Implementation Actions for the Medium-Term Business Plan

December 21, 2016
Japan Display, Inc.
Build stable profit base = Structural reforms

1. Expand non-mobile biz ratio to 50%+ in FY21
2. Thorough cash flow management
3. New biz model that includes global strategic tie-ups

Maintain & enhance competitiveness = Accelerate technology innovation

1. Evolve next-gen flexible display technology
2. Expand technology portfolio
   (Evaporation and printing-method OLED technology development)
Medium-term Business Goal

Non-mobile ratio

- FY17: 20%
- FY18: 30%
- FY19: 40%
- FY20: 44%
- FY21: 54%

"FULL ACTIVE"

Flexible display

- Flexible "FULL ACTIVE"
- Evaporation method OLED
- Printing method OLED

Sales

- FY17: ¥1.1tr
- FY21: ¥1.2tr

OP margin

- FY17: 8%
- FY21: 13%

Development

- Mass production

Note:

- Sales not include printing OLED (JOLED)
Medium-term Business Goal

OP margin

Sales ¥1.1tr

Sales ¥1.2tr

New biz
Note PC etc.
Automotive
Mobile

Non-Mobile

Flexible display
Flexible “FULL ACTIVE”

Evaporation method OLED
Printing method OLED

Development
Mass production

Establish technology & production processes using new fundraising

Study new business models for mass production

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Expansion of Technology Portfolio

- Enhance display platform & accelerate biz field expansion

Envisioned applications

- "FULL ACTIVE"
- Flexible display
  - Flexible "FULL ACTIVE"
  - Evaporation OLED
  - Printing OLED

- Smartphone
- 2in1 PC
- Automotive
- VR/AR
- Aviation, Medical
- Gaming PC monitor
- Book, Education
- Signage
- TV

- Medium size
- Large size
- High resolution
- Medium resolution
- Large size monitor
- e-paper
- New business model
Expansion of technology portfolio

- Enhance display platform & accelerate biz field expansion

**Envisioned applications**

- **“FULL ACTIVE”**
- Flexible display
  - Flexible “FULL ACTIVE”
  - Evaporation OLED
  - Printing OLED
- **JOLED as a consolidated subsidiary**

**“FULL ACTIVE”**

- Smartphone
- 2in1 PC
- Automotive
- VR/AR
- Gaming PC
- Aviation, Medical
- Book, Education
- Signage
- TV

**Flexible display**

- Medium size
- Medium resolution
- Large size
- Large size monitor
- High resolution
- e-paper

**New business model**

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Plans for Making JOLED a Subsidiary

- Acquire 51% of JOLED voting rights; basic agreement today on conversion to consolidated subsidiary
- Plan to reach final agreement by end-FY16 following due diligence
- Plan to begin JOLED operations as consolidated subsidiary in 1H-FY17
## JOLED Company Profile

<table>
<thead>
<tr>
<th>Company Name</th>
<th>JOLED Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commencement</td>
<td>January 5, 2015</td>
</tr>
<tr>
<td>Representative</td>
<td>Nobuhiro Higashiiriki</td>
</tr>
<tr>
<td>Business</td>
<td>Research, development, production and sale of organic electroluminescent display panels and parts, materials and production equipment and related products thereof</td>
</tr>
<tr>
<td>Capital</td>
<td>18.85 billion yen (as of November 1, 2016)</td>
</tr>
<tr>
<td>Employees</td>
<td>Approx. 260 (incl. 230 OLED engineers)</td>
</tr>
<tr>
<td>JOLED’s Target</td>
<td>Spark innovation in the medium-sized display market with printing OLED</td>
</tr>
<tr>
<td>Development Center</td>
<td>Kyoto Technology Develop Ctr (at ex-Panasonic Develop Ctr) Atsugi Technology Develop Ctr (at ex-Sony Develop Ctr) Ishikawa Technology Develop Ctr &amp; G4.5 pilot line (at JDI Ishikawa Plant)</td>
</tr>
<tr>
<td>Milestone</td>
<td>Jan 2015: Established JOLED July 2016: Started pilot production on G4.5 pilot line Develop &amp; validate mass mfg. technology by June 2017</td>
</tr>
</tbody>
</table>
Synergy of JDI and JOLED Becoming One Group

1. Expand business field to include printing-OLED medium-large displays
2. Enhance frontplane technology portfolio & R&D
3. Combine R&D resources for common backplane technology (LTPS/oxide semi.)
4. Share procurement, sales, administration resources etc. for commercialization

<table>
<thead>
<tr>
<th>Application</th>
<th>Small-medium display</th>
<th>Small display</th>
<th>Medium-large display</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frontplane</td>
<td>LCD</td>
<td>Evaporation OLED</td>
<td>Printing OLED</td>
</tr>
<tr>
<td>Backplane</td>
<td>LTPS/oxide semiconductor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resolution</td>
<td>Excellent</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Cost</td>
<td>Excellent</td>
<td>Fair</td>
<td>Excellent</td>
</tr>
<tr>
<td>Designability</td>
<td>Good</td>
<td>Excellent</td>
<td>Excellent</td>
</tr>
</tbody>
</table>

Enhance R&D
Further evolution
RGB Printing OLED

Large size (TV)

2014

High-resolution printing

55” 4K (85ppi)

Flexible

2015

Middle-size high-resolution printing

2016

High-resolution printing

12.2” FHD (180ppi)

Flexible

12.2” FHD (Flexible)

19.3” 4K (230ppi)

Pictures provided by JOLED
<table>
<thead>
<tr>
<th>Summary of Funds</th>
<th>Use of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Face value of bonds</strong> --- 45 billion yen</td>
<td>- R&amp;D expenses on printing OLED</td>
</tr>
<tr>
<td><strong>Allotted to</strong> -------------- Innovation Network Corporation of Japan (“INCJ”)</td>
<td></td>
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<tr>
<td><strong>Coupon</strong> --------------- 0%</td>
<td></td>
</tr>
<tr>
<td><strong>Issue date</strong> -------------- January 11, 2017</td>
<td></td>
</tr>
<tr>
<td><strong>Maturity date</strong> -------------- January 11, 2024</td>
<td></td>
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<tr>
<td><strong>Conversion price</strong> ------- 430 yen (Equivalent to 145% of market price at time of issuance resolution(*)</td>
<td></td>
</tr>
<tr>
<td><strong>Exercise period</strong> --------- From January 11, 2019 to December 27, 2023 (Conversion not possible for 2 years after issuance)</td>
<td></td>
</tr>
<tr>
<td><strong>INCJ’s % of voting rights after exercising stock acquisition rights</strong> 45.13% (at time of issuance resolution: 35.58%)</td>
<td></td>
</tr>
<tr>
<td>(*) Average of the Tokyo Stock Exchange closing price for 1 month (Nov. 21 - Dec. 20, 2016)</td>
<td></td>
</tr>
</tbody>
</table>

**Unsecured Subordinated Convertible Bonds with Stock Acquisition Rights (Third-Party Allotment)**

- Aggregate loan amount -------------- 30 billion yen
- Loan lender -------------------------- INCJ
- Interest rate ------------------------ 4.23%
- Scheduled disbursement date ----- December 22, 2016
- Repayment date --------------------- December 22, 2023

- R&D expenses on evaporation OLED

**Subordinated Loan**

- R&D expenses on printing OLED
Forward Looking Statement:

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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