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## **Partial Changes in Use and Expenditure Schedule of Funds Raised Through Third-Party Allotment**

Japan Display Inc. (JDI) issued Class B Preferred Shares through third-party allotment to Ichigo Trust on March 26, 2020 (the "Third-Party Allotment of Class B Preferred Shares"), along with JDI's 12th Stock Acquisition Rights, for which the Class E Preferred Shares are the underlying shares, also through the third-party allotment to Ichigo Trust on August 28, 2020 (the "Third-Party Allotment of the 12th Stock Acquisition Rights"; together with the Third-Party Allotment of Class B Preferred Shares, the "Third-Party Allotment"). Today JDI decided to partially change the use and the expenditure schedule of the funds raised through the Third-Party Allotment.

### 1. Reason for the Changes

#### (1) Change in the Expenditure Schedule of Funds Raised Through the Third-Party Allotment of Class B Preferred Shares

In the "Notice Concerning Conclusion of Capital Alliance Agreement, Issuance of Class B Preferred Shares and Stock Acquisition Rights through Third-Party Allotment, and Change in the Largest Major Shareholder" on January 31, 2020, JDI announced to use the net proceeds of JPY 49.93 billion from the Third-Party Allotment of Class B Preferred Shares (total paid-in amount: JPY 50.4 billion) as follows: (i) JPY 25 billion for capital investment in growth businesses (expenditure schedule: April 2020 to March 2022); (ii) JPY 24.93 billion for working capital (expenditure schedule: April 2020 to September 2020).

As of today, the entire amount of (ii) above has already been used for working capital as scheduled, but for (i), the used amount is JPY 11.0 billion. This is the result of JDI carefully selecting growth businesses and making capital investments in the face of the Covid pandemic and severe parts and materials shortages. As capital investment in growth businesses still is essential for the earnings growth that JDI is working to achieve, JDI decided to extend the expenditure schedule of the unused funds for (i) to September 2024.

Unused funds are held in a bank account until they are used for capital investment.

#### (2) Change in Use and Expenditure Schedule of Funds Raised Through the Third-Party Allotment of the 12th Stock Acquisition Rights

In the "Notice Concerning Conclusion of Capital Alliance Agreement, Issuance of Class D Preferred Shares and Stock Acquisition Rights through Third-Party Allotment, and Partial Amendment of Articles of Incorporation" on July 21, 2020, JDI announced it would use the entire net proceeds of JPY 55.07 billion from the Third-Party

Allotment of the 12th Stock Acquisition Rights (total paid-in amount: JPY 55.4 billion) for the repayment of the loan from INCJ, Ltd. ("INCJ")<sup>1</sup>.

<sup>1</sup> As of today, all of JDI's borrowings are from INCJ, consisting of a short-term loan of JPY 20 billion dated September 2, 2019 (due September 3, 2022), a subordinated loan of JPY 3.68 billion (due December 22, 2023), and a senior loan of JPY 50 billion (due March 26, 2025).

As a result of subsequent partial exercises of the 12th Stock Acquisition Rights by Ichigo Trust, JDI has raised JPY 44.32 billion (paid-in amount) to date, of which JPY 20 billion was used on August 10, 2021 to repay a short-term loan from INCJ dated August 7, 2019.

JDI will use JPY 20 billion out of the remaining JPY 35.07 billion of the net proceeds from the Third-Party Allotment of the 12th Stock Acquisition Rights (the amount after repaying JPY20 billion to INCJ as described above) to repay a short-term loan from INCJ due September 3, 2022. Today JDI decided to change the use of the remaining JPY 15.07 billion to working capital.

Despite the impact of the Covid pandemic and parts and materials shortages, JDI's earnings have been improving, with fixed and variable cost reductions driving a decline in JDI's break-even point. However, JDI has determined that it is important to secure funds in preparation for unforeseen circumstances, given that working capital requirements for parts and materials are increasing and that the Covid pandemic and parts and materials shortages are expected to continue.

## 2. Details of the Changes

The details of the changes to the use and expenditure schedule of the funds raised through the Third-Party Allotment are as follows. (The changes are underlined.)

### (1) Class B Preferred Shares

(Before)

Specific Use	Amount (JPY million)	Expenditure Schedule
Capital investment in growth businesses	25,000	April 2020 to <u>March 2022</u>
Working capital	24,930	April 2020 to September 2020

(After)

Specific Use	Amount (JPY million)	Expenditure Schedule
Capital investment in growth businesses	25,000 (Used: 11,000)	April 2020 to <u>September 2024</u>
Working capital	24,930 (Used: 24,930)	April 2020 to September 2020

### (2) The 12th Stock Acquisition Rights

(Before)

Specific Use	Amount (JPY million)	Expenditure Schedule
Loan repayment	<u>55,070</u>	<u>October 2020 to June 2024</u>

(After)

Specific Use	Amount (JPY million)	Expenditure Schedule
Loan repayment	<u>40,000</u> (Used <u>20,000</u> )	October 2020 to <u>September 2022</u>
<u>Working capital</u>	<u>15,070</u>	<u>March 2022 to June 2024</u>

### 3. Earnings Impact

The impact of these changes on FY22/3 consolidated earnings is immaterial. JDI will promptly disclose the details if matters requiring further disclosure arise.