



Japan Display Inc.

FY24/3 Q1  
Corporate Presentation

August 9, 2023



# **PersonalTech For A Better World**



Japan Display Inc.

# FY24/3 Q1 Earnings Review

(JPY billion)

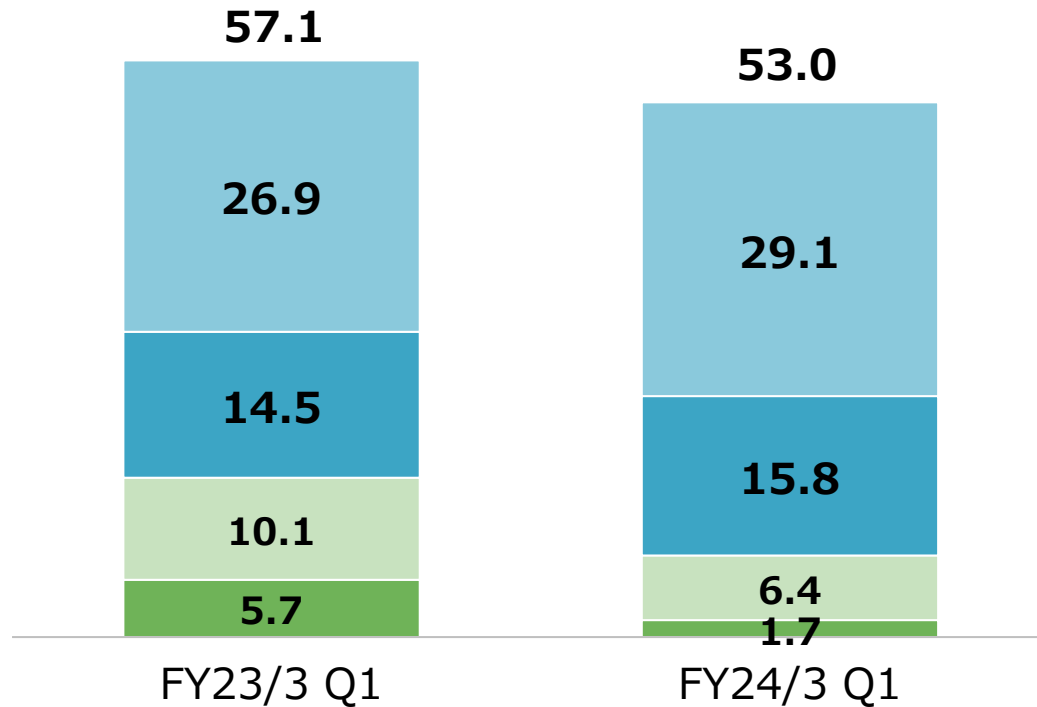
<b>Sales</b>	<b>JPY 53.0B</b> <ul style="list-style-type: none"><li>• YoY -7% (Core +9%, Non-Core -49%)</li><li>• vs. Plan +7%</li></ul>	<ul style="list-style-type: none"><li>• Core businesses (Automotive and Non-Mobile) up 9%</li><li>• Non-core business (Mobile) down on strategic downsizing &amp; exit</li></ul>
<b>Operating Profit</b>	<b>JPY -13.9B</b> <ul style="list-style-type: none"><li>• YoY JPY -7.0B</li><li>• vs. Plan JPY +2.8B</li></ul>	<ul style="list-style-type: none"><li>• YoY (+) factors: Fixed cost reductions including production end at G3.5 Higashiura Fab</li><li>• YoY (–) factors: Sales decline, higher material &amp; energy costs, &amp; inventory accounting effects</li></ul>
<b>Net Income</b>	<b>JPY -12.2B</b> <ul style="list-style-type: none"><li>• YoY JPY -7.2B</li><li>• vs. Plan JPY +5.6B</li></ul>	<ul style="list-style-type: none"><li>• Operating profit outperformance &amp; FX gain driving net income outperformance</li></ul>

## Continued Strategic Downsizing of Non-Core (Mobile) Business & Strong Performance of Core Businesses (Automotive & Non-Mobile)

Sales by Product Area

(JPY billion)

- Automotive
- Non-Mobile
- Mobile (US/Euro)
- Mobile (China)



- **Automotive (Core: YoY +8.3%)**  
Sales growth exceeded the impact of withdrawals from unprofitable products
- **Non-Mobile (Core: YoY +9.1%)**  
Increased wearable OLED shipments
- **Mobile (Non-Core: YoY -48.7%)**  
Strategically exiting unprofitable non-core business to focus on growing core Automotive & Non-Mobile businesses

# Operating Profit Breakdown (YoY)

## Operating Profit Breakdown (YoY)

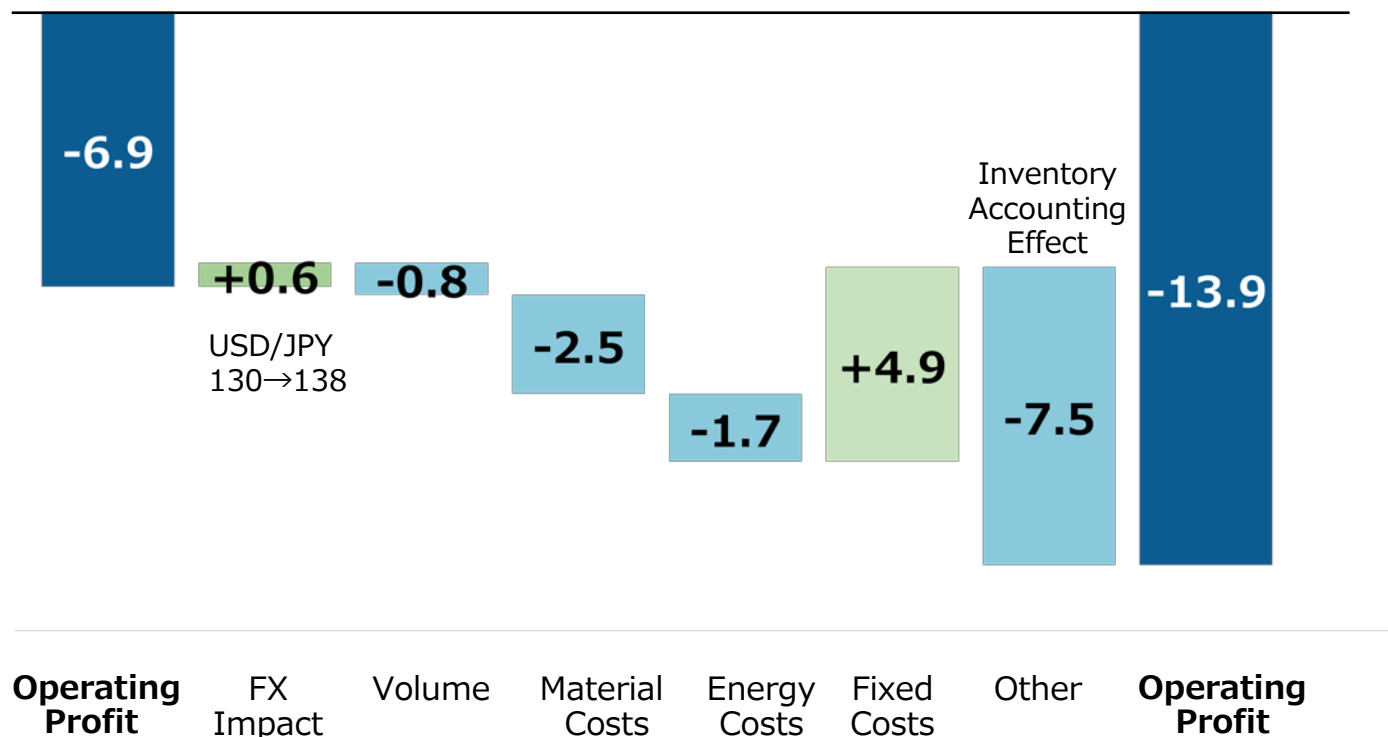
(JPY billion)

FY23/3 Q1

Sales: 57.1

FY24/3 Q1

Sales: 53.0



- YoY expansion of operating loss mainly due to non-cash inventory accounting effects
- Operating profit improved YoY excluding above accounting effects
- Negative impact of rising material & energy costs offset by fixed cost reductions, including production end at Higashiura Fab & line downsizing at Mobarra Fab linked to strategic withdrawal from Mobile

# Operating Profit Breakdown (QoQ)

## Operating Profit Breakdown (QoQ)

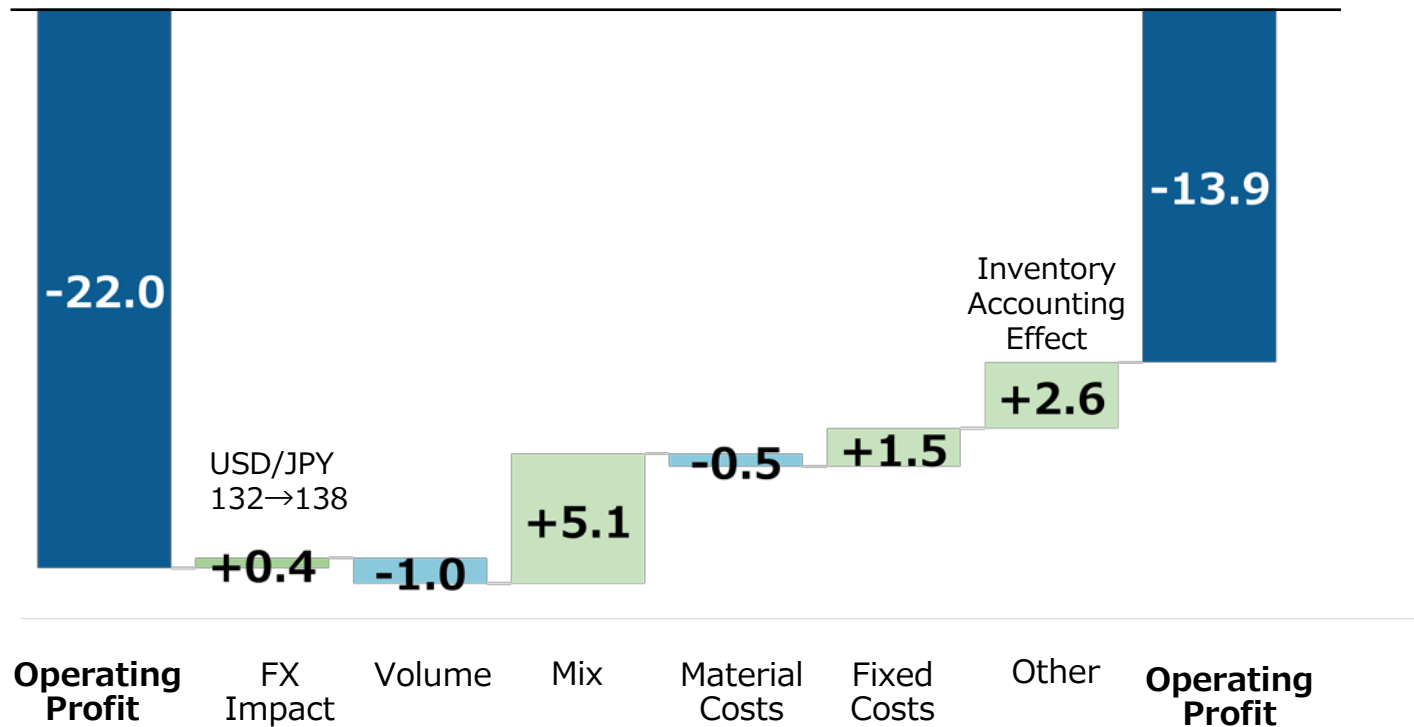
(JPY billion)

FY23/3 Q4

Sales: 62.7

FY24/3 Q1

Sales: 53.0



- Operating profit significantly improved QoQ
- Business mix improvement from exiting unprofitable non-core businesses & production end at Higashiura Fab drove QoQ improvements



Japan Display Inc.

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

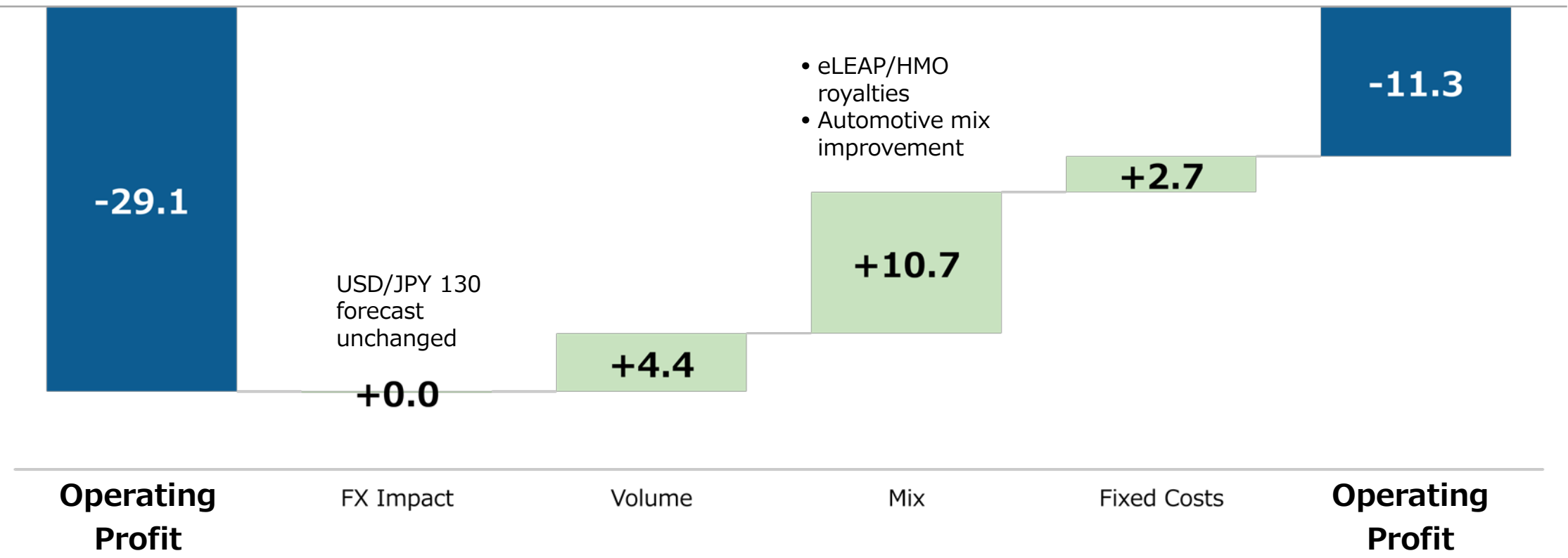
(JPY billion)	FY23/3	FY24/3		
	Actual	H1	H2	Forecast
<b>Sales</b>	<b>270.7</b>	<b>111.4</b>	<b>128.6</b>	<b>240.0</b>
Automotive (Core)	134.6	61.6	64.7	126.3
Non-Mobile (Core)	60.5	36.3	58.2	94.5
Mobile (US/Euro) (Non-Core)	59.0	10.9	3.1	14.0
Mobile (China) (Non-Core)	16.7	2.6	2.6	5.2
<b>EBITDA</b>	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



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

**FY24/3 H1** **FY24/3 H2**

(JPY billion)





Japan Display Inc.

FY24/3 Q1  
Business & Strategy Update

- **Operating Loss in Difficult Market Environment**
  - Rising Material & Energy Costs, Global Inflation, Rising Interest Rates, & Global Economic Slowdown
- **Outperforming Plan in 3 Key Areas**
  - Earnings, NextGen Tech Development, Customer Product Roadmaps
- **Signed Strategic Alliance MOU with HKC – Working Towards Final Agreement in September**
- **Accelerating METAGROWTH 2026 via Acquisition of JOLED Engineering Talent**

- **Production End at Older G4 Tottori Fab to Reduce Fixed Costs & Drive Higher Earnings**
  - Announcement: Aug 2, 2023, Production End Date: March 2025
- **Continued Focus on Sustainability & Newly Announced Support for TCFD**
- **Execution to Deliver Structural Profitability from FY25/3 Onwards on Dramatic Business Model Transformation**
  - Transform business portfolio through exit from unprofitable businesses

## 1 Earnings

Cost Discipline Driving  
Outperformance

## 2 NextGen Tech Development

JDI NextGen Proprietary  
Tech Development & Mass  
Production Launch  
Proceeding at Exceptional  
Speed

## 3 Customer Product Roadmaps

Extraordinary Customer  
Interest & Progress in  
Integrating eLEAP, HMO, &  
Other JDI NextGen Tech into  
Customer Product  
Roadmaps

**METAGROWTH 2026**

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

**METAGROWTH in Value Creation**



**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

### **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**

- Production end at Higashiura Fab (G3.5 LCD) & opening of Higashiura Engineering Center
- Production end at Tottori Fab (G4 LCD) & continuation as strategic operating 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 with support from Ichigo & INCJ
- Accelerate METAGROWTH 2026 on back of newly strengthened financial position
- Push through current business environment & bridge to NextGen tech

5

## Strategic Alliance with Global No. 3 Display Maker HKC (2023/4)

- 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

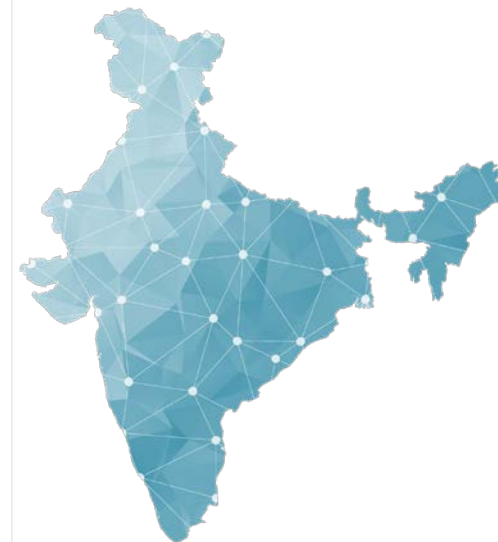


## Local Production & Presence in Massive & Growing Markets



### CHINA

- Finalize strategic alliance with global No.3 display maker HKC by Sept 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

- Acquisition of World-Class JOLED OLED Engineering Talent to Support and Broaden eLEAP Rollout
- JOLED Talent and OLED IP and Know-How Will Significantly Accelerate METAGROWTH 2026 Growth Strategy



**JOLED  
Engineers**

**Acquisition of JOLED Engineering  
Talent to Accelerate METAGROWTH  
2026 Growth Strategy**

# Dramatically Strengthen Competitiveness via Fab Optimization

## Increase Core Profitability through Fixed Cost Reductions & Asset-Light Execution

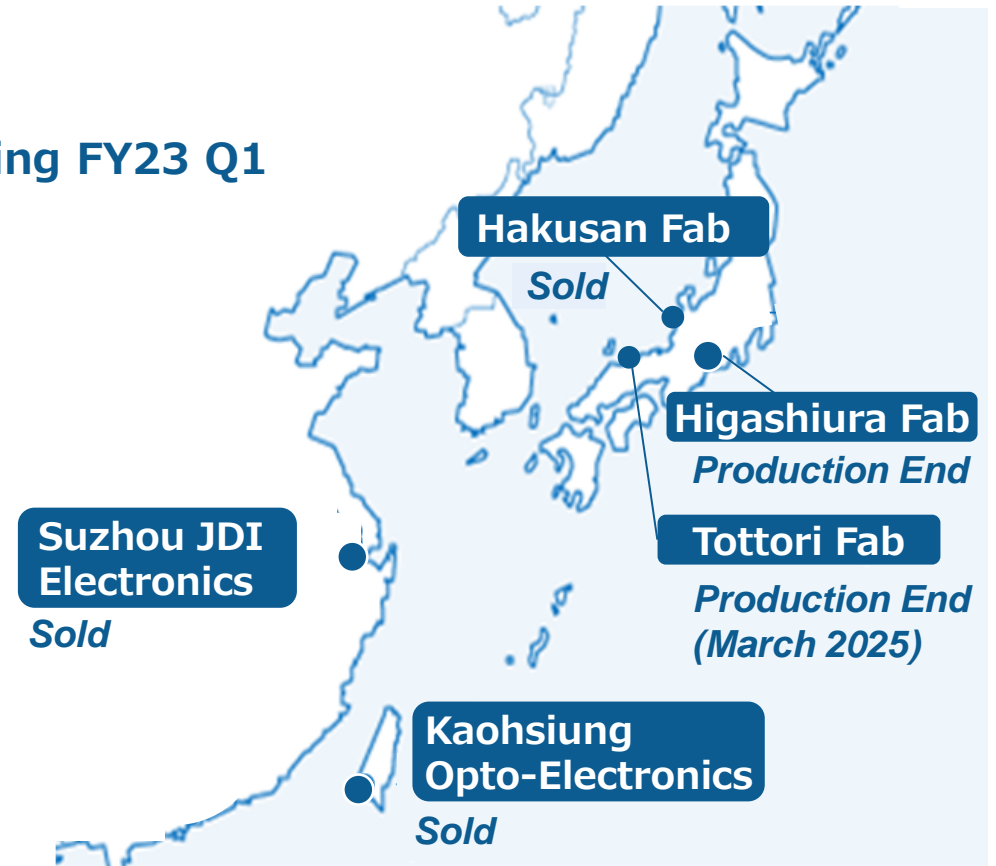
### Japan

- Mobara Fab (G6, Chiba)
- Ishikawa Fab (G4.5, Ishikawa)
- Tottori Fab (G4, Tottori)
- Hakusan Fab (G6, Ishikawa)
- Higashiura Fab (G3.5, Aichi)

- Smartphone Line Downsizing FY23 Q1
- Production End Mar 2025
- Sold Oct 2020
- Production End Mar 2023  
Facility Sale Apr 2024

### Global

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



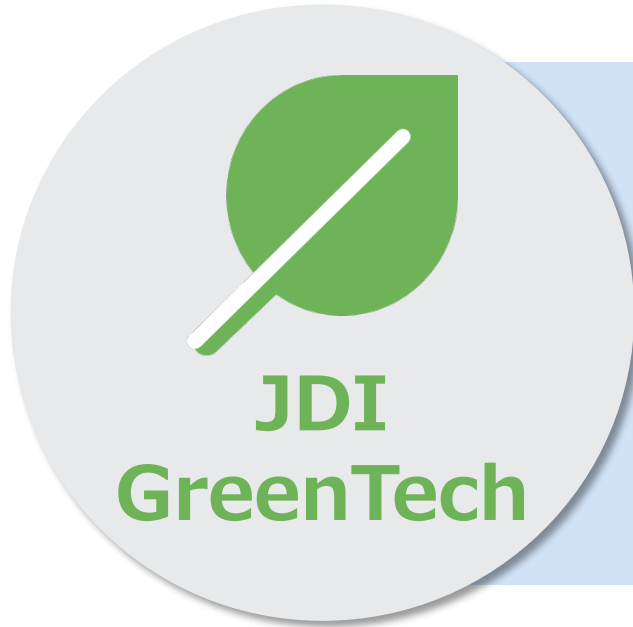
**Fixed Cost Reductions JPY 43B/Year**



**JDI recognizes the importance of identifying climate change risks and opportunities, generating robust responses, and disclosing those responses in order to support its sustainable growth. JDI has therefore decided to support TCFD.**

**By incorporating climate change responses into its strategy and operations, JDI is accelerating its efforts to contribute to a low-carbon, sustainable society.**

*TCFD was established by the Financial Stability Board (FSB) at the request of the Finance Ministers and Central Bank Governors of G20 to study climate-related disclosures and the response of financial institutions to climate change. Recommendations announced by TCFD in 2017 are global initiatives that encourage companies to disclose risks and opportunities related to climate change with respect to their business activities.*



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

JDI's ongoing commitment to ESG concerns has been recognized with JDI being included in the FTSE Blossom Japan Sector Relative Index in 2022 and FTSE Blossom Japan Index in 2023



**FTSE Blossom  
Japan Index**

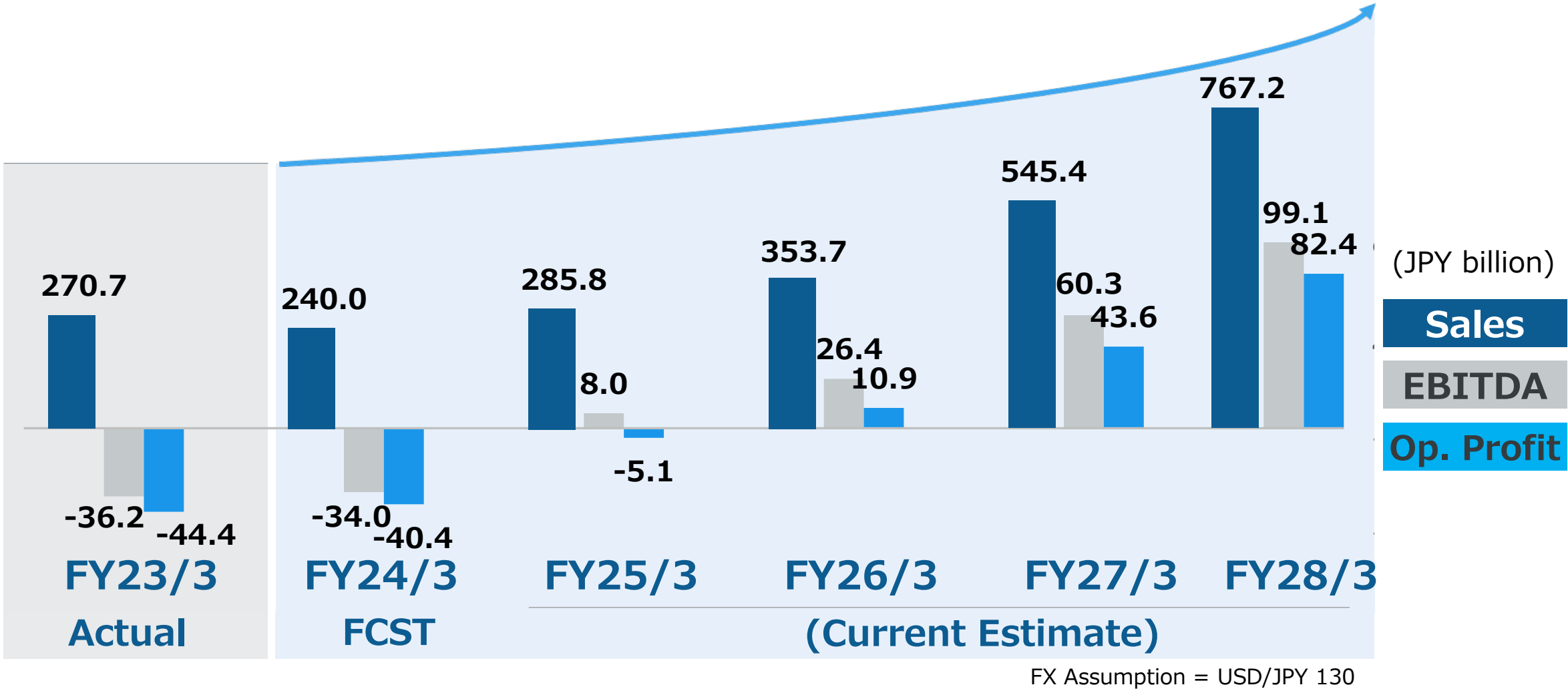


**FTSE Blossom  
Japan Sector  
Relative Index**

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



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



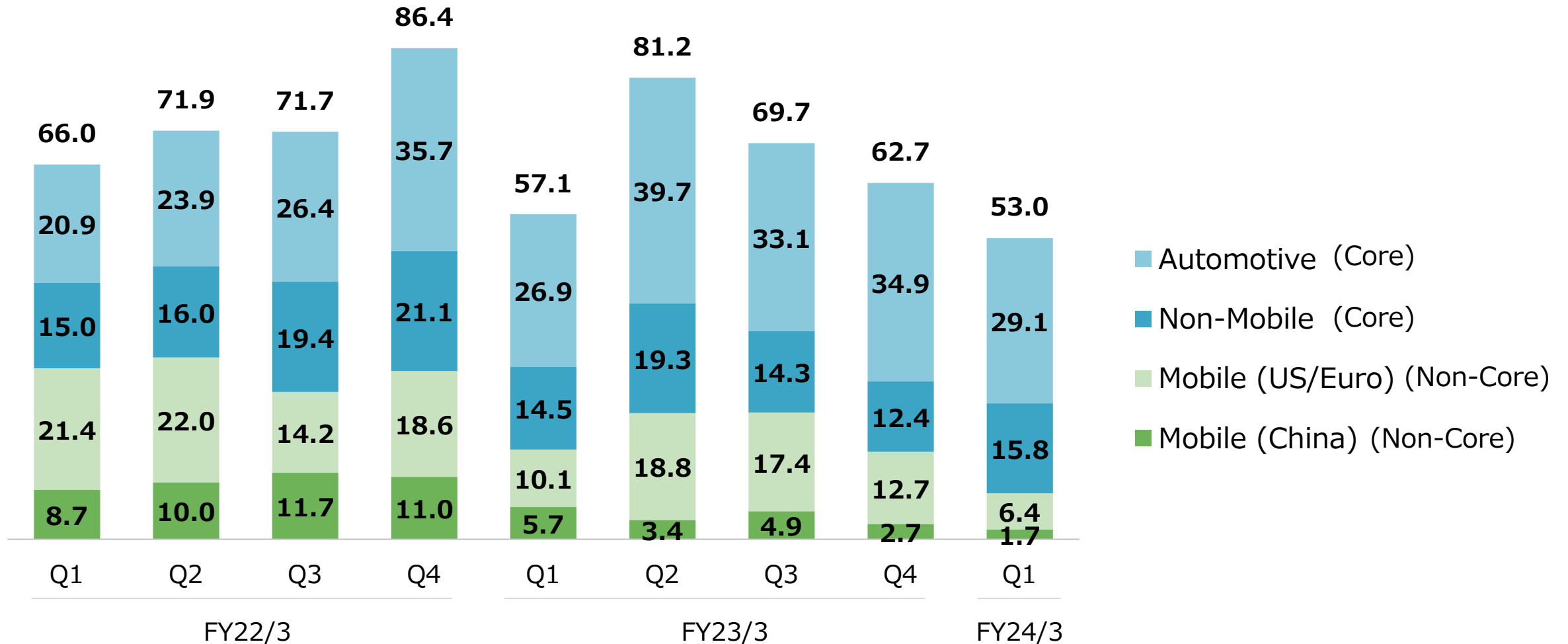


Japan Display Inc.

# Appendix

# Quarterly Sales Breakdown by Product Category

(JPY billion)



(JPY billion)	FY23/3	FY24/3 Q1	vs. FY23/3
Cash and deposits	26.2	22.4	-3.8
Accounts receivable - trade	40.9	36.8	-4.1
Accounts receivable - other	18.3	16.2	-2.1
Inventories	60.3	64.3	+4.0
Other	5.1	5.9	+0.8
<b>Total current assets</b>	<b>150.9</b>	<b>145.7</b>	<b>-5.1</b>
<b>Total non-current assets</b>	<b>71.8</b>	<b>77.8</b>	<b>+6.0</b>
<b>Total Assets</b>	<b>222.7</b>	<b>223.6</b>	<b>+0.9</b>
Accounts payable - trade	45.2	45.3	+0.1
Interest-bearing debt	1.5	13.5	+12.0
Accounts payable - other	9.3	9.9	+0.6
Net defined benefit pension liability	8.2	8.5	+0.3
Other liabilities	34.1	33.0	-1.1
<b>Total Liabilities</b>	<b>98.3</b>	<b>110.1</b>	<b>+11.8</b>
<b>Total Net Assets</b>	<b>124.4</b>	<b>113.5</b>	<b>-11.0</b>
<b>Shareholders Equity Ratio</b>	<b>55.8%</b>	<b>50.6%</b>	<b>-5.1pts</b>

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

# Consolidated P&L



(JPY billion)	FY23/3 Q1	FY23/3 Q4	FY24/3 Q1	YoY	QoQ
<b>Sales</b>	<b>57.1</b>	<b>62.7</b>	<b>53.0</b>	-4.1	-9.7
<b>EBITDA</b>	<b>-4.7</b>	<b>-20.2</b>	<b>-12.2</b>	-7.5	+8.0
<b>Operating Profit</b>	<b>-6.9</b>	<b>-22.0</b>	<b>-13.9</b>	-7.0	+8.1
Non-Operating Income	3.2	1.6	2.7	-0.4	+1.1
Non-Operating Expenses	-0.6	-1.6	-0.9	-0.3	+0.6
<b>Recurring Profit</b>	<b>-4.3</b>	<b>-21.9</b>	<b>-12.1</b>	-7.8	+9.9
Extraordinary Income	1.0	15.2	0.0	-1.0	-15.2
Extraordinary Losses	-1.1	-1.4	0.0	+1.1	+1.4
Income Before Income Taxes	-4.4	-8.2	-12.1	-7.7	-3.9
<b>Net Income</b>	<b>-5.1</b>	<b>-8.4</b>	<b>-12.2</b>	-7.2	-3.8
Avg. FX rate (USD/JPY)	129.7	132.4	137.5		
Q-End FX rate (USD/JPY)	136.7	133.5	145.0		

# Consolidated Cash Flow Statement

(JPY billion)	FY23/3 Q1	FY24/3 Q1	YoY
Income before income taxes	-4.4	-12.1	-7.7
Depreciation & amortization	2.2	1.7	-0.4
Working capital	-0.3	3.2	3.5
Other	-8.8	-2.5	6.3
<b>Cash Flow from Operating Activities</b>	<b>-11.4</b>	<b>-9.7</b>	1.6
Fixed asset investments	-2.7	-7.0	-4.3
Other	-0.5	-0.2	0.3
<b>Cash Flow from Investing Activities</b>	<b>-3.2</b>	<b>-7.2</b>	-4.0
Net increase / decrease in short-term borrowings	0.0	12.0	12.0
Other	-0.1	-0.2	-0.1
<b>Cash Flow from Financing Activities</b>	<b>-0.1</b>	<b>11.8</b>	11.9
Ending Balance, Cash & Equiv.	39.4	21.9	-17.5
<b>Free Cash Flow</b>	<b>-14.1</b>	<b>-16.7</b>	-2.6

Note: Free Cash Flow = Cash Flow from Operating Activities less Capex



# Thank You!

Any information related to market trends or industries mentioned in this document is based on information available at present and JDI does not guarantee that this information is accurate or complete.

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