



Japan Display Inc.

FY22/3 H1
Corporate Presentation

November 12, 2021



PersonalTech For A Better World



Japan Display Inc.

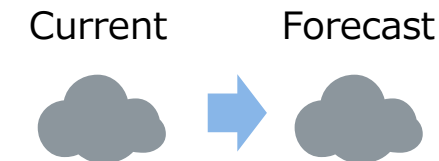
FY22/3 Q2 Overview

- Managed semiconductor shortage, grew customer business, & passed on increased costs to selling prices, driving higher sales & reducing operating loss to significantly outperform forecast
- Strong progress in new product roll-out & development of leading-edge, next-generation technology roadmap
- Further strengthened sustainability & decarbonization activities. Joined United Nations Global Compact & Apple's 100% renewable energy initiative
- Repaid INCJ JPY 20B loan to reduce debt & strengthen financial position
- Increased capital via Ichigo Trust exercising additional stock acquisition rights

Robust demand, but severe impact from semiconductor shortage, input inflation, & global supply chain disruptions

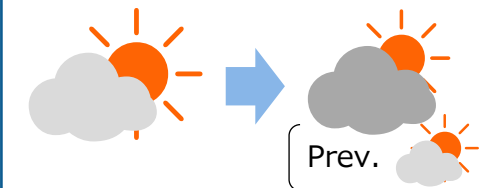
Mobile (US/Euro)

- **Declining LCD smartphone demand** on expanding OLED use



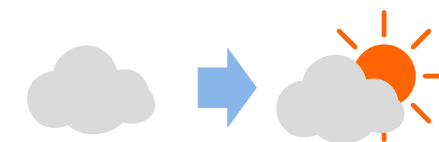
Mobile (China/Other)

- **Semiconductor shortage increasing LCD smartphone demand uncertainty**



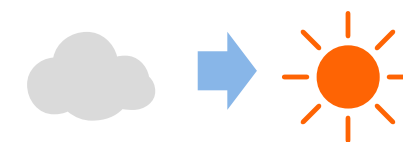
Automotive

- **Despite semiconductor shortage, JDI is growing sales, led by high value-add products**



Non-Mobile

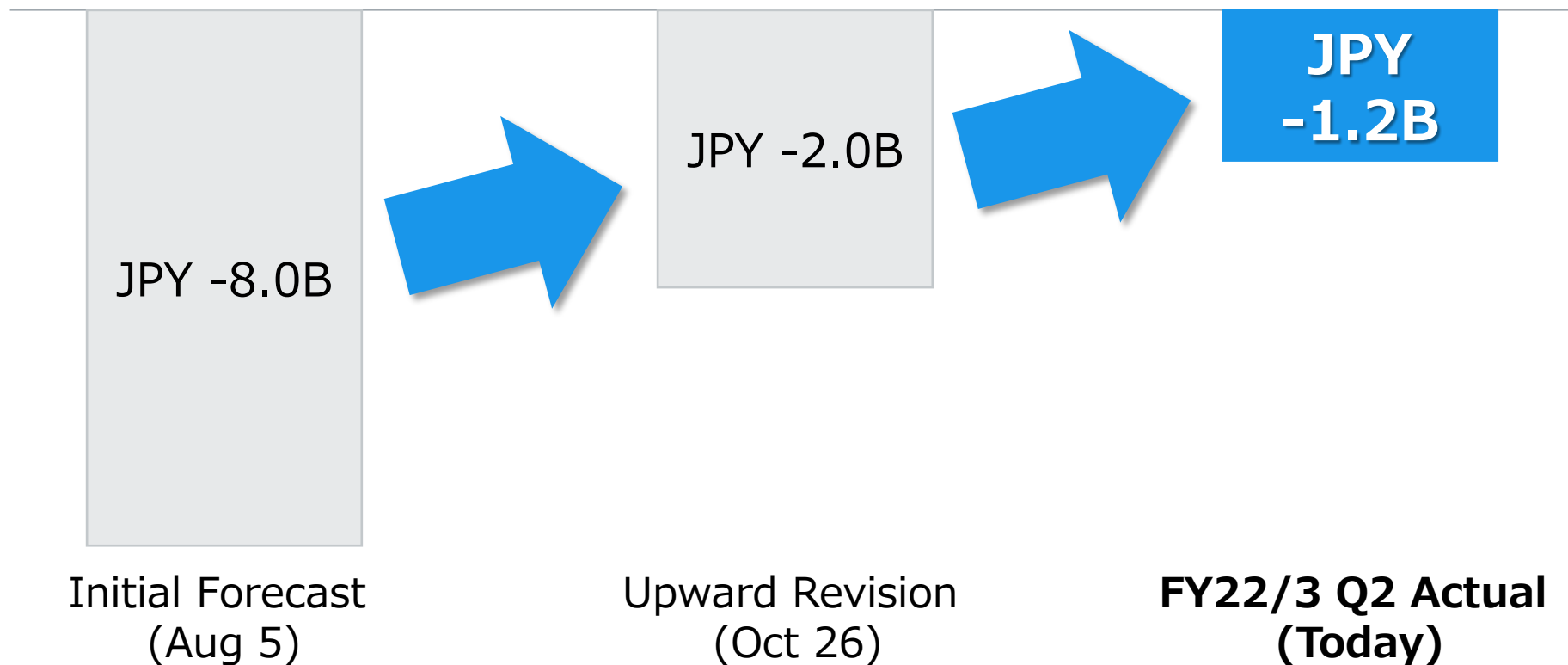
- **Impacts from semiconductor shortage, but strong demand for wearable OLED and VR LCD** driven by lifestyle changes & personal health management



Significant Decrease in Q2 Operating Loss

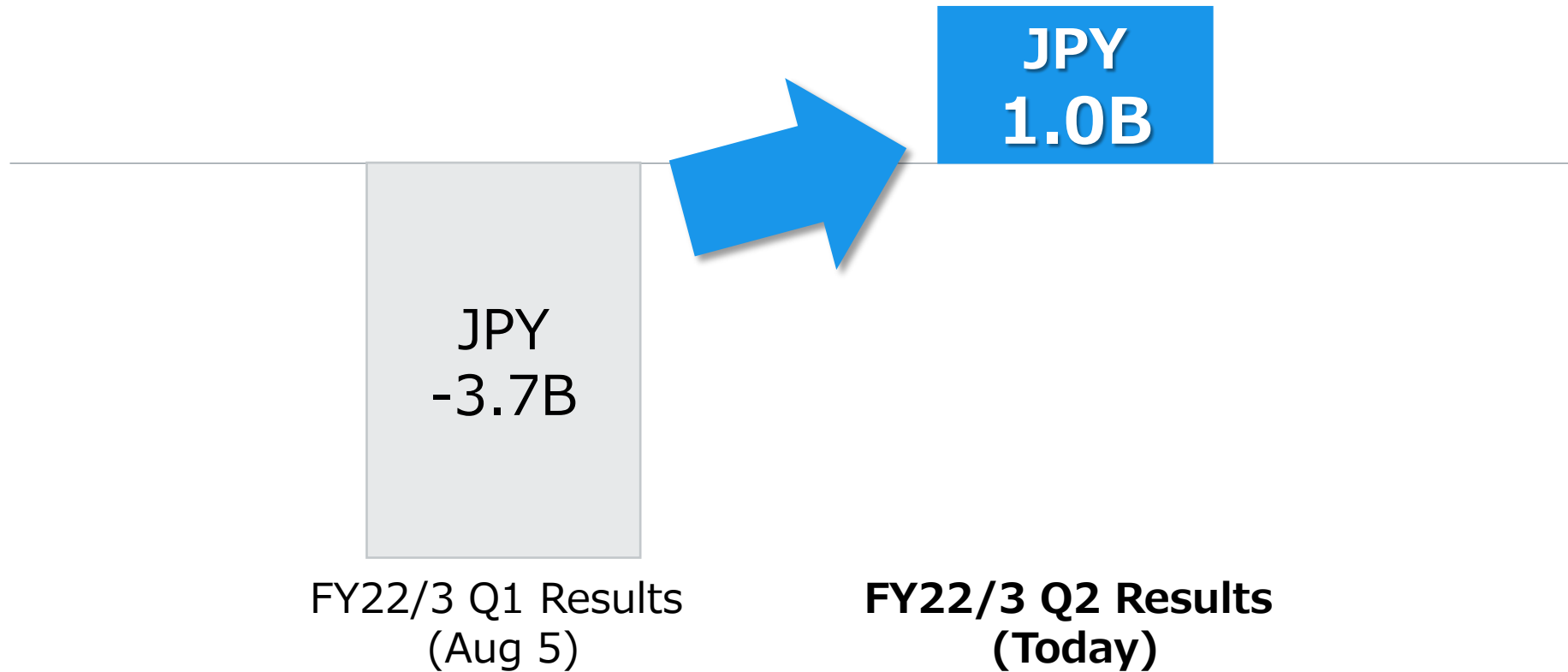
Managed semiconductor shortage, grew customer business, & passed on increased costs to selling prices to significantly decrease Q2 operating loss

Q2 Operating Loss: JPY +6.8B Improvement vs. Initial Forecast



Significant EBITDA improvement QoQ driving EBITDA profitability

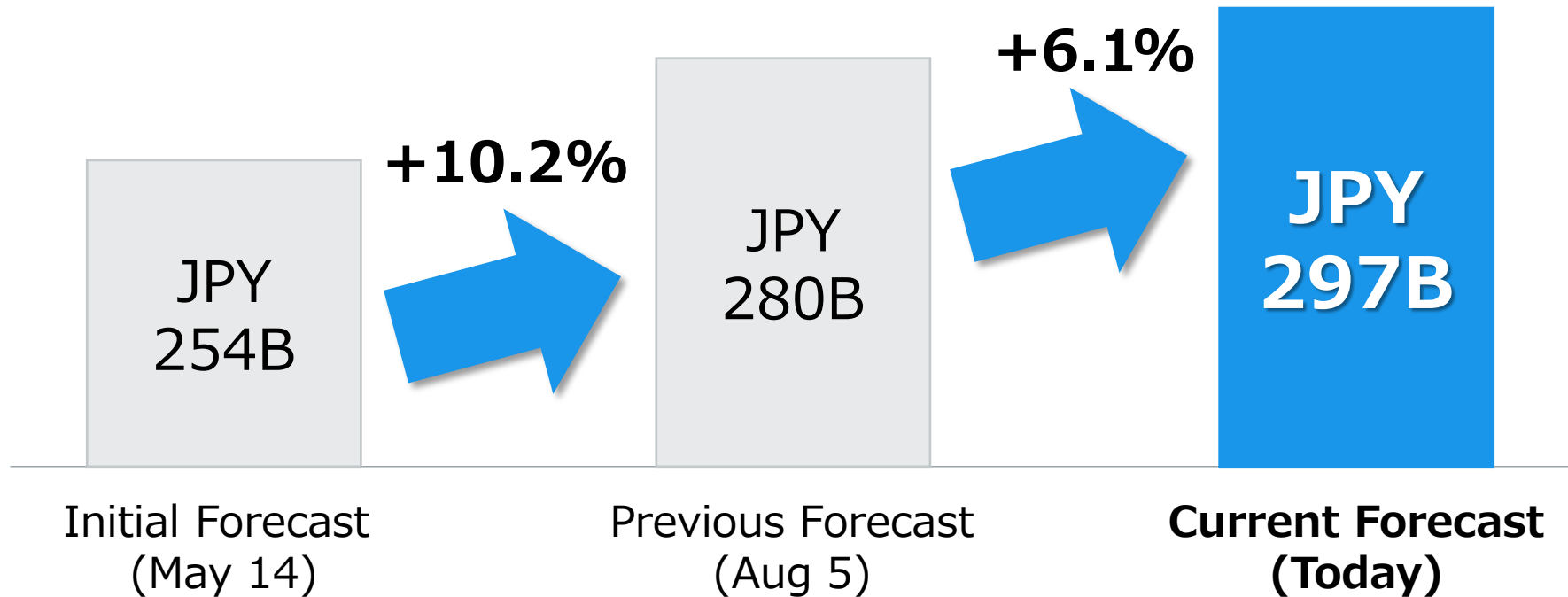
Q2 EBITDA: JPY +4.7B Improvement vs. Q1



Upward Revision of Full-Year Sales Forecast

Second consecutive upward revision

Full-Year Sales Forecast: **+16.9%** vs. Initial Forecast



Working towards the realization of a sustainable society by actively engaging SDGs & other important social issues

United Nations Global Compact

- ◆ Joined United Nations Global Compact (UNGC) on August 2, 2021
- ◆ Also joined Global Compact Network Japan (GCNJ), which consists of Japanese companies and organizations that have signed the UNGC

UNGC (English): <https://www.unglobalcompact.org/>
GCNJ (Japanese): <http://ungcjin.org/>

Renewable Energy

- ◆ Joined Apple's 100% renewable energy initiative



Supplier Clean Energy Commitments

On October 27, 2021, Apple announced it had doubled supplier commitments to making Apple products with 100 percent renewable energy—with more than 100 new supplier commitments in the last year and a half, including every supplier working on final assembly of Apple's newest products. The following lists all suppliers committed to 100 percent renewable energy for Apple production.

- | | | |
|---|---------------------------------|--|
| • II-VI Incorporated | • Compeq | • I-PEX Inc.* |
| • 3M | • Concraft* | • Infineon Technologies AG* |
| • Advanced International Multitech | • Cooler Master Co., Ltd. | • Intramedia* |
| • AKM Meadville Electronics | • Corning Incorporated | • ITM Semiconductor Co., Ltd. |
| • Alpha and Omega Semiconductor Limited | • COSMO | • J. Pond Industry (Dongguan) Co., Ltd.* |
| • Alps Alpine* | • Cowell Optic Electronics Ltd. | • Jabil |
| • Amagasaki Seikan* | • CymMetrik | • Jarllytec* |
| • Amphenol | • Daesang | • JDI* |
| • Arkema | • Derkwoo* | • Jiangsu Gian* |
| • ASE Technology Holding | • Dexerials Corporation | • Jiangsu Kesenji Holding |

Supplier Clean Energy Commitments
https://www.apple.com/environment/Apple_Supplier_Clean_Energy_Commitments_October-2021.pdf

Ichigo Trust Equity Financing (Exercise of 12th Stock Acquisition Rights)



Additional JPY 16.6B Exercised, Unexercised Amount JPY 11.1B

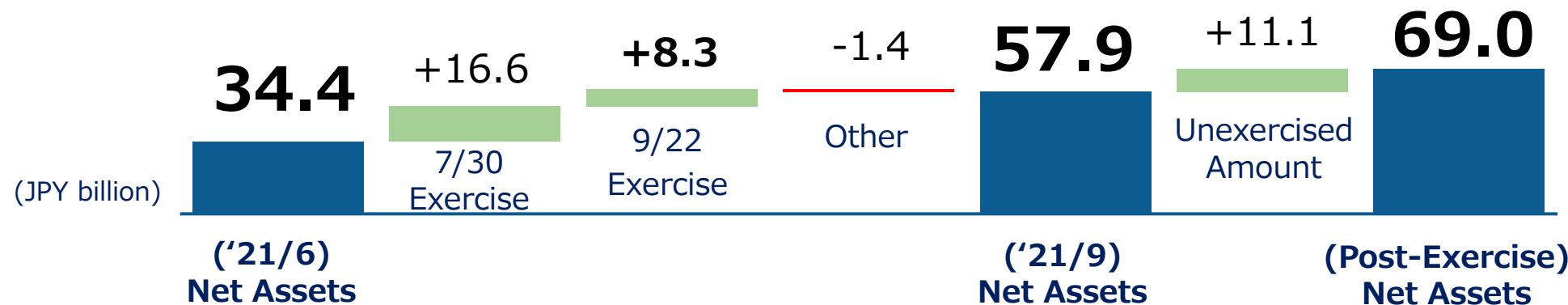
◆ Exercise Details

Rights exercised	12th Stock Acquisition Rights (issued Aug. 2020)
Total amount	JPY 55.4B
Exercise date	September 22, 2021
Exercise price	JPY 10mn/share
Exercised amount	JPY 8.3B
Class of shares issued	Class E Preferred Shares
Unexercised amount	JPY 11.1B

◆ Ichigo Trust Shareholding

Share Classes	Shares (thousand)	Voting Rights (thousand)	Ichigo Trust ownership
Common	846,166	8,461	N/A
Class B Preferred	672,000	6,720	Yes
Class D Preferred	0.5	0	Yes
Class E Preferred	4.4	0	Yes
Total		15,181	

Ichigo voting rights (as of 9/30/21) **44.27%**



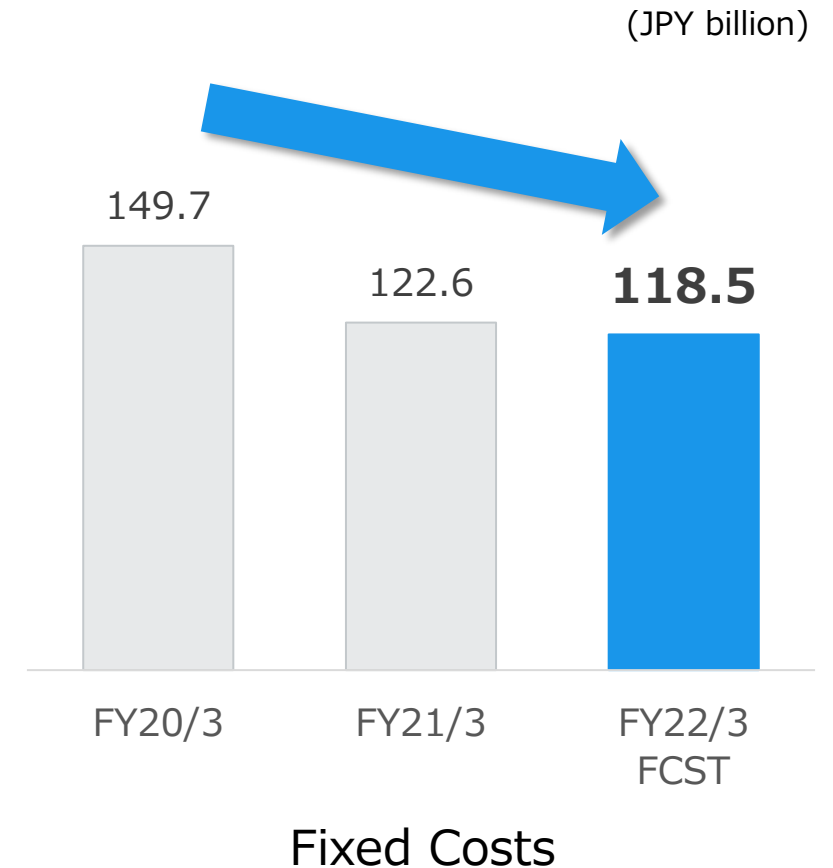
Note: (Post-Exercise) Net Assets in the left graph does not reflect future P&L and thus could be materially different from actual net assets.

Relentless cost reduction & pursuit of operating efficiencies

FY22/3 Full-Year Fixed Costs:

-21% vs. FY20/3

- **Manufacturing:** Maximized throughput by improving productivity and yields
- **Company-Wide:** Reduced SG&A and indirect expenses & improve operating efficiency



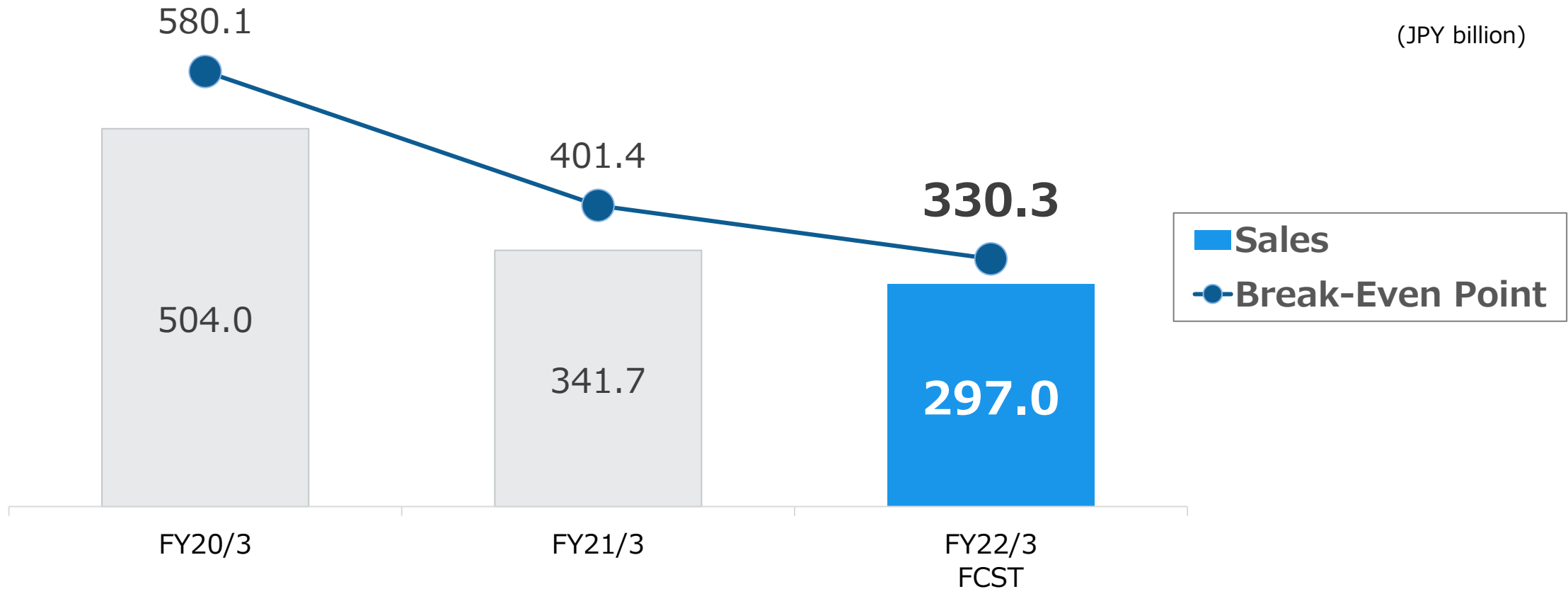
*Fixed costs defined broadly and include factory power and maintenance costs, transport costs, etc.

Towards Structural Profitability: Breakeven Point Reduction

Have sharply reduced Breakeven Point on increased product profitability & cost reductions

Reduced Breakeven Point by c. JPY 250B

(JPY billion)



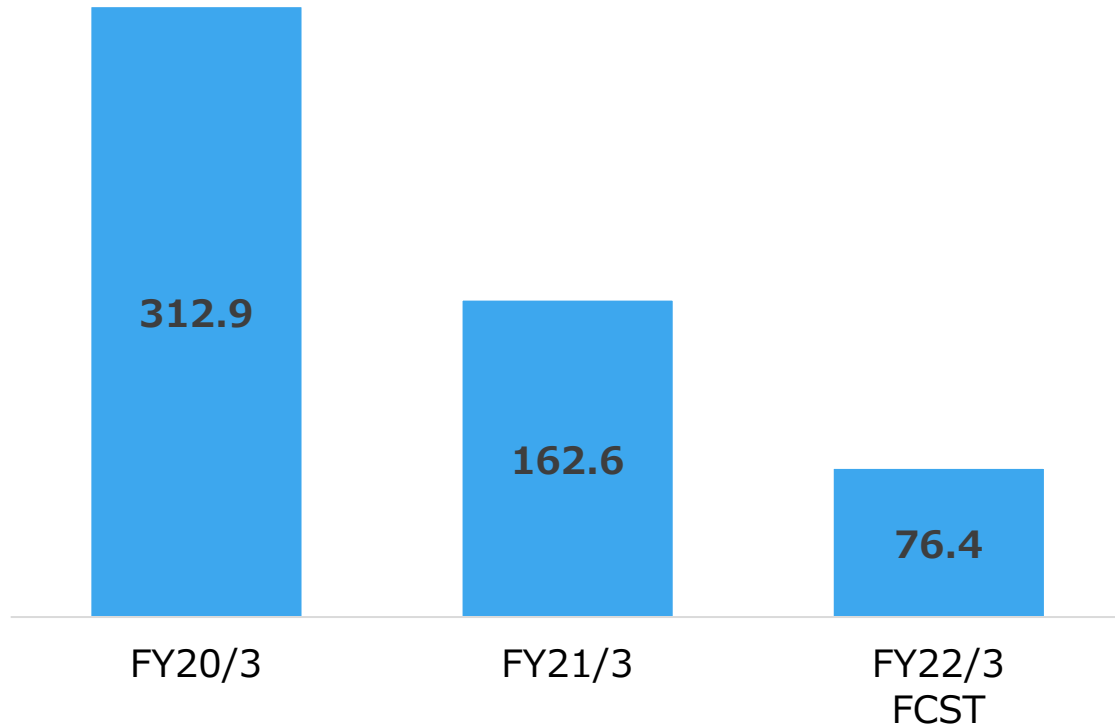
Towards Structural Profitability: Diversified, Strong Product Portfolio



Absorbing sharp decline in Mobile (US/Euro) & growing profitable product portfolio

Sales (Mobile (US/Euro))

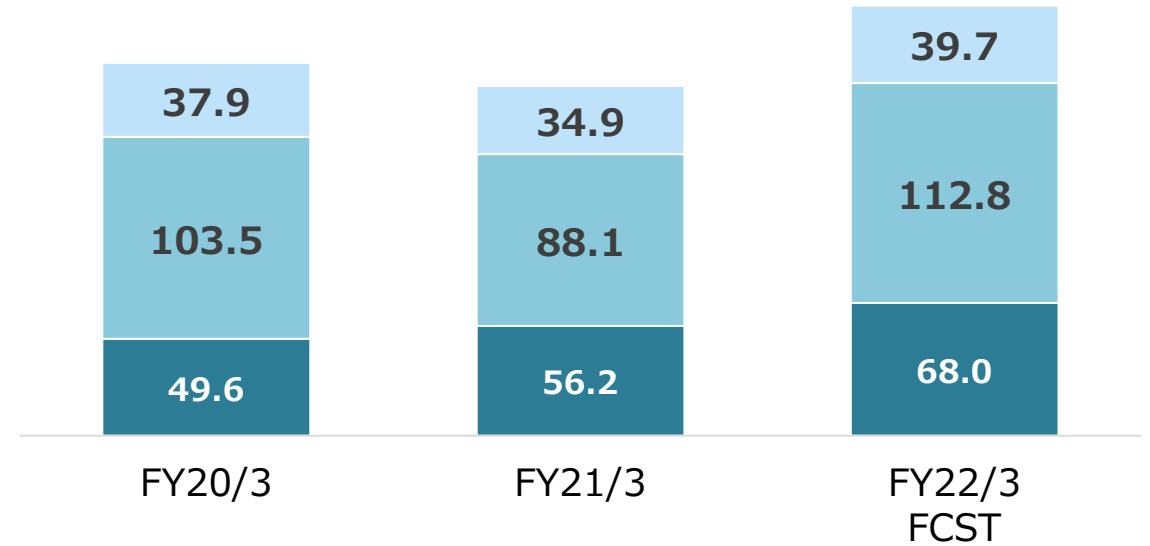
(JPY billion)



■ Mobile (US/Euro)

Sales (Excl. Mobile (US/Euro))

(JPY billion)



■ Non-Mobile ■ Automotive ■ Mobile (China/Other)

Strategic Focus

KPI

1) Strengthen Existing Businesses

- Rethink, Reposition, & Rebuild JDI
 - ✓ Delegate Authority, Move Quickly
 - ✓ Strengthen Sales & Marketing
- Massively Increase Profitability
 - ✓ Strengthen Competitiveness by Radically Cutting Costs & Liquidating Unprofitable Businesses
 - ✓ Win with the Customer: Superior Products & Superior Technology

- EBITDA Positive in FY22/3 Q4

2) Build New Businesses

- Go Beyond Existing Business Models & Go Direct to the Customer
 - ✓ Drive New Business Growth
 - ✓ Monetize Our R&D
- Commercialize High Value-Add Technologies that Address Key Customer Needs

- Leveraging Our Key Device Technologies, Launch Multiple Service, Solution, Platform Businesses This Year



Japan Display Inc.

FY22/3 H1 Earnings Review FY22/3 Full-Year Forecast

FY21/3 Q2 and H1 Financial Results



Sharp drop in sales YoY, but improved profitability due to a better product mix and cost reductions. Excluding semiconductor shortage impact, JDI OP Profitable in Q2

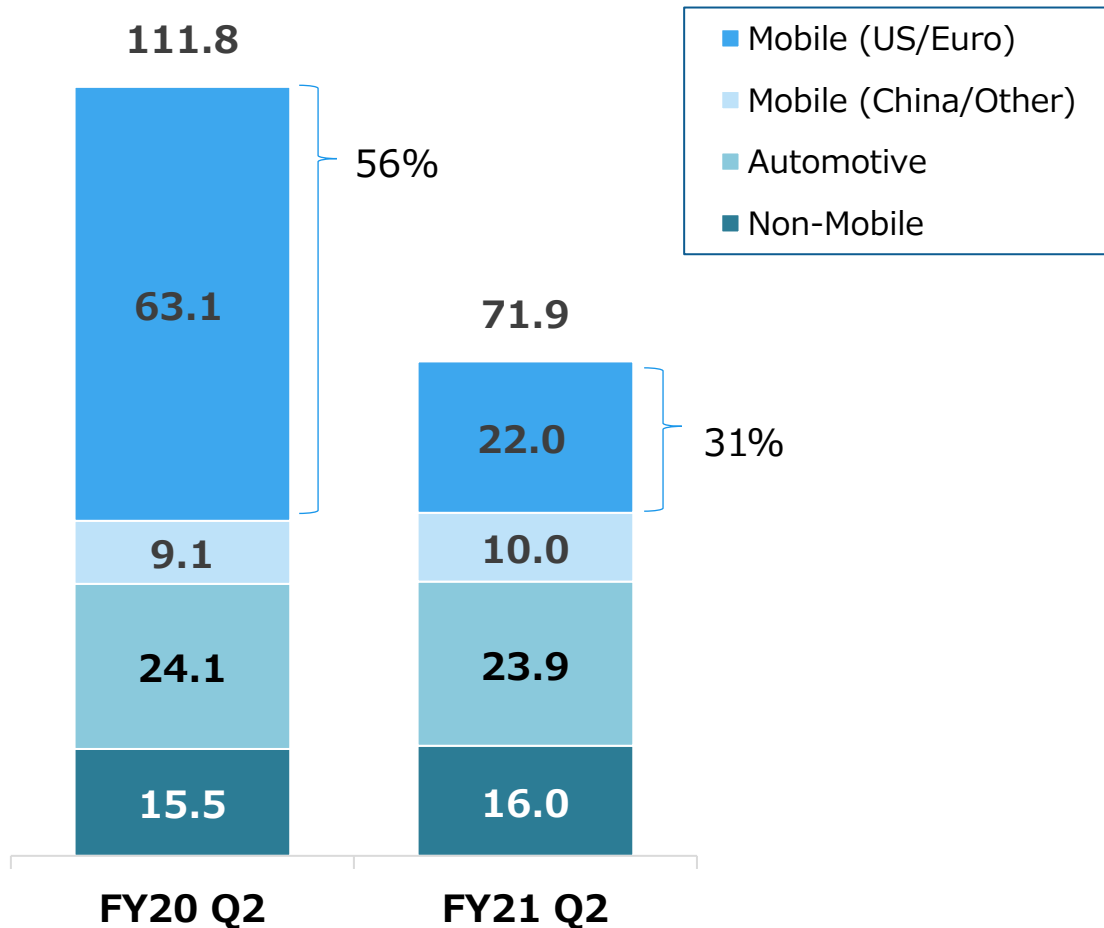
(JPY billion)	FY21/3 Q2	FY22/3 Q2	YoY	FY21/3 H1	FY22/3 H1	YoY
Sales	111.8	71.9	-39.9	199.8	137.9	-61.9
EBITDA	1.0	1.0	-0.1	(2.2)	(2.8)	-0.6
Operating Profit (Loss)	(2.9)	(1.2)	+1.7	(9.9)	(7.0)	+2.8
Ordinary Profit (Loss)	(6.4)	(1.2)	+5.2	(15.2)	(7.6)	+7.6
Net Income (Loss)	(20.0)	(1.8)	+18.2	(36.3)	(8.8)	+27.5
Excl. chip shortage impact						
Sales	111.8	79.8	-32.0	199.8	154.6	-45.2
EBITDA	1.0	4.2	+3.2	(2.2)	3.6	+5.8
Operating Profit (Loss)	(2.9)	2.1	+5.0	(9.9)	(0.7)	+9.2

- EBITDA = Operating Profit + Depreciation + Goodwill amortization

- Sales fell sharply YoY due to a continued demand slide for smartphone displays & the impact of a chip shortage. Sharp YoY decline to ease from Q3
- Big improvement in profitability due lower breakeven point due to improved product mix & cost cuts, & decreased non-operating expenses and extraordinary losses
- Vs. Aug 5 forecast, sales JPY +3.9B & operating loss JPY +6.8 improvement, mainly due to increased customer demand and limiting the impact of chip shortage

Quarterly Sales by Product

(JPY billion)



Sales by Product

■ Mobile (YoY -56%, QoQ + 6%)

- Demand for LCDs fell due to expanding customer use of OLED in smartphones, resulting in a big drop YoY, but the sharp decline will ease from Q3
- Vs. Aug 5 forecast: JPY +4B

■ Automotive (YoY -1%, QoQ + 14%)

- Despite strong demand, chip shortage had big impact, so sales were even YoY
- Vs. Aug 5 forecast: JPY -1.1B

■ Non-Mobile (YoY + 3%, QoQ + 7%)

- Increase led by wearable OLED and VR LCD
- Vs. Aug 5 forecast: JPY +1B

FY22/3 Q2 Operating Loss +/- Factors



Operating Loss +/- Factors (YoY)

Operating Loss +/- Factors (QoQ)

(JPY billion)

FY21/3 Q2

FY22/3 Q2

FY22/3 Q1

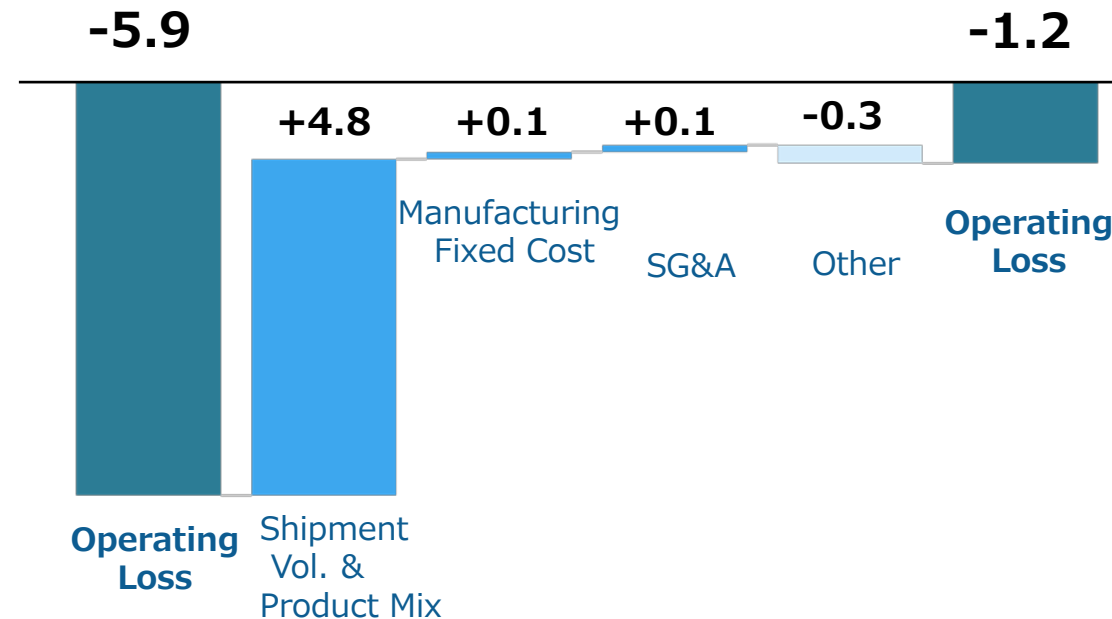
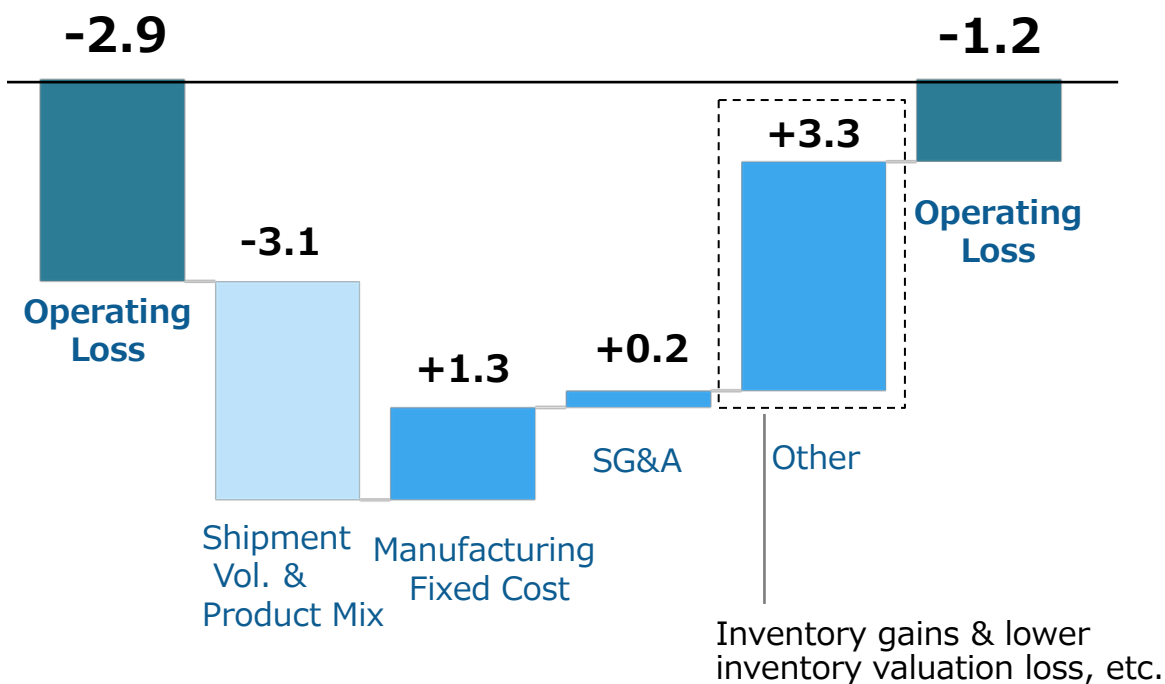
FY22/3 Q2

Sales: 111.8

Sales: 71.9

Sales: 66.0

Sales: 71.9



FY22/3 Full-Year Forecast



(JPY billion)	FY20/3	FY21/3	FY22/3	FY22/3					<ref.>	
				Q1	Q2	Q3	Q4		FY22/3	
	Act	Act	Prec. FCST	ACT	ACT	New FCST	New FCST	New FCST	Estimate	(impact)
Sales	504.0	341.7	280.0	66.0	71.9	73.0	86.0	297.0	319.9	(23.0)
Mobile (US/Euro)	-	162.6	69.0	21.4	22.0	13.0	20.0	76.4	-	-
Mobile (China/other)	-	34.9	35.0	8.7	10.0	12.0	9.0	39.7	-	-
Automotive	-	88.1	106.0	20.9	23.9	31.0	37.0	112.8	-	-
Non-Mobile	-	56.2	70.0	15.0	16.0	17.0	20.0	68.0	-	-
EBITDA	(19.5)	(12.5)	-	(3.7)	1.0	(2.0)	0.3	(4.4)	3.9	(8.3)
Operating Profit (Loss)	(38.5)	(26.2)	-	(5.9)	(1.2)	(4.0)	(2.1)	(13.1)	(4.8)	(8.3)
Recurring Profit (Loss)	(57.9)	(32.7)	-	(6.4)	(1.2)	(4.4)	(2.6)	(14.5)	(6.2)	(8.3)
Net Income (Loss)	(101.4)	(42.7)	-	(7.0)	(1.8)	(5.7)	(4.0)	(18.4)	(10.1)	(8.3)

- Full-year sales forecast revised upward JPY +17B due to shrinking impact of chip shortage in Automotive, increased demand in Mobile, and yen depreciation
- Q3 is expected to worsen QoQ due to higher energy costs and increased inventory in Q2, but Q4 is expected to improve due to higher sales and cost reductions. Maintaining Q4 EBITDA profitability target

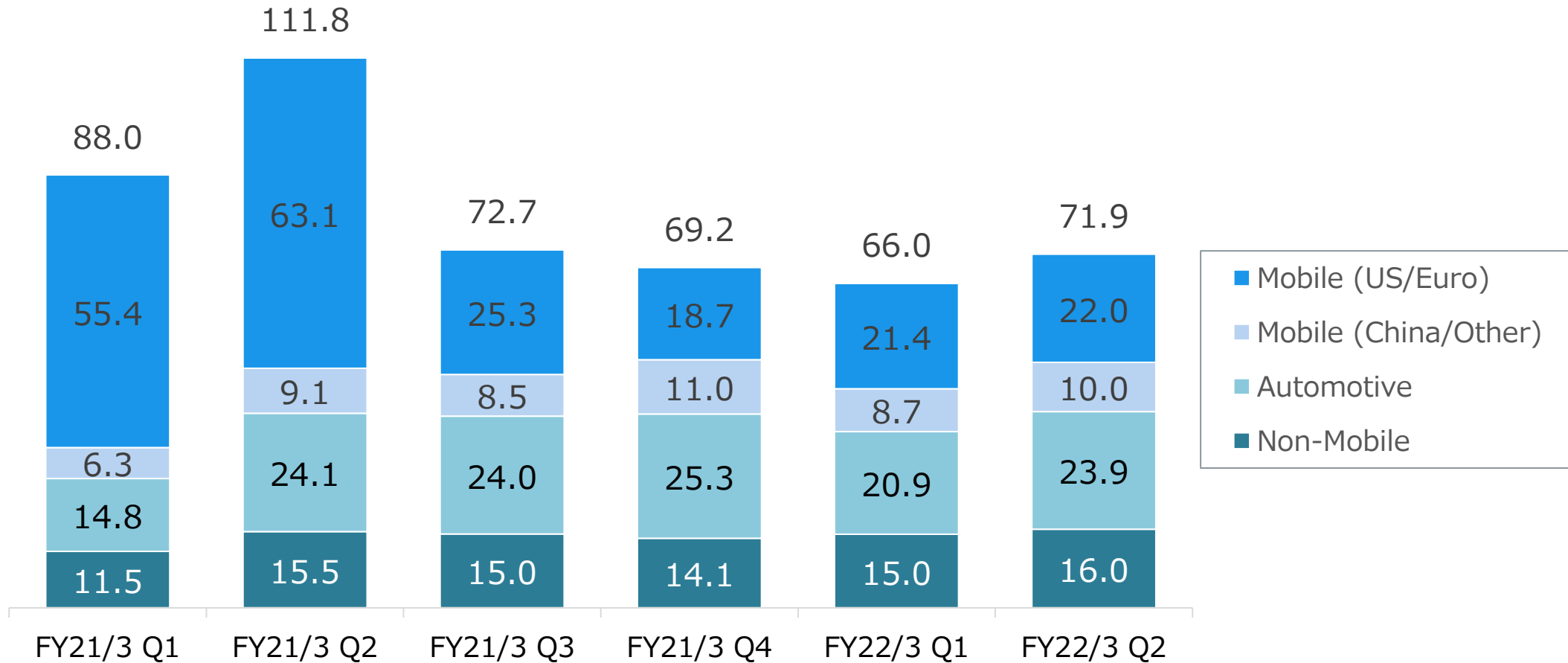


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Appendix

Quarterly Sales by Product

(JPY billion)



Consolidated B/S



(JPY billion)	FY21/3 Q2	FY21/3 Q4	FY22/3 Q2	YoY	QoQ
Cash and deposits	49.8	55.7	49.3	-0.4	-6.4
Accounts receivable - trade	42.3	31.2	29.9	-12.4	-1.3
Accounts receivable - other	32.8	15.3	19.7	-13.1	+4.4
Inventories	41.5	39.7	49.5	+8.0	+9.8
Other	5.8	4.3	4.6	-1.1	+0.3
Total current assets	172.1	146.3	153.1	-19.0	+6.8
Total non-current assets	143.3	78.7	77	-66.3	-1.7
Total Assets	315.4	225	230	-85.4	+5.0
Accounts payable - trade	66.5	37.4	43.2	-23.3	+5.8
Interest-bearing debt	97.4	97.1	76.9	-20.5	-20.3
Advances received	81.5	1.9	6.6	-74.9	+4.8
Other liabilities	46.8	46.7	45.4	-1.4	-1.3
Total Liabilities	292.3	183.2	172.2	-120.2	-11.0
Total Net Assets	23.1	41.8	57.9	+34.8	+16.1
Shareholders Equity Ratio	6.6%	17.6%	24.1%	+17.5pts	+6.5pts

Note. Difference in balances of "cash & equivalents" in cash flow statement and "cash and deposits" in balance sheet as of FY21/3 Q2 and FY22/3 Q2 are "Deposits."

Consolidated P&L



(JPY billion)	FY21/3 2Q	FY22/3 1Q	FY22/3 2Q	YoY	QoQ	FY21/3 H1	FY22/3 H1	YoY
Sales	111.8	66.0	71.9	-39.9	+5.9	199.8	137.9	-61.9
EBITDA	1.0	(3.7)	1.0	-0.1	+4.7	-2.2	-2.8	-0.6
Operating Profit (Loss)	(2.9)	(5.9)	(1.2)	+1.7	+4.7	-9.9	-7.0	+2.8
Net non-op. income (expenses)	(3.5)	(0.5)	(0.1)	+3.5	+0.4	-5.3	-0.5	+4.8
Recurring Profit (Loss)	(6.4)	(6.4)	(1.2)	+5.2	+5.1	-15.2	-7.6	+7.6
Net extraordinary income (losses)	(13.1)	(0.3)	(0.1)	+13.0	+0.2	-20.3	-0.4	+19.8
Income (Loss) Before Income Taxes	(19.5)	(6.7)	(1.3)	+18.1	+5.3	-35.5	-8.0	+27.5
Net Income (Loss)	(20.0)	(7.0)	(1.8)	+18.2	+5.2	-36.3	-8.8	+27.5
Avg. FX rate (JPY/USD)	106.2	109.5	110.1			106.9	109.8	
Q-End FX rate (JPY/USD)	105.8	110.6	111.9			105.8	111.9	

Consolidated Cash Flow Statement



(JPY billion)	FY21/3 Q2	FY22/3 Q1	FY22/3 Q2	YoY	QoQ	FY21/3 H1	FY22/3 H1	YoY
Income before income taxes	(19.5)	(6.7)	(1.3)	+18.1	+5.3	(35.5)	(8.0)	+27.5
Dep. & Amort.	4.4	2.2	2.1	-2.3	+0.0	8.8	4.3	-4.5
Working capital	10.2	(4.4)	(3.2)	-13.4	+1.2	17.7	(7.6)	-25.3
Advances received	(1.0)	3.0	1.6	+2.7	-1.4	(7.5)	4.6	+12.2
Structural reform cost	2.5	0.0	0.0	-2.5	+0.0	10.2	0.0	-10.2
Other	4.9	(2.8)	2.7	-2.2	+5.5	(7.3)	(0.1)	+7.2
Cash Flow from Operating Activities	1.5	(8.7)	1.9	+0.4	+10.6	(13.6)	(6.8)	+6.8
Fixed asset investments	(1.0)	(2.3)	(2.1)	-1.1	+0.2	(3.2)	(4.4)	-1.2
Other	(0.5)	0.1	0.0	+0.5	-0.1	(1.4)	0.1	+1.5
Cash Flow from Investing Activities	(1.5)	(2.2)	(2.1)	-0.6	+0.1	(4.6)	(4.3)	+0.3
Cash Flow from Financing Activities	4.5	(0.3)	4.7	+0.2	+5.0	1.3	4.4	+3.1
Ending Balance, Cash & Equiv.	49.4	44.4	49.0	-0.4	+4.6	49.4	49.0	-0.4
Free Cash Flow	0.5	(11.0)	(0.2)	-0.7	+10.8	(16.8)	(11.2)	+5.5

Free Cash Flow = Cash Flow from Operating Activities less Capex (Fixed asset investments)



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THANK YOU

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