



Japan Display Inc.

FY23/3 Full-Year Corporate Presentation

May 12, 2023



PersonalTech For A Better World



Japan Display Inc.

FY23/3 Overview

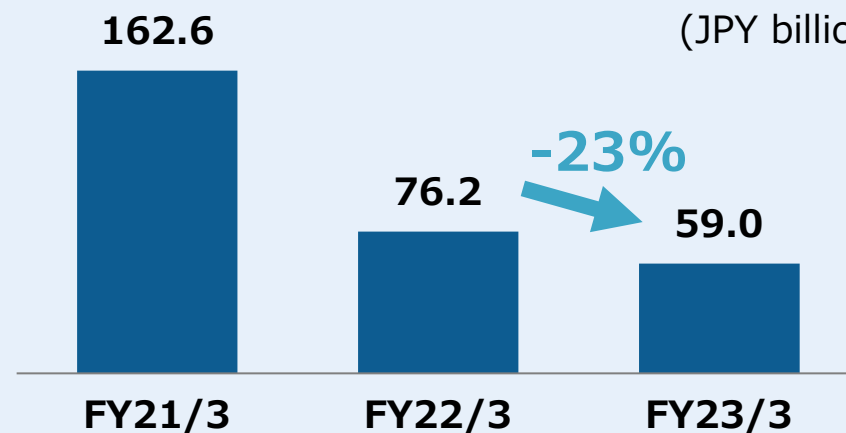
- **Terrible Market Environment, Operating & Net Income Loss**
 - Triple punch of higher costs, lower demand, & lower capacity utilization driving large losses across global display industry
 - Rising material & energy costs, global inflation, rising interest rates, & global economic slowdown remain 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**

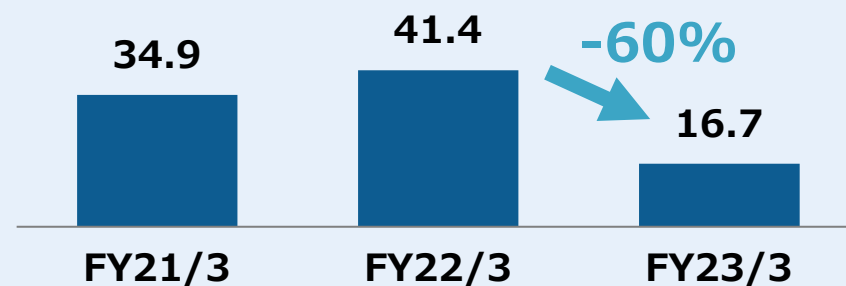
Total Mobile Sales Down 36% YOY

Mobile US/Euro

(JPY billion)



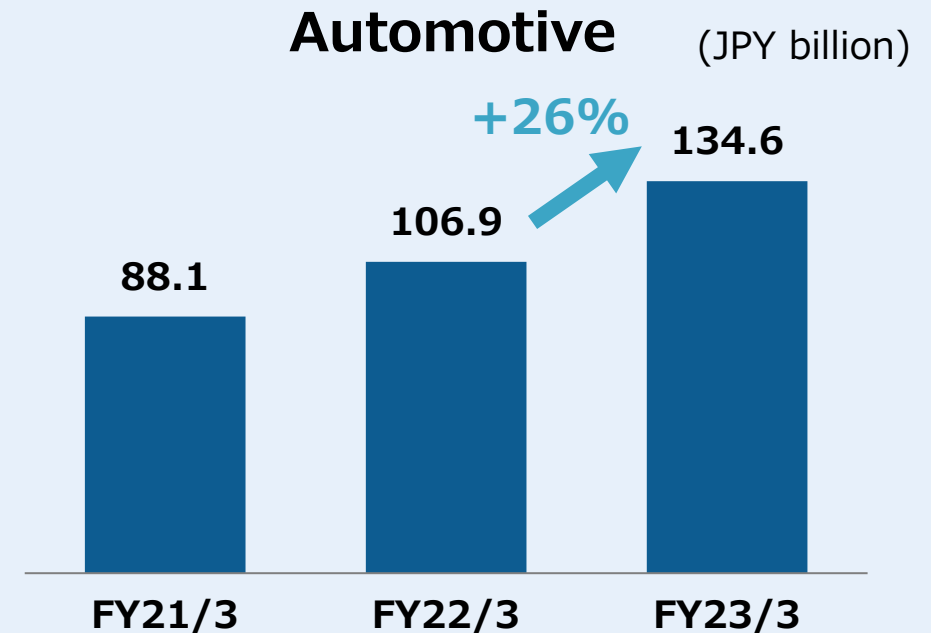
Mobile China



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

Ongoing Major Customer Engagements for eLEAP & Other NextGen JDI Tech

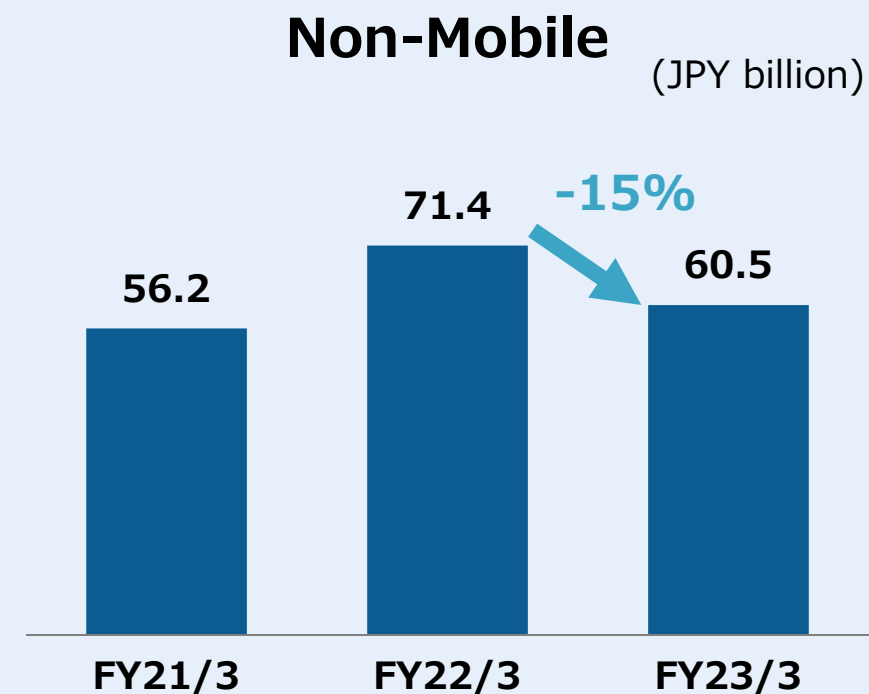
Production Affected by Shanghai Lockdown in Q1. JDI Semiconductor Shortage Resolved during H1. Chip Shortage at OEMs Lasted to Year-End. Nonetheless, YOY Sales Increase on Strong Demand for JDI Tech



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



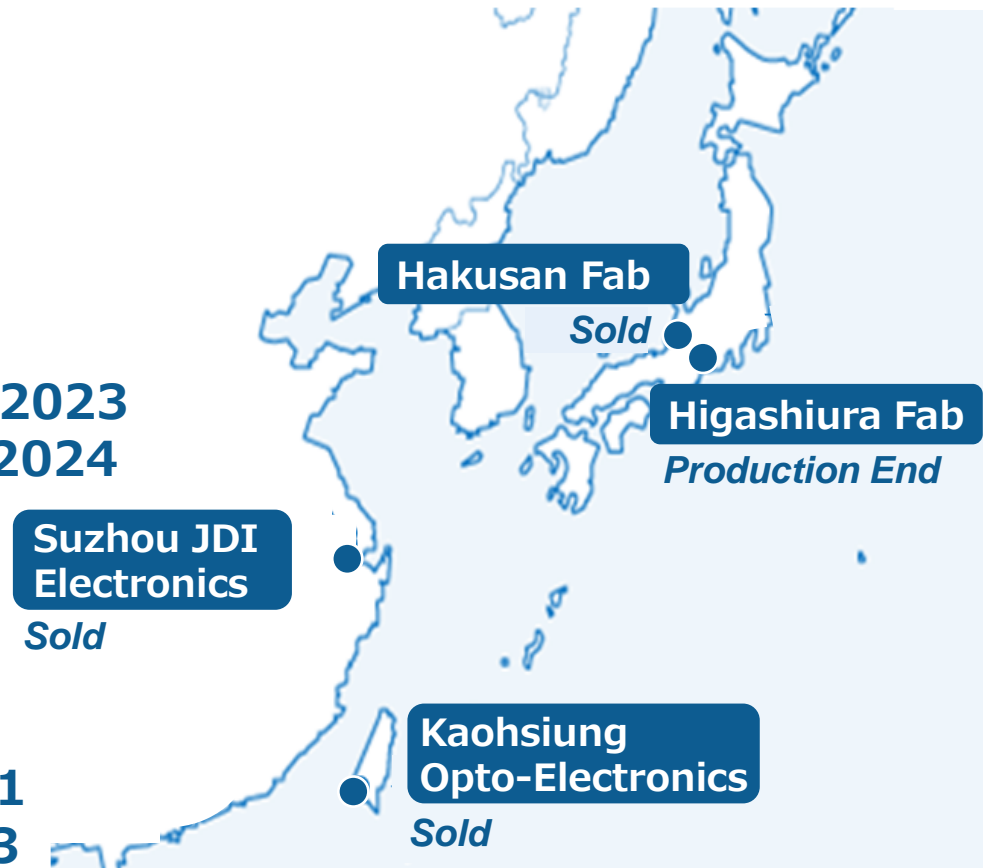
Increase Core Profitability through Fixed Cost Reductions & Shift to Asset-Light Strategy

Japan

- Mobarra 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

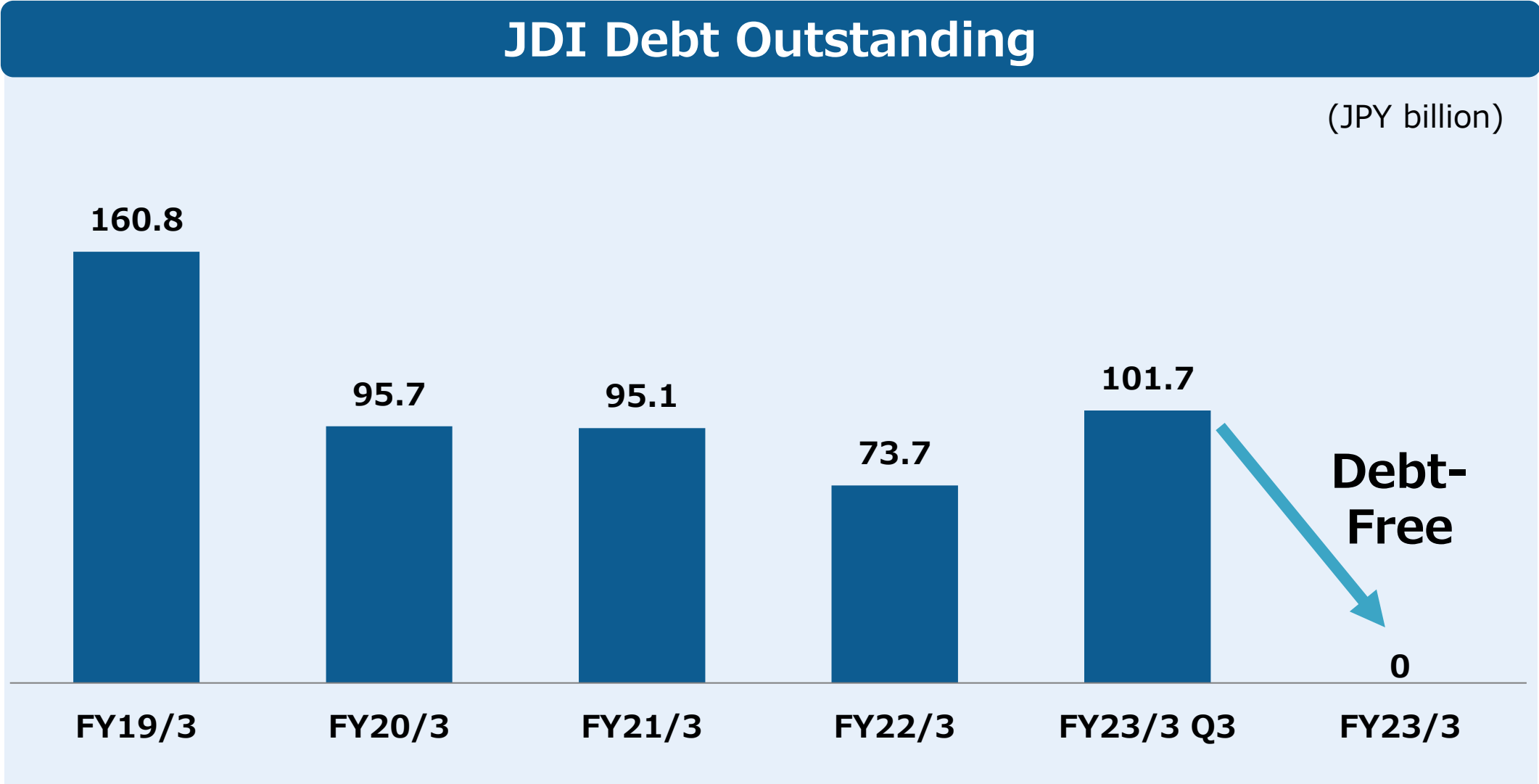
- Nanox Philippines Inc. (Philippines)
- Kaohsiung Opto-Electronics Inc. (Taiwan) → **Sold Dec 2021**
- Suzhou JDI Electronics Inc. (China) → **Sold Jan 2023**

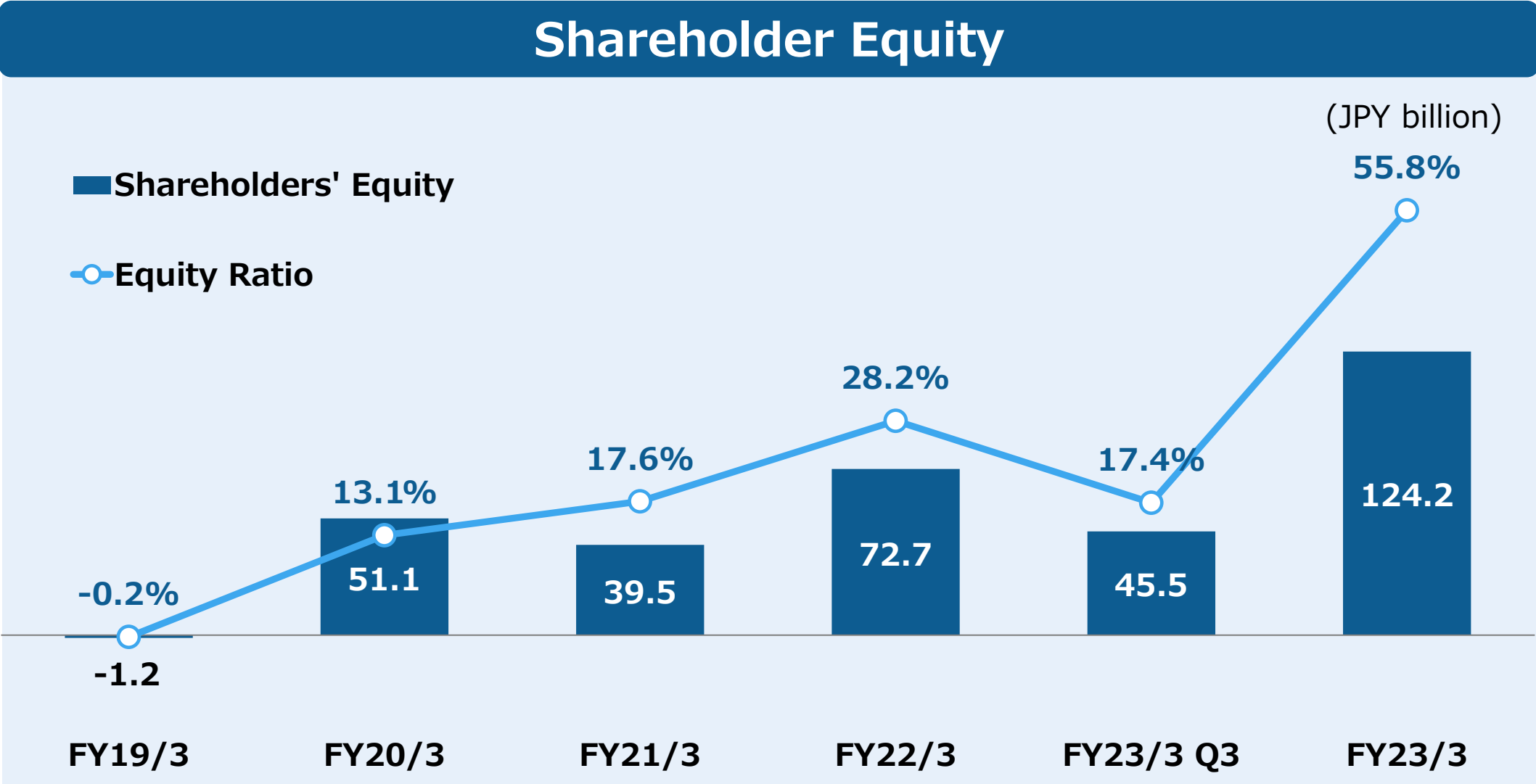


Fixed Cost Reductions JPY 33B/Year

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





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FY23/3 Earnings Review

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

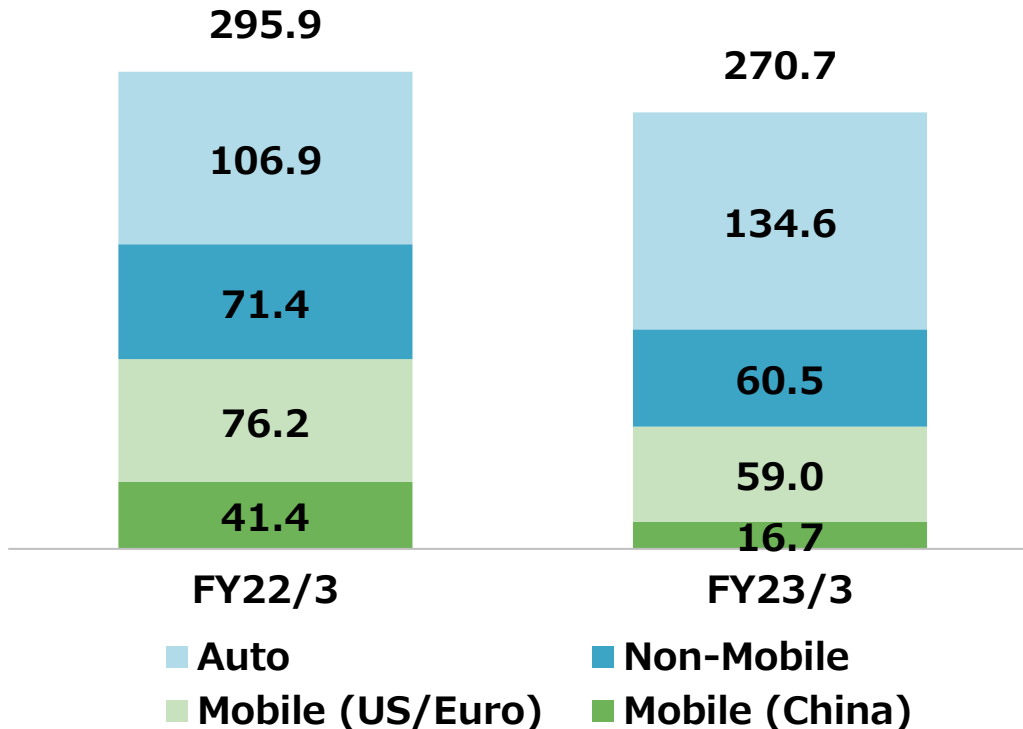
| (JPY billion) | FY20/3 | FY21/3 | FY22/3 | FY23/3 |
|-------------------------|---------------|--------------|--------------|--------------|
| Sales | 504.0 | 341.7 | 295.9 | 270.7 |
| EBITDA | -19.5 | -12.5 | 0.2 | -36.2 |
| Operating Profit | -38.5 | -26.2 | -8.6 | -44.4 |
| Recurring Profit | -57.9 | -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

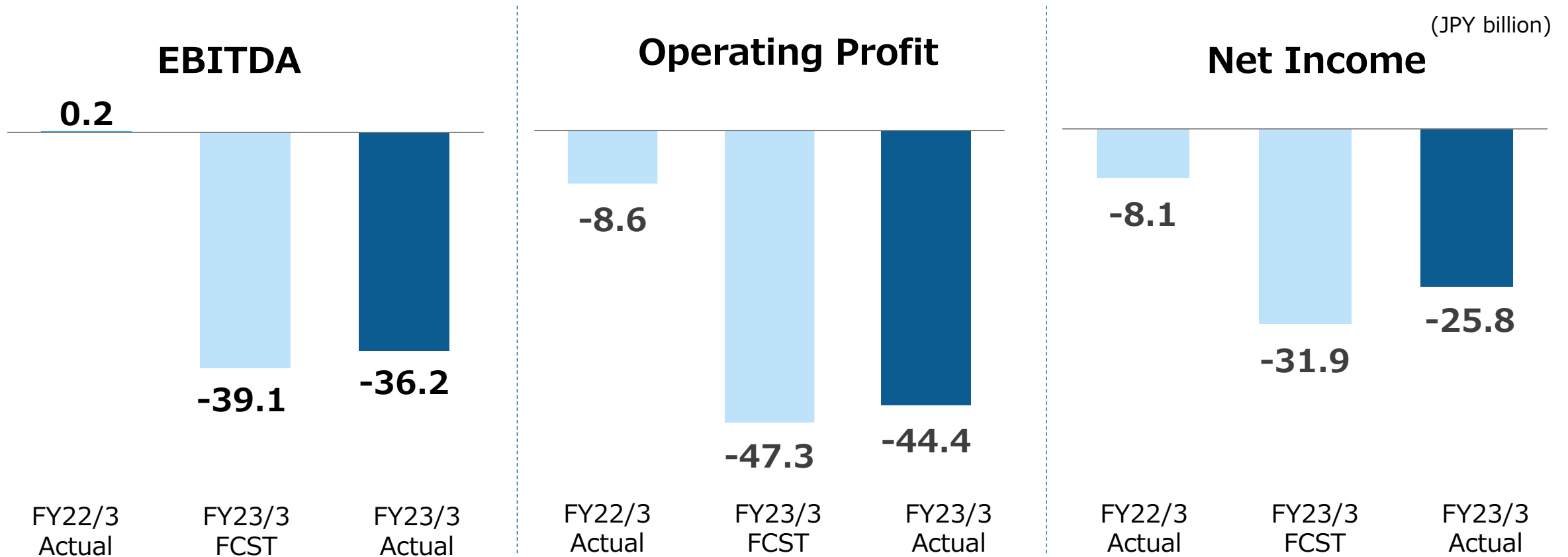
Sales by Product Area

(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

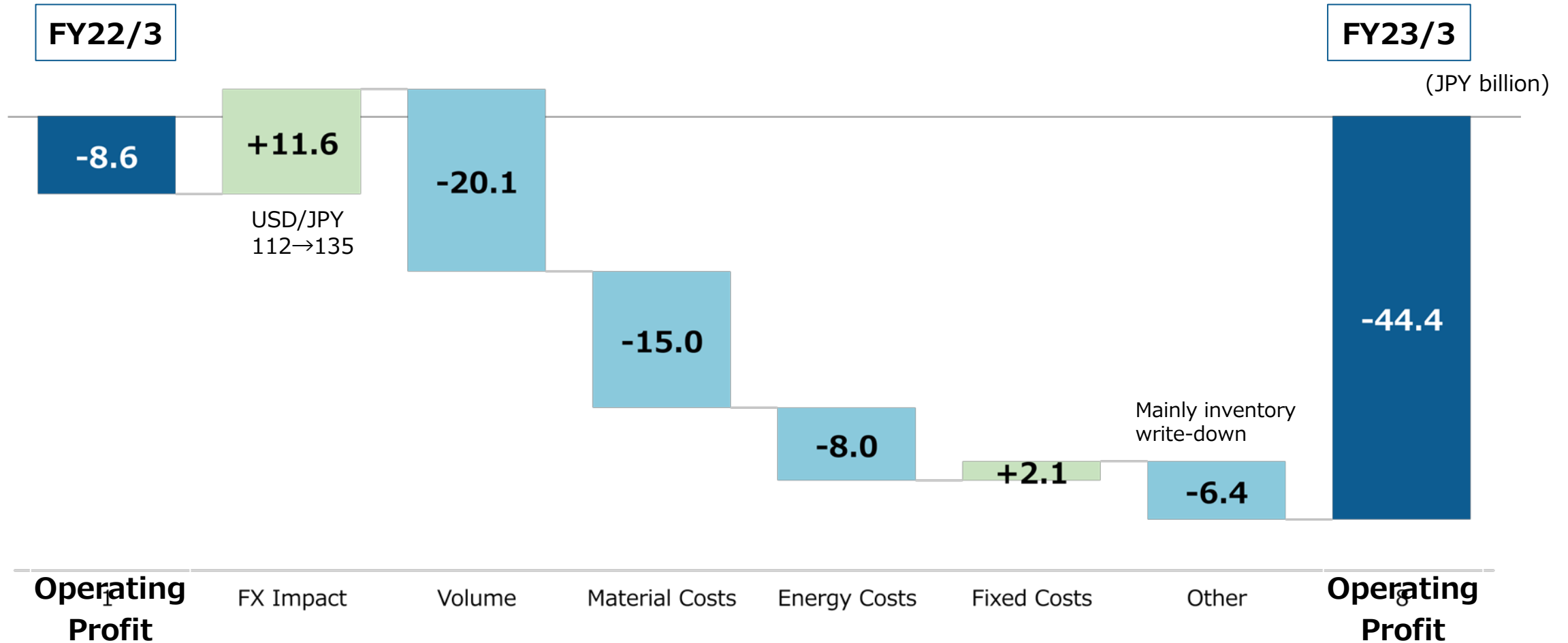


FY23/3 had total extraordinary gains of JPY 29.7 billion & total extraordinary losses of JPY 8.7 billion

FY23/3 Operating Profit Breakdown



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





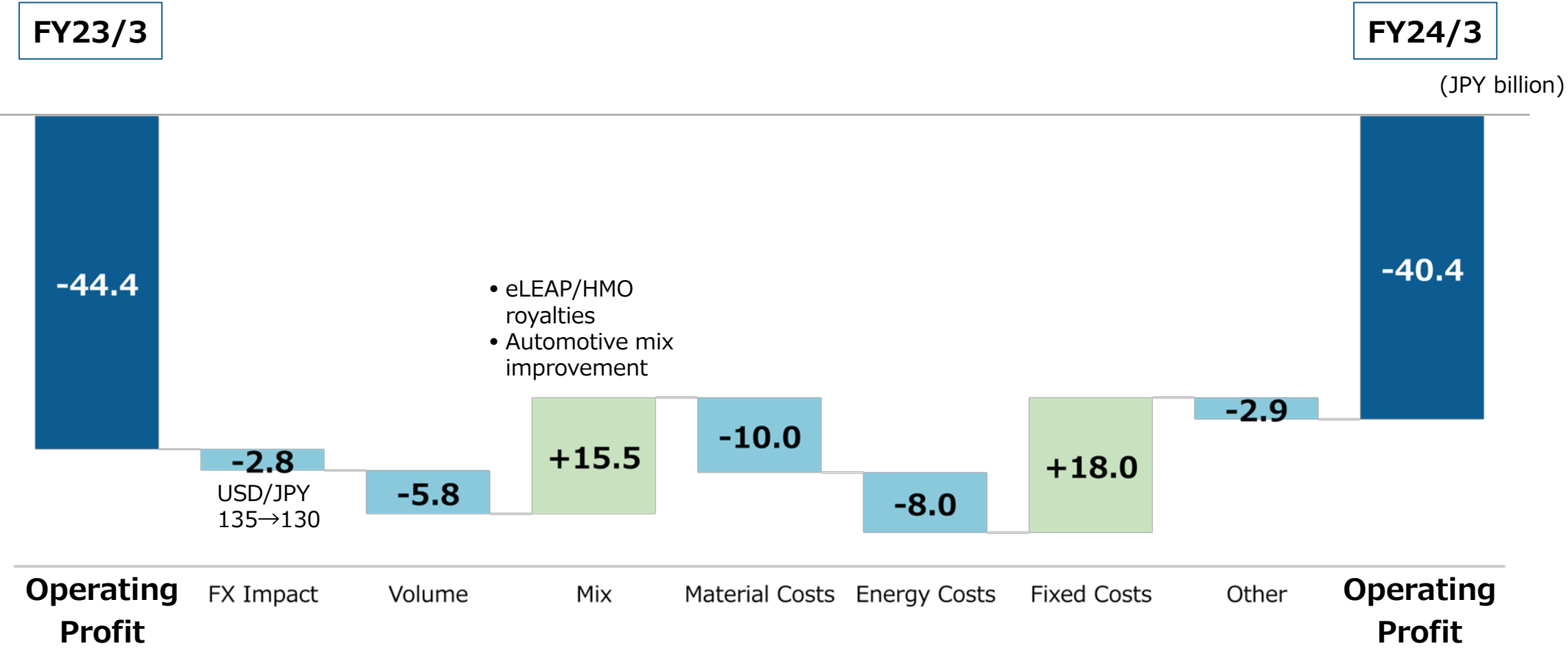
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FY24/3 Forecast

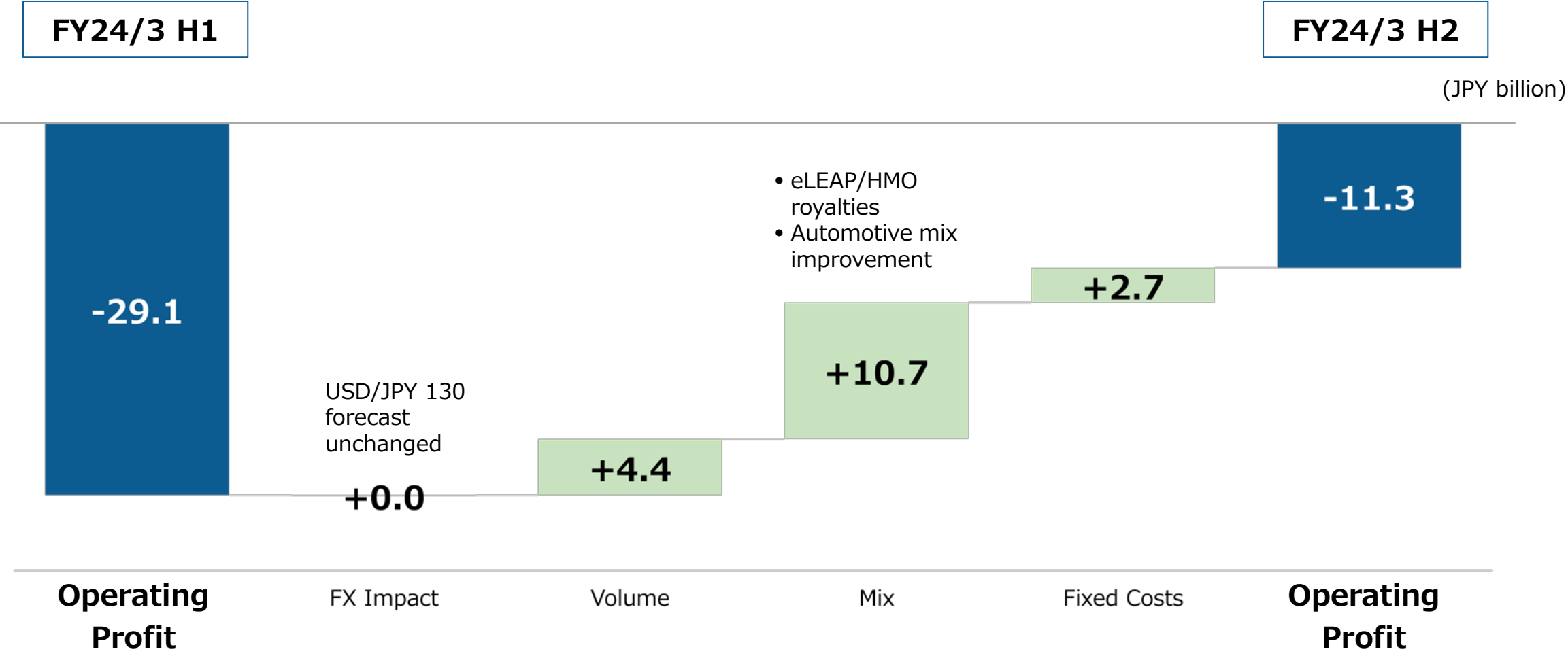
Business Environment Remains Difficult on Continued High Material & Energy Costs & Slowdown of Global Economy. Short-Term Sales Decline from Withdrawal from Unprofitable Businesses Will Contribute to Structural Improvement in Profitability from FY25/3 Onward

| (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 |

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



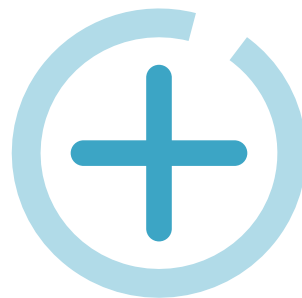
- Succeeded in developing world's first free-lighting Smart Light LumiFree & have received orders from multiple customers. Mass production from FY24/3 Q1
- Progress in developing Global No.1 technologies in new areas like life sciences. Launched multiple new internal start-ups to speed commercialization

Local Production & Presence in Massive & Growing Markets



CHINA

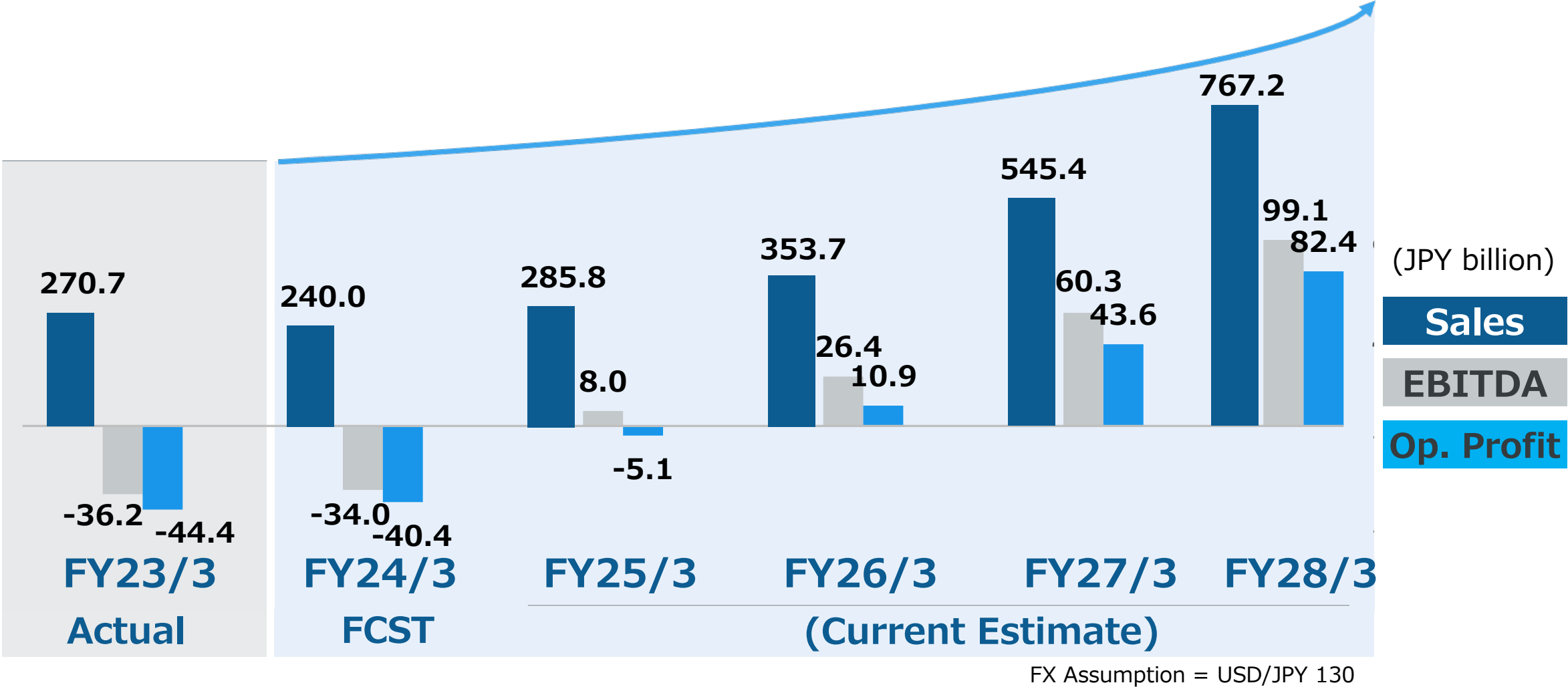
- Finalize strategic alliance with global No.3 display maker HKC by June 2023
- Agreement to build eLEAP fab in China, targeting mass production in FY26/3



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

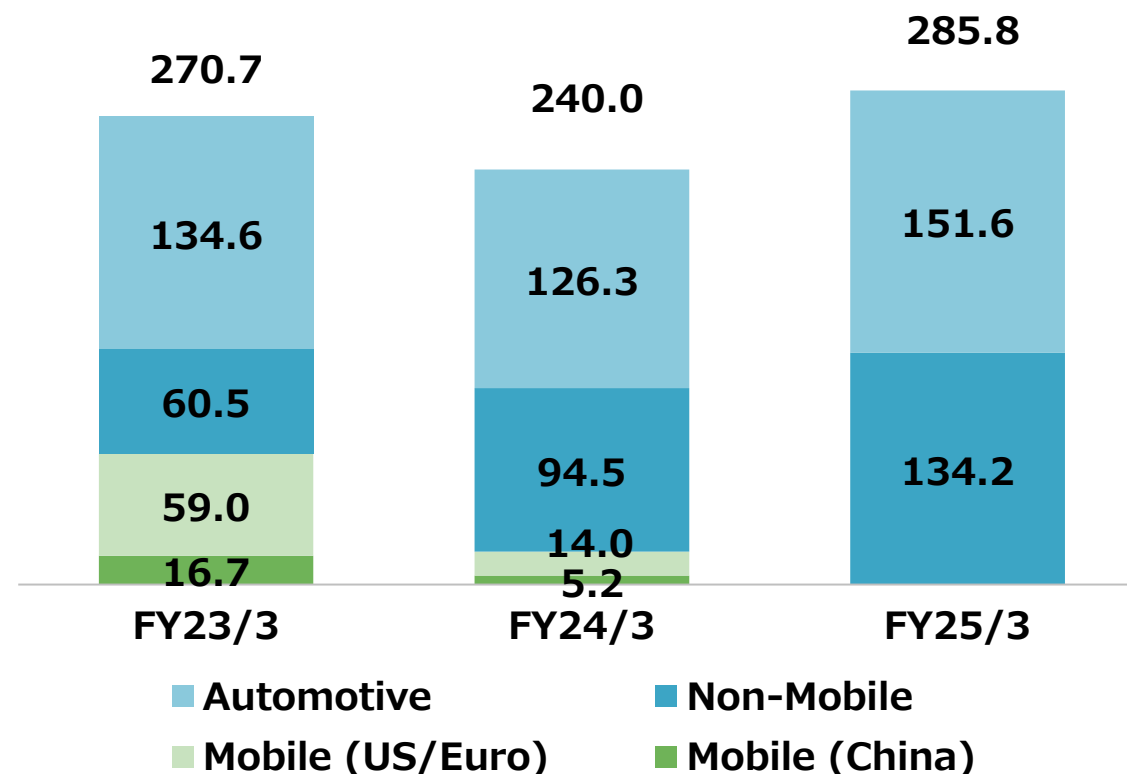


Drastic Change to Product Mix from FY25/3 due to Full-Scale Launch of Growth Drivers. Profitability Improvement on FY24/3 Exit from Mobile & Other Unprofitable Products

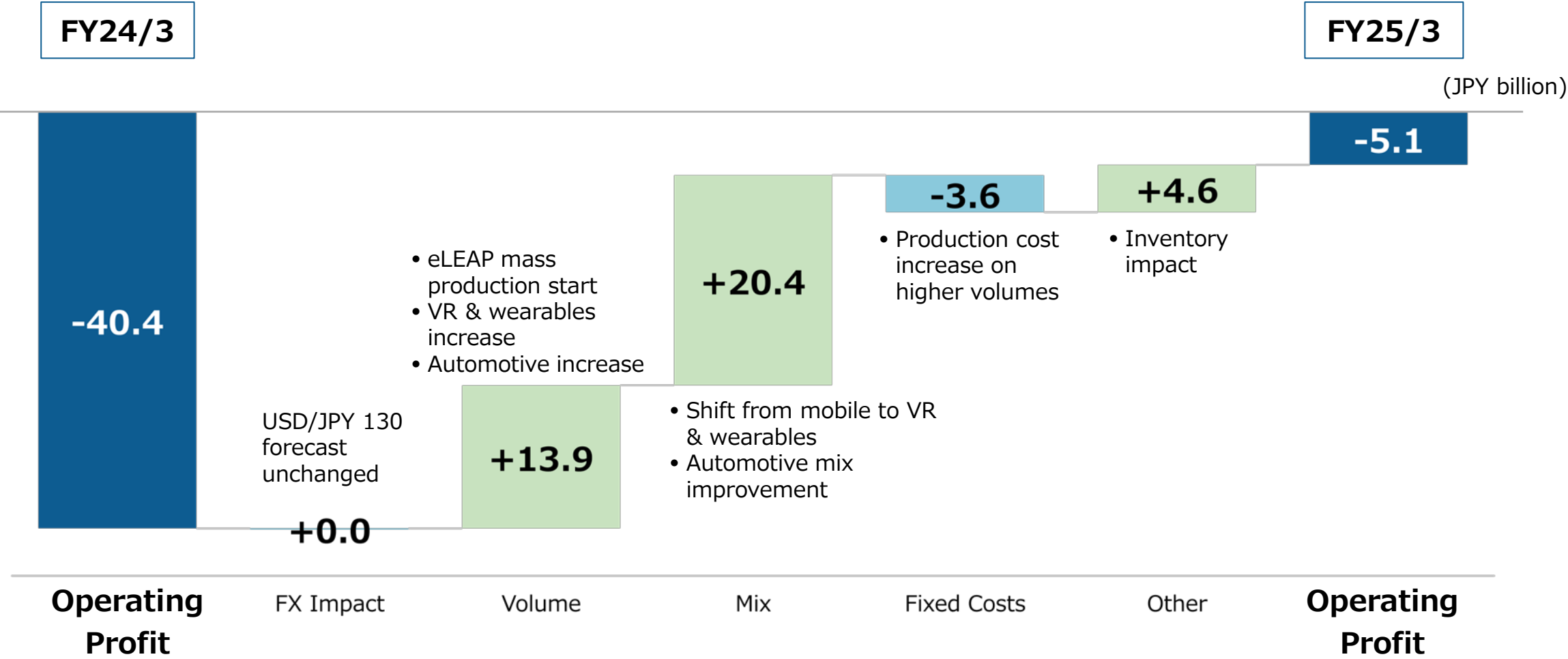
Sales by Product Area

(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



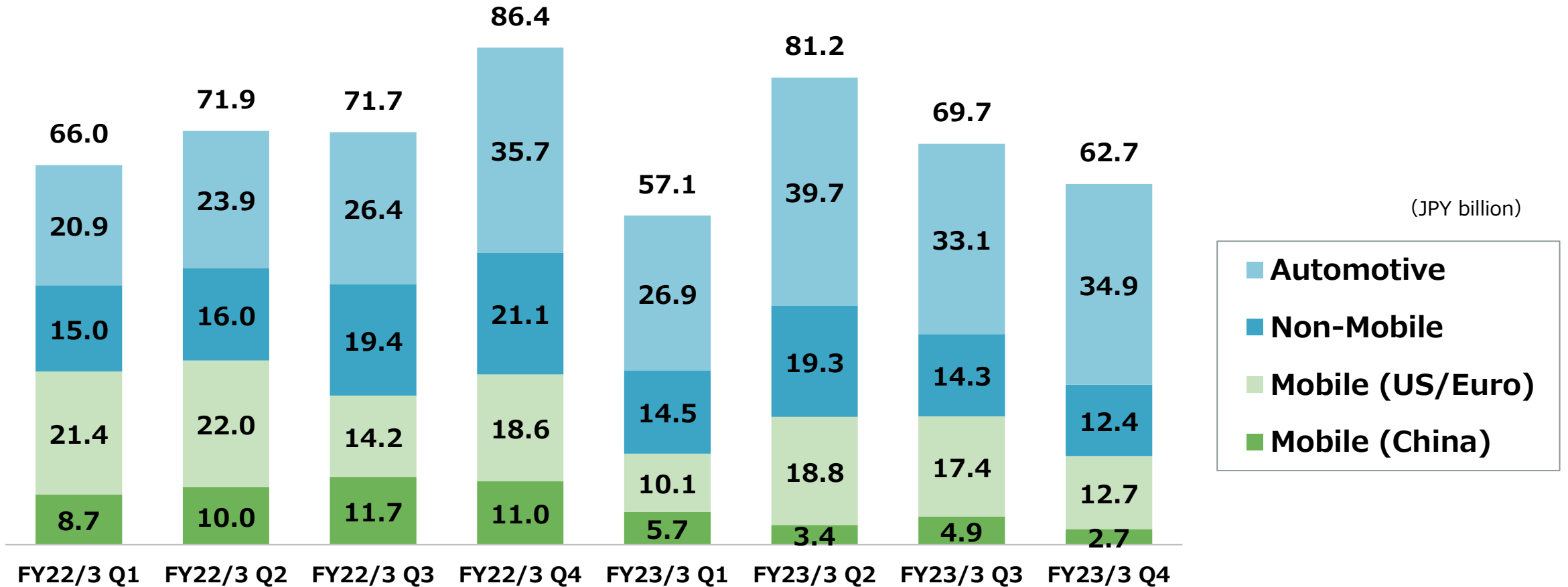
- **Deliver Structural Profitability from FY25/3 Onwards on Continued Dramatic Business Model Transformation**
 - Transform business portfolio through exit from unprofitable businesses
 - Build stable technology-related revenue base built on Global No.1 technology set
 - Increase profitability improvement 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 borrowing: | 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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