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FY25/3 H1 Earnings

November 13, 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: November 13, 2024 (for institutional investors and analysts)

1. FY25/3 H1 Consolidated Financial Results (April 1, 2024 to September 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 H1	102,913 -14.2%	-13,446 –	-15,481 –	-17,331 –	-16,821 –
FY24/3 H1	119,882 -13.3%	-18,096 –	-21,441 –	-19,113 –	-28,707 –

EBITDA = Operating Profit + Depreciation + Goodwill amortization

(Reference) Comprehensive Income FY25/3 H1: JPY -18,350M FY24/3 H1: JPY -26,974M

	EPS (Basic, JPY)	EPS (Diluted, JPY)
FY25/3 H1	-2.72	–
FY24/3 H1	-4.64	–

(2) Consolidated Financial Position

	Total Assets (JPY M)	Net Assets (JPY M)	Shareholders' Equity Ratio
FY25/3 H1	197,152	67,310	34.0%
FY24/3	223,989	85,661	38.1%

(Reference) Shareholders' Equity FY25/3 H1: JPY 67,070M 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 H1	-16,544	2,160	10,296	23,682
FY24/3 H1	-8,296	-9,684	19,600	29,120

2. Dividends

	Dividend per Share (JPY)				
	Q1	Q2	Q3	Q4	Total
FY24/3	—	0.00	—	0.00	0.00
FY25/3	—	0.00			
FY25/3 (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. 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	180,000	-26,400	-31,700	-36,800	-39,300	-6.35
YoY	-24.7%	—	—	—	—	—

Changes from the most recently announced earnings forecast: Yes

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 semi-annual 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 Q2: 3,880,393,562
 FY24/3: 3,880,393,562
 - (ii) Number of treasury shares at period-end
 FY25/3 Q2: 67
 FY24/3: 67
 - (iii) Average number of shares outstanding (excluding treasury shares) during the period
 FY25/3 Q2: 6,188,721,284
 FY24/3 Q2: 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	—	0.00			
FY25/3 (Forecast)			—	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

JDI is revising down its previously announced sales forecast as a result of weakened demand in the smartwatch and automotive customer end-markets and delays in expected technology licensing income. With the decrease in sales, JDI is also revising down its forecasts for EBITDA, operating profit, recurring profit, and net income.

For more information, please refer to JDI's announcement made today (November 13, 2024), "Revision of Full-Year Earnings Forecast (Downward Revision)."

6. Consolidated Financial Statements

Consolidated Balance Sheet (FY25/3 H1)

	(JPY million)	
	FY24/3 (Mar 31, 2024)	FY25/3 H1 (Sep 30, 2024)
Assets		
Current Assets		
Cash and deposits	29,338	24,277
Accounts receivable	29,265	23,410
Accounts receivable (EMS)	17,926	12,059
Finished products and goods	16,955	19,580
Products and goods in process	13,298	12,023
Raw materials and supplies	33,697	29,519
Other	11,606	9,057
Allowance for doubtful accounts	-119	-93
Total Current Assets	151,969	129,835
Fixed Assets		
Property, Plant, and Equipment		
Buildings and structures, net	36,883	31,557
Machinery, equipment, and vehicles, net	2,824	2,262
Land	6,509	6,509
Lease assets, net	725	724
Equipment installation and construction in progress	21,310	22,083
Other, net	1,070	1,038
Total Property, Plant, and Equipment	69,324	64,175
Intangible assets		
Other	1,408	1,280
Total Intangible Assets	1,408	1,280
Investments and Other Assets		
Other	1,291	1,862
Allowance for doubtful accounts	-3	-1
Total Investments and Other Assets	1,287	1,860
Total Fixed Assets	72,020	67,316
Total Assets	223,989	197,152

(JPY million)

	FY24/3 (Mar 31, 2024)	FY25/3 H1 (Sep 30, 2024)
<u>Liabilities</u>		
Current Liabilities		
Accounts payable	46,003	35,022
Electronically recorded obligations	316	111
Short-term loans payable	33,500	44,000
Income taxes payable	95	123
Provision for bonuses	2,693	2,691
Advances received	3,740	3,601
EMS finished products and goods repurchase commitments	9,862	9,902
Provision for business restructuring	420	102
Provision for contract losses	7,839	4,604
Other	24,755	21,838
Total Current Liabilities	129,228	121,997
Fixed Liabilities		
Provision for business restructuring	666	664
Defined benefit pension liability	4,185	3,713
Other	4,247	3,466
Total Fixed Liabilities	9,098	7,844
Total Liabilities	138,327	129,841
<u>Net Assets</u>		
Shareholders' Equity		
Capital	100	100
Capital reserve	141,205	141,205
Retained earnings	-66,443	-83,265
Treasury shares	-0	-0
Total Shareholders' Equity	74,862	58,040
Accumulated Other Comprehensive Income		
Valuation difference on other securities	1	—
Foreign currency translation adjustment	6,564	5,348
Adjusted value of defined benefit pension	3,992	3,680
Total Accumulated Other Comprehensive Income	10,558	9,029
Share Acquisition Rights	240	240
Total Net Assets	85,661	67,310
Total Liabilities & Net Assets	223,989	197,152

Consolidated Income Statement (FY25/3 H1)

	(JPY million)	
	FY24/3 H1 (Apr 1, 2023 to Sep 30, 2023)	FY25/3 H1 (Apr 1, 2024 to Sep 30, 2024)
Sales	119,882	102,913
Cost of Goods Sold	127,919	103,615
Gross Profit (Loss)	-8,037	-701
SG&A	13,404	14,779
Operating Profit (Loss)	-21,441	-15,481
Non-Operating Income		
Interest income	50	95
Foreign exchange gains	1,784	—
Rental income	249	96
Business services income	1,756	—
Recoveries of written down receivables	—	410
Other	584	477
Total Non-Operating Income	4,424	1,079
Non-Operating Expenses		
Interest expense	261	1,788
Foreign exchange losses	—	50
Property maintenance expenses	1,307	—
Other	528	1,090
Total Non-Operating Expenses	2,097	2,929
Recurring Profit (Loss)	-19,113	-17,331
Extraordinary Income		
Gain on sale of fixed assets	89	1,823
Total Extraordinary Income	89	1,823
Extraordinary Losses		
Impairment loss	9,185	535
Decreased securities valuation (venture investment)	—	219
Total Extraordinary Losses	9,185	755
Pre-Tax Income (Loss)	-28,209	-16,262
Income Taxes	497	559
Pre-Minority Interest Net Income (Loss)	-28,707	-16,821
Net Income (Loss)	-28,707	-16,821

Consolidated Income Statement (FY25/3 Q2 Stand-Alone)

(JPY million)

	FY24/3 Q2 (Jul 1, 2023 to Sep 30, 2023)	FY25/3 Q2 (Jul 1, 2024 to Sep 30, 2024)
Sales	66,886	46,996
Cost of Goods Sold	67,569	47,933
Gross Profit (Loss)	-683	-936
SG&A	6,874	7,501
Operating Profit (Loss)	-7,558	-8,437
Non-Operating Income		
Interest income	27	42
Foreign exchange gains	514	—
Rental income	124	47
Income from provision of business services	879	—
Recoveries of written down receivables	—	410
Other	131	143
Total Non-Operating Income	1,677	644
Non-Operating Expenses		
Interest expenses	227	938
Foreign exchange losses	—	241
Property maintenance expenses	611	—
Other	314	503
Total Non-Operating Expenses	1,152	1,683
Recurring Profit (Loss)	-7,033	-9,476
Extraordinary Income		
Gain on sale of fixed assets	85	87
Total Extraordinary Income	85	87
Extraordinary Losses		
Impairment loss	9,175	451
Decreased securities valuation (venture investment)	—	219
Total Extraordinary Losses	9,175	671
Pre-Tax Income (Loss)	-16,124	-10,060
Income Taxes	335	256
Pre-Minority Interest Net Income (Loss)	-16,459	-10,317
Net Income (Loss)	-16,459	-10,317

Consolidated Statement of Comprehensive Income (FY25/3 H1)

	(JPY million)	
	FY24/3 H1 (Apr 1, 2023 to Sep 30, 2023)	FY25/3 H1 (Apr 1, 2024 to Sep 30, 2024)
Pre-Minority Interest Net Income (Loss)	-28,707	-16,821
Other Comprehensive Income		
Valuation difference on other securities	0	-1
Foreign currency translation adjustment	2,129	-1,215
Adjusted value of defined benefit pension, net of tax	-397	-312
Total Other Comprehensive Income	1,732	-1,529
Comprehensive Income	-26,974	-18,350
of which, Comprehensive Income attributable to owners of the parent	-26,974	-18,350

Consolidated Cash Flow Statement (FY25/3 H1)

(JPY million)

	FY24/3 H1 (Apr 1, 2023 to Sep 30, 2023)	FY25/3 H1 (Apr 1, 2024 to Sep 30, 2024)
Cash Flows from Operations		
Pre-Tax Income (loss)	-28,209	-16,262
Depreciation	3,315	2,061
Goodwill amortization	68	—
Impairment loss	9,185	535
Change in allowance for doubtful accounts	-112	-25
Interest expense	261	1,788
Foreign exchange valuation (negative = gain)	-855	452
Sale of fixed assets (negative = gain)	-89	-1,823
Change in trade receivables (negative = increase)	11,647	4,919
Change in inventories (negative = increase)	-1,513	2,155
Change in trade payables	3,095	-10,116
Change in other accounts receivable (negative = increase)	-3,762	5,829
Change in consumption tax refunds receivable (negative = increase)	-1,463	528
Change in other accounts payable	472	-1,403
Change in accrued expenses	-597	951
Change in advances received	75	524
Change in benefit pension liability	-357	-783
Other	1,320	-3,509
Subtotal	-7,517	-14,176
Interest and dividends received	53	97
Interest paid	-180	-1,714
Income taxes paid	-652	-750
Net Cash from (Used for) Operations	-8,296	-16,544

	(JPY million)	
	FY24/3 H1 (Apr 1, 2023 to Sep 30, 2023)	FY25/3 H1 (Apr 1, 2024 to Sep 30, 2024)
Cash Flows from Investments		
Purchase of fixed assets	-8,615	-3,218
Proceeds from sale of fixed assets	199	5,939
Change in time deposits	-79	17
Payments for business acquisition	-1,000	—
Payments of leasehold and guarantee deposits	-52	-15
Other	-136	-564
Net Cash from (Used for) Investments	-9,684	2,160
Cash Flows from Financing		
Net change in short-term borrowings	20,000	10,500
Repayments of lease obligations	-373	-203
Other	-26	—
Net Cash from (Used for) Financing	19,600	10,296
Effect of Exchange Rate change on Cash & Cash Equivalents	1,746	-955
Net Change in Cash & Cash Equivalents	3,366	-5,042
Cash & Cash Equivalents at Beginning of Period	25,754	28,725
Cash & Cash Equivalents at End of Period	29,120	23,682

Consolidated Cash Flow Statement (FY25/3 Q2 Stand-Alone)

	(JPY million)	
	FY24/3 Q2 (Jul 1, 2023 to Sep 30, 2023)	FY25/3 Q2 (Jul 1, 2024 to Sep 30, 2024)
Cash Flows from Operations		
Pre-Tax Income (loss)	-16,124	-10,060
Depreciation	1,614	1,014
Goodwill amortization	34	—
Impairment loss	9,175	451
Change in allowance for doubtful accounts	-110	-25
Interest expenses	227	938
Foreign exchange valuation (negative = gain)	-293	1,044
Sale of fixed assets (negative = gain)	-85	-87
Change in trade receivables (negative = increase)	4,733	113
Change in inventories (negative = increase)	1,333	-1,211
Change in trade payable	6,247	-6,587
Change in other accounts receivable (negative = increase)	-6,000	2,129
Change in consumption tax refunds receivable (negative = increase)	-1,573	-792
Change in other accounts payable	247	-945
Change in accrued expenses	-248	444
Change in advances received	484	74
Change in retirement benefit liability	-176	-415
Other	2,420	-1,253
Subtotal	1,906	-15,166
Interest and dividends received	29	44
Interest paid	-161	-874
Income taxes paid	-363	-432
Net Cash from (Used for) Operations	1,411	-16,428

	(JPY million)	
	FY24/3 Q2 (Jul 1, 2023 to Sep 30, 2023)	FY25/3 Q2 (Jul 1, 2024 to Sep 30, 2024)
Cash Flows from Investments		
Purchase of fixed assets	-1,615	-1,346
Proceeds from sales of fixed assets	199	89
Change in time deposits	-21	61
Payments for business acquisition	-1,000	—
Payments of leasehold and guarantee deposits	-5	-14
Other	-24	-25
Net Cash from (Used for) Investments	-2,468	-1,235
Cash Flows from Financing		
Net Change in short-term borrowings	8,000	10,500
Repayments of lease obligations	-178	-54
Other	-26	—
Net Cash from (Used for) Financing	7,795	10,445
Effect of Exchange Rate change on Cash & Cash Equivalents	495	-2,356
Net Change in Cash & Cash Equivalents	7,233	-9,575
Cash & Cash Equivalents at Beginning of Period	21,887	33,258
Cash & Cash Equivalents at End of Period	29,120	23,682

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 (October 30, 2024)

Lender	Ichigo Trust
Loan Amount	JPY 3.5 billion
Loan Execution Date	October 30, 2024
Repayment Date	January 31, 2025 (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	30,936		
	Smartwatch/VR	15,810	24,289	16,477	16,945	16,378	14,147		
	LCD Smartphone	8,062	8,640	8,799	6,911	5,892	1,912		
Sales ¹		52,996	66,886	60,492	58,778	55,917	46,996		
EBITDA ²		-12,165	-5,931	-4,884	-5,240	-6,010	-7,436		
Operating Profit		-13,883	-7,558	-6,223	-6,481	-7,043	-8,437		
Recurring Profit		-12,080	-7,033	-7,335	-6,739	-7,855	-9,476		
Net Income		-12,248	-16,459	-9,276	-6,329	-6,504	-10,317		
EPS (Basic)		-1.98	-2.66	-1.50	-1.02	-1.05	-1.67		
USD/JPY (Avg)		137.5	144.6	147.9	148.6	155.9	149.7		
USD/JPY (Q-End)		145.0	149.6	141.8	151.4	161.1	142.7		

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	197,152		
Liabilities		110,099	134,795	129,020	138,327	131,339	129,841		
Net Assets		113,466	97,456	87,550	85,661	80,677	67,310		
Shareholder Equity Ratio		50.6%	41.9%	40.3%	38.1%	37.9%	34.0%		
Operating CF		-9,707	1,411	-2,939	-6,340	-116	-16,428		
Investing CF		-7,215	-2,468	-1,689	-2,060	3,396	-1,235		
Financing CF		11,804	7,795	3,886	9,414	-148	10,445		
Ending Cash Bal.		21,887	29,120	27,548	28,725	33,258	23,682		
Free Cash Flow		-16,707	-204	-4,605	-8,152	-1,987	-17,775		

(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	3,249		
Capex		7,200	10,031	3,087	1,445	770	1,207		
Depreciation		1,736	1,648	1,361	1,263	1,046	1,014		