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Japan Display Inc. (JDI) (Tokyo Stock Exchange Prime Market, 6740)
Representative: Jun Akema, CEO
Inquiries: Ken Hirabayashi, CFO
Telephone: +81-3-6732-8100
www.j-display.com/en/

(Disclosure Update) Transfer of Intellectual Property Rights to Newly Established Subsidiaries and Subsidiaries Share Sale to Ichigo Trust

As part of its ongoing efforts to strengthen its financial foundation and accelerate the execution of its BEYOND DISPLAY growth strategy, JDI has decided to implement the following measures:

(i) transfer certain intellectual property rights (IP) held by JDI and its wholly owned subsidiary JDI Design and Development G.K. (JDIDD) to three newly established wholly owned subsidiaries (the “New JDI Subsidiaries”);

(ii) enter into license agreements with the New JDI Subsidiaries granting JDI rights to use the IP without incurring royalty payments;

(iii) transfer all issued shares (the “Share Sale”) of the New JDI Subsidiaries to Ichigo Trust (“Ichigo”).

The Share Sale is intended to secure immediate working capital through the monetization of JDI’s IP. In parallel, JDI is issuing the 14th Stock Acquisition Rights to Ichigo through a third-party allotment to raise growth capital to support the execution of its BEYOND DISPLAY strategy.

1. Share Sale Rationale

The global display industry continues to undergo structural shifts, with intensified cost competition driven by expanded production capacity among overseas manufacturers. In addition, rising energy and material costs have created a challenging operating environment for companies focused solely on display manufacturing.

In response, JDI launched its BEYOND DISPLAY growth strategy in November 2024, aiming to transition from a display-centric business model to a more diversified and resilient portfolio that includes sensors and advanced semiconductor packaging. As part of this strategic shift, JDI is pursuing a structural transformation within its display business to increase its profitability and competitiveness. This includes adopting an asset-light approach to minimize fixed costs associated with manufacturing facilities. In line with this initiative, JDI announced on February 12, 2025, its decision to end production at its Mobara Fab by March 2026.

To support its operations during this transition, JDI has secured funding through multiple short-term loans and extensions of repayment deadlines from its controlling shareholder Ichigo since May 2023. As of June 25, 2025, total borrowings from Ichigo amount to JPY 65 billion. Interest payments associated with these borrowings have placed pressure on cash flow, and JDI is prioritizing repayment as part of its broader efforts to optimize its capital structure. In parallel, JDI is working to reinforce its net asset position, recognizing the importance of maintaining appropriate financial strength as a listed company.

The benefits of cost reductions and improved profitability from the BEYOND DISPLAY strategy are expected to begin contributing from FY27/3 onward, but FY26/3 earnings will be impacted by reduced sales and restructuring-related costs.

To address these issues, JDI entered into a MOU with Ichigo to secure growth capital aligned with the execution of the BEYOND DISPLAY growth strategy. Following constructive discussions, JDI has resolved to proceed with the Share Sale on July 30, 2025 as a means of securing immediate working capital. Regarding the transfer of the land and buildings of the Mobara Fab (the "Real Estate"), negotiations on key terms are ongoing, and JDI aims to finalize the agreement in late July 2025. Upon execution, JDI will promptly disclose the details.

As part of the Share Sale, JDI will retain ownership of patents related to its new businesses and certain display-related patents associated with ongoing production. For other display-related patents subject to the transfer, JDI and Ichigo have agreed that the New JDI Subsidiaries will grant JDI royalty-free license rights, allowing JDI to continue using the patents without incurring any license fees, thereby ensuring no disruption to its business operations.

In addition, JDI has entered into a capital alliance agreement with Ichigo (the "Capital Alliance") and agreed to issue the 14th Stock Acquisition Rights (the "New Warrants") to Ichigo through a third-party allotment (the "Allotment"). Payment by Ichigo for the Allotment is conditional upon the execution of the Share Sale on the payment date.

While the MOU initially contemplated the repayment of borrowings and the securing of growth capital through both the Share Sale and the Real Estate sale, JDI has determined to prioritize the Share Sale to secure working capital, and subsequently raise growth capital through the Allotment to support the execution of its strategic initiatives. Negotiations regarding the Real Estate sale are ongoing, with the final agreement targeted for late July 2025. Proceeds from the Real Estate sale are expected to contribute to debt reduction and further financial flexibility.

Ichigo currently holds 100 units of JDI's 13th Stock Acquisition Rights. Under the Capital Alliance agreement, Ichigo has agreed to surrender at zero value all of these rights on the allotment date of the New Warrants, conditional upon acquiring all of the New Warrants.

For further details regarding the Allotment, please refer to today's announcement "Capital Alliance with Ichigo Trust and Issuance of 14th Stock Acquisition Rights."

2. Overview of the New JDI Subsidiaries

(As of June 26, 2025)

(1) Name	**Magnolia Purple Inc.**	**Magnolia White Inc.**	**Magnolia Blue Inc.**
(2) Location	3-7-1 Nishi-Shimbashi, Minato-ku, Tokyo	3-7-1 Nishi-Shimbashi, Minato-ku, Tokyo	3-7-1 Nishi-Shimbashi, Minato-ku, Tokyo
(3) Representative	Koichi Irie, Representative Director	Koichi Irie, Representative Director	Koichi Irie, Representative Director
(4) Business Description	Acquisition, management, operation, procurement, and licensing of intellectual property rights and related businesses	Acquisition, management, operation, procurement, and licensing of intellectual property rights and related businesses	Acquisition, management, operation, procurement, and licensing of intellectual property rights and related businesses
(5) Capital	JPY 10,000	JPY 10,000	JPY 10,000

(6) Establishment Date	May 19, 2025	May 19, 2025	May 19, 2025
(7) Number of Shares Issued	100 shares[1]	100 shares[1]	100 shares[1]
(8) Fiscal Year End	March 31	March 31	March 31
(9) Major Shareholder and Shareholding Ratio	JDI: 100%	JDI: 100%	JDI Design and Development G.K.: 100%[2]
(10) Relationship with JDI	Capital: JDI holds 100% of issued shares	Capital: JDI holds 100% of issued shares	Capital: JDIDD holds 100% of issued shares
	Personnel: One JDI employee serves as Representative Director	Personnel: One JDI employee serves as Representative Director	Personnel: One JDI employee serves as Representative Director
	Transactional: None[3]	Transactional: None[3]	Transactional: None[3]

Notes:
1. The number of issued shares is expected to increase to 101 shares at the time of the Share Sale due to contribution in kind of the IP.
2. JDI plans to acquire all issued shares held by JDIDD prior to the execution of the Share Sale.
3. JDI plans to enter into license agreements with the New JDI Subsidiaries regarding the IP prior to the execution of the Share Sale.
4. As the New JDI Subsidiaries were established on May 19, 2025, they have not yet completed a full fiscal year.

3. Overview of Intellectual Property to be Transferred

Description of IP	Book Value
Certain patents related to LCD and OLED displays held by JDI	JPY 0 (In-house development, so not capitalized)
Patents related to OLED displays held by JDIDD	c. JPY 800 million

4. Overview of Ichigo

(As of June 26, 2025)

(1)	Name	Ichigo Trust	
(2)	Location	Elgin Court, Elgin Avenue, P.O. Box 448, Grand Cayman, KY1-1106 Cayman Islands	
(3)	Legal Basis	Cayman Islands Trust Law	
(4)	Purpose	Asset management specializing in investments in Japanese companies	
(5)	Establishment Date	October 5, 2006	
(6)	Total Investment Amount	JPY 984,501 million (as of March 31, 2025)	
(7)	Investors	Primarily US university endowments, foundations, and pension funds	
(8)	Details of Investment	Name	Ichigo Asset Management International, Pte. Ltd.

	Manager	Location	1 North Bridge Road, #06-08 High Street Centre Singapore 179094
		Title and Name of Representative	Partner / CEO Navaid Ejaz Farooqi
		Business Description	Investment management
		Investment Amount or Capital	SGD 200,000
(9)	Domestic Agent Overview	Name	HSBC Tokyo Branch
		Location	3-11-1 Nihonbashi, Chuo-ku, Tokyo
		Title and Name of Representative	Representative in Japan Edward Weeks
		Business Description	Branch of a foreign bank
		Investment Amount or Capital	No standalone capital as it is a branch of a foreign bank
(10)	Relationship between JDI and Ichigo Trust	Relationship with Ichigo Trust	As of June 25, 2025, Ichigo Trust holds 3,034,222,222 common shares, and 5,540 Class E preferred shares, equivalent to 78.20% of the voting rights of JDI's issued shares (based on the total voting rights of 38,803,228 as of March 31, 2025). Ichigo Trust is JDI's controlling shareholder and the largest shareholder. Ichigo Trust has no officers or employees or other personnel or transaction relationships with JDI.
		Relationship with Investment Manager	Scott Callon, CEO & Representative Director of Ichigo Asset Management, Ltd., the investment advisor to Ichigo Asset Management International, Pte. Ltd., which is the investment manager of Ichigo Trust, also serves as JDI's Chairman. The Investment Manager has no capital relationships or business relationships with JDI.
		Relationship with the Domestic Agent	N/A

5. Number of Shares, Sale Price, and Shareholding Before and After Sale

	Magnolia Purple Inc.	Magnolia White Inc.	Magnolia Blue Inc.
Number of Shares Before Sale	101 shares (Ownership: 100%)	101 shares (Ownership: 100%)	101 shares (Ownership: 100%)
Number of Shares to be Sold	101 shares (Voting rights: 100)	101 shares (Voting rights: 100)	101 shares (Voting rights: 100)
Number of Shares After Sale	0 shares (Ownership: 0%)	0 shares (Ownership: 0%)	0 shares (Ownership: 0%)

Note: Due to confidentiality obligations under an NDA, the sale value will not be disclosed. For details regarding the basis for determining the transfer value, please refer to Section 8, "Transactions with Controlling Shareholder," (2) "Measures to Ensure Fairness and Avoid Conflicts of Interest."

6. Schedule of Share Sale

Board Resolution Date	June 25, 2025
Share Sale Agreement Date	June 25, 2025
Share Sale Execution Date	July 30, 2025 (scheduled)

7. Earnings Impact

The impact of the Share Sale on JDI's consolidated financial results for the current fiscal year is currently under review. Once the impact has been determined, JDI will promptly disclose the details.

8. Transactions with Controlling Shareholder

(1) Applicability of Transactions with Controlling Shareholder and Compliance with Guidelines for Protection of Minority Shareholders

Ichigo holds a majority of JDI's voting rights and therefore qualifies as a "controlling shareholder" as defined in Article 2, Item 42-2 of the Tokyo Stock Exchange Securities Listing Regulations and Article 3-2 of the Enforcement Rules thereof. In addition, Scott Callon, JDI Chairman, concurrently serves as CEO & Representative Director of Ichigo Asset Management, Ltd., the investment advisor to Ichigo Asset Management International Pte. Ltd., which is the investment manager of Ichigo.

In light of these circumstances and in accordance with Article 441-2 of the Tokyo Stock Exchange Securities Listing Regulations, JDI has deemed its independent directors – Tamane Ozeki, Shiho Ito, and Takatoshi Tsujimura (all of whom are registered as independent directors with the Tokyo Stock Exchange) – as individuals without conflicts of interest with Ichigo. JDI consulted with the independent directors regarding the Share Sale and on June 25, 2025 obtained from them a written independent opinion that the Share Sale is not detrimental to the interests of minority shareholders.

Furthermore, in its Corporate Governance Report dated June 23, 2025, JDI has established the following guideline for transactions with controlling shareholders:

"From the perspective of protecting minority shareholders, JDI ensures appropriate involvement and oversight by independent directors when conducting transactions with its controlling shareholder. Such transactions are subject to approval by the Board of Directors, which is composed of a majority of independent directors. Chairman Scott Callon is considered a related party in transactions between JDI and Ichigo or its affiliates, and therefore does not participate in deliberations or resolutions of the Board of Directors regarding such transactions."

In accordance with this guideline and as described in section (3) below, JDI obtained a prior opinion from its independent directors confirming that the Share Sale is not detrimental to the interests of minority shareholders. The Share Sale was then approved unanimously at JDI's Board Meeting by all four directors who have no Ichigo conflicts of interest (including the three independent directors). JDI believes that these procedures are fully consistent with the aforementioned corporate governance regulations.

(2) Measures to Ensure Fairness and Avoid Conflicts of Interest

To eliminate arbitrariness in the decision-making process regarding the Share Sale and to ensure fairness, transparency, and objectivity, JDI obtained legal advice from TMI Associates, an independent legal advisor with no capital or business relationship with either JDI or Ichigo. TMI provided guidance on matters such as the decision-making process and procedures, including the recommendation that Scott Callon not participate in negotiations or in the deliberation and resolution of the Share Sale at the Board of Directors meeting.

In addition, in determining the transfer value, JDI received a valuation report on the intellectual property assets from Deloitte Tohmatsu Financial Advisory LLC, an independent third-party valuation firm.

In the valuation report, the value of the intellectual property was analyzed using the income approach (discounted cash flow method), based on certain assumptions regarding the projection period, royalty rate, tax rate, discount rate, and other factors. The analysis assessed the value of the intellectual property based on the cash flows expected to be generated by the intellectual property at the New JDI Subsidiaries. JDI believes that this valuation analysis is reasonable.

It should be noted that Scott Callon, Chairman of JDI's Board of Directors, also serves as CEO & Representative Director of Ichigo Asset Management, Ltd., which provides investment advisory services to Ichigo Asset Management International Pte. Ltd., the investment manager of Ichigo, under a discretionary investment management agreement. Accordingly, he was not involved in the formulation of the business plan that served as the basis for the valuation analysis.

Taking into account the contents of the valuation report, JDI conducted its own internal valuation of the intellectual property, and via negotiations with Ichigo agreed upon a transfer value that falls within the valuation range presented in the report. Furthermore, the terms of the Share Sale include provisions ensuring that the full transfer value will be received by JDI by the time of execution. JDI has therefore determined that both the transfer value and the other terms of the Share Sale are appropriate.

Based upon the above, and with legal advice from TMI Associates, JDI carefully reviewed and discussed the procedures and terms of the Share Sale from the perspective of enhancing corporate value and maximizing shareholder interests. As a result, at the Board of Directors meeting held on June 25, 2025, all directors other than Scott Callon were present, and the resolution to execute the Share Sale was unanimously approved by all attending directors.

Scott Callon, Chairman of JDI's Board of Directors, concurrently serves as CEO & Representative Director of Ichigo Asset Management, Ltd., the investment advisor to Ichigo Asset Management International Pte. Ltd., which is the investment manager of Ichigo. In accordance with legal advice from TMI Associates, and due to the potential for being a related party, Callon did not participate in the deliberation or resolution of the Share Sale. Furthermore, he did not participate in any negotiations related to the Share Sale.

(3) Summary of Opinions Obtained from Independent Directors Regarding the Impact on Minority Shareholders

JDI designated its independent directors—Tamane Ozeki, Shiho Ito, and Takatoshi Tsujimura (all of whom are registered as independent directors with the Tokyo Stock Exchange)—as individuals without conflicts of interest with respect to Ichigo. JDI consulted the independent directors regarding the Share Sale and, on June 25, 2025 received a written opinion from the independent directors that the purpose of the Share Sale is reasonable, the terms and conditions are fair and appropriate, and that sufficient measures have been taken to ensure procedural fairness. Based on these factors, the independent directors unanimously concluded that the Share Sale is not detrimental to minority shareholders.

Summary of Independent Directors' Written Opinion

(1) Opinion

The Share Sale is not considered detrimental to the interests of JDI's minority shareholders.

(2) Reasonableness of the Purpose of the Share Sale

(2-1) Purpose of the Share Sale

The independent directors conducted interviews with JDI's officers and employees regarding the purpose of the Share Sale and reviewed their explanations and related materials. The summary of their findings is as follows:

A. Current Situation of JDI

- The display industry in which JDI participates is facing intense cost competition due to increased production capacity by overseas manufacturers, particularly in China. Additionally, high volatility in customer demand and rising energy, material, and processing costs have made it difficult for JDI, which specializes in displays, to improve profitability.
- In response, JDI launched its BEYOND DISPLAY growth strategy in November 2024 to shift away from its display-centric business and pursue growth through expansion into sensors and advanced semiconductor packaging. As part of this strategy, JDI aims to structurally transform its display business to achieve high growth and profitability by minimizing factory-related fixed costs through an asset-light approach. Accordingly, JDI announced on February 12, 2025, its decision to cease panel production at the Mobara Plant (Chiba Prefecture) by March 2026.

B. Funding Status and Necessity

- Due to poor business performance, JDI faced a need for working capital and has since May 2023 secured funds through multiple short-term loans and extensions of repayment deadlines from its controlling shareholder, Ichigo. As of June 25, 2025, the total borrowings from Ichigo amount to JPY 65 billion, and the interest payments have become a significant burden. Repayment of these borrowings is an urgent priority.
- JDI's financial condition continues to deteriorate due to recurring losses, partly caused by these borrowings.
- To continue its operations, JDI urgently needs to increase its net assets through immediate capital infusion.
- For the fiscal year ending March 2026, continued losses are expected due to reduced sales and restructuring costs associated with the cessation of production at the Mobara Plant.
- The global business environment may become even more challenging due to increased uncertainty stemming from U.S. tariff policies, potentially leading to further funding needs.
- Since June 1, 2023, when the 13th stock acquisition rights held by Ichigo became exercisable, JDI's stock price has consistently remained below the exercise price of JPY 45, with the stock trading between JPY 14 and JPY 21 over the past six months.

C. Background of the Share Sale Agreement

- To address these challenges, JDI entered into a basic agreement with Ichigo on May 15, 2025 to: (i) transfer the land and buildings of the Mobara Plant to Ichigo, (ii) execute the Share Sale, and (iii) use the proceeds from both transactions to repay the JPY 65 billion in borrowings.
- Subsequently, JDI decided to prioritize securing immediate working capital by executing the Share Sale on July 30, 2025. Negotiations on the real estate transaction are ongoing, with the final agreement targeted for late July 2025.
- Regarding intellectual property (IP), JDI will retain ownership of patents related to new businesses and certain display-related patents necessary for continued production. For other display-related patents subject to the transfer, JDI and Ichigo have agreed that the new subsidiaries (JDI) will grant JDI royalty-free licenses, ensuring no disruption to its operations.For other display-related patents subject to the transfer, JDI and Ichigo have agreed that the New JDI Subsidiaries will grant JDI royalty-free licenses, ensuring no disruption to its operations.
- Furthermore, Ichigo has expressed its intention to support JDI's future growth by

subscribing to the 14th stock acquisition rights (up to JPY 96.4 billion) and surrendering at zero value all of its 13th stock acquisition rights. JDI plans to enter into a capital alliance agreement with Ichigo on June 25, 2025, to formalize this arrangement.

- While the original basic agreement aimed to repay borrowings and secure growth capital through both the share and real estate transfers, JDI has decided to first execute the Share Sale to obtain working capital and then raise growth capital through the third-party allotment. The real estate transaction is expected to follow, contributing to debt reduction.

(2-2) Evaluation

The independent directors comprehensively evaluated the reasonableness of the Share Sale's purpose in light of JDI's business environment and other factors. They concluded that the Share Sale, together with the third-party allotment, will secure both working and growth capital, improve JDI's financial structure, and support strategic investments for future competitiveness and profitability. Therefore, the purpose of the Share Sale is deemed reasonable and in the interest of minority shareholders.

(2-3) Conclusion

Based on the above considerations, the independent directors carefully deliberated and concluded that the purpose of the Share Sale is legitimate and reasonable, even from the perspective of minority shareholders.

(3) Fairness and Appropriateness of the Share Sale Terms and Conditions

To determine the transfer value of the IP, JDI obtained a valuation report from Deloitte, an independent third-party valuation firm unaffiliated with both JDI and Ichigo. The report analyzed the value of the IP using the income approach (discounted cash flow method), based on certain assumptions including the projection period, royalty rate, tax rate, and discount rate. The analysis assessed the value of the IP based on the cash flows expected to be generated by the new subsidiaries (JDI), and the valuation was deemed reasonable.

Furthermore, Scott Callon, Chairman of JDI's Board of Directors, also serves as CEO of Ichigo Asset Management Co., Ltd., which provides investment advisory services to Ichigo Asset Management International Pte. Ltd., the investment manager of Ichigo. Due to this relationship, he was not involved in the formulation of the business plan that served as the basis for the valuation analysis.

Taking into account the contents of the valuation report, JDI conducted its own internal valuation of the IP and negotiated with Ichigo. As a result, the agreed transfer value of the shares falls within the valuation range presented in the report. Additionally, the contractual terms of the Share Sale include provisions that allow JDI to receive part of the transfer value prior to execution, in line with its funding needs. These terms are not considered to be set with the intent of unfairly transferring JDI's interests to Ichigo or causing harm to minority shareholders.

Based upon the above, and confirming that the Share Sale agreement does not impose any unilateral disadvantages on JDI, the independent directors carefully deliberated and concluded that the terms and conditions of the Share Sale are fair and appropriate.

(4) Fairness of Procedures in the Share Sale

To eliminate arbitrariness in the decision-making process and ensure fairness, transparency, and objectivity, JDI obtained legal advice from TMI Associates, an independent legal advisor unaffiliated with both JDI and Ichigo. TMI advised that JDI Chairman Scott Callon should not participate in negotiations or in the deliberation and resolution of the Share Sale at the Board of Directors meeting.

Additionally, JDI received the aforementioned valuation report from Deloitte. As noted, JDI

Chairman Scott Callon was not involved in the formulation of the business plan underlying the valuation due to his dual role with Ichigo Asset Management. JDI used the valuation report to calculate the value of the IP internally and negotiated with Ichigo based on this valuation. The agreed transfer value falls within the valuation range, and the contractual terms allow for partial payment prior to execution, reflecting JDI's funding needs.

Scott Callon did not participate in the negotiations or the Board's deliberation and resolution regarding the Share Sale, in accordance with legal advice from TMI Associates, due to the potential for conflict of interest.

Based on these considerations, the independent directors concluded that the procedures for executing the Share Sale were fair.

(5) Conclusion: No Detriment to Minority Shareholders

Based on the explanations provided by JDI's officers and the materials disclosed, the independent directors concluded that:

- The purpose of the Share Sale is reasonable.
- The terms and conditions are fair and appropriate.
- Measures have been taken to ensure procedural fairness.

Therefore, the resolution is not considered detrimental to the interests of JDI's minority shareholders.