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Signing of Share Purchase Agreement for Chinese Subsidiary Sale

Japan Display Inc. (JDI) decided to sell all shares of its LCD module manufacturing subsidiary Suzhou JDI Electronics Inc. (SE) to Suzhou Dongshan Precision Manufacturing Co., Ltd. (DSBJ), and signed a share purchase agreement (SPA) with DSBJ today.

1. Background and Purpose of the 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. In line with this strategy, JDI has decided to sell SE to DSBJ. By shedding assets and converting fixed costs to variable costs, the SE sale will increase JDI’s operating flexibility, core earnings power, capital efficiency, and ability to respond quickly to changes in the market environment.

DSBJ is a diversified conglomerate with strengths in PCB manufacturing, LCD module manufacturing, and precision metals processing. By joining the DSBJ group, SE will benefit from the scale and resources of DSBJ to make investments to increase its cost competitiveness and high value-add manufacturing capabilities, while driving higher sales to Chinese customers through DSBJ’s network. JDI will continue outsourcing its module manufacturing to SE and work for its further growth and development .

2. SE and DSBJ Overview

(1) SE Overview

(1) Name	Suzhou JDI Electronics Inc.	
(2) Headquarters	No.168 Jin Feng Road, Suzhou New District, Suzhou, 215011, PRC	
(3) Title and Name of Representative	Hideya Saito, President and CEO	
(4) Business Description	LCD module manufacturing	
(5) Capital	RMB 1,043 million (c. JPY 13,098 million)	
(6) Date of Incorporation	February 17, 1996	
(7) Major Shareholder and Shareholding Ratio	JDI 100.0%	
(8) Relationship with JDI	Capital Relationship	JDI owns 100% of SE shares

		Personnel Relationship	One JDI employee serves as president, one as executive officer, one as corporate officer, and two as directors. Also, one JDI board member who is an Audit Committee member serves as a corporate auditor. In addition, five JDI employees (including the above-mentioned president) are on secondment to SE.	
		Business Relationship	JDI outsources display module manufacturing to SE.	
(9) Business Performance and Financial Conditions for the Last Three Years				
	Fiscal year	FY19/12	FY20/12	FY21/12
Net Assets	(RMB million)	1,852	1,861	1,920
Total Assets	(RMB million)	2,255	2,278	2,406
Sales	(RMB million)	3,531	2,857	3,012
Operating Profit	(RMB million)	135	22	84
Net Income	(RMB million)	99	16	62

(2) DSBJ Overview

(1)	Name	Suzhou Dongshan Precision Manufacturing Co., Ltd.	
(2)	Headquarters	No.88 Tangdong Road, Wuzhong Economic Development Zone, Suzhou	
(3)	Title and Name of Representative	Yonggang Yuan, Chairman of the Board	
(4)	Business Description	Metal precision processing, and PCB and LCD module manufacturing	
(5)	Capital	CNY 1,710 million (JPY 33,516 million, RMB 1 = JPY 19.60 as of June 30, 2022)	
(6)	Date of Incorporation	October 28, 1998	
(7)	Net Assets	CNY 14,859 million (as of June 30, 2022)	
(8)	Total Assets	CNY 37,488 million (as of June 30, 2022)	
(9)	Major Shareholder and Shareholding Ratio	Yongfeng Yuan 13.01% Yonggang Yuan 11.83% Hong Kong Securities Clearing Company Limited 3.94% Fugen Yuan 3.44%	
(10)	Relationship with JDI	Capital Relationship	N/A
		Personnel Relationship	N/A
		Business Relationship	N/A
		Related Party Status	N/A

3. Number and Price of Shares Being Sold & JDI Share Ownership Before and After the Sale

(1) Shareholding Before the Sale	100%
(2) Percentage of Shares Being Sold	100%
(3) Sale Price	JPY 20,500 million ¹
(4) Shareholding After the Sale	0%

¹ The sale price is provisional and subject to change depending upon the finalization of SE's books and records.

4. Schedule

(1) JDI Board Resolution Date	October 28, 2022
(2) SPA Signing Date	October 28, 2022
(3) SPA Execution Date	January to March 2023 (expected) (Execution will occur immediately after the approvals of the relevant authorities are obtained.)

5. Earnings Impact

JDI expects that the sale will contribute significantly to the sustainable growth of JDI's shareholder value. The impact on JDI's current FY23/3 consolidated financial results is under review. If matters requiring disclosure should arise, JDI will promptly disclose them.

Upon completion of the sale, SE will no longer be a consolidated subsidiary of JDI.