

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is an English translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall prevail.

Securities Code: 6740

March 10, 2020

To our shareholders

Minoru Kikuoka
President and Representative Director
Japan Display Inc.
7-1, Nishi-Shinbashi 3-chome, Minato-ku, Tokyo

Notice of the Extraordinary General Meeting of Shareholders

The Extraordinary General Meeting of Shareholders of Japan Display Inc. (the “Company”) (hereinafter this “General Meeting of Shareholders”) will be held as indicated below. You are hereby cordially invited to attend this General Meeting of Shareholders.

If you are unable to attend this General Meeting of Shareholders, you may exercise your voting rights in writing or on the Internet. In that event, please examine the contents of the “Reference Documents for the General Meeting of the Shareholders” attached herein and vote in accordance with the “Guidance on Exercising Voting Rights” on page 65 by 5:30 p.m., Tuesday, March 24, 2020.

1. Date and time: Wednesday, March 25, 2020, at 10 a.m. (Reception begins at 9 a.m.)
2. Venue: Bellesalle Onarimon Tower on the 3rd floor
1-1, Shibakoen 1-chome, Minato-ku, Tokyo
3. Purpose of this General Meeting of Shareholders

Matters to be resolved:

Proposal No. 1: Partial Amendments to the Articles of Incorporation (1)

Proposal No. 2: Issuance of Class B Shares and Stock Acquisition Rights through Third-party Allotment

Proposal No. 3: Issuance of Class A Shares through Third-party Allotment

Proposal No. 4: Partial Amendments to the Articles of Incorporation (2)

Proposal No. 5: Election of Two (2) Directors

4. Matters regarding exercise of voting rights
 - (1) If you exercise your voting rights by proxy, such proxy shall present to the receptionist a power of attorney with the voting form. Please note the proxy must be one other shareholder having voting rights in the Company.
 - (2) If split votes are cast, a written notice of the diverse exercise of voting rights and the reasons thereof must be sent to the shareholder registry administrator by three (3) days in advance of this General Meeting of Shareholders.

- (3) In the event of a duplicate vote, one cast via the Internet, etc. and the other cast in writing, the Company shall consider the vote cast via the Internet, etc. to be the valid one.
- (4) In the event you exercise your voting rights more than once using the Internet, etc., the Company shall consider the last vote cast to be the valid one.

- When attending at this General Meeting of Shareholders, you are kindly requested to present the enclosed voting form to the receptionist. For the purpose of resource-saving, please bring this notice with you.
- Any modifications to the Reference Documents for the General Meeting of Shareholders shall be posted on the Company's website.

The Company's website (<https://www.j-display.com/english/ir/stockinfo/meeting.html>)

- To prevent the spread of coronavirus infections, your cooperation, such as wearing face masks at and on the way to the venue, is appreciated. In addition, at the venue, we will place the highest priority on the safety of the shareholders. Thank you for your understanding and cooperation in advance.

Reference Documents for the General Meeting of the Shareholders

Proposal No. 1: Partial Amendments to the Articles of Incorporation (1)

1. Reason for the Proposal

- (1) To enable the issuance of the Class B Preferred Shares (as defined in Proposal No. 2, hereinafter the same) and the Class C Preferred Shares underlying the Stock Acquisition Rights concerning Proposal No. 2, and the Class A Preferred Shares (as defined in Proposal No. 3) concerning Proposal No. 3, it is proposed that the total number of authorized shares be increased (Article 6 of the proposed amended Articles of Incorporation).

This amendment of the Articles of Incorporation shall become effective on condition that Proposal Nos. 2 and 3 be approved as originally proposed in this General Meeting of Shareholders.

- (2) It is proposed that (i) the articles related to the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares (as defined below), all of which are new classes of shares, be newly established (Articles 6, 7, 11-2, 11-3, 11-4, and 11-5 of the proposed Amended Articles of Incorporation) in order to enable the issuance of the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares and (ii) that the article related to class meetings also be newly established (Article 18-2 of the proposed amended Articles of Incorporation).

For the reasons why the Company intends to issue the Class A Preferred Shares, the Class B Preferred Shares, and stock acquisition rights the underlying shares of which are the Class C Preferred Shares, please see Proposal Nos. 2 and 3.

This amendment of the Articles of Incorporation shall become effective on condition that Proposal Nos. 2 and 3 be approved as originally proposed in this General Meeting of Shareholders.

2. Details of the Amendment

Details of the amendment are as shown below.

(Amendments are underlined)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares) Article 6 The total number of authorized shares of the Company shall be <u>1,840,000,000</u> shares.	(Total Number of Authorized Shares <u>and Class Shares</u>) Article 6 The total number of authorized shares of the Company shall be <u>3,380,000,000</u> shares, <u>and total number of authorized class shares of the Company shall be as follows:</u> <u>Common shares 3,380,000,000 shares</u> <u>Class A Preferred Shares 1,020,000,000 shares</u> <u>Class B Preferred Shares 672,000,000 shares</u> <u>Class C Preferred Shares 672,000,000 shares</u>

Current Articles of Incorporation	Amended Articles of Incorporation
<p>(Share Unit) Article 7 The share unit of the Company shall be 100 shares.</p>	<p>(Share Unit) Article 7 The share unit <u>of common shares, the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares</u> of the Company shall be 100 shares.</p>
<p>(Newly established)</p>	<p>Section 2-2 Class Shares</p>
<p>(Newly established)</p>	<p><u>(Class A Preferred Shares)</u> <u>Article 11-2</u> <u>The details of the Class A Preferred Shares issued by the Company shall be provided in the following paragraph through paragraph 7.</u></p>
<p>(Newly established)</p>	<p><u>2. Dividend of surplus</u></p> <p><u>The Company shall pay dividends per Class A Preferred Share calculated by multiplying dividends per common share by the Class A Conversion Rate (defined below) on the dividend payment date to shareholders or pledgees of the Class A Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date (if a record date is set, on such record date; hereinafter the same) (such shareholders, the “Class A Preferred Shareholders”, and such pledgees, the “Registered Pledgees of Class A Preferred Shares”) pari passu with (i) shareholders and pledgees of common shares who are registered or recorded on the last shareholders register on the dividend payment date (such shareholders, the “Common Shareholders”, and such pledgees, the “Registered Pledgees of Common Shares”), (ii) shareholders and pledgees of Class B Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date (such shareholders, the “Class B Preferred Shareholders”, and such pledgees, the “Registered Pledgees of Class B Preferred Shares”), and (iii) shareholders and pledgees of Class C Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date (such shareholders, the “Class C Preferred Shareholders”, and such pledgees, the “Registered Pledgees of Class C Preferred Shares”). If a fraction that is less than JPY 1 occurs as a result of multiplying dividends per Class A Preferred Share by the number of shares over which the Class A Preferred Shareholders and the Registered Pledgees of Class</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
(Newly established)	<p><u>A Preferred Shares have rights, such fraction will be omitted.</u></p> <p><u>“Class A Conversion Rate” shall mean the number (calculated to the third decimal place, and the digit in the third decimal place shall be omitted) obtained by dividing the Class A Investment Amount (defined in paragraph 5, item (2); hereinafter the same) at that time by the Class A Conversion Price (defined in paragraph 7, item (3); hereinafter the same).</u></p> <p><u>3. Distribution of residual assets</u></p> <p><u>(1) Distribution of residual assets</u> <u>When the Company distributes its residual assets at the dissolution of the Company, the Company shall pay amounts per Class A Preferred Share equivalent to the Class A Investment Amount to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares, pari passu with the Class B Preferred Shareholders, Registered Pledgees of Class B Preferred Shares, Class C Preferred Shareholders, and Registered Pledgees of Class C Preferred Shares, before the Common Shareholders and Registered Pledgees of Common Shares. If a fraction that is less than JPY 1 occurs as a result of multiplying the distribution of residual assets per Class A Preferred Share by the number of shares over which the Class A Preferred Shareholders and the Registered Pledgees of Class A Preferred Shares have rights, such fraction will be omitted. If the distribution of residual assets is less than the aggregate amount necessary for the distribution of residual assets to shareholders, etc. at a certain rank, the Company will distribute the residual assets on a pro rata basis in accordance with the amount necessary for the distribution of residual assets to shareholders, etc. at such rank.</u></p> <p><u>(2) Participation clause</u> <u>If residual assets remain even after the distribution of residual assets to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares pursuant to item (1), the Company shall distribute residual assets per Class A Preferred Share calculated by multiplying the amount of residual assets per common share by the Class A Conversion Rate at the time of the distribution of residual assets to the Class A Preferred Shareholders and Registered Pledgees of Class A Preferred Shares pari passu with the Common Shareholders and Registered Pledgees of Common Shareholders,</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
(Newly established)	<p><u>Class B Preferred Shareholders, Registered Pledgeses of Class B Preferred Shares, Class C Preferred Shareholders, and Registered Pledgeses of Class C Preferred Shares.</u></p> <p><u>4. Voting rights</u> <u>The Class A Preferred Shareholders have no voting rights at general meetings of shareholders, unless otherwise provided for by law.</u></p>
(Newly established)	<p><u>5. Cash-consideration put option (right to claim the redemption)</u></p> <p><u>(1) Details of the redemption claim</u> <u>The Class A Preferred Shareholders and Registered Pledgeses of Class A Preferred Shares may claim that the Company acquire the Class A Preferred Shares in whole or in part with cash consideration anytime on and after the third anniversary of the payment date (the “Redemption Claim”). In this case, in exchange for acquiring one Class A Preferred Share, within the limit of the distributable amount under Article 461, paragraph (2) of the Companies Act as of the effective date of such Redemption Claim (the “Redemption Claim Date”), and to the extent permitted by relevant laws or regulations, the Company shall deliver cash the amount of which is equivalent to the Class A Investment Amount to such Class A Preferred Shareholders and Registered Pledgeses of Class A Preferred Shares on such Redemption Claim Date.</u></p> <p><u>(2) Class A Investment Amount</u> <u>The Class A Investment Amount is as follows:</u> <u>(a) The initial amount shall be JPY 100.</u> <u>(b) If the Company implements a share split, consolidation of shares, or allotment of shares without contribution (collectively, the “Share Split, etc.”), the Class A Investment Amount shall be adjusted in accordance with the formula below. If a fraction that is less than JPY 1 occurs as a result of the adjustment, the Company shall calculate such fraction to the third decimal place, and omit the digit in the third decimal place. In the case of an allotment of shares without contribution, “Number of issued and outstanding Class A Preferred Shares before the Share Split, etc.” and “Number of issued and outstanding Class A Preferred Shares after the Share Split, etc.” in the following formula shall be to be read as “Number of issued</u></p>

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(Newly established)	<p><u>and outstanding Class A Preferred Shares before the allotment of shares without contribution (excluding, however, the Class A Preferred Shares held by the Company at that time)” and “Number of issued and outstanding Class A Preferred Shares after the allotment of shares without contribution (excluding, however, the Class A Preferred Shares held by the Company at that time)”, respectively.</u></p> $\frac{\text{Class A Investment Amount after adjustment}}{\text{Class A Investment Amount before adjustment}} = \frac{\text{Class A Investment Amount before adjustment}}{\text{Class A Investment Amount after adjustment}} \times \frac{\text{Number of issued and outstanding Class A Preferred Shares before the Share Split, etc.}}{\text{Number of issued and outstanding Class A Preferred Shares after the Share Split, etc.}}$ <p><u>The Class A Investment Amount after adjustment shall be applied, in the case of a share split, on and after the day following the record date of such share split, in the case of a consolidation of shares or allotment of shares without contribution, on and after the day following the effective date of such consolidation of shares or allotment of shares without contribution (if a record date is set, on and after the day following such record date).</u></p> <p><u>(c) If other events similar to (b) above occur, the Class A Investment Amount shall be properly adjusted by resolutions of the Company’s board of directors meeting.</u></p> <p><u>6. Cash-consideration call option (mandatory redemption)</u></p> <p><u>Notwithstanding the intent of the Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares, in exchange for delivering the Class A Investment Amount to the Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares, within the limit of the distributable amount under Article 461, paragraph (2) of the Companies Act as of the date separately determined by the Company’s board of directors meeting (the “Mandatory Redemption Date” in this paragraph 6), to the extent permitted by applicable laws, the Company may acquire the Class A Preferred Shares in whole or in part anytime, if the Mandatory Redemption Date has arrived. If there is more than one Class A Preferred Shareholder at the time of acquiring part of the Class A Preferred Shares, the Class A Preferred</u></p>

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(Newly established)	<p><u>Shares to be acquired by the Company shall be determined by its board of directors meeting on a pro rata basis.</u></p> <p><u>7. Common share-consideration put option (right to claim conversion)</u></p> <p><u>(1) Details of the conversion claim</u> <u>On or after the first anniversary of the payment date, within a two-week period after the release of the Company's quarterly financial results for each quarterly period, to the extent permitted by applicable laws, the Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares may claim that the Company deliver common shares per Class A Preferred Share the number of which is calculated based on the formula stated in item (2), in exchange for the Company acquiring the Class A Preferred Shares (the "Conversion Claim", and the effective date of the Conversion Claim, the "Conversion Claim Date" in this paragraph 7).</u></p> <p><u>(2) Formula for number of common shares to be delivered based on the conversion claim</u> <u>The number of common shares to be delivered in exchange for acquiring one Class A Preferred Share shall be calculated based on the following formula:</u></p> <p><u>(Formula)</u> <u>Number of common shares to be delivered in exchange for acquiring one Class A Preferred Share</u> $= \frac{\text{Class A Investment Amount}}{\text{Class A Conversion Price}}$</p> <p><u>If a fraction that is less than 1 share occurs at the time of calculating the number of common shares to be delivered to the Class A Preferred Shareholders and Registered Pledges of Class A Preferred Shares, such fraction shall be omitted and treated in accordance with Article 167, paragraph (3) of the Companies Act.</u></p> <p><u>(3) Class A Conversion Price</u> <u>The Class A Conversion Price shall be an amount stated below.</u></p> <p><u>1) The initial Class A Conversion Price shall be (A) or (B) below, as applicable.</u></p> <p><u>(A) If the Company's common shares are Listed (which means that they are listed or</u></p>

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	<p><u>registered on or at the financial instruments exchange or over-the-counter securities market; hereinafter the same) on the Conversion Claim Date: (i) Amount equivalent to a closing price (including a quotation) of the Company's common shares, at the financial instruments exchange or over-the-counter securities market on which such common shares are Listed, on a trading day (excluding, however, a trading day without a closing price (including a quotation)) immediately before the Conversion Claim Date, or (ii) JPY 225, whichever is greater.</u></p> <p><u>(B) If the Company's common shares are not Listed on the Conversion Claim Date: JPY 225</u></p> <p><u>2) Notwithstanding 1) above, if any of the following (i) through (v) occurs at the Company, the Company shall adjust the Class A Conversion Price in accordance with each of (i) through (v). If a fraction that is less than JPY 1 occurs as a result of the adjustment, the Company shall calculate such fraction to the third decimal place, and omit digits after the second decimal place.</u></p> <p><u>(i) If the Company implements the Share Split, etc. of common shares, the Company shall adjust the Class A Conversion Price based on the formula below. In the case of an allotment of shares without contribution, "Number of issued and outstanding common shares before the Share Split, etc." and "Number of issued and outstanding common shares after the Share Split, etc." in the following formula shall be to be read as "Number of issued and outstanding common shares before the allotment of shares without contribution (excluding, however, common shares held by the Company at that time)" and "Number of issued and outstanding common shares after the allotment of shares without contribution (excluding, however, common shares held by the Company at that time)", respectively.</u></p> $\frac{\text{Class A Conversion Price after adjustment}}{\text{Class A Conversion Price before adjustment}} = \frac{\text{Class A Conversion Price}}{\text{Price before adjustment}} \times \frac{\text{Number of issued and outstanding common shares before the Share Split, etc.}}{\text{Number of issued and outstanding common shares after the Share Split, etc.}}$ <p><u>The Class A Conversion Price after adjustment shall be applied, in the case of a share split, on</u></p>

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	<p><u>and after the day following the record date of such share split, in the case of a consolidation of shares or allotment of shares without contribution, on and after the effective date of such consolidation of shares or allotment of shares without contribution (if a record date is set, on and after the day following such record date).</u></p> <p><u>(ii) If the Company issues its common shares (including dispositions of treasury shares; hereinafter the same in this item (ii)) the price of which is less than the Class A Conversion Price before the adjustment (excluding, however, the cases where (a) the Company implements an allotment of shares without contribution, (b) the Company issues its common shares by exercising or converting the Potential Shares (which means shares with put options, shares subject to call, share options (including those attached to bonds with stock acquisition rights; hereinafter the same in this paragraph 7.), and other securities or rights with status that makes it possible to have it converted into common shares based on the claim by holders of such securities or rights or the Company, or subject to conditions that certain events occur; hereinafter the same), (c) the Company delivers its common shares as a result of a merger, share exchange, or company split, or (d) the Company sells its treasury shares pursuant to Article 194 of the Companies Act), the Company shall adjust the Class A Conversion Price based on the formula below.</u></p> <p><u>In this paragraph 7, the “Total Number of Shares” shall mean the number obtained by adding (i) the number of common shares underlying the issued and outstanding Potential Shares (excluding those held by the Company) as of the day before the date on which the Class A Conversion Price after the adjustment is applied to (ii) the number of issued and outstanding common shares as of the same day (excluding those held by the Company).</u></p> <p><u>Also, in the case of a disposition of treasury shares, “Issue price” and “Number of shares to be newly issued” in the formula stated in this item (ii) are to be read as “Disposition price” and “Number of treasury shares to be disposed”, respectively.</u></p>

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	$\frac{\text{Class A Conversion Price after adjustment}}{\text{Class A Conversion Price before adjustment}} = \frac{\text{Class A Conversion Price before adjustment} \times \frac{\text{Total Number of Shares}}{\text{Number of Shares}} + \frac{\text{Number of shares to be newly issued} \times \text{Issue price per share}}{\text{Class A Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}}$ <p><u>The Class A Conversion Price after adjustment shall be applied on and after the day following the payment date (if the payment period is set, the end of such period). If a record date for allotment to shareholders is set, the Class A Conversion Price after adjustment shall be applied on and after the day following such record date.</u></p> <p><u>(iii) If the Company issues shares that can be converted into its common shares (including the case of an allotment of shares without contribution), and the price determined by its board of directors meeting as a price of consideration per common share to be delivered upon the conversion of such shares is less than the Class A Conversion Price before adjustment, the Company shall adjust the Class A Conversion Price based on the formula below.</u></p> <p><u>However, “Number of shares to be newly issued” in the formula stated in this item (iii) means the number of common shares to be delivered if all the shares to be issued are converted into common shares on the date on which the adjustment under this item (iii) is applied.</u></p> $\frac{\text{Class A Conversion Price after adjustment}}{\text{Class A Conversion Price before adjustment}} = \frac{\text{Class A Conversion Price before adjustment} \times \frac{\text{Total Number of Shares}}{\text{Number of Shares}} + \frac{\text{Number of shares to be newly issued} \times \text{Price of consideration per share}}{\text{Class A Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}}$ <p><u>The Class A Conversion Price after adjustment shall be applied on and after the day following the payment date (if the payment period is set, the end of such period), in the case of an allotment of shares without contribution, on and after the effective date of such allotment of</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>shares without contribution (if a record date for such allotment of shares without contribution is set, on and after the day following such record date). Also, if the day of allotment to shareholders is set, the Class A Conversion Price after adjustment shall be applied on and after the day following such day of allotment to shareholders.</u></p> <p><u>(iv) If the Company issues share options for which its common shares are the underlying shares (including the case of an allotment of share options without contribution), and the total amount of the payment price of share options per common share and the price per common share of properties to be invested at the time of exercising such share options (the “Price of Consideration per Share” in this item (iv)) is less than the Class A Conversion Price before adjustment, the Company shall adjust the Class A Conversion Price based on the formula below.</u></p> <p><u>However, “Number of shares to be newly issued” in the formula stated in this item (iv) shall mean the number of common shares to be delivered if all the share options are exercised or converted into common shares on the date on which the adjustment under this item (iv) is applied.</u></p> $ \begin{array}{r} \text{Class A Conversion Price after adjustment} = \frac{\text{Class A Conversion Price before adjustment} \times \text{Total Number of Shares} + \text{Number of shares to be newly issued} \times \text{Price of consideration per share}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}} \end{array} $ <p><u>The Class A Conversion Price after adjustment shall be applied on and after the day following the day of the allotment, in the case of an allotment of share options without contribution, on and after the effective date of such allotment of share options without contribution (if a record date for such allotment of share options without contribution is set, on and after the day following such record date). Also, if the day of allotment to shareholders is set, the Class A Conversion Price after adjustment shall be applied on and after the day following such day of allotment to shareholders.</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>(v) If any of (a) a merger in which the Company becomes a surviving company or a parent company of a surviving company, (b) a share exchange in which the Company becomes a wholly-owning parent company or a parent company of a wholly-owning parent company, or (c) a company split in which the Company becomes a succeeding company or a parent company of a succeeding company is implemented, and value per share of the Company to be allotted to shareholders of a consolidated company through a merger or per share of the Company to be allotted to shareholders of a wholly-owned subsidiary through a share exchange, or per share of the Company to be allotted to a split company or shareholders of a split company through a company split (the “Allotted Shares” in this paragraph 7) (such value is reasonably determined by the Company’s board of directors meeting. If such Allotted Shares can be converted into its common shares, such value shall be a converted amount per common share; hereinafter the same in this paragraph 7) is less than the Class A Conversion Price before adjustment, the Company shall adjust the Class A Conversion Price based on the formula below.</u></p> <p><u>However, if the Allotted Shares can be converted into the Company’s common shares, “Number of Allotted Shares” in the formula stated in this item (v) shall mean the number of common shares underlying the Allotted Shares.</u></p> $\frac{\text{Class A Conversion Price after adjustment}}{\text{Class A Conversion Price before adjustment}} = \frac{\text{Class A Conversion Price before adjustment} \times \frac{\text{Total Number of Shares}}{\text{Number of Shares}} + \frac{\text{Number of shares to be newly issued} \times \text{Value per share}}{\text{Class A Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of Allotted Shares}}$ <p><u>The Class A Conversion Price after adjustment shall be applied on and after the effective date of such merger, share exchange, or company split.</u></p>
(Newly established)	<p><u>(Class B Preferred Shares)</u> <u>Article 11-3</u> <u>The details of the Class B Preferred Shares issued by the Company shall be provided in the following paragraph through paragraph 8.</u></p>
(Newly established)	<p><u>2. Dividend of surplus</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p>(1) <u>Dividend of surplus</u> <u>The Company will pay dividends per Class B Preferred Share calculated by multiplying dividends per common share by the Class B Conversion Rate (defined below) on the dividend payment date to the Class B Preferred Shareholders and the Registered Pledges of Class B Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date (if a record date is set, on such record date; hereinafter the same) pari passu with the Common Shareholders and the Registered Pledges of Common Shares who are registered or recorded on the last shareholders register on the dividend payment date; the Class A Preferred Shareholders and the Registered Pledges of Class A Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date; and the Class C Preferred Shareholders and the Registered Pledges of Class C Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date. If a fraction that is less than JPY 1 occurs as a result of multiplying the dividend amount per Class B Preferred Share by the number of Class B Preferred Shares held by the Class B Preferred Shareholders and the Registered Pledges of Class B Preferred Shares, such fraction will be omitted.</u></p> <p><u>“Class B Conversion Rate” means the number (calculated to the third decimal place, and the digit in the third decimal place will be omitted) obtained by dividing the Class B Investment Amount (defined in (2); hereinafter the same) at that time by the Class B Conversion Price (defined in Article 8, (3); hereinafter the same).</u></p> <p>(2) <u>The Class B Investment Amount</u> 1) <u>The initial amount will be JPY 75.</u> 2) <u>If the Company implements the Share Split, etc., the Class B Investment Amount will be adjusted in accordance with the formula below. If a fraction that is less than JPY 1 occurs as a result of the adjustment, the Company will calculate such fraction to the third decimal place, and omit the digit in the third decimal place. In the case of an allotment of shares without contribution, “Number of issued and outstanding Class B Preferred Shares before the Share Split, etc.” and “Number of issued and outstanding Class B Preferred Shares after the Share Split, etc.” in the following formula are to</u></p>

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(Newly established)	<p><u>be read as “Number of issued and outstanding Class B Preferred Shares before the allotment of shares without contribution (excluding, however, the Class B Preferred Shares held by the Company at that time)” and “Number of issued and outstanding Class B Preferred Shares after the allotment of shares without contribution (excluding, however, the Class B Preferred Shares held by the Company at that time),” respectively.</u></p> $\begin{array}{rcc} & & \text{Number of issued and} \\ & & \text{outstanding Class B Preferred} \\ \text{Class B} & & \text{Shares before the Share Split,} \\ \text{Investment} & \text{Class B} & \text{etc.} \\ \text{Amount} & = & \text{Amount} \times \frac{\text{Number of issued and}}{\text{Number of issued and}} \\ \text{after} & & \text{before} \\ \text{adjustment} & \text{adjustment} & \text{outstanding Class B Preferred} \\ & & \text{Shares after the Share Split, etc.} \end{array}$ <p><u>The Class B Investment Amount after adjustment will be applied, in the case of a share split, on and after the day following the record date of such share split, in the case of a consolidation of shares or allotment of shares without contribution, on and after the day following the effective date of such consolidation of shares or allotment of shares without contribution (if a record date is set, on and after the day following such record date).</u></p> <p><u>3) If other events similar to 2) above occur, the Class B Investment Amount will be properly adjusted by resolutions of the Company’s board of directors meeting.</u></p> <p><u>3. Distribution of residual assets</u></p> <p><u>(1) Distribution of residual assets</u> <u>When the Company distributes its residual assets at the dissolution of the Company, the Company will pay amounts per Class B Preferred Share equivalent to the Class B Investment Amount to the Class B Preferred Shareholders and Registered Pledgees of Class B Preferred Shares before the Common Shareholders and Registered Pledgees of Common Shares; and pari passu with the Class A Preferred Shareholders and the Registered Pledgees of the Class A Preferred Shares as well as the Class C Preferred Shareholders and the Registered Pledgees of Class C Preferred Shares. If a fraction that is less than JPY 1 occurs as a result of multiplying the distribution amount of residual assets per Class B Preferred Share by the number of Class B Preferred Shares held by</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>the Class B Preferred Shareholders and the Registered Pledgees of Class B Preferred Shares, such fraction will be omitted. If the distribution amount of residual assets falls short of the total amount necessary to distribute residual assets of a certain order of priority, residual assets should be distributed on a pro rata basis in accordance with the amount necessary to distribute residual assets of that order of priority.</u></p> <p><u>(2) Participation clause</u> <u>If residual assets remain even after the distribution of residual assets to the Class B Preferred Shareholders and Registered Pledgees of Class B Preferred Shares pursuant to (1), the Company will distribute residual assets per Class B Preferred Share calculated by multiplying the amount of residual assets per common share by the Class B Conversion Rate at the time of the distribution of residual assets to the Class B Preferred Shareholders and Registered Pledgees of Class B Preferred Shares pari passu with the Common Shareholders and Registered Pledgees of Common Shareholders; the Class A Preferred Shareholders and the Registered Pledgees of Class A Preferred Shares; and the Class C Preferred Shareholders and the Registered Pledgees of Class C Preferred Shares.</u></p>
(Newly established)	<p><u>4. Transfer restriction</u></p> <p><u>Acquisition of Class B Preferred Shares through their transfer requires the approval of the Company's board of directors meeting.</u></p>
(Newly established)	<p><u>5. Voting rights</u></p> <p><u>The Class B Preferred Shareholders have voting rights at general meetings of shareholders. The number of shares of one unit of Class B Preferred Shares shall be 100 shares.</u></p>
(Newly established)	<p><u>6. Voting rights at the general meeting of class shareholders</u></p> <p><u>Unless otherwise provided for by law, no resolution of the general meeting of class shareholders comprised of Class B Preferred Shareholders is required in order for the Company to engage in any of the acts listed under each item of Article 322, paragraph (1) of the Companies Act.</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
(Newly established)	<p data-bbox="810 228 1362 293"><u>7. Cash-consideration call option (mandatory redemption)</u></p> <p data-bbox="810 327 1391 1032"><u>Notwithstanding the intent of the Class B Preferred Shareholders and Registered Pledges of Class B Preferred Shares, in exchange for delivering the Class B Investment Amount to the Class B Preferred Shareholders and Registered Pledges of Class B Preferred Shares, within the limit of the distributable amount under Article 461, paragraph (2) of the Companies Act as of the date separately determined by the Company's board of directors meeting (the "Mandatory Redemption Date" in this paragraph 7), the Company can acquire the Class B Preferred Shares in whole or in part anytime, within the extent permitted by law, if the Mandatory Redemption Date has arrived. If there is more than one Class B Preferred Shareholder at the time of acquiring part of the Class B Preferred Shares, the Class B Preferred Shares to be acquired by the Company will be determined by its board of directors meeting on a pro rata basis.</u></p>
(Newly established)	<p data-bbox="810 1066 1331 1131"><u>8. Common share-consideration put option (right to claim conversion)</u></p> <p data-bbox="810 1164 1391 1536"><u>(1) Details of the conversion claim</u> <u>On or after the first anniversary of the payment date, within the extent permitted by law, the Class B Preferred Shareholders and Registered Pledges of Class B Preferred Shares can claim that the Company deliver common shares per Class B Preferred Share the number of which is calculated based on the formula stated in (2), in exchange for the Company acquiring the Class B Preferred Shares (the "Conversion Claim" in this paragraph 8).</u></p> <p data-bbox="810 1570 1391 1805"><u>(2) Formula for number of common shares to be delivered based on the conversion claim</u> <u>The number of common shares to be delivered in exchange for acquiring one Class B Preferred Share will be calculated based on the following formula:</u></p> <p data-bbox="810 1839 1362 2033"><u>(Formula)</u> <u>Number of common shares to be delivered in exchange for acquiring one Class B Preferred Share</u> <u>= Class B Investment Amount ÷ Class B Conversion Price</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>If a fraction that is less than 1 share occurs at the time of calculating the number of common shares to be delivered to the Class B Preferred Shareholders and Registered Pledges of Class B Preferred Shares, such fraction will be omitted and treated in accordance with Article 167, paragraph (3) of the Companies Act.</u></p> <p><u>(3) Class B Conversion Price</u> <u>The Class B Conversion Price means an amount stated below.</u></p> <p><u>1) The initial price shall be JPY 50.</u> <u>2) Notwithstanding 1) above, if any of the following (i) through (v) occurs at the Company, the Company will adjust the Class B Conversion Price in accordance with each of (i) through (v).</u> <u>If a fraction that is less than JPY 1 occurs as a result of the adjustment, the Company will calculate such fraction to the third decimal place, and omit digits after the second decimal place.</u></p> <p><u>(i) If the Company implements the Share Split, etc. of common shares, the Company will adjust the Class B Conversion Price based on the formula below. In the case of an allotment of shares without contribution, “Number of issued and outstanding common shares before the Share Split, etc.” and “Number of issued and outstanding common shares after the Share Split, etc.” in the following formula are to be read as “Number of issued and outstanding common shares before the allotment of shares without contribution (excluding, however, common shares held by the Company at that time)” and “Number of issued and outstanding common shares after the allotment of shares without contribution (excluding, however, common shares held by the Company at that time),” respectively.</u></p> $\begin{array}{rcc} \text{Class B} & & \text{Number of issued and} \\ \text{Conversion} & \text{Class B} & \text{outstanding common shares} \\ \text{Price after} & \text{Conversion} & \text{before the Share Split, etc.} \\ \text{adjustment} & \text{Price} & \text{Number of issued and} \\ & \text{before} & \text{outstanding common shares} \\ & \text{adjustment} & \text{after the Share Split, etc.} \end{array} \times$ <p><u>The Class B Conversion Price after adjustment will be applied, in the case of a share split, on and after the day following the record date of such share split, in the case of a consolidation of shares or allotment of shares without contribution, on and after the effective date of</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>such consolidation of shares or allotment of shares without contribution (if a record date is set, on and after the day following such record date).</u></p> <p><u>(ii) If the Company issues its common shares (including dispositions of treasury shares; hereinafter the same in this item (B)) the price of which is less than the Class B Conversion Price before the adjustment (excluding, however, the cases where (i) the Company implements an allotment of shares without contribution, (ii) the Company issues its common shares by exercising or converting the Potential Shares (which means shares with put options, shares subject to call, stock acquisition rights (including those attached to bonds with stock acquisition rights; hereinafter the same in this Section (vii)), and other securities or rights with status that makes it possible to have them converted into common shares based on the claim by holders of such securities or rights or the Company, or subject to conditions that certain events occur; hereinafter the same in this paragraph 8), (iii) the Company delivers its common shares as a result of a merger, share exchange, or company split, or (iv) the Company sells its treasury shares pursuant to Article 194 of the Companies Act), the Company will adjust the Class B Conversion Price based on the formula below.</u></p> <p><u>In this paragraph 8, the “Total Number of Shares” means the number obtained by adding (i) the number of common shares underlying the issued and outstanding Potential Shares (excluding those held by the Company) as of the day before the date on which the Class B Conversion Price after the adjustment is applied to (ii) the number of issued and outstanding common shares as of the same day (excluding those held by the Company).</u></p> <p><u>Also, in the case of a disposition of treasury shares, “Issue price” and “Number of shares to be newly issued” in the formula stated in this item (ii) are to be read as “Disposition price” and “Number of treasury shares to be disposed,” respectively.</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	$\text{Class B Conversion Price after adjustment} = \frac{\text{Class B Conversion Price before adjustment} \times \text{Total Number of Shares} + \frac{\text{Number of shares to be newly issued} \times \text{Issue price per share}}{\text{Class B Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}}$ <p><u>The Class B Conversion Price after adjustment will be applied on and after the day following the payment date (if the payment period is set, the end of such period), if a record date for the allotment to shareholders is set, on and after the day following such record date.</u></p> <p><u>(iii) If the Company issues shares that can be converted into its common shares (including the case of an allotment of shares without contribution), and the price determined by its board of directors meeting as a price of consideration per common share to be delivered upon the conversion of such shares is less than the Class B Conversion Price before adjustment, the Company will adjust the Class B Conversion Price based on the formula below.</u></p> <p><u>However, “Number of shares to be newly issued” in the formula stated in this item (iii) means the number of common shares to be delivered if all the shares to be issued are converted into common shares on the date on which the adjustment under this item (iii) is applied.</u></p> $\text{Class B Conversion Price after adjustment} = \frac{\text{Class B Conversion Price before adjustment} \times \text{Total Number of Shares} + \frac{\text{Number of shares to be newly issued} \times \text{Price of consideration per share}}{\text{Class B Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}}$ <p><u>The Class B Conversion Price after adjustment will be applied on and after the day following the payment date (if the payment period is set, the end of such period), in the case of an allotment of shares without contribution, on and after the effective date of such allotment of shares without contribution (if a record date for such allotment of shares without contribution is</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>set, on and after the day following such record date). Also, if the day of allotment to shareholders is set, the Class B Conversion Price after adjustment will be applied on and after the day following such day of allotment to shareholders.</u></p> <p><u>(iv) If the Company issues stock acquisition rights for which its common shares are the underlying shares (including the case of an allotment of stock acquisition rights without contribution), and the total amount of the payment price of stock acquisition rights per common share and the price per common share of properties to be invested at the time of exercising such stock acquisition rights (the “Price of Consideration per Share” in this item (iv)) is less than the Class B Conversion Price, the Company will adjust the Class B Conversion Price based on the formula below.</u></p> <p><u>However, “Number of shares to be newly issued” in the formula stated in this item (iv) means the number of common shares to be delivered if all the stock acquisition rights are exercised or converted into common shares on the date on which the adjustment under this item (iv) is applied.</u></p> $ \begin{array}{r} \text{Class B Conversion Price after adjustment} = \frac{\text{Class B Conversion Price before adjustment} \times \text{Total Number of Shares} + \text{Number of shares to be newly issued} \times \text{Price of consideration per share}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}} \end{array} $ <p><u>The Class B Conversion Price after adjustment will be applied on and after the day following the day of the allotment, in the case of an allotment of stock acquisition rights without contribution, on and after the effective date of such allotment of stock acquisition rights without contribution (if a record date for such allotment of stock acquisition rights without contribution is set, on and after the day following such record date). Also, if the day of allotment to shareholders is set, the Class B Conversion Price after adjustment will be applied on and after the day following such day of allotment to shareholders.</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p>(v) <u>If any of (a) a merger in which the Company becomes a surviving company or a parent company of a surviving company, (b) a share exchange in which the Company becomes a wholly-owning parent company or a parent company of a wholly-owning parent company, or (c) a company split in which the Company becomes a succeeding company or a parent company of a succeeding company is implemented, and value per share of the Company to be allotted to shareholders of a consolidated company through a merger or per share of the Company to be allotted to shareholders of a wholly-owned subsidiary through a share exchange, or per share of the Company to be allotted to a split company or shareholders of a split company (the “Allotted Shares” in this paragraph 8) (such value is reasonably determined by the Company’s board of directors meeting. If such Allotted Shares can be converted into its common shares, such value will be a converted amount per common share; hereinafter the same in this paragraph 8) is less than the Class B Conversion Price before adjustment, the Company will adjust the Class B Conversion Price based on the following formula.</u></p> <p><u>However, if such Allotted Shares can be converted into the Company’s common shares, the “Number of Allotted Shares” in the formula stated in this item (v) should be the number of common shares underlying such shares.</u></p> $\text{Class B Conversion Price after adjustment} = \frac{\text{Class B Conversion Price before adjustment} \times \text{Total Number of Shares} + \text{Number of Allotted Shares} \times \text{Class B Conversion Price before adjustment}}{\text{Total Number of Shares} + \text{Number of Allotted Shares}}$ <p><u>The Class B Conversion Price after adjustment will be applied on and after the effective date of such merger, share exchange, or company split.</u></p>
(Newly established)	<p><u>(Class C Preferred Shares)</u> <u>Article 11-4</u> <u>The details of the Class C Preferred Shares issued by the Company shall be provided in the following paragraph through paragraph 8.</u></p>

(Newly established)

2. Dividend of surplus(1) Dividend of surplus

the Company will pay dividends per Class C Preferred Share calculated by multiplying dividends per common share by the Class C Conversion Rate (defined below) on the dividend payment date to the Class C Preferred Shareholders or the Registered Pledges of Class C Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date pari passu with the Common Shareholders and the Registered Pledges of Common Shares who are registered or recorded on the last shareholders register on the dividend payment date; the Class A Preferred Shareholders and the Registered Pledges of Class A Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date; and the Class B Preferred Shareholders and the Registered Pledges of Class B Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date. If a fraction that is less than JPY 1 occurs as a result of multiplying the dividend amount per Class C Preferred Share by the number of Class C Preferred Shares held by the Class C Preferred Shareholders and the Registered Pledges of Class C Preferred Shares, such fraction will be omitted.

“Class C Conversion Rate” means the number (calculated to the third decimal place, and the digit in the third decimal place will be omitted) obtained by dividing the Class C Investment Amount (defined in (2); hereinafter the same) at that time by the Class C Conversion Price (defined in Article 8, (3); hereinafter the same).

(2) The Class C Investment Amount

1) The initial amount will be JPY 75.

2) If the Company implements the Share Split, etc., the Class C Investment Amount will be adjusted in accordance with the formula below. If a fraction that is less than JPY 1 occurs as a result of the adjustment, the Company will calculate such fraction to the third decimal place, and omit the digit in the third decimal place. In the case of an allotment of shares without contribution, “Number of issued and outstanding Class C Preferred Shares before the Share Split, etc.” and “Number of issued and outstanding Class C Preferred Shares after the Share Split, etc.” in the following formula are to

Current Articles of Incorporation	Amended Articles of Incorporation
<p>(Newly established)</p>	<p><u>be read as “Number of issued and outstanding Class C Preferred Shares before the allotment of shares without contribution (excluding, however, the Class C Preferred Shares held by the Company at that time)” and “Number of issued and outstanding Class C Preferred Shares after the allotment of shares without contribution (excluding, however, the Class C Preferred Shares held by the Company at that time),” respectively.</u></p> $\begin{array}{rcc} & & \text{Number of issued and} \\ & & \text{outstanding Class C Preferred} \\ \text{Class C} & & \text{Shares before the Share Split,} \\ \text{Investment} & \text{Class C} & \text{etc.} \\ \text{Amount} & = & \text{Amount} \times \frac{\text{Number of issued and}}{\text{Number of issued and}} \\ \text{after} & & \text{before} \\ \text{adjustment} & \text{adjustment} & \text{outstanding Class C Preferred} \\ & & \text{Shares after the Share Split, etc.} \end{array}$ <p><u>The Class C Investment Amount after adjustment will be applied, in the case of a share split, on and after the day following the record date of such share split, in the case of a consolidation of shares or allotment of shares without contribution, on and after the day following the effective date of such consolidation of shares or allotment of shares without contribution (if a record date is set, on and after the day following such record date).</u></p> <p><u>3) If other events similar to 2) above occur, the Class C Investment Amount will be properly adjusted by resolutions of the Company’s board of directors meeting.</u></p> <p><u>3. Distribution of residual assets</u></p> <p><u>(1) Distribution of residual assets</u> <u>When the Company distributes its residual assets at the dissolution of the Company, the Company will pay amounts per Class C Preferred Share equivalent to the Class C Investment Amount to the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares before the Common Shareholders and Registered Pledges of Common Shares; and pari passu with the Class A Preferred Shareholders and the Registered Pledges of the Class A Preferred Shares as well as the Class B Preferred Shareholders and the Registered Pledges of Class B Preferred Shares. If a fraction that is less than JPY 1 occurs as a result of multiplying the distribution amount of residual assets per Class C Preferred Share by the number of Class C Preferred Shares held by</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>the Class C Preferred Shareholders and the Registered Pledgees of Class C Preferred Shares, such fraction will be omitted. If the distribution amount of residual assets falls short of the total amount necessary to distribute residual assets of a certain order of priority, residual assets should be distributed on a pro rata basis in accordance with the amount necessary to distribute residual assets of that order of priority.</u></p> <p><u>(2) Participation clause</u> <u>If residual assets remain even after the distribution of residual assets to the Class C Preferred Shareholders and Registered Pledgees of Class C Preferred Shares pursuant to (1), the Company will distribute residual assets per Class C Preferred Share calculated by multiplying the amount of residual assets per common share by the Class C Conversion Rate at the time of the distribution of residual assets to the Class C Preferred Shareholders and Registered Pledgees of Class C Preferred Shares pari passu with the Common Shareholders and Registered Pledgees of Common Shareholders; the Class A Preferred Shareholders and the Registered Pledgees of Class A Preferred Shares; and the Class B Preferred Shareholders and the Registered Pledgees of Class B Preferred Shares.</u></p>
(Newly established)	<p><u>4. Transfer restriction</u></p> <p><u>Acquisition of Class C Preferred Shares through their transfer requires the approval of the Company's board of directors meeting.</u></p>
(Newly established)	<p><u>5. Voting rights</u></p> <p><u>Unless otherwise provided for by law, the Class C Preferred Shareholders have no voting rights at general meetings of shareholders.</u></p>
(Newly established)	<p><u>6. Voting rights at the general meeting of class shareholders</u></p> <p><u>Unless otherwise provided for by law, no resolution of the general meeting of class shareholders comprised of Class B Preferred Shareholders is required in order for the Company to engage in any of the acts listed under each item of Article 322, paragraph (1) of the Companies Act.</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
(Newly established)	<p data-bbox="810 232 1362 293"><u>7. Cash-consideration call option (mandatory redemption)</u></p> <p data-bbox="810 331 1391 1032"><u>Notwithstanding the intent of the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares, in exchange for delivering the Class C Investment Amount to the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares, within the limit of the distributable amount under Article 461, paragraph (2) of the Companies Act as of the date separately determined by the Company’s board of directors meeting (the “Mandatory Redemption Date” in this paragraph 7), to the extent possible permitted by applicable laws, the Company can acquire the Class C Preferred Shares in whole or in part anytime, if the Mandatory Redemption Date has arrived. If there is more than one Class C Preferred Shareholder at the time of acquiring part of the Class C Preferred Shares, the Class C Preferred Shares to be acquired by the Company will be determined by its board of directors meeting on a pro rata basis.</u></p>
(Newly established)	<p data-bbox="810 1061 1331 1122"><u>8. Common share-consideration put option (right to claim conversion)</u></p> <p data-bbox="810 1167 1391 1637"><u>(1) Details of the conversion claim</u> <u>On or after the first anniversary of the payment date (meaning the day when the Class C Preferred Shares are initially issued; hereinafter the same in this paragraph 8), to the extent permitted by applicable laws, the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares can claim that the Company deliver common shares per Class C Preferred Share the number of which is calculated based on the formula stated in (2), in exchange for the Company acquiring the Class C Preferred Shares (the “Conversion Claim” in this paragraph 8).</u></p> <p data-bbox="810 1675 1391 1771"><u>(2) Formula for number of common shares to be delivered based on the conversion claim</u></p> <p data-bbox="810 1809 1391 1928"><u>The number of common shares to be delivered in exchange for acquiring one Class C Preferred Share will be calculated based on the following formula:</u></p> <p data-bbox="810 1973 932 2002"><u>(Formula)</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>Number of common shares to be delivered in exchange for acquiring one Class C Preferred Share</u> $= \frac{\text{Class C Investment Amount}}{\text{Class C Conversion Price}}$</p> <p><u>If a fraction that is less than 1 share occurs at the time of calculating the number of common shares to be delivered to the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares, such fraction will be omitted and treated in accordance with Article 167, paragraph (3) of the Companies Act.</u></p> <p><u>(3) Class C Conversion Price</u> <u>The Class C Conversion Price means an amount stated below.</u></p> <p><u>1) The initial price shall be JPY 50.</u> <u>2) Notwithstanding 1) above, if any of the following (i) through (v) occurs at the Company, the Company will adjust the Class C Conversion Price in accordance with each of (i) through (v). If a fraction that is less than JPY 1 occurs as a result of the adjustment, the Company will calculate such fraction to the third decimal place, and omit digits after the second decimal place.</u></p> <p><u>(i) If the Company implements the Share Split, etc. of common shares, the Company will adjust the Class C Conversion Price based on the formula below. In the case of an allotment of shares without contribution, “Number of issued and outstanding common shares before the Share Split, etc.” and “Number of issued and outstanding common shares after the Share Split, etc.” in the following formula are to be read as “Number of issued and outstanding common shares before the allotment of shares without contribution (excluding, however, common shares held by the Company at that time)” and “Number of issued and outstanding common shares after the allotment of shares without contribution (excluding, however, common shares held by the Company at that time),” respectively.</u></p> $\text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \text{Number of issued and outstanding common shares before the Share Split, etc.}}{\text{Number of issued and outstanding common shares after the Share Split, etc.}}$

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>The Class C Conversion Price after adjustment will be applied, in the case of a share split, on and after the day following the record date of such share split, in the case of a consolidation of shares or allotment of shares without contribution, on and after the effective date of such consolidation of shares or allotment of shares without contribution (if a record date is set, on and after the day following such record date).</u></p> <p><u>(ii) If the Company issues its common shares (including dispositions of treasury shares; hereinafter the same in this item (ii)) the price of which is less than the Class C Conversion Price before the adjustment (excluding, however, the cases where (i) the Company implements an allotment of shares without contribution, (ii) the Company issues its common shares by exercising or converting the Potential Shares (which means shares with put options, shares subject to call, stock acquisition rights (including those attached to bonds with stock acquisition rights; hereinafter the same in this Section (vii)), and other securities or rights with status that makes it possible to have them converted into common shares based on the claim by holders of such securities or rights or the Company, or subject to conditions that certain events occur; hereinafter the same in this paragraph 8), (iii) the Company delivers its common shares as a result of a merger, share exchange, or company split, or (iv) the Company sells its treasury shares pursuant to Article 194 of the Companies Act), the Company will adjust the Class C Conversion Price based on the formula below.</u></p> <p><u>In this paragraph 8, the “Total Number of Shares” means the number obtained by adding (i) the number of common shares underlying the issued and outstanding Potential Shares (excluding those held by the Company) as of the day before the date on which the Class C Conversion Price after the adjustment is applied to (ii) the number of issued and outstanding common shares as of the same day (excluding those held by the Company).</u></p> <p><u>Also, in the case of a disposition of treasury shares, “Issue price” and “Number of shares to be newly issued” in the formula stated in this item (ii) are to be read as “Disposition price”</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p data-bbox="810 232 1391 293"><u>and “Number of treasury shares to be disposed,” respectively.</u></p> $ \begin{array}{r} \text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \text{Total Number of Shares} + \frac{\text{Number of shares to be newly issued} \times \text{Issue price per share}}{\text{Class C Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}} \end{array} $ <p data-bbox="810 645 1391 842"><u>The Class C Conversion Price after adjustment will be applied on and after the day following the payment date (if the payment period is set, the end of such period), if a record date for the allotment to shareholders is set, on and after the day following such record date.</u></p> <p data-bbox="810 880 1391 1211"><u>(iii) If the Company issues shares that can be converted into its common shares (including the case of an allotment of shares without contribution), and the price determined by its board of directors meeting as a price of consideration per common share to be delivered upon the conversion of such shares is less than the Class C Conversion Price before adjustment, the Company will adjust the Class C Conversion Price based on the formula below.</u></p> <p data-bbox="810 1249 1391 1480"><u>However, “Number of shares to be newly issued” in the formula stated in this item (iii) means the number of common shares to be delivered if all the shares to be issued are converted into common shares on the date on which the adjustment under this item (iii) is applied.</u></p> $ \begin{array}{r} \text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \text{Total Number of Shares} + \frac{\text{Number of shares to be newly issued} \times \text{Price of consideration per share}}{\text{Class C Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}} \end{array} $ <p data-bbox="810 1854 1391 2018"><u>The Class C Conversion Price after adjustment will be applied on and after the day following the payment date (if the payment period is set, the end of such period), in the case of an allotment of shares without contribution, on and</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>after the effective date of such allotment of shares without contribution (if a record date for such allotment of shares without contribution is set, on and after the day following such record date). Also, if the day of allotment to shareholders is set, the Class B Conversion Price after adjustment will be applied on and after the day following such day of allotment to shareholders.</u></p> <p><u>(iv) If the Company issues stock acquisition rights for which its common shares are the underlying shares (including the case of an allotment of stock acquisition rights without contribution), and the total amount of the payment price of stock acquisition rights per common share and the price per common share of properties to be invested at the time of exercising such stock acquisition rights (the “Price of Consideration per Share” in this item (iv)) is less than the Class C Conversion Price, the Company will adjust the Class C Conversion Price based on the formula below.</u></p> <p><u>However, “Number of shares to be newly issued” in the formula stated in this item (iv) means the number of common shares to be delivered if all the stock acquisition rights are exercised or converted into common shares on the date on which the adjustment under this item (iv) is applied.</u></p> $\text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \text{Total Number of Shares} + \text{Number of shares to be newly issued} \times \text{Price of consideration per share}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}}$ <p><u>The Class C Conversion Price after adjustment will be applied on and after the day following the day of the allotment, in the case of an allotment of stock acquisition rights without contribution, on and after the effective date of such allotment of stock acquisition rights without contribution (if a record date for such allotment of stock acquisition rights without contribution is set, on and after the day following such record date). Also, if the day of allotment to shareholders is set, the Class C Conversion Price after adjustment will be</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
	<p><u>applied on and after the day following such day of allotment to shareholders.</u></p> <p><u>(v) If any of (a) a merger in which the Company becomes a surviving company or a parent company of a surviving company, (b) a share exchange in which the Company becomes a wholly-owning parent company or a parent company of a wholly-owning parent company, or (c) a company split in which the Company becomes a succeeding company or a parent company of a succeeding company is implemented, and value per share of the Company to be allotted to shareholders of a consolidated company through a merger or per share of the Company to be allotted to shareholders of a wholly-owned subsidiary through a share exchange, or per share of the Company to be allotted to a split company or shareholders of a split company (the “Allotted Shares” in this paragraph 8) (such value is reasonably determined by the Company’s board of directors meeting. If such Allotted Shares can be converted into its common shares, such value will be a converted amount per common share; hereinafter the same in this paragraph 8) is less than the Class C Conversion Price before adjustment, the Company will adjust the Class C Conversion Price based on the following formula.</u></p> <p><u>However, if such Allotted Shares can be converted into the Company’s common shares, the “Number of Allotted Shares” in the formula stated in this item (v) should be the number of common shares underlying such shares.</u></p> $\text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \text{Total Number of Shares} + \frac{\text{Number of Allotted Shares} \times \text{Value per share of Class C Conversion Price before adjustment}}{\text{Total Number of Shares} + \text{Number of Allotted Shares}}}{\text{Total Number of Shares} + \text{Number of Allotted Shares}}$ <p><u>The Class C Conversion Price after adjustment will be applied on and after the effective date of such merger, share exchange, or company split.</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
(Newly established)	<p><u>(Consolidation of shares or share split)</u> <u>Article 11-5</u> 1. <u>If the Company implements a share split or consolidation of shares, the Company will also implement such share split or consolidation of shares with respect to common shares, the Class A Preferred Shares, the Class B Preferred Shares and the Class C Preferred Shares, at the same time and proportion for each class.</u></p>
(Newly established)	<p>2. <u>If the Company grants to shareholders entitlement to the allotment of offered shares, the Company will grant to the Common Shareholders entitlement to the allotment of common shares, to the Class A Preferred Shareholders entitlement to the allotment of the Class A Preferred Shares, to the Class B Preferred Shareholders entitlement to the allotment of the Class B Preferred Shares, and to the Class C Preferred Shareholders entitlement to the allotment of the Class C Preferred Shares, at the same time and proportion, respectively.</u></p>
(Newly established)	<p>3. <u>If the Company implements an allotment of shares without contribution, the Company will allot common shares to the Common Shareholders without contribution, the Class A Preferred Shares to the Class A Preferred Shareholders without contribution, the Class B Preferred Shares to the Class B Preferred Shareholders without contribution, and the Class C Preferred Shares to the Class C Preferred Shareholders without contribution, at the same time and proportion, respectively.</u></p>
(Newly established)	<p>4. <u>If the Company grants to shareholders entitlement to the allotment of offered stock acquisition rights, the Company will grant to the Common Shareholders entitlement to the allotment of stock acquisition rights for which common shares are the underlying shares, entitlement to the Class A Preferred Shareholders to the allotment of stock acquisition rights for which the Class A Preferred Shares are the underlying shares, entitlement to the Class B Preferred Shareholders to the allotment of stock acquisition rights for which the Class B Preferred Shares are the underlying shares, and entitlement to the Class C Preferred Shareholders to the allotment of stock acquisition rights for which the Class C Preferred Shares are the underlying shares, at the same time and proportion (including making the</u></p>

Current Articles of Incorporation	Amended Articles of Incorporation
(Newly established)	<p><u>ratio of the number of shares underlying stock acquisition rights substantially the same; hereinafter the same in this paragraph), respectively, under the conditions including substantially fair payment amount, property value to be invested at the time of exercising stock acquisition rights, from the perspective of the Class C Preferred Shareholders' rights and interests.</u></p> <p><u>5. If the Company implements allotment of stock acquisition rights without contribution, the Company will allot stock acquisition rights for which common shares are the underlying shares to the Common Shareholders, stock acquisition rights for which the Class A Preferred Shares are the underlying shares to the Class A Preferred Shareholders, stock acquisition rights for which the Class B Preferred Shares are the underlying shares to the Class B Preferred Shareholders, and stock acquisition rights for which the Class C Preferred Shares are the underlying shares to the Class C Preferred Shareholders, at the same time and proportion, respectively.</u></p>
(Newly established)	<p><u>(Class Meeting)</u> <u>Article 18-2</u></p> <p><u>1. Article 13 shall be applied mutatis mutandis to class meetings that are held on the same date as the annual general meeting of shareholders.</u></p> <p><u>2. Articles 14, 15, 17, and 18 shall be applied mutatis mutandis to class meetings.</u></p> <p><u>3. Article 16, paragraph 1 shall be applied mutatis mutandis to resolutions by class meetings under Article 324, paragraph 1 of the Companies Act, and Article 16, paragraph 2 shall be applied mutatis mutandis to resolutions by class meetings under Article 324, paragraph 2 of the Companies Act.</u></p>

Proposal No. 2: Issuance of Class B Shares and Stock Acquisition Rights through Third-party Allotment

Pursuant to Articles 199, 236 and 238 of the Companies Act, the Company proposes to issue the following due to the reasons and under the terms stated in 1. and 2. below, respectively: (i) Japan Display Inc. class B preferred shares (the “Class B Preferred Shares”) to Ichigo Trust (“Ichigo Trust”) through third-party allotment (the “Third-party Allotment of Class B Preferred Shares”); and (ii) Japan Display Inc. 11th series stock acquisition rights (the “Stock Acquisition Rights”) to Ichigo Trust through third-party allotment (the “Third-party Allotment of Stock Acquisition Rights”); together with the Third-party Allotment of Class B Preferred Shares, the “Third-party Allotment”).

The dilution ratio of the number of the Class B Preferred Shares to be issued through the Third-party Allotment of Class B Preferred Shares (672,000,000 shares) (the number of voting rights is 6,720,000) is equivalent to 79.42% (the dilution ratio based on the voting rights is equivalent to 79.42%), the denominator of which is the total number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares), and the number of voting rights of the Company as of January 16, 2020 (8,461,356). Also, regarding the number specified below (2,016,000,000 shares) (the total number of the voting rights is 20,160,000), the dilution ratio is equivalent to 238.25% (the dilution ratio based on the voting rights is equivalent to 238.26%), the denominator of which is the total number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares), and the number of voting rights of the Company as of January 16, 2020 (8,461,356): the number of shares to be delivered to Ichigo Trust instead of the Class B Preferred Shares and Japan Display Inc. class C preferred shares (the “Class C Preferred Shares”) where all of the put options attached to (i) the Class B Preferred Shares; and (ii) the Class C Preferred Shares underlining the Stock Acquisition Rights are respectively exercised by Ichigo Trust at the conversion price of JPY 50 the consideration for which is the Company’s common shares. Since the dilution ratio through the Third-party Allotment will be 25% or more, and a change of controlling shareholder will occur, the Company also proposes to this General Meeting of Shareholders that the shareholders approve the Third-party Allotment, pursuant to Article 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.

Please note that the implementation of the Third-party Allotment is subject to, among others, the condition that Proposal Nos.1 and 2 are approved at this General Meeting of Shareholders.

1. Reasons Why the Company Proposes the Third-party Allotment

(1) Background of the Third-party Allotment

The Company is engaged mainly in development, design, production, and sales of small and medium size LCDs. Aiming to establish the status of a leading global manufacturer of small and medium size LCDs that has both technical and production capabilities, the Company commenced operations in 2012, pursuant to the agreement of four companies, INCJ, Ltd. (“INCJ”) (trade name at the time: Innovation Network Corporation of Japan), Sony Corporation, Toshiba Corporation, and Hitachi, Ltd. The Company has an advantage in the LTPS backplane technology that realizes displays with high resolution, low-power consumption and slim bezels. Supported by development and production of high-performance LCDs with this technology at its core, the Company’s small and medium sized LCDs have been adopted by many customers, including manufacturers of smartphones, automotive devices, and consumer equipment.

However, due to the economic slowdown in China that had previously driven the growth of the smartphone market, the prolonged replacement of smartphones by purchase cycle, and other factors, the growth of the smartphone market, which is the Company’s main business, has stagnated globally. In the high-end smartphone market, which is the Company’s core business, in addition to the expansion of the adoption of OLED displays by smartphone manufacturers, being the Company’s customers, Korean manufacturers are mounting an offensive in OLED displays, and Chinese competitors are expanding their production capacity of LCDs by adopting low temperature polysilicon (LTPS) technologies;

consequently, the competitive environment has intensified. Due to such a rapid change in the business environment, the Company's financing and profitability rapidly deteriorated, and it posted a consolidated net loss attributable to shareholders of a parent company also for the fiscal year ending March 2019, which reduced net assets. Further, based on the premise that the Company would manage its business operations without any external capital assistance, the Company has fallen into a situation where it cannot deny the possibility that the Company's cash position (on a consolidated basis) could go below the level that is expected to be the minimum required cash position for the current working capital (including capital expenditures required for business) to maintain the Company's ability to remain a going business concern in the future.

Given such situation, the Company deemed that if the business environment does not improve significantly in the future, not only may it cause the Company to have difficulties in maintaining its ability to remain a going business concern, but also its share value may be significantly impaired by having insufficient capital. Accordingly, the Company decided that large-scale capital funding is required promptly in order to fundamentally resolve the deterioration of its financing and to secure an appropriate level of net asset value of the Company as a listed company. Therefore, the Company concluded the Capital and Business Alliance Agreement with Suwa Investment Holdings, LLC ("Suwa") as of April 12, 2019 (as amended, the "Suwa Capital and Business Alliance Agreement"), and announced that the Company will issue the Company's common shares and convertible bonds with stock acquisition rights through third-party allotment to Suwa (the "Suwa Third-party Allotment"). Furthermore, on August 27, 2019, pursuant to the discussions held between INCJ, Suwa and the Company, the Company announced that subject to the conditions, including that the Suwa Third-party Allotment is implemented, the Company will carry out the following: (i) the Third-party Allotment of Class A Preferred Shares (as defined in Proposal No. 3, hereinafter the same) to INCJ; (ii) borrowing of funds from INCJ (the total amount of which is JPY 50 billion) (the "Senior Loan"); and (iii) transfer of all of the shares of JOLED, Inc. held by the Company to INCJ as substitute performance (together with the Senior Loan and the Third-party Allotment of Class A Preferred Shares, the "Refinance").

After the announcement of the Suwa Third-party Allotment, the Company proceeded with discussions with Suwa and expected investors in Suwa toward implementation of the Suwa Third-party Allotment. However, due to such reasons as that the Company received from the expected investor in Suwa a notice that it will not make an investment in Suwa, the Company also contacted and negotiated with multiple investor candidates in alignment with INCJ, in order to flexibly and speedily respond to a possible situation where the expected investor in Suwa did not make an investment. In discussing the investment structure, the Company fully respected the investor candidates' preference, because the Company prioritized promptly conducting a large-scale capital funding.

Meanwhile, after the announcement of the Suwa Third-party Allotment, the Company's financing continued to deteriorate, and the Company was in need to procure working capital to continue business. Accordingly, the Company requested continuous support from INCJ, being its largest shareholder and largest creditor, and from its business partners and other related parties. Consequently, the Company concluded with INCJ a loan agreement for a bridge loan on April 18, 2019 and loan agreements for short-term loans on August 7 and September 2, 2019, under which the Company borrowed JPY 60 billion in total. Further, as was announced on May 30, 2019, the Company obtained agreement from its customers, as cooperation for the Company's financial reinforcement for the time being, that the offsetting of the Company's credits against the advances received from the customers may be deferred for two years in the amount equivalent to half the originally agreed amounts. Thereafter, as was announced on June 28, 2019, it was agreed that the amount of offsetting to be deferred will be increased to an amount equivalent to the three-fourths of the originally agreed amount. Further, as was announced on October 23, 2019, from November 2019 and onwards, the Company has been receiving financing support from its customers, including shortening of maturities of payment by the customers to the Company so that the Company might meet the increase in the required amount of its working capital due to an increase in the demand by the Company's customers for the time being, and the Company has also been receiving cooperation from multiple other business partners, namely, relaxation of the payment terms under transactions with them.

However, the Company recorded a material impairment loss and also posted a material operating loss and consolidated net loss attributable to shareholders of a parent company in the consolidated cumulative second quarter of the fiscal year ending March 2020. Consequently, it has fallen into asset deficiency in the amount of JPY 101,612 million at the end of the second quarter of the consolidated fiscal year ending March 2020. In order to drastically improve its business and financial situation, in the consolidated cumulative second quarter of the fiscal year ending March 2020, the Company implemented structural reform, including impairment of production facilities, closing of some of its plants or temporary suspension of their operation, and significant reduction of its personnel. Through these efforts, the Company aims to ensure a return to profitability in the third quarter of the fiscal year ending March 2020 and subsequent fiscal periods. Nevertheless, in the business environment surrounding the Company which is expected to continue to be severe, it will be difficult for the Company to thoroughly restore its impaired net assets only by appropriating business profits to be obtained from its core business operations. Accordingly, there was no change in the situation that large-scale capital funding is promptly required in order for the Company to secure appropriate net asset amount level as a listed company. Further, as stated above, the Company is currently securing financing with the assistance of its customers and business partners. However, if the asset deficiency is not eliminated by the end of March 2020, the customers and business partners may exert further strong pressure on the Company to normalize the trading terms with them, which may result in giving rise to a material concern over the Company's financing. In addition, after the Company announced on November 27, 2019 that it received from its former employee a notice to the effect that he had conducted improper accounting in past financial periods of the Company, it established a Special Investigation Committee (which changed into a Third-party Committee on December 26, 2019) and a Third-party Committee, and delegated to it a fact-finding investigation of suspicions regarding improper accounting in past financial periods alleged by the former employee, and any other relevant matters. In relation to the suspicions, some of the Company's stakeholders expressed additional concern over the Company's financial base. Given the above situation, the Company deemed that it was a pressing management issue of the Company to restore its financial base by procuring funds from the investor candidates and thereby promptly implementing the Third-party Allotment of Class A Preferred Shares, being part of the Refinance by INCJ, which is conditioned upon the said funding from the investor candidates. Therefore, the Company has continued to specifically consider this matter.

After the Company commenced contacting Ichigo Trust, the expected allottee in the Third-party Allotment, in early October 2019, discussions were held regarding matters such as the Company's future business strategies. Thereafter, on December 12, 2019, the two parties concluded a basic agreement that is legally non-binding under which they agreed to proceed with discussions toward conclusion of a definitive agreement to the effect that the Company will procure funds from Ichigo Trust in the amount of JPY 80 to 90 billion. Meanwhile, because the capital investment through the Suwa Third-party Allotment was not implemented by December 31, 2019, the Company's board of directors meeting resolved to cancel the Suwa Third-party Allotment on January 8, 2020. On the same day, the Company sent Suwa a notice to terminate the Suwa Capital and Business Alliance Agreement pursuant to the provisions thereof, and terminated the same agreement. Thereafter, the Company repeated discussions and negotiations with Ichigo Trust so that the two parties might finally agree on the content of assistance, while the Company also had discussions with INCJ and the Company's customers, business partners, and other related parties. Consequently, even given the situation surrounding the Company stated above, Ichigo Trust still expressed its intention as follows. Specifically, Ichigo Trust will be able to provide funds in the amount up to JPY 50 billion by subscribing for the Class B Preferred Shares by the end of March 2020, and additionally in the amount up to another JPY 50 billion by subscribing for the Class C Preferred Shares through exercising the stock acquisition rights in or after April 2020 (the accumulated amount will be up to JPY 100 billion). Given the above expression of intention, INCJ also expressed its intention to implement the Refinance, subject to the provision of funds by Ichigo Trust in the amount up to JPY 50 billion by subscribing for the Class B Preferred Shares. Further, Ichigo Trust expressed its intention to dispatch, to become the Company's director after the Third-party Allotment, Mr. Scott Callon (Chief Executive Officer of Ichigo Asset Management, Ltd., which offers investment advice to Ichigo Asset Management International, Pte. Ltd., which is entrusted with the authority related to

investment management by Ichigo Trust pursuant to the discretionary investment contract with Ichigo Trust). Given these intentions expressed, the Company selected Ichigo Trust as the expected allottee in the Third-party Allotment, by deeming (i) that the possibility of restoring, as soon as practicable, the Company's net asset value to an appropriate level for a listed company will be higher through implementing the Third-party Allotment to Ichigo Trust and the Third-party Allotment of Class A Preferred Shares to INCJ; and (ii) that the long-term holding of the Company's shares and assistance to the Company by Ichigo Trust as an institutional investor, and the participation of Mr. Scott Callon in the Company's management will contribute to the enhancement of the medium to long-term corporate value of the Company.

Before the Company selected Ichigo Trust as the expected allottee in the Third-party Allotment, the Company made the following announcements. Specifically, the Company announced that in order to build a strategic partnership aimed at establishing and accelerating commercialization of mass production technology for OLED displays, pursuant to the announcement titled "Structural Reform & Outline of Medium-Term Management Plan" that the Company issued on August 9, 2017, it contacted a significant number of candidates through the process of selecting the partner candidates. Further, the Company also announced, in the announcement of the Suwa Third-party Allotment on April 12, 2019, that the Company was in need to promptly procure large-scale capital funds. After making these announcements, the Company carried out discussions with Suwa and expected investors in Suwa, as well as discussions and negotiations with investor candidates, respectively, for a certain period of time. Accordingly, the Company believes that in selecting Ichigo Trust, the Company conducted sufficient market checks to see if there were any alternative sponsors. In fact, up to today, the Company has not received any expression of intention from investor candidates, other than Ichigo Trust, that contains a specific proposal providing a prospect for a prompt and stable provision of capital funds.

As stated above, the Company has delegated to a Third-party Committee a fact-finding investigation of suspicions regarding improper accounting in past financial periods alleged by a former employee of the Company, and any other relevant matters. Due to the considerable time required to determine the financial results based on the fact-finding investigation and the results thereof, the Company has decided to postpone the announcement of financial results for the third quarter originally scheduled for February 13, 2020. However, Ichigo Trust entered into the Capital and Business Alliance Agreement with the Company dated January 31, 2020 (the "Capital and Business Alliance Agreement"), and INCJ entered into the agreement related to the Refinance with the Company, after acknowledging the Company's decision to postpone the announcement of financial results for the third quarter, and neither the receipt of the results of the fact-finding investigation concerning the alleged suspicions nor the announcement of financial results for the third quarter by the Company are conditions precedent for the Third-party Allotment or the Refinance under these agreements.

(2) Reasons for selecting the Third-party Allotment

The Company had examined and compared various means of fundraising until it decided to implement the Third-party Allotment. During the examination and comparison, considering the Company's demand for funds and the possibility for undercapitalization, the Company thought that the most important factor was that there was a solid prospect for procuring the necessary amount of money and securing an appropriate level of net asset value of the Company as a listed company, respectively, within the Company's desired time frame.

For example, the Company might not achieve its objective through issuance of common shares by a public offering, depending on the market environment. In addition, taking its current financial status into consideration, the Company has determined that it is difficult to implement a public offering in which a securities firm subscribes for shares. With respect to a rights offering and allotment to shareholders, share options are not necessarily exercised depending on allotted shareholders' decisions based on the stock price trends, and it is possible that not all shareholders will respond to the allotment. Therefore, the final fundraising amount is uncertain, and the Company has determined that a rights offering and allotment to shareholders are not appropriate choices at the current time for the Company,

which needs to certainly raise the necessary funds. In addition, the Company gave consideration to the fact that issuance of common shares by a public offering or a rights offering and allotment to shareholders would not enable the Company to obtain sufficient commitment from its sponsors to the Company's future growth strategies and maximization of its corporate value. Further, while issuance of common shares through third-party allotment matches the Company's aim of securing equity early, it also causes immediate and rapid dilution of existing shares and is undesirable from the perspective of protecting existing shareholders' interests. Therefore, the Company has determined that it is not an appropriate choice for the Company at the current time.

On the other hand, issuance of the Class B Preferred Shares and the Stock Acquisition Rights through third-party allotment provides the Company with the highest level of certainty in procuring the required amount of money; accordingly, it would be an appropriate choice for the Company if it successfully selects its sponsor. Further, the said issuance does not immediately cause a dilution of existing shares, and contributes to the Company's aim of securing equity early. Therefore, the Company has finally determined that it is the best choice for the Company at the current time to receive investments in the amount up to JPY 100.8 billion through the Third-party Allotment.

(3) Reasons why the Company has determined that the amount to be paid in is reasonable

(i) Class B Preferred Shares

The Company requested that Akasaka International Tax and Co. (a third-party financial advisor, "AIA") provide a price valuation of the Class B Preferred Shares in consideration of the terms and conditions of the Class B Preferred Shares; subsequently, it obtained from AIA the class share valuation report for the Class B Preferred Shares dated January 31, 2020 (the "Class B Preferred Share Valuation Report"). AIA (which is a third-party financial advisor) is not a related party of the Company, INCJ, or Ichigo Trust (the expected allottee) and has no material interest that should be stated in connection with the Third-party Allotment and the Third-party Allotment of Class A Preferred Shares.

According to the Class B Preferred Share Valuation Report, based on certain premises (the conversion price of the Class B Preferred Shares, the period until Ichigo Trust exercises its common share-consideration put options, share value per common share of the Company, volatility of shares, dividend yield, risk free rate, discount rate, etc.), AIA calculated that the fair value of the Class B Preferred Shares ranges from JPY 83.8 to JPY 103.8 per JPY 100 as the Class B Preferred Shares, using the binomial model (which is a general model for the valuation of share options). Also, AIA calculated that the fair value of the Class B Preferred Shares to be allotted to Ichigo Trust ranges from JPY 42.24 billion to JPY 52.32 billion per JPY 50.4 billion as the amount to be paid for the Class B Preferred Shares.

Regarding the per-share value of common shares of the Company among the premises for the calculation in the Class B Preferred Share Valuation Report and the Stock Acquisition Right Valuation Report (as defined in "(ii) Stock Acquisition Rights" below), a share value from JPY 36 to JPY 57 was adopted, calculated using discounted cash flow analysis (the "DCF Analysis"). Under the DCF Analysis, the enterprise value and per-share value are evaluated by discounting the free cash flow that is expected to be generated by an entity at a certain discount rate responding to business risks to the present value, considering premises which can be deemed reasonable, such as earnings forecasts and investment plans based on a business plan. This methodology is considered one of the appropriate measures to evaluate share value on the assumption that the entity is a going concern.

(ii) Stock Acquisition Rights

The Company requested that AIA (a third-party financial advisor) provide a price valuation of the Stock Acquisition Rights in consideration of the terms and conditions of the Stock Acquisition Rights and the Class C Preferred Shares underlying the Stock Acquisition Rights; subsequently, it obtained from AIA the valuation report for the Stock Acquisition Rights dated January 31, 2020 (the "Stock Acquisition Right Valuation Report").

According to the Stock Acquisition Right Valuation Report, based on certain premises (the conversion price of the Class C Preferred Shares, the period until Ichigo Trust exercises its common share-consideration put options attached to the Class C Preferred Shares, share value per common share of the Company, volatility of shares, dividend yield, risk free rate, discount rate, etc.), AIA calculated that the fair value of the Stock Acquisition Rights ranges from JPY 0 to JPY 10.5 per JPY 100, which is an amount presumed in the calculation to constitute one unit of the Class C Preferred Shares, using the binomial model (which is a general model for the valuation of share options). Also, AIA calculated that the fair value of the Class C Preferred Shares underlying the Stock Acquisition Rights to be allotted to Ichigo Trust ranges from JPY 0 to JPY 5.29 billion per JPY 50.4 billion as the expected amount to be paid for the Class C Preferred Shares.

(iii) Class B Preferred Shares and Stock Acquisition Rights

The Third-party Allotment of Class B Preferred Shares and the Third-party Allotment of the Stock Acquisition Rights to Ichigo Trust are scheduled to be approved as one proposal at this General Meeting of Shareholders and to be implemented for one expected allottee at one time. Accordingly, the Company requested that AIA (a third-party financial advisor) value the issuance of the Class B Preferred Shares and the Stock Acquisition Rights to Ichigo Trust as an integrated transaction, and obtained from AIA valuation results in the Stock Acquisition Right Valuation Report. According to the Stock Acquisition Right Valuation Report, based on the valuation results of “(i) Class B Preferred Shares” and “(ii) Stock Acquisition Rights” above, AIA calculated that the fair value of the Class B Preferred Shares and the Stock Acquisition Rights to be allotted to Ichigo Trust ranges from JPY 42.24 billion to JPY 57.61 billion, while the total amount to be paid for the Class B Preferred Shares and the Stock Acquisition Rights is JPY 50.4 billion.

The Company obtained a fairness opinion dated January 31, 2020, from AIA that the total amount paid for the Class B Preferred Shares and the Stock Acquisition Rights is reasonable to the shareholders of the Company, excluding the Company and Ichigo Trust from a financial perspective. Furthermore, the Company obtained a fairness opinion dated January 31, 2020, from AIA, that the amount paid only for the Class B Preferred Shares is also reasonable to the shareholders of the Company, excluding the Company and Ichigo Trust from a financial perspective.

In addition to the above, by comprehensively considering the business environment and financial conditions surrounding the Company, the Company has decided the terms and conditions of, and the amount paid for, the Class B Preferred Shares and the Stock Acquisition Rights; accordingly, the Company has determined that the terms and conditions of the Class B Preferred Shares and the Stock Acquisition Rights are fair.

However, the calculation of the fair value of the Class B Preferred Shares and the Stock Acquisition Rights, which have no objective market price, is extremely difficult and complicated; therefore, different views on its valuation are possible. Also, the conversion price of the Class B Preferred Shares and the Class C Preferred Shares underlying the Stock Acquisition Rights is a significant discount from the Company’s latest market share price. For these reasons, the Company has determined to issue the Class B Preferred Shares and the Stock Acquisition Rights on condition that the Company obtains the approval for the issuance through an extraordinary resolution at this General Meeting of Shareholders, as the Company has deemed that the conversion price falls under an amount especially favorable for Ichigo Trust (the expected allottee).

(4) Basis for the Company’s determination that the number of shares and stock acquisition rights to be issued and the scale of dilution are reasonable

Because the Class B Preferred Shares to be allotted through the Third-party Allotment have voting rights, the issuance of the Class B Preferred Shares will affect the existing shareholders’ interests by causing dilution of their existing shares. Further, put options are attached to both (i) the Class B Preferred

Shares; and (ii) the Class C Preferred Shares underlying the Stock Acquisition Rights. These put options can be exercised at the conversion price of JPY 50, the consideration for which is the Company's common shares. Accordingly, exercise of these put options, if made, will further affect the existing shareholders' interests by causing dilution of their existing shares.

Where the Class B Preferred Shares are allotted to Ichigo Trust through the Third-party Allotment, the dilution ratio of the number of the Class B Preferred Shares that are issued (672,000,000 shares) (the number of voting rights is 6,720,000) is equivalent to 79.42% (the dilution ratio based on the voting rights is equivalent to 79.42%), the denominator of which is the total number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares), and the number of voting rights of the Company as of January 16, 2020 (8,461,356). Also, regarding the number specified below (2,016,000,000 shares) (the total number of the voting rights is 20,160,000), the dilution ratio is equivalent to 238.25% (the dilution ratio based on the voting rights is equivalent to 238.26%), the denominator of which is the total number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares), and the number of voting rights of the Company as of January 16, 2020 (8,461,356): the number of shares to be delivered where all of the put options attached to (i) the Class B Preferred Shares; and (ii) the Class C Preferred Shares to be issued upon the exercise of the Stock Acquisition Rights are respectively converted to the Company's common shares at the conversion price of JPY 50.

In addition, the Company will issue to INCJ the Class A Preferred Shares in the total amount of JPY 102 billion, the conversion price of which is the market price (the lowest amount of which is JPY 225) per common share. If the Class A Preferred Shares are issued under the above terms, the largest number of the shares to be delivered where INCJ exercises all of the put options attached to the Class A Preferred Shares, the consideration for which is the Company's common shares, will be 453,333,333 shares (the number of voting rights is 4,533,333). Accordingly, regarding the total number of the following (2,469,333,333 shares) (the number of the voting rights is 24,693,333), the dilution ratio is equivalent to 291.83% (the dilution ratio based on the voting rights is equivalent to 291.84%), the denominator of which is the total number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares) and the number of voting rights as of January 16, 2020 (8,461,356): (i) the aforementioned largest number of shares to be delivered where INCJ exercises all of the put options attached to the Class A Preferred Shares (453,333,333 shares) (the number of voting rights is 4,533,333), and (ii) the number of common shares of the Company to be delivered where all of the Class B Preferred Shares and the Class C Preferred Shares to be issued by exercising the Stock Acquisition Rights are converted to common shares of the Company at the conversion price of JPY 50 (2,016,000,000 shares) (the number of voting rights is 20,160,000).

As stated above, a large-scale dilution will be expected to occur through the Third-party Allotment and the Third-party Allotment of Class A Preferred Shares to INCJ. Still, the Company has decided that it is reasonable to implement the Third-party Allotment and the Third-party Allotment of Class A Preferred Shares even if it takes into consideration the large-scale dilution that will occur through the Third-party Allotment and the Third-party Allotment of Class A Preferred Shares. This is because of the following reasons: (i) as stated in "(1) Background of the Third-party Allotment" above, as at the time of January 31, 2020, it is deemed that large-scale capital funding is promptly required for the Company, and although the issuance scale for the Third-party Allotment is large, the issuance of the Class B Preferred Shares remains within the extent necessary to realize such scale of funding procurement as is deemed by the Company to be indispensable; (ii) the Third-party Allotment was prompted by Ichigo Trust expressing its intention to the Company as follows: Ichigo Trust will be able to provide funds in the amount up to JPY 50 billion by subscribing for the Class B Preferred Shares by the end of March 2020, and additionally in the amount up to another JPY 50 billion by subscribing for the Class C Preferred Shares through exercising the stock acquisition rights in or after April 2020 (the accumulated amount will be up to JPY 100 billion); however, given the Company's financial situation and so on, it is unrealistic that Ichigo Trust will actually agree to such provision of funds as will impose on it an obligation to pay the entire amount of JPY 100 billion; accordingly, issuance of the Stock Acquisition Rights will be indispensable also for realization of the issuance of the Class B Preferred Shares; (iii) it

is deemed that the Third-party Allotment is the most appropriate funding procurement method when it is compared with the other funding procurement methods, because it provides the Company with the highest level of certainty in procuring the required amount of money, and also because it does not immediately cause a dilution of existing shares, and contributes to the Company's aim of securing equity early; (iv) regarding the Class B Preferred Shares and the Class C Preferred Shares underlying the Stock Acquisition Rights, it is assumed that they will be converted to common shares on or after the first anniversary of the payment date (or in the case of the Class C Preferred Shares, the day when the Class C Preferred Shares are initially issued) at the earliest; therefore, the Third-party Allotment will not immediately cause overall dilutions; in addition, there is a difference between (x) the payment date of the Class C Preferred Shares (any date from April 1, 2020 to March 31, 2023 which is the exercise period of the Stock Acquisition Rights) and (y) the payment date of the Class A Preferred Shares (March 26, 2020) and the payment date of the Class B Preferred Shares (March 26, 2020), which means the period in which these preferred shares can be converted to common shares will gradually arrive; given this, considerations have been taken not to allow an excessive dilution to immediately occur; (v) even if the Class B Preferred Shares, the Stock Acquisition Rights, and the Class A Preferred Shares are issued, as the preferred shares other than the Class B Preferred Shares have no voting rights, an immediate dilution of voting rights held by the existing holders of common shares will be suppressed to a certain degree at the time of the issuance of the Class B Preferred Shares; (vi) the Company can, at its own discretion, mandatorily redeem each of the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares, which means a measure has been adopted whereby if the Company can secure a sufficient distributable amount, the Company can limit the possibility of a dilution of voting rights held by the existing shareholders occurring by mandatorily redeeming the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares; (vii) the Company intends to implement the retirement by purchasing the 1st series subordinated convertible bonds held by INCJ in exchange for the issuance of the Class A Preferred Shares resulting in the possibility of an increase in voting rights (639,386 as of January 31, 2020) concerning the potential shares relating to the 1st Series Subordinated Convertible Bonds (63,938,618 shares as of January 31, 2020) ceasing to exist; (viii) whereas the conversion price of the put options attached to (x) the Class B Preferred Shares; and (y) the Class C Preferred Shares underlying the Stock Acquisition Rights is set as JPY 50, it can be determined that the above conversion price can be deemed unavoidable in light of the necessity of conducting the Third-party Allotment (a) because the above conversion price was decided based on the severe financial situation in which the Company was placed, and the results of the Company's discussions and negotiations with Ichigo Trust; and (b) if also considering the results of the calculation shown in the Class B Preferred Share Valuation Report and the Stock Acquisition Right Valuation Report; and (ix) the Third-party Allotment is subject to approval by extraordinary resolution of a general meeting of shareholders, in addition to other procedures required by laws and regulations having been already implemented.

Also, considering the scale of the impact on its existing shareholders, in order to ensure the fairness, transparency, and objectivity of its decision-making process, the Company selected Mr. Ryosuke Kuwada, a director of the Company (who is an outside director and is registered with the Tokyo Stock Exchange as an Independent Director of the Company), and Mr. Yoichi Eto and Mr. Toshiaki Kawashima, corporate auditors of the Company (both of whom are outside auditors and are registered with the Tokyo Stock Exchange as Independent Auditors of the Company), as persons who, as at the time of January 31, 2020, maintain a certain independence from the Company's management, and requested that they provide an opinion with regard to the Third-party Allotment. They provided their opinion as of January 31, 2020 to the effect that the Third-party Allotment is considered necessary and reasonable.

In addition, the Company has determined that it is appropriate to treat Ichigo Trust as if it fell under the category of a "Special Subscriber" as set forth in Article 206-2, paragraph (1) and Article 244-2, paragraph (1) of the Companies Act, by considering the possibility of put options being exercised, the consideration for which is the Company's common shares, as follows: whereas the Class B Preferred Shares to be allotted through the Third-party Allotment have voting rights, if the Class B Preferred Shares are allotted to Ichigo Trust through the Third-party Allotment of Class B Preferred Shares, Ichigo

Trust will hold 6,720,000 voting rights; in this case, the ratio of this number 6,720,000 to 15,191,356, which is the total number of the voting rights of the Company (obtained by adding this number 6,720,000 to 8,461,356, which is the total number of voting rights of the Company as of January 16, 2020) will be 44.26%. However, put options are attached to the Class B Preferred Shares that can be exercised at the conversion price of JPY 50, the consideration for which is the Company's common shares; if all of the Class B Preferred Shares are converted to the Company's common shares, the number of voting rights attached to the common shares of the Company to be delivered will be 10,080,000; in this case, the ratio of this number 10,080,000 to 18,541,356, which is the total number of the voting rights of the Company (obtained by adding this number 10,080,000 to 8,461,356, which is the total number of voting rights of the Company as of January 16, 2020) will be 54.36%. Moreover, although the Class C Preferred Shares underlying the Stock Acquisition Rights to be allotted through the Third-party Allotment of the Stock Acquisition Rights are non-voting class shares, put options are attached to the Class C Preferred Shares that can be exercised at the conversion price of JPY 50, the consideration for which is the Company's common shares; if all of the Class B Preferred Shares and the C Preferred Shares are converted to the Company's common shares, the number of voting rights attached to the common shares of the Company to be delivered will be 20,160,000; in this case, the ratio of this number 20,160,000 to 28,621,356, which is the total number of the voting rights of the Company (obtained by adding this number 20,160,000 to 8,461,356, which is the total number of voting rights of the Company as of January 16, 2020) will be 70.44%. At the board of directors meeting held on January 31, 2020, the four company auditors of the Company provided their opinion to the effect that the implementation of the Third-party Allotment is necessary and appropriate. Further, there are no outside directors' opinions that are different from what the Company's board of directors has determined.

2. Offering Terms

(i) Class B Preferred Shares

(1) Number of new shares to be issued (Number of shares to be offered)	672,000,000 Class B Preferred Shares
(2) Amount to be paid in	JPY 75 per share
(3) Total proceeds	JPY 50,400,000,000
(4) Amounts of capital and capital reserve to be increased	Amount of capital to be increased: JPY 25,200,000,000 (JPY 37.5 per share) Amount of capital reserve to be increased: JPY 25,200,000,000 (JPY 37.5 per share)
(5) Method of offering	Shares will be allotted through third-party allotment to the expected allottee.
(6) Expected allottee	Ichigo Trust
(7) Payment date	March 26, 2020 (Thursday)
(8) Other	The above items are subject to, among others, the condition that Proposal Nos. 1 and 2 are approved at this General Meeting of Shareholders. Under the conditions of the Class B Preferred Shares, on or after the first anniversary of the payment date of the Class B Preferred Shares, the Class B Preferred Shareholders will be able to convert the Class B Preferred Shares into common shares in the Company by exercising the common share- consideration put options. Under the conditions of the Class B Preferred Shares, any transfer of the Class B Preferred Shares is prohibited without approval of the Company's board of directors. Under the Capital Alliance Agreement, if the Class B Preferred Shares are converted to common shares in the Company, Ichigo Trust is

	prohibited from transferring the common shares in Company issued through the exercise of put options attached to 336,000,000 Class B Preferred Shares for three years from the payment date of the Class B Preferred Shares, and from transferring the common shares in Company issued through the exercise of put options attached to 336,000,000 Class B Preferred Shares for five years from the payment date of the Class B Preferred Shares.
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(Note) For details of the Class B Preferred Shares, please refer to Proposal No. 1.

(ii) Stock Acquisition Rights

(1) Type and number of shares underlying the stock acquisition rights	672,000,000 Class C Preferred Shares
(2) Number of stock acquisition rights	672
(3) Payment price of stock acquisition rights	JPY 0
(4) Exercise period	From April 1, 2020 to March 31, 2023 (if the day is not the Company's business day, the business day immediately preceding that day)
(5) Exercise price	JPY 75 per share
(6) Method of offering	The Stock Acquisition Rights will be allotted through third-party allotment to the expected allottee.
(7) Expected allottee	Ichigo Trust
(8) Allotment date	March 26, 2020 (Thursday)
(9) Other	<p>The above items are subject to, among others, the condition that Proposal Nos. 1 and 2 are approved at this General Meeting of Shareholders. (Stock Acquisition Rights)</p> <p>Under the conditions of the Stock Acquisition Rights, the exercise period of the Stock Acquisition Rights will be from April 1, 2020 to March 31, 2023 (if the day is not a Company business day, the business day immediately preceding that day).</p> <p>Under the conditions of the Stock Acquisition Rights, any transfer of the Stock Acquisition Rights is prohibited without approval of the Company's board of directors. Under the Capital Alliance Agreement, Ichigo Trust is prohibited from transferring the Stock Acquisition Rights.</p> <p>Under the conditions of the Stock Acquisition Rights, if the Stock Acquisition Rights are transferred to a third party in violation thereof and the Company's board of directors resolves that it is necessary to acquire the Stock Acquisition Rights, the Company may acquire all or part of the remaining Stock Acquisition Rights without consideration. (Class C Preferred Shares)</p> <p>Under the conditions of the Class C Preferred Shares, common share-consideration put options are attached, and the conversion price is JPY 50.</p> <p>Under the conditions of the Class C Preferred Shares, on or after the first anniversary of the payment date (the first issuance date) of the Class C Preferred</p>

	<p>Shares, the Class C Preferred Shareholders will be able to convert the Class C Preferred Shares into common shares in the Company by exercising common share-consideration put options.</p> <p>Under the Capital Alliance Agreement, if all or part of the Stock Acquisition Rights are exercised and the Class C Preferred Shares underlying those Stock Acquisition Rights are granted to Ichigo Trust, Ichigo Trust is prohibited from converting them into common shares in the Company until the lapse of the first anniversary of the payment date (the first issuance date) of those Class C Preferred Shares.</p> <p>Under the conditions of the Class C Preferred Shares, any transfer of the Class C Preferred Shares is prohibited without approval of the Company's board of directors.</p>
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(Note) For details of the Stock Acquisition Rights, please refer to the Conditions of the 11th Series Stock Acquisition Rights Japan Display Inc. (Schedule 1).

Proposal No. 3: Issuance of Class A Shares through Third-party Allotment

Pursuant to Article 199 of the Companies Act, the Company proposes to issue class A preferred shares of Japan Display Inc. (the “Class A Preferred Shares”) to INCJ through third-party allotment (the “Third-party Allotment of Class A Preferred Shares”) due to the reasons and with the details stated in 1. and 2. below, respectively.

The largest number of shares to be delivered where all of the Class A Preferred Shares are converted to the shares of common stock of the Company is 453,333,333 shares (the number of voting rights is 4,533,333), and the dilution ratio is equivalent to 53.58% (the dilution ratio based on the voting rights is equivalent to 53.58%), the denominator of which is the total number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares) and the number of voting rights as of January 16, 2020 (8,461,356). Also, regarding the total number of the following (2,469,333,333 shares) (the total number of the voting rights is 24,693,333), the dilution ratio is equivalent to 291.83% (the dilution ratio based on the voting rights is equivalent to 291.84%), the denominator of which is the total number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares) and the number of voting rights as of January 16, 2020 (8,461,356): (i) the largest number of shares to be delivered where all of the Class A Preferred Shares are converted to shares of common stock of the Company (453,333,333 shares) (the number of voting rights is 4,533,333) and (ii) the number of the shares of common stock of the Company to be delivered where all of the Class B Preferred Shares and the Class C Preferred Shares to be issued through the exercise of the Stock Acquisition Rights are converted (2,016,000,000 shares) (the number of voting rights is 20,160,000). Since the dilution ratio through the Third-party Allotment of Class A Preferred Shares will be greater than 25% as stated above, the Company also proposes to this General Meeting of Shareholders that the shareholders approve the Third-party Allotment, pursuant to Article 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.

Please note that the implementation of the Third-party Allotment of Class A Preferred Shares is subject to, among others, the conditions that the Third-party Allotment under Proposal No. 2 are implemented and that Proposal No. 3 is approved at this General Meeting of Shareholders.

1. Reasons for Proposing the Third-party Allotment of Class A Preferred Shares

(1) Background of the Third-party Allotment of Class A Preferred Shares

In the business environment surrounding the Company, the growth of the smartphone market has stagnated globally and the adoption of OLED displays in the high-end smartphone market has expanded, in addition to that, Korean manufacturers are mounting an offensive in OLED displays and Chinese competitive manufacturers are expanding their product capacity of LCDs by adopting low temperature polysilicon (LTPS) technologies; consequently, the competitive environment has intensified. Therefore, without a large-scale injection of capital funds, the Company cannot fundamentally resolve the deterioration of its financing and would have difficulty securing net assets for stable business continuity. If the business environment does not improve significantly in the future, the Company believes that not only may the Company have difficulties in maintaining its enterprise value due to the deterioration of its financing, but also its share value may be significantly impaired by having insufficient capital. Therefore, the Company determined that large-scale equity capital is swiftly needed in order to fundamentally resolve the deterioration of its financing and to ensure an appropriate level of net assets as a listed company. Consequently, based on the discussions between the Company, INCJ, and Suwa, the Company announced the Suwa Third-party Allotment on April 12, 2019 and the Refinance (which is subject to the condition of the implementation of the Suwa Third-party Allotment) on August 27, 2019.

However, as the investment concerning the Suwa Third-party Allotment was not implemented by December 31, 2019, the Company resolved, at its board of directors meeting held on January 8, 2020, to cancel the Suwa Third-party Allotment. The Company held multiple discussions and negotiations

with Ichigo Trust toward an agreement of final support, while having discussions with other relevant parties such as INCJ and the Company's customers and business partners. As a result, even taking the situation surrounding the Company into consideration, Ichigo Trust indicated that it is possible for Ichigo Trust to provide funds of JPY 50 billion at most by subscribing for the Class B Preferred Shares by the end of March 2020, and to provide funds of JPY 50 billion at most (JPY 100 billion in total at most) by additionally subscribing for the Class C Preferred Shares through the exercise of the Stock Acquisition Rights in and after April 2020. Given this situation, INCJ also indicated its intention to implement the Refinance on the condition that Ichigo Trust provides the Company with funds of JPY 50 billion at most by subscribing for the Class B Preferred Shares.

Based on the above background, on January 31, 2020, the Company decided to implement the Third-party Allotment, to enter into the class A preferred share subscription agreement with INCJ, and to implement the Third-party Allotment of Class A Preferred Shares.

The Company has delegated to a Third-party Committee a fact-finding investigation of suspicions regarding improper accounting in past financial periods alleged by a former employee of the Company and any other relevant matters. Due to the considerable time required to determine the financial results based on the fact-finding investigation and the results thereof, the Company has decided to postpone the announcement of financial results for the third quarter of FY 2019 originally scheduled for February 13, 2020. However, Ichigo Trust and INCJ entered into the Capital Alliance Agreement and the agreement related to the Refinance, respectively, after acknowledging the Company's decision to postpone the announcement of financial results for the third quarter of FY 2019, and neither the receipt of the results of the fact-finding investigation concerning the alleged suspicions nor the announcement of financial results for the third quarter of FY 2019 by the Company are conditions precedent for the capital increase by the Third-party Allotment or the Refinance under these agreements.

(2) Reasons for selecting the Third-party Allotment of Class A Preferred Shares

The Company had examined and compared various means of fundraising until it decided to implement the Third-party Allotment of Preferred Shares. During the examination and comparison, considering the Company's demand for funds and the possibility for undercapitalization as stated above, the Company thought that the most important factor is to raise the Company's capital adequacy ratio and improve its financial structure by way of converting part of the debt to equity.

For example, the Company might not achieve its objective through issuance of common shares by a public offering depending on the market environment. In addition, taking its current financial status into consideration, the Company has determined that it is difficult to implement a public offering in which a securities firm subscribes for shares. With respect to a rights offering and allotment to shareholders, share options are not necessarily exercised depending on allotted shareholders' decisions based on the stock price trends, and it is possible that not all shareholders will respond to the allotment. Therefore, the final fundraising amount is uncertain, and the Company has determined that a rights offering and allotment to shareholders are unrealistic choices for the Company, which needs to certainly raise the necessary funds.

Further, while issuance of common shares through third-party allotment matches the Company's aim of securing equity early, it also causes excessive and immediate dilution of existing shares and is undesirable from the perspective of protecting existing shareholders' interests. Therefore, the Company has determined that it is not an appropriate choice for the Company at the current time. The Company has also determined that issuance of bonds with stock acquisition rights through third-party allotment is not an appropriate choice for the Company at the current time. This is because it will require that the Company secure resources for redemption in the future, and is not a procurement of equity at the time of the issuance.

On the other hand, issuance of preferred shares as the Class A Preferred Shares does not immediately cause a dilution of existing shares, and contributes to the Company's aim of securing equity early.

Therefore, considering the nature of the Class A Preferred Shares and the situation in which the Company finds itself, the Company has finally determined that it is the best choice for the Company at the current time to receive investments the total amount of which is JPY 102 billion through issuance of preferred shares to INCJ as an expected allottee, as a series of means of support by INCJ.

Considering that the Third-party Allotment of Class A Preferred Shares is part of the support offered by INCJ with the aim of raising the Company's capital adequacy ratio and improving its financial structure by way of converting part of the debt to equity, the Company has determined that a borrowing and fundraising through issuance of common bonds are unrealistic choices for the Company.

(3) Reasons for the Company's determination that the amount to be paid in was reasonable

The Company requested that AIA (a third-party financial advisor) provide a price valuation of the Class A Preferred Shares in consideration of the terms and conditions of the Class A Preferred Shares; subsequently, it obtained from AIA the class share valuation report dated January 31, 2020 (the "Class A Preferred Share Valuation Report"). AIA (which is a third-party financial advisor) is not a related party of the Company, INCJ, or Ichigo Trust and has no material interest that should be stated in connection with the Third-party Allotment of Class A Preferred Shares and the Third-party Allotment.

According to the Class A Preferred Share Valuation Report, based on certain premises (the conversion price of the Class A Preferred Shares, the period until INCJ exercises its cash-consideration put options or common share-consideration put options, share value per common share of the Company, volatility of shares, dividend yield, risk free rate, discount rate, etc.), AIA calculated that the fair value of the Class A Preferred Shares ranges from JPY 85.1 to JPY 88.6 per JPY 100 as the Class A Preferred Shares, using the binomial model (which is a general model for the valuation of share options).

Regarding the per-share value of common shares of the Company among the premises for the calculation in the Class A Preferred Share Valuation Report, a share value from JPY 36 to JPY 57 per common share of the Company was adopted, calculated using the DCF Analysis. Under the DCF Analysis, the enterprise value and per-share value are evaluated by discounting the free cash flow that is expected to be generated by an entity at a certain discount rate responding to business risks to the present value, considering premises which can be deemed reasonable, such as earnings forecasts and investment plans based on a business plan. This methodology is considered one of the appropriate measures to evaluate share value on the assumption that the entity is a going concern.

Also, the Company obtained a fairness opinion dated January 31, 2020, from AIA that the amount paid for the Class A Preferred Shares is reasonable to the shareholders of the Company excluding the Company and INCJ from a financial perspective.

Further, conditions of the Class A Preferred Shares provide for the following: (i) the conversion from the Class A Preferred Shares to cash only becomes possible after the third anniversary of the issuance of the Class A Preferred Shares; (ii) the conversion from the Class A Preferred Shares to common shares of the Company by exercising common share-consideration put options attached to the Class A Preferred Shares only becomes possible after the first anniversary of the issuance of the Class A Preferred Shares, and in this case, the conversion price is at least JPY 225; (iii) shareholders of the Class A Preferred Shares are pari passu with common shareholders regarding a dividend of surplus; and (iv) the Class A Preferred Shares have no voting rights. The Company considers that the terms and conditions of the Class A Preferred Shares are fair because according to the Class A Preferred Share Valuation Report and the fairness opinion above, the range per JPY 100 as the Class A Preferred Shares calculated by AIA is lower than JPY 100.

In addition, four company auditors of the Company have expressed their opinions that the amount to be paid related to the Third-party Allotment of Class A Preferred Shares does not fall under an amount especially favorable for INCJ based on the Class A Preferred Share Valuation Report and the fairness opinion above.

The Company believes that the issuance of the Class A Preferred Shares does not fall under a favorable issuance, comprehensively considering the valuation results above stated in the Class A Preferred Share Valuation Report by AIA (which is a third-party financial advisor independent from the Company), the company auditors' opinions above, and the fact that the terms and conditions of the issuance of the Class A Preferred Shares have been determined through discussions and negotiations with INCJ based on the business environment and financial conditions surrounding the Company.

However, the Class A Preferred Shares have no objective market price, and different views on the valuation price are possible because the valuation of class shares is extremely difficult and complicated. Therefore, it cannot be denied that the paid amount of the Class A Preferred Shares might be considered especially favorable for the expected allottee under the Companies Act. Consequently, the Company has determined to issue the Class A Preferred Shares just to be sure, on condition that the Company obtains the approval of its shareholders through an extraordinary resolution at its shareholders meeting concerning the favorable issuance under Article 199, paragraph (2) of the Companies Act.

- (4) Basis for the Company's determination that the number of shares to be issued and the scale of dilution are reasonable

Common share-consideration put options will be attached to each of the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares to be issued by exercising the Stock Acquisition Rights. The conversion price of the Class A Preferred Shares is the market price (the lowest amount of which is JPY 225) per common share, and the conversion prices of the Class B Preferred Shares and the Class C Preferred Shares are JPY 50 per common share.

The number of shares to be delivered where all of the Class A Preferred Shares are converted to the shares of common stock of the Company is 453,333,333 shares (the number of voting rights is 4,533,333) at the most, and the dilution ratio is equivalent to 53.58% (the dilution ratio based on the voting rights is equivalent to 53.58%), the denominator of which is the total number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares) and the number of voting rights as of January 16, 2020 (8,461,356). Also, regarding the total number of the following (2,469,333,333 shares) (the number of the voting rights is 24,693,333), the dilution ratio is equivalent to 291.83% (the dilution ratio based on the voting rights is equivalent to 291.84%), the denominator of which is the total number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares) and the number of voting rights as of January 16, 2020 (8,461,356): (i) the largest number of shares to be delivered where all of the Class A Preferred Shares are converted to common shares of the Company (453,333,333 shares) (the number of voting rights is 4,533,333), and (ii) the number of common shares of the Company to be delivered where all of the Class B Preferred Shares and the Class C Preferred Shares to be issued by exercising the Stock Acquisition Rights are converted to common shares of the Company (2,016,000,000 shares) (the number of voting rights is 20,160,000).

As stated above, a large-scale dilution will be expected to occur through the Third-party Allotment of Class A Preferred Shares and the Third-party Allotment. On the other hand, considering the following, the Company believes that the influence on the existing shareholders of the Company is controlled; (i) regarding the Class A Preferred Shares, it is assumed that they will be converted to common shares on or after the first anniversary of the payment date at the earliest; therefore, the Third-party Allotment will not immediately cause overall dilutions. In addition, there is a difference between the payment date of the Class C Preferred Shares (any date from April 1, 2020 to March 31, 2023 which is the exercise period of the Stock Acquisition Rights), the payment date of the Class A Preferred Shares (March 26, 2020), and the payment date of the Class B Preferred Shares (March 26, 2020), which means that the period in which the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares can be converted to common shares will gradually arrive. Given this, considerations have been taken not to allow an excessive dilution to immediately occur; (ii) even if the Class B Preferred Shares, the Stock Acquisition Rights, and the Class A Preferred Shares are issued, as preferred shares (including those underlying the Stock Acquisition Rights) other than the Class B Preferred Shares have no voting rights,

an immediate dilution of voting rights held by the existing shareholders will be suppressed to a certain degree at the time of the issuance of the Class B Preferred Shares; (iii) the Company can, at its own discretion, mandatorily redeem each of the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares, which means a measure has been adopted whereby if the Company can secure a sufficient distributable amount, the Company can limit the possibility of a dilution of voting rights held by the existing shareholders occurring by mandatorily redeeming the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares; (iv) the Company intends to implement the retirement by purchasing the 1st Series Subordinated Convertible Bonds in exchange for the issuance of the Class A Preferred Shares resulting in the possibility of an increase in voting rights (639,386 as of January 31, 2020) concerning the potential shares relating to the 1st Series Subordinated Convertible Bonds (63,938,618 shares as of January 31, 2020) ceasing to exist. Also, the Company believes that it is reasonable to implement the Third-party Allotment of Class A Preferred Shares despite the large-scale dilution that will occur through the Third-party Allotment of Class A Preferred Shares and the Third-party Allotment, considering that the allotment of the Class A Preferred Shares will raise the Company's capital adequacy ratio and improve its financial structure through the repayment of debt capital using funds that the Company will obtain through the allotment of the Class A Preferred Shares.

Also, considering the scale of the impact on its existing shareholders, in order to ensure the fairness, transparency, and objectivity of its decision-making process, the Company selected Mr. Ryosuke Kuwada, a director of the Company (who is an outside director and is registered with the Tokyo Stock Exchange as an Independent Director of the Company), and Mr. Yoichi Eto and Mr. Toshiaki Kawashima, corporate auditors of the Company (both of whom are outside auditors and are registered with the Tokyo Stock Exchange as Independent Auditors of the Company), as persons who maintain a certain independence from the Company's management, and requested that they provide an opinion with regard to the Third-party Allotment of Class A Preferred Shares. They provided their opinion as of January 31, 2020 to the effect that the Third-party Allotment of Class A Preferred Shares is considered necessary and reasonable.

2. Details of the Class A Preferred Shares

(1)	New shares to be issued (Number of shares to be offered)	1,020,000,000 Class A Preferred Shares
(2)	Amount to be paid in	JPY 100 per share
(3)	Total proceeds	JPY 102,000,000,000
(4)	Amount of capital and capital reserve to be increased	Amount of capital to be increased: JPY 51,000,000,000 (JPY 50 per share) Amount of capital reserve to be increased: JPY 51,000,000,000 (JPY 50 per share)
(5)	Method of offering	Class A Preferred Shares will be allotted to the expected allottee through a third-party allotment.
(6)	Expected allottee	INCJ, Ltd.
(7)	Payment date	March 26, 2020 (Thursday)
(8)	Other	Each item above is subject to, among others, the conditions that the Third-party Allotment under Proposal No. 2 is implemented and that Proposal No. 3 is approved at this General Meeting of Shareholders. Under the conditions of the Class A Preferred Shares, the cash-consideration put option is attached to the Class A Preferred Shares. However, under the Preferred Share Subscription Agreement concluded with INCJ, the Company has agreed with INCJ that INCJ will not exercise the put option attached to the Class A Preferred Shares.

	<p>Under the conditions of the Class A Preferred Shares, on or after the first anniversary of the payment date of the Class A Preferred Shares, the Class A Preferred Shareholders will be able to convert the Class A Preferred Shares into common shares in the Company by exercising the common share-consideration put option.</p> <p>Under the conditions of the Class A Preferred Shares, no transfer restriction is attached to the Class A Preferred Shares.</p>
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(Note) For details of the Class A Preferred Shares, please refer to Proposal No. 1.

Proposal No. 4: Partial Amendments to the Articles of Incorporation (2)

1. Reason for the Proposal

In preparation for the issuance of the Class B Preferred Shares and the Class C Preferred Shares under Proposal No. 2, and the issuance of common shares of the Company by exercising common share-consideration put options (rights to claim conversion) attached to the Class A Preferred Shares under Proposal No. 3, the Company will amend Article 6 (Total Number of Authorized Shares and Class Shares) of the Articles of Incorporation after the partial amendment of the Articles of Incorporation under Proposal No. 1.

These amendments to the Articles of Incorporation will become effective on condition that the partial amendments to the Articles of Incorporation under Proposal No. 1 are implemented, and that the Third-party Allotment under Proposal No. 2 and the Third-party Allotment of Class A Preferred Shares under Proposal No. 3 are implemented.

According to Article 113, paragraph (3), item (i) of the Companies Act, if a public company like the Company amends its Articles of Incorporation and increases the total number of authorized shares, the total number of authorized shares after the amendment of the Articles of Incorporation must not exceed a quadruple of the number of issued and outstanding shares at the time that such amendment of the Articles of Incorporation is effective. Based on the number of issued and outstanding shares of the Company as of January 16, 2020 (846,165,800 shares), the Company cannot increase, in a one-time amendment of the Articles of Incorporation, the total number of authorized shares necessary for the issuance of the Class A Preferred Shares, the Class B Preferred Shares, and the Stock Acquisition Rights, and the issuance of the Class C Preferred Shares by exercising the Stock Acquisition Rights, and necessary for the issuance of common shares of the Company when the common share-consideration put options (rights to claim conversion) for the Class A Preferred Shares, the Class B Preferred Shares, and the Class C Preferred Shares underlying the Stock Acquisition Rights are exercised. Therefore, the Company has decided that the Articles of Incorporation will be amended to increase the total number of authorized shares two times.

2. Details of the Amendment

Details of the amendment are as shown below.

(Amendments are underlined)

Current Articles of Incorporation	Amended Articles of Incorporation
(Total Number of Authorized Shares and Class Shares) Article 6 The total number of authorized shares of the Company shall be <u>3,380,000,000</u> shares, and total number of authorized class shares of the Company shall be as follows: Common shares <u>3,380,000,000</u> shares Class A Preferred Shares 1,020,000,000 shares Class B Preferred Shares 672,000,000 shares Class C Preferred Shares 672,000,000 shares	(Total Number of Authorized Shares and Class Shares) Article 6 The total number of authorized shares of the Company shall be <u>10,000,000,000</u> shares, and total number of authorized class shares of the Company shall be as follows: Common shares <u>10,000,000,000</u> shares Class A Preferred Shares 1,020,000,000 shares Class B Preferred Shares 672,000,000 shares Class C Preferred Shares 672,000,000 shares

Proposal No. 5: Election of Two (2) Directors

In order to launch a new executive management system and promote efforts to enhance the Company's corporate value, it is proposed that two (2) Directors be newly elected.

Mr. Scott Callon will assume a Director position after completion of the payment for the Third-party Allotment of Class B Preferred Shares under Proposal No. 2. In addition, Mr. Nobuyuki Higashi will assume a Director position, after completion of the payment for the issuance of the Class B Preferred Shares under Proposal No. 2, on condition that Mr. Nobuyuki Nakano resigns from the Director position. At the Company's Extraordinary General Meeting of Shareholders held on September 27, 2019, the Company proposed that Mr. Nobuyuki Higashi assume a Director position on condition that Mr. Nobuyuki Nakano, an incumbent outside director, resigns from the Director position, and obtained the shareholders' approval. However, as it was decided that the Suwa Third-party Allotment will not be implemented, it is proposed again that Mr. Nobuyuki Higashi be elected as a new Director to substitute for Mr. Nobuyuki Nakano, the relevant proposal of which will be submitted to this General Meeting of Shareholders.

The election of Mr. Scott Callon will come into effect subject to completion of the payment concerning the Third-party Allotment of Class B Preferred Shares under Proposal No. 2, and the election of Mr. Nobuyuki Higashi will come into effect subject to the above completion of the payment and the resignation of Mr. Nobuyuki Nakano from the Director position thereafter.

The candidates for Director of the Company are as follows:

Candidate number	Name (Date of birth)	Career summary, position and responsibilities at the Company and significant concurrent positions outside the Company	Number of shares of the Company owned
1 Newly elected	Scott Callon (December 6, 1964)	<p>Apr. 1988 MIPS Computer Systems, Inc.</p> <p>Sept. 1991 Asia-Pacific Research Center, Stanford University</p> <p>Mar. 1994 Visiting scholar of Research Institute of Capital Formation, Japan Development Bank</p> <p>Aug. 1994 Tokyo branch, Bankers Trust Asia Securities Co., Ltd.</p> <p>Mar. 1997 Morgan Stanley Japan Limited</p> <p>June 2000 Japan Representative, Prudential plc</p> <p>May 2001 Representative Director, PCA Asset Management Limited (an affiliate of Prudential plc)</p> <p>Apr. 2002 Morgan Stanley Japan Limited</p> <p>Jan. 2003 Head of Equities, Morgan Stanley Japan Limited</p> <p>May 2006 Chief Executive Officer, Ichigo Asset Management, Ltd. (current position)</p> <p>Oct. 2008 Chairman and Representative Statutory Executive Officer, Ichigo Inc. (current position)</p> <p>Nov. 2008 Chairman of Board of Directors and, Chairman and Representative Statutory Executive Officer, Ichigo Inc. (current position)</p> <p>May 2012 Outside Auditor, Chiyoda Co., Ltd.</p> <p>Mar. 2014 Independent Director, CaaStle Inc. (current position)</p> <p>May 2015 Independent Director, Chiyoda Co., Ltd. (current position)</p> <p>July 2017 Chairman and Statutory Executive Officer, Ichigo Investment Advisors Co., Ltd. (current position)</p>	0

		<p>[Significant concurrent positions outside the Company] Chief Executive Officer, Ichigo Asset Management, Ltd. Chairman of Board of Directors and, Chairman and Representative Statutory Executive Officer, Ichigo Inc. (current position) Chairman and Statutory Executive Officer, Ichigo Investment Advisors Co., Ltd.</p>	
<p>[Reason for nomination as a candidate for Director] Mr. Scott Callon has many years of experience and has provided investment advice specializing in long-term engagement investments in Japanese companies, as an institutional investor. He also devotes himself to enhancing the enterprise value of Japanese companies as a member of the council of experts related to corporate governance and enhancement of the enterprise value of Financial Service Agency, the Ministry of Economy, Trade and Industry, and the Tokyo Stock Exchange. In addition, since 2008, he has executed corporate management as Chairman of Directors Meeting, and Chairman and Representative Statutory Executive Officer of a listed company. Therefore, he has experience and substantial achievements as a manager taking the lead in enhancing the enterprise value for all stakeholders. The Company expects that Mr. Scott Callon's participation in the Company's management will enable the Company to obtain helpful advice and suggestions from him based on his rich experience and deep knowledge of corporate governance cultivated as both an institutional investor and an enterprise manager. Considering that this will contribute to further enhancing the functions of the board of directors and improving the mid- to long-term enterprise value of the Company, the Company proposes that he be elected as its Director.</p>			

Candidate number	Name (Date of birth)	Career summary, position and responsibilities at the Company and significant concurrent positions outside the Company	Number of shares of the Company owned
2 Newly elected/Outside Director	Nobuyuki Higashi (March 31, 1964)	<p>Apr. 1987 Entered Nomura Research Institute, Ltd. Apr. 1998 Entered Nomura Securities Co., Ltd. Jul. 2000 Seconded to Nomura Principal Finance Co., Ltd. Dec. 2011 Returned to Nomura Securities Co., Ltd. Apr. 2012 Entered Innovation Network Corporation of Japan (now INCJ, Ltd.) as Investment Business Group Managing Director Apr. 2017 Outside Director of JOLED Inc. (current position) June 2017 Became Outside Director of the Company June 2018 Retired as Outside Director of the Company Sept. 2018 Seconded to INCJ, Ltd. Executive Managing Director, Investment Business Group Managing Director (current position)</p> <p>[Significant concurrent positions outside the Company] Executive Managing Director of INCJ, Ltd. Outside Director of JOLED Inc.</p>	0
<p>[Reason for nomination as a candidate for Outside Director] Mr. Nobuyuki Higashi has a wealth of experience in investment businesses and operations risk management in securities companies and investment companies, as well as strong management expertise through providing operation support to investee companies. As he supervised management of the Company as its Outside Director from June 2017 to June 2018, he is expected to contribute to the further enhancement of the functions of the Board of Directors by providing management advice and appropriate supervision concerning business execution. Therefore, the Company proposes that he be elected as an Outside Director.</p>			

- Note:
1. Ichigo Asset Management, Ltd., where Mr. Scott Callon serves as Chief Executive Officer, offers investment advice to Ichigo Asset Management International, Pte. Ltd. entrusted with the authority related to investment management by Ichigo Trust pursuant to the discretionary investment contract with Ichigo Trust, which is the expected allottee under Proposal No. 2.
 2. INCJ where Mr. Nobuyuki Higashi concurrently serves is a major shareholder of the Company holding 25.29% of its shares.
 3. Mr. Nobuyuki Higashi is a candidate for Outside Director.
Where the election of Mr. Nobuyuki Higashi is approved, the Company will enter into an agreement with Mr. Nobuyuki Higashi to limit his liability for damages under Article 423, paragraph 1 of the Companies Act pursuant to Article 427, paragraph 1 of the Companies Act.

(Overview of limited liability agreements)

The Company has entered into an agreement with each of the Directors (excluding Directors who are Executive Directors, etc.) and each of the Company Auditors to limit their liabilities for damages under Article 423, paragraph (1) of the Companies Act pursuant to the Articles of Incorporation of the Company and Article 427, paragraph (1) of the Companies Act.

With this agreement, in the event that any of the Directors (excluding Directors who are Executive Directors, etc.) and any of the Company Auditors causes damage to the Company due to negligence of his/her duties in the performance thereof, and he/she acts in good faith without gross negligence, the liabilities for damages of such Director or Company Auditor shall be the minimum liability amount pursuant to Article 425, paragraph 1 of the Companies Act.

(Schedule 1)

Conditions of the 11th Series Stock Acquisition Rights
Japan Display Inc.

1. Name of the Stock Acquisition Rights
Japan Display Inc. 11th Series Stock Acquisition Rights (the “Stock Acquisition Rights”)
2. Total number of the Stock Acquisition rights to be issued
6672
3. Total proceeds
JPY 0 (no money is required to be paid in in exchange for the Stock Acquisition Rights)
4. Allotment date and payment date
March 26, 2020
5. Offering method
All Stock Acquisition Rights will be allotted to Ichigo Trust through third-party allotment.
6. Class and number of shares underlying the Stock Acquisition Rights
The class of shares underlying the Stock Acquisition Rights shall be Japan Display, Inc. class C preferred Shares (the “Class C Preferred Shares”), and the number of Class C Preferred Shares underlying the Stock Acquisition Rights shall be 672,000,000 shares (the number of shares underlying each Stock Acquisition Right (the “Number of Granted Shares”) shall be 1,000,000 shares).

The Number of Granted Shares shall be adjusted by the following calculation formula if the Company splits (including allotment of the Class C Preferred Shares without contribution) or consolidates the Class C Preferred Shares after the resolution date. However, only the Number of Granted Shares covered by the Stock Acquisition Rights not yet exercised at that time shall be so adjusted; any fraction less than one share resulting from the adjustment shall be omitted.

$$\begin{array}{l} \text{Number of} \\ \text{Granted Shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of} \\ \text{Granted Shares} \\ \text{before adjustment} \end{array} \times \begin{array}{l} \text{Share split/consolidation} \\ \text{ratio} \end{array}$$

In addition to the above, if the Company implements a capital decrease, merger, company split, or share exchange, or any other unavoidable event requiring adjustment of the Number of Granted Shares occurs, the Company may adjust the Number of Granted Shares after the resolution date within a reasonable extent after taking into consideration the terms for such capital decrease, merger, company split, or share exchange.

The details of shares underlying the Stock Acquisition Rights are as follows.

- (i) Dividend of surplus
 - a. Dividend of surplus

The Company will pay dividends per Class C Preferred Share calculated by multiplying dividends per common share by the Class C Conversion Rate (defined below) on the dividend payment date to shareholders and pledgees of the Class C Preferred Shares who are registered or recorded on the last shareholders register on the dividend payment date (such shareholders, the “Class C Preferred Shareholders,” and such pledgees, the “Registered Pledgees of Class C Preferred Shares”) pari passu with the shareholders and pledgees of common shares who are registered or recorded on the last shareholders register on the dividend payment date (such shareholders, the “Common Shareholders,” and such pledgees, the “Registered Pledgees of Common Shares”); shareholders and pledgees of Japan Display Inc. class A preferred shares (the “Class A Preferred Shares”) who are registered or recorded on the last shareholders register on the dividend payment date (such shareholders, the “Class A Preferred Shareholders,” and such pledgees, the “Registered Pledgees of Class A Preferred Shares”); and shareholders and pledgees of Japan Display Inc. class B preferred shares (the “Class B Preferred Shares”) who are registered or recorded on the last shareholders register on the dividend payment date (such shareholders, the “Class B Preferred Shareholders,” and such pledgees, the “Registered Pledgees of Class B Preferred Shares”). If a fraction that is less than JPY 1 occurs as a result of multiplying the dividend amount per Class C Preferred Share by the number of Class C Preferred Shares held by the Class C Preferred Shareholders and the Registered Pledgees of Class C Preferred Shares, such fraction will be omitted.

“Class C Conversion Rate” means the number (calculated to the third decimal place, and the digit in the third decimal place will be omitted) obtained by dividing the Class C Investment Amount (defined in b. below; hereinafter the same) at that time by the Class C Conversion Price (defined in (vii) c. below; hereinafter the same).

- b. Class C Investment Amount

The Class C Investment Amount is as follows:

- (a) The initial amount will be JPY 75.
- (b) If the Company implements a share split, consolidation of shares, or allotment of shares without contribution (collectively, the “Share Split, etc.”), the Class C Investment Amount will be adjusted in accordance with the formula below. If a fraction that is less than JPY 1 occurs as a result of the adjustment, the Company will calculate such fraction to the third decimal place, and omit the digit in the third decimal place. In the case of an allotment of shares without contribution, “Number of issued and outstanding Class C Preferred Shares before the Share Split, etc.” and “Number of issued and outstanding Class C Preferred Shares after the Share Split, etc.” in the following formula are to be read as “Number of issued and outstanding Class C Preferred Shares before the allotment of shares without contribution (excluding, however, the Class C Preferred Shares held by the Company at that time)” and “Number of issued and outstanding Class C Preferred Shares after the allotment of shares without contribution (excluding, however, the Class C Preferred Shares held by the Company at that time),” respectively.

$$\begin{array}{l} \text{Class C} \\ \text{Investment} \\ \text{Amount after} \\ \text{adjustment} \end{array} = \begin{array}{l} \text{Class C} \\ \text{Investment} \\ \text{Amount before} \\ \text{adjustment} \end{array} \times \frac{\text{Number of issued and outstanding Class C} \\ \text{Preferred Shares before the Share Split, etc.}}{\text{Number of issued and outstanding Class C} \\ \text{Preferred Shares after the Share Split, etc.}}$$

The Class C Investment Amount after adjustment will be applied, in the case of a share split, on and after the day following the record date of such share split, in the case of a consolidation of shares or allotment of shares without contribution, on and after the day following the effective date of such consolidation of shares or allotment of shares without contribution (if a record date is set, on and after the day following such record date).

(c) If other events similar to (b) above occur, the Class C Investment Amount will be properly adjusted by resolutions of the Company's board of directors meeting.

(ii) Distribution of residual assets

a. Distribution of residual assets

When the Company distributes its residual assets at the dissolution of the Company, the Company will pay amounts per Class C Preferred Share equivalent to the Class C Investment Amount to the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares before the Common Shareholders and Registered Pledges of Common Shares; and *pari passu* with the Class A Preferred Shareholders and the Registered Pledges of the Class A Preferred Shares as well as the Class B Preferred Shareholders and the Registered Pledges of Class B Preferred Shares. If a fraction that is less than JPY 1 occurs as a result of multiplying the distribution amount of residual assets per Class C Preferred Share by the number of Class C Preferred Shares held by the Class C Preferred Shareholders and the Registered Pledges of Class C Preferred Shares, such fraction will be omitted. If the distribution amount of residual assets falls short of the total amount necessary to distribute residual assets of a certain order of priority, residual assets should be distributed on a *pro rata* basis in accordance with the amount necessary to distribute residual assets of that order of priority.

b. Participation clause

If residual assets remain even after the distribution of residual assets to the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares pursuant to a. above, the Company will distribute residual assets per Class C Preferred Share calculated by multiplying the amount of residual assets per common share by the Class C Conversion Rate at the time of the distribution of residual assets to the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares *pari passu* with the Common Shareholders and Registered Pledges of Common Shareholders; the Class A Preferred Shareholders and the Registered Pledges of Class A Preferred Shares; and the Class B Preferred Shareholders and the Registered Pledges of Class B Preferred Shares.

(iii) Transfer restriction

Acquisition of Class C Preferred Shares through their transfer requires the approval of the Company's board of directors meeting.

(iv) Voting rights

Unless otherwise provided for by law, the Class C Preferred Shareholders have no voting rights at general meetings of shareholders.

(v) Voting rights at the general meeting of class shareholders

Unless otherwise provided for by law, no resolution of the general meeting of class shareholders comprised of Class C Preferred Shareholders is required in order for the Company to engage in any of the acts listed under each item of Article 322, paragraph (1) of the Companies Act.

(vi) Cash-consideration call option (mandatory redemption)

Notwithstanding the intent of the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares, in exchange for delivering the Class C Investment Amount to the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares, within the limit of the distributable amount under Article 461, paragraph (2) of the Companies Act as of the date separately determined by the Company's board of directors meeting (the "Mandatory Redemption Date"), to the extent permitted by applicable laws, the Company can acquire the Class C Preferred Shares in whole or in part anytime, if the Mandatory Redemption Date has arrived. If there is more than one Class C Preferred Shareholder at the time of acquiring part of the Class C Preferred Shares, the Class C Preferred Shares to be acquired by the Company will be determined by its board of directors meeting on a pro rata basis.

(vii) Common share-consideration put option (right to claim conversion)

a. Details of the conversion claim

On or after the first anniversary of the payment date (meaning the day when the Class C Preferred Shares are initially issued; hereinafter the same), to the extent permitted by applicable laws, the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares can claim that the Company deliver common shares per Class C Preferred Share the number of which is calculated based on the formula stated in b. below, in exchange for the Company acquiring the Class C Preferred Shares (the "Conversion Claim").

b. Formula for number of common shares to be delivered based on the conversion claim

The number of common shares to be delivered in exchange for acquiring one Class C Preferred Share will be calculated based on the following formula:

(Formula)

Number of common shares to be delivered in exchange for acquiring one Class C Preferred Share
= Class C Investment Amount ÷ Class C Conversion Price

If a fraction that is less than 1 share occurs at the time of calculating the number of common shares to be delivered to the Class C Preferred Shareholders and Registered Pledges of Class C Preferred Shares, such fraction will be omitted and treated in accordance with Article 167, paragraph (3) of the Companies Act.

c. Class C Conversion Price

The Class C Conversion Price means an amount stated below.

- (a) The initial price shall be JPY 50.
- (b) Notwithstanding (a) above, if any of the following (A) through (E) occurs at the Company, the Company will adjust the Class C Conversion Price in accordance with each of (i) through (v). If a fraction that is less than JPY 1 occurs as a result of the adjustment, the Company will calculate such fraction to the third decimal place, and omit digits after the second decimal place.
 - (A) If the Company implements the Share Split, etc. of common shares, the Company will adjust the Class C Conversion Price based on the formula below. In the case of an allotment of shares without contribution, "Number of issued and outstanding common shares before the Share Split, etc." and "Number of issued and outstanding common

shares after the Share Split, etc.” in the following formula are to be read as “Number of issued and outstanding common shares before the allotment of shares without contribution (excluding, however, common shares held by the Company at that time)” and “Number of issued and outstanding common shares after the allotment of shares without contribution (excluding, however, common shares held by the Company at that time),” respectively.

$$\text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \text{Number of issued and outstanding common shares before the Share Split, etc.}}{\text{Number of issued and outstanding common shares after the Share Split, etc.}}$$

The Class C Conversion Price after adjustment will be applied, in the case of a share split, on and after the day following the record date of such share split, in the case of a consolidation of shares or allotment of shares without contribution, on and after the effective date of such consolidation of shares or allotment of shares without contribution (if a record date is set, on and after the day following such record date).

- (B) If the Company issues its common shares (including dispositions of treasury shares; hereinafter the same in this item (B)) the price of which is less than the Class C Conversion Price before the adjustment (excluding, however, the cases where (i) the Company implements an allotment of shares without contribution, (ii) the Company issues its common shares by exercising or converting the Potential Shares (which means shares with put options, shares subject to call, stock acquisition rights (including those attached to bonds with stock acquisition rights; hereinafter the same in this Section (vii)), and other securities or rights with status that makes it possible to have them converted into common shares based on the claim by holders of such securities or rights or the Company, or subject to conditions that certain events occur; hereinafter the same), (iii) the Company delivers its common shares as a result of a merger, share exchange, or company split, or (iv) the Company sells its treasury shares pursuant to Article 194 of the Companies Act), the Company will adjust the Class C Conversion Price based on the formula below.

In these Conditions of the Class C Preferred Shares of Japan Display Inc., the “Total Number of Shares” means the number obtained by adding (i) the number of common shares underlying the issued and outstanding Potential Shares (excluding those held by the Company) as of the day before the date on which the Class C Conversion Price after the adjustment is applied to (ii) the number of issued and outstanding common shares as of the same day (excluding those held by the Company).

Also, in the case of a disposition of treasury shares, “Issue price” and “Number of shares to be newly issued” in the formula stated in this item (B) are to be read as “Disposition price” and “Number of treasury shares to be disposed,” respectively.

$$\text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \left(\text{Total Number of Shares} + \frac{\text{Number of shares to be newly issued} \times \text{Issue price per share}}{\text{Class C Conversion Price before adjustment}} \right)}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}}$$

The Class C Conversion Price after adjustment will be applied on and after the day following the payment date (if the payment period is set, the end of such period), if a record date for the allotment to shareholders is set, on and after the day following such record date.

- (C) If the Company issues shares that can be converted into its common shares (including the case of an allotment of shares without contribution), and the price determined by its board of directors meeting as a price of consideration per common share to be delivered upon the conversion of such shares is less than the Class C Conversion Price before adjustment, the Company will adjust the Class C Conversion Price based on the formula below.

However, “Number of shares to be newly issued” in the formula stated in this item (C) means the number of common shares to be delivered if all the shares to be issued are converted into common shares on the date on which the adjustment under this item (C) is applied.

$$\text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \text{Total Number of Shares} + \frac{\text{Number of shares to be newly issued} \times \text{Price of consideration per share}}{\text{Class C Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}}$$

The Class C Conversion Price after adjustment will be applied on and after the day following the payment date (if the payment period is set, the end of such period), in the case of an allotment of shares without contribution, on and after the effective date of such allotment of shares without contribution (if a record date for such allotment of shares without contribution is set, on and after the day following such record date). Also, if the day of allotment to shareholders is set, the Class B Conversion Price after adjustment will be applied on and after the day following such day of allotment to shareholders.

- (D) If the Company issues stock acquisition rights for which its common shares are the underlying shares (including the case of an allotment of stock acquisition rights without contribution), and the total amount of the payment price of stock acquisition rights per common share and the price per common share of properties to be invested at the time of exercising such stock acquisition rights (the “Price of Consideration per Share” in this item (D)) is less than the Class C Conversion Price, the Company will adjust the Class C Conversion Price based on the formula below.

However, “Number of shares to be newly issued” in the formula stated in this item (D) means the number of common shares to be delivered if all the stock acquisition rights are exercised or converted into common shares on the date on which the adjustment under this item (D) is applied.

$$\text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \text{Total Number of Shares} + \frac{\text{Number of shares to be newly issued} \times \text{Price of consideration per share}}{\text{Class C Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of shares to be newly issued}}$$

The Class C Conversion Price after adjustment will be applied on and after the day following the day of the allotment, in the case of an allotment of stock acquisition rights without contribution, on and after the effective date of such allotment of stock acquisition rights without contribution (if a record date for such allotment of stock acquisition rights without contribution is set, on and after the day following such record date). Also, if the day of allotment to shareholders is set, the Class C Conversion Price after adjustment will be applied on and after the day following such day of allotment to shareholders.

- (E) If any of (a) a merger in which the Company becomes a surviving company or a parent company of a surviving company, (b) a share exchange in which the Company becomes a wholly-owning parent company or a parent company of a wholly-owning parent company, or (c) a company split in which the Company becomes a succeeding company or a parent company of a succeeding company is implemented, and value per share of the Company to be allotted to shareholders of a consolidated company through a merger or per share of the Company to be allotted to shareholders of a wholly-owned subsidiary through a share exchange, or per share of the Company to be allotted to a split company or shareholders of a split company (the “Allotted Shares”) (such value is reasonably determined by the Company’s board of directors meeting. If such Allotted Shares can be converted into its common shares, such value will be a converted amount per common share; hereinafter the same) is less than the Class C Conversion Price before adjustment, the Company will adjust the Class C Conversion Price based on the following formula.

However, if such Allotted Shares can be converted into the Company’s common shares, the “Number of Allotted Shares” in the formula stated in this item (v) should be the number of common shares underlying such shares.

$$\text{Class C Conversion Price after adjustment} = \frac{\text{Class C Conversion Price before adjustment} \times \text{Total Number of Shares} + \frac{\text{Number of Allotted Shares} \times \text{Value per share}}{\text{Class C Conversion Price before adjustment}}}{\text{Total Number of Shares} + \text{Number of Allotted Shares}}$$

The Class C Conversion Price after adjustment will be applied on and after the effective date of such merger, share exchange, or company split.

(viii) Consolidation of shares or share split

- a. If the Company implements a share split or consolidation of shares, the Company will also implement such share split or consolidation of shares with respect to common shares, the Class A Preferred Shares, the Class B Preferred Shares and the Class C Preferred Shares, at the same time and proportion for each class.
- b. If the Company grants to shareholders entitlement to the allotment of offered shares, the Company will grant to the Common Shareholders entitlement to the allotment of common shares, to the Class A Preferred Shareholders entitlement to the allotment of the Class A Preferred Shares, to the Class B Preferred Shareholders entitlement to the allotment of the Class B Preferred Shares, and to the Class C Preferred Shareholders entitlement to the allotment of the Class C Preferred Shares, at the same time and proportion, respectively.
- c. If the Company implements an allotment of shares without contribution, the Company will allot common shares to the Common Shareholders without contribution, the Class A Preferred Shares to the Class A Preferred Shareholders without contribution, the Class B Preferred Shares to the Class B Preferred Shareholders without contribution and the Class C Preferred Shares to the Class C Preferred Shareholders without contribution, at the same time and proportion, respectively.
- d. If the Company grants to shareholders entitlement to the allotment of offered stock acquisition rights, the Company will grant to the Common Shareholders entitlement to the allotment of stock acquisition rights for which common shares are the underlying shares, entitlement to the Class A Preferred Shareholders to the allotment of stock acquisition rights for which the Class A Preferred Shares are the underlying shares, entitlement to the Class B Preferred Shareholders to the allotment of stock acquisition rights for which the Class B Preferred Shares are the underlying shares, and entitlement to the Class C Preferred Shareholders to the allotment of stock acquisition rights for which the Class C Preferred Shares are the underlying shares, at the same time and proportion (including making the ratio of the number of shares underlying stock acquisition rights substantially the same; hereinafter the same in this paragraph), respectively, under the conditions including substantially fair payment amount and property value to be invested at the time of exercising stock acquisition rights.
- e. If the Company implements allotment of stock acquisition rights without contribution, the Company will allot stock acquisition rights for which common shares are the underlying shares to the Common Shareholders, stock acquisition rights for which the Class A Preferred Shares are the underlying shares to the Class A Preferred Shareholders, stock acquisition rights for which the Class B Preferred Shares are the underlying shares to the Class B Preferred Shareholders, and stock acquisition rights for which the Class C Preferred Shares are the underlying shares to the Class C Preferred Shareholders, at the same time and proportion, respectively.

7. Amount to be paid-in upon exercising stock acquisition rights

The value of properties to be contributed upon exercising each Stock Acquisition Right shall be the result of the amount to be paid-in for one share that may be delivered by exercising such stock acquisition right (the "Exercise Price"), multiplied by the Number of Granted Shares.

The Exercise Price shall be JPY 75 per share.

If any of the following events occurs to the Company after the allotment date, the Company shall adjust the Exercise Price by using the respective calculation formula; any fraction less than JPY 1 resulting from the adjustment shall be rounded to the nearest whole number.

- (i) If the Company splits (including allotment of the Class C Preferred Shares without contribution) or consolidates the Class C Preferred Shares:

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Share split/consolidation ratio}}$$

- (ii) If the Company implements a capital decrease, merger, company split, or share exchange, or any other unavoidable event requiring adjustment of the Exercise Price occurs, the Company may adjust the Exercise Price within a reasonable extent after taking into consideration the terms for such capital decrease, merger, company split, or share exchange.

8. Exercisable period for the Stock Acquisition Rights

From April 1, 2020 until March 31, 2023 (if such day is not a business day of the Company, the business day immediately before such day.)

9. Conditions to exercising the Stock Acquisition Rights

N/A

10. Amount to be incorporated into the stated capital out of the issue price of share certificates if issued by exercising the Stock Acquisition Rights

The amount of the stated capital increased when issuing the Class C Preferred Shares by exercising the Stock Acquisition Rights shall be one-half of the Maximum Amount of Increase in Stated Capital calculated pursuant to Article 17, paragraph (1) of the Regulation on Corporate Accounting (any fraction less than JPY 1 resulting from the calculation shall be rounded to the nearest whole number), and the remaining amount shall be the amount of capital reserves.

11. Matters regarding transfer of stock acquisition rights

Any acquisition of the Stock Acquisition Rights by transfer shall require a resolution approved by the board of directors of the Company.

12. Acquisition of the Stock Acquisition Rights

If the board of directors of the Company resolves that it is necessary to acquire the Stock Acquisition Rights, the Company shall give notice pursuant to Articles 273 and 274 of the Companies Act on and after the day following the allotment date of the Stock Acquisition Rights and shall be entitled to acquire all or part of the Stock Acquisition Rights remaining on the acquisition date to be determined by the board of directors of the Company without contribution. If the Company acquires part of the Stock Acquisition Rights, the board of directors will determine the number of Stock Acquisition Rights to be acquired.

13. Method to request an exercise of the Stock Acquisition Rights

- (1) If the Stock Acquisition Rights are exercised, the department accepting requests to exercise the Stock Acquisition Rights described in paragraph 15, shall be notified of the matters necessary for a request to exercise the Stock Acquisition Rights during the exercisable period described in paragraph 8.
- (2) If the Stock Acquisition Rights are exercised, in addition to the notice set forth in the preceding item, the entire amount of property to be invested upon exercising the Stock Acquisition Rights

shall be transferred in cash to an account to be designated by the Company with the payment handling bank described in paragraph 16.

- (3) A request to exercise the Stock Acquisition Rights shall be effective on the date when a notice of all matters necessary for the request to exercise the Stock Acquisition Rights is provided to the department accepting requests to exercise the Stock Acquisition Rights described in paragraph 15, and when the entire amount of property to be invested upon exercising the Stock Acquisition Rights has been transferred to an account as set forth in the preceding paragraph.

14. Non issuance of securities of stock acquisition rights

The Company will not issue any securities of stock acquisition rights regarding the Stock Acquisition Rights.

15. Department accepting requests to exercise the Stock Acquisition Rights

Finance Department, Finance Division, Japan Display Inc.

16. Payment handling bank

Headquarters of Mizuho Bank, Ltd.

17. Others

- (1) Each paragraph above is on the condition that proposals related to the issuance of the Stock Acquisition Rights and concerning the partial amendment to the Articles of Incorporation for the issuance of the Class C Preferred Shares which are the underlying shares of the Stock Acquisition Rights are approved at this General Meeting of Shareholders to be held on March 25, 2020, among others.
- (2) Other matters necessary for the Stock Acquisition Rights will be entrusted to the representative directors of the Company.

End

Guidance on Exercising Voting Rights

Voting rights can be exercised through the following 3 methods.

Attendance at Shareholders' Meeting

Please bring the enclosed voting form and submit it to the receptionist. (You do not need to affix your personal seal.)

Date and Time: Tuesday, March 25, 2020 at 10 a.m. (Reception begins at 9 a.m.)

Venue: **Bellesalle Onarimon Tower** on the 3rd floor

Exercising Voting Rights by Mail

Please indicate your vote for or against each of the proposals on the enclosed voting form, and send via post without attaching stamp.

Exercise Deadline: Must be received by 5:30 p.m. on Tuesday, March 25, 2020

Exercising Voting Rights on the Internet, etc.

If you are using a smartphone, access the website (Smart Exercise) by reading the QR code on the enclosed voting form and vote for or against each item. If you are using personal computer, please access the voting website (<https://www.web54.net>; available in Japanese only) operated by the Company's shareholder registry administrator. Once you enter into the website, enter your "Voting Rights Exercise Code" and "Password" noted on the enclosed voting form and vote for or against each item. Please refer to the next page for notes on the exercise of voting rights on the Internet, etc.

Exercise Deadline: 5:30 p.m. on Tuesday, March 25, 2020

For operational inquiries related to PCs, etc.

Sumitomo Mitsui Trust Bank, Limited

Securities Agent Web Support Hotline (dedicated line)

Telephone: 0120-652-031

(Business hours: 9 a.m. to 9 p.m.)

Voting Rights Electronic Exercise Platform

Institutional investors may use the "Voting Rights Electronic Exercise Platform" operated by ICJ, Inc. for this General Meeting of Shareholders as a means of exercising voting rights electromagnetically.

Notes on the exercise of voting rights on the Internet, etc.

When exercising voting rights on the Internet, please be aware of the following before casting your vote.

1. Use of the password and voting right exercise code

- (1) The password is an important means to verify the identity of persons exercising their voting right as the shareholders in question. Please be sure to keep the password, as well as your registered seal and security code, in a safe place.
- (2) If you repeatedly enter the wrong password, the Internet-based voting system will be locked after a designated number of incorrect entries, rendering further operation unavailable. To have your password reissued, follow the instructions shown on the screen.
- (3) The voting right exercise code supplied on the enclosed voting form is valid only for this General Meeting of Shareholders.

2. Exercise of voting rights

- (1) You are responsible for paying any fees, such as connection fees to Internet providers and communication fees to telecommunications providers in order to use the website for exercising your voting rights.
- (2) Although your vote on the Internet will be accepted until 5:30 p.m., Tuesday, March 25, 2020, we ask that you please exercise your voting rights at your earliest convenience.

Please contact the Hotline of Sumitomo Mitsui Trust Bank, Limited for inquiries about voting on the Internet, etc.