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May 30, 2023

Japan Display Inc. (Tokyo Stock Exchange Prime Market, 6740)

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Acquisition of JOLED OLED Business

As announced on March 7, 2024, Japan Display Inc. (JDI) signed a basic agreement on sponsorship support with OLED display maker JOLED Inc., which filed for civil rehabilitation proceedings on the same day. Since then, JDI and JOLED have held extensive discussions, and today JDI decided that its consolidated subsidiary JDI Design and Development G.K. (JDIDD) will acquire JOLED's OLED technology development business and all related operations ("JOLED OLED Business"). JDI expects to sign the acquisition agreement with JOLED in early June.

Please note that the acquisition is subject to the approval of the supervisory court in JOLED's civil rehabilitation proceedings, the court's permission based on Article 42-1 (2) of the Civil Rehabilitation Act, and the acquisition of necessary permits or approvals from other judicial and administrative authorities.

1. Background and Reason for Acquisition

As announced in "Signing of Basic Agreement for JOLED Sponsor Support" on March 27, 2023, JDI signed a basic agreement with JOLED to drive OLED technology development through inheriting JOLED's OLED display technologies and intellectual property rights (IP), while providing employment to JOLED employees. JDI also has agreed to support the smooth termination and liquidation of JOLED businesses that JDI does not inherit, thereby alleviating the impact and burden on local communities.

After conducting due diligence and engaging in extensive discussions with JOLED, JDI has reached a firm conviction that acquiring their talent and OLED IP and know-how will significantly expand and accelerate JDI's METAGROWTH 2026 growth strategy and drive JDI customer and shareholder value growth. Consequently, JDI has decided to acquire the JOLED OLED business.

The petition for commencement of civil rehabilitation proceedings by JOLED was approved by the Tokyo District Court on April 3, 2023. However, the planned acquisition will be conducted independent of the rehabilitation plan under the civil rehabilitation proceedings.

2. Acquisition Overview

JDI established JDIDD on May 25, 2023 as the successor company for the JOLED OLED Business. Working with the inherited employees and IP from JOLED, JDIDD will engage in OLED development.

(1) JOLED OLED Business Details

The JOLED OLED Business encompasses JOLED's OLED development business and all related operations, including IP and employees, with c. 100 JOLED employees expected to be employed by JDIDD.

Please note that JDI will not inherit JOLED's loss-generating product manufacturing and sales businesses.

(2) Details of Assets and Liabilities to be Acquired

JDIDD will acquire JOLED's assets related to the businesses described in 2 (1) above on the acquisition date scheduled for June 30, 2023. As of today, the cost of the assets to be acquired is estimated to be JPY 1 billion.

JDIDD will not acquire any liabilities.

(3) Acquisition Price and Payment Method

JDI will make a cash payment of JPY 1 billion for the acquisition.

3. JDIDD Overview

(1) Name	JDI Design and Development G.K.
(2) Address	3-7-1 Nishi-Shinbashi, Minato-ku, Tokyo
(3) Representative	Japan Display Inc. (company)
(4) Executive Officer	Yoshiharu Nakajima, CTO of JDI
(5) Business Description	Planning, research, development, and design of display devices, related products, and parts.
(6) Capital	JPY 1
(7) Date of Incorporation	May 25, 2023

4. JOLED Overview

(1) Name	JOLED Inc.
(2) Address	3-23 Kandanshiki-cho, Chiyoda-ku, Tokyo
(3) Representative	Representative Director and President: Tadashi Ishibashi
(4) Business Description	Research, development, manufacturing, and sales activities for OLED displays
(5) Capital	JPY 5,150 million
(6) Date of Incorporation	January 5, 2015
(7) Major Shareholders and Shareholding Ratio	INCJ, Ltd. 56.8% DENSO Corporation 16.1% CSOT-JAPAN 10.8%

5. Schedule

(1) JDI Board Resolution Date	May 30, 2023
(2) Acquisition Agreement Signing Date	Early June 2023 (estimate)
(3) Acquisition Date	June 30, 2023 (estimate)

6. Accounting Treatment

JDI expects to treat the acquisition as an “acquisition” under Japanese GAAP. The determination of whether goodwill will be recognized and the amounts to be recorded as other intangible fixed assets are currently under review.

7. Earnings Impact

JDI expects the JOLED OLED Business acquisition to generate c. JPY 1.3 billion in personnel and miscellaneous expenses in FY24/3, which has already been reflected in JDI’s consolidated FY24/3 earnings forecast announced on May 12, 2023.

The JOLED OLED Business acquisition is expected to accelerate JDI’s METAGROWTH 2026 growth strategy and drive significant growth in customer and shareholder value.