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Japan Display Inc. (Tokyo Stock Exchange Prime Market, 6740)
Representative: Scott Callon, Chairman & CEO
Inquiries: Akihito Okochi, CFO
Telephone: +81-3-6732-8100
www.j-display.com/english

Difference Between FY23/3 H1 Earnings Forecast and Actual Results & Downward Revision of Full-Year Earnings Forecast

Japan Display Inc. (JDI) is disclosing the details on the difference between its actual FY23/3 Q2 stand-alone and H1 earnings and its forecast announced on May 13, 2022. In addition, JDI is revising down its FY23/3 H2 and full-year earnings forecast.

1. Difference Between FY23/3 Q2 Stand-Alone & H1 Forecast and Actual Results

(1) FY23/3 Q2 Stand-Alone (July 1, 2022 to September 30, 2022)

(JPY million, except EPS)

	Sales	EBITDA	Operating Profit	Recurring Profit	Net Income	EPS (JPY)
Previous Forecast (A)	92,250	-1,700	-4,200	-4,500	-4,850	
Result (B)	81,196	-2,774	-4,906	-4,077	-6,559	-1.39
Change (B-A)	-11,054	-1,074	-706	+423	-1,709	
% Change	-12.0%	—	—	—	—	
Reference: FY22/3 Q2	71,898	955	-1,160	-1,212	-1,760	-0.47

(2) FY23/3 H1 (April 1, 2022 to September 30, 2022)

(JPY million, except EPS)

	Sales	EBITDA	Operating Profit	Recurring Profit	Net Income	EPS (Yen)
Previous Forecast (A)	154,700	-11,900	-16,700	-17,300	-17,200	
Result (B)	138,296	-7,485	-11,779	-8,401	-11,633	-2.47
Change (B-A)	-16,404	+4,415	+4,921	+8,899	+5,567	
% Change	-10.6%	—	—	—	—	
Reference: FY22/3 H1	137,860	-2,761	-7,033	-7,570	-8,753	-2.96

(3) Reason for Difference Between FY23/3 Q2 Stand-Alone & H1 Forecast and Actual Results

While the depreciation of the yen had a positive effect on sales, lower demand for consumer electronics caused by global inflation, sluggish consumption in China, reduced orders from automobile makers caused by the continuing semiconductor shortage, and lasting effects from the Shanghai lockdown have meant that Q2 stand-alone and H1 sales have come in below forecast.

Due to the decrease in sales, EBITDA and operating profit fell below the Q2 stand-alone forecast, but improved compared to the H1 forecast. In addition, due in part to non-operating profit foreign exchange gains, recurring profit came in better than forecast for both Q2 stand-alone and H1. Net loss widened for Q2 stand-alone compared to the forecast due to an increase in taxes at overseas subsidiaries, but came in above the H1 forecast.

Please note that the actual JPY/USD FX rate was 138.3 for Q2 and 134.0 for H1, while the forecast assumption was 123.0.

2. FY23/3 H2 & Full Year Forecast Revision

(1) FY23/3 Q3 Stand-Alone (October 1, 2022 to December 31, 2022)

(JPY million, except EPS)

	Sales	EBITDA	Operating Profit	Recurring Profit	Net Income	EPS (Yen)
Previous Forecast (A)	89,600	1,400	-1,200	-1,600	-1,900	
Revised Forecast (B)	75,600	-7,000	-9,000	-9,300	-9,600	
Change (B-A)	-14,000	-8,400	-7,800	-7,700	-7,700	
% Change	-15.6%	—	—	—	—	
Reference: FY22/3 Q3 Stand-Alone	71,657	-927	-3,084	-2,502	2,422	0.57

(2) FY23/3 Q4 Stand-Alone (January 1, 2023 to March 31, 2023)

(JPY million, except EPS)

	Sales	EBITDA	Operating Profit	Recurring Profit	Net Income	EPS (Yen)
Previous Forecast (A)	84,800	1,300	-1,500	-1,900	-2,300	
Revised Forecast (B)	66,100	-11,900	-14,100	-14,300	-14,600	
Change (B-A)	-18,700	-13,200	-12,600	-12,400	-12,300	
% Change	-22.1%	—	—	—	—	
Reference: FY22/3 Q4 Stand-Alone	86,427	3,850	1,540	2,109	-1,765	-0.40

(3) FY23/3 Full-Year (April 1, 2022 to March 31, 2023)

(JPY million, except EPS)

	Sales	EBITDA	Operating Profit	Recurring Profit	Net Income	EPS (Yen)
Previous Forecast (A)	329,100	-9,200	-19,400	-20,800	-21,400	-4.54
Revised Forecast (B)	280,000	-26,400	-34,900	-32,000	-35,800	-7.59
Change (B-A)	-49,100	-17,200	-15,500	-11,200	-14,400	
% Change	-14.9%	—	—	—	—	
Reference: FY22/3	295,946	161	-8,576	-7,964	-8,096	-2.08

(4) Reason for Forecast Revision

Surging global inflation has pushed down demand for consumer electronics in both the mobile and non-mobile segments below JDI's forecast from the beginning of the fiscal year. In the automotive segment, while final demand remains strong, automobile manufacturers continue to be forced to limit production due to a continuing shortfall of analog ICs, resulting in order cuts for JDI automotive displays. Potential energy shortages in Europe this winter may also affect the ability of automobile manufacturers to run their factories at full capacity and further hurt demand.

H2 sales are thus expected to fall short of the previous forecast, with the decline in sales due to lower demand expected to outweigh the positive effect of the yen's depreciation. EBITDA, operating profit, recurring profit, net income, and EPS are also expected to fall below the previous forecast, as higher material, energy, and transportation costs have completely offset the positive effects of the weakened yen.

Finally, the H2 FX assumption has been adjusted from JPY/USD 123 to JPY/USD 145.

Forward-looking information such as the above earnings forecast is based on information available to JDI at the time the document was prepared and management's reasonable assumptions. This information is necessarily subject to a number of factors that may cause actual results to differ materially from this forecast.