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Capital Alliance with Ichigo Trust and Issuance of 14th Stock Acquisition Rights

JDI entered into a capital alliance agreement (the "Capital Alliance") with Ichigo Trust ("Ichigo") on June 25, 2025. Pursuant to this Capital Alliance, JDI is issuing to Ichigo the 14th Stock Acquisition Rights (the "New Warrants") through a third-party allotment (the "Allotment").

1. Allotment Overview

(a) Allotment Date	July 15, 2025
(b) Number of Warrants Issued	100
(c) Issue Price	Total: JPY 100,000,000 (JPY 1,000,000 per warrant)
(d) Total Underlying Shares	3,852,444,400 common shares (38,524,444 shares per warrant)
(e) Funds to be Procured	Net proceeds: JPY 95,601,110,000 Breakdown: - Funds raised through warrant issuance: JPY 100,000,000 - Funds raised through warrant exercise: JPY 96,311,110,000
(f) Exercise Price	JPY 25 per share
(g) Method of Allotment	Third-party allotment to Ichigo
(h) Transfer and Exercise Restrictions	Transfer of rights requires JDI Board approval. Ichigo has also agreed not to transfer the rights.
(i) Exercise Period	July 15, 2025 – November 30, 2028
(j) Other Conditions	Subject to the effectiveness of the securities registration statement under applicable laws.

Note: (e) Funds to be Procured represent the amount raised through warrant issuance and the amount raised through warrant exercise, minus estimated issuance expenses.

The payment by Ichigo for the Allotment is conditional upon the fulfillment of the following on the payment date:

(1) All representations and warranties by JDI are true and accurate in all material respects.

(2) JDI has complied with all material obligations of the Capital Alliance agreement.

(3) All necessary legal and internal procedures for the Allotment have been duly completed.

(4) No injunction or prohibition by authorities exists against the Allotment.

(5) The securities registration statement is effective and not suspended.

(6) The share transfer agreement related to the intellectual property transaction (as defined in "2. Purpose and Reason for the Issuance, (1) Background and Purpose of the Allotment, (1-1) Financial Support Provided by Ichigo to Date") has been validly and lawfully executed and remains in effect.

Under the Capital Alliance agreement, Ichigo must notify JDI at least three business days before exercising the rights, specifying the exercise date and number of rights. If the exercise falls within the three months prior to JDI's fiscal year-end (January 1 to March 31), the notice must be given two months in advance, unless otherwise agreed. Any exercise without proper notice or in violation of the notice terms is invalid.

Ichigo has agreed to surrender at zero value all of its 100 units of the 13th Stock Acquisition Rights (representing 3,852,444,400 common shares) on the allotment date of the New Warrants.

2. Purpose and Reason for the Issuance

(1) Background and Purpose of the Allotment

(1-1) Financial Support Provided by Ichigo to Date

JDI has received substantial financial support from Ichigo over the years. The initial support began with the issuance of the Class B Preferred Shares, and 11th Stock Acquisition Rights for Class C Preferred Shares through third-party allotments based on the capital alliance agreement dated January 31, 2020. This was aimed at strengthening JDI's impaired net assets and securing liquidity due to continued losses. As a result, on March 26, 2020, JDI issued Class B Preferred Shares and the 11th Stock Acquisition Rights, raising c. JPY 49.93 billion in net proceeds from Ichigo.

Subsequently, the business environment deteriorated due to the global spread of COVID-19, and JDI faced the possibility of requiring additional working capital beyond the amount initially expected from the Class B Preferred Shares as of January 31, 2020. Meanwhile, Ichigo expressed concerns that the 11th Stock Acquisition Rights, which were intended for the Class C Preferred Shares with a conversion price of JPY 50, would be difficult to exercise due to the decline in the stock market caused by the pandemic. In response, JDI entered into an additional capital alliance agreement with Ichigo on July 21, 2020, to issue Class D Preferred Shares and the 12th Stock Acquisition Rights for Class E Preferred Shares through a third-party allotment, and for Ichigo to surrender at zero value all of the 11th Stock Acquisition Rights.

Following this, on August 28, 2020, JDI received payment from Ichigo for the Class D Preferred Shares, raising c. JPY 4.96 billion (net proceeds). Through subsequent exercises of the 12th Stock Acquisition Rights by Ichigo, JDI raised a total of c. JPY 55.07 billion (net proceeds) by March 4, 2022.

In May 2022 JDI announced its METAGROWTH 2026 strategy and began initiatives to enhance competitiveness and improve profitability. However, global inflation, sluggish consumption in China, and continued production adjustments by automotive manufacturers due to shortages of semiconductor ICs and other components led to a decline in display demand. Additionally, inventory buildup caused by customer production adjustments, rising component prices, and yen depreciation significantly impacted performance, resulting in a downward revision of JDI's consolidated earnings forecast for FY23/3.

Due to the resulting cash flow pressure, JDI secured liquidity by borrowing JPY 28 billion in short-term loans from Ichigo by December 23, 2022. At that time, JDI also had a JPY 20 billion loan from INCJ, and agreed on December 22, 2022, to extend the repayment deadline to February 28, 2023. However, due to deteriorating performance and the need to allocate part of the funds to working capital, JDI anticipated difficulty in securing repayment funds for the JPY 20 billion loan from INCJ due on February 28, 2023, and the JPY 28 billion short-term loan from Ichigo due on March 30, 2023.

Even if JDI managed to secure funds for loans maturing by March 2023, executing the METAGROWTH 2026 strategy was essential for business recovery, requiring additional funding. Moreover, expenditures related to R&D, capital investment, and procurement activities expected from April 2023 onward were anticipated to precede accounts receivable collection, potentially reducing JDI's cash and deposit balance below the estimated JPY 30 billion required for stable operations.

To fundamentally resolve this situation, JDI needed to implement measures to meet its large-scale funding requirements. Accordingly, JDI entered into a new capital alliance agreement with Ichigo on February 10, 2023, to significantly improve its financial foundation and secure funding for technological enhancement, competitive advantage, and substantial profitability improvement. Based on this agreement, the following actions were taken on February 27 and March 22, 2023:

- Execution of a Short-Term Loan Agreement with Ichigo and repayment of an equivalent loan from INCJ using the JPY 20 billion newly borrowed funds.
- Acquisition of all Class A Preferred Shares (1,020,000,000 shares) held by INCJ without compensation.
- Transfer of INCJ's total loan claims of JPY 53.68 billion to Ichigo.
- Waiver by Ichigo of JPY 15 billion out of the total JPY 101.68 billion loan claims held after the above transactions.
- Issuance of new shares to Ichigo through a third-party allotment, with payment made via debt-equity swap using the remaining JPY 86.68 billion loan claims.
- Issuance of the 13th Stock Acquisition Rights to Ichigo through a third-party allotment (total issue price: JPY 199,884,100).

As a result, all loans from Ichigo and INCJ were repaid, and under a strengthened financial foundation, JDI continued to pursue performance improvement based on the METAGROWTH 2026 strategy. However, due to declining customer demand and intensified price competition, sales did not expand. In addition, continued low fab utilization increased the burden of fixed costs, resulting in continued losses and ongoing funding needs.

To address this, JDI entered into multiple Short-Term Loan Agreements with Ichigo from May 31, 2023, to April 28, 2025, totaling JPY 65 billion in loans. Additionally, JDI agreed with Ichigo to extend the repayment deadlines for portions of the loans to dates ranging from the end of July to the end of August 2025.

(1-2) Changes in Business Environment and the Need for Fundraising

The display industry continues to face structural challenges, including intense competition, the need for large-scale capital investment, and the commoditization of key applications such as smartphones, resulting in chronically low profitability. JDI has also been affected by intensified price competition and the burden of past large-scale investments, leading to deteriorated profitability and continued losses.

To address these issues, JDI launched METAGROWTH 2026 strategy in May 2022, aiming to strengthen competitiveness and improve profitability. This strategy positioned JDI's proprietary technologies, including the world's first maskless evaporation and photolithography-based next-generation OLED eLEAP, and the ultra-high mobility oxide semiconductor backplane HMO, as core pillars of its business. JDI significantly shifted its business portfolio away from LCD smartphone displays, strategically downsizing that segment while expanding existing businesses such as smartwatches and automotive displays, as well as new businesses including eLEAP. Engineering resources and other management assets were reallocated from LCD smartphones to next-generation products.

As part of cost structure reforms, JDI worked to reduce fixed costs and convert them into variable costs. In May 2022 JDI decided to end panel production at the former Higashiura Fab by March 2023, and subsequently sold the fab building in April 2024. In October 2022 JDI decided to sell all shares of its consolidated manufacturing subsidiary, Suzhou JDI Electronics Inc., and completed the transaction on December 30 of the same year. Furthermore, in August 2023 JDI decided to end panel production at the Tottori Fab by March 2025, and production was completed as scheduled.

Despite these efforts, sales continued to decline, and the burden of fixed costs increased, resulting in losses for both FY23/3 and FY24/3. In FY25/3, persistently high energy costs and rising material and processing costs further worsened the business environment. In November 2024, demand for JDI's core applications (smartwatches and automotive displays) declined, and expected technology licensing revenue for FY25/3 H2 fell short of initial projections. Consequently, JDI revised its full-year consolidated earnings forecast for FY25/3 downward on November 13, 2024, from the figures announced on May 13, 2024. In November 2024, demand for JDI's core applications (smartwatches and automotive displays) declined, and the technology licensing revenue expected in FY25/3 H2 was projected to fall short of initial estimates.

As a result, on November 13, 2024, JDI revised its full-year consolidated earnings forecast for FY25/3, which had previously been announced on May 13, 2024. Specifically, net sales were revised downward from JPY 221.8 billion to JPY 180.0 billion, EBITDA from negative JPY 11.7 billion to negative JPY 26.4 billion, operating loss from JPY 18.2 billion to JPY 31.7 billion, recurring loss from JPY 24.3 billion to JPY 36.8 billion, and net loss from JPY 26.6 billion to JPY 39.3 billion.

In response to this situation, JDI determined that further transformation was essential and announced a new strategy to evolve from a dedicated display manufacturer to a BEYOND DISPLAY company. This strategy includes expanding into the high-growth sensor business and entering the advanced semiconductor packaging business. As part of this initiative, on February 12, 2025 JDI decided to end panel production at the Mobara Fab, which carries a heavy fixed cost burden, by March 2026. Domestic production will be consolidated at the Ishikawa Fab, which has lower fixed costs, and will be utilized as a MULTI-FAB for high-value-add displays, sensors, and advanced semiconductor packaging, aiming to improve productivity and efficiency.

JDI simultaneously recorded an extraordinary loss of c. JPY 20.0 billion for impairment of eLEAP production equipment at the Mobara Fab, and an estimated JPY 2.4 billion in costs and losses related to the termination of production at the Tottori Fab. These were booked as business restructuring expenses in Q3. As a result, JDI revised its FY25/3 full-year consolidated earnings forecast again, increasing the net loss from JPY 39.3 billion to JPY 62.1 billion.

Ultimately, while FY25/3 net sales slightly exceeded expectations at JPY 188.0 billion, earnings came in below forecast: EBITDA was negative JPY 33.0 billion, operating loss was JPY 37.1 billion, and recurring loss was JPY 40.4 billion. Additionally, due to the JPY 14.3 billion in business restructuring expenses primarily related to the Mobara Fab production end, the net loss expanded to JPY 78.2 billion.

These continued poor results have placed JDI in a challenging financial position. As noted above, since May 2023 JDI has relied on loans and repayment extensions from Ichigo for funding. As a result, total borrowings now amount to JPY 65 billion, and interest payments have become a significant burden. Repayment of these borrowings is an urgent issue. Moreover, continued losses have led to a decline in JDI's net assets. To maintain an appropriate level of net assets as a listed company, JDI must either generate profits or raise capital to increase net assets.

However, the benefits of fixed cost reductions from the Mobara Fab production end and profitability improvements from the BEYOND DISPLAY growth strategy are expected to materialize from FY27/3 onward. In FY26/3, JDI anticipates continued losses due to reduced sales and costs associated with the production end.

Given this urgent situation, exercising the 13th Stock Acquisition Rights held by Ichigo would be a desirable means of fundraising and capital enhancement. However, since June 1, 2023, when the rights became exercisable, JDI's share price has consistently remained below the exercise price of JPY 45, making it economically disadvantageous for Ichigo to exercise the rights. Consequently, the rights have not been exercised. Over the past six months, JDI's share price has ranged from a high of JPY 21 to a low of JPY 14, significantly below the exercise price. With continued losses expected in FY26/3 due to the Mobara Fab production end and the possibility of further deterioration in the business environment, the likelihood of Ichigo exercising the 13th Stock Acquisition Rights to meet JDI's urgent funding and capital enhancement needs is extremely low.

Therefore, JDI must implement new measures to address its pressing funding and net asset challenges.

(1-3) Consideration of Fundraising Measures and Decision on Additional Support from Ichigo

In light of the above, JDI began discussions with Ichigo in November 2024 through Ichigo Asset Management Co., Ltd., the investment advisor to Ichigo Asset Management International Pte. Ltd., which is the investment manager of Ichigo under a discretionary investment agreement between JDI and Ichigo, JDI's largest shareholder.

As a result of these discussions, Ichigo expressed its intention to support JDI's financial restructuring through the following measures: (i) the transfer of JDI's fixed assets – specifically, the land and buildings of the Mobara Fab (the "Real Estate") – to Ichigo (the "Real Estate Transfer"), and (ii) JDI's leaseback of a portion of the Real Estate (the "Real Estate Transaction"); (iii) the transfer of certain intellectual property rights (IP) held by JDI and its wholly owned subsidiary JDI Design and Development G.K. (JDIDD) to three newly established subsidiaries (the "New JDI Subsidiaries"), each of which is wholly owned by either JDI or JDIDD, followed by (iv) the execution of license agreements between JDI and the New JDI Subsidiaries granting JDI rights to use the IP, and (v) the transfer of all issued shares of the New JDI Subsidiaries to Ichigo (the "IP Transaction," and together with the Real Estate Transfer, the "Asset Transfers").

Furthermore, Ichigo indicated its intention to support JDI's debt reduction by using the proceeds from the Asset Transfers to repay the JPY 65 billion in outstanding borrowings from Ichigo. Accordingly, as disclosed in "MOU with Ichigo Trust to Strengthen JDI Financial Position" on May 15, 2025, JDI entered into a MOU with Ichigo and began detailed discussions regarding the above measures.

In addition, Ichigo expressed its willingness to further support JDI's future growth by subscribing to newly issued stock acquisition rights, providing up to JPY 96.4 billion in funding, contingent upon the execution of the Asset Transfers. Ichigo also indicated its intention to surrender all of its holdings of JDI's 13th Stock Acquisition Rights at zero value.

During this period, JDI also explored potential support from other parties. However, no proposals were received that were considered more beneficial to JDI than Ichigo's offer.

Based on these considerations, JDI determined that Ichigo's proposal was the most appropriate solution for securing funds and improving its financial structure, including preparing for future strategic investments. JDI also concluded that conducting the third-party allotment to strengthen its competitiveness and improve profitability would be in the best interests of minority shareholders. Moreover, Ichigo's increased investment in JDI would further reinforce its commitment to supporting JDI and ensure the successful execution of its BEYOND DISPLAY growth strategy. Therefore, JDI selected Ichigo as the allottee for the third-party allotment.

Following further discussions with Ichigo, JDI decided to prioritize securing immediate working capital and growth funds by proceeding with the third-party allotment and the IP Transaction ahead of the Real Estate Transaction, for which negotiations on key terms are still ongoing and final agreement is targeted for late July 2025.

Regarding the IP Transaction, JDI will retain ownership of patents related to its new businesses and certain patents related to its display business. Additionally, JDI and Ichigo agreed that the New JDI Subsidiaries will grant JDI license rights to the transferred IP, ensuring that the transaction will not hinder JDI's future business development. For details of the IP Transaction, please refer to today's announcement "(Disclosure Update) Transfer of Intellectual Property Rights to Newly Established Subsidiaries and Subsidiaries Share Sale to Ichigo Trust."

(2) Reason for Selecting the Allotment as Fundraising Method

Prior to deciding on the implementation of the Allotment, JDI carefully considered and compared various fundraising methods. In doing so, JDI placed the highest priority on securing the necessary amount of funding within the desired timeframe, while also addressing its urgent need to fundamentally improve its financial foundation, as described in section (1) above.

For example, issuing common shares through a public offering was deemed unsuitable due to the risk of failing to achieve the intended fundraising goal depending on market conditions and the considerable time required for preparation, which would not support JDI's need for prompt financing. Similarly, rights offerings and shareholder allotments were considered uncertain, as the exercise of stock acquisition rights depends on shareholder decisions influenced by share price movements, and not all shareholders may participate. Therefore, the final amount of funds raised would be unpredictable.

In addition, while JDI explored borrowing from financial institutions, the support received from some institutions was insufficient to meet JDI's substantial funding needs, and the amount and timing of fundraising remained uncertain. Given JDI's urgent need to secure a reliable source of funding, these options were not considered appropriate at this time.

In contrast, by executing the IP Transaction which is a prerequisite for the Allotment, JDI can secure immediate working capital. Although the Allotment itself will result in limited fundraising unless the New Warrants are exercised, it avoids immediate large-scale dilution. If the New Warrants are exercised, JDI will be able to secure sufficient funds to meet its capital needs, including investments in equipment and R&D necessary to realize the BEYOND DISPLAY growth strategy. This improvement in the financial foundation is also expected to expand future fundraising options.

Considering the urgent need for working capital and the potential for future fundraising through the exercise of the New Warrants, which can contribute to growing long-term shareholder value, JDI ultimately determined that receiving up to JPY 96.4 billion through the Allotment represents the best available option at this time.

However, if all of the New Warrants are exercised, the number of shares to be issued will be 3,852,444,400 shares (equivalent to 38,524,444 voting rights). Based on the total number of issued common shares as of June 25, 2025 (3,880,388,022 shares, with 38,803,228 voting rights as of March 31, 2025), the dilution rate would be 99.28%, both on a share and voting rights basis.

Additionally, JDI has issued Class E Preferred Shares, all of which are held by Ichigo. If all of the New Warrants are exercised and all Class E Preferred Shares are converted into common shares, the total number of shares issued would be 6,160,774,040 shares (equivalent to 61,607,740 voting rights), resulting in a dilution rate of 158.77%, based on the total number of issued common shares and voting rights as of June 25, 2025.

Ichigo currently holds 100 units of JDI's 13th Stock Acquisition Rights, which entitle it to acquire 3,852,444,400 common shares. Under the Capital Alliance agreement, Ichigo has agreed to surrender all of these rights at zero value on the allotment date of the New

Warrants, subject to its acquisition of all of the New Warrants.

In this regard, JDI's Board of Directors considered the following factors:

(a) As of June 25, 2025, JDI must secure funds to repay borrowings and prepare for potential additional funding needs from July 2025 onward, including those arising from economic downturns and strategic investments. Although the scale of the Allotment is large, it enables sufficient preparation for these future funding needs.

(b) Compared to other fundraising methods, the IP Transaction, which is a prerequisite for the Allotment, offers the highest certainty in securing the required amount of funds and improving JDI's financial foundation. If the New Warrants are exercised, JDI will be able to secure sufficient funds to meet its substantial capital needs, including investments in equipment and R&D for the BEYOND DISPLAY growth strategy. This is expected to expand future fundraising options.

(c) The number of common shares underlying the New Warrants is equal to the number of shares underlying the 100 units of the 13th Stock Acquisition Rights that Ichigo has agreed to surrender at zero value, meaning the impact on existing shareholders in terms of dilution remains unchanged before and after the Allotment.

(d) Although JDI approached financial institutions for loans, the support received was insufficient to meet its substantial funding needs.

(e) The total number of New Warrants is 100 units, and Ichigo has indicated its intention to exercise them in stages to avoid immediate large-scale dilution. Although the Class E Preferred Shares are already eligible for conversion into common shares, Ichigo has refrained from converting them to avoid sudden dilution. It is reasonable to expect similar consideration in the exercise of the New Warrants.

(f) The Class E Preferred Shares are subject to mandatory redemption at JDI's discretion. If JDI secures sufficient distributable funds, it may redeem the shares to reduce potential dilution of existing shareholders' voting rights.

(g) The exercise price of JPY 25 for the New Warrants was determined based on JDI's challenging financial condition, intensified competitive environment, and negotiations with Ichigo. The valuation results presented in the Warrants valuation report (defined in section 5(1) below) support the reasonableness of the issuance terms.

(h) In executing the Allotment, JDI received financial advice from Nomura Securities Co., Ltd. ("Nomura Securities"), an independent financial advisor, and legal advice from TMI Associates, an independent legal advisor.

(i) JDI has not received any alternative investment proposals from investors other than Ichigo, and has conducted sufficient market checks to confirm the absence of alternative investors.

(j) Chairman Scott Callon also 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, JDI's controlling shareholder. Therefore, he is considered a related party and has not participated in the deliberation or resolution regarding the Allotment.

(k) JDI received an opinion dated June 25, 2025, from its independent directors – Tamane Ozeki, Shiho Ito, and Takatoshi Tsujimura (all registered as independent directors with the Tokyo Stock Exchange) – stating that the Allotment is necessary and appropriate, and that its implementation would not be detrimental to the interests of minority shareholders. (For a summary of this opinion, please refer to section 9, "Matters Related to Corporate Governance Procedures.")

Based on these considerations, JDI concluded that, despite the significant dilution resulting from the Allotment, its implementation is both necessary and appropriate.

3. Amount of Funds to Be Raised, Use of Proceeds, and Scheduled Expenditures

(1) Amount of Funds to Be Raised

Total Payment Amount	Estimated Issuance Expenses	Estimated Net Proceeds
JPY 96,411,110,000	JPY 810,000,000	JPY 95,601,110,000

Notes：

1. The total payment amount above is the sum of the total issue price of the Warrants (JPY 100,000,000) and the total amount to be paid upon exercise of the rights (JPY 96,311,110,000).
2. The estimated issuance expenses mainly consist of financial advisory fees to Nomura Securities, legal fees, valuation fees for the Warrants, and other administrative costs (including securities registration statement preparation, bank handling fees, anti-social force checks, and registration-related costs).
3. Consumption tax is not included in the estimated issuance expenses.
4. Under the Capital Alliance agreement, if JDI reasonably requests the exercise of the Warrants, Ichigo shall respect such request to the maximum extent possible, taking into account the interests of Ichigo's investors.

(2) Use of Funds

The estimated net proceeds of JPY 95,601,110,000 from the New Warrants are planned to be used as follows. Until the funds are allocated to the uses below, they will be held in bank deposits.

Planned Expenditures:

Specific Use	Amount (JPY Million)	Scheduled Expenditures
(a) Bolster Working Capital	45,601	July 2025 – November 2028
(b) High-Value-Add Display, Sensor, and Advanced Semiconductor Packaging CAPEX	25,000	July 2025 – November 2028
(c) R&D and Commercialization of Global No. 1 Next-Generation Technologies	10,000	July 2025 – November 2028
(d) Further Build Out JDI Proprietary IP	5,000	July 2025 – November 2028
(e) Strategic Partnerships to Support Growth	5,000	July 2025 – November 2028
(f) DX (Digital Transformation) Investments	5,000	July 2025 – November 2028

Note: Funds will be allocated in the order of items (a) to (f). As the exercise of the New Warrants depends on the discretion of the holder, there may be cases where the warrants are not exercised during the exercise period, resulting in no funds being raised through their exercise. If the amount raised falls short of expectations, some planned uses may not be funded. In such cases, JDI may consider alternative financing methods such as bank loans, utilization of business income, or existing cash reserves. Additionally, changes in JDI's financial condition or business plans may alter the priority of fund allocation. Any changes in use of funds due to the exercise status of the rights will be promptly disclosed.

To respond to the challenging business environment, JDI announced in November 2024 a strategic shift to expand into the high-growth sensor business and enter the advanced semiconductor packaging business, marking the beginning of its transformation from a dedicated display manufacturer to a BEYOND DISPLAY company. To accelerate this initiative and optimize management resources, JDI decided on February 12, 2025 to end production at the Mobara Fab, which carries a heavy fixed cost burden, by March 2026, and to consolidate domestic production at the Ishikawa Fab.

At the Ishikawa Fab JDI is working to establish a production system capable of manufacturing high-value-add displays, sensors, and advanced semiconductor packaging with high productivity and cost competitiveness, serving a broad range of customers. To realize this strategy, the funds raised through the Allotment will be allocated to the following six uses:

(a) Bolster Working Capital

JDI plans to allocate c. JPY 4.0 billion for maintenance CAPEX at the Ishikawa Fab. In addition, considering potential risks such as the impact of U.S. tariff measures, increasing global economic uncertainty, exchange rate fluctuations, rising raw material prices, and supply chain disruptions, JDI anticipates additional funding needs to respond to these challenges. To ensure that its cash and deposit balance does not fall below the estimated minimum level of JPY 20.0 billion required for stable business continuity, JDI plans to allocate c. JPY 41.5 billion as contingency funding. These allocations are intended to improve cash flow and stabilize operations.

Planned Expenditures (JPY billion):

	FY26/3	FY27/3	FY28/3	FY29/3
Maintenance CAPEX	1.0	1.0	1.0	1.0
Funding Needs Due to Business Environment Changes	5.5	12.0	12.0	12.0
Total	6.5	13.0	13.0	13.0

(b) High-Value-Add Display, Sensor, and Advanced Semiconductor Packaging CAPEX

JDI is transforming the Ishikawa Fab into a MULTI-FAB capable of simultaneously producing high-value-add displays, sensors, and advanced semiconductor packaging. To build this production system, JDI will invest in new equipment and upgrade existing manufacturing facilities to enhance display production. For sensors and semiconductor packaging, which utilize different materials and methods from displays, separate equipment investments will be made.

Specifically, for sensors, JDI will invest in deposition and processing equipment to expand production capacity. For advanced semiconductor packaging, investments will focus on wiring formation and processing equipment to support mass production. Additionally, to meet customer demands for performance, quality, volume, and pricing while ensuring profitability, JDI will continue to invest in technology improvements and productivity enhancements. Although specific investment details are yet to be determined, the required amounts are estimated based on JDI’s past investment experience.

Planned Expenditures (JPY billion):

	FY26/3	FY27/3	FY28/3	FY29/3
Sensor Equipment	0.5	1.0	1.0	2.0
Advanced Semiconductor Packaging Equipment	1.6	2.4	-	-
Investment in Technology Improvement & Productivity Enhancement	-	-	4.0	13.0
Total	2.1	2.9	5.0	15.0

(c) R&D and Commercialization of Global No. 1 Next-Generation Technologies

JDI conducts a wide range of research and development activities, from product development to fundamental element technology development related to electronic devices, with the aim of realizing advanced ideas and contributing to the enrichment of people's lives and culture. The display industry faces increasingly intense competition, and smartphone displays have already become commoditized, making it difficult to secure sufficient profitability.

In this environment, under its BEYOND DISPLAY growth strategy, JDI is focusing on further strengthening its proprietary Global No. 1 technologies, and continuously developing innovative technologies to secure competitive advantage and fundamentally enhance profitability. JDI will promote the ongoing development of display, sensor, and semiconductor-related technologies based on its proprietary innovations, and drive the creation of new businesses through the application of these technologies across various industrial sectors.

To support these efforts, JDI will carefully assess market conditions and technological trends, and, through strategic partnerships as described in item (e) "Strategic Partnerships to Support Growth," seek to integrate partner companies' technologies. JDI plans to allocate a total of JPY 10.0 billion over the next three years for development investments, ensuring appropriate timing and scale.

(d) Further Build Out JDI Proprietary IP

JDI positions intellectual property as a source of competitive advantage and is enhancing its strategic utilization. Against the backdrop of intensifying technology development competition, diversifying customer needs, and advancing globalization, the importance of industrial property rights in corporate activities continues to grow.

In response to this environment, JDI is working to strengthen its intellectual property portfolio by increasing patent filings related to high-value-add displays, sensors, and advanced semiconductor packaging, and actively acquiring patents from other entities. These efforts aim to establish barriers against imitation, secure the competitive superiority of JDI products, and increase intellectual property-related revenue.

This initiative is being carried out in coordination with item (c) "R&D and Commercialization of Global No. 1 Next-Generation Technologies" and item (e) "Strategic Partnerships to Support Growth." While carefully assessing market conditions and technological trends, JDI will select appropriate timing, scale, and target countries, and plans to allocate a total of JPY 5.0 billion over the next three years to fund enhanced patent filings and acquisitions.

(e) Strategic Partnerships to Support Growth

To accelerate growth in its sensor and advanced semiconductor packaging businesses, which are positioned as new pillars, JDI aims to secure rapid profitability through strategic partnerships with companies and universities. These partnerships will help JDI acquire technologies, strengthen competitiveness, reduce procurement and production costs, and attract specialized talent.

Currently, JDI is working toward forming strategic partnerships with companies possessing sensor technologies. Going forward, JDI will select promising partners based on technological superiority and business synergies, without predefining the number or timing of target companies. JDI will flexibly respond to changes in market conditions and technological trends, focusing on companies with innovative and cutting-edge technologies. A total of JPY 5.0 billion is planned for related expenditures over the next three years, subject to revision depending on partner selection and negotiation progress.

(f) DX (Digital Transformation) Investments

Amid rapid advancements in digital technologies, diversifying customer and partner needs, and increasing uncertainty in global demand forecasts, JDI must respond swiftly to these changes. To enhance competitiveness, JDI plans to strengthen enterprise management by updating its ERP system to optimize global sales, procurement, and production activities, and by building systems that utilize AI and data analytics to improve development efficiency and productivity.

JDI plans to allocate a total of JPY 5.0 billion over the next three years for these DX-related investments.

Planned Expenditures (JPY billion):

	FY26/3	FY27/3	FY28/3	FY29/3
ERP System Update	0.1	0.1	0.3	-
Other DX Initiatives	0.4	0.4	1.7	2.0
Total	0.5	0.5	2.0	2.0

Ichigo has agreed to surrender at zero value all of the 13th Stock Acquisition Rights it holds on the allotment date of the New Warrants, conditional upon its acquisition of all of the New Warrants. The estimated net proceeds of JPY 172,559,882,100 that were originally planned to be raised through the third-party allotment of the 13th Stock Acquisition Rights were intended to be primarily allocated to research and development, capital investment, and strengthening intellectual property strategy in line with the METAGROWTH 2026 strategy promoted at the time of the allotment.

However, as none of the 13th Stock Acquisition Rights have been exercised to date, no funds have been raised except for the issue price. The proceeds from the New Warrants are now planned to be allocated to working capital, taking into account JDI’s current management situation, and to research and development and capital investment to ensure the successful execution of the ongoing BEYOND DISPLAY growth strategy.

4. Reasonableness of Use of Proceeds

JDI believes that the use of proceeds from the Allotment, as described in section 3(2) “Use of Funds,” is reasonable. By allocating the funds to these uses, JDI is working to improve its cash flow and normalize its financials, thereby ensuring business continuity and contributing to long-term growth in shareholder value.

5. Reasonableness of Issuance Terms

(1) Basis for Determining the Issue Price and Reasonableness of Issuance Terms

JDI commissioned Akasaka International Accounting Co., Ltd. (“Akasaka International”) as an independent third-party valuation firm to assess the value of the New Warrants. On June 25, 2025, JDI received a valuation report from Akasaka International (the “Warrant Valuation Report”).

According to the Warrant Valuation Report, Akasaka International evaluated the New Warrants using a Monte Carlo simulation model, which was selected after comparing and reviewing other pricing models such as the Black-Scholes model and binomial models, as it was deemed most appropriate for reflecting the various conditions stipulated in the issuance terms.

In conducting the valuation, Akasaka International considered the conditions set forth in the issuance terms and the market environment as of the valuation date, including trading volume and market price of JDI’s common shares, share price volatility, interest rates, and assumed behavior of the warrant holder. Based on these assumptions, Akasaka International calculated the fair value of the New Warrants using the Monte Carlo simulation method, which is widely used for such evaluations.

The valuation was conducted by Akasaka International, an independent third-party with no transactional relationship with JDI, and took into account key assumptions such as the exercise price (JPY 25), market price of JDI's common shares (JPY 18, the closing price on the day prior to the board resolution), exercise period (from July 15, 2025 to November 30, 2028), volatility (50.5%), expected dividend (JPY 0), and risk-free interest rate (0.8%). Based on these assumptions, the fair value of the New Warrants was calculated to be JPY 755,850 per unit.

JDI's Board of Directors deemed this valuation appropriate and resolved to set the issue price of the New Warrants at JPY 1,000,000 per unit, which exceeds the fair value. This issue price reflects JDI's intention to raise funds at a level above fair value and was agreed upon through discussions with Ichigo, the allottee. Therefore, JDI has determined that the issue price does not constitute an unreasonably favorable price for Ichigo.

The exercise price of JPY 25 per share represents a 38.9% premium compared to the closing price of JDI's common shares on June 24, 2025 (the business day prior to the board resolution), a 51.5% premium compared to the one-month average closing price of JPY 16.5, a 52.3% premium compared to the three-month average closing price of JPY 16.4, and a 42.1% premium compared to the six-month average closing price of JPY 17.6. Over the past six months, JDI's share price has ranged from a high of JPY 21 to a low of JPY 14, consistently below the exercise price of the New Warrants. Furthermore, there are no arrangements that obligate or incentivize Ichigo to exercise the New Warrants.

However, given the expected stabilization of business operations and improvement of financial conditions through the acquisition of working capital via the IP Transaction and repayment of borrowings via the Real Estate Transaction, JDI anticipates a potential increase in its share price. As a result, the likelihood of Ichigo exercising the New Warrants is expected to increase, and JDI considers the exercise price to be reasonable.

Additionally, JDI's Audit Committee, having received an explanation of the issuance terms and reviewed the Warrant Valuation Report prepared by Akasaka International, has expressed its opinion that the issue price of the New Warrants does not constitute an unreasonably favorable price for Ichigo.

(2) Basis for Determining the Reasonableness of the Number of Warrants Issued and the Scale of Dilution

If all of the New Warrants are exercised, the number of shares to be issued will be 3,852,444,400 shares (equivalent to 38,524,444 voting rights). Based on the total number of issued common shares as of June 25, 2025 (3,880,388,022 shares, with 38,803,228 voting rights as of March 31, 2025), the dilution rate would be 99.28%, both on a share and voting rights basis.

However, JDI believes that the number of shares to be issued and the scale of dilution resulting from the Allotment are unavoidable in order to ensure the continuation of its business. This is because the allotment will enable JDI to maintain a financial position that avoids its cash and deposit balance falling below the minimum level required for stable business continuity, even in the event of a rapid decline in available funds or the emergence of additional funding needs.

Furthermore, Ichigo has indicated that it intends, in principle, to hold the common shares acquired through the exercise of the New Warrants over the medium term. Therefore, JDI does not expect any significant adverse impact on the secondary market from large-scale short-term sales. Based on these considerations, JDI has determined that the scale of dilution resulting from the Allotment is reasonable.

6. Reason for Selecting the Allottee

(1) Overview of Ichigo

(a)	Name	Ichigo Trust	
(b)	Location	Elgin Court, Elgin Avenue, P.O. Box 448, Grand Cayman, KY1-1106 Cayman Islands	
(c)	Legal Basis	Cayman Islands Trust Law	
(d)	Purpose	Asset management specializing in investments in Japanese companies	
(e)	Establishment Date	October 5, 2006	
(f)	Total Investment Amount	JPY 984,501 million (as of March 31, 2025)	
(g)	Investors	Primarily US and European university endowments, foundations, and pension funds.	
(h)	Details of Investment Manager	Name	Ichigo Asset Management International, Pte. Ltd.
		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
(i)	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
(j)	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 outstanding 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, 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

Notes:

1. Ichigo Asset Management International Pte. Ltd. has entered into a discretionary investment agreement with Ichigo, and has been entrusted by Ichigo with investment management authority.
2. JDI has received information from Ichigo indicating that Ichigo substantially holds the authority to exercise shareholder rights, give instructions, or make investment decisions with respect to the shares held by Ichigo. In the Capital Alliance agreement, Ichigo has made representations and warranties to JDI that neither Ichigo nor its principal investors are antisocial forces or have any relationship with such entities.

   In addition, JDI independently commissioned Nardello & Co. LLC, a specialized third-party investigative firm, to conduct a background check on whether Ichigo is or has any relationship with antisocial forces. JDI received the investigation report from Nardello & Co. on April 18, 2025. The report did not indicate that Ichigo is or has any relationship with antisocial forces.

   Furthermore, JDI has received information from Ichigo regarding the results of due diligence conducted on its principal investors in accordance with international standards for anti-money laundering and counter-terrorism financing. Based on the above, JDI has determined that neither Ichigo nor its principal investors have any relationship whatsoever with antisocial forces, and has submitted a confirmation statement to that effect to the Tokyo Stock Exchange.

(2) Reason for Selecting the Allottee

Please refer to section 2, “Purpose and Reason for the Issuance.”

(3) Holding Policy of the Allottee

Under the Capital Alliance agreement, JDI and Ichigo have agreed that Ichigo shall not transfer the New Warrants. Furthermore, the terms of the New Warrants stipulate that any transfer of the New Warrants requires approval by JDI’s Board of Directors.

JDI has also received an explanation from Ichigo indicating that, in principle, it intends to hold the common shares acquired through the exercise of the New Warrants over the medium term.

(4) Confirmation of the Existence of Assets Required for Payment by Ichigo

Regarding the existence of assets required for the payment of the issue price of the New Warrants Ichigo, JDI has obtained Ichigo’s deposit balance report as of May 31, 2025, and confirmed that Ichigo holds sufficient cash and deposits to cover the payment of the issue price of the New Warrants.

With respect to the funds for exercising the New Warrants, JDI has received an explanation that such funds will be provided through withdrawals from cash or deposit balances, or from proceeds obtained through the sale of held shares.

7. Major Shareholders and Shareholding Ratio

After the Allotment, assuming full exercise of the Warrants and full exercise of the acquisition rights attached to the Class E Preferred Shares to receive common shares of JDI:

(1) Common Shares

	Before Exercise	After Exercise
Ichigo Trust (Standing Proxy: HSBC Tokyo Branch)	78.19%	91.57%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1.96%	0.76%

Nichia Corporation	0.90%	0.35%
Nomura Securities Co., Ltd.	0.52%	0.20%
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO (Standing Proxy: MUFG Bank, Ltd.)	0.34%	0.13%
Haneda Turtle Service Co., Ltd.	0.25%	0.10%
Akio Utsumi	0.24%	0.09%
JP JPMSE LUX RE NOMURA INT PLC 1 EQ CO (Standing Proxy: MUFG Bank, Ltd.)	0.21%	0.08%
Japan Display Inc. Employee Stock Ownership Association	0.20%	0.08%
Utsumi Seiwa Planning Co., Ltd.	0.14%	0.05%

Notes:

1. The shareholding ratio before exercise is based on the shareholder register as of March 31, 2025.
2. The shareholding ratio after exercise is calculated by dividing the number of shares held after the allotment by the total number of shares, which includes:
   - the number of issued common shares as of March 31, 2025 (3,880,388,022 shares),
   - the number of common shares to be acquired by Ichigo upon full exercise of the New Warrants (3,852,444,400 shares), and
   - the maximum number of common shares to be acquired by Ichigo upon full exercise of the acquisition rights attached to all Class E Preferred Shares (2,308,329,640 shares),

   resulting in a total of 10,041,162,062 shares.
3. Under the Capital Alliance agreement, Ichigo has agreed to surrender at zero value all of its 13th Stock Acquisition Rights (100 units, which entitle it to acquire 3,852,444,400 common shares, the same number as the New Warrants), conditional upon its acquisition of all of the New Warrants on the allotment date. Therefore, Ichigo's shareholding ratio after exercise is identical to the ratio that would have resulted from full exercise of the 13th Stock Acquisition Rights and the acquisition rights attached to the Class E Preferred Shares at the time of their issuance.

(2) Class E Preferred Shares

	Before Exercise	After Exercise
Ichigo Trust (Standing Proxy: HSBC Tokyo Branch)	100.0%	N/A

8. Earnings Impact

The impact of the Allotment on JDI's consolidated earnings results for FY26/3 is expected to be minimal. However, JDI believes the Allotment is expected to contribute significantly to the strengthening of its financial foundation and grow long-term shareholder value.

9. Corporate Governance Procedures

As the dilution resulting from the Allotment exceeds 25%, it is necessary to either obtain an opinion from a party who is reasonably independent from management regarding the necessity and appropriateness of the allotment or confirm shareholder intent through a resolution at a shareholders' meeting, as stipulated in Article 432 of the Tokyo Stock Exchange Securities Listing Regulations.

Given JDI's current financial condition and the need to promptly execute the Allotment, JDI has determined that obtaining shareholder approval through a resolution at a shareholders' meeting would require a certain amount of time, whether through an extraordinary or annual general meeting. Additionally, convening an extraordinary shareholders' meeting would entail considerable costs. Taking these factors into account, JDI has decided to obtain an opinion from parties independent from management regarding the necessity and appropriateness of the Allotment.

Accordingly, JDI has deemed its independent directors – Tamane Ozeki, Shiho Ito, and Takatoshi Tsujimura (all registered as independent directors with the Tokyo Stock Exchange) – as independent from management and consulted them regarding the Allotment. On June 25, 2025, JDI received a written opinion from the independent directors, per the below:

Summary of Independent Directors' Opinion
Summary of Independent Directors' Written Opinion

(1) Opinion
The AllotmentThe Allotment is deemed necessary and appropriate, and the decision is not considered detrimental to the interests of minority shareholders.

(2) Necessity of the Allotment

(i) Purpose of the Allotment
The independent directors conducted inquiries with JDI's officers and employees regarding the purpose of the Allotment and reviewed responses along with relevant materials. The summary of the findings is as follows:

A. Current Situation of JDI

- The display industry in which JDI participates faces structural challenges such as intense competition, the need for large-scale capital investment, and the commoditization of key applications like smartphones. These factors have led to chronically low profitability. JDI has also been affected by intensified price competition and the burden of past large-scale investments, resulting in deteriorated profitability and continued losses.
- In May 2022 JDI announced its METAGROWTH 2026 strategy and began initiatives to enhance competitiveness and improve profitability.
- However, due to declining sales and increasing fixed costs, JDI recorded losses in FY2023 and FY2024.
- In FY2025 persistently high energy costs and rising material and processing costs further worsened the business environment.
- In November 2024 demand for JDI's core applications (smartwatches and automotive displays) declined, and expected technology licensing revenue fell short of initial projections. Consequently, JDI revised its full-year consolidated earnings forecast downward.
- In response, JDI launched a new strategy to evolve from a dedicated display manufacturer to a BEYOND DISPLAY company, expanding into the sensor business and entering the advanced semiconductor packaging business.
- As part of this strategy, JDI decided to end panel production at the Mobara Fab by March 2026 and consolidate domestic production at the Ishikawa Fab.
- JDI also recorded impairment losses and restructuring expenses related to the Mobara and Tottori Fabs, resulting in a significant downward revision of its FY2025 earnings forecast.
- Ultimately, despite slightly exceeding its sales forecast, JDI recorded substantial losses in EBITDA, operating profit, and net income.

B. Funding Status and Necessity

- Due to continued poor performance, JDI has faced financial difficulties and relied on multiple loans and repayment extensions from Ichigo since May 2023.
- Total borrowings have reached JPY 65 billion, and interest payments have become a significant burden.
- JDI's net assets have declined, and as of the end of FY2025, it is in a state of excess liabilities on a standalone basis.
- To maintain appropriate net asset levels as a listed company, JDI urgently needs to raise capital.
- The benefits of cost reductions and profitability improvements from the new strategy are expected to materialize from FY2027 onward, with continued losses anticipated in FY2026.
- Given the uncertain global economic environment, further funding needs are expected.
- Exercising the 13th Stock Acquisition Rights held by Ichigo would be desirable, but the share price has remained below the exercise price, making it economically disadvantageous for Ichigo to exercise the rights.
- Therefore, JDI determined that new measures are necessary to address its urgent funding and net asset challenges.

C. Background of the Allotment

- Since November 2024 JDI has been in discussions with Ichigo through Ichigo's investment advisor.
- As a result, Ichigo proposed a series of measures including asset transfers (real estate and intellectual property), debt repayment, and a new third-party allotment.
- Ichigo also expressed its intention to provide up to JPY 96.4 billion in funding through new warrants.
- JDI explored possibilities with other potential investors, but received no proposals more beneficial than Ichigo's.
- JDI concluded that Ichigo's proposal is the best option for securing funds and improving its financial structure, and that the Allotment aligns with the interests of minority shareholders.

D. Use of Funds

The funds raised through the Allotment will be used as follows:

Specific Use	Amount (JPY Million)	Scheduled Expenditures
(g) Bolster Working Capital	45,601	July 2025 – November 2028
(h) High-Value-Add Display, Sensor, and Advanced Semiconductor Packaging CAPEX	25,000	July 2025 – November 2028
(i) R&D and Commercialization of Global No. 1 Next-Generation Technologies	10,000	July 2025 – November 2028
(j) Further Build Out JP Proprietary IP	5,000	July 2025 – November 2028

(k) Strategic Partnerships to Support Growth	5,000	July 2025 – November 2028
(l) DX (Digital Transformation) Investments	5,000	July 2025 – November 2028

Of the above, approximately JPY 4.0 billion will be allocated to maintenance CAPEX at the Ishikawa Fab, and approximately JPY 41.5 billion will be allocated as emergency reserves to ensure JDI's cash balance does not fall below the estimated minimum required for stable operations.

(ii) Consideration
The independent directors comprehensively reviewed the necessity of the Allotment in light of JDI's business environment and other factors. They concluded that the allotment, together with the IP transaction, is intended to secure working and growth capital, improve the financial structure, and support strategic execution. The use of funds is reasonable and aligns with the purpose of the fundraising.

(iii) Conclusion
Based on the above, the independent directors carefully deliberated and concluded that the Allotment is necessary.

(3) Appropriateness of the Allotment
The independent directors reviewed the appropriateness of the Allotment approach compared to other fundraising methods and concluded that it is the most suitable option given JDI's urgent funding needs and financial situation. They also confirmed that the issuance terms are reasonable and that the expected dilution is acceptable in light of the benefits.

(4) No Detriment to Minority Shareholders
Based on the explanations and materials provided by JDI, the independent directors concluded that the purpose of the Allotment is legitimate and reasonable, and that the issuance terms are fair. JDI has taken appropriate governance measures, including obtaining independent financial and legal advice and conducting market checks. Therefore, the independent directors determined that the allotment is not detrimental to the interests of minority shareholders.

10. 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" Ichigo 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 of the same.

In addition, Scott Callon, Chairman of JDI's Board of Directors, is also the 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, JDI has followed the procedures set forth in Article 441-2 of the Tokyo Stock Exchange Securities Listing Regulations. Specifically, JDI deems its independent directors – Tamane Ozeki, Shiho Ito, and Takatoshi Tsujimura (all registered as independent directors with the Tokyo Stock Exchange) – to be parties unrelated to Ichigo and thus consulted them regarding the Allotment. On June 25, 2025, JDI received the independent directors' unanimous written opinion that the Allotment is not detrimental to the interests of minority shareholders.

Furthermore, in JDI's Corporate Governance Report dated June 23, 2025, JDI has established the following guideline for protecting minority shareholders in transactions with the controlling shareholder:

"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. Scott Callon, Chairman of the Board, 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, JDI obtained a prior opinion from its independent directors confirming that the Allotment is not detrimental to the interests of minority shareholders. The Board of Directors, consisting of four directors without any relationship with Ichigo (including three independent directors), unanimously approved the implementation of the Allotment. JDI therefore considers that the procedures taken follow the aforementioned corporate governance regulations.

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

To eliminate arbitrariness in its decision-making process regarding the Allotment and to ensure fairness, transparency, and objectivity, JDI received financial advice from Nomura Securities, an independent financial advisor not affiliated with JDI or Ichigo, and legal advice from TMI Associates, an independent legal advisor. TMI provided guidance on JDI's decision-making process, methods, and other considerations, including the recommendation that Scott Callon not participate in negotiations or in the deliberation and resolution of the Allotment at the Board of Directors meeting.

Additionally, as stated in section 5(1) "Basis for Determining the Issue Price and Reasonableness of Issuance Terms," JDI commissioned Akasaka International, an independent third-party valuation firm not affiliated with JDI or Ichigo, to assess the value of the New Warrants. JDI received the Warrant Valuation Report dated June 24, 2025.

Based on the financial advice from Nomura Securities, legal advice from TMI Associates, and the Warrant Valuation Report, JDI carefully discussed and examined the procedures and terms of the Allotment from the perspective of enhancing corporate value and maximizing shareholder interests. At the Board of Directors meeting, all directors (other than Scott Callon) were present, and the resolution to enter into the Capital Alliance agreement and implement the Allotment was unanimously approved by all attending directors.

Chairman Scott Callon also serves as CEO & Representative Director of Ichigo Asset Management Co., Ltd., the investment advisor to Ichigo Asset Management International Pte. Ltd., which is the investment manager of Ichigo, JDI's controlling shareholder. In accordance with legal advice from TMI Associates, and due to the potential for being a related party, he did not participate in the deliberation or resolution of the Allotment. Furthermore, Callon did not participate in negotiations between JDI and Ichigo conducted through Ichigo Asset Management Co., Ltd.

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

As stated in section 9 "Matters Related to Corporate Governance Procedures," JDI has deemed its independent directors – Tamane Ozeki, Shiho Ito, and Takatoshi Tsujimura (all registered as independent directors with the Tokyo Stock Exchange) – as individuals not affiliated with Ichigo. JDI consulted them regarding the Allotment and received their opinion on June 25, 2025, confirming that the Allotment is not detrimental to the interests of minority shareholders.

For a summary of their opinion, please refer to section 9 "Matters Related to Corporate Governance Procedures."

11. Performance and Equity Financing Status Over the Past Three Years

(1) Consolidated Earnings Over the Past Three Year

	FY23/3	FY24/3	FY25/3
Sales (JPY Million)	270,746	239,153	188,012
Operating Profit (JPY Million)	-44,386	-34,145	-37,068
Recurring Profit (JPY Million)	-42,924	-33,188	-40,415
Net Income (JPY Million)	-25,818	-44,313	-78,220
EPS (JPY)	-5.46	-7.16	-12.64
Dividend per Share (JPY)	—	—	—
Net Assets per Share (JPY)	11.12	4.85	-7.88

(2) Current Status of Outstanding Shares and Potential Shares

Category	Number of Shares	Ratio to Outstanding Shares
Outstanding Shares	3,880,393,562 (Note 1) (Breakdown) Common Shares: 3,880,388,022 Class E Preferred Shares: 5,540	 100% (Note 2) —
Total Potential Shares at Current Exercise Price	3,852,597,200 (Note 3)	99.28% (Note 4)
Total Potential Shares at Minimum Exercise Price	3,852,597,200 (Note 3)	99.28% (Note 4)
Total Potential Shares at Maximum Exercise Price	—	—

Notes:

1. Based on the shareholder register as of March 31, 2025.
2. Class E Preferred Shares do not carry voting rights; therefore, their ratio to outstanding shares is not indicated.
3. The total number of common shares of JDI to be delivered upon the full exercise of the remaining 9th to 10th Stock Options, as well as the total number of common shares to be delivered upon the full exercise of the acquisition rights attached to the Class E Preferred Shares, which entitle holders to request conversion into JDI common shares of JDI.
   Furthermore, under the Capital Alliance agreement, Ichigo has agreed to surrender at zero value all of its holdings of the 13th Stock Acquisition Rights (100 units, representing 3,852,444,400 common shares), conditional upon acquiring all of the New Warrants on the allotment date.
4. The ratio of potential shares to outstanding shares is calculated based on the number of outstanding common shares as of March 31, 2025, according to the shareholder register.

(3) Recent Share Price Trends

(3-1) Recent Three-Year Trends

(Unit: JPY)

Fiscal Year	FY23/3	FY24/3	FY25/3
Opening Price	49	40	22
High Price	80	56	29
Low Price	38	16	13

Closing Price	40	22	17

(3-2) Recent Six-Month Trends

(Unit: JPY)

Month	January 2025	February 2025	March 2025	April 2025	May 2025	June 2025
Opening Price	20	19	19	18	17	15
High Price	21	20	19	18	18	19
Low Price	19	18	16	14	15	15
Closing Price	20	18	17	17	16	18

Note: Share prices for June 2025 are as of June 24, 2025.

(3-3) Share Price on the Business Day Prior to the Resolution

(Unit: JPY)

Date	June 24, 2025
Opening Price	18
High Price	19
Low Price	17
Closing Price	18

(4) Equity Financing Status Over the Past Three Years

(4-1) Issuance of Common Shares through Allotment to Ichigo

Payment Date	March 22, 2023
Amount of Funds Raised (Net Proceeds)	No proceeds as the contribution was made in kind with monetary claims.
Issue Price per Share	Amount obtained by dividing JPY 86,680,000,000 by 1,926,222,222 shares
Outstanding Shares at Time of the Issuance	Common Shares: 1,954,165,800 shares Class E Preferred Shares: 5,540 shares
Number of Shares Issued through the Issuance	1,926,222,222 shares
Outstanding Shares after the Issuance	Common Shares: 3,880,388,022 shares Class E Preferred Shares: 5,540 shares
Initial Use of Funds at Time of the Issuance	Not applicable as the contribution was made in kind with monetary claims.
Scheduled Timing of Expenditures at Time of Issuance	Not applicable as the contribution was made in kind with monetary claims.
Current Status of Allocation	Not applicable as the contribution was made in kind with monetary claims.

(4-2) Issuance of the 13th Stock Acquisition Rights through Allotment to Ichigo

Allotment Date	March 22, 2023
Number of Warrants Issued	100 units

Amount of Funds Raised (Net Proceeds)	JPY 172,559,882,100 Breakdown: - Funds raised through warrant issuance: JPY 199,884,100 - Funds raised through warrant exercise: JPY 173,359,998,000
Issue Price per Unit	JPY 1,998,841
Outstanding Shares at Time of the Issuance	Common Shares: 1,954,165,800 shares Class E Preferred Shares: 5,540 shares
Number of Potential Shares from the Issuance	Common Shares: 3,852,444,400 shares
Exercise Status as of June 25, 2025	Shares Exercised: 0 shares (Remaining Warrants: 100 units)
Initial Use of Funds at Time of the Issuance	(a) R&D for continuous creation of Global No.1 next-gen technologies (b) Strengthening of IP strategy (c) M&A to reinforce management foundation and growth strategy (d) Launch of new businesses such as Rælclear, LumiFree, and life sciences (e) IT investment for digital transformation (DX) (f) Establishment of mass production technologies for new displays (eLEAP, HMO, HUD, metaverse), decarbonization, sustainability, and productivity improvements (g) Working capital to support business growth (including capital expenditures)
Scheduled Timing of Expenditures at Time of the Issuance	(a) June 2023 – March 2028 (b) June 2023 – March 2028 (c) June 2023 – March 2028 (d) June 2023 – March 2028 (e) June 2023 – March 2028 (f) June 2023 – March 2026 (g) June 2023 – March 2025
Current Status of Allocation	As of June 25, 2025: Unused