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FY24/3 Q3 Earnings

February 9, 2024

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

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Supplemental Explanatory Materials for Earnings Results: Available

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

1. FY24/3 Q3 Consolidated Financial Results (April 1, 2023 to December 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
FY24/3 Q3	180,374 -13.3%	-22,981 -	-27,664 -	-26,448 -	-37,984 -
FY23/3 Q3	208,032 -0.7%	-16,002 -	-22,380 -	-20,988 -	-17,384 -

EBITDA = Operating Profit + Depreciation + Goodwill amortization

(Reference) Comprehensive Income FY24/3 Q3: JPY -36,881M FY23/3 Q3: JPY -27,274M

	EPS (Basic, JPY)	EPS (Diluted, JPY)
FY24/3 Q3	-6.14	-
FY23/3 Q3	-3.69	-

(2) Consolidated Financial Position

	Total Assets (JPY M)	Net Assets (JPY M)	Shareholders' Equity Ratio
FY24/3 Q3	216,571	87,550	40.3%
FY23/3	222,696	124,431	55.8%

(Reference) Shareholders' Equity FY24/3 Q3: JPY 87,309M 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 Q3	-11,235	-11,373	23,487	27,548
FY23/3 Q3	-37,568	-11,573	27,650	32,213

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: None

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 Q3: 3,880,393,562
 - FY23/3: 3,880,393,562
 - (ii) Number of treasury shares at period-end
 - FY24/3 Q3: 67
 - FY23/3: 67
 - (iii) Average number of shares outstanding (excluding treasury shares) during the period
 - FY24/3 Q3: 6,188,721,284
 - FY23/3 Q3: 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.

5. Consolidated Financial Statements

Consolidated Balance Sheet (FY24/3 Q3)

(JPY million)

	FY23/3 (Mar 31, 2023)	FY24/3 Q3 (Dec 31, 2023)
Assets		
Current Assets		
Cash and deposits	26,220	28,114
Accounts receivable – trade	40,900	26,558
Accounts receivable – other	18,323	16,283
Finished products and goods	18,635	18,173
Work in process	11,802	11,707
Raw materials and supplies	29,881	33,213
Other	5,339	5,428
Allowance for doubtful accounts	-249	-154
Total Current Assets	150,853	139,324
Non-Current Assets		
Property, Plant, and Equipment		
Buildings and structures, net	39,640	37,225
Machinery, equipment, and vehicles, net	3,692	3,061
Land	6,552	6,509
Lease assets, net	843	746
Construction in progress	5,293	20,650
Other, net	1,349	974
Total Property, Plant, and Equipment	57,371	69,167
Intangible Assets		
Goodwill	275	—
Other	841	1,463
Total Intangible Assets	1,117	1,463
Investments and Other Assets		
Other	13,356	6,620
Allowance for doubtful accounts	-1	-3
Total Investments and Other Assets	13,354	6,616
Total Non-Current Assets	71,843	77,246
Total Assets	222,696	216,571

(JPY million)

	FY23/3 (Mar 31, 2023)	FY24/3 Q3 (Dec 31, 2023)
Liabilities		
Current Liabilities		
Accounts payable – trade	44,616	44,172
Electronically recorded obligations – operating	606	541
Short-term loans payable	—	24,000
Income taxes payable	60	216
Provision for bonuses	2,703	1,451
Advances received	3,188	2,512
Provision for business restructuring	1,977	1,445
Provision for contract losses	4,277	8,209
Other	25,731	32,500
Total Current Liabilities	83,162	115,050
Non-Current Liabilities		
Provision for business restructuring	725	746
Net defined benefit pension liability	8,213	8,024
Other	6,164	5,198
Total Non-Current Liabilities	15,102	13,969
Total Liabilities	98,265	129,020
Net Assets		
Shareholders' Equity		
Capital	100	100
Capital reserve	141,205	141,205
Retained earnings	-22,129	-60,114
Treasury shares	-0	-0
Total Shareholders' Equity	119,175	81,191
Accumulated Other Comprehensive Income		
Valuation difference on other securities	0	1
Foreign currency translation adjustment	3,901	5,355
Adjusted value of defined benefit pension	1,112	760
Total Accumulated Other Comprehensive Income	5,014	6,118
Share Acquisition Rights	240	240
Total Net Assets	124,431	87,550
Total Liabilities & Net Assets	222,696	216,571

Consolidated Income Statement (FY24/3 Q3)

(JPY million)

	FY23/3 Q3 (Apr 1, 2022 to Dec 31, 2022)	FY24/3 Q3 (Apr 1, 2023 to Dec 31, 2023)
Sales	208,032	180,374
Cost of Goods Sold	208,173	187,694
Gross Profit (Loss)	-141	-7,319
SG&A	22,238	20,345
Operating Profit (Loss)	-22,380	-27,664
Non-Operating Income		
Interest income	65	85
Foreign exchange gains	2,527	1,092
Rental income	435	349
Business services income	419	2,635
Other	500	976
Total Non-Operating Income	3,948	5,139
Non-Operating Expenses		
Interest expense	1,032	731
Property maintenance expenses	—	1,925
Other	1,524	1,266
Total Non-Operating Expenses	2,557	3,923
Recurring Profit (Loss)	-20,988	-26,448
Extraordinary Income		
Gain on sale of non-current assets	7	89
Gain on sale of subsidiary shares	13,471	—
Reversal of business restructuring expenses	1,041	—
Total Extraordinary Income	14,520	89
Extraordinary Losses		
Impairment loss	1,969	10,997
Business restructuring expenses	5,273	—
Total Extraordinary Losses	7,243	10,997
Pre-Tax Income (Loss)	-13,711	-37,357
Income Taxes	3,672	626
Pre-Minority Interest Net Income (Loss)	-17,384	-37,984
Net Income (Loss)	-17,384	-37,984

Consolidated Statement of Income (FY24/3 Q3 Stand-Alone)

(JPY million)

	FY23/3 Q3 (Oct 1, 2022 to Dec 31, 2022)	FY24/3 Q3 (Oct 1, 2023 to Dec 31, 2023)
Sales	69,735	60,492
Cost of Goods Sold	72,690	59,774
Gross Profit (Loss)	-2,955	717
SG&A	7,645	6,941
Operating Profit (Loss)	-10,600	-6,223
Non-Operating Income		
Interest income	27	34
Rental income	152	100
Business services income	186	879
Other	197	391
Total Non-Operating Income	563	1,406
Non-Operating Expenses		
Interest expenses	441	470
Foreign exchange losses	1,611	691
Property maintenance expenses	—	618
Other	497	738
Total Non-Operating Expenses	2,549	2,518
Recurring Profit (Loss)	-12,586	-7,335
Extraordinary Income		
Gain on sale of non-current assets	2	—
Gain on sale of subsidiary shares	13,471	—
Total Extraordinary Income	13,473	—
Extraordinary Losses		
Impairment loss	763	1,812
Business restructuring expenses	5,273	—
Total Extraordinary Losses	6,036	1,812
Pre-Tax Income (Loss)	-5,149	-9,147
Income Taxes	600	129
Pre-Minority Interest Net Income (Loss)	-5,750	-9,276
Net Income (Loss)	-5,750	-9,276

Consolidated Statement of Comprehensive Income (FY24/3 Q3)

(JPY million)

	FY23/3 Q3 (Apr 1, 2022 to Dec 31, 2022)	FY24/3 Q3 (Apr 1, 2023 to Dec 31, 2023)
Net Income (Loss)	-17,384	-37,984
Other Comprehensive Income		
Valuation difference on other securities	0	0
Foreign currency translation adjustment	-10,058	1,454
Adjusted value of defined benefit pension, net of tax	168	-351
Total Other Comprehensive Income	-9,890	1,103
Comprehensive Income	-27,274	-36,881
of which, Comprehensive income attributable to owners of the parent	-27,274	-36,881

Consolidated Statement of Comprehensive Income (FY24/3 Q3 Stand-Alone)

(JPY million)

	FY23/3 Q3 (Oct 1, 2022 to Dec 31, 2022)	FY24/3 Q3 (Oct 1, 2023 to Dec 31, 2023)
Net Income (Loss)	-5,750	-9,276
Other Comprehensive Income		
Valuation difference on available-for-sale securities	-0	-0
Foreign currency translation adjustment	-13,818	-675
Adjusted value of defined benefit pension, net of tax	56	45
Total Other Comprehensive Income	-13,763	-629
Comprehensive Income	-19,513	-9,906
of which, Comprehensive income attributable to owners of the parent	-19,513	-9,906

Consolidated Cash Flow Statement (FY24/3 Q3)

(JPY million)

	FY23/3 Q3 (Apr 1, 2022 to Dec 31, 2022)	FY24/3 Q3 (Apr 1, 2023 to Dec 31, 2023)
Cash Flows from Operations		
Pre-Tax Income (loss)	-13,711	-37,357
Depreciation	6,329	4,677
Goodwill amortization	103	68
Impairment loss	1,969	10,997
Increase (decrease) in allowance for doubtful accounts	-2	-109
Interest expense	1,032	731
Foreign exchange losses (gains)	-1,115	-219
Loss (gain) on sale of non-current assets	-3	-89
Loss (gain) on sale of subsidiary shares	-13,471	—
Reversal of business restructuring expenses	-1,041	—
Business restructuring expenses	5,273	—
Decrease (increase) in trade receivables	5,088	16,971
Decrease (increase) in inventories	-28,935	-1,766
Increase (decrease) in trade payables	5,206	-3,583
Decrease (increase) in accounts receivable – other	6,553	2,177
Decrease (increase) in consumption tax refunds receivable	-582	422
Increase (decrease) in accounts payable – other	406	-837
Increase (decrease) in accrued expenses	-164	-946
Increase (decrease) in advances received	-1,923	-690
Increase (decrease) in retirement benefit liability	-658	-539
Other	569	311
Subtotal	-29,076	-9,781
Interest and dividends received	65	88
Interest paid	-1,078	-498
Income taxes paid	-3,923	-1,044
Business restructuring expenses paid	-3,555	—
Net Cash from (Used for) Operations	-37,568	-11,235

(JPY million)

	FY23/3 Q3 (Apr 1, 2022 to Dec 31, 2022)	FY24/3 Q3 (Apr 1, 2023 to Dec 31, 2023)
Cash Flows from Investments		
Purchase of non-current assets	-7,474	-10,281
Proceeds from sale of non-current assets	16	199
Decrease (increase) in time deposit	882	-99
Payments for business acquisition	—	-1,000
Payments of leasehold and guarantee deposits	-1,443	-77
Payments for sale of subsidiary shares resulting in the change in scope of consolidation	-3,677	—
Other	124	-114
Net Cash from (Used for) Investments	-11,573	-11,373
Cash Flows from Financing		
Net increase (decrease) in short-term borrowings	28,000	24,000
Repayments of lease obligations	-349	-486
Other	—	-26
Net Cash from (Used for) Financing	27,650	23,487
Effect of Exchange Rate Change on Cash & Cash Equivalents	2,765	916
Net Increase (Decrease) in Cash & Cash Equivalents	-18,725	1,794
Cash & Cash Equivalents at Beginning of Period	50,939	25,754
Cash & Cash Equivalents at End of Period	32,213	27,548

Consolidated Cash Flow Statement (FY24/3 Q3 Stand-Alone)

	(JPY million)	
	FY23/3 Q3 (Oct 1, 2022 to Dec 31, 2022)	FY24/3 Q3 (Oct 1, 2023 to Dec 31, 2023)
Cash Flows from Operations		
Pre-Tax Income (loss)	-5,149	-9,147
Depreciation	2,075	1,361
Goodwill amortization	34	—
Impairment loss	763	1,812
Increase (decrease) in allowance for doubtful accounts	-0	3
Interest expenses	441	470
Foreign exchange losses (gains)	371	635
Loss (gain) on sale of non-current assets	1	—
Loss (gain) on sale of subsidiary shares	-13,471	—
Business restructuring expenses	5,273	—
Decrease (increase) in trade receivables	-7,272	5,324
Decrease (increase) in inventories	-9,067	-253
Increase (decrease) in trade payable	3,651	-6,679
Decrease (increase) in accounts receivable - other	9,107	5,939
Decrease (increase) in consumption tax refunds receivable	-226	1,886
Increase (decrease) in accounts payable - other	838	-1,310
Increase (decrease) in accrued expenses	-236	-348
Increase (decrease) in advances received	-2,267	-766
Increase (decrease) in retirement benefit liability	-223	-182
Other	-1,761	-1,009
Subtotal	-17,117	-2,264
Interest and dividends received	27	34
Interest paid	-492	-317
Income taxes paid	-2,221	-392
Business restructuring expenses paid	-3,555	—
Net Cash from (Used for) Operations	-23,359	-2,939

	(JPY million)	
	FY23/3 Q3 (Oct 1, 2022 to Dec 31, 2022)	FY24/3 Q3 (Oct 1, 2023 to Dec 31, 2023)
Cash Flows from Investments		
Purchase of non-current assets	-1,691	-1,665
Proceeds from sales of non-current assets	9	—
Decrease (increase) in time deposit	31	-20
Payments of leasehold and guarantee deposits	-0	-25
Payments for sale of subsidiary shares resulting in the change in scope of consolidation	-3,677	—
Other	83	22
Net Cash from (Used for) Investments	-5,245	-1,689
Cash Flows from Financing		
Net increase (decrease) in short-term borrowings	15,000	4,000
Repayments of lease obligations	-119	-113
Net Cash from (Used for) Financing	14,880	3,886
Effect of Exchange Rate Change on Cash & Cash Equivalents	-1,293	-830
Net Increase (Decrease) in Cash & Cash Equivalents	-15,019	-1,571
Cash & Cash Equivalents at Beginning of Period	47,232	29,120
Cash & Cash Equivalents at End of Period	32,213	27,548

Significant Subsequent Event

New Loan

Based on a resolution of JDI's board of directors at a meeting held on November 10, 2023, JDI has entered into a new loan with Ichigo Trust to secure short-term working capital.

Short-Term Loan Agreement (January 30, 2024)

Lender	Ichigo Trust
Loan Amount	JPY 5 billion
Loan Execution Date	January 30, 2024
Repayment Date	April 26, 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)	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	
Smartwatch/VR	14,492	19,309	14,315	12,383	15,810	24,289	16,477	
LCD Smartphone	15,728	22,227	22,345	15,387	8,062	8,640	8,799	
Sales	57,099	81,196	69,735	62,714	52,996	66,886	60,492	
EBITDA ¹	-4,711	-2,774	-8,516	-20,196	-12,165	-5,931	-4,884	
Operating Profit	-6,872	-4,906	-10,600	-22,006	-13,883	-7,558	-6,223	
Recurring Profit	-4,324	-4,077	-12,586	-21,936	-12,080	-7,033	-7,335	
Net Income	-5,074	-6,559	-5,750	-8,433	-12,248	-16,459	-9,276	
EPS (Basic)	-1.08	-1.39	-1.22	-1.77	-1.98	-2.66	-1.50	

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

¹ EBITDA = Operating Profit + Depreciation + Goodwill amortization

² To make them easier to understand, JDI has changed segment 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 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	
Liabilities	167,507	212,544	215,630	98,265	110,099	134,795	129,020	
Net Assets	71,034	65,006	45,493	124,431	113,466	97,456	87,550	
Shareholder Equity Ratio	29.8%	23.4%	17.4%	55.8%	50.6%	41.9%	40.3%	

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

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