



Japan
Display
Inc.
Group

Strategic Partnership with Suwa Consortium and Capital Reinforcement

April 12, 2019

Japan Display Inc.

Background to the Need for the Transaction

Rapid changes in business conditions

- Intensified price competition for smartphone displays caused by emergence of Chinese display manufacturers
- Slowing smartphone sales growth (slowdown in China's economy, longer replacement cycle, etc.)
- JDI lagging behind competitors in OLED commercialization while smartphone market rapidly shifting from LCD to OLED

Rapid deterioration of financial condition

- Reduced net assets due to expected loss in FY3/19
- Cash position may fall below the minimum required level for maintaining JDI's business value

To achieve medium-to long-term growth, JDI will launch a new start based on the capital & business alliance with the Suwa Consortium and continuing support from INCJ, along with upcoming planned structural reforms

Overview of the Alliance and Capital Reinforcement

Capital & business alliance with Suwa Consortium

Continuing support by INCJ

Cash injection from the Suwa Consortium

Obtain long-term stable funds from Suwa through large-scale capital injection.

LCD business alliance with TPK

Strengthen and expand LCD biz of one another by utilizing & complementing SCM, customer base & portfolio.

OLED business alliance with Harvest

MOU reached with Harvest Tech to launch competitive OLED business leveraging JDI's technology.

Refinancing of existing debt with INCJ

Improve balance sheet by replacing the existing debt with INCJ with long-term & capital-like funds.

- **Secure financial stability thru large-scale capital injection & refinancing**
- **Improve corporate value thru medium to long-term business growth**

Outline of the Suwa Consortium

Taiwan's leading touch panel maker together with China & Taiwan's investment funds form the Suwa Consortium

Suwa Investment Holdings, LLC

TPK Holding Co., Ltd.

Taiwan-listed touch panel leader. Dealing with a variety of products, including those for smartphones, tablets and PCs.

Harvest Tech Investment Management Co., Ltd.

A professional private equity manager and a part of Harvest group.

Japan Display Inc.

Cosgrove Global Limited, Topnotch Corporate Limited

Private investment firms owned & managed by the office of Taiwan's Tsai family, the founding family of the Fubon group.

Business Alliances with TPK & Harvest Tech

JDI together with Suwa will strengthen & expand the LCD business and push forward the launch of OLED business

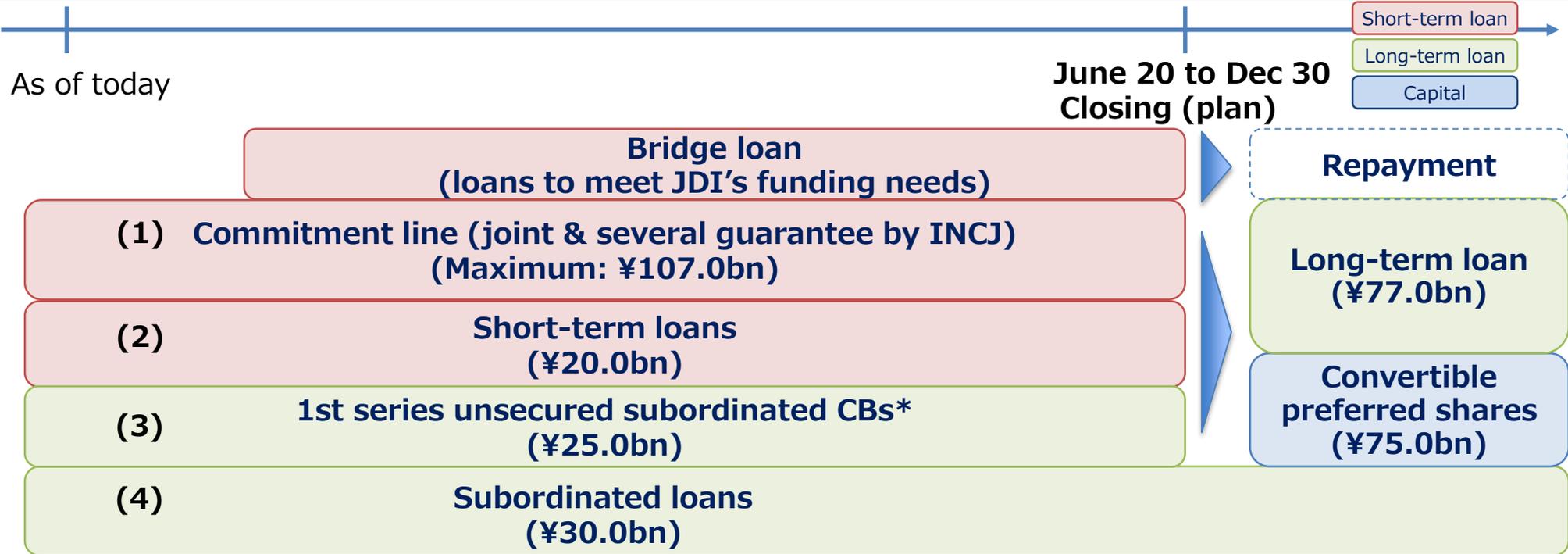
	Business alliance for LCD-related business (Basic agreement)	Business alliance for OLED mass production plan (MOU)
Partner	TPK	Harvest Tech
Objective	<ul style="list-style-type: none"> • Increase both companies' corporate value by building cooperative structure that combines management resources 	<ul style="list-style-type: none"> • Become a leading company in the design, manufacture and sales of OLED displays combining JDI's technology and Harvest Tech's fund raising capability.
Agreement (details under discussion)	<ul style="list-style-type: none"> • JDI to expand LCD biz in China by leveraging global SCM capabilities & the broad customer base of touch panel maker TPK. • TPK to take advantage of JDI's customer base and technological capabilities to expand their LCD business. 	<ul style="list-style-type: none"> • JDI and Harvest Tech to launch competitive evaporation OLED business. • Produce OLED featuring low-power consumption & high-resolution with high yield taking advantage of JDI's production engineering capability. • Secure OLED mass production line with limited financial burden for JDI to achieve stable profitable growth.

Investment by the Suwa Consortium

	Summary of key terms	Use of proceeds
Common stock (Note 1)	(1) Gross proceeds : 42.0 billion yen (2) New shares to be issued : 840 million shares (3) Issue price: 50 yen per share	(1) Working capital: ¥38.0bn (2) R&D expenses: approx.¥9.2bn 1. OLED R&D ¥5.0bn 2. VR/Sensor R&D approx.¥4.2bn (3) Capex: ¥32.0bn (Note 4) 1. OLED Commercialization ¥10.0bn 2. Auto display expansion ¥12.0bn 3. New biz ramp-up ¥10.0bn *Other: Issue cost ¥0.8bn (3) 1. is for mass production of evaporation OLED in Mobara Plant
2nd series CB (Note 1, 2)	(1) Gross proceeds : 18.0 billion yen (2) Total number of stock acquisition rights : 180 (3) Fully diluted new shares : 360 million shares (4) Issue price: 50 yen per share	
3rd series CB (Note 1, 2)	<u>*JDI to determine the necessity of the issuance based on the funding needs</u> (Note 3) (1) Gross proceeds : 20.0 billion yen (2) Total number of stock acquisition rights : 200 (3) Fully diluted new shares : 400 million shares (4) Issue price: 50 yen per share	

- Note 1: (1) Shares will be allotted to Suwa Investment Holdings, LLC through third-party allotment.
 (2) Payment period: June 20, 2019 to December 30, 2019
 (3) Completion of payment may be delayed depending on the status of Japan/overseas government approvals & licenses.
- Note 2: Other conditions include the following:
 (a) Coupon: Zero (b) Maturity date: The date after 5 years from the date of allotment of the CBs
 (c) Exercise period: 5 years starting year after the allocation date
- Note 3. Under the assumption the Suwa Consortium has prepared the fund.
- Note 4: Maximum amount assuming 3rd series CBs have been issued.

Refinancing by INCJ



1. Non-exercise of change of control clause on existing credits

- Non-exercise of the change of control clauses attached to (1) to (4)

* ¥25bn is unredeemed for 1st series CBs with stock acquisition rights.

2. Refinancing into long-term loans and convertible preferred shares

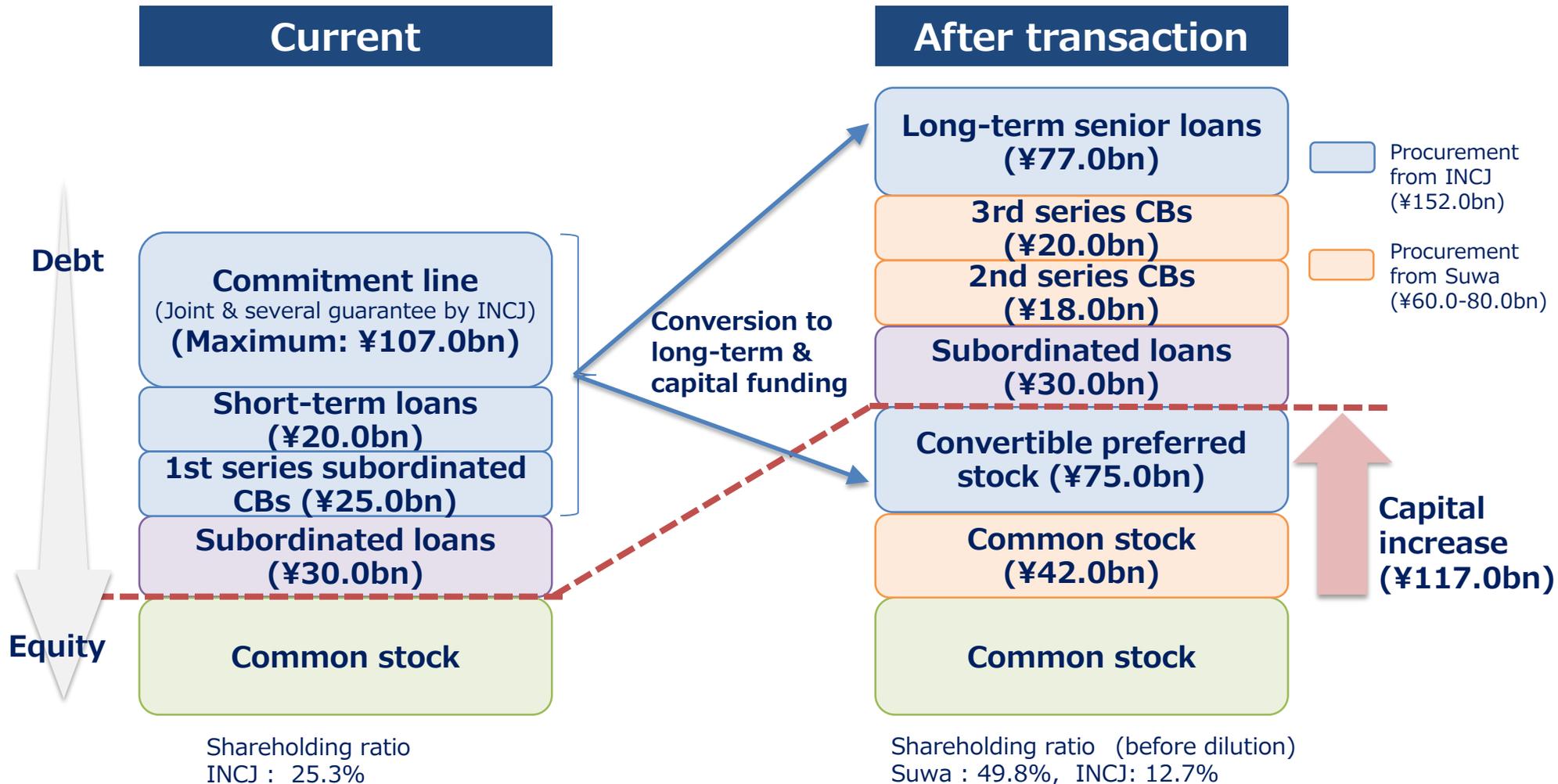
- Total of ¥152bn support: ¥77bn long-term loan (5yr) & ¥75bn preferred shares through third party allotment
- Use above to repay or buy-back (1) to (3)
- (4) Subordinated loans will remain

3. Bridge loan provided until payment completed by Suwa for common stock and 2nd CBs

- INCJ to provide a bridge loan to JDI to meet its funding needs until the transaction is closed. (completion of payment for common stock and CBs by Suwa)

Changes in the Structure of Financing

Capital increase of ¥117.0bn with new money from Suwa Consortium (¥60.0bn+¥20.0bn) and refinancing from INCJ (¥152.0bn)



Schedule

April 12, 2019

Resolution and conclusion of capital and business alliance agreement (Note 1)

Resolution on third-party allotment to Suwa (common stock and CSs with stock acquisition rights)

Resolution and conclusion of LCD business alliance basic agreement with TPK

Resolution and conclusion of OLED business alliance MOU with Harvest Tech (Note 2)

June 18, 2019 (Plan)

Annual General Meeting of Shareholders

June 20, 2019 to December 30, 2019 (Plan)

Payment for common stock and 2nd CBs with stock acquisition rights (Note 3)

Completion of refinancing by INCJ (scheduled for the same day as payment for common stock and 2nd CBs)

*Depending on the funding needs:

Completion of 3rd CBs with stock acquisition rights (Note 3, 4)

- Note 1. The issuance of the Convertible Bonds with stock acquisition rights is subject to the fulfillment of (i) and (ii) below.
- (1) Entry into force of the registration under the Financial Instruments and Exchange Law and obtaining approvals and licenses from the relevant authorities of each country required for the implementation of the third party allotment.
 - (2) Approval of the following agenda items at JDI's annual general meeting of shareholders scheduled for June 2019.
 - Proposals relating to the Third Party Allotment and the Preferred Stock Issuance
 - Proposal for partial amendment to the Articles of Incorporation for increase in the total number of authorized shares and issuance of preferred shares
 - Proposal for appointment of directors appointed by the scheduled allottee of the third party Allotments.
- Note 2. The provisions of the OLED business alliance MOU are not legally binding.
- Note 3. Completion of payment may be delayed depending on the status of Japan/overseas government approvals & licenses.
- Note 4. Under the assumption the Suwa Consortium has prepared the fund.

What JDI Aims to Achieve with the New Partnership

- ***Strengthen its financial position***
- ***Expand its product and customer portfolios***
- ***Remain a global leader in display technologies***
- ***Maximize long-term shareholder value through business growth and higher profit***



Forward Looking Statement:

Any information related to market trends or industries mentioned in this document is based on information available at present and JDI does not guarantee that this information is accurate or complete.

Any plan, estimation, calculation, quotation, evaluation, prediction, expectation or other forward-looking information in this document is based on the current assumptions and beliefs of JDI in light of the information currently available to it, and involves known and unknown risks, uncertainties, and other factors. Such risks, uncertainties and other factors may cause JDI's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include, without limitation: economic conditions and individual consumption trends in Japan and overseas, currency exchange rate movements, trends in the market for smartphones and other electronic equipment, the management policies of our major business partners and fluctuations in the price of raw materials.