



Japan Display Inc.

FY22/3 Q1  
Corporate Presentation

August 5, 2021



Japan Display Inc.

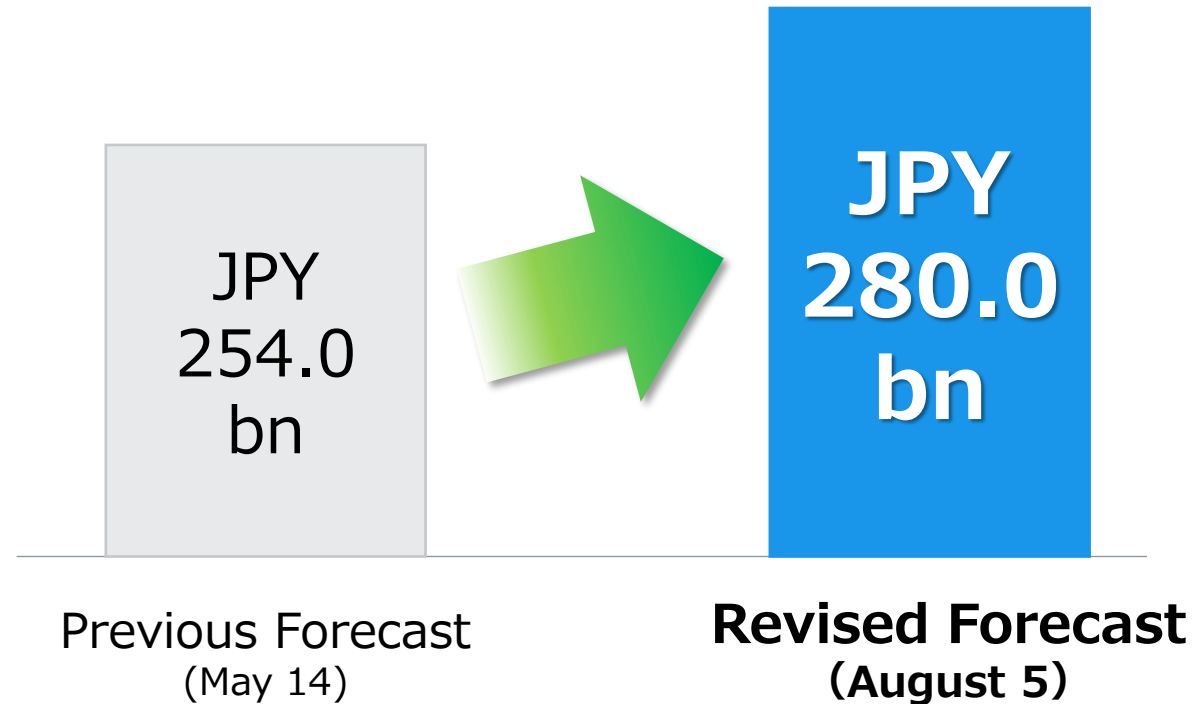
# FY22/3 Q1 Overview

- Took actions to reduce the impact of the global semiconductor shortage and reduce the risk of production & order declines by working to stabilize supplies and sign long-term stable supply agreements with major chip suppliers
- Further cut fixed & variable costs, with operating loss coming in significantly below forecast
- Signed agreement to sell Taiwan manufacturing subsidiary to world-class Taiwanese EMS to strengthen JDI competitiveness & drive growth
- Reinforced capital via Ichigo Trust exercising additional stock acquisition rights on July 30
- Received TSE notification of JDI meeting listing criteria for new TSE Prime Market, moving forward on listing procedures

# Upward Revision of Full-Year Sales Forecast

Revised up full-year sales forecast on reduced impact of semiconductor shortage, increased customer demand, & higher JDI product pricing

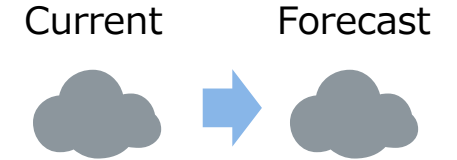
## Full-Year Sales Forecast +10.2%



## Declining smartphone LCD demand in Mobile in sharp contrast to growing Automotive & Non-Mobile demand

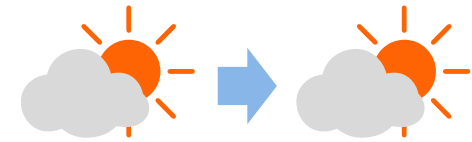
### Mobile (US/Euro)

- Declining demand for LCD smartphones on major customer OLED expansion



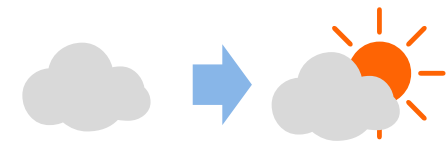
### Mobile (China/Other)

- Strong demand for LCD smartphones, as share of Chinese makers globally, incl EU & US, grows



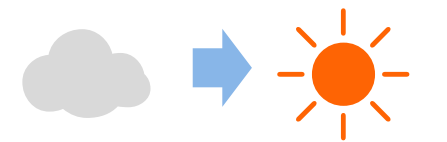
### Automotive

- Rebound from 2020 demand slump but continuing semiconductor shortage – JDI continues to lead in high-end, with robust new order book



### Non-Mobile

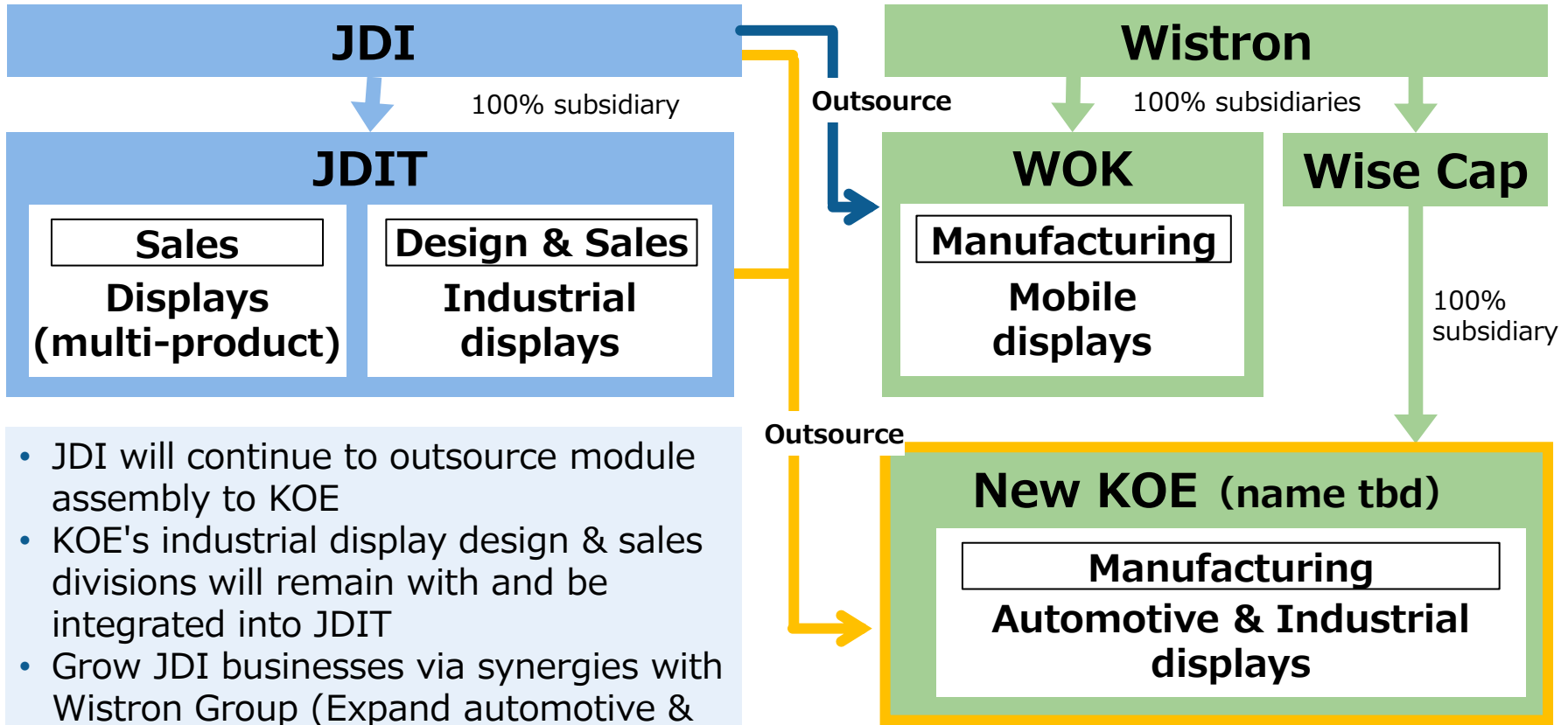
- Strong demand for OLED wearables and ultra-high-resolution LCD VR (primarily games) reflecting growth in health monitoring and lifestyle changes



# KOE Sale: Increase Competitiveness & Capital Efficiency



- Strengthen the competitiveness of JDI core automotive & industrial business and increase cost competitiveness of Taiwan manufacturing subsidiary KOE
- Shed assets and convert fixed costs to variable costs, increasing JDI operating flexibility, ability to respond quickly to changes in market environment, core earnings power, and capital efficiency



**July 8, 2021**  
 Signing of Term Sheet with Wistron Group

**Aug to Sep, 2021 (expected)**  
 Signing of Share Purchase Agreement

**Sep to Dec, 2021 (expected)**  
 Sale completion (upon obtaining approvals from relevant authorities)

- JDI will continue to outsource module assembly to KOE
- KOE's industrial display design & sales divisions will remain with and be integrated into JDIT
- Grow JDI businesses via synergies with Wistron Group (Expand automotive & industrial businesses in China, etc.)

JDI	Japan Display Inc.
JDIT	JDI Taiwan Inc.
KOE	Kaohsiung Opto-Electronics Inc.
Wistron	Wistron Corporation
WOK	Wistron Optoelectronics (Kunshan) Co., Ltd.
Wise Cap	Wise Cap Limited Company

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



**Additional JPY 16.6bn Exercised, Unexercised Amount JPY 19.4bn**

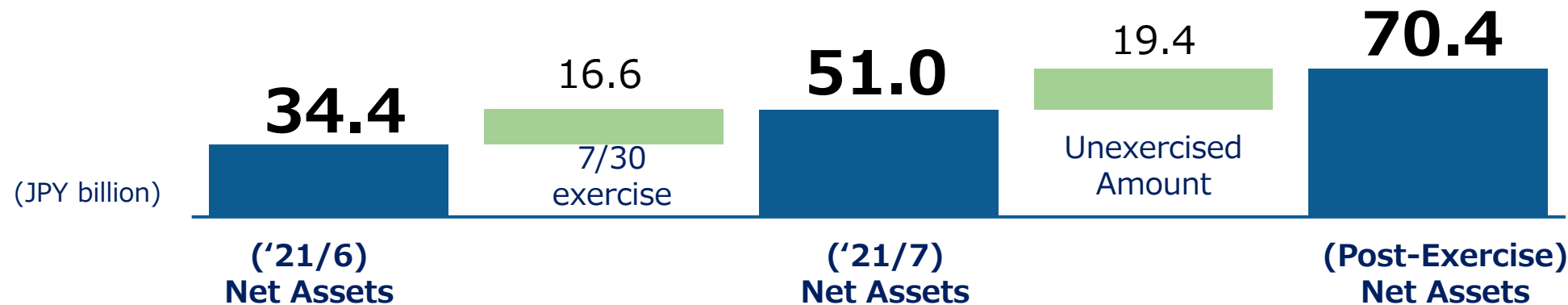
## ◆ Exercise Details

Rights exercised	<b>12<sup>th</sup> Stock Acquisition Rights (issued Aug. 2020)</b>
Total amount	<b>JPY 55.4bn</b>
Exercise date	July 30, 2021
Exercise price	JPY 10mn/share
Exercised amount	<b>JPY 16.6 bn</b>
Class of shares issued	Class E Preferred Shares
Unexercised amount	<b>JPY 19.4bn</b>

## ◆ Ichigo Trust Shareholding

Outstanding shares	No. of shares (K shares)	No. of voting rights (K)	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	3.6	0	Yes
<b>Total</b>		<b>15,181</b>	

Ichigo voting rights	<b>44.26%</b>
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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.



# PersonalTech For A Better World





Japan Display Inc.

FY22/3 Q1 Earnings Review  
Q2 Forecast

## Sales lower YoY, but earnings improvement due to cost reductions

(JPY billion)

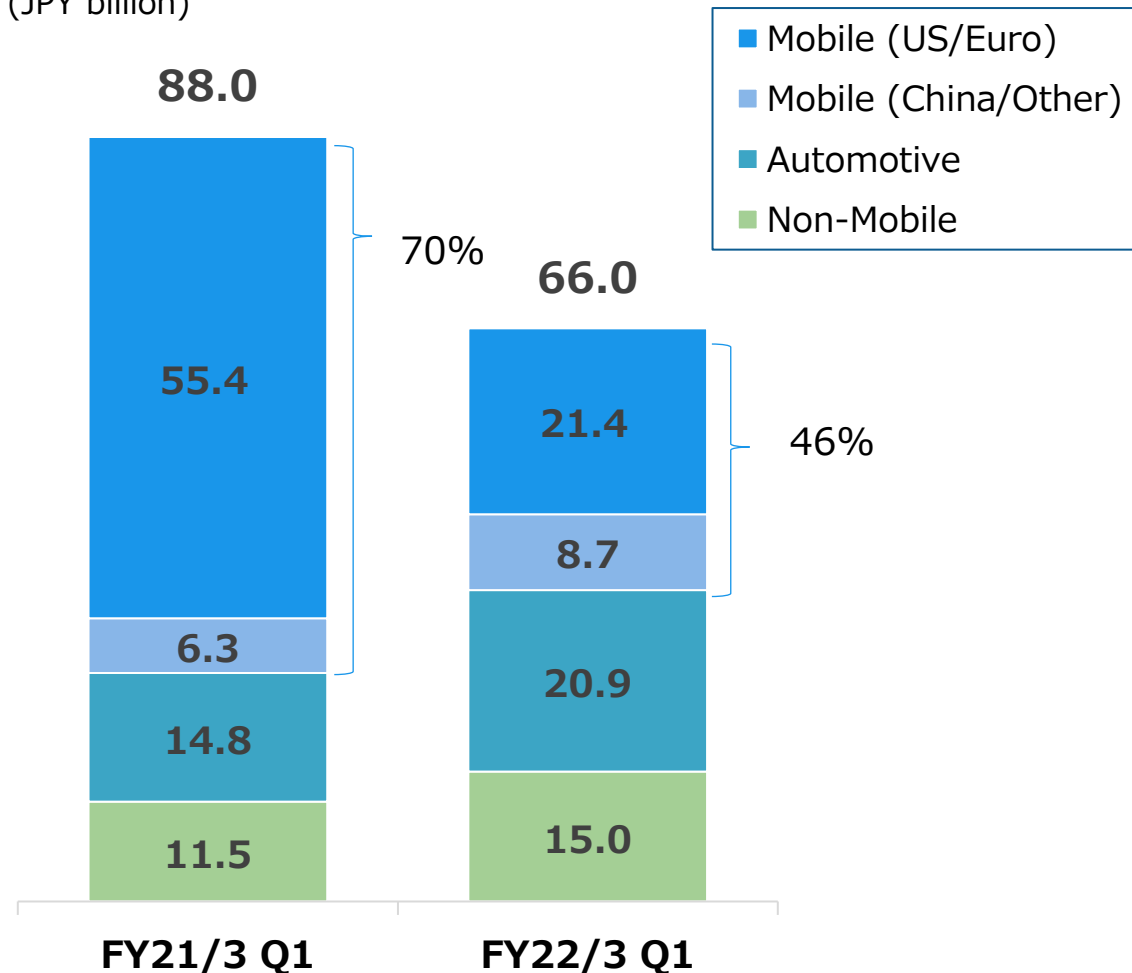
	FY21/3 Q1	FY22/3 Q1	YoY
<b>Sales</b>	88.0	<b>66.0</b>	<b>-22.0</b>
<b>Gross Profit</b>	1.0	<b>1.4</b>	<b>+0.4</b>
<b>Operating Income</b>	(7.0)	<b>(5.9)</b>	<b>+1.1</b>
<b>Ordinary Income</b>	(8.8)	<b>(6.4)</b>	<b>+2.4</b>
<b>Net Income</b>	(16.3)	<b>(7.0)</b>	<b>+9.3</b>
<b>EBITDA</b>	(3.2)	<b>(3.7)</b>	<b>-0.5</b>
Excl. chip shortage impact			
<b>Sales</b>	88.0	<b>74.8</b>	<b>-13.2</b>
<b>Operating Income</b>	(7.0)	<b>(2.8)</b>	<b>+4.2</b>
<b>EBITDA</b>	(3.2)	<b>(0.6)</b>	<b>+2.6</b>

- Due to lower mobile display demand, sales decreased by JPY22bn YoY, of which JPY8.8bn was affected by the chip shortage. However, relative to the May 14 forecast, sales were +JPY 2bn
- Due to cost cuts, the operating loss shrank by JPY1.1bn. Excluding the impact of the chip shortage, it improved by JPY4.2bn. Also, was JPY 2.9bn above forecast
- Ordinary loss and net loss also shrank due to phasing out asset maintenance costs (non-operating cost) related to the Hakusan Plant and restructuring costs (extraordinary loss)
- EBITDA –JPY 3.7bn due to lower depreciation costs, but improved by JPY 2.6bn excluding the impact of the chip shortage

- Net income represents quarterly net income attributable to owners of JDI.
- EBITDA = Operating Income + Depreciation (operating costs) + Amortization of goodwill

## Quarterly Sales by Product

(JPY billion)



## Sales by Product

- Mobile (YoY -51%、QoQ +1%)**
  - Orders fell sharply YoY due to increased customer use of OLED for smartphones (sales up slightly QoQ); Mobile % of total sales now <50%
  - Shipments to US/Euro exceeded expectations by JPY 3.1bn
- Automotive (YoY +41%、QoQ -17%)**
  - Although impact of chip shortage exceeded expectations (sales JPY 2.1bn below forecast), sales increased sharply YoY, as last year saw a large fall due to Covid-19
- Non-Mobile (YoY +30%、QoQ +6%)**
  - Sales up YoY due to increased orders for wearable OLED displays & VR ultra-high-res LCDs (also up QoQ)
  - Higher VR shipments drove sales JPY 2.0bn above forecast

# Operating Income +/- Factors

## FY22/3 Q1 Operating Income +/- Factors (YoY)

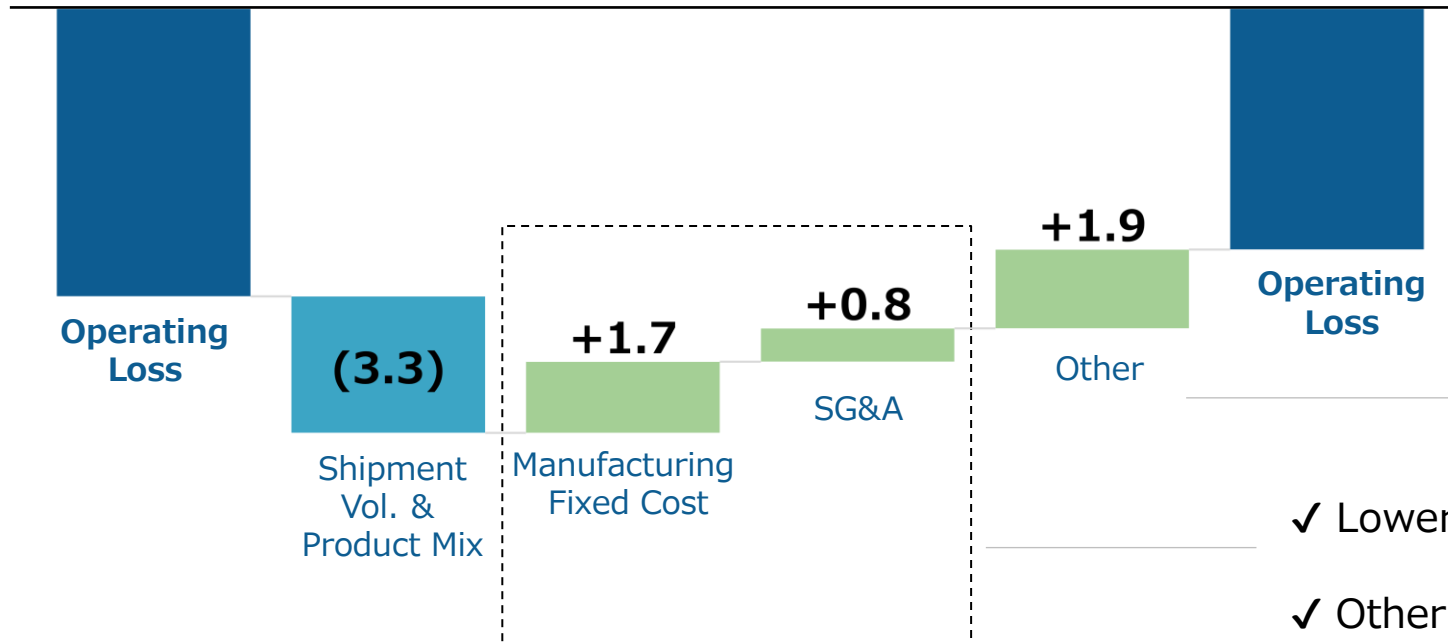
(JPY billion)

**FY21/3 Q1**

Sales 88.0  
**(7.0)**

**FY22/3 Q1**

Sales 66.0  
**(5.9)**



- Negative impact of lower sales was offset by lower costs due to improved yields and cost reductions & decreased writedowns, lowering operating loss

- ✓ Lower inventory writedown, etc.
- ✓ Lower dep. cost due to fixed assets writedown JPY 1.2bn
- ✓ Other cost reductions JPY 1.3bn

# Revised FY22/3 Full-Year Sales Forecast

## ◆ vs. Previous Forecast

(JPY billion)

	FY22/3 (Prev. FCST)	FY22/3 (New FCST)	Change	
			Amount	%
<b>Sales</b>	254.0	<b>280.0</b>	+26.0	<b>+10%</b>
Mobile (US/Euro)	47.0	<b>69.0</b>	+22.0	<b>+47%</b>
Mobile (China/Other)	34.0	<b>35.0</b>	+1.0	<b>+3%</b>
Automotive	103.0	<b>106.0</b>	+3.0	<b>+3%</b>
Non-Mobile	70.0	<b>70.0</b>	0.0	<b>+0%</b>
<b>Sales excl. Mobile (US/Euro)</b>	207.0	<b>211.0</b>	+4.0	<b>+2%</b>

## ◆ vs. FY21/3

(JPY billion)

	FY21/3 (ACT)	FY22/3 (New FCST)	YoY Change	
			Amount	%
<b>Sales</b>	341.7	<b>280.0</b>	-61.7	<b>-18%</b>
Mobile (US/Euro)	162.6	<b>69.0</b>	-93.6	<b>-58%</b>
Mobile (China/Other)	34.9	<b>35.0</b>	+0.1	<b>+0%</b>
Automotive	88.1	<b>106.0</b>	+17.9	<b>+20%</b>
Non-Mobile	56.2	<b>70.0</b>	+13.8	<b>+25%</b>
<b>Sales excl. Mobile (US/Euro)</b>	179.1	<b>211.0</b>	+31.9	<b>+18%</b>

- Full-year sales forecast revised upward by JPY 26bn (+10%), of which JPY 2bn is Q1
- Orders from major customer are expected to increase in H2
- Although tightness in chip supply is expected to continue, the Automotive sales forecast was also revised up by JPY 3bn due to the reduction of downside risk via long-term supply agreements

# FY22/3 Q2 Sales & Operating Income Forecast



## ◆ H1 (6M)

	FY21/3 H1 (ACT)	FY22/3 H1 (FCST)	(JPY billion)	
			YoY	
			Amount	%
<b>Sales</b>	199.8	<b>134.0</b>	-65.8	<b>-33%</b>
Mobile (US/Euro)	118.6	<b>39.4</b>	-79.2	<b>-67%</b>
Mobile (China/Other)	15.4	<b>18.7</b>	+3.3	<b>+21%</b>
Automotive	38.8	<b>45.9</b>	+7.1	<b>+18%</b>
Non-Mobile	27.0	<b>30.0</b>	+3.0	<b>+11%</b>
<b>Operating Income</b>	(9.9)	<b>(13.9)</b>	-4.0	
<b>Sales</b> excl. chip shortage impact	199.8	<b>149.8</b>	-50.0	<b>-25%</b>
<b>Op. Income</b> excl. chip shortage impact	(9.9)	<b>(7.9)</b>	+2.0	

## ◆ Q2 (3M)

	FY21/3 Q2 (ACT)	FY22/3 Q2 (FCST)	(JPY billion)	
			YoY	
			Amount	%
<b>Sales</b>	111.8	<b>68.0</b>	-43.8	<b>-39%</b>
Mobile (US/Euro)	63.1	<b>18.0</b>	-45.1	<b>-71%</b>
Mobile (China/Other)	9.1	<b>10.0</b>	+0.9	<b>+10%</b>
Automotive	24.1	<b>25.0</b>	+0.9	<b>+4%</b>
Non-Mobile	15.5	<b>15.0</b>	-0.5	<b>-3%</b>
<b>Operating Income</b>	(2.9)	<b>(8.0)</b>	-5.1	
<b>Sales</b> excl. chip shortage impact	111.8	<b>75.0</b>	-36.8	<b>-33%</b>
<b>Op. Income</b> excl. chip shortage impact	(2.9)	<b>(5.1)</b>	-2.2	

- In H1, Mobile (US/Euro) sales are forecast to decline significantly, taking total sales down 33% YOY (JPY 199.8 bn -> JPY 134.0B). Mobile (China/Other), Automotive, & Non-Mobile forecast to increase due to strong demand
- Due to the sales decrease, **H1 operating loss is forecast to grow YoY, but improve by JPY 2.0bn (JPY -9.9bn -> JPY -7.9 bn) YOY when excluding the chip shortage impact**
- The Q2 operating loss will increase from Q1 due to temporary factors such as higher chip prices, but input price increases will be broadly passed on to selling prices from Q3. **Keeping target of Q4 Positive EBITDA**

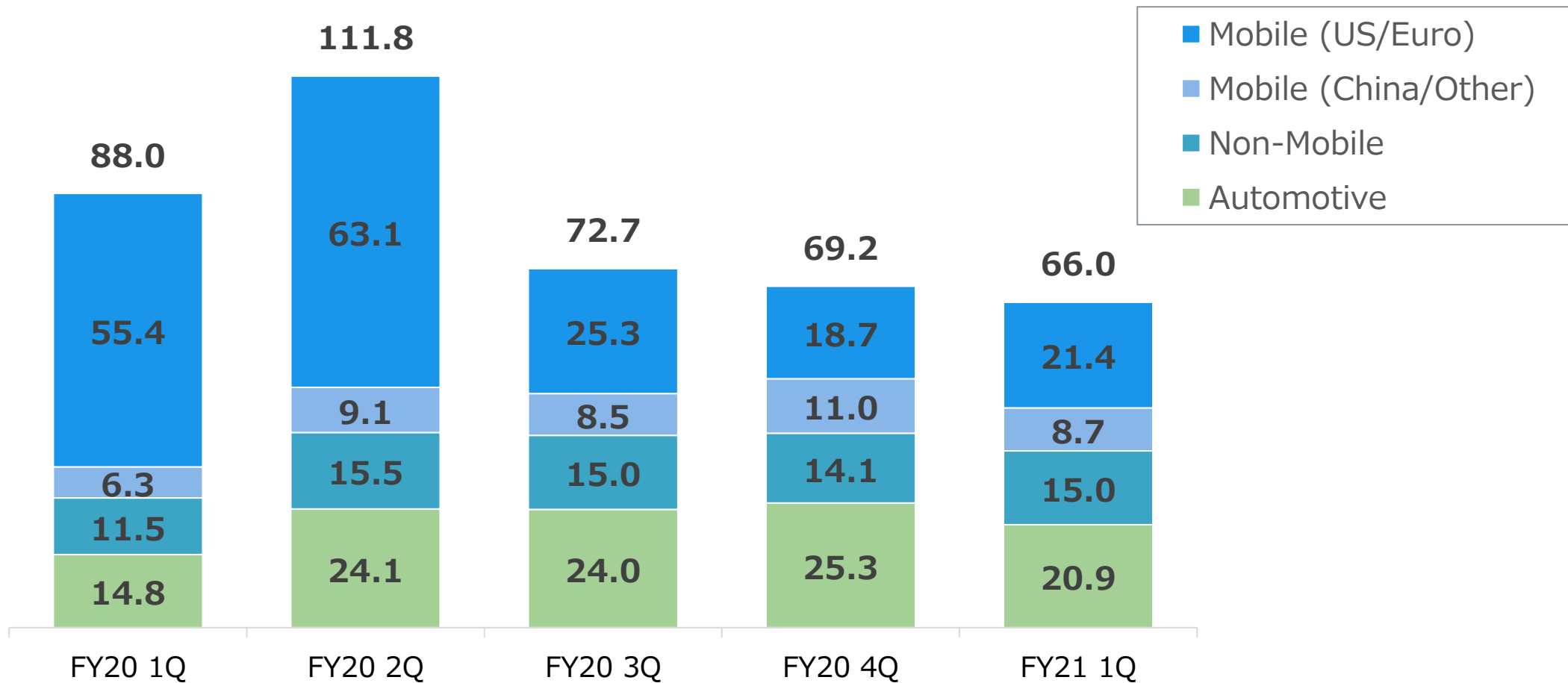


Japan Display Inc.

# Appendix

## Quarterly Sales by Product

(JPY billion)

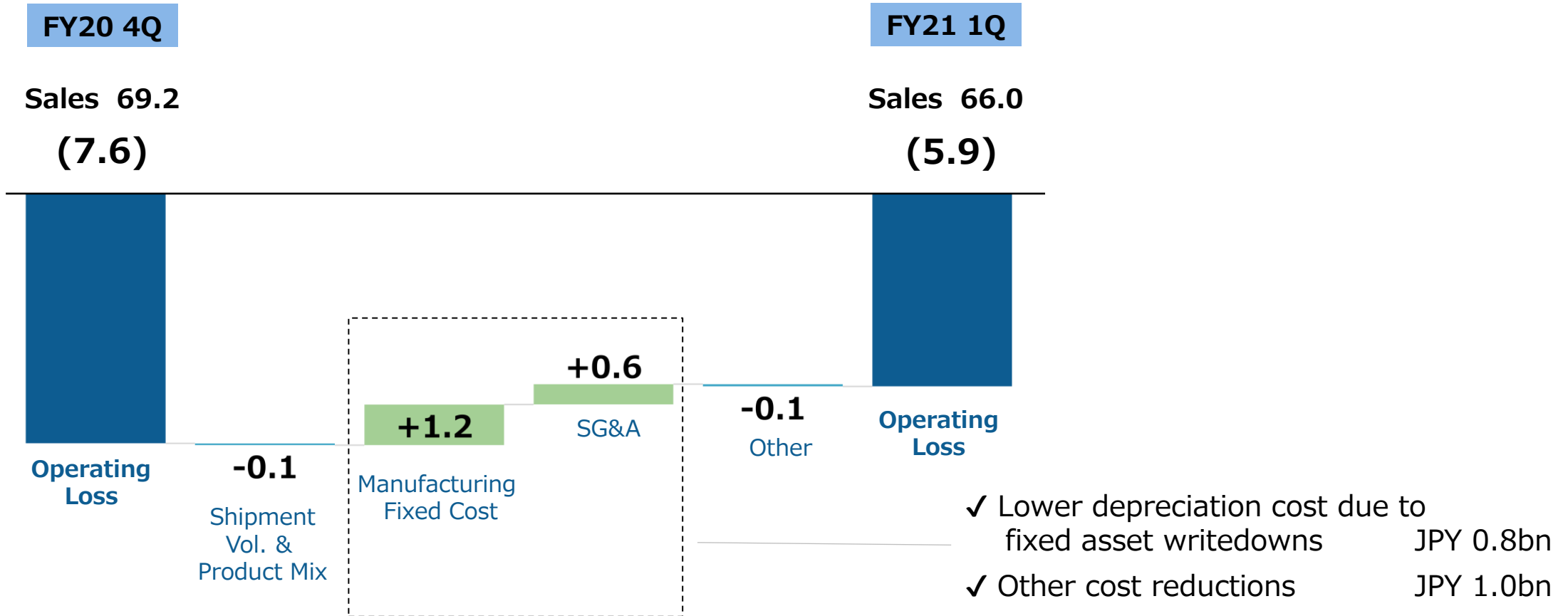




# Operating Income +/- Factors

## FY22/3 Q1 Operating Income +/- Factors (QoQ)

(JPY billion)



(JPY billion)

	FY21/3 Q1	FY21/3 Q4	FY22/3 Q1	YoY	QoQ
Cash and deposits	45.2	55.7	44.7	-0.5	-11.0
Accounts receivable - trade	38.2	31.2	32.8	-5.4	+1.6
Accounts receivable - other	36.0	15.3	18.8	-17.2	+3.5
Inventories	47.1	39.7	43.6	-3.5	+3.8
Other	7.3	4.3	4.7	-2.5	+0.4
Total current assets	173.7	146.3	144.6	-29.1	-1.7
Total non-current assets	157.0	78.7	78.6	-78.5	-0.1
<b>Total Assets</b>	<b>330.8</b>	<b>225.0</b>	<b>223.2</b>	<b>-107.6</b>	<b>-1.8</b>
Accounts payable - trade	60.0	37.4	42.6	+17.5	-5.1
Interest-bearing debt	97.5	97.1	97.2	+0.3	+0.0
Advances received	82.6	1.9	4.9	+77.7	-3.0
Other liabilities	53.6	46.7	38.0	+15.5	+8.7
<b>Total Liabilities</b>	<b>293.6</b>	<b>183.2</b>	<b>188.7</b>	<b>+104.9</b>	<b>-5.6</b>
<b>Total Net Assets</b>	<b>37.1</b>	<b>41.8</b>	<b>34.4</b>	<b>+2.7</b>	<b>+7.4</b>
Equity Ratio	10.5%	17.6%	14.3%		

\* Incorporating Ichigo's exercise of the 12th Stock Acquisition Rights on July 30, 2021, the equity ratio is 20.3%.

Note. Difference in balances of "cash & equivalents" in cash flow statement and "cash and deposits" in balance sheet as of the end of FY21/3 Q3 is 0.3 billion yen in deposits paid.

(JPY billion)

	FY21/3 Q1	FY21/3 Q4	FY22/3 Q1	YoY	QoQ
<b>Sales</b>	<b>88.0</b>	<b>69.2</b>	<b>66.0</b>	<b>-22.0</b>	<b>-3.2</b>
Cost of sales	87.0	68.9	64.6	-22.4	-4.3
Gross Profit (Loss)	1.0	0.2	1.4	+0.4	+1.1
SG&A	8.0	7.8	7.3	-0.8	-0.6
<b>Operating Income (Loss)</b>	<b>(7.0)</b>	<b>(7.6)</b>	<b>(5.9)</b>	<b>+1.1</b>	<b>+1.7</b>
Net non-op. income (expenses)	(1.8)	0.9	(0.5)	+1.3	-1.4
<b>Ordinary Income (Loss)</b>	<b>(8.8)</b>	<b>(6.7)</b>	<b>(6.4)</b>	<b>+2.4</b>	<b>+0.3</b>
Net extraordinary income (loss)	(7.2)	(13.0)	(0.3)	+6.9	+12.7
Income (Loss) Before Income Taxes	(16.0)	(19.7)	(6.7)	+9.3	+13.0
<b>Net Income (Loss)</b>	<b>(16.3)</b>	<b>(19.8)</b>	<b>(7.0)</b>	<b>+9.3</b>	<b>+12.8</b>
<b>EBITDA</b>	<b>(3.2)</b>	<b>(4.7)</b>	<b>(3.7)</b>	<b>-0.5</b>	<b>+1.0</b>
Avg. FX rate (JPY/USD)	107.6	106.1	109.5		
Q-End FX rate (JPY/USD)	107.7	110.7	110.6		

# Consolidated Cash Flow Statement

(JPY billion)

	FY21/3 Q1	FY21/3 Q4	FY22/3 Q1	YoY	QoQ
Income before income taxes	(16.0)	(19.7)	(6.7)	+9.3	+13.0
Dep. & Amort.	4.4	2.9	2.2	-2.2	-0.8
Working capital	7.5	(6.2)	(4.4)	-11.9	+1.8
Advances received	(6.5)	(0.5)	3.0	+9.5	+3.5
Structural reform cost	7.7	0.0	0.0	-7.7	-0.0
Other	(12.1)	6.1	(2.8)	+9.3	-8.9
<b>Cash Flow from Operating Activities</b>	<b>(15.0)</b>	<b>(17.4)</b>	<b>(8.7)</b>	<b>+6.4</b>	<b>+8.7</b>
Purchase of non-current assets	(2.2)	(1.0)	(2.3)	-0.1	-1.4
Other	(0.9)	(0.4)	0.1	+1.0	+0.5
<b>Cash Flow from Investing Activities</b>	<b>(3.1)</b>	<b>(1.4)</b>	<b>(2.2)</b>	<b>+1.0</b>	<b>-0.8</b>
<b>Cash Flow from Financing Activities</b>	<b>(3.3)</b>	<b>19.1</b>	<b>(0.3)</b>	<b>+2.9</b>	<b>-19.4</b>
Ending Balance, Cash & Equiv.	44.9	55.3	44.4	-0.6	-11.0
<b>Free Cash Flow</b>	<b>(17.3)</b>	<b>(18.3)</b>	<b>(11.0)</b>	<b>+6.2</b>	<b>+7.3</b>

Free Cash Flow = Cash Flow from Operating Activities less Capex (Purchase of non-current assets)



# THANK YOU

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