

Japan Display Inc.

FY23/3 Full-Year Corporate Presentation

May 12, 2023



PersonalTech For A Better World



Japan Display Inc.

FY23/3 Overview

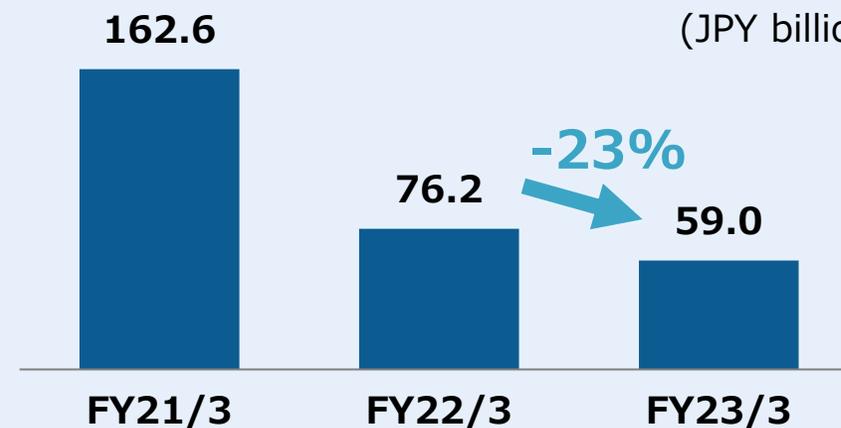
- **Terrible Market Environment, Operating & Net Income Loss**
 - Triple punch of higher costs, lower demand, & lower capacity utilization driving large losses across global display industry
 - Rising material & energy costs, global inflation, rising interest rates, & global economic slowdown remain significant headwinds
- **Total Overhaul of Business Model to Dramatically Increase Core Profitability Is Essential**
- **METAGROWTH 2026 Is The Future – Driving Revolutionary Transformation in Customer & Shareholder Value**
- **Building New Global Display Ecosystem based on JDI's Global No.1 Technology Set, Deepening Strategic Alliance with Global No.3 Display Maker HKC, & Continuing to Aggressively Manage Costs**

**Exiting Commoditized Smartphone
Business to Focus Engineering Resources
on JDI Proprietary NextGen Tech**

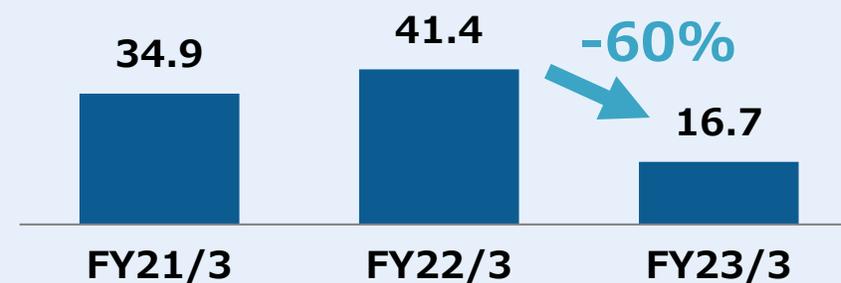
Total Mobile Sales Down 36% YOY

Mobile US/Euro

(JPY billion)



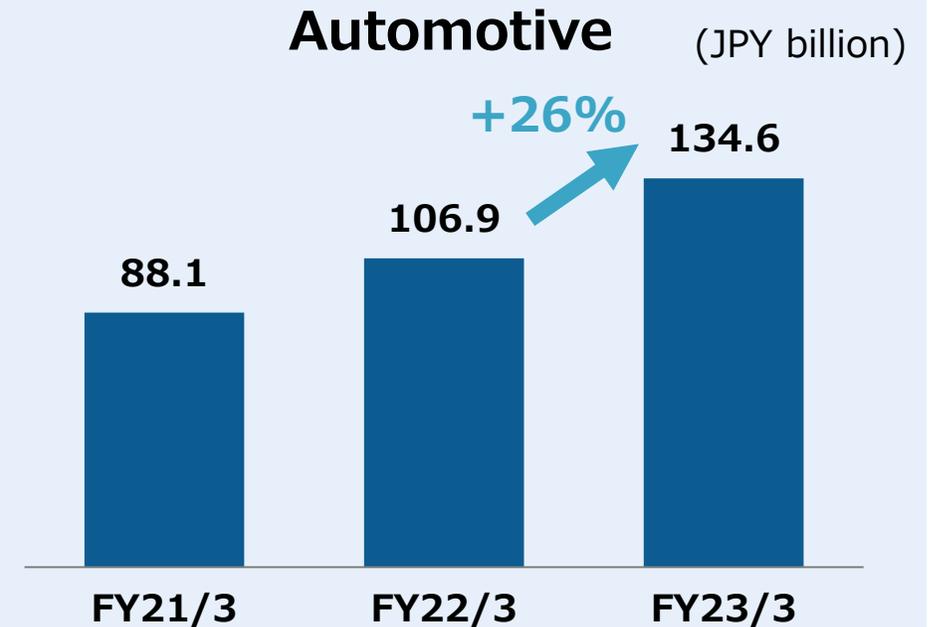
Mobile China



Long-Term Growth Driver with Robust Stability due to Long-Term Supply Contracts

Ongoing Major Customer Engagements for eLEAP & Other NextGen JDI Tech

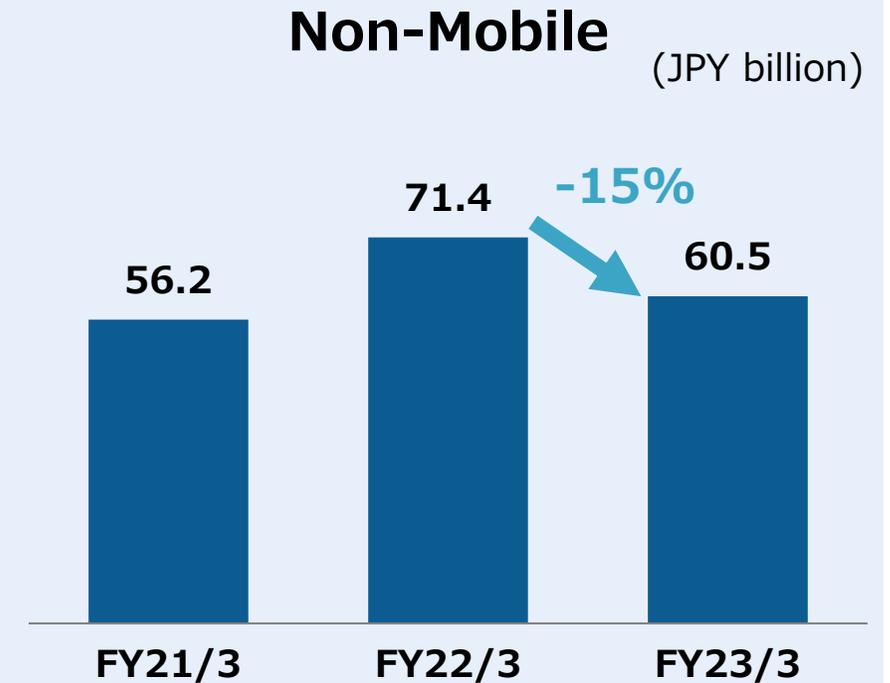
Production Affected by Shanghai Lockdown in Q1. JDI Semiconductor Shortage Resolved during H1. Chip Shortage at OEMs Lasted to Year-End. Nonetheless, YOY Sales Increase on Strong Demand for JDI Tech



JDI Proprietary Technology Set Deeply Productive Across Wide Range of Display & Non-Display Applications

Diverse Product Portfolio Offers Both Ongoing Growth & Stability

FY23/3 Sales Decline on Lower VR & Wearable Shipments Rooted in Global Economic Slowdown & Price Hikes by JDI Customers



1

Build a New Global Display Ecosystem based on JDI's Global No.1 Technology Set



- Create unprecedented customer value through eLEAP and other NextGen tech
- Cement JDI's unique competitive advantages
- Transform business model & drastically improve profitability

2

Dramatically Strengthen Competitiveness via Fab Optimization



- Sale of Chinese subsidiary Suzhou JDI Electronics
- Production end at Higashiura Fab (G3.5 LCD) & opening of Higashiura Engineering Center
- Fixed cost reductions & shift to asset-light strategy drive higher profitability & capital efficiency

3

Technology Revolution: Developing & Commercializing JDI Global No.1 Technology Set



- NextGen OLED eLEAP
- High performance, ultra-low power consumption, low-cost backplane technology HMO
- Smart Lighting LumiFree
- Other new technologies, products, & businesses under development

4

Significant Strengthening of Financial Position & Acceleration of METAGROWTH 2026



- Dramatically strengthened balance sheet & became debt-free with support from Ichigo & INCJ
- Accelerate METAGROWTH 2026 on back of newly strengthened financial position
- Push through current business environment & bridge to new tech

5

Strategic Alliance with Global No. 3 Display Maker HKC (2023/04)

- Generate overwhelming competitiveness & customer value by combining JDI's proprietary technologies with HKC's cost competitiveness & sales capabilities
- Cement JDI's technology leadership in global display industry & grow customer, social, and shareholder value



Increase Core Profitability through Fixed Cost Reductions & Shift to Asset-Light Strategy

Japan

- Mobara Fab (G6, Chiba Pref.)
- Ishikawa Fab (G4.5, Ishikawa Pref.)
- Tottori Fab (G4, Tottori Pref.)
- Hakusan Fab (G6, Ishikawa Pref.) → **Sold Oct 2020**
- Higashiura Fab (G3.5, Aichi Pref.) → **Production End Mar 2023**
Sale Scheduled Apr 2024

Global

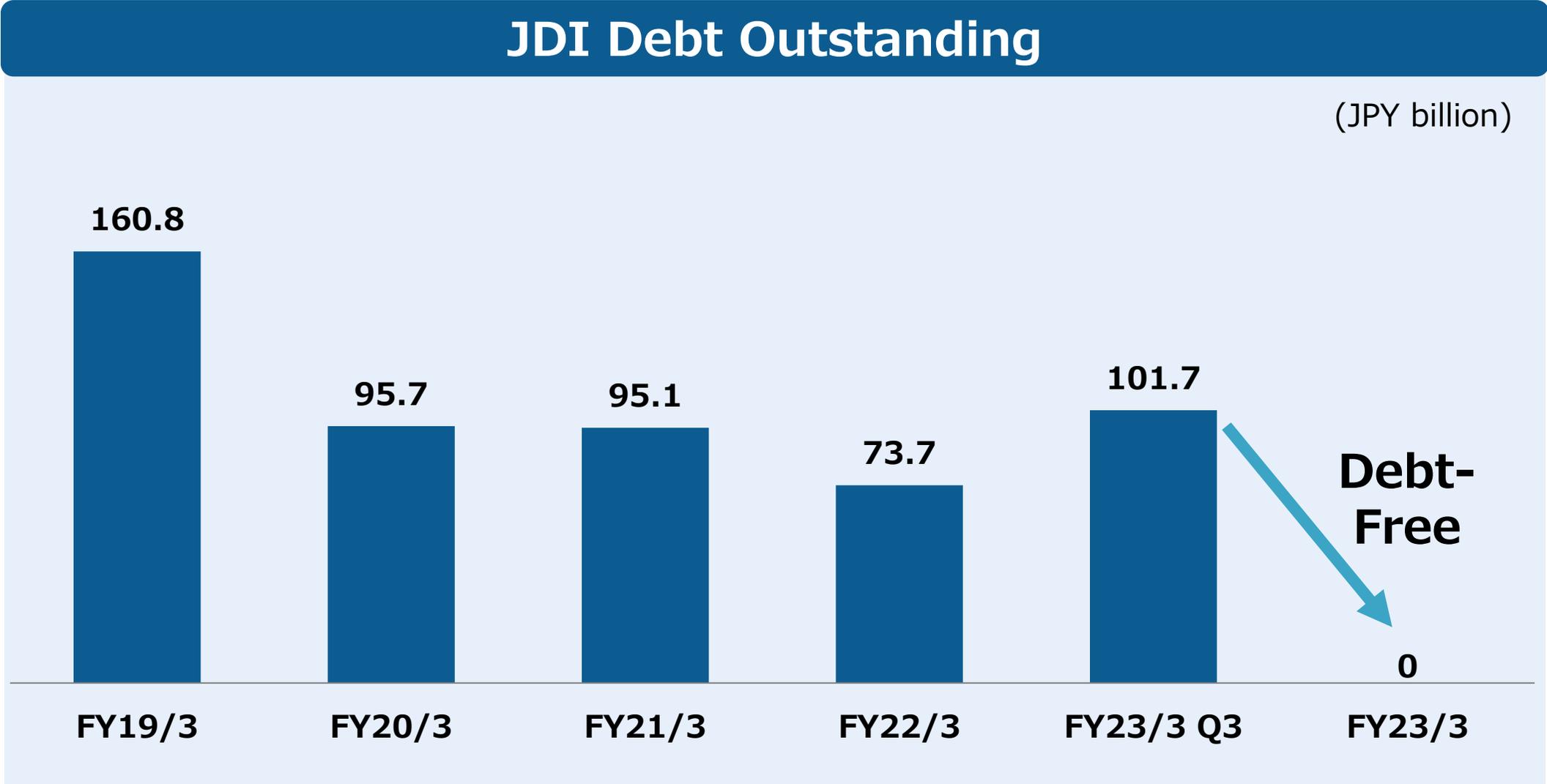
- Nanox Philippines Inc. (Philippines)
- Kaohsiung Opto-Electronics Inc. (Taiwan) → **Sold Dec 2021**
- Suzhou JDI Electronics Inc. (China) → **Sold Jan 2023**

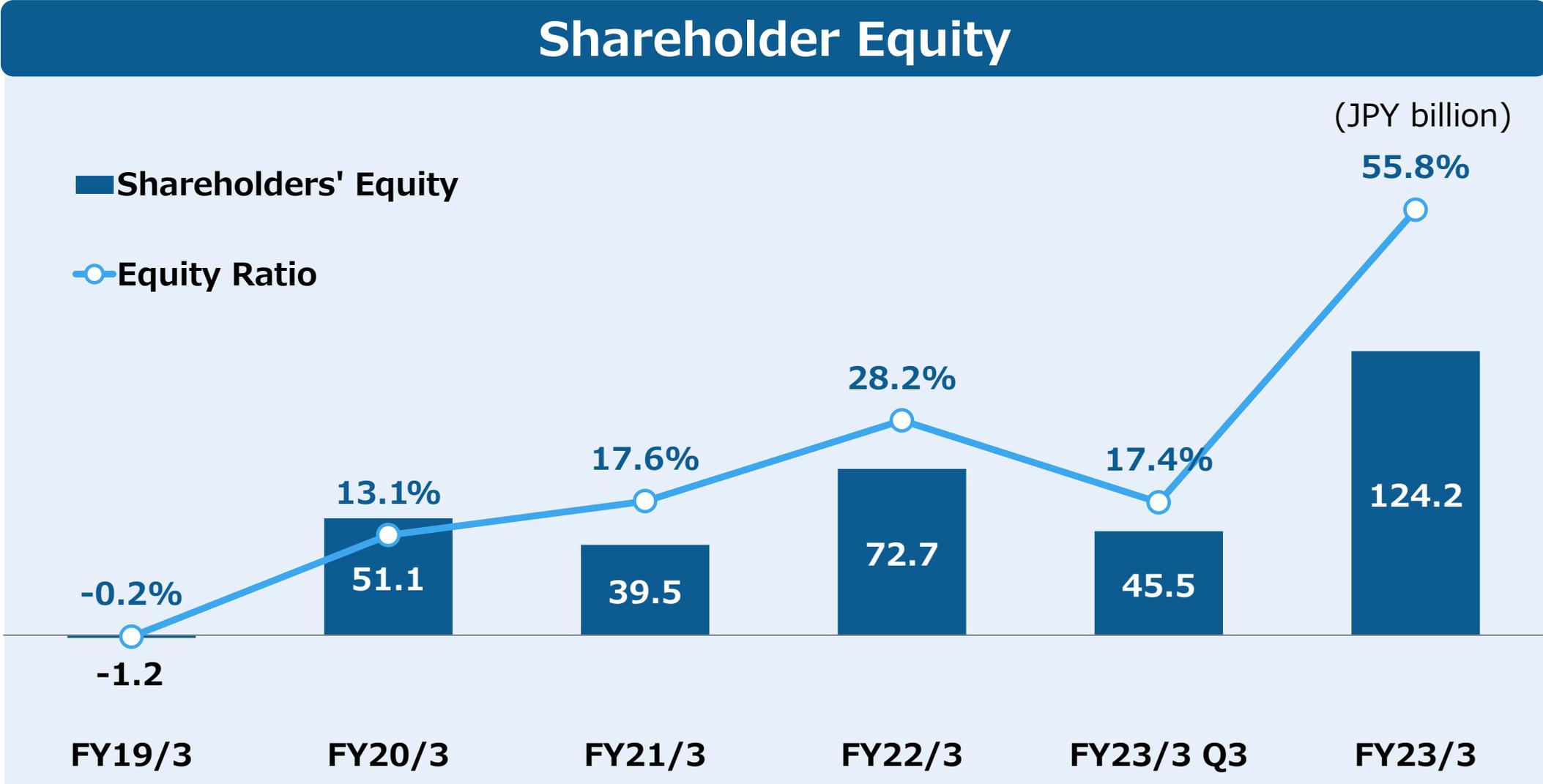


Fixed Cost Reductions JPY 33B/Year

Accelerate METAGROWTH 2026 through Capital Injection & Debt Elimination

Action	Purpose/Outcome
1 Ichigo lends JDI JPY 20B to repay JPY 20B short-term INCJ loan	Finance JDI (Total Ichigo loans to JDI: JPY 48B)
2 Ichigo buys JPY 53.7B of JDI debt from INCJ	Eliminate all JDI debt to INCJ
3 Ichigo forgives JPY 15B of JDI debt	Finance JDI, reduce JDI debt, strengthen JDI financial position
4 INCJ returns Class A preferred shares to JDI at zero-cost. JDI to cancel shares.	Reduce JDI share dilution (preferred shares are convertible to common shares)
5 Ichigo & JDI do JPY 86.7B debt equity swap at 2023/2/9 closing share price (JPY 45) on Ichigo loans to JDI to eliminate all of JDI's debt	Finance JDI, eliminate JDI debt, strengthen JDI financial position
6 JDI issues JPY 173.6B warrants to Ichigo struck at 2023/2/9 closing share price (JPY 45)	Finance JDI & METAGROWTH 2026 growth investments, strengthen JDI financial position







**One Team
One Goal
Global No.1**



eLEAP

**World-Class Backplane
Technologies: LTPO/HMO**

**High-End Automotive
Displays**



COOPERATION SYNERGY

Cost Competitiveness

**Massive Production
Capacity**

Strong Sales Force

**JDI and HKC will jointly plan and build world-class
eLEAP fabs, targeting mass production in 2025**

Global No.1 in Mid- & High-End Segments of Key Strategic Markets





Japan Display Inc.

FY23/3 Earnings Review

Strategy Execution Drove FY21/3 & FY22/3 Improvements, but FY23/3 Downturn in Terrible Market Environment

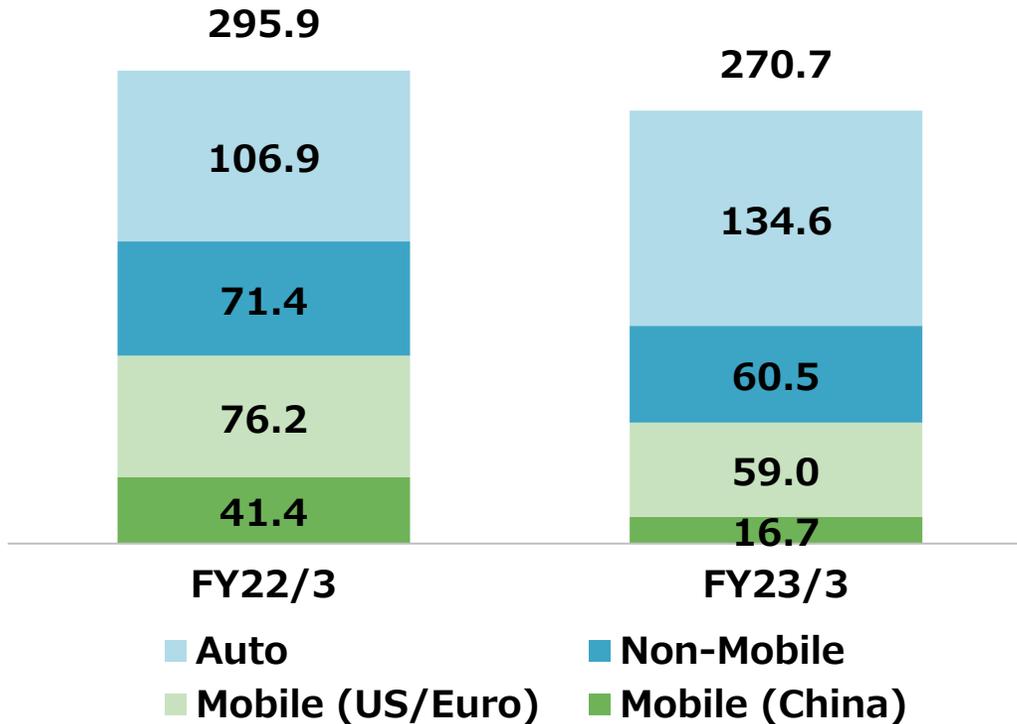
(JPY billion)	FY20/3	FY21/3	FY22/3	FY23/3
Sales	504.0	341.7	295.9	270.7
EBITDA	-19.5	-12.5	0.2	-36.2
Operating Profit	-38.5	-26.2	-8.6	-44.4
Recurring Profit	-57.9	-32.7	-8.0	-42.9
Net Income	-101.4	-42.7	-8.1	-25.8
FX (JPY/USD)	108.7	106.1	112.4	135.5

- **Triple punch of higher costs, lower demand & lower utilization has caused industry-wide losses**
- **Increased material & energy costs, global inflation, rising interest rates & global economic slowdown remain significant headwinds**
- **Given harsh FY24/3 outlook, taking measures to improve performance similar to JDI execution in FY21/3 & FY22/3**

Continue to Exit Mobile. Non-Mobile Shrank on Global Economic Slowdown. Despite IC Shortage, Automotive Up on Strong Demand for JDI Products & Weaker Yen

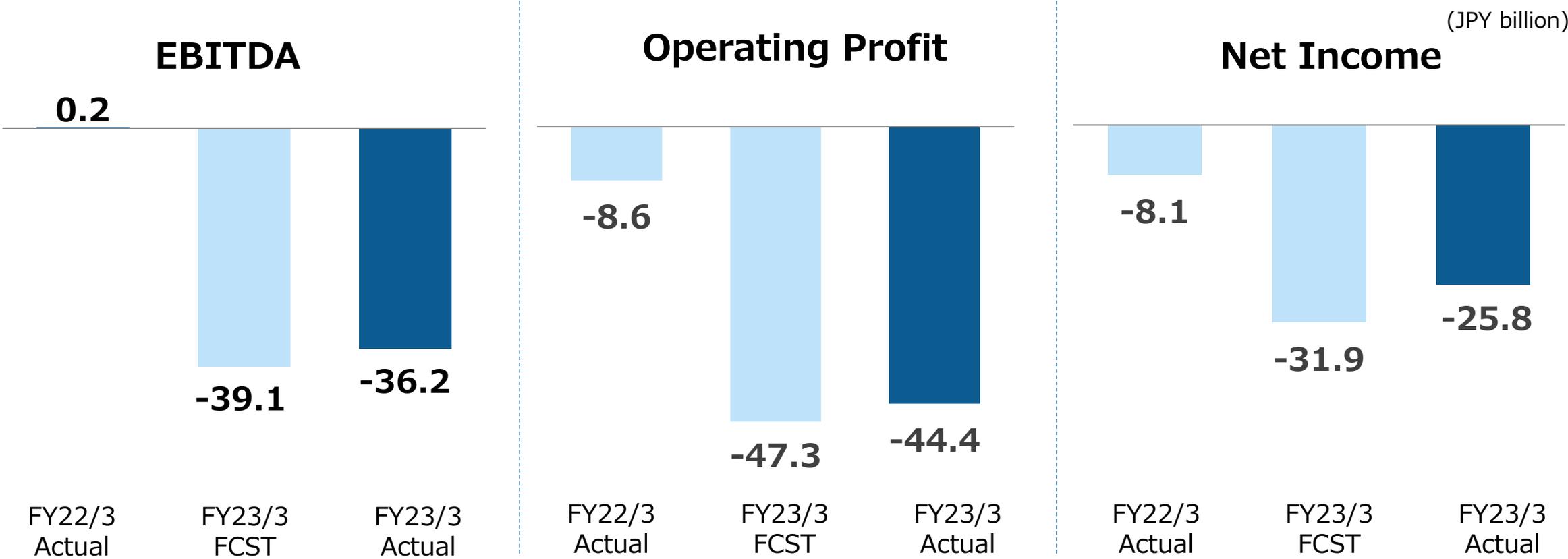
Sales by Product Area

(JPY billion)



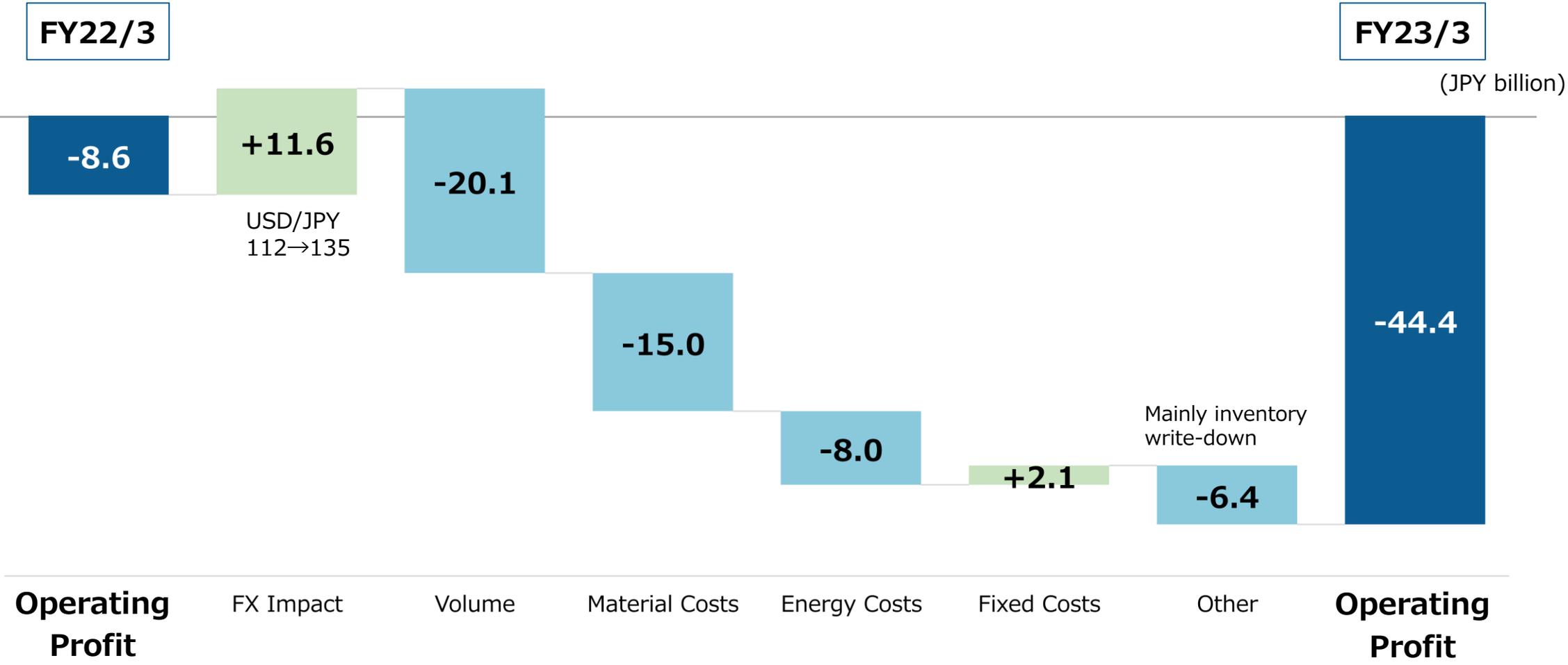
- **Automotive:** Strong demand & resolution of JDI component shortages outweighed negative effect of IC shortages on automakers
- **Non-Mobile:** Decreased demand for consumer electronics due to global economic slowdown & customer price hikes
- **Mobile:** Strategically downsizing to focus management & engineering resources on next-generation products

Profitability Worsened on Deterioration in Business Environment & Increase in Material & Energy Costs. JPY 15 billion gain on Ichigo Forgiveness of JDI debt



FY23/3 had total extraordinary gains of JPY 29.7 billion & total extraordinary losses of JPY 8.7 billion

Fixed Cost Reductions & Yen Depreciation Positive, but Losses Widened on Lower Volumes & Higher Materials & Energy Costs





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FY24/3 Forecast

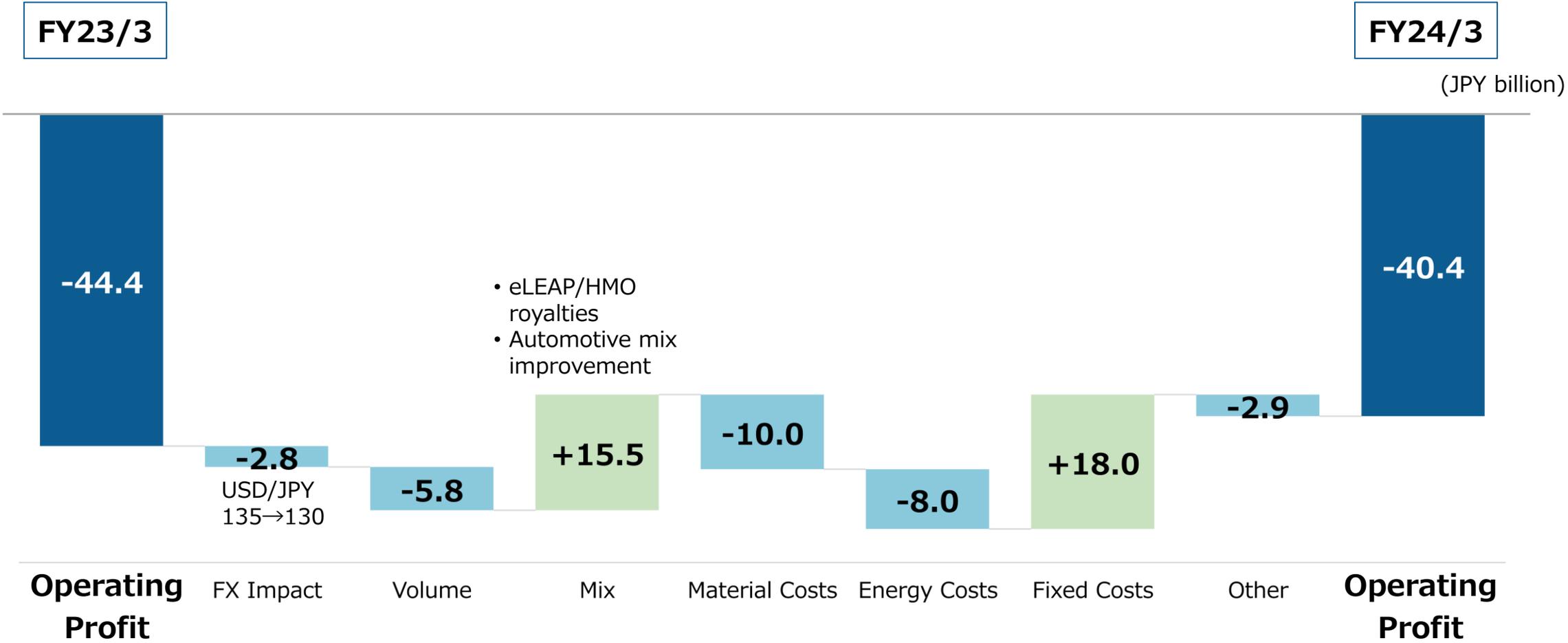
Business Environment Remains Difficult on Continued High Material & Energy Costs & Slowdown of Global Economy. Short-Term Sales Decline from Withdrawal from Unprofitable Businesses Will Contribute to Structural Improvement in Profitability from FY25/3 Onward

(JPY billion)	FY23/3	FY24/3		
	Actual	H1	H2	Forecast
Sales	270.7	111.4	128.6	240.0
Automotive	134.6	61.6	64.7	126.3
Non-Mobile	60.5	36.3	58.2	94.5
Mobile (US/Euro)	59.0	10.9	3.1	14.0
Mobile (China)	16.7	2.6	2.6	5.2
EBITDA	-36.2	-26.1	-7.9	-34.0
Operating Profit	-44.4	-29.1	-11.3	-40.4
Recurring Profit	-42.9	-29.9	-13.3	-43.2
Net Income	-25.8	-32.2	-15.6	-47.8

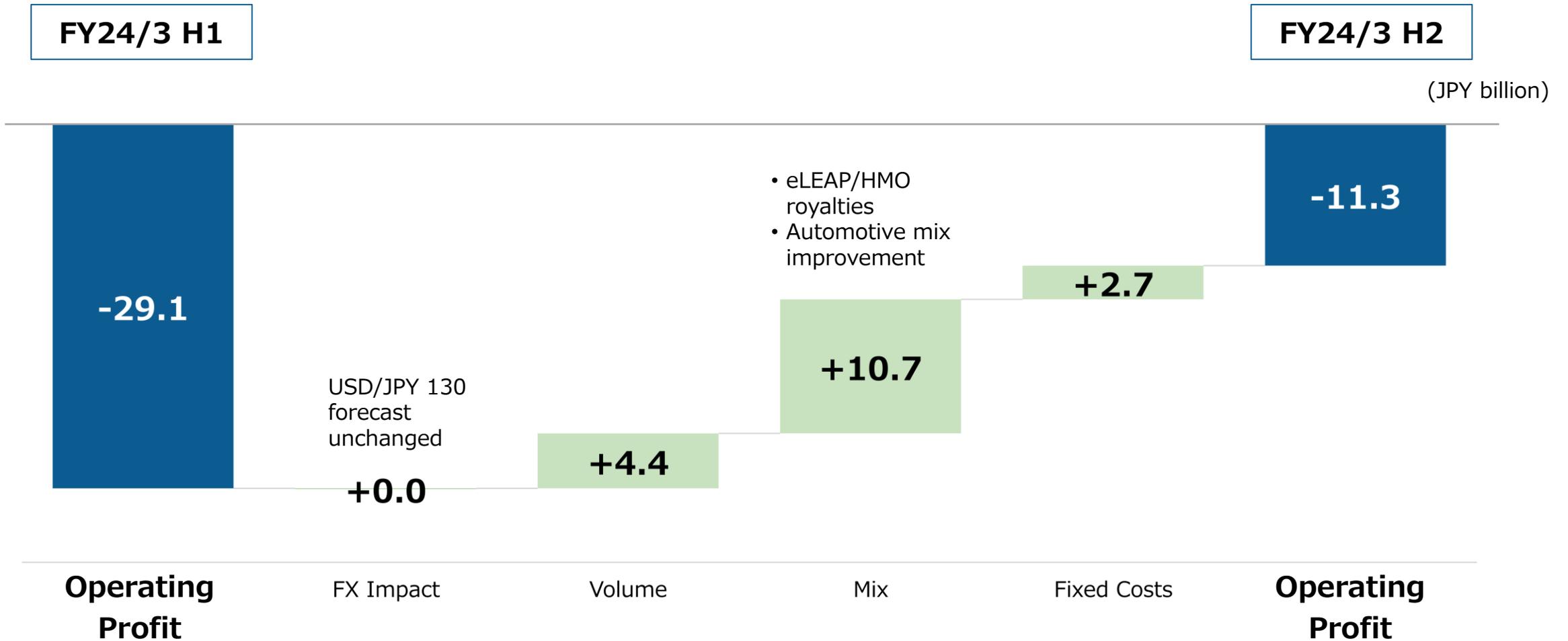
FY23/3 → FY24/3 Operating Profit Breakdown



Despite Lower Sales & Higher Material & Energy Costs, Profitability to Improve on Product Mix Improvements & Fixed Cost Reductions



Product Mix Improvements & Contributions from New Technologies such as eLEAP & HMO to Drive Higher Earnings from FY24/3 H2





Japan Display Inc.

METAGROWTH 2026 Update

Core Strategy

**Global No. 1 Technology Leadership to
Best Serve Customers and Deliver
PersonalTech For A Better World**

METAGROWTH in Value Creation





META

**“Comprehensive, Overarching”
Underscores JDI’s Commitment to
Transformational Growth**

Metaverse Also a JDI Growth Driver



**Displays are a foundational technology for modern society
JDI has unmatched technological capabilities to deliver customer
and social value and improve people's lives**



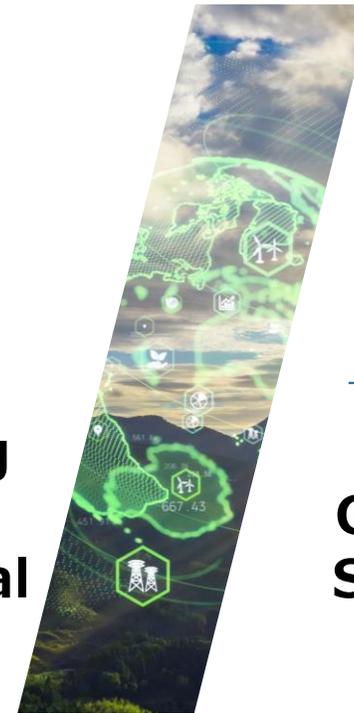
①

**Global No. 1
Technology
Leadership**



②

**Market-Leading
Technology,
Transformational
Growth**



③

**GreenTech &
Sustainability**



①

Global No. 1
Technology Leadership

- JDI has regained technology leadership in the global display industry with its Global No. 1 proprietary technologies, including eLEAP (NextGen OLED), HMO (High Mobility Oxide), Metaverse (Ultra High Resolution), & Rælclear (Transparent Displays)
- JDI will further expand its technology leadership to dramatically increase customer & shareholder value



②

**Market-Leading
Technology,
Transformational
Growth**

- The global display business is a technology industry. JDI is a technology company. So are its customers. Customers' needs are superior technology & high cost performance
- Support JDI's customers' value creation & competitive advantage by delivering proprietary Global No.1 technologies such as eLEAP, which has unparalleled cost performance
- End participation in commodity competition, leverage JDI's one-of-a-kind, innovative technology to generate radical improvements in profitability & growth



3

GreenTech & Sustainability

- Address deeply important global environmental issues via JDI environment positive GreenTech such as eLEAP & HMO, which deliver significant value to JDI's socially conscious customers
- Companies exist to serve society. JDI will always run its business to contribute to a sustainable world
- JDI is committed to an open corporate culture and supports the growth of each & every employee and their pursuit of Global No. 1 excellence

1

eLEAP (NextGen OLED)

High Brightness, Long Lifetime,
High Resolution GreenTech



- First samples shipped August 2022, first customer order February 2023, mass production from 2024
- Ongoing licensing discussions with multiple parties
- Strategic alliance MOU signed with HKC in April 2023

2

HMO (High Mobility Oxide)

Ultra-Low Power, High Resolution & Large Screen Capable Backplane Tech



- Progressing development for broad array of applications, mass production from 2024
- Ongoing licensing discussions with multiple parties
- Strategic alliance MOU signed with HKC in April 2023

3

Metaverse (Ultra High Resolution)

Unparalleled Immersive Experience



- 2000ppi displays on glass substrates, generating best-in-class price performance, in mass production from 2025
- One-off drop in demand in FY23/3, but robust demand from multiple customers for NextGen JDI tech

4

AutoTech

EV-Focused Integrated Cockpit



- Evolution of next-generation HUD & integrated cockpit, expansion of applications enabled by new technology
- Strong customer demand for eLEAP in automotive applications – it is environmental impact reducing GreenTech that overcomes short lifetime problem of existing OLED. Ongoing engagements with multiple customers

5

Ræclear (Transparent Interface)

World's Highest Transparency



- 12-inch model in production, broad use as barrier-free communication tool
- 21-inch model mass production from autumn 2023
- Favorable reception at CES & other global exhibitions. Ongoing engagements with multiple customers

6

New Tech, Products & Businesses

New Uses for JDI Technology Set



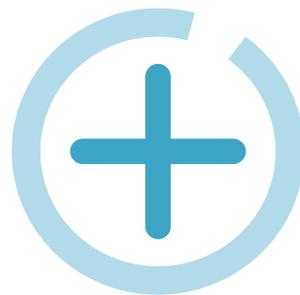
- Succeeded in developing world's first free-lighting Smart Light LumiFree & have received orders from multiple customers. Mass production from FY24/3 Q1
- Progress in developing Global No.1 technologies in new areas like life sciences. Launched multiple new internal start-ups to speed commercialization

Local Production & Presence in Massive & Growing Markets



CHINA

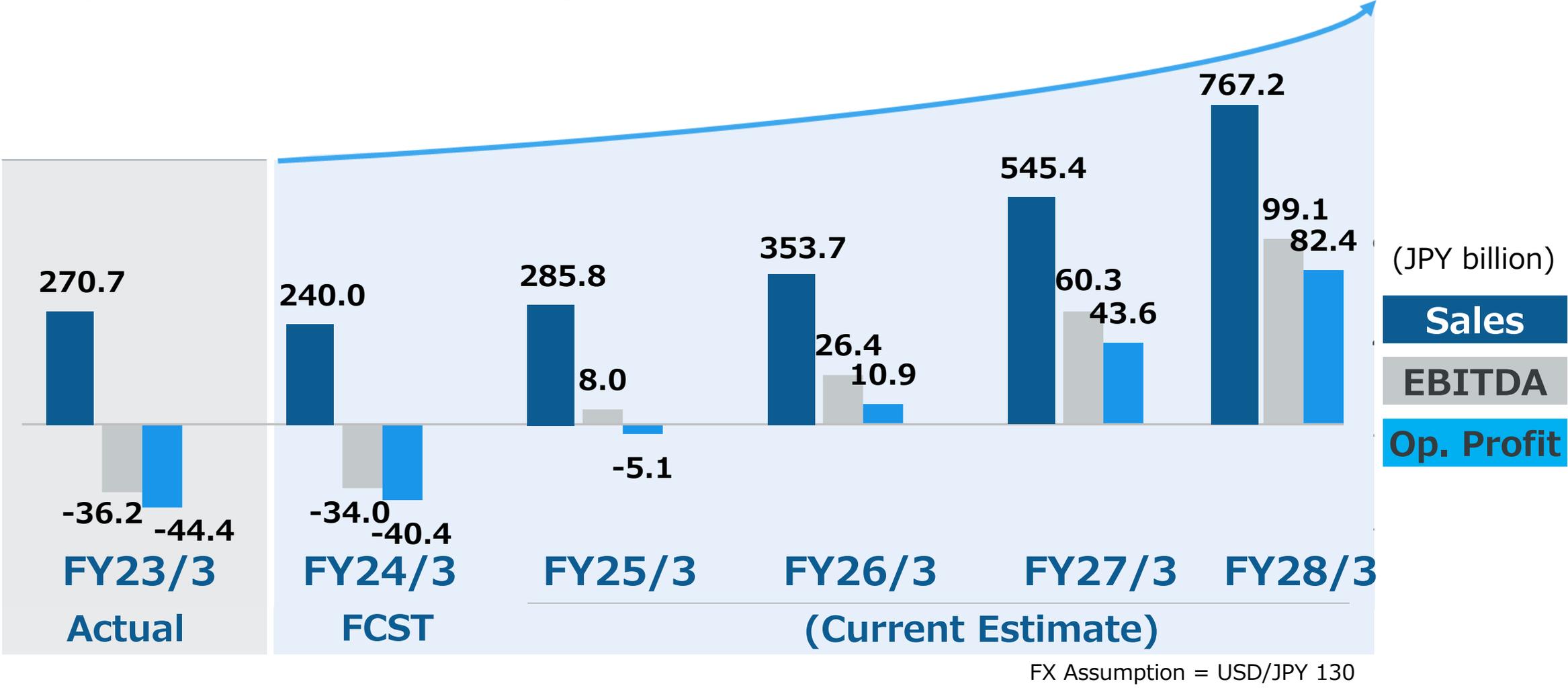
- Finalize strategic alliance with global No.3 display maker HKC by June 2023
- Agreement to build eLEAP fab in China, targeting mass production in FY26/3



INDIA

- Inbound inquiries from multiple Indian conglomerates for technical support & joint business development in India
- Ongoing discussions on building eLEAP fab & business in India

Will Announce Updated KPIs in August after Final HKC Alliance Agreement. See KPI Upside on eLEAP & Other NextGen Tech

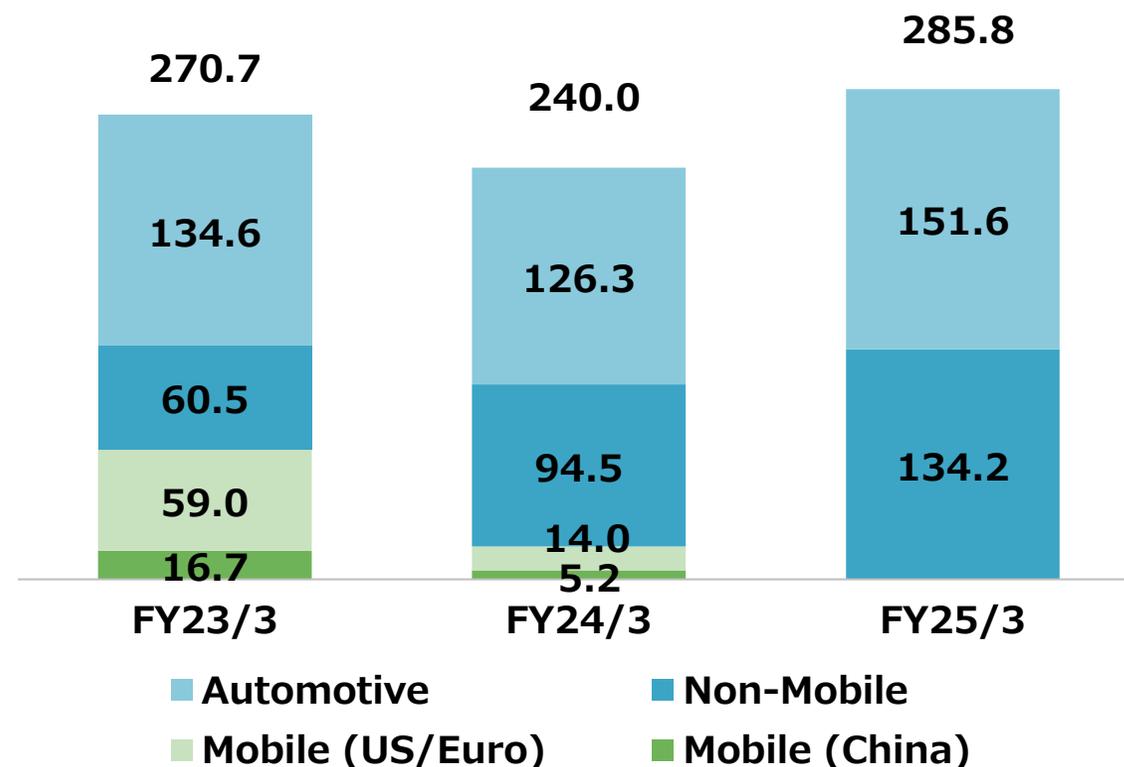


Dramatic Improvement in Product Mix from FY25/3 due to Full-Scale Launch of Growth Drivers. Profitability Improvement on FY24/3 Exit from Mobile & Other Unprofitable Products

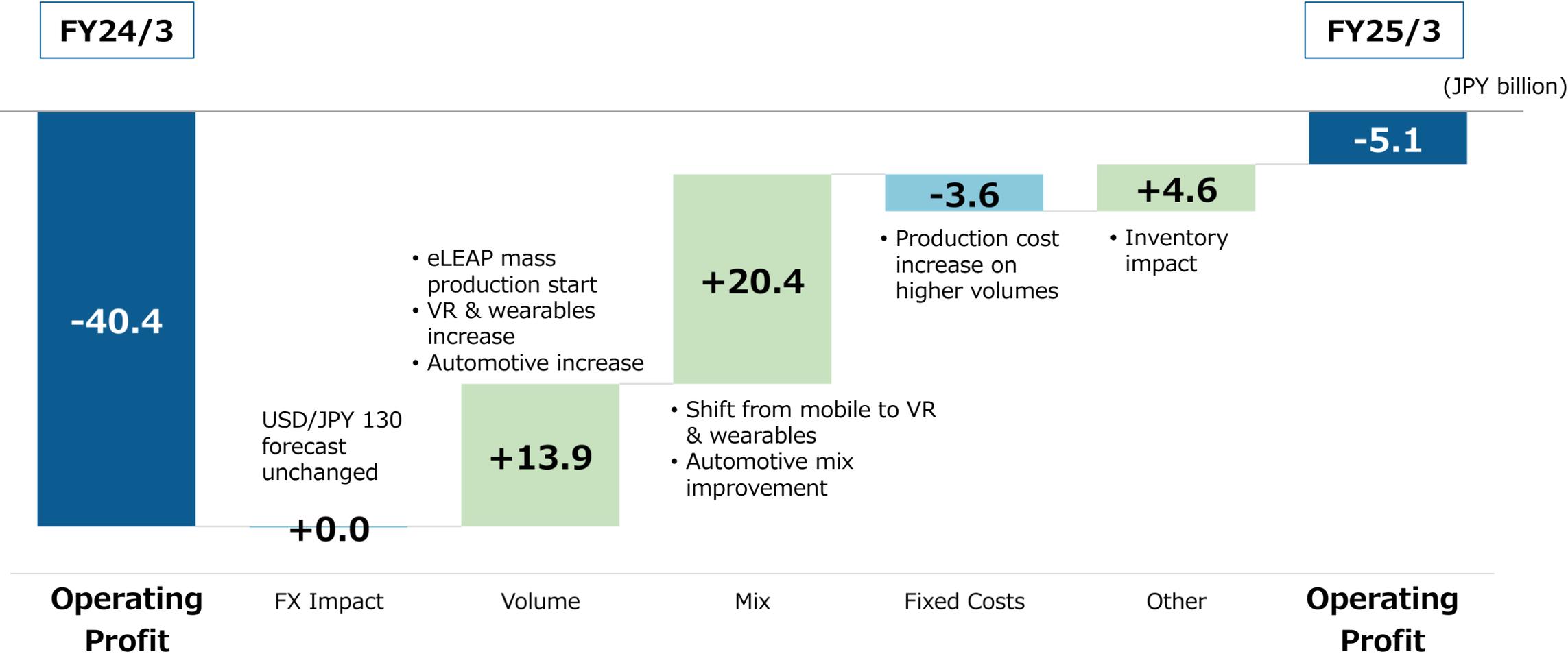
Sales by Product Area

(JPY billion)

(JPY billion)	FY23/3 Actual	FY24/3 Forecast	FY25/3 Forecast
Sales	270.7	240.0	285.8
EBITDA	-36.2	-34.0	8.0
Operating Profit	-44.4	-40.4	-5.1
Recurring Profit	-42.9	-43.2	-11.2
Net Income	-25.8	-47.8	-10.9



Significant Improvement on Product Mix Improvement, eLEAP Mass Production Start, & VR, Wearable, & Automotive Growth



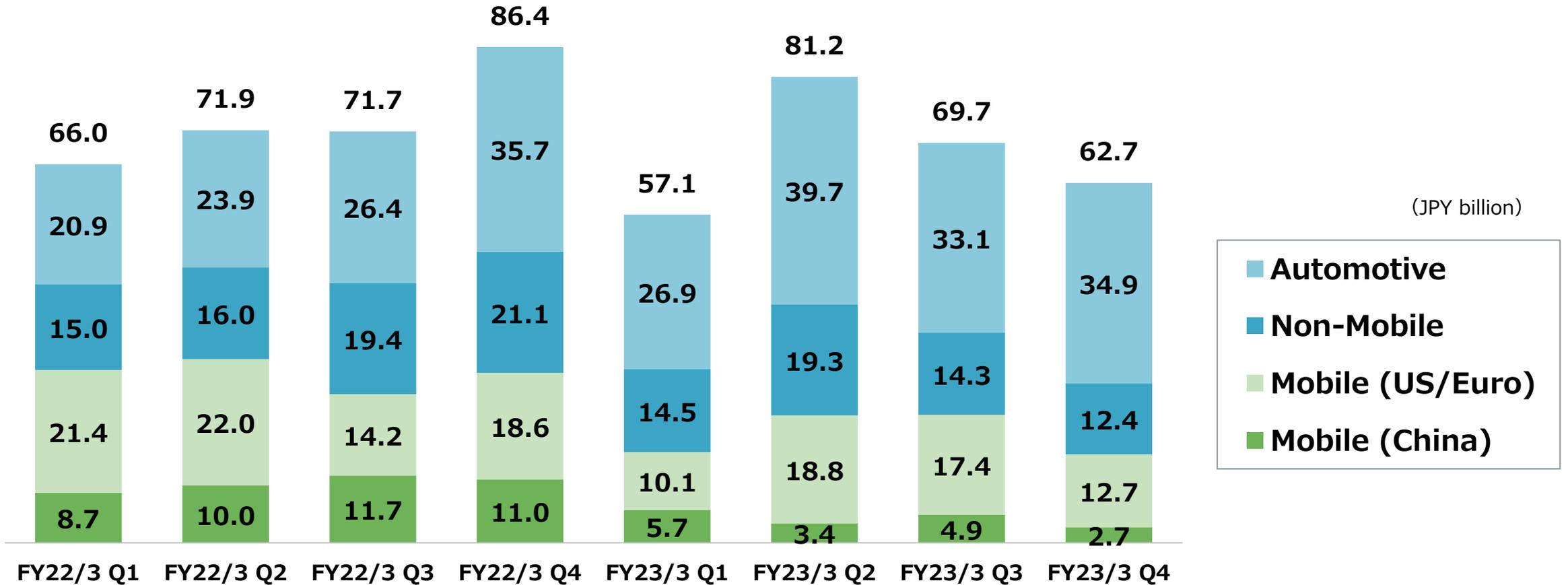
- **Deliver Structural Profitability from FY25/3 Onwards on Continued Dramatic Business Model Transformation**
 - Transform business portfolio through exit from unprofitable businesses
 - Build stable technology-related revenue base built on Global No.1 technology set
 - Increase profitability improvement through relentless fixed cost reductions
- **Generate Large-Scale Production Capacity & Overwhelming Cost Competitiveness via Finalization of Strategic Alliance with HKC in June 2023. Start eLEAP Mass Production with HKC in FY26/3**
- **Announce Revised METAGROWTH 2026 KPIs in August 2023**
- **Accelerate Development & Commercialization of New Global No.1 Tech, Products, & Businesses**



Japan Display Inc.

Appendix

Quarterly Sales Breakdown by Product Category



(JPY billion)	FY22/3 Q4	FY23/3 Q3	FY23/3 Q4	YoY	QoQ
Cash and deposits	52.2	32.6	26.2	-26.0	-6.4
Accounts receivable - trade	56.3	38.4	40.9	-15.4	+2.5
Accounts receivable - other	23.5	39.4	18.3	-5.2	-21.1
Inventories	49.1	72.2	60.3	+11.3	-11.9
Other	5.4	5.2	5.1	-0.3	-0.2
Total current assets	186.5	188.0	150.9	-35.7	-37.1
Total non-current assets	71.7	73.1	71.8	+0.1	-1.3
Total Assets	258.3	261.1	222.7	-35.6	-38.4
Accounts payable - trade	59.0	63.1	45.2	-13.7	-17.8
Interest-bearing debt	75.0	103.1	1.5	-73.5	-101.7
Accounts payable - other	14.5	13.8	9.3	-5.2	-4.5
Net defined benefit pension liability	10.1	9.2	8.2	-1.8	-1.0
Other liabilities	27.0	26.4	34.1	+7.1	+7.7
Total Liabilities	185.5	215.6	98.3	-87.2	-117.4
Total Net Assets	72.8	45.5	124.4	+51.7	+78.9
Shareholders Equity Ratio	28.2%	17.4%	55.8%	+27.6pts	+38.4pts

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

Consolidated P&L



(JPY billion)	FY22/3 Q4	FY23/3 Q3	FY23/3 Q4	FY22/3 (12M)	FY23/3 (12M)	YoY
Sales	86.4	69.7	62.7	295.9	270.7	-25.2
EBITDA	3.9	-8.5	-20.2	0.2	-36.2	-36.4
Operating Profit	1.5	-10.6	-22.0	-8.6	-44.4	-35.8
Non-Operating Income	1.6	0.6	1.6	4.0	5.6	+1.5
Non-Operating Expenses	-1.1	-2.5	-1.6	-3.4	-4.1	+0.7
Recurring Profit	2.1	-12.6	-21.9	-8.0	-42.9	-35.0
Extraordinary Income	0.6	13.5	15.2	6.4	29.7	+23.4
Extraordinary Losses	-3.3	-6.0	-1.4	-4.2	-8.7	+4.5
Income Before Income Taxes	-0.6	-5.1	-8.2	-5.8	-21.9	-16.1
Net Income	-1.8	-5.8	-8.4	-8.1	-25.8	-17.7
Avg. FX rate (JPY/USD)	116.3	141.4	132.4	112.4	135.5	
Q-End FX rate (JPY/USD)	122.4	132.7	133.5	122.4	133.5	

Consolidated Cash Flow Statement



(JPY billion)	FY23/3 Q1	FY23/3 Q2	FY23/3 Q3	FY23/3 Q4	FY22/3 (12M)	FY23/3 (12M)	YoY
Income before income taxes	-4.4	-4.2	-5.1	-8.2	-5.8	-21.9	-16.1
Depreciation & amortization	2.2	2.1	2.1	1.8	8.8	8.3	-0.5
Working capital	-0.3	-8.2	-3.6	-9.0	-23.1	-21.1	+2.0
Gain on sale of subsidiary shares	0.0	0.0	-13.5	0.0	-5.4	-13.5	-8.1
Gain on debt forgiveness	0.0	0.0	0.0	-15.0	0.0	-15.0	-15.0
Other	-8.8	7.3	-3.3	2.3	3.8	-2.5	-6.3
Cash Flow from Operating Activities	-11.4	-2.9	-23.4	-28.1	-21.7	-65.7	-44.0
Fixed asset investments	-2.7	-3.1	-1.7	-1.0	-6.7	-8.4	-1.7
Proceeds from subsidiary share sale	0.0	0.0	0.0	18.2	7.6	18.2	+10.6
Other	-0.5	0.0	-3.6	4.1	-0.8	0.0	+0.8
Cash Flow from Investing Activities	-3.2	-3.1	-5.2	21.4	0.1	9.8	+9.7
Net increase / decrease in short-term borrowings	0.0	13.0	15.0	0.0	-20.1	28.0	+48.1
Proceeds from issuance of preferred shares	0.0	0.0	0.0	0.0	35.9	0.0	-35.9
Other	-0.1	-0.1	-0.1	0.0	-1.0	-0.3	+0.7
Cash Flow from Financing Activities	-0.1	12.9	14.9	0.0	14.8	27.7	+12.9
Ending Balance, Cash & Equiv.	39.4	47.2	32.2	25.8	50.9	25.8	-25.2
Free Cash Flow	-14.1	-5.9	-25.1	-29.3	-28.8	-74.3	-45.5

Free Cash Flow = Cash Flow from Operating Activities less Capex



Thank You!

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