

July 8, 2021

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Signing of Term Sheet to Sell Subsidiary

Japan Display Inc. (JDI) decided at its Board of Directors meeting to approve the signing of a term sheet (the "Term Sheet") between Wise Cap Limited Company ("Wise Cap"), a wholly owned subsidiary of Wistron Corporation ("Wistron Corporation"), an EMS to whom JDI outsources module manufacturing, JDI Taiwan, Inc. ("JDIT"), a wholly owned subsidiary of JDI, and Kaohsiung Opto-Electronics Inc. ("KOE"), a wholly owned subsidiary of JDIT. The Term Sheet specifies that JDIT, Wise Cap, and KOE will hold discussions to finalize the sale of all KOE shares to Wise Cap (the "Share Sale"). Wise Cap, JDIT, and KOE all signed the Term Sheet today.

The details of the Share Sale will be specified in a share purchase agreement (the "SPA") to be entered into between JDIT and Wise Cap. JDI will disclose the details immediately after the SPA has been concluded.

At the completion of the Share Sale, KOE will be excluded from the scope of consolidation of JDI.

1. Background and Purpose of the Share Sale

JDI is working to strengthen its competitiveness and drive growth by optimizing its asset profile, increasing its cost-competitiveness, and diversifying its supply chain. As part of these strategic initiatives, JDI has decided to sell the shares of KOE, which designs and manufactures LCD modules for JDI, to Wistron Group. (Wistron Group refers to Wistron Corporation and its subsidiaries and affiliates.)

Wistron Group has been a significant and trusted partner of JDI to whom JDI outsources smartphone display module manufacturing for many years. By joining Wistron Group, KOE is expected to benefit from the scale and resources of Wistron Group, an EMS with advanced technological capabilities and strong purchasing power, thereby improving JDI's cost-competitiveness. JDI has agreed with Wistron Corporation to enter into a new EMS contract with KOE at the time of the Share Sale and continue outsourcing the manufacturing of display modules for automotive and industrial devices to KOE in order to strengthen the competitiveness of JDI's core automotive and industrial businesses.

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By shedding assets and converting fixed costs to variable costs, JDI believes that the Share Sale will increase JDI's operating flexibility, ability to respond quickly to changes in market environment, core earnings power, and capital efficiency. Furthermore, JDI will use this Share Sale as an opportunity to further strengthen its ties with Wistron Group and drive growth synergies, including business expansion in China.

With respect to KOE's business divisions that design and sell industrial displays, JDIT will take over the relevant personnel, equipment, and other assets from KOE prior to the Share Sale, thereby retaining within JDI value-add capabilities in JDI's key non-mobile display businesses.

2. Overview of the Transaction Parties

(1) Overview of the Seller

(1) Name	JDI Taiwan Inc.	
(2) Headquarters	No. 36 Ruihu St. 7F, Neihu Dist., Taipei 114, Taiwan	
(3) Title and name of Representative	President Raymond Sun	
(4) Business Description	Sale of small- and medium-size display devices and related products	
(5) Stated Capital	NTD 3,570 million (Approx. JPY 13,067 million)	
(6) Major Shareholder and Shareholding Ratio	Japan Display Inc. 100.0%	
(7) Relationship with JDI	Capital Relationship	JDIT is a wholly owned subsidiary of JDI.
	Personnel Relationship	At JDIT, a person who has signed a consignment contract with JDIT by the appointment of JDI serves as a president. Also, one executive officer and one corporate officer of JDI serve as directors, and one director who is an Audit Committee member of JDI serves as a corporate auditor.
	Business Relationship	JDIT sells display products JDI group manufactures.

(2) Overview of the Subsidiary Being Sold

(1) Name	Kaohsiung Opto-Electronics Inc.
(2) Headquarters	2 East 13th Street, Kaohsiung City, Kaohsiung Export Processing Zone, Taiwan
(3) Title and Name of Representative	President and CEO Hideki Matsuoka
(4) Business Description	Design, manufacturing, and sale of LCD modules

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(5) Stated Capital	NTD 887 million (Approx. JPY 3,329 million)		
(6) Date of Incorporation	May 27, 1967		
(7) Major Shareholder and Shareholding Ratio	JDI Taiwan Inc. 100.0%		
(8) Relationship with JDI	Capital Relationship	JDIT, a wholly owned subsidiary of JDI, owns 100% of KOE shares	
	Personnel Relationship	At KOE, one employee of JDI serves as a president, one executive officer, one corporate officer and one employee of JDI serve as directors, and one director of JDI who is an Audit Committee member serves as a corporate auditor. Also, three employees of JDI (one of whom is a president of KOE) are expatriates.	
	Business Relationship	JDI outsources display module manufacturing to KOE.	
(9) Business Performance and Financial Conditions for the Last Three Years			
Fiscal year	FY18/12	FY19/12	FY20/12
Net Assets (NTD million)	575	1,197	1,336
Total Assets (NTD million)	6,300	6,639	5,986
Net Assets per Share (NTD)	64.87	134.86	150.55
Net Sales (NTD million)	10,597	11,940	9,538
Operating Income (NTD million)	417	807	647
Ordinary Income (NTD million)	413	722	525
Net Income (NTD million)	317	545	438
Net Income per Share (NTD)	64.13	61.37	49.37
Dividend per Share (NTD)	0.00	34.31	0.00

(3) Overview of the Buyer

(1) Name	Wise Cap Limited Company
(2) Headquarters	22F, No. 88, Section 1, Xintai 5th Road, Xizhi District, New Taipei City, Taiwan
(3) Title and Name of Representative	Representative Director Frank F. C. Lin
(4) Business Description	Investment consulting, corporate business management consulting
(5) Stated Capital	NTD 4,929 million (Approx. JPY 19,521 million, converted at NTD 1 = JPY 3.96) (as of June 24, 2021)
(6) Date of Incorporation	November 5, 1999
(7) Major Shareholder and Shareholding Ratio	Wistron Corporation 100.0%

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(8) Net Assets	NTD 5,116 million (as of June 24, 2021)	
(9) Total Assets	NTD 5,398 million (as of June 24, 2021)	
(10) Relationship with JDI	Capital Relationship	Not applicable
	Personal Relationship	Not applicable
	Business Relationship	JDI outsources display module manufacturing to Wistron Corporation.
	Status as Related Party	Not applicable

3. Number and Price of the Shares Being Sold, and JDIT Share Ownership Before and After the Share Sale

(1) Number of Shares Before the Sale	8,878,300 shares (Ownership & voting rights held by JDIT: 100.0%)
(2) Number of Shares Being Sold	8,878,300 shares
(3) Sale Price	JPY 8,000 million (Note)
(4) Number of Shares After the Sale	0 shares

Note: The sale price is a provisional price set in the Term Sheet and the final price will be determined in the SPA.

4. Schedule

(1) Date of Resolution of the Board of Directors Meeting Date of Signing of the Term Sheet	July 8, 2021
(2) Date of Signing of SPA	August to September 2021 (expected)
(3) Date of Execution of SPA	September to December 2021 (expected) (Immediately after the approvals of the relevant authorities are obtained.)

5. Future Outlook

Upon completion of the Share Sale, KOE will be removed from the scope of consolidation of JDI.

JDI expects that the Share Sale will have minimal impact on its current FY22/3 consolidated financial results, but will contribute significantly to the growth of JDI's long-term value on behalf of its shareholders.

If matters requiring disclosure should arise, JDI will promptly disclose them.

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