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## **Strategic Alliance MOU with Global No. 3 Display Maker HKC**

Japan Display Inc. (JDI) signed on April 7, 2023 a memorandum of understanding (MOU) with HKC Corporation Limited (HKC), the global No.3 display maker, to create a strategic alliance. As global strategic partners, JDI and HKC will work together on next-generation OLED technology and fabs, a Global Innovation and Industrialization Center, and a high-end automotive display business.

### **1. MOU Background and Purpose**

In May 2022 JDI announced the development of eLEAP, JDI's next-generation OLED technology. eLEAP is the world's first OLED technology to use maskless deposition and lithography, and significantly increases display brightness and lifetime. JDI shipped its first eLEAP samples to customers in August 2022, and is scheduled to begin eLEAP mass production in 2024.

In March 2022 JDI also announced its development of HMO (High Mobility Oxide), the world's first HMO backplane technology deployed on a G6 production line. HMO delivers 2X to 4X the field-effect mobility of conventional oxide semiconductor thin film transistors (OS-TFT), and JDI is working towards rapidly commencing mass production.

eLEAP and HMO deliver high brightness, long lifetimes, and low power consumption not achievable with conventional display technologies. By radically simplifying frontplane and backplane manufacturing processes, eLEAP and HMO lower manufacturing costs. eLEAP and HMO are also GreenTech technologies that reduce material usage in manufacturing and dramatically cut CO2 emissions.

JDI believes that eLEAP and HMO represent once-in-a-generation revolutionary advances in display technology. Providing eLEAP and HMO to other display manufacturers is thus an opportunity to create an entirely new global display ecosystem that delivers unprecedented cost performance for customers all over the world.

HKC is a highly regarded electronics manufacturer that has generated rapid growth in its large display business in recent years and is planning an IPO in China in the near future. Since 2017 HKC has launched mass production at G8.6 display fabs located in Chongqing, Chuzhou, Mianyang, and Changsha. HKC has achieved extraordinary revenue growth on the back of its powerful cost competitiveness, sales strengths, management agility, and robust financial standing.

JDI and HKC believe that combining JDI's proprietary Global No.1 technologies and manufacturing capabilities with HKC's cost competitiveness and sales strengths, while bringing together both companies' rich human capital, will contribute to a significant increase in both JDI and HKC's corporate value, and have thus signed this strategic alliance MOU.

## 2. MOU Overview

JDI and HKC have agreed to work towards signing a final strategic alliance agreement that includes the following items by June 2023:

- (1) JDI and HKC have agreed on a long-term, comprehensive, and collaborative global strategic partnership to work together on eLEAP, a Global Innovation and Industrialization Center, and a high-end automotive display business;
- (2) JDI and HKC will jointly plan and build world-class eLEAP fabs, targeting mass production in 2025;
- (3) JDI and HKC will work together to grow into the world's leading comprehensive high-end display solution provider, and have established the following long-term strategic targets for mid- to high-end displays:
  1. Wearables: Global No.1 in shipments and market share by 2027;
  2. Automotive: Global No.1 in shipments and market share by 2028;
  3. VR: Global No.1 in shipments and market share by 2028;
  4. Monitors: Global No.1 in shipments and market share by 2028;
  5. Notebooks & Tablets: Global No.3 in shipments and market share by 2028.

## 3. HKC Overview

(1) Name	HKC Corporation Limited	
(2) Headquarters	Building 6, Huike Industrial Park, No.1 Industrial Road, 2 Shilong Community, Shiyuan Street, Baoan Shenzhen, Guangdong Province, China	
(3) Representative	Zhiyong Wang, Chairman/President	
(4) Business Description	Development, manufacturing, and sale of display panels, TVs, and IT peripheral equipment	
(5) Date of Incorporation	December 3, 2001	
(6) Major Shareholder and Shareholding Ratio	HKC Group 76.5% Government agencies 19.28%	
(7) Relationship with JDI	Capital Relationship	N/A
	Personnel Relationship	N/A
	Business Relationship	N/A
(8) Business Performance and Financial Conditions for the Last Two Years		
Fiscal Year	FY20/12	FY21/12
Net Assets (RMB million)	23,882	32,610
Total Assets (RMB million)	81,680	106,899
Revenue (RMB million)	18,464	35,709
Operating Profit (RMB million)	511	8,892
Net Income (RMB million)	467	7,851

Note: The above figures are drawn from HKC's pre-public offering financial materials and are based upon Chinese accounting standards. Full-year FY22/12 figures have not been included, because they are currently under external auditor review.

**4. Schedule**

MOU Signing Date	April 7, 2023
Final Agreement Signing Date	June 2023 (expected)

**5. Earnings Impact**

Although the impact of this MOU on JDI’s March 2024 fiscal period earnings is minimal, the JDI/HKC strategic alliance will significantly advance the development of a new global display ecosystem based upon JDI’s proprietary Global No. 1 technologies, growing value for customers and society and driving JDI’s global display technology leadership and sustainable growth for JDI shareholders.

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<b>eLEAP</b>	<u>e</u> nvironment positive <u>L</u> ithography with maskless deposition <u>E</u> xtreme long life, low power, and high luminance <u>A</u> ny shape <u>P</u> atterning
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