



Japan
Display
Inc.
Group

Capital Alliance with Ichigo Trust and Capital Reinforcement

January 31, 2020

Japan Display Inc.

Objective of the New Partnership

Capital injection of over JPY100billion from Ichigo Trust (Note1)

Securing long-term stable capital through large-scale equity capital injection

Refinancing of existing debts by INCJ

Improving financial structure by replacing existing debts from INCJ with long-term & equity capital

Continuous discussions about support from, and strategic collaboration with, customer & supplier

Purchase of equip. by our customer (USD200M), financial & biz support from our supplier (USD50M)




- **Rebuilding trust relationship with stakeholders by securing stable equity capital and strengthening the financial base**
- **Strengthening management by leveraging long-term support from Ichigo Trust**
- **Innovating product portfolio through growth investment**

Continuous enhancement of corporate value by improving profitability of business

(Note) 1. Exercise of stock acquisition rights is under Ichigo Trust's discretion. However, the capital alliance agreement provides if JDI requests that Ichigo Trust exercise the stock acquisition rights presenting reasonable grounds, Ichigo Trust is to respect the request using its best effort.

Outline of the Capital Alliance

Executing third-party allotment of up to JPY100.8 billion to Ichigo Trust
Mr. Scott Callon will assume office as Chairman and Representative Director

Name	Ichigo Trust
<p>Outline of Ichigo Trust</p>	<ul style="list-style-type: none"> • Investment trust of Ichigo Asset Group • Long-term value investor specializing in investment in Japanese shares • Long-term selective and engagement investment
<p>Outline of third-party allotment</p>	<ul style="list-style-type: none"> • Class B Preferred Shares : JPY 50.4 billion *JPY25.2/50.4 billion is to be deposited in an escrow account promptly after signing of DA. (Note 1) • 11th stock acquisition right: without consideration (Note 2) *Shares subject to stock acquisition right: Class C preferred Shares (JPY 50.4 B) <p style="text-align: center;">Total amount procured: Up to JPY 100.8 billion</p> <p>*Based on the valuation report and fairness opinion, the conditions for issuance of, and the amount to be paid in concerning, Class B Preferred Shares and the 11th stock acquisition rights are judged to be fair.</p>
<p>Management</p>	<p>Scott Callon* is to assume office as Chairman and Representative Director of JDI (After payment for Class B Preferred Shares is completed)</p> <p>※Chief Executive Officer of Ichigo Asset Management, Ltd. (Note 3)</p> 

- (Note) 1. The capital alliance agreement provides (i) the above amount is to be deposited in Ichigo Trust's bank account and (ii) maintain the amount at the account by the payment date of Class B Preferred Shares, and it cannot be withdrawn or remitted without JDI's consent.
2. Exercise of stock acquisition rights is under Ichigo Trust's discretion. However, the capital alliance agreement provides if JDI requests that Ichigo Trust exercise stock acquisition rights presenting reasonable grounds, Ichigo Trust is to respect the request using its best effort.
3. Ichigo Asset Management, Ltd. provides investment advice to Ichigo Asset Management International PTE, Ltd which manages the fund under a discretionary investment agreement with Ichigo Trust.

Outline of Ichigo Trust

Ichigo Trust is an investment trust of Ichigo Asset Management Group. Ichigo Asset Management is an independent institutional investment company which specializes in investments in Japanese shares

Ichigo investment philosophy

■ Long-term selective investment

- Long-term value investment specializing in investments in Japanese shares
- Detailed company analysis
- Portfolio occupancy: Top 5 Brand=50-70%, Top 10 Brand=70-90%

■ Engagement investment

- Focus on “Constructive Dialogue” and “Building Trust Relationships” with investee companies
- Listed companies and shareholders are of one mind, and shareholders also have a responsibility to realize the creation of value for all stakeholders, like a manager
- Respecting each company’s culture and constantly striving to become the best supporter

■ Social contribution investment

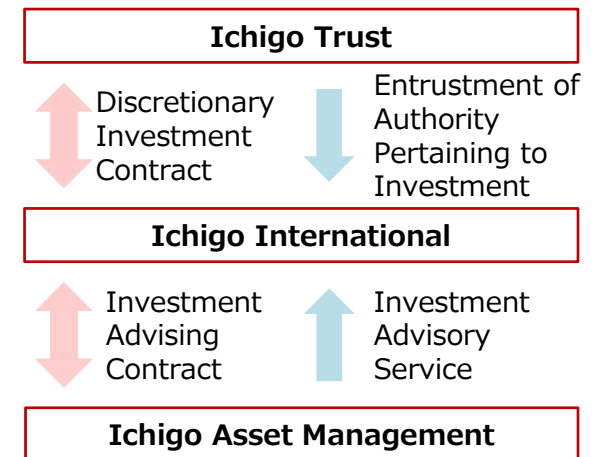
- Supporting mid-term growth and enhancement of corporate value of companies for all stakeholders
- Contributing to society through investing to contribute to asset formation of Japanese citizens



Ichigo's Triple Mission

- **Serve Our Investee Companies**
- **Serve Our Clients**
- **Serve Japan**

Ichigo Asset Group



Third-party Allotment Outline and Use of Funds

*Refer to the press release & conditions of issuance for details.

Funds procured will be used for CAPEX, working capital, repayment of loans, etc.

Amount procured, major terms, etc.

Use of funds

Issue date: March 26, 2020

Class B Preferred Shares

(Notes 1, 2, and 3)

1. Amount procured: JPY 50.4 bn
2. Amount paid per share: JPY 75 (672 mn shares)
3. Conversion price to common share: JPY 50 (Note 4)
4. Number of potential shares: 1.008 bn shares
5. Voting rights: Yes

Stock acq. right

(Notes 1・2)

1. Amount procured : JPY 0 (issuance w/o consideration)
2. Allocate Class C Preferred Shares by exercising stock acquisition rights (Note5)

Issue date: April 1, 2020 to March 31, 2023

Class C Preferred Shares

(Notes 2, 3)

1. Amount procured: JPY 50.4 bn
2. Amount paid per share: JPY 75
3. Conversion price to common share: JPY 50 (Note 4)
4. Number of potential shares : 1.008 bn shares
5. Voting rights: No

1. CAPEX for growing business: JPY 25 bn

- | | |
|----------------------------------|-------------|
| ① OLED displays: | JPY 5.5 bn |
| ② LCDs for automobiles: | JPY 17.0 bn |
| ③ Sensor and other new products: | JPY 2.5 bn |

2. Working Capital: JPY 24.9 bn

Partial normalization of the financial support provided by customer and supplier: JPY 24.9 bn

*Other (Issuance expenses) JPY 0.47 bn

Loan Repayment : JPY 49.9 bn

Early repayment of INCJ loans: JPY 49.9 bn
(In case the total amount procured from exercising stock acquisition rights is reduced, repayment will be made by cash at hand or JDI will ask for extension of the loan period.)

*Other (Issuance expenses) JPY 0.47 bn

- Note 1. Class B Preferred Shares & stock acquisition rights will be allotted to Ichigo Trust. JPY 25.2 bn for Class B Preferred Shares is to be placed into escrow account until payment date.
2. Approval of Board of Directors is required for transfer. After converting to common shares, common shares concerning 336 million out of 672 million Class B Preferred Shares cannot be transferred until the third anniversary of the issue date & common shares concerning the other 336 million cannot be transferred until the fifth anniversary of the issue date.
3. Other conditions: (1) dividends of surplus: Same amount/rank as common shares, (2) distribution of residual assets : Prior to common shares
4. Conversion requests cannot be made until the first anniversary of the issue date. (Assuming March 26, 2021 for Class B, on or after March 26, 2021 for Class C)
5. Exercisable period: From April 1, 2020 to March 31, 2023

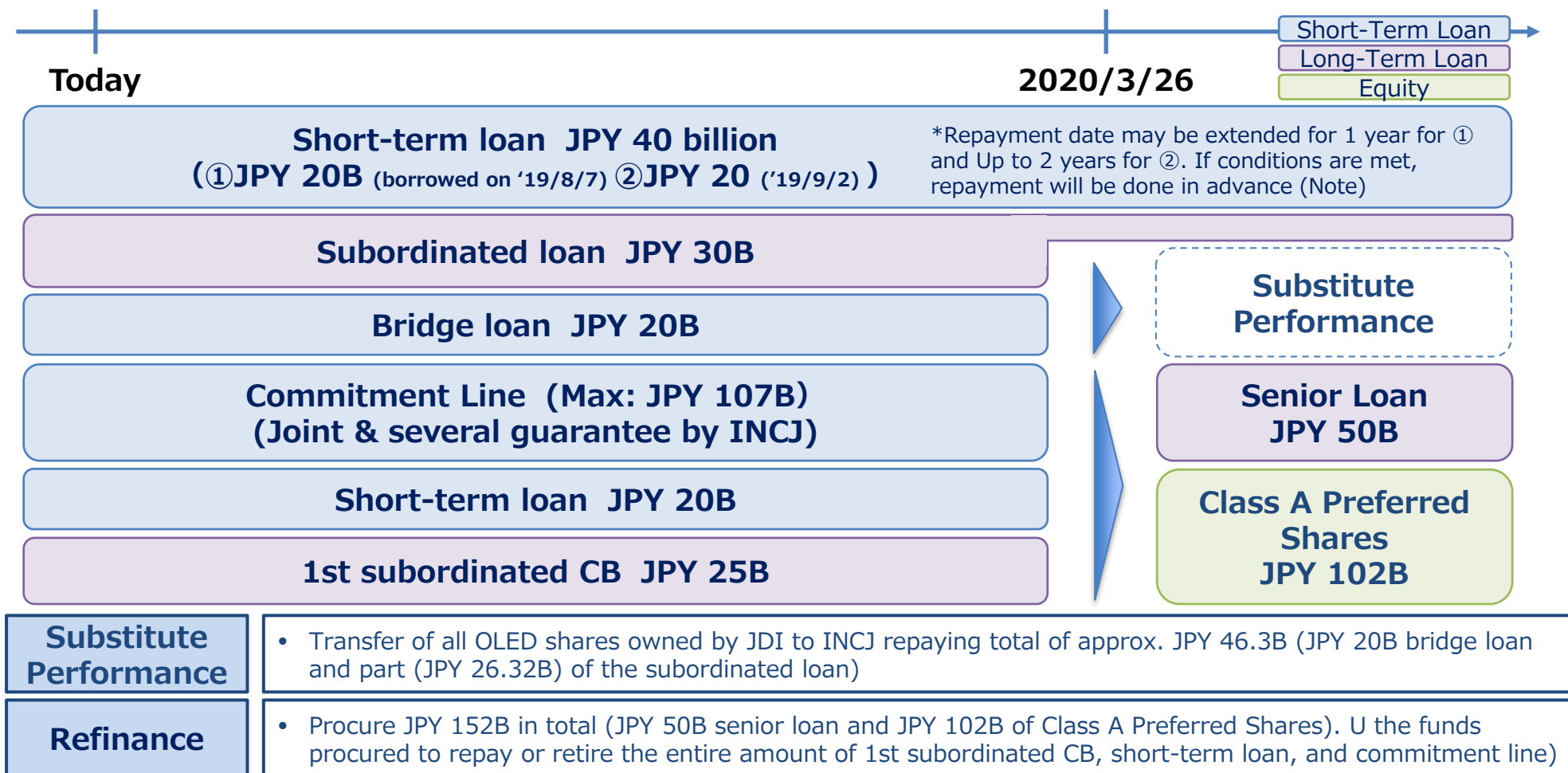
Reasons for Product Design

Maximum consideration of existing minority shareholders

- **Implementing measures to prevent “dilution of listed common shares from the beginning”**
 - ✓ **Paid amount is a price close to market price (To minimize the dilution of the original voting shares)**
 - ✓ **Prohibiting conversion to common share for 1 year (To prevent the dilution of the original common shares)**
- **In addition, established long-term lock-up (3 and 5 years) to ensure realization of stable long-term major shareholder commitment to enhance corporate value**

Reduction of Existing Debt from INCJ by Refinancing

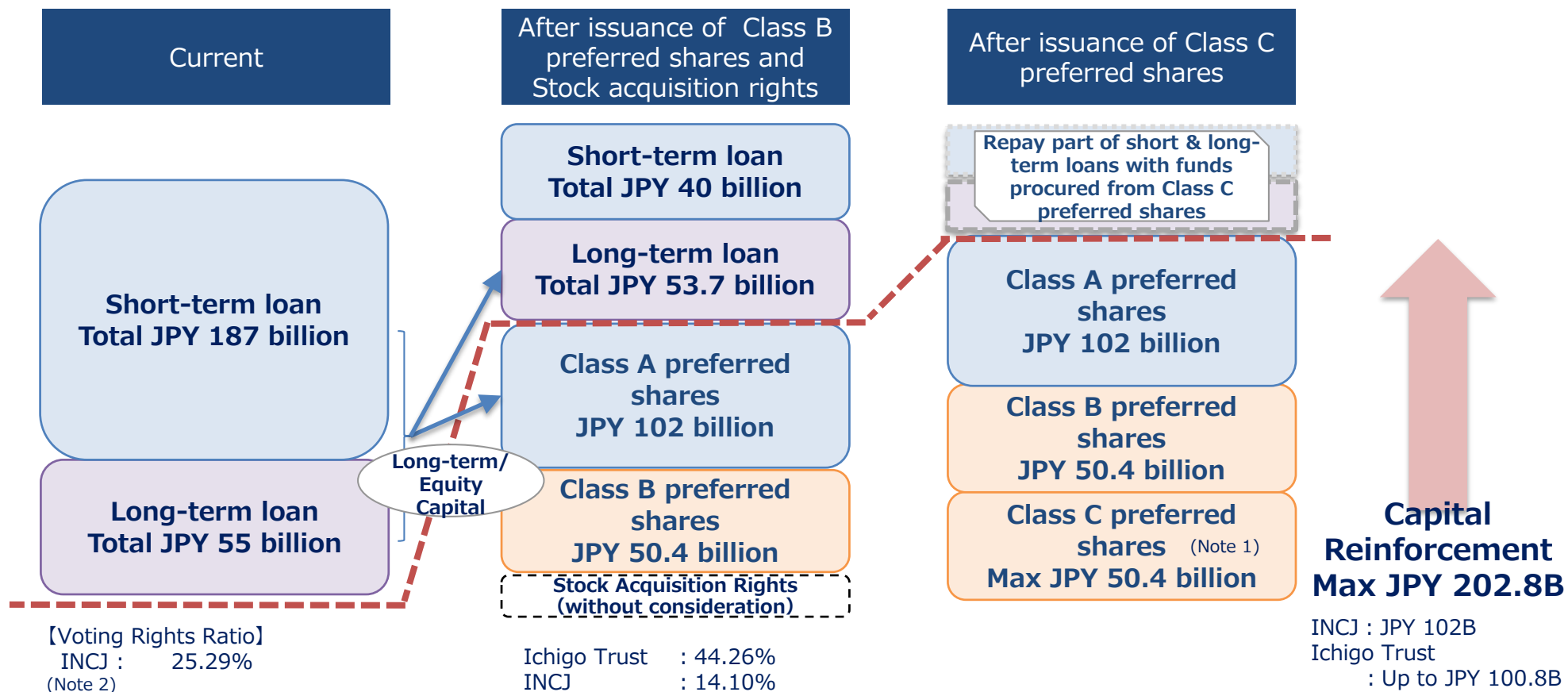
Drastic reduction of existing debts from INCJ
from approx. JPY240 billion to JPY90 billion through refinancing



(Note) Term extension is subject to JDI's request.

Capital Structure after Capital Reinforcement (1)

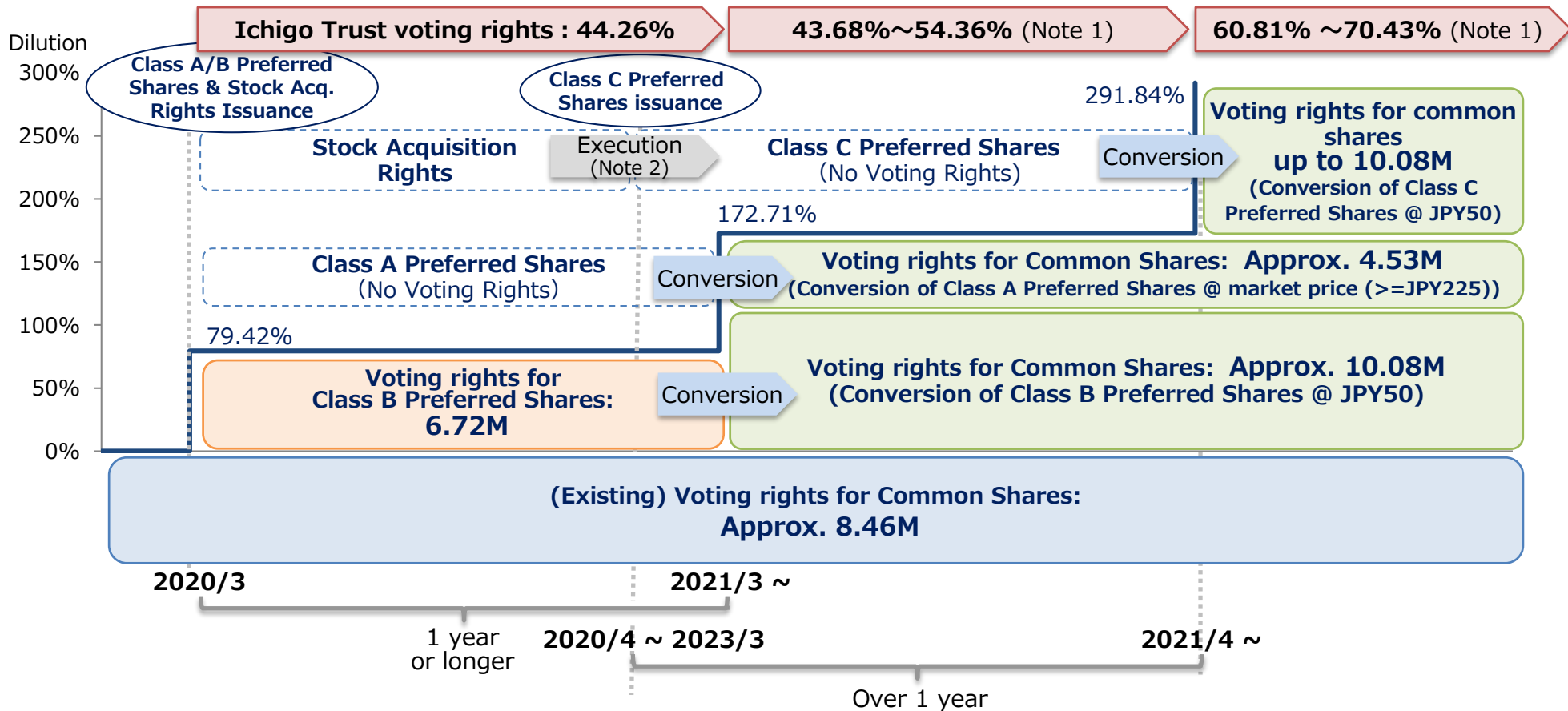
Achieving financial stabilization by procuring new money from Ichigo Trust (up to JPY 100.8 billion in total) and by allotting preferred shares to INCJ



- (Note) 1. Exercise of stock acquisition right is under Ichigo Trust's discretion. However, the capital alliance agreement provides that if JDI requests that Ichigo Trust exercise stock acquisition rights presenting reasonable grounds, Ichigo Trust is to respect the request using its best effort. If the amount to be paid in by exercising Stock Acquisition Rights is reduced, repayment of the debt from INCJ will be executed using cash at hand or will ask INCJ for extension of the loan period.
2. Excluding potential shares

Capital Structure after Capital Reinforcement (2)

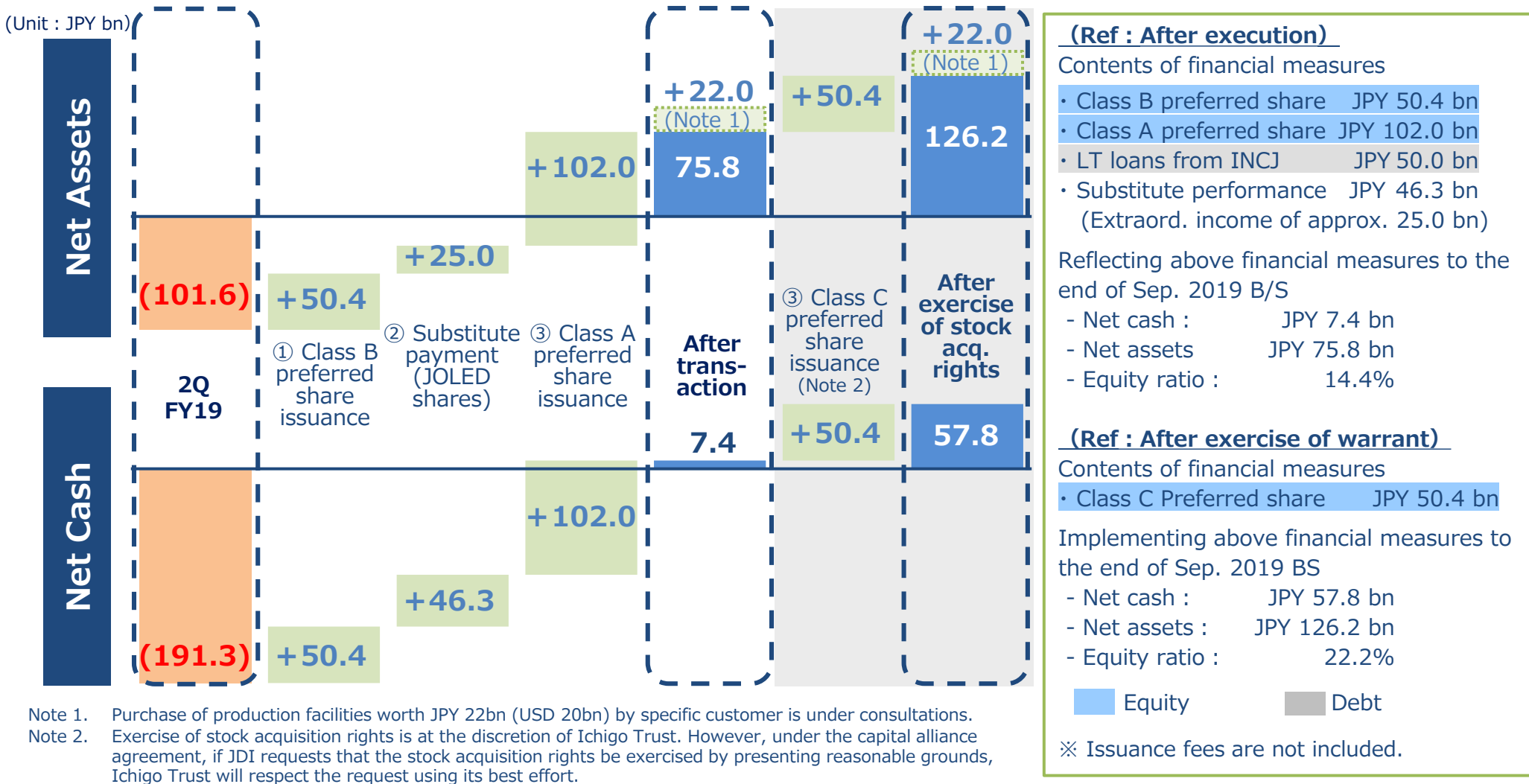
Easing dilution immediately after closing by setting the payment amount of Class B preferred shares close to the market price of common shares.
 Gradual provision of voting rights to restrain sharp dilution.



- (Note) 1. Min. ratio: After all preferred shares have been converted to common shares / Max ratio: When Class B & C Preferred Shares are converted to common shares.
 2. Exercise of stock acquisition rights is under Ichigo Trust's discretion. However, the capital alliance agreement provides if JDI requests Ichigo Trust exercise the stock acquisition rights presenting reasonable grounds Ichigo Trust is to respect the request using its best effort.

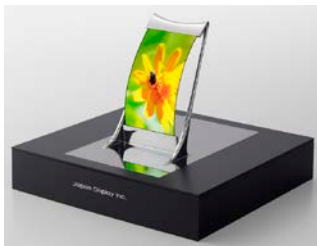


Eliminating Excessive Liabilities

By executing the financial measures, excessive liabilities will be eliminated and interest-bearing debts will be reduced drastically.



Reformation of Product Portfolio through Growth Investment

Acceleration of commercialization and productization through capital investment targeting growth markets

Common Technology Base	Front Plane	Growth Business	CAPEX
<p>LTPS</p> <p>Advanced</p> <p>-LTPS (Note)</p>	<p>OLED</p>	<p>-Beautiful Images -Long Battery Life -Long Life</p> 	<p>JPY 5.5B</p>
	<p>LCD</p>	<p>-Adapt to automobile interior space -Realistic VR space</p> 	<p>JPY 17B</p>
	<p>Sensor</p>	<p>-IoT supporting sensors</p> 	<p>JPY 2.5B</p>

(Note) Realizing low power consumption, narrow bezels, etc. by utilizing advantages of LTPS and oxide technology

Schedule

**Holding extraordinary general meeting of shareholders on March 25, 2020.
Issuing Class B Preferred Shares and Stock Acquisition Rights the next day (26th)**

January 31, 2020

Resolution and conclusion of capital alliance agreement with Ichigo Trust

Resolution for third-party Allotment (Class B Preferred Shares and Stock Acquisition Rights) to Ichigo Trust.

Resolution and conclusion of refinance agreement with INCJ

March 25, 2020 (scheduled)

Extraordinary General Meeting of Shareholders

March 26, 2020 (scheduled)

Payment of Class B Preferred Shares and 11th Stock Acquisition Rights (Note 1)

Execution of refinancing by INCJ (Simultaneously with payment above)

From April 1, 2020 to March 31, 2023

Exercise of 11th Stock Acquisition Rights; Issuance of Class C Preferred Shares (Note 2)

1. For issuance of Class B Preferred Shares and 11th Stock Acquisition Rights, all conditions below concerning extraordinary general meeting of shareholders scheduled on March 25, 2020 must be met.
 - Approval by means of special resolution regarding issuance of Class B Preferred Shares and 11th Stock Acquisition Rights
 - Approval of amending the articles of incorporation in order to issue Class B and C Preferred Shares
 - Submission of a proposal for election of director designated by Ichigo Trust-
2. Class C Preferred Shares can be converted to common shares on or after 1st anniversary of the issue date of Class C Preferred Shares.



将来予測及び見通しに関して

本資料に記載される業界、市場動向または経済情勢等に関する情報は、現時点で入手可能な情報に基づいて作成しているものであり、当社がその真実性、正確性、合理性および網羅性について保証するものではありません。

また、本資料に記載される当社グループの計画、見積もり、予測、予想その他の将来情報については、現時点における当社の判断又は考えにすぎず、実際の当社グループの経営成績、財政状態その他の結果は、国内外の個人消費その他の経済情勢、為替動向、スマートフォンその他の電子機器の市場動向、主要取引先の経営方針、原材料価格の変動等により、本資料記載の内容またはそこから推測される内容と大きく異なることがあります。

ご注意

この文書は、いかなる証券についての投資勧誘行為の一部をなすものではありません。この文書は、日本国内外を問わず投資勧誘を目的として作成されたものではありません。この文書は、米国における当社普通株式についての投資の募集、購入の勧誘行為の一部をなすものではありません。

本資料の内容は当社公表の適時開示資料の要約となります。正確な内容につきましては、各適時開示資料をご参照いただきますようお願い申し上げます。