



Japan Display Inc.

FY23/3 Q1
Corporate Presentation

August 9, 2022



PersonalTech For A Better World



Japan Display Inc.

FY23/3 Q1 Earnings Review

- **Q1 sales down 13.4%** YoY given a continuing fall in US/Euro Mobile sales despite firm Automotive sales
- **Operating loss** widened by JPY 1B YoY due to lower sales but came in **significantly better than forecast by JPY 5.6B** because of cost reductions, inventory growth to cover increasing automotive display shipments from Q2 onward, & weaker yen
- Net loss improved by JPY 1.9B YoY, **JPY +7.2B vs. forecast**, due to above positives plus recording of FX gain
- **Full-year forecast remains unchanged**

Explanation

(JPY billion)	FY22/3 Q1 ACT	FY23/3 Q1 ACT	Change
Sales	66.0	57.1	-8.9
Mobile (US/Euro)	21.4	10.1	-11.3
Mobile (China/other)	8.7	5.7	-3.0
Automotive	20.9	26.9	+6.0
Non-Mobile	15.0	14.5	-0.5
EBITDA	-3.7	-4.7	-1.0
Operating Profit	-5.9	-6.9	-1.0
Recurring Profit	-6.4	-4.3	+2.0
Net Income	-7.0	-5.1	+1.9
FX (JPY/USD)	109.5	129.7	

Mobile US/Euro: Continuing downward trend

Mobile China/Other: Lower shipments due to customers' inventory adjustments & lower smartphone sales

Automotive: In addition to semiconductor shortages, JDI and its customers faced production constraints due to the Shanghai lockdown and the situation in Ukraine, but demand is strong due to low inventory levels in the automotive industry

Non-Mobile: Demand for wearables declined

Positive impact of inventory growth and yen depreciation, but profit decreased on lower sales

JPY 2.8B non-operating FX gain positive contributor to RP

JPY 1B extraordinary gain on Chinese receivables, JPY 1.1B extraordinary impairment loss

Explanation

(JPY billion)	FY23/3 Q1 FCST	FY23/3 Q1 ACT	Diff
Sales	62.5	57.1	-5.4
Mobile (US/Euro)	8.0	10.1	+2.1
Mobile (China/other)	5.7	5.7	+0.0
Automotive	35.8	26.9	-8.9
Non-Mobile	13.0	14.5	+1.5
EBITDA	-10.2	-4.7	+5.5
Operating Profit	-12.5	-6.9	+5.6
Recurring Profit	-12.8	-4.3	+8.5
Net Income	-12.3	-5.1	+7.2
FX (JPY/USD)	123.0	129.7	

Mobile US/Euro: Primarily yen depreciation

Mobile China/Other: Decrease in shipments due to customers' inventory adjustments and lower smartphone sales offset by yen depreciation

Automotive: Decrease due to restricted production at JDI and its customers driven by Shanghai lockdown and the situation in Ukraine

Non-Mobile: Impact of material shortages remained within the expected range; yen depreciation positive

Significant improvement on JDI cost reductions, higher shipments on automotive inventory growth for shipments in Q2 onward, & yen depreciation

JPY 2.8B FX gain (non-operating income)

JPY 1.1B Impairment loss (extraordinary loss)

Operating Income Breakdown (YoY)

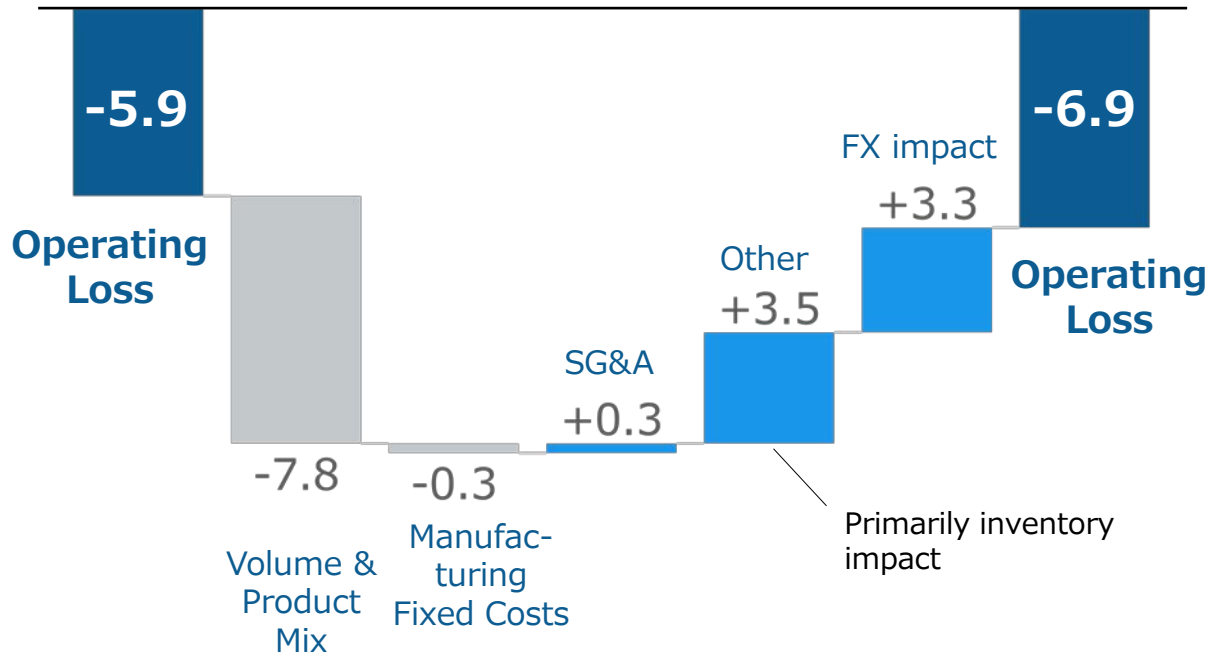
(JPY billion)

FY22/3 Q1

FY23/3 Q1

Sales: 66.0

Sales: 57.1



Operating Income Breakdown (QoQ)

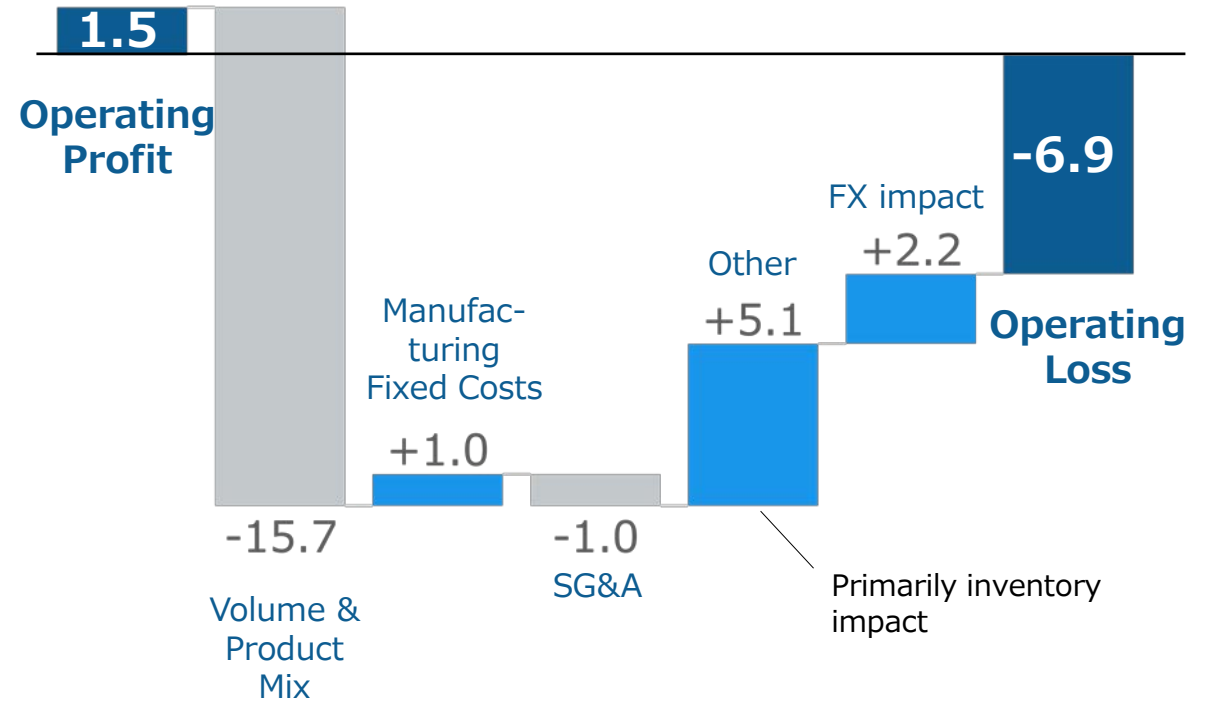
(JPY billion)

FY22/3 Q4

FY23/3 Q1

Sales: 86.4

Sales: 57.1



Robust Automotive demand, weak Mobile & Non-Mobile demand. Key actions are to drive sales & reduce costs while closely monitoring inflation & geopolitical risks to swiftly react to changes in the operating environment

	Business Environment	Countermeasures
Mobile	<ul style="list-style-type: none"> Near-term customer inventory adjustments continuing 	<ul style="list-style-type: none"> Acquiring new business through expanding sales channels, including module houses Strengthening JDI proprietary strategic initiatives to increase market share
Auto-motive	<ul style="list-style-type: none"> Current demand is firm. Prolonged shortage of semiconductors & the impact of gas price hikes require close monitoring Bracing for potential impact of China's zero-corona policy and geopolitical risks on supply chain 	<ul style="list-style-type: none"> Maximizing shipment volumes backed by robust & reliable supply chain management Securing parts & materials inventory & establishing alternative supply networks for BCP
Non-Mobile	<ul style="list-style-type: none"> Demand outlook for consumer products weakening on inflation impacts 	<ul style="list-style-type: none"> Development & early launch of new metaverse-related products Driving sales expansion of medical & other industrial products
Overall	<p>Accelerating launches of new businesses, reducing manufacturing costs and other expenses, strengthening cash management</p>	

Yen depreciation a clear positive, but given uncertain business environment, high inflation, & weaker mobile & non-mobile demand, JDI not adjusting full-year FY23/3 forecast today
JDI is executing on the necessary investments, technology development, & commercial discussions to realize METAGROWTH 2026

METAGROWTH 2026 Financial KPIs

(JPY billion)	FY20/3	FY21/3	FY22/3	FY23/3	FY24/3	FY25/3	FY26/3	FY27/3
	ACT	ACT	ACT	FCST	FCST	FCST	FCST	FCST
Sales	504.0	341.7	295.9	329.1	335.5	384.5	418.2	473.5
EBITDA	-19.6	-12.5	0.2	-9.2	16.4	37.9	67.4	104.4
Operating Profit	-38.5	-26.2	-8.6	-19.4	4.0	19.9	48.0	83.3
Recurring Profit	-57.9	-32.7	-8.0	-20.8				
Net Income	-101.4	-42.7	-8.1	-21.4				
 FX (JPY/USD)	 <i>109</i>	 <i>106</i>	 <i>112</i>	 <i>123</i>	 <i>120</i>	 <i>120</i>	 <i>120</i>	 <i>120</i>



Japan Display Inc.

Operating Environment

Due to supply chain disruptions caused by the Shanghai lockdown and the situation in Ukraine, orders and production declined beyond forecast in the automotive sector in Q1. However, negative effects of the Shanghai lockdown were largely resolved in Q1

Developed & announced a series of proprietary Global No. 1 new technologies, including eLEAP (NextGen OLED), ultra-low power consumption backplane HMO, 20.8" inch transparent display, & flexible TFT pressure distribution sensor

Unveiled METAGROWTH 2026 growth strategy to drive JDI's transformational growth with Global No. 1 technologies

Accelerating ESG initiatives, including development and promotion of GreenTech, use of renewable energy, & support for Ukrainian refugees

Announced production end at Higashiura Fab (March 2023) to increase cost competitiveness & profitability

eLEAP is a trademark (registration pending). Rælclear is JDI's registered trademark.

eLEAP (NextGen OLED)

- **Sample shipments** starting this month
- **Launched commercial projects & discussions with multiple customers**
- Separately, began discussions with multiple potential technology partners for **technology licensing**

1

HMO (High Mobility Oxide)

- **Open strategy** to license & commercialize broadly
- Began discussions with multiple potential technology partners for **technology licensing**

2

Metaverse (Ultra High Resolution)

- Ongoing commercialization discussion with multiple customers
- **Development start of ultra-high-definition VR display with 2500ppi**
- Began prototype production for HMO-based VR displays

3

AutoTech

- Despite the impact of component shortages, demand is strong due to low inventories
- High customer interest in **integrated cockpits & advanced HUDs**, together with JDI's **proprietary privacy view technology**

4

Rælclear (Transparent Displays)

- Developed a **20.8-inch model** that dramatically increases visualization capabilities. Mass production scheduled for fall 2023
- **Active promotion** of 12.3-inch model **to customers such as municipalities**

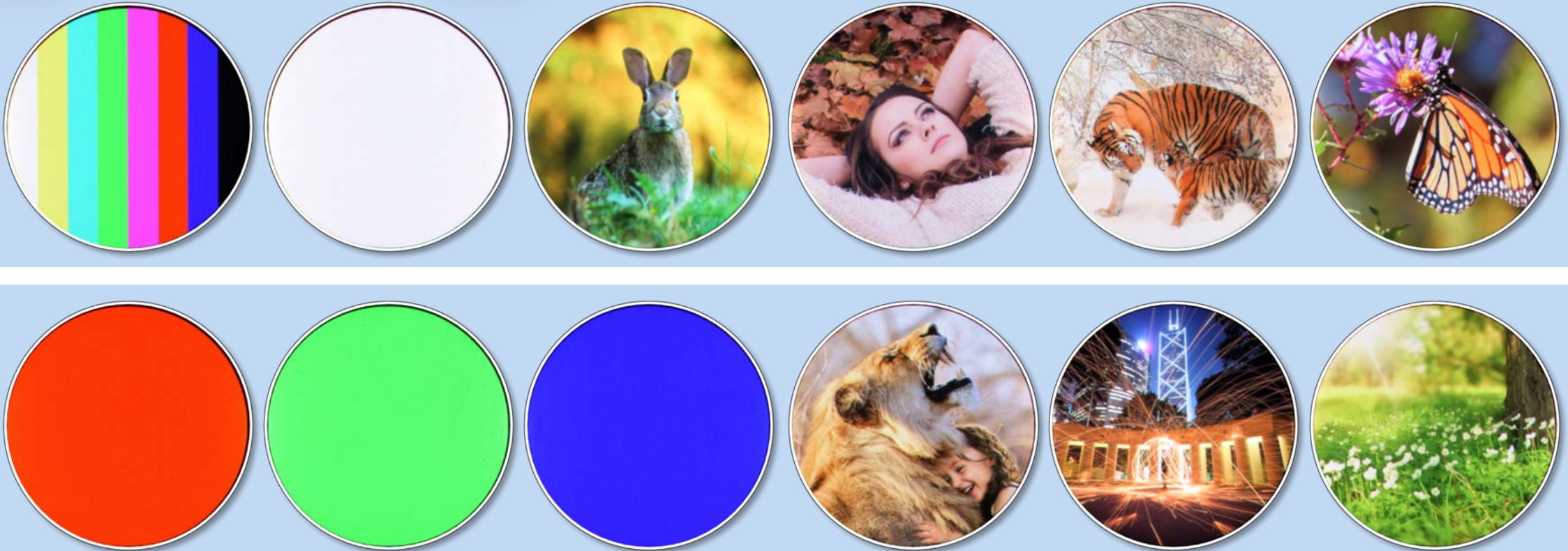
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New Tech, Products, & Businesses

- **Commencement of sales of external Hover Sensor**
- Developed the world's first **flexible LTPS TFT pressure distribution sensor**

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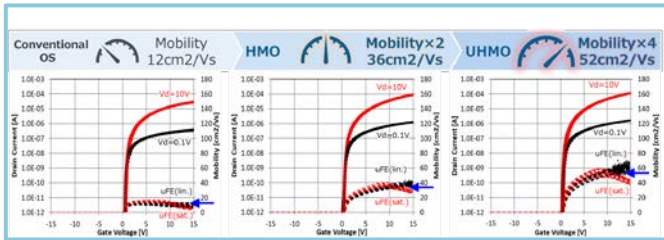
Starting eLEAP sample shipments to customers this month



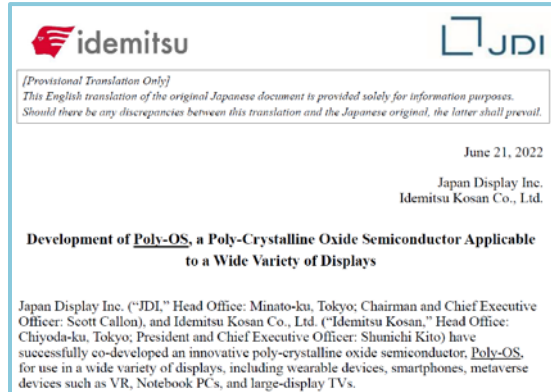
➤ Open innovation strategy accelerating commercialization

Joint press release with Idemitsu Kosan, cooperating in technological development

In discussions with multiple customers on alliances



World's First HMO



Development

Open Strategy

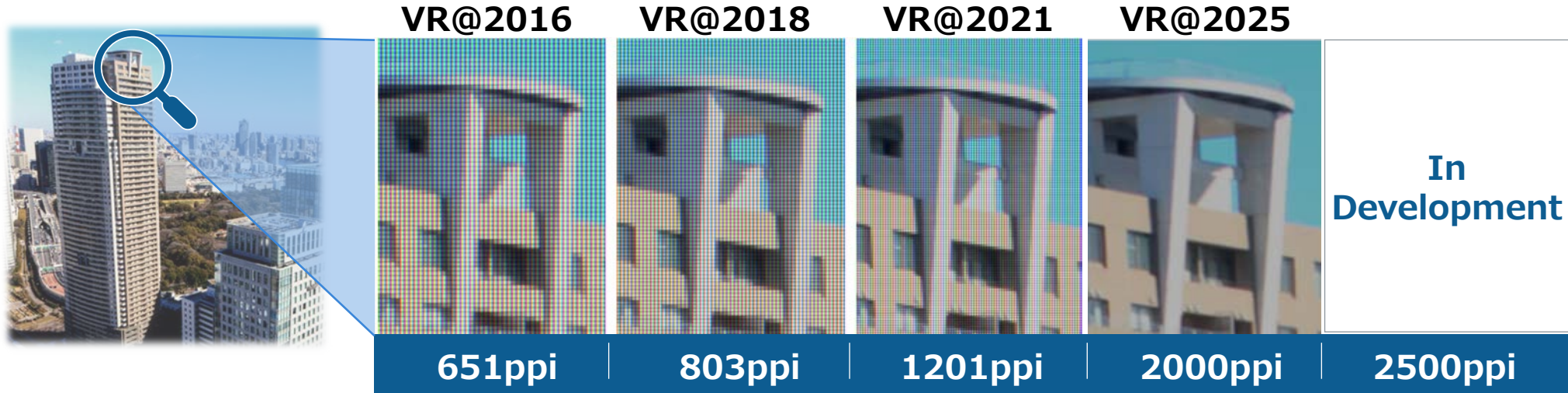
Commercialization

Mar 2022

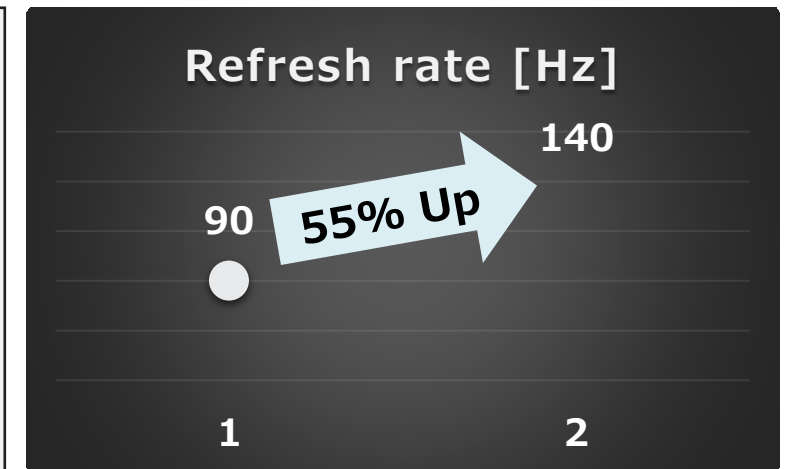
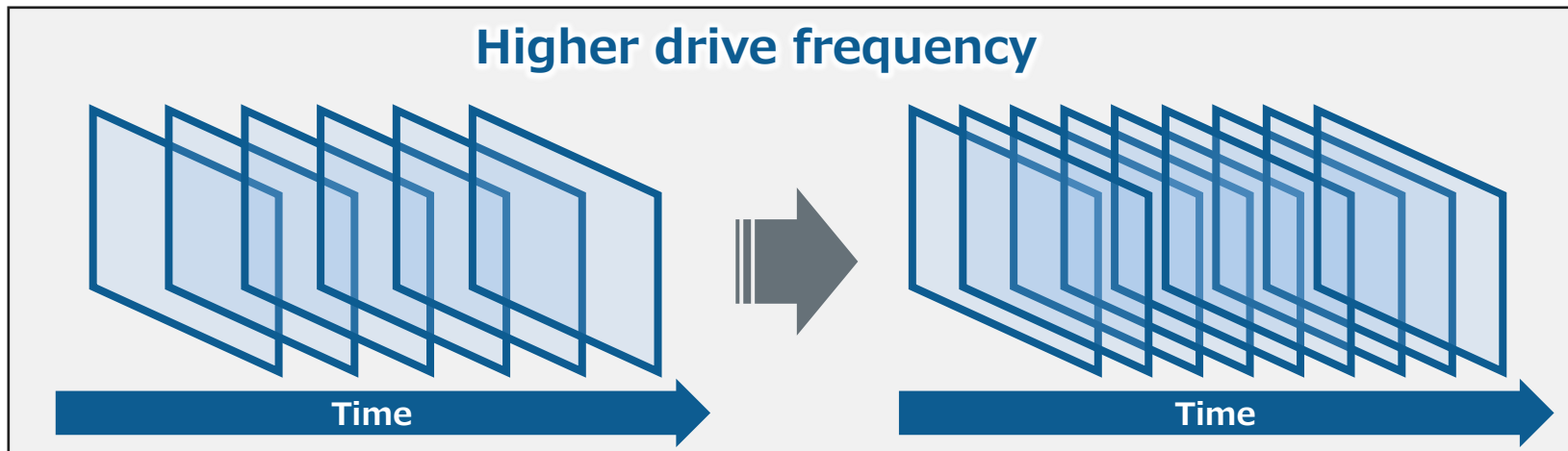
June 2022

Current

➤ 2500ppi panels in development – leading ultra-high res market



➤ Prototyping HMO VR displays to drive higher refresh rates



12.3-inch Model



- ✓ JDI collected feedback about Rælclear at organizations for the deaf and hard-of-hearing, which were very well received and led to purchase orders from 23 Japanese municipalities
- ✓ Rælclear displays (in collaboration with speech-to-text software for direct translations) were donated to the Embassy of Ukraine and 5 cities to support communication with Ukrainian refugees

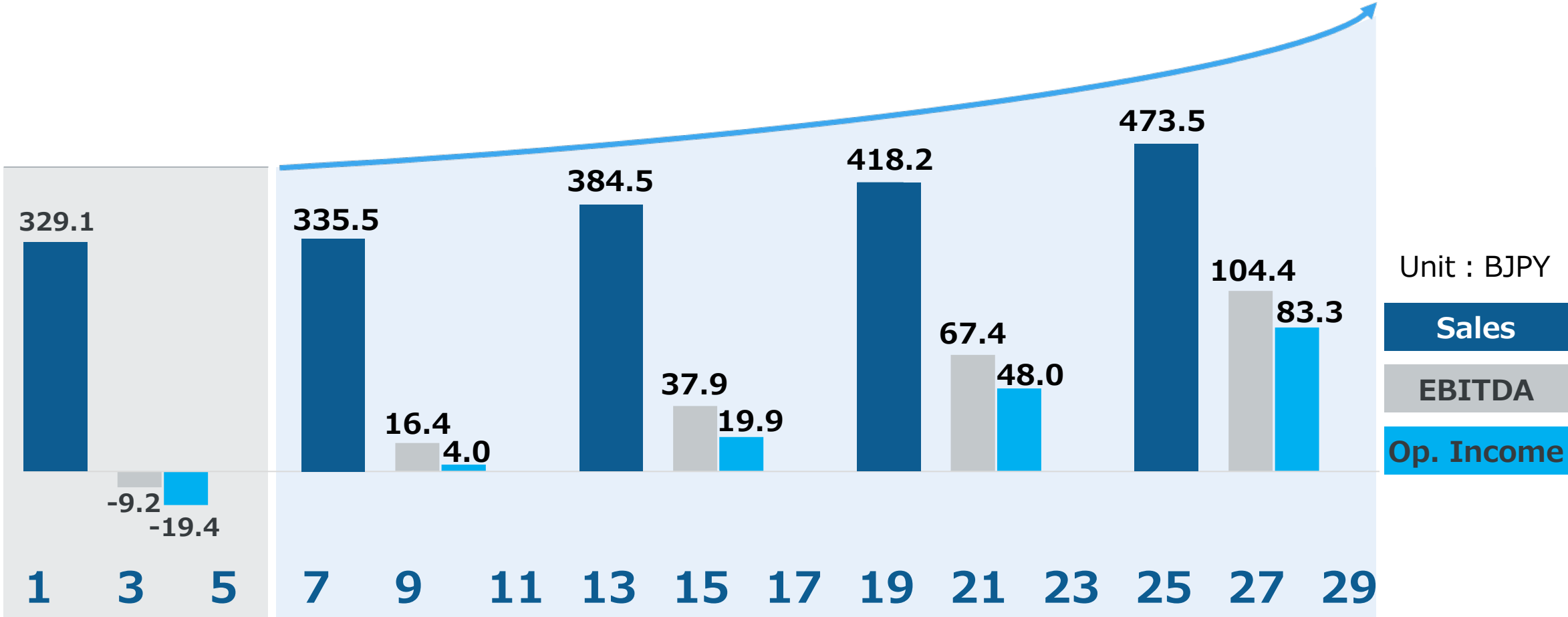


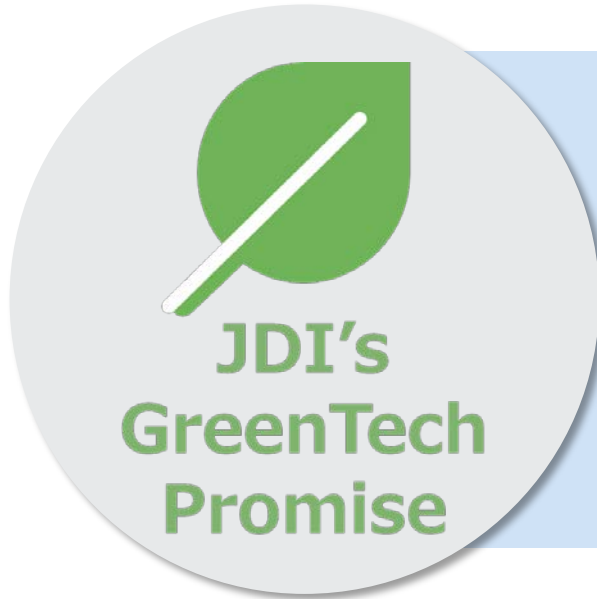
20.8-inch Model



- ✓ Completed development of 20.8-inch model & initiation of customer presentations
- ✓ Overwhelmingly positive feedback from customers (outstanding image quality & extremely high transparency)
- ✓ Mass production start in FY23 together with domestic and international expansion of sales and sale channels

JDI is executing on the necessary investments, technology development, & commercial discussions to realize METAGROWTH 2026





JDI is working to become a more environmentally friendly and sustainable company. JDI always considers its fabs' impact on the environment and is reducing resource usage and emissions with quantifiable targets.

JDI's ongoing commitment to ESG concerns has been recognized with JDI being included in the FTSE Blossom Japan Sector Relative Index

FTSE Blossom Japan Sector Relative Index

- The FTSE Blossom Japan Sector Relative Index is widely used to evaluate sustainable investment funds
- In March 2022 the FTSE Blossom Japan Sector Relative Index was adopted as an ESG management benchmark by the Japanese Government Pension Investment Fund (GPIF)

Solar Equipment (In Blue)

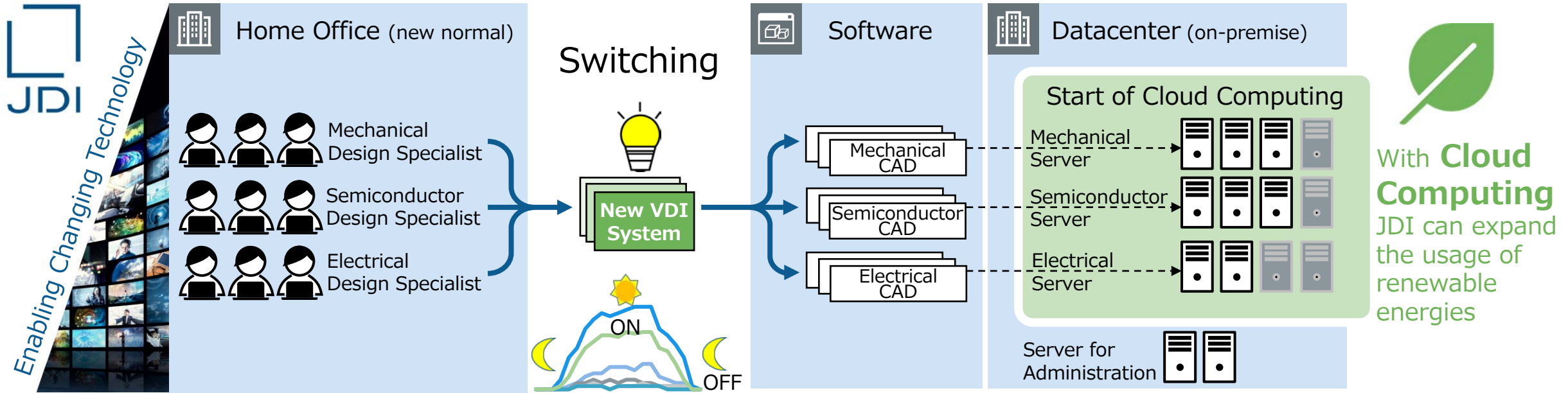


Solar Power Generation at China Manufacturing Subsidiary

- Following JDI's Tottori Fab (Japan), Suzhou JDI Electronics Inc. (SE), JDI's manufacturing subsidiary in China, has also begun roof-top solar power generation
- The power generated will cover c. 20% of the SE Plant's daytime power usage
- JDI will continue to actively promote the use of green power to achieve carbon neutrality

Location	Suzhou JDI Electronics Inc. Jiangsu Province, Suzhou China
Power Output	2,400kW
Facility Area	c. 20,000m ²
CO₂ Reduction	c. 1,520 t-CO ₂ /year (estimated)

JDI is pioneering the display industry's adoption of the cloud in its design activities
JDI has begun operating a VDI (Virtual Desktop Infrastructure) for CAD/CAE*¹ on an environmentally positive cloud computing platform



VDI: Virtual Desktop Infrastructure

- * 1 Design CAD (Computer-aided design) and CAE (Computer-aided engineering) consist of mechanical, optical, semiconductor, and electrical systems.
- * 2 The number of users in the above figure is for illustrative purposes only and does not indicate the actual number of designers. Home office is also available domestically.
- * 3 The above figure represents a part of the actual network configuration, not all of it. Some CAD/CAE software is not operated within this configuration.



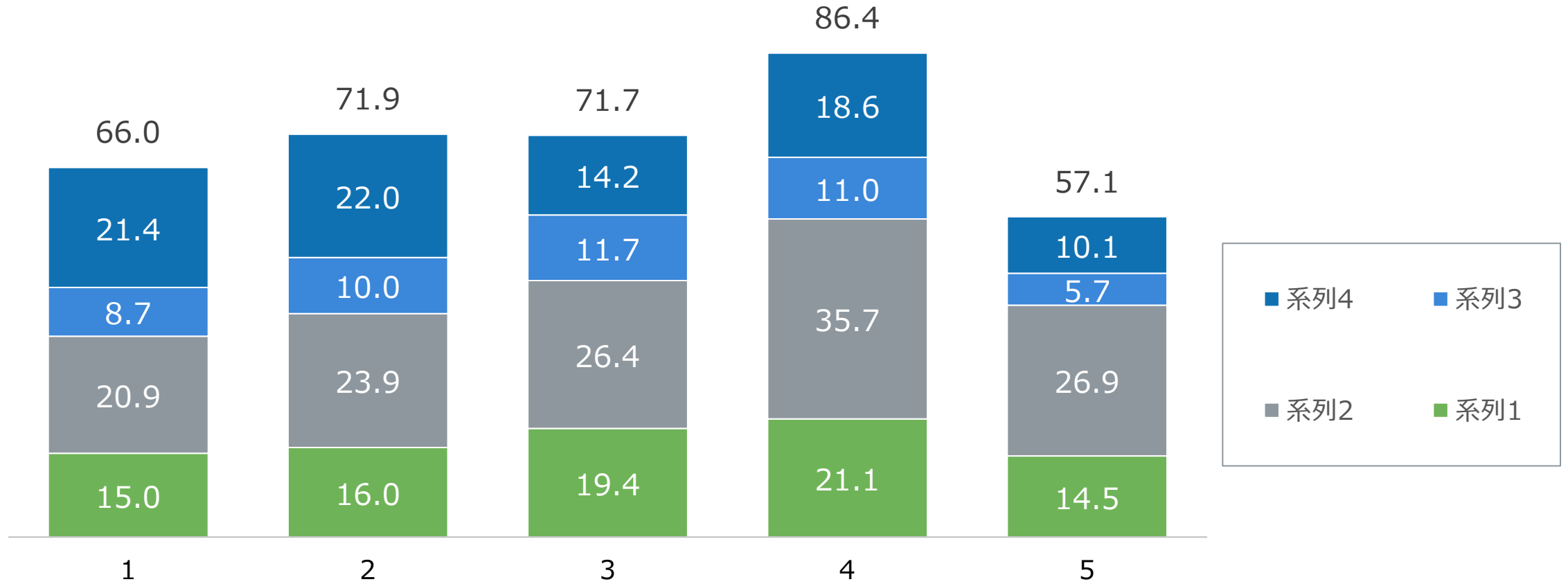
Japan Display Inc.

Appendix

Quarterly Sales Breakdown by Product



(JPY billion)



(JPY billion)	FY22/3 Q1	FY22/3 Q4	FY23/3 Q1	YoY	QoQ
Cash and deposits	44.7	52.2	39.8	-4.9	-12.4
Accounts receivable - trade	32.8	56.3	43.1	+10.4	-13.2
Accounts receivable - other	18.8	23.5	16.6	-2.2	-6.9
Inventories	43.6	49.1	58.8	+15.2	+9.7
Other	4.7	5.4	6.3	+1.6	+0.9
Total current assets	144.6	186.5	164.6	+20.0	-21.9
Total non-current assets	78.6	71.7	74.0	-4.6	+2.2
Total Assets	223.2	258.3	238.5	+15.4	-19.7
Accounts payable - trade	42.6	59.0	43.6	+1.0	-15.4
Interest-bearing debt	97.2	75.0	75.1	-22.1	+0.1
Advances received	4.9	3.3	3.1	-1.8	-0.2
Other liabilities	44.1	48.2	45.8	+1.7	-2.5
Total Liabilities	188.7	185.5	167.5	-21.2	-18.0
Total Net Assets	34.4	72.8	71.0	+36.6	-1.7
Shareholders Equity Ratio	14.3%	28.2%	29.8%	+15.4pts	+1.6pts

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

(JPY billion)	FY22/3 Q1	FY22/3 Q4	FY22/3 Q1	YoY	QoQ
Sales	66.0	86.4	57.1	-8.9	-29.3
EBITDA	-3.7	3.9	-4.7	-1.0	-8.6
Operating Profit	-5.9	1.5	-6.9	-1.0	-8.4
Net non-op. income/expenses	-0.5	0.6	2.5	+3.0	+2.0
Recurring Profit	-6.4	2.1	-4.3	+2.0	-6.4
Net extraordinary income/losses	-0.3	-2.7	-0.1	+0.2	+2.7
Income Before Income Taxes	-6.7	-0.6	-4.4	+2.3	-3.8
Net Income	-7.0	-1.8	-5.1	+1.9	-3.3
Avg. FX rate (JPY/USD)	109.5	116.3	129.7		
Q-End FX rate (JPY/USD)	110.6	122.4	136.7		

Consolidated Cash Flow Statement

(JPY billion)	FY22/3 Q1	FY22/3 Q4	FY23/3 Q1	YoY	QoQ
Income before income taxes	-6.7	-0.6	-4.4	+2.3	-3.8
Depreciation & Amortization	2.2	2.3	2.2	+0.0	-0.1
Working capital	-4.4	-14.9	-0.3	+4.1	+14.6
Advances received	3.0	-2.1	-0.6	-3.6	+1.5
Other	-2.8	-0.1	-8.2	-5.4	-8.1
Cash Flow from Operating Activities	-8.7	-15.5	-11.4	-2.7	+4.1
Fixed asset investments	-2.3	-2.3	-2.7	-0.4	-0.4
Other	0.1	-1.0	-0.5	-0.6	+0.5
Cash Flow from Investing Activities	-2.2	-3.3	-3.2	-1.1	+0.1
Proceeds from issuance of preferred shares	0.0	11.0	0.0	+0.0	-11.0
Other	-0.3	-0.1	-0.1	+0.2	+0.0
Cash Flow from Financing Activities	-0.3	10.9	-0.1	+0.2	-11.0
Ending Balance, Cash & Equiv.	44.4	50.9	39.4	-5.0	-11.6
Free Cash Flow	-11.0	-17.8	-14.1	-3.1	+3.7

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

FY23/3 Earnings Forecast (Announced on May 13, 2022)



(JPY billion)	FY20/3	FY21/3	FY22/3	FY23/3				
				Q1	Q2	Q3	Q4	
	Act	Act	Act	New FCST	New FCST	New FCST	New FCST	New FCST
Sales	504.0	341.7	295.9	62.5	92.3	89.6	84.8	329.1
Mobile (US/Euro)	-	162.6	76.3	8.0	13.9	10.0	10.0	41.9
Mobile (China/other)	-	34.9	41.4	5.7	7.8	9.7	8.6	31.7
Automotive	-	88.1	106.9	35.8	39.7	40.7	38.5	154.8
Non-Mobile	-	56.2	71.4	13.0	30.9	29.1	27.7	100.7
EBITDA	-19.6	-12.5	0.2	-10.2	-1.7	1.4	1.3	-9.2
Operating Profit (Loss)	-38.5	-26.2	-8.6	-12.5	-4.2	-1.2	-1.5	-19.4
Recurring Profit (Loss)	-57.8	-32.7	-8.0	-12.8	-4.5	-1.6	-1.9	-20.8
Net Income (Loss)	-101.4	-42.7	-8.1	-12.3	-4.8	-1.9	-2.3	-21.4



Thank You!

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