11.7	4.9	-6.8
Automotive	26.4	33.1	+6.6
Non-Mobile	19.4	14.3	-5.0
<b>EBITDA</b>	<b>-0.9</b>	<b>-8.5</b>	<b>-7.6</b>
<b>Operating Profit</b>	<b>-3.1</b>	<b>-10.6</b>	<b>-7.5</b>
<b>Recurring Profit</b>	<b>-2.5</b>	<b>-12.6</b>	<b>-10.1</b>
<b>Net Income</b>	<b>2.4</b>	<b>-5.8</b>	<b>-8.2</b>
<b>FX (JPY/USD)</b>	<b>113.7</b>	<b>141.4</b>	

### Explanation

**Mobile US/Euro:** Temporary increase due to taking of market share despite continuing downward trend

**Mobile China/Other:** Decrease on customers' inventory adjustments & lower smartphone sales

**Automotive:** Strong demand & JPY depreciation exceed negative impact of analog IC shortage driven production adjustments

**Non-Mobile:** Slowdown in demand for consumer electronics mainly in VR

Cost increase due to higher material, energy, & transportation costs

Increase of JPY 1.2B non-op. net FX loss

	FY22/3 Q3	FY23/3 Q3
Extraord. gain on subsidiary sale	JPY 5.4B	JPY 13.5B
Business restructuring expense	-	JPY 5.3B

## Operating Income Breakdown (YoY)

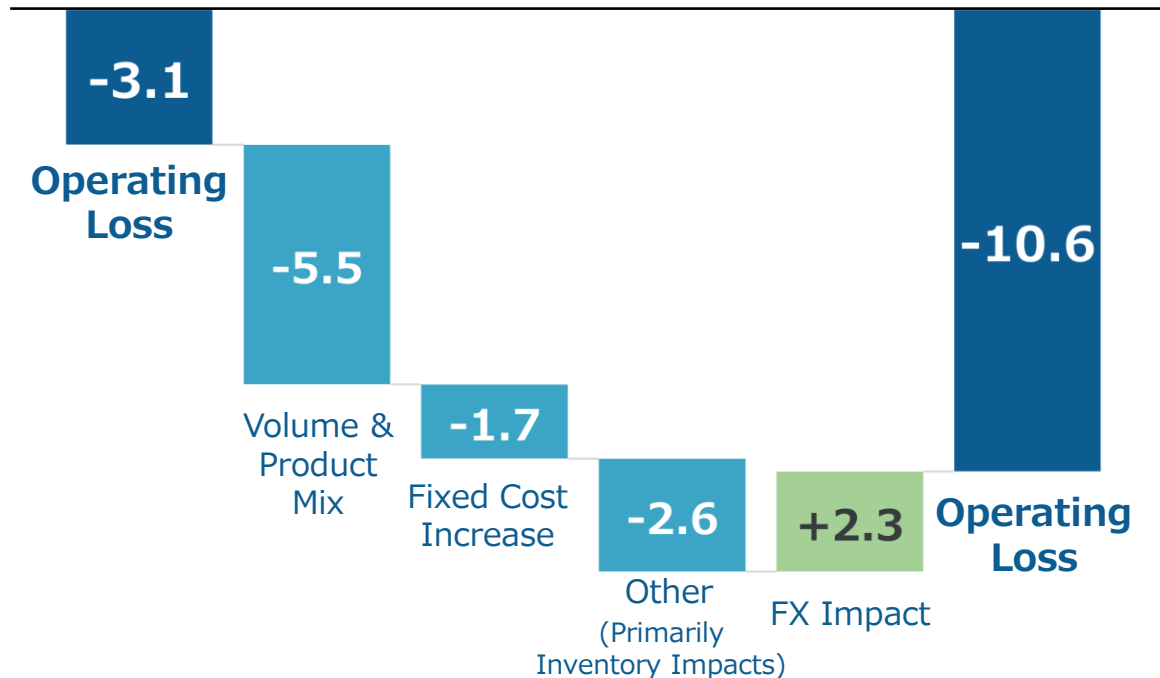
(JPY billion)

**FY22/3 Q3**

Sales 71.7

**FY23/3 Q3**

Sales 69.7



## Operating Income Breakdown (QoQ)

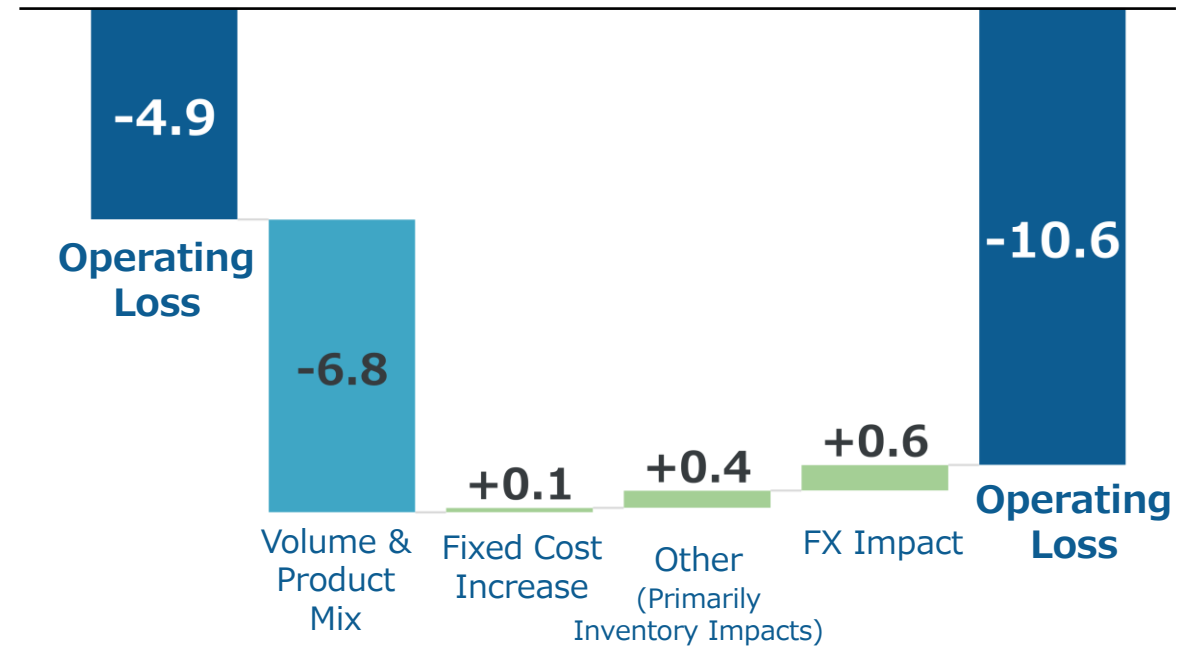
(JPY billion)

**FY23/3 Q2**

Sales 81.2

**FY23/3 Q3**

Sales 69.7





# Thank You!

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