



Japan Display Inc.

FY24/3 Q3
Corporate Presentation

February 9, 2024

We would like to express our deepest condolences to the families and friends of those who lost their lives in the Ishikawa earthquake, while extending our heartfelt sympathies to all those affected and our hopes for the earliest possible recovery



PersonalTech For A Better World



Japan Display Inc.

FY24/3 Q3 Overview

- **JDI Ishikawa Fab severely impacted by M7.6 earthquake that hit Ishikawa Prefecture on New Year's Day**
- **Experienced multiple burst pipes, water leaks, boiler stoppages, equipment damage, and machine misalignment**
- **Immediately launched a 70-person recovery task force and commenced recovery actions from early morning January 2nd**
- **Partial production resumption on January 24th, full production resumption on January 31st**
- **Earnings impact expected to be minimal**

- **Strong growth in profitable & strategically important OLED business**
 - Continuing market shift from LCD to OLED
 - JDI's world-leading OLED technology driving strong customer demand & JDI market share growth
 - 100% fab utilization – customer demand exceeds capacity, will fill increased demand with eLEAP
 - Forecasting +76% YoY growth for FY24/3, with continued growth in FY25/3 and beyond
 - Having generated economies of scale, OLED business now structurally profitable
- **eLEAP & its unmatched cost performance to drive further growth**
- **Discussions to expand eLEAP capacity in Wuhu, China by >50X progressing smoothly**

- **In contrast, LCD business remains unprofitable & requires continued radical transformation – JDI is committed to getting it done**
 - Relentless cost reductions
 - In line with METAGROWTH 2026 growth strategy, generate multiple new Global No. 1 technologies, products, & businesses
 - Drive higher LCD fab utilization to achieve economies of scale
- **Tight supply of high-performance LTPS LCD, at which JDI excels, and geopolitical risk moving some production away from China & Taiwan creates significant opportunity to boost fab utilization & drive industry consolidation**
- **Also pushing forward with across-the-board business model transformation to drive higher structural profitability**
 - Recently announced Virgo Smart Ring is one example of this



Japan Display Inc.

FY24/3 Q3 Earnings

EBITDA & OP Above Plan on Positive FX & Cost Reductions Continued Focus on Radical Product Portfolio & Cost Structure Transformation To Drive Profitability

(Units: JPY)	Result	vs. Plan	
Sales	180.4B	+ 1%	Core businesses (Auto, OLED Smartwatch/VR) strong. Strategic downsizing of non-core LCD smartphone business continues
EBITDA	-23.0B	+1.4B	Outperformed plan on back of ongoing cost reductions & positive FX. Ishikawa earthquake impact expected to be minimal
Operating Profit	-27.7B	+1.6B	
Net Income	-38.0B	—	Despite OP outperformance, inline with plan due to impairment of LCD-related assets (JPY 11B)

Note: To make them easier to understand, JDI has changed segment names from FY24/3 Q2 as follows: "Mobile" to "LCD Smartphone" and "Non-Mobile" to "Smartwatch/VR." Please note that this change is only a name change and does not impact the segment definitions themselves.

Significant YoY EBTIDA & OP Improvement

(Units: JPY)	Result	YoY	
Sales	60.5B	-13%	Core businesses (Auto, OLED Smartwatch/VR) strong. Strategic downsizing of non-core LCD smartphone business continues
EBITDA	-4.9B	+3.6B	Despite lower sales, significant YoY improvement on back of OLED breakthrough to structural profitability & continued cost reductions
Operating Profit	-6.2B	+4.4B	
Net Income	-9.3B	-3.5B	Losses increased YoY due to dropping out of extraordinary gains posted last year & recording of impairment losses on LCD-related assets (JPY 1.8B)

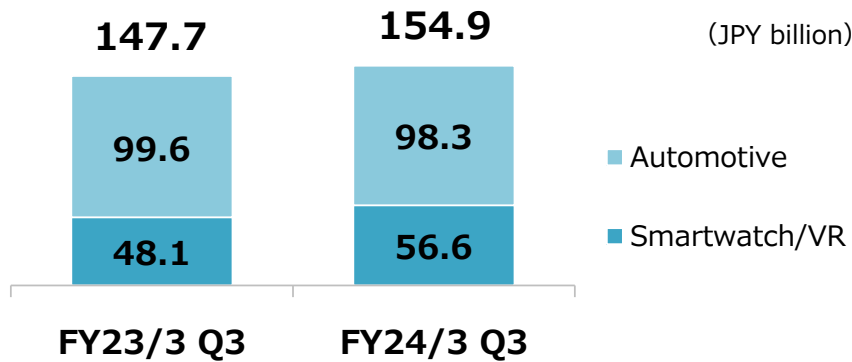
Note: To make them easier to understand, JDI has changed segment names from FY24/3 Q2 as follows: "Mobile" to "LCD Smartphone" and "Non-Mobile" to "Smartwatch/VR." Please note that this change is only a name change and does not impact the segment definitions themselves..

FY24/3 Q3 (9M) Sales by Segments



OLED Smartwatch Growth on Strong Customer Demand Strategic Downsizing of Non-Core LCD Smartphone Business Continues

Core Business



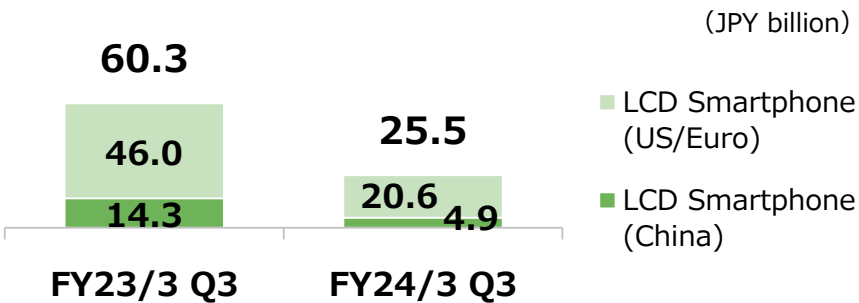
Automotive (YoY -1.3%)

Sales slightly down YoY due to withdrawals from unprofitable products – longer-term growth trend remains intact

Smartwatch/VR (YoY +17.6%)

Driven by increase in OLED smartwatch shipments

Non-Core Business



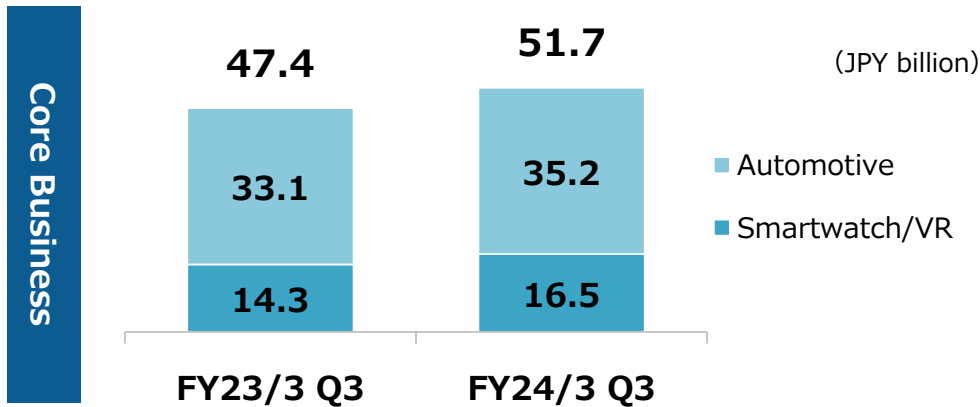
LCD Smartphone (YoY -57.7%)

Strategically exiting unprofitable non-core business to focus resources on core Automotive & OLED Smartwatch/VR businesses

FY24/3 Q3 (3M) Sales by Segments



Automotive Sales Up Despite Withdrawal from Unprofitable Products OLED Smartwatch Extraordinarily Strong

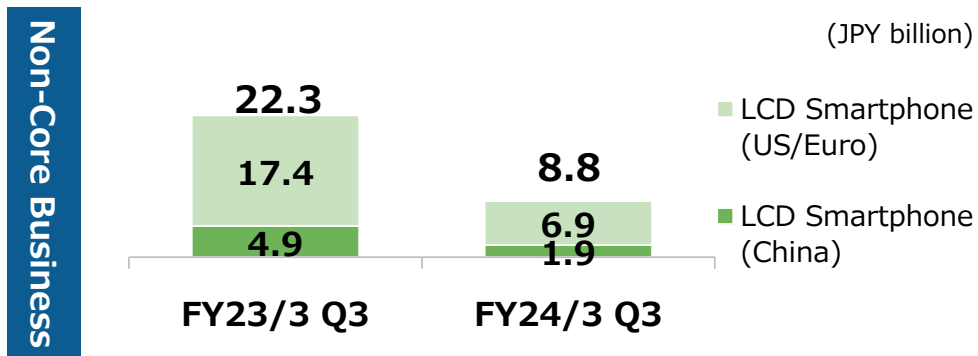


Automotive (YoY +6.5%)

Sales increased YoY despite withdrawal from unprofitable products

Smartwatch/VR (YoY +15.1%)

Strong demand for OLED smartwatch driving YoY sales growth



LCD Smartphone (YoY -60.6%)

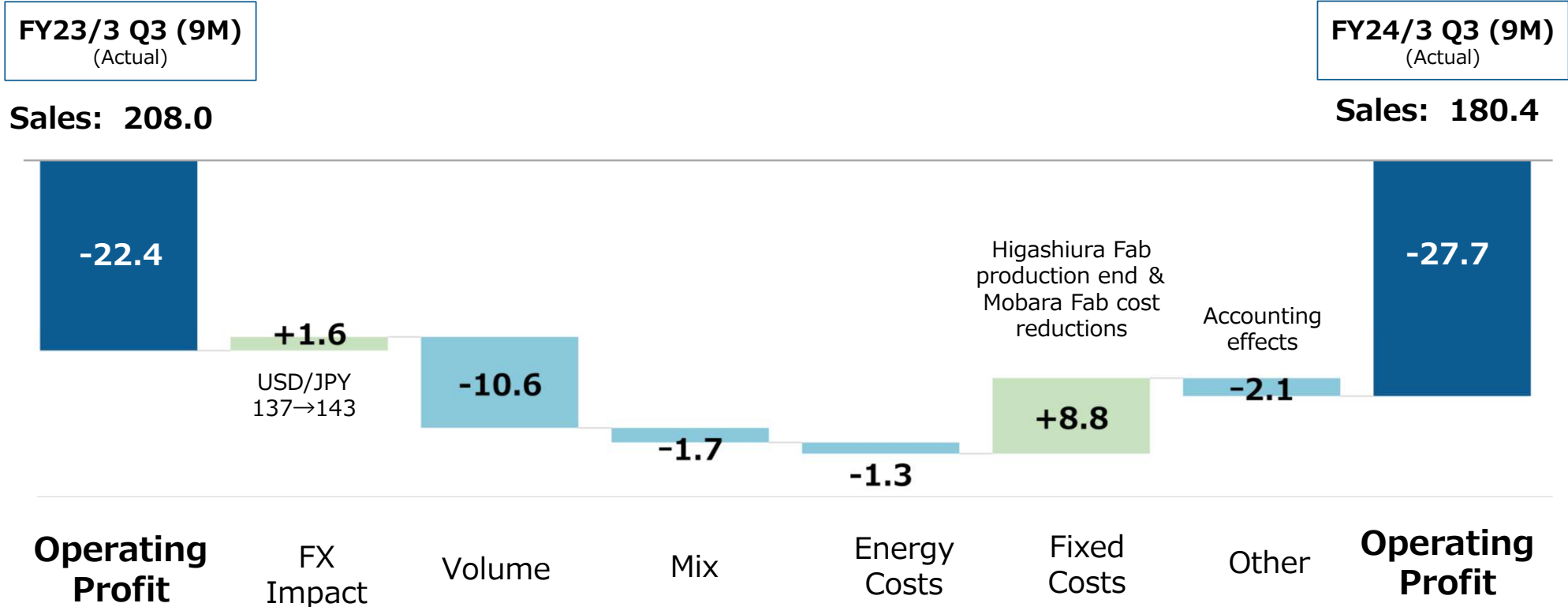
Strategically exiting unprofitable non-core business to focus resources on growing core Automotive & OLED Smartwatch/VR businesses

FY24/3 Q3 (9M) Operating Profit Change Breakdown



Operating Loss Expanded On Back of VR Sales Underperformance and Intensifying Competition of Automotive Business Despite Ongoing Fixed Cost Reductions

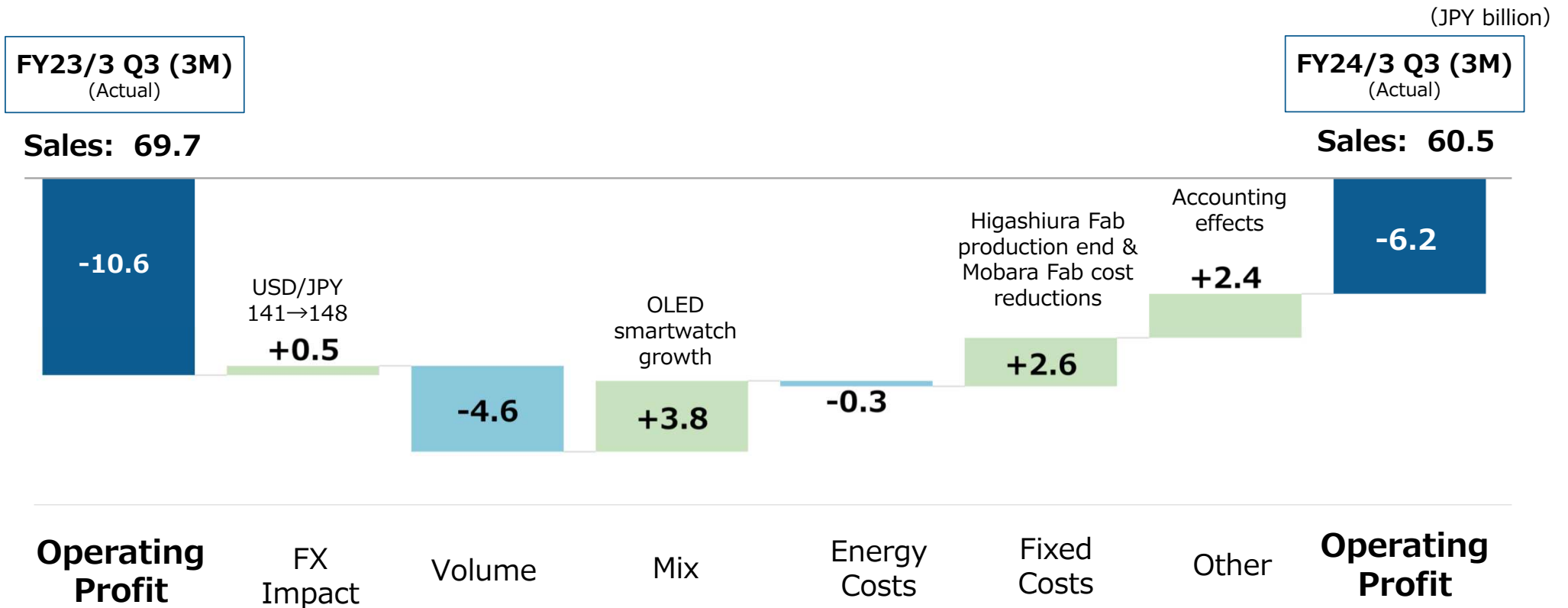
(JPY billion)



FY24/3 Q3(3M) Operating Profit Change Breakdown



Significant Improvement of Operating Loss On Back of Strong OLED Smartwatch Sales and Ongoing Fixed Cost Reductions





Japan Display Inc.

FY24/3 Forecast

Q3 Performance Inline with Plan Decreased VR Sales Outlook Remains Unchanged

(JPY billion)	FY24/3 H1 Actual	H2 FCST	Full-Year FCST	FY24/3 Q3 (9M) Actual
Sales	119.9	127.1	247.0	180.4
Automotive	63.1	69.8	132.9	98.3
OLED Smartwatch/VR	40.1	39.0	79.1	56.6
LCD Smartphone (US/Euro)	13.7	15.4	29.1	20.6
LCD Smartphone (China)	3.0	2.9	5.9	4.9
EBITDA	-18.1	-9.4	-27.5	-23.0
Operating Profit	-21.4	-12.6	-34.0	-27.7
Recurring Profit	-19.1	-13.4	-32.5	-26.4
Net Income	-28.7	-15.3	-44.0	-38.0



Japan Display Inc.

Business Update

Ishikawa Earthquake & Fab Recovery



JDI Ishikawa Fab



Ishikawa Earthquake



● January 1st: M7.6 Earthquake hit Ishikawa

- JDI Ishikawa Fab experienced multiple burst pipes, water leaks, boiler stoppages, equipment damage, and machine misalignment

● January 2nd: Immediate Response

- Immediately launched 70-person recovery task force, and commenced recovery activities from early morning

● January 24th: Line Relaunch

- JDI relaunched production on multiple lines

● January 31st: Fully resumed production

- JDI fully resumed production at its Ishikawa fab

Strong Growth in Profitable & Strategically Important OLED Business



+76%

Forecast YoY Growth for FY24/3,
with continued growth in FY25/3
and beyond

- Continuing market shift from LCD to OLED
- JDI's world-leading OLED technology driving strong customer demand & JDI market share growth
- 100% fab utilization – customer demand exceeds capacity, will fill increased demand with eLEAP
- Having generated economies of scale, OLED business now structurally profitable
- eLEAP & its unmatched cost performance to drive further growth
- Discussions to expand eLEAP capacity in Wuhu, China by >50X progressing smoothly

Wuhu

JDI

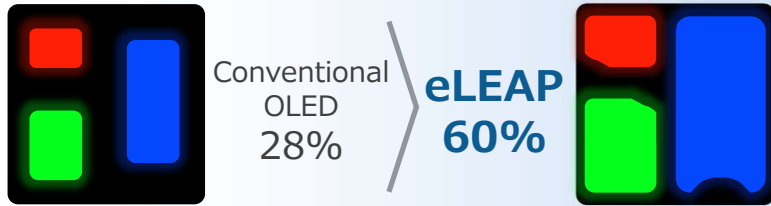
- **JDI signed a memorandum of understanding (MOU) with the Wuhu Economic and Technical Development Zone on September 29, 2023, and discussions are progressing smoothly**
- **Will increase JDI's eLEAP production capacity by >50X**
- **Extremely important step towards building a new global display ecosystem based on JDI's Global No.1 technologies**

eLEAP

- environment positive
- Lithography with maskless deposition
- Extr^em^e long life, low power, & high luminance
- Any shape Patterning



High Brightness (2X)



Brightness, vividness & free shapes unimaginable with existing technology



eLEAP

Long Lifetime (3X)

Lifetime Comparison	New 0h	After 1yr 1000h	After 3yrs 3000h	After 5yrs 5000h
Conventional OLED				
eLEAP				

※ Image assuming luminance deterioration due to 3h / day lighting with brightness equivalent to 600nit

eLEAP's Unprecedented Environmental Value



**Maskless OLED deposition is a breakthrough, environment positive production process that eliminates mask cleaning chemicals
150k tons p.a. of CO2 emission reduction via deployment at JDI Mobarra**



150k tons of yearly CO2 emissions =

**CO2
Absorption
Volume
of 17M
cedar trees**



**Cedar forest
the size of
3.7k Tokyo
Domes**




CO2 emissions are JDI's calculations based on G6 Mobarra plant at 30 k sheets/month

Requirements

1. Relentless cost reductions
2. In line with METAGROWTH 2026 growth strategy, generate multiple new Global No. 1 technologies, products, & businesses
3. Drive higher LCD fab utilization to achieve economies of scale

Opportunities

1. Tight supply for high-performance LTPS LCD, at which JDI excels
2. Geopolitical risk moving some production away from China & Taiwan



Significant opportunity to boost fab utilization & drive industry consolidation



Virgo

Self-Care Tailored for You



Virgo presentation available at:

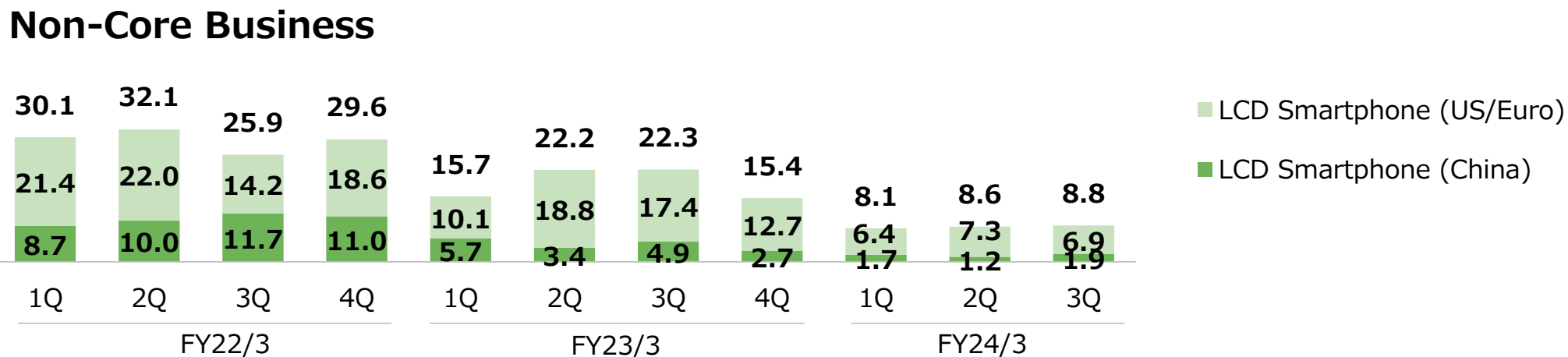
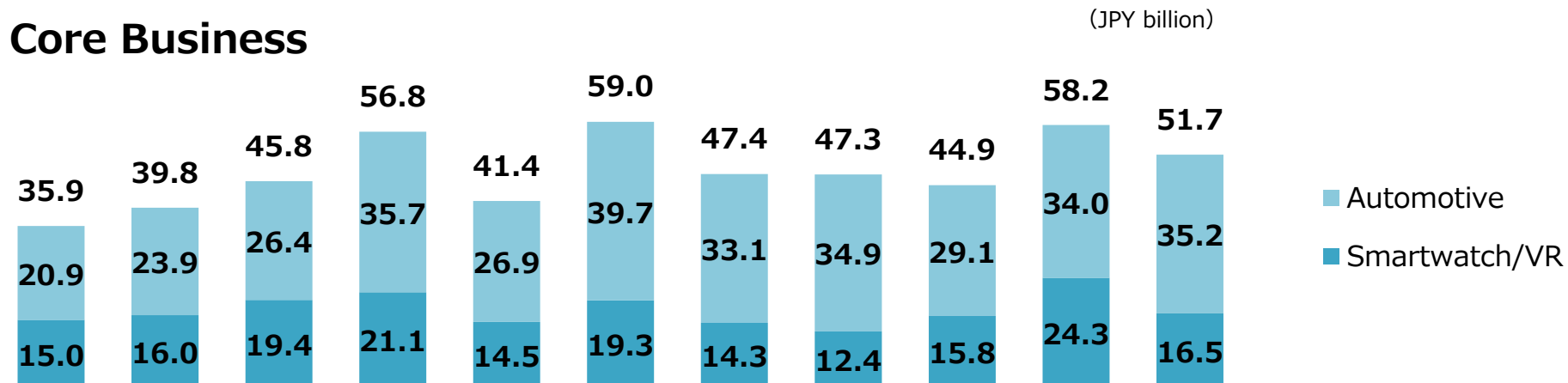
<https://ssl4.eir-parts.net/doc/6740/tdnet/2392184/00.pdf>



Japan Display Inc.

Appendix

Quarterly Sales Breakdown by Segments



FY24/3 Q3 Operating Profit Breakdown



QoQ

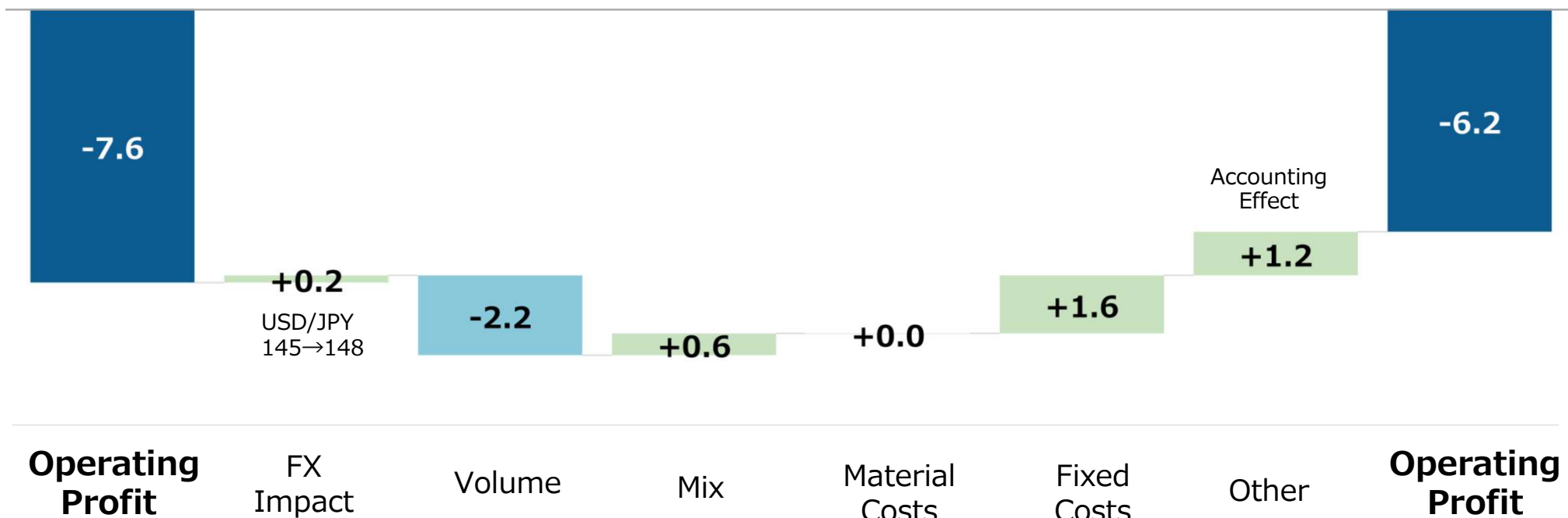
(JPY billion)

FY24/3 Q2

Sales: 66.9

FY24/3 Q3

Sales: 60.5



Consolidated B/S



(JPY billion)	FY23/3	FY24/3 Q3	vs. FY23/3
Cash and deposits	26.2	28.1	+1.9
Accounts receivable - trade	40.9	26.6	-14.3
Accounts receivable - other	18.3	16.3	-2.0
Inventories	60.3	63.1	+2.8
Other	5.1	5.3	+0.2
Total current assets	150.9	139.3	-11.5
Total non-current assets	71.8	77.2	+5.4
Total Assets	222.7	216.6	-6.1
Accounts payable - trade	45.2	44.7	-0.5
Interest-bearing debt	1.5	25.3	+23.8
Accounts payable - other	9.3	17.4	+8.1
Other liabilities	42.3	41.7	-0.6
Total Liabilities	98.3	129.0	+30.8
Total Net Assets	124.4	87.6	-36.9
Shareholders Equity Ratio	55.8%	40.3%	-15.5pts

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 Q3	FY24/3 Q3	YoY	FY23/3 Q3 (9M)	FY24/3 Q3 (9M)	YoY
Sales	69.7	60.5	-9.2	208.0	180.4	-27.7
EBITDA	-8.5	-4.9	+3.6	-16.0	-23.0	-7.0
Operating Profit	-10.6	-6.2	+4.4	-22.4	-27.7	-5.3
Non-Operating Income	0.6	1.4	+0.8	3.9	5.1	+1.2
Non-Operating Expenses	-2.5	-2.5	+0.0	-2.6	-3.9	-1.4
Recurring Profit	-12.6	-7.3	+5.3	-21.0	-26.4	-5.5
Extraordinary Income	13.5	0.0	-13.5	14.5	0.1	-14.4
Extraordinary Losses	-6.0	-1.8	+4.2	-7.2	-11.0	-3.8
Income Before Income Taxes	-5.1	-9.1	-4.0	-13.7	-37.4	-23.6
Net Income	-5.8	-9.3	-3.5	-17.4	-38.0	-20.6
Avg. FX rate (USD/JPY)	141.4	147.9		136.5	143.3	
Q-End FX rate (USD/JPY)	132.7	141.8		132.7	141.8	

Consolidated Cash Flow Statement



(JPY billion)	FY24/3 Q2	FY24/3 Q3	FY23/3 Q3 (9M)	FY24/3 Q3 (9M)	YoY
Income before income taxes	-16.1	-9.1	-13.7	-37.4	-23.6
Depreciation & amortization	1.6	1.4	6.4	4.7	-1.7
Working capital	6.3	4.3	-12.1	13.8	+25.9
Gain on sale of subsidiary shares	0.0	0.0	-13.5	0.0	+13.5
Other	9.6	0.5	-4.7	7.6	+12.3
Cash Flow from Operating Activities	1.4	-2.9	-37.6	-11.2	+26.3
Fixed asset investments	-1.6	-1.7	-7.5	-10.3	-2.8
Other	-0.9	0.0	-4.1	-1.1	+3.0
Cash Flow from Investing Activities	-2.5	-1.7	-11.6	-11.4	+0.2
Net increase / decrease in short-term borrowings	8.0	4.0	28.0	24.0	-4.0
Other	-0.2	-0.1	-0.3	-0.5	-0.2
Cash Flow from Financing Activities	7.8	3.9	27.7	23.5	-4.2
Ending Balance, Cash & Equiv.	29.1	27.5	32.2	27.5	-4.7
Free Cash Flow	-0.2	-4.6	-45.0	-21.5	+23.5

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.

Any plan, estimation, calculation, quotation, evaluation, prediction, expectation or other forward-looking information in this document is based on the current assumptions and beliefs of JDI in light of the information currently available to it, and involves known and unknown risks, uncertainties, and other factors. Such risks, uncertainties and other factors may cause JDI's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation: economic conditions and individual consumption trends in Japan and overseas, currency exchange rate movements, trends in the market for smartphones and other electronic equipment, the management policies of our major business partners and fluctuations in the price of raw materials.