



Japan Display Inc.

FY22/3 Q3
Corporate Presentation

February 10, 2022



PersonalTech For A Better World



Japan Display Inc.

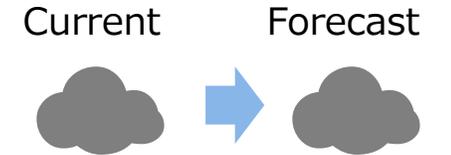
FY22/3 Q3 Overview

- Q3 sales came in below forecast on chip shortage impacts
- Nonetheless, Q3 earnings came in significantly above forecast from passing on increased costs to selling prices, cost reductions, & gain on KOE sale
- Significant progress in both frontplane & backplane technology development to drive world-leading, next-generation products
- Launched JDI Raelclear™, world's highest transparency display
- Amicable settlement with Tianma Microelectronics (22/1/21)
- Announced EGM for capital reduction & surplus appropriation (22/1/12)
- Qualified for TSE Prime Market launch in April 2022 (22/1/11)

Supply chain disruptions continue – demand volatility, chip shortage, & soaring transportation, materials, & power costs

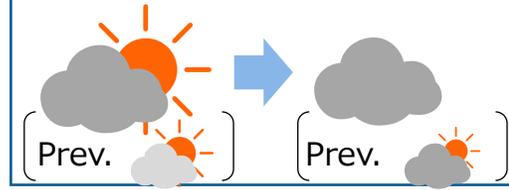
**Mobile
(US/Euro)**

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



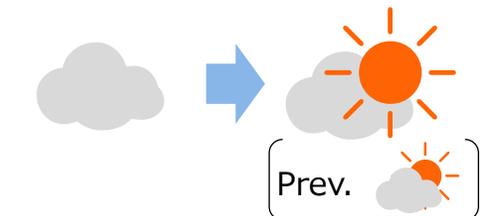
**Mobile
(China/Other)**

- **Chip shortage affecting customer production, resulting in customer inventory adjustments**



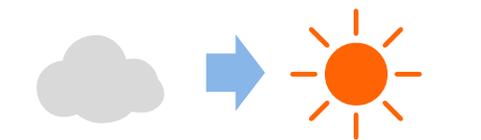
Automotive

- **Market growth constrained by chip shortage, but JDI growing sales with high value-add technologies**



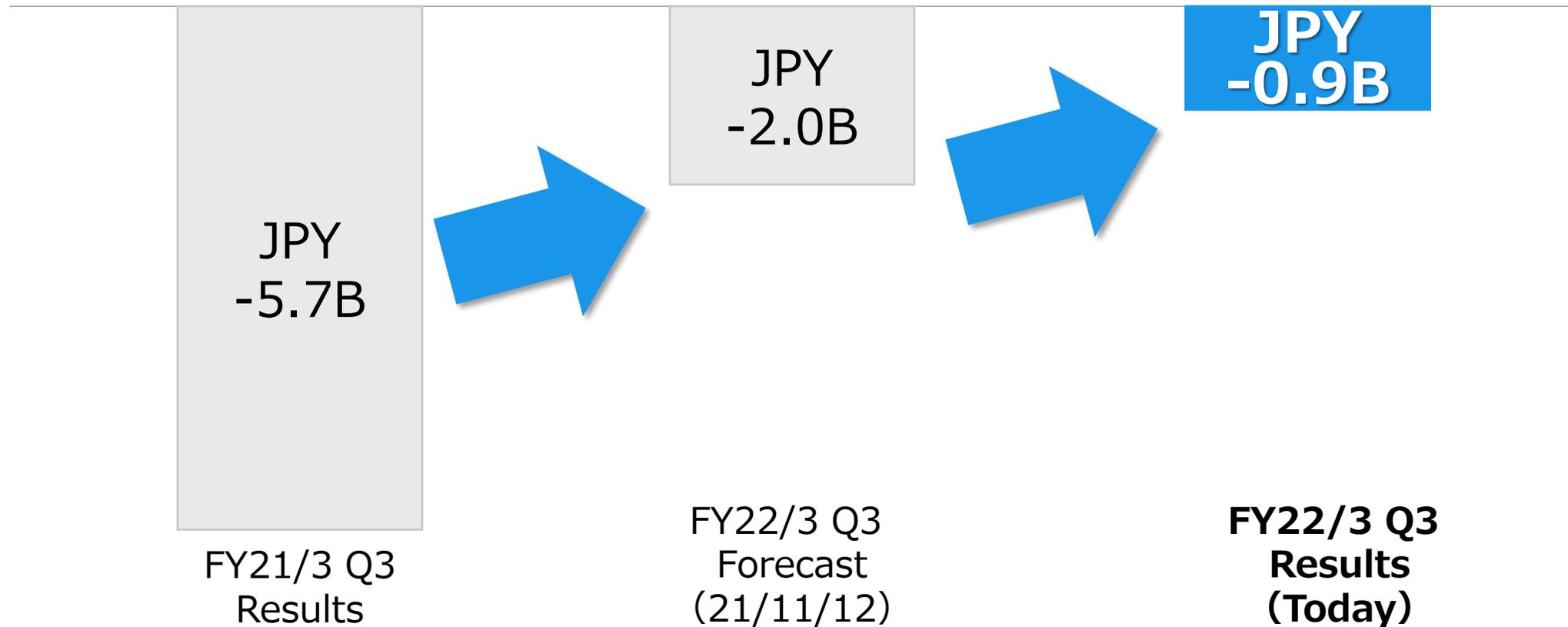
Non-Mobile

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



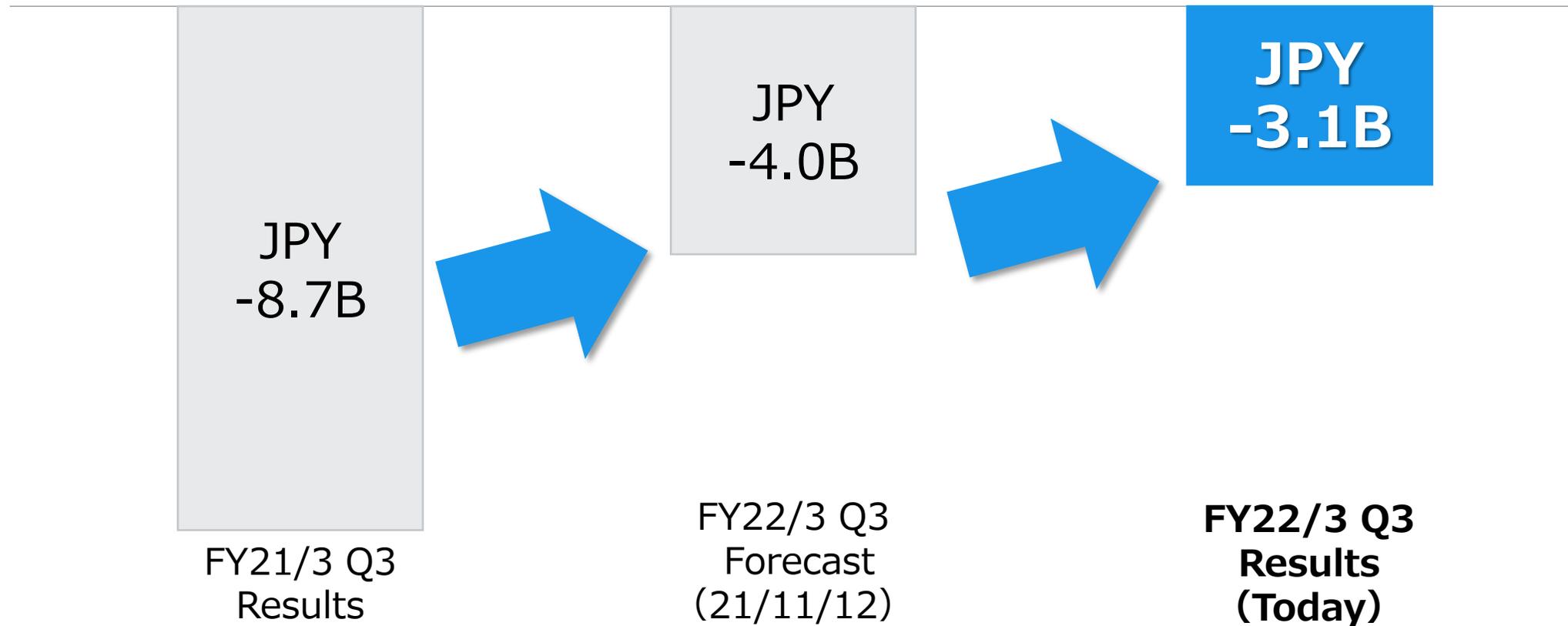
Q3 EBITDA Improvement to JPY -0.9B

Q3 EBITDA: JPY +1.1B vs. forecast



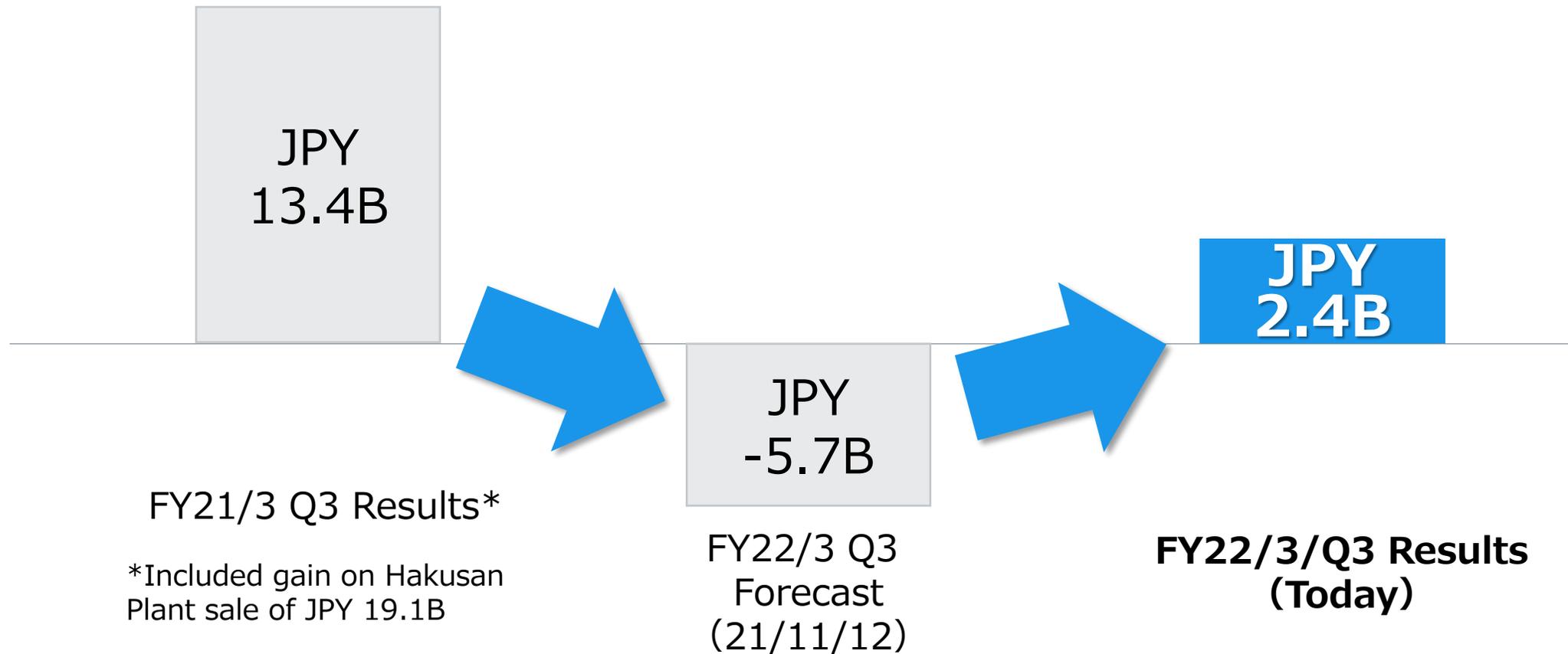
Improvement to JPY -3.1B

Q3 OP: JPY +0.9B vs. Forecast



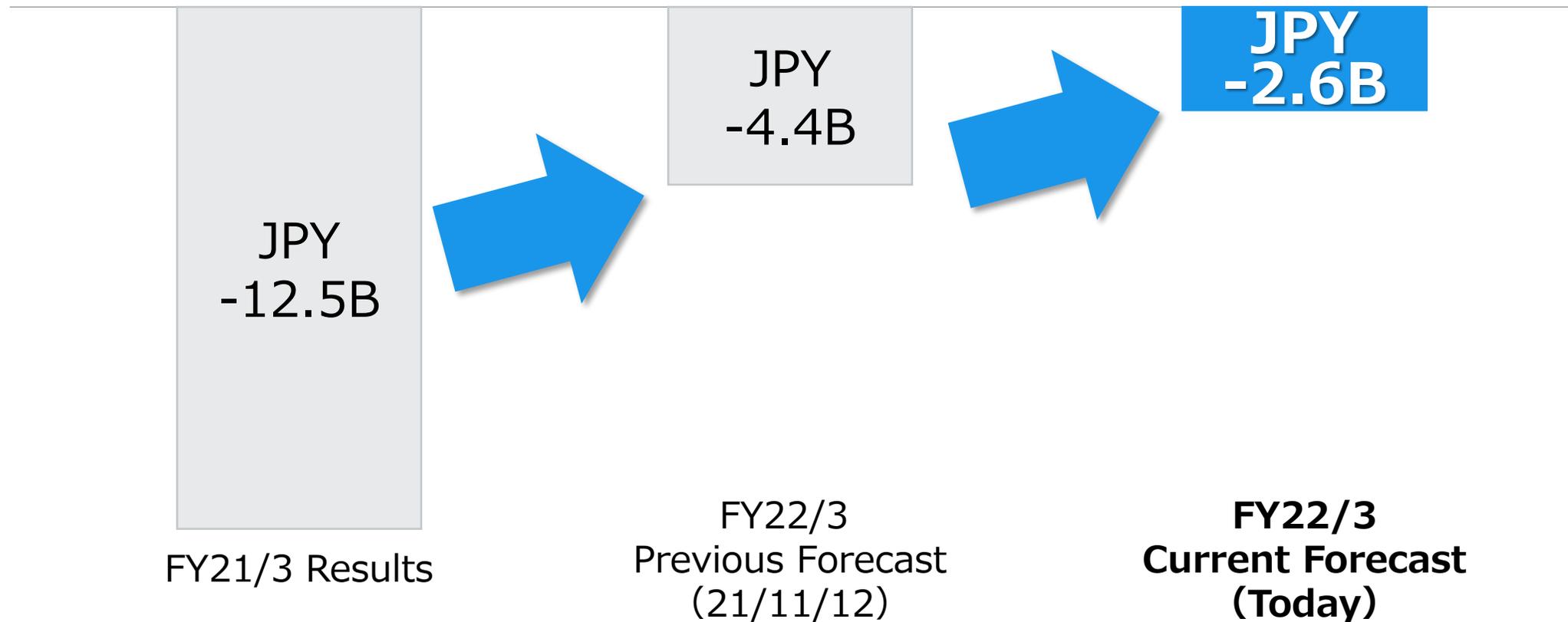
Q3 NI Improvement to JPY 2.4B

Q3 NI: JPY +8.1B Improvement vs. Forecast



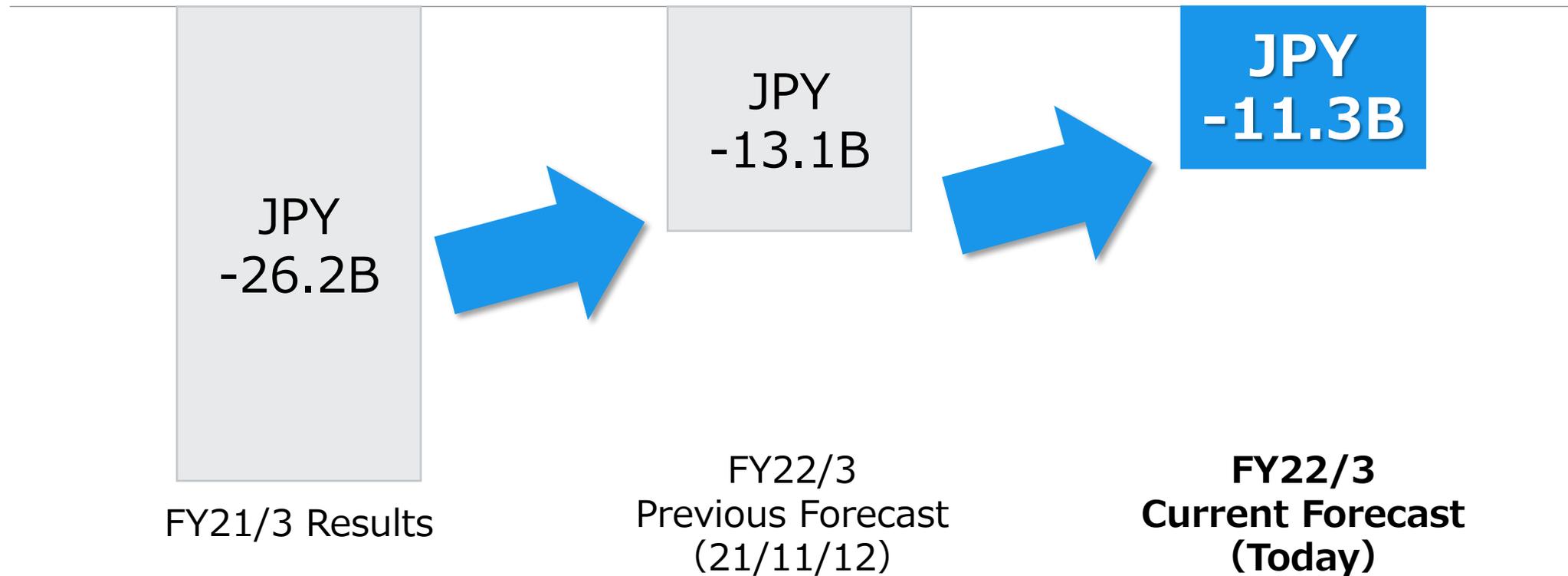
Full-Year EBITDA Forecast Improvement to JPY -2.6B

Full-Year EBITDA: JPY +1.8B Forecast Increase



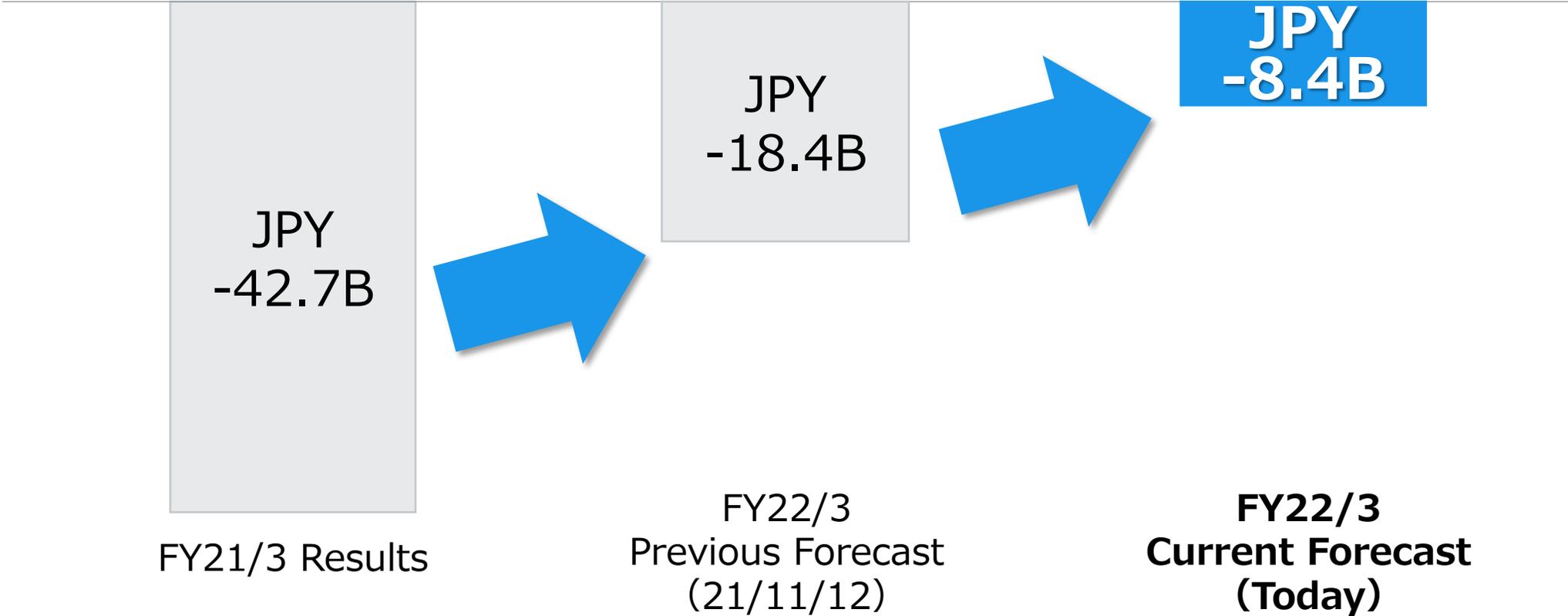
Full-Year OP Forecast Improvement to JPY -11.3B

Full-Year OP: JPY +1.8B Forecast Increase



Full-Year NI Forecast Improvement to JPY -8.4B

Full-Year NI: JPY +10.0B Forecast Increase



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

≥84% glass-like transparency with JDI's advanced technological capabilities
New communication tool featuring interactive image recognition

Real-Time Translation



Real-Time Speech to Text

Key Benefits

- 2-way communication with full conversational visibility
- Display content visible from both sides
- Pure transparency both when in use and not in use

Portable & Mobile



Customer Service Opportunity

- Improve communication in broad set of contexts
- Smooth communication for hard of hearing & elderly

Source: JDI website, Makuake's Project <https://www.makuake.com/project/j-display/>
Nihon Future Science Center: <https://www.miraikan.jst.go.jp/events/202106051969.html>

Support communication across broad range of customer needs & languages Drive growth via global expansion

Locations

- Financial: Banks, post offices
- Medical: Hospitals, pharmacies
- Commercial: Supermarkets, convenience stores
- Transport: Stations, airports
- Other: Municipalities, nursing homes, museums, aquariums, etc.

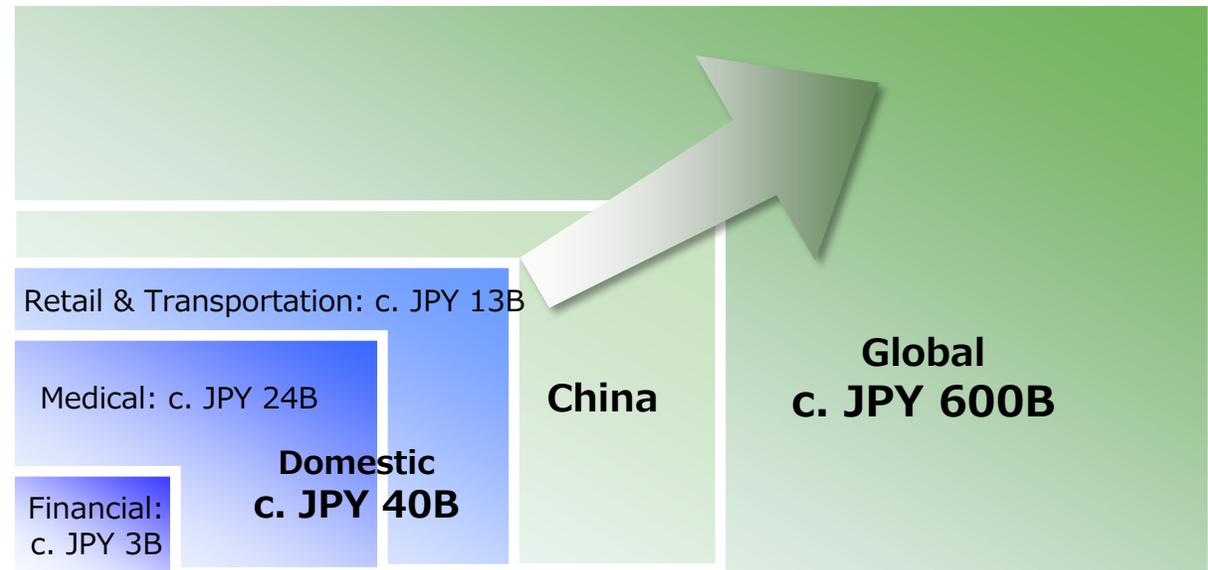
Use Cases

Space	Use
Receptions	Voice translation & transcription
Retail	Information, ads, price displays
Transport	Ticket counter information & transactions
Other	Exhibitions, information displays, etc.

Future Use Cases

- Creative interior spaces
- Retail product information in showcases & shelves

Projected Market Size



Note: JDI estimates



Japan Display Inc.

FY22/3 Q3 Earnings Review
FY22/3 Full-Year Forecast

Chip shortage impact continued, but improved profitability due to a better product mix, cost reductions, and higher selling prices

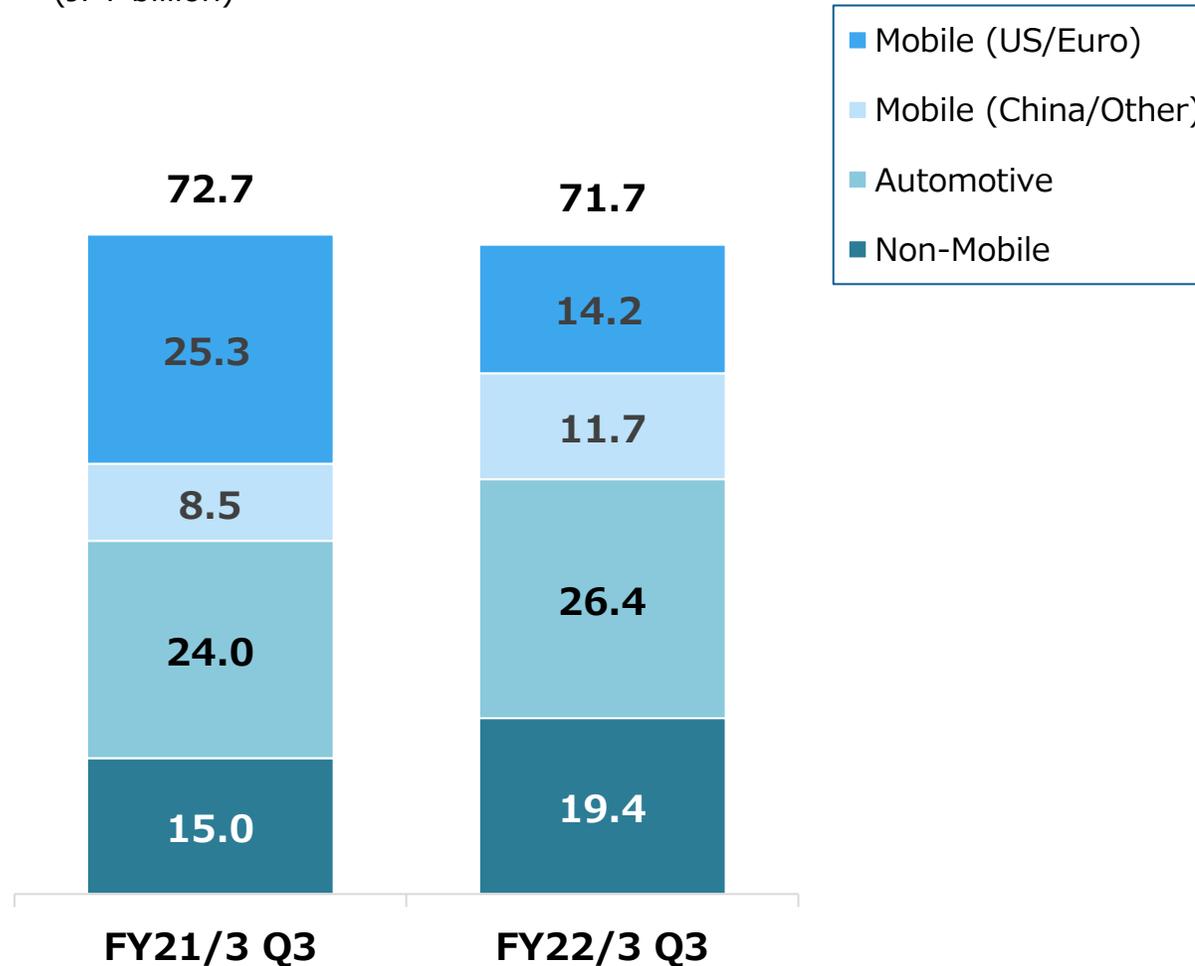
(JPY billion)	FY21/3 Q3	FY22/3 Q3	YoY	FY21/3 Q3	FY22/3 Q3	YoY
Sales	72.7	71.7	-1.1	272.5	209.5	-63.0
EBITDA	-5.7	-0.9	+4.7	-7.8	-3.7	+4.1
Operating Profit	-8.7	-3.1	+5.7	-18.6	-10.1	+8.5
Ordinary Profit	-10.8	-2.5	+8.3	-26.0	-10.1	+15.9
Net Income	13.4	2.4	-10.9	-22.9	-6.3	+16.6
Excl. chip shortage impact						
Sales	72.7	75.7	+3.0	272.5	230.2	-42.3
EBITDA	-5.7	0.9	+6.6	-7.8	4.4	+12.2
Operating Profit	-8.7	-1.2	+7.5	-18.6	-2.1	+16.5

- FY22/3 Q3 (3M)
 - Sales were flat YoY. Strong Automotive & Non-Mobile demand to terminate sharp YoY sales drop from Q3
 - EBITDA, operating & recurring losses shrank due to improved product mix, cost cuts & higher selling price. Net income reflects the absence of gain on plant sale in previous Q3 & JPY 5.4B gain on sale of KOE shares in this Q3
 - Vs. Nov 12 forecast, operating loss reduced by JPY 0.9B mainly due to passed on increased costs to selling prices. Net losses shrank by JPY 8.1B due to KOE share sale

EBITDA = Operating Profit + Depreciation + Goodwill amortization

Quarterly Sales by Product

(JPY billion)



Sales by Product

- Mobile (YoY -23%, QoQ -19%)**
 - US/Euro LCD sales fell while China sales increased due partly to higher selling prices YoY
 - Vs. Nov 12 forecast: JPY +0.9B. US/Euro sales offset slightly lower sales to China.

- Automotive (YoY +10%, QoQ +11%)**
 - Despite continued chip shortage, strong demand increased sales YoY
 - Vs. Nov 12 forecast: JPY -4.6B. Chip shortage impact at customers were bigger than expected

- Non-Mobile (YoY +29%, QoQ +21%)**
 - Increase led by wearable OLED and VR LCD
 - Vs. Nov 12 forecast: JPY +2.4B. Managed to minimize chip shortage impact

Operating Loss +/- Factors (YoY)

(JPY billion)

FY22/3 Q3

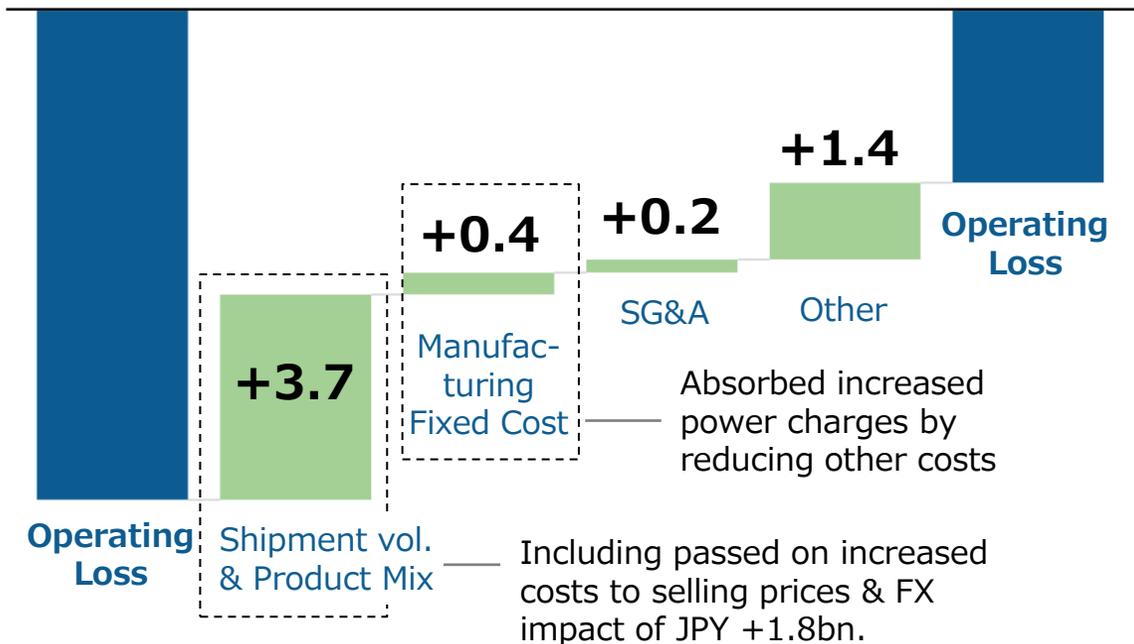
Sales: 72.7

-8.7

FY22/3 Q3

Sales: 71.7

-3.1



Operating Loss +/- Factors (QoQ)

(JPY billion)

FY22/3 Q2

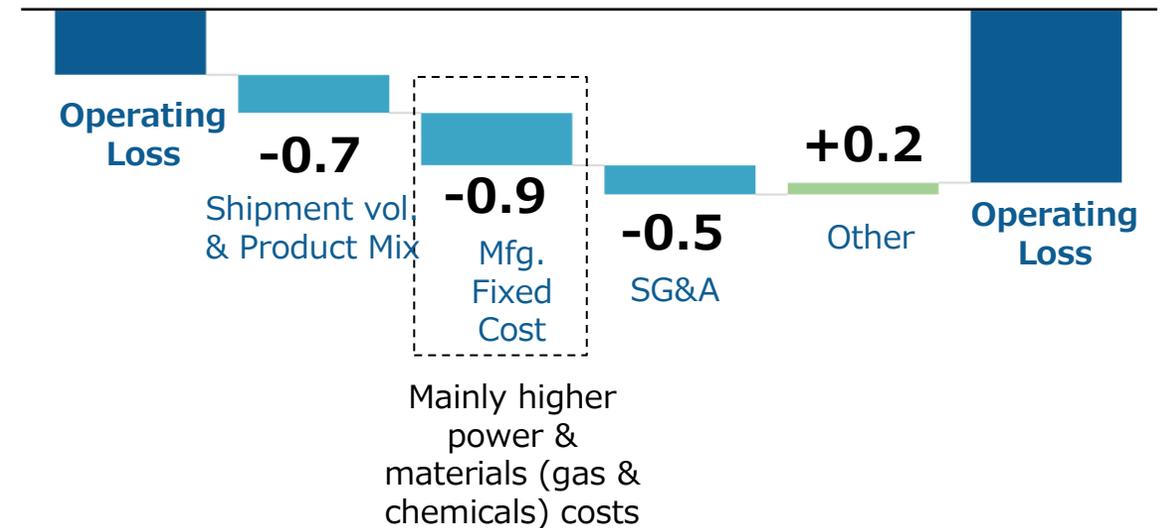
Sales: 71.9

-1.2

FY22/3 Q3

Sales: 71.7

-3.1



**Full-year sales forecast revised down due to chip shortage impacting production.
Full-year earnings were revised up due to above-forecast Q3 results & passed on increased costs to selling price. Maintaining Q4 EBITDA profitability target**

(JPY billion)	FY20/3	FY21/3	FY22/3	FY22/3					<ref.> FY22/3	
				Q1	Q2	Q3	Q4		Excl. chip shortage impact	
				ACT	ACT	New FCST	New FCST	New FCST	Estimate	(impact)
	Act	Act	Prev. FCST	ACT	ACT	New FCST	New FCST	New FCST		
Sales	504.0	341.7	297.0	66.0	71.9	71.7	81.5	291.0	321.5	-30.5
Mobile (US/Euro)	-	162.6	76.4	21.4	22.0	14.2	20.6	78.2	-	-
Mobile (China/other)	-	34.9	39.7	8.7	10.0	11.6	10.9	41.2	-	-
Automotive	-	88.1	112.8	20.9	23.9	26.4	30.7	101.9	-	-
Non-Mobile	-	56.2	68.0	15.0	16.0	19.4	19.3	69.7	-	-
EBITDA	-19.5	-12.5	-4.4	-3.7	1.0	-0.9	1.1	-2.6	7.7	-10.3
Operating Profit (Lo	-38.5	-26.2	-13.1	-5.9	-1.2	-3.1	-1.2	-11.3	-1.0	-10.3
Recurring Profit (Lo	-57.9	-32.7	-14.5	-6.4	-1.2	-2.5	-1.7	-11.8	-1.5	-10.3
Net Income (Loss)	-101.4	-42.7	-18.4	-7.0	-1.8	2.4	-2.1	-8.4	1.9	-10.3



Japan Display Inc.

Appendix

Working towards the realization of a sustainable society by actively engaging with 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 Moldings |

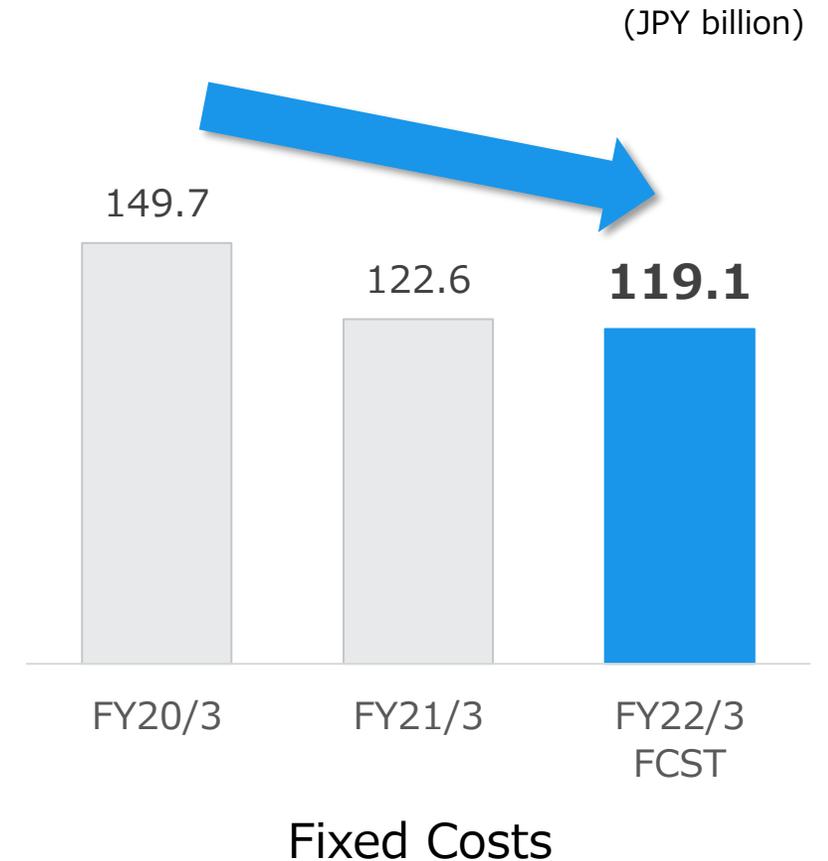
Supplier Clean Energy Commitments
https://www.apple.com/environment/Apple_Supplier_Clean_Energy_Commitments_October-2021.pdf

Relentless cost reduction & pursuit of operating efficiencies

FY22/3 Full-Year Fixed Costs:

c. -20% vs. FY20/3

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

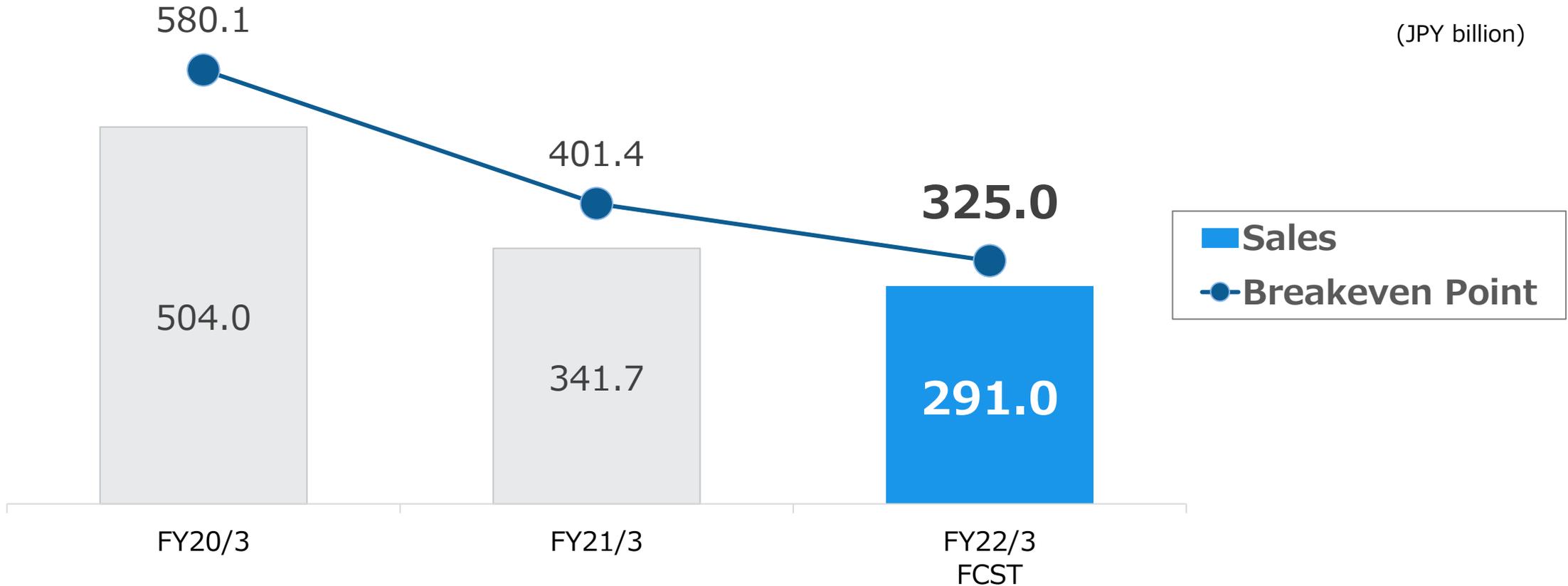


*Fixed costs defined broadly and include factory power and maintenance costs, transport costs, etc.

Sharply reduced Breakeven Point on increased product profitability & cost reductions

Reduced Breakeven Point by c. JPY 250B

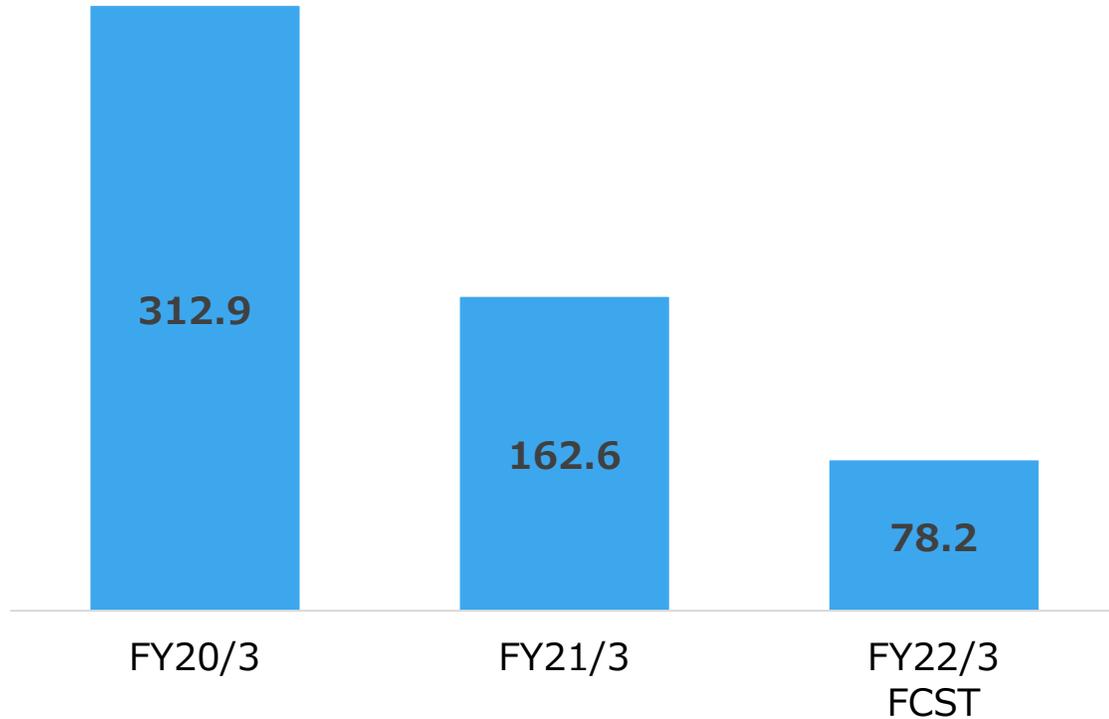
(JPY billion)



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

Sales (Mobile (US/Euro))

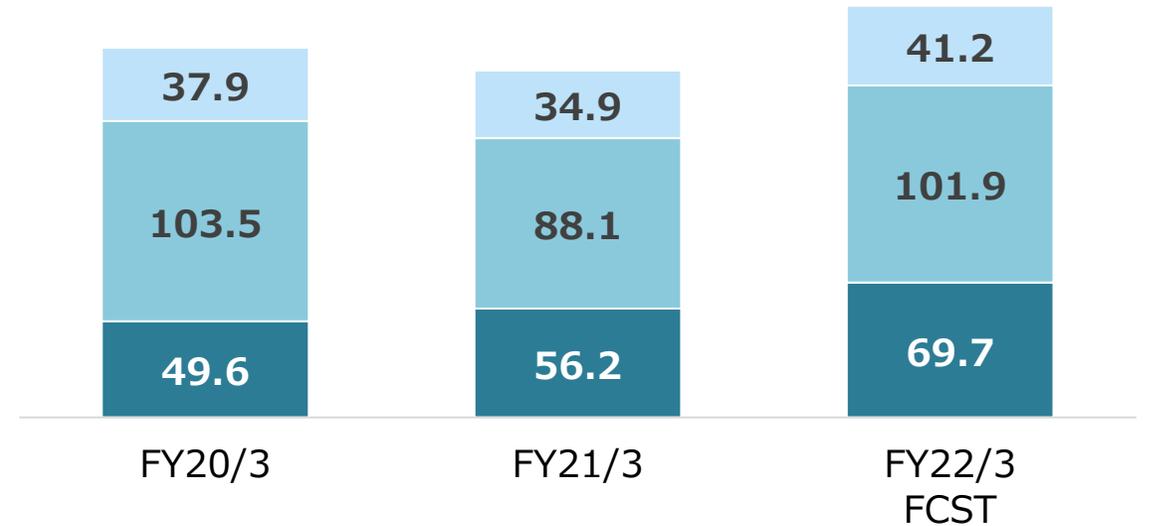
(JPY billion)



■ Mobile (US/Euro)

Sales (Excl. Mobile (US/Euro))

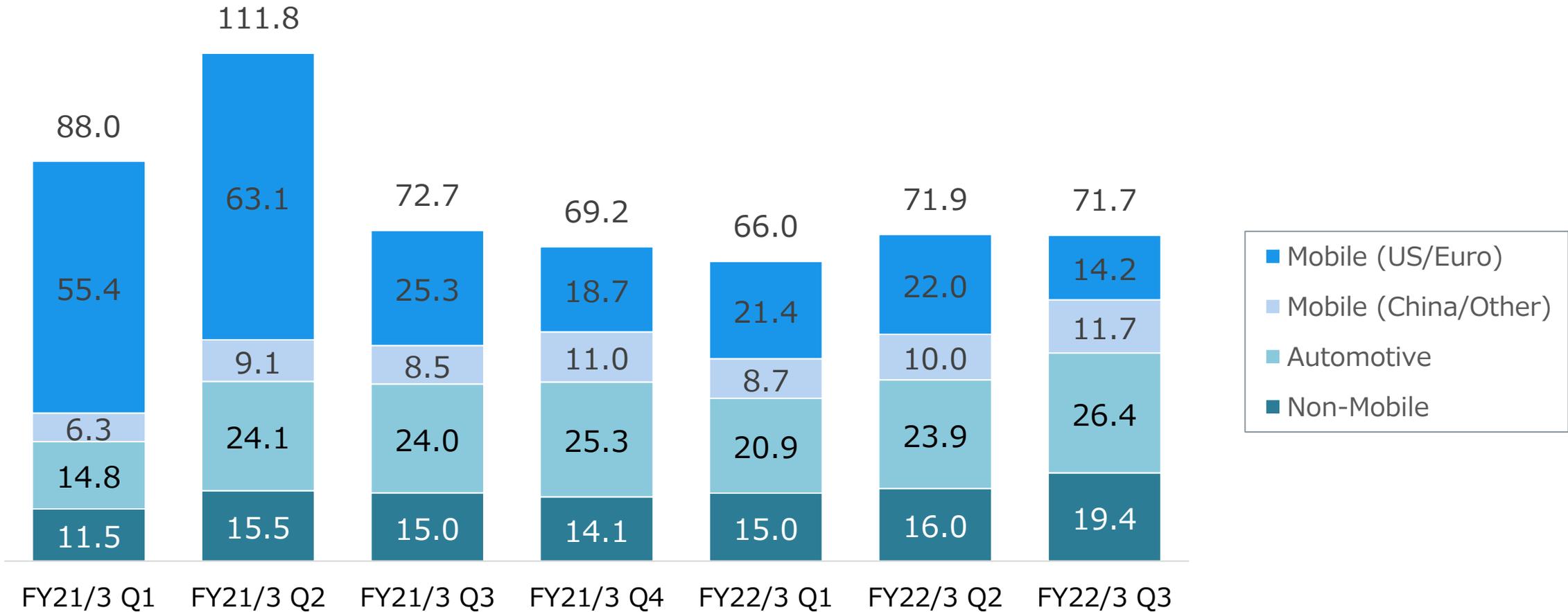
(JPY billion)



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

Quarterly Sales by Product

(JPY billion)



(JPY billion)	FY21/3 Q3	FY21/3 Q4	FY22/3 Q3	YoY	QoQ
Cash and deposits	54.2	55.7	57.8	+3.6	+2.1
Accounts receivable - trade	27.9	31.2	32.3	+4.4	+1.1
Accounts receivable - other	19.2	15.3	18.3	-0.9	+3.0
Inventories	40.7	39.7	51.0	+10.3	+11.2
Other	2.2	4.3	5.0	+2.8	+0.7
Total current assets	144.2	146.3	164.4	+20.2	+18.1
Total non-current assets	92.5	78.7	74.9	-17.6	-3.8
Total Assets	236.7	225.0	239.3	+2.6	+14.3
Accounts payable - trade	46.9	37.4	49.4	+2.5	+12.0
Interest-bearing debt	97.2	97.1	74.9	-22.2	-22.2
Advances received	2.3	1.9	5.3	+3.0	+3.4
Other liabilities	53.3	46.7	49.2	-4.1	+2.5
Total Liabilities	199.8	183.2	178.9	-20.9	-4.3
Total Net Assets	36.9	41.8	60.4	+23.5	+18.5
Shareholders Equity Ratio	14.5%	17.6%	25.2%	+10.7pts	+7.6pts

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

(JPY billion)	FY21/3 3Q (3M)	FY22/3 2Q (3M)	FY22/3 3Q (3M)	YoY	QoQ	FY21/3 Q3 (9M)	FY22/3 Q3 (9M)	YoY
Sales	72.7	71.9	71.7	-1.1	-0.2	272.5	209.5	-63.0
EBITDA	-5.7	1.0	-0.9	+4.7	-1.9	-7.8	-3.7	+4.1
Operating Profit (Loss)	-8.7	-1.2	-3.1	+5.7	-1.9	-18.6	-10.1	+8.5
Net non-op. income (expenses)	-2.0	-0.1	0.6	+2.6	+0.6	-7.3	0.0	+7.4
Recurring Profit (Loss)	-10.8	-1.2	-2.5	+8.3	-1.3	-26.0	-10.1	+15.9
Net extraordinary income (losses)	24.2	-0.1	5.3	-18.9	+5.5	3.9	4.9	+1.0
Income (Loss) Before Income Taxes	13.4	-1.3	2.8	-10.6	+4.2	-22.0	-5.2	+16.9
Net Income (Loss)	13.4	-1.8	2.4	-10.9	+4.2	-22.9	-6.3	+16.6
Avg. FX rate (JPY/USD)	104.5	110.1	113.7			106.1	111.1	
Q-End FX rate (JPY/USD)	103.5	111.9	115.0			103.5	115.0	

Consolidated Cash Flow Statement



(JPY billion)	FY21/3 Q3	FY22/3 Q2	FY22/3 Q3	YoY	QoQ	FY21/3 Q3 (9M)	FY22/3 Q3 (9M)	YoY
Income before income taxes	13.4	-1.3	2.8	-10.6	+4.2	-22.0	-5.2	+16.9
Dep. & Amort.	3.0	2.1	2.2	-0.9	+0.0	11.8	6.5	-5.3
Working capital	9.1	-3.2	-0.5	-9.7	+2.6	26.8	-8.2	-35.0
Advances received	-2.2	1.6	-1.5	+0.7	-3.1	-9.8	3.1	+12.9
Structural reform cost	0.3	0.0	0.0	-0.3	+0.0	10.5	0.0	-10.5
Impairment loss	0.4	0.1	0.4	+0.0	+0.3	10.9	0.9	-10.0
Gain on sale of fixed assets	-19.1	0.0	-0.4	+18.7	-0.4	-19.1	-0.4	+18.7
Gain on sale of subsidiary shares	0.0	0.0	-5.4	-5.4	-5.4	0.0	-5.4	-5.4
Other	2.8	2.5	3.0	+0.2	+0.5	-15.0	2.4	+17.4
Cash Flow from Operating Activities	7.8	1.9	0.6	-7.2	-1.3	-5.8	-6.2	-0.4
Fixed asset investments	-2.9	-2.1	-0.4	+2.4	+1.7	-6.1	-4.9	+1.2
Proceeds from sale of subsidiary shares	0.0	0.0	7.6	+0.0	+0.0	0.0	7.6	+0.0
Other	-0.3	0.0	0.5	+0.8	+0.5	-1.7	0.7	+2.4
Cash Flow from Investing Activities	-3.2	-2.1	7.7	+10.9	+9.8	-7.8	3.4	+11.2
Cash Flow from Financing Activities	-0.1	4.7	-0.5	-0.4	-5.2	1.2	3.9	+2.7
Ending Balance, Cash & Equiv.	53.9	49.0	57.4	+3.6	+8.5	53.9	57.4	+3.6
Free Cash Flow	4.9	-0.2	0.2	-4.8	+0.4	-11.8	-11.1	+0.8

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



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Thank You!

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